Financial Consumer Agency of Canada
Agence de la consommation en matière financière du Canada

Canada

Mobile Payments and Consumer Protection in Canada

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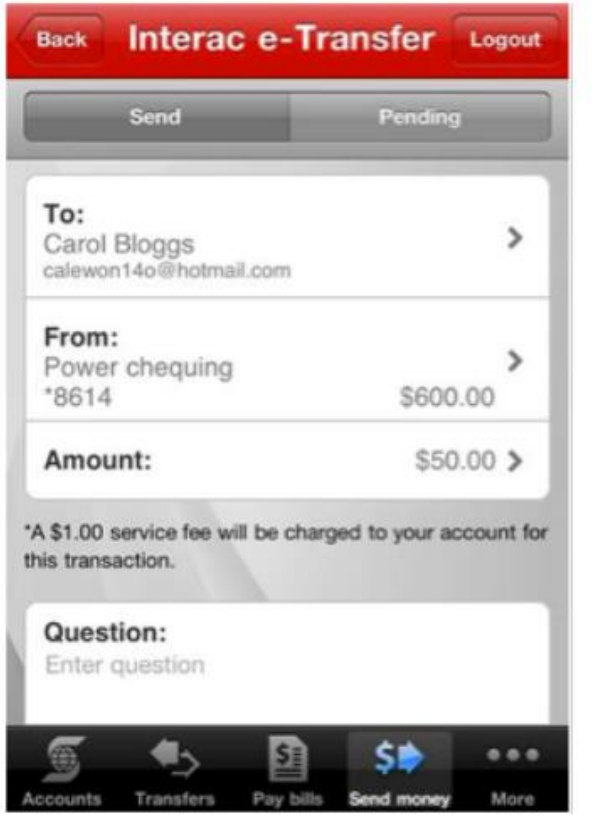
FCAC Research

Overview

m-payments in Canada

- FCAC is monitoring for potential impact on consumer protection
- Expected to be widely adopted
- Evolving quickly
- Uneven adoption internationally to date

Remote and POS m-payments



POS: NFC vs Cloud

Scope of Research

- Objective: identify extent that consumers are protected when making m-payments
- Analysis indicates:
  - All users are not protected equally
  - Dependent on:
    - Underlying source of funds
    - Type of entity offering the service or product
  - New risks emerge
  - Existing framework may be interpreted differently

Consumer Protection in Canada

Federal—Institutionally based protections

- Financial Consumer Protection:
  - banks
  - federally incorporated insurance companies
  - trust and loan companies
  - retail associations
  - federal credit unions
  - external complaints bodies

- Bank Act provisions are primarily disclosure based, also include complaints handling, redress, protection against fraud, etc.
  - Supervised by FCAC

Consumer Protection in Canada

Mobile Network Operators (i.e., Telecoms)

- Consumer Code for disclosure, contract terms, redress, etc.
- Supervised by CRTC

Provincial/Territorial—General Consumer Protection Laws

- Each province and territory has consumer protection laws
  - Contracts, electronic signatures, gift cards, internet agreements, etc.
  - Includes provisions for credit disclosure practices by non-bank lenders
  - Harmonized across Canada

Findings

1. **Risk of uneven protection**

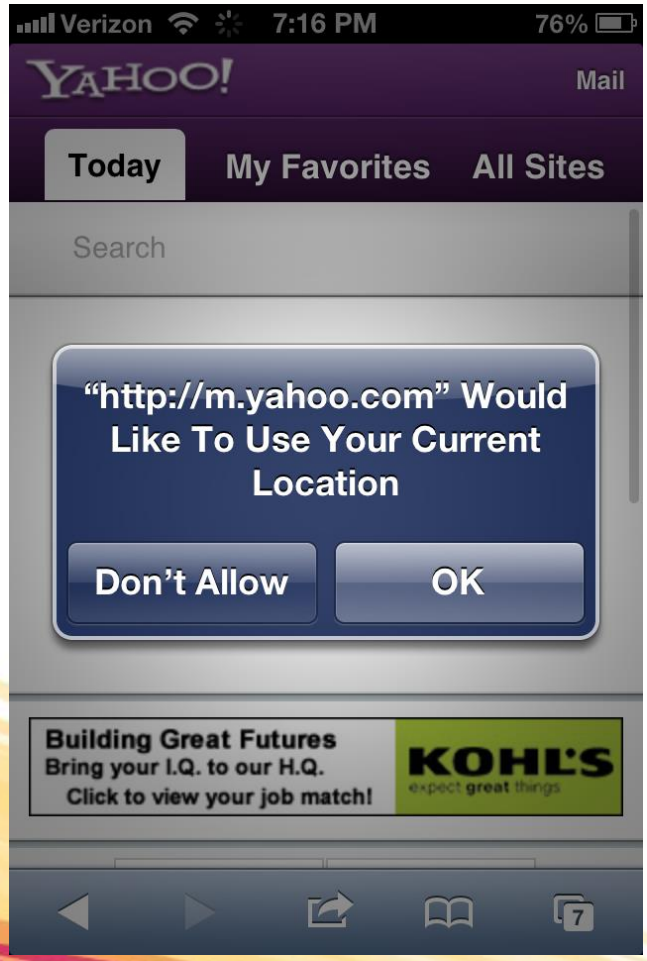
- Obligations differ according to the type of entity offering a product or service
- Potential policy action:
  - Minimum standards
  - Regulating non-bank entities
  - Monitoring business practices

Findings

2. Disclosure risks

- Disclosure requirements vary
- None require optimization for mobile
- Potential policy action:
  - Require service providers to optimize terms of agreement and privacy disclosure in a manner that is optimized for mobile devices and that is consistent across the ecosystem

Just in time disclosure



Findings

3. Risk of fraud and misuse of consumer assets

- Application of zero-liability provisions
- Cramming
- Potential policy action:
  - Clarify ambiguity around the application of zero-liability provisions

Findings

4. Responsibility for dispute resolution

- Principle is inconsistently applied in Canada
- Potential policy action:
  - assign clear responsibility for dispute resolution to central point of contact in Canada

Findings

5. Financial consumer education

- Profiling
- Malware

Questions?