

ALLEGED DIFFICULTIES IN THE WAY OF BRANCH BANKS IN THE UNITED STATES.

One of the radical differences between the banking system of Canada and of the United States, is the extension in this country of branch banks throughout all the cities and towns of the Dominion. In the States there are no branch banks, each locality being supplied with whatever banking accommodation it enjoys by self-contained, local institutions. There are about fourteen thousand banks in the United States, all separate and distinct. The number is constantly fluctuating, as these banks

ARISE, AND DISAPPEAR LIKE MUSHROOMS.

The average capital of a bank in the United States is under \$100,000. The small banks fail by scores every year, so numerous indeed as to excite no more notice than the insolvencies of store-keepers. But the effect both financially and socially is exceedingly injurious to the well-being of the community by keeping up a constant feeling of distrust, of anxiety, and of suspicion. The ill-will manifested against bankers in the States, and against the moneyed classes with whom bankers are identified, by those less favorably circumstanced, is the natural result of the perpetual losses inflicted upon depositors, and the frequent disturbances of industrial life, caused by the frequent bank failures in the United States. A banker from the nature of his business ought to be

A SOURCE OF FINANCIAL STRENGTH;

a support to mercantile enterprise; a fountain of industrial activity and of productive power, for the benefit of the whole community amid which it operates. No class is more benefited by a strong, wisely managed bank than that which depends upon skilled labor of every degree. In so far as the American banks have become distrusted, and hated by artisans and others, they have earned this bad feeling by failing to render those services to industry and to business for which banks are organized, and which alone justify their being granted legal and social privileges. American bankers are distrusted because the system they work under breeds distrust by causing a bank failure to be so familiar an incident in the States. The only remedy for this evil is

THE BRANCH BANK SYSTEM

by which every locality needing a bank would have one as strong and as permanent as the soundest in the land. The confidence such branches would inspire, their services to industrial enterprise, their helpfulness to business, and their economy, would quickly revolutionize the whole tone of public sentiment towards banks and bankers by demonstrating their value to all classes. Our contemporary, the *Bankers' Magazine*, of New York, offers the following remarkable explanation of the success of branch banks in this country, and alleges the following difficulties to be in their way in the States.

"In Canada there is

A TOLERANCE OF CLASS RULE,

there derived from the education and bearing of the population on lines modeled on the class distinctions that prevail in Great Britain. The masses of the people in Canada do not object to the real and assumed superiority of the more advantageously situated classes. The banking fraternity in Canada, as well as capitalists generally, occupy there a similar position to the hereditary aristocracy in England. Amongst the lower classes of Canadians there is a degree of acquiescence and subserviency to superior wealth and rank that does not find its counterpart amongst those of the same walk in life in the United States."

From all this highly fanciful misrepresentation of the social conditions prevailing in Canada, our contemporary concludes that the branch bank system, which is so efficient and so popular here, would not be acceptable to the people of the United States; it adds, "such a class of banks would not be tolerated in the States." Those who are familiar by long personal observation with English life will find it impossible to reconcile facts with the above theory as to the popularity of branch banks in Great Britain and in Canada. English banks were not established by "the hereditary aristocracy," nor are bankers there, as such, within the sacred circle of that class. The Gurneys, and Backhouses, and other prominent bankers were Quakers; the Lloyds were manufacturers; others who founded banks with branches were store-keepers, millers, iron founders, metal dealers, vessel owners, and so on.

THE PRESTIGE AS BANKERS

these men had acquired, which led to their business being extended by branches, arose from and rested wholly upon their business ability, business character and business capital. The British banks whose branches are so numerous were organized and are now managed by the same class of men as those who are prominent in business circles in the States. The people of Great Britain are not so simple minded as to trust their money to members of the hereditary aristocracy on the mere strength of their social rank as our New York contemporary supposes to be the case. There is not a bank in England called after an hereditary aristocratic family. To attribute the success of the Canadian banking system to "the banking fraternity in Canada occupying a similar position to the hereditary aristocracy in England" is to make a statement no banker in this country would endorse, nor any Canadian respect as to any extent truthful. Canadians personally are as independent as Americans. The servility imputed to us is utterly alien to the spirit and temper of the people of this Dominion, who show no greater "subserviency to wealth and rank" than the people of the United States. So far as banks are concerned their association with wealthy supporters is an assurance and guarantee to the public of the institutions being worthy of confidence. The strength given to a financial in-