

What can the UK learn from retail payments in Canada?

WHITE PAPER

Authors:

David Birch
Debbie Gamble
Jonathan Williams

July 2026

Table of contents

EXECUTIVE SUMMARY	3
1. INTRODUCTION	5
National Payments Vision	6
Strategy for Future Payments Infrastructure	7
Why is Canada a good comparator for strategic development of payment systems ?	7
2. A BRIEF HISTORY OF ELECTRONIC PAYMENTS IN CANADA	8
The beginning: 1980-1989	10
Early adopters: 1990-1999	10
Growth of digital and online payments: 2000-2009	11
Rebranding and strategic reassessment: 2010-2019	11
Real-time and continued modernization: 2020 to date	12
The role of Interac	13
Summary	15
3. WHAT CAN THE UK LEARN FROM CANADA?	16
Resilience, reliability and availability	17
Sovereignty	18
Standardization	19
Access and transparency	19
Payments-adjacent services	19
Balancing incentives to innovate	20
UK-specific issues	20
Does the UK need a similar organization to Interac?	21
4. CONCLUSIONS	22
Learning points from Canada	24



Executive summary

The United Kingdom is at a critical juncture in modernizing its retail payments landscape. Driven by the Payment Landscape Review, the Future of Payments Review (Garner report), and the subsequent November 2024 National Payments Vision (NPV), the UK has established new delivery governance—including the Payments Vision Delivery Committee (PVDC), the Retail Payments Infrastructure Board (RPIB) and DeliveryCo. As the PVDC advances its *Strategy for Future Retail Payments Infrastructure*, a key priority is developing alternatives to traditional card payments and establishing technical and governance standards for new forms of money (e.g., CBDCs, stablecoins, and tokenized deposits).

This document considers the strategic development of payment systems in Canada as a primary comparative model for the UK. Canada shares striking cultural, behavioral and financial infrastructure similarities with the UK, yet stands out as an early pioneer in successful public-private industry collaboration. We see the co-evolution of **Payments Canada** (the statutory association governing infrastructure and standards) and **Interac** (the national domestic payments network) as a source of insight for the UK.

Key Lessons

There are five key lessons that we would like to draw attention to at this time:

1. Sovereignty & security

Unlike the UK, Canada has consistently prioritized national sovereignty by ensuring that critical payments infrastructure and data processing remain strictly within Canadian data centres, mitigating risks associated with foreign regulatory reach and extraterritorial vulnerabilities.

2. Domestic competition

The UK's decision to sell its domestic card scheme (Switch) in 2003 resulted in a near-duopoly of international card schemes. Conversely, Canada's retention of a domestic debit scheme (Interac Debit) has successfully injected competition, reduced transaction costs for merchants and kept payment revenues within the domestic economy.

3. Transparency & access

Payments Canada publicly discloses its scheme rules and transparently regulates indirect participants. Adopting a similar public rulebook in the UK would clear up existing opacities and misunderstandings regarding rights and obligations among end-users and participants.

4. Balancing public-private incentives

Canada benefits from the relationship between the not-for-profit Payments Canada and the for-profit Interac Corp. This balance allows new payment-adjacent innovations (like *Interac Verified* and *Konek*) to be funded via business cases rather than solely through consensus-driven industry mandates or rigid transaction-based fee pools.

5. Resilience & interoperability

System availability must be viewed holistically. When technical single points of failure occur (such as terminal or acquirer outages), alternative domestic networks or cash substitution are vital to maintaining commerce.



Recommendations for the UK

To support the ambitions of the National Payments Vision, the UK authorities and delivery committees should consider the following actions:

1. Prioritize sovereignty

Ensure that future critical payments infrastructure is under UK sovereignty.

2. Enhance transparency

Adopt an open, transparent, and accountable decision-making process, including making scheme rules public to align with international best practices.

3. Expand competitive scope

Evaluate ways to establish a low-cost domestic payments scheme to challenge international card

duopolies, rather than relying solely on Faster Payments and open banking alternatives.

4. Reimagining the role of key trusted players like LINK

Leverage existing, trusted payment system operators to bridge physical and digital ecosystems. Specifically, the UK should explore how LINK—positioned uniquely between cash and electronic transactions—can be integrated into the architecture of new forms of retail payment and perhaps even new forms of money (such as allowing cash deposits into a CBDC or paying out stablecoins in cash).

If the lessons from Canada are applied, the UK retail payments sector can deliver significant improvements in payments functionality and reliability, much to the benefit of UK plc.



1. Introduction

The United Kingdom is redesigning its retail payments systems so they are fit for the future. This initiative stems from two reviews led primarily by HM Treasury: The Payment Landscape Review (2018-2020) and the Future of Payments Review (2023), commonly known as the Garner report. These reviews surveyed the existing payments landscape and considered how the UK could best capitalise on transformations such as new technologies and new forms of money to modernize its payment systems and ensure payments work well for everyone.

National Payments Vision

One of the Garner report's key findings was the absence of clear and consistent strategic direction in UK payments. Garner called on the Government to develop a National Payments Vision (NPV) to articulate coherent outcomes and a roadmap for the future of payments. This was published a year later in November 2024. It set out the Government's ambition for a world leading payment system and support the growth mission.

To deliver these high-level objectives and set strategic direction, HM Treasury, the Bank of England, the Payment Systems Regulator (PSR) and the Financial Conduct Authority (FCA) came together to form the Payments Vision Delivery Committee (PVDC).

In July 2025, the [PVDC](#) announced¹ the creation of two new entities which are critical to the design and delivery of future payments infrastructure:

- A Retail Payments Infrastructure Board (RPIB). Chaired by the Bank of England, this Board is responsible for developing a high-level blueprint for the design of future payments infrastructure.
- A delivery entity, known as DeliveryCo, which will be owned by the industry. It is tasked with funding, building and/or procuring future payments infrastructure.

The RPIB met at the end of 2025 and industry has continued to progress creating the delivery entity.



Strategy for Future Payments Infrastructure

In November 2025, the PVDC published its [Strategy for Future Retail Payments Infrastructure](#)². In large part this is not controversial, although it does require development of an alternative to a card payment, using an account-to-account transfer and does not include sections on payment cards, cash, or high-value retail payments through CHAPS. The Strategy also states that cheques should be supported for as long as end users wish to write or receive them, although cheque usage has dwindled and it is therefore unclear whether central cheque clearing is cost-effective.

The Strategy considers new forms of money – central bank digital currencies (CBDCs), tokenized deposits and stablecoins – alongside existing interbank systems (UK Faster Payments and Bacs). The questions it will be consulting industry and end-users on include the technical standards, such as ISO 20022 for data dictionary and message formats, how access should be provided to authorised users, and using which technology, and how each operator of a payment system can make and implement decisions, be governed and supervised.

It is against this backdrop that we can ask what lessons can be learned from other jurisdictions and whether PVDC (and others) should also consider other payment infrastructure to achieve the goals in the NPV.

Why is Canada a good comparator for strategic development of payment systems?

Firstly, there is a similarity of culture and payments behaviour between Canada and the UK. Canadians use cards, cheques and cash in similar proportions to the UK and have used pre-authorized debits (direct debit in UK terms) for a long time. In addition, the banking and financial markets are similarly well developed and although Canada is significantly larger than the UK, the populations are roughly similar.

Secondly, Canada was one of the first large, developed economies to successfully adopt industry collaboration in the strategic design and development of its payment systems. Canada's success was recognized in 1986 by the Bank for International Settlement (BIS) which stated "the need for increased co-operation in the development of (payments system) infrastructures has led a growing number of countries, both within and outside the Group of Ten, to follow the Canadian example and establish permanent public co-ordinating bodies for this purpose."³ This collaboration is what the UK is now doing through engagements on the NPV and through the RPIB.

Thirdly, Canada has a highly sophisticated and digitally capable set of financial institutions with a pragmatic approach to solving problems collaboratively.

Finally, Canada is still developing its next generation instant payment system, the Real-Time Rail, which will support new use cases. Canada is therefore at a similar point in its evolution to the UK.

² HM Treasury, November 2025.

³ Bank for International Settlements, Payment Systems in Eleven Developed Countries (Basel: BIS, 1986).

2. A brief history of electronic payments in Canada

The story of the evolution of payments from 1980 to the present day is a story of considered modernization, coordination between banks and authorities, and innovation.

It is first worth recognizing the unique challenges that Canada has faced and continues to manage.

- **Size:** Canada is vast and much of it sparsely populated. Bringing solutions to all Canadians is a difficult challenge, even though a high proportion of the population is urban. It is said that physical cheque clearing used to take six days coast-to-coast, and then six days for the cheque to be returned unpaid.
- **Forceful neighbour:** Canada shares a long border with a populous, rich, advanced country which expects Canada to be a welcoming market, while Canadian citizens and businesses need to be able to receive funds from the US.

- **Languages:** Canada has two official languages, but many more are native to Canada. Payment systems frequently support only one language well.
- **Highly concentrated banking market:** there are a small number of large banks which may lead to lower competitive pressure for each bank to innovate independently.

Given this context, rational and thoughtful dialogue is required of the industry and authorities.

The narrative from 1980 to date is driven largely by two organizations: the Canadian Payments Association – now retitled Payments Canada – and Interac – initially a not-for-profit association formed by a small group of banks and now a for-profit corporation. Today, Canada has one of the most advanced digital payments ecosystems in the world, and these two organizations are still key to the development of payments systems and networks and have worked together to ensure that Canadian citizens, businesses and government can rely on the payment services they need.



The beginning: 1980–1989

Modernization of payments systems in Canada arguably starts in 1980 with the Canadian Payments Act which established the Canadian Payments Association (CPA), now Payments Canada.

The CPA was formed as a private association comprising members from industry as well as a Board consisting of both industries, the Bank of Canada and the Finance Department of the Canadian federal government. This organization was set up by the Canadian Payments Act 1980 with the objectives of managing and developing the payments systems in Canada and had been given powers to raise bye-laws subject to approval by the federal government. The objectives of the CPA were stated in the 1980 Act.

“

The Association shall establish and operate a national clearings and settlements system, and shall plan the evolution of the national payments system.

To a contemporary UK audience, this second part seems very similar to the work in which the UK's Retail Payments Infrastructure Board is currently engaged, and the first part seems to describe parts of the role of Pay.UK⁴ and LINK⁵.

At the time, payments were dominated by cheques and manual processes. The CPA's early work focussed on standardising and automating clearing through the Automated Clearing & Settlement System (ACSS), enabling electronic handling of payment items. The ACSS was established in 1984 and could process credits and debits, including pre-authorized debits – the equivalent of direct debits.

In 1984, Interac Association was formed by major Canadian banks and credit unions. Interac created a member network that allowed customers of any member to access cash from any other member's participating ATM across the country. This cooperative model was distinctive, unlike fragmented systems elsewhere, Canada built a unified national network from the outset. In the UK, smaller banks and building societies created LINK in 1985 to allow cash to be withdrawn from another member's ATM. Interac was also interested in supporting electronic funds transfer at the point of sale (EFT/POS)⁶, allowing customers to pay for goods electronically through an appropriate terminal.

Early adopters: 1990–1999

The 1990s saw rapid adoption by Canadians of new forms of electronic payment. In 1990 Interac launched a new pilot called Interac Direct Payments. Using the Interac network, this allowed Canadians to make purchases using the money in their bank account at a point-of-sale terminal. By 1999 Canadians had become the most frequent users of debit cards.

At an infrastructure level, the CPA undertook a transformative project: the development of the Large Value Transfer System (LVTS). Launched in 1999, LVTS enabled real-time, secure electronic transfers of large-value payments between financial institutions, forming the backbone of Canada's wholesale payment infrastructure and settling securities clearing. The introduction of LVTS also strengthened monetary policy implementation, allowing the Bank of Canada to manage liquidity with greater precision.

Legislatively, the Canadian Payments Act and subsequent amendments broadened CPA membership to include non-bank financial institutions, reflecting the growing complexity of the financial ecosystem.

⁴ The operator of the Bacs, Faster Payments, Image Clearing Service in the UK and a number of ancillary services.

⁵ The operator of the ATM network in the UK.

⁶ The system by which a customer can pay from their account to a merchant's account to purchase goods or services. Interac Debit payments, made with a debit card at a terminal, are EFT/POS payments.

Growth of digital and online payments: 2000-2009

By the early 2000s, electronic payments had overtaken cash in many contexts. Interac Direct Payment was preferred by Canadian consumers to cash for purchases by 2000, demonstrating a cultural shift in payment behavior.

Interac also expanded beyond physical retail. In 2003, it introduced Interac e-Transfer, a peer-to-peer payment service that allowed individuals to send money electronically using email or mobile banking. This service allowed the sender to send an e-mail from their bank to a recipient, who could use it to accept or reject the funds. Interac subsequently added support for SMS notifications to recipients' mobile phones. This innovation positioned Canada ahead of many global markets in digital person-to-person payments and created another way to pay which businesses increasingly saw as attractive.

Meanwhile, the CPA continued refining retail clearing systems such as ACSS, supporting batch electronic funds transfers for payroll, bill payments, and [other recurring transactions](#).

The broader trend of the decade was the gradual digitalization of payments infrastructure, with increasing use of online banking and electronic messaging standards.

Rebranding and strategic reassessment: 2010-2019

The 2010s marked a period of strategic transformation. In 2015, the CPA initiated a comprehensive modernization agenda, outlining a “target state architecture” for a faster, data-rich, and more resilient payments ecosystem. In the UK the Payment Systems Regulator ran the Payment Strategy Forum which detailed a New Payments Architecture for bulk, immediate and cheque payments.

In 2016, the CPA rebranded itself as Payments Canada, reflecting a broader mandate and a more outward-facing role in coordinating industry stakeholders.

During the same period, Interac evolved from a cooperative association into a for-profit entity.

Following years of regulatory and competitive challenges, Interac Association and Acxsys Corporation merged in 2018 to form Interac Corp. This structural change allowed for greater innovation and investment in new services leveraging the Interac network and its members. Interac also rebranded Interac Direct Payment to Interac Debit. In the UK, LINK Scheme Holdings was formed in 2016 as a not-for-profit entity to provide governance on the ATM scheme operated by Vocalink in advance of the latter's acquisition by Mastercard in 2017. This appears to be a different direction from that taken by the Canadians.

Technologically, the decade saw the rollout of contactless payments (Interac Flash), online debit (Interac Online), and enhanced Interac e-Transfer capabilities. Following Interac Flash, the corporation were quick to move to mobile by making Interac available on smartphones. Using near-field-communication, Canadians could load their debit card into their favorite mobile wallet (and leave their physical wallets at home). These developments aligned with broader global trends toward mobile payments and e-commerce.



Real-time and continued modernization: 2020 to date

A key milestone came in September 2021 with the launch of Lynx, which replaced the LVTS as Canada's high-value payment system.

On the retail side, Interac has become deeply embedded in Canadians' daily life. By 2024, Canadians were making over 20 million Interac transactions daily, with Interac e-Transfer volumes exceeding 1.4 billion annually. The service is now used by the vast majority of adults and plays a critical role in both consumer and small business payments.

Payments Canada continues to drive modernization and works with Interac on the Real-Time Rail which is the new immediate payment system flowing from the strategy work of the late 2010s. Interac will be the technical operator of the Real-Time Rail, as well as its first fraud services provider. The Real-Time Rail will launch with centralized fraud mitigation capabilities, making it one of the few payment systems globally to go live with integrated fraud capabilities from day one.

Interac has launched further services supporting payments. Interac e-Transfer for Business was released in 2021 to streamline business payment flows. Interac Verified was launched in 2023 to help businesses and governments verify the identity of individuals in Canada as part of access to services. This suite of solutions included Interac verification service, Interac document verification service, and Interac sign-in service.

Interac also announced Konek which allows Canadians to make payments more easily in several different contexts – online, in-person, contactlessly – using their existing payment instruments.



The role of Interac

Since 1984 Interac has played and a key part in the journey to modern, digital payments for almost all Canadians. Interac is [recognized](#) as the most reputable financial services brand in Canada⁷. Establishing the collaboration to allow Canadians to access cash from their bank accounts across a member network spanning six time zones was a substantial undertaking, but the ability to build on that network to create new propositions has been vital.

Many countries have structures similar to Payments Canada which define the underlying payment systems, but few have a member-led, member-owned company to facilitate collaboration, innovation and delivery like Interac, which has continuously delivered key innovative products in payments in Canada, built with and for its members, as shown in Table 1 below.

Each product introduced by Interac was a deliberate act of institutional collaboration and intentional innovation designed to build trust and deliver sustained value to shareholders. And each new layer was only possible because the one beneath it had earned the trust of Canadians.



Product	Description
Direct Payment	Now called Interac Debit, this is the Canadian domestic debit card scheme. It is widely recognized as the most cost effective for merchants to take payments. Sitting alongside international credit and debit card schemes it provides a useful competitive option for consumers and merchants. In 2010, competition regulation ⁸ was made to ensure debit cards used only one network for types of domestic payment. This supported Interac Debit's position as a preferred payment method.
e-Transfer	While credit transfers can be made through any automated clearing house (ACH), things can go wrong, for example payment can be made to the wrong account. Interac e-Transfer was designed to give a quick and positive confirmation of acceptance of a payment, even if clearing of the payment might take hours. Interac e-Transfer allowed payers to send a notification initially by e-mail and subsequently by SMS to a mobile, which would allow the recipient to accept or reject the funds into their account. This would provide confidence to the recipient that the payment will be made to the right account. This could be a key part of an account-to-account proposition.
Flash	Interac Flash was Canada's domestic leap into contactless card payments, introduced to enhance speed and convenience at physical checkouts. Built upon secure international EMV standards, it allows cardholders to complete transactions instantly by waving their physical debit card over a compatible merchant point-of-sale terminal. This functionality eliminated the need to insert a card or enter a PIN for smaller daily purchases. Because it utilized the existing merchant terminal network, it integrated seamlessly into the retail landscape, offering merchants lower transaction fees than international card alternatives while protecting user data locally. Interac Flash is now known as Interac Debit contactless payments.
Flash Mobile	Interac Flash Mobile is the extension of Canada's contactless debit capability into digital wallets, enabling consumers to make secure, contactless transactions using their smartphones or wearable devices. Built on the same EMV contactless standards as physical Interac Flash cards, it allows users to authenticate and complete purchases by presenting their mobile device to a compatible point-of-sale terminal. Unlike physical card-based contactless payments, Interac Flash Mobile leverages device-level security features such as biometric authentication (e.g., fingerprint or facial recognition) and tokenization, replacing sensitive card details with secure digital credentials. This enhances both convenience and security for everyday transactions.
e-Transfer for Business	Interac e-Transfer for Business was specifically engineered to modernize commercial workflows by tackling the inefficiencies of legacy systems. It optimizes high-value commercial transactions with real-time routing, higher transfer limits, and instant settlement confirmation. Critically, the platform utilizes rich data capabilities aligned with modern messaging standards to streamline account reconciliation. This allows organizations to digitize vendor payments, invoice settlements, and payroll directly from their bank accounts. It provides Canadian businesses with a highly reliable, cost-effective alternative to traditional wire transfers, paperwork, and slow-moving physical cheques.
Interac Verified	Interac Verified is a comprehensive suite of digital identity solutions designed to help businesses and government entities securely authenticate Canadian citizens. Recognizing that remote transactions require robust digital trust, the suite includes specialized verification, document authentication, and secure sign-in services. Instead of creating new, fragmented identity silos, Verified leverages the pre-established infrastructure and trusted relationships of existing financial institutions. This payments-adjacent innovation effectively mitigates fraud, lowers transaction dispute rates, and simplifies access to digital services by enabling users to seamlessly prove their identity online.
Konek	Konek is a versatile, consumer-centric payment service designed by Interac to unify and simplify the digital purchasing experience across various platforms. It enables Canadian consumers to seamlessly deploy their existing, trusted domestic payment instruments across multiple shopping environments—whether transacting online or via mobile apps. By prioritizing flexibility and user convenience, Konek bridges the gap between merchant checkouts and a user's secure bank funds. It functions as an agile digital portal that enhances transactional fluidity, ensuring fast, frictionless, and secure data-rich checkout experiences nationwide.

Table 1: Interac Products

These products, brought to the market along the timeline shown in Figure 1 below. Give Canadians a spectrum of secure, reliable and safe ways to do business.

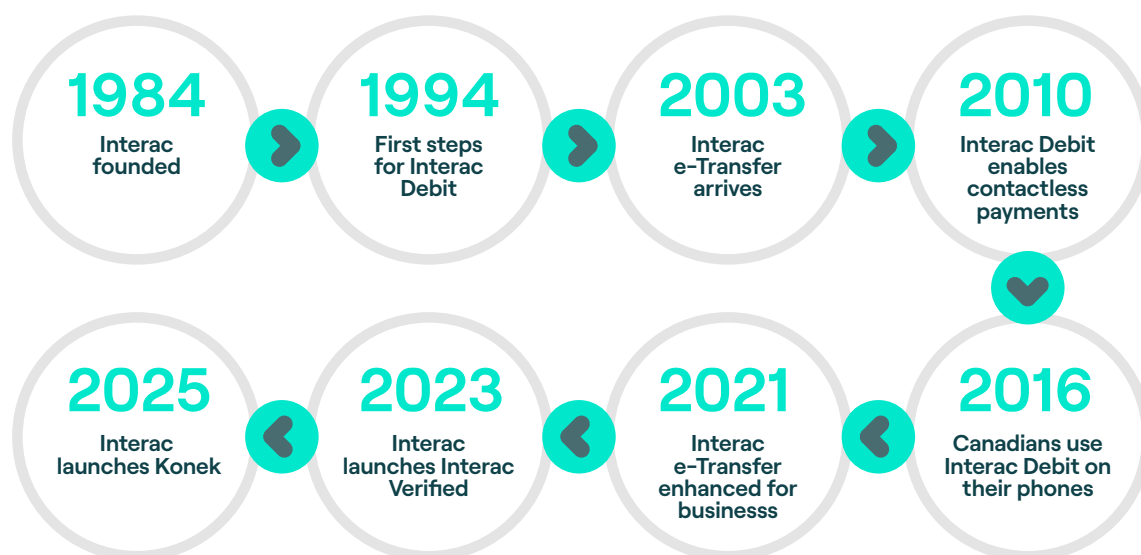


Figure 1: Interac timeline from 1984 to 2025

Summary

Since 1984 Interac has played and a key part in the From 1980 until today, Canada's payments systems have undergone a profound transformation. The Canadian Payments Association laid the institutional groundwork for a coordinated national ecosystem, and having rebranded as Payments Canada, has led modernization into the real-time era.

Interac, meanwhile, stands as a uniquely Canadian success story, a cooperative network that grew into a leading national payments provider, shaping consumer behavior and enabling innovations such as debit payments and Interac e-Transfer.

The story of Canada's success has been the collaboration between a statutory association and a cooperative network, the latter now freed to invest in innovative services for its members and other users. This partnership has produced a payments ecosystem that is highly integrated, predominantly electronic, and globally respected for its efficiency and security. As Canada continues to pursue real-time payments and open, customer-driven banking, the legacy of institutional collaboration and domestic innovation remains central to its future trajectory.

3. What can the UK learn from Canada?

For over the last 40 years, two organizations have worked together and separately to make payments work well for Canadians. The Canadian Payments Association has set up guidelines, standards and rulebooks and created payment systems that meet the needs to clear and settle payments. Interac has worked on creating customer propositions, using its shared network and leveraging the knowledge of its members to create customer payment propositions.

Resilience, reliability and availability

One of the roles of the Bank of Canada and the Bank of England is to ensure stability of their respective currency and both describe some of their concerns as resilience. This term includes reliability – how often does the system go wrong? – and availability – is the system available when I want to use it? Resilience itself also covers the ability to withstand predictable or conceivable shocks, for example market failures.

In the case of the retail infrastructure, the ease of substitution of one payment for another is key. As an example from Canada if an individual goes to a barber, tries to pay for the haircut with a card but the terminal has malfunctioned or is disconnected, they can make a payment easily. In this real-life case the individual used an Interac e-Transfer to pay the barber, who confirmed receipt within 2 minutes. In the UK the customer could have tried a Faster Payment from their mobile banking, but – to a new recipient – their bank might have decided to do additional checks which sometimes take a lot longer than two minutes.

So, when thinking about availability it's not just the individual payment system which has failed that is in scope, it's the set of payment systems, working together which may or may allow payment to proceed. In some cases, as above, a single point of failure can connect more than one payment system – the terminal, acquirer or customer's mobile phone could all have failed, preventing payment on both VISA and Mastercard (and Interac Debit in the Canadian case).

When considering the ability of a payer to make a payment, it is important to consider all the potential ways that they could do it which will meet the need to pay. If payers are well-informed and know their means of payment, they can play their part in ensuring their needs are met without focusing on individual system availability and resilience.

For a more detailed discussion of resilience in national payment infrastructure, please see Birch D, Grosclaude L. *Why cash alone won't cut it: Practical strategies to increase resilience in European payment infrastructure*. Journal of Payments Strategy & Systems. 2025;19(3):234–46.



Sovereignty

Canada has long understood the power-relationship with its closest neighbour and sometimes the rhetoric which crosses the border and trade tariffs are on the unfriendly side. For that reason Canada has increasingly taken a risk-averse approach to procuring critical national infrastructure.

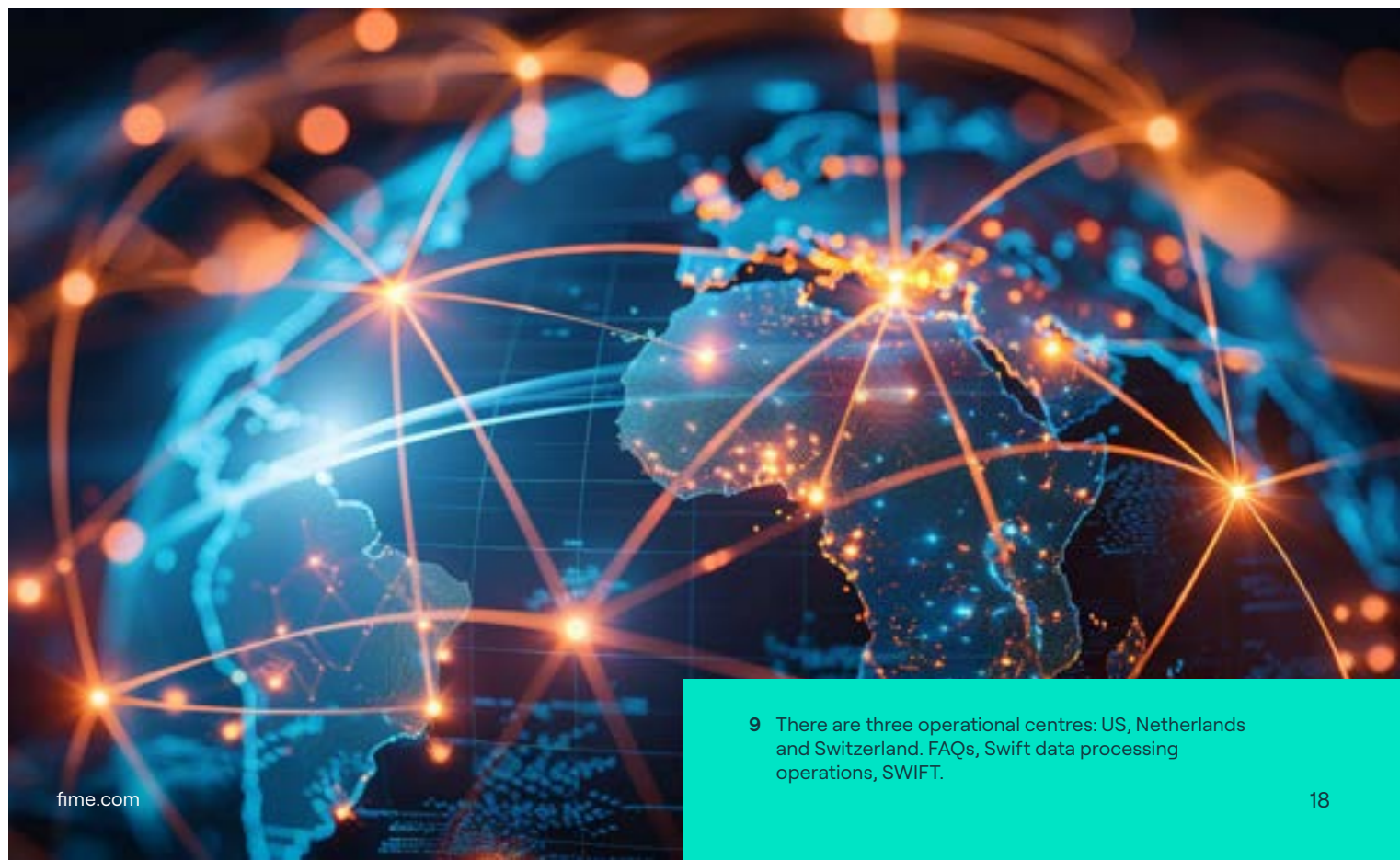
For years both Payments Canada and Interac have developed systems which keep payments processing and data within Canadian datacentres and networks. This includes the ACSS, Lynx (the successor to LVTS) and the Interac Members Network, which are all provided in Canada.

Payment service providers in the UK have known the long reach of some regulators for some time. The threat of action by US regulators to UK banks operating in both jurisdictions on their UK operations has been widely documented, including as it relates to provision of access to UK payment systems for transactions wholly in the UK and in sterling. The risk of procuring critical services from suppliers in other countries which could be turned off like a tap has led a number of financial communities to reassess their ability to continue to function.

Access to data has also been a concern. In 2006 US Treasury requested access to data held in a SWIFT operations centre located in the US⁹, causing the EU to express concern over data privacy and confidentiality and to request measures to protect this information in future.

There may also be concerns about the ability of large international organizations to exert their power to demand a favorable competitive position or to threaten legal action. This would also undermine the independence of a country to operate its infrastructure for its own good.

There is a challenge with using products developed or managed from outside the nation, where the staff may be more susceptible to malicious actors – criminal or nation-state – to undermine security, stability or integrity. Using local providers not only assists the domestic economy but also enables better risk management.



Standardization

There are significant benefits in implementing widely adopted – and that generally means international – standards. Most modern immediate payment systems use ISO 20022 as a data dictionary and message format, but using this does not guarantee interoperability. It does, however, help with maintainability and access to supporting services. Canada has adopted ISO 20022 for its Real-Time Rail payment system, which will in theory make it easier to initiate and deliver cross-border payments.

When developing Interac Debit (formerly Interac Direct Payment), it was important to adopt EMV standards so that the domestic payments could be taken at terminals which could also take credit card payments offered by international card schemes. By adoption of these standards, Interac was able to make it easy for Canadians to pay and rely on the standards work done by EMV and subsequently PCI SSC, to ensure point of sale payments.

Access and transparency

Canada, like the UK, allows regulated payment service providers to access the payment system directly, or indirectly – through a direct participant. In the UK this is largely deemed to be a commercial matter for the provider of access, but in Canada, there are rules which Payments Canada applies to indirect participation. This makes the relationship between a bank or credit union and the payment system transparent. In the UK this relationship is more opaque and sometimes the payment system operator does not know all the firms participating in its payment system. This can make processing of exceptions – things where something goes awry or there is a special case – difficult, such as reporting fraud to a recipient of a UK Faster Payment.

In addition, in Canada the rules of the payment systems are published, making the obligations and rights clear to payment service providers and customers. For the ACSS, for example, Payments Canada (and previously the CPA) published the rules of operation and the obligation on participants. In the UK, even the rules applicable to end users may not be published¹⁰. This lack of transparency can cause misunderstandings of obligations, rights or methods of operation. It is unclear what benefit this secrecy provides.

Payments-adjacent services

It is recognized that in many cases, and especially remotely, it is important to understand the identity of the payer. This ability to know the identity of the debit card customer, for example, means that transactions can benefit from reduced fraud rates, lower dispute rates and more-frequent success. Identification is therefore one enabling service which improve the performance of payments and other services. Other examples include better reconciliation, bill-relation payment initiation and confirmation of receipt of a payment.

These services are not integral to the payment system but are innovations which improve the efficiency and effectiveness of the payments that users initiate. In the case of Canada, the Interac e-Transfer product and Interac Verified help with this.

¹⁰ For example, the Bacs Direct Debit Scheme Rules for Service Users are not publicly available.

Balancing incentives to innovate

Commercial and non-commercial incentives should both be met to ensure a robust and resilient model for payment system development. Canada currently has a balance of incentives between not-for-profit Payments Canada and for-profit Interac Corporation. This helps to ensure that, where investment is required, it can be financed as an investment case rather than an obligation across the industry or participants to fund. The tension between these two incentives ensures that projects are neither only consensus-driven, nor serving only selective interests.

In the UK, domestic payment system operators (PSOs) such as Pay.UK and LINK are not-for-profit and the infrastructure providers – those technical organizations which deliver according to contracts with PSOs – are commercial entities which will not deliver if not paid to do so. There is a middle ground where the PSO may have incentive and funding to explore new ways of working or expanding the payment system to cover new use cases.

In the UK, PSOs' are generally funded primarily through transaction-based fees and ensuring there is sufficient funding for investment can be difficult to obtain. To support innovation it may be necessary to look to other routes to ensure funding for new and improved services.

The National Payments Vision considers multiple forms of money to be essential to innovation and growth in the UK. Given that use of cash is forecast to remain relevant, it will be important to include it in the future set of services. So the question becomes, add cash service to a new payments technology such as CBDC or tokenized deposits, or add those latter capabilities to a cash service. The former might seem more attractive but in reality building a new system to handle cash would require dwindling expertise. Pragmatically it makes more sense to connect cash services to the new forms of money, in order to, for example, take cash deposits into CBDC, or to pay a stablecoin out in cash. It is therefore worth considering whether LINK, our cash distribution service, might be brought into the 21st century and whether it could play a crucial part in new forms of money.

UK-specific issues

The UK also faces issues which Canada does not. It has a near duopoly¹¹ of card schemes and merchant acquirers are effectively forced to accept both card schemes. The UK sold its domestic card scheme, Switch, in 2003 to Mastercard, which also owns Vocalink. Vocalink is the infrastructure provider for Bacs, Faster Payments, Image Clearing Service for cheques and LINK. This competitive dominance has also made the Payment Systems Regulator (PSR), now part of the Financial Conduct Authority (FCA), remove the requirement for LINK to competitively procure infrastructure currently provided by Vocalink.

Lack of effective competition has led to higher card fees for merchants, which is clear from the increases in merchant fees for taking payments from EU cards after Brexit.

The authorities are not blind to these effects. Since 2021 the Payment Systems Regulator has been calling for an effective alternative to card payment for commercial transactions. This goal is now included in the strategy for the National Payments Vision and how it is delivered is currently under consideration.

There are therefore several areas where the UK could look in sharper focus at how Canada has managed and delivered its payment systems.



¹¹ 98% of payments on UK cards are processed by VISA and Mastercard, both by volume and value, UK Finance Payments Market statistics, 2025.

Does the UK need a similar organization to Interac?

The UK has a number of organizations which provide payment systems and support innovation and growth. Some, such as the Bank of England, HM Treasury, PSR and FCA perform statutory or regulatory roles similar to the Bank of Canada, Canadian Department of Finance and Financial Consumer Agency. Others operate payment schemes and procure payment systems as not-for-profit companies limited by guarantees like Pay.UK and LINK. This is similar to the role played by Payments Canada, which is a not-for-profit organization created by statute. Then there are commercial, for-profit, infrastructure providers such as Vocalink, part of Mastercard, which operates the main UK clearing systems.

Interac is, since 2018, a for-profit corporation owned by financial services firms. This enables it to take commercial risk in the delivery of new and existing services and products. Since becoming for-profit organization during its merger with Acxsys Corporation, Interac has demonstrated that it can tackle problems related to payments, for example Interac Verified where it assists businesses in onboarding consumers.

Key to the effectiveness of Interac throughout its existence has been the engagement of its members. Since its foundation it has created support for the products and services that Canadian financial firms will offer to Canadians.

The UK says it wants to build innovation into its retail payments. To do this effective incentives, collaboration and technical capability will be key. Interac leveraged its member network in Canada, should the UK consider building on the ATM infrastructure we have in order to create new services.

Incentives are also important. Unlike an independent solution provider, the success of Interac was financially linked to the success of its members. To be effective in innovating the future of UK payments it needs organizations which are financially incentivized in the right manner.

In the UK, for example, Pay.UK or LINK, as a not-for-profit company does not benefit significantly when services are more successful. The proposed industry-owned company to develop and potentially supply and operate infrastructure for retail payments, known as DeliveryCo, will have a similar incentive but a narrower remit to build what the RPIB blueprints state. LINK, with its connections to current payment service providers of all types, is in a good position to crystallize this innovation.

	UK	CANADA
Authority or regulator	• Bank of England • HM Treasury • PSR • FCA	• Bank of Canada • Department of Finance • Financial Consumer Agency of Canada
Payment System Operator (PSO)	• Pay.UK • LINK • Mastercard • Visa • Bank of England	• Payments Canada • Interac • Mastercard • Visa
Infrastructure provider	• Vocalink (Mastercard) • SWIFT • Mastercard • Visa	• Interac • IBM Canada • Mastercard • Visa

Table 2: Comparison of UK and Canadian payment organizations.

4. Conclusions

Canada and the UK have many similarities including a well-developed financial services industry with effective and trusted payment systems which have operated for decades, and a shared desire to develop an innovative and robust set of domestic payment and money options. Both countries start from a position of successful payment solutions and are looking to replace some of their infrastructure to be ready for the next set of challenges.

Both countries have made missteps on the way: the Canadian Real-Time Rail has changed provider(s) and the UK's long-running, New Payments Infrastructure procurement was pre-empted by the National Payments Vision. Both have been innovative in their development of payment-related services and are looking to build on previous industry engagements.

In Canada the move from primarily cheque payments to electronic clearing prompted the statutory formation of the Canadian Payments Association to govern strategy and standards, and the industry coalescence of banks into the Interac Association led to innovation for EFT/POS and delivered Interac Debit, in effect a domestic debit card scheme and subsequent improvements and new payment methods. We are at a similar transition in the UK from legacy ACH and card systems to new forms of money such as central bank digital currency and tokenized deposits.

We in the UK can therefore learn lessons both from strategy and implementation of this transition, and from subsequent innovations.

1. How we got here is important

We cannot simply build new systems, especially those based on new forms of money, and assume that they will be taken up by financial institutions and end users. It is likely that unless migration is planned, users will not switch from legacy payment systems. Simply building new will not be sufficient. Canada faced this in their migration of pre-authorized debit (known as direct debit in the UK) onto the new ACSS¹². UK users will need to migrate to replacements for Faster Payments, Bacs, or new systems such as central bank digital currency or tokenized deposit schemes.

2. Competition is a key factor in pricing and innovation

Using a domestic debit card scheme in competition with international card schemes has allowed Canadian merchants to benefit from lower-cost transactions and keep payments revenues within Canada, supporting growth and innovation. The UK's sale of its domestic card scheme in 2003 removed a limitation to pricing to merchants which came from competition. Recent UK attempts have gambled on the success of account-to-account open banking payments to fill this void, and we are yet to see the beginnings of mass adoption, although the recent [launch](#) of the UK Payments Initiative (UKPI) signals a major step forward for open banking and commercial variable recurring payments (cVRP).

3. Resilience, availability and sovereignty should not be compromised

Canada, and especially Interac, took a strategic decision to ensure all payment services were provided in Canada and all transactions were processed there. This reduced the potential for infrastructure provision to be outside the reach of Canadian lawmakers and to ensure the avoidance of some threats to national security.

4. Single points of failure still exist

Even with two separate card payment systems in the UK which process the majority of transactions, there still exist single points of failure in the end-to-end chain: in the acquirer, in the card terminal and within the cardholder's mobile phone or wallet. Retailers, especially in-person, will still have to accept an alternative payment mechanism such as cash if they want to transact.

5. Payments must satisfy end user needs

Individuals and businesses will have similar debts or reasons to pay in future. New payment systems will need to take account of and support all the current use cases. This will involve broad analysis across the different needs to pay that end users have.

Learning points from Canada

These considerations could support the UK in achieving the ambitions of the National Payments Vision. The UK should therefore consider:

1. Ensuring payments infrastructure is provided under UK sovereignty by UK-based providers.
2. Building a transparent and accountable, decision-making process for the design and development of new payment systems and infrastructure.
3. Evaluating all the options to create a domestic payments scheme at low cost to end users, not just open banking and Faster Payments.

4. Leveraging its existing payments system operators and infrastructure to support the future of payments and money.
5. Making scheme rules public, as Payments Canada does for their clearing and settlement service, to ensure transparency.

Canada used its existing key payment organizations to build an entirely new future of payments. Should we in the UK not look to our successful payment system operators to provide the same quantum-leap into the future?



Authors:

David BIRCH

Global Ambassador, Consult Hyperion

Dave Birch is an author, advisor, and internationally recognized thought leader in digital financial services, digital identity, and digital money. He is Global Ambassador for Consult Hyperion, the secure electronic transactions consultancy he co-founded, now part of Fime. Dave is also Principal at 15Mb Ltd., Senior Research Fellow at King's Business School in London, and Digital Fellow at the University of Exeter Business School's DIGIT Lab.

A respected keynote speaker and industry commentator, Dave advises organizations across Europe and North America on the future of payments, emerging technologies, and regulation. He has been recognized by Wired as one of the world's top business information sources and by The Financial Brand as one of banking's most influential voices.

Dave is the author of several books, including *Money in the Metaverse*, *The Currency Cold War*, *Beyond Bitcoin*, and *Identity Is the New Money*, exploring the evolution of digital assets, identity, and the future of commerce.

Jonathan WILLIAMS

Principal Consultant, Consult Hyperion

Jon is a Principal Consultant at Consult Hyperion with expertise in payment systems, strategy, regulation, and fraud prevention. He advises payment schemes, financial institutions, governments, and technology providers on developing secure, interoperable payment solutions.

With extensive experience across the payments industry, Jon has helped organizations define strategies, launch new products and services, and navigate evolving regulatory frameworks. He combines strategic insight with practical experience to help clients accelerate innovation while managing risk and compliance.

A frequent industry speaker and trusted advisor, Jon helps organizations shape the future of payments in an increasingly connected ecosystem.

Debbie GAMBLE

Chief Strategy & Marketing Officer at Interac Corp

Debbie is a seasoned digital commerce executive, entrepreneur, and thought leader, passionate about leveraging technology and bold ideas to deliver great experiences and improve people's lives. With extensive experience in the early iterations of the digital economy, she has led ground-breaking initiatives in digital ID, digital currencies, mobile commerce, AI, and micro-finance.

Throughout her career, she has worked for and advised large multinational corporations and has also been a founder and entrepreneur. She has a proven track record of successfully driving strategic growth, championing innovation, delivering initiatives on time, and opening new markets. She is privileged to have led amazing teams, inspiring them to achieve award-winning success in their fields.

Her leadership and expertise have been recognized through numerous industry awards, including Top 50 Canadian Executives, FemTech Leader of the Year, Top 50 Women in FinTech, and Most Influential Women in Payments and Distinguished Payments Professional.



About Consult Hyperion

Consult Hyperion is an independent strategic and technical consultancy, specializing in the design and implementation secure electronic transactions. We help financial services and government organizations around the world exploit new technologies to secure electronic payments, digital ticketing and digital identity services. We offer advisory services, technical consultancy and testing and development services using a practical approach and expert knowledge of relevant technologies.

Consult Hyperion is part of the Fime group.

www.chyp.com

Copyright © 2026 Consult Hyperion