

Government Orders

these changes—and for the better. The sheer magnitude of the industry makes an impact on Canadians inevitable.

There are more than 3,000 Canadian financial institutions, with assets of some \$900 billion. Canada's 25 largest financial institutions hold assets of more than \$760 billion. A total of 23 of these institutions are federally incorporated 23 out of 25.

The manner in which the federally incorporated financial institutions serve the needs of Canadians will be directly affected by the legislative and regulatory reforms we have announced. I sincerely believe, Mr. Speaker, these institutions will operate more effectively and competitively, and that they will be more accessible to meet the objectives of Canadians.

• (1140)

We must not forget that the money handled by Canadian financial institutions funds the mortgages of Canadians, finances our automobile purchases, shelters and invests our savings, and makes available the investment needed for new or expanded industries and businesses. The success of these institutions is key to our economic success, as well as our security as savers and investors.

Because of the particular importance of financial institutions in channeling savings to finance economic growth, it is essential that they be sound, innovative, dynamic and internationally competitive.

The challenge has been to develop a regulatory approach that protects the public while it encourages, rather than inhibits, innovation and efficiency in our financial sector. Mr. Speaker, I believe that we have met that challenge.

[English]

The objectives of this reform of financial sector legislation are to enhance protection for depositors and policyholders. They are also to benefit consumers by increasing competition and the spectrum of services offered by financial institutions. It will strengthen the ability of Canadian financial institutions to compete at home and abroad. It will lay the groundwork for harmonization discussions with the provinces. This is very important.

These goals will be achieved under the new legislative framework and regulations.

[Translation]

Honourable Members will recognize that in order to protect consumers, the government had already tightened up prudential rules in 1987. These will now be further strengthened, including additional enhancements to the supervisory system. I know that the hon. member for Nickel Belt, who monitors these issues very closely, will be very interested in this aspect of our legislation. For example, tougher self-dealing rules will be implemented, the self-policing role of directors and auditors will be made more effective through mandated roles and responsibilities, and the Superintendent of Financial Institutions will have increased powers to require information that will enable problems to be anticipated. The Superintendent of Financial Institutions is therefore being given the kind of access he did not have before.

Consumers will find shopping for financial services more convenient and will benefit from a wider choice of financial products since banks, trust and loan companies and insurance companies will be allowed to compete more directly with each other. The interests of the consumer will continue to be protected.

For example, the new Bank Act would also include the service charge disclosure provisions now contained in Bill C-9, which is before Parliament. By opening new avenues of growth for Canada's financial institutions the new regulations will strengthen the ability of these institutions to meet the new challenges that have evolved in the global marketplace.

Financial institutions will be able to diversify by owning institutions operating in other segments of the financial services industry. For example, banks and insurance companies will be allowed to own trusts; in addition, trust and loan companies and banks will be permitted to own insurance companies.

Together, Mr. Speaker, these proposals set out a framework for fair competition that will allow all institutions to participate.

[English]

However, we are all aware that there are competing interests within the financial institution community which cannot be completely reconciled. In those cases we have sought a reasonable balance. For example, banks and trust and loan companies will be restricted from offering most insurance services, and retailing of most insurance products in branches of deficit taking