

Written Submission for the Pre-Budget Consultations in Advance of the 2025 Federal Budget

By: Interac Corp.



RECOMMENDATIONS

1. The government should fulfill its commitment outlined in Budget 2024 to enable verification of borrower income for mortgages through the Canada Revenue Agency.
2. The government should continue to support efforts to combat fraud in Canada by increasing public education and awareness and convening a specialized expert advisory panel of private and public sector leaders.
3. The government should continue to support the adoption of real-time, account-to-account payments across the economy, unlocking benefits for Canadian consumers and businesses through greater velocity of money settlement.

INTRODUCTION

As the Standing Committee on Finance considers the 2025 Budget, Interac Corp. (Interac) welcomes the opportunity to provide recommendations and insight.

In response to an economy rapidly reshaped by the forces of digitalization, Canada has a unique opportunity to leap forward and become a world leader in creating digital prosperity.

We have the building blocks to enable this digital transformation but must also embrace a spirit of collaboration and the will to innovate faster to keep up with evolving consumer and business needs.

With this in mind, Interac sees several key areas where the government can support and accelerate our financial ecosystem to safely drive economic growth with solutions made by Canadians and for Canadians.

With payment and verification products trusted by Canadians millions of times every day and a new three-year strategy for 2025 to 2027, Interac looks forward to playing a pivotal role in this transformation and leading Canada to digital prosperity.

RECOMMENDATION 1: The government should fulfill its commitment outlined in Budget 2024 to enable verification of borrower income for mortgages through the Canada Revenue Agency.

In *Solving the Housing Crisis: Canada's Housing Plan* released this spring, the government announced that it would consult with industry on making a tool available through the Canada Revenue Agency (CRA) to complement existing strategies of financial institutions to verify borrower income for mortgages.

In making this commitment, the government acknowledged the distortionary impacts that fraud can have on mortgage rates and the housing market, increasing costs for borrowers and making it more difficult for lenders to provide the best rates for their customers.

It is vitally important that the government move expeditiously to address this need, as [incidences of mortgage fraud have been rising](#) and Canadians face continued mortgage cost pressures.

The government should make rolling out this tool a priority for the CRA and enable it to move forward with a solution by 2025. A key focus of upcoming consultations should be assessing time-to-market and enabling the delivery of a solution which meets the needs of mortgage industry and financial sector stakeholders. Collaboration with industry stakeholders will help create a comprehensive and effective tool that can address various types of income verification requirements.

RECOMMENDATION 2: The government should continue to support efforts to combat fraud in Canada by increasing public education and awareness and convening a specialized expert advisory panel of private and public sector leaders.

In Canada, fraud trendlines have been escalating as the volume of digital interactions increases. By some measures, [Canada has seen a 39 per cent increase in suspected digital fraud attempts](#) for transactions originating domestically, compared to single-digit growth in most other countries.

According to the Canadian Anti-Fraud Centre (CAFC), reported fraud-related losses cost Canadians \$569 million in 2023. The CAFC estimates that only five to 10 per cent of scams are reported, which sets the true losses at \$5.7 to \$11 billion annually. The CAFC's reporting also shows a nearly 50 per cent growth rate in reported fraud between 2021 and 2023.

Preventing fraud starts with ensuring Canadians are equipped to know and detect scams and other fraudulent activity. [Interac research](#) demonstrates that two thirds of Canadians polled often find it difficult to spot scams and over nine in ten have experienced some kind of digital fraud attempt in the past six months.

Continuing to invest in consumer education via the Financial Consumer Agency of Canada (FCAC) and other industry initiatives is critical to maintaining vigilance and will help deter new types of fraud.

But it is not enough to only equip Canadians with knowledge. We must also advance new data and technology-based solutions intended to detect and prevent fraud before it reaches Canadians.

The complexity and sophistication of modern fraud schemes mean that no single entity can effectively combat these issues alone.

The government should convene a specialized expert advisory panel of private and public sector leaders to advise on actionable policy changes for business sectors to implement on fraud prevention, including identity theft and financial fraud.

By establishing an expert advisory panel, there is an opportunity to share vital information, best practices and innovative strategies between sectors. The advisory panel could support the development of industry standards and could serve as a platform for continuous dialogue and cooperation, ensuring that sectors remain aligned in their efforts to protect Canadians from fraud. This group could also provide guidance to rapidly identify emerging threats, develop countermeasures and ensure policies and practices are adaptive to the rapidly changing landscape of fraud.

RECOMMENDATION 3: The government should continue to support the adoption of real-time, account-to-account payments across the economy, unlocking benefits for Canadian consumers and businesses through greater velocity of money settlement.

Canada has a strong record of innovation when it comes to payments and financial services innovation. With this foundation, Interac is enthusiastic about the future of payments, including expanding the availability of real-time account-to-account options, consumer-driven banking and broadening access to new organizations.

The adoption of real-time payments across the market is expected to drive significant economic benefits, as evidenced by other countries that have implemented similar systems. For instance, Brazil's instant payment platform Pix has seen strong adoption rates, leading to greater convenience for consumers and improved cash flow for businesses.

A [recent C.D. Howe report](#) estimated the Canadian economy will see \$3.24-billion in efficiency gains from real-time clearing and settlement of payments over the first five years after it is introduced.

Interac has been a leader in real-time payments exchange in Canada for more than two decades through the Interac e-Transfer service and is [supporting Payments Canada](#) in delivering its Real-Time Rail (RTR) payment system, drawing on our proven expertise and delivery track record as a trusted connection point for faster digital payments.

Embedding real-time, account-to-account payments across the economy will lead to faster, easier and more convenient everyday transactions, like bill payments. It will also increase liquidity for merchants — a boon for [small businesses, which Interac has always been proud to support](#).

The instantaneous nature of real-time payments presents new opportunities for financial transactions, but it can also increase the risk of fraudulent activities. Because of this, it is imperative that fraud protection be a central component of Canada's real-time infrastructure. As a trusted intermediary partner, Interac is working with Payments Canada to ensure there will be robust fraud protections in place on day one of the RTR. This would make Canada the first country in the world to introduce proper fraud protection as part of its national real-time payment infrastructure from the outset.

The federal government's support is crucial in realizing the full potential of real-time payments while ensuring robust fraud protection. By supporting the integration of these measures, the government can help create a secure and resilient financial environment that fosters economic growth and protects Canadians.

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](#).