

Bank Reserves.—The Bank Act contains no specific provisions as to the amount of gold to be held against either note circulation or general liabilities of a bank. It requires, however, that 40 p.c. of whatever cash reserves 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 cash element in bank reserves is specie in hand. In addition to this cash on hand, Canadian banks carry three other kinds of assets 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 (the favourite call loan market); and (3) readily marketable securities. These are shown, together with net liabilities, in Table 17. In Table 18 the ratio to net liabilities of each element of the reserve is shown.

17.—Bank Reserves, with Liabilities, 1901-1928.

NOTE.—The statistics in this table are averages computed from monthly returns in each year. Figures for 1892-1900 were given on p. 872 of the 1927-28 Year Book.

Years.	Specie and Dominion Notes.	Cash Due from			Call and short loans elsewhere than in Canada.
		Banks in the United Kingdom.	Banks elsewhere than in Canada and United Kingdom.	Total from outside Banks	
	\$	\$	\$	\$	\$
1901.....	32,068,501	5,598,939	12,811,524	18,410,463	40,020,238
1902.....	35,478,598	6,598,159	13,519,799	20,117,958	46,162,659
1903.....	42,510,574	5,638,954	14,192,232	19,831,186	38,025,662
1904.....	50,307,871	7,523,615	16,817,357	24,340,972	41,212,007
1905.....	56,590,323	9,960,560	19,201,939	29,162,499	51,452,955
1906.....	61,287,581	8,877,979	16,801,119	25,679,098	59,363,639
1907.....	70,560,520	6,027,157	15,363,728	21,390,856	52,907,513
1908.....	80,654,276	9,828,186	30,822,761	40,650,947	60,764,975
1909.....	95,555,461	10,311,864	31,779,144	42,091,008	119,728,263
1910.....	104,735,696	18,892,833	28,301,602	47,194,435	112,777,530
1911.....	120,146,660	21,122,092	29,695,985	50,818,077	91,097,704
1912.....	132,863,405	21,338,926	28,894,103	50,233,029	105,718,070
1913.....	135,267,623	13,328,642	28,238,329	41,567,971	98,602,615
1914.....	159,775,124	12,230,533	36,932,958	49,163,491	112,433,696
1915.....	200,113,621	20,824,559	43,781,939	64,606,498	181,705,220
1916.....	207,797,164	24,025,192	72,923,228	96,948,420	164,786,760
1917.....	210,475,400	17,885,648	53,021,952	70,907,600	157,430,643
1918.....	256,658,174	10,973,606	47,419,961	58,393,567	182,233,308
1919.....	257,429,889	12,359,426	50,904,693	63,264,119	183,227,204
1920.....	259,462,332	17,669,923	62,100,182	79,770,105	200,098,050
1921.....	255,474,332	12,857,830	60,885,266	73,745,346	172,137,325
1922.....	251,169,820	10,309,844	87,972,048	98,279,642	178,457,564
1923.....	234,501,513	8,090,470	54,358,289	62,448,769	198,047,516
1924.....	235,743,196	7,819,605	66,701,920	74,521,525	181,705,220
1925.....	230,011,447	8,583,316	59,921,935	68,505,251	225,461,687
1926.....	214,182,302	11,520,189	59,261,609	70,781,798	250,080,998
1927.....	210,483,492	9,790,411	61,793,595	71,584,006	268,536,331
1928.....	216,287,938	6,874,333	67,531,596	74,405,934	267,352,620