

**Written Submission for the Department of
Finance Canada's 2026 Pre-Budget
Consultations**

By:



Fintechs Canada

List of Recommendations

1. Advance the implementation of key financial sector reforms to strengthen competition, improve consumer outcomes, and support economic growth.
2. Implement a Consumer-Driven Banking framework that achieves its pro-competition objectives through enabling broad participation, establishing a sponsorship model for fintechs, reducing duplicative accreditation and compliance burden, and accelerating write-access.
3. Improve access to capital for Canada's small businesses by reforming eligibility and designation processes for government-backed SME financing programs, such as the Canada Small Business Financing Program (CSBFP), to enable practical participation by qualified non-deposit-taking lenders.
4. Enable a competitive canadian dollar stablecoin framework that protects Canada's monetary sovereignty and fosters viable business models.
5. Address structural barriers to competition in mobile payments by ensuring fair and non-discriminatory access to essential technologies, including NFC.
6. Amend the Income Tax Regulations to allow eligible decentralized digital assets in TFSAs and RRSPs, ensuring consistent tax treatment across comparable asset classes and supporting long-term savings.

Fintechs Canada is the unified voice for the most innovative financial technology companies in the country. Serving millions of Canadians daily, our more than fifty members include market-leading Canadian fintechs, fintech-friendly financial institutions, technology companies that power the credit union space, and global fintech companies. Our mission is to make Canada's financial sector more competitive and innovative while strengthening its stability and security.

As Canada navigates uncertainty with its largest partner and works to build a stronger, more self-reliant and diversified economy, a competitive financial services sector is a direct lever for economic resilience, by empowering consumers, allocating capital more efficiently, and cutting the unproductive friction that holds back economic activity.

Budget 2026 must seize this opportunity by: doubling down on pro-competition reforms that let fintechs scale, and reducing the unnecessary regulatory burden and duplication that stand in their way. To that end, Fintechs Canada has developed a series of recommendations aimed at supporting Canadian consumers and businesses, strengthening competition, and creating the conditions for the efficiency and dynamism that a thriving financial sector can deliver.

Fintechs Canada looks forward to engaging with policymakers to support this effort.

Our Proposals

Recommendation 1: Advance the implementation of key financial sector reforms to strengthen competition, improve consumer outcomes, and support economic growth.

A more competitive and innovative financial sector is essential to improving productivity, lowering costs, and strengthening Canada's economic resilience and sovereignty. Yet Canada's financial system remains highly concentrated, with barriers to entry that limit competition and innovation. The result is higher fees for everyday financial services, ongoing financing challenges for small businesses, and weaker productivity.

Recent federal measures have taken important steps to resolve these challenges. Budget 2025 advanced consumer-driven banking and introduced a federal framework for stablecoins, while other initiatives have supported progress on payments modernization, fraud prevention, and regulatory oversight. These are important steps, but their impact will depend on timely and balanced implementation and a broader effort to reduce structural barriers to competition across the sector.

Budget 2026 should build on this progress by prioritizing the following actions:

- Deliver timely and balanced implementation of core financial sector frameworks. This includes the Consumer-Driven Banking Act and the Stablecoin Act, along with the guidance and supervisory frameworks that help preserve the pro-competition spirit of the law.
- Accelerate the implementation of Canada's real-time rail, ensuring balanced access for eligible participants. The Bank of Canada and Payments Canada should coordinate on a transparent service standard with clear timelines for RTR settlement account decisions, and ensure settlement and clearing agent services are available to eligible members on transparent, non-discriminatory commercial terms, drawing on the UK's code of conduct for indirect access providers, while preserving access to existing rails during the transition. Real-time payments can [reduce liquidity needs and free up funds for investment](#), and studies have also shown they can [increase GDP by billions of dollars](#). The RTR has the potential to contribute billions to the economy, but only if it's widely adopted. Fintechs, challengers and incumbents should participate in lockstep to avoid creating new barriers to competition.
- Make it easier for consumers to switch financial services providers. The government should move quickly on its commitment to prohibit transfer fees and

require timely transfers of registered and investment accounts. The government should also direct the Competition Bureau to build on its study on banking fees and identify additional barriers creating friction for consumers that prevent them from switching providers, from long waiting periods through to complex requirements. The Competition Bureau should recommend targeted actions to address these.

- Modernize rules to support digital delivery of financial services. Federal rules and guidance, including CRA-related requirements, should be reviewed to remove ambiguity and ensure that where digital signatures are legally permitted, they are not rejected in favour of wet signatures.
- Give financial regulators an explicit competition mandate. Expand on the government's Whole-of-Government Competition Plan by requiring federal financial regulators, including the Office of the Superintendent of Financial Institutions, the Financial Consumer Agency of Canada, and the Bank of Canada, to include competition as part of their mandates.
- Adopt a risk-based regulatory framework for Bank Supervision that enables greater competition and a more level-playing field for challengers and small and medium-sized banks. OSFI's fast-track pilot to expedite federal banking licences is a very positive step, but licensing is only half the battle. Post-charter supervision remains built around incumbent complexity and systemic risk, which deters challenger banks. Market conduct obligations, capital requirements, and supervisory intensity should be calibrated to the risk profile of the entity.
- Treat fraud prevention as shared payments infrastructure. Budget 2025 committed to a federal anti-fraud strategy, and [Fintechs Canada called for a modern, multi-sector approach that reflects how fraud and scams operate in today's digital economy](#). Budget 2026 should extend that work across the payments ecosystem by ensuring Confirmation of Payee on the Real-Time Rail is available to every participant on equal terms from launch, creating a lawful basis for fraud information sharing between banks and registered PSPs - drawing on existing rules under the PCMLTFA - and promoting greater exchange and reporting of fraud data among participants.

Recommendation 2: Implement a Consumer-Driven Banking framework that achieves its pro-competition objectives by enabling broad participation, establishing a sponsorship model for fintechs, reducing duplicative accreditation and compliance burden, and accelerating write-access.

Fintechs Canada welcomed the publication of the draft Consumer-Driven Banking (CDB) Regulations in Canada Gazette, Part I. [As stated in our CDB submission](#), budget 2026 can strengthen the Act's stated pro-competition objectives by addressing issues that currently stand in the way of broad participation.

First, none of the four accreditation pathways provide genuinely proportionate access for small or scaling fintechs, and the framework's B2C structure leaves out fintechs operating in B2B2C models: those contracting with merchants whose end consumers use the fintech's payment infrastructure, while the fintechs hold the transaction, customer, and fraud/risk data relevant to consumer-driven banking. Moreover, the non-streamlined pathway applies a uniform accreditation and compliance burden regardless of entity size, data volume, or risk profile.

Other jurisdictions have addressed these gaps through sponsorship models, which let smaller, unaccredited entities access the framework under the liability umbrella of a fully accredited sponsor without increasing systemic risk. This would allow much broader participation while formalizing partnership and platform arrangements that are already a dominant commercial model.

Second, the accreditation and compliance requirements as drafted risk duplicating obligations many participating entities already meet. Entities registered under the Retail Payments Activities Act (RPAA), for example, will benefit from a streamlined pathway; however, it is currently unclear how this will reduce burden in practice. Security and audit requirements similarly overlap with RPAA obligations, without clarifying whether existing compliance can be relied upon rather than re-tested. Left unresolved, this compounds the cost for fintechs without a corresponding benefit to consumers, cutting against any broader red-tape reduction efforts.

Third, Canadians will not realize the full value of consumer-driven banking until they can act on their data, not just view it. Switching friction in Canada's financial services is driven by operational barriers, not price alone: payment initiation, account funding, and pre-authorized debit (PAD) migration are the capabilities that make switching practical and resolve that friction. A regulatory foundation already exists to support accelerated implementation of write-access. RPAA-registered payment service providers already meet rigorous security, fraud, and operational standards to initiate retail payments, and the accreditation requirements they must meet for Phase I (read) should be equivalent to what is required for Phase II (write). Deferring write-access capabilities to Phase II without an accelerated timeline will delay the framework's competitive impact and its value to consumers for years.

Budget 2026 should prioritize:

- Implement of a consumer-driven banking Framework that is proportionate, risk-based, and accessible for Canada's fintech ecosystem, including through establishing a sponsorship model for fintechs as an accreditation pathway.
- Coordinate among regulators and government departments, including at the federal and provincial levels to ensure that the consumer-driven banking Framework takes into account existing and emerging regulatory frameworks, including those overseeing payments, privacy and artificial intelligence, promoting alignment and reducing reporting friction.
- Accelerate write-access implementation.
- Enable registered payment service providers greater and more predictable access to banking services.

Recommendation 3: Improve access to capital for Canada's small businesses by reforming eligibility and designation processes for government-backed SME financing programs, such as the Canada Small Business Financing Program (CSBFP), to enable participation by qualified non-deposit-taking lenders.

Canada's small and medium-sized enterprises (SMEs) account for [nearly all employer businesses in Canada and close to half of economic output](#). Despite their importance, the SME financing market remains concentrated, leaving many with fewer financing options, higher [borrowing costs](#), and lower [approval rates](#).

Government-backed risk-sharing programs play an important role in SME lending. When guarantees reduce effective credit risk, participating lenders benefit from lower funding costs and greater scale, giving these businesses a greater chance of success. Limiting access to a narrow set of institutions favours traditional lending models and restricts the ability of other qualified lenders to serve SMEs with different financing needs.

The CSBFP is primarily delivered through prudentially regulated deposit-taking institutions. While those institutions play an important role in SME credit markets, existing eligibility criteria and designation processes are not well aligned with the business models of many non-deposit-taking lenders, even where they offer comparable products and maintain robust risk management practices.

[Federal evaluations](#) have noted that fintechs could help expand program reach, but current terms make participation unattractive. Expanding eligibility is consistent with the government's stated objective of modernizing the program and with its broader economic priorities. While the Canada Small Business Financing Act allows the Minister to designate additional lenders, the process is discretionary and resource-intensive, which limits participation in practice.

The federal government should review and reform eligibility and designation processes for government-backed SME financing programs such as the CSBFP to enable greater practical participation by qualified non-deposit-taking lenders.

Greater participation by qualified non-deposit-taking lenders would expand access to government-backed SME financing, better meeting the financing needs of many small Canadian businesses. This is particularly important for businesses seeking smaller loans, which are often harder to access through traditional lending channels. Moreover, fintechs and non-deposit-taking lenders use real-time operational data that enables them to make informed risk assessments and provide faster access to financing for underserved businesses.

Recommendation 4: Enable a competitive Canadian Dollar Stablecoin Framework that protects Canada's monetary sovereignty and fosters viable business models.

Canada has moved early to establish a legislative approach to stablecoins. To be effective, the framework must support competition and enable Canadian dollar-denominated stablecoins to scale and compete internationally.

Stablecoins are becoming a core component of the digital asset ecosystem, [with trillions of dollars in annual transaction](#) volume and expanding use in payments, trading, and cross-border settlement. As financial activity becomes more tokenized, stablecoins are expected to play a growing role in global financial infrastructure.

This presents a strategic opportunity for Canada. A competitive ecosystem for Canadian dollar stablecoins could support more efficient payments, reduce transaction costs, and reinforce the role of the Canadian dollar in emerging digital markets. It could also increase international demand for CAD by enabling businesses and market participants in other jurisdictions to hold and transact in Canadian dollars through stablecoins. However, the current market is highly concentrated, with approximately [99 percent of stablecoins denominated in U.S. dollars](#). Without a competitive domestic framework, these dynamics are likely to persist.

To compete in this environment, Canadian dollar-denominated stablecoins must offer features that meet user expectations and incentivize adoption. A central driver of adoption is the ability to offer yield or rewards. Without competitive incentives, Canadian dollar stablecoins are unlikely to gain traction, and activity will continue to shift toward U.S. dollar alternatives, backed by reserves held outside Canada.

Canada's framework should therefore enable the features necessary to incentivize adoption, while maintaining appropriate safeguards. Canada's framework should allow issuers, wallets, and trading platforms to incentivize consumer adoption and enable viable business models that support globally competitive business models and strengthen the Canadian dollar's position in digital markets. Otherwise, Canadian dollar stablecoins may be permitted in law but remain uncompetitive in practice, leaving the next generation of digital financial activity increasingly tied to foreign-denominated alternatives.

Recommendation 5: Address structural barriers to competition in mobile payments by ensuring fair and non-discriminatory access to essential technologies, including NFC.

Mobile payments are a foundational part of Canada's payments ecosystem. Yet access to critical enabling technologies, including near-field communication (NFC), remains concentrated among a small number of foreign platform providers.

Other jurisdictions have moved to address these barriers. In the European Union, policymakers treated restricted access to mobile payment technology as a competition issue and imposed binding remedies requiring third-party access to NFC on fair, transparent, and non-discriminatory terms. These measures also supported alternative technical models and features that make it easier for users to switch services, improving interoperability and strengthening competition.

Canada should apply a similar approach. The federal government should remove structural barriers to competition in mobile payments by ensuring fair and non-discriminatory access to essential technologies, including NFC. This would support consumer choice in digital wallets, strengthen Canada's digital sovereignty, and align Canada's framework with comparable jurisdictions.

Recommendation 6: Amend the Income Tax Regulations to allow eligible decentralized digital assets in TFSAs and RRSPs, ensuring consistent tax treatment across comparable asset classes and supporting long-term savings.

Approximately [\\$6 billion](#) is currently held in digital asset exchange-traded funds (ETFs) in Canadian registered accounts, showing clear demand for exposure to this asset class through tax-advantaged savings vehicles. However, the current tax framework is inconsistent: Canadians can access digital assets through ETFs and other qualified securities, but cannot hold those same assets directly in Tax-Free Savings Accounts (TFSA) or Registered Retirement Savings Plans (RRSPs).

This creates unnecessary inefficiencies. It treats the same asset class differently based solely on investment structure, forces Canadians into higher-cost

intermediated products, and pushes direct holdings outside registered plans rather than into a more transparent and regulated environment.

Canada already has the regulatory infrastructure to support direct holdings. Oversight by the Canadian Investment Regulatory Organization (CIRO), the Canadian Securities Administrators (CSA), and FINTRAC provides clear standards for custody, trading, compliance, and anti-money laundering safeguards.

The government should amend the Income Tax Regulations (section 5004) to designate decentralized digital assets that meet defined criteria as qualified investments for TFSA and RRSPs. This would align with the existing treatment of assets such as gold bullion under the Regulations, which allow certain non-traditional assets in registered plans when they meet prescribed conditions. Eligibility should be limited to sufficiently mature assets, with transactions conducted through CIRO-registered dealers and custody provided by CSA-compliant custodians.

Conclusion

Thank you again for the opportunity to comment. Fintechs Canada looks forward to continuing to work with the Department of Finance Canada as it prepares to deliver the 2026 federal budget.

Sincerely,

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