



Mount Lehman Credit Union

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

September 1, 2017



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

Mount Lehman Credit Union is a single branch credit union with \$55 million in assets under management serving 1,600 members in the Central Fraser Valley of British Columbia. Mount Lehman is part of the City of Abbotsford and located approximately one hour from Vancouver. Our branch is located in a rural farming setting and serves a diverse mix of members. The thread that binds our membership together is a desire to deal with a small, capable and very personalized alternative to the big national banks.

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.

Credit unions should be able to use the terms "bank" and "banking" to describe their activities and services. At Mount Lehman, we are very clear that we are a credit union, not a bank and our members understand this distinction. However, in order to describe what we offer, our website features "Online Banking", we offer a "Mobile Banking App" and our members will often say that they "Bank at Mt. Lehman Credit Union". The "bank" and "banking" terms are simply part of the vernacular that describes what we do, not who we are.

These are terms that Canadians use and understand to describe their dealings with a deposit-taking institution like a bank or a credit union. Credit unions are proud of our differences and work hard to promote them, but we need to speak in language Canadians use and understand.

While we understand that Section 983(2) of the *Bank Act* restricts the use of the terms "bank", "banking" or "banker" by non-bank entities like credit unions and that the policy goal is to prevent people from being misled into thinking they are dealing with a bank, credit unions have used the terms for years without incident. That's because credit unions have used the terms the same way Canadians do—to describe the kinds of activities that take place between members and their credit union. Until very recently, OSFI had effectively interpreted the Act in this common-sense way, using judgement and discretion in the enforcement of the act.



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.

Sincerely,

A handwritten signature in blue ink, appearing to read "T. McAlpine", is written in a cursive style.

Tim McAlpine
Board Chair
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