

Federal Budget 2025: Implications for the Financial Sector

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On November 4, 2025, the Government of Canada tabled the [2025 federal budget](#) (Budget 2025). Budget 2025 underscores the Canadian government's focus on modernizing financial sector regulation and enhancing existing regulatory frameworks to combat financial crime. Key measures impacting the financial sector include consumer-driven banking (open banking), an anti-fraud strategy, new consumer protection measures in the banking sector addressing cheque holds and banking fees, and a legislative framework to regulate fiat-backed stablecoins.

This update highlights proposed measures in Budget 2025 that will reshape the financial services regulatory landscape and their implications for the financial sector, including financial institutions, Fintechs, and payment service providers.

Establishing a stablecoin regulatory framework

Budget 2025 proposes legislation, administered by the Bank of Canada, to regulate the issuance of fiat-backed stablecoins in Canada. Related amendments to the Retail Payments Activities Act would capture these activities to regulate payment service providers carrying out payment functions using prescribed stablecoins.

The stablecoin framework will likely impose reserve, custody, and operational requirements, as it will require issuers to maintain and manage adequate asset reserves, establish redemption policies, implement risk management frameworks, and protect the sensitive and personal information of Canadians. The stablecoin regulatory framework will also include national security safeguards.

It is unclear as to how the proposed federal regulation will intersect with the current provincial securities regulatory position that stablecoins (referred to as value-referenced crypto assets, or VRCAs) are currently considered to be securities and/or derivatives.

Completion of consumer-driven banking framework

The federal government reaffirms its commitment to implementing consumer-driven banking in Budget 2025, announcing that the government will be accelerating the next

phase of regulating consumer-driven banking (open banking) in Canada, including legislating the ability to direct actions, such as switching accounts or making bill payments, or “write access,” by mid-2027, once Canada’s Real-Time Rail is anticipated to be live and in use. The Bank of Canada will have oversight of the Consumer-Driven Banking Act.

Financial Crime Agency and National Anti-Fraud Strategy

As anticipated, a new Financial Crimes Agency will be established as Canada’s enforcement agency against financial crimes. In Budget 2025, the federal government states that the Financial Crimes Agency will be a “best-in-class” model to unite law enforcement and civilian expertise to investigate complex cases of money laundering, organized crime, and online scams, as well as recover illicit proceeds.

Legislation establishing the Financial Crimes Agency is anticipated by spring 2026.

As fraud continues to be prevalent, a National Anti-Fraud Strategy will be launched to implement stronger protections for Canadians. This strategy is anticipated to be cross-sectoral among financial institutions, technology, and telecommunication companies to address evolving and highly complex fraud schemes.

Banking measures

Budget 2025 also includes several consumer protection-focused measures, including proposed Bank Act amendments to increase the immediate funds available from cheque deposits to \$150 and to remove distinctions between in-person and remote deposits.

Additional legislative amendments are contemplated to the Bank Act to:

- Enable the review of certain types of investments in Canadian businesses by foreign banks and their affiliates for national security risks.
- Require banks to have policies and procedures in place to address consumer-targeted fraud.
- Require banks to report data on consumer-targeted fraud to the Financial Consumer Agency of Canada, pursuant to statutorily prescribed data points. The data would be anonymized and reported to the Minister of Finance to inform future policymaking on financial fraud.
- Allow consumers to adjust maximum transaction amounts, and require banks to obtain the consent of consumers to enable statutorily prescribed account features and disable such features.
- Lower switching costs for consumers looking to move accounts to other institutions following the closure of their branch, including by providing notice of upcoming closures on bank websites, and clarifying rules applicable to online account opening.
- Reduce barriers to account switching by prohibiting transfer fees, introducing transfer timelines, and enhancing disclosures related to registered and investment account transfers. The government will work with banks and other

stakeholders on ways to simplify the process of switching primary chequing accounts.

- Restrict the ability of banks to limit access to their distribution channels for brokered deposits.

The government has also tasked the Financial Consumer Agency of Canada with preparing a report on the structure level and transparency of fees charged by Canadian banks, and will be working with Canadian banks to develop a voluntary Code of Conduct for the Prevention of Economic Abuse.

Other FRFI measures

Budget 2025 includes other measures impacting banks and other federally regulated financial institutions, including:

- Proposed legislative amendments to the Bank Act, Insurance Companies Act, and Trust and Loan Companies Act to include a "notice-and-access" method of delivery of governance documents while retaining owners' right to request delivery by mail.
- **Increase the Office of the Superintendent of Financial Institution's ability to receive and share information with federal government agencies and bodies, and enhance OSFI's ability to address integrity and security risks as part of its supervision activities.**
- Proposed legislative amendments to the Bank Act, Insurance Companies Act, and Trust and Loan Companies Act to increase the threshold for the 35 per cent public-holding requirement from \$2 billion to \$4 billion.

Support for credit union growth

To support the expansion and competitiveness of federal credit unions, Budget 2025 proposes targeted legislative amendments to key financial statutes, including the Bank Act, the Canada Deposit Insurance Corporation Act, and the Financial Consumer Agency of Canada Act to enable credit unions to grow through amalgamations and asset acquisitions, while also streamlining the process for credit unions seeking to transition into the federal regulatory framework.

AML/ATF measures

Budget 2025 proposes amendments to the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA) and its regulations to restrict large cash transactions **of \$10,000 or more, and the depositing of cash by one person to another person's account** (i.e., third-party cash deposits).

Amendments to the PCMLTFA are also proposed, with related amendments to the Personal Information Protection and Electronic Documents Act, to provide a data-mobility right and to clarify public-to-private information sharing in support of the mandate of the Integrated Money Laundering Intelligence Partnership between law enforcement and Canada's largest banks.

Artificial intelligence

Budget 2025 announces the government will also explore options and work with the private sector to encourage the adoption of artificial intelligence in the financial sector in ways that advance innovation and build trust in its use.

Looking ahead

Budget 2025's financial sector measures are largely legislative proposals, with implementing legislation anticipated soon after the Budget is passed. Budget 2025 marks a pivotal moment in Canada's financial services regulatory landscape. From advancing consumer-driven banking and stablecoin oversight to strengthening financial crime enforcement, the federal government's proposed measures reflect the continued shift toward modernization in the financial system. For affected entities, including financial institutions, fintechs, and payment service providers, early engagement and proactive preparation will be essential to ensure compliance and maintain competitive positioning in an increasingly evolving regulatory environment.

Contact us

For more information on the above key measures, or for assistance with related compliance requirements, please reach out to the key contacts below or any lawyer from BLG's [Banking & Financial Services Group](#).

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