

R E P O R T
OF
THE COMPTROLLER OF THE CURRENCY.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, December 3, 1900.

SIR: I submit herewith, in compliance with the requirements of section 333 of the Revised Statutes of the United States, the thirty-eighth annual report of the operations of the Currency Bureau for the year ended October 31, 1900.

CONDITION OF BANKS.

The resources and liabilities of the banks in active operation, as shown by reports submitted during the past year, appear in detail in the following table:

ABSTRACT OF REPORTS OF CONDITION OF NATIONAL BANKS IN THE UNITED STATES ON DECEMBER 2, 1899, AND FEBRUARY 13, APRIL 26, JUNE 29, AND SEPTEMBER 5, 1900.

	Dec. 2—3,602 banks.	Feb. 13—3,604 banks.	April 26—3,631 banks.	June 29—3,732 banks.	Sept. 5—3,871 banks.
RESOURCES.					
Loans and discounts..	\$2,479,819,494.90	\$2,481,579,945.35	\$2,566,034,990.40	\$2,623,512,200.73	\$2,686,759,642.57
Overdrafts.....	33,681,370.97	23,503,096.37	19,064,580.79	20,724,992.72	23,130,598.65
U. S. bonds to secure circulation.....	234,403,460.00	236,283,870.00	265,340,570.00	282,424,040.00	294,890,130.00
U. S. bonds to secure U. S. deposits.....	81,265,940.00	111,515,980.00	112,251,540.00	107,348,780.00	102,811,380.00
U. S. bonds on hand.....	17,717,840.00	18,456,700.00	19,677,390.00	17,019,180.00	11,047,870.00
Premiums on U. S. bonds.....	17,375,215.21	19,891,938.95	12,587,612.86	10,875,434.89	9,951,815.46
Stocks, securities, etc.....	325,490,163.55	330,623,075.34	337,094,245.91	356,883,695.53	367,255,545.79
Banking house, furniture, and fixtures.....	79,446,858.81	79,520,503.18	79,517,387.58	80,223,848.70	81,209,233.26
Other real estate and mortgages owned.....	29,662,473.64	28,701,933.42	27,682,919.21	27,180,350.84	26,002,369.21
Due from national banks.....	198,611,069.85	200,720,520.60	200,099,719.04	215,078,918.26	220,673,982.42
Due from State banks and bankers.....	60,155,021.84	54,057,565.96	58,484,523.94	62,882,655.18	64,972,431.52
Due from approved reserve agents.....	345,556,047.73	375,117,371.13	404,956,529.08	412,781,260.09	450,714,269.48
Internal-revenue stamps.....			1,345,914.68	1,425,146.42	1,470,910.83
Checks and other cash items.....	21,432,440.94	22,517,303.00	16,170,099.21	21,136,118.30	19,749,086.17
Exchanges for clearing house.....	90,514,921.48	186,011,991.55	147,354,817.86	159,189,425.34	124,517,116.87
Bills of other national banks.....	17,522,237.00	19,736,286.00	24,846,436.00	25,078,170.00	25,416,666.00
Fractional currency, nickels, and cents..	1,013,122.40	1,226,162.29	1,219,635.40	1,230,421.28	1,241,387.03

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ABSTRACT OF REPORTS ON CONDITION OF NATIONAL BANKS IN THE UNITED STATES
ON DECEMBER 2, 1899, ETC.—Continued.

	Dec. 2—3,602 banks.	Feb. 13—3,604 banks.	April 26—3,631 banks.	June 29—3,782 banks.	Sept. 5—3,871 banks.
RESOURCES—Cont'd.					
Gold coin.....	\$108,052,570.12	\$104,882,872.15	\$104,624,498.81	\$102,884,447.55	\$103,750,172.59
Gold Treasury certi- ficates.....	70,986,670.00	93,611,360.00	100,989,330.00	101,263,430.00	115,018,140.00
Gold clearing-house certificates.....	100,648,000.00	90,887,000.00	92,070,000.00	91,023,500.00	93,390,000.00
Silver dollars.....	7,569,649.00	8,798,952.00	9,053,551.00	9,236,232.00	8,782,306.00
Silver Treasury certi- ficates.....	26,356,766.00	34,132,389.00	44,049,035.00	44,437,981.00	45,243,559.00
Silver fractional coin.....	6,211,721.48	7,265,251.55	7,264,654.46	7,218,118.53	7,144,233.12
Legal-tender notes.....	101,675,795.00	122,466,493.00	139,888,063.00	143,756,522.00	145,046,493.00
U. S. certificates of deposit.....	13,055,000.00	14,500,000.00	6,360,000.00	3,194,000.00	2,085,000.00
Five-per-cent redemp- tion fund.....	10,298,929.57	10,806,422.72	11,941,754.14	13,325,594.29	14,244,066.61
Due from Treasurer U. S.	1,821,144.06	1,595,729.53	2,036,250.32	2,881,160.22	1,620,098.71
Total	4,475,343,923.55	4,674,910,713.09	4,811,956,048.64	4,944,165,623.87	5,048,138,499.29
LIABILITIES.					
Capital stock paid in.....	606,725,265.00	613,084,465.00	617,051,455.00	621,536,461.45	630,299,030.72
Surplus fund.....	250,367,691.89	252,869,088.57	253,724,596.35	256,249,448.51	261,874,067.84
Undivided profits, less expenses and taxes.....	113,958,857.25	111,003,876.32	130,032,604.44	135,298,386.62	127,594,908.82
National-bank notes outstanding.....	204,925,357.50	204,912,546.00	236,250,300.00	265,303,018.00	283,948,631.50
State-bank notes out- standing.....	53,104.50	53,099.50	53,099.50	53,094.50	52,231.50
Due to other national banks.....	502,595,827.29	536,997,249.32	556,301,830.69	572,901,820.02	609,652,961.83
Due to State banks and bankers.....	293,721,662.94	318,875,604.55	242,366,367.87	227,647,423.64	243,805,378.88
Due to trust compa- nies and savings banks.....			154,904,858.35	232,428,059.69	215,898,530.98
Due to approved re- serve agents.....			21,898,434.31	29,927,000.77	27,209,179.43
Dividends unpaid.....	1,184,368.99	1,261,321.50	1,497,651.23	1,672,863.51	1,171,983.39
Individual deposits.....	2,380,610,361.43	2,481,847,035.62	2,449,212,656.69	2,458,092,757.67	2,508,248,557.53
U. S. deposits.....	73,866,941.90	103,781,155.23	102,791,876.41	92,566,799.37	87,596,246.77
Deposits of U. S. dis- bursing officers.....	6,158,557.45	5,484,822.76	5,674,842.76	6,305,110.90	6,221,742.17
Notes and bills redis- counted.....	5,001,309.88	3,695,152.31	3,810,654.27	4,239,300.08	6,000,740.00
Bills payable.....	13,546,905.23	7,670,595.17	8,106,208.60	12,632,568.80	10,645,714.14
Liabilities other than those above.....	22,627,712.30	33,374,701.24	28,278,612.17	27,311,510.34	27,918,593.79
Total	4,475,343,923.55	4,674,910,713.09	4,811,956,048.64	4,944,165,623.87	5,048,138,499.29

The authorized capital of the 3,985 national banking associations existing on October 31, 1900, was \$632,502,395, a net increase since October 31, 1899, of \$23,974,350. Of the increase, \$20,025,000 was the capital of banks organized during the year, and \$21,126,800 increase of capital of previously existing associations. There was a reduction of \$12,474,950 by the voluntary liquidation of 44 associations. This amount includes the capital stock of banks which have not yet deposited lawful money to retire their circulation and withdraw their bonds, the accounts being still carried on the books of this office. The failure of five banks depleted the capital to the extent of \$1,500,000, and \$2,692,500 was lost by the reduction during this period of the capital of active banks. Of the 44 associations placed in voluntary liquidation, 16, with capital of \$8,330,000, were liquidated for the purpose of consolidating with other national banks; 9, with capital of \$1,835,000, for the consolidation of their business with State institutions, and 19, with capital of \$2,304,950, for the purpose of going out of business.

A summary of the principal items of resources and liabilities of reporting national banks is of interest as exhibiting changes which have occurred since the issue of the Comptroller's report in 1899. Referring to the loans and discounts and comparing the returns on September 5, 1900, with those made on September 7, 1899, there is shown to have been an increase of \$170,008,391.46. At the date of the December 2, 1899, statement, the loans aggregated \$2,479,819,494.90, followed by a gradual increase during the year, until the maximum was reached September 5, namely, \$2,686,759,642.57.

As approximately 50 per cent of the loans and discounts of national banks are held by associations located in the central reserve cities and in Boston, Philadelphia, and Pittsburg, a statement with respect to money rates at those points is of interest. During the first week in September the rates on call loans in New York were $1\frac{1}{2}$ to $1\frac{1}{2}$ per cent; in Boston, 2 to 3; in Philadelphia, 3 to $3\frac{1}{2}$; in Chicago, $4\frac{1}{2}$ to 5; in Pittsburg, 5, and in St. Louis, 5 to 7. The rates on time loans were as follows: New York, 3 to 5; Boston, $3\frac{1}{2}$ to 5; Philadelphia, 4 to $4\frac{1}{2}$; Pittsburg, 5; Chicago, 5 to 6, and St. Louis, 5 to 7 per cent. Rates prevailing during the first week in September, 1899, were as follows: Time loans, Boston, 4 to 5; Philadelphia and St. Louis, $4\frac{1}{2}$ to 5; Chicago, $4\frac{1}{2}$ to $5\frac{1}{2}$; Pittsburg, 6 to 7. Call loans, Chicago and Philadelphia, 4; Boston, 4 to $4\frac{1}{2}$; St. Louis, 4 to 5; Pittsburg, 6 to 7 per cent.

United States bonds on deposit to secure national-bank circulation increased from \$234,403,460 on December 2, 1899, to \$294,890,130 on September 5; Government bonds on deposit to secure public deposits were at their lowest on December 2, \$81,265,940; at the maximum on April 26, namely, \$112,251,540, and dropped to \$102,811,380 on September 5; other United States bonds, owned by the banks, fell in amount from \$19,677,390 on April 26 to \$11,047,870 on September 5. The premium account on all United States bonds was reduced from a maximum of \$19,891,938.95 on February 13 to \$9,951,815.46 on September 5, due principally to the substitution of new twos for bonds surrendered.

Specie reached the maximum, \$373,328,410.71, at date of the last call, an increase since December 2 of over fifty-eight and one-half millions. At date of the December, 1899, call, gold coin and certificates amounted to \$274,687,240.12; silver coin and certificates, \$40,138,000. On September 5 the holdings of gold had increased to \$312,158,312.59, and the silver to \$61,170,098.12. Legal-tenders in bank, amounting to \$101,675,795 on December 2, increased with each report, the amount on September 5 being \$145,046,493. Of the \$15,320,000 United States note certificates outstanding on February 13, the national banks held \$14,500,000. On March 14, the date of the passage of the currency bill, which contained the provisions repealing the authority to issue these note certificates and to count them as lawful money reserve, there was outstanding \$15,045,000. The reports on April 26, June 29, and September 5 show a reduction in the amount of holdings of these certificates by the banks from \$6,360,000 on the earliest-named date to \$2,085,000 on September 5.

The total resources of the associations increased since September 7, 1899, in the sum of \$397,783,365.85; on December 2 the resources aggregated \$4,475,343,923.55, and increased during the year to \$5,048,138,-499.29 at the date of the last statement.

The banks' individual deposits represent over 50 per cent of their

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entire liabilities, and amounted on September 5 to \$2,508,248,557.53, an increase from \$2,380,610,361.43 on December 2, 1899.

United States deposits with the banks were at their minimum, \$73,866,941.90, on December 2; at their maximum on February 13, \$103,781,155.23, and decreased to \$87,596,246.77 on September 5.

With the increase of reporting banks from 3,602 on December 2 to 3,871 on September 5, there was an accompanying increase in capital stock paid in from \$606,725,265 to \$630,299,030. The surplus has fluctuated between \$250,000,000, approximately, on December 2, and \$262,000,000, nearly, on September 5. The undivided-profit account was at its lowest on February 13, namely, \$111,003,876.32, and at the maximum, \$135,298,386.62, on June 29.

National-bank notes outstanding on December 2 and February 13 amounted to a trifle over \$204,900,000. As a result of the passage of the currency act, permitting the issue of circulation to the par value of the bonds deposited, there was an increase of nearly \$32,000,000 between February 13 and April 26. On September 5 the amount reported outstanding was \$283,948,631, an increase since September 7, 1899, of \$83,603,064.

The law requires national banks located in the central reserve cities—New York, Chicago, and St. Louis—to maintain a reserve on deposits of 25 per cent, all of which is required to be lawful money, with the exception of the amount with the Treasurer of the United States, in the 5 per cent redemption fund. Banks located in other reserve cities are required to maintain the same percentage of reserve, but one-half may consist of funds on deposit with reserve agents in the central reserve cities. Banks located elsewhere are required to hold 15 per cent reserve, two-fifths of which must consist of cash in bank and the three-fifths may consist of balances with approved correspondents. By reference to the returns of September 5 it is seen that the liabilities on which the banks were required to maintain a reserve aggregated \$3,280,985,590.84, the reserve required being \$684,127,497.59, and the reserve held \$983,333,239.80, or 29.67 per cent. Of the reserve held, \$518,474,903.71 consisted of lawful money and the balance funds on deposit with reserve agents and in the 5 per cent redemption fund. The average rate of reserve in central reserve city banks exceeded the amount required by 2.53 per cent. The excess in other reserve city banks was 6.93 per cent, the average excess for both classes being 4.64 per cent. Banks located outside of the reserve cities held an average reserve of 30.44 per cent, or more than double the requirement. The average reserve of all banks was 29.67 per cent. The composition of the reserve held is as follows: Specie, \$373,328,410.71; legal tenders, \$145,046,493; funds with reserve agents, \$450,714,269.48; redemption fund with the Treasurer, \$14,244,066.61.

AMENDMENTS RECOMMENDED.

Section 333 of the Revised Statutes of the United States provides that the Comptroller of the Currency, in his annual report to Congress, shall suggest amendments to the banking laws by which the system may be improved.

In complying with this provision of law, the Comptroller desires first to call attention to section 1 of the act of July 12, 1882.

EXPIRATION OF CHARTERS OF NATIONAL BANKS AND EXTENSION OF CORPORATE EXISTENCE.

Under the provisions of section 1 of the act of July 12, 1882, the charters of 1,737 national banks have been extended for a term of twenty years from the date of expiration of the period of succession named in their original articles of association. The first of these extended charters will expire on July 14, 1902, and others will follow. The question is thus raised as to whether authority is conferred upon the Comptroller by the above-mentioned section to extend the corporate existence of a bank for a second term of twenty years from the date of expiration of the period of its first extension or whether under present law an association is limited to one extension of twenty years from the expiration of the period of succession named in the original articles of association.

Section 1 of the act of July 12, 1882, under which such extensions are granted, reads as follows:

“That any national banking association organized under the acts of February twenty-fifth, eighteen hundred and sixty-three, June third, eighteen hundred and sixty-four, and February fourteenth, eighteen hundred and eighty, or under sections fifty-one hundred and thirty-three, fifty-one hundred and thirty-four, fifty-one hundred and thirty-five, fifty-one hundred and thirty-six, and fifty-one hundred and fifty-four of the Revised Statutes of the United States may, at any time within the two years next previous to the date of the expiration of its corporate existence under present law and with the approval of the Comptroller of the Currency, to be granted as hereinafter provided, extend its period of succession by amending its articles of association for a term of not more than twenty years from the expiration of the period of succession named in said articles of association, and shall have succession for such extended period unless sooner dissolved by the act of the shareholders owning two-thirds of its stock, or unless its franchise becomes forfeited by some violation of law, or unless hereafter modified or repealed.”

While it will be observed that this act does not in express terms limit extensions to one period of twenty years, the implication to that effect is sufficiently clear to raise a doubt as to the Comptroller's authority to grant the second extension.

In this view of the case, without additional legislation authorizing a further extension, a bank desiring to continue in business under the national system whose corporate existence has been once extended will be compelled to go into liquidation at the expiration of the period of its extension and reorganize as a new association.

This course will render necessary the complete winding up of the affairs of the expiring bank, the retirement of its circulation, the withdrawal of its bonds, and the issuing of a new certificate of authority by the Comptroller, with a distinctively new title and charter number, as is at present the case with an entirely new organization. While the reorganized association might continue to be in all respects the same bank, with practically the same stockholders, directors, and officers, the legislation hereinafter recommended would render unnecessary these steps, which would be attended with inconvenience both to the business public and the banks.

I therefore respectfully recommend an amendment of section 1 of

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the act of July 12, 1882, authorizing the Comptroller of the Currency to extend for a further period of twenty years, under the conditions and limitations imposed by said act, the charter of such expiring association as may desire to continue in the national banking system.

Such legislation, to be effective, should be enacted into law at the earliest possible date to give associations desiring to avail themselves of its provisions ample time for the preliminary action necessary to an extension before their charters lapse.

As before stated, the corporate existence of 1,737 banks, with capital aggregating \$417,628,115, has been extended since the passage of the act of July 12, 1882. During the year ended October 31, 1900, there were 45 extensions, the capital involved being \$6,942,000. A list of the 74 associations whose corporate existence will terminate during the coming year will be found in the appendix. The first bank to reach the end of its second term of corporate existence is The First National Bank of Findlay, Ohio, the date of the termination being July 14, 1902. Between that date and the end of that year 36 associations which have had their charters extended will expire by limitation.

RESTRICTIONS UPON LOANS TO DIRECTORS AND EXECUTIVE OFFICERS OF BANKS.

During the past year the Comptroller has made an investigation into the matter of loans of national banks to directors and officers, with a view to gathering information bearing on a proposed amendment to the national banking act placing additional restrictions upon such loans. The records of this office indicate that large loans to directors and executive officers of banks have been the cause of a large percentage of the failures of national banks in the country, and that the restrictions of the present law are not sufficient to enable the Comptroller to properly check in some cases an undue tendency of those in executive authority to misuse their powers for personal purposes.

It is the belief of the Comptroller that additional restrictions should be placed upon the power of directors and executive officers of a national bank to borrow the funds intrusted by the depositors and stockholders of a bank to their management; and an investigation into the extent to which such loans are made emphasizes the desirability of such legislation.

In regard to the proportion of failures attributable to excessive loans to officers, it appears that of the 370 national bank failures since the organization of the system 5 were attributable exclusively to excessive loans to officers and directors; 22 to excessive loans to officers and directors and depreciation of securities; 8 to excessive loans to officers and directors and investments in real estate; 15 to excessive loans to officers and directors, fraudulent management, and depreciation of securities, and 12 to excessive loans to officers, directors, and others, and fraudulent management. In other words, 62 failures, or practically 17 per cent of the total failures, were due to excessive accommodations to officers and directors and the other causes mentioned.

The large percentage of these failures attributed to improper loans to directors and officers and the consideration of a proper provision of law to protect the business community hereafter led to the investigation of all directors' loans now outstanding in the national banks of the country, the results of which are given herewith.

This investigation shows that on June 29, 1900, the date of the Comptroller's call for a statement of condition from the national banks of the country, there were 28,709 directors of national banks, of which 18,534 were directly or indirectly indebted to national banks under their management. The aggregate sum owed by these 18,534 borrowing directors and 2,279 officers and employees who were not directors was \$202,287,441.

The total loans and discounts of the national banks of the country at this time were \$2,623,512,200. The liability of directors and employees was, therefore, 7.71 per cent of this amount.

The capital stock of the national banks of the United States on this date was \$621,536,461. The direct and indirect liability of directors, officers, and employees of national banks, therefore, amounted to 32.55 per cent of this sum.

The stock owned in national banks by the 18,534 borrowing directors amounted to \$114,759,300. The direct loans of officers and directors amounted to \$115,094,157 and their indirect liabilities to \$87,193,284.

In the New England States, Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut, in 563 national banks, of \$137,460,520 capital, the total number of directors on June 29, 1900, was 4,258, of which 2,668 were indebted directly or indirectly in a sum aggregating \$31,897,830.

In the Eastern States, New York, New Jersey, Pennsylvania, Delaware, Maryland, and the District of Columbia, in 1,001 national banks of \$204,982,745 capital, the total number of directors on June 29, 1900, was 9,127, of which 6,270 were indebted directly or indirectly in a sum aggregating \$82,289,446.

In the Southern States, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Louisiana, Texas, Arkansas, Kentucky, and Tennessee, in 568 national banks of \$67,149,467 capital, the total number of directors on June 29, 1900, was 4,256, of which 2,909 were indebted directly or indirectly in a sum aggregating \$23,436,304.

In the Middle States, Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, and Missouri, in 1,094 national banks of \$161,698,927 capital, the total number of directors on June 29, 1900, was 7,698, of which 4,928 were indebted directly or indirectly in a sum aggregating \$51,406,835.

In the Western States, North Dakota, South Dakota, Nebraska, Kansas, Montana, Wyoming, Colorado, New Mexico, Oklahoma, and Indian Territory, in 384 national banks of \$30,931,552 capital, the total number of directors on June 29, 1900, was 2,592, of which 1,333 were indebted, directly or indirectly, in a sum aggregating \$6,690,881.

In the Pacific States, Washington, Oregon, California, Idaho, Utah, Nevada, Arizona, and Alaska, in 122 national banks of \$19,313,250 capital, the total number of directors on June 29, 1900, was 778, of which 426 were indebted, directly or indirectly, in a sum aggregating \$4,008,402.

While these tables do not necessarily indicate that national banking officers and directors as a whole abuse their privileges, and many of these directors' loans are among the safest owned by the creditor banks, the Comptroller believes the tables show clearly the great importance of a properly framed law placing additional restrictions

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and safeguards around these loans, in which, the history of the banking system teaches, is involved the greatest danger of the improper and lax use of banking funds.

The necessity for some amendment to the national banking act restricting loans by banks to their officers and employees has long been recognized by this office, as is evidenced by the recommendations on the subject of my predecessors in their annual reports to Congress. While the need for such legislation has been generally admitted, it has been found difficult to determine precisely what restrictions should be imposed, owing to the varying circumstances under which such loans are granted.

Comptroller Lacey in his report for 1891 recommended that:

"The active officers of a bank be excluded from incurring liabilities to the association with which they are connected, and that the direct and indirect liabilities of a director be confined to 20 per cent of the paid-up capital."

Comptroller Hepburn in his report for 1892 recommended:

"That the law be so amended as to prohibit officers or employees of a bank from borrowing its funds in any manner, except upon application to and approval by the board of directors."

Comptroller Eckels in his report for 1893 recommended:

"That no executive officer of a bank or employee thereof be permitted to borrow funds of such bank in any manner, except upon application to and approval by the board of directors."

In formulating provisions of law restricting loans to executive officers and directors it is important not to make them so unreasonable as to drive from such service the active, responsible, and honest business men of the country. The problem is to devise such restrictions for the safety of the depositors as will discourage improper loaning to directors while not injuring the depositors by discouraging to too great an extent the assumption of the duties of bank directorship by the active and responsible members of the business community.

Primarily, the law should have in view the safety of the depositors, and it should be recognized that their safety is as much endangered by the passage of a law which would drive good directors from the service as by the existence of a law which does not sufficiently restrict the opportunity of dishonest directors to abuse the powers of their position.

It seems plain to the Comptroller that any law upon this subject should make a distinction in the nature of the restrictions upon directors who are not officers which will not involve as much of a delay in the making of loans to them as in the making of loans to the executive officers of a bank, since the latter have the greater opportunity and latitude for improper methods in the use of trust funds.

The Comptroller gives herewith a copy of the bill introduced at the last session of Congress by Hon. Marriott Brosius, chairman of the Committee on Banking and Currency (H. R. 12043, Fifty-sixth Congress, first session), which has had his careful consideration, and the passage of which with some additions he earnestly recommends. This bill has been drawn so as to insure a greater degree of safety in loans to directors and officers with what is believed to be a minimum of inconvenience to such officers consistent with the safety of such transactions. It properly recognizes the distinction in the relations of directors to a bank and those sustained by executive officers.

It will be noted that the provision made by this bill for the fixing of a line of credit for each director in advance reduces to a minimum the inconvenience of the greater supervision proposed. After such a line of credit has been fixed by the board of directors for an individual director, he will be no more hampered within that limit under the proposed law than he is at present.

A BILL for the better control of and to promote the safety of national banks.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That no national banking association shall make any loan to its president, its vice-president, its cashier, or any of its clerks, tellers, bookkeepers, agents, servants, or other persons in its employ until the proposition to make such a loan, stating the amount, terms, and security offered therefor, shall have been submitted in writing by the person desiring the same to a meeting of the board of directors of such banking association, or of the executive committee of such board, if any, and accepted and approved by a majority of those present constituting a quorum, and then not in excess of the amount allowed by law. At such meeting the person making such application shall not be present. The said acceptance and approval shall be made by a resolution, which resolution shall be voted upon by all present at such meeting answering to their names as called, and a record of such vote shall be kept and state separately the names of all persons voting in favor of such resolution, and of all persons voting against the same, and how each of the persons voted. In case such proposition shall be submitted to the executive committee, the resolution and its vote thereon shall be read at the next meeting of the board of directors and entered at length in the minutes of such directors' meeting.

SEC. 2. That every president, vice-president, director, cashier, teller, clerk, or agent of any such association who knowingly violates section one of this act, or who aids or abets any officer, clerk, or agent in any such violation, shall be deemed guilty of a misdemeanor, and shall be punished by a fine of not more than five thousand dollars, or by imprisonment not more than five years, or by both.

SEC. 3. That the board of directors of any national banking association may at any regular meeting fix by resolution the limit of credit which shall be extended to any director, and said action of the directors shall be determined by a yea and nay vote, and the names of those voting for and against shall be entered of record in the books of the association. Within the limit of this credit and in the discretion of the executive officers of the association loans may be made to directors without other action by the board. When, however, such limit of credit has not been previously fixed by the action of the board, no loan to a director shall be made unless approved by the board or the executive committee of the bank in the method provided herein for loans to executive officers or in the following manner: An application for a loan, not in excess of the amount allowed by law, to a director may be submitted in writing by the director desiring the same to not less than two additional directors, who shall signify in writing their approval of the acceptance by the bank of said application. A loan to a director may, in the discretion of the executive officer of the bank, be made in accordance with such written application, accompanied by the writ-

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ten approval of two additional directors as aforesaid. At the time such loan is made said application and approval shall be entered at length in a record book of the bank and shall be read at the first meeting of the directors following the making of said loan. Any national banking association making a loan to any director in violation of the provisions of this section shall forfeit to the United States a sum equal to double the amount of interest charged by said bank upon such loan, the same to be collected by the Comptroller of the Currency and paid into the Treasury of the United States.

SEC. 4. That each report of every national banking association made to the Comptroller of the Currency in accordance with the provisions of section fifty-two hundred and eleven of the Revised Statutes of the United States shall exhibit in a schedule to be added thereto, under such classifications and in such forms as the Comptroller of the Currency may direct, the amount of debts due or to become due to such association from its president, vice-president, each of its directors, and from its cashier and any of its clerks, tellers, bookkeepers, agents, servants, or other persons in its employ, as principals, indorsers, sureties, guarantors, or otherwise, in a separate item from the other assets of said bank, and shall also state separately the amount of all debts to such association which are past due and remain unpaid by the aforesaid parties: *Provided*, That nothing contained in this act shall require, or be deemed to require, or permit the publication of such schedule of the debts due or to become due to such association from each of its directors or officers or employees in any statement published in a newspaper as now required by law. No such association shall permit its president, its vice-president, its cashier, or any of its clerks, tellers, bookkeepers, agents, servants, or other persons in its employ to become liable to it by reason of overdrawn account.

SEC. 5. That section fifty-two hundred of the Revised Statutes of the United States be amended so as to read as follows:

“SEC. 5200. The total liabilities to any association of any person or of any company, corporation, or firm for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in. *But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as money borrowed:* [see note] *Provided*, That the restriction of this section as to the amount of total liabilities to any association of any person, or of any company, corporation, or firm for money borrowed shall not apply where a loan in excess of one-tenth part of the capital stock shall be less than two per centum of the total assets of said bank at the time of making said loan. Said loan shall be at all times protected by collateral security equal to or greater in value than the excess in the amount of said loan over one-tenth of the capital stock.”

NOTE 1.—The provision of the bill printed in italics and which is a part of section 5200, U. S. R. S., as it stands at present is omitted in H. R. 12043, but in the judgment of the Comptroller should be allowed to remain in its present form.

NOTE 2.—A penalty should be provided for infractions of this section, either personal in its nature or of double the amount of interest charged on such loan, with a method prescribed for collection of such penalty.

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LIABILITY AS PAYERS, INDORSERS, ETC., OF NATIONAL BANK DIRECTORS, OF OFFICERS AND EMPLOYEES OTHER THAN DIRECTORS; AGGREGATE LOANS AND DISCOUNTS AND CAPITAL STOCK; PERCENTAGE OF LIABILITY AS PAYERS AND INDORSERS, OF DIRECTORS, OFFICERS, AND EMPLOYEES; TOTAL NUMBER OF DIRECTORS; NUMBER OF BORROWING DIRECTORS, OFFICERS, ETC.; NUMBER OF SHARES OWNED BY BORROWING DIRECTORS AND BY OTHER OFFICERS AND EMPLOYEES; TOTAL NUMBER OF BANKS' SHARES, AT PAR OF \$100, ON JUNE 29, 1900.

Geographical divisions.	Num- ber of banks.	Liability as payers.		Liability as indorsers.			
		Directors.	Officers and employees, other than directors.	Directors.	Officers and employees, other than directors.		
Total New England States	563	\$18,375,992	\$242,172	\$13,521,888	\$117,016		
Total Eastern States	1,001	46,995,599	610,825	35,293,847	284,849		
Total Southern States	568	12,810,718	234,611	10,625,586	174,789		
Total Middle States	1,094	27,641,516	593,975	23,765,319	132,259		
Total Western States	384	4,522,154	69,901	2,168,727	21,726		
Total Pacific States	122	2,938,108	58,586	1,070,294	17,034		
Total United States	3,732	113,284,087	1,810,070	86,445,611	747,673		
Geographical divisions.	Total liability of directors, officers, and employees.		Total loans and dis- counts of banks.	Per cent of lia- bility as payers of directors, officers, etc.	Per cent of lia- bility as indors- ers of di- rectors, officers, etc.		
	As payers.	As ind- orsers.					
Total New England States	\$18,618,164	\$13,638,854	\$407,260,965	4.57	3.35		
Total Eastern States	47,606,424	35,578,696	1,151,623,418	4.13	3.09		
Total Southern States	13,045,329	10,800,375	205,903,624	6.34	5.24		
Total Middle States	28,235,491	23,897,578	687,882,472	4.11	3.47		
Total Western States	4,592,055	2,190,453	112,969,070	4.06	1.94		
Total Pacific States	2,996,694	1,087,328	57,872,690	5.18	1.88		
Total United States	115,094,157	87,193,284	2,623,512,200	4.39	3.32		
Geographical divisions.	Total cap- ital stock.	Per cent of liability as payers, of di- rectors, officers, etc.	Per cent of liability as indors- ers of directors, officers, etc.	Per cent of liability as payers and in- dorsers, of di- rectors, officers, etc.	Total num- ber of direct- ors.	Num- ber of shares owned by borrow- ing di- rectors.	Num- ber of shares owned by bor- rowing officers, etc., other than direct- ors.
Total New England States	\$137,460,520	13.54	9.92	23.46	4,258	2,668	110,182
Total Eastern States	204,982,745	23.22	17.36	40.58	9,127	6,270	368,302
Total Southern States	67,149,467	19.43	16.08	35.51	4,256	2,909	161,807
Total Middle States	161,698,927	17.46	14.78	32.24	7,698	4,928	376,178
Total Western States	30,931,552	14.85	7.08	21.93	2,592	1,333	94,970
Total Pacific States	19,313,250	15.52	5.63	21.15	778	426	36,154
Total United States	621,536,461	18.52	14.03	32.55	28,709	18,534	1,147,593
							2,279

GENERAL LIMITATION OF LOANS.

With the provisions of the national banking law as they are at present the proposal to add restrictions upon a certain class of loans unavoidably involves the discussion of the desirability of a change in the present provisions restricting other loans of national banks. It is essential that the Comptroller be given some practicable remedy to enforce restrictive provisions and that the present provision should be so

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altered as to make its enforcement a matter of greater public advantage. The concurrent discussion of the present provision limiting loans to a single individual to 10 per cent of the capital stock of a bank and the proposed provision to limit and safeguard loans to directors and officers, will serve to show them in their true relations and to indicate the great importance of a reformation of the national banking law in this connection.

The provision of the present law limiting the amount which can be loaned to any one individual or corporation in order to insure a general distribution of loans, and to prevent an improper concentration of a bank's funds in the hands of a few borrowers, is as follows:

“SEC. 5200. The total liabilities of any association, of any person, or of any company, corporation, or firm, for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in. But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same shall not be considered as money borrowed.”

In my report for 1898 I discussed in detail the amendment to this section which seems essential, and I reincorporate here the text of that discussion, having altered the accompanying tables and statistics to conform with the latest reports received from the national banks of the country.

“Almost as if in admission of the fact that this provision is unscientific and ill adapted to carry into practical effect the great principles of protection to depositors and shareholders, subserved by generally distributed and safe loans, the present law provides no specific penalty against individuals which the Comptroller can apply for violations of this section in the making of excessive loans where such violations do not affect the solvency of the bank nor justify the appointment of a receiver.”

A United States court, under the general provision of the law providing for the forfeiture of the franchises of a bank for any violations of the banking act, might adjudicate the question of fact as to such violation, but could apply no other remedy than forfeiture of franchise.

Since the institution of the national banking system the violation of this provision has been common, and the Comptroller, though allowing no known violation to escape his written protest, finds great practical difficulty in his endeavors to enforce this requirement.

On June 29, 1900, the date of a call by the Comptroller for statement of condition of national banks, 1,575 banks of the 3,732 banks that were active on that date, constituting nearly two-fifths of the entire number of banks in the system, reported loans in excess of the limit allowed by section 5200 of the Revised Statutes of the United States.

The principles underlying the present provision of the law are as valuable to depositors and shareholders in their application to the banks of larger communities as to the banks of smaller communities; but the observance of this provision, while not interfering with the current requirements of either of the banks or the public in smaller communities, proves an almost insurmountable obstruction to the business of our larger cities.

The present need is for an amendment to this provision which, while compelling, under penalty, the safe and proper distribution of loans of larger banks, will enable them to loan more nearly the same per cent of their total assets which the present provision allows to small banks. In this way the officers of larger banks can supply the proper needs of the larger communities without disregarding the law, and the Comptroller can hold them under personal penalty to strict observance of the amended law, which when disregarded would indicate improper distribution of loans, something which infractions of the present provisions in the case of many banks do not necessarily indicate.

The greater ratio borne by banking resources to banking capital in the larger communities, as compared with a like ratio in smaller communities, is responsible for the defective and unequal working of the present provision.

The average ratio of resources to the average capital of the 44 national banks in the city of New York is as 17.5 is to 1; of the 16 national banks in Chicago as 14.2 is to 1; of the 6 national banks in St. Louis as 8.2 is to 1; of the 266 national banks in other reserve cities as 9 is to 1; while in the 3,400 country banks the ratio is but as 6.1 is to 1.

The law limiting loans to 10 per cent of the capital, when applied to the 3,400 banks of the smaller communities of the country, as a whole, would allow the loaning of 1.56 per cent of their total assets to one individual. As compared with this, the banks of the city of New York, on the average, could not loan over fifty-seven one-hundredths of 1 per cent of their total assets to any one individual; the banks of Chicago not over seventy one-hundredths per cent of their total assets; the banks of St. Louis not over 1.21 per cent of their total assets; the banks of other reserve cities not over 1.10 per cent of their total assets.

In other words, the proportion of their assets which the country banks of the United States can loan, in strict compliance with section 5200, to one individual, is forty-six one-hundredths of 1 per cent greater than in 266 reserve cities, thirty-five one-hundredths of 1 per cent greater than in St. Louis, over twice as great as in Chicago, and nearly three times as great as in the city of New York.

This provision, as it stands at present, constitutes an incentive to the making of loans the larger in proportion to the total assets of banks in smaller communities, where, as a rule, large loans which are safe are the most difficult to secure, while in the larger business centers of the country, where commercial conditions create a certain demand both from banks and borrowers for large and safe loans, its effect is the reverse to such an extent as to be injurious.

A bank with smaller loans is not necessarily a bank with more distributed and safe loans. A bank with \$100,000 capital and \$100,000 deposits, the latter being loaned in the maximum amounts allowed by the present provision (to wit, to 10 individuals at \$10,000 each), has not as well-distributed loans as a bank of \$1,000,000 capital and \$5,000,000 deposits, the latter loaned to 50 people at the maximum of \$100,000 each. In the former case the loans are distributed among only 10 people and in the latter case among 50 people, and yet in each case there is strict compliance with the 10 per cent restriction.

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One of the objects evidently designed to be subserved by the present provision of the law was the protection of the capital of a bank, as distinguished from other assets of the bank.

The framers of the section undoubtedly considered the capital of a bank as a greater safeguard for the depositors against loss when not over one-tenth part of it was loaned to a single individual or corporation without security. They recognized the fact, however, that when outside security was had for loans the capital did not need for its protection the 10 per cent restriction, and they provided accordingly for the exemption from the restriction of a certain class of secured loans, as follows:

“But the discount of bills of exchange drawn in good faith against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating the same, shall not be considered as money borrowed.”

In the modification of section 5200, which we will recommend, we invoke the same principle of outside security for the protection of the capital against loss upon loans exceeding the 10 per cent limit.

The size of a loan is of itself no indication of its strength or weakness. If the size of a loan is not such as to be an undue concentration of the assets of a banking institution in the hands of one individual or corporation, thus depriving its creditors and shareholders of the safety of the law of average, it is not wise, either upon economic grounds or upon grounds of public policy, to forbid it by law.

If, however, the size of a loan is such as to cause such undue concentration, its prevention is justifiable on both grounds.

Recognizing these truths, it is the easier to understand why in many instances a strict compliance with this provision of the law (section 5200, Rev. Stat. U. S.) is consistent with all the needs of the current business of a small community and a proper protection to both banks and the public, yet in some larger communities it seriously interferes with the business requirements of both the banks and the public, and adds in no way to the safety of the depositor.

The limit of the amount of single loans to an arbitrary percentage of either the capital or the sum of the capital and surplus of a bank does not insure a general or proper distribution of loans in all cases. Since, as stated before, the size of a loan is not, *per se*, related to its safety, the more important proportion to consider when endeavoring to regulate the distribution of loans by law is that of the amount of the loan to the total assets, rather than that of the loan to the amount of the capital.

Grounds of public policy suggest as advisable the largest liberty in loans not inconsistent with the absolute safety of the depositor.

The habitual disregard of the present provision by the officers of so many banks interferes with the proper supervision of the banks by the Comptroller and tends to create indifference to the other restrictions of the national banking law.

The failure of the present law to provide the power to apply a penalty for the making of excessive loans sometimes embarrasses the Comptroller in endeavoring to check tendencies toward recklessness in loaning, which point to the ultimate ruin of a banking institution.

As before stated, the present provision, when properly altered, should allow the banks of larger communities to have more nearly the privilege of loaning a given per cent of their total assets to one indi-

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vidual, which now belongs, under a strict compliance with the present provision, to the banks of the smaller communities. From this privilege they are now debarred by law.

The desired results can be obtained, in our judgment, by adding, after the words, in section 5200, "shall at no time exceed one-tenth part of the amount of capital stock of such association actually paid in," the following words:

"Provided, That the restriction of this section as to the amount of total liabilities to any association of any person, or of any company, corporation, or firm, for money borrowed shall not apply where a loan in excess of one-tenth part of the capital stock shall be less than 2 per cent of the total assets of said bank at the time of making said loan. Said loan shall be at all times protected by collateral security equal to or greater in value than the excess in the amount of said loan over one-tenth of the capital stock."

A strict penalty enforceable by the Comptroller should then be provided for infractions of the amended section by the officers of banks to enable the Comptroller to successfully enforce general and strict compliance with its terms.

The suggested amendment will make section 5200 just and equitable in its relation to all national banks and to all communities of our country, large and small, which it is not at present.

It would not lessen the amount which the smaller banks can now loan in compliance with the section as it stands at present. At the same time it would not allow the larger banks to loan to any one individual or corporation more than 10 per cent of the capital, unless such loan, in addition to being secured for the excess, would not amount to a greater per cent of the total assets than is consistent with the safe distribution of loans and the resultant protection to depositors.

Section 5200, thus amended, will not interfere, as at present, with the right of the banks in the larger communities to meet the legitimate requirements of business in these commercial centers. It will enable the Comptroller, by its enforcement, to prevent any undue concentration of loans and conserve their general distribution.

Under the section thus amended the capital of a bank will be protected, inasmuch as no loan in excess of the 10 per cent limit can then be made, except upon proper collateral security.

The penalty clause will enable the Comptroller not only to limit the size, but to enforce the securing of excessive loans.

The following table shows the inequality of the present law in its practical effects upon the banks of larger and smaller communities, so far as the possible distribution of loans is concerned:

Banks in—	Number of banks June 29, 1900.	Average resources.	Average capital.	Maximum average loan, 10 per cent of capital.	Ratio of average resources to average capital.	Average maximum loan to average resources now allowed by section 5200.
New York City.....	44	\$24,188,833	\$1,381,818	\$138,181	17.5 to 1	$\frac{44}{175}$ of 1 per cent.
Chicago.....	16	16,458,878	1,153,125	115,312	14.2 to 1	$\frac{16}{142}$ of 1 percent.
St. Louis.....	6	15,651,533	1,900,000	190,000	8.2 to 1	1.21 per cent.
All central reserve cities.....	66	21,503,817	1,373,485	137,348	15.6 to 1	$\frac{66}{156}$ of 1 per cent.
Other reserve cities..	266	5,068,585	561,821	56,182	9.0 to 1	1.10 per cent.
Country banks.....	3,400	640,197	103,092	10,309	6.1 to 1	1.56 per cent.
United States.....	3,732	1,324,803	166,542	16,654	8.0 to 1	1.21 per cent.

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For the purpose of ascertaining the general result of the suggested amendment to section 5200, United States Revised Statutes, an examination has been made of the reports of condition of the national banks, of date June 29, 1900. In the following table is set forth the number of banks in reserve cities named on June 29, 1900, number of loans in excess of the legal limit, loans which would be excessive if allowed to the limit of 2 per cent of the total resources, and number of banks in which loans equaling 10 per cent of their capital would be greater than 2 per cent of total assets, the loaning power of which the proposed limit would not increase. The table shows similar information relative to 100 banks selected at random from various sections of the country and also the total number of separate loans and discounts of such banks and of those located in the reserve cities on November 12, 1900:

	Cities.	Number of banks.	Total number of loans outstanding Nov. 12, 1900.	Number of excessive loans under section 5200.	Number of loans in excess of the proposed 2 per cent limit.	Number of banks in which loans equaling 10 per cent of their capital would be greater than 2 per cent of total assets, the loaning power of which the proposed limit would not increase.
1	New York City.....	44	38,102	707	26	14
2	Chicago.....	16	23,272	86	11	5
3	St. Louis	6	9,967	19	4	3
	Total.....	66	71,341	812	41	22
1	Boston	38	33,269	7	2	2
2	Albany	6	4,794	77	14	5
3	Brooklyn	5	3,576	47	6	3
4	Philadelphia	36	26,463	156	42	13
5	Pittsburg	31	18,345	180	70	19
6	Baltimore	19	17,955	30	7	6
7	Washington, D. C	11	9,808	28	5	3
8	Savannah	2	1,532	4	4	1
9	New Orleans	7	5,019	67	7	6
10	Louisville	8	7,560	8	2	2
11	Houston	5	1,671	27	3	2
12	Cincinnati	13	18,510	19	5	4
13	Cleveland	15	13,019	43	10	6
14	Columbus	6	5,082	3	0	0
15	Indianapolis	4	4,987	6	1	1
16	Detroit	6	6,180	6	3	3
17	Milwaukee	4	5,743	10	1	1
18	Des Moines	4	3,002	4	0	0
19	St. Paul	5	2,800	6	1	1
20	Minneapolis	6	2,202	15	7	3
21	Kansas City	6	6,999	60	4	2
22	St. Joseph	2	891	16	2	1
23	Lincoln	3	2,020	6	0	0
24	Omaha	8	5,032	11	7	5
25	Denver	4	4,875	29	4	2
26	San Francisco	4	3,805	10	6	3
27	Los Angeles	4	2,687	8	5	3
28	Portland, Oreg.....	4	1,390	9	7	3
	Total.....	266	219,216	892	225	100
	Total of all reserve cities.....	332	290,557	1,704	266	122
	Country.....	100	55,052	301	226	92
	Total.....	432	345,609	2,005	492	214

RECOMMENDATIONS OF PROVISIONS REQUIRING THE STRENGTHENING OF GENERAL CASH RESERVE.

The question of those laws which affect the right of one national bank to consider as a cash resource a deposit in another national bank, called its reserve agent, is one of great importance and involves the most fundamental principles of safe banking. The extent to which the reserve of one bank can safely be represented by what is practically a loan to another bank, instead of by cash in its vaults, is a proper subject for consideration at this time, in view of the financial experiences through which this country has passed during the past few years.

In times of financial crisis, such as 1893, when there are widespread withdrawals in currency, not only in reserve cities, but throughout the country, the reserve cities are subjected to a strain which endangers the stability of the entire banking system.

The reserve banks, as a rule, recognizing the instability of bank balances, must loan a large proportion of their money on call. To secure sufficient call loans they must go to the speculative exchanges, and the injurious results of that practice are easily understood.

It is only by loaning money on speculative securities that the banks are enabled to pay the high rates of interest on bank-deposit balances which form the attraction to the country banks for the deposit of so much larger a portion of their funds in New York than is needed for the clearance of exchange. During the summer of 1899 there occurred a marked demonstration of the evil effects of this practice upon the legitimate business of the country. At that time there was a marked slackening in the demand for money in the interior of the country, and the banks of that section found it difficult to safely loan their funds. As a result, the interest paid by Eastern reserve agents upon deposit balances attracted an immense surplus to New York and other Eastern cities.

This redundancy of money in New York and the East and the ease with which loans upon speculative collaterals were there obtained immediately created a speculative movement in stocks, which was carried on with a constantly rising range of prices until the fall of last year. At that time the crop movement in the West and the rising rate of interest there led the banks of the interior to draw upon their balances in New York and to order the shipment of large amounts of currency as against these balances. It is to be noted that at the time these demands took place the business of the country was in a prosperous condition, with a tendency toward an increase in general prices and in the wages of labor. There was no lack of confidence in the country and nothing which indicated panic conditions, and yet this demand by the banks of the West for the shipment of currency on deposit with reserve agents resulted in a panic upon the stock exchange of New York, which instantly became a grave menace to the entire business of the country.

In the abnormal demand for money created by this panic on the Stock Exchange the ordinary credits to the legitimate business and commercial enterprises of the country were necessarily curtailed by the banks, and unquestionably great damage would have been done to such interests had not the Secretary of the Treasury, seeing the possi-

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bility of evil to the country at large, interfered to prevent a rapidly increasing stringency in the money market.

It is to be remembered, of course, that the exchange business of the interior banks will always necessitate large deposit balances in New York and other reserve cities, and that at certain seasons of the year abnormally large balances of idle funds may be attracted to different parts of the country, following higher interest rates. But it is suggested that public policy demands that banks of the country should not be allowed to deposit with other banks so large a portion of that fund which in theory is regarded as sacredly devoted to the protection of the interests of the depositors. They should be compelled to hold a larger portion of this fund in cash in their vaults, so that it can always be devoted to its proper use beyond peradventure.

In the panics of 1873 and 1893 and on other occasions the New York banks for a considerable time refused to ship currency in response to demands from banks in the interior, showing in the extreme test of panic that the reserve which had been counted as cash by the banks of the country was not, in fact, at all times available to enable them to meet the demands of their depositors. While restrictions placed upon the power of banks to count as banking reserve so large a proportion of money on deposit in reserve cities will not have the effect of preventing speculative transactions in money centers, it will not have a tendency to encourage them to so great an extent as does the present law, at a risk at times to the best interests of legitimate business and at the cost of weakening the banking system as a whole by creating too great a disproportion between the aggregate cash resources and aggregate deposit liabilities.

It is to be remembered that so far as the ability of the banks to serve the public is concerned it will not be impaired by smaller balances in reserve cities. The banks of necessity must furnish exchange, and will accordingly keep the balance with correspondents necessary for such purpose. The permission given by the law to the bank to count as a part of their cash reserve a balance with their reserve agent is primarily for the purpose of convenience and profit for the banks, and not for the convenience of the public in any of its relations to the bank.

The Comptroller believes that under the present law regarding reserve cities too great latitude is now given the banks in connection with the use of the reserve, the primary object of which is the protection of the depositors of the banks, and he recommends that amendments to the laws be passed requiring that a larger proportion of the reserve should be kept in cash in the vaults of the bank. Considering the banking system as a whole, the present ability of banks to use credits with reserve banks as a basis of loans creates too great an extension of aggregate deposit credits as compared with aggregate cash resources, which, in times of liquidation and financial panic, increases the necessity upon the banks of demanding payment of loans from the community and adds to the demoralization of business incident to such period. By increasing the restrictions upon the right of banks to count deposits with reserve agents as cash, a firmer and safer foundation will be built under the deposit credits of the country, and it is the belief of the Comptroller that in times of liquidation the greater strength of the banks will more than compensate them for

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the loss of the small amount of interest on a portion of their balances which may be due to a change in the present law.

It is therefore recommended that section 5192 of the Revised Statutes of the United States be amended so that under its provisions but one-fifth instead of three-fifths of the reserve of 15 per cent required by law to be kept by banks not reserve agents may consist of balances due from reserve banks; and that section 5195 of the Revised Statutes of the United States, which authorizes banks in smaller reserve cities to keep one-half of their lawful money reserve in cash with central reserve cities, be repealed.

RECOMMENDATION AS TO FEES FOR NATIONAL-BANK EXAMINATIONS.

The Comptroller repeats the recommendation made by his predecessors, that the present law should be so amended as to provide fixed salaries for bank examiners, to be paid from a fund collected from the banks, to take the place of the fee system now in force. The amount allowed an examiner for the examination of smaller banks is not sufficient to compensate him for the time necessary, in many cases, for an extended examination. The present system encourages to too great an extent superficiality in examinations, and interferes greatly with the proper and wise apportionment of time of examiners among the different banks.

INTERNATIONAL AND INTERCOLONIAL BANKS AND REPORTS AS TO BANKING SYSTEMS IN PORTO RICO, HAWAII, AND THE PHILIPPINES.

The rapid growth of business between the United States and its new island territory and the increasing commerce of the country with South America emphasizes the need of laws authorizing and regulating banks for the transaction of international and intercolonial banking, to which, in his last two annual reports, the Comptroller has already called attention.

Under the necessities of trade such institutions are springing into existence, and they are at present under little or no supervision in the interest of the public. A law properly framed to regulate such banking can not be enacted too soon, both for the purpose of public protection and for assuring to institutions contemplating entering this business a stable legal basis.

In connection with the detailed reasons for the passage of such legislation and a statement of its important relation to the business welfare of our nation, which were outlined in the former reports of the Comptroller, special attention is called to the information as to the banking systems of the Philippines, Porto Rico, and Hawaii, contained in the appendix to this report. Through the action of Congress the national banking act is now in force in Hawaii and Porto Rico, but no provision has been made for the intercolonial banking essential to trade interests, and for the supervision in the interest and protection of the public of such native banking institutions as were in existence upon our accession to sovereignty of these islands.

Only one national banking institution has been incorporated under present law for the purpose of transacting business in the islands, to wit, The First National Bank of Hawaii, at Honolulu, H. I., with a capital of \$500,000.

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This whole subject is one of great and immediate concern and should have the prompt attention of Congress.

For the purpose of securing such a statement of banking conditions in our island possessions as would indicate the nature and scope of the problem of a proper governmental supervision, the Comptroller addressed the following letter to Hon. Elihu Root, Secretary of War, and a similar letter to Hon. Charles H. Allen, governor of Porto Rico, and Hon. Sanford B. Dole, governor of Hawaii:

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., August 10, 1900.

SIR: The national banking act makes it the duty of the Comptroller of the Currency to make a statement in his annual report to Congress as to the resources and liabilities of the banking systems of the United States other than national, and it seems desirable that I incorporate, if possible, in my next annual report information as to the existing banking institutions of the Philippine Islands, including such financial statements of their condition as it is possible to obtain from them. In my last report to Congress I republished extracts from the report of Mr. Edward W. Harden, special commissioner of the United States, who was sent by the Treasury Department to make a report upon the industrial and financial condition of the Philippines.

Had I any appropriation available for the purpose I would not hesitate to make an independent investigation, but as I have not, the purpose of this letter is to ascertain whether or not it is possible for you, legally and consistently with the interests of your own Department, to detail some one of your present force in the Philippines who would be competent therefor, to obtain statements of the condition of all the different banking institutions in the islands, and as complete a statement as possible of the laws under which such institutions have been incorporated or now exercise their power. It would be especially desirable in this connection to have an exact statement relative to any privileges of currency issues which are possessed by any of these banks.

In view of the general interest manifested in financial conditions in the Philippines and the large and general circulation of the reports of the Comptroller of the Currency among the business men of the country, it would seem appropriate that such information gathered by your representatives be used therein. It is understood, of course, that any matter furnished will be printed as originating from your Department. If it is possible for you in any way to extend to this office such service and courtesy, I should be greatly obliged.

Respectfully,

CHARLES G. DAWES, Comptroller.

Hon. ELIHU ROOT,

Secretary of War, Washington, D. C.

Through the courtesy of these officials and in response to this request much information has been furnished, and is printed in the appendix. The subject is one of such vast importance, presenting so many complex and new problems in finance and banking, both domestic and intercolonial in nature, that, as preliminary to any step toward legislation by Congress, a commission should be established to investigate

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and study local conditions and to report upon the nature of the banking legislation best adapted for the interests of this country and her new possessions.

The Comptroller earnestly renews his former recommendations to this effect.

THE CURRENCY ACT OF MARCH 14, 1900.

The currency act approved March 14, 1900, entitled "An act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes," contains several amendments to the national-bank act, one of them being a measure which adds a greater element of flexibility to national-bank currency. Section 9 of the act of July 12, 1882, provides "That any national banking association now organized, or hereafter to be organized, desiring to withdraw its circulating notes, upon a deposit of lawful money with the Treasurer of the United States * * * is authorized to deposit lawful money and withdraw a proportionate amount of the bonds held as security for its circulating notes in the order of such deposits; and no national bank which makes any deposit of lawful money in order to withdraw its circulating notes shall be entitled to receive any increase of its circulation for the period of six months from the time it made such deposit of lawful money for the purpose aforesaid: *Provided*, That not more than three millions of dollars of lawful money shall be deposited during any calendar month for this purpose."

The currency act repeals that portion of the foregoing section prohibiting any national bank, which makes a deposit of lawful money in order to withdraw its circulating notes, from receiving any increase of its circulation for the period of six months from the time of making the deposit for that purpose. In other words, national-bank circulation may be increased or reduced as frequently and in such amounts as may be desired, having regard to the \$3,000,000 monthly reduction limit and the bonds deposited. The act also entitles every national bank to receive from the Comptroller of the Currency circulating notes, in blank, to the par value of the bonds deposited, not exceeding, however, the paid-in capital stock, but restricts the issue of notes of the denomination of \$5 to one-third in amount of its total issues. The act further provides for a reduction of the semiannual duty on circulation of from one-half to one-fourth of 1 per cent on the average amount in circulation where secured by a deposit of consols of 1930, authorized to be issued in exchange for 5 per cents of 1904, 4 per cents of 1907, and 3 per cents of 1908. Notes secured by other classes of bonds are still subject to the semiannual duty of one-half of 1 per cent.

The minimum amount of capital with which a national banking association can be organized under the national-bank act is \$50,000, and then only in places the population of which does not exceed 6,000 inhabitants. By the act of March 14 it is provided that a bank with not less than \$25,000 capital may be organized in any place the population of which does not exceed 3,000 inhabitants.

Paragraph 6 of the currency act repeals section 5193 of the Revised Statutes of the United States, which latter section authorized the Secretary of the Treasury to receive United States notes on deposit, without interest, from any national banking association, in sums of not

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less than \$10,000, and issue certificates therefor in such form as he may prescribe, in denominations of not less than \$5,000, and payable on demand in United States notes at the place where deposits were made. The certificates issued were authorized to be counted as part of the lawful money reserve of the association to which issued, and accepted in settlement of clearing-house balances at the places where the deposits therefor were made.

ORGANIZATION, ETC., OF NATIONAL BANKS AND OPERATION OF LAW OF
MARCH 14, 1900.

Immediately prior to the passage of the currency act there were in operation in the country some 13,900 incorporated banks, banking institutions, and private banks, of which 3,617 were national; 5,722 State banks and trust companies; 701 savings banks without capital stock, and about 3,860 private banks and bankers. Eliminating the mutual savings banks and trust companies, the principal business of these classes of institutions being of a character incompatible with that of commercial banks, there are remaining over 7,000 banks of discount and deposit, including private banking concerns which might convert or reorganize as national banks upon complying with the statutory requirements.

In anticipation of and as a result of the passage of the currency law passed March 14, 1900, approximately one thousand informal applications for authority to organize national banks have been filed with the Comptroller of the Currency. Under office rulings, to meet with approval, applications must indicate the title, location, and capital of the proposed bank, contain the signatures of at least five prospective shareholders, and bear satisfactory indorsement. Formal applications to the number of 509 were approved between March 14 and October 31, of which 382 were for banks with capital of less than \$50,000 and 127 with capital of \$50,000 or more. Eighty of the applications were from State banks proposed to be converted under the provisions of section 5154 of the Revised Statutes of the United States; 173 from State or private banks proposed to liquidate for the purpose of reorganization under the national banking law, and 255 from those contemplating primary organizations. Since October 31, 1899, 383 banks with authorized capital of \$20,025,000 have been chartered, of which 348 were authorized to begin business between March 14 and October 31, 1900.

Of the 35 banks organized between October 31 and March 14, 1900, 5, with total capital of \$250,000, were conversions; 5, total capital \$300,000, reorganizations of State and private banks, and 25, with capital of \$2,000,000, primary organizations. Sixty-two of the banks organized since March 14, with capital of \$4,560,000, were conversions, of which 43 were with capital of less than \$50,000, and 19 with capital of \$50,000 or over. One hundred and twenty-three, with capital aggregating \$5,605,000, were reorganizations of State and private banks, 89 of the number being with capital of less than \$50,000, and 34 with capital of \$50,000 or over. There were 163 banks of primary organization capitalized in the sum of \$7,310,000. Of the latter class 117 were with capital of less than \$50,000, and 46 with capital of \$50,000 and over. Of the total number of banks organized since March 14, 208, with capital aggregating \$5,200,000, were banks with

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capital of \$25,000 each; 41, with total capital of \$1,375,000, banks with capital of over \$25,000 and less than \$50,000; 62, with capital aggregating \$3,100,000, banks with individual capital of \$50,000, and 37, total capital \$7,800,000, banks having a capital of \$50,000 or over. The bonds deposited by organizations during this period amounted to \$5,348,200, or only about 30 per cent of the maximum which might be deposited. In the following table is shown in detail the information herein referred to with respect to organizations during the period beginning with March 14 and terminating on October 31, 1900.

NUMBER OF NATIONAL BANKS ORGANIZED FROM MARCH 14 TO OCTOBER 31, 1900.

States.	Capital \$25,000.		Capital over over \$25,000 and less than \$50,000.		Capital \$50,000.		Capital over \$50,000.	
	No.	Amount.	No.	Amount.	No.	Amount.	No.	Amount.
Maine.....	1	\$25,000						
New Hampshire.....	1	25,000						
Connecticut.....	2	50,000						
Total.....	4	100,000						
					1	50,000	1	100,000
New York.....	5	125,000	2	\$60,000	1	50,000	4	560,000
New Jersey.....	3	75,000	2	60,000			1	100,000
Pennsylvania.....	19	475,000	3	107,000	10	500,000	5	1,400,000
Delaware.....	1	25,000						
Maryland.....	3	75,000					2	170,000
Total.....	31	775,000	7	227,000	12	600,000	12	2,230,000
Virginia.....	6	150,000						
West Virginia.....	1	25,000	1	30,000	2	100,000	1	100,000
North Carolina.....	2	50,000						
South Carolina.....	1	25,000					1	60,000
Georgia.....					1	50,000	2	550,000
Florida.....			1	30,000			1	200,000
Alabama.....					2	100,000		
Louisiana.....					1	50,000		
Texas.....	16	400,000	8	248,000	7	350,000	3	235,000
Kentucky.....	3	75,000			2	100,000	2	1,745,000
Tennessee.....	2	50,000			1	50,000		
Total.....	31	775,000	10	308,000	19	950,000	10	2,890,000
Ohio.....	11	275,000	3	95,000	4	200,000	3	700,000
Indiana.....	8	200,000	1	45,000	3	150,000	1	100,000
Illinois.....	17	425,000	4	145,000	1	50,000	3	350,000
Michigan.....	2	50,000	1	35,000	1	50,000	1	80,000
Wisconsin.....	3	75,000	1	30,000	4	200,000	2	500,000
Minnesota.....	14	350,000			2	100,000		
Iowa.....	23	575,000	6	195,000	3	150,000		
Missouri.....	2	50,000	1	35,000				
Total.....	80	2,000,000	17	580,000	18	900,000	10	1,730,000
North Dakota.....	8	200,000						
South Dakota.....	3	75,000						
Nebraska.....	10	250,000	2	75,000				
Kansas.....	10	250,000	1	40,000	1	50,000	1	100,000
Wyoming.....	1	25,000			2	100,000		
Colorado.....			1	30,000	3	150,000	1	150,000
New Mexico.....	1	25,000						
Oklahoma.....	15	375,000	1	40,000	1	50,000		
Indian Territory.....	10	250,000	2	75,000	4	200,000		
Total.....	58	1,450,000	7	260,000	11	550,000	2	250,000
Washington.....	1	25,000						
California.....	2	50,000			1	50,000	1	100,000
Idaho.....	1	25,000						
Hawaii.....							1	500,000
Total.....	4	100,000						
Total United States.....	208	5,200,000	41	1,375,000	62	3,100,000	37	7,800,000

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By reference to the following table it will be observed that the greatest increase in number and capital of banks organized during the year ended October 31, 1900, occurred in the Middle States, in which 133 associations were formed with capital aggregating \$5,860,000. In the Western States 83 banks were organized, with aggregate capital of \$2,760,000; in the Southern States, 77 banks, capital \$5,323,000; Eastern States, 72 banks, capital \$4,682,000; New England States, 10 banks, capital \$600,000; Pacific States and Hawaii, 8 banks, capital \$800,000. Pennsylvania leads the States in point of number of organizations and capital, namely, 44 and \$2,882,000, respectively; Texas is second with 36 banks and \$1,383,000 capital; Iowa is third with 32 banks, capital \$920,000. Twenty-seven banks were organized in Illinois, with capital of \$1,070,000; 25 in Ohio, with capital of \$1,520,000; in New York, 13 banks, capital \$1,095,000; in Kentucky, 8 banks and capital of \$1,970,000.

NATIONAL BANKS ORGANIZED DURING YEAR ENDED OCTOBER 31, 1900.

States.	No.	Capital.	States.	No.	Capital.
Maine	1	\$25,000	Illinois	27	1,070,000
New Hampshire	3	175,000	Michigan	5	215,000
Vermont			Wisconsin	10	805,000
Massachusetts	1	100,000	Minnesota	17	500,000
Rhode Island	5	300,000	Iowa	32	920,000
Connecticut			Missouri	4	335,000
Total New England States	10	600,000	Total Middle States	133	5,860,000
New York	13	1,095,000	North Dakota	8	200,000
New Jersey	8	385,000	South Dakota	3	75,000
Pennsylvania	44	2,882,000	Nebraska	12	325,000
Delaware	1	25,000	Kansas	13	440,000
Maryland	6	295,000	Montana		
District of Columbia			Wyoming	3	125,000
Total Eastern States	72	4,682,000	Colorado	5	330,000
Virginia	9	300,000	New Mexico	2	75,000
West Virginia	6	305,000	Oklahoma	18	515,000
North Carolina	2	50,000	Indian Territory	19	675,000
South Carolina	2	85,000	Total Western States	83	2,760,000
Georgia	4	650,000	Washington	2	75,000
Florida	2	230,000	Oregon		
Alabama	3	150,000	California	4	200,000
Mississippi			Idaho	1	25,000
Louisiana	1	50,000	Utah		
Texas	36	1,383,000	Nevada		
Arkansas			Arizona		
Kentucky	8	1,970,000	Alaska		
Tennessee	4	150,000	Total Pacific States	7	300,000
Total Southern States	77	5,323,000	Hawaii	1	500,000
Ohio	25	1,520,000	Total of United States	383	20,025,000
Indiana	13	495,000			

Some difficulty has attended the conversion and reorganization of State banks, owing to the character of their assets. Under the national banking law, associations can loan on personal security only, are prohibited from investing in real estate other than that necessary to the conduct of the business of the bank, and restricted in the volume of accommodations to any one person, company, corporation, or firm, etc., to 10 per cent of the capital stock actually paid in, and the courts have held that it is ultra vires of a national banking association to invest in the stock of another corporation. It has, therefore, been necessary to require State banks proposed to be converted and holding prohibited assets as indicated to make disposition thereof prior to receiving official approval to begin business as a national banking association,

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and to require a statement from directors of State and other banks to be reorganized as national banking associations that none of such assets will be transferred to the national bank.

EARNINGS AND DIVIDENDS.

The act of March 3, 1869, requires every national banking association to report, within ten days after the declaration of any dividend, the amount of such dividend and the amount of net earnings in excess of such dividend. The annual reports issued from this bureau have contained abstracts of such reports and a compilation of the returns for the years ended March 1, 1870, to March 1, 1900, will be found in the appendix. It is shown that the average dividend paid during the years ended March 1, 1870 to 1875, was approximately 10 per cent, and the lowest, 6.7 per cent, was paid in 1897. The average rate from 1869 to 1900, inclusive, thirty-one years, is shown to have been 8.2.

During the year ended March 1, 1900, the gross earnings of the reporting national banks aggregated \$170,758,066. Of this amount \$30,509,516.93, or 17.86 per cent, was devoted to the charging off of losses and premiums; \$70,266,738.63, or 41.15 per cent, to expenses and taxes, leaving net earnings of \$69,981,810.44, or 40.98 per cent. From the net earnings were declared dividends aggregating \$47,433,357.30, or 7.86 per cent, on capital amounting to \$603,396,550.

TAXES AND EXPENSES.

Section 54 of the old currency act provided for the taxation of circulating notes of national banks at the rate of one-half of 1 per cent semiannually, and a tax at the rate of one-fourth of 1 per cent on deposits, with the same rate on capital beyond the amount invested in United States bonds. On March 3, 1883, the provision imposing taxation on capital and deposits was repealed. The revenue derived by the Government from the taxes on capital and deposits during that period was \$7,855,887.74 and \$60,940,067.16, respectively. The total amount paid as semiannual duty on circulation up to June 30, 1899, was \$85,304,945.56, an aggregate from the three sources of \$154,100,900.46. The war-revenue act of 1898 imposed a tax of one-fifth of 1 per cent on the capital and surplus of the bank, and the act of March 14, 1900, reduced the semiannual duty on circulation, where secured by consols of 1930, to one-fourth of 1 per cent.

The Commissioner of Internal Revenue collected from the tax on capital and surplus of national banks \$1,752,802 during the fiscal year 1899, and \$1,730,251 during the year 1900. Tables compiled in the Commissioner's office show the collections from the tax on capital and surplus of all banks by collection districts, and the foregoing figures are estimates based upon the average capital and surplus of national banks during the years named. The duty paid on circulation during the past year amounted to \$1,881,922.73. This indicates the total amount obtained by the Government from national banks during the existence of the national banking system as \$159,465,876.19. In addition to these taxes, the banks have paid on an average \$1.31 per thousand annually for note redemptions since the establishment of the national-bank redemption agency under the provisions of the act of June 20 1874. There is no official record of the cost of redemptions

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prior to the passage of that act. The banks are also assessed for examiners' fees and cost of plates from which circulating notes are printed. Prior to July 12, 1882, the cost of plates was paid from the proceeds of the tax collected on circulation. Detailed statements of these items appear in the appendix.

NATIONAL BANK CIRCULATION AND BONDS.

The original national-bank act limited the volume of national-bank currency to \$300,000,000, and that of July 12, 1870, permitted the issue of an additional \$54,000,000. The act of July 14, 1875, repealed section 5177, United States Revised Statutes, limiting the aggregate volume, leaving, however, the provisions of section 5171 still in force. This latter section authorized the issue of notes (90 per cent of the bond deposit) in proportion to capital as follows: Banks with capital of \$500,000 or less, 90 per cent of the capital; capital of over \$500,000 and not over \$1,000,000, 80 per cent; capital over \$1,000,000 and not over \$3,000,000, 75 per cent, and capital exceeding \$3,000,000, 60 per cent. This section was repealed by the act of July 12, 1882, which latter act authorized the issue of notes to 90 per cent of the bonds on deposit, regardless of capital, except that the deposit of bonds should not exceed the aggregate capital paid in. There was no further change in this feature of the law until 1900. Practically, the maximum circulation issuable was outstanding in the years 1867 to 1870, inclusive.

The act of July 12, 1870, increasing the maximum circulation to \$354,000,000, resulted in an increase of twenty-two and one-half millions by October 31, 1871. In the next year there was a further increase of sixteen and one-half millions, and on October 31, 1874, the amount outstanding increased to \$348,785,906, which was within about five and one-fourth millions of the legal limit. With authority to issue circulation up to 90 per cent of the bond deposit, the latter not to exceed the paid up capital, circulation outstanding rose to \$362,889,134 on October 31, 1882. This was the highest point ever reached during the existence of the system, but was nearly \$78,000,000 less than the amount issuable, as the authorized capital of the banks on that date was \$489,741,635. The amount outstanding exceeded \$360,000,000 only for the brief period between November 1, 1881 and May 1, 1882. Subsequent to the latter date there was a gradual fall until the minimum, \$167,927,574, was reached on July 1, 1891. Of this last-named amount, \$127,221,391 was secured by bonds and \$40,706,183 by deposits with the Treasurer of the United States of lawful money on account of liquidating and insolvent banks and those reducing circulation. There was no material change in the circulation outstanding until the fall of 1893, when it reached \$209,311,993. On March 1, 1895, the amount fell to \$205,043,651, but steadily increased thereafter, and on March 13, 1900, reached \$253,993,821.

The issue of the additional 10 per cent to which existing banks were entitled under the provisions of the currency act and the issue to banks organized since March 14 resulted in an increase in total amount of bank notes outstanding to \$331,613,268 on October 31, 1900. As the authorized aggregate capital of national banks was \$632,502,395, their note issues were only about 52 per cent of the amount to which they would be entitled upon the deposit of the requisite amount of bonds.

The amount, by denominations, of national-bank circulation out-

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standing on October 31, 1899, March 13 and October 31, 1900, is shown in the following table:

(The issue of notes of the denominations of \$1 and \$2 was discontinued in 1879; of \$1,000 in 1884; and of \$500 in 1885.)

Denominations.	Oct. 31, 1899.	Mar. 13, 1900.	Oct. 31, 1900.
Ones.....	\$348,278	\$348,275	\$347,552
Twos.....	167,468	167,466	167,056
Fives.....	75,459,705	79,310,710	70,363,595
Tens.....	75,960,210	79,378,160	123,088,280
Twenty.....	56,479,140	58,770,660	88,408,100
Fifties.....	11,293,200	11,784,150	16,186,900
One hundreds.....	23,112,200	24,103,400	32,889,200
Five hundreds.....	104,500	104,000	102,500
One thousands.....	28,000	27,000	27,000
Nonredeemed fractions	31,993	32,409	33,085
Total	242,984,694	254,026,230	331,613,268
Circulation secured by lawful money.....	35,063,919	38,004,155	32,784,203
Circulation secured by bonds	207,920,775	216,022,075	298,829,065

The changes in amounts and classes of bonds on deposit to secure circulation on dates named are shown in the appended table:

Class.	Oct. 31, 1899.	Mar. 13, 1900.	Oct. 31, 1900.
Loan of 1908-1918, 3 per cent.....	\$49,825,160	\$56,164,820	\$7,756,580
Funded loan of 1907, 4 per cent	128,822,050	130,302,250	13,544,100
Loan of 1925, 4 per cent.....	18,242,750	14,697,850	7,503,350
Loan of 1904, 5 per cent.....	14,665,600	21,996,350	1,293,000
Funded loan of 1891, 2 per cent	20,907,600	20,490,150	1,019,950
Consols of 1930, 2 per cent.....			270,006,600
Total	232,463,160	243,651,420	301,123,580

INSOLVENT NATIONAL BANKS.

A brief review of the results of administration of insolvent national banks is herewith submitted.

The first failure in the national banking system was that of the First National Bank of Attica, N. Y., with a capital of \$50,000, which was placed in the hands of a receiver April 14, 1865. Under his administration the creditors received \$89,472, representing 63.57 per cent on deposits amounting to \$140,750.

From the year 1863 to the year 1873, inclusive, a period of ten years, there were 34 national banks which closed their doors, representing in capital \$8,211,100 and \$18,915,571 of deposits. These banks were placed in the hands of receivers, as provided by law, and the records show as a result of collections of assets that \$14,772,530, or an average of 78.10 per cent, was paid to the creditors.

From the year 1873 to the year 1883, another decade, there were 55 failures of national banks, having an aggregate capital of \$11,762,800 and deposits amounting to \$24,676,244. The amount paid to creditors was \$19,204,181, or 77.82 per cent.

For the next period of ten years, from the close of the year 1883 to 1893, not including 1893, the year of the notable panic, there were 92 banks which failed, representing in capital \$13,057,000 and \$47,554,014 in deposits. The creditors of these banks received \$35,911,392, or an average of 75.52 per cent.

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For the year 1893, the "panic year," 69 banks closed their doors and were placed in the hands of receivers, representing \$11,520,000 of capital and \$21,356,957 of deposits. The amount paid to creditors was \$15,944,243, or 74.65 per cent.

The total number of banks which suspended during the year 1893 was 155, with the capital stock of \$29,725,000. Of this number, 86, with a capital stock of \$18,205,000, placed themselves in a solvent condition and resumed business.

Taking into account the previous nine years, together with the year 1893, making the third decade, the number of insolvent national banks was 161, representing in capital \$24,577,000 and \$68,910,971 in deposits. Of the latter amount, \$51,855,635 was paid to creditors, being an average of 75.25 per cent.

From the close of the year 1893 to October 31, 1900, inclusive, 143 insolvent national banks have been placed in the hands of receivers, with a capital stock of \$20,926,520 and deposits of \$63,683,350. At the latter date creditors had been paid \$46,364,824, being an average of 72.80 per cent.

From the date of the adoption of the national banking act to October 31, 1900, 393 banks have been placed in the hands of receivers. Under the supervision of this office, which is charged with the liquidation of insolvent national banks, the number of receiverships has been reduced from 393 to 113. The amount of capital represented in the total number of failed banks from the year 1863 to November 1, 1900, is \$65,477,420. The total amount of liabilities has been \$176,186,136, of which \$132,197,170 has been paid, being an average of 75.03 per cent.

At the date of the last annual report of this Bureau the number of national banks remaining in the hands of receivers was 135. At the date of this report there remain under the supervision of this office 63 active receiverships and 50 in an inactive condition, being a total of 113. Since the beginning of the system the affairs of 280 insolvent national banks have been finally closed. Included in this latter number are 17 banks which were restored to solvency and resumed business after their liabilities to creditors had been liquidated wholly or in part through the agency of a receiver. The claims against the trusts finally liquidated amounted to \$78,924,698, on which dividends were paid aggregating \$58,640,483, or 74.30 per cent, and including offsets and loans paid, 80.05 per cent. The collections from assets and assessments on shareholders amounted to \$67,952,189 and \$9,443,691, respectively. It is found to have required, on an average, 8.81 per cent of the total collections for receivers' salaries, legal and other expenses incident to liquidation. Of the banks finally closed 81 paid claims in full, including interest dividends of 100 per cent or less; 19 paid claims in full only; 42 paid 75 + per cent, but less than 100 per cent; 60 paid 50 + per cent, but less than 75 per cent; 59 paid less than 50 per cent, and 3 paid no dividends.

There have been finally liquidated during the past year 28 insolvent national banks.

The following table shows the number of insolvent national banks which were finally closed during the year ended October 31, 1900, with their capital stock, liabilities, liabilities paid, and the percentage of liabilities paid to total liabilities. The liabilities paid include those that were retired by offset, or settled from the proceeds of collaterals

REPORT OF THE COMPTROLLER OF THE CURRENCY. XXXVII

held as security for claims, and also those upon which pro rata dividends have been paid:

Title and location of bank.	Capital stock.	Liabilities.	Liabilities paid.	Percentage of liabilities paid.
First National Bank, Arkansas City, Kans.	\$100,000	\$4,850	\$4,850	100.00
First National Bank, Benton Harbor, Mich.	50,000	107,540	112,077	104.22
Broadway National Bank, Boston, Mass.	200,000	2,233,467	2,348,423	100.67
Chemical National Bank, Chicago, Ill.	1,000,000	1,864,962	1,946,956	104.35
First National Bank, Clearfield, Pa.	100,000	163,181	165,329	101.32
Ninth National Bank, Dallas, Tex.	300,000	239,965	180,073	75.04
Marine National Bank, Duluth, Minn.	200,000	246,758	181,617	73.60
Kittitas Valley National Bank, Ellensburg, Wash.	50,000	144,009	97,185	67.48
Merchants' National Bank, Great Falls, Mont.	100,000	238,667	151,475	63.47
Northwestern National Bank, Great Falls, Mont.	250,000	977,099	1,040,088	106.44
Indianapolis National Bank, Indianapolis, Ind.	300,000	1,747,058	1,313,393	75.18
Columbia National Bank, Minneapolis, Minn.	200,000	271,949	274,099	100.71
Mutual National Bank, New Orleans, La.	200,000	293,184	270,651	92.31
North Platte National Bank, North Platte, Nebr.	75,000	137,387	119,043	86.65
First National Bank, Olympia, Wash.	100,000	155,414	146,513	95.50
National Bank of Paola, Kans.	50,000	13,158	13,222	100.49
First National Bank, Palatka, Fla.	150,000	338,998	199,599	58.88
First National Bank, Sheffield, Ala.	100,000	233,958	104,688	44.74
First National Bank, Spokane, Wash.	250,000	376,524	203,083	53.94
Citizens' National Bank, Spokane, Wash.	150,000	401,386	159,455	39.72
Citizens' National Bank, San Angelo, Tex.	100,000	66,070	60,188	91.10
California National Bank, San Diego, Cal.	500,000	1,145,844	586,959	51.22
Dakota National Bank, Sioux Falls, S. Dak.	50,000	247,696	209,540	84.60
Columbia National Bank, Tacoma, Wash.	350,000	258,138	188,763	73.12
Tacoma National Bank, Tacoma, Wash.	200,000	307,667	146,092	47.48
Vincennes National Bank, Vincennes, Ind.	100,000	246,568	217,325	88.14
First National Bank, Wellington, Kans.	50,000	71,247	58,688	82.37
Sumner National Bank, Wellington, Kans.	100,000	84,685	72,532	85.65
Total.	5,375,000	12,615,429	10,471,906	83.00

From the following recapitulation of the results of the liquidation of insolvent national banks by decades it will be seen that the percentage paid to creditors during the several periods has not materially varied, the average being about 75 cents on the dollar:

Years.	Number of banks.	Capital.	Liabilities.	Liabilities paid.	Percentage to creditors.
1863 to 1873.	34	\$8,211,100	\$18,915,571	\$14,772,530	78.10
1873 to 1883.	55	11,762,800	24,676,244	19,204,181	77.82
1883 to 1893.	161	24,577,000	68,910,971	51,855,635	75.25
1893 to 1900.	143	20,926,520	63,683,350	46,364,824	72.80
Aggregate.	393	65,477,420	176,186,136	132,197,170	75.03

The decrease in the percentage for the period from 1893 to 1900 is due to the fact that a number of the banks which failed during that time are only partially liquidated, and have assets on hand which will, when collected, materially augment the payment to creditors, and will probably increase them to the average of 75.25 per cent paid during the decade ended December 31, 1893.

STATE BANKS, ETC.

Under the provisions of section 2 of the war-revenue law of 1898, imposing a tax of \$50 on banks with capital of \$25,000 or less and \$2 on each additional \$1,000 in excess of \$25,000 (the surplus fund to be included in estimating the amount of capital), the Commissioner of Internal Revenue collected taxes from 13,325 banks and bankers dur-

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ing the year ended June 30, 1900. Deducting from the number of banks which are subject to this tax the national banking associations in operation, there remain 9,692 incorporated and private banks, exclusive of savings banks without capital, which are exempted from this duty.

By law it is the duty of the Comptroller to obtain and publish in his annual report to Congress information respecting the condition of banks, banking institutions, and savings banks organized under authority of the States and Territories, the returns to be obtained from State officials having supervision thereof or from such other authentic sources as may be available. While provision is made by a majority of the States of the Union for supervision of incorporated banks and banking institutions, but few require reports from private banks and bankers or exercise any supervision thereover. It has been the custom of the Bureau for a number of years past to classify the returns from banks and banking institutions as follows: State banks (banks of discount and deposit), loan and trust companies, mutual savings institutions (those without capital stock), stock savings banks, and private banks. From a careful examination of the records it would appear that about 90 per cent of the banks of the first two classes submit reports either to State authorities or directly to this office. Of the mutual savings banks all report through official sources, except those located in the States of Delaware and Maryland. There seems to exist a disinclination on the part of private banks and bankers to furnish the Bureau information with respect to their condition, and as a result only about 20 to 25 per cent respond favorably to requests for statements. The total returns indicate, however, that banks reporting represent practically 83 per cent of the banking capital of the country.

A serious defect in the returns received from official sources is found in the lack of uniformity in date of submission of statements to the various State officers. This, however, has been remedied, to a large extent, as a result of correspondence during the past two years between this office and officers charged with the supervision of State banks, the attention of the latter having been called to the desirability of uniformity in date and character of returns. In a number of States in which laws exist fixing exact dates upon which banks shall report, the suggestion of the Comptroller of the desirability of an amendment has met with courteous consideration and with assurances that efforts will be made to obtain legislation which will enable State officials to secure reports from banks subject to their supervision at discretionary dates. The reports submitted in 1899 and 1900, with very few exceptions, are for the close of the fiscal year ended with June 30.

Returns from commercial banks classed as State banks are from official sources except from those located in Delaware, South Carolina, Alabama, Arkansas, Tennessee, Idaho, Nevada, and Oregon.

The resources of the reporting State banks (4,369) have increased during the past year from \$1,636,032,662 to \$1,759,835,802. The capital of these banks amounts to \$237,004,340, surplus and undivided profits \$129,855,738, individual deposits \$1,266,735,282. Consolidating returns from all banks incorporated under State authority and private banks, it is observed that reports have been received with respect to the condition of 6,650 banks and bankers, with resources

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aggregating \$5,841,658,820. The combined capital amounts to \$403,-192,214, surplus and profits \$490,654,957, deposits \$4,780,893,692.

Uniting the returns from the banks hereinbefore referred to with those of the 3,732 national banks reporting on the same date, it is found that information with respect to 10,382 banks has been received. The combined loans aggregate \$5,657,687,020; United States bonds, \$535,129,251; other stocks, bonds, and investments, \$1,963,252,230; cash in bank, \$749,939,932, of which latter amount \$369,925,866 consists of gold and gold certificates, \$72,368,746 silver coin and silver certificates, \$206,685,963 legal tenders and United States certificates of deposit. The balance of the cash held includes specie and other cash not classified, in State and private banks. The total capital reported is seen to be \$1,024,728,675; surplus and profits, \$882,202,792; deposits, \$7,331,553,249. In the following table the principal items of resources and liabilities of banks other than national, from 1895 to 1900, inclusive, are shown:

Items.	1895.	1896.	1897.	1898.	1899.	1900.
Loans	\$2,417,468,494	\$2,279,515,283	\$2,231,013,262	\$2,480,874,360	\$2,659,940,630	\$3,013,449,827
Bonds	1,375,026,025	1,210,827,389	1,248,150,146	1,304,890,322	1,527,595,160	1,723,830,351
Cash	227,743,303	169,198,601	193,094,029	194,913,450	210,884,047	220,667,109
Capital	422,052,618	400,831,399	380,090,778	370,073,758	368,746,648	403,192,214
Surplus and undivided profits	370,397,003	362,602,702	382,436,990	399,706,497	418,798,087	490,654,957
Deposits	3,185,245,810	3,276,710,916	3,324,254,807	3,664,797,296	4,246,500,852	4,780,893,692
Resources	4,138,990,529	4,200,124,955	4,258,677,065	4,631,328,357	5,196,177,381	5,841,658,820

The consolidated statement of all reporting banks on or about June 30, 1900, is given herewith:

	3,732 national banks.	6,650 other banks.	10,382 banks.
Loans	\$2,644,237,193	\$3,013,449,827	\$5,657,687,020
United States bonds	417,667,435	117,461,816	535,129,251
Other bonds	356,883,695	1,606,368,535	1,963,252,230
Cash	529,272,523	220,667,109	749,939,932
Capital	621,536,461	403,192,214	1,024,728,675
Surplus and profits	391,547,835	490,654,957	882,202,792
Deposits	2,550,659,557	4,780,893,692	7,331,553,249
Total resources	4,944,165,624	5,841,658,820	10,785,824,444

LOAN AND TRUST COMPANIES AND PRIVATE BANKS.

Returns from official and unofficial sources have been received relative to the condition of 290 loan and trust companies, with resources aggregating \$1,330,160,343. The capital stock of these companies aggregates \$126,930,845, surplus and undivided profits \$148,389,339, and individual deposits \$1,028,232,407. In 1899 reports were received from but 260 loan and trust companies, with resources aggregating \$1,071,525,994 and deposits of \$835,499,064. This indicates an increase during the year of \$258,634,849 in total resources and \$192,733,343 in deposits.

The number of private banks reporting is 989, as against 756 in 1899, and is the largest number submitting statements since 1895. The resources of these banks aggregate \$126,789,041, capital \$19,364,735, and individual deposits \$96,206,049.

SAVINGS BANKS.

In the appendix to this report will be found tables showing in detail the resources and liabilities of mutual and stock savings banks and the aggregate of both classes in each State, taken from returns obtained at the date nearest to the close of the fiscal year ended June 30, 1900. The returns show the condition of the 1,002 savings banks, of which 652 are mutuals, the latter being without capital stock and conducted by trustees for the benefit of depositors. The stock savings banks number 350. Both depositors and stockholders share in the profits of institutions of the latter character. With the exception of 1 bank located in West Virginia, 4 in Ohio, 5 in Indiana, and 1 in Wisconsin the mutual savings institutions are to be found in the New England and Eastern States. The aggregate resources of banks of this class amount to \$2,336,460,239, represented in the main by loans aggregating \$1,167,785,000 and stocks, bonds, etc., to the amount of \$1,202,471,000. The deposits aggregate \$2,134,471,130, the number of depositors, 5,370,109, and the average deposit \$397.40. The total resources of the stock savings banks is shown to amount to \$288,431,395; their savings deposits aggregate \$250,299,719; the number of depositors, 527,982, and the average deposit \$474.07. A consolidated statement gives the aggregate resources of both classes of banks as \$2,624,873,634; savings deposits, \$2,384,770,849; number of depositors, 5,898,091. The average deposit is shown to be \$404.33. In the table appearing on page 559 is shown the growth of savings banks as indicated by the number of depositors, volume of deposits, and average account. In this table are included returns from a number of commercial banks located in Illinois which maintain savings departments, in consequence of which there is an apparent discrepancy between the table and the abstract of the savings-bank reports before referred to in this report. Comparing the number of depositors and amount of deposits as shown by the returns in 1900 with those of 1899, there is seen to have been an increase in depositors of 419,265, and in deposits of \$219,180,931. The average deposit has increased from \$392.13 to \$401.10. The table in which the foregoing returns appear contains similar information with respect to the savings banks in operation in the country in the years 1820, 1825, 1830, 1835, 1840, 1845 to 1900. Conditions in the financial world which have resulted in a reduction of the rates of interest on loans and discounts have had their effect on the earning capacity of savings institutions, as indicated by the rates of interest allowed on depositors' accounts. Within recent years the average rate paid by savings banks exceeded 4 per cent, whereas from information contained in the following table it is seen to be the exception when 4 per cent is paid and with a number of banks the rate varies from a minimum of $2\frac{1}{4}$ to 3 per cent, although it would appear that the average rate lies between 3 and $3\frac{1}{2}$ per cent. The table referred to is as follows:

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AVERAGE RATE OF INTEREST PAID DEPOSITORS IN SAVINGS BANKS.

State.	Rate.	State.	Rate.
	<i>Per cent.</i>		<i>Per cent.</i>
Maine <i>a</i>	3 $\frac{1}{2}$	District of Columbia: <i>c</i>	3
New Hampshire <i>a</i>	3 $\frac{1}{2}$	3 paid	2 $\frac{1}{2}$
Vermont: <i>a</i>		1 paid	4
8 paid	4	Maryland <i>b</i>	3, 3 $\frac{1}{2}$, and 4
3 paid	3 $\frac{1}{2}$	North Carolina <i>c</i> , 4 paid	4
20 paid	3 $\frac{1}{2}$	South Carolina: <i>c</i>	4
2 paid	3 $\frac{1}{2}$	4 paid	3
7 paid	3	4 paid	3
Massachusetts: <i>a</i>		1 paid	2.90
14 paid	4	Florida: <i>c</i>	3
2 paid	4 to 1 $\frac{1}{2}$	Louisiana: <i>c</i>	3
38 paid	3 to 3 $\frac{1}{2}$	Texas: <i>c</i>	4
1 paid	1 $\frac{1}{2}$	Tennessee: <i>c</i>	4
Rhode Island: <i>a</i>	4	2 paid	4
Connecticut: <i>b</i>		4 paid	3
74 paid	4	1 paid	2 $\frac{1}{2}$
9 paid	3 $\frac{1}{2}$	Ohio: <i>c</i>	4
3 paid	3 $\frac{1}{2}$	1 paid	4 $\frac{1}{2}$
2 paid	3 $\frac{1}{2}$	6 paid	4
New York <i>b</i>	None.	Indiana: <i>a</i>	3
New Jersey <i>b</i>	3 $\frac{1}{2}$ and 4	1 paid	3
Pennsylvania: <i>c</i>		1 paid	5
7 paid	3	3 paid	4
1 paid	3 $\frac{1}{2}$	Minnesota: <i>a</i>	3 +
1 paid	3 $\frac{1}{2}$	Utah: <i>c</i>	4
Delaware <i>c</i>	4		

a Official.*b* Official, 1899.*c* Unofficial.

The industry and thrift of those engaged in gainful occupations are most forcefully illustrated in the volume of the savings deposited with building and loan associations and savings banks of the country. In the May, 1894, number of a bulletin issued from the Department of Labor appeared the results of a very painstaking investigation of the laws and rules governing, methods of operating, condition of, and statistics relative to, building and loan associations in the United States, as shown by statements made in 1893. At that time there were in operation 5,838 associations, the shareholders numbering 1,745,725, the amount of stock paid up and dues paid in aggregating \$403,778,844, and the total assets of the associations \$528,852,885.

From the report of the secretary of the United States League of Building and Loan Associations made at the annual meeting held at Indianapolis in July last it appears that there are at present (1900) in operation 5,485 building and loan associations with a membership (shareholders) of 1,512,685 and total assets of \$581,866,170. The table following contains the details of the returns by States.

It is evident from the limited returns at command that the percentage of apparent profit derived by patrons of building and loan associations is greater than the rates of interest allowed to depositors in savings banks.

Having reference to the returns received by this office relative to savings banks, it is observed that the total number of depositors in such institutions and shareholders in building and loan associations aggregate approximately 7,619,768 and that they have an average credit of slightly less than \$398. From the preliminary returns which give the population of the country, including Hawaii, as 76,259,220, it appears that one person in every ten is interested as a shareholder in a building and loan association or as a depositor in a savings bank.

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The table hereinbefore referred to with respect to building and loan associations is as follows:

States.	Number of associations.	Total membership.	Total assets.
Pennsylvania	1,174	281,456	\$112,120,436
Ohio.....	773	287,477	102,409,699
Illinois	599	100,000	54,104,602
New Jersey.....	335	99,160	46,100,000
New York	299	89,409	37,263,725
Indiana	424	109,043	31,435,587
Massachusetts.....	125	68,349	26,744,647
California.....	151	37,780	20,285,454
Missouri	191	38,000	13,885,817
Michigan	72	32,775	10,159,562
Iowa.....	79	23,000	5,723,799
Connecticut	15	12,773	8,774,526
Wisconsin	52	13,450	3,582,922
Kansas	46	12,000	2,880,764
Nebraska	60	13,813	3,382,781
Maine	32	8,155	2,975,716
Tennessee	26	4,795	2,874,097
Minnesota	46	7,500	2,848,179
New Hampshire.....	17	4,950	1,921,927
North Dakota	7	1,000	364,130
Other States	4,523	1,244,885	484,728,370
	962	267,800	97,137,800
Total	5,485	1,512,685	581,866,170

The inauguration of the school savings bank system took place in France in 1834. The system was adopted in the United States in 1885 in the school of Long Island City, New York, by School Commissioner J. H. Thiry. In a report issued by Mr. Thiry in March last, the occasion of the fifteenth anniversary of the introduction of the system in the United States, he states that the school bank system is in operation in 97 cities of 15 States. The number of registered pupils in these schools is 179,630, of whom 52,694 are depositors. From the beginning of the system to January 1, 1900, there was deposited in these banks a total of \$806,015.97; amount withdrawn, \$525,209.77, leaving the balance due \$280,806.20, an average of about \$5.34. The general extension of this system throughout the country would unquestionably result in an early inculcation, in the minds of the young, of knowledge of practical business methods and of the value of habits of economy.

No late official statistics are at command with respect to foreign savings banks in all countries in which institutions of that character exist. A recent article by Mr. C. A. Conant, a leading economist, presents information with respect to savings institutions in the United Kingdom and Russia for 1900; Italy for 1899; France, Belgium, and Prussia for 1898, and Austria-Hungary for 1896. The amount of deposits, number of depositors, and average deposit in savings institutions in those countries are set forth in the following table:

Country.	Deposits.	Depositors.	Average deposit.
Prussia	\$1,255,000,000	8,049,599	\$155.91
United Kingdom.....	916,836,845	a 6,648,165	95.03
France	825,000,000	9,964,678	82.79
Austria-Hungary.....	650,000,000	2,948,261	220.47
Russia.....	320,000,000	3,172,858	100.85
Belgium	116,0 2,486	1,519,251	76.36
Italy	394,000,000	5,212,110	75.59
Total	4,476,859,831	40,514,922	110.41

REPORT OF THE COMPTROLLER OF THE CURRENCY. XLIII

BANKING POWER OF THE WORLD.

In banking power the United States leads all nations. In his Dictionary of Statistics, edition of 1898, Mr. M. G. Mulhall states that the banking power of the world in 1890 amounted to 3,197,000,000 pounds sterling. The accompanying table contains in a condensed form this statement of the aggregate banking power of the United Kingdom, Europe (exclusive of the United Kingdom), Australia, Canada, Cape Colony, Argentina, Uruguay, and the United States for 1890, in which is also incorporated similar information with respect to the joint stock and private banks and savings banks of the United Kingdom for 1900 (shown by reports published in the London Economist and in the Statistical Abstract of the United Kingdom), the banks of the United States for the same year from reports made to this bureau, to the latter being appended an estimate of the banking power of nonreporting banks.

The increase in the banking power of Europe (exclusive of the United Kingdom) and other foreign countries mentioned is assumed to have been in the same proportion as in the United Kingdom, namely, 28.8 per cent. This percentage of increase has been used in calculating the present banking power of the countries relative to which no official data are at command. Including the estimate of the banking power of nonreporting banks it is observed that there has been an increase in the United States during the past decade from 1,030,000,000 to 2,578,000,000 pounds sterling, or 150.3 per cent.

In estimating the banking power Mr. Mulhall includes capital, reserve (surplus profits) issues, deposits and accounts current (individual and bank deposits). The table referred to is as follows:

Countries.	Year.		Increase.
	1890 (in millions).	1900 (in millions).	
United Kingdom.....	£910	£1,172	
Europe, all other.....	1,037	1,336	
Australia.....			
Canada.....	220	283	
Cape Colony.....			
Argentina.....			
Uruguay.....			
United States.....	1,030	{ a 2,203 b 375 }	150.3
Total	3,197	5,369	67.9

a From reports to the Comptroller of the Currency.

b Estimated for nonreporting banks.

In the following table is exhibited in detail the composition of the banking power of the United States for each class of banks as shown by reports to this office at the close of the year ended June 30, 1900:

Banks.	Capital.	Surplus, etc.	Deposits, etc.	Circulation.	Total.
National banks.....	\$621,536,461	\$391,547,835	\$3,621,541,835	\$265,356,112	\$4,899,982,243
State banks.....	237,004,340	129,855,738	1,371,654,702	.....	1,738,514,780
Loan and trust companies.....	126,930,845	148,389,339	1,031,932,536	.....	1,307,252,720
Private banks.....	19,364,735	5,611,125	97,720,936	.....	122,696,796
Total	1,004,836,381	675,404,037	6,122,850,009	265,356,112	8,068,446,589
Savings banks.....	19,892,294	206,798,755	2,390,180,116	2,616,871,165
Grand total.....	1,024,728,675	882,202,792	8,513,030,125	265,356,112	10,685,317,704

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FOREIGN BANKS.

There will be found in the appendix of this report tables exhibiting in detail the resources and liabilities of the joint stock and private banks of the United Kingdom and colonial and foreign banks with London offices, as shown by statements published in December, 1899, and June, 1900, appearing in the London Economist. There also appears a table taken from the July, 1900, number of the Bulletin de Statistique relative to specie, circulation, deposits and accounts current, and rates of discount for the first quarter of 1900, of the principal European banks of issue. Summaries of the reports of condition of the chartered banks of the Dominion of Canada, of date September 30, and the Australian banks, of date June 30, are also given.

In conclusion, it is with pleasure that the Comptroller commends the associates of his office for the faithful and efficient service rendered the Government by them. For the many extra hours of labor rendered necessary by the increasing work of the Bureau, which additional time many of them have willingly devoted to the public service without additional compensation, they deserve a full measure of public gratitude. In connection with the recognition of the work of the entire corps of employees, the Comptroller desires to publicly commend the services of Mr. T. P. Kane, Deputy Comptroller; Messrs. A. D. Lynch and George T. May, in charge of the work connected with insolvent banks; Messrs. G. S. Anthony, W. J. Fowler, W. W. Eldridge, E. E. Schreiner, and T. O. Ebaugh, in charge of divisions; Mr. W. D. Swan, bond clerk; Mr. J. Y. Paige, chief clerk, and Mr. B. F. Blye, secretary.

CHARLES G. DAWES,
Comptroller of the Currency.

To the SPEAKER OF THE HOUSE OF REPRESENTATIVES.

R E P O R T

OF

THE COMPTROLLER OF THE CURRENCY.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, December 2, 1901.

SIR: In compliance with the requirements of section 333 of the Revised Statutes of the United States, the thirty-ninth annual report of the operations of the Currency Bureau for the year ended October 31, 1901, is submitted herewith.

CONDITION OF NATIONAL BANKS.

The resources and liabilities of the banks in active operation, as shown by reports submitted during the past year, appear in detail in the following table:

ABSTRACTS OF REPORTS OF CONDITION OF NATIONAL BANKS IN THE UNITED STATES
FROM DECEMBER 13, 1900, TO SEPTEMBER 30, 1901.

	Dec. 13, 1900, 3,942 banks.	Feb. 5, 1901, 3,999 banks.	April 24, 1901, 4,064 banks.	July 15, 1901, 4,165 banks.	Sept. 30, 1901, 4,221 banks.
RESOURCES.					
Loans and discounts..	\$2,706,534,643.35	\$2,814,388,346.45	\$2,911,526,276.00	\$2,956,906,375.97	\$3,018,615,918.40
Overdrafts.....	41,682,539.65	36,698,829.29	28,036,550.54	24,147,213.49	33,086,161.88
U. S. bonds to secure circulation.....	306,622,180.00	317,916,330.00	323,511,830.00	326,971,080.00	329,372,830.00
U. S. bonds to secure U. S. deposits.....	101,414,820.00	101,749,780.00	102,111,450.00	105,327,250.00	107,107,100.00
U. S. bonds on hand.....	10,024,920.00	11,073,370.00	10,734,410.00	9,381,190.00	7,890,560.00
Premiums on U. S. bonds.....	8,488,368.88	8,237,158.25	8,520,701.77	8,888,885.62	10,015,978.16
Stocks, securities, etc.....	373,479,621.87	391,438,492.25	420,650,992.16	435,002,188.20	448,614,538.31
Banking house, furniture, and fixtures.....	82,375,256.07	82,596,860.68	83,961,147.73	84,647,346.34	86,141,913.02
Other real estate and mortgages owned.....	26,006,292.42	25,363,718.81	25,032,667.95	23,892,105.54	23,098,722.53
Due from national banks.....	244,577,101.40	246,655,587.90	255,347,521.14	262,567,988.13	256,513,214.43
Due from State banks and bankers.....	73,682,522.19	72,320,668.40	72,224,719.20	71,581,761.27	71,881,186.46
Due from approved reserve agents.....	417,722,712.14	472,178,337.12	480,032,111.19	454,077,288.44	456,638,517.75
Internal-revenue stamps.....	1,448,459.90	1,273,005.50	1,117,213.16	680,696.18	600,139.12
Checks and other cash items.....	19,342,582.03	18,611,077.60	21,693,900.87	25,213,997.97	26,706,693.58
Exchanges for clearing house.....	183,475,503.48	238,845,632.12	290,162,041.82	300,689,828.04	236,656,336.45
Bills of other national banks.....	24,703,730.00	24,978,528.00	26,465,478.00	25,258,411.00	23,681,783.00
Fractional currency, nickels, and cents ..	1,257,946.37	1,375,719.53	1,346,361.86	1,311,546.36	1,315,365.17

X REPORT OF THE COMPTROLLER ON THE CURRENCY.

ABSTRACTS OF REPORTS OF CONDITION OF NATIONAL BANKS IN THE UNITED STATES FROM DECEMBER 13, 1900, TO SEPTEMBER 30, 1901—Continued.

	Dec. 13, 1900, 3,942 banks.	Feb. 5, 1901, 3,999 banks.	April 24, 1901, 4,064 banks.	July 15, 1901, 4,165 banks.	Sept. 30, 1901, 4,221 banks.
RESOURCES—cont'd.					
Gold coin.....	\$107,561,080.11	\$110,369,107.35	\$110,280,301.82	\$108,871,024.66	\$106,736,761.00
Gold Treasury certificates.....	102,269,910.00	133,447,930.00	122,950,940.00	108,490,040.00	117,806,580.00
U. S. certificates of deposit.....	a 850,000.00		3,760,000.00	4,785,000.00	11,855,000.00
Gold clearing-house certificates.....	91,789,000.00	89,154,000.00	82,315,000.00	85,465,000.00	89,854,000.00
Silver dollars.....	9,748,534.00	10,436,238.00	9,593,379.00	9,399,355.00	8,649,959.00
Silver Treasury certificates.....	40,763,675.00	48,533,778.00	53,893,133.00	51,259,021.00	46,467,349.00
Silver fractional coin.....	7,940,024.95	8,015,090.58	7,740,938.39	7,601,102.36	7,167,222.13
Total specie.....	360,522,224.06	399,956,143.93	390,533,692.21	375,870,543.02	388,536,871.13
Legal-tender notes.....	141,284,945.00	152,386,332.00	159,324,246.00	164,929,624.00	151,018,751.00
Five per cent redemption fund.....	14,832,543.31	15,423,179.99	15,811,356.03	15,933,782.54	16,104,962.69
Due from Treasurer U. S.	2,610,880.45	2,444,169.96	2,669,699.52	2,630,940.52	1,743,751.88
Total.....	5,142,089,692.52	5,435,906,257.78	5,630,794,367.15	5,675,910,042.63	5,695,347,294.96
LIABILITIES.					
Capital stock paid in.....	632,353,405.00	634,696,505.00	640,778,600.00	645,719,099.00	655,341,880.00
Surplus fund.....	262,387,647.59	266,520,594.87	267,810,239.88	274,194,175.90	279,532,858.62
Undivided profits, less expenses and taxes.....	141,505,613.64	132,938,589.86	148,216,895.69	142,545,641.99	151,029,249.26
National-bank notes outstanding.....	298,917,320.00	309,466,046.50	317,202,078.00	319,008,811.00	323,863,597.50
State bank notes outstanding.....	52,231.50	52,231.50	52,232.50	52,231.50	51,874.50
Due to other national banks.....	581,894,283.32	655,570,230.93	676,147,920.04	645,038,393.50	638,361,792.37
Due to State banks and bankers.....	244,141,379.79	273,029,869.25	278,719,623.71	275,928,820.01	293,275,148.49
Due to trust companies and savings banks.....	179,697,906.01	247,780,356.05	241,900,371.68	250,222,981.04	220,381,919.00
Due to approved reserved agents.....	38,901,889.24	28,684,680.76	30,100,172.15	35,626,197.50	33,266,344.70
Dividends unpaid.....	975,675.14	1,407,607.28	905,578.29	2,555,706.84	3,621,615.33
Individual deposits.....	2,623,997,521.88	2,753,969,721.62	2,893,665,449.71	2,941,837,428.77	2,937,753,233.33
U. S. deposits.....	87,992,782.73	88,709,088.92	89,681,990.21	93,825,077.82	101,408,774.93
Deposits of U. S. disbursing officers.....	6,385,362.91	6,323,688.13	6,320,499.78	5,247,189.30	5,451,374.86
Notes and bills rediscounted.....	4,924,761.90	3,439,066.78	4,034,556.56	5,899,668.67	10,970,717.66
Bills payable.....	10,887,991.14	7,347,556.38	7,902,488.94	11,751,607.69	17,646,405.12
Liabilities other than those above.....	27,073,920.73	25,970,423.95	27,355,670.01	26,457,012.10	23,388,509.29
Total.....	5,142,089,692.52	5,435,906,257.78	5,630,794,367.15	5,675,910,042.63	5,695,347,294.96

a For legal tenders.

The authorized capital stock of the 4,279 national banking associations in existence on October 31, 1901, was \$663,224,195, which is a net increase during the year of \$30,721,800. There was an increase in capital stock of \$21,674,500 by banks organized during the year, including \$120,000 of newly organized associations which increased their capital stock to that amount subsequent to the date of organization. The associations which were in existence on October 31, 1900, increased their capital stock during the year to the extent of \$21,815,000. There was a decrease of capital stock of \$8,040,000 by voluntary liquidations. This amount includes the capital stock of banks which have not yet deposited lawful money to retire their circulation and withdraw their bonds, the accounts being still carried on the books of this office. During the year 13 associations, with capital stock of \$1,960,000, were placed in charge of receivers, 2 of which, however,

with combined capital stock of \$200,000, were proved to be solvent and permitted to resume business, leaving the number and capital stock of insolvent banks for the year 11 and \$1,760,000, respectively. There was a further loss of capital stock of \$3,752,700 by the reduction of capital stock of active associations. Of the 39 associations placed in voluntary liquidation 22 were succeeded by or amalgamated with other national banks; 6 were absorbed by State banks or trust companies, and 11 liquidated for the purpose of winding up their affairs.

As hereinbefore set forth, reports of condition were made by national banks to the Comptroller of the Currency on five dates during the report year. The number of reporting associations increased from 3,942 on December 13, 1900, to 4,221 on September 30, 1901. The aggregate resources of the banks on the latter date reached a higher point than ever before in the history of the national banking system, namely, \$5,695,347,294.96, an increase since September 5, 1900, of \$647,208,795.67. Each successive report during the year shows an increase in volume of loans and discounts. On December 13, 1900, the amount of assets of this character aggregated \$2,706,534,643.35, and on September 30, 1901, \$3,018,615,918.40, an increase since the report on September 5, 1900, of \$331,856,275.83.

On February 13, 1900, the date of report nearest to March 14 of that year, when the act was approved authorizing the issue of circulating notes to the par value of bonds deposited therefor, bonds for that purpose were held by the Treasurer of the United States in trust to the amount of \$236,283,870. On December 13, 1900, the amount had increased to \$306,622,180, and on September 30, 1901, to \$329,372,830. Bonds on deposit as security for Government deposits increased from \$101,414,820 on December 13, 1900, to \$107,107,100 on September 30, 1901. The total investments of national banks in Government bonds on December 13, 1900, amounted to \$418,061,920, and on September 30, 1901, to \$444,376,490.

Specie, including gold and silver certificates, in the vaults of the banks on December 13, 1900, amounted to \$360,522,224.06, classified as follows: Gold coins, \$107,561,080.11; gold treasury certificates, including \$850,000 U. S. certificates for legal tenders, \$103,119,910; gold clearing-house certificates, \$91,789,000; silver dollars, \$9,748,534; fractional silver coins, \$7,540,024.95; silver certificates, \$40,763,675. By February 5, 1901, the specie holdings had increased to \$399,956,-143.93, the largest amount held at date of any report during the year. On April 24, 1901, the holdings had fallen to \$390,533,692.21, and on July 15, 1901, to \$375,870,543.02. At date of the September 30, 1901, statement specie holdings had increased to \$388,536,871.13, of which \$326,252,341 was in gold and gold certificates, and \$62,284,530 in silver and silver certificates. Legal-tender notes to the greatest amount were held on July 15, 1901, namely, \$164,929,624; on December 13, 1900, the amount of notes was at the minimum during the year, namely, \$141,284,945; on September 30, 1901, the amount held aggregated \$151,018,751.

Referring again to the condition of banks on February 13, 1900, it is shown that the paid-in capital stock of the 3,604 banks on that date aggregated \$613,084,465. By December 13, 1900, with an increase of banks to 3,942, there was an increase of capital to \$632,353,405. At date of last report from the 4,221 banks, their paid-in capital stock is shown to have been \$655,341,880. Compared with September 5, 1900,

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the paid-in capital stock has increased since that date in the sum of \$25,042,849.28. The surplus and net undivided profits of the associations on September 30, 1901, were \$279,532,858.62 and \$151,029,249.26, respectively, or approximately an amount equal to two-thirds of the paid-in capital stock. Since September 5, 1900, the outstanding circulation of national banks, as shown by the reports of condition, has increased in the sum of \$39,914,966, standing on September 30, 1901, at \$323,863,597.50. There is still carried on the books of a few associations converted from State banks circulating notes issued by the latter to the amount of \$51,874.50.

National banks held the greatest amount of individual deposits during the existence of the system on July 15, 1901, namely, \$2,941,837,428.77. Liabilities to depositors on December 13, 1900, aggregated \$2,623,997.521.88, and at date of last report \$2,937,753,233.33, a decrease since July 15, 1901, of \$4,084,195.44, but an increase since September 5, 1900, of \$429,504,675.80.

The obligations of the banks on account of notes and bills rediscounted and bills payable fluctuated between \$10,786,623.16 on February 5, 1900, and \$28,619,122.78 on September 30, 1901. Government deposits with the banks increased during the year from \$87,992,782.73 on December 13, 1900, to \$101,408,774.93 on September 30, 1901.

RESERVE REQUIRED AND HELD.

The net amount of liabilities of national banking associations on September 30, 1901, on which reserve was required, aggregated \$3,661,644.311.74, the reserve required thereon being \$759,743,977.87, and amount held \$1,012,299,102.57, or 27.65 per cent. The composition of the reserve held was as follows: Specie, including coin certificates of every character, \$388,536,871.13; legal-tender notes, \$151,018,751; funds on deposit with reserve agents, \$456,638,517.75; 5 per cent redemption fund, \$16,104,962.69. The national banks located in the central reserve cities of New York, Chicago, and St. Louis held in bank a reserve of \$285,055,426.37, or 26.16 per cent, on liabilities amounting to \$1,089,501,324.34. Banks in the 29 reserve cities, which are required to maintain a total reserve of 25 per cent, cash credits to the amount of one-half of which may be with central reserve city banks, held a total reserve of \$298,171,510.20 on deposits aggregating \$1,015,471,986.83, the average reserve held being 29.36 per cent. National banking associations located outside of reserve cities are required to maintain a reserve of 15 per cent, two-fifths of which must be retained in bank and the remainder may be deposited with approved reserve agents. Banks of this class held a reserve of \$429,072,166, or 27.56 per cent, on liabilities aggregating \$1,556,671,000.57. The reserve held is represented by \$87,300,318.73 specie; \$1,155,000 United States certificates for gold deposited; \$42,023,565 legal tenders; \$288,151,642.63 deposits with reserve agents, and \$10,441,639.64 redemption fund with the Treasurer of the United States.

RATES FOR LOANS.

In volume the loans and discounts of national banks located in the city of New York amount, approximately, to one-fifth of the aggregate accommodations made by all national banking associations.

During the year ended October 25, 1901, rates for prime commercial paper in the New York market varied but slightly, the minimum, 3 to 4 per cent, having been demanded on February 1, and the maximum, 5 to 5½ per cent, during September last. The average rates have fluctuated between 3½ to 4 per cent and 4½ to 5 per cent. The fluctuations in the rates for call loans have been more marked. The lowest rates prevailed in the latter part of January, namely, 1½ to 2 per cent, and the maximum on June 28 and July 25, namely, 6 to 11 per cent and 6 to 25 per cent, respectively. On October 4 rates for this class of paper were 3½ to 4 per cent; on October 11 and 18, 3 to 3½ per cent, and on October 25, 3 to 4 per cent.

CLEARING HOUSE TRANSACTIONS.

Through the courtesy of the manager of the New York Clearing House, statistics have been received relative to the transactions of the various clearing houses of the United States, of the New York Clearing House, and of the assistant treasurer of the United States at New York with the latter, during the year ended September 30, 1901.

Exchanges passing through the clearing houses of the United States during the year amounted in the aggregate to \$114,190,226,021, an increase over the previous year of \$29,607,775,940.

The transactions of the New York Clearing House were approximately 70 per cent of the total, namely, \$77,020,672,494. The balances paid in money amounted to \$3,515,037,741, of which \$3,509,969,000, or 99.6 per cent, was in gold and certificates and the balance, \$5,068,741, legal tenders, etc. The average daily clearings and balances were \$254,193,639 and \$11,600,785, respectively, the percentage of balances to clearings being 4.56.

The membership of the New York Clearing House for the year numbered 62 (which includes 42 national banks) and represented an aggregate capital of \$81,722,700.

Since the formation of the New York Clearing House in 1854 to the close of the year ended September 30, 1901, the aggregate transactions represented by the clearings amounted to \$1,360,408,679,557, and the aggregate balances paid in money to \$64,885,824,657. The average daily clearings and balances paid in money during this period were \$92,582,596 and \$4,415,804, respectively, the average percentage of balances to clearings being 4.77.

Exchanges received from the clearing house by the assistant treasurer of the United States at New York during the year ended September 30, 1901, amounted to \$451,733,788.49. Balances received from the clearing house aggregated \$4,426,506.72. The exchanges delivered and balances paid to the clearing house were \$222,608,869.20 and \$233,551,426.01, respectively.

UNITED STATES BONDS AND NATIONAL BANK CIRCULATION.

The currency act of March 14, 1900, resulted in material changes in the class of bonds on deposit with the Treasurer of the United States in trust as security for national bank circulation and in amount and denomination of circulating notes issued.

The act referred to authorized the Secretary of the Treasury to receive at the Treasury any of the outstanding bonds of the United

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States bearing interest at 5 per cent per annum, payable February 1, 1904; bonds bearing 4 per cent interest, payable July 1, 1907, and bonds bearing interest at 3 per cent per annum, payable August 1, 1908, and to issue in exchange therefor an amount of coupon or registered bonds of the United States bearing interest at the rate of 2 per cent per annum, the principal payable in gold coin, at the pleasure of the United States, after thirty years from date of issue. Section 12 of the act authorized the issue of circulating notes of national banks to an amount equaling the par value of the bonds on deposit, and section 13 reduced the semiannual duty on national bank circulation secured by deposits of bonds issued under authority of the act to one-fourth of 1 per cent. It is also provided that "No national banking association shall, after the passage of this act, be entitled to receive from the Comptroller of the Currency or to issue or reissue or place in circulation more than one-third in amount of its circulating notes of the denomination of \$5."

At the close of business on March 13, 1900, bonds to the amount of \$243,651,420 were on deposit with the Treasurer of the United States in trust as security for circulating notes of national banking associations. Included therein were \$56,164,820 3 per cent bonds of 1908; \$130,302,250 4 percents of 1907; \$14,697,850 4 percents of 1925; \$21,996,350 5 percents of 1904, and \$20,490,150 2 percents of 1891. By October 31 of that year the bond deposits had increased to \$301,123,580, of which \$270,006,600 were consols of 1930. On October 31, 1901, the deposits had increased to \$329,833,930, all of which except about 4 per cent were 2 per cent consols of 1930, the total amount of the latter being \$316,625,650.

The changes in amounts and classes of bonds on deposit to secure circulation on dates named are shown in the appended table:

Class.	Mar. 13, 1900.	Oct. 31, 1900.	Oct. 31, 1901.
Loan of 1908-1918, 3 per cent.....	\$56,164,820	\$7,756,580	\$3,983,780
Funded loan of 1907, 4 per cent.....	130,302,250	13,544,100	6,032,000
Loan of 1925, 4 per cent.....	14,697,850	7,503,550	2,911,100
Loan of 1904, 5 per cent.....	21,996,350	1,293,000	268,900
Funded loan of 1891, 2 per cent.....	20,490,150	1,019,950	12,500
Consols of 1930, 2 per cent		270,006,600	316,625,650
Total	243,651,420	301,123,580	329,833,930

On March 13, 1900, the outstanding circulation of national banks secured by deposits of bonds aggregated \$216,022,075, and the amount secured by deposits of lawful money, on account of failed and liquidating associations and those reducing circulation, \$38,004,155, making the total outstanding issues at that date \$254,026,230. The issue of notes of the denominations of \$1 and \$2 having been discontinued in 1879, denominations of \$1,000 in 1884, and of \$500 in 1885, the outstanding issues are practically represented by notes of the denominations of \$5, \$10, \$20, \$50, and \$100. On March 13, 1900, notes of the denominations of \$5 to the amount of \$79,310,710 were outstanding; \$10's to the amount of \$79,378,160; \$20's, \$58,770,660; \$50's, \$11,784,150; \$100's, \$24,103,400. By October 31, 1901, the outstanding issues had increased to \$359,832,715, of which \$328,198,614 were secured by deposit of bonds, and \$31,634,101 by lawful money. Notes of the denomination of \$5 have been reduced to \$60,265,645, or 16.7 per cent of the total, as compared

with 31.2 per cent on the date of the passage of the currency act. Notes of the denomination of \$10 were outstanding to the amount of \$143,280,120; of \$20 to the amount of \$104,454,400; of \$50, \$16,732,200; of \$100, \$34,430,900.

Since the organization of the national banking system there have been issued circulating notes to the amount of \$2,497,486,135 and notes redeemed to the amount of \$2,137,687,735. The issues during the current year were \$123,100,200, and the destructions of notes redeemed \$94,881,929.50, an increase of \$19,701,328.50 over 1900.

The amount, by denominations, of national bank circulation outstanding on March 13 and October 31, 1900, and October 31, 1901, is shown in the following table:

Denominations.	Mar. 13, 1900.	Oct. 31, 1900.	Oct. 31, 1901.
Ones.....	\$348,275	\$347,552	\$346,729
Twos.....	167,466	167,056	166,406
Fives.....	79,310,710	70,363,595	60,265,645
Tens.....	79,378,160	123,088,280	143,280,120
Twenty.....	58,770,660	88,408,100	104,454,400
Fifties.....	11,784,150	16,156,900	16,732,200
One hundreds.....	24,103,400	32,889,200	34,430,900
Five hundreds.....	104,000	102,500	97,000
One thousands.....	27,000	27,000	25,000
Nonredeemed fractions	32,409	33,085	34,315
Total	254,026,230	331,613,268	359,832,715
Circulation secured by lawful money	88,004,155	82,784,203	31,634,101
Circulation secured by bonds	216,022,075	298,829,065	328,198,614

The Government actuary has made a calculation, for this report, of the profit, with money at 6 per cent, on the issue of \$100,000 national-bank circulation secured by deposit of \$100,000 in bonds purchased at market prices on October 31, 1898, 1899, 1900, and 1901. The market price of twos of 1930 on October 31, last, was \$108.712; and on circulation to the amount of \$100,000 the profit is shown to be \$796.84, or 0.733 per cent, but on fours of 1925 at \$138.261 there is a loss of 0.09 per cent. The prices of other bonds available as security for circulation, and also the rates per cent of profit on circulation secured thereby, are as follows:

Class.	Price.	Per cent.
Fives of 1904	\$106,639	0.714
Fours of 1907	111,799	.417
Threes of 1908	108,258	.407

The method of calculating the profit on circulation is given in detail in the appendix.

CAPITAL AND SURPLUS OF NATIONAL AND OTHER BANKS, AND DISTRIBUTION OF BANKING FACILITIES, YEAR ENDED JUNE 30, 1901.

In compliance with the provisions of the war-revenue act of 1898, taxing the capital and surplus of banking institutions, returns from 14,455 banks and bankers, for the fiscal year ended June 30, 1901, were made to the Internal Revenue Bureau and compiled in this office.

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The aggregate capital and surplus reported amounts to \$1,692,037,175, on which tax was paid to the amount of \$3,269,969.32.

The Eastern States lead in volume of banking capital, namely, \$694,455,830; followed by the Middle States, with \$425,555,039; the New England States, with \$227,311,333; the Southern States, \$186,746,269; the Pacific States, including Hawaii, \$89,635,586; and the Western States, with \$68,369,118.

The State of New York is in the lead, with \$374,660,141 banking capital, or over 22 per cent of the total. The population of the State is nearly 10 per cent of that of the country, and the State has nearly 8 per cent (1,131) of the total number of banks—1 bank for every 6,548 inhabitants. The 996 banks in the State of Pennsylvania have banking capital aggregating \$225,269,422, and in this State there is 1 bank for every 6,639 of population. Massachusetts is third in the list in volume of capital, the amount being \$134,494,936, held by 339 banks—1 institution for every 8,454 inhabitants.

The fourth State in the list is Illinois, with capital of \$102,313,723 and 1,052 banks, or 1 for every 4,686 inhabitants. No other State in the Union has banking capital reaching the \$100,000,000 mark, though Ohio has only about \$12,000,000 less than Illinois.

The returns show that there are 792 banks in the New England States—1 to every 7,056 inhabitants. In the Eastern States, 2,518 banks—1 to every 6,922; Southern States, 2,528—1 to 8,897; Middle States, 5,950—1 to every 3,946; Western States, 1,986—1 to every 2,634; Pacific States, 681—1 to every 4,881 of population. Taking the whole country into consideration, the returns show that there is 1 bank for every 5,371 inhabitants.

There are more banks in Iowa (1,320) than in any other State of the Union, and, with one exception, the State has the greatest number, in proportion to population, namely, 1 to every 1,717 inhabitants; South Dakota, the exception, has 1 bank to every 1,702 of population.

The Western, Middle, and Pacific States, in the order mentioned, have the largest number of banks in proportion to population and the Southern States the least. In other words, the Western States, with 6.8 per cent of population, have 13.7 per cent of the number of banks; the Middle States 30.3 per cent of the population and 41.2 per cent of the banks; the Pacific States 4.3 per cent of the population and 4.7 per cent of banks, while the Southern States, with 28.8 per cent of the population, have but 17.5 per cent of the number of banks reporting.

The average capital and surplus per bank is the greatest in the New England States, namely, \$287,009; the average in the Eastern States is \$275,796; in the Pacific States, \$131,170; in the Southern States, \$73,791; in the Middle States, \$71,522, and in the Western States, \$34,425. The average per bank in the United States is shown to be \$117,057.

AGGREGATE RESOURCES, ETC., OF BANKS.

Incorporated in the appendix will be found a table on lines heretofore followed relating to the aggregate resources of national, State, savings, private banks, and loan and trust companies, as shown by reports made to the Comptroller, or obtained from other sources, on or about the close of the fiscal year ended June 30, 1901. This table shows also the estimated population of the country by States;

the average per capita of resources of each and all classes of banks by States and geographical divisions; the aggregate resources and average per capita for each class of banks in the Union. The population of the country on June 1, 1901, as estimated by the Government actuary, was 77,647,000; the aggregate resources, \$12,329,560,255; the average per capita in all banks, \$158.79; and the average per capita in each class of banks as follows: National, \$73.10; State, \$27.47; savings, \$35.50; private, \$1.92; loan and trust, \$20.80.

In 1899 a special investigation was made by the Comptroller of the Currency relative to the number of depositors and borrowers and the amount of deposits and loans of all banks in the United States. Of the 12,804 banks, information relating to capital and surplus of which was obtained from returns on taxable capital and surplus made to the Internal-Revenue Bureau, statistics pertaining to deposits and loans were obtained from State banking departments and reports made direct to this office from 9,732 institutions. The estimated capital of the 12,804 banks was shown to be approximately \$1,150,000,000, deposits \$7,513,954,361, and loans and discounts \$5,751,467,610. For the fiscal year ended June 30, 1901 (including returns from national banks of date July 15, 1901), reports of condition have been received and compiled from 11,406 banks, with loans aggregating \$6,425,431,261; deposits, \$8,554,467,366, and aggregate resources, \$12,357,477,376. Combining with returns, official and unofficial, relating to the condition of banks and banking institutions in the country, returns relating to loans, capital, deposits, surplus, and other undivided profits of nonreporting institutions obtained from reports published by commercial agencies, there are shown statistics relating to the principal items of resources and liabilities of 12,972 banks and bankers, with capital of \$1,138,042,134; surplus and undivided profits of \$693,465,095 and \$270,855,253, respectively; deposits, \$8,619,285,110, and loans and discounts, \$6,491,630,743.

These consolidated returns are presented in the appendix in detail for each class of banks in each State and geographical division, and all banks of each class in geographical divisions and in the United States. In the New England States there are shown to be in operation, by these returns, 1,103 banks, with deposits aggregating \$1,511,209,112 and loans of \$1,112,156,141. In the Eastern States the returns from 1,976 banks show deposits aggregating \$4,156,162,050 and loans of \$2,831,479,771. The excess of deposits over loans in this geographical division and in the New England States is due to large investments in stocks, bonds, and other securities by savings banks.

The deposits in banks in the Southern States amount to \$501,905,118 and loans to \$493,188,951; in the Middle States deposits aggregate \$1,720,073,957 and loans \$1,520,994,394; in the Western States the deposits in the banks are shown to be \$294,383,819 and the loans \$229,665,067; in the Pacific States deposits aggregate \$412,534,452 and loans \$290,198,156.

Statistics were obtained on the same lines from 1 national, 3 other incorporated, and 2 private banks in Hawaii; 3 incorporated banks in Porto Rico, and 7 incorporated banks, including branches, in the Philippine Islands, making an aggregate of 16 institutions in these new territorial possessions. The aggregate capital reported is \$4,313,978; surplus and undivided profits, \$1,627,250; deposits, \$23,018,602, and loans, \$13,908,262.

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EARNINGS, DIVIDENDS, ETC., OF NATIONAL BANKING ASSOCIATIONS.

It was not until March 3, 1869, that legislation was enacted requiring the filing with the Comptroller of the Currency of reports of the earnings and dividends of national banking associations, in consequence of which, all statistics relating thereto date from the passage of that act. During the year ended March 1, 1870, 1,526 reporting associations, with capital of \$409,008,896, paid dividends to the amount of \$43,246,926 (10.5 per cent) from net earnings aggregating \$58,218,118. An average rate of, practically, 10 per cent was maintained to the close of 1876. From 1877 to 1893 the average rate varied from a maximum of 8.9 per cent in the first year of that period to a minimum of 7.5 per cent in 1892 and 1893. From 1894 to 1898 the average rate ranged between 6.7 per cent in 1897 and 6.9 per cent for the years 1895, 1896, and 1898. The rate rose to 7.4 per cent in 1899 and to 7.9 per cent in 1900.

During the year ended March 1, 1901, on average capital of \$622,366,093.60 and surplus of \$257,948,296.36, the earnings in gross amounted to \$197,903,623.24, from which were charged off losses and premiums aggregating \$34,854,407.68 and expenses of \$75,375,040.92, leaving net earnings of \$87,674,174.64, from which dividends were paid at an average rate of 8.1 per cent, the amount being \$50,219,115.21. Combining capital and surplus, the rate of dividends paid thereon was 5.7 per cent.

Reports of earnings and dividends filed do not show the cost of operation or amount of State and local taxes. In the fiscal year ended June 30, 1901, however, the banks paid to the Government \$1,599,221.08 semiannual duty on \$297,071,834, the average amount of outstanding circulating notes and revenue tax on the average amount of capital and surplus at the rate of one-fifth of 1 per cent, under the war-revenue act of 1898, to the amount of \$1,781,928.86. In addition to these taxes, the banks were assessed \$146,236.18 for expenses incident to the redemption of circulating notes, being at the rate of \$0.9956 per \$1,000; \$277,816.07 for examinations, and \$99,475, the cost of plates for the printing of circulating notes for new banks and those whose corporate existence has been extended.

NATIONAL BANK SHARES AND SHAREHOLDERS.

Every national banking association is required by law to file with the Comptroller of the Currency a list showing the names and holdings of stockholders as of the first Monday in July. The lists filed in July last show the number of shares outstanding at a par of \$100 to have been 6,477,160 and the number of shareholders as 276,858. Holders of stock in banks located in the New England States numbered 79,935; in the Eastern States, 104,973; in the Southern States, 28,859; in the Middle States, 48,873; in the Western States, 9,764, and in the Pacific States, including Hawaii, 4,454.

The following table shows the number of shares and shareholders of banks in each State and geographical division:

States.	Number of shares.	Number of share-holders.	States.	Number of shares.	Number of share-holders.
Maine.....	109,210	7,762	Illinois.....	382,010	8,645
New Hampshire.....	55,500	3,993	Michigan.....	115,850	3,696
Vermont.....	66,450	3,695	Wisconsin.....	104,650	3,228
Massachusetts.....	775,525	44,125	Minnesota.....	121,500	3,884
Rhode Island.....	144,582	8,249	Iowa.....	149,250	5,474
Connecticut.....	203,571	12,111	Missouri.....	201,600	4,106
Total New England States.....	1,354,808	79,985	Total Middle States.....	1,720,281	48,873
New York.....	980,698	32,662	North Dakota.....	17,250	527
New Jersey.....	154,300	11,185	South Dakota.....	15,100	635
Pennsylvania.....	791,614	48,646	Nebraska.....	100,450	2,782
Delaware.....	21,590	2,041	Kansas.....	86,346	3,123
Maryland.....	159,170	9,235	Montana.....	24,300	480
District of Columbia.....	30,270	1,204	Wyoming.....	8,600	261
Total Eastern States.....	2,137,642	104,973	Colorado.....	44,270	872
Virginia.....	52,960	2,668	New Mexico.....	7,618	179
West Virginia.....	40,610	1,552	Oklahoma.....	14,150	298
North Carolina.....	31,260	1,559	Indian Territory.....	19,000	607
South Carolina.....	20,480	1,232	Total Western States.....	337,084	9,764
Georgia.....	44,660	1,663	Washington.....	32,550	787
Florida.....	13,550	476	Oregon.....	23,960	747
Alabama.....	35,900	1,202	California.....	114,250	1,889
Mississippi.....	11,300	508	Idaho.....	6,250	96
Louisiana.....	38,600	1,254	Utah.....	16,000	667
Texas.....	221,503	6,547	Nevada.....	820	24
Arkansas.....	10,950	298	Arizona.....	4,550	98
Kentucky.....	125,759	6,824	Alaska.....	500	24
Tennessee.....	72,950	3,081	Hawaii.....	5,000	122
Total Southern States.....	723,482	28,859	Total Pacific States.....	203,870	4,454
Ohio.....	491,251	15,837	Total United States.....	6,477,160	276,858
Indiana.....	154,170	4,503			

ORGANIZATION OF NATIONAL BANKS.

Under authority of the act approved February 25, 1863, 488 national banks were organized, of which 280 are still in active operation. The act of June 3, 1864, repealed and reenacted, with material amendments, the national currency act of 1863, under the provisions of which 5,005 national banking associations have been organized. This number includes 10 gold banks, organized under the act of July 12, 1870, the circulating notes issued by which were payable in gold coin. Nine of these banks were organized in California and 1 in Massachusetts. The latter, however, and 2 of the California banks were placed in liquidation soon after organizing, and on February 14, 1880, Congress passed an act authorizing the conversion of these associations into currency banks, the course of procedure being similar to that provided for the conversion of State banks into national banking associations with the exception that their periods of succession dated from the original incorporation. During 1880, 4 of these banks, converted under authority of the act referred to, and the 2 remaining took similar action in 1883 and 1884, respectively. Gold notes issued by these banks amounted, in the aggregate, to \$3,465,240, all of which has been presented for redemption, with the exception of \$78,970.

The act of March 14, 1900, authorizing the organization of national banks with a minimum capital of \$25,000, in towns with population

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not exceeding 3,000, resulted in the incorporation of 503 banks of that class, 4 of which, however, went into voluntary liquidation soon after the issue of charters, and 1 failed and was placed in charge of a receiver.

Summarizing the foregoing, it appears that, under the various acts cited, 6,006 associations, with authorized capital stock at date of incorporation, of \$795,467,682, were organized, of which 4,279 were in active operation at the close of the report year, October 31, 1901, 1,340 in voluntary liquidation, and 387 in charge of receivers, or finally closed.

The following table sets forth the number of organizations effected under the provisions of each of the acts cited, and the number placed in voluntary liquidation, in the charge of receivers, and in active operation at the close of the year:

Act of—	Organized.	In voluntary liquidation.	Insolvent.	Active.
1863	488	173	85	280
1864	5,005	1,160	351	3,494
1870	10	3	—	7
1900	503	4	1	498
Total.....	6,006	1,340	387	4,279

Prior to the passage in 1865 of the act taxing the circulation of State banks, there had been organized but 587 national-banking associations. During that year 1,014 were added to the system, of which 411 were conversions of institutions organized under State authority. During the next five years 115 banks were organized, and in 1871 and 1872, 345 were added to the list. In the next nine years, beginning with 1873 and terminating in 1881, there were organized 520 associations. From 1882 to 1893 the number was increased by 2,349, the greatest number, 307, with the largest amount of capital stock, \$36,250,000, of banks organized between 1865 and 1890 having been chartered in the last-named year. The effects of the monetary stringency of 1893 were very noticeable in the limited number of banks organized from 1894 to 1899, the additions for each year being as follows: 1894, 50 banks; 1895, 43; 1896, 28; 1897, 44; 1898, 56, and 1899, 78.

In the year ended October 31, 1900, organizations numbered 383, of which 249, with aggregate capital of \$6,575,000, were of the class authorized by the act of March 14, 1900, namely, those with capital stock of less than \$50,000. During the same period 134 banks with capital of \$50,000 or over, with aggregate capital of \$13,450,000, were added to the system.

During the report year ended October 31, 1901, there were chartered 394 banks, with total capital of \$21,554,500, of which 254 were with capital of less than \$50,000, the aggregate being \$6,619,500, and 140 with capital of \$50,000 or over, the aggregate being \$14,935,000. Included in the total number were 44 banks with capital of \$3,330,000, conversions of State banking institutions; 111 with capital of \$5,330,000, organizations created to succeed State or other banks closed for the purpose of reorganization; and 239, with \$12,894,500 capital stock, primary organizations not formed for the purpose of succeeding to the business of existing banks or banking institutions.

The number and capital, by States, Territories, and geographical divisions of national banks organized from November 1, 1900, to October 31, 1901, are shown in the following table:

NATIONAL BANKS ORGANIZED FROM NOVEMBER 1, 1900, TO OCTOBER 31, 1901.

States, etc.	Capital less than \$50,000.		Capital, \$50,000 or over.		Total organizations.	
	No.	Capital.	No.	Capital.	No.	Capital.
Maine.....			1	\$50,000	1	\$50,000
New Hampshire.....			1	100,000	1	100,000
Massachusetts.....			3	300,000	3	300,000
Rhode Island.....			1	500,000	1	500,000
Total New England States.....			6	950,000	6	950,000
New York.....	11	\$275,000	5	1,450,000	16	1,725,000
New Jersey.....	6	155,000	3	250,000	9	405,000
Pennsylvania.....	15	385,000	28	1,865,000	43	2,250,000
Delaware.....	1	25,000			1	25,000
Maryland.....	4	122,000	3	460,000	7	582,000
Total Eastern States.....	37	962,000	39	4,025,000	76	4,987,000
Virginia.....	3	80,000	1	50,000	4	130,000
West Virginia.....	5	125,000	1	50,000	6	175,000
North Carolina.....	5	125,000	1	50,000	6	175,000
Georgia.....	4	115,000	1	50,000	5	165,000
Alabama.....	5	127,500	4	250,000	9	377,500
Mississippi.....	1	25,000	1	75,000	2	100,000
Louisiana.....	2	50,000	4	550,000	6	600,000
Texas.....	40	1,090,000	19	1,300,000	59	2,390,000
Arkansas.....	3	75,000			3	75,000
Kentucky.....	2	50,000	2	150,000	4	200,000
Tennessee.....	4	105,000	1	50,000	5	155,000
Total Southern States.....	74	1,967,500	35	2,575,000	109	4,542,500
Ohio.....	12	325,000	11	2,000,000	23	2,325,000
Indiana.....	9	235,000	5	800,000	14	1,035,000
Illinois.....	9	235,000	6	500,000	15	735,000
Michigan.....	1	25,000	4	300,000	5	325,000
Wisconsin.....	6	150,000	2	100,000	8	250,000
Minnesota.....	12	300,000	1	50,000	13	350,000
Iowa.....	13	340,000	8	500,000	21	840,000
Missouri.....	2	50,000	4	1,185,000	6	1,235,000
Total Middle States.....	64	1,660,000	41	5,435,000	106	7,095,000
North Dakota.....	4	100,000	1	50,000	5	150,000
South Dakota.....	7	175,000			7	175,000
Nebraska.....	8	200,000	1	50,000	9	250,000
Kansas.....	6	150,000	2	100,000	8	250,000
Montana.....	1	25,000	1	250,000	2	275,000
Wyoming.....	1	25,000			1	25,000
Colorado.....	3	85,000			3	85,000
New Mexico.....	1	25,000			1	25,000
Oklahoma.....	19	475,000	3	200,000	22	675,000
Indian Territory.....	19	510,000	2	150,000	21	660,000
Total Western States.....	69	1,770,000	10	800,000	79	2,570,000
Washington.....	1	30,000	2	150,000	3	180,000
Oregon.....	3	75,000			3	75,000
California.....			7	1,000,000		1,000,000
Idaho.....	3	75,000			3	75,000
Arizona.....	2	55,000			2	55,000
Hawaii.....	1	25,000			1	25,000
Total Pacific States.....	10	260,000	9	1,150,000	19	1,410,000
Total United States.....	254	6,619,500	140	14,935,000	394	21,554,500

From March 14, 1900, to October 31, 1901, there were organized 742 national banking associations with capital stock aggregating \$39,029,500, and bond deposits to secure circulation of \$11,025,850. Banks organized included 503 with individual capital of less than

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\$50,000, chartered under authority of act of March 14, 1900. The capital of these banks aggregated \$13,194,500. Associations organized with capital of \$50,000 or over numbered 239, the aggregate capital being \$25,835,000. Bonds deposited by the smaller class amount to \$4,569,100 and by the larger class \$6,456,750.

Geographically, the largest number of banks chartered during this period were organized in the Middle States, namely, 230, with aggregate capital of \$12,305,000, 161 of which were of the smaller class and 69 were with capital of \$50,000 or over.

In the Southern States there were organized 179 banks with authorized capital of \$9,465,500, classified as follows: 115 of the smaller class with \$3,050,500, and 64 of the larger class with capital of \$6,415,000.

The organizations in the Western States numbered 157 with capital of \$5,080,000, 134 of the number with capital of \$3,480,000 being of the smaller class, and 23 with capital of \$1,600,000 of the larger class. In number of organizations the Eastern States are fourth, but third in order in aggregate amount of capital stock, namely, 138 and \$8,819,000, respectively. In this division 75 banks with capital of \$1,964,000 were of the smaller class, and 63 with capital of \$6,855,000 of the larger.

In the Pacific States, including Hawaii, 14 banks of the smaller class were organized with aggregate capital of \$360,000, and 12 of the larger class with \$1,800,000 capital. There were but 12 banks organized in the New England States, namely, three each in New Hampshire, Massachusetts, and Connecticut, two in Maine, and one in Rhode Island, their aggregate capital being \$1,200,000. Four of this number of banks were organized with individual capital of \$25,000, and 8 with capital of \$50,000 or over.

Texas is the leading State in number of banks organized, namely, 93, with capital of \$3,623,000, followed by Pennsylvania with 80 banks and capital of \$4,732,000. Iowa is third on the list with 53 banks and capital of \$1,760,000. Next in order are Ohio, 44 banks, with capital of \$3,595,000; Illinois, 40 banks, with capital of \$1,705,000; Oklahoma, 39 banks, with capital of \$1,140,000; Indian Territory, 37 banks, with capital of \$1,185,000; Minnesota, 29 banks, with capital of \$800,000; New York, 28 banks, with capital of \$2,520,000; Indiana, 27 banks, with capital of \$1,530,000; Nebraska and Kansas, 21 each, with capital of \$575,000 and \$690,000, respectively. In other States in which banks were organized the number ranges from 1 to 18. One or more banks were organized in every State and Territory of the Union except Vermont, District of Columbia, Utah, Nevada, and Alaska.

Included in the total number of banks organized since March 14 were 106 banks with capital of \$7,890,000, converted from State banking institutions under the provisions of section 5154 of the Revised Statutes of the United States. Of the conversions, 69, with capital of \$1,870,000, were of the smaller class, and 37, with capital of \$6,020,000, banks with individual capital of \$50,000 or over.

National banks organized from March 14, 1900, to October 31, 1901, showing in detail the number, capital, and bond deposit of each class in each State, Territory, and geographical division, are set forth in the following table:

REPORT OF THE COMPTROLLER OF THE CURRENCY. XXIII

NATIONAL BANKS ORGANIZED FROM MARCH 14, 1900, TO OCTOBER 31, 1901.

States, etc.	Capital, less than \$50,000.		Capital, \$50,000 or over.		Total organizations.		Bonds deposited.		
	No.	Capital.	No.	Capital.	No.	Capital.	Banks capital, less than \$50,000.	Banks capital, \$50,000 or over.	Total.
Maine	1	\$25,000	1	\$50,000	2	\$75,000	\$12,000	\$12,500	\$24,500
New Hampshire	1	25,000	2	200,000	3	225,000	10,000	50,000	60,000
Massachusetts	3	300,000	3	300,000	3	300,000	.....	75,000	75,000
Rhode Island	1	500,000	1	500,000	1	500,000	.....	50,000	50,000
Connecticut	2	50,000	1	50,000	3	100,000	32,500	.....	32,500
Total New England States	4	100,000	8	1,100,000	12	1,200,000	54,500	187,500	242,000
New York	18	460,000	10	2,060,000	28	2,520,000	149,550	435,000	584,550
New Jersey	11	290,000	4	350,000	15	640,000	126,050	62,500	188,550
Pennsylvania	37	967,000	43	3,765,000	80	4,732,000	383,800	1,017,000	1,400,800
Delaware	2	50,000	1	50,000	2	50,000	25,000	.....	25,000
Maryland	7	197,000	6	680,000	13	877,000	51,450	175,000	226,450
Total Eastern States	75	1,964,000	63	6,855,000	138	8,819,000	735,850	1,689,500	2,425,350
Virginia	9	230,000	3	150,000	12	380,000	81,000	75,000	156,000
West Virginia	7	180,000	5	300,000	12	480,000	66,500	80,000	146,500
North Carolina	7	175,000	1	50,000	8	225,000	66,500	12,500	79,000
South Carolina	1	25,000	1	60,000	2	85,000	7,000	20,000	27,000
Georgia	4	115,000	4	650,000	8	765,000	30,250	125,000	155,250
Florida	1	30,000	1	200,000	2	230,000	7,500	50,000	57,500
Alabama	5	127,500	6	350,000	11	477,500	33,500	95,000	128,500
Mississippi	1	25,000	1	75,000	2	100,000	6,250	18,750	25,000
Louisiana	2	50,000	5	600,000	7	650,000	12,750	125,000	137,750
Texas	64	1,783,000	29	1,885,000	93	3,623,000	556,900	511,500	1,068,400
Arkansas	3	75,000	.....	.....	3	75,000	18,750	.....	18,750
Kentucky	5	125,000	6	1,995,000	11	2,120,000	57,556	300,000	357,550
Tennessee	6	155,000	2	100,000	8	255,000	33,250	50,000	83,250
Total Southern States	115	3,050,500	64	6,415,000	179	9,465,500	977,700	1,462,750	2,440,450
Ohio	26	695,000	18	2,900,000	44	3,595,000	232,950	645,000	877,950
Indiana	18	480,000	9	1,050,000	27	1,530,000	164,300	260,000	424,300
Illinois	30	805,000	10	900,000	40	1,705,000	316,800	575,000	891,800
Michigan	4	110,000	6	430,000	10	540,000	28,550	157,500	186,050
Wisconsin	10	255,000	8	800,000	18	1,055,000	71,200	222,500	293,700
Minnesota	26	650,000	3	150,000	29	800,000	237,000	57,000	294,000
Iowa	42	1,110,000	11	650,000	53	1,760,000	420,500	165,000	585,500
Missouri	5	135,000	4	1,185,000	9	1,320,000	61,250	152,500	213,750
To 1 Middle States	161	4,240,000	69	8,065,000	230	12,305,000	1,532,550	2,234,500	3,767,050
North Dakota	12	300,000	1	50,000	13	350,000	111,250	12,500	123,750
South Dakota	10	250,000	.....	.....	10	250,000	78,500	.....	78,500
Nebraska	20	525,000	1	50,000	21	576,000	172,550	12,500	185,050
Kansas	17	410,000	4	250,000	21	690,000	157,000	100,000	257,000
Montana	1	25,000	1	250,000	2	275,000	6,500	50,000	56,500
Wyoming	2	50,000	2	100,000	4	150,000	12,500	50,000	62,500
Colorado	4	115,000	4	300,000	8	415,000	30,250	115,000	145,250
New Mexico	2	50,000	.....	.....	2	50,000	16,300	.....	16,300
Oklahoma	35	890,000	4	250,000	39	1,140,000	335,550	67,500	403,050
Indian Territory	31	835,000	6	350,000	37	1,185,000	239,550	87,500	327,050
Total western States	134	3,480,000	23	1,600,000	157	5,080,000	1,159,950	495,000	1,654,950
Washington	2	55,000	2	150,000	4	205,000	20,000	37,500	57,500
Oregon	3	75,000	.....	.....	3	75,000	26,750	.....	26,750
California	2	50,000	9	1,150,000	11	1,200,000	16,500	300,000	316,500
Idaho	4	100,000	.....	.....	4	100,000	25,050	.....	25,050
Arizona	2	55,000	.....	.....	2	55,000	13,750	.....	13,750
Hawaii	1	25,000	1	500,000	2	525,000	6,500	50,000	56,500
Total Pacific States	14	360,000	12	1,800,000	26	2,160,000	108,550	387,500	496,050
Total United States	503	13,194,500	239	25,835,000	742	39,029,500	4,569,100	6,456,750	11,025,850

XXIV REPORT OF THE COMPTROLLER OF THE CURRENCY.

EXPIRATION AND EXTENSION OF THE CORPORATE EXISTENCE OF NATIONAL BANKING ASSOCIATIONS.

On February 25, 1863, Congress passed an act entitled "An act to provide a national currency," etc., section 11 of which provides in part that any association organized thereunder "shall have succession by the name designated in its articles of association for the period limited therein, not, however, exceeding twenty years from the passage of this act."

Under this act 488 national banking associations were organized, of which 98 were for a period of nineteen years only. Of the total number of associations organized prior to June 3, 1864, in other words, under the act of February 25, 1863, 208 were closed—151 by voluntary liquidation, 21 by reason of expiration of corporate existence, 35 by insolvency, and 1 by reason of failure to complete organization. Sixty of the banks placed in voluntary liquidation were succeeded by new associations and 6 were consolidated with other banks; 17 of the 21 whose corporate existence expired by limitation were reorganized under the same or different titles. Of the continuing banks organized under this act, 280, with capital of \$66,853,300, whose corporate existence was extended under the provisions of the act of July 12, 1882, will reach the termination of their second corporate existence during the calendar years 1902 and 1903, the number and capital of banks expiring in each year being as follows: 1902, 35 banks, capital, \$6,265,000; 1903, 245 banks, capital, \$60,588,300. The date of the first expiration is July 14, 1902.

The failure by Congress to take timely action authorizing the extension of the charters of banks organized under the act of February 25, 1863, necessitated the liquidation and subsequent reorganization of 77 associations desiring to continue in the system under different charter numbers, but with the same or similar titles.

The act of June 3, 1864, repealing the act of February 25, 1863, and reenacting, with amendments, the national-banking law, included a provision to the effect that any national bank organized thereunder "shall have succession by the name designated in its organization certificate for a period of twenty years from its organization." A national bank under section 5135 becomes a body corporate from the date of the execution of its organization certificate, the date of the last acknowledgment (where there is more than one) being construed as the date of the execution of the certificate.

During the last session of Congress the following bill to provide for the extension of the charters of the national banks passed the House of Representatives, but failed to receive consideration in the Senate:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Comptroller of the Currency is hereby authorized, in the manner provided by, and under the conditions and limitations of, the act of July twelfth, eighteen hundred and eighty-two, to extend for a further period of twenty years the charter of any national-banking association extended under said act which shall desire to continue its existence after the expiration of its charter.

Passed the House of Representatives February 4, 1901.

It is urgently recommended that this bill, or a similar measure, be enacted into law. As heretofore stated, inasmuch as the first charter will expire in July, 1902, prompt action on the part of Congress is necessary, in order that this association and others whose corporate existence will terminate early in the coming year may avoid the expense and inconvenience incident to enforced liquidation and reorganization as new associations, and be afforded ample time to take the preliminary steps necessary to an extension before expiration of their charters.

The act of July 12, 1882, providing for the extension of the corporate existence of national banking associations included provisions requiring national banking associations whose corporate existence was extended, to deposit, within three years, lawful money with the Treasurer of the United States to redeem the remainder of the circulation which was outstanding at date of extension, and the issuing of new circulating notes bearing devices making them readily distinguishable from the notes theretofore issued.

In order to facilitate the redemption of old note issues of banks extending their corporate existence, it is respectfully recommended that a provision be added to the foregoing extension bill, applicable alike to banks whose charters are extended or reextended, requiring a deposit of lawful money within six months from the date of extension instead of three years, as provided in the act of July 12, 1882.

In addition to the national banking associations whose charters were extended under the act of July 12, 1882, and will reach the termination of their second corporate existence between July 14, 1902, and December 31, 1903, the charters of 370 banks, capital \$56,900,000, will expire between November 1, 1901, and December 31, 1903. The expirations in 1901 number 27; in the calendar year 1902, 180, and 1903, 163. The expirations of charters for the first and second time during the period beginning on November 1, 1901, and terminating December 31, 1903, number 650, the capital stock of the banks interested being \$123,753,300. The number and aggregate capital of banks whose charters will expire during that period are set forth in the following table:

Year.	Expiration.	No.	Capital.
1901	First.....	27	\$6,130,000
1902	.....do.....	180	29,449,000
1902	Second	35	6,265,000
1903	First.....	163	21,321,000
1903	Second	245	60,588,300
	Total	650	123,753,300

INSOLVENT NATIONAL BANKS.

From April 15, 1865, to October 31, 1901, 404 national banks were placed in the hands of receivers, the aggregate liabilities of which at the dates of failure amounted to \$184,868,844, on which claims were settled to the amount of \$139,300,851, or 75.35 per cent.

Of the total number of banks which failed 16 were permitted to resume business and one was taken out of the receivers' hands and liquidation effected through the shareholders, the Comptroller having

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been satisfied of their ability to meet the claims of all depositors and other creditors. The affairs of 290 failed banks have been finally liquidated through receivers or this office.

On October 31, 1900, there were 113 insolvent national banks in the hands of receivers, and during the year the affairs of 26 were finally closed, leaving in operation on October 31, 1901, 98 trusts, of which 35 are in an inactive condition, due mainly to pending litigation.

The claims proved by creditors of the 290 closed insolvent banks amounted to \$83,599,846, on which dividends were paid to the amount of \$62,054,595, or 74.23 per cent. One hundred and two of these banks paid dividends at the rate of 100 per cent and interest in full or in part. The liabilities of the 26 trusts closed during the year aggregated \$6,013,665, on which dividends were paid to the amount of \$4,752,629, or 79.03 per cent.

The liquidations, including receivers' salaries, legal fees, etc., have been effected at a cost of about 8.81 per cent of the total collections.

The following table shows the number of insolvent national banks which were finally closed during the year ended October 31, 1901, with their capital stock, liabilities, liabilities paid, and the percentage of claims paid to total liabilities:

INSOLVENT NATIONAL BANKS CLOSED DURING THE YEAR.

Title and location of bank.	Capital stock.	Liabilities.	Liabilities paid.	Percent- age of liabilities paid.
First National Bank, Alma, Nebr.....	\$50,000	\$57,016	\$5,417	9.50
Atchison National Bank, Atchison, Kans.....	50,000	195,466	102,607	52.49
Big Rapids National Bank, Big Rapids, Mich.....	100,000	19,274	10,005	51.91
Commercial National Bank, Denver, Colo.....	250,000	621,275	421,770	67.89
First National Bank, Deming, N. Mex.....	100,000	168,842	87,221	51.66
Cocheco National Bank, Dover, N. H.....	150,000	123,950	126,207	101.82
First National Bank, Flushing, Ohio.....	50,000	66,503	69,399	104.35
National Bank of Guthrie, Okla.....	100,000			
Second National Bank, Grand Forks, N. Dak.....	50,000	173,624	154,705	89.10
Citizens' National Bank, Hillsboro, Ohio.....	100,000	420,408	307,241	73.08
First National Bank, Ithaca, Mich.....	50,000	91,710	97,101	105.88
National Bank of Jefferson, Tex.....	100,000	184,925	177,269	95.86
Merchants' National Bank, Jacksonville, Fla.....	100,000	264,096	214,447	81.20
First National Bank, Livingston, Mont.....	50,000	26,406	25,090	95.02
Livingston National Bank, Livingston, Mont.....	50,000	118,659	82,230	69.30
Union National Bank, Minneapolis, Minn.....	500,000	291,375	285,463	97.97
Bellingham Bay National Bank, New Whatcom, Wash.....	60,000	125,613	68,649	54.65
Merchants' National Bank, Ocala, Fla.....	100,000	189,772	78,612	41.42
Yates County National Bank, Penn Yan, N. Y.....	50,000	183,314	80,859	44.11
First National Bank, Ravenna, Nebr.....	50,000	50,693	32,258	63.63
Second National Bank, Rockford, Ill.....	200,000	458,084	440,536	96.17
Merchants' National Bank, Seattle, Wash.....	200,000	471,677	346,542	73.47
Fifth National Bank, St. Louis, Mo.....	300,000	1,313,976	1,275,138	97.04
Washington National Bank, Tacoma, Wash.....	100,000	131,134	108,938	83.07
First National Bank, Watkins, N. Y.....	50,000	208,133	96,549	46.39
First National Bank, White Pigeon, Mich.....	50,000	57,740	58,376	101.10
Total.....	3,010,000	6,013,665	4,752,629	79.03

STATE, SAVINGS, PRIVATE BANKS, LOAN AND TRUST COMPANIES.

The law requires the Comptroller of the Currency to incorporate in his report to Congress information relating to the condition of banks and banking institutions incorporated under State authority, statistics to be obtained from reports made to the legislatures or officers of the different States and Territories, or from such other authentic sources as may be available. While under the internal-revenue law

returns are required to be made of the average amount of capital and surplus of incorporated and private banks, there is nothing contained therein indicating the number of each class. From a careful examination of the returns, however, in connection with lists of banks published in bankers' directories, it would appear that there are in operation 5,204 commercial banks organized under State authority, 403 loan and trust companies, 1,007 savings banks, including 660 mutual savings institutions, and approximately 4,000 private banks. Statements showing the resources and liabilities of commercial banks, classed as State banks, have been received from the banking departments in all the States except Delaware, South Carolina, Alabama, Arkansas, Oregon, Idaho, and Nevada, and directly from banks located in the States named, to the total number of 4,970. In official returns from Kentucky, North and South Dakota, Nebraska, Kansas, Utah, and Arizona, with respect to incorporated banks are included private banks and bankers.

Appended to the abstract of reports of banks of this character are statistics relating to 7 incorporated banks and branches in the Philippines, 3 in Hawaii, and 3 in Porto Rico. The aggregate capital of all reporting banks of this class is \$255,052,073; surplus and undivided profits \$103,578,871 and \$44,146,547, respectively; deposits, \$1,610,502,246, and total liabilities \$2,160,976,280. Loans and discounts amount to \$1,183,901,443, of which \$67,755,400 are reported as being secured by real estate; \$36,305,722 by collateral other than real estate. Overdrafts are reported amounting to \$10,526,465. The investments of these banks in bonds, stocks, and other securities are as follows: United States bonds, \$4,687,837; State, county, and municipal bonds, \$5,831,686; railroad bonds and stock, \$2,376,579; bank stocks, \$130,422; all other stocks, bonds, and securities, \$228,445,686; cash held in bank, \$174,855,265.

Reports of condition were received from 334 loan and trust companies with aggregate capital of \$137,361,704, deposits of \$1,271,081,174, and total liabilities of \$1,614,981,605. Of the loans and discounts \$59,579,122 were made on real estate security, \$607,868,759 on other collateral, and \$272,321,010 not classified as to character of security. These corporations held in United States bonds \$2,099,021; State, county, and municipal bonds, \$10,428,652; railroad bonds and stocks, \$21,980,385; bank stocks, \$3,236,661; all other stocks, bonds, and securities, \$358,478,135; cash on hand, \$24,810,203.

Statements relating to the condition of private banks and bankers to the number of 917, exclusive of those included in abstracts of State bank reports, were received. The reported capital was \$19,306,375; deposits, \$118,621,903, and total liabilities, \$149,104,346. The loans of these banks, including overdrafts, amounted to \$90,223,166; investments in stocks, bonds, and other securities, \$11,933,529, and cash on hand, \$7,350,947.

SAVINGS BANKS.

Savings banks reports are divided into two classes, first, mutual institutions, i. e., those without capital stock, operated by trustees for the sole benefit of depositors, to whom returns are made of the net profits or interest paid at fixed rates, as determined by statutes or regulations; second, those with capital stock, the shareholders participating with depositors in the net earnings. With the exception of 22 insti-

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tutions, mutual savings banks are located in the New England and Eastern States, the exceptions being as follows: West Virginia, 1; Ohio, 4; Indiana, 5; Wisconsin, 1; Minnesota, 11. The total number of reporting institutions of this character was 660, with aggregate resources of \$2,467,078,729. The surplus and undivided profits amounted to \$176,591,280 and \$28,646,556, respectively. Their deposits aggregated \$2,260,273,524, an increase since June, 1900, of \$125,802,394. These deposits stand to the credit of 5,612,434 depositors, whose average account is shown to amount to \$402.73. New York leads in amount of deposits and number of depositors, namely, \$987,621,809 and 2,129,790, respectively, the average deposit account being \$463.72. Massachusetts is second, with deposits of \$540,403,687 and depositors of 1,535,009, the average account being \$352.05. The reports show loans not classified amounting to \$150,965,415; loans secured by real estate, \$860,787,459; loans on other collateral, \$35,248,618. These banks held in United States bonds \$81,740,427; State, county, and municipal bonds, \$473,633,327; railroad bonds and stocks, \$306,454,296; bank stocks, \$36,224,501; other stocks, bonds, and securities, \$314,541,522; cash in bank to the amount of \$26,043,168 and on deposit with other banks and bankers, \$102,193,427.

Stock savings institutions to the number of 347 reported, which includes 4 in the District of Columbia, 13 in North Carolina, 11 in South Carolina, 7 in Tennessee, 256 in Iowa, and 56 in California. The capital of these banks is shown to be \$18,681,405; savings deposits, \$256,569,769, and deposits subject to check, \$1,756,243; the aggregate liabilities being \$289,426,874. The investments in loans and discounts aggregated \$172,225,940, and in stocks, bonds, and other securities \$73,403,298.

Consolidating the returns from the 1,007 mutual and stock savings banks, aggregate resources are shown of \$2,756,505,103; savings deposits, \$2,516,843,293; deposits subject to check, \$1,756,343; number of depositors, 6,099,808, and average deposit account \$412.61.

Hereinafter is presented a comparative statement for the past two years relative to the number of depositors, aggregate deposits, and average deposit account in savings banks in each State and geographical division. The returns from the State of Illinois include deposits in savings departments of commercial banks, shown separately by the reports obtained from the auditor of public accounts, resources and liabilities of such institutions, however, being included with the abstract of State bank reports only. The aggregate deposits of these institutions for the current year are shown to amount to \$2,597,094,580, number of depositors 6,358,723, and average deposit account \$408.30. Compared with the prior year, there is shown to have been an increase in deposits of \$147,546,695, in number of depositors of 251,640, and in average deposit of \$7.20. In all of the Eastern States and New England States, with the exception of Rhode Island, there is shown to have been an increase during the year in the volume of deposits. In the former division, deposits have increased from \$1,148,691,356 to \$1,232,325,780, the number of depositors from 2,794,708 to 2,902,168, and the average deposit from \$411.02 to \$424.62. In the New England States deposits in savings banks aggregated \$963,386,503, against \$939,790,300 in 1900. There was also an increase in number of depositors from 2,464,377 to 2,538,451, but the average deposit account has fallen from \$381.35 to \$379.52.

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Deposits in savings banks in the Middle States have increased from \$185,806,444 to \$218,659,364, the number of depositors from 544,811 to 634,864, and the average account from \$341.05 to \$344.42. The fact that reports were received from but 31 banks in the Southern States, against 37 in 1900, presumably accounts for the apparent decline in volume of deposits from \$14,840,199 to \$11,964,842. This is the only geographical division in which there is not shown an increase in savings deposits over the prior year. Reports from banks in the Pacific States and Territories were confined to California and Utah for the year 1900 and to California for the current year. Notwithstanding this fact, deposits in banks in this division have increased from \$160,419,586 to \$170,758,091.

Statistics hereinbefore referred to are given in detail in the following table:

NUMBER OF SAVINGS DEPOSITORS, AGGREGATE SAVINGS DEPOSITS, AND AVERAGE AMOUNT DUE TO DEPOSITORS IN SAVINGS BANKS IN EACH STATE IN 1899-1900 AND 1900-1901.

States, etc.	1899-1900.			1900-1901.		
	Number of depositors.	Amount of deposits.	Average to each depositor.	Number of depositors.	Amount of deposits.	Average to each depositor
Maine	183,103	\$66,132,677	\$361.18	196,583	\$69,533,058	\$353.71
New Hampshire	136,544	53,896,711	394.72	134,482	57,128,616	424.80
Vermont	118,354	38,290,394	323.52	123,151	40,209,059	326.50
Massachusetts	a 1,491,143	533,845,790	358.01	1,535,009	540,403,687	352.05
Rhode Island	142,096	73,489,533	517.18	138,884	72,330,141	520.80
Connecticut	393,137	174,135,195	442.94	410,342	183,781,942	447.88
Total New England States	2,464,377	939,790,300	381.35	2,538,451	963,386,503	379.52
New York	2,036,016	922,081,596	452.89	2,129,790	987,621,809	463.72
New Jersey	a 202,682	57,886,922	285.60	211,278	63,361,489	299.90
Pennsylvania	a 361,220	105,416,854	291.84	b 356,418	113,748,461	319.14
Delaware	20,300	5,027,395	247.65	23,307	5,511,495	236.47
Maryland	171,130	57,857,276	388.09	175,740	61,250,694	348.53
District of Columbia	3,360	421,313	125.39	5,636	831,832	147.62
Total Eastern States	2,794,708	1,148,691,356	411.02	2,902,168	1,232,825,780	424.62
West Virginia	12,369	1,926,407	155.74	4,728	563,264	119.13
North Carolina	a 8,550	1,717,158	200.84	12,171	2,096,458	172.25
South Carolina	a 25,150	5,086,451	202.24	23,164	5,785,792	249.78
Florida	877	225,395	257.01	.....	.....	.....
Louisiana	10,518	3,284,892	312.31	.....	.....	.....
Texas	2,980	584,424	196.12	.....	.....	.....
Tennessee	19,687	2,015,472	102.37	19,823	3,519,333	177.54
Total Southern States	80,131	14,840,199	185.20	59,886	11,964,842	199.79
Ohio	a 99,592	44,535,975	447.18	90,803	43,672,493	480.96
Indiana	21,091	5,650,961	267.93	22,354	6,561,464	298.53
Illinois	b 208,992	c 64,777,036	309.95	b 258,916	c 80,251,287	309.95
Wisconsin	2,945	568,187	192.93	3,385	634,236	187.37
Minnesota	51,418	12,066,170	234.67	56,179	13,961,616	248.52
Iowa	b 160,773	58,208,115	362.05	b 203,227	73,578,268	362.05
Total Middle States	544,811	185,806,444	341.05	634,864	218,659,364	344.42
California	b 216,534	158,167,462	730.45	b 223,354	170,758,091	764.52
Utah	6,522	2,252,124	345.31	.....	.....	.....
Total Pacific States	223,056	160,419,586	719.19	223,354	170,758,091	764.52
Total United States	6,107,083	2,449,547,885	401.10	6,358,723	2,597,094,580	408.30

a Partially estimated.

b Estimated.

c Savings deposits in State institutions having savings departments—abstract of reports included with State banks.

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There is given in the appendix a table relating to the number of savings banks, depositors therein, aggregate and average deposit account in savings banks of the United States in the years 1820, 1825, 1830, 1835, 1840, 1845 to 1901, inclusive, to which is appended a column showing the average per capita credit in institutions of this character based on Federal census returns from 1820 to 1900, and the average for the years 1891 to 1899 and 1901, based on the population of the country as estimated by the Government actuary. From 1873, the date on which, by Congressional resolution, the Comptroller was required to incorporate in his reports information relating to State banking institutions, there is shown to have been a constant increase of deposits in savings banks with the exception of the year 1894, the deposits on that date amounting to \$1,747,961,280, a reduction from \$1,785,159,957 in the prior year. In 1895, however, the volume of deposits had increased to an amount greater than ever before reported.

In the following table is shown the rates of interest paid to depositors in savings banks for the current year, including banks in three States relative to which no information was received later than 1900. By comparison with similar returns for last year a slight reduction in rates will be observed.

AVERAGE RATE OF INTEREST PAID DEPOSITORS IN SAVINGS BANKS.

State.	Rate.	State.	Rate.
	Per cent.		Per cent.
Maine <i>a</i>	3.32	Maryland <i>c</i>	3.14
New Hampshire <i>a</i>	3 to 3.50	West Virginia: <i>a</i> 1 paid	4
Vermont: <i>a</i> 3 paid	4	North Carolina: <i>a</i> 8 paid	4
24 paid	3.50	3 paid	3
1 paid	3.25	South Carolina <i>c</i>	3.75
12 paid	3	Ohio: <i>a</i> 2 paid	4
Massachusetts: <i>b</i>	3.81	Connecticut <i>a</i>	3.50
Rhode Island <i>a</i>	3.82	New York <i>a</i>	3
Connecticut <i>a</i>	3.80	New Jersey <i>a</i>	3
New York <i>a</i>	3.30	Pennsylvania: <i>b</i> 1 paid	2
New Jersey <i>a</i>	3	Indiana <i>a</i>	3+
Pennsylvania: <i>b</i> 1 paid	3.75	Minnesota: <i>b</i>	3+
1 paid	3.50	Wisconsin: <i>a</i> 1 paid	3.50
7 paid	3		
Delaware <i>c</i>	4		
District of Columbia:			
3 paid	3		
1 paid	2		

a Official.*b* 1900.*c* Unofficial.

Consolidating the returns from incorporated State, savings banks, trust companies, and private banks and bankers with returns from the 4,165 national banking associations reporting on July 15, 1901, there is shown a total of 11,406 reporting banks and banking institutions, with aggregate resources of \$12,357,477,376, an increase from 10,382 banks with \$10,785,824,444 resources in 1900. Capital stock is shown as amounting to \$1,076,120,656; surplus and undivided profits, \$955,606,096, and deposits, \$8,554,467,366. The principal items of resources were as follows: Loans and discounts, \$6,425,431,261; United States bonds, \$540,601,259; other bonds, stocks, and securities, \$2,280,595,298, and cash on hand, \$807,516,075. Special efforts have been made to ascertain in detail information with respect to the amount and character of lawful money held by reporting banks, but, with the exception of returns from national banks, the information is not satis-

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factory in view of the fact that other banking institutions to a large extent merely report the amount of cash on hand not classified. A summary of the returns is incorporated in the following table:

GOLD, ETC., HELD BY NATIONAL BANKS ON JULY 15, 1901, AND BY OTHER BANKS AND BANKERS ON OR ABOUT THE SAME DATE.

Classification.	National banks (4,165).	All other banks (7,241).	Total all banks (11,406).
Gold coin.....	\$108,871,025	\$78,758,247	\$187,624,272
Gold Treasury certificates.....	108,490,040	.....	108,490,040
United States certificates for gold deposited.....	4,785,000	.....	4,785,000
Gold clearing-house certificates.....	85,465,000	.....	85,465,000
Silver dollars.....	9,399,355	20,695,905	30,095,260
Silver, fractional.....	7,601,102	.....	7,601,102
Silver Treasury certificates.....	51,259,021	.....	51,259,021
Legal tenders.....	164,929,624	a 76,044,402	240,974,026
National-bank notes.....	25,258,411	.....	25,258,411
Fractional currency.....	1,311,546	.....	1,311,546
Specie, not classified.....	.....	8,424,616	8,424,616
Cash, not classified.....	.....	56,227,781	56,227,781
Total	567,370,124	240,146,951	807,516,075

a Includes bank notes and coin certificates.

From the most reliable data at the command of the Department it is shown that the coin and paper circulation of the United States on June 30, 1901, was \$2,483,147,292, of which \$1,734,861,774 was represented by coin, coin certificates, and bullion in the Treasury, and \$748,285,518 United States and national-bank notes. On that date there was held in coin, bullion, and paper money in Treasury assets \$307,760,015, leaving in circulation \$2,175,387,277, the per capita based on the estimated population of the country on that date being \$27.98. In 1860 the circulation per capita was \$13.85; in 1870, \$17.50; 1880, \$19.41; 1890, \$22.82; 1900, \$26.94.

For purposes of comparison there is given herewith a table showing the principal items of resources and liabilities of banks other than national in the years 1896 to 1901, inclusive:

Items.	1896.	1897.	1898.	1899.	1900.	1901.
Loans	\$2,279,515,283	\$2,231,018,262	\$2,480,874,360	\$2,659,940,630	\$3,013,449,827	\$3,444,377,672
Bonds	1,210,827,389	1,248,150,146	1,304,890,322	1,527,595,160	1,723,830,351	1,935,625,964
Cash	169,198,601	193,094,029	194,913,450	210,884,047	220,667,109	240,145,951
Capital	400,831,399	380,090,778	370,073,788	368,746,648	403,192,214	430,401,557
Surplus and undivided profits	362,602,702	382,436,990	399,706,497	418,798,087	490,654,957	588,866,278
Deposits	3,276,710,916	3,324,254,807	3,664,797,296	4,246,500,852	4,780,893,692	5,518,804,859
Resources	4,200,124,955	4,258,677,065	4,631,328,357	5,196,177,381	5,841,658,820	6,681,567,334

In the following table are shown the principal items of resources and liabilities of national banks on July 15, 1901, of other banks and banking institutions on or about the same date, and consolidated returns from all reporting banks:

	4,165 national banks.	7,241 other banks.	11,406 banks.
Loans	\$2,981,053,589	\$3,444,377,672	\$6,425,431,261
United States bonds	450,568,405	90,082,854	540,601,259
Other bonds	435,002,188	1,845,598,110	2,280,595,298
Cash	567,370,124	240,145,951	807,516,075
Capital	645,719,099	430,401,557	1,076,120,656
Surplus and profits	416,739,818	588,866,278	955,606,096
Deposits	3,085,662,507	5,518,804,859	8,554,467,366
Total resources	5,675,910,042	6,681,567,334	12,357,477,376

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In addition to statistics relating to the condition of national banking associations from the inception of the system to October 31, 1901, there will be found in the appendix returns relating to the condition of joint stock and private banks of the United Kingdom, colonial and foreign banks with London offices, chartered banks of Canada, Australia, Japan, and banks in the island possessions of the United States.

SCHOOL SAVINGS BANKS.

The office has been placed in possession, by Mr. J. H. Thiry, of Long Island City, N. Y., of statistics relating to the operations of school savings banks in the United States, brought down to January 1, 1901.

The system was inaugurated sixteen years ago. At date of report there were in operation 3,588 banks (each class room where savings are collected by a teacher constituting a bank), in 732 school buildings, located in 99 cities in 18 different States. The number of pupils registered in these schools was 234,838, of which 63,567 were depositors. Funds have been collected to the amount of \$876,229.65, of which \$540,701.49 have been withdrawn, leaving on deposit to the credit of the pupils \$335,528.16. During the year 1900 the system was extended to 21 additional cities, but was discontinued in 16, and in that year deposits were made to the amount of \$94,110.99, of which \$93,735.70 was withdrawn.

BUILDING AND LOAN ASSOCIATIONS.

In the Comptroller's last annual report to Congress there was exhibited the number of building and loan associations in the United States, together with the number of members and aggregate assets in June, 1900, as shown by the reports presented to the United States League of Local Building and Loan Associations at the meeting held in Indianapolis in July. The last annual convention of the league was held on February 15 and 16, 1901, at New Orleans, La. A copy of the proceedings has been furnished through the courtesy of Mr. D. Eldredge, of Boston, one of the ex-presidents of the league, from which the accompanying statistics have been obtained.

In July, 1900, there were in operation 5,485 associations, with membership of 1,512,685, and total assets of \$581,866,170. The returns for the current year relate to the same number of associations as reported in 1900, but the membership and assets have decreased to 1,496,294 and \$575,518,212, respectively.

Herewith is presented an abstract for 1900-1901.

BUILDING AND LOAN ASSOCIATIONS.

State.	Number of associations.	Total membership.	Total assets.	Increase in assets.	Decrease in assets.
Pennsylvania	1,200	285,000	\$113,000,000	\$879,564	.....
Ohio	770	291,000	103,500,000	1,100,301	\$6,208,454
Illinois	572	85,000	47,896,148	.....	.....
New Jersey	360	97,115	47,561,890	1,461,890	.....
New York	300	90,000	38,000,000	746,275	.....
Indiana	408	103,812	29,637,826	.....	1,797,761
Massachusetts	126	71,965	27,722,136	977,489	.....
California	148	37,456	18,935,883	.....	1,349,571
Missouri	174	33,000	11,448,394	.....	2,387,423
Michigan	66	32,677	10,118,876	.....	40,686
Iowa	70	20,000	5,500,000	.....	223,799
Connecticut	15	13,000	3,850,000	75,474	.....
Nebraska	60	15,000	3,697,356	354,575	.....
Wisconsin	48	13,000	3,490,469	.....	92,453
Maine	33	8,064	2,862,178	.....	113,538
Kansas	40	10,000	2,700,000	.....	180,764
Tennessee	23	4,339	2,665,631	.....	208,466
Minnesota	40	6,000	2,600,000	.....	248,179
New Hampshire	16	4,800	1,890,162	.....	91,765
North Dakota	6	1,966	393,263	29,183	.....
Other States	1,010	273,100	98,108,000	970,200	.....
Total	5,485	1,496,294	575,518,212	6,594,901	12,942,859
Net decrease					6,347,958

In the United Kingdom at the close of 1899, as shown by the 1901 Statistical Abstract for the United Kingdom, there were in operation in the British Isles 2,325 building societies, with the following liabilities: On shares, £31,645,414; on other deposits, £11,748,216; on unappropriated profits, £2,358,621.

STATE AND PRIVATE BANK FAILURES.

Through the courtesy of Mr. Frank Greene, managing editor of Bradstreet's, the Comptroller has been placed in possession of information relative to the number, assets, and liabilities of incorporated and private banks which failed during the year ended June 30, 1901.

The failures during the year numbered 56, and the assets and liabilities of the concerns were \$6,373,372 and \$13,334,629, respectively. Included in the number of failures are 41 private banks, with assets of \$3,925,372 and liabilities of \$10,250,629.

There were but 8 failures of commercial banks, the assets and liabilities of which were \$1,003,000 and \$1,440,000.

The report shows the failure of 3 savings banks, with assets of \$450,000 and liabilities of \$531,000. Four loan companies are shown to have failed, having assets of \$995,000 and liabilities of \$1,113,000. By comparison with the returns of the year ended June 30, 1900, there is shown to be an increase in the number of failures and total liabilities. The failures in 1900 were 32, the assets and liabilities of the banks being \$7,675,792 and \$11,421,028, respectively.

No information, official or otherwise, is at command relative to the progress toward and final result of liquidation of insolvent State and private banks. Generally receivers of insolvent State and private banks are appointed by, and report to, the courts, and there is no public official in each State charged with the compilation and publication of returns of this character on the lines followed by the Comptroller of the Currency with respect to insolvent national banks.

In 1896 a list of banks which failed in each State, from 1863 to June 30, 1896, was secured, through the same source from which the fore-

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going statistics were obtained, a copy of which was furnished to each national-bank examiner, with directions to communicate in person, or otherwise, with court officers, receivers, and assignees, with a view to ascertaining the results of final liquidation. Reports, more or less complete, were obtained relative to the liquidation of 1,234 banks and bankers failing during the period covered by the inquiry. Capital involved aggregated \$53,632,259, nominal assets, \$214,312,190, and liabilities to creditors, \$220,629,988. On claims proved, dividends were paid to the amount of \$100,088,726, or 45.4 per cent. Statistics compiled in this office and published in the Comptroller's annual reports to Congress show the condition of each insolvent bank trust, closed and active, and in addition thereto a table relating exclusively to trusts finally closed.

From April 14, 1865, the date of the first national bank failure, to October 31, 1901, the affairs of 290 of the 404 insolvent national banks have been closed and receivers discharged. The aggregate capital of these banks at date of failure was \$43,595,920; claims proved, \$83,599,846, on which dividends were paid to the amount of \$62,054,595, or 74.23 per cent. Including "offsets allowed and loans paid" creditors received about 80 per cent on their claims. Of the collections by receivers 88 per cent was derived from the assets and 12 per cent from assessment on shareholders.

BANKS AND BANKING IN HAWAII.

Information relating to banks and banking institutions in Hawaii has been secured from two sources—first, from statements transmitted directly to the office by a number of banks and banking companies doing business in the Territory, and, second, from returns obtained by Mr. A. R. Serven, representing this office in an official capacity at Hawaii, while on a visit to the islands during the past season. Reports from both sources show the existence of banks with banking capital as follows: Bank of Hawaii, capital \$600,000, surplus and undivided profits \$204,000, deposits \$1,250,000; First American Savings and Trust Company of Hawaii, capital \$250,000, deposits about \$200,000; First National Bank of Hawaii, capital \$500,000; surplus and undivided profits, \$44,995; deposits, \$741,266; Claus Spreckels & Co., capital \$500,000, deposits \$869,706; Bishop & Co., capital \$800,000; Hawaii Trust and Investment Company. All of these banks and banking firms are located at Honolulu. There is also in operation at this point branches of the Yokohama Specie Bank and the Kei Hin Bank, Limited, of Tokyo. In addition to transacting general banking business, selling exchange, etc., the banks generally allow interest on deposits.

At Hilo, the second town of importance in the islands, there is in operation the First Bank of Hilo, with capital of \$200,000 and deposits of \$100,000. At Wailuku there has recently been organized the First National Bank of Wailuku, with capital of \$25,000.

Several of the more important plantation agents have banking departments in connection with their other branches of business and aid the planters very materially by advancing funds for the production and marketing of crops. The demand for money is apparently steady, as the moving of the large sugar crop, which is practically the only crop, is in progress the entire twelve months.

The deposits in all of the banks are approximately \$3,500,000, while the actual cash in circulation, including Hawaiian silver coinage amounting to \$1,000,000, will probably not exceed \$2,000,000. The Hawaiian silver coinage was minted at San Francisco in 1883 and 1884, during the reign of Kalakaua. These coins, in denominations of dollars, halves, quarters, and dimes, have the same intrinsic value as United States silver.

During the past three or four years new enterprises, capitalized at about \$75,000,000, have been launched without sufficient money in circulation to properly float them; consequently at the present time there is a great demand for more capital, and loans can be readily made at 7, 8, and 9 per cent interest on what are considered gilt-edged securities, that is, stocks, etc., of the sugar industries.

Section 6 of the act of Congress approved May 30, 1900, entitled "An act to provide a government for the Territory of Hawaii," provides "that the laws of Hawaii, not inconsistent with the laws of the United States or the provisions of this act, shall continue in force, subject to repeal or amendment by the legislature of Hawaii or the Congress of the United States," and section 55 of the act provides, among other things, that the legislature "may by general act permit persons to associate themselves together as bodies corporate for * * * conducting the business of insurance, savings banks, banks of discount and deposit (but not of issue), loan, trust, and guaranty associations."

The laws of Hawaii not repealed and relating to banking are reproduced in the appendix to this report.

PORTE RICO.

No national bank has been organized in the island of Porto Rico, notwithstanding the fact that the Attorney-General, in an opinion rendered June 2, 1900, held that the following provision of the act approved April 12, which took effect May 1, 1900, was broad enough to authorize the organization of national banks in Porto Rico: "That the statutory laws of the United States not locally inapplicable, except as hereinbefore or hereafter otherwise provided, shall have the same force and effect in Porto Rico as in the United States except the internal-revenue laws, which in view of the provisions of section 3 shall not have force and effect in Porto Rico."

The only bank of issue in the island is the Spanish Bank of Porto Rico, chartered by royal decree on May 5, 1888, the chartered rights of which were recognized in the Paris treaty and in joint resolution adopted by Congress on June 6, 1900. The authorized capital stock of this bank is \$900,000, and the aggregate resources on June 29, 1901, were \$1,833,416. There is also in operation in the island the American Colonial Bank of Porto Rico, a corporation chartered under the laws of the State of West Virginia, and which has been designated by the Secretary of the Treasury as the depository in the islands for United States funds. This bank has capital of \$400,000, and its aggregate resources, including United States bonds on deposit to secure public deposits, amount to \$1,349,888. Through the courtesy of the officers of the Crédito y Ahorro Ponceño the office has been placed in possession of a statement of condition of the bank on June 30, 1901. This bank has a capital of \$120,000 and aggregate resources of \$630,738. An abstract of these reports will also be found in the appendix.

THE PHILIPPINES.

The bulk of the banking business in the Philippine Islands is transacted through the instrumentality of the Hongkong and Shanghai Banking Corporation, The Chartered Bank of India, Australia, and China, and the Spanish Filipino Bank. The first-named corporation has agencies at Manila and Iloilo, The Chartered Bank of India, etc., at Manila and Cebu, the main office of the Spanish Filipino Bank being at Manila, with agency at Iloilo. There is also in operation at Manila a savings institution and public pawn shop entitled "Monte de Piedad." This institution, as stated by Mr. Edward W. Harden, special commissioner of the United States, is operating under a charter issued by the Spanish Government, and is practically under control of the church. Savings deposits are received in sums from 50 cents to \$25, and interest allowed at the rate of 4 per cent, which is compounded annually. In the pawn department loans are made on precious metals, jewelry, clothing, etc., at 6 per cent per annum. The report of condition of this institution, of date June 30, 1901, shows the capital stock as amounting to \$243,978.92; savings deposits, \$699,099.12, and total liabilities, \$1,156,718.38. The loans on bonds, stocks, and certificates of deposit aggregated \$141,275 and on pledges \$647,593. The Comptroller is indebted to Hon. Frank A. Branagan, treasurer of the Philippine Archipelago, for reports of condition and of examinations made under his supervision for the quarter ended June 30, 1901, an abstract of which is incorporated with reports from banks other than national, and will be found in the appendix.

SAVINGS BANKS OF THE WORLD.

In the May, 1901, number of the *Bulletin de Statistique* appear tables compiled by M. Guillaume Fatio, relating to savings banks of 22 of the principal countries of the world. The tables show the number of depositors in savings banks in each country, total deposits in francs, average deposit account, average deposit per inhabitant, and in a few countries rates of interest paid to depositors. Deposits are shown to aggregate \$8,908,340,000 (44,541,700,000 francs), and the number of depositors to be 63,070,000. The average deposit account is 706.23 francs (\$141.24), and the average deposit per inhabitant 8.9 francs (\$1.78). The rates of interest vary from 2 per cent in Belgium and $2\frac{1}{2}$ per cent in Great Britain and France to 5 per cent in Germany and 6 per cent in Sweden. The average rate, however, is shown to be approximately 3 per cent. In number of depositors, Germany leads with 13,500,000, followed by France with 9,665,000; Great Britain, 8,767,000; United States, 5,688,000; Italy, 4,976,000; Japan, 3,001,000; Belgium, 2,753,000; Russia in Europe, 2,160,000. In Greece the depositors in savings banks number but 5,000, in Servia 11,000, in Bulgaria 41,000. In other countries the number ranges from 113,000 (in Roumania) to 1,664,000 (in Sweden).

In volume of deposits the United States, as for years past, stands at the head with 11,553,300,000 francs (\$2,310,660,000). The country with the next largest amount of savings deposits is Germany with \$1,900,000,000. Austria-Hungary follows with \$1,201,240,000. The savings deposits in the Banks of France and the United Kingdom are \$854,220,000 and \$829,020,000, respectively. The only other countries

with savings deposits of \$200,000,000 or over are Russia, Belgium, and Switzerland.

The average amount to the credit of depositors in savings banks is greatest in the United States, namely, \$406.23. The average in Canada is \$340.24; in Austria-Hungary, \$221.59; Denmark, \$168.80; in Switzerland and Australia, \$153.84 and \$153.30, respectively; Servia and Greece, \$150.64 and \$150.32, respectively; Spain, \$142.13; Norway, \$124.96, and Russia, \$100.84. In no other country does the average deposit exceed \$100.

The greatest average deposit per inhabitant is shown in Denmark, the amount being \$77.88. In Switzerland the average is \$65.06; Germany, \$37.64; Norway, \$37.16; Australia, \$36.60; Belgium, \$31.76; United States, \$31.22; Austria-Hungary, \$27.08; Sweden, \$25.36; France, \$22.18; Great Britain, \$20.62.

A table is also given showing the number of persons to each 100 inhabitants who are depositors in savings institutions. The proportion of depositors to population is the greatest in Denmark, namely, 46.12 per 100; in Switzerland the number is 42.29; Belgium, 41.80; Sweden, 33.50; Norway, 29.74; Germany, 25.82; France, 25.10; Australia, 23.90; Great Britain, 21.81; Holland, 18.49; Italy, 15.80; Austria-Hungary, 12.22. The proportion in other countries ranges from a maximum of 7.68 in the United States to a minimum of 0.22 in Greece.

Included in the statistics referred to appears a classification of deposit accounts in the savings banks of France and Belgium. In the former country 7,471,000, or 70.93 per cent of depositors, are credited with 14.7 per cent of the deposits, no account exceeding \$100, the average being \$17.06. Depositors having to their credit over \$100, and not over \$300, number 1,983,000, with an average deposit of \$181.27, the amount credited to this class being 41.4 per cent of the total. Accounts exceeding \$300, the average being \$352.64, number 1,079,000. This class of depositors, while representing only 10.2 per cent in number, is credited with 43.9 per cent of the total deposits.

The depositors in the Belgium savings banks number 1,642,778, of which 1,431,122 have an individual credit of \$200 or less, the average account being \$24.63. This class represents 87.1 per cent of the total number and holds 28.9 per cent of the aggregate deposits. Depositors with a credit of \$200 to \$600 number 192,714, or 11.7 per cent, the average account being \$369.04. The depositors in this class are credited with 58.5 per cent of the aggregate. The third classification represents depositors with a credit account of over \$600, the number being 18,492, average account \$808.28, per cent of depositors 1.2, and percentage of deposits to the aggregate 12.6.

In the October issue of the London Bankers' Magazine appears an article relating to the operations of the post-office department of the United Kingdom which is of special interest, as particular reference is made to the operations of the postal-savings bank. It is stated that "the post-office, by transmission of letters and telegrams, assists banks, as it does any other business of the country, but it also competes with them. It does this in two different directions, in the work of transmission of money and through the operations of the post-office savings bank. It is able to compete in the transmission of money through the fact that it has not to pay any stamp duty on the drafts that it issues. It is able to compete, and successfully, in the business which the sav-

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ings banks undertake, because it allows a rate of interest frequently higher than bankers can afford or than it receives itself from the investments in which its deposits are placed. It is able to do this because it keeps no reserve whatever against the losses which even a business which deals in nothing but Government securities must inevitably incur, and because it keeps no specie reserve whatever against any period of emergency. It is thus able to save expenses which other banks have to meet, and when it makes a loss it applies to Parliament to make up the deficiency."

The following statistics relating to the post-office savings bank appear in the article referred to. The number of savings bank accounts at the close of the year 1896 was 6,862,035, and had increased at the close of 1900 to 8,439,983. During the same period the deposits had increased, in round numbers, from £108,000,000 to £135,000,000. During 1899 deposits to the amount of £1,770,170 were invested in consols at 107 $\frac{1}{4}$. In 1900 the investments aggregated £2,830,513 at 99 $\frac{5}{8}$.

Subsequent to the compilation of the foregoing returns there was received a copy of the Statistical Abstract for the United Kingdom, in which appear statistics relative to post-office and trustee savings banks of that country brought down to the close of the report year, ended November 20, 1900. The abstract shows that during that year deposits were made in the post-office savings banks to the amount of £43,662,412 and withdrawals to the amount of £38,231,372, leaving the balance to the credit of depositors £135,549,645. The number of open accounts at the close of the year was 8,439,983. Depositors in trustee savings banks were credited during the year with deposits to the amount of £12,247,672, and charged with withdrawals to the extent of £13,448,957. The credit balance at the close of the year was £51,455,917. The number of accounts is shown to be 1,625,023. Consolidating the returns from both classes of institutions, it appears that the aggregate amount due on the 10,065,006 accounts was £187,005,562.

This method of employing the deposits made in the savings banks in Government securities is stated to have many disadvantages: "When these securities are low, the thrifty man who saves prefers to invest himself in the funds, or in some other way which will give him a better return for his money than he can obtain in the savings bank. When the funds are high, and the return from investment in them is low, he puts his money in the savings bank, leaving the post-office to bear the brunt of the risk of loss through an investment made when the funds are abnormally high. Under these circumstances, it is no matter for wonder that the balance sheet of the post-office savings bank shows an excess of liabilities over assets of more than £2,000,000."

Prior to 1893, the amount receivable from any one depositor in one year was limited to £30. In that year the annual limit was raised to £50. Between December 31, 1893, and December 31, 1895, the volume of deposits increased to the extent of about £28,500,000, and at the close of the calendar year 1896 the earnings, owing to the increase in the annual deposit limit, and also to the high price of consols, in which deposits to a large extent were invested, showed a deficiency, a condition which appears to have continued. On this subject a correspondent of the London Economist says:

"These institutions (postal savings banks), it has to be remembered, were established for the safe custody and increase solely of the small

savings of the industrial classes, but it has long been manifest that they are being utilized by classes of the community who have no claim to the special advantages which they afford to depositors."

At the close of 1895, 90 per cent of the depositors in these savings banks were credited with only about one-third of the total deposits, the average being approximately \$30. In this connection the same correspondent stated that the increase in the aggregate was mainly through the deposits of "people who are presumably capable of taking care of their money without the parental assistance of the Government, and have no claim to have their banking accounts conducted for them at a loss to the public."

The most important of the tables compiled by M. Fatio is herewith reproduced.

NUMBER OF DEPOSITORS, AMOUNT OF DEPOSITS (IN MILLIONS OF FRANCS), AVERAGE DEPOSIT ACCOUNT, AVERAGE DEPOSIT PER INHABITANT, AND RATES OF INTEREST ON DEPOSITS PAID BY SAVINGS BANKS OF THE WORLD, YEAR ENDED DECEMBER 31, 1899.

[*Bulletin de Statistique*, May, 1901.]

Country.	Number of depositors.	Total de- posits.	Average deposit ac- count.	Average depositor per inhabitant.	Rate of interest.
Russia (in Europe)	2,160,000	1,089	504.20	10.25	.....
United States	5,688,000	11,553.3	2,081.15	156.10	.....
Germany	18,500,000	9,500	710.80	188.20	4 to 5
Japan	3,001,000	266.5	88.80	5.95	.....
Austro-Hungary	5,421,000	6,006.2	1,107.95	135.40	.....
Great Britain	8,767,000	4,145.1	470.55	103.10	2.5
France	9,665,000	4,271.1	441.90	110.90	2.5 to 3
Italy	4,976,000	2,146.4	451.35	68.20	.....
Spain	212,000	151.3	713.65	8.75	.....
Belgium	2,753,000	1,046	380.00	158.80	2 to 3
Roumania	113,000	31.6	279.75	5.80	.....
Canada	176,000	299.4	1,701.20	56.55	.....
Holland	925,000	271.1	293.00	54.15	.....
Sweden	1,664,000	629.4	378.20	126.80	3 to 6
Portugal	(a)	62.4	(a)	12.76	.....
Australia	1,013,000	775.7	766.50	183.00	.....
Switzerland	1,300,000	1,000	769.20	325.30	3.5
Bulgaria	41,000	3.6	86.80	1.45	.....
Greece	5,000	3.8	751.60	1.55	.....
Servia	11,000	8.3	753.20	3.50	.....
Denmark	1,063,000	897.2	844.00	389.40	3 to 4
Norway	616,000	384.3	624.80	185.80	3.5
Total and averages	63,070,000	44,541.7	706.23	8.90	.....

a No information.

PRINCIPAL FOREIGN BANKS OF ISSUE.

A table is herewith reproduced from the *Bulletin de Statistique*, relating to the amount of specie, circulation, and deposits of the principal foreign banks of issue at the close of the first quarter of 1901. The total holdings of specie amount, in round numbers, to \$2,341,100,000, of which \$1,518,500,000, or approximately 65 per cent, represents gold. The circulating notes of the banks amount to \$3,113,100,000, and deposits, including accounts current, to \$1,289,-200,000. Taking into consideration all the banks, the specie holdings amount to 75 per cent of the circulation and to 53 per cent of circulation and deposits combined. The table does not show the amount of liabilities to depositors and on accounts current of the banks of Scotland and Ireland. Information relating thereto, however, has been

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obtained from another source, and with the addition of these liabilities to the aggregate reported, it would appear that the specie held amounts to an average of 45 per cent of liabilities of the character indicated. The only banks in the list which hold specie to a greater amount than their outstanding note issues are the Bank of England and the Imperial Bank of Russia. The specie held by the Bank of France amounts to 90+ per cent of the note issue, the percentage held by the Bank of Austro-Hungary being 87—, and that by the Imperial Bank of Germany 65.2. The Bank of France holds the largest amount of gold, followed in the order named by the Imperial Bank of Russia, the Bank of Austro-Hungary, and the Bank of England. The total holdings of gold of these four banks are over 83 per cent of the total holdings of gold of the banks in the list.

SPECIE, CIRCULATION, ETC., IN MILLIONS OF FRANCS, OF THE PRINCIPAL FOREIGN BANKS OF ISSUE AT THE CLOSE OF THE FIRST QUARTER, 1901.

[Bulletin de Statistique, July, 1901.]

Banks.	Gold.	Silver.	Total specie.	Circulation.	Deposits and accounts current.	Minimum rate of discount.
Imperial Bank of Germany			1,120.8	1,718.7	756.6	3½
Banks of issue of Germany			98.2	225.5	136.9	—
Bank of Austria-Hungary	977.3	280.4	1,257.7	1,449.4	73.2	4
National Bank of Belgium			109.9	581.3	57.7	3
National Bank of Bulgaria			15.8	24	75.4	8
National Bank of Denmark	95.8		95.8	141.7	4.6	5½
Bank of Spain	350.1	426.8	776.9	1,605.6	727.4	3½
Bank of Finland	20.7	2.7	23.4	62.3	24.7	—
Bank of France	2,464	1,120.6	3,584.6	3,955.8	645.3	3
National Bank of Greece			1.9	139.2	65.3	5½
Bank of Italy	291	57.8	348.8	781	208.1	5
Bank of Naples	68.3	13.2	81.5	251.1	60.1	5
Bank of Sicily	35.3	1.8	37.1	62.5	33.3	5
Bank of Norway	42.3		42.3	85.2	11.6	6
Bank of Netherlands	154.5	144.5	299	472	5.5	3
Bank of Portugal	27.3	45.6	72.2	378.8	15.4	5½
National Bank of Roumania	37.4	5.9	43.3	122.3	11.2	7
Bank of England	960.4		960.4	749.7	1,022.2	3
Banks of Scotland			157.9	197	—	—
Banks of Ireland			87.3	180	—	—
Imperial Bank of Russia	1,891.2	202.7	2,093.9	1,458.7	317.6	5
National Bank of Servia	5.3	9.3	14.6	32.9	2.4	6
Royal Bank of Sweden	56.8	7.4	64.2	89.1	51.1	5½
Private banks of Sweden	13.3	13	26.3	106.2	816.9	—
Banks of Switzerland	101.6	12.1	113.7	212	1,118.1	4
Imperial Ottoman Bank			65.7	23.9	181.4	—
Bank of Japan			161.9	459.8	24.1	—
Total	7,592.6	2,343.8	11,705.8	15,565.7	6,446.1	—

BANKING POWER OF THE WORLD.

The late M. G. Mulhall, in his Dictionary of Statistics, edition of 1898, stated the banking power of the world in 1890 as amounting to approximately £3,197,000,000. This banking power, as expressed by that statistician, consists of the capital, surplus, and undivided profits, issues and deposits of banks. The banking power of the United Kingdom, which amounted in 1890 to £910,000,000, has increased to £1,199,000,000, as shown by reports of the incorporated and private banks on or about the close of the year ended June 30, 1901, and of the post-office and trustee savings banks of the Kingdom at the close of the year 1900. This indicates an increase during that period of

£289,000,000, or 31 per cent. It was assumed, in calculating the banking power of Continental Europe and other foreign countries, that the same proportion of increase occurred therein as in the United Kingdom. The banking power of the United States has been augmented since 1890 by £1,249,000,000, an increase of 121 per cent. Aggregating the banking power of the United Kingdom and the United States with the estimated power of Continental Europe and other countries, an increase since 1890 is shown of £1,926,000,000, or 60 per cent. In other words, the world's banking power increased from £3,197,000,000 in 1890 to £5,123,000,000 in 1901. The table hereinbefore referred to is as follows:

Countries.	Year.		Increase.	
	1890.	1901.	Amount.	Per cent.
United Kingdom	<i>Millions.</i> £910	<i>Millions.</i> £1,199	<i>Millions.</i> £289	31
Continental Europe.....	1,037	1,357	320	31
Australia, Canada, Cape Colony, Argentina, Uruguay.....	220	288	68	31
United States	1,030	2,279	1,249	121
Total.....	3,197	5,123	1,926	60

The composition of the banking power of the United States, as shown by the returns from each class of banks, reports relative to which have been compiled in this office for the year 1901, is exhibited in the accompanying table:

Banks.	Capital.	Surplus, etc.	Deposits.	Circulation.	Total.
National banks.....	\$645,719,099	\$416,739,818	\$8,035,662,506	\$354,725,154	\$4,452,846,577
State banks	271,085,198	150,816,337	1,637,564,351	.....	2,059,465,886
Loan and trust companies	145,592,586	169,756,168	1,278,202,674	.....	1,598,551,428
Private banks	56,963,846	10,839,535	149,256,043	.....	217,059,424
Total	1,119,360,729	748,151,858	6,100,685,574	354,725,154	8,322,923,315
Savings banks.....	18,681,405	216,168,394	2,518,599,538	.....	2,753,449,331
Grand total.....	1,138,042,134	964,320,248	8,619,285,110	354,725,154	11,076,372,746

RECOMMENDATIONS.

The second proviso to section 12, act March 14, 1900, has not been found to operate with satisfaction to the banks or to this Bureau. The limiting of issues of notes of the denomination of \$5 requires banks desiring notes of that denomination to order also a plate for the printing of other denominations, thus doubling the expense for plates. This extra outlay is of little moment to the larger banks, but it is an item to be considered by banks with the minimum amount of capital required by law and limited volume of business.

The location of banks of this character is such as to confine the demand mainly for notes of the minimum denomination. In the case of a bank with but \$25,000 capital and bond deposit of \$6,250, desiring to issue \$5 notes, the maximum amount obtainable of this denomination would be \$2,083. The balance issuable might be in 10's and 20's or 50's and 100's. The expense for plates for 5's, 10's, and 20's would be \$150, and for 5's, 50's, and 100's, \$125.

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It becomes necessary, by reason of the requirement of this proviso, to examine the circulation account of each bank before making a shipment of new currency to ascertain whether the limit has been reached in issues of notes of the denomination of \$5.

The evident intent of the lawmakers was to limit the issue of notes of that denomination to one-third of the total issues, but as a matter of fact in no year since 1874 has the proportion of issues of the denomination of \$5 amounted to one-third of the total volume of national bank circulation outstanding. On October 31, 1899, the percentage of \$5 notes was 31, on October 31, 1900, 21, and on October 31, 1901, 16.7.

As the limit was not exceeded from 1875 to 1901, it is evident that the object proposed to be accomplished by the law of March 14, 1900, is in consonance with normal conditions, and it is, therefore, recommended that so much of the proviso referred to, which reads as follows, be repealed: "Except that no national banking association shall after the passage of this act be entitled to receive from the Comptroller of the Currency or to issue or reissue or place in circulation more than one-third in amount of its circulating notes of the denomination of \$5."

As shown by the records of this office and by the special investigation made by the Comptroller in 1900, the restrictions of the present law are not sufficient to properly check in some cases the undue tendency of executive officers of national banks to misuse their powers for personal purposes. It also appears that a large percentage of national-bank failures was caused by excessive accommodation to directors and executive officers. The importance of restrictive legislation in this respect has been considered and recommended by Comptrollers Lacey, Hepburn, Eckels, and Dawes, and during the last session of Congress a carefully considered bill was introduced by the late Congressman Brosius and presented in the last annual report issued from this Bureau, which had in view the remedial legislation suggested. The enactment into law of this or a similar measure is earnestly recommended.

Section 5200 of the Revised Statutes of the United States provides in part that "the total liabilities to any association, of any person, or of any company, corporation, or firm for money borrowed, including in the liabilities of a company or firm the liabilities of the several members thereof, shall at no time exceed one-tenth part of the amount of the capital stock of such association actually paid in."

That this limitation is unscientific in principle and generally impracticable in application is claimed by bankers and other financiers and recognized as well by every Comptroller of the Currency. While every known violation of the law is the occasion of a written protest, there is no statutory penalty for such violations except enforcement of the individual liability of directors for damages sustained by associations, their shareholders, or others, by reason of violations of law or the forfeiture of franchise. It is therefore practically impossible to enforce a compliance with the requirement. In the last annual report to Congress it was shown that on June 29, 1900, over 40 per cent of the national banks reporting on that date had made loans in excess of the statutory limit. Attention is again called to the facts and statistics presented in that document, with the recommendation that the subject shall receive consideration by Congress.

The desirability of an amendment to the law relating to the method of compensating national-bank examiners has also been recommended by former Comptrollers. In the interest of better examinations and in justice to examiners, it is suggested that fixed salaries be paid to examiners, to be derived from funds collected from the banks for that purpose, in place of fees, as now provided by law.

Owing to the short time available for the preparation of this report, the more general questions of the finances of the Government have not been treated of to the extent frequently done by previous Comptrollers in the annual reports from this office. The events which led to the passage of the act of March 14, 1900, entitled "An act to define and fix the standard value, to maintain the parity of all forms of money issued or coined by the United States, to fund the public debt, and for other purposes," and the passage of this act have been accepted by the people not only of the United States, but of all the commercial countries of the world, as definitely settling the question of our monetary standard and establishing our financial system firmly upon a gold basis. The advantageous effects of this settlement of the controversy over the gold standard are apparent in the wonderful revival of business of all kinds throughout the country which has followed so promptly. The financial affairs of the Government and the business of the people now rest on a firm basis of sound finance which should be disturbed as little as possible, and only after thorough discussion and deliberation. The mistakes in our Government finances have been due more to ill-advised legislation than to lack of legislation.

Former Comptrollers have repeatedly called attention to the disadvantages of our subtreasury system and the derangements its operations cause in our financial matters. There could be no better illustration of this than its operations in the last few months. The result has been to needlessly lock up and take out of circulation vast sums of money just at a time when it was badly needed for moving crops and transacting the regular business of the country. The relief afforded by the purchase of bonds by the Secretary of the Treasury only partially and temporarily meets the difficulty and repairs the damage done. The mistake of maintaining this system after the business of the Government and the country has long outgrown it should be corrected and the business community be given relief from its operations in taking money out of circulation when most needed. If the Secretary of the Treasury is given authority so that he can arrange to have more of the money collected by the Government deposited with the national banks and kept there until needed, it can be done under such regulations, restrictions, and supervisions as to insure the Government against loss and give relief from the present system. An examination of the records of all the national banks during the first thirty-six years of their operations shows that if the surplus money in the Treasury had been deposited in the banks of the clearing-house cities and the Government had been given a first lien on the assets of these receiving banks there would have been not one dollar of loss to the United States Government; that is, the money would have been just as safe as it has been locked up in the vaults of the Treasury, and, being thus kept in the banks, it might have formed the basis for loans on the part of the banks which would have been at times of great service.

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During the thirty-six years above referred to an average of about \$50,000,000 could have been safely withdrawn for deposit in the banks and a good working balance left in the Treasury. While the object of these deposits should not be primarily to earn interest for the Government, the banks receiving those deposits would readily pay for them an amount which would not only provide a guarantee fund to repay all losses, but also an amount of interest which would be a large source of revenue. These deposits could be made absolutely safe. They would prevent what is practically a heavy contraction of the currency and leave the money in circulation for use in the regular business of the country.

There has been some criticism of the act of March 14, 1900, to the effect that it does not sufficiently safeguard the gold standard, but leaves it possible for the Secretary of the Treasury to practically undo the effect of the act by departmental action and regulation without further legislation. If the act can be made stronger by amendment and the gold standard of value rendered more secure from any future uncertainty, it should be done without any delay while the question is still uppermost and before it gets shoved to one side by the great number of new questions being urged as subjects for action by Congress.

Since the passage of the act of March 14, 1900, the total amount of circulation which all the national banks have outstanding has been increased from \$254,026,230 to \$359,832,715, an increase of \$105,806,230, or over 41 per cent.

The provisions of the act have also added somewhat to the elasticity of the national-bank currency. It, however, leaves much to be desired in the way of elasticity, the lack of which is the greatest fault of our national-bank issues.

Congress has already had under discussion and consideration various measures for the modification of the national-bank currency. There is much discussion of the subject by bankers and financiers, and many plans are urged for adoption. Somewhere between the views of the ardent advocates of asset currency and those who oppose it with vehemence as unsafe and unsound in every respect there should be found safe middle ground. Most of the more enlightened countries of the world and those which have the most satisfactory banking systems have some kind of asset banking currency. We should be able to incorporate some features of this kind with our national-bank currency in such a way as to in no way impair its safety, but add to its efficiency and usefulness in other respects.

Under proper laws an asset currency can be used to supply an emergency circulation for which there is a pressing need not now supplied by our national banks; and as our people become more used to it and see its good points the use may be extended. Progress in this direction should be and will have to be slow. The absolute security of our national-bank notes and the fact that no one ever looks at a note to see by what bank it is issued has popularized them with our people, and there will always be a strong sentiment in favor of letting well enough alone when it comes to changing our bank notes. This question is, however, becoming pressing and immediate. In the near future it will have to be determined by Congress what shall be done with the national banks and their circulating notes and what changes are to be made in the various kinds of paper currency now in circulation. For many

reasons now is a good time to make the necessary reforms. While everything is prosperous and business is good we can do without disturbance many necessary things which in different times might be much more doubtful in their effects.

The time for the preparation of this report has been so short that the Comptroller has had to depend more than is usual upon his associates in the office for its preparation, and wishes to especially acknowledge the value and efficiency of their services and his high appreciation of their work. He wishes also to express his obligations to his predecessor, Hon. Charles G. Dawes, for many valuable suggestions, investigations made, and statistics gathered by his direction, and to publicly testify to the high state of efficiency in which he finds the Comptroller's Office and the thoroughness of organization Mr. Dawes has maintained.

Wm. B. RIDGELY,
Comptroller of the Currency.

To the SPEAKER OF THE HOUSE OF REPRESENTATIVES.

R E P O R T
OF
THE COMPTROLLER OF THE CURRENCY.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, December 1, 1902.

SIR: In compliance with the requirements of section 333 of the Revised Statutes of the United States, the fortieth annual report of the operations of the Currency Bureau for the year ended October 31, 1902, is submitted herewith.

CONDITION OF NATIONAL BANKS.

The resources and liabilities of the banks in active operation, as shown by reports submitted during the past year, appear in detail in the following table:

ABSTRACTS OF REPORTS OF CONDITION OF NATIONAL BANKS IN THE UNITED STATES
FROM DECEMBER 10, 1901, TO SEPTEMBER 15, 1902.

	Dec. 10, 1901, 4,291 banks.	Feb. 25, 1902, 4,357 banks.	Apr. 30, 1902, 4,423 banks.	July 16, 1902, 4,535 banks.	Sept. 15, 1902, 4,601 banks.
RESOURCES.					
Loans and discounts.....	\$3,038,255,447.04	\$3,128,627,094.44	\$3,172,757,485.31	\$3,221,859,631.21	\$3,280,127,480.69
Overdrafts.....	43,356,248.14	32,314,886.87	27,211,618.90	24,657,222.96	34,111,552.58
U. S. bonds to secure circulation.....	324,507,180.00	320,978,280.00	316,271,180.00	316,138,980.00	324,253,760.00
U. S. bonds to secure U. S. deposits.....	110,257,830.00	114,055,360.00	120,561,030.00	124,408,250.00	124,685,150.00
U. S. bonds on hand.....	7,953,600.00	10,082,240.00	7,716,980.00	7,896,350.00	8,008,100.00
Premium on U. S. bonds.....	10,363,461.74	10,739,048.09	11,012,091.59	11,529,454.50	12,218,347.01
Stocks, securities, etc.....	451,580,561.70	458,744,961.01	467,408,724.24	484,956,796.53	493,109,726.57
Banking house, furniture, and fixtures.....	87,091,224.82	87,883,087.12	89,915,381.05	91,364,938.72	92,652,268.87
Other real estate and mortgages owned.....	22,962,670.30	22,244,924.08	22,685,159.01	21,964,808.89	21,558,989.31
Due from national banks.....	274,882,707.30	265,712,742.40	260,842,095.07	266,665,842.49	264,616,195.02
Due from State banks and bankers.....	76,633,734.67	78,932,642.39	78,546,740.87	80,361,315.61	89,993,517.55
Due from approved reserve agents.....	432,958,827.93	490,303,538.15	467,417,747.14	471,696,390.97	465,640,578.36
Internal-revenue stamps.....	553,372.26	472,071.13	416,220.27	358,606.26	286,587.85
Checks and other cash items.....	22,625,246.40	20,437,030.53	26,236,728.75	22,305,546.99	24,501,107.66
Exchanges for clearing house.....	253,419,892.83	196,618,118.24	290,651,830.99	247,113,366.18	327,762,581.07
Bills of other national banks.....	24,957,145.00	23,483,765.00	24,919,204.00	26,171,303.00	22,861,873.00
Fractional currency, nickels, and cents.....	1,320,135.32	1,475,934.20	1,490,359.52	1,498,345.03	1,378,296.83
Gold coin.....	105,425,840.42	105,572,076.83	110,687,137.75	108,202,388.47	104,051,295.64

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ABSTRACTS OF REPORTS OF CONDITION OF NATIONAL BANKS IN THE UNITED STATES FROM DECEMBER 10, 1901, to SEPTEMBER 15, 1902—Continued.

	Dec. 10, 1901, 4,291 banks.	Feb. 25, 1902, 4,357 banks.	Apr. 30, 1902, 4,423 banks.	July 16, 1902, 4,535 banks.	Sept. 15, 1902, 4,601 banks.
RESOURCES—cont'd.					
Gold Treasury certificates	\$100,266,100.00	\$126,900,190.00	\$105,709,930.00	\$106,867,430.00	\$84,248,770.00
Gold Treasury certificates payable to order	13,315,000.00	16,970,000.00	21,720,000.00	25,950,000.00	28,425,000.00
Gold clearing-house certificates	84,746,500.00	88,409,000.00	83,749,000.00	82,099,000.00	82,137,000.00
Silver dollars.....	9,600,000.00	9,594,579.00	9,999,626.00	10,379,556.00	8,868,571.00
Silver Treasury certificates	48,452,821.00	51,277,355.00	58,590,893.00	62,466,880.00	50,747,624.00
Silver fractional coin	7,846,236.82	8,358,961.58	8,303,974.30	8,798,718.73	7,757,859.38
Total specie	369,652,498.24	407,082,162.41	398,760,561.05	404,763,968.20	366,236,120.02
Legal-tender notes	151,118,358.00	154,682,692.00	159,484,226.00	164,854,292.00	141,757,618.00
Five percent redemption fund	15,936,850.64	15,627,825.02	15,244,838.24	15,375,536.41	15,799,678.88
Due from Treasurer U. S.	2,343,643.16	2,550,317.06	2,590,240.77	2,814,029.57	2,369,383.23
Total	5,722,730,635.49	5,843,048,720.14	5,962,135,451.77	6,008,754,975.52	6,113,928,912.50
LIABILITIES.					
Capital stock paid in.....	665,340,664.00	667,381,231.00	671,176,312.00	701,990,564.00	705,535,417.00
Surplus fund	287,170,337.92	294,951,786.67	298,597,508.75	325,524,915.07	326,393,953.66
Undivided profits, less expenses and taxes	161,724,941.55	154,653,757.79	162,388,086.18	156,852,527.64	169,216,512.03
National-bank notes outstanding	319,437,312.00	314,438,680.00	309,781,739.50	309,336,599.00	317,991,809.00
State-bank notes outstanding	51,874.50	51,874.50	51,874.50	42,781.50	42,781.50
Due to other national banks	629,684,437.98	685,966,644.10	658,518,344.53	626,954,587.12	648,885,530.59
Due to State banks and bankers.....	289,161,149.99	311,256,012.98	291,394,304.27	310,196,963.17	285,221,529.96
Due to trust companies and savings banks	217,706,288.40	251,208,289.92	266,616,730.16	271,905,850.83	235,220,608.70
Due to approved reserve agents.....	32,086,013.31	30,507,368.00	32,192,844.47	33,842,229.67	31,013,564.14
Dividends unpaid	977,558.60	1,016,329.90	1,887,508.21	2,316,283.24	968,559.50
Individual deposits	2,964,417,965.82	2,982,489,300.89	3,111,690,195.77	3,098,875,772.21	3,209,273,898.93
U. S. deposits	104,167,621.42	105,940,827.75	113,554,981.28	118,238,798.45	117,097,769.59
Deposits of U. S. disbursing officers	5,581,236.91	6,355,690.58	6,549,881.26	5,727,327.15	6,846,033.85
Notes and bills rediscounted	5,974,187.21	4,819,674.91	5,377,544.93	6,746,396.40	9,041,080.58
Bills payable	16,103,880.91	10,384,662.76	9,955,530.07	15,993,174.36	24,859,807.78
Liabilities other than those above	23,145,864.97	21,626,588.39	22,402,065.89	24,210,215.71	26,320,060.69
Total	5,722,730,635.49	5,843,048,720.14	5,962,135,451.77	6,008,754,975.52	6,113,928,912.50

Since the last report to Congress statements of condition have been received from national banking associations on five dates as hereinbefore set forth. On September 15, 1902, reports were submitted by 4,601 associations, with aggregate resources of \$6,113,928,912.50. The loans of the associations, representing over 50 per cent of their resources, amounted to \$3,280,127,480.69. The amount of bonds on deposit as security for circulation was \$324,253,760. Bonds on deposit as security for public funds aggregated \$124,685,150, and the banks held in their vaults other securities of a like character to the amount of \$8,008,100. The investments in other bonds, stocks, and securities aggregated \$493,109,726.57; bank premises, furniture, and fixtures, \$92,652,268.87; funds on deposit with approved reserve agents, \$465,640,578.36; with other national banks, \$264,616,195.02, and with State banks and bankers, \$89,993,517.55. In addition to specie,

amounting to \$366,236,120.02, legal tenders, \$141,757,618, bills of other banks, \$22,861,873, the associations held exchanges for clearing houses to the amount of \$327,762,581.07.

Capital stock paid in aggregated \$705,535,417, surplus and undivided profits \$326,393,953.66 and \$169,216,512.03, respectively. The outstanding note issues were \$317,991,809. Funds to the credit of depositors reached the highest point in the existence of the system, \$3,209,273,893.93. United States deposits and deposits of U. S. disbursing officers were \$117,097,769.59 and \$6,846,033.85, respectively. There was due to approved reserve agents, other national banks, State banks and bankers, trust companies, and savings banks, \$1,200,341,233.39. The liabilities on account of notes and bills rediscounted and bills payable were \$9,041,080.58 and \$24,859,807.78, respectively.

LOANS AND DISCOUNTS.

In the Appendix, Table No. 71, will be found a classification of the loans and discounts made by national banks in the reserve cities and in the States and Territories on September 15 last. The aggregate volume is \$3,280,127,480, classified as follows:

On demand, paper with two or more individual or firm names, \$237,322,021; on demand, secured by stocks, bonds, etc., \$706,854,833; on time, paper with two or more individual or firm names, \$1,176,416,533; on time, single-name paper (one person or firm), \$517,149,077; on time, secured by stocks, bonds, mortgages, etc., \$642,385,016.

The loans and discounts of the national banks in the city of New York on September 15 aggregated \$607,058,485.12, of which \$6,207,375.80 was demand paper with one or more individual or firm names; \$263,-775,891 demand paper secured by stocks, bonds, etc.; \$118,235,347.96 time paper with two or more individual or firm names; \$86,119,928.46 time single-name paper, and \$132,719,941.90 on time, secured by stocks, bonds, mortgages, etc.

The average monthly rates for money in New York, January to October, 1902, were as follows:

Month.	Call loans.	Prime commercial paper.
	Per cent.	Per cent.
January.....	3 $\frac{1}{2}$ @ 4 $\frac{1}{2}$	4 $\frac{1}{2}$ @ 5 $\frac{1}{2}$
February.....	2 $\frac{1}{2}$ @ 2 $\frac{1}{2}$	4 @ 4 $\frac{1}{2}$
March.....	3 $\frac{1}{2}$ @ 4 $\frac{1}{2}$	4 @ 4 $\frac{1}{2}$
April.....	3 $\frac{1}{2}$ @ 4 $\frac{1}{2}$	4 @ 5 $\frac{1}{2}$
May.....	4 $\frac{1}{2}$ @ 6 $\frac{1}{2}$	4 $\frac{1}{2}$ @ 5 $\frac{1}{2}$
June.....	2 $\frac{1}{2}$ @ 3 $\frac{1}{2}$	4 $\frac{1}{2}$ @ 4 $\frac{1}{2}$
July.....	2 $\frac{1}{2}$ @ 4	4 @ 5
August.....	3 @ 4 $\frac{1}{2}$	4 $\frac{1}{2}$ @ 4 $\frac{1}{2}$
September.....	4 $\frac{1}{2}$ @ 15 $\frac{1}{2}$	5 $\frac{1}{2}$ @ 5 $\frac{1}{2}$
October.....	4 $\frac{1}{2}$ @ 8 $\frac{1}{2}$	5 $\frac{1}{2}$ @ 6

RESERVE.

The deposits on which reserve was required amounted to \$3,844,-365,538.57. The banks held in cash with reserve agents and in redemption fund \$989,433,995.26, but the available reserve—that is, the proportion of deposits with reserve agents, not exceeding the percentage of reserve required after deducting the redemption fund and

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cash on hand—amounted to \$804,333,904.09, which was \$17,563,177.76 in excess of the legal requirement, being an average reserve of 20.92 per cent. The banks located in the central reserve cities, New York, Chicago, and St. Louis, held a reserve of \$250,684,716.24 on deposits amounting to \$1,040,587,878.79, an average of 24.09 per cent. The average reserve of New York City banks was 24.70, of Chicago banks 21.89, of St. Louis 24.15. The banks located in other reserve cities held \$258,045,769.41 against deposits of \$1,060,571,076.74, the average reserve being 24.33 per cent. Banks located outside of the reserve cities held reserve funds to the amount of \$295,603,418.44, or 16.91 per cent, on deposits aggregating \$1,743,206,583.04.

While there has been no change in the method of calculating the reserve of any individual bank, the form of reporting the reserve in the abstracts issued subsequent to each call was changed, beginning with the April 30 statement. Prior to that date the percentage of legal reserve held to deposits was not shown, but merely the percentage of cash in bank, redemption fund, and amount due from approved correspondents. Corresponding information is still shown in the reserve tables, but the percentage of legal reserve held is based on the amount of specie and legal tenders in bank, the redemption fund and the amount on deposit with reserve agents, not in excess of the legal limit available. As illustrating the difference resulting from the change, it is shown that while banks in reserve cities, exclusive of central reserve cities, by the former method of computation, held a reserve of 27.64 per cent, their legal reserve was but 24.33 per cent.

From September 30, 1901, to September 15, 1902, there was an increase of \$418,581,617.54 in the aggregate resources of the reporting banks, the principal items of increase being, loans and discounts, \$261,511,562.29; U. S. bonds, \$12,570,520; due from national and other banks, \$35,217,372.29. There was an increase in capital stock of \$50,193,537, in surplus and other profits of \$65,048,357.81, and in individual deposits of \$271,520,660.60.

Comparing conditions on September 30, 1892, with those shown in the last report, it will be seen that the number of active associations has increased from 3,773 to 4,601, or a net increase of 828. The aggregate resources of the associations increased during the decade \$2,603,834,015; loans and discounts, \$1,109,086,393; bonds on deposit as security for circulation, \$160,978,460, and specie and legal-tender notes, \$157,119,741 and \$37,489,673, respectively. While the capital of the associations increased only to the extent of \$18,962,402, the surplus and undivided profits are now greater than in 1892 by \$155,086,287. The volume of individual deposits increased from \$1,765,422,984 to \$3,209,273,894, or nearly 82 per cent. While the outstanding circulation has increased \$174,568,511, or about 122 per cent, there was no material increase until subsequent to March 14, 1900, the date of the act authorizing the issue of circulation to the par value of bonds on deposit.

BONDS AND CIRCULATION.

At the close of March 13, 1900, the day preceding the approval of the act authorizing the issue of national bank circulating notes to the par value of bonds on deposit, the Treasurer held securities for that purpose to the amount of \$243,651,420; on October 31, 1901, he held \$329,833,930; on October 31, 1902, \$338,352,670, of which approximately 95 per cent were in 2 per cent consols of 1930.

The amounts of each class of bonds on deposit to secure circulation on dates named from March 13, 1900, are shown in the following table:

Class.	Mar. 13, 1900.	Oct. 31, 1900.	Oct. 31, 1901.	Oct. 31, 1902.
Loan of 1908-1918, 3 per cent.....	\$56,164,820	\$7,756,580	\$3,983,780	\$6,056,720
Funded loan of 1907, 4 per cent.....	130,302,250	13,544,100	6,032,000	8,248,450
Loan of 1925, 4 per cent.....	14,697,850	7,503,350	2,911,100	2,208,600
Loan of 1904, 5 per cent.....	21,986,350	1,293,000	268,900	1,100,900
Funded loan of 1891, 2 per cent.....	20,490,150	1,019,950	12,500	.....
Consols of 1930, 2 per cent.....	.....	270,066,600	316,625,650	320,788,000
Total.....	243,651,420	301,123,580	329,833,930	338,352,670

During the year 1902 circulating notes were issued to new associations, to replace redemptions, and to banks increasing their issues, in the sum of \$133,309,440, of which notes of the denomination of \$5 amounted, approximately, to \$25,000,000; \$10, \$57,000,000; \$20, \$38,000,000; \$50, \$4,000,000, and \$100, \$8,000,000.

The amount of each denomination outstanding at the close of the year and on prior dates indicated is shown in the following table:

Denominations.	Mar. 13, 1900.	Oct. 31, 1900.	Oct. 31, 1901.	Oct. 31, 1902.
Ones.....	\$348,275.00	\$347,552.00	\$346,729.00	\$345,984.00
Twos.....	167,466.00	167,056.00	166,406.00	165,974.00
Fives.....	79,310,710.00	70,363,595.00	60,265,645.00	61,482,780.00
Tens.....	79,378,160.00	123,088,280.00	143,280,120.00	154,265,390.00
Twenty.....	58,770,660.00	88,408,100.00	104,454,400.00	114,806,900.00
Fifties.....	11,784,150.00	16,186,900.00	16,732,200.00	15,947,250.00
One hundreds.....	24,103,400.00	32,889,200.00	34,430,900.00	33,233,400.00
Five hundreds.....	104,000.00	102,500.00	97,000.00	96,000.00
One thousands.....	27,000.00	27,000.00	25,000.00	25,000.00
Unredeemed fractions.....	32,409.00	33,085.00	34,315.00	35,431.50
Total.....	254,026,230.00	331,613,268.00	359,832,715.00	380,398,109.50
Circulation secured by lawful money.....	38,004,155.00	32,784,203.00	31,634,101.00	44,614,920.50
Circulation secured by bonds.....	216,022,075.00	298,829,065.00	328,198,614.00	335,783,189.00

The volume of circulating notes issued from December, 1863, to October 31, 1902, was \$2,630,795,575, of which \$2,250,397,465 has been redeemed. During the past year there was received for redemption at the redemption agency of the Department notes amounting approximately to \$175,000,000, of which \$57,000,000 were in good condition and returned to the banks of issue, and the balance redeemed and destroyed. Of the total amount sent to the Department for redemption, \$145,000,000, or over 80 per cent, came from the cities of New York, Boston, Chicago, Philadelphia, and St. Louis, and nearly 50 per cent (\$85,000,000) from the city of New York alone. The cost of assorting this volume of notes, including transportation charges, was 92.444 cents per \$1,000. The aggregate cost of redemptions for the year was \$153,796.33. In addition to this expense, the banks paid \$1,633,309.15 semiannual duty on circulation, \$57,625 for plates from which notes were printed, and \$307,296.63 examiners' fees, and \$1,833,430.79 tax on capital and surplus, making a total expense of \$3,985,457.90.

At the close of the report year there were 11 banking associations in operation, with an aggregate capital of \$5,660,000, and with bonds deposited with the Treasurer to the amount of \$340,000, which had not

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issued circulating notes. Included in the number are some associations which never have availed themselves of the privilege of issuing notes.

ORGANIZATION OF NATIONAL BANKS.

The act of 1863 provided for the organization of national banking associations to continue in operation for the period named in their articles of association, but not for a longer period than twenty years from February 25 of that year. Under the provisions of this act 488 associations were organized, of which 273 are still in existence.

On June 3, 1864, the national-bank act of 1863 was repealed and reenacted with certain important amendments. Associations under this act have been incorporated to the number of 5,173, of which 3,607 are in active operation.

The act of 1870 authorized the organization of banks whose notes were redeemable in gold. Only 10 associations of this character were organized, 7 of which are still in operation, but were converted into currency banks under authority of the act of February 14, 1880. Three of these associations were closed by liquidation.

The last amendment affecting the organization of national banking associations formed a portion of the act of March 14, 1900, and empowered the Comptroller of the Currency to authorize the organization of banks with minimum capital of \$25,000 in places having population not exceeding 3,000. From the date of the passage of the act to October 31 last there has been organized 805 associations with capital less than \$50,000, generally with \$25,000, the minimum amount authorized under that act. One of the banks of this class was placed in charge of a receiver and 13 in voluntary liquidation, leaving 791 in active operation.

Organizations, liquidations, failures, and number of banks in active operation at the close of the report year are shown in the following table:

Act of—	Organized.	In voluntary liquidation.	Insolvent.	Active.
1863.....	488	180	35	273
1864.....	5,173	1,215	351	3,607
1870.....	10	3	—	7
1900.....	805	13	1	791
Total.....	6,476	1,411	387	4,678

From March 14, 1900, to October 31, 1902, there were organized 1,212 associations, with total capital of \$70,159,500, and bond deposit as security for circulation of \$17,321,550. Banks to the number of 407, with capital of \$49,060,000, were organized under the provisions of the act of 1864, and 805, with capital of \$21,099,500, under the act of March 14, 1900.

Organizations by classes, States, and geographical divisions during the period named are shown in the following table:

NATIONAL BANKS ORGANIZED FROM MARCH 14, 1900, TO OCTOBER 31, 1902.

States, etc.	Capital, less than \$50,000.		Capital, \$50,000 or over.		Total organizations.		Bonds deposited.		
	No.	Capital.	No.	Capital.	No.	Capital.	Banks, capital, less than \$50,000.	Banks, capital, \$50,000 or over.	Total.
Maine	1	\$25,000	4	\$225,000	5	\$250,000	\$12,000	\$57,500	\$69,500
New Hampshire	1	25,000	2	200,000	3	225,000	10,000	50,000	60,000
Vermont	1	25,000	.....	.....	1	25,000	25,000	.....	25,000
Massachusetts .....	.....	.....	5	2,150,000	5	2,150,000	.....	175,000	175,000
Rhode Island .....	.....	.....	1	500,000	1	500,000	.....	50,000	50,000
Connecticut	2	50,000	1	50,000	3	100,000	22,500	13,000	35,500
Total New England States	5	125,000	13	3,125,000	18	3,250,000	69,500	345,500	415,000
New York	23	585,000	23	5,510,000	46	6,095,000	199,550	875,000	1,074,550
New Jersey	12	320,000	8	625,000	20	945,000	133,550	132,500	266,050
Pennsylvania	61	1,582,000	72	9,740,000	133	11,322,000	573,600	1,617,750	2,191,350
Delaware	2	50,000	.....	.....	2	50,000	25,000	.....	25,000
Maryland	11	302,000	7	730,000	18	1,032,000	77,700	190,000	267,700
Total Eastern States	109	2,839,000	110	16,605,000	219	19,444,000	1,009,400	2,815,250	3,824,650
Virginia	16	420,000	8	660,000	24	1,080,000	137,750	192,500	330,250
West Virginia	13	365,000	10	610,000	23	975,000	125,750	182,500	308,250
North Carolina	9	230,000	1	50,000	10	280,000	80,250	12,500	92,750
South Carolina	2	50,000	2	110,000	4	160,000	13,250	32,500	45,750
Georgia	8	245,000	8	850,000	16	1,095,000	63,000	182,500	245,500
Florida	2	60,000	4	350,000	6	410,000	17,500	100,000	117,500
Alabama	6	152,500	10	625,000	16	777,500	40,000	165,000	205,000
Mississippi	1	25,000	4	375,000	5	400,000	6,250	143,750	150,000
Louisiana	5	125,000	7	750,000	12	875,000	31,500	162,500	194,000
Texas	112	3,023,000	41	2,810,000	153	5,883,000	913,400	742,750	1,656,150
Arkansas	3	75,000	.....	.....	3	75,000	18,750	.....	18,750
Kentucky	11	275,000	11	2,270,000	22	2,545,000	101,800	374,000	475,800
Tennessee	8	210,000	5	270,000	13	480,000	47,000	92,500	139,500
Total Southern States	196	5,255,500	111	9,730,000	307	14,985,500	1,596,200	2,383,000	3,979,200
Ohio	36	990,000	30	4,170,000	66	5,160,000	312,550	1,027,500	1,340,050
Indiana	24	645,000	17	1,950,000	41	2,595,000	213,050	510,000	723,050
Illinois	49	1,300,000	17	3,300,000	66	4,600,000	500,000	800,000	1,300,000
Michigan	4	110,000	6	430,000	10	540,000	28,550	157,500	186,050
Wisconsin	13	380,000	11	1,050,000	24	1,880,000	90,950	286,250	377,200
Minnesota	62	1,570,000	11	700,000	73	2,270,000	560,250	204,500	764,750
Iowa	49	1,300,000	17	960,000	66	2,260,000	475,750	282,500	758,250
Missouri	9	240,000	7	1,485,000	16	1,725,000	87,750	240,000	327,750
Total Middle States	246	6,485,000	116	14,045,000	362	20,530,000	2,268,850	3,508,250	5,777,100
North Dakota	35	880,000	1	50,000	36	930,000	285,500	19,000	304,500
South Dakota	24	600,000	2	100,000	26	700,000	172,550	25,000	197,550
Nebraska	28	735,000	1	50,000	29	785,000	233,300	12,500	245,800
Kansas	24	615,000	8	650,000	32	1,265,000	223,500	200,000	423,500
Montana	2	55,000	1	250,000	3	305,000	14,000	50,000	64,000
Wyoming	3	75,000	2	100,000	5	175,000	18,750	50,000	68,750
Colorado	10	265,000	7	700,000	17	965,000	71,500	190,000	261,500
New Mexico	6	150,000	1	50,000	7	200,000	48,800	12,500	61,300
Oklahoma	53	1,340,000	6	400,000	59	1,740,000	453,250	105,000	558,250
Indian Territory	43	1,125,000	10	555,000	53	1,690,000	315,400	138,750	454,150
Total Western States	228	5,850,000	39	2,905,000	267	8,755,000	1,836,550	802,750	2,639,300
Washington	3	80,000	4	300,000	7	380,000	26,250	75,000	101,250
Oregon	4	100,000	.....	.....	4	100,000	33,000	.....	33,000
California	4	105,000	11	1,750,000	15	1,855,000	36,500	375,000	411,500
Idaho	5	125,000	1	50,000	6	175,000	31,300	12,500	43,800
Utah	1	30,000	1	50,000	2	80,000	7,500	12,500	20,000
Nevada .....	.....	.....	.....	.....	3	80,000	20,250	.....	20,250
Arizona	3	80,000	.....	.....	.....	.....	.....	.....	.....
Alaska .....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Hawaii	1	25,000	1	500,000	2	525,000	6,500	50,000	56,500
Total Pacific States	21	545,000	18	2,650,000	39	3,195,000	161,300	525,000	686,300
Total United States	805	21,099,500	407	49,060,000	1,212	70,159,500	6,941,800	10,379,750	17,321,550

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Section 5154 of the Revised Statutes of the United States provides, in part, that any bank incorporated by special law or organized under a general law of any State may become a national banking association upon execution of articles of association and organization certificate by a majority of the directors of the State bank, upon authority of shareholders representing two-thirds of the stock. During the period covered by the foregoing table, 158 State banks, with capital of \$11,490,000, were converted into national banking associations, of which 107, with capital of \$2,835,000, were of the class authorized by the act of March 14, 1900, and 51, with capital of \$8,655,000, under authority of the prior act. While the act cited provides that the capital of any State bank converted into a national bank shall be the same as it existed immediately before conversion, the law is construed as prohibiting conversion with a less amount of capital than that required by a bank of primary organization.

Where a bank with capital less than the necessary amount desires to convert, it is required to increase the capital to the requisite amount under the laws of the State, prior to the execution of the articles of association and organization certificate. When a State institution, to be converted, has filed with the Comptroller all the papers incident thereto and deposited the requisite amount of bonds as security for circulation, an examination is ordered to determine whether the assets are of a character which a national-banking association can lawfully hold. If assets, the holding of which contravenes the provisions of the national-banking law, are found, their disposition is required prior to the issue of certificate authorizing the beginning of business. It is frequently found advisable to place the State bank in liquidation and organize anew, as is required in the case of the organization of a bank to succeed an unincorporated bank. This course has many advantages in that it enables the organizers to obtain more desirable shareholders, more choice assets, and to begin business with the amount of capital required by law actually paid in cash.

State or private banks reorganized as national banking associations since March 14, 1900, numbered 363, with aggregate capital of \$20,935,000. Of these banks, 242, with capital of \$6,715,000, were with individual capital of less than \$50,000, and 121, with capital of \$14,220,000, of the larger class.

Banks of primary organization numbered 691, with total capital of \$37,734,500, of which 456, with capital of \$11,549,500, were of the class authorized by the act of March 14, 1900, and 235, with capital of \$26,185,000, with individual capital of \$50,000 or over.

In the following table is given a summary of national-bank organizations from March 14, 1900, to October 31, 1902:

Classification.	Conversions.		Reorganizations.		Primary organi- zation.		Total.	
	No.	Capital.	No.	Capital.	No.	Capital.	No.	Capital.
Capital less than \$50,000 ..	107	\$2,835,000	242	\$6,715,000	456	\$11,549,500	805	\$21,099,500
Capital \$50,000 or more....	51	8,655,000	121	14,220,000	235	26,185,000	407	49,060,000
Total.....	158	11,490,000	363	20,935,000	691	37,734,500	1,212	70,159,500

In the year ended October 31, 1902, 470 banks were chartered, with \$31,130,000 capital, of which 302, with capital of \$7,905,000, were of the smaller class, and 168, with capital of \$23,225,000, with individual capital of \$50,000 or over. There was an average of one and a half banks organized on every secular day of the year.

On October 31, 1901, the authorized capital stock of national banking associations in active operation was \$663,224,195, and on October 31, 1902, \$713,435,695. The net increase was, therefore, \$50,211,500, which, however, includes \$365,000, the capital of banks in liquidation whose bonds have not been withdrawn and the stock account closed.

The increase of capital by newly organized associations was \$31,715,000, including the capital of new banks, which increased their capital subsequent to organization and by old associations increasing their capital \$43,506,500. During the year 72 associations were closed by voluntary liquidation or expiration of charter, the capital of the banks being \$22,190,000. Banks liquidated under section 5220, United States Revised Statutes, numbered 63 with capital of \$21,025,000, and expirations of corporate existence, 9 with capital of \$1,165,000. The reduction of capital by the action of shareholders of active associations amounted to \$3,135,000, and by insolvent banks, \$50,000.

SHAREHOLDERS OF NATIONAL BANKS.

In Table No. 10 of the Appendix is shown the number of shareholders and shares of stock held by shareholders in banks located in each State and geographical division, as appears from the copies of lists of shareholders filed in this office as of the first Monday of July last. The number of shareholders was 330,124 and the number of shares of stock 8,001,433. In the case of a limited number of banks which were conversions of State institutions, the par value of shares ranges from \$10 to \$200. The par value of stock of banks of primary organization is uniformly \$100, and this also is the value of the stock of a majority of the converted banks.

VOLUNTARY LIQUIDATION.

EXPIRATION OF CORPORATE EXISTENCE AND REORGANIZATION.

Within a period of three years subsequent to the establishment of the national banking system, 14 associations had been placed in voluntary liquidation under the provisions of section 5220 of the Revised Statutes of the United States—that is, by vote of shareholders owning two-thirds of capital stock. Of the number, however, 3 were reorganized under similar titles and 1 was absorbed by another association.

During the existence of the system, year ended October 31, 1902, 1,288 associations, with aggregate capital of \$210,065,060, were liquidated under authority conferred by the act cited, of which, however, 136, with capital of \$38,555,000, were reorganized under similar titles. It is understood that some of the banks which were placed in liquidation were absorbed by other associations, but the records of this office do not contain sufficient information on this point to enable even an approximate estimate to be made of the number.

Under the provisions of the act of February 25, 1863, 98 banks were organized, whose corporate existence ran for a period of but 19

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years, in consequence of which, their charters expired in 1882. Up to the close of the report year, 1902, 123 banks, with aggregate capital of \$18,979,500, reached the termination of their corporate existence and were closed under the provisions of section 7 of the act of July 12, 1882. Of the number, 75, with capital of \$12,557,900, reorganized under similar titles. Summarizing the foregoing, it appears that, under the provisions of both acts cited, 1,411 banks, with capital aggregating \$229,044,560, passed out of the system.

LIQUIDATION AND CONSOLIDATION.

The national currency act, which follows closely the material features of the banking law of the State of New York, contains no statutory provision authorizing the consolidation of banking associations in the manner provided by the New York law. The law of that State empowers shareholders owning at least two-thirds of the capital stock of the interested corporations to consent in writing to consolidation, and authorizes the directors of each corporation to enter into an agreement for consolidation, prescribing the terms and conditions, the name of the new or consolidated bank, the directorate, term of charter, manner of converting shares of the old into shares of the new or consolidated bank. When such agreement has been filed with and approved by the State superintendent of banks, the consolidated corporations become a single corporation, with the same franchises, rights, liabilities, etc., of the constituent corporations.

The act provides that dissenting shareholders shall be paid the value of their stock, and the stock so surrendered held and disposed of by the new corporation for its own benefit.

The only reference to the subject of consolidation in the national-bank act appears in the act approved July 14, 1870 (U. S. Rev. Stat., sec. 5223), and is to the effect that any association closing its affairs (by voluntary liquidation), under authority of law, for the purpose of consolidating with another association, shall not be required to deposit lawful money to provide for its outstanding circulation, but its assets and liabilities shall be reported by the association with which it is in process of consolidation.

By implication, this provision would appear to authorize the assignment of bonds on deposit with the Treasurer of the United States to secure the circulation of the liquidating bank to the absorbing association, and require the maintenance of a redemption fund for the outstanding issues of the bank which has gone into liquidation. With the redemption of issues of the closed bank would follow the issue of a like amount of notes of the absorbing association. As a matter of fact, this permissive feature in full has never been availed of by an association absorbing the business of one placed in liquidation, as it has been found more advantageous to deposit lawful money to redeem the notes of the liquidated bank and to simultaneously issue new notes of their own on bonds deposited.

Consolidation therefore can only be effected by one of the following methods:

First. Without an increase of capital the directors of the absorbing bank may enter into a contract with the directors or agents of the liquidated association to purchase its assets, assume liabilities to depositors and other creditors, and to pay to shareholders for their

stock the value of assets purchased in excess of liabilities to depositors and other creditors, less any expenses incident to liquidation.

Second. By increasing the capital stock of the absorbing bank to an amount equal to that of the liquidated bank, the additional shares may be sold to stockholders of the latter, consent thereto having been previously obtained from shareholders of the absorbing association. As the law is construed as requiring the payment of capital, original or on account of increase, in money, and not in "evidences of debt," the right to accept assets representing stock of the closed bank, and to issue therefor certificates in the continuing bank is not recognized. In every such case shareholders of the closed association are paid the value of their stock, the proceeds being available in payment of shares to which they may be entitled in the absorbing corporation.

The preemptive right of shareholders to participate pro rata in an increase is well recognized, and it is generally incorporated in the articles of association. In order to avoid possible litigation, the course usually pursued is to secure waivers of right to participate from shareholders of record. Provision having thus been made for shareholders of the closed bank, the directors of the continuing bank are at liberty to contract for the purchase of assets and the assumption of liabilities to depositors and other creditors of the liquidated bank.

Third. The remaining method, and one occasionally pursued, is to place the interested banks in voluntary liquidation, under section 5220 of the United States Revised Statutes, organize anew, and acquire, in the manner hereinbefore outlined, the business of the liquidating associations. This enables the incorporators to place the stock as they may determine.

In view of the foregoing it is recommended that section 5223 of the Revised Statutes of the United States be amended to provide, in effect, for consolidation of national banks on the lines of the law of the State of New York, except that the corporate existence of the closing bank shall be terminated as provided by section 5220, and that where the capital stock of the absorbing bank is increased for the purpose in conformity with the provisions of section 5142 that the new stock may be issued to shareholders of the closing association upon surrender and cancellation of their old shares at the book value of the stock of the absorbing bank, but not less than par. It is also suggested that in the event of the acquirement of business of a closed national banking association by another association, but without the consolidation of shareholders' interests, that upon increase of the capital stock of the absorbing bank for the purpose, directors of the association shall be authorized by vote of shareholders representing two-thirds of the stock to sell the additional shares as the interests of the association may demand, regardless of the recognized preemptive right of shareholders to participate pro rata when an increase is effected for purposes other than of consolidation.

The consolidation of business interests, in general, throughout the country has had its counterpart in the banking business, as evidenced by liquidations of national banks during the past year for consolidation either with institutions of the same class or State banks or trust companies. Of the total number of liquidations effected the business of 46 associations was absorbed by other national banks, 11 by State banks or trust companies, and but 15 closed to go out of business. All of the banks liquidated in New York City, Chicago, St. Louis,

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Albany, Boston, Baltimore, Cleveland, Detroit, Omaha, Newark, N. J., and Lowell, Mass., were absorbed by other national banks. The two associations closed in the city of New Orleans were absorbed by trust companies.

In New York City the National Commercial Bank was absorbed by the Broadway National, and the Ninth National by the Citizens' National. The Merchants' National and Albany City National, of Albany, were absorbed by the National Commercial Bank. In Chicago the Merchants' National was absorbed by the Corn Exchange National, and the Metropolitan National by the First National. The Continental National Bank of St. Louis was absorbed by the National Bank of Commerce. In Boston six associations were closed, the National Shawmut absorbing the Third and the National Bank of the Commonwealth; the National Suffolk, a reorganization of the old Suffolk National, acquired also the business of the Washington National; the State National absorbed the National Hide and Leather, and the National Bank of Redemption the business of the Shoe and Leather National.

In the city of Lowell, Mass., the First, the Merchants, and the Railroad were liquidated and reorganized as the Union National. There was but one liquidation in the city of Baltimore, the Continental National, the business of which was absorbed by the National Bank of Commerce. The Century and the Metropolitan National banks of Cleveland were liquidated, the former being absorbed by the Colonial National and the latter by the American Exchange National. The Preston National Bank of Detroit was closed for the purpose of amalgamation with the Commercial National. The Omaha National Bank acquired the business of the National Bank of Commerce of that city. The Second and the Newark City National banks of Newark, N. J., were closed, the business of the former being absorbed by the Union National and that of the latter by the National Newark Banking Company.

As a result of some of the amalgamations the stock of the absorbing bank was increased for the purpose of providing for the shareholders of the closed institutions, but as the evidence of increase in the capital of an association is confined to report of action by shareholders and payment of additional capital, it is not known to what extent increased capital has been sold to those interested in the associations which were closed for consolidation.

EXTENSION OF CORPORATE EXISTENCE OF NATIONAL BANKING ASSOCIATIONS.

The act of July 12, 1882, provided that any national banking association organized under the act of February 25, 1863, or subsequent acts, may at any time within two years next previous to the date of expiration extend its corporate existence for a term of not more than twenty years by amending the articles of association; that the amendment shall be authorized by the consent, in writing, of shareholders owning not less than two-thirds of the capital stock; that the board of directors shall cause such consent to be certified to the Comptroller of the Currency accompanied by an application for approval of the amendment; that such amended articles shall not be valid until the Comptroller shall

give his certificate that the association has complied with all the provisions required to be complied with; that upon receipt of the application and certificate of the association a special examination shall be made to ascertain the condition of the association, and that if the condition is shown to be satisfactory, by the special examination or otherwise, certificate of approval of extension shall be granted.

Section 5 of the act provides that any shareholder not assenting to amendment for extension shall give notice in writing to the directors within thirty days from date of the certificate of approval of his desire to withdraw, in which case he shall be entitled to receive from the bank the value of the shares so held by him, to be ascertained by an appraisal.

The act cited is construed as conferring discretion upon the Comptroller as to the date on which he shall issue certificate approving extension of the corporate existence of a national banking association which has complied with the provisions of law in relation to the amendment of the articles; that is, while the act apparently authorizes the issue of a certificate at any time within two years prior to the date of expiration of corporate existence, it is held that the approval of the extension must be based upon the condition of the association as shown from the report of an examination made a short time prior to expiration of the original charter, and that, as the right of a shareholder to give notice of intention to withdraw is required to be made within thirty days from date of granting of extension, the certificate of extension is issued on or about the date of expiration of charter.

There is nothing in the law relating to extension which requires a meeting of stockholders or the giving of notice to them of the date of termination of corporate existence. The position is taken that shareholders are presumed to know the limit of the corporate existence of the association in which they are interested, and that they will conclude that their right of dissent to extension begins to run from the date of issue of certificate of extension; that is, from the date of termination of the original charter. Under the law as it exists, without the initiative is taken by the board of directors or shareholders desiring to effect an extension, the corporate existence of an association will expire by limitation without action by stockholders.

It is within the power of directors controlling a two-thirds interest to effect the necessary amendment for extension without advising the minority of their purpose, and were the Comptroller's certificate to be issued at a long time (within two years) prior to the date of expiration, minority shareholders might have no knowledge of the conditions and thus forfeit their rights to give notice of intention to withdraw. The law does not require the publication of notice of extension of charter, although it has been the policy of the office to require the publication of the certificate for a period of at least thirty days from date of issue.

In the interest of stockholders of national banks the acts of July 12, 1882, and April 12, 1902, should be amended to provide for amendment of articles of association in relation to extension in the same manner as other amendments of the articles are effected; that is, by calling a meeting of shareholders, notice to be given by publication or mail thirty days in advance, unless otherwise provided by the articles

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of association or the by-laws, and the adoption of a resolution to extend for an additional period of twenty years. Such an amendment to the acts might also well be supplemented by a provision for publication of certificate of extension, and that the certificate shall not be issued until the day on which the old corporate existence ends, except in the event of termination of charter on Sunday or holiday, in which event the certificate should be issuable on the day prior.

The condition of an association proposing to extend can be satisfactorily ascertained only by an examination made within two or three months prior to termination of charter. Immediately upon receipt of report of examination the office is able to determine whether certificate of extension will be issued and to advise the bank in interest of that fact. An association which has been in operation for a period of twenty years is occasionally found to have acquired a certain amount of undesirable assets, some of which may be held in contravention of the provisions of the banking law. Losses and assets of the character referred to are, as a rule, required to be disposed of prior to approval of request for extension of charter.

On and after July 14, 1902, the corporate existence of existing associations organized in 1863 and extended under the act of July 12, 1882, terminated by limitation. On April 12, 1902, the act was approved empowering the Comptroller to issue certificates of extension to associations reaching the termination of their second corporate existence, which amended their articles of association in the manner provided for extensions under the act of July 12, 1882. From July 14 to October 31, 1902, certificates approving extension for a second period were issued to 24 banks, with capital stock of \$3,665,000. The corporate existence of one bank in this class expired by limitation. The bank was succeeded by an association organized for the purpose, under another title. During the next year—that is, from November 1, 1902, to October 31, 1903, 248 associations will reach the termination of their second corporate existence, all of which, with the exception of 19, occur on February 24, 1903.

Under the act of July 12, 1882, up to October 31, 1902, the corporate existence of 1,961 associations, with capital of \$455,395,365, was extended. The charters of 169 banks, with capital of \$30,469,000, were extended during the last report year. The corporate existence of one association, organized in 1863, and of eight organized in 1882, terminated by expiration. Seven of these associations, however, were succeeded by newly organized associations with similar titles. During the year ending October 31, 1903, the charters of 174 associations will expire unless extended in conformity with the provisions of the act of July 12, 1882.

INSOLVENT NATIONAL BANKS.

The Comptroller reports with satisfaction that fewer national banks have failed during the current year than during any similar period within the past thirteen years. Not only have there been fewer failures, but the total liabilities were much less.

During the year covered by this report only two failures of national banks occurred, and one bank, which went into voluntary liquidation May 20, 1897, was placed in the hands of a receiver for the purpose of collecting an assessment from the stockholders to cover a deficiency in assets the liquidation of which did not yield sufficient to pay the claims of creditors in full.

The aggregate liabilities of the two banks closed during the year were \$369,943.55 and the unsatisfied claims against the liquidating bank placed in the hands of a receiver amounted to \$138,492.82.

From April 15, 1865, to October 31, 1902, 406 banks have been placed in the hands of receivers, with aggregate liabilities amounting to \$186,731,459, against which claims were settled amounting to \$144,272,471, or 71.91 per cent. Compared with results in this respect, as shown by the report of the preceding year, there was a decrease of 3.44 per cent in the percentage of claims paid. This is largely to be attributed to the closing of the receiverships of the Spring Garden and Keystone national banks of Philadelphia, Pa., during the year. The percentage of claims paid by these trusts to liabilities was considerably below the average.

During the year the affairs of 22 receiverships were finally closed, leaving in operation on November 1, 1902, 78 trusts, of which 24 are on the inactive list awaiting the disposition, principally, of pending litigation before they can be finally terminated. The liabilities of the 22 receiverships closed during the year aggregate \$12,187,916, on which payments have been made amounting to \$7,588,730, or 62.26 per cent.

The claims proved by creditors of the 310 trusts finally closed since April 15, 1865, amounted to \$92,419,880, on which payments have been made amounting to \$66,274,058, or 71.71 per cent, the loss to creditors being approximately 28 per cent. Dividends at the rate of 100 per cent and interest in full or in part were paid by 208 banks, and the average rate of dividends paid by the total number of banks liquidated through receiverships since the beginning of the national system including offsets and loans paid is 78.15 per cent.

Geographically, the greatest number of failures of banks which have been liquidated (80) occurred in the Western States, followed by the Middle Western States with 67, the Eastern States with 59, the Southern States with 58, the Pacific States with 30, and the New England States with 16. Creditors of banks which failed in the New England States sustained an average loss of less than 11 per cent; in the Middle Western States, 15.20 per cent; the Eastern States, 24.26 per cent; the Pacific States, 31.37 per cent; the Western States, 22.45 per cent, and the Southern States, 32.27 per cent.

The liquidation of insolvent banks, including receivers' salaries, legal expenses, etc., has been effected at an average cost of about 8.9 per cent of the total collections.

Special effort has been directed during the year to the termination of receiverships, the payments of dividends, and the reduction of expenses, and the following table shows the number that were finally closed since the date of the last report, and their capital stock, liabilities, liabilities paid, and percentage of claims paid to total liabilities.

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INSOLVENT NATIONAL BANKS CLOSED DURING THE YEAR.

Title and location of bank.	Capital stock.	Liabilities.	Liabilities paid.	Percentage of liabilities paid.
First National Bank, Austin, Tex. ^a	\$100,000			
Union National Bank, Denver, Colo.....	500,000	\$1,711,731	\$1,774,052	103.64
Bankers and Merchants National Bank, Dallas, Tex.....	500,000	159,952	109,758	68.62
Dover National Bank, Dover, N. H.....	100,000	174,629	182,827	104.69
Missouri National Bank, Kansas City, Mo.....	250,000	1,372,949	1,111,469	80.95
First National Bank, Kearney, Nebr.....	150,000	218,542	120,975	55.36
First National Bank, Meade Center, Kans.....	50,000	20,966	18,995	66.75
First National Bank, Middlesboro, Ky.....	50,000	41,078	34,104	83.02
Citizens National Bank, Niles, Mich.....	50,000	151,670	131,447	86.67
Bennett National Bank, New Whatcom, Wash.....	50,000	117,275	97,462	83.10
American National Bank, New Orleans, La.....	200,000	817,008	845,536	12.29
First National Bank, North Manchester, Ind.....	50,000	138,102	121,952	38.30
First National Bank, Neligh, Nebr.....	50,000	126,041	93,753	74.38
Seventh National Bank, New York, N. Y. ^a	500,000			
Keystone National Bank, Philadelphia, Pa.....	500,000	2,474,630	571,698	23.10
Spring Garden National Bank, Philadelphia, Pa.....	750,000	2,301,945	747,492	32.47
First National Bank, Penn Yan, N. Y.....	50,000	106,217	103,746	97.67
National Bank of Potsdam, N. Y.....	200,000	475,248	440,157	92.62
Consolidated National Bank, San Diego, Cal.....	250,000	754,723	624,898	82.80
Browne National Bank, Spokane, Wash.....	100,000	44,986	44,986	100.00
Sioux National Bank, Sioux City, Iowa.....	300,000	915,772	883,608	96.49
State National Bank, Vernon, Tex.....	100,000	64,452	34,815	54.02
Total.....	4,850,000	12,187,916	7,588,730	62.26

^a Restored to solvency and resumed business.

An examination of the reports relating to the liquidation of insolvent national banking associations develops the fact that the total amount of claims proved against all trusts placed in the charge of receivers, from the date of the first failure in 1865 to October 31, 1902, aggregated \$139,389,202, and that the approximate loss was \$37,956,941. Practically the affairs of every bank which failed prior to 1892 have been finally liquidated, and in calculating the total amount of loss it has been assumed that trusts still open will be finally liquidated at an average loss not greater than 25 per cent.

For the purposes of comparison there is submitted herewith a statement of the annual (average) deposits in active national banking associations, and the ratio of annual loss sustained by creditors of insolvent national banks to the average deposits, together with the amount of claims proved and aggregate and average loss sustained by creditors.

Annual (average) deposits in active national banks, 1865-1902.....	\$1,202,871,178
Total claims proved against insolvent national banks	139,389,202
Total loss to creditors (actual, 1865-1892, and estimated at 25 per cent of claims, 1893-1902).....	37,956,941
Average annual loss	998,867
Average rate per cent of loss on claims.....	27.23
Average (annual) rate per cent of loss based on average deposits in active national banks	0.083

In the Appendix will be found tables containing information in detail in regard to the failure and liquidation of each bank placed in the hands of a receiver since the beginning of the national-banking system.

During the past year there have been two notable instances of the resumption of banks which had been closed by the Comptroller and placed in the hands of a receiver. The First National Bank of Austin, Tex., closed August 3, 1901. Its total liabilities amounted to \$638,958.60, among which was the claim of \$358,208.89 for money deposited by the treasurer of the State of Texas. Through the efforts of friends of the bank the sum of \$133,000 was paid in, the bank

reorganized and taken out of the hands of the receiver. The creditors, including the State treasurer, were all paid in full and the bank restored to a solvent condition.

On June 27, 1901, the Seventh National Bank of New York was closed by the Comptroller and a receiver appointed. A reorganization was effected after a thorough investigation of the affairs of the bank, a sufficient sum of money was paid in to increase the unimpaired capital to \$1,700,000, and on November 12, 1901, the bank was reopened for business, all of the claims of the creditors being paid in full, with interest.

The Comptroller takes great satisfaction in reporting the very favorable termination of the affairs of the Chestnut Street National Bank, of Philadelphia, Pa. When this bank failed in December, 1897, its affairs were found in a very unfavorable and involved condition, and it was estimated that even with the collection of 100 per cent of the stockholders' liability, the assets of the bank would come far short of paying its liabilities in full. After the failure of the bank, through the efforts of the Comptroller of the Currency and the receiver of the bank, the former president of the bank was induced to assign to the receiver his equity in a large portion of the stock and bonds of the Philadelphia Record in the hope that something might in this way be saved to the creditors of the bank. Since the date of this assignment the affairs of the Philadelphia Record have been practically managed by the receiver of the Chestnut Street National Bank and his associate assignee of the Chestnut Street Trust Company.

In addition to managing the affairs of this property so ably and well that its earnings have been fully maintained and its value greatly increased, these two officers advanced at their own risk, without any hope or chance for profit to themselves, a very large sum of money to pay off the original indebtedness underlying the claim of the bank, thus preserving the equity belonging to the creditors.

On May 15, 1902, the Record securities held by the receivers were sold at public auction for the sum of \$2,874,800. From the proceeds of this sale the receiver of the Chestnut Street National Bank has received the full amount of the claim of the bank, amounting to over \$1,190,000, with interest. The sum thus realized has increased the assets of the receivership so that not only will all the creditors of the insolvent bank be paid in full with interest, but the assessment paid by the stockholders will be returned to them and there will probably be a further sum realized from this and the other assets of the bank.

This is such an unusually satisfactory result of the liquidation of an insolvent bank that the Comptroller feels justified in thus calling attention to it, and wishes to commend the efficient action of his predecessor, Hon. Charles G. Dawes, Comptroller of the Currency, and particularly the ability and rare fidelity to their trusts shown by Mr. George H. Earle, jr., receiver of the Chestnut Street National Bank and assignee of the Chestnut Street Trust Company, and Mr. Richard Y. Cook, his associate assignee of the Chestnut Street Trust Company.

Though opposed by bitterly contested litigation by many of the very people whose true interests they were protecting, these men have not only steadfastly performed their duty, but have personally assumed great risks for the protection of their official trusts. The final result so fully vindicates their course that no further comment is necessary, but the Comptroller feels it is due to them to thus place the facts of the case on official record.

CIRCULATING NOTES OF INSOLVENT NATIONAL BANKS.

At the suggestion of and on forms submitted by Hon. Charles N. Fowler, chairman of the Committee on Banking and Currency, whose careful study and investigation of currency problems have added so much to the information gathered on this subject, there was prepared in this office a table giving in detail the essential statistics in regard to the notes of insolvent national banks. This table is given in report No. 1425, H. R. 13363, Fifty-seventh Congress, but to render this information accessible in connection with the Comptroller's report it is reproduced in the Appendix, Table No. 101.

THE NATIONAL BANKING SYSTEM.

On February 25, 1903, the national banking system will have been in existence forty years.

The principal objects had in view by the framers of the creative law were the making of a market for the loans which the Government was making and the furnishing of bank-note currency secured by bonds which would circulate at par with Government issues and supplant the heterogeneous mass of currency then in circulation, worth par to a certain extent, but in many instances only a fraction of the nominal value.

Prior to 1863 such issues represented a large proportion of the currency of the country and from 1810 to 1842 ranged from a minimum of 48.27 per cent in 1810 to a maximum of 75.06 per cent in 1832, the average for the entire period exceeding 60 per cent. In 1843 the volume of money in the country amounted to \$148,563,608, of which \$58,563,608 represented bank notes. The percentage of bank notes on that date was 39.39, a fall from 51.13 in the year prior. From 1844 to 1863 a very nearly uniform ratio of bank notes to total money of the country was maintained, the percentage of the former averaging approximately 45. At the close of the fiscal year ended June 30, 1863, the total money in the country amounted to \$674,867,283, of which \$238,700,000 was in State bank notes, \$411,167,283 Government issues, and the balance specie.

The first issue of national-bank circulation was in December, 1863. In 1865 State-bank notes were legislated out of existence by the imposition of a prohibitive tax on their circulation. In 1867 national-bank notes formed 41.08 per cent of the money in the country, and continued at that rate, approximately, until 1871, when it rose to 43.74 per cent, amounting to about 44.71 per cent in 1872 and nearly 45 per cent in 1873. From the latter date there was a rapid annual decline to 1890, when such issues represented only a slight amount in excess of one-tenth of the circulating medium of the country. In 1893 the percentage was 12; in 1896, 13.02; declined to 11 in 1898 and 1899, but rose to 14.17 in 1900, to 14.49 in 1901, and to 14.84 in 1902. At the close of the last fiscal year, of the total money in the country, \$2,563,266,958, but \$380,476,334 was in bank-note currency.

National-bank notes do not appear to have formed as large a proportion of the circulating medium of the country as was anticipated, the primary causes being:

(1) The volume of greenbacks (legal tenders) issued, the extensive use of instruments of credit, and enormous coinage of gold and silver. The coinage from bullion and worn and mutilated coins, from January 1, 1863, to October 31, 1902, aggregated \$2,554,798,487.42, of which \$1,777,738,637.50 was gold, \$741,024,759.50 silver dollars and subsidiary silver, and \$36,035,090.42 minor coins. The recoinage from 1863 to 1873 was very limited, but information as to the exact amount is not available. The records in the office of the Director of the Mint show, however, that from 1873 to 1902, inclusive, recoinage of gold amounted to \$58,296,863.74; of silver, \$64,199,671.12; of minor coins, \$3,652,216.15, an aggregate of \$126,148,751.01, or a fraction less than 5 per cent of the total coinage from 1863 to 1902.

(2) Restriction on issues of notes of the denomination of \$5 to one-third of the amount issuable by any association subsequent to March 14, 1900. The evident intent of Congress in incorporating this restriction of the act of March 14, 1900, was to limit the total issues of notes of that denomination to one-third of the aggregate amount issued. As a matter of fact, this proportion has not been exceeded since 1874. The year prior to the passage of the act notes of this denomination amounted to but 31 per cent of the total, declined in 1900 to 21, to 16.2 in 1901, and to 16.1 in 1902.

(3) Inelasticity, by reason of the monthly limit of the amount which may be withdrawn from circulation by depositing lawful money therefor.

Section 9 of the act approved July 12, 1882, limits the amount of lawful money which may be deposited with the Treasurer of the United States by national banks reducing their circulation to \$3,000,000 during any calendar month.

The repeal of this provision is respectfully recommended, as its removal from the statute would, it is believed, add to the elasticity of national-bank circulation. It has served its purpose, and there does not appear to be any good reason why it should continue longer in force.

The principal causes which led to this enactment were the following:

Banks reducing their circulation were not subject to assessment for the cost of transportation and redemption of their notes covered by a deposit of lawful money, there being no means of charging reducing banks with the expense of redeeming their notes until their deposit of lawful money was exhausted. The effect of this was that many banks apparently took advantage of the unrestricted privilege of reducing their circulation for the purpose of escaping the expense and trouble of redeeming their notes through the medium of the 5 per cent redemption fund, thereby unjustly imposing upon the Government and the other banks the entire burden of redeeming their notes, and after depositing lawful money to reduce their circulation immediately proceeded to increase it in a like amount, thus, while deriving the full benefit of their circulation, bore none of the expenses incident to its redemption.

The act of June 20, 1874, which conferred upon the banks the privilege of retiring their note issues at will, contemplated that such reductions would be made during periods of redundancy only and not for the purpose of throwing upon the Government and the other banks the burden of redeeming their notes.

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This abuse was one of the causes which led to the adoption of the three-million limitation in the act of July 12, 1882, and also to the incorporation in the same act of the provision that "all national banks which have heretofore made or shall hereafter make deposits of lawful money for the redemption of their circulation shall be assessed * * * for the cost of transporting and redeeming their notes redeemed from such deposits subsequent to June 30, 1881."

The effect of this latter provision was to materially reduce the average rate of assessment for redemptions of all the national banks since the passage of the act of July 12, 1882, and to place it beyond the power of reducing banks to make the Government and the other banks bear the expense of redeeming their notes.

Another reason for the adoption of the limitation referred to was that the lawful money deposited by reducing banks for the redemption of their circulation was required to be held as a trust fund by the Treasurer of the United States, available only for redemption of notes of the banks when presented which made the lawful money deposit.

The practical operation of this law was to withdraw from circulation and lock up in the Treasury of the United States lawful money equal to the amount of national-bank notes covered by the deposit thereby contracting the currency to that extent; as none of such deposit could be liberated until the national-bank notes were presented for redemption. On a number of occasions during the period this deposit was required to be carried as a trust fund it reached the sum of over \$100,000,000.

Subsequent legislation, however, provided a remedy for this evil. Section 6 of the act of July 14, 1890, authorized the covering into the Treasury, as a miscellaneous receipt, all balances standing with the Treasurer of the United States to the respective credits of national banks for deposits made or thereafter received to redeem their circulating notes, and provided for the redemption of such notes from the general cash in the Treasury, the Government assuming liability therefor.

Thus it will be seen that two of the principal reasons which contributed to the restrictive legislation referred to no longer prevail as a necessity for continuance of this limitation provision in the statute, leaving but one other cause then advanced as an argument for this enactment to be considered in connection with its repeal, namely, the danger and possibility of too great a contraction of bank-note currency by reason of the temptation offered the banks to avail themselves of the greater profit to be derived through withdrawal and sale of their bonds held as security for circulation, by the prevailing high premium on bonds, particularly at a time when the legitimate business needs of the country demanded an increase rather than a reduction of circulation.

Subsequent experience, however, has demonstrated that there were very slight grounds for this apprehension.

When circulation was limited by law to 90 per cent of the par of the bonds deposited, the market value of the bonds and the 10 per cent margin over note issues were incentives to the banks to curtail their circulation whenever the premium on the bonds became exceptionally high, or whenever they needed more loanable funds, as more money was at their disposal after reducing their circulation and selling their bonds by 10 per cent plus the premium on the bonds than they had before.

The act of March 14, 1900, however, minimized the temptation to operations of this character by increasing the issue of circulation to par of the bonds, thereby giving to the banks dollar for dollar of their bond deposit. Since this enactment, therefore, the only incentive for banks to operate in the securities of the Government is the premium on the bonds. The volume of circulation, however, does not appear to have been materially affected by transactions of this character, either before or since the adoption of the three million limitation in the act of July 12, 1882, either in periods of stringency or redundancy of national-bank circulation.

The act of June 3, 1864, provides for the surrender by the banks of their own notes in sums of not less than \$1,000 and the return to them of a like amount of their bonds. While it was and still is within the power of the banks under authority of this provision to retire the whole amount of their note issues which may come into their possession, notwithstanding the three-million limitation in the act of July 12, 1882, the reduction of circulation through this source has been inconsiderable.

The act of June 20, 1874, provided for a reduction of circulation by a deposit of lawful money with the Treasurer of the United States equal to the amount of the notes to be retired. While this act contained no limitation as to the amount of the lawful money which could be deposited in any one month, the records of the Comptroller's office show that during the period from June 20, 1874, to July 12, 1882, on which latter date the act was approved, limiting lawful money deposits for reduction of circulation to three million a month, this limit was not exceeded except on six occasions. In February, 1876, the lawful money deposited for this purpose amounted to \$3,739,547; in March, 1876, to \$5,000,259; in January, 1880, to \$3,375,000; in February, 1881, to \$13,954,749; in March, 1881, to \$5,740,035; and in April, 1882, to \$3,852,970, and these deposits, with the single exceptions of February and March, 1876, appear to have been due to causes other than a desire on the part of the banks to avail themselves of the premium on the bonds.

The large deposits of lawful money in February and March, 1876, may be attributed partly to a call for redemption of the 5 per cent bonds and partly to the high premium on the bonds at that time.

The large deposit of lawful money in January, 1880, was principally due to the purchase by the Government in open market of over 100 millions of 5 and 6 per cent bonds for cancellation which had previously been refunded into 4 per cents.

The \$19,694,784 of lawful money deposited in February and March, 1881, was induced by a bill under consideration in Congress to provide for the refunding of a large portion of the public debt bearing interest at the rate of 5 and 6 per cent, which matured on or about July 1 of that year. The national banks held \$210,000,000 of these maturing bonds, and this refunding bill provided that after May 1, 1881, the date of the maturity of the 5 per cent bonds, the proposed new 3 per cent bonds would be the only securities receivable for circulation, and that bonds on deposit as security for circulation upon which interest had ceased should be withdrawn within thirty days from the date interest ceased or the bank might be placed in the hands of a receiver. Other features of this bill were equally severe upon the

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banks, and the only alternative left them appeared to be to deposit lawful money to retire their circulation and reduce their bond deposit to the minimum. Alarmed by this proposed legislation, 141 banks deposited lawful money to reduce their circulation in order to withdraw their bonds before the bill became a law. This bill passed both houses of Congress, but was vetoed by the President on March 3, 1881.

The \$3,852,970 deposit of lawful money in April, 1882, was the result principally of the refunding operations of the Government. In 1881 the 5 or 6 per cent bonds were extended at $3\frac{1}{2}$ per cent, and in 1882 these latter bonds were changed into 3 percents. The banks held \$259,000,000 of these bonds.

The restriction against an increase in circulation within six months from the date circulation was last reduced was repealed by the act of March 14, 1900.

The limitation against a reduction of circulation in excess of \$3,000,000 a month should also be repealed.

Bank-note circulation secured by bonds should be unrestricted except as to limiting the maximum amount of such issues to the capital of the respective banks as now provided by law. The volume of circulation should be governed by the business needs of the country. If the banks are expected to increase their note issues to meet unusual and temporary demands for more money in their respective communities, they should be as free to promptly retire the whole or any portion of such issues when the demand for money has subsided. Many banks refrain from increasing their circulation during such periods of commercial activity because of their inability to promptly retire it upon a return to normal business conditions.

A repeal of the three million limitation, it is believed, will contribute materially to the elasticity of the currency.

(4) Insufficient profit, as evidenced by the comparatively limited amount of circulation issued subsequent to the removal of restrictions by legislative enactments on July 12, 1882, and March 14, 1900.

The act of February 25, 1863, as amended by the acts of June 3, 1864, and July 12, 1870, limited the amount of national-bank circulation issuable to \$354,000,000, to be apportioned to associations in the States and Territories according to representative population. Each association with capital not exceeding \$500,000 was entitled to issue notes on the security of bonds to 90 per cent of its capital; banks with capital exceeding \$500,000, and less than \$1,000,000, 80 per cent; with capital exceeding \$1,000,000, but not exceeding \$3,000,000, 75 per cent; and with capital exceeding \$3,000,000, 60 per cent.

The act of June 20, 1874, authorized an additional issue of circulating notes to the amount of \$55,000,000, but it was not until 1882 that all banks were placed on the same basis with respect to the amount of circulation issuable on bonds. By the act of July 12, 1882, every association was entitled to receive from the Comptroller and to issue circulating notes to the extent of 90 per cent of the bonds deposited, the amount of the bond deposit being limited to 100 per cent of capital. The act of March 14, 1900, authorized issues to the par value of bonds deposited not exceeding the capital stock.

The subjoined table gives the paid-in capital stock of the national banks from 1863 to 1874, inclusive, and authorized capital from 1875

to 1902; the outstanding circulation, 1863 to 1902; the percentage of the circulation to capital from 1863 to 1874, inclusive; and the percentage of circulation outstanding to the maximum amount issuable from 1882 to 1902. In 1865 the capital of the associations in existence was \$393,200,000; circulation outstanding, \$204,600,000, or 52.03 per cent of the capital. In 1866 the circulation had increased to 70.54 per cent of the capital, and, with slight variations, continued at that rate until 1874. From 1875 to 1881 the percentage varied from 63.62 to 76.96.

The year 1882 witnessed a material reduction in the public debt, large importations of coin in excess of exports, increase of capital stock of national banks, and their note issues, which resulted in a material increase in the stock of money in the country. From October 31, 1881, to October 31, 1882, the capital stock of national banking associations was increased about \$25,300,000, and circulating notes outstanding to 81.6 per cent of the maximum amount issuable on bonds deposited. Notwithstanding a further increase during the following year of about \$25,000,000 in capital, the percentage of circulation outstanding to the maximum issuable fell to 75.48 per cent. From that date to October 31, 1892, there was a rapid decline in outstanding circulation to 27.54 per cent, a trifle in excess of one-fourth of the amount which might have been issued. In 1893 the percentage of outstanding issues increased to 33.31 and in 1899 to 44.37. The act of March 14, 1900, resulted in a substantial increase, but in October of that year the issues amounted to but 52.42 per cent of the amount issuable; on October 31, 1901, were 54.25 per cent, and on October 31, 1902, fell to 53.32 per cent.

The capital, circulation outstanding, and relation of the latter to capital and to maximum amount of circulation issuable, respectively, as indicated, are shown in the following table:

Year.	Capital. ^a	Circulation.		Year.	Capital. ^a	Circulation.	
		Amount.	Per cent. ^b			Amount.	Per cent. ^b
1863	7.2			1883	516.6	350.8	75.48
1864	86.8	58.8	67.74	1884	532.6	332.5	69.37
1865	398.2	204.6	52.03	1885	532.9	314.9	65.66
1866	415.5	293.1	70.54	1886	552.8	301.0	60.50
1867	420.1	299.1	71.19	1887	583.2	271.7	51.77
1868	420.6	300.1	71.35	1888	596.8	239.0	44.49
1869	426.4	299.7	70.29	1889	620.2	201.7	36.14
1870	430.4	301.9	70.14	1890	659.8	179.4	30.21
1871	458.3	324.5	70.80	1891	684.8	172.0	27.91
1872	479.6	341.0	71.10	1892	693.9	172.0	27.54
1873	491.1	348.3	70.92	1893	696.0	208.7	33.31
1874	498.8	348.8	70.63	1894	672.7	207.1	34.20
1875	511.6	343.2	67.08	1895	664.1	213.5	35.72
1876	502.8	319.9	63.62	1896	658.3	224.4	39.56
1877	486.7	315.9	64.90	1897	638.0	230.0	40.05
1878	473.9	319.6	67.44	1898	624.6	239.5	42.61
1879	462.4	335.1	72.47	1899	608.5	243.0	44.37
1880	466.6	342.0	73.30	1900	632.5	331.6	52.42
1881	466.3	358.9	76.96	1901	663.2	359.8	54.25
1882	491.6	361.0	81.60	1902	713.4	380.5	53.32

^a Paid-in capital stock 1863 to 1874; authorized capital 1875 to 1902.

^b Percentage of circulation to capital stock 1863 to 1881; to 90 per cent of capital 1882 to 1899 and to capital, 1900 to 1902.

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PROFIT ON CIRCULATION.

The profit on national-bank circulation, secured by \$100,000 of bonds of various classes available for that purpose, at the market price of securities on October 31, 1899 to 1902, as calculated by the Government actuary, is shown in the table following. In the computation money is assumed to be worth 6 per cent per annum.

On October 31, 1902, consols of 1930 were quoted at 110.087. The profit on circulation secured by that class of bonds, in excess of 6 per cent on the investment, is shown to be \$684.40, or 0.622 of 1 per cent. The profit on circulation secured by 3 per cent bonds, loan of 1908, is 0.163 per cent, and on security of 4 percents of 1907 is 0.185 per cent. By reason of the high premium on the loan of 1925, namely, 36.3859, and the short time the loan of 1904 has to run, there is no profit over 6 per cent on the amount invested in bonds on circulation covered by these two classes of securities.

The table referred to is as follows:

PROFIT ON NATIONAL-BANK CIRCULATION, BASED ON A DEPOSIT OF \$100,000 BONDS, ON OCTOBER 31, 1899, 1900, 1901, AND 1902.

[Prepared by the Government Actuary.]

1899.

Class.	Market value.	Maximum circulation obtainable.	Receipts.			Deductions.						Net receipts.	Interest on cost of bonds at 6 per cent.	Profit on circulation in excess of 6 per cent on the investment.	
			Interest on circulation at 6 per cent.	Interest on bonds.	Gross receipts.	Tax.	Cost of redemption.	Express charges.	Plates.	Agents' fees.	Sinking fund.			Amount.	Per cent.
2's of 1891.....	\$100.5000	\$90,000.00	\$5,400.00	\$2,000	\$7,400.00	\$900.00	\$45.00	\$3.00	\$7.50	\$7.00	.....	\$962.50	\$6,437.50	\$6,030.00	a \$407.50 0.405
3's of 1908.....	108.6250	90,000.00	5,400.00	3,000	8,400.00	900.00	45.00	3.00	7.50	7.00	\$250.00	1,212.50	7,187.50	6,517.50	670.00 .677
4's of 1907.....	112.6250	90,000.00	5,400.00	4,000	9,400.00	900.00	45.00	3.00	7.50	7.00	1,391.50	2,354.00	7,046.00	6,757.50	288.50 .256
4's of 1925.....	130.2500	90,000.00	5,400.00	4,000	9,400.00	900.00	45.00	3.00	7.50	7.00	493.90	1,456.40	7,943.60	7,815.00	128.60 .099
5's of 1904.....	112.0000	90,000.00	5,400.00	3,000	10,400.00	900.00	45.00	3.00	7.50	7.00	2,445.35	3,407.85	6,992.15	6,720.00	272.15 .243

1900.

2's of 1900.....	\$104.6480	\$100,000.00	\$6,000.00	\$2,000	\$8,000.00	\$500.00	\$45.00	\$3.00	\$7.50	\$7.00	\$58.52	\$621.02	\$7,378.98	\$6,278.88	\$1,100.10 1.051
3's of 1908.....	109.8830	100,000.00	6,000.00	3,000	9,000.00	1,000.00	45.00	3.00	7.50	7.00	1,011.00	2,073.50	6,926.50	6,592.98	333.52 .304
4's of 1907.....	115.2960	100,000.00	6,000.00	4,000	10,000.00	1,000.00	45.00	3.00	7.50	7.00	1,882.96	2,945.46	7,054.54	6,917.76	136.78 .119
4's of 1925.....	134.7530	100,000.00	6,000.00	4,000	10,000.00	1,000.00	45.00	3.00	7.50	7.00	643.90	1,706.40	8,293.60	8,085.18	208.42 .155
5's of 1904.....	113.2530	100,000.00	6,000.00	5,000	11,000.00	1,000.00	45.00	3.00	7.50	7.00	3,723.60	4,786.10	6,213.90	6,795.18	b 581.23 b .513

1901.

2's of 1930.....	\$108.7120	\$100,000.00	\$6,000.00	\$2,000	\$8,000.00	\$500.00	\$45.00	\$3.00	\$7.50	\$7.00	\$117.94	\$680.44	\$7,319.56	\$6,522.72	\$796.84 0.733
3's of 1908.....	108.2580	100,000.00	6,000.00	3,000	9,000.00	1,000.00	45.00	3.00	7.50	7.00	1,001.37	2,063.87	6,936.13	6,495.48	440.65 .407
4's of 1907.....	111.7990	100,000.00	6,000.00	4,000	10,000.00	1,000.00	45.00	3.00	7.50	7.00	1,763.68	2,826.18	7,173.82	6,707.94	465.88 .417
4's of 1925.....	138.2610	100,000.00	6,000.00	4,000	10,000.00	1,000.00	45.00	3.00	7.50	7.00	766.92	1,829.42	8,170.58	8,295.66	b 125.08 b .090
5's of 1904.....	106.6390	100,000.00	6,000.00	5,000	11,000.00	1,000.00	45.00	3.00	7.50	7.00	2,777.82	3,840.32	7,159.68	6,398.34	761.34 .714

1902.

2's of 1930.....	\$110.0870	\$100,000.00	\$6,000.00	\$2,000	\$8,000.00	\$500.00	\$45.00	\$3.00	\$7.50	\$7.00	\$147.88	\$710.38	\$7,289.62	\$6,605.22	\$684.40 0.622
3's of 1908.....	108.5082	100,000.00	6,000.00	3,000	9,000.00	1,000.00	45.00	3.00	7.50	7.00	1,249.98	2,312.48	6,687.52	6,510.49	177.03 .163
4's of 1907.....	111.0489	100,000.00	6,000.00	4,000	10,000.00	1,000.00	45.00	3.00	7.50	7.00	2,069.58	3,131.58	6,868.42	6,662.93	205.49 .185
4's of 1925.....	136.8859	100,000.00	6,000.00	4,000	10,000.00	1,000.00	45.00	3.00	7.50	7.00	801.11	1,863.61	8,136.39	8,213.15	b 76.76 b .056
5's of 1904.....	104.7636	100,000.00	6,000.00	5,000	11,000.00	1,000.00	45.00	3.00	7.50	7.00	3,697.49	4,759.99	6,240.01	6,285.82	b 45.81 b .044

a This profit was somewhat greater than shown, but indeterminate, owing to uncertainty of date of maturity.

b Loss.

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TAXES AND OTHER EXPENSES.

From 1863 to 1902 the banks have paid to the Government, in tax on circulation, over \$90,000,000; on capital and deposits, from 1863 to 1883, nearly \$69,000,000; on capital and surplus, under the war revenue act of 1898, about \$7,000,000. In addition to these taxes, the banks paid over \$4,500,000 for the redemption of their circulation from 1874, the year the national bank redemption agency was established, to June 30, 1902, and from 1883 to 1902 about \$630,000 for plates from which circulating notes were printed, or an aggregate, approximately, of \$171,000,000.

The expenses of the office of the Comptroller of the Currency from 1863 to the close of the fiscal year 1902 were \$9,353,482.87, and including contingent expenses not paid by the Comptroller, but from the general appropriation for contingent expenses of the Treasury Department, the amount did not exceed, it is estimated, \$19,000,000, which is about one-ninth of the taxes paid and other expenses herein-before enumerated.

STATE BANKS, PRIVATE BANKS, AND TRUST COMPANIES.

In obtaining statistics relating to the condition of banks and banking institutions in the country organized and operating under authority of the laws of the States, the usual course has been followed in calling upon the officers of States having supervision of institutions of that character for abstracts or copies of reports filed therewith. From States having no laws providing for the submission and compilation of reports, requests were addressed to each incorporated and private bank for a statement of condition, of date June 30, 1902.

From official sources and from banks direct returns have been received relating to the condition of 7,889 incorporated and private banks and bankers, with aggregate resources of \$7,355,110,843. Reports were received from 5,397 commercial banks, 417 loan and trust companies, 1,036 savings banks, of which 657 were of the mutual class, i. e., without capital stock, and from 1,039 private banks and bankers.

The capital stock of the State banks is \$276,991,398 and individual deposits \$1,698,185,287. The number of reporting banks of this character is 414 greater than in 1901, and there is shown an increase in assets of approximately \$149,000,000.

In 1901 reports were received from 334 loan and trust companies having aggregate resources of \$1,614,981,605. For the current year reports have been received from 417 corporations of this character, having assets of \$1,983,214,707.

Returns were obtained from 1,039 private banks and bankers against 917 in 1901. The assets of banks of this character, on the latter date, were \$149,104,346, and in 1902 they were \$169,364,435.

SAVINGS BANKS.

Following the established custom of the office, returns relating to the condition of savings banks of the country are divided into two classes:

(1) Mutual institutions—that is, those without capital stock and operated by trustees for the benefit of depositors; and

(2) Stock savings institutions, the depositors being paid an agreed rate of interest on their accounts, the shareholders participating in the profits, as in the case of commercial banks.

Reports relating to the condition of 1,036 banks of both classes have been received, showing deposits of \$2,750,177,290 to the credit of 6,666,672 depositors. Included in the deposits in banks of this character are the amounts to the credit of depositors in savings departments of commercial banks located in the State of Illinois, the general returns from the Illinois State banks having savings departments being incorporated in the abstract of State bank reports. The average amount to the credit of each depositor in savings institutions in the country is \$412.53 as compared with an average deposit of \$408.30 in 1901.

Table IV in the Appendix is an abstract of the reports of condition of both mutual and stock savings institutions. The returns show that there are in operation 657 mutual institutions, all of which, with the exception of 1 in West Virginia, 4 in Ohio, 5 in Indiana, 1 in Wisconsin, and 11 in Minnesota, are located in the New England and Eastern States. The deposits in banks of this class aggregate \$2,380,200,804. The deposits in savings banks in New England States aggregate \$1,000,175,255, an average of \$380.72. Deposits in the Eastern States amount to \$1,807,630,523, or nearly 50 per cent of the deposits in all savings banks in the country. The number of depositors in banks in this geographical division is 3,044,148 and the average account \$429.55. The average amount to the credit of depositors in States with the highest averages are as follows: Rhode Island, \$519.64; New York, \$471.68; Ohio, \$465.94; Connecticut, \$454.07; New Hampshire, \$407.29. The maximum average deposit to the credit of depositors in stock savings banks is shown in California, the amount being \$703.55. The deposits in the stock savings banks are but a slight amount in excess of 10 per cent of the total in all savings institutions.

The principal items of resources of savings banks, both mutual and stock, are as follows: Loans secured by real estate, \$994,639,330; loans on other securities, \$281,679,772; United States bonds, \$58,140,-124; State, county, and municipal bonds, \$481,568,530; railroad bonds and stocks, \$375,623,513; bank stocks, \$34,520,802; other stocks, bonds, etc., \$411,631,200. These institutions carry but a relatively small amount of cash in bank, namely, \$30,877,338, but they have to their credit with other banking institutions \$121,396,971.

The following table is a comparative statement of number of depositors, amount of deposits, and average deposit account in the savings banks of the United States in each State and geographical division for the years 1900-1901 and 1901-2.

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NUMBER OF SAVINGS DEPOSITORS, AGGREGATE SAVINGS DEPOSITS, AND AVERAGE AMOUNT DUE TO DEPOSITORS IN SAVINGS BANKS IN EACH STATE IN 1900-1901 AND 1901-1902.

States, etc.	1900-1901.			1901-1902.		
	Number of depositors.	Amount of deposits.	Average to each depositor.	Number of depositors.	Amount of deposits.	Average to each depositor.
Maine.....	196,583	\$69,583,058	\$353.71	193,005	\$72,082,694	\$373.47
New Hampshire.....	134,482	67,128,616	424.80	147,928	60,249,862	407.29
Vermont.....	123,151	40,209,059	326.50	128,529	41,987,497	326.68
Massachusetts.....	1,585,009	540,403,687	352.05	1,593,640	560,705,752	351.84
Rhode Island.....	138,884	72,330,141	520.80	138,366	71,900,541	519.64
Connecticut.....	410,342	183,781,942	447.88	425,588	193,248,909	454.07
Total New England States.....	2,558,451	963,386,503	379.52	2,627,056	1,000,175,255	380.72
New York.....	2,129,790	987,621,809	463.72	2,229,661	1,051,689,186	471.68
New Jersey.....	211,278	63,361,489	299.90	227,180	69,866,709	307.60
Pennsylvania.....	a 356,418	113,748,461	319.14	396,877	120,441,275	303.47
Delaware.....	23,307	5,511,495	236.47	4,187	1,265,586	302.26
Maryland.....	175,740	61,250,694	348.53	186,293	64,367,767	345.52
District of Columbia.....	5,635	831,832	147.62	10,845	1,309,555	120.75
Total Eastern States.....	2,902,168	1,232,325,780	424.62	3,054,993	1,308,940,078	428.46
West Virginia.....	4,728	563,264	119.13	4,687	680,372	145.16
North Carolina.....	12,171	2,096,453	172.25	12,201	2,451,838	200.95
South Carolina.....	23,164	5,785,792	249.78	.....	.....	.....
Tennessee.....	19,823	3,519,338	177.54	.....	.....	.....
Total Southern States.....	59,886	11,964,842	199.79	16,888	3,132,210	185.47
Ohio.....	90,803	43,672,493	480.96	103,405	48,180,438	465.94
Indiana.....	22,354	6,464	293.53	24,362	7,288,506	299.17
Illinois.....	a 258,916	c 8	287	309.95	b 277,879	c 100,726,804
Wisconsin.....	3,385	634,236	187.37	3,908	719,009	188.98
Minnesota.....	56,179	13,961,616	248.52	63,293	15,526,701	245.31
Iowa.....	a 203,227	73,578,268	362.05	a 238,421	85,703,614	359.46
Total Middle States.....	334,864	218,659,364	344.42	711,268	257,491,072	362.02
California, total Pacific States.....	a 223,354	170,758,091	764.52	a 256,467	180,438,675	703.55
Total United States.....	6,358,723	2,597,094,580	408.30	6,666,672	2,750,177,290	412.53

^a Estimated.^b Partially estimated, 55 banks, with \$96,890,262 savings deposits, report 269,038 depositors.^c Savings deposits in State institutions having savings departments; abstract of reports included with State banks.

A careful examination has been made of the returns submitted by State officials and banks with respect to the rates of interest paid on savings accounts. By reference to the following table it will be observed that the maximum rate is $4\frac{1}{2}$ per cent and the minimum $2\frac{1}{2}$ per cent. It is impossible to state with exactness the average rate, but it would appear to approximate $3\frac{1}{2}$ per cent. The table referred to is appended.

AVERAGE RATE OF INTEREST PAID DEPOSITORS IN SAVINGS BANKS.

State.	Rate.	State.	Rate.
	Per cent.		Per cent.
Maine ^a	3.27	West Virginia ^c	4
New Hampshire ^c	3.40	North Carolina: ^c	
Vermont ^a	3.368	8 paid	4
Massachusetts ^a ^b	3.75	1 paid	3.25
Rhode Island ^a	3.93	2 paid	3
Connecticut ^a	3.62	1 paid	2.20
New York ^a	3.25	Ohio: ^c	
New Jersey ^a	3	1 paid	4
Pennsylvania ^a	3	1 paid	3.84
Delaware: ^c		1 paid	3.50
1 paid.....	4	1 paid	3
Maryland: ^a		Indiana ^a	4.50
1 paid.....	4.50	Illinois: ^c	
3 paid.....	4	30 paid	3
2 paid.....	3.50	22 paid, average of	2.63
6 paid.....	3	Wisconsin ^c	3.50
District of Columbia ^c	3	Minnesota ^a	3

In Table IX in the Appendix is shown the growth of savings banks in the United States, as indicated by the number of depositors, amount of deposits, and average deposit for the years 1820, 1825, 1830, 1835, 1840, and 1845 to 1902, inclusive. From 1883, with the exception of the year 1894, there is shown to have been a steady increase in the volume of deposits in institutions of this character. The statement of volume of money in the country and the average per capita, issued by the Treasury Department in June last, gives the per capita of money in circulation as \$28.53. The savings bank returns show that if the deposits were distributed each inhabitant would be entitled to \$34.89, or \$6.36 per capita more than the average per capita circulation.

CONSOLIDATED RETURNS FROM STATE SAVINGS BANKS AND TRUST COMPANIES.

For purposes of comparison there is given herewith a table showing the principal items of resources and liabilities of banks other than national in the years 1897 to 1902, inclusive.

Items.	1897.	1898.	1899.	1900.	1901.	1902.
Loans	\$2,231,013,262	\$2,480,874,360	\$2,794,630	\$3,013,449,827	\$3,444,377,672	\$3,942,592,907
Bonds	1,248,150,146	1,304,890,322	1,521,305,160	1,723,830,351	1,935,625,964	2,094,496,729
Cash	193,094,029	194,913,450	210,884,047	220,667,109	240,145,951	250,815,787
Capital	380,090,778	370,073,788	368,746,648	403,192,214	430,401,557	499,621,208
Surplus and undivided profits	382,436,990	399,706,497	418,798,087	454,14,957	538,866,278	614,509,805
Deposits	3,324,254,807	3,664,797,296	4,246,500,552	4,780,89,692	5,518,804,859	6,005,847,214
Resources	4,258,677,065	4,631,328,387	5,196,177,381	5,841,658,820	6,681,567,334	7,355,110,843

In the following table are shown the principal items of resources and liabilities of national banks on July 16, 1902, of other banks and banking institutions on or about June 30, and consolidated returns from all reporting banks:

	4,535 national banks.	7,889 other banks.	12,424 banks.
Loans	\$3,246,516,854	\$3,942,592,907	\$7,189,109,761
United States bonds	459,973,034	63,273,580	523,246,564
Other bonds	484,956,796	2,031,223,199	2,516,179,995
Cash	597,287,908	250,815,787	848,103,695
Capital	701,990,554	499,621,208	1,201,611,762
Surplus and profits	482,377,442	614,509,805	1,096,887,247
Deposits	3,222,841,897	6,005,847,214	9,228,689,111
Aggregate resources	6,008,754,975	7,355,110,843	13,363,865,818

There will be found in the Appendix, Table XII, information obtained with respect to the capital, amount, and average rate per cent of dividends paid by State banks and by loan and trust companies submitting information of that character for the year ended on or about June 30, 1902. Reports covering the subject were received from 2,160 banks, with capital of \$122,874,222, showing the payment of dividends to the amount of \$10,941,669, or an average of 8.9 per cent, and from 337 of the loan and trust companies, the dividends paid amounting to \$12,407,163, on capital stock of \$138,348,992, or an average rate of 8.97 per cent.

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STATE AND PRIVATE BANK FAILURES.

Mr. Frank Green, managing editor of Bradstreet's, has courteously furnished a summary of the information obtained by the Bradstreet agency relating to the number of State and private banks which failed during the year ended June 30, 1902, accompanied by a statement of the total liabilities and assets. The number of failures was 43, the assets of the banks being \$4,323,737 and the liabilities \$10,332,666. Included in the number of failures were 12 State banks, 10 savings banks, 20 private banks, and 1 trust company. Without recourse to the reports of receivers or assignees, presumed to be filed with the court appointing the liquidating agent, it is impossible to ascertain the results of liquidation of the affairs of banks of this character.

BUILDING AND LOAN ASSOCIATIONS.

From the report of proceedings of the annual meeting of the United States League of Local Building and Loan Associations held at Put in Bay, Ohio, in July last is taken the following information relating to associations of that character for the year 1902 and the year prior.

The returns show that the number of associations in existence has declined during the past year from 5,356 to 5,302, and the aggregate assets from \$571,366,628 to \$565,387,069. The number of members, however, has increased from 1,495,136 to 1,539,593. The total expense of operating the associations during the year was slightly in excess of \$5,000,000, or about 1 per cent of the assets.

The following table exhibits the comparative condition of the association in the past two years:

States.	1900-1901.			1901-2.		
	Number of associations.	Total membership.	Total assets.	Number of associations.	Total membership.	Total assets.
1. Pennsylvania	1,115	281,980	\$110,493,510	1,168	299,573	\$110,817,281
2. Ohio.....	763	293,717	105,502,111	757	300,315	105,374,306
3. Illinois	572	85,000	47,896,148	546	80,850	43,684,289
4. New Jersey.....	326	97,115	45,554,964	327	100,700	46,599,451
5. New York.....	293	89,998	36,499,754	283	86,042	34,996,485
6. Indiana	408	108,812	29,637,826	403	112,822	29,292,668
7. Massachusetts	126	71,965	27,721,748	128	74,771	28,674,207
8. California	148	37,456	18,935,883	138	40,561	17,881,576
9. Missouri	174	33,000	11,448,394	148	27,000	9,394,372
10. Michigan	66	32,677	10,118,876	63	31,787	9,386,764
11. Iowa	79	20,000	5,170,247	63	18,000	4,645,046
12. Connecticut.....	16	13,147	4,157,804	16	13,082	4,245,648
13. Nebraska.....	60	15,000	3,697,356	59	17,926	4,314,744
14. Wisconsin	48	13,000	3,580,125	50	12,975	3,462,629
15. Maine	33	8,064	2,862,178	34	8,073	2,865,380
16. Kansas	40	10,000	2,814,138	40	9,974	2,807,966
17. Tennessee	23	4,339	2,665,631	20	4,157	2,428,450
18. Minnesota	34	5,000	2,278,510	15	2,300	1,191,720
19. New Hampshire.....	16	4,800	1,830,162	16	4,800	1,853,092
20. North Dakota	6	1,966	393,263	6	2,000	428,684
21. Louisiana				32	20,885	5,943,208
Other States.....	1,010	273,100	98,108,000	990	271,000	95,100,000
Total.....	5,356	1,495,136	571,366,628	5,302	1,539,593	565,387,966

A statement of the aggregate receipts and disbursements of the building and loan associations for the year ended January 1, 1902, is herewith appended.

RECEIPTS, 1901.		DISBURSEMENTS, 1901.	
Cash on hand Jan. 1, 1901	\$29,800,592	Mortgage loans	\$124,334,192
Paid-up stock	13,986,736	Pass-book loans	16,671,808
Weekly dues	122,395,856	Withdrawals stock and dividends	124,863,792
Deposits	31,156,368	Withdrawals paid-up stock	29,525,200
Loans repaid	125,975,952	Withdrawal deposits	28,291,232
Interest	30,610,880	Expenses	5,195,376
Premium	3,844,896	Borrowed money repaid	16,433,488
Fines	503,120	Interest	1,604,688
Pass books and initiation	582,560	Real estate	5,889,152
Borrowed money	15,755,600	Miscellaneous disbursements	15,268,368
Real estate	9,146,192	Cash on hand Jan. 1, 1902	27,909,920
Miscellaneous receipts	12,228,464		
Total	395,987,216	Total	395,987,216

GROWTH OF BANKING IN THE UNITED STATES SINCE 1882.

The act of March 3, 1883, repealed the tax on capital and deposits of the banks imposed by section 5142 of the Revised Statutes of the United States. The following table shows the number of reporting banks, capital stock, and deposits, returns relative to which were received for the period ended May 31, 1882:

Class.	Number.	Capital.		Deposits.	
		Amount.	Per cent.	Amount.	Per cent.
National banks	2,239	\$477,200,000	67.01	\$1,131,700,000	39.7
State, etc.	5,063	234,900,000	32.99	1,718,700,000	60.3
Total	7,302	712,100,000	100.00	2,850,400,000	100.00

From 1883 to the passage of the war-revenue act of 1898, taxing the capital and surplus of banks and bankers, official returns in full have only been obtainable with respect to the condition of State banking institutions located in States having officials charged with their supervision and the compilation of banking statistics. As a result, information relating to the banking business of the country in 1892 is not as complete as for 1882 and 1902.

In 1892 returns were received relating to 9,338 national and State banks and private banks and bankers, as follows:

Class.	Number.	Capital.		Deposits.	
		Amount.	Per cent.	Amount.	Per cent.
National	3,759	\$684,678,203	63.9	\$1,767,519,745	37.8
State, etc.	5,579	336,394,845	36.1	2,911,594,571	62.2
Total	9,338	1,071,073,048	100.00	4,679,114,316	100.00

The increase in number of reporting banks over 1882 was 2,036; in capital, \$358,973,000, and in deposits, \$1,829,000,000; the increase in capital being 50 per cent, and in deposits 64.16 per cent.

In July, 1902, reports of condition were received from 4,535 national banks, and on approximate dates statements relating also to 7,889 State and private banks. Adding to these the number of banks making returns only of capital and surplus for taxation, the deposits of the

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latter being estimated, it is shown that there are in active operation in the country 16,156 banks and bankers. In the following table the number, capital, and deposits are shown for the year 1902:

Class.	Number.	Capital.		Deposits.	
		Amount.	Per cent.	Amount.	Per cent.
National banks.....	4,585	\$701,990,554	52.4	\$3,222,841,898	33.2
State, etc.....	7,889	499,621,208		6,005,847,214	66.8
Banks reporting for tax only.....	3,732	138,548,654	47.6	478,592,792	
Total	16,156	1,340,160,416	100.0	9,707,281,904	100.0

Since 1882 the number of banks has increased over 120 per cent, and since 1892, 73 per cent. During the first decade in question there was an increase of 50 per cent in capital, and from 1882 to 1902 of 88 per cent. From 1882 to 1892 deposits increased \$1,829,000,000, or 64 per cent, and from 1882 to 1902 the increase was \$6,857,000,000, or over 240 per cent.

In 1882 the capital stock of national banks represented 67.01 per cent of the capital of all banks; in 1892, 63.9 per cent, and in 1902, 52.4 per cent. The deposits in national bank associations in 1882 represented 39.7 per cent of the aggregate; in 1892, 37.8 per cent, and in 1902, 33.2 per cent. Eliminating, however, the deposits in mutual savings banks in each of the years mentioned, and basing the comparison on the deposits in national banks with capitalized State and private banks, it is shown that deposits in national associations represented, in 1882, 60 per cent of the total; in 1892, 54.9 per cent, and in 1902, 47 per cent. In number the national banks increased since 1882, 2,296, about 100 per cent, while State and private banks, excluding mutual savings institutions, increased from 4,434 to 10,964, or over 147 per cent.

MONEY IN THE COUNTRY.

Referring again to the statement with respect to the volume of money in the country, it is shown from the table compiled in the office of the Secretary of the Treasury that the volume of money represented by specie, bullion in the Treasury, United States and national-bank notes at the close of the last fiscal year aggregated \$2,563,200,000, the amount of coin, bullion, and paper money in the Treasury assets aggregating \$313,900,000, and in general circulation \$2,249,300,000. The amount of specie in circulation is admittedly not definitely known, but the figures presented are based upon the most careful estimate. The amount of gold and silver coin held by the national banks is shown by every report of condition filed with the Comptroller of the Currency. In calls upon State banks for reports of condition, a request is incorporated for a detailed statement of the character of money held, and while this information is generally given, reports frequently show merely the total specie or total cash on hand. In order to ascertain as nearly as possible the holdings of coin by banks located in States not reporting the exact amount, estimates have been made, based upon the holdings of national banks in such States. The results are incorporated in the following table:

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GOLD, ETC., HELD BY NATIONAL BANKS ON JULY 16, 1902, AND BY OTHER BANKS AND BANKERS REPORTING TO THIS OFFICE ON OR ABOUT THE SAME DATE.

Classification.	National banks (4,535).	All other banks (7,889).	Total, all banks (12,424).
Gold coin.....	\$108,202,383	^a \$106,152,188	\$214,354,571
Gold Treasury certificates.....	106,867,430	.....	106,867,430
United States certificates for gold deposited.....	25,950,000	.....	25,950,000
Gold clearing-house certificates.....	82,099,000	.....	82,099,000
Silver dollars.....	10,379,556	^a ^b 30,157,029	40,516,585
Silver, fractional.....	8,798,719	.....	8,798,719
Silver Treasury certificates.....	62,466,880	.....	62,466,880
Legal tenders.....	164,854,292	^c 86,217,289	251,077,581
National bank notes.....	26,171,303	.....	26,171,303
Fractional currency.....	1,498,345	.....	1,498,345
Cash, not classified.....	.....	28,309,281	28,309,281
Total	597,287,908	250,815,787	d\$484,103,695

^aIncludes certificates.

^bIncludes subsidiary silver.

^cIncludes other paper currency.

^dIncluding money in banks in the island possessions.

In the following table is contained a statement, in millions of dollars, of the amount of coin and other currency in the United States at the close of the fiscal years ended June 30, 1892 to 1902, inclusive; coin, etc., in Treasury as assets, amount in circulation, and the latter divided to show the amount in the Treasury, in banks, and in circulation; the per capita in circulation exclusive of the amount held in the Treasury, and the amount in circulation exclusive of amount in Treasury and in the banks.

[Expressed in millions of dollars.]

Year.	Coin and other money in the United States.	Coin, etc., in Treasury as assets.		Money in reporting banks.		Money not in Treasury or banks.		In circulation, exclusive of coin, etc., in Treasury as assets.	
		Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Per capita.	Amount.
1892	\$1,752.2	\$150.9	8.60	\$586.4	33.48	\$1,014.9	57.92	\$15.50	\$1,601.3
1893	1,738.8	142.1	8.17	515.9	29.68	1,080.8	62.15	16.14	1,596.7
1894	1,805.0	144.2	7.99	688.9	38.17	971.9	53.84	14.21	1,660.8
1895	1,819.3	217.4	11.95	631.1	34.69	970.8	53.36	13.89	1,601.9
1896	1,799.9	293.5	16.31	531.8	29.55	974.6	54.14	13.65	1,506.4
1897	1,905.9	265.7	13.95	628.2	32.96	1,012.0	53.09	13.87	1,640.2
1898	2,073.5	235.7	11.37	687.7	33.17	1,150.1	55.46	15.43	1,837.8
1899	2,190.0	286.0	13.06	723.2	33.02	1,180.8	53.92	15.51	1,904.0
1900	2,339.7	284.6	12.16	749.9	32.05	1,305.2	55.79	17.11	2,055.1
1901	2,488.1	307.8	12.39	^a 794.9	32.02	1,380.4	55.59	17.75	2,175.3
1902	2,563.2	313.9	12.24	^b 837.9	32.69	1,411.4	55.07	17.90	2,249.3

^a\$12,567,265 and ^b\$10,125,909 in banks of island possessions not included in these returns.

TRANSACTIONS OF CLEARING HOUSES.

From reports made to the manager of the New York clearing house by the 97 clearing-house associations of the country for the year ended September 30, 1902, the volume of exchanges is shown to have amounted to \$116,021,618,003, compared with \$114,819,792,086 for the year 1901. The transactions of the New York Clearing House Association for the current year amounted to \$74,753,189,436, which was a decrease of \$2,267,483,058 as compared with the prior year. The clearings of the New York association amounted to 64.4 per cent of the total clearings reported. The settlements of exchanges of the

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New York clearing house were effected by the use of only 4½ per cent of money—that is, approximately, 3½ billions in settlement of exchanges aggregating 74½ billions. In these settlements United States and clearing-house gold certificates to the extent of 99.97 per cent were used. The transactions of the assistant treasurer of the United States at New York with the clearing house during the year ended September 30 aggregated \$412,945,017.31.

COST OF OPERATION OF NATIONAL BANKING ASSOCIATIONS.

In May last a circular letter, of which the following is a copy, was addressed to every national banking association in operation on April 30, 1902:

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, D. C., May 28, 1902.

To the Cashier:

An investigation is now being undertaken to ascertain the relative cost of operation of national banking associations of various magnitudes; the average amount of loans and discounts and the average rate of interest received or discount charged on accommodations, as shown by the books and records of the banks during the year ended April 30, 1902. Accordingly I shall esteem it a favor to be furnished at your earliest convenience with information herewith requested relative to your bank, on the blank inclosed for the purpose.

“Cost of operation” should be confined to ordinary current expenses—that is, rent of banking premises, or, if the banking premises are owned, the amount representing interest on the investment at current rates; salaries and all incidental expenses except taxes, local or national. Do not include cost of banking house, furniture, and fixtures.

Please state, separately, the amount of taxes paid or to be paid for the last tax year as follows: (1) State, county, and local on realty (bank premises only) and on shares, by or for stockholders; (2) internal revenue on capital and surplus, act June 13, 1898, and (3) semiannual duty on circulating notes.

It is suggested that either the daily or weekly statements may be used in ascertaining the average amount of loans and discounts; if the former, the aggregate amount should be divided by the number of days during the year the bank was open for business; and, if the latter, the aggregate should be divided by 52.

The average rate of interest received on loans and discounts during the year in question should be calculated or carefully estimated.

The information submitted will be regarded as confidential and used solely in deducing general conclusions.

Respectfully,

W. M. B. RIDGELY, *Comptroller.*

As the information desired was intended to cover the operations of banks which had been in existence for at least one year prior to April 30, in compiling the returns a number of reports from banks for fractional portions of the year have been excluded, as well as incomplete returns from a limited number of associations which had been in operation for a year or more. The available returns represent reports from 3,830 banks, classified as follows:

. Banks with capital of \$1,000,000 or over; \$500,000 and less than \$1,000,000; \$200,000 and over, but less than \$500,000; \$100,000 and over, but less than \$200,000; exceeding \$25,000, but less than \$100,000, and with capital of \$25,000.

In the Appendix, Tables Nos. 84 and 85 are given, showing:

First. The capital, cost of operation, etc., of each class of banks in the United States; and

Second. The same information, but classified by capital stock for each reserve city, State, and Territory.

In the following table is shown, by classes, the capital stock, cost of operation exclusive of taxes, average amount of loans and discounts, and percentage of cost of operation to loans, and average rates of interest received on loans and discounts.

Classification.	Number of banks.	Capital stock.	Cost of operation, exclusive of taxes.	Average amount of loans and discounts.	Percentage of cost of operation to loans and discounts.	Average rate of interest received on loans.	Excess of interest rate above expense rate.
Banks with capital of—							
\$1,000,000 or over ..	102	\$167,205,700	\$13,991,128	\$1,051,957,949	1.33	5.17	3.84
\$500,000 or over ..	149	82,242,560	7,267,656	399,587,429	1.82	5.82	4.00
\$200,000 or over ..	551	140,001,800	12,595,602	(18,101,337)	2.04	6.26	4.22
\$100,000 or over ..	1,196	132,343,136	12,159,229	520,648,772	2.34	6.83	4.49
\$25,000 or over ..	1,541	83,142,820	8,526,600	307,221,685	2.78	7.40	4.62
\$25,000	291	7,275,000	838,871	19,701,231	4.26	7.75	3.49
Total	3,830	612,211,010	55,379,086	2,917,218,403	.....	.....	.....

From the foregoing it appears that the cost of operation, based upon the average volume of loans and discounts, ranged from a minimum of 1.33 per cent for the largest class of banks, to a maximum of 4.26 per cent for banks with the minimum amount of capital stock. The average rates of interest received show a similar variation, but in inverse order.

In the following table is shown the amount of taxes paid to the General Government on capital and surplus under the war-revenue act of 1898, on circulating notes outstanding, and to the States, counties, etc., on shares of stock and banking premises. In relation to the State taxes it is to be said that the returns submitted do not show, in all cases, the amount of tax paid on banking premises in addition to that on shares of stock for the reason that the total tax assessed was represented by one amount. Of the \$14,485,804 taxes paid, \$11,310,787 represents the amount paid to the States, etc., and \$3,175,017 to the United States. The table relating to the amount of taxes paid is as follows:

TAXES PAID.

Classification.	State taxes paid year 1901-2.			United States taxes paid year 1901-2.			Total of all taxes.
	On banking premises.	On shares.	Total.	On capital and surplus.	On circulation.	Total.	
Banks with capital of—							
\$1,000,000 or over ..	\$328,713	\$2,594,674	\$2,923,387	\$420,594	\$259,880	\$680,474	\$3,603,861
\$500,000 or over ..	175,248	1,331,518	1,506,766	239,138	173,024	412,162	1,918,928
\$200,000 or over ..	288,391	2,433,120	2,721,511	420,394	390,830	811,224	3,532,735
\$100,000 or over ..	223,353	2,458,499	2,681,852	393,918	402,403	796,321	3,478,173
\$25,000 or over ..	148,886	1,228,062	1,376,948	220,935	221,276	442,211	1,819,159
\$25,000	11,473	88,850	100,323	15,768	16,857	32,625	132,948
Total	1,176,064	10,134,723	11,310,787	1,710,747	1,404,270	3,175,017	14,485,804

In the table following is shown the percentages based on capital stock of the cost of operation, exclusive of taxes; State and Government taxes, respectively; cost of operation, including all taxes, and

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the amount and per cent of net earnings and dividends for the year ended March 1, 1902, of banks reporting cost of operation.

There, of course, is no question as to the greater relative expense of operating banks with the minimum amount of capital stock than of associations with the larger volume, but by comparing the percentage of cost of operation based on the average amount of loans and discounts with cost based on capital, it would appear that the higher rates of interest obtained by the smaller banks in a large measure offset the smaller relative cost of operation of the large banks. The cost of operation of the smallest class of banks, based on loans and discounts, is shown to be about three and one-fifth times greater than that of the largest class, while the cost of operation, exclusive of taxes based on capital stock of the smallest class of banks, is but 3.16 per cent greater than that of the largest class.

In connection with the cost of operation there is shown in the table referred to the amount of net earnings, dividends paid, and percentage of net earnings and dividends to capital for the year ended March 1, 1902, of banks reporting cost of operation. It will be observed that these percentages are not comparable with those relating to cost of operation, as the percentage of net earnings and dividends paid by banks with capital exceeding \$25,000 and less than \$100,000, generally \$50,000 and \$75,000, is shown to have been higher than any other class of banks.

The following tables contain a summary of the percentages of cost of operation, etc.:

	Percentages based on capital stock of—			Net earnings and dividends, year ended Mar. 1, 1902.				
	Cost of operation exclusive of taxes.	Taxes.		Cost of operation including taxes.	Earnings.		Dividends paid.	
		State.	United States.		Amount.	Per cent.	Amount.	Per cent.
Banks with capital of—								
\$1,000,000 or over	8.37	1.75	0.40	10.52	\$22,277,175	13.32	\$13,603,715	8.14
\$500,000 or over	8.84	1.83	.50	11.17	9,866,638	12	6,232,525	7.58
\$200,000 or over	9.00	1.94	.58	11.52	17,575,010	12.55	11,641,593	8.32
\$100,000 or over	9.19	2.03	.60	11.82	16,124,902	12.18	11,050,182	8.35
\$25,000 or over	10.25	1.66	.53	12.44	11,801,664	14.19	7,485,749	9.01
\$25,000.....	11.53	1.38	.45	13.36	906,778	12.46	442,805	6.09

COST OF OPERATION OF LOAN AND TRUST COMPANIES IN THE DISTRICT OF COLUMBIA.

There are in operation in the District of Columbia four loan and trust companies, having united capital of \$4,450,000, the average volume of loans for the year ended April 30, 1902, aggregating \$11,011,349, on which interest was received at the rate of 4.73 per cent. The cost of operation for the year, exclusive of taxes, was \$226,122, or 2.05 per cent of the volume of loans. Taxes were paid to the District of Columbia, for all purposes, to the amount of \$8,786, and to the United States, on capital and surplus, \$11,259, or a total of \$20,045. The cost of operation, exclusive of taxes, based on capital stock, was 5.08 per cent, and including taxes, 5.53 per cent. The percentages of District and Government taxes to capital stock were one-fifth and one-fourth of 1 per cent, respectively. During the year in question the net earnings of these corporations aggregated \$364,838,

or 8.02 per cent. One of these institutions, having recently organized, has paid no dividends, but the remaining three paid \$201,250, or an average rate of 6.19 per cent.

BRANCH BANKS.

The inquiry is frequently submitted as to the right of a national bank to maintain a branch or agency, principally for the reception of deposits, elsewhere than at its banking house in the same or adjacent locality.

The only provision of law relating to branch banks, in the national-bank act, is found in section 5155, United States Revised Statutes, and reads as follows:

It shall be lawful for any bank or banking association, organized under State laws and having branches, the capital being joint and assigned to and used by the mother bank and branches in definite proportions, to become a national banking association in conformity with existing laws, and to retain and keep in operation its branches, or such one or more of them as it may elect to retain, * * *

The granting of this special privilege to State banks and the absence of any similar provision in the law with respect to banks of primary organization have always been construed by the Comptroller to imply that banks of the latter class were not permitted to have branches. The section cited absolutely restricts branch banks of converted associations to such as have a definite proportion of the capital of the parent bank assigned to them, and it is not to be assumed that the law contemplated that associations of primary organization should be permitted to assign any portion of their capital to and operate branches.

This fact is further to be inferred from section 5138, United States Revised Statutes, which prohibits the formation of associations with less capital than \$200,000 in cities of population exceeding 50,000, and contains similar provision with respect to banks organized in places with less population than 50,000.

To permit the establishment of branch banks would not only render possible an evasion of the provisions of section 5138, but tend to discourage the organization of banking associations which, in the absence of such branches, might be formed.

Section 5134 provides in part that the organization certificate of a national bank shall show "the place where its operations of discount and deposit are to be carried on," and section 5190 that "the usual business of each national banking association shall be transacted at an office or banking house (not at offices or banking houses) located in the place (not places) specified in its organization certificate."

The word "place" and "at an office or banking house" have always been construed by the Comptroller to mean the legal domicile of the corporation, of which it can have but one, and this construction is sustained by the Solicitor of the Treasury in an opinion rendered August 10, 1899, on the question of the right of a national bank to establish and maintain an auxiliary cash room at some point distant from its banking house, for the purpose of receiving deposits and paying checks.

The Solicitor says:

This section (5190 U. S. R. S.) contemplates that the usual business of a national banking association shall be transacted at one office and banking house, and as receiving deposits and paying checks belong to the "usual business" of a bank, I am of the opinion that the statute does not authorize the establishment of an auxiliary cash room in a different part of the city for the purpose proposed. Besides, it may

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be observed that if a national banking association can lawfully establish and maintain a separate office for receiving deposits and paying checks, it could as well establish as many of such auxiliary cash rooms in the city of its corporate residence as its business might require; and, indeed, the entire business of the bank may be parceled out and conducted in the same way all over the city.

The Supreme Court of the United States, in the case of *Armstrong v. Second National Bank*, 38 Fed. Rep., 886, involving, among other things, the question of the right of a national bank to cash a check elsewhere than at its banking house, held that—

Under this section (5190) it certainly would not be competent for a national bank to provide for the cashing of checks upon it at any other place than at its office or banking house.

If, therefore, it is unlawful for a national bank to cash a check elsewhere than at its banking house, it is likewise unlawful for it to discount notes or to receive deposits elsewhere, for one is as much a part of the "usual business" of a bank as the other.

While it is obviously impossible for a bank to transact its entire business within the four walls of any single building it is not held that the law contemplates that the "entire business," as distinguished from its "usual business," shall be transacted in its banking house.

In the case of *The Merchants' National Bank v. The State National Bank*, 10 Wall., 604, it was held in this connection that—

The provision requiring the "usual business" of the association to be transacted "at an office or banking house specified in its organization certificate" must be construed reasonably, and a part of the legitimate business of the association which can not be transacted at the banking house may be done elsewhere.

The question involved in this case was the right of the bank's officers to purchase gold elsewhere than at its banking house, and the court held that—

The gold must necessarily have been bought, if at all, at the buying or selling bank, or at some third locality. The power to pay was vital to the power to buy, and inseparable from it.

The "legitimate business" of a bank, therefore, which a reasonable construction of the law would permit to be done elsewhere than at its banking house would seem to be restricted to transactions similar in character to that involved in the decision quoted, and not the ordinary and usual business of receiving deposits and cashing checks.

The argument has been advanced that clearing-house associations are equivalent to branch banks, and the recognition by the national-bank act of the one affords warrant for the establishment of the other, but such argument has no apparent force, as the two institutions are entirely dissimilar in character and purpose. The principal object of the former is to facilitate exchange and to adjust balances between banks, while that of the latter is to transact the usual business of a bank with its customers.

While the national-bank act does not in express terms prohibit the establishment and maintenance of branch banks or agencies by associations of primary organization, the implication to that effect is clear, and the courts have held that what is implied is as effective as that which is expressed.

That the act does not contemplate the operation of branch banks by national banks of primary organization is evidenced by the fact that in 1892 a special act was approved authorizing the operation of a

branch by a Chicago national bank on the World's Fair grounds. In 1901 similar legislation was enacted by Congress in connection with the Louisiana Purchase Exposition, to be held in 1904.

BRANCHES OF STATE BANKS.

With a view to ascertaining the extent to which branches are legally operative in the various States of the Union, a letter was addressed in August last to the proper State official in each State and Territory, in which information was requested as follows:

First. Whether or not branches or agencies are authorized by the banking laws of the State or the charter of the banks.

Second. If authorized, the regulations and provisions of law relative thereto.

Third. The names and location of banks operating branches and the number and location of the branches.

Replies have been very generally received to the request and hereinafter will be found a summary of the information submitted, arranged by States in their geographical order.

Maine.—There is no general provision of law authorizing State banks to establish branches. Trust companies created by special acts of the legislature have authority in their charters to establish branches, but the legislature of 1901 passed a general act which provides that no trust company shall establish a branch or agency until the same be authorized by a special act. This later legislation does not apply to trust companies already established and operating branches. The State banking department exercises supervising power over branches in conjunction with the corporation.

Trust companies having branches: Augusta Trust Company, at Winthrop; Waterville Trust Company, at Corinna, Dexter, Hartland, and Newport; Eastern Trust and Banking Company of Bangor, at Machias and Oldtown.

New Hampshire.—Bank Commissioner Baker states that there is no law directly authorizing the establishment of branches or agencies, but that he is not aware of any law which would prohibit such a practice within certain limits. No branches are in operation.

Vermont.—Branches or agencies are not authorized by the banking laws, nor by the charter of any bank.

Massachusetts.—There are no commercial banks other than national banks and trust companies in operation in the State.

The statute relating to the organization of banks of discount and deposit provides that they shall do business only at their banking house. This prohibition applies to savings banks.

By an act passed by the last legislature, chapter 365, section 2, the board of commissioners of savings banks have power to authorize, in writing, any trust company to maintain a branch office in the city or town in which its main office is located, for the purpose of receiving deposits, paying checks, and transacting a safe-deposit business.

The Old Colony Company and the State Street Trust Company of Boston have branches in operation in that city.

Rhode Island.—The General Laws, chapter 171, section 11, prohibit the establishment of branches except by authority of the general assembly.

The Industrial Trust Company of Providence has branches at Pawtucket, Newport, Woonsocket, Bristol, Pascoag, and Wickford; and the Manufacturers' Trust Company and the Union Trust Company at Providence, have, respectively, branches at East Greenwich and Olneyville.

Connecticut.—The law forbids the organization of any branch or agency, or the employing of any agent or person to make loans at any other place than the banking house.

New York.—Section 89 of chapter 689 of the laws of 1882, as amended by chapter 410 of the laws of 1898, permits a bank located in a city of over 1,000,000 inhabitants, with the approval, in writing, of the superintendent of banks, to open and keep one or more branch offices in such city for the receipt and payment of deposits and for making loans and discounts to the customers of such branch office, only providing that its certificate of incorporation shall so provide. No bank in this State has a charter which originally provided for branches; but a number of banks in the city of New York have amended their charters so as to include therein such provisions. Section 89 referred to provides in part that "before opening any branch office the approval, in writing, of the superintendent of banks shall be first obtained, and no discounts shall be made except such as may have been previously authorized by the board of directors." Penalty for violation of the act is \$1,000 for every violation.

The Bank of Jamaica (Long Island) has branches at Elmhurst, College Point, and Richmond Hill. The Brooklyn Bank has made arrangements for an office, but has not yet opened. The Corn Exchange Bank has 12 branches within the corporate limits of Greater New York. The Colonial Bank of New York has 5 branches. Far Rockaway Beach Bank has a branch at Rockaway Beach. The Hamilton Bank, The Mechanics Bank, The Mechanics and Traders Bank, The Twelfth Ward Bank, The Twenty-third Ward Bank, The Union Bank, and The Coney Island and Bath Beach Bank have each a branch in Greater New York; and The New York Produce Exchange Bank has 4 branches.

From the foregoing it is shown that 13 State banks located in New York are operating 33 branches.

New Jersey.—The laws of New Jersey are the most liberal, with respect to branches, of any State in the Union.

Section 7 of the general corporation act of 1896 provides that any corporation in this State may conduct branches in any other State or in foreign countries, and have one or more offices out of this State, and may hold, mortgage, and convey personal property out of such State, provided notice of such object is included in its certificate of incorporation. In 1889 an act was passed which provided that no corporation, bank, etc., should establish or maintain any branch or agency, nor have more than one place of business in the State without the approval of the board of bank commissioners. This act, however, was repealed in 1889. Prior thereto, however, The Asbury Park and Ocean Grove Bank had established a branch at Ocean Grove, and The People's Bank of East Orange a branch at South Orange.

Pennsylvania.—Branches or agencies of banks are not authorized by the laws of this State. One savings institution, in conformity with an amendment of its charter, obtained from the legislature an amendment having the approval of the court of common pleas of the county

in which the institution is located, and is endeavoring to establish a branch, but the question is now pending before the State attorney-general.

Delaware.—Banking privileges are not granted under general corporation law; nor are foreign corporations allowed to do banking business in the State. Banking powers in the State are only secured by special act of the legislature, in consequence of which each State banking institution is governed by the special creative act. The Farmers' Bank of the State of Delaware has branches at Wilmington, Dover, and Georgetown. The Sussex Trust and Safe Deposit Company is operating branches at Lewes, Georgetown, and Milton.

Maryland.—No provision for the operation of branches by State banks. (Report Comptroller Currency, 1896.)

District of Columbia.—The organization of banking institutions is confined to national banks and to loan and trust companies, under the act of October 1, 1890. Branches of national banks and trust companies are not authorized. There are a number of private banks, banking firms, and branches of saving banks doing business in the District without any special grant of authority other than the payment of an annual license tax to the District government.

Virginia.—Branches permissible, but none in operation. (Report Comptroller Currency, 1896.)

West Virginia.—Each bank must be operated under special charter in an independent way. State banks may hold stock in other banking corporations.

North Carolina.—There is no general law authorizing the establishment of branch banks. Most of the banks operate under special charters granted by the legislature, and in some instances the charters granted contain authority for the operation of branches.

South Carolina.—The Code of 1892 of the banking laws of State contains no authority for the establishment and operation of branches by State banking institutions.

Georgia.—Branches or agencies are not authorized, except in the charters of three banks. The banks referred to are as follows (location of branches not given): Bank of Southwestern Georgia at Americus, Farmers and Merchants' Bank of Senoia, and Oglethorpe Savings and Trust Company of Savannah.

Florida.—Banks are permitted to conduct branch offices. (Report Comptroller Currency, 1895.)

Alabama.—Section 1089 of the code of Alabama (1896), relating to the corporate powers of banks of discount and deposit organized in the State, provides in part that they (banks) "may fix and locate offices, agents, and agencies at pleasure in the State other than the principal place of business."

Mississippi.—Branches are authorized by the charters of the banks, not by any general banking law.

Banks having branches: Grenada Bank, Grenada, Miss., branches at Eupora and Ackerman; Hancock County Bank of Bay St. Louis, branch at McHenry; Tishomingo Savings Institution of Corinth, Miss., branch at Ripley; Oakland Bank, Oakland, Miss., branch at Charleston.

Louisiana.—Article 179, act 1902, allows, on the approval of two-thirds of the stock, the establishment of two branches, which must be in the same parish as the parent bank.

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The Commercial Trust Company of New Orleans has two branches, but the location is not given.

Texas.—No State banks in operation. Prohibited by constitution.

Arkansas.—Governor states that “we have no banking laws in this State other than general banking laws, which have been established by custom and the law merchant.” Operation of branches discretionary with board of directors. (Report Comptroller Currency, 1895.)

Tennessee.—Under the law, branches of all corporations are permissible, the only requirement is that the charter be registered in the register's office of the county where the branches are located. The law governing branches is the same as for the parent bank, and the branches are operated in all respects as the parent banks. No information submitted as to the banks operating branches.

Kentucky.—An examination of the corporation laws of the State indicates that there is no law authorizing the establishment of branch banks. The law is not construed as prohibitive. Banks operate branches, no specific information being submitted, however.

Ohio.—Branches are not authorized by law.

Indiana.—The law does not permit the operation of branches.

Illinois.—Branches are not authorized by law.

Michigan.—There is no law authorizing the establishment of branches. Agencies are permitted, which are restricted in their operations to the receiving and paying out of deposits and issuing exchange. Branches: “The Home,” “The Dime,” and “The Peninsula” savings banks of Detroit operate two branches each in that city. “The People’s Savings Bank of Detroit” has a branch, and also “The Lansing Savings Bank.”

Wisconsin.—Incorporated banks of Wisconsin can not, under the law, operate branches, except possibly in the large cities where the branches are located within the same municipality as the parent bank. The certificate of incorporation of a State bank must specify the particular city or town where the business of the bank is to be carried on. Branches: The Second Ward Savings Bank of Milwaukee operates two branches; the German American Bank of Milwaukee also operates a branch.

Minnesota.—No branch banking or branches, or any other financial institutions organized under State laws, can be permitted; nor can the banks of any other State establish branches in this State.

Iowa.—Neither State nor savings banks organized and transacting business under the present laws of the State are authorized to establish and maintain branches, either in the town or city where the banks are located or elsewhere. The law is construed as placing loan and trust companies, so far as their right to establish branches is concerned, upon the same footing as State and savings banks.

Missouri.—Specifically prohibited by statutory enactment.

North Dakota.—Branches or agencies not provided for by law.

South Dakota.—Branches or agencies not provided for by law.

Nebraska.—Neither the law nor the charters provide for branches.

Kansas.—Neither branches nor agencies provided for by law.

Montana.—Neither branches nor agencies provided for by law.

Wyoming.—The laws do not contemplate the establishment of branches or agencies.

Colorado.—No law authorizing the establishment of branches or agencies.

New Mexico.—The law has been held to prohibit the establishment of branches or agencies.

Oklahoma Territory.—No information submitted.

Indian Territory.—Section 8 of the act of Congress approved February 18, 1901, provides in part that any bank or trust company now or hereafter organized under the laws of Arkansas or any other State may transact such business in the Indian Territory as is authorized by its charter and is not inconsistent with the laws in force in the Indian Territory.

Washington.—The law neither authorizes nor prohibits branches.

Oregon.—There are no banking laws on the Oregon statute books, and there are, consequently, no parent or branch banks as recognized by the State in operation. The State issues no charters to banks nor has it on its statute books any laws pertaining to the operation of banks.

California.—Under special law, but covered by general agency law. The right of a bank to establish agencies has never been passed upon by the State supreme court. It is stated that "The law may permit agencies to be established within the county by the parent bank, but it certainly has no authority to conduct a general banking business." Foreign banking corporations have the right to establish agencies under the law, but have not greater corporate privileges than accorded State banks. Branches of foreign banks in operation in San Francisco: Anglo-California Bank, Comptoir National D'Escompte de Paris, London, Paris, and American Bank, Limited; Agency, Bank of British North America, Canadian Bank of Commerce, Wells, Fargo and Company's Bank, International Banking Corporation.

Idaho.—There is no law of the State in force in regard to banks or banking institutions operating branches or agencies.

Utah.—Laws of the State do not authorize corporate banks to conduct branches or agencies in the State. One private bank (name not given) has a branch.

Nevada.—Agents of foreign corporations doing business within the State must comply with local requirements relating to State and county license. Branches: The Bank of California, San Francisco, Cal., has a branch at Virginia City, Nev.; the State Bank and Trust Company of Carson City has a branch at Butler.

Arizona.—Branches and agencies appear to be authorized by section 140, title 1, chapter 7, of Revised Statutes, and also appear as one of the corporate powers. Foreign corporations must file certified copy of articles of association with the secretary of the State or Territory and county recorder of the county in which the principal office is located. The agent must be a bona fide resident of the county. Branches: The Bank of Arizona (Prescott), at Jerome; the Arizona Central Bank (Flagstaff), at Williams and Kingman; the Bank of Bisbee, at Naco; the Gila Valley Bank and Trust Company (Solomonville), at Morenci and Clifton.

BANKING IN THE NEW POSSESSIONS.

There are in operation in the Territory of Hawaii two national banking associations—one located at Honolulu and the other at Wailuku, on the island of Maui. The aggregate capital of these banks is \$525,000, their deposits \$646,938, and aggregate resources, \$1,489,319.

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There are also in operation in the Territory, as shown by returns furnished to this office by the governor, three other incorporated banks, capitalized for \$850,000, and two private institutions with capital of \$1,300,000. The aggregate capital of all the banks relative to which information has been received is \$2,675,000; deposits, \$4,858,132; and total resources, \$8,755,641.

Subsequent to the passage of the act extending the laws of the United States over Porto Rico applications have been filed for authority to organize national banking associations at San Juan, P. R., and other places in the island. The question of authority for the organization of national banks in Porto Rico was submitted to the Attorney-General, who, under date of June, 1900, stated—

By letter of May 24 you [the Secretary of the Treasury] advised me that the Comptroller of the Currency is receiving applications for the granting of national-bank charters in the island of Porto Rico, and you request my opinion as to whether or not the national banking laws of the United States are now applicable to that island.

By the Paris treaty between the United States and Spain, Porto Rico was ceded to the United States and became subject to the jurisdiction of this Government. Before the ratification of the treaty of Paris the island had been in the occupation of the military forces of the United States, and the government of the same was carried on under the law of belligerent right by means of the military forces, under the direction of the President of the United States. This condition continued after the ratification of the treaty of peace until Congress, exercising the power to dispose of and make all needful rules and regulations respecting the territory belonging to the United States, passed the act entitled "An act temporarily to provide revenues and a civil government for Porto Rico, and for other purposes," approved April 12, 1900. This act took effect on the 1st day of May, 1900.

Section 14 of said act is as follows:

"That the statutory laws of the United States not locally inapplicable, except as hereinbefore or hereinafter otherwise provided, shall have the same force and effect in Porto Rico as in the United States, except the internal-revenue laws, which, in view of the provisions of section 3, shall not have force and effect in Porto Rico."

By virtue of this provision, a broad extension of all the statutory laws of the United States, not locally inapplicable, is made to the island of Porto Rico, the only exception being the internal-revenue laws, which are excepted by name, and such other laws as are in the said act otherwise provided. This language is broad enough to extend to Porto Rico the laws relating to the organization and powers of national banks, unless there be in such laws something indicating that they are locally inapplicable to Porto Rico, or that they are so locally applicable to some other place or places of specific character as to make them practically inapplicable locally to Porto Rico. An examination of the various sections of the Revised Statutes and subsequent acts of Congress relative to national banks discloses no provisions which are locally inapplicable to Porto Rico. There seems to be in the structure of the national banking laws no general provisions which can not be carried into force and effect in Porto Rico equally with all of the various States and Territories to which the laws were originally applied. I can find no reason to hold that the statutes relative to the organization and powers of national banks have not, by section 14 of the Porto Rican act, above referred to, been extended to that island. The language of that section is broad enough, and in my opinion does authorize the organization and carrying on of national banks in Porto Rico.

As citizens of Porto Rico are not characterized as citizens of the United States by Congressional enactment, the position was taken that to effect the organization of a national bank would require at least five of the shareholders, to be elected as directors, to be citizens of the United States, and that at least three-fourths of the number, residents of the island for at least one year prior to their election and during their continuance in office. Pending the existence of conditions which would enable this provision of the law to be complied with, certain citizens of the United States organized The American Colonial Bank, under authority of a charter obtained from the State of West Virginia, which

institution has been in operation for some time. The application for authority to organize The First National Bank of Porto Rico at San Juan, by those interested in the bank named, was renewed from time to time, until in the early part of November, 1902, it was possible to comply with the conditions precedent to the organization of the association. The bank was chartered on November 10, with capital of \$100,000, and a board of directors elected, who are citizens of the United States, and the requisite proportion residents also of the island. It is understood to be the intention of the organizers to gradually liquidate The American Colonial Bank and transfer its business to The First National Bank of Porto Rico, and to increase the capital stock as conditions may demand.

Through the courtesy of the treasurer of Porto Rico the office has been placed in possession of reports relating to the eight incorporated banks in operation in the island, from which it appears that these institutions have a united capital of \$1,417,725, deposits of \$2,489,449, and assets of \$5,359,189.

The treasurer of the Philippine Archipelago has transmitted to this office copies of reports of condition of banks and banking institutions doing business therein. The last statements submitted were for the close of the year ended June 30, 1902, and relate to the condition of 11 banks, including branches. The reported capital was \$1,400,000, the deposits \$18,122,866, and the assets \$29,914,489. The cash holdings of these institutions were as follows:

United States gold, \$407,825; other gold coin, including bullion, \$22,886; United States silver dollars, \$88,680; United States fractional silver and other money not classified, \$73,027. United States notes to the amount of \$1,390,112 were held; Mexican pesos to the amount of \$4,364,066; Spanish-Filipino pesos and half pesos, \$1,531,106, and in other Mexican and Spanish-Filipino currency \$84,251.

The principal banking of the islands is conducted by the Hongkong and Shanghai Banking Corporation, the Chartered Bank of India, Australia, and China, and the Spanish-Filipino Bank. Since the date of reports transmitted to this office in 1901 the following corporations have engaged in business in these islands: The North American and Philippine Loan and Trust Company, the American Bank of Manila, the International Banking Corporation, the Guarantee Trust Company of New York. The savings bank and pawn shop is also still in operation at Manila. The individual statements of all of the reporting banks will be found in the appendix to this report.

FOREIGN BANKS OF ISSUE.

In publishing returns relating to foreign banks of issue special importance is placed on their holdings of specie, notes in circulation, and deposits, the latter including accounts current—funds due to other banks and bankers. The subjoined table, relative to the items mentioned, is reprinted from the *Bulletin de Statistique*. The data in the column headed "Capital" are from various sources, as indicated in the footnotes. It will be observed that the note issues of all the banks exceed the amount of specie, except in the case of the Bank of England, the Imperial Bank of Russia, and the Imperial Ottoman Bank. The excess of note issues over specie held is 3,521,700,000

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frances. The liabilities of the banks on account of circulation, deposits, and accounts current aggregate 26,313,800,000 francs.

The following is the table referred to:

CAPITAL, SPECIE, CIRCULATION, ETC., OF THE PRINCIPAL FOREIGN BANKS OF ISSUE AT THE CLOSE OF THE FIRST QUARTER, 1902.

[Expressed in millions.]

Banks.	Capital.	Gold.	Silver.	Total specie.	Circula-tion.	Deposits and ac-counts current.	Mini-mum rate of discount.
	<i>Francs.</i>	<i>Francs.</i>	<i>Francs.</i>	<i>Francs.</i>	<i>Francs.</i>	<i>Francs.</i>	<i>Per cent.</i>
Imperial Bank of Germany	<i>a</i> 150.0			1,238.7	1,762.1	707.6	3
Banks of issue of Germany	<i>d</i> 81.7			81.1	199.1	115.9	-----
Bank of Austria-Hungary	<i>b</i> 217.0	1,110.4	320.4	1,430.8	1,543.4	126.7	3½
National Bank of Belgium	<i>a</i> 50.0			117.4	604.7	63.9	3
National Bank of Bulgaria	<i>f</i> 9.1			13.4	28.4	77.0	8
National Bank of Denmark	<i>c</i> 35.0	101.4		101.4	141.7	8.1	5½
Bank of Spain	<i>a</i> 150.0	354.1	492.2	846.3	1,598.4	518.3	4
Bank of Finland	<i>b</i> 10.0	21.2	3.1	24.3	62.0	26.6	-----
Bank of France	<i>f</i> 182.5	2,570.2	1,125.0	3,695.0	4,041.0	544.6	3
National Bank of Greece	<i>b</i> 20.0			1.8	129.8	86.8	6½
Bank of Italy	<i>f</i> 240.0	318.4	66.4	384.8	863.5	176.2	5
Bank of Naples	<i>e</i> 60.0	70.0	13.2	83.2	256.1	66.7	5
Bank of Sicily		35.3	1.9	37.2	61.1	32.3	5
Bank of Norway	<i>f</i> 17.4	42.7		42.7	75.3	10.1	4½
Bank of Netherlands	<i>a</i> 41.7	122.2	171.8	294.0	464.9	12.2	3
Bank of Portugal	<i>b</i> 75.5	27.1	38.7	65.8	373.9	13.2	5½
National Bank of Roumania	<i>f</i> 12.0	51.5	4.3	55.8	154.2	<i>f</i> 97.0	6
Bank of England	<i>g</i> 367.0	944.4		944.4	739.0	1,108.1	3
Banks of Scotland	<i>g</i> 234.6			157.8	197.5	<i>g</i> 2,683.0	-----
Banks of Ireland	<i>g</i> 181.8			82.1	174.6	<i>g</i> 1,227.9	-----
Imperial Bank of Russia	<i>f</i> 133.4	1,943.5	236.0	2,179.5	1,469.6	436.5	4½
National Bank of Servia	<i>c</i> 20.0	5.9	9.3	15.2	35.7	2.7	6
Royal Bank of Sweden	<i>f</i> 61.7	66.2	8.0	74.2	126.7	51.0	4½
Private banks of Sweden	<i>a</i> 107.5	7.6	16.8	24.4	63.6	802.8	-----
Banks of Switzerland	<i>a</i> 156.0	104.0	8.3	112.3	221.1	1,226.8	3½
Imperial Ottoman Bank	<i>f</i> 125.0			67.9	23.7	186.0	-----
Bank of Japan	<i>f</i> 77.4			201.2	463.3	11.4	8
Total	2,816.5	7,896.1	2,515.4	12,372.7	15,894.4	10,419.4	-----

a From Comptroller's Report, 1897.

b From Comptroller's Report, 1896.

c Conant's History of Modern Banks of Issue.

d Bulletin de Statistique.

e Approximate.

f Banking Almanac, 1901.

g Statement prepared for Comptroller's Report, 1902.

SAVINGS BANKS OF THE WORLD.

Statistics are hereinafter submitted relating to the number of depositors, amount of deposits, average deposit account, average deposit per inhabitant, and rate of interest paid to depositors by postal and other savings institutions in countries relative to which information has been obtained. It will be observed that returns submitted are for various dates from 1898 to 1902, inclusive.

Germany leads in the number of depositors, 13,854,927, the average deposit account being \$139.25 and the average deposit per inhabitant \$35.46. The number of depositors in savings banks in the United Kingdom and France is shown to be nearly equal, namely, 10,434,877 and 10,680,866, respectively. The average savings account in the banks of the United Kingdom is \$89.71, and of France, \$77.20. The per capita deposit, however, is more nearly equal, namely, \$22.53 in the United Kingdom and \$21.21 in France. The United States comes fourth in the number of savings depositors, having 6,666,672, the average account being \$412.53, and the per capita deposit, \$34.89.

The number of depositors in foreign savings banks is shown to be 66,383,587, with deposits to their credit of \$6,661,067,000. The deposits in foreign savings banks and those of the United States aggregate \$9,411,244,000, of which \$2,750,177,000, or over 29 per cent, represent the deposits in savings banks of the United States. The highest average deposit per inhabitant is \$72.45, in Denmark. The average deposit in Prussia is \$39.67, but when computation is based on all Germany the average is reduced to \$35.46. The deposit per capita in Australasia is \$38.82; in Norway, \$36.95; Belgium, \$34.61. Information relating to the rates of interest paid savings depositors is not complete, but so far as returns are received, it appears that there is but slight variation. The maximum rate is paid in Sweden, namely, 4 to 5 per cent; the German savings banks pay from 3 to 4 per cent; the English, French, and Australian, 2½ to 3 per cent; Canadian, 3 per cent; and United States, 2½ to 4½ per cent, with an average of, approximately, 3½ per cent.

In the following table is shown the returns of the savings banks of the world:

NUMBER OF DEPOSITORS, AMOUNT OF DEPOSITS, AVERAGE DEPOSIT ACCOUNT, AVERAGE DEPOSIT PER INHABITANT AT THE END OF THE YEARS MENTIONED, AND RATES OF INTEREST ON DEPOSITS PAID BY POSTAL AND OTHER SAVINGS BANKS OF THE WORLD.

[From official sources.]

Countries.	Period.	Number of depositors.	Total deposits.	Average deposit account.	Average deposit per inhabitant.	Rate of interest.	Population.
						Per cent.	
Russia (in Europe)...	1901	3,935,773	\$428,345,000	\$108.83			
Finland	1900	181,269	15,700,000	86.61	\$5.87	3 to 4	2,673,000
Germany	1898	13,854,927	1,929,332,000	139.25	35.46	3 to 4	54,406,000
Prussia a.....	1900	8,670,709	1,367,499,000	157.71	39.67	3 to 4	34,472,000
Japan	1900	5,825,578	36,948,000	6.34	.83		44,261,000
Austria.....	1900	4,792,611	833,210,000	173.85	32.14		25,922,000
Hungary.....	1900	1,202,889	283,995,000	236.09	14.85		19,122,000
United Kingdom.....	1901	10,434,877	936,117,000	89.71	22.53	2.5	41,546,000
France	1900	10,680,866	824,932,000	77.20	21.21	2.5 to 3	38,900,000
Italy	1899	5,669,590	448,700,000	79.14	14.08		31,886,000
Belgium.....	1900	3,537,157	231,681,000	65.50	34.61		6,694,000
Canada b.....	1901	205,937	56,049,000	272.16	10.40	3	5,371,000
Holland	1899-1900	1,250,016	64,949,000	51.96	12.54		5,179,000
Sweden.....	1900	1,828,362	135,444,000	74.07	26.36	4 to 5	5,136,000
Australasia, including New Zealand	1900	1,162,261	176,142,000	151.55	38.82	2.5 to 3	4,587,000
Denmark	1900	1,150,233	177,433,000	154.25	72.45		2,449,000
Norway.....	1900	671,241	82,087,000	122.29	36.95		2,221,000
Total		66,383,587	\$6,661,067,000				
United States	1902	6,666,672	2,750,177,000	412.53	34.89	2.2 to 4.5	78,833,000
Grand total.....		73,050,259	9,411,244,000				

a Included with Germany, but not in total of the table.

b Post-office and Government savings banks only; \$19,125,097 additional deposited with special savings banks, exclusive of amounts deposited with the savings branches of the chartered banks.

Statistics relating to foreign postal savings banks, which are incorporated in the foregoing table, with like information relating to trustee and other savings banks, have been obtained with respect to fourteen countries, including dependencies of the United Kingdom. The number of depositors in the foreign postal savings banks at date of returns, from 1899 to 1901, inclusive, is 23,436,711, and the deposits

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\$1,466,601,083, an average account of \$62.57. The returns relating to the postal savings banks are incorporated in the following table:

FOREIGN POSTAL SAVINGS BANK RETURNS.

[From official sources.]

Country.	Years.	Number of depositors.	Deposits.	Average deposits.
United Kingdom	1901	8,787,675	\$683,222,126	\$77.75
France ^a	1900	3,564,464	194,980,796	54.70
Italy	1899	3,664,618	121,204,000	33.08
Austria:				
Savings department	1901	1,547,541	30,355,244	19.62
Banking department	1901	46,345	48,110,713	1,038.10
Hungary:				
Savings department	1900	389,083	6,632,944	17.05
Banking department	1900	7,222	6,811,076	943.10
Australasia	1900	443,077	64,736,383	146.16
Belgium	1901	1,483,270	105,482,647	71.12
Canada	1901	187,368	39,950,813	253.87
Cape Colony	1901	89,873	16,278,627	181.13
British Guiana	1900	8,263	225,669	27.31
India	{ 1900 1901 }	816,651	32,583,673	39.90
Netherlands	1900	829,131	34,048,200	41.06
Sweden	1901	583,395	14,537,172	24.92
Russia	1901	1,018,735	67,441,000	66.20
Total		23,436,711	1,466,601,083	62.57

^a Data relating to the "Caisse Nationale d'e'pargne."

BANKING POWER OF THE WORLD.

The banking power of the world in 1890, that is, capital, surplus profits, note issues, and deposits, as stated by the late M. G. Mulhall, was £3,197,000,000, as follows:

United Kingdom, £910,000,000; continental Europe, £1,037,000,000; Australia, Canada, Cape Colony, Argentina, and Uruguay, £220,000,000, and United States, £1,030,000,000. In 1894 Mr. Maurice L. Muhleman calculated the banking power of the world at £3,915,000,000.

From statistics published by the London Chronicle, for June last, and incorporating therewith the most recent returns relating to the savings banks of the United Kingdom, the banking power of that country is shown to be £1,206,000,000, an increase of 32½ per cent since 1890. Assuming the same rate of increase in continental Europe, the English colonies, and Argentina and Uruguay, their power amounts to £1,374,000,000 and £292,000,000, respectively. The banking funds of Bulgaria, Greece, Roumania, Servia, and Turkey were not included in the Mulhall statement, but are given at £50,000,000 for the current year.

The capital, surplus profits, and circulation of all banks in the United States are definitely known and from reports obtained by the Comptroller of the Currency from national banks, State officials, and from the banks direct the deposits of over 77 per cent of banks in operation. The deposits of the remaining 23 per cent of the banks have been carefully estimated from data at command and give the aggregate banking power of the United States as £2,487,000,000, making the aggregate power of the world £5,409,000,000, or, say, \$27,045,000,000, an increase since 1890 of \$11,060,000,000, or 69.19 per cent.

The comparative statement for the two dates is given herewith:

Countries.	Year.		Increase.
	1890.	1902.	
United Kingdom.....	£910	£1,206	
Continental Europe.....	1,037	1,374	32.52
Australia, Canada, Cape Colony, Argentina, Uruguay.....	220	292	
Bulgaria, Greece, Roumania, Servia, Turkey.....		50	
United States.....	1,030	2,487	141.45
Total	3,197	5,409	69.19

The composition of the banking power of the United States, as shown by reports to the Comptroller of the Currency, supplemented by internal-revenue returns for the year 1902, appears in the following table:

Banks	Capital.	Surplus, etc., and deposits.	Circulation.	Total.
National banks.....	\$701,990,554	\$3,705,219,341	\$309,336,599	\$4,716,546,494
Mutual savings banks.....		2,587,780,802	.....	2,587,780,802
All other banks.....	638,169,862	4,492,224,020	.....	5,130,393,882
Total.....	1,340,160,416	10,785,224,163	309,336,599	12,434,721,178

BOND AND ASSET SECURED BANK CIRCULATION.

The most serious objection which has been urged against the national bank currency is its lack of elasticity; that it does not automatically respond to the demands of business, but is dependent upon the price of bonds and other considerations. The first requirement of any currency is safety and uniformity in value. Our bank notes have been from the first issue practically perfect in this respect. No note holder has ever lost a dollar except by loss or destruction of the notes which have always circulated at their face value in all parts of the United States, being used without discrimination for payments of all kinds, the same as the legal tender and Treasury notes and other forms of paper currency. Our people have grown so used to bank notes with this prime and essential quality of uniformity in value that they have an instinctive prejudice against any change for fear this quality may be lost or impaired. For more than a generation we have had no bank notes but those secured by more than their full value of bonds deposited with the Treasurer of the United States. They have been so secure, it is not surprising there is a strong feeling that they are the only kind of notes which are perfectly secure.

There can be no denial of the fact, and there is really none made, that the lack of elasticity is a serious defect in our bank notes, which greatly reduces their usefulness not only under normal business conditions, but when there is danger of financial difficulty. If this defect can be remedied or lessened without impairing the safety of the notes it should be done, and done at once.

All bank-note circulation is really asset currency, and depends for its value upon the assets of the issuing bank. In most countries the banks are allowed to keep the assets, maintaining a certain reserve in coin and using the remainder for loans, or in any other way. Our national

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banks are required to use their assets, to the full amount of the circulation issued, in the purchase of bonds to be deposited with the Treasurer of the United States. This requires an amount of assets in excess of the circulation received. It makes a very safe circulation, but is a very wasteful use of the assets. The resulting notes fulfill none of the requirements of an efficient and satisfactory circulation but in their safety and uniformity in value.

If, in addition to the amount of notes they are now allowed to issue by law on bonds deposited in the Treasury, the national banks were allowed to issue an additional amount of uncovered notes, beginning with 20 per cent and gradually increasing to 50 per cent, it would make the circulation more expansible. A graduated tax on the amount issued, joined with ample provisions for their redemption and return to the issuing bank, would result in the necessary contraction when the circulation became redundant and the notes not needed in business. The safety of the notes can be made absolute by a reserve fund raised by a very small tax. During the almost forty years the national banking system has been in existence, the total amount of the notes of the banks which have failed, outstanding at the time of their failure, has been less than \$21,000,000. During this same period the banks have paid in taxes on circulation above \$90,000,000, or four and one-half times as much as would have been required to pay all these notes if the bonds had not done so. If there had been outstanding the full 50 per cent of uncovered notes suggested above, or \$10,000,000 above those covered by the bonds, the taxes which have been paid would have been nine times the amount required to pay them, if, as would of course have been the case, the bonds had paid for the covered notes.

It has been urged against the idea of a guarantee fund that the strong banks would not take out the notes and pay the taxes for the benefit of the weaker banks. If the inducements to issue notes in the past have been sufficient to secure nine times the amount of taxes required, it is certainly a safe calculation that they will be sufficient in the future. In further confirmation of these figures, it is shown in the table prepared in this office for Mr. Fowler, chairman of the Committee on Banking and Currency of the House of Representatives, and included in his able report on H. R. 13363, that a tax of 0.22 per cent would have been sufficient to pay the notes of all failed national banks if the bonds had been lost or destroyed. The safety of the notes should be further increased by provisions that only banks with a minimum of unimpaired capital and surplus could issue the uncovered notes, and that the Comptroller of the Currency, or the Comptroller and the Secretary of the Treasury, should have discretion to refuse any bank, or all the banks, authority to issue additional uncovered notes. The period covering the whole history of the national banks is long enough to have established reliable averages, which can be as safely counted upon as the averages upon which the vast insurance business of the world is done. Any unusual variation would be amply provided for by the factor of safety of nine, which the figures given above show in the taxes paid during this whole period.

The present capital of all the national banks would permit the issue of about \$140,000,000 of uncovered notes for the first issue of 20 per cent and the ultimate issue of \$350,000,000 if the amount was increased to 50 per cent. These maximum figures would probably be increased

by the increase in the number of national banks. By referring to the tables on pages 35 and 36 it will be seen that the tendency is for the increase of banks other than national both in the number and capital of banks and in the proportion of deposits held. An increase in the note-issuing privileges of the banks would doubtless check this gain of the outside banks if it did not turn the growth the other way.

The greatest demand for increased currency comes, of course, when it is required for moving crops in the farming States. If this can be supplied quickly and automatically as required by the banks in those States, and if, after performing its duty, it is returned to the banks and retired, it will mark a great advance in the improvement of our facilities for handling the vast and rapidly growing business of this country. The following tables show in a consolidated form the totals of the principal items in the bank statements in the farming States and of the United States, also the values of farm lands, farming implements, and live stock on the farms, with the value of all farm products for 1890 and 1900:

SUMMARY OF THE PRINCIPAL ITEMS OF RESOURCES AND LIABILITIES OF NATIONAL BANKS AND ALL OTHER BANKING INSTITUTIONS LOCATED IN THE SOUTHERN, MIDDLE WESTERN, WESTERN, AND PACIFIC STATES REPORTING TO THE COMPTROLLER OF THE CURRENCY IN 1892, 1897, AND 1902.

[In millions of dollars.]

SOUTHERN STATES.

	Loans.	Cash on hand.	Due from other banks.	Capital.	Individual deposits.
1892.....	307	44	50	136	233
1897.....	274	40	53	114	232
1902.....	504	54	126	137	481

MIDDLE WESTERN STATES.

1892.....	980	145	197	288	924
1897.....	844	159	241	276	881
1902.....	1,743	231	475	339	1,930

WESTERN STATES.

1892.....	182	24	44	79	155
1897.....	121	23	54	55	133
1902.....	263	33	105	60	316

PACIFIC STATES.

1892.....	271	27	25	87	240
1897.....	215	29	34	67	237
1902.....	317	52	96	66	464

TOTAL FOR FOUR DIVISIONS NAMED ABOVE.

1892.....	1,740	240	316	590	1,552
1897.....	1,454	251	382	512	1,483
1902.....	2,827	370	802	602	3,191
Increase 1902 over 1892	1,087	130	486	12	1,639

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SUMMARY OF THE PRINCIPAL ITEMS OF RESOURCES AND LIABILITIES OF NATIONAL BANKS AND ALL OTHER BANKING INSTITUTIONS LOCATED IN THE SOUTHERN, MIDDLE WESTERN, WESTERN, AND PACIFIC STATES REPORTING TO THE COMPTROLLER OF THE CURRENCY IN 1892, 1897, AND 1902—Continued.

[In millions of dollars.]

TOTAL FOR THE UNITED STATES.

	Loans.	Cash on hand.	Due from other banks.	Capital.	Individual deposits.
1892.....	4,837	586	684	1,071	4,665
1897.....	4,216	628	781	1,012	5,094
1902.....	7,169	839	1,552	1,198	9,082
Increase 1902 over 1892	2,832	253	868	127	4,417

VALUE OF LANDS, ETC., IN THE FARMING STATES.

[In millions of dollars.]

SOUTHERN STATES.

	Land, improvements, and buildings.	Implements and machinery.	Live stock.	Farm products for one year.
1900.....	2,887	158	689	1,226
1890.....	2,345	85	521	739
Increase	542	73	168	487

MIDDLE WESTERN STATES.

1900.....	7,923	283	1,133	1,857
1890.....	5,924	201	926	907
Increase	1,999	82	207	950

WESTERN STATES.

1900.....	2,027	102	713	659
1890.....	1,286	55	385	229
Increase	741	47	328	430

PACIFIC STATES.

1900.....	1,188	53	196	274
1890.....	961	25	128	132
Increase	177	28	58	142

TOTAL FOR FOUR DIVISIONS NAMED ABOVE.

Total 1900.....	13,975	596	2,731	4,016
Total 1890.....	10,516	366	1,970	2,007
Increase	3,459	230	761	2,009

TOTAL FOR THE UNITED STATES.

Total 1900.....	16,674	761	3,078	4,739
Total 1890.....	13,279	494	2,309	2,460
Increase	3,395	267	769	2,279

In the latter half of each year the problem is presented to the banks to furnish currency needed to handle from 2,500 to 3,000 millions of bushels of grain, 8 to 10 million bales of cotton, and a corresponding quantity of other farm products. The total value of these products for the year 1902 will not be far from 5,000 millions of dollars. This calls for the use of a vast sum of money. Much of it is done on bank deposit credits, by means of checks, and the increased number of banks and better means of communication enable the people in country communities to handle more and more in this way, or we should not be able to transact such an amount of business at all. So much of it, however, must be handled with currency of some sort as to make a demand for currency in large amounts, and every year there is a great deal of anxiety, and often serious disturbance in business, until the crop season is over and the money returns to those who have had to furnish it. This is a matter of more importance to the man who needs the money than the man who furnishes it. When interest rates advance it is the man who pays the higher rate who suffers the most, not the man who has the money to lend.

The people in the country who do this enormous business and produce the great wealth are entitled to better service than they get, are in fact entitled to the very best facilities which can be devised and supplied to them. It can not be any undue inflation of credit to supply these people who have just raised such quantities of the most readily salable staples the money they require in that form of bank credits represented by circulating notes. As the tables show, these people own land worth 16,674 millions of dollars, farm implements worth 761 millions, live stock worth 3,078 millions, and raise over 4,000 million dollars worth of products. In the farming States there are banks with over 600 millions of capital and 70 millions of surplus. They have on hand in cash 370 million dollars, and due from other banks 802 millions. Here are agencies enough to perform this work and abundant basis for the credits if the law permitted it. We place no limit on the loans they may make but that supplied by reserve requirements on the deposits; why should they not supply a limited amount of notes secured by two-thirds their value in bonds and made absolutely safe to the note holder by the guarantee fund raised by the tax on circulation? Such a change in the currency would not only supply the needs for crop moving, but also the currency needed for other business.

Each bank could supply what it found was necessary for its own customers. The demand which generally begins in the late summer months would gradually be met as it came. In every community the supply would be in the hands of men who are familiar with local needs and conditions and the distribution would be made where and when needed without reference to conditions elsewhere or dependence on the money market in the reserve cities and financial centers. This would be of great benefit, not only to the people in farming districts and those handling farm products, but to the vast number of business men engaged in mining, manufacturing, mercantile and commercial lines. Instead of the whole business public dreading the approach of the crop-moving time for fear there might come some stringency in the money market to upset their calculations and interfere with their financial arrangements, the banks would be in position to furnish the

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currency needed for the crops when and where it was to be used without disturbing business in other lines.

In times of panic the power to issue additional notes would be an element of great strength to the banks and not of weakness. It would enable the banks to protect themselves and their customers when protection is most needed. Panics or financial crises come generally very suddenly and as the result of fear which spreads among the people that they will not be able to get money to meet their payments and conduct their business. This spreads and forces liquidation of credits which otherwise would have remained outstanding. There never is a time when the liquidation of all credits or any large proportion of those outstanding is possible without producing a crisis. As long as there is confidence, and each individual feels secure that he can get what money he needs upon usual terms and security, there is no necessity for it. If our bank circulation can be made more automatically elastic so that the banks can supply more or less of circulation as needed, which is so safe and reliable that it is readily accepted and used for all business transactions, we will have a force at work in our financial affairs which will diminish the liability of a money panic, and will be an efficient aid when we shall have an actual condition of panic.

Without discussing the causes which led to the panic of 1893 and the depression which followed there is no question but that the actual shape the panic took was a sudden demand for currency. Referring to the table on page 37 giving the total money and currency of all kinds in circulation in the United States, the amounts held in the Treasury as assets and in the banks with the amount not in the Treasury or banks, that is, in use by the people, it will be seen that the proportions do not vary greatly in normal times. The greatest variation is in the amount in the Treasury as assets, which, from various causes, has ranged from 8 to 16 per cent in ten years. The amount held by the banks is ordinarily from 32 to 33 per cent. This ran down to 29 per cent during the panic year of 1893 and in 1896, when the silver question was involved in the election, and increased to 38 per cent in 1894 in the reaction following the panic. The amount of money outside, in circulation among the people, has run quite uniformly from 53 to 55 per cent, but during the panic year of 1893 this went up to 62 per cent, showing the withdrawal of coin and currency due to the panic. During the panic all sorts of substitutes for currency were resorted to, which were accepted and used for the time.

How much better prepared we would have been if the banks had been able to supply a large volume of good notes. It is not claimed that this would have prevented that panic or that panics may be prevented in the future by such means, but the tendency or liability to panics will be appreciably diminished if our banks have such a reserve power furnished them, and when panics occur we will be better prepared to meet them and mitigate their force and effect. This currency should be immediately and quickly available, so that the banks need not wait for serious trouble before they begin to issue it. The conditions of issue should not be such as to make it a confession or indication of weakness for a bank to issue the notes. They should be coming and going all the time, in accordance with the demands of business. Such notes would be much preferable to any form of clearing-house notes or emergency circulation issued by clearing houses or similar associations, because each bank could quickly issue its own

quota without waiting for the slow process of consultation, and the average result obtained by the independent action of banks in all parts of the country would more nearly respond to the actual demands and necessities.

The currency here outlined is what has come to be called in the recent discussions an emergency circulation. It would be better than this; it would be a currency which would prevent many emergencies from arising, or so diminish their seriousness that they would pass unnoticed. When emergencies did arise it would very greatly add to our equipment and ability to meet them.

This plan for the modification of the national-bank currency is not offered as anything new. It has been suggested often before, widely discussed, and bills embodying these general features have been before Congress for several years. It is not claimed that this plan would remedy all the defects in our currency system, but it is urged as a practical and simple method of improving the national-bank currency by giving it the much-needed quality of elasticity without impairing its safety. If we wait until there is agreement on all points before we make a change in our currency laws, we will never make any reform. If we make such changes from time to time as study and investigation convince us can be safely made and are advisable, we are much more apt to arrive at a satisfactory law than if we wait until it can all be reformed in one act.

The Comptroller therefore calls the attention of Congress to this subject, asks its careful consideration, and strongly recommends the passage of an act embodying the main features here outlined.

Wm. B. RIDGELY,
Comptroller of the Currency.

To the SPEAKER OF THE HOUSE OF REPRESENTATIVES.

R E P O R T
OF
THE COMPTROLLER OF THE CURRENCY.

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, December 7, 1903.

SIR: In compliance with the requirements of section 333 of the Revised Statutes of the United States, the fortieth annual report of the operations of the Currency Bureau for the year ended October 31, 1903, is submitted herewith.

CONDITION OF NATIONAL BANKS.

The resources and liabilities of the banks in active operation, as shown by reports submitted during the past year, appear in detail in the following table:

ABSTRACTS OF REPORTS OF CONDITION OF NATIONAL BANKS IN THE UNITED STATES
FROM NOVEMBER 25, 1902, TO SEPTEMBER 9, 1903.

	Nov. 25, 1902, 4,666 banks.	Feb. 6, 1903, 4,766 banks.	April 9, 1903, 4,845 banks.	June 9, 1903, 4,939 banks.	Sept. 9, 1903, 5,042 banks.
RESOURCES.					
Loans and discounts.....	\$3,303,148,091.17	\$3,350,897,744.63	\$3,403,217,618.96	\$3,415,045,751.01	\$3,481,446,772.04
Overdrafts.....	43,522,543.40	35,721,746.57	29,920,759.56	27,258,743.95	27,191,997.30
U. S. bonds to secure circulation.....	341,328,820.00	342,071,460.00	343,119,320.00	368,941,370.00	381,568,980.00
U. S. bonds to secure U. S. deposits.....	131,376,700.00	134,339,030.00	134,984,170.00	135,845,870.00	136,940,020.00
Other bonds to secure U. S. deposits.....	19,705,749.84	17,665,067.10	17,365,252.10	16,743,055.00	22,000,134.60
U. S. bonds on hand.....	5,364,030.00	9,414,750.00	10,044,275.00	8,076,020.00	4,237,660.00
Premiums on U. S. bonds.....	13,783,389.91	14,189,052.11	14,779,570.59	14,238,178.73	14,704,044.72
Bonds, securities, etc.	491,921,929.10	511,260,365.55	517,410,083.84	521,928,417.27	518,746,238.82
Banking house, furniture, and fixtures.....	95,093,525.16	100,010,991.40	101,578,097.41	102,244,612.18	106,948,864.60
Other real estate owned.....	21,515,274.72	21,398,452.02	21,370,412.80	21,845,669.37	21,587,610.37
Due from national banks.....	275,897,193.01	271,988,371.96	263,835,801.78	274,051,890.87	260,187,597.00
Due from State banks and bankers.....	88,228,677.38	92,465,790.80	94,052,977.25	90,068,935.96	105,045,992.82
Due from approved reserve agents.....	436,820,873.39	479,724,850.92	454,802,717.59	437,792,438.30	454,907,648.00
Internal-revenue stamps.....	211,075.25	148,847.51	97,013.36	63,766.13	41,752.63
Checks and other cash items.....	21,332,144.77	23,845,816.90	22,327,859.87	22,125,859.22	23,436,462.63
Exchanges for clearing house.....	236,990,495.28	214,496,241.45	201,934,216.82	227,580,488.61	147,695,772.50
Bills of other national banks	23,168,903.00	23,394,425.00	24,619,614.00	27,625,685.00	26,497,330.00

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ABSTRACTS OF REPORTS OF CONDITION OF NATIONAL BANKS IN THE UNITED STATES
FROM NOVEMBER 25, 1902, TO SEPTEMBER 9, 1903—Continued.

	Nov. 25, 1902, 4,666 banks.	Feb. 6, 1903, 4,766 banks.	April 9, 1903, 4,845 banks.	June 9, 1903, 4,939 banks.	Sept. 9, 1903, 5,042 banks.
RESOURCES—cont'd.					
Fractional currency, nickels, and cents..	\$1,407,269.15	\$1,633,212.27	\$1,579,272.24	\$1,611,235.05	\$1,596,934.23
Gold coin.....	101,333,096.64	105,288,729.44	105,337,461.08	107,539,938.25	105,569,894.40
Gold Treasury certifi- cates.....	115,484,070.00	118,765,050.00	108,460,880.00	104,561,520.00	119,367,220.00
Gold Treasury certifi- cates payable to order.....	28,015,000.00	42,215,000.00	32,385,000.00	28,505,000.00	27,180,000.00
Gold clearing-house certificates.....	76,814,000.00	72,435,000.00	68,693,000.00	64,984,000.00	63,307,000.00
Silver dollars.....	9,389,713.00	11,160,021.00	10,481,056.00	10,560,422.00	10,336,143.00
Silver Treasury certi- ficates.....	51,950,374.00	58,161,298.00	54,637,578.00	63,350,733.00	62,791,768.00
Silver fractional coin.	8,295,406.98	9,547,047.93	9,086,542.92	9,114,764.60	9,004,142.54
Total specie.....	391,281,660.62	417,572,146.37	389,081,521.00	388,616,377.85	397,556,167.94
Legal-tender notes.....	142,310,109.00	153,025,573.00	147,133,313.00	163,592,829.00	156,749,859.00
Five per cent redemp- tion fund.....	16,661,574.57	16,660,945.99	16,580,788.28	17,803,748.92	18,605,093.15
Due from U. S. Treas- urer.....	3,021,887.74	2,848,275.56	2,957,839.49	3,834,163.74	2,737,039.02
Total.....	6,104,091,916.46	6,234,773,157.11	6,212,792,489.94	6,286,935,106.16	6,310,429,966.37
LIABILITIES.					
Capital stock paid in.....	714,616,353.00	731,275,237.00	734,903,303.00	743,506,048.00	753,722,658.00
Surplus fund.....	335,763,730.38	351,140,285.79	354,033,637.08	359,053,429.53	370,390,684.26
Undivided profits, less expenses and taxes.....	181,723,772.29	165,831,828.58	177,089,346.07	183,130,107.99	185,980,765.66
National-bank notes outstanding.....	336,505,993.50	335,226,236.50	335,093,791.50	359,261,109.00	375,037,815.50
State-bank notes out- standing.....	42,781.50	42,781.50	42,781.50	42,781.50	42,780.50
Due to other national banks.....	607,044,194.03	673,090,724.03	640,761,449.34	627,514,736.06	622,838,024.16
Due to State banks and bankers.....	281,071,701.50	298,878,012.39	295,049,952.51	288,112,425.30	307,425,777.89
Due to trust com- panies and savings banks.....	230,041,156.03	269,502,545.36	253,622,374.00	263,174,107.96	266,966,911.92
Due to approved re- serve agents.....	36,735,916.05	30,795,257.75	28,489,879.41	33,445,223.96	29,252,032.53
Dividends unpaid.....	1,025,534.84	1,291,510.73	1,234,119.57	1,541,898.25	994,564.03
Individual deposits.....	3,152,878,796.65	3,159,534,591.89	3,168,275,260.71	3,200,993,509.32	3,156,333,499.07
U. S. deposits.....	138,464,809.47	140,493,423.06	140,677,485.71	139,385,371.81	140,411,999.26
Deposits of U. S. dis- bursing officers.....	8,353,604.53	7,341,264.60	7,350,577.83	7,717,111.41	9,203,001.55
Bonds borrowed.....	39,254,256.60	42,219,112.13	43,029,101.90	40,307,683.05	39,661,003.81
Notes and bills redis- counted.....	7,640,449.74	6,068,612.06	6,477,639.83	8,263,989.77	15,316,951.35
Bills payable.....	25,728,041.08	16,853,225.69	18,524,595.74	20,495,253.19	31,749,420.71
Liabilities other than those above.....	7,200,825.27	5,188,508.05	8,137,194.24	10,990,320.16	5,102,076.17
Total.....	6,104,091,916.46	6,234,773,157.11	6,212,792,489.94	6,286,935,106.16	6,310,429,966.37

By comparison of returns made on September 9, 1903, with those of September 15, 1902, it is observed that there has been an increase in number of reporting associations of 441 and a net increase of \$196,501,053.87 in aggregate resources. The increases of the principal items of resources are as follows: Loans and discounts, \$201,319,291; United States bonds, \$65,799,650; specie, \$31,320,047.92; legal tenders, \$14,992,241.

During this period the loanable funds were augmented as follows: Capital stock to the extent of \$48,187,241; surplus and other profits, \$60,760,984.23; Government deposits, \$25,671,197.37.

The net increase in aggregate resources was 3.2 per cent, but in loans and discounts 6.1 per cent. The banks in every geographical division, exclusive of the New England States, participated in the

increase in loans, varying from 4.1 per cent in the Eastern States to 37.1 per cent in the Pacific States. The increase in the Middle Western States was 6.6 per cent, in the Western States, 10.7 per cent, and in the Southern States, 17.5 per cent. The decrease in the volume of loans of banks in the New England States was \$16,400,000 or 3.9 per cent.

Notwithstanding the increase in loanable funds and the volume of loans and discounts, there was a net decrease from September 15, 1902, to September 9, 1903, in individual deposits of \$52,940,394.86. This item reached the maximum during the year, and also during the existence of the national banking system, on June 9, 1903, namely, \$3,200,993,509.22. This was an increase of \$32,718,248.51 over April 9, 1903. From this high-water mark of \$3,200,993,509.22 there was a decline on September 9 to \$3,156,333,499.07, or \$44,660,010.15.

The capital stock and surplus funds of the associations gradually increased from \$714,616,353 and \$335,763,730.38, respectively, on November 25, 1902, to \$753,722,658 and \$370,390,684.26, respectively, on September 9, 1903. National-bank circulation outstanding varied but slightly from November 25, 1902, to April 9, 1903, but decreased between those dates from \$336,505,993 to \$335,093,791. On June 9, 1903, however, the issues reached \$359,261,109, and there was a further increase on September 9, 1903, to \$375,037,815.

The deposits of the United States with the national banks have shown but slight variations during the year, the amount to the credit of the Government on November 25, 1902, being \$138,464,809.47, and at the close of the year \$140,411,999.26. Bills payable and rediscounts were at their minimum on February 6, 1903, and at that time amounted to \$22,921,837.75, and were at their maximum, \$47,066,372.06, on September 9, 1903.

United States bonds on deposit to secure circulation increased from \$341,328,820 on November 25, 1902, to \$343,119,320 on April 9, 1903; to \$368,941,370 on June 9, and to \$381,568,980 on September 9. United States bonds on deposit to secure public deposits increased during the year from \$181,376,700 on November 25, 1902, to \$136,940,020 on September 9, 1903. Bonds other than United States securities, deposited to secure public deposits, amounted on November 25, 1902, to \$19,705,749.84, and steadily decreased to \$16,743,055 on June 9, 1903. On September 9, 1903, however, securities of this character were on deposit to the amount of \$22,000,134.60.

The specie holdings with the banks varied from a minimum of \$388,616,377.85 on June 9, 1903, to a maximum of \$417,572,146.37 on February 6 of that year. The amount of gold in the banks on the date last mentioned was \$105,288,729; gold treasury certificates, \$118,765,050; gold treasury certificates, payable to order, \$42,215,000, and gold clearing-house certificates, \$72,435,000; total gold and gold certificates, \$338,703,779. Of the holdings of silver \$11,160,021 was in dollars; \$58,161,298 in certificates, and \$9,547,048 in fractional coin; total silver, \$78,868,367. On September 9, 1903, the specie held amounted to \$397,556,168, classified as follows: Gold coin, \$105,569,894; gold treasury certificates, \$119,367,220; gold treasury certificates, payable to order, \$27,180,000; gold clearing-house certificates, \$63,307,000; total gold and gold certificates, \$315,424,114; silver certificates, \$62,791,768; silver dollars, \$10,336,143, and fractional silver coin, \$9,004,143; total silver, \$82,132,054.

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RESERVE.

The deposit liabilities of national banks on which reserve is required amounted on November 25, 1902, to \$3,705,217,132, against which was held in cash, in funds credited by reserve agents, and in the 5 per cent redemption fund, \$987,074,218, or 26.64 per cent. The legal reserve, however, amounted to \$817,981,481, or 22.08 per cent. The deposit liabilities increased on February 6, 1903, to \$3,851,394,205; declined to \$3,823,441,585 on April 9, and to \$3,817,035,031 on June 9. At date of the report made on September 9, 1903, the deposit liabilities had increased to \$3,863,512,112, on which legal reserve was held of \$850,762,184, or 22.02 per cent. The percentage of all available funds to deposit liabilities ranged from a minimum of 26.25 on April 9 to a maximum of 27.70 on February 6, and percentage of legal reserve was the lowest and highest on the same dates, being 21.68 and 22.48, respectively. The average rate per cent of legal reserve maintained by the national banks of the city of New York exceeded the requirement at date of each report during the year, and varied from a maximum of 28.41 on November 25, 1902, to a minimum of 26.96 on April 9, 1903.

The aggregate reserves of Chicago banks were deficient at date of each report except on June 9, 1903, when the average was 25.30. The same comment applies to the St. Louis banks, although their reserve on June 9 was 25.79. The average rate of reserve maintained by banks in other reserve cities exceeded the requirement on each date except on November 25, 1902, namely, 24.77, and April 9, 1903, the average rate being 24.52. The uniformity of the percentage of reserve maintained by country banks is notable, as it fluctuated from a minimum of 17.50 on November 25, 1902, to a maximum of 17.66 on April 9, 1903. An examination of the reserve statements incorporated in the abstracts shows that approximately two-thirds of the legal reserve held is represented by specie and legal tenders carried in the vaults of the banks.

CLASSIFICATION OF LOANS AND DISCOUNTS OF NATIONAL BANKS ON SEPTEMBER 9, 1903.

The loans and discounts of national banks reached their maximum in the history of the system on September 9, 1903, when they aggregated \$3,481,446,772. Of these loans \$283,108,946 was demand paper with one or more individual or firm names; \$717,258,621 on demand secured by stocks, bonds, etc.; \$1,267,524,336 on time, on two or more individual or firm names; \$558,115,739 on time, single-name paper, and \$655,439,130 time paper secured by stocks, bonds, etc.

The loans of the banks located in the central reserve cities—New York, Chicago, and St. Louis—amounting to \$902,294,038, represented over one-fourth of the entire amount of loans and discounts carried by the national banks of the country, and over one-sixth of the aggregate volume was made by the New York City banks, the exact figures being \$631,565,824. The demand paper secured by stocks, etc., held by the New York banks, aggregated \$281,438,758; the demand paper with one or more individual firm names \$10,311,371; two or more name paper, on time, \$136,021,466; single-name paper on time, \$93,384,112; and time loans secured by stocks, bonds, etc., \$110,410,117. The loans and discounts made by the 351 associations located in the

central and other reserve cities aggregated \$1,802,659,666, against \$1,678,787,106 by the 4,691 associations located elsewhere.

In connection with the foregoing summary relating to the loans and discounts of national banking associations, the accompanying table, furnished to this office through the courtesy of the Wm. B. Dana Company, of New York, relating to the range and average monthly rates for money in the New York market during the year ended October 31, 1903, will be examined with interest.

As will be observed, the average monthly rate for call loans varied from a maximum of $7\frac{1}{2}$ per cent in December, 1902, to a minimum of 2 per cent in August, 1903; time loans from a maximum of $6 + 2$ per cent commission in December of last year to a minimum of $3\frac{1}{2}$ per cent in June and July of the current year; choice double-name paper from a maximum of 6 to a minimum of $4\frac{1}{2}$, and for single-name paper 7 to $4\frac{1}{2}$.

The table follows:

Character of loans.	1902.		1903.			
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Call loans:						
Stock exchange—						
Range	2 to 7	3 to 15	$2\frac{1}{2}$ to 14	2 to 4	$2\frac{1}{2}$ to 15	2 to 15
Average	$4\frac{1}{2}$	$7\frac{1}{2}$	$4\frac{1}{2}$	$2\frac{1}{2}$	$5\frac{1}{2}$	5
Banks and trust companies	$4\frac{1}{2}$ to 5	6 to 12	4 to 7	$2\frac{1}{2}$ to 3	4 to 6	$3\frac{1}{2}$ to 6
Time loans:						
Thirty days	6		4 to 5			
Sixty days	6 to 6 $\frac{1}{2}$	6 to 6 $\frac{1}{2}$	4 to 5 $\frac{1}{2}$	4 to 5	5 to 6	4 to 5 $\frac{1}{2}$
Ninety days	$5\frac{1}{2}$ to 6 $\frac{1}{2}$	6 to 6 $\frac{1}{2}$	$4\frac{1}{2}$ to $5\frac{1}{2}$	4 to 5	5 to 6	$4\frac{1}{2}$ to $5\frac{1}{2}$
Four months	$5\frac{1}{2}$ to 6	6	4 to $5\frac{1}{2}$	$4\frac{1}{2}$ to 5	5 to $5\frac{1}{2}$	$4\frac{1}{2}$ to $5\frac{1}{2}$
Five months	$5\frac{1}{2}$ to 6	$5\frac{1}{2}$ to 6	4 to $5\frac{1}{2}$	4 to 5	5 to $5\frac{1}{2}$	$4\frac{1}{2}$ to $5\frac{1}{2}$
Six months	$5\frac{1}{2}$ to 6	$5\frac{1}{2}$ to 6	4 to $5\frac{1}{2}$	4 to 5	5 to $5\frac{1}{2}$	$4\frac{1}{2}$ to $5\frac{1}{2}$
Seven months						
Commercial paper:						
Double names—						
Choice, 60 to 90 days	$5\frac{1}{2}$ to 6	6	4 to $5\frac{1}{2}$	4 to $5\frac{1}{2}$	5 to 6	5 to $5\frac{1}{2}$
Single names—						
Prime, 4 to 6 months	$5\frac{1}{2}$ to 6	6	4 to $5\frac{1}{2}$	4 to $5\frac{1}{2}$	$5\frac{1}{2}$ to 6	5 to 6
Good, 4 to 6 months	6 to 6 $\frac{1}{2}$	6 $\frac{1}{2}$	5 to $5\frac{1}{2}$	5 to 6	$5\frac{1}{2}$ to 6 $\frac{1}{2}$	$5\frac{1}{2}$ to 6 $\frac{1}{2}$
1903.						
Character of loans.	May.	June.	July.	Aug.	Sept.	Oct.
Call loans:						
Stock exchange—						
Range	$1\frac{1}{2}$ to 3	$1\frac{1}{2}$ to 10	1 to 6	1 to $3\frac{1}{2}$	$1\frac{1}{2}$ to 3	$1\frac{1}{2}$ to 5
Average	$2\frac{1}{2}$	$2\frac{1}{2}$	$2\frac{1}{2}$	2	$2\frac{1}{2}$	$2\frac{1}{2}$
Banks and trust companies	$2\frac{1}{2}$ to 3 $\frac{1}{2}$	$2\frac{1}{2}$ to 3	2 to 3	2 to $2\frac{1}{2}$	2 to $2\frac{1}{2}$	2 to 3
Time loans:						
Thirty days				$3\frac{1}{2}$		4
Sixty days	$3\frac{1}{2}$ to 4	$3\frac{1}{2}$ to 5	$3\frac{1}{2}$ to 6	5 to $5\frac{1}{2}$	$4\frac{1}{2}$ to $5\frac{1}{2}$	$4\frac{1}{2}$ to $5\frac{1}{2}$
Ninety days	$3\frac{1}{2}$ to 4	$3\frac{1}{2}$ to 5	$3\frac{1}{2}$ to 6	$4\frac{1}{2}$ to $5\frac{1}{2}$	5 to 6	$4\frac{1}{2}$ to $5\frac{1}{2}$
Four months	4 to $4\frac{1}{2}$	$4\frac{1}{2}$ to $5\frac{1}{2}$	$4\frac{1}{2}$ to 6	5 to $5\frac{1}{2}$	$5\frac{1}{2}$ to 6	$4\frac{1}{2}$ to $5\frac{1}{2}$
Five months	4 to $4\frac{1}{2}$	$4\frac{1}{2}$ to $5\frac{1}{2}$	$4\frac{1}{2}$ to 6	$5\frac{1}{2}$ to $5\frac{1}{2}$	$5\frac{1}{2}$ to 6	$4\frac{1}{2}$ to $5\frac{1}{2}$
Six months	$4\frac{1}{2}$	5 to $5\frac{1}{2}$	5 to 6	5 to 6	$5\frac{1}{2}$ to 6	$4\frac{1}{2}$ to $5\frac{1}{2}$
Seven months	5 to 6	$5\frac{1}{2}$ to $5\frac{1}{2}$				
Commercial paper:						
Double names—						
Choice, 60 to 90 days	$4\frac{1}{2}$ to 5	4 to $5\frac{1}{2}$	5 to $5\frac{1}{2}$	5 to 6		6
Single names—						
Prime, 4 to 6 months	$4\frac{1}{2}$ to $5\frac{1}{2}$	4 to $5\frac{1}{2}$	$5\frac{1}{2}$ to 6	$5\frac{1}{2}$ to $6\frac{1}{2}$	6 to $6\frac{1}{2}$	$5\frac{1}{2}$ to $6\frac{1}{2}$
Good, 4 to 6 months	$5\frac{1}{2}$ to 6	$5\frac{1}{2}$ to 6	$5\frac{1}{2}$ to $6\frac{1}{2}$	$6\frac{1}{2}$ to 7	$6\frac{1}{2}$ to 7	6 to 7

a + commission of 1 per cent.

b + commission of 2 per cent.

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CLEARING-HOUSE EXCHANGES.

Through the courtesy of the manager of the New York clearing house this office has been placed in receipt of statements relating to the transactions of the clearing houses of the country for the years ended September 30, 1902 and 1903. The volume of business, as indicated by the exchanges, reached \$115,892,198,634 in 1902, but declined to \$114,068,837,569 in 1903, the decrease being \$1,823,361,065. The gross increase aggregated \$2,353,386,263, and the decrease \$4,176,747,328, in the latter being included the decrease in exchanges of the New York clearing house, amounting to \$3,919,533,496. For the current year exchanges of the New York clearing house aggregated \$70,833,655,940, approximately 62 per cent of the volume of the exchanges of the clearing houses of the country. Second in magnitude is Chicago, with \$8,627,554,264, followed by Boston, with \$6,837,767,883; Philadelphia, with \$5,968,775,428; St. Louis, with \$2,465,057,926; and Pittsburg, with \$2,381,454,231. The only other clearing houses with exchanges exceeding a billion dollars are San Francisco, Baltimore, Cincinnati, and Kansas City.

The New York clearing house is represented by 57 banks, a less number than at any time since 1865, except in 1878, when the number was the same as at present, although the capital, \$113,072,700, is greater than at any date since the establishment of the clearing house in 1854. Clearings of the New York association for the year 1903, amounting to \$70,833,655,940, were settled by the use of \$3,315,516,487 in lawful money, or 4.68 per cent of the clearings. In 1896 but 0.01 per cent of the balances was paid in gold, whereas in 1903 the percentage was 99.99. The average daily clearings during the year were \$233,005,447, and the average daily balances paid in money \$10,906,304. From the comparative statement of transactions of the New York clearing house from 1854 to 1903, inclusive, it is shown that the aggregate clearings have been \$1,505,995,524,933.

The transactions of the assistant treasurer of the United States at New York with the clearing house for the year ended September 30, 1903, amounted to \$433,873,163.44, and the amount of balances paid to the clearing house by the assistant treasurer \$217,935,693.67.

In the appendix will be found tables showing the amount of exchanges of clearing houses of the United States from 1895 to 1903; the transactions of the New York clearing house from 1854 to 1903; the exchanges, balances, percentages of balances to exchanges, and of funds used in settlement of balances by the New York clearing house, annually, from 1892 to 1903; and also the clearing house transactions of the assistant treasurer of the United States at New York for the year ended September 30, 1903.

EARNINGS, DIVIDENDS, AND SHAREHOLDERS OF NATIONAL BANKS.

Section 5212 of the Revised Statutes provides in part that every national banking association shall report to this office within ten days after the declaration of a dividend the amount of such dividend and the amount of net earnings in excess thereof. This law did not take effect until 1869, in consequence of which the records of the office contain no data with respect to the earnings and dividends of national banks prior to that date.

In a large majority of cases dividends are declared semiannually, although there are a number of associations declaring quarterly and a few bimonthly dividends. The returns, however, are abstracted in semiannual periods terminating March 1 and September 1. An abstract of reports of earnings and dividends for the last two periods is incorporated in the appendix, accompanied by a summary of returns of this character from March 1, 1869, to March 1, 1903. In the table last mentioned the number of banks, their capital and surplus are averaged from the two semiannual abstracts. The number of banks reporting during the year ended March 1, 1903, was 4,451, with capital stock and surplus of \$688,817,835 and \$324,462,477, respectively. The net earnings amounted to \$102,743,721 and the dividends \$60,123,622, the latter being 8.7 per cent on the capital and 5.9 on capital and surplus. The banks paid dividends at the rate of 9.8 per cent on capital and at the rate of 6.8 per cent on capital and surplus in the year ended March 1, 1902. The table in question covers a period of thirty-four years and shows that the average rate per cent of dividends to capital was 8.25 and to capital and surplus 6.23. The net earnings of the banks from March 1, 1869, to March 1, 1903, are shown to have been \$1,978,062,738, and the dividends \$1,555,244,710.

Section 5210 of the Revised Statutes requires every national banking association to keep a correct list of names and residences of all shareholders, subject to inspection by stockholders, creditors of the association, and officers authorized to assess taxes under State authority, and to file with the Comptroller of the Currency a copy of the list as of the first Monday of July of each year. An examination of the lists filed in July last by the national banks shows the distribution of stock among 314,967 shareholders, the number of shares being 8,617,517, and the average holding 27 shares, approximately. Were it not for the fact that quite a number of associations in existence were conversions of State banks, with shares of stock less or more than \$100, the number of shares of all national banks could readily be determined from the capital stock, as the national-bank act provides that the stock of banks of primary organizations shall be divided into shares of \$100 each.

ORGANIZATION OF NATIONAL BANKS.

On February 25, 1903, the national-banking system had been in operation for a period of forty years, and from June 20, 1863, the date of issue of the first certificate authorizing a national bank to begin business, to October 31, 1903, there have been chartered 7,029 national-banking associations, with capital at date of organization of \$860,931,182, of which 1,126, with capital of \$293,148,628, were conversions of State banks effected in conformity with the provisions of section 5154 of the Revised Statutes, and the remaining 5,903, with capital of \$567,782,554, banks of primary organization.

The impetus given to the formation of national-banking associations by the act of March 14, 1900, under authority of which banks are organized with minimum capital of \$25,000, circulating notes issuable to the par value of bonds deposited, and semiannual duty on circulation reduced, 1,765 associations, with authorized capital of \$104,493,000, have been added to the system. The organizations during this period represent approximately one-fourth of the total organizations effected during the existence of the national-banking system. Since March 14,

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and under authority of that act, banks with individual capital of less than \$50,000, the average being approximately \$26,000, have been organized to the number of 1,148, with capital of \$29,948,000. During this period 617 banks, with individual capital of \$50,000 or over, were organized, their total capital amounting to \$74,545,000. The average capital of banks of the larger class is approximately \$120,000.

Prior to 1900 no official record was made of national banks organized as the successors of State or private banks placed in liquidation for that purpose. Beginning with the year in question, it appears that banks of that character to the number of 561, with capital of \$36,405,000, were organized; 207, with capital of \$13,928,500, converted from State institutions, leaving 997, with capital of \$54,159,500, as banks of primary organization. In other words, 56.5 per cent were banks of primary organization and 43.5 per cent reorganizations of State and private banks and conversion of State banks. The percentage of capital of banks of primary organization was 51.8, and of conversions and reorganizations 48.2.

Classified by geographical divisions, the Middle Western States lead both in number and capital of banks organized—547, and \$31,666,000, respectively. The Southern States follow second in number of organizations, namely, 421, and capital of \$22,208,000. In the Western States 380 banks, with capital of \$12,360,000, were organized; in the Eastern States 325 banks, with \$27,214,000 capital; in the Pacific States 70 banks, with capital of \$6,520,000; and in the New England States 19 banks, with \$3,900,000 capital. Two associations, with aggregate capital of \$525,000, have been organized in Hawaii, and one with capital of \$100,000 in Porto Rico.

Notwithstanding authority conferred for the issue of circulation to the par value of bonds deposited, bonds to the amount of \$25,174,850 only were deposited as security for circulation on the capital of \$104,493,000—less than one-fourth of the amount which might have been deposited and circulating notes issued thereon.

In the following table appears a statement of the number and capital of banks of both classes organized in each State and geographical division from March 14, 1900, to October 31, 1903:

States, etc.	Capital less than \$50,000.		Capital, \$50,000 or over.		Total organizations.	
	No.	Capital.	No.	Capital.	No.	Capital.
Maine.....	1	\$25,000	4	\$225,000	5	\$250,000
New Hampshire	1	25,000	2	200,000	3	225,000
Vermont.....	1	25,000	.....	.....	1	25,000
Massachusetts.....	.....	.....	6	2,800,000	6	2,800,000
Rhode Island.....	.....	.....	1	500,000	1	500,000
Connecticut.....	2	50,000	1	50,000	3	100,000
Total New England States.....	5	125,000	14	3,775,000	19	3,900,000
New York	29	735,000	32	6,460,000	61	7,195,000
New Jersey.....	16	425,000	12	825,000	28	1,250,000
Pennsylvania.....	95	2,447,000	114	14,775,000	209	17,222,000
Delaware.....	4	115,000	.....	.....	4	115,000
Maryland.....	13	352,000	9	830,000	22	1,182,000
District of Columbia.....	.....	.....	1	250,000	1	250,000
Total Eastern States.....	157	4,074,000	168	23,140,000	325	27,214,000
Virginia	22	577,500	14	1,110,000	36	1,687,500
West Virginia.....	21	600,000	16	1,235,000	37	1,835,000
North Carolina.....	12	310,000	2	150,000	14	460,000
South Carolina.....	3	75,000	6	810,000	9	885,000
Georgia	13	375,000	11	1,065,000	24	1,440,000

States, etc.	Capital less than \$50,000.		Capital, \$50,000 or over.		Total organizations.	
	No.	Capital.	No.	Capital.	No.	Capital.
Florida	2	\$60,000	7	\$850,000	9	\$910,000
Alabama	7	177,500	14	925,000	21	1,102,500
Mississippi	2	50,000	8	825,000	10	875,000
Louisiana	6	150,000	9	900,000	15	1,050,000
Texas	133	3,573,000	60	4,480,000	193	8,053,000
Arkansas	5	125,000	4	300,000	9	425,000
Kentucky	16	410,000	13	2,370,000	29	2,780,000
Tennessee	9	235,000	6	470,000	15	705,000
Total Southern States	251	6,718,000	170	15,490,000	421	22,208,000
Ohio	59	1,575,000	41	4,980,000	100	6,555,000
Indiana	36	955,000	23	2,450,000	59	3,405,000
Illinois	67	1,750,000	32	5,130,000	99	6,880,000
Michigan	7	190,000	9	2,680,000	16	2,870,000
Wisconsin	18	470,000	14	1,700,000	32	2,170,000
Minnesota	111	2,826,000	16	1,600,000	127	4,426,000
Iowa	69	1,840,000	23	1,360,000	92	3,200,000
Missouri	12	325,000	10	1,835,000	22	2,160,000
Total Middle States	379	9,931,000	168	21,735,000	547	31,666,000
North Dakota	51	1,285,000	1	50,000	52	1,335,000
South Dakota	32	800,000	2	100,000	34	900,000
Nebraska	39	1,010,000	4	200,000	43	1,210,000
Kansas	36	925,000	15	1,050,000	51	1,975,000
Montana	2	55,000	1	250,000	3	305,000
Wyoming	3	75,000	3	150,000	6	225,000
Colorado	14	365,000	10	850,000	24	1,215,000
New Mexico	9	230,000	3	150,000	12	380,000
Oklahoma	71	1,795,000	9	650,000	80	2,445,000
Indian Territory	62	1,615,000	13	755,000	75	2,370,000
Total Western States	319	8,155,000	61	4,205,000	380	12,360,000
Washington	4	105,000	4	300,000	8	405,000
Oregon	8	200,000	1	100,000	9	300,000
California	6	155,000	24	4,950,000	30	5,105,000
Idaho	11	275,000	2	100,000	13	375,000
Utah	3	80,000	1	50,000	4	130,000
Arizona	4	105,000	2	100,000	6	205,000
Total Pacific States	36	920,000	34	5,600,000	70	6,520,000
Hawaii	1	25,000	1	500,000	2	525,000
Porto Rico	1	1	100,000	1	100,000	
Total Islands	1	25,000	2	600,000	3	625,000
Total United States	1,148	29,948,000	617	74,545,000	1,765	^a 104,493,000

^aBonds deposited, \$25,174,850

During the year ended October 31, 1903, there were organized 553 associations with aggregate capital of \$34,333,500, of which 343 with capital of \$8,848,500 were with individual capital of less than \$50,000 and 210 with capital of \$25,485,000 with individual capital of \$50,000 or over. A further division shows that there were 306 associations of primary organization with capital of \$16,425,000; 49 with capital of \$2,438,500, conversions, and 198 with capital of \$15,470,000, re-organizations of State or private banks.

A summary of organizations effected during the current year is shown in the table following.

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NATIONAL BANKS ORGANIZED IN EACH STATE AND GEOGRAPHICAL DIVISION, FROM NOVEMBER 1, 1902, TO OCTOBER 31, 1903.

States, etc.	Capital less than \$50,000.		Capital \$50,000 or over.		Total organizations.	
	No.	Capital.	No.	Capital.	No.	Capital.
Massachusetts and total New England States.....			1	\$650,000	1	\$650,000
New York.....	6	\$150,000	9	950,000	15	1,100,000
New Jersey.....	4	105,000	4	200,000	8	305,000
Pennsylvania.....	34	865,000	42	5,035,000	76	5,900,000
Delaware.....	2	65,000			2	65,000
Maryland.....	2	50,000	2	100,000	4	150,000
District of Columbia.....			1	250,000	1	250,000
Total Eastern States.....	48	1,235,000	58	6,535,000	106	7,770,000
Virginia.....	6	157,500	6	450,000	12	607,500
West Virginia.....	8	235,000	6	625,000	14	860,000
North Carolina.....	3	80,000	1	100,000	4	180,000
South Carolina.....	1	25,000	4	700,000	5	725,000
Georgia.....	5	130,000	3	215,000	8	345,000
Florida.....			3	500,000	3	500,000
Alabama.....	1	25,000	4	300,000	5	325,000
Mississippi.....	1	25,000	4	450,000	5	475,000
Louisiana.....	1	25,000	2	150,000	3	175,000
Texas.....	21	550,000	19	1,670,000	40	2,220,000
Arkansas.....	2	50,000	4	300,000	6	350,000
Kentucky.....	5	135,000	2	100,000	7	235,000
Tennessee.....	1	25,000	1	200,000	2	225,000
Total Southern States.....	55	1,462,500	59	5,760,000	114	7,222,500
Ohio.....	23	585,000	11	810,000	34	1,395,000
Indiana.....	12	310,000	6	500,000	18	810,000
Illinois.....	18	450,000	15	1,830,000	33	2,280,000
Michigan.....	3	80,000	3	2,250,000	6	2,330,000
Wisconsin.....	5	140,000	3	650,000	8	790,000
Minnesota.....	49	1,256,000	5	900,000	54	2,156,000
Iowa.....	20	540,000	6	400,000	26	940,000
Missouri.....	3	85,000	3	350,000	6	435,000
Total Middle States.....	133	3,446,000	52	7,690,000	185	11,136,000
North Dakota.....	16	405,000			16	405,000
South Dakota.....	8	200,000			8	200,000
Nebraska.....	11	275,000	3	150,000	14	425,000
Kansas.....	12	310,000	7	400,000	19	710,000
Wyoming.....			1	50,000	1	50,000
Colorado.....	4	100,000	3	150,000	7	250,000
New Mexico.....	3	80,000	2	100,000	5	180,000
Oklahoma.....	18	455,000	3	250,000	21	705,000
Indian Territory.....	19	480,000	3	200,000	22	680,000
Total Western States.....	91	2,305,000	22	1,300,000	113	3,605,000
Washington.....	1	25,000			1	25,000
Oregon.....	4	100,000	1	100,000	5	200,000
California.....	2	50,000	13	3,200,000	15	3,250,000
Idaho.....	6	150,000	1	50,000	7	200,000
Utah.....	2	50,000			2	50,000
Arizona.....	1	25,000	2	100,000	3	125,000
Total Pacific States.....	16	400,000	17	3,450,000	33	3,850,000
Porto Rico.....			1	100,000	1	100,000
Total islands.....			1	100,000	1	100,000
Total United States.....	343	8,848,500	210	25,485,000	553	34,333,500

In addition to the augmentation of capital resulting from the organization of national banks during the year there was an increase in the capital stock of previously existing associations to the amount of \$52,412,900, banks to the number of 187 increasing their capital stock in conformity with the provisions of the act of May 1, 1886. In a number of instances increases of capital were effected for the purpose of absorbing the business of other associations placed in voluntary liquidation, and to provide, in a measure, for the shareholders of the

closed institutions. As reports of proceedings relating to increase of capital do not show what disposition is made of the additional stock issued, the extent to which shareholders of banks closed by liquidation participated in the increase of capital of the absorbing banks can not be stated.

The reduction of capital stock under the provisions of section 5143, United States Revised Statutes, amounted to only \$2,095,000, and but 21 associations were concerned in these changes.

The most notable change effected during the past year was the increase of the capital stock of the National Bank of Commerce in New York from \$10,000,000 to \$25,000,000, and the consolidation with that association of the Western National Bank of United States in New York, which, prior to its liquidation, was capitalized for \$12,500,000. The National Bank of Commerce and the City National Bank, of New York are the only national banking associations in existence with capital of \$25,000,000. There are also in operation in the city of New York one national banking association with capital of \$10,000,000 and one with \$5,000,000. The only other national banks in the country with capital of \$5,000,000 or more are the First National Bank of Chicago, \$8,000,000, and the National Bank of Commerce of St. Louis, with \$7,000,000 capital. National banks to the number of 117, with capital of \$1,000,000 and over, but less than \$5,000,000, are in operation in the principal cities of the country.

VOLUNTARY LIQUIDATIONS AND FAILURES.

Under the provisions of section 5220 of the Revised Statutes—that is, by the action of representatives of the required number of shares of stock—1,337 national banking associations have been placed in voluntary liquidation and the corporate existence of 146 banks, organized under the acts of 1863 and 1864, have expired by limitation, thus making the total number voluntarily closed 1,483, the aggregate capital at date of closing amounting to \$260,239,550.

From the date of the first failure in 1865 to October 31, 1903, receivers have been appointed for 418 national banks, their capital aggregating \$71,167,420. Of these banks, however, 19, with capital of \$3,725,000, were placed in solvent condition and authorized to resume business, resulting in a net loss to the system by insolvency of 399 banks, with capital at date of failure of \$67,442,420. The affairs of 330 of these trusts have been finally settled and the receiverships terminated. The capital of these associations at date of failure was \$51,795,920, and their outstanding circulation \$16,398,783. The total amount of assets (par value) coming into possession of receivers was \$188,925,911, from which there was collected \$88,074,670, and settled by offsets \$14,672,927. The losses on assets, compounded or sold under order of court, aggregated \$75,929,065, the nominal value of the remaining assets being \$10,249,249. Stockholders were assessed to the amount of \$30,826,020, from which was realized \$14,469,575. On claims proved, amounting to \$101,724,870, dividends were paid to the amount of \$72,542,142, or 71.31 per cent. Including, however, offsets allowed, loans paid, etc., creditors received, on an average, 78.55 per cent on their claims.

The cost of the liquidation of insolvent banks—that is, receivers' salaries, legal and other expenses, based on the total amount collected from assets and from assessment on shareholders—was 8.3 per cent.

20 REPORT OF THE COMPTROLLER OF THE CURRENCY.

In conformity with law, there is submitted herewith lists of associations closed voluntarily and otherwise during the past year:

NATIONAL BANKS CLOSED TO BUSINESS, BY VOLUNTARY LIQUIDATION, DURING THE YEAR ENDED OCTOBER 31, 1903, WITH DATE OF AUTHORITY TO COMMENCE BUSINESS, DATE OF CLOSING, CAPITAL, AND CIRCULATION ISSUED, REDEEMED, AND OUTSTANDING.

Name and location of bank.	Date of authority to commence business.	Date of closing.	Capital stock.	Circulation.		
				Issued.	Redeemed.	Outstanding.
First National Bank, Billings, Okla. ^a	Sept. 10, 1901	Oct. 25, 1902	\$25,000	\$6,500	\$2,280	\$4,220
Ainsworth National Bank, Portland, Oreg.	Oct. 27, 1885	Nov. 3, 1902	100,000	25,000	9,125	15,875
First National Bank, Ravenna, Ohio	Oct. 17, 1863	Nov. 10, 1902	100,000	99,870	38,465	61,405
First National Bank, Pawpaw, Ill.	Apr. 24, 1902	.....do.....	30,000	7,500	3,300	4,200
Detroit National Bank, Detroit, Mich.	Feb. 1, 1883	Nov. 17, 1902	1,000,000	50,000	15,940	34,060
State National Bank, Quanah, Tex.	Sept. 20, 1901	Nov. 20, 1902	50,000	12,500	5,050	7,450
Drovers National Bank of Union Stock Yards, Chicago, Ill.	Jan. 12, 1883	Dec. 13, 1902	250,000	288,747	120,800	167,947
First National Bank, Grand Saline, Tex.	Feb. 19, 1901	Dec. 15, 1902	25,000	10,000	2,840	7,160
Linderman National Bank, Mauch Chunk, Pa.	Jan. 3, 1883	Dec. 30, 1902	50,000	29,500	11,010	18,490
Second National Bank, Mauch Chunk, Pa.	June 30, 1864	Dec. 31, 1902	150,000	152,849	60,370	92,479
Rochester National Bank, Rochester, Pa.	Jan. 20, 1899	Jan. 6, 1903	50,000	12,500	5,850	6,650
Home National Bank, Royersford, Pa.	June 9, 1892	Jan. 12, 1903	50,000	25,000	10,213	14,787
First National Bank, Paulding, Ohio.	July 25, 1901	.....do.....	30,000	10,000	3,100	6,900
Old National Bank, Cambridge, Ohio.	Jan. 20, 1883	.....do.....	100,000	40,000	10,700	29,300
American Exchange National Bank, Cleveland, Ohio.	Oct. 1, 1897	Jan. 14, 1903	500,000	225,000	68,968	161,032
Citizens' National Bank, McKeesport, Pa.	Mar. 17, 1893	Jan. 15, 1903	100,000	24,650	8,630	16,020
Western National Bank, New York, N. Y.	May 9, 1887	Jan. 31, 1903	2,100,000	544,050	183,933	360,117
First National Bank, Felicity, Ohio.	Feb. 14, 1883	.....do.....	50,000	12,500	2,720	9,780
National Bank of Oshkosh, Oshkosh, Wis.	Feb. 10, 1883	Feb. 1, 1903	200,000	50,000	10,570	39,430
Mechanics' National Bank, Philadelphia, Pa.	Dec. 7, 1864	Feb. 16, 1903	500,000	479,110	169,800	309,310
First National Bank, Mauch Chunk, Pa.	May 25, 1864	Feb. 24, 1903	400,000	106,915	33,255	73,660
Second National Bank, Fall River, Mass.	May 26, 1864	.....do.....	150,000	121,360	42,440	78,920
First National Bank, Conneautville, Pa.	Dec. 7, 1863	.....do.....	50,000	14,443	3,180	11,268
First National Bank, Bridgeport, Ohio.	Jan. 25, 1864	.....do.....	100,000	100,475	24,265	76,210
Vilas National Bank, Plattsburgh, N. Y.	Mar. 15, 1864	.....do.....	100,000	27,267	8,480	18,787
First National Bank, Salem, Mass.	Apr. 30, 1864	.....do.....	300,000	54,312	17,365	36,947
First National Bank, Mount Gilead, Ohio.	Feb. 16, 1864	.....do.....	50,000	14,742	3,025	11,717
Second National Bank, Norwalk, Conn.	Feb. 1, 1864	.....do.....	200,000	53,418	18,235	35,183
Deposit National Bank, Deposit, N. Y.	July 1, 1864	.....do.....	100,000	28,351	9,155	19,196
First National Bank, Norwalk, Ohio.	Jan. 25, 1864	.....do.....	50,000	13,395	3,390	10,005
Second National Bank, Galesburg, Ill.	Aug. 5, 1864	.....do.....	100,000	27,306	5,030	22,276
First National Bank, Mount Pleasant, Ohio.	Aug. 5, 1864	Feb. 24, 1903	175,000	51,446	11,874	39,572
Peoples National Bank, Barnesville, Ohio.	Mar. 24, 1883	Feb. 26, 1903	100,000	96,545	21,900	74,645
Cleveland County National Bank, Norman, Okla.	Oct. 30, 1900	Feb. 28, 1903	25,000	10,000	2,680	7,320
Cambridge National Bank, East Cambridge, Mass.	June 1, 1864	Mar. 12, 1903	100,000	25,948	8,775	17,173

^a Did not notify of liquidation until after October 31, 1902, and therefore did not appear in last

NATIONAL BANKS CLOSED TO BUSINESS, BY VOLUNTARY LIQUIDATION, DURING THE YEAR ENDED OCTOBER 31, 1903, ETC.—Continued.

Name and location of bank.	Date of authority to commence business.	Date of closing.	Capital stock.	Circulation.		
				Issued.	Redeemed.	Outstanding.
Central National Bank, Worcester, Mass.....	June 2, 1864	Mar. 30, 1903	\$300,000	\$54,550	\$13,985	\$40,565
City National Bank, Worcester, Mass.....	July 2, 1864	.....do.....	200,000	54,610	13,825	40,785
City National Bank, Mobile, Ala.....	Sept. 5, 1899	Mar. 31, 1903	200,000	139,745	29,390	110,355
Citizens National Bank, Mexia, Tex.....	Jan. 29, 1901	Apr. 6, 1903	50,000	12,000	2,950	9,050
Seventh National Bank, New York, N. Y.....	Apr. 11, 1865	Apr. 9, 1903	2,500,000	550,581	130,993	419,588
National Broadway Bank, New York, N. Y.....	Jan. 9, 1865	Apr. 21, 1903	1,000,000	526,177	241,953	284,224
West End National Bank, Washington, D. C.....	Jan. 7, 1890	Apr. 23, 1903	200,000	50,000	14,505	35,495
City National Bank, Akron, Ohio.....	May 10, 1883	May 1, 1903	100,000	100,000	24,050	75,950
Pittsburgh National Bank of Commerce, Pittsburg, Pa.....	Dec. 30, 1864	May 2, 1903	500,000	310,926	77,750	233,176
First National Bank of Jefferson, Charlestown, W. Va.....	Sept. 1, 1871	May 7, 1903	50,000	38,800	9,300	29,500
Capital City National Bank, Atlanta, Ga.....	July 9, 1900	May 16, 1903	250,000	49,100	11,200	37,900
Merchants' and Planters' National Bank, Montgomery, Ala.....	Aug. 19, 1872	May 19, 1903	250,000	51,815	9,550	42,265
Lampasas National Bank, Lampasas, Tex.....	Dec. 17, 1900	.....do.....	25,000	12,500	2,200	10,300
First National Bank, Tipton, Iowa.....	June 20, 1883	June 2, 1903	50,000	40,010	5,500	34,510
Commercial National Bank, Providence, R. I.....	June 21, 1865	June 6, 1903	500,000	62,188	9,060	53,128
First National Bank, Wellsville, Ohio.....	Apr. 22, 1865	June 18, 1903	50,000	40,516	4,950	35,566
National Union Bank, Fall River, Mass.....	June 16, 1865	June 30, 1903	200,000	96,130	14,500	81,630
Massasoit National Bank, Fall River, Mass.....	Dec. 8, 1864	.....do.....	300,000	84,886	12,400	72,486
First National Bank, Westfield, N. J.....	Apr. 2, 1892	.....do.....	50,000	17,500	4,550	12,950
Pocasset National Bank, Fall River, Mass.....	Dec. 31, 1864	.....do.....	200,000	146,063	28,453	117,610
Park National Bank, Cleveland, Ohio.....	June 21, 1895	July 1, 1903	650,000	492,900	51,200	441,700
Merchants' National Bank, Gardiner, Me.....	July 11, 1884	.....do.....	50,000	12,500	1,800	10,700
Citizens' National Bank, Yonkers, N. Y.....	Jan. 15, 1873	Aug. 1, 1903	100,000	52,692	11,150	41,542
First National Bank, Fayette City, Pa.....	Dec. 18, 1900	.....do.....	50,000	24,250	3,200	21,050
Massachusetts National Bank, Boston, Mass.....	Apr. 3, 1865	Aug. 5, 1903	800,000	59,443	6,050	58,398
First National Bank, Garrett, Ill.....	Apr. 4, 1902	Aug. 6, 1903	25,000	15,000	950	14,050
Boston National Bank, Seattle, Wash.....	Sept. 19, 1889	Aug. 8, 1903	180,000	48,900	3,550	45,350
Coal and Iron National Bank, Cleveland, Ohio.....	May 13, 1899	Aug. 15, 1903	1,000,000	348,750	29,950	318,800
First National Exchange Bank, Plymouth, Mich.....	Nov. 14, 1891	Aug. 20, 1903	50,000	12,500	1,500	11,000
Citizens' National Bank, Shreveport, La.....	Mar. 22, 1901	Aug. 31, 1903	100,000	25,000	2,250	22,750
Lime Rock National Bank, Rockland, Me.....	Apr. 2, 1873	Sept. 1, 1903	105,000	72,113	4,500	67,613
First National Bank, Shamokin, Pa.....	Sept. 12, 1883	Sept. 4, 1903	100,000	75,000	7,950	67,050
National Bank of the State of Florida, Jacksonville, Fla.....	Mar. 30, 1885	Sept. 8, 1903	100,000	96,900	93,650	3,250
Meridian National Bank, Meridian, Miss.....	May 6, 1884	Sept. 15, 1903	100,000	97,200	5,150	92,050
Western National Bank of the United States, New York, N. Y.....	May 9, 1891	Oct. 5, 1903	12,500,000	1,460,000	.....	1,460,000
First National Bank, Worcester, Mass.....	May 20, 1882	.....do.....	300,000	49,250	.....	49,250
Elwood City National Bank, Elwood City, Pa.....	July 10, 1901	Oct. 24, 1903	75,000	19,000	19,000
Total (72 banks)			30,720,000	8,250,694	1,835,627	6,415,067

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NATIONAL BANKS PLACED IN CHARGE OF RECEIVERS DURING THE YEAR ENDED OCTOBER 31, 1903.

Name and location of bank.	Date of authority to commence business.	Date of closing.	Capital stock.	Circulation.		
				Issued.	Redeemed.	Outstanding.
Central National Bank, Boston, Mass.....	Apr. 30, 1873	Nov. 13, 1902	\$500,000	\$401,133	\$214,625	\$186,508
National Bank of South Pennsylvania, Hyndman, Pa.....	July 2, 1889	Dec. 16, 1902	50,000	12,500	5,140	7,360
First National Bank, Asbury Park, N. J.....	Feb. 4, 1886	Feb. 13, 1903	100,000	25,000	11,370	13,630
First National Bank of Florida, Jacksonville, Fla.....	Aug. 24, 1874	Mar. 14, 1903	50,000	51,530	14,860	36,670
Southport National Bank, Southport, Conn.....	Dec. 29, 1864	May 19, 1903	100,000	100,000	29,065	70,935
Doylestown National Bank, Doylestown, Pa. ^a	Nov. 16, 1864	July 30, 1903	105,000	72,435	8,800	63,635
Navesink National Bank, Redbank, N. J.....	Mar. 19, 1891	Aug. 14, 1903	50,000	12,500	3,250	9,250
Citizens' National Bank, Beaumont, Tex.....	May 31, 1901	Aug. 20, 1903	100,000	25,000	2,350	22,650
Groesbeck National Bank, Groesbeck, Tex.....	Mar. 22, 1890	.....do.....	50,000	12,500	2,700	9,800
Packard National Bank, Greenfield, Mass.....	May 17, 1875	Oct. 1, 1903	100,000	98,070	4,250	93,820
Bolivar National Bank, Bolivar, Pa.....	Feb. 24, 1902	.....do.....	30,000	10,000	950	9,050
Federal National Bank, Pittsburgh, Pa. ^b	Nov. 16, 1901	Oct. 21, 1903	2,000,000	696,500	6,000	690,500
First National Bank, Allegheny, Pa. ^b	Jan. 14, 1864	Oct. 22, 1903	350,000	99,100	.....	99,100
Total (13 banks).....			3,585,000	1,616,268	303,360	1,312,908
Total liquidating and insolvent banks (85).....			84,305,000	9,866,982	2,138,987	7,727,975

^a Restored to solvency and resumed October 15, 1903.^b Authorized to resume business since October 31.

The foregoing list of liquidations includes 49 associations closed voluntarily by vote of shareholders and 23 by expiration of charters. Six of the associations placed in voluntary liquidation were succeeded by new associations with different titles; 20 were absorbed by other national banks, and 18 by State or private banks, leaving 5 closed presumably for the purpose of discontinuing business. Thirteen of the banks whose charters expired by limitation were organizations effected under the act of 1863, and 10 under the act of 1864. Fourteen of the banks whose corporate existence terminated by expiration of charter were succeeded by associations with different titles, organized, in the main, by the shareholders of the closed banks.

In connection with the general statistics relating to national-bank failures there appears in the appendix a table in which is summarized, by States and geographical divisions, data relating to trusts the affairs of which have been finally closed.

The table shows that the affairs of 17 national banks which failed in the New England States were settled with an average loss to creditors of only 6.89 per cent. The liabilities, represented by claims proved, offsets allowed, and loans paid, aggregate \$23,956,626.

The results of the liquidation of the affairs of 61 insolvent national banks which were located in the States of New York, New Jersey, Pennsylvania, and the District of Columbia evidence the settlement of claims aggregating \$37,225,748, with an average loss of 24.07 per cent.

The settlement of receiverships terminated in the Southern States, numbering 61, was effected by payment to creditors on claims, etc.,

aggregating \$19,505,630, of an average 67.62 per cent, the loss being 32.38 per cent.

The returns relative to banks closed in the Middle States—namely, Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, and Missouri—include 73 cases, the liabilities of the banks aggregating \$28,027,358, which were settled with an average loss of 15.85 per cent.

Banks to the number of 85, which failed in the Dakotas, Nebraska, Kansas, Minnesota, Wyoming, Colorado, New Mexico, and Oklahoma, have been finally liquidated, creditors receiving an average of 72.47 per cent on claims aggregating \$18,814,047, the average loss being 27.53 per cent.

The table in question includes 33 insolvent banks which were liquidated in the Pacific States, viz, Washington, Oregon, California, Idaho, Utah, and Nevada. The liabilities of these trusts aggregate \$8,526,102, and were settled with an average loss of 30.85 per cent.

Including with claims proved the amount of offsets allowed and settled and loans paid, aggregating \$136,055,511, of the 330 trusts finally liquidated, creditors sustained an average loss thereon of 21.45 per cent.

Classifying these closed trusts according to capital stock—those with capital of less than \$100,000, with \$100,000 and less than \$200,000, and those with \$200,000 and over—it is shown that banks in the first class paid dividends on claims proved at the average rate of 63 per cent, and that the assessment on stockholdings produced but 36 per cent of the amount of the assessment. The banks of the second class paid 67 per cent on dividends and 41 per cent on stock assessments, whereas banks with capital of \$200,000 and over paid creditors 74 per cent on their claims, and the stockholders paid 51 per cent on the stock assessment. These figures evidence the fact that the larger the bank's capital the larger the percentage realized from assets and from assessments on stockholders in case of insolvency.

The capital of each class of banks, together with the amount of claims proved, dividends paid, assessment and collection from shareholders, and percentage of dividends, assessment, collection from assessment, and of amount collected to the aggregate capital, are shown in the accompanying table:

Class.	No.	Aggre-gate capital.	Claims proved.	Dividends paid.		Assessment on shareholders.		Collected on assess-ment.		Per cent of total capital.
				Amount.	Per cent of claims.	Amount.	Per cent of capi-tal.	Amount.	Per cent of as-sess-ment.	
Capital less than \$100,000	138	\$7,329,000	\$10,464,704	\$6,610,693	63	\$4,098,250	56	\$1,524,591	37	20.8
\$100,000, less than \$200,000	102	11,205,620	17,486,091	11,691,142	67	6,925,720	56	2,612,042	41	23.3
\$200,000 and over...	90	33,261,300	73,774,075	54,240,307	74	20,402,050	51	10,382,942	51	31.0

EXPIRATION AND EXTENSION OF CORPORATE EXISTENCE OF NATIONAL-BANKING ASSOCIATIONS.

The act of February 25, 1863, provided in part that every association formed under the provisions of that act should have succession for the period limited by the articles of association, not, however, exceeding twenty years from the date of the passage of that act. When the national banking law was reenacted in the following year—June 3, 1864—the period of existence was definitely fixed at twenty years from the date of execution of the organization certificate.

Under date of July 12, 1882, in anticipation of the expiration of the corporate existence of national-banking associations, Congress provided for extension of charters for an additional period of twenty years. The act in effect permits the amendment of articles of association with respect to period of existence by the written consent of shareholders representing not less than two-thirds of the stock to be secured at any time within two years prior to the expiration of the charter of an association. The action of the Comptroller in considering an application for an extension is based on the general condition of a bank as shown from report of special examination required by law and made within a short time previous to expiration of charter.

Under the provisions of the act of July 12, 1882, and up to October 31, 1903, the corporate existence of 2,140 associations, with capital of \$479,516,365, have been extended. The number of extensions under this act during the year ended October 31, 1903, was 164.

As the charters of associations which were extended under the act of July 12, 1882, reached the termination of their second corporate existence in 1902, provision was made by Congress in the act approved April 12, 1902, for reextension of charters of banks of that character, and during the year ended October 31, 1903, the charters of 228 associations were extended, and from the date of passage of the act to the close of the current report year there were 258 extensions, the capital of the banks being \$68,065,300.

During the year ending October 31, 1904, the corporate existence of 121 associations, with aggregate capital of \$13,840,000, will expire for the first time, and may be extended under the provisions of the act of July 12, 1882. During the same period 60 associations, with capital of \$22,595,000, will reach the termination of their second period of corporate existence, extensions of which may be effected under the provisions of the act of April 12, 1902. Lists of both classes of banks, showing dates of expiration, will be found in Tables 15 and 16, respectively, of the appendix to this report.

CHANGES IN CAPITAL AND CIRCULATION WITH THE AMOUNT AND MARKET PRICE OF BONDS.

The number and authorized capital of national banks steadily increased during the year from 4,679 and \$713,435,695, respectively, on October 31, 1902, to 5,147 and \$766,367,095, respectively, on October 31, 1903, the increase in number of banks being 468 and in capital stock \$52,931,400. At the beginning of the report year bonds to the amount of \$338,452,670 were on deposit with the Treasurer as security for circulation, on which notes were issued to the amount of \$335,783,189. On December 31, 1902, bond deposits and circulation had increased to

\$344,252,120 and \$342,127,844, respectively, but by March 31 the bonds had decreased to \$342,160,770 and the circulation to \$338,349,814. Refunding operations were resumed in April, and the bond deposit increased \$10,535,350 during that month. In May the increase was \$15,131,800; in June, \$7,519,350; in July, \$4,825,760, and in August \$1,313,400. There was a slight decrease (\$1,600), however, in September, but an increase of \$1,242,000 in October, following the resumption of the refunding operations which began on September 24.

At the close of the year ended October 31, 1902, of bonds on deposit as security for circulation 95 per cent was in 2 per cent consols of 1930, and at the close of the year ended October 31, 1903, over 98 per cent of the total amount was of that class.

In the subjoined table relating to number and capital, bonds, and circulation, is incorporated the average monthly price of 2 per cent consols during the year. The highest average monthly market price of 2 per cent consols ruled in October, 1902, namely 110.0185. At the close of the calendar year the price was 106.6971; increased in January, 1903, to 109.2308, and thereafter steadily declined to 106.1875 on May 31. The price did not exceed 106 and a fraction until September, when it advanced to 109.1719, but again declined in October to 107.2685.

National bank circulation covered by bonds and by lawful money increased from \$380,476,334 on October 31, 1902, to \$419,610,683 on October 31, 1903. On an average about one-tenth of the total circulation outstanding is represented by notes of banks reducing their circulation, associations in voluntary liquidation, and those in charge of receivers and which are covered by deposits of lawful money.

The table referred to follows:

Date.	Number of banks.	Capital.	Bonds on deposit.	Average monthly market price of 2 per cent consols of 1930.	Circulation secured by—		Total circulation outstanding.
					Bonds.	Lawful money.	
1902.							
October 31.....	4,679	\$713,435,695	\$338,452,670	110.0185	\$335,783,189	\$44,693,145	\$380,476,334
November 30....	4,708	719,300,695	343,018,020	109.3179	341,100,411	43,754,103	384,854,514
December 31....	4,758	723,416,695	344,252,120	108.6971	342,127,844	42,801,940	384,929,784
1903.							
January 31.....	4,784	726,271,695	342,903,520	109.2308	340,587,939	43,385,607	383,973,546
February 28.....	4,815	736,001,695	342,164,670	108.4405	338,660,361	44,138,484	382,798,845
March 31.....	4,869	739,178,695	342,160,770	107.8894	338,349,814	44,169,444	382,519,258
April 30.....	4,914	743,106,695	352,696,120	106.4973	347,564,355	43,587,373	391,151,728
May 31.....	4,953	748,581,695	367,827,920	106.1875	363,586,987	42,856,218	406,443,205
June 30.....	5,005	754,776,695	375,347,270	106.5216	372,295,408	41,375,242	413,670,650
July 31.....	5,044	758,137,095	380,173,036	106.7764	377,606,826	39,739,661	417,346,487
August 31.....	5,070	759,277,095	381,486,430	106.8654	380,076,322	38,511,658	418,587,975
September 30....	5,096	761,417,095	381,484,830	109.1719	379,515,824	40,910,711	420,426,535
October 31.....	5,147	766,367,095	382,726,830	107.2685	380,650,821	38,959,862	419,610,683

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PERCENTAGE OF CIRCULATION TO CAPITAL.

The capital, circulation outstanding, and relation of the latter to capital and to maximum amount of circulation issuable, respectively, as indicated, are shown in the following table:

Year.	Capital, ^a	Circulation.		Year.	Capital, ^a	Circulation.	
		Amount.	Per cent. ^b			Amount.	Percent. ^b
	<i>Millions.</i>	<i>Millions.</i>			<i>Millions.</i>	<i>Millions.</i>	
1863	\$7.2	.....		1884	\$532.6	\$332.5	69.37
1864	86.8	\$68.8	67.74	1885	532.9	314.9	65.66
1865	393.2	204.6	52.03	1886	552.8	301.0	60.50
1866	415.5	298.1	70.54	1887	583.2	271.7	51.77
1867	420.1	299.1	71.19	1888	596.8	239.0	44.49
1868	420.6	300.1	71.35	1889	620.2	201.7	36.14
1869	426.4	299.7	70.29	1890	659.8	179.4	30.21
1870	430.4	301.9	70.14	1891	684.8	172.0	27.91
1871	458.3	324.5	70.80	1892	693.9	172.0	27.54
1872	479.6	341.0	71.10	1893	696.0	208.7	33.31
1873	491.1	348.3	70.92	1894	672.7	207.1	34.20
1874	493.8	348.8	70.63	1895	664.1	213.5	35.72
1875	511.6	343.2	67.08	1896	658.3	234.4	39.56
1876	502.8	319.9	63.62	1897	638.0	230.0	40.06
1877	486.7	315.9	64.90	1898	624.6	239.5	42.61
1878	473.9	319.6	67.44	1899	608.5	243.0	44.37
1879	462.4	335.1	72.47	1900	632.5	331.6	52.42
1880	466.6	342.0	73.30	1901	663.2	359.8	54.25
1881	466.3	358.9	76.96	1902	713.4	380.5	53.32
1882	491.6	361.0	81.60	1903	766.3	419.6	54.75
1883	516.6	350.8	75.48				

^a Paid-in capital stock October 1, 1863, to 1874; authorized capital October 31, 1875, to 1903.

^b Percentage of circulation to capital stock 1863 to 1881; to 90 per cent of capital 1882 to 1899, and to capital 1900 to 1903.

DISTRIBUTION OF NATIONAL BANK CIRCULATION IN RESERVE CITIES, STATES, TERRITORIES, AND GEOGRAPHICAL DIVISIONS IN RELATION TO CAPITAL STOCK.

The reports of condition, made to this office by national-banking associations in conformity with periodical calls, show in general the amount of national-bank notes in circulation in the principal political subdivisions of the country, but do not contain the information essential to a knowledge of the extent to which circulating notes are issued by banks of various classes in proportion to capital. From the records of this office on July 18, 1903, a table has been compiled showing the number and capital of national banks issuing circulating notes to the maximum—that is, the paid-in capital stock—to the extent of 75 per cent and less than 100 per cent of capital; 50 per cent and less than 75 per cent; 25 per cent and less than 50 per cent, and less than 25 per cent. The number of associations in existence on that date is shown to have been 5,020, with capital of \$755,764,165 and circulation \$378,014,135. Banks to the number of 1,492, with capital of \$177,850,850, had outstanding the maximum amount of notes—that is, an equivalent of capital paid in—245 banks with capital of \$66,681,810, circulation to the amount of \$55,487,710, the issues in each case being 75 per cent or more, but less than 100 per cent, of the maximum issuable; 715 banks, with capital of \$110,473,400, were of the class issuing notes to the extent of 50 per cent or more, but less than 75 per cent of their capital, the issues amounting to \$62,190,000. Associations to the greatest number and with the largest amount of capital stock are in the class issuing notes to the extent of 25 per cent and over, but less than 50 per cent of their capital. Banks of this class numbered 2,335,

with capital of \$199,491,045, and circulation of \$58,066,475. There were 243 associations, with capital of \$201,267,060, whose issues aggregated \$24,419,100, in each instance the issues amounting to less than 25 per cent of the paid-in capital stock. Included in this latter class are 8 banks, with capital of \$5,110,000, which have no circulating notes outstanding.

The outstanding circulation of the national banks located in the city of New York was \$45,296,500, and their capital stock \$100,200,000. The Chicago banks, with capital of \$25,600,000, issued notes to the amount of \$3,736,000, and St. Louis banks issued circulation to the amount of \$11,345,640 on capital stock of \$15,600,000. The aggregate capital and circulation of the banks in the three central reserve cities was \$141,400,000 and \$60,378,140, respectively. The capital of the banks in the other reserve cities aggregated \$178,180,260, and their circulation \$74,756,700. The banks located elsewhere than in reserve cities issue a larger proportion of circulation to capital stock than the other associations. The capital of the 4,676 country banks was \$436,183,905, and their circulation \$242,879,295, or about 55 per cent of the maximum, as against 42 per cent by the reserve city banks. Only 73 of the 354 reserve city banks have issued circulation to the maximum, whereas 1,419 of the 4,676 country banks are in that class.

The table referred to, and in which has been incorporated the population of each city, State, and geographical division, as shown by the census of 1900, follows:

NUMBER, CAPITAL, AND CIRCULATION OF NATIONAL BANKS IN EXISTENCE ON JULY 18, 1903, CLASSIFIED TO SHOW THE NUMBER AND CAPITAL OF ASSOCIATIONS ISSUING CIRCULATION: (1) TO THE MAXIMUM, PAR OF PAID-IN CAPITAL; (2) 75 PER CENT AND LESS THAN 100 PER CENT; (3) 50 PER CENT AND LESS THAN 75 PER CENT; (4) 25 PER CENT AND LESS THAN 50 PER CENT, AND (5) LESS THAN 25 PER CENT.

Banks in—	Popula- tion.	Number of banks.	Total capi- tal.	Total cir- culation.	Class 1.		
					Num- ber.	Capital.	Circula- tion.
CENTRAL RESERVE CITIES.							
New York City	2,270,620	43	\$100,200,000	\$45,296,500	7	\$17,400,000	\$17,400,000
Chicago	1,698,575	12	25,600,000	3,736,000			
St. Louis	575,238	7	15,600,000	11,345,640	1	1,000,000	1,000,000
Total	4,544,433	62	141,400,000	60,378,140	8	18,400,000	18,400,000
OTHER RESERVE CITIES.							
Boston	560,892	33	33,100,000	7,242,700	3	650,000	650,000
Albany	94,151	4	1,250,000	750,000	1	250,000	250,000
Brooklyn	1,166,582	5	1,352,000	642,000			
Philadelphia	1,293,697	34	21,905,000	11,894,500	8	3,175,000	3,175,000
Pittsburg	321,616	35	21,550,000	9,035,000	6	2,300,000	2,300,000
Baltimore	508,957	19	12,402,260	3,740,000	2	1,300,000	1,300,000
Washington	278,718	11	3,525,000	1,219,000	3	750,000	750,000
Savannah	54,244	2	750,000	300,000			
New Orleans	287,104	6	2,400,000	1,500,000	4	1,400,000	1,400,000
Louisville	204,731	8	4,645,000	2,900,000	3	950,000	950,000
Dallas	42,638	4	1,050,000	587,500	1	200,000	200,000
Houston	44,633	6	1,450,000	580,000	1	200,000	200,000
Cincinnati	325,902	13	10,200,000	5,022,000	3	2,700,000	2,700,000
Cleveland	381,768	14	12,400,000	4,300,000	3	1,250,000	1,250,000
Columbus	125,560	6	2,400,000	910,000			
Indianapolis	169,164	7	4,300,000	755,000			
Detroit	285,704	5	4,100,000	1,250,000			
Milwaukee	285,315	6	4,550,000	1,662,000	1	300,000	300,000
Des Moines	62,139	4	800,000	450,000	2	300,000	300,000
St. Paul	163,065	6	4,000,000	846,000			
Minneapolis	202,718	5	4,450,000	1,400,000	1	250,000	250,000
Kansas City, Kans.	51,418	2	1,200,000	900,000	1	200,000	200,000
Kansas City, Mo.	163,752	6	2,650,000	2,241,000	2	1,250,000	1,250,000

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NUMBER, CAPITAL, AND CIRCULATION OF NATIONAL BANKS IN EXISTENCE ON JULY 18, 1903, CLASSIFIED TO SHOW THE NUMBER AND CAPITAL OF ASSOCIATIONS ISSUING CIRCULATION, ETC.—Continued.

Banks in—	Population.	Number of banks	Total capi- tal.	Total cir- culation.	Class 1.		
					Number.	Capital.	Circula- tion.
OTHER RESERVE CITIES—continued.							
St. Joseph	102,979	3	\$550,000	\$505,000	2	\$350,000	100%
Lincoln	40,169	3	400,000	260,000			\$350,000
Omaha	102,555	7	3,250,000	1,250,000			
Denver	133,859	5	2,500,000	2,250,000	4	2,200,000	2,200,000
Salt Lake City	53,581	4	1,100,000	1,050,000	3	1,000,000	1,000,000
San Francisco	342,782	7	7,500,000	4,975,000	2	3,200,000	3,200,000
Los Angeles	102,479	9	4,000,000	2,590,000	3	1,700,000	1,700,000
Portland, Oreg.	90,426	3	1,050,000	1,050,000	3	1,050,000	1,050,000
Cedar Rapids.	25,656	3	300,000	225,000	2	200,000	200,000
Dubuque	36,297	3	600,000	225,000			
Wichita	24,671	4	500,000	250,000	1	100,000	100,000
Total	8,129,872	292	178,180,260	74,756,700	65	27,225,000	27,225,000
Total all reserve cities.	12,674,305	354	319,580,260	135,184,840	73	45,625,000	45,625,000
STATES, ETC.							
Maine	694,466	86	10,496,000	5,817,850	32	3,675,000	3,675,000
New Hampshire	411,588	56	5,355,000	4,548,000	40	3,695,000	3,695,000
Vermont	343,641	48	6,460,000	4,687,500	21	3,060,000	3,060,000
Massachusetts	2,244,454	200	38,137,500	18,977,000	53	7,190,000	7,190,000
Rhode Island	428,556	35	11,305,250	4,527,000	6	1,920,000	1,920,000
Connecticut	908,420	81	20,082,070	10,296,450	27	5,430,850	5,430,850
Total New England States	5,031,125	506	91,835,820	48,853,800	179	24,970,850	24,970,850
New York	3,737,541	311	33,597,840	21,936,450	127	13,344,500	13,344,500
New Jersey	1,883,669	129	17,415,000	8,767,800	42	4,830,000	4,830,000
Pennsylvania	4,686,802	539	51,964,370	30,878,100	210	18,910,000	18,910,000
Delaware	184,735	23	2,218,975	948,500	7	455,000	455,000
Maryland	679,087	68	4,651,700	3,011,500	27	1,950,000	1,950,000
District of Columbia		1	252,000	250,000			
Total Eastern States..	11,171,834	1,071	110,099,885	65,792,350	413	39,489,500	39,489,500
Virginia	1,854,184	83	8,270,000	6,040,400	28	3,240,000	3,240,000
West Virginia	958,800	66	5,416,000	3,456,450	30	2,516,000	2,516,000
North Carolina	1,993,810	42	3,610,000	2,062,250	12	1,025,000	1,025,000
South Carolina	1,340,316	20	2,798,000	1,588,750	5	1,000,000	1,000,000
Georgia	2,162,087	46	4,998,000	3,008,950	13	1,700,000	1,700,000
Florida	528,542	22	1,935,000	1,011,250	5	550,000	550,000
Alabama	1,828,697	41	4,275,000	2,631,100	13	1,410,000	1,410,000
Mississippi	1,551,270	21	2,260,000	1,311,250	8	800,000	800,000
Louisiana	1,094,521	26	1,820,000	992,750	6	600,000	600,000
Texas	2,961,439	356	26,030,000	9,359,260	42	2,690,000	2,690,000
Arkansas	1,311,564	14	1,350,000	435,250	2	150,000	150,000
Kentucky	1,942,443	93	9,010,900	6,035,350	41	3,925,000	3,925,000
Tennessee	2,020,616	60	7,345,000	3,811,000	17	2,210,000	2,210,000
Porto Rico	953,243	1	100,000	100,000	1	100,000	100,000
Total Southern States.	22,401,532	891	79,217,900	41,844,010	223	21,916,000	21,916,000
Ohio	3,324,315	293	29,115,000	17,786,595	107	9,794,000	9,794,000
Indiana	2,347,298	151	13,720,000	7,830,900	46	4,470,000	4,470,000
Illinois	3,122,975	290	21,613,000	13,714,650	111	8,358,000	8,358,000
Michigan	2,135,278	83	8,460,000	5,607,360	27	3,320,000	3,320,000
Wisconsin	1,758,071	99	8,100,000	4,255,620	22	1,980,000	1,980,000
Minnesota	1,385,611	168	8,201,000	3,575,000	29	1,225,000	1,225,000
Iowa	2,133,417	240	14,700,000	8,689,550	74	4,870,000	4,870,000
Missouri	2,264,696	66	4,220,000	2,776,300	28	1,885,000	1,885,000
Total Middle States ..	18,471,661	1,390	108,129,000	64,238,975	444	35,902,000	35,902,000
North Dakota	319,146	70	2,745,000	1,080,700	7	350,000	350,000
South Dakota	401,570	57	2,270,000	992,300	10	460,000	460,000
Nebraska	92,576	124	6,590,000	3,204,160	27	1,510,000	1,510,000
Kansas	1,394,406	138	8,237,500	4,973,200	51	3,297,500	3,297,500
Montana	243,329	23	2,480,000	974,750			
Wyoming	92,531	16	983,000	449,500	2	150,000	150,000
Colorado	405,841	50	3,190,000	1,812,000	11	975,000	975,000
New Mexico	195,310	18	1,136,800	706,750	5	475,000	475,000
Oklahoma	398,381	82	2,900,000	1,263,300	14	525,000	525,000
Indian Territory	392,060	86	3,925,000	1,546,550	8	435,000	435,000
Total Western States ..	4,766,100	664	34,459,300	17,003,210	135	8,177,500	8,177,500

NUMBER, CAPITAL, AND CIRCULATION OF NATIONAL BANKS IN EXISTENCE ON JULY 18, 1903, CLASSIFIED TO SHOW THE NUMBER AND CAPITAL OF ASSOCIATIONS ISSUING CIRCULATION, ETC.—Continued.

Banks in—	Population.	Number of banks	Total capi- tal.	Total cir- culation.	Class 1.		
					Number.	Capital.	Circula- tion.
STATES, ETC.—continued.							
Washington	518,103	35	\$3,475,000	\$1,631,300	4	\$400,000	\$400,000
Oregon	323,110	31	1,520,000	579,500	3	170,000	170,000
California	1,039,792	45	4,705,000	1,925,000	11	750,000	750,000
Idaho	161,772	19	875,000	324,650	2	100,000	100,000
Utah	223,218	9	605,000	292,500	3	150,000	150,000
Nevada	42,355	1	82,000	20,500			100%
Arizona	122,931	11	605,000	304,500	2	200,000	200,000
Alaska	63,592	1	50,000	12,500			
Hawaii	154,001	2	525,000	56,500			
Total Pacific States...	2,648,854	154	12,442,000	5,146,950	25	1,770,000	1,770,000
Total States, etc	64,491,106	4,676	436,183,905	242,879,295	1,419	132,225,850	132,225,850
Total United States...	77,165,411	5,020	755,764,165	378,014,125	1,492	177,850,850	177,850,850

Banks in—	Class 2.			Class 3.		
	Number.	Capital.	Circulation.	Number.	Capital.	Circulation.
CENTRAL RESERVE CITIES.						
New York City	7	\$17,900,000	\$14,829,000	3	\$8,000,000	\$4,737,500
Chicago				1	500,000	250,000
St. Louis	1	7,000,000	6,500,000	3	6,000,000	3,250,000
Total...	8	24,900,000	21,329,000	7	14,500,000	8,237,500
OTHER RESERVE CITIES.						
Boston	2	3,700,000	2,621,950	1	300,000	200,000
Albany	1	500,000	400,000			
Brooklyn	2	452,000	400,000			
Philadelphia	3	950,000	810,000	9	10,230,000	6,667,000
Pittsburg	1	800,000	600,000	7	6,500,000	3,500,000
Baltimore	1	500,000	400,000	2	1,900,000	1,040,000
Savannah	1	250,000	200,000			
Louisville	2	1,895,000	1,800,000			
Dallas				1	500,000	300,000
Houston				1	300,000	200,000
Cincinnati	1	500,000	390,000	2	1,200,000	732,000
Cleveland	1	500,000	450,000	4	3,050,000	1,300,000
Columbus	2	600,000	450,000			
Indianapolis	1	300,000	230,000	1	300,000	175,000
Detroit	1	1,000,000	750,000	1	500,000	350,000
Milwaukee	1	500,000	462,000	1	450,000	250,000
Des Moines				1	200,000	100,000
St. Paul				1	600,000	328,000
Kansas City, Kans					1,000,000	700,000
Kansas City, Mo	2	850,000	700,000	1	300,000	211,000
St. Joseph				1	200,000	155,000
Lincoln	1	200,000	150,000	2	200,000	110,000
Omaha	1	200,000	150,000	1	1,000,000	600,000
Salt Lake City				1	100,000	50,000
San Francisco	2	2,000,000	1,400,000			
Los Angeles	3	800,000	640,000			
Dubuque				1	200,000	100,000
Wichita				1	200,000	100,000
Total...	29	16,497,000	13,003,950	41	29,230,000	17,168,000
Total all reserve cities.	37	41,397,000	34,332,950	48	43,730,000	25,405,500
STATES, ETC.						
Maine	3	450,000	342,000	17	1,355,000	760,650
New Hampshire	4	360,000	281,000	5	650,000	377,000
Vermont	6	900,000	738,000	7	800,000	405,000
Massachusetts	16	3,120,000	2,540,000	38	7,190,000	4,140,000
Rhode Island	3	420,000	360,000	4	1,350,000	720,000
Connecticut	6	1,286,120	1,159,500	14	2,593,000	1,490,000
Total New England States...	38	6,536,120	5,420,500	85	13,938,000	7,892,650

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NUMBER, CAPITAL, AND CIRCULATION OF NATIONAL BANKS IN EXISTENCE ON JULY 18, 1903, CLASSIFIED TO SHOW THE NUMBER AND CAPITAL OF ASSOCIATIONS ISSUING CIRCULATION, ETC.—Continued.

Banks in—	Class 2.			Class 3.		
	Number.	Capital.	Circulation.	Number.	Capital.	Circulation.
STATES, ETC.—continued.						
New York	16	\$2,337,840	\$2,008,150	57	\$5,991,400	\$3,460,600
New Jersey	6	910,000	780,000	22	2,310,000	1,208,000
Pennsylvania	27	2,700,150	2,205,500	76	7,295,000	4,085,450
Delaware	1	60,800	60,000	3	165,000	112,000
Maryland	4	400,000	312,500	8	500,000	271,000
District of Columbia	1	252,000	250,000			
Total Eastern States	55	6,660,790	5,616,150	166	16,261,400	9,137,050
Virginia	10	1,800,000	1,596,900	9	1,100,000	669,250
West Virginia	1	125,000	106,250	8	575,000	317,250
North Carolina	2	225,000	195,000	8	750,000	446,500
South Carolina				5	650,000	369,500
Georgia	1	100,000	80,000	4	900,000	500,000
Florida				4	350,000	202,500
Alabama	3	450,000	375,000	4	260,000	140,000
Mississippi				6	585,000	305,000
Louisiana	1	100,000	75,000	1	100,000	50,000
Texas	5	525,000	410,000	31	3,820,000	1,631,250
Kentucky	8	892,900	761,850		950,000	516,500
Tennessee	2	110,000	87,500	9	1,460,000	755,000
Total Southern States	33	4,327,900	3,687,500	98	11,500,000	5,902,750
Ohio	18	2,715,000	2,323,000	50	4,954,000	2,870,000
Indiana	7	405,000	350,000	26	2,205,000	1,278,750
Illinois	8	1,035,000	885,000	50	3,765,000	2,025,750
Michigan	5	500,000	406,060	14	2,000,000	1,143,300
Wisconsin	7	625,000	529,250	16	1,200,000	657,500
Minnesota	4	155,000	120,000	24	1,445,000	786,850
Iowa	9	475,000	378,750	45	3,140,000	1,708,800
Missouri	2	150,000	112,500	10	615,000	345,000
Total Middle States	60	6,060,000	5,104,560	235	19,324,000	10,818,950
North Dakota	2	90,000	75,000	4	130,000	71,500
South Dakota	1	25,000	20,000	2	75,000	40,000
Nebraska	1	50,000	37,500	20	1,110,000	595,750
Kansas	5	250,000	195,750	15	980,000	506,250
Montana	2	400,000	305,000	3	400,000	242,000
Wyoming	1	100,000	75,000	2	100,000	52,500
Colorado	3	300,000	230,000	7	400,000	212,500
New Mexico	1	50,000	37,500	2	100,000	50,000
Oklahoma	1	50,000	37,500	6	175,000	90,100
Indian Territory	2	160,000	130,000	3	250,000	125,000
Total Western States	19	1,475,000	1,143,250	64	3,720,000	1,985,600
Washington	2	150,000	112,800	9	1,225,000	647,500
Oregon	1	75,000	70,000	2	75,000	37,500
California				7	600,000	312,500
Utah				1	100,000	50,000
Total Pacific States	3	225,000	182,800	19	2,000,000	1,047,500
Total States, etc.	208	25,284,810	21,154,760	667	66,743,400	36,784,500
Total United States	245	66,681,810	55,487,710	715	110,473,400	62,190,000

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NUMBER, CAPITAL, AND CIRCULATION OF NATIONAL BANKS IN EXISTENCE ON JULY 18, 1903, CLASSIFIED TO SHOW THE NUMBER AND CAPITAL OF ASSOCIATIONS ISSUING CIRCULATION, ETC.—Continued.

Banks in—	Class 4.			Class 5.		
	Number.	Capital.	Circulation.	Number.	Capital.	Circulation.
CENTRAL RESERVE CITIES.						
New York City.....	7	\$4,550,000	\$1,960,000	19	\$52,350,000	\$86,370,000
Chicago.....	2	4,000,000	1,000,000	9	21,100,000	2,486,000
St. Louis.....	2	1,600,000	595,640	.....	.....	.....
Total.....	11	10,150,000	3,555,640	28	73,450,000	8,856,000
OTHER RESERVE CITIES.						
Boston.....	4	6,200,000	1,975,750	23	22,250,000	1,795,000
Albany.....	1	200,000	50,000	1	300,000	50,000
Brooklyn.....	2	600,000	175,000	1	300,000	67,000
Philadelphia.....	6	2,200,000	842,500	8	5,350,000	400,000
Pittsburg.....	11	4,900,000	1,585,000	10	7,050,000	1,050,000
Baltimore.....	4	1,300,000	390,000	10	7,403,260	610,000
Washington.....	3	600,000	219,000	5	2,175,000	250,000
Savannah.....	.....	.....	.....	1	500,000	100,000
New Orleans.....	.....	.....	.....	2	1,000,000	100,000
Louisville.....	.....	.....	.....	3	1,800,000	150,000
Dallas.....	2	350,000	87,500	.....	.....	.....
Houston.....	2	200,000	50,000	2	750,000	130,000
Cincinnati.....	4	1,850,000	500,000	3	3,950,000	700,000
Cleveland.....	1	600,000	150,000	5	7,000,000	1,150,000
Columbus.....	2	800,000	285,000	2	1,000,000	175,000
Indianapolis.....	1	200,000	50,000	4	3,500,000	300,000
Detroit.....	1	200,000	50,000	2	2,400,000	100,000
Milwaukee.....	.....	.....	.....	3	3,300,000	650,000
Des Moines.....	.....	.....	.....	1	300,000	50,000
St. Paul.....	3	1,400,000	418,000	2	2,000,000	100,000
Minneapolis.....	3	2,200,000	1,110,000	1	1,000,000	50,000
Kansas City, Mo.....	1	250,000	80,000	.....	.....	.....
Omaha.....	2	900,000	350,000	3	1,150,000	150,000
Denver.....	.....	.....	.....	1	300,000	50,000
San Francisco.....	1	300,000	75,000	2	2,000,000	300,000
Los Angeles.....	2	500,000	150,000	1	1,000,000	100,000
Cedar Rapids.....	1	100,000	25,000	.....	.....	.....
Dubuque.....	2	400,000	125,000	.....	.....	.....
Wichita.....	2	200,000	50,000	.....	.....	.....
Total.....	61	27,450,000	8,782,750	96	77,778,260	8,577,000
Total all reserve cities.	72	37,600,000	12,338,390	124	151,228,260	17,433,000
STATES, ETC.						
Maine.....	30	2,716,000	769,200	4	2,300,000	271,000
New Hampshire.....	7	650,000	195,000	.....	.....	.....
Vermont.....	13	1,400,000	434,500	1	300,000	50,000
Massachusetts.....	73	12,797,500	3,910,000	20	7,840,000	1,197,000
Rhode Island.....	14	3,340,250	1,077,000	8	4,275,000	450,000
Connecticut.....	24	4,922,100	1,392,500	10	5,850,000	823,600
Total New England States.....	161	25,825,850	7,778,200	43	20,565,000	2,791,600
New York.....	104	9,650,300	2,809,700	7	2,273,800	313,500
New Jersey.....	53	4,765,000	1,374,800	6	4,600,000	575,000
Pennsylvania.....	212	17,759,220	4,968,650	14	5,300,000	708,500
Delaware.....	10	828,175	221,500	2	710,000	100,000
Maryland.....	28	1,741,700	478,000	1	60,000	.....
Total Eastern States..	407	34,744,395	9,852,650	30	12,943,800	1,697,000
Virginia.....	35	1,730,000	484,250	1	400,000	50,000
West Virginia.....	26	1,700,000	466,950	1	500,000	50,000
North Carolina.....	18	1,085,000	295,750	2	525,000	100,000
South Carolina.....	9	648,000	169,250	1	500,000	50,000
Georgia.....	26	1,798,000	628,950	2	500,000	100,000
Florida.....	12	735,000	186,250	1	300,000	72,500
Alabama.....	21	2,155,000	706,100	.....	.....	.....
Mississippi.....	6	625,000	156,250	1	250,000	50,000
Louisiana.....	18	1,020,000	267,750	.....	.....	.....
Texas.....	270	16,395,000	4,228,010	8	2,600,000	400,000
Arkansas.....	11	900,000	235,250	1	300,000	50,000
Kentucky.....	33	2,663,000	732,000	2	580,000	100,000
Tennessee.....	30	2,315,000	658,500	2	1,250,000	100,000
Total Southern States.	515	33,769,000	9,215,260	22	7,705,000	1,122,500

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NUMBER, CAPITAL, AND CIRCULATION OF NATIONAL BANKS IN EXISTENCE ON JULY 18, 1903, CLASSIFIED TO SHOW THE NUMBER AND CAPITAL OF ASSOCIATIONS ISSUING CIRCULATION, ETC.—Continued.

Banks in—	Class 4.			Class 5.		
	Number.	Capital.	Circulation.	Number.	Capital.	Circulation.
STATES, ETC.—continued.						
Ohio	112	\$8,852,000	\$2,484,595	6	\$2,800,000	—25%
Indiana	68	5,390,000	1,532,150	4	1,250,000	200,000
Illinois	119	7,930,000	2,332,900	2	525,000	110,000
Michigan	37	2,640,000	738,000	—	—	—
Wisconsin	51	3,445,000	938,870	3	850,000	150,000
Minnesota	108	4,126,000	1,196,150	3	1,250,000	250,000
Iowa	112	6,215,000	1,732,000	—	—	—
Missouri	26	1,570,000	433,800	—	—	—
Total Middle States ..	633	40,168,000	11,388,465	18	6,675,000	1,025,000
North Dakota	57	2,175,000	584,200	—	—	—
South Dakota	44	1,710,000	472,300	—	—	—
Nebraska	75	3,620,000	1,010,910	1	300,000	50,000
Kansas	66	3,410,000	923,700	1	300,000	50,000
Montana	18	1,680,000	427,750	—	—	—
Wyoming	11	635,000	172,000	—	—	—
Colorado	29	1,515,000	394,500	—	—	—
New Mexico	10	511,800	144,250	—	—	—
Oklahoma	61	2,150,000	610,700	—	—	—
Indian Territory	73	3,080,000	856,550	—	—	—
Total Western States ..	444	20,486,800	5,596,860	2	600,000	100,000
Washington	19	1,450,000	421,000	1	250,000	50,000
Oregon	25	1,200,000	302,000	—	—	—
California	25	2,555,000	712,500	2	800,000	150,000
Idaho	17	775,000	224,650	—	—	—
Utah	5	355,000	92,500	—	—	—
Nevada	1	82,000	20,500	—	—	—
Arizona	9	405,000	104,500	—	—	—
Alaska	1	50,000	12,500	—	—	—
Hawaii	1	25,000	6,500	1	500,000	50,000
Total Pacific States ..	103	6,897,000	1,896,650	4	1,550,000	250,000
Total States, etc	2,263	161,891,045	45,728,085	119	50,038,800	6,986,100
Total United States ..	2,335	199,491,045	58,066,475	243	201,267,060	24,419,100

NATIONAL-BANK NOTES PRESENTED FOR REDEMPTION.

There is submitted in the table following a statement of the average amount of national-bank circulation outstanding in the fiscal years 1901, 1902, and 1903, together with the amount presented for redemption at the Treasury Department, showing, separately, notes fit for circulation which were redeemed and returned to the issuing banks, notes redeemed and destroyed for reissues, and the amount redeemed and destroyed without reissue.

The average amount of circulation in the year 1901 was \$336,200,000. During that year notes to the amount of \$147,400,000, or 43.8 per cent of the total issues, were presented for redemption. Under the provisions of section 3 of the act of June 20, 1874, when notes in good condition are redeemed by the Treasurer and the latter has been reimbursed, they are forwarded to the respective associations by which they were issued. Notes of this character to the amount of \$57,600,000 were received by the Treasurer, representing 39.1 per cent of the total amount presented and 17.1 per cent of the total issues. Notes unfit for circulation were received, redeemed, and destroyed, for which new notes were issued to the amount of \$71,400,000, which is 48.4 per cent of the total amount presented and 21.2 per cent of the total issues.

The redemptions without reissue aggregated \$18,600,000, or 12.6 per cent of the amount presented and 5.5 per cent of the total issues.

In 1902 notes were presented for redemption to the amount of \$171,800,000, or 48 per cent of the aggregate issues, namely, \$357,900,000, of which 33.3 per cent, or \$57,300,000, being in good condition, were redeemed and returned to the banks of issue. The redemptions and destructions for reissue amounted to \$89,600,000, or 52.1 per cent of the amount presented and 25 per cent of the total issues. The redemptions during the year for which there were no reissues aggregated \$20,000,000, which was 11.6 per cent of the amount presented and 5.6 per cent of the total issues.

The average amount of notes in circulation during the fiscal year 1903 was \$378,400,000, and of the amount there was presented for redemption \$196,400,000, or 51.9 per cent. Notes returned to the bank as fit for circulation amounted to \$62,500,000, or 31.8 per cent of the amount presented for redemption and 16.5 per cent of the total issues. The redemptions and destructions of unfit notes for reissue aggregated \$104,600,000, 53.2 per cent of the amount presented and 27.6 per cent of the total issues. The percentage of notes redeemed and destroyed without reissue was 6.9, the amount being \$26,200,000.

An examination of this table is interesting in connection with calculations made by the Government actuary in 1886 and by this Bureau in 1898 of the life of national-bank notes. In 1886 the average life of notes of all denominations was calculated to be 4.9 years and in 1898 4.4 years. Confining the comparison to redemptions for reissue, it is shown that a trifle in excess of one-fifth of the issues of active banks were received for redemption, destruction, and reissue in 1901; in 1902, one-fourth, and in 1903, a trifle in excess of one-fourth, namely, 27.6 per cent. In other words, the life of notes of this character in 1901 was 4.7 years; in 1902, 4 years, and in 1903, 3.6 years, or an average for the 3 years of 4.1 years.

The table in question follows:

NATIONAL BANK CIRCULATION OUTSTANDING SECURED BY BONDS AND BY LAWFUL MONEY; AMOUNT PRESENTED AT THE TREASURY DEPARTMENT FOR REDEMPTION; REDEEMED AND RETURNED TO BANKS OF ISSUE; REDEEMED AND DESTROYED FOR REISSUE, AND AMOUNT REDEEMED AND DESTROYED WITHOUT ISSUE, TOGETHER WITH THE PERCENTAGE OF AMOUNTS PRESENTED FOR REDEMPTION TO TOTAL ISSUES AND PERCENTAGES OF AMOUNTS DISPOSED OF TO TOTAL AMOUNT PRESENTED FOR REDEMPTION.

[In millions of dollars.]

Year ended June 30—	Average amount outstanding.	Presented for redemption.		Returned to banks of issue.		
		Amount.	Per cent.	Amount.	Per cent of, presented.	Per cent of issues.
1901.....	\$336.2	\$147.4	43.8	\$57.6	39.1	17.1
1902.....	357.9	171.8	48	57.3	33.3	16
1903.....	378.4	196.4	51.9	62.5	31.8	16.5

Year ended June 30—	Destroyed for reissue.			Destroyed without reissue.		
	Amount.	Per cent of, presented.	Per cent of issues.	Amount.	Per cent of, presented.	Per cent of issues.
1901.....	\$71.4	48.4	21.2	\$18.6	12.6	5.5
1902.....	89.6	52.1	25	20.0	11.6	5.6
1903.....	104.6	53.2	27.6	26.2	13.3	6.9

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In connection with the foregoing it is interesting to note the changes in the class and amount of bonds on deposit with the Treasurer of the United States to secure national-bank circulation on March 13, 1900, the date prior to the act authorizing the incorporation of banks with minimum capital of \$25,000 and reducing the semiannual duty on circulation secured by consols of 1930 to one-fourth of 1 per cent, and on October 31, 1900, 1901, 1902, and 1903, as set forth in the following table:

Class.	Mar. 13, 1900.	Oct. 31, 1900.	Oct. 31, 1901.	Oct. 31, 1902.	Oct. 31, 1903.
Loan of 1908-1918, 3 per cent	\$56,164,820	\$7,756,580	\$3,983,780	\$6,056,720	\$1,797,580
Funded loan of 1907, 4 per cent	130,302,250	13,544,100	6,032,000	8,248,450	2,797,200
Loan of 1925, 4 per cent	14,637,850	7,503,350	2,911,100	2,208,600	1,410,100
Loan of 1904, 5 per cent	21,996,350	1,293,000	268,900	1,100,900	718,650
Funded loan of 1891, 2 per cent	20,490,150	1,019,950	12,500		
Consols of 1930, 2 per cent		270,006,600	316,625,650	320,738,000	376,003,300
Total	243,651,420	301,123,580	329,833,930	338,352,670	382,726,830

During the year ended October 31, 1903, circulating notes were issued to the amount of \$187,249,260, classified as follows: Notes of the denomination of \$5, \$31,872,060; \$10s, \$82,553,040; \$20s, \$55,035,360; \$50s, \$5,929,600; \$100s, \$11,859,200. Notes of the denominations of \$10s and \$20s represent approximately 73 per cent; \$5s, 15 per cent; \$50s, 4 per cent; and \$100s, 8 per cent of the year's issues.

The amount of each denomination of circulation outstanding at the close of the year, the amount previously issued, together with total redemptions, are shown in the following table:

Denominations.	Issued during the year.	Issued previous years.	Total issued to Oct. 31, 1903.	Total redeemed to Oct. 31, 1903.	Circulation outstanding Oct. 31, 1903.
Ones		\$23,169,677	\$23,169,677	\$22,823,721.00	\$345,956.00
Twos		15,495,038	15,495,038	15,329,078.00	165,960.00
Fives	\$31,872,060	836,516,480	868,388,540	806,107,560.00	62,280,980.00
Tens	82,553,040	831,418,770	913,971,810	738,070,880.00	175,900,930.00
Twenty	55,035,360	534,035,360	589,070,720	459,117,980.00	129,952,740.00
Fifties	5,929,600	139,790,950	145,720,550	129,286,850.00	16,433,700.00
One hundreds	11,859,200	231,043,300	242,902,500	208,604,800.00	34,297,700.00
Five hundreds		11,947,000	11,947,000	11,858,000.00	94,000.00
One thousands		7,379,000	7,379,000	7,354,000.00	25,000.00
Total	187,249,260	2,630,795,575	2,818,044,835	2,398,547,869.00	419,496,966.00
Unredeemed fractions				-36,492.50	+36,492.50
Total				2,398,511,376.50	419,533,458.50

NOTE.—Circulation outstanding and issued by national gold banks, amounting to \$77,225, not included in this table.

During the year ended October 31, 1903, national-bank notes to the amount of \$220,283,487 were presented at the Treasury Department for redemption, of which about \$74,000,000, being in "fit" condition for circulation, were redeemed and returned to the banks of issue, and the balance, approximately \$148,000,000, redeemed and destroyed. Eighty per cent of the receipts for redemption came from the cities of New York, Boston, Chicago, Philadelphia, and St. Louis. The amount received from New York was \$115,000,000, or about 50 per cent of the total receipts; \$21,000,000 was received from Boston, \$20,000,000 from Chicago, \$15,000,000 from Philadelphia, and \$10,000,000 from St. Louis. The aggregate cost of redemption of the notes presented for

that purpose during the year amounted to \$174,477.62, or an average of \$0.90262 per \$1,000.

In addition to the expense for the redemption of their circulating notes the banks paid in semiannual duty on notes during the year ended June 30, 1903, the sum of \$1,708,819.92; in fees for the examination of banks \$324,598.97, and for plates for printing of circulation for new banks and those extending their charters, \$94,800.

PROFIT ON NATIONAL-BANK CIRCULATION.

The question of profit on national-bank circulation is frequently submitted to this office in connection with the organization of national banks and the increase of circulation of existing associations. The Comptroller has had computed by the Actuary of the Treasury Department the profit on \$100,000 of circulation based on the security of two per cent consols of 1930 at the average net price monthly for the year ended October 31, 1903. In the computation money is assumed to be worth 6 per cent, in consequence of which the gross receipts are uniform—\$2,000 interest on the bonds and \$6,000 on the circulation. Deductions are made covering the tax on notes at the rate of one-fourth of 1 per cent semiannually, cost of redemptions, plates, agents' fees, and the sinking fund. From the net receipts is deducted the interest on the cost of the bonds at 6 per cent, to show both the amount and rate per cent of profit monthly in excess of 6 per cent during the year. The frequent fluctuations in the market price of these securities cause the variations in the percentage of profit, which range from a minimum of 0.689 in January to a maximum of 0.935 in May. The various items entering into the computation are shown in detail in the appendix to this report and the salient features are incorporated in the appended table.

PROFIT ON \$100,000 NATIONAL BANK CIRCULATION BASED ON A DEPOSIT OF A LIKE AMOUNT OF UNITED STATES CONSOLS OF 1930 AT THE AVERAGE NET PRICE, MONTHLY, OF BONDS DURING THE YEAR ENDED OCTOBER 31, 1903.

Date.	Cost of bonds.	Net receipts from interest on bonds at 2 per cent and on circulation at 6 per cent.	Interest on cost of bonds at 6 per cent.	Profit on circulation in excess of 6 per cent on the investment.	
				Amount.	Per cent.
1902.					
November.....	\$109,071	\$7,304.31	\$6,544.26	\$760.05	0.696
December.....	108,287	7,315.10	6,497.22	817.88	.755
1903.					
January.....	109,143	7,301.66	6,548.58	753.08	.689
February.....	108,193	7,315.06	6,491.58	823.48	.761
March.....	107,477	7,325.07	6,448.62	876.45	.815
April.....	106,417	7,340.46	6,385.02	955.44	.897
May.....	105,944	7,347.03	6,356.64	990.39	.935
June.....	106,108	7,343.98	6,366.48	977.50	.921
July.....	106,692	7,334.39	6,401.52	932.87	.874
August.....	106,615	7,334.95	6,396.90	938.05	.879
September.....	108,753	7,300.96	6,525.18	775.78	.713
October.....	107,186	7,324.70	6,431.16	893.54	.833

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COMPARISON OF CIRCULATION WITH CAPITAL AND RESOURCES OF NATIONAL BANKS, AND ALSO WITH THE COUNTRY'S STOCK OF MONEY.

There will be found in the appendix a table showing, at date of each report received from national banks, beginning October 5, 1864, and terminating September 9, 1903, the number, paid-in capital, outstanding circulation, and aggregate resources of national banking associations, together with the per cent of circulation to capital and the resources at each date and the per cent of circulation to the monetary stock on June 30 of each year.

The first abstract of reports is dated October 5, 1863, and included returns from 66 banks with capital of \$7,100,000. One year later 508 banks with capital of \$86,700,000 were in operation, and at the close of 1865 reports were received from 1,582 banks with capital of \$403,300,000.

The number of banks did not reach 2,000 until October 2, 1874, nor did the capital exceed \$500,000,000 until June 30, 1875. On December 17, 1875, the amount of reported capital was \$505,400,000, but on October 2 of the following year dropped to \$499,800,000, and steadily decreased thereafter to \$454,000,000 on October 2, 1879. From that date there was gradual reaction, and on June 22, 1883, when there were in operation 2,417 banks, the capital amounted to \$500,200,000. By July 12, 1889, the number and capital of banks reached 3,239 and \$605,800,000, respectively. On May 4, 1893, there were in operation 3,830 banks, with capital of \$688,700,000. This was the greatest number of banks in active operation at any date during the existence of the system prior to September 5, 1900. The act of March 14, 1900, resulted in gradual and material increase in number and capital of banks from 3,604 and \$613,000,000, respectively, on February 13 of that year to 5,042 and \$753,700,000, respectively, on September 9, 1903.

The banks aggregate resources reached the billion mark on July 3, 1865, amounting, approximately, to \$1,126,400,000. On June 14, 1879, the resources reached \$2,019,800,000, and on February 28, 1890, \$3,003,300,000. There was an increase to \$4,003,500,000 on September 20, 1898; to \$5,048,100,000 on September 5, 1900; \$6,008,700,000 on July 16, 1902, and \$6,310,400,000, the highest point reached during the existence of the system, on September 9, 1903.

The act of 1864 limited the amount of issuable circulation to \$300,000,000. By January, 1867, this amount had been practically reached and continued until the close of 1870, during which year an act was passed authorizing the addition of \$54,000,000 to the aggregate amount theretofore authorized. There was a gradual but slight increase in circulation from the beginning of 1871 from \$301,700,000 to \$341,300,000 on December 26, 1873. This was the largest amount of outstanding circulation during the existence of the system prior to June 9, 1903.

The act of January 14, 1875, repealed the limit on the aggregate amount of circulating notes issuable, and the act of July 12, 1882, authorized the issue of circulating notes to the extent of 90 per cent of the par value of bonds deposited not exceeding 90 per cent of the paid-in capital stock. Notwithstanding the legislation of 1875 there was a gradual reduction in circulation from \$324,500,000 on March 1 of that year to \$290,000,000 on June 22, 1877. The volume showed

but slight variations from the latter date to June 14, 1879, but on December 12 of the latter year the issues had increased to \$321,900,000, and on May 19, 1882, the date of the last report prior to the passage of the act of July 12, 1882, amounted to \$315,600,000. There were but slight changes between that date and the close of 1883, but beginning with 1884, with slight exceptions, there was a gradual and rapid decrease to \$122,900,000 on October 2, 1890. On September 25, 1891, the outstanding issues amounted to \$131,300,000, and there was a gradual increase from that date to \$210,600,000 on December 17, 1896.

This amount was not again exceeded until April 26, 1900. On that date the effect of the act of March 14, 1900, was noticeable, as the amount of circulation outstanding rose to \$236,200,000. On February 5, 1901, the issues reached \$309,400,000; on February 25, 1902, \$314,400,000; at the close of 1902, \$336,500,000, and on September 9, 1903, \$375,000,000.

During the panic year of 1873, 11 national banks with capital of \$3,550,000 failed and were placed in charge of receivers; but, by reason of organizations, there was no material change in the paid-in capital stock, the effect of conditions being shown in the aggregate resources of the banks, which decreased \$109,800,000 between February 28 and December 26 of that year.

In the financial crisis of 1884 there was a loss to the system by failures of 13 banks with aggregate capital of \$1,535,000, and a shrinkage in assets of nearly \$100,000,000.

Notwithstanding a loss of 10 banks with capital of \$1,025,000 by failures during the year 1890, when the financial stringency prevailed, there were increases both in number and capital of active associations, and no striking change in the volume of bank assets until December 19, when the returns showed a decline to \$3,046,900,000 from \$3,141,400,000 on October 2, the date of the prior report. By February 26, 1891, the assets had risen to \$3,065,000,000, and on December 2, 1891, to \$3,227,800,000.

The financial crisis of 1893 resulted in the suspension of business of a large number of banks, but in the actual failure of only 58 national banking associations, with total capital of \$9,820,000. During that year the banks' assets reached their maximum on March 6, namely, \$3,459,700,000, and decreased on October 3 to \$3,109,500,000, a shrinkage of \$350,200,000. By December 19 the resources had increased from the low-water mark to \$3,242,300,000, or an increase over the October returns of about \$132,000,000.

Conditions existing in 1896 resulted in the failure of 33 national banks, with total capital of \$5,285,000. The net reduction in number of banks and capital, as shown by the returns on February 28 and December 17, was 38 and \$6,800,000, respectively. During this year the volume of resources fluctuated from a maximum of \$3,377,600,000 on May 7 to a minimum of \$3,263,600,000 on October 6.

The table in question will be found of interest also, as it relates to the percentage of national-bank circulation to bank capital and assets and to money in the United States.

On October 3, 1864, the note issues amounted to 52.1 per cent of the paid-in capital stock, increased to 60.8 on April 2, 1866, and rose to 70.4 on January 6, 1868. From that date to March, 1884, the rate did not fall below 58.3, but varied between that percentage and 70.8, an average of about 68 per cent. From the beginning of 1884, the

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rate steadily decreased from 57.9 to 18.4 on July 9, 1891. Thereafter there was a gradual increase to 33.4 on December 1, 1898, continuing without any material change until April, 1900, when the rate rose to 38.3. From that date to the close of 1903 (September 9), the rate varied from a minimum of 42.7 to a maximum of 49.8, the latter being the highest proportion of circulation to capital since the close of 1885.

The relation of circulation to aggregate assets of national banking associations varied from 20 per cent, approximately, during the first ten years of the existence of the national banking system to a minimum of 4 per cent in 1890. The highest rate since that time was 6.4 in October, 1896, and since that year has varied from a minimum of 4.2 to a maximum of 5.9.

The stock of specie and other currency of the country on June 30, 1863, was \$674,800,000; in 1873, \$774,400,000; in 1883, \$1,472,400,000; in 1893, \$1,738,800,000, and in 1903, \$2,688,100,000. The percentage of national-bank circulation to money in the country ranged from 35.5 in 1866, when the outstanding circulation had nearly reached the legal limit, to a maximum of 43.7 in 1873; declined to 37.2 in 1876; rose to 38 in 1877, and thereafter steadily decreased to 7.3 in 1891. In 1892 the rate was 8.1; rose to 11 in 1896; declined to 9.1 in 1899; again increased to 12.8 in 1901; dropped to 12.1 in 1902, but rose to 12.9 at the close of June 1903, the highest rate since 1886, but less than at that date by 2.8 per cent.

MONEY IN THE BANKS OF THE COUNTRY.

Efforts to ascertain, in detail, information with respect to the amount and character of the money held by banks other than national have not been attended with entirely satisfactory results. In the report for 1902, in order to show as nearly as possible the amount of gold and silver in banks, the cash holdings of banks other than national, located in States not reporting the exact amount in detail, were estimated upon the basis of specie, etc., held by the national banks in such States. In the present compilation the cash holdings are classified exactly as reported to this office and necessarily show a reduction in the items gold and silver and a corresponding increase in unclassified cash. A summary of the returns is incorporated in the following table:

GOLD, ETC., HELD BY NATIONAL BANKS ON JUNE 9, 1903, AND BY OTHER BANKS AND BANKERS REPORTING TO THIS OFFICE ON OR ABOUT THE SAME DATE.

Classification.	National banks (4,939).	All other banks (8,745).	Total all banks (13,684).
Gold coin.....	\$107,539,938	\$21,387,320	\$138,927,258
Gold Treasury certificates.....	104,561,520	^a 33,001,187	137,562,707
United States certificates for gold deposited.....	28,505,000	.....	28,505,000
Gold clearing-house certificates.....	64,984,000	.....	64,984,000
Silver dollars.....	10,560,422	13,816,579	24,377,001
Silver, fractional.....	9,114,765	.....	9,114,765
Silver Treasury certificates.....	63,350,733	8,312,752	71,663,485
Legal tenders.....	163,592,829	72,422,740	236,015,569
National-bank notes.....	27,625,685	10,952,717	38,578,402
Fractional currency.....	1,611,235	.....	1,611,235
Specie, not classified.....	.....	1,424,290	1,424,290
Cash, not classified.....	.....	104,495,941	104,495,941
Total	581,446,127	275,813,526	857,259,653

^aIncludes \$11,520,447 gold clearing-house certificates in State banks of New York.

REPORT OF THE COMPTROLLER OF THE CURRENCY.

DISTRIBUTION OF MONEY IN THE COUNTRY.

In the following table is shown in millions of dollars the amount of coin and other currency in the United States at the close of the fiscal year ended June 30, 1892 to 1903, inclusive; coin, etc., in Treasury as assets, amount in circulation and the latter divided, to show the amount in banks and elsewhere, with the percentage for each year in the Treasury, in banks, and in circulation; the per capita in circulation, exclusive of the amount held in the Treasury, and the amount in circulation, exclusive of the amount in Treasury and in the banks:

Year.	Coin and other money in the United States.		Coin, etc., in Treasury as assets.		Money in reporting banks.		Money not in Treasury or banks.		In circulation, exclusive of coin, etc., in Treasury as assets.	
	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Per capita.	Amount.	Per capita.	
<i>Millions.</i>										
1892	\$1,752.2	8.60	\$586.4	33.48	\$1,014.9	57.92	\$15.50	\$1,601.3	\$24.44	
1893	1,738.8	8.17	515.9	29.68	1,080.8	62.15	16.14	1,596.7	23.85	
1894	1,805.0	144.2	7.99	688.9	38.17	971.9	53.84	14.21	1,660.8	24.28
1895	1,819.3	217.4	11.95	631.1	34.69	970.8	53.36	15.89	1,601.9	22.93
1896	1,799.9	293.5	16.31	531.8	29.55	974.6	54.14	13.65	1,506.4	21.10
1897	1,905.9	265.7	13.95	628.2	32.96	1,012.0	58.09	13.87	1,640.2	22.49
1898	2,073.5	235.7	11.37	687.7	33.17	1,150.1	55.46	15.43	1,837.8	24.66
1899	2,190.0	286.0	13.06	723.2	33.02	1,180.8	58.92	15.51	1,904.0	25.01
1900	2,339.7	284.6	12.16	749.9	32.05	1,305.2	56.79	17.11	2,055.1	26.94
1901	2,483.1	307.8	12.39	794.9	32.02	1,380.4	55.59	17.75	2,175.3	27.98
1902	2,563.2	313.9	12.24	837.9	32.69	1,411.4	55.07	17.90	2,249.3	28.53
1903	2,684.7	317.0	11.80	848.0	31.59	1,519.7	56.61	18.88	2,367.7	29.42

^a\$12,567,265, ^b\$10,125,909, and ^c\$9,240,801 in banks of island possessions not included in these returns.

Conditions existing in 1896, as will be seen by reference to the foregoing table, resulted in a loss of cash in banks of nearly \$100,000,000 as compared with the holdings in 1895. In 1897, however, the amount held, \$628,200,000, very nearly equaled the volume in banks in 1895. By 1902 there had been a gain over 1897 of nearly \$210,000,000, and in 1903 a further gain of \$10,000,000. The fluctuations in amount and per cent of money held by the banks, geographically considered, in the years 1896, 1897, 1902, and 1903 are interesting.

The following statement shows the amount and pro rata distribution of money in the banks of the country, by geographical divisions, for the years indicated:

Divisions.	1896.		1897.		1902.		1903.	
	Amount (millions).	Per cent.	Amount (millions).	Per cent.	Amount (millions).	Per cent.	Amount (millions).	Per cent.
New England States	\$51.3	9.65	\$56.6	9.01	\$66.6	7.95	\$62.2	7.34
Eastern States	262.2	49.30	311.1	49.53	390.6	46.61	390.2	46.01
Southern States	36.9	6.94	40.6	6.46	57.4	6.85	59.8	7.05
Middle States	134.1	25.21	166.3	26.47	240.1	28.66	243	28.66
Western States	21	3.95	23.7	3.77	34.5	4.12	39.6	4.68
Pacific States	26.3	4.95	29.9	4.76	48.7	5.81	53.2	6.26
Total	531.8	100	628.2	100	837.9	100	848	100

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STOCK OF MONEY OF THE WORLD.

The stock of money of the world, as shown by statistics compiled by the Mint Bureau, as of January 1, 1903, was \$11,996,400,000, classified as follows: Gold, \$5,382,600,000; silver, \$3,680,300,000; uncovered paper currency, \$2,933,500,000. The stock of the United States approximates one-fifth of the aggregate, amounting to \$2,377,400,000, represented by \$1,248,000,000 gold, \$673,300,000 silver, and \$456,100,000 uncovered paper currency. The per capita of gold in the world is \$4.19, silver \$2.86, and paper \$2.28, and the aggregate per capita \$9.33. The United States per capita of gold is \$15.64, silver \$8.44, paper \$5.71, aggregate \$29.79. With the exception of France, the Straits Settlements, and the South American States (excluding Bolivia and Colombia), the per capita of money in the United States exceeds all other countries, and its per capita of gold is the greatest with the following exceptions: France, \$24.36; South African Republic, \$24.33, and Australasia, \$23.38. The Straits Settlements lead in the per capita of silver, namely, \$47.45; France follows with \$10.79, the Netherlands \$10.68, Spain \$9.34, and the United States with \$8.44. The per capita of uncovered paper currency is the greatest, \$27.90, in the South American States; second in order is Greece, \$20.29, followed by Belgium, \$16.16; Portugal, \$11.67; Canada, \$10.54, the per capita in the United States being \$5.71.

In connection with the foregoing the appended table is of interest, relating to the growth by decades from 1800 to 1900 of population, money in the United States, the per capita in circulation, and the imports and exports, together with the wealth of the country from 1850 to 1900, and clearings for 1890, 1900, and 1903.

POPULATION, WEALTH, MONEY IN THE COUNTRY, PER CAPITA OF MONEY IN CIRCULATION, BANK CLEARINGS, IMPORTS, AND EXPORTS, BY DECADES.

[Population, etc., in millions and decimals.]

Year.	Population.	Wealth.	Money in United States.	Money in circulation per capita.	Bank clearings.	Imports. ^a	Exports. ^a
1800	5.3	.....	\$28.0	\$4.99	.....	\$91.2	\$70.9
1810	7.2	.....	58.0	7.60	.....	85.4	66.7
1820	9.6	.....	69.1	6.96	.....	74.4	69.6
1830	12.8	.....	93.1	6.69	.....	62.7	71.6
1840	17.0	.....	189.9	10.91	.....	98.2	123.6
1850	23.1	\$7,135.7	285.3	12.02	.....	173.5	144.3
1860	31.4	16,159.6	442.1	13.85	.....	353.6	333.5
1870	38.5	30,068.5	722.8	17.50	.....	435.9	392.7
1880	50.1	42,642.0	1,185.5	19.41	.....	667.9	835.6
1890	62.6	65,037.0	1,685.1	22.82	\$58,845.2	789.3	857.8
1900	76.3	^b 94,300.0	2,339.7	26.94	84,582.4	849.9	1,394.4
1903	80.4	.....	2,684.7	29.42	114,068.8	1,025.7	1,420.1

^a Statement of imports and exports includes bullion and specie prior to 1830; merchandise only since 1830.

^b Estimated by Bureau of Statistics.

FOREIGN BANKS OF ISSUE, ETC.

In foreign publications containing data relating to banks of issue, and banks not issuing circulating notes, the principal items of resources and liabilities only are given. The consolidated statements appearing in the *Bulletin de Statistique* and *L'Économiste Européen* relate

exclusively to specie holdings, circulation outstanding, deposits and advances, or loans and discounts.

The following table is a combination of returns relating to the principal foreign banks of issue with other foreign banks, and is presumed to be comprehensive and accurate, so far as it relates to the items indicated:

CAPITAL, SPECIE, CIRCULATION, ETC., OF THE PRINCIPAL FOREIGN BANKS OF ISSUE ON OR ABOUT JUNE 30, 1903.

[Expressed in millions of dollars.]

European banks.*	Capital.	Gold.	Silver.	Total specie.	Circulation.	Deposits.	Advances.	Rate of discount.
<i>Per cent.</i>								
Bank of France.....	35.2	483.3	216.9	700.2	837.6	95.2	253.6	3
Imperial Bank of Germany.....	28.9	174.7	61.4	236.0	279.3	155.6	220.8	4
Banks of issue of Germany.....	15.8	11.2	4.0	15.3	34.9	23.9	47.3	.....
Bank of England.....	70.8	180.1	.....	180.1	145.7	235.9	181.0	3
Banks of Scotland.....	45.3	24.7	3.7	28.4	35.7	a 518.0	a 348.6	.....
Banks of Ireland.....	35.1	15.8	1.9	17.8	35.7	a 245.5	a 188.2	.....
Bank of Austria-Hungary.....	41.9	224.8	62.1	287.0	296.2	33.2	56.9	3½
National Bank of Belgium.....	9.6	16.8	4.6	21.4	117.9	9.8	107.3	3
National Bank of Bulgaria.....	1.8	2.3	2.1	4.4	5.6	13.9	7.9	8
National Bank of Denmark.....	6.8	20.5	.....	20.5	28.0	1.6	10.0	4½
Bank of Spain.....	28.9	70.3	100.0	170.2	314.8	120.2	197.4	4
National Bank of Greece.....	3.9	.2	.2	.4	25.7	16.0	8.5	6½
Bank of Netherlands.....	8.0	19.1	32.2	51.3	90.3	1.9	49.6	.....
Bank of Italy.....	28.9	73.1	13.9	87.1	144.8	35.1	63.9	5
Bank of Naples.....	11.6	16.0	2.7	18.7	50.8	12.2	24.1	5
Bank of Sicily.....	7.7	.4	.....	8.1	11.4	6.6	8.1	5
Bank of Norway.....	3.5	6.8	.....	6.8	16.4	2.3	12.9	5
Bank of Portugal.....	14.6	5.2	7.7	12.9	74.7	1.9	24.9	5½
National Bank of Roumania.....	2.9	12.7	.8	13.5	30.1	.....	11.4	5
Imperial Bank of Russia.....	28.3	390.4	46.3	436.8	297.6	68.5	174.9	4½
Bank of Finland.....	1.9	4.0	.6	4.6	13.5	5.0	9.8	.....
National Bank of Servia.....	1.1	3.5	1.7	5.2	6.8	1.7	2.5	6
Royal Bank of Sweden.....	11.9	14.7	1.4	16.0	36.1	9.3	23.4	4½
Private banks of Sweden.....	20.7	.6	4.1	4.6	4.2	148.6	87.2	.....
Banks of issue of Switzerland.....	30.1	20.8	2.3	23.1	41.9	239.3	53.1	4
Total.....	487.5	1,799.3	571.0	2,370.4	2,975.7	2,001.2	2,173.3	.....
OTHER FOREIGN BANKS.								
England, joint stock and private banks of ^a	259.2	.....	.....	e 782.0	3.5	3,043.8	1,997.3	.....
Imperial Ottoman Bank ^a	24.0	.....	.....	10.0	5.4	49.8	28.2	.....
Bank of Algiers ^b.....	.....	.....	.....	7.3	18.9	5.0	13.5	.....
Bank of Japan.....	15.0	54.6	.....	54.6	115.4	9.8	40.7	.....
Banks of Mexico.....	100.1	.....	.....	60.8	92.3	152.3	201.9	.....
Banks of Canada.....	77.6	.....	.....	14.3	60.4	420.2	473.8	.....
Banks of Australasia.....	94.1	.....	.....	c 124.7	23.9	617.0	586.9	.....
Total.....	570.0	54.6	.....	1,053.7	319.8	4,297.9	3,342.3	.....
Grand total.....	1,057.5	1,853.9	571.0	3,424.2	3,295.5	6,299.1	5,515.7	.....

* Statement of European banks from "L'Économiste Européen," July 3, 1903, except deposits and advances of banks of Scotland and Ireland and the capital stock of the various banks.

^a London Banking Almanac, 1901.

^b Bulletin de Statistique.

^c Includes specie, bullion, and cash balances.

^d Includes Wales.

^e Cash, money at call and short notice.

SAVINGS BANKS OF THE WORLD.

Through the aid of the Bureau of Statistics of the Department of Commerce and Labor information has been obtained with respect to the number of depositors and total deposits in foreign savings banks, both trustee and postal. In the table following will be found statistics covering the number of depositors and deposits, together with the average deposit account, average deposit per inhabitant, and rates of

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interest allowed on savings accounts in countries relative to which returns of that character have been received.

To the statistics relating to foreign savings banks have been added the number of depositors and deposits in the savings banks of the United States, resulting in a total of savings depositors of 76,314,423 and in savings deposits of \$9,900,749,029. The average per capita deposit in foreign savings banks is \$100.54 and the deposit per inhabitant \$10.43. The average account in the savings banks of the United States is \$417.21 and the average per inhabitant \$36.52.

NUMBER OF DEPOSITORS, AMOUNT OF DEPOSITS, AVERAGE DEPOSIT ACCOUNT, AVERAGE DEPOSIT PER INHABITANT AT THE END OF THE YEARS MENTIONED, AND RATES OF INTEREST ON DEPOSITS PAID BY POSTAL AND OTHER SAVINGS BANKS OF THE WORLD.

[From official sources.]

Country.	Period.	Number of depositors.	Total deposits.	Average deposit account.	Average deposit per inhabitant.	Rate of interest.	Population.
Russia (in Europe)...	1903	4,517,342	\$491,317,622	\$108.76	\$3.48	.....	141,000,000
Finland	1900	181,269	15,700,000	86.61	5.87	.....	2,673,000
Germany	1900	14,863,956	2,103,582,754	141.52	37.32	.....	56,367,178
Prussia ^a	1901	9,084,937	1,367,768,065	151.38	39.67	.....	34,472,509
Japan	1901-2	6,506,717	35,852,467	5.51	.80	4 to 9	^b 44,805,937
Austria	1901-2	4,946,307	876,941,983	177.29	33.47	3 ¹ to 4	^c 26,204,047
Hungary	1900	1,202,889	283,995,000	236.09	14.85	.....	19,122,000
United Kingdom	1902	10,803,555	959,236,637	88.80	22.86	.....	^d 41,961,212
France	1901	11,051,979	854,879,328	77.35	21.94	.....	38,961,945
Italy ^e	1901	6,021,662	431,764,353	71.70	13.30	.....	^f 32,475,253
Belgium	1901	1,908,463	150,191,761	78.69	22.08	2 ¹ to 4	6,800,000
Canada ^g	1902	211,762	58,438,188	27.60	10.88	.....	5,371,315
Holland	1900-1901	1,256,451	69,831,686	55.58	13.48	.....	^c 5,179,128
Sweden	1901	1,865,596	143,418,740	76.87	27.71	.....	5,175,228
India ^h	1901	816,651	32,583,673	39.90	.14	.....	231,898,807
Australasia, including New Zealand	1901-2	1,252,219	195,273,475	155.94	42.26	.....	4,620,494
Denmark	1901	1,176,853	176,244,144	150.00	71.95	.....	2,449,540
Norway	1901	695,524	86,292,423	124.06	38.52	.....	2,240,032
Total		69,279,195	6,965,544,184	100.54	10.43	.....	667,305,116
United States	1903	7,035,228	2,935,204,845	417.21	36.52	2.8 to 3.5	80,487,000
Grand total		76,314,423	9,900,749,029	.....	.....	.....	.....

^a Included with Germany.

^b Year ended March 31.

^c Population Dec. 31, 1900.

^d Estimated population as per middle of 1902.

^e Exclusive of cooperative savings banks and ordinary credit companies.

^f Census Feb. 10, 1901.

^g Post-office and Government savings banks only.

^h Data for post-office savings banks only.

In the following table statistics are incorporated relating wholly to foreign postal savings banks which have been deducted from the foregoing table comprising returns from both trustee and postal savings institutions:

FOREIGN POSTAL SAVINGS BANK RETURNS.

[From official sources.]

Country.	Year.	Number of depositors.	Deposits.	Average deposit.
United Kingdom.....	1902	9,133,161	\$703,720,660	\$77.05
France ^a	1901	3,805,881	208,515,240	54.78
Italy.....	1902	4,854,519	156,248,204	32.19
Austria:				
Savings department.....	1902	1,610,530	32,870,084	20.40
Banking department.....	1902	51,853	52,344,476	1,009.48
Hungary:				
Savings department.....	1900	389,083	6,632,944	17.05
Banking department.....	1900	7,222	6,811,076	943.10
Australasia.....	1901	444,264	64,874,717	146.03
Belgium.....	1901	1,483,270	20,358,150	13.72
Canada.....	1902	162,761	42,320,209	260.01
Cape Colony.....	1901	82,753	12,218,628	147.65
British Guiana.....	1901	8,262	238,327	28.84
India.....	1901	816,651	32,583,673	39.90
Netherlands.....	1901	896,761	37,696,208	42.03
Sweden.....	1901	573,800	14,532,662	25.32
Russia.....	1903	1,212,608	79,420,210	65.56
Total.....		25,533,379	1,471,385,468	57.63

^a Data relating to the "Caisse Nationale d'Epargne."

THE BANKING POWER OF THE WORLD.

The capital, surplus profits, deposits, and circulation of banks of the United States, characterized as the "Banking power," aggregate \$13,310,405,650, in which is included that of national banks amounting to \$4,993,046,686; reporting State banks and bankers, \$7,662,433,013, and nonreporting banks, estimated, \$654,925,951.

The banking power of foreign countries, based upon the most reliable data, is stated to be \$18,088,000,000 and the aggregate power of the world \$31,398,000,000. Comparing this estimate with Mulhall's of 1890, it is shown that the banking power of the United States has increased since that date \$8,160,000,000, or 158.4 per cent, the banking power of foreign countries \$7,253,000,000, or 66.9 per cent, and the combined banking power of the world from \$15,985,000,000 to \$31,398,000,000, a total increase of \$15,413,000,000, or 96.4 per cent. The subjoined tables give in detail the banking power of the United States, of foreign countries, and of the world, the latter being a comparative statement of conditions in 1890 and 1903:

BANKING POWER OF THE UNITED STATES.

	Number.	Capital.	Surplus, etc.	Deposits.	Circulation.	Total.
National banks.....	4,939	\$743,506,048	\$542,183,537	\$3,348,095,992	\$359,261,109	\$4,993,046,686
State, etc., banks.....	8,745	578,418,944	731,314,014	6,352,700,055	.....	7,662,433,013
Nonreporting banks.....	^a 4,546	152,403,520	.....	502,522,431	.....	654,925,951
Total.....	18,230	1,474,328,512	1,273,497,551	10,203,318,478	359,261,109	13,310,405,650

^a Estimated.

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BANKING POWER OF FOREIGN COUNTRIES.

[In millions of dollars.]

	Capital.	Surplus.	Circula-tion.	Deposits.	Total.
Principal European banks of issue	487.5	.....	2,975.7	2,001.2	5,464.4
Other foreign banks.....	570.0	.....	319.8	4,297.9	5,187.7
Surplus, etc. (estimated).....	.....	470.4	.....	.....	470.4
Total	1,057.5	470.4	3,295.5	6,299.1	11,122.5
Foreign savings banks .....	.....	.....	.....	6,965.5	6,965.5
Total	1,057.5	470.4	3,295.5	13,264.6	18,088.0

WORLD'S BANKING POWER.

[In millions of dollars.]

	1890.	1903.	Increase.	
			Amount.	Per cent.
Banking power, United States	5,150	13,310	8,160	158.4
Banking power of foreign countries	10,835	18,088	7,253	66.9
Banking power of the world.....	15,985	31,398	15,413	96.4

STATE, SAVINGS, PRIVATE BANKS, LOAN AND TRUST COMPANIES.

As required by section 333 of the Revised Statutes of the United States, the Comptroller presents herewith detailed information relative to the condition of the banking institutions of the country, other than national, so far as obtained for the year ended June 30, 1903.

Through the cooperation of State officials charged with the supervision of banks chartered and operated under State laws, and by the very general compliance with the request for reports made to individual banks and bankers, the Comptroller is enabled to present a more comprehensive statement of the condition of institutions of this character than has ever before been compiled by this Bureau.

Abstracts of official reports showing the resources and liabilities of commercial or State banks have been obtained from the banking departments of the States, Territories, and island possessions, except from South Carolina, Alabama, Arkansas, Oregon, Alaska, and Hawaii, the data relating to banks located in the latter States having been compiled from reports furnished by the banks direct.

When the first attempt was made, in 1873, to comply with the provisions of the act of Congress relating to State-bank statistics, returns from only nine States could be obtained in response to the request of this office for information concerning this class of banks. At that period only a small number of the States had laws providing for the compilation and publication of data relating to banks incorporated under State laws. Now all of the States, with the exceptions noted, have banking departments or designated public officials charged with the duty of requiring reports from incorporated banks at stated periods. Abstracts of these reports made at close of business June 30, 1903, or for the nearest approximate date, upon compilation have been promptly furnished by such officials or facilities provided by them for the copying of the reports on file.

Circular letters from this Bureau requesting reports of condition as of June 30, 1903, were mailed early in June last to approximately 3,300 private banks and bankers in the various States and to 700 incorporated banks located in States where the laws do not require the submission or publication of reports. In response to these requests about 900 private banks and bankers sent reports of condition more or less complete, making, with the reports received from official sources, 33½ per cent of the private banks in existence, as shown by the most reliable data obtainable. Summarizing the returns, information has been obtained relative to the conditions of 8,745 incorporated and private banks and bankers, of which 5,962 are State banks, 531 loan and trust companies, 1,078 mutual and stock savings banks, and 1,174 private banks and bankers.

CONSOLIDATED RETURNS FROM STATE, SAVINGS, PRIVATE BANKS AND TRUST COMPANIES.

For purposes of comparison there is given herewith a table showing the principal items of resources and liabilities of banks other than national in the years 1898 to 1903, inclusive:

CONSOLIDATED RETURNS FROM STATE, SAVINGS, PRIVATE BANKS AND TRUST COMPANIES, 1898 TO 1903, INCLUSIVE.

Items.	1898.	1899.	1900.	1901.	1902.	1903.
Loans.....	\$2,480,874,360	\$2,659,940,630	\$3,013,449,827	\$3,444,377,672	\$3,942,592,907	\$4,296,675,586
Bonds.....	1,304,890,322	1,527,595,160	1,723,830,351	1,935,625,964	2,094,496,729	2,334,329,907
Cash.....	194,913,450	210,884,047	220,667,109	240,145,951	250,815,787	275,813,526
Capital.....	370,073,788	368,746,648	403,192,214	430,401,557	499,621,208	578,418,944
Surplus and undivided profits.....	399,706,497	418,798,087	490,654,957	538,866,278	614,509,805	731,314,014
Deposits.....	3,664,797,236	4,246,500,852	4,780,898,692	5,518,304,859	6,005,847,214	6,352,700,055
Resources.....	4,631,328,357	5,196,177,381	5,841,658,820	6,681,567,384	7,355,110,843	8,016,181,848

An analysis of the foregoing statement shows an increase in aggregate resources in 1903 over 1902 of about \$661,000,000 and over 1898 of nearly \$3,385,000,000. Loans and discounts amount to \$4,296,675,586, a gain of more than \$354,000,000 over the amount reported for 1902. A marked increase in the cash holdings during the past year is also exhibited in the statement, there being approximately \$25,000,000 more money in the banks than was reported in 1902. Going back for a period of five years, it is of interest to note the gain in cash holdings over the prior year for each year since 1898. In approximate sums the increase in cash holdings of these banks was \$15,970,000 in 1899 over 1898; \$9,783,000, 1900 over 1899; \$19,478,000, 1901 over 1900; \$10,669,000, 1902 over 1901, and \$24,997,000, 1903 over 1902. Capital stock increased from \$499,621,208 in 1902 to \$578,418,944 in 1903, a gain of \$78,797,736 for the year and over \$208,000,000 subsequent to 1898. Deposits increased during the year, approximately, \$347,000,000 to \$6,352,700,055, a sum greater by \$611,000,000 than credited to depositors in all reporting banks—State and national—in 1898.

Capital stock of the 5,962 State banks is \$302,264,497 and individual deposits \$1,814,570,163. The number of banks of this character is 565 greater than reported in 1902. The cash holdings in this class of banks increased approximately during the year by \$8,536,000 and aggregate assets by \$182,000,000.

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Reports of condition of 531 loan and trust companies were received for the current year, showing aggregate resources of \$2,298,554,063, against 417 companies with aggregate resources of \$1,983,214,707 reporting in 1902. Individual deposits in these institutions increased, approximately, \$63,500,000 and cash holdings \$17,000,000 over 1902.

Returns were obtained from 1,174 private banks and bankers with assets of \$169,049,821. In 1902 reports were received from 1,039 banks of this character, whose assets were \$169,364,435. While reports from a greater number of banks of this class were received than in 1902, meager returns from some States, notably New York, account for the decrease in the aggregate resources.

Savings-bank reports to the number of 1,078 have been received, of which 657 are from mutual institutions and 421 from stock savings banks, the latter being operated for the benefit of both shareholders and depositors. The aggregate resources of the latter class of banks are only about 11 per cent of the resources of all reporting institutions for savings. The mutual savings banks are all located in the New England and Eastern States, with the exception of 1 in West Virginia, 1 in Wisconsin, 4 in Ohio, 5 in Indiana, and 12 in Minnesota. The principal items of resources of savings banks, both mutual and stock, are as follows: Loans secured by real estate, \$1,033,420,902; loans on other securities, \$314,443,239; United States bonds, \$13,206,494; State, county, and municipal bonds, \$150,491,128; railroad bonds and stock, \$279,685,569; bank stock, \$31,995,519; other stock, bonds, etc., \$976,164,734. Cash in bank is only \$20,565 greater than the amount reported in 1902, being \$30,897,903; but the cash to their credit with other banks is \$123,704,192, being \$2,307,221 more than shown by the reports of 1902.

The number of depositors in savings banks (exclusive of those in State banks of Illinois having savings departments) has increased since 1902 from 6,388,793 to 6,674,237 and the average deposit from \$414.85 to \$421.84. Including savings depositors in the Illinois State banks, the total number of depositors has increased from 6,666,672 in 1902 to 7,035,228 in 1903, and the average to each depositor, estimated to be \$412.53 in 1902, to \$417.21 this year. The aggregate deposits in savings institutions of the country in 1902 were \$2,750,177,290, and for the current year \$2,935,204,845, an increase of \$185,027,555. The average sum, \$380.74, to the credit of each depositor in the New England savings banks remains practically the same as in 1902, when it was \$380.72. In the Eastern States the average deposit has increased to \$437.99 from \$428.46 in 1902. Pennsylvania and Maryland show the most marked increase, the average in the former State being estimated at \$315.25, against \$303.47 last year, and in the latter State \$400.86 in 1903, against \$345.52 in 1902.

In the following table is given a comparative statement of the number of depositors, amount of deposits, and average deposit account in the savings banks of the United States and geographical divisions for the years 1901-2 and 1902-3:

REPORT OF THE COMPTROLLER OF THE CURRENCY. 47

NUMBER OF SAVINGS DEPOSITORS, AGGREGATE SAVINGS DEPOSITS, AND AVERAGE AMOUNT DUE TO DEPOSITORS IN SAVINGS BANKS IN EACH STATE IN 1901-2 AND 1902-3.

States, etc.	1901-2 (1,036 banks).			1902-3 (1,078 banks).		
	Number of depositors.	Amount of deposits.	Average to each depositor.	Number of depositors.	Amount of deposits.	Average to each depositor.
Maine.....	193,005	\$72,082,694	\$373.47	208,141	\$74,781,073	\$359.28
New Hampshire.....	147,928	60,249,862	407.29	155,309	63,919,183	411.56
Vermont.....	128,529	41,987,497	326.68	134,323	44,628,150	332.24
Massachusetts.....	1,593,640	560,705,752	351.84	1,660,814	586,937,084	355.40
Rhode Island.....	138,366	71,900,541	519.64	150,342	74,534,628	495.77
Connecticut.....	425,588	193,248,909	454.07	444,407	203,522,226	457.96
Total New England States.....	2,627,056	1,000,175,255	380.72	2,753,336	1,048,322,344	380.74
New York.....	2,229,661	1,051,689,186	471.68	2,327,812	1,112,418,552	477.88
New Jersey.....	227,130	69,866,709	307.60	238,210	73,722,729	309.48
Pennsylvania.....	396,877	120,411,275	303.47	407,652	128,514,295	315.25
Delaware.....	4,187	1,265,586	302.26	a 21,792	6,586,851	302.26
Maryland.....	186,293	64,367,767	345.52	155,299	62,253,508	400.86
District of Columbia.....	10,846	1,309,655	120.75	11,758	1,654,715	140.73
Total Eastern States.....	3,054,993	1,308,940,078	428.46	3,162,523	1,385,150,650	437.99
West Virginia.....	4,687	680,372	145.16	a 4,853	836,358	172.33
North Carolina.....	12,201	2,451,838	200.95	b 17,721	3,282,164	185.21
Total Southern States.....	16,888	3,132,210	185.47	22,574	4,118,522	182.44
Ohio.....	103,405	48,180,438	465.94	108,854	52,306,123	480.51
Indiana.....	24,362	7,288,506	299.17	24,733	8,072,500	326.38
Illinois.....	b 277,874	c 100,072,804	360.13	b 360,991	c 119,721,739	331.64
Wisconsin.....	3,908	719,009	183.98	4,290	810,533	188.93
Minnesota.....	63,293	15,262,701	245.31	69,763	18,624,665	206.97
Iowa.....	a 238,421	85,703,614	359.46	a 240,063	86,602,757	360.75
Total Middle States.....	711,268	257,491,072	362.02	808,694	286,138,317	353.83
California, total Pacific States.....	a 256,467	180,438,675	703.55	a 288,101	211,475,012	734.03
Total United States.....	6,666,672	2,750,177,290	412.53	7,035,228	2,935,204,845	417.21

^a Estimated.^b Partially estimated.^c Savings deposits in State institutions having savings departments; abstract of reports included with State banks.

From an examination of the returns submitted with respect to the rate of interest paid on savings accounts, it will be noted that the maximum rate of interest is 4 per cent and the minimum rate 2½ per cent. The estimated average rate is 3½ per cent, a slight decrease from the estimated average interest rate in 1902.

The following table shows the rate paid in each State by savings banks located therein:

States, etc.	Rate per cent.	States, etc.	Rate per cent.
Maine ^a	3.24	Maryland—Continued.	
New Hampshire ^a	3.20	9 paid.....	3
Vermont ^a	3.375	District of Columbia ^c	2.80
Massachusetts ^{a,b}	3.71	West Virginia ^c	4
Rhode Island ^a	3.88	North Carolina ^c	3.25
Connecticut ^a	3.76	Ohio ^c	3.60
New York ^a	3.23	Indiana ^{a,b}	
New Jersey ^a	2.90	4 paid.....	4
Delaware ^c		1 paid.....	3
1 paid.....	4	Illinois ^d	2.88
Maryland ^c		Wisconsin ^a	3.50
3 paid.....	4	Utah:.....	
2 paid.....	3.50	2 paid.....	3
2 paid.....	3.25		

^a From official reports.
^b 1902.^c Unofficial.
^d Average rate paid by 58 banks.

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The growth of savings banks by five-year periods from 1820 to 1845, and annually since that date, is shown in the accompanying table. In 1866 the number of depositors in institutions of this character reached 1,000,000 and the deposits \$282,455,794, the average account being \$264.70. In 1870 the number of depositors had increased to 1,630,846, the amount of deposits \$549,874,358, and the average account \$337.17. By 1880 the deposits reached \$819,106,973 and the number of depositors 2,335,582, and average account \$350.71. The amount to the credit of savings deposits in 1890 was \$1,524,844,506, the number of depositors 4,258,893, and the average deposit account \$358.03. The number of depositors in 1900 was 6,107,083, the average deposit \$401.10, and the total amount to the credit of depositors \$2,449,547,885. The amount to the credit of savings-bank depositors in 1903 was greater than the entire stock of money in the country, amounting to \$2,935,204,845, to the credit of 7,035,228 depositors. The average account was \$417.21, and the average per capita to population of the country \$36.52.

The table in question follows:

NUMBER OF SAVINGS BANKS IN THE UNITED STATES, NUMBER OF DEPOSITORS, AMOUNT OF SAVINGS DEPOSITS, AVERAGE AMOUNT DUE EACH DEPOSITOR IN THE YEARS 1820, 1825, 1830, 1835, 1840, AND 1845 TO 1903, AND AVERAGE PER CAPITA IN THE UNITED STATES IN THE YEARS GIVEN.

Year.	Number of banks.	Number of depositors.	Deposits.	Average due each depositor.	Average per capita in the United States.
1820	10	8,635	\$1,188,576	\$131.86	\$0.12
1825	15	16,931	2,537,082	149.84	
1830	36	38,035	6,973,304	183.09	.54
1835	52	60,058	10,613,726	176.72	
1840	61	78,701	14,051,520	178.54	.82
1845	70	145,206	24,506,677	168.77	
1846	74	158,709	27,374,325	172.48	
1847	76	187,739	31,627,479	168.46	
1848	83	199,764	33,087,488	165.63	
1849	90	217,318	36,073,924	165.99	
1850	108	251,354	43,431,130	172.78	1.87
1851	128	277,148	50,457,913	182.06	
1852	141	308,863	59,467,453	192.54	
1853	159	365,538	72,313,696	197.82	
1854	190	396,173	77,823,906	196.44	
1855	215	431,602	84,290,076	195.29	
1856	222	487,986	95,598,230	195.90	
1857	231	490,428	98,512,968	200.87	
1858	245	538,840	108,438,287	201.24	
1859	259	622,556	128,657,901	206.66	
1860	278	693,870	149,277,504	215.13	4.75
1861	285	694,487	146,729,882	211.27	
1862	289	787,943	169,434,540	215.03	
1863	293	887,096	206,235,202	232.48	
1864	305	976,025	236,280,401	242.08	
1865	317	980,844	242,619,382	247.35	
1866	336	1,067,061	282,455,794	264.70	
1867	371	1,188,202	337,009,452	283.63	
1868	406	1,310,144	392,781,813	299.80	
1869	476	1,466,684	457,675,050	312.04	
1870	517	1,630,846	549,874,358	337.17	14.26
1871	577	1,902,047	650,745,442	342.13	
1872	647	1,992,925	735,046,805	368.82	
1873	669	2,185,882	802,363,609	367.07	
1874	693	2,293,401	864,556,902	376.98	
1875	771	2,359,864	924,037,304	391.56	
1876	781	2,368,630	941,350,255	397.42	
1877	675	2,395,314	866,218,306	361.63	
1878	663	2,400,785	879,897,425	366.50	
1879	639	2,268,707	802,490,298	353.72	
1880	629	2,335,582	819,106,973	350.71	16.33
1881	629	2,528,749	891,961,142	352.73	
1882	629	2,710,354	966,797,081	356.70	
1883	630	2,876,438	1,024,856,787	356.29	

NUMBER OF SAVINGS BANKS IN THE UNITED STATES, NUMBER OF DEPOSITORS, AMOUNT OF SAVINGS DEPOSITS, ETC.—Continued.

Year.	Number of banks.	Number of depositors.	Deposits.	Average due each depositor.	Average per capita in the United States.
1884.....	636	\$3,015,151	\$1,073,294,955	\$355.96	.....
1885.....	646	3,071,495	1,095,172,147	356.56	.....
1886.....	638	3,158,950	1,141,530,578	361.36	.....
1887.....	684	3,418,013	1,235,247,371	361.39	.....
1888.....	801	3,838,291	1,364,196,550	355.41	.....
1889.....	849	4,021,523	1,425,230,349	354.40	.....
1890.....	921	4,258,893	1,524,844,506	358.03	\$24.35
1891.....	1,011	4,533,217	1,623,079,749	358.04	25.29
1892.....	1,059	4,781,605	1,712,769,026	358.20	26.11
1893.....	1,030	4,830,599	1,785,150,957	369.55	26.63
1894.....	1,024	4,777,687	1,747,961,280	365.86	25.53
1895.....	1,017	4,875,519	1,810,597,023	371.36	25.88
1896.....	988	5,065,494	1,907,156,277	376.50	26.68
1897.....	980	5,201,132	1,939,376,035	372.88	26.56
1898.....	979	5,385,746	2,065,631,298	383.54	27.67
1899.....	987	5,687,818	2,230,366,954	392.13	29.24
1900.....	1,002	6,107,083	2,449,547,885	401.10	31.78
1901.....	1,007	6,358,723	2,597,094,580	408.30	33.45
1902.....	1,036	6,666,672	2,750,177,290	412.53	34.89
1903.....	1,078	7,035,228	2,935,204,845	417.21	36.52

From the most reliable records at command it appears that there are in existence in the country about 18,000 banks and banking institutions, including private bankers. In addition to returns from national banking associations reports have been received from 8,745 State and private banks, making the total number reporting 13,684. The aggregate capital of reporting banks is shown to be \$1,321,924,992; deposits, \$9,700,796,047, and aggregate resources, \$14,303,116,954.

The principal items of resources and liabilities of national banks on June 9, and of all other banks and banking institutions on or about June 30, 1903, are incorporated in the following table:

	4,939 national banks.	8,745 other banks.	13,684 banks.
Loans.....	\$3,442,304,495	\$4,296,675,586	\$7,738,980,081
United States bonds.....	527,101,439	18,638,342	545,739,781
Other bonds.....	538,671,472	2,315,691,565	2,854,363,037
Cash.....	581,446,127	275,813,526	857,259,653
Capital.....	743,506,048	578,418,944	1,321,924,992
Surplus and profits.....	542,183,537	731,314,014	1,273,497,551
Deposits.....	3,348,095,992	6,352,700,055	9,700,796,047
Aggregate resources.....	6,286,935,106	8,016,181,848	14,303,116,954

Inquiries addressed to State officials requesting reports of resources and liabilities of the banks called also for information as to the number and capital of banks of various character organized in each State during the year ended June 30, 1903. While the returns do not cover the total number of organizations in every State, they are complete and official with respect to the States from which information was received. A summary of the returns is incorporated in the Appendix, and shows the organization of 754 banks, with capital stock of \$35,073,517, of which 611, with capital of \$19,844,898, were incorporated commercial banks; 110, with capital of \$14,912,504, loan and trust companies; 7, with capital of \$172,000, savings institutions, and 26 private banks, with capital of \$144,115.

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There will be found in Table XI, in the Appendix, the capital, the amount and average rate per cent of dividends paid by State and private banks and by loan and trust companies, submitting information of that character, for the year ended on or about June 30, 1903. Reports covering the subject were received from 2,894 State banks, with capital of \$140,412,289, showing the payment of dividends to the amount of \$12,526,819, or an average of 8.95 per cent; from 395 loan and trust companies, with capital of \$174,240,937, which paid dividends to the amount of \$17,045,214, or 9.78 per cent; and from 400 private banks and bankers, with capital of \$8,620,494, reporting dividends paid to the amount of \$1,084,274, an average rate of 12.57 per cent. The average dividend paid by State banks remains practically the same as reported in 1902, while that paid by loan and trust companies shows an increase of nearly 1 per cent. The statement in respect to dividends paid by private banks and bankers contains the first reliable data of the kind obtained by this bureau in regard to that class of banks.

GROWTH OF BANKING IN THE UNITED STATES.

In 1882 there were in operation 2,239 national banking associations, with capital of \$477,200,000 and deposits of \$1,131,700,000; and also, as shown by reports to this office, 5,063 incorporated State and private banks, with capital and deposits of \$234,900,000 and \$1,718,700,000, respectively, or an aggregate of 7,302 banks and banking institutions, with capital of \$712,100,000 and deposits of \$2,850,400,000.

From returns made to this office on or about June 30, 1903, it is shown that the number of national banks has increased since 1882 to 4,939, with capital of \$743,506,048 and deposits of \$3,348,095,992. The number of State and private banks in existence in 1903 was 13,291, with capital of \$730,822,464 and deposits of \$6,855,222,486. The total number of national, State, and private banks is shown to be 18,230, the capital \$1,474,328,512, and the deposits \$10,203,318,478.

As will be observed from the accompanying table, the increase in number of national banks from 1882 to 1903 was over 120 per cent, and that of banks other than national over 162 per cent. In 1882 national-bank capital represented 67.01 per cent and the deposits 39.7 per cent of the aggregate capital and deposits of all reporting banks and banking institutions. The percentage of both capital and deposits of national banks shows a gradual reduction from that date to 1903 to 50.43 per cent and 32.81 per cent, respectively. Within the period in question the capital of national, State, and private banks was practically doubled and the deposits nearly quadrupled.

Comparing the number of banks, capital, and deposits with the population of the United States, it appears that in 1882 there was one bank for every 7,190 inhabitants, the capital amounting to \$13.60 per inhabitant and the deposits \$54.30. In 1892 there was one bank for every 7,016 inhabitants, the per capita of capital and deposits being \$16.40 and \$71.40, respectively. The greater increase in number of banks as compared with population in 1902 resulted in one bank for every 4,897 of population, the per capita of capital and deposits having increased to \$16.90 and \$122.70, respectively. In 1903 there was in active operation, as shown by reports filed in this office, one bank for every 4,410 of population, the per capita of capital being \$18.30 and of deposits \$126.90.

In the following table is incorporated the number of reporting banks, together with capital, deposits, and percentage of capital and deposits for the years indicated:

Banks.	Number.	Capital.		Deposits.	
		Amount.	Per cent.	Amount.	Per cent.
1882.					
National	2,239	\$477,200,000	67.01	\$1,131,700,000	39.7
State, etc.	5,063	234,900,000	32.99	1,718,700,000	60.3
Total	7,302	712,100,000	100.00	2,850,400,000	100.00
1892.					
National	3,759	684,678,203	63.9	1,767,519,745	37.8
State, etc.	5,579	386,394,845	36.1	2,911,594,571	62.2
Total	9,338	1,071,073,048	100.00	4,679,114,316	100.00
1902.					
National	4,535	701,990,554	52.4	3,222,841,898	33.2
State, etc.	7,889	499,621,208	47.6	{ 6,005,847,214 478,592,792 }	66.8
Reporting for tax only	3,732	138,548,654			
Total	16,156	1,340,160,416	100.00	9,707,281,904	100.00
1903.					
National	4,939	743,506,048	50.43	3,348,095,992	32.81
State, etc.	8,745	578,418,944	49.57	{ 6,352,700,055 502,522,481 }	67.19
Nonreporting	4,546	152,403,520			
Total	18,230	1,474,328,512	100.00	10,203,318,478	100.00

FAILURES OF STATE BANKS.

The managing editor of Bradstreet's has courteously furnished information obtained by the Bradstreet Agency relating to incorporated and private banks which failed during the year 1903, accompanied by a statement of the total liabilities and assets. The number of failures was 26; the assets of the banks being \$2,166,852, and the liabilities \$4,005,643. Included in the number of failures were 6 State banks, 1 savings bank, 2 trust companies, and 17 private banks.

In 1896, through the instrumentality of the corps of national bank examiners and from receivers, assignees, and court officials, information was obtained with respect to the number of insolvent banks other than national, with their assets and liabilities at date of failure and also dividends paid on claims. The inquiry covered the period beginning with 1866 and terminating in 1896. A compilation of the returns appears in the following table, from which it will be observed that there were 1,234 failures of banks with aggregate capital of \$53,632,259; nominal assets at date of failure, \$214,312,190.58; and liabilities of \$220,629,998.27, on which dividends were paid to the amount of \$100,088,726.95, an average rate of about 45 per cent. To the statistics covering the period in question have been added data furnished to this Bureau by the Bradstreet agency annually from 1897 to 1903, inclusive. As will be observed the information covering this latter period relates exclusively to the number of failures, the nominal assets, and the liabilities. No information is at command with respect to the settlement of the affairs of State banks which failed since 1896.

The table referred to follows:

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NUMBER OF FAILURES, CAPITAL, ASSETS, LIABILITIES, AND DIVIDENDS PAID BY BANKS OTHER THAN NATIONAL WHICH FAILED IN EACH YEAR FROM 1864 TO 1903.

Year.	Number of failures.	Capital.	Nominal assets.	Liabilities.	Dividends paid.
1864	2				
1865	5	\$125,000.00	\$245,401.97	\$225,662.14	\$145,592.25
1866	5	275,000.00	1,206,035.00	890,112.00	
1867	3	260,000.00	222,075.00	138,321.00	138,821.00
1868	7	276,381.00	183,002.30	148,886.00	
1869	6	100,000.00	77,861.00	361,961.73	82,844.74
1870	1		50,000.00		
1871	7	220,000.00	2,314,871.90	2,654,187.15	974,256.96
1872	10	470,000.00	2,126,124.18	3,059,318.06	1,906,573.00
1873	33	907,000.00	4,644,889.91	6,938,653.01	3,420,016.33
1874	40	770,000.00	4,125,731.00	4,562,879.00	2,022,498.51
1875	14	2,413,900.00	9,190,283.98	12,365,475.25	4,143,941.97
1876	37	961,000.00	7,312,218.73	9,206,429.34	5,178,020.98
1877	63	2,491,250.00	13,137,835.47	15,223,785.49	7,004,558.27
1878	70	3,250,193.00	26,001,949.67	27,269,520.51	19,485,717.87
1879	20	1,370,465.00	5,102,691.94	5,253,307.22	4,235,808.85
1880	10	452,200.00	1,629,146.61	1,311,799.49	288,494.74
1881	9	436,750.00	585,653.06	1,785,890.45	851,755.00
1882	19	545,000.00	2,765,951.10	2,608,489.57	1,221,737.29
1883	27	870,000.00	2,813,915.19	3,193,747.39	1,408,047.99
1884	54	1,718,596.00	12,900,819.05	15,508,889.70	9,671,860.25
1885	32	1,099,400.00	2,982,879.51	4,883,454.27	2,361,320.01
1886	13	254,000.00	1,300,536.30	1,140,824.48	673,579.10
1887	19	931,590.00	2,865,300.30	3,074,622.29	1,610,527.45
1888	17	745,500.00	2,805,326.52	3,342,336.52	1,924,773.68
1889	15	363,250.00	1,279,900.68	2,147,059.18	1,026,682.73
1890	30	2,169,568.00	10,692,335.98	11,385,584.64	3,884,577.99
1891	44	2,071,300.00	7,190,824.69	6,365,198.77	3,090,597.48
1892	27	578,840.00	2,719,410.75	3,227,608.56	803,860.76
1893	261	16,641,637.00	54,828,690.65	46,766,818.80	17,912,270.45
1894	71	3,112,447.00	7,958,284.18	7,218,319.51	1,456,522.87
1895	115	3,906,350.00	11,276,529.99	9,010,584.93	2,251,708.93
1896	78	3,400,642.00	10,240,244.97	7,513,837.41	534,363.30
Total	1,164	53,187,259.00	212,725,771.58	218,833,563.86	99,711,330.75
Not dated	70	445,000.00	1,586,419.00	1,796,424.41	377,396.20
Grand total	1,234	53,632,259.00	214,312,190.58	220,629,988.27	100,088,726.95
1897	122		17,929,163.00	24,090,879.00	
1898	53		4,493,577.00	7,080,190.00	
1899	26		7,790,241.00	10,448,159.00	
1900	32		7,675,792.00	11,421,028.00	
1901	56		8,373,372.00	13,334,629.00	
1902	43		7,323,737.00	16,332,666.00	
1903	26		2,166,852.00	4,005,643.00	

BANKING IN THE ISLAND POSSESSIONS.

Through the courtesy of the treasurers of Porto Rico and the Philippine Archipelago, and from private sources in the Hawaiian Islands, sufficient data have been obtained to indicate in what proportion the island possessions have contributed to the figures representing the banking resources of the country.

A consolidation of the reports of colonial and national banks received shows the aggregate resources of banks in these possessions on or about June 30, 1903, to have been \$43,912,373. The loans, including overdrafts, aggregate \$22,569,615; bonds and other securities, \$1,922,663; cash in bank, \$9,240,801; capital stock, \$5,138,770; surplus and undivided profits, \$1,688,066; individual deposits, \$23,264,315.

THE PHILIPPINES.

Summaries of the returns of the 10 banks in the Philippines as of dates March 31 and June 30, 1903, appear in the appendix, together with individual statements as made to the treasurer of the Philippine Archipelago on the latter date. The principal items of resources and

liabilities of these banks on June 30, 1903, are loans, including overdrafts, \$13,189,137; stocks, securities, etc., \$312,316; cash in bank, including gold and silver bullion and foreign currency, \$8,800,201; capital stock, \$1,388,265; surplus and undivided profits, \$1,525,919; notes in circulation, \$1,176,396; individual deposits, \$9,525,236; public deposits (insular), \$5,180,117. Compared with the summary of reports for June 30, 1902, loans have increased in the sum of \$1,442,046; stocks, etc., \$9,680; cash in bank, \$835,068; notes in circulation, \$127,856. Individual deposits have increased \$1,019,642, while public deposits, which include deposits of the Insular Treasury and of funds of disbursing officers, have decreased from \$9,617,272 in 1902 to \$5,180,117 for the present year, a decrease of \$4,437,155 in this class of deposits. The aggregate resources show a net loss of about \$2,000,000. The banks from which reports were received are the Manila agency and the Iloilo subagency of the Hongkong and Shanghai Banking Corporation, the Manila agency and Cebu subagency of the Chartered Bank of India, Australia, and China, the Banco Español-Filipino at Manila and its Iloilo subagency, the Monte de Piedad y Caja de Ahorras of Manila, the American Bank at Manila, the Guaranty Trust Company of New York, and the International Banking Corporation of New York, making in all 10 institutions against 11 which reported last year, one bank, the North American and Philippine Loan and Trust Company, having discontinued business in the islands.

While the net reduction in the aggregate resources of these institutions since June 30, 1902, amounts, as stated, to approximately \$2,000,000, all the banks named, with the exception of the two English banks and branches and one American bank, appear to have gained in their volume of assets. The withdrawal of a large portion of the insular treasury and disbursing officers' deposits from the English banks, and the transfer of a large part of such deposits to the American institutions, account for the shrinkage in the aggregate resources of the former banks and increased assets of the latter. Reports of June 30, 1903, indicate that the two principal American banks at Manila have increased their assets during the year by a sum approximating \$5,500,000.

In the summary of the Philippine bank reports it will be noted that overdrafts materially exceed the loans and discounts. This item represents, in fact, mortgage loans, as it is the custom to grant the privilege of an overdraft up to a certain amount to a customer who has previously executed a mortgage on either real estate or chattels.

HAWAII.

Consolidating the returns received from the banking institutions of the Territory of Hawaii, namely, two national and four territorial and private banks, the aggregate resources amount to \$7,400,954, against \$8,755,641 as reported for 1902. The apparent decrease, as shown by these figures, is owing to the fact that only four of the banks responded to the Comptroller's request for a statement of condition as of June 30, 1903, one of the nonreporting banks being a large incorporated institution. The principal items of resources and liabilities of all reporting banks of the Territory are: Loans, etc., \$4,957,730; bonds and stocks, \$606,197; cash in bank, \$1,147,203; capital, \$2,213,500; surplus, etc., \$127,421; deposits, \$4,743,838.

PORTO RICO.

Reports have been received from 8 banks in Porto Rico, operating under Territorial laws, and one national banking institution. The consolidation of these returns show loans aggregating \$2,783,184; bonds, securities, etc., \$1,003,057; cash in bank, \$855,400; capital stock, \$1,537,004; surplus, \$273,207; deposits, \$2,763,210, and aggregate resources, \$6,199,902. Compared with returns for 1902, these figures indicate gains, except in respect to loans and cash in bank. The loans appear to have decreased in the sum of \$186,641, and cash, \$46,042. The aggregate resources have increased in the sum of \$840,813 over the previous year. A recent statement furnished by the acting treasurer of the Territory relating to cash holdings of, and dividends paid by, banks of the island shows the following classification of money in bank: Fractional silver, \$5,491; silver dollars, \$149,721; gold coin, \$215,927, and legal tender notes, \$451,491. From the amount of dividends reported paid during the year by the various banks, it appears that two banks, namely, The Banco Espanol de Porto Rico and The American Colonial Bank, paid 5 per cent; the Credito y Ahorro Ponceno 8½ per cent, and the Banco Popular 4 per cent.

RECOMMENDATIONS.

The Comptroller again renews the recommendations contained in his report for 1902 for legislation in regard to liquidation and consolidation of national banks and extension of corporate existence. The matter of consolidation of banks was apparently very little considered at the time of the passage of the national-bank act. The necessary method of effecting a consolidation under the law as it now exists is inconvenient and cumbersome both to the banks and to the Comptroller's office, and in the interest of better and more efficient administration the Comptroller recommends such an amendment of the law as was advised in his last report.

The national-bank act does not sufficiently protect the rights of minority stockholders on the question of extension of expiring charters, as explained in detail in the report for 1902, and the Comptroller wishes to again call attention of the Congress to this, and respectfully urge that action be taken on this important matter for the better protection of minority or dissenting shareholders.

In the preparation of this report more than usual attention has been given to gathering information in regard to bank-note circulation, the classification of banks by geographical divisions, and also by the proportions of maximum circulation they have issued. Some useful and interesting figures and statistics in regard to the presentation of bank notes for redemption are also given.

The most notable fact in regard to the national-bank circulation is the great increase in its volume, which reached \$421,222,489 on September 5, 1903, the largest amount which has ever been in circulation. It is 55.43 per cent of the maximum possible circulation, which is higher than this percentage has been since 1886. This increase in the volume of circulation has been largely due to special efforts on the part of the Treasury Department. It has been feared during the past few months that when the demand came for currency to move the crops this year it might produce more than the usual disturbance in the

money market. That this demand has been met with less disturbance and less advance in rates of interest than for several years past is doubtless due largely, among other causes, to this increase in bank-note circulation. It is further of interest to note that just as the circulation was reaching its maximum and the demand for bonds had advanced their price, the deposit of lawful money to retire circulation, which for some months had been light, suddenly increased, and during the latter half of September applications were received taking up the maximum of \$3,000,000 per month for the months of September, October, November, and December.

This still further emphasizes the most serious defect in our system that the variation in the volume of our currency, instead of responding to the demand for currency, depends on the market price of bonds. Until our bank-note circulation is made automatically to respond to demand for currency for daily cash transactions without reference to the price of bonds it will never be entirely satisfactory or efficient.

In the Comptroller's report for 1902 a recommendation was made that the national banks be allowed to issue a portion of their notes uncovered by the deposit of bonds. This seems the most simple and practical, as well as the safest way, to introduce some elasticity into our bank-note circulation and the same recommendation is renewed.

During the past year or more our banks have successfully stood the very severe strain due to a great decline in the market prices of all classes of securities and the natural reaction following a period of great business activity and very general speculation, not only in stocks and securities but in many commodities and products. There have been, considering all the circumstances, fewer bank failures than might have been expected. Those which have occurred have been due to special or local causes or gross mismanagement, and, in some cases, most flagrant dishonesty on the part of the bank officials.

As a rule the reports of the bank examiners show the national banks to own very few stocks, and almost none of a very speculative character. The bank reports show total loans by all the banks of \$1,372,697,751 on collateral security. These loans are mostly on good classes of stocks and bonds well margined, and as far as they are concerned, there is less cause for concern than there has been at any time for several years. The loans are readjusted on a lower basis of prices than before, and are, as a whole, as amply or more amply margined than they were on the higher prices. It is due to the banks to say that the way they have handled their business and met this decline is an evidence of strength and careful management.

That there has not been more trouble with the banks and disturbance of business generally during this period of declining prices is also a great evidence of the confidence of our people in all our money and currency. If there had been the slightest doubt as to our monetary standard or as to any of our currency in circulation we might have had a most severe and far-reaching crisis. That we have not only escaped this, but that there has not been greater disturbance of general business shows what progress and improvement there has been in all our banking, financial, and monetary affairs since they were last subjected to serious strain of this kind.

In concluding this report the Comptroller desires to testify to the efficiency and zeal of the Deputy Comptroller, the chiefs of division, and the employees of this office. The work of the office has rapidly

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and greatly increased in the last year, and that it has been handled even more promptly than before is due to the hearty cooperation of all connected with the work, and especially to the capacity for organization and executive ability of the Deputy Comptroller, Mr. T. P. Kane. Special credit is also due to Mr. W. J. Fowler, chief of the organization division, for his work in gathering and arranging figures and statistics and their analysis for this report.

Wm. B. RIDGELY,
Comptroller of the Currency.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

R E P O R T
OF
THE COMPTROLLER OF THE CURRENCY.

**TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, December 5, 1904.**

SIR: In compliance with the requirements of section 333 of the Revised Statutes of the United States, the forty-second annual report of the operations of the Currency Bureau for the year ended October 31, 1904, is herewith submitted.

CONDITION OF NATIONAL BANKS.

The resources and liabilities of the banks in active operation, as shown by the periodical reports made during the past year, appear in detail in the following table:

**ABSTRACTS OF REPORTS OF CONDITION OF NATIONAL BANKS IN THE UNITED STATES
FROM NOVEMBER 17, 1903, TO SEPTEMBER 6, 1904.**

	Nov. 17, 1903, 5,118 banks.	Jan. 22, 1904, 5,180 banks.	Mar. 28, 1904, 5,232 banks.	June 9, 1904, 5,331 banks.	Sept. 6, 1904, 5,412 banks.
RESOURCES.					
Loans and discounts..	\$3,425,085,581.26	\$3,469,195,043.53	\$3,544,998,559.32	\$3,595,013,467.47	\$3,726,151,419.48
Overdrafts.....	51,399,000.36	42,401,729.64	30,726,878.55	26,800,926.99	31,777,951.76
U. S. bonds to secure circulation.....	380,644,780.00	387,499,420.00	394,118,300.00	409,977,250.00	418,408,840.00
U. S. bonds to secure U. S. deposits.....	142,866,870.00	140,884,120.00	130,099,780.00	110,511,810.00	108,602,050.00
Other bonds to secure U. S. deposits.....	28,739,562.30	30,018,612.10	48,426,716.19	10,645,848.60	11,658,788.57
U. S. bonds on hand.....	3,855,290.00	10,578,250.00	13,165,590.00	17,535,765.00	13,210,760.00
Premiums on U. S. bonds.....	15,812,754.06	16,478,869.70	16,378,170.69	16,435,972.00	16,210,618.53
Bonds, securities, etc.....	516,255,021.00	527,740,516.65	532,837,907.50	566,252,212.55	589,241,085.60
Banking house furniture, and fixtures.....	110,089,946.76	111,954,063.38	113,693,796.19	117,036,371.33	119,753,526.61
Other real estate owned.....	20,488,833.74	20,840,620.67	20,821,485.49	20,793,479.17	20,330,281.86
Due from national banks.....	282,606,341.44	294,555,081.99	289,418,963.31	289,397,500.76	302,216,207.73
Due from State banks and bankers.....	114,558,120.39	104,151,933.43	94,818,426.33	92,347,171.13	97,482,450.17
Due from approved reserve agents.....	437,179,855.44	494,706,418.45	503,984,736.59	498,103,879.11	562,610,307.64
Internal-revenue stamps.....	29,706.05	21,989.16	18,320.50	15,412.00	10,145.08
Checks and other cash items.....	24,527,239.59	22,357,282.98	23,623,776.37	24,444,773.68	30,534,081.53
Exchanges for clearing house.....	179,111,324.20	234,896,480.18	181,824,329.19	147,704,918.41	213,166,623.62
Bills of other national banks.....	25,510,101.00	28,336,554.00	25,524,600.00	28,795,425.00	26,826,955.00
Fractional currency, nickels, and cents.....	1,596,933.76	1,829,590.74	1,708,711.25	1,809,066.39	1,793,498.08
Gold coin.....	102,963,257.85	107,699,552.78	109,154,988.55	111,296,409.28	108,439,861.30
Gold Treasury certificates.....	110,020,660.00	146,028,950.00	148,464,700.00	161,155,120.00	175,077,020.00

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ABSTRACTS OF REPORTS OF CONDITION OF NATIONAL BANKS IN THE UNITED STATES
FROM NOVEMBER 17, 1903, TO SEPTEMBER 6, 1904—Continued.

	Nov. 17, 1903, 5,118 banks.	Jan. 22, 1904, 5,180 banks.	Mar. 28, 1904, 5,232 banks.	June 9, 1904, 5,331 banks.	Sept. 6, 1904, 5,412 banks.
RESOURCES—cont'd.					
Gold Treasury certificates payable to order	\$25,730,000.00	\$45,765,000.00	\$38,360,000.00	\$36,880,000.00	\$53,655,000.00
Gold clearing-house certificates	67,584,000.00	62,661,000.00	85,689,500.00	82,278,000.00	80,969,000.00
Silver dollars	10,044,184.00	11,676,304.00	10,090,134.00	11,209,634.00	9,880,982.00
Silver Treasury certificates	58,084,545.00	69,105,776.00	68,472,250.00	76,251,788.00	67,532,494.00
Silver fractional coin	8,863,778.90	10,254,970.43	9,185,697.75	9,593,193.97	9,194,578.23
Total specie	378,290,425.75	453,191,553.21	464,417,270.30	488,664,145.25	504,748,935.53
Legal-tender notes	142,325,352.00	161,434,599.00	153,098,314.00	169,729,173.00	156,707,594.00
Five per cent redemption fund	18,497,340.13	18,859,350.37	19,073,100.90	19,893,556.27	20,898,096.83
Due from U. S. Treasurer	2,717,098.62	4,936,083.83	3,217,924.18	4,080,562.52	3,246,286.43
Total	6,302,187,477.85	6,576,878,163.01	6,605,995,616.85	6,655,988,686.63	6,975,086,504.05
LIABILITIES.					
Capital stock paid in	758,315,170.00	765,861,640.00	765,974,753.00	767,378,148.00	770,777,854.00
Surplus fund	375,503,102.21	385,531,867.71	385,095,944.68	389,647,338.44	396,505,508.50
Undivided profits, less expenses and taxes	189,589,034.21	177,724,873.43	189,486,751.76	191,991,189.60	186,631,539.44
National-bank notes outstanding	376,239,205.00	380,992,307.50	385,908,200.00	399,583,837.50	411,231,095.50
State-bank notes outstanding	42,780.50	42,769.50	42,663.50	42,663.50	42,663.50
Due to other national banks	606,869,237.76	692,737,731.36	718,624,303.93	702,246,470.28	764,571,716.63
Due to State banks and bankers	275,787,832.92	298,840,487.63	298,602,728.11	283,670,678.33	319,779,238.55
Due to trust companies and savings banks	244,274,471.35	302,100,678.39	333,254,128.58	392,717,484.58	445,565,539.39
Due to approved reserve agents	36,827,711.84	34,235,676.95	32,403,516.92	33,515,194.04	31,335,847.05
Dividends unpaid	1,259,590.45	1,815,919.90	1,321,366.52	1,090,766.41	973,952.81
Individual deposits	3,176,201,572,893	3,001,619,898.45	3,254,470,858.74	3,812,429,840.99	3,458,216,667.90
U. S. deposits	153,276,818.87	155,399,160.97	151,796,041.59	103,014,689.86	100,965,682.92
Deposits of U. S. disbursing officers	9,236,061.13	7,895,619.82	8,437,419.97	7,328,801.23	9,801,247.87
Bonds borrowed	43,227,605.01	44,970,726.88	51,035,648.12	35,058,315.78	34,284,485.22
Notes and bills rediscounted	13,180,199.34	7,896,230.67	6,317,143.47	8,725,501.78	11,881,678.43
Bills payable	36,512,775.35	20,146,056.17	17,767,314.24	21,869,980.64	25,458,378.85
Liabilities other than those above	5,844,309.02	5,066,517.68	5,506,833.72	5,667,785.77	7,063,407.49
Total	6,302,187,477.85	6,576,878,163.01	6,605,995,616.85	6,655,988,686.63	6,975,086,504.05

An examination of the periodical statements shows that the number of reporting banks has increased from 5,042 on September 9, 1903, to 5,412 on September 6, 1904, and that there has been a gradual increase during the year in the aggregate resources of these associations from \$6,310,429,966.37 on September 9, 1903, to \$6,975,086,504.05, the increase being \$664,656,537.68. With the exception of the United States and other bonds on deposit in the Treasury Department to secure public deposits, and the holdings of silver and of legal tenders, there has been an increase in every item of resources, the principal increase being in loans and discounts, amounting to \$244,704,647.44, or from \$3,481,446,772.04 to \$3,726,151,419.48. The increase in bonds on deposit to secure circulation was \$36,839,860; other United States and miscellaneous bonds, etc., \$42,295,209.56; and in holdings of specie, including coin certificates, \$107,192,767.59. The banks' holdings of specie and legal-tender notes on September 9, 1903, were \$554,306,026.94, and on September 6, 1904, they were \$661,456,529.53.

The paid-in capital stock has gradually increased since September, 1903, from \$753,722,658 to \$770,777,854, or an increase of \$17,055,196. The surplus and undivided profits aggregate \$583,137,047.94, an increase of \$26,765,598.02 during the past year. The deposits of the banks—individual, Government, and bank—amounting to nearly 75 per cent of the total liabilities, aggregated \$5,130,235,940.31, a net increase during the year of \$597,804,693.93.

From an examination of the table appearing in the appendix, relating to the classification of loans and discounts of national banks, held on September 6, 1904, and to the accompanying summary, it will be noted that nearly 22 per cent of the total volume of loans is held by the banks located in the city of New York; over 29 per cent by the banks located in New York, Chicago, and St. Louis; about 54 per cent by the banks located in the central and other reserve cities, leaving 46 per cent as the proportion of the loans in banks located elsewhere than in the reserve cities. In September, 1903, approximately 18 per cent of the loans was in the New York banks, 26 per cent in the New York, Chicago, and St. Louis banks, nearly 52 per cent in all reserve city banks, and 48 per cent in banks located elsewhere than in reserve cities.

The summary mentioned is as follows:

Banks in—	1904.		1903.	
	Loans.		Loans.	
	Amount.	Per cent.	Amount.	Per cent.
New York.....	\$807,264,703	24.6	\$631,565,824	18.1
New York.....				
Chicago.....	1,090,374,043	29.2	902,294,038	25.9
St. Louis.....				
Other reserve cities.....	919,232,812	24.6	900,365,628	25.8
All reserve cities.....	2,009,606,555	53.9	1,802,659,666	51.8
Country.....	1,716,544,564	46.0	1,378,737,106	48.2
Total.....	3,726,151,419		3,481,416,772	

The character and amount of each class of the banks' loans in September, 1904, were as follows: Demand paper, with one or more individual or firm names, \$279,779,356; time, single-name paper, \$611,024,135; demand paper, secured by bonds, stocks, etc., \$818,937,913; time paper, secured by bonds, stocks, etc., \$699,702,946; time paper, two or more individual or firm names, \$1,316,707,069.

The law requires national banking associations located in reserve cities to maintain a reserve of 25 per cent on their deposit liabilities, and banks located elsewhere a reserve of 15 per cent. On September 9, 1903, the banks located in the central reserve cities, with deposit liabilities of \$1,021,574,470.24, held an average reserve of 26.54 per cent; other reserve city banks, on liabilities of \$1,032,473,203.18, a reserve of 25.30; country banks, on liabilities of \$1,809,464,438.83, an average reserve of 17.59. The aggregate deposit liabilities were \$3,863,512, 112.25 and the average reserve 22.02 per cent. On September 6, 1904, the central reserve city banks' deposit liabilities were \$1,340,729,685.89 and the reserve held 27.28 per cent; other reserve city banks, with liabilities of \$1,155,738,806.61, held a reserve of 25.39, the average for all reserve city banks being 26.41. On deposit liabilities of \$1,904,467,117.14 the country banks held an average reserve of 17.21. The aggregate deposit liabilities of all national banks, amounting to \$4,400,935,409.64, were protected by an average reserve of 22.43 per cent.

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It will be noted that in September, 1904, the proportion of loans and discounts was 53.4 per cent of the total assets, and this is the lowest proportion, with the exception of the years 1900 and 1901, since 1890, when it was 74.3 per cent. An examination of the records shows that generally there was a gradual decrease in the percentage of loans to the aggregate resources from 1890 to 1896, the rate on the latter date being 67.1. In the fall of the year following the proportion had dropped to 55.3 per cent and to 54.2 in 1898, since which date that ratio, with slight fluctuations, has existed. In this connection the relation of capital and individual deposits to the banks' liabilities is interesting. Practically one-half of the banks' resources are represented by the individual deposits, and that proportion has been almost constant since 1880. The proportion of resources to capital, however, nearly doubled between 1880 and 1904. From 1880 to 1893 the resources averaged about four and one-half times the amount of capital; from 1894 to 1896, five times the capital, and gradually increased to eight and three-fourths times in 1902. The resources were approximately eight and one-half times the volume of capital stock in 1903 and 1904.

In connection with the foregoing, the following table, furnished to this office through the courtesy of the William B. Dana Company, of New York, relating to the range and average monthly rates for money in the New York market during the year ended October 31, 1904, will be found of much interest.

Character of loans.	1903.		1904.			
	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Call loans:						
Stock exchange—						
Range	2 to 9	3 to 9	1½ to 6	1½ to 2	1½ to 2	1 to 1½
Average	5½	5½	2	1½	1½	1½
Banks and trust companies.....	5 to 6	3½ to 6	2 to 3½	1½ to 2	1½ to 2	1 to 1½
Time loans:						
Thirty days	6	5½ to 6	3½ to 4½	2½ to 2½	2½ to 2½	...
Sixty days	6	5½ to 6	3 to 4½	3 to 4	2½ to 2½	2½ to 2½
Ninety days	5½ to 6	4½ to 6	3 to 5	3 to 4½	3 to 3½	2½ to 3
Four months	5½ to 6	4½ to 6	3½ to 5	3½ to 4½	3½ to 4	2½ to 3½
Five months	5½ to 6	4½ to 6	3½ to 5	3½ to 4½	3½ to 4	3 to 3½
Six months	5½ to 6	4½ to 6	4 to 5	3½ to 4½	3½ to 4½	3½ to 3½
Seven months	5½ to 6	4½ to 6	4 to 5	3½ to 4½	3½ to 4	3½ to 4
Commercial paper:						
Double names—						
Choice, 60 to 90 days	5½ to 6	5½ to 6	4½ to 5½	4½ to 5	4½ to 5	3½ to 4½
Single names—						
Prime, 4 to 6 months	6 to 6½	5½ to 6	4½ to 5½	4½ to 5½	4½ to 5½	3½ to 4½
Good, 4 to 6 months	6½ to 7	6 to 7	5 to 6	5½ to 6	5 to 6	4½ to 5

Character of loans.	1904.					
	May.	June.	July.	Aug.	Sept.	Oct.
Call loans:						
Stock exchange—						
Range	½ to 2½	½ to 2½	½ to 1½	½ to 1½	½ to 2½	½ to 2½
Average	1½	1½	1½	1½	1½	1½
Banks and trust companies.....	1½ to 2	1 to 1½	1 to 1½	(a)	(a)	2 to 2½
Time loans:						
Thirty days						
Sixty days	2 to 3½	1½ to 2½	2	2	2 to 3½	3 to 3½
Ninety days	2 to 3½	1½ to 2½	2½ to 2½	2 to 2½	2½ to 3½	3½ to 3½
Four months	2½ to 3½	2½ to 3	2½ to 3½	3 to 3½	3½ to 4	3½ to 4
Five months	3 to 3½	2½ to 3	3 to 3½	3½ to 4	3½ to 4	3½ to 4
Six months	3 to 4	3 to 3½	3 to 3½	3½ to 4	3½ to 4	3½ to 4
Seven months	3½ to 4	3½ to 4	3½ to 3½	3½	3½ to 4	...
Commercial paper:						
Double names—						
Choice, 60 to 90 days	3½ to 4½	3½ to 4½	3 to 3½	3½ to 4	3½ to 4½	4 to 4½
Single names—						
Prime, 4 to 6 months	3½ to 4½	3½ to 4½	3½ to 4½	3½ to 4½	4 to 5	4 to 5
Good, 4 to 6 months	4½ to 5	4 to 5	4 to 5	4½ to 5	4½ to 6	5½ to 6

^a No loans by trust companies on call because of low rates.

CLEARING-HOUSE EXCHANGES.

Through the courtesy of Mr. William Sherer, manager of the New York clearing house, statistics have been compiled and furnished to this office covering the amount of exchanges of the clearing houses in the United States for the year ended September 30, 1904, and separately the operations of the New York clearing house for the same period, showing in addition to the aggregate clearings and balances the amount and kinds of money passing in settlement, together with the transactions of the association with the Assistant Treasurer of the United States at New York.

The volume of exchanges of the 98 clearing houses of the United States amounted to \$102,150,313,982, against \$113,963,298,913 for the year ended September 30, 1903, the net decrease being \$11,812,984,931.

The amount of exchanges of the principal clearing houses, and of those exceeding one billion dollars, are as follows:

New York	\$59,672,796,804
Chicago	8,808,093,268
Boston	6,419,272,150
Philadelphia	5,491,236,568
St. Louis	2,682,218,323
Pittsburg	1,986,720,497
San Francisco	1,513,927,257
Cincinnati	1,196,854,400
Baltimore	1,097,603,459
Kansas City	1,096,400,926

It is a notable fact that the number of banks which are members of the New York clearing house for the year 1904 is less than in any year since 1864, when the number was 49. The capital stock, however, has increased from the latter date, when it was \$68,586,763, to \$115,972,700.

The clearings during the year of the New York clearing house were settled by the payment of balances amounting to \$3,105,858,576, or 5.2 per cent of the aggregate clearings. During the fifty-one years in which the clearing house of New York has been in existence, the transactions represented by the clearings aggregated \$1,565,668,321,738, the average ratio of balances paid in money being 4.77 per cent. In settling balances in 1892, gold was used to the extent of 42.5 per cent, and legal tenders and other currency to the extent of 57.5 per cent; in 1896 but one one-hundredth of 1 per cent of the balance was paid in gold, the remainder being settled with legal tenders and other currency. In 1899 the ratio of gold used was 99 per cent and in 1903 to 1904, 99.99 per cent. The exchanges and balances received from the clearing house by the assistant treasurer of the United States at New York during the year aggregated \$559,561,205.12; the amount of exchanges delivered to the clearing house being \$290,580,050.60, and the balance paid to the clearing house, \$268,981,154.52.

EARNINGS, DIVIDENDS, AND TAXES.

Prior to 1869 national banks were not required by law to report to the Comptroller of the Currency the amount of their earnings and dividends, although section 5199 of the Revised Statutes authorized the declaration of semiannual dividends, contingent upon carrying to the surplus fund, prior thereto, one-tenth of the net earnings of the

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preceding half year until the fund amounted to 20 per cent of the capital. This provision is construed as requiring a permanent retention of the requisite surplus fund, except where losses have been sustained exceeding the net undivided profits, when it becomes necessary to encroach upon the surplus.

Reports of earnings and dividends for the year ended March 1, 1870, were received from 1,526 national banks, with capital of \$409,008,896, on which dividends were paid to the amount of \$43,246,926, or at the rate of 10.5 per cent. The average capital of banks in that year was \$268,000. Dividends at the average rate of approximately 10 per cent were paid from 1870 to 1875, inclusive. In 1879 the rate had dropped to 7.6 per cent. From 1881 to 1884 the rate was slightly in excess of 8 per cent and for the next five years continued at an average rate of 7.9 per cent. Eight per cent was slightly exceeded in 1890, and from that date declined to 6.7 in 1897, the lowest average rate ever paid by national banking associations. In 1901 the average rate was 8.1; in 1902, 9.8; in 1903, 8.7; and in 1904, 9.9. During the thirty-five years ended March 1, 1904, the average capital of national banks reporting their earnings and dividends was \$559,682,606; surplus, \$184,997,045; net earnings, \$59,843,939, and dividends declared, \$46,539,567. The average rate of dividends to capital was 8.32 and of dividends to capital and surplus, 6.25. During the thirty-five years from the net earnings aggregating \$2,094,537,873, dividends were paid to the amount of \$1,628,884,831.

The power of States to tax national banks is limited by section 5219, United States Revised Statutes, to a taxation of the shares of stock, in the names of shareholders and the real estate of the bank. (*Owensboro National Bank v. Owensboro*, 173 U. S., 664). This section further provides that the legislature of each State shall determine the manner and place of taxation, subject only to the two restrictions, that the taxation shall not be at a greater rate than is assessed on other moneyed capital in the hands of individual citizens of such State, and that the shares of any national banking association, owned by non-residents of any State, shall be taxed in the city or town where the bank is located and not elsewhere. Section 5210, United States Revised Statutes, requires every national bank to keep a correct list of the names and residences of its shareholders, the number of shares held by each shareholder, and that the list shall be subject to inspection by officers authorized to assess taxes under State authority, and also by all shareholders and creditors of the association.

No information is available with respect to the amount of State taxes paid by national banks, nor could it be obtained, except through correspondence with every association, and in many instances with every shareholder, where the tax is paid directly by the owners of stock.

The lack of uniformity in the methods of valuing bank stock for taxation in the various States is shown in the following extract from an article on the subject appearing in the September, 1904, edition of the *Banking Law Journal*:

Connecticut.—Bank is assessed on average market value for the year.

Maine.—Real estate taxed to bank at its value. Stock taxed to resident owners at approximate market value.

Massachusetts.—Stock taxed on book value, including surplus, reserve, and undivided profits, after deducting value of real estate (taxed to the bank).

New York.—One per cent on the total capital, surplus, and undivided profits, exclusive of real estate, taxed separately.

Pennsylvania.—Banks have option of paying 10 mills (or 1 per cent) on capital, or 4 mills on market value.

Alabama.—Stock is taxed on a basis of last sale prior to October 1 of each year.

Georgia.—Bank is assessed on full market value of stock, and in addition on any surplus, undivided profits, and real and personal property if not included in market value of shares.

Kentucky.—The law provides for assessment "at its fair cash value, estimated at the price it would bring at a fair voluntary sale."

Tennessee.—Law provides for assessment at actual or market value. Usually assessed at about 80 per cent of quoted market value on January 1.

Texas.—No law on subject, and methods of taxation differ greatly in different sections. Wayne County taxes on 70 per cent of capital alone; another county on 60 per cent of capital and surplus, and a third on capital, surplus, and undivided profits in full; many counties on 80 per cent of capital and surplus.

North Carolina.—Stock taxed to shareholders at its market value, after deducting real estate, taxed separately.

South Carolina.—Banks taxed on basis of 60 per cent of capital, surplus, and undivided profits, less real estate, taxed separately.

Illinois.—Bank is assessed upon one-fifth of cash valuation, determined upon by adding capital stock, surplus, and undivided profits, and deducting real estate (on which taxes are paid separately) and a certain per cent fixed arbitrarily by board of assessors (usually 20 to 25 per cent).

Iowa.—Banks are taxed upon capital, surplus, and undivided profits, after deducting real estate and taking 25 per cent on the actual cash value.

Michigan.—Assessment made on full value of stock, including surplus and undivided profits, less assessed value of any real estate belonging to bank.

Minnesota.—Taxed on 50 per cent of the capital stock, surplus, and other profits, excluding only real estate used for banking purposes.

Missouri.—Tax assessed on capital, surplus, and undivided profits, less assessed value of real estate held at about two-thirds value on 1st day of June.

Ohio.—Banks assessed at regular rate for personal taxes on two-thirds amount of capital, surplus, and undivided profits after deducting real estate.

Kansas.—Assessments upon greater part of banks are made upon capital stock, less real estate owned. Sometimes surplus is included. No special law with reference to assessment of bank stock.

Nebraska.—Assessed on the "true" value, taking into consideration the surplus and undivided profits, real estate being deducted and assessed separately.

South Dakota.—Banks pay taxes on basis of 40 per cent, usually of capital and surplus, less real estate, taxed separately.

Wisconsin.—Banks taxed on basis of 80 per cent of real book value, less assessed value of real estate used for banking office.

Section 41 of the act of June 3, 1864, provided that, in lieu of all existing taxes, every national banking association shall pay a duty of one-half of 1 per cent semiannually on the average amount of notes in circulation, one-fourth of 1 per cent on the average amount of deposits, and one-fourth of 1 per cent on the average amount of capital in excess of the amount invested in United States bonds. The tax on capital and deposits was repealed by the act of March 3, 1883. Under the war-revenue act of 1898 (repealed in 1902) a tax was imposed upon the capital and surplus of national and all other banks. Incorporated in the law of March 14, 1900, was a provision reducing the semiannual duty on national-bank circulation from one-half to one-fourth of 1 per cent on notes secured by 2 per cent consols of 1930.

The amounts paid to the Government under these various provisions up to June 30, 1904, are as follows: Capital stock, 1864 to 1883, \$7,855,888; war-revenue act of 1898, \$7,048,413; deposits to 1883, \$60,940,067; circulation to June 30, 1904, \$94,057,046; total, \$169,901,414.

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In addition to the foregoing, national banks have been charged with and paid expenses as follows:

Redemption of circulating notes from 1874 to 1904.....	\$4,963,061
Cost of original plates, 1883 to 1904.....	479,935
Cost of extension plates, 1883 to 1904.....	303,370
Fees for examinations authorized by section 5240, United States Revised Statutes, 1883 to 1904.....	4,309,199
Total payments other than taxes.....	10,055,565
Combining the taxes and other expenses, a total is shown of.....	179,956,979

From the establishment of the office of the Comptroller of the Currency in 1863 to June 30, 1904, expenses of the Bureau were \$10,025,445.93. This amount does not include contingent expenses of the Bureau, as such expenses are not paid by the Comptroller, but from the general appropriation for contingent expenses of the Treasury Department, no separate account thereof being kept. Some years since, however, a careful estimate was made and it was ascertained that such contingent expenses amount, approximately, to the sum appropriated for the operation of the Bureau. On the assumption that the estimate was practically correct, the total expenses connected with the operation of the Bureau during the life of the national banking system have been about \$20,000,000, an average of nearly \$500,000 per year. The average annual tax collected on circulation, approximately \$2,240,000, is thus seen to be over four times the average annual operating expenses of the Bureau.

SHARES AND SHAREHOLDERS OF NATIONAL BANKS.

In the call for lists of shareholders of national banking associations, as of the first Monday of July, 1904, a request was incorporated for the submission of information as to the number and holdings of women shareholders. The reported capital on the date in question was \$770,594,535, divided into 8,834,404 shares held by 318,735 shareholders, the average par value of shares being \$87.23. This average par value is due to the large number of banks located in the New England and Eastern States, which were converted into national banking associations and with stock divided into shares of less than \$100 each. The returns also show that 1,858,448 shares were held by 104,534 women; in other words, that while nearly one-third of the stockholders were women their holdings amounted to approximately one-fifth of the entire stock of national banking associations. It is also shown that the average number of shares per shareholder was 27.72 and the average value of holdings \$2,418. The average number of shares standing in the name of women was 17.78 and the average value of their holdings \$1,551. In the New England and Eastern States 43 per cent of the shareholders of national banks are women, and they hold, respectively, 24 and 22 per cent of the stock. In the Southern and also in the Middle Western States 26 per cent of the shareholders are women, and their holdings, approximately, 20 per cent of the stock. In the Western States the percentages drop to 19 and 10, respectively. In the Pacific States and Territories nearly 19 per cent of the stock is owned by women, representing 23 per cent of the number of shareholders.

In the following table is shown the distribution of national-bank stock on July 4, 1904:

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CAPITAL, SHARES, ETC., OF NATIONAL BANKS.

Divisions.	Capital.	Number of shares.	Average par value.	Number of shareholders.	Number of women shareholders.	Number of shares owned by women.	Per cent of women shareholders.	Per cent of shares owned by women
New England States	\$117,797,320	1,357,824	\$86.75	70,587	30,262	327,533	0.43—	0.24+
Eastern States	279,173,815	3,704,646	75.36	120,883	42,131	824,007	.43+	.22+
Southern States	55,169,200	980,642	97.05	43,417	11,304	191,950	.26+	.20—
Middle Western States	203,429,100	2,039,291	99.75	62,544	16,515	412,526	.26+	.20+
Western States	46,115,300	461,903	99.84	14,151	2,665	48,365	.19—	.10+
Pacific States	28,274,800	283,748	99.65	7,056	1,645	53,561	.23+	.19—
Islands	635,000	6,350	100.00	97	12	506	.12+	.08—
Total United States	770,594,585	8,834,404	87.23	318,735	104,534	1,858,448	.32+	.21+

Investigations relative to the number of shareholders and the average individual holdings have been made at various dates from 1876. In that year the number of shares of national-bank stock was 6,505,930, the average number of shares held 31.25, and the average value of each holding \$2,427. In 1886 there were 7,116,894 shares, the average number of shares held 31.83, the average value of holdings \$2,438. In 1894 shares numbered 7,955,076, average number of shares 27.64, and the average value of holdings \$2,337. In 1902 the number of shares had increased to 8,001,433, the average number of shares held being 24.24, the average value of holdings \$2,072. The number of shares in 1903 was 8,617,517, the average number of shares held 27.36, with an average value of \$2,397. In July, 1904, the number of shares was 8,834,404, average number of shares held 27.72, and the average value of each shareholder's stock \$2,418.

ORGANIZATION OF NATIONAL BANKS.

Under authority of the original national-bank act, approved February 25, 1863, the reenacted law of June 3, 1864, the act of February 14, 1880, authorizing the organization of national gold banks, and the final act of March 14, 1900, empowering the formation of associations with minimum capital of \$25,000, there have been chartered 7,460 national banking associations, of which 1,165, or nearly 16 per cent, were conversions of State banks. Over two-thirds of the conversions were of banks organized in the New England and Eastern States, and of the total number of organizations in those two geographical divisions one-third were conversions of State banks. Prior to March 14, 1900, there is no record of the number of banks organized to succeed State or private banks, but since that date and to October 31, 1904, it is shown that nearly one-third of the banks chartered in this period were of that class. In view of the fact that the organization of banks other than national has more than kept pace with the organization of national banks, it may be safely concluded that the relative number of State banks converted and national banks organized to succeed State banks, prior to 1900, was approximately the same as since that date. The proportion of conversions and reorganizations to total number of banks organized since March 14, 1900, is shown to be 44 per cent.

Records compiled at the close of the report, year ended October 31, 1904, show that since March 14, 1900—a period of little over four and one-half years—charters have been granted to 2,196 national banking

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associations, with authorized capital of \$125,512,300. The amount of bonds deposited by these banks prior to being authorized to begin business was \$31,331,250, approximately one-fourth the amount which might have been deposited with the Treasurer of the United States in trust and circulating notes issued to the par value thereon. Included in the total number of banks organized are 1,437, with capital of \$37,459,500, which were chartered under the authority of the act of March 14, 1900—that is, with capital of less than \$50,000, the average being but slightly in excess of the minimum, namely \$25,000. During this same period banks with capital stock of \$50,000 or over were chartered to the number of 759, with capital of \$88,052,800. Further classifying the organizations, it is shown that 250 of the banks, with capital of \$16,629,800, were conversions of State banks; 716, with capital of \$43,756,000, reorganizations of State or private banks, and 1,230, with capital of \$65,126,500, primary organizations.

In the period beginning March 14, 1900, and terminating on December 31 of that year, the number of banks organized was 398. During the calendar year 1901 the number was 412; 1902, 492; 1903, 515, and 1904 to October 31, inclusive, 379. The monthly average of number of banks organized during these five periods was as follows: 1900, 42; 1901, 34; 1902, 41; 1903, 43; 1904, 38. The average national-bank capital on March 14, 1900, was \$170,400, but as a result of the large number of banks organized with capital of \$25,000, the average on October 31, 1904, was reduced to \$142,150.

On March 14, 1900, the number of national banks in existence was 3,617, with authorized capital of \$616,308,095; bonds on deposit to secure circulation, \$244,611,570; circulation secured by bonds, \$216,374,795; and total national-bank circulation outstanding, secured by bonds and by lawful money, the latter deposited with the Treasurer of the United States by liquidating banks, associations reducing their circulation, and on account of insolvent national banks, \$254,402,730. On October 31, 1904, the number of active banks was 5,495, with authorized capital of \$781,126,335; bonds on deposit to secure circulation, \$426,544,790; circulation secured by bonds, \$424,530,581, and total circulation outstanding, secured by bonds and lawful money, \$457,281,500. From the foregoing it appears that during the period in question there has been a net increase in number of banks of 1,878; capital, \$164,818,240; bonds on deposit to secure circulation, \$181,933,220; circulation secured by bonds, \$208,155,786, and total circulation outstanding, \$202,878,770. The changes in number of banks, authorized capital, etc., from March 14, 1900, to October 31, 1904, and on intermediate dates indicated, are shown in the following table:

NUMBER OF NATIONAL BANKS IN EXISTENCE, AUTHORIZED CAPITAL STOCK, BONDS ON DEPOSIT TO SECURE CIRCULATION, CIRCULATION SECURED BY BONDS AND BY LAWFUL MONEY, ON MARCH 14, 1900, JUNE 30 AND OCTOBER 31, 1903, AND JUNE 30 AND OCTOBER 31, 1904.

	Mar. 14, 1900.	June 30, 1903.	Oct. 31, 1903.	June 30, 1904.	Oct. 31, 1904.
Number of banks.....	3,617		5,147	5,386	5,495
Authorized capital.....	\$616,308,095	\$754,776,695	\$766,367,095	\$776,904,335	\$781,126,335
Bonds on deposit.....	244,611,570	375,347,270	382,726,830	416,016,690	426,544,790
Circulation, on bonds.....	216,374,795	372,295,408	380,650,821	412,759,449	424,530,581
Circulation, lawful money.....	38,027,935	41,375,242	38,959,862	36,475,646	32,750,919
Total circulation.....	254,402,730	413,670,650	419,610,683	449,235,095	457,281,500

The number of national banks organized in each State, the number placed in liquidation, in charge of receivers, and in active operation at the close of the year ended October 31, 1904, are shown in the following table:

States and Territories.	Organized.	In liquidation.	Insolvent.	In operation.	States and Territories.	Organized.	In liquidation.	Insolvent.	In operation.
Maine	104	21	.....	83	Minnesota	265	37	7	221
New Hampshire	67	7	4	56	Iowa	360	74	13	273
Vermont	71	16	7	48	Missouri	162	58	10	94
Massachusetts	300	70	10	220	Total, Middle States	2,327	595	93	1,639
Rhode Island	65	37	.....	28	North Dakota	105	8	12	85
Connecticut	103	19	4	80	South Dakota	94	19	9	66
Total, New England States	710	170	25	515	Nebraska	226	54	20	152
New York	555	144	42	369	Kansas	287	89	34	164
New Jersey	159	16	7	136	Montana	52	14	10	28
Pennsylvania	762	89	25	648	Wyoming	24	3	2	19
Delaware	24	.....	.....	24	Colorado	94	23	9	62
Maryland	97	8	1	88	New Mexico	31	6	4	21
District of Columbia	21	5	3	13	Oklahoma	106	6	4	96
Total, Eastern States	1,618	262	78	1,278	Indian Territory	116	3	1	112
Virginia	102	16	6	80	Total, Western States	1,135	225	105	805
West Virginia	87	11	.....	76	Washington	88	31	22	35
North Carolina	57	8	4	45	Oregon	57	12	6	39
South Carolina	31	7	1	23	California	97	13	6	78
Georgia	76	14	6	56	Idaho	32	6	1	25
Florida	40	4	8	28	Utah	22	6	1	15
Alabama	74	11	6	57	Nevada	4	1	1	2
Mississippi	30	4	2	24	Arizona	15	3	.....	12
Louisiana	46	6	5	35	Alaska	1	.....	.....	1
Texas	524	77	26	421	Total, Pacific States	316	72	37	207
Arkansas	31	4	4	23	Hawaii	2	.....	.....	2
Kentucky	156	35	4	117	Porto Rico	1	.....	.....	1
Tennessee	97	27	7	63	Total, island possessions	3	.....	.....	3
Total, Southern States	1,351	224	79	1,048	Total of United States	7,460	1,548	417	5,495
Ohio	488	134	16	338					
Indiana	265	72	13	180					
Illinois	437	90	17	330					
Michigan	185	83	14	88					
Wisconsin	165	47	3	115					

From an examination of the foregoing table it will be noted that every bank chartered in the State of Delaware is still in active operation; and further, that the only States, etc., in which no failures of national banks have occurred are Maine, Rhode Island, Delaware, Arizona, Alaska, Hawaii, and Porto Rico. One bank in West Virginia, temporarily in charge of a receiver, was subsequently permitted to reopen and resume business. This practically adds West Virginia to the list of States in which no failures occurred.

The number and capital of national banking associations incorporated in each State and geographical division, classified by capital stock, organized from March 14, 1900, to October 31, 1904, are shown in the following table:

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ORGANIZATIONS, 1900 TO 1904.

States, etc.	Capital less than \$50,000.		Capital \$50,000 or over.		Total organizations.	
	No.	Capital.	No.	Capital.	No.	Capital.
Maine.....	1	\$25,000	4	\$225,000	5	\$250,000
New Hampshire.....	1	25,000	2	200,000	3	225,000
Vermont.....	2	50,000	1	100,000	3	150,000
Massachusetts.....			8	2,950,000	8	2,950,000
Rhode Island.....			1	500,000	1	500,000
Connecticut.....	2	50,000	1	50,000	3	100,000
Total New England States.....	6	150,000	17	4,025,000	23	4,175,000
New York.....	30	760,000	41	7,760,000	71	8,520,000
New Jersey.....	20	525,000	15	1,025,000	35	1,550,000
Pennsylvania.....	110	2,842,000	133	16,135,000	243	18,977,000
Delaware.....	5	145,000			5	145,000
Maryland.....	15	402,000	9	830,000	24	1,232,000
District of Columbia.....			2	550,000	2	550,000
Total Eastern States.....	180	4,674,000	200	26,300,000	380	30,974,000
Virginia.....	26	681,000	19	1,460,000	45	2,141,000
West Virginia.....	25	700,000	19	1,480,000	44	2,180,000
North Carolina.....	15	385,000	2	150,000	17	535,000
South Carolina.....	3	75,000	6	810,000	9	885,000
Georgia.....	18	500,000	13	1,165,000	31	1,665,000
Florida.....	5	145,000	10	1,200,000	15	1,345,000
Alabama.....	15	397,500	18	1,400,000	33	1,797,500
Mississippi.....	3	80,000	10	1,225,000	13	1,305,000
Louisiana.....	9	225,000	9	900,000	18	1,125,000
Texas.....	163	4,520,000	76	6,250,000	244	10,770,000
Arkansas.....	8	200,000	9	950,000	17	1,150,000
Kentucky.....	28	725,000	15	2,720,000	43	3,445,000
Tennessee.....	11	285,000	7	520,000	18	805,000
Total Southern States.....	334	8,918,500	213	20,230,000	547	29,148,500
Ohio.....	70	1,850,000	45	5,330,000	115	7,180,000
Indiana.....	45	1,190,000	30	2,925,000	75	4,115,000
Illinois.....	82	2,130,000	39	5,730,000	121	7,860,000
Michigan.....	7	190,000	9	2,680,000	16	2,870,000
Wisconsin.....	25	645,000	18	2,100,000	40	2,745,000
Minnesota.....	136	3,456,000	18	1,800,000	154	5,256,000
Iowa.....	83	2,195,000	28	1,685,000	111	3,880,000
Missouri.....	20	540,000	12	2,085,000	32	2,625,000
Total Middle Western States.....	468	12,196,000	196	24,335,000	664	36,531,000
North Dakota.....	61	1,535,000	1	50,000	62	1,585,000
South Dakota.....	37	930,000	4	200,000	41	1,130,000
Nebraska.....	50	1,310,000	7	400,000	57	1,710,000
Kansas.....	48	1,225,000	19	1,250,000	67	2,475,000
Montana.....	4	105,000	4	460,000	8	565,000
Wyoming.....	5	125,000	4	200,000	9	325,000
Colorado.....	17	466,000	12	1,100,000	29	1,566,000
New Mexico.....	10	255,000	4	250,000	14	505,000
Oklahoma.....	83	2,100,000	10	750,000	93	2,850,000
Indian Territory.....	82	2,130,000	16	905,000	98	3,035,000
Total Western States.....	397	10,181,000	81	5,565,000	478	15,746,000
Washington.....	4	105,000	6	520,000	10	625,000
Oregon.....	12	300,000	3	200,000	15	500,000
California.....	14	375,000	31	5,452,800	45	5,827,800
Idaho.....	14	350,000	4	250,000	18	600,000
Utah.....	3	80,000	2	225,000	5	305,000
Nevada.....			1	200,000	1	200,000
Arizona.....	4	105,000	3	150,000	7	255,000
Total Pacific States.....	51	1,315,000	50	6,997,800	101	8,312,800
Hawaii.....	1	25,000	1	500,000	2	525,000
Porto Rico.....			1	100,000	1	100,000
Total Islands.....	1	25,000	2	600,000	3	625,000
Total United States.....	1,437	37,459,500	759	88,052,800	2,196	125,512,300

^a Bonds deposited, \$31,331,250.

The Middle Western States are shown to lead, both in number of organizations and capital, namely 664 and \$36,531,000, respectively; followed by the Southern States in number of banks, namely 547, but third in point of capital, the amount being \$29,148,500. In the Western States 478 banks, with capital of \$15,746,000, were organized; in the Eastern States 380 banks with capital of \$30,974,000; Pacific States, 101 banks with capital of \$8,312,800; New England States, 23 banks with capital of \$4,175,000. Two banks have been organized in Hawaii with aggregate capital of \$525,000, and one in Porto Rico, with capital of \$100,000. Texas leads by one in number of banks organized, namely 244, with capital of \$10,770,000, Pennsylvania being second in the list with 243 banks, but nearly double the capital of Texas banks, namely \$18,977,000. In the Middle Western States division Minnesota leads in number of banks with 154, followed by Illinois with 121, Ohio 115, Iowa 111, and Indiana 75. New York, with 71 banks, followed Pennsylvania in number of associations organized in the Eastern States. The capital of the New York banks is shown to be \$8,520,000, nearly one-half of the amount of the 243 banks organized in Pennsylvania. New Jersey is third in the list with 35 banks, followed by Maryland, with 24, Delaware with 5, and the District of Columbia with 2.

In the Southern States, excluding Texas, Virginia is at the head of the list with 45 banks, and capital of \$2,141,000, followed by West Virginia with 44 banks, and capital of \$2,180,000. There were 43 banks chartered in Kentucky with greater aggregate capital than the banks of any Southern State, except Texas, namely, \$3,445,000. Alabama is fifth in the list of Southern States, with 33 banks, followed by Georgia with 31, Louisiana and Tennessee with 18 each, 17 in North Carolina and Arkansas, 15 in Florida, 13 in Mississippi, and 9 in South Carolina. In the Western States division, Indian Territory leads both in number and capital, namely, 98 with capital of \$3,035,000, followed by Oklahoma 93, Kansas 67, North Dakota 62, Nebraska 57, South Dakota 41, Colorado 29, New Mexico 14, Wyoming 9, and Montana 8. In California 45 banks have been chartered with capital of \$5,827,800. Next in number of organizations in the Pacific States division is Idaho with 18 banks, followed by Oregon with 15, Washington 10, Arizona 7, Utah 5, and Nevada 1. In the New England States division, 8 banks were organized in Massachusetts with capital of \$2,950,000, 5 banks in Maine, 3 each in New Hampshire, Vermont, and Connecticut, and 1 in Rhode Island.

The following table shows the number of banks organized since March 14, 1900, by conversion, reorganization, and primary organization, classified by capital stock:

Classification.	Conversions.		Reorganizations.		Primary organizations.		Total.	
	No.	Capital.	No.	Capital.	No.	Capital.	No.	Capital.
Capital less than \$50,000...	159	\$4,227,000	464	\$12,471,000	814	\$20,761,500	1,437	\$37,459,500
Capital \$50,000 or more....	91	12,402,800	252	31,285,000	416	44,365,000	759	88,052,800
Total.....	250	16,629,800	716	43,756,000	1,230	65,126,500	2,196	125,512,300

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The number of national banks chartered in each month from March 14, 1900, to October 31, 1904, is shown in the following table:

Month.	1900.	1901.	1902.	1903.	1904.	Month.	1900.	1901.	1902.	1903.	1904.
	No.	No.	No.	No.	No.		No.	No.	No.	No.	No.
January	36	40	34	36		August	44	27	42	36	38
February	31	28	50	35		September	20	23	38	31	32
March	6	35	41	56	42	October	25	27	33	57	43
April	46	30	50	51	46	November	21	32	36	20	
May	66	54	50	47	42	December	29	36	54	32	
June	95	40	42	58	43	Total	398	412	492	515	379
July	46	41	38	43	22						

VOLUNTARY LIQUIDATIONS, EXPIRATION, AND EXTENSION OF CHARTERS.

During the existence of the national banking system 1,548 national banks, including 21 banks subsequently placed in charge of a receiver, or 20.7 per cent of the total number organized, have been placed in liquidation either by vote of stockholders or by expiration of charters, the capital involved being \$280,524,550. The voluntary liquidations numbered 1,398, the capital involved \$257,136,550, and the number of expirations 150, with capital of \$23,413,000. In the year ended October 31, 1904, 66 associations, with capital of \$20,285,000, including 4 banks with \$510,000 capital, whose charters expired, were closed voluntarily. Three of the banks closed by expiration of charters were reorganized under different titles. Thirty-two of the associations closed by voluntary liquidation, with capital of \$12,700,000, were absorbed by, or consolidated with, other national banks; 9, with capital of \$4,480,000, were absorbed by trust companies, and 3, with capital of \$300,000, reorganized as trust companies; 3, with capital of \$250,000, are reported to have been succeeded by State or private banks, and 17, with capital of \$2,395,000, were closed to discontinue business.

From correspondence received it appears that the following banks were absorbed by trust companies: Colonial National Bank of Pittsburgh, Pa.; the First, the National Warren, and the National Hope, all of Warren, R. I.; the First, the National Bank of North America, and the Weybosset, all of Providence, R. I.; the First of Lynn, Mass., and the Colonial of Boston. The following associations are understood to have been reorganized as trust companies: The Peoples National Bank, of Belfast, Me.; the First, of Cambridge, Mass., and the Idaho National, of Lewiston, Idaho.

Forty-five of the associations liquidated were with individual capital of from \$25,000 to \$200,000, and the remainder with individual capital of \$300,000 to \$2,000,000. The greatest number of liquidations occurred in Massachusetts, 12 being closed in that Commonwealth. Second in the list is Pennsylvania with 9, followed by Ohio and Texas with 8 each, Rhode Island 7, Oklahoma 3, New York and Iowa 2 each, and 1 each in the following States: Connecticut, Maine, Vermont, Maryland, Tennessee, Virginia, Illinois, Indian Territory, Kansas, Nebraska, New Mexico, Idaho, California, Oregon, and Washington.

National banks closed to business, by voluntary liquidation, during the year ended October 31, 1904, with date of authority to commence business, date of closing, capital, and circulation issued, redeemed, and outstanding, are shown in the following table:

NATIONAL BANKS PLACED IN LIQUIDATION.

Name and location of bank.	Date of authority to commence business.	Date of closing.	Capital stock.	Circulation.		
				Issued.	Redeemed.	Outstanding.
City National Bank, Norfolk, Va. (4748) ^a	May 24, 1892	Sept. 28, 1903	\$200,000	\$200,000	\$92,305	\$107,695
Sour Lake National Bank, Sour Lake, Tex. (6856) ^a	June 26, 1903	Oct. 8, 1903	50,000	12,500	4,650	7,850
National Bank of Chanute, Chanute, Kans. (6072) ^a	Dec. 28, 1901	Oct. 10, 1903	50,000	12,500	4,700	7,800
National Suffolk Bank, Boston, Mass. (6104) ^a	Jan. 25, 1902	Oct. 30, 1903	1,500,000	196,000	116,500	79,500
Republic National Bank, Pittsburgh, Pa. (6153) ^a	Mar. 10, 1902	.....do.....	200,000	49,400	21,600	27,800
Rockwall National Bank, Rockwall, Tex. (6703) ^a	Mar. 30, 1903	Nov. 2, 1903	25,000	6,300	2,800	3,500
First National Bank, Gainesboro, Tenn. (5536) ^a	Aug. 13, 1900	Nov. 10, 1903	25,000	12,500	3,650	8,850
First National Bank, Harrison, Okla. (6752) ^a	Apr. 29, 1903	Nov. 14, 1903	25,000	6,300	2,250	4,050
National Hamilton Bank, Boston, Mass. (5158) ^a	Dec. 7, 1898	Nov. 30, 1903	600,000	49,250	23,300	25,950
Citizens National Bank, Worcester, Mass. (765) ^a	Jan. 30, 1865	Dec. 12, 1903	150,000	100,000	47,423	52,577
Manufacturers National Bank, Baltimore, Md. (2023) ^a	Feb. 1, 1882	Dec. 21, 1903	500,000	98,500	42,590	55,910
Red River National Bank, Gainesville, Tex. (3229) ^a	July 25, 1884	Dec. 30, 1903	100,000	24,200	7,700	16,500
German-American National Bank, Peoria, Ill. (3070) ^a	Oct. 31, 1883	Jan. 2, 1904	300,000	300,000	92,343	207,657
National Bank of Christiana, Christiana, Pa. (2849) ^a	Dec. 28, 1882	Jan. 12, 1904	50,000	12,000	3,800	8,200
Second National Bank, Colfax, Wash. (3119) ^a	Feb. 6, 1884	Jan. 16, 1904	60,000	15,000	5,350	9,650
Washington National Bank, Westerly, R. I. (952) ^a	Mar. 29, 1865	Jan. 23, 1904	150,000	50,000	11,890	38,110
Davis National Bank, Seymour, Tex. (5904) ^a	July 15, 1901	Jan. 30, 1904	50,000	12,500	4,750	7,750
Iron City National Bank, Pittsburgh, Pa. (675) ^a	Dec. 31, 1864	Feb. 1, 1904	400,000	59,912	17,300	42,612
Merchants and Manufacturers National Bank, Pittsburgh, Pa. (613) ^a	Dec. 8, 1864	.....do.....	800,000	800,000	324,642	475,358
Leicester National Bank, Leicester, Mass. (918) ^a	Mar. 21, 1865	.....do.....	100,000	24,250	4,535	19,715
First National Bank, Oxford, Ohio (4599) ^a	July 18, 1891	Feb. 10, 1904	50,000	49,050	14,250	34,800
First National Bank, Dallas, Oreg. (7072) ^a	Dec. 24, 1903	Feb. 11, 1904	25,000	6,250	6,250	.....
Bankers National Bank, Cleveland, Ohio (5805) ^a	May 11, 1901	Feb. 13, 1904	500,000	500,000	180,950	319,050
Tulsa National Bank, Tulsa, Ind. T. (7085) ^a	Jan. 4, 1904	Feb. 26, 1904	25,000	.....	.....	.....
Farmers and Merchants National Bank, Crockett, Tex. (5953) ^a	Aug. 29, 1901	Mar. 1, 1904	50,000	11,900	3,450	8,450
Velasco National Bank, Velasco, Tex. (4662) ^a	Dec. 8, 1891	Mar. 3, 1904	50,000	11,900	3,150	8,750
Marblehead National Bank, Marblehead, Mass. (767) ^a	Jan. 30, 1865	Mar. 4, 1904	120,000	49,300	15,933	33,367
Citizens' National Bank, Akron, Ohio (4961) ^a	June 19, 1894	Mar. 5, 1904	150,000	98,795	21,000	77,795
Central National Bank, New York, N. Y. (376) ^a	Apr. 11, 1864	Mar. 12, 1904	1,000,000	929,300	334,545	594,755
Colonial National Bank, Pittsburgh, Pa. (6367) ^a	Jan. 2, 1903	Mar. 23, 1904	1,000,000	50,000	14,850	35,150
Tradesmen's National Bank, Pittsburgh, Pa. (678) ^a	Dec. 31, 1864	Mar. 29, 1904	400,000	200,000	55,902	144,098
Colonial National Bank, Cleveland, Ohio (5152) ^a	Nov. 2, 1898	Apr. 2, 1904	1,500,000	197,750	49,750	148,000
Atlas National Bank, Boston, Mass. (654) ^a	Dec. 29, 1864	Apr. 4, 1904	1,000,000	61,765	19,100	45,665
Pawcatuck National Bank, Pawcatuck, Conn. (919) ^a	Mar. 21, 1865	Apr. 8, 1904	100,000	100,000	34,102	65,898
Leather Manufacturers' National Bank, New York, N. Y. (1196) ^a	May 30, 1865	Apr. 16, 1904	600,000	474,900	178,773	296,127
Wayne National Bank, Wayne, Nebr. (4354) ^a	July 2, 1890	May 16, 1904	50,000	39,300	2,350	36,950
Second National Bank, Youngstown, Ohio (2217) ^a	Jan. 14, 1875	May 23, 1904	200,000	170,600	36,305	134,295
Colonial National Bank, Boston, Mass. (5163) ^a	Dec. 28, 1898	May 31, 1904	1,000,000	148,500	40,520	107,980

^a Advice of liquidation not received until after October 31, 1903, therefore not included in the last annual report.

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NATIONAL BANKS PLACED IN LIQUIDATION—Continued.

Name and location of bank.	Date of authority to commence business.	Date of closing.	Capital stock.	Circulation.		
				Issued.	Redeemed.	Outstanding.
National Bank of Redemption, Boston, Mass. (515)	Sept. 12, 1864	May 31, 1904	\$2,000,000	\$711,600	\$220,850	\$490,750
National Exchange Bank, Weatherford, Okla. (5758)	Mar. 26, 1901	June 7, 1904	25,000	12,500	2,500	10,000
National Bank of North America, Providence, R. I. (1036)	Apr. 17, 1865	June 14, 1904	500,000	66,598	8,400	58,198
Waterloo National Bank, Waterloo, Iowa (5700)	Feb. 4, 1901	June 15, 1904	100,000	49,200	7,350	41,850
First National Bank, Providence, R. I. (134)	Nov. 28, 1863	June 24, 1904	500,000	146,150	19,080	127,070
American National Bank, Long Beach, Cal. (6749)	Apr. 28, 1903	June 30, 1904	50,000	49,350	4,700	41,650
State National Bank, Cleveland, Ohio (3950)	Dec. 22, 1888	July 1, 1904	500,000	490,550	46,400	444,150
Citizens National Bank, Raton, M. Mex. (6363)	July 31, 1902	July 7, 1904	50,000	37,500	3,850	33,650
Citizens National Bank, Miamisburg, Ohio (4822)	Dec. 6, 1892	July 11, 1904	100,000	25,000	2,400	22,600
Old National Bank, Washington, Pa. (7263)	May 19, 1904	July 20, 1904	150,000	-----	-----	-----
First National Bank, Sioux Rapids, Iowa (7189)	Mar. 29, 1904	July 25, 1904	50,000	12,500	12,500	-----
Union National Bank, Weymouth, Mass. (510)	Sept. 6, 1864	July 26, 1904	200,000	74,846	12,550	62,296
Weybosset National Bank, Providence, R. I. (1173)	May 20, 1865	do	500,000	56,769	8,501	48,268
First National Bank, Cambridge, Mass. (433)	May 21, 1864	Aug. 6, 1904	200,000	100,000	10,698	89,302
Idaho National Bank, Lewiston, Idaho (5600)	Oct. 19, 1900	Aug. 15, 1904	50,000	12,500	1,400	11,100
First National Bank, Warren, R. I. (673)	Dec. 30, 1864	Aug. 24, 1904	150,000	50,000	2,943	47,057
National Hope Bank, Warren, R. I. (1008)	Apr. 14, 1865	do	130,000	32,500	436	32,064
National Warren Bank, Warren, R. I. (1419)	July 11, 1865	do	200,000	49,300	2,303	46,997
First National Bank Lynn, Mass. (638)	Dec. 20, 1864	Aug. 30, 1904	500,000	380,000	42,490	337,510
Ohio Valley National Bank, Cincinnati, Ohio (3606)	Dec. 20, 1886	Sept. 12, 1904	700,000	248,482	110,950	137,532
National Bank of New Brighton, Pa. (3259)	Oct. 27, 1884	Sept. 15, 1904	100,000	24,700	2,700	22,000
Citizens National Bank, Jacksonville, Tex. (6833)	July 15, 1903	Sept. 16, 1904	25,000	23,950	7,100	16,850
Kingfisher National Bank, Kingfisher, Okla. (5746)	Mar. 13, 1901	Sept. 24, 1904	25,000	6,250	250	6,000
National Bank of Lyndon, Vt. (1140)	May 15, 1865	Sept. 27, 1904	50,000	32,265	2,551	29,714
City National Bank, Lampasas, Tex. (7394)	Sept. 9, 1904	do	50,000	-----	-----	-----
First National Bank, Wehrum, Pa. (7112)	Jan. 29, 1904	Oct. 18, 1904	25,000	7,000	-----	7,000
First National Bank, Danvers, Mass. (549)	Nov. 30, 1864	Oct. 25, 1904	150,000	39,599	-----	39,599
Peoples National Bank, Belfast, Me. (4806)	Oct. 18, 1892	Oct. 31, 1904	50,000	50,000	-----	50,000
Total (66 banks)	-----	-----	20,285,000	7,932,531	2,378,160	5,554,371

On July 12, 1882, the act was passed authorizing national banking associations to extend their corporate existence for an additional period of twenty years, and on April 12, 1902, the act was approved authorizing the extension, for a further period of twenty years, of charters of banks extended under the act of July 12, 1882. The number and capital of banks whose charters have been extended under the original act are 2,258 and \$493,096,365, respectively; the number of reextensions under the act of April 12, 1902, with capital of the associations, was 315 and \$88,310,300, respectively, making the total number of first and second extensions 2,573, the capital of the banks being \$581,406,665. The number of extensions and reextensions during the year ended October 31, 1904, was 118 and 57, respectively. For the information of banks interested there is given in the appendix to this

report a list of the 104 banks; the charters of which will expire during the year ending October 31, 1905, and which may be extended under authority of the provisions of the act of July 12, 1882, and also of 643 banks extended under the act mentioned, and which may be extended for the second time under the act of April 12, 1902. The capital of banks whose charters will expire for the first time is \$13,123,000, and for the second time \$229,050,585.

Many associations, on reaching the end of their corporate existence, find that a large proportion of the stock is held by nonresidents, estates, etc., the owners of which add nothing to the banks' business, their sole concern being in the dividends declared. Where this condition exists to an extent materially affecting a bank's interests, it is found necessary to adopt measures to place the stock with those who will be desirable shareholders. Generally, it is found possible to induce such shareholders to sell their stock to local resident shareholders, or through them, to other resident business men. In case the purchase of such stock can not be effected, it is occasionally found advisable to permit the corporate existence of the bank to expire by limitation and organize a new association by the stockholders of the old bank and other local citizens engaged in active business. The course first referred to is the more desirable, as thereby the charter may be extended and the bank continue its well-earned prestige of the prior twenty or forty years, as the case may be. As the proviso to section 5 of the act of July 12, 1882, relating to the organization of a bank to succeed another association whose corporate existence has expired, confers upon the stockholders in the old bank the right to participate, according to their original holdings, in the stock of the new bank, it becomes necessary, if this right is not to be conserved, to organize under a name materially different from that of the original association; for otherwise the new management would have the advantage of the good will of the old association without rendering an equivalent to the old stockholders who are not to be permitted to become subscribers to the stock of the new bank.

Where the corporate existence of a national bank is permitted to expire by limitation the method of settling its affairs is the same as though the bank had been placed in voluntary liquidation by vote of shareholders in advance of the termination of its corporate existence. The liabilities of an association become due and payable on the date of expiration of charter. When all liabilities are paid, or provided for to the satisfaction of claimants, the remaining assets representing the stockholders' interests should be promptly converted into cash and distributed pro rata to stockholders. The law makes no provision for the report to the Comptroller of the Currency of the settlement of the affairs of an association closed by voluntary liquidation or expiration of charter, and it is clear that the agency by means of which the business should be wound up is one to be created by vote of stockholders, or, in default of such action, by the directors. The election of a liquidating agent by stockholders relieves the directors of responsibility, which they would otherwise have, for the settlement of the trust. In case of the closing of a bank for the purpose of absorption by, or consolidation with, another bank, the liquidating agent or directors appear to have authority to enter into a contract with the continuing bank for the assumption of liabilities to depositors and other general creditors, offsetting an equivalent amount of assets trans-

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ferred, and to purchase the remaining assets, which can be lawfully acquired by a national bank, representing stockholders' interests. If there is to be no increase in the capital stock of the absorbing bank, for the purpose of selling the additional stock to those interested in the old association, it necessarily follows that the stockholders of the closed bank are to be paid the actual value of the assets representing their stockholdings.

The act of 1882, providing for extension of charters, conserves the interest of shareholders not desiring to continue their connection with the bank, but desiring to withdraw and to be paid the surrender value of their stock. The act provides that notice of intention to withdraw shall be given to the directors within thirty days from the date of issue of certificate authorizing extension of the charter, and that a committee of appraisal shall be appointed--one member by the withdrawing shareholder, one by the bank, and a third by the first two. The bank and the dissenting shareholder may select as members of the committee expert accountants or any other persons competent to perform the duties of appraisers. In case the value fixed is unsatisfactory to the shareholder, he may appeal to the Comptroller of the Currency, whose appraisal shall be final and binding. The right of appeal is not given to the bank. In case the valuation fixed by the Comptroller exceeds the amount fixed by the committee, the expense of reappraisal must be borne by the bank; otherwise by the shareholder appealing. The law makes no provision for payment of expenses incident to the first appraisal; hence it is incumbent upon the withdrawing shareholder and the bank to determine this question. The shares appraised and surrendered must, after due notice, be sold at public sale within thirty days after the final appraisal.

Generally speaking, the market price of stock represents the surrender value, although, in some instances, the market price may be above or below the actual value of the stock. The proper course to pursue is to have a very careful examination made of the assets, taking into consideration the actual value of items above or below the book value, deducting items admittedly worthless. The question of "good will" is not to be considered, although it may be of material value to a bank continuing business.

The act relating to extension provides that shareholders representing at least two-thirds of the stock shall consent in writing to an amendment of the articles of association, extending for a further period of twenty years the corporate existence of the association. The procuring of the necessary signatures may be taken up at any time within two years prior to the expiration of a bank's charter, and when the requisite signatures have been obtained the amendment should be filed with the Comptroller of the Currency. A shareholder's consent must be given by him in writing, or by his duly empowered attorney. The provision of law relating to voting of stock by proxy at meetings of stockholders of national banks does not apply in the case of extension of charter, as no vote is involved; hence, if desired, a shareholder may legally empower a director or other officer of a national bank to act for him in consenting to the extension of charter.

It is expected that the amendment relating to the extension of the corporate existence of a bank, accompanied by request for its approval, will be filed with the Comptroller of the Currency not later than two

months prior to expiration of the existing charter, in order that there may be sufficient time for the making of the special examination required by law to ascertain the condition of the bank's assets and to enable the association to comply with possible conditions precedent to renewal of charter. Where an examination has been made within a reasonable time prior to expiration of charter, in passing upon the question of extension the Comptroller may be governed by the condition of the bank as shown by such an examination, thus obviating the necessity of an additional special investigation of the bank's condition. When a bank's affairs are found to be in a satisfactory condition, or action has been taken in connection with the sale or disposition of undesirable assets, or those acquired in violation of the provisions of law, advice is given of the fact that certificate of extension will be issued simultaneously with the expiration of the preexisting charter. By the extension of the corporate existence of a national banking association the original charter number and title are continued, and the association enjoys all the rights, privileges, and immunities granted, and is subject to all the duties, liabilities, and restrictions imposed by law relating to national banking associations.

The act of 1882, however, provides that a bank, whose charter has been extended, can not subsequently receive and issue circulating notes of the original series; hence if the note-issuing franchise is to be enjoyed, notes of a new design must be ordered. The order for the new plates and circulation should accompany the amendment providing for extension of charter, in order that the new notes may be ready for delivery as soon as required. As the old notes are received for redemption they are destroyed and charged to the 5 per cent redemption fund and an equivalent amount of notes of the new design shipped to the bank. This process continues until three years from date of extension of charter when a deposit of lawful money is required to provide for the redemption of the balance of the notes then outstanding. An order for 50 per cent of the total amount of notes to which a bank is entitled on its bond deposit is sufficient to provide for current redemptions and reissues. If desired, lawful money may be deposited for all of the outstanding notes of the old design, which will enable the depositing bank to receive immediately the full amount of notes of the new series.

INSOLVENT NATIONAL BANKS.

During the past year 26 national banks, including one theretofore in voluntary liquidation, were placed in the charge of receivers. Six of the associations, however, have been restored to solvency and permitted to resume business, the receivers being discharged. Eight of the failures were due to fraudulent management or to dishonesty of the cashiers.

In the accompanying table is given a list of national banks closed during the year, the date of appointment of receiver, capital stock, and circulation issued, redeemed, and outstanding.

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INSOLVENT NATIONAL BANKS.

Name and location of bank.	Date of authority to commence business.	Date of closing.	Capital stock.	Circulation.		
				Issued.	Re-deemed.	Out-standing.
First National Bank, Victor, Colo. (5586).....	Sept. 25, 1900	Nov. 4, 1903	\$50,000	\$48,750	\$15,850	\$32,900
Farmers National Bank, Henrietta, Tex. (4068).....	July 3, 1889	Nov. 18, 1903	50,000	12,500	5,403	7,097
Indiana National Bank, Elkhart, Ind. (4841).....	Jan. 7, 1893	Nov. 19, 1903	100,000	24,550	11,653	12,897
First National Bank, Dundee, Ill. (5638) ^a	Dec. 13, 1900	Nov. 21, 1903	50,000	25,000	3,400	21,600
Windham County National Bank of Danielsonville, Danielson, Conn. (1360) ^a	June 29, 1865	Dec. 22, 1903	50,000	25,000	.....	25,000
First National Bank, Storm Lake, Iowa (2595).....	Dec. 1, 1881	Jan. 2, 1904	50,000	50,000	24,150	25,850
Alva National Bank, Alva, Okla. (6490) ^a	Nov. 15, 1902	Jan. 8, 1904	25,000	6,250	.....	6,250
Traders National Bank, Clarksburg, W. Va. (4569) ^a	May 9, 1891	Feb. 2, 1904	85,000	85,000	16,300	68,700
Citizens National Bank, McGregor, Tex. (5504).....	July 18, 1900	Feb. 6, 1904	25,000	25,000	8,150	16,850
Equitable National Bank, New York, N. Y. (6284).....	June 2, 1902	Feb. 9, 1904	200,000	49,350	26,550	22,800
American Exchange National Bank, Syracuse, N. Y. (5286).....	Apr. 12, 1900	Feb. 10, 1904	200,000	200,000	111,200	88,800
First National Bank, Matthews, Ind. (5998).....	Oct. 24, 1901	Feb. 12, 1904	25,000	12,500	4,000	8,500
Galion National Bank, Galion, Ohio (5581).....	Nov. 2, 1886	Feb. 15, 1904	60,000	60,000	20,920	39,080
First National Bank, Billings, Okla. (5960) ^b	Sept. 10, 1901	Feb. 19, 1904	25,000	6,500	4,080	2,420
Orange Growers National Bank, Riverside, Cal. (6833).....	June 13, 1903	Mar. 22, 1904	100,000	24,400	7,300	17,100
National Bank of Holdenville, Holdenville, Ind. T. (5735).....	Mar. 7, 1901	.....do.....	50,000	50,000	21,950	28,050
Capitol National Bank, Guthrie, Okla. (4705).....	Mar. 9, 1892	Apr. 4, 1904	100,000	98,700	23,100	75,600
Farmers and Merchants National Bank, Hobart, Okla. (6358) ^a	July 29, 1902	Apr. 22, 1904	50,000	13,000	500	12,500
First National Bank, Macon, Ga. (1617).....	Dec. 9, 1865	May 16, 1904	200,000	197,000	46,070	150,930
First National Bank, Cape May, N. J. (5539).....	May 29, 1901	May 24, 1904	25,000	6,000	1,950	4,050
Elk City National Bank, Elk City, Okla. (6164).....	Mar. 17, 1902	May 28, 1904	25,000	6,250	1,200	5,050
Medina National Bank, Medina, N. Y. (4986).....	Feb. 19, 1895	June 21, 1904	50,000	12,500	2,650	9,850
First National Bank, Saratoga Springs, N. Y. ^a (893).....	Mar. 14, 1865	June 27, 1904	125,000	125,000	17,150	107,850
First National Bank, Grinnell, Iowa (1629).....	Jan. 15, 1866	July 26, 1904	100,000	25,000	2,030	22,970
Peoples National Bank, Swanton, Vt. (4943).....	Mar. 7, 1894	Aug. 18, 1904	50,000	50,000	8,050	41,950
First National Bank, Claysville, Pa. (4273).....	Mar. 27, 1890	Oct. 11, 1904	50,000	49,300	850	48,450
Total (26 banks).....			1,920,000	1,287,550	384,456	923,094
Total liquidating and insolvent banks (92).....			22,205,000	9,220,087	2,762,616	6,457,465

^a Restored to solvency and resumed business.^b Formerly in voluntary liquidation.

Within the past twelve months the affairs of 15 national banks, theretofore placed in the charge of receivers, were fully settled by the payment of final dividends to creditors, leaving 73 pending trusts.

Of the total number of insolvent national banks placed in charge of receivers, the affairs of 345 have been fully settled and the receiverships terminated. The capital of these banks, at date of failure, was \$53,655,920, and total assets, nominal value, taken charge of by the receivers, \$194,234,790. The collection from assets and the amount settled by offsets, etc., were \$90,341,899 and \$14,853,083, respectively. The losses on assets compounded or sold under order of court aggregated

\$78,531,580. On the final settlement of the affairs of these trusts assets of the nominal value of \$10,562,359 were returned to stockholders, including \$1,802,397 in cash. Assessments were levied on stockholders to make good deficiency in the assets of these trusts to the amount of \$31,967,520, from which was realized \$15,052,961. Dividends were paid to the amount of \$74,364,841, or 70.78 per cent on claims proved, amounting to \$105,067,058. In order to ascertain the full amount realized by creditors, it is necessary to add the dividends paid to the amount of offsets allowed and loans paid. The records therefore show that creditors realized on their claims a total of 78.11 per cent.

The cost of liquidation of an insolvent national bank—that is, the receiver's salary, legal and other expenses—based upon the total amount collected from assets and from assessment on shareholders, is shown to have been, on an average, 8.43 per cent.

In addition to detailed information relating to the affairs of each insolvent national bank, there appears in the appendix a statistical summarization, by States and geographical divisions, of data relating to trusts, the affairs of which have been finally closed. The table in question shows that creditors of the 19 national banks which failed in the New England States received 93.26 per cent on their claims. The 63 insolvent banks which failed in the Eastern States paid 75.93 per cent; the 63 in the Southern States, 68.15 per cent; 76 banks in the Middle States, 84.10 per cent; 89 in the Western States, 69.17 per cent, and 35 in the Pacific States and Territories, 70.05 per cent.

Classifying the trusts according to capital stock, it appears that banks with capital of \$100,000 or less paid dividends on claims proved at the average rate of 64 per cent, and that the assessment on stockholders produced 38 per cent. The banks with capital of \$100,000 and less than \$200,000 paid 67 per cent in dividends and stockholders paid in on assessments 41 per cent. Banks with capital of \$200,000 and over paid dividends to creditors at the average rate of 72 per cent, while the assessment on stockholders realized 51 per cent, which would appear to indicate that the larger the capital the greater the percentage realized from assets and also from assessment on stockholders. The amount of capital, claims proved, dividends paid, assessments on shareholders and collections therefrom, of banks in each class mentioned are shown in the following table:

Classification.	No.	Aggre-gate capital.	Claims proved.	Dividends paid.		Assessment upon share-holders.		Collected on assess-ment.		
				Amount.	Per cent of claims.	Amount.	Per cent of capital.	Amount.	Per cent of assessment.	Per cent of total capital.
Capital less than \$100,000	146	\$7,739,000	\$11,404,600	\$7,325,479	64	\$4,425,750	57	\$1,669,729	38	21.6
Capital \$100,000, and less than \$200,000.....	106	11,655,620	18,230,171	12,294,905	67	6,599,720	57	2,697,694	41	23.1
Capital \$200,000 and over.....	93	34,261,300	75,432,287	54,744,457	72	20,942,050	61	10,685,588	51	31.2
Total.....	345	53,655,920	105,067,058	74,364,841	70	31,967,520	59	15,052,961	47	28.1

In addition to statistics relating to trusts which have been finally closed, compiled by States and geographical divisions, a summary has been made, by years of failure, showing the aggregate amount of dividends paid to creditors, etc., of such banks as failed each year from 1865 to 1904.

The results obtained would indicate that creditors during the past half decade realized a higher rate of dividends on their claims than in any like period since the first failure in 1865, but this can not be stated as a fact until the affairs of all banks which failed during this period have been settled.

CAPITAL, BONDS, AND CIRCULATION.

At the close of the year ended October 31, 1903, on authorized national-bank capital of \$766,367,095, there was on deposit with the Treasurer of the United States in trust, as security for circulation, United States bonds to the amount of \$382,726,830, a fraction less than 50 per cent of the amount which might have been deposited, and on the security of which there were outstanding circulating notes to the amount of \$380,650,821. In other words, national-bank circulation was less than half the amount which might have been issued on bonds deposited to the maximum—that is, the banks' paid-in capital stock. The total national-bank circulation outstanding in October, 1903, was \$419,610,683, of which \$38,959,862 was covered by lawful money deposited with the Treasurer of the United States by banks reducing their circulation, associations in voluntary liquidation, and on account of insolvent national banks. At the close of the current report year, with an increase of capital stock to \$781,126,335, there was an increase in bonds deposited as security for circulation to \$426,544,790; in bond-secured circulation to \$424,530,581, and total circulation to \$457,281,500. The increase in bond-secured circulation during the year is shown to be \$43,879,760. This material increase was mainly due to the comparatively low market price of 2 per cent consols prevailing during the year. The highest market price was on October 31, 1903, namely, 107.2685. A steady decline is shown to 105.1332 in February; in March the average price was 105.6296, and in April 105.8775; dropped in May to 105.1458; advanced to 105.4303 in June, and declined in July and August to 104.9713 and 104.9491, respectively. The market price in September was 105.3 and in October, 105.

The number of banks in operation, authorized capital stock, bonds on deposit as security for circulation, average monthly market price of 2 per cent consols, circulation secured by bonds and by lawful money, and the aggregate circulation outstanding monthly from October 31, 1903, to October 31, 1904, are shown in the following table:

Date.	Number of banks.	Capital.	Bonds on deposit.	Average monthly market price of 2 per cent consols of 1930.	Circulation secured by—		Total circulation outstanding.
					Bonds.	Lawful money.	
1903.							
October 31.....	5,147	\$766,367,095	\$382,726,830	107.2685	\$380,650,821	\$38,959,862	\$419,610,683
November 30.....	5,159	766,332,095	384,625,930	106.8315	383,018,484	38,088,495	421,106,979
December 31.....	5,184	767,567,095	389,335,680	106.4279	387,273,623	37,889,395	425,163,018
1904.							
January 31.....	5,215	769,005,815	390,231,600	105.7300	387,657,731	39,199,896	426,857,627
February 29.....	5,240	768,750,815	392,671,550	105.1332	390,352,491	39,971,819	430,324,310
March 31.....	5,273	770,975,815	398,034,650	105.6296	395,600,234	39,309,708	434,909,942
April 30.....	5,313	774,449,315	399,793,140	105.8775	397,802,781	39,277,792	437,080,573
May 31.....	5,350	775,888,335	410,572,640	105.1458	407,279,034	38,709,531	445,988,565
June 30.....	5,386	776,904,335	416,016,690	105.4303	412,759,449	36,475,646	449,235,095
July 31.....	5,399	775,679,335	417,588,690	104.9713	415,025,156	35,181,782	450,206,888
August 31.....	5,431	777,061,335	419,683,940	104.9491	417,380,300	35,136,473	452,516,773
September 30.....	5,457	777,741,335	424,701,490	105.3000	422,014,715	34,064,693	456,079,408
October 31.....	5,495	781,126,335	426,544,790	105.0000	424,530,581	32,750,919	457,281,500

As a result of the provision of the act of March 14, 1900, reducing the semiannual duty on circulation secured by 2 per cent consols of 1930, of the \$301,123,580 United States bonds on deposit as security for circulation on October 31, 1900, \$270,006,600 had been converted into twos, and on October 31, 1904, of the aggregate deposit (\$426,544,790), nearly 98 per cent, or \$416,972,750, were of that class.

The changes in the class and amount of bonds on deposit with the Treasurer of the United States to secure national-bank circulation on March 13, 1900, the day prior to the passage of the act authorizing the incorporation of banks with minimum capital of \$25,000 and reducing the semiannual duty on circulation secured by consols of 1930 to one-fourth of 1 per cent, and on October 31, 1900, 1902, 1903, and 1904, are set forth in the following table:

Class.	Mar. 13, 1900.	Oct. 31, 1900.	Oct. 31, 1902.	Oct. 31, 1903.	Oct. 31, 1904.
Loan of 1908-1918, 3 per cent.....	\$56,164,820	\$7,756,580	\$6,056,720	\$1,797,580	\$1,922,940
Funded loan of 1907, 4 per cent.....	130,302,250	13,544,100	8,248,450	2,797,200	5,857,500
Loan of 1925, 4 per cent.....	14,697,350	7,503,350	2,208,600	1,110,100	1,791,600
Loan of 1904, 5 per cent.....	21,996,350	1,298,000	1,100,900	718,650	—
Funded loan of 1891, 2 per cent.....	20,490,150	1,019,950	—	—	—
Consols of 1930, 2 per cent.....	—	270,006,600	320,738,000	376,003,300	416,972,750
Total	243,651,420	301,123,580	338,352,670	382,726,830	426,544,790

Under Department regulations only three classes of plates are engraved, namely, for four \$5 notes; three \$10 and one \$20; one \$50 and one \$100. As a result of the limitation of \$5 notes to one-third of a bank's issues, incorporated in the act of March 14, 1900, the percentage of notes of that denomination outstanding has been reduced from 31.2 in 1900 to 13.6 in 1904. This limitation works considerable hardship on banks with the minimum capital, for the reason that they are prevented from ordering the most desirable denomination of notes for their localities, as but one-third of their issues can consist of the minimum denomination. In consequence, with the order for \$5s they must necessarily order a plate for either \$10s and \$20s or the \$50s and \$100s. By reference to the official records, it appears that at no time during the existence of the system has the percentage of notes

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of the denomination of \$5 exceeded the limitation fixed by the act of March 14, 1900. Over 74 per cent of the total issues are now of the denominations of \$10s and \$20s, the amount of the former being \$193,777,650, and the latter \$145,751,440. The \$5 notes amount to \$62,108,195; \$50 notes, \$17,712,900; and \$100s, \$37,190,300. There are still outstanding about \$500,000 of notes of the denomination of \$1 and \$2, and \$117,500 of the denomination of \$500 and \$1,000.

The amount of each denomination of circulation outstanding at the close of the year, the amount previously issued, together with total redemptions, are shown in the following table:

Denomination.	Issued during the year.	Issued previous years.	Total issued to Oct. 31, 1904.	Total redeemed to Oct. 31, 1904.	Circulation outstanding Oct. 31, 1904.
Ones.....		\$23,169,677	\$23,169,677	\$22,824,750	344,927
Twos.....		15,495,038	15,495,038	15,329,872	165,166
Fives.....	\$33,893,160	868,388,540	902,281,700	840,173,505	62,108,195
Tens.....	95,306,790	913,971,810	1,009,278,600	815,500,950	193,777,650
Twenty.....	63,537,860	589,070,720	652,608,580	506,857,140	145,751,440
Fifties.....	6,908,100	145,720,550	152,628,650	134,915,750	17,712,900
One hundreds.....	13,816,200	242,902,500	256,718,700	219,528,400	37,190,300
Five hundreds.....		11,947,000	11,947,000	11,853,500	93,500
One thousands.....		7,379,000	7,379,000	7,355,000	24,000
Total.....	213,462,110	2,818,044,835	3,031,506,945	2,574,338,867	457,168,078
Unredeemed fractions.....				-37,487	+37,487
Total.....				2,574,301,330	457,205,565

NOTE.—Circulation outstanding and issued by national gold banks, amounting to \$75,935, not included in this table.

By reference to statistics compiled in the office of the Secretary of the Treasury, relating to the stock of money in the United States, at the close of the fiscal year ended June 30, 1864, to 1904, and also to office statistics with respect to the amount of national-bank notes outstanding on the same dates, it appears that the proportion of bank notes to the whole stock of money decreased from a maximum of 43.27 per cent in 1874 to a minimum of 9.86 per cent in 1892. From the latter date to 1900, when the percentage was 13.233, the fluctuation from year to year was only about 1 per cent. In 1901 the proportion of national-bank notes was 14.25, but dropped in 1902 to 13.91, rose to 15.91 in 1903, and stood at 16.2 in 1904, the highest proportion since 1887.

There appears in the appendix to this report a statement based upon every report of condition made to the Comptroller of the Currency by national banks from October 5, 1863, to September 6, 1904, showing the paid-in capital stock, outstanding circulation, aggregate resources, money in the United States on June 1 of each year, and the percentage of circulation to capital, assets, and money in the United States. On September 9, 1903, the percentage of circulation to capital stock was 49.8; to the banks' assets, 5.9, and on June 30 of that year, 13.4, to the money in the United States. On September 6, 1904, the percentage of circulation to capital had increased to 53.4, the percentage of assets standing unchanged at 5.9, and the percentage of stock of money of the country, based on the June returns, 14.2.

Circulating notes to the amount of \$274,777,278 were delivered to the National Bank Redemption Agency for redemption during the year, of which \$99,047,325 being in good condition were returned to the

banks of issue, \$143,799,170 were redeemed and destroyed, new notes being issued therefor, and \$31,930,783 notes of reducing, insolvent, and liquidating banks were redeemed and destroyed, necessarily without reissue.

In connection with the distribution of circulation the following table, based on the reports of condition made to this office from November 17, 1903, to September 6, 1904, is interesting as indicating the amount and changes of notes outstanding, of banks located in the city of New York, in all central reserve cities (New York, Chicago, and St. Louis), other reserve cities, all central and other reserve cities, banks located elsewhere than in reserve cities, and the total reported outstanding:

Date.	New York.	New York, Chicago, and St. Louis.	Other reserve cities.	All reserve cities.	Country.	Total.
	Millions. \$46.4	Millions. \$61.6	Millions. \$74.2	Millions. \$135.8	Millions. \$240.4	Millions. \$376.2
1903.						
November 17.....						
1904.						
January 22.....	43.2	59.1	77.4	136.5	244.4	380.9
March 28.....	37.3	53.5	80.7	134.2	251.7	385.9
January 9.....	35.1	55.1	85.5	140.6	258.9	399.5
September 6.....	39.3	56.3	87.7	144.0	267.2	411.2

PROFIT ON NATIONAL-BANK CIRCULATION.

In calculating the profit on the issue of circulating notes by national banking associations the question considered is: What would be the net receipts in excess of interest obtained from an investment of the amount of the cost price of bonds in loans or otherwise? The average net monthly price of United States 2 per cent consols of 1930, during the year ended October 31, 1904, fluctuated from a maximum of 106.583 in November, 1903, to a minimum of 104.7 in August, 1904. Bonds to the amount of \$100,000 cost, therefore, \$106,583, at the highest price prevailing. This amount loaned at 6 per cent would produce \$6,394.98. Assuming that the circulation is loaned at 6 per cent, a bank's receipts would then be \$6,000 interest on circulation, and \$2,000 on the bonds deposited with the Treasurer of the United States. From the gross receipts of \$8,000 there must be deducted taxes on circulation \$500, expenses incident to the preparation of plates for the printing of notes, the redemption of circulation, etc., of \$62.50, and a sinking fund of \$103.99, set aside to meet the premium on the bonds, leaving net receipts of \$7,333.51, or an excess of \$938.53, over the interest on the cost price of bonds, or a net profit of 0.881 per cent. With bonds at the minimum price during the year, 104.7, the profit on circulation rises to 1.028 per cent. This unquestionably exceeds the actual rate of profit, as in the calculation it is assumed that the entire circulation is loaned at 6 per cent, whereas, on an average of 1 to 2 per cent of a bank's circulation, as shown by periodical reports made to the Comptroller of the Currency, appears as "on hand."

The computation made by the Government actuary of the profit on national-bank circulation, based on the average net price monthly of bonds during the year ended October 31, 1904, will be found in Table 51 of the appendix to this report.

BANKS WITHOUT CIRCULATION.

Notwithstanding the liberalizing of the circulating franchise of national banking associations, there are a number of banks in the system which do not and never have availed themselves of the privilege of taking out and issuing circulating notes. At the close of the year ended October 31 there were 10 banks in this class, with aggregate capital of \$3,185,000. These banks have on deposit with the Treasurer of the United States bonds to the amount of \$246,500, on which they would be entitled to circulation to that amount.

LIFE OF UNITED STATES AND NATIONAL-BANK NOTES.

In his current annual report the Treasurer of the United States presents statistics relative to the estimated life, by denominations, of United States notes, coin certificates, and national-bank notes, basing the calculation on the number of United States notes and coin certificates issued up to June 30, 1904, and bank circulation to October 31, 1903.

The results are summarized in the following table:

Denomination.	United States notes.	Treasury notes.	Gold certificates.	Silver certificates.	National bank notes.
One dollar.....	Years.	Years.	Years.	Years.	Years.
Two dollars	3.083	1.698	.....	1.375	4.305
Five dollars	3.165	1.828	.....	1.540	4.425
Ten dollars.....	4.338	2.880	.....	2.020	3.967
Twenty dollars.....	4.003	3.577	.....	3.411	4.044
Fifty dollars.....	5.842	3.815	2.880	3.890	4.282
One hundred dollars.....	6.008	3.598	3.441	3.182	4.540
Five hundred dollars.....	6.020	3.527	3.115	2.713	4.245
One thousand dollars.....	3.610	.....	2.971	1.870	5.181
Five thousand dollars.....	3.837	1.891	2.289	1.407	3.327
Ten thousand dollars.....	.325	.....	1.208	.....	.....
All denominations.....	1.160	.....	1.508	.....	.....
	3.695	2.136	2.877	1.717	4.058

STOCK OF MONEY OF THE WORLD.

Statistics relating to the aggregate stock of money in the principal countries of the world at the close of the calendar year 1903 have been received and compiled by the Bureau of the Mint, from which it appears that the aggregate is \$12,313,100,000, the amount of gold being \$5,628,-200,000, of which \$2,892,600,000 is held in banks and public treasuries, \$2,526,000,000 being in general circulation. The stock of silver aggregates \$3,201,400,000, of which \$2,268,700,000 is "full tender" and the remaining \$932,700,000 limited tender. Uncovered paper currency is stated as amounting to \$3,483,500,000. Of the total stock of money in the world \$2,500,200,000, or approximately one-fifth, is held in this country. The stock of gold of the United States, \$1,320,400,000, is greater than that of any other country and is nearly one-fourth of the world's stock. The amount of silver is \$679,200,000. The per capita circulation of the United States is \$30.70 and is greater than that of any of the principal countries of the world except France, wherein it is \$40.09. The circulation per capita of the various kinds of money in the United States is as follows: gold, \$16.26; silver, \$8.36, and paper,

\$6.17. Tabular statistics relating to the stock of money, standard and unit of value, of the principal countries of the world appear in the appendix to this report.

From a statement issued from the office of the Secretary of the Treasury under date of June 30 last, the coin and other money of the United States was shown to amount to \$2,803,500,000, of which \$284,300,000 consisted of coin, etc., in the Treasury as assets, \$982,900,000 in the banks of the country, and \$1,536,300,000 not in the Treasury or banks and assumed to be in general circulation. Deducting from the stock the amount in the Treasury, the total in circulation, that is, the amount held by banks and others, amounts to \$2,519,200,000. In other words, the per capita in circulation is \$30.77, and the per capita in circulation not in the Treasury or in banks is \$18.77. Coin and other currency in Treasury's assets constituted 10.14 per cent of the total stock; money in reporting banks, 35.06 per cent, and money not in the Treasury or in banks, 54.80 per cent.

In the following table is shown the amount of coin and other currency in the United States at the close of the fiscal year ended June 30, 1892, to 1904, inclusive; coin, etc., in Treasury as assets, amount in circulation, the latter divided to show the amount in banks and elsewhere, with the percentage for each year in the Treasury, in banks, and in circulation; the per capita in circulation, exclusive of the amount held in the Treasury, and the amount in circulation, exclusive of the amount in Treasury and in the banks:

Year.	Coin and other money in the United States.	Coin, etc., in Treasury as assets.		Money in reporting banks.		Money not in Treasury or banks.			In circulation, exclusive of coin, etc., in Treasury as assets.	
		Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Per capita.	Amount.	Per capita.
1892.....	<i>Millions.</i>	<i>Millions.</i>		<i>Millions.</i>		<i>Millions.</i>			<i>Millions.</i>	
	\$1,752.2	\$150.9	8.60	\$586.4	33.48	\$1,014.9	57.92	\$15.50	\$1,601.3	\$24.44
1893.....	1,738.8	142.1	8.17	515.9	29.68	1,080.8	62.15	16.14	1,586.7	23.85
1894.....	1,805.0	144.2	7.99	688.9	38.17	971.9	53.81	14.21	1,660.1	24.28
1895.....	1,819.3	217.4	11.95	631.1	34.69	970.8	53.36	13.89	1,601.9	22.93
1896.....	1,799.9	293.5	16.31	531.8	29.55	974.6	54.14	13.65	1,506.4	21.10
1897.....	1,905.9	265.7	13.95	628.2	32.96	1,012.0	53.09	13.87	1,610.2	22.49
1898.....	2,073.5	235.7	11.37	687.7	33.17	1,150.1	55.46	15.43	1,837.8	24.66
1899.....	2,190.0	286.0	13.06	723.2	33.02	1,180.8	53.92	15.51	1,904.0	25.01
1900.....	2,339.7	284.6	12.16	749.9	32.05	1,305.2	55.79	17.11	2,055.1	26.94
1901.....	2,483.1	307.8	12.39	^a 794.9	32.02	1,380.4	55.59	17.75	2,175.3	27.98
1902.....	2,568.2	313.9	12.24	^b 837.9	32.69	1,411.4	55.07	17.90	2,249.3	28.53
1903.....	2,684.7	317.0	11.80	^c 848.0	31.59	1,519.7	56.61	18.88	2,367.7	29.42
1904 ^e	2,808.5	284.3	10.14	^d 982.9	35.06	1,586.3	54.80	18.77	2,519.2	30.77

^a\$12,567,265. ^b\$10,125,909. ^c\$9,240,801, and ^d\$7,620,304 in banks of island possessions not included in these returns.

^ePopulation, estimated, 81,867,000.

Including coin and other currency held by reporting banks in the island possessions in June, 1904, a total is shown of \$990,575,820, an increase over the amount in banks on the corresponding date in 1903 of \$133,316,167, and of this increase \$107,551,682 is in the holdings of national banks and \$25,764,485 in State and private banks.

In the following statement is shown the amount and percentage of money in the banks of the country, by geographical divisions, for the years indicated:

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GEOGRAPHICAL DISTRIBUTION OF MONEY IN BANKS.

Division.	1896.		1902.		1903.		1904.	
	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.	Amount.	Per cent.
<i>Millions.</i>								
New England States.....	\$51.3	9.65	\$66.6	7.95	\$62.2	7.34	\$59.2	6.02
Eastern States.....	262.2	49.30	390.6	46.61	390.2	46.01	497.3	50.60
Southern States.....	36.9	6.94	57.4	6.85	59.8	7.05	68.9	7.01
Middle States.....	134.1	25.21	240.1	28.66	243.0	28.66	261.9	26.65
Western States.....	21.0	3.95	34.5	4.12	39.6	4.68	42.4	4.31
Pacific States.....	26.3	4.95	48.7	5.81	53.2	6.26	53.2	5.41
Total.....	531.8	100.00	837.9	100.00	848.0	100.00	982.9	100.00

As will be seen in the following table over one-half of the currency in banks of the country is held by those located in the Eastern States and aggregates \$497,320,102, an increase over the amount held on the corresponding date in 1903 of \$107,090,962, and which is over 80 per cent of the increase in the holdings of cash of all banks of the country. The banks in the Middle Western States increased their currency holdings during the year to the extent of \$18,889,187; banks in the Southern States to the extent of \$9,110,967, and in the Western States, \$2,852,643. There is shown to be an apparent decrease in the cash holdings of the banks of the New England States of \$3,020,180, but this is mainly accounted for from the fact that in the 1903 returns, in one State, the amounts due from banks were included in cash in banks. There was no material change in the amount of cash held by banks located in the Pacific States and Territories. A net reduction of \$1,620,501 is shown in the amount of currency held by banks located in the island possessions. Of the increase in cash holdings of the banks, amounting, as heretofore stated, to \$133,316,167, approximately \$115,500,000 is in the holdings of banks located in four of the States, as follows: New York, \$97,496,127; Illinois, \$6,338,127; Ohio, \$4,843,518; Missouri, \$6,791,472.

The table referred to is as follows:

CASH IN NATIONAL AND OTHER BANKS ON OR ABOUT JUNE 30, 1903 AND 1904, AS REPORTED TO THE COMPTROLLER OF THE CURRENCY.

Geographical division.	Class of banks.	Cash in bank.		Increase or decrease.	Total increase or decrease.
		1903.	1904.		
New England	National banks.....	\$44,605,271	\$45,920,129	\$1,314,858	\$83,020,180
	Other banks.....	17,627,650	13,292,612	64,335,038	
Eastern.....	National banks.....	292,375,988	375,346,968	82,970,980	107,090,962
	Other banks.....	97,853,152	121,973,134	24,119,982	
Southern	National banks.....	36,301,818	41,520,154	5,218,336	9,110,967
	Other banks.....	23,488,353	27,380,984	3,892,631	
Middle Western	National banks.....	162,759,525	175,964,967	13,205,442	18,889,187
	Other banks.....	80,240,401	85,924,148	5,683,747	
Western	National banks.....	25,503,226	27,234,462	1,731,236	2,852,643
	Other banks.....	14,044,096	15,165,505	1,121,407	
Pacific.....	National banks.....	19,680,250	22,743,222	3,062,972	13,087
	Other banks.....	c 33,539,119	30,489,234	b 3,049,885	
Islands	National banks.....	220,049	267,907	47,858	b 1,620,501
	Other banks.....	9,020,755	7,352,396	b 1,668,359	
United States, etc ..	National banks.....	581,446,127	688,997,809	107,551,682	133,316,167
	Other banks.....	275,813,526	301,578,011	25,764,485	
Grand total.....		857,259,653	990,575,820	d 133,316,167	d 133,316,167

^aCash included amount due from banks and bankers in Connecticut.

^bDecrease.

^cCash included amount due from banks and bankers in Arizona.

^dNet increase.

REPORT OF THE COMPTROLLER OF THE CURRENCY.

The returns from the banks in relation to their currency holdings are summarized in the following table:

GOLD, ETC., HELD BY NATIONAL BANKS ON JUNE 9, 1904, AND BY OTHER REPORTING BANKS AND BANKERS ON OR ABOUT THE SAME DATE.

Classification.	National banks (5,831).	All other banks (9,519).	Total—all banks (14,850).
Gold coin.....	\$111,296,409	\$29,708,074	\$141,004,483
Gold Treasury certificates.....	161,155,120	60,988,248	222,143,368
United States certificates for gold deposited.....	36,880,000	.....	36,880,000
Gold clearing-house certificates.....	82,278,000	.....	82,278,000
Silver dollars.....	11,209,634	^a 10,673,048	21,882,682
Silver fractional.....	9,593,194	.....	9,593,194
Silver Treasury certificates.....	76,251,788	11,589,567	87,841,345
Legal tenders.....	169,729,173	82,421,648	252,150,821
National bank notes.....	28,795,425	12,770,863	41,566,288
Fractional currency.....	1,809,066	.....	1,809,066
Specie (not classified).....	.....	8,731,895	8,731,895
Cash (not classified).....	.....	84,094,678	84,094,678
Total	688,997,809	301,578,011	990,575,820

^a Includes fractional silver.

FOREIGN BANKS OF ISSUE, ETC.

Information relating to the principal items of resources and liabilities of foreign banks is set forth in the following table. So much of the table as relates to the principal European banks of issue, excepting the item of capital stock and deposits and advances of the banks of Scotland and Ireland, was taken from the July number of the Bulletin de Statistique. To these data have been added returns from other foreign banks, and the statistics are presumed to be comprehensive and accurate in respect to the items indicated.

CAPITAL, SPECIE, CIRCULATION, ETC., OF THE PRINCIPAL FOREIGN BANKS OF ISSUE ON OR ABOUT JUNE 30, 1904.

[Expressed in millions of dollars.]

European, etc., banks. ^a	Capital.	Gold.	Silver.	Total specie.	Circulation.	Deposits.	Current accounts and deposits belonging to treasury.	Loans.	Rate of discount.	Per ct.
Imperial Bank of Germany.....	28.9	.....	.....	209.9	356.5	130.2	.....	267.3	.....	4.0
Banks of issue of Germany.....	15.8	.....	.....	14.2	32.3	20.9	.....	43.5	.....	.....
Bank of Austria-Hungary.....	41.9	229.6	62.8	292.4	335.6	31.3	0.6	142.0	.....	3.5
National Bank of Belgium.....	9.6	.....	.....	21.5	124.1	10.7	3.1	112.8	.....	3.0
National Bank of Bulgaria.....	1.8	.....	.....	2.7	7.7	13.6	4	13.4	.....	8.0
National Bank of Denmark.....	6.8	23.0	.....	23.0	30.2	9	.....	13.6	.....	4.5
Bank of Spain.....	28.9	71.0	99.1	170.1	310.8	127.4	6.6	185.4	.....	4.5
Bank of Finland.....	1.9	4.1	5	4.6	14.5	4.2	.....	11.0	.....	5.0
Bank of France.....	35.2	535.9	218.6	754.5	832.4	132.0	64.1	246.9	.....	3.0
National Bank of Greece.....	3.9	.....	.....	6	25.2	16.4	1	19.2	.....	.....
Italy:										
Bank of Italy.....	28.9	90.6	21.1	111.7	164.5	34.3	45.6	66.7	.....	5.0
Bank of Naples.....	11.6	19.6	2.7	22.3	53.5	15.0	3	27.4	.....	5.0
Bank of Sicily.....	7.9	4	8.3	11.0	7.4	3.6	9.3	.....	.....	5.0
Bank of Norway.....	3.5	.....	.....	6.7	16.5	1.6	.....	11.8	.....	5.0
Bank of Netherlands.....	8.0	26.6	32.4	59.0	92.3	5.3	.....	41.1	.....	3.0
Bank of Portugal.....	14.6	5.2	6.9	12.1	78.0	1.8	28.5	25.1	.....	5.5
National Bank of Roumania.....	2.9	13.2	.8	14.0	32.2	.....	.....	15.7	.....	5.0

^a Statement of European banks from Bulletin de Statistique, July, 1904, except deposits and advances of banks of Scotland and Ireland, and the capital stock of the various banks.

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CAPITAL, SPECIE, CIRCULATION, ETC., OF THE PRINCIPAL FOREIGN BANKS OF ISSUE ON OR ABOUT JUNE 30, 1904—Continued.

European, etc., banks.	Capital.	Gold.	Silver.	Total specie.	Circulation.	Deposits.	Current accounts and deposits belonging to treasury.	Loans.	Rate of discount.
United Kingdom:									
Bank of England.....	70.8	170.5	.....	170.5	139.3	242.5	43.5	175.1	Per ct. 3.0
Banks of Scotland.....	45.3	.....	.....	28.7	36.2	505.1	.....	341.2	.....
Banks of Ireland.....	35.5	.....	.....	16.4	33.9	254.3	.....	197.2	.....
Imperial Bank of Russia.....	28.3	429.0	43.2	472.2	347.5	70.3	158.0	203.8	5.5
National Bank of Servia.....	1.1	3.5	.....	3.5	7.4	4	.....	3.2	6.0
Royal Bank of Sweden.....	11.9	15.9	1.3	17.2	39.8	13.8	.....	27.5	4.5
Banks of issue of Switzerland.....	30.1	22.5	1.7	24.2	43.2	248.0	.....	197.1	4.0
Imperial Ottoman Bank.....	24.0	.....	.....	9.8	5.6	40.1	8.1	31.5	.....
Bank of Japan.....	15.0	.....	.....	36.4	101.3	7.0	17.2	83.4	5.84
Bank of Algiers.....	.....	.....	.....	7.3	21.5	1.8	5.0	19.4	.....
Total	506.2	1,668.1	491.5	2,513.8	3,288.0	1,936.3	384.7	2,481.6	.....
OTHER FOREIGN BANKS.									
England, joint stock and private banks of ^a	280.1	.....	.....	b 752.4	3.0	2,974.2	.....	1,972.6	.....
Banks of Mexico.....	108.6	.....	.....	63.9	88.0	207.8	.....	216.1	.....
Banks of Canada.....	79.5	.....	.....	16.2	60.2	475.3	.....	508.7	.....
Banks of Australasia.....	94.1	.....	.....	c 143.7	23.5	609.3	.....	591.5	.....
Banks of Central and South America.....	128.6	.....	.....	d 143.0	29.2	373.0	.....	342.2	.....
Total	1,192.1	1,668.1	491.5	3,633.0	3,486.9	6,575.9	384.7	6,112.7	.....

^a Statement of European banks from Bulletin de Statistique, July, 1904, except deposits and advances of banks of Scotland and Ireland, and the capital stock of the various banks.

^b Cash money at call and short notice.

^c Includes specie, bullion, and cash balances.

^d Includes specie and paper currency.

FOREIGN SAVINGS BANKS.

Conformably with request Mr. M. L. Jacobson, of the Bureau of Statistics, has compiled for this report, from various official sources, statistics relative to the amount of deposits, number of depositors, average deposit, etc., of postal and other savings banks of the world, which will be found hereinafter.

The following analysis of the statistics formed a bulletin issued by the Bureau of Statistics, Department of Commerce and Labor, under date of November 17:

The total deposits in all the savings banks of the world, according to latest official information received by the Department of Commerce and Labor through its Bureau of Statistics, amounted to over 10½ billion dollars, contributed by 82,640,000 depositors. Of this total the United States shows aggregate deposits of \$3,060,179,000, credited to 7,305,000 depositors. As the figures used in arriving at the grand totals cover about one-half of the population of the world, viz., over 770 million, it appears that the United States, with less than 9½ per cent of the total population considered, contributes over 29 per cent of the total savings deposits recorded. Of the total number of depositors, or rather deposit accounts, the share of the United States is somewhat less than 9 per cent, while the average deposit per account is more than four times and the average savings per inhabitant more than three and one-half times the corresponding averages for the rest of the world.

It is interesting to note that in Europe and even in Canada the functions of the government in this field are larger than in this country, where the State restricts itself merely to formulating the general legislation pertaining to the subject, sanctioning special charters for the creation of savings banks and controlling through special

officers the proper workings of such banks. The European governments in many cases have shown greater interest in this mode of popular saving, either by guaranteeing the safety of deposits or by instituting government institutions, chiefly postal savings banks, for the receiving and managing of savings deposits. In some countries, such as Russia, Bulgaria, and Roumania, the lack of private initiative and the preponderating influence of the State in the entire economic life of the nation have caused the development of public savings banks to an almost exclusive extent. In other countries, such as Germany, Switzerland, and France, the local public bodies, such as the communes or cantons, from the very outset invited and fostered the deposits of small savings by establishing municipal savings institutions. Wherever the central government is in immediate, though not exclusive, charge of the savings service, as in the United Kingdom, Belgium, and Russia, parts of the deposits are invested in government securities, so that the public savings institutions there serve the double purpose of providing a safe investment for the capital of the less well-to-do and commercially inexperienced class of the population, as well as of strengthening the public credit of the country by attracting investments on the part of such classes, which, left to their own initiative, might not choose this or, for that matter, any other mode of investment.

The common feature of all savings banks, no matter how organized, is that they are not working for profit, the underlying idea being rather to make the deposits as secure as possible. This results naturally in an interest rate on deposits considerably below the normal commercial rate prevailing in the respective countries. The figures as shown in the table reveal different degrees of what might be termed the "savings capacity" of the different nations, though it should always be borne in mind that the amounts deposited with savings banks by no means represent the only savings of a nation. Another factor which makes comparisons difficult is the fact that apart from differences in legislation, leaving to these institutions a greater or smaller latitude of freedom of investment, the regulations regarding the maximum amounts which may be credited to one individual vary according to country, and that therefore the average size of the savings deposit casts but little light on the general prosperity of the people and the more or less equitable distribution of wealth among them.

The general social conditions of a country, the spread of general education and "banking" habits among the masses, existing facilities of communication, the ease and lack of formalities with which savings are made, and last, but not least, the use made by the population of other modes of saving—all these factors have to be considered when international comparison of savings statistics are attempted. To give but a few examples: The total savings deposits of France, as stated in the table, appear less than those of Austria, while the aggregate savings deposits of Prussia are shown to exceed those of France by almost 80 per cent. Any conclusions with regard to the relative prosperity of these countries based on these figures would be erroneous, as in France the savings banks deposits constitute but a part, and by no means the larger part, of the total savings of the nation. As a matter of fact, the investments of the French people in Russian public bonds during the most recent period only, not to mention the holdings of the enormous national debt at home, according to the most conservative estimates exceed by far the amounts deposited in national savings institutions. In the case of Austria the figures given are somewhat misleading, since the postal savings banks there are engaged in the general banking business, the amounts reported as ordinary deposits exceeding those reported under the head of savings deposits.

With all these restrictions and interpretation clauses, the figures given are interesting as showing the wonderful results obtained in this field through ingenious organization on the one hand and the spread of thrift and saving habits among the large masses.

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The tables hereinbefore referred to are as follows:

NUMBER OF DEPOSITORS, AMOUNT OF DEPOSITS, AVERAGE DEPOSIT ACCOUNT, AVERAGE DEPOSIT PER INHABITANT AT THE DATES MENTIONED IN POSTAL AND OTHER SAVINGS BANKS OF THE WORLD.

Country.	Population.	Date of reports.	Number of depositors.	Deposits.	Average deposit account.	Average amount deposited per inhabitant.
Australia, Commonwealth of	3,776,273	1902 ^a	1,086,018	\$164,161,981	\$151.15	\$43.47
Austria	26,204,047	1901-2 ^b	4,946,307	876,941,933	177.29	33.47
Belgium	6,983,219	Dec. 31, 1903	c 2,088,448	c 141,851,419	67.92	20.37
Canada	5,528,847	June 30, 1903	213,688	d 60,771,128	289.14	10.99
Denmark	2,449,540	Mar. 31, 1902	e 1,203,120	e 236,170,057	196.29	96.41
France	38,962,000	Dec. 31, 1902	11,298,474	847,224,910	75.01	21.75
Germany	56,862,000	Dec. 31, 1901	15,432,211	2,273,406,226	147.38	39.98
Prussia	34,472,509	Dec. 31, 1902	f 9,377,503	f 1,485,793,500	158.44	43.10
Holland	5,347,182	1901-2 ^g	1,330,275	72,738,817	54.83	13.60
Hungary	19,692,807	Dec. 31, 1902	1,717,515	432,810,515	251.91	21.92
India, British ^h	231,898,807	Dec. 31, 1902	866,693	34,656,371	39.98	.15
Italy	33,218,328	Dec. 31, 1903	6,740,138	i 482,263,472	71.55	14.52
Japan	45,426,651	1902-3 ^j	7,467,452	40,887,186	5.48	.90
New Zealand	772,719	Dec. 31, 1902	261,948	38,332,823	146.34	49.61
Norway	2,244,607	....do....	718,823	89,633,481	124.69	39.94
Roumania ^k	5,912,520	Sept. 30, 1903	145,507	7,426,031	51.04	1.26
Russia, including Asiatic part ^l	141,000,000	July 31, 1904	4,950,607	445,014,951	89.90	3.16
Finland	2,781,017	Dec. 31, 1902	226,894	21,144,278	93.19	7.60
Sweden	5,198,752	Dec. 31, 1903	1,892,586	151,480,442	80.54	29.14
United Kingdom	42,371,216	1903 ^m	11,093,469	966,854,253	87.15	22.82
Switzerland ⁿ	3,100,000	1900	1,300,000	193,000,000	148.46	62.26
British colonies, n.e.s.	11,841,716	1902-3	354,275	32,936,217	92.97	2.78
Total	691,574,248	.....	75,334,398	7,609,706,491	101.01	11.00
United States	81,867,000	June 30, 1904	7,305,443	3,060,178,611	418.89	37.38
Grand total	773,441,248	.....	82,639,841	10,669,885,102	.....	.....

^a Figures for New South Wales relate to Dec. 31; figures for the other States to June 30.

^b Figures for postal savings banks relate to the end of the calendar year 1902; figures for the other savings banks to the end of 1901.

^c Deposits with the State-controlled Caisse Générale d'Epargne. Includes savings deposits with post-offices. Moreover, accounts are published in the Annuaire Statistique of 4 municipal and 5 private savings banks for the year 1902. At the end of that year these 9 institutions had 45,165 depositors, credited with 46,269,519 francs' worth of deposits.

^d Exclusive of data for the "special savings banks," the total deposits in which on June 30, 1903, amounted to \$21,241,993. The total deposits with all savings banks amount thus to \$82,013,121, making the average deposit per inhabitant \$14.83. This total does not include the savings deposits in the chartered banks.

^e Includes all savings institutions. Figures for savings banks proper, exclusive of branches of ordinary banks, were 897,405 (number of depositors) and 532,273,124 kroner (total deposits plus interests due on said deposits at the end of the year).

^f Not included in the grand total.

^g Figures for private savings banks for the year 1901; figures for Government postal savings banks for the year 1902.

^h Data for postal savings banks only.

ⁱ Exclusive of 132,009,802 lire savings deposits with the so-called "Società ordinarie di credito," and 313,407,272 lire with the "Società cooperative di credito." No data are given with regard to number of depositors in these institutions.

^j Figures for private savings banks for the calendar year 1902; figures for Government postal savings banks for fiscal year ended Mar. 31, 1903.

^k Figures for the "Casse de économie" only.

^l Preliminary data for all Government savings banks as published by the Viestnik Finansov, No. 39, 1904.

^m Year ended Nov. 20 for trustees savings banks.

ⁿ Estimates of M. Guillaume Fatio in the Journal de Statistique Suisse, 1900, No. 4.

FOREIGN POSTAL SAVINGS BANKS RETURNS.

Country.	Date to which figures refer.	Number of depositors.	Deposits.	Average deposit.
Australia, Commonwealth of:				
New South Wales	Dec. 31, 1902	230,755	\$34,552,676	\$149.74
Tasmania	do	75,736	1,840,690	24.30
Austria:				
Savings department	Dec. 31, 1903	1,694,702	36,568,590	21.58
Banking department	do	57,038	54,918,334	962.84
Belgium	Dec. 31, 1902	1,582,442	108,770,680	68.74
Canada	June 30, 1903	167,023	44,255,326	264.96
France ^a	Dec. 31, 1902	3,991,412	213,603,320	53.51
Hungary:				
Savings department	do	1,262,051	10,309,416	8.17
Banking department	do	8,769	9,205,888	1,049.82
India, British	Mar. 31, 1902	866,693	34,656,365	39.99
Italy	Dec. 31, 1903	4,951,971	167,785,138	33.87
Japan	Mar. 31, 1903	2,906,899	15,167,047	5.30
Netherlands	Dec. 31, 1902	966,433	40,839,011	42.26
Russia, including Asiatic, part	do	1,163,310	^b 77,043,466	66.23
Finland	Dec. 31, 1903	53,503	981,280	18.34
Sweden	Dec. 31, 1902	577,627	14,449,594	25.01
United Kingdom	Dec. 31, 1903	9,403,852	711,166,692	75.62
British colonies—				
Cape Colony	June 30, 1902	92,413	13,266,439	143.56
Guiana	Dec. 31, 1902	8,678	261,847	30.17
New Zealand	do	227,465	33,499,950	147.28
Total		30,288,772	1,623,141,749	53.59

^a Data relating to the Caisse Nationale d'Epargne.^b Exclusive of securities deposited with the government savings banks, the nominal value of which at the end of the year amounted to \$4,848,287.

SAVINGS BANKS RETURNS FOR THE BRITISH COLONIES.

Colony.	Population.	Date to which figures refer, year 1902, unless stated otherwise.	Number of depositors.	Deposits.	
Straits Settlements	572,249	Dec. 31	2,951	\$219,996	
Ceylon	3,565,954	do	86,853	1,826,043	
Mauritius	375,882	June 30	25,732	903,685	
Australia, Commonwealth of:					
New South Wales	1,359,133	Dec. 31	{ 92,457	25,915,845	
Victoria	1,201,341	June 30	{ 230,755	34,552,676	
South Australia	362,604	do	410,126	49,302,512	
West Australia	184,124	do	116,436	19,339,471	
Tasmania	172,475	Dec. 31	{ 75,736	1,840,690	
Queensland	496,596	June 30	{ 30,715	3,969,420	
Total, Commonwealth	3,776,273		{ 84,685	20,041,887	
New Zealand	772,719	Dec. 31	{ 227,465	33,499,950	
Falkland Islands	2,043	Sept. 30	{ 34,483	832,873	
Cape Colony	2,433,000	June 30	{ 390	250,542	
Natal	925,118	Dec. 31	{ 92,413	13,266,439	
St. Helena	3,342	do	8,604	1,539,410	
Lagos	41,847	do	20,178	2,883,708	
Gold Coast	1,486,433	do	221	158,171	
Sierra Leone	76,655	do	1,465	93,354	
Gambia	13,461	do	4,576	245,335	
Newfoundland	216,615	do	275	23,515	
Bermuda	17,595	do	4,508	1,435,485	
British Honduras	37,479	do	1,803	40,464	
Bahamas	53,735	June 30	449	229,954	
Turks and Caicos islands	5,287	Dec. 31	1,480	80,818	
Jamaica	766,566	1903, ending Mar. 31	201	6,901	
St. Lucia	49,883	Dec. 31	32,569	2,120,982	
St. Vincent	47,548	do	1,590	77,655	
Barbados	195,588	1903, ending Mar. 31	992	58,275	
Grenada	63,438	Dec. 31	13,566	985,398	
				1,847	56,418

^a Post-office savings banks.

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SAVINGS BANKS RETURNS FOR THE BRITISH COLONIES—Continued.

Colony.	Population.	Date to which figures refer, year 1902, unless stated otherwise.	Number of depositors.	Deposits.
St. Christopher.....	29,782	Dec. 31.....	426	\$45,629
Nevis	12,774	.....do.....	65	11,699
Antigua.....	34,953	.....do.....	1,773	200,622
Montserrat.....	12,215	.....do.....	161	17,427
Dominica	28,894	.....do.....	432	38,076
British Guiana.....	293,958	{.....do.....	^a 8,678	261,847
Trinidad	255,148	{.....do.....	^b 13,779	209,116
Gibraltar.....	20,855	.....do.....	14,581	1,526,972
Malta.....	184,742	.....do.....	3,496	7,701
Seychelles	19,287	.....do.....	7,561	290,631
Total.....	11,841,716	.....	354,275	32,936,217

^a Post-office savings banks.^b Government savings banks.

NOTE.—Totals do not include Australia and New Zealand.

BANKING POWER OF THE WORLD.

The banking power of the United States, made up of the capital, surplus profits, deposits, and circulation of banks of the United States and island possessions, aggregates \$13,826,000,000. These figures include funds of national banks, amounting to \$5,171,000,000; reporting State banks and bankers, \$8,092,000,000, and nonreporting banks, estimated, \$563,000,000.

From the latest and most reliable data the banking power of foreign countries has been estimated at \$19,781,000,000, thus making the aggregate banking power of the world approximately \$33,608,000,000.

The world's banking power in 1890, as estimated by Mulhall, was \$15,985,000,000, the United States being credited by him with something less than one-third of that amount. The present estimate, compared with Mulhall's, shows that the banking power of the United States has increased since that date by \$8,676,000,000, or 168.47 per cent, and that of foreign countries by \$8,946,000,000, or 82.57 per cent, the combined banking power of the world having increased since 1890 from \$15,985,000,000 to \$33,608,000,000, a total ratio of increase of 110.25 per cent.

The subjoined tables give in detail the banking power of the United States, foreign countries, and the world.

BANKING POWER OF THE UNITED STATES.

Classification.	No.	Capital.	Surplus, etc.	Deposits.	Circulation.	Total.
National banks	5,331	\$767,378,148	\$581,638,528	^a \$3,422,783,332	\$399,583,837	\$5,171,983,845
State, etc., banks	9,519	625,116,824	779,241,781	6,688,107,157	.....	8,092,465,762
Nonreporting banks ^b	3,994	81,409,702	33,361,882	447,998,992	.....	562,770,576
Total.....	18,844	1,473,901,674	1,394,242,191	10,558,889,481	399,583,837	13,826,620,183

^a Includes Government deposits.^b Estimated; capital, etc., based on reports received from private banks.

REPORT OF THE COMPTROLLER OF THE CURRENCY.

BANKING POWER OF FOREIGN COUNTRIES.

Classification.	Capital.	Surplus.	Circulation.	Deposits.	Total.
Principal European and other foreign banks of issue	<i>Millions of dollars.</i> 1,192.1	<i>Millions of dollars.</i> a 531.8	<i>Millions of dollars.</i> 3,486.9	<i>Millions of dollars.</i> 6,960.6 7,609.7	<i>Millions of dollars.</i> 12,171.4 7,609.7
Foreign savings banks					
Total	1,192.1	531.8	3,486.9	14,570.3	19,781.1

a Estimated.

WORLD'S BANKING POWER.

Classification.	1890.	1904.	Increase.	
			Amount.	Per cent.
Banking power of the United States	<i>Millions of dollars.</i> 5,150.0	<i>Millions of dollars.</i> 13,826.6	<i>Millions of dollars.</i> 8,676.6	168.47
Banking power of foreign countries	<i>Millions of dollars.</i> 10,835.0	<i>Millions of dollars.</i> 19,781.1	<i>Millions of dollars.</i> 8,946.1	82.57
Banking power of the world	15,985.0	33,607.7	17,622.7	110.25

STATE, SAVINGS, PRIVATE BANKS, LOAN AND TRUST COMPANIES.

Incorporated in the national-bank act is the provision that the Comptroller of the Currency shall include in his annual report to Congress information relative to the condition of banks and banking institutions chartered and operated under State authority. In obtaining such information the usual course has been followed in calling upon officers of States having supervision of institutions of that character for abstracts or copies of reports filed therewith. In States having no laws providing for the submission and compilation of the reports, requests were addressed to each incorporated and private bank for a statement of condition, of date June 30, 1904.

Official returns concerning the condition of incorporated commercial banks have been received from all the States and Territories of the Union with the exception of Alabama, Arkansas, Indian Territory, Oregon, Idaho, Nevada, Alaska, and Hawaii, from which unofficial returns have been compiled from reports furnished by the individual banks.

From official sources and from banks direct returns have been received showing the condition of 9,519 banks, other than national, with aggregate resources of \$8,542,839,386.

Reports were received from 6,923 commercial banks, 585 loan and trust companies, 1,157 savings banks, of which 668 were of the mutual class without capital stock, and from 854 private banks and bankers.

The capital stock of the State banks is \$347,421,197, and individual deposits \$2,073,218,049. The number of reporting banks of this character is 961 greater than in 1903, and there is an increase in assets of approximately \$372,000,000.

In 1903 reports were received from 531 loan and trust companies, having aggregate resources of \$2,298,554,063. For the current year reports have been received from 585 corporations of this character, having assets of \$2,380,287,747.

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Returns were obtained from 854 private banks, against 1,174 in 1903. The assets of banks of this character, as reported in 1903, were \$169,049,821, against \$123,549,859 for the present year. The decrease in the number of private banks and bankers reporting and corresponding drop in their volume of assets is attributable to the fact that during the past year a large number of private banks were converted into State banks, over 100 of such private institutions in the State of Wisconsin alone having been incorporated during the year to meet the provision of a recent law of that State.

There will be found in the appendix, Table XI, information obtained with respect to the capital, amount and average rate per cent of dividends paid by State banks and loan and trust companies submitting data of that character for the year ended June 30, 1904. Reports covering the subject were received from 2,656 State banks with capital of \$149,834,408, showing the payment of dividends to the amount of \$12,730,514, or an average of 8.5 per cent; from 538 loan and trust companies with capital of \$209,617,666, showing the payment of dividends amounting to \$18,739,874, or an average of 8.94 per cent, and from 270 private banks the dividends paid amounted to \$993,652 on capital stock of \$6,738,243, or an average of 14.75 per cent.

CONSOLIDATED RETURNS FROM STATE, SAVINGS BANKS, PRIVATE BANKS, AND LOAN AND TRUST COMPANIES.

For the purpose of comparison there is given herewith a table showing the principal items of resources and liabilities of banks other than national, in the years 1899 to 1904, inclusive.

CONSOLIDATED RETURNS FROM STATE, SAVINGS, PRIVATE BANKS AND TRUST COMPANIES, 1899 TO 1904, INCLUSIVE.

Items.	1899.	1900.	1901.	1902.	1903.	1904.
Loans.....	\$2,659,940,630	\$3,013,449,827	\$3,441,377,672	\$3,942,592,907	\$4,296,675,586	\$4,360,209,382
Bonds.....	1,527,595,160	1,723,830,351	1,935,625,964	2,094,496,729	2,384,329,907	2,522,890,815
Cash.....	210,884,047	220,667,109	240,145,951	250,815,787	275,813,526	301,578,011
Capital.....	368,746,648	403,192,214	430,401,557	439,621,208	578,418,944	625,116,824
Surplus and undivided profits.....	418,798,087	490,654,957	538,866,278	614,509,805	731,314,014	779,241,787
Deposits.....	4,246,500,852	4,780,893,692	5,518,804,859	6,008,847,214	6,382,700,055	6,688,107,157
Resources.....	5,196,177,381	5,841,658,820	6,681,567,834	7,355,110,843	8,016,181,848	8,542,539,886

The foregoing indicates an increase in aggregate resources in 1904 over 1903, of approximately \$526,000,000, and while there was a net gain in loans and discounts of only \$63,000,000, individual deposits increased during the year in the sum of \$335,500,000, and the cash holdings \$26,000,000.

From tables published in the appendix, it will be observed that the decrease in the amount of loans of private banks and trust companies, \$30,300,000 and \$155,600,000, respectively, aggregating about \$186,000,000 is offset by the gain in assets of this character by State banks. The savings banks' loans show an increase over 1903 of approximately \$63,000,000. The conversion during the past year of a large number of private banks into incorporated or State banks accounts for the apparent reduction in resources of concerns of the former class. The great-

est shrinkage in loans and discounts is chiefly confined to loan and trust companies in operation in New York—from \$735,000,000 in 1903 to \$637,000,000 in 1904. These institutions, however, largely increased their investments in stocks, bonds, etc.; their deposits with banks, and also their currency holdings. Accompanying the reported loss of \$37,500,000 in the amount of deposits in private banks is shown a gain in the State banks of \$258,700,000; savings banks, \$103,300,000, and loan and trust companies \$11,000,000, or a net gain of \$335,500,000.

In the following table are incorporated the principal items in resources and liabilities of national banks, all other banks and banking institutions, and consolidated returns from all reporting banks in 1893, 1903, and 1904:

Classification.	1893.			1903.			1904.		
	3,807 national banks.	5,685 State banks.	Total, 9,492 banks	4,939 national banks.	8,745 State banks.	Total, 13,684 banks.	5,331 national banks.	9,519 State banks.	Total, 14,850 banks.
Loans	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions.</i>	<i>Millions</i>
U. S. bonds.....	\$1,843.6	\$2,348.1	\$4,191.7	\$3,442.3	\$4,296.6	\$7,738.9	\$3,621.8	\$4,360.2	\$7,982.0
All other bonds.....	224.0	149.9	373.9	527.1	18.6	545.7	554.4	23.2	577.6
Cash.....	148.5	859.6	1,008.1	538.6	2,815.6	2,854.2	576.8	2,499.6	3,076.4
Capital stock	310.3	205.6	515.9	581.4	275.8	857.2	688.9	301.5	990.4
Surplus and profits	678.5	406.0	1,084.5	743.5	578.4	1,321.9	767.3	625.1	1,392.4
Deposits	356.2	346.2	696.4	542.1	731.3	1,273.4	581.6	779.2	1,360.8
	1,465.4	3,070.4	4,535.8	3,348.0	6,352.7	9,700.7	3,422.7	6,688.1	10,110.8
Aggregate resources	3,109.5	3,979.0	7,088.5	6,286.9	8,016.1	14,303.0	6,655.9	8,542.8	15,198.7

Requests for reports of resources and liabilities of banks other than national addressed to State officials, called also for information as to the number and capital of banks of the various classes organized in each State during the year ended June 30, 1904, and the returns submitted are complete and official with respect to the States from which the information was received. A summary of the returns is published in the appendix and shows the organization of 1,050 banks with capital stock of \$35,888,265, of which 983, with capital of \$28,226,088, were incorporated commercial banks; 55, with capital of \$7,561,677, loan and trust companies; 2 mutual savings banks without capital and 10 private banks with capital of \$100,500.

STATE AND PRIVATE BANK FAILURES.

Through the courtesy of Mr. Frank Green, managing editor of Bradstreet's, this office has been placed in possession of information relating to the number, assets, and liabilities of incorporated and private banks which failed during the year ended June 30, 1904. The total number of failures during the year was 102, the assets of the banks being \$24,296,823 and the liabilities \$31,774,895. Included in the number of failures were 37 State banks, 7 savings banks, 8 trust companies, and 50 private banks.

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Information with respect to the number of banks, other than national, which have failed annually from 1864 to 1904, together with their aggregate assets and liabilities, is incorporated in the table following:

NUMBER OF FAILURES, CAPITAL, ASSETS, LIABILITIES, AND DIVIDENDS PAID BY BANKS OTHER THAN NATIONAL WHICH FAILED IN EACH YEAR FROM 1864 TO 1904.

Year.	Number of failures.	Capital.	Nominal assets.	Liabilities.	Dividends paid.
1864.	2	\$125,000.00	\$245,401.97	\$225,662.14	\$145,592.25
1865.	5	275,000.00	1,206,035.00	890,112.00	
1866.	5	260,000.00	222,075.00	138,821.00	138,821.00
1867.	3	276,381.00	183,002.30	148,886.00	
1868.	7	100,000.00	77,861.00	361,961.73	82,844.74
1869.	6			50,000.00	
1870.	1				
1871.	7	220,000.00	2,314,871.90	2,654,187.15	974,256.96
1872.	10	470,000.00	2,126,124.18	3,059,318.06	1,906,573.00
1873.	33	907,000.00	4,644,889.91	6,938,653.01	8,420,016.33
1874.	40	770,000.00	4,125,731.00	4,562,879.00	2,022,498.51
1875.	14	2,413,900.00	9,190,283.98	12,365,475.25	4,143,941.97
1876.	37	961,000.00	7,312,218.73	9,206,429.34	5,178,020.98
1877.	63	2,491,250.00	13,137,835.47	16,223,785.49	7,004,558.27
1878.	70	3,250,193.00	26,001,949.67	27,269,520.51	19,485,717.87
1879.	20	1,370,465.00	5,102,691.94	5,253,307.22	4,235,808.85
1880.	10	452,200.00	1,629,146.61	1,311,799.49	288,494.74
1881.	9	436,750.00	585,653.06	1,785,890.45	851,755.00
1882.	19	545,000.00	2,765,951.10	2,608,489.57	1,221,737.29
1883.	27	870,000.00	2,813,915.19	3,193,747.39	1,408,047.99
1884.	54	1,718,596.00	12,900,819.05	15,508,389.70	9,671,860.26
1885.	32	1,099,400.00	2,982,879.51	4,883,454.27	2,361,320.01
1886.	13	254,000.00	1,300,536.30	1,140,824.48	673,579.10
1887.	19	931,590.00	2,865,300.30	3,074,622.29	1,610,527.45
1888.	17	745,500.00	2,805,326.52	3,342,336.52	1,924,773.68
1889.	15	363,250.00	1,279,900.68	2,147,059.18	1,026,682.73
1890.	30	2,169,568.00	10,692,385.98	11,385,584.64	8,884,577.99
1891.	44	2,071,300.00	7,190,824.69	6,365,198.77	8,090,597.48
1892.	27	578,840.00	2,719,410.75	3,227,608.56	803,860.76
1893.	261	16,641,637.00	54,828,690.65	46,766,818.80	17,912,270.45
1894.	71	3,112,447.00	7,958,284.18	7,218,319.51	1,456,522.87
1895.	115	3,906,350.00	11,276,529.99	9,010,584.93	2,251,708.93
1896.	78	3,400,642.00	10,240,244.97	7,513,837.41	534,363.30
Total.	1,164	53,187,259.00	212,725,771.58	218,833,563.86	99,711,330.75
Not dated.	70	445,000.00	1,586,419.00	1,796,424.41	377,396.20
Grand total.	1,234	53,632,259.00	214,312,190.58	220,629,988.27	100,088,726.95
1897.	122		17,929,163.00	24,090,879.00	
1898.	53		4,493,577.00	7,080,190.00	
1899.	26		7,790,244.00	10,448,159.00	
1900.	32		7,675,792.00	11,421,028.00	
1901.	56		6,373,372.00	13,334,629.00	
1902.	43		7,323,737.00	10,332,666.00	
1903.	26		2,166,852.00	4,005,643.00	
1904.	102		24,296,823.00	31,774,895.00	

SAVINGS BANKS.

Savings banks, as originally conceived, were associations of philanthropic individuals formed for the purpose of receiving and profitably investing the savings of special or general classes of wage-earners. It is stated on authorities quoted by E. W. Keyes, in his History of Savings Banks in the United States, that the first savings bank was founded at Hamburg in 1778, although there are other claims to the effect that the first institution of the kind was established at Berne, Switzerland, in 1787. In Lewins' History of Banks for Savings in Great Britain and Ireland it is stated —

that from the best investigation he has been able to make, the institutions in question were something very different from savings banks as English people understand them, dealing as they did in business more like the sale of deferred annuities. The institution at Hamburg simply took the spare cash of domestic servants and handcraftmen and granted annuities on the members arriving at a certain age. No withdrawal of money was allowed.

In 1798 there was established at Toppingham, High Cross (England), a "Friendly Society for the Benefit of Women and Children," and prior to 1801 there had been combined with the main design (granting annuities, weekly allowances in case of sickness, and burial expenses) two other objects, namely, a fund for loans and a bank for savings. In 1804 this bank for savings was organized and trustees appointed. Prior to 1817 savings banks in Great Britain were "merely voluntary associations in various localities of those who sought to assist the poor in their immediate neighborhood." The first act of Parliament relating to institutions of this character was passed in August, 1817.

Governmental recognition of savings banks in the United States antedated by nearly a year the act of the British Parliament, the Provident Institution for Savings, located at Boston, having been incorporated under the act of the State legislature approved December 13, 1816. Savings banks, however, had their first inception in this country in the State of Pennsylvania, through the voluntary association of a number of benevolent, philanthropic citizens, as the Philadelphia Savings Fund Society, which institution began business in December, 1816, although the act of incorporation was not approved until February 25, 1819.

In December, 1818, Maryland granted a charter to the first savings institution organized in that State. In the following year, savings bank charters were conferred by the States of New York, Pennsylvania, Rhode Island, and Connecticut, and also by Maine (the year prior to its admission to the Union). In the same year the proposition to incorporate a savings bank was considered by the New Hampshire legislature, but it was not until 1823 that a charter was granted. It is remarkable that while savings banks came into being in the other New England States so early in the century, and so nearly coincidentally, it was not until 1846 that institutions of that character were chartered by the State of Vermont. In 1839, the State of New Jersey granted the first charter to a savings institution. It is understood that only two savings banks have been incorporated in the State of Delaware, the first in 1832, and the second in 1861, both being still in existence.

Beyond the confines of the New England and Eastern States comparatively few savings institutions of the character of those operating in that section of the country have ever been incorporated. In fact only $3\frac{1}{2}$ per cent are so located, as shown by the 1904 returns from institutions of that class. These institutions are without capital stock and operated by boards of trustees whose services generally are understood to be without compensation. The purpose, as originally conceived, still continues—that is, the reception and investment of deposits of the working population mainly of localities in which the banks exist. In investing the deposits the prime consideration is safety rather than profit. In the payment of interest on deposits, in some States the rate is fixed by statute but generally by the trustees, having in consideration the earning power of the assets. Usually either by statute or regulation a certain percentage of the earnings is carried to a reserve fund until that account amounts to a fixed proportion of the deposit liabilities.

By reference to statistics recently compiled it is noted that the investment of savings-bank funds is nearly equally divided between loans (largely on real-estate security) and in stocks and bonds. The creation of building and loan associations and the policy of commercial banks generally of paying interest on deposits have seemingly

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tended to discourage the organization of mutual savings banks. By reference to statistics compiled in this office in the decennial periods terminating in June, 1874 to 1904, inclusive, it is noted that while there was a decrease in number of institutions of this character in the New England and Eastern States from 655 in 1874 to 607 in 1884, there was an increase to 659 in 1894, but a drop to 645 in 1904. It appears, however, that there was a gradual increase in the amount of deposits and the number of depositors. In 1874 the deposits amounted to \$733,000,000 and the number of depositors to 2,188,729; in 1884 the deposits had increased to \$998,000,000 and the number of depositors to 2,884,798. The deposits in 1894 were \$1,520,000,000 and the number of depositors 4,230,431. In June, 1904, the deposits had increased to over two and one-half billions and the number of depositors to 6,081,235.

Reports showing the condition, on approximately June 30, 1904, were received at this office from 1,157 savings banks, of which 668 are of the mutual class and 489 with capital stock. The aggregate assets of the former are \$2,817,996,115, and of the latter \$357,261,492, making a total of \$3,175,257,607. The loans of the mutuals amount approximately to \$1,184,000,000, of which \$971,000,000 are secured by real estate. Investments in bonds, stocks, etc., are as follows:

United States bonds, \$12,600,000; State, county, and municipal bonds, \$132,400,000; railroad bonds and stocks, \$291,900,000; bank stocks, \$28,500,000; bonds, stocks, and other securities not classified, \$936,600,000; cash on deposit with other banks, \$115,000,000, and cash on hand, \$18,000,000. On deposit liabilities of \$2,602,040,775 these banks held surplus funds and other undivided profits to the amount of \$180,198,898 and \$25,971,831, respectively, the total surplus profits amounting to nearly 8 per cent of the deposit liabilities. The returns show that the depositors in savings banks of this character number 6,286,375, which indicates an average deposit of \$413.92. The number of depositors in the savings banks in the New England States was 2,827,984, the average account, \$380.10; in the Eastern States the number of depositors was 3,253,251, the average deposits, \$445.20. But one mutual savings bank is reported to be in operation in the Southern States, and that one is located in West Virginia and has 5,208 depositors, with an average deposit of \$177.68. In the Middle Western States of Ohio, Indiana, Wisconsin, and Minnesota there are 199,932 savings-bank depositors, with an average credit of \$389.36.

The reporting stock savings banks are located in North Carolina, Iowa, California, and the District of Columbia. The resources of these banks amount to \$357,261,492, approximately 11 per cent of the total assets of all savings banks. The loans of these banks aggregate, approximately, \$226,500,000; investments in bonds, stocks, and other securities, \$87,700,000; deposits with other banks, \$25,600,000; cash on hand, \$6,400,000. The reported capital is \$22,500,000; surplus and undivided profits, \$13,700,000; deposits, \$316,700,000; number of depositors, 602,171, and the average deposit, \$525.99.

Comparing the stock-savings bank returns for the current year with those of 1903, an increase in aggregate resources is shown of approximately \$118,000,000; the increase in deposits was \$103,000,000, and number of depositors, 214,309. The average deposit has increased from \$421.84 to \$423.72, or \$1.88.

From an examination of the returns submitted with respect to the rate of interest paid on savings accounts, it will be noted that the maximum rate of interest is $4\frac{3}{4}$ per cent and the minimum, rate 2.72 per cent. The estimated average rate is 3.506 per cent, a slight increase over the estimated average interest rate in 1903.

The following table shows the rate paid in each State by savings banks located therein:

State, etc.	Rate per cent.	State, etc.	Rate per cent.
Maine.....	3.26	Maryland a.....	3.98
New Hampshire	3.17	District of Columbia a.....	2.81
Vermont.....	3.375	West Virginia.....	4.00
Massachusetts	3.71	North Carolina a.....	3.75
Rhode Island	3.88	Ohio a.....	3.13
Connecticut	3.76	Indiana.....	4.00
New York	3.26	Illinois a.....	2.72
New Jersey	3.00	Wisconsin a.....	4.75
Pennsylvania	3.25	Minnesota.....	3.00
Delaware	4.00	California a.....	3.32

^a Unofficial.

In the following comparative statement relating to the number of depositors and amount of deposits, etc., in savings banks of the United States for the years 1902-3 and 1903-4 are included deposits in savings departments of commercial banks in operation in the State of Illinois, for the reason that the auditor of public accounts of Illinois in his periodical statements reports such deposits separately from deposits subject to check.

The result of the addition of the Illinois savings deposits is the raising of the aggregate savings deposits in the United States to \$3,060,178,611, the number of depositors to 7,305,443, the average deposit being \$418.89.

The table referred to is as follows:

NUMBER OF SAVINGS DEPOSITORS, AGGREGATE SAVINGS DEPOSITS, AND AVERAGE AMOUNT DUE TO DEPOSITORS IN SAVINGS BANKS IN EACH STATE IN 1902-3 AND 1903-4.

State, etc.	1902-3 (1,978 banks).			1903-4 (1,157 banks).		
	Number of depositors.	Amount of deposits.	Average to each depositor.	Number of banks.	Number of depositors.	Amount of deposits.
Maine	208,141	\$74,781,073	\$359.28	51	211,217	\$76,405,222
New Hampshire	155,309	63,919,183	411.56	59	159,956	66,140,710
Vermont	134,323	44,628,150	332.24	42	139,853	46,958,291
Massachusetts	1,660,814	586,937,084	353.40	187	1,723,015	608,415,410
Rhode Island	150,342	74,534,628	495.77	^a 31	132,556	64,841,318
Connecticut	444,407	208,522,226	457.96	90	461,387	212,177,974
Total New England States	2,753,336	1,048,822,344	380.74	460	2,827,984	1,074,938,925
New York.....	2,327,812	1,112,418,552	477.88	128	2,406,660	1,166,091,444
New Jersey.....	238,210	78,722,729	309.48	28	246,056	77,710,785
Pennsylvania	407,652	128,514,295	315.25	10	420,965	135,541,905
Delaware.....	^b 21,792	6,586,851	302.26	2	27,532	7,134,859
Maryland	155,299	62,258,508	400.86	17	^c 152,038	61,852,712
District of Columbia	11,758	1,654,715	140.73	2	13,208	2,144,470
Total Eastern States	3,162,523	1,385,150,650	437.99	188	3,266,454	1,450,476,175

^a Includes 10 banks in liquidation.

^b Estimated.

^c Partially estimated.

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NUMBER OF SAVINGS DEPOSITORS, AGGREGATE SAVINGS DEPOSITS, AND AVERAGE AMOUNT DUE TO DEPOSITORS IN SAVINGS BANKS, ETC.—Continued.

State, etc.	1902-3 (1,078 banks).			1903 (1,157 banks).			
	Number of depositors.	Amount of deposits.	Average to each depositor.	Number of banks.	Number of depositors.	Amount of deposits.	Average to each depositor.
West Virginia	4,853	\$836,358	\$172.33	1	5,208	\$925,357	\$177.68
North Carolina	a 17,721	3,282,164	185.21	23	a 22,388	4,333,888	193.58
Total Southern States	22,574	4,118,522	182.44	24	27,596	5,259,245	190.58
Ohio.....	108,854	52,306,123	480.51	3	92,685	48,764,076	526.13
Indiana	24,733	8,072,500	326.38	5	26,112	8,976,509	343.77
Illinois	a 360,991	b 119,721,739	331.64	.....	a 416,897	141,403,282	339.18
Wisconsin	4,290	810,533	188.93	2	4,703	865,551	184.04
Minnesota	69,763	18,624,665	266.97	12	76,432	19,238,652	251.71
Iowa	c 240,063	86,602,757	360.75	375	c 241,020	88,947,278	369.04
Total Middle States.....	808,694	286,188,317	353.88	397	857,849	308,195,348	359.25
California, total Pacific States.....	c 288,101	211,475,012	734.03	88	a 325,560	221,308,918	679.78
Total United States.....	7,035,228	2,935,204,845	417.21	1,157	7,305,443	3,060,178,611	418.89

^a Partially estimated.^b Savings deposits in State institutions having savings departments; abstract of reports included with State banks.^c Estimated.

The following table presents a brief history of the growth of savings banks in the United States from 1820 to 1904, as evidenced by the amount of deposits, number of depositors, the average deposit account, and the average per capita deposit, based on the census years from 1820 to 1890, and annually thereafter:

NUMBER OF SAVINGS BANKS IN THE UNITED STATES, NUMBER OF DEPOSITORS, AMOUNT OF SAVINGS DEPOSITS, AVERAGE AMOUNT DUE EACH DEPOSITOR IN THE YEARS 1820, 1825, 1830, 1835, 1840, AND 1845 TO 1904, AND AVERAGE PER CAPITA IN THE UNITED STATES IN THE YEARS GIVEN.

Year.	Number of banks.	Number of depositors.	Deposits.	Average due each depositor.	Average per capita in the United States.
1820.....	10	8,635	\$1,188,576	\$131.86	\$0.12
1825.....	15	16,931	2,587,082	149.84	.....
1830.....	36	38,035	6,973,304	183.09	.54
1835.....	52	60,058	10,613,726	176.72	.....
1840.....	61	78,701	14,051,520	178.54	.82
1845.....	70	145,206	24,506,577	168.77	.....
1846.....	74	158,709	27,374,325	172.48	.....
1847.....	76	187,739	31,627,479	168.46	.....
1848.....	83	199,764	33,087,488	165.63	.....
1849.....	90	217,318	36,073,924	165.99	.....
1850.....	108	251,354	43,431,130	172.78	1.87
1851.....	128	277,148	50,457,913	182.06	.....
1852.....	141	308,863	59,467,453	192.54	.....
1853.....	159	365,538	72,313,696	197.82	.....
1854.....	190	396,173	77,823,906	196.44	.....
1855.....	215	431,602	84,290,076	195.29	.....
1856.....	222	487,986	95,598,230	195.90	.....
1857.....	231	490,428	98,512,968	200.87	.....
1858.....	245	538,840	108,488,287	201.24	.....
1859.....	259	622,566	128,657,901	206.66	.....
1860.....	278	693,870	149,277,504	215.13	4.75
1861.....	285	694,487	146,729,882	211.27	.....
1862.....	289	787,943	169,434,540	215.03	.....
1863.....	293	887,096	206,235,202	232.48	.....
1864.....	305	976,025	236,280,401	242.08	.....
1865.....	317	980,844	242,619,382	247.35	.....

NUMBER OF SAVINGS BANKS IN THE UNITED STATES, NUMBER OF DEPOSITORS, AMOUNT OF SAVINGS DEPOSITS, ETC.—Continued.

Year.	Number of banks.	Number of depositors.	Deposits.	Average due each depositor.	Average per capita in the United States.
1866.....	336	1,067,061	\$282,455,794	\$264.70	.....
1867.....	371	1,183,202	337,009,452	283.63	.....
1868.....	406	1,310,144	392,781,813	299.80	.....
1869.....	476	1,466,684	457,675,051	312.04	.....
1870.....	517	1,630,846	549,874,355	337.17	\$14.26
1871.....	577	1,902,047	650,745,442	342.13	.....
1872.....	647	1,992,925	735,046,805	368.82	.....
1873.....	669	2,185,832	802,363,609	367.07	.....
1874.....	693	2,298,401	884,556,902	376.98	.....
1875.....	771	2,359,864	924,037,304	391.56	.....
1876.....	781	2,368,630	941,350,255	397.42	.....
1877.....	675	2,395,314	866,218,366	361.63	.....
1878.....	663	2,400,785	879,897,425	366.50	.....
1879.....	639	2,268,707	802,490,298	353.72	.....
1880.....	629	2,335,582	819,106,973	350.71	16.33
1881.....	629	2,528,749	891,961,142	352.73	.....
1882.....	629	2,710,354	966,797,081	356.70	.....
1883.....	630	2,876,488	1,024,866,787	356.29	.....
1884.....	636	3,015,151	1,073,294,955	355.96	.....
1885.....	646	3,071,495	1,095,172,147	356.56	.....
1886.....	638	3,158,950	1,141,530,578	361.36	.....
1887.....	684	3,418,013	1,235,247,371	361.39	.....
1888.....	801	3,838,291	1,364,196,550	356.41	.....
1889.....	849	4,021,523	1,425,230,349	354.40	.....
1890.....	921	4,258,898	1,524,844,506	358.03	24.35
1891.....	1,011	4,533,217	1,623,079,749	358.04	25.29
1892.....	1,059	4,781,605	1,712,769,026	358.20	26.11
1893.....	1,030	4,830,599	1,783,150,957	369.55	26.63
1894.....	1,024	4,777,687	1,747,961,280	365.86	25.53
1895.....	1,017	4,875,519	1,810,597,023	371.36	25.88
1896.....	988	5,065,494	1,907,156,277	376.50	26.68
1897.....	980	5,201,132	1,939,376,035	372.88	26.56
1898.....	979	5,385,746	2,065,631,298	383.54	27.67
1899.....	987	5,687,818	2,230,366,954	392.13	29.24
1900.....	1,002	6,107,083	2,449,647,885	401.10	31.78
1901.....	1,007	6,358,723	2,597,094,580	408.30	33.45
1902.....	1,036	6,666,672	2,750,177,290	412.53	34.89
1903.....	1,078	7,035,228	2,935,204,845	417.21	36.52
1904 ^a	1,157	7,305,443	3,060,178,611	418.89	37.52

^a Population estimated at 81,568,000, June 1.

GROWTH OF BANKING IN THE UNITED STATES.

In the following table is shown the growth of banking in the United States, as indicated by the number of banks, capital stock, and individual deposits, from 1882 to 1904. On the earlier date the number of reporting banks was 7,302, with capital of \$712,100,000, and deposits of \$2,785,407,000. The proportion of national-bank capital was 67.01 per cent, and deposits in national banks 38.3 per cent. On this date there was one bank for every 7,190 inhabitants, the capital and deposits per capita being \$13.60 and \$53.06, respectively. In 1892 the number of reporting banks had increased to 9,338, the capital to \$1,071,073,048, and the deposits to \$4,664,934,250. The percentage of national-bank capital had declined to 63.9 and deposits to 37.6. In 1892 there was one bank for every 7,016 inhabitants, the per capita of capital being \$16.40 and deposits \$71.40. In 1902 the number of reporting banks was 16,156, with capital of \$1,340,160,416; deposits, partially estimated, \$9,583,315,778. National-bank capital represented 52.4 per cent of the total and the deposits 32.3 per cent. The greater increase in the number of banks, as compared with population, is indicated by the fact that there was in existence one bank for every 4,897 of population, the average per capita of capital and deposits having increased to

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\$16.90 and \$121.25, respectively. As will be observed from the table, the figures for 1903 include the capital and estimated deposits of some 4,546 banks, reports relative to whose condition were not received. The aggregate number of banks for this year is shown to have been 18,230, with capital of \$1,474,328,512 and deposits of \$10,056,215,995. National-bank capital declined to 50.43 per cent and the deposits to 31.8 per cent. On or about June 30, 1904, from reports received at this office from national and State banks, and adding thereto the number of nonreporting banks whose capital is stated by bank reporters, and amount of deposits estimated upon a basis of statements of reporting banks, the total is found to be 18,844, the capital \$1,473,904,674, and the deposits \$10,448,545,990. As will be observed, the percentage of national-bank capital has increased to 52.06, but the average per cent of deposits shows a reduction to 31.7. In this year there is shown to exist one bank for every 4,344 inhabitants. The per capita of capital stock and deposits has increased to \$18 and \$127.73, respectively.

The table referred to is as follows:

Banks.	Number.	Capital.		Individual deposits.	
		Amount.	Per cent.	Amount.	Per cent.
1882.					
National.....	2,239	\$477,200,000	67.01	\$1,066,707,000	38.3
State, etc.....	5,063	234,900,000	32.99	1,718,700,000	61.7
Total	7,302	712,100,000	100.00	2,785,407,000	100.00
1892.					
National.....	3,759	684,678,203	63.9	1,753,339,679	37.6
State, etc.....	5,579	386,394,845	36.1	2,911,594,571	62.4
Total	9,338	1,071,073,048	100.00	4,664,934,250	100.00
1902.					
National.....	4,535	701,990,554	52.4	3,098,875,772	32.3
State, etc.....	7,889	499,621,208	47.6	6,905,847,214	67.7
Reporting capital only.....	3,732	138,548,654		478,592,792	
Total	16,156	1,340,160,416	100.00	9,583,315,778	100.00
1903.					
National.....	4,939	743,506,048	50.43	3,200,993,509	31.8
State, etc.....	8,745	578,418,944	49.57	6,352,700,055	68.2
Nonreporting.....	4,546	152,403,520		502,522,431	
Total	18,230	1,474,328,512	100.00	10,056,215,995	100.00
1904.					
National.....	5,331	767,378,148	52.06	3,312,439,841	31.7
State, etc.....	9,519	625,116,824	47.94	6,688,107,157	68.3
Nonreporting.....	3,994	81,409,702		447,998,992	
Total	18,844	1,473,904,674	100.00	10,448,545,990	100.00

NOTE.—Figures for 1902, 1903, and 1904 include banks of island possessions.

For the purpose of showing the growth of banking in the country, based upon the amount of individual deposits shown by reports received at this office, a compilation of the returns for the years 1892, 1896, 1900, and 1904, has been made for each State and geographical division, showing in each the amount of deposits in State banks, savings banks, loan and trust companies, and national banks. The detailed statement is given in the appendix of this report.

By reference to the accompanying table, in which is stated the individual deposits of each class of banks in each geographical division in

the four years mentioned, namely, 1892, 1896, 1900, and 1904, it will be noted that the increase in deposits from \$4,664,934,250, in 1892, to \$4,945,124,423 in 1896, was but 6 per cent, or \$280,190,173. In 1900 the volume of deposits had increased to \$7,238,986,450, the amount and per cent of increase during this four-year period being \$2,298,862,027 (which includes about \$3,000,000 on deposit in banks in the island possessions), and 46 per cent, respectively. Including \$19,287,669 deposits in banks located in the island possessions, the total deposits in all reporting banks in 1904 amounted to \$10,000,546,999, an increase of \$2,761,560,549, or 38 per cent since 1900. The increase from 1892 to 1904 was the enormous sum of \$5,335,612,749, the rate of increase being 114.4 per cent.

The table referred to is as follows:

INDIVIDUAL DEPOSITS IN STATE, SAVINGS, PRIVATE BANKS, LOAN AND TRUST COMPANIES, AND NATIONAL BANKS, IN EACH GEOGRAPHICAL DIVISION, ON OR ABOUT JUNE 30, 1892, 1896, 1900, AND 1904.

Location and class of banks.	Individual deposits.			
	1892.	1896.	1900.	1904.
New England States:				
State banks.....	\$4,946,498	\$5,827,195	\$8,855,860	\$9,877,483
Savings banks.....	705,777,557	802,923,950	939,790,300	1,074,938,925
Loan and trust companies.....	80,433,522	120,389,701	163,856,155	237,836,539
Total.....	791,157,577	929,140,846	1,112,502,315	1,322,152,947
National banks.....	269,958,182	264,164,649	312,313,225	337,743,510
Grand total.....	1,061,115,759	1,193,305,495	1,424,817,540	1,659,896,457
Eastern States:				
State banks.....	248,279,260	242,879,435	341,341,068	418,681,510
Savings banks.....	735,767,800	855,637,399	1,149,155,682	1,450,476,175
Private banks.....	13,862,301	10,205,952	10,001,373	13,098,271
Loan and trust companies.....	306,610,189	432,264,126	859,387,639	1,279,068,773
Total.....	1,304,519,550	1,540,986,912	2,359,885,762	3,161,324,729
National banks.....	744,486,756	750,725,800	1,073,683,578	1,361,827,442
Grand total.....	2,049,006,306	2,291,712,712	3,433,569,340	4,523,152,171
Southern States:				
State banks.....	87,450,651	82,795,625	150,440,319	289,572,013
Savings banks.....	11,859,386	9,347,597	17,369,650	5,259,245
Private banks.....	5,599,593	4,626,017	5,306,131	8,920,038
Loan and trust companies.....		172,151	322,081	3,758,797
Total.....	104,909,630	96,941,390	173,438,181	307,510,093
National banks.....	129,130,908	124,743,629	201,605,167	331,159,183
Grand total.....	234,040,538	221,685,019	375,043,348	638,669,276
Middle Western States:				
State banks.....	212,170,733	269,754,489	561,170,834	993,024,524
Savings banks.....	169,941,615	130,494,356	122,549,772	166,792,066
Private banks.....	62,922,122	38,479,740	66,059,342	60,445,910
Loan and trust companies.....	24,616,285	33,642,178	4,666,532	79,658,216
Total.....	469,650,755	472,370,763	754,446,480	1,299,920,716
National banks.....	454,488,172	405,388,086	651,849,201	925,531,104
Grand total.....	924,138,927	877,758,849	1,406,295,681	2,225,451,820
Western States:				
State banks.....	36,665,121	37,682,879	84,873,480	149,002,115
Savings banks.....	3,042,725	1,523,192		
Private banks.....	8,301,414	3,119,094	8,676,816	8,063,646
Total.....	48,009,260	42,325,165	93,550,296	157,065,761
National banks.....	107,752,972	86,508,844	142,760,868	214,966,103
Grand total.....	155,762,232	128,834,009	236,311,164	372,031,864

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INDIVIDUAL DEPOSITS IN STATE, SAVINGS, PRIVATE BANKS, LOAN AND TRUST COMPANIES, AND NATIONAL BANKS, ETC.—Continued.

Location and class of banks.	Individual deposits.			
	1892.	1896.	1900.	1904.
Pacific States:				
State banks	\$59,001,546	\$56,720,291	\$118,235,049	\$195,279,070
Savings banks	131,940,535	135,539,974	160,854,550	221,308,918
Private banks	2,405,718	2,685,575	4,884,885	5,263,589
Total	193,347,799	194,945,840	283,974,484	421,851,577
National banks	47,522,689	36,882,499	75,878,719	140,206,165
Grand total	240,870,488	231,828,339	359,853,203	562,057,742
United States:				
State banks	648,513,809	695,659,914	1,264,916,610	2,054,936,715
Savings banks	1,758,329,618	1,935,466,468	2,389,719,954	2,918,775,329
Private banks	93,091,148	59,116,378	94,928,547	95,791,454
Loan and trust companies	411,659,996	586,468,156	1,028,232,407	1,600,322,325
Total	2,911,594,571	3,276,710,916	4,777,797,518	6,669,825,823
National banks	1,753,339,679	1,668,413,507	2,468,092,758	3,311,433,507
Grand total	4,664,934,250	4,945,124,423	7,235,890,276	9,981,259,330
Island possessions:				
State banks			1,818,672	18,281,334
Private banks			1,277,502	1,006,335
National banks				
Grand total, United States, etc..	4,664,934,250	4,945,124,423	7,238,986,450	10,000,546,999

Consolidating the returns relating to the deposits in each of the years mentioned, by geographical divisions of the country, there is shown to have been an increase in the deposits of banks located in the New England States from \$1,061,115,759 in 1892 to \$1,659,896,457 in 1904. The increase in the Eastern States during this period was from \$2,049,006,306 to \$4,523,152,171; Southern States, from \$284,040,538 to \$638,669,276; Middle Western States, \$924,138,927 to \$2,225,451,820; Western States, from \$155,762,232 to \$372,031,864, and the Pacific States from \$240,870,488 to \$562,057,742. The deposits in the banks in the island possessions (Hawaii only) are first stated for 1900, when they amounted to \$3,096,174. In 1904 the amount of deposits in the banks in the island possessions is shown to have been \$19,287,669.

In the following table is stated the aggregate amount of deposits in each geographical division on the indicated dates:

INDIVIDUAL DEPOSITS IN STATE, SAVINGS, PRIVATE, AND NATIONAL BANKS, AND LOAN AND TRUST COMPANIES, IN EACH GEOGRAPHICAL DIVISION, ON OR ABOUT JUNE 30, 1892, 1896, 1900, AND 1904.

Geographical division.	Individual deposits.			
	1892.	1896.	1900.	1904.
New England States	\$1,061,115,759	\$1,193,305,495	\$1,424,817,540	\$1,659,896,457
Eastern States	2,049,006,306	2,291,712,712	3,433,569,340	4,523,152,171
Southern States	234,040,538	221,685,019	375,043,348	638,669,276
Middle Western States	924,138,927	877,758,849	1,406,295,681	2,225,451,820
Western States	155,762,232	128,834,009	236,311,164	372,031,864
Pacific States	240,870,488	231,828,339	359,853,203	562,057,742
United States	4,664,934,250	4,945,124,423	7,235,890,276	9,981,259,330
Island possessions			3,096,174	19,287,669
Grand total United States, etc..	4,664,934,250	4,945,124,423	7,238,986,450	10,000,546,999
Average individual deposit, per capita of population	712	692	948	1,227

BUILDING AND LOAN ASSOCIATIONS.

Mr. H. F. Cellarius, secretary of the United States League of Local Building and Loan Associations, in his annual report furnished this Office, states that the business of the local building and loan associations of the United States has been very satisfactory during the past year; that while the net increase in the aggregate assets is not as large as it might be on account of an apparent decrease of nearly \$10,000,000 in Ohio, resulting in the organization of a number of building associations into trust companies, yet notwithstanding this a material advance has been made both in assets and membership. From the secretary's report it is further learned that there are in the United States 5,308 local building and loan associations with a total membership of 1,566,700 and assets amounting to \$579,556,112, a net increase in assets for the year of \$2,328,098, the net growth in membership for the year being 35,993.

The following table exhibits the number of associations and total assets of such associations by States for the years 1903-4, together with the amounts showing increase or decrease over the figures of the prior year:

State.	Number of associations.	Total membership.	Total assets.	Increase in assets.	Decrease in assets.	Increase in membership.
Pennsylvania.....	1,196	313,193	\$117,861,779	\$8,975,759	.....	21,425
Ohio.....	731	301,460	101,221,442	.....	\$9,729,815	5,386
New Jersey.....	353	112,539	51,460,688	2,980,311	.....	5,915
Illinois.....	500	83,000	39,432,282	.....	871,570	3,800
New York.....	300	90,429	33,342,475	.....	543,267	1,809
Massachusetts.....	130	84,527	32,919,738	2,528,073	.....	5,212
Indiana.....	379	97,213	30,035,098	16,691	.....	a 8,942
California.....	146	53,376	19,863,852	1,663,985	.....	6,084
Michigan.....	58	32,391	10,746,298	840,225	.....	249
Missouri.....	134	9,996	7,771,790	.....	456,475	a 8,754
Louisiana.....	39	18,150	6,609,242	109,242	.....	150
Iowa.....	72	20,000	5,656,469	.....	.....	.....
Nebraska.....	59	20,446	5,343,429	585,136	.....	1,026
Connecticut.....	16	8,035	3,851,539	.....	293,658	a 3,730
Wisconsin.....	53	13,250	3,819,768	223,835	.....	100
Kansas.....	40	11,259	3,417,114	297,596	.....	733
Maine.....	35	8,444	2,932,206	77,580	.....	189
Tennessee.....	21	3,417	2,321,663	.....	17,994	296
New Hampshire.....	15	5,175	1,753,560	13,444	.....	325
Minnesota.....	16	2,200	1,066,680	.....	.....	.....
Other States.....	1,015	278,200	98,129,000	929,000	4,700
Total.....	5,308	1,566,700	579,556,112	14,240,877	11,912,779	35,993

a Decrease.

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The receipts and disbursements of building and loan associations for 1903 show an increased volume of business transacted during the year amounting to over \$24,000,000. There was an increase in loans made on mortgage security over the previous year of over \$13,000,000. The receipts and disbursements in detail were as follows:

Receipts.	Disbursements.
Cash on hand January 1, 1903	\$11, 523, 668
Weekly dues	150, 688, 812
Paid-up stock	137, 652, 364
Deposits	131, 447, 312
Loans repaid	16, 619, 348
Interest	21, 539, 864
Premium	35, 669, 760
Fines	49, 077, 768
Pass books and initiation	5, 371, 696
Borrowed money	16, 884, 748
Real estate sold	631, 652
Miscellaneous receipts	4, 506, 492
Total	21, 035, 604
	Cash on hand January 1, 1904
	23, 657, 756
	Total
	436, 365, 372

SCHOOL SAVINGS BANKS.

The office has been placed in possession, by Mr. J. H. Thiry, of Long Island City, N. Y., of statistics relating to the operation of school savings banks in the United States, brought down to January 1, 1904. The system was inaugurated in the schools of Long Island City in 1885. The school savings-bank system is now in operation in 789 schools of 106 cities of 26 States, and 90,961 scholars in these schools have deposited \$1,367,930.25, of which \$868,276.02 have been withdrawn, leaving a balance of \$499,654.23 due to depositors on January 1, 1904.

The city of Los Angeles, Cal., has the largest number of schools in which this system of school banks has been inaugurated, there being 53 schools, with 6,698 depositors and deposit balances aggregating \$32,399.77; but the city of Pittsburg has the largest number of depositors in such school banks, 18,000 of the school children of that city having deposits to their credit to the amount of \$59,023.76.

BANKING IN THE ISLAND POSSESSIONS.

Through the courtesy of Hon. Frank A. Branagan, treasurer of the Philippine Archipelago, the Office has been placed in possession of official reports of the banking institutions of the Philippine Archipelago, and to Hon. Wm. F. Willoughby, treasurer of Porto Rico, the Comptroller is indebted for an abstract of the reports of condition of the banks other than national in Porto Rico; such information as has been obtained in respect to the condition of banks in the Hawaiian Islands being furnished by the banks direct.

THE PHILIPPINES.

A summary of the returns of the 10 banks in the Philippines as of date March 31, 1904, appears in the appendix, together with individual statements, as made to the treasurer of the archipelago at the latter

date. The principal items of resources and liabilities of these banks are: Loans and discounts, including overdrafts, \$13,695,569; bullion, specie and other currency, \$4,913,170; due from other banks and agencies, \$5,847,376; aggregate resources, \$27,312,500; capital stock, \$1,391,862; surplus and undivided profits, \$1,303,122; bank deposits, \$13,220,157; individual deposits, \$7,879,628; public deposits (insular), \$2,178,438.

Comparing these returns with those submitted to this office under date of June 30, 1903, aggregate resources show a decrease of \$640,009. Cash holdings have decreased in the sum of \$2,887,031, the loss being chiefly in the United States notes held, which have decreased from \$3,042,411 in 1903 to \$689,981 in 1904; loans and discounts have increased by \$506,430, while individual deposits show a loss of \$1,645,608 and public deposits (insular) a loss of \$3,001,679. The item of bank deposits, however, has increased from \$8,677,434 in 1903 to \$13,220,157 for the current year, being an increase of \$4,542,713.

The banks from which reports were received are the Manila agency and the Iloilo subagency of the Hongkong and Shanghai Banking Corporation; the Manila agency and Cebu subagency of the Chartered Bank of India, Australia, and China; the Banco Español-Filipino at Manila and its Iloilo subagency; the Monte de Piedad y Caja de Ahorros de Manila; the American Bank, at Manila; the Guaranty Trust Company, of New York, at Manila, and the International Banking Corporation of New York.

PORTE RICO.

Reports have been received from 10 banks in Porto Rico, with aggregate capital of \$1,729,064, operating under Territorial laws, and from one national banking association with capital of \$100,000.

The combined resources of the 11 banks are \$7,416,837, a gain of \$1,216,935 over the returns of 1903. The principal items of resources and liabilities of the former class of banks are, loans, \$2,393,704; bonds and stocks, \$1,302,951; cash on hand, \$1,214,085; capital stock, \$1,729,064; surplus and undivided profits, \$256,211; deposits, \$3,654,336, and total resources, \$6,985,153. The aggregate resources of the one national bank, as shown by the report of June 9, 1904, was \$431,684; loans, \$45,546; circulation, \$100,000; deposits, \$228,837.

HAWAII.

The two national banks in operation in the Territory of Hawaii, as shown by reports to this Office dated June 9, 1904, have a combined capital of \$525,000, circulation of \$245,200, surplus and undivided profits \$81,224. Individual deposits are \$684,796, and United States deposits and disbursing officers accounts \$226,744. The loans and discounts amount to \$1,200,052, and the aggregate resources to \$2,025,911.

Reports have been received from three incorporated banks and two private institutions with aggregate capital of \$2,150,000; surplus and profits, \$317,966; deposits, \$4,568,932; loans and discounts, including overdrafts, \$5,550,330; total resources, \$8,055,495. From these returns, the banking power of the Territory, that is, capital, surplus profits, circulation, and deposits of the reporting banking institutions,

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will approximate \$9,000,000, indicating a substantial gain over the figures obtained for 1903, as well as over those published for the year 1902.

BANKING IN CENTRAL AND SOUTH AMERICA.

Statistics bearing upon the subject of banking in the Central and South American countries are very meager. The fund of information in respect to banking concerns of the Latin-American countries consists chiefly in the published reports of European financial institutions having branches in a number of these southern republics. The commerce of the United States is extending in this direction by reason of the building of the isthmian canal, and public interest is awake to the fact that closer trade relations between the two continents are sure to follow the completion of this important project.

In view of this fact it was thought proper that an effort should be made to obtain information relative to financial conditions and the monetary institutions of these countries, and to this end the diplomatic representatives of the United States in the various Central and South American Republics were asked to aid in the work by forwarding statements relating to banking and the financial condition concerning the countries to which they are accredited.

The results are far from complete, but any statistics from authentic sources which add to the present stock of knowledge in this respect it is believed will be of value.

The letter forwarded to each diplomatic representative reads as follows:

SIR: It is the purpose to incorporate in my report to be made to Congress in December next as complete information as can be obtained with respect to the condition of banks and banking in the Central and South American Republics, etc. With this object in view I have the honor to request your cooperation in obtaining from the State officials, or from the banking corporations of every character in operation in Mexico, statements of condition as of June 30, 1904, or approximately that date. It is desired to have shown in these statements the principal items of resources and liabilities; that is, loans and discounts, overdrafts, investments in bonds, stocks, and other securities; amounts due from other banking corporations; cash in bank, showing, separately, gold, silver, and other currency; capital stock, surplus and other profits, circulating notes outstanding, if any; deposits, and, in the aggregate, other liabilities, as indicated by the accompanying form.

Information is also desired with respect to the financial condition of the country; that is—

1. The bonded debt.
2. Floating debt.
3. Revenues for the last fiscal year—(a) From imports; (b) Internal taxes.
4. Expenditures for the last fiscal year.
5. Stock of money of the country, classified to show the amount of gold, silver, and other currency, respectively.

The receipt of all or any of the information hereinbefore requested will be greatly appreciated.

Respectfully,

W. B. RIDGELEY, *Comptroller.*

Replies have been received respecting seventeen countries, namely: Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Panama, Peru, Salvador, Uruguay, Venezuela, together with Cuba, Haiti, and the Dominican Republic, no reports being received from Paraguay and Nicaragua.

As a result of the correspondence referred to, in addition to the data relating to the financial condition of the various governments, statements have been received showing the condition of over 50 of the

principal banks operating in South America, besides reports of a number of London concerns, with numerous branches there and elsewhere. The abstract of the principal items of resources and liabilities of these banks by no means fully represents the banking power of this part of the world, yet the figures reflect measurably the volume of business carried on over this vast territory. A summary of the principal items of the reports, reduced to United States money, based upon the value of the monetary unit of each country, without taking exchange into account, follows:

Loans	\$315, 246, 338
Bonds, etc	31, 881, 095
Cash in bank	139, 266, 858
Capital	120, 350, 540
Surplus and undivided profits	28, 970, 892
Deposits	366, 437, 742
Total assets	743, 839, 995

The figures above were summarized from reports of condition of 7 banks in Argentina, 4 in Bolivia, 14 in Brazil, 18 in Chile, 4 in Peru, 3 in Venezuela, and 1 each in Colombia, Ecu dor, and Uruguay.

An abstract of banking returns from all the Central American Republics, excepting Nicaragua, shows the principal items of resources and liabilities of the 12 reporting banks—viz: 1 each from Costa Rica, Honduras, and Panama; 6 from Guatemala, and 3 from Salvador—to be as follows:

Loans	\$26, 949, 302
Bonds, stocks, etc	1, 956, 512
Cash on hand	3, 719, 349
Capital stock	8, 256, 580
Surplus and profits	4, 524, 060
Circulation	17, 025, 206
Deposits	6, 592, 174
Total assets	39, 444, 681

The replies to the interrogatories addressed to the United States diplomatic representatives accredited to the countries named are given in full in the appendix to this report. An abstract as correct as the information will permit relating to the financial condition of the following-named countries is presented herewith.

ARGENTINA.

No report relating to finances of the Government. Individual reports of banking concerns forwarded appear in the appendix.

Reliable authority places the public debt of Argentina at \$479,765,-265, excluding Government issues of paper money.

BOLIVIA.

Bolivia's budget, estimated for 1904, according to the Revista Comercial e' Industrial, is—revenue, Bs. 7,241,700; expenditures, Bs. 9,126,295. The boliviano is equal to 42.2 cents American gold.

BRAZIL.

No direct report as to financial condition of Brazil. The national debt of that country on June 30, 1903, according to figures published in the Brazilian Review, was—foreign debt, £65,917,297, the internal

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funded debt payable in gold being 27,259,000 milreis (gold milreis, 54.6 cents) and payable in currency, 537,410,537 milreis—the floating debt not included in the above figures.

CHILE.

The bonded foreign debt of Chile is £16,649,400; floating foreign debt £2,500,000, aggregating about \$93,162,000, and internal debt \$75,301,716 in paper currency of the country, equivalent to about \$25,000,000 United States currency.

The revenues for the calendar year 1903 amounted to 137,536,214 pesos in gold and 95,057,312 pesos in paper currency. The expenditures for same year were 93,464,313 pesos in gold and 91,390,659 pesos in paper currency. Gold pesos are equal to 18d. (say 36.5 cents). Other obligations of the state affecting the balance on hand for 1904 amount to 22,328,379 gold and 9,374,183 paper currency, of which sum the principal item is a conversion fund of 21,500,000 gold. All bank notes were redeemed by the law of 1895.

The stock of money in the country amounts to 50,000,000 pesos in paper and 2,000,000 pesos, approximately, in silver, nickel, and copper. The average value of this money is 33 cents United States currency. About \$60,000,000 in gold at 18d. have been coined, but it is not known how much of this amount is now within the country. Abstract of reports of 18 banks, with capital stock aggregating \$59,006,660 (Chilean currency), is published in the appendix.

COLOMBIA.

The bonded foreign debt of Colombia is £2,700,000, or \$13,136,000, bearing interest at 1½ per cent annually, increasing one-half per cent each three years until it reaches 3 per cent per annum. The interior debt is stated to be \$5,633,716, and floating debt \$250,000. The stock of money, according to Government reports, amounts to \$741,048,126 (Colombian), or about \$7,005,088.67 at the present rate of exchange—10,000 per cent, approximately. There is practically no gold and silver in circulation, all having been driven out by the forced paper currency.

Official estimates of the expenditures and resources for 1903-4 are: Expenditures, \$451,557,929; resources, \$426,031,000; deficit, \$25,526-929 (Colombian).

COSTA RICA.

From La Gaceta of July 19, 1904, it is learned that the rate of exchange between Costa Rica and the United States averaged during the year 217 per cent. The circulating medium on March 31, 1904, reached 7,106,254 colones, which that paper states is larger than ever before and sufficient for all requirements. (One colon equal to 46½ cents.)

ECUADOR.

The total bonded debt of Ecuador on June 1, 1903, was \$9,271,035, the floating debt being estimated at \$3,800,000.

The revenue from customs duties and taxes for 1902 amounted to \$4,250,000, the expenditures being for the same year \$4,675,000. On

December 31, 1902, the stock of money in the country was \$750,000 in gold, \$1,250,000 silver, and \$2,750,000 bank notes. The monetary unit is the sucre, equal to 48.7 cents.

GUATEMALA.

The following data taken as per December 31, 1903, being end of last fiscal year, is furnished by the United States representative to this country:

Bonded debt:

(a) Exterior debt, including accrued interest.....	gold..	\$8,896,000.00
(b) Bonos diversos.....	currency..	90,550.11
(c) Bonos deuda interior.....	do.....	3,602,500.00
(d) Bonos ferrocarril al norte.....	do.....	2,513,700.00
Total.....	do.....	6,206,750.11

Floating debt:

(a) Gold		943,585.49
(b) Currency—		
Government bills in circulation		6,034,407.00
Other		31,224,602.79
Total		37,259,009.79

Revenue during year 1903, in national currency:

Import duties		6,175,926.70
Export duties		3,878,214.04
Internal taxes, etc.....		7,532,743.96
Total		17,586,884.70

Expenditure (currency)

17,000,000.00

Stock of money:

Bills in circulation (national currency)—		
(a) Government issue		6,034,407.00
(b) Bank issues		37,151,342.00
Total		43,185,749.00

Silver very difficult to estimate, as in private hands; deposited in the various banks about..... 400,000.00

(The amounts given are in current money of the country, viz, the peso, which it is stated has an approximate value of 7 cents gold.)

HONDURAS.

No report other than that relating to banking as published in the appendix.

PANAMA.

The United States chargé d'affaires writes under date of October 4, 1904:

As to present condition of the finances of Panama there is no debt and no statement has been made up as to expenditures and receipts. The coinage of the country is now being minted in the United States and will be used to redeem the present Colombiar silver money at the rate of 212½ Colombia pesos for 100 "balboas," as the unit of new money is called.

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PERU.

Peru has no foreign debt. According to the director of the treasury of Peru, the interest-bearing debt of that country on the 31st of December 1903, was 2,660,645 Peruvian pounds, the non interest-bearing debt £p.377,810, and the floating debt £p.900,000.

The revenue from imports was £p.853,171,994, and from taxes £p.739,240,828, or a total of £p.1,703,138. The general expenses aggregated £p.1,478,898.

The stock of money in the country on December 31, 1903, according to a reliable estimate was £p.1,500,000, including gold and silver. The Peruvian pound is stated to be equal in every respect to the English sovereign. Silver is now treated as subsidiary coin, and the supply is rapidly becoming more limited. There are no bank notes now in existence.

SALVADOR.

The floating debt of El Salvador on December 31, 1903, was \$10,462,967.59 in Salvador silver currency. The revenues of the Government during the calendar year 1903 amounted to \$7,980,855.23, and the expenditures were given as \$7,704,756.34.

URUGUAY.

The bonded debt of Uruguay, according to the statement of the office of the public credit, was \$124,754,455.82 on December 31, 1903, no figures being obtainable relating to floating debt. The revenue for the last fiscal year approximated \$15,138,265, while the expenditures are estimated to be about \$16,460,000, the exact figures not being ascertainable. The stock of money in the country, the American minister states, is difficult to estimate. Monetary unit, the peso, equal to \$1.034.

VENEZUELA.

From the published report of the message of President Castro to the Venezuelan Congress on February 20, 1904, it is learned that revenues of the country for the year ended December 31, 1903, amounted to 34,494,412.08 bolivars and the expenditures 34,329,420.76 bolivars—sums stated in United States currency equal to \$6,898,882.41 and \$6,865,884.15, respectively.

The internal debt and interest aggregated 92,983,088.67 bolivars, and the external debt, including interest, was 151,645,421.08. The total indebtedness of the country, reduced to United States currency, amounts to \$48,925,701.95. Bolivar equal to 19.3 cents.

CUBA.

According to report of the United States minister, the bond issues of 1896-97, aggregating \$2,158,649, constitute the only debt of the Republic. The auditor-general's report for the year ended June 30, 1903, shows total income from all sources \$16,155,817.90, and disbursements from June 20, 1902, to June 30, 1903, aggregating \$15,933,646.71.

HAITI.

The United States minister to Haiti states that the bonded debt of that country is about \$19,000,000 and the floating debt about \$18,000,000.

The revenues for the last fiscal year from imports amounted to

\$4,000,000—none from internal taxes. Figures showing expenditures not obtainable.

Stock of money consists of about \$2,500,000 in gold, about the same amount in silver, besides bank circulation to the amount of \$13,500,000, of which \$5,000,000 is yet to be received and put in circulation.

DOMINICAN REPUBLIC.

The bonded debt is supposed to be, at the present time, about \$30,000,000. No estimate can be given as to the floating debt.

Revenue from imports last fiscal year about \$2,000,000. No internal taxes. Impossible to state amount of expenditures for last fiscal year. Stock of money, about \$3,000,000 in Dominican silver. Dollar worth about 20 cents.

DEBT, ETC., OF THE REPUBLICS OF SOUTH AND CENTRAL AMERICA AND THE WEST INDIA ISLANDS.

In connection with the foregoing the following table, compiled from latest data obtained from the Bureau of Statistics, will be of interest:

Country.	Total debt, funded and floating.	Revenue.	Expenditure.	Stock of money.		
				Uncovered paper.	Specie.	Total.
Argentina	\$479,765,265	\$62,723,000	\$60,757,000	\$290,600,000	\$25,000,000	\$315,600,000
Bolivia.....	6,180,602	3,614,000	3,663,000	.....	4,200,000	4,200,000
Brazil.....	540,693,936	157,295,000	99,366,000	369,800,000	.....	369,800,000
Chile.....	107,304,151	38,684,000	44,001,000	30,700,000	12,400,000	43,100,000
Colombia	14,494,792	(a)	(a)	370,000,000	2,000,000	372,000,000
Ecuador	5,746,628	5,208,000	4,540,000	300,000	3,900,000	4,200,000
Paraguay	b 11,223,805	11,007,000	11,007,000	10,500,000	100,000	10,600,000
Peru	29,159,700	7,533,000	7,016,000	.....	6,800,000	6,800,000
Uruguay	127,362,827	16,703,000	15,032,000	9,700,000	19,800,000	29,500,000
Venezuela	49,335,647	4,818,000	5,026,000	600,000	23,200,000	23,800,000
Total South America	1,365,267,353	287,585,000	250,408,000	1,082,200,000	97,400,000	1,179,600,000
Costa Rica	14,603,556	2,820,000	2,812,000	.....	.....	.....
Guatemala.....	12,142,334	2,046,000	2,169,000	.....	.....	.....
Honduras.....	96,249,771	1,373,000	1,264,000	30,200,000	9,000,000	39,200,000
Nicaragua	5,590,636	2,403,000	2,393,000	.....	.....	.....
Salvador	3,696,472	3,281,000	3,274,000	.....	.....	.....
Total Central America	132,282,769	11,923,000	11,912,000	30,200,000	9,000,000	39,200,000
Cuba.....	.....	18,791,000	19,515,000	.....	3,500,000	.....
Haiti.....	c 27,961,249	7,327,000	7,341,000	3,500,000	3,200,000	6,700,000
Santo Domingo	26,219,449	1,910,000	1,722,000	4,200,000	2,200,000	6,400,000
Total West India Islands....	54,180,698	28,028,000	28,578,000	7,700,000	8,900,000	13,100,000

^a No data.

^b There are, besides, outstanding the debts due to Brazil, 9,876,500 pesos, and to Argentina, 12,393,000 pesos.

^c Largely in depreciated currency.

BANKS AND BANKING IN JAPAN.

The Comptroller has received reports of the Bank of Japan, the private, savings, and mortgage banks, for the year ended December 31, 1903, and semiannual statements of the condition of other banks in operation in Japan as of June 30, 1904, courteously furnished by Mr. K. Ito, chief of secretary's department of the Bank of Japan.

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The report of the Bank of Japan states the total operations, both receipts and disbursements, as aggregating 12,698,858,693 yen, a decrease during the year of 1,393,788,262.

The bank's outstanding circulating notes amount to 232,920,563 yen, which are covered by specie reserve of 116,962,184 and Government bonds and other securities to the amount of 115,958,379. As will be observed the specie reserve amounts to 50.2 per cent of the total. The accumulated surplus of the bank is 16,900,000, in addition to which a reserve against the depreciation of bank property, amounting to 250,000, is carried.

The principal items of liabilities, other than those mentioned, are as follows: Deposits and accounts current, 16,442,024; due to other banks, 14,850; profit and loss account, 2,536,430. The loans aggregate 122,252,910; public bonds, 47,093,200; amounts due from other banks and agencies, 739,083 and 4,816,432, respectively; bank premises, furniture, and fixtures, 2,829,065; gold, silver, and other currency, including checks and notes, 83,113,653; bullion, 38,219,525.

During the past year the bank paid two dividends on its capital of 30,000,000 yen at the rate of 12 per cent per annum. In addition to its eight branches located at Osaka, Moji, Hakodate, Nagoya, Sapporo, Kyoto, Otaru, Fukushima, the bank has 31 agencies for the management of public bonds and 47 for dealing with worn-out bank notes. Reports received relative to other banks in Japan are as follows: Yokohama Specie Bank, capital stock 18,000,000 yen; total liabilities, including capital, 197,921,143; the Hypothec Bank of Japan, capital 30,000,000; the Bank of Formosa, capital 5,000,000; the Industrial Bank of Japan, capital 10,000,00; the Hokkaido Colonial Bank, capital 3,000,000; ordinary banks (private institutions), capital 255,251,892; savings banks, capital 34,915,474; local Hypothec banks, capital 27,807,500.

The Yokohama Specie Bank is the only bank in Japan having branches in foreign countries. This bank makes a specialty of transactions in bullion and foreign exchange.

The business of the Hypothec Agricultural and Industrial Bank is confined principally to dealings in real-estate mortgages and debentures. The banks of Hokkaido and Formosa were chartered for the colonization and development of the islands of Hokkaido and Formosa, respectively.

The entire banking business of the country is under governmental supervision, and is apparently satisfactorily conducted, as the reports indicate the payment of dividends during the past year at an average rate of about 8½ per cent. Reports of these banks appear in the appendix.

In the appendix will be found statement showing the condition of the banks of the United Kingdom on December 31, 1903, and June 30, 1904; also summaries of the reports of the banks of Canada, Australasia, and Mexico.

CONCLUSION.

The figures given elsewhere in this report show the most marvelous growth in the wealth and commercial importance of the United States. Almost every year all previous records are broken in the volume of our internal trade, our exports and imports. The people of the United States have become the richest in the world, and the natural resources of the country are so great that this is sure to continue and increase

for many years to come. The amount of bank clearings and deposits and the money on hand in the banks increases in every portion of the United States at a most remarkable rate.

In spite of all this, however, we do not seem to be taking our proper rank and position in foreign and international banking. One of the chief difficulties encountered by all merchants and manufacturers in extending their trade with foreign countries, and especially those of South America and of the Orient, is the lack of American banking facilities, and the necessity of doing this business very largely through European houses. This ranks next in importance to the question of an American mercantile marine, as it is one that has a very great influence on the volume and character of our foreign trade.

As long as the United States was experimenting with silver or a bimetallic standard that fact acted as a handicap in this direction, but now that the gold standard is firmly and irrevocably established we should be able to take our proper place in international banking transactions. New York should become more and more the depository for international balances, and exchange on New York be accepted more and more in all commercial countries of the world. One important reason why our people have not been more aggressive and taken a larger part in international banking business, the same as in many other lines of trade, is that we have been too much occupied with our domestic affairs and there has been a greater temptation to transact the business at home, which was easy to do and promised as great or even greater profits.

With the accumulation of capital and wealth this condition is greatly changed, and there is now in the United States abundant capital and talent for this business, if it is given proper encouragement. Many of the national banks are now engaged in handling foreign exchange; some of them have large and successful foreign departments. In a measure, as the demand arises, facilities are being supplied, and the Comptroller sees no objection, but on the contrary many advantages, in having the larger and more powerful national banks encouraged to cultivate this business by granting them additional powers and authority for doing so.

There have been suggestions made that the organization of national corporations should be authorized for the purpose of conducting the business of foreign and international banking alone, but these do not seem to have met with much favor, and it would appear to be a wiser policy to utilize the well organized and strong national banks which are already largely engaged in this business. The Comptroller believes that it would be a wise policy and entirely just to the banks to restrict these powers to banks of large capital located in the reserve cities. Many of them now have well-organized foreign departments and officials familiar with this business, and the Comptroller believes that they are the best agencies now at hand to extend and increase this very important business.

The Comptroller would therefore recommend, in pursuance of this policy, that national banks having a capital of \$1,000,000 or more and located in the reserve cities or central reserve cities be specifically authorized to buy and sell foreign exchange; to accept bills drawn on themselves, payable not to exceed four months after sight, and to issue letters of credit; and also to open and maintain such offices,

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agencies, or branches as may be necessary to conduct this business in foreign countries, and in Porto Rico, the Philippine Islands, the Hawaiian Islands, and the Panama Canal Zone.

It is believed that this measure will tend to make closer the relations of the United States with each of its possessions, and would be obviously to the advantage of both. The increased sphere of our national life imposes new duties which, in so far as they relate to the great questions of banking and exchange, call for additional legislation; and the recommendations contained in the foregoing are intended to meet the necessities of our manifest obligations and duties in this respect.

The Comptroller respectfully recommends that an act be passed repealing the limitation on the proportion of the circulation of any bank which may be issued in notes of the denomination of \$5. The evident intention of Congress in incorporating this restriction in the act of March 14, 1900, by which notes of the denomination of \$5 are limited to one-third of the amount issuable by any association, was to limit the total issues of notes of that denomination to one-third of the aggregate amount issued. As a matter of fact, this proportion has not been exceeded since 1874. For the year prior to the passage of the act, national bank notes of this denomination amounted to but 31 per cent of the total, and this percentage declined to 21 per cent in 1900 and to 16.1 per cent in 1902, and at the date of the last report of condition amounted to 13.6 per cent. The scarcity of notes of this denomination and the great convenience it is to the banks in the smaller communities to be able to issue notes of \$5 to the amount of their whole circulation as formerly, leads the Comptroller to strongly recommend that this restriction be repealed.

The Comptroller would again renew the recommendation contained in his report of December 1, 1902, for the repeal of section 9 of the act of July 9, 1882, which limits the amount of lawful money which may be deposited with the Treasurer of the United States by national banks, reducing their circulation to \$3,000,000 during any calendar month. The reasons which lead to the enactment of this restriction have ceased to exist, and there does not appear to be any good reason why it should be continued in force. Its repeal would add materially to the elasticity of the national-bank circulation without any counter-balancing disadvantages.

The Comptroller would again call the attention of Congress to the necessity for legislation in regard to the liquidation and consolidation of national banks and the extension of their corporate existence. The reasons for this recommendation were given in detail in the report of the Comptroller of the Currency for December 7, 1903, and further experience and administration of the law show the necessity of some action, not only in the interest of better and more efficient administration but for the better protection of the rights of the shareholders of national banks.

In closing this report the Comptroller wishes to again give credit to Mr. W. J. Fowler, the chief of the organization division, who has had charge of the collection and arrangement of statistics, for his accuracy, efficiency, and ability.

W. M. B. RIDGELY,
Comptroller of the Currency.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.