

**BC Financial Services Authority
(BCFSA)**

**2020/21 – 2022/23
SERVICE PLAN**

February 2020



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Published by the BC Financial Services Authority

Board Chair Accountability Statement



The 2020/21 – 2022/23 BC Financial Services Authority (BCFSA) Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with the government’s strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks as of February 2020 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, the 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 the BCFSA’s operating environment, forecast conditions, risk assessment and past performance.

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

Stanley Hamilton
Board Chair

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Glossary

AML	Anti-Money Laundering
BC	British Columbia
BCFSA	BC Financial Services Authority
CABRO	Crown Agencies and Board Resourcing Office
CAPSA	Canadian Association of Pension Supervisory Authorities
CCIR	Canadian Council of Insurance Regulators
CUIA	<i>Credit Union Incorporation Act</i>
CUDIC	Credit Union Deposit Insurance Corporation
CUPSA	Credit Union Prudential Supervisors Association
FIA	<i>Financial Institutions Act</i>
FICOM	Financial Institutions Commission
FINTRAC	The Financial Transactions and Reports Analysis Centre of Canada
FSAA	<i>Financial Services Authority Act, 2019</i>
GBA+	Gender-Based Analysis Plus
MBRCC	Mortgage Broker Regulators’ Council of Canada
OSFI	The Office of the Superintendent of Financial Institutions
PBSA	<i>Pension Benefits Standards Act</i>

Strategic Direction and Alignment with Government Priorities

The Government of British Columbia remains focused on its three strategic priorities: making life more affordable, delivering better services, and investing in a sustainable economy. Crowns are essential to achieving these priorities by providing quality, cost-effective services to British Columbia families and businesses.

Additionally, where appropriate, the operations of Crowns will contribute to:

- The objectives outlined in the government’s *A Framework for Improving British Columbians’ Standard of Living*,
- Implementation of the *Declaration on the Rights of Indigenous Peoples Act* and the Truth and Reconciliation Commission Calls to Action, demonstrating support for true and lasting reconciliation, and
- Putting BC on the path to a cleaner, better future – with a low carbon economy that creates opportunities while protecting our clean air, land and water as described in the *CleanBC* plan.

By adopting the Gender-Based Analysis Plus (GBA+) lens to budgeting and policy development, Crowns will ensure that equity is reflected in their budgets, policies and programs.

The **BC Financial Services Authority** (BCFSA) is a Vancouver-based Crown agency of the Government of British Columbia. The BCFSA, which assumed the regulatory accountabilities of the Financial Institutions Commission (FICOM), became operational on November 1, 2019. The BCFSA has four core business areas that are organized around its areas of regulatory responsibility: pension plans, mortgage brokers, financial institutions (including credit unions, insurance and trust companies) and the Credit Union Deposit Insurance Corporation.

The BCFSA administers the following statutes found through these links:

- [*Financial Services Authority Act, 2019*](#)
- [*Credit Union Incorporation Act*](#)
- [*Financial Institutions Act*](#)
- [*Insurance Act*](#)
- [*Insurance \(Captive Company\) Act*](#)
- [*Mortgage Brokers Act*](#)
- [*Pension Benefits Standards Act*](#)

The BCFSA’s operations are aligned with the priorities set out in its Mandate Letter issued by the Minister of Finance of British Columbia (“Minister of Finance”) and are summarized here:

Government Priorities	The BCFSA Aligns with Government priorities by:
Making life more affordable	<ul style="list-style-type: none"> • Continuing to improve our risk-based and proportionate supervision of the financial services sector and enhancing consumer protection. • Engaging and working with sector participants and provincial and federal regulators.
Delivering the services people count on	<ul style="list-style-type: none"> • Working collaboratively with the government to ensure a sustainable and effective deposit insurance program and improve financial crisis preparedness. • Continue to work with the Superintendent of Real Estate, the Ministry of Finance Policy and Legislation Division, and the Real Estate Council of BC to establish a single regulator of real estate within the BCFSA • Work collaboratively with government, industry and other stakeholders to review issues related to the cost and availability of insurance for strata corporations.
A strong, sustainable economy	<ul style="list-style-type: none"> • Provide information, advice and support to the Ministry of Finance as it undertakes a review of the <i>Mortgage Brokers Act</i> of British Columbia. • Work collaboratively with the government as it improves the effectiveness of BC’s Anti-Money Laundering (AML) Regime.

Operating Environment

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

On November 12, 2019, [the Minister of Finance announced](#) that the BCFSA would also become responsible for regulation of the real estate industry, including licensing, conduct, investigations and discipline. The consolidation of real estate regulation within the BCFSA is expected to be completed by the spring of 2021.

Recruiting, developing and retaining a team with the necessary skills and experience is fundamental to the BCFSA’s ability to achieve its objectives. As FICOM experienced staffing challenges in the past, we anticipate that the transition to a Crown agency will bring an updated suite of recruitment and retention strategies to assist in meeting human resource challenges.

Governance and funding

The BCFSA is governed by an 11-member Board of Directors appointed by the Government of British Columbia. The BCFSA is managed by a Chief Executive Officer (CEO) who is appointed by the Board. The BCFSA CEO currently leads a team of approximately 160 individuals in a variety of disciplines.

While the BCFSA was granted some transition funding from the Government of British Columbia, the regulator is intended to operate as a self-funded entity with costs covered by fees paid by regulated entities and individuals. This funding model dates from the establishment of FICOM in 1989. The BCFSA must not incur or budget for a deficit without the prior written approval of the Minister of Finance. The BCFSA consults with regulated entities and individuals prior to any fee changes. Cabinet approval is required to implement fee changes proposed by the BCFSA.

Legislation and transparency

The BCFSA was established by the *Financial Services Authority Act, 2019* (FSAA). The FSAA is designed to improve accountability and oversight at the BCFSA and align with regulatory best practices.

As a Crown agency, the BCFSA receives a mandate letter from the Minister of Finance and publicly reports on its finances and operations through various documents including this annual service plan and an annual service plan report.

Financial services landscape

The scope of the BCFSA's regulatory mandate reflects the size and complexity of the financial services sector in BC which, as of November 2019, included:

- 41 credit unions with more than \$65 billion in assets;
- over 5,000 mortgage brokers and brokerages;
- 677 pension plans with approximately \$158 billion in assets; and
- over 200 insurance and trust companies.

Note that many of the insurance and trust companies and some of the pension plans the BCFSA oversees also operate in other provinces. Mortgage brokers may also be authorized to do business in other provinces. Central 1 Credit Union, which undertakes various centralized activities such as clearing and payments for credit unions, acts as a "central" in both BC and Ontario.

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

A risk management model and market conduct

A properly functioning and efficient financial services sector in which British Columbians can place their trust and confidence is essential to the Province's economy. To achieve this objective, the BCFSA safeguards the interests of depositors, policyholders, beneficiaries, pension plan members and home buyers while at the same time allowing the financial sector to take reasonable risks and compete effectively. The BCFSA's goal is to balance competitiveness with financial stability and federal and international standards with local market realities.

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

In addition to the risk-based supervisory framework for regulated financial entities, the BCFSFA also monitors the system for any violations of fair business practices such as mis-selling, unfair or misleading contracts and coercive sales tactics. The BCFSFA ensures that no unauthorized business takes place in BC and that no unlicensed insurance agents, adjusters and salespeople operate in BC. The BCFSFA may also appeal decisions of the Insurance Council of British Columbia.

In the mortgage broker sector, the objective of the Registrar of Mortgage Brokers is to protect the public and enhance mortgage broker industry integrity by enforcing broker suitability requirements and reducing and preventing market misconduct.

The BCFSFA's key strategic priorities align our objectives and related strategies under each goal to demonstrate how the BCFSFA intends to work towards achieving these goals. BCFSFA engages in regular, dialogue with the Ministry of Finance on all issues that intersect with the priorities of the Government of British Columbia and are key to delivering on our mandate.

Performance Plan

The BCFSFA's Mandate Letter identifies five key goals. The BCFSFA has identified objectives and related strategies to support the achievement of each of the goals. The BCFSFA will engage in regular communications with the Ministry of Finance toward the achievement of the goals as well as on matters within its regulatory accountabilities.

Goal 1: Risk-based Supervision and Consumer Protection

Objective 1.1: Advance the BCFSFA's risk-based and proportionate supervision of financial services sectors and efforts to enhance consumer protection

The BCFSFA's supervisory mandate includes overseeing financial institutions, pensions funds and mortgage brokers. Protecting the public is a key part of this mandate. A proportionate approach to supervision is required to protect the public while continuing to allow regulated entities and individuals to innovate and grow. Global standards dictate a move towards risk-based supervision.

Key Strategies:

1.1a. Update and publish the BCFSFA's supervisory framework (the "Supervisory Framework") to ensure a consistent approach to supervision of the financial services sector.

- Revise the Supervisory Framework to align advancements in the BCFSFA's regulatory approach with other federal and provincial regulators including the management of risks related to cyber, anti-money laundering and retail credit.
- Develop a supervisory 'playbook' for supervision activities to enable a consistent methodology and approach to proportionate monitoring and on-site reviews, reflective of varying size, scope and complexity of regulated entities in BC.

1.1b. Increase number of on-site and face-to-face meetings with regulated entities and base subsequent monitoring on these supervisory assessments.

- Our goal is for each financial institution (credit union, insurance company and trust company) to receive at least one (1) face-to-face meeting per year with the BCFSA.
- We will design and pilot an examination function to complete the risk review process for pension plans. This examination function, based on application of the risk framework, will include both desk and on-site examination.
- We will establish for turnaround times for the delivery of supervisory letters. Initial metric will be 90 days from the exit meeting (for on-site reviews). As processes and system tools improve, timelines will be reduced to 60 days effective March 2021.

1.1c. Increase targeted examinations of market conduct activities

- The goal of targeted market conduct examinations is to proactively identify and intervene to address harmful business practices among mortgage brokers, brokerages and financial institutions.

1.1d. Increase responsiveness to complaints

- The BCFSA treats all complaints seriously and is committed to responding promptly. When complaints are received, they are assessed for risk, assigned a priority and actioned appropriately.

Performance Measure(s)		2020/21 Baseline*	2021/22 Target	2022/23 Target
1.1a	Revision and modernization of current Risk Framework Risks across the financial services sector have evolved such that our process, procedures and methodologies to risk assessment as defined within the Supervisory Risk Framework, need to be reviewed and revised to reflect emerging risks.	50% of Framework revised	75%	100%
1.1b	Percentage of face-to-face supervisory meetings with financial institutions (credit unions, insurance companies and trust companies) in the fiscal year	75% of institutions	85%	90%
1.1c	Increase targeted examinations of market conduct activities.	24 examinations	28	32
1.1d	Increase percentage of complaints resolved within 3 months.	70% of complaints	75%	80%

*baseline measures have been established based on BCFSA operational data

Linking Performance Measures to Objectives:

- 1.1a Ensuring the Supervisory Framework reflects current and emerging risk drivers is foundational to modern, effective and efficient supervision of the BC financial services sector. The Supervisory Framework provides the methodology which the BCFSA follows in assessing the risk profiles of regulated entities.
- 1.1b The goal for increasing supervisory meetings face-to-face is to establish a mutual understanding of issues facing BC financial institutions and fostering a better understanding by the BC financial institutions of the BCFSA's areas of focus. There is a shared accountability for ensuring regular dialogue between stakeholders which is a key to ensuring the ongoing strength and viability of the BC financial services system.
- 1.1c An increase in targeted examinations of market conduct activities demonstrates the BCFSA's commitment to resourcing and growing its proactive conduct supervision capabilities. The measure is not calibrated to file complexity or seriousness and will be monitored over time to validate value as a measure of the BCFSA's business. For example, an examination of a larger financial institution is more resource intensive than the examination of a smaller mortgage brokerage.
- 1.1d Shorter average turnaround times on complaints demonstrates responsiveness to public interest in timely resolution of the issues they raise with the regulator. The measure is not calibrated to file complexity or seriousness and will be monitored over time to validate value as a measure of the BCFSA's business. For example, an increase in high complexity and serious files as a result of increased regulatory examinations and public awareness of the regulator will increase the average complaint turnaround time.

Goal 2: External Engagement

Objective 2.1: Engage and work with sector participants and other provincial and federal regulators

In order to regulate effectively and in a proportionate manner, the BCFSA needs to engage with regulated entities and individuals to understand their views, challenges and opportunities. As well, the BCFSA needs to engage with other regulators to look to opportunities to harmonize regulation, where possible.

Key Strategies:

2.1a. Active attendance in regulatory organizations such as working committees

- Participate in scheduled meetings of all regulatory associations related to the BCFSA's areas of responsibility

2.1b. Number of meetings related to emerging financial regulatory trends and issues such as cyber risk and cross-jurisdictional harmonization

- BCFSA staff act as the Chair of following committees:
 - MBRCC emerging issues committee
 - CCIR natural disasters and ombudservice oversight standing committees
 - CAPSA cyber security committee
 - CUPSA payments and centrals committees

- BCFSA staff participate in regular and ad-hoc working groups, consultations and dialogue with federal and provincial agencies across Canada, such as:
 - Western Canadian Regulators annual conference
 - The Financial Transactions and Reports Analysis Centre of Canada (FINTRAC)
 - The Office of the Superintendent of Financial Institutions (OSFI)
 - BCFSA staff participate in a variety of working groups led by other jurisdictions.

2.1c. Appoint an Industry Liaison and implement a stakeholder engagement framework

- Develop and implement the BCFSA's stakeholder engagement framework ensuring an integrated approach across BCFSA.
- Guide the development and maintenance of a culture of engagement with stakeholders and the public and recommend outreach opportunities to increase awareness of the BCFSA's services, priorities and corporate operations.
- Develop and lead the implementation of new outreach strategies and action plans.

Performance Measure(s)		2020/21 Baseline*	2021/22 Target	2022/23 Target
2.1a	Active attendance in regulatory organizations such as working committees.	80% attendance	90%	100%
2.1b	Number of scheduled meetings related to emerging financial regulatory trends and issues. <ul style="list-style-type: none"> ▪ Attendance at Provincial / Federal meetings ▪ Attendance at Working Committees 	100% attendance 90% attendance	100% 95%	100% 100%
2.1c	Stakeholder Engagement Plan <ul style="list-style-type: none"> ▪ Percentage completion of the work to review and finalize a stakeholder engagement plan including the appointment of an Industry Liaison Officer 	50% complete	75%	100%

*baseline measures have been established based on BCFSA operational data

Linking Performance Measures to Objectives:

- 2.1a Active participation by the BCFSA in regulatory associations through attendance at regularly scheduled meetings fosters harmonization and the development of common approaches to issues of national importance.
- 2.1b Through chairing and participating in working committees and ongoing engagement with regulatory peers, the BCFSA is aware of and positioned to respond to emerging regulatory issues.
- 2.1c The introduction of the role of Industry Liaison will allow the BCFSA to plan and execute expanded and more focused engagement with all our stakeholders. The Industry Liaison will seek opportunities to better use modern communication platforms – for example webinars and social media – as well as the more traditional methods of in-person meetings and focus groups.

Objective 2.2: Work collaboratively with government, industry and other stakeholders to review issues related to the cost and availability of insurance for strata corporations

Key Strategies

2.2a. Fully participate in all relevant activities related to the cost and availability of insurance for strata corporations.

- BCFSA staff participate in regular and ad-hoc meetings, working groups, consultations and dialogue related to the cost and availability of insurance for strata corporations.

Performance Measure(s)		2020/21 Baseline*	2021/22 Target	2022/23 Target
2.2a	Active attendance in meetings with government, industry and other stakeholders to review issues related to the cost and availability of insurance for strata corporations.	100% attendance	100%	100%

*baseline measures have been established based on BCFSA operational data

Linking Performance Measures to Objectives:

2.2a Through active participation in meetings with government, industry and other stakeholders with regards to reviewing issues related to the cost and availability of insurance for strata corporations will help ensure the BCFSA will be able to respond to emerging regulatory issues as they pertain to strata insurance.

Goal 3: Regulatory Governance and Legislation

Objective 3.1: Continue to work with the Superintendent of Real Estate, the Ministry of Finance Policy and Legislation Division and the Real Estate Council of BC to establish a single regulator of real estate within the BCFSA.

[Government announced](#) in November 2019 the establishment of the BCFSA as the integrated real estate and financial services regulator for British Columbia. The BCFSA is committed to working closely with all parties to achieve a successful transition and integration of real estate regulatory functions.

Key Strategies:

3.1a. Fully participate in all relevant activities related to the establishment of a single regulator at the Ministry's request.

- Together with the Ministry, Superintendent of Real Estate, and Real Estate Council, the BCFSA will develop and implement an integrated transition plan.
- The BCFSA will participate actively and fully in all relevant activities that are necessary to successfully plan and implement the inclusion of real estate in the BCFSA's mandate.

- For example, the BCFSA will attend all steering committee meetings, all sub-committee meetings under the project governance framework, provide written and verbal input into operational and policy discussions, and consult with stakeholders, including industry.
- The BCFSA will work with partners to achieve all transition plan milestones.

Performance Measure(s)		2020/21 Baseline*	2021/22 Target	2022/23 Target
3.1a	Percentage of participation in all relevant activities related to the establishment of a single regulator at the Ministry's request.	100% participation	100%	N/A
	Execute on relevant milestones from transition plan.	75% completion	100%	N/A

*baseline measures have been established based on BCFSA operational data

Linking Performance Measures to Objectives:

3.1a The performance measures demonstrate the BCFSA's commitment to working with partners to develop and implement a plan that achieves Government's goal of an integrated real estate and financial services regulator in spring 2021.

Objective 3.2: Provide information, advice and support to the Ministry of Finance as the Ministry undertakes a review of the *Mortgage Brokers Act*.

The BCFSA regulates the mortgage broker industry, which is a key component of BC's financial services sector. The BCFSA is committed to supporting the Ministry of Finance's review of the *Mortgage Brokers Act*.

Key Strategies:

3.2a. Fully participate in all relevant activities related to the Ministry's review of the *Mortgage Brokers Act*

- The BCFSA will participate fully in all relevant activities to support the Ministry's review of the *Mortgage Brokers Act*. Those activities may include providing expert advice, defining regulatory objectives, offering perspectives on practical application of the legislative framework and highlighting best practices in other jurisdictions.

Performance Measure(s)		2020/21 Baseline*	2021/22 Target	2022/23 Target
3.2a	Percentage of participation in all relevant activities related to the Ministry's review of the <i>Mortgage Brokers Act</i> .	100% participation	100%	100%

*baseline measures have been established based on BCFSA operational data

Linking Performance Measures to Objectives:

3.2a The performance measure demonstrates the BCFSA's commitment to supporting a successful legislative review by the Ministry.

Goal 4: Deposit Insurance

Objective 4.1: Work collaboratively with government to ensure a sustainable and effective deposit insurance program and improve financial crisis preparedness.

The Credit Union Deposit Insurance Corporation (CUDIC) is a statutory corporation continued under the *Financial Institutions Act* (FIA) and administered by the BCFSA. CUDIC is responsible for administering and operating the credit union deposit insurance fund. The FIA authorizes CUDIC to guarantee the deposits and non-equity shares of provincially incorporated credit unions in British Columbia.

The BCFSA is committed to working collaboratively with CUDIC and stakeholders to maintain preparedness, stability and confidence in the credit union system.

Key Strategies:

4.1a Implement an Effective BCFSA Deposit Insurance Assessment Methodology

- The BCFSA and CUDIC are committed to maintaining a modern, efficient, and effective deposit insurance assessment methodology that responds to the needs of a rapidly changing credit union system and its depositors. Key activities to achieve that goal include:
 - Finalize and release the deposit insurance assessment methodology to the credit union system for comment;
 - Continue communications and engagement with credit union system and industry associations; and
 - Approve and implement an updated deposit insurance assessment methodology.

4.1b Review and Set Deposit Insurance Fund Size

- Reflecting international best practices, the BCFSA is committed to reviewing the CUDIC fund target size every four years, to ensure the fund size is credible and contributes to depositor confidence and system stability. Key activities to achieve that goal include:
 - Review the approach and parameters used to determine the adequacy of the current target fund range and fund size;
 - Research cross-jurisdictional best practices regarding the establishment of deposit insurance fund targets;
 - Conduct consultations with credit union system and industry associations; and
 - Finalize and adopt new target fund range, target point and funding timeline.

Performance Measure(s)		2020/21 Baseline*	2021/22 Target	2022/23 Target
4.1a	Continue to implement an effective Deposit Insurance assessment methodology. <ul style="list-style-type: none"> Percentage of information sessions completed post release 	50% completion of information sessions	75%	100%
4.1b	Review and set Deposit Insurance fund size. <ul style="list-style-type: none"> Percentage of completion of work to review, finalize and release new fund target size 	85% complete	100%	100%

*baseline measures have been established based on BCFSA operational data

Linking Performance Measures to Objectives:

- 4.1a CUDIC and the BCFSA are committed to maintaining a modern, efficient, and effective deposit insurance methodology that responds to the needs of a rapidly changing credit union system and its depositors. Industry consultation and engagement is an ongoing cornerstone of that commitment. The BCFSA will build on consultations that began in 2017 and will engage the credit union system by releasing a final proposed methodology in preparation for implementation in 2020/2021.
- 4.1b Reflecting international best practices, the BCFSA is committed to reviewing the CUDIC fund target size every four years, to ensure the fund size is credible and contributes to depositor confidence and system stability. In 2019/20, FICOM engaged an actuarial firm to provide independent actuarial analysis and advice to the Commission and CUDIC Board on the deposit insurance fund target range, target point, and funding timeline. The actuarial modelling is part of a comprehensive internal review of both quantitative and qualitative factors, including regulatory powers and practices.

Goal 5: Anti-Money Laundering

Objective 5.1: Work collaboratively with government as it improves the effectiveness of B.C.'s Anti-Money Laundering Regime

In 2019, Government received two reports identifying weaknesses and opportunities to strengthen B.C.'s anti-money laundering (AML) system (Combating Money Laundering in BC, by the Expert Panel on Money Laundering in BC Real Estate, and Dirty Money – Part 2, by Peter German and Associates). On May 15, 2019, in the wake of these reports, the Government announced the establishment of the Cullen Commission of Inquiry into Money Laundering in BC.

Key Strategies:

- 5.1a. Fully participate in all relevant activities related to strengthening the BC and Canadian AML regime, including implementation of recommendations from the reports as endorsed by Government.
- Ensure BCFSA provides expert advice, where required, on policy and operational matters related to the initiative.

5.1b. Independently identify and implement opportunities for the BCFSA to strengthen its role within the current, integrated AML regime

- The BCFSA will identify and implement measures to support improved AML outcomes, including, for example:
 - amplify its focus on AML controls in its supervisory assessment of financial institutions;
 - increase scrutiny of mortgage broker applications and activities for potential money laundering risks;
 - continue to report suspected money laundering activities to relevant federal partners; and
 - increase interactions with AML partners on a bilateral and multilateral basis.

Performance Measure(s)		2020/21 Baseline*	2021/22 Target	2022/23 Target
5.1a	Percentage of participation in all relevant activities related to the review and implementation of AML improvements, and other complementary recommendations, as endorsed by Government.	100% participation	100%	100%
5.1b	Number of opportunities to strengthen the BCFSA's AML role identified and implemented.	10 opportunities identified	10	10

*baseline measures have been established based on BCFSA operational data

Linking Performance Measures to Objectives:

- 5.1a The performance measure demonstrates the BCFSA's commitment to supporting the strengthening of the BC and Canadian AML regime.
- 5.1b The performance measure demonstrates the BCFSA's proactive response to opportunities to strengthen its role in AML, in the context of its current mandate and jurisdiction.

Financial Plan

Summary Financial Outlook

(\$000)	2019/20 Forecast	2020/21 Budget	2021/22 Plan	2022/23 Plan
Total Revenue				
By Major Sources				
Fees, Licenses & Recoveries	8,171	26,905	28,594	29,654
Grants	5,471	5,339	2,849	-
Total Revenue	13,642	32,244	31,443	29,654
Total Expenses				
Salaries and Benefits	7,044	21,285	21,445	21,605
Other	5,827	9,707	7,814	7,440
Total Expenses	12,871	30,992	29,259	29,045
Net Income/Excess of Revenue over Expenses/Annual Surplus (Deficit)	771	1,253	2,184	610
Total Liabilities/Debt (even if zero)	0	0	0	0
Accumulated Surpluses/Retained Earnings/Equity (even if zero)	771	2,024	4,208	4,818
Capital Expenditures	0	0	0	0
Dividends/Other Transfers	0	0	0	0

Key Forecast Assumptions, Risks and Sensitivities

Key assumptions for the 2020/21 budget:

- The BCFSA regulatory fee changes that became effective early 2020 will increase fee revenue by \$2.1M versus 2019/20.
- Industry activity will remain stable through to year end.
- New staff positions will be filled by fiscal year-end, enabling the BCFSA to increase its regulatory capacity and drive innovation.

Key assumptions for the 2021/22 budget:

- The BCFSA regulatory fee changes that became effective early 2020 will increase fee revenue by \$2.2M versus 2020/21.

Key assumptions for the 2022/23 budget;

- The BCFSA regulatory fee changes that became effective early 2020 will increase fee revenue by \$0.6M versus 2021/22.

Risks and Sensitivities

- The financial services sector in BC and globally is rapidly evolving. If the BCFSA cannot keep up, it could impede the BCFSA's ability to respond in times of crisis. Complexity and interconnectedness across and within sectors necessitates a thoughtful, proportionate and responsive regulatory approach.
- The BCFSA will be part of a larger system of government agencies, financial services providers and the economy. Although basic regulatory functions would continue, failure to engage with stakeholders could result in the regulator being out of touch with the nature and severity of risks faced by its sector participants and therefore failure to be able to appropriately carry out its mandate.
- Failure to align and coordinate with partners including the Ministry of Finance, Real Estate Council of BC and Superintendent of Real Estate could hinder successful integration of real estate regulatory functions in the BCFSA.
- Failure to provide sound advice and support to the Ministry of Finance in its review of the *Mortgage Brokers Act* could hinder the modernization of the regulatory framework and the ability of the regulator to respond to industry trends and risks.
- If there are no credit union failures/financial crises during the fiscal year, the impact of failing to develop and operationalize improvements to the credit union deposit insurance fund will be low. However, if there is a crisis and the organization has not finished developing its plan and secured the funds to pay out depositors, it would have a very high impact on the organization's ability to fulfill its core mandate.
- The success of BC and Canada's AML framework rests on close cooperation and collaboration between various parts of the AML system, and failure to work together would impact the BCFSA's ability to fulfill its mandate and effectively regulate the financial services sector.

Management's Perspective on the Financial Outlook

The ongoing funding model for the BCFSA does not include financial support from the Government of British Columbia. Most of the BCFSA's revenue comes from filing, registration and application fees paid by regulated entities and individuals under the various statutes. Compensation, occupancy and asset depreciation expenses account for about 70% of total expenses.

Appendix A: Hyperlinks to Additional Information

Corporate Governance

- [BCFSA Governance](#)
- [BCFSA Board of Directors and of each Board Committee](#)
- [Per Appendix 1 of B.C.'s 'Governance and Disclosure Guidelines for Governing Boards of B.C. Public Sector Organizations'](#):

Organizational Overview

- [BCFSA Mandate](#)
- [BCFSA's business areas](#)
- [Location of BCFSA operations](#)

Additional Information

- [Financial Services Authority Act, 2019](#)
- [Credit Union Incorporation Act](#)
- [Financial Institutions Act](#)
- [Insurance Act](#)
- [Insurance \(Captive Company\) Act](#)
- [Mortgage Brokers Act](#)
- [Pension Benefits Standards Act](#)
- [Auditor General's Report](#)
- [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 \(MBRCC\)](#)
- [Strata Legislation](#)