



Office of the Superintendent of  
Financial Institutions Canada

Bureau du surintendant des  
institutions financières Canada

# Management Information Systems Reporting Supervisory Expectations

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23rd XBRL International Conference:  
Enhancing Business Performance  
October 25, 2011



OSFI  
BSIF

Canada 

# About OSFI

- **Independent federal agency established in 1987**
- **Primary prudential regulator and supervisor for all federal financial institutions and private pension plans in Canada**
  - includes all banks operating in Canada (77)
  - federal trust and loan companies (68)
  - Cooperative Credit or Retail associations (7)
  - life insurance companies (78)
  - fraternal benefit societies (16)
  - property and casualty insurance companies (181)
  - pension plans sponsored by federally regulated industries (approximately 1400 plans, or 7% of plans in Canada)



# About OSFI (cont'd)

- **OSFI was created to contribute to public confidence in the Canadian financial system**
- **OSFI is an independent agency funded on a cost recovery basis through the assessment of fees** (\$100.9 million expenditures in 2009-2010)
- **OSFI has approximately 550 employees in four offices across Canada**
  - Toronto, Ottawa, Montréal, Vancouver
- **Primary to OSFI's mandate and central to its accountability to Canadians are its activities to:**
  - protect the rights and interests of depositors, policyholders, pension plan members and creditors of financial institutions, and
  - contribute to public confidence in a safe and sound financial system.



# About OSFI (cont'd)

OSFI's activities can be divided into two broad functions:

- **Supervision:** identifies institution-specific risks and trends, and intervenes in a timely manner to minimize losses to policyholders, depositors and pension plan members.
- **Regulation:** enhances the financial system's safety and soundness by evaluating system-wide risks and promoting sound business and financial practices through guidelines, policy and recommendations.



# Lessons Learned from the Financial Crisis

- Many financial institutions were challenged to produce ad-hoc reports needed to help assess the risks and their impacts
- Many large financial institutions capture appropriate data, but need significant effort to aggregate data and generate reports
- A missing component was a comprehensive Risk Appetite Framework



# Risk Appetite Framework

## Key Risk Appetite Framework features include:

- articulating a clearly defined risk appetite
- using a common risk appetite language across the organization
- monitoring risk through reliable, accurate, comprehensive, and timely quantitative information



# MIS Reporting Principles

**Supervisory principles established in relation to data aggregation and reporting practices**

- accuracy
- integrity
- completeness
- adaptability
- timeliness



# Looking Ahead: Financial Institutions

## Financial institutions will be encouraged to:

- develop a Risk Appetite Framework
- enhance strategic plans to incorporate the RAF and needed data and infrastructure changes
- increase automation of risk data aggregation and reporting
- reduce manual operations and workarounds





# Looking Ahead: Financial Institutions (cont'd)

**Financial institutions also need effective strategic plans that include:**

- improved IT infrastructures to support changing data aggregation requirements
- partnership between business and IT management
- commitment of appropriate resources
- accountable project management offices
- data administrators and clear data owners



# Looking Ahead: Supervisory Practices

## Continued focus on MIS reporting practices through:

- monitoring of international developments
- participating with other regulators to develop coordinated data principles/standards
- reviewing data practices at financial institutions to identify areas for improvement
- consider developing guidance that is coordinated globally with other jurisdictions



# Questions?





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