

BANKING

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BANKING

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PREFACE

JUST one hundred years have elapsed since the legalisation in England of joint-stock banking apart from the Bank of England. The century has seen the complete differentiation of Central Banking and Deposit Banking—the transfer from banks of deposit of the power of the “creation of credit” as expressed in the expansion or contraction of the currency, and its concentration in the hands of the State, delegated wholly or partially to State Central Banks; while to banks of deposit is left only the function of distributing the credit which for them is created by their depositors. It has been my object to make clearer this last evolution in the banking system. The development of Central Banking has been going on in all the countries which share in the large trade in the world, and I have briefly touched upon the principles which have recently been adopted in some of them. For Deposit Banking I have dealt mainly with the British system, for it is in Great Britain that the elaborate machinery of the financing of industry and commerce has been

most completely developed. There seems to be prevalent a popular misconception of the part which deposit banks play in the system, and it has been my aim to oppose any undue exaggeration of their powers and influence.

It only remains to me to express my gratitude to those who have assisted me in the preparation of this little book by their advice, their criticism, and the collection and certification of the facts and figures needed. I most warmly thank my friends Mr. John Rae, Chief General Manager of the Westminster Bank, and Mr. S. H. Marchant, of the same Bank; without their help I could not have completed my task.

WALTER LEAF.

21st July, 1926.

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