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Written Submission for the Pre-Budget Consultation

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Recommendations

Recommendation 1: That the Government mandates federally-regulated financial institutions to disclose the total cost of a cross-border payment, empowering consumers and enabling competition in an industry awash with hidden fees – inclusive of any exchange rate mark-ups or other fees.

Recommendation 2: That the Government support Payments Canada's launch of a Real-Time Rail (RTR) system with a launch date no later than 2026 to deliver instant payments to Canadians.

Recommendation 3: That the Government publish its open banking regulations and provide consumers control over their financial data.

All three of these recommendations will deliver more competitive, affordable, and innovative financial products and services to Canadians.

Introduction: Payments modernization – now it's time to get it live.

Canada has made significant headway over the past few years to introduce financial policies that will make Canadians' lives easier and improve their financial health. The Government has established payment regulations that will catalyze innovation to the benefit of consumers and businesses, thanks to the Retail Payments Activities Act (RPAA) and Amendments to the Canadian Payments Act. Payments are the part of finance that Canadian consumers engage with most, and much like our mission at Wise, governments should strive to make payments instant, convenient, transparent, and as low-cost as possible.

Canada is at an exciting – and crucial – moment for its payments landscape and financial services innovation. While regulating payment service providers (PSPs) is a key step in this journey, there

are other crucial modernization efforts that must be followed through on to deliver faster, cheaper and more affordable financial services to Canadians. Modernization will reduce reliance on the banking oligopoly and introduce real competition into Canada's financial services sector.

The government must continue to prioritize competition in payments, unlock faster payments with the Real-Time Rail and roll out open banking. Importantly, it must address pervasive hidden fees in remittances and cross-border payments. The first recommendation, which outlines the need for increased transparency in remittances in line with G20 commitments, will be particularly critical for the financial inclusion of new Canadians.

These efforts are equally important for Canadian businesses who urgently need access to working capital, real-time payments and easy access to the most innovative payment methods. This will enable them to compete on the global stage in a highly uncertain international climate. Delivering payments modernization will also give certainty to global financial services firms like Wise to invest time and resources in building new products localized to Canadian customers. Finally, these recommendations will ensure Canada delivers on its global goals, including the G20 Roadmap for Enhancing Cross-Border Payments and the United Nations Sustainable Development Goals (UNSDGs).

While payments modernization efforts are well underway, three changes are urgently needed to deliver cheaper, faster, more transparent payments for all Canadians:

Recommendation 1: That the Government mandates federally-regulated financial institutions to disclose the total cost of a cross-border payment, empowering consumers and enabling competition in an industry awash with hidden fees - inclusive of any exchange rate mark-ups or other fees.

We recommend the federal government mandate cost-disclosure requirements to ensure Canadians receive a single clear, upfront price on all cross-border transfers – fully inclusive of any exchange rate mark-ups or other fees. This policy has zero-fiscal costs to the federal government and directly aligns with the multipartisan consensus to make life more affordable for Canadians shared by all political parties in the recent federal election.

High remittance costs and their impact on Canadians

In 2024, one in five Canadians sent money internationally, a 33 per cent increase compared to 2022. Yet too often Canadians are unaware of the real costs they incur when sending, spending, and withdrawing money abroad. Increased transparency will empower consumers to make more informed financial decisions.

United Nations Sustainable Development Goal 10c aims to lower the cost of remittances on average to 3% or lower by 2030. In contrast, in Canada the average cost of sending remittances today sits at 6%. These high costs affect newcomers sending money to family and friends and Canadians studying, working or retiring abroad who move money cross-border. It is estimated that \$360M CAD could have been saved in a year alone if consumers had access to cheaper and more transparent remittances. In the 2023 Budget, the government outlined plans to follow in the United States' footsteps and crack down on junk fees. Junk fees in remittances represent a strong

candidate for further action as part of the government's initiative.

A lack of transparency in the market

Today Canadians don't understand what they pay when sending money abroad – through no fault of their own. Opaque pricing keeps these costs artificially high, requires complicated math to understand the true cost, and prevents consumers from comparison-shopping. According to the World Bank, "the single most important factor leading to high remittance prices is a lack of transparency in the market." Standard industry pricing is misleading, with advertisements of "\$0" or "no fee" while exchange rates are inflated. Canadians are currently in the dark about how much they are overcharged: only 20% of consumers could correctly identify exchange rate mark-ups as part of the payment cost. Canadian businesses have also said unknown exchange rates are a key pain point for international payments.⁵

Increased transparency will increase competition and lower remittance costs for Canadians. The United Nations (UN), the International Fund for Agricultural Development (IFAD), and the World Bank have called for increased price transparency in their 2020 Blueprint for Action, which recommends "total cost (e.g. fees at both ends, foreign exchange rate margins) disclosed in a single upfront amount" as an industry best practice and suggested government requirement. The G20 Roadmap for Enhancing Cross-Border Payments also includes 'total cost' transparency in its targets by end-2027, stating that providers should show "total transaction cost (showing all relevant charges, including sending and receiving fees including those of any intermediaries, FX rate and currency conversion charges)."

G20 Commitments and progress made against the targets

In 2024, Wise issued a [G20 scorecard report](#) tracking how member countries progressed on their 2027 commitments, in particular regarding access to payment systems and price transparency in cross-border payments. The criteria for evaluation are based on the G20 Roadmap's benchmarks. While ranking high in the direct access ranking thanks to amendments to the CP Act, Canada in contrast ranked the second lowest of the G7 countries in the transparency target due to the low level of transparency required of banks and payment service providers. Though the Bank Act and the Consumer Financial Protection Framework enact certain consumer protection and disclosure mandates for banks protecting against false or misleading information, there are no specific provisions targeting remittances or cross-border payments, and these only cover federally-regulated financial institutions.

Meanwhile, governments around the world are already ensuring consumers better understand the costs of international payments and have taken steps to introduce transparent pricing, including the European Union, the U.K., and Australia. The EU, in its review of the Payments Services Directive has proposed a requirement for all Payment Service Providers to disclose exchange rate mark-ups against a benchmark rate for all payments within the EU as well as remittances ('one-leg out'). FX mark-ups will be explicitly recognised as a charge that must be clearly disclosed upfront. Most recently, the UK FCA [published](#) the results of their study of the FX services market, with illustrations of what they deem 'good and bad practices' in disclosure. Whereas the EU situation is a good example for a rules-based approach, the UK FCA is a good example for those adopting a consumer protection/principles-based approach. Either could serve as inspiration to bring more transparency to the Canadian FX market.

Recommendation to increase price transparency for Canadians sending money abroad

Wise recommends the Government to introduce cross-border payment disclosure rules that would introduce greater transparency and consumer protection for all Canadians, notably new Canadians. Specifically, in line with recommendations by international remittance experts outlined above, **we recommend the government to require disclosures to show the “total cost” of all cross-border payments sent from Canada (or ‘one-leg out’), which includes both exchange rate margin and upfront fees in one single amount, as recommended by the UN and World Bank, and as Canada has committed as a member of the G20.** Increased transparency will bolster competition and empower Canadians to shop around, drive down prices and better protect new Canadians who are disproportionately impacted by hidden remittance junk fees.

Recommendation 2: That the Government support Payments Canada’s launch of a Real-Time Rail (RTR) system with a launch date no later than 2026.

One of the most important aspects of Canada’s payments modernization efforts will be enabling instant payments, which are now a reality in nearly 60+ countries around the world. Getting Real-Time Payments live must continue to be prioritized for Canadians to reap the benefits – resulting in more confidence in the payments system, more convenience and ultimately lower costs for Canadian consumers. The amendments to the Canadian Payments Act to broaden payments access to regulated payment service providers was a key part of modernizing Canada’s systems – however, without a Real-Time Rail to connect to, the benefits of expanded access will be limited, and payments will remain slow. For new Canadians sending remittances to family and friends, reducing the cost but also increasing the speed of payments is paramount. Finally, the Real-Time Rail will also be key in order to deliver on the G20 Roadmap for Enhancing Cross-Border Payments’ speed targets by the end of 2027.¹

With that in mind, we urge the Government to support Payments Canada’s launch of a Real-Time Rail (RTR) system no later than 2026.

Recommendation 3: That the Government publish its open banking regulations and provide consumers control over their financial data.

The Government must also continue to deliver on consumer-driven banking, which will give consumers control of their financial data. Open banking is already commonly used in applications including when consumers add money to payments apps, use personal financial dashboards, or aggregate investments with a robo-investor. Open banking will allow consumers to more efficiently manage their finances, take advantage of tailored financial products and services, and make more sound financial decisions. An open banking framework will also support small businesses by creating more opportunities for businesses to use payments companies that best serve their needs. Open banking will benefit the broader financial ecosystem by increasing competition, innovation, and consumer-driven business models.

The Government should now focus on publishing its legislation and delivering on its envisioned timelines to ensure Canadian consumers and businesses can reap the benefits.

About Wise

Wise is a global technology company, building the best way to move and manage the world's money. With Wise Account and Wise Business, people and businesses can hold 40 currencies, move money between countries and spend money abroad. Large companies and banks use Wise technology too; an entirely new network for the world's money. Launched in 2011, Wise is one of the world's fastest growing, profitable tech companies. In fiscal year 2025, Wise supported around 15.6 million people and businesses, processing over \$185 billion in cross-border transactions and saving customers around \$2.6 billion. In Canada, Wise operates as a Money Services Business (MSB) and is registered with the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC) and licensed by Revenu Québec. Wise serves on the Bank of Canada's Retail Payments Advisory Committee (RPAC), the Payments Canada Stakeholder Advisory Council (SAC), and previously served on Finance Canada's Payments Consultative Committee (FinPay).