

# RECORD KEEPING

Record Keeping under the Retail  
Payment Activities Act

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Retail Payments Advisory  
Committee

# Record Keeping

To inform potential record keeping requirements under the *Retail Payment Activities Act* (RPAA), the Bank of Canada (the Bank) is seeking feedback from retail payment service providers (PSPs) about their:

- experiences with similar record requirements under other regulatory regimes; and
- existing record retention practices.

Requirements to keep records are common in regulatory regimes within Canada and in other jurisdictions.

These typically include requirements for regulated entities to:

- **retain certain materials or information** as records;
- for a **specified period of time**; and
- in a **certain form**.

**PSPs could be required, by potential regulations, to keep records to demonstrate their compliance with the RPAA.**

- Record keeping will support PSPs' reporting to the Bank (e.g., information request<sup>1</sup>, special audit<sup>2</sup>, annual report<sup>3</sup>)

1. s.65
2. s.67
3. s.21

**Records could include anything related to verifying compliance**, for example:

- policies and procedures;
- results of testing / audits / reviews, and approvals; or
- logs and ledgers used to support risk management.

# Triggers for Record Retention

PSPs could be required to **maintain records for five years**.

- As per previous feedback, this would be aligned with other regulatory obligations, specifically Europe's Payment Services Directive 2 (PSD2), and Canada's Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA).

Different regulators use different **retention triggers** (i.e., for when the five-year period would begin). The Bank is aware of various approaches, including having the retention trigger commence:

1. From creation of the document (or other material);
2. After the end of the calendar year/fiscal year/tax year to which the record relates;
3. After the document was superseded;
4. From the point of approval; and
5. After an incident or issue was identified, (e.g., Canada's Personal Information Protection and Electronic Documents Act (PIPEDA))

## Question 1

- a) Is there a preferred approach regarding the trigger for record retention?
- b) Should the trigger for record retention trigger vary with the type of record?
  - i. What degree of regulatory burden could exist if the trigger varies with the type of record?

# Record Keeping Practices

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PSPs could be expected to:

- keep records in electronic form;
- provide their records to the Bank in an accessible form; and
- protect their records from destruction, loss, falsification, inaccuracies, inappropriate access, and use.

## Question 2

- a) Does your organization have a broad record keeping strategy / system?
- b) Are there industry standards your organization follows for record keeping?

## Question 3

- How does your organization protect such records? Is this achieved as part of broader operational risk management?

# Lessons from Other Regulatory Regimes

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PSD2 and other regimes (e.g., Canada's Income Tax Act, PIPEDA, and PCMLTFA) have record keeping requirements.

e.g., the UK Financial Conduct Authority's (FCA's) requirements<sup>1</sup>, which align with PSD2, are:

- *A PSP must maintain relevant records and keep them for at least five years from the date on which the record was created.*
- *Records are relevant where they relate to a PSP's compliance with its obligations and would enable the FCA to supervise effectively such compliance.*

As part of developing record keeping requirements, it would be useful for the Bank to hear about PSPs' experiences under these regimes.

1. Text is a summary of s.31 of the UK Payment Services Regulations 2017

## Question 4

- a) What are the challenges and/or advantages with the UK FCA's requirements?
- b) Under the UK FCA's approach, is it clear which records must be retained?
- c) Are there lessons learned with PSD2, or other regimes, that the Bank should be aware of?
- d) Are there areas where further guidance is desired / would be required than is typically provided in other regimes?