

3. Relatedly, the overall policy framework for the financial system must encourage rather than inhibit innovation. In practical terms this means that the underlying presumption ought to be that innovations are acceptable unless they can be demonstrated to run counter to the public interest. Unfortunately, it is too often the case that the innovators themselves are called upon, at considerable cost in terms of time and money, to demonstrate that their products/processes are in the public interest. This latter approach assigns a degree of optimality to the *status quo* that is clearly inappropriate in a fast-changing domestic and international financial environment.
4. Finally, in spite of the fact that financial reform at the federal level is long overdue, Canadians can take pride in the achievements of our financial sector. This being the case, the Committee's approach is that, wherever possible, proposals for reform ought to work from and build upon these existing policy and institutional strengths.

RECOMMENDATIONS AND OBSERVATIONS

The Committee endorses the nine principles laid out in the Green Paper, and also it must and indeed, must offer other proposals related to reform of the Canadian financial system. Improving consumer protection, strengthening the prudential supervision and the ability of the federal system to respond to emerging risks, and expanding the oversight and options available to consumers in the marketplace are essential sources of credit stability to individuals and businesses. Promoting institutional competitiveness and domestic economic growth and providing the harmonization of federal and provincial regulatory cultures.

From the perspective of a financial system that is well developed, we believe that the Canadian financial system is well positioned to meet the challenges of the future. The Committee's recommendations are designed to ensure that the system remains robust and resilient in the face of a global financial system that is undergoing rapid change.