

**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 at Ottawa, a balance (in excess of whatever deposit 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 by telephone or telegraph, to the Bank of Canada at Ottawa. On the same day the account of the respective bank maintained with the Bank of Canada is debited or credited as the case may be. By this means practically all the banking transactions of the country are adjusted daily at 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, 1936-40

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

Clearing House	1936	1937	1938	1939	1940
	\$	\$	\$	\$	\$
Brandon.....	16,404,775	16,950,884	17,582,200	16,972,436	18,197,284
Brantford.....	45,356,164	50,506,997	46,424,869	44,722,995	48,584,907
Calgary.....	305,417,532	306,818,675	300,161,170	279,663,913	289,115,103
Chatham.....	25,865,402	31,781,621	30,160,322	30,139,377	32,335,738
Edmonton.....	197,022,175	206,183,407	201,035,055	201,977,802	217,964,792
Fort William.....	37,944,014	40,556,659	37,527,993	34,157,614	41,175,118
Halifax.....	119,545,816	134,094,626	128,130,093	130,899,207	162,177,604
Hamilton.....	236,482,873	285,024,414	254,838,784	267,959,422	301,380,568