

# From Awareness to Action: Enhancing Consumer Outcomes in Financial Services

## Context and Background

### **Slide 1-6: Introduction and Reporting on 2024-2025 activities**

#### **Slide 8: Title Slide**

On behalf of the Consumer Advisory Panel, we are pleased to present our recommendations for strengthening FSRA's consumer focus in the upcoming term. Our presentation will outline a series of proposals that we believe can advance regulatory effectiveness, consumer protection and trust across FSRA's regulated sectors.

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#### **Slide 9: Our Objective Today**

As the designated advocate for one of FSRA's key stakeholder and rightsholder groups, CAP is pleased to offer a set of targeted recommendations that directly align with FSRA's vision of financial safety, fairness, and choice for Ontarians. In particular, we urge the Board to embrace new tools and approaches that will promote a regulatory environment characterized by more informed consumers, defined and measurable regulatory outcomes and more evidence-based and efficient policy making.

Our recommendations are organized around three core themes:

- Investor Awareness & Empowerment
- Quantification of Consumer Outcomes
- Procedural Efficiency and Modernization

These priorities are intended to support FSRA's cross-sectoral goals by focusing on actionable steps that enhance transparency, accountability, and the overall regulatory experience. By emphasizing outcomes that can be tracked and assessed, CAP aims to contribute meaningfully to FSRA's vision of achieving financial safety, fairness, and choice for Ontarians.

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#### **Slide 10: Understanding the Constraints**

- FSRA's operational limitations:
    - Statutory limitations: defined by enabling legislation.
    - Ministerial direction: The annual letter of direction outlines specific deliverables /priorities for FSRA.
  - Despite these constraints, opportunities for leadership and innovation are both available and necessary:
    - We encourage the Board to constantly promote FSRA's vision of ensuring financial safety, fairness, and choice for Ontarians always with the lens of improving outcomes for consumers.
  - Our recommendations are designed to work within these boundaries while advancing consumer protection goals.
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### **Slide 11: Appreciating the Challenges**

- CAP appreciates the dynamic and challenging environment within which FSRA operates:
  - *Geopolitical uncertainty*: Global events can influence financial systems and consumer behaviour. The current situation is having a profound impact on consumers causing significant anxiety, particularly for working age Ontarians with employment uncertainty and older Ontarians concerned about their retirement savings.
  - *Inflationary pressures*: Persistent inflation adversely impacts consumer purchasing power and financial security.
  - *Technological challenges*: The rapid pace of technological change is expanding the range of financial services and products available to consumers that at once creates greater opportunities, greater challenges and more complexity.
- Demographic shifts in Ontario:
  - Aging population: This demographic requires tailored financial products and protections.
  - Expanding immigrant base: FSRA needs to focus on inclusivity and accessibility in consumer protection efforts across diverse communities.

- Findings from the *2024 FSRA Broad Cross-Sectoral Survey* paint a concerning picture of financial vulnerability among consumers:
    - One third of respondents are now classified as moderately to highly vulnerable, a significant increase from 20% in 2022. This rise is largely attributed to health issues, low financial literacy, and ongoing economic pressures, such as high interest rates.
    - The pension sector has seen the most dramatic increase in vulnerability, up 18 percentage points.
    - Additionally, access to financial products remains a challenge, with 19% of consumers being declined products, particularly credit cards and mortgages.
    - Finally, there is a notable trust gap - highly vulnerable consumers express less trust in financial institutions and report lower satisfaction levels, especially regarding home insurance services.
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## Slide 12: Quantifying the Challenges

The overall financial picture for many Ontario residents is deteriorating.

### Ontario Mortgage Holders<sup>1</sup>

Mortgage holders and non-mortgaged homeowners have historically demonstrated stable payment behaviour in general, partly due to their ability to access equity in the property during challenging financial circumstances—often in the form of remortgaging with a balance increase or a home equity line of credit. We are seeing erosion in this stability as economic challenges persist.

- Mortgage holders who are falling behind in their payments are also carrying substantially higher mortgage balances, reflecting the continued financial strain of higher than pre-pandemic interest rates.
- The 90+ day mortgage balance delinquency rate in Ontario surged **over 90%** from Q4 2023 to Q4 2024, far outpacing the change in delinquency rates in other provinces (next highest is Quebec, with a 41% increase).
- Mortgage holders will typically do everything possible to keep up with payments. Ontario mortgage holders are struggling to keep up with other forms of debt, with a **46% jump** in non-mortgage balance<sup>2</sup> delinquency rate<sup>3</sup>, compared to Quebec as the next highest province at 23%.

## Ontario Consumer Insolvencies<sup>4,5</sup>

The profile of consumers filing insolvencies under Canada's Bankruptcy and Insolvency Act now includes populations that traditionally have been able to weather financial challenges more effectively: homeowners and higher income earners (over half of Ontario's insolvent debtors had **net annual incomes greater than \$36,000**). This reflects an unsustainable use of credit to manage daily living costs such as accommodation expenses and groceries.

- In 2024, there were 51,637 consumer insolvency filings in Ontario, comprised of 9,415 bankruptcies and 42,222 consumer proposals. This represents a **17.8% increase** in consumer insolvencies over 2023.
- The average Ontario insolvent debtor in 2024 owed **\$60,678 in unsecured debt** (12% increase over 2023, the largest year-over-year jump since 2011).
- Credit card debt balances of insolvent consumers **increased by 26%**, with the 40-49 age group experiencing the **largest surge of 32%**.
- Individuals **aged 60+** carried the **highest average credit card debt at \$27,543**, reflecting the growth of credit card debt over time once someone begins to carry a balance.
- For the first time since 2020, the average debtor with a vehicle loan faced a vehicle shortfall (commonly called "negative equity"). The **average value of a financed vehicle was \$20,740**, against which they had a **secured loan of \$23,071**.
- **21%** of insolvent debtors are from **two-income households** while **37%** of insolvent debtors have at least one dependent.
- **83%** of insolvent debtors were **employed at the time of filing** while **5% were retired**.
- **54%** of filers had a **net monthly income over \$3,000**.

<sup>1</sup> Source: Equifax Canada [Stable versus Struggling: Canada's Financial Divide Widens](#) (February 25, 2025)

<sup>2</sup> Non-mortgage accounts include credit cards, car loans, unsecured lines of credit, etc.

<sup>3</sup> “Delinquency” typically refers to accounts which are 90 days past due or worse

<sup>4</sup> Source: Office of the Superintendent of Bankruptcy [Insolvency Statistics in Canada – December 2024](#)

<sup>5</sup> Source: Hoyes Michalos [2024 Annual Bankruptcy Study](#)

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### **Slide 13: Consumer Awareness & Empowerment**

Consumers continue to struggle with complexity, opacity, and information overload. FSRA can address these challenges by mandating standardized, plain-language disclosures tailored to each sector—starting with products where risk and cost are difficult to assess (e.g. Point of Sale Fund Facts is a good example).

We urge FSRA to require regulated entities to link their website home page to FSRA’s website and to include “**Regulated by FSRA**”, with appropriate contact information on all invoices/statements/official documents. Other regulators (e.g., IIROC/CIRO) have done this successfully helping move the yardstick forward on consumer awareness.

We also encourage FSRA to expand multilingual and interactive tools that can and should be developed in collaboration with community organizations. These tools would be extremely helpful to underserved groups—particularly seniors, indigenous peoples, newcomers, and low-income Ontarians.

We recommend incorporating a structured assessment into all front-line sales processes to identify consumer vulnerabilities. This will help ensure that individuals at higher risk—such as seniors, newcomers, or those with limited financial literacy—receive tailored support and protections.

Additionally, we propose improving public trust tools like FSRA’s “Check Credentials Tool” by simplifying the language and providing clear, plain-language explanations for each credential, including its purpose and significance.

### **Slide 14: Consumer Awareness & Empowerment – Pensions**

The following charts highlight a significant issue in the pension landscape, particularly for private sector workers who often face lower retirement incomes compared to their public sector counterparts.

	<u>Totals all plans</u>	<u>Big 7 public sector</u>	<u>Balance of assets &amp; members *</u>
<b>Total Assets</b>	\$ 834,000,000,000	\$560,000,000,000	\$ 224,000,000,000
<b># of plan members</b>	4,600,000.00	1,700,000.00	1,900,000.00
<b>Assets per member</b>	181,304.35	329,411.76	117,894.74
<b>Number of Plans</b>	4360	7	4281
<b>Assets per plan</b>	\$ 191,284,404	\$ 80,000,000,000	\$ 52,324,223
<b>* Excludes MEPPs and Target Benefit Plans</b>			

**Slide 15: Consumer Awareness & Empowerment – Pensions (2)**

While higher public sector pension contribution rates can explain a portion of this discrepancy, this disparity is also a product of the lack of awareness among private sector employees regarding their pension options, associated risks, and fees. By enhancing financial awareness and engagement, FSRA can empower these pension plan members to make informed decisions that will ultimately lead to better retirement outcomes. It is crucial for these private sector members to understand better their rights and options, as this knowledge can drive demand for improved transparency and fairness from plan providers. Additionally, collaboration among regulators, providers, and employers is essential to create an environment that supports informed choices and protects those who are most vulnerable in the system.

**Slide 16: Using Data to Improve Consumer Outcomes**

**Objective: Evidence-Based Operating Ethos**

- Our primary goal is to foster an organization-wide culture rooted in evidence-based decision-making.
  - This involves identifying and articulating measurable desired regulatory outcomes and then collecting and analyzing the data associated with those outcomes as per strategies used by the Treasury Board Secretariat for program evaluation.

- This approach leverages defined (*Short-term, Medium and Ultimate*) outcomes, real-time feedback and quantifiable metrics to drive continuous improvement and accountability.

## **Proposals to Achieve the Objective**

- *Unified Digital Complaint and Inquiry Portal:*
  - We propose creating a cross-sector digital platform that centralizes complaints and inquiries.
  - This will make it easier for consumers to navigate and seek redress, regardless of the regulated sector involved.
  - The unified portal will reduce confusion, streamline processes, and enhance transparency.
  - Will provide FSRA with an early warning system to identify and deter bad actors or address systemic problems proactively
- *FSRA Net Consumer Benefit Score:*
  - Introduce a Net Consumer Benefit Score, collected through post-transaction surveys. Separately, or in conjunction with this initiative FSRA could encourage FI's to introduce NPS (The Net Promoter Score is considered a "gold standard" in customer experience metrics and is used by many leading companies to guide improvements and strategic decisions) in order to better monitor and track the customer experience that they are delivering.
  - This metric will provide direct, actionable insights into consumer satisfaction and outcomes.
  - It will enable FSRA to measure the real-world impact of regulatory actions from the consumer's perspective and help FI's identify improvement opportunities in their own processes.
- *Public Dashboard for Key Metrics:*
  - Develop a public-facing dashboard to track and display key consumer outcome metrics (e.g. resolved-y/n; time to resolution; # contacts needed to resolve the problem; satisfaction w/outcome, etc.).

- This will increase transparency and allow stakeholders to monitor progress in real time.
- The dashboard will support data-driven decision-making and foster trust with the public.

## Summary

- Together, these initiatives will embed a culture of accountability, transparency, and continuous improvement across the organization.
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## Slide 17: From Data to Policy Action

Collecting data is not enough to drive real regulatory change. We recommend that FSRA pilot a cross-sector team dedicated to turning consumer feedback into practical regulatory reforms. This team would systematically analyze data from consumer surveys, complaints, and sentiment analysis, using these insights to shape policies such as suitability guidance, improved disclosure, or targeted interventions for high-risk products. By formalizing this process, FSRA can ensure that consumer experiences directly inform regulatory decisions, making the organization more agile, relevant, and responsive to emerging risks and market trends.

The UK's Financial Conduct Authority (FCA) created a Consumer Duty Implementation Team to ensure consumer feedback shapes policy. This team has led initiatives like simplifying financial disclosures and tackling systemic problems in high-risk products such as payday loans. FSRA's proposed team could similarly use consumer insights to prioritize regulatory action, enhance transparency, and strengthen accountability across all sectors it regulates.

Suppose FSRA receives a surge in complaints about the clarity of mortgage product disclosures regarding early termination penalties. The dedicated team analyzes this feedback, identifies patterns, and recommends new standardized disclosure requirements. As a result, consumers receive clearer information, improving their ability to make informed decisions—a direct outcome of data-driven policy action.

We understand that while a centralized complaint process would constitute a major step forward, gaps will remain particularly among vulnerable communities that do not typically enjoy high levels of digital awareness and access. In anticipation of these gaps, we encourage FSRA to engage community organizations as a conduit for complaints and potentially an intermediary for helping complainants understand the solution.

## **Slide 18: Consumer Outcomes Auto Insurance Claims:**

### **Introduction**

- The key consumer outcome we're targeting is that auto accident victims receive health benefits quickly, with a focus on ensuring that health benefit claims are not denied without just cause.

### **Clear and Unambiguous Guidelines**

- To achieve this, it's essential to publish guidelines that are both clear and unambiguous.
- These guidelines should clarify what constitutes proper notice that insurers must provide to consumers, as outlined in various sections of the Statutory Accident Benefits Schedule (SABS).
- Another critical point is the insurers' privilege to obtain an expert witness-known as an Independent Medical Examination or Examination-before denying a health benefit. This process, as referenced in section 44 of the SABS, is disingenuously exploited by insurers under the guise of progressing the claim handling but used instead as a reason for denial, forcing victims to appeal (dispute) at the Licence Appeal Tribunal (LAT) where IE/IME reports are by default taken (without vetting) as expert witness reports.

### **Regular Publication of Audit Reports**

- We also recommend the regular publication of reports that provide a proactive and meaningful audit of insurers' compliance.
- These audits will ensure transparency and accountability, helping to identify and address any systemic issues promptly.

### **Conclusion**

- By implementing these measures-clear guidelines and regular, meaningful audits-we can better protect consumers and ensure that accident victims receive the health benefits they need without unnecessary delays or denials.

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## **Slide 19: Consumer Outcomes – Auto Insurance Claims (2):**

Our goal is to ensure that auto accident victims receive health benefits quickly and that their health benefit claims are not denied.

### **Current Landscape Overview:**

- **Victims' Health Practitioners vs. Insurer's Medical Experts:**  
There is a clear trend where victims' health practitioners are losing out to medical experts hired by insurers. This dynamic often leads to claim denials or delays for accident victims.
- **Insurer Spending Patterns (2017 Data):**  
In 2017, insurers spent \$1.5 million on medical experts specifically to deny health benefit claims for 471 victims. Notably, none of this money was spent on actual medical treatments for those victims.  
In contrast, insurers spent \$157 million on medical experts overall, which represented about 42% of all payments made towards the medical treatments of 71,313 victims. This illustrates a significant allocation of resources towards expert opinions rather than direct care for claimants.
- **Outcomes at the Licence Appeal Tribunal (2023 Data):**  
Looking at 1,108 LAT decisions from 2023:
  - Injured parties were fully successful only 10% of the time.
  - Insurers were successful 71% of the time.
  - The remaining 19% of cases resulted in split decisions.

### **Key Takeaway:**

The current system heavily favours insurers, both in terms of spending and outcomes. Victims face significant barriers to accessing health benefits, with most cases decided in favour of insurers and substantial resources spent on denying claims rather than providing care.

### **Source:**

Ontario Trial Lawyers Association, Expanded LAT AB Decision Data, September 20, 2024

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## **Slide 20: Regulatory Efficiency & Digital Modernization**

### **Objective:**

Enhance regulatory efficiency and effectiveness by modernizing FSRA's systems,

processes, and approach to oversight, enabling faster, more data-driven, and stakeholder-friendly regulation across all sectors it supervises.

### **Three Innovations for FSRA to Consider:**

- **1. Fully Digitized Operations and Advanced Data Analytics**

This will require a multi-year strategic commitment to transform FSRA into a fully digitized operations and advanced data analytics regulator. It will involve implementing integrated technology solutions that provide a 360-degree view of regulated entities, modern case and content management systems, and enhanced client portals to streamline all regulatory interactions. It will also require building a robust data analytics infrastructure across all regulated sectors, establishing new data interfaces and advanced reporting systems to support evidence-based, risk-focused decision-making.

The successful implementation of this strategy would enable FSRA to streamline all regulatory interactions, reduce manual processing, and leverage real-time, evidence-based oversight. By digitizing operations and integrating advanced analytics, FSRA can automate compliance monitoring, improve reporting accuracy, and proactively identify risks-capabilities that are now industry standards for efficient, modern regulators. These tools also support more strategic, data-driven decision-making and faster responses to regulatory changes. If FSRA truly aspires to become a world class regulator this strategy is a need to have not a nice to have.

- **2. AI-Enabled Case Management and Decision Support**

AI and machine learning transform traditional, manual case management into an automated, scalable, and outcome-driven process. This shift would allow FSRA to prioritize high-risk cases, reduce false positives, and ensure consistent, audit-ready regulatory decisions. AI-powered systems free up staff for higher-value tasks and help FSRA keep pace with increasing complexity and volume in regulatory oversight. Such automation is essential for both efficiency and effectiveness in today's regulatory environment.

- **3. Enhance Test and Learn Environments (TLEs) for Regulatory Innovation**

FSRA's Test and Learn Environments allow for controlled, low-risk testing of new products, services, and business models. These "regulatory sandboxes" enable both incumbents and new entrants to innovate under regulatory oversight, with FSRA able to adapt rules and grant time-limited approvals as needed.

FSRA can improve its current Test and Learn Environments (TLEs) by streamlining the application and onboarding process, expanding outreach to attract a broader pool of

innovators, and investing in advanced data analytics for real-time monitoring and evaluation of test outcomes. By making the TLEs more accessible and transparent, FSRA can reduce barriers for both incumbents and new entrants, enabling faster and more diverse experimentation. Additionally, continuous feedback from participants and stakeholders should be used to refine TLE processes, update risk controls, and improve consumer protection measures. By regularly updating its TLE framework based on data-driven insights and lessons learned, FSRA can accelerate innovation, deliver better consumer outcomes, and maintain strong regulatory safeguards in a rapidly evolving financial services landscape

**Summary Table: FSRA’s Proposed Innovations**

<b>Innovation</b>	<b>Description</b>	<b>Impact</b>
Fully Digitized Operations & Data Analytics	End-to-end digital workflows, advanced analytics, integrated portals	Faster processing, better oversight, improved user experience
AI-Enabled Case Management & Decision Support	Automation of regulatory processes, AI triage, machine learning for suitability and supervision	Efficiency, consistency, focus on higher-risk cases
Enhanced Test and Learn Environments (TLEs)	Regulatory sandboxes for safe, data-driven innovation testing	Encourages innovation, adapts regulation to market needs

These innovations will position FSRA as a leading, agile regulator-able to respond quickly to market changes, support responsible innovation, and deliver more effective protection for Ontario consumers.

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**Slide 21: Alignment with FSRA Strategy**

Our recommendations align closely with FSRA’s strategic priorities, including strengthening consumer outcomes, driving digital modernization, and enhancing regulatory consistency

across sectors. These proposals build on CAP's previous work in areas such as title protection, auto reform, and licensing suitability, representing an evolution of our ongoing efforts rather than a departure. By integrating these initiatives, FSRA can continue to balance the adaptability of principles-based regulation with the clarity and specificity of rules-based approaches.

It also aligns with the provincial government's focus in recent years to modernize consumer protection (Consumer Protection Act 2023).

Importantly, we recognize that achieving these goals will require continued collaboration with government partners and sufficient financial resources. Our proposed timeline is intended to provide a sense of urgency and illustrate the accelerated implementation cycles that leading regulators are achieving globally. CAP's vision is for FSRA to become a more modern, effective, and efficient regulator—one that is relevant and proactively addresses consumer needs while setting a benchmark for innovation and leadership in financial services regulation.

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## **Slide 22: Final Reflections and Requests**

In closing, we ask FSRA's Board to consider embedding our proposals into FSRAForward and related strategic initiatives.

We also welcome the opportunity to partner more closely with FSRA on public outreach/engagement, consumer research, and sector consultations.

Finally, we invite your reflections. Where do you see the greatest opportunity? Where can CAP best support FSRA in realizing its consumer-focused mandate? How can the CAP support FSRA in obtaining government support for strengthening consumer protection?