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#1. Throughout the report, the FCAC cites specific instances of concern, but does not name the banks involved. Why did the FCAC choose not to name specific banks?

The purpose of the review was not to focus on any specific bank but more generally on the sales practices of the six largest banks. FCAC found that the sales practices risks discussed in the report are present across all of the six largest banks (Bank of Montreal, Bank of Nova Scotia, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada and Toronto–Dominion Bank).

It is important to note that this report does not address alleged breaches of the consumer provisions of the Bank Act or relevant regulations. These allegations are being investigated on a separate track. FCAC will take enforcement action where appropriate as outlined in FCAC's Compliance Framework.

#2. The FCAC looked at 100,000 documents - were these documents randomly selected by the FCAC, or were they provided by the banks?

The documents examined by FCAC included those related to training, performance and sales management, compliance, risk management and internal audit. FCAC requested and received all bank documents in these subject areas covering the three-year period preceding the review.

These documents helped identify the drivers of sales practices risk and assess the controls and governance frameworks established to mitigate such risks.

#3. The FCAC also interviewed bank employees. How were the majority of these employees chosen - were they randomly selected by the regulator, or did the banks provide the interviewees?

FCAC interviewed more than 600 employees of the six largest banks, including more than 200 employees in 30 branches. Interviewees included board chairs and directors, senior management, middle management and front-line customer service representatives in call centres.

At FCAC's request, banks provided organizational charts for the operational areas relevant to the review, such as the business lines where there is direct interaction with consumers, and control functions such as compliance, internal audit and risk management.

FCAC selected individuals representing various levels in the organizational hierarchy for each operational area relevant to the review; for example, front-line employees, supervisors, team leaders, managers, vice-presidents, regional vice-presidents, etc. FCAC requested interviews with the employees it selected through this process and the banks made these employees available to FCAC.

The interviews helped FCAC validate or challenge information obtained during the document review. The interviews also helped inform the assessment of bank sales culture and how it shapes banks' sales practices.

#4. During FCAC interviews with front-of-line bank employees (tellers, financial advisors, etc.), was anyone from bank management ever present as well (such as a supervisor, HR manager, etc.)?

When FCAC interviewed front-line employees in branches, no supervisors, managers or HR people were present. Only the employee selected by FCAC attended each interview. FCAC followed this practice with each of the six banks.

We encourage bank employees to contact FCAC confidentially to discuss their concerns directly with the Agency.

#5. The report says that investigators found a widespread culture in retail banking that encourages employees to sell products and services, but did not find widespread mis-selling during its review. We have spoken to bank employees (tellers and financial advisors) who disagree with the report's findings and say they are under "extreme" pressure to push products on customers that are unnecessary (but that help them meet sales targets). What does the FCAC say about that?

FCAC's findings are consistent with the comment. During the review, FCAC found that retail banking culture focuses on motivating employees to sell products and services, and rewarding them for sales. This increases the risk of mis-selling and breaches of market conduct obligations. However, FCAC did not find widespread mis-selling during its review.

Also, this report does not address alleged breaches of the consumer provisions of the Bank Act or relevant regulations. These allegations are being investigated on a separate track. FCAC will take enforcement action where appropriate as outlined in FCAC's Compliance Framework.

We encourage bank employees to contact FCAC confidentially to discuss their concerns directly with the Agency.

#6. The report was provided to the Minister of Finance. Was the report also provided in advance to Canada's six largest banks? If so, were they permitted to make suggested changes? And if so, how many changes were suggested and what was the biggest area of concern?

We asked the banks to review the report to identify factual errors. The banks' review did not influence the findings or conclusions. Banks generally asked for more precision in defining terminology and discussing foreign jurisdictions.

Additional points of interest:

FCAC's work on this subject is continuing. For example:

- FCAC will continue to investigate alleged breaches of consumer protection provisions.
- FCAC will increase the resources devoted to its supervisory and enforcement functions.
- FCAC will provide an individualized report to each of the six banks later this year, and FCAC will work to ensure banks have implemented the necessary changes to mitigate the risks identified in the report.
- FCAC will use the information provided in the report to inform policy discussions with the Department of Finance.
- FCAC is planning a mystery shopping exercise to complement the information already gathered and analyzed. This will be implemented later this year.