FSRA’s proposed approach for vulnerable consumers to weather financial storms

January 31, 2024

On January 8, 2024, the Financial Services Regulatory Authority of Ontario (FSRA) launched a public consultation (the Consultation) on a multi-year approach (the Proposed Approach) designed to create more positive outcomes and enhanced protections for vulnerable consumers and to obtain input on the operable definition of a vulnerable consumer.

The central aim of the Proposed Approach is to close the gap between the experiences of vulnerable consumers and non-vulnerable consumers who obtain services from those in FSRA-regulated sectors. FSRA notes that the Proposed Approach will be outcome-focused, and as such will be underpinned by an ongoing commitment to measuring vulnerable consumer experiences over years and will be informed by the work of other regulators across jurisdictions.

To achieve this central aim, FSRA has set out two primary goals.

Goal 1 - Promote inclusive and fair treatment of vulnerable consumers and prevent targeted financial mistreatment.

Proposed actions to meet this goal include:

- Speaking with other regulated entities to address the Proposed Approach and the needs of vulnerable consumers;
- Conducting quantitative and qualitative research on vulnerable consumers to measure outcomes;
- Strengthening FSRA’s supervision work by applying research findings on vulnerable consumers;
- Utilizing research findings to inform regulatory policy decision-making;
- Creating data analysis mechanisms to measure vulnerability across FSRA sectors; and
- Improving complaint analysis to better identify risks of consumer harm for vulnerable groups.

Goal 2 - Improve consumer education, engagement, and awareness building efforts.

Proposed actions to meet this goal include:

- Community outreach and engagement with vulnerable and public interest communities;
- Global engagement to build knowledge on fair treatment and protection of vulnerable consumers;
- Publishing and promoting research findings on vulnerable consumers to raise awareness;
- Partnering with other regulators to exchange information;
- Administering focused campaigns to educate vulnerable consumers of their rights/protections; and
- Improving communication and disclosure practices across sectors.

FSRA is also seeking comments on the proposed definition of a vulnerable consumer, recognizing that the effectiveness of the Proposed Approach will require a shared understanding of the issue amongst FSRA regulated entities and stakeholders, and that defining the issue is critical to better ensure accurate scope and positive outcomes. The proposed definition is open-ended and principle-based rather than strictly defined and is to be informed by a list of non-exhaustive list of factors and personal circumstances.

The proposed FSRA definition is as follows:

> *A vulnerable consumer is someone who is at higher risk of experiencing financial mistreatment, hardship, or harm, due to various factors and personal circumstances.*

The list of non-exhaustive factors and personal circumstances that may result in vulnerability include age, poor health condition (mental and physical), being a recent immigrant/facing a language barrier, being a member of an equity deserving group or being a person subject to a natural disaster or other major environmental events. FSRA notes that vulnerability can be short-term or the result of external factors, such as economic volatility.

To guide stakeholder feedback on the Consultation, FSRA has provided a list of questions which can be found on FSRA's webpage for the Consultation.

Stakeholders should note that comments are due on **March 8, 2024**.

By

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