

The Electronic Transactions Association's

2023 Canadian Public Policy Priorities

The digital payments industry is one of the most innovative, dynamic, competitive, highly regulated industries that exists today, leveraging a sophisticated, interconnected infrastructure to deliver financial products and services that benefit consumers, businesses, and the American economy. These products and services are safe, highly secure, and promote financial inclusion by allowing consumers and small businesses – including low–and–moderate income consumers who have historically not had full access to the financial system — to conduct their everyday financial transactions.

ETA supports a policy environment that protects consumers while allowing competition and innovation to thrive, providing increased choice and making financial inclusion a reality.

Digital Assets - Digital assets have the potential to change how commerce happens. An appropriate regulatory framework is essential if that potential is to be realized in a manner that protects consumers and fosters continuing innovation. That framework should not be prescriptive but should instead carefully consider the use to which the digital assets are being put and tailor regulation to the risk profile presented.

Specifically, ETA supports public policies that advance the following 5 guiding principles:

- Properly Define Digital Assets
- Tailor Regulation to the Risk Profile of the Participant/Activity
- Ensure Consumer Protection
- Harmonize With Existing Regulatory Frameworks
- Encourage Responsible Innovation

Central Bank Digital Currency (CBDC) - CBDCs are being studied by governments around the world; in the U.S., policymakers and the Federal Reserve are actively considering the possibility of implementing a CBDC. Given that the existing payments system in the U.S. is safe, effective, dynamic, and efficient, ETA urges policymakers to move thoughtfully and deliberately, and implement a CBDC only if it adds value to the ecosystem and appropriately guards against negative consequences.

Specifically, ETA supports public policies related to a CBDC that advance these 7 guiding principles:

- Foster Innovation
- Provide The Right Tool for the Job
- Ensure Private Sector Participation
- Interoperability
- Open Acceptance
- Consumer Protection
- Regulation Tailored to the Risk Profile of the Participant

Privacy – Protecting consumer privacy is a crucial element of maintaining trust in the payments industry. The payments industry has a long history of protecting consumer privacy. The industry also is laser-focused on fighting fraud and is constantly developing and deploying new technologies to detect and deter fraud.

ETA supports privacy laws that are principles-based and harmonized to ensure predictability and consistency for consumers. Critically, privacy laws must also ensure that the industry can continue to use data in order to fight fraud and protect consumers.

Any privacy or data protection standard should include:

- Provisions for permissible uses of data to prevent fraud and protect consumers
- Reasonable rights to access and request correction or deletion of personally identifiable information
- Consistent and coordinated government enforcement

Finally, we support the inclusion of data mobility provisions in the implementation of Canada’s Digital Charter.

Open Banking – Open banking has transformative potential and, if regulations are implemented appropriately, could facilitate payments and benefit consumers by providing them with more robust information and insight into their finances. ETA supports open banking policies that are:

- Comprehensive
- Principles-Based
- Utilizes Private Sector Innovation
- Puts Consumers in Control of How Their Data is Shared or Utilized

Faster Payments – Faster payments creates the potential for increased competition, avoidance of late fees and better cash flow management.

- ETA supports changes to Canada’s payments system - including amendments to the Canadian Payments Act – that broaden the membership of Payments Canada to allow access to new system participants and move towards the successful implementation of Payment Canada’s Real-Time Rail initiative.

Efforts to help small businesses prepare to identify and repel cyberattacks. ETA supports:

- Creating a tax incentive for compliant small businesses to purchase cyber-security insurance