



Multi-pronged initiative launched to promote financial services

Leading industry and government participants strike unprecedented consensus on sector's future

Months of research and consultation culminated in a high-level meeting before the holidays that brought together financial services industry leaders from all the major lines of business with all three levels of government to consider the future of Toronto Region as a global financial services centre.

The meeting, attended by the CEOs of Canada's largest banks, insurance companies, pension funds, stock exchange and investment firms, was chaired by Ontario Premier **Dalton McGuinty**. Federal Finance Minister **Jim Flaherty**, his Ontario counterpart, **Dwight Duncan**, and Toronto Mayor **David Miller** also participated.

During the meeting, participants reviewed the findings of a study completed by **Boston Consulting Group (BCG)** on behalf of a working group that had been specially created for the purpose. The project was funded by the participants and by BCG itself through a pro-bono investment. The study weighed Toronto's advantages as a global financial services centre and recommended four broad initiatives and other specific action steps that could boost its importance and attract new jobs and investment to the region. *[Please see sidebar for the list of recommendations.]*

The CEOs endorsed the recommendations and pledged resources to pursue the initiative starting in the new year. Premier McGuinty announced at the meeting that the province will contribute an initial \$1 million to get the various projects off the ground. Former Manulife CEO **Dominic D'Alessandro** was chosen to chair future meetings of the group, to be known as the Financial Services Leadership Council.

The participants acknowledged that Canada has a current advantage, but it will last only so long. "We have a narrow window of opportunity," said TFSA President **Janet Ecker**, who co-chaired the working group that brought the proposals forward along with TD Bank Financial Group's **Don Drummond**.



Making Toronto a world-class hub: Recommendations

Four priority opportunities have the potential to drive a projected incremental 25,000-40,000 jobs and \$4 billion-\$5 billion in annual GDP over a five-year time horizon. A common theme is building a world-class hub of expertise or activity.

The priorities are:

- Establishing a global institute for integrated risk management.
- Entrenching Canada's position as the leading global hub for mining, metals, and energy financing and trading.
- Becoming a global leader in retirement financing solutions.
- Growing skilled financial services activity clusters, e.g., fund administration, advanced technology functions, legal, accounting, actuarial, customer service, and credit adjudication.

Other recommended action steps include a concerted promotion strategy, building a stronger public-private partnership, and ensuring that each government can deal with financial sector policy issues affecting growth in an expedited manner.

The recommendations are set out in a report entitled *Partnership and Action*, prepared by Boston Consulting Group *[please see p. 2]*.

Partnership and Action

Mobilizing Toronto's Financial Sector for Global Advantage

The Toronto Region has the potential to become one of the world's top 10 financial centres, but to get there it needs to increase its global competitiveness overall and in several specific areas, according to a report prepared by **The Boston Consulting Group** (BCG). [The report, in its entirety, is available at www.tfsa.ca.]



BCG developed a strategy and recommendations set out in the report on behalf of the Toronto Financial Services Working Group, co-chaired by **Janet Ecker**, president of the TFSA, and **Don Drummond**, Chief Economist, TD Bank Financial Group.

Establishing world-class hubs of expertise has been fundamental to the strategy of financial services centres that have raised their global competitiveness, the report says. Hubs attract activity, investment and talent to the region, which in turn foster enhanced productivity and innovation.

To develop its recommendations, BCG conducted a benchmarking of leading global financial centres and their key success factors; a competitive assessment of Toronto's relative strengths and weaknesses; and an extensive consultation process with over 130 industry executives, experts and government officials.

Executive Director appointed at Centre of Excellence

Dr. **Catherine Chandler-Crichlow** has been appointed Executive Director of the newly established Centre of Excellence in Financial Services Education (COE). She assumed her new duties in December.

Dr. Chandler-Crichlow has more than 30 years of talent development experience specializing in the areas of executive and leadership development; curriculum development and implementation; technology-mediated distance learning and program evaluation.

"The COE needs strong leadership – particularly now, in its early days," said TFSA President **Janet Ecker**. "We are delighted that we have recruited such a fine candidate to launch this initiative and bring focus to the talent needs of Toronto's financial services sector."

"This is an exciting challenge for me," said Dr. Chandler-Crichlow. "I look forward to bringing together stakeholders from the financial services sector, government and the educational community to make the most of Toronto Region's 'people' advantage."



Visit to Boston underscores links with Toronto

More than 300 executives from the financial services communities in Ontario and New England gathered in Boston in September to explore the growing relationship between the two regions' economies.

Like previous conferences in New York and Chicago, the all-day meeting (**Connect2Canada**) was presented jointly by the Toronto Financial Services Alliance and the governments of **Canada** and **Ontario**, with support from the City of **Toronto**, **Manulife's John Hancock** and other financial industry sponsors.

Another conference focused on financial services – this time in New York – is planned for the spring.

TATA Capital sizes up Toronto

India's largest industrial powerhouse may have its sights set on doing business in Ontario.

Cyrus Shroff, a senior executive for one of TATA's financial subsidiaries, **TATA Capital**, spent a week in Toronto in October getting the lay of the land.

Toronto's financial community opened its doors to Mr. Shroff, who held a series of meetings with financial services companies, organized by the Toronto Financial Services Alliance, in cooperation with the Ministry of Economic Development and Trade and the City of Toronto.

Noting the potential to expand Canada-India trade, Mr. Shroff said India hungers for investment in consumer goods, infrastructure and personal financial services.

New and Noteworthy

Scotiabank has acquired a further 13.2% stake in Xi'an City Commercial Bank (XACB), a leading city commercial bank in Western China, increasing Scotiabank's holding to 14.8%. Upon receipt of regulatory approvals, the bank will increase its ownership stake in XACB to 18.1%, representing a total investment of \$162 million. After closing, Scotiabank intends to acquire additional shares from private sources to reach a total combined stake of approximately 20%, the regulatory limit for foreign bank investments in China.

Manulife Financial has expanded its footprint in China again, having signed an agreement to purchase Fortis Bank's 49 per cent ownership in ABN AMRO TEDA Fund Management Co., Ltd. The US\$156 million transaction is subject to regulatory approval and is expected to close in the first quarter of 2010. The new joint venture, which will be called Manulife TEDA Fund Management Company Ltd., will provide traditional retail and institutional asset management across the Chinese market. Meanwhile, Manulife's life insurance subsidiary, Manulife-Sinochem Life Insurance Co. Ltd., has received approval from the China Insurance Regulatory Commission (CIRC) to operate in the Province of Tianjin, one of China's fastest growing provinces, and in the city of Shantou. The new licenses will expand Manulife-Sinochem's operational presence in China to 38 cities across 11 provinces.

The **Government of Canada** and the **City of Toronto** have identified more than 500 new infrastructure projects that can begin construction across the City of Toronto as soon as possible, including upgrades to roads, water and sewage infrastructure, municipal buildings, community centres, and cultural facilities. The total combined Canada-Toronto investment will be more than \$500-million, funded one-third by Ottawa and two-thirds by Toronto. The infrastructure projects will include enhancements to Toronto's public transit system.

Four of Canada's leading pension funds have established a professorship in pension management at the Rotman School of Management. Prof. **Alexander Dyck**, a noted expert in corporate governance and corporate finance, is the inaugural holder of the ICPM Professorship in Pension Management at the **Rotman International Centre for Pension Management (ICPM)**. This professorship was established with the support of **Canada Pension Plan Investment Board, Hospitals of Ontario Pension Plan, Ontario Teachers' Pension Plan, and Ontario Municipal Employees' Retirement System**.

George Brown College's Centre for Business opened its doors in November to the new Institute of Entrepreneurship and Community Innovation, a living lab where George Brown students, with help from their professors, will provide business consulting services to local social enterprises, not-for-profit organizations and for-profit businesses. A spokesman for the College said the Institute is the ultimate 'win-win' partnership, offering a unique opportunity for George Brown students to work with clients looking to launch, manage or grow their businesses.

UPDATE:

Banks' profitability continues in 2009

Canada's six largest banks reported more than \$14 billion in net income for fiscal year 2009, which ended on October 31. All six banks reported Tier 1 capital ratios in excess of 10%.

Although three of the banks saw their earnings decrease compared to the previous year, **Scotiabank** and **National Bank** reported significant year-over-year improvement in their performances, and **CIBC** reported a \$3 billion turnaround – from a loss the prior year, to a \$1.2 billion profit in '09.

Commenting on the solid results – which stood in stark contrast to many banks around the world – the *Financial Times of London* said that Canada's six largest banks, "buoyed by these profits and their well capitalized position, ...are looking to take a more aggressive approach to global expansion."

In the words of one bank CEO cited in the article, "It's a once-in-a-decade opportunity for growth."

OECD calls for new agenda for Toronto

A review by the **Organization for Economic Cooperation and Development (OECD)** says Toronto Region's economic development model is under pressure.

Population growth has boosted demand for services like financial services, but there are structural difficulties in traditional industries.

The review proposes a "new agenda for sustainable competitiveness," with a focus on innovation, cultural diversity and infrastructure – one that should apply a "green lens" to policies.

New and Noteworthy (continued)

For the second year running, **Moody's Investor Service** has ranked Canada's banks as number one in the world in terms of financial strength. The announcement followed an earlier report by the **World Economic Forum (WEF)**, ranking Canada's banks as number one in the world for soundness, also for two years running.

BMO Capital Markets, the investment and corporate banking arm of BMO Financial Group, has opened an office in Paris – BMO's 27th global office – as part of its strategy to broaden its institutional equity sales and trading services for European clients. A spokesman said expanding BMO's global footprint would give the bank the leading distribution capability for Canadian equities in Europe.

Leading international law firm **Fasken Martineau** is merging with Gravel, Leclerc & Partners in Paris. Fasken Martineau also announced that a team of four lawyers from Dewey & LeBoeuf in Paris is joining the firm, three senior lawyers were joining its office in Ottawa, and six lawyers were joining its office in London, UK. The firm noted that, with two offices in the EU, it now has the largest presence in Europe of any Canadian-based law firm. The Paris team will add to the firm's expertise in cross-border transactions, EU regulations, international arbitrations, and a wide range of other specialized business law and litigation services.

The governing Council of the **Institute of Chartered Accountants of Ontario** has selected **Rod Barr** as the Institute's new President and CEO. Mr. Barr had a distinguished career with Deloitte & Touche LLP, having held many varied positions with his firm in Toronto, Hamilton, New York, Vancouver, London and Wilton, CT. From 1996 until his retirement in 2008, he was the firm's National Securities partner.

The members of **Advocis**, The Financial Advisors Association of Canada, have elected a new slate of directors for their board for 2010 at their annual general meeting held in Toronto on November 30. Leading the organization will be Ms. **Terry Zavitz**, who will take on the position of chair of the board of directors.

Roger Martin, Dean of the **Rotman School of Management**, has been named one of the world's 50 most influential living management thinkers in the Thinkers 50 ranking published in The Times of London. Prof. Martin was cited for his work in developing "Integrative Thinking."

On December 1, Canada marked the 40th anniversary of the introduction of the automated bank machine. First introduced by **CIBC** in 1969, the original ABM model, known as the "24-hour cash dispenser," was activated by a key and allowed clients to withdraw packets of \$30 at a time, presenting Canadians with the first alternative to access their money outside of normal branch hours.

Upcoming events

January 18, 2010

Harvard Business School Lecturer Robert Pozen, author of "Too Big to Save? How to Fix the U.S. Financial System," addresses Financial System Experts Speaker Series @Rotman, in Toronto

www.rotman.utoronto.ca

January 25, 2010

Frank McKenna, TD Bank Financial Group, addresses Toronto Board of Trade's 122nd Annual Dinner, in Toronto

www.bot.com

January 29, 2010

"The Growing Potential of Islamic Finance in Western Economies" – panel discussion as part of the Finance Experts Speaker Series @Rotman, in Toronto

www.rotman.utoronto.ca

March 7-10, 2010

Prospectors & Developers Association of Canada's PDAC2010 International Convention, Trade Show & Investors Exchange, in Toronto

www.pdac.ca

We want your input.

Please contact us if you have comments or questions about TFSA. If you have a news item or information about an upcoming event that we should know about, please submit your contributions by email to info@tfsa.ca and put "TFSA Update" in the subject line.

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