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February 22, 2022

The Hon. Chrystia Freeland, P.C. M.P.  
Deputy Prime Minister and Minister of Finance

The Hon. Randy Boissonnault, P.C. M.P.  
Minister of Tourism and Associate Minister of Finance

Department of Finance Canada  
90 Elgin Street Ottawa, Ontario  
K1A 0G5

Dear Minister Freeland and Associate Minister Boissonnault,

On behalf of the Financial Data and Technology Association of North America (“FDATA North America”), I wish to thank you for the opportunity to participate in the Government’s pre-budget consultations for Budget 2022.

Budget 2022 comes at a crucial time for Canada and the Canadian economy. As the world begins to emerge from the latest challenges posed by the pandemic, governments have rightly begun to outline their economic recovery plans. Indeed, in setting the stage for Budget 2022, you have stressed your focus on creating new jobs, ensuring a strong economic recovery for all, and building a more prosperous, competitive, innovative, inclusive and more resilient Canada.

FDATA North America represents many of Canada’s leading financial technology companies and customer-permissioned financial aggregators, all of whom provide, either directly or indirectly, technology-based financial tools that support consumers and small businesses across the country in improving their financial wellbeing. Today, our members collectively serve approximately five million customers in Canada.

Our members, which include the most innovative and widely used financial technology companies across the country – and North America – have been encouraged by recent signals from the federal government that Canada will soon pursue the benefits of an open finance regime. Following the release of the report from the Advisory Committee on Open Banking in August 2021, the Fall federal election saw commitments pledged from across the political spectrum for the delivery of open finance, or customer-directed finance (“CDF”), to Canada by January 2023. FDATA North America was encouraged by the consensus support of the



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significant benefits of a CDF framework. However, this broad political support will only benefit Canadians if it leads to the delivery of open finance in full.

With the resumption of Parliament, and Budget 2022 planning well underway, we respectfully urge you to prioritize full implementation of all phases of the Advisory Committee's recommendations, which lay out a thoughtful, well-researched approach to building a "made in Canada" open finance system that puts consumers and small businesses at the center of a more competitive financial marketplace.

The first step to achieving this important goal, and to provide market stakeholders with a legally binding policy framework under which such a regime can be delivered, is to appoint an Open Banking Lead. This essential position, recommended by the Advisory Committee, should be responsible for working with industry and government stakeholders to create the policy and governance standards under which open finance can be delivered in early 2023, as set forth in the report. In addition to appointing an Open Banking Lead, the government should begin work on the Advisory Committee's second phase, which must include write access – a critical component of account creation and account switching capabilities – as well as a formal governance entity. These are thorny issues which require much consideration and engagement, and will take time to get right. There is little time to lose if the government is to meet its self-imposed deadline.

As many of the world's advanced economies transition toward modernized, inclusive, and well-regulated financial systems, Canada faces a narrowing window to remain competitive. Built on the foundation that consumers and small businesses should have complete access to their own financial data, countries such as the United States, the United Kingdom, Australia, Brazil, Singapore and New Zealand have seen marked improvements in financial access and inclusion, lower pricing, and growth of innovative, technology-based tools across their financial markets, through open finance products delivered by technology-based financial services providers.

In the absence of this framework, Canada risks falling further behind as a world leader in digital innovation and is losing opportunities to provide cutting-edge financial services to its consumers and small businesses. Canadian consumers have increasingly moved toward digital financial services, particularly throughout the pandemic, underscoring the immediate need for the Canadian government to implement policies that will enable users to easily and securely access and share their financial data without undue restriction.

Similarly, payment modernization, like CDF, will make Canada's financial sector more competitive and innovative, while maintaining the stability and security Canadians depend on.



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Canadians have yet to benefit from a real-time payment system, while other advanced economies, such as Australia and the United Kingdom, have already begun to reap the benefits. Currently, fintechs are unable to access Canada's payment systems directly. Fortunately, the Government of Canada is reviewing the Canadian Payments Act, which governs who can and who cannot access the payment systems that support the Canadian economy. It is important that Budget 2022 amend the Canadian Payments Act to ensure those payment service providers regulated by the Bank of Canada can access the payment systems.

The Government of Canada has already taken the important step to introduce the Retail Payments Activities Act ("RPAA"). When fully implemented, it will allow for the licensing of payments services providers ("PSPs"), helping to pave the way for more PSPs to apply to gain membership to Payments Canada, and subsequently access its payments systems. It's important that this process continue without delay. As such, FDATA North America strongly recommends that the government introduce amendments to the Canadian Payments Act via Budget 2022 to ensure payments service providers, including credit unions and fintechs, have access to this important economic infrastructure.

On behalf of Canada's most innovative financial technology platforms, we look forward to working with both of you to create jobs and building a stronger economy through a more inclusive and more competitive financial services marketplace.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Boms", with a long horizontal flourish extending to the right.

Steven Boms  
Executive Director