

Payments Canada Summit

President's Remarks on CDIC Priorities in Fintech

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Speaking Notes by Leah Anderson, President and CEO

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Introduction

It is a pleasure to have the opportunity to participate in this Payments Canada summit alongside my fellow financial sector agency and regulatory colleagues.

And to share our perspectives on the *opportunities* and *challenges* on digital innovation, and our *respective priorities*.

As you are hearing from both Ron and Peter, our priorities are intricately linked and reinforcing.

So, we work closely together to ensure the regulatory framework supports the vast opportunities presented by digital innovation, while prudently managing the risks – both on consumer end users, and the financial system as a whole.

Objectives and Role

Collectively, our overarching public purpose objectives for the financial system, including the payments ecosystem, are:

- Safety and soundness
- Innovation and competition
- Consumer protection and utility
- Security

Ron shared the important motivation for the RPAA and BoC oversight – to ensure *consumer trust and confidence in their ability to reliably transact* in the economy.

CDIC has a related but distinct role as a deposit insurer – to ensure *consumer trust and confidence* in the safety of their savings held in a CDIC member institution.

- This ensures *consumers' ability to save and transact*. We provide peace of mind that the money you have worked hard for, and saved, is safe. (It will be there when you need it to make payment transactions, as well as for major expenses like living costs, mortgage down payments, transportation and tuition costs, travel etc).
- Deposit insurance also supports *financial stability*. When consumers have confidence that their money is safe - no matter what - they do not need to worry about it.
 - We have seen in both in history, and currently in respect of instability engendered by the war in Ukraine, what can happen when people become worried about the safety of the institution where they store their money – they panic and withdraw money which can lead to a “run” and create or escalate financial instability.
 - All federally regulated DTIs are members of CDIC – which critically supports consumer trust and confidence, and in turn the stability of Canada’s banking and broader financial system.

Priorities

Against this backdrop, I will highlight 3 CDIC priorities in the financial innovation space:

1. Helping customers understand their deposit insurance coverage

- Consumers benefit from innovation and a range of products and services from different providers in the financial system.
- However, these products and services may present different consumer protection risks. Some may increasingly look and feel a bit like bank deposits – but are not.

- We raise **public awareness** through advertising and other media, and have an established web presence.
- We also partner with our colleagues at the FCAC to increase **financial literacy** among Canadians, and we work with member institutions to provide consumers information about the value of deposit insurance.
- Finally, we have rules that **prohibit false or misleading information** about CDIC protection including by PSPs and fintechs in the payment space.

2. Anticipating and responding to future innovation

- We continue to prioritize being forward looking and proactive on *coverage protection* and *awareness*, given the proliferation of products, service providers and distribution channels.
- As I indicated at the outset, we are working hand in glove with our regulatory partners to ensure the Canadian financial sector framework is an enabler of innovation that supports consumers and the economy, while at the same time protecting consumers and supporting financial stability.

3. Transforming our processes

- As payments Canada advances on its payment modernization journey, we too are transforming our processes at CDIC by innovating and leveraging technology to meet the needs of Canadians.
- We have launched a *payout* modernization project, which will enable even faster payout to Canadians of their savings held at a CDIC member institution in the event of failure, and in ways that meet the evolving expectations of Canadians in a digital economy.