

**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. It has been estimated that about 6 p.c. of the business transactions of the Continent of North America are financed by the use of money and the remaining 94 p.c. by the use of cheques. Accordingly, if the aggregate amount of the cheques paid through the banks and charged to accounts is known, there is 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); 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.

The figures of Table 15, represent not only actual city clearings but exchanges between numerous rural branches in each district.

#### 15.—Exchanges of the Clearing Houses of Chartered Banks in Canada, 1935-39.

NOTE.—Figures for earlier years will be found in the corresponding table in previous Year Books.

Clearing House.	1935.	1936.	1937.	1938.	1939.
	\$	\$	\$	\$	\$
Brandon.....	15,020,604	16,404,775	16,950,884	17,582,200	16,972,436
Brantford.....	41,207,595	45,356,164	50,506,997	46,424,869	44,722,995
Calgary.....	292,584,649	305,417,532	306,818,675	300,161,170	279,663,913
Chatham.....	22,192,630	25,865,402	31,781,621	30,160,322	30,139,377
Edmonton.....	199,411,079	197,022,175	206,183,407	201,035,055	201,977,802
Fort William.....	30,651,099	37,944,014	40,556,659	37,527,993	34,157,614
Halifax.....	112,710,681	119,545,816	134,094,626	128,130,093	130,899,207
Hamilton.....	197,844,548	236,482,873	285,024,414	254,838,784	267,959,422