

**BC Financial Services Authority  
(BCFSA)**

**2024/25 – 2026/27  
Service Plan**

**February 2024**



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Published by BC Financial Services Authority

## Board Chair's Accountability Statement



The 2024/25 – 2026/27 BC Financial Services Authority (BCFSA) Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. This plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan and is responsible for the validity and reliability of the information presented.

All significant assumptions, policy decisions, events and identified risks, as of February 2024, have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, BCFSA's mandate and goals and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of BCFSA's operating environment, forecast conditions, risk assessment and past performance.

Signed on behalf of the Board by:

A handwritten signature in black ink that reads "Stanley Hamilton". The signature is written in a cursive, flowing style.

Stanley Hamilton  
Board Chair, BC Financial Services Authority  
February 7, 2024

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## Strategic Direction

In 2024/25, public sector organizations will remain focused on providing the services and infrastructure that people depend on to build a good life. Public sector organizations will continue to support Government in delivering results that matter to British Columbians including helping people with costs, attainable and affordable housing, strengthened health care, safer communities, and a secure, clean and fair economy. Public sector organizations will also continue to work closely with Government as it works collaboratively with Indigenous Peoples to implement the Action Plan for the Declaration on the Rights of Indigenous Peoples Act and delivers initiatives that advance reconciliation in ways that make a difference in communities throughout the province.

This 2024/25 service plan outlines how BC Financial Services Authority (BCFSA) will support the government's priorities and selected action items identified in most recent Crown Agency [Mandate Letter](#).

BCFSA is a Crown agency of the Government of British Columbia headquartered in Vancouver. BCFSA oversees the financial services sector including the credit union, trust company, insurance company, pension plan, mortgage services, real estate services, real estate development and money services segments. BCFSA also administers the Credit Union Deposit Insurance Corporation of British Columbia (CUDIC).

BCFSA was established by the Financial Services Authority Act and has accountabilities under the following eleven statutes and associated regulations:

- [Financial Services Authority Act, 2019](#)
- [Credit Union Incorporation Act](#)
- [Financial Institutions Act](#)
- [Insurance Act](#)
- [Insurance \(Captive Company\) Act](#)
- [Money Services Businesses Act\\*](#)
- [Mortgage Brokers Act\\*\\*](#)
- [Mortgage Services Act\\*\\*\\*](#)
- [Pension Benefits Standards Act](#)
- [Real Estate Development Marketing Act](#)
- [Real Estate Services Act](#)
- [Strata Property Act](#)

### Notes:

\*Enacted but not in force.

\*\*Anticipated to be in force until the Mortgage Services Act comes into force.

\*\*\*Anticipated to replace Mortgage Brokers Act upon coming into force.

## Purpose of the Organization and Alignment with Government Priorities

In support of the Government of British Columbia's priority to help build a better province for everyone, BCFSA helps protect British Columbians during some of the most important financial decisions of their lives.

A properly functioning and efficient financial services sector in which British Columbians have trust and confidence is essential to the province's economy. BCFSA's objective is to instill confidence in the financial services sector by focusing on the safety and soundness of regulated entities and consumer protection. BCFSA must safeguard the interests of consumers such as depositors, policyholders, beneficiaries, pension plan members and those undertaking real estate transactions, while at the same time allowing the financial services sector to take reasonable risks and compete effectively.

Through modern, effective and efficient oversight, enforcement, education and guidance, BCFSA works to make B.C. a place where people can continue to have confidence in the financial services they receive. BCFSA serves consumers by regulating financial services and is accountable to consumers through the Minister of Finance.

## Operating Environment

BCFSA began operations as a new Crown agency on November 1, 2019, when it assumed the regulatory accountabilities of the Financial Institutions Commission (FICOM). The transition was driven by the need to create a modern, effective and efficient regulator with the independence and flexibility necessary to regulate a financial services sector that had grown both in importance and complexity.

On August 1, 2021, BCFSA assumed accountability for regulation of real estate services, including the licensing, conduct, investigation and discipline of real estate licensees and of real estate developers in respect of marketing activities.

### **Financial Services Landscape**

The scope of BCFSA's regulatory mandate reflects the size and complexity of the financial services sector in B.C. which, as of December 31, 2023, included:

- 33 credit unions with more than \$79.6 billion in assets
- Over 600 pension plans with more than \$200 billion in assets
- Over 215 insurance and trust companies (including extra-provincials)
- Over 7,000 mortgage brokers and brokerages
- Over 38,000 real estate licensees, brokerages, branches and personal real estate corporations

B.C.'s financial services sector is connected to the sectors in other provinces. Central 1 Credit Union, which undertakes various centralized activities such as clearing and payments for credit unions, acts as a "central credit union" in both B.C. and Ontario. Some pension plans with members in B.C. also have members in other provinces. Many of the insurance and trust companies BCFSAs oversees operate in other provinces. Mortgage brokers and real estate licensees may be authorized to do business in other provinces.

This landscape makes cooperation and harmonization with other regulators in Canada a priority. BCFSAs is an active partner in national regulatory associations including the: Canadian Council of Insurance Regulators (CCIR); Credit Union Prudential Supervisors Association (CUPSA); Canadian Association of Pension Supervisory Authorities (CAPSA); Mortgage Broker Regulators' Council of Canada (MBRCC); and Real Estate Regulators of Canada (RERC).

### **BCFSAs's Approach to Supervision and Consumer Protection**

BCFSAs uses a risk-based prudential supervisory framework to identify imprudent or unsafe business practices and intervenes, as required, on a timely basis. The rationale, principles, concepts and core processes in the supervisory framework apply to all BCFSAs regulated financial services entities. The primary focus of BCFSAs's supervisory work is to determine the impact of current and potential future financial events, both within British Columbia and externally.

BCFSAs is focused on protecting and achieving fair outcomes for consumers of financial services in British Columbia. BCFSAs works to ensure that regulated entities and individuals provide British Columbians with the information and advice they need to make informed decisions.

B.C. is experiencing an uncertain economic environment characterized by elevated inflation and high interest rates. This has increased financial pressures on consumers and businesses and brought increased risk and volatility to the financial services sector. To date, the financial services sector has shown resilience in the face of these risks and pressures.

As the B.C. economy continues to adjust to higher interest rates, BCFSAs will continue its focus on the safety and soundness of the financial services sector and protect consumers from unfair practices. BCFSAs will continue to monitor the marketplace to ensure: (i) consumer expectations are met by the products they have purchased; (ii) misconduct is addressed particularly when targeted towards vulnerable British Columbians; and (iii) that new and innovative products are understood and appropriately regulated.

## **Annual Economic Statement**

B.C.'s economy posted modest growth last year as interest rate increases weighed on the economy, and employment continued to expand, supported by immigration. Inflation in the province continued to ease and the Bank of Canada has not raised its policy interest rate since July 2023. The impact of higher rates on borrowing costs and elevated household debt led to lower consumer spending and reduced home sales. Lumber, natural gas and coal prices

declined in 2023, reducing the value of the province's goods exports. Meanwhile, there was a record number of housing starts in the province in 2023. There is uncertainty over the transmission of high interest rates to the residential construction sector and the duration of slower growth for the rest of the economy in B.C. and among our trading partners. The Economic Forecast Council (EFC) estimates that B.C. real GDP expanded by 0.9 per cent in 2023 and expects growth of 0.5 per cent in 2024 and 2.1 per cent in 2025. Meanwhile for Canada, the EFC estimates growth of 1.1 per cent in 2023 and projects national real GDP growth of 0.5 per cent in 2024 and 1.9 per cent in 2025. As such, B.C.'s economic growth is expected to be broadly in line with the national average in the coming years. The risks to B.C.'s economic outlook continue to center around interest rates and inflation, including the risk of price increases stemming from geopolitical conflicts, the potential for interest rates remaining higher for longer, and uncertainty around the depth and timing of the impact on housing markets. Further risks include ongoing uncertainty regarding global trade policies, lower commodity prices, climate change impacts and the volatility of immigration levels.



# Performance Planning

## Goal 1: Enhance Risk-Based Supervision

Risk-based supervision forms the foundation for a modern, effective and efficient supervisory approach. Specifically, the approach is to ensure risk assessments are forward-looking and focused on key risks facing the sector while addressing these risks in a proportional manner relative to severity and impact.

### **Objective 1.1: Advance BCFSAs risk based and proportionate supervision of the financial services sector and efforts to enhance the overall safety and soundness of the sector.**

BCFSAs supervisory mandate relates to the safety and soundness of the sector and includes overseeing financial institutions and pension plans. Consumer protection is a key part of this mandate. A proportionate approach to supervision is required to protect consumers while recognizing that registrants vary in size and complexity. BCFSAs framework for risk-based supervision is informed by federal and international standards as adjusted for local market realities.

#### **Key Strategies**

- Revise BCFSAs Supervisory Framework as required to reflect and align advancements in BCFSAs regulatory approach with other federal and provincial regulators and to remain relevant and effective in addressing risks in the macro-economic environment.
- Enhance the utilization of data and advanced analytics to further advance risk-based supervision.
- Monitor and engage, on an on-ongoing basis, with the sector and individual regulated entities to identify and respond to risks affecting safety and soundness.

#### **Discussion**

To deliver against BCFSAs key strategic imperatives for safety and soundness of the financial services sector, it is critical that BCFSAs develops, maintains and implements an agile Supervisory Framework that can adapt to the changing financial service and market environments.

Fundamental elements of risk-based, proportional, and forward-looking oversight methodologies are embedded within the Supervisory Framework. BCFSAs will continue to focus on the key risks including credit, market, and operational risk, such as interest rates and climate change, while ensuring the sector has an awareness of current, emerging, and potential risk drivers requiring effective governance and risk management oversight by each Provincially Regulated Financial Institution (PRFI). Supporting this, at least one (1) meeting per quarter (in-person or virtual) with each PRFI will be conducted and supervisory letters will be delivered no later than 60 days from the exit meeting.

## Performance Measures

Performance Measure[s]	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
[1 a] Review Supervisory Framework at least annually for applicability, with revisions as required, to reflect changes in the financial services environment (new risks) and evolution in BCFSAs tools and risk assessment processes or priorities.	100% reviewed and revised as needed	100% reviewed and revised as needed	100% reviewed and revised as needed	100% reviewed and revised as needed
[1 b] Attend supervisory meetings (includes in person and virtual meetings) with 100% of PRFIs in the fiscal year.	100%	100%	100%	100%
[1 c] Develop a fair, proactive, forward looking and proportionate risk assessment for each PRFI that reflects key risks.	100%	100%	100%	100%

Data source: BCFSAs Operational Data

### Discussion

Ensuring the Supervisory Framework reflects current and emerging risk drivers is foundational to modern, effective, and efficient supervision of the financial services sector. The Supervisory Framework provides the methodology which BCFSAs follows in assessing the risk profiles of regulated entities.

The goal for supervisory meetings is to establish a mutual understanding of issues facing PRFI and foster a better understanding of the issues by BCFSAs. Through continuous engagement with PRFIs, there is a shared accountability for ensuring the ongoing strength and viability of the financial services sector. These meetings have been facilitated with the use of virtual meeting platforms, greatly enhancing the effectiveness and efficiency of these engagements for both the PRFI and BCFSAs.

The risk assessment for each PRFI focuses on identifying the material risks, including the potential for loss to depositors, policyholders, or beneficiaries. Risk assessments are forward looking to allow for the early identification of issues or problems and timely intervention where corrective actions need to be taken. This results in a greater likelihood of a satisfactory resolution of issues.

## **Goal 2: Provide effective consumer protection.**

BCFSA protects British Columbians by upholding conduct standards in the financial services sector which includes credit unions, insurance companies, trust companies, pension plans, mortgage brokers, real estate licensees and real estate developers.

### **Objective 2.1: Modern, effective, and efficient consumer protection regulation.**

BCFSA supports effective consumer protection by administering a range of proactive monitoring activities (i.e., audit/examination programs and industry data calls and surveys) to identify and respond to emerging risks and by setting robust requirements for registration or licensing with BCFSA. In circumstances where there is non-compliance, the goal of BCFSA's compliance and enforcement model is to resolve compliance concerns and complaints efficiently using proportionate discipline actions to enforce regulatory requirements.

#### **Key Strategies**

- Assess each complaint for risk, assign a priority and action appropriately to provide a timely and responsive resolution.
- Proactively monitor industry conduct to identify and intervene to address risky and harmful business practices in the financial services sector.
- Establish and apply good reputation, suitability, and fitness standards to identify and respond to higher risk applications, which require more information gathering and investigation to adequately assess an individual's or entity's suitability to do business in B.C.
- Review all real estate developer disclosures for completeness and risk, ensuring that consumers can make informed decisions when purchasing strata properties.
- Explore opportunities to expand the use of the regulatory toolbox (e.g., administrative penalties) to take proportionate and meaningful enforcement action to address non-compliance across all regulated segments.

#### **Discussion**

BCFSA protects consumers through the implementation of a multipronged approach of setting entry-to-practice requirements, proactive monitoring of compliance and taking proportionate enforcement action for non-compliance.

BCFSA will continue to ensure that all applicants that are licensed or registered have the knowledge and skills necessary so that their practice meets the required professional standards. A focus on administering reputation, suitability and fitness standards will ensure suitable applicants undergo appropriate examination and that application for licensing or registration that do not meet the standards are not approved, or that appropriate conditions are imposed so that licensed entities do not pose a risk to consumers.

Regulated entities will continue to be proactively monitored to ensure they are complying with regulatory requirements. Where issues are identified, BCFSA may intervene to address risky or harmful business practices in the financial services sector. BCFSA will also risk-assess all allegations for non-compliance and action complaints appropriately to provide a timely and responsive resolution.

Where appropriate, BCFSA may require more complete disclosure from developers, or exercise regulatory powers including orders to cease marketing.

## **Objective 2.2: Support industry to adopt best practice conduct standards.**

BCFSA provides industry with resources, knowledge, and education to support regulated entities to understand regulatory requirements and obligations. These resources support regulated entities to ensure they maintain high standards of conduct, at all times, in their practice. Many regulated entities are required to complete continuing education courses as part of the licence or registration renewal cycle to ensure they maintain and enhance their skills and they understand their role in the protection of the public.

### **Key Strategies**

- Develop and expand continuing education standards.
- Continue the development and delivery of additional continuing education courses for mortgage brokers by 2026.
- Develop and deliver Applied Practice Courses for managing brokers, strata managers and rental property managers by 2025.
- Equip industry with the information, tools, and practices to help it comply with its market conduct accountabilities.

### **Discussion**

Consumers rely on financial services at key moments in their life – buying a home, obtaining a loan, protecting their health and possessions and retirement – and must have trust and confidence in the services they are receiving.

Consumers are protected by having services delivered by competent and ethical regulated entities and individuals. The timely availability of relevant resources that address emerging risks across the sector is critical to ensuring that regulated entities and individuals have the tools they need to properly serve consumers in accordance with regulatory requirements. Continuing education supports consistency in knowledge and standards of professionalism and service delivery among regulated entities and individuals.

In 2024/25, BCFSA will continue to publish resources and guidelines to support new regulatory requirements or respond to emerging industry risks and trends. This will include education and resources to support the implementation of the Mortgage Services Act.

## **Objective 2.3: Work collaboratively with the provincial government to improve financial crisis preparedness and ensure a sustainable and effective deposit insurance program is in place.**

CUDIC is a statutory corporation continued under the Financial Institutions Act (FIA) and administered by BCFSa. CUDIC is responsible for administering and operating the credit union deposit insurance fund (Fund). CUDIC guarantees the deposits and non-equity shares (issued before January 1, 2020) of British Columbia incorporated credit unions.

As part of maintaining the Fund and guarantee, CUDIC proactively plans for unlikely credit union failures, which requires depositors to be paid out from the Fund. The CUDIC Deposit Payout Program is the framework that governs the payout process. Financial crisis preparedness requires BCFSa and CUDIC to work across the entire credit union segment and with other regulatory agencies.

BCFSa and CUDIC are committed to working collaboratively with the provincial government to maintain preparedness and confidence in the credit union segment, in the face of changes such as credit union consolidations and federal continuance, new technologies, climate impacts and economic landscape.

### **Key Strategies**

- Maintain a modern, effective and efficient methodology in determining deposit insurance premiums that responds to the needs of a rapidly changing credit union segment and its depositors.
- In accordance with international best practices, conduct a review every four years, or as needed, the approach and parameters used to determine the adequacy of the current size of the Fund (Fund Size) target range, target point and funding timeline.
- Review and update as necessary the CUDIC Deposit Payout Program, governance and material including the CUDIC Deposit Payout Program Policy Manual and Playbook as matters evolve.

### **Discussion**

Maintenance of an appropriate Fund Size, a fair and equitable assessment of insurance premiums and continuous improvement in payout readiness are critical elements in protecting depositors in B.C.

BCFSa and CUDIC are committed to maintaining a modern, effective, and efficient methodology in determining deposit insurance premiums that responds to the needs of a rapidly changing credit union segment and its depositors. This is a forward-looking process that involves data collection, analysis, forecasts, and scenario modelling. In 2023/24, BCFSa implemented a differential premium system, which seeks to differentiate premiums based on criteria such as individual credit union risk profiles. Going forward, BCFSa will engage with the credit unions and industry associations when methodology updates are required.

BCFSA is committed to reviewing the Fund Size target at least every four years, or after a shock event (e.g., economic shocks, changes to credit union segment composition due to material consolidations or federal continuance to ensure the Fund Size is credible and contributes to depositor confidence and sector stability. Actions undertaken can include:

- Reviewing the approach and parameters used to determine the adequacy of the current target Fund Size range, target point and funding timeline;
- Leveraging research of cross-jurisdictional best practices regarding the establishment of deposit insurance fund targets; and,
- Consulting with the credit union segment and industry associations for their input.

CUDIC is committed to continuous improvement of the CUDIC Deposit Payout Program and the CUDIC Deposit Payout Program Policy Manual and Playbook which outline the policies, processes, and procedures to be followed in an event of a credit union deposit payout. A prompt deposit payout contributes to financial stability of the credit union segment and protects depositors from undue loss.

## Performance Measures

Performance Measure[s]	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
[2a.i] Risk-assess complaints within 5 business days of receipt.	75%	75%	75%	75%
[2a. ii] Monitor conduct activities to proactively identify and prevent harmful business practices.	130 monitoring activities	130 monitoring activities	130 monitoring activities	130 monitoring activities
[2a.iii] Process completed applications (requiring no further investigation) for new real estate licensees within 15 business days of receipt.	90%	90%	90%	90%
[2a. iv] Develop and deliver mortgage broker relicensing continuing education that is required for relicensing.	100% of courses developed & delivered	100% of courses developed & delivered	100% of courses developed & delivered	100% of courses developed & delivered
[2a.v] Review and respond to real estate development and strata rental disclosures within 20 business days of receipt.	90%	90%	90%	90%

Data source: BCFSA operational data

## Discussion

Shorter average turnaround times on complaints demonstrates responsiveness to public interest in timely resolution of the issues they raise with the regulator.

An increase in consumer protection monitoring activities demonstrates BCFSAs commitment to resourcing and growing its proactive oversight capabilities. Monitoring activities across BCFSAs regulated sectors may include audits, targeted examinations of specific regulated entities and individuals. They may also include increased data collection and reporting requirements, thematic reviews of products or business practices, the issuance of regulatory expectations/statements and implementation of industry codes of conduct. Monitoring activities support BCFSAs to identify trends and emerging risks, and to take compliance or enforcement action when required to support consumer protection.

BCFSAs is committed to efficient and effective processing of real estate and mortgage broker applications to do business in B.C., without compromising the need to undertake a thorough review and investigation of high-risk applications to prevent unsuitable individuals and entities from doing business in B.C.

Consumers should be able to expect consistent levels of competence and ethics from real estate licensees and mortgage brokers. There is an established and robust continuing education program for real estate licensees consisting of two mandatory regulated courses. By implementing a similar program for mortgage brokers, BCFSAs will raise standards for this segment by building off BCFSAs integrated approach to regulating the financial services sector.

The timely review of disclosure filing from developers helps to ensure that deficiencies and risks are identified early and addressed by developers, to better protect the purchasers of multi-unit developments.

<b>Performance Measure[s]</b>	<b>2023/24 Forecast</b>	<b>2024/25 Target</b>	<b>2025/26 Target</b>	<b>2026/27 Target</b>
[2b.i] Complete implementation of the Differential Premium System.	100% of implementation completed	N/A	N/A	N/A
[2b. ii] Review and set Deposit Insurance Fund Size.	N/A	N/A	Commence next review cycle	TBC
[2b.iii] Review and update the CUDIC Deposit Payout Program.	75% of material updated	95% of material updated	Continuous improvement	Continuous improvement

Data source: BCFSAs operational data

## Discussion

CUDIC and BCFSAs are committed to maintaining a modern, efficient, and effective methodology for setting deposit insurance premiums that respond to the needs of a rapidly changing credit union segment and its depositors. Industry consultation and engagement is an ongoing cornerstone of that commitment. BCFSAs will engage with the credit unions and industry associations for an update to the differential premium system on an as needed basis.

The next review cycle for setting the Deposit Insurance Fund Size target is scheduled to begin in 2025/26.

Continuous improvement of the CUDIC Deposit Payout Program is an important component of BCFSAs's crisis preparedness initiatives in the case of credit union deposit payout.

## Goal 3: Engage with Stakeholders Consistently and Purposefully

To regulate effectively, including in a proportionate manner, BCFSAs needs to engage with regulated entities and individuals to understand their views, challenges, and opportunities. External engagement supports BCFSAs's understanding of risks to the sector and consumers of financial services.

### Objective 3.1: Maintain strong and active collaboration with stakeholders.

BCFSAs is focused on engaging with stakeholders, which enables the organization to have a better understanding of how to develop and advance its regulatory priorities and to continually monitor risks in the financial services sector.

#### Key Strategies

- Consult with sector participants on regulatory projects identified in [BCFSAs's regulatory roadmap](#).
- Utilize the best practices on consultations that were developed in 2023/24 to ensure consultations are comprehensive and appropriate to risk and complexity.
- Report against the timely delivery of roadmap projects to stakeholders as measured by activities occurring within two quarters of their planned timeframe.

## Discussion

BCFSAs uses different strategies to maintain strong and active engagement with stakeholders. It uses the regulatory roadmap as a primary means to communicate and increasingly, receive feedback on regulatory priorities. The roadmap outlines BCFSAs's regulatory agenda for the coming three fiscal years. As these are priority projects, sector participants can expect to be consulted in a comprehensive manner with respect to the project's impacts on the sector.



### **Objective 3.2: Stakeholder engagement strategy is operationalized.**

BCFSA is building its capacity in external engagement and has expanded existing tools and strategies to encompass a cross-financial services sector approach. A cross-financial services approach is one which includes the entire financial services sector regulated by BCFSA to ensure consistency of approach across the sector. BCFSA has developed and operationalized a stakeholder engagement strategy and will advance deliverables against that strategy.

#### **Key Strategies**

- Advance deliverables against the stakeholder engagement strategy which ensure that sector input and feedback is captured at both a technical and strategic level.
- Implement strategic roundtables for segments regulated by BCFSA, building on the launch in 2023-24 which will achieve a better sharing of views between BCFSA and the segments.
- Use technical working groups for feedback from sector participants on regulatory initiatives.
- Building on the successful inaugural cross-financial services sector event in 2023-24, BCFSA will develop an approach to the cadence of these cross-sector events. In years where no cross-sector events are held, BCFSA plans to hold segment-specific events to target more specific or detailed issues within that segment as appropriate.

#### **Discussion**

BCFSA will continue to implement its stakeholder engagement strategy by standing up industry advisory groups and delivering on events that deliver cross-sector or segment-specific content. These activities, including strategic segment roundtables and technical working groups, are anticipated to become part of BCFSA's regular-state operations going forward.

### **Objective 3.3: Optimize communications to strengthen stakeholder relationships and grow consumer brand awareness.**

Stronger forward-looking communications will support BCFSA's efforts to build stronger relationships with all external stakeholders, ensure adherence to regulatory measures, increase consumer awareness of BCFSA's mandate and ultimately promote confidence in B.C.'s financial services sector.

#### **Key Strategies**

- Strengthen BCFSA's social and web presence to improve online visibility and engagement with stakeholders.
- Enhance brand awareness through communications and issues management activities that position BCFSA as a modern, effective, and efficient regulator.
- Operationalize the use of data analytics and reporting to drive and inform communication activities.

**Discussion**

Modern, data-driven communications will be emphasized to build stronger relationships with stakeholders, grow consumer awareness of BCFSA’s brand and mandate and promote confidence in B.C.’s financial services sector. BCFSA’s communications activities will include new ways of working through technology and boost data analysis to allow for effective and targeted content development.

**Performance Measures**

<b>Performance Measure[s]</b>	<b>2023/24 Forecast</b>	<b>2024/25 Target</b>	<b>2025/26 Target</b>	<b>2026/27 Target</b>
[3a] Consult on significant regulatory projects with sector participants and assess the accuracy of roadmap planning by reporting on whether activities occur within two quarters of when planned on the roadmap.	100% of roadmap items consulted; 75% of activities happening within two quarters	100% of roadmap items consulted; 75% of activities happening within two quarters	100% of roadmap items consulted; 80% of activities happening within two quarters	100% of roadmap items consulted; 80% of activities happening within two quarters

Data source: BCFSA operational data

**Discussion**

Significant regulatory projects should be included on the regulatory roadmap and the subject of consultations with sector participants. The use of the regulatory road map demonstrates consistency and transparency in planning and communicating BCFSA’s external engagement objectives regarding its regulatory program.

<b>Performance Measure[s]</b>	<b>2023/24 Forecast</b>	<b>2024/25 Target</b>	<b>2025/26 Target</b>	<b>2026/27 Target</b>
[3b] Form industry advisory groups.	Stand-up advisory group strategy	Further implement strategic segment roundtables; use technical working groups	Complete implementation of strategic segment roundtables; use technical working groups	Maintain and refine advisory group strategy
[3c] Establish cross-sector event.	Deliver cross-sector event	Develop approach to cross-sector event cadence; deliver segment specific events as appropriate	Deliver cross-sector event	Deliver segment specific events as appropriate

Data source: BCFSA operational data

**Discussion**

Operationalizing a stakeholder engagement strategy which encompasses all segments will promote consistency across the organization, allow for consideration of best practices and build on existing tools. It will promote consistent and purposeful engagement and communications with stakeholders.

<b>Performance Measure[s]</b>	<b>2023/24 Forecast</b>	<b>2024/25 Target</b>	<b>2025/26 Target</b>	<b>2026/27 Target</b>
[3d.i] Conduct an annual consumer awareness survey to track and understand awareness of BCFSAs and its mandate.	6% of survey respondents have an awareness of BCFSAs	8% of survey respondents have an awareness of BCFSAs	10% of survey respondents have an awareness of BCFSAs	12% of survey respondents have an awareness of BCFSAs

**Discussion**

Communications will support and enhance stakeholder engagement by building and expanding upon current tools, successes, and best practices to enhance external regulatory content and boost consumer awareness of BCFSAs's brand and mandate. Reporting practices and the use of analytical data will support BCFSAs to deliver modern, targeted communications and ensure communications activities are effective in terms of improving stakeholder engagement and increasing consumer awareness.

**Goal 4: Deliver against Legislative Changes and Priorities**

BCFSAs is responsive to a changing regulatory environment and to government priorities in relation to protection of consumers of financial services in B.C.

BCFSAs continues to work closely with the provincial government to support its legislative agenda including the Mortgage Services Act and the Money Services Businesses Act which received Royal Assent in 2022 and 2023, respectively. In 2024/25, BCFSAs will work with government to advance implementation of these regulatory frameworks.

**Objective 4.1: Work with government to implement the new Mortgage Services Act.**

The Mortgage Services Act received Royal Assent on November 3, 2022. The Mortgage Services Act will modernize the mortgage broker industry in B.C. and greatly expand BCFSAs's tools to regulate the mortgage broker segment. BCFSAs will have the ability to set standards of conduct and enhance disclosure and reporting obligations through new rule-making powers. BCFSAs will also be able to leverage enhanced compliance and enforcement processes and issue greater penalties for misconduct or other forms of non-compliance. The Mortgage Services Act is responsive to several recommendations set out in the Cullen Commission Final Report on Money Laundering in BC which was released on June 15, 2022 (the Cullen Commission Final Report).

## Key Strategies

- Work with government on the development of regulations and rules to complete the regulatory framework.
- Adapt BCFSAs compliance and enforcement program to accommodate new regulatory tools and requirements.
- Lead the implementation of the Mortgage Services Act, which will include developing including the development regulatory instruments (e.g., regulatory statements, guidelines and information), education and compliance processes, as well as the technology changes needed to support the new regulatory regime.
- Develop education to support mortgage brokers, update pre-licensing education requirements and develop transition and continuing education and related support material.

## Discussion

The Mortgage Services Act will have a profound impact on the regulation of the mortgage broker segment in B.C. Operationalizing the change will be a phased, multi-year project and will involve resources across all departments of BCFSAs, working closely with the Ministry of Finance, robust engagement with stakeholders and a significant communications and education program.

BCFSAs will develop and deliver education, guidelines, and information to help mortgage broker licensees to understand requirements and obligations under the new Mortgage Services Act.

Education will include revisions to pre-licensing education, and continuing education to ensure that new and current licensees are educated about new duties, obligations, and regulatory requirements under the Mortgage Services Act. In addition to education, a Knowledge Base of industry resources will be developed to support licensees to incorporate new requirements into daily practice.

Technology changes to accommodate the new licensing regime will be implemented and compliance and enforcement processes will be adapted as required and appropriate.

## **Objective 4.2: Work with government to implement the new Money Services Businesses Act.**

The Money Services Businesses Act, which received Royal Assent on May 11, 2023, will introduce provincial regulation of a wide variety of money services businesses operating in B.C. BCFSAs will monitor and regulate these services, complementing federal regulatory requirements and oversight by the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). BCFSAs will work to ensure that only suitable individuals and businesses participate in the industry. The provincial regulation of money services businesses was a key recommendation set out in the Cullen Commission Final Report.

## Key Strategies

- Work with government on the development of regulations to complete the legislative framework.
- Adapt BCFSAs registration and compliance and enforcement programs to accommodate a new segment.
- Execute a project plan to implement the Money Services Businesses Act, including development of registration and compliance processes, as well as the technology changes needed to support the new regulatory regime.
- Develop educational materials to support money services businesses and the public to understand the new regulatory framework.

## Discussion

The Money Services Businesses Act will have a significant impact on money services businesses operating in B.C. Operationalizing the change is a multi-year project and will involve resources across all departments of BCFSAs, as well as engagement with stakeholders and a significant communications and education program.

Similar to the Mortgage Services Act, implementation will require the development of education and related support material to ensure industry understands and is compliant with new regulatory requirements. Technology changes to accommodate the new regime will be implemented and compliance and enforcement processes will be adapted as required and appropriate.

## Performance Measures

Performance Measure[s]	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
[4a] Execute an implementation project plan for a phased approach to the Mortgage Services Act.	Initial Regulations and Rules prepared and approved.	Transitional education and licensing education are developed.	Phase 1 of the Mortgage Services Act is implemented.	Monitor implementation of Phase 1 of Mortgage Services Act and deliver against plan for Phase 2.

Data source: BCFSAs operational data

## Discussion

In comparison to the Mortgage Brokers Act, the Mortgage Services Act aligns more closely with other financial services legislation in B.C., including the current Real Estate Services Act, by enabling efficient regulation and helping to encourage responsible business conduct by B.C.'s nearly 6,000 regulated sub mortgage brokers in B.C.

Implementation of the Mortgage Services Act will ultimately provide greater protection and oversight for both borrowers and lenders in British Columbia and harmonize with other jurisdictions who have modernized their mortgage broker legislation.

<b>Performance Measure[s]</b>	<b>2023/24 Forecast</b>	<b>2024/25 Target</b>	<b>2025/26 Target</b>	<b>2026/27 Target</b>
[4b] Execute an implementation project plan for the Money Services Businesses Act.	Legislation receives Royal Assent.	Support Development of Regulations	Planning for Implementation of Money Services Businesses Act.	Implementation of Money Services Businesses Act.

Data source: BCFSAs operational data

### Discussion

The Money Services Businesses Act will complement federal regulation of money services businesses and introduce provincial regulation of the industry for the first time. The regulatory framework is intended to ensure that only suitable individuals and businesses participate in the industry and to provide a basis for better understanding money services businesses operating in British Columbia.

As a newly regulated industry, BCFSAs will need to establish all facets of the regulatory framework, including registration as well as compliance and enforcement functions. BCFSAs will work closely with money services businesses to ensure understanding of and adherence to new regulatory requirements.

# Financial Plan

## Financial Summary

<b>[\$000s]</b>	<b>2023/24 Forecast</b>	<b>2024/25 Budget</b>	<b>2025/26 Plan</b>	<b>2026/27 Plan</b>
<b>Revenue</b>				
Fees, Licenses & Recoveries	67,905	70,851	70,958	71,289
<b>Total Revenue</b>	<b>67,905</b>	<b>70,851</b>	<b>70,958</b>	<b>71,289</b>
<b>Expenses</b>				
Salary and Benefits	47,945	49,788	49,792	51,286
Other	21,819	27,049	21,166	20,003
<b>Total Expenses</b>	<b>69,764</b>	<b>76,837</b>	<b>70,958</b>	<b>71,289</b>
<b>Annual Surplus (Deficit)</b>	<b>(1,859)</b>	<b>(5,986)</b>	<b>-</b>	<b>-</b>
<b>Total Debt</b>	<b>7,739</b>	<b>7,739</b>	<b>7,739</b>	<b>7,739</b>
<b>Accumulated Surplus (Deficit)</b>	<b>56,907</b>	<b>50,921</b>	<b>50,921</b>	<b>50,921</b>
<b>Capital Expenditures</b>	<b>2,300</b>	<b>5,100</b>	<b>2,800</b>	<b>1,000</b>

Note: The above financial information was prepared based on current Generally Accepted Accounting Principles.

## Key Forecast Assumptions, Risks and Sensitivities

Revenue is subject to fluctuation based on volumes or asset holdings of the regulated entities. Revenue projections are based on an assessment of segment specific historical trends and assumptions around changing market factors. Minimal to no growth is assumed across the Sector with the exception of an increase in revenue between 2023/24 and 2025/26 due to an increase in Real Estate course revenue sharing with BCFSA's education provider. Revenue from Real Estate Licencing and associated educational is a substantial component of revenue and is subject to uncertainty around licencing applications and renewal rates. There are no future fee changes approved at this time and as such, no fee increases are included in the budget or plan.

Other expenses, which include professional services, information systems, building occupancy charges and legal fees, will be subject to inflationary pressures. These expenses are expected to reduce due to a moderation in the significant pace of change that has occurred since 2019.

Financial services in B.C. and globally continues to rapidly evolve. BCFSA will need modern technology and processes to keep up with these changes and its ability to evolve will influence its ability to respond in times of crisis. Complexity and interconnectedness across, and within the Sector, necessitates a thoughtful, proportionate, and responsive regulatory approach.

The financial plan does not include any amounts for any further increase in BCFSAs mandate.

## **Management’s Perspective on Financial Outlook**

The ongoing funding model for BCFSAs does not include financial support from the Government of British Columbia. Most of BCFSAs revenue comes from filing, registration and application fees paid by regulated entities and individuals under the various statutes.

The funding model does include gaining access to accumulated surpluses over the next three years to fund expanded scope of BCFSAs mandate in both the Money Services Businesses and the Mortgage Broker segments. The deficits are also funding infrastructure activities after years of under investment in the organization and in BCFSAs ongoing efforts to remain a modern, effective, and efficient regulator in a very dynamic Sector. Once investments in these areas conclude, Management is confident it will return to balanced budgets by monitoring fees, and seeking new or changes to fee, where the costs to regulate are not supported by revenue.

Management is focused on managing costs and looks for ways to operate BCFSAs business more efficiently and effectively.



## Appendix A: Mandate Letter from the Minister Responsible



Date: June 14, 2023

Stanley W. Hamilton  
Chair, BC Financial Services Authority  
600 - 750 West Pender Street  
Vancouver, BC V6C 2T8

Dear Dr. Hamilton:

On behalf of Premier Eby and the Executive Council, I would like to extend my thanks to you, your board members and your organization's leadership for your dedication, expertise, and service to the people of British Columbia.

Public sector organizations – including Crowns, Health Authorities and Post Secondary Institution Boards – support British Columbians by delivering vital public services and are accountable to the public through their responsible Minister. Your leadership in advancing and protecting the public interest strengthens trust in public institutions.

You are serving British Columbians at a time when people in our province continue to recover from and respond to the upheaval caused by the COVID-19 pandemic, an ongoing toxic drug crisis, climate-related natural disasters, and while global inflation is driving up costs. Now more than ever, we need to focus on building a prosperous, low-carbon, sustainable economy, and a province where everyone can find a good home – in rural areas, in cities, and in Indigenous communities.

This mandate letter, which I am sending in my capacity as Minister responsible for BC Financial Services Authority, sets out overarching principles relevant to the entire public sector and specific direction on priorities and expectations for your organization for the remainder of Government's term.

Government and public sector organizations must continue to advance results that people can see and feel in these key areas: strengthened health care, safer communities, attainable and secure housing, and a clean and fair economy that delivers affordability and prosperity.

In doing so, you will continue working towards lasting and meaningful Reconciliation by supporting opportunities for Indigenous Peoples to be full partners in the province we are building together, and delivering on specific commitments as outlined in the *Declaration on the Rights of Indigenous Peoples Act* action plan.

As required by the *Climate Change Accountability Act*, please ensure your organization implements targets and strategies for minimizing greenhouse gas emissions and managing climate risk, including achieving carbon neutrality each year and aligning with the CleanBC target of a 50% reduction in public sector building emissions and a 40% reduction in public sector fleet emissions by 2030. Your organization is expected to work with government to report out on these plans and activities as required by legislation.

Our province's history, identity and strength are rooted in its diverse population. Yet racialized and marginalized people face historic and present-day barriers that limit their full participation in their communities, workplaces, government and their lives. The public sector has a moral and ethical responsibility to tackle systemic discrimination in all its forms – and every public sector organization has a role in this work. As part of this work, your organization is expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure gender equity is reflected in your operations and programs.

British Columbians expect that public sector organizations operate in a responsible manner to deliver quality services equitably in all regions of the province. This requires strategic stewardship of planning, operations, and policies in the areas of financial, risk, and human resource management including information security and privacy protection.

The protection of government data and networks is a priority, especially where it concerns personal information of British Columbians. Public sector organizations must maintain up to date systems and effective cybersecurity practices, including maintaining current information management and cybersecurity policies, guidelines and standards; evaluating your organization against industry standards; and maintaining appropriate security and privacy practices. The Office of the Chief Information Officer within the Ministry of Citizens Services is available to support and offer guidance to your organization in any of these areas.

Public sector organizations must also implement and maintain an effective fraud risk management strategy. The Office of the Comptroller General and the Risk Management Branch in the Ministry of Finance are available for consultation.

The Crown Agencies Secretariat (CAS) in the Ministry of Finance supports public sector organizations to operate effectively, in the public interest, and aligned with government's strategic direction and priorities. Within CAS, the Crown Agencies and Board Resourcing Office (CABRO) will continue to support you and your board on recruitment, appointments and professional development, as well as ensuring Board composition and governance reflects the diversity of our province. CAS can support you in public sector governance best practices, policy and planning.

In addition to continuing to make progress on your [2021 mandate letter](#), I expect you to ensure the important priorities and areas of focus listed in this letter are incorporated into the practices of your organization.

Each board member is asked to sign this letter to acknowledge this direction from government to your organization. The signed letter is to be posted publicly on your website by summer 2023.

I look forward to continuing to work with you and your Board colleagues to meet the high standards set for us by all British Columbians.

Sincerely,



Katrine Conroy  
Minister of Finance and Minister responsible for the Columbia Basin Trust, Columbia Power Corporation, and the Columbia River Treaty  
June 14, 2023

cc: Honourable David Eby, KC  
Premier

Shannon Salter  
Deputy Minister to the Premier, Cabinet Secretary and Head of the BC Public Service

Heather Wood  
Deputy Minister and Secretary to Treasury Board  
Ministry of Finance

Mary Sue Maloughney  
Associate Deputy Minister, Crown Agencies Secretariat  
Ministry of Finance

Wilma van Norden  
Vice Chair  
B.C. Financial Services Authority

Don Wright  
Director  
B.C. Financial Services Authority

Donnie Wing  
Director  
B.C. Financial Services Authority

Gerry Matier  
Director  
B.C. Financial Services Authority

Jacqueline Kelly  
Director  
B.C. Financial Services Authority

Jo-Ann Hannah  
Director  
B.C. Financial Services Authority

Joanne Hausch  
Director  
B.C. Financial Services Authority

John Thwaites  
Director  
B.C. Financial Services Authority

Sandra Heath  
Director  
B.C. Financial Services Authority

Yasin Amlani  
Director  
B.C. Financial Services Authority

Blair Morrison  
Chief Executive Officer  
B.C. Financial Services Authority



Stanley W. Hamilton  
Chair, BC Financial Services Authority  
Date: June 27, 2023



Jo-Ann Hannah  
Director, BC Financial Services Authority  
Date: June 27, 2023



Don Wright  
Director, BC Financial Services Authority  
Date: June 27, 2023



Donnie Wing  
Director, BC Financial Services Authority  
Date: June 27, 2023



Gerry Matier  
Director, BC Financial Services Authority  
Date: June 27, 2023



Jacqueline Kelly  
Director, BC Financial Services Authority  
Date: June 27, 2023



Wilma Van Norden  
Vice Chair, BC Financial Services Authority  
Date: June 27, 2023



Joanne Hausch  
Director, BC Financial Services Authority  
Date: June 27, 2023



John Thwaites  
Director, BC Financial Services Authority  
Date: June 27, 2023



Sandra Heath  
Director, BC Financial Services Authority  
Date: June 27, 2023



Yasin Amlani  
Director, BC Financial Services Authority  
Date: June 27, 2023