

At the close of the war of 1812 the army bill currency was withdrawn, and public attention once more turned to the expediency of securing a currency through the establishment of banks. The Bank of Montreal began business toward the end of 1817 as a private institution, under articles of association based on the first charter of the Bank of the United States. In the following year, under similar articles of association, the Quebec Bank was established, as well as the Bank of Canada at Montreal and the Bank of Upper Canada at Kingston. The three Lower Canadian institutions obtained their provincial charters in 1822, while the Bank of Upper Canada was superseded by a second Bank of Upper Canada established at York (Toronto) as a chartered bank in 1821. Meanwhile the Bank of New Brunswick had been incorporated in 1820, while in Nova Scotia the Halifax Banking Co. (private) commenced business in 1825, and the Bank of Nova Scotia received a regular charter in 1832. With all of these earlier banks note issue was an important part of their business.

The Bank of British North America, previously incorporated in Great Britain, commenced business in Canada in 1836, while Molson's Bank was established in 1853, the Bank of Toronto in 1855, the Banque Nationale in 1860 and the Banque Jacques-Cartier (later the Banque Provinciale du Canada) in 1862. The Union Bank was established in 1866, the Canadian Bank of Commerce in 1867. There were no fewer than 28 banks in existence at Confederation. These were as follows:—

Ontario and Quebec.

Bank of Montreal.
 Quebec Bank.
 Commercial Bank of Canada.
 City Bank.
 Gore Bank.
 Bank of British North America.
 Banque du Peuple.
 Niagara District Bank.
 Molson's Bank.
 Bank of Toronto.
 Ontario Bank.
 Eastern Townships Bank.
 Banque Nationale.
 Banque Jacques-Cartier.
 Merchants' Bank of Canada.
 Royal Canadian Bank.

Union Bank of Lower Canada.
 Mechanics' Bank.
 Canadian Bank of Commerce.

Nova Scotia.

Bank of Yarmouth.
 Merchants' Bank of Halifax.
 People's Bank of Halifax.
 Union Bank of Halifax.
 Bank of Nova Scotia.

New Brunswick.

Bank of New Brunswick.
 Commercial Bank of New Brunswick.
 St. Stephen's Bank.
 People's Bank of New Brunswick.

Subsection 1.—The Canadian Banking System in General.¹

A brief résumé of the Canadian banking system must emphasize: (1) its growth, from the beginning closely related to the Montreal produce and export trade and to the commerce of Halifax and Saint John; (2) its development of the branch bank system in order to meet the demands of a rapidly moving frontier of settlement; (3) its adaptation to the requirements of the grain and cattle trade of the west; and (4) the consolidation during later years of the features which tended towards its early success. The development of a stable system has been accompanied by failures,² particularly marked about the middle of the 19th century, but progress has nevertheless been steady, based on sound principles, and adapted as closely as could be to the particular needs of the country.

The branch bank is perhaps the most distinctive feature of the Canadian system as it exists to-day, and for a country such as Canada, vast in area and with a small population, the plan has proved a good one. A result of the growth of

¹For details regarding Canadian bank note issue, see pp. 887 and 888. ²See Table 23, pp. 908 and 909.