Financial Services
Sector Profile

Sector Facts and Figures	
Total GDP *Share of Canadian GDP*	$149.2 billion *7.55%*
Total Employment (2021) *Change since 2011*	554,500 *+11.0%*
Real wage growth (2011-2019)	+19.5%
Labour Productivity (2019)	$95.0/hr
Average Work Hours/Week (2019)	33.4
Greenhouse Gas Emissions (2019) *Change since 2009* *Share of Canadian industry total*	1,155 *-19.1%* *0.18%*
Union Coverage Rate	11%
Unifor Members in the Industry	1174
Share of Total Unifor Membership	0.35%
Number of Unifor Bargaining Units	18
Average Bargaining Unit Size	65

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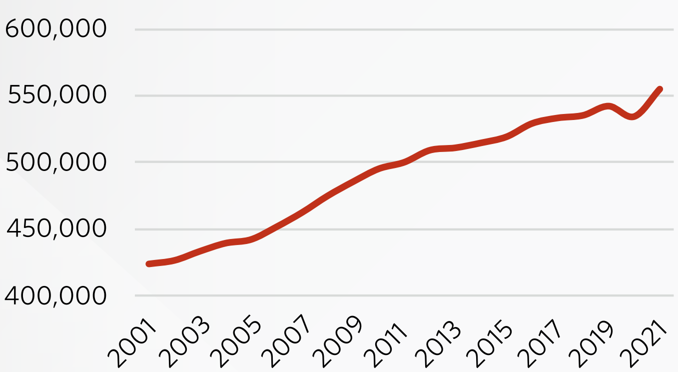
Source: Statcan; Unifor Research Department.
Data refers to 2021 except where indicated.

Current Conditions

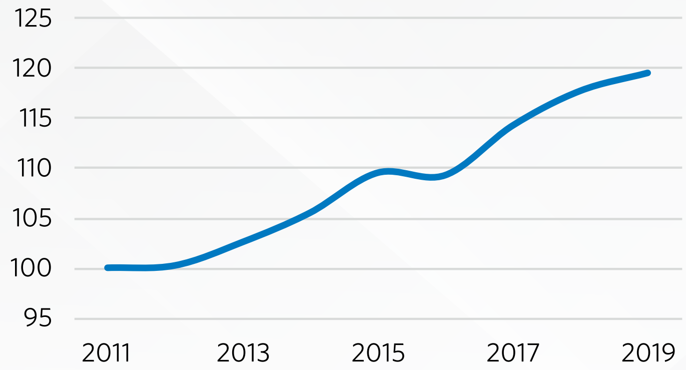
Canada's financial services sector generates a GDP of almost $150 billion and is an important contributor to the economy, accounting for 7.55% of the country's total economic production.

Following the turbulence caused by the financial crisis of 2008-2009 and the significant downturn felt in the sector, the last 10 years have been marked by a broad-based recovery. The sector has seen steady and above average real wage growth. Historically, the industry has had a low unionization rate at around the 10% mark, which is well under the national average. The 2021 decertification of the Laurentian Bank union that had been active for over 50 years within the seventh largest – and the only unionized – chartered bank in the country, sent a chilling signal to the workers in the sector.

Financial services employment, 2001 - 2021



Financial services: Real wages (2011=100)



The financial services industry initially faced dire forecasts when the scope and length of the COVID-19 pandemic restrictions became clear in the spring of 2020. Significant defaults on car loans and mortgages were expected and many braced for a deep impact on operating incomes. Two years later, the worst-case scenario did not pan out. In fact, the industry managed to weather the storm and has shown resiliency, due in great part to the dynamic governmental support responses that kept many clients and laid-off workers afloat while the shutdowns lingered. As an example, Desjardins, Canada's biggest credit union, managed to grow its revenue by 2.4% in 2020 and benefited from the rebound in the economy in 2021, achieving a robust 10.9% increase in operating income. Similar performances were seen across the sector, far from the doom and gloom scenarios many had feared.

Unifor in the Financial Services Industry

Select Unifor Employers	Approx. # Members
Green Shield Canada	548
American Income Life	223
First Ontario Credit Union	88
St. Stanislaus - St. Casimir's Polish Parishes Credit Union	67

With close to 1,200 members spread across five Canadian provinces, Unifor is a relatively small player in the financial services sector – as is the case for most unions active in this segment. Most of Unifor's members are concentrated in life and health insurance services, with Green Shield Canada and American Income Life being the two largest employers, together representing over 66% of Unifor's members in this sector. The remaining third of our membership is active in credit unions in Ontario, BC, Quebec and Nova Scotia.

Ontario has the highest concentration of financial services industry membership, accounting for over 80 percent of overall sectoral membership.

Moving Forward: Developing the Financial Services Industry

If the low interest environment has posed a challenge to the credit union industry in Canada for some time, the post-pandemic phase and the subsequent change in the stance of the Bank of Canada in the face of growing inflationary pressures make for an entirely new operating context. More instability is in store, but there will also be more opportunities for increased revenue. Forecasts for the credit union sector over the five years to 2025 indicate that industry revenue is expected to grow at an annualized average rate of 2.4%, as the industry benefits from a recovery in the Canadian economy.

The industry has witnessed high consolidation over the past decade. Tough external competition from commercial banks and economies of scale have pushed operators to initiate mergers. This trend has not yet reached its end and the number of credit unions operating in Canada is expected to decline further with most consolidation activity occurring among smaller operators. Migration to online services has now reached a mature stage among many credit unions, and with significant digital back-end operations, the focus is now on identifying and better understanding value-added in-branch services.

In the insurance services sector, with Canada's population continuing to age and expand, similar growth forecasts are being made as the economy recovers from the coronavirus pandemic. The global health crisis also had an impact on individuals' feelings of safety and stability, and hence, their reliance on insurance products. Industry analysts see people as increasingly concerned with planning their retirement and preparing for worst-case scenarios, and thus life insurance and annuities will be in increasing demand. Overall, the industry's expansion is expected to be driven by improved macroeconomic conditions, increased per capita disposable income and the operators' ability to target younger clients via social media platforms in order to renew their consumer base.

Major Sector Development Issues

- More consolidation activity is expected in the coming years, especially among the smaller-sized credit unions.
- Following the Laurentian Bank decertification, unions will need to work hard to maintain their appeal in the sector.
- Higher interest rates will be beneficial to the financial operators' bottom lines.
- Inflationary pressure is contributing to economic uncertainty and with increasing talk of a possible recession, the industry could be facing some strong headwinds in the short- to mid-term.