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# Standing Committee on Industry and Technology

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Chair: Mr. Joël Lightbound





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Thursday, December 5, 2024

• (0815)

[*Translation*]

**The Chair (Mr. Joël Lightbound (Louis-Hébert, Lib.)):** I call this meeting to order.

Welcome to meeting number 150 of the House of Commons Standing Committee on Industry and Technology.

Before we begin, I would like to ask all members and witnesses joining us in person to please review the guidelines for the use of microphones and earpieces. The health and safety of everyone is at stake, especially the interpreters, whom I would like to thank, in passing.

[*English*]

Pursuant to the motion adopted on Thursday, September 19, 2024, and the order of the House referring back the 20th report of the committee entitled “Potential anti-competitive behaviour in Canada's e-Transfer ecosystem”, the committee is resuming its study on credit card practices and regulations in Canada.

We are pleased to welcome our witnesses today.

From CanPay Software Inc., we have Ali Abou Daya, chief operating officer, who is joining us online. Thanks for being here.

From the Consumers Council of Canada, we have Michael Jenkin, vice-president. He is joining us here in Ottawa.

From Questrade Financial Group, we have Edward Kholodenko, president and chief executive officer; and Tanya Woods, managing director of government and regulatory affairs. Thanks for joining us.

You will each have five minutes for your opening remarks. Then we will open the floor for a discussion.

Without further ado, I will yield the floor to Mr. Ali Abou Daya from CanPay.

**Mr. Ali Abou Daya (Chief Operating Officer, CanPay Software):** Thank you.

[*Translation*]

Good morning, everyone. Thank you for inviting me today.

[*English*]

I shall continue in English for comfort.

My name is Ali Abou Daya and I represent CanPay, a team that is aiming to improve the financial landscape in Canada. Our com-

pany is currently under development, and team CanPay hosts a group of hard-working Canadians, who have enabled over a \$100 billion in transaction value globally over the past three years. I am a computer engineer with a business degree and over 16 years' experience in technology commercialization in automation, AI and blockchain.

The work your committee is undertaking is of great importance to us Canadians, innovators and local businesses. Thank you.

I'm here today to discuss the need for a modern and less costly alternative to the dominant payments network, Interac. While dominant market positions typically come from competitive performance, the case cannot be made for Interac, simply because it's extremely difficult, if not impossible, for external players to bring forward any bank-to-bank transfer solution today without having to resort to Interac.

Banks have exclusive access to consumer accounts. When access is requested, they point to Interac as the incumbent and approved solution, effectively forcing the technology and the associated fees on the takers. Knowing that the banks are the majority shareholders of Interac, neither the banks nor Interac are compelled to modernize at the pace that is required to keep up with the rest of the world. As experience shows, lack of competition yields complacency.

Furthermore, the fee structures for shareholders of Interac are not public. One would expect more transparency from a service that is ubiquitous enough to resemble public services. As a personal example, I find it intriguing that the fees for similar value e-transfers conducted via different institutions range between zero to \$1.05. If we compare this to the fees that we pay when exchanging cash, the discrepancy becomes more apparent. Similarly, businesses pay varying fees to use Interac in addition to the service fees they pay to the banks. These costs ultimately propagate onto the consumer.

Moreover, it appears that Interac offerings are not progressing at a comparable rate to other notable payment providers around the world. In comparing Interac with providers from the United Kingdom, Sweden, India and Brazil, for example, we found that in under three years, these countries rolled out cheaper, faster, more modern and feature-packed alternatives to their existing payment networks without significant disturbances.

Notably this past October, the Consumer Financial Protection Bureau in the U.S. finalized a rule that financial providers must make transaction information, account balance information, information for payments, bill information and basic account verification available without charging fees. This rule, along with the new incoming administration's focus on reducing costs for its citizens, will no doubt move the U.S. to having a competitive open banking system in 2025. We must act, and we must act faster.

Over the past two years, our team has been building the foundation for a Canadian unified payments network, code-named CanPay, that prioritizes consumer needs, reduces overall consumer and operational fees and facilitates small to medium business financial operations with zero disruption to Canada's current payment network, Interac. In simple terms, as our world is becoming more and more digital, we should expect to pay the same fee for sending an email as sending cash.

The potential economic impact of CanPay is substantial. Just on service fee reductions for online transfers alone, our solution would return at least \$1 billion to Canadians in the first year of operation, another \$1.5 billion indirectly because of time savings due to increased transaction limits, lower operational costs for financial institutions and increased financial inclusion. If we consider additional improvements to international money transfers, the overall impact doubles about \$5 billion annually in five years' time.

We would like to recommend to this committee that, while not forgoing security and protections, we urge the committee to expedite the implementation of open-banking regulations, at least, to keep pace with our largest banking counterpart down south; to embrace and enhance competition in the financial sector to ensure the continuous improvement of consumer cost of living; and to fortify the resilience of Canada's financial infrastructure by enabling parallel payment and settlement networks.

Thank you to all committee members for your leadership on this very important cost of living policy issue for Canadians.

[Translation]

Thank you for everything you do.

[English]

I would now welcome the opportunity to answer your questions.

• (0820)

[Translation]

**The Chair:** Thank you very much, Mr. Abou Daya.

Dr. Jenkin, you have the floor for five minutes.

[English]

**Dr. Michael Jenkin (Vice-President, Consumers Council of Canada):** Thank you very much, Mr. Chair.

Thank you, committee, for inviting us to present our views, in our specific sense, on credit cards and consumers.

You'll notice that my presentation is somewhat different, perhaps, from those of some of the providers or potential providers who are coming to talk to the committee. We're going to focus more on current problems with credit cards and the challenges consumers are

facing with them. A lot of this is really more economic than technological, so forgive me if our focus is somewhat different.

The Consumers Council of Canada is a not-for-profit organization that's been in existence for well over 20 years. It's English Canada's primary consumer advocacy organization. It deals with a wide range of consumer issues from financial services through to energy markets, marketplace redress and rules governing the sale, warranties and so forth of goods and services, both federally and provincially.

I want to say just one thing in advance of getting into the details of the presentation. Credit cards, which have been the focus of our attention in the last while, are very unusual financial instruments. They're both a payment mechanism and a credit mechanism simultaneously. They conflate the issue of how you pay for something with the issue of whether you can afford it. A consequence of this is that the issues involved are interactive between the issues of affordability—which are particularly important today, because consumers are under significant financial stress—and the issues of convenience, safety and probity in the use of the payment mechanism itself.

It's a very complicated bundle of issues, and we believe it needs a lot more attention than it's been getting from policy-makers, regulators and, indeed, you, as parliamentarians.

Credit cards are becoming a very popular way of paying. Right now, the growth rate is increasing. About two-thirds of all purchase transactions over \$50 by consumers are now conducted using credit cards. They're the predominant way for consumers to pay, rather than debit or cash.

According to the Bank of Canada, we like our credit cards, with nine out of 10 consumers having at least one. The average, according to the bank, is about 2.5 cards per consumer, so this is a well-distributed and very well-engaged payment mechanism. About six billion transactions a year, representing close to \$600 billion in purchases, are conducted using credit cards. It's estimated that the average consumer spends about \$2,200 a month on their credit cards through transactions.

They're an important payment mechanism for consumers and they're growing in importance. Clearly, for consumers, the consumer protections they have with respect to these payment mechanisms are very important and they need updating. There are some good protections, but they're not unified. They're dispersed over a number of pieces of legislation and practices, and we think it's high time they become centralized and well developed. One of our recommendations relates directly to that.

Of course, the other half of this equation is the important source of retail credit that credit cards perform and, importantly, by implication, the debt burden they represent for consumers. Credit cards are one of the most substantial categories of debt after mortgages and car payments. This is an important issue.

It was estimated in 2023 that total consumer credit card debt was approximately \$97 billion and that 43% of cardholders had some amount of credit card debt. Of those with that debt, 40% estimated that it would take six months or more to liquidate it. An amazing 11% had no firm idea of when they would pay off their debt. Debt management issues here are becoming an important issue.

In the autumn, the Governor of the Bank of Canada noted that of the consumers who don't have mortgages, the number of people who had used 90% or greater of their line of credit limit—in other words, getting pretty close to the maximum—was growing and had reached historically unprecedented levels. We can see here this issue of the management of debt and the payment instrument coming together.

- (0825)

We've identified in our presentation that we gave to the committee on November 14, four particular issues that we think are important.

One is the obvious expensive character of the credit that's being given. Balances that are carried typically go for 19% to 21% interest rates on balances. In some cases, it's more, as in the case of ATM withdrawals. This is very expensive credit, particularly when you consider that unsecured consumer credit from the same financial institutions selling these payment mechanisms can be half as much for an unsecured consumer line of credit, for example. This is a very significant issue.

In addition to that, there are a lot of not obvious fees and costs in using a credit card that can be imposed, everything from annual fees for the use of the card, which can be \$150 or more, depending on what features it has, to the high fees and interest charges laid on ATM cash withdrawals, what exact foreign exchange rate was used when you were purchasing items abroad and interest charges on a carried balance, which, as I've mentioned, are high. Also, once that balance has been paid off, there is often a period of one or two months when your financial institution will still charge you interest on the cost of the credit transactions that you accumulated that month, even though you might pay them off. There are a lot of outstanding issues here that need examination.

Cardholders, of course, are exposed to fraud and identity theft merely by being subscribers to a card. This is a popular and very profitable area for criminal activity. While we recognize that banks do their best and don't hold consumers liable for fraudulent transactions; nonetheless, the risk of having your financial information fall into the hands of criminal organizations is a very significant concern to people, and it's a growing concern because it's so profitable.

Consumers also face—

- (0830)

**The Chair:** Mr. Jenkin, I'll have to ask you to conclude.

**Dr. Michael Jenkin:** All right, but there's a final point I want to make.

The current system lets people get into debt too easily, by too much and too fast. While indebted and potentially financially failing consumers are not in credit card issuers' interests, it's also clear that the substantial profit margins on carried balances and the high interest rates involved are a lucrative income source for financial institutions.

We've made two broad recommendations. One is to consult. We think a consultation is necessary nationally on consumer protection on credit cards as payment mechanisms and as debt mechanisms. We think the banks need to be made more accountable for their responsibility for and duty of care to consumers who are running into problems with credit cards as a credit instrument.

That wraps it up, I think.

**The Chair:** Thank you very much. I appreciate it.

Mr. Kholodenko or Madam Woods, the floor is yours.

**Ms. Tanya Woods (Managing Director, Government and Regulatory Affairs, Questrade Financial Group):** Thank you, and good morning.

At Questrade, our mission is to help Canadians become much more financially successful and secure. We do this by offering services and products that empower them to take control of their financial future.

We share this committee's commitment to transparency, fairness for consumers and lower fees.

Today I am very pleased to have with me Edward Kholodenko, the founder and CEO of Questrade Financial Group, a low-cost financial pioneer in Canada, who will join me now to address the committee.

**Mr. Edward Kholodenko (President and Chief Executive Officer, Questrade Financial Group):** Thank you, Tanya.

As a financial services company committed to providing Canadians with low-cost solutions, we have long advocated for greater competition and fairness for the financial services sector, expanded consumer transparency and diversified financial literacy efforts.

I've run Questrade for the last 25 years and in this time have witnessed tremendous innovation in the financial services industry. I've also been at the forefront of introducing digital low-cost products and services to Canadians, as well as government-initiated products like the first home savings account, which we were first to launch last year to support Canadians.

Over the years, I've been increasingly aware of avoidable costs and low competition in many corners of the financial services industry. This ultimately impacts Canadians, many of whom find it difficult to understand what they really pay for in their products and services.

Some of you may have seen our commercials and are aware that you can retire up to 50% wealthier by not paying high and historically hidden mutual fund trailer fees. These fees are some of the highest in the world and, for a long time, were not well understood by consumers. Interchange fees in Canada maintain a similar status. They are high and not well understood by many Canadian consumers.

We support the recommendations to increase the overall transparency of direct and indirect hidden fees impacting Canadians' overall financial well-being. Clear language and simplified disclosure of the terms and conditions related to financial services and products should also be prioritized, with current regulatory rules on this subject to be reviewed for improvements leading to enhanced consumer knowledge and accessibility so that Canadians are empowered to make the best decisions for their needs and goals.

We believe it's time to innovate from a regulatory and product perspective to drive more value back to Canadians. Improving competition and creating overall cost reductions for Canadians will take more than improvements to transparency. It's important to recognize that financial services and product providers continue to operate in an environment that perpetuates challenges to cost efficiency and competition, ultimately increasing costs for Canadians.

Regulatory requirements frequently lack harmonization between federal and provincial levels, leading to higher compliance costs. Rules and frameworks are not always tailored to the realities of smaller organizations, resulting in disproportionate financial impacts or discouraging them from competing altogether. Additionally, systemic improvements like RTR are slow to reach the market, delaying cost savings for both consumers and businesses.

The pace of global innovation further challenges this environment, as legislative and policy processes struggle to keep up with the rapid demands of novel solutions. Moreover, new payment and financial services frameworks and systems are being developed today in Canada and risk further entrenchment of these challenges. These new frameworks and systems include modernized payment solutions, real-time rails and consumer-driven banking. In these cases, details, including pricing and certain framework elements, are not yet established, making this opportunity for review critical and timely.

If these considerations are not systematically reviewed, the new frameworks and systems could impede fair and enhanced competition and make it difficult for non-incumbent market participants to offer innovative solutions and lower-cost solutions to Canadians.

As such, we recommend that the committee propose a competition review framework to protect Canadians and industry challengers from being negatively impacted where incumbents and dominant market players have notable control and influence. This could include a regular review of all core framework elements, including technological requirements, standards and design choices,

restrictive customer experience requirements, and pricing for participants.

It should also include a review of chosen or dominant ecosystem intermediaries to determine if they are governed and operating in the system as truly independent commercial players or positioned with an unfair advantage to operate more as a public utility, with little or no competition but a clear mandate to enable core financial services for Canadians and industry competitors.

Establishing a review of this nature will help to enhance the competition in Canada's financial services ecosystem, uncover disproportionate and unfair fees charged to industry stakeholders by dominant intermediaries, level the playing field for competitors and, ultimately, work to reduce costs for Canadians.

We believe that a transparent, fair and competitive payments and consumer-driven financial services ecosystem is essential for a healthy Canadian economy and is in the interests of Canadian consumers.

● (0835)

We thank the committee for providing us with this opportunity and look forward to next steps.

**The Chair:** Thank you very much, Mr. Kholodenko.

We'll start the discussion with MP Perkins for six minutes.

**Mr. Rick Perkins (South Shore—St. Margarets, CPC):** Thank you, Mr. Chair, and thank you, witnesses.

Mr. Kholodenko, I really want to get to questions for you because you're such an innovator. I will come to you in this round or maybe the next round, but I'd like to begin with CanPay.

In your opening statement, you said that your company has already cleared \$100 billion in transactions over three years. Can you tell me where that's been done and what kind of services you've offered?

**Mr. Ali Abou Daya:** Absolutely. This team that formed CanPay has built a blockchain technology. This blockchain technology is licensed to multiple operators that work around the world. It mostly does transfers. It does some settlement transactions in some cases.

**Mr. Rick Perkins:** You have the ability to offer some of these services as a Canadian-owned and innovative company around the world, but not here in Canada.

**Mr. Ali Abou Daya:** Not at this point in time.

**Mr. Rick Perkins:** You're not allowed to offer it in Canada. Is that because we, as consumers, are given no choice when we operate with a Canadian bank?

I share Mr. Kholodenko's views on mutual funds. Thanks for doing all that advertising, by the way, to educate Canadians.

The banks own the clearing system and essentially have a complete monopoly power on e-transfers and interchange fees. Do they use that power to keep you out through their lobbying efforts in Ottawa or other means?

• (0840)

**Mr. Ali Abou Daya:** The key issue that we face when we want to offer a meaningful transfer solution is being able to offer bank-to-bank movement of the funds. The way the system is set up right now we cannot. Where would you go to get this access? First, if you request it from the bank, the bank says that Interac exists. Then, if you want to make this meaningful for all Canadians, you need to go to every financial institution, or at least all the major ones, in order to get it.

All of this brings more hurdles in our space and a lot of wasted time. It defeats anybody coming forward to offer these meaningful solutions to Canadians.

On the back end of this, regulation is coming forward now as it comes with everything that comes to blockchain, but also all the licensing that comes with using this technology as a back end for the movement also carries challenges as it comes here.

**Mr. Rick Perkins:** When we sign up for a transaction banking account, generally people do it in Canada where their parents banked or close to where they live or work. I worked for a bank at one time, I do confess. We're not given any choice of service providers. We get our little debit card with a little Interac signal on it.

When you're seeing this around the world, are consumers given a choice of systems? How does that competitive system work? Does the bank say that you have to use X provider?

**Mr. Ali Abou Daya:** Depending on the jurisdiction, you have different flavours of how this is done. There's frequently more than one way to move funds around, but it's not the case in Canada.

**Mr. Rick Perkins:** With the lack of competition—the complete monopoly—we know and we've heard here at the committee that for some reason those who are on the board of Interac seem to have a much lower cost than those who are not on the board of Interac. I wonder if you could comment on that monopolistic practice.

Also, when that movement of money happens around the world, what kinds of things are people in other countries getting access to in terms of services that we cannot get here, where we're sort of operating on a 1980s system?

**Mr. Ali Abou Daya:** One hundred per cent.

With regard to the specific price offering, as I mentioned in the letter, it's not public. We don't know exactly who's being offered what. We operate with some small businesses in the country, and they pay different fees to make these transfers. They say it's volume-priced or volume-based. Just at the core of it being volume-based, it disadvantages small and medium-sized businesses in a sense.

In the jurisdictions I mentioned, the U.K., Sweden, India and Brazil, to name a few, what people get—to separate people from

consumers—all the transfers are free, and people can move money between their accounts at no cost. Then, for small and medium-sized businesses, depending on certain thresholds, it can be free or even much lower than what small businesses get offered here.

Then, with regard to interfacing with other modern features that are more or less becoming required today, not everybody has done the bridge to blockchain. A lot of work is being done, especially since today is the age of adoption in some of these countries. Just being able to connect multiple different systems.... In this case, I'll mention the UPI, which is India. They even made it easier to bridge paying for telecom services within these networks, leveraging that in order to move funds as well.

These are a lot of features and capabilities that are possible and were done—this is public information—in under three years in all of these cases. We don't have access to such features today in Canada.

**Mr. Rick Perkins:** If you get access to Canada.... I don't know if you're going through a process to try, through the regulators, to get approved to operate as a Canadian company in Canada. It seems a difficult thing to do. Will you be allowed to break into the transfer between banking systems, or are they limiting you to just providing services to fintechs?

• (0845)

**Mr. Ali Abou Daya:** This is exactly where the major problem is for us and for any other entity trying to offer these kinds of fintech services. With regard to real-time settlement, bank-to-bank settlement, there's no clear direction where to go or to whom you go to get this. You have to go to the banks one-on-one and then set up your own system in order to get something on there. It's not really clear, especially with no open banking regulations established in the country. This is the biggest challenge on that front.

**Mr. Rick Perkins:** Okay, I may come back to you.

Mr. Kholodenko, you've innovated in a very difficult space for 25 years to get in. How did you get into the system and around our burdensome issues and the bureaucratic, monopolistic control that the banks have had over the trading type of platform that you do?

**Mr. Edward Kholodenko:** Thank you for your kind words.

It hasn't been easy. We found a niche in the marketplace very early where there were high fees and a lot of costs in between. What we did in the very, very beginning.... Our mission is to help consumers become much more financially successful and secure. The way we did it is we had that as our north star, and looking at that, we cut out all the fees in the middle and went directly to the consumer using existing rules and regulations.

Of course, we had to have a lot of discussions with the regulators. We have a lot of regulators that we deal with on a regular basis. We are heavily regulated in the financial services industry. It involves a lot of conversations to get them to understand that we're on the side of consumers. We need to help consumers do more. Competition is good and is better. We were at the forefront of lowering fees and helping consumers do better. That's why we're here.

**Mr. Rick Perkins:** What are some of the monopolistic practices that the banks control to try to keep you from eating their lunch and getting their customers? I'm sure that they're still using tactics to try to limit your ability to succeed.

**Mr. Edward Kholodenko:** The banks are in every facet of consumers' financial lives. They bundle products together, and say that, if you buy this, they'll give you a discount on that. There are ways that they have.... Just by sheer volume, the sheer mass that they have, they're able to have lower costs and make more profits. On the other hand, we as a firm that is much lower in terms of scale don't have the same type of scale, so our costs are, therefore, higher. It's much more difficult to compete.

**The Chair:** Thank you very much, MP Perkins.

We'll now turn it over to MP Van Bynen.

**Mr. Tony Van Bynen (Newmarket—Aurora, Lib.):** Thank you very much, Mr. Chair.

If we're admitting our sins, I, too, like Mr. Perkins, had a career in banking. A part of that was financial advice as well.

The Competition Bureau recently announced at our committee that they're looking into potential anti-competitive behaviour in the e-transfer system.

I'll start with Mr. Abou Daya.

Would you have any suggestions for the bureau that they should look into as they're undertaking this investigation?

**Mr. Ali Abou Daya:** Absolutely.

I mentioned this in the note and in our recommendations. To enable competition is to look at the hurdles that stop companies like ours from offering competitive solutions in the market. Definitely, assessing how easy it is to access the accounts....

Look at what the consumer protection bureau in the U.S. did. They looked at how a company, regulated with the right bodies within the country, can get access to this information and how difficult it is to get access to this information. To be able to move the funds from one account to the other is definitely one of the aspects to look at. Looking at how other people did it usually helps as well.

Look at the examples in other countries where they opened the door for competition. That always improves consumers' lives. That's definitely the other venue that we could look at.

**Mr. Tony Van Bynen:** Do you have any comments, Mr. Kholodenko? From your perspective, what should the Competition Bureau look into?

**Mr. Edward Kholodenko:** I think the Competition Bureau should look into the overall transparency and make sure that there's clear language and simplified disclosures.

Certainly, we recommend that the committee propose a competition review framework in its entirety, an accompanying schedule for review of all new and existing payment frameworks and intermediaries and a review of chosen dominant ecosystem intermediaries.

● (0850)

**Mr. Tony Van Bynen:** Has Questrade observed any exclusive agreements or practices by major financial institutions that limit access to or functionality of e-transfer systems for non-bank entities?

**Mr. Edward Kholodenko:** It's very difficult to get into the Interac system to become a direct transfer payment provider. The costs associated with that are burdensome.

**Mr. Tony Van Bynen:** Are there any technical or operational restrictions imposed by payment providers that hinder innovation or the ability of companies like Questrade to compete effectively?

I'm looking at restrictions imposed by payment providers.

**Mr. Edward Kholodenko:** When you say payment providers, do you mean Interac itself? Are you talking about intermediaries that connect into Interac? There are several—

**Mr. Tony Van Bynen:** I mean Interac or the bank, the financial institutions.

**Mr. Edward Kholodenko:** Interac has a very strict framework for connecting into it. They'll only allow you to do things on their specific terms in ways that they want you to do them. It's very difficult to work with them.

**Mr. Tony Van Bynen:** What recommendations would you propose to ensure there's fair competition and better consumer outcomes in the e-transfer payments market?

**Mr. Edward Kholodenko:** I think we have two choices.

We can create an alternative to Interac that functions as a utility for the entire industry, with regulated payments and a framework where they need to open it up to others to be able to tap into it. It has to be regulated. The biggest thing is fraud, of course. You have to monitor fraud.

The other choice is to do that with Interac and to make sure they are allowing others in to review how their fee schedule is structured—similar to a stock exchange, if you will. A stock exchange is a public utility. The fees are regulated by the Ontario Securities Commission, and they have to allow access to regulated entities to be able to do what they need to do in order to interact with consumers.

**Mr. Tony Van Bynen:** In the Canadian banking system, their primary brand is the confidence in the security. Are there any processes or systems that you'd recommend the Competition Bureau look into to give that same sense of security within the systems regarding e-transfers?



**Mr. Edward Kholodenko:** Certainly, the payment provider needs to be involved in fraud detection. It is a very serious issue that affects not only the institutions that are responsible for transferring money, but also the consumers themselves.

There are systems being implemented throughout the world that need to be looked at and implemented.

**Mr. Tony Van Bynen:** Thank you, Mr. Chair. Those are my questions.

**The Chair:** Thank you, MP Van Bynen.

[*Translation*]

Mr. Savard-Tremblay, you have the floor.

**Mr. Simon-Pierre Savard-Tremblay (Saint-Hyacinthe—Bagot, BQ):** Thank you, Mr. Chair.

I want to thank all the witnesses for their presentations.

My question is for Dr. Jenkin from the Consumers Council of Canada.

First of all, thank you for being here.

In your opinion, are financial institutions and operators investing enough in education and the dissemination of financial literacy information, particularly on the cost of using credit cards? They differ from other payment methods, such as debit cards and cash, particularly because of their very high interest rate.

Is enough awareness being raised about this? Are we investing enough in what I would even venture to call prevention?

[*English*]

**Dr. Michael Jenkin:** Thank you, Mr. Savard-Tremblay, for your question.

Banks are not delinquent in providing information to their customers, but the question of how effective the efforts are is another matter.

We focused on credit cards, but our own observations are more general. Broadly speaking, financial literacy for consumers is a very important issue. It's a public interest issue and it's one which the government has to be engaged in as well.

Unfortunately, there are a lot of problems around financial literacy. Studies have been done that indicate that even with good financial literacy education—often because of biases consumers have or the behavioural aspects they exhibit when they are dealing with money in general and with financial institutions particularly—consumers often work against their own interests. It's been found that financial literacy is not always as effective in and of itself as people hope it might be. That's why the regulatory backup is really important here, which is that there are protections in place that don't rely on the consumer being knowledgeable in a detailed way about how systems function and about the risks involved.

The reality is that, to some degree, consumers often need to be protected from themselves because of the fact that they may engage in practices instinctively that aren't necessarily good for them. Therefore, it's important to have a very clear, concise and unified set of protections and rules about what can and can't be done when

consumers engage in electronic payment systems in particular, which are, despite the lack of innovation in Canada, becoming more complex and growing in variety and number. People are not as familiar with them as they are with traditional payment instruments such as cash and, to a certain extent, debit cards, cheques and so forth.

We need a unified set of consumer protections for all kinds of electronic transfers and payment mechanisms, not just the piecemeal system we have now. In some cases, the protections that are available for one payment mechanism are not available for another, or the thresholds are different.

It's very important that we get a good understanding of what needs to be protected for consumers and make it available across all payment channels. If we don't do that, consumers don't have a hope of understanding what their rights are and what they have to be worried about.

• (0855)

[*Translation*]

**Mr. Simon-Pierre Savard-Tremblay:** You said that banks were not delinquent. I don't want to ascribe motives to anyone, and I'm not able to read their minds. However, I think it's true, proven and demonstrated that banks make more of their money from debt than investments.

Is that correct?

[*English*]

**Dr. Michael Jenkin:** Well, what I am saying is that they have to some extent conflicting objectives, or at least conflicting interests. They don't want lots of consumers getting seriously into debt and then not being able to pay off their debts that they accumulate on credit cards, or any other financial instrument for that matter.

On the other hand, because credit cards have such abnormally high interest rates, they are a very profitable product line for banks, and so I guess the perfect world for them might be that they have lots of indebtedness but no one is really going to the wall just yet.

That's not clearly in the interests of consumers. The problem with credit cards and perhaps newer payment or credit mechanisms is that they're engaged in accumulating debt that's not structured in a way to give them pause. That's why we've recommended in our paper that we need a much more proactive set of policies and processes for consumers who are running into financial difficulty or have payment histories or debt accumulation histories that indicate that they may be in trouble at some point in the future. The bank should be intervening and helping those people get to lower cost credit instruments, and should also be using automatic kinds of nudges, as they're called in the business, to encourage consumers not to pay part of the monthly bill but to pay it all to the extent they possibly can.

Right now, for example, if you get a bill from the bank, you will get a notice saying, in very fine print, that if you do the minimum payment this month, it will take you, say, many years to pay off the debt, but it's lost in the paperwork. We need more effective things like that that would alert consumers to the fact that they are engaged in problematic activity and if they don't change their practices, they will end up in serious difficulty.

However, right now that one little piece of behavioural economics that's in billing is lost for most people. It's not noticeable.

● (0900)

[Translation]

**The Chair:** Thank you very much.

Mr. Masse, the floor is yours.

[English]

**Mr. Brian Masse (Windsor West, NDP):** Thank you.

Mr. Jenkin, with regard to financial literacy, one thing I don't like is it just puts it like, "Well, if Canadian consumers weren't so stupid, they really could do better." It just plays into that. We have a whole system that's baked in, from even training our kids to go to banking by setting up accounts and a whole series of things.

Do you have an opinion as to how inefficient our economy is because of the value we get out of banking in general? If you look at a \$30 a month account just to do basic transfers, you see it's a drag on our actual economy overall, outside even just being inefficient for consumers and small and medium-sized businesses and so forth. That would seem to me to be a significant drag on our economy. We should be improving our financial capabilities and productivity. They often comment on how workers aren't productive, but I think our financial sectors are significantly underperforming to the value that they're actually contributing.

**Dr. Michael Jenkin:** Well, we haven't done any detailed economic studies. We're not a large enough organization to afford that kind of thing. Personally, I'm not aware of in-depth studies on the relative efficiency drags of the structure and nature of our basic payment systems or banking systems. It's hard to make a judgment call on that.

**Mr. Brian Masse:** Okay, maybe I'll move to Mr. Abou Daya.

If you're looking at a basic bank account at \$30 per month and you maximize that out through a year, how efficient would you say that is in terms of productivity of the Canadian economy? For a consumer to be spending \$30 on basic transactions, most of them being electronic, and they're never even stepping into a brick-and-mortar place, it's hard to believe that's really a productive format.

**Mr. Ali Abou Daya:** Absolutely. Mr. Masse, I can talk at least comparatively.

In many of the jurisdictions that we operate in and we look at, these fees do not exist. Once you observe a pattern, if one player is allowed to do it, many players start doing it. Then it becomes more and more okay, and you start to accept more of these leaks—let's call them—in your financial pipeline flow from an individual perspective or a business perspective. There are more inefficiencies that come in there.

If you talk about wire transfers for businesses, once you cap the maximum transfer amount in a certain system to, let's say, \$2,000 a day for a small business, sometimes you need to make transfers of \$10,000, \$20,000, \$30,000. You have to resort to other forms of transfers, and then those carry fees with them—wire transfers at \$10, \$20, \$25 each. All of these amass. I've not seen full reporting on what the aggregates are for all Canadians, but I suspect this is a very large number.

**Mr. Brian Masse:** It's kind of interesting. I can only go through what I've experienced here as someone on the Hill who's been lobbied by financial institutions on this matter. It's interesting that their executives and their board have a series of different entertainment things that are also tax deductible as part of doing business, everything from golfing to sports tickets and so forth.

Shouldn't we be looking at how those things relate to.... At the end of the day, those things are paid for by fees. There seems to be a cultural thing here of acceptance that allows them to enjoy this quasi-entertainment industry with tax deductions as part of the system that has been baked in for decade upon decade.

**Mr. Ali Abou Daya:** I don't know enough about that to comment.

We operate a very lean company on our end, but definitely, as policy-makers, as MPs in your spot, you can ask them these questions. Scrutiny on these financials or guidelines in general and the tax system, what is included and what is not are definitely things that we look to committees like yours to assist Canadians in getting a better deal overall.

● (0905)

**Mr. Brian Masse:** Thank you.

Mr. Chair, maybe we can reach out to some of the banks that we've had here and get some specific numbers on their entertainment budgets related to that and what's tax deductible and what's not tax deductible. I'd be interested in that figure as we determine what's fair in terms of charging Canadian customers and how those fees relate to their entertainment expenses that seem to be, in my opinion anyway, rather gross.

Thank you, Mr. Chair. I appreciate the time.

[Translation]

**The Chair:** Thank you, Mr. Masse.

Mr. Patzer, the floor is yours.

[English]

**Mr. Jeremy Patzer (Cypress Hills—Grasslands, CPC):** Thank you very much, everybody, for being here today. I really appreciate what everybody has brought to the table.

CanPay, I wonder if you can elaborate a little bit more here. We, because we're really seeing the lack of competition, true competition, when it comes to the online payment system per se. It seems like Interac owns the highway, and they're the only one that drives on it, for lack of a better analogy.

How do we get more competition in? We see that the big banks are the ones that are basically on the board of Interac, so of course they don't want your company to come in and be another option. Can you talk about what it would look like to try to get either another highway built for companies like yours or maybe even another vehicle on the highway? Can you elaborate on that?

**Mr. Ali Abou Daya:** One of the easiest ways is to at least introduce more oversight for committees like yours to see what's happening on the boards of such companies and the process of observing what's happening. That would open up the room for further analysis and recommendations.

One thing with Interac is they built this technology at a time when a solution was needed, and it solved a big problem for Canadians. Naturally, in technology, things stall with time, and it becomes burdensome to manage these systems because they rely on old technology. By opening up the door for providers like us under the right regulations—for us, we need to get properly regulated—we can bring modern technology that makes things much easier, which is the separate highway that you can speak of.

We can look at what recently happened in the U.S. and the implementation of open banking, because the technology is ubiquitous. There's availability for a lot of options out there. We as Canadians, under the right regulations, can select what's best for us. Introducing legislation that opens up access to consumer information, giving the consumer the power to share this account information with providers who are properly regulated like us, definitely opens up the door for more competition, and, as we know, when competition enters, the consumer is typically the biggest beneficiary of these situations.

**Mr. Jeremy Patzer:** As a consumer, what kind of potential savings would I be looking at by opening up the competition in this regard? Do you have any figures for this committee on how much money an individual could save if there were more competition? Have you done that analysis?

**Mr. Ali Abou Daya:** We've done it more on an aggregate level, but we can transfer it down to the specific consumer. I can cite my own personal example.

On aggregates, just on the e-transfer fees, if it becomes a free-for-all for all Canadians and with reduced fees for the businesses that use Interac, we project at least \$1 billion in the first year to come back into Canadian pockets. If you add to it the fees, for example, for wire transfers, if you have a larger cap.... For example, in the U.K., FPS enables businesses to move around up to a million pounds within their systems, versus the limits that we have with Interac. These wire fees, at \$10 to \$20 per wire, add up significantly, so you can at least double that number to go up to \$2 billion, \$2.5 billion, and even more.

There's a third venue that comes in, which is international money transfers. It's a bit of a tricky area, so it would take longer to explain.

If you look at the situation here in Canada, we have international companies like Wise that operate in Canada and offer very competitive international money transfers. That also could double the total savings for the consumers that way.

In short, an aggregate is about \$1 billion annually for just transfer fees. As this enables more growth, within five years you could see this go up to \$5 billion to \$10 billion easily, given the total population of Canada.

• (0910)

**Mr. Jeremy Patzer:** That's a pretty big number. I really appreciate that. Thank you.

Are there any specific regulations right now that are problematic for you that need to be changed? What are you seeing there?

**Mr. Ali Abou Daya:** The core of open banking will simplify our being able to enter and start competing. Definitely, getting access to this user account information and such and giving the consumers this right will also give us the ability to start proposing more and better adjustments in order to offer the competitive solutions to the consumers.

**Mr. Jeremy Patzer:** Thank you.

**The Chair:** Thank you, Mr. Patzer.

Before I turn it over to Mr. Turnbull, I'd like to ask you a follow-up question, Mr. Abou Daya.

You mentioned in your opening remarks that you have some experience in blockchain. This committee has studied blockchain in the past. What role do you think this innovation can play in making it cheaper for consumers to transact?

We see that Tether is now the third-largest buyer of U.S. treasuries. PayPal has launched its own stablecoins.

What role do you think blockchain can play in this ecosystem?

**Mr. Ali Abou Daya:** We've looked at the work that your committee has done. It's absolutely a great stepping stone for doing more.

Everything that you mentioned is warranted. Blockchain offers a lot of efficiencies as it comes to the actual movement and settlement of transactions and maintaining overall data in the ledgers.

In engineering school, we used to throw a joke that if you want to find super old code, you need to go look in the banks because some banks maintain code that's written in COBOL. That was needed. That was warranted. At the time, this was the best solution.

Now, for something like blockchain, a lot of the prerequisites that you need to create a meaningful banking system come with the technology itself. It's hosted on cheaper infrastructure, and there are the protections that are required to maintain against fraud and manipulation.

Definitely in the cases for countries where immediate and rapid change can carry some risks, a carefully considered migration and adoption plan of blockchain technologies as modules into the bigger financial system definitely is the path forward to make us more competitive as a nation on a global scale.

To that point, if we observe how other countries have also started experimenting and introducing this technology into either their sovereign systems or very specific sectors as their need demands, it is an excellent way to make us very competitive into the future.

The last bit is transparency. Blockchain brings a lot of transparency. These ledgers are very transparent, so they also definitely help in situations where opaqueness hurts the end consumer.

**The Chair:** Yes, thank you.

Maybe I'll add that one thing we should definitely do is lift the uncertainty regarding stablecoins, which makes no sense. There is no way you can see stablecoins as a security.

In any event, thank you very much for your comments.

I'll turn it over to MP Turnbull.

**Mr. Ryan Turnbull (Whitby, Lib.):** Thanks, Chair.

Thanks to all of the witnesses for being here today for this important study.

Mr. Jenkin, I'll start with you.

I want to ask about market dominance in the e-transfer space. I think that's what this is all about. It's about looking at competition in the current landscape and the structure of the market that seems to be limiting some players that would disrupt that market, and probably to the benefit of the consumers.

It seems what we've been hearing is that some of the smaller players in this space that are innovating and disrupting, or trying to disrupt, are being blocked. It seems like the concentration of power is pretty significant so that market dominance is present.

From your perspective, Mr. Jenkin, what are the signs that market dominance is the problem here? Can you give us some examples of that?

• (0915)

**Dr. Michael Jenkin:** You don't have to be a Competition Bureau technocrat to look at the landscape and see that there isn't.... It's obviously not a monopolistic or duopolistic marketplace, but there are a very few, very large integrated competitors that we all know. That, ironically, has been reinforced by technology at one level, because there are increasing economies to scale in electronic net-

works, and this has benefited the banks enormously in terms of being able to continue their dominant role.

What we've heard from consumers and what we know from the work we've done is that there's an enormous appetite for more innovative structures, payment mechanisms and financial instruments out there. People understand that what they're being offered is a very limited menu.

The problem is—and this is a difficult thing to manage—when you're talking about moving your money around, you're necessarily somewhat conservative and cautious. The lack of familiarity with many of these new technologies that the vast majority of consumers have is definitely an issue here, too.

The other is, frankly, as I hinted at earlier, if we want consumers to be very confident and engage in new technologies, new payment providers and new systems because we know they can bring efficiencies and reduce costs for consumers, we also have to pay an equal amount of attention to the protection frameworks that are going to be in place.

This is new territory, so there are two sets of issues here. What kind of new protections are necessary given the nature and change in the technologies involved and the procedures that will be changed as a consequence as well? What risks therefore have to be mitigated from the consumer point of view? That's prudential, as well as just increasing the risks I may have of fraud. We also want all these new providers to be financially stable.

The problem right now is that too much of what we have is too limited and too siloed. We need an approach to consumer protection in this area that's integrated, holistic and flexible enough to address unanticipated problems in the future as the technology mutates, because if we don't do that, we're at grave risk of deterring people from engaging in new technologies—if we don't have a robust protection regime in place that's forward looking—but we also run the risk of too many bad stories because the protections aren't there and we didn't do a good job of anticipating the risks from the consumer point of view.

There's no better way to kill innovation than to have a lot of damaged consumers playing in new mechanisms that they aren't properly protected in. I would suggest it's important not only to make sure these new firms and new technologies can enter the market and compete, and have the right rules to encourage that, but, at the same time, to have the right safety nets and protections in place for consumers so they can enthusiastically and confidently engage in these new methods of moving their money around and banking effectively.

**Mr. Ryan Turnbull:** That's very informative. I appreciate those comments. I appreciate the whole response that you gave. It certainly sounds like your focus is on the consumer and providing that confidence to the consumer.

Mr. Kholodenko, could you respond to what Mr. Jenkin said? Do you agree with that? I'll go to the other witness as well. I'm not trying to pit you against each other. If you disagree, that's okay. This is a democracy. We're okay with that.

I'm interested because I think Mr. Jenkin made some really good points that I tend to find quite appealing in terms of the overall sentiments. Would you support generally what he said? Is there anything you would add? Are there any critical remarks you would like to make or considerations you would suggest?

**Mr. Edward Kholodenko:** We are very pro-consumer. We've always stood up for the consumer and for making sure that Canadians are much more financially successful and secure, and so we're very much aligned in how we approach it.

I agree with just about everything that was said. I want to add, though, that, in our view, where the current incumbents have made themselves very successfully entrenched is with the interchange fees. Interchange fees are set at such a level where consumers think they're getting a benefit because they're getting all these air miles or air points in return. The air points lock them into these providers, and they keep spending money because they think they're earning points. At the end of the day, they're paying these huge interchange fees through these points that they think they're earning.

All of this technology works together to entrench the consumer in an anti-competitive playing field. It becomes very difficult to put something out there that competes with that, because Canadians have been fed this idea that the more you spend, the more points you get and you get to fly for free. Well, nothing is free. It doesn't work that way.

• (0920)

**Mr. Ryan Turnbull:** I was taught from a very young age that there's nothing in life that comes for free. I very much appreciate your point that we have been enticed into thinking there are these added benefits and points to spending money. Thank you for that.

I want to go to you, Mr. Abou Daya, for your comments and reactions to what Mr. Jenkin said. Hopefully, you were following along and could hear all of those great comments. Do you want to add anything? Also, if you want to highlight any unfair practices that you've seen, I would love to hear that as well.

**Mr. Ali Abou Daya:** I resonate with my fellow witnesses. Definitely, protections need to be installed. I like to think of protections as though you're carrying a bird in your hand, and if you press too hard you're going to squish the bird.

The key problem that comes from focusing on protection is that you end up waiting for too long because you're making sure you install everything right, and then you end up losing the opportunity. As an example, a lot of delays and overhauls that are supposed to come into the system can be excused by saying that they're still working on the final protections. Otherwise, no, I'd resonate with both.

[Translation]

**The Chair:** Thank you very much, Mr. Abou Daya.

[English]

**Mr. Ryan Turnbull:** Thank you very much.

[Translation]

**The Chair:** Thank you, Mr. Turnbull.

Mr. Savard-Tremblay, you have the floor.

**Mr. Simon-Pierre Savard-Tremblay:** Thank you, Mr. Chair.

Dr. Jenkin, I'm going to ask you to answer yes or no to my first question, please. It will be faster.

As part of this study, a number of witnesses have testified before the committee. They said that credit cards were strongly promoted by financial institutions, even though they don't necessarily meet consumers' needs. More specifically, despite the assessment of the consumer profile, the bank would push a customer to get a credit card when it does not meet their needs. We were also told that the financial institutions' sales technique was very aggressive and that access to credit was very easy with little verification. Are you seeing the same thing?

[English]

**Dr. Michael Jenkin:** I hate saying yes or no because everything's more difficult than just yes or no, but yes, we've heard the same issues about pressure tactics not just for credit cards but for a whole range of financial service products offered.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** It wouldn't necessarily meet the consumer's needs. Is that what you're saying? Okay.

Again, I would ask for a yes-or-no answer to my next question. High interchange fees, which are borne by small retailers, can be passed on in the sale price of products. Ultimately, the consumer has to pay those fees, particularly those who pay in cash or by debit card. Is that correct?

[English]

**Dr. Michael Jenkin:** Yes, there's a lot of cross-subsidization going on.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** As a result, the most vulnerable consumers pay the interchange fees and credit card rewards of the wealthiest. Is that the result?

[English]

**Dr. Michael Jenkin:** Yes, there's a lot of benefit that goes to wealthier consumers on these schemes that my colleague here just mentioned. It's the lower income consumers who pay for it, because they frequently don't have those kinds of cards and they certainly don't get those benefits.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** How do financial institutions justify increasing credit card interest rates, which can be as high as 15%? Are these rates unique to Canada? You obviously can't give me a yes-or-no answer. I would therefore ask you to explain it to us.

• (0925)

[English]

**Dr. Michael Jenkin:** We haven't done a study of credit card interest rates in other countries, but certainly the Canadian situation has been a long-lasting one. It predates the pandemic. It predates the 2008 financial crisis. It goes back decades where the cost of credit from a credit card is usually one of the highest you get if you're a consumer for unsecured credit, short of payday lending or those other kinds of things.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** I assume you're familiar with Quebec's Consumer Protection Act.

[English]

**Dr. Michael Jenkin:** Yes.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** First, are Canada's current regulations outdated? In addition, would a model based on the Quebec legislation be worthwhile or relevant?

I'm thinking here of lowering a rate that is considered usurious, but also of the duties placed upon merchants when it comes to assessing consumers' ability to pay.

[English]

**Dr. Michael Jenkin:** I'm familiar with the Quebec regime, but I'm not familiar enough to know whether... I mean that knowing how effective the legislation has been in the field is hard to determine right now. We don't have good data on the impacts. Notionally, it seems like a good idea, but it's very difficult getting the industry, short of direct regulation, to adjust their rates to a more reasonable level. Banks, I think, regard credit cards as a very profitable and important part of their earning profile.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** How much time do I have left, roughly?

**The Chair:** If you want, you still have a little time. You have about a minute.

**Mr. Simon-Pierre Savard-Tremblay:** Knowing Dr. Jenkin's penchant for more substantive and highly fascinating responses, I'm going to take advantage of that.

Dr. Jenkin, what's your opinion on the arrival of new credit products, such as rent-to-own or buy now, pay later offers?

[English]

**Dr. Michael Jenkin:** We're very concerned about that. We're doing work on it right now. It seems like initially, from the consumer perspective, an attractive thing. You want to buy a big item, and you get this immediate credit where you can pay it off in, say, four installments. It looks attractive, and you don't accumulate interest, but God help you if you miss a payment.

It seems almost like they're structured in many cases to encourage people to take on more debt than they should and then default, and then end up being charged very high penalty rates for not paying on time.

This is something that we are very concerned about, because it seems to be growing very quickly. It's not just the banks that are doing this kind of stuff, but lots of retailers—Amazon. You'll see many offers of this “buy now, pay later” kind of opportunity. It looks superficially like a good deal, but it's very easy to end up paying more than you think if you can't maintain the payment schedule right on time. If you fall in arrears, it can cost you significant sums of money.

[Translation]

**The Chair:** Thank you very much.

Mr. Masse, the floor is yours.

[English]

**Mr. Brian Masse:** Thank you, Mr. Chair.

Mr. Jenkin, one of the reasons I asked for this study was that there was also a participatory part of this Parliament and the government to shift consumer purchasing during the pandemic. We went to more credit cards and other types of purchasing power. We've seen online purchasing increase and so forth. There hasn't been much of a regulatory response or an acknowledgement that we've shifted consumer spending to different types of things. What I want to be specific about is more people are using credit cards to purchase groceries and common items that would be more associated and historically related to cash purchases.

Do you have any comments about consumer spending on items that are predominantly historically linked to immediate needs and the welfare of a family? The borrowing practice has upwards of 20% to 30% interest rates and other types of associated fees. Those wouldn't have otherwise been part of consumer debt, because they used other types of payment, predominantly cash.

• (0930)

**Dr. Michael Jenkin:** We raised this in some detail in the paper that we handed to the committee in mid-November.

We are very concerned about these trends where instruments that traditionally consumers understood... Things you buy on credit cards, like less frequent purchases, larger sums and stuff you save up for to some extent as well... What's happening now is that instruments that were designed for that kind of market are now being used to buy groceries.

Traditionally, if people used an electronic transfer for groceries, they'd use a debit card. It would come out of their bank right away and there was no potential for accumulating a debt. Now we're moving into a situation where we have a raft of instruments that consumers are using for very different reasons than they did 15 years ago.

That's why we say it's very important at this stage of the game to have a reassessment of the protection regimes we have in place and, to some extent, a re-education of consumers about the debt implications they fall foul of when they use things like credit cards for everyday expenditures and get pushed.

We've seen it in the last couple of years with the pandemic. The big impact has been on very stretched household budgets for essential things like food, energy, shelter costs and so forth. The temptation, because it's now become ubiquitous, is to use credit instruments like cards, which shift those daily expenditures into what would be effectively debt accumulation.

It's very worrying. I think that's one of the things we have to face up to now. We're in a different world than we were even five years ago.

**Mr. Brian Masse:** That's where I also look at productivity. For the creation of a tomato that goes all the way from the production, transportation and distribution, and then the value of our financial markets just to move some money around electronically to purchase that, it seems rather inefficient and a rather large expenditure, especially if it also consumes personal debt beyond the original price. That's inefficient for our economy and for competition.

I haven't brought in Mr. Kholodenko. I have a quick question before I run out of time.

Questrade had to do extensive marketing in the mass media with regard to your product line. At least, I've noticed that. Was that specifically because of the difficulty of entering the Canadian market as a competitor to some of the traditional trading that was there? What was required for you to make that type of a breakthrough? Is that a model that maybe squeezes some of the other Canadian alternative financial elements?

Mr. Abou Daya can't even use his product in Canada, which is absurd. What about the ones that can, but still require extensive commitments of their budgets just to be heard?

**Mr. Edward Kholodenko:** We're Canadian founded, Canadian owned and Canadian operated. We're headquartered here in Toronto, Ontario. It took some time for us to get up and going and to be able to make our way into the financial services landscape. It's not easy competing against some of the largest financial institutions in the world.

Certainly Canada is, as everyone knows, an oligopoly. In order to be heard—you're absolutely right—we have had to make ourselves heard. We did launch a mass advertising campaign. Thankfully, today the Questrade brand is very well known, but we had to work our way up to that. We had to become profitable, stay profitable, operate profitably and accumulate the budget necessary to do that. It's not an inexpensive endeavour, as you could imagine.

[Translation]

**The Chair:** Thank you very much, Mr. Masse.

Mr. G n reux, you have the floor.

**Mr. Bernard G n reux (Montmagny—L'Islet—Kamouraska—Rivi re-du-Loup, CPC):** Thank you very much, Mr. Chair.

Thank you to the witnesses. This is a very interesting discussion.

Mr. Kholodenko, I'm going to continue along the same lines as my colleagues. At Questrade, according to your website, you conduct transactions with a minimum value of \$4.95.

I like concrete examples. Let's say I have \$200,000 in RRSPs right now and I give it to you. How much will I pay in transaction

or management fees? Right now, it's costing me several hundred dollars. I imagine it will depend on each transaction I make. If I understand correctly, your customers have to conduct their own transactions; they decide which stocks or exchange-traded investment funds they invest in.

From what you said in your remarks, the money people don't pay in fees adds to their savings, which makes them grow. Can you explain to me how I can save money using your services?

• (0935)

[English]

**Mr. Edward Kholodenko:** Again, we pride ourselves on going direct to the consumer and providing the best value for the service that we have. Compared to other incumbent products, our fees are much lower. You save the increment, the difference between what you pay at a regular mutual fund, and the mutual fund fees are not transparent.

Just like I was mentioning earlier, the interchange fees, the mutual fund fees, are paid on the back end and collected by the financial institution that issues that mutual fund. Those mutual fund fees are some of the highest in the world, up to 2.5%. At our company, you're right, you can either do it yourself, you can invest in a financial product yourself, in a stock or an ETF, which is kind of like a mutual fund, or we have another product where we can manage your money for you and charge you a much smaller fee to do that compared to a full-service provider.

The difference in the savings would be something that you could reinvest back into your RRSP, and that would grow, as we say, up to 50% more.

[Translation]

**Mr. Bernard G n reux:** My comments will be similar to Dr. Jenkin's. When consumers manage their own investments, the level of risk depends on what they are willing to take on.

I saw on your website that people can get advice on how to invest from adviser bots. Of course, there's always a risk associated with that. People can see their savings grow as a result of a good move, but they can also fail miserably.

Is there a way to prevent these things? Does your bot use AI to help people? How does that work exactly?

[English]

**Mr. Edward Kholodenko:** No, we don't use artificial intelligence yet. That's not to say that, as the technology improves, we won't use it in the future. As of now, the portfolios are professionally managed, and there are different risk guidelines depending on what your risk tolerance is. We go through a questionnaire, and we ask consumers, Canadians, what their level of risk tolerance is. We'll ask them what their time horizon is, how many dependants they have, what their income is and how long they want to keep the investment. Depending on some of the answers, we have an algorithm in the back that says you have a very low risk, medium or higher risk tolerance, and we'll craft a portfolio that is appropriate for that circumstance.

[Translation]

**Mr. Bernard Généreux:** Mr. Abou Daya, what are the main reasons you can't do business in Canada?

[English]

**Mr. Ali Abou Daya:** As I mentioned earlier to the team, the key obstacle is being able to meaningfully move money from account to account. A lot of the fintech providers in Canada put a number on the screen, and this number on the screen is the money you have. If you want it to land in your account, there is a certain amount of delay, depending on the amount that you want to move and such. For a meaningful settlement system or a meaningful payment network, the ability for the consumer to have faith in the service that you deliver frequently relies on your ability to land this money in their bank accounts, and this is only possible through Interac.

[Translation]

**Mr. Bernard Généreux:** You said earlier that you do business in a number of other countries in the world. What does Canada need to do to allow for more competition among multiple players? Could that kind of competition be permitted? We know this is already happening with cryptocurrency and the open banking system, and we can't ignore it.

Briefly, what would it take in Canada to be globally competitive and save consumers money? I'm thinking of the fees we've been talking about for several weeks now.

• (0940)

[English]

**Mr. Ali Abou Daya:** The main theme was competition and enabling competition. What's inhibiting a competitive solution like ours from entering is the ability to access consumer information. Definitely open banking is one of the elements.

I want to repeat what Mr. Jenkin said earlier around putting in the right safeguards and encouraging consumers with the right way to increase their adoption of cryptocurrencies as a country. We start understanding better how we want this to be part of our financial ecosystem. That definitely helps. Also, the point we discussed with Mr. Lightbound regarding regulating the adoption of stablecoin and bringing it forward into the country will help. There was a paper presented to INDU, I think it was on November 11, around making federal regulations as we come to the adoption of cryptocurrencies. These are important.

Finally, what you are doing today is helping regardless because you are inspecting where there are inefficiencies and where potential competition is not able to enter. This definitely is one of the steps that will move things forward.

[Translation]

**The Chair:** Thank you very much, Mr. Généreux.

Finally, we have Mr. Badawey.

Mr. Badawey, the floor is yours.

[English]

**Mr. Vance Badawey (Niagara Centre, Lib.):** Thank you, Mr. Chair.

Mr. Kholodenko, with respect to access and interoperability, do you believe there are barriers to entry or limitations imposed by major payment service providers that restrict fair competition in the e-transfer market?

**Mr. Edward Kholodenko:** I do. The fee schedule, which is not transparent, is tilted heavily in favour of the incumbents. Just because of the number of transactions that they do, it's much cheaper for them to do it. Fees often drive innovation—or lack of—and they drive the strategy an innovator can actually take because it's very difficult to innovate when you can't compete on cost. If you can't compete on cost, it's almost impossible to drive anything new.

Access is another issue, but I think we have to figure out how to force real-time rail faster. Real-time rail will actually bring innovation into this space, assuming that it gives better access to others. Payments Canada is another area that has to be looked at and talked about, but certainly, real-time rail and consumer-led banking together, with a system to monitor and review fraud, has to be all integrated on top.

**Mr. Vance Badawey:** Thank you.

With respect to fee structures, are there industry practices around fee setting or transaction costs that you believe may undermine competition or consumer choice?

**Mr. Edward Kholodenko:** Certainly. We talked about how consumers are entrenched with their air miles, with those points. We talked about interchange fees, how those fees are very high and it feeds back into the whole points system. It limits the ability to innovate and to compete fairly. Interac is a different system, but access to that system...and those fees are not transparent as well.

**Mr. Vance Badawey:** With respect to innovation and market dynamics, how does Questrade view its role in fostering innovation in the e-transfer space while ensuring compliance with competition laws?

**Mr. Edward Kholodenko:** I think there are two parts to that. In the immediate future, our role is to keep driving transparency, for the benefit of Canadians and consumers, to drive those fees down. That's what we've been doing for the last 25 years at Questrade Financial Group.



The other part of that is we need to make sure that we get real-time rail up and going. We've been talking about it for a long time. The fact that you can't press a button, move money from one business or consumer to another and see that in real time is a big drag on the economy. It's a drag on our productivity. It's a drag for businesses because they're not sure when they're going to be able to access the money and to make whatever other payments that they have to make their payrolls. This is all a drag.

In part, referring to an earlier question, is that perhaps why we're paying these \$30 account fees? If we made things easy, that are available through the Internet and through the phone instantly, that would drive the prices down and benefit businesses and consumers.

• (0945)

**Mr. Vance Badawey:** Thank you, Mr. Kholodenko.

Mr. Abou Daya, I have a question for you with respect to access and fair competition.

Are there challenges or barriers imposed by major financial institutions or service providers that hinder smaller software companies from competing in the e-transfer market?

**Mr. Ali Abou Daya:** Yes, 100%. Simply, just for the ability to access the consumer information, the only effective path that's available today is through Interac. I definitely resonate with Mr. Kholodenko around Payments Canada and the RTR, which was expected to come out earlier and there's still no clear path of when this is going to come forward, this definitely prevents companies that want to put forward meaningful financial solutions from operating.

**Mr. Vance Badawey:** I have two questions that I think are very important.

I go back to interoperability and innovation. One is with respect to fee structures and transparency. Are there limitations around interoperability, or restrictive agreements that affect CanPay's ability to innovate or expand its offerings? Do you believe the current fee structures or practices for e-transfers could be viewed as anti-competitive or disadvantageous to smaller players and consumers?

**Mr. Ali Abou Daya:** Yes, 100%.

I'll answer the interoperability bit first.

The way the system is set up right now, you have to go through Interac. When you go through there, they are very particular about what you can use, when you can use it and how you can use it, even if it is inefficient and does not yield the result you need in order to deliver on the promise you have made to consumers and that makes you successful elsewhere.

As I mentioned in my note, the forcing of the technology itself is extremely limiting, and the technology in and of itself, the access that the APIs grant you, is not on par with what's available elsewhere in the world. This is where innovation is required in the system itself, and if not, in offering something—a replacement or a parallel rail—in that sense.

On the fees, absolutely, the fees are opaque, and the fee structures are opaque. We know from talking to business owners and the present public that the fees they pay are not the same as what larger

institutions pay. Definitely, as Mr. Kholodenko mentioned earlier, this hinders even somebody who wants to enter. If they don't know the cost somebody else is paying, how do they know if they are as competitive as somebody else and whether they can bring forward something that's more competitive?

My answer is absolutely yes to both questions.

**Mr. Vance Badawey:** Thank you.

[*Translation*]

**The Chair:** Thank you, Mr. Badawey.

Mr. Perkins, the floor is yours.

[*English*]

**Mr. Rick Perkins:** Thank you, Mr. Chair.

Mr. Kholodenko, you mentioned that we need to get real-time rail going. We've had a lot of chat about that. I think Interac has gone through a couple of presidents on this. Can you share your insight? Why is it that the banks are so reluctant to do this?

**Mr. Edward Kholodenko:** That's a great question. They have very old technology that they've put together with band-aids and duct tape over years and years. There's mainframe technology going back to the 1960s. They've invested billions of dollars. They keep investing, I don't know how much money, but probably billions of dollars annually into maintaining it. To rewrite it and to redo it is very costly, and therefore, they'd rather not, but that obviously hinders innovation.

**Mr. Rick Perkins:** They have quite a big profit margin, so I don't imagine it would be too much trouble for them to find the money.

I will turn it over to MP Rempel Garner in just a moment, but I have one more question for CanPay.

Banks use security for access to the system, and safety. Mr. Van Bynen raised a good question on the issue of security and new entrants. We seem to see that excuse used a lot in Canada to prevent alternative service providers from entering. Are alternative service providers a security risk in other countries?

• (0950)

**Mr. Ali Abou Daya:** I'll point to the easiest way to put this forward. Security is always a risk, but if you analyze where security breaches have happened, they are rarely actual system breaches. They are more frequently behavioural. This is where Mr. Jenkin made the point very specifically.

Very simply, if you ask ChatGPT or Google if there have been any security breaches for FPS or UPI—and you're talking about systems that have tens of millions of users—the answer is no. Security, especially in the financial space, is well documented. As long as everybody abides by the normal regulations that come forward, that would not be the number one concern for innovation. I'm not saying to let the innovators run free, absolutely not. This is why we have bodies in the government that regulate how the systems can operate, but it's not to the extent that the banks put forward.

**Mr. Rick Perkins:** Yes, so you would be regulated like anybody else.

I'll turn it over to MP Rempel Garner for the rest of the time.

**Hon. Michelle Rempel Garner (Calgary Nose Hill, CPC):** Thank you, Chair.

Thank you, colleagues.

Thank you to the witnesses for all of your testimony today. You've provided some very helpful recommendations to us for our deliberations. I encourage you to provide anything else that you need on the record through the clerk.

Colleagues, I would like to move that we resume debate on the motion I moved at the last committee meeting, which was:

That the committee report to the House its disappointment in Rogers Communications Inc. for not proactively disclosing the true costs of their products and services to consumers, and notes the detrimental impact of the lack of competition in the telecommunications sector is having on Canadian consumers.

**The Chair:** Thank you very much, MP Rempel Garner.

Before we start this debate, considering we have only 20 minutes, more or less, I think I'll liberate the witnesses because I don't think we'll have time to hear from them.

I want to thank all of you for joining us this morning. It's been very interesting. We appreciate the advocacy that you brought before this committee today. You are free to go, and thanks again for joining us today.

I see Mr. Turnbull.

**Mr. Ryan Turnbull:** Chair, we started to talk about this motion in one of our previous meetings. I think I made my view known, which was that I agree with the overall sentiment of the motion, but I don't particularly agree with the “report back to the House” portion of it.

I'd like us to be solutions focused. I think this study and work that we've been doing has been very collegial. It's one of the rare occasions where most of the parties are on the same page.

I don't particularly want to make this a partisan game. I think that the current proposal is to be able to report back to the House so that the Conservatives can get a break from their current filibuster, to say things in the House that I think.... We've heard this from the Conservatives before, in terms of their arguments about the government not doing enough on competition, etc.

It turns it into a bit of a partisan attack on the government. What I would appreciate is for us to remain solutions oriented.

I want to propose an amendment that I think gets to the heart of what we're here to do and turns this into what I think could be a very constructive motion.

I would like to propose the following amendment in an effort to bring us together here: “That the committee condemn Rogers Communications for not proactively disclosing the true costs of their products and services to consumers, and notes the detrimental impact of the lack of competition in the telecommunications sector is having on Canadian consumers; and calls on the CRTC to do a full review of the matter of price certainty and the issue of surprise fees increasing during fixed-term contracts, and urge that it take regulatory action.”

This is our committee urging the CRTC, so what it really adds—

● (0955)

**Hon. Michelle Rempel Garner:** On a point of order—

**The Chair:** Mr. Turnbull, there's a point of order.

**Hon. Michelle Rempel Garner:** I'd like a ruling on the admissibility of the amendment on two points.

First of all, we've already dispensed with a proposed amendment to remove “report to the House”, which was rejected by the committee, so I don't think it would be in order on those grounds. Second, it's also a substantive amendment that considerably changes the scope and intent of the motion.

Particularly on the first point, the committee has already rejected the amendment to remove “report to the House”.

**The Chair:** Thank you, MP Rempel Garner.

I was listening to the amendment. I haven't received it in writing.

It would be helpful, MP Turnbull, if you could circulate it to MPs so that I can look into it more closely, but I would be interested in listening to what you have to say to the point of order raised by MP Rempel Garner.

**Mr. Ryan Turnbull:** My feeling is that this amendment that I am proposing to the original motion maintains a large amount of the sentiment of what Ms. Michelle Rempel Garner had proposed in our last meeting.

I think it does change the substance of it to focus on an actual call to action by the CRTC. I think it doesn't necessarily change the overall.... I believe it's an amendment, just like any other amendment that I've seen in committee, that adds something of value. However, I think that also changes whether it should be reported back to the House.

In the last committee meeting, I had proposed not to report back to the House, and the committee decided on that. We decided on it based on the understanding of how the motion was worded, without a solution that was being recommended or a call to action to the CRTC being added.

My feeling is that now that I am proposing an amendment that is solutions-oriented, it changes whether we need to report back to the House or not, so I think—

**Hon. Michelle Rempel Garner:** On that point of order—

**The Chair:** I've heard you, Mr. Turnbull.

Thank you.

We have MP Rempel Garner.

**Hon. Michelle Rempel Garner:** Pursuant to the rules associated with committee, you can't do indirectly what you've already done directly, and you can't redispense of a matter that's already been disposed of by the committee.

I understand that Mr. Turnbull does not want a report to the House. However, the substantive component of the original motion was to report back to the House. We've already had a vote on that, so I would argue that this is not in order. If he wants to amend the motion with the House report in there, I suppose that would be in order. However, we've already taken a vote on that, so his amendment would not be in order.

**The Chair:** Colleagues, I'm torn, to be frank. I've heard some good arguments by MP Rempel Garner and good arguments by MP Turnbull, but here's where I side.

Given that MP Turnbull's amendment introduces the notion of calling on the CRTC to do a full review, which was not part of the initial motion, I would be willing to accept his amendment as is. However, I'll note that if it's the committee's will with this amendment to still keep the reporting to the House, it can also be introduced as a subamendment to Mr. Turnbull's amendment.

**Hon. Michelle Rempel Garner:** I challenge the chair on the ruling.

**Mr. Rick Perkins:** I have a point of order.

**The Chair:** My ruling has been challenged, Mr. Perkins. This calls for a vote right now.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Would it be possible to get the proposed amendment in writing first?

[English]

**The Chair:** Yes, let's have the amendment proposed by MP Turnbull distributed. I'll suspend briefly, but when we come back, we have no choice but to vote.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** Then we'll vote on your ruling, and perhaps on the amendment. Is that correct?

**The Chair:** Yes. We will vote on my ruling, which is to allow the amendment to pass, with the caveats that I explained. We will therefore vote on my ruling when we return from the break.

● (1000) \_\_\_\_\_ (Pause) \_\_\_\_\_

● (1000)

[English]

**The Chair:** Colleagues, we'll resume, because time is running out.

I believe, MP Rempel Garner, that you are withdrawing your challenge.

**Hon. Michelle Rempel Garner:** I'm not. I'm proceeding.

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** I would like—

**The Chair:** We'll go to a vote, Mr. Savard-Tremblay.

**Mr. Simon-Pierre Savard-Tremblay:** Okay. Otherwise, I could have proposed a subamendment. I find it unfortunate that your authority is being challenged, Mr. Chair.

**The Chair:** We have to vote now. Whenever I have a challenge to a ruling, it goes straight to a vote.

[English]

Shall the ruling of the chair be sustained?

(Ruling of the chair overturned: nays 6; yeas 5)

**The Chair:** The amendment is not acceptable, then.

We're back to the original motion.

● (1005)

[Translation]

**Mr. Simon-Pierre Savard-Tremblay:** If Mr. Turnbull wanted to propose the same thing without eliminating the possibility of reporting to the House, I would be prepared to consider it.

**The Chair:** You would be prepared to consider the proposed amendment, but it should therefore retain the part about reporting to the House.

That's what Mr. Savard-Tremblay is proposing.

However, you're not moving that amendment, Mr. Savard-Tremblay. Did I understand correctly?

**Mr. Simon-Pierre Savard-Tremblay:** I'll read it again.

**The Chair:** In the meantime, the floor is yours, Mr. Turnbull.

[English]

**Mr. Ryan Turnbull:** I would say yes. I would like to reintroduce the language of the amendment that still keeps the portion that seemed to be supported by all of the opposition parties, which is to report back to the House.

It's the same language. I can read it into the record, but I think it's the latter part that I've added, which is that after "Canadian consumers" there would be a comma, and "call on the CRTC to do a full review of the matter, of price certainty and the issue of surprise fees increasing during fixed-term contracts and urge that it take regulatory action."

**The Chair:** Where would the "report back to the House" part be?

**Mr. Ryan Turnbull:** It was at the beginning, I think. I believe it was in the original language.

**Mr. Rick Perkins:** Are you using the same motion and putting that at the beginning?

**Mr. Ryan Turnbull:** You're using the same motion that Ms. Rempel Garner put forward, but you're adding on to the end of it a comma and "call on the CRTC to do a full review...."

It adds more substance to it, which I would certainly like to talk about in the House.

**The Chair:** Given that the committee ruled inadmissible the amendment that you proposed, and it's substantially the same that you're proposing, I'm looking to the clerk to see if everything is possible.

• (1005) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1005)

**The Chair:** If we have unanimous consent to accept the amendment proposed by Mr. Turnbull, which would bring back the language he added in his amendment but keep the first part as MP Rempel Garner's motion had proposed—

**Mr. Rick Perkins:** I noticed that you proposed adding the CRTC line at the end of the existing motion.

**Mr. Ryan Turnbull:** That's right.

**The Chair:** That's correct. That's what I'm trying to get at.

I'll recognize Mr. Masse before we verify if we have UC on that.

**Mr. Brian Masse:** I'd like to speak to the suggestion at some point, because I believe this is taking a distraction to the CRTC, whereas the minister should be acting now. I have strong feelings about that, because the CRTC will take months and months to deal with what the minister can do immediately.

**The Chair:** I gather, Mr. Masse, you wouldn't give consent if I were to seek unanimous consent, which I think there is in the room. If we don't have your voice to that, then we're back to the original motion.

**Mr. Brian Masse:** Yes, I would go back to the original motion, because I think this is a distraction from taking immediate action, unless I could be convinced otherwise.

Unless we could even potentially add a subamendment that would include the minister, then I could live with that, but I would want a subamendment at some point to include the minister to take immediate action.

**Hon. Michelle Rempel Garner:** That's a no.

**The Chair:** I'm sorry. Could you say that again, Mr. Masse?

**Mr. Brian Masse:** If we could add at the end of this that the Minister of Industry take all possible action in the interim to curb these practices, then I would be happy to include the CRTC.

I don't want to have to wait for the CRTC to report back six months later. This could be used as an excuse, in my opinion, so that the minister doesn't act until he hears back from the CRTC, whereas he could act right now.

• (1010)

**The Chair:** Before it gets too complicated in terms of procedures, I hear you. Thank you, Mr. Masse, for letting us know what you intend to do.

I'll get back to Mr. Turnbull to deal with the proposition that he had.

**Mr. Ryan Turnbull:** I have a clarifying question, if it's okay.

I thought that the challenge to the chair's ruling was related to the "report back to the House" portion of the amendment, not the substance of the amendment. Ms. Rempel Garner challenged the chair

on the ruling on reporting back to the House, not on the other piece of the amendment—

**Hon. Michelle Rempel Garner:** I have a point of order.

**Mr. Ryan Turnbull:** That wasn't the rationale she provided at all.

**The Chair:** From my understanding, the argument was that it substantially changed the original motion, and also—there were two parts to it—that we had already ruled on the "report back to the House" stage.

I deemed that, because you were introducing something new, which was the CRTC and that it was related to the motion, it was not substantially changing it in my mind, that it justified not having the "report back to the House" portion, which we had already ruled on. That was my ruling, which has been—

**Mr. Ryan Turnbull:** Okay, I just wanted clarification.

**The Chair:** —challenged.

If you're trying bring this amendment, I believe I would need UC on the CRTC part, because it's been deemed...

**Mr. Ryan Turnbull:** Thank you for the clarification.

I also heard Mr. Masse's comments. What I'm taking from his comments is that he wouldn't give unanimous consent based on what I had proposed unless it included something to do with the minister.

**The Chair:** It's that the minister take interim measures to make sure that this practice doesn't go forward in the meantime.

Is that it, Mr. Masse?

**Mr. Brian Masse:** Yes. It's that the minister use their available powers to deal with this issue in the interim of the CRTC report.

I don't think the intent is there, but I don't want the CRTC to be used as a screen or a barrier to the minister acting right now, which I believe he can do under some of the regulatory powers that the minister has.

**Hon. Michelle Rempel Garner:** I have a point of order.

To keep things clean on debate, can you just rule and clarify, Chair, that there has not been UC to proceed with debate on Mr. Turnbull's amendment?

Now Mr. Masse is proposing an amendment. Is that correct?

**The Chair:** I don't believe Mr. Masse has proposed an amendment. Right now, there is no amendment on the table. We're still on the main motion.

What I'm trying to do, MP Rempel Garner, is see if there is some consensus around the room to proceed with the motion. I can read the room, generally, pretty well.

I'll let Mr. Masse explain what he's suggesting.

**Mr. Brian Masse:** I would just add, "that the minister take all possible immediate measures to stop these practices".

**Hon. Michelle Rempel Garner:** That's perfect.

**Mr. Brian Masse:** That would allow Mr. Turnbull's CRTC one to not interfere with anything that we can do in the interim.

I'm just worried that we have a lag time with the CRTC that could take months upon months. The CRTC is a creature of Parliament.

**The Chair:** Thank you, Mr. Masse.

Give me one second. I'll take a minute to confer.

I understand that there is no agreement on the proposed suggestion to get UC.

The interpreters need half an hour if we are to pursue this. No?

Give me one second.

I'll suspend for a few minutes.

• (1015) \_\_\_\_\_ (Pause) \_\_\_\_\_

• (1015)

[*Translation*]

**The Chair:** Thank you very much.

I also want to thank the interpreters, who had to react very quickly to help us during the test.

[*English*]

Colleagues, I believe that we have a consensus—we'll see—on an amendment by Mr. Turnbull. It would be worthwhile to read it into the record.

**Hon. Michelle Rempel Garner:** Chair, my understanding is that we have dispensed with Mr. Turnbull's amendment. It is dead.

**The Chair:** Yes.

**Hon. Michelle Rempel Garner:** Now we are dealing with Mr. Masse's new amendment, which—

**The Chair:** MP Rempel Garner, what Mr. Masse is proposing builds on what Mr. Turnbull had proposed.

**Hon. Michelle Rempel Garner:** Can we hear what Mr. Masse proposed?

**The Chair:** Sure, but it's on top of what Mr. Turnbull had proposed. That's why I was proposing for Mr. Turnbull to read into the record what he was proposing with regard to the CRTC and then let Mr. Masse add the piece that he wants to add.

**Hon. Michelle Rempel Garner:** I think Mr. Masse had the floor before you suspended, so I'll leave it to Mr. Masse.

I think you're giving the floor to Mr. Turnbull after Mr. Masse had proposed an amendment, which would be out of order.

**The Chair:** Mr. Masse, go ahead.

**Mr. Brian Masse:** Thank you, and sorry.

The only way I would allow unanimous consent for Mr. Turnbull's amendment with the CRTC is if there were a specific clause that included urging the minister to act immediately to end that practice. What I'm trying to avoid here is the CRTC being a stumbling block to the minister being able to act now.

If there's still confusion on this, then I'll just deny UC altogether.

• (1020)

**The Chair:** Mr. Masse, there is absolutely no confusion around this table. I'm just trying to alleviate the confusion by asking Mr. Turnbull to read what he has to say, and then you can add the sentence you want to add, and then we'll see if we get UC on this.

Mr. Turnbull, could you read into the record how the amendment you're proposing would read?

**Mr. Ryan Turnbull:** It has the exact same wording as what Ms. Rempel Garner had originally moved in terms of the motion. It adds a comma at the end instead of a period and would add the substantive element that I added, which was about the CRTC, and it would also include Mr. Masse's language, “that the minister take all possible immediate measures to stop these practices”.

I would defer to Mr. Masse on what language he prefers. I was okay with what he had suggested originally, which was, I think, for the minister to use his powers “in the interim to curb these practices”.

**The Chair:** Just to be clear, it would be, “That the committee report to the House its disappointment in Rogers Communications Inc. for not proactively disclosing the true costs of their products and services to consumers, and notes the detrimental impact of the lack of competition in the telecommunications sector is having on Canadian consumers, and call on the CRTC to do a full review of the matter of price certainty and the issue of surprise fees increasing during fixed-term contracts and urge that it take regulatory action, and that the minister use his available powers in the interim to correct this unfair practice.”

**Mr. Rick Perkins:** It should be “these unfair practices.”

**The Chair:** Is “these unfair practices” correct, Mr. Masse? I see a thumbs-up.

I'm hoping, Madam Rempel Garner, you're seeing the thumbs-up from Mr. Masse as well.

**Hon. Michelle Rempel Garner:** Yes.

**Mr. Ryan Turnbull:** Can you get unanimous consent on that?

**The Chair:** Do I have unanimous consent on what I've just read into the record?

[*Translation*]

Mr. Savard-Tremblay, do we have your consent?

Silence is consent.

**Mr. Simon-Pierre Savard-Tremblay:** Yes.

(Motion as amended agreed to)

**The Chair:** That's fantastic.

Colleagues, congratulations and thank you.

That's all the time we have. It's 10:25, and I know that many of you have other parliamentary committee meetings—

[*English*]

**Hon. Michelle Rempel Garner:** Wait, did we pass the motion?

**The Chair:** Yes.

The meeting is adjourned.

[*Translation*]

Thank you, everyone.

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