The Royal Bank, which in 1994 celebrates 125 years of doing business as a chartered bank, has roots that stretch back even beyond Confederation, to 1864. In that year the Merchants Bank began on the Halifax waterfront, offering short-term credit to merchants operating in the bustling trade out of the international port. Growth was swift: by 1869 the company had gained a government charter as the Merchants' Bank of Halifax; by 1901 it had become a national institution, the Royal Bank of Canada, with branches from coast to coast; and by 1925, it had established a significant international presence in the Caribbean, South America, and Europe. Since then it has expanded and diversified its services within Canada, maintained its international profile, and, most recently, has moved into the world of integrated global banking.

Through all this, the Royal Bank has been an "up-and-coming" institution - always in the forefront of any move towards any frontier, geographical or technological.

Quick to the Frontier, then, is the story of the Royal Bank, told not only in terms of executive personalities and corporate strategies, but also through an exploration of its corporate culture - of the lives of the people of the Royal - and of the part this corporate culture played in the opening of the country and the expansion of international trade. Throughout are vignettes that focus on some diverting details in the life of the Royal Bank. How many, for instance, know that Henry Mullin, the manager of the Mariposa branch of the Exchange Bank in Stephen Leacock's Sunshine Sketches of a Little Town, was based on a real-life Royal Banker, George Rapley, of the Orillia, Ontario, branch? Or that, in an effort to foil robbers, tellers were often expected to sleep on the bank premises (sometimes in front of the vault) with loaded revolvers under their pillows?

Eminently readable as well as informative, Quick to the Frontier fills an important gap in Canadian business history.
Quick to the Frontier
Quick to the Frontier

Canada’s Royal Bank

Duncan McDowall
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Preface

Bank histories are supposed to be about men in dark suits and buildings with pillars. They are also supposed to present their subjects as the embodiment of unshakeable probity and stability. In 1994, Royal Bank celebrates 125 years of doing business as a chartered bank. Indeed, its roots reached back even before its incorporation in 1869, to 1864, when it began as a private merchants’ bank. Its history is one of probity and stability – these are the abiding virtues of Canadian banking in general. And, yes, it has frequently been a bank of dark-suited gentlemen. In 1908, it even built a Montreal head office fronted with four massive pillars.

For many at Royal Bank, however, there has been a sense that there is more to their corporate culture than sober wardrobes and neo-classical façades. This is not just because Royal Bank is Canada's largest bank or its most internationally diverse. From the time it stepped onto the national stage at the turn of the century, there was always the sense – in the words of one early-century junior – that this bank was an “up-and-coming” institution.

Despite this, the bank had not given much systematic or sustained thought to its history. To some degree, this has been the product of self-effacement; other banks, notably the Bank of Montreal, were perceived as Canada’s “national” banks. To a larger degree, there was overt scepticism about the prospect of the snooping inquiries of an historian. When a senior manager in the 1950s mooted the idea of hiring Merrill Denison, a seasoned business journalist, to celebrate the Royal’s evolution in book form, James Muir, the bank’s autocratic president, killed the scheme with a flat “Drop it!” “History and all that goes with it was made by people long since dead and gone,” Muir wrote a friend in London, “and the past is theirs.” The bank’s hundredth anniversary in the 1960s slipped quietly past with only the publication of a competent, but internally published, chronology, Clifford Ince’s The Royal Bank of Canada: A Chronology, 1864-1969.

In 1989, with the bank’s 125th anniversary looming, the Royal was finally prompted to action. Allan Taylor, the bank’s chairman and chief executive officer, took a proposal to the Public Policy Committee of the bank’s board. Should the bank celebrate its upcoming anniversary by producing a history that would not only reliably chronicle its long road from Halifax but would also explore its uniqueness? The idea
was given form by Edward Neufeld, the bank’s chief economist and a former academic, who had himself written extensively on Canadian financial and business history. Taylor and Neufeld were in agreement that a history of the bank was not only long overdue, but that it had potential not simply as an instrument of public relations but as something of lasting value. Good history could provide illumination and confidence for those who serve and are served in the bank today.

The Public Policy Committee and the board as a whole agreed. They also agreed that, if a history was worth doing, it was worth doing thoroughly. From the outset, therefore, they agreed to give the research and writing of this book sufficient time and freedom to maximize its chances of success. In June 1990, I left my teaching duties at Ottawa’s Carleton University and for two years immersed myself in the life and times of Canada’s largest bank. Wherever I turned, there were helping hands. Ed Neufeld set the main timbers of the project in place. Deputy Chief Economist Bob Baguley provided operational overview. Gordon Rabchuk, the bank’s archivist, put his superbly organized collection of documents at my disposal. Archivists Diane Brazeau and Beth Kirkwood guided me through the bank’s magnificent photo collection and trained me in the efficiencies of computer-assisted research. It was a huge task, made manageable by the constant help of two marvellous research assistants, David Boucher and Kathy Minorgan. Kathy opened my eyes to the richness of bank popular culture—seventy years of the bank’s fine magazine packed into an efficient database. David Boucher’s research and analytical skills made my journey through the rooms of primary documents immensely easier and more enjoyable.

Archives elsewhere helped to fill out the picture, as did numerous interviews with former bank employees. Perhaps the most memorable of these interviews came on a hot, August afternoon in Brampton, Ontario, when 101-year-old Alex Kearney, the bank’s oldest pensioner, told me of his 41 years with the bank. “I decided I was going to bank,” he said of his 1909 decision to join the Royal, “and I never regretted it.” In my own way, I believe I can now say the same thing.

I returned to Ottawa in June 1991 to write this book. For thirteen months, I enjoyed the use of a fine little office in the bank’s Ottawa Towne Centre branch. It was a splendid place to work. Not only did its manager, Claude Lauzon, and his wonderful staff accommodate my every need, but I was privileged to live the life of a modern branch for a year. I saw loans made and mutual funds purchased. I saw the automatic banking machines replenished. The annual RRSP campaign came and went. Above all else, I saw the constant ebb and flow of clients that is the lifeblood of any branch. Vivid also is my memory of the
masked man, who, on a February night last year in the Ottawa branch of a competitor, gave me some first-hand exposure to the unrewarding art of bank robbery.

This, then, is the story of Canada's largest bank and its relation to the nation it serves. Royal Bank found its origins on the waterfront of Halifax in the 1860s. By 1900, it had become a national institution with branches from coast to coast. By 1925, it had established a significant international presence in the Caribbean, South America, and Europe. Since then, it has expanded and diversified its services within Canada, maintained its international prowess, and, most recently, moved into the world of integrated global banking.

The book thus concludes with a brief, narrative Epilogue on the dramatic changes of the 1980s: global banking and financial deregulation. Historians are generally ill at ease dealing with the near past - the dust, as they say, has hardly settled. Yet, the events of the 1980s are of such magnitude that it is impossible to resist the temptation of making some initial observations on them and the bankers who moulded and reacted to them.

I should make one final comment about nomenclature throughout the book. In 1990, The Royal Bank of Canada changed its legal name to Royal Bank of Canada. The former name had been in use since 1901, when it replaced the name Merchants' Bank of Halifax, which had, in turn, been in use since 1869. From 1864 to 1869, the bank was simply called the Merchants Bank. The convention adopted for use in this text has been to represent the bank in authentic title according to the foregoing chronology. Thus, the bank in 1875 was the Merchants' Bank of Halifax, in 1925 The Royal Bank of Canada, and since 1990 Royal Bank of Canada.

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