



**COASTAL
COMMUNITY**

TOGETHER, LET'S DO
GREAT THINGS

Coastal Community Credit Union

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

September 29, 2017



Coastal Community Credit Union (CCCU) welcomes the opportunity to participate in the Department of Finance's second stage consultation on its review of the federal financial sector framework.

Coastal Community Credit Union, with a head office located in Nanaimo, was first incorporated in 1946. We are proud to be the largest financial services organization based on Vancouver Island and the Gulf Islands, while being among the largest credit unions in British Columbia and among the top 10% in Canada.

Coastal Community Credit Union continues to be a strong and stable business leader on Vancouver Island. In total, the CCCU family of companies serves over 100,000 people and close to 9,000 community organizations and businesses on Vancouver Island and the Gulf Islands, from Port Hardy to Victoria. Across the islands we operate 23 branches (soon to be 24), 16 insurance offices, four regional business centres, a division of wealth advisors, a centralized contact centre, a team of mobile experts, and a full range of online and mobile services. Our organization was the first to bring cutting-edge Interactive Teller Machine technology to the Island and continues to add new innovations to simplify finances—and life. By really listening and understanding, and then providing meaningful solutions to improve financial health, CCCU's 600-person-strong team is able to help our members and clients achieve their financial and life goals.

Unlike Canada's chartered banks, credit unions are cooperative financial organizations that are local to our regions and communities and committed to serving the needs of the members. Everything we do at CCCU is focused on improving financial health, enriching people's lives, and building healthier communities. These are at the core of our vision, purpose and values, but more importantly, these are what our employees are passionate about doing every day. As a financial cooperative, we are 100% member owned, and because our shareholders are our neighbours and fellow citizens, we are focused on building strong and vibrant communities by keeping our jobs, our earnings, and our community efforts local. We do this with full awareness that we're also helping strengthen our local economies, which are the lifeblood of our unique regions. All of Coastal Community Credit Union's operations, Board of Directors and employees are based on Vancouver Island and the Gulf Islands. With all decisions made right here on our islands and our strong understanding of the local economy, we are helping our local businesses succeed.

In addition, each year Coastal Community Credit Union invests upwards of half a million dollars into our island communities through our efforts that include donations, community funding grants, awards, sponsorships and our fundraising initiatives. Our Building Healthier Communities Fund, for example, has provided hundreds of thousands in seed money to activate local community betterment initiatives. In addition, our employees give thousands of hours of their time each year to community organizations they are passionate about.

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.



Coastal Community Credit Union supports the Minister of Finance's proposal to review the Bank Act restrictions around the use of the terms "bank," "banker" and "banking." We believe in protecting consumers from unregulated companies that may cause confusion by using bank words to describe their services. Credit unions, however, do not fall into that category as we are well-regulated by provincial authorities.

While credit unions are full service financial co-operatives and, like other financial institutions, provide chequing accounts, mortgages, business loans and investment advice, there are differences between credit unions and banks. Credit unions are owned by their members – the people who bank with them. A credit union's Board of Directors consists of democratically elected members from our communities. A locally-elected Board of Directors helps us better understand what's important to our members and how to keep our decisions based on local realities. All members have an equal say in how their credit union operates through an annual Directors Election. Members can voice their concerns and vote on the issues that matter to them. Rooted in our co-operative structure, the credit union difference is all about service – to members and our communities – and we are proud of this differentiation from banks.

Canadian credit unions are among the leaders in building relationships with members with the purpose of helping them improve their financial health. While we provide our members similar protections to banks, we take care not to give the impression we are a bank. A key point in our discussions with members and potential members, as well as marketing material, is that we are locally-based and member-owned. We use that local knowledge and understanding of our communities to put our members' money on deposit with us to work—re-investing it as loans to local businesses and mortgages for Island homeowners. We fully understand that by helping them we are improving their financial health, building healthier communities and supporting a vibrant local economy.

A few years ago, a Vancouver Island-based drywall and painting company approached their "Big Bank" financial institution with exciting new growth targets. Unfortunately, that bank opposed the targets, so the owners of the company came to us, Coastal Community Credit Union. We saw their potential, and because of our belief in supporting local businesses we built a relationship with them, growing their loan portfolio so they could expand and help create jobs for Islanders. Several years later, that referral has moved into a full-fledged relationship complete with an extensive loan portfolio that has enabled the company to grow their business line significantly—and lay strong economic roots on Vancouver Island. CCCU's financial backing also helped the Island-based company expand their operations into Alberta, which gave their local employees work opportunities during Vancouver Island's building slump. As a result, out-of-province earnings were able to return to the island and to the local economy. And it was all thanks to a local financial institution seeing value and opportunity where a chartered bank saw none.

Another of our members, a young professional accountant, wanted to start his own firm in Nanaimo, and got in touch with one of our branch managers to see if Coastal Community



Credit Union could help. The result was a line of credit to help the accountant get his small business started. After only 6 months with a business growing ahead of projections, the firm began strategizing expansion plans, which included hiring a new team member. The result is more human capital kept locally in Nanaimo, rather than losing it to a larger urban centre.

Coastal Community Credit Union emphasizes that our core vision is not only to improve our members' financial health, but also to build healthier communities by positively impacting the social and economic well-being of the places we call home. One of the ways we live by our corporate vision of building healthier communities is by charitable donations and contributions. Over the course of 2016, Coastal Community Credit Union invested over 6% of our pre-tax dollars into our communities through efforts that include donations, community funding grants, education awards, sponsorships and our fundraising initiatives. We focus resources on finding effective ways to increase community involvement and cohesion, while providing value to our members and our communities. We put our "thinking caps" on to figure out creative ways to increase community togetherness and provide value to our members and fellow citizens. We came up with a series of outdoor movie nights called Sunset Cinema. This past July thousands of Island families in six communities were able to enjoy a free movie by the light of the stars for the sixth consecutive year. The over \$10,000 raised through concession stand sales this year will go towards expanding our Young Entrepreneur Program. Through this initiative, over 1,200 students in classrooms from Campbell River to Victoria will get real world business experience and increase their financial literacy, skills that will serve them well throughout their lives. In this innovative school-based program, students develop a product, prepare a business plan, prepare and track to a budget, activate their business at a Young Entrepreneur Show, and donate a portion of their net income to their favourite charity. Through our Building Healthier Communities Fund, we recently helped fund projects to help our Island's youth gain access to therapeutic riding, paddling opportunities, safe biking routes and healthy food programs. These are just a few examples where we use our earnings to help the local communities we operate in because our communities are our home.

Coastal Community Credit Union is proud of who we are and what we do. We use the terms "bank" and "banking" because we need to use everyday language to communicate with our members in terms they understand and commonly use when referring to a fully regulated deposit-taking institution and the services it offers. Until recently, this common-sense approach did not contradict the way the Office of the Superintendent of Financial Institutions (OSFI) used its judgment to interpret and enforce the Bank Act.

To have to remove "bank" and "banking" from our website, other electronic mediums, print materials and signage will put our credit union at a distinct disadvantage in competing with other financial institutions. This very well may accomplish the exact opposite of the primary intention, creating confusion rather than eliminating it in the minds of consumers who use regulated financial institutions. Not only will Coastal Community Credit Union have to invest significant dollars in removing these commonly used terms, we will then face a huge challenge in popularizing new terms to replace "on-line banking," "business banking," or "bank with a credit union." In addition to unnecessary confusion in the minds of consumers,



Without large spread public acceptance of these new terms, potential members will have great difficulty finding us through an online search, which is crucial in today's digital marketing landscape.

Using our resources to make changes—which very well may cause confusion in the minds of consumers—takes away from what we could invest to help build healthier communities, support local economic development and help improve the financial health of our members. We hope we can come to a resolution that aligns commonly used language and appropriately describes our business. Coastal Community Credit Union would welcome a return to the way OSFI has interpreted the Bank Act in the past.

Recommendation

Coastal Community Credit Union recommends 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.

We are very aware and proud that we play a role in improving the financial health of our members, helping build healthy communities and of the role we play in strengthening the local economy, which also lessens the social program burden for our government in these areas of BC. We look forward to a resolution that both protects consumers and supports the important role that credit unions play in our communities.

Thank you for considering this submission. We welcome the opportunity to work with you to find a resolution that meets both our needs.

For more information, please contact:

Adrian Legin
President and CEO
Coastal Community Credit Union
220-59 Wharf Street, Nanaimo, B.C. V9R 2X3
250.741.3236
adrian.legin@cccu.ca