

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 \$20 million. However, since that time there has been a spectacular increase. Assets of the Quebec credit unions amounted to over \$1,000 million at the end of 1964 and to over \$3,400 million at the end of 1972. In other provinces, 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 either directly or through regional unions. There is a considerable difference between Quebec and the other provinces in the asset-holding of credit unions; Quebec credit unions have a large proportion of their investments in the form of mortgages and government bonds while in the other provinces they have a greater percentage in loans. The number of chartered credit unions in Canada at the end of 1972 was 4,351 which reported a total membership of 5.8 million and assets of \$6,761 million (Table 19.17). Quebec, with 3.2 million members and assets of \$3,438 million accounted for 55% and 51%, respectively, of total membership and total assets of all credit unions in Canada (Table 19.18).

Canadian credit unions in the 1962-72 decade have continued their steady growth. Loans granted by credit unions increased by 62.4% in 1972 to reach \$2,970 million, being a 339% increase over the corresponding figure of \$676 million in 1962. Assets at \$6,761 million increased by 304% and savings at \$6,222 million increased by 310% in the same comparison. Membership of 5.8 million represented 27% of the total population, compared with 2.9 million and 15%, respectively, in 1962. Assets, liabilities and members' equity of local credit unions in Canada are given in Table 19.19.

There were 20 central credit unions in 1972; these are organized as a type of centralized banking entity to serve the needs of their local credit unions 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 co-operatives as members. Total assets of the centrals increased by 56% to \$1,327 million and loans to members increased 30.1% to \$622 million over the previous year. The National Association of Central Credit Unions serves as the central organization for the provincial centrals.

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 the same way as chartered banks or savings institutions. They are the only corporations in Canada with power to act as trustees for property interests and to conduct other 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.

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 1972 there were 23 federal trust companies and 14 federal mortgage companies. The Superintendent of Insurance examines these 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 are many differences among the various federal and provincial Acts, the broad lines of the legislation are common. In their intermediary business the companies have