

Canadians say **NO!**



What Canadians think about granting banks expanded powers

In today's fast-paced world, Canadians are becoming increasingly concerned about the protection of their personal information, how that information might be used once it gets in the hands of large organizations, like banks, and whether banks will use that information to exert tacit pressure to sell them more products and services.

This is precisely why Advocis commissioned a public opinion poll, conducted by Pollara Inc. in November, 2005, asking Canadians about their experiences with banks, and how Canadians feel about the banks' bid to obtain greater powers to sell or market life and health insurance through their retail branches. The survey of Canadian consumers across the country substantiates these concerns and offers some revealing and even astonishing findings. Here's what Canadians told us.

Canadians say banks already know too much about their private lives.

Advocis' opposition to expanded powers of banks to sell or market life and health insurance through their branches is grounded first and foremost in the very real concern that consumers' privacy of personal information could be at risk if credit information and personal health information are no longer kept separate.

Survey results demonstrate that almost all Canadians today believe that banks have enough or more than enough information about them. And, a majority of Canadians would be concerned about the amount of credit and personal information that a bank would have if bank branches are allowed to collect information about clients to help banks sell life and health insurance.

Advocis is concerned that consumers could be particularly exposed and even hurt in an environment that allows banks to sell or market insurance through branches, as there can be no guarantee that subtle or overt pressure will not be used to offer financial products, and bank proposals for enhanced powers, currently under consideration, do not offer any such assurances. The leverage of credit granting is simply too easy and tempting for branch staff to apply and too difficult to detect or monitor.

Canadians fear giving banks control over their financial and health records.

Consumers specifically express concerns about whether the health information in their insurance applications would be kept separate from their banking information, such as loan or mortgage applications.

It is interesting to note that most consumers have not been asked for permission by their banks to review their personal banking information and would not give permission if asked.

Canadians to banks: Stick to banking – don't use personal data to sell other products.

The survey revealed a significant majority of Canadians do not want their banks to use their personal banking information to try to sell them products or services, and over one half of Canadians are confident that banks are not allowed to use their personal banking information to try to sell them products or services. A further 15 per cent simply don't know if banks are allowed to do this at all.

What most people don't realize is that they've probably already consented to this by not crossing out the fine print in the latest bank agreement they would have signed.

Canadians uncomfortable with sales pressure by banks.

One in five Canadians who have been approved for a bank loan, mortgage or line of credit report feeling pressured to give the bank more business.

Coercive tied selling, which occurs when a customer is required to buy a product or service as a condition for obtaining another, is currently prohibited under the Bank Act. Astonishingly, while the majority of Canadians believe that protections to prohibit coercive tied selling should be in place, only 30 per cent are aware that protections prohibiting coercive tied selling are in place. The vast majority of Canadians either do not know or think there are no protections currently in place. And, only 19 per cent of Canadians 65 or older, and 15 per cent of women over the age of 55 are aware that restrictions against coercive tied selling even exist!

The banks are doing a great job of keeping their complaint resolution processes a secret!

To make matters worse, one third of Canadians, and more than half of all Canadians 65 or older, do not know if their banks have a formal complaint resolution process in place or do not believe that they do.

Canadians need protections in place to alleviate concerns about privacy and sales pressures.

Advocis believes that without the current protections in place, consumers would be increasingly vulnerable to sales pressure in light of their already extensive exposure to banks. Ultimately, removing the current protections that keep banks' banking and insurance operations separate provides banks with significant benefits and little in the way of consumer protection.

It is no surprise that nearly 80 per cent of Canadians say that banks' powers to sell insurance should not be expanded because of their concerns about their privacy, and about the power banks have to exert pressure on consumers to buy more products.

Advocis maintains that any government decision to remove restrictions on banks' ability to network insurance through their branches must appropriately weigh the benefits with the costs.

Canadians see few benefits flowing to them if banks are given expanded insurance powers.

Canadians see little benefit flowing from removing the restrictions on insurance retailing or marketing by banks. For example, more than six in ten Canadians believe that removing protections will lead to less choice, and fewer than one in five Canadians believes the price of insurance would decrease in the long term if the protections were removed. Put another way, 73 per cent of Canadians expect the price to stay the same or even increase over the long term if banks are given expanded insurance powers.

More than 80 per cent of all Canadians believe that they currently have enough access to information about life and health insurance products. In fact, Canadians don't even want the brochures banks are proposing to offer in branches. In a nutshell, Canadians believe banks already sell enough financial products!

Canadians question service under bank insurance proposals.

Insurance should be left to the insurance professionals. Frankly, Canadians trust professional life and health insurance advisors to give more reliable advice about life and health insurance than bank branch employees, and most Canadians believe professional life and health insurance advisors would provide more convenient service than bank branch employees.

Canadians question the benefits of giving banks more power.
And so does **Advocis**.



Don't you?

Just the Facts

- Fact** – Canadians believe that they already have enough or more than enough access to life and health insurance information.
- Fact** – Canadians believe that banks already sell enough or more than enough financial products.
- Fact** – Canadians believe that removing protections will lead to less choice.

Canadians are sending a message to banks:

Stick to banking – don't use personal data to sell other products.

Leave Insurance to the insurance professionals.

Don't remove restrictions on insurance networking by banks.

To obtain full survey results, please visit – www.advocis.ca.