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OTTAWA

September 27, 2017

The Honourable William F. Morneau, P.C., M.P.  
Minister of Finance  
90 Elgin Street  
Ottawa ON K1A 0G5

**RE: Support for common sense use of banking terminology**

Dear Minister Morneau,

We are communicating with you to express the support of Co-operatives and Mutuals Canada (CMC) for the common-sense banking terminology being advocated by financial co-operatives and credit unions across the country.

The Office of the Superintendent of Financial Institutions (OSFI) recently issued an advisory that will preclude non-bank financial service providers from using the terms “bank,” “banker,” and “banking.” The Canadian Credit Union Association has estimated that complying with the advisory would cost the credit union system \$80 million in direct expenses. The restrictions would also result in damaging long-term competitive consequences to credit unions as they would face significant marketing challenges when communicating with current and possibly future members.

CMC supports your review of restrictions in the *Bank Act* regarding these terms. The regular examination of Canada’s *Bank Act* is an important component of the government’s approach to maintain accountability and transparency in the financial services sector. The review ensures legislators and regulators remain ahead of the curve when it comes to new developments that could threaten the viability of our financial institutions, and the trust that millions of Canadians place in them. In this instance, studying the terms referenced by the OSFI is essential, especially given the sudden proposed change in direction.

Credit unions aren’t banks, but they certainly are places where people do their “banking.” Credit unions and their members know that better than anyone. In fact, many Canadians prefer to have mutually-owned financial institutions manage their money precisely because they are not chartered banks and do not operate on a purely for-profit model. Despite this fact, the specified terms are ubiquitous and have been established as the common parlance for most services that involve financial management. Credit unions have used these terms for decades to describe the excellent services they offer to Canadians and have done so without creating confusion in the marketplace. We ask that these long-standing practices be recognized and supported.

If the proposed measures are intended to weed out other types of institutions, or bad actors offering financial services, which have used the specified terms, we strongly advise an exception to be made for credit unions, which have served Canadians for many decades as well-established, prudentially regulated, deposit guaranteed banking service providers.

We appreciate your consideration of our position and encourage you to choose the commonsense approach for consumers by allowing continued use of these terms.

Sincerely,

Denyse Guy  
Executive Director