

by some depositing of funds by other neighbours or farmers against future payments or purchases, an ambition would gradually develop in the party's mind to become better known as a banker.

He, therefore, puts out his sign, advertizes in the local papers, and prepares to enlarge his transactions. Usually, it was not difficult for him to make an arrangement with a chartered bank in a nearby town which enabled him to place at the disposal of his borrowers a great deal more capital than he himself owned. As a rule the chartered banks required from 20 to 25 per cent. margin in private bankers' collateral, with a capital of \$10,000, a private banker could, therefore, discount the notes of people in his locality to something like \$50,000. If he were entrusted with deposits, and if he was bold enough to lend them also, he could do a still larger business. It should be noted here that the keen competition among the chartered banks had the effect of greatly relaxing many proper rules and practices. By playing off one chartered bank against another an adroit private banker of only limited means might not only secure favourable rates of discount from the chartered branch, but he might also obtain a loan up to the full amount of his collateral. Indeed, but too frequently his borrowings from the bank would exceed his collateral; and in some cases wherein the private banker came to grief the chartered bank, foreseeing trouble ahead, has been obliged to supplement a deficiency in the collateral held by taking over other assets of a more or less fixed nature. Then, on the other hand, it is to be remembered that there were, and are still, a number of well-to-do capable and experienced men in the private banking business. These men think not so much of rapidly enlarging their transactions and making a big show, as they do of making everything they undertake yield its fair profit. Like the others they have a substantial line of credit duly authorized with a chartered bank branch, but they may have in actual use none, or only a small part of their borrowing power, preferring to reserve the greater part of it for emergencies or for exceptional deals. In accepting deposits this class of bankers are not too eager. What they do take are taken on profitable terms, and protected by available resources.

When the movement for extending branches struck the chartered banks a few years ago the smaller towns and villages were mostly in the possession of private bankers of some one, or other of the classes ranging between the two outlined above. At first the banks were not so much inclined to take over the various private bankers. They had their suspicions, doubtless, of the class of business done by these men, and were not disposed to have bad paper unloaded upon them. Consequently the movement at first took the form of chartered bank branches opening in opposition to established

private bankers. This policy proved to be a hard blow to private banking. A number of failures took place, and many who did not fail must have found their profits heavily cut into. However, it was soon demonstrated that the worthy firms and individuals who possessed some means could not be forced to the wall by the establishment in opposition of a branch of a chartered bank. There are several instances known where the chartered bank was obliged to withdraw after an experience of one or two years in which it found itself unable to attract any business of importance away from the private bankers. In other instances the private bankers held their ground for some years, fighting obstinately, and then, upon the appearance on the scene of the agent of a second chartered bank eager to open a branch, sold out to the newcomer on satisfactory terms.

Latterly there has been more of a disposition on the part of private bankers to sell, and of chartered banks to buy, the business built up in small places by the former. Generally the private banker who sells out is retained as manager of the chartered bank branch. The fact that three new chartered banks have been incorporated in the last couple of years has had some effect in enabling the private bankers to make good sales of their business. The new banks, being anxious to build themselves up to respectable dimensions as rapidly as possible, and finding all the towns and most of the good sized villages already fully supplied with banking facilities, had nothing before them except either to endeavour to tear some business away from well established competitors who were often a great deal stronger than they were themselves, or to follow the policy of buying up the remaining private bankers wherever they could be induced to sell. It was necessary, of course, to establish branches in the principal cities and in some large towns where a certain amount of business was assured.

In a measure this policy has resulted in a sort of consolidation of the business of the private bankers. Some business that was well managed, some that was conducted fairly well, and some that was badly managed, have been consolidated under chartered bank organization. The number of private bankers is greatly reduced; they are being pushed further back into villages and hamlets yet smaller, where it is doubtful if the chartered banks will follow them for some time to come.

It should not be supposed that the coming of a chartered bank into a town where a private banker has had undisputed possession necessarily means war to the knife between the two. Several instances are known of the private banker's welcoming the chartered branch, and of the two working together for mutual advantage. A sort of compact was struck. The private banker relinquished at once the higher class business which had to be done at