

8.—Summary Statistics of Currency and Active Bank Deposits as at Dec. 31, 1946-55

(Millions of dollars)

Year	Currency Outside Banks ¹			Active Bank Deposits			Total Currency and Active Bank Deposits
	Notes	Coin	Total Currency	Chartered Bank Net ²	Bank of Canada 'Other' Deposits ³	Total Active Bank Deposits	
1946.....	1,031	65	1,096	2,806	94	2,900	3,996
1947.....	1,046	66	1,112	2,764	68	2,832	3,944
1948.....	1,115	70	1,185	3,069	81	3,150	4,335
1949.....	1,110	74	1,184	3,111	127	3,238	4,422
1950.....	1,136	78	1,214	3,430	207	3,637	4,851
1951.....	1,191	84	1,275	3,502	66	3,568	4,843
1952.....	1,289	88	1,377	3,751	45	3,796	5,173
1953.....	1,335	94	1,429	3,675	30	3,705	5,134
1954.....	1,362	96	1,458	3,967	31	3,998	5,456
1955.....	1,449	101	1,550	4,207	34	4,241	5,791

¹ Note circulation excluding notes held by chartered banks together with total coin issued by the Mint, less coin held by the banks. ² Demand and notice deposits, deposits of provincial governments, United Kingdom and foreign banks; less 'float', i. e., items in transit as shown in month-end returns. ³ Excludes Government of Canada, chartered bank and foreign deposits.

Section 3.—Commercial Banking

As one of the chief functions of the early banks in Canada was to issue notes to provide a convenient currency or circulating medium, it has been expedient to cover both currency and banking in one historical sketch, which is given in the 1938 Year Book, pp. 900-905. A list of the banks at Confederation appears in the 1940 Year Book, p. 897, and bank absorptions since 1867 are given in the 1941 edition, pp. 812-813. A table in the 1937 Year Book, pp. 894-895, shows the insolvencies from Confederation; the last insolvency occurred in 1923. The more important of the revisions in banking legislation contained in the 1954 Bank Act are outlined in Subsection 1.

Subsection 1.—Chartered Banks

Canadian commercial banks are chartered or licensed by the Government of Canada and operate under one federal statute—the Bank Act—which is revised every ten years and brought into line with changing economic conditions. In addition to conducting a commercial banking business the chartered banks hold most of the public's savings deposits.

Revisions in Banking Legislation in 1954.—In 1954 there were a number of important changes in legislation affecting the operations of the chartered banks, arising out of the decennial revision of the Bank Act and revisions of the Bank of Canada Act and the National Housing Act.

An amendment to the Bank Act concerned the minimum cash reserves which the chartered banks are required to hold in the form of notes of and deposits with the Bank of Canada. The banks had been required to maintain at all times cash reserves of not less than 5 p.c. of their Canadian dollar deposit liabilities. In practice they normally attempted to maintain a ratio of about 10 p.c. As a result of the amendment the banks are now required to maintain cash reserves, on the average during each calendar month, equal to not less than 8 p.c. of their Canadian dollar deposit liabilities. In conjunction with this change an amendment was made to the Bank of Canada Act which gives the Bank of Canada power to vary the minimum cash reserve requirement between 8 p.c. and 12 p.c. of Canadian dollar deposit liabilities, provided that the chartered banks are given a minimum period of one month's notice before each increase becomes effective and that the increase effective in any one month is not more than 1 p.c.