

Submission to the Competition Bureau on New Guidance for Market Studies

Canadian Credit Union Association

December 11, 2024



Introduction

We thank you for providing the Canadian Credit Union Association (CCUA) and Canada's credit union sector with the opportunity to comment on the Competition Bureau's (the "Bureau") draft update to the [Market Studies Bulletin](#) (the "Bulletin").

The credit union sector generally supports the use of market studies to advance the Bureau's understanding of competitive dynamics in Canadian markets. However, we respectfully offer the following feedback to strengthen the Bulletin:

- allow for at least 90 days for institutions to respond to information requests and avoid the use of Section 11 orders;
- enhance transparency and predictability by publishing the Bureau's expectations for information gathering in greater detail within the Bulletin; and
- alleviate the reporting burden by working with regulators to supply market information.

Background

CCUA is the national trade association for Canada's credit unions and caisses populaires, excluding the Desjardins Group. Canada's 185 credit unions and caisses populaires hold \$313 billion in assets, are responsible for 21% of lending to small and medium-sized businesses – a share as large as any of the big banks – represent a 17% market share in residential mortgage lending, making credit unions among the largest lenders to homeowners¹.

In an already highly concentrated banking sector, credit unions provide community-based alternatives to banks to the over 6.1 million Canadians who bank with them by offering similar services to banks, but with fewer fees, lower rates for loans, and higher rates on savings.

For two decades, credit unions have been ranked the best for customer service among all financial institutions in the Ipsos Financial Service Excellence Awards, reflecting their dedication to delivering profits for people.

Comments

The credit union sector generally supports the use of market studies to advance the Bureau's understanding of competitive dynamics among market participants; however, we respectfully ask that the Bureau consider our recommendations to strengthen the Bulletin and the market studies process for participating firms. We believe these recommendations will mitigate the need for the use of Section 11 orders in future studies. We believe that responding to a Section 11 order may impose significant cost and burden on market participants in the target market. In addition, these costs may be imposed on businesses that are otherwise not in violation of the *Competition Act*.

First, we recommend that more time be given to facilitate industry participation in market studies and responses to information requests as we believe more time would increase participation rates and reduce the need for Section 11 orders. Looking at recent market studies conducted by the Bureau, we

¹ [2023 ESG Report, Canadian Credit Union Association](#)

see a range of four weeks to 2.5 months for information requests.² If the shorter time frame were imposed on a market such as the credit union sector, smaller firms would likely find it onerous and challenging to respond to information requests. In addition, we believe a standardized approach for all market studies creates predictability for participating firms. We submit that 90 days for information requests would be appropriate and in line with regulatory best practice and recommend that information requests be proportionate to the institution's size, scale, and complexity.

Second, we recommend changes to support transparency and predictability in the market study process. Specifically, we recommend that the Bureau make the information requirements for market studies publicly available in detail through the Market Studies Bulletin so that firms in a target market can adequately prepare for a study. At a minimum, we recommend that the Bureau publish the desired information criteria well in advance of the study launch date.

Third, we recommend collaboration with market regulators. Since regulatory bodies already aggregate extensive data from institutions, working in concert with regulators will centralize information gathering and reduce the reporting burden on institutions. In addition, the Bureau may consider prioritizing market studies in sectors where regulatory oversight is lessened.

Conclusion

The credit union sector remains one of the few strong alternatives to Canada's banks. In general, our sector supports market studies to advance the Bureau's understanding of competitive dynamics. We believe that enhanced transparency in the Bulletin and collaboration among regulators will advance predictability for market study participants.

If you have any questions regarding this submission, please don't hesitate to contact the undersigned.

Sincerely,



Morgan Paulgaard
Policy Advisor, National & Federal
Canadian Credit Union Association (CCUA)
mpaulgaard@ccua.com

² For example, the market study on launched October 24, 2022, required written information by December 16, 2022. See [Market Study Notice: Competition in Canada's Grocery Sector](#) and [Reports and Studies](#) for more information.

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Canadian Credit Union Association

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