

Customer Retention and Loyalty - Canada - 2022

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This report looks at the following areas:

- Consumer behaviours and attitudes related to customer retention and loyalty in Canadian consumer banking. It explores the competitive landscape of the major banks, switching intention of consumers, factors influencing switching, satisfaction with main bank/credit union and attitudes related to customer retention and banking preferences.
- In the context of this Report, teens refers to 13-17 year olds.

The Canadian consumer banking industry is dominated by the big five banks (and Desjardins in Quebec). But there is strong competition, not only among them, but from credit unions, digital banks and Fintech challengers. While COVID-19 has intensified the use of online and mobile banking, branches remain a source of strength to the major banks. Satisfaction levels are high, which helps customer retention but, of course, building more share of wallet is an ongoing challenge. Banks need to meet the basic needs of their customers, but beyond that they need to know their customers, reward their loyalty, provide excellent customer service and enable them to interact in a seamless way with the bank – when, where and how the customers want.

The red-hot housing market has ensured strong growth, not only in mortgages, but other home equity products as homeowners borrowed more to upgrade their homes; the result of white-collar employees spending more time at home due to the pandemic. With immigration being a key driver of population growth, attracting new Canadians is also a major point of focus. The use of incentives to encourage multiple product ownership and switching is also an important method of building wallet share and acquiring new customers.

Some more specific points from this Report include:

- **77% of consumers choose a big five bank as their main bank.**
- **16% of banking consumers are considering switching their bank/credit union in the next year, overindexing among younger consumers.**



“The major banks in Canada continue to enjoy an oligopoly, while digital banks attract those looking for a no-fee model and better rates on deposits. With high overall satisfaction levels, it is unlikely that the competitive positioning of the banks will change, but digital challengers have a role to play as niche players.”

– **Sanjay Sharma, Senior Financial Services Analyst**

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