

# Comprehensive Response to FSRA's 2025-26 Statement of Priorities Consultation

**To:** FSRA Consultation Team

**From:** Studio AM Limited

Dear FSRA Team,

Thank you for inviting stakeholders to provide input on your 2025-26 Statement of Priorities and Budget. Studio AM Limited, a compliance consultancy firm supported by a global family office, appreciates the opportunity to share our insights to support FSRA's mission to enhance efficiency, resilience, and consumer outcomes in Ontario's financial services ecosystem. This submission offers constructive feedback and suggestions on your outlined priorities, focusing on practical implementation strategies, sector-specific recommendations, and areas for potential enhancement.

## Key Priorities Feedback and Suggestions

### 1. Enhancing Operational Efficiency and Reducing Regulatory Burden

We commend FSRA's commitment to improving efficiency in regulatory processes, a goal that aligns closely with industry needs. Simplifying compliance while maintaining rigorous oversight is critical for market growth and resilience.

- **Adopt Collaborative Regulatory Technology (RegTech):** FSRA could explore public-private partnerships to pilot RegTech solutions aimed at streamlining reporting, real-time data submissions, and automated compliance monitoring. By leveraging AI and machine learning, institutions can meet regulatory obligations faster and more accurately.
- **Streamlined Licensing Processes:** Introduce a unified digital portal for licensing and regulatory applications that includes a dashboard for real-time updates, submission tracking, and automated notifications. This could reduce processing timelines and minimize administrative burdens.

### 2. Consumer-Focused Outcomes

FSRA's emphasis on improving consumer trust, transparency, and protection is both timely and critical. As financial products grow in complexity, empowering consumers through clarity and accountability should remain a central focus.

- **Enhanced Consumer Education Initiatives:** Consider allocating additional resources to create interactive digital tools and resources that help consumers understand financial products, associated risks, and complaint mechanisms.

- **Proactive Consumer Risk Mitigation:** Expand KYC and AML standards to include predictive analytics to identify and mitigate potential consumer risks early. Encourage financial institutions to adopt these measures through incentives or recognition programs.

### 3. Risk-Based Supervision and Systemic Resilience

Your focus on risk-based supervision is a pragmatic approach to addressing vulnerabilities in an evolving regulatory landscape. The inclusion of emerging risks, such as those related to cryptocurrency and cybersecurity, is particularly forward-looking.

- **Dedicated Crypto and Digital Asset Compliance Framework:** Develop a specialized task force or working group to standardize compliance expectations for digital assets. Ensure alignment with international standards to attract investment while protecting consumers and financial stability.
- **Cybersecurity Risk Assessment Benchmarks:** Introduce periodic sector-wide assessments or stress tests focused on cybersecurity resilience. This could help identify systemic vulnerabilities and guide institutions in improving their defenses.

### 4. Sustainable Growth and Innovation

FSRA's plan to support market efficiency through sustainable growth is commendable. Promoting innovation within the regulatory environment while balancing consumer protection is essential.

- **Regulatory Sandboxes:** Foster innovation by establishing or expanding sandbox environments where financial institutions and startups can test new products or processes under FSRA's guidance without immediate compliance burdens. This would encourage growth and reduce barriers to market entry.
- **Data-Driven Policy Making:** Use anonymized, aggregated industry data to inform policy decisions, especially in areas where innovation intersects with risk, such as FinTech and sustainable finance.

## Sector-Specific Feedback

In **cross-sectoral initiatives**, FSRA could focus on regulatory harmonization and introduce technology-neutral frameworks to encourage innovation. Regulatory sandboxes and open data-sharing standards among financial institutions would create opportunities for fintech and insurtech solutions while empowering consumers with better financial options. Collaborative forums for stakeholders could address cross-sectoral challenges and streamline compliance efforts.

For **property & casualty (P&C) and auto insurance**, FSRA might explore dynamic pricing models and incentives for eco-friendly practices, such as discounts for low-emission vehicles or usage-based insurance models. Simplifying the entry process for smaller insurers and reducing administrative complexity would promote competition and consumer-friendly offerings.

For **Ontario-incorporated insurance companies and reciprocals**, FSRA could streamline licensing requirements and offer tailored guidance to support small and medium-sized firms. Encouraging partnerships between established players and new entrants would transfer knowledge, improve competitiveness, and stimulate growth.

In the **credit union sector**, simplifying the approval process for new entrants and reducing compliance burdens for smaller entities could bolster competitiveness. Collaborations with fintech firms could lead to innovative financial products, and establishing knowledge-sharing platforms would promote operational efficiency.

For **life and health insurance**, FSRA could allow more flexible product designs and encourage partnerships between insurers and healthcare providers. Alternative underwriting methods based on lifestyle and wellness data could attract new competitors while delivering better consumer outcomes. Expanded consumer education initiatives would further empower individuals to make informed decisions about their insurance needs.

In **mortgage brokering**, FSRA could simplify licensing requirements for independent brokers and promote digital innovation, such as AI-driven tools for risk assessment and streamlined mortgage processes. These measures would enhance competition and consumer confidence.

For **pensions**, FSRA could promote portable pensions and multi-employer pension plans (MEPPs) to appeal to a broader and more dynamic workforce. Simplifying administrative processes and offering incentives for sustainable and socially responsible investments would attract innovative providers and align with global ESG trends.

In the **financial planners and advisors sector**, FSRA could introduce tiered certification programs to align with global best practices, improving professionalism. Clearer disclosure requirements for fee structures and advisory models would empower consumers to make better-informed decisions, while ongoing professional development initiatives would equip advisors to navigate evolving regulatory conditions.

## **Budgetary Feedback**

We appreciate FSRA's transparent approach to its proposed budget. As an organization closely involved with compliance dynamics, we recognize the importance of strategic allocation of resources. A dedicated budget for RegTech tools and digital transformation could significantly improve operational efficiency for FSRA and regulated entities. Enhanced stakeholder engagement through ongoing consultation and feedback loops would ensure that regulatory initiatives remain practical and impactful.

## **Conclusion**

Studio AM Limited supports FSRA's forward-thinking approach to regulatory oversight and market development. Our recommendations focus on practical, technology-driven, and consumer-centric solutions that align with your objectives to enhance efficiency, mitigate risks, and promote trust.

We would be pleased to further discuss our insights or collaborate in initiatives that support FSRA's vision. Thank you for the opportunity to contribute, and we look forward to your continued leadership in shaping a resilient and dynamic financial services sector.

**Sincerely,**

Studio AM Limited

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