



# Fintechs Canada

---

**Payments Canada**

Constitution Square, Tower II  
350 Albert, Suite 800  
Ottawa, ON K1R 1A4

July 4, 2025

To whom it may concern,

Fintechs Canada appreciates the opportunity to comment on Payments Canada's consultation draft of the *Real-Time Rail (RTR) By-law and Rules*. As the national, not-for-profit industry association representing a broad cross-section of Canadian fintech firms—payment service providers, technology platforms, and emerging financial institutions—we advocate for open, competitive, and innovative payment markets that ultimately benefit Canadian consumers and businesses.

We welcome Payments Canada's stated objectives of broadened access, systemic resilience, consumer protection, and ongoing innovation. Our members range from early-stage start-ups and established scale-ups to global firms, all of whom collectively process billions of dollars in annual payment volume. Collectively, they serve millions of Canadians with products that improve speed, transparency, and affordability across the payments value chain. Because their ability to continue to serve Canadians depends on a modern, inclusive payments infrastructure, we have a direct stake in ensuring the RTR legal framework is clear, proportionate, and operationally feasible for new as well as incumbent participants.

Our submission recommends targeted clarifications and refinements to the RTR legal framework that will help the system scale safely while avoiding unintended barriers to entry and unintended consequences for end-users. We look forward to continued collaboration with Payments Canada and would be pleased to discuss any aspect of this submission in greater detail or participate in follow-up workshops during the post-consultation phase.

## **“Competitive Service” too broadly defined, potentially restrictive**

In the RTR rules, the definition of “Competitive Service” is “a payment scheme, product, or service, other than the service of a Connection Service Provider as defined in this Rule, identified in the RTR Payment Message that supports the processing of an RTR Payment Message.” This definition is so broad as to be all-encompassing, a catch-all term because it has no precisely defined boundary.

Because every such service must obtain a “Competitive Service Identifier” and observe the 45-day registration window before first use, the current drafting poses three problems for fintech entrants:

- **Administrative drag.** Routine brand updates, which have no implications for funds or routing logic, would trigger new identifier requests and delay launches.
- **Diffuse accountability.** Lumping passive labels together with true processing utilities may obscure who is actually responsible when a payment fails.
- **Innovation chill.** Start-ups iterating rapidly could unknowingly breach the rule by failing to register an identifier for a short-lived pilot feature, or be limited from experimenting by their users who strictly adhere to Payments Canada’s rules.

We recommend that Payments Canada limit the definition of Competitive Services to entities that originate, route, or hold funds for an RTR payment. Entities that do not touch payment funds or data should be outside the scope of the rule. This keeps the benefits of traceability and fraud analytics while avoiding the aforementioned problems. We also recommend that Competitive Services be charged no fees to register with Payments Canada and that allocation of identifiers be quickly and effectively carried out so that consumer take-up of new payment services is not unnecessarily delayed or stymied.

## **Incident reporting for Severity 2 incidents unnecessarily onerous**

According to the RTR rules, RTR Participants must phone the RTR Payment Operations Centre “immediately, and in any event no later than 5 minutes” after determining that a Severity 1 or Severity 2 incident has occurred. Severity 1 incidents are those that threaten or harm the RTR itself, whereas Severity 2 incidents are

those that just prevent RTR Participants from being able to exchange, clear, and settle payments, but don't threaten or harm the RTR itself.

The incident reporting obligation for a Severity 1 incident is reasonable, but it is unreasonable for Severity 2 incidents. Treating Severity 2 incidents like Severity 1 incidents is unnecessary and counterproductive:

- **Operational distraction.** First responders must choose between diagnosing the issue and racing to place a phone call that adds little value, but puts end-users at risk of longer-than-necessary disrupted service.
- **High false-positive volume.** Many Severity 2 events will prove transitory (e.g., brief connection service provider timeout), and so requiring RTR Participants to notify Payments Canada by telephone of all such incidents will generate a lot of noise and less insight.

Another reason to believe that the reporting obligation for Severity 2 incidents is unnecessary and counterproductive is that it is misaligned with the Bank of Canada's own incident reporting expectations. Under the *Retail Payment Activities Act*, material incidents must be "reported to the affected end user, PSP or clearing house and the Bank without delay but no later than 48 hours after the PSP determines the incident is material."

We recommend that Payments Canada amend its incident reporting obligation for RTR Participants for Severity 2 incidents in the following ways:

1. RTR Participants should be required to report such incidents without delay but no later than 48 hours.
2. Severity 2 incidents should include a materiality threshold so that minor and transitory issues don't trigger notification
3. The method of communication should be flexible to include phone and electronic communication, such as email or a secure portal.

This promotes rapid notification when RTR integrity is at stake, while freeing RTR Participants to focus on restoring service during lower-risk outages, a balance that ultimately enhances RTR resilience.

**Let's work together**

We submit these recommendations in the spirit of partnership and with a common goal: an RTR that is open, resilient, and proportionate to the risks it manages. By narrowing the definition of *Competitive Service* and calibrating the Severity 2 incident-reporting obligation to industry practice, Payments Canada can remove unnecessary friction while preserving the traceability, consumer protection, and systemic oversight the framework seeks to achieve.

We are ready to work more closely with Payments Canada as it works to finalize the legal framework. Thank you for considering our comments and for your continued engagement with Canada's fintech community.

Sincerely,

Alex Vronces  
Executive Director  
Fintechs Canada