“As innovation advances, concerns around security persist. Although these concerns will not hinder the pace of innovation, this might slow adoption levels of new features among older consumers.”

– Sanjay Sharma, Senior Financial Services Analyst

This report looks at the following areas:

- Consumers are open to help with their financial lives
- Bank employees are trusted by young and old
- Online, Branch ATM and bank mobile apps are perceived as most convenient/easy to use

DID YOU KNOW?

This report is part of a series of reports, produced to provide you with a more holistic view of this market
Innovations in Banking - Canada - February 2020

Overview

Regional classifications
Income

Executive Summary

The issues

Consumers are open to help with their financial lives
Figure 1: Interest in banking features, November 2019

Bank employees are trusted by young and old
Figure 2: Attitudes towards role of humans in Banking, November 2019

Online, Branch ATM and bank mobile apps are perceived as most convenient/easy to use
Figure 3: Features associated with convenience and ease of use, November 2019

Majority interested in a fraud protection service
Figure 4: Interest in financial services trends, November 2019

The opportunities

Open Banking will result in closer price competition....
...but the dominance of the big five is not under threat
Using branches to forge relationships with New Canadians
What it means

The Market – What You Need to Know

Impact of artificial intelligence
Security is a key area of focus for Canadian banks
Immigration is fuelling Canada’s population growth
Application Programming Interfaces and Open Banking
Wellspent helps users “Tinder” their spending
New tools helping older adults and their caregivers

Market Factors – The People

Immigration is fuelling Canada’s population growth...
Figure 5: Percent of Canadians who are visible minorities or not visible minorities, by age, 2016

...and Asia is the primary source
Figure 6: Distribution of immigrants living in Canada, by region of birth, 1996-2036

The Market – What’s New?

Application Programming Interfaces and Open Banking
Impact of artificial intelligence
Security is a key area of focus for Canadian banks

The Market – Fintech Apps Helping Financial Lives
Wellspent helps users "Tinder" their spending

New tools helping older adults and their caregivers
SilverBills
EverSafe
Silvernest
Ready, Set, Bank digital tutorials
Golden Financial Care
Other US companies offering innovative services

Key Players – What You Need to Know

RBC files AI patents to predict clients' needs
CIBC "Pace It" gives credit card clients flexible instalment options to pay off purchases
Borrowell launches Boost, Canada's first bill-tracker and predictive advance
BMO introduces AI Powered Solution for personalized banking insights
Wealthsimple unveils new chequing account and Mogo ups Wellness

Key Players – Innovations & Industry Developments

Borrowell launches Boost, Canada's first bill-tracker and predictive advance
BMO and RBC forge ahead on AI
Amazon envisions paying with a wave
Attijariwafa Bank Signs Partnership Agreement with National Bank of Canada
Data breaches at Capital One, TransUnion, Desjardins
Scotiabank enhances Scotia eHOME
RBC to ratchet up efforts to turn Ventures users into banking clients
CIBC 'Pace It' provides flexible instalment options while RBC clients can use rewards points to pay bills
Wealthsimple unveils new chequing account partnership with two major Canadian banks

Key Players – Marketing Campaigns

Tangerine partners with Cineplex to launch Tangerine Tuesdays
Simplii looks to smooth foreign currency exchanges
Mogo Ups Financial Wellness
Mobile app innovations
CIBC in-app card replacement
BMO mobile banking on iOS gets QuickPay feature
PayMi, a relatively new payments app, partners with CIBC
Email campaigns aimed at driving mobile app usage
Security messaging becomes more prominent

The Consumer – What You Need to Know

Consumers are open to help with their financial lives
Online, Branch ATM and bank mobile apps are perceived as most convenient/easy to use
Majority interested in a fraud protection service
Bank employees are trusted by young and old
Consumers expect ease and simplicity

New Banking Features

Consumers are open to help with their financial lives
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Women more interested in saving/spending and less in investing recommendations
   Figure 13: Interest in banking features (select), men vs women, November 2019
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   Figure 14: Interest in banking features (select), 18-44s vs over-45s, November 2019
Higher income earners are more open to digital help
   Figure 15: Interest in banking features (select), by household income of over and under $70K, November 2019
   Figure 16: Interest in banking features (select), Asian Canadians vs overall, November 2019
TURF Analysis for preferred banking advancements
   Figure 17: TURF analysis – interest in banking advancements, November 2019

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Online, Branch ATM and bank mobile apps are perceived as most convenient/easy to use
   Figure 18: Features associated with convenience and ease of use, November 2019
Older customers find online banking more convenient than apps
   Figure 19: Features associated with convenience and ease of use (select), 18-44 vs over-45s, November 2019
Branches drive safety and trust perceptions
   Figure 20: Features associated with safe and trusted, November 2019
Age differences mainly around trust/safety perceptions of branch, online, ATM and app banking
   Figure 21: Features associated with trust and safety (select), 18-44 vs over-45s, November 2019
Online banking and branch ATMs are deemed most "personally suitable"
   Figure 22: Features associated with "for someone like me", November 2019
Personal suitability is strongly age dependent
   Figure 23: Features associated with "for someone like me" (select), 18-44 vs over-45s, November 2019

Financial Services Trends

Majority interested in a fraud protection service
   Figure 24: Interest in financial services trends, November 2019
Older more interested in fraud protection
   Figure 25: Interest in financial services trends, 18-44s vs over-45s, November 2019

Around a third are interested in "banking on the go"
Open Banking will result in closer price competition....
...but the dominance of the big five is not under threat
Canadians banks partnering with Fintech companies
Around three in 10 younger consumers interested in a micro-investing app

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Bank employees are trusted by young and old
Figure 26: Attitudes towards role of humans in Banking, November 2019
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Using branches to forge relationships with New Canadians
Banks assuaging security concerns as innovation advances
Figure 27: Attitudes about Innovations in banking, November 2019
Apple and Google are less trusted compared to banks
Mobile apps are a key banking innovation
Figure 28: Attitudes about Innovations in banking (% any agree) 18-44s vs over-45s, November 2019
Half of consumers willing to compromise on privacy
Parents with young children are keener on innovation and apps
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**Simplicity vs Innovation**

Consumers expect ease and simplicity
Figure 30: Attitudes towards banking ease, November 2019
Will access to credit improve with Fintech?
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Figure 32: Interest in banking innovations, 18-44s vs over-45s and overall, November 2019
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**Appendix – Data Sources and Abbreviations**

Data sources
Consumer survey data
Consumer qualitative research
Abbreviations and terms