

This amendment protects the smaller chartered banks in the country. It enables them to be competitive. In effect, the minister is saying that if you are going to be in the business, you have to be in it with the big boys all the way. The amendment protects some very small institutions in relative terms—the Northland Bank, the Continental Bank, the Bank of British Columbia, the Canadian Commercial Bank—and that is all it protects. It is particularly valuable to the Continental Bank, however.

The bank interest rates allowable on one to five-year GICs were published this morning. It appears that in order to raise money, the Continental Bank must pay between .25 per cent and .5 per cent more than the other chartered banks in Canada. In effect, with the reserve requirement, this increases what they must pay for their money by three-eighths of 1 per cent. It is a serious penalty to the smaller banks.

One of the purposes of this bill was to improve competition. It may well be that our pressure convinced the government to change this section. We were directing our minds to the large institutions but the small institutions may have been very seriously penalized.

I think it would not do the government any harm to support this amendment since it would encourage the relatively small Canadian-owned banks, at least for the time being. As the minister has stated, this is a short-term problem. In committee, he promised to introduce a new bill in connection with the loan and trust companies. He promised it for this fall, but we have not seen it yet. We are concerned, because we think it should have been introduced long ago. The minister fails to understand the concept of removing the requirement for reserves on these relatively small institutions. A specific provision is required in order to bring this about.

● (2030)

The minister is suggesting that this particular reserve will be removed from all banks under a separate amendment to the Bank Act when the Loan Companies Act is amended. We are waiting for the amendment to the Loan Companies Act, but we suggest that in the meantime the requirement for a second reserve in accordance with the suggestion of my colleague from Edmonton should be reserved in the case of the small banks because these are Canadian-owned banks. What we should do is make sure that they have a little bit of a competitive advantage. I suppose it is very difficult theoretically to say one bank should be treated differently from another, but we do this in many places in this act. We treat the Mercantile Bank, for example, a little differently from other banks. We allow it to have the right to have its shares held a little differently. We are going to treat Citibank, a company which owns a foreign bank in this country as well as a piece of the Mercantile Bank, a little differently. I think we should treat smaller banks a little differently from the way we are prepared to treat the big five, six or seven, as the case may be.

These smaller banks need a bit of an advantage, a bit of assistance to carry on, particularly in the sense that there are three or four trust companies which are larger than these small

Bank Act

banks and lending institutions. We should give them the advantage of not having to file this reserve. This would give them an edge on their term deposits of one year to five years which I think is deserved and in the interest of Canada.

I am very disappointed that the minister is not prepared to accept this amendment.

The Acting Speaker (Mr. Blaker): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Blaker): Is it the pleasure of the House to adopt the motion?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Blaker): All those in favour will please say yea.

Some hon. Members: Yea!

The Acting Speaker (Mr. Blaker): All those opposed will please say nay.

Some hon. Members: Nay!

The Acting Speaker (Mr. Blaker): In my opinion the nays have it.

Mr. Lambert: On division.

The Acting Speaker (Mr. Blaker): I declare the motion negatived on division.

Motion No. 42 (Mr. Lambert) negatived.

Hon. Stanley Knowles (for Mr. Rae) moved:

Motion No. 43

That Bill C-6, an act to revise the Bank Act, to amend the Quebec Savings Banks Act and the Bank of Canada Act, to establish the Canadian Payments Association and to amend other acts in consequence thereof, be amended in clause 2 by striking out lines 33 to 37 at page 238 and substituting the following therefor:

“for the financial year;

- (f) the policy and guidelines used in credit extension, including
 - (i) consumer credit standards and legal requirements
 - (ii) interest rate charges
 - (iii) loan fees, and
 - (iv) the title insurance, closing costs, terms and conditions on real estate loans, appraised value of property and collateral;
- (g) the policies regarding the purchase of goods and services, including competitive bidding practices;
- (h) the policies for selecting sites for branches;
- (i) the real estate conflict of interest policy;
- (j) policies and procedures for safeguarding confidentially, records, customer information;
- (k) advertising practices;
- (l) procedure for customer complaints;
- (m) contributions to political campaign funds;
- (n) names and functions of bank legislative lobbyists;
- (o) policies on political contributions and activities involving foreign governments: breaches of those policies;