

# GROWTH OF LOAN AND TRUST COMPANIES

## Statistics of Corporations Chartered by the Dominion Government—Interest of Scotch Capital—Proper Functions of the Trust Company

Building societies, loan and trust companies are becoming an important factor in Canadian finance. In the year of confederation, 1867, there were 19 such companies, while in 1910, the latest year for which official figures are available, there were 82, with total liabilities of \$347,000,000. The following statistics are compiled from the report of the Dominion Department of Finance for 1910 and therefore do not include the returns of provincially licensed companies. It would be a valuable innovation were the provinces to file their returns with the Dominion, and in similar style, for simultaneous publication. This should apply to all statistical records.

The 82 companies with Dominion charters are divided in provinces as follows:—

Province.	No. of Companies.
Ontario .....	58
Quebec .....	7
Nova Scotia .....	4
Manitoba .....	11
British Columbia .....	2
	82

### Subscribed and Paid-up Capital.

The following table shows the subscribed and paid-up capital of the companies at various years since 1874:—

Year.	No. of Cos.	Capital subscribed.	Capital paid-up.	Reserve fund.
1874 ....	33	\$16,607,700	\$ 8,042,157	\$ 1,336,462
1884 ....	84	71,505,382	30,541,251	6,812,006
1894 ....	94	91,893,310	39,131,766	11,433,492
1904 ....	83	92,319,985	51,317,181	12,887,340
1910 ....	82	93,308,160	58,870,406	24,281,727

The increase in the number of companies since 1874 was 49, or 148 per cent. In the same period, the subscribed capital has increased from \$16,000,000 to \$93,000,000, a gain of 461 per cent. Paid-up capital has made even more rapid progress, having expanded by over \$50,000,000, or 632 per cent. A gratifying feature is the remarkable growth of the aggregate reserve fund, which has grown by \$23,000,000 or 1.717 per cent. This item is \$13,000,000 greater than in 1894, when there were 12 more companies than in 1910.

### Liabilities to Stockholders.

Here are the figures relating to liabilities:—

Year.	No. of Cos.	Liabilities to Stockholders.	Liabilities to Public.	Total Liabilities.
1874 ....	33	\$11,074,816	\$ 5,154,591	\$ 16,229,407
1884 ....	84	39,999,246	47,820,191	87,819,437
1894 ....	94	53,017,169	88,506,061	141,523,231
1904 ....	83	63,254,220	108,630,791	176,885,012
1910 ....	82	87,555,793	259,991,720	347,547,514

Liabilities to the public have increased far more rapidly than those to stockholders. In 1874, the latter account totalled \$11,000,000 and in 1910 \$87,000,000, a gain in the period under review of \$76,000,000, or 690 per cent. Liabilities to the public increased no less than \$260,000,000 or 4.044 per cent. Total liabilities also made a remarkable gain of 2,041 per cent.

### Real Estate Under Mortgage.

The real estate under mortgage has naturally grown to a considerable sum with the expanding operations of these companies. The following figures give a vivid idea of this:

Year.	No. of Cos.	Value of real estate under mortgage.
1874 .....	33	\$ 35,357,682
1884 .....	84	163,424,068
1894 .....	94	225,045,980
1904 .....	83	226,184,248
1908 .....	80	278,692,319
1909 .....	84	311,971,034
1910 .....	82	345,892,003

In 1874, the value of real estate under mortgage was \$35,000,000, a substantial amount for such an early year. This had increased to nearly \$346,000,000 in 1910, a gain in the 36 years of 878 per cent.

### Loans to Stockholders.

The following figures indicate loans made to the shareholders of these companies on their stock:—

Year.	No. of Cos.	Loans to shareholders on their stock.
1874 .....	33	\$ 311,346
1884 .....	84	1,414,018
1894 .....	94	805,076
1905 .....	84	809,400
1906 .....	81	914,827
1907 .....	78	1,025,551
1908 .....	80	954,043
1909 .....	84	879,055
1910 .....	82	862,702

These are significant and satisfactory figures. Although the number of companies in the period under review has increased from 33 to 82 with corresponding gains in the volume of their stockholding liabilities, etc., the loans to shareholders were only about \$500,000 greater than in 1874. This is a gain of 177 per cent. It will be noticed that in 1907 the loans exceeded \$1,000,000, another indication of the stress of the trade depression in that year. They also exceeded \$1,000,000 in 1884.

### Secured on Real Estate.

The following table shows that, as would be expected, the majority of the loans are secured on real estate:—

Year.	No. of Cos.	Loans secured on real estate.	Municipal Securities.
1874 .....	33	\$15,041,858	\$ 28,134
1884 .....	84	74,115,136	141,969
1894 .....	94	116,810,577	63,101
1904 .....	83	127,228,934	181,597
1910 .....	82	204,324,130	797,400

The loans secured on real estate increased from \$15,000,000 in 1874 to \$204,000,000 in 1910, a gain of 1,258 per cent. Loan on municipal securities have invariably been small, but in 1910 reached a total of \$797,400, an expansion of 2,746 per cent. over the figures of 1874. Loans on Dominion and provincial securities in 1904 approximated \$23,800.

### Debenture Stock Statistics.

Here are some figures showing the companies' debenture stock in various years:—

Year.	No. of Cos.	Debenture stock.
1889 .....	78	\$1,242,899
1894 .....	94	2,939,452
1904 .....	83	3,446,475
1910 .....	82	3,573,909

The growth in this item has not been very large, having increased since 1889 from only \$1,242,899 to \$3,573,909, a gain of 187 per cent.

### Debentures Payable at Home and Abroad.

The following table is a striking illustration of the assistance which British capital gives to the loan and trust companies of the Dominion. It shows the debentures payable in Canada and in Great Britain and elsewhere:—

Year.	No. of Cos.	Debentures payable in Canada.	Debentures payable in Great Britain or elsewhere.
1876 .....	41	\$ 173,702	\$ 2,140,717
1884 .....	84	3,909,482	28,358,884
1894 .....	94	10,388,146	47,153,562
1904 .....	83	20,052,574	35,137,763
1910 .....	82	23,643,107	60,276,605

The growing absorption powers of the Canadian investor is illustrated in the expansion of the debentures payable in Canada from \$173,702 in 1876 to \$23,643,107 in 1910, an extraordinary increase of 13,566 per cent. The debentures payable in Great Britain, largely in Scotland, were in 1910 about three times as heavy as those payable in Canada. They showed a gain since 1876 of \$58,000,000 or 2,716 per cent.

### Money From Scotland.

As shown in "Capital Investments in Canada," a volume recently published by The Monetary Times, practically all the money from abroad invested in Canadian loan, mortgage and trust companies has come from Scotland. Several companies have unsuccessfully endeavored to introduce English capital. A small percentage came from Ireland. Edinburgh is the central loaning point for this class in North Britain.