

Focus: Competition in the Financial Services Sector

Focus Sheet

FAST FACTS

- Choice in providers: There are more than 80 domestic and foreign banks operating in Canada
- Choice in products: There are more than 100 account packages on the market
- Accessibility: More than 99 per cent of Canadian adults have an account with a financial institution¹

The Bottom Line

Canadian consumers enjoy a wide choice of affordable and accessible financial services as a result of banks and other financial services providers competing with one another.

Intense competition

Canada's competitive banking system provides good value, ready access and wide choice for Canadian consumers and small businesses. Whether it's a bank account, a mortgage, insurance, financing for a business opportunity or help in managing money, banks are actively competing with each other to provide financial products and services to Canadians - meeting their needs every day and in every way.

- Competition is intense: in fact, Canada has more large national domestic retail banks actively competing against each other for customers than majority of European countries, Australia and the US.





Consumers have even more choice

Banks compete not only with each other, but also with a variety of other financial services providers, including trust companies, life insurance companies, finance companies, federal and provincial credit unions and caisses populaires, federal and provincial financial agencies and financial technology companies.



Choice and competition benefits Canadians

The first bank opened in Canada in a rented house in Montreal in 1817. Today there are more than 80 domestic and foreign banks currently operating in Canada and of those more than 40 offer financial products and services – including bank accounts, credit cards, loans and investments – to Canadian consumers. Canadians benefit from the high degree of competition and choice in the financial services marketplace.

Legislative and regulatory changes beginning in 1980 has encouraged new business models as well as foreign banks to enter the marketplace. This has resulted in change and innovation and there are now:

- banks owned by commercial companies such as a discount retailer, a hardware store chain, a communications company and a grocery store chain,
- a bank owned by an insurance company,
- five Alberta-based banks – including one owned by auto dealers and one owned by a motor club,
- two federally regulated credit unions,
- virtual banks offering customers traditional banking services in addition to retirement savings products, mortgages and lines of credit, and
- foreign-owned banks. For example, HSBC, headquartered in the U.K., established a bank in Canada in 1981. Banks from all over the world, including China, the United States, India, Korea, and the U.K. have operations here. Currently there are more than 20 foreign bank subsidiaries operating in Canada.

Accessible and affordable

The high degree of competition is good news for Canadians. In fact:



- Canada has one of the most accessible banking systems in the world – more than 99 per cent of Canadian adults have an account with a financial institution so the accessibility of banking services in Canada is incredibly high.²
- Whether it's a savings, chequing, low-fee, student, senior, or a plain vanilla account, there is a lot of choice for Canadians with over 100 account packages to choose from in the marketplace. And Canadians have access to one of the most efficient, secure and low-cost banking systems in the world with many affordable options.
- 31 per cent of Canadians pay no service fees at all for their banking.³
- Banks offer low-fee accounts, priced at \$4 or less per month.
- Youth, students, seniors, Registered Disability Savings Plan beneficiaries and newcomers to Canada can access free or discounted accounts.
- Not-for-profit organizations can also access community service accounts.

1 World Bank, Global Findex Database 2017: https://globalfindex.worldbank.org/sites/globalfindex/files/2018-04/2017%20Findex%20full%20report_0.pdf page 123

2 ibid

3 Abacus Data research findings for the CBA, December 2016

The Canadian Bankers Association is the voice of more than 60 domestic and foreign banks that help drive Canada's economic growth and prosperity. The CBA advocates for public policies that contribute to a sound, thriving banking system to ensure Canadians can succeed in their financial goals.

Canadian Bankers Association **www.cba.ca**

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