the power to borrow or, in the case of trust companies, to accept funds in guaranteed accounts subject to maximum permitted ratios of these funds to shareholders' equity. The funds may be invested in specified assets which include first mortgages on real property, government securities, and the bonds and equity of corporations having established earnings records, and the companies may grant loans on the security of such bonds and stocks and unsecured personal loans. Trust and mortgage companies are not required to hold specified cash reserves, as are the chartered and savings banks, but there are broadly defined "liquid asset" requirements in a number of the Acts.

In the 1920s trust and mortgage companies held about one half of the private mortgage business in Canada but their growth rate fell off sharply because of the effect on the mortgage business of the depression and World War II. In the years since then the strong demand for mortgage financing has led to sustained rapid expansion.

At the end of 1972 total assets net of investment in subsidiaries of trust companies in the Statistics Canada survey were $8,550 million compared with $7,403 million a year earlier, an increase of 15%. Trust companies have been putting a high proportion of their funds into these investments with the result that mortgages represented 64% of their total assets at the end of 1972. The trust companies had $5,849 million in term deposits outstanding and $1,980 million in demand deposits at the end of 1972, accounting for 91% of total funds. About one third of the demand or savings deposits were in chequable accounts. There is considerable variety among the trust companies and a few have developed a substantial short-term business, raising funds by issuing certificates for terms as short as 30 days and also operating as lenders in the money market. Nevertheless, the main business of the trust companies in their intermediary role is to channel savings into mortgages and other long-term investments. In addition, trust companies, as at December 31, 1972 had $27,667 million under administration in estate, trust and agency accounts. Summary statistics are given in Tables 19.20 - 19.22.

Mortgage companies had assets before investment in subsidiaries of $4,491 million at the end of 1972 compared with $3,864 million a year earlier. Their holdings of mortgages amounted to $3,766 million, or 79% of total assets. To finance their investments, these companies had borrowed $2,903 million or 71% of their total funds by the sale of debentures and $606 million from demand deposits.

More complete and up-to-date financial information may be found in quarterly financial statements published by Statistics Canada and the Bank of Canada, the reports of the Superintendent of Insurance on loan and trust companies and the reports of provincial supervisory authorities.

19.2.2 Small loans companies

Small loans companies and money-lenders are subject to the Small Loans Act (RSC 1970, c.S-11). This Act, first passed in 1939, sets maximum charges on personal cash loans not in excess of $1,500 and is administered by the Department of Insurance. Lenders not licensed under the Act may not charge more than 1% per month. Those wishing to make small loans at higher rates must be licensed each year by the Minister of Finance under the Small Loans Act. The Act allows maximum rates, including charges of every kind, of 2% per month on unpaid balances not exceeding $300, 1% per month on the portion of unpaid balances exceeding $300 but not exceeding $1,000 and one half of 1% on any remainder of the balance exceeding $1,000. Loans in excess of $1,500 are not regulated and lenders operating entirely above this limit and the larger loans of licensed lenders are thus exempt from the Act. Nor does the Act regulate charges for the instalment financing of sales. Prior to January 1, 1957, the Act applied only to loans of $500 or less and the maximum interest charge allowed was 2% per month.

At the end of 1972, there were five small loans companies and 40 money-lenders licensed under the Act. Small loans companies are incorporated federally; money-lenders include provincially incorporated companies. Many of the small loans companies and money-lenders are affiliated with other financial institutions, principally Canadian sales finance companies and United States finance or loan companies. The affiliations with sales finance companies reflect the close relationship between instalment financing and the consumer loan business.

Statistics Canada publishes quarterly balance sheets for sales finance and consumer loan companies as a whole and does not attempt to distinguish the two groups within the industry (see *Financial institutions*, Catalogue No. 61-006).

The subsidiary small loans companies and money-lenders obtain most of their funds