



# The Daily

Statistics Canada

**Friday, May 25, 2001**  
For release at 8:30 a.m.

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## MAJOR RELEASES

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- **Deposit-accepting intermediaries: Activities and economic performance, 1999** 2  
Canada's deposit-accepting intermediaries — chartered banks, trust companies, caisses populaires and credit unions — produced services worth \$44.5 billion in 1999, up 5.0% from a revised \$42.4 billion in 1998.

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- Steel primary forms, week ending May 19, 2001 5
- Air travel between Canada and the United States, fourth quarter 1999 5

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## NEW PRODUCTS

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## MAJOR RELEASES

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### Deposit-accepting intermediaries: Activities and economic performance 1999

Canada's deposit-accepting intermediaries — chartered banks, trust companies, caisses populaires and credit unions — produced services worth \$44.5 billion in 1999, up 5.0% from a revised \$42.4 billion in 1998. This improved performance in 1999 was partly the result of the rebound in world economic activity and improved market conditions.

The non-interest income of these intermediaries grew more rapidly in 1999 than did their net interest income, continuing a trend seen over the previous several years. Non-interest income was up 7.8% to \$19.9 billion, compared with a 2.9% gain in net interest income to \$24.6 billion.

Non-interest income accounted for 44.8% of the total value of services produced, compared with 43.6% in 1998. Net interest income accounted for 55.2%, down from 56.4%.

The growth of non-interest income was due to factors such as more favourable market conditions, a broader range of fee- and commission-based activities offered outside traditional retail banking services and increased securitization of assets.

Securitization involves the selling of assets to independent parties, who in return issue securities to interested investors. In the process, the lender diversifies risk, increases liquidity and ultimately removes targeted assets from the balance sheet. In 1999, this contributed to the continued decline of net interest income relative to non-interest income, as revenues from securitization boosted non-interest income.

Retail banking services represented the largest share of the overall value of services, followed by treasury and investment banking, electronic financial services, corporate and institutional finance services and fiduciary services.

#### Retail banking services were still the dominant activity but lost some ground

Retail banking services remained the dominant activity of deposit-accepting intermediaries in 1999, generating \$27.7 billion of the total value of services produced, up 3.0% from 1998. Retail banking services represented 62.2% of the overall value of services produced, down slightly from 63.4% in 1998.

#### Note to readers

The annual Survey of Deposit-accepting Intermediaries covers the portfolio of Canadian-based activities of the principal deposit-accepting intermediaries, namely chartered banks, trust companies, caisses populaires and credit unions. Some of the deposit-accepting intermediaries were unable to estimate their activities in electronic financial services and fiduciary services. This may result in underestimating the value of these services as well as an overestimation of the value of retail banking services and treasury and investment banking in the portfolios of deposit-accepting intermediaries. This does not affect the quality of the conclusions or the general trends observed from this survey.

**Retail banking services** (chartered banks, trust companies, caisses populaires and credit unions) covers all financial services to individuals and to small- and medium-sized businesses through a traditional branch network. **Corporate and institutional finance** covers financing and operating services for institutions and large corporations. This category includes trade and export financing, project financing and syndicated lending.

**Electronic financial services** covers services to individuals, businesses and institutions through networks of banking machines, debit and credit cards, telephone banking centres and the Internet.

**Treasury and investment banking:** Treasury banking manages consolidated operations' funds; investment banking covers services to individuals, corporations and institutions such as securities brokerage, mutual fund management, corporate financing and other investment services. **Fiduciary services** refers to all services provided when acting as a trustee or agent and the performance of services such as record-keeping, custodial and performance evaluation services for personal trusts, pension funds, corporate and institutional investments and group Registered Retirement Savings Plans.

**Net interest income** is the difference between interest income and interest expenses. Interest income covers all interest from loans, titles and deposits of deposit-accepting intermediaries. Interest expenses cover interest paid on deposits, subordinated debentures and other interest costs.

**Non-interest income** covers all sources of revenue other than interest income. Examples include revenue from brokerage and other securities services, credit services, trading income, deposit and payment services charges, mutual fund management, card services, foreign exchange, insurance, securitization revenues and trans-sectoral income.

**Value of services produced** is the sum of net interest and non-interest income. This is not to be confused with service charges.

The value of retail banking services has grown for the past several years. However, the rate of growth has remained slower compared with that of other business lines, particularly the emerging segments such as electronic financial services and fiduciary services.

Net interest income represented 77.0% of the value of retail banking services in 1999, down from 77.7%

in 1998, consistent with the overall shift from net interest income to non-interest income.

### Electronic financial services kept growing

Electronic financial services continued their strong expansion in 1999, increasing 6.6% to \$3.4 billion. As a result, this segment accounted for 7.7% of the overall value of services produced, up slightly from 7.6% in 1998.

Consumer demand for highly flexible and convenient channels of distribution, such as automated teller machines, debit and credit cards, telephone and computer banking services, fuelled the expansion in electronic financial services.

Since the services and products offered through electronic financial services are mainly fee-based, 87.1% of their value of services produced came from non-interest income in 1999, up from 84.8% in 1998.

### Significant unbroken growth for fiduciary services

Fiduciary services advanced strongly in 1999, continuing a trend of significant unbroken growth seen over the previous few years.

Fiduciary services amounted to \$1.7 billion, up 41.6%. They accounted for 3.9% of the value of all services produced in 1999, up from 2.9% in 1998.

Over the last few years, deposit-accepting intermediaries have expanded their fiduciary services, particularly in estate management and financial planning. The sector has taken advantage of an evolving demographic trend that continues to boost demand for these services.

Like electronic financial services, fiduciary services' common products and services are based on fees or commissions. Consequently, non-interest income accounted for 83.9% of the value of fiduciary services in 1999, down from 91.1% in the previous year.

### Rebound in corporate and institutional finance

The total value of services produced by corporate and institutional finance services reached \$3.0 billion in 1999, up 23.3% from 1998. In contrast, from 1997 to 1998 their total value of services produced declined 2.6%.

Net interest income advanced a strong 18.9% in 1999, due in part to increased volumes in the corporate and institutional loan portfolio.

Non-interest income rose to \$ 1.2 billion, a 30.9% gain over 1998. As lending volumes

rose, non-interest income benefited from fees or commissions associated with the approval of new corporate credit. Furthermore, services rendered by the deposit-accepting intermediaries relating to mergers, acquisitions or demutualization projects of their corporate clients also helped boost these revenues.

As a result, the corporate and institutional finance segment accounted for 6.8% of the total value of services produced in 1999, up from 5.8% in 1998.

The corporate and institutional finance business line generated most of its value from net interest income. In 1999, net interest income accounted for 60.8% of corporate and institutional finance's total value of services produced, down from 63.1% in 1998.

### Treasury and investment banking relatively flat

Although the volatile economic climate in late 1998 gave way to more stable market conditions in 1999, lingering effects of losses in security investments curbed 1999 revenues. Consequently, the value of services produced by treasury and investment banking remained relatively flat (+0.1%) at \$8.6 billion. Its share of total value of services produced fell from 20.3% in 1998 to 19.4% in 1999.

Non-interest income increased only 2.1% in 1999 to \$7.9 billion, partly the result of losses on security investments (which are netted against this category's income). This slight increase was dampened by a reduction in net interest income (-18.1%), due in part to a change in reporting for equity derivatives.

The funding costs associated with these instruments were included in the interest expenses as of the end of 1998, thus reducing net interest income. The full affect of the reporting change was felt in 1999. Prior to the latter part of 1998, funding costs linked with equity derivatives were netted against their revenue counterpart, within the non-interest income category.

Again, because treasury and investment banking products and services are based primarily on fees or commissions, non-interest income represented a significant 91.8% of the total value of the segment's services produced, up slightly from 90.0% in 1998.

### Available on CANSIM: table 1820001 and matrix 4099.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Mario Vella (613-951-1395; [mario.vella@statcan.ca](mailto:mario.vella@statcan.ca)) or Martin Pachéco (613-951-0396; [martin.pacheco@statcan.ca](mailto:martin.pacheco@statcan.ca)), Industrial Organization and Finance Division. □

### Value of services produced by deposit-accepting intermediaries

	Net interest income			Non-interest income			Value of services produced in Canada		
	1998 <sup>r</sup>	1999	1998 to 1999	1998 <sup>r</sup>	1999	1998 to 1999	1998 <sup>r</sup>	1999	1998 to 1999
	\$ millions		% change	\$ millions		% change	\$ millions		% change
Retail banking services	20,873	21,294	2.0	5,976	6,372	6.6	26,849	27,666	3.0
Corporate and institutional finance	1,551	1,844	18.9	907	1,187	30.9	2,458	3,031	23.3
Electronic financial services <sup>1</sup>	488	442	-9.4	2,723	2,982	9.5	3,211	3,424	6.6
Treasury and investment banking	866	709	-18.1	7,755	7,921	2.1	8,621	8,630	0.1
Fiduciary services <sup>1</sup>	109	279	156.0	1,118	1,458	30.4	1,227	1,737	41.6
<b>Total</b>	<b>23,887</b>	<b>24,568</b>	<b>2.9</b>	<b>18,479</b>	<b>19,920</b>	<b>7.8</b>	<b>42,366</b>	<b>44,488</b>	<b>5.0</b>

<sup>r</sup> revised to include new information.

<sup>1</sup> See note to readers.

### Distribution of income by activity of deposit-accepting intermediaries

	Net interest income			Non-interest income			Value of services produced in Canada		
	1998 <sup>r</sup>	1999	1998 to 1999	1998 <sup>r</sup>	1999	1998 to 1999	1998 <sup>r</sup>	1999	1998 to 1999
	%		% point change	%		% point change	%		% point change
Retail banking services	87.4	86.7	-0.7	32.4	31.9	-0.5	63.4	62.2	-1.2
Corporate and institutional finance	6.5	7.5	1.0	4.9	6.0	1.1	5.8	6.8	1.0
Electronic financial services <sup>1</sup>	2.0	1.8	-0.2	14.7	15.0	0.3	7.6	7.7	0.1
Treasury and investment banking	3.6	2.9	-0.7	42.0	39.8	-2.2	20.3	19.4	-0.9
Fiduciary services <sup>1</sup>	0.5	1.1	0.6	6.0	7.3	1.3	2.9	3.9	1.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>

<sup>r</sup> Revised to include new information.

<sup>1</sup> See note to readers.

### Type of income by type of activity

	Value of services produced in Canada					
	Net interest income			Non-interest income		
	1998 <sup>r</sup>	1999	1998 to 1999	1998 <sup>r</sup>	1999	1998 to 1999
	%		% point change	%		% point change
Retail banking services	77.7	77.0	-0.7	22.3	23.0	0.7
Corporate and institutional finance	63.1	60.8	-2.3	36.9	39.2	2.3
Electronic financial services <sup>1</sup>	15.2	12.9	-2.3	84.8	87.1	2.3
Treasury and investment banking	10.0	8.2	-1.8	90.0	91.8	1.8
Fiduciary services <sup>1</sup>	8.9	16.1	7.2	91.1	83.9	-7.2
<b>Total</b>	<b>56.4</b>	<b>55.2</b>	<b>-1.2</b>	<b>43.6</b>	<b>44.8</b>	<b>1.2</b>

<sup>r</sup> Revised to include new information.

<sup>1</sup> See note to readers

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## OTHER RELEASES

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### Steel primary forms

Week ending May 19, 2001 (preliminary)

Steel primary forms production for the week ending May 19 totalled 312 775 metric tonnes, up 4.6% from 299 015 tonnes a week earlier and down 0.1% from 313 103 tonnes in the same week of 2000. The year-to-date total at the end of the reference week was 5 587 841 tonnes, down 12.0% from 6 347 943 tonnes produced in the same period of 2000.

For more information, or to enquire about the concepts, methods or data quality of this release, contact Julie Mayer (613-951-5370; [julie.mayer@statcan.ca](mailto:julie.mayer@statcan.ca)), Manufacturing, Construction and Energy Division. ■

### Air travel between Canada and the United States

Fourth quarter 1999 (preliminary)

Preliminary air passenger origin and destination data are now available for the fourth quarter of 1999. The data represent passengers who travelled on scheduled flights between Canada and the United States.

The air travel market data are available in electronic (.txt) format.

To order data, for more information, or to enquire about the concepts, methods or data quality of this release, contact Carol Gudz (613-951-0124), Transportation Division. ■

## NEW PRODUCTS

Infomat — A weekly review, May 25, 2001  
Catalogue number 11-002-XIE (\$3/\$109).

Infomat — A weekly review, May 25, 2001  
Catalogue number 11-002-XPE (\$4/\$145).

All prices are in Canadian dollars and exclude sales tax. Additional shipping charges apply for delivery outside Canada.

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Statistics Canada

Thursday, June 3, 1997  
For release at 9:30 a.m.

**MAJOR RELEASES**

- **Urban transit, 1995** 2  
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, 68.1% of Canadians took an average of about 45 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1996** 4  
Growth in productivity among Canadian businesses was initially weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

**OTHER RELEASES**

- **High-waged index, May 1997** 3
- **Short-term Expectations Survey** 3
- **Steel primary forms, week ending May 31, 1997** 12
- **EGU indicator, April 1997** 12

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**RELEASE DATES: MAY 28 TO JUNE 1**

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(Release dates are subject to change.)

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<b>Release date</b>	<b>Title</b>	<b>Reference period</b>
28	<b>International travel account</b>	First quarter 2001
28	<b>Farm cash receipts</b>	First quarter 2001
28	<b>Net farm income</b>	2000 (preliminary)
29	<b>Industrial Product and Raw Materials Price Indexes</b>	April 2001
29	<b>Characteristics of international travellers</b>	Fourth quarter 2000
30	<b>Employment, earnings and hours</b>	March 2001
30	<b>National Longitudinal Survey of Children and Youth: Children's participation in activities</b>	1998/99
31	<b>Real gross domestic product at factor cost by industry</b>	March 2001
31	<b>National economic and financial accounts</b>	First quarter 2001
31	<b>Balance of international payments</b>	First quarter 2001

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