



**Libro Credit Union Limited**

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

August 29, 2017

Libro Credit Union (Libro) is pleased to be participating in the Department of Finance's second stage of consultation in its review of the federal financial sector framework. Our submission will focus on the limitations of credit unions using the terms "bank", "banker" and "banking". This terminology issue is important in our ability to communicate with, effectively serve and better support the citizens of southwestern Ontario.

Libro is a full service financial institution offering a wide range of products and services to meet the needs of our over one hundred thousand Owners in southwestern Ontario. For over 75 years we have been providing Owners sound and expert advice related to their personal, business and family finances. Our history is deeply rooted in agriculture and small business lending and at Libro we remain committed to these sectors. Today Libro has over ten thousand business and agricultural Owners with over 1.6 billion in loans distributed within this sector. We will continue to embrace our rural history as we look for new and innovative ways to serve rural Ontario. Our consistent growth can be attributed to our rise in personal mortgages and wealth products. Eighty thousand Owners rely on Libro for personal financial products and services. We provide over one billion in financing for retail loans and our Owners hold over 1.5 billion in wealth products with us. Our focus remains on developing relationships through proactive coaching and discussions, and through products that meet the actual needs of our Owners.

Libro is focused on growing prosperity in southwestern Ontario. We are committed to reinvesting our profits back into the communities we serve through social purpose partnerships, thought leadership, financial literacy and our Prosperity Project that last year alone directly distributed over 1.5 million back into southwestern Ontario. Some of the programs we support include Ontario's Rate Drop Rebate and Each One Teach One financial literacy program. These programs, along with other regional and local initiatives are testaments to our community commitment. Along with our community funding Owners at Libro also receive annual profit shares. In 2016 we were proud to return 6.5 million dollars back to our Owners. We are proud to be a credit union with a social purpose, one that is driven by a passion to better our Owners lives and the communities that they call home. Libro is at our best when we can focus on our Owners and their prosperity, not when we are diverting time, energy and resources into explaining and changing commonly understood terminology related to financial institutions.

The Office of the Superintendent Financial Institutions (OSFI) released a terminology advisory that had numerous negative implications for credit unions and our ability to communicate with Canadians. At Libro we strictly use terms such as "banking" to describe the products and services that we provide to our Owners because this is the terminology our Owners use and understand. This includes commonly understood products and services such as Commercial Banking, Online Banking and Personal Banking. Libro has never identified ourselves as a chartered bank or acted in a manner that would promote this belief; in fact we are proud of our co-operative structure, governance model, guiding principles and business approach. To date we have never received comment from an Owner that perceived us to be a bank resulting in account closure or change in banking services provider..

***The following perspective supports Libro's opinions with the Department of Finance's consultation question related to the Bank Act restrictions on the use of the terms "bank and banking" by non-banks and credit unions.***

Libro is supportive of the Minister of Finance's proposal to review the Bank Act restrictions and we welcome the decision by OSFI to suspend its compliance expectations around this specific section of the Bank Act. For decades our Owners have been using these terms when they come in for coaching, advice and service. We use the terms in the same manner that they do, to describe only the services of their

actions with Libro. Terms such as banking are common, wide-spread and fully recognized by all Canadians. To force a change to the fabric of how Canadians interact with credit unions would create significant confusion, misunderstandings and convey a lack of trust in our ability to manage their finances.

An internal review of the previously proposed changes would cost Libro an estimated five hundred thousand dollars. Beyond the large financial cost the proposed changes would place credit unions at competitive disadvantage by forcing us to create, define and promote new terminology to Canadians. This would divert significant resources to explaining what we do, rather than supporting those that serve today and in the future. Credit unions are fundamentally different than banks in our overall structure, governance models and community driven results, but we need the same access to terminology to effectively compete and ensure we can continue to drive competition and positive results for Canadians.

Libro feels that Section 983(2) of the *Bank Act* is intended to prevent people from thinking that they are dealing with a chartered bank, but credit unions and Canadians have been using these terms for decades without issue. Libro ensures that individuals and businesses know they are dealing with a credit union through our service agreement, up front membership share deposit, governance model and democratic structure. Our name itself provides clarity that we are a credit union and not a bank. Libro recognizes that assurances need to be in place that separates the two institutions for Canadians, but forcing changes to common language is not a recommended method or path to achieve this result.

**Libro is recommending that 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”, and “banker” to describe their activities and services.**

We believe that this will create a common understanding that these verbs are open for use when describing financial products and services, but that in no way misrepresent credit unions as federally chartered banks. Libro does not advertise or promote ourselves as a bank, we are proud of our credit union heritage, business model and governance structure, and in the name of competition, fairness, and precedent, we strongly recommend and urge that the department makes the aforementioned change to the *Bank Act*.

Thank you for considering this submission. We welcome the opportunity to work with you and are excited about continuing to deliver excellent products and services to the citizens of southwestern Ontario.

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