

CONSUMER ADVISORY PANEL

December 6, 2024

Delivered electronically

Financial Services Regulatory Authority of Ontario
25 Sheppard Ave W, Suite 100
Toronto, ON
M2N 6S6

Re: Consultation on the Proposed 2025-2026 Statement of Priorities

The Consumer Advisory Panel (CAP) welcomes this opportunity to respond to the consultation on FSRA's Proposed 2025-2026 Statement of Priorities (Proposed SOP). CAP acknowledges FSRA's commitment "to engaging with our diverse stakeholders to ensure that our strategic priorities reflect the needs and expectations of those we serve in a way that is fiscally responsible". We appreciate that FSRA recognizes that "feedback is crucial in helping [us to] foster a strong, sustainable, and innovative financial services sector and to protect and empower consumers in Ontario". It is in this spirit and with this intent that we offer our comments on the Proposed SOP.

FSRA's Proposed SOP sets a comprehensive framework for regulating the financial services sectors in Ontario. The document demonstrates FSRA's commitment to modernizing its regulatory approach, promoting consumer protection, and enhancing market efficiency. However, there are areas where CAP believes FSRA can further enhance its alignment with stakeholder expectations and improve outcomes for Ontario's financial consumers, particularly the most vulnerable.

Consumer outcomes and protection should be fully integrated and clearly emphasized across all FSRA priorities to signal a unified, cross-sector commitment. Consistent language and terminology across regulated sectors would drive this alignment, better ensuring a cohesive approach to consumer-related objectives. In addition, harmonizing consumer-facing processes across sectors, such as in complaint handling, would strengthen this approach, creating a streamlined, more effective framework for addressing consumer needs. Most importantly, to reinforce transparency and accountability in improving outcomes for Ontario's financial consumers, we recommend that FSRA introduce meaningful and measurable cross-sector Key Performance Indicators (KPIs) that it can track and report on annually in order to improve service level standards.

Recommendations for Improvement

CAP sees the following areas as under-represented in the Proposed SOP and recommends FSRA include them in its final Annual Business Plan:

1. Raise the Bar for Disclosure and Transparency

A central theme throughout CAP's commentaries has been the need for the development, implementation and enforcement of improved disclosure standards. While the Proposed SOP highlights FSRA's intentions to enhance transparency, particularly in auto insurance, the efforts appear fragmented and sector specific. CAP recommends adopting a uniform disclosure framework across all regulated sectors, including mortgages, segregated funds, and life insurance.

Such a framework could include:

- Plain language summaries of key product terms and definitions.
- Translation of consumer resources into other commonly spoken languages in Ontario.
- Comparative tools for consumers to easily evaluate financial products.
- Mandatory disclosure by registrants/licensees cross-sectorally about their regulator (FSRA) with "regulated by FSRA" and FSRA contact information on statements, invoices, contracts and accounts summaries.
- Clear communication about the regulator's role and contact information.
- Mandatory reporting and disclosure requirements on service providers' conduct (e.g., criminal records, registration conditions and disciplinary proceedings).
- Clear and full disclosure on all consumer costs, potential costs and fees.
- A third-party audit system to evaluate the adequacy of disclosures.

The introduction of readily accessible interactive digital tools that simulate financial products and help consumers understand risk tolerances (e.g., mortgage calculator) under various scenarios would further empower consumers and foster greater confidence in the sector.

CAP also supports disclosure of the status of ongoing initiatives (program and/or project) together with a dashboard of FSRA's anticipated investment of \$3.0 million on new initiatives (see page 38 of the proposed SOP) and more information about the delays and cost overruns being experienced by the FSRAForward project.

CAP recommends that FSRA align with Ontario's Digital and Data Directive, while adhering to provincial information security standards. It should ensure that 'Open Data' is a defined and a required delivery item in every FSRA initiative, rather than the product of a post-initiative review. Adopting such a practice would strengthen transparency.

2. Define and Measure Consumer Outcomes

FSRA's principles-based regulation (PBR) approach provides flexibility but can lead to inconsistency in enforcement across sectors. CAP recommends FSRA develop sector-specific guidance to clarify expected consumer outcomes. CAP also supports:

- Establishing clear performance measures to evaluate consumer outcomes.

- Enhancing market surveillance tools to identify situations where firms exploit regulatory ambiguity.
- Conducting periodic reviews of PBR's impact on consumer outcomes, particularly in high-risk sectors like mortgage brokering and insurance.

A publicly available tracking dashboard could help monitor year-over-year changes in consumer outcomes and enforce adherence to PBR principles effectively.

3. Improve Complaint Handling Mechanisms

CAP has consistently raised concerns about the inefficiencies and fragmentation in FSRA's complaint-handling system. A centralized, standardized complaints mechanism with published service level standards would improve transparency and streamline consumer redress. FSRA should consider:

- An online portal for lodging and tracking complaints in real-time.
- Public reporting on complaint resolution metrics, including timelines and satisfaction rates.
- A user-friendly guide for consumers outlining best practices and their rights when engaging with regulated entities.

4. Strengthen Protection of Vulnerable Communities

FSRA's environmental scan acknowledges the risks faced by vulnerable communities, but CAP believes these issues warrant greater focus in the Proposed SOP. Vulnerable groups, such as seniors, low-income individuals, newcomers, and international students, are often at higher risk of financial exploitation. CAP recommends FSRA:

- Integrate mandatory vulnerability assessments into sales processes.
- Use data analytics to proactively identify trends impacting these groups.
- Expand partnerships with community grassroots organizations that serve vulnerable communities
- Mandate training for regulated entities to help their staff recognize and address consumer vulnerability.

5. Empower and Inform Consumers

Consumer empowerment is a cornerstone of FSRA's strategic priorities. CAP encourages FSRA to amplify its initiatives by:

- Developing interactive, multilingual digital and print tools for product comparison.
- Partnering with community organizations to deliver targeted financial orientation programs.
- Promoting market competition by requiring standardized disclosure of pricing data and minimizing exit barriers.

Sector-Specific Input

Financial Professionals Title Protection Framework

FSRA's Financial Planner and Financial Advisor priorities aim to uphold high standards of professionalism. CAP recommends further strengthening this framework through expanded public awareness campaigns particularly as consumers try to navigate various titles and designations, rigorous credentialing oversight, and robust enforcement mechanisms. These steps would enhance consumer awareness of and confidence in the regulated titles and promote consistent application of standards across credentialing bodies.

Conclusion

FSRA's Proposed SOP outlines a broad and ambitious plan for Ontario's financial services sectors, with many positive initiatives to improve regulatory effectiveness and consumer protection. CAP looks forward to continued collaboration with FSRA to foster a strong, sustainable, and innovative financial services sector that never loses sight of its responsibility to protect and empower consumers in Ontario.

Sincerely,

Consumer Advisory Panel

Financial Services Regulatory Authority (FSRA)