

COMMUNIQUÉ Canadian Union of Postal Workers Syndicat des travailleurs et travailleuses des postes

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ACORN and CUPW take to the streets over predatory payday lenders

For Immediate Release

May 5, 2016

OTTAWA – The Canadian Union of Postal Workers (CUPW) and the Association of Community Organizations for Reform Now (ACORN) are taking to the streets in Halifax, Montreal, Ottawa, Toronto and Vancouver to call for postal banking as an alternative to predatory payday lenders.

Payday lenders have moved in and filled the void left by banks in many communities,” said ACORN Canada spokesperson Donna Borden. “They are filling real needs for small loans and cheque-cashing services, but at predatory rates. It’s loan sharking pure and simple.”

“They take most of your pay and then you owe again. It’s a vicious cycle,” said ACORN Canada member Tina Ford. “You’re always poorer in the end, but we have to survive somehow so that’s why I have to keep going back.”

Payday lenders charge anywhere from \$17 to \$25, depending on the province with the exception of Quebec, for every \$100 borrowed over a two-week period. Annually that’s an interest rate of 443% to 651% . Industry insiders say close to 2 million people in Canada use payday lenders each year.

“People need an alternative to payday lenders, somewhere they can go and not be gouged,” said Mike Palecek, National President of CUPW. “A postal bank could be that alternative.”

“Canada had a postal bank for over a hundred years and over 60 countries still do,” said Palecek. “Postal banking helps keep financial services accessible and postal service viable in many parts of the world, and could here too.”

CUPW and ACORN Canada are calling on the government review of Canada Post to recommend the addition of financial and banking services at Canada Post, or at a minimum, a task force to determine how to deliver new financial and banking services through our postal service.

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For more information, please contact Aalya Ahmad at aahmad@cupw-sttp.org or 613-327-1177

Canada Post chooses cuts, ignores better options

The Canadian Union of Postal Workers (CUPW) condemns today's announcement by Canada Post that it will cut public postal service. The corporation has options other than slashing services and should give these options serious consideration.



CUPW has compiled information showing there is little support for what Canada Post is doing and considerable support for alternatives to cuts.

Background

Canada Post Corporation (CPC) held consultations on the future of our public postal service in 2013. These consultations started the day after the Conference Board of Canada released a report called *The Future of Postal Service in Canada*. This report was paid for by Canada Post. It discussed ways to sustain Canada Post such as increasing postage rates, cutting postal services and freezing or decreasing the wages of postal workers. The service reductions considered included:

- Going to alternate day delivery of mail,
- Replacing public post offices with private outlets or franchises.

- Converting door-to-door delivery in urban areas to community mailbox delivery.
- Reducing standards for speed of delivery.

The Conference Board's report did not consider adding

revenue-generating financial services as an option for sustaining our postal service. It claimed that Canada's 'highly developed financial service sector' would prevent our post office from succeeding in this area.

However, the report did acknowledge that financial services have been lucrative for many postal administrations. It specifically mentioned Swiss Post while failing to mention that Switzerland also has a highly developed financial services sector.

In addition to working with the Conference Board, Canada Post held invite-only meetings in about 50 communities and conducted a largely online public consultation on its future, focusing on cuts.

Online and mail-in consultations

From April to October of 2013, Canada Post's website featured a "Future of Canada Post" page where members of the public were invited to answer the

question: "What kind of postal service will you need in the future?" The corporation posted the Conference Board's report as background information. The public was also invited to mail in comments.

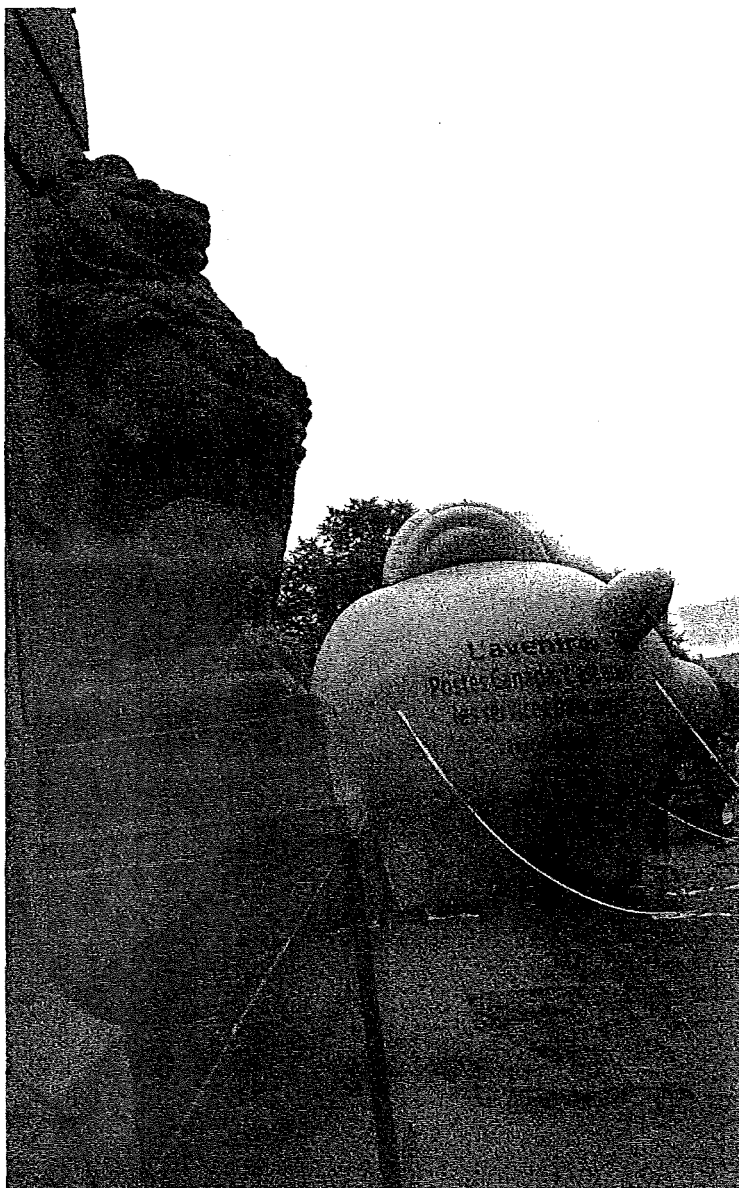
CUPW reviewed and analyzed all the comments on the "Future of Canada Post" webpage*:

- Less than 2 in 10 people called for cuts to services (19.26%).
- Almost 3 in 10 people indicated that they didn't want cuts, or that they wanted the status quo (28.39%).
- Almost 1.5 in 10 people said they wanted cuts to some services but that they didn't want cuts to other services (14.38%).
- Almost 4 out of 10 people did not mention any of the above: cuts, no cuts, both cuts and no cuts, or the status quo (37.97%).

As for specific options:

- Over 45% of people who mentioned mail delivery said they wanted to keep delivery the same (45.22%) and almost 7% said they wanted delivery to increase (6.62%).
- Only 15% of people suggested that door-to-door delivery or rural box delivery be converted to community mailbox delivery (15.13%).
- Less than 1% suggested that Canada Post should close post offices or open more franchises (0.88%).
- Less than 1% said Canada Post should reduce the speed of delivery (0.22%).
- Almost 3% of people indicated that rate increases would be acceptable or help Canada Post (2.84%).
- Almost 14% of people said Canada Post should expand the services they offer (13.84%).
- More than 5% of people indicated that Canada Post should get involved in more financial services (5.04%).

*CUPW did not have access to mailed-in comments.



Communities Declare Support for Postal Banking

Canada Post held invite-only meetings in about 50 communities across the country in 2013.

CUPW mailed an information package to almost every municipality in the country between October and November 2013 (Note: The mailing to Quebec municipalities was delayed due to municipal elections).

The union's mailing informed municipalities about possible postal cuts and options and requested that municipalities pass two resolutions asking the Minister of Canada Post:

- 1) To use the government's upcoming review of the Canadian Postal Service Charter to focus on revenue-generating services, not cuts, including financial services such as bill payments, insurance and banking.
- 2) To improve the Canadian Postal Service Charter and make the upcoming review of the Charter open to public input.

Support for better options for Canada Post has been rolling in. To date, 116 groups and municipalities have passed one or both resolutions and 25 groups and municipalities have passed similar resolutions or taken similar actions.

For more information, go to the "postal banking" section at: PublicPostOffice.ca

Polling Shows Support for Postal Banking

In May 2013, CUPW asked Stratcom to conduct a poll to find out if people thought adding financial services would help Canada Post.

Close to two out of every three respondents (63%) to this poll supported Canada Post expanding revenue-generating services, including financial services like bill payments, insurance and banking.

These results were drawn from a Stratcom national online survey which interviewed a nationally representative sample of 1,514 adult Canadians between May 24th to 26th, 2013.

For more information, go to:

<http://www.cupw.ca/1/4/5/7/6/index1.shtml>

Research Supports Postal Banking

The Canadian Union of Postal Workers (CUPW) believes that our country needs improved financial and banking services and that Canada Post is well placed to fulfill this need. Moreover, the union thinks that adding financial and banking services at Canada Post will help the corporation preserve public postal service and improve its financial picture.

CUPW has done its own research in coming to this point of view but decided to ask for an independent perspective. As a result, it commissioned a study by the Canadian Centre for Policy Alternatives (CCPA) to examine the feasibility of adding financial and banking services at Canada Post.

The CCPA study is entitled *Why Canada Needs Postal Banking*. It looks at the changing banking environment in our country as well as our post office's experience with banking. In addition, it reviews the status of postal banking around the world, highlighting five successful models in the United Kingdom, France, Italy, Switzerland and New Zealand. Having established that there is a need for improved financial services in our country and viable models in other countries, the study concludes by suggesting possible models for postal banking in Canada. It recommends that the federal government and Canada Post immediately establish a task force to determine how to deliver new financial services, and establish priorities for delivering new products.

The CCPA paper points out that postal administrations in many other countries are generating significant profits from postal banking. For example:

- Kiwibank generated 70% of New Zealand Post's profits in 2012.
- PostFinance generated 71% of Swiss Post's operating profits.
- And the banking and insurance arms of the Italian post office brought in 67% of total profits.

You can get the full report by going to:

<http://www.policyalternatives.ca/publications/reports/why-canada-needs-postal-banking>

You can get CUPW's paper entitled *Banking on a Future for Posts* by going to:

http://www.publicpostoffice.ca/index.cfm/ci_id/14628/la_id/1.htm

Everything on the table according to government

Lisa Raitt, Minister responsible for Canada Post, publicly stated that Canada Post "should be considering everything." She also said that "Everything is on the table" at Canada Post."

Why isn't postal banking on the table?

Source: *Canadian Broadcasting Corporation, The House*, "Lisa Raitt interview about the future of Canada Post," September 20, 2013, <http://www.cbc.ca/player/Radio/The+House/ID/2407690826/>

cupw•sttp



A bank for everyone

Support Postal Banking

Dear member of Parliament

There is an urgent need for postal banking in Canada. Thousands of rural towns and villages in our country do not have a bank. Nearly two million Canadians need alternatives to payday lenders.

I want you to know that postal banking isn't a radical idea. It's a reality in many parts of the world.

In our country, postal banking has the support of hundreds of municipalities and close to two-thirds of Canadians (Stratcom poll, 2013). It's seen as a way to keep postal services viable and financial services accessible.

I am requesting that you urge the Minister Responsible for Canada Post to establish a taskforce to determine how to deliver new financial and banking services through our public postal service so that this matter can be properly assessed during a "public" review of Canada Post.

Yours truly,

(name) _____

(address) _____

(city/town) _____

(postal code) _____

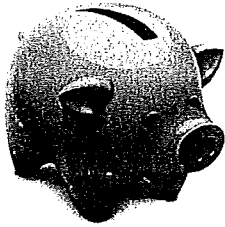
(email) _____

I give CUPW permission to contact me on this issue and related matters.

Produced by the Canadian Union of Postal Workers

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fold on dotted lines and tape ends



A bank for everyone
Support Postal Banking

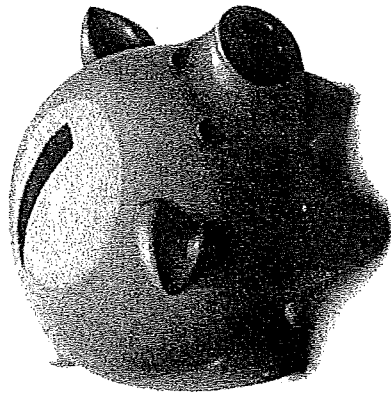
No
postage
necessary

, MP
House of Commons
Ottawa, Ontario
K1A 0A6

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Postal banking
A bank for everyone!

A bank for everyone!



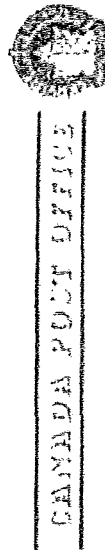
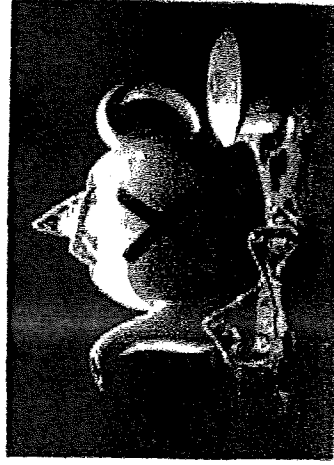
A bank for everyone
Support Postal Banking

Back to the future



➔ USE THE
POST OFFICE
SAVINGS BANK

DON'T TAKE CHANCES!



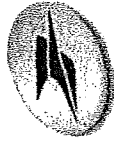
What is a postal bank?

Services that could be provided by a postal bank:

- Savings and checking accounts
- Online banking
- Bank machines
- Credit cards, debit cards, pre-paid cards
- Money transfers, including remittances
- Insurance (home, auto, travel, etc.)
- Loans and mortgages
- Financing for social housing, NGOs
- Investment products (RRSPs, mutual funds, annuities)
- Foreign currency
- Other services such as financial counselling

Other countries have postal banking

- Postal banking is not a new or radical idea. Postal banks already exists in many parts of the world where they used to:
- increase financial inclusion
- promote economic development
- and generate revenue to preserve public postal service and jobs



LA POSTE

Posteitaliane



Why a postal bank in Canada ?

The banks are failing us

- Canadian banking industry portrayed as model of stability and good management: Due to regulation
- But not meeting the needs of growing numbers of Canadians
- Focused on profits not service: service cuts, branch closures, foreign investments, high fees
- Most profitable sector of the economy
- Big five banks profits (2015) - \$ 35 billion
- \$100 million per day
- Profits up 19% in last 2 years

Banking problems and trends

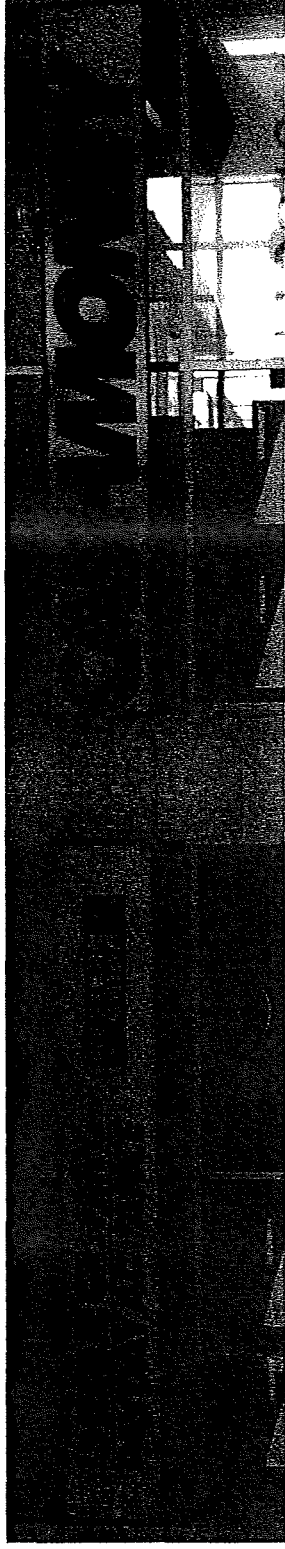
- Canadians pay, on average, service fees of \$185.00 annually
- Oxera Consulting Ltd study: Canada had among the three highest annual fees on current accounts for students, low income families and pensioners
- Better record servicing medium and high income customers
- ATM fees are among most expensive
- 1990 - 2014 - Canada's population up by 20%
- Bank branches decreased by 22%, largely in rural areas and low-income areas of urban centers

Class, race and geographic exclusion

- The National Symposium on Financial Capability found evidence of financial exclusion of low-income people
- Many unbanked - 3% to 15%.
- Many underbanked too - Rural Canadians with bank accounts that rarely access banking services *plus* people with bank accounts that rely on fringe financial institutions, especially low-income people and Indigenous people.
- Prince George B.C. study: Found that 50% of the aboriginal population who used fringe financial institutions such as payday lenders had bank accounts.

Payday lenders

- **Filling a void** - Payday lenders have moved in and filled the void left by banks in many communities.
- **What are they?** Businesses that provide short-term loans, normally for small amounts of money.
- **Number of payday lenders in Canada** - 1,400 retail stores in 2011. 3 large chains have 80% of business.
- Canada's market generates about \$2.5 billion in annual revenue and consists of about 2 million customers.

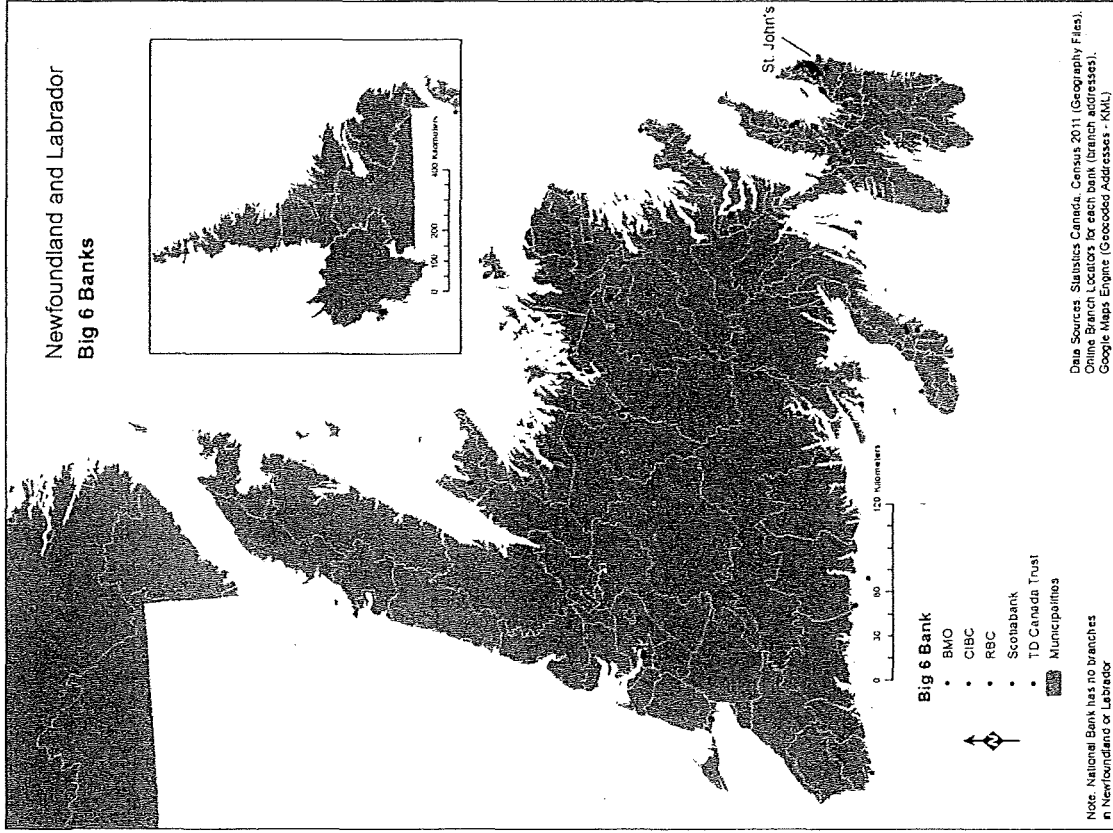


Payday lenders: Who uses them?

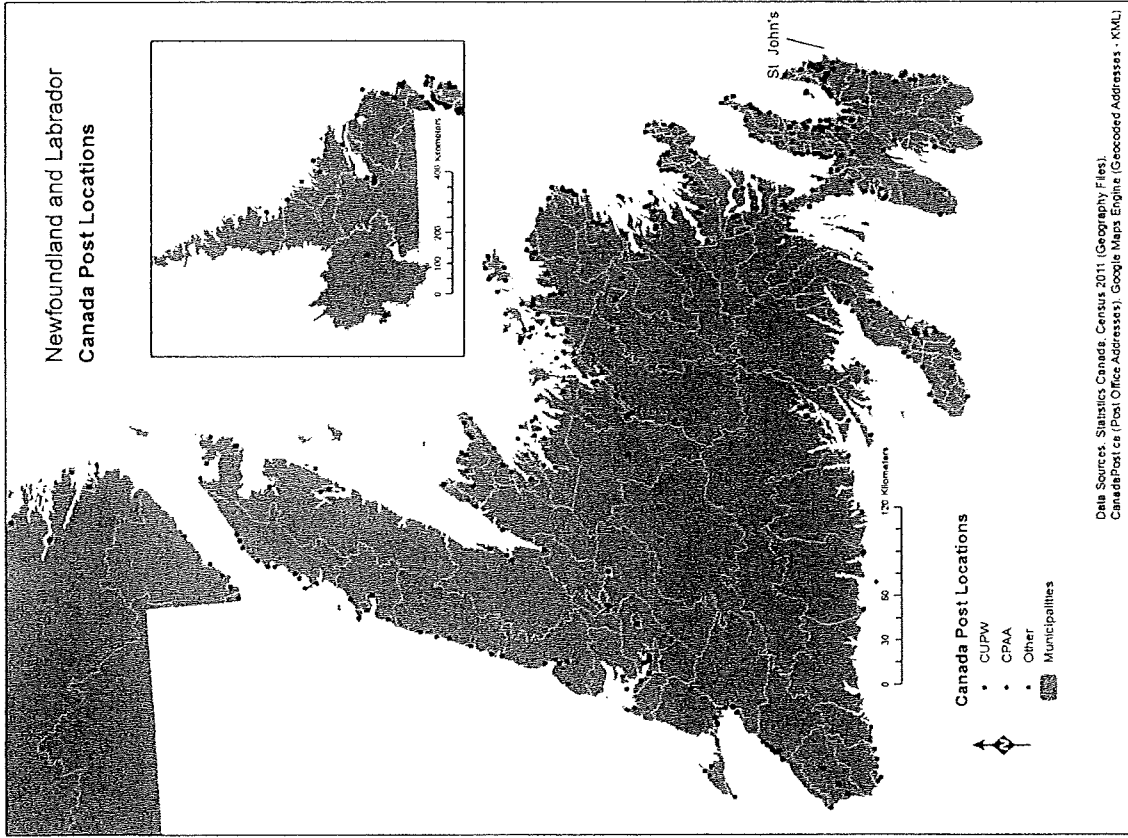
- **Statistics Canada survey** - Found that 3% of families had taken out a payday loan within the previous three year. Many were young families.
- Concluded that families who use payday lenders have few other options.
- **Ipsos Reid poll** - Found that 22% of payday lenders clients use these companies at least once a month.
- Payday lenders are meeting the demand for small loans and cheque-cashing services, but at predatory rates.
- Banks do not appear to be interested in this market.

Rural exclusion

- Large banks have been closing operations in small towns and villages.
- CPAA study found 1178 communities with a post office (out of 2620 that responded) have no bank or credit union in their community.
- Provinces with high rates of financial exclusion (no bank in communities with post offices)
 - Newfoundland and Labrador: 84%
 - Nova Scotia: 65%
 - British Columbia: 61%



Newfoundland and Labrador Canada Post Locations



Data Sources: Statistics Canada, Census 2011 (Geography Files),
CanadaPost.ca (Post Office Addresses), Google Maps Engine (Geocoded Addresses - XML)

Indigenous exclusion

PRINCE FINANCIAL INSTITUTIONS, THE UNBANKED,
AND THE PRECARIOUSLY BANKED:
SURVEY RESULTS FROM PRINCE GEORGE, B.C.

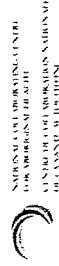
DR. PAUL BOWLES, KEELY DEMPSEY AND TREVOR SHAW
University of Northern British Columbia



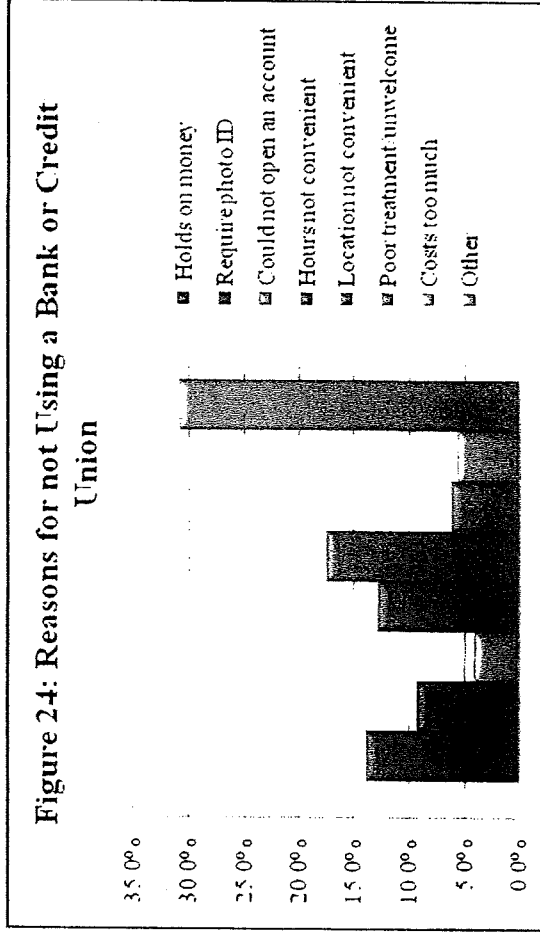
REPORT PREPARED FOR THE
ABORIGINAL BUSINESS DEVELOPMENT CENTRE

SEPTEMBER 2010

Funding from the National Collaborating Centre for Aboriginal Health and
REARBC is gratefully acknowledged



Reason for not using bank



¹³ Respondents were able to provide multiple reasons so we report the number of selections rather than the number of respondents in Figures 24, 25, and 32 and 33.

Experience of racialized people

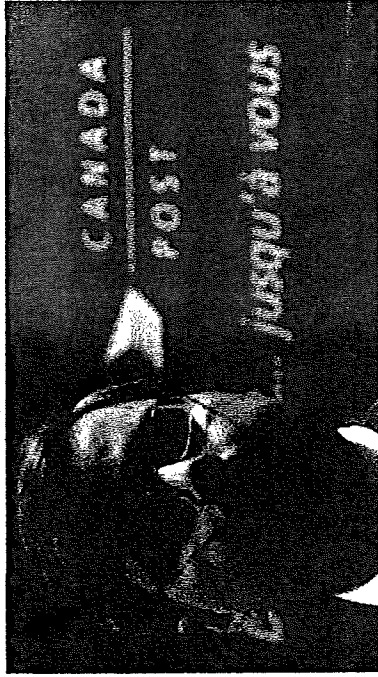
- One example:
- In 2014, Frantz St. Fleur, a Haitian-born citizen of Canada, was arrested because bank staff suspected that his \$9000 cheque was fraudulent. Mr. St. Fleur had been a customer of the bank for a decade.

So how do we
make it happen ?

We have support!

- **Municipalities** - Over 600 municipalities have passed resolutions that support postal banking.
- **Public** - Almost two out of every three respondents (63%) to a 2013 Stratcom poll supported Canada Post expanding revenue-generating services, including financial services like bill payments, insurance and banking.

Canada Post - 1980s to now

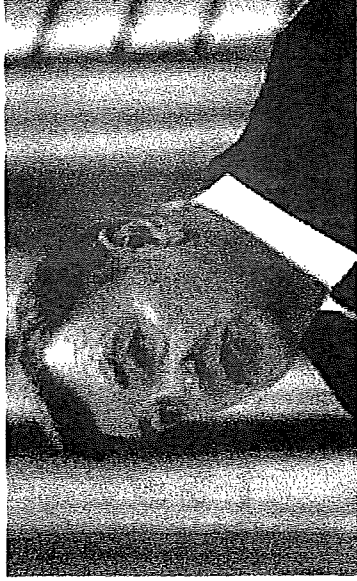


- Canada Post President Deepak Chopra does not support postal banking
- Predecessors have considered and even promoted



- 1982 - Michael Warren said that there were 2,000 communities in Canada which had a post office but no bank and suggested that the postal service could step into this service vacuum.

Canada Post - 1980s to now

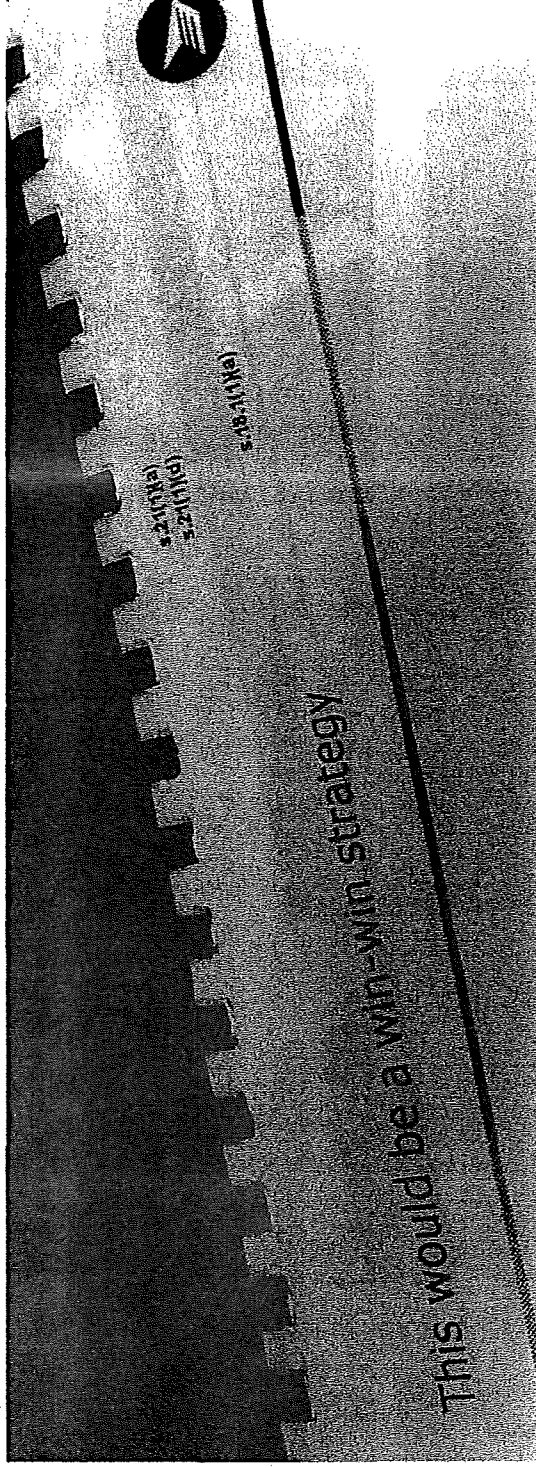


1998 - André Ouellet told a parliamentary committee that Canada Post used to provide banking services and suggested that the corporation could do it again.



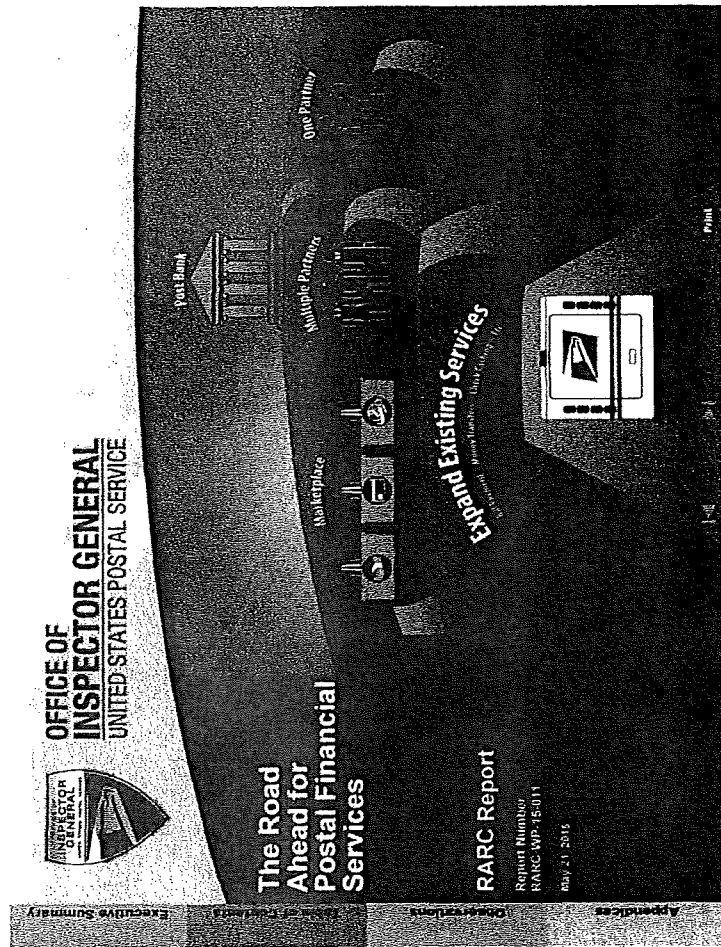
2010 - Moya Greene told a standing committee of Canada's Senate that she was giving serious consideration to providing "a more traditional and generalized banking offer."

Canada Post's secret banking study



- Canada Post conducted a secret four-year study on postal banking (2009 - 2013) that indicates that adding this service would be a win-win strategy “ for the corporation

USPS Office of the Inspector General

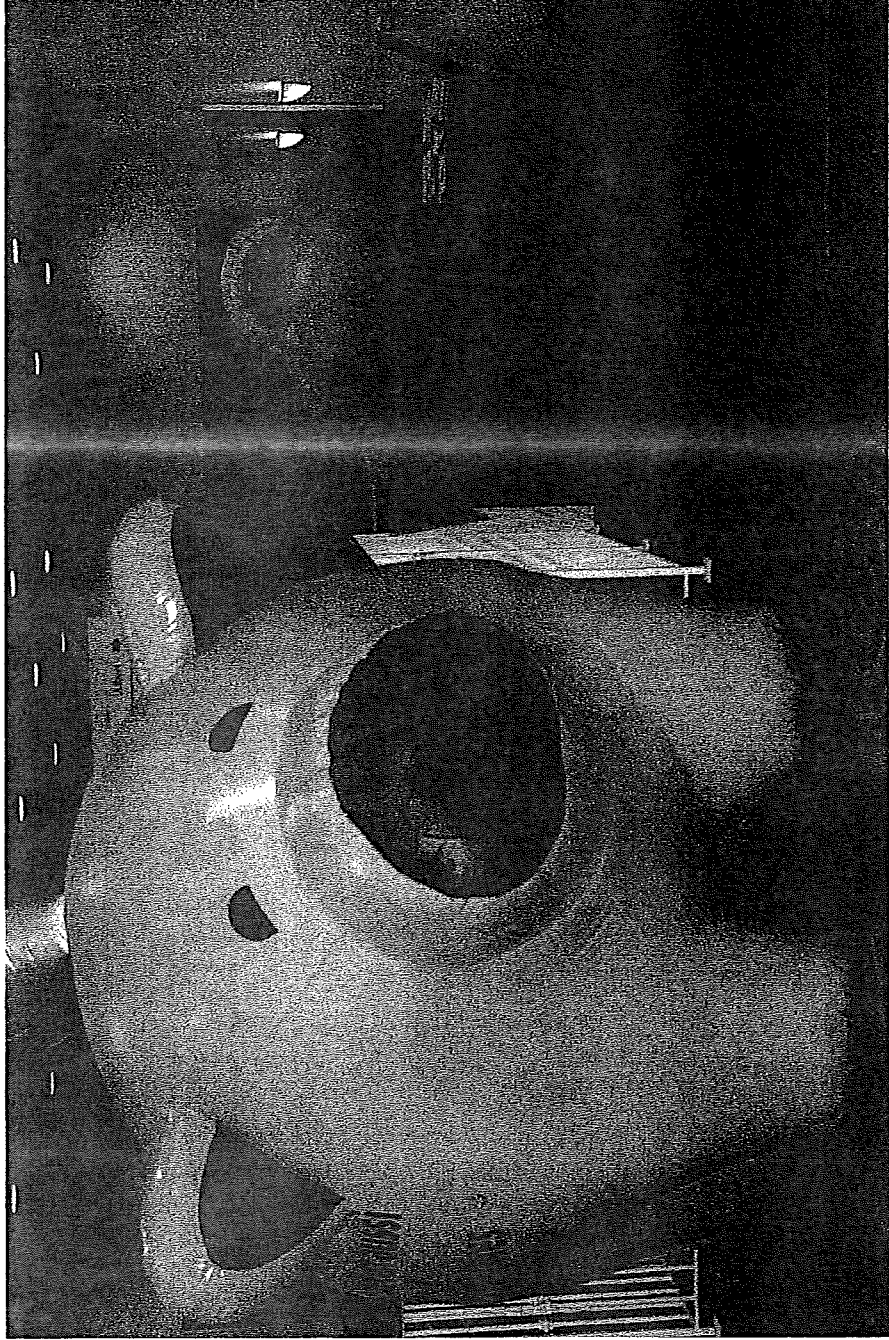


May 2015 - USPS
Office of the
Inspector General
issued a report
suggesting that
USPS expand
financial and
banking services

Puffy supports us!

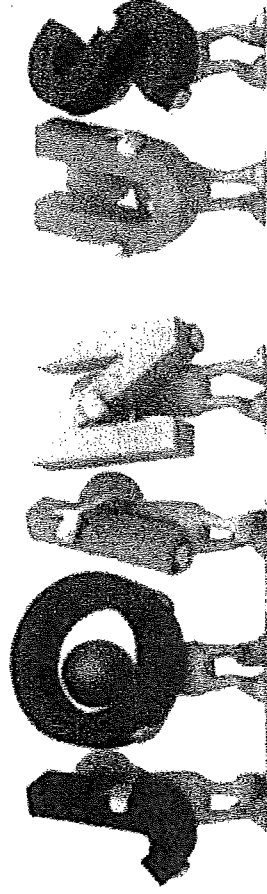


Peter and Pat support us too!



2016 review of Canada Post

Opportunity of a lifetime



A bank for everyone!

A bank for everyone
Support Postal Banking

Canada charges some of the highest banking and ATM fees in the world. Nearly 10 million Canadians are resorting to predatory payday lenders, especially young families and lower-income Canadians.

In many communities, especially in rural and northern Canada, there's a post office but no bank.

63% of Canadians and over 600 municipalities support adding financial services to Canada Post.



cupw.ca/PostalBanking

Ready for liftoff!

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