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**Executive Summary**  
**GENERAL SURVEY ON**  
**CONSUMERS' FINANCIAL**  
**AWARENESS, ATTITUDES**  
**AND BEHAVIOUR**



*Prepared for*  
**The Financial Consumer Agency of Canada**

*Protecting Consumers*  *Informing Canadians*

**December 15, 2006**

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**LES ÉTUDES DE MARCHÉ CRÉATEC +**

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# EXECUTIVE SUMMARY

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## 1. BACKGROUND AND METHODOLOGY

- A key challenge Canadian consumers face in their personal everyday banking activities is the increasing complexity of available products, services, equipment, and options.
  - To be able to access and effectively use the most basic financial products and services, such as chequing or savings accounts, credit cards, debit cards, on-line banking, consumers must have sufficient levels of knowledge and must know their rights.
- The purpose of this national baseline survey was to provide the Financial Consumer Agency of Canada (FCAC) with quantitative data about the factors shaping customer attitudes and behaviours, insofar as these are relevant to its mission.
  - FCAC, is an independent body working to protect and inform consumers of financial services [www.fcac-acfc.gc.ca](http://www.fcac-acfc.gc.ca)
  - A concerted effort was made in the survey design not to duplicate the objectives of other surveys conducted by FCAC or other entities involved in the financial industry. Having said that, however, the survey may touch on issues already covered by other existing surveys.
- This survey was based on a random sample of 1,700 Canadian adults, including “bank” account holders and non-holders.
  - The survey was conducted by telephone between October 26 and November 18, 2006 in all provinces and territories.
  - The interviews, conducted in English or French, according to respondents’ language preference, averaged 25 minutes in length.
  - The response rate achieved was 41%.
  - A comprehensive questionnaire was drafted in close consultation with FCAC and fully pre-tested in both official languages. It was built from previous quantitative studies conducted by FCAC and a literature review.
  - The survey was designed to allow supplementary questions to be added in future, as new information requirements emerge.
  - While some questions were taken from previous FCAC surveys, retrospective analysis was not possible due to different questionnaires, sequence of questions, new questions, different sampling framework and measurement scales.

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- The survey consisted of a core set of questions to better understand how easy it is for Canadians to conduct their personal everyday banking activities, their level of knowledge on some basic aspects of the products and services they use and on their rights, their need for information, and their key beliefs toward financial institutions in general.
    - The focus of this survey was on “personal everyday banking activities”, described to respondents as “depositing, chequing, saving, borrowing, withdrawing cash, paying bills”.
    - In that context, the financial products and services that were explored in the survey were savings and chequing accounts, credit cards and store cards, debit cards, non-bank cheque cashing services, on-line banking, credit ratings and credit reports.
    - The word “financial institution” was described to respondents as “any place a person might have a personal savings or chequing accounts such as a bank, credit union, caisse populaire, trust company, insurance company and any other type of financial institution used to conduct everyday personal banking activities”.
  - The sampling approach and comprehensive questionnaire used provides FCAC with a new framework to identify future public opinion research needs, and on this basis, a formula for conducting a longer term longitudinal analysis of consumers’ financial awareness, attitudes and behaviour.
    - The sampling frame for the survey covers all regions of the country, with special attention given to consumers living in Canada’s North<sup>1</sup>.
  - The following table shows the distribution of the number of completed interviews by region, with their unweighted and weighted representation within the total sample.

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<sup>1</sup> *The Canadian North includes the 10 census divisions (CDs) representing Yukon Territory, Nunavut Territory, the northern part of the Northwest Territories and CDs from Manitoba, Ontario and Quebec adjacent to Hudson Bay.*

## REGIONAL REPRESENTATION IN THE SAMPLE BEFORE AND AFTER WEIGHTING

Province / Territory	% Population*	Completed sample (n)	Unweighted %	Weighted %
<b>ATLANTIC</b>		<b>200</b>		
Nova Scotia	3.5	50	3	3
New Brunswick	2.5	50	3	2
Newfoundland	1.7	50	3	2
PEI	0.01	50	3	<1
<b>QUÉBEC</b>	<b>24.2</b>	<b>407</b>	<b>24</b>	<b>23</b>
<b>ONTARIO</b>	<b>38.0</b>	<b>559</b>	<b>33</b>	<b>39</b>
<b>PRAIRIES</b>		<b>242</b>		
Manitoba	3.6	52	3	4
Saskatchewan	3.2	50	3	3
Alberta	9.6	140	8	10
<b>NWT/NT</b>	<b>.001</b>	<b>25</b>	<b>1</b>	<b>&lt;1</b>
<b>YUKON</b>	<b>.001</b>	<b>17</b>	<b>1</b>	<b>&lt;1</b>
<b>B.C.</b>	<b>13.4</b>	<b>250</b>	<b>15</b>	<b>13</b>
<b>TOTAL</b>	<b>100</b>	<b>1,700</b>	<b>100</b>	<b>100</b>
<b>REMOTE NORTHERN AREAS**</b>	<b>1</b>	<b>121</b>	<b>7</b>	<b>1</b>

\* 2001 Census.

\*\* Includes an over-sample of respondents residing in northern census divisions, including the provinces of Ontario, Quebec, Prairies, Atlantic Canada, B.C., and the Territories.

## 2. ABOUT THE FINDINGS

- Interpretation was based on descriptive, univariate analysis of the data.
  - For the most part, we focussed on summarizing key patterns and significant differences between the main demographic variables<sup>2</sup>. Demographic groups significantly above and below the national average in the various measures were systematically highlighted.
  - When differences by target groups or a particular socio-demographic variable are examined in isolation, it should always be borne in mind that this variable may be correlated with one or even several other variables and that after having taken into consideration their interaction, the importance of the variable may be greatly reduced, to the extent that it is no longer significant.
  - Therefore, the demographic differences outlined in this report should be interpreted judiciously. Nevertheless, knowledge of the overall demographic differences will help facilitate understanding of the mind-set of consumers.

<sup>2</sup> Region, age, gender, language, education, area of living.

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- While overall results may be considered accurate to within +/- 2.4%, nineteen times out of twenty, results of sub-groups contain larger margins of sampling error. Note that sampling error is the only potential error that can be measured. In addition, results of any survey may contain non-sampling errors including coverage error, measurement error, non-response error and, in some cases, other types of error. The quality of a survey rests on the effective management of these sources of potential error to achieve the lowest total survey error.
    - Also note that public opinion surveys cannot be exact measures of perceptions, but only approximations at a certain point in time.
  - All figures are based on the weighted sample. Percentages over .5 are rounded up.

### 3. OVERVIEW OF PERSONAL BANKING SERVICES USAGE

After weighting to compensate for over-sampling, findings of this survey indicated that **of all adult Canadians**:

- 96 percent reported holding a bank account.
  - There was little or no difference between the various demographic groups.
  - Extrapolated to population figures, it was estimated that nearly 1 million adult Canadians do not hold a bank account.
- 60 percent dealt with only one financial institution for their everyday banking activities, especially in Quebec (67 percent), Atlantic Provinces (69 percent) and in the North (67 percent).
  - Least likely to deal with only one financial institution were those who stayed in school longer (52 percent).
- 8 percent opened or tried to open a new bank account during the last year with a financial institution other than the financial institution(s) they already used.
- 94 percent reported holding a debit (ATM) card.
  - Least likely were those 55 years of age or more (86 percent) and those living in the North (86 percent).
  - 36 percent had more than one debit card.
- Most bank account holders (59 percent) claimed that their total service fees were less than \$10 monthly.

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- 7 percent used a storefront cheque-cashing service to cash a cheque last year.
    - Most likely were Northern residents (13 percent).
    - Extrapolated to population figures, it was estimated that more than 1.5 million adult Canadians used a storefront cheque-cashing service last year.
  - 2 percent used a storefront payday loan last year.
    - Most likely were northern residents (7 percent).
    - Extrapolated to population figures, it was estimated that nearly half a million adult Canadians used a storefront payday loan service last year.
  - 85 percent claimed to hold a credit card.
    - Most (58 percent) respondents held two cards or more.
    - Most (56 percent) card holders had a store card.
  - 65 percent used the Internet at home in a typical week, for an average of 5.0 hours weekly.
    - More likely respondents residing in B.C. (70 percent) and Ontario (72 percent);
    - Less likely respondents residing in Quebec (50 percent);
    - Internet use at home was negatively correlated with age. The only demographic grouping where the majority (54 percent) were still not using the Internet at home were those 55 years of age or more.
    - 46 percent of the total sample used the Internet to do some of their everyday banking activities and 42 percent relied solely on conventional ways of banking (not by Internet or by telephone).
    - 26 percent of the total sample used the Internet over the last 3 months to look for information to help them with their personal finances.
      - Most often those with higher levels of education (38 percent).
      - Least often Francophones (18 percent).
    - 11 percent of the total sample used a website financial calculator during the last year.
  - 24 percent claimed to know their personal credit rating.

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- 15 percent of the total sample reported to have requested a credit report for themselves.
  - 6 percent claimed to have had a serious problem, over the past year, with a financial institution they use. Extrapolated to population figures, they represented about 1.4 million adult Canadians.
  - 7 percent of the total sample claimed to have used the complaint handling process of a financial institution.

#### 4. BANK ACCOUNTS

- **Of those holding a bank account** (96 percent of all respondents)<sup>3</sup>, most (60 percent) dealt with only one financial institution for their everyday banking activities.
  - Those most likely to deal with only one institution were older respondents and those with lower levels of education. As a consequence, these respondents were less aware of competition and less likely to shop around.
  - Also, in regions where educational and economic backgrounds were lower respondents were more likely to deal with only one institution (Quebec, Atlantic Provinces and northern Canada).
- Most (76 percent) of those holding a bank account said that they reviewed their bank statements at least on a monthly basis, in the last year.
  - Those least likely to regularly review their bank statements were those living in Quebec.
- Of those holding a bank account, 9 percent said they had experienced problems with their institution's policy of holding funds when depositing a cheque.
  - Those least likely to report problems associated with holding of funds were those living in Quebec and older respondents.
- Most (72 percent) of those holding a bank account chose the right answer among four possible responses to the question which asked who is responsible if two people open a joint bank account (*right answer – both are responsible for the entire account*).
  - Those least likely to choose the right answer were older respondents.
  - Extrapolated to population figures, it was estimated that nearly 6.5 million Canadians don't know that both people are responsible for a jointly-opened savings or chequing account.

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<sup>3</sup> *Based on this finding, it was estimated that nearly 1 million adult Canadians do not have a savings or chequing account.*

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- **Of all respondents**, 8 percent opened or tried to open a new bank account during the last year, with a new financial institution.
    - Overall, 1-2 percent of the total sample had experienced problems trying to open a new bank account. Extrapolated to population figures, they represented approximately 350,000 adult Canadians.
    - Of those who tried to open a new bank account, almost all (96 percent) were able to open it at the financial institution of their choice. Extrapolated to population figures, it was estimated that approximately 7,000 adult Canadians were not able to open a new bank account at the institution of their choice, during the last year.
    - Of those who tried to open a new bank account, almost half did not shop around.

These findings suggest that, despite the high public attention on bank fees and the very competitive marketing of 'distinctive' bank account features, there is a low propensity on behalf of consumers to shop around. This may be explained by the importance of convenience, the perception that everyday bank accounts are 'commodities', low consumer awareness of fees, and/or because consumers do not feel competent or knowledgeable enough to compare.

## 5. DEBIT CARDS

- Almost all (94 percent) respondents reported holding a debit (ATM) card and many (36 percent) had more than one.
- **Of those holding a debit card:**
  - Most (54 percent) reported withdrawing cash from a bank machine at least once a week.
    - Those least likely were older respondents and those most likely were younger respondents.
  - A large majority (70 percent) knew they paid more when they used the ATM of an institution of which they were not a customer.
  - A large majority (68 percent) believed that it was solely the responsibility of the cardholder if money is stolen because of careless disclosure of their PIN to a thief.
    - However, many consumers did not know what their responsibility was if their money was stolen because of their careless disclosure of their PIN. Extrapolated to population figures, it was estimated that nearly 7 million adult Canadians did not know their liability in this matter.
    - Older respondents were the least aware of their liability.

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## 6. FEES AND CHARGES

- 79 percent of account-holders claimed to pay less than \$15 each month in service fees for their savings and chequing accounts (including all ATM fees) and for 59 percent, it was less than \$10.
  - Francophones and older account-holders most often reported paying the lowest fees (free accounts are commonly available to seniors).
  - Those least likely to report paying the lowest fees were respondents living in northern Canada.
- 64 percent of account-holders said that they took steps or actions to minimize or avoid fees and charges related to their everyday banking activities.
- Of the entire sample, a surprising 75 percent did not know whether it costs something to cash a federal government cheque. Only 22 percent knew it was free of charge.
  - Younger respondents and those living in Quebec were the least likely to know it doesn't cost anything.
  - 1 percent of the total sample (representing about 230,000 adult Canadians) reported experiencing a problem or difficulty cashing a federal government cheque, during the last year.

## 7. NON-BANK FINANCIAL SERVICES <sup>4</sup>

- 7 percent of all respondents said they had used a storefront cheque-cashing service last year.
  - 31 percent of these cheque cashing users used this service to cash a federal government cheque at a storefront cheque-cashing service, at least once last year. They represented nearly half a million adult Canadians.
  - Of those who had used these non-bank services, many (4 out of 10) thought the service fees were not higher than those offered by financial institutions.
- 2 percent of all respondents said they had used a storefront loan company last year for a payday loan.
  - Many (almost half) of those who had used these non-bank financial services thought the interest rates charged were not higher than those of financial institutions or just didn't know.

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<sup>4</sup> *Because non-bank financial services are likely to be used by lower-income, lower-literate people, consumers with financial difficulties or without a bank account, a segment of the population under-represented in surveys, figures contained in this section may be under-estimated.*

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- Northern residents were the most likely to have used a storefront cheque-cashing service or loan company.

## 8. CREDIT CARDS

- 85 percent **of all respondents** reported holding a credit card.
  - Most (58 percent) had more than one credit card.
  - Credit card holding was positively correlated with education and age.
  - Residents in Ontario were more likely to hold one and those living in the Atlantic Provinces and northern Canada were less likely.
  - Francophones tended to hold fewer credit cards than their Anglophone counterparts.
- **Of credit card holders:**
  - 74 percent had one with their primary financial institution;
  - 56 percent had one with a store or gas company (especially females); and,
  - 49 percent had one with a financial institution other than their primary institution.
- Of credit card holders:
  - 31 percent did not know the annual interest rate charged on the card they used most often (especially older respondents and females);
  - 54 percent believed that cards issued by retailers had higher interest rates than those issued by financial institutions;
  - 24 percent used their credit card to get a cash advance last year (especially younger holders and those living in the Atlantic Provinces);
  - 72 percent said they understood (at least somewhat) how interest rates were calculated on credit card cash advances;<sup>5</sup>
  - 87 percent said they reviewed the statements of their credit cards regularly (at least monthly);

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<sup>5</sup> Note that later in the interview respondents were asked if the following statement was true or false: *'You won't pay interest on a cash advance as long as you pay your credit card balance in full by the due date indicated on your statement.'* Only 41 percent gave the right answer (false), while half mistakenly thought it was true and 9 percent just didn't know. This discrepancy between self-assessed and proven knowledge may signal a need for consumer education and protection.

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- 18 percent reported that during the last year, they had a credit card charged to its limit (especially holders living in northern Canada, the Atlantic Provinces and those 18-34 years of age) -- extrapolated to population figures, they represented about 4 million adult Canadians;
  - 45 percent reported having a credit card that carried a balance month-to-month, over the past year (especially residents of Ontario, Atlantic Provinces, northern Canada and those 35-44 years of age);
  - 20 percent acknowledged to have used, during the last year, their credit card to pay expenses because they had run out of money (especially residents of northern Canada, Atlantic Provinces and those 18-34 years of age) -- extrapolated to population figures, they represented about 4.5 million adult Canadians;
  - 40 percent declared that they usually did not pay their credit card bills in full each month (especially residents of northern Canada, Atlantic Provinces and those 18-34 years of age);
  - Only 13 percent knew that the maximum amount of money they would be expected to pay if someone used their lost or stolen credit card was \$50. Many card holders (41 percent) simply didn't know and many (44 percent) mistakenly believed they would be held responsible for more or less charges – this was one of the main knowledge gaps observed in this survey; and,
  - 63 percent knew that the primary holder was entirely responsible for any debt another named holder of the same credit card incurs on the card. Many (28 percent) mistakenly believed other liabilities applied and some just didn't know (9 percent).
  - Findings above suggest that a sizeable segment of consumers have poor or no knowledge of interest rates and interest calculations, as well as their responsibilities related to credit cards. Francophones tended to be more knowledgeable than their Anglophone counterparts.
  - In general, older card holders were more likely to pay their credit card bills in full, and therefore were also less likely to carry a balance month-to-month and less likely to have a credit card charged to its limit. In addition, older card holders were less likely to use their credit cards to get a cash advance, or use them when they run out of money. For those living in northern Canada or the Atlantic Provinces, and for younger card holders, it was the contrary.
  - 18 percent of credit card holders reported acquiring a new credit card during the last year. Extrapolated to population figures, they represented about 3.3 million adult Canadians.

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- **Of those who received a new credit/store card** last year:
    - 36 percent said that they compared the new card with others they could get from another financial institution or store;
    - 43 percent said that they had compared the different cards they could get from the same financial institution / store;
    - 68 percent claimed that they had found out how much it would cost them to use the new credit card;
  - Of those who received a new credit/store card last year:
    - 29 percent cited ‘rewards/benefits’ offered by the new card as the primary reason for obtaining it (main top-of-mind reason); and,
    - 19 percent said that they had cancelled an already held card after they had received the new card. Extrapolated to population figures, they represented about 600,000 adult Canadians.<sup>6</sup>

## 9. ON-LINE BANKING

- 46 percent of **all respondents** reported using the Internet to do some of their everyday banking activities, a significant increase compared to a few years ago<sup>7</sup>.
  - 25 percent reported using telephone banking, a significant decline over the past 3 years or so.
- 42 percent of all respondents relied solely on conventional ways of banking (not using the Internet or the telephone).
  - Age was the key determinant of the ways (conventional or non-conventional) everyday banking was done.
  - However, although those most likely to bank in-person were still older respondents, even among them, on-line banking was more prevalent than telephone banking.

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<sup>6</sup> *Figures suggest that the current annual rate of increase of the number of usable credit cards is substantial. After taking into account new credit cards, credit cards cancelled because of the new cards, and the average number of credit cards held, it was estimated that the number of usable credit/store cards increased by about 5-6% in the past 12 months.*

<sup>7</sup> *A 2003 survey by Ekos for the Public Interest Advocacy Centre estimated that at that time just over one-third of Canadians were using the Internet (33 percent) and the telephone (34 percent) to manage their personal finances.*

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- **Of those banking on-line:**
    - 65 percent perceived risks associated with on-line banking; and,
    - 45 percent claimed they were taking actions to minimize the risks associated with on-line banking.
  - **Of all respondents:**
    - 11 percent had visited a website and used its financial calculator(s); and,
    - 26 percent claimed to have used the Internet over the past 3 months to look for information to help them with their personal finances.

## 10. CREDIT RATING

- Of all respondents:
  - 50 percent had no idea about the factors that contribute to an individual's credit rating (especially those with lower educational levels, northern residents and older respondents);
  - 24 percent claimed to know their personal credit rating (especially Francophones);
  - 42 percent claimed to know how they could obtain their credit report (especially Francophones);
  - 65 percent had no idea if some costs applied or not when requesting a credit report;
  - 15 percent claimed to have requested a credit report for themselves in the past; and,
  - 21 percent claimed to know how to dispute an entry on their credit report (especially Francophones).

## 11. RIGHTS AND RESPONSIBILITIES

- Overall, findings indicate that a sizeable proportion of consumers do not feel informed about their rights in general and about some basic aspects in particular, and that only a minority feel "very well" informed. These observations suggest that consumer rights may represent a good opportunity for communication.
- The response patterns to the four aspects of consumer rights contained in the survey indicate that Quebec residents, especially Francophones, are the least likely to feel informed about their rights, followed by those living in northern areas.

- The following table summarizes the self-assessed knowledge levels associated with the four topics covered in the survey.

	Felt informed* %	Least likely to feel informed
1. The maximum time that a financial institution can put a hold on your cheque	48	Atlantic Provinces and B.C. residents
2. What to do if you have a complaint about a financial institution	51	Quebec residents
3. Your primary financial institution's policy about the use of client information	56	Quebec residents
4. Your rights when you deal with a financial institution	57	Quebec and northern residents

\* Combined percentages of 'very' + 'somewhat' well informed.

- Five statements were read to respondents and for each they were asked if the statement was true or false. Overall, findings confirmed that a sizeable proportion of consumers don't know their rights or obligations, as shown in the table below.

	True %	False %	Can't say %	Least likely to give the right answer
You won't pay interest on a cash advance as long as you pay your credit card balance in full by the due date indicated on your statement	49	41	9	Quebec residents and older respondents
A bank cannot refuse to open an account for you only because you have filed for bankruptcy, or don't have any money or a job	36	43	21	None*
A financial institution cannot 'put a hold' on paying Canadian cheques for more than 3 business days	33	45	22	Northern residents and older respondents
Most major banks offer a low-cost chequing account	68	20	11	Quebec and northern residents
When you open an account, the bank must give you a written statement of all service fees and charges	88	8	4	None

\* Quebec residents were most likely to give the right answer to this statement.

N.B. Percentages of respondents who provided right answers are shown in boxes.

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## 12. PROBLEMS AND COMPLAINTS

- 6 percent **of all respondents** claimed to have had a serious problem last year with a financial institution they were regularly using (especially younger respondents).
  - In about half of the cases, it resulted in a complaint, and in about half of the complaints, the problem was resolved.
  - Extrapolated to population figures, it was estimated that last year, about 300,000 adult Canadians complained about a serious problem they had with a financial institution, and their problem was not (or could not be) resolved to their satisfaction.
- Of all respondents:
  - 13 percent claimed that at least one financial institution they were using told them about their complaint handling process, at some point in time (especially northern residents). The vast majority (84 percent) of respondents were never informed (or could not remember being informed) about this process by their financial institution;
  - 49 percent said they were aware that every financial institution has a complaint handling process to help deal with client complaints (least aware were Quebec residents); and,
  - 7 percent claimed to have used the complaint handling process of a financial institution (least likely were Quebec residents). Most (72 percent) of those who experience with the complaint process were pleased with it.
- Overall, a clear majority of all respondents believed that the federal government could help them, should they have difficulties with a financial institution (64 percent), have questions about a product or service (65 percent) or questions related to their rights as consumers (76 percent).
  - Those least likely to think the federal government could provide assistance were Quebec residents and older respondents.
- Past surveys indicated a low awareness of a federal agency responsible for informing and assisting consumers in their dealings with financial institutions.
  - In this survey, respondents were asked what federal department or agency they would contact if they experienced difficulty with a financial institution, had questions about a financial service, or their rights as a financial consumer. The name of the Financial Consumer Agency of Canada (FCAC) was read, as one of 5 possible choices, including Industry Canada, Service Canada, Finance Canada and the Bank of Canada.
  - FCAC drew the largest percentage (46 percent) of responses, as the federal government source respondents would first call for assistance.

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### 13. ATTITUDES AND BELIEFS

- Respondents were read a list of 15 agree/disagree statements.<sup>8</sup> Their answers were then ‘factored’<sup>9</sup> to help organize the findings in a ‘logical’ way.
- The next tables summarize the findings regrouped under the four factors<sup>10</sup> identified by the factor analysis. One of the 15 statements, presented last, did not fit with any of the factors and was not correlated with any of the statements.

#### Informedness

- Overall, a large majority of **all respondents** felt informed and confident that they have the required knowledge to make ordinary financial decisions.
- However, while they felt informed, a clear majority of respondents also acknowledged that most information about financial matters was hard to understand. In addition, a substantial minority, about one-third:
  - were not clear about their rights; and
  - found information on their financial rights and responsibilities hard to locate.
- Informedness scores tended to be lower among Quebec residents and Francophones, although the majority felt informed, as was the case in all demographic groupings.

INFORMEDNESS	Agree %	Disagree %	Main demographic differences
You generally feel well informed when making financial decisions	87	12	▶ None
You learn everything you can about financial products before buying them	83	15	▶ None
You are very clear about your rights if you have a problem with a financial institution	66	31	▶ Most likely: 55 + ▶ Least likely: Quebec, Francophones

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<sup>8</sup> Drawn from past FCAC surveys and a literature review.

<sup>9</sup> As a general approach, factor analysis is predicated on the assumption that there is an order, a pattern underlying a large set of answers. In this study, factor analysis was used to organize individual findings and not to explore patterns of answers or for building indices or scales. The SPSS FACTOR procedure was used (varimax rotation).

<sup>10</sup> The 4 factors were: informedness, powerlessness, trustworthiness, and, responsibilities. The name given to each factor is based on the researcher’s judgement of the meaning given to the cluster of statements correlated with the factor.

<b>INFORMEDNESS</b>	<b>Agree %</b>	<b>Disagree %</b>	<b>Main demographic differences</b>
It is easy to find information on your financial rights and responsibilities when you need it	63	29	▶ None
You find most information about financial matters hard to understand	60	38	▶ Most likely: Quebec, Francophones ▶ Least likely: the more educated

### **Powerlessness**

- Agreement / disagreement scores to all three statements related to the “powerlessness” factor were positively correlated with age: the older the consumer, the more likely the consumer felt powerless in the financial services market, and consequently, less likely to behave as if this market was competitive.
- Overall, almost three-quarters of all respondents (especially younger consumers) felt as consumers capable of functioning well within this sector.
- However, there were about one-quarter of respondents (especially older consumers) who agreed with these statements - this group felt somewhat powerless, as if they were consumers in a non-competitive market.

<b>POWERLESSNESS</b>	<b>Agree %</b>	<b>Disagree %</b>	<b>Main demographic differences</b>
Unless you are wealthy, you can't get good information about financial products	21	76	▶ Positive correlation with age ▶ More likely: older respondents ▶ Less likely: the more educated and younger respondents
Most financial institutions are basically the same so there is no point in comparing costs	23	74	▶ Positive correlation with age ▶ More likely: northern residents and older residents ▶ Less likely: younger respondents
If you are not happy with how a financial institution handles your complaint, there is not much you can do about it	28	69	▶ Positive correlation with age ▶ More likely: older respondents ▶ Less likely: younger respondents

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## **Trustworthiness**

- The vast majority of all respondents, as consumers, felt respected and well treated by financial institutions. They trusted financial institutions to protect and keep their personal information confidential.
- However, a sizeable proportion, almost half, didn't think financial institutions tell the whole story about their products before consumers buy them.

<b>TRUSTWORTHINESS</b>	<b>Agree %</b>	<b>Disagree %</b>	<b>Main demographic differences</b>
Financial institutions you use treat you in a fair manner	91	7	▶ None
You feel confident that your privacy and the personal information you give to financial institutions you are using is fully protected	80	17	▶ Negatively correlated with age ▶ Less likely: older respondents ▶ More likely: younger respondents
The first place you go for financial advice is your friends and family	50	48	▶ Negatively correlated with age ▶ Less likely: Prairies and older respondents ▶ More likely: younger respondents
Financial institutions tell you everything you need to know about a financial product before you buy it	52	45	▶ Less likely: younger respondents

## **Responsibilities**

- There was significant consensus on the basic responsibilities / rights equation: on one hand, financial institutions must provide clear information to consumers and on the other hand, consumers must be honest in their disclosure when dealing with financial institutions.

<b>RESPONSIBILITIES</b>	<b>Agree %</b>	<b>Disagree %</b>	<b>Main demographic differences</b>
Financial institutions have a legal duty to provide clear information to consumers	93	5	▶ None
Consumers have a duty of honest disclosure when taking out a financial product and should face penalties for not doing so	81	13	▶ None

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## **The Internet as the primary information source**

- Among the 15 statements surveyed, the following did not correlate with any factor and emerged as an independent and unique variable: *“the first place you look for information is on the Internet.”*
- About one-third of all respondents agreed (35 percent), which suggests that most consumers prefer to start their search for financial information by means other than the Internet.
- Those least likely to start their information search with the Internet were older respondents, those with lower levels of education and those living in non-urban areas.

## **14. MANAGEMENT ISSUES**

- **All respondents** were asked about four aspects related to the management of their personal finances:
  1. Confidence in making effective financial decisions;
  2. Use of a monthly budget;
  3. Actions to prevent identity theft; and,
  4. Need for education.

### **Confidence in making effective financial decisions**

- Findings indicate a high level of self-confidence among consumers. Overall, almost all respondents (92 percent) felt at least “somewhat” confident and almost half (44 percent) felt “very” confident.
  - Considering the complexity of the financial services market and the uncertainty associated with many financial decisions, this figure is quite remarkable.
- This high level of self-confidence was observed throughout the demographic groups. The only significant difference worthy of mention was that older respondents were much more likely than any other group to feel “very” confident (58 percent).
  - Note that respondents with higher levels of education were not as confident as their lesser educated counterparts. Their combined “very” and “somewhat” confident figures were quite similar, the “very” confident figures were higher among the less educated (47 percent) when compared with the more educated (37 percent) respondents.
  - The above observations suggest a paradox: self-confidence in making the right decisions does not increase with education or level of knowledge.

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### **Following a monthly budget**

- When asked if they followed a monthly budget, it turned out that one-third of all respondents followed 'closely', one-third 'more or less' and one-third did 'not at all' follow a monthly budget.
  - Those least likely to follow a monthly budget 'closely' were B.C. and Prairies residents.
  - Those most likely were Quebec residents and Francophones.

Age, gender and education did not seem associated with this habit.

### **Actions to prevent identity theft**

- 71 percent of all respondents said that they had taken steps or actions to protect themselves from identity theft – a figure that is quite high, but also one that indicates a substantial minority of the consumers do not pay attention to this important risk.
- There were few differences between the various demographic groups.
  - Those most likely to give importance to the risk of identity theft were older respondents and those least likely were northern residents and those living in Quebec.

### **Need for education**

- 41 percent of all respondents acknowledged a need for further education, especially northern residents.
  - Those least likely to feel a need were older respondents and Francophones.
- It is interesting to note that more respondents who had stayed at school longer felt the need for more education / information, when compared with their lesser educated counterparts. This observation suggests that lower educated consumers are less aware of the importance to be more informed or don't feel they have the required knowledge to become more informed.

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## 15. FINANCIAL INFORMATION AND ASSISTANCE

- **Of all respondents:**
  - 41 percent did not consult any of the seven sources of financial information listed in the survey, over the last year, but those who did (59 percent) generally consulted several sources;
  - 34 percent read financial newspapers or magazines – this was the main financial information source;
  - 24 percent visited financial websites, a lot more frequently respondents with higher levels of education, when compared with those with lower levels of education; and,
  - 19 percent consulted government publications.

Overall, those least likely to have looked at or consulted financial material were Atlantic and northern residents, younger respondents, those with lower levels of education, and females.

- **Of all respondents:**
  - 40 percent reported to have consulted their family or friends in the last year regarding their finances;
  - 41 percent consulted their financial institution manager or counsellor;
  - Other professionals<sup>11</sup> respondents consulted in the last year were:
    - 29 percent accountants;
    - 32 percent planners / advisers; and,
    - 23 percent financial counsellors other than those working for a financial institution.
  - When all financial professionals were combined, it turned out that last year, respondents relied more frequently on professional assistance (82 percent) than on friends or family (40 percent).

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<sup>11</sup> *Because the differences between the roles played by the various financial professionals listed in the survey may be unclear and confusing to many respondents, these findings should be interpreted with great caution.*

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## 16. TRACKING DATA SINCE 1998

### Introduction

- In this 2006 survey, a few questions were replicated from two previous surveys, with slight editing. The following pages present a brief retrospective of nine indicators, which can be carefully tracked since 1998, plus a summary table showing the results at the end of this section.
- The two previous surveys<sup>12</sup> were aimed at the same target group but had peculiarities to keep in mind when interpreting the comparisons:
  1. Each of the three surveys were conducted at different times of the year: spring (1998), summer (2001) and autumn (2006);
  2. The sampling frame for the 2006 survey gave special attention to people living in northern parts of Canada (over-representation of remote areas in the initial geographic stratification), and its weighting procedure was, therefore, different than for the two previous surveys.
  3. Questionnaires were considerably different in terms of overall climate, sequence, type of questions, scales and focus (topics);
  4. Many of the few 'repeated' questions were edited for the 2006 survey, so the differences in results should be interpreted with caution, bearing in mind their particular wording.
  5. The 1998 and 2006 surveys included Canadians aged 18 years and over, while the 2001 survey included Canadians 16 years and over.
- For all the above reasons, the differences should be considered as indicative only, and should be interpreted with great caution. Any conclusion from this retrospective analysis should be validated by other surveys or figures.

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<sup>12</sup> 2001: *Canadians' Knowledge and Awareness of Financial Products, Services and Institutions by Ekos for FCAC.*

1998: *Public Opinion Research Relating to the Financial Services Sector by Ekos for the Task Force on the Future of the Canadian Financial Services Sector.*

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## Tracking main differences

Three main findings emerged from the table (see p.3), which summarizes the comparative analysis of the three surveys, on similar questions. The three 'significant' differences, indicating a possible trend are shaded.

1. It doesn't seem that the low level of problems or difficulties in dealing with financial institutions for personal, everyday banking activities has significantly changed over the past decade, although there is an indication that the trend in this respect was downward.
  - Problems related to the opening of a new bank account or cashing a federal cheque remained stable, at a very low level.
  - The percentage of consumers who reported experiencing a 'serious' problem with a financial institution they deal with on a regular basis tended to decrease.

These observations suggest that the increasing complexity in the financial sector, in terms of products and services, terms, etc., and technological changes, such as the growing use of on-line banking, did not translate into more difficulties or problems. In fact there are indications that everyday banking today is easier, and with fewer problems, than a decade ago.

2. Two large differences, probably inter-correlated and unlikely to have been caused by differences in survey methodology, may indicate one of the biggest trends over the past decade:
  - The percentage of consumers dealing with only one financial institution has consistently increased: a minority in 1998 (39%), now a majority (60%).
  - The number of consumers doing their banking on-line today is 4 times higher than those observed in 1998, while telephone banking tended to decrease slightly since 2001.

This suggests either that fewer consumers are doing their banking in-person or that consumers are doing in-person banking less frequently, which means that most consumers are not in a good position to get information or be educated through point of services, on-premises communication activities. Consumer education initiatives should rather adapt their strategy or distribution method to the new transactional and relational banking channels.

3. The incidence of consumers holding a credit card increased significantly, at least since 2001, from an already high level.

## Tracking Data since 1998

See exact wording of questions for each survey in the next pages	2006 (1,700) (Oct. / Nov.)	2001 (1,600) June	1998 (1,800) March / April
1. <b>Bank account holders</b>	96% (savings or chequing)	98% (any type)	98% (any type)
2. <b>Number of financial institutions dealt with</b>			
▪ One only	60%	44%	39%
▪ Two or more	40%	56%	61%
3. <b>Policy of holding funds was a problem</b>	9%	9%	NA
4. <b>Problem opening a new bank account</b>	1% (last year)	4% (past 5 years)	NA
5. <b>Problem cashing a federal government cheque</b>	1% (last year)	4% (ever)	NA
6. <b>Had a serious problem last year</b>	6% (with any financial institution used regularly)	8% (with primary financial institution)	9% (with primary financial institution)
7. <b>Used a non-bank cashing service to cash a cheque</b>	7% (last year)	8% (ever)	8% (ever)
8. <b>Telephone or on-line banking</b>	59%	42%	NA
▪ On-line banking	46%	23%	11%
▪ Telephone	25%	29%	30%
9. <b>Credit card holder</b>	85%	79%	NA

**Notes:** Indicators 2 and 3 are based on those holding a bank account. All other indicators are based on the total sample.

Rows highlighted in grey show the significant differences seen between the three surveys.

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- 1) **2006**  
*With that in mind, do you have a personal savings or chequing account at any financial institution? (Include joint accounts)*
- 2001 / 1998**  
*Do you currently have a savings, chequing or another type of account with a financial institution?*
- 2) **2006**  
*At how many different financial institutions, in total, do you have a savings or chequing account that you use for your personal everyday banking activities?*
- 2001 / 1998**  
*Approximately, how many different financial institutions in total do you deal with for your different banking activities such as deposits and loans?*
- 3) **2006**  
*During the last year or so, did you have any problems or difficulties related to your financial institution's policy of holding funds when you deposit a cheque?*
- 2001 / 1998**  
*Do you find the delay to be a serious problem for you personally? Please use a scale from 1 to 7, where 1 means not a serious problem at all, 7 means an extremely serious problem, and 4 means somewhat of a problem.*
- 4) **2006**  
*During the last year, did you open or try to open a new savings or chequing account with a financial institution other than those you were using?*
- When you opened your new savings or chequing account, did you experience any problems closing, moving or transferring money from one financial institution to another?*
- Did you have any other problems or difficulties when you opened this new account?*
- 2001**  
*Thinking about the past five years, have you ever had any problems when trying to open a new bank account?*
- 1998**  
NA
- 5) **2006**  
*During the last year, did you have any problem or difficulty cashing a federal government cheque at any financial institution?*
- 2001**  
*Have you ever had a problem cashing a federal government cheque at a bank before?*
- 1998**  
NA

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- 6) **2006**  
*During the last year, did you have a serious problem with any financial institution that you regularly use?*
- 2001 / 1998**  
*In the past year, have you ever had a **SERIOUS** problem with the financial institution where you do your primary banking?*
- 7) **2006**  
*During the last year, how many times did you use a storefront cheque-cashing service to cash a cheque? By a cheque-cashing service, I mean a company like Money Mart, Cash Money, Stop N' Cash that will cash a cheque made out to you for a fee.*
- 2001 / 1998**  
*Have you ever used a Money-Mart or another cheque cashing service to cash a personal cheque?*
- 8) **2006**  
*Do you use the Internet or telephone to do any of your personal everyday banking activities?*
- 2001**  
*Do you do any of your personal banking either using the Internet or the telephone?*
- 1998**  
*How often do you use the following financial services or products? Please use a scale where 1 is that you never use them, 2, is that you occasionally use them, or 3 is that you regularly use them.*
- Telephone banking
  - Internet or computer banking
- 9) **2006**  
*Thinking about all your personal credit cards including those from stores, gas companies, banks and other financial institutions, how many credit cards do you currently have?*
- 2001**  
*Do you have a credit card?*
- 1998**  
NA