



The Strategic Counsel

The Strategic Counsel

[www.thestrategiccounsel.com](http://www.thestrategiccounsel.com)

21 St. Clair Avenue East  
Suite 1100  
Toronto, Ontario  
M4T 1L9  
Tel 416 975-4465  
Fax 416 975-1883

60 George Street  
Suite 205  
Ottawa, Ontario  
K1N 1J4  
Tel 613 236-0296  
Fax 613 236-1290



## Canadian Bankers Association

Assessments of Canada's  
Banks – Fall 2008: An  
Update

November 2008

## Technical

- ◆ *The Strategic Counsel* is pleased to present the results of a national public opinion survey to the Canadian Bankers Association.
- ◆ The study was conducted by telephone among a random sample of 1,000 adult Canadians, 18 years of age or older between Tuesday, November 4 and Sunday, November 9, 2008. Interviews were undertaken on a proportionate-to-provincial population basis.
- ◆ The margin of error for a sample of 1,000 respondents is  $\pm 3.0$  percentage points, nineteen times of twenty.
- ◆ Note: Findings may not sum to 100 due to rounding.

## Executive Summary: Key Findings

### Overall Impressions of the Canadian Banking Industry

- ◆ Overall impressions of the Canadian banking industry have not changed significantly since last examined in May 2008. Today, 75% of Canadians report a favourable impression of Canada's banks (up 1 point since May 2008). One-in-five Canadians describe their impression of banks as "very favourable" (20%), with the majority (55%) holding a somewhat favourable impression.
- ◆ While the current findings reveal stability in the period since May 2008, the findings are notable: for the second time in a row, ratings of Canada's banks are among the highest levels recorded over the last eleven years. The only exception occurred in October 2004 when a variety of factors resulted in above average ratings.
- ◆ Further, while the overall ratings for the banking sector have not changed significantly since May, some shifting in impressions among subgroups is apparent.
- ◆ Some of those segments that have historically registered below-average ratings of Canada's banks now register responses that are consistent with the national average. For example, men have historically reported lower favourable ratings when compared to women. Today, men and women record almost identical favourable impressions (74% and 76%, respectively).
- ◆ Similarly, improvements in impressions are noted among those in middle and higher income categories. High income Canadians (i.e., households earning \$80K+ per annum) have historically reported below average favourability scores when assessing banks. Today, they are in line with the national average (75% of those with a household income of \$80K+ hold favourable impressions, up 8 points since May 2008).
- ◆ Improvements are also apparent among the university educated. Again, this segment of the population has historically registered below average ratings; however, today their favourable impressions (74%) are in line with the national average (75%).

## Executive Summary: Key Findings

### Overall Impressions of Canada's Banks Compared to U.S./European banks

- ◆ A strong majority (70%) of respondents report that they have a more positive impression of Canada's banks compared to U.S. and European banks. The strength of opinion on this question is notable: 30% of Canadians report that they have a "much more positive" impression of Canada's banks compared to other banks in the U.S. and Europe.
- ◆ Importantly, only 3% of the population within Canada describes its impressions of Canada's banks as more negative when compared to U.S. and European banks.
- ◆ In line with these findings, almost three-quarters of Canadians (72%) report that Canada's banks have performed "better" than other banks in places like the U.S. and Europe. Again, strength of opinion is notable: 30% report that Canada's banks have performed "much better."

## Executive Summary: Key Findings

- ◆ When the majority who believe that Canada's banks have performed better than other banks during the recent turmoil in financial markets is probed on the importance of particular factors, a hierarchy of reasons emerge. Canadians are most likely to attribute the stronger performance of Canada's banks relative to others to a cluster of issues, including:
  - The requirement for deposit insurance (81% describe this as an important reason, with four-in-ten (40%) describing it as a “very important” reason)
  - Better management of Canadian banks when compared to many U.S. banks (81% important; 31% “very important”)
  - The government regulatory system (81% describe it as an important reason; 30% “very important”)
  - A long standing approach by Canada's banks to be cautious and conservative in their lending and investments (81% important; 30% “very important”).
  
- ◆ Other issues, while described as important by majorities, are significantly less important. These include:
  - The federal government's recently announced programs to assist banks (69% important; 20% “very important”)
  - The fact that Canada's banks operate in all parts of the country (67% important; 18% “very important”)
  - Good management by senior banking personnel (67% important; 16% “very important”)
  - The diversified structure of Canada's banks, including retail, investments and commercial banking (66% important; 14% “very important”)

### **Perceived Stability and Security of Canada's Banks**

- ◆ When Canadians are asked how secure and stable Canada's banks are compared to other banks around the world, more than three-quarters (77%) describe Canada's banks as more stable. Almost three-in-ten (28%) describe Canada's banks as “much more stable.” Importantly, only 1% of respondents describe Canada's banks as less stable than others around the world.

## Executive Summary: Key Findings

- ◆ Despite the pervasive view that Canada's banks are more stable than other banks around the world, Canadians do not concede that Canada's banks are impervious to threats: six-in-ten (60%) Canadians describe themselves as at least somewhat concerned about the stability of Canada's banks in the current environment. These findings are soft: only 15% describe themselves as "very concerned" and almost four-in-ten report that they are not concerned.

## Executive Summary: Key Findings

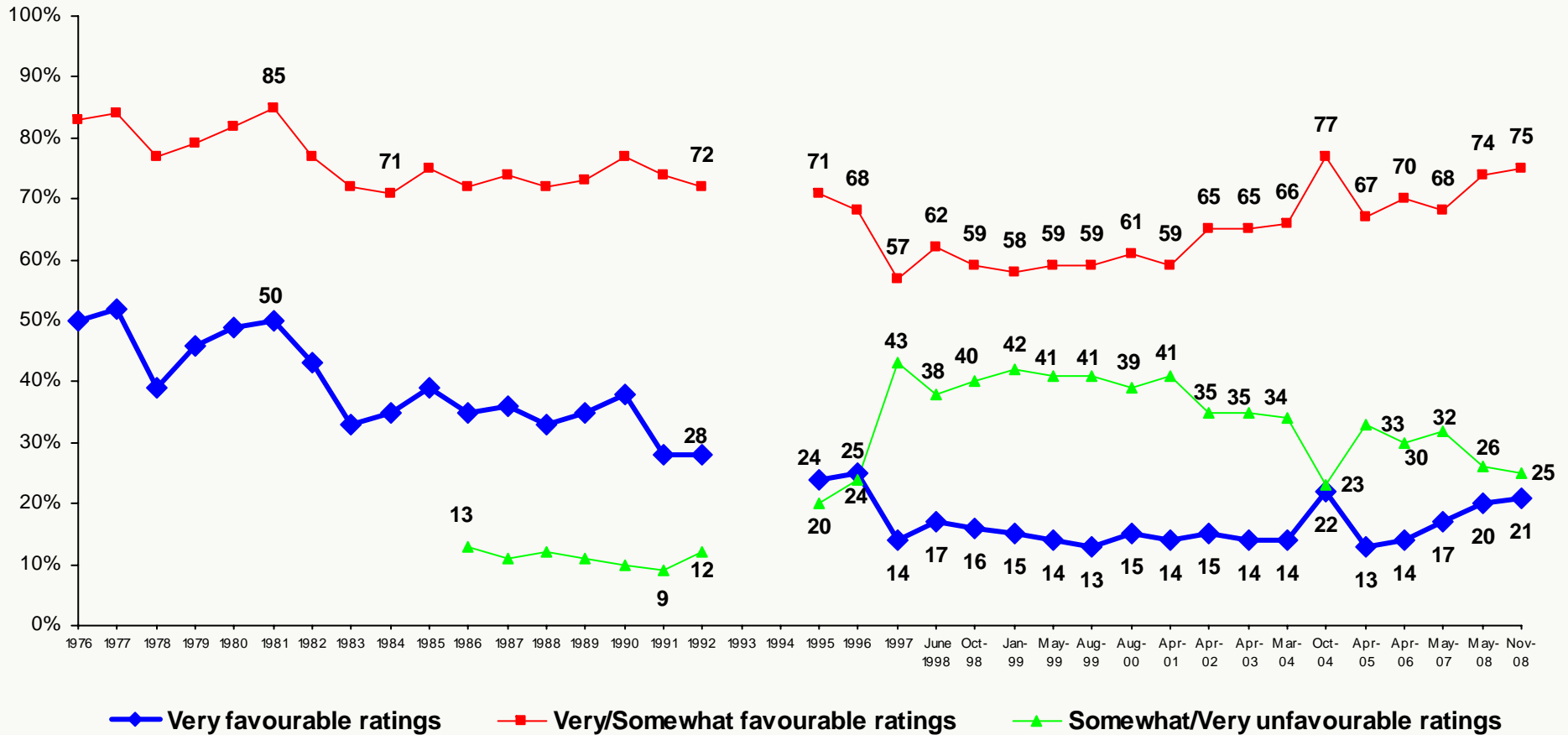
### **Perceived Performance of Canadian Banks compared to Other Banks around the World**

- ◆ The substantial majority (69%) of Canadians agree with the view that Canada's banks have performed better than most other banks around the world "because they have better business practices including sound lending practices, appropriate fees and charges for their services and the maintenance of profitability. Only 13% of Canadians disagree with this view and 13% neither agree nor disagree.

### **Perceived Importance of a Strong Banking Sector in Canada**

- ◆ As we have seen in the past, the importance of a strong Canadian banking sector able to compete on the international stage continues to be strong among Canadians. In the most recent study, 85% of Canadians describe a strong banking sector as important, with opinion notably strong. Almost one-in-two respondents (47%) describe a strong sector as "very important" as a means of supporting Canadian businesses that want to export and do business in international markets.
- ◆ These findings are comparable to findings collected in May 2008. In the spring of this year, 86% of Canadians described a strong Canadian banking sector as important, with the majority (55%) describing it as "very important."

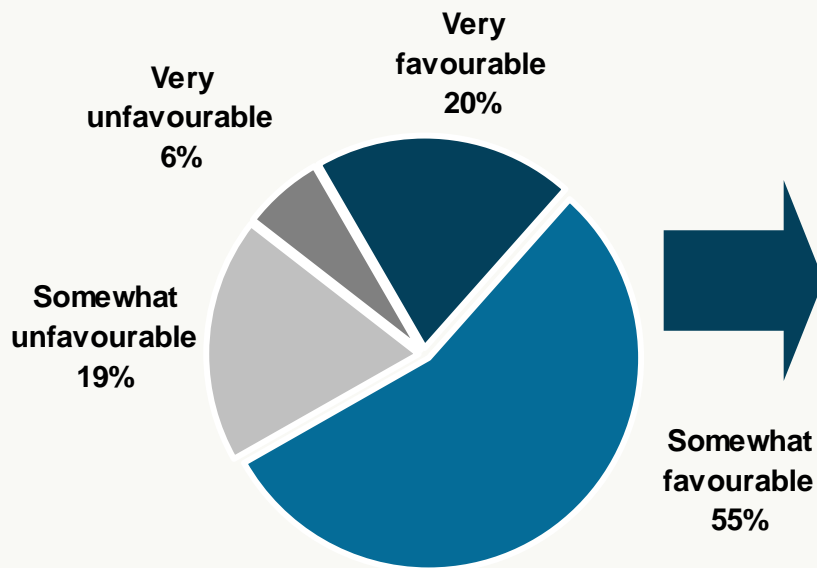
# Trends in Public Support For The Banks – Favourability Ratings



Source 1: Thompson Lightstone Tracking Studies.  
 Source 2: The Strategic Counsel Survey of 1000 Canadians, March 1997.  
 Source 3: The Strategic Counsel Survey of Canadians, May 1997.

# Impressions of Banks\*\*

Total Sample November 2008  
(n=960)



**Total Favourable %**

	Aug 99	Aug 00	Apr 01	Apr 02	Apr 03	Mar 04	Oct 04	Apr 05	Apr 06	May 07	May 08	Nov 08	Net Change
<b>Age</b>													
	(+/-)*												
18-34	63	66	62	71	64	74	79	72	76	78	80	82	+2
35-44	59	57	63	62	62	56	73	62	69	62	67	71	+4
45-54	51	56	43	61	61	60	73	61	64	63	68	70	+2
55+	64	65	63	67	70	70	80	70	72	66	77	79	+2
<b>Gender</b>													
Male	56	58	58	64	63	64	72	63	67	64	67	74	+8
Female	63	64	59	67	66	68	81	71	74	72	80	76	-4
<b>Household Income</b>													
<\$40K	65	68	65	70	68	73	80	67	72	77	83	76	-7
\$40K-\$59K	61	60	62	66	66	61	77	71	68	67	74	71	-3
\$60K-\$79K	49	59	58	61	59	70	74	65	77	66	68	78	+12
\$80K and over	51	55	47	58	61	57	69	67	66	62	67	75	+8
<b>Education</b>													
HS or less	67	69	65	70	72	71	80	72	73	76	83	80	-3
College/CEGEP	59	61	58	59	66	65	78	70	73	69	72	74	+2
University	50	51	51	64	55	60	74	60	67	62	68	74	+6

Q: Please tell me if you have a very favourable, somewhat favourable, somewhat unfavourable or very unfavourable impression of the banking sector in Canada.  
Base: All respondents excluding those with "no opinion". Base sizes vary. Base sizes shown are for current wave.

# Impressions of Banks By Region

	Total Sample (n=960)											BC (n=125)											Prairies (n=163)										
	Aug 00	Apr 01	Apr 02	Apr 03	Mar 04	Oct 04	Apr 05	Apr 06	May 07	May 08	Nov 08	Aug 00	Apr 01	Apr 02	Apr 03	Mar 04	Oct 04	Apr 05	Apr 06	May 07	May 08	Nov 08	Aug 00	Apr 01	Apr 02	Apr 03	Mar 04	Oct 04	Apr 05	Apr 06	May 07	May 08	Nov 08
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
<b>TOTAL FAVOURABLE</b>	<b>61</b>	<b>59</b>	<b>65</b>	<b>65</b>	<b>66</b>	<b>77</b>	<b>67</b>	<b>70</b>	<b>68</b>	<b>74</b>	<b>75</b>	<b>54</b>	<b>51</b>	<b>58</b>	<b>59</b>	<b>65</b>	<b>75</b>	<b>57</b>	<b>61</b>	<b>63</b>	<b>72</b>	<b>67</b>	<b>60</b>	<b>55</b>	<b>58</b>	<b>66</b>	<b>67</b>	<b>73</b>	<b>65</b>	<b>69</b>	<b>61</b>	<b>71</b>	<b>76</b>
Very favourable	15	14	15	14	14	21	13	14	17	20	21	11	9	16	13	13	17	8	11	16	19	21	12	13	9	14	13	20	12	14	15	21	20
Somewhat favourable	46	45	50	51	52	56	54	56	51	54	54	43	42	42	46	52	58	49	50	47	53	46	48	42	49	52	54	53	53	55	46	50	56
Somewhat unfavourable	23	26	24	25	24	16	23	21	22	20	19	27	29	29	28	23	18	30	29	26	21	25	22	30	28	23	24	18	22	20	25	21	16
Very unfavourable	16	15	11	10	10	7	10	9	10	6	6	19	20	13	13	12	7	13	10	11	7	8	18	15	14	11	9	9	13	11	14	8	8
<b>TOTAL UNFAVOURABLE</b>	<b>39</b>	<b>41</b>	<b>35</b>	<b>35</b>	<b>34</b>	<b>23</b>	<b>33</b>	<b>30</b>	<b>32</b>	<b>26</b>	<b>25</b>	<b>46</b>	<b>49</b>	<b>42</b>	<b>41</b>	<b>35</b>	<b>25</b>	<b>43</b>	<b>39</b>	<b>37</b>	<b>28</b>	<b>33</b>	<b>40</b>	<b>45</b>	<b>42</b>	<b>34</b>	<b>33</b>	<b>27</b>	<b>35</b>	<b>31</b>	<b>39</b>	<b>29</b>	<b>24</b>

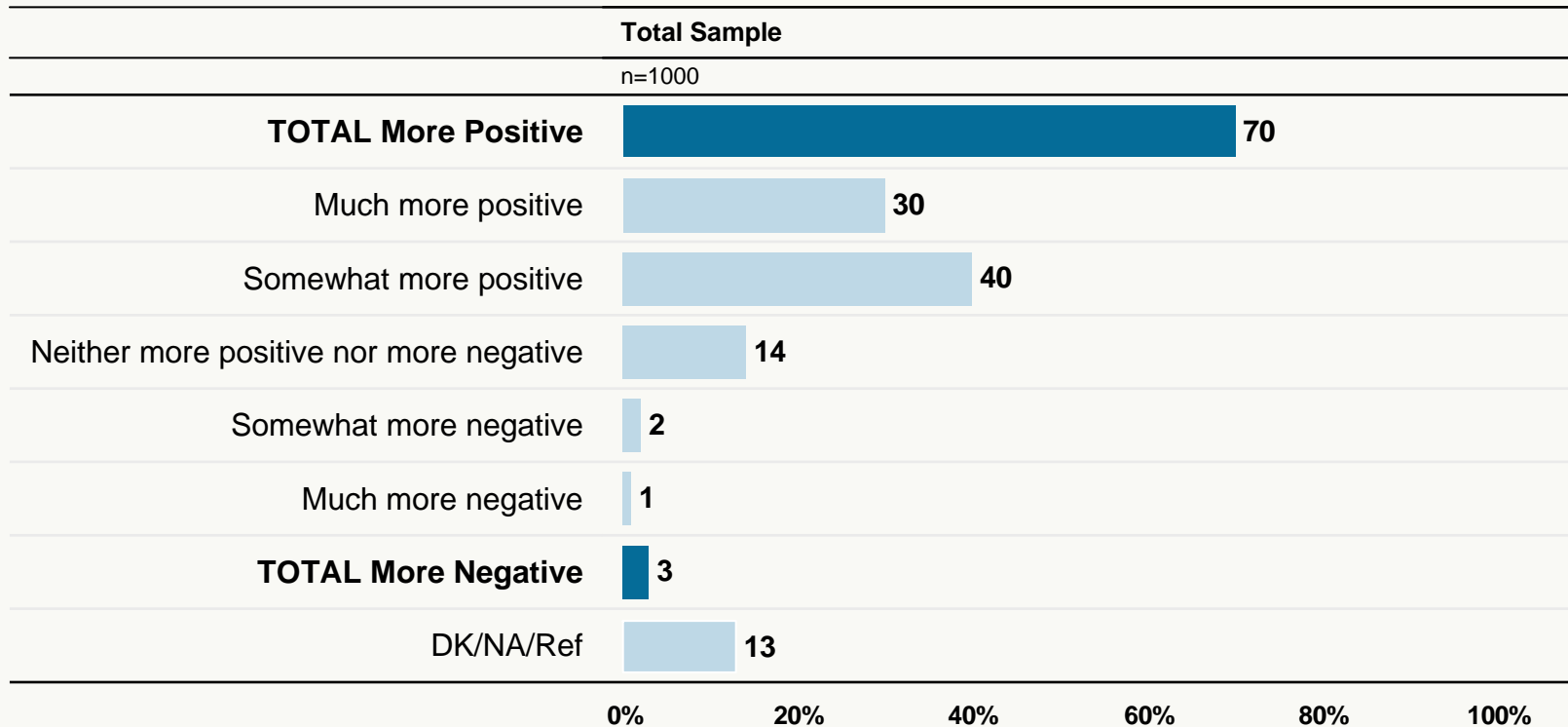
Q: Please tell me if you have a very favourable, somewhat favourable, somewhat unfavourable or very unfavourable impression of the banking sector in Canada  
 Base: All respondents excluding those with "no opinion". Base sizes vary. Base sizes shown are for current wave.  
 \*Note: Wording change in May 2008 from "Canada's Banks" to "Banks." Slight wording change in Oct 2004 to "Banks in Canada". Changed in 2002 to "Canada's Banks" from "Canada's Major Banks" in previous years. Changed in 2008 to "banks".

# Impressions of Banks By Region

	Ontario (n=377)											Quebec (n=244)											Atlantic (n=71)										
	Aug 00	Apr 01	Apr 02	Apr 03	Mar 04	Oct 04	Apr 05	Apr 06	May 07	May 08	Nov 08	Aug 00	Apr 01	Apr 02	Apr 03	Mar 04	Oct 04	Apr 05	Apr 06	May 07	May 08	Nov 08	Aug 00	Apr 01	Apr 02	Apr 03	Mar 04	Oct 04	Apr 05	Apr 06	May 07	May 08	Nov 08
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
<b>TOTAL FAVOUR-ABLE</b>	63	62	67	62	63	78	71	71	68	72	75	60	60	69	71	66	76	67	73	74	76	79	63	57	68	64	78	84	71	78	70	80	79
Very favourable	19	17	19	15	15	27	17	17	20	22	21	10	11	11	12	12	13	11	12	16	13	21	22	19	17	22	18	33	18	14	18	22	20
Favourable	44	45	48	47	48	51	54	54	48	50	54	50	49	58	59	54	63	56	61	58	63	58	41	38	51	42	60	51	53	64	52	58	59
Somewhat unfavourable	21	23	23	27	28	15	20	21	21	21	20	27	27	21	22	24	18	22	18	18	20	15	23	30	22	28	15	12	21	17	22	17	18
Very unfavourable	16	15	10	11	9	7	9	8	11	7	5	13	13	10	7	10	6	11	9	8	4	6	14	13	10	8	7	4	8	5	8	3	3
<b>TOTAL UNFAVOUR-ABLE</b>	37	38	33	38	37	22	29	29	32	28	25	40	40	31	29	34	24	33	27	26	24	21	37	43	32	36	22	16	29	22	30	20	21

Q.: Please tell me if you have a very favourable, somewhat favourable, somewhat unfavourable or very unfavourable impression of the banking sector in Canada  
 Base: All respondents excluding those with "no opinion". Base sizes vary. Base sizes shown are for current wave.  
 \*Note: Wording change in May 2008 from "Canada's Banks" to "Banks." Slight wording change in Oct 2004 to "Banks in Canada". Changed in 2002 to "Canada's Banks" from "Canada's Major Banks" in previous years. Changed in 2008 to "banks".

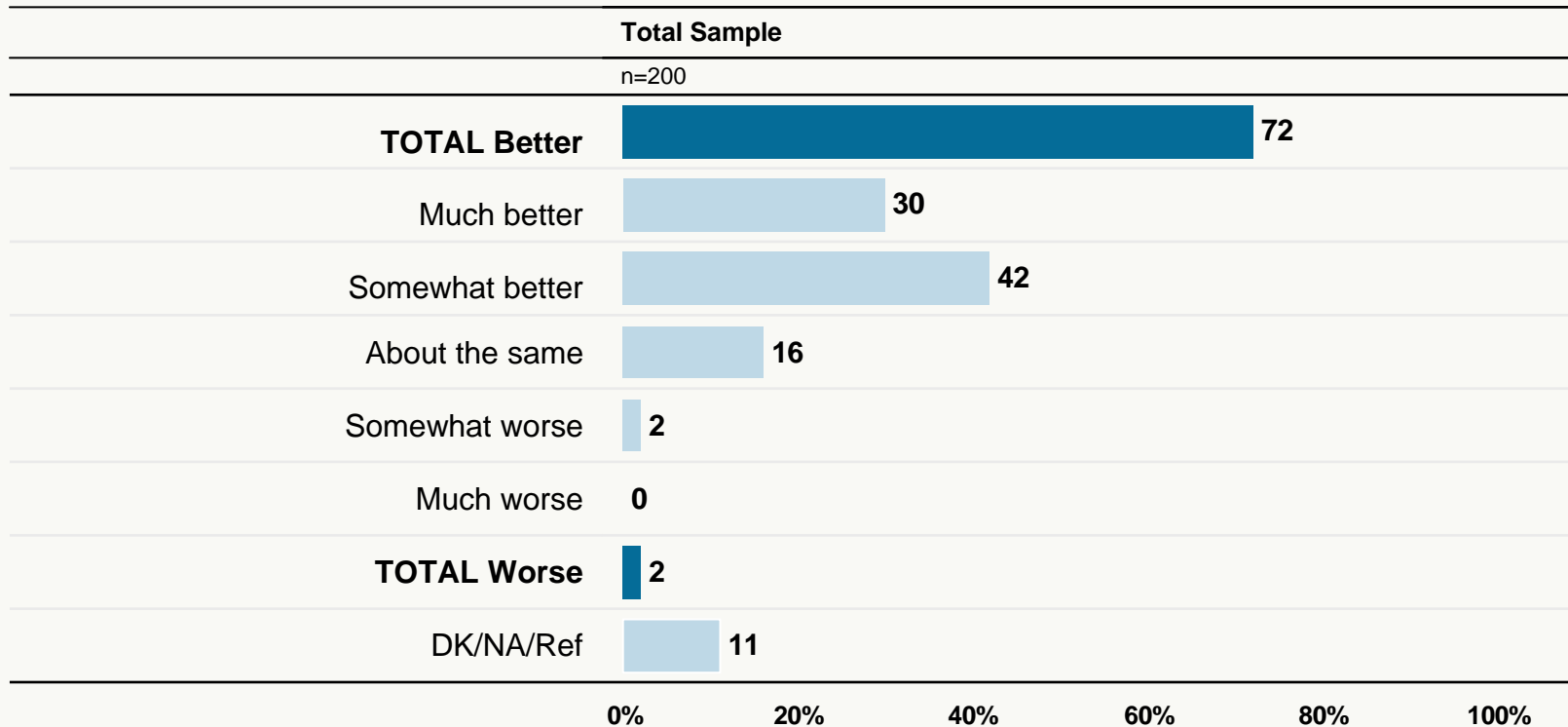
# Impression of Canada's Banks compared to U.S./European Banks



Q. Thinking about the banks around the world, how would you describe your impression of Canada's banks compared to U.S. and European banks today? Would you say that your impression of Canada's banks is...

Base: Total sample

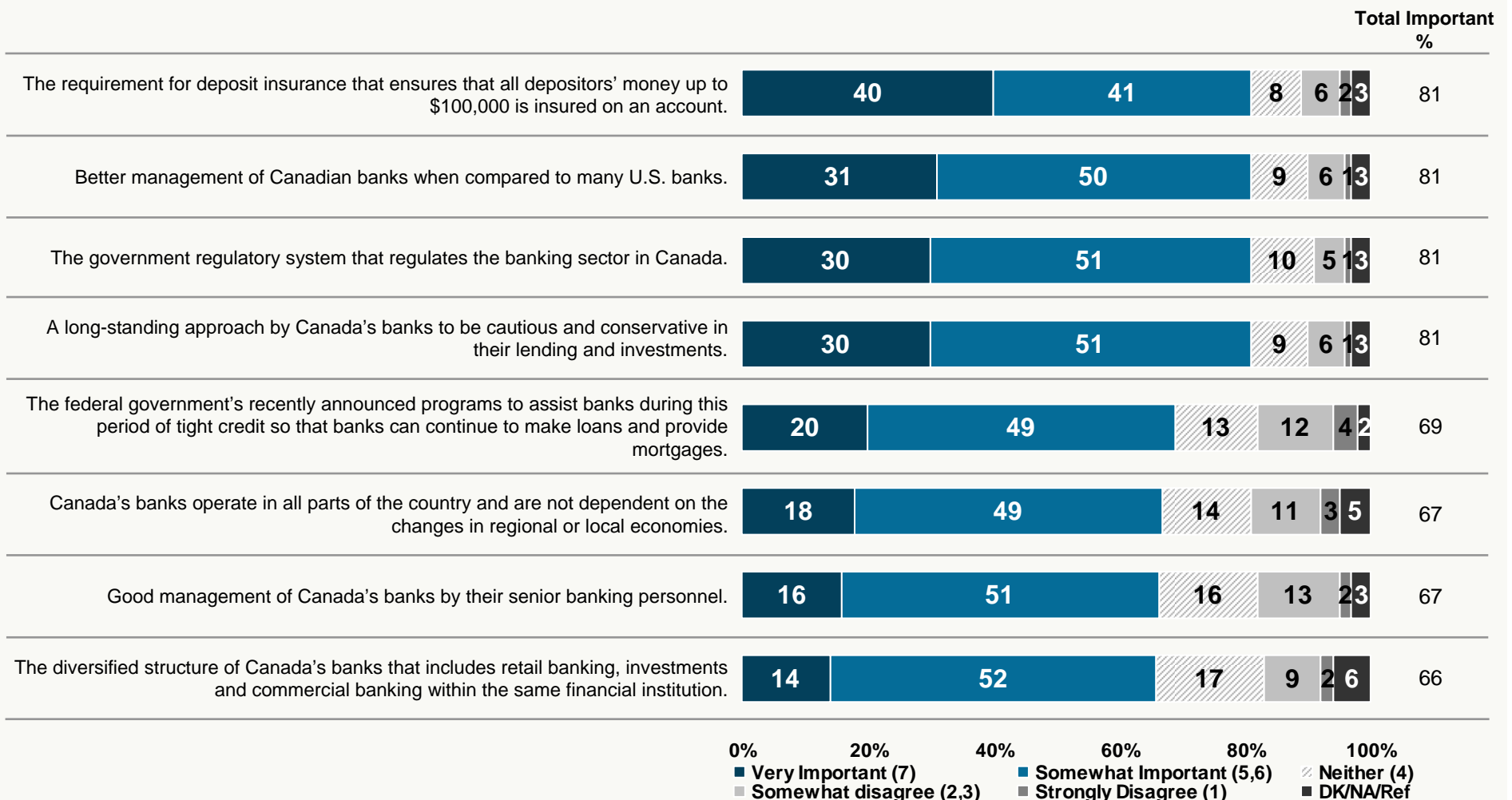
# Performance of Canada's Banks in time of turmoil in financial markets compared to U.S./European banks



Q: As you probably know, there has been considerable turmoil in the global financial market recently. Thinking about Canada's banks, how would you say that have performed compared to other banks in places like the U.S. and Europe? Would you say that Canada's banks have performed...

Base: Total sample

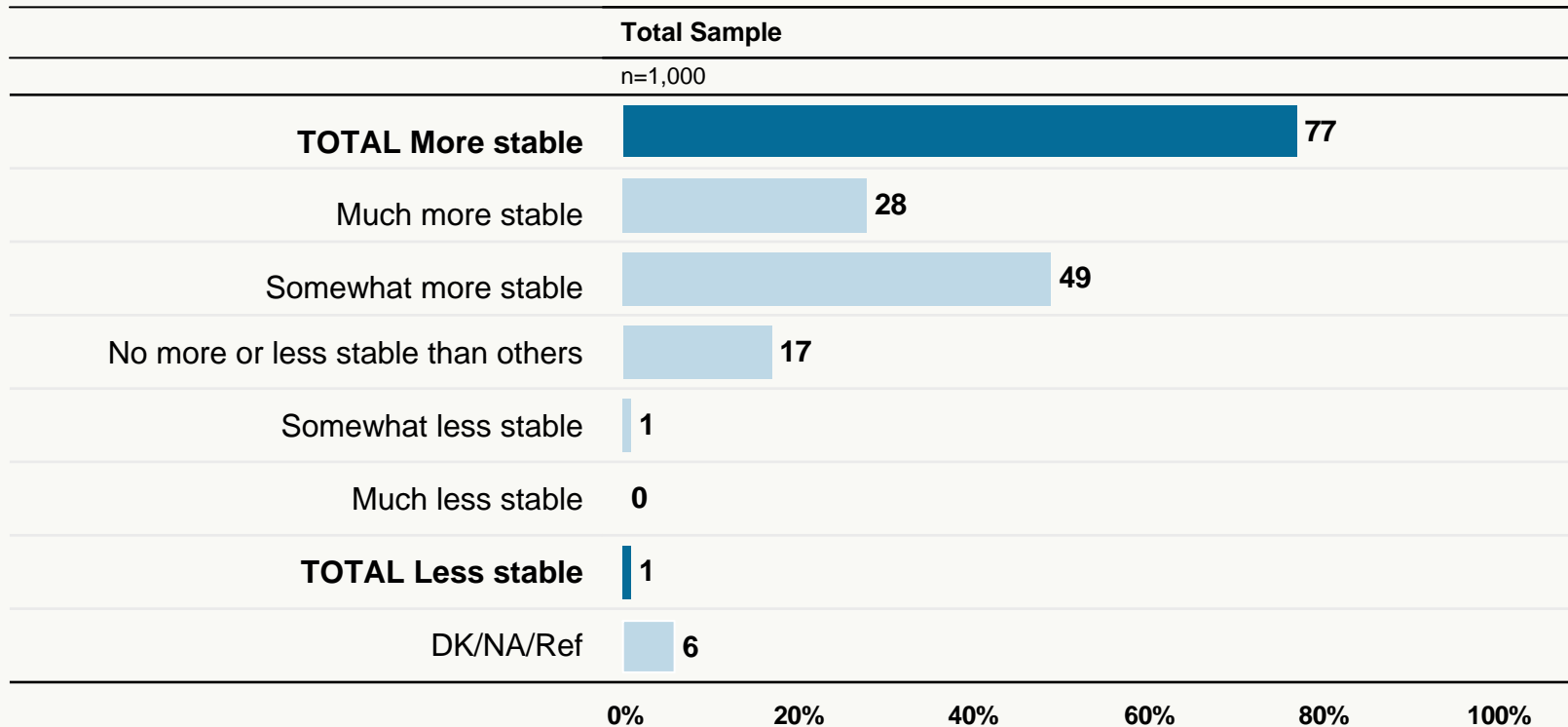
# Importance of Reasons for view that Canada's banks have performed "Better" than U.S. and European Banks



Q: In your opinion, how important are each of the following as reasons for your view that Canada's banks have performed better than banks in the U.S. and Europe? Please give me a number between 1 and 7, where "1" means it is a not an important reason at all and "7" means it is a very important reason. How about...

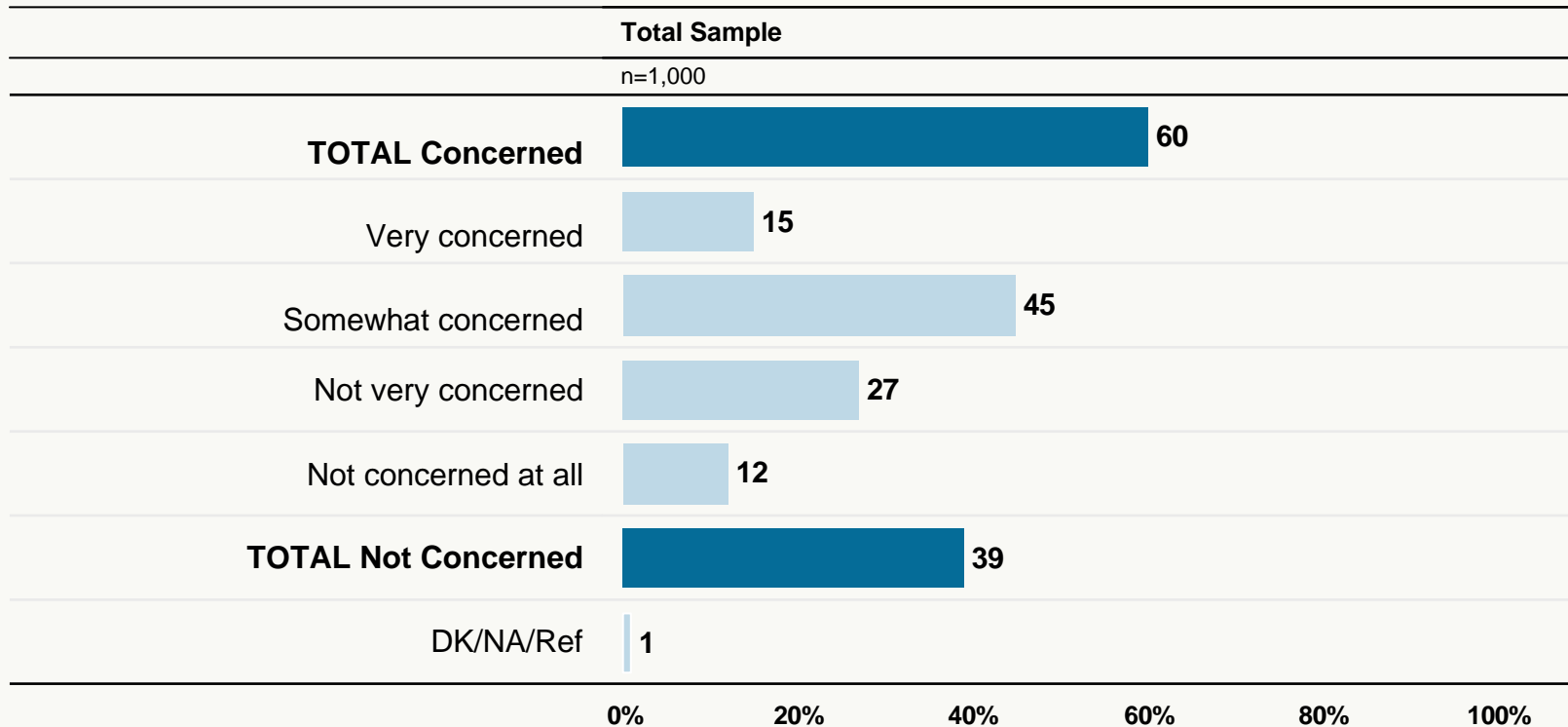
Base: Total sample

# Stability and security of Canada's banks compared to other banks around the world



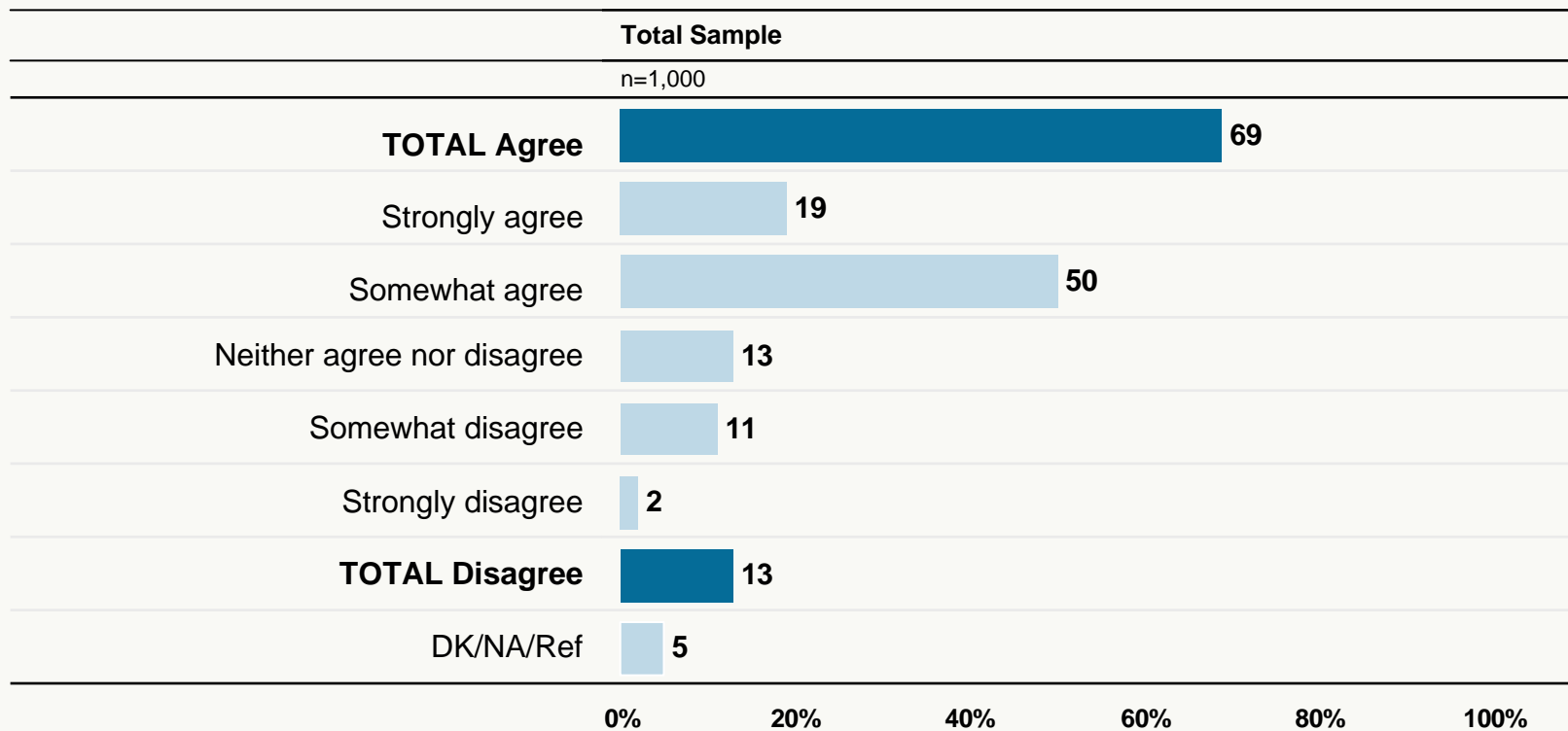
Q: Thinking about Canada's banks, how stable and secure do you think they are compared to other banks around the world? Would you say that they are...  
 Base: Total sample

## Level of Concern about the Stability of Canada's Banks, given turmoil and failure of some banks outside Canada



Q: Given the market turmoil and the failure of some banks outside of Canada, how concerned are you about the stability of Canada's banks in this environment? Would you say you are...  
 Base: Total sample

# Agreement with view that Canada's banks have performed better because of better business practices/appropriate fees/maintaining profitability



Q: Some people say that Canada's banks have performed better than most other banks around the world because they have better business practices including sound lending practices, appropriate fees and charges for their services, and maintaining profitability. Would you say that you agree or disagree with this view? Do you...

Base: Total sample

# Importance of Strong Banking Sector able to Compete Internationally and Support Canadian Businesses

	Total May 2008	November 2008					
		Total	BC	Prairies	Ontario	Quebec	Atlantic
		%	%	%	%	%	%
n=	1200	1000	133	167	383	243	74
	%	%	%	%	%	%	%
<b>NET Important</b>	<b>86</b>	<b>85</b>	<b>84</b>	<b>84</b>	<b>89</b>	<b>78</b>	<b>93</b>
Very important	55	47	44	48	50	40	47
Somewhat important	31	38	40	36	39	38	46
Neither important nor unimportant	5	6	5	8	5	12	1
Somewhat unimportant	3	4	6	4	2	5	1
Very unimportant	3	2	3	2	1	2	2
<b>NET Unimportant</b>	<b>6</b>	<b>6</b>	<b>9</b>	<b>6</b>	<b>3</b>	<b>7</b>	<b>3</b>
DK/NA/Ref	3	3	2	2	3	3	3

Q: As you may know, Canadian banks are active around the world. How important is it to you that Canada have a strong banking sector that is able to compete on the international stage and able to support Canadian businesses that want to export and do business in international markets? Is it...?

Base:

Note: New question added in May 2008.