

CHAPTER XXV.—CURRENCY AND BANKING; MISCELLANEOUS COMMERCIAL FINANCE

CONSPECTUS

	PAGE		PAGE
Part I.—Currency and Banking		SECTION 5. COMMERCIAL BANKING	1065
SECTION 1. HISTORICAL SKETCH	1055	Subsection 1. Historical	1065
SECTION 2. THE BANK OF CANADA	1056	Subsection 2. Combined Statistics of Chartered Banks	1065
Subsection 1. The Bank of Canada Act and Its Amendments	1056	Subsection 3. Statistics of Individual Chartered Banks	1072
Subsection 2. The Bank of Canada and Its Relationship to the Cana- dian Financial System	1057	SECTION 6. GOVERNMENT AND OTHER SAVINGS BANKS	1077
Subsection 3. Bank of Canada Opera- tions	1057	SECTION 7. FOREIGN EXCHANGE	1081
Subsection 4. The Industrial Develop- ment Bank	1058	Subsection 1. Exchange Rates	1081
SECTION 3. CURRENCY	1060	Subsection 2. The Foreign Exchange Control Board	1081
Subsection 1. Notes and Coinage	1060	Part II.—Miscellaneous Commercial Finance	
Subsection 2. Money Supply	1063	SECTION 1. LOAN AND TRUST COMPANIES	1083
SECTION 4. MONETARY RESERVES	1064	SECTION 2. LICENSED SMALL LOANS COMPANIES AND LICENSED MONEY- LENDERS	1087
Subsection 1. Bank of Canada Res- erves	1064	SECTION 3. DISTRIBUTION OF INVEST- MENTS AND INFLUENCE ON THE CAPITAL MARKET	1088
Subsection 2. Chartered Bank Cana- dian Cash Reserves	1064		

NOTE.—The interpretation of the symbols used in the tables throughout the Year Book will be found facing p. 1 of this volume.

In this Chapter are assembled the statistics regarding financial institutions and transactions, other than those pertaining to insurance: the latter are dealt with separately in Chapter XXVI. Operating profits of corporations and net income to stockholders formerly dealt with in this Chapter will be found at pp. 395-398.

PART I.—CURRENCY AND BANKING

Section 1.—Historical Sketch

At pp. 900-905, inclusive, of the 1938 Year Book there appears a historical sketch of currency and banking in Canada, tracing certain features of the central banking system that finally led up to the establishment of the Bank of Canada. In chronological order these were:—

(1) *Central Note Issue*, permanently established with the issue of Dominion notes under legislation of 1868.

(2) *The Canadian Bankers' Association*, established in 1900 and designed to effect greater co-operation among the banks in the issue of notes, in credit control and in various aspects of bank activities.

(3) *The Central Gold Reserves*, established by the Bank Act of 1913.

(4) *Rediscount Facilities*, although originated as a war measure by the Finance Act of 1914, were made a permanent feature of the system by the Finance Act of 1923, which empowered the Minister of Finance to issue Dominion notes to the banks on the deposit by them of approved securities. This legislation provided the banks with a means of increasing their legal tender cash reserves at will.