

- As the bank is entrusted to hold and invest your money, it is necessary for you to know well what the bank really is.

WHAT YOU SHOULD KNOW ABOUT BANKS

What is the most important service a bank offers? A bank will safeguard your valuables and do a good bit of your personal bookkeeping. It will pay interest on your money when you are in the chips and lend you some when you aren't — maybe. It will pay bills for you and give you a receipt that will stand up in court. It will even help you to buy a house or a car if you aren't trying to do it on a shoestring.

All those services are good but there is another that is even better.

Like a family doctor or family lawyer, a bank that has known you a good many years will backstop you in an emergency. It will give you advice on a great variety of financial problems — advice that may not be pleasant but probably will be sound and therefore valuable.

The choice of bank, therefore, involves more than walking into the one on the nearest corner. Go into the matter a little more carefully. If you have never had relations with a bank, get a suggestion from a businessman you trust. If you are moving to a new town, get your old banker to recommend a new bank.

A bank is not required by law to accept your account. You may be surprised to find that an old, established bank is pretty exclusive and tends to act like a gentleman's club. It may insist that you be introduced by a depositor or give several references

If this happens, don't walk off in a huff. There is naturally a close-knit relationship between a good bank and its customers. So the bank wants to be pretty careful about people it takes in

— people it may be lending to at some time in the future.

Loans are the principal business of a commercial bank. The bulk of a bank's loans are made to businessmen, but a great many loans are also made to non-business customers.

When you ask for a loan, the bank must make two decisions — one, are you generally a good credit risk, and two, are you going to use the money intelligently so that you probably will be able to pay it back? Since you are asking the bank to let you use the other depositors' money, don't be surprised when the bank goes pretty thoroughly into both of those questions.

If the bank does not know you well, it will ask some very searching questions about your private affairs. If you have been going serenely along thinking that the amount of your salary, the value of your house, the church and social clubs you belong to were your own private business, get ready to change your mind when you want a loan. The bank will keep the information confi-

dential. And remember, it is asking the same questions of other customers who want to borrow the money you have on deposit.

A bank is a mighty good place to borrow money for this reason: It lends money largely to a select clientele, its customers. The amount lost in bad loans is small. Therefore, a good bank does not have to charge high interest rates to cover large expected losses. Other lending agencies that deal with the general public do expect heavy losses and must charge correspondingly high interest rates.

A checking account, the most common system of depositing and withdrawing money, is an amazing service when you think about it. If you have such an account, the bank will keep your money safe and pay it to you without a moment's advance notice. At your direction it will cash a check for one of your out-of-town friends even if he banks in Alaska.

If you pay most of your bills by check, the banks automatically does most of your

personal bookkeeping and gives you a permanent record.

Before you open a checking account, the bank obviously will insist on absolute identification or proof that you are you. This means giving references which the bank will check and filling out identification and signature cards.

A joint account can be tricky. You should understand its various forms. In one kind, both parties must sign every check. This is a useful device for the man whose wife has only a fuzzy idea of the value of money. In a survivorship account each party may sign checks independently of the other. If the husband should die, the wife could still cash checks without waiting for the will to be probated.

Another type of joint account is one in which, if one party dies, 50 per cent of the account is sealed until the state is settled.

To open a survivorship account both husband and wife must appear at the bank in person. This sometimes irritates a husband, but the bank wants to be sure that

each party fully understands the privileges of the other.

The deposit slip is a necessary record to keep track of each check or cash sum that goes into your account. When filling out a deposit slip, describe checks merely by writing down the transit number of the bank on which the check is drawn.

This transit number is a hyphenated number appearing somewhere on the face of the check, usually the upper right-hand corner. The first part of the transit number identifies the city or state in which the bank is located and the second part identifies the bank itself. Thus in the number 50-100, 50 stands for the state of New York and 100 for the First National Bank, Binghamton. Under the transit number is a line and below the line another number — a "routing" code — which may be omitted on the deposit slip.

When you deposit cash to your account, it becomes available to you at once and you can begin writing checks on it immediately. But when you deposit checks written on other banks, the money is not immediately

available. Thus if you deposit a \$100 check made out to you on another bank, say the XYZ Trust Co., you cannot begin to use that money until your bank has obtained the \$100 from the XYZ Trust Co., and has put it in your account.

If the XYZ Trust Co. is in your own town, representatives from it and all the other banks in the city meet every day, usually around 10

A savings account, unlike a checking account, is a time deposit and the bank can make you wait 30 days or more (depending on the bank's rules) before giving you all your money. This notice period is not generally enforced, but it could be in a depression.

A safety-deposit box, when rented by husband and wife together, may be closed to one party if the other dies. Read the contract before you sign.

You get two keys to your safe-deposit box and it is a good idea to keep them in separate places. If you lose both, the box must be forced open.

The trust department of a bank is in the business simply of being trusted by people and corporations. A man often draws his will so that his bank will be executor of his estate, thus insuring that his wife will get expert advice.

In large banks the trust department performs so many services for individuals and corporations that it may handle more assets than all other departments.

There are many other services your bank will provide. It will dock your checking account and buy you a savings bond each month. It will sell you traveler's checks, good almost anywhere in the world. It will collect notes that people owe you.

All these services you can get from almost any bank. But there is one service, perhaps more valuable than any other, that can be provided only by your own bank. That is sound financial advice and sound financial help when needed.

To get it, look ahead. Pick out a good bank at the start, then stick with it.

Show that you are financially responsible. Repay loans on time. Keep a respectable balance in your checking account. Then make it a point to get to know someone in bank.

It may take years, but someday perhaps the clerks won't appear as gimlet-eyed

as you thought at first. You may even get a smile from a vice president. When that happens, you will have acquired an asset well worth having. You will be a valued customer of a good bank. —

From The Kiplinger Magazine.

WHISKY FOR THE BLIND

A Scottish seaman visiting Helsinki bought a bottle of "real Scotch" whisky. He was about to drink some when a Finnish friend warned him it was probably made of wood alcohol. One sniff convinced the friend, who told the Scotsman, "Lucky you met me — this stuff would have made you blind," and started to throw the bottle away. "Stop," the Scotsman yelled. "Stop, mon, save it — I have a blind brother in Glasglow." — *Herman Wenige.*