

Friday, February-28-14

Jane Pearse
Director, Financial Institutions Division
Financial Sector Policy Branch
Department of Finance Canada
L'Esplanade Laurier
15th Floor, East Tower
140 O'Connor Street
Ottawa, ON K1A 0G5

Re: Canada's Financial Consumer Protection Framework: Consultation Paper

Dear Ms. Pearse,

Credit Union Central of Canada (Canadian Central) welcomes the opportunity to participate in the Department of Finance's consultation to strengthen the federal government's financial consumer protection framework.

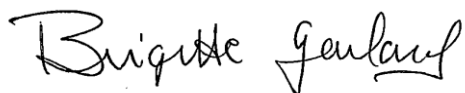
Canada's credit unions have decades of experience successfully protecting consumers' interest. In fact, many credit unions were initially established because consumers were searching for an alternative to the perceived poor treatment they received from mainstream institutions. To this day many consumers become credit union members for the same reason.

Although credit unions are currently provincially incorporated, amendments to the Bank Act now allows for the continuation of a provincial credit union to federal jurisdiction. Such a federal credit union would be subject to a federal comprehensive financial consumer code. Provincial credit unions may also be impacted by the federal government's consumer code as provincial market Codes and consumer legislation may become aligned with federal standards.

This submission provides a credit union system perspective on the federal government's proposal to develop a comprehensive consumer code for the financial sector and also examines how credit unions are currently protecting vulnerable Canadians.

Canadian Central is grateful for the opportunity to participate in the Department of Finance's consultation to strengthen the financial consumer protection framework in Canada. If you have any questions in regard to the submission please contact Brenda O'Connor at oonorb@cucentral.com or Rob Martin at martin@cucentral.com

Regards



Brigitte Goulard
Vice President, Policy
Credit Union Central of Canada



**Credit Union
Central of Canada**

Submission to the Department of
Finance Canada

Canada's Financial Consumer
Protection Framework:
Consultation Paper

February 28, 2014

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INTRODUCTION

Canadian Central is the national trade association acting on behalf of the provincial and regional Centrals (outside Quebec) and through them, 332 credit unions. These credit unions operate from 1,764 locations across Canada and in aggregate hold over 159.2 billion in assets. The credit union system employs more than 27,000 people and serves more than five million members. In addition, in 382 communities credit unions are the only bricks-and-mortar financial institution.

As member-owned financial co-operatives, credit unions are owned by those who benefit from their services. Each credit union is an independent, community-based financial service co-operative, with its own Board of Directors elected by its membership. This structure, combined with the credit union's adherence to co-operative values, ensure that credit unions provide financial services in a sound and sustainable manner. Profit-making is not an end in itself for credit unions because credit unions are established, first and foremost, as institutions with a mandate to deliver service to members. This commitment to service is well recognized. For a ninth consecutive year, Canadians ranked credit unions first in overall "Customer Service Excellence" among all financial institutions in the 2013 Ipsos® Best Banking Awards.¹

Although credit unions are currently provincially incorporated, amendments to the Bank Act now allows for the continuation of a provincial credit union to federal jurisdiction. Such a federal credit union would be subject to a federal comprehensive financial consumer code. Provincial credit unions may also be impacted by the federal government's consumer code as provincial market codes and consumer legislation may become aligned with federal standards.

This submission provides a credit union system perspective on the federal government's proposal to develop a comprehensive consumer code for the financial sector and also examines how credit unions are currently protecting vulnerable Canadians.

1. ESTABLISHING A COMPREHENSIVE SET OF PRINCIPLES FOR CONSUMER PROTECTION

1.1 The trend towards a principles-based approach to consumer protection

In the last decade a number of jurisdictions and international organizations have made efforts to enhance consumer protection in the field of financial services. Many of these efforts have focused on a principles-based approach to govern financial consumer protection as opposed to enacting specific regulations. In 2011, G20 leaders called on the Organization for Economic Co-operation and Development (OECD) and other international organizations to develop common principles on consumer protection. They released the "*G20 High Level Principles on Financial Consumer Protection*." This approach can also be found closer to home. In 2013, the *Autorité des marchés financiers* (AMF) – the body mandated by the Quebec government to regulate the province's financial markets – released the "*Sound Commercial Practices Guideline*". This guideline governs fair treatment

¹ The annual Ipsos® Best Banking Awards honour customer experience excellence in personal banking. The credit union system won seven Ipsos Best Banking Awards in 2013, taking besting the banks for sole honours in Customer Service Excellence and Branch Service Excellence for the 9th consecutive year and Values My Business for the 6th year in a row. Credit union also tied for first place in the following categories among all financial institutions:

- Financial Planning & Advice;
- Mobile Banking Excellence;
- Automated Telephone Banking Excellence; and
- Live Agent Telephone Banking Excellence

Ipsos Best Banking Awards are based on quarterly Customer Service Index (CSI) survey results. The sample size for the total 2013 CSI program year ended with the August 2013 survey wave was 45,875 completed surveys yielding 69,268 financial institution ratings nationally.

of consumers through a set of principles. This Guideline applies to provincially regulated institutions, including the Desjardins *caisses populaires*.

In Saskatchewan, SaskCentral (the provincial Central representing credit unions in Saskatchewan) developed and implemented a “*Credit Union Market Practices Code*” (Market Code) for the credit union system in that province. This Market Code was drafted in close consultation between the Saskatchewan government’s Financial and Consumer Affairs Authority (FCAA), Saskatchewan’s Credit Union Deposit Guarantee Corporation (CUDCG) as well as with SaskCentral’s Credit Union Market Practices Committee. The SaskCode sets out principles that help establish market practice standards and provide guidance on how credit unions operationalize those standards.

The general movement toward principles-based approaches to financial consumer protection is an interesting development and one that is attractive to the credit union system. It is particularly compelling if a principles-based approach is viewed as an alternative to the continuous elaboration of legislation and regulation. It is attractive for three key reasons:

a) Cultivating a culture of “consumer interest” within institutions.

A principles-based approach is likely to contribute to furthering a culture of consumer interest within financial institutions as it will require banks and other financial institutions to reflect on the consumer interest in a sustained manner when products and services are being developed and sold. This will be a welcome contrast to a mechanical rule-following and box-checking orientation that can be the product of detailed and prescriptive legislation and regulation.

b) Greater flexibility and adaptability.

The potential flexibility of a principles-based approach to consumer protection is attractive because it may be more adaptable to technological change, innovations in delivery channels and evolving consumer expectations than a more restrictive legislative approach.

It may also allow an institution to develop an approach to consumer protection that takes into account the institution’s size, structure and service offering. This is particularly important for smaller financial institutions such as credit unions. For example, 87 per cent of credit unions have fewer than 100 employees and the largest Canadian credit union outside Quebec is 16 times smaller than the smallest of the five big banks. Because of their size, credit unions, like other small businesses, face a relatively high regulatory burden when compared with large banks with thousands of employees. Canadian Central believes a principles-based approach could provide financial institutions of all sizes with the necessary latitude to determine the appropriate strategies, policies and procedures to protect consumers. Indeed, it may help ensure that federal credit unions are not competitively disadvantaged by a disproportionate regulatory burden in the area of consumer protection.

c) Closer alignment with credit union adherence to cooperative principles.

Credit unions are financial cooperatives and are a key element of the cooperative movement in Canada. As cooperatives, credit unions already have experience operating according to a set of principles in that they adhere to a seven internationally shared cooperative principles. These principles set credit unions apart from other financial institutions because they are committed to:

i) Voluntary and Open Membership

Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

ii) Democratic Member Control

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

iii) Member Economic Participation

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

iv) Autonomy and Independence

Co-operatives are autonomous, self-help organizations controlled by their members. If they enter to agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

v) Education, Training and Information

Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion leaders - about the nature and benefits of co-operation.

vi) Co-operation among Co-operatives

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

vii) Concern for Community

Co-operatives work for the sustainable development of their communities through policies approved by their members.

These principles ensure that credit unions focus on the interests of their members as consumers but, interestingly, these principles also seek to recognize the members' rights to participate in their credit union's economic life as well reflect their broader concern for community.

For the reasons noted above, Canadian Central is supportive of the federal government's move towards a principles-based approach to financial consumer protection. It has the potential to become an attractive alternative to a continuous cycle of new rules and regulation. However, important questions remain. For example, how would a principles-based code apply to currently elaborated consumer protection legislation and regulation? Would the code be added as another layer of expectations in addition to existing consumer legislation? Will a future code focus solely on newly emerging issues in consumer protection or areas that do not have legislation? These questions are not answered in Finance Canada's consultation document. If the principles are to apply to already existing consumer legislation (as possible enhancements) it will be important for the Financial

Consumer Agency of Canada to develop guidance for financial institutions to understand how the principles will apply to (and presumably enhance) current practices.

1.2 Development and administration of a principles-based approach

Canadian Central has the following views regarding the development and administration of a principle based approach to consumer protection in the financial services sector.

First, as the experience in Saskatchewan has demonstrated, it is important to work closely with stakeholders as the code and accompanying guidance is developed. Principles are abstract ideas that require definition and elaboration in order to be applied in operational terms. Doing this effectively will require dialogue between government officials mandated to draft the code and financial institution representatives with operational understanding of how the code might be best put into practice. In Saskatchewan, SaskCentral worked in close consultation with the Financial and Consumer Affairs Authority, the Saskatchewan Credit Union Deposit Guarantee Corporation and a Saskatchewan Credit Union System Market Practices Committee in the drafting of a Saskatchewan Market Code for credit unions. This close dialogue ensured that the code was effective in terms of protecting consumer interests while still workable at the operational level.

Second, the implementation and adherence to the code should be fostered through a consultative approach to compliance. The Financial Consumer Agency of Canada (FCAC) should consult with financial institutions and other stakeholders in developing interpretative guidance for financial institutions including key indicators of compliance and non-compliance. The FCAC will also need to establish a balance between giving sufficient clarity in the interpretative guidance while still providing an institution with flexibility in the establishment of its own operational interpretation of the code.

Third, concerns regarding an institution's compliance with the code would arise as a result of complaints received by the FCAC. Where concerns are identified the FCAC should work with the financial institution to develop remedies. Given that the main purpose of a principles-based approach is the discretion it grants to financial institutions to develop and operationalize their own interpretation of the code (with FCAC guidance), it would be inappropriate for such an approach to be enforced with the use of Administrative and Monetary Penalties (AMPs). To do so would place financial institutions in a position where there was a constant threat of AMPs based on a (possibly varying) interpretation of the principles-based code by the FCAC.

1.3 What principles should be included

Canadian Central understands that well-recognized principles such as the ones identified in the AMF guidelines, the G20 high-level principles and the SaskCentral Market Code will be included in an eventual code developed by the federal government. These principles include fair sales, transparency and disclosure, professional standards, complaint handling, equitable and fair treatment of consumers, access to basic banking, protection of consumer data and privacy, protection of consumer assets against fraud and misuse, among others.² Many of these principles are currently found embedded in financial consumer protection legislation, regulations, and Voluntary Codes of Conduct already in place at the federal level and in some provincial consumer legislation.

² For example, the Saskatchewan Market Code is based on five themes emphasizing:

- Fair Sales : establishing rigorous ethical sales standards particularly around tied-selling and pricing.
- Transparency and Disclosure : focusing on account opening requirements such as the Financial Services Agreement, Terms and Conditions and posting of changes to the terms and conditions, notice of service charge changes and branch closures.
- Professional Standards : focusing on employee training and licensing/accreditation where applicable.
- Privacy of Personal Information : including the requirements set out in the *Personal Information Protection and Electronic Documents Act* (PIPEDA); and
- Complaint Handling.

That said, Canadian Central would like to provide comments on the two principles that may be included in a future financial consumer protection code: competitiveness and fair dealings.

Competitiveness principle

The tenth principle of the G20 High Level Principles on Financial Consumer Protection is “competition”. This principle states that:

Nationally and internationally competitive markets should be promoted in order to provide consumers with greater choice amongst financial services and create competitive pressure on providers to offer competitive products, enhance innovation and maintain high service quality...

From Canadian Central’s perspective, this is a key principle to be included in a consumer protection Code as it is well recognized that monopoly and oligopoly produce sub-optimal outcomes for consumers.

Interestingly, this principle appears to be targeted toward government policy makers and regulators concerned with fostering and maintaining competition. Nonetheless, it is important to include this provision in the code since competition in the market is key to ensuring consumer interests are properly met. This principle also aligns with the federal government’s recognition in Budget 2013 that “consumers are best served by the financial services sector when the regulatory framework allows new financial institutions to emerge, grow and compete to offer Canadians better products and services.” Canadian Central also welcomes the related Budget announcement indicating the Department of Finance would undertake a regulatory review aimed at ensuring that the current legislative and regulatory framework promotes the entry and growth of smaller financial institutions while also preserving the safety and soundness of the sector.³

If a competitiveness principle is to be an effective element in a Financial Consumer Code it needs to be interpreted in a broad manner. It should express a government commitment to promoting competition by continually reviewing the regulatory landscape to ensure there are few impediments to competition in the market. These reviews must consider a full spectrum of regulations that impact credit unions and other financial institutions, not just those directly and uniquely tied to financial services.⁴

Fair dealings principle

The Finance Canada consultation paper asks whether a financial consumer code should establish a broad principle of responsibility for financial institutions to financial consumers. This appears to be an attractive idea since it could substitute for the continued elaboration of legislation and regulation as the market evolves. A “fair dealing” principle would, in theory, see financial institutions consider the consumers “best interest” in all areas of their relationship with the consumer and include an assessment of their needs, risk tolerance and the suitability of products and services for the consumer.

³ Based on discussions with Finance Department officials it is understood that the focus of the review includes issues such as:

1. reforming the entry process for new federally-regulated banks or credit unions;
2. ensuring that financial sector regulations are adapted to differently-sized institutions;
3. improving access to alternative funding vehicles; and
4. facilitating account/bank switching.

⁴ These reviews could examine market entry requirements, deposit insurance and funding levels, taxation, general regulatory burden, and ensuring that government lenders and programs do not reduce competition in the market.

Conceptually, this approach is attractive. However, from an operational perspective it raises many questions that seem to have few clear answers. For example, how would a general fairness principle relate to all the other principles in the code and the currently existing legislation and regulation? It would seem that all the other suggested principles incorporate a sense of what is fair treatment (e.g. disclosure, transparency, personal data protections etc.). Would a general “fairness principle” be viewed as an enhancement to these other principles? If so, how would it enhance what is already in place?

Digging deeper, it is often difficult for a financial institution to fully understand a consumers’ “best interest” across the scope of activities a consumer may be involved in. This may be easier in situations involving the delivery of private banking services where there is a contract to provide a full suite of services to a single customer. In contrast to these situations, contacts with customers often involve the sale of commoditized products that are subject to comparison shopping among many different institutions. In these situations financial institutions often rely on a consumer self-assessment of their financial literacy, product needs and risk tolerance. At times, these self-assessments may not be well grounded and can be subject to customer second guessing after the fact. How would a general fairness principle be applied in such situations? It is difficult to evaluate the value of a “fairness principle” without a clear sense of how it would be operationalized in specific situations.

With these concerns in mind, Canadian Central recommends the federal government seriously consider whether a general fairness principle is really necessary to include in a future Code - particularly in light of the other principles currently being considered for inclusion.

It should be noted that credit unions have sought to establish a general orientation to fairness by building it in from the ground up. First, credit unions are established to provide their members with financial services rather than solely as profit making enterprises established to earn returns for their shareholders. Members purchase shares in the credit union they receive services from and members own the credit union on a cooperative basis. Credit union members are both owners and customers. This ownership structure seeks to eliminate the divergence in interests that can emerge between joint stock company shareholders searching for return on investment and consumers seeking quality service and fair treatment.

The cooperative ownership structure also grants members the right to participate in the governance of the credit union on a one member/one vote basis. Member/owners can vote for - or become - Board members and play a role helping establish credit unions policies that structure the relations between the credit union and its members. Credit unions hold annual meetings that give credit union members the opportunity to advocate for particular policies at their credit unions or to raise concerns about other policies. These issues can be considered by the credit union’s Board of Directors. Outside of annual meetings, it is common for credit union members to have direct access to local Board members and members can use these opportunities to address concerns or to advocate for new policies. This is a dynamic peculiar to credit unions and not something seen in the traditional banking sector.

2. ENHANCEMENTS TO A COMPREHENSIVE FINANCIAL CONSUMER CODE

Cooperative Principle number seven, *Concern for Community* states that while focusing on member needs, cooperatives work for the sustainable development of communities through policies and programs accepted by the members.

Guided by this principle, credit unions across Canada develop products and services focused on the member, including members of a vulnerable population. Credit unions large and small have developed innovative approaches to help less fortunate members: low cost account programs, community banking centres, programs to service urban and rural Aboriginal populations and elderly population. A more complete description of some of these programs can be found in the Appendix.

Based on credit union experiences, low rates of financial literacy and difficulties accessing financial services are two of the most important issues that impact vulnerable populations.

Financial Literacy

Credit unions understand that both elderly Canadians and vulnerable populations are challenged to obtain the knowledge and skills needed to make confident financial decisions. For example, as a result of low rates of financial literacy, vulnerable peoples may be less likely to save for the purpose of accumulating assets, which has the effect of perpetuating poverty and social exclusion.

Credit unions recognize that elderly Canadians face rapidly changing financial circumstances as they enter retirement and have to navigate a complex financial system. This situation is challenging to those with limited financial knowledge, but is compounded by friends or family members who are entrusted to act on behalf of an elderly Canadian as a power of attorney or joint account holder.

Access to financial services

Low rates of financial literacy are compounded when access to financial services is limited because of geography, low rates of literacy (including financial and technological), language and cultural barriers, or a lack of appropriate products and services to meet the needs of all members. For example, it can be difficult for some individuals that form part of vulnerable populations to produce proper identification needed to open accounts. For those living in shelters without fixed addresses it is challenging to provide proper government-issued identification when attempting to open an account.

Considering these challenges, and building on existing federal legislation such as Access to Basic Banking Services Regulations, Canadian Central recommends that a future federal consumer Code include a principle stating that financial institutions should take *reasonable* steps to meet the needs of seniors and vulnerable Canadians in regard to services, products and financial literacy initiatives. This principle could emphasize the need to deliver educational information and ensuring that it is fully understood by Canadians at “teachable moments,” so that Canadians can make responsible financial decisions. Those “teachable moments” include decision points such as establishing a retirement savings scheme, seeking financial advice, deciding whether to purchase investment from a socially responsible fund or a conventional fund, or considering the purchase of a financial product.

This principle should also recognize that financial institutions have the right to place reasonable limits on the offering of such services in light of the sound business practices they are also committed to. For example, the SaskCentral Market Code Handbook, recognizes that while credit unions should “take reasonable measures to ensure access to a basic banking account,” in each circumstance, credit unions must take into account how to best mitigate possible risks to the credit union.

3. ENGAGEMENT

The consultation document asks whether the government should establish mechanisms for enhancing engagement among stakeholders in the regulatory, supervisory and compliance process and what role consumers and consumer groups should play in these mechanisms

Canadian Central sees value in establishing a permanent institutional mechanism that can facilitate a dialogue among financial institutions, consumer groups, vulnerable groups, policy-makers and regulators. Such a mechanism could be a valuable forum for gaining an understanding of emerging consumer issues in the market, concerns coming from consumers and financial institution initiatives and challenges.

An example of such a mechanism is the Public-Private Sector Advisory Committee established by the Department of Finance to bring together key stakeholders involved in anti-money laundering and anti-terrorist financing efforts. The Committee includes very senior representatives from the Department of Finance, other government bodies, police services, CSIS and all private entities designated in the

AML/ATF legislation. It provides a useful forum to discuss emerging issues, to raise concerns about compliance challenges and to develop a common understanding the most significant AML/ATF trends. A similar approach in regard to financial consumer issues may also be of benefit.

CONCLUSION

Canada's credit unions have decades of experience successfully protecting the interests of their members. The cooperative structure of credit unions and their adherence to cooperative principles have helped establish and maintain an orientation to consumer interests and the communities in which they reside. Credit unions therefore understand the value in establishing a principles-based financial consumer code, particularly if viewed as an alternative to the continued elaboration of legislation and regulation.

Canadian Central recommends that the federal government consider the following in its establishment of a comprehensive consumer code:

1. That the code be committed to the enhancement of competition in the financial sector by recognizing the operational differences of smaller financial institutions and the consequences of these differences with respect to consumer protection.
2. That the government proceed with caution when considering to embed a general principle of "fairness" in the code as such a principle could lead to misinterpretation.
3. That the code include a principle stating that financial institutions should take, where appropriate, *reasonable* steps to meet the needs of seniors and vulnerable Canadians in regard to services and products.
4. That the government establish a permanent institutional mechanism that can facilitate a dialogue among financial institutions (including credit unions), consumer groups, vulnerable groups, policy-makers and regulators.

Canadian Central is grateful for the opportunity of providing comments on this important consultation and looks forward to working closely with the Department of Finance as it works towards the establishment of a comprehensive consumer code.

APPENDIX

CREDIT UNIONS WORKING WITH VULNERABLE AND ELDERLY CANADIANS

Vancity Credit Union's Pigeon Park Savings

Vancity Credit Union (Vancity) is working to consider the needs of vulnerable and underserved individuals by partnering with community support organizations to provide basic banking services and other critical social services to residents of one of the country's most troubled neighbourhoods. In 2004, Pigeon Park Savings opened its doors as a single outlet to provide essential banking services to local residents. To meet the needs of its members, the Pigeon Park branch offers a simple account that includes unlimited transactions (either in person or ATM), counter cheques, bill payments, direct deposits and money transfers for a \$5 flat monthly fee. Recognizing that there are needs involved in working with vulnerable populations that a teller might not otherwise know how to address, Pigeon Park's tellers are trained to work in community services by PHS Community Services, while Vancity contributes backroom processing, computer system and technical support. Since its inception, Vancity has also financially supported its operations.

Assiniboine Credit Union's commitment to financial inclusion

Assiniboine Credit Union, (ACU) is committed to being an inclusive provider of financial services and actively pursues initiatives to remove barriers and expand access to vulnerable and underserved members of the community. A formal policy for approving membership applications is guided by the federal *Access to Basic Banking Services Regulations* and applies to all "in person" applications to ACU. A dedicated Financial Access Programs team works with community partners to refer unbanked and under-banked individuals to ACU branches so they can access accounts and other financial services. And the credit union has intentionally established full service branches in two underserved neighbourhoods to fill the gap in services when other financial institutions moved out. Of these, the McGregor Branch opened in early 2012 in Winnipeg's North End, following a 5 year partnership to open accounts for underserved North End residents through the Community Financial Services Centre (CFSC). The CFSC now operates as Citizens Bridge, helps people get ID and refers those who need accounts to ACU's McGregor Branch. The North End is one of the poorest neighbourhoods in Winnipeg with a high percentage of new immigrants and refugees and a growing number of Aboriginal households.

Me-Dian community banking services

In 1978, the Manitoba Métis Federation helped its members open the Métis Credit Union, Canada's first Aboriginal credit union. Since its founding, the Métis Credit Union changed its name to Me-Dian Credit Union (Me-Dian) to reflect the inclusion of the broader Aboriginal community in its membership, and in so doing, has developed expertise in working around some of the challenges inherent in serving the financial needs of Aboriginal communities.

Generally, Me-Dian's service offerings focus on meeting the basic financial needs of its largely Aboriginal membership, including offering basic savings accounts and pay-as-you-go transaction fees. Me-Dian works with Concentra Financial to offer more complex financial products and services such as registered retirement savings plans (RRSPs).

CREDIT UNIONS DELIVERING FINANCIAL EDUCATION AT TEACHABLE MOMENTS

The Task Force on Financial Literacy acknowledged that financial service providers can play a very significant role in enhancing their members' or customers' financial understandings. The Task Force recommended that front-line staff and advisors be well trained to help clients understand their choices and commitments at the point of purchasing a product or service. To this end, the Task Force's seventh recommendations suggests that: "financial service providers should put a strong emphasis on delivering educational information and ensuring that it is fully understood by Canadians at "teachable moments," so that Canadians can make responsible financial decisions."

There are a couple examples of credit unions already putting this recommendation into practice. For example, Blue Shore Credit Union (formerly North Shore Credit Union) offers a financial literacy program for its youngest members when they join the credit union to help them develop responsible financial habits at an early age. Affinity Credit Union, Assiniboine Credit Union and Vancity Credit Union each offer variations on matched savings accounts, which are effective financial literacy programs that help members to save while they are working towards a financial goal that will build their assets.

Blue Shore Credit Union's Wishbank program

When a child opens their first account with Blue Shore Credit Union, they receive their very own Wishbank. The innovative piggy bank is made up of three separate sections to educate kids about the fundamentals of money management: saving, spending and sharing. The Wishbank is the cornerstone of North Shore's children's financial literacy program. It was designed to teach children how to identify their wishes, build their budgets, allocate their money and to deposit savings so they can achieve their goals while also remembering the community virtue of with others.

Matched Savings Programs – Affinity Credit Union, Assiniboine Credit Union and Vancity Credit Union

Affinity Credit Union, Assiniboine Credit Union and Vancity Credit Union each offer variations on matched savings programs –sometimes known as individual development accounts-- that are designed to provide valuable financial education and encourage savings behaviour for members at the same time as they are attempting to reach their financial goal.

Matched savings, or individual development accounts are an effective approach to improving the financial capability of low income members, while at the same time matching members' savings towards a goal such as household needs, home ownership or education. By participating in these programs, members gain valuable saving skills and improve their economic well-being. Through a system-wide financial literacy project, matched savings accounts were identified as an effective way to help low-income individuals grow their assets and increase their financial knowledge. The program matches every dollar participants save on their own with dollars from program and funding partners.