

# Banks and Consumers



## Fast facts

- » 99 per cent of Canadians have a bank account
- » 31 per cent of Canadians say they pay no service fees at all and another 45 per cent pay \$15 or less per month
- » Canadians are careful borrowers. Only 0.28 per cent of mortgages are in arrears



## The bottom line

For consumers and businesses, Canada's competitive banking system provides good value, ready access and wide choice.

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Canada's competitive banking system provides good value, ready access and wide choice for consumers and small business. In fact, of the 80 banks operating in Canada, more than 40 offer financial products and services to Canadian consumers, including bank accounts, credit cards, loans and investments.

## Affordable banking services

According to the World Bank, 99% of adult Canadians have an account with a financial institution,<sup>1</sup> including 98% of adults in low income households,<sup>2</sup> so the accessibility of banking services in Canada is incredibly high.<sup>3</sup> Whether it's a savings, chequing, low-fee, student, or senior – full of bells and whistles or a plain vanilla account – there is a lot of choice for Canadians and over 100 account packages to choose from in the marketplace.

- Banks have worked hard to ensure that there are low-cost accounts, priced at \$4 or less per month, for those who need or want them.
- 31 per cent of Canadians say they pay no service fees at all and another 45 per cent pay \$15 or less per month.<sup>4</sup>
- Youth, students, seniors, Registered Disability Savings Plan beneficiaries and newcomers to Canada can access discounted or free accounts.
- Payday loans aren't the answer for small, short-term borrowing and are extremely expensive: overdraft protection, lines of credit and low-rate credit cards are much more affordable alternatives. And banks are strong supporters of credit counselling if needed.

## Mortgages

Canadians continue to have access to a banking system that is accessible, affordable and competitive. They remain confident in the safety of their deposits, and continue to make use of affordably-priced credit, including mortgages.

- Canadians are careful borrowers. Only 0.28 per cent of mortgages are in arrears in Canada.<sup>5</sup>
- Banks have developed a model plain language mortgage document to help make the contract terms easier to understand for customers.



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## Credit cards

A credit card is a convenient and flexible payment tool that can be used at millions of locations in more than 200 countries around the world. Credit cards are:

- Accessible – as unsecured credit, you don't need to have a collateral to back up the loan. And the loan is interest free from the time of purchase until the end of the billing period.
- Convenient – credit cards can be used 24 hours a day, seven days a week, every day of the year and allow you to instantly pay for what you need.
- Safe – credit cards offer fraud protection with zero liability to the consumer and coverage for purchases if the item is damaged, stolen or not delivered within 90 days.

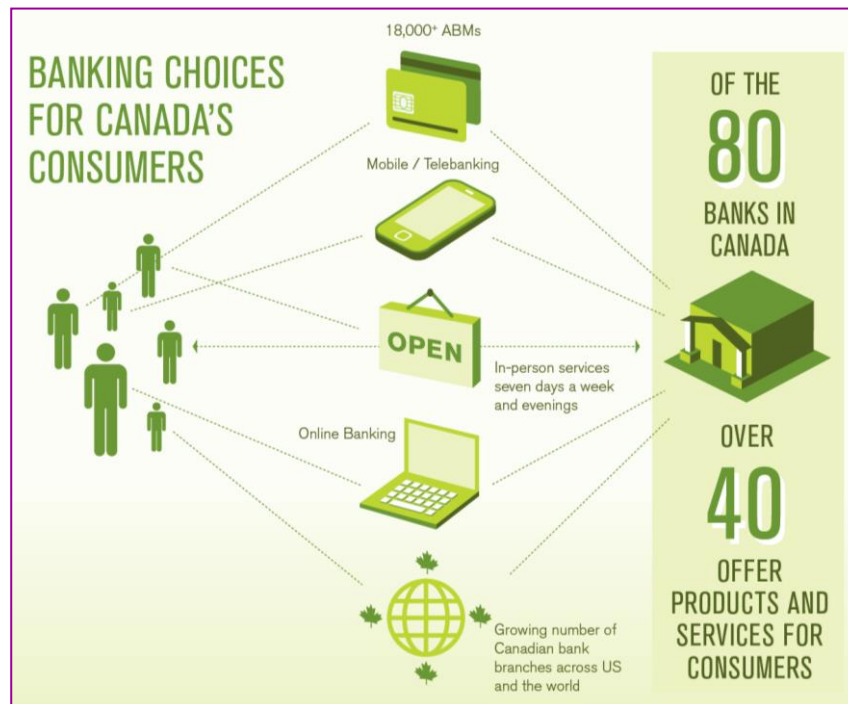
A majority of Canadians pay their credit card balance off every month:

- More than half (58%) of Canadians pay their credit card balance in full each month.<sup>6</sup> And of those who do not pay off their card balances each month, 15 per cent pay it off most months and 47 percent pay a lot more than the minimum amount.<sup>7</sup>
- The majority of Canadians use credit cards as a payment tool rather than a loan product. For them, reward programs, insurance, retail discounts and affinity programs are very attractive.
- There are many low interest rate cards to choose from and more than 30 have an interest rate of under 13 per cent.

## Technology

Canadian banks continue to invest in new technology to allow clients to bank whenever and however it suits them, and customers can:

- Get money at more than 65,000 ABMs
- Make purchases at 500,000 retailers in Canada.



From 2006 to 2015, the six largest banks have invested \$70.1 billion in technology to ensure an accessible, secure and convenient banking system.

## Convenience of banking

Customers can bank online, use banking apps on their smart phones, call telebanking professionals, and get quick access to their accounts at nearly 19,000 bank-owned ABMs across Canada and more



when travelling abroad. Fifty-one per cent of Canadians say they bank primarily online and another 17 per cent primarily use mobile banking.<sup>8</sup>

For consumers, the ability to bank online (83 per cent), use the “tap and go” feature on a debit or credit card (67 per cent), deposit a cheque by taking a picture of it using a smartphone (59 per cent) and use a mobile device to pay for purchases (53 per cent) add value to their banking<sup>9</sup>.

Canadians can also use the extensive and growing branch banking system for in-person service, in many cases seven days a week and in the evening. And you can drop into a Canadian bank branch in many parts of the U.S. and in a growing number of countries around the globe.

## Consumer education and financial literacy

Financial literacy is an essential life skill and Canadians agree that an understanding of money and financial matters is an important component of a teen’s education.

Bankers across Canada volunteer their time to deliver the CBA’s Your Money Students financial literacy program for youth and the Your Money Seniors program for seniors ([www.yourmoney.cba.ca](http://www.yourmoney.cba.ca)).

## Canada’s stable & secure banking system

- 83 per cent give banks a good performance rating when it comes to being stable and secure.<sup>10</sup>
- The banking sector helps Canada grow, contributing 3.3% (or around \$60 billion) to Canada’s GDP in 2015.

## Canadians trust and value their banks

Of all the companies that consumers have relationships with, few are more personal and sensitive than the relationship with their bank. Canadians look to their banks to safeguard their money, help finance a home or business, manage their savings and investments, and plan their retirement.

But no less important is satisfaction in the value that customers feel they get from their bank. Banks have worked hard to make banking more convenient – extending branch hours, introducing mobile banking and payments, and enhancing online banking – enabling banking literally around the clock and around the world. Canadians have noticed and value these improvements. Today:

- 85 per cent of Canadians have a favourable impression of banks in Canada, up from 59 per cent in 2001.<sup>11</sup>
- These approval ratings grow when it comes to their own bank: 93 per cent of respondents have a favourable impression of the bank they do most of their business with.<sup>12</sup>
- And Canada’s banking system has ranked number one globally in Capgemini’s Customer Experience Index five years in a row. The Index provides insight on how customers perceive the quality of their bank interactions.<sup>13</sup>

» The Canadian Bankers Association works on behalf of domestic banks, foreign bank subsidiaries and foreign bank branches operating in Canada and their 280,000 employees. The CBA advocates for effective public policies that contribute to a sound, successful banking system that benefits Canadians and Canada’s economy. The Association also promotes financial literacy to help Canadians make informed financial decisions.



<sup>1</sup> World Bank, Global Findex Database 2014: <http://ow.ly/SfkaL>

<sup>2</sup> Ibid, 98% of adults in the poorest 40% of households have an account

<sup>3</sup> Statistics Canada, Canadian Financial Capabilities Survey, 2014

<sup>4</sup> Abacus Data, Assessment of Canada’s Banks, December 2016

<sup>5</sup> CBA Mortgages in Arrears statistics, February 2017

<sup>6</sup> Abacus Data, Assessment of Canada’s Banks, December 2016

<sup>7</sup> Ibid

<sup>8</sup> Abacus Data, How Canadians Bank, 2016

<sup>9</sup> Ibid

<sup>10</sup> Abacus Data, Assessment of Canada’s Banks, December 2016

<sup>11</sup> Ibid

<sup>12</sup> Ibid

<sup>13</sup> Capgemini World Banking Report 2016