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The Advisory Committee to the Open Banking Review
Financial Institutions Division
The Financial Sector Policy Branch
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario
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Dear Advisory Committee,

We appreciate the opportunity to provide input into the work of the Advisory Committee on its review of the merits of open banking. Our comments supplement the submission filed by the Canadian Life and Health Insurance Association, which we support.

While this current review focuses on financial transaction data from federally regulated banks, we agree with the consultation paper that the review will provide observations that may ultimately be relevant for a wider range of consumer data. Our comments are meant to reflect the broader topics of data portability, data ownership and data privacy.

We are encouraged that the government is taking a measured and thoughtful approach to this issue. We see the broader issue of data as one of the most important public policy issues of our times. We need to get this right for Canadians. This is not only the responsibility of governments, but of all institutions in the public and private spheres that handle the data of Canadians.

We also note that this consultation is taking place in parallel with work on a National Digital and Data Strategy by the Department of Innovation, Science and Economic Development. We agree with the consultation paper that this study on open banking should be coordinated with the broader discussion around the National Strategy as well as with the National Cyber Security Strategy.

Any decisions made now on banking transaction data could have an impact on data use in other sectors as well. As a financial services firm that provides our clients with insurance, wealth and asset management products and services, Sun Life works with both financial and health care data – and there are differences between those sets of data with their own specific sensitivities. Approaches to data portability that may be appropriate for banking data may not be appropriate for health care or insurance data.

In the letter we sent to the National Strategy consultation, we underscored the importance of trust in our industry and our focus on our clients. We noted that as one of Canada's largest life and health insurance firms, we understand the critical importance of earning and maintaining the trust of our clients. This trust rests on the value we bring to our clients through our products and services as well as on our ongoing commitment to transparency about how we store and protect the data entrusted to us by our clients.

As the world moves toward ever expansive and innovative uses of data, we must not forget our obligation to ensure that the interests of Canadians are at the centre of everything we do. While better and more efficient uses of data hold much promise for improving the lives of our clients, there are also risks, as the consultation paper on open banking correctly points out.

With that in mind, we believe that any move toward enhanced data portability must be based on a set of principles, which we believe are complementary to the core financial sector policy objectives of efficiency, utility and stability outlined in the consultation paper.

- **Safety:** This principle closely aligns with the goal of “stability” as outlined in the consultation paper. There are risks associated with third-party access in financial services, including privacy, control of data, concentration of data and transparency. The more data that is accumulated by third party actors, such as data aggregators, the greater the risk if there are breaches or other potentially systemic incidents such as the failure of a data aggregator. Every effort should be made to ensure that the data of clients is secure, that third-party service providers are prudentially sound and that clients are aware of the risks associated with sharing it. Any entity that gains access to data should be required to meet robust prudential, privacy and security standards. Furthermore, the question of liability for data breaches must be addressed in any new open banking framework. Ensuring new players abide by existing rules, such as applicable privacy laws and proportional prudential requirements, can go a long way to managing these risks. There is an opportunity to learn from the evolution of the mobile app ecosystem, where compliance with existing rules were not top of mind for many new app developers resulting in significant efforts to “catch-up.”
- **Transparency:** Individuals and businesses that are involved in the sharing of data should have a clear understanding of what data they are sharing and why, how that data will be used and the risks involved. Any entity that is involved in the collection of data should communicate this information clearly and in plain language that is easy to understand.
- **Coherence:** We believe the Canadian public is best served by an approach to data that is coherent and consistent. This is why we believe the open banking discussion should be coordinated with the broader National Digital and Data strategy discussion.
- **Public/private balance:** The consultation paper points to the different kinds of approaches that have been adopted in various jurisdictions. While mandated solutions have been pursued in the UK and Australia, the United States Treasury Department has encouraged regulators to work with the private sector on an approach. We encourage the government to pursue an approach that would balance the roles of the public and private sectors, such as a market-driven approach. This would allow established financial institutions and new fintech entrants to develop

solutions and partnerships. Financial institutions and new fintech entrants are already working together and should be given space to develop solutions and evolve business models and commercial terms. This would allow innovation to thrive in much the same way as it has in the fintech space in recent years. The government could support this by working with industry to develop common standards to allow for interoperability. In this context, we underscore the fact that each jurisdiction that has embarked on data portability has taken its own approach.

- **Insurance and banking:** Any legislative or regulatory changes to the way in which data is stored, managed and moved in banking should maintain the separation of banking and insurance activities. Banking and insurance have evolved as strong, stable and distinct pillars of the Canadian financial system, and these rules are in place to ensure consumers are properly protected, to mitigate systemic risk, and to allow for more competition.

We look forward to participating in future public consultations as the Advisory Committee continues its important work on the merits of open banking and as the government continues its broader work on a National Strategy for Data.

Sincerely,



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