

# Bank sector relief measures during the COVID-19 pandemic

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Remarks by Neil Parmenter,  
President & CEO

Remarks to the House of  
Commons Standing Committee

Thank you, Mr. Chair,

I'm joined on the call today by **Darren Hannah**, Vice-President Finance, Risk & Prudential Policy for the CBA.

I'm pleased to have this opportunity to appear before this committee, albeit it in a slightly different format than we're accustomed to. I want to start off by sending best wishes to the members of this committee, your families, colleagues and constituents during these difficult times. On behalf of our Board and our more than 60 member banks, we hope everyone stays healthy and safe.

The economic upheaval caused by the COVID-19 outbreak is the most urgent crisis Canada has faced in recent memory. To confront the financial dimensions of this challenge, Canada's banking sector has worked in lockstep with the federal government, the Bank of Canada and regulators to implement a series of relief initiatives for the millions of Canadians whose lives have been suddenly altered by COVID-19.

Banks assembled quickly to help, with member institutions of the Canadian Bankers Association immediately announcing comprehensive programs to support **individuals, businesses, employees, and communities** as we come together to manage today's financial uncertainty and economic disruption. For **personal banking customers**, Canada's banks are offering immediate relief to impacted clients on all forms of lending – mortgages, lines of credit, personal loans and credit cards. As of April 8th, 13 CBA member banks have provided help through mortgage deferrals or skip a payment to almost **600,000 Canadians**. CMHC data show that the average monthly mortgage payment of Canadian homeowners is \$1,326. This means the cash flow freed up from the deferrals completed to date is roughly **\$778 million per month**, or **\$2.3 billion per quarter**. This keeps money in the pockets of people who need it now. Banks have publicly reported that more than **90% of those seeking a deferral** are approved.

Banks have also taken decisive action to help **an additional 200,000 Canadians** manage credit card payments, with multiple banks announcing various programs to defer payments for customers, along with heavily discounted or low fixed interest rates. Our members have worked to ensure Canadians have access to term loans, lines of credit and other products that carry **lower interest rates** and can suit their unique circumstances. In addition, banks are taking steps to ensure credit scores are unaffected by deferrals and skipped payments, and many standard fees for a range of services are being waived. Combined, these efforts are worth tens of millions of dollars more each month.

Canada's banks are proud to serve **3 million small and medium-sized businesses**, having authorized

more than \$247 billion in credit to this sector as of September 2019. In response to the current strains on businesses, member banks have **extended operating lines of credit** and introduced a range of **flexible measures** for these loans, including deferrals. Most recently, banks have announced they have now opened the enrolment process for the **Canada Emergency Business Account**, which will provide qualifying business customers with access to a \$40,000 line of credit at 0% interest until Dec 31, 2022. This lifeline, which banks have worked with the government to implement, can serve as an effective bridge until the 75% federal wage subsidy program is available.

Canada's banks are in a strong position to deliver relief programs and provide support to Canadians during this challenging time. Banks are continuing to lend to business and personal customers and hold significantly more capital entering into the COVID-19 crisis than they did entering into the global financial crisis. From the end of 2009 to the end of 2019, **the total capital of banks in Canada more than doubled from \$163 billion to \$336 billion**. And the current **Provisions for Credit Loss** among Canada's largest six banks stands at more than **\$10.4 billion**.

More than **275,000 Canadians are employed in banks** across the country, and they are do an outstanding job helping customers by **staffing branches**, answering phone lines at **contact centres** and maintaining the critical **back office infrastructure** that keeps Canada's payments network running. As a case in point, banks worked closely with the government to offer wider access to online enrollment for direct deposit from the Canada Revenue Agency, which ensures more Canadians are able to receive **CERB benefits quickly and securely**. As of yesterday, more than **663,000 Canadians** had newly enrolled to receive relief payments via direct deposit, getting much needed relief more quickly than waiting for cheques. We have also mounted an awareness campaign, in concert with the **Canadian Anti-Fraud Centre**, to warn the public about scams that prey on the uncertainty of our times.

Hundreds of bank employees have been redeployed to work directly with customers experiencing hardship to tailor customized plans to help them manage their finances. Our members have introduced special programs to meet the needs of **healthcare workers**, ensure **seniors** have priority line and contact centre access and that **vulnerable populations** continue to be served.

Canada's stable, well-regulated banks can provide this high level of engagement and support because of their strength. In 2019, banks and their subsidiaries paid **\$30 billion in salaries and benefits**, provided **\$21.3 billion in dividend income** to millions of Canadians, pension funds and charitable endowments, and paid **\$12.7 billion in taxes** to all levels of government in Canada.

For hundreds of years, Canada's banks have helped Canadians through many challenging times, working in partnership with **governments of all stripes**, and building global recognition for our financial strength, stability, and resilience.

Without question, these are unsettling times that have put so many Canadians under strain. Our country faces an unprecedented and monumental challenge. Canada's banks will continue to work hand in hand with government, regulators, customers and communities to ensure Canada emerges through this crisis, resilient, strong and growing.

Thank you, Mr. Chair. I look forward to your questions.