

Clearing-House Transactions.—In advanced industrial societies money is only "the small change of commerce". The great bulk of monetary transfers, particularly in the case of the larger transactions, is made through the banks. Thus it has been estimated that in the United States in 1917 about 6 p.c. of the business transactions of the country were financed by the use of money and the remaining 94 p.c. by the use of cheques. Accordingly, if we knew the aggregate amount of the cheques paid through the banks and charged to accounts, we should have an almost complete record of the volume of business transacted, and thus of the business activity of the country.

Statistics of this character were at first secured through the operation of the clearing houses—places where the representatives of all the banks met daily in the leading cities and presented for payment the notes of other banks and the cheques drawn upon other banks that had been paid in to their institutions in the regular course of business. In Canada, the first clearing houses to be established were those of Halifax (1887), Montreal (1889), Toronto (1891), Hamilton (1891), and Winnipeg (1893), and the number has subsequently increased to 32.

For the purpose of the Central Clearing Settlement, each bank maintains in its account with the Bank of Canada, Ottawa, a balance (in excess of whatever deposit is maintained as part of the 5 p.c. reserve against deposit liabilities in Canada required by statute) deemed sufficient to settle its clearing obligations. Montreal, Ottawa, Toronto, Winnipeg, and Vancouver are settlement points for the clearing houses in their respective zones. The debit or credit balances of the banks at the specified points are daily communicated by the clearing-house manager, and confirmed by the respective bank, to the local Agent of the Bank of Canada (to the Bank of Canada in the case of Ottawa) for transmission to the Bank of Canada at Ottawa by telephone or telegraph, which bank on the same day debits or credits, as the case may be, the account of the respective bank maintained with the Bank of Canada. By this means practically all the banking transactions of the country are adjusted daily in Ottawa in the accounts maintained by the banks with the Bank of Canada.

Table 16 shows for the years 1932-36 the total volume of clearings in the clearing houses of Canada. These figures, it may be added, represent not only actual city clearings but exchanges between numerous rural branches in each district.

16.—Amounts of Exchanges of the Clearing Houses of Chartered Banks in Canada for the calendar years 1932-36.

NOTE.—For the years 1919-23, see p. 806 of the 1924 Year Book; for 1924-28, p. 859 of the 1929 Year Book; and for 1929-32, p. 911 of the 1933 Year Book.

Clearing House.	1932.	1933.	1934.	1935.	1936.
	\$	\$	\$	\$	\$
Brandon.....	17,459,229	14,533,366	15,458,987	15,020,604	16,404,775
Brantford.....	39,446,268	36,878,757	38,456,332	41,207,595	45,356,164
Calgary.....	258,257,381	256,392,620	255,085,201	292,584,549	305,417,532
Chatham.....	22,190,250	21,461,353	22,211,932	22,192,630	25,865,402
Edmonton.....	194,356,935	173,437,240	189,164,864	199,411,079	197,022,175
Fort William.....	28,973,198	26,551,158	32,061,443	30,651,099	37,944,014
Halifax.....	114,384,527	100,859,483	110,685,559	112,710,681	119,545,816
Hamilton.....	190,818,400	175,111,440	191,235,709	197,844,548	236,482,873
Kingston.....	28,834,227	25,953,786	26,825,520	26,779,593	23,025,967