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DELIVERED VIA ELECTRONIC MAIL

To: Publicaffairs@obsi.ca

Mark Wright
Director, Communications and Stakeholder Relations
Ombudsman for Banking Services & Investments (OBSI)
20 Queen Street West, Suite 2400
P.O. Box 8 Toronto, O.N. M5H 3R3

Subject: Credit Union Sector Response to Governance Consultation

Dear Mr. Wright,

Please find below the Canadian Credit Union Association's (CCUA) response to OBSI's public [consultation paper](#) related to OBSI governance. CCUA is the national trade association for Canada's 209 credit unions and caisses populaires outside Quebec, including all of the credit unions which OBSI currently services. In preparing this submission, CCUA sought feedback from a cross-section of our member credit unions (CUs); however, some CUs may provide their own submissions.

Summary

The credit union sector is grateful for the opportunity to participate in this Governance Consultation. Our sector has received nothing but the highest-level of quality service from the staff and management of OBSI and are certain that would continue irrespective of the governance structure OBSFI chooses. That said, we wish to emphasize the need for equal governance access and opportunities for all sectors serviced by OBSI.

CCUA understands that OBSI's Corporate Bylaw currently provides that three members of the board will be Industry Directors, including one nominated by each of the Canadian Bankers Association (CBA), Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association (MFDA). Should this structure continue, we respectfully suggest that a fourth Industry Director from the Canadian Credit Union Association be included.

We note that OBSI's newly created 'credit union sector', is likely to grow over the next couple of years as, with the advent of open banking in Canada, membership in a federally regulated external complaints body seems likely become a requirement to participation in Canada's open banking framework. As such, CCUA believes that all sectors serviced by OBSI should be treated equally within OSFI's governance structure. This means that should OBSI decide to continue with a representative board structure – or move to a different representative body such as an advisory committee – then CCUA would urge OBSI to include equal and proportional representation from each sector.

CCUA agrees with the [2021 OBSI Governance Review](#), which affirms no sectoral representation at the governance level. In other words, should OBSI decide against having a representative board, we would be supportive of such a structure, but would recommend that OBSI instead provide other opportunities for each sector to regularly engage with OBSI, such as through a sectoral advisory committee or sector roundtables.

We also support the recommended changes to the Community and Investor Advisory Committee (CIAC) put forward in the [2021 OBSI Governance Review](#). Specifically, we believe clarified roles and responsibilities would empower the committee and board to work collaboratively together.

Consultation Questions

Summary of governance consultation questions:

- 1. Should OBSI's board continue to have designated board positions for current industry participants and/or consumer advocates, or transition to a system without such designated positions?**

As noted above, should OBSI continue with a representative board framework, the Credit Union system affirms the principle of equal governance participation for all sectors. However, we understand that sectoral representation is not a requirement for OBSI's board to dutifully fulfill their legal and fiduciary obligations. As a result, CCUA would support alignment with the recommendation put forward in the *2021 Governance Review* to discontinue a sectoral representation framework.

We also emphasize the recommendation for skillset as a key factor for board selection, as outlined in the *2021 Governance Review* - i.e. we believe OSFI's experience matrix should continue to balance diversity, geography, a variety of backgrounds and experience in business, law, governance, consumer affairs, economics, community organizations, dispute resolution and public service.

- 2. If designated industry and consumer board positions are continued, what is the appropriate composition of OBSI's board with respect to the proportion of positions designated for those with specific industry or consumer expertise or who are independent?**

If designated industry and consumer positions are continued on OBSI's Board, we suggest that there be a greater proportion of positions designated for independent directors than for those with specific industry or consumer expertise. This is because the role of any board is to act in the best interests of the corporation with a view to the interests of all stakeholders, not particular sectors or stakeholders. While all directors of OBSI have a fiduciary relationship to the organization and must act with a view to the best interests of the organization, doing so is often easier for independent directors.

That said, we do agree that OBSI benefits from hearing the perspectives of the sectors it serves. As such, if sectoral representation is not included on the Board, we urge OBSI to consider including such representation and perspectives in an advisory committee.

3. If designated industry and consumer board positions are continued, should Industry Director positions continue to be nominated by specific industry organizations, or should OBSI transition to a system of more general nomination of current industry participants?

If designated industry and consumer board positions are continued, we suggest that the Industry Director positions continue to be nominated by specific industry organizations, as those organizations are likely to have the best sense of who would be appropriate to represent and reflect the broad perspectives of their sector.

4. If designated industry and consumer board positions are continued, how should Consumer Interest Director nominees be identified?

We suggest that Consumer Interest Director nominees continue to be identified by OBSI's Governance and Human Resources Committee.

5. Beyond designated board representation, how should OBSI ensure that the interests and expertise of industry and consumer stakeholders are incorporated into the organization's decision-making process?

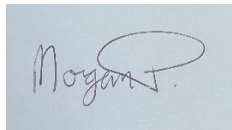
As above, the CCUA submits that regular opportunities for both industry and community advocates to engage with OBSI executives and staff serve as valuable opportunities for engagement. Outside of Board representation, CCUA suggests that an advisory committee and/or regular opportunities for stakeholders to participate in OBSI's decision-making process would be beneficial. CCUA attended OBSI meetings in 2022 and appreciates the format of bi-annual meetings with regular service updates from OBSI staff and opportunities to discuss any concerns at hand.

Conclusion

The Canadian credit union sector is grateful for the opportunity to participate in OBSI's Governance Consultation. Overall, we would support a governance structure that emphasizes diversity, equal access for and opportunities for input from all sectors, and a Board that continues to act in the best interests of OBSI and its various stakeholders.

Thank you for the opportunity to provide this feedback. Should you have any questions, please do not hesitate to reach me.

Sincerely,



Morgan Paulgaard
Policy Advisor, National & Federal
Canadian Credit Union Association