

War's Effect on the Branch Extension Movement

Taking all Canada, the net gain for the four year period is 255, of which Quebec Province accounted for 231

By H. M. P. ECKARDT.

Notwithstanding the war, the demand for new banking facilities in the various parts of the Dominion has continued. Population and production in certain districts have increased substantially and the banks have been under some pressure to establish new offices to provide for the enlarged war trade of one kind or another in evidence in certain localities. It is well known that the heavy enlistment of experienced male employees of the banks has left them considerably short of the staff material required for opening and operating new branches; and at the same time they have been urged by some of the military representatives sitting on the exemption tribunals, to close a number of their branches in order that more men might be spared for the army. In view of these circumstances it is interesting to review the progress made since 1913 in the matter of new branch offices. The Monetary Times Annual Review number gives each year a table of the branches operated by the individual banks in each of the provinces, and these annual tables are the basis of the statistics that follow. In several instances the figures shown in the tables have been altered. For example, the Monetary Times gives the total branches of La Banque Nationale at the end of 1916 as 227, and at the end of 1917, as 80. This difference arose through omission of the sub-agencies, of which La Banque Nationale in 1917 had 160. These sub-agencies are included for purposes of this article, and on allowing for them the bank's branches would number 240, an increase of 13 over 1916. Similarly, the Monetary Times tables show the branches of La Banque d'Hochelega as 145 in 1915, 109 in 1916, and 116 in 1917. In this case again the sub-agencies were omitted in 1916 and 1917. Including the sub-agencies the Hochelega had 174 offices in 1916, and 194 in 1917, a substantial increase being shown in both years. The following table shows the total number of branches operated by each one of the chartered banks as at the end of 1913, 1914, 1915, 1916 and 1917:

Bank.	Branch Offices.				
	1913	1914	1915	1916	1917
British	99	97	92	92	91
Commerce	373	379	378	375	381
Dominion	98	94	91	86	87
Hamilton	126	124	121	119	124
Hochelega	73	87	145	174	194
Home	50	50	46	47	46
Imperial	125	125	124	122	126
Merchants	211	214	207	216	238
Metropolitan	42	..	..	..	..
Molsons	86	92	96	96	98
Montreal	181	181	178	181	182
Nationale	128	163	204	227	240
Northern Crown	112	112	106	109	113
Nova Scotia	144	187	186	189	192
Ottawa	96	98	95	92	95
Provinciale	59	67	75	82	84
Quebec	56	64	57	..	..
Royal	368	378	368	405	425
Standard	118	122	121	123	128
Sterling	52	51	49	49	50
Toronto	115	117	114	116	119
Union	312	327	317	308	306
Vancouver	12	..	..	..	..
Weyburn	10	11	14	19	19
Total	3,046	3,140	3,184	3,227	3,338

This table shows that including sub-agencies the net gain in number of offices for the four-year period was 292, or an average of 73 per year. However, on examining the figures of the three French-Canadian banks, it is seen that between them they account for a net gain of 253 offices. They have been busily engaged in providing additional facilities for the people of Quebec Province. Prior to 1913 Quebec was not well supplied with bank offices, relatively to population; and the French-Canadian institutions have made considerable progress in increasing Quebec's banking facilities in the rural districts, through establishing a large number of sub-agencies. The sub-agency, in many cases may be open only two or three days per week, and the operation of a num-

ber of these agencies does not require such extensive additions to the staff as would be occasioned by the establishment of a like number of regular branches.

Taking the other banks, it is seen that during the first three years, the general tendency was to reduce the number of branches—for the three years ending 1916 the English banks show a net loss of 42 in number of offices—but in 1917 there was a rather general movement to place a few new branches. The banking offices contained by the individual provinces during this period show the following changes:

Province.	1913	1914	1915	1916	1917
Ontario	1,108	1,144	1,135	1,133	1,149
Quebec	536	605	698	736	767
Nova Scotia	109	107	110	110	117
New Brunswick	75	76	76	79	79
P. E. I.	15	18	18	18	18
Total East	1,843	1,950	2,037	2,076	2,130
Manitoba	211	208	205	202	203
Saskatchewan	391	401	395	406	423
Alberta	263	258	249	244	267
Brit. Columbia	251	230	201	188	186
Total West	1,116	1,097	1,050	1,040	1,084
Total Canada	2,959	3,047	3,087	3,116	3,214
United States	14	14	14	14	15
Newfoundland	15	20	21	27	29
West Indies	46	45	46	52	59
Mexico	2	2	2	2	2
Cent. & S. America	1	3	5	7	10
England	8	8	8	8	8
France	1	1	1	1	1
Total	3,046	3,140	3,184	3,227	3,338

This table shows some interesting movement. Taking all Canada, the net gain for the four year period is 255, of which Quebec Province accounts for 231. This increase in Quebec, as explained above, consisted largely of sub-agencies. Ontario shows a net gain of 41, and the other Eastern provinces, apart from Quebec, show small increases. Prior to 1913 there was a great rush to establish new branches in Western Canada. Between 1909 and 1913 the number of banking offices in the four Western provinces rose from 517 to 1,116, the increase being 609 or 118 per cent. In view of that very large expansion, which continued up to the outbreak of the war, it is not surprising that the branch extension movement in that part of Canada was at a standstill during the past four years. Taking the west altogether, there is a net decrease of 32 offices for the four-year period. Part of this was due to the disappearance of the Bank of Vancouver. Also several of the Western Provinces, British Columbia and Alberta in particular, have greatly increased the provincial taxes on bank branches within their jurisdiction. These increases of taxation would perhaps not operate decisively to cause the closing of bank offices in cases where fair profits were made; but when a branch returns a net loss on the year's operations, with no immediate prospect of the loss being changed into a net profit, there is not much inducement for the head office to pay \$125 or \$250 per year to a provincial government for the sake of keeping it open (British Columbia taxes each bank branch \$250 per year; and Alberta \$125 per year).

It is noteworthy that the branch systems in Newfoundland, the West Indies and Central and South America are being steadily expanded. The Royal Bank of Canada in particular has been active in expanding its business in the tropics. At the end of 1917 the Royal had, in addition to its 47 branches in the West Indies, 4 in Venezuela, 2 in Costa Rica, 3 in British Guiana, and 1 in British Honduras. The Bank of Nova Scotia, with 19 offices in Newfoundland, has the greatest number in that colony. The Nova Scotia also has 12 in the West Indies. Other banks represented in Newfoundland are the Montreal, with 3 offices, and the Commerce with one.

CUSTOMS COLLECTOR NAMED.

Alderman W. S. Weldon, of Montreal, has been appointed by the Minister of Customs to the vacant post of collector of customs for the port of Montreal. This appointment will release Mr. John H. Bertram, collector of the port of Toronto, who has been acting collector at Montreal for the past few months.

FOOD CONTROLLER RESIGNS.

On Thursday, January 24, the Hon. W. J. Hanna resigned the office of Food Controller for Canada, which he has filled for some seven months, and will be succeeded, it is believed, by H. B. Thomson, of Victoria, B.C., who has acted as assistant controller for a period of four months.

Mr. Hanna decided that the work of the Food Administration had reached such proportions that it required the whole time and attention of the Food Controller. He found himself unable therefore to do justice both to the duties of that office and to other pressing business interests, therefore he communicated his intention to retire from the Food Control-ership to the Government and his resignation was formally accepted to-day.

NEWFOUNDLAND CUSTOMS REVENUE.

St. John's, Nfld., January 23.

The handicap imposed upon the customs revenue of Newfoundland by the passage of the act which made illegal the importation, manufacture and sale of intoxicating liquors after December 31, 1916, has been entirely overcome. The revenue for the calendar year 1917, amounting to \$4,442,476, was greater by \$25,867 than that for 1916, when liquors were still being imported.

The importations in 1916, in fact, were greater than in normal previous years, because a large number of people laid in supplies of liquor for consumption after the putting into effect of the prohibition law. The colonial revenue gained about \$400,000 during the year from this source.

Customs officials had estimated that several years would elapse before revenues would be restored to their former figure. That the deficiency was made up in a single year is attributed to the increase of all manufactured articles imported, and to the fact that the abolition of the liquor traffic has diverted large sums to other business.

OUR FINANCIAL "DOPE."

It is remarkable how many people always believe what they read in the newspapers. All news is made presentable and in giving it this dressing the salient point is often lost or minimized. Sometimes a paragraph or a column in the newspaper could easily be boiled down to five lines. Many reporters are paid space rates.

Financial news as printed in the very best general newspapers is treated in the same manner as the story of John Smith's wife running off with John's chauffeur. The writer recently went through a file of clippings covering the past two years of Curtiss Aeroplane Company's history. Rumors were stated as facts. Statements of officials were printed without being checked. One article reported millions of Government orders and another reported none. If you, Mr. Average Investor, had invested your funds on this news—as many do—you would have either made a million dollars or gone broke. In either case you could have reached the result by going at it blindly.

Most financial writers hedge in their forecasts. After you have read the article, you determine that Brown in the "Express" thinks the market is going up. It goes down. You write Brown a letter of criticism and make fun of his judgment. Brown shows you where he said "something" in that very article which you overlooked which meant that the market was more likely to go down. Then you feel that you have made yourself ridiculous, but it does not prevent you from believing Smith in the "Owl." Before you make any investments based on financial news as appearing in the daily papers, get a back file and chart out the predictions and statements. Then see how they fit in with what actually happened.

Do not base your investments purely on newspaper predictions or suggestions.—James Kennedy in The Magazine of Wall Street.