

LESSON III.

The Canadian Banking System.

Read: Money and Banking, Chapters 20 and 21.
Breckenridge, History of Banking in Canada,
Chapters 1, 2, 3 and 4.

(A general knowledge of these chapters will be sufficient).

There are twenty-three banks in the Canadian banking system, possessing combined assets of \$1,575,367,596 and liabilities of \$1,330,488,768, according to the government returns of June 30, 1914. These banks have branches scattered throughout Canada from the Atlantic to the Pacific and many agencies and branches abroad. The system as a whole is so familiar to Canadian readers, and so complete is the information accessible elsewhere, that only the essential details of Canadian banking will be sketched, more attention being given to foreign systems. The full text of the Bank Act should be studied in connection with what is said here. Copies of the Act may be secured upon application to the Deputy-Minister of Finance, Ottawa.

Revision of 1913.

It is usual to revise the act every ten years. In the natural course of events it should have been revised in 1910; but owing to conditions into which it is not necessary to enter here this did not take place until 1913. It is the Act as revised in that year, therefore, whose outline will be sketched.

The conditions under which a bank may be organized are as follows: An act of incorporation is obtained from Parliament by means of an application signed by five responsible men who are able to convince the Banking and Commerce Committee that the venture is a bona fide and sound one. If the committee reports favorably it may usually be taken for granted that Parliament will grant the charter. When letters of incorporation have been granted, after ten days' notice, the provisional directors may advertise for public subscriptions to stock, and cause stock books to be opened. No bank, however, can be incorporated with a capital less than \$500,000, of which \$250,000 must be paid in before it can begin business.

When these conditions have been met the provisional directors may, after four weeks' public notice, call a meeting of shareholders for organization purposes. At this meeting, the subscribers must elect five or more qualified directors to re-