

# Focus: How Canadians Bank

## Focus Sheet

### FAST FACTS

- The majority (91 per cent) of Canadians believe that banking has become a lot more convenient because of new technologies.
- More than three-quarters (76 per cent) of Canadians are using digital channels, both online and mobile, to conduct most of their banking transactions.
- About nine in 10 (88 per cent) Canadians reported using online banking in the last year, and more than half (53 per cent) say it is their most common banking method, making online banking the most common digital banking channel.

### The Bottom Line

Banks in Canada are meeting the evolving preferences of their customers as technology changes the way Canadians bank. Banking is transforming at a record pace, bringing innovation and new potential to empower people's lives in a digital world.

Now more than ever, Canadians value convenience through technology. To that end, Canada's banking industry is continuing its decades-long leadership in developing new innovations that make banking secure, convenient and accessible for all customers.

Canadians today have unprecedented access to safe and secure channels to meet all aspects of their banking needs. Banks have introduced fast and convenient banking and payments solutions, including online and app-based banking, mobile "Tap & Pay" payments, depositing cheques by taking a photo with a smartphone, and more. Indeed, that trend will continue as the pace of technological change accelerates.

Canadians are embracing technology-driven banking solutions. With a customer-first focus, banks in Canada are building on their strong track record of adapting to what their customers want — and what they want is access to banking services 24 hours a day, in real-time, from anywhere in the world, on a reliable and secure network.

These and other findings form the basis of How Canadians Banks, a biannual study by the Canadian Bankers Association and Abacus Data that examines the banking trends and attitudes of Canadians.

## FAST FACTS

- Mobile and app-based banking continues its ascent, led by Millennial uptake. More than one-third (36 per cent) of Millennials are mainly using banking apps, as opposed to 23 per cent for all demographics groups.
- 88 per cent of Canadians trust their bank to offer secure digital banking services, and 85 per cent feel confident about modern banking technologies.
- In-branch banking, while declining in popularity, remains a valued method of conducting a wide variety of banking transactions.

## Technology is changing how Canadians bank, rapidly

As technology evolves, customers' digital expectations are rising. This is the leading catalyst for continued innovation as banks look for new, easier ways for Canadians to access their banking safely and securely. And Canadians clearly value the convenience of these innovations and feel better served as a result.

- 91 per cent of Canadians believe that new technologies have made banking a lot more convenient.
- 88 per cent of Canadians say their bank has improved service through technology, with that figure increasing to 98 per cent for Millennials, which is now the largest generation in Canada.

To be sure, Canadians are increasingly turning to tech-driven transaction methods. The average Canadian buys something with a credit card 9.2 times a month, followed by Tap & Pay 9.1 times a month, and uses a debit card 8.5 times month. Looking ahead five years, Canadians expect to increase their use of the following top three technologies: Tap & Pay (45 per cent), e-Transfer (40 per cent) and mobile app (40 per cent). In contrast, the use of cheques, while already in decline, is expected to continue trending downward, with only 38 per cent of Canadians expecting to write cheques in five years.

The top three benefits of new banking technologies were: 1) Saving money, 2) Fitting my schedule and 3) Saving time.

## Online banking is the most common way people bank

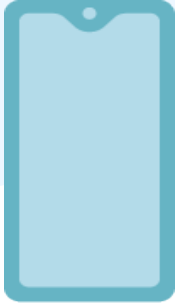
As banking technologies have come to the forefront, online banking has cemented its position as the most common form of banking for a majority of Canadians.

- 88 per cent of Canadians reported using online banking in the last year.
- 53 per cent of Canadians say that online banking is now their most common banking method – 30 per cent higher than mobile app-based banking, the second ranked method.
- Two-thirds (65 per cent) of Canadians feel “very satisfied” with online banking.
- Almost 40 per cent of Canadians are planning to increase their use of online banking, more than any other channel.

Not surprisingly, the average Canadian visits their bank’s website three times as often as they do their branch. While differences emerge across generations, in-person banking is now the most common way to banks for only 12 per cent of Canadians and ABM at 10 per cent. This is a sharp change from CBA’s first public survey 16 years ago when 40 per cent said they banked mainly at an ABM, 30 per cent banked in branches and only 16 per cent did most of their banking online.

The adoption of digital banking channels is particularly high among younger customers such as Gen X and Millennials, however this trend is apparent across generations.





## Mobile app-based banking continues to rise, led by Millennial uptake

Every Canadian with a smartphone now has a bank in their pocket. As an increasing number of Canadians carry smartphones, banks offer mobile banking and payment services and apps that allow customers to perform a variety of transactions through their mobile devices. As a result, the number of Canadians banking on the go continues to rise, especially among younger customers.

- 56 per cent of Canadians reported using mobile banking in the last year, up considerably from 2016 and 2014 results, at 44 per cent and 31 per cent respectively.
- 32 per cent of financial transactions are done with a mobile device, which is expected to increase to 41 per cent in five years.
- 42 per cent of Canadians say they are “very satisfied” with app-based banking services.
- More than one-third (36 per cent) of Millennials say apps are their leading banking method, as opposed to 23 per cent for all demographics groups, and more than half (54 per cent) of Millennials plans to increase its use of banking apps within five years.
- Millennials are three times more reliant on mobile banking technology than their Boomer parents.
- Overall, Canadians are satisfied with the mobile banking experience: Ease of use (78 per cent), convenience (77 per cent) and overall value (77 per cent) and feeling secure (73 per cent).
- Millennials, however, show considerably higher levels of satisfaction as it relates to the security of mobile banking: Boomers (58 per cent), Gen X (80 per cent) and Millennials (87 per cent).

While satisfaction with banking apps has been improving over time, 19 per cent of Canadians reported being “not at all



satisfied”. This suggests that, as banks continue to introduce updates that improve reliability and simplicity of mobile banking experiences, satisfaction levels will rise in tandem.

### **In-branch banking, while declining in popularity, remains a valued method of conducting a wide variety of transactions**

Despite the steady growth and adoption of digital banking solutions, branches remain a vital part of the banking mix in Canada. Personal interaction will continue to play an important role in our online and mobile-first world as branches evolve into advice and information centres with a human dimension.

- More than two-thirds (67 per cent) of Canadians used in-branch banking in the last year, including 20 per cent who did so frequently.
- Over 93 per cent of customers were satisfied with in-person banking.
- However, only 12 per cent of Canadians say their most common form of banking is in-person, and 27 per cent of customers plan to decrease their bank branch visits.

### **ABMs still popular for withdrawals**

Canadians still rely on Automated Banking Machines (ABM) primarily to get cash, make deposits and pay bills. While online and mobile banking are rapidly gaining momentum, 10 per cent of customers say they use ABMs to conduct most of their banking. This trend is consistent across generations and income groups. That said, the use of ABMs is expected to trend downward over time.

- In 2017, Canadians made approximately 445 million cash withdrawals, 158 million deposits, 34 million bill payments and conducted 19 million transfers at bank-owned ABMs.

- Overall satisfaction with ABM banking is high, with 53 per cent of Canadians saying they are “very satisfied” with this method and only 3 per cent are “not at all satisfied”.
- Looking ahead five years, 19 per cent of Canadians expect to increase their use of ABM withdrawal, whereas 21 per cent expect to decrease their reliance on ABM deposit as other tech-driven alternatives emerge.
- Nearly nine in 10 (87 per cent) Canadians are satisfied with ABM withdrawals, while 73 per cent are satisfied with ABM deposit.

There are more than 70,000 ABMs in Canada, including 18,640 bank-owned ABMs.

## **The role of cash in a digital world**

While Canadians, by and large, are increasingly turning to digital channels and electronic payment methods, the demand for and use of cash is still prevalent. Canada may be one of the most cashless societies in the world, but Canadians of all ages still carry cash in their pockets. And who carries the most cash may surprise you.

- On average, Canadians carry \$91 in cash on a typical day, however that amount is projected to decline to \$77 in five years.
- Interestingly, Boomers reported carrying an average of \$69 a day today, while Millennials reported carrying an average of \$143.

## High levels of trust in banking innovation

With many digital services available today, trust in security of personal data and financial information has proven hard to sustain in many sectors of the economy. However, the opposite seems to be true for the banking industry.

- 88 per cent of Canadians trust their bank to offer secure digital banking services.
- 85 per cent of Canadians feel confident about online and digital banking technologies.

Banks in Canada have earned a strong reputation as pillars of stability, but they are also dynamic and continually anticipate and adapt to evolving customer preferences. Canadians place high trust in banks because they have delivered convenience through technology for decades – always with a focus on security and privacy.

## Good value for cost of service

Most Canadians feel comfortable with the cost of different methods of transacting banking today. In most cases, large majorities feel the transactions are either free, a bargain or reasonably priced. Across the board – from accessing a bank’s website, visiting a branch and using Tap & Pay, to using ABMs, debit cards, mobile apps and e-Transfer – Canadians feel good about the perceived value for money for the banking services they receive in our increasingly digital world.

### Methodology

The bi-annual survey was conducted by Abacus Data in December 2018. A total of 4,000 adults were interviewed online, across four demographic groups: Millennials, Generation X, Boomers and Silent. The sample was designed and weighted to reflect Canada’s population according to age, gender, education and region. A comparable probability sample would have a margin of error of +/- 1.8%, 19 times out of 20.

All data from: How Canadians Bank, Abacus Data, 2018, except ABM transactions statistics and number of ABMs (Source CBA, 2018).

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. [www.cba.ca](http://www.cba.ca)

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