



**FINANCIAL SUPERVISORY
COMMISSION OF THE COOK
ISLANDS**

STRATEGIC ROADMAP

2021-2025



INTRODUCTION

In the face of dynamic changes to businesses in the financial industry, both globally and in the Cook Islands, the Financial Supervisory Commission continues to make the most efficient and effective use of its resources. To achieve this, a Strategic Roadmap enables us to prioritise our resources proactively while still striving meet our vision and mission.

The vision of the Commission is:

To be a financial regulator that is committed to excellence, integrity and supportive of growth and development of the Cook Islands financial services centre.

The mission statement of the Commission is:

To oversee an effective and efficient prudential and investigative supervision regime applying risk-based, and intelligence-led, policies in line with internationally accepted best practice.

The purpose of this document is to lay out a four-year Strategic Roadmap which explains how we intend to prioritise and build our capacity to reach our goals in the coming years. It also recognises the Commission's role in supporting the development goals within the Financial Services Development Authority's Strategic Plan 2020-2025 as well as the broader economic development goals in the Cook Islands Economic Development Plan.

Aligned to our legislated mandate, the strategic roadmap provides a broad overview of our key strategic priorities informing our annual Statement of Corporate Intent. This will give more detail about how we are implementing our strategic priorities and other targets for the year ahead.

We will keep the Strategic Roadmap under review to ensure that the Commission continues to move in the right direction in terms of serving the Cook Islands financial sector, and as the international financial sector evolves.

KEY STRATEGIC PRIORITIES

1. Modernising our institutional regulatory framework

2. Embedding an effective risk focused supervision approach

3. Facilitating development of financial products and services

4. Promoting public awareness and education of financial products and services

5. Strengthening our organisational resilience

STRATEGIC PRIORITY #1:

MODERNISING OUR INSTITUTIONAL REGULATORY FRAMEWORK

- Reviewing and reforming our regulatory framework to better provide for:
 - digitisation of financial services and products
 - more flexibility around innovation
 - recognition of the increased outsourcing of back office services
 - evolving risks at a local and international level
- Moving from a fixed regulatory framework model to a dynamic model which better caters for the challenges and risks faced in the Cook Islands
 - We will continue to ensure our supervisory framework reflects the risks and challenges present in the Cook Islands and that it is appropriate to this environment
 - We will continue to enhance our supervisory framework to ensure it recognises the evolving nature of risks for the financial industry and the need to ensure a degree of flexibility as to how we should address those risks at that time
- Providing more tools within our regulatory framework to ensure that our compliance and enforcement model is proportionate and effective
 - We will improve the range of tools available to address compliance and enforcement issues recognising the increasing risks from digitisation, outsourcing and cross border operations
 - We will identify areas to reduce regulatory arbitrage
- Being forward thinking in our supervisory approach
 - We will continue to benchmark our supervisory framework against international standards as well as approaches taken by similar countries
 - We will improve and conduct more research into future financial risks and supervisory challenges
 - Where appropriate, we will continue to seek technical assistance and expertise from regional and international bodies and forums

STRATEGIC PRIORITY #2:

EMBEDDING AN EFFECTIVE RISK FOCUSSED SUPERVISION APPROACH

- Improving the collection, analysis and management of data to better inform areas of risk
 - Where possible and cost effective, we will look to automate more processes and analysis so that we focus our supervisors on complex matters
 - We will improve our data collection and management to gain more value from the data held.
- Embedding internal risk modelling fully across all financial institutions
 - We will look to deploy our risk model fully across all industry sectors in a manner tailored to suit the size, complexity and risks within those sectors
 - We will increasingly use quantitative measures and forward-looking indicators to plan and target our supervisory activities.
- Considered and co-ordinated allocation of supervisory resources to the areas of highest risk
 - We will continue to develop internal resource management so that we are increasingly allocating supervision resources in line with our risk model objectives
 - We will continue to review our approach to using enforcement powers to ensure we can maximise how to have most positive impact.
- Improving feedback and lessons learned for industry to improve compliance
 - We will improve feedback to industry on types of common breaches being identified, as well as share lessons and analysis to improve compliance
 - We will continue to proactively seek feedback on what we do as supervisors to identify areas of improvement.
- Managing the regulatory risk of innovation
 - We will proactively review and research issues on cyber risk, emerging technologies and compliance culture
 - We will look to other countries for lessons learned and experiences in new and emerging technologies and services.
- Being focused on fighting financial misconduct
 - We will continue to strengthen our capabilities in identifying and preventing financial misconduct from a compliance, intelligence and investigation perspective.
 - We will continue to support local and international law enforcement authorities in their efforts to combat financial misconduct

- We will continue to work with Government, industry and the public in identifying new and emerging threats and steps to disrupt those threats
- We will continue to work with Government and industry to implement recommendations in our 2018 Mutual Evaluation Report and to prepare for the next APGML assessment.

STRATEGIC PRIORITY #3:

FACILITATING DEVELOPMENT OF FINANCIAL PRODUCTS AND SERVICES

- Continue to operate an open-door policy for financial institutions to discuss development of products and services
 - We will continue to take a facilitative approach with financial institutions looking to develop new products and services
 - We will look to provide timely feedback and input where necessary.
- Proactively support existing financial institutions and prospective businesses so they understand our regulatory framework, its application to emerging technologies and our approach to risk
 - Where necessary, we will look to clarify our licensing and approval processes in relation to innovative developments
 - We will look to be easier and clearer to engage with from licensing to market exit for financial institutions
 - We will look to review and make improvements in our legislative framework as a result of feedback from industry.
- Explore avenues to assist the financial industry on developing and deploying products or initiatives new to the market
 - We will continue to take a facilitative approach to assisting in the development and reform of legislation that may be necessary for new financial products or services
 - We will be facilitative and encouraging of participation of Cook Islanders in the financial industry.

STRATEGIC PRIORITY #4:

PROMOTING PUBLIC AWARENESS AND EDUCATION OF FINANCIAL PRODUCTS AND SERVICES

- Improving access to information on everyday financial products and services for Cook Islanders
 - We will look at improving availability of information for financial products and services including improving collation of information on our website.
- Exploring avenues to work with the financial industry on public awareness and financial education
 - We will look at different ways we could form partnerships with financial institutions to promote access to information around financial products and services.
- Increasing public awareness of fraud and scams
 - We will increase ongoing engagement and awareness with the public around scams and fraud
 - We will seek to proactively cooperate with other stakeholders in Government and industry to assist in addressing and disrupting scams and fraud.
- Providing avenues for the public to raise complaints against financial institutions
 - We will look to improve simple avenues for the public to raise complaints against financial institutions.
- Providing mechanisms for whistleblowing to identify cases of regulatory misconduct
 - We will explore whether we should establish an anonymous whistleblowing channel to address financial misconduct within a financial institution.

STRATEGIC PRIORITY #5:

STRENGTHENING OUR ORGANISATIONAL RESILIENCE

- Remaining a trusted advisor to Government
 - We will look to continue to promote and maintain good working relationships with all of Government, particularly the Ministry of Finance and Economic Management to ensure where needed we have our objectives aligned.
- Enhancing our digital interactions, including modernising the Registry
 - We will look to continuously improve our digital channels, including building on automated portals for supervision and FIU, enhancing our workflow management systems for both regulatory and registry work to improve efficiency, and invest in improving our website usability
 - We will look to upgrade on Registry platform, reviewing ongoing international requirements relating to access to information on the Registry and improve customer experience to the Registry.
- Improving our accessibility and transparency
 - We will look to improve access to industry statistics, typologies reports and publications, and explore avenues as to how we can be more transparent in the work we do
 - We will continue to work co-operatively with other stakeholders including Government, industry and international counterparts.
- Managing our operational risk
 - We will strengthen our management of operational risk assessment and internal controls.
- Ensuring our finances are stable and sustainable
 - We will continue to manage our finances in a prudent and conservative manner and review our medium-term financial outlook
 - We will work with industry to review our fee structures and where appropriate implement revised changes.
- Developing and supporting our staff
 - We will continue to encourage and support our staff in high individual performance and commitment to professional development
 - We will improve our internal performance review programme to better identify key strengths and weaknesses in staff and provide more structured training in address these areas
 - We will put particular focus on capacity building in areas relating to cybersecurity risks and leadership training for staff

- Where appropriate, we will promote the use of local expertise when further outside assistance is needed in completing our project work.

WHAT DOES SUCCESS LOOK LIKE?

Achieving these strategic priorities will ensure we make progress in promoting and maintaining the stability and integrity of the financial industry that helps promote the economic prosperity of Cook Islanders and others who participate in it.

What that may look like means different things for different people, but the improvements we expect to see include:

- A modern framework which provides the foundation and tools to appropriately manage risks and facilitate innovation in the financial industry
- An evolving risk-focused approach for all supervisory activities
- Better use of data collected to inform risks and supervisory actions
- An enforcement and compliance model which accommodates prompt resolutions with financial institutions which acknowledge failings
- Challenging engagement on all aspects of financial misconduct compliance
- Improved and effective interactions with financial institutions and the public, particularly through our digital channels
- Readily accessible information for financial institutions and the public on regulatory guidance, current and emerging issues for the industry, statistics and educational material
- Improved customer service and an efficient Registry system
- Staff that are engaged with their work and are encouraged and supported in their professional development.

WHERE TO FROM HERE?

These strategic goals will help guide and form our annual Statement of Corporate Intent for the coming years, as well as assist in directing organisational improvements. A review of this Roadmap should be actioned at the halfway mark to ensure that they are still relevant to the Commission and to assess the progress being made in respect of each of goal.