

Britain's Extraordinary Bank Mergers and Their Meaning

By RICHARD SPILLANE, in Commerce and Finance.

From London comes the announcement that, with the sanction of the Treasury, Lloyd's Bank has absorbed the Capital and Counties Bank, which has a capital of \$8,750,000, reserves of \$5,750,000 and deposits of \$300,000,000.

Lloyd's Bank also announces a union of interests with the National Bank of Scotland, which has a capital of \$5,000,000, reserves of \$4,315,000 and deposits of \$145,000,000.

Lloyd's Bank also has purchased the London and River Plate Bank with capital of \$9,000,000, reserves of \$11,465,000 and deposits of \$125,000,000.

Under the amalgamation, Lloyd's Bank will have a capital of \$45,000,000, reserves of \$45,000,000, deposits of \$1,200,000,000 and have 1,350 branches.

These figures are staggering. We, in America, have considered the National City Bank and the Guaranty Trust Company as giants, but the National City with deposits of \$680,976,000 and the Guaranty Trust, with deposits somewhat in excess of \$560,000,000, do not bulk so big when compared with Lloyd's.

For the last two years there has been a steady movement in England for the merging of great banks into a few units. A few months ago this work of consolidation had brought the number of joint stock banks down to eleven. The absorption has been more rapid recently. Now the number has been reduced to five. Possibly this is the end of it.

The same tendency to consolidation has been under way in other countries, and particularly in Germany. Lately the Deutsche Bank absorbed the Schlesische Bank Verein and Nord Deutsche Gesellschaft and, at the same time, the Dresdner Bank took over the Rheinisch Westfälische Disconto Gesellschaft, which some time ago got control of the Madgeburger Bank Verein.

At the close of the year 1916 there were only two banks in the world with deposits in excess of \$1,000,000,000. Now there are at least four, possibly six, and London has three of them.

At the close of 1916 here is how the 12 leading banks of the world ranked in deposits:

State Bank of Russia	\$1,426,665,000
Imperial Bank of Germany	1,166,775,000
Bank of England	894,325,000
Deutsche Bank	875,845,000
London City and Midland	873,105,000
Lloyds	756,840,000
National City	629,125,000
London County & Westminster	601,840,000
Banque Russo Asiatique	589,635,000
Barclays	525,850,000
Russian Bank for Foreign Trade	510,000,000
Guaranty Trust Company	501,975,000

If a new list were to be compiled to-day it would be difficult to put the ratings accurately for the deposits of the Russian and German Bank, however large they might appear, would be of doubtful correctness, the rouble and the mark being at a pronounced discount.

Taking the 1916 figures for Russian and German banks and including only the changes in British and American banks here is how the present standing might be put:

State Bank of Russia	\$1,426,665,000*
London City and Midland	1,392,655,000
Lloyds	1,200,000,000
Imperial Bank of Germany	1,166,775,000*
London County, Westminster & Parr's	1,054,495,000
Bank of England	894,325,000
National Provincial & Union (of London)	877,280,000
Deutsche Bank	875,845,000*
National City	680,976,000
Barclays	645,000,000
Banque Russo Asiatique	589,635,000*
Guaranty Trust	560,000,000
Russian Bank for Foreign Trade	510,000,000*

*Doubtful.

Concentration of banking power in a few hands may be a source of very great national good—or national evil. In England, as is shown, the power has been centered, with approval of the government, in five institutions. The number of banks, some of the big banks of London, absorbed is almost unbelievable. When the London City and Midland took over the London Joint Stock Bank it made the proud announcement that this was the 31st bank it had absorbed since the merger program was decided upon.

To-day each of the great five banks of London has branches all over the world. The London City and Midland has approximately 1,500. The total number of branches of the five great London banks probably approximates 5,500.

When it is stated that the number of national banks in the United States is about 7,500 the figures as to London's branch banks, scattered the world over, may be appreciated.

What effect will the British merger movement have upon banking, especially foreign banks, so far as the United States is concerned?

At present America is handicapped sadly in regard to the establishment of foreign branches of its banks by reason of lack of talent, lack of men trained in the field of foreign banking. To get men to fill adequately the positions in the foreign branches it has established has been an embarrassment to one big American bank.

Unquestionably, London, with its banking power concentrated in five great banks, is better fitted to handle any foreign business or develop trade in any quarter of the globe than it was before. No undertaking is too big. Each bank has a command of the foreign field very much greater than have all of the American banks combined. In addition, each British bank is established; has complete equipment and forces well trained. America has the banking wealth and the desire for foreign trade, but its financial forces are scattered and it is late in entering the field. Without leadership, banking leadership, it cannot command foreign trade. Banks influence, if they do not control, trade.

What has been going on in London for a few years has been going on in Germany for a decade or more. There the movement has awakened strong opposition, big German shipping and industrial interests fearing the government will have too much power after the war, not only in banking but in all branches

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Capital Paid-up - \$14,000,000
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By Order of the Board,
J. COOPER MASON,
General Manager.

Toronto, July 10th, 1918.