



# The Trust Companies Association of Canada

February 8, 2019

VIA EMAIL

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 Committee members,

## **Re: Invitation for Comments: Consultation Document on a Review into the Merits of Open Banking**

Thank you for allowing the opportunity to participate in the Government's first phase of the review of Open Banking in Canada (the Consultation Document).

The Trust Companies Association of Canada Inc. (TCA)<sup>1</sup> represents 21 small to mid-sized financial institutions. It advocates for effective public policies that contribute to a sound financial system, benefitting Canadians and Canada's economy. The objectives of the TCA are to foster sound and equitable principles in the conduct of all segments of the financial industry; gather, research and distribute information of interest and value to TCA members; promote the interests and welfare of members and those they serve; and represent the interest of the TCA in consultation with governments and consumer groups, other associations, financial institutions and the public.

The TCA is pleased to see the Government's consultation as we have been, and remain, enthusiastic about open banking. Below you will find the TCA's response to the Consultation Document, however the TCA would like to point out that many of our members will be submitting their own bi-lateral responses which outlines their specific, and in some cases unique, position on the various aspects solicited in the Consultation Document.

The TCA views open banking as an important shift and believe it will strengthen the Canadian financial system and improve our competitiveness on the global stage. More importantly, the TCA believes the advent of open banking will reduce friction in the financial ecosystem and will allow individual consumers of financial services better value, more choices and useful new services.

The TCA believes that financial consumers are increasingly becoming less reliant on the 'one-size-fits-all' banking model. Comparing products/services across institutions, switching bank accounts and onboarding/authentication/know-your-customer processes are just a few of the beneficial aspects to

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<sup>1</sup> The TCA was incorporated under the Canada Corporations Act on January 21, 1986 and on August 11, 2014, it continued under the Canada Not- for-Profit Corporations Act. A list of its members can be found here: <https://www.trustcompaniesassociation.ca/>



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consumers in an open banking economy as they provide the ability to choose financial products that are better suited to the unique needs/wants of a consumer.

The benefits to consumers can only be achieved with the recognition that consumers own their data – as such they should be given choice and flexibility. Information is a powerful tool and the TCA believes that consumers should be able to leverage and share that tool in ways that benefit them but that do not leave them unprotected.

The TCA recognizes the inherent privacy risks that may be associated with an open banking economy however we feel that with proper regulation a strong and secure baseline can be achieved. TCA members envision a framework for privacy and consumer protection that is federally-regulated and potentially aligning our approach to managing these risks with similar systems overseas (such as the General Data Protection Regulation (GDPR) in the European Union for example), rather than creating a new market/industry-driven scheme. The government should continue to have a pivotal role in enforcing consumer protection legislation so as to maintain the stability and integrity of the system, but also to minimize sub-optimal solutions which may arise in a market-driven system.

Even today, TCA members have seen innovators enter and provide quasi-open banking services. In some cases, due at least in part to the lack of a formalized framework, sub-optimal solutions are in use, which raises security challenges and poor customer experience. The TCA is confident these risks could be mitigated with the government playing a key role in providing both the baseline foundation for participation in the system as well as oversight. This would help ensure adequate control measures and trust are fostered in the open banking ecosystem among financial institutions, fintechs and individuals.

The TCA also understands that cybersecurity risks are an area of concern however we feel such risks are better controlled in an open banking environment with a clear set of standards and roles/expectations relating to security and privacy. In fact, the TCA believes that certain cybersecurity risks may even be reduced as we believe the current industry practice of “screen scraping” would be greatly diminished, for example.

Finally, the TCA believes that international experience can also provide helpful lessons vis-à-vis the ultimate implementation as we have seen other jurisdictions have experienced significant costs associated with open banking. We feel that a lot of review and dialogue in this area is warranted, and the TCA recognizes that all participants should share in burdening some of these costs.

The TCA thanks you for taking the time to review our submission and commentary. In the interim we are available to discuss any of the above in greater detail at your convenience.

Sincerely,  
The Trust Companies Association of Canada

Andrew Moor, Chair