

higher rate than is paid by banks, but to an extent strictly limited. This wholesome restriction has long prevailed—it had occupied the attention of banking committees of Parliament for years—that the amount of deposits taken should never exceed the amount of the company's paid-up capital as provided by the Dominion statute. What may be called old line legitimate mortgage loan companies are such as the Canada Permanent, the Huron and Erie, the Hamilton Provident. They borrow in Great Britain on debenture, as well as in Canada. They may accept deposits or they may refuse, but their strength and the extent of their experience renders them secure to deposit in, if they will accept money on deposit. Of late years, too, the Government has authorized these companies to lend upon call on the listed stocks and bonds of banks and other corporations. This constitutes a second line of defence to a company or bank in the event of a run.

Then there are companies which buy and sell stocks, bonds, and debentures, etc., more largely than they lend on mortgage. A large part, probably the largest part, of their assets consists of securities such as those mentioned. They sometimes offer to depositors a larger rate of interest on money than the first-mentioned group of companies, justifying their doing so by the often considerable profit they are able to earn by the purchase and sale of portions of their assets. Among these are the Central Canada Loan and Savings Company, the Home Loan and Savings Company, which last is now, however, being converted into a regular bank.

Another group includes companies with considerable borrowing and lending powers. They take money on debenture as well as by way of deposit, with which money they buy large blocks of land in the suburbs of towns or cities and break it up into building lots for sale. Of such of these companies as borrow on debenture is the Land Security Company, of Toronto. It is possible for such companies in periods of prosperity or in "boom" times to make rapid profits. But it is equally possible, should a "boom" burst or a time of depression come, to find these concerns unable to pay their depositors without relying upon a bank discount—not always available if financial pressure exists.

Lastly, we have companies, too numerous unfortunately, which take money from thousands of people all over the Dominion on what are called instalment terminating shares, accumulating shares and so-called permanent shares. They have, or rather had at first before a statute forbade it, power to cancel shares and appropriate the money paid in, power to fine their members, to defer payments at their own sweet will. Of such are the York County Loan Company, whose pitfalls for the unwary and the greedy find illustration to-day. Its depositors may get 66 cents in the dollar, or they may get 40, but they are not likely to get 100.

FINANCIAL REVIEW.

We present below a condensation of the monthly statement of Canadian banks for November, 1905. It is compared with the Bank Statement for the previous month, and shows capital, reserve, assets and liabilities, and average holdings of specie, Dominion notes, etc.

Canadian Bank Statement.

	Oct. 1905.	Nov. 1905.
LIABILITIES.		
Capital authorized	\$100,646,666	\$102,646,666
Capital paid up	83,864,828	84,542,598
Reserve Funds	57,493,307	58,529,624
	<u>\$76,890,863</u>	<u>\$72,592,543</u>
Notes in circulation		
Dominion and Provincial Government deposits	8,854,210	10,274,546
Public deposits on demand in Canada ..	150,868,116	157,548,539
Public deposits after notice	349,822,859	354,393,953
Deposits outside of Canada	47,077,167	43,987,686
Bank loans or deposits from other banks secured	323,662	577,865
Due to other banks in Canada	5,933,696	6,413,169
Due to agencies or other banks in Great Britain	6,097,460	5,280,560
Due to other banks in foreign countries ..	1,824,646	2,159,488
Other Liabilities	10,953,077	11,099,904
Total Liabilities	\$658,645,830	\$664,328,327
ASSETS.		
Specie	\$20,157,280	\$20,701,503
Dominion Notes	39,254,738	39,712,009
Deposits to secure note circulation	3,841,520	3,875,499
Notes of and cheques on other banks	27,578,519	25,325,795
Loans to other banks, secured	374,900	573,784
Deposits with other Banks in Canada	8,431,852	7,977,408
Due from agencies or other banks in Great Britain	9,212,549	11,421,005
Due from Banks or agencies in foreign countries	19,849,856	15,886,242
Dominion and Provincial Government securities	8,356,672	8,957,075
Other securities	59,493,371	59,493,371
Call and short loans on bonds and stocks in Canada	48,164,851	48,792,009
Call and short loans elsewhere	62,280,939	59,508,234
	<u>\$306,997,047</u>	<u>\$302,223,925</u>
Current Loans in Canada	\$450,413,017	\$457,008,145
Current Loans elsewhere	29,125,309	32,080,027
Loans to Dominion and Provincial Governments	1,622,714	1,858,859
Overdue debts	1,836,042	1,696,723
Real estate ..	652,566	661,081
Mortgages on real estate sold	524,817	530,780
Bank premises	11,059,393	11,220,397
Other assets	9,569,048	9,836,267
Total assets	\$811,800,039	\$817,149,132
Average amount of specie held during the month	19,266,175	19,776,046
Average Dominion notes held during the month	38,468,630	37,533,332
Greatest amount notes in circulation during month	78,464,648	79,226,877
Loans to directors or their firms	8,665,792	8,594,105

An addition has this month been made to the list of banks reporting to the Government, the Northern Bank being the latest recruit. It shows capital subscribed \$1,000,000, and paid up, \$466,921; it has \$47,000 of notes in circulation, and has obtained deposits of \$79,000. It is understood that for the present the policy of this bank will be to confine its energies to Western Canada, and that it will in the near future open branches at Vancouver, Edmonton, Brandon, and other points in the West. With ordinary good luck and with careful, conservative management there is no reason why it should not succeed.

Except for the inclusion of the figures of the Northern Bank, capital subscribed and paid up shows little difference from last month, but, as several banks close their books for the year on 30th November, there has been an increase of something over \$1,000,000 in the Rest. Of this the Canadian Bank of Commerce

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