

FEDERAL GOVERNMENT APPOINTS OPEN BANKING LEAD

Posted on March 23, 2022

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On March 22, 2022, the federal government [announced](#) Abraham Tachjian as Canada's new open banking lead. Mr. Tachjian will report to the Deputy Minister of Finance, and have the support of a secretariat within the Department of Finance and external experts. Mr. Tachjian is currently the director of digital banking at a major Canadian professional services company. He previously founded a digital bank in Hong Kong, and acted as legal counsel to Canadian financial institutions.

The news comes just a week after the Council of Canadian Innovators published an open letter to Canada's Associate Minister of Finance with respect to the federal government's lack of progress towards implementing an open banking framework in Canada.

The [letter](#), signed by executives from some of Canada's top fintech companies, asked a number of questions including:

- Does the government plan to implement all of the recommendations set out in the Advisory Committee on Open Banking's final report ("[final report](#)")?
- When will the government name an individual as the open banking lead?
- What steps is the federal government taking to meet its goal of launching an open banking system no later than the beginning of 2023?

Mr. Tachjian's appointment answers at least one of these questions and is widely regarded as a critically important development, as it is envisioned that he will be responsible, as open banking lead, for developing the common rules, accreditation criteria, and technical standards for Canada's open banking system.

Notably, however, the announcement is silent with respect to the 2023 implementation target date. Moreover, while the announcement states that Mr. Tachjian's mandate is to develop an open banking framework "based on the recommendations in the final report", it does not confirm whether the government plans to implement all of the final report's recommendations.

Open Banking Overview

Open banking is a regulatory framework that allows individuals and businesses to safely and securely share

banking and transaction data with authorized third parties. By enabling safe and secure access to information, open banking would allow fintechs to develop a new suite of useful financial services apps and products for the benefit of individuals and businesses. As identified in the letter, there are clear pro-competitive benefits to open banking in Canada.

We have been following the development of open banking in Canada closely since the concept first started to gain traction in [2019](#).^[1] We summarized the final report in [August 2021](#) and published a deep dive on the privacy and data security implications of an open banking framework in Canada in [October 2021](#).

Most recently, we summarized the results of an Open Banking Expo survey on stakeholder responses to the final report in [December 2021](#). Those results demonstrated that more than half of stakeholders believed that the federal government's early 2023 deadline for launching an open banking framework was unrealistic.

What's Next?

Even with the appointment of an open banking lead, it is likely that many stakeholders will remain skeptical that Canada can achieve the timeline initially envisioned by the Advisory Committee.

The final report proposed an 18-month timeline for the initial phase of implementation during which time the open banking lead, with the help of technical experts, would design the mechanics of an open banking system, and third party service providers could seek accreditation and test their data transfer processes. The Advisory Committee did not contemplate consumer access until after these steps were complete.

The slow progress towards implementing a Canadian open banking system to date has presented privacy and security challenges for consumers sharing their financial data through other means. As the final report notes, many Canadians currently share their financial data through "screen scraping", whereby consumers share their login information with third party service providers in order to receive certain services or benefits. Without meaningful progression towards the implementation of a Canadian open banking system, the potential security vulnerabilities and liability risks posed by screen scraping and other alternative means of sharing sensitive financial data are likely to persist.

Prompt development of Canada's open banking system will also help to reduce the frustration of fintech companies, who may decide to focus their efforts and resources on building products and services for other jurisdictions, such as Australia and Europe, where open banking frameworks are more developed. On the other hand, if the government were to fast-track the launch of an open banking framework to meet its 2023 target date without providing enough time for development and testing, this could lead to additional privacy and data security issues, which may hinder long-term consumer confidence in Canada's open banking system.

[1] For more information about open banking, see our previous bulletins on the topic from [February 2019](#), [July](#)

[2019](#), [February 2020](#), and [February 2021](#).

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A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

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