

# Letter for Consideration

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## OBSI 2026 Independent External Review Submission

Prepared as a fact-based document for consideration

March 18, 2026

Phil Khoury  
re: OBSI Review  
review@crkhoury.com

Dear Mr. Khoury,

Thank you for the invitation to comment on the 2026 independent external review of OBSI. The breadth of the review is welcome. It creates an opportunity to examine not only OBSI's complaint-handling performance, but also its ability to engage effectively with regulators, governments, stakeholders, and systemic issues affecting consumer outcomes.

I write from the perspective of someone who has spent years trying, often unsuccessfully, to shift even a modest portion of the balance of power back toward the consumer in Canada's financial system. My concern is no longer merely that consumers are at a disadvantage. It is that the imbalance has become structural. The largest financial institutions have become so dominant that influence follows naturally from that dominance, then power, and then control over the practical limits of reform. In that environment, the weaker party is often left subject to the preferences of those who already hold the power. For many such consumer-investors, an important vehicle through which savings and investments are held is a trust account, in respect of which the trust company owes fiduciary duties.

That is why this review should begin by questioning a basic assumption that has been followed too passively for decades: that periodic external reviews, standing alone, are enough to drive meaningful consumer-protection reform in concentrated financial markets. They are not.

Canada has had predecessor studies, predecessor reviews, predecessor consultations, predecessor recommendations, and no shortage of carefully written observations. Yet from a consumer-protection perspective, little of substance appears to have changed. On some dimensions, matters are arguably worse. The practical experience of many consumers remains one of complexity, delay, opacity, and unequal bargaining power. The continuation of five-year reviews without a stronger implementation mechanism risks becoming a form of institutional busywork: thorough in process, moderate in language, and ultimately too easy for the system to absorb without real change.

The essential question, in my respectful view, is not simply whether another report can be written, but what review mechanism is most likely to result in recommendations that are actually codified, enforced, and acted upon.

### Assessment of Reform Options

The available options should be assessed comparatively, not ceremonially. The relevant question is implementation likelihood.

Option	Strength	Risk / Limitation	Implementation likelihood
Periodic independent external reviews	Lowest-friction and most politically comfortable; creates a record and may improve internal processes.	Recommendations may be acknowledged, deferred, or parked without consequence.	Low for major structural reform
Consultant-led special study	Can be focused and useful if public and tied to a formal response.	Still advisory; vulnerable to dilution through later lobbying or jurisdictional drift.	Low to moderate
Parliamentary committee study	Adds visibility and democratic legitimacy; can compel public testimony.	Follow-through is uneven and can be overtaken by political timing or partisan change.	Moderate
Public inquiry / commission of inquiry	Creates a stronger public record, can compel evidence, and can examine systemic failures across institutions.	Requires political will to establish and still depends on follow-through after reporting.	Moderate to high
Royal commission	Strongest for visibility, authority, and policy reset.	Least likely to be initiated absent a major political trigger.	High if launched
Statutory reform requiring public response and implementation tracking	Most practical route to make reviews meaningful; forces acceptance, rejection, or reasoned response to recommendations.	Requires legislative or regulatory commitment up front.	High

In practical terms, the strongest route is likely statutory reform tied to a mandatory public response and implementation reporting. If governments or regulators are not required to state what they accept, what they reject, and why, then even strong reviews can be absorbed without structural correction.

This concern is not abstract. In another context, Parliament approved the June 14, 2001 amendment that permitted foreign currency in registered trust accounts. Yet years later there was still little visible evidence across the industry that trust account holders were being given the Parliament-approved choice of whether to convert, whether to retain the foreign currency, and what the conversion, if chosen, would cost. That history

is instructive because it demonstrates how a consumer-benefiting legal change can exist on paper while remaining weakly implemented or not implemented in practice.

I also draw your attention to a 2024 North Economics report, *Competition in Canadian Retail Banking: Proposals for Market Reform*, which was publicly cited in 2024 and 2025 as concluding that Canadians were paying materially higher retail banking fees than consumers in comparator jurisdictions such as the United Kingdom and Australia. Public reporting attributed to that work an estimate of approximately \$7.73 billion in annual excess income earned by Canada's Big Five banks from retail banking charges, with later public references restating the amount at roughly \$8.5 billion annually. The report was publicly discussed at the time of release, including by Alain de Bossart of North Economics, and was later cited by other organizations and commentators. Further detail may possibly be obtained by contacting Alain de Bossart through BDO UK's London office, publicly listed as BDO UK LLP, 55 Baker Street, London, United Kingdom. The public main phone number for BDO UK's registered address is 020 7486 5888. However, although the report was still being cited as publicly available in 2025, the original North Economics webpage or PDF no longer appears to be readily accessible from the source domain. On the public record presently available, the fact of its disappearance can be noted, but the reason for that disappearance is not established and should not be assumed.

It is also worth noting, as a matter of public record, that some consumer-protection improvements in Canada's investment industry did not arise spontaneously or at the voluntary initiative of product manufacturers or distributors. A clear example is the eventual end of the deferred sales charge (DSC) mutual fund model. Canadian securities regulators concluded that DSC structures raised important consumer-protection concerns for consumer-investors because upfront commissions created potential conflicts of interest and exposed consumer-investors to redemption-fee constraints that could produce suboptimal outcomes. The DSC option was ultimately banned, with the reforms taking effect on June 1, 2022. That outcome can fairly be described as an instance in which sustained consumer-protection advocacy and regulatory pushback finally prevailed to the benefit of consumer-investors, including many holders of registered accounts, after a compensation structure that had operated for years was brought to an end through formal regulatory action rather than through voluntary industry retreat.

These examples matter because they show that meaningful consumer protection in concentrated financial markets does not reliably emerge from inertia, custom, or polite review cycles. It usually requires some combination of external pressure, independent scrutiny, and implementation mechanisms that cannot easily be ignored.

I would add two practical concerns. First, the submission deadline is too tight for small volunteer-driven consumer advocates, retirees, independent researchers, and academics. Large institutions and industry associations can mobilize staff, counsel, prepared data, and coordinated messaging quickly. Small participants often cannot. A compressed timetable therefore risks advantaging the corporate side.

Second, as in past consultations, the review will likely receive a large volume of industry submissions describing the Canadian system in favourable terms. That makes it all the more important that comparative and consumer-critical evidence be actively

preserved, examined, and weighed rather than crowded out by repetition, resources, and institutional familiarity.

In summary, my submission is straightforward. If this process continues as another five-year review without a stronger implementation architecture, it risks producing more process than protection. If, however, the review is prepared to recommend a structure that requires formal public response, tracked implementation, and real accountability for non-adoption, it can still contribute meaningfully to rebalancing the system in favour of the consumer.

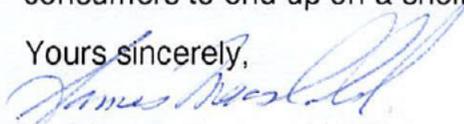
Of the possible options described above, I respectfully ask that you assess what other countries, including Australia and the United Kingdom, have done to establish independent inquiries or review mechanisms with the authority, structure, or political force needed to move consumer protection from a point of discussion to actual implementation.

My concern is not with the good intentions of reviewers. It is with the repeated assumption that good intentions, periodic reviews, and polite recommendations are enough. They are not.

To use the Canadian metaphor of hockey, regardless of how lopsided the power dynamic may be between two teams, the role of the referee is to ensure that the rules are applied fairly, not allowed to become ineffective through inattention or non-enforcement.

Canada's consumers deserve more than another round of administrative motion without structural correction. Your expertise and experience are far too valuable to Canadian consumers to end up on a shelf awaiting the next five-year review.

Yours sincerely,



Prof James MacDonal MBA

