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THE MONEY ORDER BUSINESS.

Both in Canada and in the States the banks have been troubled of late years by the competition experienced from the express companies in the remittance of money. In the business of transferring large amounts the banks have pretty much of a monopoly; for one reason because their facilities are superior and for another because they very often themselves provide the funds that are remitted through making loans to the remitters. But a large part of the remittances of \$50 and under, and especially of those less than \$10, are made by means of express money orders. For remitting small sums the post office order is also very much used, but the postal offices are by no means so aggressive as are the express offices. The Post Office takes what business comes to it; it does not seek to cut into the business of the banks. In the express company campaign one of the latest features is the distribution by the companies of blank books of forms bearing the signature of an executive officer and only wanting that of the party in whose custody they are left to become an obligation of the company. These blank orders are given to various classes of persons—to manufacturers and wholesalers who would be expected to have quite a bit of remitting on their own account, to druggists, stationers, and retailers, whose stores are convenient places for people to buy "orders" after business hours or in the course of the day. Usually there are twenty or twenty-five blank forms in one of these books and as each order can be filled in for a maximum of \$50, the practice results, as a matter of fact, in the companies' furnishing potential credit to the extent of \$1,000 without security to each one of the parties holding their blank forms.

Some years ago, when the Canadian Bankers' Association system of money orders was inaugurated, it was hoped by the bankers that these yellow orders issued by the banks would take the place of express orders and perhaps of post office orders

to some noticeable extent. The instruments issued by the bankers bear the inscription "negotiable without charge at any branch or agency of any chartered bank in Canada with the exception of branches in the Yukon district." The object of this is to make them equal to the express orders which claim to be payable at almost every express office in the country. As an actual fact it made them superior to the express orders for it happens not infrequently that the express offices in small places have not the cash required to pay all the orders presented, and holders are told to "call again." Indeed this would be the case much more frequently if the banks did not, by their own actions, confer on the "orders" issued by their competitors, a degree of negotiability that they would not otherwise possess. The bank branches accept them freely at par in the deposits of their customers, and send them away as remittances to the monetary centres, there to be collected from the central offices of the express companies. Needless to say this policy is calculated to extend the sale of the opposition orders; it is exactly what the express companies might be expected to desire. If a different policy were followed, if the country branches uniformly charged a minimum fee of 10 or 15 cents for collecting the orders, the effect would be to drive them all in to the local agents of the express companies for cashing; and either the holders would be put to inconvenience sometimes through having to wait till the company had funds enough to pay them, or the companies would have to maintain at all points a fund of money equal to the demands of the holders of orders. But, so long as the banks are accommodating, there is no need for either.

Reverting again to the institution of the Bankers' Association money orders, the bankers met the express companies fully in the matter of rates. The commission rates on their money orders were put on the same level as those levied by the express companies. Also, as we have seen, they met the companies fully in the matter of the universality of the places of payment for their orders. But they have been unable to follow their competitors in the latest move inaugurated by them—the distribution, amongst all and sundry, of books of blank forms convertible through the addition of almost anybody's signature into direct obligations of the issuing bank or express company. There are some instances, it is true, of banks having given books of blank drafts to responsible manufacturing or mercantile customers, but the custom is not one that appeals to prudent or conservative bankers. Among them, doubtless, the feeling is, "if the express companies cannot be fought without taking risks such as these, better let them enjoy what they have taken, undisturbed."