

The Commission argues that the adoption of uniform banking legislation will not oblige all banks to do the same business. Some will be large national organizations attempting to provide a complete service but some will be regional institutions and some will specialize in particular types of borrowing and lending (page 367). Such diversity will make for a strong financial system. The Commission recommends that it be recognized in the names of the banking institutions: all but the chartered banks should be required to qualify the word "bank" in order to indicate the character or background of their business (page 379). One distinction should be retained temporarily during the period of adjustment to the new legislation. Although the trust companies should be free to carry on with their fiduciary business as banking institutions, the Commission recommends that the chartered banks, which might be tempted to rush in headlong, should not be permitted to apply for trustee powers immediately (pages 373 and 380).

As the Commission puts it:

"We have, in summary, favoured a more open and competitive banking system - carefully and equitably regulated under uniform legislation but not bound by restrictions which impede the response of the institutions to new situations, enforce a particular pattern of narrow specialization or shelter some enterprises from competitive pressures. We believe that this framework will encourage creativity and efficiency and offer the public the widest possible range of choice of financial services, while reducing the danger of unregulated institutions springing up to serve real needs which others are prevented from meeting. Some institutions may attempt to offer a full range of services and others may choose to specialize in a variety of ways, but the legislation will allow all of them - and such new institutions as are qualified - to adapt to new opportunities and situations created by changing public preferences and needs." (p. 564).

(a) More specific banking recommendations

(i) Definition of banking

Acknowledging that any definition of banks and banking must be somewhat arbitrary, the Commission argues that the line can and should be more rationally drawn than at present. (pp. 362-3, 377-380). All institutions which issue transferable, demand and short-term claims (the Commission