

Canadian and American Banking Profits

None of the Canadian banks can equal the best earning banks in the neighboring country in ratio of profits to capital or to capital and surplus. Neither can we equal their performance in regard to dividend distribution.

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The United States Investor, of Boston, in a recent issue, gave the details of earnings of national banks in the principal American cities in a form permitting comparison with Canadian banking results. The tables included the net earnings of the individual banks for the year ending March 4th, 1918, net funds employed, rates of earnings to average resources, to capital and to capital and surplus, also rate of dividend paid. According to the figures published by the United States Investor, many of the American banks last year made much larger profits than the Canadian banks can show. It is interesting to note the marked differences in results. Dividing the banks into groups they compare as follows (thousands omitted in case of net profits):

BANKS WITH ASSETS OF \$200,000,000 AND OVER.

Bank:	American.				
	Net Profits.	P.c. on Cap.	P.c. on Total	P.c. on Div.	P.c. on Funds Paid.
City, New York	\$5,381	21.52	8.27	.80	10
Commerce, N.Y.	4,430	17.72	9.96	1.17	6 1/2
Chase, N.Y.	3,547	35.47	15.75	1.09	16
Continental, Chicago	4,136	19.24	12.16	1.31	14
First, N.Y.	5,969	59.69	16.69	2.41	20
Mechanics, N.Y.	1,784	29.74	11.19	.80	16
Park, N.Y.	2,285	44.70	10.49	1.08	30
Hanover, N.Y.	1,605	53.50	8.25	.76	30
First, Chicago	3,224	32.24	14.17	1.56	22
Canadian.					
Montreal	\$2,477	15.48	7.74	.63	12
Commerce	2,637	17.58	9.25	.86	12
Royal	2,327	18.14	8.86	.78	12

ASSETS OVER \$100,000,000, BUT LESS THAN \$200,000,000.

Bank:	American.				
	Net Profits.	P.c. on Cap.	P.c. on Total	P.c. on Div.	P.c. on Funds Paid.
Am. Exch., N.Y.	\$ 724	14.49	6.80	.44	12
Shawmut, Boston	1,320	13.20	7.19	.94	2 1/2
Corn Exch., Chicago	1,243	41.45	11.99	1.05	16
Mellon, Pittsburg	800	13.33	8.05	1.50	6
Canadian.					
Nova Scotia	\$1,295	19.93	7.00	1.06	14
Union	763	15.27	9.09	.66	9
Merchants	1,120	16.00	8.00	1.04	10
Dominion	1,065	17.71	8.19	1.07	12

ASSETS UNDER \$100,000,000.

Bank:	American.				
	Net Profits.	P.c. on Cap.	P.c. on Total	P.c. on Div.	P.c. on Funds Paid.
Chatham, N.Y.	\$ 754	21.55	13.23	.84	12
Chemical, N.Y.	869	28.99	7.57	1.40	15
Commerce, St. Louis	1,017	19.17	7.83	1.35	6
California, San Fran.	946	11.13	5.65	1.30	9
Anglo, San Francisco	530	13.26	8.65	.86	9
First, Cleveland	1,081	43.26	22.38	1.54	12
Seaboard, N.Y.	630	63.03	15.45	.98	12
Merchants, Boston	823	27.45	12.41	1.19	12
First, Detroit	996	19.92	11.26	1.54	9
New York, N.Y.	623	31.16	8.90	1.03	13
Third, St. Louis	421	21.05	10.26	.81	12
Canadian.					
Imperial	\$1,117	15.97	7.93	1.20	12
Toronto	802	16.05	7.29	1.07	11
British	668	13.73	8.47	.95	8
Molson's	615	15.39	6.99	.99	11
Ottawa	616	15.41	7.04	1.06	12
Standard	580	18.86	8.11	1.03	13
Hochelaga	565	14.14	7.34	1.04	9
Nationale	417	20.33	10.71	1.27	8
Northern Crown	203	14.59	9.73	.86	5
Provinciale	207	20.75	12.20	1.09	7
Home	317	11.15	9.63	1.16	5
Sterling	152	12.62	10.11	1.23	6
Weyburn	66	17.52	12.57	1.86	5

In the above lists, American national banks with assets less than \$50,000,000 are not included; and it is to be noted that some institutions with more than \$50,000,000 have been omitted, as the necessary details are not available. It should also be remembered that the American institutions appearing in the lists are national banks, deriving their powers from the Federal Government at Washington. There are some very large and powerful state banks—the Guaranty Trust Co. and the Farmers' Loan and Trust Co. of New York being conspicuous examples.

Many of the American banks showing extraordinary returns and paying large dividends, have surpluses and undivided profits considerably in excess of paid-up capital. Comparison of the earning power of capital invested in banking in Canada and the States is most satisfactorily made through noting the difference in the ratio of net profits to capital and surplus. As regards the large banks, the American institutions appear to have a considerable advantage. In the second group of banks the Canadian institutions show up relatively better; but in the third, again, the advantage seems to be with the United States. Taking the list altogether, it is clear that none of the Canadian banks can equal the best-earning banks in the neighboring country in ratio of profits to capital or to capital and surplus. Neither can we equal their performances in regard to dividend distribution. In some cases the phenomenal showings made by American banks in the matter of earnings and dividends is largely due to their great volume of loans, deposits and business in proportion to capital. Also the large banks in the principal American centres have opportunities of undertaking special transactions which frequently yield larger returns than may be obtained from the regular discounting business to which our banks are mostly confined.

As a general rule, the ratio of net profit to total funds employed is higher among the banks on the other side of the boundary; and if the results achieved by lesser American banks had been included the difference would perhaps be shown more decisively. The comparatively low ratio shown by the Canadian banks in this respect points unmistakably to lower net returns received here for services performed. Owing to the establishment of branch banks in small places everywhere throughout the country, the service given by the Canadian banks is peculiarly valuable; and as shown by the above figures, the proprietors of the banks do not get net returns relatively as large as the American banks receive for services not quite so complete or extensive in scope.

The latest report of condition of all national banks in the United States shows that during the year ended March 4th, 1918, their aggregate resources rose from \$15,979,000,000 to \$18,015,000,000—the increase being \$2,036,000,000, or a little less than 13 per cent. The corresponding period for the Canadian banks would be the year ending February 28th, 1918; and in that year the total resources of our banks rose from \$1,986,000,000 to \$2,242,000,000—an increase of \$256,000,000, or about 13 per cent. So the movement of banking funds, on both sides of the boundary continues to correspond. It will be noted that on February 28th, the date here referred to, the Canadian banks had effected some liquidation of their special loans to the Dominion Government—a portion of the proceeds of sales of Victory bonds having been applied to that purpose. On the other hand, the American banks on March 4th, were preparing themselves for the third Liberty Loan campaign, which commenced on April 6th. During the two months prior to the loan flotation, the Washington Government had been issuing its short-date certificates of indebtedness in blocks of \$500,000,000 at a time, most of these certificates being taken by the banks. On March 4th, 1918, the national banks held, in U.S. bonds, including certificates of indebtedness, \$1,645,000,000; and they also held of the first and second Liberty loans, \$475,000,000. The certificates of indebtedness are accepted by the United States Treasury in payment of subscriptions to the third Liberty Loan. So, in the ordinary course the banks may utilize a large part of their holdings of certificates of indebtedness in meeting the Liberty Loan instalments of their customers and clients.

DECREASE IN MARINE WAR RISK RATES

As an evidence that the U-boat menace has been reduced, Secretary McAdoo has directed that Government rates on marine war risks be cut to two per cent. This is less than one-third the rates charged in August, 1917, when the Government began to write marine insurance.

There has been a gradual reduction of rates in the fifteen months during which the bureau of war risks has been in operation. On August 15, 1917, the rate was fixed at 6 1/2 per cent on hulls and cargoes going from American ports to the Atlantic ports of Great Britain and France. On October 6 of the same year the rate was cut to five per cent. On November 23, 1917, it was reduced to four per cent. On March 18, 1918, it was placed at 3 per cent.

The new rates affecting the submarine zone, with new rates for other voyages, are as follows:

	Old rate.	New rate.
	P.c.	P.c.
Atlantic U.S. ports	1-10	1-10
Halifax, St. John and St. Lawrence ports	1/4	1-5
Via Canal:—		
(a) Australasia	1/2	3/4
(b) India or Africa	1/2	3/4
(c) West Coast, South America	1/4	1-5
United Kingdom	3	2
France (Atlantic)	3	2
Italy, North Africa, Alexandria	3	3
French Mediterranean	3	3
Greece Gulf	3	3

PRAYER OF A SOLDIER.

Found in the Pocket of a British Colonel Who Was Killed in Action in France on October 11, 1917.

Father of all, Helper of the free, we pray with anxious hearts for all who fight on sea and land and in the air to guard our homes and liberty. Make clear the vision of our leaders and their counsels wise.

Into Thy care our ships and seamen we commend; guard them from chance sown mines and all the dangers of this war at sea, and as of old give them the victory.

To men on watch give vigilance, to those below calm sleep. Make strong our soldiers' hearts and brace their nerves against the bursting shrapnel and the unseen fire that lays the next man low.

In pity blind them from the sight of fallen comrades left upon the field.

May Christ Himself in Paradise receive the souls of those who pass thro' death.

Let not our soldiers ever doubt that they shall overcome the forces of that King who seeks to wade through slaughter to a throne and shut the gate of mercy on mankind.

O God of Love and Pity, have compassion on the wounded, make bearable their pains or send unconsciousness.

To surgeons and dressers give strength that knows no failing and skill that suffers not from desperate haste.

To tired men give time to rest. Pity the poor beasts of service who suffer for man's wrong.

For us at home, let not that open shame be ours, that we forget to ease the sufferings of the near and dear of brave men in the fighting line.

O Thou, who makest human hearts the channel of Thy answers to our prayers, let loose a flood of sympathy and help for children and their mothers who wander desolate and suffering, leaving wrecked homes and fields and gardens tradden under ruthless feet.

With Thee who sufferest more than all, may we with reverence Thy burden share, for all are Thine and in thy image made; they too are thine who caused the wrong.

O Father, may this way be mankind's last appeal to force. Grant from the stricken earth, sown with Thy dead, an everlasting flower of peace shall spring, and all Thy world become a garden where the flower of Christ shall grow.

And this we beg for our dear Elder Brother's sake, who gave Himself for those He loved, Jesus Christ, our Lord.

Amen.