

12. Competition should be further increased by expediting revisions to the Trust Companies' Act and the Loans Companies' Act, to allow an expansion of lending powers in the consumer and business loan markets.

In the hearings, the Committee received a number of complaints regarding inadequate and over-priced services to some clients. It is a general perception that such behaviour is widespread and frequent; however, the nature of the Committee's evidence does not indicate that such practices are employed systematically. To the extent that such accusations are valid, the fostering of greater market-oriented competition can do much to remedy this situation and to ensure that it does not become a significant problem in the future.

Competition tends to reduce any systematic bias against specific groups of bank clients and any propensity to provide inadequate or over-priced services. Nevertheless, isolated instances of such practices will undoubtedly recur, and therefore there should be some mechanism whereby consumer complaints can be heard and dealt with, and through which the nature of various bank services can be explained. The Insurance Bureau of Canada maintains such a service in its "Hotline" facilities. Many of the complaints heard by the Committee concerned Electronic Funds Transfer that, under the law, is the responsibility of the Canadian Payments Association. The Committee recommends that:

13. The Canadian Payments Association should establish and maintain an office where complaints can be lodged and filed, and minor disputes settled, and where services can be explained to the public.

This office is to respond to complaints that apply to the overall payments system. The Committee encourages all banks to establish offices of their own for dealing with complaints that are directed to their own operations. Moreover, we recognize the role of the Inspector General of Banks as the ultimate arbiter of complaints concerning the banks. (The Committee recognizes that other avenues are available to individuals who have valid complaints, one of which is the courts.) Thus a "complaints structure" can be initiated with complaints about individual banks being handled by those institutions and systemic complaints being handled by an office established by the Canadian Payments Association.

The entry of Schedule B banks into the Canadian banking sector can be a potential source of increased competition. Accordingly, the Committee recommends that:

14. The Office of the Inspector General of Banks should report to Parliament within two years on the status of Schedule B banks with respect to leverage, branching, and asset ceilings.

The measures described above may still prove to be inadequate to resolve some of the serious financing problems faced by small businesses, especially in today's economic environment. The Minister of State for Small Business has established a committee to examine the question of small business financing.

We recommend that:

15. The Advisory Committee on Small Business Financing give specific attention to the problems faced by small firms with respect to the possible crowding-out of small