

312 from premiums and \$100,000 from profits—\$20,000 was written off bank premises and furniture account and the balance left, \$160,386, was carried forward to next year. A full report with the statement are published on a later page in this issue to which attention is invited.

The development of the Imperial Bank under the very able, enterprising, yet conservative management of Mr. D. R. Wilkie, who is now vice-president as well as general manager, has been continuous and extensive. The report announces that a desirable site for the Montreal Branch has been purchased and suitable premises are being erected thereon, which indicates that the business in this city under Mr. Richardson's management has proved a success.

PRIVATE BANKERS.

THE GENESIS OF THE PRIVATE BANKER; HIS DANGERS AND PRIVILEGES, AS CONTRASTED WITH THOSE OF A JOINTSTOCK BANK; NEED FOR LEGISLATION TO PROTECT DEPOSITORS.

The recent suspension of a private banker, following closely upon the failure of two others in Ontario, has drawn general attention to the conditions under which this class of business is now conducted in Canada.

The private banker was the pioneer of all banking and financial operations. He was the custodian not only of the people's money but of their valuables, he lent on any form of security acceptable to him, as in early days, and as matters now stand in this country, there was no legislation to regulate his business. He, in some cases, issued coins and paper currency, and generally discharged all the functions appertaining to operations having a monetary basis. So long was banking confined to private bankers that the word "Bank" came to be the universal name for a private banker's office, hence it carried a prestige that was helpful in acquiring deposits and all forms of banking business. Although many of the largest private banks in England have been transformed into joint stock enterprises those now in active business hold \$170,000,000 of deposits, and have 200 millions of dollars in assets.

The origin of these private banks is a story of evolution. There is no record of a person opening a private bank who had not been, or was not already engaged in business. As a goldsmith must have had some provision for protecting his goods from thieves he was made the custodian of the spare money of others, and to him applications for loans naturally came, as well as for documents used for transferring money to other cities. In other instances a successful merchant, or well to do official, gradually developed a banking business which, as it grew, came to be so profitable as to need a separate establishment that developed into the local bank. Some joint stock banks in Eng-

land that were originally private ones still are called by the first proprietor's name although the change took place fifty to eighty years ago. The family name of an old bank, in some districts, gave greater confidence than its joint stock capital.

The history of the private banks of England from 1793 to 1824-5 shows them to have been periodically ruined by national disasters. In several years they failed by hundreds. It was this experience which caused the joint stock system to be so generally adopted.

By the same process of evolution the private banks of Canada came to be founded. At this day the office of some private bankers is an annex to the office of a mercantile business. This connection is the danger of a private banker and of banking under such conditions. One who receives deposits as a "Banker" while conducting another form of business as a rule uses those funds to supplement his private resources, hence the safety of depositors' money is involved in the risk of the private banker's trading business. Depositors, in such cases, have simply lent their money to a person without any security; or any legal provision being made in case of his insolvency to give them a preference over other creditors; or any obligation being placed on the private banker to hold a reserve of cash to any extent. No money is ever lent so loosely, so imprudently as it is to a private banker. Were he to invite such deposits in his capacity as a dry goods dealer, grain or flour merchant, or, as one engaged in any ordinary business, he would not be trusted with such funds, but, when he puts a brass plate on his office door announcing that he is a "Banker," deposits flow in and he soon has large funds at his disposal for the task of safely employing which he may have had no experience and not the slightest talent, while the temptation is irresistible to use the money in his trading, or more risky operations.

That, in an early stage of a district's life, a private banker may be of valuable service is a well known fact. But, it is equally well known, that such services have been, in a very large number of cases, offset by disastrous losses to depositors owing to private bankers having no skill in banking and having been unable to resist the temptation to use deposit money in all manner of speculations.

A conviction now generally prevails that the system of the "private banker" has outlived its usefulness, and that it has developed dangers which call for legislative action to protect depositors. A joint stock bank has a large paid-up capital, it is managed by an official of great experience, who is aided by directors of high reputation and business ability, and by inspectors trained for their duties, it invariably holds a good percentage of its deposits in cash or immediately available resources. Yet each such bank is not allowed to open until it has an actual paid-up capital of \$250,000, and is com-