



IGM Financial Inc. 447 Portage Avenue, Winnipeg, Manitoba R3B 3H5

Jeffrey R. Carney, CFA
President and Chief Executive Officer

E-MAIL:

fin.OBBO.fin@canada.ca

February 11, 2019

The Advisory Committee to the Open Banking Review / Financial Institutions Division
The Financial Sector Policy Branch
Department of Finance Canada
90 Elgin Street, Ottawa, ON K1A 0G5

Re: Submission to the Department of Finance Canada's Consultation Document: A Review into the Merits of Open Banking

We are pleased to provide comments on behalf of IGM Financial Inc. ("IGM") in response to the Department of Finance Canada's consultation on the merits of open banking. As the financial services industry continues to evolve in Canada, we believe an open banking framework is a critical step forward for Canadian consumers and businesses, and are fully supportive of this important initiative.

Our Company

IGM, a member of the Power Financial Corporation group of companies, is one of Canada's premier personal financial services companies. We are one of the country's largest managers and distributors of investment funds and other managed asset products. With approximately \$149 billion in assets under management as at December 31, 2018, we offer a wide variety of financial planning services and investment solutions to our clients. Our activities are carried out principally through our subsidiaries, namely IG Wealth Management, Mackenzie Financial Corporation, and Investment Planning Counsel Inc. Servicing the financial needs of Canadians, each company operates distinctly within the wealth and asset management segments of the financial services market.

At IGM, our core business is helping Canadians plan for and achieve their financial goals. Our clients' best interests are at the heart of everything we do. We support our clients with advice, knowledge, and resources to give them the confidence to make sound financial decisions. Through this partnership with our clients and the advisors with whom they work, we gain a unique perspective into the financial needs of Canadians – it is from this viewpoint that we provide our feedback on an open banking framework in Canada.

Comments on the Consultation

- (i) Canada will benefit from an open banking framework

We strongly agree with the benefits of an open banking framework expressed by the Department of Finance Canada in the consultation paper. Open banking will provide Canadians with more control over their financial data, and at the same time, will provide new opportunities for businesses – both pre-existing and new entrants – to provide Canadians with products and services tailored to their specific needs. This will help spur competition and innovation in the Canadian market, and in doing so, promote a more vibrant and diverse ecosystem of financial services providers. Ultimately, we believe open banking will empower Canadians to leverage their data to better manage their financial affairs.

We look forward to the direct and immediate benefits that an open banking framework will have for our clients. At IG Wealth Management, an open banking framework supports the foundation of our value proposition – to create and enact a well-constructed financial plan. We take a holistic, client-centric approach to financial planning that reflects the evolving needs, goals, and aspirations of Canadian families and individuals, to create a synchronized and comprehensive plan specifically tailored to their individual needs and circumstances. An integral component to our approach is obtaining a complete, 360-degree view of our clients' financial situation.

Open banking will significantly reduce the current burden clients face in obtaining their own financial data from multiple financial institutions. As the Department of Finance Canada acknowledges in the consultation, the current process is time consuming, which in our view, can also serve as a strong barrier to obtaining all relevant and up-to-date information. Open banking will streamline the data sharing process, increasing the likelihood that Canadians will share their information with their financial advisors, and importantly, allow them to share a more *accurate* and *current* view of their overall financial state.

The sharing of financial transaction data also has the exciting potential to reveal greater insight into a consumer's spending habits and patterns. Taken together, open banking will allow Canadians and the financial advisors with whom they work to obtain a deeper understanding of what is needed to achieve financial well being, and consequently, allow better tailoring of financial plans to meet individual needs. Open banking brings with it the ability for clients to share their information in real time, which will allow clients and their advisors to proactively monitor and adjust their financial plan as their life or family circumstances change.

We believe open banking will allow our companies to provide our clients and advisors with the tools needed to gather a deeper, more meaningful understanding of each consumer's financial situation, and in turn, make a more impactful difference on their financial future.

- (ii) Consumer control over data and a regulated framework are key elements to instilling confidence in an open banking system

We believe providing consumers control over their own personal information is a critical starting point to allowing the open sharing of data and instilling confidence in an open banking framework. An open banking framework must provide Canadians with the right to consent to the sharing of their personal financial information. The right to consent must allow Canadians to choose who they share their personal information with, and to revoke their consent. Embedded within the right to consent, is that consumers must be well informed and their consent must be meaningfully and properly obtained.

A secure, regulated framework is another key component to instilling consumer confidence. Similar to what has been proposed in jurisdictions such as the United Kingdom, the essential elements of an open banking framework must include a process for accreditation, authentication, and consumer redress. Specifically, only parties that have been properly vetted and accredited

should be allowed to gain access to a consumer's personal financial information. Once accredited, and with the appropriate consumer consent, financial institutions that share information must have a secure system to authenticate that the party requesting the information has received the required consent and is an accredited organization. In our view, a system that includes these concepts will place important controls and parameters on data sharing and use that will help minimize potential privacy, cyber security, and financial stability risk – instilling further consumer confidence in an open banking framework.

It is also important that the design of an open banking framework consider how consumers can seamlessly and easily consent to the sharing of their data. Poor consumer experience will reduce the likelihood that consumers will share their data, lessen consumer confidence in open banking, and reduce the effectiveness of open banking in Canada.

- (iii) An open banking system must require all federally regulated banks to participate, and must be coordinated based on consistent data-sharing standards across all organizations

To unlock the full potential of an open banking system in Canada, it is crucial that all federally regulated banks be required to participate. To allow otherwise would disadvantage certain Canadians that wish to share their data but cannot, for example, because they bank with an organization that chooses not to participate. Together with mandatory participation, we believe the data-sharing infrastructure must be based on one, consistent standard. One standard will reduce costs and allow for ease of data sharing as it will prevent businesses from having to develop multiple, tailored applications to access varied infrastructure.

We believe these components will ensure a level playing field across all market participants and will lead to an architecture that will maximize data sharing efficiency and cyber security – making it easier for consumers to share their data, and for businesses to design innovative and personalised solutions that directly benefit Canadian consumers. We also believe this framework will reduce barriers to entry, which will help spur further competition and innovation in the financial services marketplace.

- (iv) Payment-initiation should be included in an open banking framework

In our view, payment initiation should be included in a Canadian open banking framework. Payment initiation is the key to allowing consumers to capitalize on the benefits of an open banking framework and fully leverage their financial data. We believe it will allow consumers to access more streamlined, targeted services that can help them more effectively and efficiently manage their financial affairs. At IG Wealth Management payment initiation can, for example, help us better manage clients' day-to-day finances. It can allow us to seamlessly monitor in real time and allocate clients' funds among their various accounts (e.g. chequing, savings, credit cards, line of credit, and registered and non-registered investment accounts) to not only ensure they have sufficient funds to pay bills when due, but importantly, to ensure that their money is always put to work in the right vehicle that maximizes its value.

Including payment initiation in an open banking framework would be consistent with other jurisdictions that have moved forward with open banking initiatives. For example, the United Kingdom, European Union, and Japan have all included payment initiation in the scope of their framework. To ensure a timely implementation of an open banking framework in our market, we would be supportive of proceeding initially with financial transaction data and including payment initiation at a later stage to allow alignment and staging with the Payments Canada initiative to modernize the infrastructure for retail and large value payments systems.

- (v) The federal government must play a lead role in the development of an open banking framework, and set a clear implementation timeframe

We believe the federal government must play a lead role in the design and implementation of an open banking framework in Canada. In our view, the success of an open banking system depends on the mandatory participation of all federally regulated banks and a coordinated approach based on consistent data-sharing standards and infrastructure across all organizations. We simply do not believe this will be possible without intervention.

We also believe that government participation and ongoing regulatory oversight will be key to ensuring that cybersecurity, privacy, and financial stability risks are minimized, and to building consumer confidence in an open banking framework. To strengthen consumer confidence, we also believe the government must play a central role in educating Canadians on the merits of open banking.

Importantly, we stress the necessity of moving forward with this initiative as soon as possible to provide Canadians with the promising results that an open banking system will have on their financial well being. A timely implementation will also help mitigate the privacy and security concerns present today that can result from account aggregation applications based on screen scraping. We urge the federal government to set a clear implementation deadline to assist with the creation of a Canadian open banking framework.

Finally, given the impact that an open banking framework will have on the provision of financial advice in Canada and the financial services industry generally, it will be crucial for the federal government to engage closely with regulatory bodies such as the Canadian Securities Administrators, the Investment Industry Regulatory Organization of Canada, and Mutual Fund Dealers Association of Canada, to ensure a coordinated approach and regulatory alignment.

Conclusion

We thank you for the opportunity to provide comments to the Department of Finance Canada's consultation on the merits of open banking.

At IGM, we strongly believe that open banking will provide real and immediate benefits to Canadians' financial well being. It is therefore important that we move towards full implementation as soon as possible to deliver to Canadians the true value and potential of their financial data. Active participation and intervention by the federal government will be a critical component to ensuring this positive result for Canadians.

We would be pleased to engage with you further on this topic.

Yours truly,

IGM FINANCIAL INC.



Jeffrey R. Carney
President and Chief Executive Officer