

SUBMISSION TO THE DEPARTMENT OF FINANCE SECOND STAGE CONSULTATION ON THE FEDERAL FINANCIAL SECTOR REVIEW

SEPTEMBER 18, 2017

XXX is pleased to participate in the Department of Finance's second stage consultation on its review of the federal financial sector framework.

Our credit union serves the Saskatchewan communities of **XXX** and **XXX** as well the trade areas surrounding those communities. Our branch in **XXX** is the only bricks and mortar financial institution left in that community. We have a traditional product line which serves our members well. We feel we are different than the banks as our decision process is all done locally within our organization as well as the local support we provide within our trade area. We support our communities through financial donations and staff volunteering. The signage on our branch uses the traditional hands and globe. Upon entry to our main branch, we also have a hands and globe logo on one of our interior walls. Our members understand that they do their "banking" with a credit union. They are not confused by the use of the terminology. The signage on our branch in **XXX** also reads **XXX** and sports the Hands and Globe symbol.

We rarely use the term "bank" or "banking" in our everyday communications. We have a few references on our website, but in every instance our members are reminded that they are doing business with a Credit Union. When we use those terms, it is done to describe something like "automated banking machine". More often the terms are used as a verb. We expressly promote ourselves as a Credit Union, while using the term "banking" to describe our activities and services. They understand that banking is what we do, not what we are.

Our Credit Union has an asset base of just over **XXX** and our average income is approximately **XXX**, before taxes. We have a membership base of **XXX** members using our services. For 2017, up until the end of August our Credit Union has donated over \$11,000 to local organizations and events. In 2016, we donated over \$25,000 to local events and organizations. We feel this visibility within our communities makes us stand out from the banks.

Our submission focuses on the Department of Finance's consultation question about the Bank Act restrictions on the use of the terms "bank and banking" by non-banks and credit unions in particular.

While we are supportive of the Minister of Finance's proposal to review the Bank Act restrictions around the use of the terms "bank," "banker" and "banking", we feel strongly that credit unions like ours should be able to use those terms to describe our activities and services. A ban on the use of those terms would be time consuming and costly. In addition to the cost of simply changing every piece of print and digital media (approximately \$80 million for the Credit Union System), we are left with determining and popularizing a set of terms to replace "bank" and "banking" type references. The use of new terminology would be confusing for our members and put us at a disadvantage in our ability to compete with banks. That additional cost and confusion will impact our members and our community directly as money we might have directed back to the community will be reduced.

XXX is a prudentially sound financial institution, well regulated by provincial authorities. In Saskatchewan, our deposit insurance through Credit Union Deposit Guarantee Corporation provides our members with fully guaranteed deposits held with our credit union. However, at times we struggle with

public perception that credit unions are old fashioned establishments, are perhaps not as safe and haven't kept pace with the technological innovations adopted by the big banks. This is in part due to the marketing power that the big banks employ. In **XXX**, we share the market with one of the big Canadian banks.

As the ban on the word "banking" was a sudden departure from decades of enforcement practice, our members and our community have become accustomed to referring to our services and the activities carried out at our institution as "banking". Our credit union has used the terms for years without incident. Our members will be confused by the sudden switch and not likely understand the reasoning for the change.

We are heavily regulated and monitored by Credit Union Deposit Guarantee by rules that are similar to those enforced by OFSI. We recommend the Department of Finance propose changes to the Bank Act to allow credit unions, as prudentially regulated deposit-taking institutions, to use the terms "bank" and "banking" to describe their activities and services.

Thank you for considering this submission. We welcome the opportunity to work with you.

For more information, please contact:

XXX
General Manager