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MESSAGE FROM THE SUPERINTENDENT

I am pleased to share with you OSFI’s Strategic Plan for 2019-2022.

It charts a path for our future that builds on the many achievements and learnings of the past thirty years. It will help focus our efforts and resources as we move forward and further strengthen our ability to meet our mandate.

The plan’s cornerstone is its four goals: Improve regulated entities’ resilience to financial risk; improve their preparedness for and resilience to non-financial risks; improve our agility and operational effectiveness while being responsible stewards of our resources; and preserve support from Canadians and cooperation from the financial services industry by being transparent and accountable.

My priority for the remainder of my term is to execute this plan with the support of OSFI’s employees. In this way, I hope to live up to the excellence of my predecessors and pass to my successor an organization that preserves confidence in the Canadian financial system and its oversight by being relentlessly vigilant and always seeking to improve.

The Canadian financial system – OSFI included – has an enviable track record of stability. We will not extend that record by being complacent. The future of the financial services industry will be very different from the world of today, and while no one knows when or how the next crisis will emerge, our job is to be prepared.

By remaining true to our mandate, by having the will to act, and by constantly learning and improving, I believe that OSFI will continue to build on its record of success well into the future. This plan will guide us along the journey.

Jeremy Rudin
OSFI STRATEGIC PLAN

OUR MANDATE
Protecting depositors, policyholders, financial institution creditors and pension plan members, while allowing financial institutions to compete and take reasonable risks. Providing actuarial valuation and advisory services to the Government of Canada.

OUR VISION
Building OSFI for today and tomorrow: preserving confidence, ever vigilant, always improving

ACHIEVED THROUGH WHAT WE DO
Supported by people, data and infrastructure, we regulate and supervise federally regulated financial institutions and private pension plans and we provide actuarial valuation and advisory services to the Government of Canada.

SUPPORTED BY OUR THREE-YEAR GOALS

01 Federally regulated financial institution and pension plan preparedness and resilience to financial risks is improved, both in normal conditions and in the next financial stress event.

02 Federally regulated financial institutions and pension plans are better prepared to identify and develop resilience to non-financial risks before they negatively affect their financial condition.

03 OSFI’s agility and operational effectiveness are improved.

04 Support from Canadians and cooperation from the financial industry are preserved.

FOUNDATIONAL TO EVERYTHING WE DO

Our Core Values
One Office
Our Compass for Success
WHO WE ARE AND HOW WE OPERATE

QUICK FACTS ABOUT OSFI

- We regulate and supervise more than 400 financial institutions and 1200 pension plans.
- Approximately 80% of mortgages issued in Canada are held by financial institutions under our supervision.
- Three Canadian life insurance companies rank among the 15 largest in the world.
- The financial institutions and pension plans subject to OSFI’s regulation and supervision manage over $7 trillion in assets.
- The Office of the Chief Actuary plays a vital role in ensuring that Canadians can rely on and benefit from commitments made by governments to finance programs that are critical to the well-being of many Canadians.

Why we exist – Our mandate
Protect depositors, policyholders, financial institution creditors and pension plan members, while allowing financial institutions to compete and take reasonable risks.
Provide actuarial valuation and advisory services to the Government of Canada through the Office of the Chief Actuary.

What success looks like – Our vision
Building OSFI for today and tomorrow: preserving confidence, ever vigilant, always improving.

How we operate – Our Compass
- We are results-oriented
- We are principles-based
- We are risk-based
- We take a balanced approach
- We set the benchmark

How we behave – Our Values within One Office
One Office
- One mandate
- One activity
- One voice

Our core values
- Professionalism
- Integrity
- Respect for people
OSFI regulates and supervises federally regulated financial institutions and private pension plans.

The Office of the Chief Actuary provides actuarial valuation and advisory services to the Government of Canada.

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**Regulation of Financial Institutions**

Continually improving a regulatory framework that promotes the adoption of sound risk management practices at financial institutions that are designed to control the risks arising from their operations.

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**Supervision of Financial Institutions**

Instituting an effective supervisory process to assess safety and soundness of financial institutions by evaluating an institution’s risk profile, financial condition and risk management processes, and intervening in a timely manner when deficiencies are noted.

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**Regulation and Supervision of Private Pension Plans**

Effectively regulating and supervising pension plans by evaluating their risk profile, risk management processes, compliance with governing laws and supervisory requirements, and intervening promptly when necessary.

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**Actuarial Services to the Government of Canada**

The Office of the Chief Actuary provides actuarial valuation and advisory services for the Canada Pension Plan, the Old Age Security program, the Canada Student Loans Program, the Employment Insurance program and other public sector pension and benefit plans, including benefits provided to veterans.
OUR ENVIRONMENT AND RELATED RISKS

Increasing Size and Complexity of the Canadian Financial Sector

- Total assets of entities under OSFI oversight have grown 39% in the last five years.
- Deposits at Canada’s six largest banks rose 52% in the last five years, with a 67% increase in their international assets.
- In 2017, a Canadian bank was designated a global systemically important bank (G-SIB) for the first time.
- Almost 50% of Canadian life insurance premiums now originate outside of Canada, up from 37% in 2014.

Catastrophic Natural Events

- Weather and climate threats are among the top risks that will have the biggest global impact in the next 10 years, according to the 2018 Global Risks Report from the World Economic Forum.
- Extreme weather events and natural disasters are the top risks most likely to occur in the next 10 years.

Evolving Technology and Digitization

- Fragmentation of the financial services industry.
- The provision of traditional financial services by entities that are not regulated by OSFI.
- Financial technology (FinTech) is becoming more prevalent.
- Heightened cyber risk across the financial sector.

Age of Transparency

- Improved transparency, enabled by modern technology, makes it easier for governments to communicate with and make information available to citizens. It also makes it easier for citizens to keep governments accountable.
- Regulators and supervisors must be seen as credible, effective and impartial to preserve the trust of both citizens and the entities they regulate.
OUR GOALS AT A GLANCE

**GOAL 01**
Federally regulated financial institution and pension plan preparedness and resilience to financial risks is improved, both in normal conditions and in the next financial stress event.

**GOAL 02**
Federally regulated financial institutions and pension plans are better prepared to identify and develop resilience to non-financial risks before they negatively affect their financial condition.

**GOAL 03**
OSFI’s agility and operational effectiveness are improved.

**GOAL 04**
Support from Canadians and cooperation from the financial industry are preserved.
GOAL 01

Federally regulated financial institution and pension plan preparedness and resilience to financial risks is improved, both in normal conditions and in the next financial stress event.

TO WHAT END:

Federally regulated financial institutions are able to continue to provide financial services to Canadians and maintain market confidence, both in normal conditions and in times of stress. Pension plans continue to enhance their awareness of emerging risks and related risk management processes.

WHAT DOES SUCCESS LOOK LIKE

- Federally regulated financial institutions have the financial strength to meet their obligations to policyholders, depositors, and other creditors.
- Federally regulated financial institutions have effective capital and liquidity risk management practices.
- Federally regulated financial institutions and pension plans have effective governance and risk management practices that keep pace with existing and emerging risks and support the early detection of issues.

PRIORITIES

1.1. Improve the consistency, accuracy and timeliness of risk assessments and make intervention more effective.

1.2. Apply a more risk-based and principles-based approach to regulation and supervision.

1.3. Further adapt regulatory and supervisory approaches to the size and complexity of financial institutions, as well as their risk profile; specifically the risk that they pose to the rights and interests of depositors, policyholders and creditors.
GOAL

Federally regulated financial institutions and pension plans are better prepared to identify and develop resilience to non-financial risks before they negatively affect their financial condition.

TO WHAT END:

Federally regulated financial institutions and pension plans are resilient to non-financial risks.

WHAT DOES SUCCESS LOOK LIKE

- Non-financial risks are managed in a manner that maintains public confidence.
- Operational disruptions are minimized.

PRIORITIES

2.1 Continue to develop OSFI’s regulatory and supervisory approaches to technology risks, including digitization, cloud computing, risk modelling and cyber risk.

2.2 Adopt more insightful and effective approaches for risks arising from culture and conduct.
GOAL

03

OSFI’s agility and operational effectiveness are improved.

TO WHAT END:

We have the right people, skills and infrastructure to meet the needs of the organization and we are able to leverage them in a timely and effective manner.

WHAT DOES SUCCESS LOOK LIKE

- Employees are clear about their roles. They are committed to continuous improvement and to working as One Office. They understand and embrace OSFI’s values and have a positive attitude about their work and each other.
- Employees benefit from comprehensive orientation, training, and career development plans.
- Infrastructure and data are effective at supporting business needs.
- Decision-making authority is clear. Input is given early and fearlessly. Decisions are made in a timely manner and executed faithfully.

PRIORITIES

3.1 Nurture a culture of high performance that embodies OSFI’s values and encourages diversity of thought.

3.2 Modernize OSFI’s supervisory processes and practices through the development and implementation of new technology and other methods.

3.3 Better leverage OSFI’s data assets by improving data management and analytics.
GOAL 04
Support from Canadians and cooperation from the financial industry are preserved.

TO WHAT END:
Canadians have trust in the safety and soundness of financial institutions and pension plans.

WHAT DOES SUCCESS LOOK LIKE
• Financial institutions, government agencies and other stakeholders see OSFI as expert, credible, effective, open, impartial, balanced and responsive.
• Stakeholders’ trust in OSFI endures over time and OSFI can rely on strong relationships with stakeholders when they are needed, particularly in times of crisis.

PRIORITIES

4.1 Improve Canadians’ understanding of what OSFI does.

4.2 Further advance the protection of OSFI’s information resources.

4.3 Enhance OSFI’s accountability to external stakeholders through increased transparency, consultation and communications.