



DELIVER AND ACCELERATE

CORPORATE PLAN

2021 to 2025

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Purpose, Vision and 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

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.

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.

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 forms a critical part of Canada's financial market infrastructure. We are responsible for the systems, processes and rules essential to the clearing and settlement of payments in Canada.

2020 was a watershed year for Payments Canada as we positioned ourselves, our members and the payments industry for the launch of Lynx. In addition to that, we moved the new Real-Time Rail (RTR) payments system forward in a meaningful way through the selection of both a **clearing and settlement vendor** as well as an **exchange solution provider**. All participants in the payments ecosystem and the Canadian economy will benefit from the deployment of two new payments systems, Lynx in 2021 and RTR in 2022. These systems are the two most foundational elements of the Modernization program and will be the first new payments systems introduced to support the Canadian economy in over two decades.

However, the year 2020 will certainly be remembered for the COVID-19 pandemic and the impact it had on all aspects of life for billions of people around the world. Throughout the pandemic the Canadian economy benefited from strong, well-functioning and reliable payments systems. Our payments systems performed consistently

and were instrumental in supporting federal pandemic relief measures by quickly delivering **assistance payments to citizens and businesses** alike. In support of the fast, safe and convenient distribution of these benefit payments, Payments Canada facilitated the collaboration between Canadian financial institutions and the Government of Canada to quickly implement and offer online enrollment for CRA Direct Deposit.

The government relief measures, coupled with actions taken by the Bank of Canada to inject significant liquidity into the economy, resulted in a considerable increase in the average value of payments processed through the Large Value Transfer System (LVTS), from \$189 billion in 2019 to \$398 billion in 2020.

The pandemic also had the effect of accelerating the trend toward payments digitization in Canada and worldwide. Consumers increased their use of digital payments methods to purchase goods both at point of sale and online.

Throughout this corporate planning period (2021 to 2025) we will continue to remain focused on three long-term strategic objectives:

1. Deliver projects that enhance Canadian payments systems and ensure Canada remains globally competitive.
2. Operate and enhance current systems in accordance with stringent global standards.
3. Facilitate the payments ecosystem.

The challenge confronting us during this planning period is the uncertainty that surrounds COVID-19 and the potential impacts on our business. We continue to focus on delivering the Modernization program and remain on track to do so as planned. After we have delivered Lynx in 2021 and the RTR in 2022, we will enter the next stage of our evolution. This will involve ongoing, continuous enhancements to Canada's payments systems and greater focus on our facilitation role in the evolving Canadian payments ecosystem.



OPERATING ENVIRONMENT



Payments Canada owns and operates Canada's core payments clearing and settlement infrastructure, including associated systems, bylaws, rules and standards – the backbone of our country's economy.

As a public-purpose, not-for-profit organization funded by our members and legislated by the Government of Canada, we balance the diverse needs of a wide spectrum of stakeholders, while being mindful of our highly regulated environment. These factors combine to create a complex operating environment.

The most critical role for Payments Canada is to ensure the continuous, safe operation of Canada's payments systems. We deliver safe and reliable payments systems that benefit from an agile and resilient technology platform, a robust cyber security program and a strong risk culture within our capable and highly knowledgeable workforce. The reliability of Canada's payments systems is also bolstered by effective regulatory oversight from the Bank of Canada.



2020 was a year that tested the reliability of our payments systems. Beginning in March, every single Payments Canada employee transitioned to working from home. Despite the fact that our system operations teams were working remotely, we continued to meet our service level agreements (SLAs) with no issues.

Throughout the COVID-19 pandemic, payments systems played a crucial role in supporting the Canadian economy.

Robust practices and well-run systems enabled Payments Canada to support the Bank of Canada and the Department of Finance as they introduced financial assistance programs necessary to support the well-being of Canada and our economy. There were several weeks where LVTS value records were observed – sometimes daily. Prior to the pandemic, our largest daily value was \$294 billion. Our new daily value record is \$622 billion.

To support the fast, safe and convenient distribution of COVID-19 benefit payments, **Canadian financial institutions collaborated** with the Government of Canada to quickly implement and offer online enrollment for **CRA Direct Deposit**. What used to be a complex registration process for direct deposit of cheques issued by CRA is now a one-stop experience easily accessed through online banking. Payments Canada participated in this initiative, playing a facilitation role supporting regulators and **member financial institutions**.

In addition to affecting Payments Canada operations, the pandemic had a significant impact on consumer and business spending patterns. Less spending resulted in lower Automated Clearing Settlement System (ACSS) transaction volumes. Reduced

transaction volumes, in turn, resulted in a substantial decrease in Payments Canada revenues in the second quarter. Despite rebounds in consumer and business spending in the third and fourth quarters, overall transaction volumes were lower in 2020 than expected. This trend is expected to continue into 2021.

COVID-19 has been referred to as a digital accelerator,¹ a driver of innovation. This has also been **evidenced in payments** through the increased use of electronic payments and decreased use of paper-based payments. It is Payments Canada's view that electronic payments will be foundational in supporting Canada's economic recovery, as well as in the post-COVID-19 environment. Innovation in digital payments will drive part of the economic recovery and our modernized systems will help facilitate that.

¹ David Armano, "COVID-19 Will Be Remembered As The 'Great Accelerator' Of Digital Transformation," Forbes.com-, Sept.9, 2020, <https://www.forbes.com/sites/davidarmano/2020/09/09/covid-19-will-be-remembered-as-the-great-accelerator-of-digital-transformation/?sh=776d16123cb2>.

Global Payments Outlook

Trends in global payments are typically observed within Canada's payments ecosystem. The COVID-19 pandemic accelerated many technology-driven payments trends around the globe. Key trends that are anticipated to continue to accelerate during the planning period include the following:



CONTACTLESS PAYMENTS

Payments Canada research performed during the pandemic demonstrated a consumer and retailer preference for contactless payments (card and phone) over contact card and cash payments at point of sale. In May 2020, 42 percent of Canadians surveyed said they avoided retailers that did not accept contactless payments. Recognizing the increased demand for contactless payments, and to encourage further use of this payment method, most Payments Cards Network Operators raised the tap limit from \$100 to \$250. Consumer adoption of contactless transactions globally is expected to continue even after COVID-19 risks abate.



REMOTE PAYMENTS

Growth in the use of remote payments, both in-app and e-commerce based, is another trend accelerated by the COVID-19 pandemic. With more Canadians working from home and lockdown restrictions in place, companies have had to adapt business models

to reach consumers remotely. Businesses based on remote product delivery such as Uber Eats and Amazon have grown exponentially throughout the pandemic. In particular, product delivery of home essentials and food (i.e., Instacart, SkipTheDishes) have become vital services. Brick-and-mortar-based businesses have had to evolve to expand payments channels, such as shifting to e-commerce platforms, in order to stay competitive. As more businesses evolve to reach consumers, the convenience of remote payments services is appreciated by consumers and businesses alike.



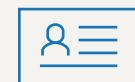
CROSS-BORDER REAL-TIME PAYMENTS

As real-time domestic payments systems come online worldwide, cross-border real-time payments are taking shape as an option to remove friction and increase end-user benefits. The SWIFT Global Payments Initiative (GPI) that started in 2016 is now bringing speed and transparency to cross-border wire payments between financial institutions. The G20 has recently identified cross-border payments as a priority. In July 2020, the



G20 requested that the Financial Stability Board (FSB) clearly establish a global roadmap for enhanced cross-border payments. In October 2020, the cross-border payments roadmap was delivered by FSB and endorsed at the G20 Finance Ministers and Central Bank Governors meeting.

Cross-border real-time payments will enable Canadian businesses, especially small and medium-sized businesses, to gain global reach securely and efficiently. Developing these capabilities will be an important objective for Payments Canada over the next five years, following the implementation of Lynx and the RTR.



DIGITAL IDENTITY AND AUTHENTICATION IN PAYMENTS

Digital ID solutions have the potential to reduce friction in payments verification by offering more streamlined, cost effective and secure alternatives to traditional identity authentication methods. Efforts to formalize a digital ID regime in Canada by the Digital Identification and Authentication Council of Canada (DIACC) echo an increase in digital initiatives globally. Beginning in 2016, DIACC started the development of a set of digital ID and authentication industry standards known as the Pan-Canadian Trust Framework (PCTF). In 2020, DIACC started alpha testing with public and private sector members in Canada. During the COVID-19 pandemic, it became clear that a comprehensive digital ID framework could streamline payments verification in scenarios such as accessing government benefits or remote banking. With a digital ID framework in place, more Canadians could become financially included

as they gain increased access to their established identity. Digital identification also has the potential to address obstacles faced by financial institutions adjusting to increased use of remote banking, as secure identities help eliminate identity theft, fraud and ease KYC (know-your-customer) processes. Digital ID can also provide instant verification of identity which is necessary as payments modernization evolves towards real-time payments.



TECHNOLOGY-FORWARD AND SMARTER PAYMENTS

In the next one to two years, the introduction of 5G and the spread of artificial intelligence (AI) will significantly accelerate data processing capabilities. These new technologies promise to revitalize customer service, increasing productivity and innovation. Companies will increasingly leverage AI to boost productivity, cut costs, help reduce payments fraud and stimulate purchasing thanks to better predictive analysis, smarter purchase suggestions and other improvements. 5G and AI can also fuel the Internet of Things (IoT) purchases by, for example, enabling a smartwatch to intuitively know when to refill a prescription. This can create a new method of smarter, integrated payments.



DATA-RICH PAYMENTS

Countries around the world are moving to ISO 20022, a global payments messaging standard that supports

the transmission of large amounts of data to travel with the payment. Research by Payments Canada in 2015 indicated that the cost savings of adopting ISO 20022 would amount to approximately \$1 billion annually simply from a reduction in the use of cheques.

Payments Canada is introducing the ISO 20022 messaging standard in Canada, with the support of the payments ecosystem. The introduction of data-rich payments will support increased digitization of payments processes, allowing Canadian businesses to reduce manual processing and associated exceptions which, in turn, will lower operational costs and boost bottom-line returns. ISO 20022 will enable the introduction of new and enhanced payments products and experiences for both businesses and consumers that will make payments easier and more convenient.

Wide global market adoption of ISO 20022 is required to unlock the value of this standard. Payments Canada will continue to work closely with the payments system stakeholders to support awareness and adoption of ISO 20022 in Canada.



CENTRAL BANK DIGITAL CURRENCY

A number of central banks around the world, including the Bank of Canada, are assessing the opportunity to issue electronic money, or **Central Bank Digital Currency (CBDC)**. The Bank of Canada's rationale for considering CBDC centres on the declining use of cash, now used for less than 25 percent of transactions in Canada, as well as the rise of private digital currencies, including

stablecoins. There are many design attributes that must be considered in the launch of a CBDC. Payments Canada will continue to monitor global developments and maintain close contact with the Bank of Canada on its CBDC strategy to identify opportunities and impacts.



FRAUD MANAGEMENT

The acceleration in payments method innovations and the broadening of payments channels that we are seeing worldwide is unprecedented. As with any technological advancement in payments, this can create security vulnerabilities. There are many new opportunities to attack and steal data and money. As the payments ecosystem gains complexity and speed, fraudsters are adapting, with ever more sophisticated scams. This rising trend is just another piece of the security puzzle that payments cyber security departments must solve.

Payments Canada will focus on ensuring the continued security of our systems while broadening access. Fraud management rules and capabilities provided by the system operator can serve to identify and prevent fraud. In recognition of the increased risk of fraud, Payments Canada, in collaboration with the ecosystem, has convened the Modernization Fraud Steering Committee working group to discuss issues around fraud and, in particular, how to best mitigate fraud on the RTR at go-live and for subsequent releases.

Regulatory Landscape

Payments Canada operates within a complex and evolving policy and regulatory landscape. Our rules and standards need to respond to and anticipate the demands of this changing environment. The federal government has broad responsibility for the public policy and regulatory agenda vis-à-vis payments; Payments Canada seeks to inform and influence the government's agenda in the best interests of the national payments ecosystem. Over the next five years, Payments Canada will work with public and private sector partners to make progress in several areas, consistent with our mandate and objectives.



RETAIL PAYMENTS OVERSIGHT FRAMEWORK

The federal regulatory framework for retail payments services has not kept pace with global and domestic developments, but the planned implementation of the Retail Payments Oversight Framework (RPOF) is intended to address this. It will also enable non-financial-institution payments service providers (non-FI PSPs) to join Payments Canada and participate on our systems, furthering the stated objectives of the Canadian Payments Act. Effective oversight of minimum risk requirements will ensure that these participants do not bring undue risk to the payments system.

Under the proposed RPOF, the Bank of Canada would regulate non-financial-institution PSPs, bringing

uniformity of regulatory oversight to this rapidly evolving industry segment. We recognize that the public release of RPOF legislation was delayed due to the government's focus on emergency financial measures associated with the COVID-19 pandemic. Payments Canada will continue to work closely with the Department of Finance and the Bank of Canada to support RPOF implementation. To that end, we will work with the broader payments industry and the federal government in highlighting the importance of this legislation to stimulate competition and innovation through more open membership and increased access. Once the legislation is in place, we will remain engaged with the ecosystem to facilitate implementation.



REVISIONS TO THE CANADIAN PAYMENTS ACT

In tandem with our support of RPOF implementation, we will also continue to advocate strongly for changes to the **Canadian Payments Act** over the next five years to expand Payments Canada's membership to a wider range of participants (including regulated PSPs and credit union locals). Additional participants will enable a broad, competitive and innovative marketplace that effectively meets the needs of consumers and businesses and will add value to the Canadian economy. We recognize that the emergency financial measures associated with the COVID-19 pandemic have caused an understandable delay to Finance Canada's consultation on planned expansion of Payments Canada's membership and we look forward to concrete progress in 2021. To capitalize on the new opportunities expanded membership offers, and to manage new risks to Canada's payments systems, Payments Canada is also recommending amendments to the Act to better protect Payments Canada from liability in the good faith pursuit of our public interest mandate.



OPEN BANKING

Open banking is a global development that allows consumers to use, move and share their financial transaction data held at banks with trusted third-party service providers in order to receive a wider range of useful financial services. Enabling a more secure, transparent and inclusive way to share select types of data has the potential to fuel innovation and competition in the financial sector, as well as support Canada's overall global competitiveness. Open banking emphasizes data portability, supported by modern privacy laws. Our goal is to work with industry to determine how open banking might interface with Payments Canada, including understanding the rules, standards, education and protections that may be needed to allow Canadians to leverage open banking. We now have support from our members and regulators to build out request-to-pay functionality on the RTR, one of the concrete measures we are taking to support the payments side of open banking.

STRATEGIES AND OBJECTIVES

The strategic direction for the 2021 to 2025 period evolves from the 2020 plan and will lead us to attain our vision, address payments trends and manage our risk. To fulfil our vision of a thoroughly modernized payments infrastructure, current payments systems that continue to be dependable and a payments ecosystem that is fully engaged, we are pursuing three long-term strategic objectives:

1. Deliver projects that enhance Canadian payments systems and ensure Canada remains globally competitive.
2. Operate and enhance current systems in accordance with stringent global standards.
3. Facilitate the payments ecosystem.

As described on the following pages, each of the long-term desired outcomes has a number of supporting initiatives that are planned over five years.

Deliver Projects that Enhance the Canadian Payments System and Ensure Canada Remains Globally Competitive

The Large Value Transfer System (LVTS) and the Automated Clearing Settlement System (ACSS) have been the backbone of the Canadian economy by providing clearing and settlement payment services for over two decades.

LVTS, which is commonly referred to as the wholesale payments system, is an electronic funds-transfer system that settles hundreds of billions of dollars worth of time-critical Canadian-dollar payments

every day. The LVTS is one of five financial market infrastructure systems designated as systemically important by the Bank of Canada. LVTS has been operating since 1999 and in 2021 it will be replaced by Lynx, a new real-time gross settlement system.

The ACSS, which is one of two payments systems designated as a prominent payment system by the Bank of Canada, is a deferred net settlement system. It clears retail payments, including paper-based payments items; pre-authorized debits and credits; and small-value electronic payments items, such as point-of-sale debit card and automated banking machine transactions. Payments obligations cleared in the ACSS are settled in the LVTS.

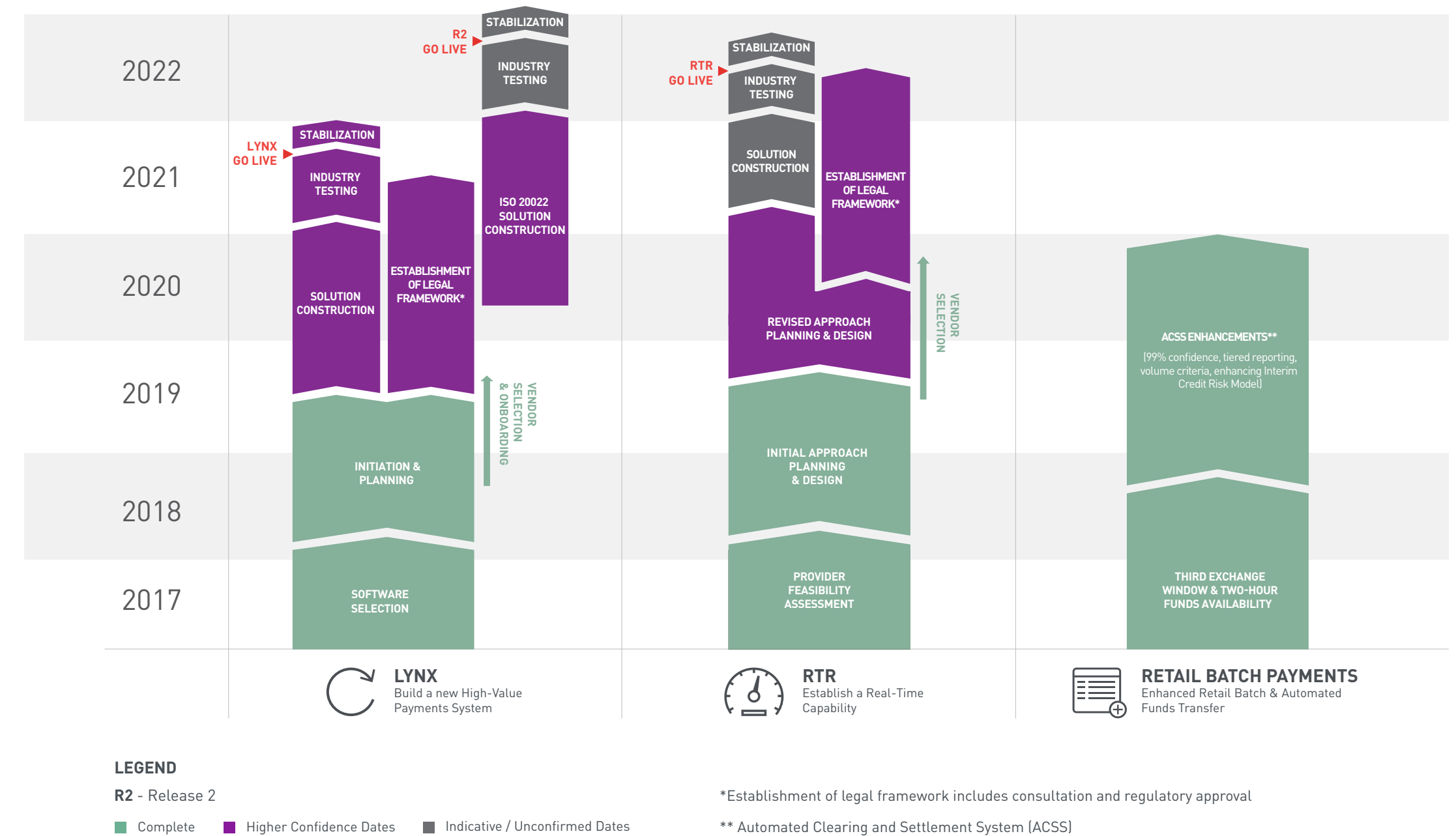


Modernization Roadmap

As an industry-wide initiative, Modernization relies on significant commitment and investment from the payments ecosystem, including Canadian financial institutions, government and regulator partners. The Modernization Roadmap, pictured below details the estimated timelines both historical and future oriented, associated with key activities for each payment system within the Modernization program (i.e., Lynx, the RTR and Retail Batch Payments). The diagram outlines both higher confidence dates (i.e., the purple chevron) and indicative dates (i.e., dark gray chevrons). The date ranges shown as indicative are projected date ranges that Payments Canada will review and refine regularly, working in close collaboration with program partners.

MODERNIZATION MULTI-YEAR ROADMAP

Published December 2020



Note: All new and enhanced systems will be supported by a modernized rules framework and will align with global regulatory best practices. Another important element of Modernization is the implementation of ISO 20022, a global message standard as the foundation for payment messaging across all modernized payments systems.



LYNX

Lynx, the new high-value payments system, is on schedule to replace the LVTS in 2021. Lynx has been built to Canadian and international risk standards and includes a new real-time gross settlement system and an enhanced, fully collateralized risk model.

The initial release of Lynx (R1), scheduled for the third quarter of 2021, will enhance the safety, soundness, cyber resiliency and flexibility of high-value payments

in Canada by updating not only technology, but also rules and processes. The subsequent release of Lynx (R2), planned for the fourth quarter of 2022, will introduce the MX ISO 20022 messaging standard.

To support the launch of Lynx in 2021, we are working closely with our members and the Bank of Canada to initiate testing and confirm our implementation approach. We are also working to finalize the required bylaws, rules, policies and procedures that will govern the system. We have also begun preparing

for the implementation of the Lynx MX ISO 20022 messaging format that will enable rich data to travel with payments. The implementation of this messaging format will align with SWIFT's ISO 20022 global implementation of cross-border payments. There will be a period of co-existence whereby Lynx will support both the MT and MX messaging formats.

In 2023 and beyond we will continue to enhance the Lynx system to ensure it remains secure, reliable and resilient.

REAL-TIME RAIL

The RTR will enable Canadian businesses and consumers to send and receive irrevocable payments immediately and securely 24/7/365.

In 2020, following an extensive process of vendor identification and evaluation, Payments Canada selected **Mastercard's Vocalink** to supply the clearing and settlement component of the RTR. Following in 2021, the selection of **Interac Corp.** as the exchange solution provider of the RTR was announced. We will work with our selected vendors to design and build the RTR in 2021. The RTR will support the ISO 20022 messaging standard and account-number-based routing at launch. The ISO 20022 message set will include those messages required to support 'Request to Pay' functionality, with this capability to be introduced in a future release. Industry testing of the solution will occur in the first half of 2022 and deployment is targeted for the second half of 2022.

The Department of Finance has called for broader access to core payments systems and a level playing field for all participants. When the introduction of the RPOF and amendments to the Canadian Payments Act that will allow for broader Payments Canada membership are enacted, we will be in a position to offer RTR access to a broader range of ecosystem participants, including credit union locals and non-FI PSPs.

The RTR will rely on a pre-funded settlement model. This model was selected to support broader access to and participation in the real-time payments system by members of Payments Canada that are not federally regulated financial institutions.

As we did with Lynx, Payments Canada will continue to work closely and collaboratively with members, stakeholders and the Bank of Canada in order to ensure the successful launch of the RTR.

AUTOMATED CLEARING SETTLEMENT SYSTEM

In 2018, Payments Canada delivered retail batch improvements including a revised risk model and a third exchange. In 2020, we introduced rules that support expanded access to the Automated Clearing Settlement System (ACSS). In December 2020, Payments Canada refreshed the ACSS application and introduced a new infrastructure partner. In 2021, we will begin to consider how to best deliver a centralized exchange for batch payments in Canada.

Operate and Enhance Current Payments Systems in Accordance with Stringent Global Standards

As we prepare to deliver new payments systems in 2021 and 2022, we will continue to operate our current payments systems in accordance with global standards for safety, efficiency and effectiveness. As the Modernization initiative comes to a close, we will focus on the integration and operationalization of new payments systems (i.e., Lynx and the RTR) and the continued stability and availability of current systems (i.e., ACSS). We will continue to make improvements to our security and resiliency practices, follow strong risk management principles, invest in technology and evolve the rules and standards that underpin these systems.



OUR CURRENT SYSTEMS

Our systems include the LVTS and the ACSS and supporting auxiliary systems such as the CPA Services Network, also known as the CSN.

In 2020, Payments Canada's systems cleared and settled \$108 trillion – more than \$427 billion every business day. Transactions that pass through these systems include debit card payments, pre-authorized debits, direct deposits, bill payments, wire payments and cheques initiated and received by Canadians and Canadian businesses.



LARGE VALUE TRANSFER SYSTEM

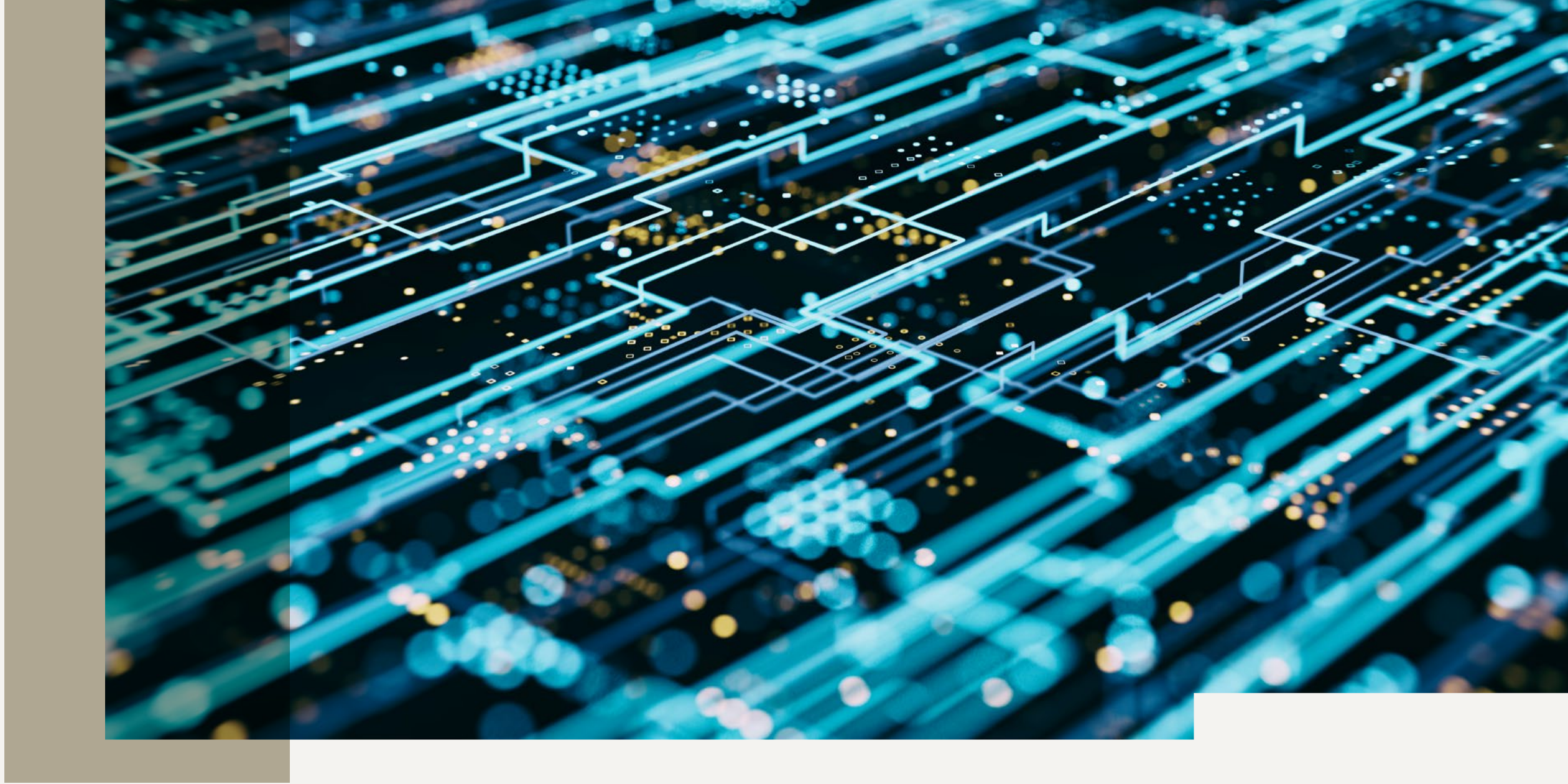
The Large Value Transfer System (LVTS) is an electronic payments system that facilitates the irrevocable transfer of large payments securely with complete certainty of settlement. Since its introduction in 1999, the LVTS has been an integral component of the Canadian financial system and provides a vehicle for the implementation of Bank of Canada monetary policy. The LVTS is designated as systemically important financial market infrastructure and is subject to oversight by the Bank of Canada.

AUTOMATED CLEARING SETTLEMENT SYSTEM

The Automated Clearing Settlement System (ACSS), also known as the retail batch system, processes tens of millions of transactions each business day. The ACSS was introduced in 1984 to automate the

clearing and settlement of payments in Canada. It is a deferred net settlement system that clears and settles electronic payments and paper-based payments, such as cheques. Between 2017 and 2020, several enhancements to the ACSS were implemented as part of the Modernization initiative, including modifications to the credit risk model and the introduction of a third exchange window.

In August 2020, amendments proposed by Payments Canada to Bylaw No. 3— Payment Items and Automated Clearing Settlement System – came into effect, which we expect will result in additional direct clearers on the ACSS. This will increase competition and reduce tiering, which should benefit members and Canadians alike. We anticipate that a number of new direct clearers will be onboarded throughout this planning period.



In November 2020, we launched the refresh of the ACSS application and switched infrastructure providers. This re-platforming provides increased resiliency, improved security and greater functionality to our members. We are now able to deliver application updates and will be able to support member back-office system integration more effectively. We are also now able to collect information which will allow us to more effectively assess operational risk. We will continue to evolve ACSS product rules, including Government Rules (G Rules), Pre-Authorized Debit payments (Rule H1) and Bill Payments (Rule H6) to support payments innovation.

RETAIL BATCH PAYMENTS

We have advanced our understanding of the business needs for a centralized model and how those needs interact with retail batch payments' target capabilities of enhanced risk control and broader access. To that end, we are collaborating with the Bank of Canada on a multi-year plan for the future state of retail batch payments, including the requirements, definition, business capability, design and engagement strategy of a new system. We hope to come to alignment on future state visioning during 2021, which would establish a clear path for retail batch system operations for the next three years.

OTHER SYSTEMS: CONNECTIVITY, INTEGRATION, VALIDATION AND DIRECTORY SERVICES

Our auxiliary systems and services include the CPA Service Network (CSN), Payments File Validation Service (PFVS), Application Program Interface (API)

services, the Financial Institution File (FIF) directory and the Corporate Creditor Identification Number (CCIN) directory.

The CSN is the critical network infrastructure used by our members to connect to the LVTS and the ACSS and to exchange batch payment transaction files such as Automated Funds Transfers (AFT) and Electronic Data Interchange (EDI) files. The CSN will provide connectivity for a growing number of new participants who need to connect to current and modernized core systems such as Lynx and the RTR.

The PFVS is a cloud-based service that facilitates ISO 20022 and other payments file format validation and testing. The capabilities of this service will grow to include bank-to-bank testing to support ISO 20022 validation for Lynx and may play a role in the RTR testing.

Payments Canada currently offers 20 APIs to support its systems and services that have been widely adopted by members and FIF subscribers. Additional APIs will be introduced to support the launch of Lynx and the RTR.

The FIF and CCIN are Payments Canada managed payments directories used for branch number validation and routing and biller account management. There are a series of process and technology improvements planned for both the FIF and CCIN that will aid in the expansion of self-service channels and support service delivery efficiency.

These crucial systems and services that facilitate connection and enhance the functionality of core Payments Canada systems will continue to evolve.

CYBER SECURITY

The goal of our cyber security program is to manage overall cyber risk to the national clearing and settlement systems. To keep payments systems secure, Payments Canada adheres to both global and domestic standards in information security, including cyber security. We also play an active role in evolving those standards to keep pace with threats and continue to be highly engaged with our ecosystem partners in addressing the threat landscape. Cyber threats continue to evolve at an ever-increasing pace and as we extend our security operating model across newly built payments systems, cyber security will continue to be a priority.

We have achieved tight alignment between our Information Security Management System (ISMS), systems security audits and broader management controls. Over the course of this planning period, we will be further improving the verification of

system participant security controls. Starting in 2021, the internal auditors of ACSS direct and group clearer participants, as well as LVTS participants, will corroborate the annual attestations to Payments Canada, providing greater assurance of adherence to Payments Canada security requirements. This provides greater independent assurance to our attestation process in preparation for the integration of third-party technologies with the RTR.

We will continue to develop our cyber security functions with a focus on strengthening our security operations centre by the end of 2022. We will continue to supplement those operations by collaborating internally and externally with industry partners and we will strengthen industry resilience by providing our membership with improved protection for critical systems and enhanced information sharing.

We will continue to work closely with the Bank of Canada to improve the cyber resilience of our systems. This will include publishing a cyber resilience strategy and framework. Cyber security will continue to be integrated into our compliance and audit program and our cyber security testing program will continue to be robust and comprehensive. We will also continue to mature the identification, protection and monitoring of all our information.

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 and Systemically Important Payment Systems. We will continue to evolve our risk management practices as our organization delivers Modernization and the broader financial ecosystem transforms.

Payments Canada is developing a risk-based culture through increased education and training. This will create enterprise awareness of Payments Canada's risk appetite and ensure staff understand their respective role in identifying and managing risk. Training supports effective risk communication and active risk engagement by the business. It is recognized that we may need to accept risk to deliver against our mandate provided that the risk allows us to meet the following criteria:

1. Promotes the good of the Canadian ecosystem overall, recognizing that members are significant in the ecosystem.

2. Fits our strategy and can be understood and managed.
3. Positions Payments Canada and its systems to be among the most resilient in the global financial industry.

We expect to further integrate desirable risk management behaviours within job descriptions, the code of conduct and performance assessments.

Across all our payments systems, we will develop a financial market risk-monitoring framework that includes analytical metrics and tools. These tools will allow for the timely monitoring of participant compliance with rule-based risk controls, the identification of trends and the performance of stress- and back-testing. In 2020, we completed the Lynx Financial Risk Framework and in 2021 we will seek approval of the Lynx Self-Assessment against the Bank of Canada's Risk Management Standards. Payments Canada will complete the RTR Financial Risk Framework to ensure that member liquidity, credit and default risks are transparent to participants and to document the tools built to effectively manage these risks.

Operational resiliency is a critical element of our risk management program. Starting in 2021 with Lynx, our core payments systems will be operated in close partnership with third-party vendors and we will be maturing our vendor risk management practices.



TOP RISKS

Payments Canada classifies risk in five different categories: operational risk; strategic risk; financial risk; settlement risk; and reputational risk. For the planning period our top risks are:

1. Cyber incidents affecting payments or corporate systems. (Operational Risk)
2. The impacts of the COVID-19 pandemic to our corporation, employee health and well-being, ability to operate payments systems and the delivery of the Modernization program. (Operational Risk)
3. The Modernization program's scale, scope and timeline may be a challenge to the payments ecosystem's ability to execute against the Modernization Roadmap. (Strategic Risk)
4. Challenges in achieving alignment of financial institutions', regulators' and other stakeholders' interests within our current authority constrains and delays Modernization implementation. (Strategic Risk)
5. A major and prolonged payments system outage. (Operational Risk)

Facilitate the Payments Ecosystem

As a public-purpose entity, Payments Canada strives to represent the interests of members, Canadian businesses, consumers and other stakeholders. Our aim is to be the Canadian source of expert knowledge in payments, connecting the ecosystem through advocacy, education, research and thought leadership. We play an active role in facilitating innovation, interoperability and change that strengthens the Canadian payments ecosystem.



In previous corporate plans, our focus has been on the Modernization program and the requirement to successfully deliver this transformational program. During this planning period we will complete all aspects of the Modernization program and move from program delivery to ongoing operations for these new systems. After we have delivered both Lynx and the RTR, we will turn our focus to cross-border payments, open banking, central bank digital currency and the requirements of a centralized retail batch payments system.

Throughout the planning period, we will continue to support opportunities for ecosystem collaboration that will promote the efficient and safe operations of national payments systems and support the development of new payment methods and technologies. This will include opportunities for dialogue and collaboration, notably through Payments Canada's annual conference – **The SUMMIT**, forums that create awareness of and involvement in payments issues across the stakeholder ecosystem and other activities that showcase our payments expertise, both nationally and globally. Although the in-person version of The SUMMIT was cancelled in 2020 due to the COVID-19 pandemic, a series of virtual sessions were offered. We will continue to do the same in 2021 by offering virtual sessions for The SUMMIT.

The introduction of new payments systems will act as a catalyst for wholesale change within the

Canadian financial industry. New regulation will positively affect Payments Canada's membership, systems and rules. We will continue to broaden our scope of outreach and influence by building awareness and coordinating engagement, including through the provision of expert influence that helps drive industry alignment and growth.

One of the initiatives that has received alignment and support within the ecosystem is the work we are undertaking to reduce the number of cheques issued and processed in Canada. The Government Cheque Reduction Initiative, borne out of the response to the pandemic, has received broad ecosystem support and engagement. This initiative leverages the momentum around the conversion of government cheques to direct deposit. It aims to create faster, more secure access to funds for Canadian consumers and businesses, increase payments processing efficiency and reduce operational costs across the ecosystem. This program started in 2020 and will continue into 2022.



What is unique about this program is that the participating members have agreed to fund this specific piece of work, based on defined and agreed outcomes.

SUPPORTING STRATEGIES

Technology

As a systemically important financial market infrastructure provider, Payments Canada’s ability to enhance technology is essential to ensure the continued safety and soundness of our payments systems. Our technology strategy is anchored to the replacement of LVTS with Lynx in 2021 and the implementation of the RTR in 2022. We look forward to evolving our strategic partnerships and working relationships with our partners responsible for delivering and operating these new payments systems.

Payments Canada’s technology strategy is focused on our continued migration to a centralized cloud-data-warehouse model. This includes replacing our enterprise resource planning system, expected to begin in 2022, and the continued evolution of our integrated cloud-based API platform of technology services that facilitate connection to Payments Canada systems.

Finance

The five-year financial plan forecasts the financial resources required to deliver sound and robust core operations while supporting the modernization of Canada’s clearing and settlement infrastructure. Payments Canada is a not-for-profit organization entirely funded by fees paid by its members. The revenue for Payments Canada is protected and assured because Canada’s large and federally regulated banks, which are mandatory members, are required to fund our operations.

As the pandemic took hold throughout the country, we were impacted through a significant decline in transaction volumes. In response to the decline in transaction revenues, we introduced cost containment measures and identified cost efficiencies across the organization. We will use the lessons learned and the process developed from our cost containment activities to continue to review and optimize our cost structure.

We cannot carry out our plans without a supporting resource strategy that includes our people, the technology that supports all that we do and a sound financial strategy.

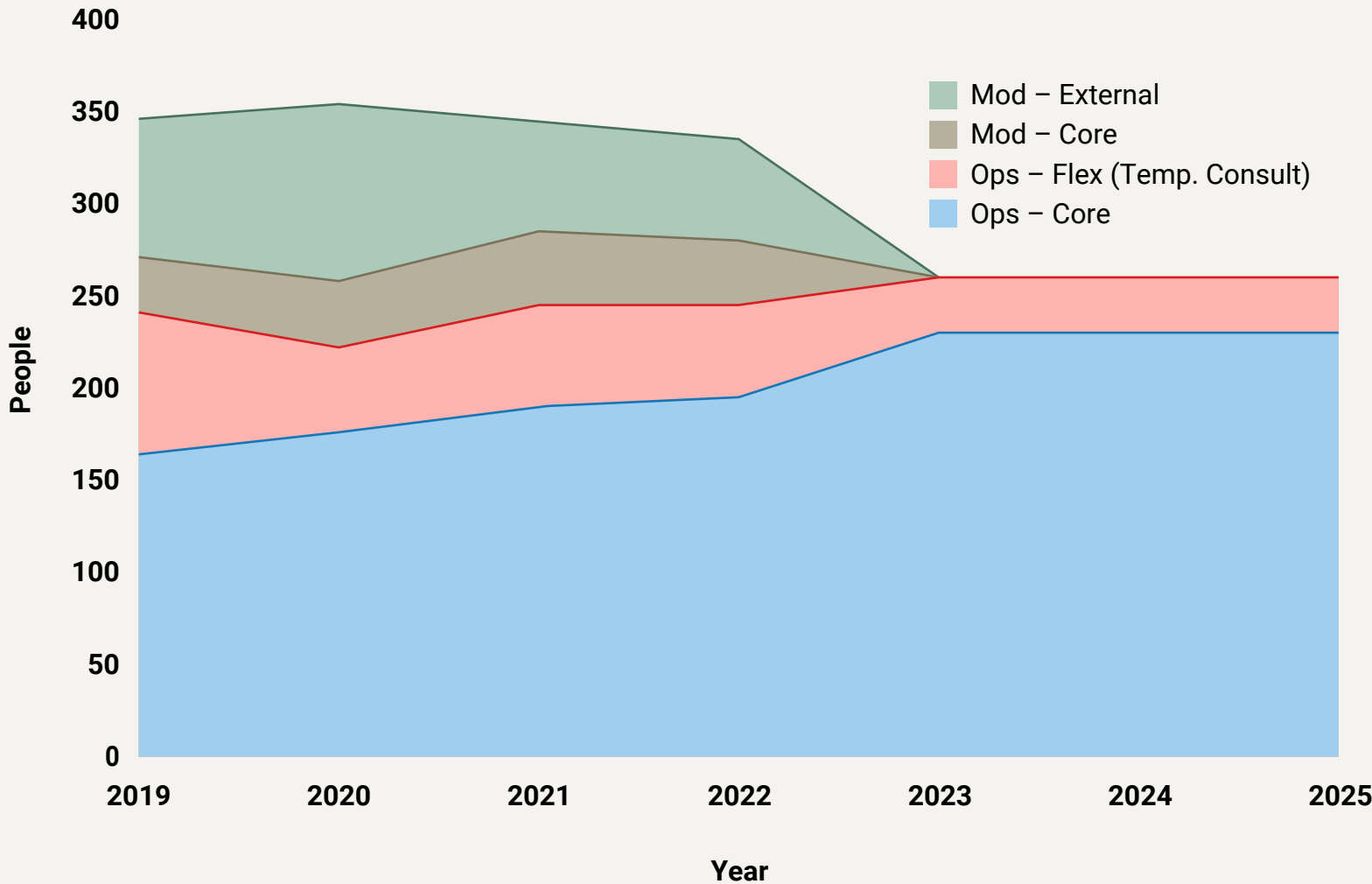
Our People

We will continue to ready our organization to operate our new payments systems with the appropriate resources. The graph entitled “Capacity Forecast 2019 – 2025 (Actual and Planned)” depicts the evolution of our employee resourcing from 2019 to 2025. Our overall resource requirements will reduce as new systems transition from the Modernization program to core operations, with a steady-state projection of approximately 260 positions by 2025 to support the operation of three payments systems.

To ensure that we have the right people, we have implemented a strategy that will attract, develop and retain top talent while building a diverse workforce. Diversity is a cornerstone of our people strategy, as a strong and more inclusive workforce provides a greater variety of perspectives and ideas. We will continue to engage a workforce that mirrors the Canadian labour market. To further develop the talent we have, we continue to build a range of education programs including payments education, leadership development and effective communication.

The COVID-19 pandemic has provided us with an opportunity to envision what we want our future workplace to look like. This aligns with our strategic objective to elevate the employee experience and employee engagement. We continue to identify and implement options to support flexible work arrangements to attract and retain employees and to support high levels of employee engagement and productivity. We are also investigating increased support for employee physical and mental well-being. These people initiatives will strengthen our culture and enhance our value proposition for employees, both current and prospective.

Capacity Forecast 2019 – 2025 (Actual and Planned)



STATEMENT OF OPERATIONS—REVENUES

Over the next five-year planning period our revenues are forecast to increase, driven by the deployment of new payments systems. Revenue will consist of transaction fees required to operate the systems and debt retirement fees required to pay off the debt associated with the Modernization program.

Lynx will become operational in the third quarter of 2021. We will maintain existing LVTS pricing for the balance of 2021 and will begin to charge Lynx participants in 2022 for the operational cost of Lynx, including a debt retirement fee. The Lynx transaction fee will be based on a combination of the volume of transactions that are sent and received by participants and the value of those transactions. Based on our forecast, the annual operating cost of the Lynx system will range between \$42 million and \$44 million.

We will begin to charge participants for the new RTR system as of the launch date, planned for the second half of 2022. The corporate plan forecasts that the RTR system will generate revenues of \$21 million in 2022, representing a half year of operations. Based on the forecast, revenues from the RTR system will increase to \$47 million in 2023, \$54 million in 2024 and \$60 million in 2025. This revenue growth is directly attributable to the volume of transactions forecast to flow through this system.

For the ACSS, our pricing methodology will remain unchanged for payments items that are sent and received. The five-year financial plan assumes that the ACSS revenue will range between \$24 million and \$28 million.

The new systems delivered by the Modernization program will continue to be funded through our demand loan facility up to the point that the system goes live. In 2021, we will negotiate a term loan for the portion of the demand facility that relates to Lynx. Payments toward the loan will begin in January 2022 and will continue over a 10-year period. We estimate that approximately \$190 million of the \$250 million credit facility pertains to the Lynx system and will be recovered through debt retirement fees. The fees collected from members to cover the loan payments will have a significant impact on our revenue.

(\$M)

REVENUES

LVTS Fee – Operating	31	30	30	–	–	–	–
LVTS Fee – Reserves	2	4	2	–	–	–	–
ACSS Fee – Operating	21	18	20	24	26	27	28
ACSS Fee – Reserves	3	3	2	2	–	–	–
Common Services Fee and Other Revenues	11	7	11	10	10	9	10
Revenue – Current Systems	68	62	65	36	36	36	38
Lynx Fee – Operating	–	–	–	42	41	42	44
Lynx Fee – Reserves	–	–	–	4	–	–	–
RTR Fee – Operating	–	–	–	21	47	54	60
RTR Fee – Reserves	–	–	–	2	5	5	5
Revenue – New Systems	–	–	–	69	93	101	109
Lynx Fee – Loan Repayment	–	–	–	20	20	20	20
RTR Fee – Loan Repayment	–	–	–	2	3	3	15
ACSS Fee – Loan Repayment	1	2	2	2	2	2	1
Future Enhancement and Innovation Fee	–	–	–	–	5	5	5
Revenue – Loan Repay and Future Enhancement	1	2	2	24	30	30	41
Total Revenues	69	64	67	129	159	167	188

	ACTUAL		PLAN				
	2019	2020	2021	2022	2023	2024	2025
REVENUES							
LVTS Fee – Operating	31	30	30	–	–	–	–
LVTS Fee – Reserves	2	4	2	–	–	–	–
ACSS Fee – Operating	21	18	20	24	26	27	28
ACSS Fee – Reserves	3	3	2	2	–	–	–
Common Services Fee and Other Revenues	11	7	11	10	10	9	10
Revenue – Current Systems	68	62	65	36	36	36	38
Lynx Fee – Operating	–	–	–	42	41	42	44
Lynx Fee – Reserves	–	–	–	4	–	–	–
RTR Fee – Operating	–	–	–	21	47	54	60
RTR Fee – Reserves	–	–	–	2	5	5	5
Revenue – New Systems	–	–	–	69	93	101	109
Lynx Fee – Loan Repayment	–	–	–	20	20	20	20
RTR Fee – Loan Repayment	–	–	–	2	3	3	15
ACSS Fee – Loan Repayment	1	2	2	2	2	2	1
Future Enhancement and Innovation Fee	–	–	–	–	5	5	5
Revenue – Loan Repay and Future Enhancement	1	2	2	24	30	30	41
Total Revenues	69	64	67	129	159	167	188

STATEMENT OF OPERATIONS—EXPENDITURES

Over this planning period, the total operating budget, including reserves and Modernization expenditures, increases from \$108 million in 2021 to \$173 million in 2025. This increase includes costs associated with our strategic technology partner for the Lynx system, the costs associated with operation of the real-time payments system and interest costs associated with the repayment of the Modernization loan. An allocation of \$5 million for enhancements to our payments systems is reflected in 2023 to 2025.



(\$M)

REVENUES

EXPENSES

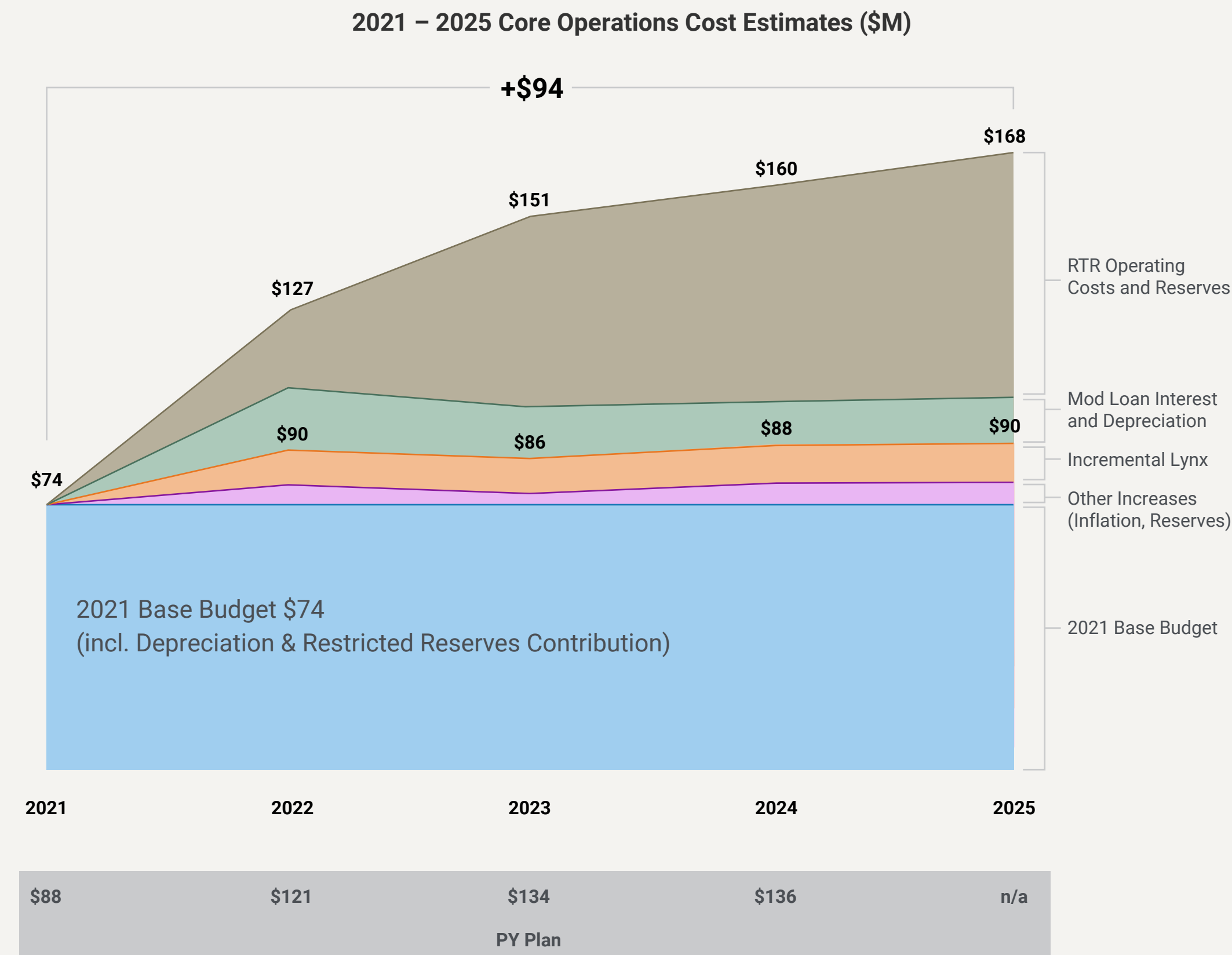
Staff Costs	27	28	31	33	35	37	38
Technology	12	10	14	15	15	16	16
Professional Services	9	5	5	4	5	5	5
General and Administrative	9	9	10	10	9	9	10
Core Operating Expenses	57	52	60	62	64	67	69
Lynx Incremental Cost	–	–	–	12	11	10	11
RTR Operating Expenses	–	–	–	21	47	54	60
Modernization Program	24	29	34	35	–	–	–
Future Enhancement and Innovation	–	–	–	–	5	5	5
Incremental System Costs	24	29	34	68	63	69	76
Modernization Loan Interest	–	–	–	6	7	7	6
Depreciation	3	3	10	18	17	17	17
Interest and Depreciation	3	3	10	24	24	24	23
Total Expenses	84	84	104	154	151	160	168
Surplus/(Deficit)	(15)	(20)	(37)	(25)	8	7	20
Transfer (To)/From Reserve Funds	(6)	(7)	(4)	(2)	(5)	(5)	(5)
Net Surplus/(Deficit) after Reserve Transfers	(21)	(27)	(41)	(27)	3	2	15

	ACTUAL		PLAN				
	2019	2020	2021	2022	2023	2024	2025
REVENUES	69	64	67	129	159	167	188
EXPENSES							
Staff Costs	27	28	31	33	35	37	38
Technology	12	10	14	15	15	16	16
Professional Services	9	5	5	4	5	5	5
General and Administrative	9	9	10	10	9	9	10
Core Operating Expenses	57	52	60	62	64	67	69
Lynx Incremental Cost	–	–	–	12	11	10	11
RTR Operating Expenses	–	–	–	21	47	54	60
Modernization Program	24	29	34	35	–	–	–
Future Enhancement and Innovation	–	–	–	–	5	5	5
Incremental System Costs	24	29	34	68	63	69	76
Modernization Loan Interest	–	–	–	6	7	7	6
Depreciation	3	3	10	18	17	17	17
Interest and Depreciation	3	3	10	24	24	24	23
Total Expenses	84	84	104	154	151	160	168
Surplus/(Deficit)	(15)	(20)	(37)	(25)	8	7	20
Transfer (To)/From Reserve Funds	(6)	(7)	(4)	(2)	(5)	(5)	(5)
Net Surplus/(Deficit) after Reserve Transfers	(21)	(27)	(41)	(27)	3	2	15

SUMMARY OF CORE OPERATING COSTS

The core operating costs of Payments Canada include items such as employees (permanent and temp), infrastructure (e.g., hardware, software and service contracts) and facilities and administration.

Core operating costs will increase from \$74 million in 2021 to \$168 million in 2025 as outlined in the graph entitled “2021 – 2025 Core Operations Cost Estimates.”



Ongoing core operations costs are expected to be relatively stable, hovering around \$74 million per year (i.e., the bottom blue section of the graph). However, as new systems become operational, our cost base will grow substantially driven by the following expenses:

- a) Incremental costs associated with Lynx (e.g., technology partner) – the orange section of the graph.
- b) Interest associate with the loan to fund the Modernization program plus the depreciation of the new payment systems – the green section of the graph.
- c) New payments systems costs associated with the RTR – the light brown section of the graph.

- **RTR Operating Costs and Reserves:** The new real-time payments system will increase the annual operating costs by approximately \$47 million in 2023 and up to \$60 million by 2025. This is due to expected increases in the volume of transactions that will flow through this system. These costs reflect direct internal costs (e.g., resources, G&A) and technology cost estimates related to both clearing and settlement and exchange functions. The RTR operating expenses will be fully offset by fee revenue. Restricted reserves required by the Bank of Canada for RTR, along with our internal requirement to have a Fee Stabilization Reserve, are anticipated to add approximately \$4 million to our annual cost starting in 2022.
- **Modernization Interest Expense and Depreciation:** As systems go-live, the repayment of the Modernization loan will introduce interest expense of approximately \$6 million per year to our core operating budget. Depreciation will be incurred following the Lynx system go-live date and is expected to add approximately \$17 million per year to our operating budget.
- **Incremental Lynx costs:** An incremental annual cost in the range of \$10 million – \$12 million will be added to the Lynx operating model to support our technology partner and to pay for application licensing and support costs.
- **Other Cost Increases:** Excluding the impact of new systems, core operating costs are expected to be stable during the planning period. Impact of inflation and other increases (e.g., ACSS reserve) is expected to be minimal.

STATEMENT OF FINANCIAL POSITION

Payments Canada's financial position has been growing and strengthening since the start of the Modernization program. This program has been the catalyst that has seen Payments Canada become a well-capitalized provider of financial market infrastructure. The company will have a financial position in excess of \$200 million throughout this planning period.



(\$M)

ASSETS

Cash and Investments
Other Current Assets
Capital Assets

Total Assets

LIABILITIES

Trade and Other Payables
Demand Loan
Loan Payable
Other Liabilities

Total Liabilities

Total Net Assets

Total Liabilities and Net Assets

ACTUAL		PLAN				
2019	2020	2021	2022	2023	2024	2025
42	59	57	57	55	60	64
24	20	21	29	34	35	37
72	118	146	136	120	104	88
138	197	224	222	209	199	189
20	23	20	28	26	27	29
132	205	276	124	–	–	–
–	–	–	170	276	258	228
3	5	4	3	3	3	3
155	233	300	325	305	288	260
(17)	(36)	(76)	(103)	(96)	(89)	(71)
138	197	224	222	209	199	189

ASSETS

Our asset base is primarily composed of two items: financial reserves held in the form of liquid investments, as required by the Bank of Canada, to support operations of the payments systems in times of crisis; and the technology associated with the payments systems. Assets will reach a peak balance in 2022 once Lynx and the RTR become operational. For the balance of the planning period (i.e., 2023 to 2025), our asset base will decrease in alignment with the depreciation associated with Lynx.

LIABILITIES

Liabilities, specifically the demand loan, peak in 2022 before beginning to decrease as principal payments are applied to the outstanding balance.

CAPITAL BUDGET

The five-year capital budget reflects the estimated cost to finish and deploy Lynx. Beyond 2023, capital investments reflect the continued development of new payments infrastructure along with small upgrades to ongoing corporate systems.

	ACTUAL		PLAN				
	2019	2020	2021	2022	2023	2024	2025
(\$M)							
CAPITAL EXPENDITURES							
Core Operations	4	6	–	2	2	2	2
Modernization Program	39	44	42	6	–	–	–
Total Capital Expenditures	43	50	42	8	2	2	2



ACTUAL FINANCIAL RESULTS TO PLANNED RESULTS

Assets total \$197 million for 2020, against a planned amount of \$204 million projected in the 2020 – 2024 Corporate Plan.

The variance between actual results and planned results was driven by:

- The timing of the RTR vendor costs, originally anticipated to be capitalized in 2020, but now shifted to operating costs in 2021 and beyond. The majority of the RTR system development costs will no longer be accounted for as capital costs; instead, they will be recognized as operating costs.
- A decline in the cash position due to decreased revenues. This decline in revenues was caused by the cancellation of The SUMMIT in 2020 and by lower than planned transaction volumes for the ACSS as a direct result of the COVID-19 pandemic.

Total liabilities for 2020 amount to \$233 million, a decrease of \$8 million compared to the 2020 to 2024 Corporate Plan.

This decrease in liabilities between actual and planned results was driven by:

- A reduced need to draw from the demand loan facility for the Modernization program, resulting in a lower demand loan balance.
- The decrease in trade payables in both Core Operations and the Modernization program.

Total revenues for 2020 total \$64 million compared to planned revenues of \$70 million. The \$6 million difference is a direct result of cancelling the 2020 SUMMIT, coupled with lower transaction fee revenues due to the pandemic.

Total expenses in 2020 amounted to \$84 million which is \$2 million lower than planned. The variance is due to reduced expenses and cost containment initiatives.




PERFORMANCE AGAINST PLAN



Modernize the Canadian Payments System

EXPECTED OUTCOMES

Advancement of the Modernization program in support of the vision that leads to fast, flexible and secure payments system that promotes innovation and strengthens Canada's competitive position.

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.




KEY INITIATIVE	STATUS	2020 UPDATE
Implement Lynx, compatible with global risk and operating standards to ensure interoperability.		The approved metrics associated with Lynx were achieved in 2020. Deliverables include: <ol style="list-style-type: none"> i. Ensured Lynx Financial Risk Framework, reviewed by members and Bank of Canada. ii. Completed Lynx solution build, along with the final R1 release. iii. Completed industry test strategy, training and test readiness. iv. Finished internal testing and first iteration of the Lynx operating model along with the required capacity plan.
Deliver real-time, data rich payments capability to Canada that meets the needs of the ecosystem domestically and abroad.		The RTR work moved forward during the year. Notable achievements include: <ol style="list-style-type: none"> i. Launched the RTR RFP process, selected two vendors to source the RTR Clearing and Settlement and the RTR Exchange. ii. Executed contract with the RTR Clearing and Settlement vendor later than originally planned. Deliverable met but not within the original timeline. iii. Continued negotiations with the RTR Exchange services provider. Due to RFP process extension, the contract with the RTR Exchange vendor was not finalized before year end. Deliverable will be met later than anticipated. iv. Initiated the impact assessment with member financial institutions and the Bank of Canada, conducted public policy consultation and completed participant requirement documents.





Operate and Enhance Current Systems

EXPECTED OUTCOMES

Ensuring our current payments clearing and settlement systems and supporting rules and standards meet global standards of safety, efficiency and effectiveness.

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.




KEY INITIATIVE	STATUS	2020 UPDATE
Ensure continued operational excellence and system reliability.		<ul style="list-style-type: none"> i. Achieved system availability targets for ACSS, LVTS and CSN each quarter. ii. Migrated 50 per cent of all corporate systems to the cloud by end of year. iii. Delivered all planned corporate dashboards during the year. iv. Achieved planned metrics for the API product adoption. v. Successfully delivered APIs, including test version APIs, for both Lynx and RTR.
Enhance risk management, with a focus on cyber security.		<ul style="list-style-type: none"> i. Achieved all Payments Canada security metrics by year-end. ii. Exceeded risk management metrics as a result of i) improved scores under the risk strategy and appetite, risk governance, risk reporting; ii) robust change management for evolved risk tools (e.g., risk taxonomy, appetite, assessments); iii) operating in a long-term crisis situation due to the pandemic; iv) strengthening external risk reporting; and v) conducting risk training to staff above and beyond planned training. iii. Completed and validated all major audit findings by year-end.
Attract, retain and develop top talent.		<ul style="list-style-type: none"> i. Met all metrics within the people section by end of year. ii. Employees continued to be engaged as demonstrated by strong employee engagement scores. iii. Successfully created the Diversity, Inclusion and Wellness Committee and maintained activity during the year. iv. Put a succession plan for executive and critical roles in place by the end of year.
Manage financial resources prudently and transparently.		<ul style="list-style-type: none"> i. Achieved the financial metric with regard to prudently managing the core operations budget. ii. Applied cost containment measures and identified cost efficiencies across the organization as transaction revenues declined as a direct result of COVID-19. iii. Distributed quarterly financial results to members in a timely manner with no requests for additional information. iv. Identified no significant deficiencies and material weaknesses related to ICFR.



Facilitate Interoperability and Innovation in the Payments Ecosystem

EXPECTED OUTCOMES

Engaging the financial and business ecosystem to influence progress in payments for the benefit of all Canadians.

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.

KEY INITIATIVE	STATUS	2020 UPDATE
<p>Be the Canadian source of expert knowledge in payments, connecting the ecosystem through education, research and thought leadership.</p>		<p>Completed deliverables associated with this objective include:</p> <ul style="list-style-type: none"> i. Launched Certified International Payments Professional website in collaboration with NACHA. ii. Accomplished significant work on the development and collection of the content for the global payments body of knowledge. However, due to the impact of COVID-19, the associated metric was not fully achieved as the actual collected content was lower than planned. iii. The global certification exam and prep course was delayed past 2020 as a direct result of COVID-19. iv. Launched the internal Canadian Payments Fundamental program with initial four learning modules for employees. v. Presented research findings on various topics (e.g., data-rich payments, membership access, cross-border payments, ISO 20022 and open banking) through a variety of digital channels such as website, podcast, online conferences, media interviews.
<p>Support members and stakeholders on the change journey, drive demand for modern payments systems and build/maintain confidence in Payments Canada's ability to execute.</p>		<ul style="list-style-type: none"> i. Continued to build and maintain the confidence of members and stakeholders, meeting the established survey targets. ii. Some targets were directly impacted by COVID-19. Despite our best efforts to showcase the Payments File Validation Service (PFVS) product, we were not in the position to onboard new Financial Institutions by the end of the year as members shifted their priorities during the year. iii. The engagement of a large Canadian government agency in a case study or proof of concept on modern payments implementation (ISO 20022 use case) was delayed due to the limited availability of external partners (i.e., CRA and Receiver General).

Appendices

- i. Board of Directors
- ii. Executive Leadership Team
- iii. Operational Leadership Team
- iv. Membership Advisory Council
- v. Stakeholder Advisory Council

i. Payments Canada Board of Directors

NAME	POSITION	FINANCIAL INSTITUTION
Eileen Mercier	Chair and Independent Director	
Malcolm Knight	Deputy Chair, Chair of the Risk Committee and Independent Director	
David T. Barnard	Independent Director	
Tracey Black	President and CEO	
Susan Doniz	Chair of the Human Resources and Compensation Committee and Independent Director	
Garry Foster	Chair of the Audit and Finance Committee and Independent Director	
Lib Gibson	Independent Director	
Susan Hawkins	Member Director	TD Bank
Mike Henry	Member Director	Scotiabank
John Landry	Member Director	Citibank
Rob Paterson	Member Director	CS Alterna Bank
Kevin Patterson	Member Director	CIBC
John Sheridan	Independent Director	

ii. Payments Canada Executive Leadership Team

NAME	POSITION
Tracey Black	President and CEO
Anne Butler	Chief External Relations and Legal Officer
John Cowan	Chief Technology and Operations Officer
Peter Dodic	Chief Risk Officer
Andrew McFarlane	Executive Director, Modernization

iii. Payments Canada Operational Leadership Team

NAME	POSITION
Kristina Logue (Chair)	Chief Financial Officer
Brendan Carley*	Director, Regulatory Affairs
Cyrielle Chiron	Chief Strategy Officer
Andrew Holyome	Senior Director, Payments Products
Martin Kyle	Chief Information Security Officer
Janet Lalonde	Senior Director, RTR
Michaela McBean	Senior Director, Organizational Effectiveness
Stephanie Mould*	Head, Compliance and Privacy

*Attending the Operational Leadership Team on an interim basis.

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iv. Payments Canada Member Advisory Council

NAME	FINANCIAL INSTITUTION
Christine Hunter (Chair)	TD Bank
Ryan Rabin (Vice Chair)	ATB
Carol Brigham	Bank of Canada
Derek Vernon	BMO
Jason Behamdouni	CIBC
Megan Jones	Canadian Tire Bank
Vlad Ahmad	Canadian Western Bank
Sue Whitney	Central 1
John Davis	Citibank Canada
Nancy McNeill	Coast Capital
Kartik Kamat	Equitable Bank
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
Eileen Dignen	PNC Bank
Lisa Lansdowne-Higgins	RBC
Dougal Middleton	Scotiabank
Sean Goldrick	Wells Fargo

v. Payments Canada Stakeholder Advisory Council

NAME	ORGANIZATION
David Chance (Chair)	Fiserv
Brent Mizzen (Vice Chair)	Canadian Life and Health Insurance Association
Shemina Jiwani	AscendantFX Capital
Wayne Ralph	Canadian Depository for Securities Ltd.
Jasmin Guénette	Canadian Federation of Independent Business
Don Mercer	Consumers Council of Canada
Sue Britton	FinTech Growth Syndicate
Erika Peterson	Google Payments
Vacant	Hydro-Québec
Ilinca Vetra	Intact Financial Corporation
Vacant	KOHO
Tracy Lagasse	Microsoft
Jean Hope	Ministry of Finance, Province of British Columbia
Wayne Pommen	Paybright
John Sheridan	Payments Canada Board of Directors
Katja Lehr	PayPal
Jean-Pierre Blais	Public Services and Procurement Canada
Donna Kinoshita	Symcor
Josh Rowat	Wise

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