

September 22, 2017

Emailed to:

Department of Finance – fin.legislativereview-examenlegislatif.fin@canada.ca

Dear Sir/Madam:

RE: Second Stage Consultation on the Federal Financial Sector Review

Attached please find Horizon Credit Union's submission to the Department of Finance Second Stage Consultation on the Federal Financial Sector Review respecting the impact of the banking terminology issue on credit unions.

If you have any questions or comments regarding our submission, please do not hesitate to contact us.

Yours truly,



Terry Sieffert

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CCUA – governmentrelations@ccua.com



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

September 22, 2017

Introduction

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

Horizon Credit Union is an independent Saskatchewan credit union owned by its members. Under the current credit union legislation, Horizon Credit Union provides financial services to members and non-members. Our non-members are not permitted to participate in the democratic process of the credit union.

The governance of Horizon Credit Union follows the principle of democratic member control. Horizon Credit Union falls under legislation of the Saskatchewan Provincial government and is regulated by the Credit Union Deposit Guarantee Corporation of Saskatchewan. Our credit unions must comply with the *Credit Union Act, 1998*; *Credit Union Regulations, 1999*; The Standards of Sound Business Practices; Credit Union Bylaws, policy and all other applicable Provincial and Federal laws. Our credit unions also report regularly to the Credit Union Deposit Guarantee Corporation and are subject to periodic risk-based reviews.

Our credit unions need to use common-sense language to explain the services we offer. Horizon Credit Union has used the terms "bank", "banker" and "banking" for years without incident. Our credit unions have used the terms the same way Canadians do to describe the activities that take place between members and their credit union. There are organizational and value-based differences between credit unions and other deposit taking financial institutions and we are proud of those differences; in fact we proudly promote them. However, we do need to speak in a common language Canadians use and understand.

Our credit union promotes the IPSOS Reid Poll results, which clearly differentiates banks from credit unions. We also promote our deposit guarantee and how it differs from our competitors' guarantees. We do insist people call us a credit union and not a bank. We promote the co-operative principles and work with other co-operatives in our community.

The Members We Serve

Horizon Credit Union serves all kinds of members from many walks of life. We are based in rural Saskatchewan with many members being farm families or earning their living from agriculture-related activities. Melville is known to be a CN town and CN employees make up a significant part of its population.

Our membership ranges from young children to senior citizens. Our membership is diversified and includes professionals, students, youth, laborers, businesses, community service organizations, First Nations, immigrants and many other ethnic groups.

Our Contribution to Sustainability in Rural Saskatchewan

Horizon Credit Union has five locations in Saskatchewan, Melville, Neudorf, Grayson, Grenfell and Wolseley. Horizon Credit Union is a significant employer in our trade area. As of August 31, 2017, Horizon Credit Union had 5,321 members and 1,585 non-members. Our assets on and off book were \$243,718,309.00 at December 31, 2016. Our staff compliment is 52 and we have nine board members.

In the past three years Horizon Credit Union has donated \$ 92, 393.22 to worthwhile projects in our trade area. We financially support countless local initiatives, some of which include:

- \$10,000 donation to the Wolseley Spray Park Development and Grenfell Lions Club
- \$1,500 donation to the Neudorf Parkland Library
- \$1,000 donation to Grayson Grows to assist with community projects
- \$1,000 to the Grenfell Fire Department for an ATV used to fight fires
- \$2,000 donation to St. Henry's Elementary School for a new swing set
- \$3,990 in scholarships offered annually to students who live in our communities

This is just the tip of the iceberg when it comes to donations to local sports teams, schools and clubs. Rural organizations and committees depend on support from organizations like ours and we are proud to be there for them.

Giving Back to the Community

Volunteering is a core component of the culture at Horizon Credit Union. Our staff recognize the importance of social responsibility and willingly volunteer their time and effort to various community organizations and events throughout the course of the year. Each year, Horizon Credit Union staff volunteer thousands of hours to our communities. We also contribute each week to a dress down fund, the proceeds of which are donated to local charity groups like the Breast Cancer Society of Canada (Sask. Division), Telemiracle, KidSport, Saskatchewan Red Cross, NICU Regina Hospital, Junior Diabetes Research Foundation, Zulyniak Family, Debbie Lipinski and Operation Christmas Child.

Horizon Credit Union is committed to building strong communities in our trade area, *Today, Tomorrow, Together.*

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.

CCUA estimates that a ban on the words “bank” and “banking” will cost credit unions up to \$80M plus create a big challenge in developing new terms to replace “on-line banking”, “business banking” with “credit union”.

A ban would disadvantage credit unions’ ability to compete with banks. Banking terms are words that Canadians use and understand to describe their dealings with deposit-taking institutions whether it be a bank or credit union. Credit unions need to speak in language Canadians use and understand in order to compete with other financial service providers.

Recommendation

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 CONTACT:

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