

conventional residential mortgages, the amount of an individual mortgage cannot exceed 75% of the appraised value of the property. The maximum amount of a bank's assets to be held in the form of conventional residential mortgages must not be more than 10% of the bank's Canadian dollar deposit liabilities plus debentures. The banks have also been given authority to issue their own debentures with an original term to maturity of at least five years; such securities are not subject to reserve requirements and rank in priority after deposit liabilities. The amount of debentures that any bank may have outstanding is limited by restricting the increase per annum to 10% of the paid-up capital and rest fund and an upper limit of one half of the bank's paid-up capital and rest fund.

The amendments to the Bank Act in 1967 contained a number of revisions respecting the ownership of Canadian chartered banks. No individual or associated shareholders may vote more than 10% of a bank's total shares outstanding and, if more than 25% of a bank's shares are owned by non-residents, the total outstanding liabilities of the bank may not exceed 20 times its authorized capital stock.

The Bank Act also stipulates the minimum statutory cash reserve requirement that the chartered banks must observe. The minimum amount of Bank of Canada notes and deposits each bank must hold as cash reserves was changed in a series of monthly steps from 8% of all Canadian dollar deposits under the old Bank Act to 12% of demand deposits and 4% of other deposits as at February 1968. In addition, the Bank of Canada was given stand-by powers to require the banks to hold a "secondary reserve" which would consist of cash in excess of their statutory requirements, holdings of treasury bills and day-to-day loans to investment dealers. When initially introduced, this secondary reserve cannot exceed 6% of a bank's deposit liabilities. Thereafter it may be increased in monthly steps of 1% to a maximum of 12%. The Bank of Canada may reduce or remove such a secondary reserve at any time. Secondary reserve requirements since March 1968 are as follows: March 1968, 6%; April 1968, 7%; June 1969, 8%; July 1970, 9%; December 1971, 8.5%; January 1972, 8%; December 1974, 7%; January 1975, 6%; March 1975, 5.5%.

Chartered bank financial statistics for recent years are given in Tables 19.8 - 19.12; month-end data are available in the *Bank of Canada Review*.

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 of Canada as the Canadian Imperial Bank of Commerce on June 1, 1961 reduced this number to eight. The Bank of British Columbia was granted a charter by Parliament in December 1966 and commenced operations in July 1968. The Unity Bank of Canada was granted a charter in November 1972 and commenced operations in 1973, increasing the number of banks to 10. The number of branches of chartered banks in each province at various periods between 1920 and 1974 is given in Table 19.13.

Branches of individual Canadian chartered banks by province as at December 31, 1973 and 1974 and outside Canada as at December 31, 1974 are given in Tables 19.14 and 19.15.

Cheque payments. Historical data on a monthly basis are available from 1924 on the amount of cheques charged to customer accounts in 34 major clearing centres. The value of payments rose steadily throughout the country from 1924 to 1929. From 1929 to 1932 the value declined sharply and thereafter fluctuated within rather narrow limits until the outbreak of World War II. Since 1939, the total value of cheques cashed in these centres has increased steadily (see Table 19.16). The value of cheques cashed in 50 clearing centres during 1973 reached a high of \$1,369,885.5 million, an increase of 28.5% above the value of \$1,065,933.2 million for 1972. All five geographic regions showed increases, with Ontario recording a gain of 33.1%, the Prairie provinces 26.0%, the Atlantic provinces 14.4%, Quebec 21.4% and British Columbia 29.6%. Payments in the two leading centres also reached all-time highs, Toronto advancing 34.9% and Montreal 20.2% over 1972.