



Ontario government reaches out to industry to develop strategy

Minister Cordiano pledges support for plans to accelerate growth in financial services industry

Ontario's Minister of Economic Development and Trade (EDT), Joe Cordiano, has invited the industry to help design a province-wide strategy to support further growth in financial services. The Minister issued the invitation in June, during a two-hour round-table meeting with TFSA and representatives of key industry associations.

The Minister said that he wanted to develop a partnership between industry and government "to ensure the sustained growth of, and future investment in, this vital sector of our economy throughout the province."

TFSA Executive Director Janet Ecker has been encouraging the Ministry to take a comprehensive approach to supporting growth in the sector, much like the approach the government has used with considerable success to support the automotive sector.

Minister Cordiano applauded efforts to improve understanding of the very real competitive challenges facing the sector, and said he was prepared to work with the industry, academia and other levels of government to meet these challenges.

He called on the sector to help him develop a vision of what it could look like in five years and asked for advice on achievable initiatives to help support sector growth. He wants the strategy to be completed by later this fall so he can work with his colleagues within government to achieve its implementation.

Because TFSA represents all segments of the industry, it was asked to work with EDT's deputy minister and other senior officials to coordinate this work.

As a first step, industry associations have identified initiatives for the strategy. Participants include Canadian Bankers Association, Investment Industry Association of Canada, Investment Funds Institute of Canada, Canadian Health and Life Insurance Association, Insurance Bureau of Canada, Advocis, Venture Capital Association of Canada, Association of Canadian Pension Management and Credit Union Central of Ontario. Various working groups and roundtable discussions will be held with government officials later this summer to finalize this work.

TFSA applauds Premier's Trade Mission to India

There has been tremendous interest in the proposed trade mission to India announced recently by Ontario Premier Dalton McGuinty. TFSA has been helping promote the mission with local financial services companies, and the response has been enthusiastic.

The TFSA organized an information session for its members on July 20, at which Prof. Wendy Dobson from the University of Toronto's Rotman School of Management provided a very balanced discussion on business opportunities that exist in India for financial services companies.

The Premier's mission to India will take place January 14-21, 2007, with stops in Punjab, Delhi, Bangalore and Mumbai.

Economic Development and Trade Minister Joseph Cordiano and Small Business and Entrepreneurship Minister Harinder Takhar will join Premier McGuinty on the missions, along with senior representatives of Ontario companies and organizations.

Ontario's two-way goods trade with India and Pakistan has nearly doubled over the past five years, reaching a combined \$1.2 billion in 2005.

Study to assess Toronto's status as financial services cluster

Encouraged by the TFSA, the government-funded Institute for Competitiveness and Prosperity (ICAP) – well known for its work studying traded clusters – will determine the extent to which Toronto has developed as a financial services cluster.

ICAP will compare Toronto to its peer group using a methodology introduced by Michael Porter at Harvard's Institute for Strategy and Competitiveness. It covers a range of data including the environment that drives company strategies locally, the availability of resources and infrastructure, the nature of home demand for services, and the availability and quality of local suppliers and related industries.

The results of this study will provide key data for governments and the sector to help measure its effectiveness and growth, productivity and efficiency, global leadership and other success factors.

Canadian cities rank highly on Quality of Living: Mercer

Canadians rank higher than U.S. cities in survey

Toronto ranks 15th in the world on the Worldwide Quality of Living Survey 2006, which was published recently by Mercer Human Resource Consulting. Toronto's ranking is up one spot from last year's survey.

The survey analyzes 39 criteria for 350 cities, including political, social, economic and environmental factors, personal safety, health, education and transportation, producing a numeric index relative to the base city, New York (=100).

Toronto came in at 105.4, while the top-ranked city, Zurich, registered 108.2. Vancouver (at 107.7) was in third place on the survey, the same ranking as last year, while Ottawa was 18th (up three spots at 104.8), Montreal was 22nd at 104.3, and Calgary was 25th at 103.6.

The highest ranking U.S. city was Honolulu, in 26th spot, at 103.4.

Mining finance under microscope

Seek ways to promote international reputation

Ontario has carved out a strong reputation in mining with Toronto leading the world in mining finance. Sixty percent of the world's public mining companies list on the Toronto Stock Exchange and Venture Exchange. Mining companies raised almost three times as much equity capital here as on any other exchange in the world.

But in today's competitive environment, this reputation cannot be taken for granted. The Ontario government is developing new strategies to improve its support for the mining sector and its financial partners, and has asked the TSX Group and the TFSA to organize discussions with key representatives of the sector, to seek their advice. The first meeting will take place September 28th.

Industry News

The S&P/TSX composite index is expected to reach a record high of 15,000 by the end of 2007, courtesy of soaring energy prices, according to CIBC World Markets.

The CIBC forecast predicts that the index will reach 13,600 by the end of 2006.

Toronto is gaining a reputation as a hedge fund centre. The U.K.-based publication *Hedgeweek* recently noted that Toronto is "building on a thriving domestic alternative investments market and a well-resourced financial infrastructure to provide a relatively inexpensive option for administering western hemisphere hedge funds," and suggested that the city is attracting increasing attention from global service providers.

Toronto's commercial real estate market continues to thrive in 2006. Statistics released by Toronto Economic Development indicate that the vacancy rate for office space in the Central Area dropped to 7.6% in the first quarter of 2006, from 8.7% in the fourth quarter of 2005, and from 9.5% in the first quarter of 2005.

A report by CB Richard Ellis Ltd. in June, however, suggested, that tenant demand for office space in the Toronto market may have "flattened somewhat" in the second quarter.

New and Noteworthy

Canadian financial institutions chalked up several more “wins” in the Chinese market in recent months. In April, **Scotiabank** was accorded “Qualified Foreign Institutional Investor” status (QFII) by China’s Securities Regulatory Commission. This enables the bank to trade “A” shares denominated in China’s national currency, the Renminbi (RMB), as well as treasury, corporate and commercial bonds listed on domestic exchanges. **BMO Financial Group**, meanwhile, became the first Canadian bank to be granted approval to provide RMB service in China’s capital city of Beijing. The approval, announced in July, enables BMO’s branch office in Beijing to offer a wide range of banking services such as deposits, loans, trade finance and other capital markets products to all corporations, foreign or domestic, using RMB. Also in July, **Sun Life Financial** announced that it will begin distributing pension products in China, in cooperation with its joint-venture partner, China Everbright Bank.

In June, 12 students became the first graduates from **Seneca College’s** degree program in Financial Services Management. The Bachelor of Applied Business program, launched in 2002, is a four-year degree that provides graduates with critical knowledge and advanced practical skills for careers in financial services fields such as banking, insurance and stock brokerage. Besides the degree, students graduate with two professional designations and earn credits toward a securities designation. Seneca College of Applied Arts & Technology is the largest college in Canada with more than 100,000 full and part-time students on campuses around Toronto.

Canadian banks have announced expansion plans in the Caribbean, Latin America and the United States in recent months. In April, **Scotiabank** announced that it was expanding its Caribbean operations with the acquisition of Citibank’s retail banking business in the Dominican Republic. The announcement came shortly after Scotiabank had completed the purchase of two banks in Peru. In June, Scotiabank announced that it was acquiring Corporacion Interfin, the parent of Banco Interfin, the largest private bank in Costa Rica. Later in the month, **CIBC** announced that it would be acquiring Barclays Bank PLC’s ownership stake in FirstCaribbean International Bank, thereby increasing CIBC’s ownership of FirstCaribbean to 87.4%. And in August, **Royal Bank of Canada** announced that its U.S. subsidiary RBC Centura would acquire Flag Financial, which operates primarily in Georgia.

Vijay Jog, Chancellor Professor at the Eric Sprott School of Business at Carleton University; PengCheng Zhu, a Ph.D. student, and Shantanu Dutta, Assistant Professor, Department of Business Administration, at St. Francis Xavier University, have won this year’s Barclays Global Investors Canada Ltd. Research Award. Each year, the \$10,000 award, sponsored by Canadian Investment Review and Barclays Global Investors, is granted to the author of the best paper on any area of the Canadian capital markets.

UPDATE: Deloitte study on human capital needs “on track”

The first-ever human capital needs assessment study for the financial services sector in Toronto is underway. Deloitte, which is conducting the “Talent Matters” study for TFSA, has been interviewing HR professionals in all sectors of the industry in Toronto, as well as conducting complementary interviews in other global financial services centres. Deloitte expects to have its initial research finished by the end of August, and plans to have an interim report available for members later this year.

BANKSETA program hailed as huge success

Twelve South African bank executives were in Toronto this summer to complete a 6-week International Executive Development Program, sponsored by the South African government’s Sector Education and Training Authority and organized by TFSA and the City of Toronto. Several TFSA members, including BMO, CIBC, National Bank, TD and the Canadian Bankers Association, as well as the Schulich and Rotman business schools, all pitched in to make the Program a resounding success. BANK SETA officials cited the quality of training available in Toronto for their decision to return to the city for a second year. At a luncheon to bid farewell to the 12 program participants, BANK SETA General Secretary Richard Plant confirmed that South Africa intends to arrange for another group of executives to participate in the program next year.

New and Noteworthy (continued)

Canada's pension industry crossed the magic \$1 trillion mark at the end of 2005, according to two reports published this year. Both the Canadian Pension Fund Directory and Watson Wyatt Worldwide confirmed the milestone, according to *Benefits Canada*, the magazine that follows Canada's pensions industry. The magazine reported that Canada now ranks fourth in the world in terms of the size of its institutional assets under management, after the U.S., Japan and the U.K.

Statistics Canada, meanwhile, reported in June that the value of retirement plans held in trustee pension plans reached almost \$800 billion in the fourth quarter of 2005. Employee plans showed growth for the sixth straight quarter since hitting a low of \$652 billion in the second quarter of 2004, the federal agency reported.

Canada's banks gained recognition domestically and abroad in recent months, as the winners of numerous awards. **Scotia Capital** was named Best Investment Bank in Canada for the third year in a row by the international financial magazine, *Global Finance*. **Scotiabank** also picked up a Technology of the Year award from *The Banker* magazine, which recognized the bank's "Return on Investment of the Year" for its implementation of cost-saving computer application management technology. **TD Canada Trust**, meanwhile, won three major awards in international competition: Best Consumer Bank in Canada, Best Corporate/Institutional Internet Bank in Canada, and Best Online Deposit Acquisition in North America. The awards were all presented by *Global Finance*. **BMO Financial Group** was also recognized by Financial Executives International Canada and PricewaterhouseCoopers in the annual CFO of the Year Award. The award was presented this year to BMO's chief financial officer, Karen Maidment. In July, **Royal Bank of Canada** was named the most valuable brand in Canada in an Interbrand ranking prepared for the *Globe and Mail*, using the same methodology used for Interbrand's annual ranking of the top 100 global brands. Interbrand estimates that RBC's brand is worth just under \$4 billion.

The Life Insurance Institute of Canada (LIAC) will now be known as **LOMA Canada**. The change was announced at the organization's annual meeting in June. The Life Office Management Association is an international association through which more than 1,200 insurance and financial services companies from over 80 countries engage in research and educational activities to improve company operations. The two organizations merged their operations in 2002.

In April, the **Canadian Pension Plan Investment Board** signed on to the United Nations Environment Programme Financial Initiative (UNEPFI), a global set of principles for responsible investing. The CPPIB was one of 20 large institutional investors sought out by the UN Secretary General to lend its support to the Initiative.

Upcoming Events

September 19-22

The Association of Canadian Pension Management (ACPM) marks its 30th anniversary at its annual national conference, in Winnipeg.

September 26 – 27

11th annual conference on Financial Institutions Regulation, organized by Infonex, in Toronto.

September 27 – 29

20th Annual Conference of the Investment Funds Institute of Canada, Toronto

September 28

Mining Roundtable organized by TSX and TFSA: Deputy Ministers from the Ministries of Northern Development and Mines, Economic Development and Trade, and Finance meet with industry representatives to discuss mining finance.

October 5

Mergers & Acquisitions Symposium, sponsored by Canadian Venture Capital Association, Canadian Institute of Chartered Business Evaluators, Financial Executives International Canada, Canadian Investor Relations Institute, and the Toronto CFA Society, in Toronto.

November 16-17

Canadian Institute's 12th Annual Conference on Regulatory Compliance for Financial Institutions, in Toronto.