

BANK ON IT: CANADA'S CONSUMER-DRIVEN BANKING FRAMEWORK

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On December 16, 2024, the Government of Canada released its [2024 Fall Economic Statement](#) (the “**Economic Statement**”), which establishes the remaining pieces of Canada’s proposed consumer-driven banking framework (the “**Proposed Framework**”). We have [previously written](#) about the [2023 Fall Economic Statement](#) and the federal government’s intent to introduce open banking legislation, which set the stage for the Proposed Framework. The government’s [Policy Statement on Consumer-Driven Banking](#), released concurrently with the 2023 Fall Economic Statement, highlighted core elements of the Proposed Framework. While the 2023 Fall Economic Statement touched on some of these elements, the recently published Economic Statement signals the government’s commitment to establishing and implementing legislation for the remaining elements of the Proposed Framework. Established rules, guidelines and standards for the Proposed Framework will ensure that individuals can safely and securely share and access their financial data, resulting in better financial outcomes for many Canadians.

Core Elements of the Proposed Framework

The Economic Statement focuses on the core elements of the Proposed Framework: governance, scope, accreditation, common rules, national security and technical standards.

Governance

The Proposed Framework’s governance model is intended to ensure that participants will comply with common rules and that clear roles and responsibilities will be established. In support of this, the Financial Consumer Agency of Canada (“**FCAC**”) was granted a mandate that includes oversight, administration, and enforcement of the Proposed Framework, while the Department of Finance will continue to develop policies, legislation and regulations. Every participant will be subject to the Framework and supervision by the FCAC, and legislation will establish a permanent federal, provincial and territorial advisory committee to advise the Senior Deputy Commissioner of FCAC on administering and implementing the Proposed Framework. This creates consistent standards throughout Canada, ensuring that all Canadians are equally protected.

Scope

The federal government will adopt a phased-in approach to the scope of the Proposed Framework, which refers to participants, breadth of data sharing, and functionality. The initial phase will require participation from banks that have the specified level of retail volume, while other federally-regulated financial institutions, credit unions and accredited third parties can choose to opt-in. Participants will also be required, at the request of the consumer, to share data related to chequing and savings account operations, investment products, and lending products, including credit cards, lines of credit, and mortgages, subject to certain exclusions. In terms of functionality, all entities must comply with consumer-permissioned requests to share data. All entities must provide reciprocal access in order to enter and continue to participate in the Proposed Framework.

Accreditation

Entities wishing to participate in the Proposed Framework must undergo a formal accreditation process, which ensures that only trusted and legitimate parties have access to consumers' financial data. Entities will be required to apply to the FCAC and provide details about their organization, operational standards, and financial capacity. Accredited participants will be allowed to request financial data from another participant upon the consumer's instruction, and will be subjected to common rules of the Proposed Framework. All entities will adhere to the same accreditation standards, ensuring a consistent approach before exploring more tailored options.

Common Rules

The Proposed Framework will establish common rules addressing privacy, liability, security, national security and integrity obligations, which aim to complement existing legislation rather than be duplicative or conflicting. All participants must comply with the common rules in order to access consumer data.

National Security

The Proposed Framework will include safeguards to protect the integrity and security of Canadians' confidence in the financial sector, which will also align with existing legislation affecting the financial sector, such as the Retail Payment Activities Act, the Bank Act and the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. The Minister of Finance will have the authority to refuse, suspend, or revoke access to the Proposed Framework on the basis of national security reasons.

Technical Standards

A key objective of the Proposed Framework is to ensure secure data sharing through the use of APIs, a software that allows products and services to communicate with each other. The Proposed Framework will set a technical standard that will establish the specifications to which APIs are built, which will in turn enhance functionality and interoperability.

What's Next?

The Proposed Framework aims to establish a collaborative and efficient regulatory approach, balancing national consistency with regional flexibility. Once implemented, with the support of an advisory committee guiding the FCAC's Senior Deputy Commissioner, provincial and territorial regulators will oversee specific provisions of the Proposed Framework. Once the Proposed Framework is implemented, FCAC oversight will operate on a cost-recovery model, with all participants subject to its supervision. This approach ensures consistent protections, fair rules, and provincial flexibility while fostering a unified, well-coordinated regulatory system.

Final Thoughts

The Economic Statement signals Canada's commitment to implementing a consumer-driven banking framework by setting parameters for the core elements of the Proposed Framework. The Department of Finance is now mandated to begin developing the regulations, while engaging with stakeholders and the public as necessary. Meanwhile, the FCAC will continue preparing for implementation of the Proposed Framework through engaging with participants in the industry. However, while the federal government aims to launch the Proposed Framework in early 2026, much work still needs to be done to introduce legislation that reflects its core elements.

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A Cautionary Note

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