

The Canadian fintech review: Canadian developments in fintech

SPEAKERS



Brigitte Goulard



Konata T. Lake

07:40



In this video, [Brigitte Goulard](#) and [Konata Lake](#) provide a brief introduction to the series followed by a discussion on developments that are happening in the Canadian fintech space. They discuss key emerging trends such as:

- the increasing use of Embedded Banking
- fintech offerings for small and medium-sized businesses
- how blockchain is being integrated into the industry

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Video transcript



Konata Lake (00:06): Hello my name is Konata, I'm a Partner here at Torys LLP. I lead our Startup and Venture Capital Practice focusing on technology-related startups. And I'm here with my colleague, Brigitte.

Brigitte Goulard (00:17): Yes, hello. I'm Brigitte Goulard, and I'm a Senior Counsel here at Torys, co-chair of the Fintech space, and then co-chair of our Consumer Protection Practice, which often interrelate so I'm really happy to be here to talk about fintechs with Konata. In our chapter that we've authored, us and a number of our colleagues, we talk about developments in 2022 in the fintech space, and it was really difficult to narrow it down to three because there are so many. Every time I turn around, there seems to be a new development. But we've narrowed down to three that we'll discuss today. And obviously these trends are our best guesses of where it's going to happen. We don't have a crystal ball but 2022 and the following year is promised to be really exciting. So looking forward to seeing what's going to happen.

Konata Lake (00:55): One of the first things we talk about in chapter we're going to talk about today is embedded banking. And so, from the space where I sit working with startup companies and investors in startup companies, one of the things that we're seeing a lot of is tech companies generally offering some kind of financial-related product. And so that, in my simple explanation, is kind of what I think of as embedded banking, but maybe you can talk a bit more about embedded banking and what we can expect there?

Brigitte Goulard (01:23): So embedded banking, you know, to say it simply is when you integrate a financial solution within a business offering. And the easiest example is actually the "buy now, pay later" loan product that is being offered now. Anywhere I turn around on the website, you know, Amazon and so on, there's an offer I can buy something for four easy payments with no interest. So those are the type of financial solutions that are being integrated with retailers offering. And the reason why I've identified this as big for this year is because Klarna in early 2022 entered the Canadian market. Klarna is one of the big offers of "buy now, pay later". Apple announced that they would have their Apple Wallet. Again, financial services integrated with the Apple Pay offerings. So we're seeing big names starting to spread in that space. So lots of different offerings will be coming up. And there are advantages for all the players I think. You're a retailer, it means more sales, you're a consumer, it means alternative financing that you might have problems finding, you're a financial institution, another distribution arm, and you're a fintech, it means that you can then offer your own products and services. So everybody's winning and hopefully they'll continue to win and the way to do this is to pay down debt. You pay down your loan when it comes due.

Konata Lake (02:50): Right, and it really does seem to be a collaborative space because everyone can bring something to the table to provide the services to consumers. And so you talk about embedded banking, generally. What about within Canada, specifically? Is it popular in Canada?

Brigitte Goulard (03:03): So it's becoming more and more popular in Canada, well Apple announced that they'll be in the States in 2022, we'll assume they'll be in Canada soon after. And it's not as popular here as what we see in other countries like Australia or the UK because they're a little bit more advanced than we are. We expect that the embedded banking offerings will become much more popular when the open banking framework comes into force, so into effect, which hopefully will be soon. We've been waiting for years and years, but the government seems to have its game together now so it should happen. We'll have a video on open banking some time in the future. And so yes, it's coming. It's been slow, it continues to be slow, but I expect some movement this year.

Konata Lake (03:56): One of the other areas we cover in the chapter is products for SMEs, small and medium enterprises. Maybe you can talk a bit there about what are some of the kind of fintech-related products we've seen.

Brigitte Goulard (04:09): So SMEs are very important to Canada. There are 99.8% of all Canadian businesses would qualify as a SME so as you can imagine, the SMEs do well, Canada does well. And fortunately, the fintechs have offerings that will allow SMEs to do well. And some of those offerings, as we've mentioned, is alternative lending. So that if you're a SME that has alternative lending on your website, you have a chance of getting more clients. There's also lots of different options for payment processing that didn't exist before. So again, better for the SME. One of the key advantages I think that fintechs can offer the SME market is actually helping with their daily headaches that they have for payroll, payment processing, they have digital invoicing—so all of those little things that make up the business. Fintechs can certainly help with those. So I think fintechs in general are an excellent news for the SME market.

Konata Lake (05:14): And that certainly aligns with what we see from our startup clients. One of the consistent things we hear is the challenge with larger, more established financial institutions can be speed. Being able simply to do anything on your smartphone, for example, When you open an account, get access to an account and what have you, and certainly we've seen fintechs were able to deliver solutions that allow for that. A small and medium enterprise could find that speed to be quite advantageous.

Brigitte Goulard (05:41): Yes, exactly.

Konata Lake (05:42): So that's another topic we discuss, kind of the products and services for SMEs. Another area we cover in the chapter is blockchain. So it seems like everywhere you go you hear about blockchain. Cryptocurrency is probably the most popular usage of blockchain. But maybe talk a bit about blockchain in the fintech space, what we're seeing and what we can expect to see.

Brigitte Goulard (06:08): A number of the articles and news feeds that I look at every day have dubbed 2022 "The Year of Blockchain". So what does that mean? It means I think that people are going to start looking at how they can use the blockchain technology in order to enhance their product offering or enhance their processing or handling of data. And one of the advantages of blockchain is the unbeatable security that it provides, which is really important, because when you're talking financial transactions, there's always a risk of fraud. And blockchain really reduces that risk significantly. And there's also accelerating of asset transfers and payments and so on. So the advantages of blockchain is going to make it much more popular as companies and people become more comfortable with the concept of blockchain. And as well, central banks across the world, including Canada, are looking at the possibility of having a central bank digital currency, of which blockchain is a key component, obviously.

Konata Lake (07:18): Right, and certainly to the extent the central bank embraces the technology, we can expect to see just more comfort with it across our fintech market, generally. Thank you very much for joining us. That concludes the first in our fintech video series.

Brigitte Goulard (07:34): Thank you.

Konata Lake (07:34): Thanks.

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