

# Memorandum

TO: David Parkatti, Stacy Schmidt and Candyse Watkinson

FR: Marc Barrow

DA: July 30, 2021

RE: Q2-Q3 FY2021 Digital Client Onboarding (DCO) Personal and In-Branch Controls

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## I. Background

Annually, CWBFG's Monitoring and Testing (M&T) team conducts a review of regulatory controls relating to retail activity in the second quarter. The M&T team also carries out control effectiveness testing on an *ad hoc* basis following projects that impact CWBFG's regulatory obligations. As a new channel for onboarding retail customers, DCO Personal and In-branch therefore fell within scope of the retail review this year and was simultaneously an opportunity for a post-implementation check on regulatory controls.

## II. Testing Scope

The narrow scope of testing was to evaluate the effectiveness of controls that ensure consumer protection, privacy and FATCA/CRS requirements are met when opening accounts via DCO. This covered provision of required disclosures on account opening such as interest, fees, charges as well as CWBFG's privacy statement, CDIC brochure and complaints handling brochure. Where a debit card is requested then related terms and conditions should also be provided to the customer. The M&T team also assessed whether appropriate express consent was obtained from customers to the new products and whether required self-certifications were collected for FATCA/CRS purposes.

## III. Testing Execution

Over Q2-FY2021, the M&T Team held several online interviews and made email inquiries with members of the Senior Manager and Specialist on the Delivery and Management (D&M) Team to examine the processes relevant to DCO and related information technology applications, policies and procedures. The M&T Team conducted walkthroughs of relevant processes with the D&M team members to trace various retail account openings for different deposit products from sign up, record of customer express consent and FATCA/CRS self-certification as well as email confirmation of account opening together with issuance of required disclosures - and debit cards, where requested.

The DCO Personal Online launched on November 23, 2020 and In-branch DCO on January 11, 2021. Given the short period of business activity in the second quarter, the usual sampling size was reduced to five (5) for Personal Online and three (3) for in-branch. For Personal DCO, the content of the approved record in FileNet

(CWB's IT application to store records from DCO activity) were reviewed to ensure compliance with consent, disclosure and FATCA/CRS requirements explained above. The D&M team also confirmed that the DCO Personal Support Team pulls a daily report of DCO Personal account openings to ascertain which customers require a mail out of debit cards. That mailout process follows the CWB Operations manual instructions for debit card mailing available to all staff on INFOserver (CWBFG's intranet), which is part of the detailed procedures established for DCO Personal Online and In-branch in A11 DCO on INFOserver. Details of supporting evidence, correspondence and sampling results are accessible on the Regulatory Shared Drive at N:\Regulatory Compliance\\_RCM\\_RCM Testing 2021\Q2\_FY2021\Q2\_FY2021\_Reviews\_and\_Reports\Q2 FY2021 Retail M&T\DCO review.

#### IV. Control Summary

From the above, the M&T team evaluated the control environment related to DCO Personal Online and In-branch by assessing the regulatory compliance controls related to the following:

Control Type	Control Details
<b>Policies &amp; Procedures</b>	Personal and In-branch: Development and publication of DCO account opening procedures in CWB Operations Manual A11 accessible on INFOserver for specified deposit products at <a href="https://infoserver.cwb.local/Default.aspx?cid=45421&amp;lang=1">https://infoserver.cwb.local/Default.aspx?cid=45421&amp;lang=1</a>
<b>Operational Steps</b>	<p>Personal DCO</p> <ol style="list-style-type: none"> <li>(1) Required online consent to submit account opening application</li> <li>(2) Storage of customer express consent and FATCA/CRS self-certification in FileNet</li> <li>(3) Automated email sent to customer containing required depositor disclosures</li> <li>(4) Mailout of Form 4007 debit card terms and conditions where debit card requested</li> </ol> <p>In-branch DCO: Steps in Section 3.4 A11 Ops Manual to set up CIF and carry out DCO Decisioning followed by completion of usual branch procedures for hardcopy account application documents requiring wet signatures. Also print out of Form 4007 debit card terms and conditions where debit card requested</p>
<b>Training and Education</b>	Live training sessions for process owners who carry out DCO related responsibilities as well as posting of demos, learning and process maps and other guides on Learning Page for Digital Program on INFOserver <a href="https://infoserver.cwb.local/default.aspx?cid=45044">https://infoserver.cwb.local/default.aspx?cid=45044</a>
<b>Monitoring &amp; Reporting</b>	<p>Personal DCO</p> <ol style="list-style-type: none"> <li>(1) Master review for Branch 97 to transfer DCO accounts to relevant branches</li> <li>(2) Review of account opening application in Workspaces by Personal DCO Online Support team pursuant to internal procedures in A11</li> </ol> <p>In-branch DCO: regular branch master review for account opening</p>

#### V. Test Results

From the examination of the relevant control processes, the M&T team concluded that:

- The Personal DCO Online application requires the customer consent to the product and completion of the FATCA/CRS self-certification;

- For Personal DCO, account applications are reviewed by Personal DCO Support Team and followed by a confirmation email that includes required disclosures and details on the account opened as well as separate correspondence containing debit card terms and conditions, where applicable;
- For In-branch DCO, the account is approved in branch using DCO decisioning and hardcopies of required documentation are signed and provided to customers;
- DCO accounts form part of the regular master review; and
- Adequate training was given and is accessible for awareness by DCO process owners.

From inquiries the M&T team made to the Privacy team over Q2-Q3, there are some outstanding privacy deficiencies briefly described below with details set out in the Appendix to this memo. For internal compliance reporting purposes to the Executive Risk Committee and Board Governance & Conduct Review Committee, these deficiencies will be consolidated into a single minor deficiency as follows:

#### Risk Source 4.2 Bank Privacy requirements

Compliance Control Category	Finding	Def. Rating	Target Date
4.2.1 Consent and Purpose Controls around collection, use, and disclosure and retention	Revisions documented with the DCO and Privacy team still in progress on customer-facing webpages in order to align with privacy regulatory expectations on disclosures and consents required when using customer personal information.	Minor	October 31, 2021
<b>First Line Management Response/Action Plan:</b> Outstanding privacy deficiencies were documented on June 3, 2021 in a Enhancement Recommendations spreadsheet agreed with the DCO project team. The DCO team is working with Accutiv and technical partners to deliver updates to the privacy requirements as outlined. These enhancements are being worked on as priority items with a target production no later than Oct 31, 2021. The timeline may be expedited. If this occurs, the DCO team will advise the Privacy and M&T teams. If the minor deficiency is not remediated by October 31, 2021 then the rating will be elevated to moderate given the risk exposure and duration of time that has elapsed since DCO launch.			

Second line management has confirmed their alignment with the above by emails dated:

- May 7, 2021 from the Chief Consumer Protection Officer;
- July 22, 2021 from the Chief Privacy Officer; and
- May 7, 2021 from the Sr. Manager, Regulatory Compliance.

## VI. Conclusion

From the above analysis, the relevant privacy controls would be rated as **satisfactory**. Controls in the other regulatory areas were found to be adequately designed and operating effectively to provide reasonable assurance that CWB would be partially compliant with relevant consumer protection, privacy and FATCA/CRS requirements at the DCO account opening stage. Aside from the privacy controls, the remaining controls would be rated as **effective**.

c.c. David Chesworth - Chief Consumer Protection Officer  
Claudia Fuchs - Chief Privacy Officer  
Pearl Frederick – Sr. Manager, Regulatory Compliance  
Janice Knight – Regional Retail Operations Manager

## Appendix

<b>Risk Source:</b>	<b>Risk Source 4.2 Bank Privacy requirements</b>
<b>Compliance Control Categories:</b>	<b>4.2.1 Consent and Purpose Controls around collection, use, and disclosure and retention</b>
<b>Control Effectiveness Rating:</b>	Satisfactory
<b>Explanation:</b>	Moderate design deficiency arising from webpage revisions required to meet privacy regulator expectations on disclosures and consents when using personal information (e.g. when information will be provided to third parties in order to use the CWBFG service being accessed online).

Compliance Objectives	Key Control Identified and Tested	Deficiencies (if any)	
		Type	Severity Rating
(a) Provide customers with a clear and easily understood purpose for collection of personal information.	Webpage disclosures to	Design	Minor
(b) Ensure customers have a clear, comprehensive and easy to find explanation of how the information will be used and with whom it will be shared.	customers in the DCO		
(c) Limit the purpose of collection to what a reasonable person would expect under particular circumstances (e.g. account opening)	online account opening forms		
(d) Document why the information is collected and that the customer was informed of same			
(e) Record the identified purposes and retain related consents obtained.			

### Findings:

1. Revisions documented with the DCO and Privacy team still in progress on customer-facing webpages in order to align with privacy regulatory expectations on disclosures and consents required when using customer personal information.

**Recommendations:** Continue work with developer to prioritise webpage revisions in accordance with agreed changes documented in June 3, 2021 Enhancement Recommendations spreadsheet. The Privacy team has recommended a target remediation period within 3 months but in any event as promptly as feasible.

**Issue Owner:** Stacy Schmidt, Head Digital Delivery & Management

**Action Plan Owner:** Stacy Schmidt, Head Digital Delivery & Management

**Issue Reviewer:** Claudia Fuchs, Chief Privacy Officer

**First Line Management Response/Action Plan:** Outstanding privacy deficiencies were documented on June 3, 2021 in a Enhancement Recommendations spreadsheet agreed with the DCO project team. The DCO team is working with Accutive and technical partners to deliver updates to the privacy requirements as outlined. These enhancements are being worked on as priority items with a target production no later than Oct 31, 2021. The timeline may be expedited. If this occurs, the DCO team will advise the Privacy and M&T teams. If the minor deficiency is not remediated by October 31, 2021 then the rating will be elevated to moderate given the risk exposure and duration of time that has elapsed since DCO launch.

**Target Date: October 31, 2021**