

of making capital improvements to premises and equipment. This provides for loans that do not fall within the usual scope of bank lending to small business, by reason of the term nature of the loan, together with the lack of collateral resources of the borrower. Of course, chartered banks already make loans to small businesses for a great variety of purposes, including many of a medium-term character; indeed, the working capital loan to the small-size or medium-size industry or commercial enterprise is the traditional stock-in-trade business of the chartered banks.

Still another area of lending which has expanded greatly in recent years is that of consumer credit. While the banks have always made some personal loans, they have not until recently moved aggressively into the general field of lending to the general public for the purchase of automobiles, consumer durables and debt consolidation. Following the 1954 Bank Act Revision, and partly as a result of the change then made which enabled the banks to take chattel mortgage security, some of the banks have developed extensive consumer credit divisions. Personal loans made by the banks, other than those secured by stocks and bonds and Home Improvement loans, mounted from \$420,000,000 at the end of 1957 to \$873,000,000 outstanding at Mar. 31, 1961. During this same period, the outstanding total of retail consumer credit granted by others, such as small loans companies, instalment finance companies, and department stores and other retail dealers, increased from \$1,970,000,000 to \$2,215,000,000. This penetration of the banks into the retail credit field is perhaps the most significant development of the postwar period in the Canadian banking system. It has brought the banks close to the general public in those matters that touch the major financial undertakings of most families—the house, the car, the major appliances, the medical and education expenses.

Outside of Canada, the Canadian banks have continued to expand their branch systems in the Caribbean area, though the two Canadian banks operating in Cuba have found it necessary to withdraw. Elsewhere abroad, the banks have expanded their representation in South America and in Europe. In recent years the growth of an international money market, following the economic recovery in Europe and the restoration of confidence in the stability of the Western economies and their currencies, has led to large movements of Western capital from one centre to another. The Canadian banks have participated extensively in this international money market, mainly through New York and London where most of them maintain large offices.

The postwar growth in bank assets has been accompanied by a substantial increase in total earnings. Earnings per share of capital employed did not increase to the same extent, however, as the banks found it necessary to raise new funds from time to time after 1950 in order to maintain an appropriate relationship between their shareholders' capital and the rapidly rising level of risk assets. The banks have been among the largest issuers of new share capital to Canadians in the postwar period.

Subsection 1.—Statistics of Chartered Banks

Branches of Chartered Banks.—Although there are fewer chartered banks now than at the beginning of the century, there has been a great increase in the number of branch banking offices. As a result of amalgamations, the number of banks declined from 34 in 1901 to 10 in 1931, and remained at that figure until the incorporation of a new bank—the Mercantile Bank of Canada—in 1953 brought the total to 11. Since then the amalgamation in 1955 of the Bank of Toronto and the Dominion Bank as the Toronto-Dominion Bank, the amalgamation of Barclays Bank (Canada) with the Imperial Bank of Canada in 1956 and the amalgamation of the Canadian Bank of Commerce and the Imperial Bank