

FACTS & INSIGHTS 3

THE ROLE OF THE BANKS

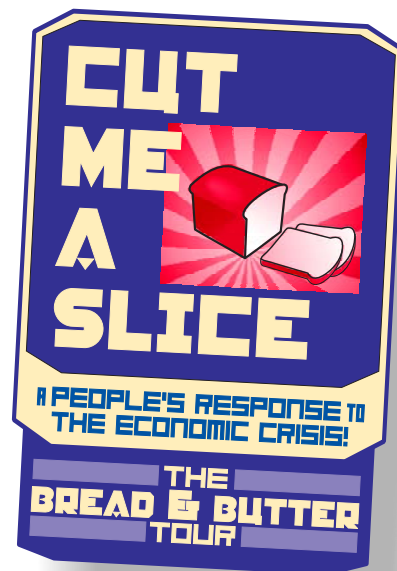
■ Unlike most other G8 countries Canada's banks are in a stable and secure position because of strong regulation by our federal government. In addition the government is using our taxpayer borrowing power to buy up to \$125 billion Canadian mortgage securities held by the banks. That's good for the banks. However, while the banks are basking in the benefits from government protection and taxpayer support they're not doing enough to help families and businesses get through this difficult economic time.

■ The Bank of Canada has slashed its interest rate (the rate it charges banks to borrow from them) to almost zero—just 0.5%. All in an effort to get the economy moving again by getting the banks to start lending again. Shockingly the big banks continue to drag their feet. They simply will not pass on the full degree of interest rate cuts to families and businesses. Some banks have even raised the rate they charge on loans and lines of credit. Recently the banks reported big profits and multi-million dollar bonuses for executives. Why do the banks care more about their profits and bonuses than helping us get through

this recession by reducing mortgage, business and personal lending rates?

■ The sky-high interest we get charged on our credit cards is outrageous—and criminal in some countries. To make matters worse the average Canadian family pays hundreds of dollars a year in hidden credit card fees. Banks and big credit card companies collected more than \$4.5 billion in hidden fees last year alone. Why do the banks insist on ripping off working families with credit card interest rates and hidden fees—especially at a time when the economy is in trouble and people are losing their jobs?

■ Working families are getting fleeced by the banks when it comes to ATM fees. In 2005, Canadians had to cough up an estimated \$420 million in ATM fees just to use their own money. When the banks introduced ATMs they cut thousands of teller jobs and claimed the machines would make it cheaper for consumers to do banking. What happened to that promise?



OBVIOUS SOLUTIONS

- The federal government must:
 - ◆ Take more aggressive action to ensure the banks pass on the full amount of interest rate reductions to families and businesses so we can reap the benefits of the Bank of Canada's economic stimulus efforts;
 - ◆ Legislate a cap on credit card interest rates;
 - ◆ Amend the Bank Act to eliminate ATM fees at all banks.

TAKE ACTION

- Visit www.peoplesresponse.ca so you can:
 - ◆ Find out about town hall meetings in your community;
 - ◆ Connect with like-minded people and get involved with a virtual campaign;
 - ◆ Make your voice heard by sending an email to your Member of Parliament, completing a short survey, and posting your own note or video;
 - ◆ Download information and other resources such as fact sheets, videos and podcasts.
- Invite your friends, family and colleagues to get involved and speak out.