

Partnering for jobs, growth and banking innovation



An agenda for collaboration with credit unions

Did You Know? Canadians depend on credit unions to make vital contributions to economic growth and banking innovation. Though credit unions are largely provincially regulated, the federal government plays a key role in many aspects of their operation. To better respond to a changing financial sector, the federal government has recently committed to work in closer collaboration with credit unions.

Our Ask: Credit unions are urging all parties to commit to work in partnership with credit unions in this new parliament to develop approaches that will meet the needs of a rapidly evolving co-operative financial sector.

WHY DOES THIS MATTER TO CREDIT UNIONS?

Credit unions are vital competitors in the banking sector yet have a unique role and structure among financial institutions. When Ottawa applies the same policies to smaller, local, co-operatively owned credit unions as it does to large, shareholder-owned, internationally active banks, it makes it harder for credit unions to serve members efficiently and create jobs.

Since the financial crisis, the federal government has made significant policy changes that have affected credit unions. They introduced federal credit union legislation to help financial co-operatives operate across provincial boundaries. In the 2015 budget Ottawa pledged to “work collaboratively with the credit union sector on its future development and on ways to meet the needs of the evolving sector.” Yet, they also phased-out a tax credit that has benefited credit unions for four decades - underscoring the need for greater collaboration.

WHAT CAN PARLIAMENTARIANS DO TO HELP?

We want this new parliament to work with credit unions to grow the economy, create jobs and promote banking competition and innovation. Some areas where credit unions and Members of Parliament can work collaboratively include:

- **Improving the new federal credit union framework.** While some are examining it closely, so far no credit unions have taken up this option.
- **Implementing a new tax measure to reward credit unions for growing capital.** Currently, the federal tax code incentivizes investment in shareholder-owned banks, but a recent change means that no off-setting measure exists for credit unions.
- **Undertaking a comprehensive review of federal financial institutions legislation** starting in 2016 with a special emphasis on ensuring that credit unions can fulfil their role as strong competitors and innovators in the financial services sector.
- **Providing legislative flexibility** to allow credit unions to build collaborative solutions that can be accommodated in the federal regulatory framework to preserve and strengthen access to the payments system.



Comments? Questions?
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