

CHANGES IN THE BANK RETURN.

The new Bank Act having come into force on July 1, the monthly returns to the Minister of Finance which the banks are now engaged in making are for the first time in the new form prescribed by that Act. This new form differs somewhat from that which has been in force under the old Act for many years. In several instances, new returns are required; in others, returns regarding various items are required to be made in more detail than hitherto, and in addition there has been a certain amount of alteration in wordings.

MORE DETAIL REQUIRED.

It is on the assets side of the returns that the most notable changes have been made. The single item of specie which has been hitherto returned now figures as current gold and subsidiary coin, and requirement is made for its return under two headings, "in Canada," and "elsewhere." The column regarding Dominion notes is similarly divided into two. It will be remembered in this connection that one of the changes made by the new Act was that the banks' cash reserves in Canada only should consist of a minimum of 40 per cent. of Dominion notes, the prior requirement affecting the cash reserves of the banks wherever held. Obviously the change was a proper one. A new column is next introduced showing the banks' deposits in the new central gold reserve. "Notes of and cheques on other banks," a column which with the increase in the banks' business in recent years, has included some very large totals, is also split; each in future is to be returned separately. Foreign balances are in the new return included as respectively "due from banks and banking correspondents in the United Kingdom" and "due from banks and banking correspondents elsewhere than in Canada and the United Kingdom."

LOANS TO PUBLIC AUTHORITIES.

In the columns covering the banks' loans, several interesting changes have been made. "Call and short loans on stocks and bonds in Canada" is changed to "call and short (not exceeding thirty days) loans in Canada on stocks, debentures and bonds," and

similarly "call and short loans elsewhere than in Canada" to "call and short (not exceeding thirty days) loans elsewhere than in Canada." "Current loans in Canada" is changed to "other current loans and discounts in Canada," and the wording of the column heading for foreign current loans is similarly changed. However, the most interesting innovation in connection with the banks' loans is the inclusion of a new column to show the banks' "loans to cities, towns, municipalities and school districts." In view of the speculations which have been lately made regarding the amounts lent by the banks to municipal authorities, the disclosure of this item in the July return will be particularly interesting and the monthly publication of the figures subsequently will be useful in throwing new light upon the trend of municipal financing. As was explained by Sir Edmund Walker the other day, the municipalities borrow from the banks in two distinct ways. They borrow to meet ordinary current expenses in anticipation of tax collections and also they have borrowed in anticipation of the sale of bonds, although in view of the changed circumstances of the London market, the latter practise is not now so frequent as previously.

UTILITY OF THE CHANGES.

The changes on the assets side of the banks' monthly statements are completed by an alteration in the column heading of bank premises which have now to be taken in "at not more than cost, less amounts (if any) written off" and by the inclusion of a column of "liabilities of customers under letters of credit," a *per contra* entry to the new column of "acceptances under letters of credit" appearing on the liabilities side. This and the inclusion of another new column "bills payable," are in fact the only changes made on the liabilities side of the return.

It will be seen from this summary that the changes in the bank return while not sweeping are of a character to make the return more informing and are likely to prove of considerable utility to all those who for one reason or another follow more or less closely developments in Canadian banking and the financial situation generally.

POVERTY IN THE CAPITAL MARKET.

(Continued from p. 1073.)

trade may flow on steadily, but at a rather less profitable level; the development of new countries may continue undisturbed, and all will be well. But orders must fall off sufficiently at some time or other to restore the balance between the world's actual savings and the credit which is being applied towards new enterprise. The investor's confidence is not shaken, and if he has money, he is ready to place it in anything which offers the prospect of a high

return. If that confidence is to be maintained, the demands for capital must be restricted to those necessary to bring enterprises already begun to the reproductive stage. Strictly new enterprises can wait until capital is available for their development. The exercise of this discrimination, however, is not an easy matter. Issuing houses, underwriters, and public are always willing to put money into anything with prospects of a profitable return, and the distinction is hardly likely to weigh with the individual investor, however important it may be to the capital market as a whole.