

The note circulation privileges of the chartered banks have been further restricted by statutory limitation whereby the Canadian note circulation of any chartered bank, already limited to 25 p.c. of its unimpaired paid-up capital on and after Jan. 1, 1945, will gradually decline as the right to issue or re-issue notes in Canada on and after that date has been cancelled, and will disappear completely after Jan. 1, 1950. Banks may not have outstanding in their own notes issued for circulation outside Canada an amount in excess of 10 p.c. of their paid-up capital (Sect. 61).

The desire to enlarge facilities for loans to farmers and fishermen was made possible by provision for "intermediate" credits to farmers and fishermen to increase the efficiency of their operations or to add to the amenities of life on the farm. The banks have expressed themselves as willing and anxious to facilitate loans of this character, those to farmers to come within the scope of the Farm Improvement Loans Act (one provision of which is that the rate of interest must not exceed 5 p.c. per annum) and the Dominion Government, under the terms of that Act, will guarantee the banks against losses up to 10 p.c. of their aggregate loans so guaranteed (Sect. 88). Certain other amendments were made to this Section designed to ensure somewhat greater facilities for other types of borrowers and to simplify the process of taking security under the Section.

A statutory reduction was made in the maximum rate of interest or discount chargeable from 7 p.c. per annum to 6 p.c. per annum (Sect. 91). A proposal by the Minister of Finance that small loans might be made on the basis of an effective interest rate of 9½ p.c. per annum—considerably less than half the rate small-loan companies were then charging on similar loans—was ultimately abandoned by the Minister in view of the criticisms offered in the Banking and Commerce Committee, and the opinion of bankers that they would be able to expand such loans without exceeding the 6 p.c. maximum.

The liability of banks in respect of balances in Canada unclaimed during a period of ten years will be transferred to Bank of Canada in return for the payment of a like sum to that institution (Sect. 92). Previously unclaimed balances were reported to the Minister of Finance, but remained the liability of the bank concerned.

The Canadian Banks and the Dominion's War Effort.—Because for the most part they operate on a nationwide scale, the chartered banks of Canada have been, from the first, in a position to exercise an extraordinarily potent influence in the furtherance of Canada's war effort. The experience, resources and organization of these banks, with their thousands of branches throughout the country, have been placed unreservedly at the disposal of the Dominion Government, and have been of great assistance in carrying out much of the administrative work connected with the control of the numerous and complicated measures necessary for the maintenance of financial equilibrium. The services of banking experts have been enlisted to assist in large-scale financing operations in connection with the war effort.