THE FINANCIAL SERVICES ECOSYSTEM IN THE TORONTO REGION

A COMPREHENSIVE VIEW OF THE STRUCTURE OF THE WORKFORCE

Centre of Excellence in Financial Services Education

The Brondesbury Group

About The Centre of Excellence in Financial Services Education

The Centre of Excellence in Financial Services Education (CoE) is focused on strengthening Toronto's talent pipeline, which is crucial to addressing the needs of employers, students, internationally educated professionals and educators – and to attracting new talent to the region. To this end, the Centre of Excellence works closely with a range of partners across sectors, performing important research and outreach.

The CoE:

- *Aggregates research and information on Toronto's talent and educational strengths*
- *Works with employers and educators to improve the focus and quality of education programs*
- *Encourages cross-sector dialogue on talent and education-related issues*
- *Showcases the region's strengths and the career opportunities that await in the Toronto region*

The CoE is supported by the Ministry of Training, Colleges and Universities, the City of Toronto and the financial services sector of the Toronto region.

For more information on the CoE, please refer to: www.workinfinancialservices.com

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About The Brondesbury Group

The Brondesbury Group is a research and consulting firm that bridges the gap between market research firms and high-level strategy consultancies. The firm is built on a base of experienced professionals with backgrounds in financial services, government, education and organizational psychology. It typically works on projects that present challenges for most organizations – too much data, not enough information, or a need for specialized knowledge and research methods. The firm's specialty is finding out what decision-makers really need even when they are unable to articulate those needs themselves.

For more information on the Brondesbury Group, please refer to: www.brondesbury.com

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EXECUTIVE SUMMARY

Executive Summary

The financial services sector is critically important to the economy of the Toronto region. All of the different business lines in the sector provide jobs, training and economic spin-off activity that benefits all parts of the economy.

One factor in attracting and retaining the critical mass of financial sector businesses in the Toronto region is the quality – i.e., size and competencies – of its talent pool. Financial services businesses must be able to find people with the skills their organizations need within the talent pool.

In order to improve our understanding of the talent needs of these businesses, however, it was determined that a more comprehensive model of the financial sector ecosystem was required.[1]

This comprehensive model recognizes all financial sector businesses. Doing this helps ensure that the breadth of talent required for the sector is fully understood. It also serves as an important tool for showing job seekers a broader range of potential career opportunities.

The Financial Services Sector Comprehensive Workforce Model (FSS CWM) proposed here builds on an earlier model. It presents a refined overview of business lines, including additional industries and the less visible parts of the sector. It differs from the earlier model in four major ways:

- Deposit-taking is used instead of Banking to include other organizations in that business (e.g. credit unions);
- Non-bank Lending is added as a major part of the sector to highlight the many non-bank lenders in the market;
- Business & Professional Services is added; it is a critical part of the financial services sector and it is often overlooked, yet it employs thousands of people, many in highly skilled jobs; and
- Independent Distribution is included; this is a distinctive business that is separate from the companies providing the underlying product and often multi-line in nature.

[1] Mercer, "Toward a better understanding of talent needs in Toronto's Financial Services Sector: A Pilot Approach", Centre of Excellence in Financial Services Education, 2012.

Consequently, the FSS CWM now includes seven industries:

1. Deposit-taking;
2. Lending (excluding deposit-taking institutions);
3. Insurance;
4. Asset & Investment Management;
5. Securities;
6. Independent Distribution; and
7. Business & Professional Services.

This White Paper on the FSS CWM:

- provides a detailed view of the model and its goals:
- identifies issues with the model's approach and recommendations for addressing those issues;
- discusses the nature of each of the seven industries and some of the sub-segments involved; alternative ways to classify some of the sub-segments are identified when appropriate;
- describes how this model can be used in conjunction with a workforce survey to provide detailed information about the talent needs in the Toronto region; and
- highlights that educators, job seekers, and intermediaries who assist job seekers to find careers must take a more holistic view of the sector; the implications of this approach for future work are also discussed.

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INTRODUCTION

Introduction

The financial services sector is critically important to the economy of Toronto. A Conference Board of Canada study[2] commissioned by the Toronto Financial Services Alliance (TFSA) stated that "the sector directly accounts for about 1 out of every 13 jobs in the Toronto metro area. As well, the sector indirectly supports activities in a variety of other sectors".

The same study also noted that:

- the financial services sector is second largest in Toronto in terms of GDP;
- employment in the sector has risen 24.9% since 2002;
- as a percentage of the total workforce, Toronto has a higher proportion of people in the financial sector than either New York or London;
- the sector includes seven financial services industries; and
- over 90% of the employment in the sector is accounted for by three industries: banking, insurance and securities.

Given the importance of the sector, studies to help us better understand the talent needs of the sector were commissioned.

In 2012, the CoE engaged Mercer to create and test a "straw model" of the labour market structure of the sector. The straw model included four major industries – banking, insurance, securities and asset management (and regulators) – and formed the basis for Mercer's Pilot Study[3] on talent trends in the sector.

In reviewing available employment data for the industries noted in the straw model (e.g. from Human Resources & Skills Development Canada and Statistics Canada), the Pilot Study noted several issues.

The available data:

- is not detailed enough for the needs of the sector;
- does not use the same industry classification scheme as the financial services sector;
- does not distinguish important business lines within large enterprises, for example, insurance, asset management and investment banking within a large bank;
- does not identify the broad range of skills needed within an industry or sub-segment; and
- is difficult to track over time due to changes in collection methodology.

To remedy these critical issues, Mercer helped create and pilot a Workforce Survey that would gather the information needed for human capital planning directly from employers in the sector.

The Pilot Study indicated that:

- an expanded workforce survey was both feasible and desirable; and
- future studies should aim for headcount information at a more granular level than the Pilot Study.

Following these Mercer recommendations, the CoE asked The Brondesbury Group to prepare a report on the Workforce Survey data available by mid-2013. The analysis was completed and more comprehensive and detailed estimates of market size and growth were documented in 2013[4]. A subsequent report including additional data was completed in February 2014[5].

In analyzing the Workforce Survey, The Brondesbury Group identified the need for a more comprehensive description of the financial services sector – i.e., the next iteration of the straw model.

The development of an enhanced model of the sector would:

- be an important step to ensuring that the breadth of talent required for the sector is fully understood; and at the same time
- provide an important tool for showing job seekers a broader range of potential opportunities.

The comprehensive model is the focus of this report.

[2] M. Burt, K. Audet, & G. Sutherland. "Ensuring the Future: Understanding the Importance of Toronto's Financial Services Sector". Conference Board of Canada, 2013.

[3] Mercer. "Towards a better understanding of talent trends in Toronto's financial services sector: A pilot approach". Centre of Excellence in Financial Services Education, 2012.

[4] E. Weinstein. "Financial Services Workforce Supply and Demand". The Brondesbury Group, July 2013.

[5] E. Weinstein. "Financial Services Workforce Supply and Demand: (Phase 3)". The Brondesbury Group, February 2014.

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METHODOLOGY

Methodology

The Brondesbury Group used a variety of primary and secondary sources to develop this comprehensive model of the financial services sector including the:

- four reports mentioned in the Introduction;
- full range of published reports of the CoE and TFSA, as well as some results from a study in progress;
- North America Industry Classification System (NAICS), Statistics Canada, 2012;
- International Standard Industrial Classification of All Economic Activity (revision 4), United Nations, 2008;
- Individual enterprise records listed on SalesGenie™ Canada, Infogroup, 2013;
- Information gathered through online searches of organizations related to the financial services sector including industry associations, regulatory bodies, and self-regulating organizations;
- experience of The Brondesbury Group through some 600+ studies in the financial services sector;
- informal discussions with industry stakeholders, educators, and COE team members; following-up on a favorably received earlier version of the proposed comprehensive model.

No single classification system can do justice to the complexity of the financial services sector in Toronto, where many enterprises have several business lines that constitute the entire business of another enterprise. Decisions must be made about what should drive the classification system when it is created.

In the proposed comprehensive model, the categories were driven by the availability of detailed workforce information. That is, business lines were classified according to business names that can be found in a directory, rather than by business lines that are essentially internal to organizations. This does not mean that a workforce survey cannot ask about these internal business lines, and in fact, asking about them is essential.

The remainder of this White Paper provides a detailed view of the proposed FSS CWM.

It begins with an overview of the model and what it aims to accomplish. The weaknesses of the approach are identified, as well as explanations of how to compensate for the weaknesses.

Moving into greater depth, the paper discusses the nature of each financial services industry and some of the sub-segments involved. Alternative ways to classify some of the sub-segments are identified when appropriate.

This report also notes how this model can be used in conjunction with a workforce survey to provide detailed information about the talent pool in Toronto. The implications of this approach for future work are also discussed.

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DEFINING THE FINANCIAL SERVICES ECOSYSTEM

Defining the Financial Services Ecosystem

Overview of the Comprehensive Model

The Straw Model

The 2012 Mercer Pilot Study focused on four parts of the financial services sector: Banking, Insurance, Asset Management and Securities. Regulators were noted as a fifth industry within the financial services sector, but were excluded from the workforce Pilot Study. The “straw model” used to guide the workforce survey is shown below.

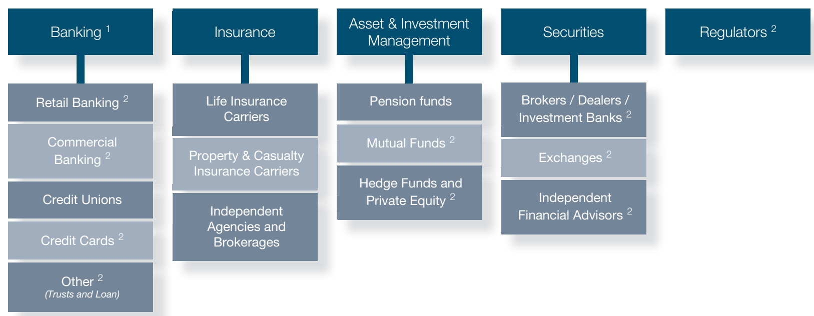
Findings & Implications

Strawmodel Labour Market Structure for Financial Services

Source: Mercer

[1] 50% of banking labour is attributable to corporate operations and not industry segments.

[2] Public data not available to estimate employment counts.



There are several things about this model that bear mention:

- 50% of banking labour is attributable to corporate operations and not to specific business lines or segments;
- at minimum, public data is not available to estimate employment counts for nine of the 14 segments shown in the diagram.
- further, the information available for the other five segments often overlaps named segments and misses some employment:
    - functions like retail banking, commercial banking, credit cards and trust services are all delivered by both banks and credit unions; to some extent, major banks also deliver virtually all of the other services named in the straw model, including insurance, broker-dealers (i.e. registered dealer) and mutual funds;
    - as a result of dual licensure, “Independent Agencies and Brokerages (Insurance)” and “Independent Financial Advisors (Securities)” are often the same firms, especially when the insurance broker is a life insurance broker; they are increasingly indistinguishable;
    - some joined functions are often separate businesses, for example, Hedge Funds and Private Equity;
    - Pension funds, described as asset managers, often outsource their asset management to external fund managers (not included in the straw model); and.
    - a considerable number of major financial services sector segments are not included in the straw model (e.g. Independent Distribution, Business & Professional Services).

Why Create a New Model

To quote from our previously cited Financial Sector Workforce Survey (pp. 7).

"… The financial services sector (FSS) is both diverse and larger than most people think. Many of the activities are hidden behind the scenes. The many support services for the industry (e.g., ICT, lawyers, advertising, regulation, etc.) are seldom thought of as part of FSS employment, yet they are a critical part of the sector."

Consequently, a more comprehensive model of the structure of the sector is required to help ensure that:

- all segments of the sector are recognized;
- the breadth of talent required for the sector is fully understood; and
- a tool for showing job seekers a broader range of potential career opportunities is available.

The FSS CWM proposed here identifies several additional industries in the sector, including the less visible parts of the sector:

- Deposit-taking is used instead of Banking to include entities in addition to banks in that business (e.g. credit unions);
- Lending is added as a major part of the sector to highlight the many non-bank lenders in the market;
- Business & Professional Services is added; it is a critical part of the FSS and typically overlooked, yet it employees thousands of people, many in highly skilled jobs;
- Independent Distribution is added; it is a distinctive business that is separate from the companies providing the underlying product and often multi-line in nature.

Therefore, there are seven industries in the FSS CWM:

1. Deposit-taking;
2. Lending (excluding deposit-taking institutions);
3. Insurance;
4. Asset & Investment Management;
5. Securities;
6. Independent Distribution; and
7. Business & Professional Services.

Business & Professional Services (BPS) is further subdivided into six segments, each with multiple sub-segments.

Issues to Consider

Many firms in the sector, in particular, the larger ones, have:

- multiple business lines; and
- staff which is not associated with only one business line.

The model does not visibly address these two issues. It does not visibly show how firms with multiple business lines and staff that are not associated with any one business line are categorized in the model (i.e. which 'boxes' they fall into). The solution, however, is built into the survey process for collecting employment data from the sector's employers.

In the first situation, firms that have multiple business lines may have accurate headcounts for overall operations or large segments of their operations, but they may not have employment data available by specific business lines. In order to allow for the estimation of employment at these firms, it is recommended that the workforce survey be designed so that organizations are required to identify all of the business lines in which they operate, recognizing that these may include a large number of the "boxes" in the model. The organizations must then also be required to categorize those lines as primary or secondary business areas. This would allow for the gathering of information about primary and secondary business lines, to the extent that this information is available.

The classification of large complex businesses according to primary and secondary business lines is a common practice, as you would find looking at databases such as Dun & Bradstreet or other industry reports. The procedure is used by most of the major classification systems.

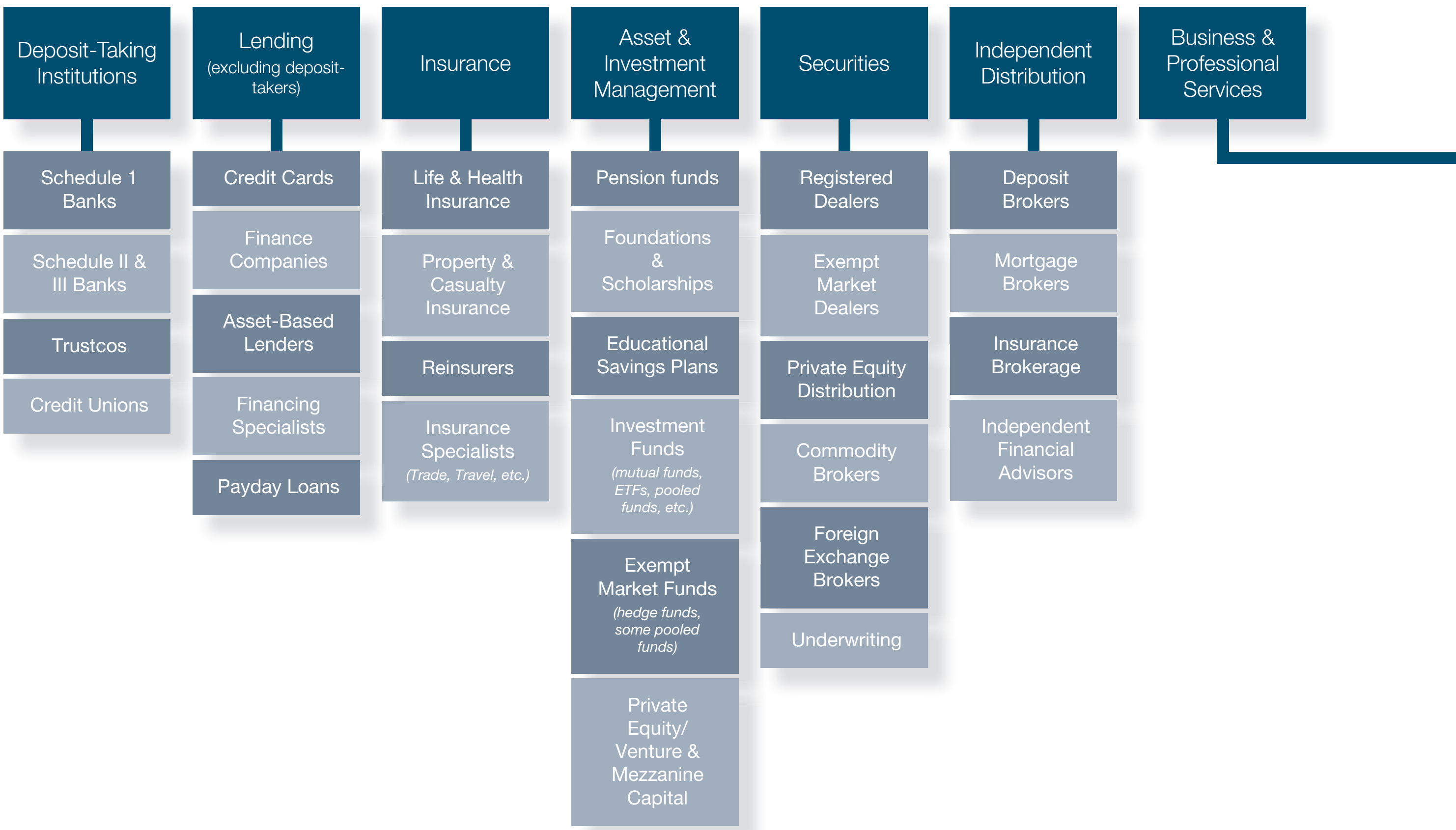
In the second case, where there are personnel not involved in specific business segments, it is recommended that employment data regarding such individuals be collected in future iterations of the survey. This information may also be estimated based on a firm's total employment less that attributable to its various business lines.

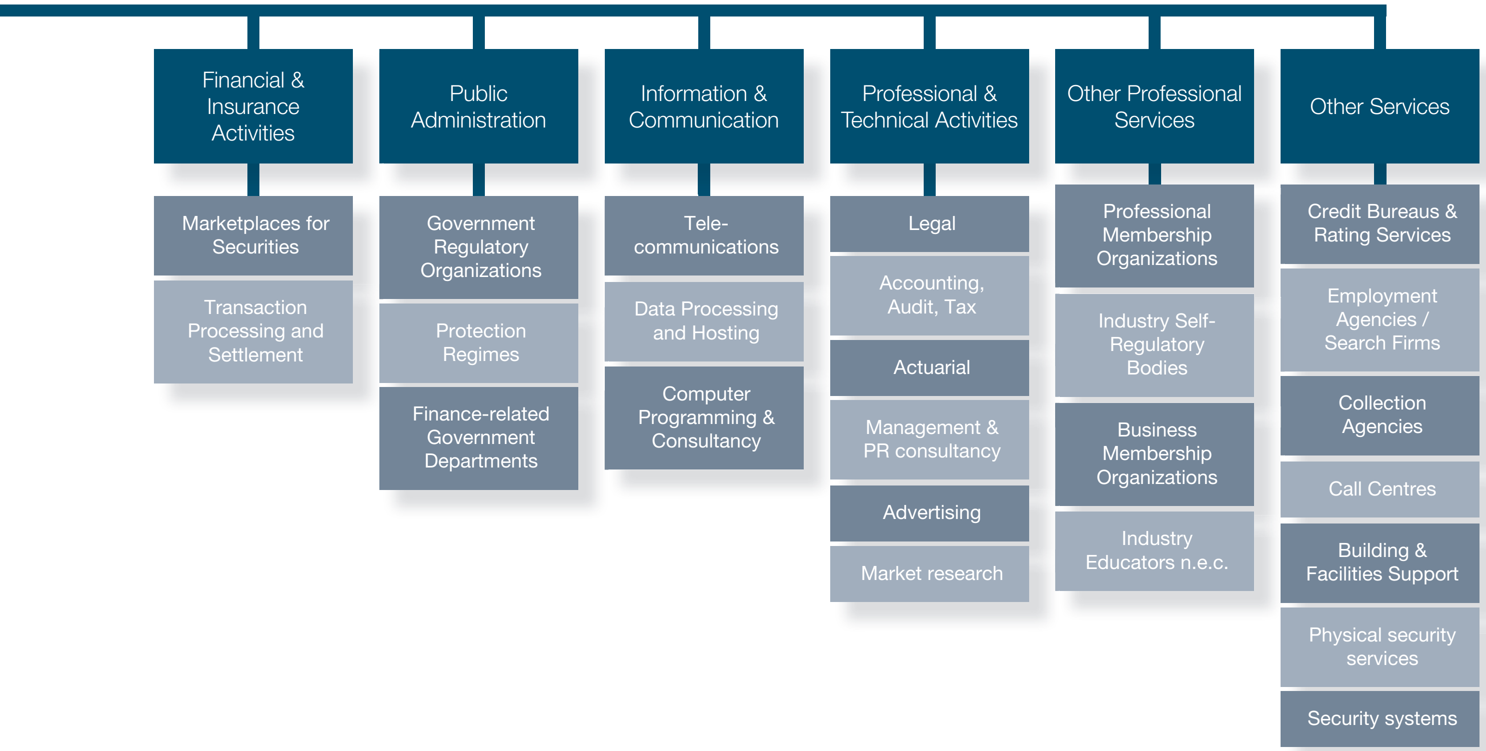
An approach like this will ultimately make it possible to talk about talent needs in a variety of different ways. It will help clarify which types of organizations have talent needs (e.g., life insurers, credit unions), as well as the specific business lines that require talent (e.g., investment funds). As an example, and not necessarily an actual finding, it would allow us to learn that a shortage of compliance officers was a problem solely for those with investment funds as a primary business, while the compliance officer role in bank-based and insurance-based investment funds had no shortages. This would help direct talent to search in the right kinds of companies and help avoid frustration. It would also help to focus training programs to meet needs where there are actual job shortages by using cases or exercises geared to the right industries.

The next page shows the comprehensive model.

Comprehensive Workforce Model of the Financial Services Ecosystem

The Brondesbury Group – February 21, 2014




Financial & Insurance Activities
Marketplaces for Securities
Transaction Processing and Settlement
Public Administration
Government Regulatory Organizations
Protection Regimes
Finance-related Government Departments
Information & Communication
Tele-communications
Data Processing and Hosting
Computer Programming & Consultancy
Professional & Technical Activities
Legal
Accounting, Audit, Tax
Actuarial
Management & PR consultancy
Advertising
Market research
Other Professional Services
Professional Membership Organizations
Industry Self-Regulatory Bodies
Business Membership Organizations
Industry Educators n.e.c.
Other Services
Credit Bureaus & Rating Services
Employment Agencies / Search Firms
Collection Agencies
Call Centres
Building & Facilities Support
Physical security services
Security systems

Sectors Within Financial Services

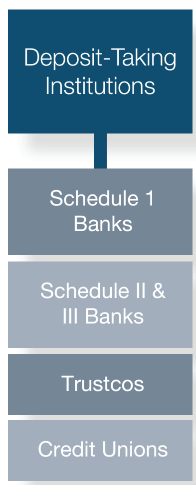
In total, the FSS CWM includes seven industries and 35 sub-industries (also referred to as sub-segments in this White Paper). The six BPS sub-industries are further sub-divided into an additional 25 sub-segments.

This section presents a short profile for each industry and its sub-segments. For sub-segments that are less familiar, examples of organizations within those sub-segments are provided as references. These names should not be viewed as an endorsement of any kind. Rather they reflect organizations with which the author is familiar, directly or indirectly.

Expanded definitions of each industry and sub-segments are provided in Appendix 1 to this report. The source of each definition is also provided, although most of the definitions come from the North American Industry Classification System (NAICS). This system is used by Canada, the United States and Mexico to classify economic activities. The exception is the definitions for the BPS sub-industries, which are based on the United Nations International Standard Industrial Classifications (ISIC).

Deposit-taking

The Deposit-taking industry includes banks, trust companies and credit unions.



Canada's banks are federally incorporated and regulated pursuant to the *Bank Act*.

There are three types of banks:

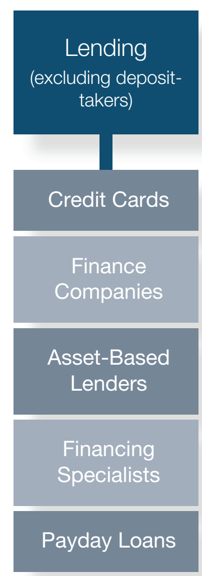
- Schedule I banks (e.g., Bank of Montreal) are domestically owned;
- Schedule II banks are subsidiaries of foreign banks (e.g., HSBC Canada); and
- Schedule III banks are foreign banks with branches in Canada (e.g., Wells Fargo).

All banks are authorized under the *Bank Act* to accept deposits, whether they choose to do so or not. Trust companies accept deposits, but their specialty is really minding and safeguarding assets (fiduciary duties, custody). They are most often subsidiaries of banks.

Credit unions (including caisses) are co-operative organizations that accept deposits. They have traditionally been provincially registered, but that is now changing[6].

Lending (excluding Deposit-takers)

The Lending segment includes companies, other than deposit-taking institutions, whose primary business is lending money.



These include:

- Credit card companies (e.g., American Express);
- Finance companies (e.g., GMAC-General Motors Acceptance Corporation);
- Asset-based finance companies (e.g., GE Capital Equipment Financing); and
- Financing specialists (e.g., EDC); and
- Payday loan companies (e.g., MoneyMart).

[6] http://www.cba.ca/en?view=article&catid=72%3Ageneral&id=170%3Awhat-isthe-difference-between-a-bank-a-trust-company-and-a-credit-union&Itemid=0

Insurance

The Insurance industry includes companies which underwrite insurance policies to compensate policyholders against specific risks.

These companies include:

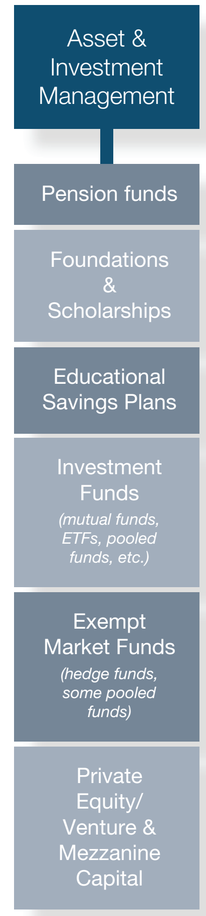
- Life & Health insurers which provide life and health insurance policies (e.g., Manulife, Sunlife);
- Property & Casualty insurers (e.g. Intact);
- Reinsurers (e.g., Swiss Re) which insure some risks taken on by insurers; and
- Insurance specialists which provide specialized policies for Travel (e.g, Travelguard), specialized liabilities like Professional malpractice (e.g., Creechurch), and credit insurance for exporting businesses and others (e.g., Coface).

Asset & Investment Management

Firms in this industry are engaged in managing their clients' assets. This process involves making careful decisions about the best use of the clients' assets in order to meet the clients' investment objectives. The assets are typically money, but in some cases may also be real property (e.g. real estate).

Entities in this industry include:

- Pension funds (e.g., Canada Pension Plan);
- Private Foundations (e.g., Laidlaw Foundation);
- Registered Educational Savings Plan providers (e.g., Canadian Scholarship Trust);
- Investment Funds (e.g., Dynamic funds, iShares);
- Exempt market funds including Hedge funds and Pooled funds (e.g., Picton Mahoney), as well as
- Private equity, Venture Capital, and Mezzanine capital (e.g., ONCAP); many would group these entities under Securities, particularly those more familiar with the US industry than the Canadian.

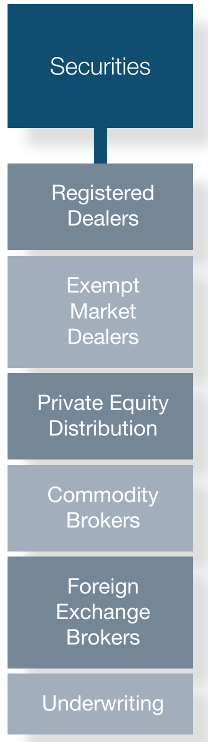


Securities

Firms in this industry facilitate the buying and selling of stocks and other financial instruments that are traded. They are neither the owners nor the managers of the underlying assets.

These firms include:

- Registered dealers (commonly called stockbrokers);
- Exempt market dealers (e.g., IBK Capital);
- Firms engaged in private equity distribution (often registered dealers or an arm of a private equity firm);
- Commodity brokers (e.g., Friedberg Mercantile);
- Foreign Exchange brokers (e.g., Canadian Forex); and
- Securities underwriting.

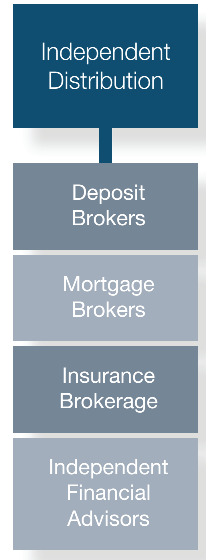


Independent Distribution

This industry includes firms that act as independent intermediaries between buyers and sellers of financial products. They act as an agent of the buyer. They do not “manufacture” the products they sell and they sell the products of a wide range of other financial institutions.

This industry includes:

- Deposit brokers (e.g., GICDirect);
- Mortgage brokers (e.g., The Mortgage Centre);
- Insurance brokers (e.g., Belair, PPI); and
- Independent financial advisors (e.g., MGI Financial).

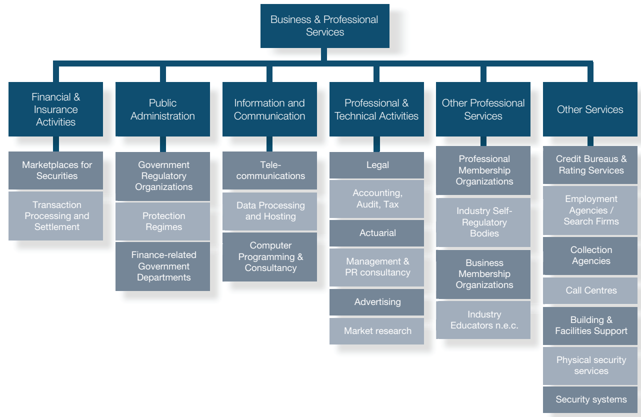


Business & Professional Services

This industry includes firms that support financial services activities and the people in financial services firms. Not all employees of these firms necessarily work in the FSS.

Using ISIC classification, these firms have been grouped as:

- **Finance & Insurance Activities** which provide the infrastructure for financial services (e.g., Toronto Stock Exchange (TSX), Canadian Depository for Securities (CDS));
- **Public Administration** which includes relevant government departments, as well as regulators (e.g., Office of the Superintendent of Financial Institutions (OSFI), Ontario Securities Commission (OSC) and public sector protection regimes (e.g., Canadian Deposit Insurance Corporation (CDIC), Deposit Insurance Corporation of Ontario (DICO));
- **Information & Communications** which provide both the infrastructure and related work like programming and computer consultancy;
- **Professional & Technical Activities** including lawyers, accountants, advertising, management consulting and more;



- **Other Professional Services** including professional membership organizations (e.g., CFA), industry self-regulatory bodies (e.g., Investment Industry Regulatory Organization of Canada (IIROC), business membership organizations (e.g., Canadian Bankers Association (CBA), industry educators); and
- **Other Services** including call centres, credit bureaus and more.

Unclassified Firms

There remain some financial services businesses that don't fit neatly into the FSS CWM. The largest is probably Money Transfer Services (Remittance Services and hawalas) like Western Union or MoneyGram. Canada is the third largest sender of remittances in the world, so these firms are relevant. [Source: World Bank, Bilateral Remittance Matrix, 2012]

As the number of people employed by these firms is likely quite small, their omission from the Model is not a major concern. Nonetheless, as the Model is used and evolves, it is anticipated that other small business niches will be found and should be included. For the moment, the FSS CWM likely includes more than 99% of the sector, in both dollar and employment terms.

05

IMPLICATIONS OF THE COMPREHENSIVE MODEL

Implications of the Comprehensive Model

The FSS CWM recognizes all the major types of business lines within the financial services sector. Including each of the business lines helps us to:

- understand the importance of each business line to the Toronto region economy;
- identify the many parties that should be involved in defining both the talent needs and solutions to mismatches between talent needs and talent availability;
- raise awareness of the services and roles in the sector which are 'invisible' to the general public;
- create an effective scheme for collecting accurate, comprehensive and usable information regarding talent needs and the FSS workforce.

All of the business lines in financial services contribute to the health of the Toronto region economy. They provide jobs, training and economic spin-off activity that benefits all parts of the economy.

It is important to know who are the employers within the ecosystem (i.e., across the seven industries and 35-sub-industries) so that they may be approached to define their qualitative and quantitative talent needs (i.e., the skills and number of people required). This information is critical to strengthening the talent pool available to attract and retain (i.e., operate) a critical mass of financial services businesses in the Toronto region.

At the same time, the talent pool must be able to find the businesses that have talent needs. In the course of discussions with different parties in the sector, it is not uncommon to hear of students with skills the industry needs who can't find jobs, in part because they have not made contact with the parts of the financial sector that are looking for their skills. New graduates are quicker to approach the big names and visible businesses they already know.

With so much of the sector invisible to the general public, a comprehensive model can provide recent graduates and others with advice on enlarging their job search. And while some might balk at this notion, including a business line in a model like this can convey a sense of "legitimacy" to the new graduate that makes them more willing to consider names they don't know. Many of these names are respected and well-known firms in their own industry, but not known to recent graduates. Recent graduates may not even know the industry exists much less those brand names.

For example, recent discussions with the insurance sector highlight the challenges that employers have in getting new graduates to look at their sector[7] for employment. Building awareness of the sector could well help their efforts to find talent.

FSS CWM Model Assists with Challenges of Collecting FSS Workforce Data

The comprehensive model of the financial services sector has a major impact on the workforce survey of the TFSA (CoE) and the value of the information it produces.

An effective scheme for identifying talent pools and talent gaps within the industry must rely on accurate, comprehensive and usable information. These are different but related challenges. The challenges are compounded by the complexity of the industry.

Accuracy of information is a function of the information collected from financial institutions about their HR needs and personnel changes. It is in their best interest to collect and use accurate information, which they can share with the TFSA and CoE through their Workforce Survey. Different definitions of common terms sometimes pose a challenge for accuracy, but one that is usually surmountable.

Getting comprehensive information is partially addressed by this model and how it is used. Capturing information on the full range of industries and sub-segments in the sector will help the work become more comprehensive and accurate,

[7] Centre of Excellence, Opportunities in Insurance, August 2013.

and by doing so, it will make it more useful.

Still, there are some challenges to the usefulness of the information that need to be addressed. These challenges stem from the diversity and complexity of the industry.

The most obvious challenge is getting and parsing information from an enterprise with multiple business lines (we touched on this issue earlier). Canada's largest bank, RBC, provides a good example. It is first and foremost a bank. Yet at the same time, it owns (and in one sense is) one of Canada's largest insurers through its two insurance subsidiaries. It owns and is one of Canada's largest registered dealers, mutual fund companies, trust companies and more. Its primary business is certainly banking, but given the scope of other operations, labeling them as secondary business lines in no way implies they are insignificant.

Practically, to gather information from an enterprise of this size without imposing an unreasonable administrative burden, the information must be accepted in the form that it is gathered by the organization. In some large institutions, the Human Resources (HR) data may be in one centralized repository of information for all subsidiaries within Canada. In other such enterprise, detailed HR information may be distributed among the business lines and that the HR department for the organization as a whole may retain only the highest level information.

The location of where detailed HR information resides poses three questions:

- How should the talent information be collected?
- How should the talent information be organized?
- How does this affect how to advise job seekers to look for employment in the sector?

A second challenge is that **job titles provide only modest guidance about the skills a job requires**. The same job title can mean many different things across FSS industries and even across different firms within an industry. Let's take a simple title like sales representative. This can be a person who takes initiative, finds and prospects clients, and actively develops and manages sales. It can alternatively be someone who passively accepts phoned in orders with a minimum of intervention or sales skills. The role can require specialized knowledge (e.g., life insurance/annuity features) or just enough knowledge to click on the right box on a computer screen.

The result is that gathering information by job title can be misleading, yet attempting to systematically gather knowledge and skills information by job titles from a variety of organizations is impractical. It assumes they have this information in "ready-to-use" form, and even more to the issue, it erroneously assumes there is a common categorization we can use. Notwithstanding the existence of National Occupational Classifications[8], the level of granularity needed to identify knowledge and skills needs cannot be met by a generalized source.

There is a practical limit to the level of granularity that HR departments can track regarding talent needs. To the best of our knowledge, no organization we have encountered keeps centralized information about HR needs at the level of granularity needed to provide guidance to colleges and universities about educational program design. In larger organizations, they certainly keep track of the jobs they have available and have filled, as well as future needs. Each job has a description that likely includes work experience and educational requirements, as well as some description of job duties or specialized requirements. Still, we suspect there is little demand to centralize this information across a multi-tiered organization.

The final major challenge is a practical one. **Not every organization is motivated to provide HR information for a workforce survey.** Large enterprises, particularly those with well-known brand names, often provide this kind of information because of a sense of social responsibility. Often they are leaders. Providing information to support an initiative like this is part of their leadership role. By virtue of their role, they can also help to shape both the kinds of information gathered and its use.

[8] Employment and Social Development Canada & Statistics Canada, National Occupational Classification, 2011.

At the very small end of the market (by business size), a phone call and a few questions are enough to describe the people and needs of a company with under 10 employees. The effort is neither time-consuming nor onerous. And if there is an industry association (e.g., Advocis) supporting the initiative, cooperation is often quite good. But as size increases within small business (<100 employees), the challenge to get participation grows as the effort needed to provide information grows. With small business responsible for the vast majority of new job creation in recent years[9], it is important to capture information about their HR activities.

Mid-size firms (100-499 employees) are a particular challenge too. Getting the needed information is difficult for them. They may lack the systems and the internal organization, especially when they are amalgams of recently merged smaller companies. There is more incremental work required to participate than for large firms, particularly relative to resources. At the same time, their circumstances are too complicated to describe in a 5-10 minute telephone discussion.

A comprehensive workforce model can be a tool for fostering participation in the TFSA talent matching efforts, as well as a tool for guiding information-gathering efforts.

Next Steps

The next step is getting feedback on this comprehensive financial services sector model from industry stakeholders: employers in the sector, educators at colleges and universities preparing people to work in the financial services sector; intermediaries who are helping recent immigrants with experience in financial services in their country of origin find career opportunities in the Canadian marketplace, industry associations and organizations which provide support services for the sector (e.g. Information, Communication and Technology (ICT), legal, accounting participants). Feedback from these participants will be used to further improve the model.

There are a variety of primary methods for getting reaction to the model, including but not limited to: industry roundtables, online focus groups, interviews with experts; general discussions with industry participants.

There are also secondary methods of collecting information about the sector's structure and talent needs such as of the review of industry job ads, publications, and newspapers (digital or print information). Job ads are available on sites such as monster.ca, alumni associations, Employment Canada job postings; and more.

It would be useful to think about how the consultation process for getting feedback on the model could improve participation in the workforce and talent surveys in order to create increased value from the framework the model provides. For this reason, involving industry associations in the discussion seems a particularly important part of the effort, since they in turn can help involve their members. Particularly as the TFSA and its CoE reach out to companies who are not familiar with them, having the backing of the industry association will serve to smooth the path and provide a kind of "introduction" that can help participation. And in turn, if the industry association can get results for its industry, that will be even better.

In the course of discussions about the model, there is also opportunity to identify the kinds of information that the business lines would find most helpful, as well as the information that they feel is easiest to provide. The two might not be the same, but they provide a starting point for discussion.

Ultimately, to take this work to the most granular level, supplementary studies with business line executives familiar with the skills needed now and in the future, will likely be required. It is also important to identify skills that are increasingly being displaced by technology and other market forces. The CoE has completed three studies like this, which pinpoint the skills needed and help to understand the numbers emerging from its Workforce Survey. In combination with an initiative focused on one of the seven major financial services industries, this could be a powerful combination.

[9] Statistics Canada Labour Force Survey results as shown in "Key Small Business Statistics", Industry Canada, August 2013.

06

APPENDIX

Appendix: Financial Services Sector Definitions

Note: These definitions describe the organizations in the Comprehensive Model of the Financial Services Sector. The source of definitions is provided. Hypertext links imply a website. A 6-digit number and title in parentheses is drawn from the North American Industrial Classification System (NAICS) used by StatCan and other government bodies in Canada, the US and Mexico. ISIC classifications are shown with 2-4 digit identification numbers. If there is no attribution, the definition was created by The Brondesbury Group.

1.0 Deposit-Taking Institutions

Canada's banks are federally incorporated and regulated pursuant to the *Bank Act*. The *Bank Act* governs three distinct types of banks. Schedule I banks are domestically owned. Schedule II banks are subsidiaries of foreign banks. Schedule III banks are foreign banks with branches in Canada.

http://www.cba.ca/en?view=article&catid=72%3Ageneral&id=170%3Awhat-is-the-difference-between-a-bank-a-trust-company-and-a-credit-union&Itemid=0

1.1 Schedule I Banks

Schedule I banks are domestic banks and are authorized under the *Bank Act* to accept deposits, which may be eligible for deposit insurance provided by the Canadian Deposit Insurance Corporation. [e.g., Bank of Montreal]

http://www.cba.ca/en/banks-in-canada/61-banks-operating-in-canada/110-schedule-i-banks

1.2 Schedule Banks II & III Banks

Schedule II banks are foreign bank subsidiaries authorized under the *Bank Act* to accept deposits, which may be eligible for deposit insurance provided by the Canada Deposit and Insurance Corporation. Foreign bank subsidiaries are controlled by eligible foreign institutions. [e.g., HSBC Bank Canada]

http://www.cba.ca/en/banks-in-canada/61-banks-operating-in-canada/111-schedule-ii-banks

Schedule III banks are foreign bank branches of foreign institutions that have been authorized under the *Bank Act* to do banking business in Canada. These branches have certain restrictions. [e.g., Wells Fargo Bank]

http://www.cba.ca/en/banks-in-canada/61-banks-operating-in-canada/112-schedule-iii-banks

1.3 Trust companies

Trust companies can be incorporated and regulated at either the federal or the provincial level. By law, only trust companies are allowed to provide trustee functions. Banks can do that only through a separately created trust subsidiary. The other difference is that a bank has full commercial lending powers, whereas trust companies must have more than $25 million of regulatory capital to receive full lending powers with the approval of the Office of the Superintendent of Financial Institutions (OSFI). [e.g., Community Trust]

http://www.osfi-bsif.gc.ca/

http://www.cba.ca/en?view=article&catid=72%3Ageneral&id=170%3Awhat-is-the-difference-between-a-bank-a-trust-company-and-a-credit-union&Itemid=0

1.4 Credit Unions

This Canadian industry comprises establishments of centrals, caisse populaires, regionals, leagues and federations primarily engaged in providing financial transaction processing; reserve and overnight advances services; cheque or other financial instrument clearing house services; credit card processing; electronic financial payment services; and in accepting deposits from, and issuing loans to, members. (522321 Central credit unions)

Credit unions are different from banks and trust companies in that they are fully provincially regulated. They are regulated by provincial ministries of finance, the Credit Union Central and the provincial deposit insurance corporations. Credit unions are owned by their members and are typically established to serve a particular group of people based on a geographic area, ethnic background or employer. [e.g., Meridian Credit Union]

http://www.cba.ca/en?view=article&catid=72%3Ageneral&id=170%3Awhat-is-the-difference-between-a-bank-a-trust-company-and-a-credit-union&Itemid=0

2.0 Lending (excluding deposit-takers)

2.1 Credit Cards

This industry comprises establishments primarily engaged in providing credit sales services to business entities, such as retailers, and to consumers by providing the funds required in return for payment of the full balance or payments on an installment basis. (52221 Credit card issuing) [e.g., VisaCanada]

2.2 Finance companies

Lends money to consumers and businesses, for the purchase of goods and services, using a contractual installment sales agreement, often either directly from, or through arrangements with, dealers of the products. Examples are acceptance companies of motor vehicle manufacturers and heavy equipment manufacturers. Establishments engaged in the purchase of installment and credit card receivables, created as a result of retail sales to businesses and individuals, are included. (52222 Sales financing) [e.g., General Motors Acceptance Corporation]

2.3 Asset-Based Finance[10]

A specialized method of providing structured working capital and term loans that are secured by accounts receivable, inventory, machinery, equipment and/or real estate. This type of funding is great for startup companies, refinancing existing loans, financing growth, mergers and acquisitions, and management buy-outs (MBOs) and buy-ins (MBIs). [e.g., GE Capital Equipment Financing]

http://www.investopedia.com/terms/a/assetbasedlending.asp

2.4 Financing Specialists

Primarily engaged in providing non-depository credit, such as real estate credit, international trade financing, short-term inventory credit and loans, working capital credit, and agricultural credit and loans. Examples are factoring companies, mortgage companies and government credit agencies that make direct loans or extend credit. (522299 All other non-depository credit intermediation) [e.g., Export Development Canada]

2.5 Payday loans

A **payday loan** (also called a **payday advance**) is a small, short-term unsecured loan, "regardless of whether repayment of loans is linked to a borrower's payday". The loans are also sometimes referred to as "cash advances", though that term can also refer to cash provided against a prearranged line of credit such as a credit card. Payday advance loans rely on the consumer having previous payroll and employment records.[e.g., Money Mart]

http://en.wikipedia.org/wiki/Payday_loan

[10] This could be alternatively split into two parts, with one part subsumed under 2.2 (Finance companies) and the other part under 2.4 (Financing Specialists). All three could be joined under NAICS code 522220 "Sales Financing".

3.0 Insurance

This industry group comprises establishments primarily engaged in underwriting annuities, insurance policies and reinsurance. The establishments of this group invest premiums to build up a portfolio of financial assets to be used against future claims. Contributions and premiums are set on the basis of actuarial calculations of reserves. **Direct insurance carriers** are primarily engaged in underwriting annuities and insurance policies directly to policy holders, and **reinsurance carriers** are primarily engaged in assuming all or part of the risk associated with existing insurance policies originally underwritten by other insurance carriers, are included. Industries are defined in terms of the type of risk against which the policy holders are being insured, such as death, loss of employment due to age or disability, and property damage. (5241 Insurance carriers)

3.1 Life & Health Insurance

This industry comprises establishments primarily engaged in underwriting annuities, life insurance, accidental death and dismemberment insurance, disability income insurance and insurance for hospital, medical, dental, vision and other health services, directly to policyholders, either individual or group. (524111 Direct individual life, health and medical insurance carriers, 524112 Direct group life, health and medical insurance carriers) [e.g., Manulife]

3.2 Property & Casualty Insurance

P&C Insurance underwrites a combination of automobile insurance, property insurance and liability insurance, directly to policyholders, with no one of the three types accounting for more than 70 percent of the nominal output. Nominal output is measured as premiums less claims plus investment income. (524121 Direct general property and casualty insurance carriers) [e.g., Intact]

Automobile insurance is often provided in a package which includes liability insurance and vehicle loss or damage insurance. Automobile insurance includes insurance for private and commercial vehicles.(524122 Direct, private, automobile insurance carriers)

Property insurance provides protection for losses to buildings and contents. It may be provided in a package with related types of protection, such as personal liability for homeowners and tenants, business-interruption insurance and temporary accommodation costs. Property insurance includes personal and commercial insurance. (524124 Direct property insurance carriers)

3.3 Reinsurance

Reinsurers assume all or part of the risk associated with any type of insurance policy originally underwritten by other insurance carriers. (52413 Reinsurance carriers) [e.g., Swiss Re]

3.4 Insurance Specialists (Trade, Travel etc.)

Trade Credit Insurance, business credit insurance, export credit insurance, or **credit insurance** is an insurance policy and a risk management product offered by private insurance companies and governmental export credit agencies to business entities wishing to protect their accounts receivable from loss due to credit risks such as protracted default, insolvency or bankruptcy. This insurance product is a type of property & casualty insurance, and should not be confused with such products as credit life or credit disability insurance, which individuals obtain to protect against the risk of loss of income needed to pay debts. Trade Credit Insurance can include a component of political risk insurance which is offered by the same insurers to insure the risk of non-payment by foreign buyers due to currency issues, political unrest, expropriation etc. [e.g., Coface]

http://en.wikipedia.org/wiki/Trade_credit_insurance

Travel insurance is insurance that is intended to cover medical expenses, financial default of travel suppliers, and other losses incurred while traveling, either within one's own country, or internationally. Temporary travel insurance can usually be arranged at the time of the booking of a trip to cover exactly the duration of that trip, or a "multi-trip" policy can cover an unlimited number of trips within a set time frame. Coverage varies, and can be purchased to include higher risk items such as "winter sports". [e.g., Travelguard]

http://en.wikipedia.org/wiki/Travel_insurance

Liability insurance provides protection for legal liability to others for injury, death or damage to property which may arise in the course of carrying out occupational or personal activities. Examples of liability insurance are product liability insurance, medical malpractice insurance and directors' liability insurance. (524125 Direct liability insurance carriers) [e.g., Creechurch]

4.0 Asset & Investment Management

ISO 5000 defines Asset management as the "coordinated activity of an organization to realize value from assets". In turn, Assets are defined as follows: "An asset is an item, thing or entity that has potential or actual value to an organization". Asset Management involves the balancing of costs, opportunities and risks against the desired performance of assets, to achieve the organizational objectives. This balancing might need to be considered over different timeframes.

http://theiam.org/what-asset-management

Investment management is a subset of asset management, which is defined as "the professional asset management of various securities (shares, bonds and other securities) and other assets (e.g. real estate) in order to meet specified investment goals for the benefit of the investors.

http://en.wikipedia.org/wiki/Investment_management

4.1 Pension Funds

Pension funds contain net assets set aside for the purpose of meeting retirement benefit payments of the pension plan, when they become due. Pension funds may or may not have separate legal identities and may or may not have trustees. A pension plan is a reporting entity separate from a sponsor and the plan participants that, by any arrangement (contractual or otherwise), establishes a program to provide retirement income to employees. This class includes pension plans of all types, regardless of whether the fund is registered as a separate legal identity or is administered by trustees. (5261 Pension fund) [e.g., Canada Pension Plan]

4.2 Private Foundations

A charitable organization that, while serving a good cause, does not qualify as a public charity by government standards. A private foundation is a nonprofit organization which is usually created via a single primary donation from an individual or a business and whose funds and programs are managed by its own trustees or directors. As such, rather than funding its ongoing operations through periodic donations, a private foundation generates income by investing its initial donation, often disbursing the bulk of its investment income each year to desired charitable activities. [e.g., Laidlaw Foundation]

http://www.investopedia.com/terms/p/privatefoundation.asp

4.3 Registered Educational Savings Plan Providers[11]

These are providers of Group Registered Education Savings Plans. These providers pool funds from enrolees, manage the money in a tax-deferred environment, and provide scholarships when a child is ready to pursue a post-secondary education, at which time the money is withdrawn to help finance the costs. [e.g., Canadian Scholarship Trust Plan]

http://www.cba.ca/en and The Brondesbury Group

4.4 Investment Funds

Investment funds primarily engaged in investing in a specialized (except real estate) or a diversified portfolio of securities and other investments on behalf of their shareholders/unit holders. Shares are offered in an initial public offering, after which additional shares are offered continuously. Shares are redeemed at the market price, as determined by the net asset value. (52691 Open-end investment)

Irrespective of the underlying investments, there are several types of investment funds that differ by the legislation that governs them and how they are managed and/or sold. The primary kinds of investment funds are: mutual funds, segregated (insurance) funds, Exchange-Traded Funds (ETFs), and pooled funds. [e.g., Dynamic Funds, Manulife Guaranteed Investment Funds, iShares]

Source: The Brondesbury Group

4.5 Exempt Market Funds

Exempt market funds are investment funds that qualify as Exempt market securities. These are securities issued in Canada that fall under National Instrument 45-106. They are exempt from prospectus requirements and hence require less disclosure than a prospectus offering. To sell a security in the exempt market, an issuer must ensure that the investor qualifies under a specific exemption contained in the Instrument. [e.g., Picton Mahoney]

Exempt market securities may involve a higher level of risk. There are no established secondary markets for exempt market securities and they are illiquid. Notably, unlike publicly traded companies, issuers of exempt market securities are not required to provide continuous disclosure to investors. Exempt market securities may be sold by an Exempt Market Dealer or Investment Dealer, or, in certain provinces, directly by an issuer under the North-Western Order, which is an exemption from registration requirements, with some conditions.

http://en.wikipedia.org/wiki/Exempt_market_securities

Hedge Funds are one kind of exempt market fund. A hedge fund is an aggressively managed portfolio of investments that uses advanced investment strategies such as leveraged, long, short and derivative positions in both domestic and international markets with the goal of generating high returns (either in an absolute sense or over a specified market benchmark). Legally, hedge funds are most often set up as private investment partnerships that are open to a limited number of investors and require a very large initial minimum investment. Investments in hedge funds are illiquid as they often require investors keep their money in the fund for at least one year.

http://www.investopedia.com/terms/h/hedgefund.asp

Pooled Funds (Exempt Market)
Pooled funds are funds from many individual investors that are aggregated for the purposes of investment, as in the case of a mutual or pension fund. Investors in pooled fund investments benefit from economies of scale, which allow for lower trading costs per dollar of investment, diversification and professional money management.

http://www.investopedia.com/terms/p/pooledfunds.asp

[11] This could be subsumed under 4.2 (Private Foundations), especially if the name was extended to read "Private Foundations & Scholarship Trusts". The major difference between 4.2 and 4.3 is the funding mechanism and the basis for distribution of funds.

4.6 Private Equity /Venture Capital /Mezzanine Capital[12]

Equity capital that is not quoted on a public exchange. Private equity consists of investors and funds that make investments directly into private companies or conduct buyouts of public companies that result in a delisting of public equity. Capital for private equity is raised from retail and institutional investors, and can be used to fund new technologies, expand working capital within an owned company, make acquisitions, or to strengthen a balance sheet.

The majority of private equity consists of institutional investors and accredited investors who can commit large sums of money for long periods of time. Private equity investments often demand long holding periods to allow for a turnaround of a distressed company or a liquidity event such as an IPO or sale to a public company.

http://www.investopedia.com/terms/p/privateequity.asp

Venture Capital refers to money provided by investors to startup firms and small businesses with perceived long-term growth potential. This is a very important source of funding for startups that do not have access to capital markets. It typically entails high risk for the investor, but it has the potential for above-average returns.

http://www.investopedia.com/terms/v/venturecapital.asp

Mezzanine Financing refers to a hybrid of debt and equity financing that is typically used to finance the expansion of existing companies. Mezzanine financing is basically debt capital that gives the lender the rights to convert to an ownership or equity interest in the company if the loan is not paid back in time and in full. It is generally subordinated to debt provided by senior lenders such as banks and venture capital companies. [e.g., Canadian Mortgage Capital Corporation]

http://www.investopedia.com/terms/m/mezzaninefinancing.asp

5.0 Securities

Primarily engaged in providing marketplaces and mechanisms for the purpose of facilitating the buying and selling of stocks, stock options, bonds or commodity contracts. The establishments in this industry do not buy, sell, own or set the prices of the traded securities and/or commodities. (5232 Securities and commodity exchanges)[13]

5.1 Registered Dealers

A **dealer** is a person or firm in the business of buying and selling securities for their own account, whether through a broker or otherwise. A dealer is defined by the fact that it acts as principal in trading for its own account, as opposed to a broker who acts as an agent in executing orders on behalf of its clients. A dealer is also distinct from a trader in that buying and selling securities is part of its regular business, while a trader buys and sells securities for his or her own account but not on a business basis.

http://www.investopedia.com/terms/d/dealer.asp

5.2 Exempt Market Dealers (EMD)

EMDs are exempt market securities dealers registered under provincial securities legislation in one or more jurisdictions in Canada. EMDs may act in two primary capacities in the capital markets: 1) as a dealer or underwriter for any securities which are prospectus exempt, or 2) as a dealer for any securities, including investment funds which are prospectus qualified (mutual funds) or prospectus exempt (pooled funds), provided they are sold to clients who qualify for the purchase of exempt securities. The qualification criteria for exempt purchasers and exempt securities are found in National Instrument 45-106 *Prospectus and Registration Exemptions*. [e.g., IBK Capital Corp.]

http://www.pcmacanada.com/?page=exemptmarketdealers

[12] In Canada, private equity firms sometimes fund deals by selling portions to a small number of shareholders. They may do this on their own (see 5.3) or through Exempt Market Dealers (5.2).

[13] Investment banking is a hybrid that includes activities identified here as registered broker-dealers (5.1), Exempt Market dealers (5.2) and Private Equity firms (4.6, 5.3). It could be shown as a separate category under Securities (5.0), if desired.

5.3 Private Equity Distribution[14]

Some private equity firms distribute portions of the deal among a number of shareholders who buy on the Exempt Market.

5.4 Commodity Brokers

Commodity Brokers are engaged in buying and selling commodity contracts and futures contracts for others on a commission basis. (523140 Commodity contracts brokerage) [e.g., Friedberg Mercantile Group]

5.5 Foreign Exchange Brokers

A non-bank **foreign exchange company** also known as **foreign exchange broker** or simply **forex broker** is a company that offers currency exchange and international payments to private individuals and companies. The term is typically used for currency exchange companies that offer physical delivery rather than speculative trading. [e.g., Canadian Forex]

http://en.wikipedia.org/wiki/Foreign_exchange_company

5.6 Securities Underwriting

A company or other entity that administers the public issuance and distribution of securities from a corporation or other issuing body. An underwriter works closely with the issuing body to determine the offering price of the securities, buys them from the issuer and sells them to investors via the underwriter's distribution network.

http://www.investopedia.com/terms/u/underwriter.asp

6.0 Independent Distribution

6.1 Deposit Broker

Someone who arranges for a person to make a deposit with a deposit-taking financial institution.

http://www.cdic.ca/Pages/Glossary.aspx [Fiscal Agents]

6.2 Mortgage Broker

Mortgage brokers arrange mortgages for others on a commission or fee basis. [e.g., The Mortgage Centre] (52231 Mortgage and non-mortgage loan brokers)

6.3 Insurance Broker

Insurance broker sells insurance and pension products. The staff of insurance agencies and brokerages are not employed by the insurance carriers they represent. [e.g., PPI, HUB HKMB] (524210 Insurance agencies and brokerages)

6.4 Independent Financial Advisors

Independent Financial Advisor firms offer independent advice on financial matters to their clients and recommend suitable financial products and services from a wide range of suppliers. An Independent Financial Advisor usually does not represent one particular distributor of investment products (or life insurance). [e.g., MGI Financial].

http://canadianindependentfinancialadvisor.blogspot.ca/2012/01/what-is-independent-financial-advisor.html

[14] Management of private equity assets is listed under the Asset Management heading

7.0 Business & Professional Services

These are infrastructure and support services that are essential to the operations of the FSS. Unlike the other sectors, however, many of the firms providing BPS are not exclusively FSS entities. They may well provide services to other industries.

Most of the definitions for BPS come from the United Nations International Standard Industrial Classification (ISIC) of All Economic Activities (revision 4, 2008). Numbers in parentheses are ISIC classification numbers. Note that the source of definitions will only be identified when ISIC is NOT used.

7.1 Finance and Insurance Activities

The activities we have classified here are those ISIC activities in this sector (64), which are not classified as one of the major financial services sectors.

7.1.1 Marketplaces for Securities (661) includes the furnishing of physical or electronic marketplaces for the purpose of buying and selling of stocks, stock options, bonds, or commodity contracts.

7.1.2 Transaction Processing & Settlement (6611) for payments, securities, credit cards and more is the backbone of the FSS infrastructure.

7.2 Public Administration

This includes activities of a governmental nature, normally carried out by the public administration. Our sub-sectors are focused on those most relevant to the FSS, but in reality this could include some parts of the judiciary and policing too. The sub-sectors here are defined by The Brondesbury Group.

7.2.1 Government regulatory organizations related to the operations of financial services (8413), whether federal (e.g., OSFI) or provincial (e.g. OSC). In includes staff in provincial and federal government agencies that develop and enforce laws and rules that govern what financial institutions can do. The range of regulatory activities can include setting minimum standards for capital and conduct, making regular inspections, and investigating and prosecuting complaints. [OSFI, FSCO] Adapted from the Financial Times Lexicon

http://lexicon.ft.com/Term?term=financial-regulation

The Office of the Superintendent of Financial Institutions (OSFI) is a branch of the federal government that regulates the financial condition of all the banks operating in Canada. They also regulate all federally incorporated or registered trust and loan companies, insurance companies, cooperative credit associations, fraternal benefit societies and pension plans. The 10 provinces and 3 territories in Canada are responsible for securities regulations. There are also 50 other regulating bodies (federal, provincial and self-regulating) that monitor aspects of bank financial group activity.

http://www.cba.ca/en?view=article&catid=72%3Ageneral&id=171%3Awho-regulates-the-banks&Itemid=0

7.2.2 Protection regimes aim to mitigate the impact of a financial institution failure "without severe systemic disruption and without exposing taxpayers to loss". They can be publicly-funded or industry-funded. Adapted from Financial Stability Board Key Attributes.

Most prominent are public deposit protection regimes like Canada Deposit Insurance Corporation (CDIC) and industry-protection regimes like the Canadian Investor Protection Fund (CIPF).

http://www.financialstabilityboard.org/wp-content/uploads/r_141015.pdf

7.2.3 Finance-related government departments refers to departments or ministries that focus primarily on finance and related activities.

7.3 Information and Communication

This includes telecommunications, data processing infrastructure and related services.

7.3.1 Telecommunications (61) includes the activities of providing telecommunications and related service activities. The commonality of activities classified in this division is the transmission of content without being involved in its creation. This sub-sector includes wired (611) and wireless (612) , as well as other telecommunication activities (e.g., VOIP, Internet ISP, etc.)

7.3.2 Data processing and hosting (631) includes the provision of infrastructure for hosting, data processing services and related activities, as well as the provision of search facilities and other portals for the Internet

7.3.3 Computer programming & consultancy (62) includes: writing, modifying, testing and supporting software; planning and designing computer systems that integrate computer hardware, software and communications technologies; on-site management and operation of clients' computer systems and/or data processing facilities; and other professional and technical computer-related activities.

7.4 Professional and Technical Activities

These are specialized professional and technical activities. These activities require a high degree of training and make specialized knowledge and skills available to users.

7.4.1 Legal (6910) includes legal representation of one party's interest against another party, whether or not before courts or other judicial bodies, by or under the supervision of, persons who are members of the bar. It also includes general counseling and advising, preparation of legal documents, and other activities of public notaries, civil law notaries, bailiffs, arbitrators, examiners and referees.

7.4.2 Accounting (692) includes bookkeeping, auditing, and tax consultancy. It includes recording of commercial transactions, preparation or auditing of financial accounts, examination of accounts and certification of their accuracy, preparation of income tax returns and advisory activities and representation on behalf of clients before tax authorities.

7.4.3 Actuarial services (6629) include methods by which corporations determine, assess and plan for the financial impact of risk. Actuaries use mathematical and statistical models to evaluate risk in the insurance and finance industries.

http://www.investopedia.com/terms/a/actuarial-service.asp

7.4.4 Management consultancy (7020) activities include the provision of advice, guidance and operational assistance to businesses and other organizations on management issues, such as strategic and organizational planning; decision areas that are financial in nature; marketing objectives and policies; human resource policies, practices and planning; production scheduling and control planning. This may include advice, guidance or operational assistance regarding: public relations and communication; lobbying activities; design of accounting methods or procedures; advice in planning, organization, efficiency and control, management information, etc.

7.4.5 Advertising (7310) includes the provision of a full range of advertising services (i.e. through in-house capabilities or subcontracting), including advice, creative services, production of advertising material, media planning and buying. This class includes creation and realization of advertising campaigns, as well as conducting marketing campaigns and other advertising services aimed at attracting and retaining customers (e.g. direct mail, POS, etc.)

7.4.6 Market Research (7320) includes investigation into market potential, acceptance and familiarity of products and buying habits of consumers for the purpose of sales promotion and development of new products, including statistical analyses of the results.

7.5 Other Professional Services

This is mainly a residual category including the activities of membership organizations and other industry-based professional support organizations.

7.5.1 Professional membership organizations (9412) include the activities of organizations whose members' interests centre chiefly on a particular scientific discipline, professional practice or technical field. Activities also include dissemination of related information, the establishment and supervision of standards of practice, representation before government agencies and public relations of professional organizations.

7.5.2 Industry Self-Regulatory bodies include staff in industry organizations that develop and enforce laws and rules that govern what financial institutions can do. The range of regulatory activities can include setting minimum standards for capital and conduct, making regular inspections, and investigating and prosecuting complaints. [e.g. IIROC, MFDA] Adapted from the Financial Times Lexicon

http://lexicon.ft.com/Term?term=financial-regulation

7.5.3 Business Membership organizations (9411) include the activities of organizations whose members' interests centre on the development and prosperity of enterprises in a particular line of business or trade. or on the economic growth of a particular geographic area or political subdivision. Activities typically include dissemination of information, representation before government agencies, public relations and labour negotiations of business and employer organizations.

7.5.4 Industry educators (8549) includes independent organizations that provide specialized instruction and training for adults not comparable to general education (e.g. academic schools, colleges, universities). Instruction may be provided in diverse settings. Such instruction does not lead to a diploma, baccalaureate or graduate degree, but often leads to industry credentials.

7.6 Other Professional Services

This includes a variety of activities that support general business operations. It differs from 7.4 (Professional & Technical Activities), in that the primary purpose of these organizations is not the transfer of specialized knowledge. It differs from 7.5 (Other professional services), in that these businesses provide services that are not directly tied to financial services industry.

7.6.1 Credit bureaus (8291) and rating agencies are both in the business of assessing creditworthiness. Credit bureaus compile information, such as credit and employment histories on individuals and credit histories on businesses, providing the information to financial institutions who have a need to evaluate the creditworthiness of these persons and businesses.

Rating agencies assess the creditworthiness of both debt securities and their issuers.

http://www.investopedia.com/terms/b/bond-rating-agencies.asp

7.6.2 Employment agencies/search firms (781) list employment vacancies and refer or place applicants for employment, where the individuals referred or placed are not employees of the employment agency. 'Search firm' is often used to designate activities focused on executive or high skill recruiting. This class also includes provision of resources to temporarily replace or supplement the workforce of a client.

7.6.3 Collection agencies (8291) provide collection of payments for claims and remittance of payments collected to the clients, such as bill or debt collection services.

7.6.4 Call centres (8220) include inbound and outbound call centres. Activities of inbound call centres include answering calls from clients by using human operators, automatic call distribution, computer telephone integration, interactive voice response systems or similar methods to receive orders, provide product information, dealing with customer requests for assistance or address customer complaints. Outbound call centres use similar methods to sell or market goods or services to potential customers.

7.6.5 Building and facilities support (811, 812, 813) includes provision of support services within a client's facility, such as exterior and/or interior cleaning, maintenance, trash disposal, landscape care, mail routing, reception, and related services to support operations.

7.6.6 Physical security services (8010) includes the provision of guard and patrol services, picking up and delivering money, receipts or other valuable items with personnel and equipment to protect such properties while in transit.

7.6.7 Security systems (8020) include: monitoring and maintenance of electronic security alarm systems; installing, repairing, rebuilding, and adjusting mechanical or electronic locking devices, safes and security vaults. These firms may also sell security systems, locking devices, safes and security vaults.

07

FINAL WORD

Final Word

There remain some financial services businesses that don't fit neatly into this classification. The largest is probably Money Transfer Services (Remittance Services) like Western Union or MoneyGram. [Source: World Bank, Bilateral Remittance Matrix, 2012]. Our aim is to identify any significant omissions and include them in updated versions of this model.