



# OPEN BANKING AND CONSUMER PROTECTION:

## Canadians' Awareness and Expectations





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# Executive summary

## Background

The Financial Consumer Agency of Canada's (FCAC) mandate is to protect financial consumers. As part of that mandate, FCAC conducts research to examine trends and issues that could impact financial consumers.<sup>1</sup> This report presents key findings from FCAC's public opinion research (POR) on Canadians' awareness and understanding of open banking.

Open banking is "a framework where consumers and businesses can authorize third party financial service providers to access their financial transaction data, using secure online channels."<sup>2</sup> In 2018, the Minister of Finance announced a review into the merits of open banking and tasked an Advisory Committee on Open Banking with leading the review. After a first phase of review, the Advisory Committee delivered a report that recommended the development of a framework to enable open banking in Canada.<sup>3</sup> After a second phase of review into implementation considerations, the Advisory Committee released its final report in August 2021. The Advisory Committee's final report is being used in 2022-2023 as a road map to implement an open banking framework in Canada.<sup>4</sup> An Open Banking Lead was appointed in March 2022 to develop a "made in Canada" open banking system based on the recommendations in the final report.

## About the research

FCAC contracted the services of Advanis to conduct POR, between May 16 and June 28, 2022, into Canadians' awareness and understanding of open banking and financial technology (fintech<sup>5</sup>) services.<sup>6</sup> The goal of this research was to help FCAC better understand the knowledge, perceptions, habits, concerns, and consumer protection expectations of Canadian consumers with respect to open banking and related fintech services. FCAC will use these insights to inform the development of financial consumer protection policy and financial consumer education.

## Key findings

### Are Canadians aware of open banking?

Canadians' awareness and understanding of open banking is very low. Only 9% of Canadians have heard of open banking. Seniors, francophones, lower income respondents and women are less likely to have heard of open banking. Those more likely to have heard of open banking include younger respondents aged 18 to 44, recent immigrants, and men. Of the respondents who have heard of open banking, only 7% are "very" familiar with it while 39% are "somewhat" familiar with it.

### Canadians' understanding of open banking

Respondents who said they are familiar with open banking were asked a set of "true or false" questions to test how well they understand the concept. In general, they demonstrated a limited or uneven understanding of open banking. While most (62%) understood that by using open banking they are giving consent to a bank to share their data with other companies, many were unable to identify false statements about open banking.

### Will Canadians participate in open banking?

Consumer interest in using open banking is low. After hearing a definition of open banking, over half (52%) of Canadians said they would not participate in an open banking system. Many Canadians need to know more about open banking before they decide whether to use it: approximately one-third (29%) said "maybe" while only 15% said they would participate.

1 [FCAC's mandate](#)

2 Government of Canada (Department of Finance), 2019: <https://www.canada.ca/en/department-finance/programs/consultations/2019/open-banking.html>

3 Government of Canada (Department of Finance), 2019: <https://www.canada.ca/en/department-finance/programs/consultations/2019/open-banking/report.html>

4 Government of Canada (Department of Finance), 2022: <https://www.canada.ca/en/department-finance/programs/financial-sector-policy/open-banking-implementation.html>

5 "Fintech companies" or "fintechs" refers to financial technology companies that offer innovative, technology-based financial services to other businesses or directly to consumers, often through apps. "Fintech" can also refer to the financial technologies (or apps) themselves.

6 To access the full methodological report produced by Advanis on behalf of FCAC please visit [the Library and Archives Canada website](#).



What protections do consumers expect in open banking?

This research indicates that the consumer protection measures incorporated into an open banking framework (and consumers' awareness of these) will impact participation in open banking. Respondents were asked to choose from a series of consumer protection measures that would make them more likely to use open banking. Of the 21 options presented 18 were selected by over 50% of respondents. Canadians therefore value a broad range of consumer protections in open banking.

The most popular protection (selected by 70% of respondents) was "full protection from any losses" if something were to go wrong. Other protections that were valued were "ability to revoke consent at any time" (63%), "requirements to report data breaches exposing consumer data" (63%), and "enforcement of standard security requirements for open banking participants" (62%).

Canadians also value strong governance and regulatory oversight: 53% of respondents selected "making sure someone oversees the open banking system to keep consumers protected," and 54% wanted to be sure that banks can't pressure them to share their financial data. If something were to go wrong, 62% want a clear and easy process to follow to make things right.

FCAC also found that Canadians assume they currently have the same level of protection when using fintech services as when using bank services. Only 18% knew that when they use services offered by fintechs their protections are not the same as when using services offered by banks. Over 80% of Canadians either thought the protections are the same or weren't sure (32% incorrectly believed that their protections are the same, and 51% weren't sure).

## Conclusions

FCAC's research shows that most Canadians are not aware of open banking and those that have heard of it do not understand it fully or hold misconceptions. However, Canadians expect that they will be protected when something goes wrong and often assume that protections are consistent across providers of financial services.

This study's findings indicate that the consumer protections embedded in an eventual open banking framework have the potential to influence Canadians' willingness to participate in open banking, and therefore the success of an open banking framework itself. Canadians benefit from consistent consumer protections and FCAC's research suggests that they expect consistent protections in open banking. Those who choose to participate in open banking should be supported through strong consumer protections that are embedded in the design of the open banking framework itself. This research indicates that consumers expect the right to control their personal financial information, that the open banking system is secure and that they are protected.

Further research should be undertaken following implementation of the open banking framework in Canada to monitor Canadians' uptake, awareness and understanding of open banking over time, and to better understand the relevant consumer protection issues. This can help inform continuous improvements to the open banking framework and to advance strong, evidence-based financial consumer protection.

# Introduction

The Financial Consumer Agency of Canada's (FCAC) mandate is to protect financial consumers by strengthening the financial literacy of Canadians and promoting the compliance of federally regulated financial entities with their legislative obligations, codes of conduct, and public commitments. FCAC leads the National Financial Literacy Strategy and works with the financial ecosystem to help Canadians achieve good financial outcomes. As part of its financial literacy mandate, FCAC promotes financial education to strengthen the knowledge, skills and confidence of Canadian financial consumers and to raise awareness of consumer rights and responsibilities.<sup>7</sup>

FCAC is also mandated to monitor trends and issues that could impact financial consumers. As part of this work, FCAC conducted a study of Canadians' understanding and awareness of open banking. This report presents key findings from the public opinion research (POR) conducted from May 16 to June 28, 2022 that forms the basis of the study. Its data represent a snapshot in time before an open banking system is launched in Canada.

Open banking is "a framework where consumers and businesses can authorize third party financial service providers to access their financial transaction data, using secure online channels."<sup>8</sup> In 2018, the Minister of Finance announced a review into the merits of open banking and tasked an Advisory Committee on Open Banking with leading the review. After a first phase of review, the Advisory Committee delivered a report that recommended the development of a framework to enable open banking in Canada.<sup>9</sup> After a second phase of review, begun in January 2020 and focused on considerations for implementation, the Advisory Committee released its final report in August 2021. The Advisory Committee's final report is being used in 2022-2023 as a road map to implement an open banking framework in Canada.<sup>10</sup>

Open banking has the potential to enhance the value that consumers get from financial sector products and services. Advocates argue that a successful open banking ecosystem can result in greater financial services competition, leading to more choice and better prices for consumers. Advocates also claim open banking will enable innovative products and services that may be more convenient, more accessible, more inclusive, and more secure than the products available currently. However, the increase in the volume of data-sharing transactions among a diverse set of product providers (banks and non-banks) also brings increased risk of cybersecurity breaches and new privacy considerations. To mitigate these risks, the open banking system in Canada must not inadvertently increase barriers to access to financial services or compromise the privacy and security of consumers' data.

Experience from international jurisdictions that have implemented open banking suggests that consumer trust is fundamental to the success of an open banking system. For open banking to succeed, consumers must have confidence that the system is secure and that they are protected if something goes wrong. Consumers also expect the right to control their personal financial information.

FCAC contracted the services of Advanis to conduct public opinion research (POR) into Canadians' awareness and understanding of open banking and financial technology (fintech) services.<sup>11</sup> The goal of this research was to help FCAC better understand the knowledge, perceptions, and consumer protection expectations of Canadian consumers with respect to open banking and related fintech services, and to contribute to FCAC's mandate.

<sup>7</sup> See FCAC's full mandate at <https://www.canada.ca/en/financial-consumer-agency/corporate/about.html>

<sup>8</sup> Government of Canada (Department of Finance), 2019: <https://www.canada.ca/en/department-finance/programs/consultations/2019/open-banking.html>

<sup>9</sup> Government of Canada (Department of Finance), 2019: <https://www.canada.ca/en/department-finance/programs/consultations/2019/open-banking/report.html>

<sup>10</sup> Government of Canada (Department of Finance), 2022: <https://www.canada.ca/en/department-finance/programs/financial-sector-policy/open-banking-implementation.html>

<sup>11</sup> To access the full methodological report produced by Advanis on behalf of FCAC please visit [the Library and Archives Canada website](#).

## Research methodology

FCAC contracted Advanis to conduct a survey between May 16 and June 28, 2022, with a representative sample of Canadians 18 years of age or older. The study produced a probability-based sample of 5470 Canadian adults. The sample included randomly selected respondents from all provinces and territories, and the results can be extrapolated to the broader population on a national level. The data were collected using a multimodal approach including collecting survey responses online and on the phone. Most participants responded to the online survey, while other respondents were reached on the phone using random digit dialing to target key sub-groups who are often more difficult to reach online. The survey covered awareness and understanding of open banking, awareness and use of fintech products and services, willingness to participate in an open banking system, and knowledge, experience, and expectations regarding consumer protection measures in digital financial services.

For a full description of the survey methodology and data tables (which use weighted percentages and unweighted frequencies), please visit [Library and Archives Canada](#).

In this report, any differences in question response frequencies reported across demographic groups are statistically significant at the 95% confidence level unless stated otherwise. Frequencies reported for multiple response questions<sup>12</sup> are not tested for significance. See Annex A for a summary table of the sample demographics.

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<sup>12</sup> Multiple response questions present respondents with a list of possible answer options; the respondent can then choose all options that are true for them.

# Key results

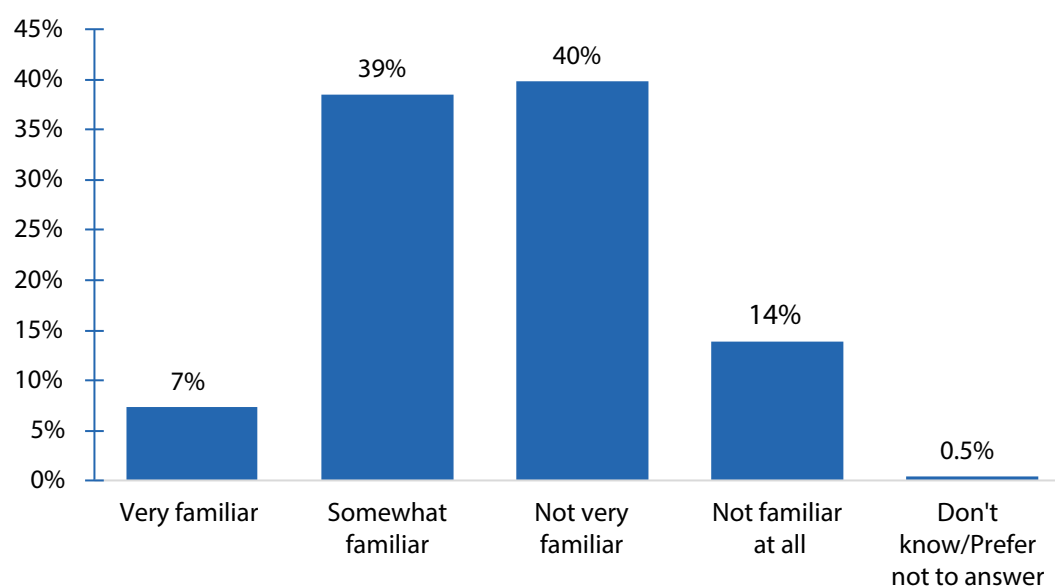
## Open banking

### Awareness and understanding of open banking is very low

#### Awareness

Canadians' awareness of open banking is very low. Before taking the survey, only 9% of Canadians had heard of open banking; 87% had never heard of it, and 4% weren't sure or declined to answer. Seniors (6%), French speakers (7%), lower income respondents (8%), and women (6%) were less likely than other respondents to have heard of open banking, while young people (18 to 34: 11%; 34 to 44: 12%), recent immigrants (14%), and men (12%) were more likely to have heard of it.

Of the 9% of all respondents [~545] who had heard of open banking before, only 7% [~40] indicated being "very" familiar with it while 39% [~206] were "somewhat" familiar with it. Similarly, 40% [~226] said they were "not very familiar" with open banking, and 14% [~70] were "not familiar at all" (see figure 1).



**figure 1)** Familiarity with open banking



### Understanding of open banking

To test their knowledge, the approximately 4%<sup>13</sup> of all respondents [~246] who indicated they were (somewhat or very) familiar with open banking were asked a set of true or false questions. Table 1 summarizes the responses to these questions.<sup>14</sup>

**Table 1.** True and false statements about open banking (correct answers in bold)

Correct Answer	Statement	True (%)	False (%)	Don't know (%)
True	Open Banking means Canadians can tell their banks to share their banking data with other companies	<b>62</b>	17	22
False	Open Banking exists in Canada today	52	<b>21</b>	27
False	Open Banking means banks have to share information about victims of fraud with each other	34	<b>30</b>	36
False	Open Banking means that the Canadian government has access to see the financial information of all Canadians	36	<b>44</b>	20

\*Note that due to rounding, percentages may not add up to 100%

Just under two thirds of this sub-set of respondents (62%) understood that by using open banking they are giving consent to a bank to share their data with other companies. While only about 17% answered incorrectly that this was a false statement, a substantial proportion (22%) said they didn't know. Further, many were unable to identify false statements about open banking, suggesting an incomplete or uneven understanding across respondents. For example, 52% incorrectly thought that open banking already exists in Canada, and 27% said they didn't know—put another way, only 21% could correctly identify that open banking does not exist in Canada. Many (36%) also didn't know whether open banking means that “banks have to share information about victims of fraud with each other,” and 34% incorrectly thought this was true. The results were a little better for the false statement that “open banking means that the Canadian government has access to see the financial information of all Canadians”: 44% correctly identified this as false. However, 36% thought it was true, and a large proportion (20%) said they didn't know.

<sup>13</sup> About 46% of the 9% of all respondents who had heard of open banking before.

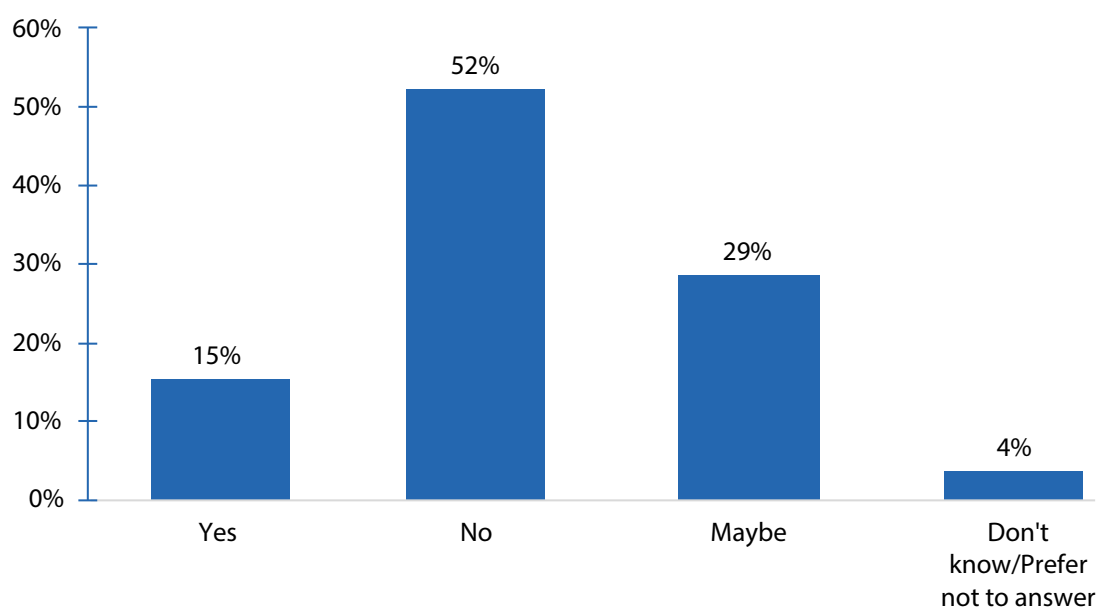
<sup>14</sup> It is important to note that these findings are drawn from the small subsample of Canadians who are both aware of open banking (9% of respondents) and have self-assessed as being either “very” or “somewhat” familiar with it (46% of 9% of the study sample), and, therefore, should be generalized with caution.

## Willingness to participate in open banking

After asking about Canadians' awareness of and familiarity with open banking, the survey presented respondents with a definition of open banking.<sup>15</sup> Respondents were then asked whether, based on the definition provided, they would participate in an open banking system (figure 2).

The results indicate that consumer interest in using open banking is low. After hearing the definition, 15% of Canadians said they would participate in an open banking system; 29% said "maybe" and 52% said "no." Recent immigrants (31%), 18- to 34-year-olds (25%), males (20%) and respondents with higher incomes (18%) demonstrated statistically significantly higher interest in using open banking than other respondents.

Canadians with lower levels of education (14%), those with lower household incomes (14%), persons with a disability (9%), women (11%) and seniors (6%) were less likely than other respondents to say they would participate in open banking. In fact, 73% of seniors said they would not participate in open banking (a considerably higher proportion than the 56% of all female respondents who said "no").



**figure 2)** Would you be willing to participate in open banking?

## Consumer use and awareness of fintech

After Canada has implemented an open banking system, many of the third-party companies that will participate in the system will be fintech companies. Many Canadians will access open banking by sharing their data through applications and services offered by fintechs. As such, this survey probed Canadians' awareness and use of fintech products and services. Prior to implementation of open banking, this may offer insights into consumer habits, perceptions and concerns that could be relevant to the implementation of open banking in Canada.

### Banking methods

Canadians use a variety of methods to access banking services. The most common are online banking through a mobile app on a phone or tablet (76%) or through a web browser (72%). Many Canadians still bank in person (66%), while fewer use telephone banking (35%). Less than 1% of respondents said they don't use any of those methods.

<sup>15</sup> Survey definition of open banking: "Open Banking is a system designed to let consumers securely share their financial data from their bank with other banks and accredited FinTech companies. Consumers give permission to share their financial data with companies that offer financial apps and services. Companies can use the data to offer services (like advice or loans) that may be personalized to the consumer. Consumers can choose to stop sharing information whenever they wish."

## Awareness of fintech

Canadians are generally unfamiliar with fintech, with 75% saying they had not heard of fintech<sup>16</sup> before doing this survey. Twenty-three percent had heard of it (about 1% didn't know). Some differences did appear across respondents of different language profiles<sup>17</sup>, gender, age, income, and education level. Compared to other respondents, those more likely to have heard of fintech included:

- English speakers (26%)
- younger respondents aged 18 to 34 (27%) and 35 to 44 (29%)
- those with higher incomes<sup>18</sup> (29%)
- those with more than high school education<sup>19</sup> (29%)
- male respondents (31%)
- recent immigrants (36%)

Speakers of languages other than English and French were also more likely (30%) to have heard of fintech than other respondents.

Compared to other respondents, those less likely to have heard of fintech included:

- French speakers (11%)
- older respondents aged 55 to 64 (19%) and 65+ (17%)
- respondents with lower income (13%)
- respondents with lower levels of education (16%)
- female respondents (16%)
- non-recent immigrants (22%)

## Fintech usage

Some Canadians do not realise they are using fintech: more Canadians (36%) have used fintech services before (“fintech users”) than have heard of fintech (23%). Fifty-six percent of Canadians said they had never used a service offered by a fintech company, while 8% weren't sure. Respondents who were more likely to have used a fintech service before included:

- men (39%)
- English speakers (38%)
- younger respondents (18 to 34: 52%; 35 to 44: 48%)
- recent immigrants (45%)
- those with higher incomes (42%)
- those with higher levels of education (40%)

Among those who had never used a fintech service, 30% said they would be willing to try one in the future; 45% would not be willing to and 24% weren't sure or chose not to answer the question. Respondents who were more likely to be willing to try fintech included:

- men (36%)
- recent immigrants (52%)
- respondents with higher incomes (33%)
- those who speak languages other than English and French at home (36%)

Women (25%) and seniors (14%) were less likely to say they would try it.

<sup>16</sup> The survey employed the following definition of fintech: For this survey, FinTech, or “financial technology” companies are tech companies that offer financial services online only, often through an app. Examples include Wealthsimple, KOHO, Mint, Coinberry, ApplePay and Afterpay.

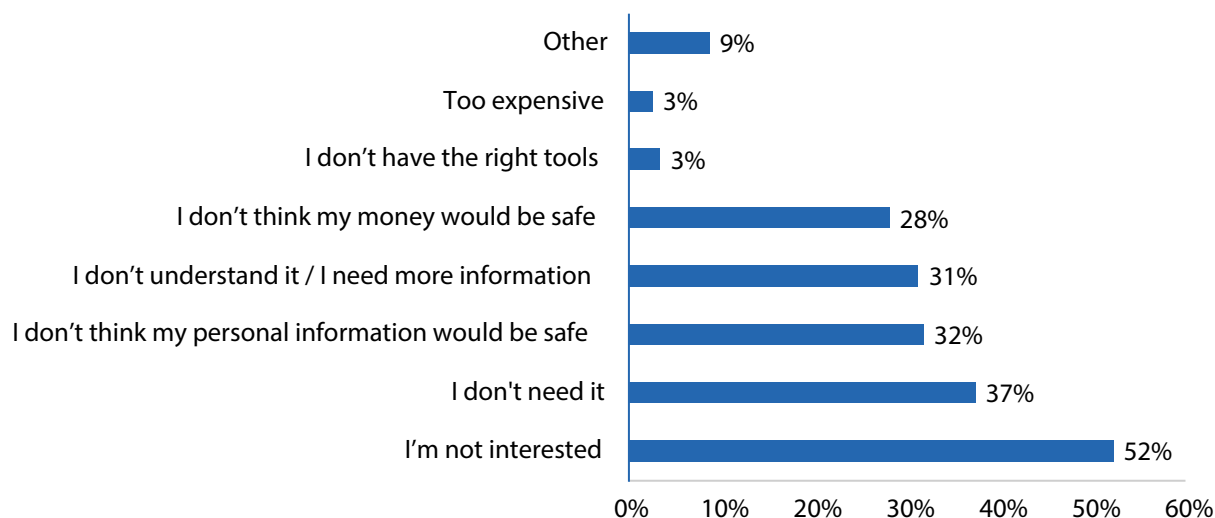
<sup>17</sup> Language profiles are based on this survey question: What language do you speak most often at home?

<sup>18</sup> For this survey, “lower income” is defined as having an annual household income of less than \$60,000; “higher income” refers to those with an annual household income of \$60,000 or more.

<sup>19</sup> For this survey, a “lower level of education” is defined as having a high school diploma or less and “higher levels of education” refers to respondents with more than a high school diploma.

*Why are some non-fintech users unwilling to try fintech in the future?*

Most respondents either did not see value in using fintech or had concerns about the safety of their information and money. A majority of respondents (52%) said they just weren't interested (see figure 3). The next most frequently selected reasons<sup>20</sup> were "I don't need it" (37%), "I don't think my personal information would be safe" (32%), "I don't understand it/I need more information" (31%), and "I don't think my money would be safe" (28%). Very few (3%) thought it would be too expensive or technologically inaccessible<sup>21</sup> (3%).



**figure 3)** Reasons not to use fintech. Respondents were able to select more than one response for this question.

*Fintech users choose it for the convenience*

Those who have used fintech before still consider their primary source for financial services to be a bank or credit union (95% of fintech users reported this). Only 3% of surveyed fintech users considered a fintech to be their primary source for financial services.

When asked why they chose to use fintech services to manage their finances, the majority (66%) said they chose it for convenience. Other common reasons were to "try something new" (30%), to better manage their money (23%), and to help save money (23%). Only 5% said they chose fintech because they trust fintechs more than banks, and 15% were looking for a loan (2%) or service (13%) they couldn't get elsewhere.

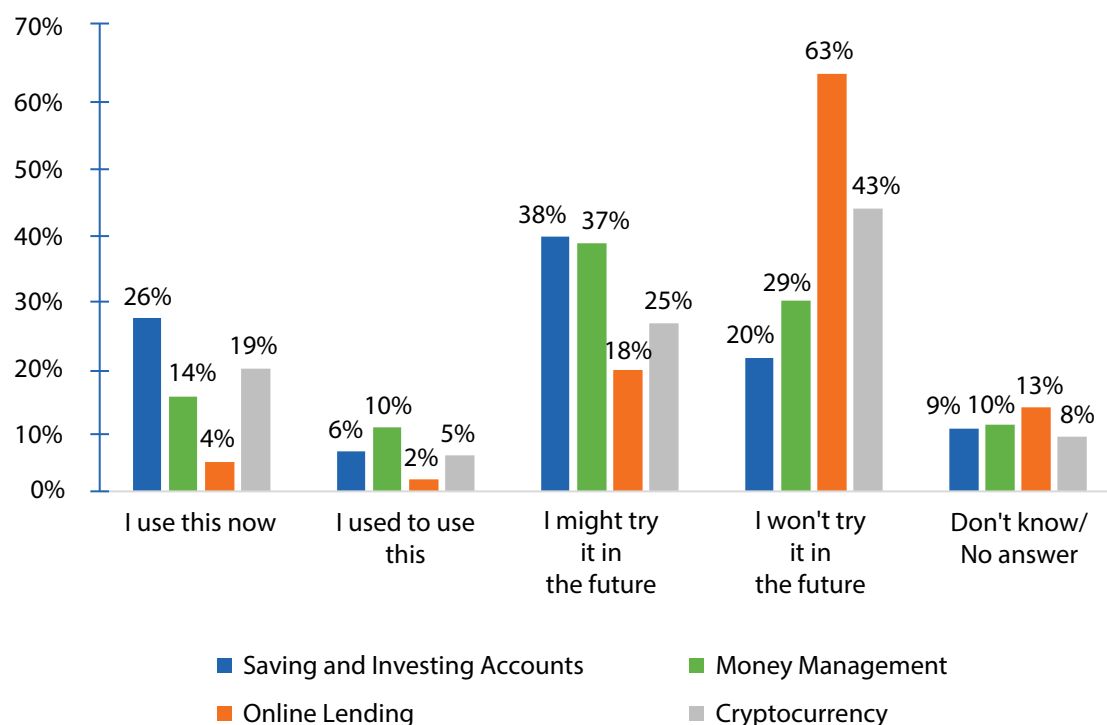
<sup>20</sup> This question is a multiple response question. Response frequencies may exceed 100%.

<sup>21</sup> "I don't have the right tools (smartphone, computer, internet)."

In terms of products and services used, fintech users were most interested in savings and investing accounts and money management services (figure 4). The most commonly used fintech services were:

- “fintech savings and investing accounts” (including robo-advisors) (26% use these now, and 6% used them previously)
- “a cryptocurrency exchange or other crypto service” (19% use these now, and 5% used them previously)
- “money management services like expense tracking or round up” (14% use these now, and 10% used them previously)

Thinking about future use, 38% of fintech users said they might try a fintech saving or investing account and 37% might try a money management service. Further, 63% said they would **not** try an online loan service in the future; 42% would not try a cryptocurrency exchange or other crypto service.



**figure 4)** Fintech use by service type

Fintech users appear generally satisfied with their fintech services, with 75% indicating they will keep using fintech in the future. Only 10% would not keep using it, and 15% were undecided. Of those who would not, 29% said they don't need it, and 19% said it was because they can get the same service from a bank. However, the sample numbers for this question are small (less than 65) and should therefore be interpreted with caution.

## Consumer protection

### Consumer protection measures will encourage participation in open banking

The findings from FCAC's study indicate clearly that consumer protection measures (and awareness of these) will impact consumer participation in open banking. Respondents were presented with a series of consumer protection measures and asked to select those that would make them more likely to use open banking.<sup>22</sup> The results show that Canadians would value a range of consumer protections in a Canadian open banking framework. Of the 21 substantive<sup>23</sup> options provided, 18 were selected by over 50% of respondents. The most frequently selected consumer protection measures relate to security, having control over one's data, transparency, and redress if something goes wrong.

Table 2 presents the results from this series of questions. The most popular consumer protection measure (selected by 70% of respondents) was "full protection from any losses." Having the ability to revoke consent at any time (63%) and requirements to report data breaches exposing consumer data (63%) were the next most frequently selected.

Sixty-three percent also wanted to ensure that banks and fintechs can only use their data to provide the services they signed up for, and 62% wanted their privacy settings set to the highest level of protection by default. Over half (58%) wanted banks and fintechs to have to explain clearly how their financial data will be used and protected, suggesting that consumers value transparency and want to have control over their personal information.

Canadians' willingness to participate in open banking would also be encouraged by strong oversight: 53% of respondents selected "making sure someone oversees the open banking system to keep consumers protected," and 54% wanted to be sure that banks can't pressure them to share their financial data. If something were to go wrong, 62% want a clear and easy process to follow to make things right.

<sup>22</sup> Asked through a series of multiple response questions.

<sup>23</sup> An additional 5 "none of the above" type options were provided, with 1 for each category of consumer protection measures. As depicted in Table 2, each of these was selected by between one-quarter and one-third of respondents.

**Table 2.** Preferences for consumer protection measures in an open banking system

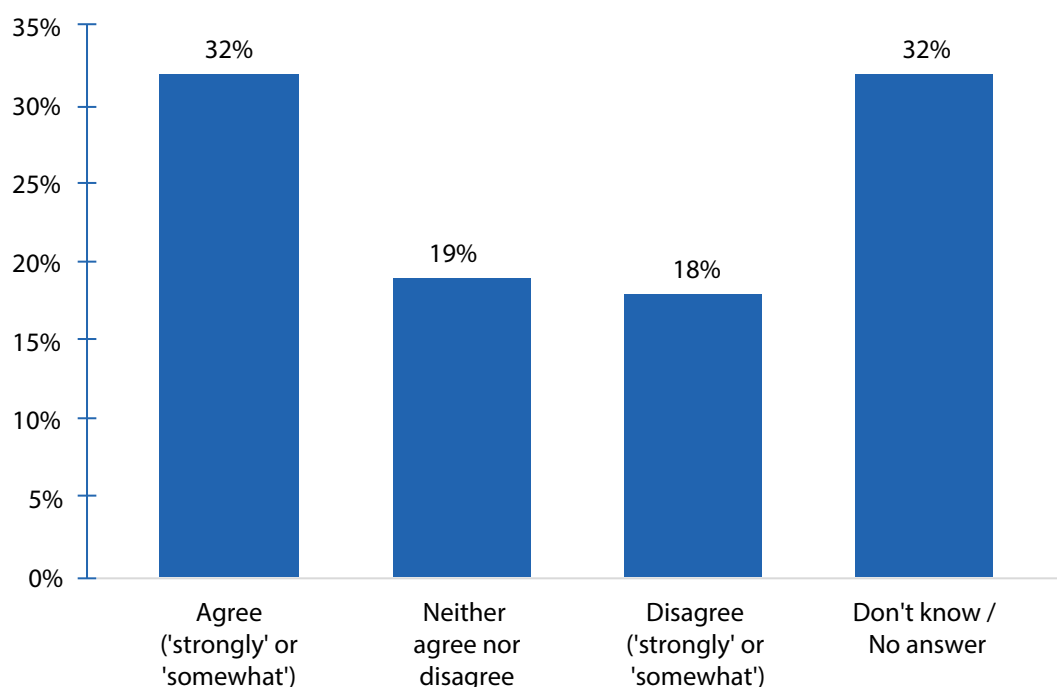
Protection measure	Respondents (%)
<b>Access measures</b>	
I can see who my financial data is being shared with	58%
I can ask for a copy of the data banks and FinTechs have about me	52%
Sharing my banking data can't hurt my credit score	44%
I'm told if AI is used to make a decision (like a loan approval) about me	37%
Everyone can access the OB system, regardless of their credit score or income	28%
None	35%
<b>Consent measures</b>	
Banks and FinTechs can only use my data to provide the service I signed up for	63%
I can stop sharing my data whenever I want	63%
I can control how my data is shared	61%
Banks and FinTechs have to explain clearly how my financial data will be used and protected	58%
Banks and FinTechs can't pressure me to share my financial data	54%
None	28%
<b>Data Security measures</b>	
My financial data is encrypted when it's transferred between banks and FinTechs	62%
Banks and FinTechs use 2 methods to identify me when I share my data	54%
Only authorized users can access my financial data	54%
None	30%
<b>Oversight measures</b>	
Banks and FinTechs report any data breaches where consumers' data is exposed	63%
Banks and FinTechs meet required security standards	62%
Banks and FinTechs set users' privacy settings at the highest level of protection by default	62%
Someone oversees the OB system to keep consumers protected	53%
None	29%
<b>Liability measures</b>	
I am fully protected from any losses	70%
I have a clear and easy process to follow when something goes wrong	62%
I can take my complaint to a neutral party to settle it if I'm not happy with how a bank or FinTech deals with it	60%
Banks and FinTechs publish information about complaints consumers make about them	55%
None	25%

Respondents were able to select more than one response for this question.

## Canadians assume they are protected

As a result of today’s uneven regulatory landscape, jurisdictional differences, and rapid innovation, bank and fintech products often come with different consumer protections. For example, federally regulated banks and credit unions must comply with specific obligations for complaint handling and redress.<sup>24</sup> However, anecdotal evidence suggests that consumers assume that different types of financial products and services that are allowed to operate in the market come with equivalent protections. To explore Canadians’ awareness of differences in levels of protection, respondents were asked the degree to which they agreed with the following statement: **“As a consumer, my legal protections are the same when using a bank or a FinTech”**.

The results suggest that Canadians assume they are protected and/or are uncertain about how consumer protections vary across financial services providers: over 80% of Canadians either mistakenly agreed with the statement or weren’t sure.<sup>25</sup> Indeed, only 18% of Canadians correctly identified that their legal protections are not the same when using banks and fintechs (figure 5).



**figure 5)** Agreement with the statement “As a consumer, my legal protections are the same when using a bank or a FinTech”

Compared to other respondents, recent immigrants were more likely to erroneously agree (strongly or somewhat: 53%) that their legal protections are the same when using a bank or a fintech. Seniors (18%)<sup>26</sup> were less likely to agree with the statement, and seniors (44%) and female respondents (36%) were also more likely than other respondents to say they didn’t know or preferred not to answer (44%).

The survey asked respondents who indicated that they had either heard of fintech or used fintech products or services before whether, as far as they know, fintech apps and platforms collect personal information from their users. The vast majority (79%) answered yes. Only about 5% said no, and 16% either said they didn’t know or preferred not to answer. This suggests that most Canadians generally understand that fintech services involve their personal data.

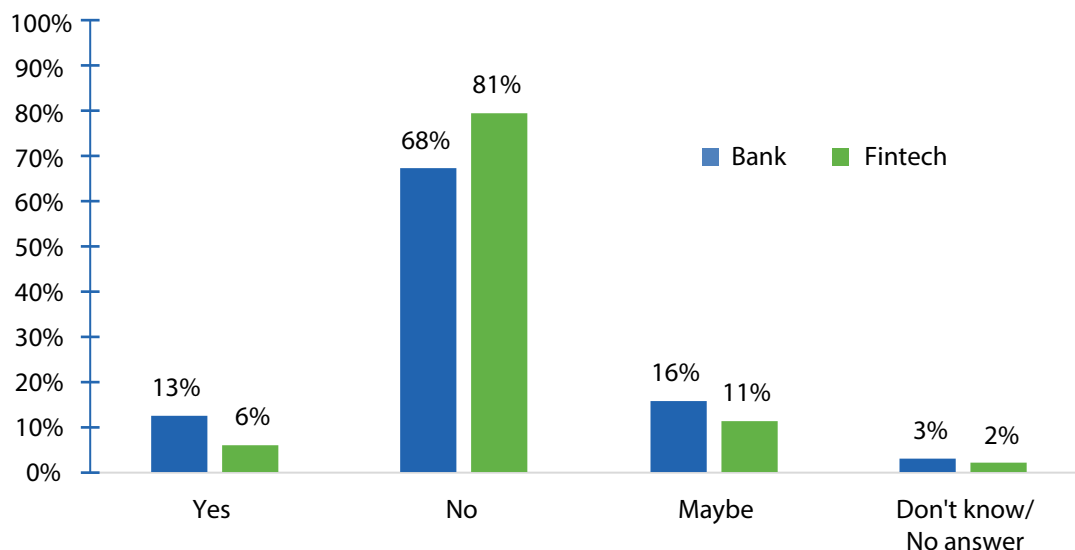
24 See for example: <https://www.canada.ca/en/financial-consumer-agency/services/banking/rights-new-protections/consumer-protection-framework.html#toc9>

25 This statement is based on the aggregate frequencies for those who selected “strongly agree” (about 14.61%), “somewhat agree” (about 17.26%), “neither agree nor disagree” (about 18.80%), and “don’t know/prefer not to answer” (about 31.61%).

26 The frequencies presented in this paragraph are the combined question response frequencies for the “strongly agree” and “somewhat agree” response options.



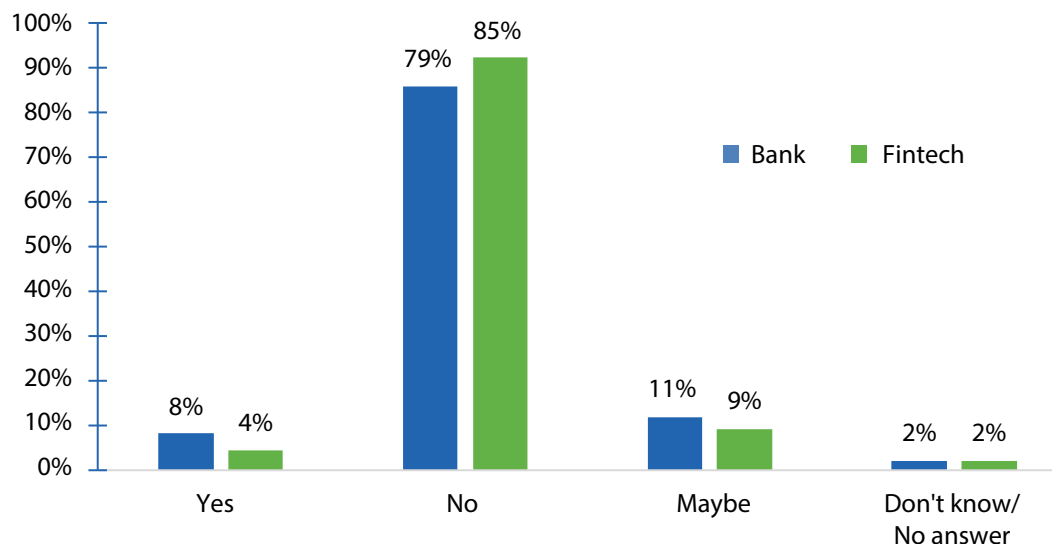
The survey findings indicate clearly that consumers do value protections when using financial services. In general, consumers would not want to continue using a service from a bank or a fintech that did not protect their information or safeguard their money from loss (figures 6 and 7). When all respondents were asked whether they would keep using a bank if they didn't think their information would be "protected against fraud, identity theft, or accidental loss," 68% said "no," 13% said "yes" and 16% said "maybe." When the same question was asked about fintech services (though this question was posed *only* to those that had heard of or used fintech before taking the survey), 81% said "no," only 6% said "yes" and 11% said "maybe."



**figure 6)** Would you keep using a [bank/fintech] if you didn't think your information would be protected against fraud, identity theft, or accidental loss?

The results were similarly clear when respondents were asked whether they would keep using a bank or a fintech (respectively) if they didn't think their "money would be reimbursed after theft, fraud, or accidental loss" (figure 7). Even fewer respondents would be willing to continue using such a service. When asked the question about banks, 79% said "no," 8% said "yes" and 11% said "maybe."

When asked the question about fintech companies (again, posed only to those who had heard of or used fintech before taking the survey), a stark 85% said, “no,” they would not continue using such a service; only 4% said “yes” and 9% said “maybe.”



**figure 7)** Would you keep using a [bank/fintech] if you didn't think your money would be reimbursed after theft, fraud, or accidental loss?

## Screen scraping

A secondary aim of this research was to better understand Canadian consumers' use of and reactions to screen scraping. Screen scraping is a method by which some non-bank financial services companies retrieve their clients' financial data in order to offer them products and services. It requires consumers to share their banking login credentials with third party service providers and therefore presents security and liability risks to Canadians.<sup>27</sup>

Because many Canadians are not familiar with either the term or the practice of “screen scraping,” FCAC's survey omitted the use of the term and instead embedded a plain-language description of the practice, from a consumer point of view, into the two questions related to screen scraping. The first question was to all respondents:

“Have you ever used any services where the company asked you to log into your online banking through their website so they could use your financial information to provide you services? They might have asked for this once when you signed up or on an on-going basis. For example an app like Mint or Wally could give budgeting advice by tracking your purchases.”

A wide majority of respondents (71%) said they had never used a service that used screen scraping, as defined in the survey; 23% said they had used such a service, and approximately 6% were unsure or preferred not to answer.

<sup>27</sup> According to FCAC, “Fintech apps that use screen scraping require you to provide your online banking username and password to access your financial data. They use this information to automatically log into your bank account as if they were you. They then transfer your data to an external database that supports their products or services.” (source: <https://www.canada.ca/en/financialconsumer-agency/services/banking/open-banking.html>)

Respondent groups that were more likely than other respondents to say they had used a service that involved screen scraping included: 18- to 34-year-olds (36%), 35- to 44-year-olds (29%), recent immigrants (37%), male respondents (26%), and those who identify as persons with a disability (30%). Conversely, those who were more likely to say they had *not* used a service that required the use of screen scraping included: French speakers (73%), 55- to 64-year-olds (77%), seniors (86%) and female respondents (74%).

Those who said they had never used a service that involved screen scraping and those who were unsure or preferred not to answer were then asked whether they ever would use such a service.<sup>28</sup> To this hypothetical question, 86% of respondents said no, and 6% said yes, they would use a service if a company asked them to share their bank account data by logging into their online banking through the company's website or app. Approximately 8% said they did not know or preferred not to answer.

These results suggest that most Canadians would not be in favour of screen scraping when it comes to sharing their banking information. It is FCAC's view that sunsetting the use of screen scraping, if included as a requirement of the open banking framework, would help to ensure that open banking enhances safety and security for Canadian financial consumers and encourage its adoption.

## Dispute resolution

A common and important component of consumer protection is dispute resolution. FCAC's study found that approximately 44% of Canadians have tried to make a complaint or resolve a dispute about a bank or a bank service and 12% of fintech users (though notably a much smaller sample) reported that they had made a complaint or tried to resolve a dispute about a fintech service or company.

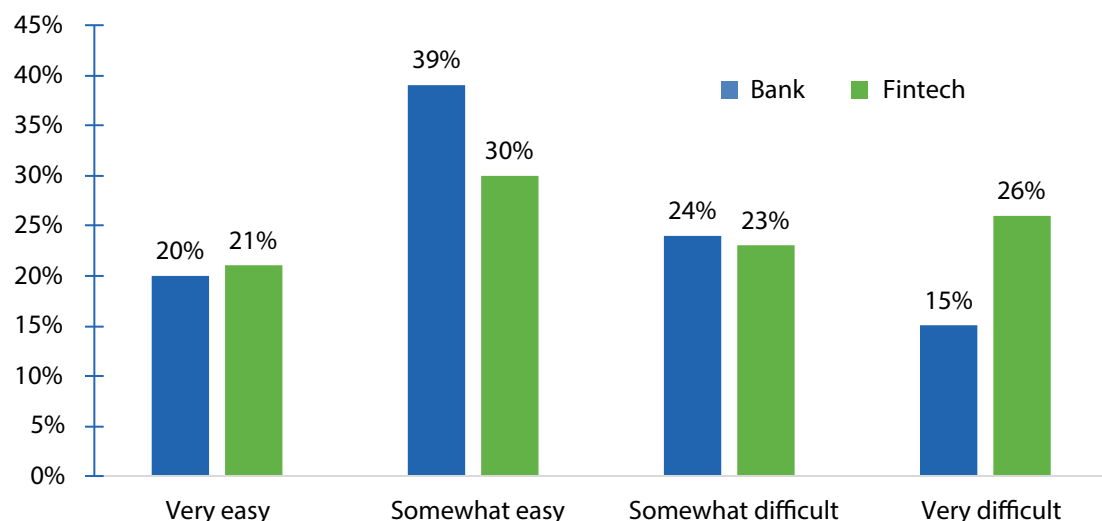
Of those who made a complaint about a bank, 71% reported that they were able to resolve the dispute to their satisfaction. Of those fintech users who made a complaint only 53%<sup>29</sup> reported that the dispute was resolved to their satisfaction.

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<sup>28</sup> Q33 "Would you ever use a service if the company asked you to share your bank account data by logging into your online banking through their website or app?"  
<sup>29</sup> n=139

The survey asked those that have tried to submit a complaint to or resolve a dispute with banks and fintech companies, respectively, about the dispute resolution process and whether they found it easy or difficult to understand (figure 8). Most (59%) Canadians that used one said they found the bank-related dispute resolution process easy to understand: 20% said it was “very easy” and 39% found it “somewhat easy.” However, a large proportion (39%) also found it difficult to understand: 24% found it “somewhat difficult” and 15% thought it was “very difficult.”

Among fintech users that have tried to submit a complaint or resolve a dispute with a fintech company, a more even split emerged: 51% found the process easy to understand (21% thought it was “very easy” and 30% found it “somewhat easy”). A greater proportion of fintech users found the process “very difficult” (26%) than did bank users (15%), and fewer fintech users found it “somewhat easy” (30% of fintech users versus 39% of bank users).



**figure 8)** Ease of understanding the dispute resolution process (bank services vs. fintech services)

Among bank users, English speakers were more likely than other respondents to say the process was “very easy” (21%), and speakers of other languages were more likely than other respondents to find the process “somewhat easy” (50%)<sup>30</sup>; French speakers were more likely to say that it was “somewhat difficult” (32%)<sup>31</sup>. Younger bank users were more likely to find the dispute resolution process difficult and seniors were more likely than other respondents to find it “somewhat easy” (43%), which could be due to a difference in levels of experience. Those aged 18 to 34 were more likely to find it “somewhat difficult” (25%) and 35- to 44-year-olds were more likely to find it “very difficult” (17%). No statistically significant differences in responses were found across demographic sub-groups of fintech users that have used a dispute resolution process, likely due to the relatively low numbers of these respondents (less than 250).

These results may signal a need for standardization, guidance and oversight over dispute resolution processes for fintechs, similar to those that currently exist for federally regulated banks and credit unions, and that these be included in the governance of an open banking system.

<sup>30</sup> This finding is based on low sample numbers (less than 100) and should be interpreted with caution.

<sup>31</sup> This finding is based on low sample numbers (less than 100) and should be interpreted with caution.

## Key observations and conclusions

Advocates of open banking believe it holds the potential to benefit consumers in multiple ways, including:

- enhanced convenience and product choice
- potentially better prices if it increases competition in the retail financial services sector
- increased financial inclusion if it removes barriers to banking and financial services for those who are currently excluded (e.g., consumers in remote areas, and those with lower credit scores or lower wealth and/or income)
- greater safety and security if it successfully displaces screen scraping as the dominant mode of sharing consumer financial data with third parties

However, the increases to the frequency and volume of financial data sharing that will come with open banking increases the risk of data breaches or other unintended consequences. Consumers should be aware of both the potential benefits and the possible risks that come with participating in open banking.

Based on the research findings presented in this report, women, seniors, and French speakers appear both less aware of open banking and more concerned about the risks of using open banking and fintech products and services than other Canadians. On the other hand, younger Canadians, recent immigrants, and men appear more willing to engage with both fintech and open banking.

Canadians value financial consumer protection and their perceptions of the protections embedded in an open banking framework will impact their participation in open banking. Targeted consumer education measures may be required to support awareness and understanding. Those who are more hesitant can benefit from greater understanding of their rights and consumer protections; those more willing to participate in open banking should understand any risks posed by open banking and innovative products and services.

### Consumer protection measures can help maximize consumer benefits of open banking while minimizing risks

As noted above, 32% of Canadian consumers who haven't used fintech services before said they wouldn't try it in the future because they didn't think their personal information would be safe; 28% didn't think their money would be safe.

It is clear that these protections matter to Canadians. The safety and security of consumers' financial data, the trust that Canadians have in an open banking system, and thus their participation in open banking can be supported and enhanced from strong and clear consumer protections in the open banking framework.

These should be consistent with the protections that Canadians count on currently when using a traditional bank's services, alongside effective governance and robust supervisory oversight and enforcement tools. Minimum requirements of a Canadian open banking framework should include access, consent, data security, liability and oversight measures such as express consent, consumer control of data, and a clear complaints-handling system that prioritizes a fast and seamless process for the consumer. Sunsetting of the use of screen scraping by financial services providers and other companies would also help to ensure that open banking enhances safety and security for Canadian financial consumers.

Coupled with consistent and robust consumer protection, consumer education will be essential in developing greater understanding and awareness of open banking among Canadians and critical for driving participation and garnering trust in the system. As a complement to strong consumer protections, consumer education can encourage participation among those who are hesitant to participate in open banking and help protect consumers who want to participate but may not fully understand the risks, their rights and their responsibilities. Together, consumer education and robust consumer protection can support Canadians in leveraging the benefits of open banking in Canada.

# Annex A

## Sample Demographics

Variable		% of Sample
<b>Gender</b>	Female	50%
	Male	49%
	Other	1%
<b>Age</b>	18-34	27%
	35-44	17%
	45-54	16%
	55-64	18%
	65+	24%
<b>Born in Canada</b>	Yes	78%
	No	21%
	Unknown	1%
<b>Recent Immigrant (past 10 years)</b>	Yes	5%
	No	91%
	Unknown	3%
<b>Low income status (household income &lt;\$60k)</b>	Yes	30%
	No	57%
	Unknown	13%
<b>Language spoken at home</b>	English	75%
	French	19%
	Other	5%
<b>Region</b>	Atlantic	7%
	Quebec	23%
	Ontario	39%
	Prairies	6%
	Alberta	11%
	BC and Territories	14%
<b>Visible Minority</b>	Yes	16%
	No	78%
	Unknown	5%
<b>Education level</b>	High school or less	44%
	More than high school	54%
	Unknown	3%
<b>Person with a disability</b>	Yes	11%
	No	86%
	Unknown	3%