Introduction

The world is a big place. There are more than 7 billion people living in 196 countries across the globe – and we’re more connected than at anytime in history. The digital age has ushered in an unprecedented era of access and opportunity. As markets expand, merchants must navigate the complex intricacies of currency, regulation and customer preference associated with each individual country.

The PacNet World Payments Guide is the comprehensive resource for international merchants, containing all pertinent banking and financial information for each country and each region, designed to help businesses expand their markets across the world.
Canada is the 11th largest consumer market in the world.

Canada has a population of about ten percent of its neighbor to the north, The United States. However, Canada is the 11th largest consumer market in the world. Household expenditures and consumption are high, making Canada an attractive market for merchants – particularly ecommerce merchants. Canada boasts exponential growth in online purchases, with Forrester projecting that by 2019 online spending will account for 10% of Canadian retail spending. International ecommerce merchants who operate in Australia, the US, the UK, and similar markets can easily replicate their existing ecommerce business in the United States. In order to successfully market to Canada, merchants must navigate the intricacies and regulations of the country’s legal and financial systems. The following guide provides basic facts and considerations for merchants and marketers seeking to conduct business in Canada.
## OVERVIEW

<table>
<thead>
<tr>
<th>Country</th>
<th>Canada (CA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>35 million</td>
</tr>
<tr>
<td>Continent</td>
<td>North America</td>
</tr>
<tr>
<td>Language</td>
<td>English, French</td>
</tr>
<tr>
<td>Currency</td>
<td>Canadian Dollar (CAD)</td>
</tr>
<tr>
<td>Denominations (Paper)</td>
<td>$5, $10, $20, $50, $100</td>
</tr>
<tr>
<td>Denominations (Coins*)</td>
<td>5¢, 10¢, 25¢, 50¢, $1 and $2</td>
</tr>
</tbody>
</table>

*Accu-Rate Corp can purchase CAD coin at a slight discount/handling charge. It may be used without discount to purchase other currencies.

## INSTITUTION

### Banking System

The Canadian banking system is widely considered as one of the safest in the world. Canada's chartered banks have more than 8,000 branches and almost 18,000 automated teller machines (ATMs) across the country. Canada boasts the highest number of ATMs per capita in the world and benefits from the highest penetration levels of electronic banking channels (debit cards, internet banking and telephone banking).
Those wishing to sell and market in Canada must be cognizant of the various regulatory agency policies. Direct marketers should pay close attention to the rules and regulations of the following institutions:

### The Competition Bureau

Responsible for enforcement of the Competition Act and the Consumer Packaging and Labelling Act, which prohibit misleading representations and deceptive marketing.

### The Royal Canadian Mounted Police (RCMP)

Directs anti-fraud campaigns and coordinates with the Competition Bureau and the Canadian Anti-Fraud Call Center (CAFCC) to investigate fraud and scams.

### Health Canada

Regulates dietary supplements and advises on consumer product safety.

#### Additional Regulatory Information

- A joint fraud task force has been established between Canadian and U.S. regulatory authorities. Numerous cross-border, mass-marketing fraud cases between Canada and the US have been successfully investigated and prosecuted.

The PacNet Group maintains relationships with legal counselors specializing in Canadian direct marketing law to help our clients avoid liability issues in direct marketing efforts. Marketers must consider all regulations to avoid prosecution and successfully conduct business.

### PAYMENT VALIDITY PERIODS

- **Cheques**
  Cheques are legally valid for six months. However, cheques older than six months are often cashed without issue.

- **Bank Drafts**
  Canadian bank drafts do not expire.

- **Postal Orders**
  Postal orders do not expire.
Canadian consumers pay for goods in a variety of ways including cash, cheques, credit cards and electronic cheques. The use of both debit and credit cards by Canadian consumers has grown substantially, as the use of cash and cheques has fallen by 20 percent over a 20-year period. With the addition of emerging technologies like Near Field Communication and mobile payments, this trend will most likely continue.

The PacNet Group offers full service payment and cheque clearing services in Canada, including:

**General Cheque Clearing**

PacNet offices provide facilities to accept and negotiate CAD cheques, and can facilitate payment to third parties.

**Credit Card Processing**

PacNet offers full, unrestricted credit card processing and refunds in CAD, with the vendor name appearing on cardholder statements.

**Cash Services**

Cash is accepted at PacNet Services offices, Accu-Rate Corp., and is also available for purchase from Accu-Rate Corp.

**Special Rule Cheque Clearing**

Many Canadian residents hold accounts in US Dollars at Canadian banks. Cheques drawn on these accounts are fully negotiable by PacNet and Accu-Rate Corp offices. Cheques bearing US encoding are negotiated through the US clearing system. Those bearing Canadian encoding must be negotiated through Canadian clearing processes. Canadian cheques altered to display USD are also negotiable through the Canadian/US clearing system at no extra charge.

**Unpaid Items and Representation**

PacNet returns unpaid items (non sufficient funds, closed accounts, drawer deceased, fraudulent items, etc.) to the depositing agency by post. Returned Canadian items are stamped “Pursuant to clearing rules this item may not be cleared again unless certified.” In order to certify an item, one must visit the exact branch upon which it is drawn, and pay a fee (CAD 6.50) to recertify the cheque. PacNet does not offer unpaid item representation services in Canada.

**Outbound Bank Transfers**

PacNet Services offices and Accu-Rate Corp. offer wire transfers in CAD and other hard currencies with a typical delivery time of one business day. To initiate a wire transfer to Canada, the payee’s name, address, full account number including bank number, SWIFT code, branch name and address are required.
Direct Debit Services

PacNet supports Personal Pre-Authorized Debit (PAD), but does not support Business, Cash Management or Fund Transfer PAD. Both paper and paperless direct debits are permitted. Payer authorization information must include: account name, bank number, account number, authority to debit the account, cancellation policy, recourse statement, merchant contact information, date, signature, the amount and the frequency of payment.

Confirmation of the authorization must be provided within three to 15 days. A minimum of 10 days advance notice must be given to the payer before payments are collected. Representation of an unpaid direct debit is available within 30 days of the original transaction.

Chargeback can occur up to 90 days after a debit. It is compulsory to keep proof of the PAD agreement for 12 months after the last payment taken from a payer’s account.

Cheque Issue

Canadian cheques are available from Chexx Inc. for bulk issuance of outbound payments. Individual foreign exchange transactions may also be processed through Accu-Rate Corp.

Raven Online

PacNet’s full-service online transaction management system allows merchants to view activity across all accounts, including: payments, credits, returns, etc. Credits may take up to 2 business days to reach the beneficiary account. Debit transactions may take up to 5 business days to complete.

CONCLUSION

The Canadian market offers great business opportunities. Despite the country’s relatively small population, consumer goods are in high demand. With the right strategies and information, merchants and marketers can capitalize on this vibrant market. The PacNet Group has extensive experience in international transaction services and provides merchants with the tools and systems needed to achieve international success.
PacNet Services, founded in 1994 by a team of international banking experts, is the leading provider of international payment processing services to the direct response industry. PacNet helps companies of all sizes execute global commerce with innovative payment systems and services.

To learn more about how PacNet can help you navigate complex international commerce issues, contact us for a free consultation today.