Other countries have already implemented real-time payments systems, ranging from Brazil’s PIX to India’s UPI and the imminent Fedwire system in the United States.

A real-time payments system would allow for the exchange, routing, and settlement of a payment to happen immediately.

Canada’s Bill C-11 risks being a solution searching for a problem.

Outdated payments system costs consumers

Unlike some other countries, in Canada, it still takes days for transactions that should be instantaneous.

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The following is based on discussions at the Digitalization of Payments and Currency workshop, held concurrently with the International Governance Innovation and Brookfield Centre for Innovation and Globalization’s conference, Digitalizing the Future.

In Canada, daily transactions such as moving money between accounts or replacing cash in a vending machine are routine multi-party and platform interactions. We can assume that the digitalization of payments and currency will not be an exception. It is likely that many of these payments will be instantaneous, and that is reflected in the coffee transaction appearing in the customer's bank account in minutes.

The Canadian government will need to reform the financial system to give companies the incentive to move away from today’s too-slow systems. There is sadly little competition in our financial sector that would make interoperability necessary to manage their cash more effectively. Most importantly, the reform would allow for much more information to be shared with the payment, like its purpose and frequency, which could help drive competition and innovations in the Canadian economy.

In the final report of the task force Moving Canada into the Digital Age published in 2020, the report notes, “While Canada developed its own real-time payments system, Canadians will be unable to fully engage in the digital economy of the 21st century. Leading financial systems, a lower standard of living across the country and a loss in international competitiveness.”

Canada was ahead of the curve in thinking about the importance of a modern digital payments system, but more than a decade after this warning was issued it is lagging.

For example, Payments Canada in Real-Time. Canada process payments in minutes whereas payments in the US take hours.

The significant delays – most recently last week – in getting it operational means that it is not going to be ready anytime soon. It is time to implement.

Real-time payments systems are no longer something that is at all new or theoretically difficult. It is true that there is no agreement on defining the problem that the government wants to solve. However, that song has become a regular feature in the life of nearly every Canadian, who is paying higher fees for services.

So if a Canadian artist is to succeed through cross-border collaboration, her work should not be considered to not meet the conditions of Canadian content for that purpose.