

decisions on the basis of western need. This bill will provide an opportunity for the establishment of even more banking institutions. New banks, new institutions mean more competition. More competition means more efficiency, new ideas, and better service for the Canadian public.

Let me illustrate. In British Columbia we have a financial institution called the Bank of British Columbia. Let me quickly disclaim any special brief for the Bank of British Columbia, but, just by way of illustration, it provides an example of what competition from a new source can mean in services to the Canadian public. We all, or at least some of us, remember the response of the five major banks in Canada when the question of providing daily interest to customers who had money on deposit was suggested. I believe it was suggested during the hearings that this House had in committee on this particular bill. "It cannot be done," said the chartered banks at that time. "It is too costly. Impossible!" they all cried in unison. However, in recent years the "new boy" in the banking system, the Bank of British Columbia said, "We can do it," and they have done it. Today all of the old existing banks are stumbling over themselves to get in on the act. Now you can even get daily interest on chequing accounts.

This bill is strongly supported by the credit union movement in Canada. That union says, and rightly so, that it will benefit from the proposal in the bill to create a new Canadian Payments Association through which, for the first time, non-bank financial institutions that accept chequable deposits will be permitted to participate directly in the clearing system.

Credit unions agree that the bill will provide more equitable competition within the Canadian financial system and provide them with increased service. There is, however, one aspect of this bill which concerns me and many of my constituents, particularly those in the auto industry who are involved in automobile leasing. This concern has been expressed before in this House during debate on this bill. I am glad to see the minister agree that perhaps some change could be made in committee.

The part of the bill that concerns us is that part that allows banks to enter the business of the financial leasing of equipment, including automobiles, through the use of subsidiaries. The minister said that the Canadian public would benefit from allowing banks into this area because increased competition in the leasing field would result. I disagree.

First, I believe it is generally admitted in the industry that leasing an auto is considerably more expensive than is borrowing money from a financial institution and buying the automobile outright. For instance, when I go to seek advice from my local bank as to whether I should lease a car or borrow the money from that bank to buy a car, my bank manager in all likelihood, as would everyone's bank manager, would explain that leasing costs considerably more money in most circumstances than does borrowing money from that bank to purchase a car. He would also explain that leasing was only valid under certain circumstances and special conditions. Today, under present circumstances, I believe my friendly banker would offer to lend me the money to buy the car of my choice.

### *Bank Act*

However, if under the terms of Bill C-6 the banks are allowed into the leasing industry and, do as they intend to, and have a leasing officer in every branch across the country, as they now have loan officers and mortgage officers, under those conditions the natural thing for him to do is to say, "I would like you to meet my leasing officer". It must be true, and undoubtedly is true, that there is considerably more money to be made in leasing than there is in loaning money, or else the banks would not be so eager to get into it. Consequently, no longer would I as a consumer have two choices, one to borrow money, and one to lease effectively. I would be steered into the leasing business which would be more expensive for me as a consumer.

The second objection I have to the proposed Bank Act, and indeed the existing act and previous acts, is that they are not really designed as a vehicle properly to enable the banks to get into the business of dealing with commodity purchases or commodity leases, as suggested in this new act.

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Admittedly, today, when a bank lends money to purchase equipment, be it a car, a fridge or whatever, and takes as security a conditional sales agreement or a chattel mortgage on equipment to be purchased or financed, it is dealing with commodity purchases. The bank now has that right. However, several provincial governments, if not all, have found that financial institutions—not necessarily banks but not necessarily excluding them—have taken unfair advantage of the consumer. Mr. Speaker, that is a terrible thing to have to say, but unfortunately it is true.

There are many cases in which financial institutions, bank managers, feel it is necessary for them to repossess the vehicle or other equipment of a defaulting purchaser. In order to regain their money they sell it quickly, probably for an amount considerably below its real value. This happens at times even when the purchaser has a large equity in the equipment. The result is an unfair loss to the consumer concerned. Provincial governments have devised and enacted legislation in almost every province, I believe, to protect consumers against this practice. However, this legislation does not affect the banks since the banks claim they come under federal jurisdiction and are immune from provincial laws. They currently claim this immunity in respect to the financing of chattels by way of mortgages or conditional sales contracts. I have the experience of several cases in which banks have repossessed articles contrary to provincial legislation. Provincial legislation is only followed provided enough fuss is made when bad publicity is given or, more usually, as a result of action by the department dealing with consumer affairs. When this happens, the banks back down and voluntarily accept the terms of the provincial legislation.

Undoubtedly abuses will arise in the field of financial leasing, and undoubtedly provincial legislation will be brought forward to correct such abuses, but again this legislation will be unable to provide a remedy if it is the banks which are guilty of the abuse. It is for this reason that, in my view, the