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The Advisory Committee to the Open Banking Review/Financial Institutions Division
The Financial Sector Policy Branch
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Consent

I, Joseph [REDACTED] consent to the disclosure of my whole submission. I request that my address, email address and last name be removed prior to publication.

Introduction

We would like to begin by thanking the Government of Canada and the office of the Minister of Finance, Bill Morneau for taking the initiative to conduct open consultations about Open Banking. We believe that first steps like this solidify the goodwill of the Finance Minister and the Government of Canada to pursue innovative financial policy.

Who we are

The contents of this letter are being written by a co-founder of Kiblr. Kiblr is a forthcoming Open Banking platform founded in Toronto that enables users to get the most out of Open Banking frameworks. Our core product is a set of mobile apps across iOS and Android that allow users to take control of their financial self by leveraging the data provided through Open Banking. We aim to help Canadians live better, more convenient financial lives by leveraging Artificial Intelligence in combination with Open Banking.

Why we're excited about Open Banking

Kiblr is all in on Open Banking. Our platform is being built from the ground up to bring Open Banking to millions of Canadians. It's at this point you may ask why we're building an Open Banking platform before an Open Banking framework even exists in Canada, the answer is simple: we're excited.

We're excited at the possibilities for innovation, invention and economic development that are brought forth with the principle of Open Banking. We see how Open Banking can have a tangible, positive impact on the daily lives of Canadians all around the country. With Open Banking there is a substantial economic opportunity, the world has noticed how Canada has become a world leader in AI with large hubs in Toronto and Montreal. The positive impact of AI on our economy is only beginning to unfold and will continue to contribute for years to come. We see parallels with the opportunity presented by Open Banking.

By enabling this framework Canada can become a world leader in Open Banking standards by driving innovation and entrepreneurship that leads the charge. We want Canada to become a leader in Open Banking and have Canadian developed businesses and companies create an impact around the world as other countries pass Open Banking frameworks.

Aside from economic benefits, we're excited at the prospect of how Open Banking will truly change the daily lives of Canadians. We envision a complete overhaul of how Canadians interact with and view their finances that brings convenience to the forefront while removing current barriers. It's through Open Banking that consumers will be able to have full control of their financial picture and financial self by taking full advantage of the core feature of an open banking framework, data access. By simply enabling free flowing data access consumers will be greeted with a plethora of options for managing their finances from Canadian entrepreneurs helping them to live better financial lives.

Why we are responding to this consultation

As founders and innovators within the Open Banking space we believe that the open consultation opportunity provided by the Government is a valuable opportunity for members of the public with vested interest in Open Banking to make a statement and impact around the development of a framework.

Simply put, we are responding to this consultation because we see an economic opportunity for Kiblr with the establishment of an Open Banking framework. In addition, we fully believe in the promises of Open Banking and the benefits that will be afforded to users with the introduction of a framework.

Contained within this response we've provided our response to the following questions posed by the Government of Canada:

- Would open banking provide meaningful benefits to and improve outcomes for Canadians? In what ways?
- In order for Canadians to feel confident in an open banking system, how should risks related to consumer protection, privacy, cyber security and financial stability be managed?
- If you are of the view that Canada should move forward with implementing an open banking system, what role and steps are appropriate for the federal government to take in the implementation of open banking?

Our responses present our view for the future of Open Banking in Canada. We hope that the responses provided help the Government to establish an Open Banking framework.

Question 1: Would open banking provide meaningful benefits to and improve outcomes for Canadians? In what ways?

We believe that Open Banking will provide meaningful benefits and improve financial outcomes for Canadians. We see Open Banking serving as the framework to ushering in a new era of financial choice, innovation, access and economic development. We see Open Banking as a catalyst that can create a plethora of benefits for Canadians across both consumer and business sectors. We've outlined below the key benefits and positive outcomes for Canadians.

Increased Choice

A core principle of open banking is the fostering of increased financial choice by levelling the playing field to create opportunities for innovation and entrepreneurship to usher in disruption led by financial startups. It's through this wave of disruption that consumers will have access to new financial institutions and auxiliary services.

We see the mandate towards data access creating an environment ripe for innovation from startups. By providing businesses fair access to financial data it's a given that new players will enter the market. As with any market that experiences a wave of new entrants or disruption it's almost always the end user that is the beneficiary. In this case, with access to data entrepreneurs will be able to create new financial institutions that provide various services to end users. These new institutions will thus increase choice in the market for users as they are able to consider new financial options outside of the already established players in the market.

Increased choice typically leads to cost savings for the end user as each player within the space is required to become more competitive. It's likely that with an influx of new financial startups result in current national financial institutions re-evaluating their competitiveness and adapting to the change by introducing new services, reducing cost, or innovating, all of which result in benefits for the end user.

With the introduction of an Open Banking framework choice will become more accessible for users. The current process for switching between financial institutions is typically tedious and requires extensive human intervention to manually move accounts and facilitate transfers, often resulting in consumers not wanting to undertake the burden of switching financial institutions.

Open Banking will enable users to quickly and seamlessly switch between financial providers removing the need for extensive manual intervention and long delays. With the right to equal access for user data switching to newer financial startups or switching amongst existing incumbents will become easier for users further delivering on the promise of increased choice. If it becomes easier for users to switch between institutions competition will increase leading to better experiences for end users.

Access to Innovation

Innovation has changed the way consumers live and transformed the economy time and time again. In order to foster innovation it's key that Governments introduce frameworks and legislation that is conducive to innovation, we see Open Banking as a key framework to fostering innovation.

With all this talk of innovation, how does Open Banking actually facilitate innovation that can be used by Canadians? With Open Banking in place entrepreneurs and developers will begin to create innovation within the financial space with limited hindrance from regulation and legislation. The free flowing process of innovation and ideation will allow products to come to market quicker enabling Canadian consumers and investors to take notice and being using said products. By removing barriers to entry and providing an innovation friendly framework we see Canadian consumers and entrepreneurs being the core beneficiaries of this new level of access to innovation.

Convenience

With the introduction of an Open Banking framework financial asset management and general tasking will become much more convenient for Canadians. The ability to have a unified financial picture accessible via either first party or third party digital applications does well to support the notion that Open Banking will enable convenience. Canadians will be granted more options to access their money and financial data then ever before allowing them to chose the method that works best with their current lifestyle.

An Open Banking framework will foster innovation as described before which typically leads to increased convenience. It's safe to assume that threw Open Banking Canadians will begin to have access to their financial data through new platforms such as Google Assistant, Amazon Alexa and various other voice or chat services which enable users to take action using just their voice. It's without a doubt that other technologies and user experiences that we haven't even begun to think of will benefit from open banking further facilitating convenient access for users.

With Open Banking Canadians will be able to take advantage of financial data aggregation services that allow them to see all of their data through a single outlet. With data aggregation users will no longer be required to have separate apps or visit separate websites for each of their financial institutions, instead by using a platform such as Kiblr Canadians will have one tap access to all of their financial data in a single place. Users will be able to take action against through any of their accounts to make a payment, transfer money or pay a bill without needing to enter multiple sets of credentials or visit multiple sites.

The efficiency that will be afforded to Canadians with the introduction of a Open Banking framework cannot be understated, time wasted talking to multiple financial institutions or visiting several separate digital platforms will become a thing of the past.

Economic Benefits

We believe that introducing an Open Banking framework will spur a portion of economic development in Canada that includes sectors such as Technology, Finance, Sales and Marketing. We see the introduction of an Open Banking framework adding steam to the current technology and AI renaissance that are already present in Toronto and other major Canadian cities. Simply stated, the introduction of an Open Banking framework will cause a new wave of entrepreneurship that benefits the entirety of the Canadian economy, from startups to incumbents and beyond.

As entrepreneurs begin to build businesses based around Open Banking we can be sure that job development and skill development will grow in parallel. Highly skilled tech workers, finance sector employees, marketing and sales stand to make the largest gains from this new wave of business investment. Incumbents are likely to invest in personnel, ideas and capex to build out their open banking vision, startups likewise will look to invest in R&D and create net new jobs to build out their open banking solutions. Auxiliary to this job creation is also the prospect of increased job growth in sectors such as legal and regulation to handle the new Open Banking framework and all of the companies developing platforms and tools for it.

On a broader scale, with the introduction of Open Banking the creation of new startups will allow Canadians to bring their products to the world stage. By being one of the few countries with an Open Banking framework in place Canada will set its entrepreneurs up for success on the world stage by having a lengthy head start to develop solutions. We envision Canadian made products adapting and being used around the world to support Open Banking frameworks across other nations. It's of the utmost importance that Canada creates an opportunity to be at the forefront of this sector by introducing framework while the concept is still in its infancy.

Question 2: In order for Canadians to feel confident in an open banking system, how should risks related to consumer protection, privacy, cyber security and financial stability be managed?

We believe that consumer protection, privacy, cyber security and financial stability are of the utmost importance when looking to introduce a Open Banking framework. The importance of security cannot be understated in the current digital age, rogue agents, state actors and black hat hackers are everywhere looking for an opportunity to steal data for nefarious uses. We believe that any Open Banking framework should have strong guidelines for implementation to protect the data of Canadians around the country.

Data Access and User Consent

By creating an infrastructure based around Open Access certain security measures and processes need to be built in and enabled by default to prevent malicious use. We believe the first step to securing Open Banking access is defining a clear cut data access and user consent policy. By creating a standard for Data Access and User Consent the Government can rest

assured that Data Access is being provided on a per user, per consent level with granularity baked in from the beginning.

The Data Access portion of the policy should cover off the exact extent of which a third party can access a users data. The Data Access policy must feature granular control rules to ensure that third parties are accessing user data in a specified and secure manner. This standardization will allow for transparency between all parties involved and ensure that data is handled correctly. The Data Access policy should define clear rules for the duration of which an access grant is valid, the frequency in which data access grants should be renewed, the process in which a data access grant is renewed and most importantly, a clearly defined process for users' to revoke data access from any third party. The revocation is important if users are to be able to cleanly switch between services seamlessly. By defining clear data access policies the window of opportunity for abuse (intentional or situational) is drastically reduced.

User consent works hand in hand with a data access policy to define the accepted methods of user consenting to a third party accessing their data. Standards for user consent should be defined as part of the framework to ensure that its clear when a user has allowed a third party to access their data. A few levels of granularity should also be considered for user consent, enabling the user to provide consent for partial sets of data to third parties, consent for set periods of time, revocation processes for levels of consent and escalation processes for levels of consent. A robust user consent policy will ensure that users are always in control of their data.

Standardization for Access Protocols

Once a user has provided appropriate consent for access to their financial data the protocol in which data is accessed should be standardized. As part of this we would expect the Government to define standards for API level access to enable digital access across a variety of platforms through a single unified protocol. The Government should work with industry experts to define the API specification that will be required to be met to access or provide user data. The API specification should cover all types of requests and the fulfillment of said requests.

As part of the API specification service authentication standards should be defined to ensure secure API access with a set minimum authentication. The policy should further define the time period in which API access is valid, processes for renewing API access and revocation of API access. Ensuring that the APIs being provided are developed with a minimum level of security will help to further reduce the risk.

With standardized access protocols in place the Government is able to further reduce overall risk while ensuring fair access is granted to all players within the Open Banking space.

Enforced Security Minimums

The Government must outline a set of security minimums that are in use across all Open Banking providers and services. These enforced security minimums will provide a level of standardization to reduce risk to data loss, security breaches and privacy concerns. As part of this framework we believe that the defined security minimums should be reviewed and updated (if necessary) on an annual basis to account for the ongoing rapid change in the cybersecurity industry.

We recommend that as part of the enforced security minimums the government outline security controls for both digital and physical access that are wide ranging and cover various use cases. As an example, we would recommend that the Government outline strong encryption minimums for data in use, data in transit and data at rest. This will help to ensure that in the event of a breach at a single provider that the breached data is encrypted and non-accessible. At the same time the implementation of end-to-end encryption will help put the Canadian Open Banking implementation in line with industry standards for security. In addition to encryption, authentication security minimums should also be defined as part of the framework.

Privacy Standards

With respect to the protection and use of user data the Government should look to outline user privacy standards in respect to Open Banking data. This standards would set rules around exactly what open banking firms are able to do with a users data once they've been granted access.

One of the core aspects of this policy should include exactly where users data can be stored. We would recommend an approach similar to other policies in that all users data access as part of Open Banking must be stored within data centres on Canadian soil to reduce the risk in transferring data other nations or security risks outside of the control of Canada's Open Banking policy.

In addition the Government should define regulation including penalties for the exposure or selling of user data to third parties without user consent. We believe it's important for the Government to define limits around the sale and sharing of user data to reduce the risk associated with companies being built solely for the purpose of accessing and selling user data.

Financial Stability

The introduction of Open Banking will facilitate an entirely new level of financial transparency helping to protect the financial stability of the current banking system that Canada has become world renowned for. By enabling Open Banking financial institutions will be able to easily conduct adequate due diligence against user applications for credit products for everything from small loans to mortgages. Open Banking will provide a full view of a users financial picture that ensures only users who qualify for products they are applying for are provided with them. This reduces the opportunity for poorly granted loans and other credit products to negatively impact the economy at scale. By providing a full financial picture, users who do qualify will be granted an easier process for getting their application approved as

the various amounts of documentation and data sources from different institutions will be reduced and contained, ideally, within a single view.

Question 3: If you are of the view that Canada should move forward with implementing an open banking system, what role and steps are appropriate for the federal government to take in the implementation of open banking?

By this point in the letter it should be evident that we are of the view that Canada *should* move forward with implementing an Open Banking system as we see it as a net positive on the entirety of the Canadian economy. We believe that in order for Open Banking to deliver its potential benefits the Government of Canada must play a major role in the definition and facilitation of the framework.

Clearly Defined Framework with External Review

In order to enable Open Banking across the country we believe that the Government of Canada should work to clearly define an Open Banking framework that governs all actions within the Open Banking space across both business and consumer spaces. This framework should be defined by the Government with the interests of Canadians in mind while researching and leveraging knowledge from other countries who have already implemented Open Banking. The framework should also look to consult with industry professionals from both Finance and technology to determine the core features that would make the framework successful.

Once the framework has been defined in a draft state we suggest that the Government open it up to a public review and consultation, similar to this current consultation, in order to have one last round of feedback from the general public. This will help the Government to better understand if the suggested framework is aligned with the vision of the public. By ensuring that both visions are aligned, the Government is increasing the likelihood that Open Banking policies will be well received and utilized by the general public.

As a last step of the review process before the framework is brought through the legislative process we would encourage the Government to seek external third party review from an unbiased committee that represents the interests of Canadians and entrepreneurs. This last external third party review will ensure that the policy framework drafted is aligned with both Open Banking standards and what is best for Canadians.

Yearly Framework Review and Consultation

Once Open Banking has become Canadian Law we would encourage the Government to work towards yearly reviews of the framework, potentially having this included in the legislation that governs Open Banking. Yearly reviews will allow the Government to measure the impact of Open Banking and understand the current Open Banking landscape while looking to ensure that it is meeting the expectations of Canadians.

The focus of the yearly review is to check progress and impact of the framework while also reviewing if any potential changes to the framework need to be made. As we foresee Open Banking and its related fields (technology and finance) rapidly evolving, the yearly reviews will provide a moment of pause for the Government to make any necessary changes or updates to the framework with the potential of open consultation playing a role as well.

Framework Compatibility on an International Stage

As a last recommendation to the Government, we would recommend that no matter the Open Banking framework being introduced that the Government work to ensure that it is aligned with international open banking frameworks and standards. We make this request to ensure that the system we build is accessible internationally so that Canadian entrepreneurs who build against Open Banking policies are able to use their same products and businesses to expand world wide.

Furthermore, ensuring that the Canadian Open Banking framework is aligned with internationals will help to facilitate how many is managed across borders for Canadians. With a large portion of the Canadian population being immigrants, the ability to manage money overseas through a unified banking framework is an enticing feature for both users and businesses.

Conclusion

In conclusion we would again like to thank the Government of Canada and the office of the Minister of Finance, Bill Morneau for taking the initiative to conduct open consultations about Open Banking. We hope that our responses prove valuable for the Government in deciding Canada's approach to open banking. We would also ask the Government to feel free to reach out for further opinions or discussions around open banking with the team at Kiblr.