

Fourth quarter inquiries and cases reach new all-time high levels, as fraud-related cases surge for both banking and investments sectors

Consumer complaint inquiries reached a new eight-quarter high in the last quarter of 2022, increasing 45% from the record highs of Q3, driven largely by an increase in bank inquiries. The number of cases opened also reached new record levels – increasing 81% over the previous quarter. For the first time, fraud was the leading issue for both banking consumers and investors, as investment complaints related to fraud reached an unprecedented eight-quarter high and tripled quarter over quarter. Most investment fraud complaints related to crypto assets, and this rise has coincided with the increase in cryptocurrency firms joining OBSI as participating firms in 2022.

Last eight-quarter statistics

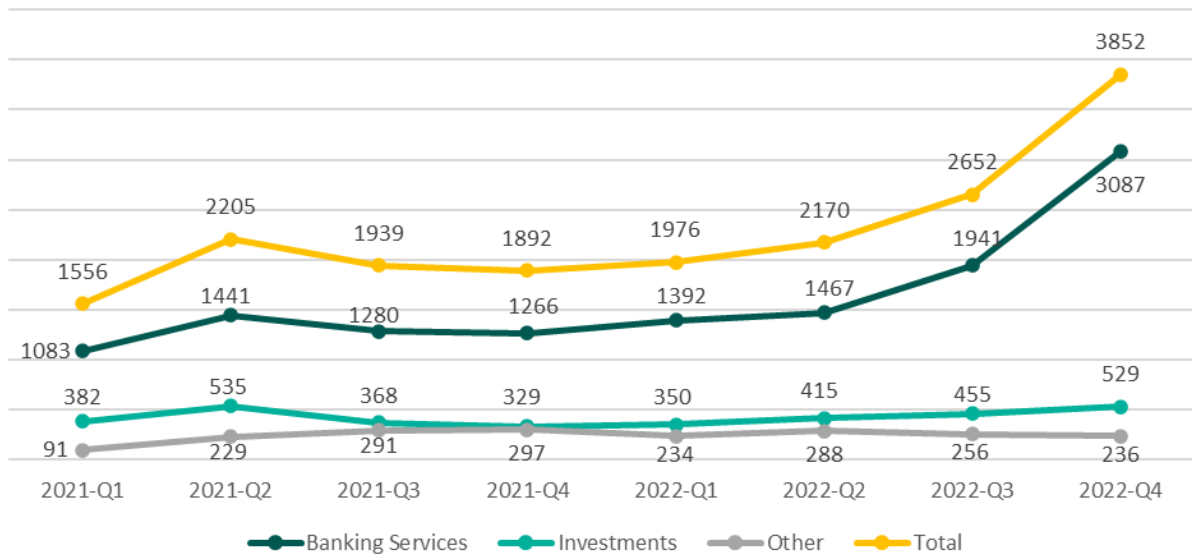
In this report, we present preliminary data from Q4 2022 (August 1, 2022 to October 31, 2022) alongside data over the last eight quarters for historical context for:

- Inquiries received by industry
- Inquiries by investment sector
- Total cases opened
- Cases opened by investment sector
- Cases opened by region
- Top 5 banking products
- Top 5 banking issues
- Top 5 investment products
- Top 5 investment issues

About OBSI inquiries

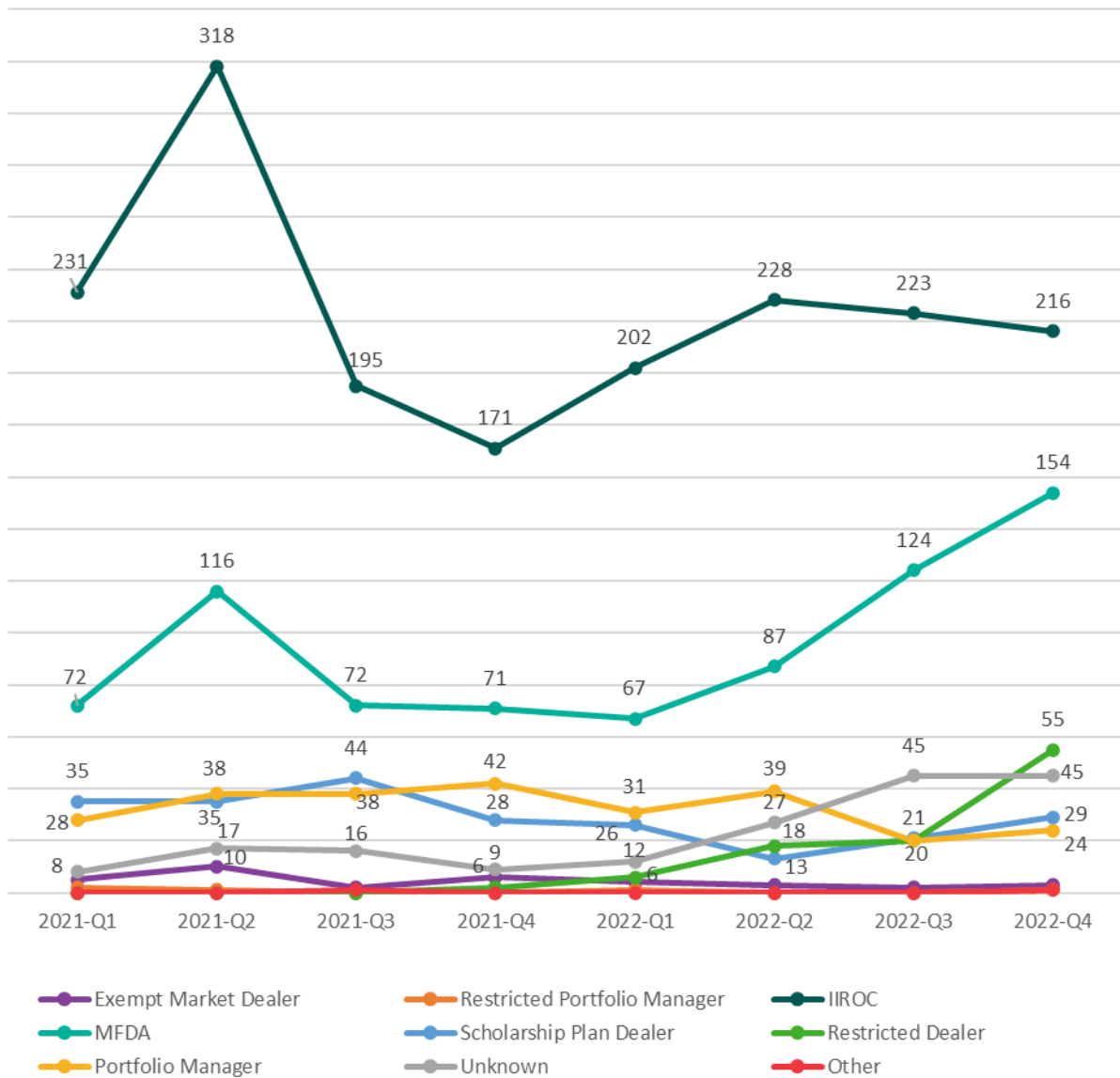
When consumers contact OBSI with a complaint or question about a financial services problem they are having, we record these interactions as inquiries. Assisting consumers with complaint inquiries is an important part of OBSI's work. In addition to helping people file a complaint with OBSI when it falls within our mandate, our intake staff are trained to provide information and assistance to consumers when we are not the appropriate place to help them. This often includes informing them of regulations which apply to their complaint, explaining what steps need to be taken to resolve their issue and directing them to the right contact within their firm or to the appropriate regulator. Inquiry volumes are a leading indicator of future case volumes.

Inquiries Received by Industry: Last 8 Quarters



In Q4, total inquiries reached an all-time high, up 45% quarter over quarter. This was led by banking inquiries, which also reached an all-time high, up 59% quarter over quarter. The significant increase in bank inquiries is largely driven by recent regulatory changes to the financial consumer protection framework in the Bank Act intended, in part, to reduce complainant attrition. Investment inquiries saw a 16% increase quarter over quarter and a 61% increase year over year, driven in part by market declines in the past year and overall volatility. Other inquiries remained relatively flat when compared to the previous quarter and previous year. While 2021 was a record year for inquiry volumes, 2022 saw an accelerating upward trend that began in the first quarter of the year.

Inquiries Received by Investment Sector: Last 8 Quarters

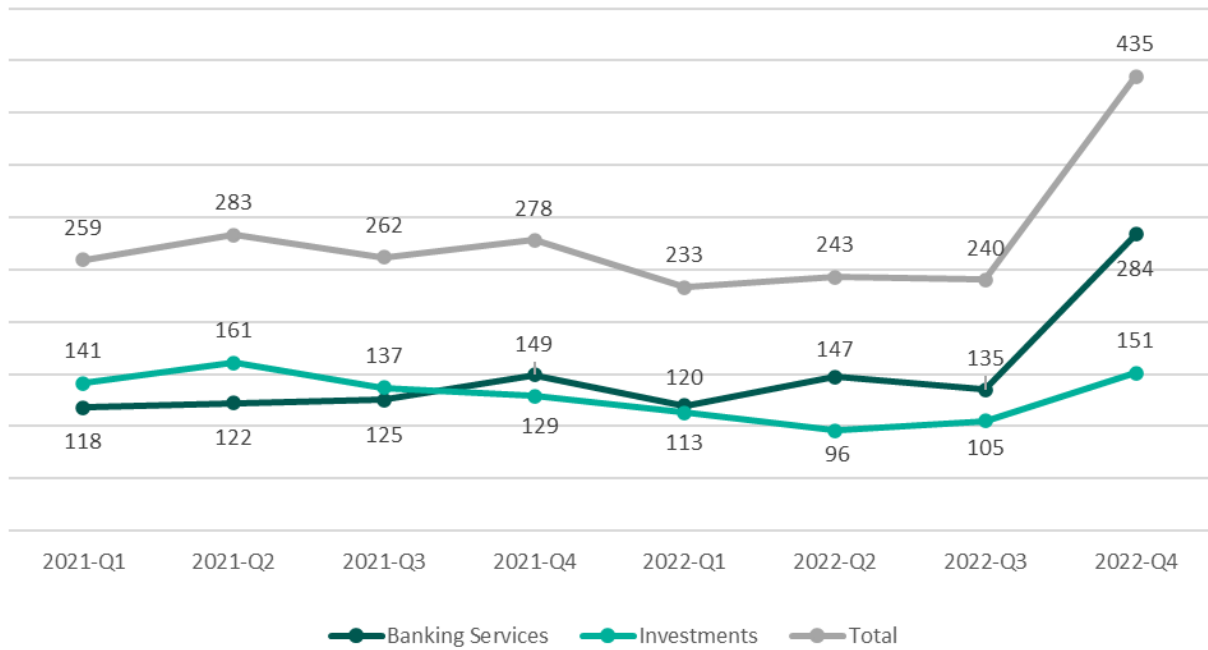


Numbers under 5 are not labeled.

Note: Unknown sector inquiries refer to inquiries where we were unable to determine the specific industry sector during our interaction with the consumer.

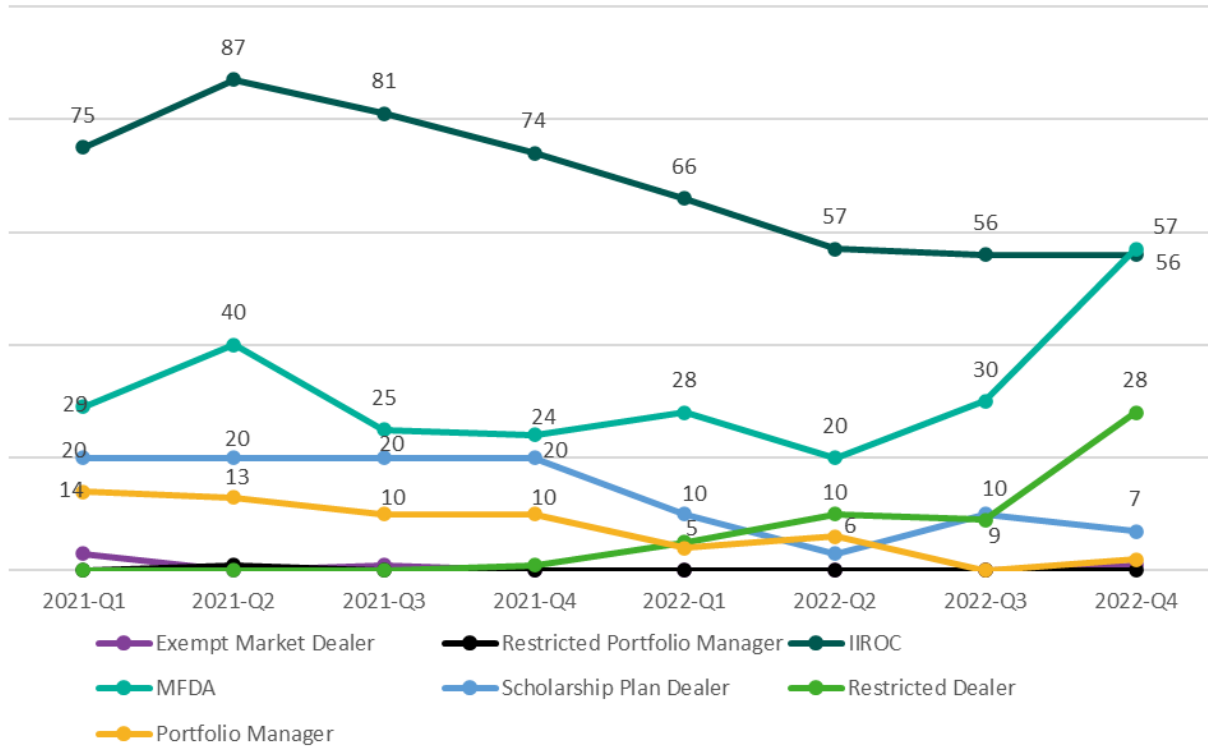
In the fourth quarter, IIROC (Investment Industry Regulatory Organization of Canada) inquiries decreased slightly compared to the previous quarter but increased 26% year over year. MFDA (Mutual Fund Dealers Association) inquiries rose by 24% from the prior quarter and more than doubled year over year. Inquiries about restricted dealers saw a dramatic quarter-over-quarter and year-over-year increase, reflecting a higher number of restricted dealer participating firms offering OBSI services in 2022. Inquiries about scholarship plan dealers saw a 38% quarterly increase after an earlier period of decline and remained flat year over year. Inquiries about portfolio managers increased slightly compared to the previous quarter but dropped by nearly half year over year. All other sectors remained generally low and mostly consistent with the last eight quarters.

Total Cases Opened: Last 8 Quarters



The last quarter of 2022 saw an 81% surge in overall case volumes when compared to Q3, and a 56% increase when compared to the same quarter last year. Banking cases more than doubled from the previous quarter and were 91% higher than the previous year. The significant increase in banking case volumes was largely driven by recent regulatory changes to the financial consumer protection framework in the Bank Act intended, in part, to reduce complainant attrition. Investment cases increased 44% quarter over quarter and 17% year over year, driven in part by market declines in the past year and overall volatility. These historical trends are particularly notable in light of the fact that 2021 was an all-time record setting year for OBSI case volumes.

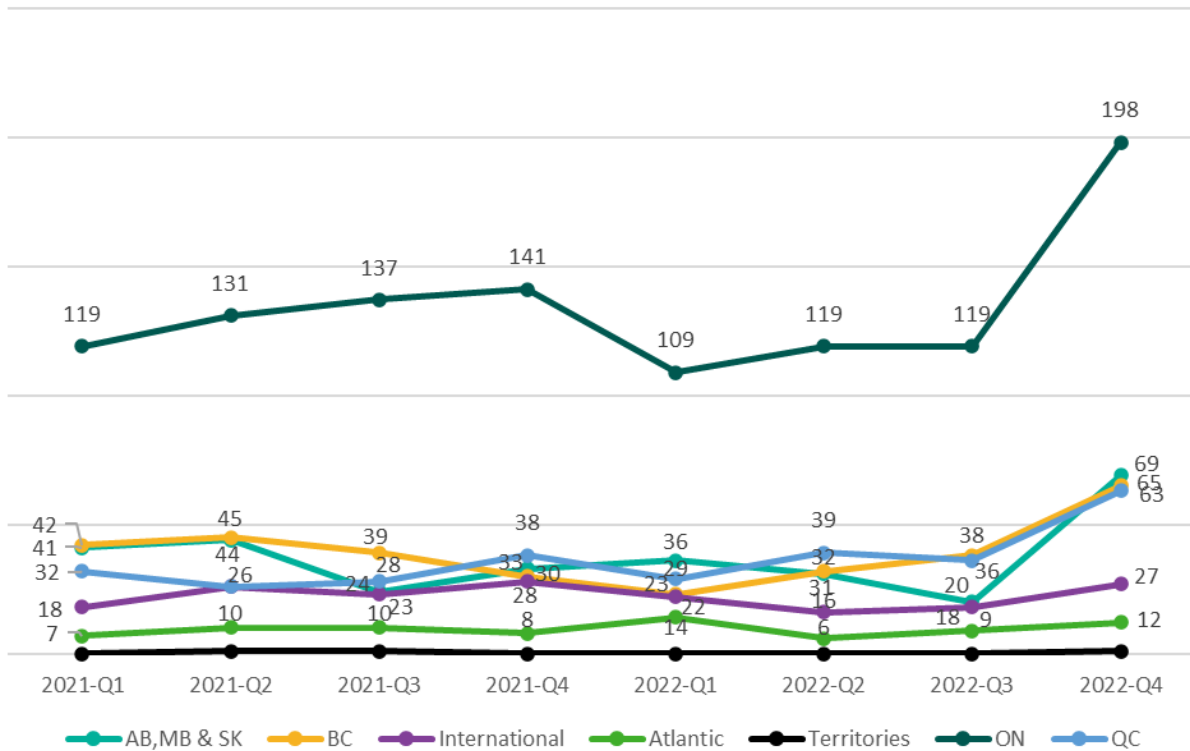
Cases Opened by Investment Sector: Last 8 Quarters



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In Q4, IIROC cases remained flat, continuing an extended downward trend, and reaching an eight-quarter low. MFDA cases nearly doubled quarter over quarter, reaching an eight-quarter high. Cases for restricted dealers almost tripled quarter over quarter, also reaching an eight-quarter high. Case volumes for scholarship plan dealers and portfolio managers remained well below 2021 levels. Cases for exempt market dealers and restricted portfolio managers were generally low, consistent with the last eight quarters.

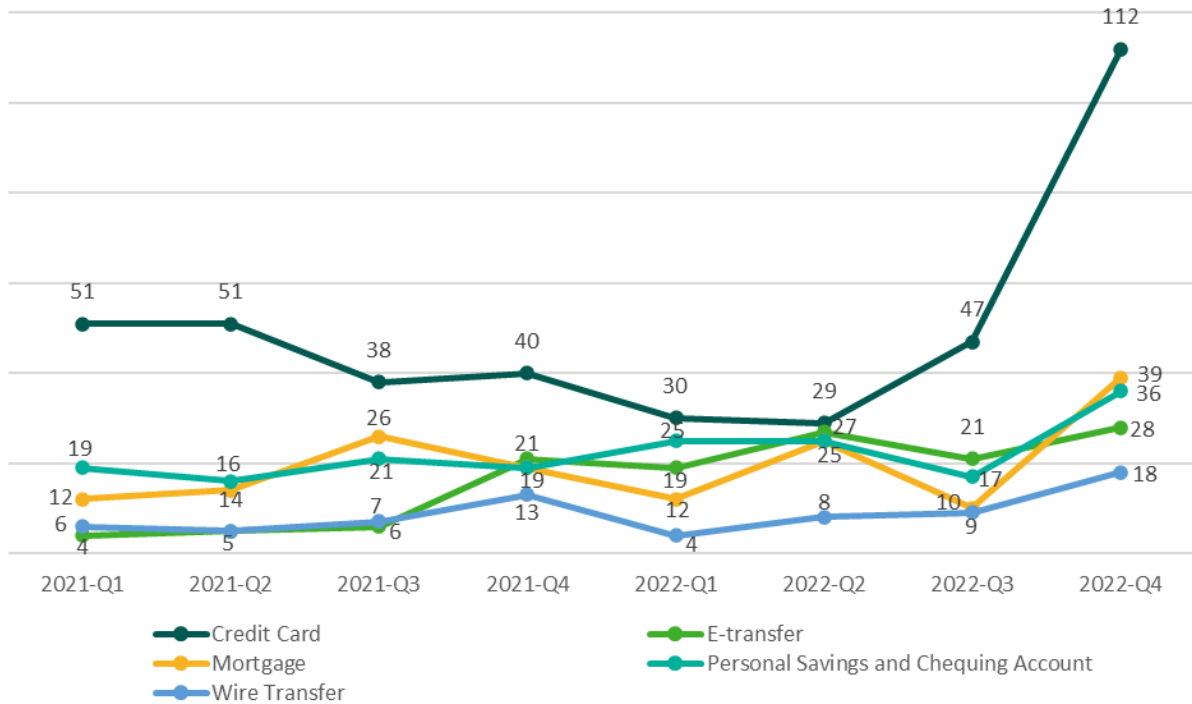
Cases Opened by Region: Last 8 Quarters



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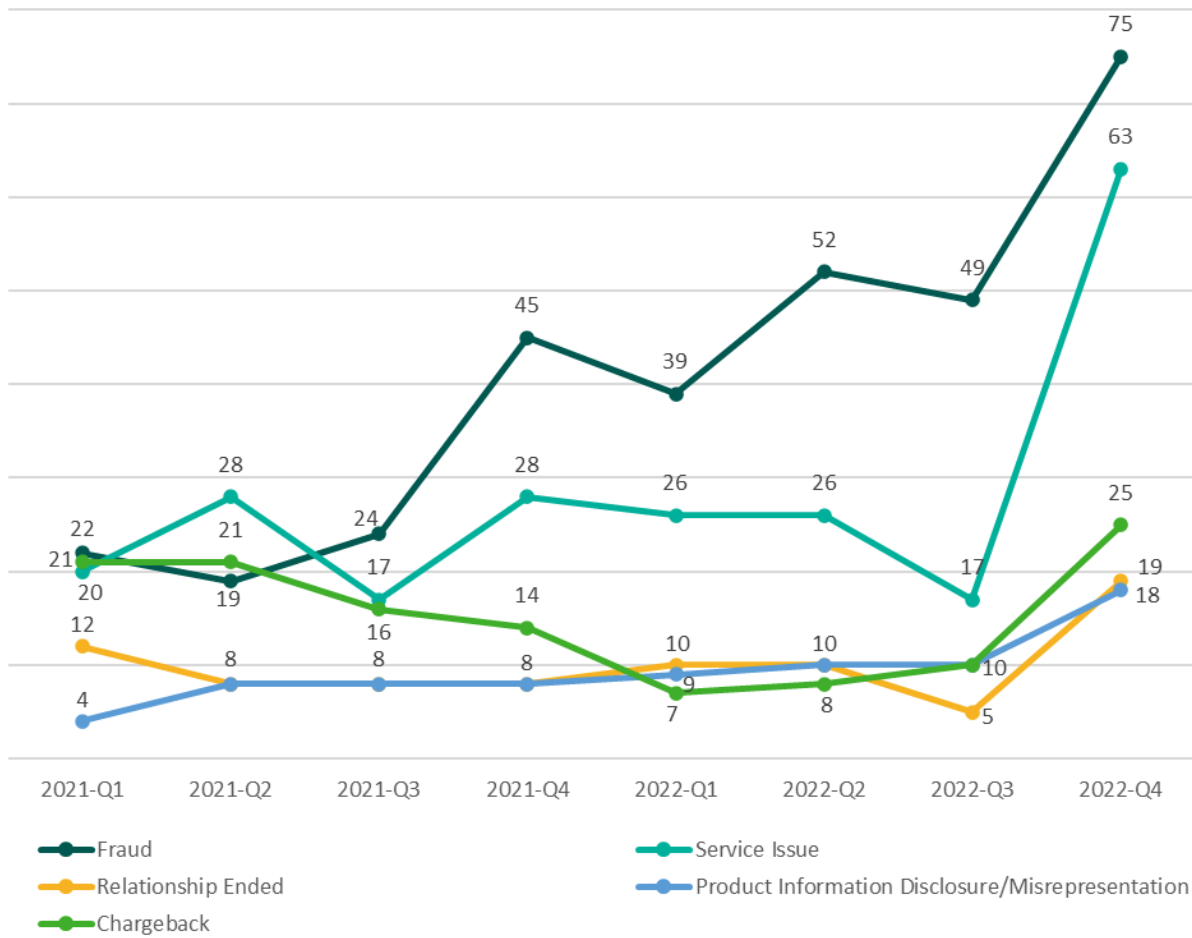
In Q4, cases from Ontario, the Prairie provinces, BC, and Quebec all reached eight-quarter highs. Ontario cases rose 66% relative to the previous quarter and were up 40% year over year. Cases in the Prairie provinces more than tripled quarter over quarter and more than doubled year over year. BC cases increased 71% from the previous quarter and more than doubled Q4, 2021 volumes. Similarly, Quebec cases rose by 75% quarter over quarter and nearly doubled year over year. Cases in the Atlantic provinces increased from the previous quarter despite remaining within historical norms. International cases rose by half compared to the prior quarter and were flat year over year. Cases from the Territories continued to be low, consistent with the last eight-quarters.

Top 5 Banking Products: Last 8 Quarters



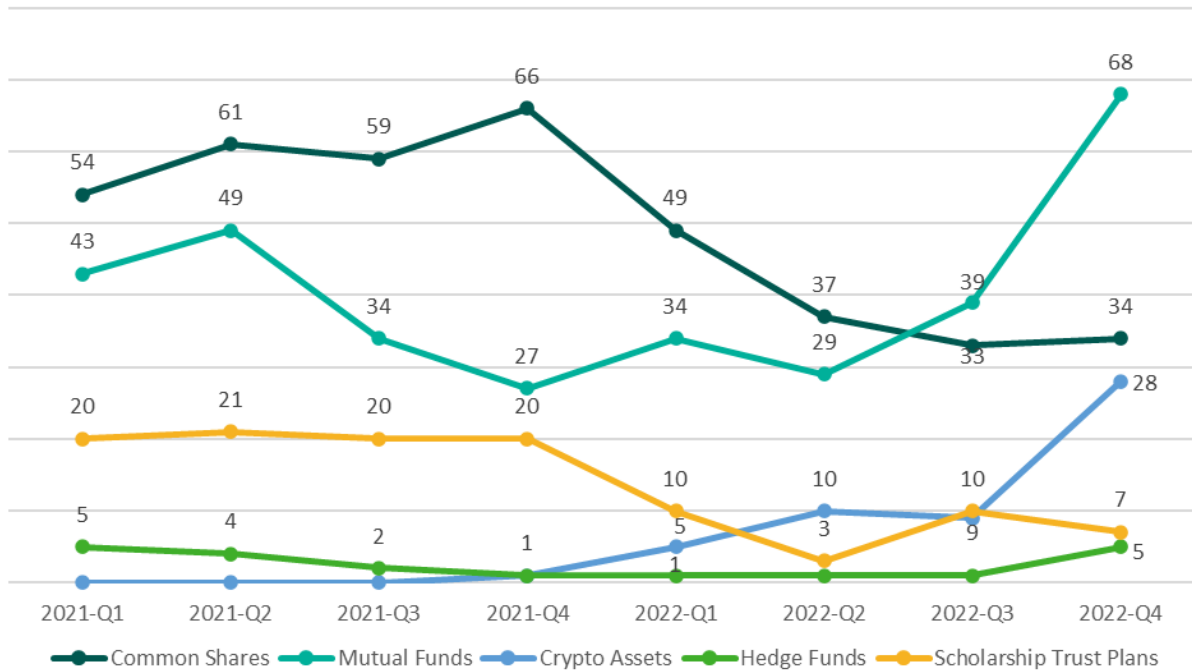
In the fourth quarter, banking cases across all product categories reached eight-quarter highs and most saw dramatic case volume increases when compared to Q3. Credit cards continued to lead banking product complaints, more than doubling the case volumes of the previous quarter. Mortgage complaints were the second most common source of complaints in Q4, almost quadrupling quarter over quarter. Personal account complaints more than doubled from the prior quarter while complaints related to wire transfer doubled quarter over quarter. E-transfer complaints rose 33% from Q3 and remained within recent norms.

Top 5 Banking Issues: Last 8 Quarters



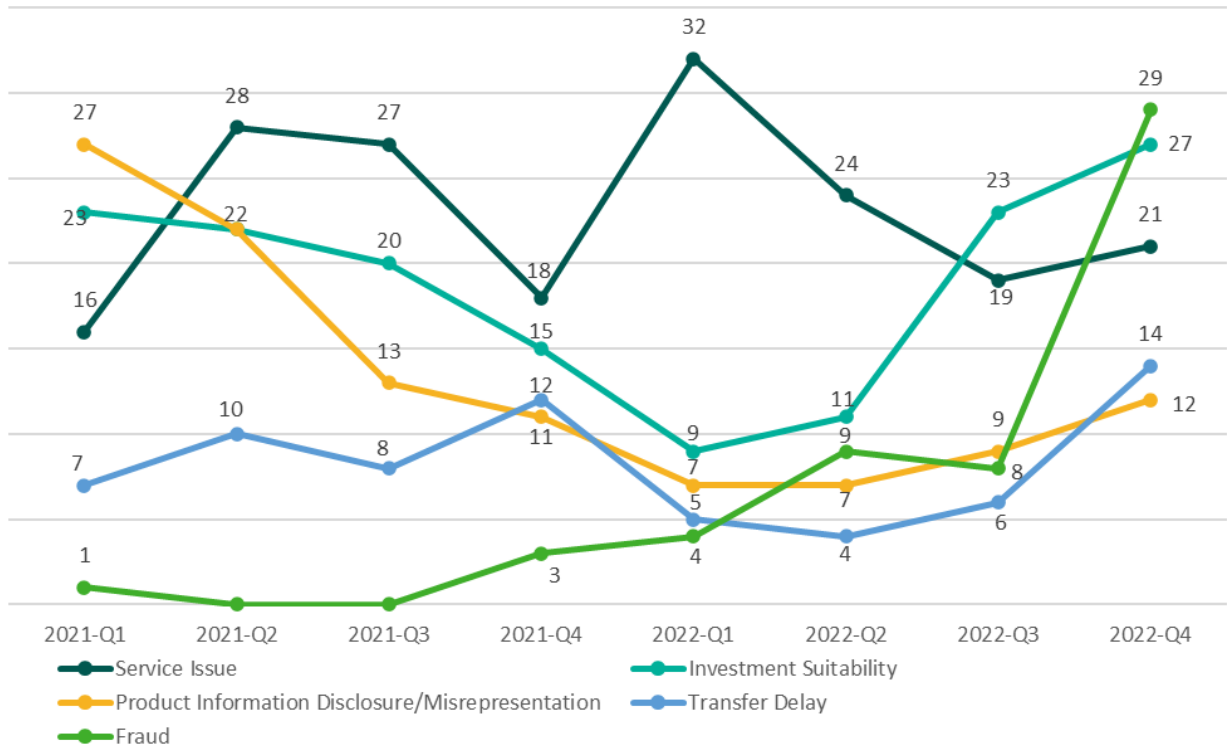
In the fourth quarter, all banking issues reached eight-quarter highs, and all saw dramatic case volume increases from the previous quarter. Fraud complaints remained the most reported banking issue in Q4, a 53% quarter-over-quarter increase. Chargeback complaints more than doubled, rising beyond the highs seen in 2021. Both service issue complaints and relationship-ended complaints more than tripled compared to Q3. Complaints related to product information disclosure nearly doubled, despite remaining mostly flat since the second quarter of 2021.

Top 5 Investment Products: Last 8 Quarters



In Q4, mutual funds were the leading product among investment complaints, reaching an eight-quarter high with a 74% quarter-over-quarter increase. Cases related to common shares remained flat quarter over quarter, well below the highs seen in 2021. Crypto asset complaints more than tripled from the previous quarter, hitting an eight-quarter high. Scholarship trust plan cases dipped slightly compared to Q3 while hedge fund complaints reached an eight-quarter high despite remaining at relatively low volumes.

Top 5 Investment Issues: Last 8 Quarters



Fraud complaints surged to record high levels in Q4, replacing suitability as the leading issue for investment complaints in Q4 for the first time. Suitability complaints remained very common, also reaching an 8-quarter high. Service issue complaints rose 11% quarter over quarter but remained below the high levels seen in the first quarter of 2022. Concerns with transfer delays more than doubled the previous quarter, also reaching an eight-quarter high. Complaints involving product information disclosure rose to the highest levels seen in 2022 but were roughly flat year-over-year and well below 8-quarter highs.