

Sept. 20, 2017

Director
Financial Institutions Division
Financial Sector Policy Branch
Department of Finance Canada
James Michael Flaherty Building
90 Elgin Street
Ottawa ON K1A 0G5

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

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

Our Credit Union has been providing financial products and services to Firefighters, Health Care and Hydro Employees as well as the Ottawa community since 1948. Our members are not only customers but owners of our financial institution and are proud of the Credit Union philosophy of "People before profits" that sets us apart from the banks. Although we provide the same products and services that the banks offer we are a co-operative and follow these seven cooperative principles: Voluntary and open membership; Democratic member control; Member economic participation; Autonomy and independence; Education, training and information; Cooperation among cooperatives and finally, Concern for community. In fact some of our employees have just recently completed a Certified Financial Literacy Program that enables us to reach out to the community and provide education on basic financial services that they may not have had access to otherwise. We do not promote our credit union, products or services as a part of this program.

We're currently partnering with Causeway to provide loans to individuals to pay off "pay day loan vendors" who would not typically qualify at the banks. We also provide them with the financial knowledge that will help empower them in the future and get them out of the pay-day loan cycle. Our Credit Union may be small at only \$153 Million in assets and 4,000 members but this allows us to be nimble and adapt to members in our community making it easier for them to access services that they may not get anywhere else. Because of our local roots we put many dollars and man hours into our community supporting many causes, including for example, the Help Santa Toy Parade which provides generous funding to the Salvation Army improving the lives of many.

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. This means that credit unions would be prohibited from using terms like "on-line banking" and "business banking." The costs to credit unions and confusion among our members and the general public could be considerable.

It is very difficult to find substitutes for the terms "bank", "banker" and "banking". Frontline only uses the word "bank" as a verb as in "on-line banking" and "business banking" as there is no other verb that can be used in its place. A member 'banks' at the Credit Union, they don't "credit union" with us. The word "banking" also has no Credit Union equivalent, certainly not "credit unioning".

For decades more than 10 million Credit Union Members have used these terms the same way Canadians do – as popular terms to describe people's dealings with deposit-taking institutions like a bank or credit union. Please help us reach a reasonable compromise, one that would allow credit unions to be able to continue to use these common terms, while ensuring that Canadians know they are dealing with a credit union, not a bank. We recommend the Department of Finance propose changes to the Bank Act that would allow credit unions, as prudentially regulated deposit-taking institutions, to use the terms "bank" and "banking" to describe their activities and services.

For more information, please contact:

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

Regards,



Debbie McCabe