

Risk Appetite Statement

BCFSA maintains a conservative overall risk posture, prioritizing financial stability, consumer protection, and public confidence. BCFSA accepts limited, managed risks where they enable innovation, efficiency, and resilience, provided these risks do not compromise safety, soundness, or integrity.

CATEGORY	APPETITE LEVEL	NARRATIVE
Safety and Soundness	Low	BCFSA has a low appetite for risks that could undermine financial sector stability or erode confidence and is highly cautious about risks with systemic implications. Where an institution demonstrates strong governance, BCFSA applies proportionate oversight and may accept greater variability in outcomes, while maintaining a low appetite for systemic risk.
Operational	Low	BCFSA has a low appetite for disruptions to critical services, information security failures, or risks that impair BCFSA's ability to meet statutory and organizational obligations in a timely and compliant manner. However, BCFSA will tolerate limited, planned, time-bound disruption arising from modernization or efficiency work where impacts are understood, mitigations are in place, and critical obligations remain protected.
Reputation	Low	BCFSA has a low appetite for actions that compromise integrity or erode public trust. At the same time, it recognizes that fulfilling its mandate may involve managed reputational exposure when pursuing innovation or efficiency. BCFSA's priority is that such risks are transparent, well-considered, and aligned with fairness, accountability, and public confidence.
Consumer protection	Low-moderate	BCFSA has a low appetite for unethical behaviour or breaches of legislation that could cause significant consumer harm. While compliance and fairness for consumers are expected, BCFSA recognizes that some variability in consumer outcomes is acceptable where risks are well managed and overall consumer interests remain protected. BCFSA's focus is on preventing harm and maintaining consumer confidence and it will apply proportionate enforcement discretion where risk is low and outcomes remain protected.
Innovation, efficiency, and dynamism	High	BCFSA has a high appetite for risks associated with initiatives that drive innovation, efficiency, and dynamism where these efforts support thriving financial services and strengthen BCFSA's own effectiveness. This includes initiatives that

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		strengthen how BCFSA regulates and operates, and how it delivers outcomes in support of thriving financial services and its purpose of building and maintaining public confidence, provided strong controls safeguard integrity, fairness, and public confidence.

*Appetite levels assume normal conditions and will be revisited under stress scenarios or significant environmental changes; definitions of Low, Moderate, High are provided below.

Low risk appetite

BCFSA aims to avoid or minimize exposure to this type of risk. Strong controls and oversight are required, and breaches or failures are escalated promptly. Only very limited, well-justified risk-taking is acceptable.

Moderate risk appetite

BCFSA accepts some exposure to this type of risk where it supports strategic objectives and is well-managed. Variability in outcomes is tolerated within defined limits, provided consumer interests and organizational integrity are protected.

High risk appetite

BCFSA is willing to accept greater uncertainty or change in this area to achieve strategic benefits. While risk-taking is encouraged, it must remain controlled and aligned with organizational values, ensuring no compromise to safety, integrity, or public confidence.