

**12.—Detailed Statement of Chartered Bank Assets and Liabilities, as at Dec. 31,
1959 and 1960—concluded**

Liabilities	1959	1960
	\$'000	\$'000
Liabilities—		
Deposits by Government of Canada in Canadian currency.....	403,585	509,892
Deposits by Canadian provincial governments in Canadian currency.....	136,357	118,836
Deposits by other banks in Canadian currency.....	137,656	200,540
Deposits by other banks in currencies other than Canadian.....	529,636	646,881
Personal savings deposits payable after notice, in Canada, in Canadian currency....	6,899,639	7,214,692
Other deposits payable after notice, in Canadian currency.....	557,542	575,861
Other deposits payable on demand, in Canadian currency.....	4,144,353	4,301,354
Other deposits in currencies other than Canadian.....	1,842,151	2,007,443
Acceptances, guarantees and letters of credit.....	206,808	257,220
Other liabilities.....	51,549	80,740
Capital paid up.....	254,115	265,564
Reserve account.....	661,378	730,154
Undivided profits at latest fiscal year-end.....	10,155	7,919
Totals, Liabilities.....	15,834,924	16,917,096

13.—Canadian Cash Reserves, 1951-60

NOTE.—For periods prior to July 1954 all figures are daily averages; from July 1954, in accordance with the Bank Act 1954, Bank of Canada deposits are averages of the juridical days in the month shown while Bank of Canada notes and Canadian dollar deposits are averages of the four consecutive Wednesdays ending with the second last Wednesday in the previous month.

(Millions of dollars)

Year	Cash Reserves			Canadian Dollar Deposit Liabilities ¹	Average Cash Reserve Ratio ²
	Bank of Canada Deposits	Bank of Canada Notes	Total		
1951.....	567	225	792	7,759	10.2
1952.....	606	239	844	8,110	10.4
1953.....	627	256	883	8,624	10.2
1954—January to June.....	634	260	894	8,820	10.1
1954—July to December.....	525	286	811	9,097	8.9
1955.....	541	293	834	9,915	8.4
1956.....	548	325	873	10,527	8.3
1957.....	535	335	870	10,601	8.2
1958.....	607	336	943	11,452	8.2
1959.....	648	351	999	12,187	8.2
1960.....	625	360	985	12,052	8.2

¹ From July 1954 the figures are not adjusted for items in transit and are not strictly comparable with the figures for earlier periods. ² Prior to July 1, 1954, the statutory minimum requirement was 5 p.c. for each day; since that date it has been a monthly average of 8 p.c.

Liquid Asset Ratio.—In the course of discussions with the chartered banks in November and December 1955, the Bank of Canada urged the adoption of a standard practice regarding the maintenance of a minimum ratio of liquid assets (cash, day-to-day loans and treasury bills) to deposits. The purpose of this suggestion was to establish a working principle of bank operations which would help the central bank in the task of restraining inflationary pressures that might threaten in the future. After discussion the banks agreed to work to achieve, by May 31, 1956, a minimum liquid asset ratio of 15 p.c. which they would endeavour to maintain on a daily average basis from June on. On this basis, fluctuations above or below 15 p.c. might occur from day to day or week to week, but for the month as a whole the average would not be below the target ratio. From June 1956 the banks have maintained a daily average ratio of at least 15 p.c.