

The Chronicle

Insurance and Finance

ESTABLISHED 1881. PUBLISHED EVERY FRIDAY.

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GUARDIAN BUILDING, MONTREAL.

Annual Subscription, \$2.00. Single Copy, 10 cents.

MONTREAL, FRIDAY, FEBRUARY 1, 1907.

RIVAL BANKING CENTRES.

From time to time, in the public press, comparisons appear of the relative banking strength of our two big centres, Montreal and Toronto. In the United States such comparisons—between two or more cities—can be instituted with some degree of satisfaction, for all that is necessary is to sum up the resources of the various banks and financial institutions contained by each, and then to compare the totals. This is possible because of the peculiar American banking system. When the business of the banks in any American city is considered every one knows that practically the whole of the aggregate amount belongs to the city in question, because the banks are single-office banks and have no branches outside. Also the capital stocks are owned within the respective cities. This statement might be qualified a little when applied to international centres like New York, for there is always in use at a big international centre a considerable amount of fluid foreign capital which may be increased or decreased from day to day according as the rates of remuneration are profitable or the reverse. But, even in the case of New York, no great allowance need be made for this factor; the main thing is that the aggregate of the business shown by the New York banks is made up nearly altogether of loans and deposits in the city itself, and of capital and surplus provided by New York financiers.

It should be obvious, though, that the banking resources of Montreal and Toronto, or indeed, of any two or more Canadian cities or towns, could not be compared in the same simple way.

The favourite method by which some writers, enthusiastic supporters of Toronto's claims, endeavour to illustrate a superiority over Montreal, is to take all the banks with head offices in Toronto, add together their capitals, rest and assets, and compare the totals with the totals shown by all the banks with head offices in Montreal. In

this way it is shown that whereas ten years ago the banks with Montreal head offices showed capital twice the size of the Toronto institutions, rest three times the size, and assets more than three times, Toronto now shows an equality in capital and rest, and a slight superiority in total assets. It only needs a little consideration to see that such a comparison has little or no value. The mere fact that a bank has its head office in Montreal does not make it a Montreal institution and, in the same way, it is not a Toronto institution merely because its head office is in that city. Our banks are rather national in their scope. The stockholders of the Bank of Montreal, and the Merchants Bank are scattered all over the Dominion; and it is the stockholders who own the assets and who contributed the capital by means of which the banks are operated. A large amount of the stock of the big Montreal institutions is held in Ontario and in the Maritime Provinces. The same way with the Bank of Commerce and with other Toronto banks. Considerable stock is held in Montreal and farther East. Originally, no doubt, the capital of several of the banks was contributed chiefly in the city in which they happened to be founded, and right up to now it has been found most convenient to have the boards of directorates composed of men living in the cities where the head offices are located.

With regard to the capital stock it should be said that the people of Ontario specially favour bank stocks in their investments, and they hold not only the greater part of the stock of the Toronto banks, but a large part of the Montreal banks as well. Nova Scotia is another province holding a great deal of bank stock, especially the city of Halifax.

Then, the ownership of the stock is not the only thing. The next point is where is the bulk of the bank's business? That is something that cannot be answered for no statistics are available. Most of the banks have branches scattered in every Province, and no one, outside of the head officers of each bank, can tell, except in a general way, how its business is divided up. One thing very certain is that a great many of them owe a large part of recent gains in business to the development of the West. This came neither from Toronto nor Montreal. Again, the big Toronto banks have enormous interests in Montreal, and so have some of the Montreal institutions in Toronto.

The statistics of clearings should throw some light on the question, but even here it is to be remembered that Toronto is the natural clearing house for the rich Province of Ontario, and Montreal is used more as the national clearing house for the whole Dominion. Another point, and an important one, is this: In which city do the