

BANK-BASHING AS UNFAIR A SPORT AS IT IS POPULAR

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Hockey isn't the most popular sport in Canada any more; it's bank-bashing.

When federal New Democratic Party leader Jack Layton complains that banks are high-sticking too many Canadians, I am not surprised. What is surprising is when federal Conservative Finance Minister Jim Flaherty jumps on to the ice to take a few cheap shots at those big bad banks.

At the risk of being called an apologist for the chartered banks (I did work for RBC Royal Bank), let me point to some facts to all bank bashers in the hope that we can restore hockey to its rightful place — top of our collective conscious — before the 2010 Winter Olympics in Vancouver.

Some facts to ponder (2006 stats) about the Canadian banking industry:

- It employs more than 249,000 Canadians and another 58,000 people in other countries; the proportion of full-time jobs with benefits is an astounding 75.8 per cent.

- Pays salaries and benefits to Canadian employees to the tune of \$20.1 billion.

- Remits \$6.4 billion in taxes to all levels of government in Canada; that's just the five largest banks — RBC, TD, CIBC, BMO and Scotia.

- Disburses \$136.5 million in charitable donations.

- Spends \$317 million on training staff.

- Finances small to medium-sized businesses to the tune of \$81 billion.

- Expends \$11.9 billion on goods and services from outside suppliers.

- Provides no-fee banking services to seniors and youth.

- Allows many clients to access low-fee accounts (about \$4 for eight to 15 transactions per month.) And let's remember fees account for only five per cent of bank revenues.

- Distributes 27 per cent of earnings to shareholders. Who are these shareholders? About 13 per cent of Canada Pension Plan's equity holdings are in banks, 9.4 per cent of Ontario Teachers Pension Plan, 17.1 per cent of B.C. Investment Management Corp., which manages the pension fund of 400,000 public servants in this province.

Given that the "greedy" banking industry creates high-paying jobs, helps finance our health care and social services, keeps our local charities afloat, finances the retirement of Canadians by paying dividends annually, gives a chance to our entrepreneurs to make a go at their business and boosts the livelihoods of small and medium-sized businesses by buying goods and services, how is it that almost anyone can get away with bank-bashing?

One possible explanation is that with many millions of banking transactions each day, there are bound to be some clients who end up getting bad service. Word-of-mouth advertising is such that if someone gets lousy service, they will bash you. And that usually sticks.

Yet another reason could be the usual anti-big business nonsense that's preached by uninformed academics, union leaders and the plethora of left-wing and populist right-wing politicians.

These critics ignore some important features of our banks. The banking system in Canada is one of the most efficient and safest in the world. Its ability to provide convenient banking services — more than 8,000 branches, 18,000 automated banking machines, the highest penetration levels of electronic channels such as debit cards, Internet banking and telephone banking — is truly world-class.

As importantly, interest rate spreads — the difference between what banks pay depositors and what they charge borrowing clients — demonstrate how competitive the banking industry is. According to a Global Competitiveness Report, Canadian interest rate spreads, at 1.5 percentage points, are among the lowest among Organization for Economic Cooperation and Development countries. So much so for gouging Canadians.

Despite various episodes of huge losses (such as the Latin American debt crisis, the collapse of the Olympia and York real estate play, Enron-related liabilities, the current sub-prime mortgage crisis and asset backed paper debacle), Canada's big banks have proven to be safe and stable companies.

Admittedly, bank-bashing is not a new sport. Even a smart man like Thomas Jefferson thought banks were more dangerous to our freedoms than standing armies. In a lighter vein, Mark Twain had this to say: "A banker is a fellow who lends you his umbrella when the sun is shining, but wants it back the minute it begins to rain."

Joking aside, it's time Canadians put their minds to cheering on our hockey team at the 2010 Winter Games in Vancouver and not wasting any more energy taking the banks to the boards.

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