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of a good character of the candidate then we don't like to put somebody in trouble, and we would say, 'we cannot do it unless a member well known to the board is willing or insists upon becoming security.'

By the Chairman:

Q. Before you go on with your explanations, do the banks in the locality where you reside advance such small loans even on endorsed notes? Suppose a seamstress, as Mr. Monk was saying, wanted to buy a sewing machine, could she go to the Banque Nationale or the Bank of British North America for a small loan of \$20 or \$25? In your experience have these banks made loans of such small amounts?—A. Never; they do for amounts of \$25 or \$50, but they charge the same amount of interest as for a loan of \$100. That is what I have been told often.

Mr. Smith (Nanaimo):

Q. Do you deposit your surplus with private banks?—A. Oh, yes, the surplus money is deposited.

Q. You make nothing of the surplus except the interest given by the private bank?—A. On those funds, yes, but you must recollect that we have \$3,400 of a reserve fund of our own, which goes to supplement our gross earnings.

Q. Where do you put that reserve?—A. That is used in the general business of the association.

By the Chairman:

Q. What is the average interest you receive from loans?—A. Six and five-eighths per cent last year.

Q. That is not very high?—A. The question of interest is so closely connected with the question of the repayment of the loan that if the committee will allow me, I will approach that question, because no question has been put to me that has drawn my attention to it, and it is a very interesting one. Mr. Monk was supposing just now a labourer coming to the society and asking a loan of \$30 to buy tools with. In the ordinary banks a loan may be made for three or even four months, and then at the end of four months the borrower will have to pay at least fifty per cent of the loan. He may perhaps have a chance of renewing for two months, but at the end of the two months it must be paid in full. Some borrower will come to us and borrow \$50 and will reimburse that \$50 as he wishes. I wish to make that point very clear because it seems a very wide authority to give to the borrower. He makes his own conditions and says he will reimburse \$3, \$4 a month and so on. If these conditions are accepted, we generally hold him close to his engagement: you have promised to give that sum and you shall give it, according to your own conditions.

Mr. SMITH (Nanaimo).—According to the man's own conditions.

WITNESS.—Yes. Now take the question of interest. While charging an interest for the whole time we grant the borrower as much interest on his reimbursements as he pays.

Mr. SMITH (Nanaimo).—So that he is encouraged to pay it off as quickly as possible?

WITNESS.—Yes. The quicker he pays the better it is for himself. A loan which comes to my mind is this one. Last spring two young men, brothers, one an employee in a shoe factory, another a carpenter, came to me and said, 'We are offered a great advantage. We are considering buying a house at very easy conditions. We hope one day or another to marry and settle down; we would like to be alongside one another, and this house is divided into two lodgings that would suit us. The only difficulty in the whole situation is that we have not the \$200 that the vendor asks us as a cash pay-