

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

**By: Financial Data and
Technology Association
(FDATA)**

Summary of Recommendations

Recommendation 1: That the Government of Canada leverage Budget 2025 to rapidly implement a well-governed, interoperable, and regulatorily harmonized Consumer-Driven Finance system to unlock economic growth and build a more competitive, inclusive, and innovative financial services market for Canadian consumers and small business owners without any further delay.

Recommendation 2: That the government adopt structural reforms necessary to ensure the Consumer-Driven Finance system works as intended by expanding the scope of participation to include all relevant market actors, enabling tiered and proportionate accreditation and enforcement, and minimizing duplicative regulatory burdens across jurisdictions.

Recommendation 1: Unlocking Canadian Innovation and Competition Through Consumer-Driven Finance

Canada stands at a crossroads. It has been seven years since Budget 2018 began the process of designing and delivering a consumer-driven finance, or open finance, regime in Canada. The resulting deliberative, fulsome consultations between government and market stakeholders ultimately yielded some progress in Budget 2024, which provided for the initial implementation of open finance in Canada. The framework delivered by last year's budget holds the potential to meaningfully increase competition in Canada's financial sector, provide consumers and small businesses with more control over their financial data, and align Canada's financial data regime with those implemented in virtually every other G-7 nation.

To achieve this, a fully realized open finance system must be underpinned by regulatory harmonization across Canada's fragmented financial services ecosystem. A national regime that ensures consistency across federal and provincial oversight structures is essential to creating a scalable, interoperable, and competitive market.

The government must expand its approach to encompass not only open banking, but open finance. Open finance allows for the ability to access and act on financial data to create personalized customer experiences, drive the pace and scope of innovation, and create deeper industry collaboration. The result is a potentially transformative impact on a wide range of financial products and services for the benefit of consumers and small businesses. It will enable more consumers to gain access to a wider range of financial products and services, gain greater control of their data, including information from credit bureaus and utilities, and build a stronger relationship with their finances, empowering them to make better financial decisions.

The current moment presents a singular opportunity to advance open finance not only as a tool for consumer empowerment but as a coordinated economic strategy to support innovation, reduce intra-Canadian trade barriers, and build a more resilient national economy.

As we have seen with Canada's open banking experience, changes in financial sector policy have historically taken too long to be realized. The number of interested stakeholders is significant, entrenched interests remain as barriers to change, and outside factors can lead to significant time delays. Canada must begin thinking about what its open finance regime will look like, the sequencing of the files it aims to tackle, the appropriate pace to bring in such changes, the budget and people it needs to deliver it, and the overarching vision it seeks to achieve. These are complex, dynamic, and impactful policy decisions, which directly touch almost all Canadians in one way or another.

For Canada to get it right, the government must begin outlining its open finance vision as soon as possible. Budget 2025 should formalize this iterative process and stake out a timeline under which additional types of financial accounts will be added to the open finance framework first implemented through Budget 2024. To be as impactful as possible, Canada’s open finance system should ultimately include *any* financial account controlled by a consumer or small business and facilitate both read and write access to allow for payment use cases to come to market. This vision must be supported by clear and consistent rules across jurisdictions to ensure seamless implementation and minimize fragmentation. That also means defining penalties clearly, scaling them according to firm size and severity of any non-compliance, and establishing accessible appeals processes.

In building this regime, policymakers must also be mindful of existing regulatory requirements and institutional mandates. For instance, the Bank of Canada already has relevant regulatory responsibilities under the Retail Payment Activities Act (RPAA), and the Office of the Superintendent of Financial Institutions (OSFI) views third-party risk management as an enterprise-wide exercise. Canada must avoid creating an overlapping “alphabet soup” of frameworks that would confuse enforcement authorities and create unmanageable compliance burdens for market participants.

By putting a stake in the ground and committing to a timeline by which the government intends to deliver this outcome, Budget 2025 would stimulate market-driven progress and holistically harness the power of technology to improve consumers’ and small businesses’ financial wellbeing.

By elevating Consumer-Driven Finance to a national economic priority—rather than a narrow consumer protection initiative—the Government can spark private sector investment, drive digital transformation, and enhance Canada’s competitiveness in the global innovation economy, as well as enable deeper engagement with other jurisdictions that already have the systems and legal frameworks in place—including the European Union and United Kingdom.

Budget 2025 must reflect *whole-of-government* prioritization to ensure cross-ministerial alignment and delivery of an open finance regime that:

- Enables consumers and small and medium-sized enterprises (SMEs) to share their financial data across all types of accounts, including those held at provincially regulated institutions;
- Delivers regulatory harmonization to facilitate a harmonized national marketplace, bridging jurisdictional divides that currently limit the scalability of financial services and technology solutions across provincial borders; and

www.fdata.global/north-america

- Affirmatively allows for participation by small businesses, which employ 98% of Canadians, and which currently face unclear access rights under the framework initiated last year.

For Canada's innovators, consumers, and small businesses alike, the path toward Consumer-Driven Finance has already been marred by too many delays. Other global markets have moved ahead decisively with broader regimes, leaving Canada behind. To seize the opportunity presented by technology-driven financial services, to provide a more competitive financial services marketplace, and to keep pace with its G-7 peers, Canada must implement an open finance ecosystem without further delay.

Recommendation 2: Structural Reforms to Ensure Consumer-Driven Finance Works

FDATA has for the last year advocated for nuanced but important amendments to the Consumer-Driven Finance framework introduced by Budget 2024 to ensure the system works as intended. These recommendations have generally focused on the importance of unambiguously including small business accounts within the scope of the first phase of Canada's open finance system, providing for an appropriate governance entity over the system, and ensuring that all stakeholders have the right to due process as part of that system so that third-party financial providers may obtain accreditation and offer their services to end users across the country.

Amidst uncertainty amongst stakeholders in the financial sector as to how broadly the language in Budget 2024 covers small business accounts, Budget 2025 should include clarifying language ensuring that all small business accounts are unequivocally considered within the scope of the first phase of Canada's open finance framework. Such an approach is entirely consistent with the government's stated intentions in delivering Consumer-Driven Finance in Canada and would ensure that small businesses have the same opportunities to benefit from technology-enabled tools, products and services as will consumers. To strengthen the framework and reduce intra-Canadian trade barriers, Budget 2025 should also expand the open finance framework to include provincially regulated financial institutions. Limiting participation to federally regulated entities exclude a significant portion of Canada's financial system and hinders the ability of fintechs and consumers to operate consistently across jurisdictions. Broader inclusion will improve consumer access, drive competition, and create a truly national framework.

The delay in standing up consumer-driven finance in Canada has enabled one regulatory benefit: registration with and oversight by the Bank of Canada under the RPAA was implemented late last year. Given the Bank of Canada's existing oversight responsibilities over financial technology firms and its significant expertise in the financial sector, FDATA continues to believe that it would

www.fdata.global/north-america

be a more appropriate entity to govern Canada’s open finance regime. By contrast, assigning this role to the Financial Consumer Agency of Canada risks duplicative oversight and regulatory fragmentation.

To maximize participation, Budget 2025 should direct the creation of a tiered and harmonized accreditation regime that builds on existing RPAA obligations and avoids duplicative or misaligned requirements. Without such harmonization, small and innovative firms—many of which are already registered with the Bank of Canada—will face additional and costly compliance layers that may prevent them from entering or remaining in the market.

Irrespective of whether Budget 2025 provides for such an outcome, however, the Government should also ensure that enforcement of compliance with open finance requirements is uniformly and consistently applied and, critically, tiered in order to facilitate the entrance of small, innovative companies into the marketplace. To accomplish this important outcome, Budget 2025 should require that the governance entity responsible for oversight of the open finance marketplace have “evidentiary support” before bringing an enforcement action for non-compliance forward, stipulate that the entity must issue regulations establishing the penalties and process for enforcement, and provide stakeholders with an opportunity to more accessibly appeal penalties in the event they believe them to be unwarranted.

In developing regulations establishing processes and penalties for enforcement in the open finance framework, it is critically important that the governance entity clearly assert the penalties associated with various aspects of non-compliance with the system, and that those penalties be applied on a sliding scale based on the severity of the alleged violation and the size and complexity of the company alleged to have committed the violation. Such an approach would promote transparency, encourage innovation, and mitigate the risk of smaller firms opting out of the system due to fear of disproportionate penalties or unclear compliance expectations.

Finally, to enable full interoperability across sectors and reduce fragmentation, Budget 2025 should propose amendments to the Personal Information Protection and Electronic Documents Act (PIPEDA) to establish a legally binding data access and sharing right for consumers and SMEs. Harmonizing this right across financial, utility, and telecommunications sectors will support a broader consumer-driven finance ecosystem and prevent the development of regulatory silos that could stifle innovation.

Conclusion



www.fdata.global/north-america

Delivery of open finance has been marked by years of delays. Budget 2025 should both finally ensure the implementation of a comprehensive, well-governed open finance regime and address existing issues in the initial framework proposed under Budget 2024. If approached with urgency and vision, open finance can serve as a catalyst for inclusive economic growth, innovation, and market modernization. But without bold action, the promise of open finance will remain unfulfilled, and Canada will continue to fall behind its global peers.

To deliver on this promise, the Government must expand the framework to encompass all financial accounts, including those held by small businesses and at provincially regulated institutions. The Government should also:

- Empower consumers and SMEs with a legally binding data access and sharing right through PIPEDA reform;
- Implement tiered and harmonized accreditation requirements to lower barriers to entry for smaller companies;
- Reduce regulatory overlap by designating the Bank of Canada as the governance entity for Consumer-Driven Finance; and
- Ensure that enforcement mechanisms are proportionate, evidence-based, and include clear appeal processes, so as to encourage—not discourage—market participation and innovation.

FDATA and its members remain committed to working with the Government to advance this vision, deliver meaningful results for Canadians, and ensure a secure, competitive, and dynamic financial services ecosystem for the future.

About FDATA

FDATA's members collectively serve millions of Canadian consumers and SMEs by providing financial management and accounting tools, digital banking services, access to investment and savings platforms, affordable credit products, and other financial services.

FDATA was founded in early 2018 by several firms whose technology-based products and services allow consumers and small businesses to improve their financial wellbeing. We continue to provide technical expertise to policymakers and to regulatory bodies internationally that are contemplating, designing, and implementing open finance frameworks.

Word Count: **1,987**