Business

Banks unveil feel-good campaign to educate Canadians

TORONTO (CP) — Anxious to change its public image as a bloated profiteer, Canada's banking industry unveiled a marketing campaign Tuesday designed to help Canadians learn about managing their money.

Banks have failed in their duty to help clients better understand the workings of the new global economy and their role in it, said Ray Protti, president of the Canadian Bankers Association.

"It's no secret to anyone that our industry faces a communications challenge," Protti told a news conference.

"Clearly, we have work to do to improve our dialogue with Canadians. The commitment we are making today will help us do that."

Protti acknowledged that Canadians are frustrated with the Big Six banks, which together reported record profits of more than $7.5 billion in 1997 while unemployment remains high and many consumers and companies face tough times in a rapidly changing economy.

But the new television campaign, which begins today, makes no mention of the service charges, massive profit gains or lavish executive pay packages that are largely responsible for the angst of banking customers.

That's because the process of winning the trust and support of Canadians is a long and difficult one that begins with a single step, said Protti.

"There are obviously other issues, such as service fees and profits," he said. "These are issues which in the course of time we will respond to as well."

Holger Kluge, president of the Canadian Imperial Bank of Commerce, Canada's second-largest bank, agreed the financial services sector has a lot of work to do to win back the trust of its clients.

"We've dug ourselves a hole," Kluge said. "It's going to take us a long time to extricate ourselves from it."

In a survey conducted in November, the association found a vast majority of Canadians have little to no knowledge of the economy or what makes it tick, said Protti.

The survey found that while only eight per cent of Canadians boast a high degree of economic understanding, more than two-thirds agree they could do more with their money if they knew more.

As a result, the association promised to improve communication with brochures, public conferences and seminars, as well as establishing a national advisory council to decide how best to distribute the information.

Financial planners want more controls on the industry

Canadian association wants standards, image raised on emerging profession

by DANA FLAVELLE
Toronto Star

TORONTO (CP) — As Canadians head into the final lap of the RRSP season, Terry Taylor is worried.

"Millions of Canadians, over the next six to eight weeks, are going to be running around getting advice from anyone and anybody who calls himself a financial adviser," Taylor says.

"There's nothing to protect people from getting bad advice, which could cost them literally hundreds of thousands of dollars over the years."

Taylor is executive director of the Canadian Association of Financial Planners, a group that's lobbying hard to raise the image and standards of an emerging profession.

The association this week called on provincial governments to increase regulation on the industry.

About 30,000 people in Canada describe themselves as financial planners, financial advisers or personal financial consultants. But, until recently, there has been no uniform education standards or code of ethics covering all of them.

Among financial decisions consumers make, choosing the right adviser for one's financial future is one of the most crucial.

"The stakes are much greater," says Steve Gobel, president of the planners' association. "If you go out and buy the wrong car, what's the worst-case scenario? Does it ruin your life? Probably not. If you blow your retirement plan, you could be in big trouble. If you leave yourself short, there's not a lot of options you've got."

Eighteen months ago, all the key players in the financial services industry got together and formed a joint organization, the Financial Planners Standards Council of Canada. The council adopted the U.S.-based Certified Financial Planner — CFP — title as the basic professional designation.

About 5,200 professionals now have it and another 300 to 400 are working on getting it. But there's nothing to prevent the rest from continuing to call themselves financial planners, says council president Don Johnston.

The designation is purely voluntary.

Taylor and Gobel, who speak for 2,500 members of the financial planners' association, hope to change that.

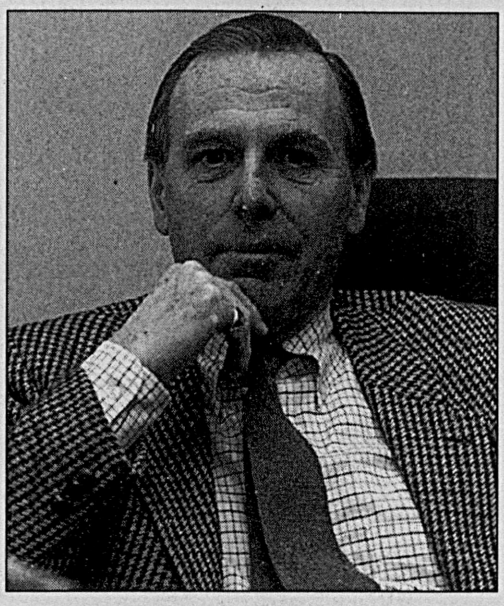
The association has actively lobbied all nine provincial governments outside Quebec to enact laws that require people who call themselves financial planners to have the CFP designation.

In Quebec, the profession is already regulated.

Taylor is optimistic the rest of Canada will soon follow suit.

"Saskatchewan has already given notice they're going to do it within the year,'" he says. "British Columbia has made a similar announcement. If a couple of other provinces tumble, I think everyone else will."

The pressure is already having the desired effect within the industry.



Industry players have set up the Financial Planners Standards Council of Canada, but, without regulation, anyone can still call themselves a planner, says council president Don Johnston, above.

Association membership jumped 50 per cent in the last 18 months. And long-time members like John Price have enrolled in the CFP course.

Price, who runs a Money Concepts franchise in Ajax, east of Toronto, figures he needs the designation even though he's been in the business 10 years and feels he already knows most of what's covered by the course.

"I'm working on a CFP right now because I know, even though we already know the stuff inside out, it's what people are going to be expecting."

The CFP designation was automatically awarded to anyone who was already a Registered Financial planner, Chartered Life Underwriter or Chartered Financial Planner. That covered about 4,700 people.

Another 500 have taken the course and passed the exam, which is held twice a year. To maintain the designation, CFPs must take 30 hours of continuing education a year, and abide by a code of ethics.

The designation has to be renewed annually, at a cost of $125.

The course takes 15 months to complete and is offered part-time through several private institutes, such as the Canadian Institute of Financial Planners, and full-time through community colleges and some universities.

"The industry, which has been a bit diverse in its approach, is now coming together as a profession," notes Johnston. "We're really at the threshold of a very exciting development."

How Can I Find a Financial Planner that I Can Trust?

Nowadays, the papers are full of ads for financial planners. How can you find one that you can trust? It's easy. Make sure that your financial advisor is a Member of The Canadian Association of Financial Planners. The CAFP is a national association dedicated to fostering professionalism in the practice of financial planning. CAFP Members are also the most qualified and credible financial planners in Canada. The CAFP administers Canada's premier professional financial planning designation, the Registered Financial Planner (R.F.P.)

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Japan's bad loans grow

TOKYO (AP) — Using stricter criteria, Japan says its banks are carrying nearly $600 billion US in bad loans — more than three times the amount of previous official estimates.

Apparently hoping to address concerns that it has been understating the size of the bad debt problems at its ailing banks, the Finance Ministry released the new estimates this week using revised standards for determining whether a loan is in trouble.

The ministry said Japan's banks were carrying 76.708 trillion yen ($581 billion) worth of problem loans. That compares with a finding the ministry released a few weeks ago which estimated banks held just 28.07 trillion yen ($212 billion) in non-performing loans.

The new standards from the Finance Ministry call for banks to categorize their lending into four main areas, ranging from loans made to bankrupt institutions to loans in arrears for six or more months.

Japanese financial authorities have long faced criticism from overseas for understating the magnitude of the bad debt problems at Japan's banks, which stem from the collapse in the early 1990s of a wild bubble of speculation in land, stocks and other assets.

Currencies

TORONTO (CP) — These are indicative bank selling rates for foreign currency drafts and wire payments provided by the Bank of Montreal at mid-morning on Tuesday. Please inquire at any branch for cash rates.

Rates fluctuate during the day and may change based on the amount transacted. All rates are updated daily.

Australia dollar	0.9578
Austria schilling	.1153
Barbados dollar	.7483
Belgium franc	.03915
Bermuda dollar	1.4520
Brazil real	1.3201
Bulgaria lev	.00081
Chile peso	.00320
China renminbi	.1793
Colombia peso	.001119
Cyprus pound	2.7611
Czech Republic koruna	.0412
Denmark krone	.2140
E.Caribbean dollar	0.5556
European Currency Unit	1.6040
Fiji dollar	0.9620
Finland mark	.2691
France franc	.2434
Germany mark	0.8116
Greece drachma	.005276
Guyana dollar	.010360
Hong Kong dollar	.1909
Hungary forint	.00716
India rupee	.0380
Indonesia rupiah	.000185
Ireland pound	2.0256
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Italy lira	.000830
Jamaica dollar	.0446
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Korea won	.000837
Lebanon pound	.000970
Malaysia ringgit	.3300
Mexico peso	.1881
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N.Z. dollar	0.8537
Norway krone	.1966
Pakistan rupee	.0347
Philippine peso	.0341
Portugal escudo	.008036
Spain peseta	.00965
Sweden krona	.1845
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U.K. pound	2.3874
U.S. dollar	1.4520

Quotations in Canadian funds.

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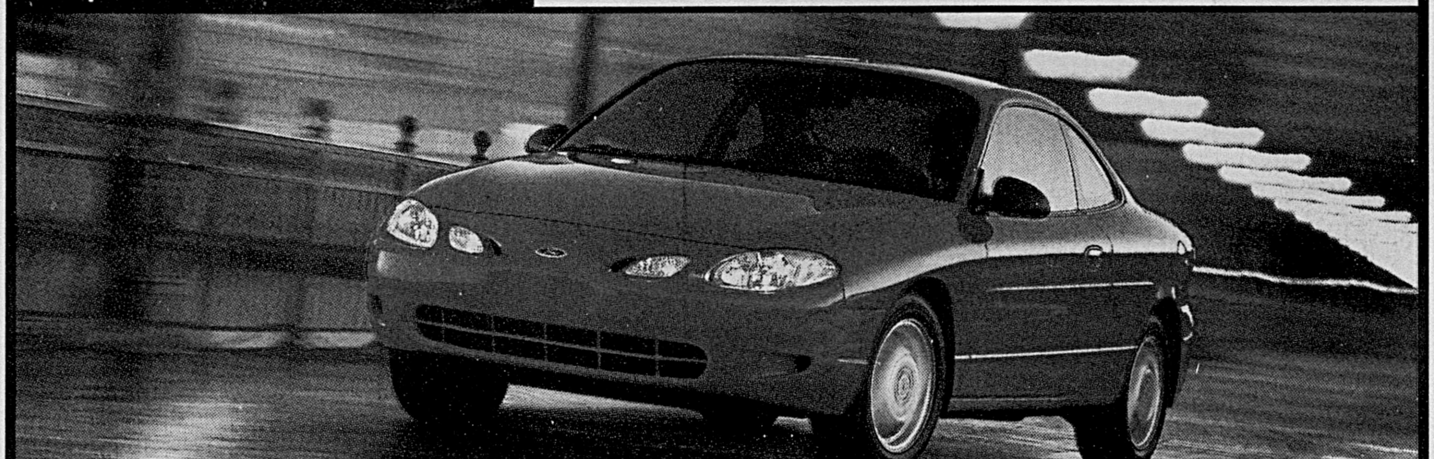

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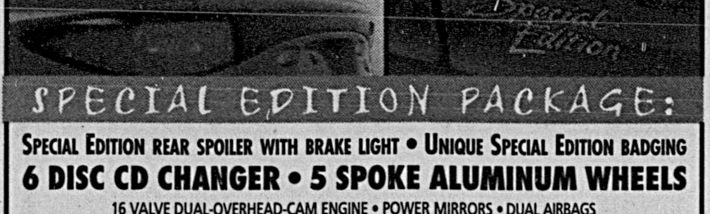

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