

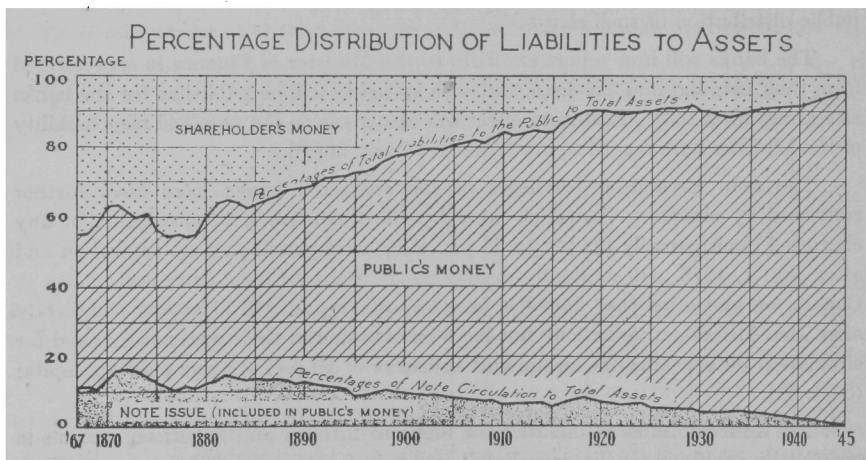
loans of this character, those to farmers to come within the scope of the Farm Improvement Loans Act (one provision of which is that the rate of interest must not exceed 5 p.c. per annum) and the Dominion Government, under the terms of that Act, will guarantee the banks against losses up to 10 p.c. of their aggregate loans so guaranteed. 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 $9\frac{3}{4}$ 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 the 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.

Subsection 2.—Combined Statistics of Chartered Banks

In order to afford a clear view of the nature of banking transactions in Canada, bank liabilities have been classified in Table 7 in two main groups: liabilities to shareholders and liabilities to the public. Only the latter group is ordinarily considered when determining the financial position of any such institution. Assets are



* The commercial banks have now entered the small and personal loans field in earnest and are building up substantial business along this line. Unfortunately, this business is not segregated from their general loans business so that no comparison of the field occupied by the commercial banks as compared with the small loans companies (see pp. 987-989) is possible.