MESSAGE FROM THE PRESIDENT AND CEO

It has now been ten years since the 2008 financial global crisis and eight years since I took up my tenure as President and Chief Executive Officer in 2010. In the interim, CDIC has undergone significant changes.

While Canada avoided its worst effects, the crisis exposed some challenges and gaps in Canada’s resolution regime for its largest banks, the domestic systemically important banks (D-SIBs). One of the measures undertaken was the expansion of CDIC’s role to include responsibility for D-SIB resolution planning and preparedness, which was formalized in our law—the Canada Deposit Insurance Corporation Act (the CDIC Act)—in 2017.

Looking back on developments in resolvability of Canada’s D-SIBs since that time, CDIC has much to be proud of. We had a strong starting position, with a solid track record as a deposit insurer and a resolution authority. Unlike deposit insurers in some major economies around the world, CDIC had experience dealing with bank failures and imposing losses to creditors. In addition, CDIC had many of the powers required to resolve a systemic bank failure and, thanks to our experience, we had already developed a “resolution mindset.” Importantly, CDIC had an established ex ante fund from the premiums paid by members and had explicit government financial backing.

Since 2011, CDIC has continued to improve the resolution regime. Last year the needle moved further along on several fronts. The D-SIBs made significant progress in resolution planning and they continue to remain fully engaged in this process. In the fall of 2017, the Royal Bank of Canada was designated by the Financial Stability Board as a global systemically important bank, or G-SIB. Both CDIC and the bank are well-positioned for this transition.

Further, to achieve a key milestone of ending the issue of “too big to fail” in Canada, we collaborated with the Government on the bank recapitalization (bail-in) regime and have made good headway in working through various operational aspects of the regime. In doing so we undertook extensive consultations with our D-SIBs. I thank them, as well as CDIC’s Advisory Panel members, for their insights and feedback during this process.

Given the international footprint of our D-SIBs, we have continued to build strong relationships with key international counterparts to increase cross-border cooperation, critical to the effective resolution of D-SIBs. These relationships serve two important purposes—they provide us with a thorough understanding of the impact of resolution, and they enable us to share best practices in resolution with our international peers.

While our mandate has grown, one core aspect has remained unchanged throughout: CDIC’s protection of depositors. This year brought a reminder of the importance of CDIC’s readiness to protect depositors. We saw how critical it is for CDIC to be ready to jump into action to reimburse depositors on short notice, and to sustain public confidence in CDIC and the stability of the financial system. Ensuring confidence is why we have invested even more resources in public awareness this year.
Another key tool in keeping Canadians aware of CDIC is leveraging the relationship they have with their banks, which is done through our Deposit Insurance Information By-law. With a focus on new platforms and e-banking, the by-law was recently overhauled to expand the information members must provide.

Keeping our deposit insurance program relevant to the needs of the public was the rationale behind new enhancements to the CDIC Act that the Government recently introduced in Parliament. With our support and research, these proposed changes are a welcome development in ensuring that our coverage reflects the realities and preferences of the depositing public.

The importance of robust relationships as an enabler to delivering on CDIC’s mandate has remained a constant over the last decade—especially our collaboration with the financial safety net members, who each have a role to play in making the overall system better for Canada. Such a sound foundation assists us all in advancing future CDIC policy objectives and implementing timely and effective interventions and resolutions.

Thank you

In June 2018 I will be retiring from CDIC. While I have served as President and CEO for the last eight years, I joined the Corporation in 1992. I have focused most of my career on the issues and challenges of deposit insurance and financial stability, an opportunity for which I am extremely grateful.

To thank the many who have guided and supported me over my career is an impossible task. Let me mention in particular our Board of Directors, led by our Chair Bob Sanderson, whom I thank for their counsel and commitment. To Claudia Morrow, who will also be retiring in June, I extend appreciation for her outstanding contributions since 1995.

I owe a special debt of gratitude to our talented employees and our very capable Executive Team. They represent the best I could ask for—an enthusiastic, passionate group of people who reflect Canada as a bilingual and diverse country. I have full confidence in the ability of our Executive Team to lead CDIC into the future.

To CDIC, our employees and Board members, I wish the very best in your continued service to depositors and to the stability of the Canadian financial system.

Michèle Bourque