

Payment processing



Things to know

- In Canada, various methods of payments are recognized (cash, debit cards, credit cards, gift cards, Apple Pay, PayPal, mobile payments, etc.). Debit card payments are processed through Interac. Credit card payments, as is the case in most other western countries, are processed through the credit card networks (e.g., Visa, Mastercard and Amex).
- Payments Canada operates the clearing and settlement system in Canada. Financial institutions, as direct or indirect clearers, are required to have arrangements in place to exchange and transfer funds through this clearing and settlement system and are governed by the rules of Payments Canada. Payments Canada has detailed rules relating to clearing and settlement of funds. Merchants may also be required to comply with certain elements of the payment network requirements pursuant to their agreements with network participants.
- The Code of Conduct for the Credit and Debit Card Industry in Canada applies to credit and debit card networks as well their participants (e.g., card issuers and payment processors).
- There has been increasing pressure on the Canadian government from merchants in Canada to regulate and reduce interchange rates that apply to credit card transactions. Material reductions in interchange rates could significantly impact credit card programs and payment habits of consumers.

USEFUL RESOURCES

- [Code of Conduct for the Credit and Debit Card Industry in Canada](#)
- [Payments Canada rules](#)

Things to do

- Review your business activities and confirm whether you are subject to the rules of Payments Canada either directly or indirectly through your participation in the Canada's clearing and settlement system.
- Review the Code of Conduct for the Credit and Debit Card Industry in Canada to confirm compliance. Although this code of conduct is framed as a "voluntary code", the Canadian government intends to enforce it. This code has detailed disclosure requirements and gives merchants several rights in case of changes to fees.
- Monitor regulatory developments. The Canadian government has launched several studies and consultations in the last few years with a view to facilitate the modernization the payment system as well as to better regulate various aspects of the payment ecosystem. As a result, the payment system regulations are in flux and are expected to be expanded in scope to cover additional businesses and entities.

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