

of the depositor depends upon efficient management of the bank. Efficient management includes and implies proper inspection and audit and if that be withheld it is probably because the management, although capable, is positively dishonest. No one can guard against absolute dishonesty. Therefore a system which tends to produce efficient managers skilled in the investment and loaning of money and having at hand a ready means of acquiring and keeping up accurate knowledge of local as well as of general business conditions, is more likely to afford a larger measure of safety to the depositor than a system which has not this advantage. Experience has shown that a system of banking with branches does produce efficient and skilled managers in greater numbers and with wider knowledge and experience than a system composed of separate and individual banks. It in fact creates and maintains a class of professional skilled bankers. Head office keeps in daily touch with the various branches, and frequent reports are required from the branches, not only of the affairs of their customers, but also of the business conditions in the locality. Clerks enter the service as juniors and are sent to various branches and moved from place to place before they become branch managers or responsible officers at head office or at branches, and even managers are transferred from place to place. In this way, in addition to learning the methods and business of his own bank, each member of the staff acquires a more thorough knowledge and grasp of general banking business and of the conditions existing all over the country than would be possible under other and more limited conditions. The Canadian banking system therefore possesses and will always produce efficient managers. I place efficient management first among the measures of protection to the depositor.

### **Powers of Investment**

Sections 64 to 75 inclusive, of the Act of 1890, as amended in 1900, define the general business and investment powers of a bank. They are very wide and include "such business generally as appertains to the business of banking," but there are some clearly stated and important exceptions:

It must not, except as expressly authorized by the Act, "directly or indirectly deal in the buying or selling or bartering