

Credit Cards - Canada - September 2015

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“Although the credit card market in Canada is highly saturated, there are pockets of opportunity such as younger consumers and LGBTs for companies to tap into.”

—Sanjay Sharma, Senior Financial Services Analyst

This report looks at the following areas:

- Finding untapped segments in a largely saturated market
- The evolution of rewards
- New credit scoring models and marketplace lending will attract customers
- Pre-paid cards, supplemental products and non-reward benefits remain opportunities

There are plenty of reasons for the popularity of credit cards. They are convenient and relatively easy to obtain. Consumers are attracted to the access to short-term credit. Many banks and other financial service providers currently offer credit cards for free and also offer rewards for accumulating points. In recent times, we have seen credit cards increasingly being used for even lower value transactions as fewer Canadians use cash and cheques. Most Canadians own a credit card and are primarily attracted by the rewards/loyalty programs that many of these cards offer. The market place is extremely competitive and is dominated by the major banks, but smaller card companies, store cards and global companies offer multiple options to consumers.

However, the product features that make credit cards so popular are also a cause for concern among regulators. The fear is that smart usage of interest-free credit and introductory balance transfer offers mean that some people are benefiting from the free use of credit, effectively subsidised by a minority of people who are borrowing beyond their means and racking up unaffordable debt.

This report covers consumer attitudes and behaviour related to credit cards. It explores ownership of cards, the competitive landscape of the major card issuers, channels for card acquisition, factors that influence usage of cards, usage habits and attitudes towards credit cards. It also explores the social media brand usage of major credit card companies.

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DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market

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Market Size and Forecast for Credit and Debit Cards

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American Express Gold from Scotiabank

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Prudent Spenders (24%)

Traditionalists (21%)

Enthusiasts (20%)

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