

Mr. GRÉGOIRE: No. You have given me sufficient information. I see that out of the five people mentioned in article I that three are from Ontario.

Mr. STEVENS: Correct.

Mr. GRÉGOIRE: That is, three out of five. Will the most important shareholders come from the western provinces?

Mr. STEVENS: Yes. Now, upon the formation of the bank it is anticipated that the board will be larger than five and that additional bank directors will be added, the majority of whom will come from the four western provinces.

● (11: 00 a.m.)

Mr. GRÉGOIRE: May I ask a question of Mr. Coyne? I know he has much experience with the banking system. With a capital of \$25 million, how much do you expect to be able to lend?

Mr. COYNE: We expect we will have \$13 million actually paid in. Some of that will have to be invested in liquid securities, in government bonds and things of that sort, but a large proportion of the capital will go out in loans and an even larger proportion of the deposits, as they are received, will go out in loans.

Mr. GRÉGOIRE: But how much do you expect that your bank will be able to lend within, let us say, three years? What do you think will be the sum loaned in three years?

Mr. COYNE: I think you will find that the total assets of the existing banks are roughly 20 times their capital. That is because they have been able to acquire deposits and they think a ratio of 5 per cent of the capital to deposits is satisfactory. If we had \$25 million capital all paid in and if we had 20 times as much as that in deposits, we could then lend \$525 million, but it would take a long time to get \$500 million deposits from the public.

Mr. GRÉGOIRE: Will your interest be 6 per cent of the \$500 million?

Mr. COYNE: The loan interest rate?

Mr. GRÉGOIRE: Yes, would it be 6 per cent of the \$500 million?

Mr. COYNE: It would be less on some investments, but if this were all in loans then you are correct.

Mr. GRÉGOIRE: Are there trust companies or finance companies with such capital investment that can lend 20 times their capital?

Mr. COYNE: No, under the federal law they are limited to 15 times their capital. The volume of deposits they may accept is limited to 15 times their capital and therefore the volume of loans and investment they can make is limited that way.

Mr. GRÉGOIRE: Mr. Coyne, I have another question on the banking system. When a bank lends money do they expect to be paid back?

Mr. COYNE: Yes.

Mr. GRÉGOIRE: That is normal?

Taking some capital short term securities or government bonds, is the direct debt of the Government of Canada roughly \$18 billion? But if we consider the sum of all the money—the monetary mass—either legal or credit, it does not amount to that.