

Report on **Business**

Tara Perkins

Globe and Mail Update Published on Thursday, Jun. 03, 2010 6:45PM EDT Last updated on Friday, Jun. 04, 2010 6:22AM EDT

William Ryback is becoming more and more animated as he paces at the head of the classroom, doling out the words of wisdom he can now impart after a gruelling career.

Hold face-to-face interviews with bank officials so you can figure out whether someone's "an idiot," he tells the students. Once in a while it is necessary to make an example out of a particular bank to get a point across to the whole sector, he continues. And if a bank's board of directors doesn't have a good succession plan for the CEO, he says, then that CEO may very well be up to no good.

Welcome to the Toronto Centre, a school for global bank regulators that is virtually unknown in Canada, although it's financed in large part by Canadian taxpayers.

Mr. Ryback, who spent 36 years working for U.S. bank regulators and held executive positions at the Board of Governors of the Federal Reserve System and the Office of the Comptroller of the Currency, stops to take a question from a woman from Uganda. The class, which is being held at the Schulich Executive Education Centre at York University and includes more than 20 banking regulators representing countries from Brazil to Croatia to Saudi Arabia, launches into a debate about governance.

At the Toronto Centre's office downtown Toronto, it's the first day on the job for newly installed chief executive officer Babak Abbaszadeh.

"We were born out of the Asian financial crisis of 1997," he notes. "Through our work we help prevent and minimize the impact of financial crises, and enhance the supervision of financial institutions."

The agency was conceived out of the fear that the Asian crisis struck in a number of Canadian officials. "At OSFI [Office of the Superintendent of Financial Institutions] we were stunned by the Asian financial crisis," said John Palmer, a former head of the Canadian bank regulator and current chairman of the Toronto Centre. "Although it didn't affect Canada very much, it came much closer to being a global crisis than a lot of people realize. A lot of us looked at one another and said 'Wow, this could have been a lot more serious. We've got to do something.'"

Needless to say, the Toronto Centre is increasingly in demand – especially its crisis management courses. Mr. Abbaszadeh is flying to Rwanda this weekend to watch one of those courses in action.

Ironically, the Toronto Centre began working on its first crisis management course in late 2007 and launched it as Lehman Brothers was spiralling towards bankruptcy, Mr. Palmer said.

While the financial crisis has hammered home the necessity of sharp bank regulators, there are no global minimum requirements for the job. The Toronto Centre aims to boost the ability of financial regulators around the world to supervise banks, insurers and securities firms. It focuses on emerging markets and low-income countries.

"We are dealing with the life of real people," Mr. Abbaszadeh said. "This is about bolstering and safeguarding the trust in the financial institutions in those places, places that are subject to issues like capital flight."

In general, the interactive sessions are based on case studies, and are taught by someone who actually lived through that case. A former director of Britain's Financial Services Authority hosts a session on the bank Northern Rock PLC, which was nationalized by the British government in 2008. He asks the participants to figure out what they would do in his shoes.

The non-profit centre, which has an annual budget of about \$3-million a year, receives its core financial support from the Canadian International Development Agency or CIDA (which pays for roughly one-third), the International Monetary Fund, the Swedish International Development Agency and the World Bank. With a staff of only five people, it also taps into support from a number of other partners. Its board of directors includes Julie Dickson, the current head of OSFI.

"OSFI has been a strong supporter of the Toronto Centre since its inception," Ms. Dickson said. "The work done by the centre is important as it helps countries implement risk-based regulatory and supervisory systems."

The group has trained roughly 3,000 people from 170 countries over the last dozen years, Mr. Abbaszadeh noted.

It is currently in talks with CIDA and the Canadian government about permanently taking over a program that OSFI used to run, called the international advisory group, which provides technical assistance to mid-level and junior supervisors around the world. "That would help us increase our reach," Mr. Abbaszadeh said. OSFI recently decided to drop the program for budget reasons, because it was not core to the regulator's mandate.