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Ottawa Journal by David Tilson MP ? OSFI regulations impact on credit unions

Credit unions and their branches exist in many Canadian communities, including here in Dufferin-Caledon.
They provide important products and services to customers and are locally owned.
Last month, the Office of the Superintendent of Financial Institutions (OSFI) clarified how it interprets the Bank Act on the use of terms ?bank,? ?banker? and ?banking? by entities other than federally-charted banks. As provincially-regulated financial institutions, credit unions and caisses populaires have been told they fall under the blanket prohibition of these terms. On the surface, this may seem insignificant; however, such a ban raises valid concerns about the impacts the prohibition will have for both credit unions and the thousands of Canadians who rely on their community-based service.
Credit unions and caisses populaires are important and valuable contributors to many small and rural communities across Canada, including Dufferin-Caledon. They have decades of experience using the terms outlined in the OFSI's prohibition in the same way Canadians do ? as popular terms to describe people's dealings with regulated deposit-taking institutions. They've also worked closely with OSFI regarding acceptable terminology and have, in the past, been allowed to use terms, such as ?bank with us,? ?do your banking with a credit union,? etc.
However, following the recent action taken by the OFSI, credit unions and caisses populaires will have to stop using such terminology. This blanket prohibition is draconian and represents a clear departure from past practices. As Martha Durdin, president of the Canadian Credit Union Association, has said, ?OSFI has taken a position that is inconsistent with its best practices and with common sense.?
The ban on credit unions and caisses populaires from using banking terms to describe the services they offer raises concerns for the Official Opposition and for Canadians. It will result in marketplace confusion, increased cost for credit unions that have to change signage, and a competitive disadvantage for credit unions.
We, the Official Opposition, call on Finance Minister Bill Morneau to introduce changes to these regulations to allow credit unions to use the commonly-used banking terminology without penalty.
Such action would help to ensure a fair marketplace and Canadians would be able to continue to receive the service they've come to expect and appreciate from their local credit unions.

