

Checking cheques

by Jeff Jedras

Technology gave BC's "banker" a leading edge

THEY DIDN'T GET the nod for their BC roots, but the selection of the Credit Union Central of British Columbia in late 2002 to be the principal banker for BC's provincial government is working well for the province and has brought prestige to the province's credit union system.

The contract had been held by the Canadian Imperial Bank of Commerce (CIBC) for a number of years and some of the other major banks previously, before the Credit Union Central of BC beat out the CIBC and the other competitors for the contract. It is believed to be the first time a credit union has won such work from a provincial government. In Quebec, the *caisse populaire* system works with some provincial ministries, but does not hold a government-wide contract like this one in British Columbia.

Credit Union Central BC is a trade and marketing group for the province's system of 61 credit unions, which, with 340 branches and assets of \$30 billion, is just a fraction of the size of CIBC.

Richard Thomas, VP of trade services for the Credit Union Central of BC, says their work under the contract is similar to that of being the banker for an individual... with a few exceptions. They provide deposit taking, cheque clearing and the clearance of the province's paper and electronic settlement items, but, says Thomas, "The province has its own treasury department that manages its money, so in that sense

it's not like being a bank to you or me; the province isn't putting money on deposit with us. In this case, it's largely processing their payment items."

Tara Wilson, a spokesperson for the British Columbia Ministry of Finance, says the contract is to provide the government with cheque and electronic funds transfers and pre-authorized debit processing, and represents only a portion of the government's banking business. "It's part of the government's banking business, but it's not a large portion of it," says Wilson. "In that RFP, working the same way as any other competitive process, the contract was awarded to the Credit Union of British Columbia." Wilson adds the [BC] government continues to do business with all banks.

Payments made by the provincial government that the contract covers include those to government employees and people on a provincial pension, as well as suppliers and others. In 2003, the provincial government issued one million cheques and completed 3.5 million electronic funds transfers worth around \$25 billion.

The Credit Union Central of BC responded to a BC government request for proposals (RFP) in the spring of 2002, the first time they had submitted a bid for the contract. The RFP issued by the province provided a number of criteria on which each response was evaluated, including price, performance, benefits, creativity, and specific provisions relative to both cheque

processing and electronic funds transfer, and pre-authorized debits processing.

Thomas says people in the government have told him the proposal by the credit union was the superior response on all the criteria laid-out in the RFP, and offered the best price, service levels and new technology capabilities. In his view, Thomas says the most significant mark in favour of the Credit Union Central of BC was their ability to offer the government electronic imaging of cheques. "The fact that we're leaders in Canada on the imaging of cheques was, I think, a big component of our getting the contract," he says.

Rather than sending the physical cheque back to customers, this technology allows the Credit Union Central to electronically send an image of the front and back of the cheque. Customers can access the information on their desktop computers, improving security and making it easier for customers to reconcile their accounts. "This means the government doesn't have to process the physical cheques after they've issued them, and they can monitor their account and see what items have cleared over the Internet," says Thomas. "They don't have to sit and wait for the physical item to come back into their possession."

According to Thomas, the major banks are slowly getting into cheque imaging with the Canadian Payments Association having mandated that its members – that includes all the major banks and trust com-

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panies in Canada – offer cheque imaging by 2006. Currently though, he says the Credit Union Central of BC is on the leading edge, and was the first to offer the service to its members in BC.

The contract is a rewarding one, and for more than just the dollar value of the contract. Thomas says being the “banker” for the provincial government brings prestige to the credit union system, and particularly to the Credit Union Central of BC. “I’m not aware of any other credit union system in Canada that is the “banker” for their provincial government,” says Thomas. “But there’s been no problems at all from our end, and I don’t believe there’s been any problems on the government end. We’re very happy with the relationship.”

He adds though that winning the contract wasn’t a surprise by any stretch of the imagination, nor was the provincial government looking to go with a British Columbia-based organization. Thomas says they were awarded the contract because they submitted the best proposal, period. “We simply responded to the RFP; we have the ability to do the job and we won the RFP”

Wilson appears to agree. While it’s a bonus that the Credit Union Central of BC is based in the province, she also says that wasn’t a factor at all; it was a competitive process, and the credit union simply presented the best bid. “Because it was an RFP process, it basically boils down to the best proposal,” says Wilson. “They met the RFP

requirements and put together the best proposal. It was both what the government needed as far as service delivery, [and] best value for the taxpayers.” The Credit Union Central of BC was awarded a three-year deal worth around \$180,000 per year, with an option to renew. *MM*

Based on Vancouver Island in British Columbia, Jeff Jedras is a freelance writer whose work has appeared in the Vancouver Sun, the Ottawa Citizen and ITBusiness.ca, among others.

