

**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 15 shows for the years 1934-38 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.

**15.—Amounts of Exchanges of the Clearing Houses of Chartered Banks in Canada, calendar years 1934-38.**

NOTE.—For the years 1919-23, see p. 806 of the 1924 Year Book; for 1924-28, p. 359 of the 1929 Year Book; for 1929-32, p. 911 of the 1933 Year Book; and for 1933, p. 988 of the 1934-35 Year Book.

Clearing House.	1934.	1935.	1936.	1937.	1938.
	\$	\$	\$	\$	\$
Brandon.....	15,458,987	15,020,604	16,404,775	16,950,854	17,582,200
Brantford.....	38,456,332	41,207,595	45,356,164	50,506,997	46,424,869
Calgary.....	255,085,201	292,584,549	305,417,532	306,818,675	300,161,170
Chatham.....	22,211,932	22,192,630	25,865,402	31,781,621	30,160,322
Edmonton.....	189,164,864	199,411,079	197,022,175	206,183,407	201,035,655
Fort William.....	32,061,443	30,651,089	37,944,014	40,556,659	37,527,995
Halifax.....	110,685,559	112,710,691	119,545,816	134,094,626	128,130,093
Hamilton.....	191,235,709	197,844,548	236,452,873	285,024,414	254,835,784
Kingston.....	26,825,820	26,779,593	28,025,967	29,466,619	29,132,380