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CAFII ALERTS WEEKLY DIGEST: April 7– April 14, 2023

April 14, 2023

The CAFII Alerts Weekly Digest is intended to provide a curated compendium of news on insurance, regulatory, and industry/business/societal topics of relevance to CAFII Members – drawn from domestic and international industry trade press and mainstream media – to aid in Members' awareness of recently published media content in those areas.

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GOVERNMENT/LEGAL/REGULATORY DEVELOPMENTS

CCIR Publishes Strategic Plan Through 2026

By Kate McCaffery, Insurance Portal, April 4, 2023

Co-operation and collaboration are recurrent themes in the most recent strategic plan published by the Canadian Council of Insurance Regulators (CCIR). In it, the Association of the country's insurance regulators, along with the Office of the Superintendent of Financial Institutions (OSFI), an associate member of the Council, identify priorities, key issues, and emerging trends which the regulators intend to focus on.

Entitled Strategic Plan 2023-2026, the Council begins with a brief history of its existence since four superintendents from Western Canada provinces met in Calgary in 1914, before elaborating on today's themes and concerns. "Effective engagement between regulators and stakeholders remains a key commitment of CCIR," the Council writes.

In the strategic plan, the regulatory efforts are divided into three pillars, the first being regulatory policy, followed by co-operative supervision, and regulatory collaboration. "The CCIR intends to establish an annual operational plan to communicate planned initiatives and activities while providing the capacity to respond to emerging risks and member or stakeholder priorities and feedback during the strategic plan period," the Council writes.

Top priorities identified include consumer protection, alignment with international standards, regulatory efficiency, co-operative supervision, and an effort to strengthen regulatory outcomes through collaboration and stakeholder engagement. The plan goes on to identify the activities of six different standing committees before discussing key issues and emerging trends. These include technological advancement and innovation, climate change and natural catastrophes, and conduct and culture. "Both industry and regulators continue to assess risk and compliance activities, ranging from a focus on regulatory efficiency and effectiveness to the embedding of fair treatment of customers principles in corporate culture and business practices," the plan concludes.

Read Story (Subscription Required): *https://insurance-portal.ca/economy/insurance-regulators-publish-strategic-plans-through-2026/?utm_source=sendinblue&utm_campaign=daily_complete_202304-07&utm_medium=email*

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FSRA Proposes New Conditions On Life Insurance MGA

Supervision Framework "Largely Based On Delegation To Upline Agents," Regulator Alleged

By Greg Meckbach, Investment Executive, April 6, 2023

https://www.investmentexecutive.com/news/from-the-regulators/fsra-proposes-new-conditions-on-life-mga/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-morning&hash=6d73923380f292a40dc042b455f0fde3

Ontario's financial services regulator plans to force a managing general agent to submit detailed information every three months on its 10,000-plus affiliated agents, over concerns that those agents lack direct monitoring and are selling complex products.

Toronto-based World Financial Group Insurance Agency of Canada Inc. (WFG) has 15 days to request a hearing over proposed new conditions on its corporate agent licence, the Financial Services Regulatory Authority of Ontario (FSRA) said in an enforcement notice dated April 3.

WFG gets a large proportion of its revenue from permanent life insurance, without directly monitoring agents and with no formal proactive agent reviews, the enforcement notice alleged.

Investment Executive requested comment from WFG but did not hear back before press time.

The proposed conditions include reporting — initially within 30 days — the names and licence numbers of WFG's individual agents, including those under agreements involving supervision, the notice said.

FSRA said that WFG's training and supervision framework "is largely based on delegation to upline agents." Further, it said that WFG, when asked in a review, stated that it does not perform direct monitoring and supervision of agents, nor does it have specific individuals or departments formally overseeing the entire licensed agent monitoring function.

WFG was one of three Ontario MGAs named in a joint review released in 2022 in which FSRA and the Canadian Council of Insurance Regulators alleged that the firms actively encourage agents to recruit new individuals, and pay agents not only for their own sales but also for those of new people they recruit — resulting in MGAs paying several layers of agents for one insurance sale. This type of multi-level marketing "does not appear to be a standard practice" within life and health MGAs, FSRA said at the time.

In its enforcement notice on April 3, FSRA said that WFG operates on a tiered-recruitment-based model with ten levels, from training associate up to executive chairman, including contracted licensed agents recruiting individuals into the MGA.

In April 2022, 10,586 individual Ontario insurance agents were affiliated with WFG, of whom more than two-thirds (7,201) had been licensed with FSRA for less than three years, the notice said. About 93% of WFG's 2021 total gross income in Canada was from life and health insurance — about half of which was generated from universal life products.

"FSRA alleges that gaps in WFG's operations and ongoing proceedings by another regulator against WFG may raise reasonable grounds about WFG's suitability to be licensed," FSRA said in a release, referring to a separate Autorité des marchés financiers proceeding in Quebec.

Quebec's Information Access Commission Rules: A Customer Cannot Have Personal Data Deleted

By Denis Méthot, Insurance Portal, April 12, 2023

Quote refused: a client cannot have her personal data deleted - Insurance Portal (portail-assurance.ca)

Can a consumer require an insurer to delete the personal data it has collected about her because she cancelled her policy before it came into force? Quebec's Commission d'accès à l'information (CAI) had to rule on such a case at the end of January and its conclusion was unequivocal.

In September 2020, a woman took out home insurance with Lussier Insurance and Financial Services Firm. However, she decided to cancel her policy before it came into force. The same month, the company confirmed the termination of the contract.

On 27 October, 2020, she wrote to the company to demand that it delete all of the information that it had gathered about her in order to make a proposal. "I'm not a client," she wrote. "I simply asked for a quote. I cancelled before the insurance policy came into effect." In case of the company's refusal, she indicated that she would submit her file to the CAI.

Lussier's reaction

Two days later, the broker informed the woman of the terms of Quebec's legislation which states that the information relating to client files and the documents used to compile them must be kept for a minimum period of five years following the closure of the file.

"According to section 15 of the Regulation respecting the keeping and preservation of books and records [...], we cannot delete the information in your file, because we issued a new insurance policy with Aviva, on your behalf, following your acceptance. Although you cancelled it prior to the effective date of this policy, professional benefits were rendered and led to the issuance of this contract."

"You will understand that this is a legal obligation that prevents us from proceeding with the destruction of your personal information. We want to reassure you that our firm has a very strict policy regarding the confidentiality of personal information."

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Dissatisfied with this response, the consumer made a review request to the CAI.

The Commission's analysis and decision

In its analysis and decision, the Commission noted that, under section 28 of the Act respecting the protection of personal information in the private sector (Bill 25), the person concerned may have personal information concerning him or her deleted if its collection is not authorized by law. However, in this case, the lawfulness of the collection is not disputed by the woman. She cannot therefore rely on that article.

Another provision could be raised, namely article 40 of the Civil Code of Québec. It prescribes that any person may have inaccurate, incomplete, or equivocal information corrected in a record concerning herself. However, this is not what the consumer has alleged. Nor does she dispute that she took steps to obtain an insurance contract and that all the personal information gathered about her was lawfully collected and that a policy was issued.

The enterprise and the representatives who practice at Lussier, the CAI pointed out in its decision, are subject to the Act respecting the distribution of financial products and services and the regulations resulting therefrom, in particular the Regulation respecting the keeping and preservation of books and registers.

Under Articles 13 and 15 of that Regulation, the business must keep, for a period of five years from the closure of the file, the information relating to the client files and the supporting documents used to constitute them.

However, pointed out administrative judge Marc-Aurèle Racicot, on the date of the request for deletion in October 2020, the five-year period had not yet expired because the contractual relationship had ended in September 2020. The consumer's personal information is therefore not out of date within the meaning of section 40.

The information covered by the deletion request is therefore still necessary for the company to meet its legal obligations, the administrative judge stated. The fears expressed by the woman about the risks that they could be hacked and misused cannot stand in the way of the firm's legal obligations.
The request for a review of disagreement was therefore dismissed.

New provisions of the Act in September

Many provisions of Bill 25 on which the CAI relied in this case came into force in September 2022 and others, just as important, will, in turn, be activated on September 22, 2023.

By that date, companies must take inventory of the personal information they hold or that a third party holds for them, assess its sensitivity, keep it up to date, and specify the roles and responsibilities of staff members involved in protecting this information throughout its lifecycle.

Companies are also required to put in place mechanisms to provide the person whose information has been collected with the information required by law, to inform him or her when he or she is the subject of a decision based exclusively on automated processing, and to warn him or her before using technology to identify, locate, or profile him or her. Companies will also be required to publish a plain-language privacy policy on their website if they collect personal information using technology such as a website.

As of September 22, 2023, the law will require them to destroy personal information when the purpose for which it was collected has been fulfilled or to anonymize it to use it for serious and legitimate purposes, subject to the conditions and a retention period provided for by law and with respect to the right to cessation, re-indexation, or de-indexation (right to be forgotten).

The final provisions of Bill 25 will come into force in September 2024.

Canadian Securities Administrators Ponders Mandating Wider Diversity Disclosure

Regulators Consult On Two Options For Enhancing Diversity Reporting

By James Langton, Investment Executive, April 13, 2023

CSA ponders mandating wider diversity disclosure | Investment Executive

Canada's securities regulators are seeking to improve the disclosure that investors get on diversity in corporate boardrooms and executive suites, but they are divided on how to go about it.

The Canadian Securities Administrators (CSA) published a set of proposed enhancements to existing diversity disclosure requirements, offering two competing visions on how to improve the information that shareholders get about corporate diversity.

The existing requirements in this area, which have not been adopted in all provinces (British Columbia and Prince Edward Island are the holdouts), were introduced in 2014 and focus on the representation of women on corporate boards and in executive roles. The regulators are now seeking to expand beyond gender to require companies to provide investors with disclosure about other forms of diversity, such as race and sexual orientation.

The proposals include two options for public consultation that are both intended to provide investors with increased insight on corporate diversity beyond gender.

One approach would require mandatory reporting on board and executive diversity for five specific groups, including women (which is required now) and adding reporting on the representation of Indigenous people, racial minorities, and disabled and LGBTQ people.

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The other proposed approach would require companies to report on their policies for addressing diversity but would continue to require specific disclosure on only the representation of women.

According to the CSA's notice, the Ontario Securities Commission (OSC) favours the more demanding approach, while the regulators in B.C., Alberta, Saskatchewan, and the Northwest Territories prefer the second option.

The various other regulators haven't taken a position on either alternative.

The proposed reforms come in the wake of recent changes to diversity disclosure requirements under federal corporate law (the Canada Business Corporations Act, or CBCA), recommendations from Ontario's Capital Markets Modernization Taskforce, and calls from institutional investors to improve diversity and disclosure.

The option of mandating wider diversity disclosure (favoured by the OSC) would be more closely aligned with the CBCA's new corporate governance requirements, and would ensure that this data is comparable between companies by standardizing that reporting.

The other proposed approach is intended to provide companies with more flexibility in designing their diversity policies, and would be less onerous in terms of required disclosure.

Both approaches would apply only to larger companies, not to venture issuers.

"The CSA is seeking comment on two approaches that build upon the current disclosure requirements regarding the representation of women on boards and in executive officer positions, the director nomination process, and board renewal," said Stan Magidson, chair of the CSA and chair and CEO of the Alberta Securities Commission, in a release.

"The proposed changes recognize the importance of providing investors with transparency on issuers' practices with respect to board and executive-level diversity and reflect the CSA's commitment to providing investors with the information they need to make informed investment and voting decisions," he said.

The regulators are also proposing to amend the existing guidance for the director nomination process and board renewal.

The proposals are out for comment until July 12.

While B.C. and P.E.I. still haven't adopted the original 2014 requirements, they are now consulting on the proposals "with a view to adopting them," the CSA notice said.

"The CSA is issuing this notice to solicit market feedback on the proposed amendments and, in particular, to seek feedback on how the different approaches address the needs of stakeholders," Magidson said.

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Regulators To Hold Greenwashing Hackathon

The Event Will Seek Solutions To Greenwashing Risks For Regulators And Industry

By James Langton, Investment Executive, April 11, 2023

https://www.investmentexecutive.com/news/from-the-regulators/regulators-to-hold-greenwashing-hackathon/?utm_source=newsletter&utm_medium=nl&utm_content=investmentexecutive&utm_campaign=INT-EN-All-afternoon&hash=6d73923380f292a40dc042b455f0fde3

Global regulators are holding a hackathon to combat greenwashing in the financial sector.

The Global Financial Innovation Network (GFIN) is hosting its inaugural "Greenwashing TechSprint" involving 13 global regulators to explore solutions for both regulators and industry firms to tackle greenwashing risks.

"As the demand for ESG-related products and services continues to grow, so does the risk of financial services firms potentially overstating their sustainability credentials to attract and retain customers and investors," said the GFIN in a notice.

"In protecting against greenwashing, we want to ensure consumers have access to 'green' or sustainable financial products and services that meet their needs," it added.

The virtual event will be hosted by the U.K. Financial Conduct Authority's (FCA) digital sandbox, starting June 5, 2023 and running for three months with a showcase to examine the results on September 13-14, 2023.

OTHER CAFII MEMBER-RELEVANT NEWS

Financial Services Industry Lacks Tools, Training To Serve Low Income Individuals

A Report Found That Most Financial Services Are Not Designed For People With Low Incomes

By Maddie Johnson, Investment Executive, April 11, 2023

Financial services industry lacks tools, training to serve low-income individuals | Investment Executive

Canadians with low incomes lack access to the financial help they need, according to Prosper Canada.

A new report from the financial literacy organization found that access to relevant, high quality financial advice is often associated with greater financial health and resilience, but not all Canadians have access to the financial services they need. According to the report, 800,000 low income Canadian households were unable to access financial help in 2022.

"Not only are people with low incomes experiencing increased levels of financial vulnerability and stress, but they are also unable to find the support they need to help them with their finances and financial challenges," the report said.

One of the barriers preventing low income individuals from accessing relevant and affordable services is that most institutions lack the necessary tools and training, Prosper said. As a result, financial professionals who are competent in meeting the needs of middle and higher income clients lack understanding of the specific needs of people with low incomes to serve them appropriately. For example, it said few are familiar with the public income support and subsidy programs that people with low incomes rely on.

In addition, Canadians with low incomes are generally less trusting of financial professionals and institutions.

The report found that most commercial financial services are not designed for people with low incomes, even if they are technically available to most customers. Comprehensive services, such as financial planning, are even less accessible.

These services are often only available to wealth management clients who have a threshold amount of investable assets, the report said.

"Services that are not affordable may be inaccessible to people with low incomes, and those that are not appropriate or trustworthy risk undermining their financial health," the report said.

Another problem, according to the report, is that there is not a strong business case for serving clients with low incomes due to limited profit generation opportunities. People with low incomes often cost more to serve and do not generate as much revenue. As a result, financial service providers have less financial incentive to attract customers with low incomes.

This Is The Worst Cost-Saving Move Possible When Planning A Trip

By Rob Carrick, The Globe and Mail, April 11, 2023

https://www.theglobeandmail.com/investing/personal-finance/household-finances/article-this-is-the-worst-cost-saving-move-possible-when-planning-a-trip/

Next to having your passport ready, the most important aspect of planning travel outside Canada is to ensure you have medical insurance coverage.

A recent poll by TD Insurance suggests a surprising number of people are skipping this step. Without a doubt, travel costs have been caught up in the rise of inflation over the past year or so. But cutting costs by not buying travel medical insurance is risky in the extreme.

The TD poll asked participants who are likely to travel in the next year if they would buy travel medical and trip cancellation insurance. Only 27 per cent of people aged 18 to 34 said yes, as did 39 per cent of people over the age of 35.

My wife and I bought a year's travel medical coverage for $182.21 earlier this year, which isn't cheap. But in comparison to the cost of medical care in a foreign country, it's close to nothing. A hospital visit in the United States could cost in the tens of thousands of dollars if you have to stay a night or two.

A Google search will provide lots options for getting quotes on travel medical insurance. You may already have this coverage through your benefits plan at work. Or, your credit card may cover you.

RewardsCanada recently put together a detailed comparison of how various credit cards compare in this type of coverage. Included is information on age eligibility and stabilization period, which refers to the length of time a pre-existing health condition must have been stable prior to travel. Claims can be rejected if you don't meet stability requirements for pre-existing health issues.

If you need to cut costs to afford a trip, travel medical coverage is more vital than trip cancellation. Money lost to a cancelled trip is limited by the plans you made. A medical emergency while you're out of the country could be an open-ended expense.

Banks And Foreign Exchanges See Light At The End Of The Tunnel As Travel Cash Returns

The Lifting Of COVID-19 Restrictions Has Led To A Boom In Cross-Border Travel. With The Number Of International Travellers Set To Grow, Banks And Foreign Exchanges See Hope In The Future Of Travel Money And Cards

By Sorin-Andrei Dojan, Retail Banker International, April 6, 2023

https://www.retailbankerinternational.com/features/banks-foreign-exchanges-see-light-at-end-of-tunel-travel-cash-returns/?utm_campaign=GDM%20-%20VMS%20-%20RBI%20-%20Newsletter&utm_medium=email&_hsmi=70695569&_hsenc=p2ANqtz-8T13tvkUWp2Zu4iCQ0bET3qxeJFFpYRfjq7WnQbvj93p4MnItXaRAFm6OIjXzUDShAtvRqkB3ndVJCZMajAaCUtLc0rA&utm_content=70695569&utm_source=hs_email

Among the countries reporting a revival in cross-border travel, European destinations ranked first last year, with Spain registering 58,872,000 international arrivals, becoming the most visited country in 2022.

France came in second, with 56,591,000, while the United States trailed slightly behind with (only) 47,775,000 international travellers arriving there last year, GlobalData analytics shows.

People tired of lockdowns are increasingly choosing to spend their savings on trips. In 2022, tourists spent approximately $572bn in Europe (56.41% of global tourism expenditure), filling up countries' coffers and providing a boon to the travel and hospitality sectors.

However, that is set to change in 2023, as countries in Asia and elsewhere gradually re-open to tourists.

This, in turn, will further hasten the buying of foreign currencies. Some banks and foreign exchange services have already seen a spike in money being taken out by travellers.

"We are seeing customers taking similar amounts of travel money in cash as pre-pandemic, despite inflationary pressures," says Jason King, chief customer officer at Sainsbury's Bank. "This shows customers are managing to tighter budgets and may also be relying on other forms of payments", he continued.

Travel and the future of cash

In July 2022, the Bank of England carried out a survey in which 27% of people aged 65+ said they preferred paying for goods in cash. That is below pre-pandemic figures, when 38% of the British elderlies chose cash over card transactions.

And while the domestic use of cash is declining, foreign exchanges and consumer banks tap into travellers' dependence on physical money abroad.

In the UK, euros are by far the best-selling foreign currency, followed by the US dollar. Experts say cash will remain popular among those opting for trips abroad.

In an interview with Retail Banker International, Richard Wazacz, CEO at Travelex, a provider of foreign exchange services, says he expects his company's earnings to "build on 2022."

"Cash is still the prevalent and most important means of people moving their wealth internationally when they travel," Wazacz notes. "If we look at the demographic trends in the world, the rate at which travel is increasing is much faster than the rate at which cash usage is declining in travel," he added.

Last year, Travelex continued down the path of recovery from COVID, generating £124m in revenues through the final quarter, £256m more than in 2021. In February, it launched its first wholesale banknotes (WBN) operations in the Middle East, expanding the company's reach across the region.

"To be a provider of wholesale banknotes is a logistics business," Wazacz told RBI. "It's understanding where you can source banknotes, having the right relationships, understanding how you can move the money around the world most quickly and securely, and creating a market for the banknotes you have," Wazacz added.

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COVID-19 has slowly changed the way people view travelling in general. According to a Mastercard survey, 84% of GEN Z and Millennials would rather take a dream vacation than purchase a luxury item in 2023. Nearly 79% of them agree that travel is an important budget priority.

As a result, companies are gradually adapting to market demands; product offerings now include travel cards allowing customers to access multiple currencies in a bid to compete against neo-banks.

King from Sainsbury's Bank says his company's prepaid Travel Money Card can hold up to 15 currencies in one card, making it "useable" across multiple jurisdictions worldwide.

"Our travel money bureau holds over 50 currencies, and out of these, the most popular are Euros and US dollars, followed by New Zealand, Australian, and Canadian dollars," King told RBI.

"For those travelling further afield, we are seeing purchases of Thai baht, UAE dirham, Japanese yen, and Turkish lira," he continued.

The rising popularity of the Asia-Pacific region

The Asia-Pacific region, which in 2022 saw only $91bn in tourism expenditure, will benefit from a sharp rise in international visits. Countries desperate to attract tourists have started to lift travel bans, with China leading the way.

For that reason, GlobalData analysts reckon tourists will spend $576bn in Asia-Pacific in 2023. The region's global share of international tourism expenditure will rise from just 9.04% in 2022 to 30.26% in 2023.

Graham Morley is the business development manager at Compare Holiday Money, a UK currency supplier. Morley says his company monitors web traffic to determine which currencies customers want or need.

According to him, people have shown increasing interest in the Thai baht and in Mexican pesos over the last year.

"This is, of course, a rough guide to destinations, but it is based on the currency pages our website users are clicking on," Morley claims. "The Turkish lira has also become very popular because the exchange rate has increased over three times against the British pound over the last three years due to the Turkish economy."

Growing interest in the Thai baht reflects a broader trend with respect to how much Asian governments invest in tourism. Asia-Pacific dominates the global construction project pipeline, with projects valued at $6.15tn, GlobalData's "Construction projects in Travel & Tourism – January 2023" report shows. The report tracks over 16,025 live travel & tourism construction projects with a total value of $12.41tn.

With most construction projects expected to be completed within the next four years, countries such as Malaysia, Egypt, or Saudi Arabia – where leading project investments are in the works – will soon welcome more tourists from middle- and high-income countries, stimulating cash spending in travel and hospitality.

"Predominantly, it's the emerging markets, where you've got growing middle classes, affluent people. As people become affluent, they travel more. The pace at which people travel in the emerging markets outstrips the declining cash usage on a percentage basis," Wazacz said.

"In some markets, such as certain South-East Asian markets, cash remains king – nearly two-thirds of point-of-sale payments in Thailand are still made using cash, for example. Even in more developed nations, the majority of transactions are made using cash, such as Japan", Kate Cawood, head of communications at Travelex, told RBI.

Moreover, Cawood argues, in some countries, people still rely on cash to pay for certain costs or services, including tips or taxi fares.

Therefore, she says, cash usage for cross-border international travel will be the last to decline, since travellers using digital payment solutions at home are unsure whether they can do the same abroad.

"This is partly because there is no truly universal digital infrastructure payment system in place yet. In China, for example, WeChat Pay and Alipay are dominant but have no utility internationally. With cash, compatibility and acceptance are guaranteed, and physically having your currency can be useful for budget management too."

Manulife Report Finds Employers Lose 48 Days Each Year To Employee Absences And Presenteeism

By Kate McCaffery, Insurance Portal, April 12, 2023

Wellness report finds employees lose 48 days each year to absence and presenteeism - Insurance Portal (insurance-portal.ca)

New data from Manulife Financial Corporation show that companies lose 48 days per year from each employee, on average, to presenteeism and actual absences, costing employers close to $645 million annually.

The *Manulife 2022 Wellness Report* is an assessment of existing workplace measures implemented by Canadian employers. For the report, researchers surveyed more than 18,300 employees and more than 170 organizations since 2020. In 2022, 47 organizations and 4,921 employees responded to the surveys in February, May, and October.

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"A sizeable portion of Canadian workers are struggling to take care of their health and well-being, resulting in a significant drop in productivity throughout the workforce," Manulife stated in an announcement about the report's publication.

"While some productivity loss due to absence and presenteeism is expected, it is concerning to see that these numbers have increased year-over-year for the past three years, said Ashesh Desai, Manulife Canada's head of group benefits.

The report finds that the average number of days lost to absences and presenteeism has increased by seven days, compared to 2021 data. Overall in 2022, employees lost 48.1 days due to health-related absences and presenteeism, up from 41.2 days in 2021 and 40.8 days in 2020.

Manulife, Other Companies Turn To Baristas, Free Food, And Socializing To Lure Employees Back To The Office

By Clare O'Hara, The Globe and Mail, April 9, 2023

At 8:45 a.m. on a Tuesday morning, the newly renovated lobby at Manulife Financial Corp.'s head office in Toronto is bustling with employees ordering freshly brewed espresso shots and frothy vanilla lattes from the company's in-house barista. Groups of colleagues are gathered around informal meeting areas with sleek modern couches and lush green plants covering the walls.

The transformation is part of Manulife's plan to woo employees back to the office during a time when many Canadian companies continue to see resistance from workers who wish to stay home. Manulife's chief executive Roy Gori says a complete overhaul of the company's nearly 100-year-old office building, as well as proactively listening to employee feedback on their hybrid arrangement, has already paid off.

"We're not seeing any decrease in productivity," Mr. Gori says over lunch in the company's renovated second floor cafeteria. "If anything, I think we're going to see – and probably already are seeing – productivity improve because people are now being more purposeful with their time."

Last year, the company announced that employees would be required to return to the office three days a week: Mondays, Wednesdays, and one flexible day. But after hearing employees wanted a more gradual hybrid arrangement, Mr. Gori dropped it down to two mandatory days.

Now, every Tuesday and Wednesday, Mr. Gori says that about 91 per cent of his Toronto staff who worked in-office pre-pandemic have returned. The company's U.S. headquarters in Boston, Massachusetts, which has a similar requirement, is operating at about 90 per cent, while the Asian operations have already hit its pre-pandemic level of 95 per cent in-office attendance.

What is surprising, says Mr. Gori, is that on certain non-mandatory days the company has also seen a boost in attendance. For example, in Canada, Monday is the third most popular day of the week for attendance, with about 70 per cent of employees in-office.

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The numbers stand out for a company operating in Toronto – a city that has fallen behind the average occupancy achieved in major U.S. cities, with an average weekly attendance rate of 43 per cent in downtown office buildings, according to recent data by Strategic Regional Research Alliance. The U.S. is closer to 50 per cent, while Europe and the Middle East have seen office attendance return to 70 per cent to 90 per cent, according to research by Jones Lang Lasalle, a global commercial real estate company. In Asia, that number jumps to around 80 per cent to 110 per cent – meaning some workers are spending more time in office than they did before the pandemic.

Three years after the majority of companies sent employees home for a temporary lockdown, the vast majority of them want to see people back in the office. But executives at large organizations have different ideas about how to best do that – whether it's making the return voluntary, mandated, or somewhere in between. Tactics also include adding new perks to office life, and redesigning office space.

Earlier this month, RBC chief executive Dave McKay became the first major bank leader to mandate a stricter policy, calling on his employees to return to the office three to four days a week starting May 1.

During an analyst call, Mr. McKay blamed the lack of office attendance for a drop in productivity and innovation at his company.

The reason behind Manulife's success in Canada, says Mr. Gori, is that it has transformed the office into an "inviting space," rather than a place to which workers are being forced to return. But it also involves his decision to combine mandatory days with work from home – rather than provide an entirely flexible work arrangement. Despite some hesitation at first from workers, the company has seen a jump in employee satisfaction scores in recent surveys – above pre-pandemic levels.

"Other companies are not choosing the [mandatory] route, but we think the combination of hybrid and compulsory days is going to be a part of what makes our culture better in the long run," Mr. Gori says, sitting in a booth in Manulife's second floor cafeteria. "I have no worries that some of my competitors have got a very different philosophy. It's a competitive advantage that we will see take three years to pan out entirely."

But to start, Mr. Gori knew he had to "earn the commute."

A complete overhaul of the office has re-opened the iconic double door entrance off 200 Bloor Street East, that now leads into a lobby of sprawling open social space. As well, the company eliminated overly large executive offices, revived the company cafeteria and upgraded its wellness and fitness centre. Like many office towers today, the building has upgraded its technology capabilities for hybrid conferences and meetings.

In addition to a ground floor barista, the cafeteria – a 21,000 square foot open concept food hall – offers multiple meal and snack options, as well as foosball tables. The company provides a 25-per-cent discount on food and beverages, with kiosks that serve both Tim Hortons and Starbucks. A separate food station sits at the entrance to the cafeteria, offering different menu items every week, such as southeast Asian curries, Italian fare, and tacos.

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"People wanted variety," Mr. Gori says. "We used to have terrible junk food and we are a company that promotes wellness and healthy living so we needed to change our menu."

In order to drive the masses through the doors, employers need to create value for workers, says Heather Haslam, vice-president of marketing at payroll processor ADP Canada.

"Companies need to create purposeful reasons for people to want to come back," Ms. Haslam said in an interview. "The idea of having one day where the whole team is face-to-face brings value, because if I come in and sit at my desk on Zoom all day, there is zero value for me to pay for that commute, for parking, or dry cleaning. It is not worth the cost of my time."

Something as simple as a daily snack cart has sparked social interactions at ADP. Filled with a variety of cookies, candy, chips, as well as several kinds of fruit and sugar-free items, employees take turns pushing the cart along the corridors at the company's office in Toronto.

"This is about connections," Ms. Haslam adds. "I love free food, but it isn't actually about the food. It's about a group of people taking a quick break, chatting with each other, and building psychological safety at work. That requires trust, and trust comes in the workplace when you have that human connection."

About 83 per cent of companies across the country are making efforts to entice employees to work more frequently in the office, including offering office perks, according to research by Robert Half Canada Inc., a global human resource consulting firm. Those perks can include free meals, commuter benefits, enhanced workplace set-ups such as small conference rooms, offering greater engagement opportunities with leadership, or scheduling social events.

As well, almost 40 per cent of employees in Canada say a search for better office perks and benefits are among the top reasons why they are actively looking to leave their current job, according to Robert Half Canada.

Online retailer Rakuten has been adding to its employee incentives throughout the entire pandemic. It currently requires its employees to be in the office three days a week. However, only Tuesdays and Thursdays are mandatory, known as "anchor days" among the staff, says Jennifer LaForge, general manager of Rakuten Canada.

To help ease the shift back into the office, the Toronto-based company provides a "light breakfast" and catered lunch three times a week for about 40 of its Canadian based employees. (Another 44 employees who report to the office are located outside the province and work remotely).

"So far, this has been one of the greatest benefits to our culture because now we have a full kitchen, with all our tables occupied and everyone sitting together creating friendships, across business units, across departments, and creating a stronger culture," Ms. LaForge said.

With a smaller employee base, Rakuten is able to be more reactive with office perks that cater to employee needs. When the pandemic first hit, the company offered all staff access to care.com, a home-care provider service to help families with child care, tutoring, or pet services.

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Now, with transportation and commuting being one of the biggest roadblocks for employees to return, Rakuten has added a $100 a month transportation allowance for those who come into the office. The money can be used for any commuting cost, such as parking, transit fares ,or taxi and UBER rides.

Most weeks, the company has social gatherings during "anchor days," ordering beer kegs from a local brewery to celebrate holidays or milestones.

"I would love to see who figures out how to build a culture across a fully remote team that is as powerful as the one we have now," Ms. LaForge said.

Sheila Botting, head of professional services for the Americas at real estate company Avison Young, has spent years advising companies on how to redesign their corporate space.

She says that she's noticed that the companies who are spending the time – and the money – to develop "high-performance dynamic work environments" are the ones attracting and retaining top talent.

"It's a war for talent, especially for the digital talent across all generations. And that's why leading companies are thinking about the programs and all of the extra things that they can do to inspire people."

Fidelity Investments ULC Canada is among the companies that are fighting to get employees back in the office with personal baristas and renovated social spaces. When the company realized that it was going to have an entirely empty office for an extended period of time, it began planning renovations to make larger open meeting areas and update the company lunchroom. As well, the renovation added a mother's room for pumping and storing breastmilk, a library, and a prayer and meditation room.

"We wanted to create spaces where people would meet up and collaborate rather than spend their time coming in but remain at their desks all day," says Diana Godfrey, senior vice-president of human resources and corporate affairs at Fidelity Canada. "It's a different way of engaging people than we have done in the past."

In the fall of 2022, the financial services company started to mandate employees return to the office between four to 12 days a month in a flexible work arrangement. While Fidelity had supplied hot beverages such as espresso and coffee in its kitchen prior to the pandemic, it now brings in an in-house barista four days a week to serve up free specialty beverages such as cappuccinos, iced coffees, and London fogs. With staff spread across two adjacent towers, the company positioned the coffee bar on a floor with a connecting bridge to encourage employees to interact with colleagues they may not bump into regularly.

It's become such a popular perk that the company is hiring a second barista for peak hours.

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Located across the street from Toronto's City Hall, Fidelity is well aware of the deteriorating public transit and congested traffic causing longer commute times. The company has been addressing those concerns with the local government, as well as advocating with the Toronto Transit Commission to reinstate a corporate discount program. It also reached out to Metrolinx, which operates the GO Transit services, to inquire about a similar discount.

"It's about having conversations with the right people," Ms. Godfrey said. "We know we aren't going to solve all the transit issues in the city, but if enough companies advocate for change or ask the government to encourage discount programs, we can work together for change."

While most executives agree that policy changes are necessary for today's work force, they'll have to make those decisions without knowing what the risks are in terms of retention.

At Manulife, there was a discussion around whether implementing compulsory work days would spark a number of employees to leave. But Mr. Gori says his attrition has been lower than the industry average with "not a lot of people exiting."

"We knew that when we made the call for mandatory days, it was with the realization we could lose people but we have to have the conviction to stand for something," he adds.

"I'm less stressed about the number of days we mandate and much more focused on whether people leave the office saying that was awesome, because once they see that it was worthwhile, they will come in on their own. We already see that happening on Mondays."

Read Story (Subscription Required): *Companies turn to baristas, free food and socializing to lure employees back to the office - The Globe and Mail*

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Dates: Tuesday, April 18, 2023
Time: 12:00 p.m. – 1:00 p.m. EST

As lines blur between fintechs and regulated financial institutions, players are seeing increased regulatory focus and, as a result, heightened risk. Join us as we explore issues affecting fintechs and discuss how they can successfully navigate new regulatory requirements and supervisory interventions.

In this second session of our fintech series, we'll be discussing the impact of current economic headwinds and increasing regulatory focus on bank and fintech partnerships.

Samantha Tom of Borrowell and James Povitz of National Bank will also be joining us to take a look at the challenges and opportunities these partnerships bring, what drives a successful partnership, and the impact on fintech activity of recent economic and regulatory developments.

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Dates: Wednesday, April 19, 2023
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- Attract and retain your best customers
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- Facilitate more productive customer conversations
- Help your organization stand out in a competitive market

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