

Do record bank profits translate to service?

by MARK PAVILONS

"They usually have two tellers in my local bank, except when it's very busy, when they have one." ? Rita Rudner

While funny, Rudner is on to something.

Jeff Bezos mentioned that he's offended by messages from banks who offer second mortgages to people so they can go on vacation. "That's approaching evil," he said.

Evil or not, that's the system.

My son constantly asks me how the big banks got so powerful and really control the bulk of the economy.

Well, things really took off here in 1817 with the creation of the Bank of Montreal. The Bank Act of 1871 brought all chartered banks in Canada under common regulation and our system was cemented with the establishment of the Bank of Canada in 1935. Chartered banks in Canada are privately owned, but legislated under the 1991 Bank Act.

Our banking system is regarded as one of the strongest and most stable in the world. While that's a great feather in our caps, let's not forget who helps propel these giants to the forefront ? you and me.

Canada's six largest banks have 90% of the market share and both RBC and TD are among the world's 25 largest banks.

I find it a bit odd that given the record amount of debt Canadians are carrying, the bank profits continue to soar.

RBC posted a first-quarter profit that exceeded expectations. For the quarter ending January 31, RBC posted a profit of just over \$3.6 billion, up \$449 million (14%) from the previous year.

"I don't know anyone earning 14% on their money, do you? Also, a bit of trivia ? it would take you more than 30 years to just sit and count to 1 billion!"

Other banks are in a similarly rosy position, despite some bleak economic forecasts.

Today, banks have widened their net, capturing business through selling car insurance, life insurance, and all sorts of investment vehicles. It's like a one-stop vortex for our hard-earned tax dollars.

Current technology allows us to spend 24/7 and access our money anywhere, anytime. That's cool, but is it, really?

We are fast becoming a cash-less society, but those in the restaurant business are encouraging consumers to use more of it.

"I haven't had more than \$50 in my wallet at one time in years. There's really no need for it.

Spending is just a tap away, whether it's debit or credit.

"I am old, so I remember a lot of changes in the past half-century.

"I opened a Scotiabank hockey club bank account when I was 11-years-old. I remember going to the bank and having the nice teller open my account and give me my first pass book. I was excited.

That joy waned quickly and considerably over the years as I aged and became a tax-paying adult.

I then encountered overdraft, banking fees, late fees, penalties, credit card interest charges, NSF cheques, and of course, mortgages.

My wife nudged me into online banking, so I seldom head into the RBC branch in Bolton anymore. I miss those encounters, but have heard that tellers are now few and far between.

Correspondence tends to be done over email and we never even visited the bank during our last mortgage renewal. If we need help, we can always connect with that friendly bot, who's not always the brightest. I have been cut off more times than I can count by these AI critters.

I beg to talk to a customer service agent with a pulse!

All in the name of efficiency? I'm not sure.

Money is a really weird commodity these days and some argue that it really doesn't exist. Sure, some people carry cash, but most of our transactions are by the push of a button, where data is transmitted here and there, changing numbers on some imaginary balance sheet. Digits, decimals, dollars and cents whiz around every second of every day.

But at the root of all this evil money are people. We are supposed to make the world go round.

And yet, we are at the mercy of wifi, data, internet connection and imaginary money from all sorts of colourful plastic cards, and intangible accounts.

And with this great power comes plenty of irresponsibility. And we're also inundated by scammers, cheats, thieves, hackers and deals too good to be true.

Fraudulent charges, hidden in small, rather inconspicuous ways, suck thousands from unaware consumers. Sure, credit card companies are on the hook for some of these, but given the aforementioned profits, I think they can afford these losses.

Canadians are worried. Recent surveys find almost 50% living paycheque to paycheque.

Uncertainty in the economy and job security fuel the fire. When mortgages are renewed in the next year or so, many of us are worried about new rules, new limits.

This dream we are a living is quickly becoming a nightmare.

TV commercials encourage us to consider reverse mortgages, home equity loans and debt consolidation.

We are told people are there to help.

Make no mistake, someone is making money on all of this, and it's not us.

I really feel for my fellow average citizens who see the pinpad message declined more often than they should.

I am saddened that hard-working Canadians are struggling to make ends meet and put something other than KD on the table.

If you are counting nickels instead of sheep as your head hits the pillow, I bid you peace and tranquility.