

19.1.5 Other banking institutions

In addition to the savings departments of the chartered banks and of trust and loan companies, there are provincial government savings banking institutions in Ontario and Alberta, and the Montreal City and District Savings Bank in Quebec, established under federal legislation and reporting monthly to the Department of Finance. Co-operative credit unions also encourage savings and extend small loans to their members.

Province of Ontario Savings Office. The establishment of the Province of Ontario Savings Office was authorized by the Ontario Legislature at the 1921 Session and the first branches were opened in March 1922. Interest at the rate of 8.75% per annum (as at January 1, 1975), compounded half-yearly, is paid on accounts; deposits are repayable on demand. Total deposits as at December 31, 1974 were \$200 million and the number of depositors was approximately 72,400; 21 branches are in operation throughout the province.

Province of Alberta Treasury Branches. Established in 1938 by the Treasury Branches Act, the system operates 82 branches, four sub-branches and 79 agencies throughout the province. As at March 31, 1974, deposits from customers totalled \$503.2 million while advances to individuals, merchants, corporations and municipal bodies totalled \$335.9 million. Profits for the year ended March 31, 1974, before allowances for reserves, were \$5.6 million. Of this amount \$2.5 million was transferred to the general revenue of the province. Financial services include current accounts (non-interest-bearing); regular (chequing) and super (non-chequing) savings, interest-bearing accounts; term deposits for terms ranging from 30 days to six years bearing competitive interest rates; agricultural loans, business loans, life-insured personal loans, mobile home financing, home improvement loans, small businessmen's loans, commercial and industrial mortgage loans, and 15-year residential mortgage loans. The Treasury Branches are also authorized lending agents for Government of Canada — Farm Improvement Loans and Small Business Loans.

The Montreal City and District Savings Bank was founded in 1846 and has operated under a federal charter since 1871. At October 31, 1974, it had a paid-up capital and reserve of \$26.1 million, savings deposits of \$836.8 million and total liabilities of \$873.8 million. Assets of a like amount included \$248.3 million, consisting of federal, provincial, municipal and other securities.

Credit unions. The first credit union in Canada was founded in Lévis, Que., in 1900 to promote thrift by encouraging saving and to provide loans to members who could not get credit elsewhere or could get it only at high interest rates. For many years growth was slow; in 1911, when the first figures were available, assets amounted to \$2 million and by 1940 they were only \$25 million. However, since that time there has been a spectacular increase. The first credit union legislation was passed in Nova Scotia in 1932 followed by legislation in Manitoba and Saskatchewan in 1937 and in Ontario and British Columbia in 1938.

Credit unions are under provincial legislation. Almost all local offices in each province belong to central credit unions operating within the province. There is a difference between Quebec and the other provinces in the asset-holding of credit unions; Quebec credit unions have a larger proportion of their investments in the form of mortgages and government bonds while in most other provinces credit unions have a greater percentage in personal loans. The number of chartered credit unions in Canada at the end of 1973 was 4,256 which reported a total membership of 6.4 million and assets of \$8,466 million (Table 19.17). Quebec, with 3.5 million members and assets of \$4,143 million accounted for 54% and 49%, respectively, of total membership and total assets of all credit unions in Canada (Table 19.18).

Canadian credit unions in the 1960s and 1970s have continued their steady growth. Loans granted by credit unions increased by 26.8% in 1973 to reach \$3,766 million, being a 388% increase over the corresponding figure of \$772 million in 1963. Assets at \$8,466 million increased by 341% and savings at \$7,801 million increased by 352% in the same comparison. Membership of 6.4 million represented 29% of the total population, compared with 3.1 million and 16%, respectively, in 1963. Assets, liabilities and members' equity of local credit unions in Canada are given in Table 19.19.

There were 18 central credit unions in 1973; these are organized as a type of centralized banking entity to serve the needs of their local credit union members, mainly by accepting deposits of surplus funds from them and providing a source of funds for them to borrow when