

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

August 25, 2017



**Biggar
& District**
Credit Union

Biggar and District Credit Union is pleased to participate in the Department of Finance's second stage consultation on its review of the federal financial sector framework.

The Biggar and District Credit Union is located in west central Saskatchewan. We have two branches, one in Perdue, Saskatchewan and the main branch in Biggar. We have over 3,600 members. Our trading area consists of several RM's as well as the towns and villages of Biggar, Perdue, Landis, Kinley and Asquith. These communities consist of approximately 6,500 people. We have been in business since 1949 and now hold over \$170 million in assets. We provide a full range of innovative, high quality financial products and services designed to meet all the needs of our members and our community.

As a community based organization, we place a high value on Social Corporate Responsibility. In the past 10 years over \$1.2 million has gone back into our communities in the form of monetary donations, sponsorships, promotional gifts and advertising. In 2016 alone an additional \$27,800 of free financial services was provided to community organizations. This high visibility in our community is seen as a big differentiator from the banks.

We are well versed in helping our members understand that we are a credit union. For example, for years our Investment Specialists have been dually employed with Credential Securities and our credit union. Our staff are well trained in helping the members understand the difference of investing with Credential compared to investing with the credit union.

As a prudentially regulated credit union we offer many, if not all, of the products and services offered by banks. We are not a bank, and do not want to be confused with a bank. We are proud of our unique difference and actively promote the distinction. Our unique difference stems from the simple fact that as a credit union we are owned by our members. Our members participate in our profits. Over the past 5 years, our members have received \$1.35 million back in the form of dividends. We know and understand our members and they know and understand that, while we are similar to a bank in that we are a deposit-taking institution, we are fundamentally different than a bank. We are proud to be an autonomous credit union making decisions locally. Our management, staff and directors have a better understanding of our local situation, conditions and economy. Our members are involved in our democratic process and as such, help us determine which products and services are required to best meet their community, business and personal needs. Our members, like all Canadians, use the terms "bank" and "banking" to describe those financial services. They understand that banking is what we do, not what we are.

We offer our members innovative solutions, and strive to keep pace with technology that allows them access their money and financial information remotely. In order to best communicate those services to our members we have adopted terms including: "Online

Banking”, “Internet Home Banking”, and “Automated Telephone Banking”. These terms are found on our website, brochures, social media and mobile app. In every instance the member is reminded they are doing business, or communicating with the Biggar & District Credit Union. Our name and logo is prominently displayed on all digital and print media. Every page of our website, including every page within the “Internet Home Banking” portal is branded with our name and logo. We expressly promote ourselves as a credit union, while using the term “banking” to describe our activities and services.

Our branch in Perdue is the only bricks and mortar financial institution left in that community. Our members there 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 Perdue reads: “Biggar & District Credit Union, A Better Way to Bank”.

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 the task of coming up with and popularizing a set of terms to replace “on-line banking” or “internet home banking” or “remote banking”. 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.

Biggar and District Credit Union 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 Biggar we are located directly across the street from 2 bank branches.

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 ask that as a highly regulated organization, we are allowed to continue to use the terms “Bank”, “Banker” and “Banking” to describe what we do.

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

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