

# 2013 ANNUAL REPORT

## NEW HORIZONS

MEETING THE NEEDS OF OUR  
PARTNERS IN A DYNAMIC REGULATORY  
ENVIRONMENT

## MAJOR CONTRIBUTORS AND PARTNERS



Foreign Affairs, Trade and  
Development Canada

Affaires étrangères, Commerce  
et Développement Canada



THE WORLD BANK



**Schulich**  
School of Business  
York University

# TABLE OF CONTENTS

THE TORONTO CENTRE AT A GLANCE .....	4
OUR PROGRAMS .....	13
2013 YEAR IN REVIEW.....	22
BUILDING ON OUR SUCCESS: OUR PLANS FOR THE FUTURE.....	36
THE BROADER CONTEXT: MESSAGES FROM THE TORONTO CENTRE'S ADVISORY BOARD CHAIRS.....	40
GOVERNANCE, OPERATIONS, AND FINANCES.....	46
THE TORONTO CENTRE TEAM .....	53
BOARD OF DIRECTORS.....	53
ADVISORY BOARD MEMBERS.....	56
STAFF.....	57
CONTRIBUTORS AND PARTNERS.....	61

# TORONTO CENTRE AT A GLANCE

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## Our Vision

A world where financial systems are stable, reliable, and accessible to all.

## Our Mission

To enhance the capacity of financial regulators from around the world to help improve their agencies' crisis preparedness and to promote change that will lead to sound and inclusive financial systems.

## Who We Are

The Toronto Centre is an independent non-profit organization committed to building the capacity of financial sector regulators and supervisors, particularly in emerging markets and low-income countries, to establish robust regulatory and supervisory frameworks that are effectively enforced. We believe that in order for countries to thrive, their financial systems must be reliable, stable, and inclusive. These economic foundations support sustainable economic growth and job creation, and help to reduce poverty and raise standards of living.

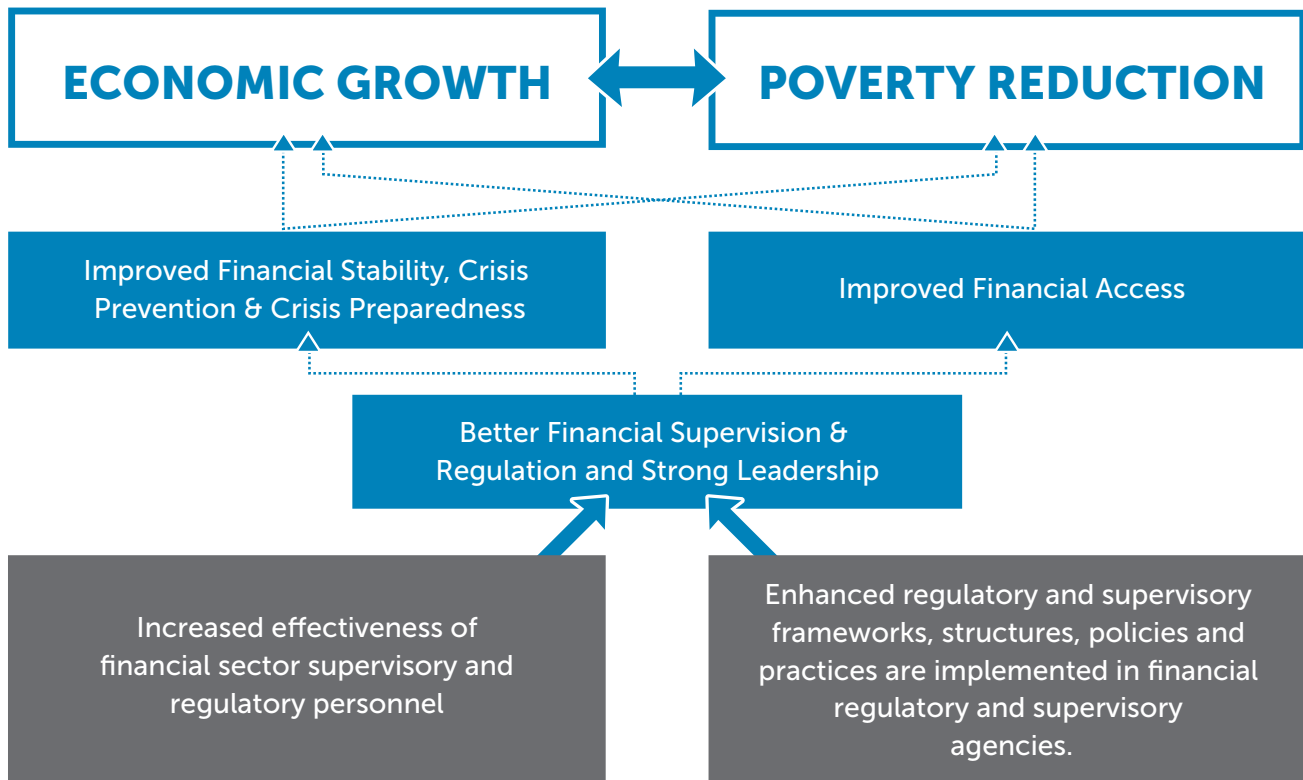
The Toronto Centre plays an important role in helping countries create sound financial systems by giving mid- to senior-level supervisors the training, tools, knowledge, and leadership skills they need to effect positive change.

Our training programs are highly practical. Through simulation exercises, case studies and other activities, participants learn how to manage financial crises and how to reduce the likelihood of future crises occurring.

Our programs are focused on six financial sectors:

- Banking
- Insurance
- Microfinance
- Microinsurance
- Pensions
- Securities

Some of our programs cover more than one financial sector. These cross-sectoral programs discuss the challenges of avoiding and managing financial crises, explore inter-sector linkages and spillovers, and demonstrate how supervisors from different sectors can work together effectively.



## Our History

The Toronto Centre was established in the aftermath of the 1997 Asian Financial Crisis by the Canadian government, the World Bank, and the Schulich School of Business in response to concerns that the crisis resulted, in part, from weak financial sector supervision. We believe that sound supervision can foster economic stability and development, particularly when it keeps abreast of new market developments that impact the financial system.

Over our 16-year history, we have earned a reputation for excellence in delivering high-quality training programs that are useful and relevant. We have also expanded the number and types of training programs offered to cover new sectors and topics. For example, we developed new programs focused on microfinance and microinsurance, which are designed to help regulators make financial systems more accessible to the poor - especially women - in

developing countries and emerging markets.

The Toronto Centre is proud to have trained more than 7,000 supervisors and regulators from more than 170 countries since its launch in 1998. In 2013 the Toronto Centre trained more than 1,800 participants and we are continuing to expand our programs and services.



## Major Contributors and Partners

The Toronto Centre receives support from international organizations and development agencies. Our major funding partners and supporters are the

Canadian Department of Foreign Affairs, Trade, and Development (formerly CIDA), the Swedish International Development Cooperation Agency (Sida), the

World Bank, the International Monetary Fund, and the Schulich School of Business at York University.

## Why our Work Matters

Around the world, elected officials and policy-makers are increasingly aware of the contribution financial sector supervision and regulation make to economic growth. Correcting poor supervisory and regulatory practices is fundamental to building and supporting stable economies and preventing crises. It is also important in ensuring the sustainability and success of microfinance and microinsurance sectors, which are critical to improving access to financial services for the world's poor and marginalized, especially women.

To realize our vision of strong economic growth, the Toronto Centre's training programs are built upon three main objectives: improved financial stability, better crisis preparedness and management, and greater financial inclusion. From the beginning, we have seen that one of the most important qualities for enabling financial supervisors to achieve these goals is strong leadership skills.

### Improved Financial Stability

Sound regulation and supervision lead to stable financial systems that help reduce economic volatility, mitigate systemic risk, create jobs, and reduce poverty. For emerging markets and low-income countries in particular, stable financial systems are essential to long-term growth and development.

*The Toronto Centre is proud to have trained more than 7,000 supervisors and regulators from more than 170 countries since its launch in 1998.*

In addition, effective financial regulation and supervision support healthy business climates. They make it easier for businesses to raise funds and invest in well-regulated markets. Also, by reducing the likelihood and impact of financial crises, effective regulation helps reduce interest rates, which in turn fosters business investment and consumer confidence.

### Better Crisis Preparedness and Management

Studies show that financial crises can result in a dramatic reduction in growth and an increase in poverty levels, severely affecting the poorest, most vulnerable citizens. The World Bank's 2013 *Global Monitoring Report* indicates that, in the wake of the Global Financial Crisis, poverty reduction continues to lag behind the United Nations Millennium Development Goals.

Effective regulation and supervision help prevent such crises, and limit their impact should they occur. They help to ensure that the risks financial institutions bear do not exceed the capability of their risk management and control systems, and the capacity of their balance sheets to absorb losses. Financial institutions that take undue risks or have poor risk management practices should be identified so that corrective action can be taken before problems become complex and costly.

## Greater Financial Inclusion

Research shows that poverty is perpetuated and economic growth and job creation are limited when there is a lack of access to financial services. However, the emergence of microfinance and microinsurance sectors is improving financial accessibility. These sectors are making it easier for the poor to borrow, save, manage risk, and insure themselves. Making financial systems more inclusive goes a long way toward breaking the vicious circle of poverty. Financial inclusion can lift the standard of living for the poor and the disadvantaged, particularly women who are sole proprietors or who operate small businesses. The ability to participate in financial markets can be a prerequisite to economic success.

Access to insurance is an especially significant strategy for poverty reduction. Microinsurance can play a key role in mitigating losses resulting from events such as the sudden death of a family member, illness, the loss of a crop, or any loss of income or property. Without it people are vulnerable and poverty can be perpetuated. Use of insurance also provides a catalyst for economic development in low-income communities.

More recently, the World Bank stressed the need for governments to provide robust supervision to support both economic growth and access to financial services in its *Global Financial Development*

*Report 2013: Rethinking the Role of the State in Finance.* The World Bank's 2014 follow-up report, *Financial Inclusion*, drew the link between increased financial accessibility and reducing poverty. It notes that "considerable evidence indicates that the poor benefit enormously from basic payments, savings, and insurance services. For firms, particularly the small and young ones that are subject to greater constraints, access to finance is associated with innovation, job creation, and growth."

Leading experts on microfinance from the Consultative Group to Assist the Poor - a valued partner of the Toronto Centre - note that effective regulation and supervision are critical to the stability and expansion of microfinance. If supervision and regulation are weak, these crucial sectors suffer, as do those relying on them.

Because traditional supervisory tools are not always appropriate for microfinance and microinsurance, there is a pressing need to develop new approaches that will help these sectors expand and sustain healthy growth. Our programs teach supervisors the benefits of inclusive financial systems and best practices for regulating these rapidly evolving sectors.

*Leading experts on microfinance from the Consultative Group to Assist the Poor note that effective regulation and supervision are critical to the stability and expansion of microfinance*

## Stronger Leadership Skills

Financial regulators and supervisors need enabling legislative frameworks, sufficient powers, and adequate budgets to effectively discharge their duties. In addition to technical expertise, they must have the leadership skills required to work with public and private sector stakeholders, as well as to successfully interact with banks, insurers, securities firms, other financial intermediaries, and the powerful groups that often control them in developing economies. In order to implement changes, they must be able to effectively manage challenges within their country's political and institutional contexts.



## Our Programs

The Toronto Centre offers a variety of programs that strengthen the skills of supervisors, regulators, and their agencies. Participants enhance their financial sector knowledge and their command of regulatory and supervisory tools and processes, and develop the leadership and management skills

needed to make positive change. We help them identify solutions to the challenges they face in order to improve the financial sectors they regulate.

We are well known in the global supervisory community for our highly interactive, practical,

case-based programs, which are taught by an international cadre of experts. We host programs in Toronto as well as in partner countries around the world. Programs are typically one week in length, although multi-year programs are made available to individual countries upon request.

### In our programs, we teach our participants how to:

- Work toward international standards of supervision
- Deal effectively with troubled financial institutions and market failures
- Take prompt action to prevent financial crises
- Implement risk-based supervision frameworks
- Work with other government officials to create and maintain effective legislative and regulatory frameworks for financial sector supervision
- Better understand how to interact with stakeholders
- Promote and gain support for sound industry practices
- Support efforts to enhance inclusiveness and gender equity in financial services.

Participants also benefit by gaining access to a network of supervisors with whom they can discuss work issues, new ideas, and practical solutions on an ongoing basis.

*"In my strong opinion, training programs organized by the Toronto Centre are designed to cover different aspects of banking and financial supervision and continue to be a unique source of highly expert advice.*

*"I participated in the Toronto Centre's high-level seminar on banking supervision. The seminar was well-organized with active participation and lots of fruitful discussions. Highly qualified experts greatly contributed to the discussion of the enhancement of risk assessment and management practices. I strongly believe that the training organized by the Toronto Centre helps to improve the quality of risk management and financial stability not only in separate countries, but globally as well."*

*Arthur Javadyan  
Chairman - Central Bank of Armenia*

## Message from the Chairman of the Board

The Toronto Centre has always set ambitious goals – building the capacity of financial sector supervisors and regulators around the world in order to promote improved financial stability, better crisis preparedness and management, reliability of financial institutions, fair treatment of consumers, healthy markets, and greater financial inclusion.

We began slowly, working first on developing leadership skills, then branching out to other topics that our clients identified as needed. We developed different ways to deliver programs to meet their needs effectively. In every case we have tailored our programs to address emerging issues and the needs of particular jurisdictions and regions. And throughout our history, we have been supported

by generous sponsors who share our goals. We have worked hard to make the best use of their contributions.

By 2012, program delivery and participation had reached a new high in terms of the number and variety of programs offered and supervisors trained. We had planned to pause in 2013 to consolidate our achievements, but due to growing demand our programming continued to expand, helping us reach more people than ever before in our history. Our focus continues to be on connecting with supervisors and regulators in low-income countries and emerging markets where the need to build strong financial systems is greatest and our efforts will likely have the greatest impact. We strive to stay at the forefront of issues facing financial sector supervisors and update our materials regularly to reflect the changing regulatory landscape.

In this report you will read about the Country, Regional, and International Programs we delivered over the last year. Some were designed to address

specific topics in one-week sessions; others were designed to be implemented over a longer time frame, sometimes several years. In our country programs, we work closely with the local supervisory agencies, either on our own or in cooperation with other international organizations such as the World Bank, IMF, CGAP, and the Financial Stability Institute to deliver programs, always striving to complement – and not duplicate – what others do well. As we continue to grow and innovate, so will our partnerships with these agencies and others with common goals.

I am immensely proud of what we have achieved over the past 16 years. Today's Toronto Centre is not just delivering more programs. We are working hard to deliver the right programs that reflect the changing financial and regulatory environment, and can help make the world a better place for all those served by financial systems.



**John R.V. Palmer**  
Chairman of the Board

## Message from the President and Chief Executive Officer

2013 was a busy and productive year for the Toronto Centre. We diversified our program offerings, delivered more programs to more people, and forged new strategic partnerships with agencies such as the Australia Indonesia Partnership for Economic Governance, Access to Insurance Initiative, Deutsche Gesellschaft für Internationale Zusammenarbeit (Germany's international development agency - GIZ), and the Superintendencia General de Entidades Financieras and Superintendencia General de Seguros (Costa Rica's banking and insurance supervisory authorities). We have managed our tremendous growth over the past three years in a way that serves our goal of a more reliable, stable, and inclusive financial world.

In 2013 we continued to address the issue of financial inclusion - an area key to economic growth in many emerging and low-income markets and particularly helpful to women who might otherwise have little access to financial services. We have established programs for supervisors and regulators in microfinance and microinsurance, with the aim of having appropriate supervisory oversight over facilities that provide lending or insurance to microenterprises and low-income individuals, so as to ensure stability and consumer protection.

In recent years the Toronto Centre has been doing more work with individual countries to develop their supervisory agencies, often on a long-term basis. In 2013, Long-Term Country Programs rose to account for 35 percent of our program activity, up from 18 percent in 2012. Typically running over a three-year period, these Long-Term Country Programs offer an opportunity to effect change in a more sustained and measurable manner. Working with the local agencies, we tailor our programs to the country's needs and stage of

development, jointly establishing clear deliverables at the outset and monitoring progress throughout the course of each program.

The Toronto Centre offers programs aimed at particular financial sectors, as well as cross-sectoral programs which help both integrated authorities (agencies that regulate more than one financial sector - banking and insurance, for example) and non-integrated authorities understand how the objectives, key considerations, and approaches to supervising one sector may differ from those of another. Ultimately this leads to better communication and surveillance, and enables supervisors to deal more effectively with the risks arising from an increasingly connected world.

We have adapted our programming over the years to meet the evolving needs and most pressing challenges facing supervisors and regulators. Some of these issues are highlighted by the Financial Sector Assessment Programs (FSAPs) conducted by the World Bank and IMF. We worked with



regulatory agencies to address weaknesses they have identified in the course of the FSAPs. Looking to the future, we are exploring the feasibility of developing programs dealing with issues such as consumer protection, shadow banking, Basel's Internal Capital Adequacy Assessment Process, and Islamic Finance.

In 2013 we collaborated with York University's Schulich School of Business, one of our founding partners, to launch a Master of Finance with specialization in regulatory affairs. This innovative program was approved by the York University Senate in June. The Toronto Centre helped develop the syllabi for three courses in regulatory affairs and provided input into two courses in the core Master of Finance program.

Finally, the Toronto Centre is planning to create a Director of Supervisory Guidance position, which has been discussed elsewhere in this report.

None of this work would have been possible without the funding we receive from several international organizations and development agencies. Their strong and growing support speaks to their confidence in the effectiveness of our work and our prudent stewardship of their contributions. Our major funders are the Government of Canada, the Swedish International Development Agency, the International Monetary Fund, and the World Bank. The Schulich School of Business has also been a supportive partner of the Toronto Centre since our founding.

We were pleased that in July 2013 Canada's Foreign Affairs Minister, John Baird, announced the establishment of the ASEAN-Canadian fund earmarked for the Toronto Centre. Further, during the October 2013 symposium, which we organized on the side of the IMF-World Bank Annual Meeting, Christian Paradis, Canada's Minister of International Development, announced that the Toronto Centre's funding would be renewed for 2014-2018. This provides us with a solid foundation to continue our work helping regulatory and supervisory agencies build strong financial sectors that underpin growth and contribute to the global drive to reduce poverty.



The Toronto Centre team at work



**Babak Abbaszadeh**  
President and Chief Executive Officer

# OUR PROGRAMS

BUILDING STRONG  
FOUNDATIONS TO PROMOTE  
ECONOMIC GROWTH AND  
REDUCE POVERTY



Vietnam

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The Toronto Centre offers innovative, customized, capacity-building programs for financial sector supervisors and regulators from around the world, particularly in low-income countries and emerging markets. Through our programs, supervisors and regulators strengthen their methodologies and leadership skills. Our programs are highly interactive, using case studies and simulations to enhance the learning process. For all programs, follow-up guidance and assistance is provided on request.

*In 2013 we  
trained more than  
1,800 regulators and  
supervisors.*

Programs are delivered in all regions of the world in partnership with regional supervisory associations, as well as in individual countries where we liaise with integrated or functionally diverse supervisory authorities. To address the unique challenges facing our partners and participants, programs are tailored to strike the right balance between in-depth supervisory training and leadership training. This is of critical importance to our clients, who come from a diverse range of cultural and geographical backgrounds, and whose economies and financial systems are at different stages of development.

We deliver programs for supervisors and regulators in banking, insurance, pensions, microfinance, microinsurance, and securities, for country-specific, regional, or international audiences. We also offer cross-sectoral programs that bring supervisors and regulators of different sectors together to examine shared challenges and opportunities for cooperation.

*Over 90 percent of  
participants were from  
countries eligible for OECD  
Official Development  
Assistance. These countries  
are the focus of many of  
our donors.*

## All of our programs are:

### Customized

Each program is designed to meet the specific needs of our partner agencies and partner countries

### Interactive

We believe learning is best accomplished through participation. Instructional sessions are coupled with simulation exercises and group activities. Courses focus heavily on case studies, which allow us to examine what went wrong in real-world situations and discuss lessons learned

### Practical

We combine concepts with a practical approach to making supervision and macroprudential surveillance work

### Action-oriented

We equip participants with the tools they need to implement change. Using action planning, project planning, stakeholder management, communication, and other tools, we build the capacity of supervisors to develop solutions and act to strengthen their supervisory and regulatory frameworks

### Delivered by experts

Our sessions are taught and organized by program leaders and program directors, experienced practitioners from around the world who have extensive knowledge and insights to share and have typically been active in the cases they present. Their international perspectives are a central part of the Toronto Centre learning experience.

Programs are typically one week in length, although we are increasingly offering Long-Term Country Programs, which usually run for three years. Through our Long-Term Country Programs, we work with individual supervisory agencies to implement risk-based supervision and other supervisory initiatives.

In all programs, we keep the number of participants small – generally approximately 25 people – making it possible for everyone to receive individual attention from the program leaders and program directors.



## Programs are Offered for Regulators and Supervisors of the Following Sectors:

### Banking

Our banking programs examine relevant, topical challenges facing banking regulators and supervisors and aim to promote improved financial stability and better crisis prevention and management. Programs address such topics as macroprudential surveillance, risk-based supervision, and the importance of early intervention, and they foster discussions about how effective regulation and supervision can lead to a stronger supervisory authority, enhanced public confidence, and greater financial stability.

### Insurance

Insurance programs address multiple elements of insurance supervision and regulation, including risk-based supervision approaches, self-assessment methodologies that are aligned with International Association of Insurance Supervisors *Insurance Core Principles*, fundamental insurance risk identification and management, crisis management and early intervention strategies, and approaches to good governance and macroprudential surveillance. Our programs strengthen participants' leadership skills, and give them sound strategies for developing risk-focused supervisory methodologies.

### Microfinance

These programs aim to strengthen the capacity of on-the-ground

supervisors of deposit-taking microfinance institutions and industry regulators responsible for the microfinance sector. Programs focus on the skills needed to promote change that supports access to a full range of financial services leading to a more inclusive economy. They examine how traditional regulatory and supervisory standards, including the *Basel Core Principles for Effective Banking Supervision* are effectively applied in the case of microfinance institutions.

### Microinsurance

These programs examine topics that help practicing supervisors of microinsurance sectors, including how sound supervisory principles can best be applied to encourage inclusiveness in financial markets, the differences between insurance and microinsurance sectors, and the importance of sound corporate governance in the microinsurance sector.

### Pensions

Our pensions programs take a practical look at this sector's most pressing issues, including managing pension entities under stress, determining alternatives for effective resolution, understanding the probability and impact of potential risks - in particular funding and investment risks - faced by pension plans, allocating finite regulatory resources to target the highest risks, and determining

what legal, accounting, technical, financial, and managerial criteria apply to pension funds and plans.

### Securities

These programs address the challenges facing regulators and supervisors of securities markets, aiming to help securities markets be strong and stable. Programs examine the three objectives of securities regulation: protecting investors; ensuring that markets are fair, efficient, and transparent; and reducing systemic risk. We look at topics such as disclosure, how globalized and integrated financial markets pose significant challenges to the regulation of securities markets, how regulators can rely on self-regulatory organizations (SROs), and risk management.

### Cross-sectoral

Often supervisors from different sectors face similar challenges and have much to share with one another. Our cross-sectoral programs provide regulators and supervisors an opportunity to learn from each other's experiences. They examine how supervisors at a jurisdictional and international level ought to collaborate to ensure financial markets remain stable. We examine topics including how to minimize the risk of contagion from one sector or jurisdiction to another, how to reduce supervisory gaps, and how to avoid unnecessary supervisory overlaps and duplication.

# TRAINING TOPICS

## Leadership Skills

- Action-planning process and decision making
- Stakeholder persuasion and management
- Effective communications
- Interviewing skills
- Performance management
- Strategic thinking
- Teamwork and breaking down silos

## Crisis Preparedness & Crisis Management

- Contingency planning for financial crises
- Decision making with incomplete information
- Systemic risk assessment and stress testing
- Dealing with troubled institutions
- Crisis binder preparation
- Crisis simulations: banking, securities, insurance, and pensions markets
- Recovery and resolution mechanisms
- Home-host issues, including burden sharing
- Central bank instruments
- Deposit insurance and policyholder protection plans
- Information handling and sharing issues
- Crisis communications with the media

## Microfinance & Microinsurance

- Financial inclusion through proportionate regulation and supervision that help remove barriers to access
- Microfinance supervision and the Basel Committee on Banking Supervision's *Core Principles for Effective Banking Supervision*
- Microinsurance supervision and the International Association of Insurance Supervisors' *Insurance Core Principles*
- Supervisory activities: planning, off- and on-site work, wrap-up discussions, reporting, and follow-up
- Corporate governance in microfinance or microinsurance
- Market conduct and financial consumer protection

## Macroprudential Surveillance

- Institutional frameworks and design
- Identifying and monitoring systemic risk
- Identifying systemically important financial institutions
- Surveillance tools: Risk indicators and stress testing
- Macroprudential policies and interactions with other policies
- Taking action to reduce risks to the system

## Consolidated Supervision

- Consolidated supervision concepts
- Cross-border cooperation
- Dealing with non-regulated entities in a financial group or a non-regulated holding company
- Accounting concepts



## Financial Sector Assessment Program Related Activities

- Preparation for the Financial Sector Assessment Program (FSAP)
- Implementation of FSAP recommendations, including prioritization and sequencing

## Regulatory & Supervisory Frameworks

- Basel Committee on Banking Supervision's *Core Principles for Effective Banking Supervision*
- International Association of Insurance Supervisors' *Insurance Core Principles*
- International Organization of Pension Supervisors' *Principles of Private Pension Supervision*
- International Organization of Securities Commissions' *Objectives and Principles of Securities Regulation*
- Multilateral Memorandums of Understanding, information sharing, and related issues
- Risk-based supervision frameworks
- Risk-based supervision frameworks for insurance intermediaries
- Supervisory activities: planning, off- and on-site work, reporting and follow-up
- Intervention strategies and ladders of intervention

## Supervision – Oversight Activities

- Corporate governance
- Boards, their committees, and senior management
- Enterprise risk management
- External audit
- Internal audit
- Actuarial function
- Compliance
- Detection, deterrence, and sanctioning market abuse
- Self-Regulatory Organizations (SROs)
- Anti-money laundering and combating the financing of terrorism
- Management letter and recommendations
- Wrap-up discussions with the CEO, Board and Chair

## Supervision – Business Activities

- Understanding business activities and associated risks
- Identifying significant activities and businesses
- Credit risk
- Market risk
- Insurance risk
- Liquidity management
- Operational risk
- Market conduct supervision
- Capital and capital management
- Structural interest rate risk

## Tailored Country, Regional, and International Programs

Programs are designed for country-specific, regional, or international audiences, with the scope, case studies, and discussions tailored accordingly. Our Country Programs allow participants to focus on the specific challenges faced by their agencies, while in our Regional and International Programs, participants discuss challenges that span borders and affect their region and the world.



**Short-Term Country Programs** are delivered for staff of a central bank or supervisory agency of a single country and are tailored to its specific needs, usually within a one-week time frame. These programs take into account the

existing skill sets and capacity of staff and the country's stage of financial system development. Our goal is to help the agency make changes to its supervisory framework and processes, in line with international best practices, and to enhance its capacity, making it stronger and more effective. Programs can be designed for all staff levels, from junior to senior supervisors. Country programs are currently available for supervisors and regulators in banking, insurance, microfinance, microinsurance, pensions, and securities. Cross-sectoral programs are also offered.

**Long-Term Country Programs** are delivered as a series of week-long workshops over a multi-year period. Increasingly, the Toronto Centre is partnering with central banks and supervisory agencies to design practical, risk-based approaches to supervision, as well as effective implementation strategies. Our focus on implementation is critical, in order to ensure our programs have a meaningful impact. Like our other country programs, the focus is on the agency's needs, the existing skill sets and capacity of its staff, and the country's stage of financial system development. We work together to develop solutions and design implementation plans that include specific measurement criteria and progress reporting. Many of these programs so far have been focused on risk-based supervision and supervisory guidance. However, we are able to accommodate other program topics.

We are currently working with Armenia, Colombia, Costa Rica, Ghana, Indonesia, and Myanmar on Long-Term Country Programs.

**Regional Programs** are customized to meet the needs of groups of countries in specific geographic areas and are offered in partnership with a local host organization. These programs build financial sector knowledge, strengthen leadership skills, and help promote networking among peers and agencies in the region. Participants share their experiences and discuss common challenges. Regional programs are available for supervisors and regulators in banking, insurance, microfinance, microinsurance, pensions, and securities sectors. Regional cross-sectoral programs are also offered.

**International Programs** examine issues through a global lens. They give participants from around the world the opportunity to network with peers from other countries and share experiences. Our international programs are offered in partnership with host organizations from developed countries and focus on capacity building and developing tools for leading and implementing change. These tools help agencies prepare for and manage crisis situations and enhance financial stability. International programs are available for mid- to senior-level supervisors and regulators in the banking, insurance, pensions, and securities sectors. International cross-sectoral programs are also offered.

## Making a Difference: The Impact of our Programs

Our programs build the capacity of supervisors and regulators to positively impact their central banks and/or regulatory and supervisory agencies. We are always available to provide advice and support to our Toronto Centre

alumni as they implement changes necessary to build a stronger financial system. In the case of our Long-Term Country Programs, we work alongside our partners to develop concrete plans of action for implementing internationally recognized best practices that take account of their country's circumstances. In all cases, it is how participants use the tools and knowledge acquired in our programs that ultimately matters.

In 2013 we trained more than 1,800 regulators and supervisors. Over 90 percent of participants were from

countries eligible for OECD Official Development Assistance. These countries are the focus of many of our donors.

To help gauge the impact of our programs, in 2013 we conducted a survey of participants who attended programs between September 2012 and June 2013. The results, discussed in more detail in the Results-Based Management section of this report, show that participants had a fruitful learning experience and found our programs worthwhile.

Below are some of the comments our alumni shared about their experience with the Toronto Centre:

*"The Toronto Centre has helped me in changing my focus in the examination processes. I found out that we may have very effective regulations but supervision processes may be weak. Thus we have taken measures to strengthen enforcement of our legal and regulatory requirements."*

*"The Toronto Centre helped me to put together a convincing presentation of our Action Plan that was shared with my Head of Agency. Now we have made key changes to our on-site supervision helping us to detect issues and resolve problems more efficiently. The Toronto Centre has helped me make a positive impact as a supervisor in stopping financial crises before they happen."*

*"The program helped me to come up with an action plan which identified areas in the Insurance Act which needed to be changed. Proposals have since been made in the new bill."*

*"The Toronto Centre Leadership Program was excellent! The Toronto Centre met the needs of the Securities and Exchange Commission of the Republic of Macedonia and helped us to introduce and develop the risk-based approach. ... With the use of the risk-based approach, the Securities and Exchange Commission of the Republic of Macedonia is more effective and efficient and is focused on high risk market participants."*

*"The Toronto Centre helped me in working hand-in-hand with my boss in addressing the issue of credit bureaus reducing charges to microfinance banks to make their fees affordable."*

*"The presentation skills of Toronto Centre's staff helped us clearly understand and adopt the concept of significant activities in our on-site supervision; they helped us to identify root cause of the problems and also helped us to resolve problems before they impact the financial institution itself and our system."*

## Program Quality

At its November 2013 meeting, the Board of Directors established the *Task Force on Enhanced Program Quality and Effectiveness*. The task force is led by the organization's Vice Chair, Ruth de Krivoy, and includes members of the board (John Palmer and David Scott), as well as Mary West, an experienced consultant. Toronto Centre President and CEO, Babak Abbaszadeh, is an *ex officio* member of the task force.



The goals of the task force are:

- To identify opportunities for strengthening our programs
- To recommend changes to current operations, content development, and delivery
- To craft and help implement sustainable enhancements to the Toronto Centre's quality-management process
- To ensure that the Toronto Centre's mission and results-based management objectives are being consistently achieved
- To ensure that our partners, sponsors and other stakeholders can see positive, long-term impact from our work
- To ensure we consistently provide top-quality learning experiences to financial sector regulators and supervisors.

The work of the task force will help us retain our position as one of the foremost training organizations for supervisors and regulators globally.

## Gender Equity

The Toronto Centre's mission to promote financial stability and inclusion is important to the economic well-being of all nations. However, our mission is particularly important to the economic well-being of women, especially those who are near or below the poverty line. According to UN Women,

*"Women face persistent discrimination when they apply for credit for business or self-employment and are often concentrated in insecure, unsafe, and low-wage work. Eight out of ten women workers are considered to be in vulnerable employment in sub-Saharan Africa and South Asia, with global economic changes taking a huge toll on their livelihoods."*

### Preventing Crises and Promoting Economic Stability Helps the World's Women

Women make up the majority of the world's poor, and are disproportionately affected by economic volatility and crises. They are often employed in insecure and unstable jobs, they are more likely to be employed in sectors that take the biggest hit during economic downturns, and they are the first to be let go when those downturns occur. As a result, women are more affected by macroeconomic volatility.

However, the effects go beyond unemployment. UN Women notes that, in times of crisis, parents are more likely to take their children out of school so they can work to supplement the family income - and usually, the first to be taken out are the girls. This has long-term impacts on their future employment prospects and ability to become financially independent. Preventing these crises helps to protect women's jobs and keep girls in school.

By helping to lay the foundations for economic growth and poverty reduction, our work is particularly important to women.

## Empowering Women Through Microfinance and Microinsurance

Women are much more likely than men to be excluded from formal financial systems in developing countries. This leaves women unable to borrow, save, or insure themselves, limiting their ability to move beyond day-to-day survival and lift themselves out of poverty. The growing access to microfinance and microinsurance across the globe is helping to change this. It is improving financial inclusion and is helping to empower women by giving them access to credit, the ability to save for the future, and the opportunity to insure themselves, their businesses, and their families against unexpected, detrimental events. An enabling regulatory environment and effective supervision are critical

to the success and sustainability of these sectors. Helping our participants and their agencies to create these conditions is the primary objective of our microfinance and microinsurance programs.

Ensuring that women have equal access to financial services is a vital part of a broader movement to empower women worldwide.

In addition, the Toronto Centre recognizes that sustainable economic growth and poverty reduction cannot be achieved without women's full participation in the financial sector. For both of these reasons, promoting financial inclusion is one of our most important objectives.

## Making a Difference: Participant Profile



### Tian Ning

China Banking Regulatory Commission, Dalian Office

Tian Ning was part of the Toronto Centre's 2013 program with the China Banking Regulatory Commission in Beijing. She says the program has been a huge benefit to her organization in that it has given CBRC's regulators a broader picture of banking supervision and regulation techniques.

"The course was well-organized, including Q&A, role play, open discussion, and case studies. It has improved our ability to handle banking crises in complex situations."

"Right after the training, bank regulators returned to investigation of liquidity risk management, while related risk management regulation has been issued. Also, we gained real practice in facing the risk of market mobility."

"Also, as Industrial and Commercial Bank of China has been selected as a systemically important financial institution, we shall apply what we learned from the case studies about SIFI regulation into our work."

# 2013 YEAR IN REVIEW



Rwanda

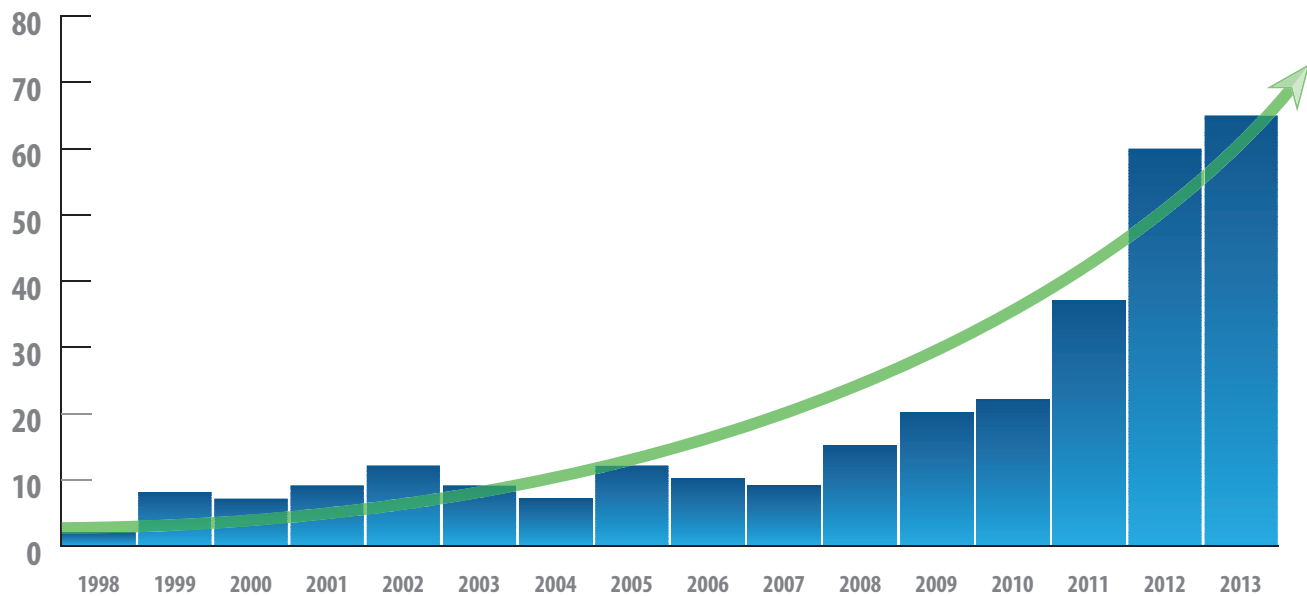
Credit: Goran Bogicevic / Shutterstock.com



2010 to 2012 were years of rapid growth for the Toronto Centre. We set ambitious program delivery goals, and are proud to have met them. In 2013, we built on that success, delivering a total of 65 programs. Though we have achieved a great deal, we must not become complacent. The needs of our partner countries continue to evolve and so must we.

In 2013 we continued to expand our program offerings, both in number delivered and topics covered. We placed a greater emphasis on Short-Term and Long-Term Country Programs, which have a particularly high potential for achieving measurable change. However, our Regional and International Programs remained relevant as venues where regulators and supervisors from different countries can meet to share challenges, experiences, and solutions. We also laid the groundwork for a supervisory guidance function within the Toronto Centre, which will consolidate, analyze, and disseminate the latest applied research in financial supervision and regulation with a focus on implementation.

2013 also saw the approval of the Master of Finance degree with a specialization in regulatory affairs, one of the first programs of its kind in the world, which we developed with the Schulich School of Business at York University in Canada. The program is designed to give students the technical expertise and critical management skills required to deal with financial regulatory and supervisory challenges.



Number of Programs Delivered Per Year

*"The TC program we ran was invaluable to the participants and for highlighting the importance of crisis preparedness – thanks again! Draft regulation has been circulated relating to crisis management. During Q4 2013, workshops commenced with the financial market infrastructures and prudential regulatory authority to discuss joint efforts in managing a crisis and monitoring financial stability. These are really positive developments!"*

*Beverley Furman  
Head of Supervision - Strate, South Africa's Central Securities Depository*

## Programs Delivered

- 20 Short-Term Country Programs
- 23 week-long workshops as part of our Long-Term Country Programs
- 14 Regional Programs
- 8 International Programs

*"You can see the immediate impact the Toronto Centre course has had on our organization. We are excited about several proposals I have put forward. These include:*

- *The adoption of the heat map methodology: We have already set up a working party in banking supervision to operationalize this,*
- *Financial system & real economy audit,*
- *Production of a crisis preparedness handbook,*
- *Establishment of a Central Bank Crisis Management Unit, and*
- *Designation of a Division within the Supervisory Authority to coordinate the financial stability function."*

**Jeremiah Borerwe**  
Reserve Bank of Zimbabwe

## Short-Term Country Programs

Our Short-Term Country Programs provide an opportunity to work with supervisory agencies and central banks on an individual basis. We tailor programs specifically to their needs, so they can implement change in the most effective manner. Short-Term Country Programs can be designed to assist with a well-defined area of interest or need, dealing with supervision, inclusiveness, anti-money laundering and counter financing of terrorism, macroprudential surveillance, and crisis preparedness, or financial stability issues. They may also be designed to serve as a first step towards a Long-Term Country Program, assessing the potential for effecting change and introducing partner countries to the advantages of working on a longer-term basis with the Toronto Centre. These tailored programs are in high demand. We select the organizations we work with based on our careful assessment of the potential to effect real and measurable change within the organizations and their countries more broadly.



## Long-Term Country Programs

Our Long-Term Country Programs have grown in number, reflecting our aim to work with more country agencies to assist with the establishment of sound financial supervisory practices on a longer-term basis. In 2013, Long-Term Country Programs accounted for 35 percent of our program activity. We plan to increase the share of Long-Term Country Programs to 40 percent of our program delivery by 2018. These programs allow us to make a substantial impact in a single country over a multi-year period with measurable and sustainable results. At the outset of each Long-Term Country Program, the outcomes and deliverables for each party are clearly established. Monitoring and measurement of progress is carried out throughout the course of each program, which is normally three years.

Work continued in 2013 with our partners in Colombia, Ghana, and Indonesia on their respective programs. In addition, we entered into long-term agreements with Costa Rica (with both their banking and insurance supervisory agencies) and Myanmar, and transitioned our relationship with the Central Bank of Armenia into a long-term project. We currently have Long-Term Country Programs in six countries, although our work in Colombia is expected to reach a successful conclusion in 2014.



## Regional Programs

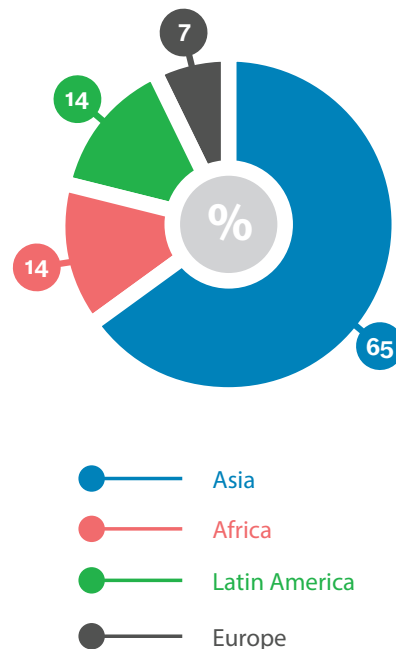
These programs provide a forum for participants from neighbouring countries to gather to learn, exchange ideas, and solve problems relevant to their region. We delivered 14 Regional Programs in 2013, including 9 in Asia, 2 in Africa, 2 in Latin America, and 1 in Eastern Europe.

Partners for our Regional Programs in 2013 included the Centre for Advanced Financial Research and Learning - India, the South East Asian Central Banks Research and Training Centre, the ASEAN Insurance Training and Research Institute, Access to Insurance Initiative, the Monetary Authority of Singapore, the Deutsche Gesellschaft für Internationale Zusammenarbeit (Germany's international development agency - GIZ), the Caribbean Group of Banking Supervisors, Association of Supervisors of Banks of the Americas, South African Reserve Bank, Central Bank of Armenia, Central Bank of Rwanda, the Superintendencia General de Entidades Financieras (Costa Rica), and the Consultative Group to Assist the Poor.

Asia - and primarily ASEAN (Association of Southeast Asian Nations) countries - accounted for 65 percent of our Regional Programs in 2013. We are deepening our relationship with ASEAN training bodies in line with the Government of Canada's goal of fostering closer connections with Asia. The Toronto Centre assigns

a high priority to our programs targeted at the ASEAN region.

*Programs by Region in 2013*



Our regional program offerings have diversified as we continued our expansion in 2013, and now include more financial inclusion training.

Some highlights of our regional programming include:

- In Asia, we offered a program in securities regulation with the Monetary Authority of Singapore, as well as a risk-based supervision program, a

crisis preparedness program, and a microfinance program with the South East Asian Central Banks Research and Training Centre, and two insurance programs in partnership with the ASEAN Insurance Training and Research Institute, as well as partnering with GIZ and Access to Insurance Initiative to deliver our first microinsurance program in the region

- In Latin America and the Caribbean, we delivered a microfinance program in a new partnership with the Central American Council of Superintendents of Banks, Insurance and Other Financial Institutions, and a macroprudential program in partnership with the Caribbean Group of Banking Supervisors and the Association of Supervisors of Banks of the Americas
- In Africa, we offered a macroprudential surveillance program in partnership with the South African Reserve Bank, and a microfinance program in partnership with the Central Bank of Rwanda
- In Eastern Europe, we offered an advanced-level pensions program in partnership with the Central Bank of Armenia.

## International Programs

Our International Programs examine issues through a global lens and provide an unparalleled opportunity to share experiences, strategies, and challenges with supervisors and regulators from around the world.

Each year we deliver three flagship International Programs in Toronto. In 2013 we continued to expand our International Programs, delivering five additional programs, co-hosted with partner organizations: one in Basel with the Financial Stability Institute, one in Stockholm with Sveriges Riksbank (Central Bank of Sweden), one in Berlin with Deutsche Gesellschaft für Internationale Zusammenarbeit (Germany's international development agency - GIZ), and two programs in Washington, D.C., one with the IMF and World Bank and the other with the IMF, World Bank, and U.S. Federal Reserve Board.

Each continued the Toronto Centre tradition of having a dynamic exchange of diverse viewpoints and experiences that has become our hallmark.

Altogether we delivered eight International Programs in 2013.

### Flagship Toronto Programs

#### Toronto Centre International Program for Banking Supervisors:

##### *Supervisory Experiences in Implementing Global Banking Reforms*

Our 2013 program focused on supervisors sharing their practical experiences and challenges with implementing global banking reforms and the associated guidelines that were introduced alongside the reforms. They discussed how the changes impacted their own organizations and internal processes and how the reforms affected the institutions they supervise. In addition, the program examined the effectiveness of these reforms and whether these initiatives will be able to soften the impact of the next crisis. Key areas of focus were new global reforms such as Basel III, macroprudential surveillance, resolution and recovery plans, stress testing, revised Basel core principles, corporate governance, and additional requirements on global and domestic systemically important financial institutions (SIFIs), which are at various stages of implementation internationally.

#### Toronto Centre International Program for Insurance and Pensions Supervisors

##### *Being Prepared for Uncertain Times – How to Learn from Others' Experiences*

In 2012 the Toronto Centre launched its first combined International Program for Insurance and Pensions Supervisors, adding a pensions stream to its established insurance program. Building on the success of our inaugural program, we again held a joint program in 2013. The program addressed many of the common issues confronting both sectors, while also including sector-specific breakout sessions to address the unique challenges facing each. It addressed failed governance processes and the consequences of unchecked operational risk at insurance companies, and examined a cutting-edge, risk-based pensions supervision framework. A newly expanded crisis simulation exercise underscored the challenges of managing the demands of different stakeholders and adapting to changing financial and operating stresses.

Participants were challenged to consider how they could focus on the key risks and what they should do to confront identified problems head on. The program stressed the importance of early intervention and how this can lead to a stronger supervisory authority, enhanced public confidence, and greater



financial stability. It also examined key principles in developing a risk-based pensions supervisory framework and the factors that lead to successful private pensions systems.

### Toronto Centre International Program for Securities Regulators

#### *Averting Failures and Managing Surprises*

The 2013 securities program examined the issue of financial institution failures and their impact on regulatory and supervisory authorities and the public. Each failure raises questions about the ability of regulators and supervisors to protect investors, guarantee the transparency of transactions and sound functioning of the market, detect and prevent the recurrence of fraudulent schemes, and maintain market confidence. The program challenged participants to address whether complexity is so high and interconnections so intricate that authorities are doomed to fail at detecting and monitoring relevant risks, whether gaps in the regulatory framework are the real problem, and what



actions could improve regulatory performance and avert the next failure.

The participants examined real case studies and financial institution failures in detail and shared their own insights and experience with experts and fellow supervisors. Participants also worked in a crisis simulation exercise that let them test their ability to respond and how well their existing systems for crisis management work in practice. The program gave participants the opportunity to develop regulatory and supervisory management tools designed to help them improve their institution's capabilities for detecting, deterring, mitigating, and managing market problems in their respective jurisdictions.

### International Programs Held Outside of Canada

#### International Program with the Sveriges Riksbank (Central Bank of Sweden)

##### *Crisis Preparedness in Interconnected Markets*

We were proud to partner with the Sveriges Riksbank to offer this joint program in 2013, in which participants discussed and practiced the roles they play in managing a crisis arising from problems in a potentially systemically important financial institution. Discussion focussed on dealing with problem and failing institutions, effective crisis communication, contingency planning, macroprudential surveillance, and central bank instruments for dealing with crises. Participants were given case studies and computer-simulations to explore how central bankers, supervisors, and deposit insurers co-ordinate with each other and with other authorities during a crisis, and to examine the tools available to deal with the systemic consequences of a bank failure.

**International Program with Deutsche Gesellschaft für Internationale Zusammenarbeit (Germany's international development agency – GIZ)**

*Risk Management for Banking and Securities Regulators*

In 2013 we partnered with the Deutsche Gesellschaft für Internationale Zusammenarbeit to offer this joint program in Berlin. Particular attention was given to risk-management aspects and implementation challenges of Basel III, inward-generated risk related to offshore fraud, capital markets abuse, funding illiquidity, and prevention of systemic risks. The program was highly interactive, using case studies, exercises, and crisis simulations to explore how banking supervisors and securities regulators can co-ordinate with each other to address an evolving crisis. Participants were invited to consider how they would develop immediate, medium, and long-term responses to risks arising from regulatory and exogenous events and were given tools and training to help them lead change in their organizations.

**International Program with the Financial Stability Institute**

*Systemic Risk and Regulation and Supervision of Systemic Banks*

This program, delivered in partnership with the Financial Stability Institute (affiliated with the Bank for International Settlements) in Basel, covered such topics as: policy frameworks for domestic and global systemically important financial institutions, recovery and resolution planning, and risks, issues, and challenges for supervising financial conglomerates. Participants left the program with a better understanding of systemic risk, challenges in cross-border resolution and planning, and regulation and supervision of systemically important financial institutions.

**Joint Program with the International Monetary Fund, the World Bank, and the United States Federal Reserve**

*Seminar for Senior Banking Supervisors from Emerging Markets*

In 2013 we were proud to offer a joint program with the International Monetary Fund, the World Bank, and the United States Federal Reserve for senior banking supervisors in emerging markets. This two-week seminar in Washington, D.C., examined the challenges of using risk-based measures of capital, the impact of regulatory reforms on emerging economies, the regulation and supervision of Islamic finance, risk-focused supervision, and cross-border issues in supervision and crisis management. Participants were involved in day-long workshops in risk assessment that focused on credit risk, operational risk, market/liquidity risk, and aggregate risk. Participants left the program with a better understanding of regulatory changes and their impact on regulators and the various risk assessment techniques.



## An In-Depth Look at one of our Programs

### Joint Program with the International Monetary Fund and World Bank

#### Symposium: Financial Sector Regulatory and Supervisory Best Practices – Should Developed Nations Be Doing the Teaching?

The Global Financial Crisis was the most serious financial threat faced by the world since the Great Depression of the 1930s and, unlike the regional crises of previous decades, it originated in the developed world. Many low-income countries and emerging markets came out relatively unscathed, having learned lessons from past crises. With the help of work done by standard-setting bodies and assisted by various international organizations,

many had strengthened their financial systems, including their regulatory and supervisory frameworks.

During the October 2013 World Bank-IMF Annual Meetings in Washington, D.C., the Toronto Centre sponsored a symposium, *Financial Sector Regulatory and Supervisory Best Practices - Should Developed Nations Be Doing the Teaching?* The symposium brought together experts from around the world to discuss the inherent challenges of regulatory development and supervisory capacity building in a post-crisis environment and asked the question: should regulatory, supervisory, and resolution frameworks of emerging market financial sectors be based on the practices of developed countries, some of which

were the source of the Global Financial Crisis?

The symposium began with remarks by the Honourable Christian Paradis, Minister of International Development and Minister for La Francophonie. Our panelists, Dr. Zeti Akhtar Aziz (Governor, Bank Negara Malaysia), Dr. Stefan Ingves (Governor, Sveriges Riksbank, Sweden, and Chair, Basel Committee on Banking Supervision), and Gerardo Hernández Correa (Superintendent, Superintendencia Financiera de Colombia), then shared their insights, experiences, and ideas for the future, moderated by Ceyla Pazarbasioglu (Deputy Director in charge of financial supervision, Monetary and Capital Markets Department, International Monetary Fund).

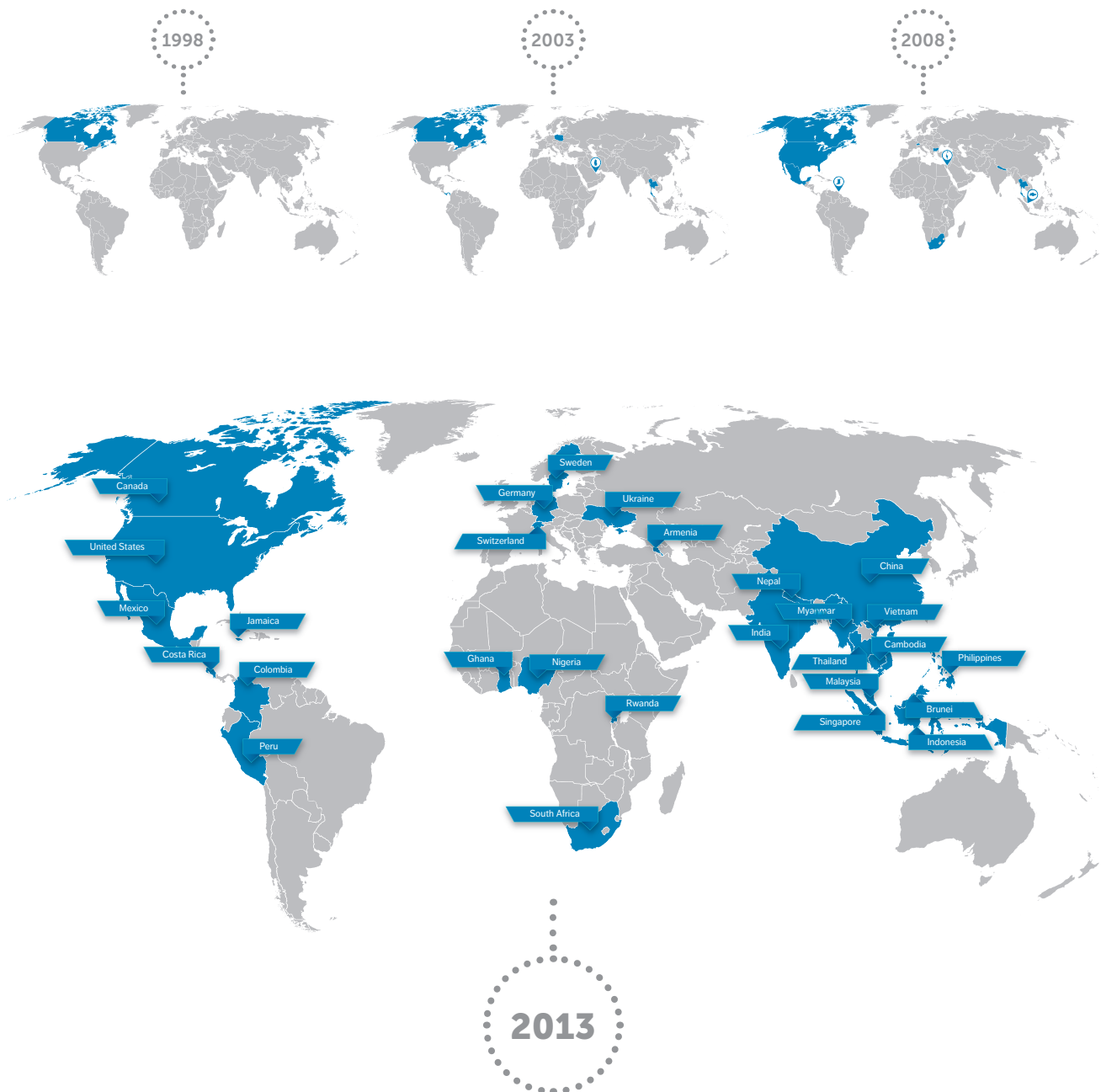
The session provided a forum for participants to discuss some of the most pressing issues facing policymakers, regulators, and supervisors today, such as:

- Will following the best practices of the developed world help low-income countries and emerging markets to reach their goals?
- Will recent changes to the international standards, which are yet to be fully implemented even in developed countries, have the intended effects?
- Do the new standards go far enough to significantly reduce the risk of future global and regional financial crises?
- Do they focus too much on crisis prevention, to the detriment of other goals?

Participants left the symposium with a better understanding of potential solutions for strengthening their financial systems and promoting financial stability in their own jurisdictions, as well as internationally.

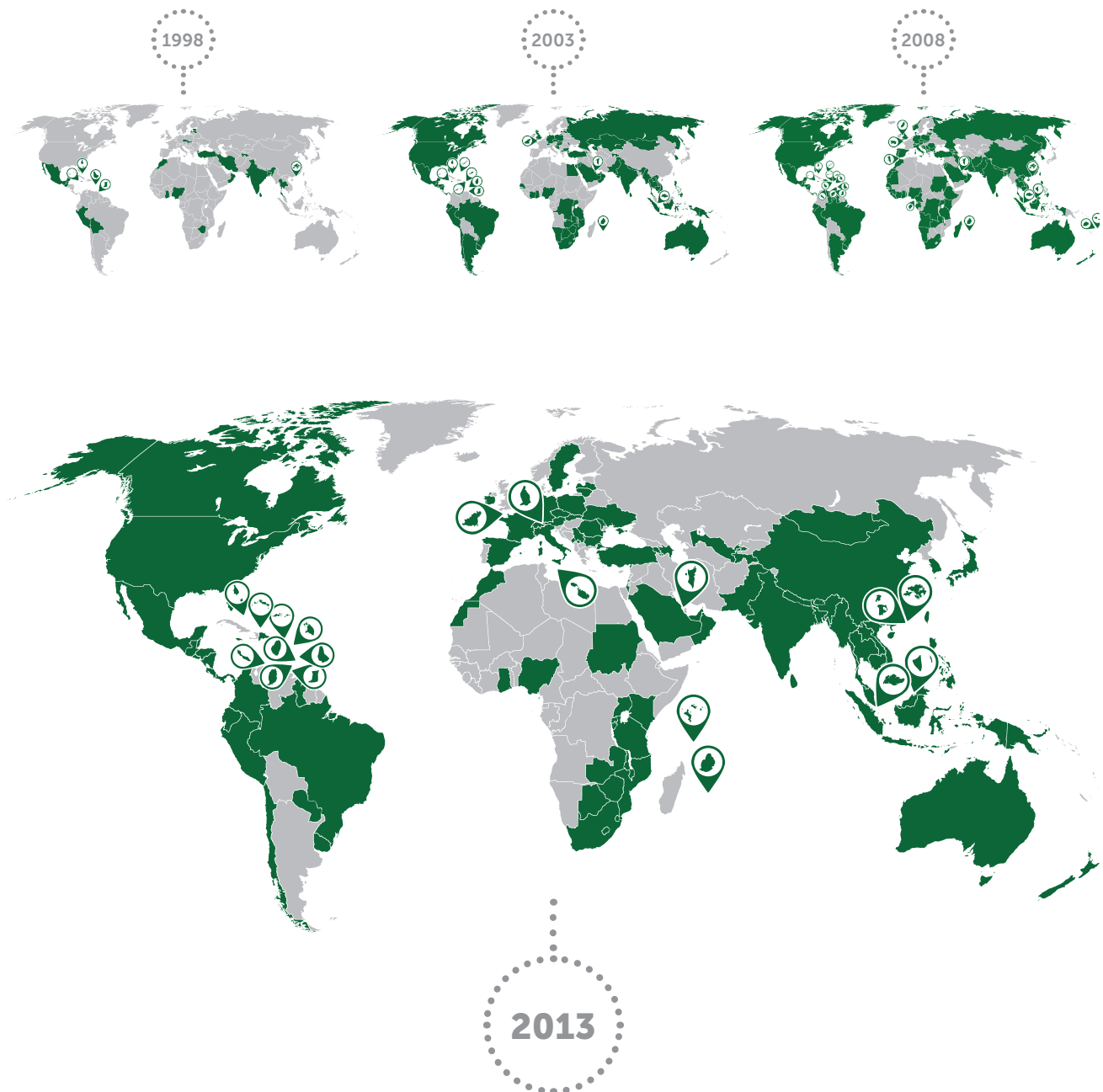
## Broadening our Global Footprint

In **2013** we delivered **65 programs** in partnership with host organizations from **28 countries**. The maps below show how our program host locations have expanded since our founding in 1998.



## Broadening our Global Footprint

Since our founding, we have trained over **7000 participants** from over **170 countries**. The maps below show where our participants came from in 1998, 2003, 2008, and 2013. We are continuing to reach more supervisors and regulators worldwide.



## Master of Finance Program

Since 2010 the Toronto Centre has been working with the Schulich School of Business at York University in Toronto to develop a Master of Finance with a specialization in Regulatory Affairs – one of the first programs of its kind. The Toronto Centre is now in the process of helping Schulich recruit students from around the world.

In partnership with the Schulich School of Business, the Toronto Centre developed the syllabi for three courses in regulatory affairs:

- Objectives and Principles of Financial Regulation and Supervision
- Applying Regulatory and Supervisory Principles
- Specialized Topics in Regulation and Supervision

This 12-month program will give students the credentials and skills necessary to succeed in the world of financial regulation and

supervision. They will be taught applied, real-world content by experienced, leading-edge experts. Courses will focus on technical expertise, as well as the critical management skills increasingly required in the private sector to deal with financial regulatory affairs.

We encourage supervisory agencies to send top students to this unique, high quality graduate program. For more information, please click [here](#).





## Program Development and New Materials

The Toronto Centre programs approach theory from a practical perspective and participants are encouraged to consider how they can implement the tools and knowledge they acquire. By using case studies and simulations, which are discussed in a confidential and nurturing environment, we facilitate interaction among participants and program leaders. Our programs are relevant, current, and innovative because we are constantly developing new modules, updating existing case studies, and examining new topics.

In 2013 we continued to develop materials for our relatively new programs in microfinance, microinsurance, and pensions to meet the needs of our partner countries.

Our new materials examined topics such as:

- Detecting and dealing with accounting fraud and insider trading abuses
  - Bank resolution options
  - Conflict of interest in financial services
- In addition, we developed new case studies on Commonwealth Financial Services, CL Financial, Facebook, and the International Association of Insurance Supervisors' *Insurance Core Principles* self-assessment. We also developed a case study on pensions, and a market abuse case study. Finally, we began developing cases on market conduct and financial consumer protection, which will be piloted in 2014.
- An analytical exercise was developed for a more advanced course on crisis preparedness to be conducted in 2014, which will focus on resolution options and more technical exercises. In addition, the Sveriges Riksbank allowed us to use some of their program materials to develop crisis simulations that we adapted to the circumstances of specific participant countries.
- Microfinance consumer protection, transparency of information, fair treatment, and dispute resolution mechanisms
  - Microinsurance licensing and financial inclusiveness
  - Quantitative assessment of risk in pensions
  - Efficiency of investment decisions

## Fully Implemented Performance Measurement Framework and Results-Based Management

### A Tool for Continuous Improvement

The Toronto Centre is committed to maintaining the high standard of excellence our programs have become known for. To this end, we are constantly evaluating our programs and methods and surveying program participants to ensure that we are meeting their needs.

In 2012, with support from the Government of Canada and Swedish International Development Cooperation Agency, we implemented a formalized performance measurement framework that will better enable us to measure the impact of our training programs: how they enhance the capacity of supervisors, regulators, and their agencies, and how they give participants the ability to implement effective change. It uses evaluations both during and after our programs to measure participant satisfaction and gauge

how participants are using the tools and knowledge they acquired. Evaluations have shown that participants value the way that

the Toronto Centre's programs integrate leadership skills, action planning, and case studies using real life situations. Group activities

are invariably raised as one of the highlights.

## Making a Difference: Participant Profile

### Natalia Escobar Mejía

Superintendente Delegada para Aseguradoras e Intermediarios de Seguros y Reaseguros

### Juan Pablo Arango Arango

Delegado Adjunto para Supervisión Institucional Superintendencia Financiera de Colombia

"The Toronto Centre's willingness to spend time at the SFC to learn the unique SFC circumstances and suggest program design elements assured us that the Toronto Centre and the SFC had a mutuality of interests – and that the Toronto Centre would work with us on a long-term basis to help design, assist in training and implement the new risk-based supervisory framework."

"The Toronto Centre team brought several critical success factors to the table. First and foremost, if our project was to succeed we needed clear and decisive sponsorship from the very top of our organization. All staff had to be made aware that this project was critical for the SFC to evolve into a modern risk-based supervisory agency and that the Superintendente had the full backing of the Government of Colombia."

"It was also stressed that such a large undertaking could not be successfully completed without the full commitment of a dedicated project team of skilled practitioners – with appropriate executive oversight. Accompanying the dedicated project team was the basic requirement of a detailed work plan with the associated time lines for concrete deliverables and accountabilities. Progress and achievement needed to be measured against planned outcomes."

"These requirements of the Toronto Centre team meshed with the professional expectations of the SFC. Additionally, the SFC also took to heart the need to involve the financial services industries in our design and development plans. They have proven to be enthusiastic partners – another critical success factor."

"The Toronto Centre urged us to develop Pilot Projects with institutions viewed as being leaders in the Colombian financial sector. We have now been working with three major institutions for close to a year – and the feedback has been extremely helpful insofar as we are hearing that indeed our work is viewed as being more focused and 'on the mark.' The resulting intra-industry communication has been nothing but supportive as well – and now we find other leading institutions requesting to join our Pilot Project lineup."

## Overview of Survey Responses

In 2013 we conducted a comprehensive survey of participants in our programs after they were back at their workplace anywhere from three to nine months following their attendance at a Toronto Centre program. This gave them some time to begin applying their newly acquired skills and to learn for themselves how their effectiveness had increased and whether they were impacting their organization as an agent of change.

*"The training arrangement is compact, rich in content, close to the needs of our work, and acting on the international convention. Through the training courses, we looked into the AML supervision system, issuance, and escorting arrangement of Canada. We have learned a lot through this program. The experiences of Canada will be useful for AML supervision of China, and the discussion on AML supervision cooperation and reform of issuance escorting promoted the understanding between us."*

**Zhang Jun**

*Director of the Policy and Supervision Division, Anti-Money Laundering Bureau, People's Bank of China*



88% of respondents agreed or strongly agreed that they were able to apply the knowledge and skills learned



89% of respondents agreed or strongly agreed that their organization was able to apply best practices they learned



91% of respondents agreed or strongly agreed that they were able to expand their professional network. As a result, the Toronto Centre is confident that the learning continues to be shared and applied beyond the classroom



94% of respondents believe the Toronto Centre program made them more effective in their role as supervisor or regulator



73% of respondents said they made progress on their action plan following the program. Action planning is an effective tool used in Toronto Centre programs, requiring participants to develop a plan for addressing a challenge they face in their job that can be implemented upon return to their agency



The top three ranked areas of applied knowledge were: risk-based supervision, action planning, stakeholder communication



More than 50% of respondents selected the following as top best practices they believe their organizations have applied:

- Increased understanding of the major issues influencing financial supervision
- Enhanced ability to deal with troubled institutions
- Enhanced ability to identify risks and emerging market problems, and find appropriate solutions

The surveys confirmed that our programs are achieving what they set out to do: strengthen the supervisory and regulatory capacity of individuals and agencies. The survey responses are used to guide the Toronto Centre's management decision-making and for future course development and delivery.

# BUILDING ON OUR SUCCESS: OUR PLANS FOR THE FUTURE



The Toronto Centre has several key objectives for the coming years. We will continue to provide more of the high-quality training we have built our reputation on, but also move into new areas where we can leverage our expertise to provide additional high-value advice and support to supervisors and regulators globally. Our objectives are to deliver more training for regulators and supervisors, deliver more Long-Term Country Programs in particular, create a division for supervisory guidance within the Toronto Centre, and continue to expand and engage the TC Community.

## Continuing to Expand our Programming

After a period of rapid expansion, the Toronto Centre will continue to increase its program offerings, but at a slower rate, in order to consolidate what has been achieved.

We are increasing the number of short-term, country-specific programs we deliver. These allow the Toronto Centre to address issues crucial to specific agencies in an efficient way, making it possible for all relevant staff to attend.

These programs help to foster cooperation across functional areas and sector regulators and supervisors, which improves agencies' capacity to react to adverse events.

We will also be delivering more Long-Term Country Programs, which give us a unique opportunity to work with agencies to implement large-scale reforms over several years. As we expand our program reach, we will create

new partnerships where we believe the impact will be greatest, and where the partner country has demonstrated a commitment to, and capacity for, reform. Our focus will continue to be on countries eligible for OECD Official Development Assistance.

To deliver more Regional Programs, we are working with international and regional organizations including the South East Asian Central Banks Research

and Training Centre, the ASEAN Insurance Training and Research Institute, Asia-Pacific Economic Cooperation, the Access to Insurance Initiative, Deutsche Gesellschaft für Internationale Zusammenarbeit (Germany's international development agency - GIZ), the Consultative Group to Assist the Poor, and the Association of Supervisors of Banks of the Americas. Regional Programs will continue to be held in all regions, including Africa and Asia, which are priorities of our major funders

and are areas where we know we can make a significant impact. For example, we are partnering with the Financial Stability Institute to hold a regional "Basel III and Macroprudential Surveillance" program, which will be co-hosted by the Toronto Centre and the Macroeconomic and Finance Management Institute of Eastern and Southern Africa in 2014.

Similarly, to increase the number of International Programs we deliver, we will build on our

current partnerships and forge new ones to identify relevant program topics, and will work to host programs that address the needs of the international supervisory and regulatory communities.

## Making a Difference: Participant Profile



### Pipih Dewi Purusitawati

Bank Indonesia, Division of Macroprudential and Surveillance Information Development

Pipih Dewi Purusitawati attended the Macroprudential Surveillance Program in Yogyakarta, Indonesia in October 2013, where she studied how data and information gaps can be a key source of financial vulnerability. Now she's using her training to improve Bank Indonesia's information collection to support the macroprudential assessment and surveillance process.

"The program coverage of several assessment tools, some of which were based on heavy computations, inspired me to think of the idea of information systems or tools which not only focus on data/information gathering but also on carrying out some of the computations needed to reduce the effort of data processing – more automatic computing, more accuracy, more time to do the analysis."

"I do hope with the inspiration and ideas that I got from Toronto Centre Macroprudential Surveillance Program, I can develop an information system regarding macroprudential assessment and surveillance for Bank Indonesia."

## Supervisory Guidance

We are currently laying the groundwork for a supervisory guidance function within the Toronto Centre. Although much academic research exists on financial supervision and regulation, there is a dearth of information on how theory should be *applied*. To help address this, we will compile and commission practical research, analysis, and advice for sitting supervisors and regulators to guide them in their work. This division will focus on the latest research in financial supervision and regulation, to produce materials that are relevant to the needs of supervisors and regulators in all sectors, and support practical



implementation efforts particularly in low-income and emerging market economies. Our supervisory guidance division will draw upon the work of international standard-setting organizations, academia, multilateral institutions, central banks and others, filling gaps in information and including original research as needed.

The guidance will be disseminated through innovative program content, the TC Community (our interactive online community of Toronto Centre program graduates) and other forums, in order to foster interactive exchanges. It will build a deeper understanding of supervisory issues and best practices and help to increase the effectiveness of financial regulators and supervisors.

## Toronto Centre (TC) Community

The Toronto Centre's TC Community is a professional networking website for Toronto Centre program alumni (known as TC Associates), program leaders, program directors, and board members. It gives regulators and supervisors access to relevant, practical research. TC Associates can receive post-program support by posing questions to, or seeking advice from, the Toronto Centre's program leaders and staff. The foundations for the TC Community

are already in place, and we are currently in the process of upgrading it into a modern e-platform that better performs these functions.

We are refining an enhanced portal where supervisors, regulators, and Toronto Centre staff can easily come together to share experiences, discuss challenges, and work with peers to find solutions to shared problems. It will also be integrated with the

work done in the supervisory guidance division, giving supervisors and regulators access to practical research and guidance from experts and will be used to disseminate best practices. The objective is to facilitate the development of solutions to supervisory and regulatory challenges globally.



## Making a Difference: Participant Profile



### Zhang Jun

Director of the Policy and Supervision Division, Anti-Money Laundering Bureau, People's Bank of China

Zhang Jun attended the Anti-Money Laundering Program in Toronto in October 2013. He says the international perspective he gained during the program has helped shape his work at the People's Bank of China.

"The training arrangement is compact, rich in content, close to the needs of our work, and acting on the international convention. Through the training courses, we looked into the AML supervision system, issuance, and escorting arrangement of Canada. The experiences of Canada will be useful for AML supervision of China, and the discussion on AML supervision cooperation and reform of issuance escorting promoted the understanding between us."

"I have learned a lot through the program. For example, the experiences of risk-based approach, especially the approach of money laundering and terrorist financing risk assessment answered my confusion of how to assess the financial institutions' money-laundering and terrorist-financing risk. And this kind of experiences may offer good guide and reference for us."

# THE BROADER CONTEXT

## MESSAGES FROM THE TORONTO CENTRE'S ADVISORY BOARD CHAIRS



Switzerland

Credit: Lightshape Pictures / iStockPhoto.com

## Banking Advisory Board Chair, Alvir Hoffmann

### Former Deputy Governor for Supervision, Central Bank of Brazil

Five years have passed since the crippling Global Financial Crisis of 2008. The Financial Stability Board and the Basel Committee of Banking Supervision, under the direction of the G20, proposed a comprehensive framework of reforms that are now being implemented by supervisory authorities, in coordination with regional economic groups.

The enactment of these reforms shows a strong commitment to core banking principles and a desire to meet the concerns of the G20. Often they require adjustments to legal frameworks, laws, and regulations. In addition, the banking system needs to make structural changes to its business model, capital structure, leverage, limits, and operations.

With the global economy still not on a strong footing, some fear that the implementation of the reforms advocated by the G20

could actually restrain the financial system and undermine growth. The Global Financial Crisis came out of just this sort of thinking. Political concerns about stifling growth, coupled with incentives to generate immediate profits, led bankers and regulators to neglect the need for prudence in the conduct of their business. This led to the Global Financial Crisis whose consequences we are still trying to fix.





Alvir Hoffmann, Banking Advisory Board Chair (left)

Central bankers and supervisory authorities should not be complacent when implementing these reforms. In addition, they need to implement supervision with a macroprudential focus. This requires a broad view of the economy, not limited to the supervised markets. It involves the oversight of any markets and agents that can affect or interfere with the financial system, as determined by their relevance to the economy or by their operations with and within the supervised institutions. This includes hedge funds, mutual funds, and credit cards issuers.

The implementation of a macroprudential surveillance framework gives agencies the tools to identify the sources of systemic risks and to understand the role and effects of systemically important banks. It also helps agencies to better understand the relevance of non-supervised markets, such as shadow banking, so they can anticipate - through methods such as stress testing - the effects of their behaviour. This will require coordination and communication among the supervisory agencies and central banks. It will also require the adoption of coordinated policies

for information collection and for assessing and using the information collected.

The Toronto Centre's programs are designed to help supervisory authorities develop macroprudential surveillance and supervision frameworks, and to identify and prioritize key measures that should be implemented. They also help build the management and leadership skills needed to prepare for and manage a crisis.

## Insurance and Pensions Advisory Board Chair, Michael Hafeman

### Former Assistant Superintendent, Office of the Superintendent of Financial Institutions, Canada

Access to fair and appropriate financial products and services from safe and well-regulated providers can not only benefit consumers but also contribute significantly to sustainable growth and development. For example, insurance market development (measured by premiums as a percentage of GDP) has been shown to contribute to economic growth, with the contribution being strongest in emerging markets, particularly with respect to non-life insurance market development. The development of the pensions sector can also spur economic development, by increasing the overall rate of savings.

Both insurance and pensions provide tools for managing financial risks, thereby enabling more efficient resource allocation strategies by all types of consumers - from low-income users of microinsurance to large corporations undertaking significant investments in plant and equipment. Pension systems and many insurance products, particularly long-term life insurance and annuities, develop larger pools of long-term savings. The investment of these funds not only contributes to the evolution of capital markets, but also provides stable sources of funding for long-term projects, such as infrastructure development. A well-designed pension system can improve the labour market by encouraging jobs in the formal sector, while both insurance and pensions reduce the risk of people falling into poverty and being forced to rely on costly government welfare and disaster relief programs.

To maximize these potential benefits, insurance and pensions systems should be safe, secure, and stable, which are the objectives of prudential supervision. But to truly be considered well-functioning, systems need to go further. Markets should be fair and accessible, and

products and services should be appropriate to the needs of the market and delivered efficiently and in a sustainable manner. Such a system will support wide and adequate coverage.

Although the situation can vary considerably by jurisdiction, the insurance and pensions sectors internationally are facing some challenging issues. The financial conditions of many insurers and pension entities have improved, in some cases significantly, from the depths of the Global Financial Crisis. Nevertheless, the insurance and pensions industries work in a difficult environment, with low interest rates, volatile financial markets, growing exposure to natural catastrophes, and long-term longevity risk. The search for higher and more stable investment returns sometimes leads to alternative investments, such as infrastructure projects, with risk profiles much different than those of traditional investments. The movement toward defined-contribution pensions shifts most risks from the provider to the consumer, but consumers in both developed and, particularly, developing economies often lack the financial literacy needed to fully understand the risks to which they are subject.

Supervisors will continue to face rising challenges in seeking to ensure that both industry and consumers have the tools and capabilities to understand the risks and manage them effectively. For example, insurers and pension entities will need to employ increasingly sophisticated risk management approaches to deal with the variety of risks and their correlations. The disclosure of more information to consumers can help them make more informed choices, but only if such information is relevant and understandable.

Supervisors will need to help drive such changes, along with improvements in their own performance. They should not only seek to comply with international core principles, but strive to adopt best practices. For example, they should encourage the regular sharing of experiences and supervisory approaches within and across disciplines, both within their own agency and in cooperation with supervisors in other sectors and jurisdictions. They should continue to develop better supervisory tools for assessing risk, and apply them through more

intensive off-site analysis and more flexible on-site inspection. The results should be used to drive better behavior in the industry and improve the ultimate outcomes.

The Toronto Centre is ideally positioned to help insurance and pensions supervisors to do so. Its programs increase their capacity to drive change through insightful action planning and effective stakeholder communication. The programs strengthen the ability of participants to deal with challenges by leveraging the knowledge of others.



Michael Hafeman, Insurance and Pensions Advisory Board Chair (centre)

## Securities Advisory Board Chair, Andrea Corcoran

### Former Director, U.S. Commodity Futures Trading Commission

Five years on from the Global Financial Crisis, with the advantage of hindsight, we are in a good position to reflect on the stabilizing and destabilizing roles of securities markets.

Securities markets can and do contribute to economic development by enhancing the capacity to access capital and the ability to accumulate capital through expanding the range of potential participants. When functioning properly, they:

- Allocate capital to the most efficient enterprises
- Provide risk capital to innovators
- Disseminate wealth held by governments in strategic companies, such as energy and telecommunications, to the population, and
- Provide a funding base for infrastructure improvements.

Similarly, securitization of debt can be a useful tool. It allows banks and other lenders to sell and thereby transfer long-term credit risk today at a discount. This process potentially bestows the power to make more credit more broadly available and reduces maturity mismatches.

Together, securities markets and securitization practices, if well-designed, diversify risks and expand the capacity of jurisdictions to grow their economies.

Despite their positive features, democratizing capital can challenge existing power structures and accumulation of capital can sustain bad as well as good conduct and political structures. This perception underscores why effective supervision and regulation are so critical. A well-managed market can be an extremely powerful agent of positive growth and change and a means of diversification of risks in the system, but mistakes can be fatal to the market and its overseers.

What does that mean for the Toronto Centre? We are in the business of helping authorities to:

- Harness the good
- Supervise the risks
- Moderate excesses and externalities
- Protect against malfeasance.

Using real-life cases and real-life regulators, we work to help new markets avoid costly mistakes made by others. Although we take account of international standards, we also consider the broad diversity in the types of markets that exist and the differences in their liquidity, participation, financial literacy, and technical proficiency.

Our approach keeps pace with what is happening on the ground in each specific jurisdiction we serve. It brings multiple views and practices to the table, thereby facilitating harmonization without engaging in what some have observed can be regulatory imperialism.



Andrea Corcoran, Securities Advisory Board Chair (centre)

If the past is a prologue for the future, the challenges are greater than ever before:

- Today's market structures are revolutionary as well as evolutionary
- Global connectivity makes the value of good regulatory citizenship greater and the risk of bad citizenship harder to contain
- Arbitrage can be pernicious or lead to beneficial innovation, and distinguishing which is which is never easy
- Everyone is learning together what the new risks are and how best to combat these risks without forgetting the eternal verities.

While our focus is on frontier and emerging jurisdictions, our facilitated dialogues can benefit mature jurisdictions where lessons have been unlearned and market changes sometimes outpace authorities. Robust supervision and regulation that support economic health are continuously evolving and no one has all the answers.

*What does that mean for the Toronto Centre? We are in the business of helping authorities to:*

- *Harness the good*
- *Supervise the risks*
- *Moderate excesses and externalities*
- *Protect against malfeasance.*

# GOVERNANCE, OPERATIONS, AND FINANCES

ACCOUNTABILITY IS ESSENTIAL  
TO US

South Africa

Credit: Tushar Koley / Shutterstock.com

## Board of Directors and Executive Committee

The Toronto Centre is led by the President and CEO and overseen by a Board of Directors composed of individuals with relevant supervisory and financial sector backgrounds, representing different regions of the world. All board members have experience in large and complex organizations, most at the senior executive level. The board meets twice a year, in spring and fall. It reviews and approves the Toronto Centre's budget and overall strategy,

monitors performance and looks for ways to expand the organization's impact.

In addition, the Executive Committee meets twice a year, in March and September. The Executive Committee is composed of a subset of the board members: the Chair and Vice-Chair of the Centre, the Chair of the Audit Committee, and board members representing Canada's Office of

the Superintendent of Financial Institutions, the International Monetary Fund, the World Bank, and the Schulich School of Business. The Executive Committee reviews detailed financial information on sources of income by funder and associated expenses, quarterly financial statements, and updated revenue and expenditure forecasts.

## Audit Committee

The Audit Committee is chaired by a member of the Board of Directors and composed of the Committee Chair, three other board members and the President and CEO. Audit Committee meetings are usually attended by at least one member from the Toronto Centre's external auditing firm, Ernst & Young. The Audit Committee meets at least annually prior to the spring Board meeting. The Audit Committee Chair meets more frequently with the external auditors and management. Since its inception, the Toronto Centre has received unqualified audit opinions.

## Advisory Boards

The Toronto Centre has three Advisory Boards - Banking, Insurance and Pensions, and Securities - which report to the Board of Directors through the Advisory Board Chairs. Advisory board members suggest themes and issues to be discussed in programs and case studies, recommend potential program leaders, provide valuable contacts, and promote the Toronto Centre, raising interest in its programs and identifying potential sponsors.

## Financial Integrity

The Board of Directors reviews and approves the Toronto Centre's annual budget and follows budget execution closely at board meetings and via periodic updates between meetings. A long-term budget is also reviewed regularly as an additional tool to guide management. The Board holds the President and CEO accountable for effective management and reporting of income and expenses, and compliance with the Centre's commitments to funders.



## Internal Controls and Financial and Administrative Procedures

While the President and CEO is ultimately accountable for the financial management of the Toronto Centre, the function is conducted separately by the financial staff of the Centre. The Toronto Centre's internal controls are based on best practices and procedures for an organization of our kind and size, in accordance with our major funders' requirements. These practices and procedures include documented policies, segregation of duties where possible, a requirement for two signatures on all payments irrespective of size, and approval by a Board member of any large payment.

The Toronto Centre is currently too small to maintain an internal audit function, and so our external auditors are asked, from time to time, to extend their audit procedures to examine transactions and/or compliance procedures that would otherwise fall outside normal materiality thresholds.

All administrative practices are in line with a resolution originally adopted by the Board of Directors in May 1999, and reaffirmed in November 2009. For example, program directors (Toronto Centre staff responsible for program development and execution) produce program budgets, issue letters of agreement to program

leaders, and approve supplier invoices. All invoices must be approved by the CEO and President or appropriate designate as a second-level check.

Funders' contributions are managed according to their requirements. Prudent risk-management principles guide the investment of funds. The funds are held in cash or in short-term, low-risk cash-equivalent instruments where the principal is protected. Regular reports of accounts and investments are provided to the Chair of the Audit Committee.

Our external auditors, Ernst & Young, review the draft financial statements and carry out a full, independent audit annually of our financial statements.

The Toronto Centre aims to be a good corporate citizen. We are an equal opportunity employer and an environmentally conscious organization.



## Protection Against Corruption and Fraud

A substantial portion of the Toronto Centre's costs is incurred in the payment of program leaders and Toronto Centre staff, and their travel expenses as they deliver programs all over the world. Controls over payments and limits on travel expenses per the Toronto Centre's Travel Policy are key controls to limit the exposure to corruption and fraud.

The Toronto Centre partners with various organizations to provide assistance to low-income countries - particularly those eligible for Official Development Assistance from OECD Development Assistance Committee - as well as regional supervisory organizations. The Toronto Centre does not make payments to such partners, but it may share expenses and receive payments from the partners to offset some of the costs incurred by the Toronto Centre under agreements covering specific programs. All monies received are closely tracked and included in program budgets and financial statements that are included in the reporting to the Audit Committee and the Board of Directors.



# Summarized Financial Statements

## Independent Auditors' Report

To the Members of  
**Toronto Leadership Centre**

The accompanying summarized financial statements, which comprise the summarized statement of financial position as at December 31, 2013, and the summarized statement of operations for the year then ended, are derived from the audited financial statements of **Toronto Leadership Centre** for the year ended December 31, 2013. We expressed an unqualified audit opinion on those financial statements in our auditors' report dated May 6, 2014.

The summarized financial statements do not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations applied in the preparation of the audited financial statements of **Toronto Leadership Centre**. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of **Toronto Leadership Centre**.

### Management's responsibility for the summarized financial statements

Management is responsible for the preparation of a summary of the audited financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

### Auditors' responsibility

Our responsibility is to express an opinion on the summarized financial statements based on our procedures, which were conducted in accordance with the applicable Assurance Guidelines of the Chartered Professional Accountants of Canada.

### Opinion

In our opinion, the summarized financial statements derived from the audited financial statements of **Toronto Leadership Centre** as at and for the year ended December 31, 2013 are consistent, in all material respects, with those financial statements and present fairly, in all material respects, the financial position of **Toronto Leadership Centre** as at December 31, 2013 and its financial performance for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Ernst + Young LLP*  
Chartered Accountants  
Licensed Public Accountants

Toronto, Canada.  
May 6, 2014.

## Summarized Statement of Financial Position

As at December 31

ASSETS	2013	2012
<b>Current</b>	\$	\$
Cash and cash equivalents	1,171,785	275,343
Short-term investments	735,465	705,881
Internally restricted short-term investments	1,070,338	760,160
Accounts receivable and others	159,241	386,726
<b>Total current assets</b>	<b>3,136,829</b>	<b>2,128,110</b>
Capital assets, net	28,983	7,644
	<b>3,165,812</b>	<b>2,135,754</b>

LIABILITIES AND NET ASSETS	2013	2012
<b>Current</b>	\$	\$
Accounts payable and accrued liabilities	1,150,455	540,061
Deferred contributions and others	488,136	425,449
<b>Total current liabilities</b>	<b>1,638,591</b>	<b>965,510</b>
<b>Net Assets</b>		
Unrestricted	456,883	410,084
Internally restricted <sup>Note 4</sup>	1,070,338	760,160
<b>Total net assets</b>	<b>1,527,221</b>	<b>1,170,244</b>
	<b>3,165,812</b>	<b>2,135,754</b>

## Summarized Statement of Operations

Year ended December 31

REVENUE	2013	2012
	\$	\$
Contributions	5,070,031	4,662,936
Program Partners	742,020	810,217
Participants registration fees and others	196,147	226,030
	<b>6,008,198</b>	<b>5,699,183</b>

EXPENSES	2013	2012
	\$	\$
Program development	993,236	1,197,385
Program delivery	3,274,489	2,860,203
Program promotion	325,162	244,424
Administrative and general and others	1,058,334	1,145,419
	<b>5,651,221</b>	<b>5,447,431</b>
<b>Excess of revenue over expenses for the year</b>	<b>356,977</b>	<b>251,752</b>

# Notes to Summarized Financial Statements

December 31, 2013

## 1. SUMMARIZED FINANCIAL STATEMENTS

The summarized financial statements are derived from the complete audited financial statements, prepared in accordance with Canadian accounting standards for not-for-profit organizations as at December 31, 2013 and for the year then ended.

The preparation of these summarized financial statements require management to determine the information that needs to be reflected in the summarized financial statements so that they are consistent in all material respects, with or represent a fair summary of the audited financial statements.

These summarized financial statements have been prepared by management using the following criteria:

- a. the information in the summarized financial statements is in agreement with the related information in the complete audited financial statements' and
- b. that, in all material respect, the summarized financial statements contain the information necessary to avoid distorting or obscuring matters disclosed in the related complete audited financial statements, including the notes thereto.

Management determined that the statement of changes in net assets and cash flows do not provide additional useful information and as such, has

not included them as part of the summarized financial statements.

The complete audited financial statements of the Toronto Leadership Centre are available upon request by contacting the Toronto Leadership Centre [the "Centre"].

## 2. REVENUE RECOGNITION

The Centre follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Program partner and participant registration fees are earned upon delivery of programs for which the participants have registered.

Interest income is recorded on an accrual basis.

## 3. ALLOCATION OF EXPENSES

Costs incurred by the Centre, including external suppliers' fees, staff compensation, travel, meals, facilities and materials, are allocated to the activities to which they contribute or relate. These costs are directly allocated on the basis of time spent and usage. General support and other costs not relating to specific activities are allocated according to the terms of the funding agreements.

## 4. INTERNALLY RESTRICTED NET ASSETS

The Board of Directors [the "Board"] has internally restricted net assets for the purpose of assisting the Centre in dealing with extraordinary events outside of normal operations. The Board will review annually the need for, and adequacy of, these internally restricted net assets. Short term investments will be segregated from assets used in the day to day operations of the Centre, invested under the supervision of the Board and released only with the authorization of the Board. Interest on these short-term investments will be accumulated in the internally restricted net assets. During the year, these assets were invested in short term Canadian dollar deposits to reflect the fact that costs arising from possible extraordinary events outside of normal operations for which the internally restricted net assets have been established are likely to be incurred largely in Canadian dollars.

## 5. IN-KIND CONTRIBUTIONS

During the year ended December 31, 2013, a number of organizations, including the World Bank, the Central Bank of Sweden, the SEACEN Centre, the Schulich School of Business, the IMF and the Office of the Superintendent of Financial Institutions, Canada provided contributions in kind to the Centre by the way of personnel and seminar leaders. These contributions are not recorded in these financial statements.

# THE TORONTO CENTRE TEAM

## OUR BOARD AND STAFF

Credit: Christian Vincas / Shutterstock.com

## Board of Directors



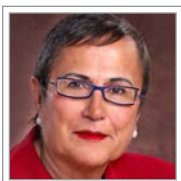
### Chair, John Palmer

Former Superintendent, Office of the Superintendent of Financial Institutions, Canada; former Deputy Managing Director, Monetary Authority of Singapore; former Deputy Chairman and Managing Partner, KPMG (Canadian firm).



### Vice Chair, Ruth de Krivoy

President, Síntesis Financiera, C.A.; former Governor, Central Bank of Venezuela.



### Chair of the Audit Committee, Dina Palozzi

President, Paladina Management Consulting Services Inc.; former CEO and Superintendent, Financial Services Commission of Ontario, Canada; former Executive Vice President and Chief Privacy Officer, BMO Financial Group; former Deputy Minister, Government of Ontario.



## Andrea M. Corcoran

Chair, Toronto Centre Securities Advisory Board; Principal, Align International, LLC, bespoke regulatory consulting; former First Director, Office of International Affairs and the Director of the Division of Trading and Markets, U.S. Commodity Futures Trading Commission.



## Julie Dickson

Superintendent, Office of the Superintendent of Financial Institutions, Canada; representative of OSFI on the Financial Stability Board; member, Council of Governors of the Canadian Public Accountability Board; member, Board of Directors of the Canada Deposit Insurance Corporation; former member, Basel Committee on Banking Supervision.



## Dezsö J. Horváth

Dean and Tanna H. Schulich Chair in Strategic Management, Schulich School of Business, York University, Toronto, Canada; former member, Board of Advisors for the Canada Global Leadership Initiative, Canadian Council of Chief Executives; former Fellow, World Economic Forum; Companion of the Order of Canada.



## Stefan Ingves

Governor, Central Bank of Sweden; Chair, Basel Committee for Banking Supervision; Chair, Advisory Technical Committee, European Systemic Risk Board; former Director of Monetary and Financial Systems Department, International Monetary Fund.



## David Scott

Advisor, Financial Systems Global Practice, World Bank; former Senior Supervisor, Office of the Comptroller of the Currency, U.S. Treasury Department.



## Michael Hafeman

Chair, Insurance and Pensions Advisory Board, Toronto Centre; former Assistant Superintendent, Specialist Support Sector, Office of the Superintendent of Financial Institutions, Canada.



### Alvir Hoffmann

Chair, Toronto Centre Banking Advisory Board; Chair, Audit Committee of BTG Pactual Investment Bank; former Consultant for Regulatory Practice, Ernst & Young; former Deputy Governor for Supervision, Central Bank of Brazil; former Chairman, Association of Supervisors of Banks of the Americas.



### Ceyla Pazarbasioglu

Deputy Director in charge of financial supervision, Monetary and Capital Markets Department, International Monetary Fund; former Vice-President of the Banking Regulatory and Supervisory Agency of Turkey.



### Babak Abbaszadeh

President and Chief Executive Officer of the Toronto Centre.



## Advisory Board Members

### Banking

Alvir Hoffmann, Chair

Ruth de Krivoy

Sarkis Yoghourtdjian

Clive Briault

Paul Wright

Jan Willem van der Vossen

Barry Johnston

Robert Schenck

### Insurance and Pensions

Michael Hafeman, Chair

Keith Chapman

Fiona Stewart

Leon Anderson

Jonathan Dixon

Rana Tahboub

Manuel Aguilera-Verduzco

Michael Oliver

Craig Thorburn

George Brady

Ernesto Rios

John Thompson

Peter Braumüller

Lawrie Savage

### Securities

Andrea Corcoran, Chair

Jennifer Elliot

Tanis MacLaren

Alan Cameron

Brian Gelfand

Carlos Barsallo Perez

Ana Fiorella Carvajal

Alison Harwood

Edward J. Waitzer



## STAFF



### Babak Abbaszadeh, President and Chief Executive Officer

Babak Abbaszadeh joined the Toronto Centre as President and Chief Executive Officer in June 2010. He is accountable to the Board of Directors and responsible for all aspects of the organization's strategic and operational activities. With more than 24 years of experience in public policy and stakeholder relations in the private sector, government agencies, and NGOs, Babak has held leadership roles in highly regulated sectors such as financial services, energy, and natural resources. He has worked closely with financial regulators in Canada and led advocacy strategies for major internationally oriented Canadian financial institutions. From 2006 to 2009 he was the Director of Stakeholder Relations at the Canada Pension Plan Investment Board. From 2004 to 2006, Babak held senior positions in the Ontario government including as Chief of Staff to two senior Cabinet Ministers. He also served as Director of Government and Industry Relations at Sun Life Financial from 1998 to 2003, a period that coincided with a major overhaul of financial services in Canada.



### Hooi Eng Phang, Program Director

Hooi Eng Phang has been with the Toronto Centre since July 2007. She assists the Chief Executive Officer with the design and implementation of leadership programs, strategy development, and project planning. Before joining the Toronto Centre, she was the Executive Director representing 12 countries in the South East Asia Voting Group at the International Monetary Fund. Prior to that, she was the Senior Director of the Economics Department of Bank Negara Malaysia, where she had worked since 1984. She is the author of numerous economic papers and recipient of several economic scholarships and awards.



### Bruce Thompson, Program Director

Bruce Thompson joined the Toronto Centre in October 2010 where he is responsible for the design and implementation of programs examining risk-based supervision and related technical subjects. Prior to joining the Toronto Centre he held a senior position with Canada's Office of the Superintendent of Financial Institutions, where he had worked for 30 years - originally joining a predecessor organization, the Department of Insurance, in 1978.



### Chris Cardoza, Program Director

Chris Cardoza is on secondment from the Office of the Superintendent of Financial Institutions (OSFI) Canada, where he is a Senior Director in the Supervision Sector. Chris joined the Toronto Centre in March 2011 to assist with the design and implementation of the former OSFI-IAG technical programs, now housed at the Toronto Centre, and other Toronto Centre programs. He also assists with strategy development and project planning. He has been with OSFI for over 25 years.



### Yoke Wang Tok, Program Director

Yoke Wang Tok joined the Toronto Centre in 2011, bringing with her close to two decades of experience in central banking, spanning macroeconomics research, financial stability analysis, and international relations. Tapping her extensive international experience, she has worked as a consultant in the areas of financial stability and economics. While at the Monetary Authority of Singapore, she held various senior positions, including leading the Financial Surveillance Division and the International Economies Division. She also worked at the International Monetary Fund as Senior Advisor from 2007-2009.



### Salvador Chang, Program Director

Salvador Chang is a former strategy and finance manager and economics professor with experience in the analysis of global financial markets, banking, and international economics. He worked in the areas of strategy, economic analysis, and finance at Royal & Sun Alliance Canada, Mercantil Servicios Financieros (a leading financial services provider in Venezuela), and Petróleos de Venezuela, S.A. He was also a research professor in economics at Instituto de Investigaciones Económicas y Sociales, a non-profit economic and social studies think tank of Universidad Católica Andrés Bello in Caracas, Venezuela, where he published extensive research on external debt, financial crises, and economic stabilization plans in Latin America.



### Colleen MacLean, Manager of Finance and Operations

Colleen joined the Toronto Centre in 2013, and is responsible for our organization's financial operations. Colleen holds a CPA/CA designation from the Chartered Professional Accountants of Ontario and has a MBA from the University of Toronto, Rotman School of Management. Prior to joining the Toronto Centre she worked in various roles in finance and compliance for a major Canadian bank. She also worked at the University of Toronto and articulated with Ernst & Young. She has served as a member of the board for several not-for-profit organizations.



### Scott Anderson, Manager of Communications

Scott Anderson supports the CEO in all aspects of the Toronto Centre's communications and fundraising planning, strategy development, and execution. Scott is a senior financial writer, editor, and communications strategist with more than 25 years of experience at international wire services, daily newspapers, television, trade publications, and communications agencies. He holds an honours degree in History and English from York University and a graduate degree in Journalism from the University of King's College.



### Rosemary Quinsey, Program Administrator

Rosemary Quinsey joined the Toronto Centre in 2012 as a program administrator. In her current position, she organizes program planning and development, coordinates program delivery, assists in proposal and report writing, and provides support to the program directors. She holds an Honours BA in English Literature from the University of Ottawa.



### Vanessa Pham, Program Administrator

Vanessa Pham has been involved in administration for more than four years. Before joining the Toronto Centre in 2012 she worked in the finance department at the Toronto Central Local Health Integration Network. In her current position, she is responsible for the administration of programs and provides support to the Toronto Centre's program directors. She has a business administration degree in Marketing and International Business from Simon Fraser University in British Columbia.



### Thuy Bui, Administrative Assistant to the CEO

Thuy Bui joined the Toronto Centre team in 2012 bringing with her over five years of experience in administration. Thuy is responsible for the administration of the Toronto Centre's office operations and provides support to the CEO. She holds an Honours Bachelor of Arts degree majoring in Sociology and City Studies from the University of Toronto.



### Alison Stirling, Accounting Assistant, Program Coordinator

Alison Stirling possesses a keen interest in the non-profit sector. She has been working in the field for over four years. Prior to joining the Toronto Centre in September 2013, Alison worked for Christopher Adams CA, a small accounting boutique based out of MaRS, a Toronto-based innovation centre. She also worked for Pueblito Canada, a development NGO based out of the Centre of Social Innovation. She holds an Honours BA in Economics and Geography from Queens University, and a post-graduate degree in education from the University of Edinburgh.



## Contributors and Partners

The Toronto Centre receives support from several international organizations and development agencies without which our work would not be possible. We are grateful to our major funders for their continued financial support, and to the Schulich School of Business at York University, Canada, for its ongoing in-kind contributions. We also thank our other contributors and partners who provide valuable expertise, funding, and other resources.

### Founders and Major Contributors



### Partners and Other Contributors in 2013

- Access to Insurance Initiative
- Association of Southeast Asian Nations (ASEAN) and the ASEAN Insurance Training and Research Institute
- Association of Supervisors of Banks of the Americas (ASBA)
- AusAid
- Bank for International Settlements
- Bank Indonesia
- Bank Negara Malaysia
- Bank of Jamaica
- Bank of Thailand
- Canada Deposit Insurance Corporation
- Canadian Bureau for International Education
- Caribbean Group of Banking Supervisors
- Central American Council of Superintendents of Banks, Insurance and Other Financial Institutions
- Central Bank of Armenia
- Central Bank of Myanmar
- Central Bank of Nigeria
- Central Bank of Rwanda
- Centre for Advanced Financial Research and Learning
- China Banking Regulatory Commission
- Consultative Group to Assist the Poor
- Comisión Nacional Bancaria y de Valores, Mexico
- Deutsche Gesellschaft für Internationale Zusammenarbeit (Germany's international development agency)
- FIRST Initiative
- Financial Services Commission Jamaica
- Financial Stability Institute
- Insurance Commission, Philippines
- International Association of Deposit Insurers
- International Association of Insurance Supervisors
- International Organization of Securities Commissions Ministry of Finance, Indonesia
- Monetary Authority of Singapore
- National Bank of Cambodia
- National Bank of Ukraine
- National Insurance Commission, Ghana
- Office of the Superintendent of Financial Institutions, Canada
- Otoritas Jasa Keuangan (Financial Services Authority of Indonesia)
- People's Bank of China
- Sveriges Riksbank (Central Bank of Sweden)
- Securities and Exchange Commission of Cambodia
- South East Asian Central Banks Research and Training Centre
- South African Reserve Bank
- State Bank of Vietnam
- Strate, South Africa's Central Securities Depository
- Sun Life Financial
- Superintendencia Financiera de Colombia
- Superintendencia General de Entidades Financieras, Costa Rica
- Superintendencia General de Seguros de Costa Rica
- Superintendency of Banking, Insurance and Private Pension Fund Administrators, Peru
- United States Federal Reserve Bank





**Toronto Centre**

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