

Outgoing National Bank CEO calls for mergers 'Remove roadblocks,' greater access to insurance

Duncan Mavin
Financial Post

Wednesday, March 07, 2007

TORONTO -- Canada's banks should be allowed to merge and should be given greater access to insurance, the outgoing chief executive of National Bank of Canada said at the bank's annual meeting.

Real Raymond told shareholders that the government must act to "remove roadblocks to efficiency in the banking system," if Canada's banks are to continue to flourish.

Ottawa should "consider bank mergers on their merits" said Mr. Raymond. Mergers would not be a problem if regulators ensure there are "appropriate safeguards" to protect competition in the sector.

The retiring National Bank chief also said restrictions on the banks' ability to sell insurance are unfair.

There is no reason why the country's banks should be prevented from competing with foreign insurers and large domestic life insurers, said Mr. Raymond. Canada's banks are allowed to sell insurance products but they are not permitted to sell insurance in their bank branches.

Mr. Raymond has also recently been among the most vocal of the Canadian bank CEOs on the subject of automated banking fees, which have come under fire from both the NDP and the federal Finance Minister Jim Flaherty.

The National Bank chief will retire in June and will be replaced by Louis Vachon.

Financial Post
dmavin@nationalpost.com

© Financial Post 2007