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## Standing Committee on Finance

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EVIDENCE

**Thursday, February 15, 2007**

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**Chair**

**Mr. Brian Pallister**

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• (1120)

[English]

**The Vice-Chair (Mr. Massimo Pacetti (Saint-Léonard—Saint-Michel, Lib.)):** Can we get started? The sooner we get started, the sooner we finish. We all have things to do.

The meeting is called for 11 o'clock to 12:30. I'm going to allow the Canadian Bankers Association their five to ten minutes for opening remarks.

The Department of Finance has already appeared, just previously, with the Minister of Finance making his presentation.

I will allow members to ask questions until 12:30, but I don't think we need the full time. What I'm going to do is start with five-minute rounds, then continue with those until every member has asked questions, and then I am in your hands.

Before we begin, we have some housekeeping. We need to approve the operational budget for extra costs to have witnesses appear, and there are some other miscellaneous charges. We are asking for \$9,200. Is that okay?

(Motion agreed to)

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you.

We can start. We're here pursuant to—

[Translation]

Pursuant to the order of reference of Thursday, December 7, 2006, today we will consider Bill C-37, An Act to amend the law governing financial institutions and to provide for related and consequential matters.

We will now hear from Mr. Campbell, from the Canadian Bankers Association.

[English]

**Mr. Terry Campbell (Vice-President, Policy, Canadian Bankers Association):** Thank you very much, Mr. Chairman and members of the committee. I really appreciate the opportunity to contribute to your review of Bill C-37, the amendments to the Bank Act and other federal statutes.

My name is Terry Campbell, and I am vice-president of policy at the Canadian Bankers Association. With me today are my colleagues Karen Michell, the vice-president of banking operations; and Linda Routledge, the director of our consumer affairs area.

Mr. Chair and members of the committee, the banking industry believes strongly in the importance of ensuring that the legislative

and regulatory framework is reviewed regularly in order to keep it up to date with technological developments, to eliminate obsolete provisions that no longer reflect sector realities, and to make the framework as efficient as possible for the benefit of Canadian consumers and the industry's competitiveness. Canada's banks and other financial institutions operate in an environment of rapidly increasing regulatory burden, particularly in light of the explosion of international regulation, which impacts the regulatory environment here in Canada. Since this environment affects the ability of institutions to innovate and serve their customers, it's critical that policy-makers and legislators here in Canada ensure that the legislative framework provides as much flexibility as possible and avoids imposing unnecessary or prescriptive measures.

With these principles in mind, we were deeply disappointed that the government did not adopt our proposals for the insurance rules. In our view, the facts of the case—the benefits to consumers of removing out-of-date restrictions and the positive experiences in other jurisdictions that do not have these restrictions—told a good, common-sense public policy story. Nevertheless, as we heard from the minister this morning and as we've heard from the minister in the past, the government has made it clear that changes will not be made to the insurance rules, so we are turning our attention to the piece of legislation at hand, Bill C-37.

As you know from commentary this morning, the bill is focused on technical matters. Those matters are the focus of our commentary to you today. Describing these matters as technical doesn't mean they're not important for consumers or the efficient operation of the marketplace. Indeed, in some key areas the government has taken positive steps in the direction of modernizing the framework.

One such step that we would like to highlight was mentioned this morning, and that was the government's proposal to amend the Bills of Exchange Act to allow for the introduction of electronic cheque imaging. Canada has one of the most highly efficient cheque-clearing systems in the world, but it's still largely based on the physical clearing of paper cheques. Cheques drawn on one bank and cashed or deposited at another must be physically transported between banks and processing centres—sometimes right across the country—before they can be cleared. The proposed amendments would allow financial institutions to use electronic images of cheques. In effect, rather than having to physically transport pieces of paper, images of the cheques could be sent electronically. Making an already-efficient system even more efficient will speed up the cheque clearing process, reduce the amount of time that funds are held, and, importantly, will reduce risk.

All of this will bring real benefit to consumers. In fact, as was mentioned, the banking industry has been working with the government on this and has agreed to reduce the maximum period for the very small number of cheques that actually have holds on them from ten business days to seven business days by April, and to then reduce that further to four business days upon full implementation of the Canadian Payments Association's cheque imaging system.

Another positive step in Bill C-37 is the proposal to streamline the foreign bank entry regime. We have a highly competitive financial services marketplace in Canada, with some fifty foreign bank subsidiaries and foreign bank branches competing to provide services to individual and business consumers.

While Canada's market is open to the entry of foreign banks, the actual structure of the legislation is highly complex, cumbersome, and difficult to navigate. The rules apply to real foreign banks as well as to what are called near-banks, or companies that are not banks in their own country but want to undertake activities in Canada that normally would not be regulated. The result of having to deal with both types of entities in the legislation currently is a very convoluted set of approval processes for near-banks, and these processes don't seem to be necessary.

We'll see the details in the regulations ultimately, but it appears that in this area Bill C-37 does help to streamline the system by focusing the rules on real foreign banks wishing to enter this country.

•(1125)

While we do think Bill C-37 does take positive steps, there are some areas where we feel some targeted changes would improve the bill. For example, in clause 31 of the bill, the government is proposing to extend the current disclosure requirements to deposit-type registered plans such as RRSPs.

We understand what the government is trying to achieve here, but we think the actual drafting of the bill is simply unworkable. The bill doesn't adequately distinguish among registered plans, deposit accounts, and deposit products; it doesn't take adequately into account that registered plans often contain products that are not federally regulated or are offered by institutions that are not federally regulated. In short, we think the current drafting of the bill could actually frustrate the government's policy intents and potentially confuse consumers.

We think this is a provision that needs further tinkering. It's a very technical area, and we're offering to work with the government to explore ways to address the technical issues.

A further and in effect final point we would like to raise this morning concerns bank holding companies. As you know, in the 2001 round of reform of the Bank Act—the regular five-year review—banks were allowed to structure themselves as holding companies, as banks in most other countries around the world are allowed to do. The option held out the promise of greater flexibility and a more targeted and streamlined regulatory system.

Unfortunately, while the power to create bank holding companies was provided in 2001, other rules in the Bank Act make it very difficult for banks to actually convert to this structure. In our view, it adds or could add regulation rather than streamlining it. The practical

result is that six years after the 2001 reforms, the bank holding company model is still not an option that banks can use.

In effect, what the rules say is this: a bank can enter into such transactions as offering loans or guarantees to its downstream subsidiaries without restrictions, but if those same subsidiaries become sister companies of the bank under a holding company, then restrictions on transactions between the bank and its sister companies now must be imposed, even though no new risk has entered the system.

We are working with the government and with the superintendent's office to sort through these issues, but in our view more work is needed. Given this committee's interest in the efficient operations of the financial sector, we would encourage the committee to urge the government to take steps to ensure that the holding company model is in fact a workable option for the industry.

Chair and members of the committee, in conclusion, let me thank you again very much, on behalf of my colleagues, for the opportunity to provide our thoughts and to engage in some discussion with you.

To sum up, while we have some improvements to the bill that we would encourage you to consider, we feel that this is a technical bill that makes useful improvements for the benefit of consumers and the efficiency of the system. The goal of making the regulatory system as efficient and effective as possible and of making the system as supportive of innovation and international competitiveness as possible is an ongoing task. Bill C-37 is an important step in this process, but of course we look forward to continuing to work with the government and with members of this committee on these important goals.

That concludes my remarks. We look forward to discussion with you.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Campbell.

Just to go through our procedure a little bit, if you're going to request amendments at this point, I would suggest that you speak to one of the members and have that member present the amendments, because we're going to perhaps go to clause-by-clause next week, at one point or another.

**Mr. Terry Campbell:** Fair enough.

**The Vice-Chair (Mr. Massimo Pacetti):** Members, let us start.

I have Mr. McKay, then Monsieur Paquette and Mr. Dykstra. We'll try with five-minute rounds.

**Hon. John McKay (Scarborough—Guildwood, Lib.):** Thank you, Mr. Chair.

Thank you, Mr. Campbell—and the others; I'm anticipating they'll want to chime in here from time to time.

As you know, any time you deal with banks, everybody has a negative bank story to tell, and you end up side-barred into a whole bunch of other issues. While I don't think there's much disagreement among members about the substance of this bill, there are a few things that grate here, which possibly there's an opportunity to fix.

My overall impression is that the amendments proposed are really catching up to the 20th century, when we're in fact in the 21st century. They don't address the core issue, which is that Canadians have embraced electronic banking very enthusiastically, whether computer banking, ATMs, or whatever. It speaks to the issue of what they expect in their electronic network and how the banks and the regulatory regime, in some respects, haven't kept up.

I referred earlier to a question to the minister, which I would appreciate you and the officials taking a crack at, with respect to moneys being removed from an account to pay for a bill, which is presumably within the payment clearance system, and that transaction not being instantaneous. We still seem to want to bundle checks across the country. Whether it's four days or seven days, it's rather irrelevant to electronic transfers these days. I would be interested in your general comments. You heard the question specifically.

I buttress that question as well with an e-mail I received from a constituent, and again I'd ask for your comment on this: "We have, for as long as it has been offered, viewed our statements via the bank's electronic payment and presentation service. Unlike other monthly statements"—for example, hydro, taxes, or whatever—"we view through the servers, however, the option to download an image of our Visa statement is not available." So he can't watch his statement accumulating over the course of the month, for some strange reason.

The general comment is that you seem to already be behind the times, and all this is going to do is create more frustrations and irritations. I'd ask you to respond, both you and the officials, not only to the inquiry I sent to the minister but also to this particular question.

• (1130)

**Mr. Terry Campbell:** I'll lead off with a few comments, and then I'll turn to my colleague Karen Michell.

First of all, I think you're absolutely right when you say that Canadians are enthusiastically adopting new electronic ways of banking. In fact, our own polling and the statistics show that paper usage is declining and electronic usage is just taking off like a rocket. I absolutely agree with you.

I also agree that it's a very fast-moving marketplace and it is really quite critical that we endeavour to keep the regulatory framework as up-to-date, 21st century-wise, as possible. There's no question about that. And that's always a challenge, because there are rules and regulations and process. So I take those two points.

But on your specific point, sir, about the electronic payments and your constituent's question, I'll turn to my colleague Karen Michell.

**Ms. Karen Michell (Vice-President, Banking Operations, Canadian Bankers Association):** Thank you.

Well, of course in an electronic age we're all used to having instant communication. At the push of a button, we can send an e-mail to one another. But in the payment system, we have a very sophisticated, safe, and secure system, and it requires a number of processes behind it. In terms of paying a bill, there are a number of billers who participate through the Canadian Payments Association and adhere to their rule H6. I'd encourage you to ask them more

about that. What it does is say that any biller who adheres to it will agree that the date on which you make your payment is the date on which they will post it to your account, so you won't incur any interest charges or losses there.

In terms of billers who are not part of that system, billers and financial institutions both advise that you should be paying your bill a day or two in advance to make sure it goes through. The reason is that if all billers and financial institutions were completely interconnected, the system would be only as good as its weakest link. Rather, what we do is have batch processing at the end of the day and transfer the funds from the financial institution of the payer to the biller.

As to the technical aspects, I'd certainly encourage you to ask the CPA more about them. It's a system that's very secure and very safe, and this provides a number of benefits to consumers. In Canada, with the payment system we have, if you're depositing a cheque, for example, you are able to get access to those funds immediately in the vast majority of cases. And that's essentially the financial institution giving you credit.

• (1135)

**Hon. John McKay:** Excuse me, just for a second. This is a Visa account. Surely a Visa account is part of the electronic payment system and should be instantaneous. Wouldn't you agree with that? It's just a matter of floats.

**Ms. Karen Michell:** There are a number of different billers participating in this system where it is instantaneous. Under rule H6 of the Canadian Payments Association, the biller who participates will say yes, the day you pay is the day it's posted to your account. Absolutely. But not all billers in the country participate.

I can tell you that the Canadian Payments Association is planning to issue a document in the near future about the electronic bill system in Canada. They are looking for public input on it.

**Hon. John McKay:** I understand the response to the question, but it still begs the question as to why on a Visa account the posting is not instantaneous. That doesn't make sense to me.

**The Vice-Chair (Mr. Massimo Pacetti):** At least within 24 hours.

**Hon. John McKay:** Not even within 24 hours. It should be instantaneous.

**The Vice-Chair (Mr. Massimo Pacetti):** Well, depending on whether there's a batch process. I mean, let's be reasonable here.

Can we go on to Monsieur Paquette and then we can come back to that?

[Translation]

Mr. Paquette, you have five minutes.

**Mr. Pierre Paquette (Joliette, BQ):** Mr. Dupont, in its presentation, the association focuses, among other things, on the fact that the bill doesn't adequately distinguish among registered plans, deposit accounts and deposit products. Furthermore, certain products in registered plans are apparently not federally regulated.

Is that a problem that you've identified or that you're working on? Is the association incorrectly interpreting the bill?

**Mr. Serge Dupont (Assistant Deputy Minister, Financial Sector Policy Branch, Department of Finance):** Since then, we've had talks with the association, and we're now studying how we can ensure that, from a technical standpoint, the wording of the bill produces the result we wanted to achieve, that is to say to ensure that consumers have relevant information on registered products.

**Mr. Pierre Paquette:** Does that mean that you could eventually bring forward amendments?

**Mr. Serge Dupont:** We're seeing whether we can propose better wording.

**Mr. Pierre Paquette:** At another meeting, we spoke with the minister about the \$50 amount that constitutes consumers' legal liability for their credit cards. You explained to me that that was deliberately included in the code and that there might also be jurisdictional problems. Let's try to go further than we did earlier.

**Mr. Serge Dupont:** As regards the \$50 limit, I'm told it applies under provincial legislation, in Quebec and in British Columbia.

**Mr. Pierre Paquette:** Is that under Quebec's Consumer Protection Act?

**Mr. Serge Dupont:** I don't know which act it is, but it's under a provincial act.

Some credit card issuing companies, including the best known ones, have no-liability policies. Consumer liability is nil. That's a deliberate gesture by those institutions to promote their corporate image and to inspire consumer trust.

Furthermore, to the extent that we want to develop a code that can apply to all parties, including those not federally regulated, a voluntary approach makes it possible to include everyone, whereas, if we wanted to legislate, that would only cover part of the system, not the rest, and would not necessarily produce the best results. And we're seeing that some are voluntarily going beyond the statutory requirements.

**Mr. Pierre Paquette:** Mr. Campbell, further to Mr. Dupont's remarks, would the Bankers Association be prepared to have electronic payments subject to this \$50 limit in the context of a code reworked by all stakeholders?

[English]

**Mr. Terry Campbell:** There is already a code in place.

[Translation]

Pardon me, but it's preferable that I speak in English.

[English]

As Mr. Dupont said, the credit card companies and issuers have agreed among themselves on the limit. There already is a code in place on debit cards, and there has been for about 15 years in fact. It works very well. As was mentioned this morning, it's actually overseen by the Financial Consumer Agency of Canada. If there are issues of fraud and so on, it provides a process so consumers will get their money back fairly quickly.

On the point made earlier about the importance of keeping the system up electronically, we know the government is going to be undertaking consultations on electronic...and when they call upon, as I know they will, we will certainly be participating.

Karen, did you have anything to add?

• (1140)

**Ms. Karen Michell:** I would simply reinforce that under the current debit card code of conduct, if there is fraud or unauthorized use of a debit card, the consumer is not liable for any of that loss at all. We're certainly looking forward to participating in the discussions about the electronic code as well, and on this issue also.

[Translation]

**Mr. Pierre Paquette:** Do I have a little more time?

**The Vice-Chair (Mr. Massimo Pacetti):** Yes.

**Mr. Pierre Paquette:** I put the question to the minister, and I'll put it to you as well. For a lot of people, the fact that the consumer protection system is financed by the banks, including the banks ombudsman, seems to give rise to a conflict of interest. The banks pay for the system that protects them. Some think that should be changed. I'd like to know the association's view on that point.

[English]

**Mr. Terry Campbell:** If you look around the world and if you look at regulatory bodies in Canada, like the FCAC or OSFI, all of the agencies are funded by the banks and other financial institutions. You have to ask the question about where else the money would come from.

I think one of your questions was a very good example in terms of independence and avoiding the problems of conflicts of interest in the ombudsman system. Canada has an absolutely first-rate ombudsman system, the OBSI, or Ombudsman for Banking Services and Investments.

While OBSI is funded out of levies on the banks, there is a range of protections and structures in place that guarantees independence. There's a nine-person board of directors, six of whom are independent, and the independents appoint themselves. The industry people have nothing to do with that. There is a wide range of very knowledgeable people. Senator Plamondon was on the board a few years ago.

The board cannot countermand or even review the individual decisions by the ombudsman. If you actually get to the stage where you have to terminate the ombudsman position, again it's only the independents that can do that. There's a whole series of protections in place that guarantee the independence of that body, so our sense is that when people go through the system, it works very well.

The other thing is that the ombudsman system that we have is very powerful in the sense that nobody wants to be on the wrong side of an ombudsman decision. The ombudsman has the power to name a particular institution. I believe it's true—and Linda can tell me if it's wrong—that there has not been a single recommendation coming out of the ombudsman's office, in the 11 years it has existed, where the banks haven't said, okay, you're right.

So I understand the point, but we think there is a range of protections in place.

**The Vice-Chair (Mr. Massimo Pacetti):** *Merci, monsieur Paquette.*

Mr. Dykstra.

**Mr. Rick Dykstra (St. Catharines, CPC):** Thank you, Mr. Chair.

A couple of things that I noted in your presentation, Terry, were a couple of issues that you did have and would like some further study on. One was the extent of the current disclosure requirements to deposit-type registered plans, such as RRSPs. I didn't see any recommendations in the report itself, and I wondered if you had a couple.

Further to that, as our chair indicated, we are moving to clause-by-clause fairly quickly. I don't know whether these are substantive changes or whether these are changes that could be negotiated between the ministry and the industry. We see your issue coming forward here. Having said that, obviously if there are a couple of recommendations, what might they be with respect to the first part of the RRSP section?

• (1145)

**Mr. Terry Campbell:** Fair enough. In terms of process, I think the best answer is just that we have raised this issue with the department. We have worked through our technical concerns in some detail in order to have the department understand them.

Our sense, sir, is that the legislation itself just talks now about plans. If you go through and try to sort it out, it's not at all clear what the disclosure would apply to. Is it a plan itself? Is it the products in the plan? Is it the accounts? RRSP registered accounts can have deposit accounts and can also have mutual funds and other things. It just isn't clear.

There's another issue. As you know, we're talking about the Bank Act, but the bill also amends a series of other statutes, including the Trust and Loan Companies Act, for instance. Trust companies can offer these things on their own account, but they can also act as trustees, which means a whole range of other plans can get sucked into the ambit of this, perhaps unintentionally.

The approach we're trying to take is to work with the department and suggest some areas that they may wish to consider, and we'll see how that goes.

Linda, is there anything you would suggest on that?

**Mr. Rick Dykstra:** I was going to ask the same question with respect to bank holding companies, but I suspect your response will be somewhat similar to that in terms of working with the ministry.

**Mr. Terry Campbell:** Yes, that's exactly right. We have been talking about this for a while. There are a couple of different elements. There are the capital rules and there are these related party rules within the Bank Act. There are tax rules. I have to say that these are thorny issues, but we are working ahead on them. Of course, we'd be delighted if the government said they're going to amend the bill, but these are thorny issues.

From our point of view, sir, this is an issue of the efficiency of the regulatory system and the ability of financial institutions to structure themselves so that they can serve the customers better or be more focused on how they can allocate their resources both here in Canada and internationally. We think that—

**Mr. Rick Dykstra:** When you touched on foreign and domestic, that kind of led into my next question.

**Mr. Terry Campbell:** Fair enough.

**Mr. Rick Dykstra:** That relates to one of the issues with respect to Canadian financial institutions at the present time requiring that two-thirds of their board members be Canadian citizens. The act now will actually amend that portion to mean that only a majority of the members of the boards of directors will have to be Canadian citizens, and that obviously opens the boards up to foreign folks sitting on them and giving advice. You supported that obviously. Could you comment on why it's a good idea to do this?

And perhaps I could get a brief comment from Serge as well.

**Mr. Terry Campbell:** We think it is a good idea because it provides more flexibility. If you look at corporate governance rules in other parts of the economy, there's a fair amount of flexibility here. We understand, of course, that these are Canadian financial institutions and there are rules within the legislation about keeping their Canadian character. But as the minister mentioned quite eloquently earlier today, these are international financial institutions. They have a base here, and quite frankly, they pay most of their taxes and keep their employment here, but they're international.

As you grow internationally, you need to have the perspectives on what is going on in the world. Sometimes it's very useful to have on your board senior qualified representatives from foreign jurisdictions, from foreign financial institutions that you've partnered with or acquired, and so on, so that they can bring in those perspectives. I think it's all about bringing perspectives, because boards work best when you have a variety of views. If you're planning internationally, your board should reflect that.

That would be our take, but I turn to Serge.

**Mr. Serge Dupont:** I think the issue is as the minister explained. It's trying to look to ways to encourage that we have strong Canada-based global corporations, including banks in this case, or insurance companies. With insurance companies—for example, life insurers—the large ones derive about 60% of their revenue from outside of Canada at this point in time. For banks, I think it's closer to 35% or 40% on average. As they grow that, whether it's in the United States or in Asia or in China, you want to say it would really be good to have that perspective on the board, and that's just giving them the opportunity while maintaining a majority-Canadian board.

• (1150)

**Mr. Rick Dykstra:** Obviously, therefore, we're not hurting our Canadian identity internationally by moving in this direction.

**Mr. Serge Dupont:** I think you may be giving yourself a way to have a stronger Canadian identity internationally.

**Mr. Rick Dykstra:** Thank you.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Dykstra.

Monsieur Thibault. Then I have Monsieur St-Cyr and Monsieur Del Mastro.

[Translation]

**Hon. Robert Thibault (West Nova, Lib.):** Thank you, Mr. Chair.

Thank you all for being here.

Mr. Dupont, Mr. Campbell raised a few problems that this bill could pose. In your view, would that require changes to clauses as presented? Could we amend the regulations for implementing this bill? Have you planned that or are these new ideas that are being presented to you?

**Mr. Serge Dupont:** The ideas were presented to us a few days ago, Mr. Chair.

That said, we have to complete our analysis, which we'll do as soon as possible in order to determine whether a technical amendment would enable the government to achieve its objectives more effectively. I think that, if we come to that conclusion, the committee will of course be informed of it. Otherwise we'll be working with the Bankers Association to ensure the bill is implemented as it is currently worded.

[English]

**Hon. Robert Thibault:** *Merci.*

Thank you, Mr. Campbell, for appearing and for your comments. I think there's been some discussion amongst parties or at committee on this bill and I think there's general agreement that it's a good advancement, it's a modernization and largely technical. We look forward, of course, to the other presentations and your recommendations, during clause-by-clause, on modifications that could be made to take out the irritants and make it work and achieve its goals.

But it's difficult to have the bankers here and not talk about something else. One of the concerns we hear of in the Canadian public is this. It appears that at a time when the banking sector is making increased profits and seems to be doing well both domestically and internationally, and on their brokerage arm as well, we see a proliferation of fees, and sometimes not with great understanding by consumers. So I would like you to take this opportunity to explain to me how fees for ATMs, for example, are established. Why is there such a differentiation? Sometimes if I'm in a restaurant and I have access to one, I'll pay a different fee than I will if I go to my local bank or to a competitor's bank and use their ATM machines.

Could you help us understand that process better?

**Mr. Terry Campbell:** Certainly. Thank you very much for that. I'll turn to my colleague Karen.

**Ms. Karen Michell:** Thanks very much.

In Canada we have a very competitive system. We have a number of different financial institutions competing for the business of their clients, and one of the ways they do that is to invest in networks like ABM networks to serve their own clients. We also do have a white label industry in Canada, white-label ABMs owned by institutions other than the banks. They also participate in this marketplace, and in fact they're the majority of the marketplace in terms of ABMs. So while banks do invest in the ABM network to serve their own clients, there is the possibility of getting your money out from another bank, a bank that you don't bank at. But there's a convenience fee associated with doing that. So it allows you the convenience to do that if you choose to do it.

Interestingly, a lot of Canadians don't choose to do that. They choose to use their own bank's ABM, or other ways of getting access

to their cash. For example, at a point-of-sale terminal, you can get cash back and there's no fee associated with that.

So there's a variety of different options in terms of how you can get your cash, how you can pay for goods and services, and sometimes there are fees associated with the convenience of doing that. But the range of options exists, and consumers are making rational choices about what works best for them.

**Mr. Terry Campbell:** In fact, if I could just elaborate for a moment, 75% actually of the consumers who use bank machines are choosing to use their own machine. They avoid that fee. What we see here is—and this isn't just us talking, this is actually documented—Canada has the number one ABM system in the world. If you look at it in terms of access to machines per capita, we're number one. And this is a big country. There's lots of geography here. We're the number one. If you look at other countries, they go down the list, I think. The United States is well down. The U.K. is something like number 22. The business model that underlies that particular aspect helps make this happen.

**Hon. Robert Thibault:** The ABM organization that you participate in, or the network, is it a corporation like Visa is a corporation, or those others? Does it operate as a corporation, as an entity?

•(1155)

**Ms. Karen Michell:** The Interac Association does operate independently and they have members that are financial institutions. But it's also interesting to remember in terms of how the system actually works. If you go to your own bank and you withdraw cash from an ABM from your own bank, they are not connecting to a broader network. They're servicing you through their own proprietary network. But yes, the connection between the various ABMs, the network that exists, is through the Interac Association.

**Hon. Robert Thibault:** Is that corporation profit-making?

**Ms. Karen Michell:** No, it operates to bring functionality to the system by connecting the systems together.

**Mr. Terry Campbell:** It has a board of directors and so on, but we'll have to look into its corporate status. It's non-profit, yes.

**Ms. Karen Michell:** Yes, absolutely.

**Hon. Robert Thibault:** So if I go to a white-label machine, as you call it, the one that I will typically find without a bank label in a mall, a restaurant, or a place such as that, I'll pay a higher fee. Is part of that fee to pay their share of the service on the Interac network? And is the other part the company's profit? Or is it the cost of operating and the profits of that white-label company?

**Mr. Terry Campbell:** Do you want to take that?

**Ms. Karen Michell:** Sure.

In terms of the white-label ABMs, they tend to be in places such as airports, convenience stores, and so on. The owners of those properties are charging rent for the space, so that's part of the cost. There is a cost to accessing the network, to maintaining the ABM, to the security around the ABM, and to stocking it with cash. There's a whole variety of costs associated with running them and providing convenient access to customers, if they choose to use them.

**Hon. Robert Thibault:** Finally, if I have the time—



**The Vice-Chair (Mr. Massimo Pacetti):** You have thirty seconds.

**Hon. Robert Thibault:** Is there an internal regulation mechanism to limit the charges that can be charged by these white-label machines? Or is it a completely free-market, competitive network?

**Ms. Karen Michell:** It's a competitive network and priced accordingly, because there are different costs associated with establishing a white-label machine somewhere such as a convenience store, an airport, or a sporting arena. The costs are higher, and it's a competitive market.

As I said earlier, consumers have choices in terms of how they want to access their money. If they decide to go to a corner store to get their groceries instead of to the grocery store, the cost might be a bit higher. It's a choice that you choose to make, and you're advised of the fees ahead of time.

[*Translation*]

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Thibault.

Mr. Dupont, do you have a comment on the subject? As far as you're concerned, it's more a matter of electronic payments, not automatic teller fees.

**Mr. Serge Dupont:** I would simply add that the operators of what we call these white label terminals are not regulated by the federal government. Businesses operate these networks and connect to the Interac network, but there isn't any regulation.

**The Vice-Chair (Mr. Massimo Pacetti):** Will that be part of your discussions when you resume them?

**Mr. Serge Dupont:** Yes. That consultation will likely include all the stakeholders in the payments system.

**The Vice-Chair (Mr. Massimo Pacetti):** Perfect. Thank you.

Mr. St-Cyr.

**Mr. Thierry St-Cyr (Jeanne-Le Ber, BQ):** Thank you, Mr. Chair.

I'm going to continue by asking you a question on transaction delays. I think there are two aspects: there's the practical reality—earlier you explained a bit how the mechanics, protection and security work—but there's also people's perceptions.

People in my riding often talk to me about that, and I've previously experienced it myself. Perhaps I could cite some personal examples that have not been distorted by intermediaries. When we pay our credit card bill, the money is withdrawn from our bank account. However, if we go and look at our Visa, MasterCard or whatever account on the Internet, the transaction doesn't appear immediately. It will obviously appear a few days later, with the date on which the amount was withdrawn.

Now, in consumers' minds, there's a moment when they don't know where the money is. That's how this is presented. Wouldn't it be better to have amounts withheld on accounts, rather than withdraw the money from the account? That's a bit of a concern for people, who wonder about it.

I can give you another actual example, which I experienced last year at the same time. I received a cheque from my broker, and I

gave him one to invest in an RRSP. That happened the same day; it was the same transaction. I deposited my cheque immediately. The amount of the cheque was greater than \$1,000. Usually the bank automatically authorizes amounts under \$1,000 without delay. The balance is drawn on my line of credit, as a result of which my line of credit goes into the negative, whereas my account shows an equal, positive amount. However, I can't transfer the money from one to the other to stop paying interest.

When I called my banker, he told me that, when I write a cheque, they pay the other institution immediately. So there has to be money in my account. I asked him whether the other institution gave them the money immediately. He answered that they had to wait five, six or seven days. Something isn't consistent. When I write a cheque, why do they immediately take the money from my account, allegedly, whereas there's a delay when I deposit a cheque?

There's an inconsistency in that mechanism. There's something very concrete, very palpable. Even in the case of an Internet transaction, the money is withdrawn or it isn't, but it can't be in limbo.

Can you do something about the perception and about conducting transactions in real time?

• (1200)

[*English*]

**Mr. Terry Campbell:** Those are really very good questions, because they go right to the heart of what the process is for clearing cheques, for instance, or what the process is for electronic payments.

I'm going to turn to my colleague Karen in a moment, but we're talking here about quite a sophisticated technological system. If we went back 20 to 30 years ago, when we had banks open from 10 until 3 Monday to Friday and there was none of this, the range of payment options and transactions options has increased enormously since then. Having said that, some basic principles about how cheques clear and so on still have to be followed. They can be improved and automated, but maybe I'll turn it over to Karen.

**Ms. Karen Michell:** In terms of how the system works, there were questions about why it takes time, where the money is, and so on. As Terry mentioned, it is a very sophisticated system. Your financial institution will take in all of the cheques that is has that day and process them that night. The cheques go to a processing centre, are sorted by financial institution, and so on. It's quite a sophisticated system, and I would really encourage you to ask the CPA more about how it works in terms of detail. We'd also be quite happy to invite you down to have a tour of some of these cheque processing systems.

**Mr. Terry Campbell:** Yes, we'd be delighted to do that.

**Ms. Karen Michell:** It's an incredible thing to see.

What happens is that the cheques have to both clear, which is the process of netting out the amounts that all financial institutions owe each other, and then settle, where the institutions pay each other the difference. When the money is going from the financial institution where you have paid your bill to the financial institution of the biller, that's the process of settling and clearing. In the meantime the money is in a suspense account and going across.

As I had said earlier in response to an earlier question, if all billers and all financial institutions were completely interconnected, the system would be fairly fragile. It would be only as strong as its weakest link. What we have right now is a very efficient and secure system.

[Translation]

**Mr. Thierry St-Cyr:** I understand that. However, the process is the same for everyone. If, on a single day, I receive a cheque, I deposit and I write a cheque, I agree that my institution may not have received my money from the other organization. But it hasn't given away my money either. So there's no reason for it to collect interest during that period. The same rule should apply on both sides.

I don't see how they can immediately withdraw the money from my account, then give it later, and collect interest because they haven't yet received the money which is probably still being held somewhere in an intermediate account elsewhere.

[English]

**Mr. Terry Campbell:** This goes back to the issue that was raised earlier as well. Karen was talking about the move to reduce the cheque holding period. You're talking about online payments and so on, and it's a fair point. I think what's happening here is that the Canadian Payments Association does have this system. It's called rule H6, and if you are a biller or a financial institution that participates in that—by which I mean that you've registered with it and you satisfy the system requirements for interchange and all those sorts of things—then you have to abide by the rules of that. It still takes a little while to process it, but it's credited to the account that day. The challenge is that there are a number of billers out there, either for technical reasons or whatever, that are not part of that rule H6.

We understand that the Canadian Payments Association is aware of this issue as well. They run that system. They're looking at ways to consult on it in order to address the issue that you're talking about. So we understand your point.

•(1205)

[Translation]

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. St-Cyr.

Mr. Del Mastro.

[English]

**Mr. Dean Del Mastro (Peterborough, CPC):** Thank you, Mr. Chair.

Thank you, panel, for appearing before the committee today. I have a couple of questions.

Mr. Campbell, I specifically want to go back to your point with respect to registered plans and clause 31. You mentioned that you are seeking information on some funds “that are not federally-regulated or are offered by institutions that are not federally-regulated.” Could you comment briefly on the Canadian Bankers Association position on the need for a single securities regulator in Canada?

**Mr. Terry Campbell:** I can comment briefly, but I can also probably go on for half an hour.

**Mr. Dean Del Mastro:** I only have five minutes, so I'll take the Coles Notes version.

**Mr. Terry Campbell:** I know, and thank you for the question.

The Coles Notes version is that we strongly support a single securities regulator, because although it has big geography, this is a very small country. We have 13 separate regulators in this area for what is in effect a single capital market. We understand completely that it is very important that there be local presence and the ability to deal locally with investors, but we feel it is very important to have a single set of rules, a single authority, for efficiency purposes. We know most of the provinces have come together to create a passport system. We think that's a first step, but it's not the last step. We think it should evolve to a single authority.

On a single authority, we're trying to convince as many of the jurisdictions as we can to come together to agree to do this. This may take some stages, but it is the right way to go in terms of its evolution. We certainly agree.

**Mr. Dean Del Mastro:** It would probably help Canada to attract some additional foreign capital as well, wouldn't it?

**Mr. Terry Campbell:** That would be our sense as well. It makes it more efficient.

**Mr. Dean Del Mastro:** Thank you.

Ms. Mitchell, I want to go back to a point that was brought up by Mr. McKay a little while ago, specifically with regard to electronic transfer of payments and so forth. Specifically, he mentioned credit cards. There are others, such as the electronic transfer of funds, say, from banks to small businesses. They often take a couple of days to arrive in an account, subsequent to receiving payment confirmation from the bank. You have indicated that it's a complex system, but it doesn't seem to me that there is any incentive for the banks to work on this problem, since you're really making interest on the fact that you're dragging your feet on it. It sounds like it's pretty profitable for the banks, from my perspective.

**Ms. Karen Michell:** Actually, the banks don't make a profit on that money. While the money is in transit, it's in a suspense account. It's not interest bearing, but the incentive to work—

**Mr. Dean Del Mastro:** No, it's 19% on credit cards that stay outstanding for a couple of days longer than what they actually should.

**Ms. Karen Michell:** On credit cards themselves, credit cards in Canada are partly a credit tool, of course, but most customers actually use them as a payment option. The vast majority of customers in Canada don't actually pay any interest whatsoever because they pay off their balances in full each and every month.

Again, this is another incredibly competitive market. You have over 600 issuers of credit cards, and you have a whole range of options in terms of what kind of product you're looking for. If you do in fact carry a balance each month, there are low-rate cards and there are also other ways of getting a credit product. Lines of credit are increasing, whereas debt on credit cards is decreasing.

**Mr. Dean Del Mastro:** Okay, but having said that, again, it's counterintuitive that there would be an incentive for the banks to shorten the timeframe to apply payments toward credit cards if they're making interest money while they're dragging their feet. Would you agree with that?

**Ms. Karen Michell:** What I would say is that there is an incentive for the banks and all financial institutions to ensure that there is an incredibly efficient, but also safe and secure system. We need to bear that in mind.

Canada's payment system is unparalleled. It's one of the best in the world in terms of efficiency. That's why currently, when people here participate as billers in the CPA's rule H6, for example, they do say that if you pay the bill on a certain date, they will put it to your account on that date. Cheques are another good example. You get provisional credit in the vast majority of cases right away.

**Mr. Dean Del Mastro:** That's a really big answer to a pretty simple question, which is that without incentive, the banks may not shorten the timeframe to actually apply payments to credit cards because it is very profitable, and likewise for a small business when they're receiving payments from the banks. For the banks to drag their feet means the small business's line of credit is outstanding for an extra couple of days, which means the bank is making money on money that should rightfully be in the bank account of the small business.

I'm just suggesting that there is no incentive for the bank to speed this process up, as Mr. McKay has argued.

• (1210)

**Mr. Terry Campbell:** Can I comment on that point about incentive? As the minister said this morning, there are lots and lots of financial institutions. There are 70 banks and over 2,000 credit unions, caisses populaires, and trust companies. It is a highly competitive marketplace, and if you look at the spreads in Canada, they are among the lowest in the world.

The incentive, sir, is that the only way you can keep your head above water in a competitive marketplace is to try to respond. Again, you go back to responding to the needs of consumers. If you don't, you'll hear about it. If you don't, people will go elsewhere. They have those options.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you.

Thank you, Mr. Del Mastro.

We're going to go to John McCallum, then we're going to go to Mr. Norlock, and then Ms. Bell.

**Hon. John McCallum (Markham—Unionville, Lib.):** Thank you.

I think we could all agree that this bill does useful things, but I don't think it could be described as bold and visionary for the 21st century. So far as I know, there is a fair degree of consensus on this bill.

Mine is a bit of a hypothetical question, and it's to Mr. Campbell. What have other countries been doing to make themselves more internationally competitive? And if you were to rewrite this bill or if it were to come back in a year—it won't, but if it were to—what would you do to make it better? Not about insurance; we know what

you think about that, but at the international level, what have other countries been doing and what might we learn from that in terms of making our own banks more competitive internationally?

**Mr. Terry Campbell:** That's a really interesting question.

**Hon. John McCallum:** You only have a minute to answer.

**Mr. Terry Campbell:** I would start off my minute by saying I would say, quite frankly, sir, that other countries can learn an awful lot from the Canadian regulatory system and the Canadian industry. Look at the United States, it's highly fragmented. We've got a national system.

I would come back to the point that Mr. Del Mastro raised. Let's look at our regulatory system in Canada. We could make it more efficient.

If you look at Australia, if you look at the United Kingdom.... If you go back in time 10 years in the United Kingdom, you had nine, ten, half a dozen different authorities. They have put that together in a single financial services authority.

In the province of Quebec you had a series of regulatory bodies that came together as the AMF; ditto Australia.

I think that's one area where Canada could really improve, because the more efficient the structure of the regulatory system, the better it is for consumers, through better enforcement, lower cost, more efficiency.

That would be my 30-second answer.

**Hon. John McCallum:** What about international, though? Those things are not terribly international. How to be internationally competitive was my question.

**Mr. Terry Campbell:** I see. I was using international examples.

Colleagues, what do you think?

**Hon. John McCallum:** There's one obvious example that banks have argued for quite a number of years. Some of you at one point wanted to merge.

**Mr. Terry Campbell:** I understand that's the case.

**Hon. John McCallum:** And I seem to remember the case was made on grounds of international competitiveness. Now, I mention that and you don't even mention this possibility.

**Mr. Terry Campbell:** There is no question that around the world you are seeing structural change in the industry. In terms of mergers and restructuring, there are different ways you can achieve the kind of clout you need internationally. As I'm sure you'll know, Mr. McCallum, these sorts of questions are so tied up with individual business decisions, but what I can say—

• (1215)

**Hon. John McCallum:** I can understand there are divisions among the fraternity, so the CBA is limited in what it can say.

Let me change the subject, then. And thank you very much. I don't mean to interrupt, but I don't have much time.

**Mr. Terry Campbell:** Fair enough.

**Hon. John McCallum:** I have one last question to Monsieur Dupont. What about the interests of consumers?

I note that in June 2006 there was a Senate committee talking about consumer-related measures. In light of that report, does this bill address consumer issues sufficiently? And what consumer protection challenges would continue to exist after this bill is passed?

**Mr. Serge Dupont:** There are a number of issues that we're working on outside the scope of this bill, issues that we'll continue to work on. I mentioned the voluntary code for electronic transactions, which is an important one, we think. The issue was raised of a common securities regulator. We think that is also good in terms of investor protection, and I think we need to continue to work on that. So there are a number of important files that we'll need to work on.

We're also continuing to work with the provinces, and collaboratively with the provinces, I might say, in further strengthening the ombudsperson services, which we think is an important part of the system.

And the FCAC is going to evolve over time. We think there is scope, for example—and I think the Senate committee indicated this, and other well-spoken individuals have mentioned this need—to ensure continued consumer education, financial literacy, and so forth. Those are issues that governments have to continue to work on.

This bill admittedly, in the consumer area as in others, does not do as radical a change as in 2001, for example, when the FCAC was constituted, but it does enhance disclosures and it does provide some tangible benefits. So it's one step along the way, responding in part to the Senate committee. There is more to come.

**Hon. John McCallum:** Thank you, Mr. Chair.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. McCallum.

We have Mr. Norlock.

**Mr. Rick Norlock (Northumberland—Quinte West, CPC):** Thank you, Mr. Chair.

Thank you, witnesses, for coming today.

I've had numerous inquiries from constituents who are very concerned about identity theft, and in particular about someone stealing their mortgage. In one particular case—which was of national notoriety, of course—the bank was ready to turf the person out of the house because they were owed money, and it wasn't really that important who owed them the money: they just were owed money. Of course, because it became national in scope there were solutions made such that, in the end, the right thing was done.

Since we are speaking now, frankly, to the men and women who are your customers and who are our constituents, could you go through the steps that the banks, in cooperation with other institutions, have enacted to prevent this identity theft from costing innocent people their homes?

**Mr. Terry Campbell:** The first step we're taking is to strongly encourage the government to bring in legislation to make identity theft a crime. It is not now a crime. You can have the trunk of your car filled with the tools to break and enter, and that's a crime, but having the tools for identity theft is not a crime. We think the Criminal Code should be changed.

As for the mortgage issue, this has been an issue at the court level. The court that made some decisions in this regard about one of the small trust companies has reversed itself, and we think that's a good thing.

Remember who the bad guys are here. They have a high incentive to try to stay ahead of the police and of financial institutions. We literally work continuously with law enforcement, with the government, and with our regulators to try to stay ahead of them. We have very detailed security systems internally. We have systems that can detect if your credit card is being used inappropriately. We have very strong due diligence.

But this is a moving target. If you put the PIN in the right spot, the bad guys are going to be ahead. All I can really tell you is that we take it very seriously. We don't ever want to have a customer of ours have this kind of problem; we want to stop it before it becomes a problem.

• (1220)

**Mr. Rick Norlock:** I realize that. As far as identity theft becoming a Criminal Code violation or a crime is concerned, most of those offences are covered under the fraud section, as you know. I can take under advisement, being on the public safety and international security committee, that this may be a good vehicle, but this is again placing the onus somewhere else.

What a customer of those who belong to your association needs to know is that when they're sitting in their home they don't have to be worried that the knock on the door will be someone from the bank coming to kick them out of their house. What have you done internally, perhaps in cooperation—I know in cooperation—with others specifically to make your customers feel better about knowing that you aren't going to turn on the customer you hold the mortgage on?

**Mr. Terry Campbell:** There is a whole series of due diligence steps, and we are continually reviewing them. That's the main point. You have to know who your customer is. That's the key to everything here when you talk about public security.

By the way, concerning the fraud provisions under the Criminal Code, their sphere is different from identity theft. One isn't the same as the other. Identity theft can lead to fraud, but identity theft by itself is not a crime, and it should be.

It all comes down to the due diligence that we put in place internally and with the land title system. We're encouraging governments all the time to keep the land title system up to date and as effective as it can be. Internally, it all focuses on knowing your client, and we're updating that all the time.

**Mr. Rick Norlock:** The other question I had—and most of it was answered—related to the fees surrounding ATMs. One of the issues raised in the Parliament of Canada by various opposition parties—and sometimes we share some of the same concerns—is that other countries don't charge ATM usage fees to their customers. You've very eloquently stated why Canadian institutions do charge.

I suppose when you say we're one of the largest users of ATMs, that we have one of the world-class systems, we could argue that the reason we have this is that people pay such high user fees. Therefore, you're able to build it, and you keep building on that.

I think we need to be able to articulate appropriately, especially when folks are trying to pay their credit card balances or bill off before they have to pay interest. When people use the services that banking institutions provide, and they see such profits at the same time as they're struggling to make ends meet, you have to be very sensitive, not only to be able to articulate in saleable ways but actually to deliver vis-à-vis comparing the fees that people pay now, and to be able to show....

What I'm saying is that when we go to the gas pumps, we see the little scale from the gas companies that says exactly how much profit they make vis-à-vis the costs that are incurred in producing the product, and who's taking a bite out of that. I'm wondering if there isn't a better way that you could articulate to your clients, who are our constituents, to show them why those fees are as good a deal as you say they are.

Would you like to respond to that?

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Mr. Norlock.

Mr. Campbell, please answer quickly, because I would like get one more member in.

**Mr. Terry Campbell:** Very quickly, most other countries do in fact have fees, and Canada's are lower than theirs. Ours are lower than those in the United States and all the countries in the EU.

Sometimes a reference is made to the United Kingdom, where these convenience fees aren't charged. As I said earlier, we're number one in terms of ABMs. The United Kingdom is way down at number 22—it's an access issue here—and that gap is actually widening.

It's a fair point. Again, we would welcome you to either come down to Toronto or up to Montreal to tour the facilities and see how it works. We can come up and do more of a briefing. But the main thing is—

• (1225)

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you.

Thank you, Mr. Norlock.

Ms. Bell, I'm going to keep you to the five minutes. Thank you. I want to finish on time.

**Ms. Catherine Bell (Vancouver Island North, NDP):** Thank you, Mr. Chair.

Thanks to the presenters today. I'm sorry I missed your presentations.

I would like to follow up on the line of questioning that Mr. Norlock just started with regard to the bank machine fees, and perhaps you can finish your response.

**Mr. Terry Campbell:** Thank you very much.

**Ms. Catherine Bell:** But I do have some specific questions. Because I'm with the NDP—

**Mr. Terry Campbell:** Yes, indeed.

**Ms. Catherine Bell:** —and your response to our suggestion that the fees be eliminated was very strong, I want to give you a scenario.

Not everyone lives in downtown Toronto and Montreal. A lot of us live in rural communities, in small places where we used to have banks. The banks were taken out of these communities, and consumers were left with no choice. You're talking about ATMs being a convenience. In some places they're not a convenience, and people who are struggling to make ends meet, counting their pennies, find it a real hardship to pay extra fees when they have no choice but to use an ATM. So that's one scenario.

You talked earlier about responding to the needs of consumers, and we're hearing from a lot of people about bank fees, so we're also responding to the needs of these consumers and bringing this issue forward. My question is, why do we have such fees when the banks are making such a huge profit, and people see that and feel that their \$1.50 or whatever isn't going to hurt? Can you absorb those fees anywhere else? Basically you talked about being on the side of the consumer, but at the same time, you said that if they don't like having to pay those fees, then maybe they should look at going elsewhere.

**Mr. Terry Campbell:** Thank you.

Karen, would you like to answer?

**Ms. Karen Michell:** As we said and outlined in our paper, we have a system in Canada where ABMs are one of many options that you can use to access your funds, where you can pay for goods and services. It's part of the network that is offered to clients in terms of online banking, telephone banking, ABMs branch availability, and so on.

The other thing that's really been growing in volume over the past number of years is the point-of-sale network in Canada. It's interesting to compare that to the U.K., for example. Point-of-sale doesn't seem to be as big an option for consumers there, but here in Canada people are using it as a means to pay and also get back cash. So if you're using your debit card at the point-of-sale to buy your groceries in a grocery store, you can also get cash back right then and there. It's interesting, because merchants appreciate this option as well. For the small business, it's a cash-rich business and also a way of managing their cashflow.

In Canada, there's a system that provides options, choice, and convenience to customers.

But I would go back to what my colleague said earlier in terms of affordability. In Canada, there's also a whole range of service packages. The FCAC and banks encourage you to talk to them and look at the options that most suit your needs, your patterns of withdrawal, and so on.

**Mr. Terry Campbell:** In fact the FCAC, which is government regulated, has this as their motto: shop around. They have packages, comparative online tools, where you can go through and find out what works best for you. They have about 110 different account packages from 19 institutions.

**Mrs. Linda Routledge (Director, Consumer Affairs, Canadian Bankers Association):** I want to add that in Canada we very much have a user-pay situation, where those people who use the banks' products and services pay for them. Compared to another country where they may not charge for a particular service, the cost of offering it is added on to the cost of other services. So some of your lower-income people may be subsidizing what other people are actually using. In Canada the user pays, so what you use is what you pay for, and that's all. There are low-fee accounts offered where ATM transactions are included for fees as low as \$4 a month. So it's certainly affordable for most people.

• (1230)

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you, Ms. Bell.

Mr. Campbell, before we wrap up, we've heard a lot of comments around the table. Of course banks don't always have a positive image, but I want to put on the record that I thank the Canadian Bankers Association for writing to Mr. Flaherty on February 13. I have a copy of the letter as well.

I want to put on the record that you're confirming that "Canada's banks do not refuse to pay a claim on a mortgage life insurance policy or a mortgage disability policy because the insured died or was injured while serving in Afghanistan." Again, the banks are waiving the exclusion for soldiers serving in Afghanistan. I want to put on record that Mr. Protti also says in his letter, "Once again, let me state the banking's industry full support for our soldiers who are working to help the Afghan people rebuild their lives, and who are putting their own lives in jeopardy as a result."

I think that's well put, and I want to thank the Canadian Bankers Association for that.

**Mr. Terry Campbell:** Thank you, Mr. Chairman. I really appreciate that.

**The Vice-Chair (Mr. Massimo Pacetti):** For members, we're back here on Monday from 3:30 to 6:30, and we're going to have all the witnesses. Apparently we're going to be able to get all the witnesses in, so there's going to be clause-by-clause on Tuesday. If you can get your amendments in *pour lundi*, we'd appreciate it.

Monsieur Dupont.

[*Translation*]

**Mr. Serge Dupont:** I'd like to add a final comment, if I may.

A number of good questions have been asked about electronic payments. They were questions asked by a number of members concerning the time that elapses between the moment payments are withdrawn from an account and when they are deposited to another account.

The minister expressed an interest this morning, and that's really something we'll want to take up with members of the Canadian Payments Association. We'll be telling them about committee

members' concerns and asking them to look into this matter so that people at least understand what goes on and why it happens that way. In that way, we'll be able to have some certainty about the results.

**The Vice-Chair (Mr. Massimo Pacetti):** There are some representatives of an agency who can also come and testify. They haven't appeared since I've been sitting on this committee. So a review of all these fees is a study that we could conduct. Perhaps that would help the departmental people in their analysis.

Mr. Thibault.

[*English*]

**Hon. Robert Thibault:** I'd like to give notice of motion that the committee compel the Minister of Justice to take the actions necessary to include the act commonly known as identity theft in the Criminal Code and that this be reported to the House.

**The Vice-Chair (Mr. Massimo Pacetti):** Is this an official notice of motion?

**Hon. Robert Thibault:** This is an official notice of motion.

**The Vice-Chair (Mr. Massimo Pacetti):** Thank you.

So you'll submit it to the clerk for translation, and then we'll dispose of it appropriately.

[*Translation*]

Mr. St-Cyr.

**Mr. Thierry St-Cyr:** This is good today: we have lunch and we finish a little early. Could we also have lunch when we sit from 11:00 a.m. to 1:00 p.m.? That would enable us to prepare for our other activities without there being an interruption.

**The Vice-Chair (Mr. Massimo Pacetti):** Perhaps we could discuss that, but that's at the Chair's discretion.

On Monday, for example, we'll be sitting from 3:30 to 6:30 p.m. We'll see when we sit on Tuesday. However, if we sit for two hours, from 11:00 a.m. to 1:00 p.m., I don't know whether that's necessary. We can talk about that, but that's at the Chair's discretion. Sometimes it's not necessary, and the cost is borne by the committee, which has a budget for that.

**Mr. Pierre Paquette:** Elizabeth could occasionally prepare a muffin or two for us.

**Some hon. members:** Oh, oh!

**The Vice-Chair (Mr. Massimo Pacetti):** We'll consider that suggestion.

Thank you.

[*English*]

The meeting is adjourned. Thank you.









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