



Saskatchewan Credit Union Market Code



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***** Within Market Code, the word “member” refers to members, non-members, customers, and consumers who maintain accounts or loans at the credit union. This document has been created for member information as well as credit union use**

Market Code for Credit Unions

Saskatchewan credit unions have operated under a Market Practices Code (Market Code) since 2006. Market Code builds on the commitment to high quality member service and represents the standards the credit union embraces as an organization, the way the credit union conducts itself and its relationships with members.

Federally regulated financial institutions, including banks, have adopted market practice codes as an alternative to having them mandated. Regulatory direction at the provincial level is consistent with this approach in the financial services industry. Credit Union Market Practices Code (Market Code) in Saskatchewan is the result of legislation written into The Credit Union Act, 1998 but not proclaimed. It identifies a requirement for credit unions to adopt a Market Code and defines “market practices” as any activity related to providing, soliciting, promoting, advertising, marketing, selling, or distributing a credit union’s products and services, either directly or indirectly.

In 2018, the Government of Canada adopted legislation to modernize the Financial Consumer Protection Framework in the Bank Act. The Framework introduced new and enhanced protections for consumer banking rights and interests. Credit unions acknowledge and, where practical, will be mindful of these enhanced consumer protection requirements for the rights and interests of members with respect to financial products and services.

Cooperative Values and Market Code

It is important for credit unions to follow the co-operative values as per the International Co-operative Alliance:

- **Open and Voluntary Membership** – Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership without gender, social, racial, political, or religious discrimination.
- **Democratic Member Control** – Co-operatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Representatives (directors) are elected among the membership and are accountable to them. Credit union members have equal voting rights (one member, one vote).
- **Members’ Economic Participation** – Members contribute equitably to and democratically control the capital of their co-operative. At least part of that capital remains the common property of the co-operative. Members allocate surpluses for any or all of the following purposes: developing the co-operative, setting up reserves, benefiting members in proportion to their transactions with the co-operative, and supporting other activities approved by the membership.
- **Autonomy and Independence** – Co-operatives are autonomous, self-help organizations controlled by their members. If they negotiate with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control and their unique identity.
- **Education, Training and Information** – Education and training for members, elected representatives, CEOs, and employees help them effectively contribute to developing their co-operatives. Communication about the nature and benefits of co-operatives, particularly with the general public and opinion leaders, helps boost co-operative understanding.
- **Cooperation Among Co-operatives** – By working together through local, national, regional, and international structures, co-operatives improve services, bolster local economies, and deal more effectively with social and community needs.

- **Concern for Community** – Co-operatives work for the sustainable development of their communities through policies supported by the membership.

In addition, members are also owners and decision-makers of the credit union. They have a say in the credit unions' actions by electing a board of directors who ensure that members' views are represented.

Federal/Provincial/Regulatory/Credit Union Controls

Federal financial institutions are supervised by The Financial Consumer Agency of Canada (FCAC). FCAC is responsible for protecting the rights and interests of consumers for financial products and services. Since most Saskatchewan credit unions are regulated by provincial legislation, these credit unions follow a Market Code that is approved by the Registrar of Credit Unions at the Saskatchewan government's Financial and Consumer Affairs Authority (FCAA). FCAA and the primary regulator for Saskatchewan Credit Unions, Credit Union Deposit Guarantee Corporation (CUDGC) require that credit unions have policies and procedures in place with respect to Market Code. The Standards of Sound Business Practices as required by CUDGC, dictate the credit union must have, and adhere to, a Market Code.

The credit union is responsible for adherence to Market Code and has a Compliance Officer who is accountable to oversee the credit union's compliance with Market Code. Ultimate accountability for the credit union's compliance with Market Code rests with the credit union's board of directors.

The Compliance Officer is responsible for overseeing day-to-day compliance with Market Code for its members, customers, and employees. The credit union will implement Market Code, train staff, and will conduct a risk management review of Market Code policies and procedures.

In addition to following Market Code, the credit union will comply with all applicable laws, rules and regulations of federal, provincial and local governments, and other applicable public and self-regulating agencies, as well as credit union policies that affect how credit unions deliver their products and services.

Who Does Market Code Apply To?

The credit union must provide training and information that facilitates and ensures elected and/or appointed officials and employees of the credit union have an understanding and awareness of Market Code and a commitment to comply with it.

Market Code applies to all products and services offered by the credit union whether provided by branches, or by phone, mail, or electronic communication.

Similarly, the credit union expects third parties providing credit union services to maintain high standards of business conduct and ethics. Service providers will be advised that Market Code is available on the credit union's website, or a copy will be provided on request.

Member Protection

As the financial services industry evolves, comprehensive member protection and transparency becomes greater. The credit union commits to keeping informed of industry standards and will ensure that periodic updates to Market Code happen when needed.

Commitment to the Member

The credit union acts fairly and reasonably in all dealings with members by: ensuring clear communication on promotional material and information on products and services, providing regular statements, and informing the member of any changes to products, contracts, interest rates, terms and conditions and fees and charges. The credit union assists with resolving issues that arise including a complaint resolution process available to members at no charge. The credit union treats all personal information as private and confidential, operates secure and reliable systems, and trains employees so they are qualified in fulfilling their duties.

The Market Code document is published on the credit union website and is available upon member request.

Market Code - Code of Conduct

The credit union has adopted a Code of Conduct that sets standards for the business and ethical conduct of officials and employees. Annually, elected and/or appointed officials and employees of the credit union are required to sign a declaration of both adherence and understanding of the credit union's Code of Conduct and commit to upholding the principles in Market Code.

Market Code Principles

Market Code addresses six principles that clarify objectives for market practices and member protection.

1. **Fair Sales and Treatment**
2. **Transparency and Disclosure**
3. **Professional Standards**
4. **Complaint Handling (problem resolution)**
5. **Protection of Vulnerable Members**
6. **Access to Banking Services**

To learn more about these principles, please see below:

1. Fair Sales and Treatment

The purpose of fair sales is to make sure the credit union's actions and decisions regarding member advice, information and recommendations made by the credit union are objective and reflective of the financial needs and the roles and responsibilities of the member and the credit union. It is important that credit unions deal fairly with their members. They may show appreciation of members' loyalty by offering preferential pricing or bundling products and services with more favourable terms. However, in doing so, they must not exert undue pressure on them to obtain products or services that the member does not want. Exerting undue pressure is considered coercive tied selling and is not permitted.

Treating members fairly and always demonstrating fair sales are integral parts of credit unions' business practices. The credit union must not discriminate against individuals on the basis of religion, creed, marital status, family status, sex, sexual orientation, disability, age, colour, ancestry, nationality, place of origin, race or perceived race, receipt of public assistance, or gender identity. The credit union will make exceptions only when justified by law, or if a special product or service is designed to serve a particular group.

A few examples that fall under the Fair Sales and Treatment principle of what may or may not be acceptable practices.

Acceptable:

- **Preferential Pricing:** Offering individual members a better price or rate on all parts of their business. Members may be offered preferential pricing – a higher interest rate on investments or a lower interest rate on loans – if they use more of the credit union’s products or services

Preferential Pricing Example

After approving an application for a home mortgage, the mortgage specialist may offer the mortgage at a lower interest rate if the member transfers their investments to the credit union or one of its affiliates. The approval of the mortgage is not conditional on the member taking another credit union product or service.

Not Acceptable:

- **Coercive Tied Selling:** Imposing undue pressure on or coercing a person to obtain a product or service from the credit union, its employees, or any of its affiliates, as a condition of obtaining another product or service from the person or entity. This practice is not acceptable.

Coercive Tied Selling Example

The mortgage specialist tells the member that they qualify for a home mortgage. However, they are also told that their mortgage will be approved only if they transfer their investments to the credit union or one of its affiliates. The approval of the mortgage is conditional on the member taking another credit union product or service.

- **Negative Option Billing:** Negative option billing is a business practice in which unsolicited goods and services are provided automatically and where the member must either pay for the service or specifically decline it in advance of billing. Credit unions do not practice negative option billing. They will always obtain a member’s consent before charging for a new optional product(s) or service(s) such as optional insurance coverage on a loan, fraud alerts, or overdraft protection. This practice is not acceptable.

Note: Charging a member for a paper statement after the member has requested to only receive their statements electronically is not considered negative option billing.

Negative Option Billing Example

A member applies for a loan and declines insurance; however, the lending officer adds optional insurance to the loan and charges the member, despite the fact that the member has not applied for or requested it.

Advertising, Sales Practices and Risk Management

The credit union ensures that its advertising and promotional literature is not deceptive or misleading. The credit union will not knowingly take advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of facts, or any other unfair dealing or unethical activity. As well, the credit union will act fairly and reasonably towards members in an ethical manner; in doing so, it will consider the members' conduct, the credit unions' conduct and the contract between the member and the credit union.

The credit union will not practice tied or coercive selling and will be reasonable and consistent with its level of risk. The credit union is permitted to apply reasonable requirements on members as a condition for granting a loan or providing a specific service. The credit union, however, must consciously limit the requirements on members to the extent necessary to manage risk, cost, or to comply with the law.

2. Transparency and Disclosure

The credit union must be open and honest in its dealings with existing and potential members.

Products and Services Information

The credit union will provide general information about the rights and obligations that arise out of its relationship with a member. This will be provided to the member at the time of account opening, when the rights and obligations contained in the account operating agreement are revised, and throughout the relationship when the products or services acquired from the credit union have specific rights and obligations.

The credit union will ensure members are provided with all relevant information to make informed decisions about their banking services. This includes providing and explaining key features and benefits of products and services, explaining the level of guarantee and any other risks associated, revealing all costs, fees and charges, and the terms and conditions that apply. The credit union will explain the importance of protecting personal information such as a PIN or online banking login information. They will provide information in plain language, answer any questions the member may have, as well as provide contact information for a branch or contact centre so members can speak with a subject matter expert. As well, credit union employees must identify the types of products they are licensed or registered to sell.

If a member asks the credit union for assistance in helping plan the management of their financial affairs, the credit union will work to provide advice through an authorized and licensed staff member, refer the member to appropriate external sources for advice or recommend the member seek advice from another source.

Notice of Service Fee Changes and Account Structure Changes

The credit union must provide information about the change at least 30 days before the change(s) take effect for members with accounts. The credit union will post notice of changes on its website and either by mail, statement message or electronic communication.

Notice to Members if a Branch is Closing

The credit union must give members at least four months' notice that a branch will be closing, or as soon as possible if the branch will be closing permanently due to unforeseen circumstances. In a rural area where there is no other retail deposit-taking branch of a financial institution within 10 kilometers of the branch to be closed, the credit union must give six months' notice. Notice must be given by posting the closure information in a public area of the credit union and providing written notice to each member of the branch.

Notice of Changes to Terms and Conditions of the Financial Services Agreement

The credit union can make changes to this Agreement to correct clerical errors without notice to members. The credit union can make other changes to the Terms and Conditions if it notifies members that such changes will take place. Notice of the changes must be provided at least 30 days in advance by posting on the credit union's website AND either by mail, statement message or electronic communication. The use of any of the member's accounts after the effective date of the changes is the member's acceptance of the changes.

Relationships and Third Party Service Providers

The credit union will disclose to me any relationships with intermediaries or affiliates that are relevant to a product offering prior to the product acquisition. If a product supplied is acquired from a third party, the Credit Union will disclose the relevant relationship and the fact that the credit union may receive compensation at the time of product acquisition.

Conflict of Interest

Employees must avoid situations where there is a conflict of interest. When there is a potential or perceived conflict of interest, this must be brought to the member's attention and the member must be given the opportunity to cancel, postpone or continue with the transaction.

3. Professional Standards

The purpose of this objective is to have well-trained and well-informed employees who can provide financial information and advice members can trust. The credit union is committed to employee development, education, professional designations, and/or accreditation standards where appropriate. Credit union employees may inform members of licenses and registrations held as related to the product or service being offered.

Credit union employees will stay informed of changes in products, industry standards, and regulations that will affect their ability to provide high standards of knowledge and service to members. Knowledgeable employees will be accessible in-person through the branch or through electronic means.

4. Complaint Handling (Problem Resolution)

The purpose of complaint handling is to provide a process for the resolution of complaints that arise from the provision of financial services to members. In this regard, the credit union will have an established internal complaint handling process. The information on complaint handling must be available on the credit union's website and in-branch.

The internal complaint handling process will be in accordance with the credit union's complaint handling procedures and will adhere to the principle regarding complaint handling as reflected in Market Code.

The credit union has a compliance officer or senior executive who is responsible for handling unresolved member complaints. This individual is trained and knows where to access information on the complaint handling process. The credit union is responsible for registering with Ombudsman for Banking Services and Investments (OBSI).

The details of the credit union's two-step complaint handling process are as follows:

Step 1: Your Credit Union

If the member has an unresolved complaint or concern, they should contact the credit union by phone, e-mail, in person, or in writing and ask for the Compliance Officer or employee that handles unresolved complaints. This process will be free of charge, and in accordance with industry complaint handling standards for an internal dispute resolution process. The complaint will be handled with timeliness, courtesy, clarity, accuracy and consistency.

If the member is not satisfied with the credit union's response to the complaint, the member can escalate with the Ombudsman for Banking Services and Investments.

Step 2: Ombudsman for Banking Services and Investments (OBSI)

Consistent with industry standards, the credit union system has joined the OBSI, which is an external impartial organization that helps with matters that have not been resolved to members satisfaction. The OBSI will engage with the credit union's designated complaint handling contact, request documents from the credit union, and interview as required.

This external complaint handling process will be free of charge and reflects a commitment to a consumer-oriented approach to complaint handling including timeliness, courtesy, clarity, accuracy and consistency. OBSI follows the principles of knowledge, fairness and impartiality, confidentiality, objectivity and independence. They are governed by a separate board of directors. This process is available to members by contacting:

Ombudsman for Banking Services and Investments
20 Queen Street West, Suite 2400
P.O. Box 8
Toronto, ON M5H3R3
Toll Free Telephone: 1-888-451-4519
Toll-Free Fax: 1-888-422-2865
Website: www.obsi.ca

5. Protecting Vulnerable Members

The credit union recognizes that vulnerable members have a greater need for targeted financial advice, strategies and support. Vulnerable members may have health, mobility or cognitive challenges impacting their ability to access or use financial products and services, which could make them susceptible to financial exploitation.

Vulnerable members include any members of the credit union who by nature of a physical, emotional or psychological condition are dependent on other persons for ongoing care and assistance. While not all older members are vulnerable or unable to protect their own interests, certain vulnerabilities may be more common among older members.

The credit union will implement policies, procedures and processes to identify, support and communicate to vulnerable members. This includes appropriate training for employees to understand, report and escalate

concerns as well as create awareness relating to possible financial exploitation or abuse of vulnerable members and their financial service needs. Where the credit union becomes aware of the likelihood of financial exploitation or abuse of vulnerable members, it will seek to mitigate potential financial harm, while respecting members' privacy, security and autonomy. When communicating with vulnerable members, the credit union will also take into consideration issues relating to vision, hearing, mobility or other physical or cognitive barriers.

6. Access to Banking Services

Credit union members have the right to access fundamental banking services which includes Retail Deposit Accounts (Account Opening), Access to Funds, Cashing Government of Canada Cheques and Low Fee Accounts. An exception to this right may be that the credit union refuses to open the account if it has sound business reasons to do so. Refer to "Conditions Under Which the Credit Union can Refuse to Open an Account".

Account Opening (New to the Credit Union)

The account opening documentation and the Terms and Conditions for Financial Services is the contractual documentation that forms the foundation of the relationship between the credit union and the member. It is the first and most important agreement that the member enters into with the credit union. It defines the relationship as a self-managed relationship where the member is provided with relevant product and service information to enable informed decision making. The credit union's obligation is to provide information. The decisions are made by the member. This relationship is defined in the "Fair Dealings" clause in the Terms and Conditions for Financial Services. The Terms and Conditions for Financial Services also outline other basic rules and agreements as to how an account will operate. The credit union may want to draw the member's attention to any other provisions which put an onus on the member to do something or limit the liability of the credit union, for example: Changes to the Agreement, Privacy, Collection and Use of Information, Account Statements, Protection of Online Banking Information, Fees, Overdrafts, Electronic Communication (refer to the Terms and Conditions for Financial Services for a full listing).

The credit union will provide information to assist members in making decisions about their banking services by:

- providing disclosure of product and service information at the time of inquiry or acquisition. Relevant information will be provided along with product information to help members understand the basic financial implications of a transaction, the fees and charges associated, and any terms and conditions that apply;
- providing information in plain language
- answering any questions or providing further clarification (where required) to the member

To establish and maintain this self-managed relationship with members, the credit union must provide information pertaining to its services:

- at account opening when the account opening documentation is completed.
- when the rights and obligations contained in the Terms and Conditions for Financial Services are revised; and
- throughout the relationship when the products or services acquired from the credit union carry specific rights and obligations.

Account Statements

To help the member manage their account and check activity on it, the credit union will provide regular account statements monthly, quarterly or, at a minimum, annually. It is important for members to always keep their contact information updated with the credit union.

Conditions Under Which the Credit Union Will Open an Account

The credit union will open a personal account for an individual, subject to having a sound business reason not to, as long as they provide the minimum identification requirements. Credit unions cannot refuse to open an account even if the individual does not have a job, has been bankrupt or is not making a deposit into the account immediately.

Credit unions must not refuse to open an account by reason of any of the prohibited grounds of discrimination as set out in The Saskatchewan Human Rights Code. As well, the credit union cannot refuse to open an account if the applicant fails to provide personal information which is not reasonably necessary for the account opening process or account operation.

Conditions Under Which the Credit Union Can Refuse to Open an Account

There are many situations why the credit union could refuse to open an account, but they must always have a sound business reason. If the credit union refuses to open an account based on past losses or write-offs, each situation should be assessed in terms of amount of loss, length of time since loss, extenuating circumstances (e.g. job loss, injury) to determine whether imposing restrictions on the account would sufficiently mitigate the risk to the credit union.

The credit union can also refuse to open an account if it has reasonable grounds to believe:

- the account will be used for illegal or fraudulent purposes
- there could be a violation of any governing law
- the applicant knowingly made false statements in the information they gave
- the opening of the account will expose credit union members or employees to physical harm, harassment, or abuse
- the applicant has a history of illegal or fraudulent activity with the credit union or any provider of financial services in the last 7 years
- the applicant cannot or will not provide acceptable identification
- the applicant will not allow the credit union to verify identification or information provided
- the credit union has a sound business reason to place restrictions on the deposit account and the applicant will not accept the restrictions; or
- the credit union is a closed bond of association credit union, and the applicant does not meet the credit union's membership requirements

The fact that an individual is or has been bankrupt does not, without evidence of fraud or any other illegal activity in relation to the bankruptcy, constitute reasonable grounds to believe an account will be used for illegal or fraudulent purposes. Therefore, the credit union cannot refuse to open a personal account for a member just because they have been bankrupt.

If the credit union refuses to open a bank account, it must notify the member with a written statement. They must also disclose their procedure for dealing with complaints, and the name of the external complaints body (OBSI) of which they're a member and how to contact them.

Restrictions Imposed on Accounts

Many financial institutions conduct credit checks to determine a member's initial credit worthiness. Even where an overdraft limit is not applied for, it is possible for an overdraft to occur. When opening an account for a new member, their attention should be drawn to the clause in the Terms and Conditions for Financial Services which covers the member's consent for the credit union to conduct a credit bureau search. Once the account opening forms have been signed, a credit check can be conducted. Not every poor credit bureau report may justify refusal to open an account, but it may indicate there are potential risks to the credit union.

The credit union may place restrictions on an account due to weak credit bureau reports. Restrictions imposed on accounts may include, but are not limited to: placing holds on cheques deposited, with possible denial of access to the first \$100, no overdraft privileges or chequing privileges, and/or limiting or revoking debit card privileges.

If the credit union will only open an account on the condition that restrictions are imposed, and if the member will not accept the restrictions, the credit union can refuse to open the account providing the credit union has a sound business reason to restrict access in the first place.

Access to Funds

Members are allowed immediate access to the first \$100 of all funds deposited by cheque into a deposit account. It will be made available:

- immediately, if the deposit is made in person with an employee at one of the credit union's branches or points of service; or
- on the business day following the day of the deposit, if the deposit is made in any other manner

Reason to Refuse Access to the First \$100.00

- an escalating overdraft balance that is not being reduced by deposits received
- a negative change in the credit score or other behaviour scores
- an unexplained change in the history of cheques or other instruments deposited into the account
- a high number of cheques or other instruments deposited that are returned as dishonoured items from other institutions
- notice of bankruptcy or of creditor actions
- factors such as cheque endorsed more than once, is in foreign currency, the credit union believes it is tied to illegal activities or if the account is less than 90 days old

Low Fee Accounts

Credit unions will take reasonable measures to ensure all individuals have access to a basic banking account. A low fee account is an option for individuals who conduct limited monthly transactions, or who would otherwise not have a bank account because of the higher costs associated with other types of accounts.

The features of low fee accounts typically include unlimited deposits, a debit card, ability to write cheques, monthly statements, ability to set up pre-authorized payments, cheque image return or online cheque image viewing, at least 12 debit transactions per month, of which at least two can be done in-branch (where available), and a maximum monthly fee of \$4.00. Service fees may be charged for each additional transaction made.