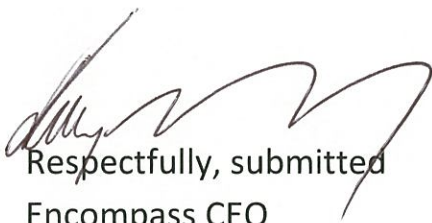




Encompass Credit Union
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September 1, 2017

Please accept this submission to the Department of Finance Second Stage
Consultation on the Federal Financial Sector Review.



Respectfully, submitted
Encompass CEO
Kelly Longley, MBA, ACUIC

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

Encompass Credit Union serves approximately 12,000 members in eight communities in east central Alberta, with an asset size of just over \$550 million. The administration office and largest branch is located in Wainwright, our second largest branch is in Wetaskiwin, and we also have branches in the towns and villages in the Wainwright region. Encompass Credit Union is very important to the communities we serve. Not only are we often the only financial services available to smaller communities, due to the big banks leaving many rural towns and villages, but we're also one of the largest contributors to those communities. In fact, in 2000, we purchased four BMO branches that are now the staple for financial services in those areas. We are major contributors through sponsorships, donations and community investment grants. We're also a major employer with over 100 staff in our eight locations. We work and live in our communities and our staff are invested in them.

Our members understand we're not a bank, because we prove that annually by providing upwards of \$40,000 in community investment grants and enriching our communities with over \$100,000 in community dollars spent. Banks don't do that in small town Alberta.

Encompass Credit Union does not identify as a bank through signage or through physical or digital representations, yet we do market the credit union difference, as being "better than a bank". Our only reference to the terms "bank, banking and banker" are in the digital realm of our website, in relation specifically to "online banking". The verb "to bank" is used only to describe the action of financial services we provide to our membership. Our members and the public are not confused. Credit Unions having to invent new words to explain the act of banking would cause confusion to our membership. As a regulated deposit-taking financial institution, we should continue to use these terms to describe what we do, while still ensuring that our membership know that they are dealing at a credit union, not at a bank.

Canadians who interact with credit unions understand the difference between us and a bank, and we're proud of our differences. We're member-driven, we share our profits with our members and put money back into our communities.

Encompass Credit Union was formed in 2015, as two legacy credit unions merged, Wainwright Credit Union and Wetaskiwin Credit Union, both strong, financially sound institutions with over 70 plus years in their respective communities. As credit unions, we are prudent lenders and have low loan losses. Our deposit insurance provides our membership with greater protection than they can get at a bank. During the ups and downs in the economy, credit unions have weathered those times.

The OSFI enforcement of a ban on the use of the words "bank, banking and banker" was a departure from decades of enforcement practices, during which credit unions have used the term without incident. That has happened because credit unions use the word "banking" strictly as a verb, to describe the kinds of activities that take place between credit unions and members. Until very recently, OSFI had effectively interpreted the Banking Act in this very common-sense way, using judgment and discretion in

the enforcement of the act. Even if we cease to use the word 'banking' the public and our members still will, as they will not change how they refer to their interaction with us.

The Canadian Credit Union Association (CCUA) estimates that a ban on the word 'banking' would cost upwards of \$80 million, plus create a challenge in finding a word to describe online banking, other than online banking. Credit Unioning? How do you popularize that? For Encompass, we have over 300 references to the words online banking on our website, which serves as a portal for members' to access online banking. In each instance we would have to pay our service provider to change those words in our website's template. Our conservative estimate would be well over \$30,000 for our credit union alone to make that change. That's \$30,000 less that would be going back to our communities. It is unfair that our members and our communities are the ones who suffer because of an assumption about clarity in the minds of consumers when our membership is not confused.

In conclusion, being unable to use the word "banking" in the future would put us at a disadvantage in the financial sector. If consumers are no longer able to "bank" with us, they may assume that we no longer have all the banking services that we have always provided. That would cause confusion. A return to the common-sense interpretation of the Bank Act, by using judgment and discretion in its enforcement would be welcome by credit unions such as ours.

We recommend 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.

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

For more information, please contact:

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