

FINANCIAL INSTITUTIONS COMMISSION

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SERVICE PLAN

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BRITISH
COLUMBIA

The Best Place on Earth

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Purpose of the Organization

The Financial Institutions Commission (FICOM) is a provincial regulatory agency, part of the Ministry of Finance. FICOM is responsible for administering 10 statutes that regulate the financial services sector¹ in British Columbia. The primary focus of this regulation is to help ensure that:

- Regulated entities remain solvent;
- Market conduct requirements for these sectors are respected;
- Unsuitable individuals do not participate in financial service markets.

Key statutes administered by FICOM are:

1. The ***Financial Institutions Act***;
2. The ***Credit Union Incorporation Act***;
3. The ***Insurance Act***;
4. The ***Insurance (Captive Company Act)***;
5. The ***Insurance (Marine Act)***;
6. The ***Mortgage Brokers Act***;
7. The ***Pension Benefits Standards Act***;
8. The ***Real Estate Development Marketing Act***;
9. The ***Real Estate Services Act***; and
10. The ***Strata Property Act***.

In addition to providing for the regulation of financial institutions, the ***Financial Institutions Act*** establishes that the Credit Union Deposit Insurance Corporation (CUDIC) continues as a corporation, which has a mandate of insuring B.C. credit union member deposits.

FICOM and CUDIC publications, including annual reports, service plans, as well as enforcement activities and consumer alerts, can be viewed at <http://www.fc.gov.bc.ca>.

¹ With the exception of securities, which are regulated by the BC Securities Commission, and chartered banks, which are regulated by the federal government.

Vision, Mission and Values

Vision

To be the most progressive and effective regulator of financial services in Canada.

Mission

To maintain confidence in British Columbia's financial services sector by effective regulation.

Values

In pursuit of our vision and mission, our actions will be guided by the following values:

Effectiveness — We focus on obtaining cost-effective results, anticipate problems before they arise and address issues in a timely manner. We constantly seek ways to better achieve our goals.

Integrity — We value honesty, cooperation, transparency, reliability, fairness and respect within the workplace, in our dealings with stakeholders and in exercising our regulatory function.

Professionalism — We take pride in the quality of our work and continually strive to improve ourselves by empowering others to take the initiative and providing innovative solutions to achieve our vision for the future.

Accountability — We take responsibility for the decisions we make.

Core Business Areas

Core Business Areas as defined by Regulatory Responsibility

FICOM has four core business areas and three support groups that are organized around its areas of regulatory responsibility.

Credit Unions and Trusts

- Regulates credit unions and trust companies under the ***Financial Institutions Act*** and the ***Credit Union Incorporation Act***.

Insurance

- Responsible for the regulation of insurers under the ***Financial Institutions Act***, ***Insurance Act***, ***Insurance (Captive Company) Act***, and ***Insurance (Marine) Act***.
- The Insurance Council of B.C. is responsible for licensing insurance sales agents and adjusters.
- The Superintendent may appeal disciplinary decisions of the Insurance Council, and is responsible for investigating unlicensed insurance activities.

Pensions

- Regulates pension plans registered in British Columbia under the ***Pension Benefits Standards Act***.

Real Estate and Mortgage Brokers

- Regulates mortgage brokers under the ***Mortgage Brokers Act***.
- Regulates the marketing of multi-unit real estate developments under the ***Real Estate Development Marketing Act***.
- Approves forms as required under the ***Strata Property Act***.
- Under the ***Real Estate Services Act***, the Real Estate Council of British Columbia is a self-regulatory organization (SRO) that regulates real estate brokerages and representatives, property managers and strata managers.
- The Superintendent of Real Estate has powers to intervene in the regulation of real estate professionals if an urgent concern for the public interest arises, and is responsible for investigating unlicensed real estate activities.
- The Superintendent may appeal disciplinary decisions of the Real Estate Council.

Support Functions

Investigative Services

The Investigative Services Department investigates significant statutory breaches of all acts administered by FICOM. It also investigates related criminal issues, such as fraud, that may be uncovered in the course of these investigations.

Financial Services

The Financial Services Department supports FICOM's core business areas and the CEO's office by providing the following services: accounting, budgeting, financial reporting, forecast monitoring, and contract administration. Accounting and investment analysis services are also provided to the Credit Union Deposit Insurance Corporation of British Columbia, a statutory corporation that is administered by FICOM.

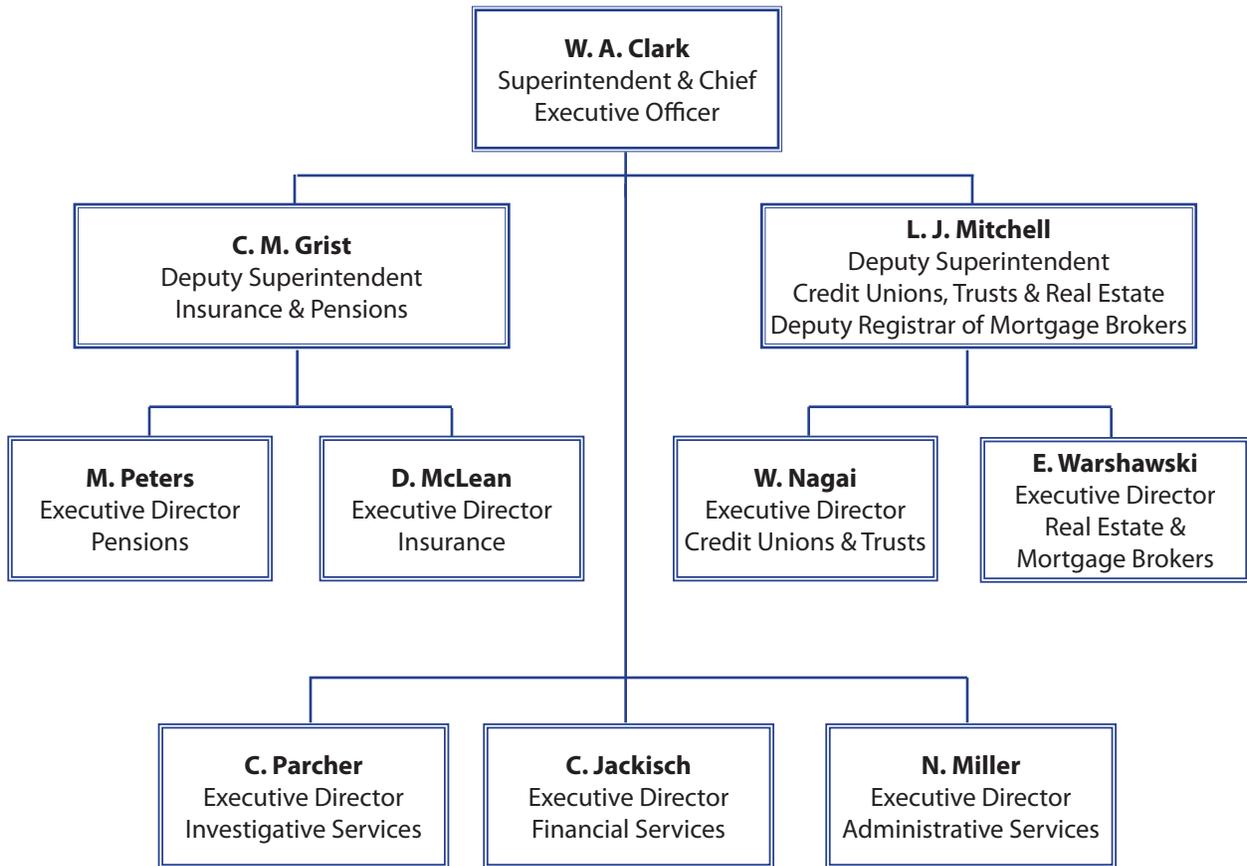
Administrative Services

FICOM's core business areas are supported by the following departments: Records, Systems, the Contact Centre and the CEO's office. These departments provide a wide variety of services including records management, reception, communications, systems support, purchasing, freedom of information requests, policy research, legislative reviews, performance planning and reporting, strategic human resources management, and secretarial support.

Credit Union Deposit Insurance Corporation (CUDIC)

CUDIC is a government corporation, administered by FICOM, which provides deposit insurance for members' deposits with BC credit unions. CUDIC, by statute, is not required to produce a service plan. As a result, this plan does not contain further references to CUDIC.

Organizational Chart



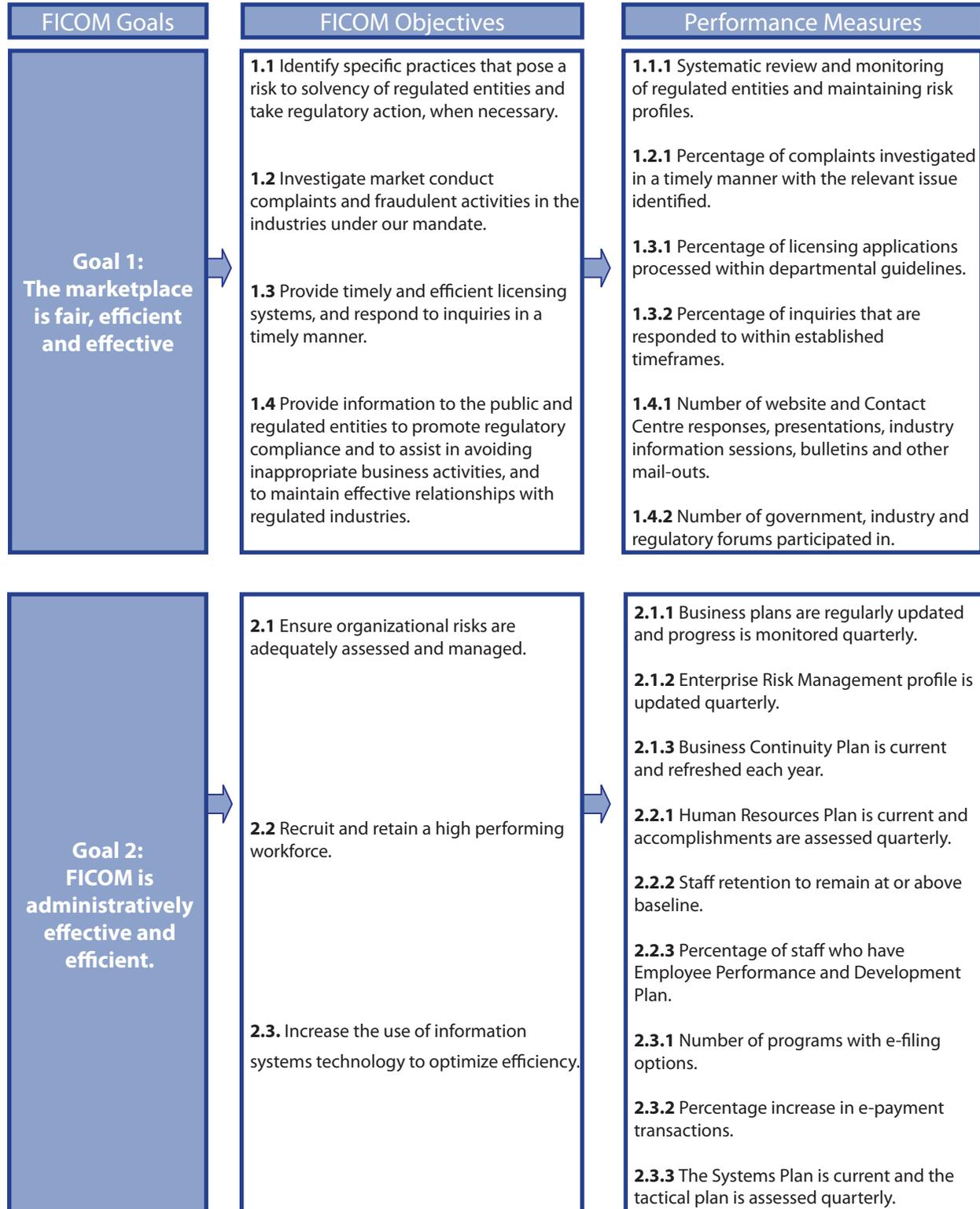
Purpose of the Service Plan

The Service Plan (the “Plan”) aligns business activities to the vision and strategy of the organization. The Plan outlines specific goals and objectives that are identified as being critical to maintaining the effectiveness of the organization. Corresponding strategies, created to facilitate the achievement of these goals, are also outlined in the Plan. Performance Measures, assigned to each of the goals, clearly quantify the level of achievement in attaining each specific goal. This methodology attaches strategic, non-financial performance measures to traditional metrics to provide a more balanced view of organizational objectives and performance.

The Plan provides key performance measures and targets by which employees, clients and stakeholders can track progress. As a key component to the organization’s strategic planning, individual candid discussions were held with department employees about how to collectively advance the organization and enhance confidence in the marketplace while improving relationships with clients and stakeholders.

The Plan is updated each year, to reflect the ever changing environment and shifting priorities, as part of a planning and performance management cycle that includes: planning; identifying strategic direction; identifying projects; implementing and measuring strategies; objective evaluation and performance reporting; and ongoing review. The publishing of the Plan serves to further clarify the year’s business processes while providing a public record of the organization’s performance against its strategic goals

Goals, Objectives, Strategies and Performance Measures



Goal 1: The Marketplace is fair, efficient and effective.

Effective risk reduction, monitoring and enforcement programs are essential in ensuring the financial market place is fair, efficient and effective, and contributes to consumer confidence in the financial services sector.

THE MARKETPLACE IS FAIR, EFFICIENT AND EFFECTIVE

Objectives

- 1.1 Identify specific practices that pose a risk to solvency of regulated entities and take regulatory action, when necessary.
- 1.2 Investigate market conduct complaints and fraudulent activities in the industries under our mandate.
- 1.3 Provide timely and efficient licensing systems: and respond to inquiries in a timely manner.
- 1.4 Provide information to the public and regulated entities to promote regulatory compliance and to assist in avoiding inappropriate business activities, and to maintain effective relationships with regulated industries.



Strategies

- 1.1.1 Continued refinement of a risk-based regulatory framework for both solvency and market conduct regulation.
- 1.1.2 Implement a peer review process to ensure quality and consistency of risk assessments.
- 1.1.3 Ensure contingency plans are in place, updated and refined, to deal with regulatory failure.
- 1.1.4 Ensure emerging trends and risks are closely monitored.
- 1.2.1 Reduce the length of time taken from complaint to regulatory action, where necessary.
- 1.2.2 Expand and formalize the undertaking resolution process to quickly resolve compliance issues.
- 1.3.1 Continue to make improvements to the licensing processes.
- 1.4.1 Regular communication with industry organizations and other regulators.
- 1.4.2 Identify opportunities to disseminate information.
- 1.4.3 Enhance the website.



Performance Measures

- 1.1.1 Systematic review and monitoring of regulated entities and maintaining risk profiles.
- 1.2.1 Percentage of complaints investigated in a timely manner with the relevant issue identified.
- 1.3.1 Percentage of licensing applications processed within departmental guidelines.
- 1.3.2 Percentage of inquiries that are responded to within established timeframes.
- 1.4.1 Number of website and Contact Centre responses, presentations, industry information sessions, bulletins and other mail-outs.
- 1.4.2 Number of government, industry and regulatory forums participated in.

Objective 1.1: Identify specific practices that pose a risk to solvency of regulated entities and take regulatory action, when necessary.

FICOM is committed to identifying and intervening where regulated entities are engaged in practices that pose a risk to:

- Depositors
- Trust clients
- Policy holders
- Pension plan members
- Clients of mortgage brokers
- Purchasers of multi-unit real estate developments

Strategies

- Continued refinement of a risk-based regulatory framework for both solvency and market conduct regulation.
- Implement a peer review process to ensure quality and consistency of risk assessments.
- Ensure contingency plans are in place, updated and refined, to deal with regulatory failure.
- Ensure emerging trends and risks are closely monitored.

Performance Measure: Systematic review and monitoring.

	Performance Measures	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target
1.1.1	Systematic review and monitoring of regulated entities and maintaining risk profiles.	Financial Institutions – 100% Real Estate – 100% Mortgage Brokers – 100% Pension Plans – 55%	Financial Institutions – 100% Real Estate – 100% Mortgage Brokers – 100% Pension Plans – 75%	Financial Institutions – 100% Real Estate – 100% Mortgage Brokers – 100% Pension Plans – 75%	Financial Institutions – 100% Real Estate – 100% Mortgage Brokers – 100% Pension Plans – 75%

Discussion

This measure captures the yearly rate for completed review of entities regulated by FICOM. Regulatory intervention at an early stage is imperative to ensure public confidence in the financial services sector is maintained. In order to determine whether and when to intervene, establishment of composite risk rating and ongoing monitoring is critical and contributes to a fair, efficient and effective market place.

Objective 1.2: Investigate market conduct complaints and fraudulent activities in the industries under our mandate.

The thorough investigation of market conduct complaints and fraudulent activities under our mandate contributes to a stable market place, which is beneficial to all participants, both consumer and regulated entities.

Strategies

- Reduce the length of time taken from complaint to regulatory action, where necessary.
- Expand and formalize the undertaking resolution process to quickly resolve compliance issues.

Performance Measure: Investigation of complaints within timeframes.

	Performance Measures	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target
1.2.1	Percentage of complaints investigated in a timely manner with the relevant issue identified.	100%	100%	100%	100%

Discussion

This measure captures the completion rate for the prompt and efficient investigation of all complaints. The prompt investigation of regulatory contraventions and criminal misconduct maintains the public’s confidence in the financial services sectors regulated by FICOM.

Objective 1.3: Provide timely and efficient licensing systems, and respond to inquiries in a timely manner.

A timely and efficient licensing system (which includes business authorizations under the *Financial Institutions Act*, registrations under the *Mortgage Brokers Act* and *Pension Benefits Standards Act*) involves processing applications in a timely manner. As well, ensuring that only those companies and individuals who are suitable are permitted to operate, is critical to a well functioning financial market place.²

Strategies

- Continue to make improvements to licensing processes.

Performance Measure: Timely and efficient processes.

	Performance Measures	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target
1.3.1	Percentage of licensing applications processed within departmental guidelines.	90%	90%	90%	90%
1.3.2	Percentage of inquiries that are responded to within established timeframes	90%	90%	90%	90%

Discussion

This performance measure captures the processing timeframe for licensing applications and responding to general inquiries received by FICOM. The presence of fair, effective and efficient processes within FICOM promotes business and consumer confidence.

² Licensing includes business authorizations under the *Financial Institutions Act*, registrations under the *Mortgage Brokers Act* and the *Pension Benefits Standards Act*.

Objective 1.4: Provide information to the public and regulated entities to promote regulatory compliance and to assist in avoiding inappropriate business activities, and to maintain effective relationships with regulated industries.

The undertaking of this objective will result in:

- Ongoing communication with industry organizations and other regulators;
- Regular opportunities to disseminate information and promote best practices, as well as deal with emerging issues proactively;
- An optimized website whereby the public and industry can receive information but also register complaints so that regulatory intervention can occur before members of the public suffer a catastrophic loss by being preyed upon by unscrupulous individuals.

Strategies

- Regular communication with industry organizations and other regulators.
- Identify opportunities to disseminate information.
- Enhance the website.

Performance Measure: Information dissemination.

	Performance Measures	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target
1.4.1	Number of website and Contact Centre responses, presentations and industry information sessions, bulletins and other mail outs.	Website hits – Actual Contact Centre – Actual Others – Actual	Website hits – Actual Contact Centre – Actual Others – Actual	Website hits – Actual Contact Centre – Actual Others – Actual	Website hits – Actual Contact Centre – Actual Others – Actual
1.4.2	Number of government, industry and regulatory forums participated in.	Actual	Actual	Actual	Actual

Discussion

This measure tracks the points of contact that FICOM has with internal and external stakeholders through any number of venues. The dissemination of information demonstrates responsiveness to the environment within which FICOM operates, which is critical to effective regulation. FICOM continues to embrace new methods to provide easier access to such information for customers, clients and stakeholders.

Goal 2: FICOM is administratively effective and efficient.

FICOM operates under a “\$1,000 vote” within the Ministry of Finance for budgeting purposes and is a self-funded entity. As such, FICOM is responsible for ensuring that it operates in an administratively effective and efficient manner.

FICOM IS ADMINISTRATIVELY EFFECTIVE AND EFFICIENT

Objectives

- 2.1 Ensure organizational risks are adequately assessed and managed.
- 2.2 Recruit and retain a high performing workforce.
- 2.3. Increase the use of information systems technology to optimize efficiency.



Strategies

- 2.1.1 Involve all professional staff in the development and implementation of strategic plans and Enterprise Risk Management (ERM).
- 2.1.2 Conduct an ERM analysis at least yearly.
- 2.1.3 Regularly review the Business Continuity Plan to ensure it reflects current operational environment.
- 2.1.4 Ensure that emerging issues in financial services regulation and analysis of potential consequences to FICOM are closely monitored.
- 2.1.5 Ongoing review and evaluation of administrative functions, processes and procedures to ensure FICOM is managed in the most cost-effective manner possible.
- 2.2.1 Implement the Human Resources Plan and assess accomplishments quarterly.
- 2.3.1 Utilize technological advancements to create financial and administrative efficiencies and savings within FICOM.
- 2.3.2 Expand electronic filing.
- 2.3.3 Expand electronic payments.
- 2.3.4 Maintain and update a current systems plan, including the systems tactical plan, and assess progress quarterly.



Performance Measures

- 2.1.1 Business plans are regularly updated and progress is monitored quarterly.
- 2.1.2 Enterprise Risk Management profile is updated quarterly.
- 2.1.3 Business Continuity Plan is current and refreshed each year.
- 2.2.1 Human Resources Plan is current and accomplishments are assessed quarterly.
- 2.2.2 Staff retention to remain at or above baseline.
- 2.2.3 Percentage of staff who have Employee Performance and Development Plan.
- 2.3.1 Number of programs with E-filing options.
- 2.3.2 Percentage of increase in E-payment transactions.
- 2.3.3 The Systems Plan is current and the tactical plan is assessed quarterly.

Objective 2.1: Ensure organizational risks are adequately assessed and managed.

It is important for all organizations to adequately assess the risks they face and put in place strategies to mitigate those risks, where possible. FICOM has business planning and ERM processes in place. We periodically review our regulatory frameworks to ensure they keep pace with changes in the financial services markets.

Strategies

- Involve all professional staff in the development and implementation of strategic plans and Enterprise Risk Management (ERM).
- Conduct an ERM analysis at least yearly.
- Regularly review of the Business Continuity Plan to ensure it reflects current operational environment.
- Ensure that emerging issues in financial services regulation and analysis of potential consequences to FICOM are closely monitored.
- Ongoing review and evaluation of administrative functions, processes and procedures to ensure FICOM is managed in the most cost-effective manner possible.

Performance Measure: Organizational risk is updated and monitored.

	Performance Measures	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target
2.1.1	Business plans are regularly updated.	Yes	Yes	Yes	Yes
2.1.2	Enterprise Risk Management profile is updated quarterly.	Yes	Yes	Yes	Yes
2.1.3	Regular review of Business Continuity Plan to ensure it reflects current operational environment.	Yes	Yes	Yes	Yes

Discussion

This measure serves to illustrate that FICOM conducts a regular review of its Business Plan, ERM Plan and Business Continuity Plan, and updates wherever necessary to ensure they remain both current and reflective of the ever-changing marketplace.

Objective 2.2: Recruit and retain a high performing workforce.

Staff recruitment and retention challenges are two of the biggest risks facing the organization. FICOM believes one of the ways to mitigate these risks is to have a dynamic Human Resources Plan actively in place. The plan promotes a quality work environment, appropriate training and a yearly EPDP.

Strategies

- Implement the Human Resources Plan and assess accomplishments quarterly.

Performance Measure: Human Resources Plan remains updated and enabled.

	Performance Measures	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target
2.2.1	Human Resources Plan is current and accomplishments are assessed each year.	Completed	New plan in place	New plan in place	New plan in place
2.2.2	Staff retention to remain at or above baseline.	85%	85%	85%	85%
2.2.3	Percentage of staff that have EPDP.	98%	98%	98%	98%

Discussion

This measure tracks the review and updating of the Human Resources Plan, the staff retention levels as well as the percentage of staff receiving a yearly EPDP. These three components help to provide a positive work environment and ensure that staffing challenges are reviewed on a regular basis.

Objective 2.3: Increase the use of information systems technology to optimize efficiency.

The effective use of emerging technologies can be used in a positive manner to offset certain deficiencies and to capitalize on automated efficiencies. Streamlined applications that support core business processes ease end-user access and provide simplified solutions to reduce or eliminate administrative burden.

Strategies

- Utilize technological advancements to create financial and administrative efficiencies and savings within FICOM.
- Expand electronic filing.
- Expand electronic payment.
- Maintain and update a current systems plan, including the systems tactical plan, and assess progress quarterly.

Performance Measure: Technology Optimization.

	Performance Measures	2009/10 Forecast	2010/11 Target	2011/12 Target	2012/13 Target
2.3.1	Number of programs with E-filing options.	2	4	7	8
2.3.2	Increase in E-payment transactions.	1150	10% Increase	10% Increase	10% Increase
2.3.3	Systems Plan is current and the tactical plan is assessed quarterly.	Yes	Yes	Yes	Yes

Discussion

This performance measure illustrates the increased use of technological options such as electronic payments, electronic filing of applications, and the renewal of a Systems Plan. The Systems Plan, critical in moving forward effectively and efficiently, contains tactical initiatives that must be kept current and in focus in order to capitalize on the efficiencies enabled by emerging technologies.



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