

Payments Canada public consultation

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# Proposed Revised Framework for Bill Payments

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## Terms

The terms listed below are defined for the purpose of this consultation paper and are reflective of the definitions found in Payments Canada's [rules](#). All defined terms in this document have been capitalized and can be referenced within this terms list.

Term	Definition
Automated Clearing Settlement System (ACSS)	Payments Canada's retail batch payment system.
Automated Funds Transfer (AFT) Credit Transaction ( <a href="#">Rule F1</a> )	A credit Payment Item exchanged in an AFT File as defined in CPA <a href="#">Standard 005</a> .
Bill Payment Error Correction Debit ( <a href="#">Rule H3</a> )	A Payment Item (paper-based or electronic) issued by a bill payor FI and drawn on an account of a bill payee to correct a bill payment error.
Bill Payment Remittance Processing ( <a href="#">Rule H6</a> )	The service provided by members pursuant to <a href="#">Rule H6</a> , which facilitates a Corporate Creditor having its Remittances accepted for payment at member branches. Bill Payment Remittance Processing includes the exchange and reconciliation of these Remittances and the calculation of the resulting amounts owing between members.
Corporate Creditor ( <a href="#">Rule H6</a> )	Any business, association, government or other entity which issues Invoices to its customers and has entered into a Corporate Creditor Agreement with a Payee's FI.
Corporate Creditor Agreement ( <a href="#">Rule H6</a> )	A written agreement between a Corporate Creditor and an FI, which designates that FI as the Payee's FI for the provision of Bill Payment Remittance Processing services in connection with Remittances using a particular CCIN and sets out the terms and conditions for the provision of such services in accordance with CPA Rules and Standards.
Corporate Creditor Identification Number or CCIN ( <a href="#">Rule H6</a> )	A nontransferable identification number, issued by the CPA to a Corporate Creditor, that uniquely identifies the Corporate Creditor for the purpose of Bill Payment Remittance Processing.

Term	Definition
Invoice ( <a href="#">Rule H6</a> )	A paper-based document issued by a Corporate Creditor to its customer as a request for payment. An Invoice generally consists of a Remittance and a receipt.
Member Advisory Council	The 20-person council codified in the <i>Canadian Payments Act</i> that serves as a consultative and engagement forum for system participants who are also members of Payments Canada.
Payee's FI ( <a href="#">Introduction</a> )	The financial institution that holds the account of the payee.
Payment Date ( <a href="#">Rule H6</a> )	Means: <ul style="list-style-type: none"> <li>i. the day on which the payor makes a bill payment at a Payor's FI; or,</li> <li>ii. where extended hours or ABM processing is involved, the business day following the day on which the payor makes a bill payment at a Payor's FI, provided the payor is given notice of this additional day by its FI.</li> </ul>
Payment Item ( <a href="#">Introduction</a> )	A bill of exchange drawn on a member and includes any other type of item acceptable for exchange as outlined in <a href="#">Rule A1</a> .
Payor's FI ( <a href="#">Introduction</a> )	The financial institution that holds the account of the payor.
Remittance ( <a href="#">Rule H6</a> )	The portion of an Invoice that conforms to Part II of <a href="#">Rule H6</a> or the electronic data submitted to the Payor's FI by the payor along with payment and which itself becomes a credit item representing value when subsequently exchanged by the Payor's FI.
Remittance Amount ( <a href="#">Rule H6</a> )	The monetary amount, in Canadian funds, submitted by the payor in payment of an Invoice.
Stakeholder Advisory Council	The 20-person council codified in the <i>Canadian Payments Act</i> that provides advice to Payments Canada's Board of Directors on payment, clearing, and settlement matters.
Senior Operational Committee	The standing operational committee composed of members that provides information, expertise and recommendations for operations of Payments Canada systems and its related rules, standards, and by-laws.

## Assumption

For the purpose of this consultation paper and unless otherwise specified herein, any reference to the terms 'bill payment' and 'electronic bill payment' shall be considered a customer-initiated payment to a biller that is exchanged as a credit transfer between member financial institutions (FIs) for the purpose of clearing and settlement in the Automated Clearing Settlement System (ACSS).

## Introduction

The framework for processing bill payment Remittances (the "framework") through Payments Canada's [ACSS](#) is found in Payments Canada's [Rule H6](#) – Rules Pertaining to the Inter Financial-Institution Exchange of Bill Payment Remittances for the Purpose of Clearing and Settlement. Rule H6 outlines the procedures for the exchange for the purpose of clearing and settlement of paper-based and electronic bill payment Remittances.

A limitation of the current framework is that it only applies to bill payments that are made to a biller that has obtained a Corporate Creditor Identification Number (CCIN). Bill payments made to a biller that does not have a CCIN are typically exchanged as Automated Funds Transfer (AFT) Credit Transactions and are not governed by Rule H6. AFT Credit Transactions are processed in accordance with Payments Canada's [Rule F1](#) – Rules Applicable to Automated Funds Transfer (AFT) Transactions. As a result, different rules apply to bill payments cleared via the ACSS depending on whether the payee is a biller that has obtained a CCIN; this has created gaps whereby similar payments are not treated the same.

A number of opportunities for improvement to the current bill payment framework have been identified, prompting a review of the framework to ensure it meets the evolving needs of consumers, businesses and FIs. A working group, including representatives from Payments Canada's member FIs and its Stakeholder Advisory Council, was established in April 2023 to review identified operational issues and conduct a thorough analysis of the various options for consideration to address them (the "Working Group").

The purpose of this consultation paper is to obtain further member and stakeholder input on the proposed changes to Payments Canada's bill payment framework.

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The document has been separated into three parts:

- Part 1 provides background information on bill payment Remittances and Payments Canada's guiding principles and objectives for the bill payment framework review;
- Part 2 lists the proposed changes to be covered from this framework review, questions for consideration and instructions for providing feedback on the proposed changes; and
- Part 3 includes potential opportunities for future enhancements identified that were not in scope for this review and an optional survey to better understand which segments of the Canadian payment ecosystem are represented by the consultation feedback received.

## Guiding principles

Payments Canada consulted with members (i.e., the Senior Operational Committee and Member Advisory Council) and the Stakeholder Advisory Council to identify current operational issues pertaining to Bill Payment Remittance Processing, and referenced Payments Canada's records on previous bill payment framework-related challenges and suggestions for revision. In April 2023, the Working Group commenced its review of this feedback, and began identifying which challenges were within Payments Canada's scope to address. This was followed by a thorough analysis of the issues and consideration of various options to address the identified challenges. This review led to a number of proposed changes, which are outlined in Part 2 of this consultation document.

Overall guiding principles and objectives for the bill payment framework review:

- Enhance usability and benefits of electronic bill payments cleared via the ACSS for all billers and consumers;
- Increase transparency and clarity of the rules applicable to electronic bill payments cleared via the ACSS;
- Improve operational efficiency;
- Embrace technological advancements and evolving marketplace; and
- Take into account the interest of the various stakeholders in the bill payment process.

## Public consultation purpose and objectives

The proposed changes will be launched in multiple phases based on the complexity for FIs and stakeholders to implement, with the first set of changes anticipated to become effective in the first half of 2025 and the remaining changes coming into effect at dates to be determined in

consultation with impacted FIs and stakeholders to align with their operational and technological capabilities.

The objective of this consultation is to obtain feedback from the following groups to better understand the impact of the proposed changes:

- Consumers and consumer groups: payors that make bill payments online or in person at their bank branch.
- Members: FIs that offer a bill payment service to their business clients or participate in bill payment processing.
- Billers: payees that receive bill payments from their customers through their FI's bill payment service.
- Third-party providers: any organization that provides a service that supports bill payment processing, such as payment service providers.

Please consider how the proposed changes will affect your operational processes, costs, protection of data, recourse options, or any other impacts to you, your organization or stakeholders. Additionally, if you have concerns, questions, or feedback on any of the proposals listed in Part 2, please provide a detailed response. Part 3 includes an optional survey question to provide Payments Canada with additional information about the respondents. This information will not be used for any other purpose and all feedback provided will remain confidential.

**Payments Canada invites interested parties to provide comments regarding these proposals by May 5, 2024, to [consultation@payments.ca](mailto:consultation@payments.ca).**

**All feedback received will be analyzed by Payments Canada and considered, as appropriate, as final recommendations are formed. Common themes will be identified, and an anonymized summary will be shared with member FIs, the Stakeholder Advisory Council and regulators, where applicable and as deemed necessary.**

## Part 1

### Background

The Canadian Payments Association (doing business as “Payments Canada”) owns and operates key payment clearing and settlement infrastructure in Canada, including associated systems, and makes the supporting by-laws, rules and standards governing the use of this infrastructure. Paper-based and electronic bill payment Remittances are cleared and settled through Payments Canada’s retail batch payment system, the ACSS. In 2023, the ACSS cleared over 9.8 billion Payment Items representing \$9.1 trillion in value, including over 514 million Remittances<sup>1</sup>, totalling \$338 billion. Electronic Remittances represent 99.96 percent of the 514 billion Remittances and also over five per cent of the volume processed through the ACSS – the fourth-highest total of all payment types cleared through this system.

Top five ACSS payment streams by volume in 2023		
	Payment stream	Volume
1	Point of service	6,517,822,585
2	AFT debit (PADs)	1,084,261,095
3	AFT credit	875,896,865
<b>4</b>	<b>Electronic remittances</b>	<b>513,783,286</b>
5	Gov. direct deposit	361,699,572

**FIGURE 1 - Top five ACSS payment streams by volume in 2023**

The ACSS legal framework includes by-laws, rules and standards made pursuant to the *Canadian Payments Act*, which sets out Payments Canada’s objects and duties – including the duty to take into account the interests of users<sup>2</sup>. Existing policies informing this legal framework have been developed through thorough and careful analysis and consultation with members, stakeholders and regulators. Rule H6 was introduced in 1996 to establish rules pertaining to the inter-FI exchange of paper-based and electronic bill payment Remittances for the purposes of clearing

<sup>1</sup> Includes paper-based and electronic Remittances.

<sup>2</sup> The *Canadian Payments Act* defines “user” as those who use payment services but who are not members of Payments Canada. Examples of users include consumers and billers.



and settlement. Rule H6 sets out the requirements for members of Payments Canada that participate in Bill Payment Remittance Processing, wherein Remittances are exchanged as credit transfers between FIs.

## Overview of bill payment Remittances

A bill payment Remittance exchanged, cleared and settled through the ACSS is a credit transfer between two FIs resulting from a customer-initiated payment to a biller that has obtained a CCIN (“CCIN Biller”). Remittances can be paper-based or electronic, and the requirements relating to Bill Payment Remittance Processing are set out in Rule H6. For clarity, Rule H6 does not apply to customer-initiated payments to billers that do not have a CCIN or to bill payments charged to a credit card.

To offer bill payment (as governed in Rule H6) as a payment option to its customers, a biller must obtain a CCIN. In order to obtain a CCIN, a biller must enter into a Corporate Creditor Agreement with an FI designating that FI as the Payee’s FI for the provision of Bill Payment Remittance Processing services.

There are many billers who do not have a CCIN. A payment made to a biller that does not have a CCIN is not a Remittance pursuant to Rule H6.

## Part 2

### Proposed Changes to Payments Canada’s Bill Payment Framework

#### 1. Paper-based Remittances

##### Overview of the current issue

Pursuant to Rule H6, a Payee’s FI and a prospective CCIN Biller will enter into a Corporate Creditor Agreement that contains a provision specifying an agreed-upon method for the delivery of Remittances (paper-based and/or electronic). If the Corporate Creditor Agreement requires that the Payee’s FI deliver to the CCIN Biller only electronic Remittances, the onus is on the Payee’s FI to convert any paper-based Remittances it receives to an electronic Remittance for that CCIN Biller.

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At the discretion of the Payor's FI, a Payor's FI may convert paper-based Remittances to electronic Remittances prior to exchange if the Payee's FI has indicated that it will receive electronic Remittances. However, electronic Remittances cannot be converted to a paper-based medium.

Over the past decade, the volume of bill payment Remittances exchanged has continued to gradually increase year-over-year. However, the share of paper-based Remittances as a percentage of total bill payment Remittances (paper-based + electronic Remittances) has continued to decline. In 2013, paper-based Remittances represented 1.71 per cent of the total volume of Remittances exchanged and in 2023, that percentage share reached an all-time low of 0.04 per cent<sup>3</sup>. The continuous decline can be attributed to consumers continuously seeking more convenient electronic methods for paying their bills and more FIs converting paper-based Remittances to electronic Remittances prior to exchange.

The continued support of paper-based Remittances as items acceptable for exchange, clearing and settlement between Payments Canada's member FIs has become increasingly unnecessary given their ever-decreasing usage and existing electronic alternatives that are significantly more efficient.

## Proposal #1

It is proposed that paper-based Remittances no longer be acceptable items for exchange between member FIs for the purpose of clearing and settlement in the ACSS and that ACSS Stream 'F' be retired effective June 30, 2025.

As a result, Payor FIs will be required to convert paper-based Remittances presented by payors at any of their branches to electronic Remittances prior to exchange with the Payee's FI. CCIN Billers that currently require paper-based Remittances (i.e., the paper bill stub portion of their Invoices) to reconcile their customers' bill payments will no longer receive them and will need to update their reconciliation processes accordingly.

For clarity, there will be no impact to consumers; consumers will still have the ability to bring a paper-based Remittance into their bank branch to make their payment where this option is still made available. It will be mandatory for the Payor's FI to convert any paper brought into a branch to electronic prior to exchange with the Payee's FI.

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<sup>3</sup> In 2023, 224,700 paper-based Remittances were exchanged.

To mitigate against any potential impact to CCIN Billers and consumers, there will be nothing restricting a CCIN Biller and a Payor's FI from establishing arrangements for the Payor's FI to continue providing the biller with the paper bill stub portion of their Invoice submitted by a payor. However, there will be no requirement under the rules for a Payor's FI to provide this service, and arrangements of this nature would fall outside of Payments Canada's rules.

Eliminating paper-based Remittances from the inter-member exchange will increase efficiency and allow CCIN Billers and FIs to reduce costly operational processes as well as their carbon footprint.

## 2. Expand the scope of the bill payment framework

### Overview of the current issue

Rule H6 sets out the framework for processing paper-based and electronic bill payment Remittances. A bill payment Remittance exchanged, cleared and settled through the ACSS is a credit transfer between two FIs resulting from a customer-initiated payment to a CCIN Biller. Consequently, Rule H6 does not apply to bill payments that are made to a biller that does not have a CCIN.

In general, customer-initiated electronic bill payments cleared via the ACSS are exchanged as credit transfers and take the form of either an electronic Remittance or an AFT Credit Transaction.

An electronic bill payment made to a CCIN Biller will take the form of an electronic Remittance (i.e., an EDI Payment Item) and be processed in accordance with Rule H6. Pursuant to Rule H6, a biller must issue paper Invoices to their customers in order to be eligible to obtain a CCIN.

There are many billers who do not issue paper Invoices or choose not to obtain a CCIN for economic reasons. Electronic bill payments made to billers that do not have a CCIN ("non-CCIN Biller") typically take the form of an AFT Credit Transaction for the purpose of inter-FI exchange. AFT Credit Transactions are processed in accordance with Payments Canada's Rule F1.

The lack of a common framework governing electronic bill payments has led to an inconsistent experience for billers and consumers, contributes to a lack of transparency regarding applicable rules, and increases confusion for users of electronic bill payment services.

Furthermore, several gaps exist with respect to electronic bill payments more generally. Currently, there is no requirement within Payments Canada's rules for:

- FIs to provide bill payment details to billers within a specific timeframe;
- Billers to respond to Bill Payment Error Correction Debit requests; and
- FIs to disclose their processing cut-off times for bill payments to payors.

## Proposal #2

It is proposed that the scope of Payments Canada's bill payment framework be expanded to include all electronic bill payments made to CCIN Billers and non-CCIN Billers that are exchanged as credit transfers<sup>4</sup>. Under the expanded framework, the current rules governing exchange, clearing and settlement of EDI Payment Items and AFT Credit Transactions<sup>5</sup> would not change. The framework would build upon Rule H6 and incorporate broader-based overarching principles that apply to all electronic bill payments.

In order to achieve this, the following is being proposed:

- To introduce more structure, certainty and clarity, establish one rule that applies to all credit push electronic bill payments cleared via the ACSS<sup>6</sup>. Establishing one rule that governs electronic bill payments made to CCIN Billers and non-CCIN Billers that participate in a member FI's bill payment service will reduce confusion, increase transparency, and introduce a more consistent experience for billers and consumers.
- To eliminate an unnecessary barrier for billers who want to apply for a CCIN, remove the requirement for a biller to issue paper Invoices in order to be eligible. Removing this requirement will expand eligibility and make it easier for billers to obtain a CCIN.
- To ensure that billers receive bill payment details (e.g., bill payment amount, name of payor, payor's account/subscriber number) promptly, introduce a requirement for FIs to provide bill payment details to billers no later than the business day following the date funds are credited to a biller's account<sup>7</sup>. Ensuring that billers receive such details

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<sup>4</sup> EDI Payment Items and AFT Credit Transactions.

<sup>5</sup> Minor amendments to Rule F1 would be required, however, the rules that currently govern exchange, clearing and settlement of electronic bill payments made to non-CCIN billers would not change.

<sup>6</sup> Electronic bill payments exchanged as EDI Payment Items and AFT Credit Transactions.

<sup>7</sup> Subject to any agreement in place between the biller and FI.

expeditiously will potentially reduce the amount of time that it takes for a bill payment to be reflected in a customer's account held with a biller<sup>8</sup>.

- iv. To improve the customer experience, introduce a requirement for the Payee's FI to include a provision in new and renewed agreements with billers stipulating that the biller shall respond to Bill Payment Error Correction Debit requests within 30 calendar days. Requiring FIs to include this provision in agreements with billers will increase the likelihood of customers receiving a response and, therefore, improve the customer experience.
- v. To increase transparency and consumer awareness, introduce a requirement for FIs to disclose their processing cut-off times for bill payments to payors.

Establishing one rule that governs credit push electronic bill payments will set the foundation for a broader, more robust and modernized framework for bill payments cleared via the ACSS.

### 3. Best practice statement to address inconsistent value-dating

#### Overview of the current issue

Rule H6 prescribes mandatory provisions for Corporate Creditor Agreements between a Payee's FI and a CCIN Biller. One of the provisions that must be included is that the CCIN Biller agrees to deem its customer to have paid the Remittance amount on the date the customer made the payment at their FI (i.e., value date = Payment Date). Therefore, regardless of when a CCIN Biller reconciles remittance details and credits their customers' accounts, they must consider their customers to have paid their Remittances on the date they made the payment at their FI so that late fees and interest charges are not imposed on the customers. Rule H6 is not applicable to non-CCIN Billers and, therefore, this value-dating requirement does not apply to them unless stated in their proprietary agreements with FIs.

As a result, bill payments may be treated differently depending on whether the payee is a CCIN Biller or non-CCIN Biller, which can lead to an inconsistent experience for consumers.

#### Proposal #3

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<sup>8</sup> Although billers will receive remittance information promptly, there is no guarantee that customers' accounts will be credited faster. Biller's reconciliation processes are out of scope for Payments Canada.

It is proposed that Payments Canada develop a best practice statement that encourages all FIs to include a provision in their agreements with non-CCIN Billers stipulating that billers agree to deem their customers to have paid their bills on the business day the customers make the bill payment at their FI. This best practice statement will help promote more consistent value-dating practices between CCIN Billers and non-CCIN Billers.

For clarity, the best practice statement will recommend that FIs voluntarily adopt this practice; there will be no requirement within the rules for FIs to include value-dating provisions in agreements with non-CCIN Billers.

## 4. A new streamlined enrollment process for billers

### Overview of the current issue

In order for a biller to offer bill payments (as governed by Rule H6) as a method of payment to their customers, the biller must first go through an enrollment process.

Within Rule H6 there are few defined responsibilities for FIs as it relates to the enrollment process for prospective CCIN Billers. The only explicit responsibilities of the Payee's FI during enrollment are to apply for a CCIN on behalf of the biller, to provide notice to all Direct Clearers and Payments Canada of the new Corporate Creditor Agreement, and subsequently to accept Remittances on behalf of the new CCIN Biller. Currently, other FIs are not required to respond to the Payee FI's notice of a new Corporate Creditor Agreement. Given that participation as a Payor's FI for a CCIN Biller under Rule H6 is optional, a non-response can cause frustration for billers and Payee FIs as they coordinate their initial acceptance of bill payments. The lack of clear and concise responsibilities during the onboarding process leads to delays in onboarding new CCIN Billers.

Rule H6 does not set out a defined and consistent enrollment process for FIs to follow when onboarding a new CCIN Biller and as a result, each FI has its own enrollment process and enrollment form that billers are required to complete during onboarding. Moreover, each FI has its own requirements with respect to the information it requires before confirming its acceptance to act as a Payor's FI for a CCIN Biller. Currently, the information that is required by all FIs is not included in the Payee FI's notification of a new Corporate Creditor Agreement. As a result, CCIN Billers are forced to complete multiple enrollment forms, one for each FI in addition to the Payee FI, which injects friction and lag time into the onboarding process.

As noted above, during the enrollment process, the Payee's FI is required to send out a notification of a new Corporate Creditor Agreement. The notification allows potential Payor FIs to respond if they agree to accept bill payments on behalf of the new biller. Currently, there is no requirement for FIs to respond to this notice which can delay the onboarding of new CCIN Billers while FIs confirm whether or not they intend to participate as a Payor's FI. It is also not mandatory under Rule H6 for FIs to participate as a Payor's FI. FIs may choose not to act as a Payor's FI based on a number of factors, including risk management, volume and/or value requirements, or geographic considerations. While the need for the ability to decline and the reasons underpinning individual declines may be legitimate, billers are often left without a response or a reason for the decline, which results in uncertainty and confusion.

Furthermore, the enrollment process for non-CCIN Billers is not contemplated under Payments Canada's rules. Therefore, there are no defined responsibilities for FIs as it relates to the enrollment process for non-CCIN Billers, and there is no defined enrollment process for FIs to follow. Each FI has its own enrollment process and enrollment form that non-CCIN Billers are required to complete during onboarding. As a result, all of the challenges identified with the enrollment process for CCIN Billers above are also applicable to the enrollment process for non-CCIN Billers.

## Proposal #4

It is proposed that Payments Canada introduce a comprehensive and streamlined process for the enrollment of CCIN Billers that includes more robust communication requirements for FIs and that a similar enrollment process for non-CCIN Billers be established within the rules.

In order to achieve this, the following is being proposed:

- i. To eliminate the need for CCIN Billers to complete multiple enrollment forms during the enrollment process, introduce a common enrollment form for use by the Payee's FI during the onboarding of a new CCIN Biller, which incorporates all of the information required by all other FIs. Ensuring that the information required by all FIs is communicated in the first instance by the Payee's FI to all other FIs will reduce the time required to complete biller enrollment, make the onboarding process more accessible for billers, and ultimately lead to billers receiving their payments sooner.
- ii. To eliminate the need for the Payee's FI to conduct multiple follow-ups with FIs who do not respond to their notification of a new CCIN Biller onboarding, introduce a requirement for

FIs to respond to the Payee's FI notification of a new CCIN Biller onboarding within a certain timeframe (e.g., 30 calendar days), indicating whether or not they intend to act as a Payor's FI for the CCIN Biller. It will no longer be acceptable for FIs not to respond to these notifications. Ensuring that FIs respond to the Payee FI's notification of a new CCIN Biller onboarding within a specified timeframe will introduce more certainty for both FIs and CCIN Billers, increase the efficiency of the enrollment process, and allow for an improved onboarding experience.

- iii. To reduce uncertainty and confusion for the CCIN Biller and Payee's FI in situations where an FI chooses not to act as a Payor's FI for a CCIN Biller, introduce a requirement for the declining FI to provide the Payee's FI with a high-level reason for the decline<sup>9</sup>. Requiring FIs to provide clear and simple reasoning for nonacceptance of participation as a Payor's FI will ensure that the CCIN Biller and Payee's FI are not left with uncertainty. Together with the requirement to respond within a specified timeframe, this will provide the CCIN Biller with clear expectations for the enrollment process.
- iv. To introduce more consistency for billers, establish an enrollment process for non-CCIN Billers that is similar to that of CCIN Billers within Payment Canada's rules that is supported by:
  - A common enrollment form for use by the Payee's FI during the onboarding of a non-CCIN Biller, which incorporates all of the information required by all other FIs.
  - A requirement for the Payee's FI to send out a notification of a new non-CCIN Biller onboarding to FIs for which the biller is interested in participating as a Payor's FI.
  - A requirement for FIs to respond to the Payee's FI notification of a new non-CCIN Biller onboarding within a certain timeframe (e.g., 30 calendar days), indicating whether or not they intend to act as a Payor's FI for the non-CCIN Biller.
  - A requirement for FIs to provide the Payee's FI with a high-level reason for declining to act as a Payor's FI for the non-CCIN Biller, if applicable.

Introducing a common enrollment form, prescribing more robust communication requirements for FIs and establishing clear responsibilities within Payments Canada's rules will alleviate many of the frustrations and delays experienced by FIs and billers. The proposed changes will significantly increase the efficiency of the enrollment process for CCIN Billers and non-CCIN Billers and clarify expectations for all parties. Consequently, the usage of bill payments should become more accessible and attractive for businesses.

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<sup>9</sup> FIs will continue to have the ability to decline to act as a Payor's FI given operational and risk-based concerns that exist.



## Consultation questions for consideration

1. How will the proposals outlined in this consultation paper impact you or your organization?
2. Do you agree with the proposals? Are there specific proposals that you do not agree with? Please identify them.
3. Are there any reasons why your organization could not support the proposal to remove paper-based Remittances as acceptable items for exchange, clearing and settlement by June 30, 2025?

This concludes Part 2 of this consultation paper. Payments Canada is seeking feedback on the proposed changes above. **Kindly submit responses to this consultation paper by email to [consultation@payments.ca](mailto:consultation@payments.ca) by May 5, 2024.**

## Part 3

### Opportunities identified for future enhancement

#### Overview

Payments Canada regularly reviews its payment frameworks to ensure that they meet the needs of the payment ecosystem users. As part of our analysis of the operational issues that were identified, potential opportunities for enhancements in the future were identified which fell outside the scope of this review. Consideration was also given to other Payments Canada initiatives currently underway, such as the Real-Time Rail (RTR), and the analysis being conducted on the future state of retail batch payments in Canada. As these new business capabilities are introduced, Payments Canada will continuously review and evolve the underlying payment frameworks. Further information on retail batch modernization plans can be found on our [website](#).

Payments Canada has identified the following potential opportunities for future enhancement and areas whereby new payment systems and future technology functionality may potentially be leveraged to enhance electronic bill payments:

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## Data-rich payments

Electronic bill payments made to billers that do not have a CCIN are exchanged between FIs via AFT Credit Transactions. Remittance data that travels with an AFT Credit Transaction is subject to the limitations of Standard 005. As a result, remittance data for these bill payments is transmitted outside of exchange (e.g., by fax or email). A key element to potentially expedite biller reconciliation is the inclusion of more remittance data with payments. ISO 20022 messages will allow for more data to travel with the payment, such as invoice details.

## Speed of payments

Electronic bill payments cleared via the ACSS are deposited into a biller's bank account the same day as the payment is made by a customer or on the next business day at the latest. Future technology could allow for payment requests to be completed in real-time or near real-time.

## CCIN Database

Given the various modernization initiatives currently underway, which will likely impact the use of the CCIN Database in the near future, no large-scale changes to the CCIN Database are being proposed at this time. However, Payments Canada has identified that there is a need to conduct a comprehensive strategic review of the CCIN Database in the near future.

## Optional question for consultation paper respondents

Below is an optional survey question that will help us understand who participated in the public consultation process.

1. I am a:

- Retail consumer that makes bill payments from their deposit account
- Biller that has obtained a CCIN
- Biller that participates in an FI's bill payment service but does not have a CCIN
- Payments Canada member FI
- Financial Technology Company
- Other