



**NOTES**

FOR A SPEECH BY

GUY CORMIER,  
CHAIR OF THE BOARD, PRESIDENT AND CEO  
OF DESJARDINS GROUP

TO THE  
CHAMBER OF COMMERCE OF METROPOLITAN MONTREAL

**“DESJARDINS GROUP: GROWING COOPERATIVE FINANCIAL GROUP  
AND SOCIO-ECONOMIC LEADER”**

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(Check against delivery)

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Chamber President Michel Leblanc,  
Distinguished guests,  
Ladies and gentlemen,

It is with no small measure of excitement that I address you today.

I have spent the last 20 years of my professional life here in Montreal. I am someone who is hands-on; who started my career working with Desjardins members—business owners and individuals alike. I was the general manager at two caisses in Montreal, one in the West Island and one in Outremont.

I taught at HEC Montreal for eight years.

I began working for the Fédération des caisses Desjardins in 2009. Today, as President of Desjardins Group, I am still in Montreal, although I split my time between here, our head office in Lévis and on frequent trips around Quebec.

For the past 20 years, I have been involved with and worked for the benefit of various important organizations here in Montreal; in healthcare, education, and youth outreach.

All that is to tell you that for me, the Chamber of Commerce of Metropolitan Montreal is a very important forum. You play a huge role in the economy of this city and in the entire province of Quebec.

That history, and your role, is why I am so excited and so honoured to speak to you for the first time.

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When I was elected President of Desjardins—at 46, now 47—caisse representatives made a statement by electing the youngest president in the history of our organization. It was nice to hear, and it gave me another flush of youth.

But when I go home, my four young adults, who are between 20 and 24, quickly bring me back to reality. Compared to them, 47 is not so young after all.

Speaking of family; I have recently experienced something I never would have expected, especially at this point in my life. Not long ago, I adopted, which just goes to show you that life can be full of surprises!

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But it is a bit of a different adoption arrangement than you might be thinking. A few months ago I became involved in Adopt Inc., the brainchild of Nicolas Duvernois, the founder of PUR Vodka.

Along with several other prominent Quebec businesspeople, I agreed to adopt a young entrepreneur, to pay him a salary for a year, give him advice and to help him network; all with the goal of helping him get his business off the ground.

So it is my pleasure to introduce you to Jean-Philippe Carmona, who I will be mentoring for the next year. Jean-Philippe is a mechanical engineer and the head of Caboma, a young company specializing in software development and tailor-made orthopedic products.

If you have any advice for him, or anything that could help him with his business plans, please don't be shy! I told him he had to leave here with at least 20 business cards today!

I think it is important to help young people at the beginning of their careers. Just imagine if all of our experienced entrepreneurs gave a hand to the ones who were starting out?

Helping youth is one of my priorities as president of Desjardins.

We are currently creating a youth advisory board made up of Desjardins members, elected caisse officers and Desjardins employees, all between the ages of 18 and 35. The group will provide input to members of the Desjardins Board of Directors and to senior managers during the decision-making process.

I have committed to making a rapid shift into the mobile and digital space. Desjardins will be asking the members of the youth advisory board how they want to see that shift happen; what they expect from Desjardins; and how we should foster cooperation—in 2016 and in the years to come.

### **We are not lacking in challenges**

Talking to you about Desjardins today, I could go on to describe some of the major challenges we are facing.

I could talk about the fact that the financial services industry is undergoing massive change. No doubt you see it happening; it's in newspapers, magazines and blogs every day. The current market phenomenon is Fintech, which was actually the topic of a Finance Montreal forum Desjardins attended in September.

We keep a close eye on market trends. We talk to people in Silicon Valley. And we are bringing together different partners who are conducting all sorts of tech experiments in our Desjardins Lab.

I could also talk about the challenge Desjardins has of honouring our past, while trying to meet member expectations and adapt to the digital economy.

And I could talk about the challenges of talent management and the future of Desjardins; about productivity, capitalization . . .

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These are all significant challenges. Challenges that our teams are working hard on every day.

But instead, I would like to spend the next few minutes talking about the challenge of economic growth and my goals for Desjardins.

### **Stimulating economic growth**

The description of the current global economic environment coming from people at the top of the IMF, the OECD and the World Trade Organization has been full of creative language. The same can be said of certain economic editors, including at *Le Devoir*. They talk about growth that is “poor,” “soft,” or “stubbornly stagnant.” And we have heard that “monetary easing has been stretched to the limits of the imagination.”

We have been told that over the last several years, capitalism has created “a few big winners and many small losers.” And we have heard—another quote—that “the political pendulum threatens to swing against economic openness.”

The post-2008 world definitely presents challenges. But they are not insurmountable. At Desjardins, we count ourselves among those who are looking for solutions and who want to be a part of them.

In fact, today Desjardins economists are releasing a study that suggests we should start looking differently at growth. The authors argue that globalization, the economic crisis and an aging population are changing the traditional methods for generating growth.

The 2008-2009 economic and financial crisis was not followed by the quick recovery that we normally see after a recession. Some of the traditional mechanisms are not very useful. Expansionist budget policy is limited by high levels of public debt. And monetary policy has not had the impact we had hoped, neither encouraging investment nor decreasing the risk of deflation.

So what if growth needs to come from more sources than just those that we normally consider? What if it came from initiatives such as investing in intellectual property, reducing inequality and school drop-out rates, steps to ensure better air quality and water management?

Those are all elements that we can no longer simply see as initiatives for “social progress”. They have a real impact on the economy, especially for the long-term; because we are at a turning point for the environment and for technology that requires significant investment. And that investment can be a new source of growth.

My point is that the gears of the economy are more complex and there are more of them than ever. For the economic transition we are currently experiencing, we are going to need to find efficiencies everywhere we can. And we need to pay attention to indicators that are more representative of sustainable economic growth.

I encourage you to read the study, which takes a fresh look at sources of growth and prosperity for society.

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## ***Cooperatives are pioneers***

Leading experts, including economist Joseph Stiglitz, expressed similar ideas three weeks ago at the International Summit of Cooperatives in Quebec City. Profit above all else is no longer a viable position.

For a long time now, cooperatives have been working to combine economic considerations with other essential aspects of our society: social welfare, education, health, the environment . . .

Cooperatives today account for almost 15% of the global economy. And stakeholders—some from outside the cooperative world—want them to take on an even bigger role.

At Desjardins, and in many other cooperatives, long-term vision, the spirit of collaboration that drives us, and the ability to integrate social progress into economic success are all key assets. They are factors that will mould the economy of tomorrow.

## **Reconnecting Desjardins with its purpose**

That is why one of my goals as the new president of Desjardins is to reconnect Desjardins with its purpose. I have a very simple definition of that purpose: enriching the lives of people and communities.

I want Desjardins, as a cooperative financial group, to contribute even more to building a sustainable economy. Along with all the socio-economic partners who are committed to finding strong and responsible economic growth.

Following the financial crisis in 2008, financial institutions were required to comply with stronger new regulatory and capital requirements.

It was a unique situation, and at Desjardins, we did the work. Today we are proud to be counted among the world's strongest banks, according to sources like *The Banker* and *Bloomberg*.

And once we had done what we needed to do, it was time to focus on providing better service to our members and clients by anticipating their needs and by always getting better at knowing how to meet them.

I want it to be easy to do business with Desjardins.

I want to make huge investments in technology and applications that make life easier for the people who use our services.

And I want to solve the problems we hear about from those users; as we hear about them.

I want to give frontline employees the flexibility and the independence that will let them reach their full potential serving members and clients; encourage them to be bold and creative.

I want to make Desjardins the number one financial institution when it comes to service.

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## **Harnessing the full potential of our cooperative financial group**

Another of my goals is to harness the full potential of our cooperative financial group.

Desjardins is currently a leader in Canada.

The acquisition of State Farm's Canadian activities on January 1, 2015, made us one of the country's top three property and casualty insurers.

We are also the third largest in payroll processing and fifth in personal insurance.

We are growing in Ontario. Our agricultural and business loan volumes have doubled since 2010. And we are creating an action plan that will enable us to increase the pace of growth in that province.

Our business growth is based on a strong foundation. On professions and expertise. We are determined to pursue growth across the country by bringing our cooperative financial group closer together and using the strength that unity creates. And on remaining open to business opportunities and to the possibility of new acquisitions.

## **Acting as a true socio-economic leader**

I also want Desjardins to act as a true socio-economic leader.

Desjardins is an active player in the transformation Quebec is currently experiencing. We support entrepreneurs. And we are there for all sorts of different needs, starting with banking needs and financial advice from our 800 business account managers and 150 agricultural account managers.

We also provide patient capital through Capital régional et coopératif Desjardins, a public fund with 100,000 shareholders.

Capital régional et coopératif Desjardins is an effective socio-economic driver that helps us keep corporate offices in Quebec. In late summer, for example, we enabled Gecko (a company that produces and sells hot tub equipment) to buy back 50% of the company shares held in the U.S. Now the company is once again 100% Quebec owned.

Capital régional et coopératif Desjardins is helping develop every region of the province. Over a third of the companies in its portfolio operate in resource regions. The criteria for investment go beyond just economic and financial calculations, focusing on key projects for communities.

We have also been active in business transfers for a number of years. It is a big challenge to make sure companies survive after their founders have moved on. Baby-boom entrepreneurs, and there are many of them, are passing the torch right now, and Desjardins wants to remain a leader helping them do it.

Our solidarity-based finance programs provide financial support to individuals and entrepreneurs who do not qualify for traditional financing.

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## ***Innovating in Montréal***

Desjardins is a leader and an innovator in Montreal.

We are a partner for Montreal's 375th anniversary. And our VIVA MTL contest has been going all year.

People across the city were asked to nominate residents who are socially aware, organizations, businesses and young leaders who are committed to their neighbourhoods. People who are making a difference in their community and who make us proud of our city.

We received no fewer than 450 nominations. That's 450 real socio-economic leaders.

The winners will be announced during the festivities of the official launch of Montreal's 375th anniversary, on December 11.

Montreal has traditionally been a difficult market for Desjardins, as there is a strong concentration of competitors. But the investments we have made in the past several years have turned the city into an innovation incubator for Desjardins.

We are reinventing the way we serve our members, reaching out to youth, for example, by offering tailor-made solutions for them at locations neighbouring several university campuses.

And we are connecting with new members in new places using other innovative distribution models.

Our successful initiatives in Montreal are moving us forward so we can keep improving at meeting member needs and expectations. We can then adapt what works and export it to other regions.

We are also currently testing a virtual collaboration space that we hope will turn our caisses into places for discussion and collaboration for the digital age.

### ***A new \$100 million development fund to increase our ability to act***

As you can tell, we are engaged in a variety of different initiatives. But we still want to do better. Be more effective and diverse, based on the needs of each community. And we want to do it with our caisses.

So I am very proud today to announce the creation of a new \$100 million development fund that will be investing in projects over the next three years.

The creation of the fund is somewhat personal, as setting it up was one of the major commitments I made when I ran to be president of Desjardins.

We will invest in key projects in the regions where we are active, in entrepreneurship, in business development and in economic and social innovation. We will be able to provide a boost for community projects.

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I will give you a few concrete examples. In one instance, the fund could support the launch of a cooperative focused on providing community services. In another, an initiative to meet specialized workforce needs for regional businesses. And so on.

The caisses, which know their communities and understand local needs, will select the projects we will support.

With this new development fund, we are reinforcing Desjardins's role as a socio-economic leader across Quebec and where our caisses serve Ontario. And we are doing it to fulfil our purpose: to enrich the lives of people and communities.

### **Here, and committed**

In closing, I want to say that Desjardins will be playing an even larger role. For our members and clients. In our communities. And—on a larger scale—as we meet the challenge of creating solutions for sustainable and long-term economic growth.

Desjardins will assert our presence here in Canada, and our openness to the world. While remaining firmly rooted in our communities and mindful of our purpose.

At Desjardins Group, we will be working together as a unified organization that is people-focused, modern, high-performance and easy to do business with.

Thank you.

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