



The Better Way to Pay.

Media Release

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Telpay Responds to the Task Force on Payment System Review

In June 2010 Minister of Finance the Honourable James Flaherty announced the formation a Task Force for Payment System Review. The Task Force Final Report can now be found at <http://www.fin.gc.ca/n12/12-030-eng.asp>

Converting business payments from paper to electronic payments was identified by the Minister as an area where significant cost reductions could be achieved. In Telpay's view the means recommended by the Task Force for achieving these gains is seriously flawed. The report proposes significant government involvement in areas where market forces would be far more effective in ensuring that the benefits could be achieved.

The structure proposed would inevitably be dominated by the banks. Independent payment service providers would be restricted to serving banks, thereby eliminating a chief source of the innovation and competition needed to move Canada's payment system forward to the level achieved by many other countries. The banks will be unlikely to give up revenue they now receive from processing cheques even though electronic transactions are less expensive than paper. Their practice with personal electronic payments has been to add fees rather than reduce them.

Telpay Inc., the Canadian pioneer in electronic payment services, proposes an alternative that would achieve the goals of efficiency, innovation and competition sought by the Minister and do so in far less time than the Task Force proposes. Telpay also proposes that businesses, not banks, should be the dominant players, as they have been for centuries, in determining the process required to ensure proper recording of the payments made and received. Using the payment consolidation system operated by Telpay for the past 25 years, both the payment information and the related funds can be efficiently transferred from payer to payee. Telpay proposes offering its system for use by the entire industry. Payment service providers would compete on all levels of price, service and innovation to meet the needs of business and individuals. The task Force proposes that the government create such a system, an endeavor that would be costly and risk failure.

For a full explanation of Telpay's proposal please see <http://thebetterwaytopay.ca/>

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