



| OSFI |
| BSIF |

Vendor Package

Supervisory Process Overview

These slides are intended for demonstration purposes only and are not a comprehensive description of current and future OSFI requirements

Acronyms

- BI – Business Intelligence
- CRM – Customer Relationship Management
- ERC – Emerging Risk Committee
- FRFI/FI – Federally Regulated Financial Institution
- FUD – Follow Up Document
- RAD – Risk Assessment Document
- SA – Significant Activity Review
- STTR – Supervision Tools and Technology Review

About this project (STTR)

- Applies to Supervision activities
- Goals are:
 - To improve the support to OSFI staff in conducting their supervisory work
 - To maximize time spent on supervisory “work that matters” (i.e. getting the risk assessments and interventions right)
 - To support key OSFI priorities, especially:
 - Enhancing supervisory processes
 - A high performing and effective work-force
 - An enhanced corporate infrastructure

OSFI 101

- OSFI the single federal banking and insurance prudential regulator (*OSFI Act*)
- Focus on the financial soundness of Federally Regulated Financial Institutions (FRFIs)
- To protect depositors, policyholders and other creditors
- To contribute to public confidence in the Canadian financial system
- Core activities split between Supervision and Regulation (including approvals)
- Offices in Toronto, Ottawa, Montreal, Vancouver

OSFI Approach

- Reliance-based
 - FRFI board of directors, senior management and oversight functions are the main lines of defence
 - Independent auditors and actuaries
- Risk-based
 - Focus on substantive prudential risks of each FRFI
 - Risk tolerance framework
- Principles-based
 - Flexibility for FRFIs given size, complexity, etc.
 - Not a compliance exercise; greater supervisory discretion
- Supervision – “*Supervisory framework*”

Supervisory Framework

Key Principles

- Focus on material risk
- Forward-looking, early intervention
Sound predictive judgment
- Understanding the drivers of risk
- Differentiate inherent risks and risk management
- Dynamic adjustment
- Assessment of the whole institution

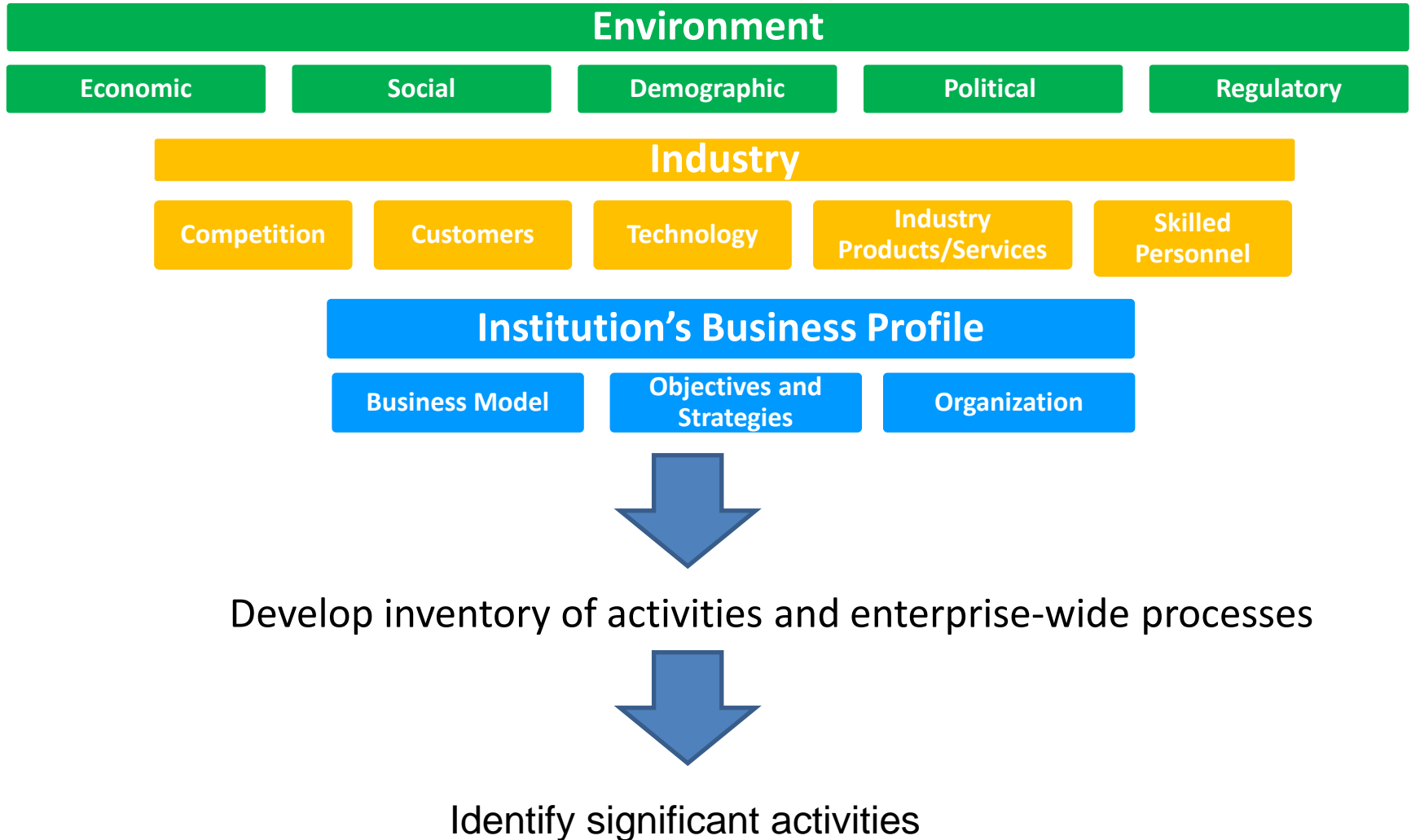
Core Supervisory Process



- Described as a 3-stage circular process
- Key documents ("content" in future state) are associated with each stage.
- Process is dynamic, iterative, and continuous.

For Example Purposes Only

Knowledge of Business and Identification of Significant Activities



Significant Activity

- Fundamental element of business model
- Critical to achievement of business objectives
- Based on qualitative or quantitative measures
- Now or in the future

Risk Matrix

Significant Activities	Inherent Risks						Quality of Risk Management							Net Risk	Direction of Risk	Importance	
	Credit	Market	Insurance	Operational	Regulatory Compliance	Strategic	Operational Management	Financial	Compliance	Actuarial	Risk Management	Internal Audit	Senior Management				Board
Significant Activity 1																	
Significant Activity 2																	
Critical Process 1																	
Overall Rating																	

	Rating	Direction	Time Frame
Earnings			
Capital			
Liquidity			
Composite Risk			

Intervention Rating	
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For Example Purposes Only

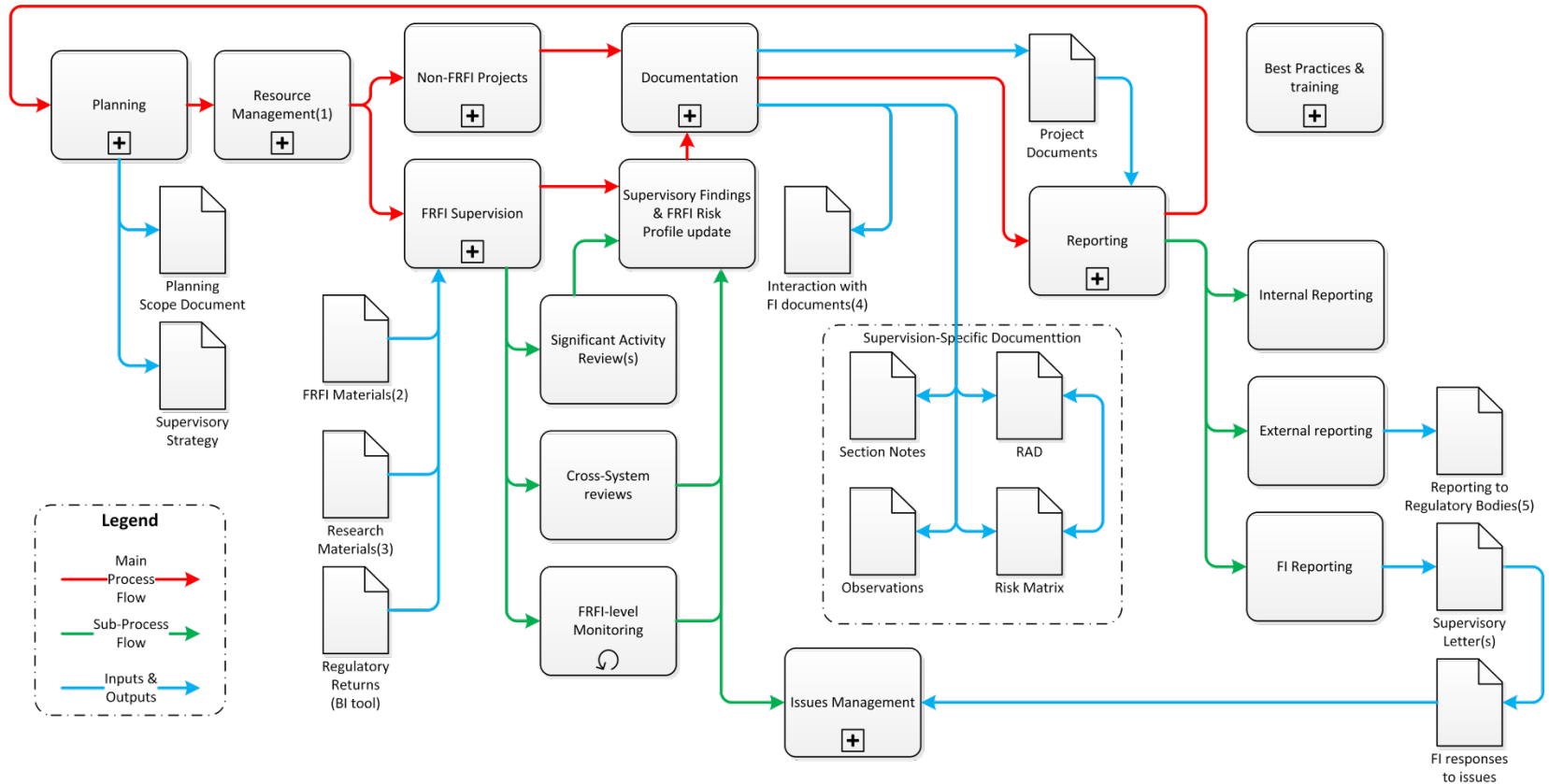


| OSFI |
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Process Maps

Functionality Gaps

High-Level process



(1) **Resource Management** includes Organization & scheduling of resources (collaboration)

(2) **FRFI Materials** include: Board packages, News, Analyst Call results, Quantitative Impact Assessment

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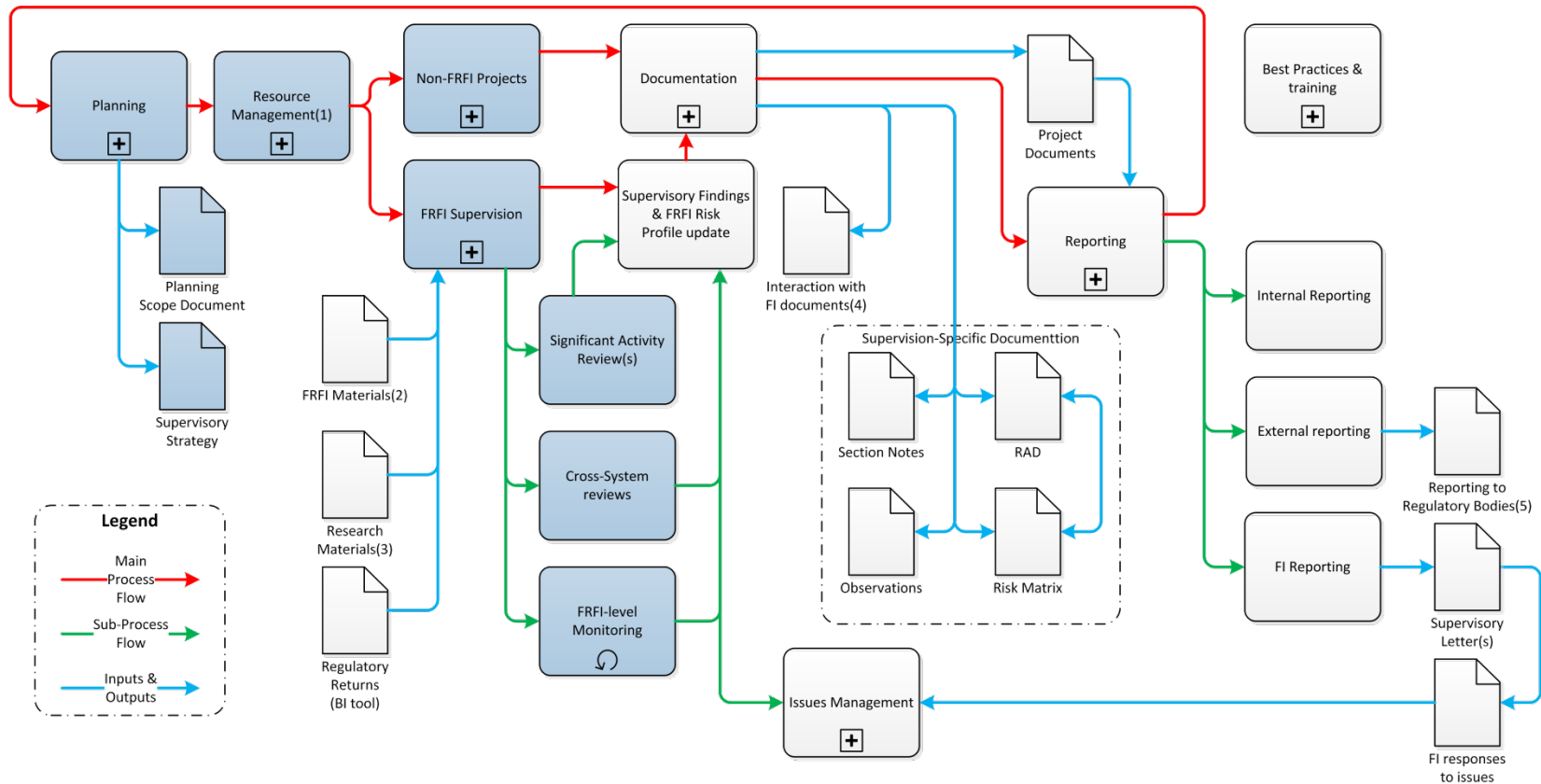
(4) **Interactions with FI documents** include meeting minutes, correspondence or requests to FRFI

(5) **Reporting to regulatory bodies** includes reports to CDIC, Home Regulators (i.e.: APRA)

Planning & Resource Management

- Capacity and Capability Management (Resource Management)
 - Prioritization;
 - Resource Allocation & Scheduling;
- Activity Tracking
 - Plan Change Management;
 - Supports carry-over of activities from period to period;
- Activity Description and Approval

Planning & Resource Management



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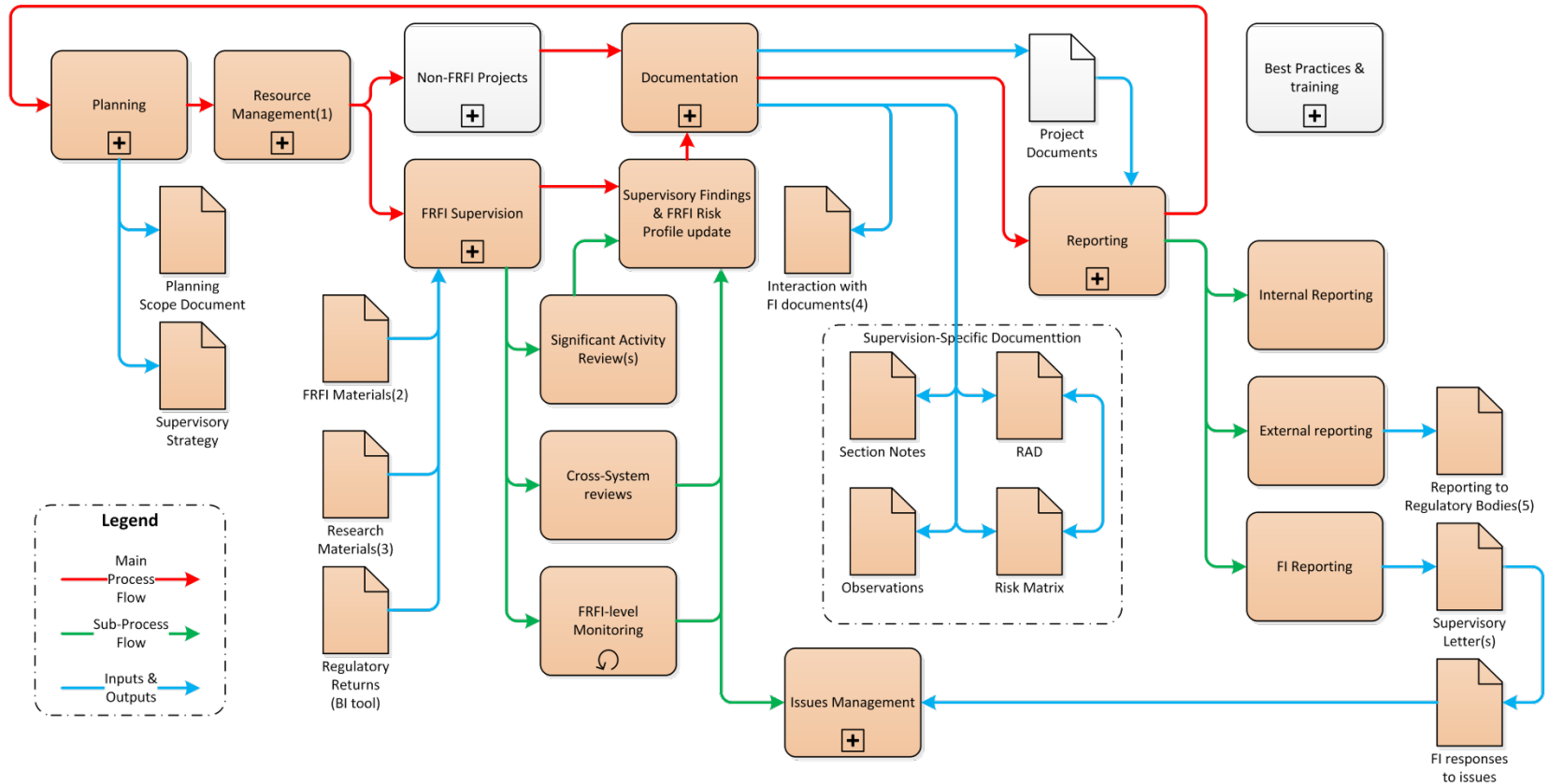
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FRFI 360

- Contact Management
- FRFI Communications & Interactions
 - integrated 360 degree view and management of iterations with FRFIs
- Customer Relationship Management

FRFI 360



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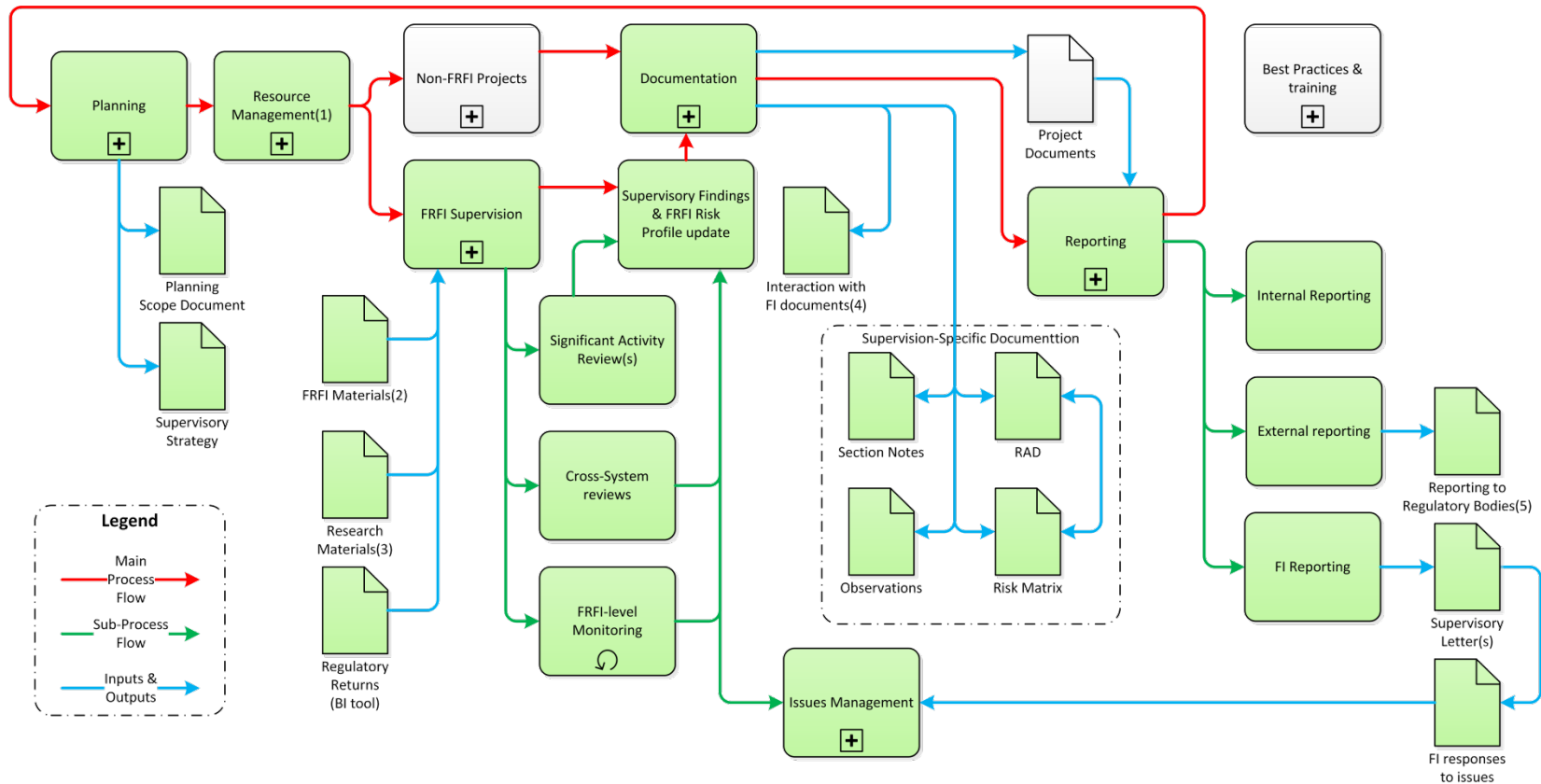
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Case Management

- Supervisory Cases/work
 - Significant Activity Reviews
 - Cross System Reviews
 - FRFI-level Monitoring
 - Other work/cases
- FRFI Issue Management
- FRFI Approvals & Reviews

Case Management



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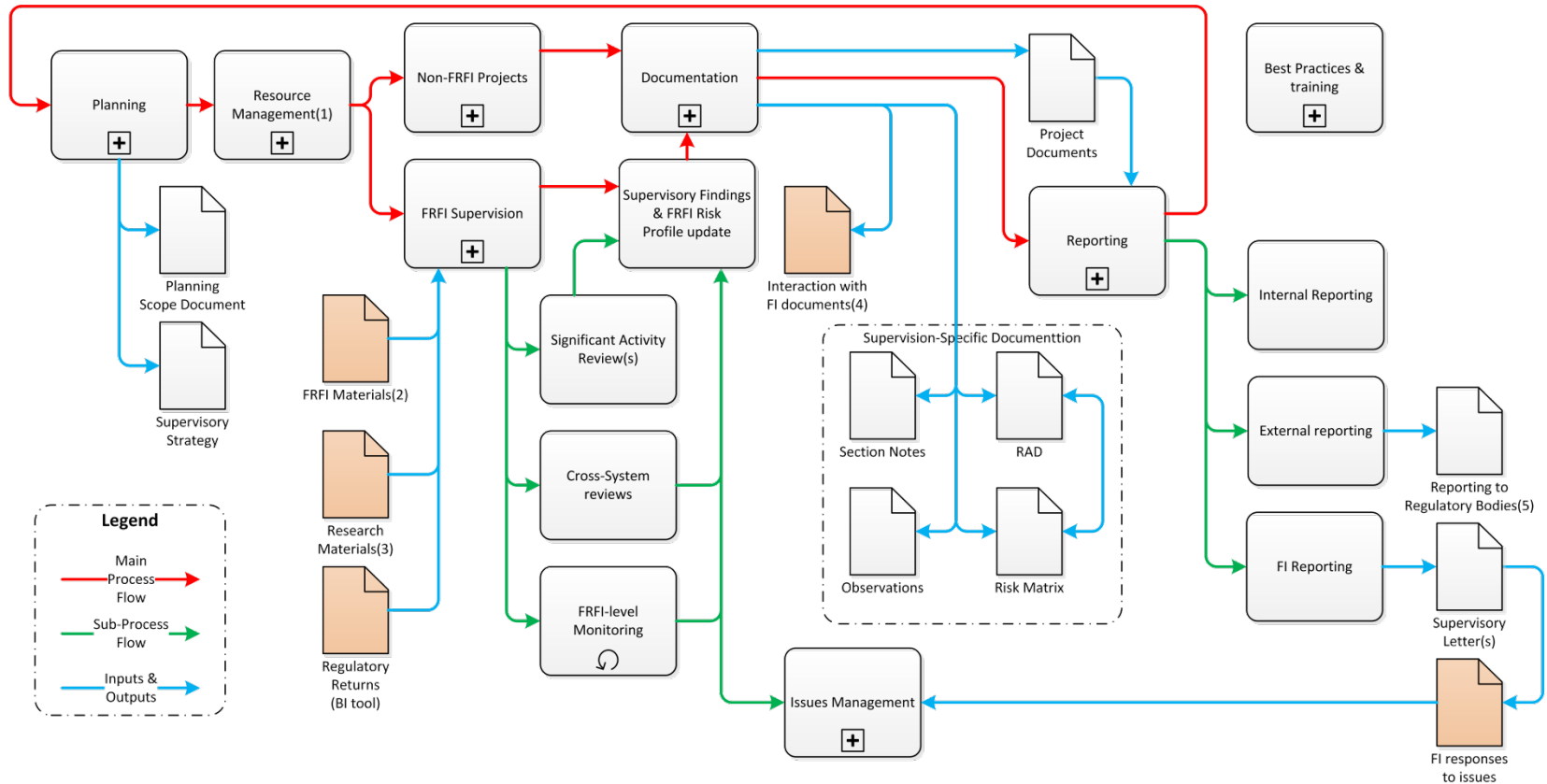
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FRFI Information Management

- Document Submission from external sources
- Subscription and Reference Material
- Tracking of FRFI information

FRFI Information Management



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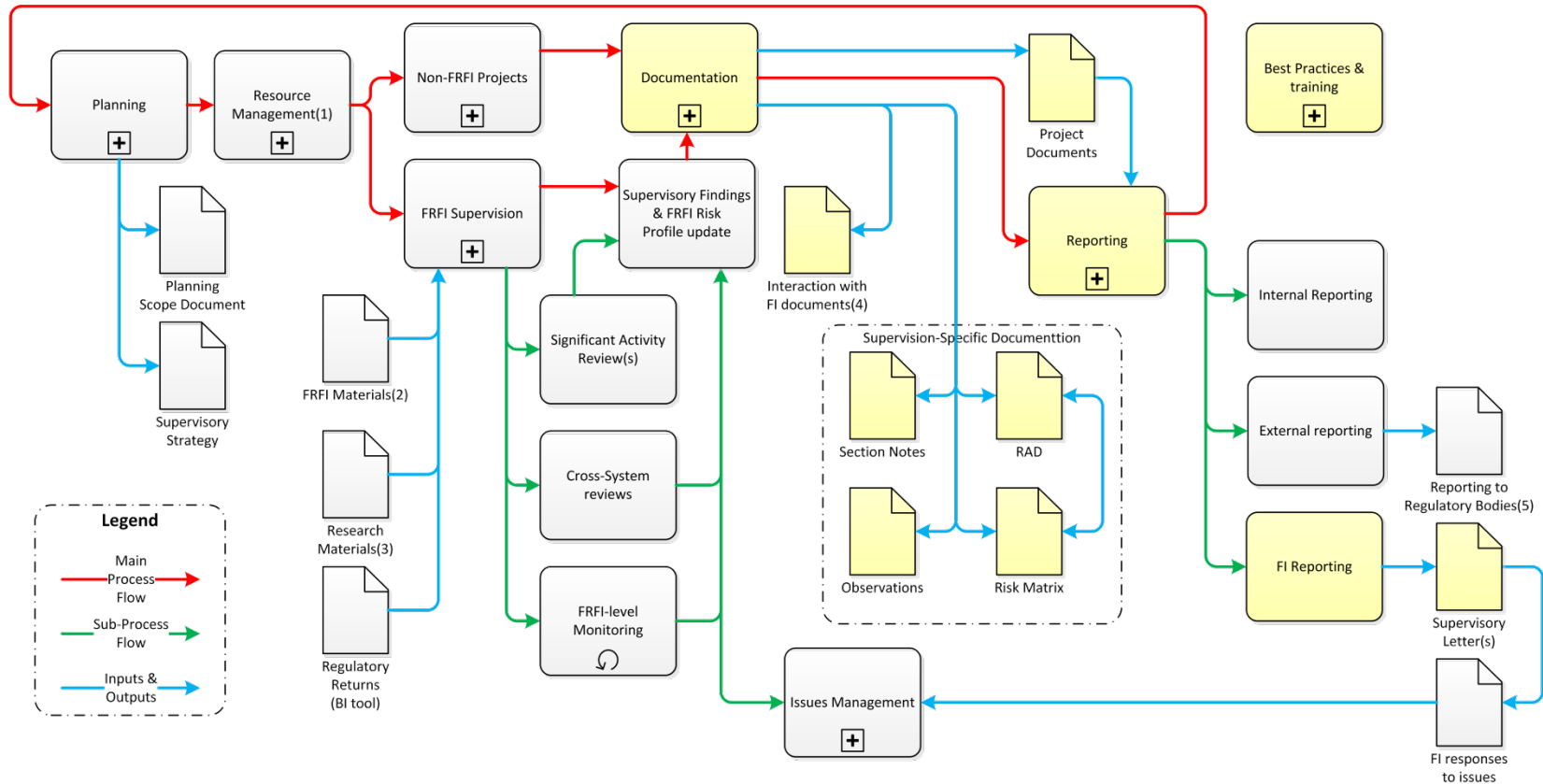
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Knowledge Management

- Structured Content
- Document Generation
- Version Control
- User Tagging
- Search (advanced)
- Ranking
- Training (sharing of knowledge)
- Best Practices

Knowledge Management



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FRFI Industry Risk Profile Management

- Virtual Risk Matrix
- Current and Emerging Risk Identification, Importance and Prioritization
- Ratings/ Findings/ Recommendations/ Judgements/ Approvals
- Compare FRFI Ratings

Risk Matrix

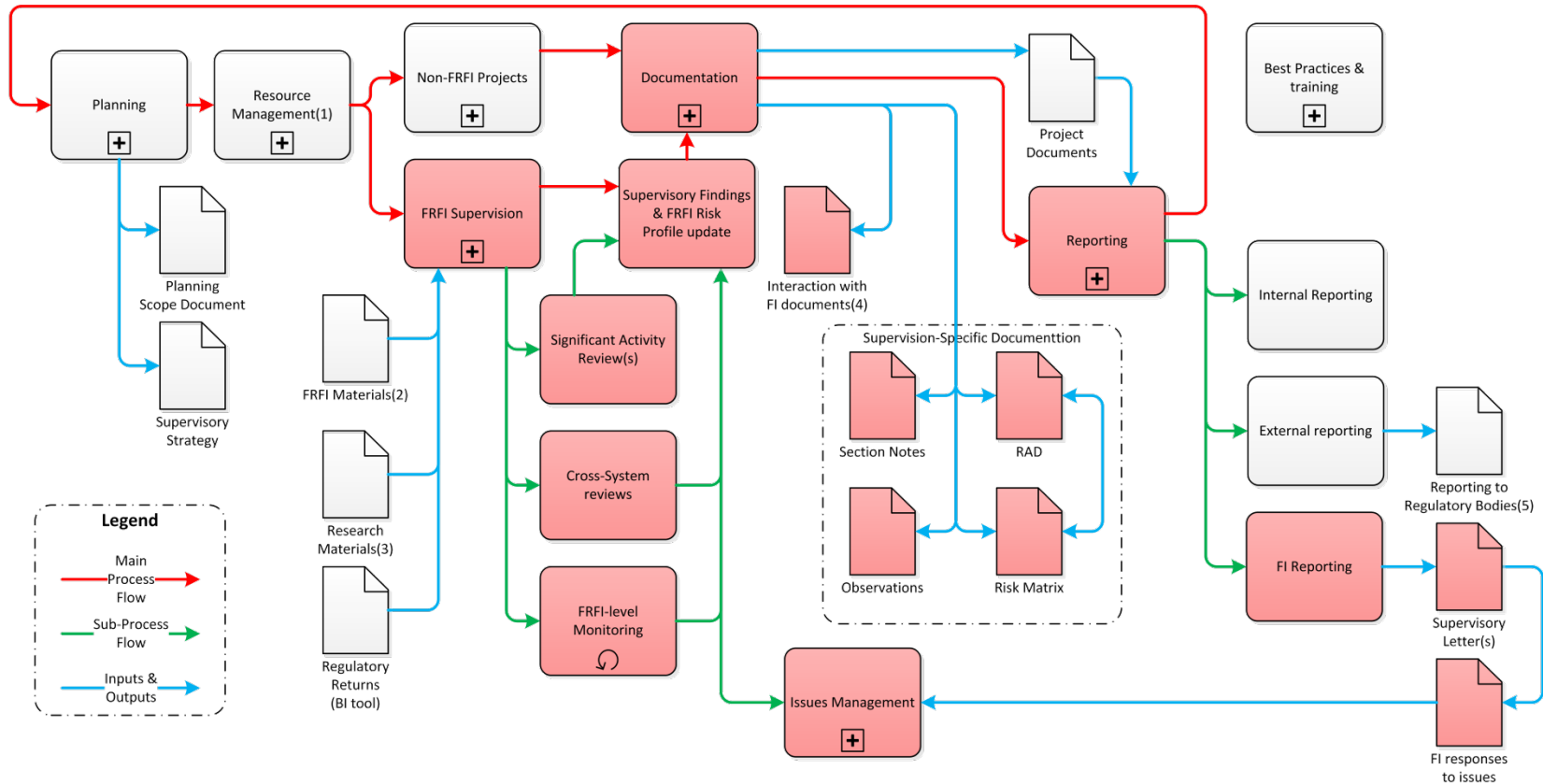
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FRFI Industry Risk Profile Management



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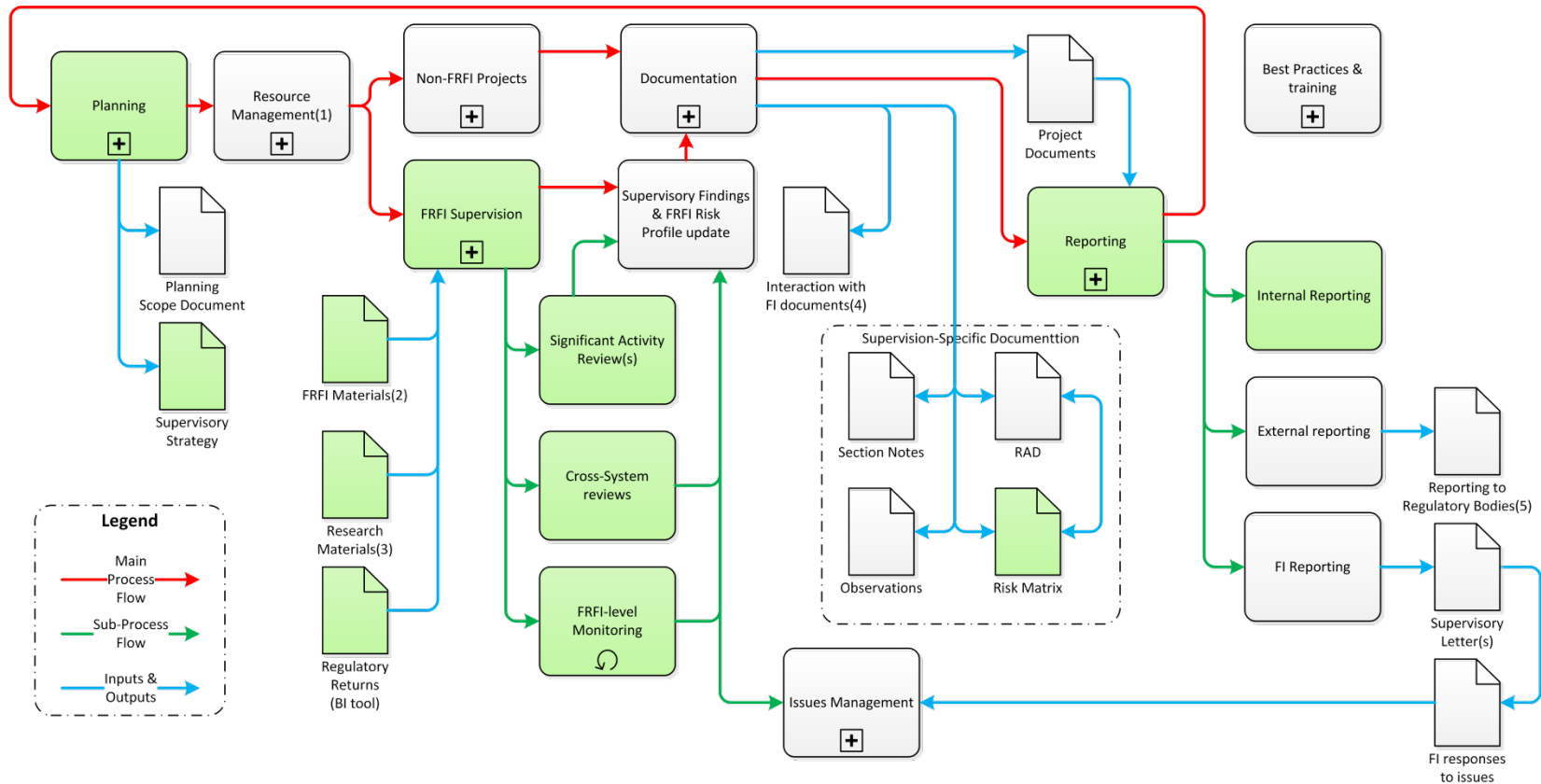
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Analysis Support

- Support Analytics
- Reporting & Charting
- Drill-down functionality
- Dissemination and Publication
- Business Intelligence (BI)

Analysis Support



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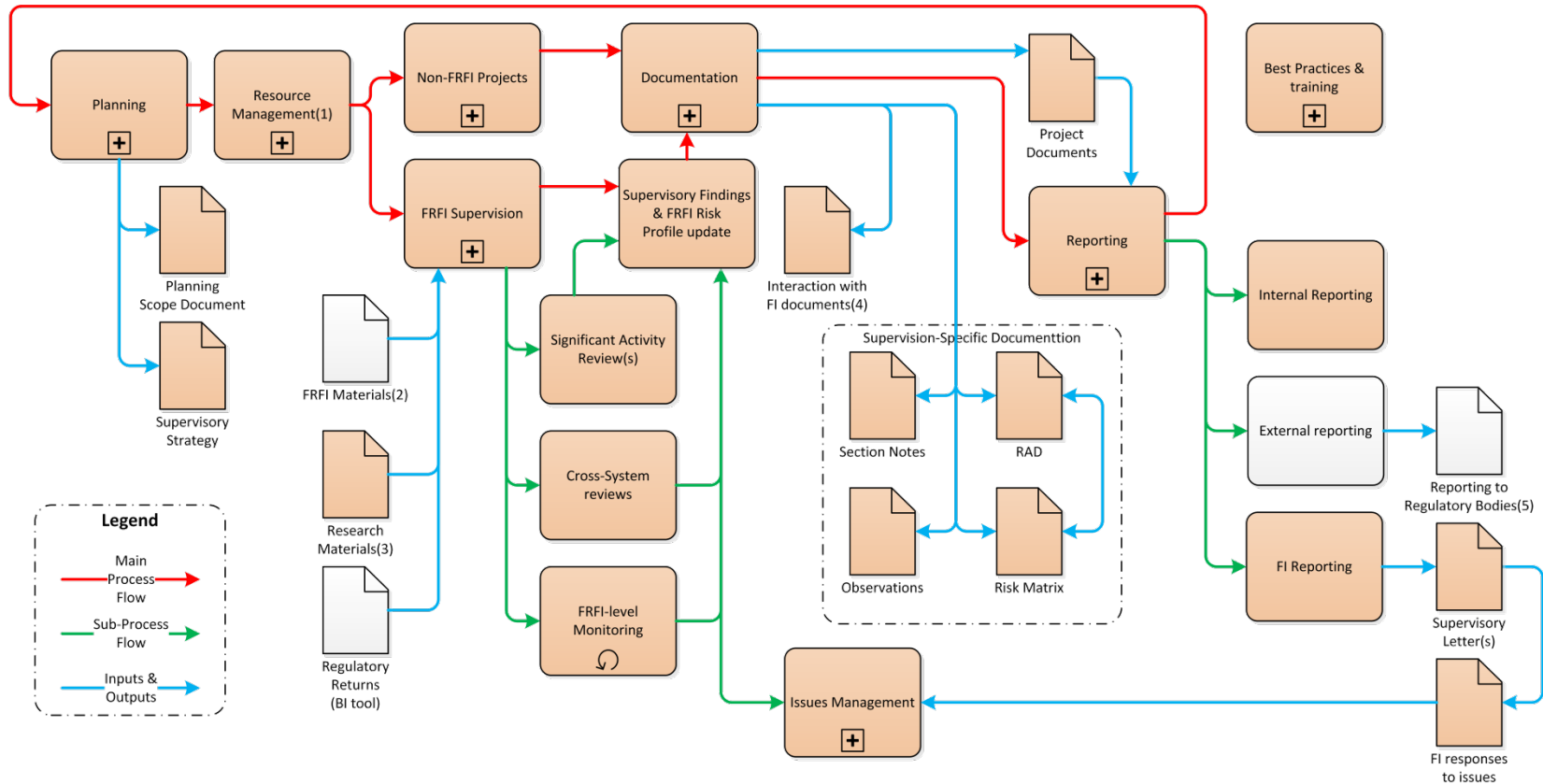
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Collaboration & Social

- Collaborative Documentation
 - Collaborative capture of structured information
- Virtual Communities
- Calendar Sharing
- Wikis
- Message Boards
- Social feeds (personalized)

Collaboration & Social



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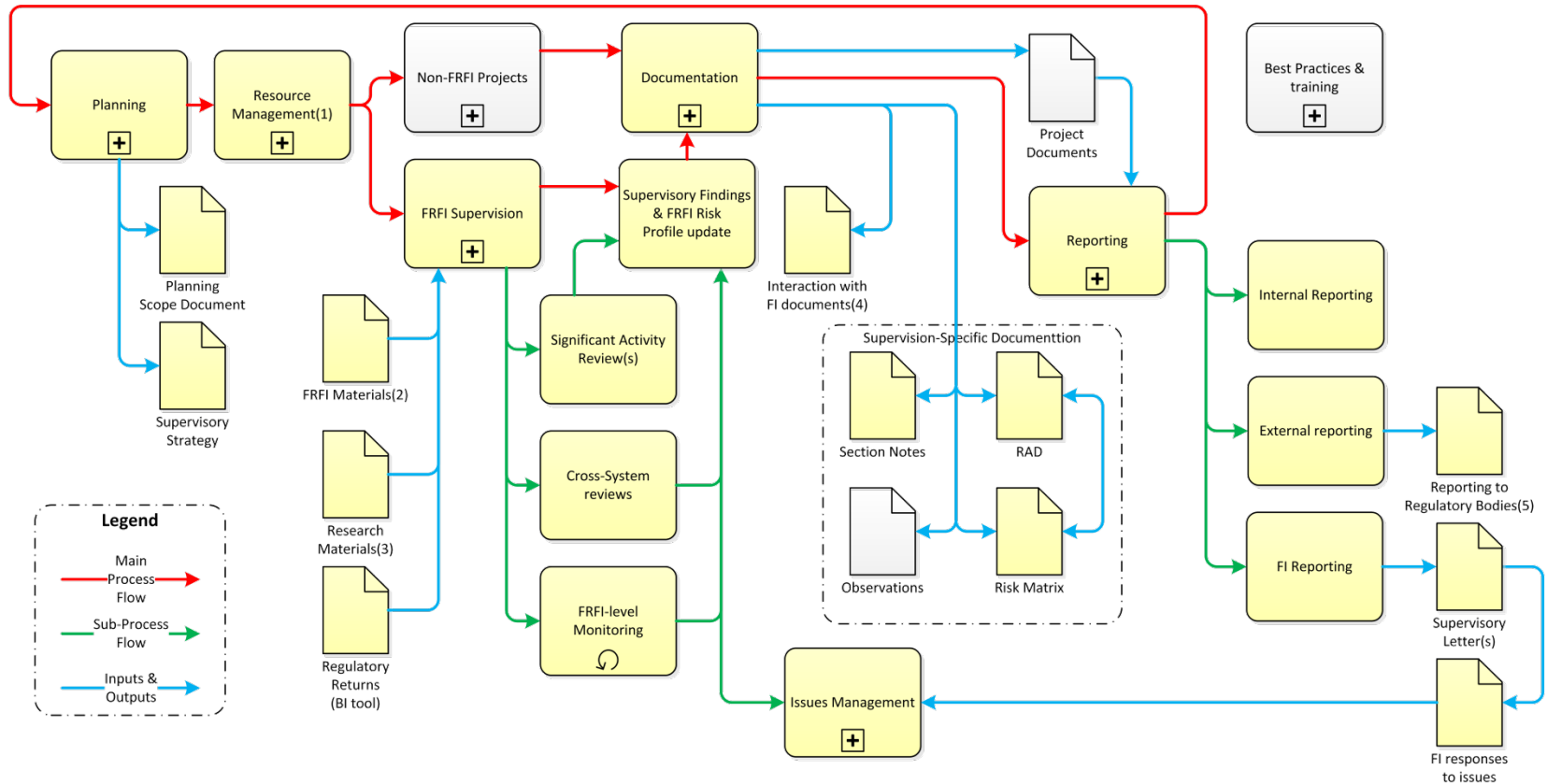
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Reporting & Dashboarding

- Real time graphical presentation of key indicators related to the supervision of FRFIs

Reporting & Dashboarding



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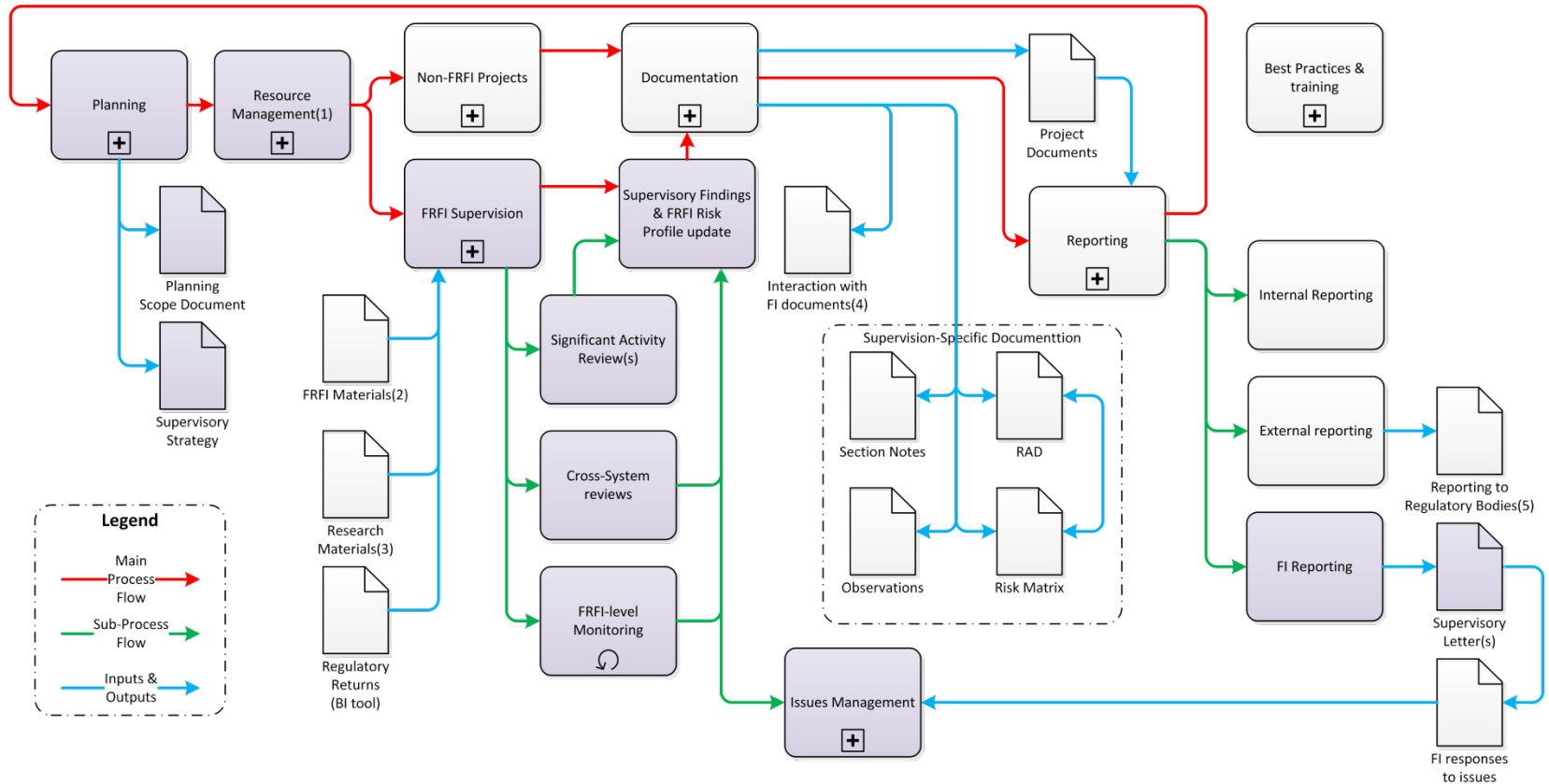
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Workflow and Governance

- Calendar/ Scheduling Events
- Automated notification
- Approvals
- Workflow configuration
- Work Assignment
- Activity governance

Workflow and Governance



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Additional Expected Functionality (Preliminary)

for Future State

User Experience

- Interactive & drillable Entity Views (i.e. Risk Matrix)
- Configurable Forms
- Dashboard Layouts
- Event Based Notifications
- Contextual Help and Guidance
- Access by Modern Devices
- Offline Access

Business Rules

- Form Validation
- Relationship Validation
- Workflow Validation

Document Generation & Reporting

- Aggregation of information to replicate current key Supervisory document artefacts
- Flexibility to create comparative perspectives across different information sources

Questions/Comments