

# The Chronicle

**Banking, Insurance and Finance**

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## INNOVATIONS IN BANKING.

A good deal has been written about the changes introduced into Canadian banking practice by the former management of a certain institution that has recently undergone reorganization. Indeed, one has only to look round him to see on every had evidences of the larger privileges and better terms enjoyed by bank customers nowadays as compared with what they had four or five years ago. And few will dispute that they have them, to a considerable extent, as a result of the aggressive policy adopted by the institution referred to. Many of the innovations were entered upon by the older banks with reluctance, under protest so to speak, but they had no choice in the matter. In not a few instances it was a case of making the concessions or of losing valuable custom. Most of the changes have meant additions to the expenses of the banks, and consequently have had their effect on the net profits. To that extent they have the same nature as cutting of prices, which is a form of competition as old as the hills.

Then there was another aspect to the new methods. Long before the Sovereign Bank was thought of, the banks had catered half heartedly to the small depositor. Ten years ago and more, a number of the leading banks advertised in connection with their savings bank departments, that deposits of \$1 would be received. The officers at the branches were not very sure where the profit lay in these small accounts; the head office never laid any stress upon them. With this humblest class of customer the banks played a passive part. They approved of him and desired his business but did not make special efforts to attract him. So he did not know that he was wanted. Perhaps once in a while too, some bank manager, cad as well as fool, would wantonly affront or hurt some person who came offering small business. It is to the credit of D. M. Stewart that he was one of the first, among executive bank officers in Canada, to recognize the value of the small depositor, and to take decisive action in cultivating him. Others

besides him were well aware that in a country developing fast, such as this, small beginnings often end in something worth while. He was the first to shape an energetic policy of exploitation of this field. He made it his aim, in his advertisements and in other ways, to overcome the shyness of the small people, and his efforts met with great success. Thousands of people, some of them with respectable business to offer, got it into their heads that the Sovereign Bank would be glad to deal with them; about the other banks they were not sure. So they trooped to the Sovereign. It thereby created a lot of new business that had not existed before.

With the bank's policy in investing its accessions of funds it is not possible, in view of the June developments in Toronto, to stand so thoroughly in accord. Probably none now see more clearly than the former management that it would have been much better to make haste slowly in taking discount accounts from other banks. Especially when prosperity and a measure of inflation of values have prevailed in the country for a number of years, is it a dangerous proceeding to go after the discount business of other banks keenly and covetously. It is a time when they are likely to have quite a few accounts which they would willingly part with—accounts appearing fair and desirable to outsiders but known by the bankers carrying them to be unsound and dangerous.

In some quarters, because of a desire to get for the former management of the Sovereign its full meed of credit, there is an evident disposition to exaggerate the conditions that prevailed before the bank was inaugurated. It is hard to see how anything worth while can be gained through this. It does not seem fair, for example, to paint the bank manager, as he was before the advent of the Sovereign, as an unapproachable and forbidding creature, or, as one paper did, as "an awful being, haughtily deigning after long waits to see his customers." The writer has had over twenty-five years experience in banking and it has not been his fortune to meet a bank manager who could be so designated.

On the contrary those he met were of the opposite description. Almost without exception keen after new business large as well as small; and so far from aiming to offend or humble the men who wished to see them on business, they were nearly all the time fearful and careful of offending people, as they knew it might mean a loss of business. And it is hardly possible that the class of bank managers anywhere was in any wise different. No bank could afford to keep the other kind—even ten or twenty years ago. Of course, there would be, as there is yet here and there, a