

motion goes beyond the usual lack of confidence we have in the Conservative Government. The point I am trying to make is that this goes beyond narrow Party politics.

Why did the committee get involved in studying bank service charges? Was it, as Mr. MacIntosh said, a desire to bash the banks? Was it a desire to secure our seats about which we are so insecure? Was it because Members of Parliament are on a power grab? Is that why we undertook to study bank service charges? They are hardly the stuff which Conservatives would motivate themselves to study under normal circumstances. Something very vital must have driven them to undertake this study. I suggest that it was the complaints coming from ordinary Canadians from coast to coast; the Mrs. de Gruchy's, the Go-Go Pizzas, and the thousands of letters which were arriving on Members' desks.

We on this side of the House were asking questions back in October and November of 1987. Government Members were asking questions of the Minister of Consumer and Corporate Affairs (Mr. Andre) and the Minister of State for Finance (Mr. Hockin). Day after day members of the Official Opposition were asking questions about the rapacious activities of the white-collar loan sharks, better known as the banking institutions of this country, in dinging and donging their clients.

That is why we got involved in investigating bank service charges. One of the complaints was about the increasing number of service charges. You are charged to put money in the banks, to take money out of the banks, and to leave your money in the banks. You are charged and charged until your money disappears if you do not do anything with it.

If you asked for a \$10 bill to be changed into quarters, you were dinged \$2. You were charged 40 cents to get 50 pennies. It was getting absolutely ridiculous. The increasing number of service charges and the spiralling cost of them is what motivated the committee to get involved in this. When people received their statements from the bank they saw that if they were charged \$2 last year, they were now being charged \$3.50, with no explanation for the increase.

The third issue was notification. In many instances clients of the banks were not properly notified. In fact, there was a great deal of concern that Section 201 of the Bank Act was being breached. Banks would put up a notice in a branch at ten o'clock in the morning, start charging for a service, and take the notice down at 10.05. The banks considered that people had expressly agreed to these service charges. That is why the Finance Committee undertook the study.

The committee discovered, first, that bank service charges had increased by 19 per cent a year since 1982, far in excess of the inflation rate. When the banks appeared before the committee they said that we had to keep in mind that the increase was caused by volume. The banks also informed us that volume accounted for 7 per cent. Taking 7 per cent away from 19 per cent leaves 12 per cent, which is still three times the inflation rate. In response to this issue the committee said, as reported at page 167:8 of its report:

### Supply

The Committee has examined this matter to show that the alarm on the part of consumers is more than a temporary protest by a few unfortunate people and is soundly based. This is the only reason for comparing the changes in service charges with the inflation rate.

Therefore, after we discount the percentage for volume we find that there is in fact justification in the complaints of consumers that they were being zinged by the banks.

The committee discovered further that the computerization of the banking system ought to have been providing considerable savings to the banks. We state very clearly:

The regional data centres where cheques are cleared use advanced, highly automated processes. Consumers now do a large share of their banking at automatic banking machines (ABMs), where the cost to the bank of a transaction is lower than at the counter in the branch. Indeed, banks have been able to make banking far more convenient through ABMs and extended banking hours, as they justly claim, and probably without an increase in their average cost per transaction!

The banks claim that costs have risen. When we asked for a clarification of what caused those increases, we found it very difficult to pin down.

It is important to touch on the relationship which has always existed between consumers and banks. When I started out working in the Royal Bank many years ago there was no computerization in the banks. It was a personal relationship, a relationship of trust. People deposited their money in the bank and there was a relationship between the customer, the bank, and the bank's employees. It was a relationship of trust, in which the customers expected their money to be safe and the bank would adhere to its policies. For example, if it charged a certain interest rate, it would stick to it. If it said it provided services for free, it would do so.

● (1130)

I believe that that relationship of trust has broken down. The banks are not careful enough with the notification process. There is no time taken to communicate with the customers and not only inform them of an increase in service charges but explain the rationale behind those increases.

If there is a new service charge, the banks ought to explain that. The banks are not interested in demonstrating the fairness of their charges to their clients. The banks have violated that trust.

The banks take money from their customers' accounts without permission. I call that legalized theft. The case of Mrs. Gruchy was an example of legalized theft. It is legalized theft when the banks seize people's accounts that have been inactive for a period of years.

It is not only my opinion that the banks have broken the relationship of trust. A Decima poll in the *Financial Times* last March asked a number of questions about bank services. The headline is: "Canadians show no sympathy for the banks' service charges". The first question is:

Bank service charges have been rising. What is most responsible for these increases?