



**Written Submission from  
Interac Corp. for the Pre-Budget  
Consultations in Advance of the  
2023 Federal Budget**

**October 2022**

## RECOMMENDATIONS

- 1. Enhance government service delivery and support increased convenience for all Canadians through the adoption and expanded use of digital payments and verification solutions across the federal government.**
  - a. Interac encourages the government to take a citizen-centered approach to payment service delivery, prioritizing digital adoption to reduce the reliance on cheques and make government payments more efficient and cost-effective.
  - b. Interac encourages the government to launch consultations focused on enhanced digital verification capabilities to allow Canadians to access a range of government services digitally with security and simplicity.
  
- 2. Continue to prioritize the safety and soundness of the Canadian financial services and payments ecosystem while advancing new legislative and regulatory reforms designed to promote increased competition and innovation.**
  - a. Interac encourages the government to proceed with updates to the regulatory frameworks and access rules around payments to keep pace with new capabilities and market needs while balancing any risks inherent in these changes.
  - b. Interac encourages the government to meet its target deadline for a balanced, scalable open banking system with legislative changes brought forward on an appropriate timeline.

## THE ROAD AHEAD

As the federal government enters the 2023 Budget process, it faces an important reality: this will be the first Budget in four years that is not centered on the fight against COVID-19. Instead, the government can address today's newest challenges while charting a road ahead in the new normal.

That new normal is an economy and society increasingly connected online. Canadians moved at rapid speed during the pandemic to adopt new technologies and digital services. That rapid adoption should inform the priorities of this next Budget.

The federal government is currently in the process of updating many of its laws and regulations to allow Canadians to thrive in a digital world. With the introduction of new legislation such as Bill C-27, ongoing consultation on an open banking system and regulatory updates to Canada's payment framework, we are seeing necessary progress in Canada's digital competitiveness that should enable new innovative solutions and services for Canadians.

In 2021, Interac processed over 6.5 billion transactions across our network (January-December), including payments as well as digital verification and authentication. We continue to see a growing number of Canadians using digital payment and verification products to simply and securely transact as well as gain access to services online. The desire for digital options from citizens and businesses keeps Interac focused on building products Canadians expect both now and into the future.

Interac is pleased to share its thoughts on what the 2023 Budget should prioritize – specifically, digital innovation – along with the broader emerging trends driving this need. We believe Canadians are best served when we work together in the spirit of collaboration and partnership.

---

**Recommendation: Enhance government service delivery and support increased convenience for all Canadians through the adoption and expanded use of digital payments and verification solutions across the federal government.**

## MODERNIZATION OF GOVERNMENT PAYMENTS

For Canadian governments and businesses, every dollar counts and for the Canadian economy, payment choices matter. A Payments Canada study places the cost of traditional payment processing methods (which include cheques, paper invoices, cash, electronic funds transfer and other traditional methods) at an estimated \$3 billion to \$6.5 billion per year<sup>1</sup>. Providing new digital payment capabilities to businesses and governments to complement existing methods is a priority for Interac because of the

---

<sup>1</sup> <https://www.payments.ca/industry-info/our-research/payments-perspectives/business-payments-canada-trilogy-surveys-point>

benefits that can be realized, including increased processing efficiency, ease of use and cost savings.

Launched in 2021, *Interac e-Transfer for Business* builds on the widespread adoption of the retail *Interac e-Transfer®* service by providing features and benefits that Canadian businesses need in an increasingly digital commercial environment. *Interac e-Transfer for Business* includes features that can directly benefit the Government of Canada today: a larger limit of up to \$25,000, and the ability to submit a large number of payments at once through a bulk file.

In addition to cheques and direct deposit, *Interac e-Transfer* could be added as a complementary payment type to aid in the journey of converting cheque payments to digital ones. The benefits include cost savings relative to cheques, increased protection against fraud and a convenient, simple process already familiar to most Canadians.

During the pandemic, Interac worked with several provincial governments to distribute aid securely and quickly using *Interac e-Transfer*. There is room for further adoption of such solutions across the federal government, in line with the goals of digital adoption and modernization set out in the recent *Digital Ambition 2022* document released by the Treasury Board Secretariat.

**Recommendation: Interac encourages the government to take a citizen-centered approach to payment service delivery, prioritizing digital adoption to reduce the reliance on cheques and make government payments more efficient and cost-effective**

## ADVANCING DIGITAL ACCESS THROUGH SECURE VERIFICATION

Canadians increasingly expect more digital services in their lives, making tasks like paying bills or accessing government services more convenient. According to an Interac survey conducted in February 2022, over nine in 10 Canadians (91%) say they have accessed services such as banking or health care online, and six in 10 (63%) want to access most – or all – government services digitally. As more transactions move online, being able to verify and authenticate those interactions is increasingly challenging for governments and Canadians alike.

Moving forward, building economic prosperity requires an approach to digital access and verification that places Canadians, and their privacy, squarely at its centre.

Interac understands this well. Through our verification solutions, we empower Canadians to take advantage of seamless and secure digital services. Like with Interac payment solutions, these are supported by trusted authentication that allows individuals to maintain control over their personal information, including who can access it, and when.

Interac verification solutions also build on our track record of collaboration, with nearly 300 financial institutions connected to our payment network, and over 280 government services relying on our authentication and digital sign-in tools.

With commitments in Minister Mona Fortier's [mandate letter](#), and most recently with the release of the *Digital Ambition 2022* document from Treasury Board Secretariat, the government has signaled consultations will soon occur that will help enable public and private sector innovation in digital authentication.

**Recommendation: Interac encourages the government to launch consultations focused on enhanced digital verification capabilities to allow Canadians to access a range of government services digitally with security and simplicity.**

---

**Recommendation: Continue to prioritize the safety and soundness of the Canadian financial services and payments ecosystem while advancing new legislative and regulatory reforms designed to promote increased competition and innovation.**

## PAYMENTS POLICY AND LEGISLATION

Payments, as a branch of financial services, has seen robust innovation throughout the years that has established Canada as a world leader. This included the adoption of secure chip and pin technology, person-to-person transfers and, more recently, contactless and mobile payments. With this foundation, Interac is enthusiastic about the future of payments and the potential for Canada to lead from the front with creative ideas, new products and better services for Canadians and businesses.

The federal government developed the Retail Payment Oversight Framework and passed the *Retail Payment Activities Act* as part of Budget 2021. Together, these provide a blueprint for innovation and competition while maintaining a secure payment environment. This balance between innovation and security is a central reason behind Canada's position as a leading example to other countries around the world.

Interac recognizes the key role of government to enable access to national payment infrastructure for fintechs and payment providers. By doing so, government can foster an environment that encourages innovative new service offerings while maintaining standards and consistency for those seeking to enter the market.

**Recommendation: Interac encourages the government to proceed with updates to the regulatory frameworks and access rules around payments to keep pace with new capabilities and market needs while balancing any risks inherent in these changes.**

## OPEN BANKING

From identifying the potential of open banking to defining next steps via its Advisory Committee and appointing the Open Banking Lead, the government has laid the foundation for a made-in-Canada framework that will benefit Canadian businesses and consumers.

The conversation is now focused squarely on success factors that are crucial for a sustainable, long-term open banking solution. Interac is pleased to be part of industry working groups to provide insights around topics such as privacy, consent and user experience. Our experience as a connector in the financial services and payments ecosystem informs our perspectives and input into this process.

The new framework should give consumers control over their data and consent required to direct their financial decisions, while still making products as user friendly as possible.

Open banking should also advance security in the financial services sector. Canada's banking system is admired globally because of its stability. That must remain paramount. However, there is a balance to be struck where protection is maintained by developing the right common rules and frameworks around privacy, security, accreditation, and liability.

Interac also recognizes that Canada's open banking framework must be adaptable to long-term scaling needs. New technologies and products will grow out of the implementation of an open banking regime. It must remain flexible enough to adapt as needed.

**Recommendation: Interac encourages the government to meet its target deadline for a balanced, scalable open banking system with legislative changes brought forward on an appropriate timeline.**

## ABOUT INTERAC

Interac empowers Canadians to transact digitally with confidence by providing payment and value exchange services. In helping to develop the future of money, data, and verification in Canada, security is the core of everything we do. Through our privacy, fraud mitigation, governance, and verification and authentication services, we help keep Canadian customers safe and secure when transacting. With nearly 300 financial institutions connected to our network, Canadians choose Interac products over 20 million times a day on average to exchange money. Interac champions workplace culture and corporate citizenship based on the principles of responsibility, diversity and inclusion. We are proud to be one of Canada's leading and most trusted financial brands. For more information, visit our [website](#).