

Financial Services Regulatory Authority of Ontario
25 Sheppard Ave. West.
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February 6, 2026

RE: CCUA's Response on FSRA's Proposed Budget 2026-2027 Consultation

To the Reader(s),

CCUA is pleased to respond to FSRA's proposed budget consultation for all regulated sectors. Our response will focus primarily on the credit union sector and related costs towards our members. We welcome feedback and look forward to ongoing dialogue on lowering costs for credit unions as FSRA enters a mature state of operation within our sector.

Consultation Timeline

The proposed timeline for FSRA's budget is significantly shorter than in previous years and was not released in tandem with FSRA's Statement of Priorities (SOP) consultation. As a result, this may prevent sectors, groups, and associations from providing proper feedback. The budget is a critical document and serves as an important opportunity for collaboration, which FSRA has identified as a priority. We would hope that, in the future, FSRA provides longer timelines for responses on budgetary matters, while placing it alongside FSRA's SOP consultation to support greater feedback. While CCUA is turning around our comments on this consultation faster than normal, complete feedback from the sector won't be achieved due to the reduced timeline.

Total Budget Plan Increase

CCUA has concerns regarding the proposed \$7.9 million (6.5%) increase to the 2026-2027 total budget plan. Below, we will outline specific questions and views related to the proposed projects and directives. We are understanding of the potential increases given salary environments, required government collective bargaining, and certain projects that are necessary to FSRA's operations; however, 6.5% is 4.4% above the Bank of Canada's standard inflationary expectations for 2026¹. While a modest increase is to be expected, the proposed 6.5% is higher than anticipated. We trust that FSRA will work to reduce the budget increase to a more modest figure that aligns with inflationary totals for the credit union sector in the final budget and Annual Business Plan.

¹ Bank of Canada. Monetary Projections 2026. <https://www.bankofcanada.ca/publications/mpr/mpr-2026-01-28/projections/>



FSRA Maturity and Strong Operational State for Credit Unions

CCUA believes that credit unions are operating within one of the most mature sectors overseen by FSRA. This includes areas of credit union policy, prudential, IT, and operations. This is highlighted by the execution of phase one of the Enhanced Data Collection project, an up-to-date work plan, forward-looking guidance initiatives, and a strong core team in place. Credit unions have incurred increased costs over several previous budgets to help support this mature state. We believe now is an appropriate time where costs should align with inflationary estimates and be driven primarily by salary and collective bargaining requirements under the Ontario government, rather than by ongoing critical internal infrastructure projects.

One approach to supporting credit unions and the mature state of our sector within FSRA would be to move away from cross-sector subsidization. As currently presented, it is not clear how FSRA is using fees across various sectors to support specific projects that may or may not impact all sectors. We recognize that there are cross-sector priorities that need to be funded by all sectors; however, CCUA believes that a reduced cross-sector subsidy approach would better align costs directly with the sector that incurs them or that requires an increased expenditure. At a minimum, FSRA should be transparent about how cross-subsidization works and what projects are being funded in this manner. We trust that FSRA's formal budget and business plan will highlight cross-sector priorities and better articulate how these projects are being funded and the positive impact they are having on each sector.

Ministry Directed Initiatives and Long-Term Spend

Within the proposed budget, two areas speak to an increase of \$5.7 million for the fiscal year. The first area highlights the FSRA projects and initiatives for which this amount will be spent. There is then a second reference to the \$5.7 million as "Ministry-directed initiatives". We assume both items are speaking to the same cost items, and the list presented is the "Ministry-directed initiatives". Clarification on these two statements would be helpful to understanding whether these are FSRA's project decisions or the Ministries.

FSRA also notes within the proposed draft budget that it anticipates spending \$68.5 million over "several years" on new initiatives. CCUA would welcome greater transparency and understanding regarding how the \$68.5 million will be allocated, the benefit to credit unions, and what is meant by "several years". CCUA welcomes prudent investments that benefit our members and their experience with FSRA; however, clarity on future spending would be welcomed so that we can ensure alignment with sector goals and needs. We trust that FSRA will include more detailed information in the formal budget and annual business plan regarding the \$68.5 million long-term spend.

IT and Infrastructure Projects/Spend

We note that the proposed budget includes ongoing spending on “building critical IT infrastructure”. The sector would appreciate greater transparency around what this spending entails and how these dollars will impact our members. Credit unions have experienced increasing costs related to ongoing IT development over several budgets. Additionally, a hold was placed on potential platforms related to unclaimed deposits, and with EDC now in place, we anticipated a reduction in critical infrastructure spending and its impact on our members. We welcome more details on these IT infrastructure projects within FSRA’s anticipated annual business plan.

Concluding Thoughts

CCUA looks forward to ongoing dialogue and engagement on FSRA’s budget and long-term objectives that will positively impact our members. As noted throughout our response, we are seeking clarity and understanding around some of the spending initiatives, as well as consideration of cross-sector subsidization and its impact on a mature sector. We look forward to reviewing FSRA’s Annual Business Plan and formal budget and providing feedback at that time.

Regards,



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