



**Remarks by Superintendent Julie Dickson  
Office of the Superintendent of Financial Institutions Canada (OSFI)  
to the  
House of Commons Standing Committee on Finance  
on the topic of:  
Measures to Enhance Credit Availability and the Stability of the  
Canadian Financial System**

**Ottawa, Ontario  
Tuesday, March 10, 2009**

**CHECK AGAINST DELIVERY**

For additional information contact:

Jason LaMontagne  
Communications and Public Affairs  
[jason.lamontagne@osfi-bsif.gc.ca](mailto:jason.lamontagne@osfi-bsif.gc.ca)  
[www.osfi-bsif.gc.ca](http://www.osfi-bsif.gc.ca)



OSFI  
BSIF

Remarks by Superintendent Julie Dickson  
Office of the Superintendent of Financial Institutions Canada (OSFI)  
to the  
House of Commons Standing Committee on Finance  
on the topic of:  
Measures to Enhance Credit Availability and the Stability of the Canadian  
Financial System

Ottawa, Ontario  
Tuesday, March 10, 2009

---

## **Introduction**

Thank you for inviting me here today to discuss an important topic, the strength of Canada's financial system.

The Office of the Superintendent of Financial Institutions (OSFI) is the primary regulator and supervisor of federally registered deposit-taking institutions, insurance companies, and federally registered private pension plans. OSFI's mandate is to advance and administer a regulatory framework that contributes to public confidence in a strong, stable and competitive financial system.

## **Current Situation**

The current economic situation will challenge all financial institutions, both around the world, and here in Canada.

As has been often noted, the Canadian financial system went into the economic turmoil very well capitalized, and this has helped it deal with the first wave -- global financial market turmoil -- relatively well compared to many of its global counterparts.

The second wave -- a serious economic downturn -- is hitting while global financial market turmoil remains ongoing, and will affect both capital levels and profits at our banks. The extent and severity of the impact on our financial institutions is hard to predict, but the Canadian banking system is better positioned than most other systems to deal with this second wave. It is very well capitalized, and has avoided the need for government injections of capital, unlike most advanced systems in the world. We have also seen that Canadian institutions have been successful in tapping the markets for additional capital.

Many past policy and regulatory decisions made in Canada have served the system well, including having robust capital targets, paying attention to the quality of capital -- such as requiring a high percentage of common shares in the

capital base, and having a prudent leverage ratio in the banking industry. At the same time, the ground continues to shift in ways that are hard to predict.

Initiatives by the government and the Bank of Canada are expected to be positive for the Canadian economy. While this is good news, our message to institutions is that it is also prudent to incorporate adverse outcomes in their planning, even if they think the economy will recover quickly. They need to consider a variety of outcomes which reflect their own unique situations, and they need to stay on top of the risk as it evolves. OSFI continues to do its own analysis of the condition of financial institutions and of the overall financial sector.

Such efforts are necessary, as Canadian financial institutions are entrusted with the life savings of many Canadians.

Canada is not alone in this economic turmoil, it is a global problem and there are a host of issues being worked on by the Financial Stability Forum (FSF), the G20, Basel Committee, and other international bodies. OSFI is involved with these efforts to identify what went wrong and what changes should be made to avoid a repeat of the global market turmoil in the future. The international work also provides an effective means to stay informed about what is happening in other financial systems, so that we are better placed to assess the Canadian financial system.

## **Conclusion**

Today I have touched briefly on some issues I believe have contributed to the strength of Canada's financial system, and some of the challenges which lie ahead.

I would be pleased to answer any questions the Committee might have.

Thank you.