BUDGET 2026 | MASTERS OF OUR DESTINY

CLA Analysis of the 2026 Federal Budget

Toronto, Ontario | November 5, 2026

OVERVIEW

Budget 2026, Masters of Our Destiny, places economic sovereignty, investment and affordability at the centre of the federal government's agenda. For Canadian lenders and borrowers, the most consequential measures concern how Canadians verify their identity and income, protect themselves from fraud, move money and access credit.

The budget advances several initiatives the Canadian Lenders Association has been following closely. It proposes funding and legislative authority for the Canada Revenue Agency (CRA) to develop and pilot a mortgage income verification service, sets out the next legislative steps for the National Anti-Fraud Strategy, and commits to developing a Sustainable Bond Framework. It also proposes a voluntary digital credentials pilot for financial services, changes to payday lending rules and measures intended to increase competition in the financial sector.

The CLA welcomes progress on measures that can make financial services safer and more competitive for Canadians. We would have welcomed further detail on open banking implementation, a federal consultation on voluntary Social Insurance Number (SIN) matching, and a commitment to review how the 35% annual percentage rate (APR) cap is affecting access to regulated credit. These remain priorities for the CLA as we work with government, regulators and members to strengthen Canada's financial services ecosystem.

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Financial sector competition and open banking

WHAT BUDGET 2026 SAYS

The government proposes adding a secondary competition objective to the mandate of the Office of the Superintendent of Financial Institutions (OSFI). It also proposes a one-year decision timeline for applications to become a federally regulated financial institution and changes to ownership rules intended to support the entry and growth of challenger banks. The budget reiterates the role of consumer-driven banking, commonly known as open banking, in increasing competition. Finance Canada had already published proposed regulations in June 2026, with accreditation expected to come first under a staggered approach. Budget 2026 provides no new decision on the technical standard or a timetable for rollout.

WHY IT MATTERS

Open banking can make it easier for Canadians to share their financial information securely, with consent, when comparing products or applying for credit. Whether consumers benefit will depend on which providers can participate, what data consumers can share and how reliably providers can access it. Those decisions will help determine whether the framework gives consumers a wider choice of lenders and products.

CLA PERSPECTIVE

The CLA will continue to advocate for proportionate accreditation, reasonable participation costs and reliable access to relevant lending data for eligible non-bank lenders. We will seek clarity on implementation timelines, governance of the technical standard, and how consent, liability and consumer redress will work in practice. Canada's ability to govern and evolve the infrastructure that supports open banking is part of building a more sovereign financial services ecosystem.

02 Payments modernization and stablecoins

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WHAT BUDGET 2026 SAYS

The budget identifies November 9, 2026, as the launch date for the Real-Time Rail, which Payments Canada had previously scheduled for the fourth quarter of 2026. It also sets out an expected public consultation in early 2027 on the next phase of payments modernization and the statutory review of the Canadian Payments Act. The government proposes strengthening the Bank of Canada's oversight of payment service providers and working with provinces and territories toward harmonized consumer protection requirements.

The Stablecoin Act and draft regulations predate Budget 2026. The budget adds proposals on how federally regulated financial institutions may issue stablecoins and how the framework would apply to certain foreign financial institutions. It also sets out further engagement on consumer protections in the event of issuer or custodian insolvency.

WHY IT MATTERS

Faster payments could shorten the time it takes borrowers to receive loan proceeds and give them more certainty about when repayments have been made. The benefits will depend on participation, cost and how providers address errors and fraud. For stablecoins, the budget's proposals are relevant to lenders and payment providers assessing potential uses and the safeguards consumers would have.

CLA PERSPECTIVE

The CLA will follow the next phase of payments modernization with a focus on fair access, effective fraud controls and consistent consumer protections. We will assess the stablecoin proposals as further details become available, particularly where they affect loan disbursements, repayments or the protection of consumer funds.

03 Digital credentials and identity verification

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WHAT BUDGET 2026 SAYS

The government intends to develop a pilot for voluntary digital credentials in financial services. The Canadian Digital Service would develop the pilot with Finance Canada to support innovation and help combat identity fraud. The budget does not announce a consultation on voluntary SIN matching.

WHY IT MATTERS

A secure way to verify identity can make it easier to apply for financial services and help providers prevent fraud. Accurate credit-file matching is a related issue. Similar names, inconsistent records or shared addresses can make it difficult to identify the right file. Consumers can face delays or have a lending decision made on incomplete or incorrect information.

CLA PERSPECTIVE

We welcome the proposed pilot and will seek to understand its scope, how eligible lenders can contribute and what safeguards would govern the use of credentials.

The CLA has been leading industry work on SIN use and identity verification. We are calling for a modern federal framework for voluntary, consent-based and purpose-limited SIN use that improves credit-file accuracy and helps prevent synthetic-identity fraud. A review of the federal SIN Code of Practice, led by government with industry and privacy authorities, would be a strong first step. The CLA is ready to work with government to deliver a solution that protects Canadians and their access to credit.

04 Access to regulated credit and payday lending

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WHAT BUDGET 2026 SAYS

The government proposes changes to the existing payday lending exemption that would require a minimum repayment term of 42 days, require repayment in instalments and prohibit credit insurance charges on payday loans. The budget provides no commitment to review the impact of the 35% APR cap or consult on targeted exemptions for regulated instalment credit.

WHY IT MATTERS

The proposed payday changes address how borrowers repay these loans and what they can be charged. Access to regulated instalment credit raises a separate question. An evidence-based review should examine whether Canadians who seek this credit are still able to obtain it, which borrowers are most affected and what alternatives they use when they cannot.

CLA PERSPECTIVE

The CLA would have welcomed a commitment to review how the cap is affecting access to regulated credit. We are working with members and exploring data with credit bureaus to assess changes in credit inquiries, loan originations and borrower outcomes. That work will examine whether some consumers are turning to payday or unregulated credit. We will bring the evidence to Finance Canada and Justice Canada and continue to seek consultation on narrowly defined regulatory exemptions for small-dollar instalment loans and debt consolidation. The objective is to determine where a targeted exemption, paired with affordability checks and other consumer safeguards, could improve borrowers' access to suitable regulated credit.

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Mortgage lending and income verification

WHAT BUDGET 2026 SAYS

The federal government first announced work on a mortgage income verification tool in Budget 2024. Budget 2026 proposes giving the CRA authority to enter into agreements with mortgage lenders and insurers, alongside $13 million over three years beginning in 2027-28 to develop and pilot the service. The budget also proposes improving public information on insured mortgage rates, raising the home price limit for optional mortgage insurance from $1 million to $1.5 million, and allowing 30-year amortizations for those insured mortgages where at least one borrower is a first-time buyer or the home is newly built. The government also intends to consult on improving transparency around prepayment penalties for insured mortgages.

WHY IT MATTERS

Reliable income verification could reduce paperwork for borrowers and help lenders detect mortgage fraud. Better information on insured mortgage rates and prepayment penalties could also help consumers compare mortgage costs, particularly if they expect to move, refinance or repay early.

CLA PERSPECTIVE

The CLA welcomes the proposed authority and funding to advance the income verification service. As the pilot is designed, we will seek clarity on eligibility for alternative mortgage lenders, how consumers would authorize verification and correct discrepancies, and how the industry funding arrangements planned for after the pilot would work. We will also follow the proposed mortgage insurance changes and prepayment penalty consultation for their implications for borrower choice.

06 Fraud prevention and financial crime

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WHAT BUDGET 2026 SAYS

The government announced the National Anti-Fraud Strategy in 2025 and sought input on a multi-sector framework in spring 2026. Budget 2026 sets out the government's intention to legislate the framework and consult on draft measures before introduction. The framework would cover financial services, telecommunications and digital platforms. It would require organizations to take steps to prevent, detect, disrupt and respond to fraud, and to work across sectors to resolve fraud-related complaints. Separately, the budget proposes improving information sharing between FINTRAC and OSFI and expanding FINTRAC's ability to obtain supervisory information from regulated entities.

WHY IT MATTERS

A fraud attempt can start on one service and result in a loss on another. Coordination across sectors can help providers intervene sooner and give consumers a clearer path to resolution. The draft legislation will be important in determining which organizations are covered and what each is expected to do.

CLA PERSPECTIVE

The CLA will work with members to inform its engagement on the proposed framework. Our focus will be on clear responsibilities, proportionate obligations, safeguards for information sharing and practical ways for consumers to get help when fraud occurs. We will also assess the implications of proposed FINTRAC changes for affected members as details emerge.

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CRA reporting to credit bureaus

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WHAT BUDGET 2026 SAYS

Budget 2026 proposes allowing the CRA to disclose certain income tax and GST/HST debts exceeding $50,000 to credit bureaus. Conditions would include advance written notice, the exhaustion or expiry of objection and appeal rights, and an opportunity for the taxpayer to make reasonable repayment arrangements.

WHY IT MATTERS

Where tax debts appear in credit files, the accuracy and timeliness of that information will matter to taxpayers and to lenders relying on those files. How debts are matched, corrected and updated after repayment or other changes will determine how the measure works in practice.

CLA PERSPECTIVE

The CLA will follow the proposal with credit bureaus and lenders, paying particular attention to how records are matched to the right file, how errors can be corrected and how quickly changes in debt status are reflected.

08 Sustainable finance

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WHAT BUDGET 2026 SAYS

Budget 2025 committed to exploring a Sustainable Bond Framework. Budget 2026 moves that work into development. Finance Canada will develop a framework intended to support federal issuance of both green and transition bonds and align with Canada's forthcoming sustainable investment guidelines. Draft criteria for electricity, transportation and buildings are expected by the end of 2026. The budget also describes ongoing work on disclosure requirements for federally regulated pension plans and federal engagement with provinces and territories on voluntary climate disclosures.

WHY IT MATTERS

Clearer criteria can help lenders and investors assess projects using comparable information and understand which activities may qualify as green or transition investments. The implications for financing will become clearer as the guidelines and bond framework are developed.

CLA PERSPECTIVE

The CLA will follow the development of the framework and guidelines, with a focus on how lenders can use them in practice and what they may mean for financing Canadian businesses and projects.

NEXT STEPS

The CLA's work following Budget 2026

The CLA will continue to work with governments, regulators, members and industry partners to strengthen Canada's financial services ecosystem. We will seek clarity on open banking implementation and on opportunities for lenders to contribute to the proposed digital credentials and mortgage income verification pilots. We will bring member experience to the anti-fraud consultation, lead industry work with government on voluntary SIN matching, and advance an evidence-based review of access to regulated credit.

Building a more sovereign financial services ecosystem means strengthening Canada's ability to govern the infrastructure its consumers and businesses rely on, setting clear rules for how financial information is used, and enabling a diverse range of responsible providers to compete. The CLA will assess progress by what Canadians experience in practice. They should be able to verify their identity securely, compare providers easily, get help when something goes wrong and access suitable regulated credit when they need it.

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