There were 19 central credit unions in 1975; these are organized as centralized banking entities 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 they cannot meet the demand for local loans. Most of the centrals also admit cooperatives as members. Total assets of the centrals increased by 35% to $2,601 million over the previous year. The Credit Union National Association serves as the central organization for the provincial centrals.

The centrals had combined total assets of $2,601 million at the end of 1975 as compared with $1,920 million a year earlier. Most of the funds are invested in securities and these are financed mainly by demand and term deposits from local credit union members. The combined total assets of local and central credit unions therefore exceeded $15 billion at the end of 1975.

19.2 Other financial institutions

19.2.1 Trust and mortgage companies

Trust and mortgage companies are registered with either the federal or provincial governments. They operate under the Loan Companies Act (RSC 1970, c.L-12) and the Trust Companies Act (RSC 1970, c.T-16), as amended, or under corresponding provincial legislation.

Trust companies operate as financial intermediaries in two distinct areas: banking and fiduciary. Under the banking function, trust corporations are permitted to accept funds in exchange for their own credit instruments such as trust deposits and guaranteed investment certificates. This aspect of its business is often referred to as the "guaranteed funds" portion and differs little from the savings business of chartered banks.

Trust corporations are the only corporations in Canada with power to conduct fiduciary business. In this capacity they act as executors, trustees and administrators under wills or by appointment, as trustees under marriage or other settlements, as agents in the management of estates of the living, as guardians of minor or incapable persons, as financial agents for municipalities and companies, as transfer agents and registrars for stock and bond issues, as trustees for bond issues and, where so appointed, as authorized trustees in bankruptcies.

Mortgage corporations may also accept deposits and may issue both short-term and long-term debentures. The investment of these funds is spelled out specifically in the acts under which most of the funds are invested in mortgages secured by real estate.

Trust and mortgage companies were established and grew rapidly under provincial legislation in the late 19th and early 20th centuries. Some companies were chartered by special acts of Parliament but it was not until 1914 that the federal government began to regulate trust and mortgage companies registered under its acts. In 1975 there were 65 trust companies of which 25 were federally incorporated and 69 mortgage companies of which 18 came under federal jurisdiction. The federal Superintendent of Insurance regulates the federal companies and also, by arrangement with the provinces, trust and mortgage companies incorporated in Nova Scotia and trust companies incorporated in New Brunswick and Manitoba. Companies must be licensed by each province in which they wish to operate.

Although there may be some differences among the various federal and provincial acts, the broad lines of the legislation are common. In their intermediary business the companies have 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 secured by real property; government securities, and the bonds and equity of corporations having