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Subject: OBSI governance consultation

Dear Mr. Wright,

Prosper Canada has long supported the goal of a single, independent, financial services ombudsman, so we appreciate this opportunity to share our thoughts on the future governance of OBSI, which we see as the organization best placed to fulfill this role.

OBSI is a critical institution that offers a final unbiased source of recourse for banking and investment consumers who have been unable to obtain satisfactory resolution of disputes with banking and investment firms. Given the large and undeniable imbalance of power between consumers and industry businesses, the question of OBSI's governance goes to the heart of whether it will effectively serve as a much needed counter balance, levelling the playing field for consumers and ensuring they receive fair treatment.

To this end, Prosper Canada is pleased to respond to OBSI's consultation questions. As a national charity focused on the financial empowerment of people with low incomes, we have made it our business to understand their financial context and challenges, and the personal, institutional, and systemic barriers that frequently prevent low-income consumers from achieving the same level of financial inclusion and wellbeing as other Canadians. The stresses that poverty imposes are particularly relevant when it comes to navigating conflicts with banking and investment service providers, as people with low incomes frequently lack the resources, time and confidence to successfully challenge unfair and/or wrongful treatment.

OBSI's governance structure, and the mix of knowledge, perspectives and experience of those involved, must inevitably affect its ability to serve this consumer segment effectively, arguably the one that is most in need of its services. Our responses below are, consequently, rooted in our view that fair and effective service for consumers/investors of all income levels, not just those who are already well resourced and equipped to pursue redress, is a critical guiding principle that should inform OBSI's choices with respect to its governance structure, composition, and practices.

In response to your questions, the governance of any public interest entity should be oriented first, foremost and uniquely to effectively advancing its mission – not satisfying the interests of particular stakeholders. To this end, no stakeholder entity or group should be entitled to occupy, or designate representatives to occupy, one or more seats on the OBSI Board of Directors.

Instead, OBSI should determine the appropriate mix of perspectives, skills, and experience that is required for its effective governance and should solicit Board candidates through an open public recruitment process. The skills and experience matrix should be congruent with the governance needs of a modern ombuds service and tailored for the Canadian environment. Attention should be given to ensuring that Board members, collectively, bring in-depth knowledge of banking and investment consumer issues (including challenges facing vulnerable consumers – e.g.; low income, seniors, recent newcomers, people with disabilities) and industry knowledge and experience, and that every Director has a demonstrated track record of commitment to improving consumer experiences, industry practices and fair dealing.

To reduce the risk of industry capture, independent directors (i.e., with no current industry affiliation) should form the majority of the Board's members and the governance committee should be chaired by an independent Director. Selection of Board members should also provide for a balanced Board with respect to gender, ethnocultural diversity, and income level. Board meeting minutes should be made public, as should the Director skills and experience matrix, as transparency is fundamental to the effective functioning of an ombudsman.

There should be a well-resourced/staffed, ongoing Consumer Advisory Panel tasked with keeping the Board informed of current and developing issues facing complainants, as well as significant ombudsman reforms in other jurisdictions. Their work should include reviewing OBSI analyses of systemic issues derived from complaint data and providing advice on how these might be addressed. Members of this panel should also be selected through an open public recruitment process, based on transparent criteria that ensure the perspectives of diverse consumer segments are included, particularly vulnerable populations, and that members bring demonstrated commitment, knowledge and experience related to improving the experiences of financial consumers. The panel's work and advice should be made public.

Thank you again for the opportunity to share our views on this important matter. Should you have any questions, please don't hesitate to contact me at lmulholland@prosperscanada.org.

Sincerely,



Elizabeth Mulholland
CEO