

Oversight of Canada's Financial System

Canada's financial system is one of the safest and strongest in the world. This is due in part to effective financial sector policy, regulation and supervision, liquidity support, deposit insurance, recovery and resolution strategies and consumer protection and financial education.



These organizations comprise the Financial Institutions Supervisory Committee to share information on matters relating to the supervision of federally regulated financial institutions. These same partners also form the Senior Advisory Committee, which is a discussion forum for financial sector policy issues, including financial stability and systemic vulnerabilities. The Senior Advisory Committee supports the provision of advice to the Minister of Finance, and serves as a forum to coordinate actions among the agencies so that they reinforce each other.



Department of Finance Canada

Overall Responsibility for the Financial Sector Framework

The Department of Finance supports the Minister of Finance in his or her broad responsibility for all matters relating to the financial sector. The Minister has authority for federal financial sector legislation, including the governing legislation for each of the federal financial sector oversight agencies. Financial sector agencies have clear and distinct mandates that contribute to financial sector oversight, including financial stability.

Tools



- Proposing legislative or regulatory changes to enhance the financial sector framework
- Entering into a range of contracts to promote the stability or maintain the efficiency of the financial system
- Establishing rules in respect of government backed mortgage default insurance
- Reporting to Parliament for financial sector agencies
- Developing the Federal Budget



Office of the Superintendent of Financial Institutions

Regulation and Supervision

OSFI is an independent federal government agency that regulates and supervises banks, insurance companies and private pension plans in Canada to determine whether they are in good financial condition and meeting their regulatory and supervisory requirements.

OSFI works to ensure that banks are able to make loans and deposits available to Canadians; that insurance companies can pay policyholders; and that pension plans can continue to make payments to retirees.

Tools



- Domestic Stability Buffer
- OSFI Guidelines (capital adequacy, liquidity, accounting, etc.)
- Intervention powers
- Industry Notices



Bank of Canada

Central Bank

The Bank of Canada is the nation's central bank. Its principal role is "to promote the economic and financial welfare of Canada," as defined in the Bank of Canada Act.

The Bank has four main areas of responsibility. In implementing Canada's monetary policy, the Bank aims to preserve the value of money by keeping inflation low, stable and predictable. The Bank also promotes safe, sound and efficient financial systems, designs, issues and distributes Canada's bank notes, and acts as fiscal agent and banker for the Government of Canada.

Tools



- Policy interest rate
- Provision of liquidity to the financial system
- Provision of liquidity to individual financial institutions
- Oversight and resolution of financial market infrastructures
- Analysis and research on financial stability
- Coordination with international policy makers such as G7 central banks



Canada Deposit Insurance Corporation

Deposit insurance

CDIC is a federal Crown corporation established in 1967 to protect the savings of Canadians, and contributes to financial stability by safeguarding over \$800 billion in deposits at more than 80 member institutions. As resolution authority, CDIC is responsible for handling the failure of any of its members, from the smallest to the largest. Members include banks, federally regulated credit unions as well as loan and trust companies and associations governed by the Cooperative Credit Associations Act that take deposits. Funded by premiums paid by member institutions, CDIC does not receive public funds to operate. CDIC has resolved 43 member failures affecting some two million Canadians. No one has lost a dollar of deposits under CDIC protection.

Tools



- Deposit protection for Canadians
- Promotes awareness of deposit protection
- Handles the failure of member institutions



Financial Consumer Agency of Canada

Consumer Protection

The Financial Consumer Agency of Canada is the federal government agency mandated to protect financial consumers. It is an independent regulator that supervises banks and other federal financial entities to ensure they comply with their legal obligations, codes of conduct and public commitments. It educates Canadians about their rights and public commitments when dealing with financial institutions, such as the right to open a personal bank account at a bank. The Agency also collaborates with organizations to develop resources and tools to help consumers make informed financial decisions and strengthen their financial well-being.

Tools



- Supervision Framework (guidance, compliance agreements, enforcement)
- Commissioner Decisions and Administrative Monetary Penalties
- National Strategy on Financial Literacy
- Research projects
- Resources for consumers and educational programs