

should be revised in such a way as to discourage the incorporation of more banks. If anything, the talk from all quarters has been that there is a desire to encourage incorporations.

● (5:15 p.m.)

Mr. COATES: My next question, Mr. Stevens, relates to your statements with regard to the 277 new branches. What I would like to know is the difference there will be in banking in this country if your charter is granted in view of the fact that, as you state, the present eight banking institutions seem to be moving in the areas that need new branch banking institutions. What value is there in Parliament approving another charter?

Mr. STEVENS: I think that has possibly been partly answered, in our discussion Mr. Coates, especially touching on what Mr. Lambert had to say in the question he put to me.

We feel that the one advantage will be that a competitive financial system is generally good for the country. Where you have true competition, where there are no agreements or understandings, or those kinds of arrangements, you have a more competitive system; and I think the Porter Commission is advocating a true competitive system for the country. One of the things that will contribute to that type of financial system is more participants in the banking field in that at the present time the three largest banks dominate the entire industry and have about 70 per cent of the total assets of the system.

We are suggesting that they in their own way are providing a good service. Surely, however, that does not mean that the service should be restricted one can almost say to three with regard to 70 per cent of the system, but certainly to eight banks for 100 per cent of the system.

It is interesting to note that the life insurance industry, for example, is one in which I think Canada has a world-wide good reputation as to solidity and the type of companies we operate. In this instance there have been new life companies formed and put into operation since the end of the war. I think I have the figures here on that with regard to the federal companies.

At the end of the war there were 28 life companies that are known as Canadian companies in the sense that they are under federal jurisdiction. In 1964 there were 39 such companies. In other words, 11 new companies have been created and are in operation. We feel that this is good. It is not that there will be any radical departure through the incorporation of the Bank of Western Canada; it is just that we feel a trend should be encouraged to create more banks in Canada and that nine banks would be better than eight. The question was raised this morning, "Where do you stop?" That is difficult to say. Certainly I would say there is no reason why there could not be 15 banks in Canada.

Mr. COATES: I believe you made some statement to the effect that the three major banks have held about 70 per cent of the nation's business for some great number of years.

Mr. STEVENS: For 40 years.

Mr. COATES: Just what effect do you feel your bank will have on the percentages? This is really pretty important because if you are not going to have any effect on it, what value is there in Parliament setting up more banks?