



# ADVANCING SUSTAINABLE DEVELOPMENT GOALS

**BY PROMOTING INCLUSIVE AND STABLE FINANCIAL SYSTEMS**

**ANNUAL  
REPORT  
2016**

## Founders and Contributors

Toronto Centre receives financial support from the Government of Canada through Global Affairs Canada (GAC), the Swedish International Development Cooperation Agency (Sida), and the International Monetary Fund (IMF). We are also grateful to our founders, the World Bank and the Schulich School of Business at York University, Canada, for their continued support.



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**ADVANCING  
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DEVELOPMENT  
GOALS**

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# Message from the Chair of the Board

Stability, inclusivity and accessibility of financial systems in developing countries can summarize Toronto Centre's goals and the positive impact its programs have made around the world not only in 2016, but since its inception in 1998.



Toronto Centre was established by the Canadian government, the World Bank and the Schulich School of Business in response to

the Asian financial crisis that began in 1997 and was partly the result of weak financial regulation, supervision and enforcement in the affected countries. Since then, Toronto Centre has played a proactive role in enhancing the capacity of financial regulators and supervisors around the globe (particularly in emerging markets and developing countries) to contribute to deeper, more inclusive and more stable financial systems. In doing so, Toronto Centre seeks to improve the lives of people in emerging and developing market economies, particularly those who are poor and are marginalized, and who benefit from financial systems that are stable and inclusive and suffer when they

are not. The task has always been both challenging and rewarding.

Toronto Centre is regarded as a valued partner by many developing countries' supervisory and central banking authorities and regional and multilateral institutions. Indeed, since our inception we have trained more than 10,000 regulators and supervisors from over 190 countries.

Toronto Centre is able to develop and deliver its capacity building programs due to the commitment and generous financial support of the Government of Canada and valued international partners, including the Swedish International Development and Cooperation Agency (SIDA), and the IMF. The Centre greatly appreciates their continuing support.

As we look ahead, Toronto Centre will celebrate its 20<sup>th</sup> anniversary in 2018. I continue to be proud of the role Toronto Centre

is playing to build sound and inclusive financial systems in an effort to improve economic and social conditions in developing countries. Toronto Centre remains focused on, and committed to, building partnerships, developing innovative programs, soliciting feedback from participants and their managers, and evolving with a changing world.

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



**“Toronto Centre seeks to improve the lives of people in emerging and developing market economies, particularly those who are poor and are marginalized, and who benefit from financial systems that are stable and inclusive and suffer when they are not. The task has always been both challenging and rewarding.”**

# Message from the President and CEO

Toronto Centre has completed another very busy and successful year meeting the increasing demand for our services in an ever-changing world.



At the outset, I would like to draw your attention to this annual report's title: *Advancing Sustainable Development Goals: Promoting*

*Inclusive and Stable Financial Systems*. Promoting inclusive and stable financial systems is embedded in our mission, and "sustainable development", as defined by the United Nations, is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

Our Chair, in his message, referred to our global reach and the large number of officials trained since our inception. I'm pleased to report that we are continuing to have this impact and now train more than 1,800 regulators and supervisors annually. We continue to expand our services in response to the needs of our partners by addressing emerging issues that include climate change, financial literacy, consumer protection, digital financial services, and gender equality in financial services.

We were pleased to see the UN's Sustainable Development Goals (SDGs) – the 2030 Agenda - launched in January 2016. Not only does the UN cite the need for capacity building programs to help advance the development agenda, but many of the 17 SDGs align with our mission and call for financial inclusion and stability.

During the year, we were pleased to provide our input to a Discussion Paper issued by Global Affairs Canada regarding its proposed priorities for International Development Assistance, which also aligned with our mission and the SDGs. A key issue addressed by the SDGs is the empowerment of women, including equal access to financial services. The SDGs illustrate the extensive economic and social benefits that gender equality brings to a society. Toronto Centre's commitment to empowering women is reflected in our Gender Policy, in our efforts to encourage more women to participate in our programs, and in a greater gender emphasis in our financial inclusion and consumer protection courses.

While this international conversation is evolving, we continue to carry out our mandate and expand our capacity building programs to meet the increasing needs of the supervisory and regulatory communities, primarily in emerging markets and developing economies.

New pilot programs launched in 2016 included: Digital Finance, which addressed topics such as e-money balances and the risks of using digital technology as a primary delivery mechanism, with important consumer protection implications; and Islamic Finance, which focused on risks inherent in Islamic banks and Islamic banks' products, as well as how to deal with those risks. Of special note, we are proud to have launched a two-week Program on Core Curriculum for Financial Supervision that addressed issues faced by supervisors in the banking, insurance, pensions and

securities industries, including cross sectoral challenges. And, finally, given the importance of climate change risk to green finance and consumers, Toronto Centre hosted two executive panel discussions on climate change and financial stability, a unique pairing of two important public policy preoccupations with implications for supervisors and regulators, at the IMF-World Bank semi-annual meetings last year.

Moving forward, our ongoing collaboration with international stakeholders and our attention to program partner needs and participants' feedback will help to ensure that we continue to develop timely and relevant products and services which address current and future critical issues on a global level.

In partnership with our funders, and with their support and that of other valuable country, regional and international partners, we strive to achieve our goals to enhance the capacity of financial supervisors and regulators around the world to build sound financial systems, and, as we show elsewhere in this report, to contribute to global sustainable economic growth and poverty reduction efforts.

**Babak Abbaszadeh**  
**President and Chief Executive Officer**

# About Toronto Centre

## Vision

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

## Mission

To enhance the capacity of financial regulators and supervisors 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

Toronto Centre is an independent not-for-profit organization that promotes financial stability and access to financial services globally by providing training that develops the capacity of financial sector regulators and supervisors, particularly in emerging markets and low-income countries. We believe that in order for countries to thrive, their financial systems must be reliable, stable, and inclusive. By helping build these economic foundations, our work supports sustainable growth and job creation, and helps to reduce poverty and raise standards of living.

### Four Main Objectives:

- Improved financial stability
- Better crisis preparedness and management
- Greater financial inclusion and consumer protection
- Strong leadership skills to support the other objectives

Toronto Centre understands the various obstacles and challenges that can prevent countries from realizing their economic development goals as they relate to financial stability and inclusion.

## Why Does Our Mission Matter?

- Weak financial sector supervision contributes to financial crises and slow or declining economic growth
- Weak supervision in developing countries and emerging markets largely stems from:
  - flawed mandates
  - inadequate legal powers
  - weak governance
  - substandard supervisory methodologies
  - lack of regulatory and supervisory expertise/resources
  - regulatory capture

Toronto Centre's work ultimately underpins sustainable economic growth and can help to reduce poverty. Our mission is consistent with the UN 2030 Sustainable Development Goals and Addis Ababa Action Agenda: Financing for Development.

### Toronto Centre delivers capacity building programs in:

- Banking
- Insurance
- Securities
- Pensions
- Microfinance
- Microinsurance supervision
- Cross-sectoral combinations of two or more of the categories above

### Programs cover a variety of themes, including:

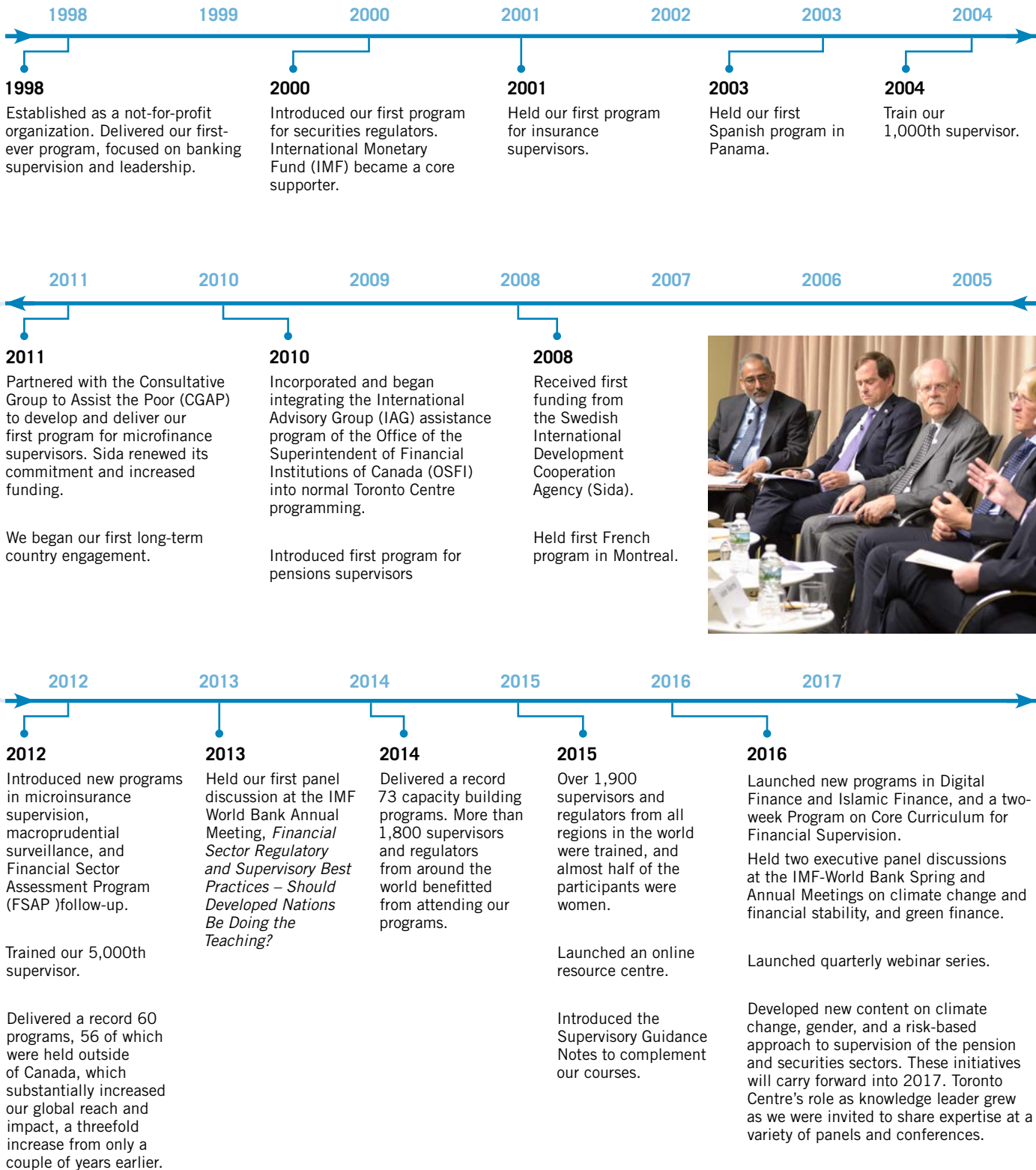
- Leadership and change management
- Crisis preparedness and crisis management
- Macroprudential surveillance
- Risk-based supervision
- Consolidated supervision
- International core principles
- Anti-money laundering and combatting the financing of terrorism
- Deposit insurance
- Financial inclusion (including microfinance, microinsurance, digital finance and consumer protection)

Training programs are highly interactive and practical because we have found this to be the best way for participants to learn and develop the skills that allow them to make meaningful changes in their agencies and ultimately in their countries.

## History

For almost two decades, Toronto Centre has provided capacity building programs to financial sector regulators and supervisors so they have the tools and capacity to develop and maintain stable financial systems.

Some of Toronto Centre's major milestones include:

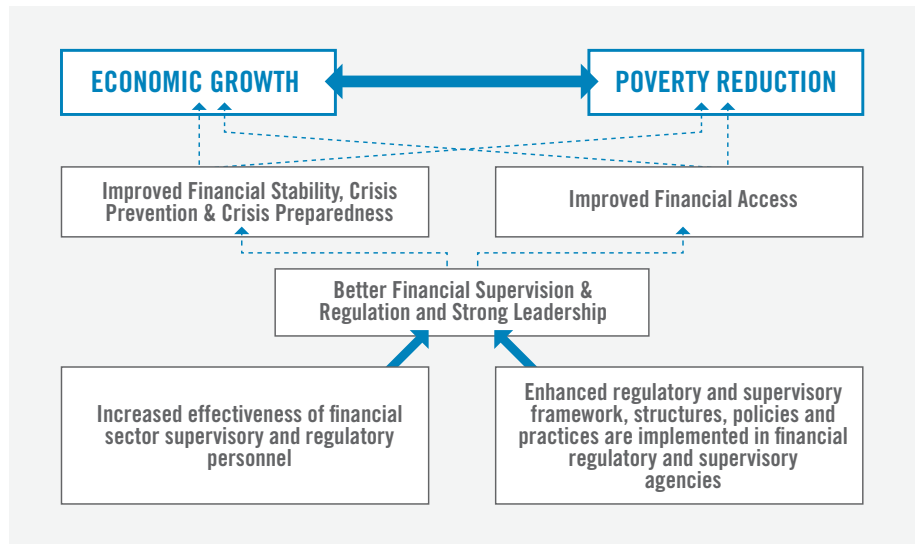


## Importance of Global Financial Stability

Financial systems directly influence a country's economic health and social development. Countries with well-regulated and efficient financial systems see higher rates of economic growth and reduced poverty and income inequality. Individuals who have access to sound financial services can save and plan, protect themselves against calamity and grow their own wealth for a self-sufficient and better future.

Under-developed financial systems and weak regulation and supervision can have the opposite effect. Lack of access to financial services constrains growth, and as was made evident in the financial crises of 1997 and 2008, weak regulation and supervision contribute to financial crises that can set back economic growth for years and impose huge losses on societies. The global impact of the 2008 crisis is still being felt worldwide.

Policymakers around the world are increasingly aware of the role financial systems play in the overall economic



and social health of a country. This is a key component in the UN's Sustainable Development Goals in its Agenda 2030 and in the Addis Ababa Action Agenda.

With its goal of ending poverty and achieving sustainable development through inclusive economic growth,

Toronto Centre is aligned with many other international agencies and organizations, including the UN. Toronto Centre continues to develop programs and deliver training so financial regulators and supervisors have the tools they require to build and maintain inclusive and stable financial systems.

## Importance of Gender Equality

Toronto Centre's mission to promote financial stability and inclusion is important to the economic well-being of all people. However, our mission is particularly important for women in developing countries, especially women who are near or below the poverty line.

### Preventing Financial Crises Helps the World's Women

Women make up the majority of the world's poor, and are disproportionately affected by economic volatility and financial crises. They are employed in insecure and unstable jobs more often than men. The renowned organization, UN Women, also notes that in times of financial crisis, parents are more likely to take their children out of school due to the cost of education and so they can work to supplement the family income. Usually, the first to be taken out of school are the girls. This has long-term effects 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.





## Empowering Women through Microfinance and Microinsurance

Women are often 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.

Ensuring that women have equal access to financial services is a vital part of a broader movement to empower women worldwide. Toronto Centre recognizes that sustainable economic growth and poverty

reduction cannot be achieved without women's full participation in the financial sector.

While it is essential to increase women's access to traditional providers of financial services, it is particularly important to ensure that women have access to the microfinance and microinsurance channels, which are helping women build greater financial independence. Access to credit, the ability to save for the future, and the

opportunity to insure themselves, their businesses, and their families against unexpected events, are empowering women around the world. An enabling regulatory environment and effective supervision are critical to the success and sustainability of these sectors, and our microfinance and microinsurance programs help supervisory agencies to create these conditions.

## Toronto Centre's Action on Gender Equality

Gender equality is important to both Toronto Centre and our major funders and partners. As such, Toronto Centre works to promote gender equality through its capacity development programs. Approximately 40% of participants in our capacity development programs are female. We also strive to achieve gender balance on our board, our program training personnel and staff. We have outlined our commitment to gender in our Gender Policy, which is communicated to our partners. We also disaggregate our results-based management data by gender to determine if there are significant gender differences in outcome.



The Honourable Marie-Claude Bibeau, Canada's Minister of International Development and La Francophonie, with Babak Abbaszadeh, President & CEO, Toronto Centre

# CLOSING THE GENDER GAP IN FINANCE

### QUESTION

What role can financial regulators/supervisors, governments, international development institutions and agencies, private sector participants, researchers, and other stakeholders play in promoting gender equality and the economic empowerment of women as they relate to the provision of savings, payments, and other financial services?

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### BACKGROUND

Gender equality and women's economic participation are central to financial inclusion, and key drivers of economic development and achieving the United Nations 2030 Sustainable Development Goals and the Addis Ababa Action Agenda. A key milestone in this regard is eliminating the gaps in women's access to and use of financial services that exist in many countries.

While considerable progress has been made in increasing access to financial services, the gap in usage by women relative to men persists. There is an even larger gender gap in the senior management of financial institutions and supervisory agencies.

Source: World Bank - Infographic: Global Findex 2014 - Gender and Income

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### RELEVANCE TO TORONTO CENTRE

Gender equality is important to Toronto Centre and our major funders and partners. As such, we work to promote gender equality in our capacity development programs as well as consider:

- ★ **Promising policies and practices.** *What actions are most effective in increasing access and usage by women? How can they be fashioned into strategies designed to close the gender gap?*
- ★ **The importance of better data collection and analysis, especially regarding usage.** *What are international institutions doing in this regard? What should national authorities be doing?*
- ★ **Eliminating legal, regulatory and other barriers.** *Which are the most constraining barriers? How do they vary among regions? What has recently been done to overcome these barriers? What are the success stories?*
- ★ **Promoting the role of women on boards and in senior management of financial institutions and supervisory agencies.** *Why is this important? What are examples of steps being taken? How best to promote more progress in this regard?*

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### ABOUT US

Toronto Centre for Global Leadership in Financial Supervision (Toronto Centre) is an independent not-for-profit organization that promotes financial stability and access to financial services globally by providing training that develops the capacity of financial sector regulators and supervisors, particularly in emerging markets and low-income countries. We believe that in order for countries to thrive, their financial systems must be reliable, stable, and inclusive. By helping build these economic foundations, our work supports sustainable growth and job creation, and helps to reduce poverty and raise standards of living. Since 1998, we have trained more than 10,000 supervisors and regulators from over 190 countries and territories. Toronto Centre is supported by Global Affairs Canada, the IMF, the Swedish International Development Cooperation Agency, and other valuable international partners. For more information, please visit [www.torontocentre.org](http://www.torontocentre.org)

### GENDER MATTERS

Women play a central role as income earners in lifting themselves, their families, and their communities out of poverty. Many women around the world have been excluded and continue to be excluded from adequate access to financial services. Women's effective access to financial services supports self-employment, business development, asset accumulation, household wealth creation, and protection against the potentially devastating effects of risks, including the impacts of financial crises.

**Financial inclusion** is crucial to economic development. Promoting financial inclusion is key to help bring the one billion unbanked women around the globe into financial and other economic systems and to achieve gender equality, a 2030 UN Sustainable Development Goal.

Even as overall financial inclusion rates increase, the gender gap persists. Research shows that women in developing countries use the formal financial sector less than men due to legal and cultural barriers, inadequate legal frameworks, gaps in women's literacy, lack of time and limited physical mobility. This results in women's marginalization in the formal sector and their dependency on informal mechanisms for loans and savings.

**Financial stability** is a foundation for sustainable economic development and poverty reduction. Financial crises disproportionately affect the poor and disadvantaged, primarily women and children. Financial crises and the heightening of risks, including AML/CFT concerns—and the tougher regulations that follow—can overtime, lead to financial institutions pulling back from some activities (e.g. restricting the flow of credit, terminating correspondent banking relationships and handling remittances) to the detriment of the poor and economic growth more generally.

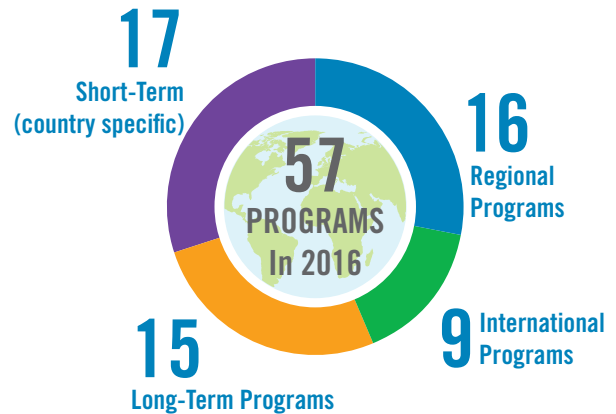
#### TOP 10 COUNTRIES CLOSING THE GENDER GAP IN 2015

Source: World Economic Forum - The Global Gender Gap Report 2016

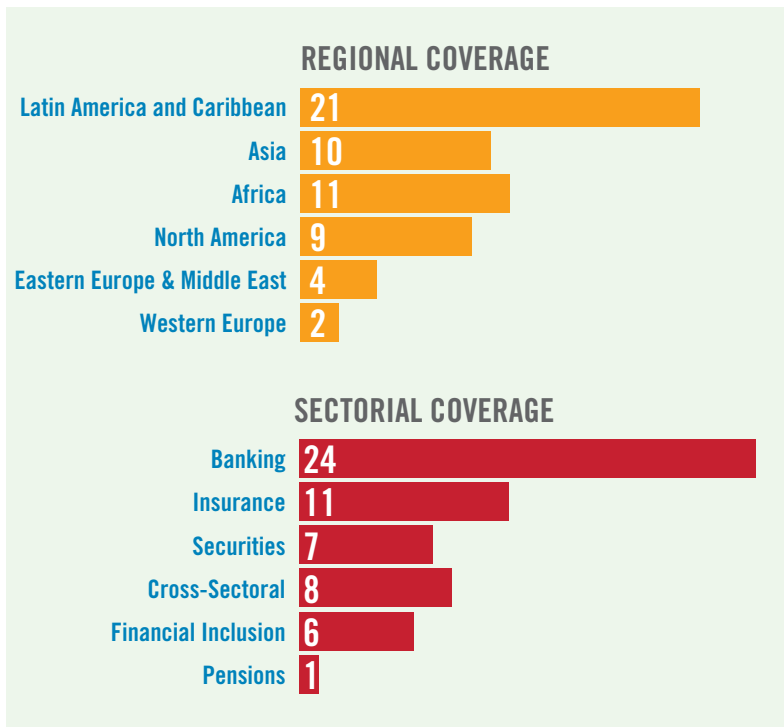
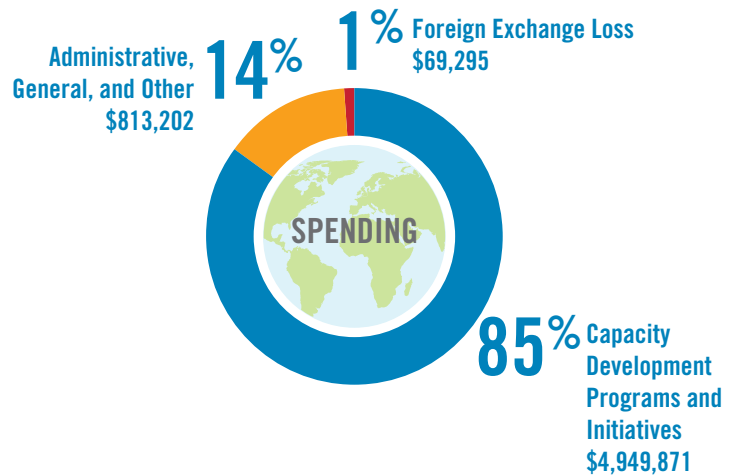
# Toronto Centre – 2016 at-a-Glance

Toronto Centre’s programming has a truly global reach. Since our founding, we have offered our capacity development programs to supervisors and regulators from more than 190 countries and territories, and delivered training programs in more than 60 countries around the world. In 2016 alone, we delivered 57 programs to more than 1,500 supervisors and regulators in all corners of the world, approximately 41 percent of which were women.

Key to our success is our commitment to meeting the evolving needs of our partners. We accomplish this by continuously collaborating with new agencies and developing new programs in response to emerging trends and newly identified challenges.



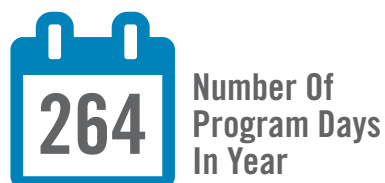
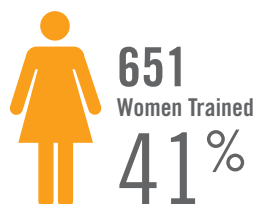
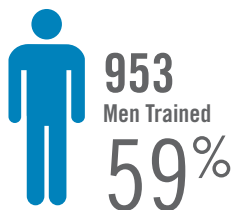
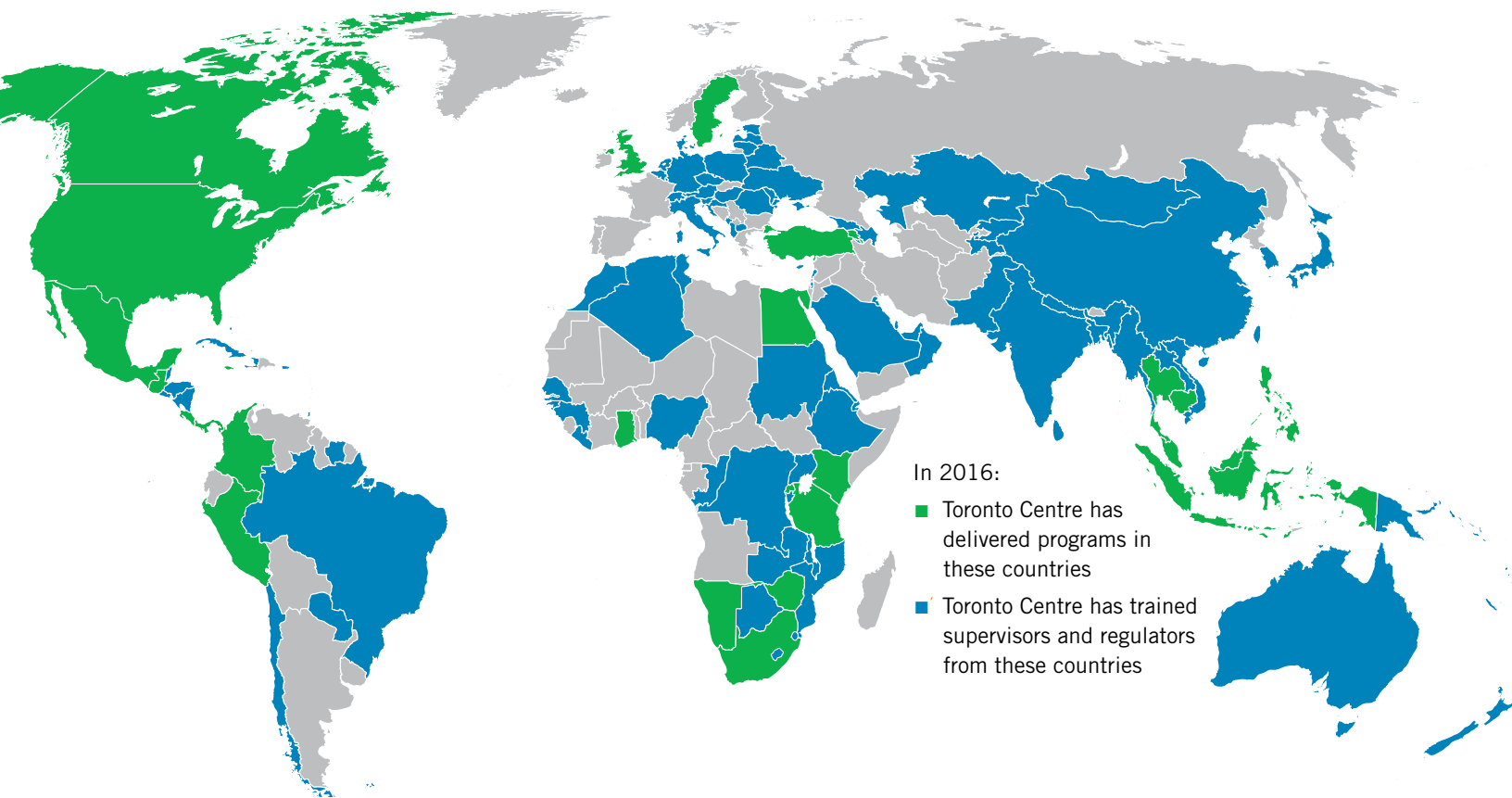
*Since 1998, we have trained supervisors and regulators from more than **190 Countries** and delivered training programs in more than **60 Countries***



We partnered with **39 Agencies** to deliver programs in 2016

ODA Eligible Countries Toronto Centre Worked in: **79%** (45 Programs)

Percentage of Participants from ODA Countries: **90%** (1,444 Participants)



### Participants Came from 116 Countries in 2016:

|            |                               |                   |                                  |                  |                                  |                      |
|------------|-------------------------------|-------------------|----------------------------------|------------------|----------------------------------|----------------------|
| Albania    | Cayman Islands                | Georgia           | Kosovo                           | Morocco          | Romania                          | Taiwan               |
| Algeria    | Chile                         | Germany           | Kyrgyzstan                       | Mozambique       | Rwanda                           | Tajikistan           |
| Anguilla   | China                         | Ghana             | Lao People's Democratic Republic | Myanmar          | Saint Kitts and Nevis            | Tanzania             |
| Armenia    | Congo, Democratic Republic of | Guatemala         | Latvia                           | Namibia          | Saint Vincent and the Grenadines | Thailand             |
| Australia  | Costa Rica                    | Guernsey          | Lesotho                          | Nepal            | Sao Tome and e Principe          | Trinidad and Tobago  |
| Austria    | Colombia                      | Guinea            | Liberia                          | New Zealand      | Saudi Arabia                     | Tunisia              |
| Azerbaijan | Croatia                       | Honduras          | Lithuania                        | Nicaragua        | Senegal                          | Turkey               |
| Bahamas    | Curacao                       | Hong Kong         | Macedonia                        | Nigeria          | Singapore                        | Uganda               |
| Bangladesh | Cyprus                        | India             | Malawi                           | Oman             | Slovenia                         | Ukraine              |
| Belarus    | Czech Republic                | Indonesia         | Malaysia                         | Pakistan         | South Africa                     | United Arab Emirates |
| Belgium    | Denmark                       | Italy             | Maldives                         | Panama           | Sri Lanka                        | United Kingdom       |
| Belize     | Egypt                         | Jamaica           | Mauritius                        | Papua New Guinea | Sudan                            | United States        |
| Botswana   | El Salvador                   | Japan             | Mexico                           | Paraguay         | Suriname                         | Vietnam              |
| Brazil     | Eritrea                       | Jordan            | Moldova                          | Peru             | Swaziland                        | Zambia               |
| Burundi    | Estonia                       | Kazakhstan        | Mongolia                         | Philippines      | Sweden                           | Zimbabwe             |
| Cambodia   | Ethiopia                      | Kenya             | Montenegro                       | Poland           | Switzerland                      |                      |
| Canada     |                               | Republic of Korea |                                  | Qatar            |                                  |                      |

# 2016 in Review – Our Programs and Impact

## Empowerment

Empowerment means giving regulators and supervisors, particularly in low-income countries and emerging markets, the knowledge and tools they need so they can use these resources and concepts to promote a more stable and inclusive financial system.

Toronto Centre’s innovative and customized capacity building programs empower participants by helping them to develop and enhance their supervisory frameworks and methodologies in line with international best practices. Our programs help supervisors and regulators develop the leadership skills necessary to build strong and effective regulatory and supervisory agencies.



Surveys of past participants who attended Toronto Centre programs indicate that 95% of respondents agreed that they were able to apply the knowledge and skills learned at the Toronto Centre programs when they returned to their respective agencies.

Also, a significant majority of respondents (95%) agreed or strongly agreed that they will become more effective supervisors or regulators as a result of Toronto Centre training.

Programs are delivered in all regions of the world in partnership with regional and national supervisory bodies. Our programs are tailored to deliver training on both financial sector topics and leadership skills to address the unique challenges facing each of our client agencies and participants.

Our programs empower participants to:

- Strengthen their agencies’ capacities to implement international standards of supervision
- Deal effectively with troubled financial institutions and market failures
- Work with governments and others to create and maintain an effective legal and regulatory framework for financial sector supervision
- Support efforts to enhance women’s and men’s access to, and use of, financial services
- Work with management, self-regulatory organizations, boards of directors, media, and others to promote and gain support for sound industry practices
- Network with peers and more senior supervisors to identify and resolve supervisory issues faced in their ongoing work

As we stay abreast of emerging risks and issues, we develop new programs. These included a Regional Pilot Training Program on Digital Financial Inclusion Supervision, conducted jointly with CGAP and the Bank of Tanzania in August for East African supervisors and regulators.

We also conducted a similar program in Costa Rica in December and hosted an observer from the Gates Foundation. The training provided a practical and comprehensive learning experience to facilitate building a framework for effective supervision of digital financial services: one that strikes a balance between serving financially excluded and underserved populations (especially women), and protecting the safety and soundness of the financial system. We developed an Islamic Finance program to help participants understand and deal with risks inherent in Islamic banks and Islamic banking. Islamic banking has experienced considerable growth in the past three decades and is now one of the fastest growing segments of the global financial system.

All who attend Toronto Centre programs become part of the TC Community and receive post-program support to drive change in their home organizations. One example of this post-program support is the Toronto Centre Resource Centre (TCRC), an online platform where users can access relevant and practical research findings, Supervisory Guidance Notes and other materials.

**“The course was very helpful for improving our risk-based supervision process. The methods and insight, combined with all of the experience shared by the excellent teachers, were invaluable.”**

**“An excellent well-packaged program. It was very useful for the financial system and economy at large.”**

**“By far the best training I have been to.”**

## Leadership

Leaders tackle challenges that may include lack of support, weak legal infrastructure, institutional resistance and resource limitations. In that capacity, they lead change and empower those around them.

Toronto Centre has focused on teaching leadership skills to financial sector regulators and supervisors in emerging markets and low-income countries and is recognized as a knowledge leader. Global institutions look to us for guidance.

For example, the IMF reported in their 2015 Article IV report on the Financial Sector Stability Assessment (FSSA) section that Superintendencia Financiera de Colombia (SFC) “is developing a comprehensive monitoring framework for risk based supervision (RBS) with the help of the Toronto Centre. The migration of the SFC to RBS was born from the need to: have a holistic view of the risks of each institution, be it individual or conglomerate, foreign or domestic; have one voice against the industry; increase

*efficiency in the allocation of SFC resources focusing on key areas of risk; and being more forward looking.....The methodology is fully developed for credit institutions and insurance companies and is still under development for brokers, trust funds and the stock exchange. The full implementation began in 2014, and the goal this year is to have the full roll-out of the methodology to all entities prudentially supervised by the SFC.”*

Toronto Centre’s role as a knowledge leader enables us to develop the leadership capabilities of our program participants so that they can better identify and overcome barriers to implementing regulatory and supervisory best practices in their jurisdictions. Toronto Centre has developed a planning methodology that

helps individuals to identify a problem or challenge they are facing but are unsure how to approach it. The methodology shows participants how to analyze the situation and determine the possible responses.

Programs also improve supervisors’ communication, persuasion, gender awareness, and stakeholder management and negotiations skills, enabling successful interactions with regulated firms, governments, legislatures, the media, and others.

In our programs, participants develop their action planning skills to make changes in their countries by creating their own plan for tackling a challenge that they currently face.



**“The seminar brought a lot of issues and case studies, including discussions. The presenters shared personal experiences and provided a lot of material that I will be able to apply in my day-to-day duties. In addition the seminar has changed the way I will be going about introducing change. I used to focus mostly on the benefits of the proposed change. I would gloss over all the disadvantages and rarely covered what we would retain.”**

**“It has helped my country as well. I’m also a member of the National Task Force. I’m a member of the group that reviews on a national level the training required. I am quite sure that the knowledge we acquired will help us all to prepare the proper framework and to prepare national policies.”**

## Gender, Inclusivity, and Accessibility

Gender, inclusivity, and accessibility mean all people have the same right to economic wellbeing. Gender equality and women's economic participation are central to financial inclusion, and are key drivers of economic development and achieving the UN 2030 Sustainable Development Goals and the Addis Ababa Action Agenda. A key milestone is to eliminate the gaps in women's access to and use of financial services that exist in many countries.

While considerable progress has been made in increasing women's access to financial services, women in developing countries still make up the majority of the world's poor, and more than one billion women worldwide still have no access to banking services.

Globally, the financial inclusion gap is 9%, with 50% of women having a bank account compared to 59% of men<sup>1</sup>. Women are missing the benefits of greater financial inclusion, and national economies are not benefiting from their participation.

Inclusive financial systems help to break the cycle of poverty by allowing

women, as well as men, to borrow, save, and insure themselves against events that otherwise perpetuate their impoverishment. They allow women to generate and accumulate assets, raise household incomes, and improve family welfare. They are a powerful instrument for self-empowerment, enabling women, most of whom are already contributors to economies and communities, to become more self-reliant.

G20 leaders recognize the important role microfinance plays in economic development. However, they want to ensure that, while encouraging innovation for greater inclusion, financial stability

is not compromised and consumers are protected by including microfinance and microinsurance institutions under the regulatory and supervisory umbrella.

Toronto Centre's programs on microfinance, microinsurance and digital financial services help regulators and supervisors better understand how to promote the growth of these important sectors. They look at how effectively to apply emerging supervisory best practices as well as how to ensure that consumers' interests are safeguarded.

## Sustainability

Climate risk is one of the most pressing issues facing policymakers, regulators and supervisors today, and Toronto Centre is working to address this issue.

In April 2016, Toronto Centre held a panel discussion on climate change and financial stability during the IMF-World Bank Spring Meetings. It was a new area of focus for policy makers and the international community. Canada's Minister of Environment and Climate Change gave the opening speech. Similarly, a panel discussion was held during the IMF/WB Annual Meeting in October titled "Green Innovations in Financial Services".



The Honourable Catherine McKenna, Canada's Minister of Environment and Climate Change with Babak Abbaszadeh, President and CEO, Toronto Centre.




From left: Babak Abbaszadeh, President and CEO, Toronto Centre; Aditya Narain, Deputy Director, Monetary and Capital Markets Department, IMF; Robert C. Orr, Special Advisor to the UN Secretary-General on Climate Change; The Honourable Catherine McKenna, Canada's Minister of Environment and Climate Change; Stefan Ingves, Chair of the Basel Committee on Banking Supervision and Governor of the Central Bank of Sweden; Sir Jon Cunliffe, Deputy Governor of the Bank of England; Adele Morris, Senior Fellow and Policy Director, Brookings Institution.


1 AFI & Women's World Banking. 2016. *Policy Frameworks to Support Women's Financial Inclusion*. p. 6.


# Programs and Resources

## Capacity Building Programs


Toronto Centre understands the various obstacles that can hinder inclusive and stable financial systems globally. Our innovative, customized capacity building programs are delivered globally in partnership with regional and national supervisory agencies, particularly in low-income countries and emerging markets. All Toronto Centre programs are highly interactive and practical, using case studies, group discussions, and breakout sessions to foster debate and effectively transfer knowledge between presenters and amongst participants. Expert financial sector supervisors, who become our program leaders and program directors, have often experienced the cases they present at our courses. They are recognized and respected internationally for their knowledge, experience, and leadership abilities. Programs are delivered for country-specific audiences and are typically one week in length, although long-term country engagements (LTCEs), comprised of a number of one-week visits over several years, are also available.

 **INTERNATIONAL PROGRAMS** These programs examine regulatory and supervisory issues through a global lens. They offer participants an unparalleled opportunity to network with peers from around the globe, share experiences, and learn from each other – as well as from our experienced program leaders – giving them the opportunity to learn from countries that have faced similar challenges, or who may be at a different stage of development. Programs focus on capacity building and developing tools for leading and implementing change. Every year, we deliver three international flagship programs in Toronto for supervisors of banking, insurance/pensions, and capital markets. We also deliver one flagship international crisis program in Stockholm every year. In addition, we piloted a two-week core curriculum course on the fundamentals of supervision in Toronto.

 **REGIONAL PROGRAMS** Toronto Centre works with various partners to develop and deliver programs tailored to address the unique challenges facing a specific geographic region. These programs offer participants the opportunity to network with peers from neighbouring countries, share experiences, and learn from each other as well as from our experienced program leaders who are experts in their field. In 2016, we delivered a total of 16 regional programs in Africa, Asia, and Latin American and the Caribbean.

 **COUNTRY PROGRAMS** These programs are customized for an individual country's supervisory and/or regulatory agencies, allowing us to work with them in depth on their most pressing and relevant issues. Our ultimate goal is to help the agencies effectively implement change in order to become stronger and more effective.

Programs may be tailored, taking into account the agency's needs, the existing skill sets of its staff, and the stage of supervisory development in the country and financial sector. They can be designed to assist with a well-defined area of interest dealing with supervision, inclusiveness, macroprudential surveillance, or financial stability issues, among others. In addition, they may be designed to set the stage for a longer-term relationship with Toronto Centre. Programs can be designed for all staff levels, from junior supervisors to senior management. In 2016, we delivered a total of 17 country programs in Africa, Asia, and Latin America and the Caribbean.

 **LONG-TERM COUNTRY ENGAGEMENTS** Toronto Centre partners with a number of agencies to design appropriate long-term engagements that address specific objectives such as financial stability or risk-based approaches to supervision and effective implementation strategies. These programs are developed in partnership with the agency, taking into account the agency's needs, the existing skill sets of its staff, and the stage of supervisory development in the country and financial sector. At the outset of a long-term country engagement, the outcomes and deliverables for each party are clearly established. Monitoring and measurement of progress and outcome achievement are assessed throughout the course of each engagement – normally three years in duration. In 2016, we conducted 15 long-term country engagement programs in eight countries: Colombia, Costa Rica, Ghana, Indonesia, Jamaica, Kenya, Panama and Tanzania.

## Sectors Covered

Capacity building programs are offered in the sectors of banking, insurance, securities, pensions, microfinance and microinsurance. Because we recognize that supervisors from different sectors often face similar challenges, we also offer cross-sectoral programs. Programs look at how those at a jurisdictional and international level must collaborate to ensure financial markets remain stable.

## Topics Covered in TC Programs

All of Toronto Centre's topics are tailored to find the right balance between financial sector topical training and leadership training, and to address the unique challenges facing each of our participants.

### Leadership Skills

- action planning process and decision making
- stakeholder persuasion and management
- effective communications
- issues related to institution building
- interviewing management
- performance management

### Crisis Preparedness and Crisis Management

- contingency planning for financial crisis
- crisis binder preparation
- crisis simulation
- recovery and resolution approaches
- home-host issues, including burden sharing
- central bank instruments
- deposit insurance
- communications with safety net players and the media

### Macroprudential Surveillance

- institutional framework and design
- identifying and monitoring systemic risk
- surveillance tools: indicators, stress testing, heat maps, and policy instruments
- interaction between macroprudential and microprudential policies

### FSAP-Related Activities

- preparation for FSAP (insurance, banking, securities)
- implementation of FSAP recommendations (insurance, banking, securities)



### Supervisory Frameworks

- Basel banking core principles
- IAIS insurance core principles
- IOPS pension supervision principles
- IOSCO principles
- IADI principles
- Joint Forum principles
- Multilateral Memorandum of Understanding (MMOU) information sharing and related issues
- risk-based supervision frameworks
- risk-based capital adequacy requirements
- consolidated supervision concepts
- supervision of financial conglomerates concepts
- supervisory activities: planning, offsite, onsite, reporting and follow-up
- licensing and authorization
- problem institutions
- recovery planning
- intervention strategies and ladders of intervention

### Supervision – Oversight Activities

- assessing corporate governance
- assessing board and senior management
- assessing risk management
- assessing external audit
- assessing internal audit
- assessing actuarial function
- assessing compliance
- assessing self-regulatory organizations
- anti-money laundering and countering financing of terrorism
- management letter and recommendations
- wrap-up discussions with CEO
- meetings with boards and committees



### Supervision – Business Activities

- understanding business activities and associated risks (banking, insurance, pensions, securities)
- enterprise risk management (ERM)
- identifying significant activities and businesses
- credit risk
- market risk
- liquidity risk and liquidity management
- operational risk
- market conduct supervision
- capital and capital management (Basel II and Basel III)
- repos and associated issues
- structural interest rate risk
- derivative instruments

### Consolidated Supervision

- accounting concepts
- consolidated and unconsolidated capital analysis
- cross-border cooperation

### Microfinance/Microinsurance

- supervision of microfinance institutions
- supervision of inclusive insurance markets (micro-insurance)
- consumer protection and market conduct supervision
- digital financial services and agent networks
- gender issues



### Quality Review of Programs

Toronto Centre asks for continuous feedback to ensure our programs are relevant and make an impact. We have developed a robust performance measurement framework and a set of evaluation tools, disaggregated by gender, to ensure we are meeting our objectives. These internal processes link assessments of program quality and program leader performance.



### Supervisory Guidance

New initiatives to proactively reach out and provide ongoing support to our clients include providing resources through the online Toronto Centre Resource Centre (TCRC). This web portal is a comprehensive collection of the latest in supervisory guidance from Toronto Centre, standard-setting bodies, national supervisory authorities, and others. It is an example of our commitment to ongoing post-program support to Toronto Centre program participants.

Toronto Centre also creates and publishes Supervisory Guidance Notes (SGNs). These concise notes fill gaps in the existing body of supervisory guidance as identified during TC programs.



## Our Team

### Advisory Boards

Toronto Centre has three Advisory Boards – composed of international experts in Banking, Insurance and Pensions, and Securities regulation and supervision – 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 Toronto Centre, raising interest in its programs and identifying potential sponsors. They provide a valuable service by making sure our programs are relevant to the ever-changing needs of the supervisory community.

We would like to thank the following members for their contribution to Toronto Centre in 2016:

#### Banking

Clive Briault, Chair  
Barry Johnston  
Jan Willem van der Vossen  
Paul Wright  
Sarkis Yoghourtjian  
Ruth de Krivoy

#### Securities

Andrea Corcoran, Chair  
Allan Cameron  
Ana Fiorella Carvajal  
Brian Gelfand  
Alison Harwood  
Tanis MacLaren  
Rosario Patron  
Carlos Barsallo Perez  
Edward J. Waitzer  
Karen Den Toll  
Paul Muthaura  
Ilana Singer

#### Insurance and Pensions

Michael Hafeman, Chair  
George Brady  
Peter Braumüller  
Keith Chapman  
Jonathan Dixon  
Lawrie Savage  
Fiona Stewart  
Craig Thorburn  
John Ashcroft  
Conor Donaldson  
Patricio Espinoza  
William Price

### Program Directors

Our dedicated program directors include experienced financial sector supervisors and experts in regulation, supervision, resolution, international best practices, and executive training who have worked at the senior levels of national or international authorities. They bring a wealth of personal experience to our programs. Program directors are responsible for the overall design and delivery of our training programs, including liaising with host agencies and organizations and selecting the right people from our pool of experienced program leaders with the knowledge and experience appropriate to the particular program.



#### Dr. Hooi Eng Phang

Hooi Eng has been with Toronto Centre since July 2007. As Senior Program Director, she assists the CEO with the design and implementation of leadership programs, strategy development, and project planning. Before joining the Toronto Centre, she served as an

International Monetary Fund Executive Director representing 12 countries in the South East Asia Voting Group. 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.



#### Salvador Chang

Salvador has held senior positions 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 Petr6leos de Venezuela, S.A. He was a research professor in

economics at Instituto de Investigaciones Econ6micas y Sociales, a non-profit think tank of Universidad Cat6lica Andr6s Bello in Caracas, Venezuela, where he published research on external debt, financial crises, and economic stabilization plans in Latin America. He holds an M.B.A. in Finance from NYU Stern School of Business.



**Demet Çanakçı**

Demet served as deputy head in the financial sector assessment division of the Central Bank of the Republic of Turkey, responsible for financial stability and international regulations. She has written on financial stability, macroprudential surveillance, macro stress-testing, Basel

II and III, Basel core principles, contingency planning, banking sector restructuring, and crisis management topics for several publications. She has also served as deputy head in the Banking Regulation and Supervision Agency of Turkey and as an economist at the IMF. She holds an MA in Economics from North Carolina State University and was a research scholar at the Kiel Institute for World Economics and George Washington University.



**Calvin Johansson,**

In 2016, we welcomed Calvin Johansson, a former director at the methodology and practices group of the Office of the Superintendent of Financial Institutions (OSFI) as a new program director.

Prior to joining Toronto Centre, Calvin had worked at OSFI – Canada for over 20 years, where his most current position was as a Director of the Supervisory Practices Division. He was responsible for developing OSFI’s Supervisory Framework and associated guidance and tools, training supervisors in using supervisory methodology, and coaching and managing supervisors in conducting supervisory work. He has conducted training sessions for international regulators such as People’s Bank of China, Australian Prudential Regulation Authority, Korea Financial Supervisory Service, and UK Financial Services Authority.



**Phang Hong Lim**

Phang Hong joined Toronto Centre in March 2015. Phang Hong has worked in both the banking sector and as a banking supervisor for close to three decades. His banking experience has focused on various aspects of risk management in

global and regional banks, among them Deutsche Bank as a risk management MD, and CIMB Group, where his work as the group Chief Risk Officer was peer-recognized in the region. Phang Hong has also worked at the Monetary Authority of Singapore in division head roles covering banking supervision, specialist risk supervision, and internal risk management. He has also led cross-functional work on areas such as stress testing and cross border supervision.



**Juan Pablo Arango**

Juan Pablo Arango recently joined Toronto Centre as Program Director. Prior to joining, Juan worked at the Superintendencia Financiera de Colombia (SFC) for 6 years, as Deputy Superintendent for Institutional

Supervision. His work responsibilities included overseeing the Supervisory work of the different industries under the SFC’s Supervision. He also was in charge of developing SFC’s Supervisory Framework and associated guidance and tools; training supervisors in using supervisory methodology; and, coaching and managing supervisors in conducting supervisory work. Prior to joining the SFC, he worked at FOGAFIN and Banco de la Republica.



# 2017 Outlook

## Responding to Global Changes and Emerging Issues

Toronto Centre continuously works with international partners and stakeholders to assess global developments that will affect our vision of a world where financial systems are stable, sustainable and accessible for all. The demand for Toronto Centre's capacity-building programs grows each year. In response to this increasing demand, new programs are developed and existing programs updated. Toronto Centre will address emerging issues through our capacity building programs and executive panels.

Toronto Centre launched its first webinar, titled *Climate Risk and Its Implications for Financial Stability*, in November 2016. This inaugural webinar was very well received. 97% of participants indicated that their knowledge of the subject matter increased, and they would recommend this webinar to their colleagues. Due to this positive feedback, we will continue to organize webinars in 2017 as a complement to our capacity building programs and to connect to the TC Community. All webinars will be archived and published on our website and will be accessible to all. Future webinars will include these emerging issues:

- Climate Change/Green Finance
- Gender Equality and Financial Inclusion
- Financial Literacy
- Consumer Protection and Market Conduct
- Fintech/Digital Financial Services
- Consolidated Supervision/Conglomerate Supervision

We are extending our long-term country engagements on risk-based supervision to new sectors such as pensions and securities, and beginning programs with other countries.



In addition to long-term programs, our other programs will continue to cover high-interest topics such as:

- Crisis management and resolution options
- Risk-based supervision
- Macroprudential surveillance
- Islamic finance
- Corporate governance
- Cross-border banking supervision
- Market conduct and consumer protection supervision
- Anti-money laundering and combatting the financing of terrorism
- Regulation and supervision of financial derivatives
- Financial inclusion, encompassing microfinance, microinsurance (inclusive insurance), digital finance and consumer protection
- Internal Capital Adequacy Assessment Process (ICAAP)
- Pension programs
- Fintech

**“The program was very exciting. The instructors and resource persons were adequately prepared for class and the case studies helped to elaborate on the materials presented. The quizzes were equally useful in understanding the materials. Sharing of country experiences was eye catching that all regulators are faced with similar challenges across countries.”**

*Certificate Course on Core Curriculum for Financial Supervisors, 31 October-11 November 2016, Toronto, Canada*

# What We Are Hearing – Participants’ Feedback

Toronto Centre solicits feedback from its participants and alumni through surveys and focus groups to ensure that our programs are relevant and have a positive impact. We use the results to improve and enhance existing programs as well as to develop new programs.

Toronto Centre received good marks across the board based on feedback gathered from respondents in 2016:

**95%** agreed or strongly agreed that they would be able to apply the knowledge and skills learned at their Toronto Centre program when they returned to their agency.



## The most highly ranked areas of applied knowledge are:

- Major issues facing financial supervisors and regulators
- Implementing sound supervisory practices
- Identifying risk and emerging market problems, and finding appropriate solutions

**95%** agreed or strongly agreed that they would become more effective supervisors or regulators

**96%** credited their Toronto Centre program with helping them to expand their professional network

**94%** ranked the overall teaching methodology as either “excellent” or “good”

**93%** rated the overall program content quality as either “excellent” or “good”

**99%** would recommend Toronto Centre programs to their colleagues

This is a selection of feedback received from alumni who attended Toronto Centre programs in 2016.

“The seminar introduced a lot of issues and case studies, including discussions. The presenters shared personal experiences that provided a lot of material that I will be able to apply in my day to day duties. In addition, the seminar has changed the way I will be going about introducing change. Previously, I used to focus mostly on the benefits of the proposed change and would gloss over all the disadvantages and rarely covered what we would retain or change with regard to the status quo.”

*Cross-Border Banking Supervision Program, 24-29 January 2016 - Cape Town, South Africa*

“I am very thankful to Toronto Centre for organizing this program, which sharpened our supervisory and regulatory knowledge. I believe that this will not be the end of designing a good action plan to resolve our problems. Also, many thanks to the facilitators for their good preparation and presentation of topics, which made it easy for us to understand the content. Stay blessed and keep it up.”

*Toronto Centre - IMF East Afritac Regional Program For Insurance Supervisors, 8-12 February 2016 - Rwanda*

“The program was very resourceful and I look forward to attending more of these programs and regularly interacting with organizers from my home country.”

*Inclusive Insurance (Microinsurance) Training Program for Supervisors in the MENA and SSA region 3-7 April 2016 Cairo – Egypt*

“The content of the program was enriching, excellent and changed the way I look at things. The quiz was a great idea to reflect and gauge our understanding of a subject.”

*Certificate Course on Core Curriculum for Financial Supervisors, 31 October-11 November 2016 Toronto, Canada*

**“I believe that this was a very comprehensive course with subject matter that is applicable to the current supervisory and regulatory environment. Topics were relevant and appropriate and helped raise my awareness of the things that I need to do. Being aware of that can make me a better supervisor. Finally, I strongly believe that this program should be the standard supervisory/regulatory program globally.”**

*Certificate Course on Core Curriculum for Financial Supervisors,  
31 October – 11 November 2016, Toronto, Canada*

**“We are fortunate to have this course. This is the first time that we had a formal training on ICAAP and we hope to be able to localize this learning.”**

*-BASEL III, ICAAP AND SREP, 5-9 December 2016 -  
Manila, Philippines*

**“Toronto Centre has done good work in keeping the learning material current. This enables participants to learn new things every time they attend the training.”**

*Toronto Centre International Program for Insurance  
and Pensions Supervisors “Balancing the Needs for  
Supervisory Intensity and Proportionality,”  
17-22 July 2016 - Toronto, Canada*

**“The program was absolutely excellent. I learned a lot from a domestic, regional and international level. - The practical part of it was very good, especially on using case studies and simulations. It really gave me practical advice for handling a supervisory role. – The teaching methodology and capacity was well planned and delivered correctly to the class. – The course organizer planned our stay well, made the program enjoyable and provided a comfortable learning environment.”**

*Regional Leadership Program for  
Securities Regulators: International  
Standards, Regulatory Surprises  
and Crisis Management,  
1-5 August 2016, Zanzibar - Tanzania*

**“Congratulations! The course was very helpful for improving our risk-based supervision process. The methods and insight combined with all of the experience shared by the excellent teachers were very valuable.”**

*-Risk-Based Supervision Training Program,  
Presented by Toronto Centre for the  
Superintendencia de Banca, Seguros y  
AFP (SBS), 4-7 April 2016 - Lima, Peru*

**“Quality of presenters was excellent. Material was great. I see the benefits from including developed and emerging market participants together but areas can be difficult to align.”**

*Toronto International Program for Banking  
Supervisors: Eliminating Too Big to Fail,”  
June 12-17, 2016 – Toronto, Canada*

**“Excellent. All the presentations added a lot to my knowledge about microinsurance, and also different approaches that can be considered to monitor and supervise the microinsurance market.”**

*Inclusive Insurance (Microinsurance)  
Training Program for Supervisors in the  
Caribbean region, 3-7 October, 2016 -  
Kingston, Jamaica*

**“Very good opportunity to meet with regulatory and enforcement officers from other jurisdictions - Good platform to encourage ideas, understand problems unique to other jurisdictions, why they don't apply to every jurisdiction regardless of whether a jurisdiction has dealt with it.”**

*Regional Leadership Program for Securities  
Regulators, 14-19 August 2016 – Singapore*

## Impact Made on The Ground

In addition to our participant surveys, we have also conducted a limited number of in-depth focus group interviews with our alumni in the last two years. Below are comments received from focus groups held in Tanzania and South Africa that speak to the impact that Toronto Centre programs are making on the ground.

**“I learned how we need to supervise. Because you know there is prudential supervision and also there is the market conduct aspect. Before I could not even differentiate between the two (prudential and market conduct). Now, after receiving the training, I can differentiate between the two because I know what market conduct entails, I know the credentials, and also the legal framework. So I acquired the experience from different countries to see the models that they use and also our country’s model. Through that, we were able to prepare our action plan, and see which is the best model we can use. But also how to separate the supervision and the enforcement.”**



**“The knowledge we acquired will help us all to prepare the proper framework and to prepare national policies.”**

**“...this is a good question that everyone should be asking themselves after attending the course: what impact have I attained? What I learned from the course has helped us immensely because our institution is very young. It was created in 2013. After that program we were able to develop the regulations for credit unions.”**

**“Yes, it has helped my country as well. I’m also a member of the National Task Force; I’m a member of the group, that reviews on a national level, the training required. So I am quite sure that the knowledge we acquired will help us all to prepare the proper framework and to prepare national policies.”**

**“It is real and is what we actually encounter every day in the microfinance industry. It gives us insight into what we should do as regulators to make sure that the relationship between the institution that provides financial services and the clients is being done or conducted fairly.”**

**“I think that Toronto Centre was the catalyst. The training that has been provided has helped to underscore the importance of the financial stability forum, as well as a resolution fund. This subject matter has been discussed in many forums. Since it is being discussed in many places including Toronto Centre training, it’s like an added push.”**

**“The network from that week has helped me even after leaving the program.”**

**“This Toronto Centre program provided a lot of information that I did not know before, and the program was excellent indeed.”**

**“Yes, I am very confident that the action plan will be a reality. Each agency has a certain specialization in the sector which it supervises. So from that perspective, this framework will create greater efficiency for my country in the future.”**



**“For me, the key highlight was understanding the linkages between governance and regulation of an institution. I mean governance breaches and failures have significant consequences and how do you take those principles like fit and proper requirements and entrench them in to legislation?”**

**“I think you actually take the knowledge and skills that you’ve learned and you implement it in your organization.”**

**“For me, the uniqueness of the program that I attended was the practical approach dealing with challenges. And I am trying to implement the action plan that I have come back with in our context.”**

**“But what I find very interesting with the Toronto Centre programs specifically is that the theory is enveloped in the practical. So you learn a lot. What is interesting for me about the Toronto Centre program is that the theory becomes evident in the practical aspect, so you find it more useful because you can use it on a daily basis in your work environment.”**



# Governance, Operational Responsibility & Finances

## Board of Directors and Executive Committee

Toronto Centre is led by the President and CEO and overseen by an international Board of Directors composed of individuals with extensive experience in large and complex organizations, most at the senior executive level.

The board meets twice a year, in the spring and fall, and is responsible for setting strategic direction and broad policies. The board provides inputs on and approves the annual work plan and budget, monitors performance and risk, and discusses ways to expand the organization's impact and reach.

## Audit Committee

The Audit Committee is chaired by a member of the Board of Directors, and three other board members and at least one representative from Ernst & Young, Toronto Centre's external auditing firm, usually attends the meetings. The Audit Committee meets at least annually prior to the spring board meeting to

The Executive Committee is composed of a subset of the board members: the Chair, the Chair of the Audit Committee, and board members appointed by the Government of Canada, the International Monetary Fund, the World Bank, and the Schulich School of Business.

The Executive Committee meets between board meetings to review progress against work plans, strategies, quarterly financial statements, and updated revenue and expenditure forecasts.

## Governance and Nominating Committee

The Governance and Nominating Committee is chaired by the Chair of the Board and includes three other board members. The Committee is primarily tasked with fostering board renewal and succession, including identifying prospective directors who have the desired competencies, expertise, skills, and background. The

review the audited financial statements. The Committee is also responsible for conducting the periodic comprehensive review of the external auditor. The Committee Chair meets more frequently with the external auditor and management. Since its inception, Toronto Centre has received unqualified audit opinions.

Committee is also responsible for developing effective corporate governance policies and procedures, and developing and overseeing processes for assessing the effectiveness of the board and its individual directors, including an annual survey.

## Enhancing Governance

In 2015, the Board of Toronto Centre formed a Governance and Nominating Committee to help ensure that the Centre's governance policies were consistent with best practices and to support the Board's renewal process. Since its formation, the Committee has worked on a number of important initiatives, including recommending a policy of term limits for independent directors (normally three, three-year terms), putting in place a

Board self-assessment process, and developing a Board skills matrix to assist in the selection of new directors. All these initiatives have been approved by the Board. In addition, the Committee formed a subcommittee under the leadership of Dina Palozzi to recommend a Board Chair succession process. The recommendation of the subcommittee has also been accepted by the Board.

## Corporate Responsibility

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



## 2016 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). Member of the Order of Canada.



### **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.



### **Clive Briault**

Chair, Toronto Centre Banking Advisory Board. Senior adviser on regulation at KPMG, adviser to a number of supervisory authorities in Europe, and consultant to the IMF, World Bank and Asian Development Bank. Former Managing Director of Retail Markets, Director of Central Policy, and Director, Prudential Standards at the Financial Services Authority.



### **Barry Campbell**

Founder and President, Campbell Strategies; former Parliamentary Secretary to the Minister of Finance, later Prime Minister, The Right Honourable Paul Martin from 1993 to 1997; former partner of McCarthy Tétrault and of Torys; former Legal Counsellor at the IMF.



### **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.

Retired as of May 2017.



### **Julie Dickson**

Member, Supervisory Board of the Single Supervisory Mechanism, European Central Bank; former Superintendent, Office of the Superintendent of Financial Institutions, Canada; former member of the Basel Committee on Banking Supervision. Officer of the Order of Canada.

Retired as of November 2016.



### **Gloria M. Grandolini**

Senior Director, Finance and Markets Global Practice of the World Bank Group; former Country Director for Mexico and Colombia at the World Bank; former Director of the Banking and Debt Management Department in the World Bank Treasury.

Retired as of February 2017.



### **Michael Hafeman**

Chair, Insurance and Pensions Advisory Board, Toronto Centre; actuary and independent international consultant on insurance and pensions issues; former Assistant Superintendent, Specialist Support Sector, Office of the Superintendent of Financial Institutions, Canada.



**Dezső 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, Monetary and Financial Systems Department, International Monetary Fund.



**Aditya Narain**

Deputy Director in charge of financial supervision/regulation and technical assistance, Monetary and Capital Markets Department, International Monetary Fund; former Chief General Manager of Banking Supervision, Reserve Bank of India.



**Jeremy Rudin**

Superintendent, Office of the Superintendent of Financial Institutions Canada; serves on the Council of Governors of the Canadian Public Accountability Board and the Board of Directors of the Canada Deposit Insurance Corporation; former Assistant Deputy Minister of the Financial Sector Policy Branch, Department of Finance, Canada.



**Babak Abbaszadeh, President and CEO**

Former Director of Stakeholder Relations, Canada Pension Plan Investment Board; former Chief of Staff to two Ontario Cabinet Ministers; former Director of Government and Industry Relations, Sun Life Financial.

**New Board Appointments in 2017**



**Ceyla Pazarbaşıoğlu**

Senior Director in the Finance and Markets Global Practice of the World Bank Group (previously Senior Advisor to the Senior Director); former Deputy Director of the Monetary and Capital Markets Department of the International Monetary Fund; former Vice President of the Banking Regulation and Supervision Agency, Turkey.



**Ilana Singer**

Chair, Toronto Centre Securities Advisory Board; Vice-President & Corporate Secretary, Canadian Investor Protection Fund; former Chief Operating Officer and Deputy Director, Canadian Foundation for the Advancement of Investor Rights; former Adjunct Instructor, Osgoode Hall Law School Investor Protection Seminar; former Senior Advisor, International Affairs, Ontario Securities Commission; Toronto Program Leader since 2005.

# Financial Integrity

The Board of Directors takes financial integrity seriously and has passed various resolutions and adopted policies setting out the administrative practices to be followed. The board reviews and approves Toronto Centre's annual budget and reviews execution at board and committee meetings and via periodic updates. 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 Operational Procedures

While the President and CEO is ultimately accountable for the financial management of Toronto Centre, this function is conducted separately by its financial staff. Toronto Centre's internal controls are based on best practices and procedures for an organization of our size and 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 two board members of any large payment.

Our external auditor, Ernst & Young, reviews the draft financial statements and carries out a full, independent audit annually of

our financial statements. Toronto Centre is currently too small to maintain an internal audit function, and so our external auditor is 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. 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.

## Protection Against Corruption and Fraud

Toronto Centre staff, board members, and program leaders are held to a Code of Conduct, Anti-Bribery and Anti-Corruption Policy, and Privacy Policy. These policies require everyone involved with Toronto Centre to act with integrity, be accountable for Toronto Centre resources, be respectful of others, protect confidential information, avoid conflicts of interest, and follow all applicable laws.

A substantial portion of Toronto Centre's costs are 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 and purchases per Toronto Centre's Travel Policy and Purchasing Policy are key controls to limit exposure to corruption and fraud.

Toronto Centre partners with various organizations to provide assistance to low-income countries – particularly those eligible for Official Development Assistance – as well as regional supervisory organizations. Toronto Centre does not make payments to such partners, but we may share expenses and receive payments from them to offset some of the costs incurred by 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 reports to the Audit Committee, Executive Committee and Board of Directors.



# Summarized Financial Statements

## Toronto Leadership Centre

December 31, 2016

### 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, 2016, 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, 2016. We expressed an unqualified audit opinion on those financial statements in our auditors' report dated May 18, 2017.

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

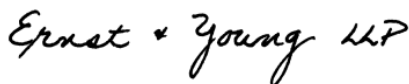
Management is responsible for the preparation of a summary of the audited financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

### 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, 2016 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, 2016 and its financial performance for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Toronto, Canada  
May 18, 2017

Chartered Professional Accountants  
Licensed Public Accountants

## Summarized Statement of Financial Position

As at December 31

| ASSETS                                       | 2016             | 2015             |
|----------------------------------------------|------------------|------------------|
| <b>Current</b>                               | <b>\$</b>        | <b>\$</b>        |
| Cash and cash equivalents                    | 2,611,805        | 923,747          |
| Short-term investments                       | 1,984,336        | 3,052,695        |
| Internally restricted short-term investments | 1,758,398        | 1,396,036        |
| Accounts receivable and others               | 188,978          | 193,751          |
| <b>Total current assets</b>                  | <b>6,543,517</b> | <b>5,566,229</b> |
| Capital assets, net                          | 18,854           | 26,958           |
|                                              | <b>6,562,371</b> | <b>5,593,187</b> |
| <hr/>                                        |                  |                  |
| LIABILITIES AND NET ASSETS                   | 2016             | 2015             |
| <b>Current</b>                               | <b>\$</b>        | <b>\$</b>        |
| Accounts payable and accrued liabilities     | 587,395          | 925,019          |
| Deferred contributions and others            | 3,527,140        | 2,390,900        |
| <b>Total current liabilities</b>             | <b>4,114,535</b> | <b>3,315,919</b> |
| <hr/>                                        |                  |                  |
| <b>Net assets</b>                            |                  |                  |
| Unrestricted                                 | 689,438          | 881,232          |
| Internally restricted                        | 1,758,398        | 1,396,036        |
| <b>Total net assets</b>                      | <b>2,447,836</b> | <b>2,277,268</b> |
|                                              | <b>6,562,371</b> | <b>5,593,187</b> |

See accompanying notes

On behalf of the Board:

**Director**

**Director**

These financial statements are an abridged version of the audited financial statements of the Toronto Leadership Centre.

## Summarized Statement Of Operations

Year ended December 31

| REVENUE                                  | 2016             | 2015      |
|------------------------------------------|------------------|-----------|
|                                          | \$               | \$        |
| Contributions                            | 4,565,566        | 4,912,760 |
| Program partner fees                     | 1,108,737        | 1,228,803 |
| Participant registration fees and others | 328,633          | 320,056   |
|                                          | <b>6,002,936</b> | 6,461,619 |

| EXPENSES                                                      | 2015             | 2014      |
|---------------------------------------------------------------|------------------|-----------|
|                                                               | \$               | \$        |
| Program delivery                                              | 3,348,720        | 3,324,395 |
| Program development                                           | 566,485          | 723,710   |
| Program promotion                                             | 476,781          | 389,025   |
| Projects                                                      | 557,885          | 739,792   |
| General and administrative and others                         | 813,202          | 807,034   |
|                                                               | <b>5,763,073</b> | 5,983,956 |
| <b>Excess of revenue over expenses before undernoted item</b> | <b>239,863</b>   | 477,663   |
| Foreign exchange gain (loss)                                  | <b>(69,295)</b>  | 159,709   |
| <b>Excess of revenue over expenses for the year</b>           | <b>170,568</b>   | 637,372   |

See accompanying notes

# Notes To Summarized Financial Statements

December 31, 2016

## 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, 2016 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 ["Toronto Centre"].

## 2. Revenue Recognition

Toronto 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 in accordance with the respective agreements.

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 Toronto 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 and administrative and fundraising costs are not allocated.

## 4. Internally Restricted Net Assets

The Board of Directors [the "Board"] has internally restricted net assets for the purpose of assisting Toronto Centre in dealing with extraordinary events outside of normal operations. The Board reviews annually the need for, and adequacy of, these internally restricted net assets. Short-term investments are segregated from assets used in the day-to-day operations of Toronto Centre, invested under the supervision of the Board and released only with the authorization of the Board. Annually, all interest earned on these short-term investments is invested back into the 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, 2016, Toronto Centre's members and supervisory agencies and regulatory authorities from Toronto Centre's funders' countries, including the World Bank, the Central Bank of Sweden [Riksbank], the Schulich School of Business at York University, the International Monetary Fund [IMF], and the Office of the Superintendent of Financial Institutions, and many other financial supervisory experts, provided in-kind contributions to Toronto Centre. These contributions are not recorded in these financial statements.



## 2016 Program Partners and Contributors

African Association of Central Banks (AACB)  
Access to Insurance Initiative (A2ii)  
ASEAN Insurance Training and Research Institute (AITRI)  
Australian Indonesian Partnership for Economic Governance (AIPEG)  
Bangko Sentral ng Pilipinas  
Bank of England  
Bank of Jamaica  
Bank of Tanzania  
Canada Deposit Insurance Corporation  
Central Bank of Armenia  
Central Bank of Namibia  
Central Bank of Turkey  
Consultative Group to Assist the Poor (CGAP)  
Capital Markets and Securities Authority (CMSA) - Tanzania  
Financial Stability Institute (FSI)  
Gesellschaft für Internationale Zusammenarbeit (GIZ)  
IMF East AFRITAC  
Insurance Commission of Philippines  
Islamic Research and Training Institute (IRTI)  
Macroeconomic and Financial Management Institute of Eastern and Southern Africa (MEFMI)  
Making Finance Work for Africa (MFW4A)  
Monetary Authority of Singapore  
National Banking and Securities Commission - Mexico (CNBV)  
National Insurance Commission (NIC) – Ghana  
Otoritas Jasa Keuangan  
Securities and Exchange Commission of Cambodia  
Securities and Exchange Commission of Malaysia  
South African Reserve Bank (SARB)  
South East Asian Central Banks (SEACEN) Research and Training Centre  
Superintendencia de Seguros y Reaseguros Panama  
Superintendencia Financiera de Colombia (SFC)  
Superintendencia General de Entidades Financieras (SUGEF) – Costa Rica  
Superintendencia General de Seguro (SUGESE) – Costa Rica  
Superintendencia General de Valores (SUGEVAL) – Costa Rica  
Superintendency of Banking, Insurance, and Private Pension Fund Administrators (SBS) – Peru  
Superintendency of Banks of Guatemala (SIB)  
Superintendencia de Pensiones (SUPEN) – Costa Rica  
Sveriges Riksbank, Sweden  
United Nations Environment Programme (UNEP)



From Left: Phumzile Mlambo-Ngcuka, Under-Secretary-General and Executive Director, UN Women; Martin Čihák, Advisor and Unit Chief, Monetary and Capital Markets Department, IMF; Ceyla Pazarbaşıoğlu, Senior Director, Finance & Markets Global Practice, World Bank Group and Board Member, Toronto Centre; The Honourable William (Bill) Francis Morneau, Canada's Minister of Finance; The Honourable Magdalena Andersson, Sweden's Minister of Finance; Michael Wiegand, Director, the Bill & Melinda Gates Foundation; Mary Ellen Iskenderian, President and CEO, Women's World Banking; Babak Abbaszadeh, President & CEO, Toronto Centre; Yannick Glemarec, Deputy Executive Director, UN Women.



 **TORONTOCENTRE**  
Global Leadership in Financial Supervision





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