

currency systems that are more complicated than ours, and in calculating the amount of currency required by them it is always necessary to estimate or guess at the volume of certain of the component parts of the circulating medium. To illustrate: gold is largely used in Europe, and wherever gold constitutes an important part of the currency used by the general public, it is impossible to give exact figures as to the amount in circulation. In our case, however, the circulating medium other than the subsidiary coins consists almost entirely of two classes of paper currency—bank notes and government notes. And it is possible to determine almost exactly the amount actually in the hands of the public at the end of each month. This information is of very considerable importance as an illustration of the state of trade. If it is the case that for a given period of several months the amount of circulating medium required for carrying on the business of the country is about 12 p.c. greater than that required in the same months of a preceding year it is to be presumed reasonably enough that the volume of trade is perhaps 12 p.c. greater than in the earlier period. It should be said that the banking system in vogue here and the methods followed by the banks in pushing the circulation of their issues of notes ensure that the amount of bank and Dominion notes in actual circulation at any time shall always furnish an accurate representation of the country's need of circulating medium. In other words the amount of currency in the hands of the public is always in automatic adjustment with the state of the country's trade.

Usually the amount of bank notes outstanding is taken as the amount shown as the total of "notes in circulation" in the monthly bank returns, and the Dominion notes outstanding are not taken into the account at all. This method does not take account of the bank notes held by the banks themselves. By means of the tables on the preceding page it is possible to trace the fluctuations during the past two years in the amount of circulating medium actually in the hands of the public during 1909 and 1910.

THE TRADERS BANK OF CANADA.

The progress of the Traders Bank of Canada during 1910 is shown in the following table:—

	1910.	1909.
Paid-up Capital	\$ 4,354,500	\$4,354,500
Rest	2,300,000	2,200,000
Profits	524,351	457,082
Circulation	3,790,080	3,060,070
Deposits	36,077,834	29,813,194
Specie and Notes	4,331,103	4,047,449
Call loans	1,645,605	2,144,818
Current loans	32,810,351	27,389,558
Total Assets	47,152,736	39,963,996
Quick Assets	11,731,370	10,161,544

The net profits of the Bank, it will be seen were \$524,351, comparing with \$457,082 in 1909. A balance forward of \$102,443 makes the amount available \$626,794. Of this the dividend at the rate of 8 p.c. per annum absorbs \$348,360, \$100,000 is transferred to rest, \$15,000 written off bank furniture and safes, \$5,000 transferred to the Officers' Guarantee Fund and Pension Fund respectively and the balance of \$153,434 is carried forward. By the present allocation the rest account is raised to \$2,300,000.

In the general statement the expansion in deposits of \$6,000,000, in current loans of \$5,500,000 and in assets of over \$7,000,000 show that the Traders Bank is steadily keeping pace with the general progress of the country. Eleven new offices, five in Ontario and the remainder in the West, were opened during 1910, while the great progress which the Bank has made over a longer period is effectively shown in the figures given by Mr. Stuart Strathy, the general manager, of 1900 in comparison with 1910. They were as follows:

	1900.	1910.
Capital paid up	\$1,000,000	\$ 4,354,500
Rest Account	150,000	2,300,000
Deposits	6,528,190	36,077,834
Circulation	987,000	3,790,000
Total Assets	9,177,385	47,152,736

The exhibit is a remarkable one and with the Bank, as Mr. Strathy pointed out, in an excellent position to take advantage of the growth of the country, it is natural that the management should look forward confidently to a steady increase in earnings.

An interesting feature of the meeting was the various references made to the question of bank audits. The system in force at the Traders' Bank, where the auditor is an official, responsible only to the directors, and not in any way under the control of the head office management, was described, and subsequently a resolution was passed expressing approval of any legislation of the Dominion Parliament whereby an independent examination and audit under the direction of the Government of all Canadian banks should be made from time to time, but hoping that the system should be thorough and efficient "as the result of a defective system would create injustice and tend to injure those who might be induced to rely on reports having the sanction of a Government or other official auditor."

The Traders Bank enters upon its twenty-seventh year of life, under auspices, to use the words of Vice-President Stratton, which promise a continuous growth and advance. Its important Montreal branch opened in 1909, is in the charge of Mr. F. W. Bain.