

ELEMENTARY BANKING

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Elementary Banking by O. Howard Wolfe

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Preface

This book is not the result of any preconceived theories on methods of education in banking. Neither does it make any pretense of being complete as to the subjects covered nor exhaustive in its treatment of them. It is based on fifteen years of practical experience, beginning with a small country bank and extending through eleven years with a large city bank. To this first-hand knowledge of the educational needs of the beginner in banking has been added four years spent in the teaching of banking subjects to young men in the various chapters of the American Institute of Banking. The subject matter presented herewith consists in the main of a series of lectures delivered to a class of younger men in New York Chapter. This book is intended for the young man just entering the bank from school and too new in the business to be able to undertake the regular Institute study course. No other text book so far as the writer knows is designed to meet this particular need. The method of treatment is to explain the underlying principles not only of bank accounting, but of the everyday transactions that are common to all forms of banking. The danger of the small bank is that it tends to narrow the horizon of the young banker, while in the large bank the beginner too often regards his institution as something inhuman that moves along as entirely independent of him or his associates as if it were a part of the solar system. Another difficulty confronting the beginner is that when he does feel the need of instruction he is apt to fall a victim to the advice of well-meaning but untrained "instructors," who attempt to teach him banking by explaining the use of accounting forms.

The two most prevalent misconceptions that tend to restrict banking progress are first, that the bank clerk or



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officer needs no other technical education than the experience gained at his own desk, and as a result of the first idea, that banking is a matter of accounting systems only. It is the hope of the author that this little volume in spite of its manifest limitations may be the means of assisting the boy through that very trying period, his first year in a banking house.

O. H. W.

"A successful banker is composed of about one-fifth accountant, two-fifths lawyer, three-fifths political economist, and four-fifths gentleman and scholar—total ten-fifths—double size. Any smaller person may be a pawnbroker or a promoter, but not a banker."—Geo. E. Allen.

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Banking as a Vocation

Every young man who goes into a bank, whether from the schoolroom or from some other business, should make up his mind very early that the work is not easy and the only way he may succeed is to begin a systematic study of banking as a science. This study, supplemented by diligent attention to his work, will secure to him that success which is the only sure kind of success, built upon his own ability rather than upon the favor of his superior officers. Those personal qualities such as honesty, courtesy, cleanliness and punctuality, which have been impressed upon him as abstract virtues in the everyday walks of life, in the banking business become concrete necessities.

Physical strength, endurance, a clear eye, speed and stamina are sought after by every manly youth, whatever his occupation, but to the professional ball player they are his stock in trade. So it is with banking. The commonest daily transactions are of such a nature that virtues which we would admire in the average individual are absolutely necessary to the banker, whether he be officer or clerk. The bank will be successful to the extent that its depositors and other clients have confidence in it and those associated with it, not only as regards their judgment in business matters, but also their moral character. It, therefore, becomes a part of the education of the bank man to fix in his mind certain rules of conduct which may be here set down as a sort of ten commandments.

1. Keep clean physically, mentally and morally.
2. Cultivate a wide acquaintance, but choose your associates from among those known to be of good character.

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3. Live within your income and look upon money saved as a part of your fixed expenses.
4. Be exact in all your dealings and always keep your word.
5. Pay your debts and meet your obligations when they are due.
6. Pay strict attention to orders and obey them implicitly.
7. Show a willingness to do more, rather than less, than is expected of you.
8. Know your job and don't be content with less than all there is to know about it.
9. Spend a part of each year in systematic study and reading on banking subjects.
10. Keep in strict confidence every transaction of the bank of whatever nature.

There are many other such rules that might be suggested, but these must not be passed over as mere platitudes. Nearly all large financial institutions have similar instructions prominently posted and any infraction of the regulations is met with immediate dismissal. One large Canadian bank hands to each employee a bound copy of rules that are to govern his conduct in all matters.

The next important fact that must be accepted is that banking is a profession based upon scientific data. The physician cannot hope to learn medicine through personal experience and experiment upon his own body in curing all the diseases and disasters that flesh is heir to. Many bankers, and especially the younger and inexperienced, deceive themselves with the idea that they can learn all they need to know by close application to their own immediate desks, counters and communities. Just as the science of surgery and medicine is based upon the natural laws of the human body, so the science of banking grows

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out of economic laws that are at the base of all business activity.

The young man who has adopted banking as a career, must decide, therefore, what his attitude will be toward these conditions which he can not escape although they can be mastered. Every town, if indeed not every bank, can furnish at least one example of the man who thought otherwise until it was too late. It is not to be imagined that by following a certain formula of conduct any clerk may rise by regular stages until he will become cashier or president of his bank. By increasing his own efficiency, he unconsciously is elevating banking standards, which in turn, will react upon him to his lasting benefit. Every man in the bank should be a banker, although in different degrees of development, whether he be messenger or chairman of the board of directors.

In the thickly settled and highly developed countries of Europe, it is said that it is the aim of all those who work for salaries or wages, not to try to secure better positions, but to hold what they already have. Fortunately, we are not confronted with this condition in America, but we are fast approaching it. Efficiency will ultimately determine every man's status whether he be banker or bricklayer.