

enhance the security and stability of the Canadian banks and foster domestic and foreign confidence in our banking system.

Deposit insurance is also important as a means of protecting depositor's savings. Since it was first implemented in 1967, the value of the protection this insurance offers to depositors has been seriously eroded by inflation. The Committee therefore recommends that:

8. Deposit insurance should be increased to afford a better real protection of depositors' savings. The level of insurance for each individual depositor with any bank should be raised from the present \$20,000 to at least \$60,000, which restores the real value of protection offered when it was introduced in 1967. The level of deposit insurance should be reviewed every five years.

The Committee's investigation of the banks raised many questions which could not be answered adequately for lack of information. Certain witnesses expressed the view that banks operate under a shroud of secrecy that hides their activities from the public.

In response to that perception and recognizing the central role played by the banking system in the economy, the Committee recommends a greater openness in disclosure of banking operations.

9. Information should be available as to:

- i) non-contributing and partially contributing loans and all loans rescheduled in the past twelve months which had not previously been fully contributing (as in Recommendation 7);
- ii) actual loan loss experience;
- iii) distribution of loans by size;
- iv) taxation;
- v) sources of "other income"; and
- vi) characteristics of bank assets and liabilities.

In all of the above cases, the data should be broken down according to domestic and international operations, categories of loan size and major industrial sectors.

For example, data should be provided, on an individual bank basis, in a format like the one by which aggregate data are to be published under the revised Bank Act.

With increased disclosure, there will be improved external analysis of the banking system. The Office of the Inspector General of Banks can perform two roles in this respect: it can be a mechanism by which better and more consistent information is made available; and it can be one of many sources of external analysis. The Committee, therefore, recommends:

10. The Office of the Inspector General of Banks should produce an "Annual Report on Banks in Canada" and make it available to the general public. The Inspector General's office should also study the lending practices of banks and include these results in its Annual Report. This report could be modelled on the Report of the Superintendent of Insurance.