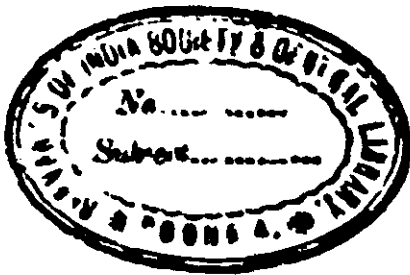


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CLEARINGS AND COLLECTIONS;
FOREIGN AND DOMESTIC

BY

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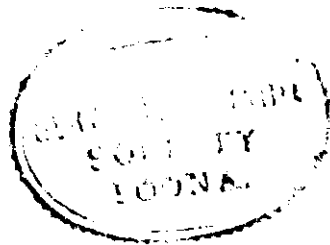
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To
MY WIFE
GLENETTE CLARK JONES



PREFACE

THE purpose of this book is to present a description of the clearing and collection mechanism employed in England, Germany, Canada, and the United States, and to describe the clearing functions performed by central banks.

The clearing principle is followed in all countries, but its specific application shows considerable variation. Although methods of clearing and collecting credit instruments have been in use for a long time, the procedure varies and the full significance of accruing advantages are not fully realized.

The use of giro-transfers and postal checks necessitated special consideration of the clearing and collection procedure in Germany. England, with her clearings centralized in London, also presents a situation quite different from that of Canada and the United States with their wide expanse of sparsely settled territory. Again, the banking system of Canada with its few chartered banks and many branches necessitates a clearing mechanism different in many respects from that of the United States where there are approximately twenty-three thousand independent institutions.

Inasmuch as central banks are the logical depositories of banking reserves, their part in the clearing process is of considerable importance. Throughout the book there has been an effort to connect the clearing mechanism with banking reserves.

No attempt has been made to describe the clearing and collection difficulties in the United States prior to the establishment of the Federal Reserve System, a description of existing methods being regarded as adequate.

This book is part of a more comprehensive study by the author, entitled *Clearing Mechanism and Banking Concentration*, which considers the trend toward banking concentration in the United States, following similar movements in other countries, and the effect on clearing procedure.

The author acknowledges his indebtedness to several persons for their constructive suggestions. He takes this opportunity to express his appreciation for the kindly cooperation of Julius Brandenburg and Michael L. Bregman, members of the New York Stock Exchange firm of Brandenburg & Co., with whom he was associated during the preparation of this study.

THATCHER C. JONES

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Abbreviations: B. I. S., Bank for International Settlements; n., footnote.

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