

CDIC's 2024 Annual Public Meeting

Our unwavering focus to protect depositors

November 6, 2024, 2:00 p.m. to 3:00 p.m. ET

Any thoughts on increasing the insurance coverage per eligible products to \$250,000?

- The scope and coverage of the deposit insurance framework in Canada falls within the authority of the Minister of Finance. Any changes to the deposit insurance framework, including the limit, would be the government's decision.
- In February 2023, CDIC launched a Deposit Insurance Study to assess trends in depositor savings choices and depositors' evolving needs and expectations for deposit protection.
- CDIC worked collaboratively with its members, industry stakeholders, and domestic and international regulatory partners to support its research and analysis.
- Our findings are contributing to the Government of Canada's review of the deposit insurance framework, announced in Budget 2024.

Who is qualified to be a CDIC member and how do they achieve membership?

- To become a CDIC member, applicants must be incorporated federally.
- The Office of the Superintendent of Financial Institutions (OSFI) assesses applications for incorporation and makes approval recommendations to the Minister of Finance who has the ultimate responsibility for approving the incorporation of financial institutions.
- Most banks in Canada that accept deposits are required to be CDIC members.

How can I tell if I have insured deposits?

- First, you need to bank with a CDIC member institution. You can find a complete list of CDIC member institutions on our website.
- CDIC's *Deposit Insurance Information By-Law* prohibits anyone from making false or misleading claims about being a CDIC member or what is protected by CDIC. The by-law requires all CDIC members to clearly disclose their membership by displaying the CDIC logo on their bank door, website, mobile banking apps, and ATMs.
- CDIC protects eligible deposits in Canadian and foreign currency for up to \$100,000 (Canadian dollars) in each of CDIC's nine insurance categories.
- CDIC protection applies to deposits held in registered accounts such as RRSPs and TFSAs and non-registered accounts such as savings, chequing, and joint accounts. Eligible deposits include:
 - Cash deposits
 - Guaranteed Investment Certificates (GICs)
 - Other term deposits
- CDIC does not cover:
 - Mutual funds, stocks, and bonds
 - Exchange Traded Funds (ETFs)
 - Cryptocurrencies
- CDIC members must disclose when a product that they offer is NOT covered by deposit insurance.

How is CDIC addressing new technologies that not only allow information or misinformation about the health of a financial institution to spread exponentially, but also allow deposits to be transferred or withdrawn faster than ever before?

- Research shows that people who are aware of CDIC are significantly more confident in the safety of their savings. This, in turn, builds public confidence and trust in the financial system.
- Public awareness of deposit insurance is the best mitigator of bank run behaviour. CDIC maintains public awareness levels of between 60-65% and tracks them diligently with a quarterly survey of 2,000 respondents, which can identify pockets of the population that may require more emphasis. These awareness efforts are critical at a time when money can be moved with a simple tap or click.
- CDIC continually monitors traditional and social media to ensure accuracy, and when required will correct misleading information.

When was the last CDIC member institution failure, and how have resolution tools evolved since then that failure?

- The last bank in Canada to fail was Security Home Mortgage Corporation in 1996.
- Should a member fail, CDIC has a range of tools and powers under the *CDIC Act* that it can use to resolve a failed institution. For example, we can sell, merge, or restructure a failing institution, execute a bail-in conversion, provide financial assistance, create a bridge bank to temporarily continue critical operations of a failing bank, or payout insured deposits.
- The resolution tool CDIC chooses depends on several factors:
 - The bank's systemic importance
 - The size of the loss and the bank's financial condition
 - The pool of potential acquirers
 - Cost to CDIC of implementing the tool
 - The economic environment at the time
- CDIC has handled 43 failures to date, protecting \$26 billion in insured deposits held by more than two million depositors. No one has ever lost any money under CDIC protection.

When is the CDIC Fall newsletter [for CDIC member institutions] going to be published?

- CDIC plans publish the next newsletter by December 2024.

Credit Unions throughout Canada are not monitored and covered by CDIC. But there is significant deposit exposure in the Credit Union segment as it consolidates. Can you summarize what CDIC would do if there is a major Credit Union failure?

- There are currently three Canadian federal credit unions (FCUs) that are CDIC members: Caisse populaire acadienne Itée (UNI) ; Coast Capital Savings Federal Credit Union; and Innovation Federal Credit Union. A complete [list of CDIC member institutions](#) is available on our website.
- Canadian credit unions can be formed, regulated, and supervised at either the provincial or federal level. Most of Canada's credit unions are provincially regulated and not CDIC members. Each of Canada's 10 provinces has a provincial deposit insurer that protects deposits at provincial credit unions.
- Pls see the answer to Question 5 for an overview of resolution tools available to CDIC to resolve a failed member institution.

How does CDIC work with provincial deposit insurers to mitigate the risk of contagion between FRFIs (federally regulated financial institution) and PRFIs (provincially regulated financial institution) in the event that a FRFI or PRFI fails?

- CDIC maintains information sharing Memoranda of Understanding (MOU) with several provincial deposit insurers to ensure coordination and facilitate information sharing during business as usual and times of crisis. In addition, as part of CDIC's preparedness activities, CDIC has identified considerations for institutions who may have provincially regulated parents/subsidiaries or close linkages with other provincially regulated entities. These considerations are integrated into CDIC's resolution plans and strategies.

How does CDIC view practices by entities such as Wealthsimple, that provide a single account from a consumer perspective but that place deposits with multiple different FRFIs on the back end to ensure CDIC deposit insurance applies above the \$100,000 limit?

- CDIC protects [eligible deposits](#) up to \$100,000 per insured category per [member institution](#) in the event of failure of one of those member institutions.
- CDIC does not protect funds held directly by a financial intermediary such as financial technology firm (or fintech) until those funds are placed as insured deposits with a CDIC member institution.
- *CDIC's Deposit Insurance Information By-Law* prohibits any person from making false, misleading or deceptive representations about what constitutes a deposit, what is insured and who is a CDIC member. Fintechs are expected to comply with this requirement, and any CDIC member institutions that partner with fintechs are expected to take steps to ensure their partners provide proper disclosure regarding CDIC protection.
- CDIC has answers to a number of frequently asked questions on fintechs and products like prepaid cards on [our website](#).

How do I get service with my investment and statements of accurate information and access to my accounts?

- You may wish to [contact the Financial Consumer Agency of Canada \(FCAC\) on this question](#). [FCAC](#) provides consumers with accurate and objective information about financial products and services and informs Canadians of their rights and responsibilities when dealing with financial institutions. FCAC also ensures compliance with the federal consumer protection laws that apply to banks and federally incorporated trust, loan, and insurance companies.

Where do I find my bank account number and access to my personal secured user id codes directions for fund transfers?

- Please direct questions about personal consumer banking matters directly to your financial institution who provides you banking services and maintains this information.