



OBSI

Inspiring Confidence

in the Canadian financial
services sector



2019 HIGHLIGHTS

Total inquiries

4,453



Opened cases

642



6%

increase in total cases*

Total compensation

\$2,677,718



Average banking compensation

\$2,425



Average investment compensation

\$14,291



*Data excludes impact of the departure of Bank of Nova Scotia and its subsidiary, Tangerine.

Who we are and what we do

The Ombudsman for Banking Services and Investments (OBSI) is a not-for-profit organization that investigates disputes between a consumer and their financial services firm when they are unable to fix a problem on their own.



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Message from the Chair



JIM EMMERTON
Chair, Board of Directors

In 2019, OBSI continued to demonstrate the important role it plays in helping consumers and firms resolve disputes as a cost-effective alternative to the legal system and inspiring confidence in Canada's financial services sector.

This year, the organization investigated and settled hundreds of cases, mostly for amounts of less than \$20,000. It resolved these cases quickly - usually in less than two months for banking cases and less than three months for investment cases. And it helped consumers and firms move beyond their dispute efficiently so they can get on with their lives and their businesses.

OBSI also demonstrated its value to the sector as a whole through its public and industry education outreach including newsletters, case studies, the publication of our Seniors Report, our Firm Helpdesk and firm bulletins, and our responses to multiple requests from regulators for comment on their public policy initiatives.

OBSI's Board of Directors continues to be confident that the organization is effectively meeting its public interest mandate.

LOW OFFERS AND FINDING AN ALTERNATIVE TO 'NAME AND SHAME'

At the same time, we acknowledge that there are areas for improvement in OBSI's processes. One area of concern continues to be the practice by some investment sector firms of responding to a recommendation in favour of the consumer with an offer well below what OBSI has recommended as fair compensation. Although this represents a relatively small percentage of cases overall, it is unfortunately common

for recommendations above \$40,000. This behaviour is disappointing and in part a consequence of the fact that OBSI is not able to compel firms to pay the amounts we recommend. This problem has been highlighted in multiple external reviews of OBSI and the board has been and continues to be supportive of finding a way to replace 'name and shame' as a final step in our process with an alternative mechanism that would allow us to more effectively secure redress for consumers when redress is fair and to eliminate low settlement outcomes.

Since the publication of our 2016 external review, OBSI has worked closely with securities regulators to find an alternative to 'name and shame.' To date, this work has not resulted in an effective outcome and securities regulators have announced that they are prioritizing other initiatives at this time. While the board is disappointed in the lack of progress on the issue, we are considering possible alternatives while also continuing to work with the CSA Joint Regulators Committee (JRC) – which provides oversight of OBSI's investment complaints activities on behalf of Canada's securities regulators – to find a solution.

FEDERAL REGULATIONS ALLOW BANKS TO CHOOSE OMBUDSMAN

OBSI remains opposed to the federal government's policy that allows banks to choose the dispute resolution service provider that their customers must use. It is our view that this policy creates clear conflicts of interest

“OBSI’s funding model is designed to ensure the highest level of independence, with costs shared across the different sectors we serve based on case experience and scale.”

and exacerbates the already significant imbalance of power, resources and information that exists between consumers and banks.

OBSI’s Board of Directors believe that Canada’s banking and investment industries and consumers would benefit from access to a single, not-for-profit banking and financial services ombudsman committed to accessibility, openness, transparency, independence, fairness, efficiency and responsiveness to all stakeholders.

COMMITMENT TO OBSI’S PUBLIC SERVICE MANDATE

The board remains fully committed to OBSI’s public service mandate and its strategic direction. In 2019, in consultation with our Consumer and Investor Advisory Council (CIAC), the board reviewed and reconfirmed OBSI’s five-year strategic plan (2017-2021). Minor adjustments were made for the remaining two years of the plan, which are reflected in the updated document available on the OBSI website. As always, the board and senior management team remain prepared to reassess our strategic direction and priorities as needed.

OBSI’s funding model is designed to ensure the highest level of independence, with costs shared across the different sectors we serve based on case experience and scale. Scotiabank’s decision to remove retail banking complaints from OBSI review at the end of 2018 impacted the organization’s revenue in 2019, and OBSI took appropriate steps to reduce its costs accordingly. Despite this responsive action, there are economies of scale in our operations and the loss of a large participating firm resulted in a modest increase in fees for all sectors.

GOVERNANCE CHANGES

This year, our board bid farewell with thanks to former industry director Rick Annaert of Manulife, and we welcomed Rhonda Goldberg from Investors Group as a new industry director. I want to thank Rick for his work on the board and welcome Rhonda. Also, 2019 marked the

last full year of Janis Riven’s term as a community director. On behalf of the organization, I thank her for her service as a director and Chair of the Governance and Human Resources Committee.

We also saw renewal on our CIAC, with the appointment of Wanda Morris as the new Chair. The board thanks outgoing Chair Guy Lemoine for the contributions he made to the CIAC since 2014 and to Eric Spink for his five years of service.

STAFF

On behalf of OBSI, I would like to thank my fellow directors for their service this past year, the CIAC members for their contributions and insights, and OBSI staff for producing excellent results through their continuing commitment and professionalism.

As we look to 2020, the board remains confident in the future of the organization as it meets its public service mandate.

Jim Emmerton

Chair, Board of Directors

Message from the Ombudsman and CEO



SARAH P. BRADLEY
Ombudsman and CEO

This past year we successfully delivered against our strategic plan and completed several key projects central to our efforts to offer a high value service to consumers, participating firms and the Canadian financial services sector.

A foundational element of this work has been the ongoing digital transformation of our operations, which is part of our overall strategy to use technology to help us provide better services to firms and consumers while maximizing our transparency as well as our personnel and process efficiencies.

FIRM PORTAL LAUNCHED AND CONSUMER PORTAL PLANNED

A key initiative this year was the launch of our new Firm Portal to over 1,400 participating firms. The firm portal is a secure, web-based access point to a broad range of features and services including 24/7 access to real-time data and statistics about each firm's inquiries, active cases, closed cases and sectoral comparators, all searchable within user-specified date fields.

The portal is integrated with OBSI's case management, document management, accounting and reporting systems, allowing firms to securely upload documents for active investigations, make administrative changes and calculate and pay fees, all while improving the accuracy and efficiency of our administrative work.

Based on our firm portal experience, we also completed the planning and development processes for our consumer portal, which we plan to launch in 2020.

CASE ANALYSIS AND REPORTING

In addition, in 2019 we continued to expand our case analysis and reporting capability – advancing our ongoing program of improvement since the launch of our new case management system on the Dynamics platform in 2016.

We are now better able to capture data and explore opportunities for greater transparency and insight through richer, multidimensional analysis. An example of this was our 2019 Seniors Report, which documented the experiences of seniors using our service using demographic and case data for 2017 and 2018. The report also provided key recommendations for regulators and financial services providers based on our experience.

TRANSPARENCY AND ACCESSIBILITY INCREASED

In 2019 we increased our broader efforts around transparency and online public accessibility. We developed and published case studies, bulletins and statements of our approaches, including quarterly complaints data in our stakeholder newsletter, all available through our website and shared through social media. We also completed an accessibility audit of our consumer-oriented web pages that identified key areas for improvement, and we developed a response plan for implementation of responsive changes in 2020.

KNOWLEDGE MANAGEMENT SYSTEM DEVELOPED

A further key achievement this year was the development and launch of our formal knowledge management intranet system based on the SharePoint document management system. This system has streamlined and improved our staff's access to key documents including precedents, templates, policies and communications and makes the capture of and access to key information more efficient.

FCAC COMPLAINTS REVIEW FEEDBACK

In late 2018, the federal government requested that the Financial Consumer Agency of Canada (FCAC) conduct a review of the complaint handling process for the banking sector, including external complaints bodies.

During 2019, OBSI engaged extensively with FCAC on this review of our policies and practices. The report was published in early 2020.

We commend the Minister of Finance and the FCAC for recognizing the importance of consumer complaint handling in the financial services sector and delivering this insightful and comprehensive report.

OBSI takes seriously the opportunities for improvement identified in the report and is committed to working with the FCAC to further enhance our services and better meet our public service mandate. We appreciate that the FCAC recognized OBSI's strengths in meeting international best practices for financial ombudsmen, including our commitment to promoting accessibility and conducting active investigations.

We share the FCAC's concerns about whether the current system of competition between ECBs in Canada benefits consumers. We particularly note their observation that OBSI is the ECB that compares most favourably to international best practices. We continue to believe there should be a single ombudsman for retail bank consumers, as there is for retail investors in Canada.

FOCUS FOR 2020

As we look to 2020, we plan to address the findings of the FCAC review and prepare for the independent external review of the services we provide under our banking mandate, which the Bank Act requires us to complete in 2020.

We will also continue to focus on the digital transformation of our work, including the launch of our new consumer portal and updates to our online complaint submission form that will allow for better integration with our case management system. The portal and online form are designed to better align with modern consumer service expectations and will make it easier for consumers to initiate a complaint, share information with us and see the status of their complaint on their own schedule. Importantly, consumers will not be required to use the portal. We will continue to provide telephone and other forms of communication and access to all users of our services.

We will also continue to improve our website and communications, with increased focus on video content to support consumer awareness. We plan to publish more approach documents and special reports and to develop new ways of sharing our case data through our website.

EMPLOYEE MENTAL HEALTH SUPPORT PROGRAM

A further important objective in 2020 will be to continue to build on the mental health initiative we began in 2019. We are focused on two key areas of mental health:

- Developing comprehensive training and guidelines for understanding and managing challenging consumer behaviour to ensure we are able to effectively assist as many consumers as possible and protect our staff as they work to do this. In 2020, we plan to share our learnings in this area with participating firms through webinars and outreach programs.

“As we look to 2020, we plan to address the findings of the FCAC review and prepare for the independent external review of the services we provide under our banking mandate”

- Establishing an employee mental health program to support the psychological health and safety of our employees.

I want to thank the whole OBSI team for its tremendous commitment to excellence and meeting the needs of consumers and firms. I'd also like to thank our board for its continued support and guidance.

Sarah P. Bradley
Ombudsman and CEO

Mission, vision, values

OBSI has been providing dispute resolution services to Canadian consumers and financial services firms for over 20 years.

Our goal is to further build our reputation as Canada's trusted, independent financial ombudsman, acting as an impartial and fair investigator of banking and investment-related complaints.

In 2019, we focused on delivering the key initiatives identified in our 2017-2021 strategic plan.

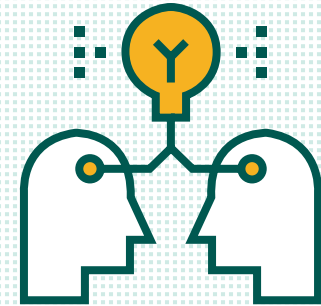
These initiatives lay the foundation for OBSI to achieve its objectives of delivering high value service and being the dispute resolution provider of choice for the financial industry and its consumers.

THIS YEAR, OUR ACHIEVEMENTS INCLUDED:

Launch of Firm Portal



Knowledge sharing of loss calculation and risk rating methodologies



IT security enhancements



New intranet to improve document management and enhance knowledge sharing





OBSI's Mission

OBSI's core business and value proposition is realized by its commitment to its mission that guides the organization's day-to-day operations.

"We help resolve and reduce disputes between consumers and financial services firms by conducting fair and accessible investigations and by sharing our knowledge and expertise"



OBSI's Vision

OBSI's core business and value proposition to its key stakeholders is shaped by its vision for its role in Canada's financial services industry.

"Inspiring confidence in the Canadian financial services sector"



OBSI's Values

OBSI's values are the principles that guide how the organization delivers its core business and effects its value proposition to stakeholders.

FAIRNESS

Our process and approach is fair to consumers and firms

ACCESSIBILITY

Our services are affordable, straightforward and convenient

IMPARTIALITY

We are balanced and objective in our work

INDEPENDENCE

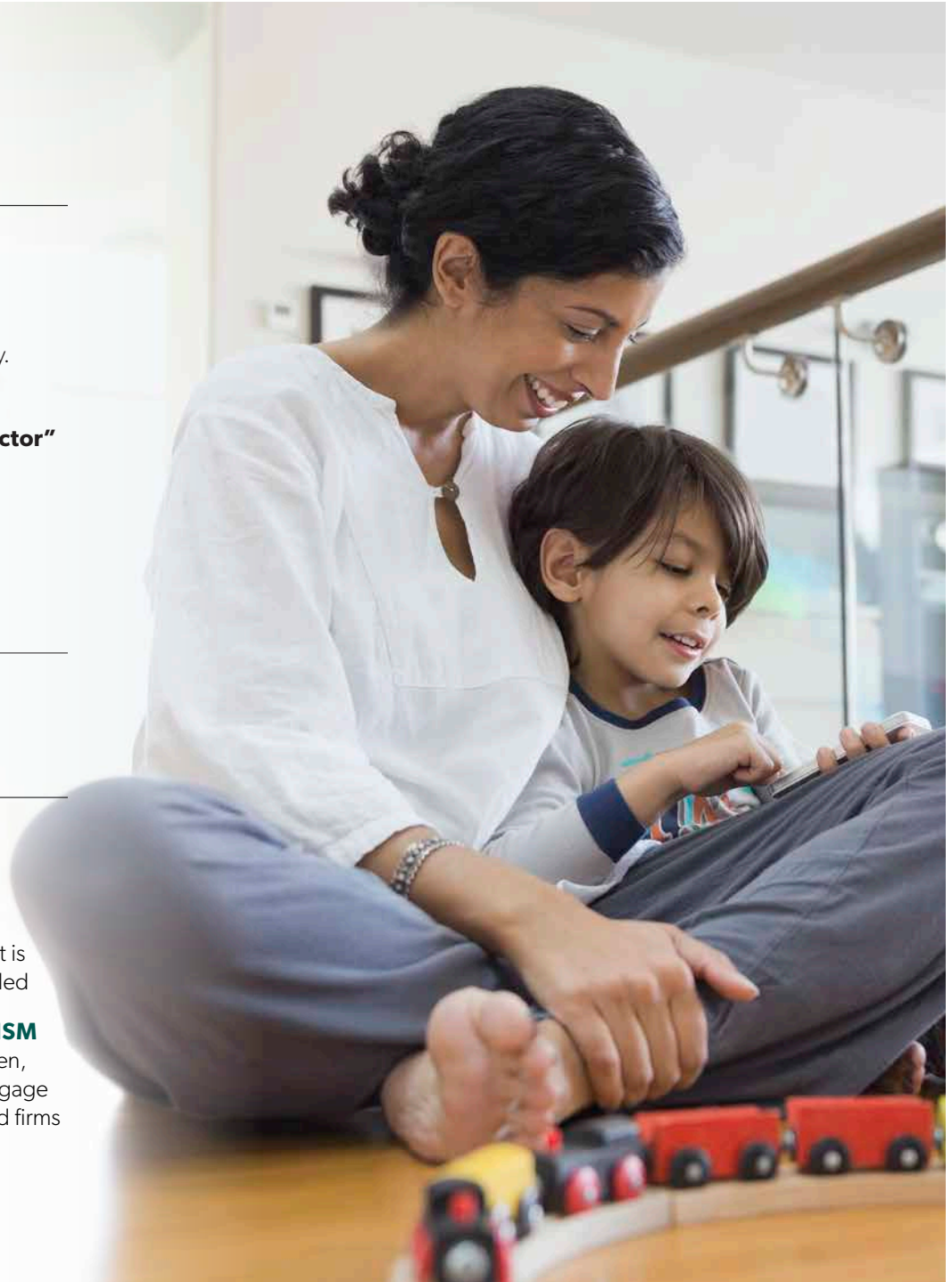
We are free from undue influence

INTEGRITY

We act in a way that is honest and principled

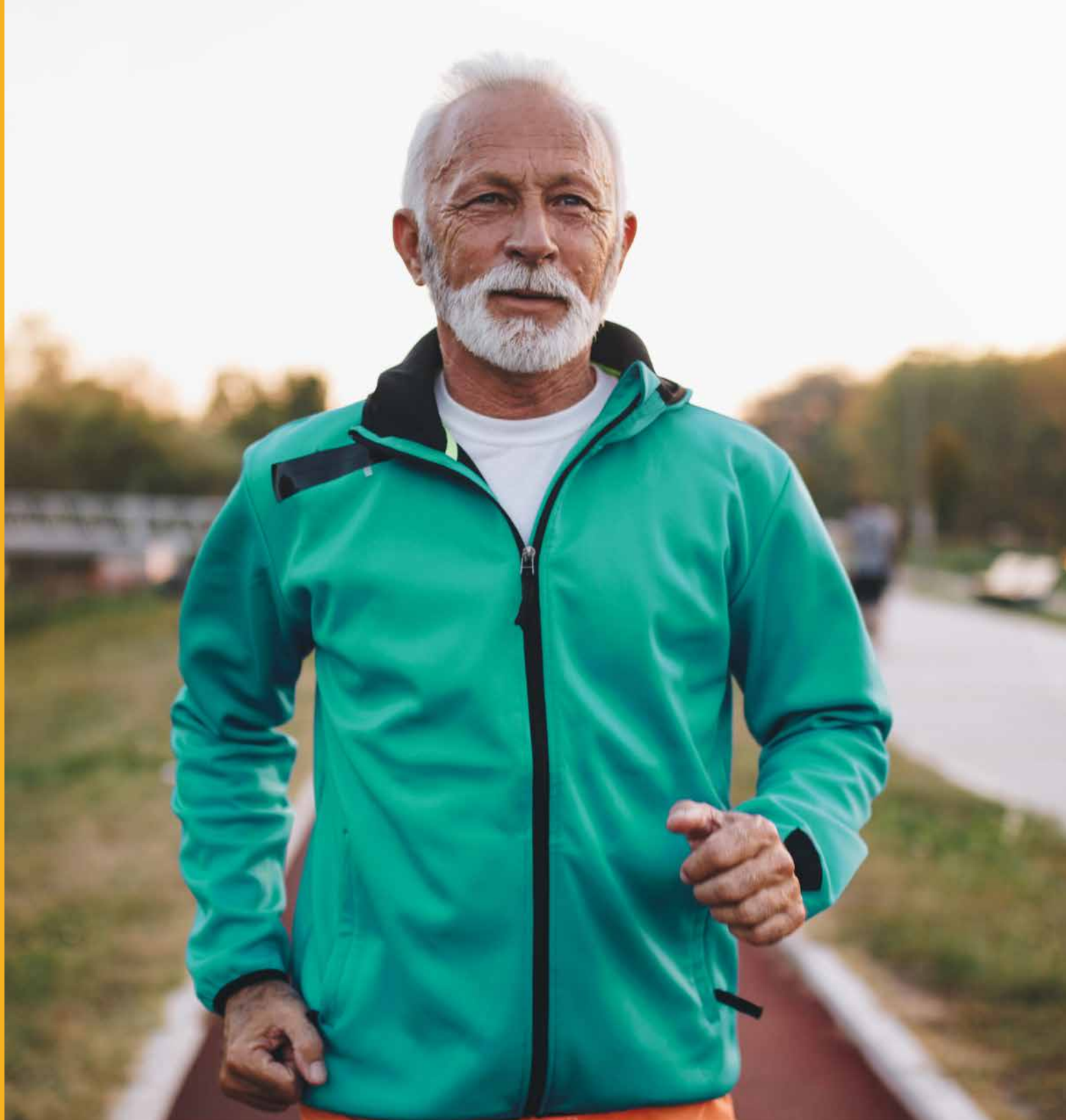
PROFESSIONALISM

We respectfully listen, understand and engage with consumers and firms



PROGRESS TOWARD OUR GOALS






Four strategic
directions
for 2019



1. Deliver a high-value service and be the dispute resolution provider of choice

OUR GOALS ARE TO:

- Continue to deliver quality and accessible service to consumers and participating firms
- Leverage expertise and knowledge to increase insights to stakeholders
- Leverage existing capabilities to expand offering of services

Our strategic plan initiatives for 2019	Status	What we accomplished this year
Explore and evaluate alternatives to 'name and shame'	 Ongoing	<ul style="list-style-type: none"> • We actively engaged with the Canadian Securities Administrators (CSA) working group exploring options to address questions about our process • We shared low-offer research with the Joint Regulatory Committee on an ongoing basis to frame the scope of the challenges of relying on 'name and shame'
Conduct survey of participating firms on an annual basis	 Done	<ul style="list-style-type: none"> • We received the 2018 surveys in Q1 with responses from bank and investment firms • We communicated both the survey results and our response plan to all stakeholders and published them on our website
Conduct survey of participating consumers	 Done	<ul style="list-style-type: none"> • We sent consumer surveys for all closed cases throughout the year • We published results of our 2018 consumer surveys with our response plan on our website
Analyze expanded demographic information to inform plans to enhance accessibility of OBSI service	 Done	<ul style="list-style-type: none"> • We fully integrated our demographics data gathering with our case management system to improve data collection and analysis potential • We introduced multidimensional analysis of our complaints and demographic data • We published the 2019 Seniors Report, which included key recommendations for addressing the seniors' issues we identified
Identify and execute initiatives and expand service offerings based on experience from case files and findings from firm and consumer surveys	 Ongoing	<ul style="list-style-type: none"> • We increased training and communications efforts to overcome communication barriers with consumers • We audited our timeline standard for contact with consumers and firms





Our strategic plan initiatives for 2019	Status	What we accomplished this year
Execute external review for banking and implement key recommendations	<p style="text-align: center;">● ● ●</p> <p style="text-align: center;">Ongoing</p>	<ul style="list-style-type: none"> • We participated in the Financial Consumer Agency of Canada (FCAC) complaints process review for banks and external complaints bodies • We met with representatives of the FCAC to begin the planning process for the required independent review of OBSI's banking complaint operations in 2020
Develop and implement enhanced staff training in the identification of trends and potential systemic issues	<p style="text-align: center;">● ● ●</p> <p style="text-align: center;">Ongoing</p>	<ul style="list-style-type: none"> • We updated our systemic issue identification guidelines for staff • We conducted staff training on systemic issue identification
Improve data gathering systems and communication to maximize value	<p style="text-align: center;">● ● ●</p> <p style="text-align: center;">Ongoing</p>	<ul style="list-style-type: none"> • We rebuilt our case management system reports to reflect new product and issue categories for investigations and improve communication efforts described below
Collect and analyze data about cases ruled out of mandate for exceeding the six-year limitation period for the purposes of a strategic review of the six-year limitation period	<p style="text-align: center;">● ● ●</p> <p style="text-align: center;">Ongoing</p>	<ul style="list-style-type: none"> • We continued to gather data related to cases ruled out of mandate due to the six-year limitations report • We plan to report on the findings in 2020
Provide periodic trend and insight reporting to regulators, firms and other key stakeholders	<p style="text-align: center;">● ● ●</p> <p style="text-align: center;">Ongoing</p>	<ul style="list-style-type: none"> • We continued to report case data by making it available online and distributing an e-newsletter to stakeholders
Demonstrate value of OBSI services by sharing complaint and restitution expertise to consumers and participating firms	<p style="text-align: center;">● ● ●</p> <p style="text-align: center;">Ongoing</p>	<ul style="list-style-type: none"> • We launched the new firm portal, which gives participating firms access to their firm's case history as well as industry level complaints data and a secure way to send case documents to us • We prepared for the development and launch of our consumer portal in 2020 • We increased the number of published case studies, approaches and consumer and firm bulletins



2. Build enduring relationships through stakeholder awareness of the value of the OBSI service

OUR GOALS ARE TO:







- Strengthen firm trust and awareness of OBSI value
- Increase consumer brand awareness
- Demonstrate value and service effectiveness to regulators

Our strategic plan initiatives for 2019	Status	What we accomplished this year
Implement industry relationship management and communications component of public affairs strategy	 Done	<ul style="list-style-type: none"> • We met regularly with industry associations and participating firms • We shared detailed results of the firm survey and response measures • We regularly reported trend data relating to issues and products to all stakeholders through multiple means of communication
Explore participating firm interest in OBSI training sessions on dispute resolution and approaches to different case scenarios	 Ongoing	<ul style="list-style-type: none"> • Our analyst team held meetings with interested participating firms and industry associations on our loss calculation methodology and risk rating methodologies • We developed a compliance education program for interested firms for 2020
Undertake a consumer-facing public education campaign to build awareness of OBSI service	 Done	<ul style="list-style-type: none"> • We met regularly with consumer groups to share information • We introduced a community outreach program to augment our existing efforts to foster relationships with vulnerable consumer groups and the communities they serve • We increased our digital communications on our website and social media platforms and increased our promotion of posts and tweets • We developed and promoted an awareness video
Track and leverage opportunities to provide meaningful policy input to government and regulators	 Ongoing	<ul style="list-style-type: none"> • We provided comments to federal and provincial government bodies and regulators on issues related to establishing a single ombudsman for banks, regulation of financial planners and advisors, and service challenges for seniors

3. Drive continuous improvement and organizational resiliency

OUR GOALS ARE TO:

- Standardize and improve processes and timelines
- Enhance information technology (IT) efficiency
- Effectively manage enterprise risk and prepare for external shocks

Our strategic plan initiatives for 2019	Status	What we accomplished this year
Standardize processes across investment and banking investigations, including implementing process improvements identified from delay data review process	 Ongoing	<ul style="list-style-type: none"> • We continued to see improvements in average delay days per case • We enhanced our investigator and manager peer review process • We expanded and updated our investigation guidelines for investigators and our decision consistency program
Automate intake system for complaints	 Ongoing	<ul style="list-style-type: none"> • Automated case intake was built into our specifications for our new consumer portal to be launched in 2020
Design and implement quality improvement program that is responsive to results from firm and consumer surveys and prioritized satisfaction and quality measures	 Ongoing	<ul style="list-style-type: none"> • We reviewed the feedback we received from our consumer and firm surveys and developed and published our findings and response action plan • Key projects for this year have included: auditing our 30-day contact standard for consumers and firms; continued focus on delay reductions; and increased training to ensure staff are prepared to effectively deliver our services to vulnerable and challenged consumers
Implement recommendations from the IT infrastructure and security review on a prioritized basis, including identifying, procuring and deploying updated IT infrastructure requirements	 Ongoing	<ul style="list-style-type: none"> • We implemented core improvements to our case management system • We integrated our new billing system with the new firm portal • We significantly invested in our IT security programs • We delivered IT security awareness training and phishing testing to all staff
Develop, and monitor on a quarterly basis, a specific enterprise risk management (ERM) plan, processes and internal staff training to prepare for sudden changes in case volume and other internal and external shocks	 Ongoing	<ul style="list-style-type: none"> • We implemented all the priority risk mitigation initiatives identified in the ERM plan • We updated the ERM plan quarterly
Develop and implement internal program for conducting advanced data analytics	 Ongoing	<ul style="list-style-type: none"> • We made improvements to our case management system to optimize reporting capabilities

4. Invest in OBSI's people

OUR GOALS ARE TO:

- Focus on staff retention and professional development
- Continue to develop knowledge management capabilities
- Strengthen employee engagement

Our strategic plan initiatives for 2019	Status	What we accomplished this year
Implement training to meet needs of the internal succession plan and professional development framework	 Ongoing	<ul style="list-style-type: none"> • We have implemented a mental health initiative to address the challenging nature of our dispute resolution work and ensure our employees are able to deliver our services effectively to as many consumers as possible
Increase frequency of case debriefs at investigative meetings that enable all staff to share in the learnings from individual cases	 Ongoing	<ul style="list-style-type: none"> • Case debriefs occurred regularly at weekly management and team meetings • The employee engagement committee continued to provide value through the internal speaker and case discussion series that have been well-received by staff
Implement knowledge management strategy, including deployment of optimal knowledge management system	 Done	<ul style="list-style-type: none"> • We developed and launched a new intranet to improve our document management practices and enhance knowledge sharing among staff
Implement employee engagement committee recommendations, as practicable	 Done	<ul style="list-style-type: none"> • Our employee engagement committee (EEC) continued its internal and external speaker series • We adopted key recommendations from the committee, including continued internal job shadowing and education programs
Conduct follow-up engagement survey and analyze results	 Done	<ul style="list-style-type: none"> • We conducted our employee engagement pulse survey and were encouraged by continuing improvement internally and in comparison to relevant benchmarks • Results were reviewed by the senior management team, staff and the board with the EEC to develop recommendations for 2020

INQUIRIES FROM CANADIANS

OBSI's services are free and available in both English and French.

In 2019, almost 4,500 Canadians from across the country and all walks of life came to OBSI for help resolving their financial complaints.

OBSI hears the public's complaints about most banking and investment matters such as mortgages, mutual funds, bonds and GICs, debit and credit cards, loans and credit, unauthorized trading, transaction errors, fraud and investment advice. Our Case Assessment Officers (CAOs) document each of these unique interactions with the public as an inquiry.

4,453

inquiries in 2019



How and why Canadians contact us

We often hear from consumers who are confused:
Where do they turn to resolve their financial services issue?

Which regulator oversees their dispute? Which regulations apply to their financial services complaints? Which financial services dispute resolution provider is mandated to handle their complaint? And what steps do they need to take to resolve their issues? Our CAOs are here to help.

In addition to helping consumers file a complaint with OBSI, our CAOs are trained to guide consumers to the most appropriate avenue if their issue is outside of our mandate. As an integral part of Canada's financial services consumer protection framework, we help consumers navigate a complex and often confusing financial system.

Consumers contact OBSI when they wish to submit a complaint about their bank, investment firm or financial institution. In these cases, a CAO will collect basic information, such as the individual's contact information and details about their complaint. The CAO will review the consumer's complaint and determine if the complaint is within our mandate. If more information is needed, the CAO may request supporting documents.

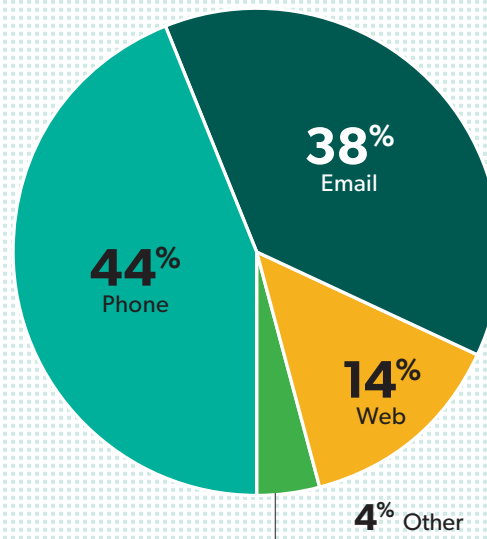
In 2019, we found that 14% of inquiries fell within our mandate. For the cases that do, our next step is to ask the consumer to sign and return a Consent Letter, which allows us to begin our investigation. If a complaint falls outside of our mandate, it will be closed, and we will communicate our reasons to the consumer.

HOW CANADIANS CONTACT US

We offer several ways for consumers to contact us. The most common ways are by phone and through email. Our service is available in English and French, the official languages of Canada. We can also answer questions about our dispute resolution process in over 170 languages using a translation service.

This past year, there was very little change to how Canadians contacted us. Compared to 2018, email, web and phone inquiries remained flat.

INQUIRY TYPES



WHAT DO CANADIANS INQUIRE ABOUT?

We receive questions and complaints about our participating firms and the products and services they offer. Our CAO team monitors public inquiries and consumer complaints for potential trends in financial services products and issues. Early identification of potential product, sector or systemic issues is an important public service we provide.

Almost 20% of our inquiries came from the investment sector and the rest were related to banks. In 2019, we saw a 9% decrease in investment-related inquiries and a 3% decrease in bank-related inquiries. We also redirected a number of calls for non-participating banks.

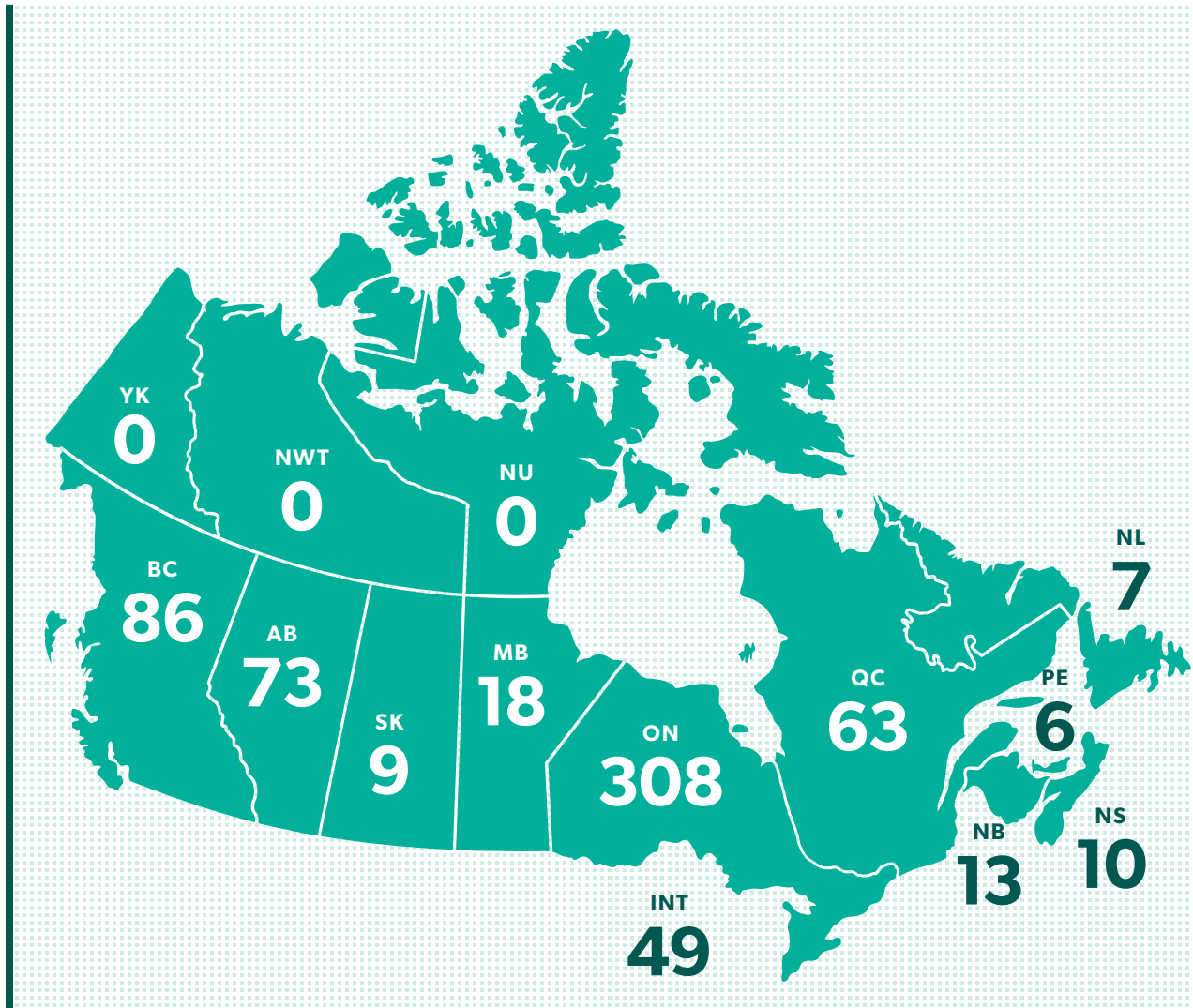
Financial Sector	# of Inquiries
Deposit-taking firms	
Banks	3,213
Credit Unions	51
Investment firms	
IIROC	422
MFDA	266
Scholarship Plan Dealers	73
Portfolio Managers	44
Exempt Market Dealers	17
Segregated Funds	1
Other	2
Non-participating firms	
Banks	184
Other	180
Total	4,453

Where our complaints come from

642 Total cases

594 English (93%)
48 French (7%)

As a national service, OBSI hears cases from across the country. We also see files from customers living abroad who have banking and investment relationships with firms in Canada.



Jurisdiction	# of complaints	% of complaints
Ontario	308	48%
British Columbia	86	13%
Alberta	73	11%
Quebec	63	10%
International	49	8%
Manitoba	18	3%
New Brunswick	13	2%
Nova Scotia	10	2%
Saskatchewan	9	1%
Newfoundland & Labrador	7	1%
Prince Edward Island	6	1%

Total 642 100%

LANGUAGE OF CASES

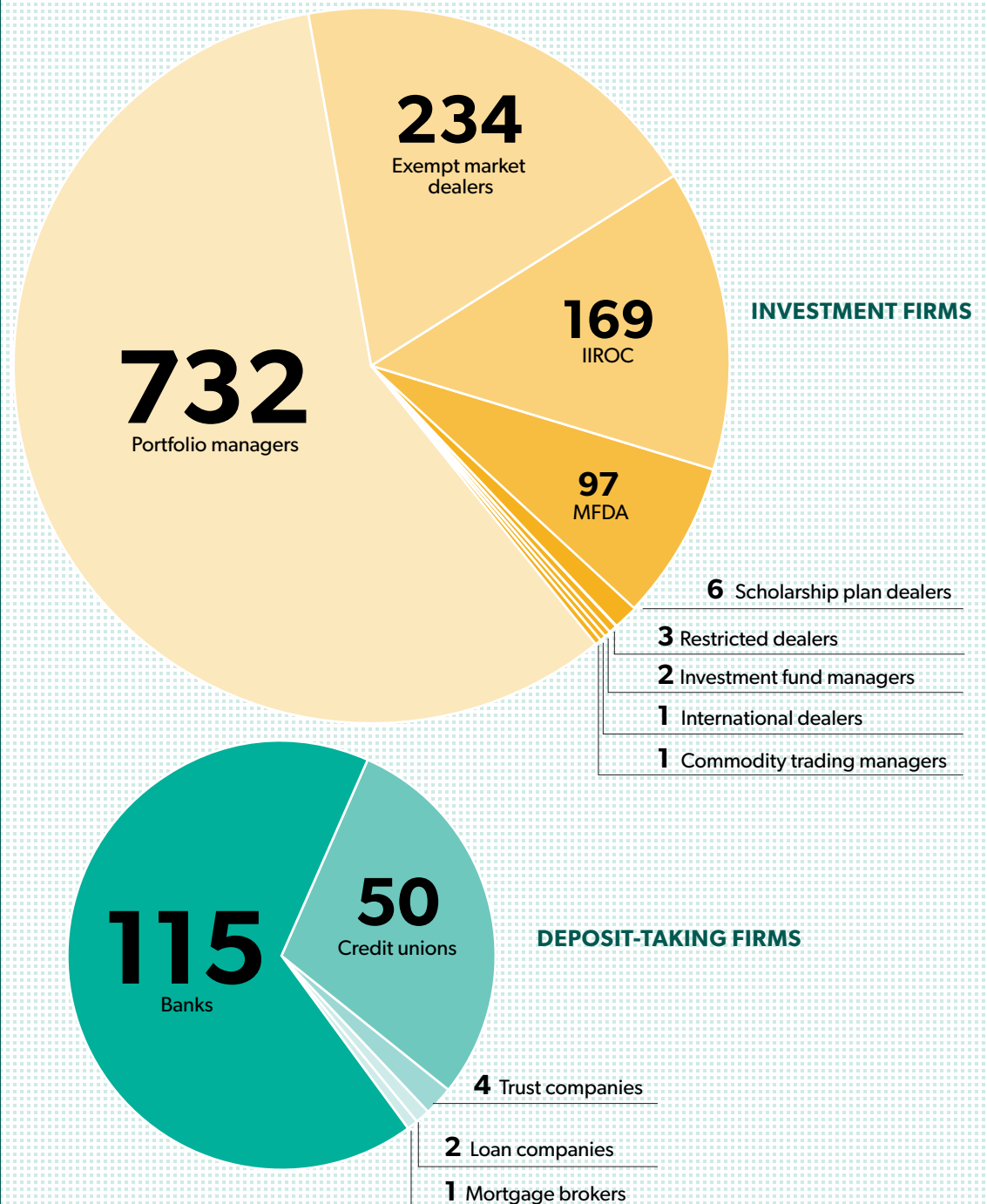
Jurisdiction	English	French	Total Cases
Ontario	306	2	308
Quebec	20	43	63
New Brunswick	12	1	13
All Other Provinces	209	0	209
International	47	2	49

Total 594 48 642

Participating firms

About 1,400 financial institutions and firms across Canada participate in OBSI's dispute resolution process.

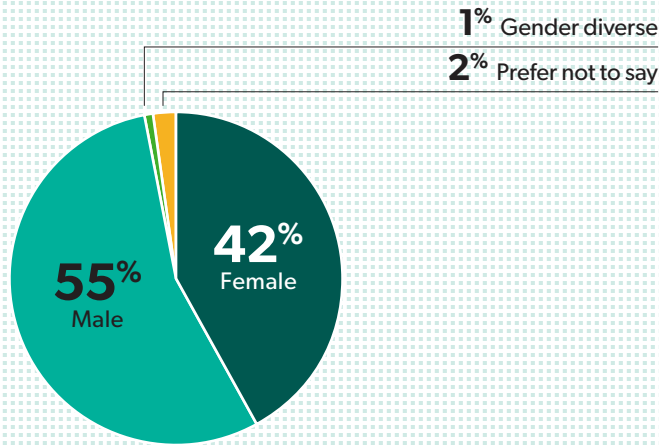
Most federally regulated banks and all investment firms regulated by the Canadian Securities Administrator (CSA), the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA) are OBSI participating firms. Participating firms also include credit unions, trusts, portfolio managers, exempt market dealers and scholarship plan dealers. Any regulated firm in the banking services and investment fields is eligible to join.



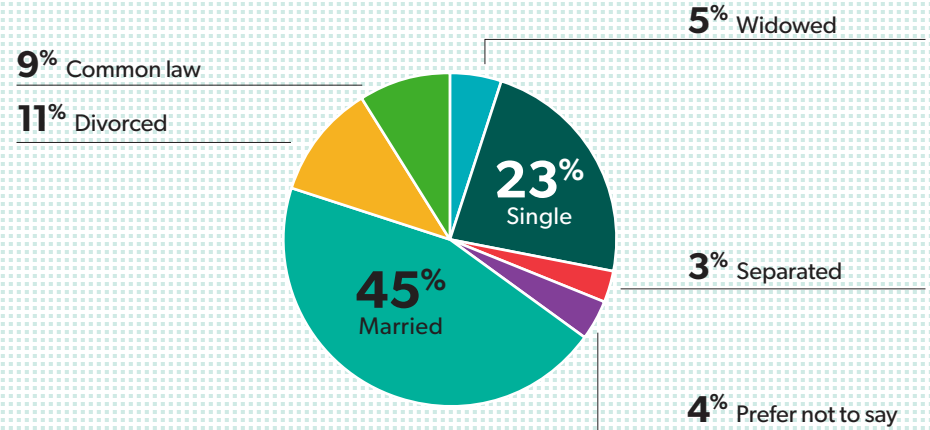
Consumer profiles

Banking services

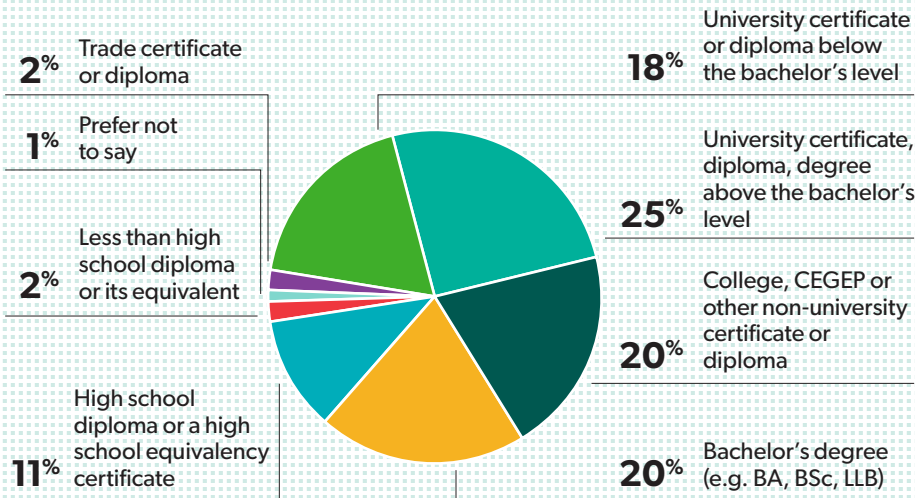
GENDER



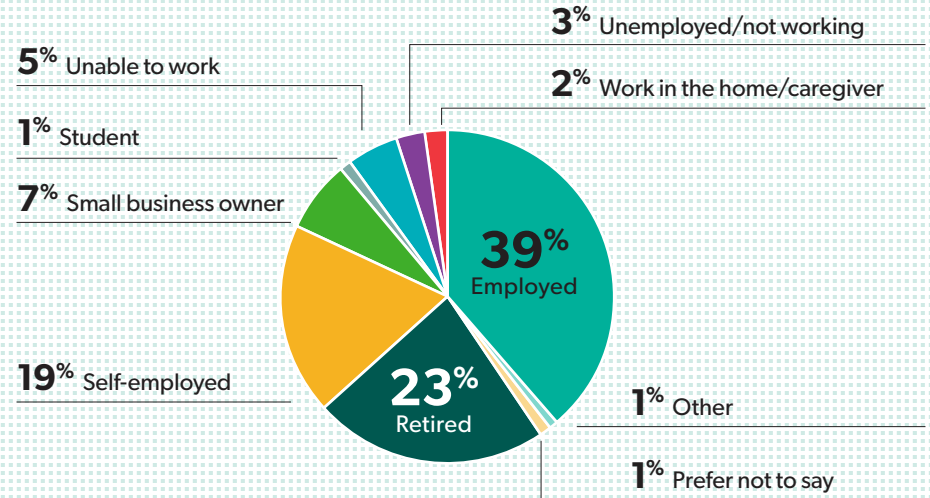
MARITAL STATUS



EDUCATION

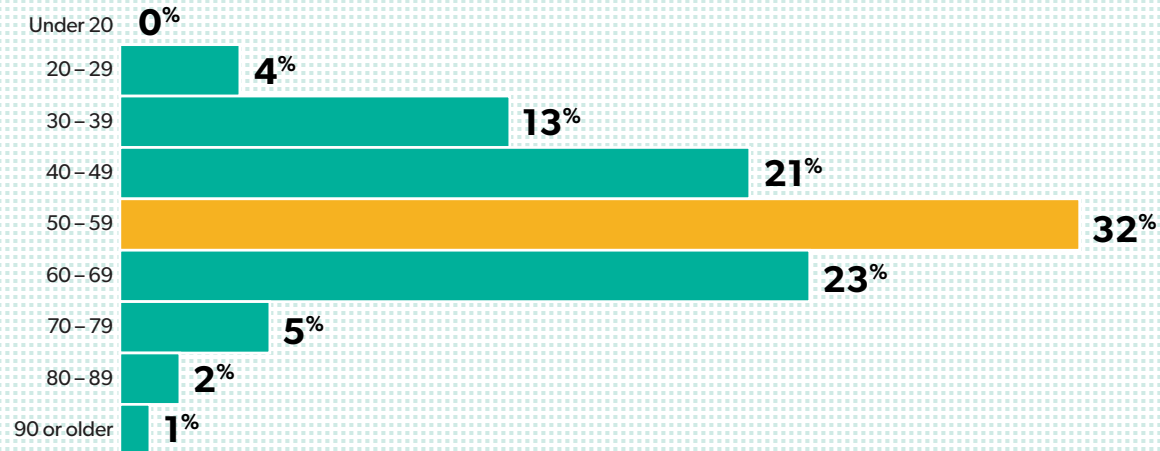


EMPLOYMENT STATUS



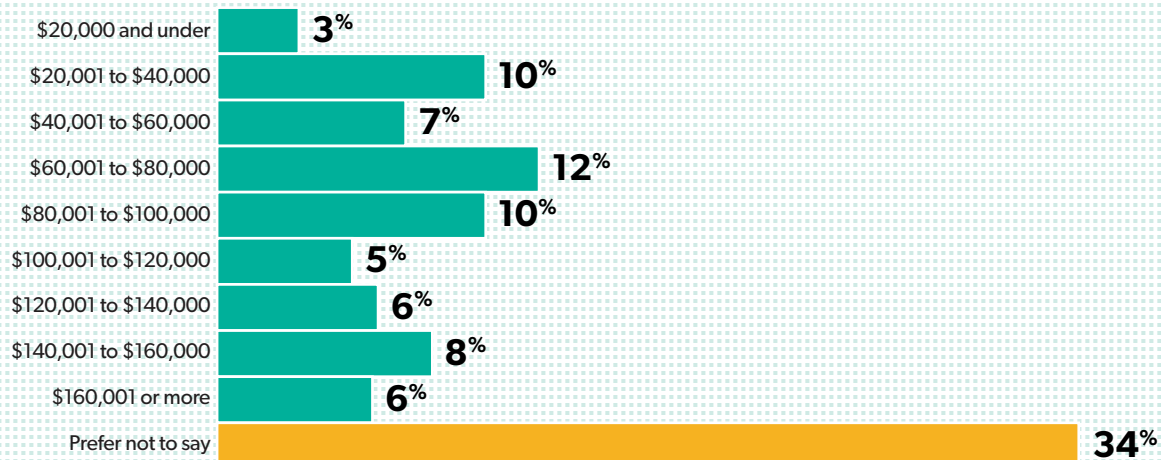
Note: percentages may not total 100 due to rounding.

AGE



Almost 40% of consumers with banking-related complaints were under the age of 50.

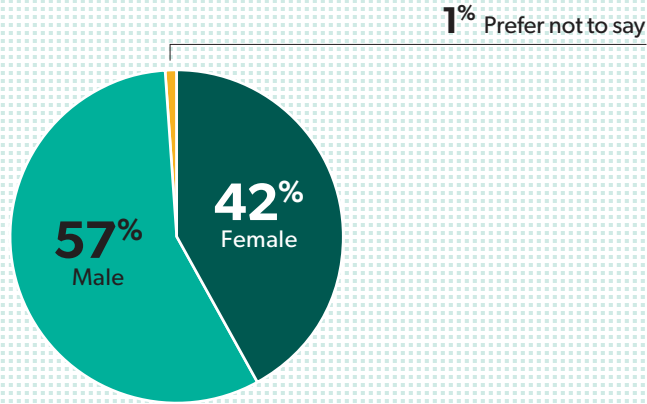
ANNUAL HOUSEHOLD INCOME



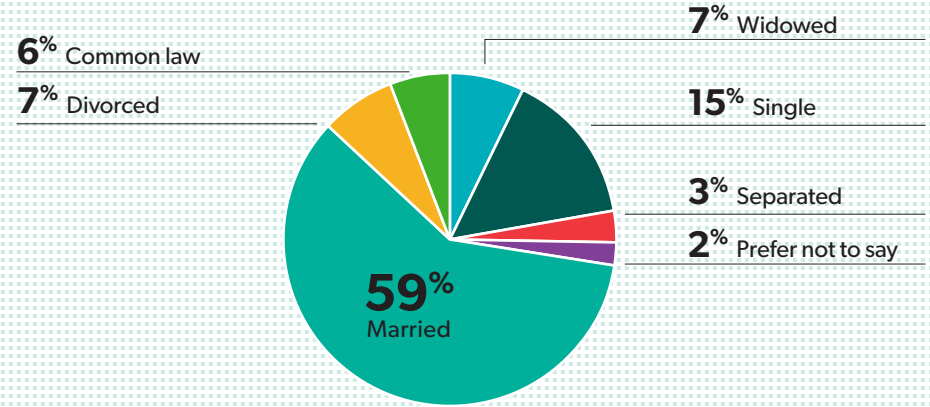
Note: percentages may not total 100 due to rounding.

Investments

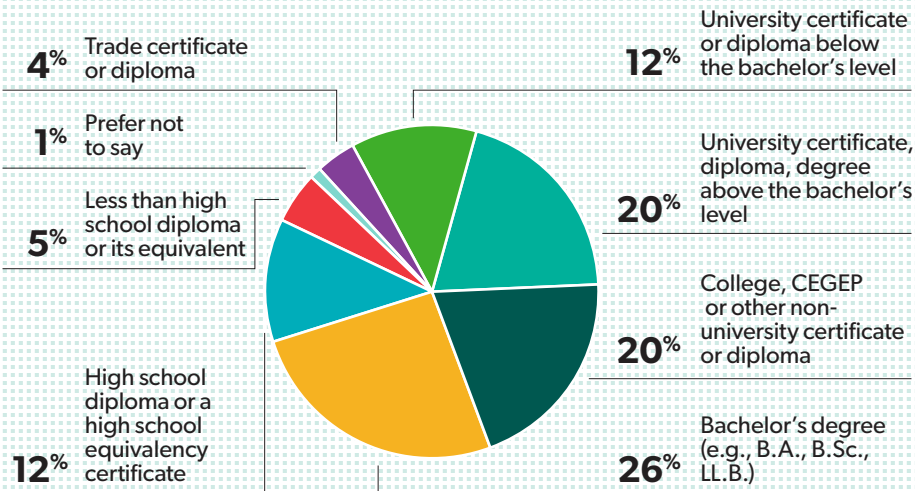
GENDER



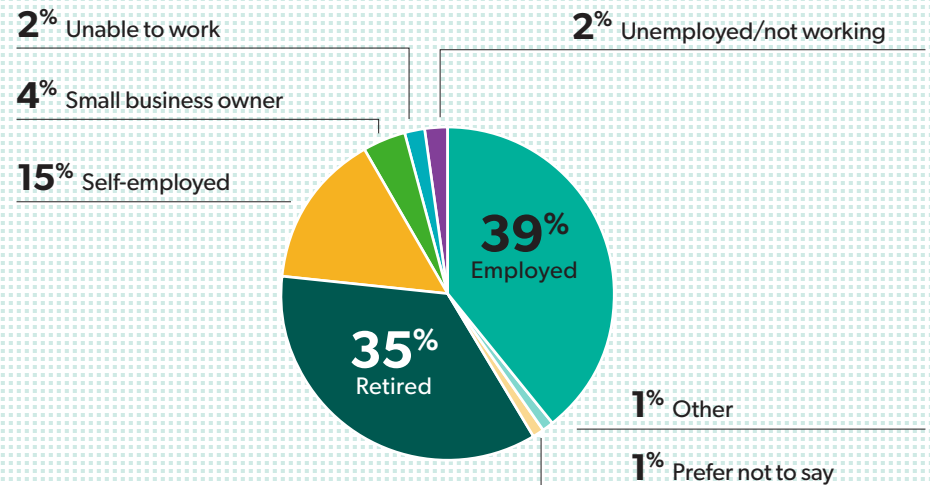
MARITAL STATUS



EDUCATION

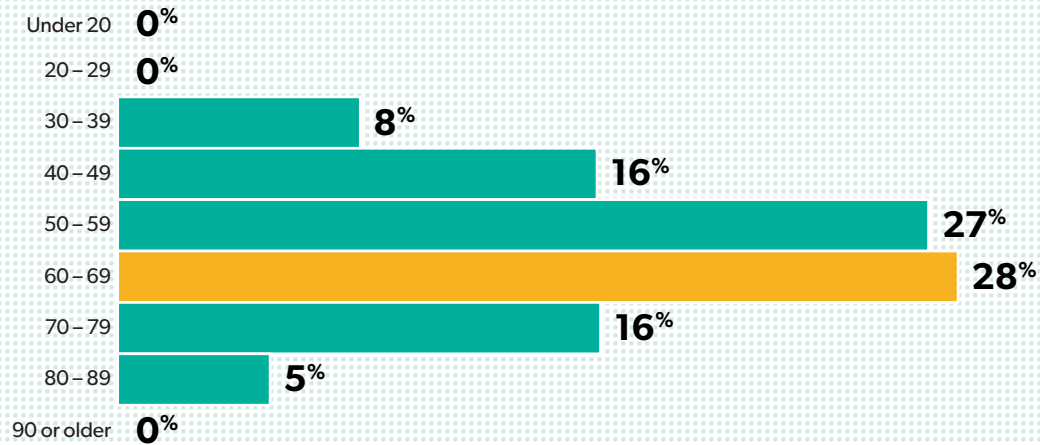


EMPLOYMENT STATUS

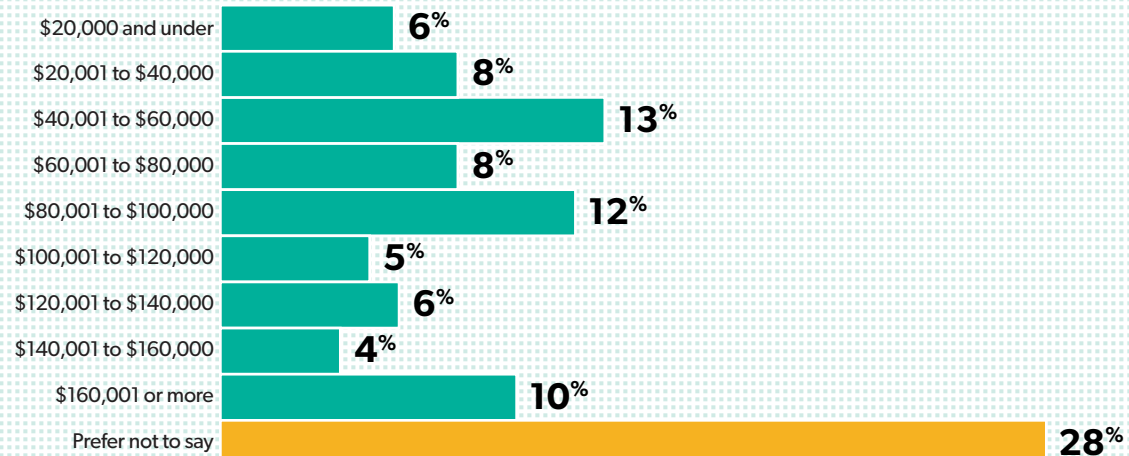


Note: percentages may not total 100 due to rounding.

AGE



ANNUAL HOUSEHOLD INCOME



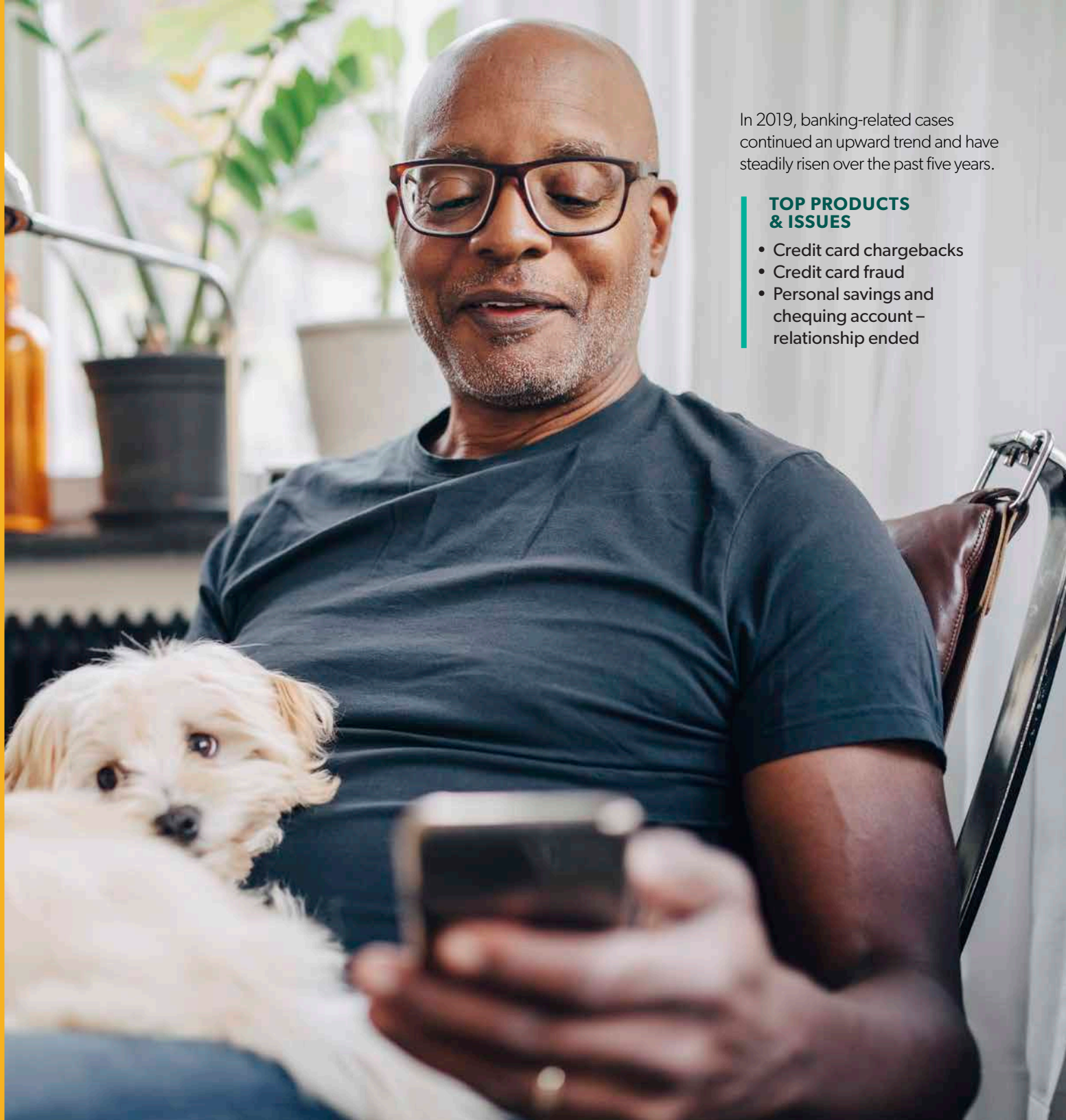
Almost 30% of consumers with investment-related complaints earned an annual household income of \$60,000 or less.

YEAR IN REVIEW

BANKING SERVICES

Banking cases increased from 240 in 2018 to 254 in 2019, a 6% year-over-year increase.*

* Data excludes impact of the departure of Bank of Nova Scotia and its subsidiary, Tangerine.



In 2019, banking-related cases continued an upward trend and have steadily risen over the past five years.

TOP PRODUCTS & ISSUES

- Credit card chargebacks
- Credit card fraud
- Personal savings and chequing account – relationship ended

Cases

In 2019, credit cards, personal transaction accounts, such as chequing and savings accounts, and mortgage loans continued to be among the top bank products consumers complained about.

Credit card complaints led with 30% of all banking cases. Personal transaction account complaints followed closely at 23%. Mortgage loan complaints represented 13% of all banking cases.

Chargebacks are the leading credit card issue. Penalties and interest rates are the top issues with mortgage products. For transaction accounts, relationship ended by the bank led consumer concerns. Total banking cases closed was 262 in 2019 compared to 226 in 2018, an increase of 16%.*

254 opened cases

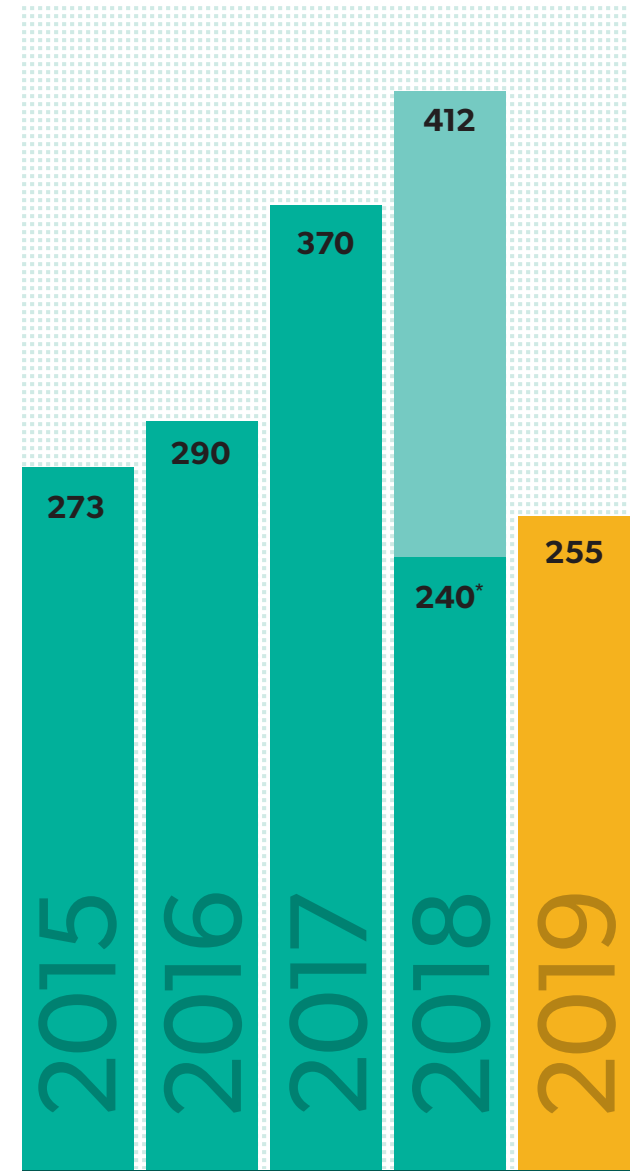
55 days on average to complete an investigation

262 closed cases

6% increase in cases from 2018*

\$2,425 average compensation

OPENED CASES

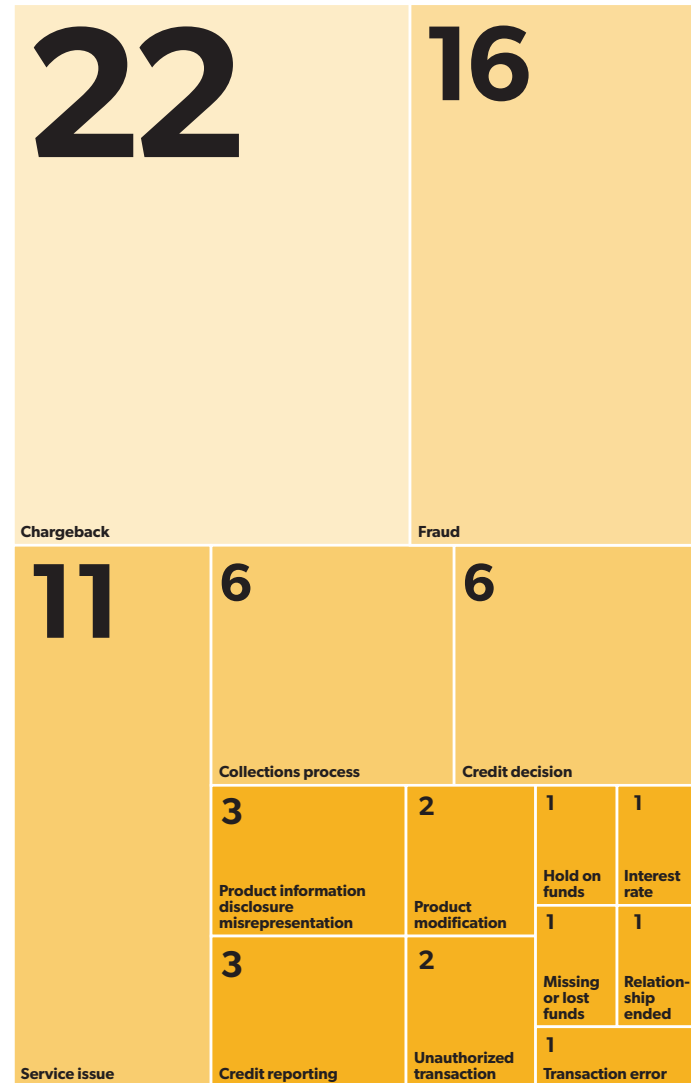


* Data excludes impact of the departure of Bank of Nova Scotia and its subsidiary, Tangerine.

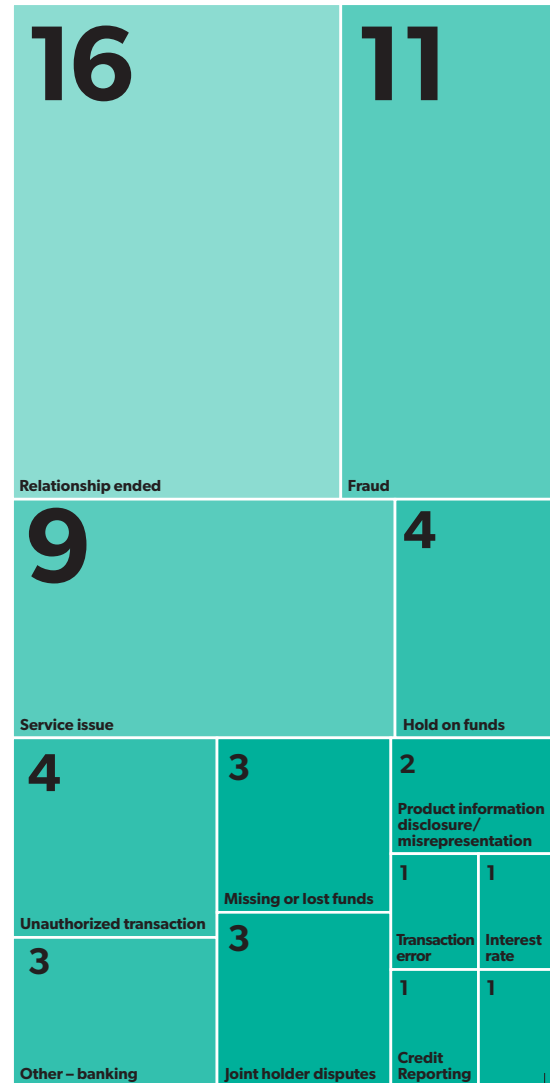
Products and issues

This is a visual representation of the top five most complained about banking products during the year and the related issues. Each rectangle represents an issue and is nested with a corresponding product. The size of the issue rectangle is proportional to the number of complaints received in relation to the other issues. Please see page 27 for a full list.

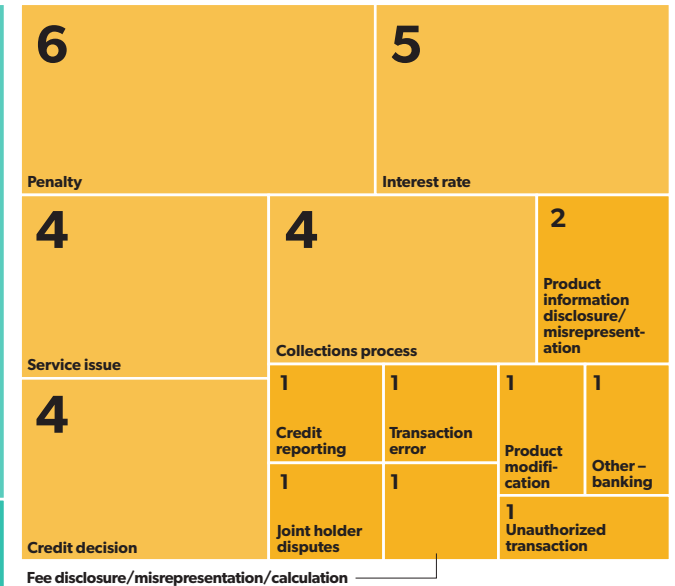
CREDIT CARD



PERSONAL SAVINGS AND CHEQUING ACCOUNT



MORTGAGE



LINE OF CREDIT



PERSONAL LOAN



Banking Products	# of cases	% of cases
Credit card	76	30%
Personal savings and chequing account	59	23%
Mortgage	32	13%
Line of credit	17	7%
Personal loan	9	4%
Commercial account	8	3%
Wire transfer	7	3%
Other – banking services	6	2%
Cheque/certified/money order/draft	6	2%
GIC/Term deposit	5	2%
Debit card	5	2%
e-Transfer	4	2%
Estate account	4	2%
Safety deposit box	4	2%
Registered accounts	4	2%
HELOC	4	2%
Commercial loan	2	1%
Insurance – credit protection	1	< 1%
GICs and cash equivalents	1	< 1%
Total	254	100%

Banking Issues	# of cases	% of cases
Fraud	43	17%
Service issue	36	14%
Chargeback	22	9%
Collections process	18	7%
Relationship ended	18	7%
Product information disclosure/misrepresentation	19	7%
Missing or lost funds	14	6%
Unauthorized transaction	14	6%
Credit decision	13	5%
Other – banking	9	4%
Interest rate	9	4%
Joint holder dispute	7	3%
Hold on funds	6	2%
Penalty	6	2%
Credit reporting	5	2%
Transaction error	5	2%
Fee disclosure/misrepresentation/calculation	5	2%
Product modification	4	2%
Privacy breach	1	< 1%
Total	254	100%

Note: percentages may not total 100 due to rounding.



Timeliness

All banking-related cases were closed well within the federally regulated timelines.

In 2019, banking-related investigations took 55 days on average to complete compared to 53 days on average in 2018. Complaints involving only federally regulated banks took an average of 55 days.

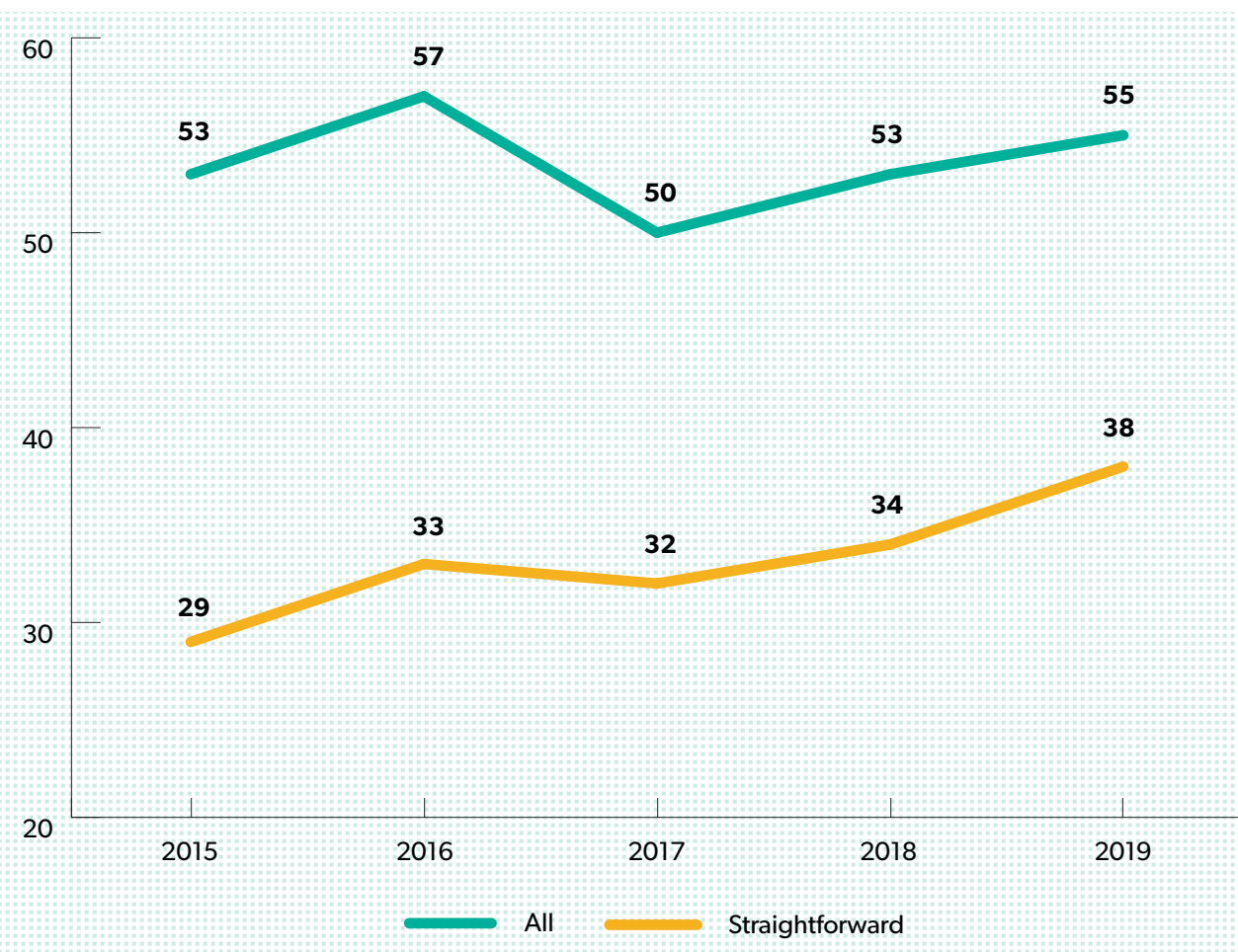
OBSI follows the federal government's standards for the reporting of complaint resolution timeliness by external complaints bodies. These standards provide OBSI with 120 days to make a final written recommendation to the parties to a complaint after receiving the information that we require. The 120-day standard typically begins when an investigation is assigned – when all relevant information is collected – and ends when a final written conclusion is provided to the consumer and the participating firm. External delays that are outside of OBSI's control are factored into time measurements.

	Average number of days to close case file
Straightforward investigations*	38
All investigations	55

*Straightforward investigations are typically less complex cases where a resolution may be reached more quickly.

# of days	# of closed cases	% of closed cases
≤120	262	100%
>120	0	0%

TIMELINESS 2015-2019



Opened cases by firm

OBSI opened 254 banking cases this year from 27 firms providing banking services.

When reviewing case numbers for each firm, it is important to note that a higher number of cases opened for a firm may not be a negative indication. Higher case volumes are generally unrelated to case outcomes and may simply be a result of the firm effectively informing consumers about OBSI's services.

We recommended monetary compensation in 71 cases and non-monetary compensation, such as an apology or restoration of a credit rating, in two cases. A recommendation may or may not be in favour of the consumer. The results of our consumer satisfaction surveys can be found on page 43.



Why are these figures reported?

The Financial Consumer Agency of Canada (FCAC) sets out conditions that an external complaint body (ECB) must meet to maintain FCAC approval. As an approved ECB, OBSI is required to publish an annual report that includes:

- Complaints that it received
- Complaints that it determined were within its terms of reference
- Final recommendations that it made
- Complaints that, in its opinion, were resolved to the satisfaction of the persons who made them

What does “resolved to the satisfaction of the complainant” mean?

Resolved to the satisfaction of the complainant captures the different case outcomes OBSI considers resolved to the satisfaction of the person making the complaint. These include:

- Monetary settlements where OBSI has found that the complaint merited some compensation, including monetary settlements where OBSI deemed a firm's original offer to be fair
- Non-monetary resolutions, such as a letter of apology, correcting a credit bureau record, or an explanatory letter to a client's creditors
- Settlements before an investigation where the firm and complainant come to a resolution before an investigation has formally begun

Firm	Firm Size (in millions)¹	Complaints received	Complaints deemed in mandate	Settlement before investigation	Opened cases	Final recom- mendations made	Original offer by the firm deemed fair	Complaint denied – within mandate	Resolved to satisfaction of complainant
Alterna Savings and Credit Union	\$5,608 ²	1	0	0	0	0	0	0	0
Amex Bank of Canada	\$2,274	6	6	1	5	6	0	3	2
B2B Bank	\$10,398	3	3	0	2	2	0	2	0
Bank of Montreal	\$852,194	98	94	0	83	77	15	54	18
Caisse populaire acadienne ltée (UNI)	\$4,464	1	1	1	1	1	0	0	1
Canadian Imperial Bank of Commerce	\$651,603	98	91	2	85	89	21	45	30
Canadian Tire Bank	\$6,228	0	0	0	1	1	0	1	0
Canadian Western Trust Company	\$4,099	1	1	0	1	1	0	1	0
Capital One Bank (USA), N.A.	\$8,267	33	32	2	29	35	10	19	14
Coast Capital Savings Federal Credit Union	\$20,078	1	1	0	1	1	0	0	0
Community Trust Company	\$1,512	2	2	0	2	2	0	1	0
Computershare Trust Company of Canada	\$228	2	1	0	0	0	0	0	0
CONEXUS Credit Union	\$6,260 ²	1	1	0	1	0	0	0	0
CS Alterna Bank	\$970	0	0	0	0	1	0	1	0
CTBC Bank Corp. (Canada)	\$473	1	1	0	1	1	0	1	0
Duo Bank of Canada	\$1,422	3	3	0	3	5	0	4	0
Equitable Bank	\$27,924	1	1	0	0	0	0	0	0
Habib Canadian Bank	\$224	1	1	0	1	1	0	1	0
Home Trust Company	\$18,903	2	2	0	2	2	0	2	0
HomeEquity Bank	\$4,090	1	1	0	1	1	0	0	1
HSBC Bank Canada	\$108,959	12	12	0	11	10	2	7	2
ICICI Bank Canada	\$6,399	0	0	0	0	1	0	0	1

Firm	Firm Size (in millions)¹	Complaints received	Complaints deemed in mandate	Settlement before investigation	Opened cases	Final recom- mendations made	Original offer by the firm deemed fair	Complaint denied – within mandate	Resolved to satisfaction of complainant
JPMorgan Chase Bank, National Association	\$8,126	1	1	0	1	1	0	0	0
KEB Hana Bank Canada	\$1,502	1	1	0	1	1	0	0	0
Laurentian Bank of Canada	\$44,353	4	4	0	3	7	1	4	1
Manulife Bank of Canada	\$27,113	5	4	0	4	3	0	2	1
Peoples Trust Company	\$30 ²	2	2	1	1	1	0	0	1
President's Choice Bank	\$3,850	4	4	0	4	3	0	3	0
RFA Bank of Canada	\$978	4	4	0	4	4	0	4	0
Rogers Bank	\$364	3	3	1	3	3	0	2	1
SBI Canada Bank	\$1,141	2	1	0	1	0	0	0	0
Servus Credit Union Limited	\$16,317 ²	2	2	0	2	2	0	1	0
Total		296	280	8	254	262	49	158	73

¹Canadian bank and trust assets as of October 31, 2019 as reported by Office of the Superintendent of Financial Institutions (OSFI)

²Most recent financial reporting publicly available



YEAR IN REVIEW

INVESTMENTS

Investment complaints increased by 12% to 388 in 2019 from 345 cases opened in 2018.

In 2019, there were 183 mutual fund complaints, representing almost half (47%) of all investment complaints compared to 40% in 2018. Common shares (equities) dipped slightly to represent 31% of investment-related complaints, down from 38% in 2018, and remained in the number two spot. Scholarship trust plans represented 8% of complaints, up from 5% in 2018.

TOP PRODUCTS & ISSUES

- Mutual fund suitability
- Common shares suitability
- Mutual fund fee disclosure



Cases

The leading investment issue across products was suitability of the investment at 22%, down from 26% in 2018.

Fee disclosure was the next most frequent issue at 13% compared to 15% in 2018.

Misrepresented or inaccurate disclosure about a product represented 9% of complaints in 2019, down slightly

from 10% in 2018. The number of investment cases closed in 2019 was 387, compared to 325 in 2018.

388 opened cases

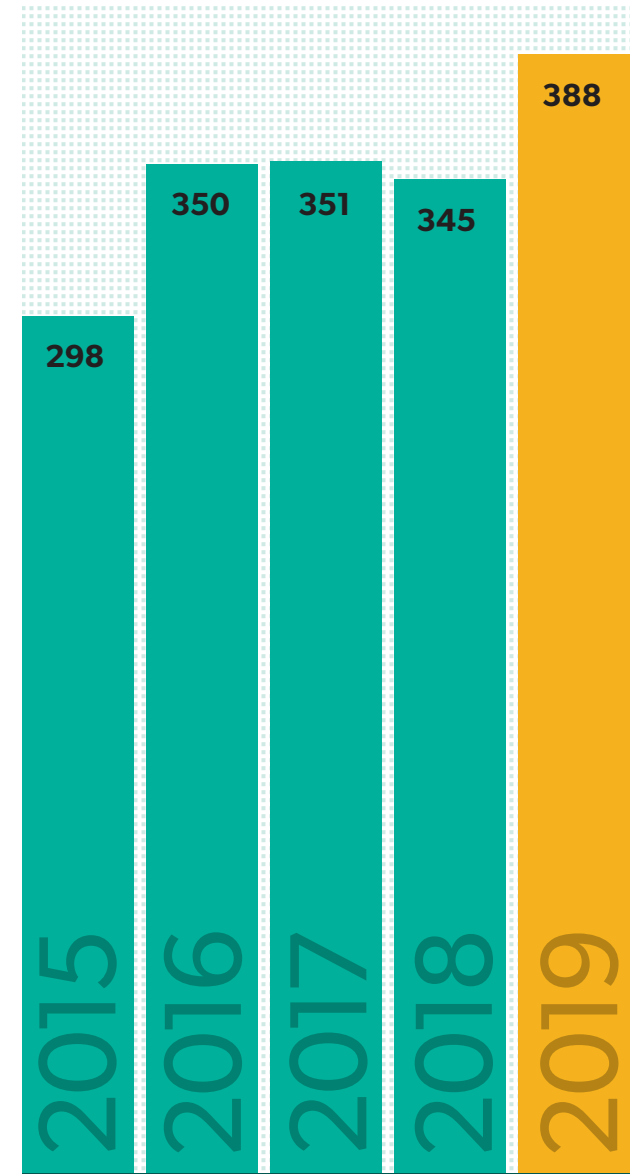
75 days on average to complete an investigation

387 closed cases

12% increase in cases from 2018

\$14,291 average compensation

OPENED CASES



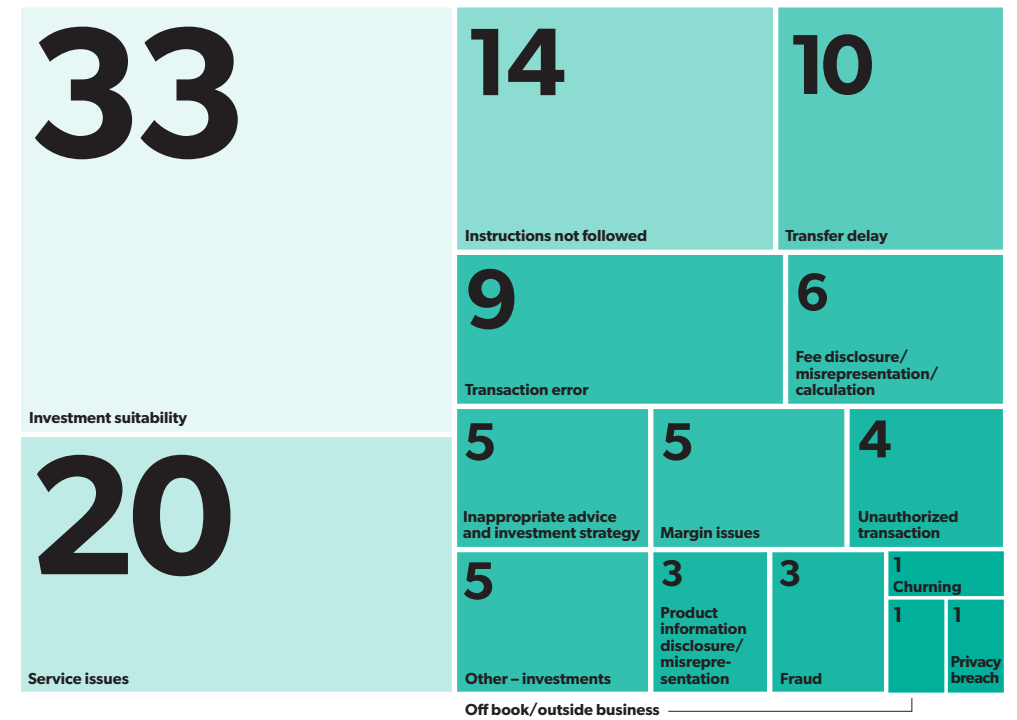
Products and issues

This is a visual representation of the top most complained about investment products during the year and the related issues. Each rectangle represents an issue and is nested with a corresponding product. The size of the issue rectangle is proportional to the number of complaints received in relation to the other issues. Please see full chart on page 35.

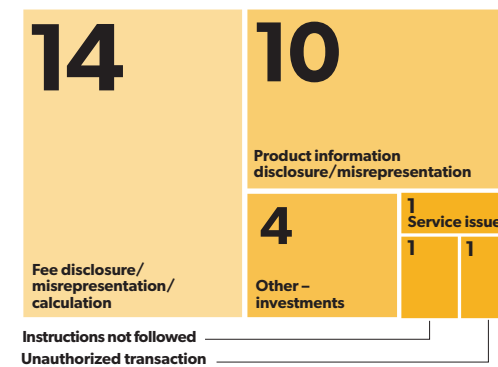
MUTUAL FUNDS



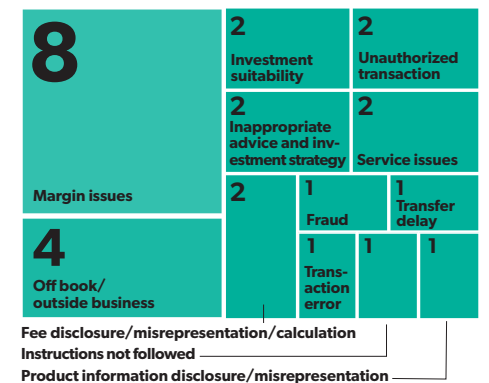
COMMON SHARES



SCHOLARSHIP TRUST PLANS



OTHER



Investment Products	# of cases	% of cases
Mutual funds	183	47%
Common shares	120	31%
Scholarship trust plans	30	8%
Other – investments	11	3%
Derivatives	8	2%
GICs and cash equivalents	8	2%
Bonds, debentures	6	2%
Income trusts	5	1%
Flow-through LPs	4	1%
Preferred shares (Non-rate reset)	3	1%
PPNs and Linked notes	3	1%
Preferred shares (Rate reset)	2	1%
ETFs (non-leveraged)	2	1%
Hedge funds	1	< 1%
Segregated funds and Other insurance products	1	< 1%
ETFs (leveraged)	1	< 1%
Total	388	100%

Investment Issues	# of cases	% of cases
Investment suitability	84	22%
Fee disclosure/ misrepresentation/calculation	51	13%
Service issues	39	10%
Product information disclosure/ misrepresentation	36	9%
Transfer delay	30	8%
Instructions not followed	25	6%
Unauthorized transaction	21	5%
Inappropriate advice and investment strategy	21	5%
Other – investments	19	5%
Margin or leverage suitability	18	5%
Transaction error	15	4%
Margin issues	13	3%
Off book/outside business	8	2%
Fraud	4	1%
Privacy breach	2	1%
Missing or lost funds	1	< 1%
Churning	1	< 1%
Total	388	100%

Note: percentages may not total 100 due to rounding.



Timeliness

OBSI’s benchmarks for investment complaint timeliness are different than those for banking complaints because investment complaints are often more complex and time consuming to investigate. As a result, different standards are set for each sector.

OBSI’s timeliness standard for investment-related complaints is that 80% of investment cases will be closed in 180 days.

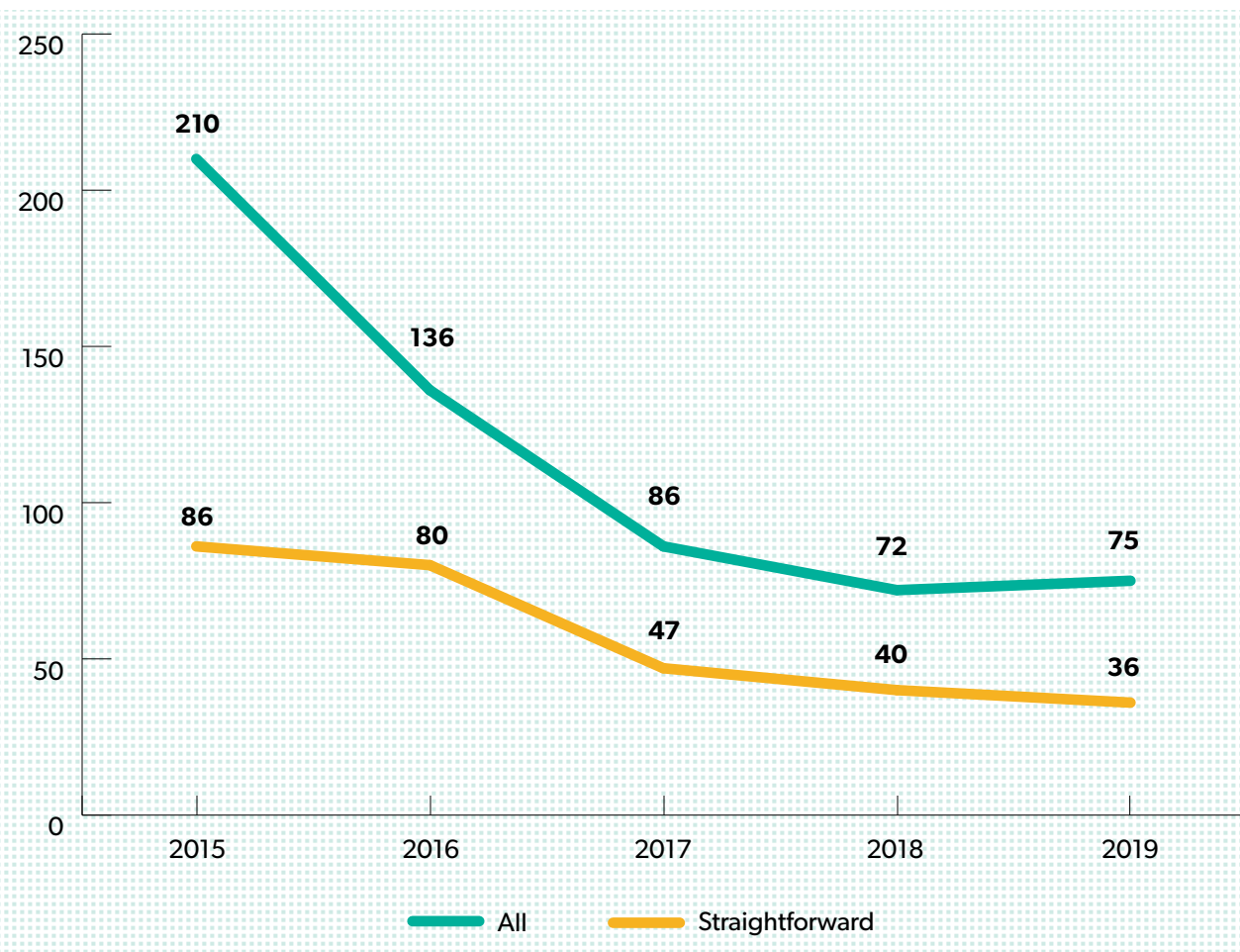
Timeliness is measured from the date OBSI assigns an investigation and ends when a final written conclusion is provided to the consumer and the participating firm. External delays that are outside of OBSI’s control are factored into time measurements.

	Average number of days to close case file
Straightforward investigations*	36
All investigations	75

* Straightforward investigations are typically less complex cases where a resolution may be reached more quickly.

# of days	# of closed cases	% of closed cases
≤180	385	99%
>180	2	1%

TIMELINESS 2015-2019



Opened cases by firm

OBSI opened 388 investment cases this year from 84 investment firms.

When reviewing case numbers for each firm, it is important to note that a higher number of cases opened for a firm may not be a negative indication.

Higher case volumes are generally unrelated to case outcomes and may simply be a result of the firm effectively

informing consumers about OBSI's services. Clear and frequent disclosure of OBSI's services is one example, as is encouragement for clients to come to OBSI so that they have the benefit of an independent third party confirming the firm treated them fairly.

Firm	# of opened cases	# of cases closed	Outcome in favour of complainant ¹
Goldenwise Capital Management Inc.	1	1	0
Commodity Trading Manager	1	1	0
Becksley Capital Inc.	1	0	0
Pinnacle Wealth Brokers Inc.	3	2	0
Raintree Financial Solutions Inc.	1	2	1
Robson Capital Partners Corp.	1	0	0
Tri View Capital Limited	1	1	0
Exempt Market Dealer	7	5	1
Aligned Capital Partners Inc.	2	2	2
Assante Capital Management Limited	2	2	0
BBS Securities Inc.	1	0	0
BMO InvestorLine Inc.	13	9	4
BMO Nesbitt Burns Inc.	13	12	6
Brant Securities Limited	1	1	1
Canaccord Genuity Corp.	2	2	0

¹May include instances where the firm's offer was reinstated.

Firm	# of opened cases	# of cases closed	Outcome in favour of complainant ¹
CIBC Investor Services Inc.	6	5	3
CIBC World Markets Inc.	8	13	5
CMC Markets Canada Inc.	0	1	0
Credential Qtrade Securities Inc.	0	1	1
Desjardins Securities Inc.	4	3	0
Dundee Securities Limited	0	1	1
Edward Jones	6	9	3
Foster & Associates Financial Services Inc.	1	0	0
Friedberg Mercantile Group Limited	1	0	0
GAIN Capital – FOREX.com Canada Limited	1	0	0
Global Maxfin Capital Inc.	3	1	0
Hampton Securities Limited	1	1	1
HSBC Securities (Canada) Inc.	2	3	0
Industrial Alliance Securities Inc.	9	8	4

Firm	# of opened cases	# of cases closed	Outcome in favour of complainant ¹
Interactive Brokers Canada inc.	6	3	0
Investors Group Securities Inc.	4	3	2
IPC Securities Corporation	1	1	1
Laurentian Bank Securities Inc.	1	1	0
Leede Jones Gable Inc.	1	1	0
Mackie Research Capital Corporation	1	1	1
Manulife Securities Incorporated	4	2	2
National Bank Financial Inc.	10	9	5
PI Financial Corp.	1	3	0
Questrade, Inc.	8	6	4
R.J. O'Brien & Associates Canada Inc.	0	1	0
Raymond James Limited	3	2	2
RBC Direct Investing Inc.	7	5	1
RBC Dominion Securities Inc.	12	11	4
Retire First Limited	0	1	1
Richardson GMP Limited	3	6	2
Scotia Capital Inc.	14	17	6
TD Waterhouse Canada Inc.	46	39	21
Wellington-Altus Private Wealth Inc.	2	1	1
IIROC	200	187	84
BMO Investments Inc.	10	9	4
CIBC Securities Inc.	4	4	2

¹ May include instances where the firm's offer was reinstated.

Firm	# of opened cases	# of cases closed	Outcome in favour of complainant ¹
Credential Asset Management Inc.	0	1	0
Desjardins Financial Security Investments Inc.	3	2	1
Desjardins Financial Services Firm Inc.	1	1	1
Equity Associates Inc.	6	2	0
FundEX Investments Inc.	3	8	5
Global Maxfin Investments Inc.	3	2	1
HSBC Investment Funds (Canada) inc.	1	2	2
Investia Financial Services Inc.	8	10	6
Investors Group Financial Services Inc.	38	40	23
IPC Investment Corporation	1	1	0
Manulife Securities Investment Services Inc.	2	5	2
Monarch Wealth Corporation	0	1	1
National Bank Investments Inc.	4	1	1
Olympian Financial Inc.	1	0	0
PFSL Investments Canada Limited	5	5	4
Portfolio Strategies Corporation	1	1	0
Qtrade Asset Management Inc.	1	1	0
Quadrus Investment Services Limited	2	3	1
Royal Mutual Funds Inc.	9	13	3
Scotia Securities Inc.	14	12	4
Shah Financial Planning Inc.	0	1	1

Firm	# of opened cases	# of cases closed	Outcome in favour of complainant ¹
Sterling Mutuals Inc.	2	2	1
Sun Life Financial Investment Services (Canada) Inc.	4	4	1
TD Investment Services Inc.	8	12	8
WFG Securities Inc.	7	7	5
Worldsource Financial Management Inc.	0	1	0
MFDA	138	151	77
1832 Asset Management L.P.	1	0	0
Accilent Capital Management Inc.	1	1	0
BMO Private Investment Counsel Inc.	1	1	0
Chartwell Asset Management Inc.	0	1	1
Davis-Rea Limited	1	0	0
Fidelity Investments Canada ULC	1	2	1
I.G. Investment Management, Limited	1	0	0
iA Investment Counsel Inc.	1	1	1
MacNicol & Associates Asset Management Inc.	0	1	1
Manulife Investment Management Limited	1	0	0
Northwest & Ethical Investments L.P.	1	1	0
Optimize Inc.	2	2	0
RBC Global Asset Management Inc.	0	1	1
STYLUS Asset Management Inc.	0	1	0
TD Asset Management Inc.	1	1	1

¹ May include instances where the firm's offer was reinstated.

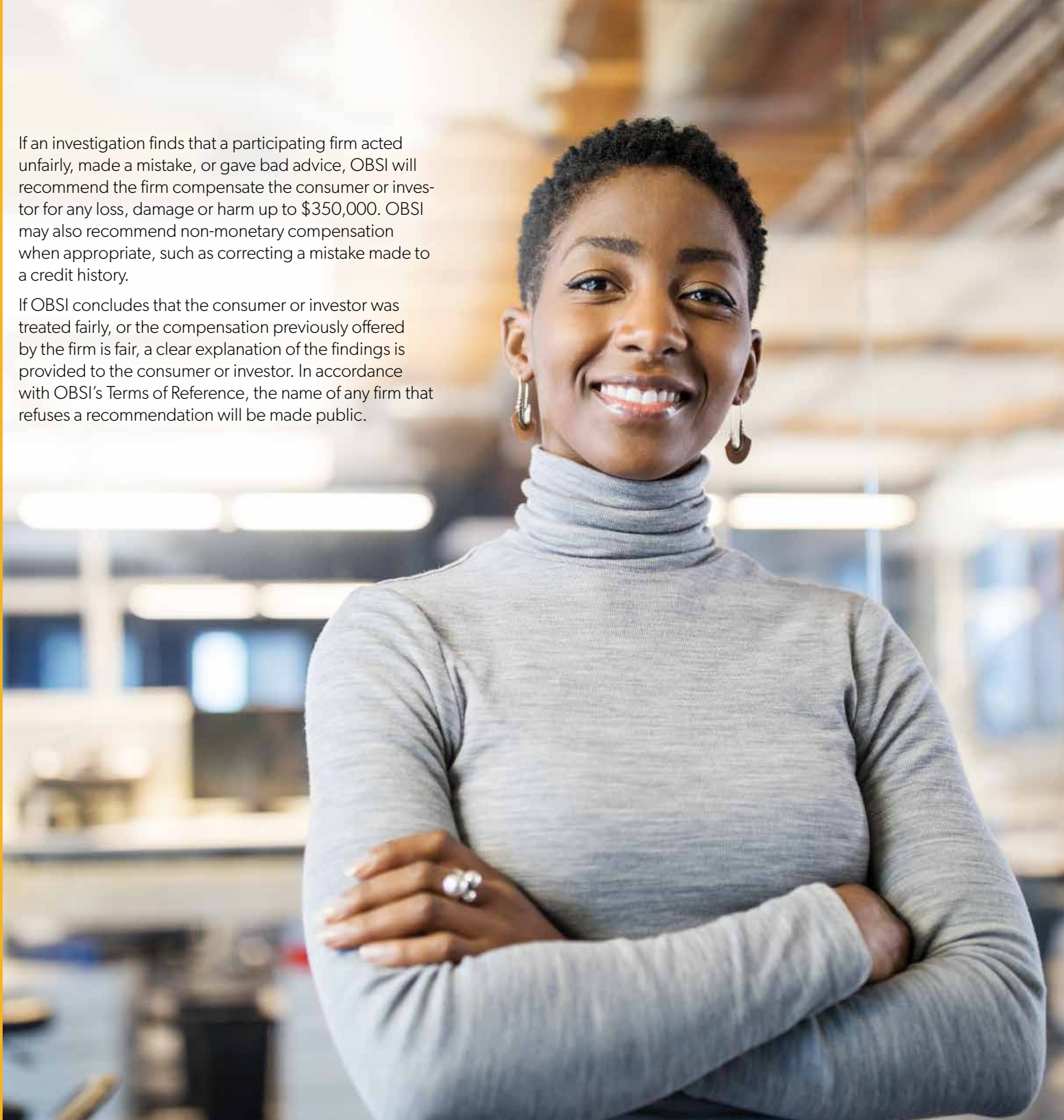
Firm	# of opened cases	# of cases closed	Outcome in favour of complainant ¹
TD Waterhouse Private Investment Counsel Inc.	1	3	2
Virtual Brokers Wealth Management Inc.	1	1	0
Portfolio Manager	14	17	8
Sun Life Global Investments (Canada) Inc.	1	2	0
Restricted Portfolio Manager	1	2	0
C.S.T. Consultants Inc.	3	3	1
Children's Education Funds Inc.	7	6	4
Global RESP Corporation	7	7	5
Heritage Education Funds Inc.	0	1	1
Kaleido Growth Inc.	1	0	0
Knowledge First Financial Inc.	9	7	4
Scholarship Plan Dealer	27	24	15
Total	388	387	185

CASE OUTCOMES

OBSI works with consumers and participating firms to arrive at fair and reasonable outcomes.

If an investigation finds that a participating firm acted unfairly, made a mistake, or gave bad advice, OBSI will recommend the firm compensate the consumer or investor for any loss, damage or harm up to \$350,000. OBSI may also recommend non-monetary compensation when appropriate, such as correcting a mistake made to a credit history.

If OBSI concludes that the consumer or investor was treated fairly, or the compensation previously offered by the firm is fair, a clear explanation of the findings is provided to the consumer or investor. In accordance with OBSI's Terms of Reference, the name of any firm that refuses a recommendation will be made public.



Monetary compensation

In 2019,

27% of banking complaints (71 of 262) ended with monetary compensation

47% of investment complaints (180 of 387) ended with monetary compensation

Total compensation in 2019

\$2,677,718

There were no refusals by any participating firm of OBSI recommendations in 2019.

	Total	Average	Median	Lowest	Highest	# of case files
Banking	\$162,500	\$2,425	\$1,000	\$50	\$32,600	71
Investments	\$2,515,218	\$14,291	\$2,114	\$50	\$280,000	180
Total Combined	\$2,677,718					

Non-monetary compensation

In 2019, we recommended non-monetary compensation in two banking services cases and five investment cases.

Non-monetary compensation can be a letter of apology, restoring a product or service, correcting a credit bureau record or explanatory letters to a client's creditors.

Addressing issues

A financial services ombudsman is uniquely positioned to identify issues affecting multiple consumers in the Canadian financial services sector.

OBSI does not investigate issues affecting those who have not complained to us (these are referred to as "systemic issues" by regulators). However, when issues are identified, we are required to report them to our regulators:

- Financial Consumer Agency of Canada (FCAC) – any banking issue that may impact multiple customers or have market-wide implications; and
- Canadian Securities Administrators (CSA) – any issues that appear likely to have significant regulatory implications, including those that may affect multiple clients of one or more registered firms.

In 2019, no systemic issues were identified.

CONSUMER & FIRM FEEDBACK



Consumer feedback

The charts show the level of satisfaction with OBSI's services based on whether consumers were satisfied with the outcome of their case or not. There is a strong correlation between higher satisfaction and receiving compensation.

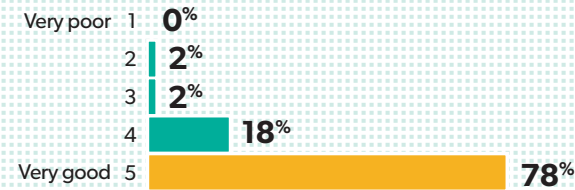
OBSI received 225 responses to the consumer survey, representing about 35% of cases closed during the year. Of these respondents, 23% were either very satisfied or somewhat satisfied with the outcome of their case, and 77% reported being very dissatisfied, somewhat dissatisfied or neither satisfied nor dissatisfied with their case outcome. Survey results are reviewed by our management teams to identify areas for improvement and better understand the concerns of OBSI's consumers.

HIGHLIGHTS

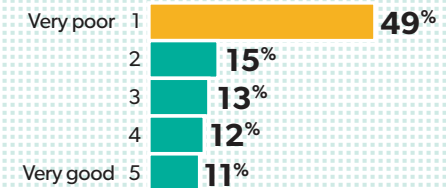
- About half of consumers found out about OBSI through their bank, investment firm or advisor
- Most consumers indicated that it was easy to find out about OBSI services and how to contact us

SATISFIED WITH CASE OUTCOME

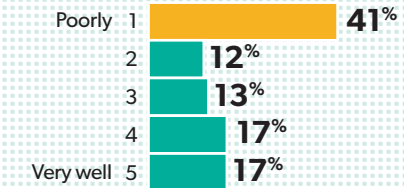
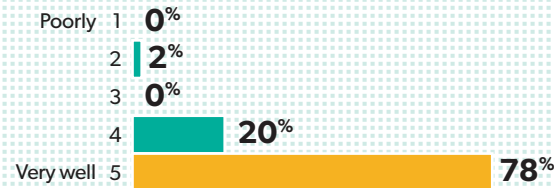
Quality of service



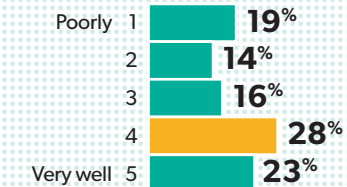
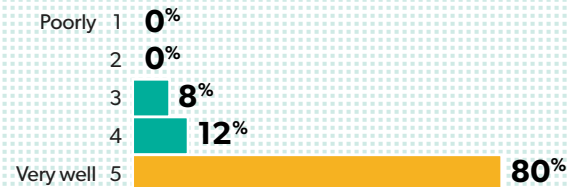
DISSATISFIED WITH CASE OUTCOME



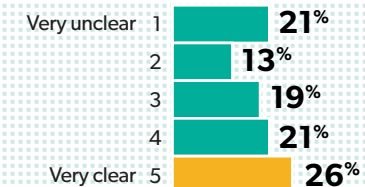
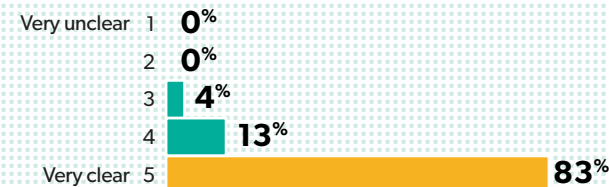
How well did OBSI staff understand your problem or complaint?



How well were you kept informed of the status of the complaint?



Was OBSI's final written conclusion or recommendation clear?



ADDITIONAL FEEDBACK FROM BANKING SERVICES AND INVESTMENTS CONSUMERS

		Yes	No
Were you able to lodge your complaint in the official language of your choice?	Banking Services	96%	4%
	Investments	97%	3%
Did OBSI provide services to you free of charge?	Banking Services	96%	4%
	Investments	98%	2%
Did OBSI provide you with a final written conclusion or recommendation?	Banking Services	86%	14%
	Investments	92%	8%

		Yes	No	Somewhat
Did OBSI help you to understand the complaint process and/or OBSI's Terms of Reference?	Banking Services	44%	20%	36%
	Investments	65%	26%	9%

		Poorly	Somewhat poorly	Neither poorly nor well	Somewhat well	Very well
How well did OBSI staff understand your problem or complaint?	Banking Services	46%	11%	11%	16%	16%
	Investments	24%	8%	10%	18%	39%

		Very unclear	Somewhat unclear	Neither unclear nor clear	Somewhat clear	Very clear
Was OBSI's final written conclusion or recommendation clear?	Banking Services	22%	18%	15%	18%	28%
	Investments	13%	5%	16%	20%	46%

Note: percentages may not total 100 due to rounding.

Participating firm feedback

Each year, OBSI solicits feedback from participating firms using a standardized electronic survey.

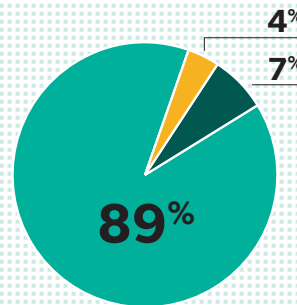
In 2019, we received a 34% response rate from the 261 firms that received the survey. This included all firms that had a complaint handled by us during the year and all federally regulated banks, regardless of whether we had handled a complaint over the course of the year.

Aggregate survey results are reviewed by our management teams to identify areas for improvement and better understand the concerns of OBSI's participating firms. The feedback this year has been positive and many firms have commented on the professionalism and quality of work of our staff. Preliminary assessment of the results indicates the need for continued work on keeping firms informed on to the progress of an investigation.

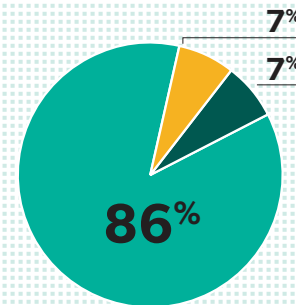
BANKING SERVICES: OVERALL SERVICE INDEX



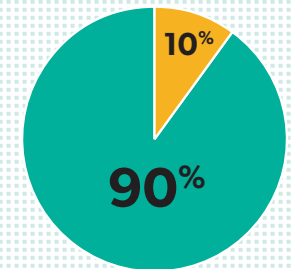
OBSI's staff was courteous and professional.



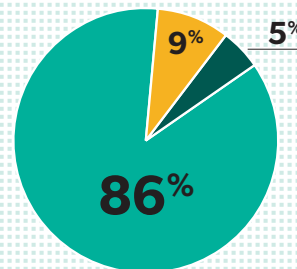
OBSI's staff promptly answered our firm's questions.



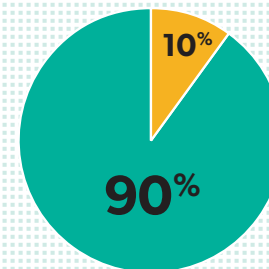
OBSI's staff clearly explained the complaint-handling process.



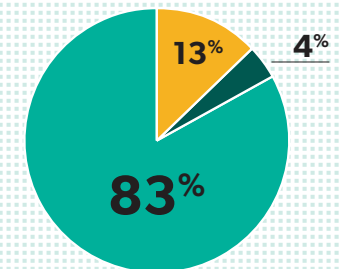
OBSI's staff kept our firm informed during all stages of the complaint process.



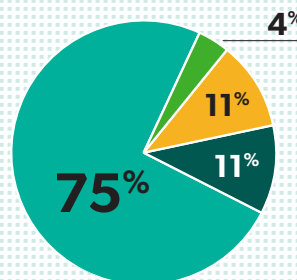
OBSI's staff was effective in providing a resolution for our client's complaint(s).



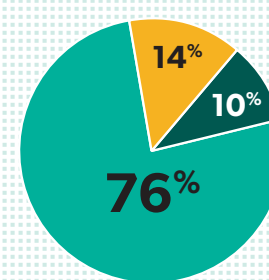
OBSI added value to our firm's complaint handling process.



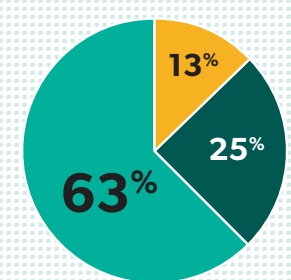
OBSI's staff clearly explained our firm's membership fee.



It was easy to contact OBSI for membership-related inquiries.



OBSI's staff kept our firm appropriately informed on important developments concerning OBSI policy.



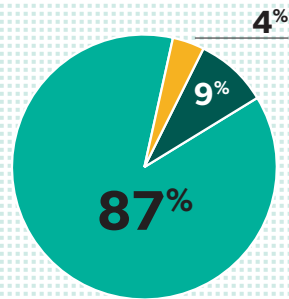
Note: percentages may not total 100 due to rounding.



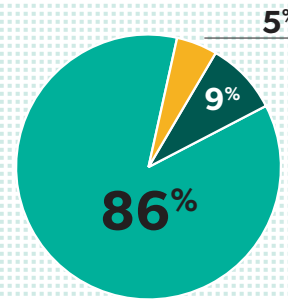
INVESTMENTS: OVERALL SERVICE INDEX

■ Strongly disagree
 ■ Somewhat disagree
 ■ Neither agree nor disagree
 ■ Somewhat agree
 ■ Strongly agree

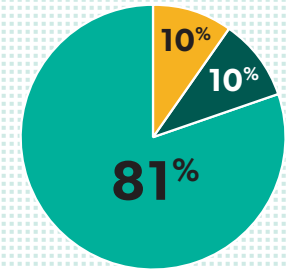
OBSI's staff was courteous and professional.



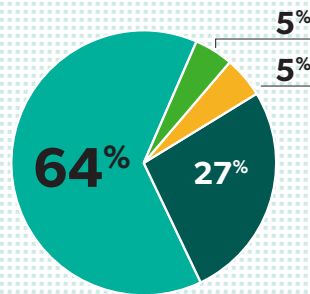
OBSI's staff promptly answered our firm's questions.



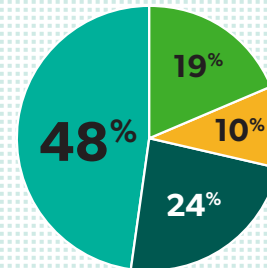
OBSI's staff clearly explained the complaint-handling process.



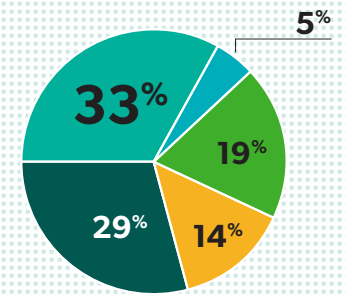
OBSI's staff kept our firm informed during all stages of the complaint process.



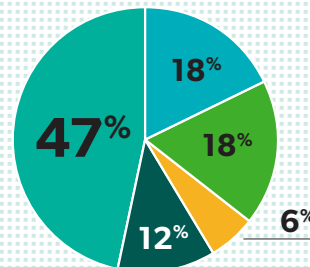
OBSI's staff was effective in providing a resolution for our client's complaint(s).



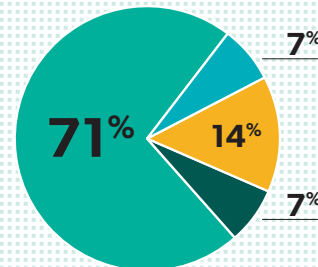
OBSI added value to our firm's complaint handling process.



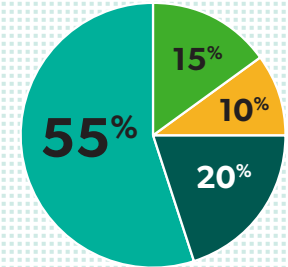
OBSI's staff clearly explained our firm's membership fee.



It was easy to contact OBSI for membership-related inquiries.



OBSI's staff kept our firm appropriately informed on important developments concerning OBSI policy.



Note: percentages may not total 100 due to rounding.

ADDITIONAL FIRM FEEDBACK

		Yes	No	Somewhat
OBSI dealt promptly with complaints concerning our firm.	Banking Services	100%	0%	0%
	Investments	81%	0%	19%

		Yes	No
OBSI provided a final written conclusion or recommendation within 120 days for all banking related complaints or 180 days for all investment-related complaints.	Banking Services	100%	0%
	Investments	100%	0%
OBSI staff who investigated the complaint(s) were knowledgeable about applicable laws and regulations.	Banking Services	100%	0%
	Investments	80%	20%
OBSI staff demonstrated a good understanding of our firm's applicable policies.	Banking Services	100%	0%
	Investments	94%	6%
OBSI's final written conclusions or recommendations were written in clear, simple and not misleading language.	Banking Services	100%	0%
	Investments	100%	0%
OBSI followed its Terms of Reference and its procedures for dealing with complaints.	Banking Services	100%	0%
	Investments	100%	0%

GOVERNANCE

OBSI's 10-member board continues to play an important role in providing oversight.



A majority of the directors (seven), including the chair, are from the community, and are independent as they have not been part of industry or government for at least two years.

A minority of the directors (three) are appointed from shortlists of nominees provided by industry bodies.

Board renewal is an important part of OBSI's governance framework. This year, OBSI welcomed one new nominee provided by the Mutual Fund Dealers Association of Canada (MFDA). Directors come from across Canada, bringing a diversity of skills and experience from both the public and private sectors.

Independence

Independence is fundamental to OBSI's governance. Beyond the composition of the board, further important safeguards of OBSI's independence are in place.

Votes on key independence questions are not only decided by a majority of votes cast by all directors present at the meeting but also require a majority of the community directors present. These key independence questions include such matters as the hiring and evaluation of the Ombudsman, the budget and changes to OBSI's Terms of Reference.

Every search for new board members balances diversity, geography and the need for a variety of backgrounds and skills. Collectively, the directors have experience in governance, business, law, accounting, consumer and regulatory affairs, economics, community organizations, dispute resolution and public service. Performance reviews of the board and board chair are conducted every two years. Strict rules prohibit the board and individual directors from becoming involved with individual complaints. The final decision concerning complaints rests with the Ombudsman. There is no appeal to the board, nor can the board influence the decisions of the Ombudsman.

Director compensation

Community directors receive a \$10,000 honorarium per year, with the chair of the board receiving an additional \$40,000 annually and committee chairs receiving an additional \$4,000 annually.

Community directors also receive \$1,800 for every day of meeting they attend (or \$750 if attending by teleconference). Any travel or preparation time is included in the above amounts and is not compensated further. Industry-nominated directors do not receive any compensation from OBSI.

Board of Directors



JIM EMMERTON

LL.B , Chair¹

Mr. Emmerton retired in June 2015 having served as the Executive Director of the British Columbia Law Institute and the Canadian Centre for Elder Law, from 2007. He is a community director of OBSI and was previously a member of the OBSI Consumer and Investor Advisory Council.



BHARAT MAHAJAN

CPA, CA²

Mr. Mahajan is the Chief Financial Officer of Daseke, Inc. Previously, he served as the Chief Financial Officer and Vice President of Finance of Aveda Transportation and Energy Services Inc., one of the largest oil rig moving companies in North America. Mr. Mahajan serves as a community member of the Board of Directors of OBSI. He is also the Chair of the OBSI Finance and Audit Committee.



CATHERINE ADAMS

MBA²

Ms. Adams is a retired financial services executive with over 30 years' experience in business strategy, product management, marketing, distribution and finance. Her executive roles have been both domestic and international with her last role based in Trinidad. Ms. Adams is the board liaison for OBSI's Consumer and Investor Advisory Council.



RHONDA GOLDBERG

(MFDA nominee)¹

Ms. Goldberg is the Executive Vice-President, General Counsel for IGM Financial Inc., responsible for overseeing the legal, compliance, corporate secretarial and client and regulatory affairs functions of Mackenzie Investments, IG Wealth Management and Investment Planning Counsel. Ms. Goldberg has an in-depth knowledge of the legal and regulatory environment and financial services industry with over 20 years of legal experience.



CARMELA HAINES

CPA, CA²

Ms. Haines is the Vice-President, Finance & Administration with Access Communications Co-operative Limited and is currently an audit committee member of the Canadian Communications Systems Alliance. Ms. Haines has served as a chair of the board and audit committee for the Regina & District Food Bank. She has also served as council member and audit committee chair for the Institute of Chartered Accountants of Saskatchewan.

¹Governance and Human Resources Committee member

²Finance and Audit Committee member



NORAH MCCARTHY
(CBA nominee)²

Ms. McCarthy leads CIBC’s Enterprise Client Relationship Management Program. Ms. McCarthy has over 25 years of experience in Financial Services, primarily in Wealth Management and Retail Banking and was previously CIBC’s Chief Privacy Officer and Ombudsman.



RONALD SMITH
FCPA, FCA, ICD.D¹

Mr. Smith has been a Director and Chair of the Audit Committee of Alamos Gold Inc. since 2009. He has served on numerous boards and audit committees over the past 30 years. He was the Senior Vice President and CFO of Emera Inc., a publicly-traded energy company, and brings significant experience from the fields of finance, human resources and management consulting.



JANIS RIVEN
LL.B, BCL, MBA¹

Ms. Riven, based in Montreal, has an established consulting practice on governance and compliance matters with clients encompassing publicly listed and closely held companies, as well as various types of not-for-profits, and is Adjunct Professor at the John Molson School of Business, Concordia University, where she teaches Corporate Governance. She is a well-known speaker in Canada and abroad at conferences on corporate governance, and has acted as a facilitator for boards and board committees of a number of different organizations seeking to improve their governance effectiveness. Ms. Riven has extensive board experience and currently is a member of the board of the Facility Association and the Chartered Secretaries Canada (Quebec Council). Ms. Riven is also the Chair of the Governance and Human Resources Committee at OBSI.



SCOTT STENNETT
(IIROC nominee)¹

Mr. Stennett is the Chief Operating Officer and a Director for Richardson GMP Limited. He is a member of the firm’s Executive Committee and New Product Review Committee and is chair of the Joint Operating Committee.



LAURA TAMBLYN WATTS
LL.B²

Ms. Tambllyn Watts is President and CEO of CanAge and a lawyer who focuses on elder law, social inclusion and consumer rights. She is Senior Fellow at the Canadian Centre for Elder Law and its past National Director. She also teaches at the University of Toronto, where she is a Fellow of the Institute for Life Course and Aging. Prior to joining OBSI’s Board, she was the Chair of OBSI’s Consumer and Investor Advisory Committee for eight years.

¹Governance and Human Resources Committee member

²Finance and Audit Committee member

Board attendance

	Dec. 6, 2018	Mar. 6, 2019	Jun. 11, 2019	Sep. 26, 2019
Catherine Adams	•	•	•	•
Rick Annaert ¹	•	N/A	N/A	N/A
Jim Emmerton	•	•	•	•
Rhonda Goldberg ²	N/A	N/A	•	•
Carmela Haines	•	•	•	•
Bharat Mahajan	•	•	•	•
Norah McCarthy	•	•	•	•
Janis Riven	•	•	•	•
Ronald Smith	•	•	•	•
Scott Stennett	•	•	•	•
Laura Tamblyn Watts	•	•	•	•

¹ Resigned

² Nominated June 2019

Board committees

Governance and Human Resources Committee

The Governance and Human Resources Committee assists the board on matters of corporate governance and relations with OBSI's stakeholders, including government. The committee also fulfills an oversight role relating to human resources policies and compensation matters.

2019 ACTIVITIES INCLUDED:

Policy reviews

Every quarter, the committee reviews a range of policies. Some examples this year included: Workplace Violence Policy and Respect in the Workplace Policy, the Whistleblower Policy, Criminal Background Check Policy, and Board Governance Evaluation Policy.

Staggered director terms methodology

For a small board, having multiple board member terms end simultaneously can create unnecessary strain on the resources of the board. The committee developed a process for staggering director terms to ensure the board continues to operate effectively.

By-law change

An amendment was made to the by-law to align the eligibility criteria for community directors with the criteria for the ombudsman.

Search for new industry director from Mutual Fund Dealers Association (MFDA) and community director

Board renewal is an important and ongoing focus for the committee. This year, the committee replaced the industry representative for the MFDA. In addition, the committee began the search process in anticipation of the pending end of term for a community director.

Consumer and Investor Advisory Council (CIAC) renewal project

The CIAC plays an important role supporting the Board of Directors. This year, a new chair was appointed. In addition, it was agreed to have the CIAC meet in-person twice a year and by conference call on an ad hoc basis as determined by the council.

Compensation and benefits review

The committee also reviewed the recommendations by an external third-party regarding changes to OBSI's compensation and benefits regime to effectively support employee attraction, retention and engagement.

Finance and Audit Committee

The Finance and Audit Committee provides oversight of financial reporting and control activities for the board. The committee also oversees OBSI's defined contribution pension plan, receives the report of the external auditor and ensures OBSI's compliance with its legal, regulatory and contractual obligations.

2019 ACTIVITIES INCLUDED:

Review of financial statements

Every quarter, the committee reviews the unaudited quarterly statements of revenue, expenses and balance sheet prepared by senior management. The committee members discuss the financial statements and any variances from budget with senior management at the quarterly committee meetings. When the audited financial statements are prepared after year-end, the committee meets with auditors to review the financial statements and makes recommendations to the board. At the September meeting each year, the committee approves the auditor and audit fees for the upcoming fiscal year.

Review of reserve fund

Each year, senior management completes an operating reserve fund analysis outlining whether current targets remain appropriate. The committee reviews the analysis with senior management and plans for possible shortfalls or surpluses are discussed.

Review of 2020 budget

At the September committee meeting each year, the committee members review the budget proposed by senior management, ask questions and provide their input.

Pension governance

The committee also oversees OBSI's defined benefit pension plan, defined contribution pension plan, and post-retirement medical plan. This past year, the text of the defined contribution plan was reviewed and updated. The committee also requested a fund option review which was completed this year.

Review and provide input on policies

The committee reviews and approves any amendments to OBSI's financial policies. This year the Investment Policy was amended by the committee.

Standards Committee

The Standards Committee is responsible for overseeing OBSI's quality and performance standards and for making recommendations to the Board of Directors regarding the organization's performance against regulatory requirements and expectations. As in previous years, the board was of the view that, given the importance of the operational issues the organization was tackling, the full Board of Directors should participate in each of those discussions. As a result, the board's Standards Committee did not meet separately in 2019.

Consumer and Investor Advisory Council (CIAC)

The OBSI Board of Directors regularly receives input from industry stakeholders and regulatory and government officials. The CIAC provides an important voice from stakeholders who may not otherwise be heard: consumers and investors. Council members come from across Canada and bring an understanding and awareness of the financial issues and concerns of Canadian consumers, savers and investors.

In 2019, the council exchanged ideas and received briefings on current issues from senior management.

OVER THE COURSE OF THE YEAR, THE CIAC:

- reviewed the OBSI complaint handling process;
- recommended improvements to the OBSI website and published materials;
- provided feedback on the Senior's Report, the online consumer complaint form and the annual consumer survey;
- recommended changes to the communication of loss calculations;
- participated in efforts to have the federal government designate OBSI the sole ombuds service for Canada's banks, and
- participated in the annual strategic planning process with the board and senior management team.

2019 MEMBERS:

- Wanda Morris, Chair
- Mohinder Singh Bajwa
- Harold Geller
- Harvey Naglie
- Andrew Teasdale

Financial highlights

OBSI'S BUDGET

OBSI is a not-for-profit organization. We operate on a cost-recovery basis. Our board approves an annual operating plan and budget each September. Each quarter, management meets with the board and the Finance and Audit Committee to monitor the financial performance of the organization.

We have a fully funded reserve fund that is equal to approximately six months of expenses. This ensures that OBSI can deliver a high-level of service during periods of unexpected expenses. For example, a sudden increase in complaint volumes may require us to hire additional investigators.

REASONABLE AND EQUITABLE FEES

Our membership fees are based on the principle that no sector or registrant category should subsidize another. Fees for banks and deposit-taking firms are based on their self-declared banking assets relative to other banks in the most recent benchmark year. Within the investment sector, IIROC member firms, MFDA member firms and non-IIROC or non-MFDA registrants only pay for the costs associated with resolving their group's complaints.

Senior management, administration and overhead costs are divided proportionally across the sectors according to their share of complaints.

YEAR ENDED OCTOBER 31	2020 Budgeted	2019 Audited	2018 Audited
Revenue			
Participating Firm Fee	\$ 8,810,892	\$ 8,581,479	\$ 8,675,345
Interest Income	120,000	151,161	92,273
	\$ 8,930,892	\$ 8,732,640	\$ 8,767,618
Expenses			
Personnel	\$ 6,342,566	\$ 6,424,971	\$ 6,071,469
Directors' fees and expenses	437,885	400,413	410,508
Rent and operation cost	499,631	426,096	412,009
Marketing and Membership	162,774	138,321	159,442
Supplies, services and travel	86,000	88,127	89,810
Telephone	8,040	9,641	55,198
Information technology & support	512,448	544,956	507,790
Corporate Administrative	151,060	140,752	147,978
Legal Fees	53,000	73,053	56,196
Insurance	46,730	45,503	25,611
Audit Fee	37,375	30,075	40,392
Consultant Fees	135,600	240,603	219,291
Special Projects	180,000	79,793	22,858
Amortization	277,782	211,969	210,085
Bad Debt	0	0	4,767
	\$ 8,930,891	\$ 8,854,271	\$ 8,433,404
Excess (Deficiency) of Revenue Over Expenses	\$ 0	\$ (121,631)	\$ 334,214
Funding Adjustments			
Contribution (Reduction) to Operating Reserve	\$ 0	\$ (55,686)	\$ 353,372
Acquisition of Capital Assets	\$ 1,104,500	\$ 146,024	\$ 190,927

OMBUDSMAN FOR BANKING SERVICES AND INVESTMENTS

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