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November 3, 2020

Mr. Mark White
FSRA
5160 Yonge St. 17th Floor
North York
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Dear Mr. White,

Libro Credit Union offers our perspective and opinion on the 2021-22 FSRA Statement of Priorities with the goal of continued dialogue, collaboration and transformation of our regulator to return greater value to stakeholders.

We recognize that FSRA is on a journey to transition into a principles-based regulator. This journey won't be easy and will present unforeseen challenges along the way, especially given the current COVID environment. It is important for FSRA to understand that COVID has presented its own set of challenges on the credit union sector including severe margin compression, increased costs and investments, heightened uncertainty, and decreased lending activity. FSRA should keep this in mind during your review of consultation feedback and as you begin moving forward with the priorities and projects ahead.

The proposed Statement of Priorities offers a glimpse of where FSRA wants to go with its soon to be rule-making ability. We are generally satisfied with the guidance timeline presented to sector stakeholders. Our concern of the timeline relates to guidance and rules relating to Business Powers and Investments. We recognize the new Credit Union Act may take care of the requirements relating to business power and investment requirements however, having guidance early would be reassuring for the credit union sector to ensure we can move quickly on this new opportunity. We recommend that FSRA seek to move quicker on business and investment powers guidance within their timeline.

Libro appreciates the ongoing Deposit Insurance Reserve Fund (DIRF) review. We see this as an important priority and opportunity to improve sector understanding of DIRF targets, risk, and sustainability. We look forward to reviewing the initial results alongside FSRA and working towards innovative solutions to strengthen the DIRF, while also creating greater flexibility and understanding of the targets and long-term strategies that will drive value for the sector, our members and depositors.

We are appreciative of the advocacy work that FSRA is doing to support future opportunities related to standing term liquidity funding and emergency lending assistance. These are important funding mechanisms and supports that credit unions should be able to access to strengthen our ability to deliver lending and support to members in times of unprecedented need and crisis. Libro is open to collaborating with FSRA on this important work in any manner needed.

Libro is also pleased to see FSRA's commitment to a principles-based risk supervisory framework review and implementation. This is a welcomed priority as examinations should be principled and outcomes focused. One additional deliverable that we feel should be included within FSRA's plan relates to

training of FSRA staff. For this new framework and plan to work staff must be trained to ensure alignment to principles-based examinations and outcomes. We hope that FSRA will provide the sector with a training plan to ensure that the sector feels confident in the ability of examiners and approach from FSRA on this important issue.

Additionally, and maybe most importantly, we are concerned with the \$3 million dollar (20%) increase to the sector's fees. This is a staggering increase during a time when COVID challenges continue to hamper credit unions, our members, communities and the overall provincial economy. We remain in a period of uncertainty relating to our economic recovery, real estate, and employment. These have major impacts on credit union profitability and operations. It could be concluded that the increase is out of touch with current realities. We recognize that FSRA is working towards more innovative and dynamic operations, which could have modest budget needs. However, we were surprised at the size of the proposed increases. We look forward to more discussion on the increase through the Credit Union Stakeholder Advisory Committee (SAC), the Canadian Credit Union Association and this consultation. We trust that FSRA will reconsider the budget increase during our current environment and will seek proactive measures to reduce its size and impact on the sector.

Lastly, we have concerns that these consultations and discussions with the Stakeholder Advisory Committee (SAC) might appear to be a formality on already-decided policy and decisions. We would like to see the SAC as a forward-looking group that is collaborative and open in discussing important sector items with a focus on future decisions, guidance and priorities. We trust that FSRA will continue to review sector feedback and concerns relating to the noted increase and reconsider purchases, technology upgrades and resource additions. We also trust that FSRA will properly and genuinely utilize the SAC in a proactive manner to better build priorities and budgets of the future. One opportunity could be a focus on longer term budgeting, such as a 3-year budgeting process. This would help allow for consistent and sustainable future budgeting and would allow credit unions and FSRA to collaborate on long-term strategies that will better support our members, depositors and the overall sector. We would request that FSRA consider this as a future option and we would be supportive of discussion that focus on moving towards this strategic budgeting process to avoid situations of high increases as seen with this current proposed budget.

Libro remains supportive of the journey that FSRA is on to become a principles-based regulator and we want to be collaborative partners on the journey. Finding innovative solutions and strategies to ensure that the journey is faster, cost effective, efficient and supportive of members and their deposits will be critical to ensuring that our sector remains strong and resilient. If we can support any of the above requests or comments further, please do not hesitate to connect with myself.

Sincerely,



Stephen Bolton
Head Coach, CEO and President
Libro Credit Union
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