

Information



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FSRA's Vulnerability Framework

Purpose and scope

The Financial Services Regulatory Authority's ("FSRA's") Vulnerability Framework ("Framework") communicates:

- FSRA's definition of vulnerable consumers, which includes pension plan members and beneficiaries, individuals who are credit union members, and all individuals who purchase or benefit from products and services provided by the sectors regulated by FSRA;
- how FSRA will measure outcomes for vulnerable consumers in its sectors based on the definition;
- the objectives, outcomes and actions that will inform how FSRA strengthens protection of vulnerable consumers in its regulated sectors

This guidance provides information for all entities and individuals FSRA regulates.

FSRA recognizes that its supervision in the Pensions sector differs from other sectors where FSRA has responsibility for licensing and conduct oversight. For the Pensions sector, the Framework should be understood as confined only to FSRA's activities that promote public education and knowledge about vulnerable pension plan members and beneficiaries.

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The goal of the Framework is strengthened protection leading to improved outcomes for vulnerable consumers. This goal aligns with FSRA's statutory objects, including:

- contribute to public confidence in the regulated sectors;
- promote public education and knowledge about the regulated sectors;
- promote high standards of business conduct in financial services;
- protect the rights and interests of financial services consumers; and
- protect and safeguard the pension benefits and rights of pension plan beneficiaries.

The Framework does not create any new layers of compliance obligations for regulated entities. Instead, it will inform FSRA's supervisory, regulatory and consumer-facing activities across its regulated sectors. If necessary FSRA may also modify the Framework, rather than apply it directly, depending on circumstances.

Definition of vulnerable consumer:

FSRA defines "vulnerable consumer" as:

An individual who is at higher risk of experiencing financial mistreatment, hardship, or harm, due to various factors and personal circumstances, including health, social, and economic factors, as well as major life events.

The definition of "vulnerable consumer" is intended to be broad and flexible. FSRA recognizes that both consumers and pension plan members can have similar characteristics of vulnerability, but also that pension plan members are not directly comparable to consumers of financial services in other regulated sectors and may warrant different considerations.

FSRA's definition recognizes that vulnerability can be temporary and situational. It also provides a basis for FSRA to work collaboratively with its regulated entities and the public interest

community to identify and support vulnerable consumers in the regulated sectors, by establishing a shared understanding of who vulnerable consumers are.

The definition is supported by FSRA's vulnerability segmentation tool, which outlines specific factors that can elevate the risk of individuals experiencing vulnerability.

Applying the definition

FSRA intends to integrate the definition into its research initiatives to measure outcomes for vulnerable consumers.

In order to apply its broad and flexible definition, FSRA will use a vulnerability segmentation tool that consists of two features:

- 1) **Markers of vulnerability:** These are dynamic factors that can impact an individual's risk of experiencing vulnerability and can help measure and classify vulnerability in FSRA's regulated sectors (e.g., level of financial literacy).
- 2) **Additional considerations:** These include factors that may not directly impact an individual's risk of experiencing vulnerability (e.g., an individual's demographic background); however, these factors can offer valuable insights into potential risks and enhance FSRA's understanding of the profile of vulnerable consumers in its regulated sectors.

For a detailed description of the tool, please refer to **Appendix A**.

FSRA will be adopting this tool into its future research efforts as a method for effective monitoring and tracking of outcomes for vulnerable consumers in the regulated sectors.

The risk factors being considered in the tool can vary over time. Additional risk factors relevant to specific products, services, and target markets will also affect who may be a vulnerable consumer. It is also important to recognize that vulnerable consumers are not a static group; vulnerability can happen to anyone at any time, it can be permanent or transient in nature, and consumers may experience multiple vulnerabilities at once, resulting in increased risk of harm.

Objectives, outcomes and actions:

FSRA’s Framework focuses on three objectives:

Goal: Strengthened protection leading to improved outcomes for vulnerable consumers



Objective 1: Foster evidence-based regulation and supervision.



Objective 2: Improve consumer education, engagement, and awareness.



Objective 3: Build strategic partnerships and strengthen collaboration with regulated sectors.

The Framework emphasizes the need to advance research and to promote evidence-based regulation to enhance supervision and policymaking, while also strengthening outreach initiatives and education efforts that directly reach vulnerable consumers and their advocates.

Objective 1 aims to strengthen protection for vulnerable consumers by focusing on strengthening FSRA’s supervisory and policy decision-making activities through application of research findings, and by leveraging available data, analytics and insights on vulnerable consumers.

Objective 2 aims to strengthen protection for vulnerable consumers by focusing on increasing confidence and general knowledge about the regulated sectors amongst vulnerable consumers through proactive community outreach activities as well as strengthened education efforts.

Objective 3 aims to strengthen protection for vulnerable consumers by emphasizing the need for continued engagement and collaboration between FSRA, regulated entities, and the public interest community to reinforce the importance of recognizing and responding to the needs of vulnerable consumers.

For a detailed description of the objectives, corresponding outcomes and activities, please refer to **Appendix B**.

Rationale and background

FSRA undertook a 60-day [public consultation](#) on a proposed approach to vulnerability in its regulated sectors from January 8 – March 8, 2024, and received 26 submissions from individuals, public advocacy organizations, regulated entities, and industry associations. Refer to [Consultation on FSRA's Proposed Approach to Strengthening Protection of Vulnerable Consumers](#) to view the submissions.

Stakeholder feedback indicated that this topic requires attention from FSRA (e.g., establishing a clear definition, strengthening education efforts including in areas of financial literacy, and providing resources to regulated sectors to help identify and respond to vulnerabilities). However, some stakeholders noted that existing regulatory frameworks and industry practices are sufficient in ensuring protection of vulnerable consumers in the regulated sectors, and that further action is not required.

FSRA has carefully considered all stakeholder feedback in developing the final Framework, including concerns about regulatory burden and duplication. FSRA is publishing the Framework through Information Guidance, which describes FSRA's views on the topic without creating new compliance obligations for regulated entities.

Effective date and future review

This Guidance became effective on **April 22, 2025** and will be reviewed no later than **April 22, 2030**.

About this Guidance

This document is consistent with [FSRA's Guidance Framework](#). As Information guidance, it describes FSRA's views on certain topics without creating new compliance obligations for regulated persons.

Appendices and reference

Appendix A: FSRA's vulnerability segmentation tool

Market factors

Additional considerations:

1. Shifts in market dynamics or macroeconomic changes impacting financial situation
2. Challenges due to complex or unclear terms and conditions in contracts
3. Being targeted with unsuitable products/ services, without consideration for individual circumstances
4. Availability and Access to different products/services in the market

Socioeconomic factors

Markers of vulnerability:

1. Financial resilience
2. Savings or household debt
3. Digital literacy and challenges with accessing digital financial products/ services
4. Providing financial support or help to someone in or outside their household related to old age

Additional considerations:

1. Employment status
2. Level of education
3. Income level; source of income
4. Ownership of home or vehicle

Demographic factors

Additional considerations:

1. Age: older than 65 or younger than 17
2. Geographic location
3. Gender
4. Member of equity deserving group
5. Visible vs. non-visible minority
6. English as second language
7. Identifies as a person with a disability
8. A single-parent household
9. Recently migrated to Canada (length of stay)

Life events

Markers of vulnerability:

1. Experienced significant mental and/ or physical health challenges
2. Experienced the loss of a loved one or a relationship break down
3. Job insecurity and challenges with finding employment
4. Experienced any accidents, legal issues, or unexpected expenses
5. Experienced any climate related risks
6. Experienced a recent loss of income

Behavioral factors

Markers of vulnerability:

1. Level of financial literacy
2. Confidence in ability to make informed financial decisions
3. Difficulties, such as language barriers, in understanding disclosure/financial documents
4. Cognitive, health, or age-related impairments impacting financial decisions

Additional considerations:

1. Victim of elder abuse, financial exploitation, or other circumstances impacting financial well-being

2. Difficulties with disclosing vulnerabilities, for e.g., due to stigma, distrust, fear of judgement or other personal/ cultural reasons

Accessibility factors

Markers of vulnerability:

1. Ease of obtaining and accessing accurate and reliable financial information
2. Financial education or training to enhance financial knowledge
3. Access to tools or services that assist in managing financial information and decisions

Appendix B: Objectives, corresponding outcomes and activities:

Objectives	Outcomes	Actions to support outcomes
1. Foster evidence-based regulation and supervision	FSRA's supervisory and policy decision-making activities are informed by the experiences of vulnerable consumers.	<ul style="list-style-type: none"> • Monitoring and evaluation: <ul style="list-style-type: none"> • Collect data from different sources, including survey research, to gather evidence and monitor outcomes for vulnerable consumers. • Use FSRA's data science capabilities to analyze data collected and identify insights that can inform supervisory and policy activities. • Conduct regular reviews of market trends and conditions to assess emerging risks and vulnerabilities.

Objectives	Outcomes	Actions to support outcomes
		<ul style="list-style-type: none"> • Integration in conduct supervision activities <ul style="list-style-type: none"> • Consider industry conduct that has the highest risk of unfair treatment of vulnerable consumers when developing any sector-specific conduct supervision plan or conduct-focused thematic review. • Establish a feedback loop so that findings related to vulnerable consumers from conduct supervision activities are considered along with other qualitative and quantitative data and research to inform future regulatory and supervisory activities. • Integration in policy decision-making: Use research findings on vulnerable consumers to inform regulatory policy decision-making.
<p>2. Improve education, engagement, and awareness</p>	<p>Increased confidence and general knowledge about the regulated sectors amongst vulnerable consumers.</p> <p>FSRA is better positioned to monitor</p>	<ul style="list-style-type: none"> • Community outreach: Engage directly with representatives of vulnerable communities to strengthen FSRA’s understanding of issues affecting vulnerable consumers, and to inform them about FSRA’s role as the regulator • Education: Educate consumers regarding their rights and protections using tools and tactics informed by experiences of vulnerable groups. • Improve FSRA’s internal awareness and knowledge: Strengthen internal understanding of vulnerability issues, through promotion of the

Objectives	Outcomes	Actions to support outcomes
	<p>trends and developments affecting vulnerable consumers in the regulated sectors.</p>	<p>Framework, data science driven insights and additional training where appropriate.</p> <ul style="list-style-type: none"> • Partnerships with other regulators: Work with provincial, national, and international regulatory partners and associations to i) exchange information related to work on protection of vulnerable consumers, ii) build knowledge on leading practices and iii) reduce risk of redundancy or duplication of resources. • Publish and promote research: Publish research findings on vulnerable consumers and promote key findings to raise awareness.
<p>3. Build strategic partnerships and strengthen collaboration with regulated sectors</p>	<p>Meaningful engagement and collaboration with regulated entities allows FSRA to take an effective and principles-based approach to strengthening protection of vulnerable consumers.</p>	<ul style="list-style-type: none"> • Facilitate dialogue and collaboration with regulated entities and other stakeholder groups: Engage with regulated entities and key stakeholder groups to emphasize the importance of recognizing and responding to the needs of vulnerable consumers, and share leading practices and opportunities for potential application in the future.