

*Bank Act*

[English]

This legislation is a very limited approach to the extensive work done by the Standing Committee on Finance. The major question which must be addressed with respect to this legislation is based on the area of transparency of information made available to consumers.

Corporations are now brought under the legislation. The Canadian Federation of Independent Business has been a very vocal supporter of the Government on a number of issues in the recent past. It has made it clear that it believes there is a serious flaw in the proposal. I believe that was reflected in the testimony that was heard and in the recommendations that were made by the Finance Committee. It concerns the double charging on NSF cheques. We recognize that there has been an attempt to bring in regulations to deal with as many situations as possible. It seems to me and certainly to many small businesses in this country that requiring the issuer of an NSF cheque to pay a fee upon that cheque being returned is a totally legitimate and appropriate charge for the banks to make.

However, while I do not want to be difficult, there are great differences between rural and urban situations. For example, it is difficult for an urban dweller to cash a cheque in a bank branch where he or she is not known. It is not a simple task to go in off the street and attempt to cash a cheque, whether it is in a bank or in a retail store.

That is not always true in smaller communities and rural areas where the cashing of a cheque is seen very much as a reflection of trust between two parties, between people who are expected to be good for whatever they do, be it the issuing of a cheque or anything else. I wonder if it is not an unfair practice to have both the issuer of the cheque charged a fee when it is returned NSF as well as the party taking the cheque.

• (1550)

I know the argument is made that the receiver of the cheque should be more stringent, should ask more questions and should be sure that the issuer of the cheque has sufficient funds to cover it. However, that is not an easy thing to do. I hope that the position put forward by the Canadian Federation of Independent Business and many others will be taken into consideration.

I wish to apologize, because at the outset of my remarks I should have thanked the Minister of State and his staff for the co-operation they have shown on this matter. As a new Member of Parliament, I do want to point out that it was very generous of the Minister's staff

to provide us with information and keep us up to date on the process. I would like to recognize the Minister's co-operation on that basis. My remarks are not of a confrontational nature.

Although my friends to the left had reservations about the report made last year by the Finance Committee with respect to an ombudsman type of activity, generally speaking members of the Finance Committee realized that there had to be some improvements made and this Bill reflects some of those. However, I wish to underline my belief that the charging of the so-called innocent party in a transaction involving an NSF cheque is not a practice that should take place. There should be a way to avoid that practice.

From the bank's point of view, the point is made that it is easier to recover from the person who has taken the cheque. Usually that person has a business establishment and an account at the bank. There is no doubt that recovery is made much simpler because the party is at hand, while the party who has issued the cheque may be long gone. Oftentimes, that party has no intention of covering the cheque. If it were simply a mistake on the part of the issuer, undoubtedly he would return to the retailer and cover his charges as well. In most instances, the issuer of the cheque is no longer to be found or is insolvent, and it is a very difficult process to try to recover any loss to the bank.

In the meantime, I point out that the person, company or small business that takes an NSF cheque finds itself in an even more awkward position. Not only is it hit with a fee, but what can it do about the cheque? Again, it seems to me that this adversely affects the small business person who may not have a sophisticated method of verification of cheques. Cheques are taken on evenings and weekends. Sometimes people think they know other people well enough to be able to trust them, but for whatever reason, they come a cropper. I hope the Government will take a look at that situation.

I also suggest, and perhaps the Minister could enlighten us about this matter today, that the Bill go to the Finance Committee rather than to a legislative committee. I think that has been the practice and certainly the members of the Finance Committee will have a very specific interest in this Bill.

My next point deals with transparency of disclosure. We will have to look at the implications of this. We will want to hear from the banks, trust companies, and depositories. It is one thing to inform consumers but it is another thing to confuse them. I am wondering from a very practical point of view what we intend to propose for the disclosure of information.