

growth will probably be rapid, and if a banking office established there does not pay at once, it is reasonably certain to do so in a very short time, unless the place has some natural or artificial drawback to hamper its progress.

On taking these things into consideration almost anybody can understand how it is that there should be a substantial increase in the number of banking offices in the West. It might even be that the supply of banking facilities slightly exceeds the present needs of the country, but if the rate of development is maintained there is every reason to expect that that will not be so for any length of time.

But in Ontario and the East, a different set of circumstances are met with. In older Provinces towns do not grow up in a few weeks or months; the populations of the towns and villages do not increase, or if they do, they increase but slowly; the wealth of the great body of the people, outside the large cities, increases but gradually, not very much above the ratio of mere interest on capital; a much larger proportion of the inhabitants who are actively engaged in the different callings or pursuits carry on their operations without the aid of bank loans or advances. The population of the whole East is not much greater than it was four years ago, and it is quite certain that the wealth or the total of the banking transactions of the Province of Ontario have not increased in the same ratio as the number of banking offices has increased. Hence the criticism levelled at the banks.

Without entering into a discussion as to whether it is merited or not it might be well to draw attention to some points which are not always considered. In the first place a very respectable proportion of the new Ontario offices were established by the new banks. The first of these to be organized, the Sovereign Bank of Canada, began business in April, 1902. It has now 60 branches in Ontario. The other new banks are the Metropolitan Bank, the Crown Bank of Canada, the Home Bank of Canada, the Northern Bank, and the Sterling Bank of Canada. Among these, the Metropolitan and the Crown have been quite active in planting branches in small towns.

Not a few of these branches established by the new banks took over, *en bloc*, the business of private bankers. It should be said, also, that a number of the new Ontario branches of the older banks took over private banking establishments. These private bankers were mostly men with small or moderate capital. They discounted the notes of farmers, tradesmen, and other borrowers and then deposited these notes as collateral for advances made to them by a chartered bank. One

effect of the movement is then, that it has abolished a whole lot of what was called "private banker's collateral." Now the chartered banks make advances direct to borrowers who were formerly the customers of the private bankers. It is reasonable to suppose that these borrowers now pay a rate of interest somewhat lower than they paid formerly. Another effect of the change would be to set free a good deal of the capital which the private bankers had embarked in their loans. Many of them have taken service with the banks to which they handed over their business. Some have gone into other business, and some have opened up private banking offices in other places as yet too small for the chartered banks to recognize.

With respect to the Ontario branches, a point, brought out before to-day, should not be forgotten. The extension of banking facilities in the Northwest made it necessary to open more branches in Ontario and the East. The Northwestern branches are borrowing branches; the small Eastern branches are depositing branches. To provide more funds for the rapacious Western borrowers every nook and cranny of the East had to be explored. As for the final upshot of the movement, no doubt, mistakes have been made and some banking offices will be closed as soon as trade slackens off. If they are depositing offices the test will lie in this question: What is the cost to the head office of the capital which the branch supplies? If that cost per cent. is so high that the bank cannot employ the funds, say in the call loan market at a profit, and if there is little prospect of the cost being reduced the branch will not add strength to the institution.

AT MARKET VALUE.

Once more the City Council has been asserting that the time has arrived for the fire insurance companies to reduce their rates in Montreal.

In considering this subject it will be best to view it from a business point of view. It has been proved many times that while numerous buildings in what is called the congested districts have solid outside walls they are, so to speak, mere skeletons and their inside construction is such that they are perfect fire traps. This condition, together with narrow streets, embraces the elements of conflagration hazard.

Despite all this the City Council, and probably a large portion of the public, would be surprised to learn that several of the buildings in the aforesaid district are written as low as from 30 to 40