

**BANKING.**

**Chartered Banks in Canada.**—Table 35 affords some measure of banking progress in Canada by a comparison of the number of branches at different periods. The number has grown from 123 at Confederation to 3,306 as at December 31, 1917, besides 121 branches in other countries. Table 36 gives the number of branches by provinces as at December 31, 1917, this information having been furnished by the Canadian Bankers' Association. Tables 37 and 39 show that the total assets of the chartered banks at December 31, 1918, were \$2,689,835,181, as compared with \$2,323,163,783, in 1917. The total liabilities were \$2,448,251,632, as compared with \$2,081,733,392, in 1917. Deposits by the public in Canada were \$1,669,507,617 at December 31, 1918 (Table 40), as compared with \$1,565,419,884 in 1917. On March 31, 1917, the total at the credit of the depositors in the Post Office and Dominion Government Savings Banks was \$56,216,089, as compared with \$53,528,273 in 1916 (Table 52).

**Bank Reserves.**—The Bank Act contains no specific provisions as to the amount of gold to be held either against note circulation or the general business of the bank. It requires, however, that 40 p.c. of whatever reserve a bank finds it expedient to carry shall be in Dominion Notes. A second provision instructs the Minister of Finance to arrange for the delivery of Dominion Notes to any bank in exchange for specie. Thus the gold reserve against Dominion Notes, to the extent that the notes are held by the banks, is reserve against banking operations, the Dominion Government being the custodian of the gold for the banks. The other gold element in bank reserves is specie in hand. The sum of the two represents the gold basis of the Canadian banking system. In addition to the reserves above mentioned the Canadian banks carry three other kinds of asset which are regarded as reserves, being funds more or less immediately available for the liquidation of liabilities. These are (1) cash balances in banks outside of Canada; (2) call and short loans in New York; and (3) easily marketable securities. These are shown together with the total and net liabilities in Table 48. In Table 49 the ratio to net liabilities of each element of the reserve is shown.

From the above it may be inferred that the gold imports and exports of Canada are of little significance. As seasonal variations in the need for currency are taken care of by the elastic note circulations, no gold need be imported or exported on that account. Furthermore, when the banks increase their balances in New York and London, they do it by the remittance of exchange, not by the exportation of gold. The so-called balance of trade may be against Canada, yet sterling bills are fairly plentiful as a result of the sale of Canadian securities in England. Gold held by the Receiver-General sometimes fluctuates rapidly, but this is to be traced to the operations of the banks.