

FINANCIAL

New Men and Methods in Canadian Finance

NOTABLE as the development of the Dominion of Canada has been in regard to her agricultural and manufacturing industries, the growth of her banking business has been even more remarkable. A few figures will serve to make this clear. In the year 1872 the paid-up capital of her banks was in round numbers \$45,000,000, and the deposits in them were \$48,000,000. In 1902 the paid-up capital had grown to \$71,000,000, being an increase of 58 per cent., but the deposits had swollen to \$397,000,000—or an increase of 717 per cent.! That is to say, that whereas in 1872 the paid-up capital and the deposits were almost equal, in 1902 the deposits were $5\frac{1}{2}$ times greater than the capital!

Side by side with this enormous expansion there has been a steady increase in dividends, and consequent enhancement of the value of the stock. In this connection it is interesting to note that it is not the biggest bank which has the largest reserve, or pays the most liberal dividends. Arranged in the order of their paid-up capital the principal banks stand thus: The Bank of Montreal, \$12,000,000; the Bank of Commerce, \$8,000,000; the Merchants Bank, \$6,000,000; the Dominion Bank, \$2,900,000; the Imperial Bank, \$2,868,000; the Molsons Bank and Bank of Toronto, \$2,500,000 each; the Union Bank, \$2,236,000; the Bank of Nova Scotia, Royal Bank, Bank of Ottawa and Bank of Hamilton, \$2,000,000 each.

When, however, you place them according to their reserve, and this is perhaps a truer test of their stability than the other, there are many changes in the order. The Bank of Nova Scotia honorably heads the list with a reserve exceed-

ing its capital by \$1,000,000. Next comes the Bank of New Brunswick with an excess of \$200,000; and the Bank of Toronto with \$100,000. The Dominion Bank's capital and reserve are equal. In all other cases the reserve is less than the capital. Thus that of the Bank of Montreal is \$8,000,000; of the Bank of Commerce, \$2,000,000; of the Merchants Bank, \$2,700,000, and so on down to the Banque St. Jean, with a reserve of only \$10,000.

In regard to dividends, the Bank of New Brunswick occupies the premier position, paying 12 per cent. per annum. The Banks of Montreal, Toronto, Hamilton, and Nova Scotia, the Dominion, Imperial and Standard banks pay 10 per cent.; the Bank of Ottawa and Molsons Bank, 9 per cent.

Considering the steady good fortune which has attended banking operations, particularly during the last decade, it was inevitable that despite the extension of the branch system, whereby each bank enlarges its business by establishing branches in other cities and towns, (the number ranging from five to fifty, and including the United States and the West Indies as well as Canada,) there should be new banks founded. Of these the most important are the Sovereign Bank, with headquarters at Montreal, and the Metropolitan, of Toronto.

The Sovereign Bank, (in which it is understood the house of J. P. Morgan & Company hold a substantial interest), with a paid-up capital of \$1,250,000, has made a very promising start, the first six months' operations showing deposits of nearly two millions, a circulation of \$760,000, and assets of \$3,855,000.

But the most interesting event of the year in bankdom undoubtedly has been the opening of the Metropolitan Bank,