

February 11, 2019

The Honourable Wayne Easter
Chair
House of Commons Standing Committee on Finance
Sixth Floor, 131 Queen Street
House of Commons
Ottawa ON K1A 0A6
Canada

Dear Chairman Easter,

On behalf of the Electronic Transactions Association (“ETA”), I write to offer support of the February 5th, 2019 motion moved by the Hon. Francesco Sorbara, which reads as follows:

That the Standing Committee on Finance undertake a study on open banking and report back to the House on: a) whether open banking could provide benefits to Canadians; b) how potential risks related to consumer protection, privacy, cyber-security and financial stability could be managed; and c) what steps, if any, the Government should take to implement an open banking system.

ETA is the leading trade association for the payments industry, representing over 500 companies that offer electronic transaction processing products and services. ETA’s members include financial institutions, mobile payment service providers, data aggregators, mobile wallet providers and non-bank online lenders that make commercial loans, primarily to small businesses, either directly or in partnership with other lenders. ETA member companies are creating innovative offerings in financial services, revolutionizing the way commerce is conducted with safe, convenient and rewarding payment solutions and lending alternatives.

ETA is dedicated to continuously driving innovation in the payments space and values the importance of a Canadian financial ecosystem whose participants ensure that consumers and businesses are provided with financial products and services that are convenient, secure and reliable. In this regard, ETA commends the Hon. Francesco Sorbara’s motion and recommends its approval. If approved, ETA and its members stand ready to assist the Committee in this endeavor. If called upon, ETA additionally stands ready to provide testimony to the Committee on open banking.

Open banking is consumer-centricity. It helps improve efficiency and customer services in the financial services industry by helping parties share data more effectively and increasing not only consumer control over their own information and data but also choice. ETA shares the prevailing view that consumers already benefit from financial innovations that rely on direct access to their personal and financial data.

In fact, over the past several years, ETA members, who are FinTech companies, have developed innovative open-banking enabled products and services that help consumers manage their financial lives, expand financial offerings and access to financial services, lower costs, improve financial management, provide more affordable options, and increase transaction security.

Open banking has the potential to offer the Canadian business-to-business (“B2B”) space innovative products as well through facilitating B2B payments between companies, facilitating treasury functions by

aggregating bank account information, and providing an easy know your customer process by utilizing known bank account information and avoiding screen scraping practices.

Access to financial data and information is an important issue that involves consumers, traditional financial institutions, financial technology companies (FinTechs) and other financial service providers, including data aggregators and third-party application providers. And, the Canadian ecosystem consists of multiple stakeholders, each with differing roles within data aggregation.

ETA and its members recognize the increased convergence between these groups and the need to preserve consumer access, choice, and control. To preserve market dynamism, ETA strongly encourages policymakers to be sensitive to the risk of applying a prescriptive regulatory framework. ETA considers that industry is best-positioned to lead the open banking evolution to market in addressing these diverse interests. In particular, ETA and its members support an industry-led and principles-based framework for open data access that promotes innovation and competition among all industry participants in the financial data marketplace, that permits consent-based sharing and use of financial data consistent with the purposes for which it was collected, and that is that is protective of consumer interests.

ETA thanks you for the opportunity to submit these comments. If ETA can provide the Committee any assistance or answer any questions, please do not hesitate to contact me at stalbott@electran.org.

Sincerely,



Scott Talbott
Senior Vice President of Government Affairs
Electronic Transactions Association

Cc:

David Gagnon, Clerk of the Committee
MP Wayne Easter, Chair of the Finance Committee
MP Peter Julian, Vice Chair
MP Pierre Poilievre, Vice Chair
MP Francesco Sorbara, Member