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HEADLINE: Bank mergers still unpopular with consumers

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BODY:

Bay Street may still be in love with bank mergers, but the concept leaves consumers on Main Street cold, even after they've had six years to think about it.

Public opinion polling for the federal Finance Department suggests a solid majority of Canadians think they would be better served if big banks don't merge.

Older Prairie residents are the most likely to reject such unions, says the Ipsos-Reid survey, obtained by .

Despite those concerns and the apparent reluctance of federal decision-makers, the strategy remains high on the agenda for Canada's top bankers.

For months, they've waited impatiently for Finance Minister Ralph Goodale to release final policy guidelines for public interest criteria banks must meet to get mergers approved.

Goodale, a cabinet veteran, seems reluctant to take that last big step to clear the way for banks to embark on their own version of same-sex marriage.

He blames the delay on a government distracted by a federal election last June and first ministers' conferences on health and equalization in the fall.

As the lone Liberal MP in Saskatchewan - where Bay Street banks are unpopular at best - he may not feel any need to rush setting the stage for consolidation in the banking sector.

Still, a Goodale spokesman said the minister is aware the issue is important to the financial services industry.

"We continue to work on the file ... we realize it's an important public policy issue," said Pat Breton.

The Ipsos-Reid survey of 1,000 people in August found that 60 per cent of individuals thought it would be in their best interest if Ottawa didn't allow bank mergers.

That's more than double the 26 per cent who said unions between major banks could serve their personal interests.

Another 15 per cent weren't sure if mergers served their interests or not, the poll concluded.

A majority - 56 per cent - also doubted that bank mergers were in the public interest generally, while three in 10 polled said such deals would serve Canada's best interests.

The poll has a margin of error of 3.1 percentage points 19 times out of 20.

The figures aren't much different from findings almost six years ago, when Ottawa was mulling over two proposed mega-deals involving four big banks.

That suggests the major banks haven't done a very good job winning public support for mergers - even though public opinion is important, given how political the issue is.

The minority Liberal government, which is particularly sensitive to public opinion, has final say over any merger proposal no matter what the official criteria.

Politics contributed to Ottawa's decision to reject the first two merger proposals in early 1998 when Royal announced plans to wed Bank of Montreal and CIBC tried to link with Toronto Dominion Bank.

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