

Agenda

OBSI Meeting with Industry Associations

June 26, 2025

Time: 2:00pm – 3:30pm

Location:

Teams Video Conference

DIAL-IN DETAILS:

See Email Invitation

OBSI Presenters:

Sarah Bradley, Ombudsman & CEO

Rob Paddick, Deputy Ombudsman

Mark Wright, Director, Communications
& Stakeholder Relations

**See Appendix for the list of participating
Industry Associations**

Mark Wright – Welcome

- Agenda
 - o Sixth month update – Sarah Bradley
 - o Recent case updates – Rob Paddick
 - o General questions
- Introduction of presenters
- Introduction of other OBSI staff and board members attending the call

Sarah Bradley – Key operational highlights from 2025 so far

In 2024, the three key defining environmental factors have been:

1. The single ECB transition
2. Record high demand for our services – particularly in banking
3. Active policy/regulatory environment – most notably our new reporting relationships with FCAC and the progress towards binding authority for securities

Single ECB Transition

- We are now about 7 months into our expanded mandate for banking and things are going well.
- We had a full year to prepare for the transition. We worked with the returning banks and FCAC to develop and execute our Operational Transition Plan, which included the key elements that:
 1. OBSI is fully operationally capable of managing the intake and investigation of all escalated complaints for all Canadian banks within the timeframes established in the Bank Act.
 2. All Transitioning Banks have appropriate systems and communications in place to support their customers' ability to escalate to OBSI.
 3. Consumers who escalate complaints during the transition period are treated fairly.

- Each of these elements had a number of sub-goals and strategies associated with it, and I'm pleased to report that each was achieved in advance of and throughout the transition process, with excellent cooperation and coordination between OBSI, FCAC and the returning banks.
- The biggest impact of our designation as the single ECB has been a significant increase in caseload. This was expected and a key element of our planning, however, case volumes have significantly exceeded our projections for the year.
- Starting with Inquiries, since November 1, consumer inquiries have increased 51%, roughly in line with our projections.
 - In the past couple of years, we've averaged about 325 inquiries a week (17,000/year)
 - So far in 2025, we're at 500/week – in line with our projections
 - This means that 25,000 Canadians are reaching out to us for assistance and information.
 - Our Case Assessment Team has done an excellent job responding to these inquiries. Their work involves providing information and assistance to those who've reached out to us, making mandate assessments and for complaints that are within our mandate, working with consumers and firms to make sure we have the information we need to get our investigations started.
- Case openings, however, have increased by approximately 82% overall.
 - Investment cases are flat year-over-year and the increase in volumes is due to banking cases.
 - Banking cases have doubled year-over-year.
 - In the last couple of years, we've opened roughly 60 cases per week and now, we're opening about 125 cases per week.
 - Overall, case openings are about 20% higher than we had projected for the year.
 - We had projected that we would open about 5,200 cases in 2025. In reality, we are on track to open about 6,200 cases
 - This volume has been stable for about 6 months now and we believe that this is going to be our new baseline run rate.
 - This means that we also need to be completing 6,200 investigations per year.

1. Continuing exceptionally high demand:

- Once again, in 2025, OBSI is responding to new record levels of consumer demand for our service. Continuing a multi-year trend of significantly increasing case volumes.
 - Just 5 years ago, in 2020, we opened and closed fewer than 800 cases. That was before the full impact of the pandemic, the introduction of the bill C-86 Consumer Protection Framework in the Bank Act, and the single ECB designation. This year, we'll be opening about 8 times the number of cases we did just 5 years ago.
 - This surge presented a huge challenge to our organization over the past several years – and I am proud to say that we have been able to meet this challenge well.
 - Our approach to the challenge of such a dramatic increase in demand had two major components: efficiency improvements and growth.

- On the efficiency front - our investigative teams and analyst teams have been doing a fantastic job investigating these cases.
 - We have dramatically improved our productivity and efficiency – our total cases closed have increased 25% - from 2,400 this time last year to over 3,000 so far this year. This is the third consecutive year of our completed investigations case volume doubling – from approximately 1,000 in 2022 to 2,100 in 2023 and over 3,700 in 2024 and over 5,200 this year – the trend line of our case closings is nearly vertical.
 - Our cases closed *per investigator* also increased by over 80% from 2022 levels
 - We were also able to maintain high levels of employee engagement and morale.
 - Our time to complete a case has reached all-time lows in the past 2 years:
 - banking cases are taking us an average of 42 days to close – under 30 days for straightforward cases – down over 30% from 2022 levels.
 - investment cases took an average of 67 days – 30 days for straightforward cases – this is down almost 15% from 2022 levels.
 - We have been able to drive this increased productivity through a number of initiatives:
 - From streamlining our case management system to boosting our case guidance and templates for common communications.
 - Implementing a FastTrack case approach to ensure that our investigations are proportionate to the complaints and that we have removed any unnecessary processes and focusing on arriving at a fair outcome as efficiently as possible, while maintaining our investigative and communication quality and our data integrity.
 - We spoke about these efficiency initiatives more fully at our last industry associations meeting, but they continue to be effective and we continue to refine them as appropriate.
- Growth: With increases in demand this significant, efficiency is not the whole solution. We have a need to increase our Case Assessment and Investigative team complements considerably.
 - We have expanded these teams throughout 2024 and into 2025.
 - To keep up with this growth in demand for our services, since the end of 2023, we have added nearly 50 staff to our case management and investigative teams.
- Budget: This growth has impacted our expenses and is reflected in increased fees, primarily for participating banks.
 - An important consideration to keep in mind – is that, while we have grown significantly, we have also recognized significant economies of scale and scope.
 - Compared to 2022, in 2025 we will complete approximately 400% or 5 times the number of case volumes, with approximately a doubling of our budget.
 - 5 times the cases with only double the funding.

2. Progress to our strategic plan

- OBSI's strategic plan for 2022-2026 contains three interconnected and mutually supporting success pillars and related objectives. Together, these provide a foundation for OBSI to thrive as a resilient, successful organization.
 - Each year, our annual operating plans and key initiatives will align to these pillars, with any necessary adjustments to address new issues.

- SUCCESS PILLAR #1: PUBLIC ASSISTANCE AND DISPUTE RESOLUTION
 - OBSI provides information services to assist consumers who reach out to us with a complaint, and we conduct fair, efficient, and effective investigations of disputes between consumers and participating firms.
 - Most notable objective is to explore innovative dispute resolution approaches to drive efficiency and effectiveness – we have done a great deal in this area in recent years, as I’ve described.
- SUCCESS PILLAR #2: COMMUNICATION, AWARENESS AND THOUGHT LEADERSHIP
 - OBSI works to improve awareness and share our expertise and experience to increase trust and strengthen the financial services sector in the public interest.
 - Ensuring awareness – search engine optimization work continues – we’re continuing to develop our digital strategies and this has led to increasing engagement levels and record high website traffic in 2025.
 - Thought leadership – OBSI’s participation in CRO’s Arbitration Program and Non-tailored Advice in the OEO Channel consultations. [OBSI’s submissions](#) are on our website.
 - Continuing to improve our digital tools – we continue to develop and refine our DataCube, banking case disclosure page and Firm & consumer portals.
- SUCCESS PILLAR #3: ORGANIZATIONAL RESILIENCE AND CONTINUOUS IMPROVEMENT
 - OBSI is efficient and effective and adapts to changes in the financial services sector and our operating environment.
 - Focus on internal systems and continuous improvement
 - Guidance notes, bulletins, system improvements as outlined
 - Upgrades to our firm & consumer portals based on feedback received
 - Improvements to upload capabilities to improve user experience
 - Improvements to firm reporting that can be accessed through the portal to give more self-serve options
 - Adding email for MFA (instead of just cell phones)
 - New case management tools for our staff – including AI assistance/co-pilot functionality

3. Policy and regulatory environment

- CSA (Canada Securities Administrators) committed in 2022 to developing a proposal for comment that contemplates providing OBSI with binding authority, which regulators published for public comment late 2023.
 - The comment period closed about a year ago – with comments from industry and consumer stakeholders largely consistent with our expectations.
 - The binding authority working group has continued its activities throughout the year. Working on consideration of the feedback received and details of a proposed framework.
 - Late last year they published a bulletin committing to a further round of consultation in the second half of 2025.
 - That’s where we are now, so I would not be surprised to see a second round of consultation drop this year – perhaps even over the summer.

- Federal:
 - o Following our designation as the sole External Complaint Body (“ECB”) for Canadian Banks, effective last November, FCAC has been developing the new oversight framework for OBSI and that includes new reporting as required by the bank Act as well as a new ECB Guideline that we expect to be finalized later this year.

Loss calculation consultation

- Last September, we launched a public consultation on our loss calculation methodology for complaints involving unsuitably sold illiquid exempt market securities.
- The public consultation period was announced on September 26, 2024, and the comment period closed on November 21, 2024.
- This consultation focused on assessing the process we currently use and helping us determine whether there are better alternative approaches we should adopt in such cases.
- This consultation was recommended in our 2021 independent expert external review.
- We would like to thank all those who provided their input
- We have completed our review of the comments received and we plan to publish our response to the consultation and action items or changes in the near future.

2025-2026 outlook

- On the case front:
 - o We expect consumer demand for our services to remain very high.
 - o On the good news front, we have seen stabilization in our inquiry and case volume since January, and we expect that we have now hit a steady run-rate that will continue for the rest of this year and into next year.
 - o This new run rate is about 25,000 inquiries and 6,200 cases per year.
 - o We are preparing for a slight increase in cases next year, which we think is prudent given the range of stressors and potential risks in the financial sector at the moment, including generalized financial stress that many consumers are experiencing, the potential economic impacts of the current trade environment, and the potential for market corrections.
- Fees for next year
 - o Our board has just considered our preliminary budget and business plan – these are not final and won’t be finalized until the board meeting in September
 - o On a preliminary basis, we anticipate a budget increase of approximately 15% from 2025 levels – and that is almost entirely related to personnel costs needed to address the higher-than-expected case volumes.
 - o As we operate on a cost recovery basis, overall fees will also be increasing about 15% but this is not evenly distributed among sectors.
 - o Our board sets fees on the principle that no sector should subsidize another - so most of this increase will accrue to the banking sector.
 - o Our preliminary outlook is that most investment firms will see no fee increase or perhaps a small decrease in fees. Exceptions to this are scholarship plan dealers which have seen a sharp rise in cases, and firms principally involved in Cryptocurrency trading,

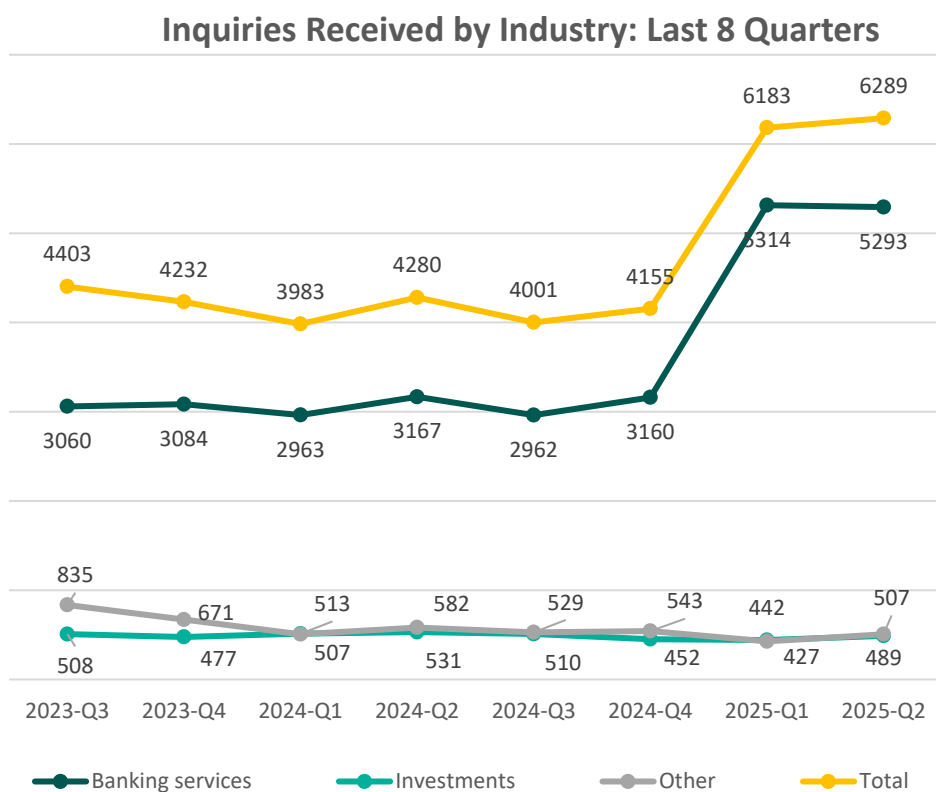
which also see high case volumes relative to their size. We'll be reaching out to those firms specifically in relation to their fees as part of a consultation over the summer.

- From regulators:
 - We expect that provincial regulators will publish further details of their framework for binding authority this year, responding to the comments received in the initial consultation and we look forward to that ongoing discussion.
 - We are also closely watching the federal government's open banking initiative and payment service provider regulation process. As we move towards the implementation of open banking, and the government builds out the regulatory regime for payment service providers, the details of the liability regime and compliant handling and redress requirements should become clearer.
- Membership:
 - We also expect our credit union membership to grow in 2025, as we have recently welcomed Manitoba and Atlantic credit unions as members and we are in discussions with Ontario credit unions that expect to be working towards membership in 2026 as well.
 - We will be undertaking two fee-related consultations with participating firms to streamline our processes and ensure fair fees for all participating firms
- Thought leadership
 - We continue to engage in communications and thought leadership where we see that we can add value to consultations and policy discussions
 - We will soon be publishing a special report on consumer experience
- As we look a bit further ahead into 2026 – we expect it to be a big year for us with several significant projects:
 - OBSI's 30th anniversary
 - OBSI's 5-year independent external review
 - New 5-year strategic plan – to take us from 2027 to 2031!
 - Plan to publish for comment a substantial revision and update of our Terms of Reference in a new format that will be easier for stakeholders to use and will better support binding authority if that is the direction that regulators decide to endorse.
 - We will also be closely examining our case management system, which is now over 10 years old and exploring whether a substantial renewal of that system is now in order to improve our infrastructure for our team and all stakeholders.

Recent Case Updates – Rob Paddick

Inquiries received by industry

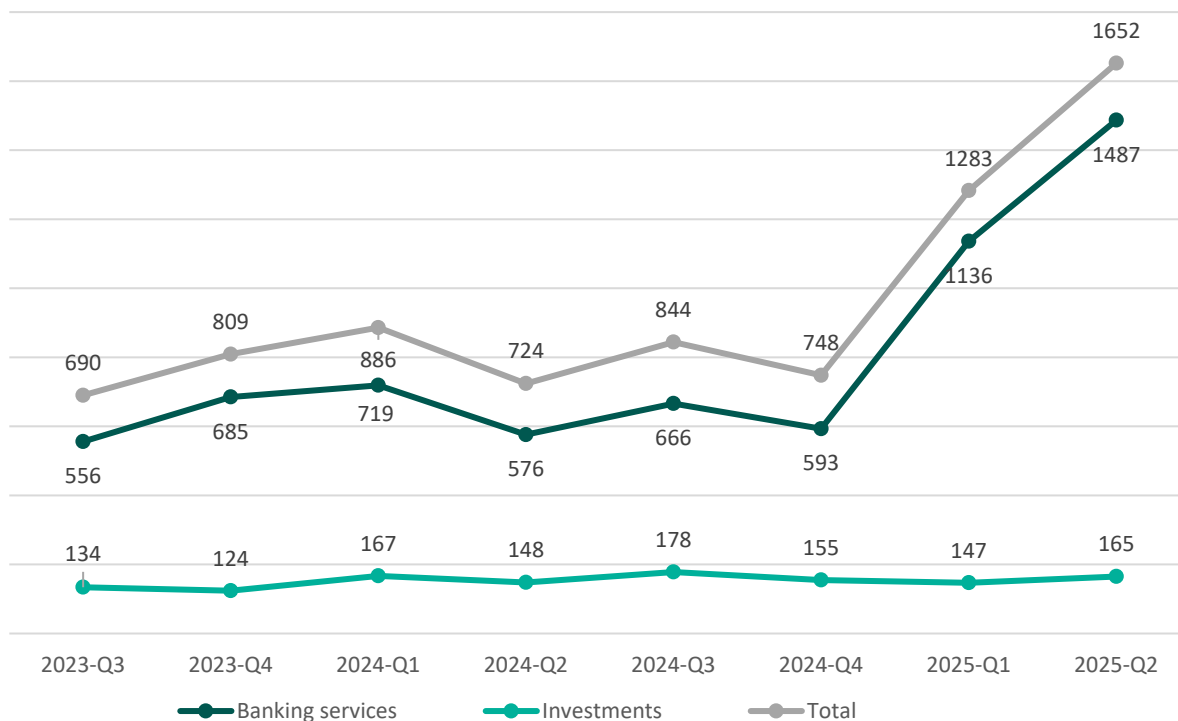
This chart shows the number of new consumer inquiries OBSI has received in the past 8 quarters broken down by industry. The gold line represents the total number of new inquiries. The dark line represents consumer inquiries about banking while the light green line represents consumer inquiries about investments. Banking inquiries increased about 68% in Q1 when OBSI became the single ECB and then levelled off in Q2. Inquiries have remained relatively steady in Q3, which looks like the new run rate for banking inquiries for now. Our total investment inquiries have remained steady. This year, we're on track to receive about 25,000 new inquiries in total, which would be an increase of about 50% over last year, in line with our forecasts.



Total cases opened

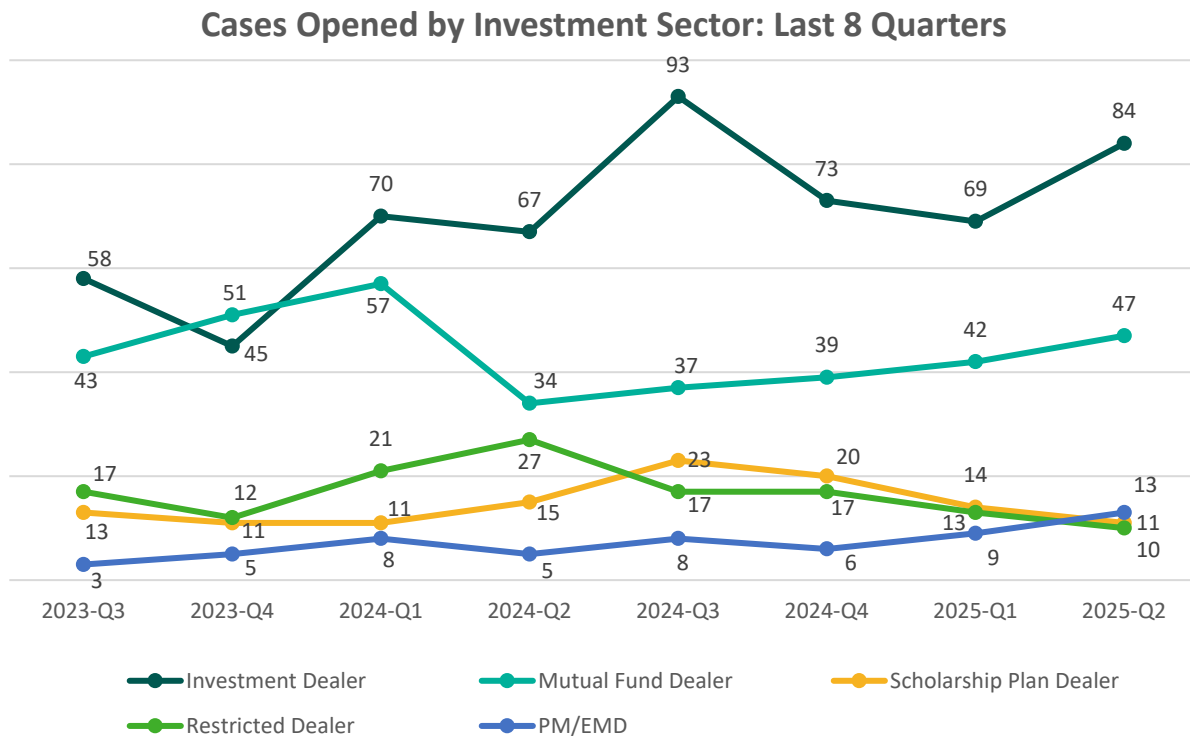
This chart shows the number of total cases opened in the past 8 quarters. The top line represents the total number of cases opened. The dark green line shows banking cases opened, and the light green line shows investment cases opened. The number of opened banking cases has increased with the rise in new banking inquiries. The number of opened banking cases continued to increase in Q2 whereas the number of new inquiries levelled off. This is due to a lag between the time a consumer first contacts us and when a case is opened. We need to collect information from the consumer to ensure a case is within our mandate. In addition, we also need the consumer to sign and return our Consent Letter. As a result, some of the inquiries we received in Q1 were opened in Q2. We opened a total of 2,935 cases in the first two quarters, an 82% increase over the first two quarters last year, which puts us on track to open a total of about 6,000 cases this year. This is double what we opened last year. Regarding opened investment cases, there is an increase of about 12% from Q1 to Q2.

Total Cases Opened: Last 8 Quarters



Investment cases opened by sector

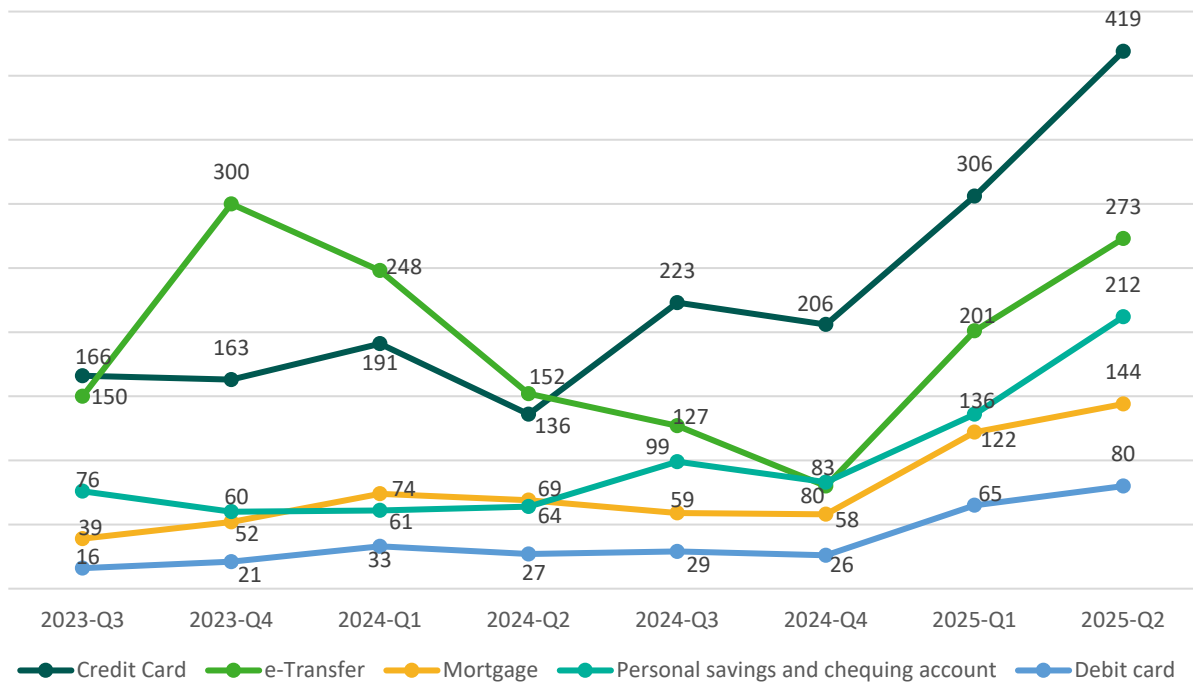
This chart is a breakdown of our investment cases opened by sector in the last 8 quarters. The top dark line represents investment dealer cases, which were up 22% from Q1 to Q2. The light green line represents mutual fund dealer cases, which were up 12% quarter over quarter. PM/EMD cases remained at low levels but reached an eight-quarter high. Restricted dealer (crypto dealer) cases were at the lowest levels we have seen over the past two years. Some restricted dealers have become CIRO dealers, which has affected the restricted dealer numbers. Scholarship trust plan dealers returned to the eight-quarter low that we first saw in Q4 2023 and Q1 2024.



Top 5 banking products

After the return of the banks, the top five banking products continued to be credit cards, e-transfer, mortgages, personal savings and chequing accounts, and debit cards. The number of cases involving each product type increased significantly after the banks returned at the start of Q1. In Q2, credit cards emerged as the top green line in the chart as the leading product complaint among banking consumers.

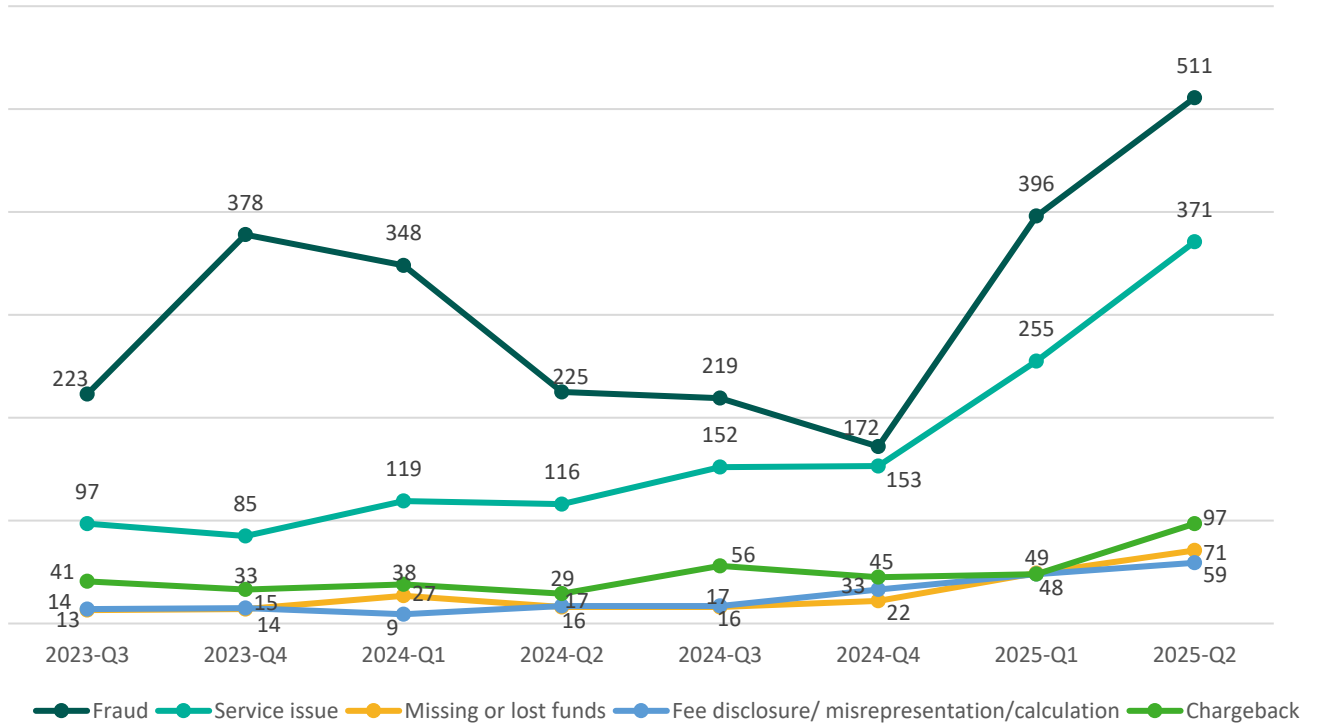
Top 5 Banking Products: Last 8 Quarters



Top 5 banking issues

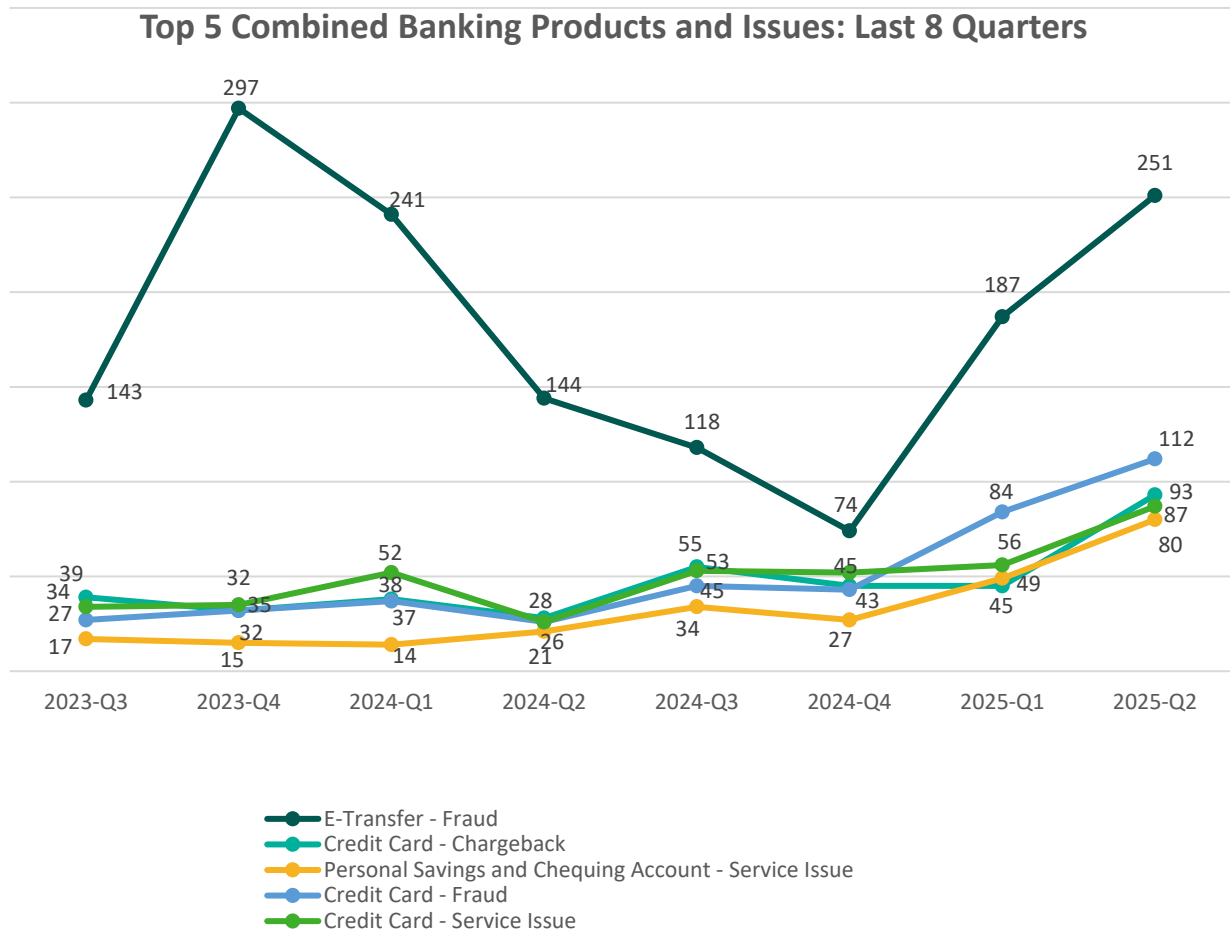
The top 5 banking issues remained the same after the banks returned, essentially in the same order as they were previously. Fraud remains the top issue represented by the dark green line (mainly e-transfer fraud and credit card fraud), followed by the light green line representing service issue. Chargebacks, missing or lost funds, and fee-related issues rounded out the top 5 issues.

Top 5 Banking Issues: Last 8 Quarters



Top 5 combined banking products & issues

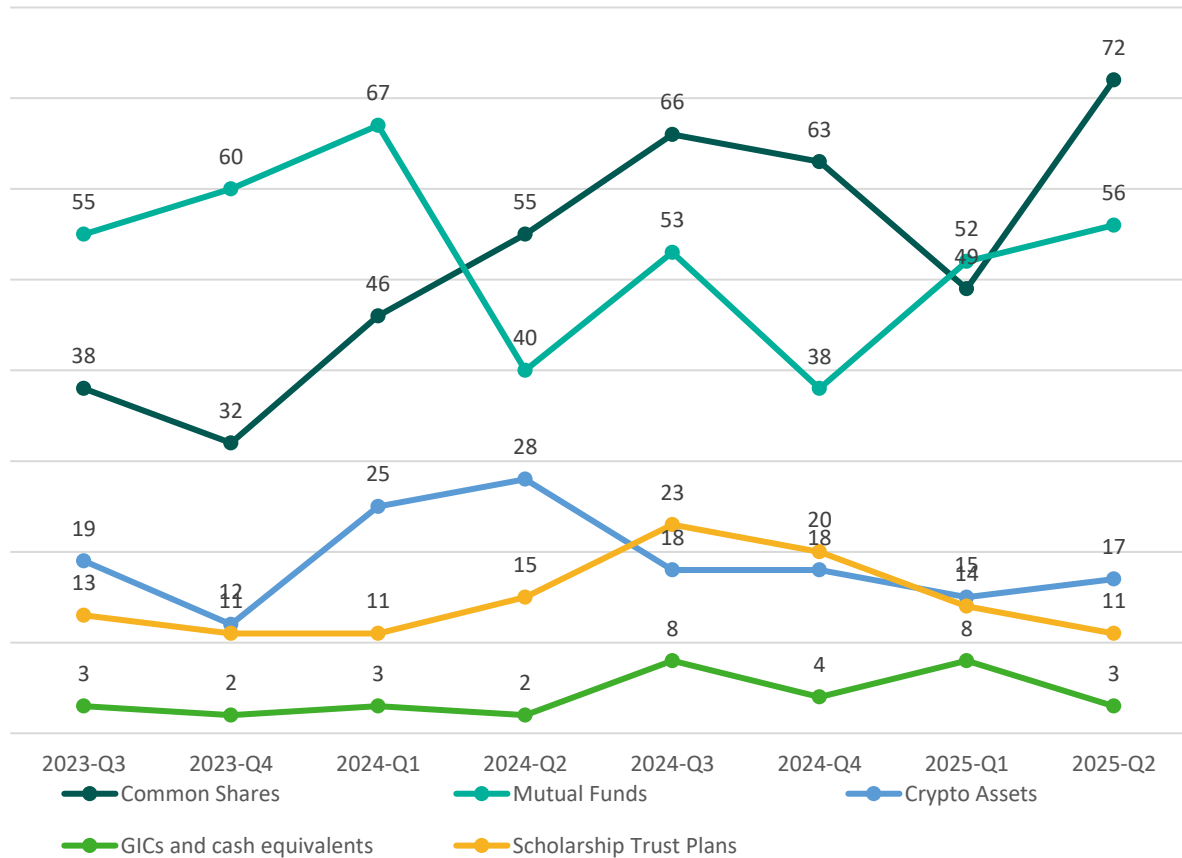
This chart shows our top combined banking products and issues. E-transfer fraud continues to be our number one combined banking product and issue. This is followed by credit card chargebacks, service issues related to personal savings and chequing accounts, credit card fraud, and credit card service.



Top 5 investment products

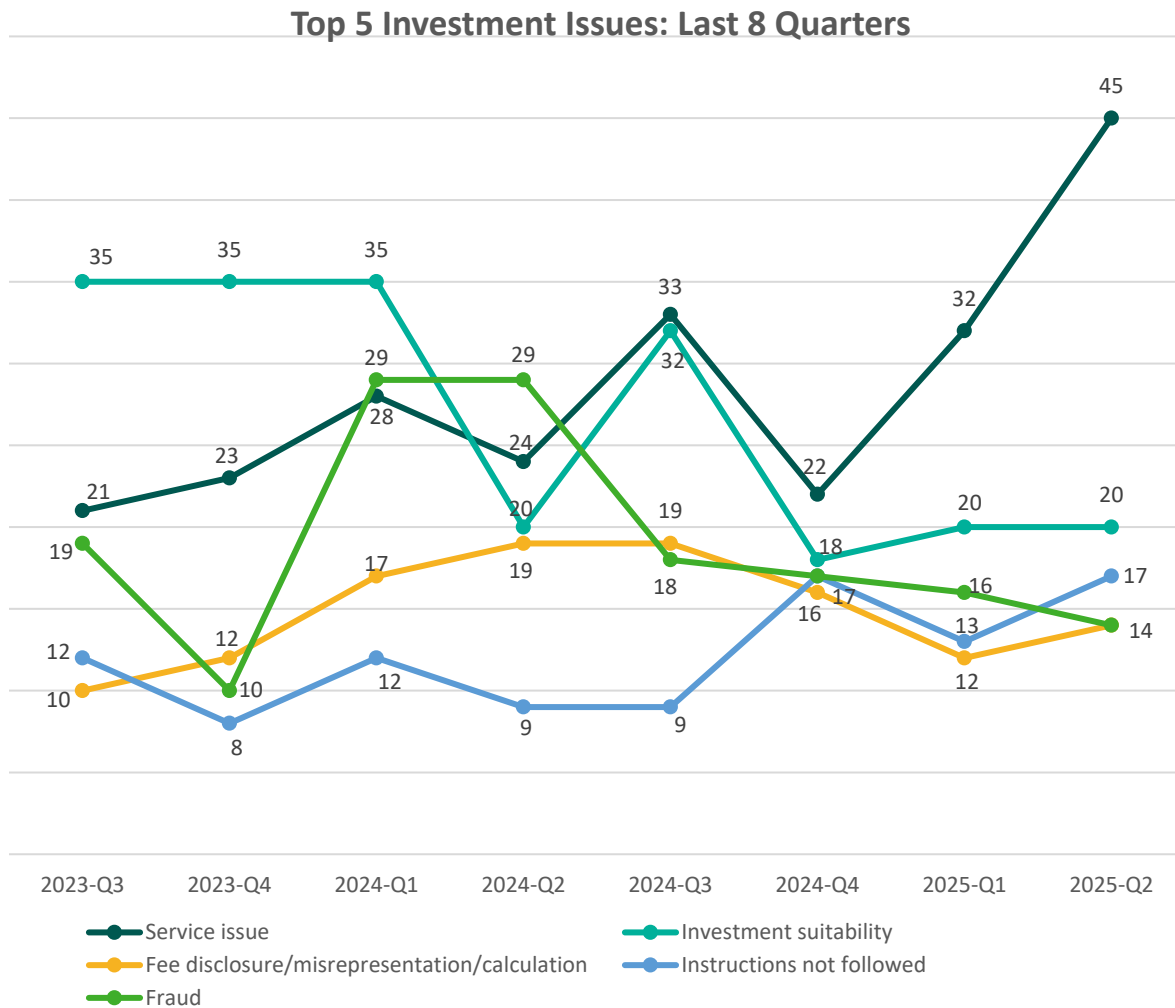
The chart represents the 8-quarter trend line for investment products. Common share remained the top product concern for investors – complaints involving common shares were up 47% from Q1 to Q2. Mutual fund complaints were up 8%. Scholarship trust plan complaints returned to an eight-quarter low. Complaints involving crypto assets remained steady and down from the highs we saw in Q1 and Q2 2024. Complaints involving GICs and cash equivalents remained low.

Top 5 Investment Products: Last 8 Quarters



Top 5 investment issues

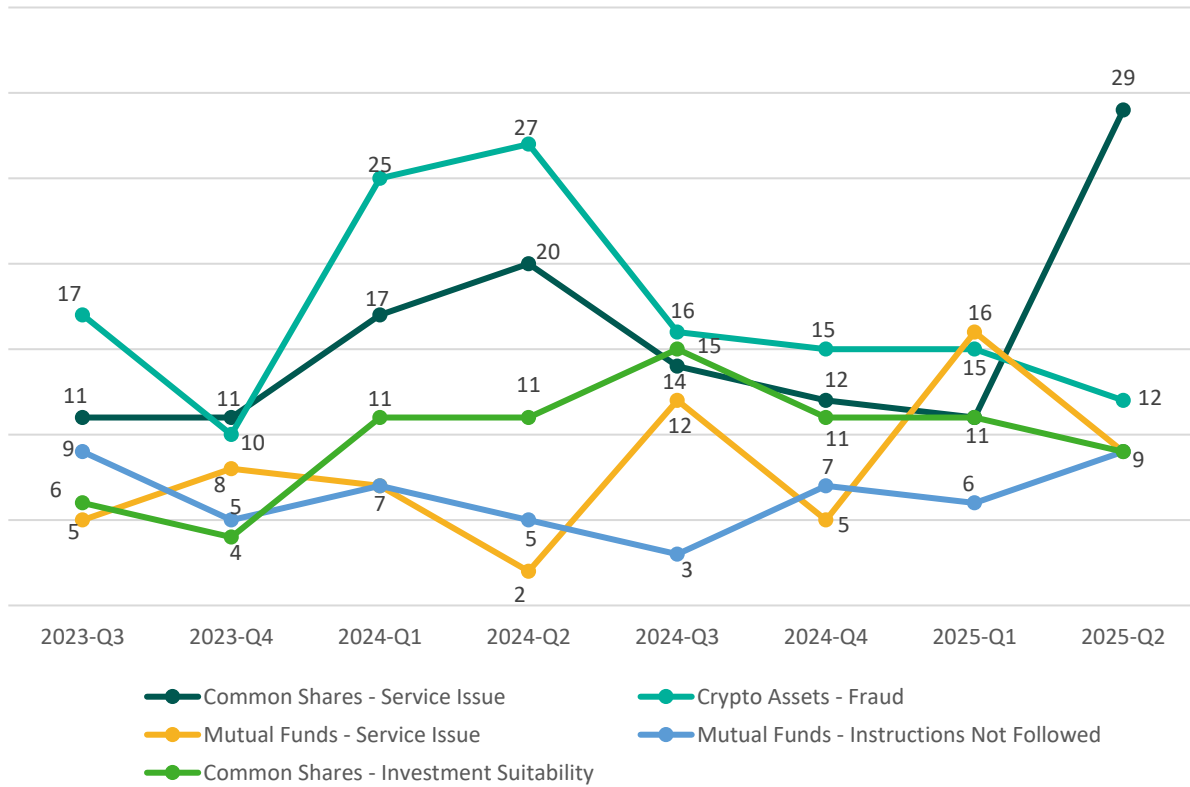
This chart shows the top 5 investment issues in the last 8 quarters. The dark green line represents service issues, which were the leading investor concern over the first two quarters of this year. Suitability complaints remained relatively low compared to some of the numbers we saw in the previous quarters. Fraud complaints continued a downward trend. Complaints regarding instructions not followed and fees remained flat.



Top 5 combined investment products & issues

This chart represents the top 5 combined investment products and issues. Service issues involving common shares were our top combined product and issue. Crypto fraud continued a downward trend.

**Top 5 Combined Investment Products and Issues:
Last 8 Quarters**



Appendix – Industry Association Participation

Canadian Bankers Association (CBA)

Canadian Credit Union Association (CCUA)

Canadian ETF Association (CETFA)

Canadian Forum for Financial Markets (CFFiM)

Canadian Independent Finance and Innovation Counsel (CIFIC)

Federation of Independent Dealers (FID)

Private Capital Markets Association (PCMA)

Portfolio Management Association of Canada (PMAC)

Securities and Investment Management Association (SIMA)