



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

September, 2017

Re: Department of Finance's second stage consultation on its review of the federal financial sector framework. Use of Bank, Banking, Banker.

Members, staff, and stakeholders of the Grand Forks District Savings Credit Union (gfcu) are glad to hear that our initial feedback has been heard, and thank you for the expanded discussion opportunity in this framework review.

In our rural region, gfcu has operated for nearly 70 years, and was the first commercial financial services provider. We were first formed to provide banking services to residents that were very much in need. Over the years, several other banks and financial service providers have come and gone in our region. Today we have only a small CIBC branch as the only other physical financial service provider in the immediate area.

That said, almost everyone in town understands that our Credit Union and CIBC are in direct competition. The difference between gfcu and the bank is not at the product level. The fact is that we offer the same products and services as most banks. However, we are a *values based* banking organization that believes with the support of our member owners we can do much, much more. As a community owned, financial cooperative, we share our capabilities, assets and financial resources with the people and communities we serve.

We ensure our employees receive a living wage, and we employ enough staff to ensure our member owners receive high quality, face to face banking services. In fact, for many years, we have been one of the community's largest employers. The population of the Boundary region is approximately 12,000 and there are almost 9,000 members who do their day to day consumer and business banking with our Credit Union. Ongoing financial support and excess profits generated from our banking operations are returned to our members and our communities. In the past decade, we've returned almost \$6 million dollars. We have helped build parks, recreation outlets, child care and educational facilities, purchased healthcare equipment for our hospital, sports uniforms for teams of all ages, helped build classrooms for our kids, trained our employees to deliver financial literacy education to all ages and have engaged in countless other community and regional support activities. There isn't a resident of the Boundary region that hasn't benefitted in some way from our Credit Union's banking operations.

We have used the word bank and banking continually through this short memo, because if we could not use those words, this submission would read in a much more awkward fashion. When we tell residents of our communities that we offer banking services, they understand what that means. When they ask us why they should bank with us we tell them "*because when you join a Credit Union you're part of something much bigger than just banking*" they know what that means too.

Behind the scenes, we understand that banks and Credit Unions operate in a different manner, and face different regulatory regimes. Both are strongly regulated and properly insured – both are the epitome of safe and sound Canadian banking. However, the challenge we are discussing is not behind the scenes but rather a purely public facing challenge. One that if upheld undeniably harms our ability to compete fairly in the Canadian marketplace.

We strongly support the rationale behind OSFI's concerns, as they are concerns we also share. The rise of fintech, payday loan operations, and other emerging financial service niche players can be confusing to consumers and downright dangerous if it is unclear as to what services are regulated and insured. We do not feel that Credit Unions are in any way a part of this danger. We were created all those years ago because there was a need to 'bank' those that the Canadian banks of the day deemed 'unbankable'. We are well established, regulated, insured and valued by consumers and small businesses from coast to coast.

To now restrict Credit Unions from their ability to use terms such as bank, banker or banking seems irrational and an unnecessary waste of everyone's resources.

We strongly recommend the Department of Finance propose changes to the Bank Act to allow Credit Unions, as regulated deposit-taking institutions, to use the terms "bank" and "banking" to describe their activities and services.

Thank you for your time and the thoughtful consideration of this matter.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke extending to the right.

Kelly Thomas
CEO
Grand Forks Credit Union
447 Market Ave
250.442.5511
kthomas@gfcu.com