

Submission re. Updated Merger Enforcement Guidelines

Canadian Credit Union Association

February 2026



The Canadian Credit Union Association (CCUA) welcomes the opportunity to respond to the Competition Bureau’s [consultation](#) on its updated Merger Enforcement Guidelines (the “Guidelines”).

Introduction

The updated Guidelines will play an important role in how the Bureau analyzes mergers and in its overall assessment of their impact on competition. In today’s Canadian financial services sector, where scale, technology, and regulatory demands are reshaping market dynamics, it is critical that merger enforcement reflects how competition actually occurs – not only with the traditional players but across an increasingly diverse ecosystem of credit unions, banks, fintech firms, digital lenders, and other non-bank financial service providers.

Consumers and small businesses often maintain relationships with multiple providers, can switch between institutions more easily, and use digital platforms that reduce geographic and informational barriers. That being the case, mergers among credit unions often are driven by the need to remain strong competitors within Canada’s financial services system, able to invest in digital infrastructure, robust cybersecurity systems, and product innovation in a market dominated by a few large financial institutions.

Updating the Guidelines provides the opportunity to ensure that merger enforcement can protect competition while also supporting a competitive financial system. CCUA provides the following recommendations to strengthen the Guidelines and ensure that the Bureau’s merger enforcement efforts appropriately reflect competition in financial services and the unique characteristics of credit unions. In particular, CCUA recommends that the Guidelines:

- Recognize the cooperative model and its member vote as inherently supporting consumer protection;
- Operationalize the new structural presumption with sector-specific rebuttal pathways;
- Include a clear framework for non-price effects that avoids speculative harms;
- Provide guidance on how rivalry-enhancing benefits will be weighed in the determination of a “Substantial Lessening of Prevention of Competition” (SLPC);
- Include pragmatic criteria for businesses facing viability pressures;
- Distinguish consolidation among small local credit unions from serial ‘roll-up’ strategies;
- Adopt a proportionate and predictable review process for low-risk transactions; and
- Coordinate with the credit union sector’s existing prudential and ministerial review processes.

Background

CCUA is the national trade association for Canada’s credit unions and caisses populaires, excluding the Desjardins Group. With over \$325B in assets, Canada’s 161 credit unions and caisses populaires represent a 6.4% share of domestic assets held by all Canadian deposit-taking institutions and serve more than 6 million Canadians. As leaders in small-business lending, credit unions operate from 1,608 locations nationwide and are the only financial institution in more than 350 communities.

Credit unions are an important part of Canada’s financial system. They are community-based financial institutions that provide full-service financial solutions while being fully Canadian-owned. Offering

locally-informed solutions and reinvesting their profits and expertise back into their communities, credit unions have been recognized as the recipients of the Ipsos Financial Service Excellence Award for Customer Service Excellence among all financial institutions for 20 consecutive years.

CCUA Comments

Recognize the cooperative model and member vote as consumer protection

CCUA recommends that the Bureau explicitly acknowledge credit unions' cooperative ownership structure when assessing mergers in the financial services sector. Unlike shareholder-owned institutions, credit unions are owned by their members – the very consumers who rely on them for deposits, loans, and financial services. Those members must generally approve any proposed mergers after detailed disclosure and consultation.

This democratic approval process serves as a powerful consumer protection mechanism, as the affected members assess whether a proposed merger will improve service quality, maintain local access, and deliver better long-term value. Their vote reflects an informed judgment on potential impacts to competition.

CCUA further recommends that the Bureau adopt an administrative deference principle and a streamlined review pathway for credit union mergers that have received member approval and present no clear structural or behavioural competition concerns. Where transactions have been democratically endorsed by member-owners and are already subject to extensive prudential oversight from their provincial regulator, the Bureau should assume that the merger advances legitimate efficiency, stability, and public-interest objectives unless there is affirmative evidence of competitive harm.

Operationalize the new structural presumption with sector-specific rebuttal pathways

While CCUA supports the Bureau's transparent use of statutory structural thresholds, including the post-merger Herfindahl-Hirschman Index (HHI) and market share indicators, we also recommend that the updated Guidelines articulate sector-specific rebuttal evidence relevant to retail financial services, particularly cooperative financial institutions. This would include:

- Evidence demonstrating that consumers and small businesses would switch to banks or fintech leaders for deposits, mortgages, and small-business credit if a credit union became less competitive;
- Evidence that consumers and businesses commonly use multiple financial institutions, switch products easily, and rely on digital tools that connect accounts across providers; and
- Evidence that modernized payments and digital banking make it easier for customers to change providers.

Structural concentration measures alone may not fully capture the competition posed by banks, digital lenders, and fintech platforms. While credit unions often have a strong presence in rural, remote, and underserved communities, competition in retail financial services increasingly occurs across digital channels, such that local structural concentration may overstate competitive harm. Recognizing these realities would allow structural presumptions to be applied in a manner consistent with actual competitive dynamics.

Include a clear framework for non-price effects that avoids speculative harms

CCUA supports the Bureau's consideration of non-price effects, including quality, innovation, service, and privacy, but also encourages a principled, evidence-based framework that avoids speculative or theoretical harms.

For retail financial services, the Guidelines would benefit from greater clarity on which non-price indicators the Bureau considers most probative – such as service reliability, digital platform functionality, fraud prevention capabilities, branch accessibility, and customer support responsiveness.

The Bureau should also explain how merging parties can credibly demonstrate pro-competitive non-price benefits arising from increased scale, including investments in cybersecurity, advanced fraud detection, digital service delivery, and regulatory compliance infrastructure. These improvements often enhance consumer welfare but may not be easily captured through traditional price-based analysis.

Provide guidance on how rivalry-enhancing benefits will be weighed in the SLPC

With the repeal of section 96 of the *Competition Act*, CCUA requests practical guidance on how rivalry-enhancing benefits will be assessed under section 93 (factors to be considered regarding prevention or lessening of competition).

In the credit union context, mergers frequently enable investments that strengthen competitive positioning against much larger financial institutions. These benefits may include enhanced digital banking platforms, stronger cybersecurity controls, broader product suites, improved risk management, and greater operational resilience.

The Guidelines should clarify how such benefits will be weighed against any potential competitive concerns and explicitly recognize that qualitative evidence may be appropriate where quantification is impractical – particularly in areas such as technology modernization, data security improvements, and service quality enhancements.

Include pragmatic criteria for businesses facing viability pressures

CCUA encourages the Bureau to streamline evidentiary requirements and expedite timelines when one credit union party to a proposed merger is facing viability pressures. In these cases, merger reviews should focus on preserving member service continuity and financial stability.

The Guidelines should recognize realistic alternatives to liquidation, including asset transfers, stage integrations, or temporary bridge arrangements. This is especially important in rural and smaller communities where credit unions often are the only financial institutions maintaining physical branches and direct community presence.

Distinguish consolidation among small local credit unions from serial 'roll-up' strategies

CCUA recommends that the Bureau clearly distinguish consolidation among small, community-based cooperative institutions, which are designed to support credit union growth and better service to their

members, from serial acquisition strategies that may raise cumulative competition concerns in other sectors.

Rising technology costs, cybersecurity requirements, regulatory compliance requirements, and evolving consumer expectations have made scale increasingly important for credit unions to maintain competitiveness with large banks and fintechs. For many credit unions, amalgamations are the only viable path to sustaining service quality and product innovation. Consolidation within the cooperative system has led to a gradual decline in the number of institutions, which should not be treated as presumptively suspect, particularly when mergers are driven by member approval and competitive necessity.

Adopt a proportionate and predictable review process for low-risk transactions

Given their size and resource constraints, lengthy merger reviews can divert resources from everyday operations, growth strategies, and critical investments in cybersecurity, anti-money laundering systems, and payments modernization.

To improve predictability and efficiency, CCUA encourages the Bureau to:

- Publish a transparent expedited triage process for low-risk transactions;
- Provide early clarity when a structural presumption is triggered, including market definition, parties included, and data sources relied upon; and
- Avoid routine reliance on supplementary information requests where readily available evidence demonstrates robust competitive alternatives.

Conclusion

Credit unions are not isolated competitors within Canada's financial sector and should not be treated as such. When credit unions merge, it is often to strengthen their competitiveness by enabling investments in technology, cybersecurity, regulatory compliance, and service innovation.

As the Competition Bureau modernizes its merger enforcement framework, it is imperative that the Guidelines capture the cooperative nature of credit unions and the broader competitive realities of retail financial services. A merger review process that recognizes member ownership, accounts for dynamic competition from banks and fintechs, and applies proportionate, evidence-based analysis will better protect consumers while supporting a resilient and competitive financial system.

Please do not hesitate to contact the undersigned with any questions regarding the above.

Best regards,



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