



Financial Consumer  
Agency of Canada

Agence de la consommation  
en matière financière du Canada

# Annual Report

2019-2020





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Cat. No. FC1E-PDF (Electronic PDF, English)

ISSN 1706-0540

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Aussi disponible en français sous le titre : **Rapport Annuel 2019-2020**

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## Commissioner's message



I am pleased to present the Financial Consumer Agency of Canada's (FCAC) 2019-20 Annual Report. As this report demonstrates, FCAC made significant progress in advancing the protection of financial consumers through its core responsibilities – to supervise federally regulated financial institutions and to enhance the financial literacy of Canadians through education and research.

During the course of 2019-20, the Agency embraced a new corporate mission statement, created a new organizational structure and recruited an expanded senior management team. This is all in support of our ambitious vision, which is for FCAC to be a leader and innovator in financial consumer protection.

FCAC continued to build on its strong foundation in preparation for the coming into force of legislative amendments that enhance FCAC's ability to protect financial consumers through the government's Financial Consumer Protection Framework.

Among the accomplishments highlighted in the Annual Report are:

- Senior's Code – a code of conduct to guide banks in the services they provide to seniors. I am pleased to report that all members of the Canadian Bankers Association have signed on.
- Reports on the complaint handling procedures at Canada's 6 largest banks and on the operations of External Complaints Bodies – both revealing shortcomings that will be remedied through supervisory actions, as well as opportunities for improvement.
- Consumer Protection Advisory Committee renewal – process for new members and terms of reference to provide insight and understanding of the issues and trends shaping Canada's financial sector and how they impact consumers.
- Leading-edge research – including the re-fielding of the Canadian Financial Capability Survey, which allowed FCAC to enhance its own financial literacy

and consumer education resources, including the new Budget Planner – a tool that applies behavioural insights to help Canadians take control of their finances.

- 5-year external evaluation of FCAC's Financial Literacy Program – found that the program has had a positive impact and fills an important need, in addition to high levels of satisfaction being reported from key stakeholders. The results of this evaluation will inform FCAC's future financial literacy programming.
- Experimentation – several new and innovative activities, including a pilot project with Seven Generations Education Institute and the Martin Family Initiative, which showed promise to deliver financial literacy education to Indigenous Peoples in northwestern Ontario, as well as a financial literacy initiative that helped employers set up financial wellness programs for their employees.

Late in the fiscal year, the Agency pivoted in response to the COVID-19 pandemic. Given the impact of the pandemic on the personal finances of Canadians, FCAC's mandate is more important than ever. We have been working with our federal and provincial partners, financial institutions and stakeholders to support and protect financial consumers during this unprecedented time. For instance, the Agency launched a COVID web page in mid-March to provide information to Canadians on how to manage finances during difficult times that had over 80,000 visits within the first 4 months.

FCAC has also been monitoring the commitments that banks and other regulated entities have made to accommodate the financial hardships of consumers affected by the COVID-19 pandemic. From the beginning of the pandemic, we have encouraged financial institutions to ensure that consumers have access to financial services at a reasonable cost and with the safety and security that Canadians have come to expect.

Protecting financial consumers is the core of our mandate and the heart of all FCAC's work. The impressive achievements in 2019-20 are the direct result of the hard work of the Agency's dedicated team. Our current focus is on accomplishing the strategic objectives and ambitious targets outlined in FCAC's 2020-21 Business Plan, while remaining responsive to the evolving economic and health crisis. I am confident that the team at FCAC is well positioned to build on our progress to date and prepare for the challenges of the future.

Judith Robertson  
Commissioner

# About FCAC



FCAC was established in 2001 to protect consumers by supervising federally regulated financial entities and strengthening the financial literacy of Canadians



FCAC derives its [mandate](#) from the [Financial Consumer Agency of Canada Act](#)



FCAC reports annually to Parliament through the Minister of Finance on its activities and the performance of financial institutions in complying with consumer protection measures



FCAC supervised the market conduct of **372** [federally regulated entities](#) as of March 31, 2020



FCAC employed approximately **143** full-time employees as of March 31, 2020



For 2019-20, FCAC's activities were funded through:

**\$25.5** million recovered from assessments of the financial institutions, payment card network operators and external complaint bodies it regulated, and

**\$5** million in federal government funding



## 372 regulated entities (as of March 2020)

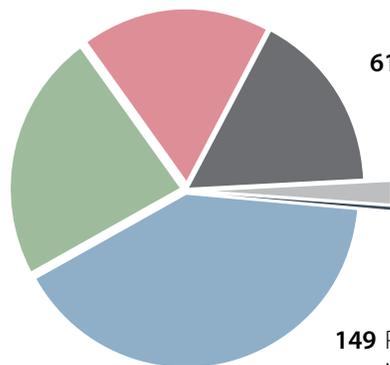
**67** Life insurance companies

**61** Trust and loans companies

**86** Banks

**7** Payment card network operators

**2** External complaints bodies



## Contact us

<b>Website</b>	<a href="http://canada.ca">canada.ca</a>
<b>Telephone (Consumer Services Centre) Toll-free In Ottawa or outside Canada</b>	1-866-461-3222 613-960-4666
<b>TTY (for persons with hearing impairment) Toll-free In Ottawa or outside Canada</b>	1-866-914-6097 613-947-7771
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# Who we are: FCAC mandate and role in Canada's financial system

Canada's financial system is one of the world's safest and strongest. This is due in part to effective [oversight of the financial sector](#)—and the Financial Consumer Agency of Canada (FCAC) has a critical role to play in this area. As the authoritative voice in matters involving financial consumer protection, FCAC is an integral component of the Canadian financial oversight ecosystem. Consumer protection is important for Canadians and builds trust and confidence in Canada's financial system.

FCAC's mandate is to protect consumers by monitoring and supervising financial institutions' compliance with their market conduct obligations under federal legislation and regulations, codes of conduct, and public commitments. The Agency is also mandated to:

- monitor and evaluate trends and issues that may affect financial consumers
- educate Canadians about their rights and responsibilities when dealing with financial institutions
- collaborate with stakeholders to contribute to initiatives that strengthen Canadians' financial literacy

## What we do: Our core responsibilities

FCAC achieves its mandate through 2 core responsibilities:

- Supervision of federally regulated financial entities
- Enhancing the financial literacy of Canadians through research and education

FCAC's strong foundation of internal services enables the Agency to support these core responsibilities and deliver on its priorities. (See Annex A for performance information related to the core responsibilities, as well as the Agency's commitments identified in the [2019–2020 Business Plan](#).)

## How we do it: A new shared purpose and direction

### Realigning the organization

In fall 2019, FCAC realigned its [organizational structure](#). Core mandate functions are now grouped into two branches: Supervision and Enforcement, and Research, Policy and Education. This restructuring is allowing the organization to better meet its new obligations and exercise its new powers brought about by legislative amendments to the [Financial Consumer Agency of Canada Act](#) and the [Bank Act](#). This suite of measures, referred to as the new Financial Consumer Protection Framework (FCPF), received Royal Assent in December 2018. FCAC's new structure better enables the organization to be an authoritative voice on financial consumer protection and education.

## Updating the vision and mission statements

In 2019–2020, the Agency renewed its vision and mission statements. The new vision statement, “To be a leader and innovator in financial consumer protection,” demonstrates how the Agency’s role as regulator and educator helps it protect financial consumers. It speaks to a unity of purpose that is also supported by and reflected in the Agency’s new business ethos: “One Mandate, One Team.”

The new mission statement—“Protect, Supervise, Educate”—embodies the Agency’s commitment to:

- protect consumers of financial products and services
- supervise federally regulated financial entities
- educate financial consumers to help them make informed decisions and improve their financial literacy

Together, these statements show that FCAC is focused on finding ways to improve outcomes for all Canadian financial consumers.

### OUR VISION

To be a **leader** and **innovator**  
in financial consumer protection

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### OUR MISSION



To **protect**  
consumers of  
financial  
products and  
services.



To **supervise**  
regulated  
entities.



To **educate**  
Canadians  
and strengthen  
their financial  
literacy.

# Protect, supervise and educate: The year in review



## Implementing the Financial Consumer Protection Framework (FCPF)

In 2018, the Parliament of Canada adopted government legislation that amends the *Bank Act* to strengthen provisions related to the protection of consumers and the public with respect to corporate governance, responsible business conduct, disclosure and transparency, and redress. The legislation also amended the *Financial Consumer Agency of Canada Act* to strengthen the mandate of the Agency and grant it additional powers, including the power to direct banks to comply with their legal obligations and impose higher administrative monetary penalties. Some of these provisions came into force on April 30, 2020. The other elements will come into force over time, as they require the regulations that are currently being drafted and time for both industry and FCAC to prepare for implementation. Taken together, these changes will set a new standard for financial consumer protection. They strengthen FCAC's mandate to promote, monitor and enforce federally regulated financial entities' compliance, and enhance the Agency's ability to protect and empower financial consumers.

The Department of Finance is leading the creation of the regulations needed to bring this framework into force. Over the past year, FCAC devoted significant time and effort to support its implementation. For example, the Agency launched the FCPF Industry Working Group, which brings together members from banks of varying sizes and business models. FCAC worked with this group to develop a new complaint reporting tool. A sub-working group was also established to focus on technological aspects of financial protection. Thanks to FCAC's ongoing consultations with this group, the Agency has been able to provide focused feedback on implementation elements, such as guidance documentation. FCAC shared this feedback with the industry at large, providing financial institutions with clear compliance expectations.

## Launch of the Code of Conduct for the Delivery of Banking Services to Seniors

Seniors are a rapidly growing segment of Canada's population. As Canadians live longer, health, mobility or cognitive changes may affect their ability to bank. In the 2018 Fall Economic Outlook, the Minister of Finance asked FCAC to work with stakeholders to develop a code to protect seniors who use banking products and services. In response, the Agency drafted the [Code of Conduct for the Delivery of Banking Services to Seniors](#), with significant input from banks, consumer groups and senior advocates and the Minister of Seniors. In July 2019, all members of the Canadian Bankers Association signed on to the code. As elements of the code have come into effect, banks have begun to look for ways to reduce the likelihood of financial harm to seniors, including considering their needs when closing branches.

## The 2019 Survey of Consumers' Awareness of Their Financial Rights and Responsibilities: Final Report

One of FCAC's priorities is to ensure consumers are aware of their financial rights and responsibilities. In May 2019, the Agency published [the 2019 Survey of Consumers' Awareness of Their Financial Rights and Responsibilities: Final Report](#). The goal was to gain a clearer picture of consumers' knowledge and awareness of certain financial rights and responsibilities. The report also aimed to highlight potential deficiencies in consumers' awareness of the financial risks FCAC identified in its industry review of bank sales practices. The survey found that Canadians are most aware of their right to receive easy-to-understand information about financial products and services and their right to express consent for certain banking products and services. However, the survey also found that they have less understanding of credit card protection insurance. FCAC is now making use of these results to:

- develop policy advice on consumer issues in banking
- produce educational material
- identify areas of potential non-compliance where the Agency will focus its supervisory activities

## Consumer protection stakeholder engagement

The FCAC Commissioner chairs the Consumer Protection Advisory Committee (CPAC), which includes representatives from the public, private, non-profit and academic sectors. This committee shares insights and provides advice to the Commissioner about carrying out FCAC's financial consumer protection mandate, including FCAC priorities and objectives, emerging trends, issues, research and other matters relevant to financial consumers. In 2019-2020, the Agency held 2 CPAC meetings and issued a call for new members and renewed terms of reference.

FCAC also participated in several committees related to federal government oversight of the Canadian financial system, including the Financial Institutions Supervisory Committee and the Senior Advisory Committee. Protecting financial consumers is key to maintaining confidence in Canada's financial system. When it comes to the health of the financial system, FCAC is the entity within both committees with a primary focus on consumer protection. The Agency's efforts help keep consumer protection issues at the heart of financial stability considerations in Canada.

FCAC actively collaborates with international consumer protection networks, including the [Organisation for Economic Co-operation and Development's Task Force on Financial Consumer Protection](#) and the international Financial Consumer Protection Organization (FinCoNet). FCAC contributed to reports on:

- supervisory tools
- digitalization of short-term and high-cost consumer credit
- online and mobile payments
- risk-based supervision in the digital age
- product and governance culture

Being involved in these international networks has helped establish FCAC as a reliable partner in financial consumer protection policy, supervision and research and contributes to our knowledge of leading edge, international best practices.



## Supervision Framework implementation

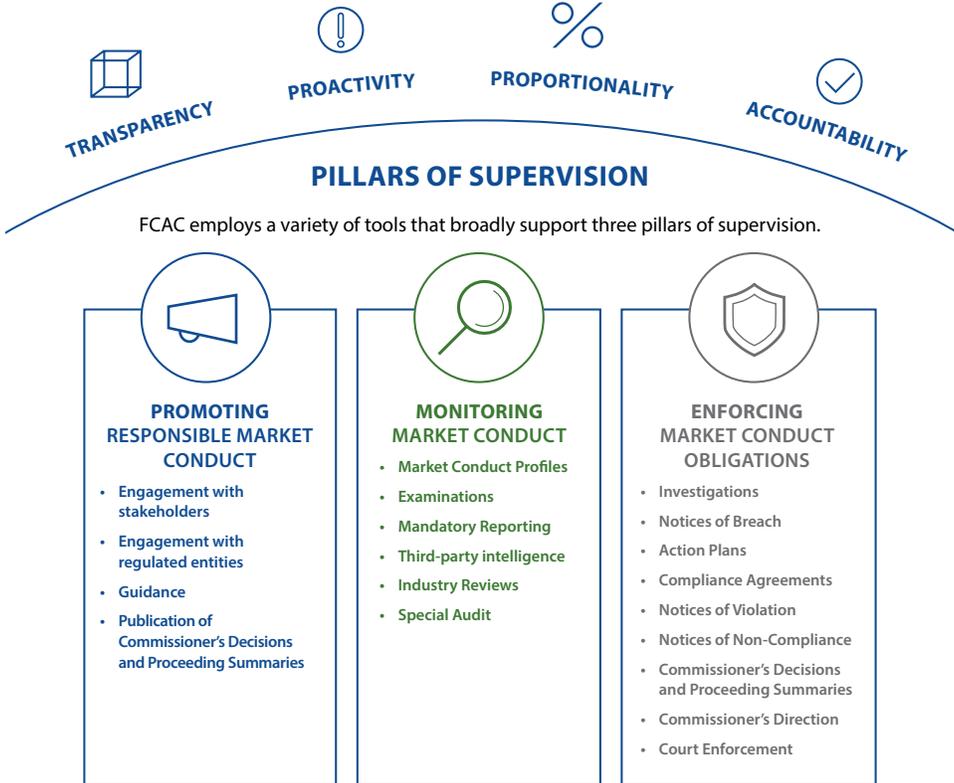
One of FCAC's core responsibilities is to promote regulated entities' compliance with consumer protection obligations through supervisory and enforcement activities.

FCAC's [Supervision Framework](#) came into effect in 2018 and was updated in 2020. It describes how FCAC fulfills its legislative mandate to promote, monitor and enforce compliance with the applicable financial consumer protections. It also describes the enforcement tools the Agency has available and the factors considered when deciding which tools to use when institutions fail to meet their obligations.

The framework was designed to be implemented in 2 phases, with Phase I being completed in 2019-2020. As part of Phase I, the Agency developed a Market Conduct Profile (MCP) to assess the relative risk of regulated entities and their business activities (only for Tier 1 regulated entities). The Agency analyzed information about regulated entities' business models and controls relevant to their market conduct obligations. FCAC also developed an automated solution, the MCP Tool, to consolidate the information to provide an accurate profile and assess risk. This new tool helps the Agency maintain up-to-date information about regulated entities, monitor and assess their inherent risks, and determine the adequacy of their associated controls—all essential steps in promoting compliance with market conduct obligations.

In response to the information gathered by way of this new process, FCAC allocates its resources commensurate to the level of market conduct risk each regulated entity presents and takes supervisory and enforcement actions that are proportionate to the circumstances of the compliance deficiencies and/or breach of market conduct obligations. Through established supervision plans for each Tier 1 regulated entity, FCAC ensures key activities and supervisory priorities are implemented and properly monitored. The Agency's MCP and risk assessments will help determine the appropriate level of intensity for supervision of each regulated entity.

As part of Phase I, FCAC also developed the Notice of Breach tool and began issuing them in June 2019. Notices of Breach promote compliance and are issued to regulated entities following an investigation of potential non-compliance. FCAC may issue a Notice of Breach, level 1, 2 or 3. These levels correspond to the severity of the breach as assessed over the course of the investigation. A level 1 Notice of Breach will be issued when the severity of the breach is assessed as low, a level 2 will be issued when the severity of the breach is assessed as elevated, and a level 3 when it is assessed as high. A level 3 Notice of Breach also signals to the regulated entity that more significant enforcement measures may be taken and that, in the normal course of action, FCAC will draft a Compliance Report. A Compliance Report may lead to the issuance of a Notice of Violation, which may ultimately result in a FCAC Decision. FCAC expects regulated entities to generate remediation plans ensuring compliance is achieved and consumer harms are redressed. Between June 2019 and March 31, 2020, 140 Notices of Breach were issued.



## Industry review: Banks' complaint handling procedures

To function well, a financial system needs an efficient and effective method to resolve consumer complaints. Although mistakes and errors can occur, if issues are resolved fairly and without delay, it instills trust and confidence in the system and avoids compounding the initial problem.

In 2018, the Minister of Finance asked FCAC to review banks' procedures for handling complaints. FCAC examined the procedures of Canada's 6 largest banks: Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada and The Toronto-Dominion Bank. The Agency then assessed whether they have the necessary policies and procedures in place to handle complaints in an effective, accessible and timely manner.

FCAC's report, [Industry Review: Bank Complaint Handling Procedures](#), published in February 2020, found that while banks resolve most complaints quickly and to the consumer's satisfaction, consumers face unacceptable delays and complications when they escalate a complaint beyond the first point of contact. The report found that the onus was on consumers to navigate a complex, cumbersome system and that as a result, many consumers abandoned their complaints. The report also revealed the need for FCAC guidance on expectations on addressing common issues. FCAC will address the concerns raised by the review through its supervisory activities.

## Industry review: External complaints bodies' operations

The Government of Canada has authorized 2 external complaints bodies (ECBs) for banks: the ADR Chambers Banking Ombuds and the Ombudsman for Banking Services and Investments. When a bank is unable to resolve a complaint to a consumer's satisfaction, the consumer has the right to submit the complaint to the ECB selected by the bank that is the subject of the complaint. In 2018, the Minister of Finance asked FCAC to conduct a review of the operations of the approved ECBs.

FCAC examined whether the ECBs were performing their functions in a manner consistent with their obligations and compared them to international best practices. The Agency found that while the ECBs are fulfilling most of the minimum requirements, there are differences between the two ECBs and identified significant weaknesses and areas for improvement. (For details, see FCAC's published report, [Industry Review: The Operations of External Complaints Bodies](#).) The review also highlighted concerns with multiple ECB model and identified areas of focus for the mandatory 5-year evaluation, which will be conducted by a third-party and overseen by FCAC. Since FCAC published its report, the Department of Finance has indicated that it will conduct a public consultation on the ECB model.

## Evaluation of the financial literacy program

This year, in accordance with the Treasury Board's Policy on Results, the Agency commissioned an evaluation to assess the results and achievements of the program and to develop recommendations to inform a strategic review of the program and future improvements. The evaluation examined the full range of financial literacy activities that FCAC funded from April 1, 2014 to March 31, 2019.

Overall, the [evaluation](#) found that FCAC's financial literacy program fills an important need with little duplication or overlap with other programs. It is delivered efficiently, reaches important audiences, and stakeholder satisfaction levels are uniformly high. The evaluation concluded that the financial literacy work of FCAC improves Canadians' financial awareness and that FCAC's educational programs and tools are well used. The evaluation also found that the National Research Plan contributed to identifying gaps and what is working well, helping the program to achieve greater results. Canada ranks consistently near the top among developed countries when it comes to financial literacy.

Six recommendations for future analysis and consideration were identified. The Agency reviewed the recommendations and developed a Management Response and Action Plan to address them in 2020-21.

## Progress report on the implementation of the National Strategy for Financial Literacy

In December 2019, the Agency published its [Progress Report on the Implementation of the National Strategy](#). The report highlighted FCAC and stakeholder accomplishments over the course of the 4 years since the 2015 launch of the [National Strategy for Financial Literacy—Count me in Canada](#). The report's goal was to analyze efforts by private, public and not-for-profit stakeholders to help Canadians build the knowledge, skills and confidence they need to make informed financial decisions. The report clearly demonstrates the impact and effectiveness of financial literacy interventions in helping Canadians manage their money and debt wisely, plan and save for the future, and protect themselves from fraud and financial abuse.

## The National Strategy: Results by the numbers

In the 4 years since FCAC launched the National Strategy for Financial Literacy, there have been:

- 13 million visits to FCAC's website to access content or interactive tools
- 1.8 million Canadians reached by FCAC's financial education programs
- 15 million views of FCAC's educational videos
- 2,500 resources made available to Canadians through financial literacy databases

## Financial Literacy Month 2019

November 2019 was the ninth annual Financial Literacy Month in Canada. Throughout the month, FCAC coordinated the financial literacy efforts of private, public and non-profit organizations and encouraged them to offer activities and resources throughout the month to promote financial literacy to help Canadians manage their personal finances. This year's campaign theme was "Take charge of your finances." The goal was to empower Canadians to make a budget, come up with a savings and debt reduction plan, and understand their financial rights and responsibilities.

## Take charge of your finances: A marketing success story

In spring 2019, the Agency launched Phase 2 of the marketing campaign, [Take charge of your finances](#). The campaign ran for 11 weeks and coincided with the home-buying season. It focused primarily on home equity lines of credit and promoted FCAC tools and calculators. The successful campaign resulted in baseline visits to the Take Charge web page increasing by 297% during the campaign. In addition, 58% of viewers watched the campaign video through to the end—well above the Government of Canada average of 35%.

## Financial Wellness in the Workplace

[Financial Wellness in the Workplace](#) is an initiative designed to help Canadian workers strengthen their financial knowledge and manage their money. This past year, FCAC delivered in-person sessions and online webinars to federal public servants as part of the initiative. The Agency also promoted it at conferences, exhibits, events and tradeshows, showcasing various FCAC web resources to help employers set up tailored financial wellness programs for their employees regardless of their budgets or resources.

## Strengthening the financial literacy of Indigenous Peoples

In partnership with [Seven Generations Education Institute](#) and the [Martin Family Initiative](#), in 2019-2020, FCAC developed a pilot program for Indigenous adults. The Agency delivered Financial Wellness: A Program for Money Management to 3 groups, with 26 hours of in-class programming on topics like budgeting, banking and credit and debt management.

The Agency also continued efforts to provide financial literacy information to Indigenous Peoples who have received lump sum payments from wills, estates, settlements and class actions by publishing [You've just received a big amount of money](#). To date, FCAC has distributed more than 14,000 copies of the brochure.

FCAC also co-chaired 2 meetings of the Financial Literacy Working Group for Indigenous Peoples this year. The group is made up of leaders from a variety of Indigenous and non-Indigenous organizations. Its mandate is to undertake financial literacy initiatives that are community-driven, created for and with Indigenous Peoples, informing FCAC's response to the financial literacy needs of Indigenous Peoples.

## The Budget Planner

In November 2019, FCAC launched the [Budget Planner](#), an online tool that incorporates Canadian statistical data, behavioural insights and gamification. The aim is to provide an effective, simple, user-friendly budgeting tool that helps Canadians manage money and debt wisely and plan and save for the future. It also incorporates an innovative user-experience design that has garnered accolades from both domestic and international stakeholders. The tool not only helps Canadians to begin budgeting, but also encourages them to stick to a budget. Almost 112,000 individuals accessed the tool between its launch and the end of March 2020 and responded as follows when surveyed:

- 91% found the tool useful
- 88% found instructions clear and easy to understand
- 88% found the tool is easy to use

## FCAC-led research

FCAC produces leading-edge research that supports its mandate to improve financial consumers' knowledge, skills, confidence and behaviours. This research also supports an evidence-based approach to developing supervision and enforcement policies, financial literacy programming, educational resources and behavioural interventions.

Key research highlights during 2019-2020 include:

- Publishing [Using Research to Improve the Financial Well-being of Canadians: Post-symposium Report](#) in June 2019. This report presents the key ideas from the 2018 National Research Symposium on Financial Literacy, which FCAC co-hosted. Available to all Canadians, it documents the cutting-edge research that was shared at the symposium.
- Publishing [Sustained behaviour change through financial education: A budgeting longitudinal study using mobile technology](#) in June 2019. This study examined whether the educational material FCAC provided through a pilot project had a lasting effect. The results indicated that 54% of those who began budgeting during the pilot were still budgeting a year and a half later. It also found that the most common reasons for not budgeting were feeling “overwhelmed” by managing money and believing that a budget is not needed to manage money.
- Releasing [Canadians and their Money: Key Findings from the 2019 Canadian Financial Capability Survey](#) in November 2019. The survey is a foundational dataset designed to provide insights into Canadians’ knowledge, abilities and behaviours when it comes to managing their personal finances. FCAC will use the survey’s findings to support its work and contribute to ongoing financial consumer policy discussions.
- Publishing [Financial well-being in Canada: Survey results](#) in November 2019. This comprehensive survey examines both the levels of financial well-being in Canada and the factors that influence it. The results shed light on the importance of financial attitudes and behaviours in achieving positive financial outcomes.
- Partnering with the Bank of Canada to examine consumers’ awareness of and appetite for longer-term mortgages and publishing [Canadian consumer awareness and interest in longer-term mortgages: Final report](#) in December 2019. The report found that many consumers do not have a good understanding of mortgage concepts and terminology. In fact, fewer than half of respondents were aware that longer-term mortgages are available in Canada.

Along with conducting research, the Agency relies on engagement to inform our policies and programming. In 2019-2020:

- FCAC chaired 2 meetings of the National Research Committee on Financial Literacy. Established to advise FCAC on research-related matters associated with implementing its financial education mandate, the committee is an important forum for facilitating dialogue among Canada’s top financial literacy researchers.
- The Agency participated in 2 meetings with the [Organisation for Economic Co-operation and Development’s International Network on Financial Education](#) and co-chaired a working group on financial education in the workplace. Global engagement of this sort enables FCAC to stay abreast of best practices and policies to promote financial literacy and financial well-being and helps the Agency develop the most efficient and effective programs and policies for Canadians.

## COVID-19: One Mandate, One Team in action

FCAC responded quickly and effectively during the pandemic to help support financial consumers, including by providing tools and resources, as well as information on available government support and bank relief measures. For instance, the Agency produced a [web page](#) containing information about how to manage finances during difficult times, as well as tools to help Canadians create a budget, manage debt, create an emergency fund, avoid fraud and obtain other financial advice. This content helped consumers navigate the supports that were being rolled out by the government and financial institutions and strengthened FCAC’s position as the authoritative voice on financial consumer protection matters in Canada.

As the COVID-19 crisis unfolded, the new business ethos—One Mandate, One Team—helped the Agency continue to protect financial consumers as it transitioned to a remote working environment. During these unprecedented times, FCAC kept in regular contact with banks and other regulated financial entities to ensure consumers continued to have access to essential banking services and to encourage banks to accommodate customers with COVID-related financial challenges. In response to the crisis, banks began offering help to consumers by deferring mortgage and loan payments, cashing government cheques and providing reduced interest rates on credit cards. Throughout the pandemic, FCAC prepared weekly reports on these commitments tracking the number of Canadians taking advantage of the relief measures offered by financial institutions.

The Agency also discussed financial system issues related to COVID-19 with its government partners in financial sector oversight. These discussions contributed to federal policy responses. The Agency also leveraged its international networks to improve and measure Canada’s response to the economic challenges resulting from COVID-19. In addition, FCAC worked with the Department of Finance and the Office of the Superintendent of Financial Institutions to coordinate Canada’s input into a report prepared by the Organisation for Economic Co-operation and Development’s Task Force on Financial Consumer Protection and a survey led by the Financial Consumer Protection Organization.

# Legislated reporting requirements

The *Financial Consumer Agency of Canada Act* and the *Bank Act* set out FCAC's mandated reporting requirements.

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## FCAC Act

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### **34 (a) in aggregate form, its conclusions on the compliance, in that year, of financial institutions and external complaints bodies with the consumer provisions applicable to them**

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FCAC supervises federally regulated financial entities to ensure their compliance with federal consumer protection measures applicable to them. Every year, the Agency engages with each regulated entity to discuss compliance issues. FCAC approaches industry supervision from a risk-informed perspective, striving to identify emerging issues and market trends early and to proactively assess regulated entities' market conduct risk.

In 2019-2020, FCAC held over 210 of these engagements with regulated entities, with discussions focussed on compliance-related matters such as:

- Supervisory expectations
- Building market conduct profiles and conducting risk assessments
- Financial Consumer Protection Framework readiness
- Industry review key findings

For more information on how Agency carries out its supervisory mandate, please refer to FCAC's [Supervision Framework](#).

FCAC Decisions are an enforcement tool providing information about regulated entities' breaches of legislation or regulation, as well as on their non-compliance with codes or public commitments. They promote awareness of issues and conduct violations, allowing regulated entities to review their own market practices and take the necessary steps to ensure compliance. During the reporting year, the Agency rendered 2 FCAC Decisions which included 4 violations and imposed a total of \$275,000 in administrative penalties.

In 2019-20, FCAC conducted its third industry review. As directed by the Minister of Finance, this industry review examined bank complaint handling procedures (CHPs), analyzing whether they are executing their functions in a manner consistent with their obligations. Banks are required to implement effective, timely and accessible procedures for handling consumer complaints and to monitor, record and report complaints. In the report published in February 2020, FCAC found that banks' CHPs are generally effective, accessible and timely for relatively simple complaints that can be resolved at the first level. First-level employees are frontline staff who provide products and services directly to consumers. However, FCAC found that banks' procedures are much less effective, accessible and timely when consumers escalate more complex complaints to higher levels. The review identified a number of deficiencies in banks' policies and procedures, as well as a number of opportunities for improvements. FCAC will use its supervisory tools to address these concerns.

During the reporting period, FCAC also conducted an industry review of the operations of external complaints bodies, examining whether they are executing their functions in a manner consistent with their obligations. The Government of Canada has approved 2 entities to act as external complaints bodies (ECB) for banks: the ADR Chambers Banking Ombuds and the Ombudsman for Banking Services and Investments. When a bank does not resolve a complaint to the consumer's satisfaction within 90 days, the consumer has the right to escalate their complaint to an ECB. In the published report, FCAC found that, while the ECBs meet most of the minimum requirements, there are deficiencies. The Agency has identified areas where ECBs could improve their policies, procedures, and complaint handling practices. FCAC will use the findings of this review to work with ECBs to address the issues and implement enhancements.

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**34 (b) in aggregate form, its conclusions on the compliance, in that year, of payment card network operators with the provisions of the *Payment Card Networks Act* and its regulations**

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A payment card network operator (PCNO) is an entity that operates and manages an electronic payment card system. The [Payment Card Networks Act](#) and the *FCAC Act* provide FCAC powers to monitor PCNOs' adherence to their market conduct obligations related to the [Code of Conduct for the Credit and Debit Card Industry in Canada](#) (the Code) which is designed to protect merchants.

In 2019-20, FCAC reviewed 68 PCNO complaints, of which 62 were received in 2019-20 and 6 in 2018-19. Overall, FCAC did not identify significant or systemic concerns. No Letters of Non-compliance were issued during this reporting period. The Agency works closely with PCNOs to monitor merchant complaints to ensure potential emerging trends or issues are identified and addressed.

The Code requires PCNOs to conduct a review of market conduct practices of 'merchant focused agents' at least once every 3 years. The first review was completed in 2018 and was conducted in two parts. The first part was a market data gathering exercise managed by FCAC. The second part, led by the PCNOs, reviewed industry practices for ensuring compliance with Element 2 (the requirement that merchants are provided with 90 days notice of fee or rate changes) and Element 13 (the requirement that merchants have access to an internal dispute process for dealing with Code complaints). The PCNOs' review flagged areas for improvement, particularly with regards to merchant complaint handling. FCAC subsequently analyzed the review findings and has been working with the industry to implement improvements.

One tool the Agency uses to promote PCNO compliance is FCAC Compliance Bulletins. Compliance Bulletins are issued when the industry requires guidance. During the reporting period the Agency published Compliance Bulletin [B-8 Simultaneous provisioning and removal in mobile wallets of co-badged debit cards](#), clarifying requirements under the Code of Conduct for the Credit and Debit Card Industry in Canada as to how co-badged debit cards are provisioned and removed from mobile wallets or mobile devices. The Agency also conducted follow-up action relevant to Compliance Bulletin [B-7 Role of payment card network operators in ensuring participant compliance with the Code of Conduct for the Credit and Debit Card Industry in Canada](#) issued in September 2018. In response, PCNOs developed industry guidelines, to be implemented by all participants by January 2021.

FCAC works closely with PCNOs in an established PCNO Working Group. In 2019-20, efforts were focused on ensuring that PCNOs understood existing FCAC guidance on a variety of elements of the Code and to promote and monitor compliance with Compliance Bulletin B-7.

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**34 (c) its collaboration with stakeholders, and the coordination of its activities with those of stakeholders, to contribute to and support initiatives to strengthen the financial literacy of Canadians**

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Through nationwide collaborative efforts with stakeholders representing a wide variety of sectors, including federal and provincial governments and private and non-profit organizations, the Agency fosters consumer understanding of financial products and services and related issues, and encourages stakeholders to promote and deliver financial literacy initiatives. This engagement drives all initiatives of the financial literacy program—development of programs and resources, research, education and awareness. In 2019-20, FCAC collaborated with 18 financial literacy networks across Canada, representing more than 575 financial literacy organizations/individuals, and regularly connected stakeholders with each other, so that they could expand their networks, share best practices or form partnerships.

The following are select key accomplishments in 2019-20:

- FCAC led several stakeholder meetings and national committees either as chair or co-chair, including:
  - The National Steering Committee on Financial Literacy whose members provided guidance and advice to FCAC.
  - The Financial Literacy Working Group for the Workplace has contributed knowledge and expertise to the development of financial literacy strategies and resources for the workplace, including the Financial Wellness in the Workplace web resource.
  - The Financial Literacy Working Group for Indigenous Peoples works directly with Indigenous organizations to develop effective strategies and to respond to the financial literacy needs of Indigenous peoples.
  - The National Research Committee advises FCAC on research-related matters. Members work in collaboration with other stakeholders to coordinate research initiatives and promote research findings.
  - The Interdepartmental Committee on Financial Literacy facilitates information sharing, collaboration and coordination across federal departments and agencies.

A survey of network representatives who participated in FCAC-led meetings indicated a high level of satisfaction of over 80 percent with these engagements.

- FCAC produced quarterly bulletins on financial literacy resources and updates that were disseminated through the networks.
- FCAC contributed financial literacy content and resources to the Canada Student Loan Program portal on Canada.ca, with a reach of 1,644,000 loan recipients nationally.
- The Agency facilitated the collaboration between the organization PennyDrops and Pathways to Education, that together launched a pilot project in which university students provide financial literacy training to high school students. In the spring of 2019, the pilot was delivered in Halifax, Nova Scotia and Kitchener, Ontario and due to its success, it expanded in Ontario to include Kingston and Toronto.
- Canada.ca information targeted at youth, including content developed by the Agency in partnership with other government entities, was cited as a resource that supports the financial literacy curricula launched by Ontario and Saskatchewan.

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**Bank Act**

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**456 (2) (a) procedures for dealing with complaints established by banks pursuant to paragraph 455(1)(a)**

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A fair and efficient process for resolving banking complaints is an important element of financial consumer protection. Though each bank or federal credit union's complaint-handling procedure will have some differences, all federally regulated financial institutions must have [complaint-handling procedures](#) (CHPs) in place, including access to an independent and impartial review by an external complaints body.

FCAC works with the entities it regulates to make its expectations clear, set standards in the interest of consumers and monitors whether banks and external complaint bodies are meeting those standards. FCAC expects banks to resolve complaints in a timely manner and promptly inform consumers of their right to escalate their complaint.

As indicated in the 2019-20 results related to the *FCAC Act*, during the reporting period the Agency conducted an industry review of bank CHPs. The review found that CHPs are generally effective, accessible and timely for relatively simple complaints that can be resolved at the first level, but consumers often face delays and complications when escalating their complaint beyond the initial point of contact.

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## 456 (2) (b) the number and nature of complaints that have been brought to the attention of the Agency by persons who have requested or received a product or service from a bank

Consumer complaints play an important role in monitoring the market conduct of federally regulated financial entities and gathering information on trends and emerging issues. The total number of complaints received by FCAC varies significantly each year. FCAC determines the nature of all complaints it receives, assesses the risks to consumers, and investigates further if warranted. Specifically, FCAC may investigate complaints that relate to possible breaches of the consumer protection measures in [federal laws and regulations, voluntary codes of conduct and public commitments](#). If the preliminary investigation points to a potential violation, FCAC proceeds with further action as described in its Supervision Framework.

### Consumer complaints reported by federally regulated financial entities to FCAC in 2019-20

Federally regulated financial entities are required to report to FCAC all consumer complaints they receive at the reportable level that involved a market conduct obligation overseen by FCAC. (The “reportable level” is one level higher than the one that routinely handles and makes operational decisions about the subject matter. The reportable level may vary, based on an institution’s operational profile). In 2019-20, a total of 8,244 complaints were reported to FCAC in aggregate format. The top 3 categories and associated percentages are:

- disclosure of charges for accounts - 7%
- unsolicited credit cards - 6%
- credit card fraud - 6%

### Consumer complaints reported directly to FCAC in 2019-20

Consumers can also file a complaint directly to FCAC. In 2019-2020, FCAC received 5,429 direct consumer complaints. Of those, 510 related to compliance with consumer protection measures that FCAC oversees. The top 3 categories and associated percentages are:

- complaint handling procedures - 16%
- credit card fraud - 9%
- unsolicited credit cards - 8%

For complaints that do not relate to consumer protection measures overseen by FCAC, the complainants were referred to the appropriate regulatory body or consumer protection organization, to the extent possible.

## Spending and human resources

As a financial sector regulator, FCAC delivers high-quality programs and services that meet the needs of Canadians and ensures sound stewardship of resources.

Core responsibility	2019–2020 spending		2019–2020 full-time equivalents	
	Planned	Actual	Planned	Actual
Supervision of federally regulated financial entities	\$8,804,416	\$6,167,967	57.0	36.0
Financial literacy, research and education	\$6,496,979	\$5,428,621	36.0	30.0
Internal services	\$23,111,352	\$18,965,868	101.0	77.0
<b>Total</b>	<b>\$38,412,747</b>	<b>\$30,562,456</b>	<b>194.0</b>	<b>143.0</b>

FCAC’s total expenses were \$7.9 million below budget primarily due to delays in staffing vacant positions (\$6.2 million) in the Supervision and Promotion program as well as in Internal Services.

[Additional information can be found in the Financial Statements for FY2019/20.](#)

More information on FCAC’s financial and human resources can also be found in [GC InfoBase](#).

# Annex A: Results by the numbers: 2019–2020 performance information

## Core responsibility results

### Core Responsibility #1: Supervision of federally regulated financial entities

FCAC's Supervision and Promotion Program works to ensure federally regulated financial entities comply with federal financial consumer provisions, codes of conduct and public commitments. It also promotes responsible market conduct by communicating FCAC's expectations, conducting research on trends and emerging issues affecting financial consumers, contributing to policy discussions and promoting consumers' rights and responsibilities.

2019–2020 financial resources		2019–2020 human resources (full-time equivalents)	
Planned spending	Actual spending	Planned	Actual
\$8,804,416	\$6,167,967	57.0	36

Departmental results	Departmental results indicators	Target	2019-2020 results
Federally regulated financial entities are compliant with consumer protection legislation, their public commitments and codes of conduct	Percentage of entities that are aware of the reason for, and nature and outcome of FCAC's supervision activities	80%	The event where performance information is gathered was cancelled due to COVID-19.
	Percentage of cases of non-compliance where corrective actions (commensurate with the level of non-compliance) are undertaken by FCAC	100%	100%
Canadian consumers are aware of their rights and responsibilities when dealing with financial entities	Percentage of consumers who are aware of their consumer protection rights and responsibilities	64%	78%
	Number of Canadians reached through consumer rights and responsibilities information	133,702 visits	156,846 visits

## Core Responsibility #2: Enhancing the financial literacy of Canadians through research and education

FCAC's research, education and financial literacy programs strengthen Canadians' financial knowledge and skills and as well as their confidence to make responsible financial decisions. FCAC works with stakeholders and financial literacy networks across Canada to develop and deliver initiatives that help guide Canadians' financial decisions. In particular, the Agency focusses on encouraging Canadians to budget, build savings, pay down debt and choose financial products and services wisely.

2019–2020 financial resources		2019–2020 human resources (full-time equivalents)	
Planned spending	Actual spending	Planned	Actual
\$6,496,979	\$5,428,621	36.0	30

Departmental results	Departmental results indicators	Targets	2019-2020 results
Canadians are strengthening their financial knowledge, skills and confidence	Percentage of Canadians who strengthen their financial knowledge	65%	62% <sup>1</sup>
	Percentage of Canadians who strengthen their financial confidence	40%	40%
	Percentage of Canadians who adopt desired financial behaviours	48%	49%
	Percentage of non-budgeters who are confident in their ability to make and follow a budget	11%	18%
	Percentage of non-budgeters who begin budgeting	16%	23%
	Number of Canadians reached through initiatives supporting the National Strategy for Financial Literacy	baseline under development	9,273,426 <sup>2</sup>

Notes: 1- Results from the 2019 Canadian Financial Capability Survey (CFCS) show that 16.1% of Canadians engaged in financial learning via courses in-person classes, at school or at work, up from 10.6% in 2014. Canadians have also increased their understanding about specific aspects of financial knowledge such as inflation, interest rates and risk which are considered the big three financial knowledge questions by many experts. In fact, 62.4% of Canadians surveyed in the 2019 CFCS were able to answer all three of these questions correctly compared to only 42.5% in 2012.

2 - The number of Canadians reached via FCAC's web content and interactive tools, including visits to all Canada.ca web pages and interactive tools sessions.

### Internal services

FCAC's supervision and financial literacy core responsibilities are supported by a solid foundation of financial management and by the expert advice and services provided by its marketing and communications, legal, human resources, information technology and administration teams. The Agency's diverse, talented and high-performing workforce enables it to deliver on its priorities.

2019–2020 financial resources		2019–2020 human resources (full-time equivalents)	
Planned spending	Actual spending	Planned	Actual
\$23,111,352	\$18,965,868	101.0	77

More information on FCAC's financial and human resources can also be found in [GC InfoBase](#).

## 2019–2020 Business Plan commitments

### Strategic focus 1: Integrate change

**Strategic objective:** Strengthen FCAC’s role as a trusted regulator to protect financial consumers and empower them to protect themselves.

Strategic priorities	Results
Implement the new Financial Consumer Protection Framework and the amendments to the <i>FCAC Act</i> following the passage of <i>Budget Implementation Act, 2018, No. 2</i> .	FCAC worked with the Department of Finance to determine timelines and develop required regulations. The Agency launched the FCPF Industry Working Group and held several meetings to discuss complaints related components. For additional details, see p. 6 of this report.
Continue to implement the Supervision Framework in support of more robust, proactive and transparent oversight.	Phase I of the framework implementation plan was completed in accordance with the schedule. The Agency developed a Market Conduct Profile and associated automated platform and introduced a new enforcement tool, Notices of Breach. For additional details, see p. 7 of this report.
Review the financial literacy program to ensure it delivers positive outcomes for Canadians.	FCAC conducted a review in fall 2019 to inform the future direction of the program and ensure priorities are aligned with strategic objectives. The exercise included assessing gaps and evaluating the program’s business needs to achieve its mandate. For additional details, see p. 9 of this report.

### Strategic focus 2: Bolster the organization

**Strategic objective:** Strengthen FCAC’s capacity to deliver its mandate in a way that keeps pace with the rapidly evolving financial sector.

Strategic priorities	Results
Increase bench strength and diversify organizational skills to respond to Financial Consumer Protection Framework and sector innovations.	FCAC filled 61 vacant positions in 2019–2020.
Bolster policy and research functions to become the authoritative voice on all matters related to the protection of financial consumers.	In fall 2019, FCAC realigned its organizational structure and established the Research, Policy and Education Branch, a division dedicated to research, policy and experimentation. The Agency developed an organizational structure for the new division and has begun staffing vacant positions.
Continue to implement a people management strategy that supports strategic hiring, encourages employee growth and develops strong leadership.	FCAC launched its first people management framework in 2019–2020. The framework will guide the organization’s human resources activities for the next 3 years and beyond. FCAC updated its organizational values and redesigned its performance management and awards and recognition programs, which reinforce a culture of excellence. FCAC also produced and began implementing its first Public Service Employee Survey action plan. This survey provides insights into various dimensions of people management and compares the results to those of the public service. More than 83% of FCAC’s personnel completed the 2019 survey (versus a 62% response rate for the entire public service). FCAC’s results were enviable, with a strong majority of respondents saying they are proud of the work they do, feel valued at work and are satisfied with the workplace.

Develop and implement a change management strategy during this transformative period of growth and adjustment and beyond.

In August 2019, FCAC renewed its governance to enhance the efficiency and effectiveness of its decision-making. Chaired by the Commissioner, the Executive Committee (EXCO) is FCAC's key decision-making forum. It focuses on the organization's strategic-level issues of the organization. Its membership includes the senior leaders who report to the Commissioner. The FCAC Management Committee supports EXCO with strategic advice and recommendations by acting as a forum for consultation, discussion and challenge of all operational program, policy development and internal services priorities. Together, these committees provide the platform to manage change at FCAC.

Modernize the workplace, processes and systems to increase the organization's effectiveness in delivering its mandate and to support current and future organizational needs.

**Workplace:** In October 2019, FCAC signed a new 10-year lease with increased space at its current location.

**Processes:** In February 2020, FCAC established a data and analytics strategy. It will impact organizational processes, technologies and systems to create a data-centric culture capable of unlocking the full value of FCAC's data assets.

**Systems:** In February 2020, FCAC transitioned to a new cloud operating environment, allowing staff to access key IT services and new productivity tools at any time and from anywhere. The Agency also reduced IT infrastructure servers by 15% and increased security and oversight of user accounts and devices. During the COVID-19 pandemic, this new operating environment allowed FCAC to transition seamlessly to a remote working environment while continuing to provide high-quality services to Canadians.

### Strategic focus 3: Deliver for Canadians

**Strategic objective:** Deliver value and results for Canadians.

Strategic priorities	Results
Measure the impact of the financial literacy program through a summative evaluation.	An evaluation commissioned by FCAC concluded that its financial literacy program is delivered efficiently and effectively. For more details, see p. 9 of this report.
Monitor consumer behaviour by fielding the Canadian Financial Capability Survey and the Rights and Responsibilities Survey and by analyzing results data from the Programme for International Student Assessment.	In March 2019, the Rights and Responsibilities Survey was completed. In November 2019, FCAC released the report <a href="#">Canadians and their Money: Key Findings from the 2019 Canadian Financial Capability Survey</a> . The 2019 results from the Programme for International Student Assessment were reviewed, and a report is scheduled to be published in 2020–2021.
Conduct and complete an industry review of banks' complaints handling processes.	FCAC conducted a review and found that while banks resolve most complaints quickly and to consumers' satisfaction, some consumers face delays and complications when escalating a complaint beyond the first point of contact. For additional details, see p. 8 of this report.
Conduct and complete a review of the accessibility, timeliness and effectiveness of external complaints bodies.	FCAC conducted a review and found that while the ECBs meet most requirements, there are deficiencies. The review identified areas where ECBs could improve their policies, procedures and complaint handling practices. For additional details, see p. 9 of this report.
Deliver a code of conduct to guide banks in their delivery of services to Canadian seniors.	In July 2019, the members of the Canadian Bankers Association signed on to the Code of Conduct for the Delivery of Banking Services to Seniors. For additional details, see p. 6 of this report.