



# The Daily

Statistics Canada

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## MAJOR RELEASES

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- **Deposit-accepting intermediaries: Activities and economic performance, 2001** 2  
Deposit-accepting intermediaries in Canada — chartered banks, trust companies, caisses populaires and credit unions — produced services worth \$51.8 billion in 2001, up 4.2% from a revised \$49.7 billion in 2000.
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## MAJOR RELEASES

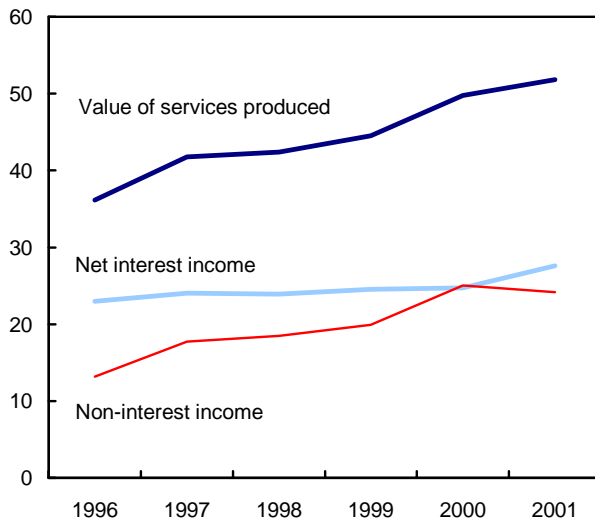
### Deposit-accepting intermediaries: Activities and economic performance 2001

Deposit-accepting intermediaries in Canada — chartered banks, trust companies, caisses populaires and credit unions — produced services worth \$51.8 billion in 2001, up 4.2% from a revised \$49.7 billion in 2000.

The growth of the value of these services came from net interest income that climbed 11.8% to \$27.6 billion in 2001. Higher volumes of consumer lending in areas such as mortgages and credit cards spurred the gain. Other factors were lower funding costs for equity derivatives and increased interest rate spreads on loans among some large lenders. Retail banking services provided the biggest portion of growth in net interest income.

#### Value of services produced in Canada by deposit-accepting intermediaries

\$ billions



This performance was achieved despite various mitigating factors. Interest rates fell sharply, helping to propel an already active housing market. Meanwhile, as stock market indexes plummeted in the wake of highly publicized corporate failures, the uncertain investment climate put a damper on investment trading volumes. The events of September 11 aggravated this uncertainty.

#### Note to readers

The annual Survey of Deposit-accepting Intermediaries covers the Canadian-based activities of the principal deposit-accepting intermediaries, namely chartered banks, trust companies, caisses populaires and credit unions.

**Retail banking services** (chartered banks, trust companies, caisses populaires and credit unions) covers all financial services to individuals and to small and medium-sized businesses through a traditional branch network.

**Corporate and institutional finance services** covers financing and operating services for institutions and large corporations. These categories include trade and export financing, project financing and syndicated lending.

**Electronic financial services** covers services to individuals, businesses and institutions through networks of banking machines, debit and credit cards, telephone banking centres and the Internet. Some of the respondents were unable to provide separate estimates for their activities in electronic financial services. This may result in some under-estimation of the values for these services and over-estimation of the values for retail banking services. The aggregated totals including these two segments remain strong.

**Treasury and investment banking services:** Treasury banking manages the funds of the deposit-accepting intermediary itself. Investment banking covers services to individuals, corporations and institutions such as securities brokerage, mutual fund management, corporate financing and other investment services.

**Fiduciary services** refers to all services provided when acting as a trustee or agent such as record-keeping, custodial and performance evaluation services for personal trusts, pension funds, corporate and institutional investments and group Registered Retirement Savings Plans.

**Net interest income** is the difference between interest income and interest expenses. Interest income covers all interest from loans, titles and deposits of deposit-accepting intermediaries. Interest expenses cover interest paid on deposits, subordinated debentures and other interest costs.

**Non-interest income** covers all sources of revenue other than interest income. Examples include revenue from brokerage and other securities services, credit services, trading income, deposit and payment services charges, mutual fund management, card services, foreign exchange, insurance, securitization revenues and trans-sectoral income.

**Value of services produced** is the sum of net interest and non-interest income. This value is not to be confused with service charges.

Non-interest income declined 3.4% to \$24.2 billion, somewhat reversing its large gain in 2000 and dropping again below the level of net interest income, a pattern observed prior to 2000. This income slackened particularly in treasury and investment banking in the face of weaker capital markets and a resulting

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decrease in servicing investment transactions compared with 2000.

### **Retail banking remains strong in a challenging economy**

In 2001, the value of services produced by deposit-accepting intermediaries in retail banking services increased 6.0% from 2000 to \$31.7 billion. Retail banking services generated 61.2% of the value of services produced, still the largest proportion.

The growth in retail banking was a result of a 10.3% advance in net interest income to \$23.7 billion. Higher volumes of mortgage and consumer lending helped drive this increase, as the value of house sales soared and interest rates dropped. Growth in business deposits was another important contributor. Non-interest income experienced a slight retreat from 2000, in contrast to an upswing over the past few years.

### **Treasury and investment banking: Growth shifts to net interest income activities**

Treasury and investment banking remained the second highest revenue generator for deposit-accepting intermediaries, accounting for \$10.5 billion or 20.4% of the value of services provided in 2001.

Growth in this portfolio shifted from non-interest income to net interest income. Consumer preferences for less risky financial products drove up net interest income in 2001, but non-interest income from these services declined.

Although non-interest income contributed almost 86.0% of the overall value of service provided by this portfolio, its value declined 8.1% to \$9.1 billion. In contrast, net interest income more than doubled to \$1.4 billion.

The rise in net interest income benefited from lower equity derivative funding costs in 2001 and increased fixed-income activities. The drop in non-interest income can be partly attributed to its high levels in 2000, combined with the reduced trading volumes associated with weaker capital markets in 2001.

### **Corporate and institutional finance services slip as equity markets weaken**

The value of services produced by corporate and institutional finance activities slipped 1.7% to \$3.7 billion in 2001 in the wake of notable corporate downturns, weak equity markets and the aftermath of September 11.

Accentuating the decline was a 6.8% decrease in net interest income, which was mitigated somewhat by a 3.6% gain in non-interest income.

Consequently, the corporate and institutional finance segment accounted for 7.1% of the total value of services produced in 2001, down from 7.6% in 2000.

The corporate and institutional finance portfolio generated slightly more of its value from non-interest income. In 2001, non-interest income accounted for 52.0% of the value of services, compared with 49.4% in 2000.

### **Lower non-interest income from electronic financial services**

The value of services produced by electronic financial services fell for the second straight year in 2001. This portfolio produced services worth \$3.1 billion, down 7.2% from 2000.

Electronic financial services accounted for 6.0% of the total value of services produced by the industry in 2001, down slightly from 6.7% in 2000.

This portfolio generated income predominantly from non-interest-related activities (86.6%). Although net interest income from electronic services edged up 9.2% in 2001, the increase was not enough to offset a 9.2% decline in non-interest income.

The slide in non-interest income may have been partly the result of a reduction in online trading within the context of the weakened stock market in 2001.

The decline may also have coincided with increased outsourcing of these activities to technology providers. Consumer interests continued to drive the development of convenient modes of access to financial services, as well as the array of services offered.

There may have been efficiencies to be gained by outsourcing electronic financial services to technology companies. These services moved increasingly into the foray of wireless, Internet access, customer relationship management, electronic payment products and services, transaction processing and payment systems.

### **Continued unbroken growth for fiduciary services**

The growth in fiduciary services outpaced the other major services in 2001, continuing a trend of vibrant unbroken growth since 1996. Fiduciary services reached \$2.8 billion, up 30.4%. They accounted for 5.3% of the value of all services produced in 2001, up from 4.3% in 2000.

Over the last few years, deposit-accepting intermediaries have expanded offerings in this area in response to growing baby-boom demand for investment counselling, estate management, trust administration, custodial services and financial planning.

The service provider-client relationship that forms the backbone of fiduciary services continued to be

predominantly fee-based. Consequently, non-interest income represented 89.9% of fiduciary services in 2001, up from 86.8% in 2000.

**Available on CANSIM: table 182-0001.**

**Information on methods and data quality available in the Integrated Meta Data Base: survey number 2513.**

For more information, or to enquire about the concepts, methods or data quality of this release, contact Christine Hinchley (613-951-5092; [christine.hinchley@statcan.ca](mailto:christine.hinchley@statcan.ca)) or Mario Vella (613-951-1395; [mario.vella@statcan.ca](mailto:mario.vella@statcan.ca)), Industrial Organization and Finance Division. □

### Value of services produced by deposit-accepting intermediaries

	Net interest income			Non-interest income			Value of services produced in Canada		
	2000 <sup>r</sup>	2001	2000 to 2001	2000 <sup>r</sup>	2001	2000 to 2001	2000 <sup>r</sup>	2001	2000 to 2001
	\$ millions		% change	\$ millions		% change	\$ millions		% change
Retail banking services	21,456	23,665	10.3	8,434	8,025	-4.8	29,889	31,690	6.0
Corporate and institutional finance	1,901	1,771	-6.8	1,860	1,915	3.0	3,761	3,687	-2.0
Electronic financial services <sup>1</sup>	381	416	9.2	2,968	2,694	-9.2	3,349	3,110	-7.2
Treasury and investment banking <sup>2</sup>	671	1,487	121.5	9,868	9,068	-8.1	10,539	10,555	0.2
Fiduciary services	289	278	-3.8	1,904	2,485	30.5	2,193	2,763	26.0
<b>Total</b>	<b>24,698</b>	<b>27,617</b>	<b>11.8</b>	<b>25,033</b>	<b>24,187</b>	<b>-3.4</b>	<b>49,731</b>	<b>51,804</b>	<b>4.2</b>

<sup>r</sup> Revised figures.

<sup>1</sup> See Note to readers.

<sup>2</sup> Certain international treasury transactions, which are netted out in consolidated world results, can significantly affect the Canadian data reported by multinational respondents. Net interest income was adversely affected in 2000 for this segment.

### Distribution of income by activity of deposit-accepting intermediaries

	Net interest income			Non-interest income			Value of services produced in Canada		
	2000 <sup>r</sup>	2001	2000 to 2001	2000 <sup>r</sup>	2001	2000 to 2001	2000 <sup>r</sup>	2001	2000 to 2001
	%		% point change	%		% point change	%		% point change
Retail banking services	86.9	85.7	-1.2	33.7	33.2	-0.5	60.1	61.2	1.1
Corporate and institutional finance	7.7	6.4	-1.3	7.4	7.9	0.5	7.6	7.1	-0.4
Electronic financial services <sup>1</sup>	1.5	1.5	0.0	11.9	11.1	-0.7	6.7	6.0	-0.7
Treasury and investment banking <sup>2</sup>	2.7	5.4	2.7	39.4	37.5	-1.9	21.2	20.4	-0.8
Fiduciary services	1.2	1.0	-0.2	7.6	10.3	2.7	4.4	5.3	0.9
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0%</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0%</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0%</b>

<sup>r</sup> Revised figures.

<sup>1</sup> See Note to readers.

<sup>2</sup> Certain international treasury transactions, which are netted out in consolidated world results, can significantly affect the Canadian data reported by multinational respondents. Net interest income was adversely affected in 2000 for this segment.

### Type of income by type of activity

	Proportion of value of services produced in Canada					
	Net interest income			Non-interest income		
	2000 <sup>r</sup>	2001	2000 to 2001	2000 <sup>r</sup>	2001	2000 to 2001
	%		% point change	%		% point change
Retail banking services	71.8	74.7	2.9	28.2	25.3	-2.9
Corporate and institutional finance	50.6	48.0	-2.5	49.4	52.0	2.5
Electronic financial services <sup>1</sup>	11.4	13.4	2.0	88.6	86.6	-2.0
Treasury and investment banking <sup>2</sup>	6.4	14.1	7.7	93.6	85.9	-7.7
Fiduciary services	13.2	10.1	-3.1	86.8	89.9	3.1
<b>Total</b>	<b>49.7</b>	<b>53.3</b>	<b>3.6</b>	<b>50.3</b>	<b>46.7</b>	<b>-3.6</b>

<sup>r</sup> Revised figures.

<sup>1</sup> See Note to readers.

<sup>2</sup> Certain international treasury transactions, which are netted out in consolidated world results, can significantly affect the Canadian data reported by multinational respondents. Net interest income was adversely affected in 2000 for this segment.

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## OTHER RELEASES

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### Electric power

November 2002

Net generation of electricity increased to 47 756 gigawatt hours (GWh) in November, up 2.4% from November 2001. Exports fell 38.2% to 1 538 GWh and imports fell from 1 224 GWh to 1 216 GWh.

Hydroelectricity generation was up 2.1% in November, reaching 28 260 GWh, primarily as a result of increased generation in Newfoundland and Labrador and British Columbia. Thermal conventional generation was up 2.7% to 13 783 GWh. Generation from nuclear sources was up 3.7% to 5 712 GWh.

Year-to-date net generation at the end of November totalled 525 424 GWh, up 2.4% from the same period

of 2001. Year-to-date exports (32 556 GWh) were down 11.7% and year-to-date imports (13 639 GWh) fell 19.6% from the same period of 2001.

**Available on CANSIM: table 127-0001.**

The November 2002 issue of *Electric power statistics*, Vol. 70, no. 11 (57-001-XIB, \$9/\$85) is now available. See *How to order products*.

For general information or to order data, contact the dissemination officer (1-866-873-8789; 613-951-9497; [energ@statcan.ca](mailto:energ@statcan.ca)). To enquire about the concepts, methods or data quality of this release, contact Melanie Murray (613-951-4923; [melanie.murray@statcan.ca](mailto:melanie.murray@statcan.ca)), Manufacturing, Construction and Energy Division. ■

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## NEW PRODUCTS

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**Cereals and oilseeds review**, November 2002,  
Vol. 25, no. 11  
**Catalogue number 22-007-XIB** (\$11/\$112).

**Cereals and oilseeds review**, November 2002,  
Vol. 25, no. 11  
**Catalogue number 22-007-XPB** (\$15/\$149).

**Electric power statistics**, November 2002, Vol. 70,  
no. 11  
**Catalogue number 57-001-XIB** (\$9/\$85).

**Foreign Service Directives Post Indexes**,  
February 2003  
**Catalogue number 62F0082XIE**  
(free).

**Post Indexes for Non-government Organizations**,  
February 2003  
**Catalogue number 62F0083XIE**  
(free).

**Canadian International Development Agency Post Indexes**, February 2003  
**Catalogue number 62F0084XIE**  
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

**MAJOR RELEASES**

- **Urban transit, 1996** 2  
Despite the emphasis on taking urban transit, Canadians are using it less and less. In 1996, each Canadian took an average of about 20 trips on some form of urban transit, the lowest level in the past 25 years.
- **Productivity, hourly compensation and unit labour cost, 1996** 4  
Growth in productivity among Canadian businesses was modestly weak again in 1996, accompanied by sluggish gains in employment and slow economic growth during the year.

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- **Short-term Expectations Survey** 2
- **Steel primary forms, week ending May 31, 1997** 12
- **Egg production, Apr. 1997** 12

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# The Daily

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