

# Economic Club of Canada

## *“The will to act is OSFI’s True North” – Peter Routledge*

- The Office of the Superintendent of Financial Institutions (OSFI) is an independent federal government agency that regulates and supervises federally regulated financial institutions and pension plans to determine whether they are in sound financial condition and meeting their requirements.
- Peter Routledge, superintendent of financial institutions. He was appointed in June of 2022 for a seven-year term
- Routledge says that his primary mandate is to “reassert OSFI's will to act” throughout his tenure and that the need to act early—the will to act—is at the heart of OSFI’s reason for being. From the will to act comes the impetus for leadership to activate that will across financial systems.

### **The risks facing financial systems have shifted and heightened...**

- OSFI’s THREE KEY DIRECTIVES today include:
  - Taking swift and decisive action to protect creditors
  - Remaining transparent and open about risks to the financial sector
  - Advancing key regulatory policies
- OSFI’s KEY AREAS OF FOCUS today include:
  - Risks to the housing market/financing
  - Climate Change—both domestic and foreign effects of regulation and policy on the Canadian economy as we navigate climate change in globalized markets.
    - Single peril event risk and response i.e. storm, flooding, and other similar events
  - The digitization of financial services and the rise and dependence of the financial sector on third-party tech ecosystems. Heightened risks and increased complexity in terms of preventing and mitigating the threat of system-wide cybersecurity events.

CASE STUDY: OSFI's constructive response to the Credit Suisse crisis was a reminder for Canadian creditors how it would respond should a Canadian viability event happen here. Remaining transparent about risks to the financial sector, taking steps to enhance confidence in supervision and seeking to shine a light on how OSFI would respond through its *Annual Risk Outlook* (ARO).

OSFI’s *Annual Risk Outlook – Fiscal Year 2023-2024*: Read the full report concerning the current risk environment as well as OSFI’s supervisory and regulatory actions: <https://www.osfi-bsif.gc.ca/Documents/WET5/ARO/eng/2023/aro.html>