

Board Highlights



This is a first! **Board Highlights** has not commented previously on a news story.

Because your Board has over the years consciously highlighted the differences between your credit union, a co-operative financial company, and other businesses, it seems important to address the issues raised by the **Go Public** team on CBC television. The headline today reads, “We are all doing it’: Employees at Canada’s 5 big banks speak out about pressure to dupe customers.” Since most readers of this publication are members of LECU, one might say this is a sermon to the converted. Yet, in the face of all the media attention, it is important for all of us to internalize the fundamental differences between co-operative and non-co-operative enterprises. LECU is a financial co-operative.

The most basic of all differences is that every member of your LECU is an owner and a customer. Every member, and only a member, *owns* a piece - at least one share – of LECU. LECU provides products and services only to member-owners. This is quite different from other financial intermediaries. They are widely owned by diverse groups of shareholders who expect/demand a level of reward proportionate to their investment. They make such investment solely to earn the appropriate/expected return, and they have a rapacious appetite for ever greater rewards. They may or may not use the products or services of the company in which they invest.

How does this difference look and feel on the ground? It’s all summed up in the mission and goal of your LECU.

What does LECU endeavor to do? It makes every effort to assist you and your communities to meet your financial goals by providing high quality financial products (various kinds of deposits, loans and insurance) and services (advice for retirement, income tax preparation, and credit counselling) at competitive prices. The focus of LECU is on you and your best interests. Simple as it sounds, that’s all LECU does: help you meet your monetary targets. If along the way member-owners do sufficient business with their co-operative that it makes more than enough profit to ensure its long-term viability, that amount is returned to them. In recent years, LECU has returned over half a million dollars to member-owners. Other financial businesses, banks, trust companies, lenders of last resort, distribute their profits to their shareholders, whether or not they do any business with the entity. This fundamental difference also guides the way of conducting business.

What guides the way LECU relates to its members-owners-customers? Essentially, every person on both sides of the counter conducting business inside every branch of LECU is a customer, a member, an owner. The sole motivation of all is to serve each other in the best manner possible. If LECU cannot most effectively meet a member’s needs, the fellow member will

advise you where you may obtain such service. If you are not availing of a product or service that could be better for you, the fellow member will so advise you. Contrast that with the folks who commented for the CBC:

"Management is down your throat all the time," said a Scotiabank financial adviser. "They want you to hit your numbers and it doesn't matter how."

An RBC teller from Thunder Bay, Ont., said even when customers don't need or want anything, "we need to upgrade their Visa card, increase their Visa limits or get them to open up a credit line."

"It's not what's important to our clients anymore," she said. "The bank wants more and more money. And it's leading everyone into debt."

A CIBC teller said, "I am expected to aggressively sell products, especially Visa. Hit those targets, who cares if it's hurting customers."

A financial services manager who left BMO in Calgary two months ago said he quit after having a full-blown panic attack in his branch manager's office as she threatened to stifle his banking career because he hadn't met sales targets.

"It was like the only thing they cared about at BMO," he said. "If you weren't selling, you weren't worth having around."

A former BMO financial services manager claims his manager once told him not to tell clients who wanted to invest more than \$40,000 that the markets were down, because putting their money into GICs wouldn't earn the branch as much sales revenue.

He said she also told him to attach high interest rates on mortgages and lines of credit and to not tell clients those interest rates are negotiable.

He said he was "pressured to lie and cheat customers," but refused to do it.

CBC followed up, “The revelations about other banks came pouring in after Go Public revealed last week that front-line staff at TD were under pressure to sell customers products and services they may not need and that some employees were breaking the law to hit their sales revenue targets.” As part of his analysis, Don Pitts, the senior producer at CBC’s business unit, drew this interesting analogy: “Despite the motherhood statements coming out of the banks in the wake of the Go Public stories, you must always remember that if banks were dairy farmers, you would be the cow.”

For these basic and many other differences between your co-operative and its competitors, the Directors consider LECU a bank but more – much more. Both directors and employees strongly support co-operative values (self help, self-responsibility, democracy, equality, equity, solidarity) and ethical values (honesty, openness, social responsibility, caring for others). These permeate the decisions and actions of everything LECU does as it seeks the best interest of every one of you.

If you would like to discuss any point included in this newsletter please do so at this address: lecucorrespondence@lecu.ca or call our CEO at (709) 695-7064.