

Submission to the Senate Committee on Banking, Commerce and the Economy

Re: Bill C-15, *Budget Implementation Act, No. 1*

The Electronic Transactions Association (ETA) is the world's leading advocacy and trade association for the payments industry. ETA members span the full spectrum of payment and fintech companies, from major financial institutions to emerging innovators. Collectively, our sector processes over \$52.7 trillion annually in purchases and peer-to-peer payments worldwide. ETA members are at the forefront of innovation, security, and reliability in payments, enabling commerce across the globe.

We thank honourable Senators for the opportunity to provide our feedback on Bill C-15, the *Budget 2025 Implementation Act, No. 1*. Particularly, we are keen to provide feedback on Division 9 and Division 45.

Division 45 – the *Stablecoin Act*

Stablecoins are digital tokens designed to maintain a stable value relative to a reference asset. Unlike cryptocurrencies, such as Bitcoin, which are highly volatile, stablecoins are engineered to combine the benefits of blockchain technology with the predictability of traditional fiat currency. Their growth has been rapid, with stablecoins now representing one of the most widely adopted use cases for blockchain in payments, trading, and settlement ([Stablecoins and the proliferation of mobile payments](#)).

The incorporation of a detailed *Stablecoin Act* into Bill C-15 is a major policy development that ETA views positively. The Bill as drafted seeks to regulate the issuance of fiat-backed stablecoins, mandate transparency and reserve requirements, and integrate stablecoins into the broader framework for retail payments. By doing so, the legislation aligns itself with Canada's ongoing efforts to modernize its payments infrastructure and foster digital asset innovation while safeguarding financial stability and consumer protection. ETA applauds the federal government's efforts and agrees that CAD-denominated stablecoins should be encouraged, incentivized and embraced to keep Canada's financial sector competitive and protect Canadian monetary sovereignty.

ETA has historically advocated for a digital asset framework that carefully considers the use to which the digital assets are being put and tailor regulation to the risk profile presented. The *Stablecoin Act* accomplishes this in several different ways:

- **Establishing issuer obligations:** The *Stablecoin Act* imposes clear obligations on entities that issue stablecoins for use by persons in Canada. Under its provisions, only issuers who are registered and listed on a public registry maintained by the Bank of Canada may legally make their stablecoins available for purchase in the Canadian market. This registry requirement ensures that stablecoin issuance is transparently tracked and retains the Bank of Canada as the central touchpoint for regulation.
- **Ensuring consumer protection:** Once registered, stablecoin issuers must satisfy prudential and operational standards. Issuers will be required to maintain reserves that

are sufficient to back redemptions, and these assets must be of high quality, unencumbered, and held in a structure designed to insulate them from bankruptcy risk. The Act also mandates redemption policies.

- **Guaranteed redemption:** Issuers must publish enforceable terms regarding how, when, and at what cost users may redeem stablecoins.
- **Canada's *Retail Payment Activities Act (RPAA)*:** Stablecoin linked payment services, such as wallet providers, custodians, or other PSPs that facilitate transactions in stablecoins, will now fall under the RPAA's supervisory net.
- **Important amendments to the the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*:** to ensure that stablecoin issuers fall under Canada's existing AML regime, and it gives the Minister of Finance authority to intervene based on national security concerns.

Stablecoins represent a fundamental shift in how money moves. Their advantages in speed, cost, and accessibility are too compelling to ignore. With nearly every major payment player already involved, the trajectory points toward inevitability. The recently announced *Stablecoin Act* is an important step towards addressing the emerging needs, risks and opportunities that stablecoins will introduce into the payments space in Canada and around the world.

Division 9 - Consumer-driven banking framework

ETA believes that a well-designed consumer-driven banking framework presents a generational opportunity to foster greater competition, empower consumers, and drive innovation across the financial services sector. We support a flexible, principles-based approach that is anchored in trust, transparency, and strong consumer protections. Such a model would not only provide Canadians with more meaningful choice in how they manage their financial lives, but also unlock new opportunities for innovation and economic participation.

Consumer-driven banking has the potential to democratize access to financial tools by enabling individuals and businesses to securely share their data with trusted third parties. This can foster the creation of tailored financial services, such as comprehensive financial dashboards, alternative credit assessments, and personalized budgeting tools.

ETA believes the Government of Canada can lead in building a modern regulatory environment that encourages responsible innovation. This includes accreditation pathways that are rigorous but adaptable, enabling both established institutions and emerging fintechs to participate meaningfully.

Oversight mechanisms should be robust but designed to promote participation by ensuring compliance requirements are aligned with the actual risk posed. Data protection must be central to the framework, with a supervisory authority empowered to uphold cybersecurity, fraud prevention, and privacy standards. At the same time, regulatory harmonization with existing frameworks is critical to avoid duplication.

Ultimately, this is about building a financial system that works even better for more Canadians. It's about building a system that leverages innovation to enhance competitiveness, broaden access, and strengthen our institutions. ETA stands ready to work collaboratively to deliver on this important next step.

Conclusion

ETA supports the objectives of Bill C-15 and views both the *Stablecoin Act* and the consumer-driven banking framework as foundational steps in modernizing Canada's financial ecosystem. Together, these measures strike an appropriate balance between fostering innovation and ensuring consumer protection. By adopting a principles-driven approach, Parliament can position Canada as a global leader in digital payments and financial services while safeguarding public trust. ETA appreciates the Committee's consideration of our views and stands ready to support the successful implementation of these important reforms.