

BANKING IN CANADA

HOW MONEY IS HANDLED IN ONE OF THE RICHEST COUNTRIES OF THE WORLD.

(Special Correspondence of the Deseret News by Frank G. Carpenter.)

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WINNIPEG. — The chartered banks have thrown their net over the British northwest and are establishing branches at its every municipal knot. There are more than a score of them doing business in Winnipeg, half as many are to be found at Edmonton and Calgary, and they have their agencies in nearly every new town of the wheat belt. One of the first buildings I saw in the wilds of the Cobalt mining regions was a pine shack, with the words Imperial bank painted upon its walls, and near by the Canadian Bank of Commerce was doing business in a tent. The Bank of Montreal has just put up a new building at Edmonton, and altogether there are hundreds of substantial banking institutions in this new part of the world. As far as I can learn they are all making money. Six of the large banks, whose branches are spread most widely over this territory, earned more than 14 1/2 per cent on their paid-up capital in 1905, and upon their capital and surplus combined almost 2 1/2 per cent. This covered the whole of Canada and a great part of the profits came from the west.

CANADA'S BANKING SYSTEM.

During my travels here I have met the leading financiers, and have learned something about the banking system. It is different from ours. Canada's financial matters are managed by big institutions with big capital, which have branches scattered throughout the country. There are no small banks with \$50,000, \$100,000 or \$200,000 capital. It is not possible to start a bank of that kind. The money business of the whole country is done by chartered banks, which have altogether a paid-up capital of more than \$100,000,000 and a surplus of more than \$20,000,000. There are now 35 main banks in Canada with more than 1,000 branches spread all over the country. Of these branches there are 491 in the province of Ontario, 132 in Quebec, 98 in Nova Scotia, 45 in New Brunswick, 87 in Manitoba, 50 in British Columbia and almost 100 in this Canadian northwest.

The Bank of Montreal, which has its head office in Montreal, has almost a hundred branches. It has three banks in the United States, and some in Great Britain. The Canadian Bank of Commerce, the Union Bank, the Imperial Bank, the Bank of British North America, as well as some 20 others, have all a large number of branches.

These banks are all making money. They have altogether assets of more than \$400,000,000. They have deposits approximating half a billion dollars, and I am told that the deposits of the Bank of Montreal alone are more than a hundred million dollars. A significant evidence of the prosperity of Canada is that the assets of these banks have increased about 50 per cent within the past five years and the stock of each of them sells far above par. That of the Bank of Montreal at this writing is 255, and that on a capital of over \$14,000,000, with a surplus of 10 millions.

BACKED BY THE GOVERNMENT.

The chartered banks are largely under government control, and their capital and dividends are limited by law. Every bank has to pay a certain proportion of its money in government notes, and not less than 40 per cent of its cash reserve must be held in such notes. The banks have the right to issue notes to the amount of their unimpaired paid-up capital, but each must also deposit with the government an amount equal to 5 per cent of its note circulation. This 5 per cent on all the note circulation of the banks, issued by the banks, forms a common fund for the security of the note holders, who are further secured by a provision requiring that the notes of a suspended bank shall bear interest at 6 per cent until the public is notified that they can be redeemed.

THE BANK OF MONTREAL.

During my stay in Montreal I met the manager of the Bank of Montreal, Mr. E. H. Clouston, and had a chat

with him about Canadian banking methods. The Bank of Montreal is one of the chief banks of the world. It was founded by Montreal merchants in 1817, when James Montrose was beginning his first term as president of the United States, and its original capital was \$125,000. It paid a dividend of 8 per cent the first year, and has paid dividends ever since. Its capital has been increased to \$14,000,000, and it has now a surplus 20 times as large as the amount originally invested. Its president is Lord Strathcona, the richest man in Canada and the representative of the Dominion in London.

The Bank of Montreal looks more like one of our government departments than any financial institution of Wall street. It has Corinthian pillars

Thirty-Three Chartered Banks and Their One Thousand Branches—A System Backed by the Government—Loan Institutions in the Far West—Times in Canada—A Chat With the Manager of the Bank of Montreal—Savings Banks Run by the Postoffices—Private Banking, Etc.

gether. I believe that they render our financial condition safer, and that they are for the general good of the country. "What is the condition of Canada today?" "It is prosperous, and it has been so for some years."

point. The Canadian Bank of Commerce is one of the most enterprising in the Dominion. It has 104 branches, covering the entire northern part of the continent from Cape Breton on the Atlantic to Vancouver on the Pacific, and from San Francisco to Dawson. It has a capital of \$10,000,000 and a sur-

plus of \$3,000,000. It keeps right in the front of the new development in the British northwest, and it has branches established at almost every settlement.

Mr. Rowley is one of its leading bankers in the west, and he knows all about the financial situation. Said he: "Our banks are all making money in this part of the world. There are eight of the chartered institutions represented in Calgary, and that notwithstanding the population is only 12,000. We have, however, a great wholesale business here, and we control the trade of the country about."

"What are your interest rates?"

"They are about the same as those in the western parts of the United States. We are now getting 7 and 8 per cent."

"Do many of the Americans borrow money?"

"Yes, and we are glad to loan to them. The American settlers understand the necessities of the country and they are taking advantage of them. I believe that our American element is doing more than others for the Canada of the future. It is better than what we get from England. Indeed I would rather have one bright young American immigrant without a dollar than the ordinary English immigrant with \$1,000. The American will make his way. He will soon have money ahead and he will show his faith in the country by buying land and going into any profitable investment that may turn up. The thousand-pound Englishman may do the same, but he will spend most of his time loafing about the hotels and in playing polo and billiards. He is lucky, indeed if he does not go to the dogs."

"What are you people going to do

here, for we expect to make them Canadians. It used to be that we were somewhat dependent upon your trade. We are now able to stand alone, and we intend to protect our business just as much as we can."

CHAT WITH A PRIVATE BANKER.

There are but few private banks in Canada. The only one I know of in Winnipeg is that of Alloway & Champion, which has been in existence for more than a generation. The bank has a sign which reads "Alloway & Champion, Bankers." Only the chartered bank can use the word "bank," but this firm is a private bank.

The head of this firm is Mr. W. F. Alloway, a Canadian of Irish descent, who came out here as a boy thirty-five years ago in a putting down the half-breed rebellion. He had at that time nothing but his pay as a soldier, and after the rebellion was over he had to work at all sorts of things to make his living. I believe that he did his own cooking, living near the hall from James Ashdown, who was then a thimble, but who, like Alloway, is now a millionaire. As the country developed Alloway made money in all sorts of ways. He bought land and sold it. I believe he once drove a stage. At any rate, he finally got enough to start a bank, and his pile increased as the country grew. He has long been on Ross street, and when I first met him, about ten years ago, he was crossing the Pacific with his wife for a tour of duty. In chatting with him the other day the conversation turned to loaning money. Mr. Alloway said:

"I think our banking system is better than yours. These chartered banks and their branches enable the money to flow easily to the places where it is most needed. If one district has a poor crop and no use for money, the

funds of the branch there go to other districts, so that there is no surplus anywhere.

"Are many loans made on real estate?" I asked.

"Yes, but not by the banks. It is contrary to law for them to make real estate loans. We have mortgage and loan associations which do that business, and the money with which they operate comes mainly from eastern Canada and the United States."

"Are many mortgage notes sold here?" I asked. "It used to be that New England practically owned our great west. Are you getting much money from the east for the purchase of notes secured by mortgages?"

"No, we do not give notes in payment for real estate. Much land is sold on deferred payments, but such payments are not secured by notes.

Canada, which is handling some millions of its own and railroad lands, this he has made \$20 for every one he put in the company. Another company started with a grant which cost them a dollar or so an acre on instalments. They said the land was worth the future payments, so that only \$1.50 was actually invested by the original incorporators. One of the men who went into that deal is said to have made \$300,000, and another to have netted almost \$1,000,000.

SAVINGS BANKS.

Nearly all the chartered banks have savings departments, and there are in addition postoffice savings banks, which are to be found at every country crossroads, as well as in the towns and cities. The private savings banks have something like \$20,000,000 in deposits, and the postoffice savings banks have \$44,000,000 and 250,000 depositors. In the paid, but no one may deposit more than \$1,000 in one year, or have more than \$5,000 standing to his credit at one time.

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A BABY.

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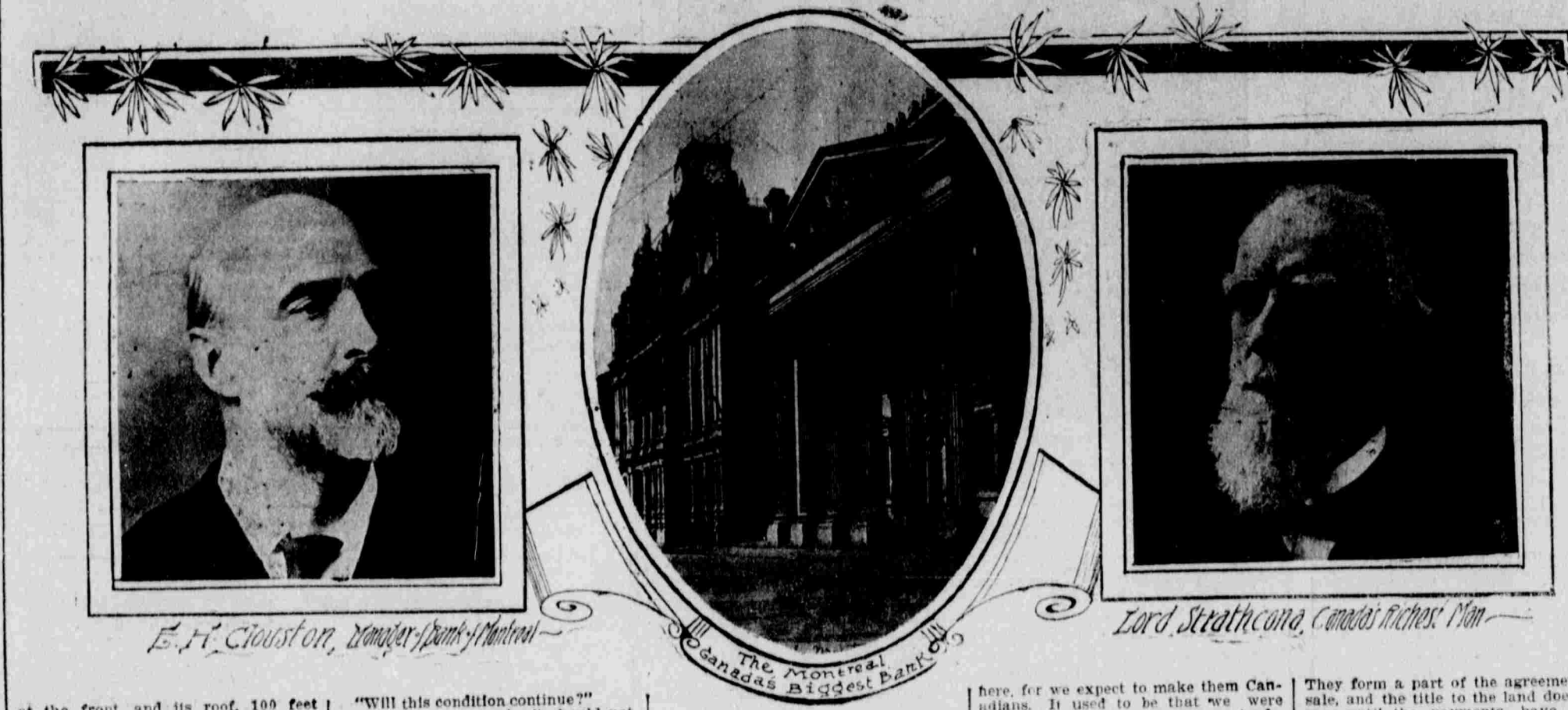
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Doull Drug Co., F. C. Schramm.

Only corner, next Post Office, corner of 1st St. and 2nd St., "the cars stop."

Sole Agents.



E. H. Clouston, Manager Bank of Montreal

Lord Strathcona, President Bank of Montreal

Canada's Biggest Bank

at the front, and its roof, 100 feet above the floor, is upheld by columns of black granite from Vermont, each as big around as a four barrel and as high as a polished jet. Everything about the building is stately and the servants are as imposing as those of the Bank of England. A sleek, black-haired Jeremiah Crancher-like outer, in a blue suit trimmed with red and a bright red vest with brass buttons, took in my card to Mr. Clouston, and I was escorted into a church-like reception room and asked to wait.

A TALK ABOUT CANADIAN BANKING.

In speaking of Canadian banking Mr. Clouston said:

"I think our system is better than the American. It has more checks upon bank officials, and is more precise of possible dishonesty. By means of our branches in every part of Canada we feel every day the pulse of the whole country. We keep track of financial conditions and financial movements, and we can prevent panics and similar disasters."

"How about your interest rates?" I asked. "Does not your system of chartered banks tend to equalize them throughout the Dominion?"

"I think so," replied Mr. Clouston. "The rate is now about 5 1/2 or 6 per cent almost everywhere, with an increase where the risk of loss is greater. We get higher rates in the far west, and in the mining regions."

"But is not your banking system a monopoly or trust? Does it not tend to crowd out the small fry?"

"It prevents the establishment of small banking institutions, but that is for the good of the public. It is not a trust, although the chartered banks might be called combinations of capital, which to a certain extent work to-

"Will this condition continue?"

"I see no reason why it should not. Canada is at the beginning of its growth, and it is developing rapidly. Immigrants are settling our great west, factories are being established by capital from the United States, and all sorts of sound enterprises are being undertaken. I see no reason why our country should not go right ahead and steadily increase in population and wealth. I believe that we are doing better here on the whole than you are in the United States. We have one of the best railway systems of the country, and we are building two others, which will be equally great. When the Canadian Pacific was started the people laughed at the idea that it would be a financial success. It is now one of the most profitable of the world's railways, and its stock is high. We have also established here a system of canals which is aiding in opening up our country. We are raising wheat by the millions of bushels and building mills to grind it. Indeed I do not see how Canada could be better off than she is now."

"Then you have no hope of annexation with the United States?"

"I don't think we have either the hope or the desire to change our political condition in any respect. We are satisfied with John Bull, and expect to stay with him. I don't think there has ever been any real desire in Canada for a union with the United States. Indeed the only expression I have ever heard in favor of annexation came from an Irishman, who wanted Canada to join your country to spite the English."

BANKING IN THE FAR WEST.

It was in the city of Calgary, in the range country not far from the foothills of the Rockies, that I talked with Mr. C. W. Rowley, the manager of the Canadian Bank of Commerce at that

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ELEVEN YEARS AGO — AND NOW
Then 8 Salesmen—Now 84

This record of Growth proves the sterling Wearing and Fitting Qualities of Diamond Brand Shoes

Our Manufacturing Conditions Are Ideal

I have inspected most of the large shoe factories of the United States, but never found in any plant so perfect a system of grading and assorting leather according to the requirement of different grades of shoes as is used in the Peters Shoe Co. factories, made possible by the specialization of work in seven distinct factories and resulting in a maximum of uniformity and excellence of product. Your manufacturing conditions are ideal.

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