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BANK DEBITS TO INDIVIDUAL ACCOUNTS

or

Amount of Cheques Passing Through the Banks

at

Clearing House Centres in Canada

MAY 1925

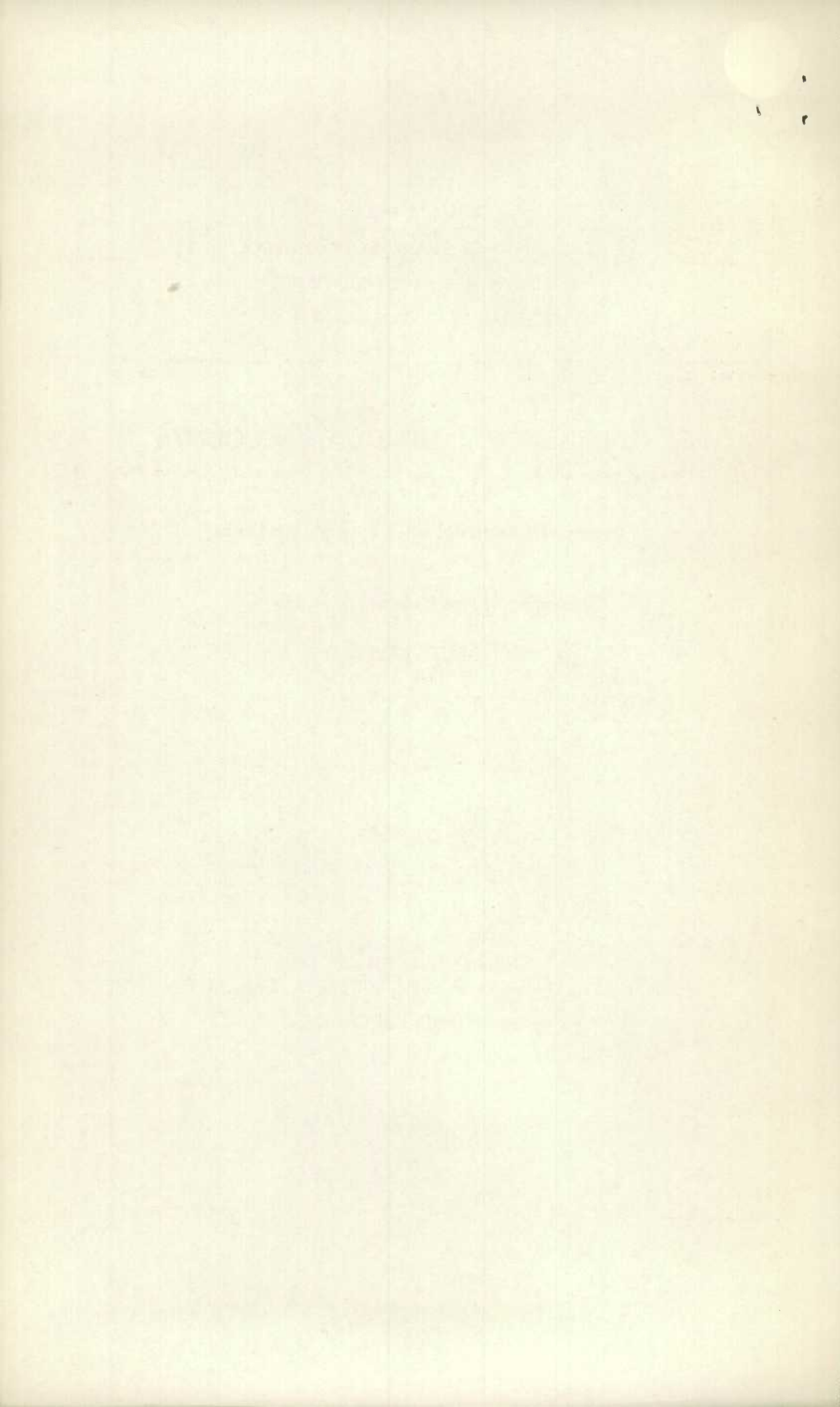
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OTTAWA

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BANK DEBITS TO INDIVIDUAL ACCOUNTS

or

Amount of Cheques charged against Bank Accounts at the
Clearing House Centres in May 1925.

Bank debits to individual accounts in the clearing house centres of Canada constituting the most complete record in existence of the volume of business transacted as reported to the Dominion Bureau of Statistics by the Canadian Bankers' Association, were 2.3 p.c. greater in May 1925 than in the preceding month. This gain, however, would be more than offset if allowance were made for seasonal variation. As compared with the record of the corresponding month of last year, the debits were nearly maintained in May 1925, the decline being less than one-half of one per cent.

The clearings for May were nearly 5 p.c. in excess of the April record, but when adjusted for seasonal tendencies according to the experience with clearings during the past ten years, a decline of more than 5 p.c. was indicated. The decline of 6 p.c. when the clearings of May last are compared with the record of May 1924, indicates the unsatisfactory nature of clearings as a barometer of business conditions, for in this long term comparison the decline of the debits was less than one half of one per cent.

The Five Economic Areas.

Quebec.- The debits of the province of Quebec showed a gain of nearly 3 p.c. over the record of the corresponding month of 1924. This advance was shared in by Montreal, where the increase was 2 p.c., and by Quebec city where an increase of 17 p.c. was recorded. The debits in Quebec city were also nearly 8 p.c. in excess of the debits of the preceding month.

Ontario.- The expansion in the debits of Ontario which has been continuous since February was maintained in May. The advance over the record of April was 8.5 p.c. A part of this expansion was undoubtedly seasonal, but the comparison with the records of 1924 was also of a gratifying nature. The increase over May 1924 was over 4 p.c. The greater part of the increase was accounted for by the larger transactions in Toronto, where the increase over May 1924 was 6 p.c. Satisfactory progress was also indicated at Ottawa, London and Windsor.

Prairie Provinces.- The special activity obtaining in the grain trade during the spring of 1924 which has not been duplicated during recent months, accounts for the downward trend of the debits of the prairie provinces in May when compared with

June 27th, 1925-KH.

the records of last year. The debits for the clearing centres of the three provinces declined nearly 13 p.c. when compared with May 1924. The increase over the debits of April, however, was more than 2 p.c. which was more than offset by seasonal factor

British Columbia.— The bank debits of British Columbia are not subject to the violent changes characteristic of the three economic areas above referred to, but the fact that the debits for each of the five months of the present year have been in excess of the records of the corresponding months of 1924, is an evidence of steady growth. The debits at the three centres of the province in May last were more than 2 p.c. in excess of the record of May 1924. This increase was due to activity at Victoria, where the advance was 28 p.c.

Maritime Provinces.— Of the three centres in the Maritime Provinces the debits of Halifax in the long term comparison showed a gain of 27 p.c. while the transactions at St. John and Moncton declined. The net result was that the debits of the area in May 1925 declined as compared with either April 1925 or May 1924.

Cumulative Debits in first Five Months of 1925. The cumulative bank debits for the first five months of 1925 slightly increased over those of the corresponding period of the preceding year, the amounts being \$10,661,057,911 for the period under review in the present year and \$10,657,710,259 in the first five months of 1924. This is the case in spite of the fact that the debits in May last were somewhat less than in May 1924. The misleading nature of bank clearings as an indicator of business conditions is shown by the reversal of the trend when the first five months of 1924 and 1925 are compared, since the clearings in the first five months of 1925 were less than the record for the corresponding period of 1924 by \$197,348,094. The proportion of debits to clearings has increased in the meantime from 165.1 p.c. to 168.3 p.c. Again the debits in May last were 70 p.c. greater than the clearings as compared with an excess of 60.1 p.c. in May 1924. The full effect of the bank amalgamations during the last year is now making itself felt.

The reasons for the supersession of bank clearings by bank debits as a barometric record are stated as follows in a recent address by Sir John Aird, President of the Canadian Bankers' Association:

"For nearly thirty-five years in Canada, the banks have compiled and published what are known as clearing house returns. The first clearing house was established in Canada at Halifax in 1867, after which the system quickly spread to the principal financial centres. The total clearings through the banks have been regarded for many years as a barometer of the trade of the country. Bank clearings are merely inter-bank transactions but inasmuch as in recent years banks have been disappearing through amalgamation and other causes, the volume of clearings has been correspondingly reduced. Bank clearings, therefore, for purposes of comparison with years past are not a correct indication of the volume of Canadian business.

In cooperation with the Dominion Bureau of Statistics the Canadian Bankers' Association has since the 1st January, 1924, compiled statistical information indicative of the relative volume of business in Canada, on a new basis, namely, what is known as debits to individual banking accounts. At all clearing house points in Canada, some 28 or 30 in number, the banks submit totals of these debits for each month to the Association and these are in turn compiled and forwarded by the Association to the Dominion Statistician who publishes them. No doubt from time to time these debits will for comparative purposes become increasingly valuable and a study of them will make clear to manufacturers and others the points at which the volume of business is increasing or decreasing as the case may be."

BANK DEBITS TO INDIVIDUAL ACCOUNTS AT THE CLEARING HOUSE
CENTRES OF CANADA, MAY 1925, WITH COMPARATIVE
FIGURES FOR APRIL 1925 AND MAY 1924.

Clearing House Centres	Debits to Individual Accounts		
	May 1925	April 1925	May 1924
	\$	\$	\$
<u>Maritime Provinces</u>			
Halifax	23,593,616	25,717,196	18,623,025
Moncton	5,914,015	5,761,165	6,434,097
St. John	17,605,926	16,542,894	25,450,744
Total-Maritime Prov.	47,113,557	48,021,255	50,507,866
<u>Quebec -</u>			
Montreal	611,745,689	645,768,194	599,538,305
Quebec	48,888,866	45,332,108	41,737,580
Sherbrooke	8,125,153	8,397,300	8,856,503
Total-Quebec	668,759,708	699,497,602	650,132,388
<u>Ontario -</u>			
Brantford	7,250,340	6,962,647	7,671,688
Chatham	5,140,337	6,346,407	6,326,726
Fort William	6,888,495	6,950,510	7,789,662
Hamilton	45,880,527	42,321,884	48,308,258
Kingston	4,851,885	4,575,261	4,996,893
Kitchener	8,014,923	7,296,475	8,173,250
London	25,490,700	22,703,378	25,179,040
Ottawa	204,429,150	162,361,007	200,989,833
Peterborough	5,823,080	6,733,244	6,016,257
Toronto	615,680,782	591,399,655	580,093,996
Windsor	30,712,543	26,830,128	24,568,888
Total-Ontario	960,162,762	884,480,596	920,114,491
<u>Prairie Provinces -</u>			
Brandon	3,694,745	3,965,131	3,982,900
Calgary	36,997,721	38,727,067	51,050,041
Edmonton	32,621,758	31,234,181	39,619,423
Lethbridge	3,341,248	3,505,171	3,839,675
Medicine Hat	3,188,835	3,731,103	3,526,645
Moose Jaw	7,134,318	7,681,953	7,437,253
Prince Albert	1,846,243	1,920,822	2,128,005
Regina	24,062,426	21,483,678	28,433,872
Saskatoon	8,713,462	8,707,033	8,865,658
Winnipeg	337,608,505	327,354,718	378,135,654
Branches of the Weyburn Security Bank	2,345,008	2,509,944	1,202,407
Total-Prairie Prov.	461,553,969	450,820,801	528,221,533
<u>British Columbia-</u>			
New Westminster	5,134,175	4,701,109	5,276,281
Vancouver	114,016,926	120,138,073	116,282,157
Victoria	25,076,582	21,475,597	19,575,096
Total-Br. Columbia	144,227,683	146,314,779	141,133,534
Grand Total for Canada	2,281,817,679	2,229,135,033	2,290,109,812

DEBITS TO INDIVIDUAL ACCOUNTS AT CLEARING HOUSE CENTRES
IN CANADA AS COMPARED WITH BANK CLEARINGS,
JANUARY 1924 TO MAY 1925.

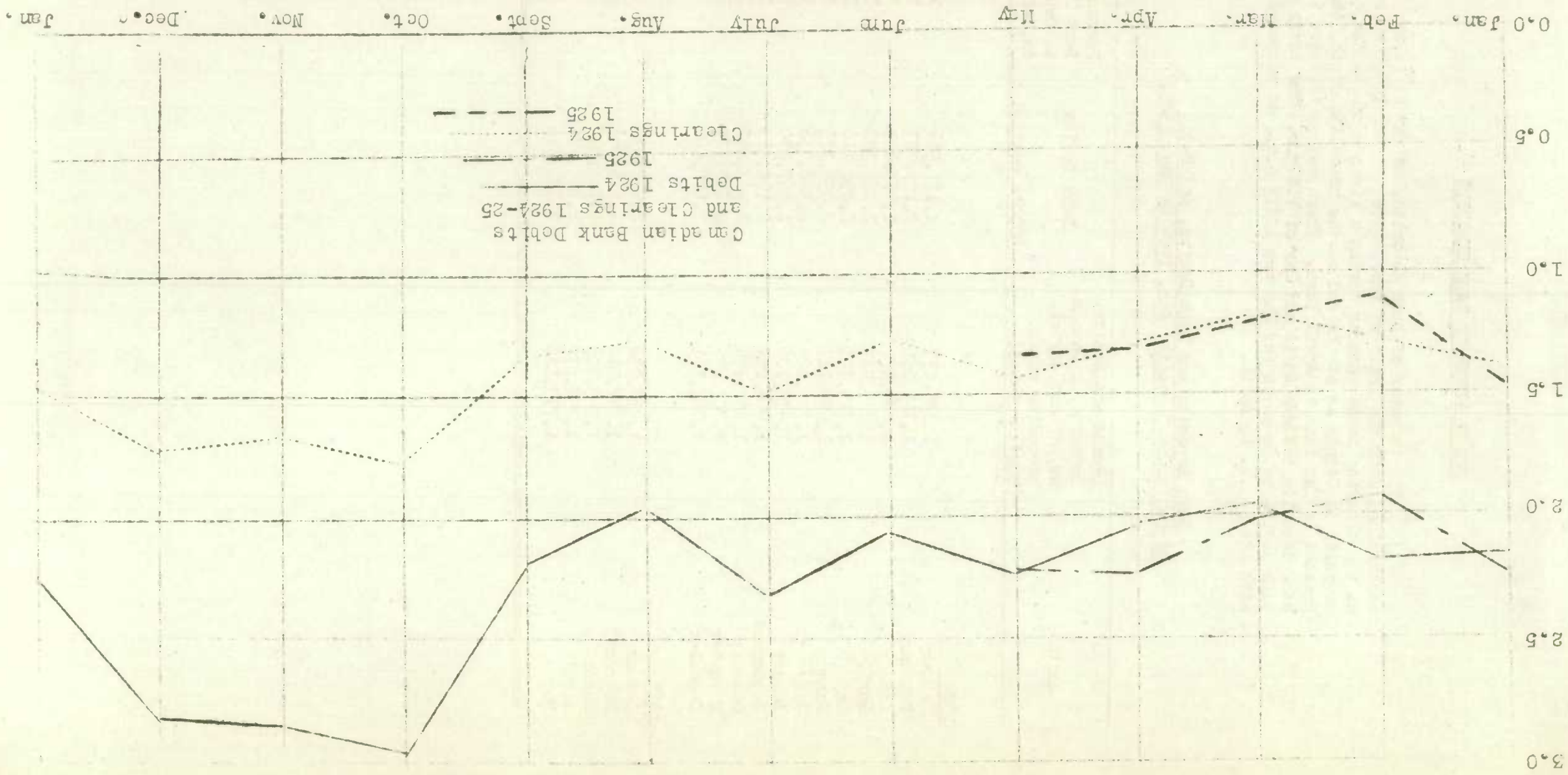
	Maritime Provinces \$	Quebec \$	Ontario \$	Prairie Provinces \$
<u>1924</u>				
January	51,937,473	616,921,585	907,187,997	453,695,108
February	46,567,008	683,615,011	897,496,980	427,894,333
March	48,362,502	608,856,062	792,029,265	386,173,267
April	51,887,731	641,609,647	794,049,183	404,406,107
May	50,507,866	650,132,388	920,114,491	528,221,533
June	48,540,632	623,612,496	785,558,569	467,565,169
July	50,685,379	667,380,379	871,937,756	582,581,940
August	54,132,234	609,882,144	752,676,938	411,121,781
September	43,155,084	622,892,068	983,342,286	409,508,858
October	45,033,785	790,484,006	1,203,023,989	767,233,073
November	46,140,593	709,671,880	1,247,789,843	691,953,554
December	47,910,987	907,433,436	1,054,187,744	656,393,551
Total	584,861,374	8,132,991,102	11,209,395,041	6,186,848,272
<u>1925</u>				
January	43,432,010	714,407,906	879,500,792	442,997,623
February	38,713,432	595,283,563	764,211,804	382,919,560
March	43,735,013	562,883,201	802,905,758	457,026,758
April	48,021,255	699,497,602	884,480,596	450,820,801
May	47,113,557	668,759,708	960,162,762	461,553,969
Total first 5 mos. 1925	221,015,267	3,240,831,980	4,291,261,712	2,195,318,711
Total first 5 mos. 1924	249,262,680	3,201,134,693	4,310,877,916	2,200,390,348
	British Columbia \$	Total for Dominion \$	Bank Clear- ings 1924 \$	Per cent of Bk. Deb. to Bk. Clear. %
<u>1924</u>				
January	147,844,003	2,177,586,166	1,387,398,716	157.0
February	131,430,166	2,187,003,498	1,274,132,415	173.2
March	138,207,477	1,973,628,673	1,174,278,616	168.1
April	137,429,442	2,029,382,110	1,268,030,548	160.3
May	141,133,534	2,290,109,812	1,431,525,728	160.1
June	131,498,275	2,056,775,141	1,259,802,974	164.0
July	149,550,292	2,322,635,746	1,461,414,659	155.3
August	139,257,301	1,967,070,398	1,252,548,630	157.0
September	139,414,893	2,198,413,187	1,363,653,064	161.5
October	157,492,663	2,963,267,516	1,771,879,403	167.2
November	153,170,183	2,848,726,053	1,647,124,234	173.0
December	158,735,506	2,824,661,224	1,708,934,159	156.2
Total	1,725,163,735	27,839,259,524	16,998,723,146	163.7
<u>1925</u>				
January	149,697,946	2,230,036,277	1,410,002,198	158.1
February	133,913,450	1,915,041,809	1,109,627,472	172.6
March	138,476,383	2,005,027,113	1,195,146,690	168.2
April	146,314,779	2,229,135,033	1,278,773,239	174.3
May	144,227,683	2,281,817,679	1,341,968,330	170.0
Total first 5 mos. 1925	712,630,241	10,661,057,911	6,335,517,929	168.3
Total first 5 mos. 1924	696,044,622	10,657,710,259	6,533,366,023	163.1

THE TURNOVER OF BANK DEPOSITS

The turnover of bank deposits, so far as it may be ascertained from the ratio of the debits to individual accounts at the clearing house centres during a given month to the bank deposits in Canada as at the end of the preceding month, was greater in May than in April last. There was an increase in bank deposits between April and May of 1.1 p.c. The ratio of bank debits to deposits for May was 128.3 p.c., as compared with 126.9 p.c. in April.

Bank Deposits and Bank Debits, and Ratio
of Debits to Deposits, Jan. 1924 to May 1925.

Month	Demand and Notice Deposits in Canada as at last day of preceding month. (000's omitted) \$	Bank Debits (000's omitted) \$	Percentage of Bank Debits to Deposits in Canada %
<u>1924</u>			
January	1,739,877	2,177,586	125.2
February	1,701,061	2,189,003	129.8
March	1,684,271	1,973,629	117.1
April	1,686,487	2,029,382	120.3
May	1,715,793	2,290,110	133.5
June	1,684,127	2,056,775	122.2
July	1,718,129	2,322,636	135.2
August	1,678,706	1,967,070	117.1
September	1,664,299	2,198,413	132.0
October	1,674,794	2,963,268	176.9
November	1,707,859	2,848,725	166.8
December	1,765,161	2,824,661	160.1
<u>1925</u>			
January	1,832,936	2,230,036	121.6
February	1,752,412	1,915,042	109.2
March	1,743,706	2,005,027	115.0
April	1,757,678	2,229,135	126.9
May	1,777,186	2,281,818	128.3



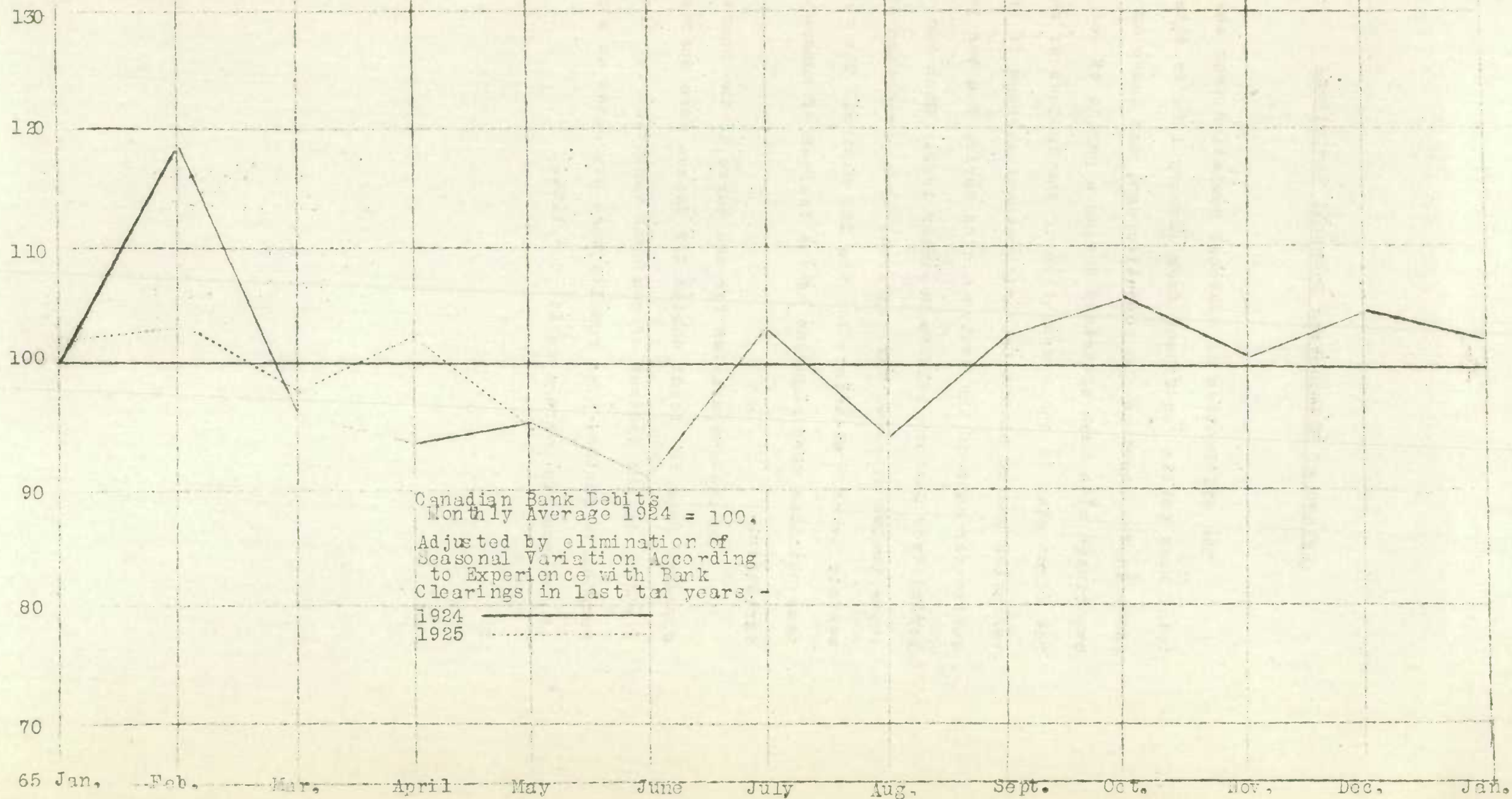
Note:- The bank debits during the first five months of 1925 show a gain over the corresponding period of 1924. The bank clearings, on the other hand, exhibit a loss. This variation is doubtless due to the recent bank amalgamations, which have reduced the number of Canadian chartered banks from 15 to 12, obviously causing a curtailment of interbank transactions.

Method of Eliminating Seasonal Variation.

The elimination of seasonal variation from the total bank debits for Canada from January 1924 to date as shown in the chart on the ^{following} opposite page, was based on the experience with bank clearings during a period of ten years. The first step in the computation of the indices of seasonal variation was to obtain the arithmetical average of the bank debits for each of the twelve months during the ten year period from January 1914 to December 1923. Each one of these twelve averages was expressed as a percentage of the monthly average clearings for the 120 months. The results thus obtained were regarded as the indices of seasonal variation.

In the computation for the curve in the chart on the opposite page the total debits for Canada were corrected by dividing by the indices of seasonal variation for the respective months. The results were expressed as a percentage of the monthly average debits for 1924.

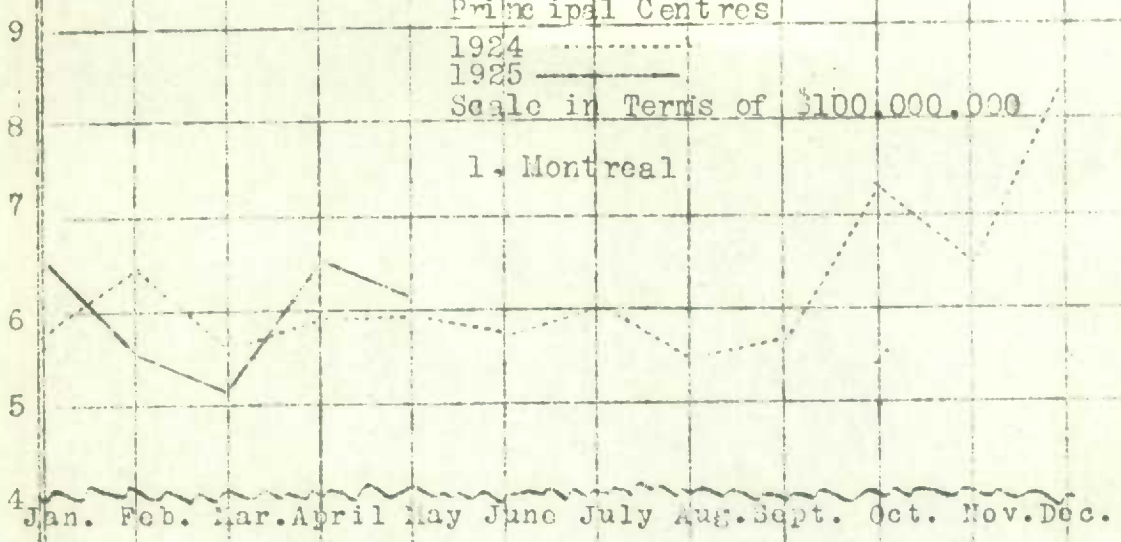
Percentage of
Monthly Average 1924.



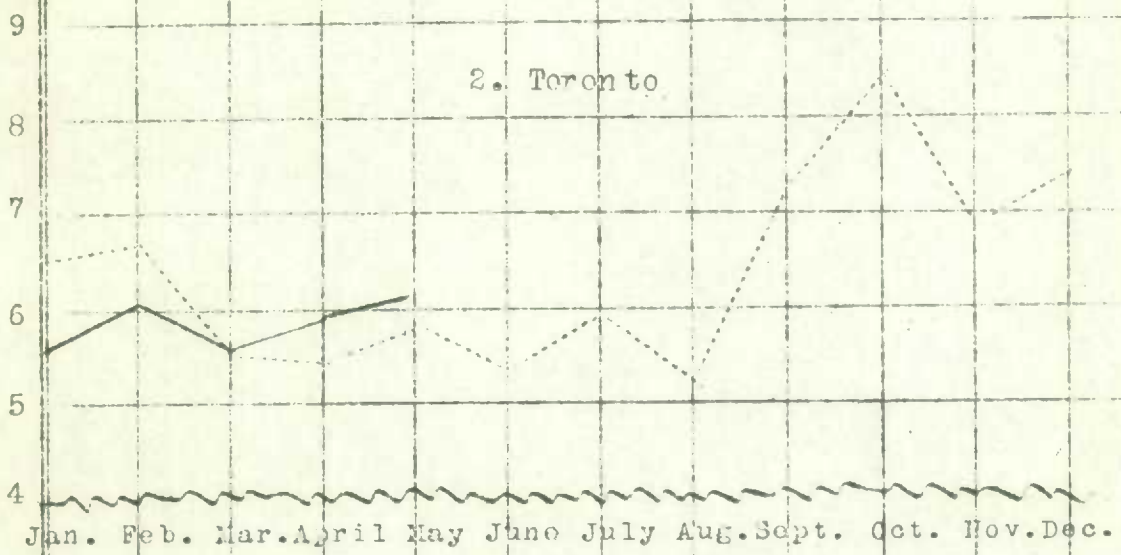
BANK DEBITS
at
Principal Centres

1924
1925 ———
Scale in Terms of \$100,000,000

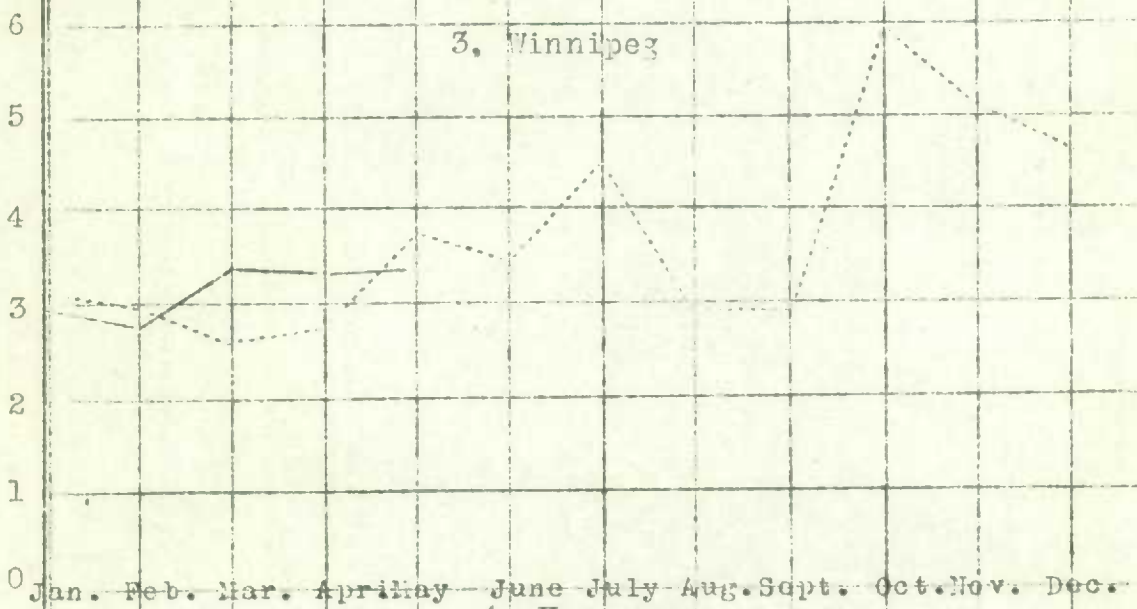
1. Montreal



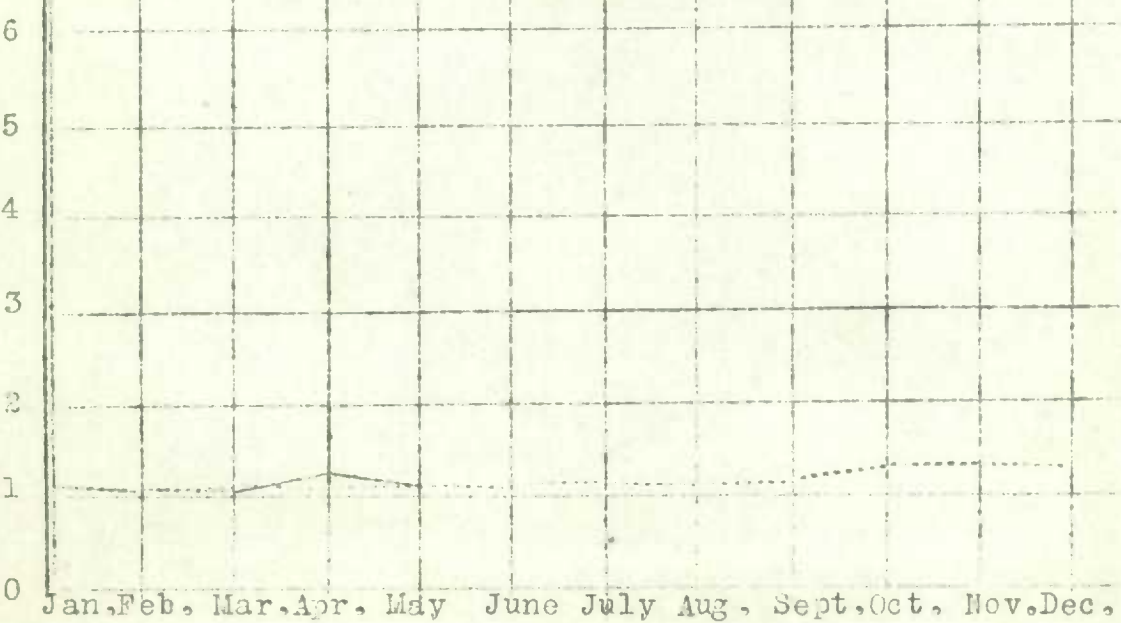
2. Toronto



3. Winnipeg



4. Vancouver





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