

Supply

Forty-two per cent of Canadians said the banks are trying to increase profits without having people notice. Thirty-one per cent said it is costing the banks more to perform these services, so they are simply passing on costs to the consumers. Twenty-five per cent said the banks are trying to make up for money lost on loans to poor countries.

The next question was:

Can you name any one bank that has increased service charges more than the rest?

Twenty-nine per cent said all demand the same rate. Eleven per cent picked the Bank of Montreal.

The third question is interesting:

Should the government step in to protect consumers from increased charges? Or should banks and consumers try to work things out themselves?

Fifty-two per cent of Canadians said the Government should step in. Another Gallup poll concurred in this Decima poll. It showed that 50 per cent of Canadians said that their banks appear to be levying unreasonably high service charges. Sixty-nine per cent said the probe by the committee was either very necessary or quite necessary.

Canadians are crying out for the Government and Parliament to act on the way the banks are treating them. The committee was very clear in its response. After listening to all of the complaints from consumers, the committee said:

The committee views the consumers' reaction to the behaviour of the banks and other financial institutions with regard to service charges as justified.

The committee agrees that consumers' complaints are justified. Charges are coming fast and furious without adequate notification and without any rationale. The charges were exorbitant.

Let us consider what the banks did in response to the criticism from the committee. While the committee was holding its hearings, the Bank of Montreal introduced new basic accounts. The Royal Bank froze any increased charges for seven months.

The committee made very wise recommendations. First, it recommended that the banks should provide basic accounts for which no charges shall be levied for maintaining the account, making a limited number of deposits into or withdrawals or payments by cheque from the account, providing the current balance of the account, and transferring to the basic account the balance of any other account of the customer with the financial institution.

We believe there is a lot of competition for the banking services of the wealthy, but very little concern about the basic banking needs of the poor. We believe that the banks must be forced to provide that basic banking service.

The committee went on to recommend the prohibition of certain charges. These are the charges about which people commonly complained. The committee recommended that there ought to be no charge for the closing of the account, if the account has been kept for at least one year.

We also recommended that there be no service charge for the failure to make transactions on the account, although a financial institution may charge for issuing any notice sent to holders of inactive accounts, as required by law. The committee recommended no charge for the deposit of a cheque under a prescribed amount that is returned because of an error or because there are not sufficient funds credited to the drawer's account. In other words, there should be no charge back on the NSF.

There should be no charge for any transaction which results from an error or unauthorized action by the bank. There ought to be no charge for maintaining a savings account during a period when the balance falls below an amount specified by the bank.

The committee also recommended that financial institutions be prohibited from introducing a new charge or increasing an existing charge in respect of any deposit made for a fixed term during that period.

After studying the issue, we believe that our recommendations are justifiable.

In addition, we recommended a new system of notification. There should be 30 days' notice of any change or new service charge on a statement account. It ought to be 60 days' notice for a deposit account, by means of a posted notice within the bank branch. It must be 30 days' notice in writing by mail if the bank wishes to do it differently.

We believe this would correct the problem about adequate notification and information with respect to bank service charges. We believe that the consumer must be well informed and that it is the responsibility of those with whom we have placed our money on deposit in a relationship of trust to inform consumers about any changes in the agreement to administer and keep that money.

The Minister of Consumer and Corporate Affairs appeared before the committee. Before his appearance before the committee he sent his investigators to 71 branches across the country and discovered that in fact disclosure was badly lacking. No notices were placed in most of those 71 branches and it was difficult to get information when requested.

● (1140)

What was the response of the banks? Mr. MacIntosh, who represents the banks, said that Members of Parliament were insecure about their ridings and were trying to bash the banks to get re-elected. He said, "You have to yell at the Chairman of the committee because he has a tin ear, and that is the only way you can get through to him". He said we were in a power grab. That is the lobbyist for the banks talking. What an image he creates for the banks, and he wants to come on Parliament Hill and lobby Members of Parliament!

He did not like the NDP minority report which is attached to this report. I believe our minority report would complete the