



February 11, 2019

via email

Department of Finance
The Advisory Committee to the Open Banking Review
Financial Institutions Division
The Financial Sector Policy Branch
Department of Finance Canada
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Consultation on Open Banking

NACCA welcomes the opportunity to take part in consultations for Open Banking. NACCA is a network of over 50 Aboriginal Financial Institutions (AFIs) that supply developmental lending directly to Aboriginal entrepreneurs and communities.

NACCA has reviewed the consultation document relating to the merits of open banking and appreciates the benefits that open banking can have on Canadian consumers. NACCA also noted that the focus of the open banking review will be in respect of financial transaction data from federally regulated banks. Please note AFIs are not federally regulated and as such will not be mandated to make data available however, we have a number of comments for your consideration:

- The consultation paper on the merits of open banking listed several benefits such as competition, price comparisons, and faster adjudication of loans with potentially lower rates. The paper did not go further to comment if these merits are applicable to Indigenous Peoples who are financially excluded and lack access to banking services and products. From our understanding of the text, data sharing with FinTechs would typically occur online and these will be a barrier due to poor connectivity in Indigenous communities. There is risk of Indigenous consumers missing out if their needs are not incorporated into the adoption strategy.
- Risks related to consumer protection, privacy, cyber security and financial stability is an important part of open banking. An important aspect would be understanding how recipients of data from these federally regulated banks will be managed. An accreditation process should be put in place by the Canadian government to manage Canadian and non-Canadian FinTechs wishing to access data.

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- There should be specific rules and regulations around sharing data of youths and vulnerable population. Understanding the nature and type of data which will be shared is very important. For example if data relating to account status changes are shared, would the reason behind these changes be shared? Customers should not be penalised for account closure on grounds unrelated to financial worthiness.

In closing, Canada should consult with Australia who is already in the implementation phase to understand the steps they are taking to ensure that Indigenous Peoples will benefit from open banking. As the global market is moving into this space, Canada must ensure that the needs of all cultural groups are being met and that data sharing provides opportunities that ultimately promotes a competitive market place without compromising consumers' data security and privacy.

Thank you for allowing us the opportunity to participate in this consultation exercise.

Sincerely,

A handwritten signature in black ink, appearing to read 'Gerry Huebner', written in a cursive style.

Gerry Huebner

Chief Strategy Officer

National Aboriginal Capital Corporations Association