

*By Mr. Monk :*

Q. As a matter of fact, speaking generally in all cases of societies of this character, making small loans they have very small losses, if any?—A. So much so that I received a letter a year and a half ago from Luigi Luzzatti, the Chairman of the Popular Banks Association of Italy, in which he stated to me that in forty-one years of experience with the 800 popular banks they have in Italy, the loss amounted to one-tenth of a cent, for forty-one years, out of each 2,000 francs loan.

Q. That, I suppose, is due to the extreme caution with which these loans are made?—A. The main security is the fact that the association is working within a small area and that everybody knows each other. A second security is that everybody is interested by being a shareholder.

*By Mr. Smith (Nanaimo) :*

Q. Anyone receiving a loan must get someone to act as security?—A. They must have two endorsers, if required.

Q. And those must be members of the society?—A. Members of the society as well.

*By Mr. Sinclair :*

Q. What security do you take from the manager?—A. I am the manager of this particular association, and I have to give a bond with an insurance company for \$3,000. Of course the council of administration could have exacted a higher bond, and the premium is paid by the association itself.

*By Mr. Bourassa :*

Q. What is the average yearly expenditure?—A. Well, that is a very delicate point you are now touching upon.

*By the Chairman :*

Q. Of course, it depends upon circumstances?—A. As I stated, I have started the association and I understood that it was of the greatest interest to make it a success, that the money should be kept always ready and whatever would be the outcome of it, we ought to be in a position to take the money out of the till and give it back to those who ask us for it. I thought it also my first duty, as I had no law to protect me, to be very careful about expenses. I took upon myself to do the whole work of the association without indemnity or salary. The office was kept in my own house, the book-keeping was done by myself, and whenever I was absent from town, by one of my family. All the members used to come to my place for the payment of their instalments or shares, or to do any other transaction they had with the society. That is the explanation why the expenses have been so low. My every desire was to create a reserve fund as rapidly as possible in order to be prepared against any possible mishap, damage, or injury that might have happened, and we have succeeded because our reserve fund amounts to \$3,341. That explains the fact that the whole of the expenses during the six years of operation have only been \$543.57, including printing.

The CHAIRMAN.—How much?

WITNESS.—\$543.57. You may tell me perhaps that we cannot expect everybody to do the same amount of personal work in order to make the saving.

The CHAIRMAN.—No.

WITNESS.—Surely not. But I was labouring under very peculiar circumstances. We were the pioneers in that kind of institution and upon the devotedness and zeal which we displayed depended the success of it. The only successful associations at the time I could point to were those in Europe, and people could tell me they are so far away that we cannot go there to see by ourselves. We can succeed better when one in this country is established and we can point out that one and say, 'You can go there and find out for yourself whether it can be as successful in your locality as it has been in Lévis.'