

650. The system of Post Office Savings Banks was first established in the United Kingdom, and proved so successful that it has been almost universally adopted by other nations. The principal object of the system is to encourage the habit of saving among the working classes, by providing a place where they can deposit their surplus earnings at a fair rate of interest and with absolute security, no practical limit being made to the smallness of the deposit. This latter provision is one of the main features of the scheme, as the ordinary banks do not value this class of business, and in many cases will not receive deposits under a sum which would compel many people to hoard their money for a length of time, before they could save enough to place it in a position of safety.

Post Office Savings Banks and objects of the system.

651. The Post Office Act, which provided for the establishment of this system in Canada, was passed on the 20th December, 1867, and was limited in operation as regards the Savings Banks, to the Provinces of Ontario and Quebec. Under its provisions a deposit must not be less than \$1 and must not exceed \$300 in any one year, neither must the total amount on deposit exceed \$1,000

Provisions under the Post Office Act.

652. Government Saving Banks, under the management of the Finance Department, have been established in the Maritime Provinces and in Manitoba and British Columbia. In which banks deposits are allowed to the extent of \$1,000. The number of offices under this system is 50, viz., 29 in Nova Scotia, 14 in New Brunswick, 2 in Prince Edward Island, 1 in Ontario, 1 in Manitoba, and 3 in British Columbia. Arrangements are now being made for the transfer of the Government Savings Banks in the last mentioned Province to the Post Office Department.

Government Savings Banks.

653. The rate of interest paid in both classes of savings banks is at present four per cent, but during the last session

Rate of interest.