November 24, 2022

ASSOCIATION DES BANQUIERS CANADIENS
CANADIAN BANKERS ASSOCIATION

Thank you for the warm welcome, Joe. It’s great to be together 25 years after our gr

We also know that steeply reducing carbon intensity across our economy costs money. A recent study by RBC indicates that Canada will need an estimated $2 trillion over the next 30 years to finance the transition to net-zero. That is more than the entire annual GDP of our country. Canada’s banks are key to financing the pivotal technologies and capital improvements that will get us there.

From a geopolitical standpoint, Canada can supply energy to domestic and global markets cleanly, efficiently, and progressively. International customers prefer Canadian enerustaanhT1 (o f)3.2 (i)39enan12.3 (me)1.1 (h)1.1 (he)12.1 (1.1 (s)e) forefront of innovation and Canadians today have unprecedented access to trusted digital channels to meet all aspects of their banking needs:

- Electronic payments now represent almost 80 per cent of transactions

- Two-thirds of Canadians used mobile app-

Considerable risk lies outside the regulatory perimeter, and non-bank payment services providers need to be brought in prior to gaining more direct access to payments systems. Same activity, same risk, same regulation – that's the answer.

Just as we need to future-proof financial services, our country needs to future-proof our shared prosperity and standard of living. Key to that is productivity. Productivity is an essential measure of economic vitality and it's the path to higher, more inclusive growth and job creation, and lower inflation. Productivity is ultimately about creating more with less resources.

The problem is that Canada has a persistent productivity challenge. Canadian labour productivity ranks sixth in the G-7, and investment in productivity-enhancing areas of intellectual property, information technology, and machinery and equipment, are happening at about half the rate in Canada compared to the U.S. Something needs to be done.

An economy with chronically-low productivity risks eroding the quality of life of its citizens – harming pensions and social benefits – and making it more difficult to govern effectively. Low productivity can lead to negative cycles of social tensions, tax rate increases, and suboptimal job creation.

Canada needs a plan to improve productivity. That plan starts with two key elements. The first is a competition policy that is consistently applied and clearly understood. We're encouraged that the federal government has launched a review of the Competition Act to better align it to a modern economy. The CBA and our members welcome this development, and we will be sharing our views as part of the consultation process. The second is a taxation system that promotes investment and encourages growth. Our current taxation system is increasing the cost of capital and making it harder for companies to make the needed investments for our country to prosper.

Canada must start attracting capital and stop scaring it away. This will help build an economic climate that creates the right incentives for growth and supports the net-zero transition. The federal government should undertake a comprehensive review of Canada's tax system to align it to the needs of our evolving economy and to ensure our country can compete internationally. Importantly, a review would assess measures that could encourage the investments that will be needed to transition to net-zero.

As I said earlier: we need more carrot, less stick. We're encouraged to see the Canadian government creating incentives to support investment in climate transition. Tax policy must be considered more holistically to avoid unintended consequences.

Since before Confederation, banks have demonstrated their capability to bring capital, knowledge, and resources to support economy-wide innovations – and climate transition is no different. As an example, bank

Our collective work to create a more equitable future is by no means finished, but I'm extremely proud that Canada's banks continue to lead by example and champion diversity, equality, equity, and inclusion.

Our country faces its fair share of challenges, some of which we touched on today. The road ahead is long,