

Occupy Vancouver protesters should give big thank you to banks

They are prudent, profitable and virtuous and the 'fat cats' benefiting from their profits are seniors, small businesses and employees

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Shouting the slogan "Corporate greed has got to go", Occupy Vancouver protesters disrupted banking services at TD Canada Trust, RBC Royal Bank and the Bank of Montreal this month. If they would stop and check the facts, though, protesters might instead want to say a big thank you to Canadian bankers for all the good they do for the rest of us.

Banks employ 267,240 Canadians; employment in the industry has increased by 11.5 per cent over the past decade. In other parts of the world where they operate, they employ another 94,000 people. They also paid out \$18.2 billion in salaries and benefits to their Canadian employees last year.

Of course, these employees and their buying power employ thousands more in every sector of our economy ranging from restaurants to clothing stores. Banks also bought \$14.4 billion worth of stuff in 2010 from other Canadian businesses, generating more jobs, income and government revenues in the process.

That's not enough, you say. Okay, how about the fact that almost 70 per cent of the staff at Canada's six largest banks are women and 32 per cent are in senior management positions? Still not convinced that banks are progressive employers and should be embraced by "progressive" types like you?

Then, let me lay out a few more facts. Small businesses - 1.6 million of them that Occupy Vancouver folks profess to love - receive loans from Canadian banks, which also help them with mentoring programs and management expertise so that they can succeed, make a living and employ more Canadians.

Yeah, but banks do that in order to make big profits, the argument goes. Indeed, they do. Shall we look at the numbers then? The pie (net income) of Canadian banks in 2010 was cut into the following slices: 28 per cent was reinvested in the business (training and technology among other things); 34 per cent was paid to governments in taxes; and 37 per cent went to shareholders.

So the biggest chunk of their obscene profits went to fat cats? Now, let's examine who the fat cats are. Some of the biggest shareholders of banks are: teachers, municipal workers, firefighters, police officers, and provincial and federal civil servants. They own bank shares through their public sector pension plans, Canada Pension Plan and Registered Retirement Savings Plans. In 2010, banks paid a princely sum of \$10 billion in dividends to these shareholders.

So my question to Occupy Vancouver protesters is: Do you want to deprive these hardworking folks of their retirement income by making banks less profitable and potentially reducing grandpa and grandma's CPP cheques?

I assume the answer is no. In that case, the protesters should be thankful that our banks are profitable enough to pay out these generous dividends as well as paying \$8.3 billion in taxes to government so that our grandparents can get their hips replaced and our mothers and fathers can get cancer treatment when needed.

Not good enough, you say. Oh, you greedy socialists and anarchists! So let me dole out more goodies to satisfy your hunger/ envy. Open up any opera, theatre or ballet program in the city and you will find banks generously donating money to help the arts. Athletes - from Olympians to minor hockey players - receive bank dollars. In fact, RBC Royal Bank alone doled out \$130 million in donations and sponsorships across the country in 2010. Millions flow from banks to hospitals and universities each year.

All that is well and good, but didn't Canadian banks act as badly as American financial institutions in the run-up to the 2008 financial crisis? The short answer is no. Canada's banks are capitalized to such an extent that they exceed the requirements set out by the Bank for International Settlements. What does that mean? Well, if they are faced with an increase in bad loans during an economic downturn, they can weather the storm without using taxpayer dollars. Isn't that considerate of them?

Our banks are prudent in their lending, particularly when it comes to mortgages. Unlike American banks, ours maintain a large majority of the mortgages on their own balance sheets and don't sell them off to third parties. Naturally, they have every incentive to lend to creditworthy clients. As a result, as of June, the percentage of mortgages in arrears amounted to just 0.41 per cent in Canada. In the United States, it is 10 times the Canadian rate. Overall home equity is 72 per cent of the value of homes in Canada and among those who carry mortgages, equity in their dwellings is 50 per cent on average. Ready to thank our bankers yet?

Not surprisingly, the World Economic Forum has concluded that Canada's banking system has been the soundest in the world for three years in a row.

The behaviour of our Bay Street bankers ensured that the men and women on Main Street did not suffer as much as their counterparts did in the U.S. during the financial crisis. For being so prudent, profitable and virtuous, Occupy Vancouver protesters should first apologize to our bankers for the disruptions that they caused and then say thank you.

That's the decent thing to do.

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