

capacity. Incidental with this business, as a result of the method employed, we are compelled to accumulate a reserve fund, properly invested, for the protection of this indemnity at the price offered. Our agents should be taught to sell this protection and not the right to destroy this protection.

The agent should be taught to realize that his duty to the insured does not cease with the payment of the first premium, that he is the man to whom the insured looks for good advice and he is the one man to prevent unnecessary loans by reconverting the insured and save the necessary loans by persuading the insured to pay back as they can.

Our home offices should be in a position to help such agents with suggestions in individual cases as the necessities of the cases seem to demand, and we should ever be working in conjunction with our agents to the end that these inroads made upon our reserve funds be repaid as soon as possible.

In conclusion, then, the real remedy for the present evil of policy loans is found in the fundamental idea of life insurance, the essence of which is true service offered to the public in granting indemnity for loss of earning capacity, and the nearer we approach the ideal of true service in all departments of this great business, the greater will be the effect in lessening the present unprecedented tendency to borrow on policies,—a tendency which if allowed to go unchecked may become a strong and perhaps powerful disintegrating force.

SOVEREIGN BANK DROPS OUT.

The Sovereign Bank having now gone into liquidation drops out of the monthly bank return, reducing the number of banks reporting to twenty-four. These twenty-four banks have a paid-up capital as at December 31 last, of \$114,809,297 and reserve funds of \$112,118,016. A year ago at December 31, 1912, twenty-seven banks reported, those which have dropped out in the past twelve months being the Bank of New Brunswick, the Sovereign Bank, and the Banque Internationale. Two years ago, the number of banks reporting was 29.

BANKER'S VIEW OF OUTLOOK.

While I do not share the views of those who are of the opinion that the commercial outlook has no immediately encouraging features neither do I think that all undesirable elements have been eliminated. It is quite probable that had not the Canadian banks taken a very strong stand as far back as two or three years ago and declined to entertain applications for advances based on real estate and discouraged unwarranted and extravagant commercial expansion, the situation would have been much more serious. As it is, it is quite likely that the proportion of commercial failures in 1914 will reach an unusually high percentage. This in itself will not be barren of good results—many of the weak concerns which have been existing on too much borrowed capital and through unsound financing may have to disappear, but it is quite likely that at the expiration of another twelve months there will be a distinct change for the better, and the development of the country will continue on a sounder and more rational basis.—*Mr. C. A. Bogert, general manager Dominion Bank.*

THE BANK OF VANCOUVER.

In the newly-published bank statement a note appears that the Bank of Vancouver reports a present estimated loss of \$125,000 of the paid-up capital of \$874,669. There are prospects, as already reported, of this Bank being absorbed by one of the larger institutions, which is at the present time engaged in an examination of the Bank of Vancouver's assets. The Bank of Vancouver, when it was started three years ago or so, was supported entirely by local capital and appeals were made for its support on these grounds. However, subsequently, European capital—from France, it is understood—was interested in the institution, and the local appeal was dropped.

BANKS BUILDING ACTIVELY AT ST. JOHN, N.B.

The Merchants Bank of Canada has lately taken possession of its new quarters at St. John, N.B. It purchased a four story brick building at the corner of Prince William and Church streets, added an additional story and remodelled the whole building, converting the upper floors into handsome suites of offices and the ground floor into spacious and very attractive bank premises. The Bank of Montreal has lately re-occupied its premises at the foot of King street, after spending something like \$30,000 in remodelling the place. The fine new home of the Bank of British North America on Market Square is rapidly nearing completion, the exterior being now finished.

WESTERN REAL ESTATE POSITION: A BANKER'S OPINION.

Mr. Vere C. Brown, of the Canadian Bank of Commerce, states apropos of Western real estate conditions:—"The stringent money conditions which have prevailed in Canada, as well as in other countries, effectively checked the speculation in real estate, and it is hoped that it will be a long time before we are again troubled with a condition in which outside properties are sold at inflated values. The collapse in real estate speculation has served to confirm the views we expressed a year ago. Residential property of a good class is unaffected, and central business properties in the larger cities have been shown to be strongly held by *bona fide* investors, and no marked shrinkage in values is apparent. In Winnipeg, for example, the bargain hunter has had no opportunity to acquire a foot of property in the best business blocks in Main Street or Portage Avenue. The losses on inflated outside properties—which will doubtless be severe before the readjustment of values is completed—will fall almost wholly on professional real estate operators and innumerable small speculators. The prosperity of the purely commercial classes, apart from the dealers in luxuries, will be indirectly affected only in a moderate degree; while, as to the banks and mortgages lenders, the collapse in speculative property values has been long looked for by them, and is welcomed as remedying a situation which was doing the country great harm. The falling off, however, in the flow, from abroad, of money for investment in mortgage loans—due more to money stringency abroad than to conditions here—has been a seriously adverse factor, and has prevented the undertaking of many building operations fully warranted by the development of the country."