

Strengthening Canada's External Complaints Handling System in Banking
Submission by Greg D. Basham

1. Are the following principles appropriate to guide future policy directions on the structure and key elements of the ECB system in Canada?

- * Accessible: complaint handling services should be available at no cost to the consumer, be easy to access and understand, and be available in both official languages

- * Accountable: external complaint handling services should have an adequate governance structure, be accountable to the public and their member banks, and be subject to regulatory oversight

- * Impartial and independent: there should be no undue influence or conflicts of interest, and service providers should be balanced and objective when dealing with a complaint

- * Timely and efficient: the internal processes of a complaint handling service should be efficient, consumers should not face undue delays, and complaint handling services should be staffed by trained and knowledgeable professionals

- * Impactful decisions: the complaints handling service should render decisions that resolve consumer complaints, either through a remedy or a clear explanation as to why a remedy would not be appropriate, and banks are to adhere to these decisions

Yes. These principles are appropriate for the stated purposes for ECBs. However, from a consumer perspective the bank complaint system must be viewed in its entirety from end-to-end with standards for accessibility, timelines and information requirements that start and end with the banks.

Two issues that stand out for consumers in the "Quick Facts" relating to the FCAC report are:

FCAC estimates that more than 90% of consumers whose complaint was not resolved to their satisfaction at the first point of contact did not escalate their complaint, suggesting the escalation process is not straightforward or easy for consumers.

Most consumers are not aware of ECBs.

Consumer awareness of complaint processes is low for all industries although for the purposes of this submission this is based upon anecdotal and historical understanding of experiences for consumers and their knowledge of complaint processes in other Canadian organizations. Consumers with a mortgage, vehicle loan and bank investment products may bank with more than one bank. Standardized information at that first point is essential and this must include information that outlines the processes and timelines from start to conclusion. Modernizing how this information is communicated is crucial for consumer confidence.

2. What ECB system structure would best address the deficiencies identified in the FCAC report and most effectively uphold the guiding principles outlined in the previous section?

The ECB system structure can never be a full remedy for the key consumer concerns that were identified by the FCAC. Changes to a single body or differing structure will not improve awareness that must be addressed at the first stage of the concern prior to initiating a formal or informal complaint.

Focusing on structure of the external complaint bodies system runs the risk of being little more than a distraction point serving just the special interests that advocate for a monopoly.

The issue here is whether each regulated bank has a welcoming culture for complaints and with systems guided by fairness by design principles.

Consumers expect access to a user-friendly, succinct and easy to understand complaints process that is clear and outlined end-to-end, procedurally fair, and that results in timely, helpful investigations and resolution processes. These attributes of a system will instill confidence that consumers have been heard and investigations and decisions are rendered fairly.

Today's consumer wants assurance that they are being heard, understood and have a significant role in how the decisions that affect their personal and financial well-being are made.

Recently, Chris Skinner (TheFinanser.com) interviewed Paula Zuccotti, a visual artist, author and ethnographer on findings related to projects Zuccotti has undertaken for Lloyds Banking Group and Finastra on financial empowerment.

As Paula Zuccotti observes "the banking industry talks to the consumer from the banking point of view. They always teach benefits to the consumer with a banking mentality" and suggests that banks should "start the conversation with the consumer, and not thinking about the bank for the moment, but talking about their finances and their financial well-being, and what matters to them the most."

At the heart of the Paula Zuccotti's interview responses are consumer expectations for how they interact with their banks and institutions:

"Personalisation is at the heart of what people want: banking done my way."

"My way, within my limits and according to my timings. The bank's role is to provide the knowledge, tools and the means to help people feel in control and at the centre of their financial life."

<https://thefinanser.com/2021/09/how-does-ethnography-relate-to-banking.html/>

3. To what extent does the profit structure of an ECB have a real or perceived impact on the impartiality and independence of an ECB?

Whether an organization is for profit or not for profit does not seem relevant to impartiality and independence as long as each form of organization adheres to the guiding principles and is subject to oversight.

The focus on profit or not for profit serves as a distraction point serving only the interests of special interests.

A consumer with a complaint that escalates to an ECB wants assurance that the process is fair, timely, impartial and that their issues have been heard and understood and that the findings and recommendations fairly reflect their concerns. Irrespective of the funding mechanism, the regulated banks are aware that this is a cost of doing business and a responsibility they must fund. The principles that guide an ECB are the same regardless of who funds the complaints investigations.

4. To what extent could an ECB's assessment formula impact the real or perceived impartiality and independence of the ECB?

Irrespective of the funding mechanism ECBs are subject to FCAC oversight and

guidelines that must be adhered to.

The funding mechanism issues appear to be a manufactured issue unrelated to meeting the standards imposed by the regulator.

If anything, regulated entities should be motivated to resolve complaints internally for many reasons including customer retention, customer satisfaction, cost control and potential reputational loss.

5. What are the benefits to consumers from a banking ECB that provides non-bank dispute resolution services? Are there drawbacks?

This is an unusual question when it comes to complaint resolution processes involving external entities whether it be a single, contracted ombuds official or entities such as OBSI and ADRBO.

When it comes to ADRBO, there are benefits in using an organization respected for the quality of its commitment to ADR principles and practices where the penultimate goals are where the best solutions are those developed by the parties themselves. The manner and basis on which an ECB was established including its design, structure and quality and experience of its staff and roster of skilled investigators and expertise in alternative dispute resolution are key factors on delivering on its mandate.

Investigators and decision makers at ADRBO possess the breadth of experience to ensure procedural fairness and decisions and recommendations that align with bank's promise and commitments to its customers.

These are people able to deal appropriately the entire spectrum of complainants fairly and appropriately.

6. Should an ECB be required to provide complainant assistance, and what type of complainant assistance should be provided?

Yes. Assisting complainants through the process helps ensure consumer confidence that their complaint has been understood and that their complaint adequately gives voice to their concerns.

7. Do you have views on whether the decisions of an ECB should be binding or non-binding on banks? Please refer to the guiding principles to support your position.

The fundamental premise in complaint resolution should be that the best solutions are always those developed by the parties themselves. If the banks always accept the recommendations of the ECB then moving to a binding decisions on both parties or the bank alone and not the consumer might be unnecessary.

If there is a binding decision, consumers might be more confident if it bound only the bank.

8. Should the government establish requirements for representation on the board of directors of an ECB? To what extent should an ECB be required to make public its governance process?

The presence of independent directors with consumer experience is a reasonable expectation for ECBs. Also important is to ensure that standards of public reporting in accessible formats are met by ECBs.

