



CANADIAN BANKERS ASSOCIATION

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Letter to Editor  
Financial Post  
Toronto, Ontario  
(by email)

Dear Editor:

There has been a great deal of commentary on these pages as to why the Canadian Bankers Association has raised the issue of bank mergers in recent days. While some have linked this renewed discussion to the 10th anniversary of the last big merger debate, it was in fact a response to the federally-appointed Competition Policy Review Panel, which asked for input on Canada's global competitiveness, including the financial sector. Moreover, the Competition Panel also explicitly raised the issue of mergers and acquisitions.

It would be surprising if a review of competition policy didn't recognize that large bank mergers, and bank mergers with insurance companies, are taking place all around the world and not in Canada. While different stakeholders may have different views about the issue, to ignore this reality and not analyze what it means would be to miss an important public policy issue.

It is important to remember that the banking industry's ability to be a strong player internationally has a very positive impact on the contributions the industry makes to Canada. While Canada's banks make over 40 per cent of their profits from foreign activities, more than 80 per cent of the jobs and 80 per cent of the taxes paid are here in this country, benefiting all Canadians. Of course, Canada's banks have successfully adopted a range of international strategies over the years, but the fact remains that a key option available to our international competitors remains unavailable to Canada's banks.

Our point is that this issue cannot be deferred indefinitely or determined in isolation from what's happening in the rest of the world. And indeed, the world has changed significantly in the past ten years and will continue to change even more rapidly in the years ahead, particularly in terms of the size and clout of the competitors we face in the global marketplace. We hope that the Competition Panel will take a fresh look at this issue, and provide the government with thoughtful advice on this and other issues of importance to the competitiveness of the Canadian economy.

Yours sincerely,

Nancy Hughes Anthony  
President and CEO  
Canadian Bankers Association