Monetary Times

Trade Review and Insurance Chronicle
of Canada

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PRINCIPAL CONTENTS OF THIS ISSUE

INTERNAL AND EXTERNAL BANK EXPANSION

A pronounced, and to some extent, an unexpected development of the past weeks has been the changes brought about in banking circles with a view to enlarging business. Similar developments on the part of several of the banks are due in part to competition, but nevertheless, the improvements illustrate how banks have been forced through financial conditions and the shortage of competent help, to restrain such growth as has been warranted by the increase in banking business.

Three new capital issues have been announced. These are as follows, the authorized and paid up capital of the respective banks being also included:—

	Authorized	Paid Up	New Issue
Bank of Hamilton	$ 5,000,000	$ 3,000,000	$1,000,000
Royal Bank	25,000,000	14,000,000	2,000,000
Union	8,000,000	5,000,000	3,000,000

These new issues totalling $6,000,000 altogether will require over $9,000,000 of new funds in the business. As the shares in each case are to be sold at a premium they over-balance all previous issues made since 1914. These previous issues were made for the purpose of bringing about bank amalgamations .The purchase of the Metropolitan by the Bank of Nova Scotia in November, 1914; of the Quebec Bank by the Royal in January, 1917; of the Northern Crown by the Royal in March, 1918; and of the Bank of British North America by the Bank of Montreal in September, 1918; were all facilitated by the issue of additional stock. The present issues are being made purely for the expansion of normal business. In fact they are overdue in the opinion of most bankers as to the proportions that should exist between capital stock and deposits.

A further development which aims to link the banking business more closely with Canadian industry, has been the appointment by some banks, including the Commerce and the Union, of additional directors and by other banks, including the Bank of Montreal and the Union, of assistant general managers with large discretionary powers over the business in the respective geographical sections where they are located.

The Canadian banks are also expanding in the foreign field. The Royal, which has always been a pioneer in the movement to the West Indies and South America, has just announced that a number of new branches will be opened there. The Union, which in the past has been particularly active in the Canadian West, and which moved its head office to to Winnipeg a few years ago, has taken a further step westward by the formation along with the National Park Bank of New York of a subsidiary company to conduct operations in the Orient.

The annual speeches of Canadian bank officials are commonly looked forward to as accurate surveys of industrial and financial conditions here. Addresses such as those of Sir Frederick Williams-Taylor, of the Bank of Montreal, and Sir Edmund Walker, of the Bank of Commerce, are mines of information regarding the year's progress, and have profound influence upon the determination of business policy throughout the country.

RECENT FINANCIAL DEVELOPMENTS

Several events have taken place during the past few days which are encouraging to those who have at heart the financial welfare of Canada, its provinces and municipalities. Probably of all the leading improvements is the removal from the Department of Finance of the ban upon the issue of securities. This was removed some weeks ago in so far as issues of public securities are concerned, but it has now been extended to all classes. Those who criticize the setting free of all sorts of speculative issues must be prepared to submit constructive proposals such as will bring about a better application of our financial resources.

A second has been the decision of British Columbia to refund its loan secured from the Dominion Government last summer by the issue of $3,000,000 of its own bonds. When this arrangement was made *The Monetary Times* severely criticized the tendency for the provinces to lean upon the Dominion Government for financial support, and these criticisms were favorably commented upon by English journals who have been following Canadian events.