

*Supply*

have a way of hitting the people with low incomes and minimum balances in their accounts.

The Chairman of the committee has spoken of his dislike of regulations. Since I am not a Conservative, I cannot say that I have the same dislike of regulation, but, like many people who think they have more taste and talent for negotiation than for confrontation, I really do see regulation as a last resort. I would have hoped that the banks, faced with the evidence of a number of unhappy, dissatisfied consumers, would have been more ready to say: "We went too far, too fast in the direction of service charges, we are willing to make some changes". Instead, the spokesman from the Canadian Banking Association chose to attribute bad motives to the members of the Finance Committee, and this has not made for an easy situation.

● (1230)

Regardless of the attribution of motives and the hyperbole, we still have to deal with the issue. The question is, how best to deal with the issue. The consensus that the Finance Committee reached—I was part of it and I reached it reluctantly—was that it was necessary to move to provide better consumer protection, and, most certainly, better consumer information.

Again, may I just quote from the committee report. The committee believes that the rapid escalation and proliferation of fees was far from inevitable. The banks have pushed their user-pay approach too rapidly and too far. Unbundling and service differentiation have been carried to an extreme.

So that, Mr. Speaker, while we fully understand that indeed the banks and the other financial institutions have many, many thousands of satisfied customers and consumers, and most Canadians have great confidence in their banks, and have probably not had reason to complain in the course of 20, 30 years of dealing with them, nevertheless senior citizens are complaining that they have their accounts assessed for charges, simply because they did not have much money in them—there was no transaction, no activity, and yet there is a penalty for that—this is not justifiable.

Then you find that a senior citizen had money taken out of his account because his account was under \$500, and when he died and his widow tried to close his account, she was charged a fee for closing it. These are small amounts, but they are large to the people concerned.

I am sure that from the point of view of the financial institutions—the complaints and the criticism they get for this nickeling and diming—it has been difficult and painful, and they may feel this is very small stuff in the face of the thousands and thousands of satisfied customers, but I think Members in this House have to be very concerned with the right of the consumer, especially the low-income consumer, the person with few resources, who may not have the social skills and adroitness to go and complain to the bank in a way that gets the charge reversed.

People who have been able to write letters to bank presidents have almost invariably had their charges reversed, and they have received an apology for this unfairness. But the people who do not have the resources to do that, who simply talk to the teller, or who do not talk to anybody, go unsatisfied. Hence, the need to have this matter regulated in some way.

Now, the committee adopted a three-pronged approach. I need hardly say that we put a lot of emphasis on information. Obviously, an informed consumer can make choices. We had a recommendation that the banks be required to provide an alternative to the intricate accounts with many service charges, and provide one very simple account with few—well, as the Member for Scarborough said, with "no bells and whistles", and for that, no charges.

Perhaps our most important recommendation is the need to strengthen the legal notification requirements of Section 201 of the Bank Act. Because one can hardly repeat it too often, if consumers have information, they can protect themselves and they can make their own choices. Increasingly, we found that an awful lot of this difficult and unsatisfactory situation could have been avoided if consumers had known about the special accounts for senior citizens, the special accounts for youth, because that is where the bulk of the complaints came from.

**Mr. Deputy Speaker:** Questions and comments. The Hon. Member for York—Scarborough on debate.

**Mr. Kilgour:** I have a question, Mr. Speaker.

**Mr. Deputy Speaker:** The Hon. Member for Edmonton—Strathcona.

**Mr. Kilgour:** Thank you, Mr. Speaker. I was listening with some interest to the Member. I wonder if she would tell us—since we learn in the first introductory economics course that chartered banks have an ability to create money by taking deposits and issuing loans and so forth—whether she thinks that the banks should be entitled to cover all of their expenses by service fees, or does she—I notice that her colleague, who used to be a bank president, is sitting near her. Is she defending the banks today, or is she criticizing them in part and defending them in whole, or where exactly is she coming from in her speech today? I was not too clear.

**Miss Nicholson (Trinity):** Well, Mr. Speaker, I am surprised that the Hon. Member is unclear about where I was coming from. Let me try to summarize. I do not hold with the kind of bank-bashing we hear from the New Democratic Party, because I think it is irrational. At the same time, as I summarize the evidence that the Finance Committee had before it, after very careful examination it is quite clear that the banks have moved too far too fast in the direction of user pay.

When the financial institutions were faced with increased competition, they chose to compete by offering better interest rates. That is how they chose to try to attract new business and