Helping Saskatchewan Meet the Challenge - 2017
Credit Unions Build a Strong Economy
Credit Unions Build a Strong Economy

It was with great interest that we noted the Government of Saskatchewan's theme for the 2017-2018 – Provincial Budget titled: Meeting the Challenge. Credit unions are helping Saskatchewan businesses, consumers and agriculture producers meet their day-to-day financial challenges today and have been providing that support for decades.

Drought and harsh economic circumstances were two conditions present when the first credit unions were founded in Saskatchewan over 70 years ago. By pooling resources, they helped farming communities survive during the difficult times and thrive when economic conditions got better. Saskatchewan credit unions have evolved to invest in the new technologies and alternative service channels to meet the financial services needs of our 475 thousand members.

As the credit union system has grown, so too has the credit unions’ impact on Canada and Saskatchewan’s economies. In 2016, The Conference Board of Canada released a report on the economic impact of credit unions in Canada’s economy, which indicated credit unions contributed $600 million dollars to Saskatchewan’s economy (direct and indirect economic output annually) and $6.5 billion nationally.

Credit unions have always done our part to support the provincial economy, and we ask legislators to be mindful of the regulatory and tax environment in which Saskatchewan credit unions operate. The tax changes announced in the provincial budget will cost credit unions an estimated $10 million in capital by the year 2020. A similar tax increase in British Columbia was halted, and in Manitoba credit unions’ tax provisions remain unchanged.

While we understand the need to contribute to the government’s efforts to balance the budget, we ask elected officials continue to monitor how the new credit union tax structure compares with the overall tax environment in the financial services industry today, particularly in western Canada. We look forward to our ongoing engagement with you and other elected officials on these and other emerging priorities in the credit union system.

Sincerely,

Russ Siemens
President

Sincerely,

Keith Nixon
CEO
Literacy Network partnerships include: organizations. Saskatchewan Financial local schools and community programming partnerships with their unions have financial literacy to their personal finances. Many credit unions want to advance financial literacy initiatives are one way credit unions put people before profits. Credit unions want to advance the well-being of people with respect to their personal finances. Many credit unions have financial literacy programming partnerships with their local schools and community organizations. Saskatchewan Financial Literacy Network partnerships include:

Credit Union Taxation
The elimination of the province’s small business tax deduction will ultimately cost Saskatchewan credit unions approximately $10 million per year. Credit unions had used that capital to support lending opportunities for small and medium businesses, agriculture producers and consumers. The capital also supports community impact investments with local businesses, community projects, and programs.

Credit unions understand the need for all sectors to do their part to balance the provincial budget, but taxation policy should not conflict with the greater goal of economic growth. In recognizing the role credit unions play in building the economy, the government of British Columbia is now reversing credit union tax increases. In Saskatchewan, the cumulative impact of the elimination of credit union tax provisions, the PST increase and the tax introduced on insurance services has had unintended consequences, and is impeding the credit unions’ ability to maximize economic growth in our province.

Social Impact Bonds
Conexus Credit Union is an ongoing partner in the Sweet Dreams project in Saskatoon which aims to keep children out of foster care by providing their mothers with parenting, education and employment support. Conexus is also investing in a national social impact bond project with Saskatchewan Polytechnic to administer an essential skills training program. This new innovative social finance opportunity helps people improve their social situation and financial well-being as they will be better prepared to attain and sustain employment.

Impact Investments
Affinity Credit Union is a partner in the Aboriginal Youth Entrepreneurship Program (AYEP) in Saskatchewan. AYEP helps First Nation and Metis youth improve their education outcomes while learning about creating a business.

Credit unions make strategic investments in community enterprises, programs and projects that have social and economic impacts in Saskatchewan. With the aim of helping communities prosper, some credit unions have long-term commitments in capital projects in local communities. Others have special loan programs for low income persons, the disabled, or newcomers with no credit history or other people who have a poor credit history. All these initiatives put people before profits.

Economic Partnerships

Financial Literacy
Financial literacy initiatives are one way credit unions put people before profits. Conexus, Affinity, Cornerstone, Innovation, and Synergy Credit Unions. The Network provides direction, support and action plans to improve financial literacy within our communities. It focuses on youth, seniors, newcomers, businesses, Indigenous peoples, underbanked and people with special needs and disabilities.

Each One Teach One
The Canadian Credit Union Association is partnering with Vancity Credit Union to offer credit unions access to Each One, Teach One. Each One, Teach One is an innovative financial literacy program that trains employees of financial institutions to deliver basic financial skills workshops in community settings. Delivered in plain language — in schools, church basements, neighborhood houses and community centres — the approach of Each One, Teach One is to meet individuals where they are, when they seek training.

Since 2016, 13 Saskatchewan credit unions and 1,054 community members have utilized the program.

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Credit Unions in Saskatchewan

Credit unions maintain 50% of the SME market and are a critical source of loans and mortgages for small and medium-sized business which are the backbone of Saskatchewan’s economy.

(Source: CUDGC, Bank of Canada, Statistics Canada)

Saskatchewan’s 46 credit unions collectively employ 3,400 people in skilled work roles, providing valuable wages and benefits throughout the province. In 2016, salaries and benefits for credit union employees totalled over $297 million.

(Source: CUDGC, 2016)

Credit unions act as provincial engines of growth by redeploying deposits from Saskatchewan back into local economies by financing farms, business operations and major purchases.

(Source: Conference Board of Canada Report: The Economic Footprint of Canada’s Credit Unions. $600 million is the sum of Direct Impact+Indirect Impact+Income Impact+Dividend Impact)

Total Community Giving
Credit unions’ purpose is to provide service to members and contribute to your economic, social, and environmental well-being.

(Source: Canadian Credit Union Association) [Includes donations, sponsorships, in-kind donations, scholarships and bursaries, charitable foundations and reduced or waived fees or service charges]

Credit Union Total Lending
Credit unions contribute $600 million in economic impact to Saskatchewan annually.

(Sources: Conference Board of Canada Report: The Economic Footprint of Canada’s Credit Unions. $600 million is the sum of Direct Impact+Indirect Impact+Income Impact+Dividend Impact)

Economic Impact

Out of 1.098 million people in Saskatchewan, more than 475,000 are members of a credit union with an additional 93,286 people doing business with a credit union, which is just over 51%.

(Source: Statistics Government of Saskatchewan, Statistics Canada and CUDGC)

Employee Salaries and Benefits

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(Sources: Conference Board of Canada Report: The Economic Footprint of Canada’s Credit Unions. $600 million is the sum of Direct Impact+Indirect Impact+Income Impact+Dividend Impact)

Saskatchewan CREDIT UNIONS
QUICK FACTS

- Number of credit unions: 46
- Members: More than 475,000
- Credit union assets: $22.3 billion
- Total credit union lending: $17.6 billion
- Board members: almost 424 locally elected
- Asset size of individual credit unions: $19 million to more than $5.7 billion
- Employees: close to 3,400

(as at June 30, 2017)
Credit unions drive our local economy.

46% of credit unions’ output accrues directly to their workers, compared to 36% for banks and other deposit-taking institutions. For every million dollars in gross output created by credit unions in Canada, a total of 14.2 jobs are created in the economy. Saskatchewan accounts for 9% of indirect jobs in professional services, 13% in consulting services, and 11% in legal and accounting positions.

Number of Jobs Created

For every million dollars of gross economic output, credit unions create a total of 14.2 jobs, compared to 8.4 for banks.

[Source: Canadian Credit Union Association]
Community giving is one of the ways that credit unions directly benefit their communities.

Credit unions’ have a higher purpose than profits, which is to advance the well-being of their members. They take the time to understand their members’ needs and work hard to tailor their products and services to meet them. Money left over at the end of the year is returned to members in the form of dividends, and/or donated to communities in the form of donations, scholarships and other initiatives.

Each year, credit unions give back, on average, four per cent of pre-tax profits to local community organizations — well above the recognized banking industry standard of one per cent.

[Source: Canadian Credit Union Association]
[Includes donations, sponsorships, in-kind donations, scholarships and bursaries, charitable foundations and reduced or waived fees or service charges]

Volunteer Hours

With close to 27,598 volunteer hours, credit union employees support hundreds of community and charitable events.

Accessibility

Credit unions continue to invest in leading edge technology that brings new channels and financial accessibility to their members. Mobile payments and remote deposit capture are two examples of these services.

CUSTOMER SERVICE

In the annual 2017 Ipsos® Best Banking Awards program, Canadians have ranked Canada’s credit unions first among all financial institutions in providing Customer Service Excellence and Branch Service Excellence for the 13th year in a row.

In all, credit unions won...

- First for Customer Service Excellence (13th consecutive year)
- First for Branch Service Excellence (13th consecutive year)
- First for Values My Business Excellence (10th consecutive year)
- Winner (tied) for Live Agent Telephone Banking Excellence (fifth year)
- Winner (tied) for Mobile Banking Excellence (third time, second consecutive year)
- Winner (tied) for Financial Planning and Advice (10th consecutive year)
- Winner (tied) for Online Banking Excellence (third consecutive year); and
- Winner (tied) for Automated Telephone Banking Excellence; (fifth consecutive year)

Credit unions have a unique culture of community engagement and a core commitment to consumer protection and financial literacy. Our industry is committed to helping members find the most cost-effective banking solutions and the right products for them.