

August 1, 2014

Dear Finance Committee,

I am writing in response to the committee's invitation to the public to submit proposals as part of its pre-budget consultations process.

I believe that the committee may wish to recommend to the Minister of Finance that the 2015 budget contain a provision for the establishment of a "Financial Innovation Institute of Canada (FIIC)".

This submission sets out:

- A description of the FIIC, its mandate and purpose;
- The need for such an institute;
- The main activities of the institute;
- The FIIC's governance and five-year budget.

#### Description and Mandate

The FIIC would be established as a limited-life, not-for-profit organization tasked with ensuring that Canada becomes the world leader in the identification, introduction and dissemination of the most innovative ideas, processes and technologies as they apply to the financial industry. In short, its role would be to help bolster the competitiveness of Canada's financial services industry.

#### Need

Canada risks falling behind its main international competitors in the provision of the most innovative financial services in the globe. Despite having an enviable financial services industry today, this position of leadership is increasingly at risk (please see the attached article I have written and which appeared in the June edition of Inside Policy magazine, which is put out by the Macdonald-Laurier Institute). There is currently a well recognized 'innovation gap' in Canada; less well perceived is the threat to Canada's financial industry that is part and parcel of that broader 'innovation gap'.

## Activities

The principal activities of the FIIC would include:

- Identifying specific financial innovation gaps in Canada and how these could be best addressed;
- Promoting the early adoption of financial innovations throughout the financial services industry by improving the connective tissues between innovators and their principal capital providers, business angels and venture capitalists, and the rest of the financial services industry;
- Identifying the potential for new financial innovations for meeting the financial requirements of the relatively underserved parts of the population and of small and medium-sized enterprises;
- Sponsoring forward-looking research into new processes, products, systems and technologies in the financial services industry;
- Providing a forum, via a suite of conferences and symposia, for the exchange of views on financial industry innovation;
- Building and maintaining an international scorecard of financial innovation, thereby enabling Canada's performance to be measured against those of other countries;
- Launching annual financial innovation awards, which would include the categories for most promising financial innovation and most innovative financial institution.

## Governance and Budget

The FIIC would be staffed by a small team, whose head would report to a Board of Directors comprised of up to nine members, with four from the private sector, four from the public sector and a Chair selected with the consent of both parties.

The FIIC would be capitalized at \$6 million, spread out over five years. The public sector, led by the federal government would commit to \$3 million and the private sector the remaining \$3 million.

At the end of five years, government and the financial industry would decide on the FIIC continuing or not.

Richard Rémillard  
Ottawa.

