

Money and Banking

Everyone uses money and most people use banks.

Money is the root of trade, industry, interest and, for some, evil. It is also the root of banking.

Late last year, after long and difficult delays, Canada revised its basic Bank Act and changed some fundamental facts about banking in Canada.

In this issue of CANADA TODAY/D'AUJOURD'HUI we tell you a few things about Canadian banking and try to anticipate some of the consequences of the Bank Act revisions, at home and abroad.

Jurisdiction

Under Canada's constitution, the federal Parliament has had exclusive jurisdiction over the country's banking system. Only banks chartered by Parliament have been able to engage in the full range of banking activities.

The provinces, however, can authorize other institutions which offer many similar services. These are often referred to as "near-banks" and include credit unions (and their Quebec equivalent *caisses populaires*), trust and loan companies and, in recent years, affiliates of banks from other countries.

The Bank Act sets out the fundamentals of bank incorporation, lists the services that char-

tered banks may provide, and prescribes, precisely, relationships among shareholders, directors and management. It specifies regulatory controls and requires an elaborate system of financial reporting.

The first Bank Act was passed in 1871, and it and all subsequent revisions have contained a "sunset clause" requiring that it be reviewed at regular intervals.

The most recent review was begun in 1974 and wasn't completed until late last year. The changes—by the conservative standards of bankers—have been radical.



Anne Murray is not a banker, but she has been associated with the Canadian Imperial Bank of Commerce for sometime, both as a depositor and as the singer in the bank's commercials.

Correction: In our January issue on British Columbia, a photograph of the Pioneer Grain Company's Terminal in Vancouver was misidentified as the Saskatchewan Terminal.