



## OPEN BANKING QUALITATIVE RESEARCH EXECUTIVE SUMMARY

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``Ce rapport est aussi disponible en français

## BACKGROUND AND OBJECTIVES

The Government of Canada announced in Budget 2018 that it would begin a review into the merits of open banking and, in September 2018 appointed the Advisory Committee on Open Banking to undertake the review. Open Banking is a system that empowers consumers to share their financial data with a broader range of financial service providers, through secure online channels, in order to access new, innovative, consumer-centric financial services. The government, and specifically the Department of Finance, is interested in understanding how Canadian consumers feel about this system and if it is a tool they would like to have access to.

A qualitative research project was conducted to this end. The objectives of this research are as follows:

- To explore consumers' current perceptions of the financial service industry, including their relationship with and trust in their current financial services provider;
- To investigate current uses of data-driven and online services and understand the concerns over security of data, if any;
- To measure public awareness of Open Banking;
- To explore perceptions of this system using definition and case scenarios;
- To determine levels of interest in this system, including any concerns consumers may have and how these concerns could be alleviated.

The results of this study will be used to assist in the decision of whether to adopt Open Banking in Canada, as well as informing officials as to how this adoption could be communicated to the Canadian public.

Due to the qualitative nature of this study, results cannot be extrapolated to a broader audience and should be considered indicative, rather than definitive.

Contract Value for this Research: \$78,095.60

## METHOD

Pollara recruited participants to take part in these focus groups. Participants were sourced from a panel of over 100,000 Canadians (such as Aeroplan or PC Optimum members) who have volunteered and registered to participate in research surveys and/or focus groups. All participants had to have at least one bank account, in any Canadian financial institution, with a proportion of the participants in each group having more than one. Pollara conducted a total of 14 focus group discussions. The composition of the focus groups was as follows:

### Traditional Face-to-Face Groups

- Vancouver Area
  - Group 1: Women, mix of age and income
  - Group 2: Men, mix of age and income
- Toronto Area
  - Group 1: Household income under \$75,000, mix of age and gender
  - Group 2: Household income of \$75,000 or more, mix of age and gender
- Montreal Area (Conducted in French)
  - Group 1: Household income under \$40,000
  - Group 2: Household income \$40,000 or more
- Greater Montreal Area – Traditional Face-to-Face Groups (in French)
  - Group 1: Women, mix of age and income
  - Group 2: Men, mix of age and income

### Virtual Focus Groups

- Maritime urban centers
- Quebec rural areas (in French)
- Maritime rural areas
- Prairies rural areas
- Prairies urban centers
- Ontario rural areas
- Participants under 50 (from across the country) – Two Groups

In total, 114 recipients took part in this research. The focus group discussions lasted between 90 minutes to two hours each. Participants were paid a \$100 incentive for their time. Research was conducted between February 16 and March 4, 2019.

## SUMMARY OF FINDINGS

***Most participants deal with more than one financial institution. While some appreciate the convenience of having all their dealings at one institution, most need to go to secondary institutions to get the most suitable products and services.***

Few participants feel unwavering loyalty to their bank, with this sense of loyalty only being felt by some older participants. Instead, many participants have more than one financial institution, and will shop around when they need a new product to ensure they are getting the “best deal”. Some participants try to keep their dealings to one institution, as they appreciate the convenience of seeing all their finances in one place. However, these participants will also go to different institutions if their primary bank cannot give them everything they need.

Despite not being completely loyal to their bank, most feel they have a relationship with their primary financial institution and trust it with their money and their information. The trust they have with the banks in Canada is stronger than they have with non-financial companies.

***Most participants believe they own their financial information, despite it being held by the banks.***

While most participants had never thought about it, when questioned, they feel that they own and are in control of their financial information. They believe they could ask their bank for their information, and they would receive it. There is more confusion as to whether their bank would send their information to another institution, but all believe they could get the information and provide it themselves, if they wished to.

***Participants have concerns over privacy and security of non-financial websites, data-driven devices and innovative financial service products. However, the convenience of these services often outweighs this concern.***

Overall, most participants have at least some concerns over how their data is used when visiting non-financial websites. However, many do feel they unwittingly gave permission for this use when agreeing to terms and conditions. They also feel they are powerless to stop this, as the websites offer a service that they want to use.

Participants feel similarly about data-driven services. While there is concern about the security of their information, almost all use at least some of these services.

Their use is based on the level of convenience the service provides them. For each service that is used, the consumer who uses it can say that the service is necessary in their life, however other services are not. Most have a line that they will not cross in terms of the type of service they use. For many, this line evolves, with services they deemed risky in the past years, becoming acceptable in current ones.

***The concept of Open Banking is unknown and the name conjures a negative association to most participants. The description of Open Banking is confusing; however, scenarios can clarify and are appreciated, if they communicate a strong sense of convenience to participants.***

At this time, participants have not heard of Open Banking. When asked to react to the name, almost all do not like it. Many assume this would mean their banking would be out in the open. They feel this name causes more concerns about the security and privacy of this system. The term Data Right or Financial Data Right was also tested. This is received more positively as it connotes having the right to control your own data, rather than having it out in the open.

When introduced to the idea through definition alone, many are confused as to what the system would entail and the benefits that could be found within it. Use-case scenarios helped to explain the system. Some feel positively about the ideas presented through these case scenarios, as they are excited by the benefits that could be obtained through this system. These participants tend to be younger and more accepting of data-driven technologies. They, like most participants, also have a level of trust in their financial service provider and the rules that govern them.

The majority of participants have a neutral reaction to these case scenarios. They are less likely to find the scenarios to be beneficial, and therefore are less likely to see a reason for taking part in the system. These participants tend to be less involved, or late adopters of other data-driven services, and have more concerns about their safety. However, all do use some of these data-driven services, when the benefits outweigh the concerns. As with those who feel more positively about the scenarios, the involvement of the federal government and the same regulations that govern the financial services industry does strengthen confidence in this system. While the stimuli in this research does not give them a reason for getting behind this concept, it is possible that the right scenario, with the right personal benefit could.

There are a minority who are concerned about this system. They are more likely to be skeptical of its safety and security of their information and are more suspicious of the rules that are meant to protect them (such as the opt-in/opt-out system). In addition, some of this minority are wary of a financial system that asks the Federal

Government to be the overseer, as they do not always trust the government to use this information properly and are worried about allowing government officials open access to their finances.

***Reaction to the Government of Canada's adoption of this system generally ranges from positive to neutral. While some are hesitant to use this system, very few would be concerned if others did.***

If the Government of Canada were to decide to implement a system of open banking, reaction generally ranges from positive to neutral. Those who are positive tend to be younger, more accepting of data-driven technologies and better able to see the benefits of the presented scenarios.

Many participants have neutral feelings to the adoption of this system. The reason is primarily because the scenarios presented do not benefit them directly, although some do have security concerns. These participants tend to be late adopters of all data-driven technologies, although they all do use at least some, regardless of their reluctance and security concerns.

A minority would be concerned with the Government of Canada moving in this direction. Their concerns are mainly focused around not actually being able to opt-in and opt-out, and they would appreciate steps to both simplify and clarify this process. There is also some concern about their ability to opt-out and still receive the same levels of financial service as those who agree to use the system.

***If adopted, communications regarding the system should be linked between the federal government and the individual financial institutions.***

Any communication to consumers regarding the adoption of an Open Banking system needs to be linked to the Canadian federal government, as participants want reassurance that the system will be covered by the same level of security as the current Canadian banking system. However, some believe direct communication (emails) from the federal government may be met with suspicion and not be opened. Communication from their financial institution has a greater chance of being read and would make sense in this situation. However, while communication can come from the individual financial institutions, it must be strongly linked to the federal government to provide the desired level of security in the program.

## CONCLUSIONS

While participants feel they have a trusting relationship with their financial institution, they often use more than one to ensure they are getting the best services possible. The main benefit they lose by spreading their financial services between multiple institutions is the ability to see everything in one place.

Overall, the opinions of most participants toward an Open Banking system range from positive to neutral. With that said, they need to understand how the system would work and be provided with scenarios that offer them benefits that are relevant to them personally. While there are some concerns about the safety and security of their financial information, for most, the involvement of the government and the financial industry in the program helps alleviate those concerns. In fact, many feel that the concerns with this system could be lower than other data-driven services that they have chosen to use. As with all data-driven services, it will be important that the government show how the benefits of the system would outweigh the concerns.

The term Open Banking does not strengthen participants' confidence in the system. In fact, this term adds to concerns that their information would be out in the open and not secure. While Data Right or Financial Data Right does not have that same connotation, it does not provide information as to the reason for the service.