December 2022

Tech and Innovation Series

Edition 4 | Fintech

Canadians' values and attitudes towards digital banking and financial technologies

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Leger

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Tech and Innovation Series

The Tech and Innovation Series provides a spotlight on key topics within the tech and innovation space.

Each month, a survey is released that focuses on understanding what Canadians are thinking about technology and innovations that are changing our future.

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Going Green

September 2022

2.

Tech Talent

October 2022

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Digital and The Metaverse

November 2022

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Fintech

December 2022

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Education

January 2023

Methodological approach

Topic

Values and attitudes towards digital banking and financial technology.

Study population

French- and English-speaking Canadians, aged 18 or over.

Sample

A total of **1,544 Canadians** were surveyed.

Data collection

The study was conducted online. Respondents were randomly selected from Leger's LEO panel, a panel representative of Canada's population which includes more than 400,000 members across Canada and the United States.

Collection period

Data collection was conducted from November 3rd – November 6th, 2022.

Weighting and representativeness

To ensure that the sample is representative of the entire adult population of Canada, raw data was weighted according to the actual distribution of the population based on gender, age, and regions.

The results are weighted using data from Statistics Canada's latest available census.

Margin of error

As a comparison, a probability sample of this size (n=1,544) would have a margin of error of +/- 2.5% with a confidence interval of 95% (19 times out of 20).

Key Learnings

Key Learnings

1

While traditional banks still dominate the Canadian market, 2-in-5 would consider an online bank for their next product.

Canadians who are likely to consider an online bank place the highest value on low account fees, the ability to manage everything online, and a use-friendly website/app.

Those likely to consider an online bank are more likely to be under 55, male, employed, have an annual income of over $60,000, and a university education.

2

Online banks will need to differentiate beyond offering new technologies, since most trust traditional banks to deliver on these.

A strong majority trust traditional banks to adopt the newest technologies (82%), and also *want* their bank to adopt the newest technologies (80%).

This suggests traditional banks will continue to pose tough competition to online banks, and that online banks will need to differentiate beyond their technology.

3

There is an opportunity to educate Canadians about fintech. While many are aware of the technologies that exist, few are knowledgeable.

Among those aware of each fintech trend/technology shown, more Canadians "don't know very much" compared to those who know "a little" or "a lot" about each.

Financial technologies that Canadians are most knowledgeable about are cryptocurrencies, buy now/pay later (e.g., PayBright), and crowdfunding.

4

Despite NFTs being a hot topic in the media, they have the lowest intent to use vs. other fintech trends shown.

Only one-quarter of those aware of NFTs are likely to use them. On the other hand, intent to use is highest for DeFi (decentralized finance) (49%), international online money transfers (48%), and peer-to-peer lending (44%).

Buy now, pay later (e.g., PayBright) has high awareness (62%) and intent to use (39%), suggesting it may be a trend that grows in future years.
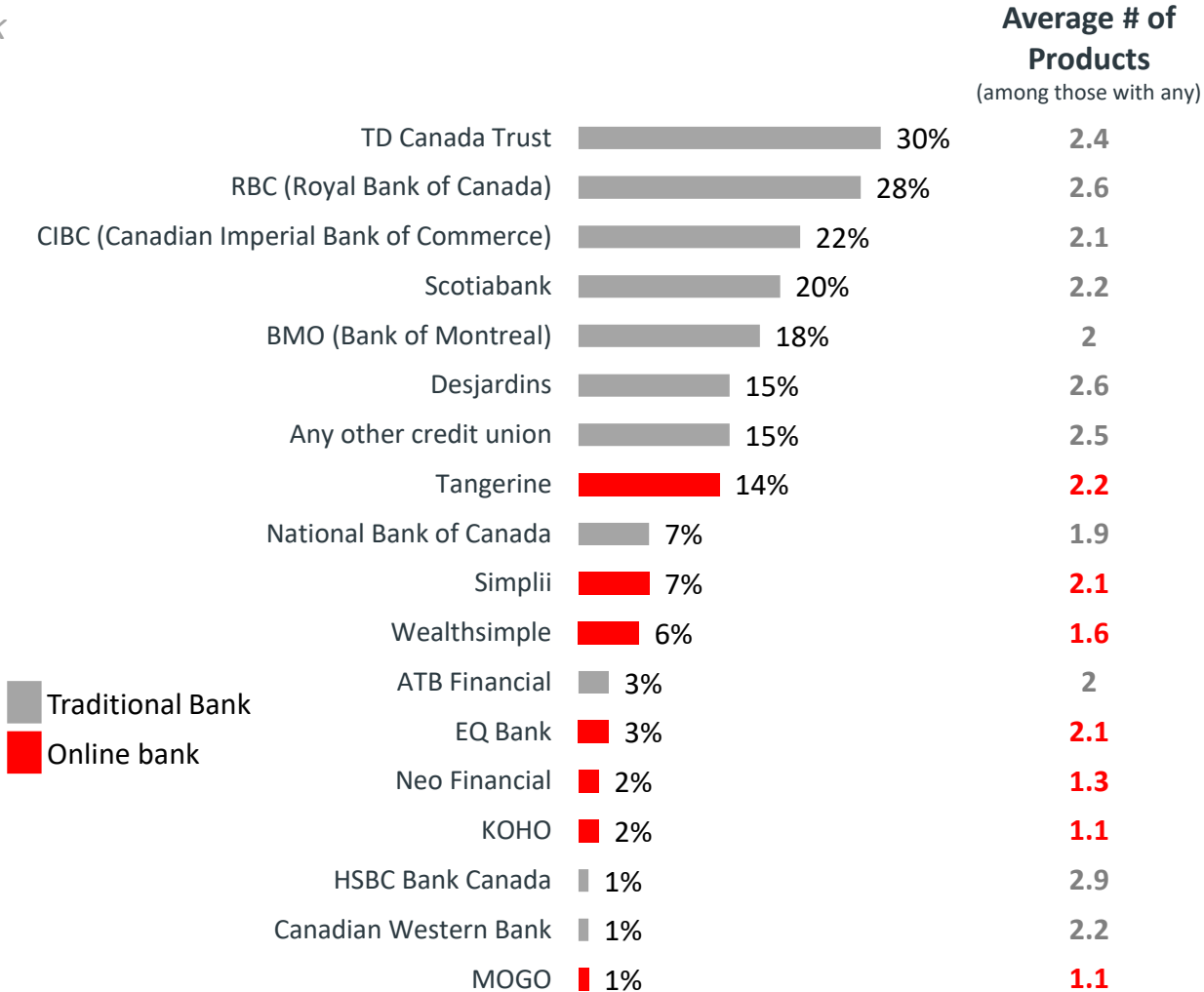
Detailed Findings: Online Banks

Bank Usage and Number of Products

% Have 1 or more product at each bank

Traditional banks still dominate the Canadian market, with usage being much higher compared to online banks. Three-quarters (74%) of Canadians only use traditional banks, while one-quarter (26%) use 1 or more online bank.

The most widely used banks among Canadians are TD Canada Trust (30% have 1 or more product), RBC (28%), and CIBC (22%).

Canadians tend to have a higher average number of products at traditional banks vs. online banks. This suggests that more Canadians are using traditional banks as their primary bank.

Average # of Products
(among those with any)

Bank	%	Avg #
TD Canada Trust	30%	2.4
RBC (Royal Bank of Canada)	28%	2.6
CIBC (Canadian Imperial Bank of Commerce)	22%	2.1
Scotiabank	20%	2.2
BMO (Bank of Montreal)	18%	2
Desjardins	15%	2.6
Any other credit union	15%	2.5
Tangerine	14%	2.2
National Bank of Canada	7%	1.9
Simplii	7%	2.1
Wealthsimple	6%	1.6
ATB Financial	3%	2
EQ Bank	3%	2.1
Neo Financial	2%	1.3
KOHO	2%	1.1
HSBC Bank Canada	1%	2.9
Canadian Western Bank	1%	2.2
MOGO	1%	1.1

Traditional Bank
Online bank

74%
ONLY use traditional banks

26%
Use 1+ online bank

Q. How many products, if any, do you have at each of the following banks? Note: Less than 1% not shown.
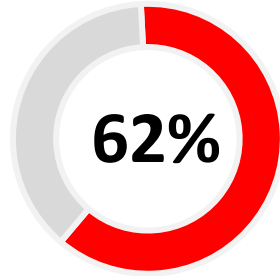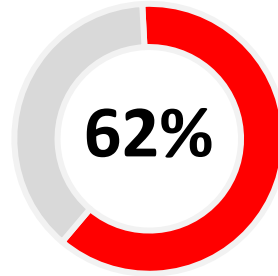Base: Canadians (n=1,544)

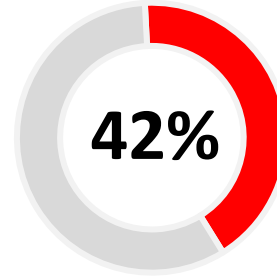**Page 8**

Awareness of Online Banks

Tangerine
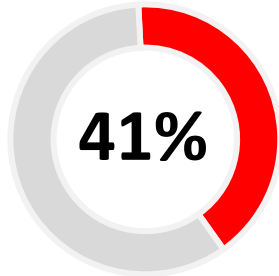*Founded 1997*

89%

Wealthsimple
Founded 2014

62%

simplii FINANCIAL
Founded 2017

62%

EQ Bank
Founded 1970

42%

neo
Founded 2019

41%

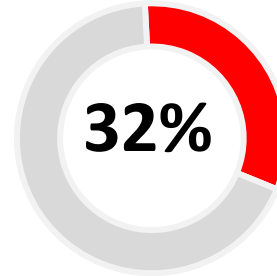**KOHO**
Founded 2014

40%

MOGO
Founded 2003

37%

motusbank
Founded 2018

32%
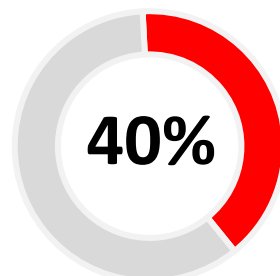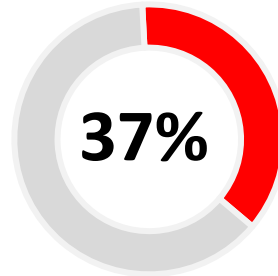
Online banks are not yet universally known among Canadians, with awareness levels ranging from 32%-89%.

Tangerine, Wealthsimple, and Simplii have the highest awareness among Canadians. Koho, Mogo, and Motusbank have the lowest awareness.

Founding date is not directly related to awareness, suggesting that some online banks have been more effective than others at building awareness among Canadians since being established.

Q. How much do you trust or distrust each of the following companies? By "trust" we mean things like trust them to be honest / transparent, to have your best interest, or to handle your information properly. Scale: Have not heard of this bank, distrust strongly, distrust somewhat, trust somewhat, strongly trust
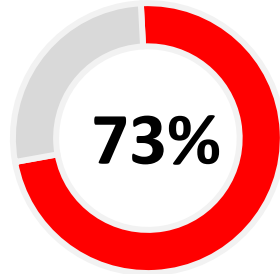Base: Canadians (n=1,544)

Trust in Online Banks
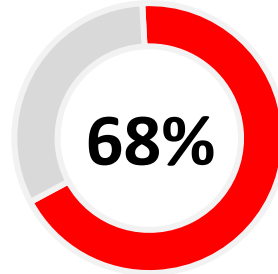
% Somewhat/Strongly Trust among those aware
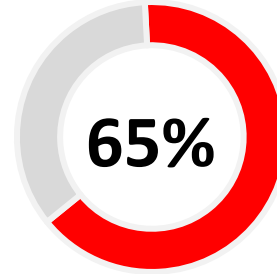
Tangerine
Founded 1997
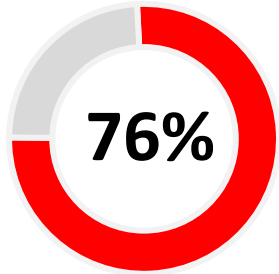
76%

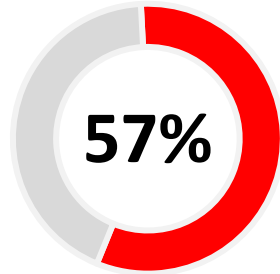**Wealthsimple**
Founded 2014

73%

simplii FINANCIAL
Founded 2017

68%

EQ Bank
Founded 1970

65%

KOHO
Founded 2014

60%

neo
Founded 2019

57%

MOGO
Founded 2003

55%

motusbank
Founded 2018

52%

Banks in Canada
as a whole

70%
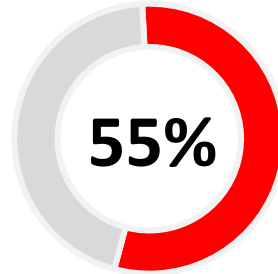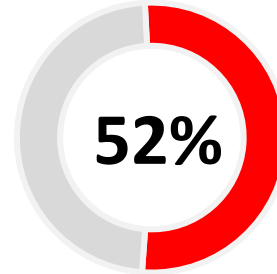
Online banks are generally trusted among Canadians who are aware of them. They have either comparable or slightly lower levels of trust vs. banks in Canada as a whole (70%).

Q. How much do you trust or distrust each of the following companies? By "trust" we mean things like trust them to be honest / transparent, to have your best interest, or to handle your information properly.
Scale: Distrust strongly, distrust somewhat, trust somewhat, strongly trust
Base: Those aware of each bank and excluding those who responded "don't know" (n=146-895)

Next Banking Product/Service

While more Canadians are likely to consider a traditional bank for their next product or service (73%), a considerable portion are likely to consider an online bank (40%). Those likely to consider an online bank are more likely to be under 55, male, employed, have an annual income of over $60,000, and a university education. Those likely to consider an online bank place the highest value on low account fees, the ability to manage everything online, and a use-friendly website/app.

likely to choose a **traditional bank**

73%
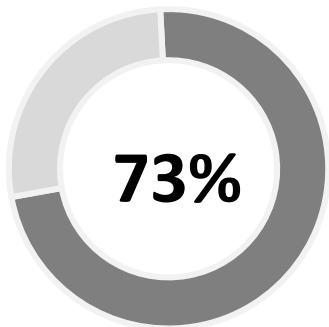
likely to choose an **online bank**

40%
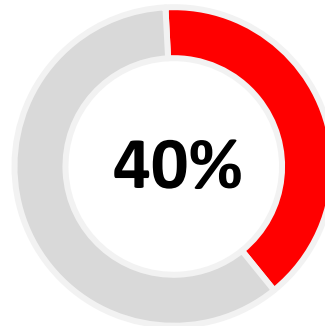
MORE LIKELY TO …

Be male

Be employed

Have an annual income of over 60k

Have a university education

Be younger (Under 55 years old)

VALUE MOST

Low account fees

Ability to manage everything online

A user-friendly website/app

Q. The next time you need a financial product or service, how likely or not are you to consider a traditional bank (e.g., TD Bank, RBC, Scotiabank, etc.)
Scale: 7-point scale, likely being 5,6, or 7.
Q. When it comes to choosing a bank or financial services, how important are the following?
Base: Canadians (n=1,544)

Products of Interest for Online Banks

Those likely to go to an online bank for their next financial product are most interested in basic products and services – getting a savings account, chequing account, or credit card.

Only 9% are interested in getting an investment account to purchase cryptocurrency at an online bank.

Product	Percentage
Savings Account	54%
Chequing account	51%
Credit card	51%
Registered investment account (e.g., RRSP, TFSA)	31%
Personal line of credit	26%
Non-registered investments	23%
Insurance	19%
Mortgage	19%
Personal, student, or auto loan	14%
Investment account to purchase cryptocurrency	9%
Business loan	5%
Other	1%
Not sure	18%
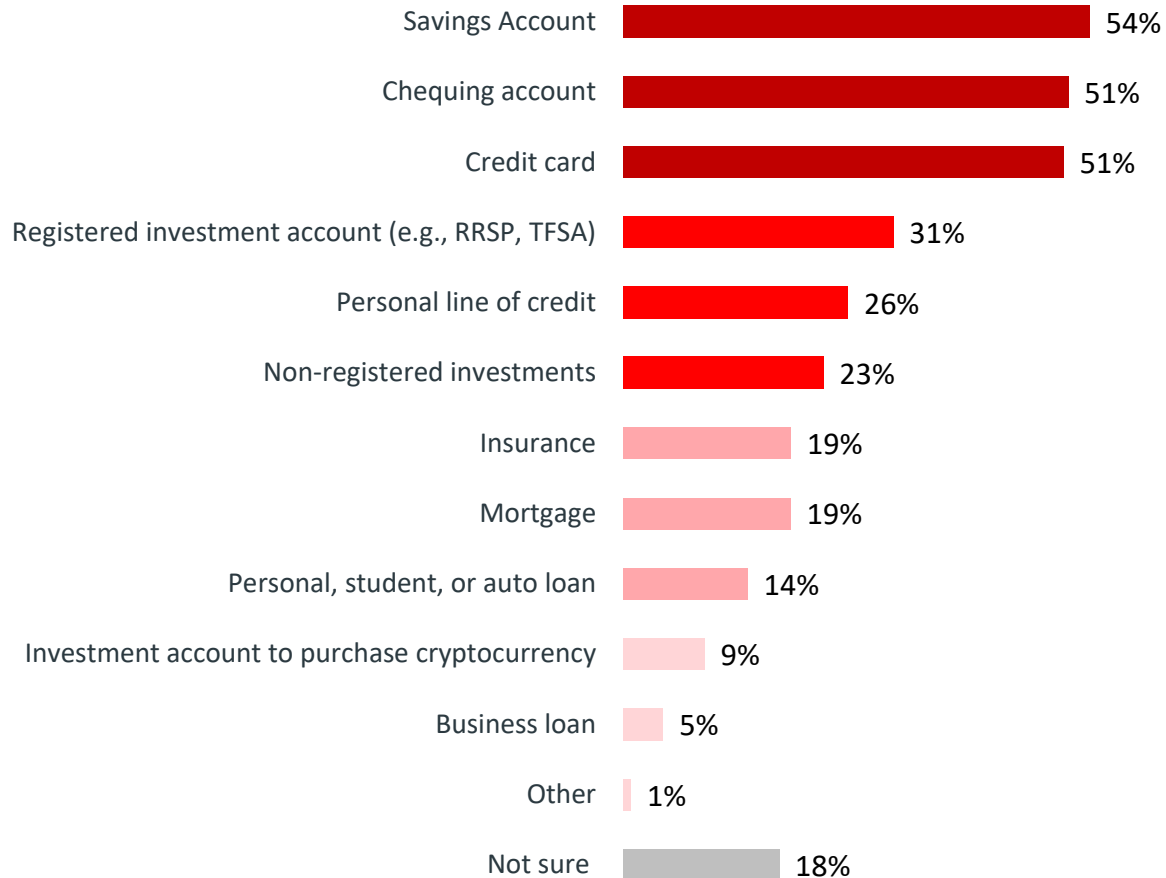
Q. What products would you be most interested in getting from an online bank? (Multi-select)
Base: Likely to go to an online bank for next banking product or service (selected 4-7 on 7-point scale) (n=914)

Importance of Bank Offerings

% Important

When choosing a bank or financial services, Canadians say low account fees, exceptional customer service, and a user-friendly website/app are the most important.

Canadians who only bank with traditional banks place more importance on customer service, advice from a real person, and having physical locations.

On the other hand, Canadians who bank with online banks place more importance on low account fees, a user-friendly app/website, and the ability to manage everything online.
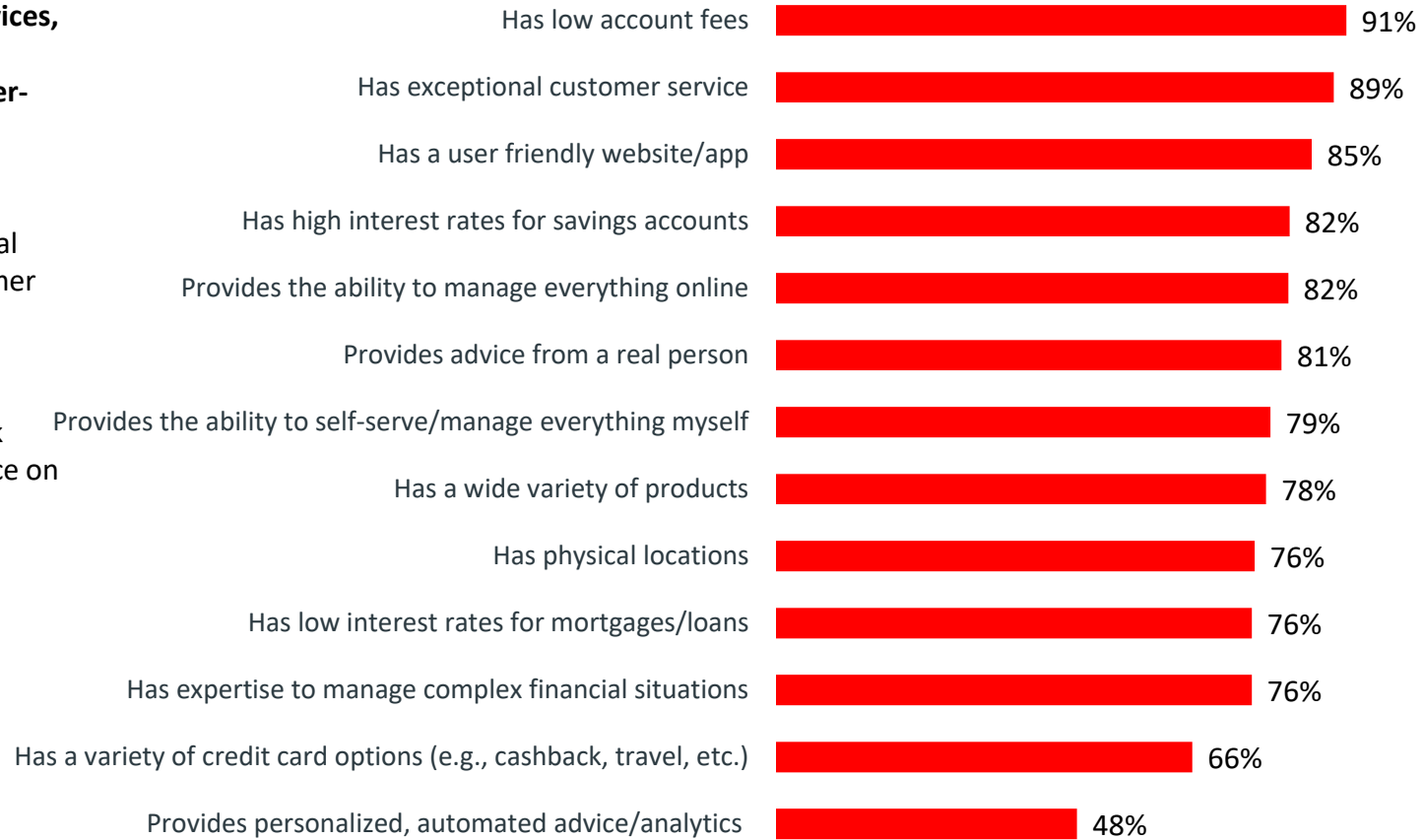
		Uses Traditional Banks Only	Uses at least one Online Bank
		n=1074	n=406
Has low account fees	91%	91%	95%
Has exceptional customer service	89%	91%	86%
Has a user friendly website/app	85%	85%	90%
Has high interest rates for savings accounts	82%	81%	87%
Provides the ability to manage everything online	82%	80%	90%
Provides advice from a real person	81%	85%	70%
Provides the ability to self-serve/manage everything myself	79%	77%	86%
Has a wide variety of products	78%	77%	82%
Has physical locations	76%	83%	58%
Has low interest rates for mortgages/loans	76%	78%	70%
Has expertise to manage complex financial situations	76%	78%	72%
Has a variety of credit card options (e.g., cashback, travel, etc.)	66%	68%	64%
Provides personalized, automated advice/analytics	48%	51%	42%

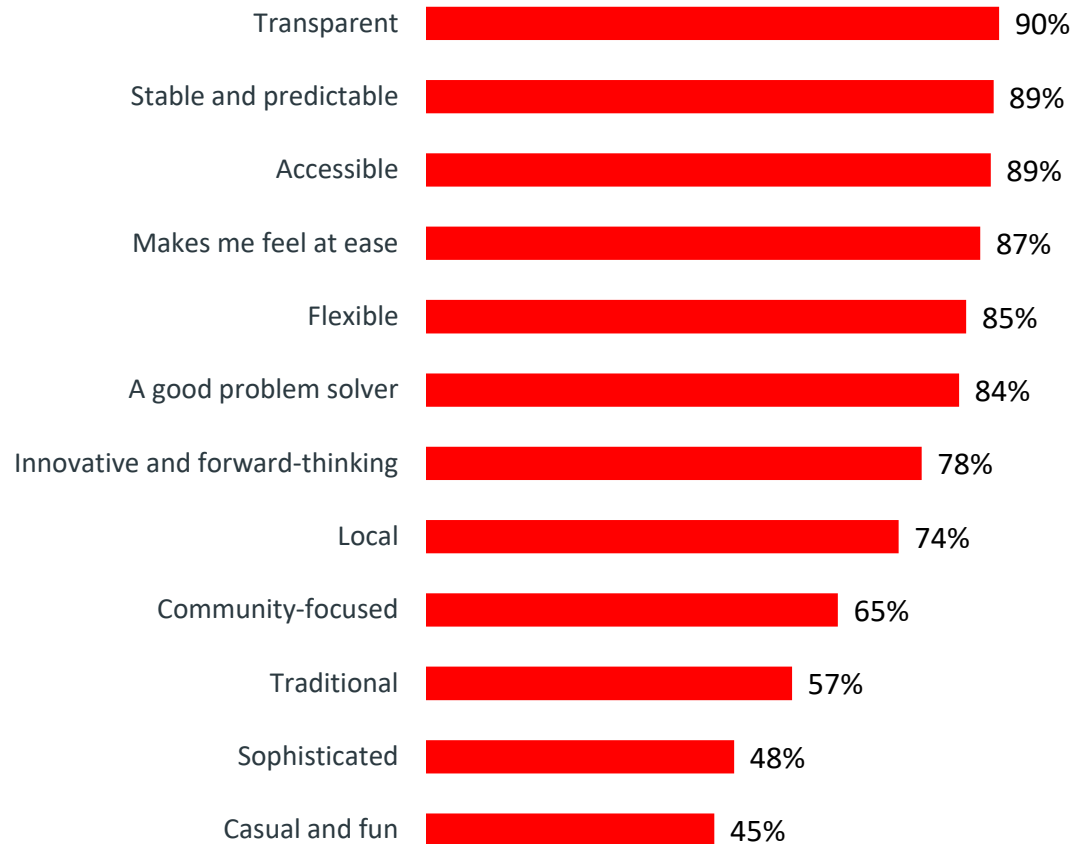*Significantly **higher** than other group*

Importance of Brand Values

% Important

When choosing a bank or financial services, Canadians place the highest importance on the bank being transparent, stable and predictable, and accessible.

Making them feel at ease and being flexible is also of high importance.

These top brand values represent positioning and messaging opportunities for online banks as they will resonate most with the Canadian market.

	% Important	Uses Traditional Banks Only	Uses 1 or More Online Bank
		n=1074	n=406
Transparent	90%	91%	92%
Stable and predictable	89%	89%	91%
Accessible	89%	90%	87%
Makes me feel at ease	87%	88%	86%
Flexible	85%	85%	85%
A good problem solver	84%	85%	80%
Innovative and forward-thinking	78%	77%	82%
Local	74%	79%	62%
Community-focused	65%	66%	63%
Traditional	57%	61%	48%
Sophisticated	48%	51%	42%
Casual and fun	45%	47%	41%

*Significantly **higher** than other group*

Q. When it comes to choosing a bank or financial services, how important is it that it is...
Scale: 7-point scale, % important being 5,6,7
Base: Canadians (n=1,544)

Detailed Findings: Financial Technologies

Knowledge of Financial Technologies

There is an opportunity to educate Canadians about fintech, as knowledge levels of financial technologies are low.

Even though there are moderate to high levels of awareness for some emerging financial technologies, more Canadians "don't know very much" compared to those who know "a little" or "a lot" about these technologies.

Financial technologies with the highest levels of knowledge are cryptocurrencies, buy now/pay later (e.g., PayBright), and crowdfunding.
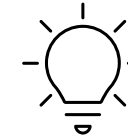
	Aware	Know "a little" or "a lot"	Don't know very much
Cryptocurrencies	88%	32%	56%
NFTs	52%	20%	32%
Buy now, pay later (e.g., PayBright)	62%	31%	31%
Crowdfunding	55%	25%	30%
International online money transfers (e.g., Wise app)	52%	22%	30%
Roboadvisors	44%	17%	27%
Peer-to-peer lending	31%	11%	20%
DeFi (decentralized finance)	21%	8%	13%

Q. How familiar or not are you with the following financial technologies or fintech trends?
Scale: Have not heard of this, don't know very much, know a little, know a lot
Base: Canadians (n=1,544)

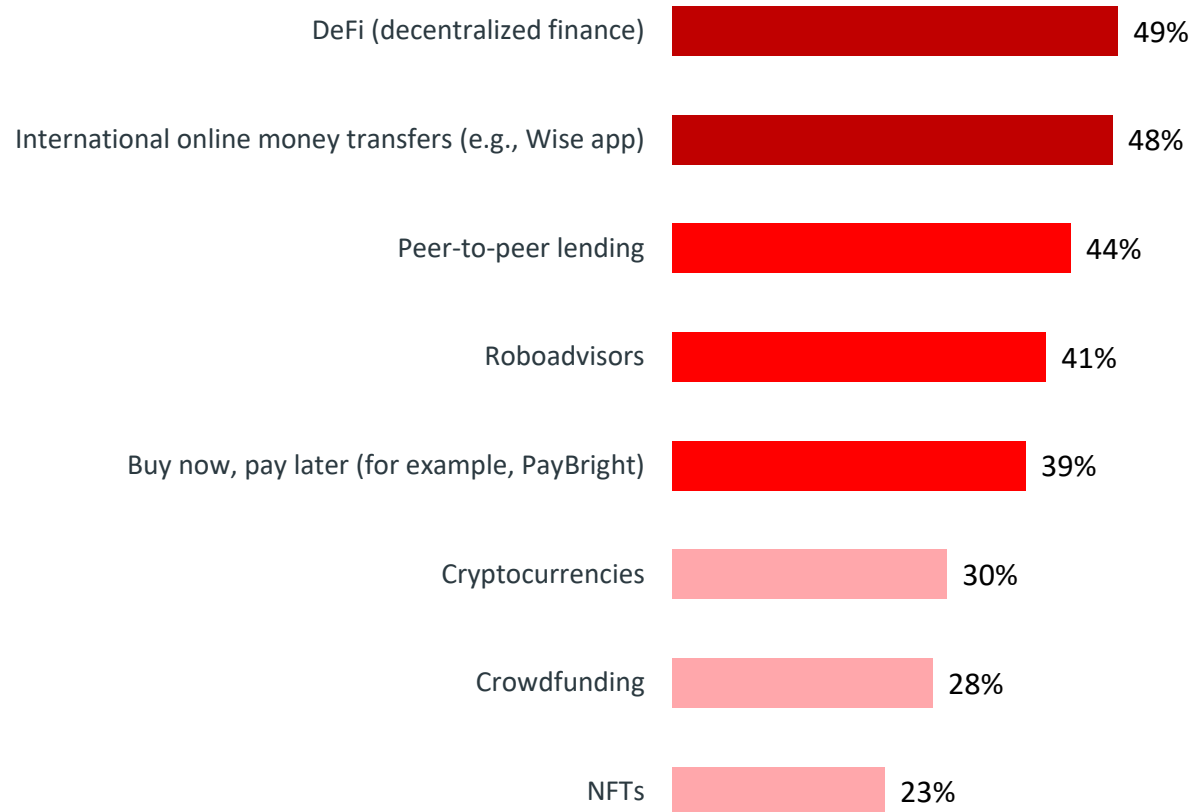Page 16

Likelihood to Use Financial Technologies

% Somewhat/Very Likely

Among those aware of each financial technology, likelihood to use is highest for DeFi (decentralized finance), international online money transfers, and peer-to-peer lending.

Two-in-five (39%) are likely to consider using buy now, pay later (e.g., PayBright). Given the high awareness of this technology, it may be a growing trend in the future.

Despite NFTs being a hot topic in the media in 2022, they have the lowest likelihood to use.

Likelihood to use all technologies is highest among 18-34 year olds except for DeFi and peer-to-peer lending.

Technology	%
DeFi (decentralized finance)	49%
International online money transfers (e.g., Wise app)	48%
Peer-to-peer lending	44%
Roboadvisors	41%
Buy now, pay later (for example, PayBright)	39%
Cryptocurrencies	30%
Crowdfunding	28%
NFTs	23%

Q. How likely or not are you to consider using each of these financial technologies or fintech trends?
Scale: Not at all likely, not very likely, somewhat likely, very likely, not sure I need to learn more
Base: Those aware of each technology (n=127-530)

# Attitudes towards Banks Adopting New Technologies

% Somewhat/Strongly Agree

About eight-in-ten Canadians trust traditional banks to adopt the newest technologies (82%), and expect and want their bank to adopt the newest technologies (80%).
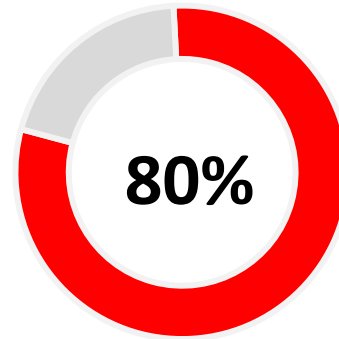
This suggests that traditional banks will continue to be tough competition for online banks, as online banks may not be able to hinge their value proposition as much on new technologies.
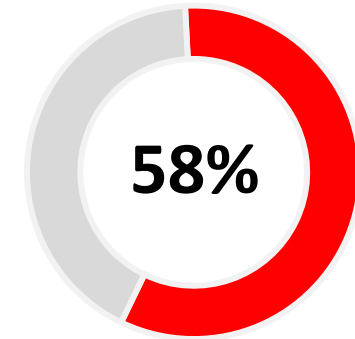
I trust traditional banks to adopt the newest technologies

82%
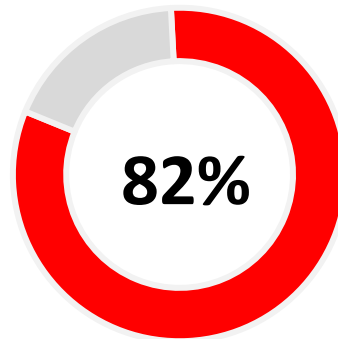
I expect and want my bank to adopt the newest technologies

80%

I trust new emerging financial technologies

58%

Q. How much do you agree or disagree with the following?
Scale: Strongly disagree, somewhat disagree, somewhat agree, strongly agree
Base: Canadians (n=1,544)

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Respondent Profile

Respondent Profile

PROVINCE	
British Columbia	14%
Alberta	11%
Saskatchewan	3%
Manitoba	4%
Ontario	39%
Quebec	23%
New Brunswick	2%
Nova Scotia	3%
Prince Edward Island	<1%
Newfoundland and Labrador	1%

AGE	
18-24	10%
25-34	16%
35-44	17%
45-54	16%
55-64	18%
65-74	19%
75+	5%

GENDER	
Male	49%
Female	51%

REGION TYPE	
Urban area	39%
Suburban area	39%
Rural area	20%
Prefer not to answer	<1%

CHIDREN UNDER 18 IN HH	
Yes	27%
No	72%

EMPLOYMENT	
Working full time	43%
Working part time	8%
Self-employed / freelance work	5%
Student	6%
Homemaker	4%
Unemployed	5%
Retired	28%
I prefer not to answer	<1%

EDUCATION	
High school or less	32%
College (pre-university, technical training, certificate, accreditation or advanced diploma)	40%
University (certificate, diploma, bachelor/master/PhD degree)	28%
I prefer not to answer	1%

INCOME (ANNUAL)	
Under $40,000	23%
$40,000-$80,000	29%
Over $80,000	38%
Prefer not to answer	10%

OWN/RENT HOME	
Own	64%
Rent	34%
Prefer not to answer	2%

Base: Canadians (n=1,544)

Tech and Innovation Series

Talk to us | solutions@leger360.com