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TRANSATLANTIC BANKING PARALLELISMS.

That there was a financial trend common to practically all countries during 1908 has been evidenced by signs unmistakable. None of these is more conclusive than a survey of the year's banking developments the world over. And among the best of illustrations is that afforded by a comparison of countries differing so widely in population and economic development as Great Britain and Canada.

Some months ago THE CHRONICLE pointed out how closely the mid-year banking position of Canadian institutions in 1908 resembled that of the banks of England and Wales—comparing "small with great" by means of certain important ratios. Taking the completed year, certain similarities between Canadian and old country developments are still in striking evidence. In the accompanying exhibit, changes between December 31, 1907, and December 31, 1908, are shown in various banking items and their relations—a current issue of The Economist, of London, being authority for the English figures. Necessarily, differences in the form of available statements make exact comparison impossible between British and Canadian figures. However, if the bearing of the various foot-notes be kept in mind, the ratios should prove informing. In determining the position of Canadian institutions, the plan followed has been to eliminate domestic inter-bank items. While it is not feasible to do this entirely with the English reports, a similar basis has been arrived at as nearly as possible, by omitting Bank of England figures—duplication of items being principally due to its position as a central bank.

Current loans and discounts are a first index to general trade conditions. Of these, Canadian banks had out at the end of 1907, no less than 66.2 per cent. of their total assets—or, putting it in another way, 81.6 per cent. of their combined circulation and deposits. At the same date, English banks showed discounts, advances, etc., amounting to 55.1 per cent. of assets, or 66.4 per

cent. of combined deposits and circulation—the last item being a negligible one, owing to the Bank of England's practical monopoly of note issues. Evidently, as has previously been pointed out in these columns, Canadian bankers did not effect their strengthening of position during 1907 by unduly restricting commercial accommodation, if the British banking trend during that year is any criterion.

	Joint Stock Banks, England and Wales,*		Chartered Banks of Canada,†	
	Dec. 31, 1907.	Dec. 31, 1908.	Dec. 31, 1907.	Dec. 31, 1908.
I Depst. & Curr. Accts.	3,243.1	3,373.6	632.1 (b)	722.8 (b)
II Note Circulation....	2.0	1.5	77.5	73.1
III Chief Liab. to Pub. 3,470.5 (c)	3,586.2 (c)		675.7 (d)	759.3 (d)
IV Current Loans, Disc.	2,156.2	2,138.6	579.5 (e)	542.2 (e)
V Cash	458.5 (f)	520.1 (f)	86.7 (g)	141.8 (g)
VI Call and Short Loans	413.6	454.6	88.0	141.0
VII Securities Held....	628.5	684.1	71.1	74.3
VIII Total Assets.....	3,914.1	4,033.4	875.7 †	946.2 †
	(Per Cent.)		(Per Cent.)	
Ratio (V + VI) to III.				
i.e., Quick Assets to Liab. to Public.....	25.1	27.2	{ 25.9	{ 37.2
			{ 19.3 (h)	{ 31.5
Ratio V to III.				
i.e., Cash to Liab. to Pub.	13.2	14.5	12.8	18.7
Ratio IV to (I + II).				
i.e., Curr. Loans to Depsts and Circulation.....	66.4	63.3	{ 81.6	{ 68.1
			{ 78.4 (k)	{ 64.3 (k)
Ratio VII to VIII.				
i.e., Securities to Total Assets.....	16.1	17.0	8.1	7.8
Ratio IV to VIII.				
i.e., Curr. Loans to Total Assets.....	55.1	53.0	{ 66.2	{ 57.4
			{ 63.6 (k)	{ 54.1 (k)

*Excluding Bank of England.

†Excluding Canadian inter-bank items.

‡\$5 taken as equivalent to £1.

(b) Including Government deposits.

(c) Sum of two preceding items, plus acceptance liabilities.

(d) Sum of two preceding items, less inter-bank Canadian cheques and notes.

(e) Of these amounts \$555,588,000 represents current loans and discounts in Canada at Dec. 31st, 1907, and \$511,809,000 at Dec. 31st, 1908.

(f) Cash in hand and with other banks. Relative amounts of this and short loan item estimated on basis of reports of four-fifths of banks.

(g) Cash, net foreign bank balances, and circulation deposit with Government.

(h) Ratio, if domestic call loans be not included as liquid assets.

(k) Percentage, if domestic current loans and discounts be alone considered.

During 1908, with the falling-off in demand for commercial accommodation, the Canadian ratio of current loans to assets dropped from 66.2 per cent. to 57.4 per cent., corresponding to the less pronounced decline from 55.1 to 53.0 per cent. in the English ratio. In connection with the greater proportionate falling-off in Canadian loans it is to be borne in mind that London, during 1908, was called upon to float many new security issues. Thus, from financial rather than from commercial activity, loans showed some increase during the latter half of 1908—the net result for the year being a comparatively small reduction. But, while the decline in British current loans under-indicated trade recession during the year, the Canadian falling-off was rather more than actual commercial depression called for. The explanation is simple: large public and corporate loans