

PART II.—MISCELLANEOUS COMMERCIAL FINANCE.**Section 1.—Loan and Trust Companies.***

The Canada Year Book, 1934-35, presents at p. 993 an outline of the development of loan and trust companies in Canada from 1844 to 1913.

The laws relating to trust and loan companies were revised by the Loan and Trust Companies Acts of 1914 (4-5 Geo. V, cc. 40 and 55), with the result that the statistics of provincially incorporated loan and trust companies ceased to be collected. In Table 1, however, certain summary statistics of provincial companies have been supplied for 1937 by courtesy of those companies and are included in order to complete the picture for loan and trust companies throughout Canada. It is estimated that more than 90 p.c. of the business of provincial companies is represented in the figures, so that they may be accepted as fairly inclusive and representative of the volume of business transacted as compared with Dominion registered companies. The statistics of Tables 2 and 3 refer only to those companies operating under Dominion charter, except that, beginning in 1925, the statistics of loan companies and trust companies incorporated by the province of Nova Scotia, and brought by the laws of that province under the examination of the Dominion Department of Insurance, have been included as well as those for trust companies in New Brunswick since 1934 in Table 3. These historical series start with the year 1920, at which time the Dominion Department of Insurance took over the administration of the legislation concerning Dominion trust and loan companies—the Department of Finance had previously exercised supervision of their activities.

As indicating the progress of the aggregate of loan company business in Canada, it may be stated that the book value of the assets of all loan companies rose from \$188,637,298 in 1922 to \$213,649,794 in 1931, but declined to \$193,175,022 in 1937. The assets of trust companies (not including trust, estates, and agency funds, which cannot be regarded as assets in the same sense as company and guaranteed funds) increased from \$154,202,165 in 1928 to \$241,120,562 in 1937. In the former year, the total of trust, estates, and agency funds administered amounted to \$1,077,953,643 and in the latter year to \$2,558,856,368. (Table 1.)

Functions of Loan Companies.—The principal function of loan companies is the lending of funds on first mortgage security, the money thus made available for development purposes being secured mainly by the sale of debentures to the investing public and by savings department deposits. Of the loan companies operating under provincial charters, the majority conduct loan, savings, and mortgage business, generally in the more prosperous farming communities. The historical statistics published in Table 2 respecting loan companies were revised in 1937 by the separation of the statistics of small loans companies, which are now included in Section 2.

Functions of Trust Companies.—Trust companies act as executors, trustees, and administrators under wills or by appointment, as trustees under marriage or other settlements, as agents or attorneys in the management of the estates of the

* Revised under the direction of G. D. Finlayson, Superintendent of Insurance, Department of Insurance.