

# The Chronicle

## Banking, Insurance and Finance

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### BRITISH BANKS IN FOREIGN COUNTRIES.

Not long ago a prominent New York financier and writer, speaking on the subject of United States trade with foreign countries, mentioned that his countrymen were at a disadvantage because they had scarcely any banks operating in foreign countries. He pointed out that the great European nations, notably Great Britain and Germany, had now a number of banks in operation in various parts of the world, and, as they did much to facilitate and increase the trade of their respective countries, he urged that the United States would find it profitable to embark on a similar course.

The system of banking possessed by our neighbors does not lend itself readily to international operations. Branch banks are more suitable for that. Thus it happens that the only places outside of the States that the American banks are well represented, are the island possessions and protectorates—the Philippines, Hawaii, Porto Rico and Cuba—and in Mexico; and even in them they have to share the business with foreign rivals. In Cuba one of our own Canadian banks, the Royal, has a well established footing. In the Philippines the business is divided among a number of different countries: the Hong-Kong and Shanghai Banking Corporation and the chartered Bank of India. Australia and China representing Great Britain, the Banco Espanol Filipino representing Spain, and the International Banking Corporation, the United States. In Mexico there are French and English banks, and the Bank of Montreal has just recently established itself, being certain of a good business through its connection with the big Canadian-Mexican enterprises, power, lighting, etc.

It is quite easy to understand how the foreign trade of any country is benefited, when it possesses a comprehensive system of banking connections abroad. When its banking institutions open agencies and branches in other countries it need not necessarily follow that these outside offices shall prove a means of transferring capital to their respective localities for use there. Though generally that is what

happens. In the case of the British banks it is a natural enough outcome, and the Anglo-foreign bank system constitutes one of the important mediums through which British capital is invested abroad. That is so because the island kingdom has a great deal more capital than can be utilized at home. The United States and Canada are in different case. Both of them can find profitable use at home for practically all their own funds and for foreign funds as well, and, when a Canadian or American bank opens agencies abroad it may happen that the agencies collect deposits outside sufficient to balance their outside loans, in which event there is no outward drain of capital ensuing. One of the chief functions of these foreign branches is foreign exchange. By providing a ready market for the purchase and sale of bills of exchange, by making transfers, and in sundry other ways, do they aid and assist people from their own country to transact business with the foreigners. At London and New York the foreign agencies of the Canadian banks are employed, to quite a considerable extent, in handling the reserve or temporary surplus funds of their respective institutions.

It will be interesting to take a glance at the operations of some of the British banking corporations doing business in foreign countries. The London Economist of May 17th has a banking supplement that contains a plentiful supply of information on this point, and the figures that follow have been gleaned therefrom. The tables of operations contain the figures for all foreign banks with London offices. It is mentioned that these are not all British banks; among them being "several great French and German banks and some others in which the amount of British capital employed is very small or non-existent." Therefore the institutions that are British-owned are given first. In a number of cases the name gives an idea as to the special place of operations. They are:

BANK.	Capital May '07. £	Net Profits 1906. £	Rate of Div.	Total Assets. £
Anglo-Californian.....	299,700	48,858	8	3,194,669
Anglo-Egyptian.....	500,000	129,893	15	6,431,711
Anglo-Foreign.....	420,000	40,329	7½	7,347,099
Anglo-South American...	500,000	165,458	7	10,637,229
Bank of Egypt.....	750,000	136,751	18	3,818,196
Brit. of S. America.....	500,000	122,071	10	10,100,836
Hongkong & Shanghai...	1,000,000	481,597	18	26,409,777
Imperial of Persia.....	650,000	59,929	6⅔	2,001,911
London & Brazilian.....	750,000	208,738	15	13,523,750
London & Riv. Plate....	900,000	218,619	20	29,582,104
Lon. of Mex. & S. Am....	480,000	52,056	10	1,614,417
Lon., Paris & American..	400,000	32,843	8	2,199,604
National of Egypt....	3,000,000	378,131	9	10,220,244
	10,149,700	2,075,273		126,081,547

A glance at the names shows that these banks cover pretty much all the great trading countries of the world except Canada and the United States. Some of them exercise influence political as well as financial. It should be remembered too that a number of important banks in various parts of the world are British-owned, but as they have no London of-