

# The Chronicle

## Banking, Insurance and Finance

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### BANKING PROFITS IN CANADA (II).

The table published to-day (on page 185), shows that the bank directorates had at their disposal in the profit and loss account for 1917, a greater amount than in 1916 or 1915. In the first place, they had in 1916 strengthened the "carry forward" by more than \$1,000,000. Secondly, the 1917 profits were larger than the 1916 results; and thirdly, the premiums on new stock issues were greater in amount than in either of the two preceding years. All told, the boards of the 18 banks included in the table had \$25,044,306 to dispose of. When the returns of the British, Hamilton and Weyburn are available, it will doubtless be found that the total for 1917, in case of the 21 active banks amounted to more than \$26,000,000, or perhaps \$4,000,000 greater than the 1916 total. With reference to the item of \$1,245,087 "Premiums New Stock Issues," the amount \$911,700 reported by the Royal Bank of Canada related to the acquisition of the Quebec Bank, which transaction resulted in a net decrease of the general paid-up capital of Canadian banks—the new Royal stock having a smaller par value than the Quebec stock which it replaced. The Standard Bank's contribution represented a part of the premiums collected on its issue of \$500,000 at 200. The remainder will appear in the 1918 report.

#### PROFIT ALLOCATIONS.

Although the dividends paid in 1917 appear in the table as less than the 1916 payments, there will actually be an increase when the complete returns are in, as the Northern Crown recommenced paying dividends, the British returned to its 7 per cent. rate (after paying 6 in 1916) and the Royal paid \$132,000 more to its stockholders, on account of the Quebec amalgamation. War tax on note circulation is about the same; the additions to rest total \$1,923,242, as against a net addition of only \$50,000 in 1916; and appropriations for writing down premises account amount to \$1,049,373 as against \$388,536 in 1916. The amounts written off for depreciation of assets footed up to \$746,192, as compared with \$920,000 in 1916; \$3,283,277 in 1915; and \$2,255,840 in 1914. Contributions to pension funds, Canadian Patriotic, Red Cross and other war funds in 1917, for the first time exceeded \$1,000,000. This item now approximates 1 per cent. on the capital stock. Taken in conjunction with the war tax on note circulation, the aggregate represents 2 per cent. on capital stock, and roundly 12 per cent. of the total net profits of the banks.

The uncertain outlook caused the bankers to again strengthen the balance of profits carried forward; for the 18 banks reporting the total carried out was \$7,693,109 as against \$6,609,970 brought in.

#### THE BANKS AND LIFE INSURANCE.

President H. C. Cox, of the Canada Life, suggested in his annual address at the recent shareholders' meeting, that banks and insurance companies have an opportunity of co-operation in endeavoring to perpetuate habits of thrift and savings induced by purchases of war bonds. In the United States, he pointed out, there has been tried with success a plan under which the bank opens a "Premium Savings Account," bearing three per cent. interest, in which the assured accumulates by weekly or less frequent deposits the amount of his annual or semi-annual premium. Systematic publicity is given the merits of the plan by both the bank and the companies, and its possibilities are obvious.

Another channel through which the banking and insurance corporations are coming in closer touch is the relationship of life insurance to bank credits, although the significance of the bearing of life insurance upon this important matter is only just beginning to be understood by the commercial life of the nation.

To-day, pointed out Mr. Cox, not only do many of the Canadian banks include in their "Application for Credit" forms a specific question as to the amount of life insurance carried, but frequently require the customer to bring that life insurance up to a certain figure, be he firm or individual, as a condition precedent to granting a line of credit. Further than that, the customer's answer to this question actually affects the bank's consideration of the moral side of the claim for accommodation. Of this one prominent banker says:

"When a man comes to us to borrow, we want to know how much life insurance he carries; not so much because of its bearing on his financial power, but as an indication of his type of mind, for the type of mind that induces a man to insure his life, is the type of mind which makes for success in business."

#### BRITISH BANK MERGERS.

The latest of a series of amalgamations of important London banks is also the largest. The London City and Midland Bank, and the London Joint Stock Bank, both of which date from 1836, are combining under the title of the London Joint, City and Midland Bank. The combined institutions have deposits and other liabilities of \$1,400,000,000.

Within the last few months, four important London banking amalgamations have taken place, those preceding the above being as follows:—London and Provincial Bank with London and South-Western Bank; Union of London and Smiths with National Provincial Bank of England; London County and Westminster with Parrs Bank.

The British Government recently announced the appointment of a commission to enquire into the effect of these amalgamations.

Mr. Proudfoot, opposition leader in the Ontario Legislature, has introduced a bill permitting insurance companies to make arrangements with returned soldiers to continue in force policies taken out by municipalities for them.