

The Canadian Consumer Shift: Embracing Digital Payment Options

Research Report: Consumer satisfaction and usage trends of traditional and new payment methods



Executive Summary

Satisfaction with all payments methods remains high with most Canadians; digital tools and novel products have almost closed the gap with credit and debit cards

Canadian consumers have shifted to embrace digital payments and banking with a growing and significant addressable market. There is a significant “digital divide”. CPPO research shows:

- Younger and middle-aged Canadians (under age 55) and those who identify as BIPOC are rapidly embracing non-traditional, digital financial services, at significantly higher rates than those 55 and above, to better meet their payment preferences.
- Those aged 18-54 (and particularly those under age 35) are significantly more likely to cite a preference for non-traditional banking due to convenience and lower cost and desire a move to more mobile payment options vs. those older.
- Younger Canadians and those who identify at BIPOC are more likely to indicate they don't want to use a traditional bank, and would like to use more mobile payment platforms
- Choice, security and value rank among the reasons why consumers have made a switch or indicate a desire for more payment options.

Prepaid has surged in popularity and satisfaction as Canadians embrace digital payment methods for new use cases, including buy now, pay later (BNPL), earned wage access for gig and contract workers, third-party delivery services, digital-first accounts for transacting and saving and digital wallets for gaming and sports betting.

Security of payment methods remain a concern, but consumers view prepaid as the safest option. 60% of consumers are worried about using their credit card online. Canadians are embracing prepaid for online purchases because they believe it is more secure. Prepaid cards also demonstrate lower levels of concern regarding data security when traveling internationally, with a twenty-point difference compared to credit cards and an eighteen-point difference compared to debit cards.

The gig economy has experienced significant growth in Canada, particularly among younger demographics, who prefer immediate payment after completing tasks or shifts to improve their financial well-being.

“We are pleased to see the shift in consumer satisfaction toward a wide array of digital financial services and tools. Prepaid is a driver of this trend, providing a secure, nimble platform to build and innovate financial services upon. As digital transformation reshapes the Canadian consumer payments landscape, the CPPPO remains committed to supporting innovation, promoting consumer choice and advocating for the continued evolution of secure, convenient and inclusive payment methods.”

- Jennifer Tramontana, CPPPO Co-Founder and Executive Director

**Canadian consumers of all ages
are embracing digital financial
services as the satisfaction gap
shrinks between different
payment methods**

Satisfaction remains high for all payment methods.



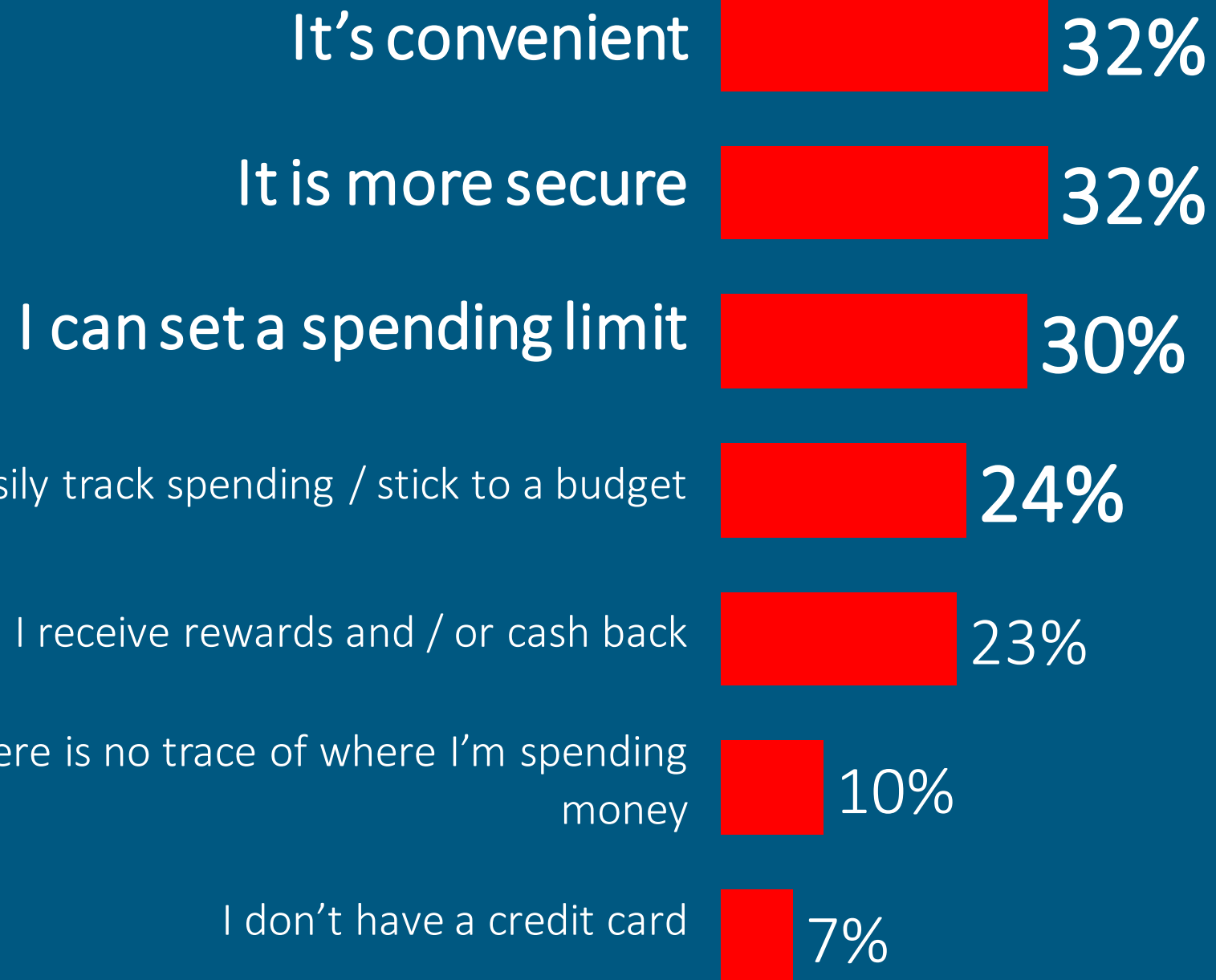
How satisfied are you, or were you, with the following payment methods?
Base: Those who have used the following payment methods in the past 6 months (n= varies per statement)

Canadians are embracing prepaid for online purchases.



17%

Prepaid cards for paying for online purchases

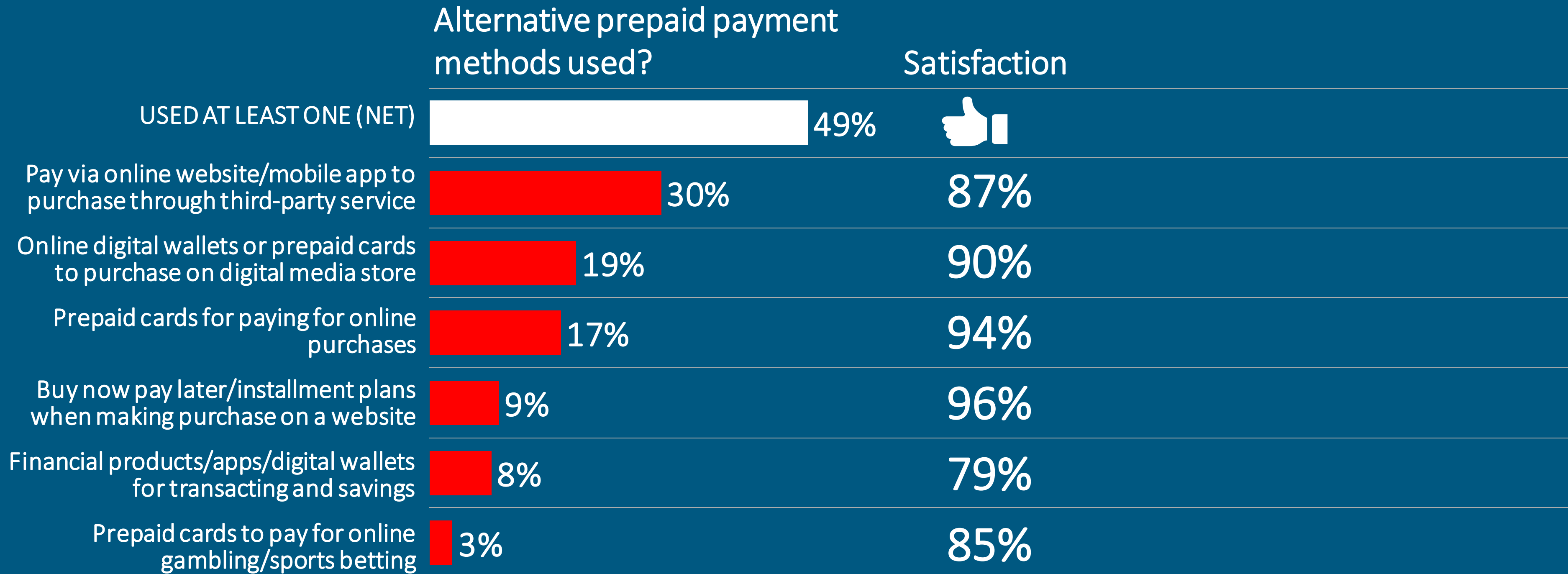


60% of consumers are worried about using their credit card online.

94%

Satisfaction

Prepaid surges in popularity and satisfaction as Canadians embrace digital payment methods



Do you use any of the following payment methods?
Base: All (n=1000).

Report Summary

- The survey, which examined the usage and satisfaction levels of 1,000 Canadians with both traditional payment methods (such as credit, debit, prepaid and cash) and new offerings (such as digital wallets and mobile payments) highlights a behavioural shift among consumers toward a multi-banked approach. Canadians are using multiple payment and transaction methods for different aspects of their lives, while also seeking non-traditional financial services in favour of more mobile payment options.
- While the research found that age plays a part in awareness and use of a given payment method, payment method usage tied to digital and mobile options are gaining strength. Canadians — particularly those up to age 55 — indicate a preference for secure, convenient, flexible, low-cost payment options.
- The research reveals a significant acceleration among younger and middle-aged consumers (those under 55), and those who identify as BIPOC, to adopt new and novel digital financial services in significant differentials versus those over 55 in Canada, a heavily traditional-banked country.
- Payment method usage tied to digital and mobile options are gaining strength as surveyed consumers — particularly those between 18-35 — indicate a preference for convenient, flexible low-cost payment options. Behavioral and lifestyle shifts, compounded by the pandemic, have led consumers to seek non-traditional financial services in favor of more mobile payment options.

The full report is available to CPPO members at cppo.ca/member-resources



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Methodology

Leger



An online survey.



1000 Canadians



Completed between March 28 and April 4, 2023, using Leger's online panel.



No margin of error can be associated with a non-probability sample (i.e. a web panel in this case).

For comparative purposes, though, a probability sample of 10000 respondents would have a margin of error of $\pm 3.1\%$, 19 times out of 20.

Leger's online panel

Leger's online panel has more than 400,000 members nationally and has a retention rate of 90%.

Quality control

Stringent quality assurance measures allow Leger to achieve the high-quality standards set by the company. As a result, its methods of data collection and storage outperform the norms set by WAPOR (The World Association for Public Opinion Research). These measures are applied at every stage of the project: from data collection to processing, through to analysis. We aim to answer our clients' needs with honesty, total confidentiality, and integrity.

Also, poll aggregator *338Canada.com* gave Leger the highest rating among all polling firms in Canada for the accuracy of its studies. (See <https://338canada.com/pollster-ratings.htm>.)