



Financial Services Regulatory Authority of Ontario
25 Sheppard Avenue West, Suite 100
Toronto, ON
M2N 6S6

Attn. Public Consultation on the Innovation Framework

Dear Mr. Padassery,

Kingston Community Credit Union (KCCU) is a community based credit union in Eastern Ontario, serving just under 10,000 members, small businesses and community organizations. KCCU provides competitive services and a real choice for financial consumers in Ontario. We see the ability to innovate our products, services and service channels as essential to deliver on our mission into the future, and this evolution has to go hand in hand with regulatory innovation. In the increasingly digital environment and with the coming of "Open Banking" many of these new service developments will involve an array of new third party partners in financial service delivery. Regulatory innovation, as in being able to assess and incorporate as yet unforeseen business arrangement, is essential for the credit union to be able to develop and deliver those new choices and benefits to the consumer. Regulatory innovation, as in being able to nimbly extend oversight and risk management proportionately, is essential for consumer confidence and protection in a rapidly changing financial services environment.

The establishment of the Innovation Office and the proposed Innovation Framework is a laudable and forward thinking initiative, that could help make Ontario a leading jurisdiction for innovation in the business sectors under FSRA's oversight. Innovation and successful entrepreneurship is inherently risk-taking, while FSRA's present expertise and necessary role is assessing risk and "limiting risk to consumers and members". To be successful, the Innovation Office cannot have "limiting risk to consumers and members" at the top of its vision on page 5 of the Framework consultation document. Rather, as well articulated on page 7 of the consultation document, the value of the Innovation Office will be in challenging "established structures and closed mindsets that stifle innovation".

It is KCCU's recommendation that the Innovation Framework put facilitating the Test and Learn Environment at the forefront, and that that the Innovation Office will need to be more than a "coordinating body" within FSRA's organizational structure. In particular, to promote innovation in financial services and products, and to put Ontario in the forefront for innovation, the Innovation Office should be tasked with sponsoring the development of innovative prudential and regulatory solutions.

Downtown
18 Market Street
Kingston, ON K7L 1W8
(613)549-3901

Kingston West
795 Gardiners Road
Kingston, ON K7M 7E6
(613)384-5555

Kingslake Plaza
1201 Division Street
Kingston, ON K7K 6X4
(613)531-6056

kccu.ca
kccu@kccu.ca





Innovation within our credit union has required fresh insights and new skills, from diverse backgrounds far removed from the traditional 'banker' career path. The successful fintech innovators have not and will not come the tenured FI career path. KCCU's success and future viability requires willingness to be challenged and informed by the upstarts. The same holds for successful innovation in regulatory oversight. The solutions that will make FSRA a successful regulator in the coming world of Open Banking and other financial service innovation, will not necessarily come from the traditional oversight experience. The Innovation Office can play that challenger role within FSRA, and to ensure this happens should look without for diverse new talent.

Innovation is unpredictable and often maverick. The Innovation Office can make a big contribution to Ontario's "Open for Business" agenda not by stipulating "responsible innovation", but by assisting innovators in sourcing and developing the controls that will turn their proposals into responsible products and services for consumers, and by assisting FSRA's regulatory function in developing innovative oversight strategies necessary to allow innovation while maintaining regulatory integrity, sector soundness and consumer confidence.

Respectfully Yours,

Jon Dessau
Kingston Community Credit Union
795 Gardiners Road
Kingston ON K7M 7E6

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