



September 11, 2017

To Whom It May Concern,

RE: SUBMISSION TO THE DEPARTMENT OF FINANCE (SECOND STAGE CONSULTATION, FEDERAL FINANCIAL SECTOR REVIEW)

The Board of East Kootenay Community Credit Union (EKCCU) would like to thank the Minister of Finance for giving us the opportunity to participate in the Department of Finance's review of the Bank Act. We will focus on the Bank Act restrictions on the use of the terms 'bank', 'banker' and 'banking'.

East Kootenay Community Credit Union is located in the southeast corner of British Columbia. Our credit union was established in Cranbrook in 1950, at a time when residents felt the three existing financial institutions were not meeting their needs. A group of 10 people pooled their money to help one family build a house. With \$100 they established Cranbrook Savings Credit Union. We now have branches in four communities – Cranbrook, Elkford, Fernie and Sparwood. At the close of 2016 we had over \$333,000,000 in assets and 11,480 members.

The Ministry of Finance consultation document asks for feedback on *"how to refine the limitations on the use of these terms and how to avoid marketplace confusion and ensure appropriate protection of consumers."*

Let us begin by saying that in all our years of operation, we are unaware of any one of our members or prospective members complaining they felt misled into believing EKCCU is a bank. Even though the words bank, banker and banking may appear in our printed material and our conversations, there seems to be wide-spread understanding that we are a financial institution using those words to explain what we do and not what we are.

Like all credit unions, we are proud of the fact that we are not a bank and promote our differences in our marketing to attract new, and retain existing members. The differences we like to emphasize include having a locally elected board of directors, so decisions are made locally; our members are our owners so their needs come first, not the needs of remote share holders; our profits are used locally to



Cranbrook
920 Baker St
Cranbrook, BC V1C 1A5
Tel 250.426.6666
Fax 250.426.7370
Toll free 1.866.960.6666

Elkford
Elkford Square, PO Box 189
Elkford, BC V0B 1H0
Tel 250.865.4661
Fax 250.865.7537
Toll free 1.800.313.2201

Fernie
1601 – 9th Ave, PO Box 1440
Fernie, BC V0B 1M0
Tel 250.423.9222
Fax 250.423.9223
Toll free 1.866.423.9222

Sparwood
124 Aspen Dr, PO Box 1030
Sparwood, BC V0B 2G0
Tel 250.910.9222
Fax 250.425.0047
Toll free 1.855.222.5788

**Commercial and
Administration Centre**
924 Baker Street
Cranbrook, BC V1C 1A5
Tel 250.426.6666
Fax 250.426.0879
Toll free 1.866.960.6666

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strengthen our business, pay patronage rewards to our members and to support local non-profit community endeavors; members are encouraged to attend our AGMs, where the principle of one member/one vote comes into play.

Our surveys show that 70% of our members do their financial transactions on-line. Our website explains the credit union differences listed above, as well as the information about deposit insurance.

If any prospective member fails to realize we are a credit union it should become clear upon opening an account at which time a class-A share must be purchased for \$5.00. From that point on share information appears on members monthly statements.

As for ensuring appropriate protection of consumers, we feel the regulations administered by our provincial regulator, FICOM, are more than adequate to protect our members' interests. In addition to being well-regulated, we have insurance to cover 100% of our members' deposits.

Being locally owned and operated brings another level of protection to our members and community – in addition to the provincial regulations, decisions regarding loans are made locally, by our staff and Board of Directors, all who have extensive local knowledge, so our loans are low risk. In this age of regulations regarding proceeds of crime, money laundering, and terrorist financing our local knowledge allows us to be prudent in deposit gathering as well.

Our most recent member survey shows 97% of our members would recommend us to family and friends. We believe this illustrates that our members have great trust in us and are confident their money and financial affairs are being administered by an extremely competent institution.

At EKCCU we are proud of the financial support we provide to a diverse group of organizations and know many of those groups rely on our support to do their community work. The cost of removing the words bank, banker and banking from our literature would reduce our community-giving budget at a time when increased competition, low interest rates and increased regulatory burden are already reducing our financial margins. Food banks, youth sports organizations, post graduate students, arts and culture groups and many more would suffer from cuts to our budget.

Like many credit unions, we have branches in remote communities. In our case, we are the *only* financial institution in the community of Elkford. At a recent meeting of all seven credit unions in southeast B.C., Directors spoke passionately about the importance of keeping branches open in the remote communities of our region. While banks are closing branches across Canada, even in cities as large as Cranbrook (The HSBC closed its Cranbrook branch in January this year), credit unions are looking at ways to keep branches open.



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We urge the Minister of Finance to introduce changes to the *Bank Act* to allow credit unions to use the words bank, banking and banker without penalty. These words are the ones that Canadians have used for generations in connection with their financial matters.

We do not agree that the credit union use of the terms bank, banker and banking creates marketplace confusion. Particularly here in British Columbia, where credit unions have a distinguished reputation in the provision of personal and commercial financial services, we feel we benefit from Canadians knowing the difference between banks and credit unions, and will continue to promote our differences.

We do not believe preventing credit unions from using the terms bank, banker and banking will increase the protection of our members or any other consumers. While credit unions have a long, well established and respectable grassroots history across Canada, we know that with new technology the financial industry is changing. We hope the Ministry of Finance will direct OSFI to use its staff time and budget to monitor and develop regulations for the Fintechs and other unregulated entities.

Thank you again for the opportunity to participate in the review of the Bank Act.

Sincerely,

Board of Directors Executive
East Kootenay Community Credit Union

Jean-Ann Debrenceni
Chair

Diane Byford
Vice-Chair

Lynette Wray
Secretary



Together through life

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Cranbrook, BC V1C 1A5
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