



**Submission to the Standing
Committee on Finance in
Advance of the 2024-25 Budget**



RECOMMENDATIONS

Recommendation 1: Increase access to secure, online government services by adopting verification and authentication solutions that allow Canadians to interact with the government simply and safely.

Recommendation 2: Adopt digital payment and disbursement options already in use by Canadians businesses and citizens, providing them with choices to pay and receive funds in real-time to better meet their needs.

Recommendation 3: Prioritize continued development of Canada's open banking system and progress in payments reform efforts to support innovation in the market, while maintaining the safety and soundness of the system Canadians have come to trust.

INTRODUCTION

As the Standing Committee on Finance considers the 2024 -25 budget, Interac welcomes the opportunity to provide recommendations and insight.

In recent years, Canadians have rapidly adopted online, digital services. This change came out of necessity, spurred by the pandemic, but also out of a desire for more convenient and accessible transaction options. Saving time and being able to virtually interact with a broad range of services is now the expectation.

In 2022, Interac Corp. (Interac) processed over 7.5 billion transactions across our network, inclusive of payments, verification and authentication solutions. Interac continues to see a growing number of Canadians using digital payment and verification products to securely access services and transact online.

By working collaboratively, both government and industry can support economic growth and meet the needs of Canadians both now and in the future.

RECOMMENDATION 1: Increase access to secure, online government services by adopting verification and authentication solutions that allow Canadians to interact with the government simply and safely.

Canadians now expect their governments to deliver services online. A [recent Interac survey](#) showed that nearly seven in 10 Canadians (69 per cent) want to be able to access all government services online.

This is consistent with significant growth in the usage of online services since the pandemic. Shifts are evident in a wide range of areas, in particular government services such as benefits and tax information as well as private sector applications including real estate and banking.

Moving forward, supporting economic activity and meeting the needs of Canadians requires an evolving approach to digital access which creates confidence in online interactions, while placing Canadians' data security at the forefront.

Adoption of new and enhanced digital verification and authentication solutions can allow government to deliver a range of services to Canadians with security and simplicity, at the same time mitigating risks of fraud.

Already in use across the federal government and in provincial jurisdictions, [Interac Verified](#) solutions allow Canadians to authenticate and/or verify themselves while retaining control over who they share their information with and when. These services currently leverage trusted sources of information, such as financial account info and credit scores, to enable access to a range of public and sector services.

Interac sees the relevancy of these solutions in many use cases and industries, including the real estate sector, which has recently seen a rise in fraud cases including title fraud, rental scams and falsified mortgage applications.

In fact, a key benefit of digital verification is its potential to help combat fraud. By validating that each side in a transaction is legitimate, consumers, governments and businesses benefit from increased levels of assurance required to complete high value interactions online.

Interac continues to work collaboratively with the federal government to enable more ways for citizens to access and utilize government services while mitigating fraud. The government can continue this progress by giving Canadians the ability to digitally verify proof of income and other key data sources through secure channels.

RECOMMENDATION 2: Adopt digital payment and disbursement options already in use by Canadians businesses and citizens, providing them with choices to pay and receive funds in real-time to better meet their needs.

Historically, Canadians have been eager adopters of new payment options, including debit, contactless and mobile payments. The person-to-person email money transfer area is no exception. Since its inception in Canada in the early 2000s, the *Interac* e-Transfer service has become ubiquitous in the lives of Canadians.

The growth of the service has been exponential: increasing from approximately six million transactions per year in 2007 to over one billion transactions in 2022.

While originally conceived as a service for consumers, *Interac* e-Transfer has evolved into an offering leveraged by businesses and governments alike when they need to pay or collect money from vendors, customers or citizens. Currently, over one fifth of all transactions on the service are sent or received by a business.

Interac has worked with several provincial governments to facilitate payments to citizens securely and quickly using *Interac* e-Transfer in recent years. There is opportunity to deliver similar solutions across the federal government, including use cases such as grant or benefit disbursement, emergency assistance and tax payment collection.

In line with the goals of digital adoption and modernization set out in the government's [Digital Ambition 2022](#) document released by the Treasury Board Secretariat, the government should adopt and make available digital payments via *Interac* e-Transfer. The benefits include cost savings and increased protection against fraud relative to cheques and a convenient, simple option that is inclusive and accessible to nearly every Canadian with a bank account.

Use Case: payments and verification, together

In Ontario, the provincial government recently leveraged the *Interac* sign-in service as a verification option for those looking to apply for the student Catch Up Payment program. Ontarians were able to login using their existing banking credentials without the need for a new username/password and opt to receive payment by *Interac* e-Transfer. This is an example of government bringing payment modernization and user verification tools together, to make it easier to access this government program.

RECOMMENDATION 3: Prioritize continued development of Canada's open banking system and progress in payments reform efforts to support innovation in the market, while maintaining the safety and soundness of the system Canadians have come to trust.

Canadians enjoy a high degree of confidence in their payments and financial services. Canada's open banking framework and ongoing reforms to payments sector policy should be designed to safeguard and build on that foundation of trust, while leveraging both as opportunities to create an innovation-friendly environment for Canadian businesses.

Open banking

With open banking, Canada has an opportunity to leverage experiences across the globe in implementing a model that works for our market. From these experiences, we can see that consumer control of data, informed consent for its use and trust in the security of the system are key factors that will impact the potential success and effectiveness of a Canadian open banking system.

Interac welcomed the opportunity to participate in Finance Canada's industry working group consultations on open banking, created with the aim to develop a "made-in-Canada" regime by bringing together balanced representation and perspectives from across the ecosystem to advance open banking, but in a way that maximizes the benefits for all stakeholders — including consumers.

Interac wishes to express appreciation to outgoing Minister Boissonnault for his leadership and commitment to advancing this file. As the government moves forward, Interac looks forward to continued engagement with the Department of Finance and Minister Freeland to bring forward a framework for open banking that best meets the needs and expectations of Canadians.

Payments reform

Canada has a strong record of innovation when it comes to payment technologies. This has included the adoption of secure chip and PIN technology, person-to-person email money transfer, contactless and mobile payments and more. We have achieved this

progress via prudent regulatory oversight and by building common platforms upon which innovators can develop new experiences and capabilities with. This is the case of the Interac network, and it's a model that has led to Canada being one of the highest per capita users of debit in the world, with some of the lowest fraud rates.

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 Canadian consumers and businesses.

Interac acknowledges that continued reforms are needed to enable growth and success that meets the needs of Canadians. The Department of Finance and Bank of Canada have taken positive steps by passing and now working to implement the *Retail Payment Activities Act* (RPAA). Interac joins other industry peers in calling for further updates to the *Canadian Payments Act* to enable access to national payment infrastructure for payment service providers registered under the RPAA. These changes are important for Canada's overall competitiveness amidst a rapidly shifting global and domestic payments landscape.

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](#).