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Introduction

Symcor Inc. (Symcor) is pleased to provide comments in response to the Department of Finance's consultation document "A Review into the Merits of Open Banking". Symcor is a privately held corporation, created in 1996 by the Toronto Dominion Bank, Royal Bank of Canada and Bank of Montreal as a joint venture to consolidate bank operations into a common platform. Rather than duplicating efforts in cheque processing, electronic file transfer, mail and distribution, Symcor was created to modernize operations, enable resource sharing, and improve quality and efficiency. Today, Symcor has more than 2000 employees in offices and operational facilities across Canada. We provide a diverse portfolio of traditional and digital services including payment processing, document management, customer communications, statement processing and production, cash management, and fraud analytics. In addition to the banking industry, Symcor offers services to telecommunications, insurance, utility, payroll services, and government sectors.

At the core of Symcor's business is a focus on investing in technology and innovation in order to continuously make services safer and more efficient. As a service provider, we do not interact directly with consumers. However, we understand the importance of providing Canadians with convenient, affordable, and secure financial products and services. We invest heavily in cybersecurity and privacy to protect the personal information we process on behalf of our clients. Symcor also takes a global approach to researching developments that impact data policies, strategies, and risks. We participate in global think tanks such as the Information Accountability Foundation,¹ and the Centre for Information Policy Leadership² to advance privacy protection and information governance thorough consultations with governments, business, and civil society.

Symcor supports the Government of Canada's review of the potential merits of open banking, and advocates for public policies that balance consumer choice and economic growth with strong security, privacy protection, and the continued stability of Canada's financial sector.

Having read and understood the consultation procedures outlined by the Government of Canada's Department of Finance, we submit our views on open banking based on the following three questions specifically outlined in the consultation:

- Would open banking provide meaningful benefits to and improve outcomes for Canadians?
- 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?

¹ The Information Accountability Foundation: <https://informationaccountability.org/>

² The Centre for Information Policy Leadership: <https://www.informationpolicycentre.com/>



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

The introduction of open banking in Canada would reshape how all the players in the financial ecosystem work together. Initiatives in jurisdictions like Australia and the United Kingdom aim to give consumers more control over their information, promote competition, spur innovation and ultimately increase economic growth. Consumers will be able to share the financial information held about them by their bank with other companies they trust. It is believed this will become the catalyst triggering the creation of more competitive, convenient, and personalized financial products and services.

The Canadian market has seen many new, convenient and user friendly financial products enter the market including digital payments, lending, wealth management, financial planning and receipt management. However, for benefits to be fully realized, the range of risks that open banking will layer onto an already complex digital ecosystem should be carefully assessed and managed. An open banking framework requires strong privacy protections, security controls and consumer protection strategies. Products and services should be consumer-centric and deliver on commitments and expectations. In a world where technical advances like predictive analytics and artificial intelligence are the norm, product design should center around meeting legitimate needs rather than focusing on technological capabilities.

Symcor believes an open banking framework with embedded checks and balances has the potential of providing benefits to Canadians. We also believe it could accelerate creativity, innovation and inclusiveness for all participants in the ecosystem including consumers, financial institutions, new market entrants (e.g. FinTechs) and other third parties.

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?

In order for an open banking ecosystem to succeed in Canada, it must be trusted. Trust is of paramount importance as it underpins the myriad of digital relationships and transactions that transcends digital business. With an open banking system, consumers will be interfacing with many participants in the ecosystem including “people, businesses, things and intelligence (in the form of algorithms)”.³ There is virtually unlimited bandwidth, storage and ability to connect consumers to the network, generating immeasurable amounts of data in real-time. The complexity of the dynamics within a digital open banking ecosystem goes beyond common understanding⁴. It is therefore crucial that flexible frameworks are designed to address a rapidly changing risk landscape with respect to privacy, security, consumer protection and financial stability.

³ Gartner: Definition: Digital Trust Published 24 May 2017 - ID G00329409

⁴ The Information Accountability Foundation discusses the concept of ‘observational data’: <https://informationaccountability.org/>



As data becomes a more prominent driver for innovation and economic growth, ensuring the *Personal Information Protection and Electronic Documents Act* (PIPEDA) continues to provide adequate privacy protection should be a priority. Under the Canadian privacy legislative framework, organizations are responsible for the personal information in their custody and control, including when this information is transferred to third parties. In our experience as a service provider, we continuously invest in security, privacy, data life-cycle management and governance to ensure Symcor stays on top of a rapidly evolving digital risk landscape. We adhere to international security frameworks and have taken a leading role in defining industry standards in activities such as image exchange between financial institutions⁵. More recently, Symcor has become a founding member of the Canadian Anonymization Network (“CANON”) which aims to promote anonymization techniques and best practices across private, public and health sectors.

We believe a transparent and secure open banking framework requires all participants in the ecosystem to implement policies, processes and security controls to safeguard the sensitive information in their custody. Making ‘Accountability’ and Privacy by Design (PbD) core principles of an open banking framework would help ensure all participants that access, collect, use and store personal information are prepared to handle responsibilities. Privacy by Design advances the view that the future of privacy cannot be assured solely by compliance with regulatory frameworks; rather, privacy assurance must become an organization’s default mode of operation. This kind of model provides accountability across the entire ecosystem. As an example, Symcor has established guardrails and governance mechanisms to ensure Privacy by Design is built into new products and systems to identify and mitigate risks each step of the way.

An open banking ecosystem needs to ensure the ‘weakest link’ meets minimum standards of security requirements. Standards should be set and adhered to by all participants. There are two existing standards that guide risk assessment and cyber security in Canada: Harmonized Threat and Risk Assessment Methodology Cyber Security Centre, and ISO 29134 – Guidelines for privacy impact assessment. New or revised standards should take the following into consideration: common standards for API must be created to ensure interoperability, avoid fragmentation and drive safe adoption. Technical standards governing authentication and data sharing should also be established in alignment with other jurisdictions.

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?

Canada has a robust system of laws and regulations/a clear and harmonized regulatory framework. Any open banking system set up in Canada needs to balance the need to enable existing and new service providers to offer their services within this new framework. Companies still need to be regulated according to these laws. Protection of personal data should be cherished above all.

It is important for the Canadian government and the financial services industry to learn from the experiences in foreign jurisdictions as they examine how open banking would work in Canada. There is an

⁵ STANDARD 015 COMPANION DOCUMENT TO THE ANSI X9.100-187-2008, “Specifications for Electronic Exchange of Check and Image Data – Domestic: <https://www.payments.ca/sites/default/files/standard-015.pdf>



extraordinary amount of collaboration happening between banks and regulators worldwide to create frameworks for open banking. At the core, however, customers need to be treated fairly, financial products need to deliver the value as promised, and privacy and data protection must be consumer focused.

It is clear to Symcor that the Government of Canada is taking a balanced approach to ensure the potential benefits to be had with open banking are being considered alongside the broader potential risks. This approach is consistent with international trends. We believe this approach will ultimately lead to a successful outcome – including consumer confidence in an open banking system as well as beneficial economic outcomes (innovation, new market entrants, competition and general growth across the Canadian economy).

Conclusion

Symcor supports the federal government's efforts to examine the merits of open banking and its potential benefits to consumers. As consideration of open banking evolves, Symcor welcomes the opportunity to engage with the Department of Finance and bring its unique perspective as a service provider with nearly a quarter century of history in the banking sector.

