

**BANKING PRINCIPLES AND
PRACTICE, IN FIVE VOLUMES,
VOL. 1: ELEMENTS OF MONEY,
CREDIT, AND BANKING**

Published @ 2017 Trieste Publishing Pty Ltd

ISBN 9780649132232

Banking principles and practice, in five volumes, Vol. 1: Elements of money, credit, and banking
by Ray B. Westerfield

Except for use in any review, the reproduction or utilisation of this work in whole or in part in any form by any electronic, mechanical or other means, now known or hereafter invented, including xerography, photocopying and recording, or in any information storage or retrieval system, is forbidden without the permission of the publisher, Trieste Publishing Pty Ltd, PO Box 1576 Collingwood, Victoria 3066 Australia.

All rights reserved.

Edited by Trieste Publishing Pty Ltd.
Cover @ 2017

This book is sold subject to the condition that it shall not, by way of trade or otherwise, be lent, re-sold, hired out, or otherwise circulated without the publisher's prior consent in any form or binding or cover other than that in which it is published and without a similar condition including this condition being imposed on the subsequent purchaser.

www.triestepublishing.com

RAY B. WESTERFIELD

**BANKING PRINCIPLES AND
PRACTICE, IN FIVE VOLUMES,
VOL. 1: ELEMENTS OF MONEY,
CREDIT, AND BANKING**

²
**BANKING PRINCIPLES
AND PRACTICE**

By

¹
RAY B. WESTERFIELD, Ph.D.

Assistant Professor of Political Economy, Yale University;
Secretary-Treasurer, American Economic Association

IN FIVE VOLUMES

VOLUME I

ELEMENTS OF MONEY, CREDIT, AND
BANKING



⁵
NEW YORK

⁶
THE RONALD PRESS COMPANY

⁷
1921

T
W5276
1921

Copyright, 1921, by
THE RONALD PRESS COMPANY

All Rights Reserved

Ms. B-21.66

TO
MY MOTHER AND FATHER

PREFACE

The aim of this book is to give a comprehensive exposition of the theory and practice of commercial banking in the United States. In its preparation the author has been guided by the following principles:

1. To move from general to particulars, that is, from general theory in the first volume and a comprehensive description of the banking system of the United States in the second volume to a detailed statement of the internal organization and of the operations of a member bank in the last three volumes.

2. To present so much of the historical and genetical background of institutions and practices as will give them a true setting and explain their fundamental nature.

3. To approach each problem from the American point of view and describe the American system, statements of foreign practice being given only where comparisons adverse to the American may, it is hoped, lead to reform, or where clarity of exposition may be gained or theories illustrated.

4. To feature the legal phases of American banking, characterized as it is by legal restraints, regulations, and promotions.

5. To emphasize the national banks, because while they are fewer in number than the state banks, they have larger resources and uniform charters, operate under the same law and supervision, and all belong to the federal reserve system, a centralizing scheme which, it is hoped, will in time envelop and control all banks.

6. To approach the problems from the point of view of a very large bank, in the metropolis of the country, in Wall Street, the financial center of the western world and nearly as important as Lombard Street, London.

7. To describe banking practice in as general terms as possible as a functional thing to be carried out in any bank however much

differences of internal organization may vary the details of execution.

8. To present an intimate correlation of banking theory and banking practice, giving in the first volume the underlying theory of money, credit, and banking as a prerequisite to an effective presentation in the remaining volumes of the organization and practice of the system as a whole and of the individual member banks of that system, and indicating at every opportunity in the treatment of the internal and external operations of a bank the theory underlying the practice.

The operations of a modern bank cover both domestic and foreign business. In this book, those pertaining to domestic transactions and handled for domestic clients, which of course constitute by far the larger proportion, are treated in Volumes III and IV. While all the domestic operations of a bank are so inter-related that a clear line of cleavage is difficult to draw, the description of the internal organization of a bank, of the operations concerned with cash, deposits, and letters of credit, and of the work of the bookkeepers and auditors, is treated in Volume III under the rather general title of "Cash and Deposit Operations." The operations pertaining to discounts, loans, credits, commercial paper, and investments are treated in Volume IV, under the general title of "Earning Assets."

The operations pertaining to foreign business are treated in Volume V.

It is a pleasure for the author to acknowledge his great debt to the many persons who have helped in the preparation of these volumes. He is particularly indebted to the staff of the National City Bank of New York where during his employment the book was started. Although this employment gave instance to the book, it has wholly outgrown the original plan and in its completed form does not in any way purport to describe the actual operations of that or any other specific bank, but rather of a generalized bank.

To ascertain data on specific points it has been necessary to write hundreds of letters to various federal and state officials and to banks and banking institutions throughout the country, and acknowledgment is here made of the courteous replies thereto. Many others have shown equal courtesy in personal interviews. Mr. Carl Llewellyn kindly read and criticized certain chapters having a legal nature. Finally the author is deeply grateful to Miss Clara B. Underwood for her painstaking work in the preparation of the copy and proof.

RAY B. WESTERFIELD.

New Haven, Conn.

December 6, 1921.