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Submission to Finance Canada re: Discussion Paper on Consumer-targeted Fraud Regulations, and on Much-Needed Bank Accountability Measures

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Finance Canada's Discussion Paper on Consumer-targeted Fraud Regulations is premature because Bill C-15, *An Act to implement certain provisions of the budget*, has not yet been enacted, and hopefully the provisions in the Bill concerning bank account fraud will be significantly amended before the Bill is enacted because they are weak, ineffective and mostly voluntary.

The problems with the federal Liberal government's proposed measures in Bill C-15 are as follows:

1. The government is only promising measures that will possibly be enacted sometime in the future, which is just a rehash of its 2021 election promise to take action on the problem of bank account fraud, and so it only amounts to more hot air from the Liberal government instead of effective action.
2. The government is only proposing a voluntary code on Economic Abuse. Several past federal government studies have shown that voluntary codes do little to actually change actions by businesses because they are voluntary, so the proposed voluntary code for banks on bank account fraud will essentially do nothing to make the banks, telecom and Internet companies change their internal systems in ways that will actually stop bank fraud.
3. The government's proposed measures are much weaker than the protection Australia and the UK have enacted.

A. Response to Discussion Paper on Consumer-targeted Fraud Regulations

The following are Democracy Watch's responses to the questions in the Discussion Paper:

1. All account capabilities that could result in funds being withdrawn from their account should require a consumer's express consent and consumers should be permitted to disable any of those capabilities but only through a process that also involves express consent.
2. Banks should be required to obtain express consent for the purpose of enabling account capabilities, and for disabling those capabilities, through a process that includes validation of the customer's identification.
3. Consumers should be permitted to adjust all limits that could result in funds being withdrawn from their account.
4. The proposed minimum 12-hour period for adjusting an account capability is fine, as is the proposed maximum 48-hour time period.
5. The list of criteria for the anti-fraud policies and procedures that a bank must establish is fine, but the government should require specific policies and procedures for every type of transaction. Allowing banks to set their own policies allows them to have policies that do not actually prevent account fraud.
6. Banks should be required to report detailed data that documents (without identifying the customer):
 - a. each instance of attempted fraud;
 - b. each instance of perpetrated fraud;
 - c. the branch location of the attempted or perpetrated fraud;
 - d. whether the fraud resulted from transactions authorized by a consumer as the result of coercion or deception;
 - e. whether the transactions were allowed by the bank (i.e. unauthorized by the customer, and;
 - f. for each transaction the value of the transaction and the amount reimbursed to consumers.
7. Yes the data must be segmented or it will not be useful for determining the causes of fraud.
8. Banks should be required to report publicly in their quarterly statement to shareholders the details of each fraudulent transaction (again, without identifying the customer), not annually, so that if a bank is failing to prevent fraud that can be detected after only months have passed instead of an entire year (see proposed amendment to Bill C-15 to enact this

requirement, along with a proposed amendment to ensure that banks with poor fraud records are publicly identified in an annual, public FCAC report that also details what the FCAC has done about the fraud violations).

B. Additional anti-fraud measures needed to effectively stop account fraud

However, the following additional measures are needed to effectively prevent and stop bank account fraud, and to prevent, prohibit and penalize the role of the banks, telecommunication companies (including Internet companies) in facilitating account fraud. Again, hopefully Bill C-15 will be amended to include these measures.

The federal Liberal government, which has been in power since November 2015, is being completely negligent in rolling over and proposing in Bill C-15 (in Bill section 334, proposing to add section 627.135 to the *Bank Act*) that each banks' actual record of account fraud transactions be kept secret, and also by failing to propose in Bill C-15 measures that will actually and effectively prevent, prohibit and penalize account fraud.

This continues the negligent record of the Liberal government of failing to enact any fully effective financial consumer or bank employee whistleblower protection measures in the past decade. The Liberal government has consistently demonstrated that it is more concerned with protecting the executives of Canada's Big Banks from accountability, and banks' record high, world-beating profit levels, instead of protecting 28 million bank customers from fraud, gouging, discrimination and other abuses.

Bill C-15 should be amended by strengthening sections 333 to 336 to make them actually effective at preventing, prohibiting and penalizing account fraud, as follows:

- (a) Add a new provision that requires all financial institutions established and/or operated under the *Bank Act* to fully compensate a customer who has lost money due to bank account fraud, and that sets out that the customer is only required to return part or all of the money to the financial institution if the institution can prove to the Ombudsman for Banking Services and Investments (OBSI) that the institution did its due diligence to prevent the fraud and complied with all of the requirements of sections 627.06, 627.02 and 627.131 to 627.134(1) to (3) inclusive of the *Bank Act* and/or that the customer was partially or fully responsible for the losses they suffered due to the fraud. Australia has enacted similar measures – [click here to see](#) details).

- (b) Add a new provision that makes all rulings of OBSI binding on every financial institution established and/or operating under the *Bank Act* (as the Liberal Party promised in its 2021 federal election platform).
- (c) Amend in section 334 the proposed new subsection 627.134(4) to require banks to report publicly in their quarterly statement to shareholders the details of each fraudulent transaction (again, without identifying the customer), and to compile the quarterly data into an annual statistical report published in their annual report to shareholders.
- (d) Amend in section 334 the proposed new subsection 627.135(1) by requiring the FCAC Commissioner to make the annual fraud report public at the same time it is provided to the Minister.
- (e) Amend in section 334 the proposed new subsection 627.135(2) by requiring the FCAC Commissioner to include in the annual fraud report: detailed statistics concerning each bank's record of account fraud; what the FCAC has done in response to fraud that was allowed by each bank (and/or telecom and Internet company) to hold the bank and/or company accountable, and; what the FCAC has done to require each bank to strengthen their anti-fraud measures.
- (f) Add a new provision to require the Financial Consumer Agency of Canada (FCAC) to do regular, unannounced audits of bank policies and procedures for preventing and stopping account fraud, and to require the FCAC to prosecute and penalize a bank for violating the *Bank Act* if the audit shows that the banks policies or procedures are ineffective.

The *Bank Act* was changed in 2018 to add the following two provisions requiring banks to have policies, procedures and training to ensure the financial interests of their customers are protected:

Policies and procedures — appropriate products or services

627.06 An institution shall establish and implement policies and procedures to ensure that the products or services in Canada that it offers or sells to a natural person other than for business purposes are appropriate for the person having regard to their circumstances, including their financial needs.

Training

627.02 An institution shall ensure that its officers and employees in Canada, and any person who offers or sells the institution's products or services in Canada, are trained with respect to the policies and procedures that it has established for complying with the consumer provisions.

However, the FCAC was not required to audit the banks to ensure they comply with those provisions, and the FCAC has done nothing effective to ensure the banks actually comply (and they are not complying). The new anti-fraud measures will not have any effect unless the FCAC is required to audit and to prosecute and penalize violations. As currently proposed, the anti-fraud measures are mostly voluntary.

- (g) Amend s. 336 of Bill C-15 to make the account fraud provisions come into effect on the date that Bill C-15 receives Royal Assent to prevent the Cabinet from sitting on the measures for years or never enacting them, as the Trudeau Liberal government sat on several bank accountability measures for years.

C. Several other bank accountability measures needed

In addition, several other measures, summarized below, are needed to protect financial consumers from bank gouging, discrimination and other banking abuses, and to ensure effective enforcement of every other consumer protection provision in all federal financial services industry laws, and to increase bank accountability in key areas.

Democracy Watch calls on all federal parties to work together to make all of these key changes needed to stop bank gouging, discrimination and abuse and bank account fraud, as called for by 120,000+ voters who have signed on to Democracy Watch's [letter-writing campaign](#) or [Change.org petition](#).

Some of these measures were enacted in the U.S. decades ago, and some have been enacted by the UK and Australian governments in recent years.

Meanwhile, Canada's federal government has repeatedly failed for more than 30 years to enact any effective measures to protect financial consumers and to prevent, prohibit and penalize financial institutions that gouge, discriminate or commit other abuses.

As a result, as the Discussion Paper acknowledges (on p. 1), bank account fraud rates have increased 300% since 2020, approximately 8 million Canadians are victimized annually by predatory lenders, and millions more are gouged regularly by excessive bank fees and interest rates (especially credit card interest rates).

There is ample that Canada's Big 6 Banks, which control more than 90% of the financial services market, are gouging Canadians. A report released in March 2024 found that Canada's banks charge \$7.73 billion in excess fees that banks in the UK and Australia do not charge ([Click here to see summary of the report](#)).

Canada's Big Six Banks had \$70 billion in profits in 2025, almost \$50 billion more than in 2010. All of Canada's Big 6 Banks are listed in the top 300 of Fortune's Global 2000 for 2025 (based on 2024 size, assets, profits and market value). RBC (13th), TD (32nd), BMO (38th), CIBC (44th) and Scotiabank (48th) were also in the [top 50 most profitable banks in the world in 2024](#) (more profitable than most other larger banks) and RBC, TD, BMO, CIBC and Scotiabank were the top five most profitable Canadian companies in 2024.

The Big 6 Banks also handed out [\\$27.3 billion in 2025 in bonuses](#) to their employees, 15% more than the [\\$23.75 billion in bonuses to their employees](#) in 2024. And they also paid their CEOs an average of [\\$12.3 million in 2024](#) – 55% higher than in 2008.

[Click here to see](#) the Backgrounder on Canada's Big Banks.

The Trudeau Liberal government and Finance Minister Chrystia Freeland only partially kept two of their five 2021 bank accountability election promises, and they broke their other three promises, leaving Canadians still vulnerable to bank gouging, discrimination and other abuses (including abuses by predatory lenders).

The Liberals are still breaking their 2021 election promises to enact the following three key bank accountability measures, measures called for by 120,000 voters (all five promises were also listed in [Minister Freeland's mandate letter](#)):

1. Empower the Financial Consumer Agency of Canada (FCAC) to “review the prices charged by banks and [impose changes if they are excessive](#)” (including reviewing interest rates, as [Australia did in 2017](#)).
Instead, the Trudeau Liberal government did not give the FCAC the power to review or change any gouging interest rate or fee, and [only reviewed one gouging bank fee](#) (the NSF fee), and [only consulted on low-cost, small-value credit](#) and enacted the completely ineffective measure of capping the criminal lending rate at a marginally lower amount that it was before ([See Backgrounder on Weak Enforcement of Financial Consumer and Investment Protection](#));
2. Require financial institutions to offer [options to delay consumer debt payments](#) when needed.
Instead, the Trudeau Liberal government only issued [unenforceable mortgage guidelines](#) and an [unenforceable Mortgage Charter](#).
3. [Review closing tax loopholes](#) to prevent banks and other financial institutions from pretending to make their money in low-tax countries in order to lower the taxes they pay in Canada.
The Liberals promised to [close the tax loopholes](#), not just to review them.

The Trudeau Liberal government only partially kept only the following two of their five 2021 election promises to increase banking accountability and fairness:

1. The government imposed a [temporary excess profits tax](#) on banks and insurance companies that earn more than \$1 billion a year (of 15%, but for one year only in 2022), and an [increase in their annual tax rate](#) of 1.5%.
But the Liberals promised they would impose [a higher 3% increase](#) in the annual rate (England imposed a more than 8% tax hike on banks [in 2011](#), and Australia increased its bank tax rate [in 2017](#)). A permanent, significant increase in the tax on financial institution profits must be enacted.
2. [As of November 1, 2024](#), banks were finally required to use the Ombudsman for Banking Services and Investments (OBSI) as the complaint-appeal entity.
But the Trudeau Liberal government [broke its promise](#) to give OBSI “the power to impose binding arbitration.” The *Bank Act* must be amended to make all of OBSI’s rulings binding.

The following additional 10 key measures, which 120,000 Canadians have called for, are needed to actually stop gouging and abuse, to stop discrimination in bank lending and service, and ensure the banks serve everyone across Canada fairly and well at fair prices and interest rates ([Click here to see](#) the Full List of Key Bank Accountability Changes online):

1. **Require banks and insurance companies to promote [a national financial consumer organization](#), and a [national individual investor organization](#) in their communications with individual customers and investors (as recommended in 1998 by the Liberal-controlled MacKay Task Force, House Finance and Senate Banking committees).**
2. **Require the banks to [disclose detailed information annually about their lending and service records](#) including how many people apply for credit cards and each type of loan (**as the U.S. required banks to do more than 35 years ago through the *Community Reinvestment Act*, which applies to the U.S. banks that 4 of Canada’s Big 6 Banks own**), categorized by race, gender, income level and neighbourhood, and require corrective action whenever banks discriminate against customers.**
3. **Require the banks to re-open basic banking branches in every neighbourhood that offer low-interest rate, small-value lines of credit to everyone to stop predatory lending across Canada (including requiring the banks to partner with Canada Post outlets for postal banking, as [TD started to do in November 2022 but then paused](#) and [then cancelled](#)).**

4. **Require banks and trust companies to disclose the profit/loss record for any branch proposed to be closed**, to allow for a full public review of whether the closure is justified.
5. **Require banks to cut credit card interest rates in half now**, and allow people renewing their mortgages **to re-renew without a penalty at a lower interest rate** if interest rates decrease over the next few years, and **require banks to lower all their interest rates** at the same time as the Bank of Canada lowers its interest rate.
6. **Require banks to disclose the profit level of every part of their business** (credit cards, mortgages, lines of credit, each other type of loan, bank machines, and investment and insurance divisions) after fully independent audits (overseen by the Auditor General).
7. **Require banks to keep all their interest rates and fees at a level that gives them no more than a reasonable profit** (for example, [many U.S. states cap](#) credit card interest rates).
8. **Require banks to give customers access to the money they deposit** by cheque as soon as the cheque clears through the inter-banking clearance system.
9. **Require the Financial Consumer Agency of Canada (FCAC) to do regular unannounced, mystery-shopper audits** to find violations of consumer protection laws, and require the FCAC to identify all violators, and require the FCAC to fine violators a minimum of \$1 million for every violation (and the maximum \$50 million for systemic violations).
10. **Require the Big Banks and other financial institutions to cut the pay of their CEO and top executives** to no more than 40 times their lowest paid employee (as [in some European countries](#)).

The overall ongoing question for the Finance Minister, and the Mark Carney Liberal government, is are they going to continue to protect the executives of Canada's Big Banks from accountability, and banks' record high, world-beating profit levels, or are they finally going to enact effective measures, and establish an effective enforcement system, to protect 28 million bank customers from fraud, gouging, discrimination and other abuses?