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BANKING PROFITS.

The British banks whose accounts are summarised in the London Economist enjoyed a better profit-earning year last year than in 1914, their experience in this respect being the opposite of that of the Canadian banks. Profits of the English banks for 1915 are reported as £9,828,732 against £9,120,656 in the preceding year; the Scottish banks' profits are given as £1,937,952 against £1,907,072 and those of the Irish banks as £1,225,926 compared with £1,104,836. In each case, there was an increase over 1914, the advance in two instances out of the three being of a substantial character. The 1915 profits of the Canadian banks were approximately \$16,120,000, against \$18,024,174, there having thus been a substantial falling-off in 1915. The percentage of earnings on the total resources of the Canadian banks last year was about 1.03 per cent., compared with 1.17 per cent. in 1914 and 1.29 per cent. in 1911. In recent years, there has been in Canada a sharp decline in this ratio, in part owing to the policy of development in recent years and the undertaking of fresh services for customers gratis or at merely nominal charges, while in the last year or two, the necessity of maintaining a very strong cash and liquid position has naturally affected the rate of earnings. The English banks' percentage of earnings on resources in 1915 was 0.86 per cent., compared with 0.94 per cent. in 1914; that of the Scottish banks is 1.09 against 1.13, while the Irish banks report 1.17 against 1.03. In the case of the English banks, the decline in ratio of earnings to resources is accounted for by the fact that reserves made before profit declarations—for writing down investments, etc.—were on a much larger scale than before. In the case of Canadian banks, writing down securities was usually done after declaration of profits. The Canadian banks appropriated about \$2,600,000 for this purpose in 1915 and if this amount had been deducted before the declaration of profits, the ratio of earnings to resources would have been very considerably reduced.

It may be noted that the annual earnings of several of the large English banks run to 28 and 30 per cent., and even higher, upon their paid-up capitals—figures which none of the Canadian banks come anywhere near. These are banks, of course, possessing very large "rests" in proportion to the paid-up capital. But these earnings do not lead in England, as the smaller earnings of the banks in Canada occasionally lead, to ignorant talk about excessive and unjustified profits. It is recognised in England that the banks are fairly entitled to whatever profits they secure as the result of their business skill and of their services to commerce and industry. The circumstances of English and Canadian banking vary considerably and, as noted on this page last week, the proportion of capital to resources employed in Canadian banking is considerably larger than in England. While the English bankers have been handicapped in their extension of capital accounts through the necessity of writing-down investments, it is possible also that under the circumstances in which they transact business they have found themselves able to build up a larger credit fabric on a given base than have the Canadian banks.

THE ALLIED ECONOMIC AGREEMENT.

The statement of the results of the Paris economic conference of the Allies, at which Canada had a representative in the person of Sir George Foster, while giving, very naturally, no indication of definite ways and means of action, show that important principles have been agreed upon. The Allies will carry on joint action during the reconstruction period after the war to restore industry, trade and shipping. "Most favored nation" treatment will not be accorded to the Central Powers for a fixed period after the war; measures will be taken to prevent "dumping"; and to secure independence from enemy countries in indispensable raw materials and manufactures (e.g., dyes); the independence of the Allies in financial, commercial and maritime organisation will be developed (Russia and to a certain extent Italy were in the hands of Germans industrially and commercially before the war), and to this end the Allies will encourage enterprise and research and "consider tariff changes and prohibitions, temporary or permanent." Further, steps are to be taken to facilitate trade between the Allies by rapid transit, reduced freight rates and postal and telegraph improvements, and joint measures regarding patents and trade marks are to be drawn up.

How Canada will be affected by this policy remains to be seen. Two points that immediately suggest themselves are that, if Germany is excluded from Allied markets, there will be the fiercest possible trade competition in neutral markets and that Canada will have a big job on hand in excluding or regulating the import of German goods and credit (e.g. insurance) via the United States.