

SEPTEMBER 5, 2017



Diamond North
CREDIT UNION

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

JOHN SHENHER

CEO

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

Diamond North Credit Union (DNCU) is located in Northeastern Saskatchewan operating primarily in rural Saskatchewan. DNCU was formed in 2006 as a result of a merger with one medium size credit union (Nipawin; now our largest branch) and three other smaller rural credit unions. In 2008, two smaller credit unions also amalgamated with DNCU. We offer physical locations in all areas we serve, and are the only financial institution with a physical branch in six out of the eight locations. Just this past year Scotiabank made the decision to close their branch in Carrot River, a vibrant full service community with the majority of essential services. This closure has granted DNCU a competitive advantage within the financial sector of Carrot River. We are proud to invest in the sustainability of physical branches which allows DNCU to provide face to face interactions, strong employment in local communities and invest in the social well-being of rural Saskatchewan.

Today, DNCU has grown to \$540 million in assets which makes us the 9th largest credit union out of 47 Saskatchewan credit unions. Throughout our Northeast area we serve approximately 13,500 members and employ approximately 90 staff.

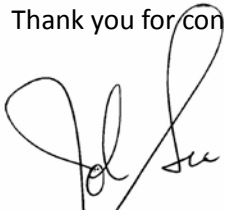
At DNCU, we believe our cooperative principles differentiate a credit union from a bank. Members are encouraged to participate in the democratic process by electing Board Members to make decisions that originate from the grass roots of our communities. Our staff and credit union are committed to giving back to our service area through thousands of hours of volunteer time and a minimum of three percent of pre-tax profits (\$100K) invested back into our communities each year. Our credit union is proud to be able to distribute excess profits back to our members through our patronage program.

Diamond North Credit Union, similar to other credit unions nationally has been using the terminology "bank", "banker" and "banking" since inception. We have educated our staff and our members to reference our business as the "credit union" or a "financial institution". New employees who inaccurately call us a "bank" are quickly educated on the cooperative principles and how credit unions differentiate ourselves from banks. The staff and members of DNCU understand that "bank" is a four letter word and not one we use to describe ourselves or our services. The words bank, banker and banking are only used in the context of a verb or gerund. Some examples are: "Online banking", "mobile banking", "telephone banking", "banking information", "business banking", etc. Overall DNCU prefers wherever possible to utilize the word "services" more so than "banking". For example: commercial services, lending services, financial services, and wealth services.

This submission to the Department of Finance on behalf of Diamond North Credit Union focuses on the consultation question regarding the Bank Act restrictions on the use of the terms "bank, banker and banking". To create, popularize and change terminology to describe a common function that has been applied as part of the English language would have a negative impact on our credit union and credit unions nationally. Due to DNCU's size and infrastructure, we outsource our digital technology needs which means making changes to our digital products expensive. With DNCU's core business being financial services, our staff and members would need to be re-educated on new terminology, largely uncommon in society. This education would equal resource time and marketing costs. The financial cost surrounding changing common terminology would result in fewer funds allocated to community investment initiatives and implementation of new products and services.

We recommend the Department of Finance propose changes to the Bank Act to use the terms "bank", "banker" and "banking" to describe their activities and services.

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

A handwritten signature in black ink, appearing to read 'John Shenher', with a large loop at the top and a long vertical stroke extending downwards.

For more information, please contact:

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