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BANKING SYSTEMS

Edited by

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BANKING SYSTEMS

PREFACE

A NUMBER OF YEARS AGO, the late H. Parker Willis and I edited a volume entitled *Foreign Banking Systems*.¹ Published in 1929, this study included chapters on the banking systems of sixteen countries.

The intervening years have brought about great changes in banking and credit structures. The breakdown of commercial banking systems in the depression years resulted not only in widespread government intervention but also in the adoption of far-reaching legislation. This legislation commonly took the form of separating commercial from investment banking and of establishing banking commissions with extensive supervisory powers.

The war and the succeeding years of uneasy peace brought about further revolutionary changes in banking. Central banks have been nationalized in most countries and commercial banks have suffered the same fate in a few. A host of new governmental credit institutions has been established; governments have undertaken to guarantee many types of loans. The objectives of monetary and credit policies have expanded in many nations to include the maintenance of low interest rates and full employment. The techniques of credit control have expanded to include a selective control of various types of credit and direct control over the individual loans of commercial banks.

In view of these and many other changes, the time seemed an opportune one to issue a successor volume to *Foreign Banking Systems*. This was made possible by a generous grant of funds on the part of the Merrill Foundation for Advancement of Financial Knowledge, Incorporated. Since the new volume is not simply a revision of the former one, and since it contains a chapter on the banking systems of the United States, it has been given the title *Banking Systems*.

This volume, like its predecessor, contains chapters on the banking systems of sixteen nations. In eleven instances the countries selected were those covered in the earlier study. In five instances they

¹ H. Parker Willis and B. H. Beckhart (eds.), *Foreign Banking Systems*, New York, Henry Holt & Co., 1929.

are different. The difference in choice permits the inclusion of a more diversified group of nations.

The countries selected include those with highly developed industrial organizations; those with relatively underdeveloped resources; those with small and large proportions of foreign trade; those with well-developed banking systems and those which are in the process of evolving a fully functioning credit system; those with extensive capital markets and those which must mobilize savings in other ways. A few of the nations have convertible currencies, the majority do not. Economic organizations span the whole range from free competitive enterprise to the totalitarian state capitalism of Russia.

The unifying theme in the various chapters is the way in which credit systems have adapted themselves to the economic organizations of the respective nations. The role of commercial banks, savings institutions, urban and rural mortgage credit institutions, cooperative banks and government credit institutions in financing the credit needs of each nation is set forth. Extended treatment is accorded the place of the central bank and its credit policies and objectives. Where money markets exist, they also are discussed. A final section includes an evaluation of the banking and credit structure. The manner in which other banking systems function enables one the better to understand his own banking system, to appreciate its merits and to recognize its shortcomings.

Before closing this brief preface, a tribute should be paid to the authors of the sixteen chapters, who with professional interest in the subject and scholarly devotion agreed to prepare the manuscripts.

Special mention should also be made of the meticulous care with which Miss Matilda L. Berg and Miss Virgene F. Leverenz of the Columbia University Press edited the manuscripts, making uniform the style and presentation, and of Miss M. C. Stralucke for the arduous secretarial work involved in a study of this character. Finally, the editor would like to pay a personal tribute to Mr. Charles G. Proffitt, Director of the Columbia University Press, who showed deep interest in the project from its inception.

BENJAMIN HAGGOTT BECKHART

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CONTENTS

AUSTRALIA	3
<i>Torleiv Hytten</i>	
BRAZIL	49
<i>Alexandre Kafka</i>	
CANADA	119
<i>Donald Bailey Marsh</i>	
CUBA	183
<i>Philip J. Glaessner AND G. Sterling Grumman</i>	
FRANCE	225
<i>Henry Germain-Martin</i>	
WESTERN GERMANY	311
<i>H. Irmeler</i>	
INDIA	373
<i>Bal Krishna Madan</i>	
ITALY	421
<i>Antonello Gerbi</i>	
JAPAN	517
<i>Edna E. Ehrlich AND Frank M. Tamagna</i>	
MEXICO	573
<i>Margaret G. Myers</i>	
THE NETHERLANDS	609
<i>A. Balenburg, S. Brouwer, AND D. W. Louman</i>	
SWEDEN	657
<i>Lars-Erik Thunholm</i>	

SWITZERLAND	693
<i>Eugen Grossmann</i>	
UNION OF SOVIET SOCIALIST REPUBLICS	733
<i>Gregory Grossman</i>	
UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND	769
<i>John Edwin Wadsworth</i>	
UNITED STATES	839
<i>J. Brooke Willis</i>	
INDEX	919

TABLES

AUSTRALIA

1. Classification of Bank Advances in Australia	11
2. Public Debt of Australia, June 30, 1939 and 1951	12
3. Bank Capital and Deposit Liabilities	21
4. Commercial Banks, Average Deposits, Quarter Ended June 30, Selected Years 1920-51	23
5. Commercial Bank Deposits and Investments Averages, Quarter Ended June 30, Selected Years 1920-51	24
6. Aggregate Balance Sheet of Commonwealth Bank, Including Central Banking and Commercial Banking Activities but Excluding Savings Bank, June 30, 1951	38
7. Total International Funds of Australia	40
8. Gold and Balances Held Abroad by the Central Bank	41

BRAZIL

1. National Income and Investment, 1951	51
2. Gainfully Occupied Population, 10 Years of Age and Older, 1950	51
3. Foreign Trade, 1949-51	52
4. Indices of Cost of Living and of Money Supply per Capita	54
5. Consolidated Balance Sheet of Principal Institutions of Brazilian Financial System, December 31, 1951	65
6. Number of Deposit Banks (except Banco do Brasil), December 31	67
7. Regional Distribution of Banking Offices, December 31, 1941, 1945, and 1951	69
8. Assets of Commercial Banks, December 31, 1941 and 1951	74
9. Liabilities of Commercial Banks, December 31, 1941 and 1951	85

TABLES

10.	Assets of Principal Financial Institutions, except Banks, Including All Insurance Companies, December 31, 1941 and 1945-51	90
11.	Balance Sheet Data of Savings Banks in Relation to Those of Commercial Banks, December 31, 1941 and 1951	93
12.	Consolidated Balance Sheet of Monetary Authorities, December 31, 1941 and 1951	98
13.	Banco do Brasil Loans to the Public, December 31, 1941 and 1951	100
14.	Stock Exchange Transactions at Market Prices	114
15.	Stock Exchange Turnover in Comparison with Real Estate Transfers and Registration of Mortgages	114
16.	Internal Funded Debt, December 31	116

CANADA

1.	The Eleven Chartered Banks (1953) and the Banks Absorbed by Them (1817-1953)	130
2.	Distribution of Branches by Country	133
3.	Deposits in Chartered Banks, Selected Years 1929-52, Average of Month-End Figures	163
4.	Investment Portfolio, Loan Portfolio, and Total Assets, Canadian Chartered Banks, December 31, Selected Years 1929-51	165
5.	Chartered Bank Loans, Selected Years 1935-53	169
6.	Comparison of Bond Yields, 1950-52	171
7.	Price of American Dollar in Canadian Funds	176
8.	Agricultural, Industrial, and Commercial Loans, 1946-53	179

CUBA

1.	Cuban Gross National Product, National Income, and Foreign Trade, 1948	185
2.	Consolidated Balance Sheet of the Cuban Banking System, September 30, 1951	192
3.	Loans of Major Banks Operating in Cuba by Types of Credit, December 31, 1937 and 1949	195
4.	Type and Duration of Loans of Major Banks Operating in Cuba Outstanding December 31, 1949	198

TABLES

xi

5. Balance Sheet of the National Bank of Cuba, December 31, 1951	207
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FRANCE

1. Distribution of Demand Deposits, 1951-52	232
2. Total Assets of Registered Banks, December 31, 1951	234
3. Percent Distribution of Principal Items in Aggregate Balance Sheets, December 31, 1938 and 1950	237
4. Principal Items from the Balance Sheets of the Four Nationalized Credit Establishments, December 31, 1951	239
5. Assets of the Principal Algerian Banks, December 31, 1951	240
6. Percentage Distribution of Items, December 31, 1938 and 1950	246
7. Percentage Distribution of Items, Medium-Term and Long-Term Credit Banks, December 31, 1938 and 1950	250
8. Other Financial Institutions	252
9. Classification of Borrowers	260

STATISTICAL APPENDIX

A. Monetary Supply, 1945-52	302
B. Counterpart of Monetary Supply, 1945-52	302
C. Banks, Public Finance, and Business Indexes, 1945-52	303
D. Origin of the Credits to French Economy	303
E. Distribution of the Credits to French Economy	304
F. Equipment Credits, December 31, 1952	304
G. Short-Term Credits, December 31, 1952	305
H. Total Distribution of Short-Term and Medium-Term Credits, December 31, 1952	305

WESTERN GERMANY

1. Balance of Payments of the Federal Republic of Germany, Including West Berlin, 1949-52	314
2. The Financing of Net Investments in Fixed Assets in the Area of the German Federal Republic	315
3. Total Volume of Short-Term Credits Outstanding at Selected Dates since the Currency Reform, Classified by Types of Credit	318

4.	Interest Rates Paid on Deposits, December 31	323
5.	Interest Rates Charged to Borrowers in the German Federal Republic, December 31	324
6.	Balance Sheet of the Credit Banks, December 31, 1952	329
7.	Percentage Distribution of Short-Term Credits Granted by the Credit Banks to the Non-Bank Customers, October 31, 1952	329
8.	The Credit Business of the Credit Banks, 1948-52	331
9.	Industrial Classification of the Borrowers of the Credit Banks, September 30, 1952	331
10.	Demand and Time Deposits with Credit Banks, 1948-52	332
11.	Deposit Distribution, 1948-52, Not Including Interbank Deposits	332
12.	The Security Portfolio of the Credit Banks, Not Including Loans to the Reich and Equalization Claims	333
13.	Net Worth of the Credit Banks	334
14.	Balance Sheet of the Savings Banks, December 31, 1952	338
15.	Loans Extended by, and Deposits with, the Savings Banks in the German Federal Republic, 1926-52	339
16.	Personal Credits Granted by Savings Banks, Classified According to Size of the Individual Amounts Loaned, December 31, 1952	339
17.	Loans and Deposits at Building and Loan Associations, 1950-52	341
18.	Balance Sheet of the Urban Credit Cooperatives, December 31, 1952	342
19.	Balance Sheet of the Rural Credit Cooperatives Rendering Monthly Reports, December 31, 1952	343
20.	Balance Sheet of the Mortgage Banks and Real Estate Credit Institutions Established under Public Law, December 31, 1952	347
21.	Domicile and Total Capital of the Land Central Banks, September 30, 1953	351
22.	Amounts Borrowed from, and Reserve Balances Kept with, the Central Banking System by Commercial Banks in the Area of the German Federal Republic	356

TABLES

xiii

23.	Changes in the Interest Rates of the Central Banking System	357
24.	Minimum Reserve Requirements for Commercial Banks in Percent of Deposits	358
25.	Reserve Balances of Banks in the Area of the German Federal Republic, Classified According to Groups of Banks, September 30, 1953	359
26.	Combined Return of the Bank Deutscher Länder and the Land Central Banks, September 30, 1953	360
27.	Balance Sheet of the West Berlin Commercial Banks, December 31, 1952	365
28.	Return of the Berliner Zentralbank, September 30, 1953	367

INDIA

1.	Distribution of Banking Offices by Size of Towns	382
2.	Capital Resources of Indian Scheduled Banks (Excluding Imperial Bank), December 31, 1939 and 1943-52	387
3.	Growth in Deposits of the Several Classes of Banks, End of Year	388
4.	Ownership of Deposits in 89 Scheduled Banks, December 31, 1952	389
5.	Interest Allowed by Larger Scheduled Banks on Deposits during 1952	390
6.	Loans and Advances of Scheduled Banks, December 31	391
7.	Distribution of Advances of 88 Scheduled Banks, December 31, 1952	392
8.	Range of Usual Interest Rates, December 31, 1952	393
9.	Investments of 88 Scheduled Banks, December 31, 1952	394
10.	Earnings and Expenses of Scheduled Banks, 1947-52	396
11.	Liabilities and Assets of Cooperative Banks, 1939 and 1946-52	400
12.	Growth in Premium Income and Life Funds with Indian Insurers	401
13.	Liabilities and Assets of Reserve Bank of India, June 30	403
14.	Advances by the Reserve Bank of India to Scheduled Banks and State Cooperative Banks	407

ITALY

1.	Bank Drafts and Circular Checks in Circulation, December 31, 1938 and 1948-53	430
2.	Principal Items from the Balance Sheets of the Institutions of Public Right (5), Banks of National Interest (3), Ordinary Credit Banks (150), and Popular Co-operative Banks (122), December 31, 1938-June, 1953	446
3.	Distribution of All Loans Granted by Credit Institutions	450
4.	Cartel Rates on Loans and Deposits	456
5.	Combined Balance Sheet of the Ordinary Savings Banks, December 31, 1938 and 1948-53	465
6.	Combined Balance Sheet of Institutions of Agricultural Credit, December 31, 1938 and 1948-53	477
7.	Main Balance Sheet Items of the Istituto per la Ricostruzione Industriale, December 31, 1948-52	482
8.	Main Balance Sheet Items of the Istituto Mobiliare Italiano, March 31, 1948-53	485
9.	IMI Operations with Funds Other than Its Own	486
10.	Main Balance Sheet Items, Bank of Italy	497

JAPAN

1.	Statistics of Financial Institutions	522
2.	Assets and Liabilities of the Bank of Japan	528
3.	Aggregate Assets and Liabilities of All Ordinary Banks	537
4.	Loans and Discounts, by Types of Security, of All Ordinary Banks, March 31, 1951	542
5.	Loans and Discounts by Industry of All Ordinary Banks, March 31, 1951	543
6.	Assets and Liabilities of the Trust Fund Bureau	564

MEXICO

1.	Index of Wholesale Prices in Mexico City, 1939-50	576
2.	Balance Sheet of the Bank of Mexico, December 31	587
3.	Classes of Financial Institutions	591
4.	Principal Accounts of the Commercial Banks, December 31	592

THE NETHERLANDS

1.	Balance-Sheet Items, December 31, 1952	614
2.	Combined Statements of 42 Commercial Banks in the Netherlands, December 31, 1946-52	618
3.	Public and Private Credits of the Big Five	620
4.	Earnings of Four Large Commercial Banks for 1951 and 1952	623
5.	Savings Banks and Savings Bank Deposits, 1946-51	626
6.	Amount of Insurance Written by Life Insurance Companies, 1950-52	628
7.	Investments of Domestic Life Insurance Companies, Value According to Balance Sheet, December 31, 1952	629
8.	Mortgage Bank Statistics, 1946-49	631
9.	Selected Data of the Agricultural Credit Banks, 1950-52	632
10.	Postal Check and Transfer Service	633
11.	Money-Transfer Office of the City of Amsterdam	634
12.	Credits Granted by the Reconstruction Bank, December 31, 1946-52	636
13.	Shareholders of the Nederlandse Participatie Maatschappij	638
14.	Abridged Balance Sheet of the Netherlands Bank, December 28, 1953	644

SWEDEN

1.	Principal Assets and Liabilities of the Riksbank, End of the Year	662
2.	Structure of Commercial Banking in Sweden, December 31, 1952	663
3.	Deposit Rates Paid by Swedish Commercial Banks, December 31, 1951	668
4.	Principal Assets and Liabilities of Swedish Commercial Banks, December 31	671
5.	Loans and Discounts of Swedish Commercial Banks, December 31	673
6.	Loan Rates Charged by Swedish Commercial Banks, December 31, 1953	674

7.	Industrial Classification of Loans and Discounts of Commercial Banks, November, 1953	675
8.	Cash Holdings Relative to Deposits in the Swedish Commercial Banks, December 31	678
9.	Total Deposits in Various Swedish Banking Institutions	681
10.	Mortgage Loans Outstanding in Various Credit Institutions, December 31, 1930 and 1949	686

SWITZERLAND

1.	Assets and Liabilities of All Banks, December 31, 1950	698
2.	Structure of Swiss Banking	702
3.	Principal Balance Sheet Items of Five Large Banks	704
4.	Balance Sheet for the Cantonal Banks, December 31, 1950	707
5.	Combined Statements of Local Banks, December 31, 1950	708
6.	Savings Bank Statistics, December 31, 1950	710
7.	Mortgage Credits	712
8.	Cooperative Rural Credit Societies	715
9.	Percent of Liquid and Current Assets	722

UNION OF SOVIET SOCIALIST REPUBLICS

1.	Currency in Circulation, January 1, 1929-37	737
2.	Short-Term Loans by the Gosbank to the Soviet Economy, January 1, 1933-53	743
3.	Gosbank Short-Term Loans Outstanding, by Branches of the Economy, 1933, 1938, and 1941	745
4.	Seasonal Pattern of Working Capital in Sovkhozy, 1945	746
5.	Savings Bank Deposits, January 1, 1928-29 and 1933-52	752

UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND

1.	Balance of Payments and Reserves, United Kingdom and Rest of Sterling Area, 1947, 1949-53	779
2.	Banks in the United Kingdom, End of 1953	780
3.	London Clearing Banks, Liabilities and Assets, November 30, 1938, 1945, and 1949-53	785

4.	Classification of Bank Advances in Great Britain, November, 1947, 1949, and 1951-53	801
5.	Amounts Held in Different Forms of Savings, 1938, 1947, 1949, and 1951-53	803
6.	An Account in the Bank of England for the Week Ending Wednesday, November 25, 1953	817
7.	Combined Figures of Nine Discount Houses, 1952-53	825
8.	Selected Rates and Yields	827

UNITED STATES

1.	Distribution of Insured Commercial Banks According to Size of Deposits, September 30, 1949	842
2.	Distribution of Insured Commercial Banks According to Population of Locality, September 30, 1949	843
3.	Major Structural Changes Affecting the Number of Commercial Banks, 1945-51	845
4.	Mergers, Consolidations, and Absorptions of Commercial Banks, 1924-51	845
5.	Classification of Commercial Banks According to Supervisory Jurisdiction, December 31, 1951	847
6.	Ratio of Interbank Demand Deposits in Total Demand Deposits of Member Banks, December 31, 1929, 1939, and 1946-51	859
7.	Assets and Liabilities of All Commercial Banks in the United States and Possessions, December 31, 1945-51 (in Dollars)	863
8.	Assets and Liabilities of All Commercial Banks in the United States and Possessions, December 31, 1945-51 (in Percent)	864
9.	Cash Assets of All Commercial Banks in the United States, December 31, 1945-51	864
10.	Legal Reserve Requirements of Member Banks	866
11.	Cash Assets of Member Banks, December 26, 1951	866
12.	Loans of All Commercial Banks in the United States and Possessions, December 31, 1945-51	867
13.	Percentage Distribution of Loans of All Commercial Banks in the United States and Possessions, December 31, 1945-51	868