



March 18, 2019

The Advisory Committee to the  
Open Banking Review/Financial Institutions Division  
The Financial Sector Policy Branch  
Department of Finance Canada  
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Dear Advisory Members,

**Re: A Review into the Merits of Open Banking**

We are sending this letter to acknowledge both the thought leadership of the Advisory Committee on Open Banking and the success of the consultation to date.

We commend the Advisory Committee on its broad consultation process to date. Convening commentary from a diverse group of interested stakeholders, including, large and small firms; established institutions and new entrants; large financial technology companies and FinTech start-ups; and regulators and policy makers, will encourage a balanced framework that captures consumer protection, safe competition and sustainable innovation as fundamental values.

We further recognize and appreciate the maintenance of an ongoing discussion between Finance Canada and industry stakeholders. We found the roundtable discussion held on February 19, 2019 to be a productive session where it was possible to engage with diverse industry stakeholders and where various perspectives were shared. It is clear that many industry commentators view Open Banking as an inevitable and accelerating structural trend.

There are, however, diverging opinions across the industry on which implementation standards to adopt. While Canada should continue to look to the models of other countries that are further into their journey of developing and implementing Open Banking standards, it would also be impactful to consider several factors that we believe are important to keep at the center of the adoption focus;

- Ensuring Government leadership. Due to the sensitive nature of the data involved, as well as the need to address any risks of potential fraud, cybersecurity, and privacy breaches, which may compromise participants' confidence in such a system, the leadership of the Government of Canada is necessary from a policy and regulatory perspective. We would like to recognize that every country exploring or implementing Open Banking standards has had the active engagement and leadership of their government. There is no country that has taken a pure 'market-driven' approach. We strongly believe that the Advisory Committee brings a wealth of knowledge, experience, diversity of thought and valuable support for establishing such an unprecedented framework. It would be significantly worthy for the Advisory Committee to consult with Finance Canada on establishing implementation standards from a public policy perspective. The role of the Government in policy-making is critical in addressing the needs and interests of different social groups and service providers. Governments are generally better positioned to act as mediators between key stakeholder groups in a manner that balances their competing priorities with the greater public good.
- Ensuring that the model does not favour prime customers only. As Open Banking is likely to drive competition at an unprecedented rate, it is of significant importance that access to consumer data does not equate to preferential treatment for traditional consumers over

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those that may come from the underbanked segment, or, to those whose transactional data may be determined as less profitable. Open Banking offers the potential to facilitate financial inclusion through access and affordability and Canada's model should prioritize equal access and affordability to all consumers.

- Outlining an economic model. As Open Banking will democratize banking information, incumbent banks will inherently focus on new revenue strategies. The monetization of APIs by data providers should be a priority consideration in the development of Open Banking standards. While there is a cost to collecting and storing data on consumers, the cost of accessing this data should be carefully considered for the fairness of different market players such as FinTech startups, small banks and new entrants.

Canada's implementation of Open Banking standards will reduce current unsafe practices of meeting the needs of an ever mobile-dependent population. For consumers to access efficient banking applications today, one solution is to provide third-parties with their bank credentials; it remains unclear if consent to do is collected by third-parties, or if it is presented in a clear and concise manner. To preserve consumer protection and the integrity of consumer markets, there is a fundamental urgency for Finance Canada and the Advisory Committee to firm Canada's Open Banking standards for implementation and limit the use of these unsafe practices.

We are very pleased to be able to participate in this dialogue and appreciate the approach taken by the Government of Canada and of the efforts of the Advisory Committee to conduct such a broad consultation process.

We strongly support the approach taken to maintain the interests of our consumers as a guiding principle in this consultation process. We appreciate the opportunity to be part of this ongoing consultation.

Yours truly,

