

September 22, 2017

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

We understand that the Minister of Finance wants to ensure that Canadian consumers are not confused about the terms "bank", "banker" and "banking" and are pleased that he is taking a common sense approach to this matter by reviewing the *Bank Act* restrictions around the use of the terms.

Canadians use "bank" and "banking" terminology to describe financial services. These are terms that Canadians use and understand to describe their dealings with a deposit-taking institution like a bank or a credit union. Canadians have bank accounts, do online banking and so on. As prudentially sound financial institutions well-regulated by provincial authorities, credit unions are proud of our differences and work hard to promote them, but we need to speak in language Canadians commonly use and understand.

A ban on the terms would also disadvantage credit unions' ability to compete with banks, in the long run reducing options for Canadians and impacting competitiveness within the Canadian financial services industry.

Founded in 1941, BlueShore Financial Credit Union has a proud history of serving members providing a full range of banking, wealth management and insurance solutions at our 12 branch locations in Vancouver's Lower Mainland and Sea-to-Sky corridor. With online banking and our mobile app and access to over 4,000 surcharge-free ATMs in Canada and over 500,000 ATMs in the U.S., we offer a breadth of services to our members in various communities.

With our history of nearly eight decades and deep roots in the local communities we serve, we have a strong understanding of the needs of our local members and businesses and are able to provide customized services, advice and solutions that meet their unique and changing needs and help them reach their financial and lifestyle goals.

While banks operate for profit, credit unions operate co-operatively for the benefit of members. Banks' profits are for shareholders, where in a credit union our shareholders are our members.

Credit unions have won the Ipsos Best Banking Awards for 13 years in a row and at BlueShore we pride ourselves in providing exceptional member experience. In an independent survey, 81% of BlueShore members said their financial institution is an expert provider of financial advice, versus 62% of clients from other financial institutions. 79% of our members stated that BlueShore improves their financial well-being, compared to 62% of clients at other financial institutions. Our members are extremely engaged with us and know that we care about their financial well-being.

BlueShore Financial serves 40,000 members, employs 340 people and manages \$5 billion in Assets Under Administration in 12 branches across the Vancouver Lower Mainland and Sea-to-Sky Corridor. With over 76 years of experience, we have deep roots in our communities. Credit unions are currently the only financial institution in more than 40 communities in BC. BlueShore for instance, was the first full-time financial institution in Whistler, supporting many local businesses and offering employment opportunities. As a key employer in Vancouver's North Shore, we provide head office and branch employment

opportunities and have been recognized as an AON Best Small and Medium Employer in Canada for six consecutive years, and won the Waterstone Canada's 10 Most Admired Corporate Cultures award.

We're locally owned and managed and accountable to our members, not a head office far from where we operate. This allows us to have deep knowledge of the needs and challenges our members face personally and in business. This member intimacy allows us to better anticipate and meet their financial needs and help them succeed. Our assets have grown a great deal and this is a direct reflection of the financial growth we have helped our members achieve.

In addition to this, demonstrating strong corporate social responsibility and supporting our communities is part of our organizational DNA. As a designated Caring Company by the Canadian Centre for Philanthropy and a proud member of Canada's IMAGINE program, we contribute a minimum of 1% of our pre-tax profits annually to charities and not-for-profit organizations within our communities through sponsorships and corporate donations, supporting physical health and wellness, cultural wellness, and financial wellness and sponsorship of local Chambers of Commerce and Boards of Trade.

We've developed long-term community partnerships with organizations ranging from BC Children's Hospital Foundation and Family Services of the North Shore to Capilano University and the Environmental Learning Centre at North Vancouver School District's renowned Outdoor School.

We also contribute to financial literacy in our communities by offering free financial seminars, and through our Wishbank program that we developed in partnership with local school boards, we provide children with a foundation for lifelong learning of healthy money management habits and community giving. Also, every year, at least 10,000 hours of volunteer service are given by our employees.

We appreciate OSFI's decision to suspend its compliance expectations around the *Bank Act* restrictions pending the Department of Finance review of the restrictions. Credit unions are sound financial institutions well-regulated by provincial authorities. We are known as prudent lenders with low loan losses. BlueShore's loan delinquency is at a mere 0.02%. In addition, deposit insurance provides credit union members protections equal to or greater than those available to bank depositors. Credit unions have weathered the financial crisis without incident; no credit union members lost money during the crisis and there were no credit union failures related to the crisis. Consumers can feel safe and secure banking with a credit union.

The terminology "bank" and "banking" is commonly used and understood by Canadians and a ban on the words and replacing them with new terminology will introduce confusion for Canadians. A ban would also disadvantage credit unions' ability to compete with banks as these are terms used and searched by Canadians to find a financial institution. It would be a big challenge requiring significant resource allocation (financial and employee time) to popularize new terms to replace existing one. These resources would otherwise be directed to enhancing our services to better serve our members and give back to our communities. Credit unions need to speak in language Canadians use and understand, allowing us to serve the financial needs of local communities, supporting small businesses and offering head-office and branch job opportunities in various communities.

Further, a ban on the word "banking" is a sudden departure from decades of enforcement practice. Section 983(2) of the *Bank Act* restricts the use of the terms "bank", "banking" or "banker" by non-bank entities like credit unions. The policy goal is to prevent people from being misled into thinking they are dealing with a bank. But, credit unions have used the terms for years without incident. That's because credit unions have used the terms the same way Canadians do – to describe the kinds of activities that

take place between members and their credit union. Until very recently, OSFI had effectively interpreted the Act in this common-sense way, using judgement and discretion in the enforcement of the act. A return to interpreting the *Bank Act* in this common sense way, is welcomed by credit unions.

Being able to refer to the banking services that credit unions provide to millions of Canadians using terminology that is common and familiar to Canadians is necessary for credit unions' ability to serve our members. Further, we appreciate the government's recognition of the value that credit unions offer to the financial services industry by providing Canadians with a range of options in financial institutions.

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.

To ensure there is no confusion for our members, we disclose our full legal name "BlueShore Financial Credit Union" on our membership application forms, all advertising materials, in our email signatures, all pages of our website, on our branch doors, and all other member-facing forms and documents.

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

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