

# DELIVER AND INTEGRATE

PAYMENTS CANADA  
CORPORATE PLAN 2020-2024



# CONTENTS

<b>Executive Summary</b>	<b>4</b>
<b>Strategic objectives and key initiatives</b>	<b>5</b>
<b>Context</b>	<b>7</b>
Our Operating Environment	10
Global Payments Outlook	10
Regulatory & Policy Landscape	12
<b>Strategies and Objectives</b>	<b>14</b>
Modernize the Canadian Payments Systems	15
Operate & Enhance the Current Payment Systems	22
Facilitate Interoperability and Innovation in the Payments Ecosystem	23
<b>Supporting Strategies</b>	<b>24</b>
Our People	24
Technology	26
Finance	27
Risk Management	35
<b>Performance Against Plan</b>	<b>37</b>
<b>Appendix</b>	<b>42</b>



## PURPOSE, VISION & VALUES

Payments Canada's core purpose, vision and values guide the investments and priorities of the organization in this plan.

### CORE PURPOSE

We underpin the Canadian financial system and economy by providing safe, efficient and effective clearing and settlement of payments.

### VISION

We will make the Canadian economy stronger if we always strive to lead the world in what we do.

### VALUES

1.

#### THINK BIG, AND ACT RESPONSIBLY

**Think Big:** Thinking big means seeing things differently, applying our creativity to challenges and questioning assumptions before solving problems.

**Act Responsibly:** As a public-purpose organization, we act responsibly in the best interests of all Canadians while also serving our participants and stakeholders.

2.

#### BE AMBITIOUS, AND RAISE THE TEAM

**Be Ambitious:** It's important to push ourselves to take on challenges and achieve, to constantly learn and grow, to target greatness and work hard to get there.

**Raise the Team:** Ambition is most powerful when it makes everyone around us better. We are a team of teams. We love what we do and are at our best when we're having fun.

3.

#### KEEP MOMENTUM, AND BE RIGOROUS

**Keep Momentum:** Decisions need to be rooted in diligence, but must also be made. We must show persistent and prudent progress and deliver on what we say.

**Be Rigorous:** We will make smart choices through research, individual learning, keen focus and a passion for performance.

# EXECUTIVE SUMMARY

**Payments Canada has formed a critical part of Canada's financial market infrastructure for four decades. We are responsible for the systems, processes and rules essential to payments clearing and settlement in Canada.**

In 2015, we embarked on an ambitious program to modernize Canada's payments systems, marking the beginning of an evolution well beyond our 'operational' role to raise the country's financial ecosystem to a modern global standard. We are succeeding in this regard: we are fully engaged in preparing for new payments system implementation in 2021. The appointment of Tracey Black, previously Executive Director of the Modernization program, as CEO of Payments Canada on March 1, 2020 ensures the smooth continuation of the program and ongoing focus on the organization's goals.

The Modernization program requires transformational ecosystem change. It will not only transform clearing and settlement in Canada, but also the payment systems and processes of our member organizations. Modernization puts our Vision directly into practice: we will make the Canadian economy stronger if we always strive to lead the world in what we do.

# STRATEGIC OBJECTIVES AND KEY INITIATIVES

As we move from Modernization planning to system delivery, Payments Canada remains focused on three strategic objectives that anchor our Corporate Plan.

## 1. MODERNIZE THE CANADIAN PAYMENTS SYSTEMS

In Canada, modernized payments will fulfill the need for speed and efficiency among consumers and businesses; support the global ISO 20022 messaging standard for richer transaction data and interoperability with financial systems around the world; and raise the bar on security, privacy and resiliency. At the same time, we are bolstering our technology and cyber security environments.

Upcoming Modernization outcomes include:

- **Lynx:** A modern high-value payments platform that is fast, sound, secure and resilient, to replace the current Large Value Transfer System (LVTS) in 2021.
- **The Real-Time Rail (RTR):** A new system that will conveniently allow payments to be sent and received in seconds 24/7/365, to be launched in 2022.
- **Retail Batch Payments (RBP):** Replace the existing retail batch payment system with a centralized system and enhanced risk model.

Together, these systems will provide a richer set of payment options to meet the needs of Canadian consumers, businesses and governmental organizations.

## 2. OPERATE AND ENHANCE CURRENT SYSTEMS

While modernization efforts are ongoing, Payments Canada has a continuing duty to provide safe, sound and efficient operation of critical financial market infrastructure systems that serve the best interests of a diverse group of stakeholders. In 2020, we will continue to integrate Modernization program elements into core operations. This entails changes such as developing the skill set required to manage our new technology partners and readying our internal teams to operate new payment systems.

We have matured our risk and operations management approach to actively measure potential threats. We continue to work with industry and government to increase system resiliency and are instituting new protocols and certification processes for connecting to our payment systems. We have robust disaster recovery and business continuity strategies and processes in place in the event of system outage or cyber incident affecting payment or corporate systems.

Payments Canada is moving into a new decade and a new planning period. Over the course of this plan we continue to concentrate on activities that strengthen the management and performance of existing and future core systems. We have a strong focus on safety, resiliency and the delivery of world-class payment services.

## 3. FACILITATE INTEROPERABILITY AND INNOVATION IN THE PAYMENTS ECOSYSTEM

Payments Canada plays an active role in facilitating a collaborative forum for domestic and global payments innovation, standards adoption and cost savings. We publish expert research, foster collaboration and host forums such as the yearly Payments Canada SUMMIT conference. Facilitation will be critical in the next two years, as we need to fully prepare ecosystem participants for new system launches.

As we pursue our Vision for the evolution of payments in Canada, we will continue to advocate for the interests of our members as well as for all beneficiaries of the country's payment systems in order to facilitate a more transparent and competitive payments environment.



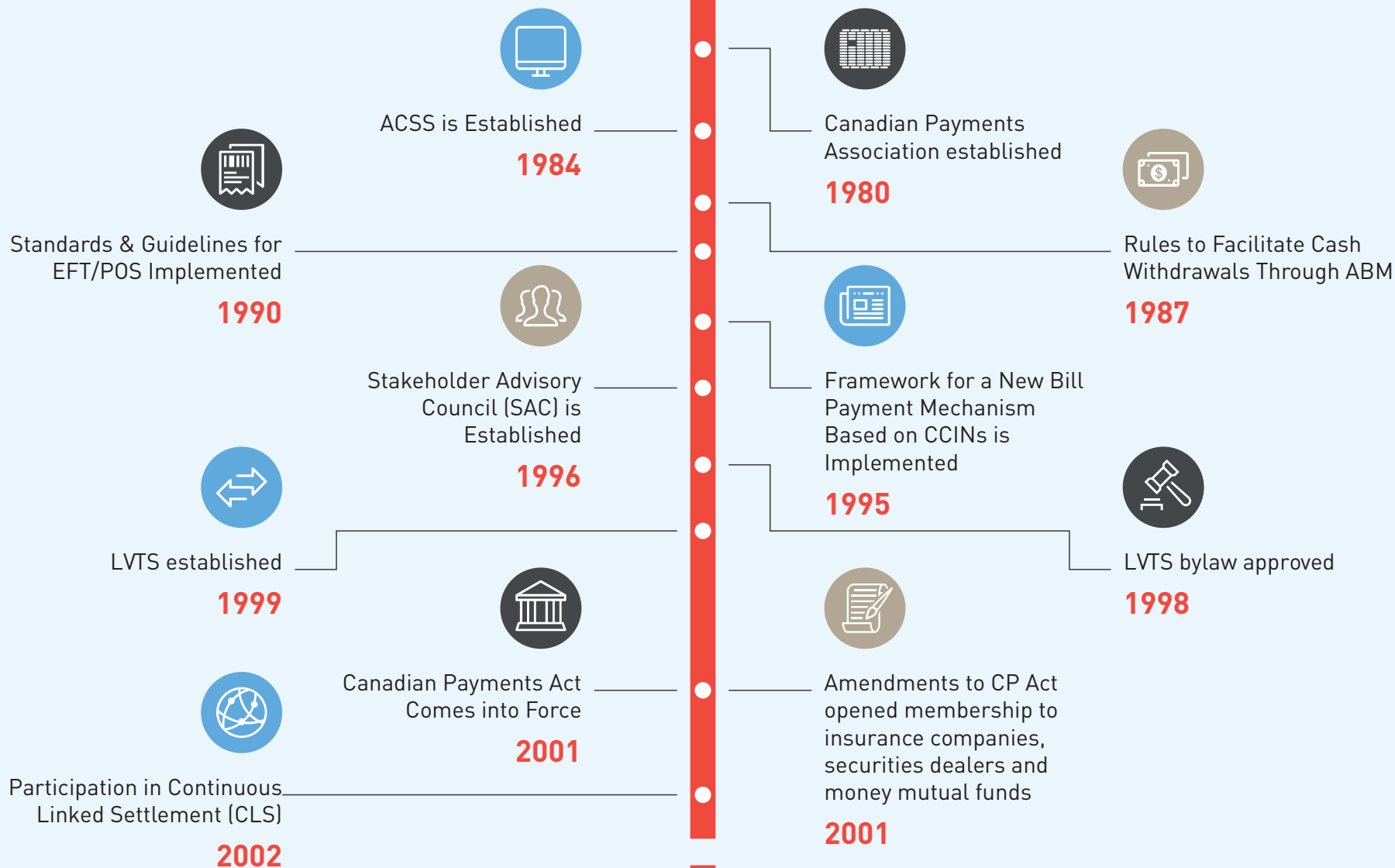
# CONTEXT

**In 2020, Payments Canada turns 40 years old. It's a milestone worth celebrating, as we have grown tremendously, both as Canada's payment systems provider and as an organization. We have made substantial human and financial resource investments across all parts of the company (e.g. technology, risk, security, research and policy), accelerating our evolution from a humble association to a dynamic organization that is considered to be the "centre of excellence" for payments in Canada.**

We have a renewed governance structure. Our board of directors is composed of a majority of independent directors, augmented with member representatives who are experts in the payments industry. The board is supported by the Member Advisory Council and Stakeholder Advisory Council, both of which are strong and engaged in their duties and responsibilities to the board. Such strategic changes have enabled us to become well positioned to lead an industry movement that will put Canada at the forefront of modern payments.

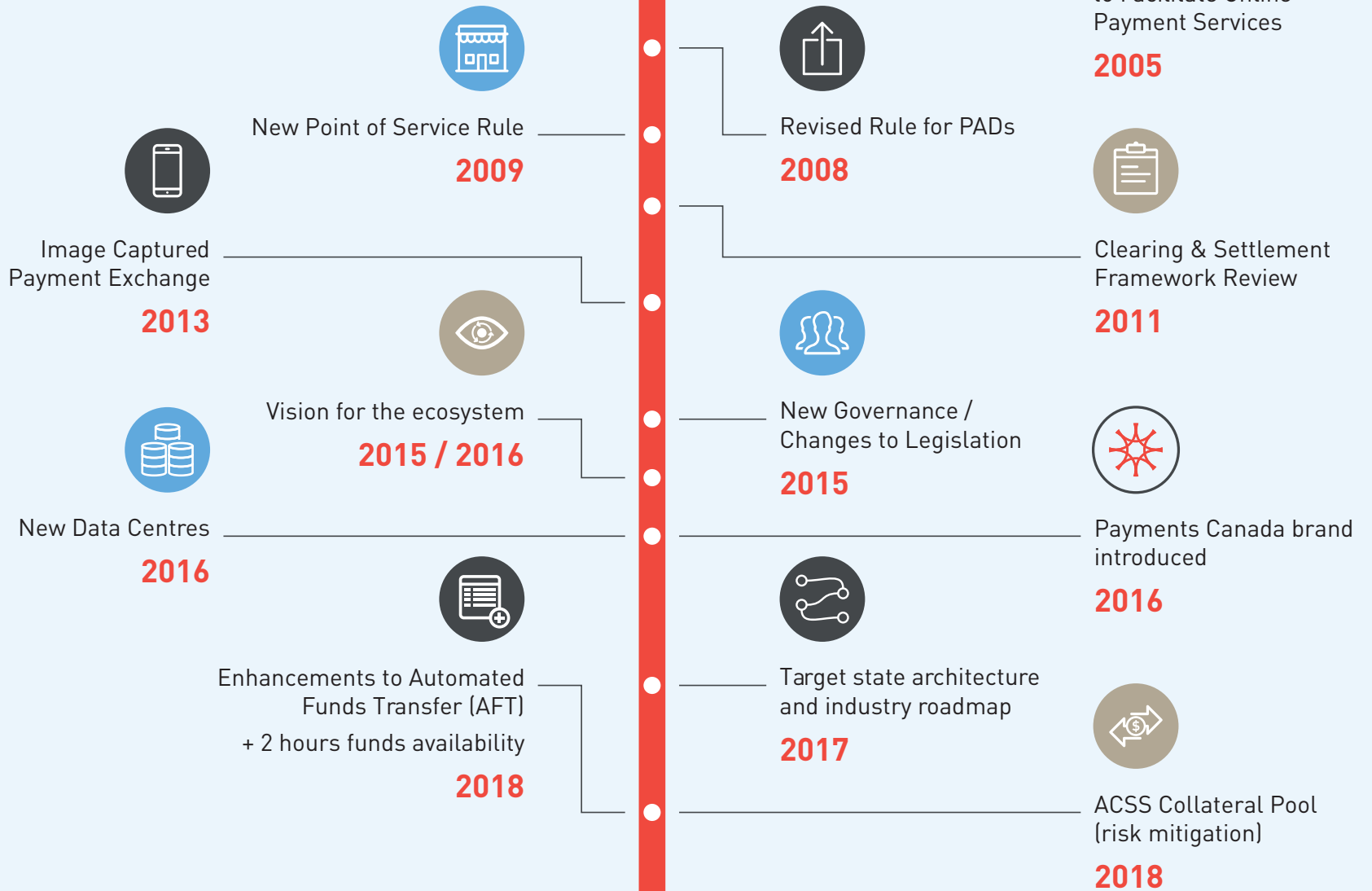
Payments are the medium through which Canadian consumers, businesses and governments purchase goods and services, make financial investments and send or receive money. The Canadian economy depends on the exchange of billions of dollars each day, a constant flow of value that keeps the country's economic engine running. The value of payments cleared and settled by Payments Canada's systems continues to increase: in 2019 we cleared and settled approximately \$55 trillion in payments (up from \$53 trillion in 2018), which translates to \$218 billion every business day. The volume of payments also continues to increase: in 2019 our systems processed approximately 8.3 billion payments (up from 8.0 billion in 2018).

## PAYMENTS CANADA 40 YEARS: KEY MILESTONES 1980-2020





## PAYMENTS CANADA 40 YEARS: KEY MILESTONES 1980-2020



## OUR OPERATING ENVIRONMENT

The many stakeholders and steps involved in making payments happen in Canada point to the unique nature of our organization. We are a non-governmental, public purpose, not-for-profit organization, funded by our members. The Canadian Payments Act has tasked us with the responsibility of operating and safeguarding Canada's sophisticated core payment systems and processes which are the backbone of our country's economy.

Our stakeholder base is increasingly diverse and multidisciplinary. In pursuing our mandate, we must be cognizant of the environment in which we operate and the need to balance a wide spectrum of stakeholders with different, and sometimes divergent interests. As we manage these diverse points of view, we must at the same time be mindful of the highly regulated environment in which we operate. These factors combine to create an operating environment that is complex and, at times, challenging. However, given our deep payments knowledge and highly experienced staff, we are well positioned to succeed.

## GLOBAL PAYMENTS OUTLOOK

Our payments ecosystem has been influenced by trends in global payments. This is especially true at the moment, given the current worldwide theme of breaking down barriers of all kinds: providing businesses and consumers with more payment options; simplifying and adding transparency to transactions across borders; opening up to more diverse payment service providers (PSPs) and other financial technology companies (FinTechs) as well as big tech developments in other economies. Although these developments are promising, they must be viewed under a new lens, that being the added risks posed by a fundamental shift in the cyber threat landscape.

We are monitoring the following global trends that may impact this corporate plan:

### 1. SEAMLESS PAYMENTS IN ECOMMERCE

There is a significant increase in ecommerce globally with the introduction of integrative digital payments and online sales platforms. Friction-free payments in the ecommerce space encourage more consumers to use online retail and to modify consumer payment habits by driving online credit card and e-wallet use. This can also encourage the use of closed-loop payment systems such as store-specific credit cards or gift cards.

## 2. TECHNOLOGY

Biometrics, Cryptocurrency, Artificial Intelligence: these are buzzwords, but they have real implications for payments. *Artificial Intelligence (AI)* technologies are being integrated into the online shopping experience to encourage transactions via apps that integrate social media and financial services seamlessly. For payment system operators like Payments Canada, AI can augment current procedures for risk and fraud management or detect possible contraventions of payments system rules. *Cryptocurrency and Distributed Ledger Technology (DLT)* are maturing, with a global movement towards the adoption of DLT platforms and smart contracts as accelerators of real-time and cross-border payments. Biometrics are changing how consumers authenticate and authorize payments.

## 3. CROSS-BORDER PAYMENTS

Following the implementation of real-time systems, numerous jurisdictions are turning to cross-border payments as the next big thing to remove friction and increase end-user benefits. Remittance companies and payment technology firms have been offering innovative ways to move money across borders for years, gradually reducing costs and speeding up payments. The SWIFT Global Payments Initiative is now bringing this speed and transparency to cross-border wire payments between financial institutions that settle in central bank money. Payments Canada's 2016 white paper, *Developing a Vision for the Canadian Payments Ecosystem*, identified enhanced cross-border capabilities as an important aspect of a modern Canadian payments system. Developing such capabilities will be an increasingly important objective over the planning period, following the implementation of Lynx and the RTR.

## 4. CYBER THREAT LANDSCAPE

The cyber threat landscape has changed fundamentally. Organized crime syndicates joined early, solo actors; now state-sponsored teams are capable of cyber heists at the national payment system level. State tools are also increasingly being found in the hands of cyber criminals, a trend exacerbated by a worldwide shortage of qualified cyber professionals and weak payment system security posture in developing nations.

To keep payments systems secure, we follow both global and domestic standards in information security, including cyber security. The ever-evolving threat landscape ensures that this will continue to be a priority throughout the balance of the planning period.

## 5. DIGITAL IDENTITY AND AUTHENTICATION

Jurisdictions around the globe are making great progress in securing online commerce and services. Digital identity regimes allow individuals and businesses to authenticate, identify and operate efficiently when interacting digitally, protecting privacy and reducing fraud. In Canada, the Digital Identification and Authentication Council of Canada (DIACC), of which Payments Canada is a member, launched about a decade ago to spur action. Implementing a regime domestically will stimulate electronic payments, reduce financial crime and allow Canadians to fully adopt digital commerce.



# REGULATORY & POLICY LANDSCAPE

**As barriers to payments around the world continue to fall thanks to ecommerce, new financial technologies and efficient cross-border transactions, payments are coming of age. Government regulations and policies play a central role in these advances, including here in Canada.**

Our Modernization journey requires transformational ecosystem change. It's an extensive program that will transform not only Canada's clearing and settlement systems, but also the payment systems and processes of our member organizations and the services offered to Canadian consumers and businesses. It will also provide opportunities for newer entrants to compete with established players.

To ensure success, we are working closely with the Bank of Canada, the Department of Finance and financial sector regulators. Modernized payments systems need to be underpinned by flexible and robust Payments Canada policies, which are enabled and informed by forward-thinking financial sector legislation.

Over the planning period, Payments Canada will influence a number of legislative and regulatory initiatives, including the introduction of the Retail Payments Oversight Framework (RPOF) and its related regulatory function at the Bank of Canada, as well as the review of the Canadian Payments Act. These will potentially allow for an expansion of our member base and lay the groundwork for open banking and modernized data rights.

## 1. RETAIL PAYMENTS OVERSIGHT FRAMEWORK

In Budget 2019 the Government of Canada made known its intention to introduce legislation to implement a new framework for the oversight of retail payments so that retail payment service providers can continue to offer innovation in services, while remaining reliable and safe. The framework will help level the playing field by bringing newer entrants under regulation and act as the foundation for broader, risk-based access to Canada's retail payments ecosystem, an objective of Canada's payments Modernization program.

The planned framework, if combined with necessary changes to the Canadian Payments Act, presents a very significant and exciting opportunity for Payments Canada and the Canadian payments ecosystem – enabling Payments Canada to welcome new payment service providers (PSPs) as members and onboard new participants into our national payments systems. To do so safely and effectively we will need to make important enhancements to our membership onboarding process, as well as to our risk management and compliance functions.

## 2. REVISIONS TO THE CANADIAN PAYMENTS ACT TO ENABLE NEW MEMBERS

The first phase of the federal government's review of the Canadian Payments Act resulted in some technical changes to the Act in 2019, which were well aligned with Payments Canada's advocacy efforts. We anticipate these amendments will come into force once supporting by-law amendments are made which will foster the continued effectiveness of Payments Canada's Board of Directors and the Stakeholder Advisory Council.

Payments Canada is now engaged with the Department of Finance, our members and stakeholders regarding more fundamental changes to the legislation, namely, how to expand our membership and make related governance reforms to enable broader participation in our payment systems. This will drive greater payments competition and innovation to benefit all Canadians. The legislation underpinning Payments Canada membership needs to become more flexible in order to incorporate new and diverse members and to enable open, risk-based access to our systems.

## 3. OPEN BANKING

As implemented in various jurisdictions around the world, open banking enables consumers to better and more safely control their banking data and aggregate their financial information across multiple sources in an integrated and flexible manner to suit their needs. The federal government will consult in 2020 on how to implement open banking; we are excited that the government recognizes it is no longer a question of whether, but how, implementation will occur. As with RPOF, we urge that this initiative move at pace this year given the competitive and consumer protection implications for the Canadian financial system.

Payments Canada will explore the role it can play as part of a broader public and private sector initiative to bring open banking to life in Canada. We expect open banking to include third party initiation of data-rich payments (where consumers can use other service providers to initiate payments from their deposit accounts) and we can assist with implementation. We will design system capabilities and policies that we will implement over the next few years through Modernization—especially for the RTR—to safely deliver benefits for Canadians. In 2020 we will focus on engaging the ecosystem and look to the Department of Finance for policy direction to underpin our collaborative efforts. Open banking can be implemented quickly and successfully in Canada. The demand is real, the benefits are clear and the federal government can play a strong leadership role in advancing this initiative.

## 4. CENTRAL BANK DIGITAL CURRENCY

The Bank for International Settlements, in cooperation with a number of other central banks (including the Bank of Canada), is assessing the opportunity to issue electronic money, referred to as central bank digital currency (CBDC). This group is sharing knowledge on emerging technologies and assessing the economic, functional and technical design implications of CBDC.

Payments Canada is in a unique position to play a critical role in such an important initiative. As a public purpose entity, we are an independent voice that can represent our members, stakeholders and the Canadian public in discussions about the ways in which CBDC will impact payments for business and consumers, domestically and internationally.

# STRATEGIES AND OBJECTIVES

As Payments Canada pursues its mandate to facilitate interoperability and innovation in the payments system, we will continue to drive collaboration. To fulfil our vision of a thoroughly modernized payments infrastructure, current payment systems that continue to be dependable, and a payments ecosystem that is fully engaged, we are pursuing three long-term desired outcomes:

**1.  
MODERNIZE THE  
CANADIAN PAYMENT  
SYSTEMS**

**2.  
OPERATE AND  
ENHANCE CURRENT  
PAYMENT SYSTEMS**

**3.  
FACILITATE  
INTEROPERABILITY  
AND INNOVATION  
IN THE PAYMENTS  
ECOSYSTEM**



# MODERNIZE THE CANADIAN PAYMENTS SYSTEMS

Payments Canada's Modernization program is a multidimensional initiative that involves the replacement of our high-value payments system, including the introduction of a new risk model; the design and implementation of a new real-time payments system; enhancements to the existing retail batch payments system; and the introduction of a central exchange to support retail batch payments. In planning and delivering this initiative, Payments Canada must take into consideration the diverse and sometimes conflicting perspectives of the many stakeholders within the Canadian payments ecosystem. Modernization remains the key focus in this Corporate Plan.

## BENEFITS OF MODERNIZATION

Modernizing our payments capabilities will deliver far-reaching gains to Canadian financial institutions, businesses and consumers. For financial institutions, enhancing our payments systems will support product and service innovation. For businesses, the introduction of faster, safer and data-rich payments will support increased digitization of payments processes, spur innovation to lower operational costs and boost bottom-line returns. For consumers, it will enable the introduction of new and enhanced payment products, changing how, where and when we can pay, and making payments easier and more convenient.

The rules, regulations and mechanisms associated with payments have a profound effect on the economy. In 2011 the Department of Finance launched the Task Force for the Payments Systems Review, which found that a modernized payments system could save the Canadian economy up to \$7.7 billion annually. Supplementary research by Payments Canada in 2015 indicated that the cost savings of adopting ISO 20022, a global message standard, would amount to approximately \$1 billion annually simply from a reduction in the use of cheques.

Since then, a 2018 study by Payments Canada and EY Canada found that processing payments costs Canadian businesses \$2.9 to \$6.5 billion annually. This high cost is due to delays in processing and to inefficiencies that stem from a lack of data and transparency in payments messaging.

While the scope of these studies differed slightly in their measurements of payments modernization, together they show that efficient payment mechanisms can liberate billions of dollars of value for the Canadian economy.

The following table identifies the benefits and provides tangible examples of how the modernization of Canada's payment systems would benefit consumers and businesses.

<b>BENEFIT</b>	<b>WHAT IT MEANS</b>	<b>HOW BUSINESSES OR CONSUMERS BENEFIT</b>
<b>Fast payments</b>	Faster transaction processing, clearing and access to funds	A customer quickly sends funds so that a courier is able to leave a COD package
<b>Data-rich payments<sup>1</sup></b>	Rich data flows alongside payments	A payment automatically reconciles against an invoice in a company's accounting system
<b>Transaction transparency</b>	Rich data enables notifications	A lessor is notified that payment has been received and that keys await them
<b>Cross-border convenience</b>	Standardized global messaging facilitates payments	A Canadian sends money to Costa Rica to reserve space in a hotel
<b>Innovation platform</b>	Access for more members fosters innovation	A financial technology company is granted access to the payments ecosystem and begins providing a time-saving payment service to Canadian businesses
<b>Secure payments</b>	More secure and better able to mitigate risks	State-sponsored hackers find it impossible to breach systems

<sup>1</sup>ISO 20022 is an ISO standard for electronic data interchange between financial institutions. The standard covers financial information transferred between financial institutions that includes payment transactions, securities trading and settlement information, credit and debit card transactions and other financial information.

This extensive program will transform not only Canada's clearing and settlement systems, but also the payment systems and processes of our member organizations. When it concludes, all payment systems will give our members the ability to offer their customers faster, data-rich payment products and solutions.

## MODERNIZATION ROADMAP

The Modernization Roadmap reflects an understanding of the scale and complexity of foundational program elements and the time required for the payments ecosystem's members, stakeholders and regulators to participate in this transformational journey.

The defined scope and progress against plan have been staggered in order to deliver the various program systems while managing risk and member resource impacts. The timeline distinguishes higher-confidence dates using a six-month planning horizon and provides wider ranges for future phases of the program, where clarity will increase as milestones near.

Modernization revolves around three key payments systems that, together, will fundamentally transform payments in Canada: Lynx, a new core clearing and settlement system for high-value, high-urgency payments; the Real-Time Rail, a new, always-available system that delivers funds in a matter of seconds; and enhancements to Canada's existing retail batch payments system, the Automated Clearing Settlement System (ACSS), and continued consideration around the design and business capabilities required of a new centralized retail batch payments system for the clearing of lower value, less time-sensitive electronic- and paper-based payments.





## LYNX, THE NEW HIGH-VALUE PAYMENTS SYSTEM

The current Large Value Transfer System enables the transfer of large sums of money securely, in real-time with complete certainty of settlement. On an average business day, the LVTS clears and settles over \$200 billion. Lynx will replace the current system, enhancing the safety, soundness, cyber resiliency and flexibility of high-value payments in Canada by updating our technology, rules and processes.

The launch date for Lynx has been advanced from Q3 to Q2 2021. The initial release (Lynx R1) will consist of a new real-time gross settlement system, including an enhanced, fully collateralized risk model that complies with Canadian and international risk standards. It will enable easier and quicker onboarding of new participants, improved system resiliency and automated testing, as well as improved global interoperability and reporting.

As we implement the first release of Lynx we are at the same time preparing for the requirements of SWIFT MX ISO 20022 messaging format that will enable rich data to travel with payments.

## OBJECTIVES IN THE PLAN PERIOD

We are working closely with our members and the Bank of Canada to finalize our testing and implementation approach; to develop the required by-laws, rules, policies and procedures that will help govern participation in the system; and to support ISO 20022 in line with SWIFT guidelines.

In 2020 the technical solution and platform on which Lynx will run will be operationalized, including the new risk model. Prior to system launch in 2021, we are building the required internal capacities and managing the change within our core operations team.

Lynx R1 and R2 will launch in the second and fourth quarters of 2021, respectively. R2 will enable our members to send and receive the ISO 20022 message format, which will initially only be used in support of cross-border payments (as part of correspondent banking). Between 2022 and 2024 Lynx will move to the full MX ISO 20022 solution, and the legacy SWIFT MT message format will be retired.

While preparations for Lynx are well in hand, we are also actively planning for the decommissioning of the LVTS system, which is anticipated to occur in 2021 once Lynx is stable.

## REAL-TIME RAIL

The Real-Time Rail will enable consumers and businesses to send and receive payments immediately and securely 24/7/365. The resulting efficiencies are forecast to add billions of dollars to the Canadian economy on a yearly basis. The RTR will include an enhanced risk model using fully prefunded settlement accounts held by Direct Settlement Participants at the Bank of Canada to support final and irrevocable lower-dollar-value, real-time payments. This will lower settlement risk and support broadening access to new payments system participants.

## OBJECTIVES IN THE PLAN PERIOD

Following consultation with key industry partners, we have concluded that a single release of the RTR with full functionality is the desired implementation approach. The RTR will incorporate the ISO 20022 message standard and account-number-based routing from the outset. This last feature is critical for commercial customers who do not use aliases. We are currently targeting a launch in 2022, following the launch of Lynx.

Our 2020 priorities include execution of all vendor agreements for the design, build and operation of the RTR system. After onboarding vendors in the fall, we will begin the system design and build, which will carry through 2021, culminating in industry testing at the end of that year. Launch is scheduled for the second half of 2022, by which time we will have built the internal capabilities required to move to 24/7/365 operation.



## RETAIL BATCH PAYMENTS

The Automated Clearing Settlement System processes approximately 28 million transactions each business day. In 2018, we reached the first milestone on the Modernization journey through the implementation of a new credit risk model to enhance risk control, address regulatory requirements and comply with global best practices. We also made improvements to Automated Funds Transfer (AFT) through the introduction of a third exchange window to move funds more frequently while making same-day settlements. Shortly after a third exchange window was introduced, we made funds available within a two-hour time period. An additional exchange window and fast funds availability has been a game-changer for users in Western Canada because of the extended cut-off times for payment origination and the ability to provide same-day payroll processing. We have also progressed on broadening access to the ACSS, including the removal of the 0.5 per cent system volume requirement for individual participants.

These enhancements to the ACSS are the first part of a three-phase approach to retail batch payment modernization outlined in the [Payments Canada 2017 Modernization Target State](#) document. The other two phases are centred on the creation of a new retail batch payments system that would give some members centralized exchange capability; and an eventual move to a fully centralized model.

## OBJECTIVES IN THE PLAN PERIOD

In 2019, the Payments Canada Board of Directors approved draft by-law amendments for broader access to the ACSS through the removal of minimum volume requirements, which have been a barrier to direct ACSS participation. We anticipate that these amendments will come into effect in 2020. Once in effect, we expect there will be new direct clearers on the ACSS.

Further technological improvements made to the ACSS during this planning period will mitigate operational risks related to the legacy technologies and aging architecture that underpin this critical infrastructure supporting Canada's retail payments. A refreshed, web-based ACSS will support existing functionalities and business processes while introducing new and efficient capabilities. It will increase resiliency, reduce cost to members, improve security, increase efficiency in delivering application updates, and support back-office system integration.

In 2019 we began to understand the business needs surrounding a centralized settlement model and how those needs interact with retail batch payments' target capabilities of enhanced risk control and broader access. We are engaging with the Bank of Canada to ensure alignment and will begin consulting with members in late 2020 to gather their views. We will move into more detailed reviews, requirements gathering, analysis and the initial formation of design principles in early 2021 and for the majority of this planning period. As we move to select a clearing and settlement provider for the RTR, we will also consider their ability to fulfill future retail batch system requirements.

# OPERATE & ENHANCE THE CURRENT PAYMENT SYSTEMS

We are diligent in fulfilling our legislated mandate to operate safe, sound and efficient systems that protect the best interests of users. To this end, our business teams will concentrate on activities that strengthen the management and overall performance of our core systems for continued operational excellence and system reliability. We have significantly matured our risk and operations management approach to actively measure any potential threat and better guide member compliance. Throughout this planning period, we will continue to enhance risk management, with a particular focus on cyber security risks, while creating a high degree of resiliency. We have disaster recovery strategies and business continuity processes in place to support any major payment system outage or cyber incidents. We will attract, retain and develop top talent to support our operations and manage financial resources prudently and transparently while meeting the strict mandatory requirements for the delivery of world-class payment services.

## OBJECTIVES IN THE PLAN PERIOD

In order to ensure a smooth transition from Lynx project delivery to running and maintaining the system, we will execute a newly completed change management program. We will complete and deploy a refreshed ACSS application and make new payments capabilities financially sustainable by means of a renewed member pricing strategy. We will pursue cyber security maturity through the creation of a holistic information security management system, and by applying a certification process for connecting to Payments Canada services.

# FACILITATE INTEROPERABILITY AND INNOVATION IN THE PAYMENTS ECOSYSTEM

Over the next five years, the Modernization program will be the catalyst for wholesale change within the Canadian financial industry. Regulatory impacts will affect Payments Canada's membership, systems and rules. As the owner of the long-term vision guiding the evolution of payments in Canada, Payments Canada is uniquely positioned to advocate for the interests of its members and facilitate an innovative and more competitive payments environment. We will continue to be a leading Canadian source of expert knowledge in payments, supporting members and stakeholders on the change journey. In a time of increasing demand, we will provide uninterrupted availability and facilitate the development of innovative and modernized payment systems, establishing relevant policies and providing the roadmaps for the future growth of payments, all while maintaining confidence in Payments Canada's ability to execute.

## OBJECTIVES IN THE PLAN PERIOD

In this plan period, we will deliver technology and payments product roadmaps that drive the development of rules and standards. We will continue to broaden our scope of outreach and influence by building awareness and coordinating engagement so that the market is better placed to support commercial interests. This includes providing expert influence that helps drive industry alignment and growth. We will present Payments Canada's research on the impact of expanded membership and real-time payments on a domestic or global stage. We will provide opportunities for dialogue and collaboration, notably through Payments Canada's annual SUMMIT conference that brings national and global payments experts together. We will provide assistance and education to new market participants and users through hosted forums, and create awareness of the importance of payments across the stakeholder ecosystem. More people with payments expertise and a broader global perspective are needed to meet the growing talent demands in our industry. To address this global knowledge gap, we have joined forces with other payments associations to develop an international payments professional certification. During this planning period, we will jointly launch this certification. In doing so, we will create an environment to develop the necessary skills, knowledge and expertise that countries around the world require as they modernize their payment systems, processes and rules.

Payments Canada will partner with payment industry organizations to promote, educate and accelerate the adoption of the ISO 20022 payments message format. This crucial work will assist payments ecosystem participants in understanding and realizing the benefits associated with ISO 20022.

Part of our mandate includes fostering and enabling innovation in the Canadian payments ecosystem. In support of this aspect of our mandate, we will actively work with pay-tech organizations to provide a common frame for payments-specific policy, regulation, investment and innovation.

# SUPPORTING STRATEGIES

**Our plans cannot be implemented without a supporting resource strategy that takes into account our people, the technology that underpins systems and processes, a way to manage all types of risk, and a means of financing our operations and evolution.**

## OUR PEOPLE

Payments Canada's employees are foundational to our success. We are recognized as an excellent operator of clearing and settlement systems due, in part, to the depth of knowledge of our staff. Our highly skilled and qualified staff are the result of a robust, forward thinking and people-first culture lead by our executive team. Payments Canada's people group has focused on supporting the development and implementation of our future state operating model

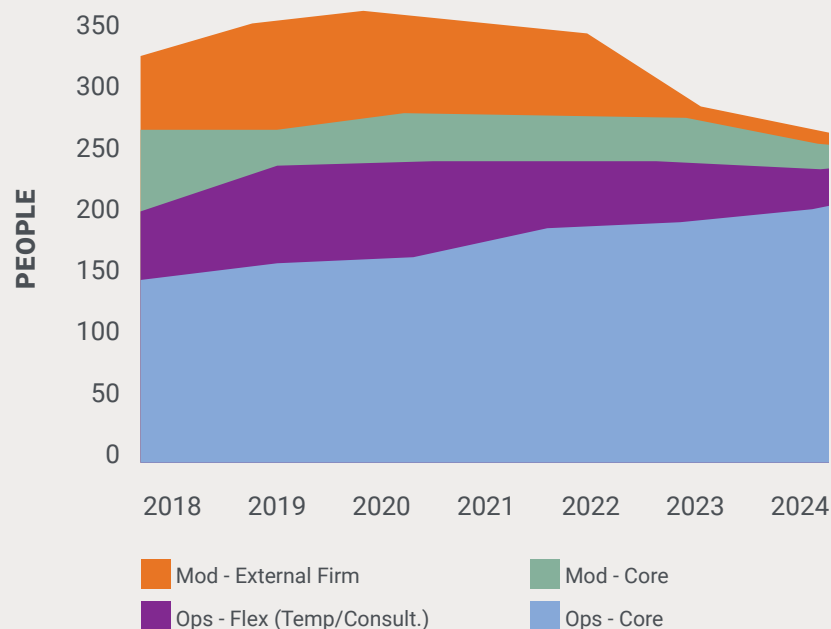
through talent acquisition, the evolution of training programs and the implementation of corporate systems that enable us to resource more strategically. Over the next five years, our focus will shift to an even stronger emphasis on the targeted development of our people—deepening subject matter expertise, upskilling employees to meet new requirements and growing leaders from within.

## CAPACITY PLAN 2020-2024

Payments Canada starts the current planning period with 350 positions, our peak resource number. These resources include a combination of employees and consultants to support core operations and the Modernization program. From 2021 onward, our overall resource requirements will reduce as new systems transition from the Modernization Project to core operations. This planned reduction in our workforce is a result of the strategy we adopted to lean heavily on temporary niche resources during critical phases of the Modernization program.

At the end of this planning period we are projecting a steady state workforce of 260 positions as we will be supporting three payment systems, an increase from the two systems we are currently operating. This number is a combination of permanent resources in our core operations and temporary resources to support both core operations and the second phase of the Modernization program.

### Capacity Forecast 2018-2024 (Actual & Planned)



## OBJECTIVES IN THE PLAN PERIOD

Our people truly are our most valuable assets. Ensuring that they are engaged is key to our success. Our People Strategy covers all divisions within Payments Canada. Over this planning period we are focused on the following goals:

1. Integration and operationalization of the Modernization program into our core operations. In advance of the delivery of Lynx and RTR we will prepare our internal teams by identifying and sourcing the required skill sets.
2. Continuing to enhance our employer brand in the marketplace to position us as an employer of choice in the battle for scarce talent in technology and payments. This will be accomplished through the launch of a new employer brand marketing campaign, continuing to mature our compensation philosophy and streamlining our people onboarding program.
3. Celebrating the strength of our diverse and engaged workforce. Throughout this planning period we will continue to build on this strength through the continued use of diversity partnerships, empowering our leaders to promote inclusion and proactively driving employee engagement.



# TECHNOLOGY

**As a critical payments provider, Payments Canada's ability to stay ahead of the technology curve is paramount; our ability to deliver enterprise effectiveness and agility is rooted in our technology operating model.**

## SUPPORTING STRATEGIES

### OBJECTIVES IN THE PLAN PERIOD

As we approach the replacement of core payment systems in 2020, our technology strategy is anchored to and aligned with the Modernization Roadmap as we will be focused on the successful launch of new payment systems. In addition to preparing for the technology operationalization of our new payment systems, we also recognize that our corporate environment will continue to evolve. In support of this evolution our key objectives over this planning period include:

1. Continuing to leverage technology that aligns with automation and matures our architecture while adopting robust technology governance practices.
2. Becoming a data-savvy organization that can capitalize on operational efficiencies by implementing a centralized cloud-based data warehouse.
3. Developing new innovative products by evolving our integrated API cloud-based platform of technology services in order to facilitate approved connection to our systems.

# FINANCE

**To ensure the payment systems remain operationally strong and financially viable at all times, Payments Canada's revenue is protected and assured as our members are required, through legislation, to fund our operations.**

## OBJECTIVES IN THE PLAN PERIOD

Our financial plan is designed to support continued success of the organization and achievement of our strategy. Our financial objectives over this planning period are as follows:

1. As new systems come online, Payments Canada will begin to collect both operating costs and a debt-retirement fee. Revenue growth will outpace expenses, and the losses that accumulated over the build phase of Modernization will give way to surpluses as systems become operational. This new revenue dynamic will enable us to continue to increase our asset base associated with new payment systems while reducing our liabilities through the repayment of the debt that was incurred to build new payments systems. Over this planning period we will see our financial position strengthen.
2. As a strong financial steward, Payments Canada continues to manage its finances prudently and transparently. This means effectively managing our loan facility, procured in 2017, to ensure that it incurs the lowest cost possible for our members while providing for the greatest flexibility as demands change. It also means evolving our transaction pricing model.

We will evolve our pricing for Lynx so that it is a hybrid model partially based on the volume of transactions that flow through our systems, as well as the dollar value of those transactions. The move to a volume and value-based model for Lynx will account for the additional risk controls required to safeguard higher-value payments.

In tandem with our new pricing model, we will finalize a capital structure and corporate funding strategy that supports enhancements to our current payment systems and funds the development of new payment systems. A capital structure program will assist in funding the development of future systems while helping to keep member transaction fees stable.

## FINANCIAL PLAN 2020-2024

Our financial plan details the financial commitment required to maintain sound and robust clearing and settlement infrastructure, efficiently deliver the modernization program and effectively liaise with the numerous players in Canada's payments ecosystem. Given that the financial forecasts are for a five-year period, updates will be made to the future-year forecasts as work is prioritized and fully scoped.

## PROJECTED STATEMENT OF OPERATIONS

### Statement of Operations for the Years 2018 to 2024

(in \$millions)

	ACTUALS		PLAN				
	2018	2019	2020	2021	2022	2023	2024
<b>REVENUE</b>							
Fees	54	61	60	71	100	113	114
Other Revenues	5	6	8	5	5	5	5
Loan Repayment Charge	-	1	2	12	28	34	34
<b>Total Revenues</b>	<b>59</b>	<b>68</b>	<b>70</b>	<b>88</b>	<b>133</b>	<b>152</b>	<b>153</b>
<b>EXPENSE</b>							
Staff Costs	22	27	27	31	35	37	39
Technology & Professional Services	23	22	21	31	36	35	35
General & Administrative	6	8	11	8	8	8	8
RTR Operating Expenses	-	-	-	-	11	21	23
Modernization Program	32	24	27	21	1	-	-
Future Enhancement and Innovation	-	-	-	-	5	5	5
<b>Total Expenses</b>	<b>83</b>	<b>81</b>	<b>86</b>	<b>91</b>	<b>96</b>	<b>106</b>	<b>110</b>
<b>Earnings before Interest, Tax, Depreciation &amp; Amortization</b>	<b>(24)</b>	<b>(13)</b>	<b>(16)</b>	<b>(3)</b>	<b>37</b>	<b>46</b>	<b>43</b>
Modernization Loan Interest	-	-	-	(2)	(5)	(6)	(5)
Depreciation	(2)	(3)	(4)	(10)	(17)	(17)	(17)
<b>Surplus / (Deficit)</b>	<b>(26)</b>	<b>(16)</b>	<b>(20)</b>	<b>(15)</b>	<b>15</b>	<b>23</b>	<b>21</b>
Regulatory & Fee Stabilization Reserve Funds	(7)	(6)	(7)	(6)	(9)	(10)	(9)
<b>Net Surplus / (Deficit) after Reserve Transfers</b>	<b>(33)</b>	<b>(22)</b>	<b>(27)</b>	<b>(21)</b>	<b>6</b>	<b>13</b>	<b>12</b>

## REVENUES

Revenue growth is correlated to expenditure growth, since Payments Canada operates under a cost-recovery basis. As expenditures rise, so do revenues.

Over the 2020-2024 corporate planning period our revenues are projected to increase from **\$70 million** in 2020 to **\$153 million** in 2024. This significant revenue growth is directly attributable to the Modernization program and the corresponding implementation of new payment systems.

Fees in the Statement of Operations include all system related fees (i.e. ACSS, LVTS, Lynx, RTR and the common service fees). The table below provides a more granular view of the fees generated by our systems.

The increase in the LVTS/Lynx fee in 2021 reflects six months (July - December) of operational costs associated with Lynx. Increase in 2022

reflects full year Lynx operational costs as well as the six months (July - December) contributions to the RTR PFMI reserve and Stabilization Reserve. The RTR fee revenue is fully offset by corresponding RTR operating expenses

In support of developing our future vision of the payment systems we have made an annual provision of \$5 million in our plan for the years 2022 to 2024, assumed to be funded through transaction fees. This provision has been made in our plan to begin to investigate the scope and cost of future enhancements or innovations to the new systems. These amounts will be updated as we define the nature of the work we will undertake and the resources required.

The Loan Repayment Charge, as outlined in the Statement of Operations, represents charges for the repayment of the Modernization loan as systems go live (i.e. Lynx - starting Q3 2021, and RTR - starting Q3 2022).

### Fee Revenues for the Years 2018 to 2024

(in \$millions)

	ACTUALS		PLAN				
	2018	2019	2020	2021	2022	2023	2024
ACSS	21	24	23	22	22	21	20
LVTS / Lynx	29	32	33	45	51	47	47
RTR	-	-	-	-	18	36	38
Common Services Fee	4	5	4	4	4	4	4
Future Enhancement and Innovation	-	-	-	-	5	5	5
<b>Total Fee Revenues</b>	<b>54</b>	<b>61</b>	<b>60</b>	<b>71</b>	<b>100</b>	<b>113</b>	<b>114</b>





The change to our core budget over this planning period, excluding Modernization costs, can be explained as follows:

1. **Depreciation:** Greater depreciation costs will be incurred following the Lynx and RTR systems go-live date
2. **Interest Expense:** As systems go live, the repayment of the Modernization loan will commence adding interest expense
3. **Real-Time Rail:** RTR is an entirely new system for us to operate. The RTR system will increase annual costs by approximately \$21M and is subject to change with fluctuating transaction volumes. As detailed in the table on the following page, RTR operating costs include product management costs (i.e. direct internal costs such as salary, general and admin, etc.) along with fees paid to the service providers for clearing and settlement and exchange functions.

These amounts will be fully recovered by fees paid by participants on the RTR.

#### RTR Operating Cost by Year (in \$millions)

Total Product Management Costs	
Clearing & Settlement Licence Costs	
Clearing & Settlement System Operating Costs	
Exchange Transaction Costs	
<b>Total RTR Operating Costs</b>	

	PLAN			
	2021	2022	2023	2024
	-	1	2	2
	-	1	1	1
	-	7	15	16
	-	2	3	4
	<b>-</b>	<b>11</b>	<b>21</b>	<b>23</b>

4. **Lynx:** The Lynx system has a larger cost base when compared to LVTS. The strategic technology partner for Lynx will add an incremental cost in the range of \$10M - \$12M as well as licensing and support costs for the Lynx system. As detailed in the table below, these costs are slightly offset by a reduction in the existing hosting costs.

#### Lynx Incremental Operating Cost by Year

(in \$millions)

	PLAN			
	2021	2022	2023	2024
Prime vendor	8	14	13	12
Licensing and support	1	2	2	2
Reduction of LVTS costs	(2)	(4)	(4)	(4)
<b>Incremental Cost</b>	<b>7</b>	<b>12</b>	<b>11</b>	<b>10</b>

5. **Growth in Core:** Changes to core operations pertain to planned position growth in the areas of technology, payment products and security required to support the new systems coupled with added reserves for the RTR PFMI and Stabilization.
6. **Inflation:** Inflationary costs of two per cent for expenses applied annually

The global move to more seamless payments across international borders, the perpetual threat of more sophisticated cyberattacks along with continued advancements in technology (e.g. AI) are all factors that have the potential of impacting the payment systems both now and in the future once the Modernization program comes to a close.

Recognizing the potential cost impact of future events on the payments systems (e.g. cross-border payments) coupled with the size of the overall increase in our operating costs, Payments Canada is committed to identifying and realizing cost efficiencies throughout this planning period.

## SURPLUS AND DEFICIT

In previous plans (i.e. the 2016-2020 Corporate Plan), we had forecast losses that would result in a negative financial equity position. These losses were the product of the Modernization program being funded through debt rather than transaction fees. In the current Corporate Plan, we are projecting a deficit position in 2020 and 2021, which will change to a surplus in 2022. This reversal is due to the collection of higher fees for the new systems in order to retire the debt associated with building them.

## PROJECTED CAPITAL BUDGET

Capital expenditures in both core operations and the Modernization program will total \$52 million in 2020 and then begin to decrease as the new systems will not require intensive capital investment.

### Statement of Capital Expenditures for the Years 2018 to 2024

(in \$millions)

	ACTUALS		PLAN				
	2018	2019	2020	2021	2022	2023	2024
<b>CAPITAL EXPENDITURES</b>							
Core Operations	1	4	2	1	1	1	1
Modernization Program	13	39	50	32	3	-	-
<b>Total Capital Expenditures</b>	<b>14</b>	<b>43</b>	<b>52</b>	<b>33</b>	<b>4</b>	<b>1</b>	<b>1</b>

## OPERATING POSITION

Our asset growth over the next five years is driven by two factors: development of new systems and investment purchases needed to build our financial reserves as required by the Bank of Canada. Assets will increase in 2020 and 2021 and then begin to decrease as a result of depreciation.

Liabilities, specifically the demand loan, peak in 2021 before beginning to decrease as principal payments are applied to the outstanding loan balance.

**Summary Statement of Financial Position for the Years 2018 to 2024**

(in \$millions)

	ACTUALS		PLAN				
	2018	2019	2020	2021	2022	2023	2024
<b>ASSETS</b>							
Cash and Investments	40	42	67	67	69	79	88
Other Current Assets	17	24	18	20	20	20	20
Capital Assets	31	72	119	142	125	108	93
<b>Total Assets</b>	<b>88</b>	<b>138</b>	<b>204</b>	<b>229</b>	<b>214</b>	<b>207</b>	<b>201</b>
<b>LIABILITIES</b>							
Trade and Other Payables	16	20	30	27	17	17	17
Demand Loan	71	132	208	251	232	203	175
Other Liabilities	2	3	3	3	3	2	2
<b>Total Liabilities</b>	<b>89</b>	<b>155</b>	<b>241</b>	<b>281</b>	<b>252</b>	<b>222</b>	<b>194</b>
<b>Total Net Assets / (Liabilities)</b>	<b>(1)</b>	<b>(17)</b>	<b>(37)</b>	<b>(52)</b>	<b>(38)</b>	<b>(15)</b>	<b>7</b>
<b>Total Liabilities And Net Assets</b>	<b>88</b>	<b>138</b>	<b>204</b>	<b>229</b>	<b>214</b>	<b>207</b>	<b>201</b>

**ACTUAL FINANCIAL RESULTS TO PLANNED RESULTS**

In 2019 Payments Canada's assets grew year-over-year largely due to new capital and intangible assets associated with the Modernization program. Total assets were \$138 million, against a planned asset base of \$158 million projected in the 2019-2023 Corporate Plan. The majority of the \$20 million variance is due to a lower cash position as fewer proceeds were required from the demand loan than anticipated to fund the Modernization program.

Although liabilities increased year-over-year, the planned increase in liabilities projected in the 2019-2023 Corporate Plan did not materialize due to the fact that fewer funds were withdrawn from the demand loan facility for the Modernization program, resulting in a lower demand loan balance.

Total revenues for the year of \$68 million aligned with revenues projected in the prior year plan.

Total expenses in 2019 amounted to \$81 million, \$16 million lower when compared to planned expenses. The variance was primarily due to timing driven by the deferral of Lynx industry migration costs and RTR vendor costs to a future year.

# RISK MANAGEMENT

**Payments Canada's Enterprise Risk Management program is designed and operated to meet the Bank of Canada's Risk Management Standards for Financial Market Infrastructures and Prominent Payment Systems. We continue to evolve our risk management practices as our organization moves through Modernization and the broader financial ecosystem transforms.**

## OBJECTIVES IN THE PLAN PERIOD

1. **Mature vendor risk management practices:** New, modernized core payments systems will be operated by vendors, a precedent for Payments Canada that demands systematic vendor management.

We will focus on maturing our vendor risk management practices and on enhancing their integration within our business continuity management practices in order to secure and facilitate operations.

2. **Enhance risk culture:** Payments Canada has a robust risk appetite and approach to risk that extends from the leadership team down through the organization. We are focused on building a strong risk culture in which each staff member understands their respective role in managing risk. This will help us to take beneficial risks that advance Payments Canada's goals.

We will help staff to integrate appropriate risk appetite into day-to-day activities and reinforce the role risk plays in achieving our strategic objectives and legislative mandate.

3. **Manage new payments system risk:** During the planning period we will bring on board new payments systems, each of which requires its own financial risk framework in order to mitigate financial risks.

We will complete LVTS and ACSS self-assessments against the Bank of Canada's Risk Management Standards. We will complete the Lynx Financial Risk Framework and obtain approval of the Lynx Self-Assessment against the Bank of Canada's Risk Management Standards. We will develop and complete the RTR Financial Risk Framework, all to mitigate financial risks.

4. **Manage cyber risks:** Cyber threats continue to evolve at an ever-increasing pace. Payments Canada has a mandate, formalized within the Canadian Payments Act, to keep ahead of all threats as part of our fiduciary responsibility to Canadians. The goal of our cyber security program is to reduce overall risk to the national clearing and settlement systems by making the environment safer, more efficient, and more effective.

We will establish a holistic Information Security Management System (ISMS) to provide independent assurance of our cyber risk treatment plan. We will increase the maturity of member attestations by Q2 2021. We will apply a certification process for new participants connecting to payments systems in time for the launch of RTR.



## ENTERPRISE TOP RISKS

Operational, strategic, financial and settlement risks change constantly. As examples, new payment service providers come on line, members interact with payments systems in different ways, the nature of payments itself changes, and the cybersecurity landscape evolves. Our top risks include:

1. Cyber incidents affecting payment or corporate systems
2. Modernization program's scale, scope, and timeline challenge the payments ecosystem's ability to execute against the Modernization Roadmap
3. Total cost of the Modernization program and cost of transactions exceeds what the market will bear or members/participants will support
4. Challenges in achieving alignment of financial institutions', regulators' and other stakeholders' interests within our current authority constraints delays Modernization implementation
5. Major payment system outage

## SAFEGUARDING PAYMENTS CANADA

Risk management involves guarding against actions that can compromise our mandate, our code of ethics and our vision.

We will not:

- Put an individual or small group of members or stakeholders ahead of the good of all members or ahead of the good of the Canadian payments' ecosystem
- Take actions that undermine the safety and reliability of our payment systems
- Engage in major initiatives without proactively engaging our members and relevant partners and managing risks that could impact them
- Engage in major initiatives without managing risks that could impact our reputation and/or relevance and undermine confidence in the Canadian payments systems

# PERFORMANCE AGAINST PLAN

Progress made against our corporate strategies and initiatives are detailed in the following table.

## 2019 PRIORITIES AND STATUS

### PRUDENT MANAGEMENT

**Expected outcomes: Advancement of the Modernization program, ensuring that Payments Canada's financial operations are sustainable and that our organizational risk function continues to improve.**

KEY INITIATIVES	STATUS	UPDATE
<b>Modernize the core payment systems, including the policies, rules, standards and technology infrastructure</b>	▲	The approved deliverables associated with Lynx, SOE and overall program management were achieved during the year. On Real-Time Rail, it was determined the proposed design solution would not meet all requirements and that the industry was not aligned with the direction, resulting in a pause taken on activities mid-year. Achievements moving RTR forward in 2019 included realignment within the industry on the path forward; the separation of exchange from clearing and settlement; a letter of intent signed with Interac; and the completion of a request for information (RFI) process in October that will be used to develop a request for proposal for clearing and settlement capabilities.
<b>Ensure financial sustainability</b>	▲	We achieved all objectives with regard to prudently managing the core operations budget, effectively managing the Modernization program's budget and financing as well as refining the pricing framework.
<b>Improve risk functions</b>	▲	Objectives achieved include maturation of our ERM framework, functional benchmarking of Financial Market Risk (FMR), attaining Bank of Canada risk standards for LVTS and ACSS, and delivering financial risk frameworks for Lynx, RTR, and SOE.

#### Legend for Status



Planned progress on schedule and within budget



Delays in terms of time to completion, budget and/or target variances



Deferred or cancelled

## MEMBERS & STAKEHOLDERS

### Expected outcomes:

- **Members and stakeholders' objectives relate to our ability to successfully engage with key constituents within the ecosystem. Specific objectives to achieve during 2019 include:**
- **Maintaining member and stakeholder confidence with the Member Advisory Council, the Stakeholder Advisory Council and the Senior Operational Committee;**
- **Ensuring the reliability and availability of our key payments systems (LVTS, ACSS) as well as our corporate system (CSN) used regularly by our members.**
- **Strengthening our ability to facilitate and influence the ecosystem through our annual payments conference (the SUMMIT) and using payment analytics to engage with the industry.**

KEY INITIATIVES	STATUS	UPDATE
<b>Maintain member and stakeholder confidence</b>	▲	Payments Canada's staff were instrumental in continuing to build and maintain the confidence that members and stakeholders have in the organization. Based on the results of surveys we conducted on a regular basis this objective was achieved consistently throughout the year.
<b>Maintain current payments infrastructure</b>	▲	System availability targets for ACSS and CSN were achieved quarterly; however, availability target for LVTS was not met in the first quarter but has been achieved since then.
<b>Improve ability to facilitate and influence the ecosystem</b>	▲	The 2019 SUMMIT was a success, surpassing both attendee satisfaction and financial targets. The Payments Canada Research team also engaged with all LVTS participants on payment-data-driven analytics, which proved to be a successful tool in engaging with our members.

### Legend for Status



Planned progress on schedule and within budget



Delays in terms of time to completion, budget and/or target variances



Deferred or cancelled

## PRODUCTS & PROCESSES

**Expected outcomes: Continued maturity and evolution of our internal process from a technology, security, and project management perspective.**

KEY INITIATIVES	STATUS	UPDATE
<b>Improve operational frameworks and technology capabilities</b>	▲	On-premise systems were transferred to the cloud and CSN network capacity to add additional participants was confirmed. We improved our data analytics and BI practices and are establishing an application program interface (API) offering.
<b>Improve Cyber Security</b>	▲	The metrics used to measure Payments Canada's security rating were either achieved or exceeded.
<b>Improvement management of core offerings</b>	▼	Performance indicators for this initiative were largely tied to RTR as a new core offering, which was paused during 2019. Some work associated with the development of a roadmap and adoption tool for RTR was completed.
<b>Improve operational processes</b>	▲	Process management was improved through the establishment of a process repository and process improvement methodology as well as maturation of service management.

### Legend for Status



Planned progress on schedule and within budget



Delays in terms of time to completion, budget and/or target variances



Deferred or cancelled



## PEOPLE & ENGAGEMENT

**Expected outcomes: Attracting and retaining top talent as well as ensuring current staff remain engaged in the organization’s long-term strategy, and creating and developing leaders for the future.**

KEY INITIATIVES	STATUS	UPDATE
<b>Position Payments Canada as an employer of choice</b>	▼	The organization successfully expanded applicant pool diversity; however, our employee engagement score and turnover rates fell short of established targets.
<b>Improve effectiveness of leadership</b>	▲	The organization has benefited from the depth and breadth of three new executive team members in 2019, and succession plans are in place for the future.

### Legend for Status



Planned progress on schedule and within budget



Delays in terms of time to completion, budget and/or target variances



Deferred or cancelled

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# APPENDIX

## A. STRUCTURE & GOVERNANCE

- I. Payments Canada Board Of Directors
- II. Payments Canada Executive Leadership Team
- III. Payments Canada Member Advisory Council
- IV. Payments Canada Stakeholder Advisory Council

## I. PAYMENTS CANADA BOARD OF DIRECTORS

**Tracey Black**  
President and CEO

**Eileen Mercier**  
Chair and Independent Director

**Malcolm Knight**  
Deputy Chair and Independent Director

**David T. Barnard**  
Independent Director

**Lib Gibson**  
Independent Director

**Doug Steiner**  
Independent Director

**Susan Doniz**  
Independent Director

**Garry Foster**  
Independent Director

**Francois Desjardins**  
Member Director  
B2B Bank

**Mike Henry**  
Member Director  
Scotiabank

**Ramesh Siromani**  
Member Director  
RBC

**John Landry**  
Member Director  
Citibank

**Kevin Patterson**  
Member Director  
CIBC

## II. PAYMENTS CANADA EXECUTIVE LEADERSHIP TEAM

**Tracey Black**  
President and CEO

**Gerry Gaetz**  
Out-going President and CEO

**Anne Butler**  
Chief Legal Officer and Vice President, Research and Policy

**Peter Dodic**  
Chief Risk Officer

**Andrew McCormack**  
Chief Information Officer

**Andrew McFarlane**  
Executive Director, Modernization

**Pamela Steer**  
Chief Financial and Corporate Strategy Officer

As at January 1, 2020

### III. PAYMENTS CANADA MEMBER ADVISORY COUNCIL

**Ryan Rabin**  
ATB

**Carol Brigham**  
Bank of Canada

**Sharon Haward-Laird**  
BMO

**John Cowan**  
CIBC

**Vlad Ahmad**  
Canadian Western Bank

**Sue Whitney**  
Central 1

**John Davis**  
Citibank Canada

**Nancy McNeil**  
Coast Capital

**Mike Devlin**  
Credit Union of Central  
Alberta/CUPS

**Dan Dickinson**  
Equitable Bank

**Stephen Fitzpatrick**  
Exchange Bank of Canada

**Jennifer Ogdon**  
HSBC Bank of Canada

**Matthew Parker-Jones**  
JPMorgan Chase,  
National Association

**Patrice Dagenais**  
La Fédération des caisses  
Desjardins du Québec

**Patrice Roy**  
National Bank of Canada

**John Pals**  
Peoples Trust Company

**Lisa Lansdowne-Higgins**  
RBC

**Dougal Middleton**  
Scotiabank

**Christine Hunter**  
TD Bank

**Sean Goldrick**  
Wells Fargo

### IV. PAYMENTS CANADA STAKEHOLDER ADVISORY COUNCIL

**Bill Piggot**  
ADP Canada

**Wayne Ralph**  
Canadian Depository for  
Securities Ltd.

**Brent Mizzen**  
Canadian Life and Health  
Insurance Association

**Don Mercer**  
Consumers Council of  
Canada

**Sue Britton**  
FinTech Growth Syndicate

**David Chance**  
Fiserv

**Erika Peterson**  
Google Payments

**Michel Lechasseur**  
Hydro-Québec

**Ilinca Vetra**  
Intact Financial  
Corporation

**Jean Hope**  
Ministry of Finance,  
Province of British  
Columbia

**Alexandre Plourde**  
Option Consommateurs

**Wayne Pommen**  
Paybright

**Katja Lehr**  
PayPal

**Céline Chartier**  
Receiver General for  
Canada PSPC

**Donna Kinoshita**  
Symcor

**Andrew Boyajian**  
TransferWise

**Felipe Backup**  
Western Union of Canada

**Ramesh Siromani**  
Payments Canada board  
director

**Vacant**  
Canadian Federation of  
Independent Business

As at January 1, 2020



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### **Payments Canada**

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