



Your Neighbourhood Credit Union Limited (including Community First, a Division of Your Neighbourhood Credit Union)

Submission to the Department of Finance
Second Stage Consultation on the Federal Financial Sector Review
20 September 2017

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We at Your Neighbourhood Credit Union (YNCU) welcome the opportunity to participate in the Department of Finance's second stage consultation on the review of the federal financial sector framework.

With the pace of change in technology and the introduction of new entrants into the marketplace, we recognize and support the need for clarity, oversight and consumer protection in financial services. Both our history and our future are tied to providing relevant services to people where and when they expect them. An appropriate framework that defines which service providers may be categorized together and use like terminology is good for business and for consumers.

A bit about us

As a community-based financial institution that is the result of multiple mergers over the years, our roots reach back to the 1940s where neighbours, parishioners and coworkers came together to provide collective services and credit based on character and shared values. Today, with 55,000 members, \$1.7 billion in assets, and 20 branches stretching across southwestern Ontario from Windsor to Guelph, and north to Sault Ste. Marie and Timmins, those same values are as relevant as they ever were.

Today, our membership includes elements of:

- urban, suburban and rural;
- students, families and aging founding members;
- cities where every big bank and other credit unions have staked a claim and towns where we're the only financial services provider still standing; and
- people who prosper from specialized services that process their business transactions, fund their commercial construction, or bring in their crop.

YNCU and Community First proudly employ 240 people, support hundreds of small businesses, and easily exceed the suggested 1% of pre-tax profits with our annual giving to dozens of teams, causes and organizations. Being a credit union, it's not in our nature to brag about ourselves, but being a good neighbour and giving comes naturally for our staff and the organization.

Our community giving helped light up a baseball diamond in Mitchell, Ontario, goes towards much needed facility upgrades to the Soo Pee Wee Arena in Sault Ste. Marie, finances awareness for nine annual southwestern Ontario Walks for Alzheimer's, provides a Christmas for needy families in the north and south of the province, funded a municipal project by the City of Kitchener (#lovemyhood), supports and includes teams for charity and community events, and funds scholarships for enterprising young members.

That principle and practice of supporting local was recognized this year with a **Corporate Citizenship Award** by the Ontario Credit Union Charitable Foundation.

Our members enjoy our **share the wealth** program that **returns profits** in the form of patronage dividends; since 2005, we've returned more than \$2.7 million in profits to our members -- just for doing business with us.

So, how do you distill that to an 'elevator speech'?

How do we introduce ourselves?

The question we hear most often from people who aren't familiar with credit unions is 'What is the difference between a credit union and a bank?'

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In a nutshell, we explain we offer the same services you'd expect from a bank, but we're a cooperative community-based financial institution, regulated provincially rather than federally, and we're owned by the exact same people who choose to do their banking with us: our members. When we see a profit, the Board authorizes a patronage dividend, and the profit is returned to our members. Unlike a bank, all our shareholders are our members who share our focus on making communities and families stronger and more successful rather than on far away venture capital opportunities. **That's what a credit union is about – reinvesting close to home.**

One member = one ownership share = one vote, and that equality of opportunity means our members can actively participate in the operation of the credit union by running for the Board of Directors, having their say at the annual general meeting, or having the ear of the CEO and the Board throughout the year. Unlike shareholder-owned financial institutions, that **access and opportunity is equal and not based on shareholder value measured by dollars.**

Our members see our community investment in a school's new playground, in their neighbour's small business, in our partnership with the Chamber to bring a doctor home, and online where we promote financial literacy to enable and engage people to make confident choices about their money. We were founded on the principles of providing access to credit to those who were disenfranchised, and we continue to **provide healthy competition and choice in banking services, differentiated by local values and connections.**

The focus on community roots and local decision-making combined with products and services that meet the expectations of the banking consumer have been the foundation of our marketing, as they have been for decades. A common reference we've used over the last several years is 'Choose local, Buy local, Bank local.' Put into practice, we developed the 100% Local Chequing Account that gives \$1 per account per month to a community organization.

We have chosen consciously not to 'bash the banks' as part of our marketing and awareness initiatives; however, we see value in using the terms 'bank' and 'banking' for clarity, and because those are the terms members and potential members use and recognize.

What if those community investment dollars weren't available due to forced capital expenditures?

It's clear that YNCU and Community First walk the talk of a community-based organization, and that we're a strong steward of member funds that we invest to benefit our neighbourhoods. Being forced to replace signage in 20 branches, brochures and web content, accompanied by the expense of a re-education and awareness effort to explain and popularize newly-coined non-bank nomenclature would be a sad redirection of funds.

Given the nature of credit union giving across the country, we can only imagine the immediate and negative impact to neighbourhoods and families.

Why does 'banking' matter to credit unions?

Consider the following:

Credit union and caisse populaire history makes reference to the founding efforts of Alphonse Desjardins:

"In 1905, Desjardins sponsored a co-operative bill in the national parliament in an effort to put his first people's bank on a legal basis."

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An archival document about our credit union history includes the following:

“Monday January 19, 1948 was the first banking night. The purpose of the organization was to promote thrift among its members and provide loans for provident and productive purposes.”

Over the past 10 years or so, in a series of local newspapers including the largest daily in Waterloo Region, we have been nominated in the category of Favourite Bank/Credit Union/Trust Company in the annual Readers' Choice Awards. Newspapers appealing to a broad community audience choose the terminology that a broad audience uses and understands. Our wins have been acknowledged with certificates by our local Members of Parliament and Members of Provincial Parliament.

This suggests that the general public sees us as a peer/comparable to the banks as a provider of a broad variety of regulated financial services, including everyday banking services like chequing and saving, borrowing and investing.

Credit unions need to use common-sense language to explain the services we offer: Credit unions have used the terms 'bank' and 'banking' for decades without incident. That's because we use the terms the same way Canadians do – to describe the kinds of activities that take place between members and their credit union.

Recommendation

We recommend the Department of Finance propose changes to the *Bank Act* that would 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 about this submission, please contact:

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