

**BC Financial Services Authority
(BCFSA)**

**2025/26 – 2027/28
Service Plan**

March 2025



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Board Chair's Accountability Statement



The 2025/26 – 2027/28 BC Financial Services Authority Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. This plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of this plan and is responsible for the validity and reliability of the information presented.

All significant assumptions, policy decisions, events and identified risks, as of February 2025 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, BC Financial Services Authority's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of BC Financial Services Authority's operating environment, forecast conditions, risk assessment and past performance.

Signed on behalf of the Board by:

A handwritten signature in black ink that reads "Wilma van Norden".

Wilma van Norden
Acting Board Chair, BC Financial Services Authority
February 19, 2025

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Strategic Direction

In 2025/26, public sector organizations will continue to prioritize delivering the services and infrastructure needed for people to build good lives in strong communities.

To support this objective public sector organizations will support Government's focus on growing the economy, responding to the threat of tariffs, creating good paying jobs, improving affordability, strengthening health care and education, and making communities safer.

Public sector organizations will also continue to work as directed to support the implementation of the Declaration on the Rights of Indigenous Peoples Act Action Plan.

This 2025/26 service plan outlines how BC Financial Services Authority (or "BCFSA") will support the government's priorities and selected action items identified in the most recent BCFSA [Mandate Letter](#).

BCFSA is a Crown agency of the Government of British Columbia headquartered in Vancouver. BCFSA oversees the majority of B.C.'s provincially regulated financial services sector (or the "sector") including the credit union, trust company, insurance company, pension plan, mortgage services, real estate services, real estate development and money services segments (or individually, a "segment" or collectively, "segments"). BCFSA also administers the Credit Union Deposit Insurance Corporation of British Columbia (or "CUDIC").

BCFSA was established by the Financial Services Authority Act and has accountabilities under the following eleven statutes and associated regulations:

- [Financial Services Authority Act, 2019](#);
- [Credit Union Incorporation Act](#);
- [Financial Institutions Act](#);
- [Insurance Act](#);
- [Insurance \(Captive Company\) Act](#);
- [Money Services Business Act](#);^{*}
- [Mortgage Brokers Act](#);^{**}
- [Mortgage Services Act](#);^{***}
- [Pension Benefits Standards Act](#);
- [Real Estate Development Marketing Act](#);
- [Real Estate Services Act](#); and
- [Strata Property Act](#).

Notes:

*Enacted but not in force.

**Anticipated to be in force until the Mortgage Services Act comes into force.

*** Enacted but not in force; anticipated to replace Mortgage Brokers Act upon coming into force.

Purpose of the Organization and Alignment with Government Priorities

In support of the Government of British Columbia's priority to help build a better province for everyone, BCFSa helps protect British Columbians during some of the most important financial decisions of their lives.

A properly functioning and efficient financial services sector in which British Columbians have trust and confidence is essential to the province's economy. BCFSa's mandate is to instill confidence in the sector by providing risk-based and proportional regulation and protecting consumers. BCFSa must safeguard the interests of consumers such as depositors, policyholders, beneficiaries, pension plan members and those undertaking real estate transactions, while at the same time allowing the sector to take reasonable risks and compete effectively.

Through modern, effective and efficient oversight, enforcement, education and guidance, BCFSa works to make B.C. a place where people can continue to have confidence in the financial services they receive. BCFSa serves consumers by regulating financial services provided by regulated entities or individuals (or collectively, "regulated bodies") and is accountable to consumers through the Minister of Finance.

Performance Planning

Goal 1: Enhance Risk-Based Supervision

Risk-based supervision forms the foundation for a modern, effective, and efficient supervisory approach. Specifically, the approach is to ensure risk assessments are forward-looking and focused on key risks facing the sector while addressing these risks in a proportional manner relative to the severity of their potential impact.

Objective 1.1: Advance BCFSAs risk based and proportionate supervision of the financial services sector and efforts to enhance the overall safety and soundness of the sector.

The key risks overseen by BCFSAs include the safety and soundness of provincially-regulated financial institutions (PRFIs) and pension plans. Overseeing risks to consumers and ensuring their protection is also a key part of this mandate. A proportionate approach to supervision is required to protect consumers while recognizing that registrants vary in size and complexity. BCFSAs framework for risk-based supervision is informed by federal and international standards and adjusted for local market realities. BCFSAs supervisory priorities will directly contribute to managing the top risks faced by each segment.

Key Strategies

BCFSAs will:

- Revise BCFSAs Supervisory Framework as required to reflect and align advancements in BCFSAs regulatory approach with other federal and provincial regulators and to remain relevant and effective in addressing risks in the macro-economic environment.
- Enhance the utilization of data and advanced analytics to enhance risk-based supervision.
- Monitor and engage, on an on-ongoing basis, with the sector and individual regulated entities to identify and respond to risks affecting safety and soundness.

Discussion

To deliver against BCFSAs key strategic imperatives for safety and soundness of the financial services sector, it is critical that BCFSAs continuously revises, maintains, and implements a supervisory framework that is agile and can adapt to the changing risks that impact the sector.

BCFSAs will promote resilience through forward-looking analysis and pro-active engagement to address long-term sustainability challenges. BCFSAs will continue to focus on the key risks, including credit, market, and operational risk, such as cyber risks, while ensuring the sector has an awareness of current and emerging risk drivers requiring pro-active governance and risk management oversight by each PRFI. Supporting this, at least one (1) meeting per quarter (in-person or virtual) will be conducted with each PRFI, and any related supervisory letters will be delivered no later than 60 days following those meetings.

Performance Measures

Performance Measures	2024/25 Forecast	2025/26 Target	2026/27 Target	2027/28 Target
[1.1a] Review Supervisory Framework at least annually for applicability, with revisions as required, to reflect changes in the financial services environment (e.g. new risks) and evolution in BCFSAs tools and risk assessment processes or priorities.	100% reviewed and revised as needed	100% reviewed and revised as needed	100% reviewed and revised as needed	100% reviewed and revised as needed
[1.1b] Hold quarterly supervisory meetings with 100% of PRFIs in the fiscal year (includes in person and virtual meetings).	100%	100%	100%	100%
[1.1c] Develop a fair, proactive, forward looking, risk assessment for each PRFI that reflect key risks.	100%	100%	100%	100%

Data source: BCFSAs Operational Data

Discussion

Ensuring BCFSAs Supervisory Framework reflects current and emerging risk drivers is foundational to modern, effective, and efficient supervision of the sector. The Supervisory Framework provides the methodology which BCFSAs follows in assessing the risk profiles of regulated entities.

The goal for supervisory meetings is to establish a mutual understanding of issues facing PRFIs and foster a better understanding of these issues by BCFSAs. Through continuous engagement with PRFIs, there is a shared accountability for ensuring the ongoing strength and viability of the sector. These meetings are being facilitated with the use of virtual meeting platforms, greatly enhancing the effectiveness and efficiency of these engagements for both the PRFI and BCFSAs.

The risk assessment for each PRFI focuses on identifying the material risks, including the potential for loss to depositors, policyholders, or beneficiaries. Risk assessments are forward looking to allow for the early identification of issues or problems and timely intervention where corrective actions need to be taken. This results in a greater likelihood of a satisfactory resolution of issues.

Goal 2: Provide effective consumer protection

BCFSA protects British Columbians by promoting high standards of conduct within the financial services segments that it regulates. As a modern, efficient, and effective regulator, BCFSA is committed to providing oversight that ensures fair and transparent processes that protect consumers.

Objective 2.1: Modern, effective and efficient consumer protection regulation.

BCFSA ensures consumers are protected through the delivery of a range of oversight and enforcement measures to address any non-compliance in the segments. The goal of BCFSA's compliance and enforcement programs are to resolve non-compliance and complaints efficiently using proportionate enforcement actions to ensure regulatory requirements are adhered to. Primary proactive monitoring activities include performing audits and examinations, undertaking data calls to identify and respond to emerging risks, and setting robust requirements for registration or licensing with BCFSA. In circumstances where there is non-compliance, BCFSA addresses the non-compliance through timely and risk-based enforcement measures.

Key Strategies

BCFSA will:

- Assess each complaint for risk, assign a priority and action appropriately to provide a timely and responsive resolution.
- Proactively monitor industry conduct to identify and intervene to address risky and harmful business practices in the sector.
- Establish and apply good reputation, suitability and fitness standards to identify and respond to higher risk applications, which require more information gathering and investigation to adequately assess an individual's or entity's suitability to do business in B.C.
- Review all real estate developer disclosures for completeness and risk, ensuring that consumers can make informed decisions when purchasing strata properties.
- Explore opportunities to expand the use of the regulatory toolbox (e.g., administrative penalties) to take proportionate and meaningful enforcement action to address non-compliance across all regulated segments.

Discussion

BCFSA protects consumers through the implementation of a multipronged approach of setting entry-to-practice requirements, proactive monitoring of compliance, and taking proportionate enforcement action for non-compliance.

BCFSA will continue to ensure that all applicants that are licensed or registered have the knowledge and skills necessary so that their practice meets the required standards. A focus on

administering reputation, suitability, and fitness standards will ensure suitable applicants undergo appropriate examination and that application for licensing or registration that do not meet the standards are not approved, or that appropriate conditions are imposed so that licensed entities do not pose a risk to consumers.

BCFSA will continue to collect information and data from regulated bodies and analyze data to better understand segment risks, and to inform proactive monitoring and compliance activities. Where issues are identified, BCFSA will intervene to address risky or harmful business practices in the sector. BCFSA will also risk-assess all allegations for non-compliance and action complaints appropriately to provide a timely and responsive resolution.

BCFSA requires complete disclosure from developers and exercises regulatory powers, including orders to cease marketing.

Objective 2.2: Support industry to adopt best practice conduct standards.

BCFSA provides industry with resources, knowledge, and education to support regulated bodies to understand regulatory requirements and obligations. These resources support regulated bodies to ensure they maintain high standards of conduct, at all times, in their practice. Many regulated bodies are required to complete continuing education courses as part of the licence or registration renewal cycle to ensure they maintain and enhance their skills, and they understand their role in the protection of the public.

Key Strategies

BCFSA will:

- Develop and expand continuing education standards.
- Continue the development and delivery of additional continuing education courses for mortgage brokers by 2026.
- Develop and deliver Applied Practice Courses for managing brokers, strata managers and rental property managers throughout 2025.
- Equip industry segments with the information, tools, and practices to help them comply with their market conduct accountabilities.

Discussion

Consumers rely on financial services at key moments in their life – buying a home, obtaining a loan, protecting their health and possessions, and retiring – and must have trust and confidence in the services they are receiving.

Consumers are protected by having services delivered by competent and ethical regulated bodies. The timely availability of relevant resources that address emerging risks across the sector is critical to ensuring that regulated bodies have the tools they need to properly serve consumers in accordance with regulatory requirements. Continuing education supports consistency in knowledge and standards of professionalism and service delivery among regulated entities and individuals.

In fiscal year 2025/26, BCFSA will continue to publish resources and guidelines to support new regulatory requirements or respond to emerging industry risks and trends.

Objective 2.3: Work collaboratively with the provincial government to improve financial crisis preparedness and ensure a sustainable and effective deposit insurance program is in place.

CUDIC is a statutory corporation continued under the Financial Institutions Act and administered by BCFSA. CUDIC is responsible for administering and operating the credit union deposit insurance fund (or the “Fund”), which guarantees the deposits and non-equity shares (issued before January 1, 2020) of British Columbia incorporated credit unions.

As part of maintaining the Fund and guarantee, CUDIC proactively plans for unlikely credit union failures, which requires depositors to be paid out from the Fund. The CUDIC Deposit Payout Program is the framework that governs the payout process. Financial crisis preparedness requires BCFSA and CUDIC to work across the entire credit union segment and with other regulatory agencies.

BCFSA and CUDIC are committed to working collaboratively with the provincial government to maintain preparedness and confidence in the credit union segment, in the face of changes such as credit union consolidations and federal continuance, new technologies, climate impacts, and economic landscape.

Key Strategies

BCFSA will:

- Maintain a modern, effective, and efficient methodology in determining deposit insurance premiums that responds to the needs of a rapidly changing credit union segment and its depositors.
- In accordance with international best practices, conduct a review every four years, or as needed, of the approach and parameters used to determine the adequacy of the current size of the Fund (or the “Fund Size”) target range, target point, and funding timeline.
- Review and update as necessary the CUDIC Deposit Payout Program, governance and material including the CUDIC Deposit Payout Program Policy Manual and Playbook as matters evolve.

Discussion

Maintenance of an appropriate Fund Size, a fair and equitable assessment of insurance premiums, and continuous improvement in payout readiness are critical elements in protecting depositors in B.C.

BCFSA and CUDIC are committed to maintaining a modern, effective, and efficient methodology in determining deposit insurance premiums that responds to the needs of a rapidly changing credit union segment and its depositors. This is a forward-looking process that involves data collection, analysis, forecasts, and scenario modelling.

In 2023/24, BCFSFA implemented a differential premium system, which seeks to differentiate premiums based on criteria such as individual credit union risk profiles. Going forward, BCFSFA will engage with the credit unions and industry associations when methodology updates are required. BCFSFA reviews the Fund Size target at least every four years, or after a shock event (e.g., economic shocks, changes to segment composition due to material consolidation of credit unions or a federal continuance of a credit union) to ensure the Fund Size can continue to instill depositor confidence and sector stability.

Actions undertaken by BCFSFA during a Fund Size target review can include:

- Reviewing the approach and parameters used to determine the adequacy of the current target Fund Size range, target point, and funding timeline.
- Leveraging research of cross-jurisdictional best practices regarding the establishment of deposit insurance fund targets.
- Consulting with the credit union segment for their input.

CUDIC is committed to continuous improvement of the CUDIC Deposit Payout Program and the CUDIC Deposit Payout Program Policy Manual and Playbook which outline the policies, processes and procedures to be followed in an event of a credit union deposit payout. A prompt deposit payout contributes to financial stability of the credit union segment and protects depositors from undue loss.

Performance Measures

Performance Measures	2024/25 Forecast	2025/26 Target	2026/27 Target	2027/28 Target
[2.1a] Risk-assess complaints within 5 business days of receipt.	75%	75%	75%	75%
[2.1b] Monitor conduct activities to proactively identify and prevent harmful business practices.	130 monitoring activities	130 monitoring activities	130 monitoring activities	130 monitoring activities
[2.1c] Process completed applications (requiring no further investigation) for new real estate licensees within 15 business days of receipt.	90%	90%	90%	90%
[2.1d] Review and respond to real estate development and strata rental disclosures within 20 business days of receipt.	100%	90%	90%	90%
[2.2] Develop and deliver mortgage broker relicensing continuing education that is required for relicensing.	100% of courses developed and delivered	100% of courses developed and delivered	100% of courses developed and delivered	100% of courses developed and delivered

Data source: BCFSFA operational data

Discussion

Shorter average turnaround times on complaints demonstrates responsiveness to public interest in timely resolution of the issues they raise with the regulator.

An increase in consumer protection monitoring activities demonstrates BCFSA’s commitment to resourcing and growing its proactive oversight capabilities. Monitoring activities across BCFSA’s regulated sectors may include audits, targeted examinations of specific regulated entities and individuals. They may also include increased data collection and reporting requirements, thematic reviews of products or business practices, the issuance of regulatory expectations/statements and implementation of industry codes of conduct. Monitoring activities support BCFSA to identify trends and emerging risks, and to take compliance or enforcement action when required to support consumer protection.

BCFSA is committed to efficient and effective processing of real estate and mortgage broker applications to do business in B.C., without compromising the need to undertake a thorough review and investigation of high-risk applications to prevent unsuitable individuals and entities from doing business in B.C.

For the real estate development segment, BCFSA remains committed to the timely review of disclosure filing from developers. This helps to ensure that deficiencies and risks are identified early and addressed by developers which better protects the purchasers of multi-unit developments.

Consumers should be able to expect consistent levels of competence and ethics from real estate licensees and mortgage brokers. There is a robust continuing education program for real estate licensees consisting of two mandatory regulated courses. BCFSA will raise standards for the mortgage brokers segment by building an education program for mortgage brokers that is similar to, and informed by, the program for real estate licensees.

Performance Measures	2024/25 Forecast	2025/26 Target	2026/27 Target	2027/28 Target
[2.3a] Review the Differential Premium System and adjust as appropriate.	100% of implementation completed (in 2023/24)	N/A	Commence review as required to address changes in the segment.	Review continues
[2.3b] Review and set Deposit Insurance Fund Size.	N/A	Commence next review cycle	Review cycle completed	N/A
[2.3c] Review and update the CUDIC Deposit Payout Program as required.	95% of material updated	Continuous improvement	Continuous improvement	Continuous improvement

Data source: BCFSA operational data

Discussion

CUDIC and BCFSA are committed to maintaining a modern, efficient, and effective methodology for setting deposit insurance premiums that respond to the needs of a rapidly changing credit union segment and its depositors. Industry consultation and engagement is an ongoing cornerstone of that commitment. BCFSA will engage with the credit unions and industry associations for an update to the differential premium system on an as needed basis.

The next review cycle for setting the Fund Size target is scheduled to begin in fiscal year 2025/26 and to be completed in fiscal 2026/2027.

Continuous improvement of the CUDIC Deposit Payout Program is an important component of BCFSA's crisis preparedness initiatives in the case of credit union deposit payout.

Goal 3: Stakeholders are consistently and purposefully engaged by BCFSA.

To regulate effectively, including in a proportionate manner, BCFSA engages with regulated bodies to understand their views, challenges, and opportunities. External engagement supports BCFSA's understanding of risks to the sector and consumers of financial services.

Objective 3.1: Maintain strong and active collaboration with stakeholders.

BCFSA is focused on engaging with stakeholders, which enables the organization to have a better understanding of how to develop and advance its regulatory priorities and to continually monitor risks in the sector. BCFSA will continue to proactively communicate with regulated bodies to provide a clear understanding of BCFSA's regulatory agenda.

Key Strategies

BCFSA will:

- Consult with sector participants on regulatory projects identified in [BCFSA's regulatory roadmap](#).
- Utilize the best practices on consultations previously developed to ensure consultations are comprehensive and appropriate to risk and complexity.
- Report against the timely delivery of regulatory roadmap projects to stakeholders as measured by activities occurring within two quarters of their planned timeframe.

Discussion

BCFSA uses different strategies to maintain strong and active engagement with stakeholders. The regulatory roadmap is a primary means to communicate its regulatory priorities and increasingly, receive feedback on those priorities. The regulatory roadmap outlines BCFSA's regulatory agenda for the coming three fiscal years with a focus on the immediate year ahead. As these are priority projects, regulated entities can expect to be consulted in a comprehensive manner with respect to industry impacts.

Objective 3.2: Stakeholder engagement strategy is operationalized.

BCFSA is building its capacity in external engagement and has expanded existing tools and strategies to encompass a cross-financial services sector approach where all segments are engaged consistently. BCFSA has developed and operationalized a stakeholder engagement strategy and will advance deliverables against that strategy.

Key Strategies

BCFSA will:

- Advance deliverables against the stakeholder engagement strategy which ensure that sector input and feedback is captured at both a technical and strategic level.
- Expand segment roundtables to the mortgage services and pension plan segments.
- Use technical working groups for feedback from sector participants on regulatory initiatives.
- Hold a cross-financial services sector event in fiscal year 2025/26.

Discussion

BCFSA will continue to implement its stakeholder engagement strategy by standing up industry advisory groups and delivering on events that deliver cross-sector or segment-specific content. These activities, including strategic segment roundtables and technical working groups, are anticipated to become part of BCFSA's regular-state operations going forward.

Objective 3.3: Optimize communications to strengthen stakeholder relationships and grow consumer brand awareness

Stronger forward-looking communications will support BCFSA's efforts to build stronger relationships with its external stakeholders and ensure adherence to regulatory measures. BCFSA's communication initiatives will support increased consumer awareness of BCFSA and its mandate, better equip consumers to make informed decisions, and ultimately promote confidence in the sector.

Key Strategies

BCFSA will:

- Strengthen its social and web presence to improve online visibility and engagement, and to provide timely information to consumers.
- Enhance brand awareness through communications and media relations activities that position BCFSA as a modern, effective, and efficient regulator.
- Operationalize the use of data analytics and reporting to drive and inform communication activities.
- Develop and begin implementation of a targeted consumer strategy including continued implementation of consumer awareness campaigns and consumer surveys to build and measure awareness of BCFSA and CUDIC mandates.

Discussion

Modern, data-driven communications will be emphasized to build stronger relationships with stakeholders, grow consumer awareness of BCFSAs brand and mandate, and promote confidence in the sector. BCFSAs communications activities will include new ways of working through technology and boost data analysis to allow for effective and targeted content development.

Performance Measures

Performance Measures	2024/25 Forecast	2025/26 Target	2026/27 Target	2027/28 Target
[3.1a] Consult on significant regulatory projects with sector participants and assess the accuracy of roadmap planning by reporting on whether activities occur within two quarters of when planned on the roadmap.	100% of roadmap items consulted; 75% of activities happening within two quarters	100% of roadmap items consulted; 75% of activities happening within two quarters	100% of roadmap items consulted; 80% of activities happening within two quarters	100% of roadmap items consulted; 80% of activities happening within two quarters

Data source: BCFSAs operational data

Discussion

Significant regulatory projects should be included on the regulatory roadmap and the subject of consultations with regulatory bodies. The use of the regulatory road map demonstrates consistency and transparency in planning and communicating BCFSAs external engagement objectives regarding its regulatory program.

Performance Measures	2024/25 Forecast	2025/26 Target	2026/27 Target	2027/28 Target
[3.2a] Operationalize stakeholder engagement strategy.	Further implement strategic segment roundtables; use technical working groups	Expand segment roundtables to pensions and mortgage brokers segments; continue to use technical working groups	Further implement strategic segment roundtables; continue to use technical working groups	Maintain and refine advisory group strategy
[3.2b] Deliver cross-sector event.	Develop approach to cross-sector event cadence; deliver segment specific events as appropriate	Deliver cross-sector event	Deliver segment specific events as appropriate	Deliver cross-sector event

Data source: BCFSAs operational data

Discussion

Operationalizing a stakeholder engagement strategy which encompasses all segments will promote consistency across BCFSAs, allow for consideration of best practices and build on existing tools. It will promote consistent and purposeful engagement and communications with stakeholders. In fiscal 2025/26, BCFSAs will expand segment roundtables to the pensions and mortgage broker segments while continuing to use technical working groups to inform its regulatory work. BCFSAs will also deliver on a bi-annual sector forum.

Performance Measures	2024/25 Forecast	2025/26 Target	2026/27 Target	2027/28 Target
[3.3a] Conduct an annual consumer awareness survey to track and understand awareness of BCFSAs and its mandate.	11% of survey respondents have an awareness of BCFSAs	13% of survey respondents have an awareness of BCFSAs	15% of survey respondents have an awareness of BCFSAs	17% of survey respondents have an awareness of BCFSAs

Data source: BCFSAs operational data

Discussion

Communications will support and enhance stakeholder engagement by building and expanding upon current tools, successes, and best practices to enhance external regulatory content and boost consumer awareness of BCFSAs's brand and mandate. Reporting practices and the use of analytical data will support BCFSAs to deliver modern, targeted communications and ensure communications activities are effective in terms of improving stakeholder engagement and increasing consumer awareness. Going forward, and in line with previous

consumer awareness survey results, BCFSA is striving for a two per cent increase in awareness, year-over-year.

As part of BCFSA's consumer strategy, targeted campaigns and initiatives will continue to be developed to support increased awareness and education and better equip consumers to make informed financial decisions.

Goal 4: Timely Response to Legislative Changes and Priorities.

BCFSA is responsive to a changing regulatory environment and to government priorities in relation to protection of consumers of financial services in B.C.

BCFSA continues to work closely with the government to support its legislative agenda including the Mortgage Services Act (or MSA) and the Money Services Businesses Act (or "MSBA") which received Royal Assent in 2022 and 2023, respectively. In fiscal year 2025/26, BCFSA will work with the government to advance implementation of these regulatory frameworks.

Objective 4.1: Work with government to implement the Mortgage Services Act.

The MSA received Royal Assent on November 3, 2022. The MSA will modernize the mortgage broker industry in B.C. and greatly expand BCFSA's tools to regulate the mortgage services segment. BCFSA will have the ability to set standards of conduct and enhance disclosure and reporting obligations through new rule-making powers. BCFSA will also be able to leverage enhanced compliance and enforcement processes and issue greater penalties for misconduct or other forms of non-compliance. The MSA is responsive to several recommendations set out in the Cullen Commission Final Report on Money Laundering in BC which was released on June 15, 2022 (the "Cullen Commission Final Report").

Key Strategies

BCFSA will:

- Provide advice to the government to inform the development of regulations and rules to complete the regulatory framework.
- Adapt BCFSA's compliance and enforcement program to accommodate new regulatory tools and requirements.
- Lead the implementation of the MSA which will include developing regulatory instruments (e.g., regulatory statements, guidelines and advisories), education and compliance processes, as well as the technology changes needed to support the new regulatory regime.
- Develop education to support mortgage brokers, update pre-licensing education requirements, and develop transition and continuing education and related support material.

Discussion

The MSA will have a profound impact on the regulation of the mortgage broker segment in B.C. Operationalizing the change will be a phased, multi-year project and will involve resources across all departments of BCFSA, working closely with the Ministry of Finance, robust engagement with stakeholders and a significant communications and education program.

BCFSA will develop and deliver education, guidelines, and information to help mortgage brokers understand requirements and obligations under the MSA.

Education will include revisions to pre-licensing education and continuing education to ensure that new and current licensees are educated about new duties, obligations, and regulatory requirements under the MSA. In addition to education, a Knowledge Base of industry resources will be developed to support licensees to incorporate new requirements into daily practice.

Technology changes to accommodate the new licensing regime will be implemented and compliance and enforcement processes will be adapted as required and appropriate.

Objective 4.2: Work with government to implement the Money Services Businesses Act.

The MSBA, which received Royal Assent on May 11, 2023, will introduce provincial regulation of a wide variety of money services businesses operating in B.C. BCFSA will monitor and regulate these services, complementing the existing federal regulatory requirements and oversight by the Financial Transactions and Reports Analysis Centre of Canada (“FINTRAC”). BCFSA will work to ensure that only suitable individuals and businesses are licensed to participate in the industry. The provincial regulation of money services businesses was a key recommendation set out in the Cullen Commission Final Report.

Key Strategies

BCFSA will:

- Work with the government on the development of regulations to complete the legislative framework.
- Adapt BCFSA's registration and compliance and enforcement programs to accommodate this new segment.
- Execute a project plan to implement the MSBA, including development of registration and compliance processes, as well as the technology changes needed to support the new regulatory regime.
- Develop educational materials to support money services businesses and the public to understand the new regulatory framework.

Discussion

The MSBA will have a significant impact on money services businesses operating in B.C. Operationalizing the change is a multi-year project and will involve resources across all departments of BCFSA, as well as engagement with stakeholders and a significant communications and education program.

Like the MSA, implementation of the MSBA will require the development of education and related support material to ensure industry understands and is compliant with new regulatory requirements. Technology changes to accommodate the new regime will be implemented and compliance and enforcement processes will be adapted as required and appropriate.

Performance Measures

Performance Measures	2024/25 Forecast	2025/26 Target	2026/27 Target	2027/28 Target
[4.1] Execute an implementation project plan for a phased approach to the <i>Mortgage Services Act</i> .	Support drafting of initial Regulations and Rules	Transitional education and licensing education are developed.	Pending approvals, Phase 1 of the MSA is implemented.	Pending approvals, monitor implementation of Phase 1 of MSA and deliver against plan for Phase 2.

Data source: BCFSA operational data

Discussion

In comparison to the Mortgage Brokers Act, the MSA, once implemented, will align more closely with other financial services legislation in B.C., including the current Real Estate Services Act. This will support efficient regulation and help to encourage responsible business conduct by B.C.'s nearly 6,000 regulated sub mortgage brokers in B.C.

Implementation of the MSA will ultimately provide greater protection and oversight for both borrowers and lenders in British Columbia and harmonize with other jurisdictions who have modernized their mortgage broker legislation.

Performance Measures	2024/25 Forecast	2025/26 Target	2026/27 Target	2027/28 Target
[4.2] Execute an implementation project plan for the MSBA.	Support drafting of initial Regulations for approval.	Registration requirements and education developed to support implementation.	Pending approvals, implementation of MSBA	Pending approvals, monitor implementation of MSBA

Data source: BCFSA operational data

Discussion

The MSBA will complement federal regulation of money services businesses and introduce provincial regulation of the industry for the first time. The objective of the regulatory framework is to ensure that only suitable individuals and businesses participate in the industry and to provide a basis for better understanding money services businesses operating in British Columbia.

As a newly regulated segment, BCFSa will need to establish all facets of the regulatory framework, including registration as well as compliance and enforcement functions. BCFSa will work closely with money services businesses to ensure understanding of, and adherence to, new regulatory requirements.

Financial Plan

Financial Summary

[\$000s]	2024/25 Forecast	2025/26 Budget	2026/27 Plan	2027/28 Plan
Revenues				
Fees, Licenses & Recoveries	76,807	80,416	83,300	84,959
Total Revenue	76,807	80,416	83,300	84,959
Expenses				
Salary and Benefits	54,092	58,296	60,045	58,639
Other	27,020	28,120	29,255	26,320
Total Expenses	81,112	86,416	89,300	84,959
Annual Surplus (Deficit)	(4,305)	(6,000)	(6,000)	-
Total Debt	9,366	9,366	9,366	9,366
Accumulated Surplus (Deficit)	54,554	48,554	42,554	42,554
Capital Expenditures	354	3,532	4,000	500

Note: The above financial information was prepared based on current Generally Accepted Accounting Principles.

Key Forecast Assumptions, Risks and Sensitivities

Revenue is subject to fluctuation based on volumes or asset holdings of the regulated entities. Revenue projections are based on an assessment of segment specific historical trends and assumptions around changing market factors. The increase in fiscal year 2025/26 is primarily attributed to the fee changes that came into effect mid-way through fiscal year 2024/25, along with higher licensing and education revenues driven by a growth in new applications and renewals in the Real Estate and Mortgage Broker segments. A moderate increase in revenues is projected for outer years, driven both by assumptions surrounding consistent increased market demand, and by one-time course revenue relating to the implementation of the Mortgage Services Act. There are no future fee changes approved at this time and as such, no fee increases are included in the budget or plan.

Salaries and Benefits are based on an annual three per cent salary increase. Other expenses, which include professional services, information systems, building occupancy charges and legal fees, will be subject to inflationary pressures. The increases in fiscal years 2025/26 and 2026/27 are reflective of one-time project work to implement both the Mortgage Services Act and the Money Services Businesses Act, along with other non-core operating projects to enhance BCFSAs operational activities, funded by BCFSAs accumulated surplus.

The financial services industry in British Columbia and globally is continually evolving at a rapid pace. To stay abreast of these changes, BCFSAs must adopt modern technology and processes. Its adaptability will be crucial in responding effectively during crises. The complexity and interconnectedness within and across the sector necessitate a thoughtful, proportionate and responsive regulatory approach.

Management's Perspective on Financial Outlook

The ongoing funding model for BCFSAs does not include financial support from the Government of British Columbia. Most of BCFSAs revenue comes from licensing and registration fees paid by regulated entities and individuals under the various statutes.

The funding model includes approved access to the accumulated surplus over the next two years, to support the expanded scope of BCFSAs mandate in both the Money Services Businesses and Mortgage Broker segments, in addition to specific infrastructure activities necessitated by years of underinvestment in the organization which led to the surplus. These efforts are part of BCFSAs ongoing commitment to remain a modern, effective and efficient regulator in a very dynamic sector. Once investments in these areas are completed, management is confident that balanced operating budgets will be achieved by monitoring fees relative to expenditures and seeking new or adjusted fees where regulatory costs are not supported by existing revenue.

Management remains committed to cost management and continually seeks opportunities to enhance the efficiency and effectiveness of BCFSAs operations.

Appendix: Mandate Letter from the Minister Responsible



Date: June 14, 2023

Stanley W. Hamilton
Chair, BC Financial Services Authority
600 - 750 West Pender Street
Vancouver, BC V6C 2T8

Dear Dr. Hamilton:

On behalf of Premier Eby and the Executive Council, I would like to extend my thanks to you, your board members and your organization's leadership for your dedication, expertise, and service to the people of British Columbia.

Public sector organizations – including Crowns, Health Authorities and Post Secondary Institution Boards – support British Columbians by delivering vital public services and are accountable to the public through their responsible Minister. Your leadership in advancing and protecting the public interest strengthens trust in public institutions.

You are serving British Columbians at a time when people in our province continue to recover from and respond to the upheaval caused by the COVID-19 pandemic, an ongoing toxic drug crisis, climate-related natural disasters, and while global inflation is driving up costs. Now more than ever, we need to focus on building a prosperous, low-carbon, sustainable economy, and a province where everyone can find a good home – in rural areas, in cities, and in Indigenous communities.

This mandate letter, which I am sending in my capacity as Minister responsible for BC Financial Services Authority, sets out overarching principles relevant to the entire public sector and specific direction on priorities and expectations for your organization for the remainder of Government's term.

Government and public sector organizations must continue to advance results that people can see and feel in these key areas: strengthened health care, safer communities, attainable and secure housing, and a clean and fair economy that delivers affordability and prosperity.

In doing so, you will continue working towards lasting and meaningful Reconciliation by supporting opportunities for Indigenous Peoples to be full partners in the province we are building together, and delivering on specific commitments as outlined in the *Declaration on the Rights of Indigenous Peoples Act* action plan.

As required by the *Climate Change Accountability Act*, please ensure your organization implements targets and strategies for minimizing greenhouse gas emissions and managing climate risk, including achieving carbon neutrality each year and aligning with the CleanBC target of a 50% reduction in public sector building emissions and a 40% reduction in public sector fleet emissions by 2030. Your organization is expected to work with government to report out on these plans and activities as required by legislation.

Our province's history, identity and strength are rooted in its diverse population. Yet racialized and marginalized people face historic and present-day barriers that limit their full participation in their communities, workplaces, government and their lives. The public sector has a moral and ethical responsibility to tackle systemic discrimination in all its forms – and every public sector organization has a role in this work. As part of this work, your organization is expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure gender equity is reflected in your operations and programs.

British Columbians expect that public sector organizations operate in a responsible manner to deliver quality services equitably in all regions of the province. This requires strategic stewardship of planning, operations, and policies in the areas of financial, risk, and human resource management including information security and privacy protection.

The protection of government data and networks is a priority, especially where it concerns personal information of British Columbians. Public sector organizations must maintain up to date systems and effective cybersecurity practices, including maintaining current information management and cybersecurity policies, guidelines and standards; evaluating your organization against industry standards; and maintaining appropriate security and privacy practices. The Office of the Chief Information Officer within the Ministry of Citizens Services is available to support and offer guidance to your organization in any of these areas.

Public sector organizations must also implement and maintain an effective fraud risk management strategy. The Office of the Comptroller General and the Risk Management Branch in the Ministry of Finance are available for consultation.

The Crown Agencies Secretariat (CAS) in the Ministry of Finance supports public sector organizations to operate effectively, in the public interest, and aligned with government's strategic direction and priorities. Within CAS, the Crown Agencies and Board Resourcing Office (CABRO) will continue to support you and your board on recruitment, appointments and professional development, as well as ensuring Board composition and governance reflects the diversity of our province. CAS can support you in public sector governance best practices, policy and planning.

In addition to continuing to make progress on your [2021 mandate letter](#), I expect you to ensure the important priorities and areas of focus listed in this letter are incorporated into the practices of your organization.

Each board member is asked to sign this letter to acknowledge this direction from government to your organization. The signed letter is to be posted publicly on your website by summer 2023.

I look forward to continuing to work with you and your Board colleagues to meet the high standards set for us by all British Columbians.

Sincerely,



Katrine Conroy
Minister of Finance and Minister responsible for the Columbia Basin Trust, Columbia Power Corporation, and the Columbia River Treaty
June 14, 2023

cc: Honourable David Eby, KC
Premier

Shannon Salter
Deputy Minister to the Premier, Cabinet Secretary and Head of the BC Public Service

Heather Wood
Deputy Minister and Secretary to Treasury Board
Ministry of Finance

Mary Sue Maloughney
Associate Deputy Minister, Crown Agencies Secretariat
Ministry of Finance

Wilma van Norden
Vice Chair
B.C. Financial Services Authority

Don Wright
Director
B.C. Financial Services Authority

Donnie Wing
Director
B.C. Financial Services Authority

Gerry Matier
Director
B.C. Financial Services Authority

Jacqueline Kelly
Director
B.C. Financial Services Authority

Jo-Ann Hannah
Director
B.C. Financial Services Authority

Joanne Hausch
Director
B.C. Financial Services Authority

John Thwaites
Director
B.C. Financial Services Authority

Sandra Heath
Director
B.C. Financial Services Authority

Yasin Amlani
Director
B.C. Financial Services Authority

Blair Morrison
Chief Executive Officer
B.C. Financial Services Authority



Stanley W. Hamilton
Chair, BC Financial Services Authority
Date: June 27, 2023



Jo-Ann Hannah
Director, BC Financial Services Authority
Date: June 27, 2023



Don Wright
Director, BC Financial Services Authority
Date: June 27, 2023




Donnie Wing
Director, BC Financial Services Authority
Date: June 27, 2023



Gerry Matier
Director, BC Financial Services Authority
Date: June 27, 2023



Jacqueline Kelly
Director, BC Financial Services Authority
Date: June 27, 2023



Wilma Van Norden
Vice Chair, BC Financial Services Authority
Date: June 27, 2023



Joanne Hausch
Director, BC Financial Services Authority
Date: June 27, 2023



John Thwaites
Director, BC Financial Services Authority
Date: June 27, 2023



Sandra Heath
Director, BC Financial Services Authority
Date: June 27, 2023



Yasin Amlani
Director, BC Financial Services Authority
Date: June 27, 2023