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POST OFFICE SAVINGS BANKS.

There is a strong probability now, that the United States will shortly have a system of post office savings banks. It is quite notorious that, even in the Eastern and New England States, savings bank facilities are not nearly so good as in Canada. And in the Western and Middle States they are still more deficient. The post office savings banks have been mooted for some years, but of course, the thousands of small country bankers, whose influence has done so much to deny the people of the States good banking facilities as they are known here, were opposed to the scheme. As first proposed it meant strong new competition for them in getting deposits, and this they strongly opposed, notwithstanding that it would benefit wage earners and others wishing to save small sums, in places where no bank existed or where the existing banks allowed no interest on deposits. The last Director of the Mint, Mr. George E. Roberts, now president of the Commercial National Bank of Chicago, pointed out another objection to the original scheme. This had to do with the investment of the money received by the Post Office on deposit. The financial condition of the United States Treasury is so strong that no Federal Government bonds are available for putting the deposits into. In Great Britain the deposits in the post office banks are used to purchase consols, already issued. In Canada they have been used in the expenditures of the Government, which amounts pretty much to the same thing. Neither of these outlets avails in the United States. If the Washington Government kept the depositors' money and undertook to invest it, it would have to put it into state and municipal bonds and perhaps others. And there would result that phenomenon of which every American locality professes to be jealously afraid—the carrying away of local funds for investment in the centres, to the detriment (sic) of local industries. In Canada the people know from their experience with the branch banks, how unfounded such apprehensions are as

applied to branch commercial banks. But it is to be admitted that the argument has much force when applied to post office banks of the type proposed. However, a scheme has now been devised whereby the opposition of the omnipotent independent banker has been disarmed, and which also does away with the necessity for the Government to find investment for the balances, and ensures the funds being kept in the localities that contributed them. Furthermore the Postmaster General of the United States has appeared as an active advocate of the amended plan. So there is good reason to expect that it will sooner or later go into effect. It is proposed now to have a savings bank at every post office that is a money order office, and for the Government, to re-deposit the money drawn from each state with national banks in the same state that are designated depositories for Treasury funds. The rate of interest payable to depositors is to be 2 p.c. That payable to the Government by the banks $2\frac{1}{2}$ p.c.

One of the reasons that induced the Postmaster General to favour the thing was the large annual outgo by way of money orders sent to European countries by foreigners recently immigrated to the States. Last year over \$72,000,000 was so sent—Italy getting more than any other country. Also there was over \$100,000 of these money orders, taken out in the buyers' names, allowed to become invalid through non-presentment within a year of the date of issue—showing that in many cases the money was paid in under the mistaken notion that it was being placed on deposit.

There can be no question but that a system of post office banks would prove a tremendous benefit to the people of the United States because of the great shortcomings of their banking system. The people in the lesser places, putting their money into the picayune banks that exist, must do so without much knowledge as to whether it is safe or not. They cannot have the steady untroubled confidence in the safety of their funds that is felt by practically all bank depositors in the Dominion. So there is hardly room to doubt that the new post office banks will speedily accumulate an immense sum of deposits. In the Dominion, because the banking system is efficient, because the branch banks extend such complete facilities to the people, and because they rightly enjoy the full confidence of the public, the post office savings banks have accumulated no new money on the whole during the past four or five years. As a matter of fact they have not gained so much as the interest of the principal would amount to—showing that there is a tendency for the post office accounts to flow into the chartered banks. Quite the contrary course is to be expected across the line. The banking system there is deficient, the banks do not extend