



House of Commons
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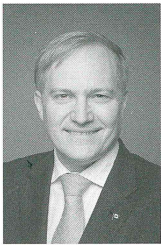
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June 4th, 2020

The Honourable William Morneau, P.C., M.P.
Minister of Finance
Department of Finance Canada
90 Elgin Street Ottawa
(Ontario) K1A 0G5

Dear Minister,

As NDP Finance Critic, I am writing to you today to express my deep concern about the various measures your government has decided to put forward to provide support for the banking and financial sector. I am particularly concerned that these measures have been extended without any obligations to support Canadians suffering through this crisis.

The Office of the Superintendent of Financial Institutions (OSFI) has calculated that up to \$750 billion has been provided, including regulatory relief and other liquidity support, to the banking and financial sector. During the last financial crisis in 2008, governments provided substantial support for the big banks, but while those banks reaped huge profits, they offered without providing any real support to Canadians.

During its May 21 appearance at the Standing Committee on Finance, OSFI was surprisingly unable to tell us what the consequences would be if banks did not comply with its modest guidelines to not issue dividends during this period. Some bankers are already trying to reassure their investors, while Canadians are becoming increasingly concerned about their futures. Equally worrisome is the reaction of some senior executives. TD Bank CEO Bharat Masrani told reporters in an interview after his bank's annual meeting that he did not see any change in its dividend policy, Brian Porter, CEO of the Bank of Nova Scotia, and Darryl White, CEO of the Bank of Montreal, both said that they had no intention of reducing their banks' dividends. I would hope that kind of comment raises red flags within your department.

While OSFI was politely asking banks and insurers to help Canadians and not openly profit from the pandemic crisis, other countries were taking concrete steps to make sure that the banking and financial sector was not given carte blanche.

For example, in the UK, the Prudential Regulatory Authority (PRA) has required the seven largest UK banks to suspend dividend and cash bonus payments to senior executives until the end of 2020, and to cancel the payment of any outstanding dividends for 2019. Similar actions have been taken in Europe, and Mexico's financial regulator has also followed suit. The largest banks in the UK have all indicated their intention to follow the PRA guidelines and have even issued a statement to that effect.

While in Canada the government is providing regulatory flexibility that allows the big banks to get an unprecedented level of liquidity support, the big banks are not doing anything to help our citizens. Unlike some credit unions, the banks have not reduced interest charges on credit cards to zero during the pandemic and they have not waived interest, penalties and fees on loan deferrals. Despite this government's stated hopes



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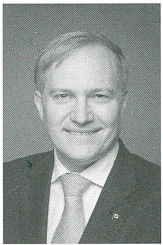
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for good will from the banks, Canada's major banks recorded more than \$5 billion in profits in the first quarter of this crisis alone. At the same time, Canadian small businesses have collapsed and so many Canadians continue to struggle to put food on the table and keep a roof over their head.

For your part, you have not used the regulatory and legislative powers you have to force the banks to give our fellow citizens a bit of breathing room. Stricter guidelines for bank executives could do much more to help Canadians make ends meet during this crisis.

Mr. Minister, you understand that people are worried. They see billions in direct and indirect assistance going into the banking and financial sector, but no concrete assurance from your government that the big banks will not continue to pocket big profits during this pandemic. During the Second World War, there were laws against profiteering. We need similar leadership from the federal government at this critical time.

I ask again that you use the tools that you have at your disposal to stop the profiteering taking place during this pandemic and force the banks to provide support to Canadians. After all, we are supposedly all in this together.

I remain fully available and, as always, ready to work with you to help deliver for our fellow citizens.

Yours sincerely,

Peter Julian, MP
New Westminster-Burnaby
NDP Finance Critic