

# The Chronicle

**Banking, Insurance and Finance**

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## The Season's Greetings.

*To all its friends and readers THE CHRONICLE sends at this season its greetings. Age cannot wither nor custom stale the freshness and sincerity of the time-honored good wishes for "A MERRY CHRISTMAS and HAPPY and PROSPEROUS NEW YEAR."*

## THE STRENGTH OF OUR BANKING SYSTEM.

Notwithstanding the setback to trade and the pessimistic demeanour of the stock exchanges, the chartered banks continue to come forward with satisfactory exhibits of results of operations. In practically all cases the net profits are well in excess of last year. The bonuses to stockholders, which were inaugurated by four or five important banks in 1912, were all repeated this year, and the Union Bank has inaugurated this practice. In the case of the Canadian Bank of Commerce the results have been so satisfactory as to permit the distribution of a ten per cent. bonus among the employees. The Bank of Toronto, in addition to an increase of net profits, reports the transfer of \$200,000 from the reserves

for bad and doubtful debts to the profit and loss account—the reservation being no longer required. These are satisfying indications of sound banking practice. During a period such as we have just passed through, marked by a notable increase in the commercial failures, the conditions pointed to increased appropriations for losses. When, as in this case, it is possible to take past appropriations back into the profit and loss account the inference is that the soundest and most conservative policy as regards provision for weak accounts prevails.

### STRENGTH OF BANKING SYSTEM.

Some of our newspaper friends in London and New York still profess to have fears as to the outcome of the Canadian situation. Probably they do not realize the strength of our banking system and the cleanness of our banking practice. Their expectations of a Canadian crash were not realized in the past year; and there are good grounds for believing that such expectations in regard to 1914 also will be totally disappointed. So far as can be seen here the worst of the strain on our financial system is definitely past. The crucial thing was to get that big Western wheat crop into the world-markets and receive the returns therefrom before any important weakness developed. That has been achieved. The movement of over \$14,000,000 gold into Canada in November illustrated the full success of the programme of liquidation laid down by our financiers. No anxiety need be felt abroad on Canada's account. We can bide our time until our securities are again saleable in Europe. Thanks to the fact that we have no central bank with monopolies and special privileges, and thanks to the fact that our Government does not feel called upon to interfere and meddle at every point, our banks have developed naturally and healthily in such a way as to be best fitted to serve the needs of the country and to meet the demands made upon them.

The money markets in Montreal and Toronto are unchanged. Call loans are quoted 6 to 6½ p.c.; and commercial discounts rule at from 6 to 7. The stock exchanges are making but light demands on the banks for credits; and it is understood that the leading houses are still discouraging their customers from enlarging their lines of stocks carried on margin.

### EUROPEAN MONETARY POSITION.

The Bank of England again secured the bulk of the new gold offered in London. The shipments arriving this week amounted to \$3,400,000. Bank rate in London is held at 5 p.c. In the open market call money is quoted 4¼ to 4½ p.c.; short bills are 5 p.c.; and three months bills, 4¾ p.c. The demand for money promises to be keen over the year-end. Continued offerings of Canadian and other securities tend to absorb the available supplies. London bankers well know that the market should