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THE INDISPENSIBILITY OF CLEARING HOUSE ORGANIZATION.

An entry made as far back as 1773 in the books of an old London firm recorded "19 shillings, 6 pence, payment of one-quarter's rent for clearing house." In referring to this, in the course of an address before the Canadian Club of Toronto, the secretary of the Montreal Clearing House ventured the opinion that, even before this, the bank managers of London probably met at appointed coffee houses, and there, over a pot of ale, exchanged the parcels of paper between the men of the respective banks, and so saved themselves tedious journeys about the town.

It was at the close of 1888 that a committee of banking men in this city called a meeting, which resulted in the establishing of Montreal's Clearing House. The total amount delivered to it by the sixteen banks that year was \$1,458,000, while \$390,452 was paid in by the receiving banks to "clear" themselves. Since then the business has grown so that in a single day last year \$8,392,236 was received and disposed of in fifteen minutes—the yearly totals of transactions for the past three years averaging over \$1,500,000,000.

Their convenience is not the only benefit secured by clearing house organizations. In Canada, it may not be generally known how greatly the New York panic of October, 1907, was aggravated by the absence of clearing house methods in the business of the trust companies, whose weakness precipitated the break. Over-the-counter redemption of their cheques resulted in a condition of affairs whereby, in the second week of the panic, the lines at the paying tellers' windows of the most besieged institutions consisted largely of bank messengers. The places of these were held day after day, new messengers relieving the old from time to time—adding all the while to the bundle of cheques for collection by their respective banks. It thus might happen that, by the time the messenger from a large bank finally reached the teller's window, his package of cheques would contain many hundreds of items. In the opinion of not a few experts, had

the trust companies at that time had a clearing house of their own, or been so associated with the banks, it is probable that the run of depositors would have subsided, and order might have been restored within a couple of days after the relief granted by the United States Treasury became available.

At present, nearly one-half of what may be termed the banking power of New York City is outside the Clearing House Association. Recognizing the advantage to the general public (as well as to specifically financial interests) of more definite co-operation, Superintendent Williams, of the State banking department, urges either one of two methods for bettering these conditions: (1) by admitting the trust companies to membership in the present clearing house, and (2) by having the trust companies organize a separate clearing house of their own, to include, possibly, the non-member banks. According to New York Evening Post, it is unlikely that the banks will admit the trust companies to full clearing house privileges, unless they agree to carry the 25 per cent. reserve now required of clearing house banks. The companies are not willing to do this, saying that the 15 per cent. required by the new law is sufficient, considering the restrictions upon trust company business imposed by the other acts of last year. The only alternative appears, therefore, to be the formation of a second clearing house for trust company cheques.

It is stated that, since the coming into full force of the new reserve law, the proposition to organize a clearing house for trust company cheques will be formally taken up by financiers of New York, "who believe that institutions with a billion deposits should discard the antiquated system of messenger boy clearings."

LONDON AND THE RUSSIAN LOAN.

The great Russian loan has come and gone. Talked about for twelve months, it finally made its appearance several days in advance of the anticipated date. The Anglo-Russian political *entente* appears to have predisposed the British investor to look with favour upon Russian bonds; at any rate the lists were closed within a few hours, and the six millions allocated to London were said to have been subscribed several times over. This statement, however, scarcely squares with the information now available that applicants have received 40 per cent., and that some large blocks have been taken by financial groups. The British investor has never made much money out of Russian bonds, or Russian industrials—the record of the latter, indeed, could scarcely be more dismal—and it may fairly be doubted if he is going to do so now. Twenty years ago or so his holdings of Russian bonds were very large. Then he got nervous and turned them over to Berlin at a low figure, Germany subsequently making a handsome