



Minnedosa Credit Union

Submission to: The Department of Finance

Re: Second Stage Consultation on the Federal
Financial Sector Review

September 22, 2017

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

Minnedosa Credit Union is a single branch credit union based in Minnedosa, Manitoba. Since our charter in 1947 Minnedosa Credit Union has grown to an asset base of \$125 million and a membership of 3200. The aim of Minnedosa Credit Union is to be a community oriented, sound financial institution working for the betterment of our members, organization and community through the provision of competitive financial services.

While we are challenged from a scale perspective we have been successful in our market by focusing on member's needs and providing exceptional member service. Our membership appreciates the fact that we have been able to pay back over \$6 million in patronage refunds while at the same time being a significant contributor to the community both from a financial and volunteer perspective. A couple of recent examples are a \$250,000 contribution to a new proposed hockey arena and a \$75,000 contribution to a new primary care center.

Minnedosa Credit Union is supportive of the Minister of Finance's proposal to review the *Bank Act* restrictions around the use of the terms "bank," "banker" and "banking". We believe that credit unions should be able to use the terms "bank" and "banking" to describe their activities and services.

Minnedosa is a small community and as such there are only 2 financial institutions located in Minnedosa; Minnedosa Credit Union and the Royal Bank. We believe that our members understand the difference between the credit union and the bank despite the fact that our members frequently use "bank" and "banking" terminology to describe dealing at either financial institution. We do make a concerted effort to market the differences of the credit union model and distinguish ourselves from the chartered banks.

We use the terms 'bank' and 'banking' in our marketing both through print media and on our website to describe the products and services we offer our members. For example, we use online banking, internet banking and telephone banking consistently throughout our website. We have branded these products as credit union by referring to online or internet banking as CU@Home and telephone banking as CUbyPhone but the majority of our members would probably not use the brand names.

To remain competitive and avoid confusion amongst our members, we must be able to describe the products and services we offer to Canadians using language they know and understand.

A ban would disadvantage our credit union's ability to compete with banks. Banking terms are words that our members use and understand to describe their dealings with a deposit-taking institution like a bank or a credit union. I do not believe that a ban would change how our members speak and they would continue to refer to banking at Minnedosa Credit Union. A ban would create costs to Minnedosa Credit Union and confusion to our members as we try to explain what internet banking is without using the term banking. Credit unions need to speak in the language Canadians use and understand in order to compete effectively with the banks, while continuing to ensure people know they are dealing with a credit union.

Minnedosa Credit Union is fundamentally different than banks and we use every opportunity we have to promote these differences, but need to use common-sense language to explain the services we offer.

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.

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

For more information, please contact:

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