

If you process payments for others, you answer to FINTRAC and the Bank of Canada

FINTRAC treats paying invoices and handling payments for goods and services as a money services business. The Bank of Canada treats the same work as a retail payment activity. The two registrations are separate, and each regulator enforces its own.

48 hours

To report a material incident to the Bank of Canada, once you have assessed it as material

\$10M

Maximum Bank of Canada penalty for one very serious violation of the payments law

\$20M

Maximum FINTRAC penalty for one very serious violation from 26 March 2026: 40 times the previous \$500,000

Sources: FINTRAC notice of 21 July 2022 on payment service providers; Bank of Canada reporting reminder of 29 June 2026; Retail Payment Activities Regulations, s. 48; FINTRAC penalty policy and its page on the 26 March 2026 changes.

Most payment businesses need two registrations, and neither one stands in for the other

FINTRAC looks at whether you move money between a payer and a payee. The Bank of Canada looks at the payment functions you perform. One service often meets both tests.

FINTRAC

Money services business

Paying invoices, or handling payments for goods and services between a payer and a payee, is money transfer. Register before you begin, from Canada or abroad.

BANK OF CANADA

Payment service provider

Performing payment functions as a business, for end users in Canada, is a retail payment activity. Register before you begin, from Canada or abroad.

The Bank of Canada's test: any one of five payment functions

- 1 Providing or maintaining an account for end users
- 2 Holding an end user's funds until they are withdrawn or transferred
- 3 Starting an electronic funds transfer at an end user's request
- 4 Authorizing a transfer, or sending, receiving or facilitating its instructions
- 5 Providing clearing or settlement services

Neither makes you a money services business on its own: taking payment only for your own sales, or supplying a payment terminal with no service attached.

XTM is the worked example

On 17 February 2026 the Bank of Canada ordered XTM Inc. to stop all retail payment activities at once. It found XTM had failed to safeguard end-user funds and let a significant shortfall build.

Two rulebooks run side by side, and each one keeps its own clock

For payment processors, invoice payment services and other payment providers.

1 Register with both before the first payment

Register with FINTRAC and report any change, such as a new name or address, within 30 days. The Bank of Canada charges a flat \$2,500 to apply and must register you first.

2 Know who pays and who is paid

Verify anyone who asks you to send \$1,000 or more, and the beneficiary you pay on an international transfer of \$1,000 or more.

3 Card payments count as transfers

A card payment you carry out for a merchant you have an agreement with follows FINTRAC's transfer rules. Report international transfers of \$10,000 or more within five business days, and a suspicious transaction (STR) as soon as practicable, at any amount.

4 Keep end-user funds whole

Hold client funds in trust, or cover them with insurance or a guarantee, in secure and liquid assets, and record every end user's balance each day.

5 Report to the Bank of Canada on its clocks

A material incident within 48 hours of assessing it. A significant change at least five business days ahead. An annual report by 31 March.

6 Since 26 March 2026, the FINTRAC program has to work

Compliance officer, approved policies, a documented risk assessment, training and a two-year review, now reasonably designed, risk-based and effective.

FINTRAC fines what was missed. The Bank of Canada can order you to stop.

Four FINTRAC penalties since December 2025, and one Bank of Canada order.

MINOR

\$40,000

From 26 March 2026
Was \$1,000

SERIOUS

\$4 million

From 26 March 2026
Was \$100,000

VERY SERIOUS

\$20 million

From 26 March 2026
Was \$500,000

FINTRAC maximum per violation for a business: its stated 40 times increase applied to the previous limits beneath. The Bank of Canada can impose up to \$1 million for a serious and \$10 million for a very serious violation.

Recent enforcement on money and payment businesses

BUSINESS	WHAT WAS MISSED	OUTCOME
Necosmart Edmonton · May 2026	Four suspicious transactions not reported, no enhanced measures for high-risk clients	\$693,742.50
XTM Inc. Order · Feb 2026	Bank of Canada: end-user funds not safeguarded, all retail payment activity ordered to stop	Order to stop
Commerciale I.C. - Pacific Montréal · Feb 2026	Transfer reports late, 110 Iran directive reports missed. Under appeal	\$224,235
Cappo FX Markham · Feb 2026	Registration not updated within 30 days of a name and address change	\$24,750
MP Technology Services Ltd. Seychelles · Dec 2025	Transfers and attempted suspicious transactions not reported. Under appeal	\$536,853.35

Dates are when each notice or order was published. Appeals are to the Federal Court.

One firm for both regulators, working from the same file

We keep the FINTRAC program and the Bank of Canada obligations on one calendar, so neither side is the one that slips.

Both registrations

FINTRAC money services business registration and renewal, and the Bank of Canada application through PSP Connect, prepared from one set of facts.

Safeguarding that reconciles

A trust, insurance or guarantee arrangement for end-user funds, with the end-of-day ledger that proves it.

Risk and incident framework

An operational risk and incident response framework, and a playbook for the 48-hour incident notice.

Merchant and payer onboarding

Identity, beneficial ownership and politically exposed person checks, sized to your merchants and payment flows.

Transfer and suspicious reporting

Electronic funds transfer and suspicious transaction reports, complete and on time, with the 24-hour rule applied.

The Bank of Canada calendar

Significant change notices five business days ahead, registration updates, and the annual report due 31 March.

Start with a two-regulator gap check

We map what you do against both registrations and both rulebooks, and tell you what is missing before either regulator asks.

[Book an appointment](#)

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