

In the 12 months' period ending October 31, 1908, covering the 1907 panic, there were 34 national-bank failures and suspensions with total capital of \$8,090,000, and total liabilities (in the case of failed banks "claims proved" being considered as total liabilities) amounted to..... \$42,678,694

Of these, 10 banks, with capital of \$1,590,000 and liabilities of \$27,621,559, subsequently resumed business.

In the year of unprecedented strain, when our national banks were put to the supreme test—from April 1, 1917, to April 1, 1918, covering the first year from our entrance into the war—the total national-bank failures and suspensions amounted to only four, with capital stock of \$175,000 and total liabilities ("claims proved" being taken as total liabilities) of..... \$843,050

And one of these four banks, with capital of \$50,000 and liabilities of \$165,889, was subsequently restored to solvency and resumed business.

The proportion of all liabilities of suspended national banks in 1893 to the total liabilities of all active national banks in operation during that year was..... 2.39 per cent.

The proportion of all liabilities of suspended national banks in 1907 to the total liabilities of all active national banks in operation was one-half of 1 per cent or..... .50 per cent.

The proportion of all liabilities of suspended national banks for the war year, from April 1, 1917, to April 1, 1918, to the total liabilities of all national banks in operation during that year was four one-thousandths of 1 per cent or..... .004 per cent.

*These figures show that the ratio or proportion of the liabilities of suspended national banks to total liabilities of all national banks in the panic year 1893 was more than 500 times greater than for the year of terrific trial following our entrance into the war, and they bear eloquent testimony to the soundness and efficiency of our national banks and the success of our new banking and currency system.*

#### IMMUNITY FROM FAILURE INCREASING.

In the fiscal year ending October 31, 1914, there were 21<sup>1</sup> national bank failures and 5 suspensions; in 1915, 14 failures and 1 suspension; in 1916, 13 failures and 2 suspensions; in 1917, 7 failures. For the 12 months ending October 31, 1918, there were only 2 national bank failures, both small banks.

For the first 11 months of the calendar year of 1918 to December 1, there has been no failure of any national bank east of the Rocky Mountains, and in the entire country during this period there has been only one national bank failure—a small bank in California. There has been no such immunity since 1870. Then there were only 1,615 national banks in operation, with resources of \$1,546,261,000, as compared with 7,754 national banks on November 1, 1918, with combined resources of \$19,821,404,000.

The reports received in this office for the same 12-month period, ending October 31, 1918, through the courtesy of the State officials, show that there were 32 failures of State banks, trust companies, and

<sup>1</sup> Of the national banks which failed and suspended during the years 1914 to 1918, inclusive, 8 suspended banks and 11 failed banks were subsequently reopened.

## 6 REPORT OF THE COMPTROLLER OF THE CURRENCY.

private banks throughout the United States, being distributed among the following 17 States:

Georgia.....	4	Tennessee.....	1
Missouri <sup>1</sup> .....	4	Ohio.....	1
North Dakota.....	4	Iowa.....	1
Minnesota.....	3	Colorado.....	1
Illinois.....	2	Utah.....	1
Indiana.....	2	California.....	1
Kansas.....	2	Maryland.....	1
Oklahoma.....	2	Virginia.....	1
Alabama.....	1		

On October 31, 1913, there were 45 national banks in the hands of receivers, their affairs being in process of liquidation and settlement. At the close of the past fiscal year, October 31, 1918, there are only 34 national banks being liquidated by receivers.

The total amount of dividends in liquidation, paid between October 31, 1913, and October 31, 1918, to the depositors and other creditors of national banks in receivers' hands was \$18,367,894.30. If we add to this the liabilities of 12 banks restored to solvency during the same period, \$33,859,526, the sum total of these amounts would aggregate \$52,227,420.

The receiverships of 14 national banks, which had failed in previous years, were finally wound up during the year ending October 31, 1918. In five cases dividends in liquidation of 100 per cent were paid, Of the remaining banks one paid 90.50 per cent, one 81.25 per cent, one 66.50 per cent, two paid 64.50 per cent, one 60.50 per cent; one 57 per cent, one 45.50 per cent, and one only 14.50 per cent.

#### GOOD RESULTS FROM CLOSER ADHERENCE TO THE LAW AND PRINCIPLES OF SOUND BANKING.

During the past five years this office has endeavored earnestly to impress upon the officers and directors of national banks the importance, not only to customers and depositors of the banks, but also to themselves and their stockholders of observing strictly the provisions of the national-bank act, and of conforming closely to the rules and regulations prescribed by the Office of the Comptroller of the Currency. This office also has tried hard to keep the directors of all national banks alive to a sense of their moral and legal responsibility for the correct management of the banks. This has been done by direct communications to the banks from this office, and also by arranging to have meetings of directors held at the times of the semi-annual examinations by national-bank examiners, at which meetings the affairs of the bank are discussed by the examiner with officers and directors, and the attention of those responsible called to features of the management which may be subject to criticism; and suggestions are then made and instructions given with a view to reforming whatever irregularities or unsound practices may be found to exist.

These efforts to maintain an earnest and immediate interest in the management of their banks by officers and directors and to stimulate a desire to correct, avoid or remove all causes of criticism have

<sup>1</sup> Owing to refusal of the State Bank Superintendent of Missouri to furnish data as to bank failures in that State in advance of publication of his printed report the figures as to Missouri were obtained through the courtesy of Bradstreet.