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Mark White  
Financial Services Regulatory Authority of Ontario  
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November 3, 2022

**RE: Libro Credit Union responds to FSRA's Proposed 2023-24 Statement of Priorities and Budget (Consultation 2022-012).**

Dear Mr. White and Team,

Libro is pleased to provide our response to the consultation on FSRA's 2023-24 Statement of Priorities and Budget. This consultation comes at a critical point for both FSRA and the sector's it regulates as housing supply, real estate, business sentiment, inflationary pressure, and labour shortages are all presenting increasingly significant challenges to our operations and businesses. There is certainly no shortage of macro and micro economic challenges to navigate as we head into 2023-24.

Our consultation feedback will review both cross sectoral items, as well as credit union specific items. We will conclude with areas that are less quantifiable that we believe need greater attention beyond just priorities and budget alone.

**Cross Sector Feedback**

**Economic and Emerging Trends Outlook**

We agree with FSRA's assessment of the macro-economic concerns and challenges facing our sector. Inflation, housing instability, labour shortages, climate change and growing technology demands remain prevalent for our sector heading into 2023/24. Libro remains focused on supporting our Owners during these times of economic uncertainty and we look to FSRA as a partner in that effort to ensure stability.

We continue to see a growing interconnectedness between socio-economic and technological challenges within financial services. FSRA must recognize that while this change presents new and emerging risks to manage and monitor, it also presents a unique opportunity to grow in new and more sustainable ways. As a social purpose focused organization, we will look to FSRA as a partner in supporting our adaption to the changing financial services and socio-economic needs within Ontario and of our Owners.

## Strategic Framework

FSRA's 2023-24+ Priorities (slide 11) is certainly ambitious, and we are supportive of the items outlined. The key, as in all projects, is the ability to execute and implement in a collaborative and supportive manner. Trust and collaboration within the sectors will be important as these projects either continue or start. We remain steadfast in our desire to work with FSRA on regulatory items in a "principles based-outcomes focused" approach. Below is our feedback on FSRA's sector-wide priorities:

### *Strengthening Consumer Focus*

We are pleased to see FSRA focusing on enhancing consumer support and opportunities to gain participation. The Consumer Advisory Panel (CAP) feels like a great opportunity and yet remains relatively unknown. To date we have had only minimal updates/communication around the efforts of the CAP. We hope that this group can build upon its foundational year and create more understanding and insights for our sector moving forward.

We note as a priority that FSRA will be "*providing a consumer lens for key policy and oversight activities*". We are unsure what this fully entails and what metrics will be used to ensure that a consumer lens is present to satisfactory levels of FSRA and our sector. In addition, we note that FSRA is "*seeking to work more closely with public interest community groups, while support financially vulnerable Ontarians*". Credit unions can help FSRA achieve both goals, as we partner with many organizations supporting these goals additionally, our sector underwent a review of financially vulnerable Canadian's and credit union action across Canada (CCUA Report). We trust that FSRA will work collaboratively with credit unions on both initiatives.

### *Modernizing Systems and Processes*

Enhancements towards portals and digital sign-off are welcomed. We hope that FSRA can continue to improve upon their communication through planning and delivery to ensure that sectors are aware of changes, updates, and agenda/packages prior to meetings. We understand that data is important and can help with risk assessment and monitoring and the benefits of data-based decisions. At the same time, we urge FSRA to limit data collection of our members to information that is reasonable and necessary to carry out their responsibilities and ensure that the loss of privacy and regulatory burden imposed is proportional to the benefit gained, and the amount of data collected is comparable to that collected by other federal and provincial regulators. Many people, including our Owners, are very concerned about the sharing of personal data with the governments and regulators, especially considering the recent use of the Emergencies Measures Act. It is important for FSRA to consider the best interest of both our Owners and the credit union sector, as well as compliance with privacy laws and regulations, in this initiative.

### *Enable Innovation*

We believe that growing through innovation is a great strategic focus for FSRA. We would appreciate continued learnings to be shared by the Innovation Team and Office. We also believe that discussions around “responsible innovation, regulatory innovation effectiveness, and stakeholder development” can run through sectors and should be a collaborative process. We remain excited by the prospects of working with FSRA on a regulatory sandbox where we would have the ability to test innovation within a testing ground.

### *Talent Attraction and Strategy*

We have seen turnover within the credit union sector of FSRA Relationship Managers and dedicated staff over the past few years. This presents a concern as relationships, credit union knowledge, and experience are critical to our regulatory and prudential success. Having the right people to execute on FSRA’s risk-based supervisory framework will be important to the sector, along with general business continuity, especially if FSRA intends to place a heavier weight on examination results in the determination of deposit premiums.

### **Credit Union Sector Feedback**

#### *Supervisory Excellence*

As FSRA moves in the direction of “supervisory excellence” from its previous objective of being a “world class regulator” it would be beneficial for the sector to understand what this means as both a desired state and definition. We feel this understanding is missing within the outlined priorities. Having common meaning around these visionary goals of the regulator will help ensure the sector can support and work better and more collaboratively with FSRA.

We will likely have more comments on this as we dive into the operational elements in 2023/24. We are surprised to see the Capital Adequacy Rule on the workplan given it was just adopted in 2022. We are supportive of the desire to enact an unclaimed deposits repository that members can access. We trust that resource allocation for this project will be reasonable and risk-based relative to other risks faced by credit unions and our Owners.

#### *Financial Stability*

We recognize the work FSRA is doing on behalf of the sector in supporting emergency lending assistance (ELA). This is an important opportunity for the sector to achieve greater stability against unexpected shocks and events. We trust that the recovery and resolution planning work we are doing today will help finalize ELA for the sector. We are supportive of the ongoing DIRF review and reiterate that collaboration will be critical to ensuring understanding within the sector, along with effective implementation.

## **Concluding Remarks**

The 2023-24 Statement of Priorities and Budget document is an ambitious plan. We expect 2023-24 to be challenging on several fronts, flexibility and adaptability will be critical to the success of our sector and the growth of our relationship with FSRA. We recognize that credit unions will need to work closely and collaboratively with FSRA. Now is the time to reset and re-focus on items of mutual benefit. We look forward to working with FSRA on the items presented and on items that will challenge us in new ways throughout the upcoming fiscal year.

Sincerely,

A handwritten signature in black ink, appearing to be 'S. Bolton', written in a cursive style.

Stephen Bolton  
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