

## Open Data, Not Just Open Banking: Unlocking Canada's Financial Potential

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As 2024 draws to a close, the Canadian financial industry finds itself at a crossroads. Although significant resources have been spent on developing consumer-driven banking frameworks, the broader concept of *open data* has yet to receive the attention it deserves. According to McKinsey, embracing open data could add up to **1% GDP growth for Canada**, a transformational opportunity that should not be overlooked.

Source: McKinsey Viewed December 14, 2024 - <https://www.mckinsey.com/industries/financial-services/our-insights/financial-data-unbound-the-value-of-open-data-for-individuals-and-institutions>

Despite this, Canada's progress in open banking has been underwhelming, particularly compared to countries like Australia and Brazil, which are leading the way in open data. With little to show for the investments made so far, it is clear that Canada must shift its perspective from *open banking* to *open data*. Doing so will enable us to create a strong financial and digital ecosystem focused on consumer empowerment, competition, and innovation through consumer-driven data sharing, from open banking to open finance to open health and beyond.

### The Current Landscape: A Reflection on 2024

Looking back, it is apparent that a lack of progress has marked Canada's path toward open banking:

- Despite years of effort, there is no definitive implementation date.
- While Canada remains stuck in debates, a number of countries are focusing on extensive *open data* initiatives.
- Stakeholders in the ecosystem await leadership, mandates, and a shared vision for the future.

### What Open Banking in Canada Needs: Top 10 Essentials

For open finance—to thrive in Canada, the following are critical:

1. **Precise Implementation Date:** A fixed timeline to end the uncertainty.
2. **Mandate to Act:** A government-backed mandate to ensure progress.
3. **Defined Timelines:** Concrete milestones for all stakeholders.
4. **Technology Standards:** Seamless integration across platforms.
5. **Tiered Accreditation:** Ensuring trust in providers.
6. **Write Access:** Full functionality for both consumers and businesses.
7. **Data Portability Rights:** Empowering consumers to control their data.
8. **Governance Framework:** Ensuring compliance and equity.
9. **Competition & Innovation:** A focus on fostering new opportunities.
10. **Consumer-Centric Vision:** Putting the end user at the heart of the system.

Canada has the potential to pave the way for open finance, but the building blocks being put in place will only succeed if accompanied by collaboration and a well-defined plan with timelines. To achieve this, Canada must prioritize **consumer-driven banking** and inspire successful models globally, particularly in open data.



### **A Shift in Perspective: From Banking to Data**

We must focus on the **liberalization of financial data** to truly enjoy the advantages of open finance. Today, the potential of the consumer data is limited as it is protected by financial institutions within their silos. Enabling a secure, permissioned, free flow of data within the ecosystem is essential for the financial health of consumers and small businesses.

APIs and other technological advancements make reading and writing consumer financial data possible. This is critical for enabling dynamic ecosystems where consumers benefit from personalized services, open competition, and improved financial inclusion.

### **Australia's Model: A Case for Open Data**

The Consumer Data Rights (CDR) framework in Australia is an excellent example of open data in operation. Australia's CDR allows the free flow of consumer data across several industries, in contrast to many other countries that restrict projects to banking.

- **Banking and energy:** Already operational.
- **Telecommunications:** The next frontier.
- **Accreditation and governance:** Managed by the Australian Competition and Consumer Commission (ACCC), ensuring trust and compliance.

Open data in energy and banking is already up and running, followed by telecommunications. Governance and accreditation are overseen by the Australian Competition and Consumer Commission (ACCC), which guarantees compliance and confidence. Because consumers in Australia own their data, they can share it with accredited institutions to access a wider variety of products and services. The result? A competitive ecosystem that benefits small businesses and customers alike.

### **Brazil's Model: Standardized data-sharing protocols**

The Central Bank of Brazil has laid the groundwork for a robust Open Banking ecosystem by establishing standardized APIs and data-sharing protocols. The ecosystem is evolving beyond Open Banking, with several companies expanding into areas like open insurance, leading to increased competition, product innovation, and enhanced services for small businesses.

The modernization of the regulatory framework included several measures to reduce entry barriers and foster innovation. According to the 2022 annual report, open banking in Brazil included the participation of 800 financial institutions. The main operational metrics included over 24 million active consents and an exponentially growing volume of shared data throughout the year, indicating increasing adoption and utilization of the system.

### **Why Canada Needs Open Data**

The Canadian financial industry must embrace open data not as a regulatory checkbox but as a catalyst for transformation. By doing this, we can:

- Promote **innovation**
- Empower **consumers**
- Build a **sustainable economic framework**

### **Building the Future of Finance**

As we are welcoming 2025, the conversation needs to change. Canada can find its unique way by reviewing the global models and shifting its focus from open banking to open data. A financial system that promotes growth and meets the demands of consumers and small businesses can be established by prioritizing the liberalization of consumer financial data and encouraging cooperation among stakeholders.

Now is the time to take action. Open data is a unique opportunity to improve the financial landscape, not merely a technical challenge.