

October 31, 2022

Hon. Jean-Yves Duclos, P.C., M.P.
Minister of Health
House of Commons
Ottawa, ON K1A 0A2

Dear Minister Duclos,

I am writing you on behalf of the Canadian Prepaid Providers Organization (CPPO) regarding the implementation of Canada's national dental care plan.

The [CPPO](#) is a not-for-profit organization that serves as the collective voice of the open-loop prepaid payments industry in Canada. It is supported by major financial institutions, card networks, program managers, and the fintech community. The CPPO is focused on helping consumers, governments, and businesses understand the value of this platform and enhance their experience with this mode of receiving and making payments.

The Government of Canada's rapid and unprecedented financial response to COVID-19, while certainly an accomplishment in delivering needed support quickly, exposed flaws in the way that we distribute benefits. While most Canadians who received this financial aid chose to enrol in direct deposit, a sizeable number – including many of the most vulnerable Canadians - continued to rely on cheques.

The drawbacks of relying on cheques is well documented: it can be difficult to deposit funds, meaning recipients need to count on costly cheque cashing services; cheques can be lost or stolen; and funds are not immediately available for online purchases (this latter issue is particularly important for Canadians living in remote communities).

During 2019, the Government of Canada issued more than 30 million cheques to disperse funds to citizens and business, leaving more than 800,000 unclaimed payments with an outstanding value of \$370M. These are significant issues. They raise questions of equity for marginalized people, respect for taxpayer dollars, and quite frankly general efficacy of government benefits should the status quo continue.

The CPPO believes that prepaid solutions can address the challenges associated with paper cheques, while providing a high degree of flexibility and functionality for citizens receiving government benefits – like the dental care benefit - and other payments like tax returns.

Open-loop prepaid cards provide citizens, businesses and the government with an efficient, secure, and flexible online payment option that does not have to be tied to a bank account (improving financial inclusion) and is far less expensive and more secure than a cheque. A government disbursement solution using a reloadable or single-use prepaid card ensures acceptance anywhere the payment network is supported (in-person or online), adheres to all applicable consumer protection, anti-money laundering (AML) and privacy requirements, and maintains the fraud and loss protection in accordance with the Zero Liability protections of the payment network.

With respect to disaster relief and emergency payments, field-issued prepaid cards can be tracked, and the funds can be managed to increase the utility of each relief dollar (e.g., funds can be monitored and restricted to specific geographies, merchants, or POS terminals). The

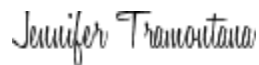
government agency can control how and where funds are spent by recipients and the unused portion of support payments can be returned to government on expiry. All these controls cut down on the potential for fraud. This has also been tried and tested by the Red Cross, with flood and fire relief payments often being handled by prepaid cards.

These solutions have been in use around the world for many years. Even within Canada, there are some examples of successful use of prepaid cards for this purpose. For example, in 2016 Ontario began issuing social support payments to those who do not have a bank account via a prepaid card issued by Royal Bank. However, Canada's primary reliance on cheques for those who do not opt to receive direct deposit is a significant outlier.

As your office and Health Canada officials prepare for the passage of C-31 and the implementation of the dental care benefit, there is an opportunity to ensure that the Government leverage the benefits of new products like prepaid cards. This would address other equity and inclusion issues for marginalized populations who rely on cheques. Additionally, this would build on the Government's laudable commitment to pursuing digital government, by moving to more advanced solutions rather than relying on outdated payment mechanisms.

We hope that you will examine this recommendation, and we remain open and available to meet to discuss options and what the world of prepaid could do in this space.

Yours sincerely,



Jennifer Tramontana
Executive Director, CPPO