

Dear Competition Review:

In the financial services sector, I would like my company to be able to be a competitor.

I personally have documented, through my Canadian patent application number 2,350,445, a financial payment service which I believe would compete for customers in a sector which represents 3.5% of the GDP. We believe this product would compete by offering significantly lower costs and reduced entry barriers for especially small and medium businesses and consumers.

In order for our company to be a competitor in the financial payments sector, our customers will demand that we are able to settle accounts with them the same business day. This, in Canada, is only available electronically, to members, through the Canadian Payments Association. At this point, my company does not have the ability to emerge as a competitor, because we face the choices of:

- 1) Becoming a bank, with the minimum cash balance of \$5 million requirement, plus infrastructure costs to enter the Canadian Payments System by becoming a banking institution;
- 2) Trying to find a bank, all of whom can be viewed as competitors, which will allow my company to use their access for a fee which does not price our services out of economic usefulness; or
- 3) Trying to convince a bank to buy our intellectual property to develop the application, an application which, compared to existing products, would be seen to reduce overall revenues, and potentially limit credit for their customers;
- 4) Finding a way to get the Canadian Payments Association to add our process, which is not entirely a pure financial settlement process, to their official transaction listing, without being a member or having a way to access it;

To become a competitor, we need at least one of the following to happen:

- a) The Canadian Payments Association access rights are granted to a service provider that is not engaged in a competitive activity that they own; or
- 2) The processes of the Canadian Payments Association (CPA) have our process added as an official transaction format;
- 3) A process addition to the CPA as in (2), wherein an emulation of a partial security interest be added as a financial instrument. I believe the last financial instrument to be added in this way was Banker's Acceptances in 1962;
- 4) At least one province granting the ability to register partial security interests.

I would be pleased if your committee would find a way for small businesses to become competitors in the financial arena. My uncle started the first credit company in Canada in May of 1963, in Amherst, Nova Scotia (Amherst Central Charge). He was, in part, able to offer this service because the settlement method for accounts was paper cheques, which were inexpensive and available to his business directly. It was not until 5 years later that the banks started to offer this service. I believe they only became interested, once smaller companies like my uncle's, had proven the business to be profitable and the size of the market to be much large enough to be of interest. I believe the CIBC now counts credit cards as fully 1/4 of their profitability (this comment was applicable before the current credit crisis).

Our industry ministers lately have been encouraging Canadians to think globally. The following paragraph is my translation for this particular issue:

3.5% of Canada's economy would be 3.5% of \$1.1 trillion, or \$38.5 billion. If Canada's economy is approximately 2% of the world market, 3.5% of the world market would be \$1.925 trillion.

My apologies for not knowing about your review until today. I wish you success in finding a path to enhance Canada's competitiveness.

Regards,
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