

FIRE INSURANCE IN CANADA, 1903.

On the next page will be found a table specially prepared for THE CHRONICLE, giving an exhibit of the fire business in Canada in 1903, with comparative results for several previous years, compiled from "The Preliminary Statement of the Superintendent of Insurance." This document only reached us at the time when we usually are preparing to go to press, but, owing to its importance and the interest with which it is awaited, we delayed the issue of THE CHRONICLE in order to present the table without delay, under such circumstances comments upon it must be postponed.

THE COST OF BANK DEPOSITS.

The "Evening Post" on 31st March, quotes money rates on the New York stock exchange: Call loans 1¼ p.c., sixty days 2½ p.c., ninety days 2½-3 p.c., four months 3½ p.c., five and six months 3¾-4 p.c. For mercantile paper the rates were: sixty to ninety days endorsed bills 4½-5 p.c., choice four to six months single names 4¾-5 p.c., other paper 5½ p.c. Interior money rates were given as follows:

	Call.	Time.
Boston	2½-3½	3½-4½
Chicago	5-6	6
Philadelphia	4	4½
Baltimore	6	6

Our own Canadian call rate ranges at the present time between 4½ and 5 p.c.; the best grade of our mercantile paper certainly does not yield more than 6 p.c., probably a great deal of it pays but 5 or 5½. Bonds, of the class in which bankers' deposits might properly be invested, in the United States and Canada yield at the outside from 4½ to 5 p.c.

These comprise the majority of the channels available to the banks for the employment of the funds received from their depositors. Now let us see what are the rates paid to depositors, then we can gather some idea as to the margin that remains. This margin, of course, when expenses have been deducted, constitutes the banker's profit on the use of the money.

In the United States the savings banks pay to their depositors 3, 3½ and some as high as 4 p.c. These deposits correspond with those held in our Post Office savings banks, the two Quebec savings banks, and the savings departments of our chartered banks; they are fixed and permanent in their nature, the great majority of the balances tending to increase steadily from year to year. Manifestly a higher rate can be paid for these than for the balances of persons engaged in business, for the special deposits of corporations and financiers which are apt to be suddenly increased or suddenly diminished at very

short notice. The stringency in money, which prevailed so lately in the markets of North America, gave an extraordinary impetus to the practice of allowing interest on current accounts or working balances, which are repayable on demand. In New York the most aggressive tactics have been pursued by the trust companies in their efforts to attract deposits. Many of these companies are said to be paying 4 and sometimes 4½ p.c. for funds left with them. There is a peculiar difference between the way deposits are valued by the New York trust company and by the Canadian chartered bank. The New York company values deposits most when in large blocks; a capitalist, a corporation, or an executor, with large sums at disposal can command the highest deposit rate. It might be said that over here, many of our best bankers will prefer to have a number of small or fair sized deposits rather than one so large as to equal them all. The reason for this is that the New York company keeps in mind the trouble and expense in handling, while our bankers give more attention to the chances of retaining a large proportion of the total amount deposited, for an indefinite time.

In Canada the deposit rate is practically uniform at 3 p.c. The banks, through their association, agree among themselves as to the rate to be paid. Until the last couple of years there was little disposition to bid higher than the rate agreed upon. Lately, however, competition is said to be breaking out in sundry places, usually in country districts. It is also endeavoured to keep secret the fact that a special rate is paid.

All this makes the question as to the cost of deposits especially interesting. It is something that cannot be determined accurately, but a rough general idea can be gathered as to the expenses connected with the different classes of deposits. It seems pretty clear that the expense of deposits generally, considered apart from the interest rate, would be less in Canada than in the United States, for the very simple reason that the working expense of a Canadian branch would be less than those of an American bank. By far the heaviest item in bank expenses is the pay-list; the salaries paid at one of our branches are limited to what is needed to perform the actual work, while each American bank must pay in addition to this, certain sums for remuneration of a president and an executive staff.

The expenses chargeable against deposits are: the interest, a certain proportion of salaries, rents, fuel, etc., the stationery used, part of the expressage or insurance on notes transported, such losses as may be made in connection with the receipt and repayment of deposits, such as through forgeries, defalcations, and some overpayments. In addition to these there is the expense of keeping idle what-