



Cambrian Credit Union's

Submission to the Department of Finance

Second Stage Consultation on the Federal Financial Sector Review

September 26, 2017

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

Cambrian Credit Union is located in Manitoba and has 11 branches in the Winnipeg and Selkirk markets. With our head office in downtown Winnipeg, we have been in existence since 1959 and have grown through mergers and organically to become the eleventh largest credit union in Canada.

Cambrian is an open-bond credit union, which means we are open to everyone in Manitoba who wants to apply for membership. We have over 62,000 members and over \$3.5 billion in assets. With a full service offering of financial products (i.e. deposit taking, lending, wealth management, etc.) it is our core purpose to work together with our members to build a financial foundation for making their dreams come true.

We are provincially regulated through the Deposit Guarantee Corporation of Manitoba. In addition to this prudent regulation, Cambrian itself maintains a tremendously strong financial foundation that allows us to operate successfully in slow, sluggish, or mixed economic environments. Our commitment to a disciplined financial approach allows us to maximize quality growth and continually manage risk in our daily operations which has translated to extremely low loan losses year-over-year. Consumers are safe and secure banking with Cambrian.

Cambrian is very active in the communities in which we work and do business. We have committed to donating at least one percent of our pre-tax profits to charities each year. This commitment is much higher when we factor in the sponsorship dollars and volunteer hours we also contribute to the community.

Cambrian Credit Union is a full service financial institution offering our members such products as online banking, mobile banking and free banking through a product called The Unfee. We also provide small business banking services to members. Should the restriction and enforcement of using the terms "bank", "banker" and "banking" come to fruition, there would be many places that we would need to change. There would be the obvious places like our websites, brochures, and advertisements, but we would also have to change administrative letters, legal documents (e.g. account terms and conditions), business forms and applications. Because many of these forms and documents are embedded into our systems for automation purposes, many of these changes would require extensive reprogramming of our systems.

It should be noted that we never use the term "banker"; and the terms "bank" and "banking" are only used to describe the services we offer. We describe our online services as "online banking" and will say "bank for free at Cambrian". We never describe ourselves as a bank, or bankers. It is always very clear that we are indeed a credit union, and not a bank, in all our member-facing and external communications.

If we had to stop using “bank” and “banking”, we estimate that the hard costs to Cambrian would be approximately \$150,000. This does not factor in the human resources required to implement these changes. And while we certainly aren’t happy about the thought of having to invest this time and money to remove these words, the bigger issue is the confusion this will create for our members and the community at large if we’re forced to stop using these terms and try and come up with new words to describe our services. “Bank” and “banking” are the common-use words ALL Canadians use to describe these services.

Because of this, it would be a clear disadvantage to Cambrian and other credit unions if we could not use these words. “Bank” and “banking” are words we all use and understand to describe our dealings with financial institutions like banks and credit unions. Taking these words away from us hinders our ability to adequately describe what we do. This not only creates confusion, but also makes things far less clear about who we are in the eyes of the public.

Cambrian does agree that this issue needs to be reviewed as we can’t allow anyone coming into the marketplace to call themselves a bank. Therefore, we are supportive of the Minister of Finance’s proposal to review the *Bank Act*’s restrictions around the use of these terms. However, we do recommend the Department of Finance propose changes to the *Bank Act* that would allow credit unions, as formally and prudently regulated deposit-taking institutions, to use the terms ‘bank’ and ‘banking’ to describe our activities and services. We are confident we can come up with a reasonable solution that will accomplish this while still ensuring that Canadians know they are dealing with a credit union, and not a bank.

We welcome the opportunity to work with you as you contemplate this issue. Cambrian Credit Union consents to the disclosure of any comments contained in this submission in whole or in part. Thank you for considering this submission.

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