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Brown, Vere.

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RURAL BANKING CREDITS

The Functions and Obligations of the Chartered Banks

By Vere Brown, Superintendent of Central Western Branches
The Canadian Bank of Commerce

During the past few years a widespread misconception has arisen in the West as to the nature of the obligations of the banks towards the agricultural community and also as to how these obligations have been fulfilled. Complaints by individual farmers of inability to obtain credit to which in a few cases they were entitled but in most cases they were not, have been seized upon by the press as a basis for severe criticism of the banks as a whole. So much is this the case that the general public has come to believe that the banks cater only for commercial business and are not organized to provide for the credit requirements of agriculture.

I therefore wish to avail myself of the opportunity afforded me by the Editor of The Guide to inform the farming community that the banks are carrying loans to farmers and ranchers in the three prairie provinces estimated in 1915 at \$75,000,000. As the total number of farmers in these provinces is probably not over 150,000, it will readily be seen that these figures reflect a liberal policy of lending. And let me add that the aggregate amount loaned to farmers at any given moment is always limited only by the amount of acceptable farmers' business which may be offering.

Moreover, I wish to say, without any reservation or qualification, that there is no business view with greater favor by the banks in every part of Canada than that of credits with farmers of a good type. If this were not true, what would be the explanation for the hundreds of branch banks at points in the West at which practically the only business to be had is that of farmers?

There is not now—nor has there ever been except during rare occasions of world-wide money stringency—any shortage of rural credit in Canada. Too much credit, and particularly too much of the wrong kind of credit, is what the western farmers have suffered from during the long period of agricultural prosperity prior to 1912.

Composition of Banking Funds

The ownership of the funds administered by the chartered banks is, in round figures for all Canada, as follows:

Shareholders	\$ 226,000,000
Holders of Bank Notes	122,000,000
Depositors	1,460,000,000

\$1,808,000,000

It will be seen from this that over 80 per cent. of the banking funds of the country consists of moneys of depositors. It has been