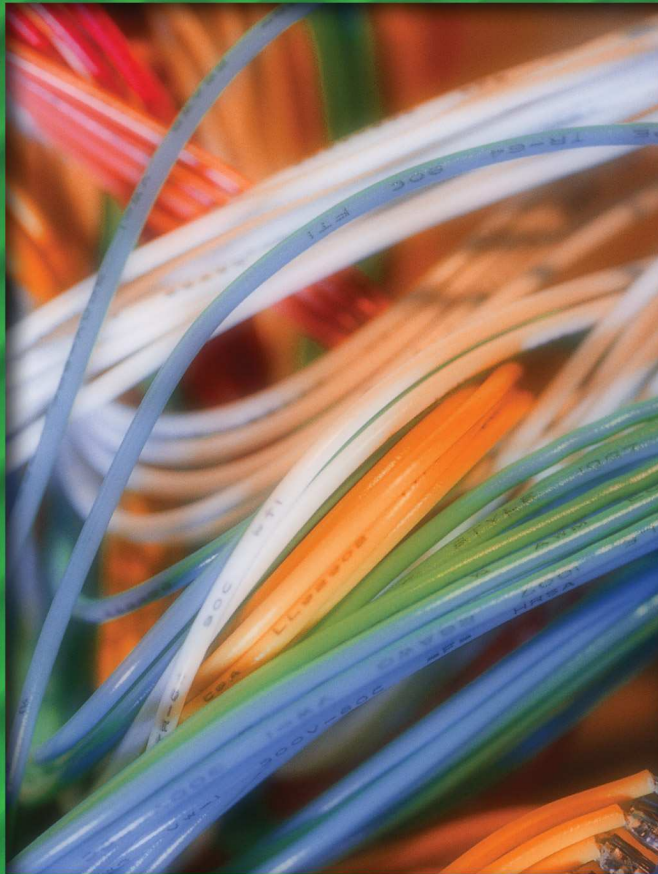


2006 • 2007

PART OF THE **INFORMATION HIGHWAY** STUDY



EKOS

Trends in Personal Banking and the Electronic Marketplace

Trends in Personal Banking and the Electronic Marketplace

About the study

Launched in 1996, EKOS' Rethinking the Information Highway study grew out of a need to better understand how information technologies were reshaping the environment governments and companies were operating within.

Now in its seventh edition and more than 20 surveys later, the study is one of the largest and longest running studies in this area in Canada today. Given its big-picture focus on the full range of issues relating to technology usage, such as the interaction between traditional and electronic service delivery channels and privacy and security-related issues, Rethinking the Information Highway remains one of the most relied upon sources for senior decision makers who are tasked with guiding their organization through what continues to be a rapidly changing environment.

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Introduction

The Internet has prompted change since its transition into the public sphere. The personal banking environment and the traditional marketplace may be viewed as microcosms. Both have undergone enormous shifts in the last number of years with the onset of Internet banking and electronic commerce. Although the Internet has revolutionized neither, as once predicted would take place, it has certainly fostered enormous changes in both domains.

While the impacts of Internet banking and e-commerce still are not completely clear, both have slowly begun coming into focus. Specific patterns are developing, not only in relation to personal banking practices and channel usage, but also in terms of the electronic marketplace. There is mounting pressure, with each significant development, to respond to the new challenge brought about by every new shift.

In many regards, attempts to modernize the personal banking environment and the traditional marketplace are overlapping with comparable initiatives in the public sector; often complementary of one another and sharing certain similarities. As Canadians find themselves rapidly adjusting to banking and shopping online, they are also adjusting to changes in service delivery being brought about by government.

This report is designed to focus on the shifts in personal banking and e-commerce, and provide decisions makers tasked to guide their organization in these areas with a sense of the current trends, needs and preferences.

Overview

The personal banking landscape has shifted considerably since the late 1990s at which point the Internet emerged as the newest banking channel. Online banking has been widely adopted since its inception, contributing to various changes in personal banking practices by way of banking activities and channel usage. As the personal banking landscape continues to evolve and the impacts of Internet banking become less blurred, financial institutions are faced with new challenges that need to be addressed to cater more effectively to the changing needs of clients.

At the same time, electronic commerce continues to progress in the mainstream marketplace. Notwithstanding, the electronic marketplace is still limited in similar ways to certain aspects of Internet banking. These limitations must also be addressed to ensure future success.

Online banking environment

High awareness of Internet banking in Canada:

The majority of Canadians are relatively aware of Internet banking, with almost 6 in 10 reporting high awareness. While this level of awareness is quite positive, it is important to mention that the growth of higher awareness amongst Canadians has slowed tremendously in recent years.

Broad perceptions of Internet banking:

Internet banking is increasingly important for Canadians, with 2 in 10 considering the channel “essential” to have access to. Not surprisingly, those who have banked online for longer periods tend to perceive Internet banking as having greater significance than less experienced net bankers. Over 1 in 2 net bankers with experience of 4 years or

more reported this channel to be essential to them. This perception is very encouraging as it is an indication that financial institutions have taken steps in the right direction with online banking.

Notwithstanding this positive view of Internet banking, overall comfort levels doing banking transactions online are not universally high. With 1 in 5 Internet users reporting low comfort, there remains room for improvement. The value proposition of Internet banking, combined with security concerns, still prevents a sizeable number from banking online.

The changing face of Internet bankers:

Incidence of Internet banking in Canada has almost reached the halfway mark, although it has changed slightly from last year. With Internet uptake beginning to slow dramatically, it is becoming more difficult to attract newcomers. Fewer are taking up the banking channel. This trend is slowly changing the face of Internet bankers, who are becoming increasingly experienced with the channel in greater numbers. In fact, 2 in 10 net bankers have over 4 years experience banking online.

Internet banking guarantees:

Awareness of Internet banking guarantees is alarmingly low. These guarantees are quite significant in light of existing discomfort with the idea of banking transactions online and general security concerns. More notably, 3 in 10 reported that they would start banking online because of guarantees. There is an undeniable need for financial institutions to promote their guarantees to encourage the growth of Internet banking.

Online banking activities

Online banking activities branch out:

Internet bankers are conducting a slightly wider range of activities online overall. They are also conducting slightly more complicated banking activities online, such as transferring money online to other parties with the same financial institution. This suggests that as Internet bankers gain more experience conducting typical online banking activities, their comfort levels increase and they are more willing to branch out in terms of their activities.

While the number of bank applications is relatively unchanged from last year, the proportion of applications done online has increased. The most notable increases involved online applications for a credit card (from 20 to 26 per cent, of those who have applied for one in the past year) and a mortgage (from 6 to 9 per cent, of those who have applied for one in the past year).

Channel usage

Multi-channelled banking environment persists:

While Internet banking certainly affects the proportion of banking being done through other channels, Canadians continue to rely on all traditional banking channels. The multi-channelled banking environment remains a reality for the majority. The convenience of having a variety of channels speaks loudly.

ATM and Internet continue to lead:

The ATM holds its place as the most commonly used banking channel, far exceeding any other banking channel. Notwithstanding, the Internet is becoming firmly entrenched in second place, inching up slightly since last year. In a typical month, non-net users rely on the ATM and in-person banking for the majority of their needs, while Internet bankers rely primarily on the Internet.

Internet banking limited by number of online activities being offered:

There has been limited increase in the percentage of personal banking taking place online for Internet bankers as well as for the broader group of Canadians. This suggests, at least in the case of net bankers, that they have reached or neared their capacity for conducting activities online. Increasing the range of online banking activities would serve to encourage a greater proportion of personal banking online.

Electronic bill payment and presentment

E-payment continues gaining ground:

The concept of e-payment has definitely caught on in Canada since 1998. It is currently of almost equal importance to automatic deductions, which remains the most popular method of paying bills online. As the number of those using e-payments increases, the numbers for all other bill paying methods decrease (although these other methods are still being used). Experienced net-bankers pay the highest portion of their bills online. Those banking online for 4 years and longer paid their bills via e-payment 9 in 10 times in a span of three months. E-payment exemplifies the impact of Internet banking to personal banking practices and channel usage.

Canadians pay greatest percentage of their bills online:

In a typical month, Canadians continue paying the greatest proportion of their bills online. While usage of other bill payments remain virtually unchanged, use of the Internet to pay bills continues to increase.

E-presentment still largely unsuccessful:

Comparatively speaking, e-presentment has been unsuccessful. Although it is slowly increasing in the case of net bankers, the majority of Canadians still prefer receiving a paper version of their bills. Many have difficulty seeing the benefits of e-presentment and therefore have trouble with the general concept of e-presentment.

Canadians report that incentives, such as a small discount, might potentially increase the appeal of e-billing.

The electronic marketplace

E-commerce still evolving:

Electronic commerce has almost reached the half-way point in Canada, with almost 1 in every 2 Canadians having purchased at least once online. Greater numbers are also buying more frequently online and spending more per purchase, further promoting the concept of e-tailer.

Challenges of the e-marketplace:

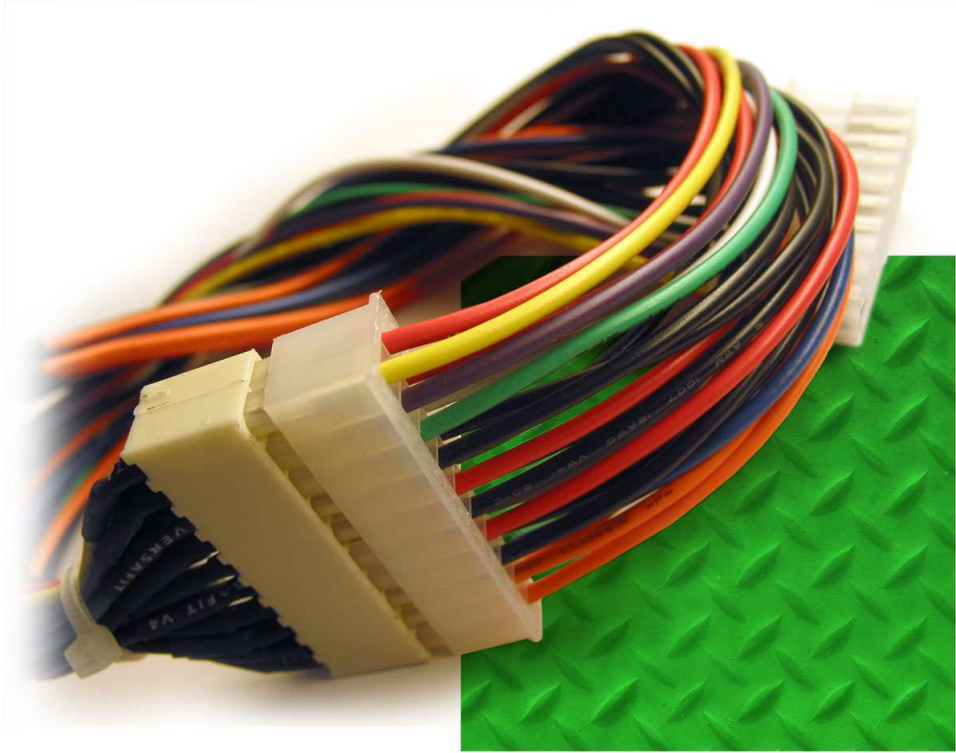
Despite the increasing number of e-consumers, safety-related issues and value proposition of purchasing online still limit its potential. Potential safety hazards related to the electronic buying environment still plague 2 in 10 Canadians and a small, but not insignificant, minority has yet to see the broader appeal of buying online. Moreover, a sizable number maintain reservations about providing their credit card numbers to credible stores and companies, although this number continues to decrease.

Online purchases changing:

The nature of products and services being bought online are becoming more diversified, as e-consumers move past previously popular online purchases and purchase a wider array of products. As this occurs, there is a slight decrease in the purchase of books/magazines, music/movies and computer software. This is encouraging for those e-tailers striving to make other business ideas successful.

Buying online from North America with credit card:

E-consumers in Canada are purchasing heavily online from Canadian and American e-tailers. Credit cards are most often used directly for purchases, although the popularity of Paypal is rapidly rising.



Internet Banking

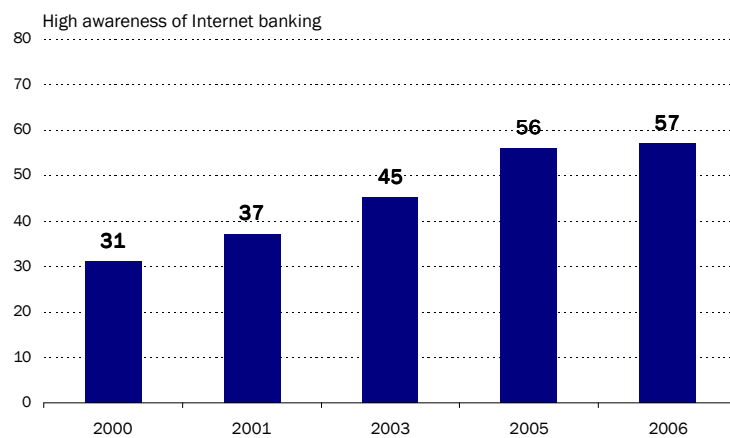
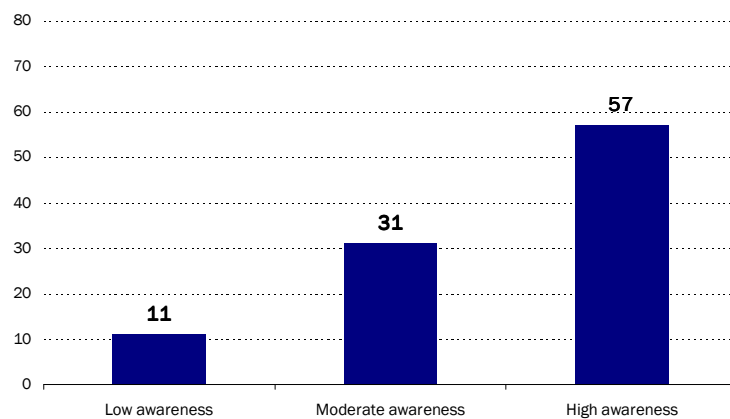
Highlights

- General awareness of Internet banking remains high in Canada with a majority now reporting high awareness, although there has only been a slight growth since last year.
- The perceived importance of Internet banking in Canadian households continues to make headway, especially with net-bankers. More than 4 in 10 net bankers now view this channel as “essential,” with rising levels of perceived importance related to greater experience.
- In terms of market penetration, Internet banking continues attracting newcomers but at a more gradual pace than in previous years. As Internet banking enters the mainstream, net-bankers become increasingly experienced.
- General comfort with the notion of online banking is still mixed with safety concerns. At the same time, many non-net bankers do not perceive any need to use this channel.
- Awareness of Internet banking guarantees is relatively low, including with net bankers. Promoting these guarantees would enable banks to encourage further penetration of Internet banking, as a small but not insignificant minority of current net and non-net users would be more amenable to the idea of online banking.

While the majority of Canadians are highly aware of the newest banking channel, the **growth of high level awareness of Internet banking has slowed dramatically** since 2005. Undoubtedly, awareness levels correlate with slowing growth rates in the uptake of Internet banking most recently.

Heightened general awareness of Internet banking:

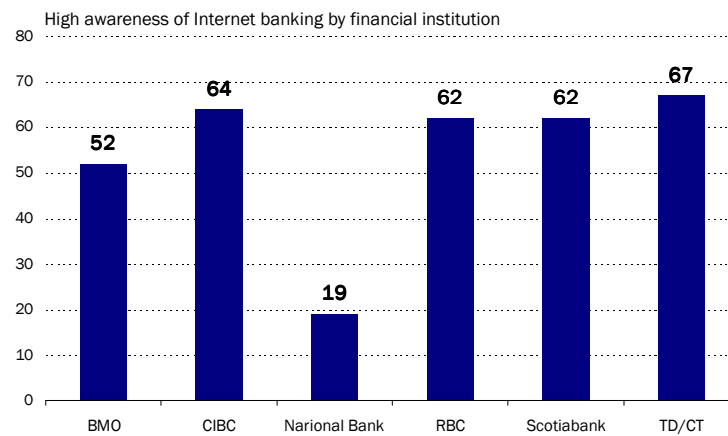
The overwhelming majority of Canadians are well-aware of Internet banking, with nearly 3 in 5 reporting high awareness of the newest banking channel.



Q:
To what extent are you aware of Internet banking?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

Clients of TD/CT and CIBC have highest awareness amongst FIs:

Compared to clients of other FIs, those of TD/CT and CIBC have the highest levels of awareness of Internet banking.

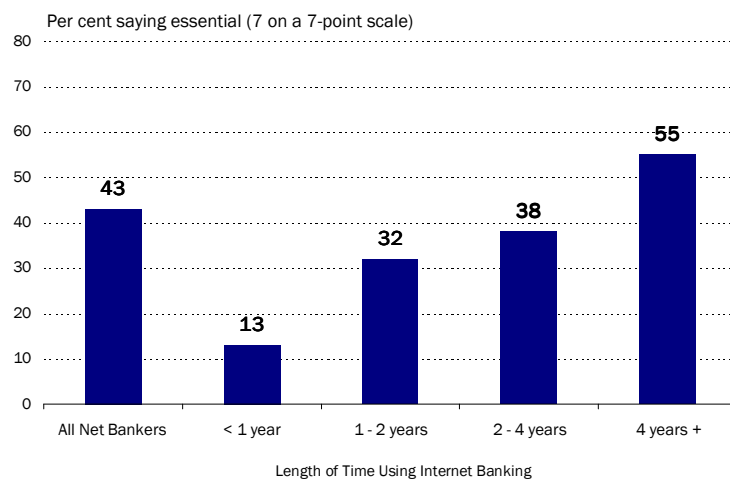
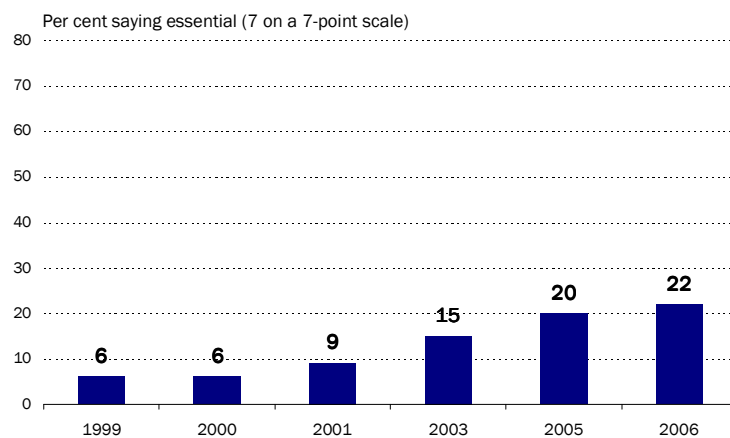


Q:
To what extent are you aware of Internet banking?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

The number of Canadians perceiving Internet banking as “essential” has incrementally increased since 1999. There is a clear trend whereby **net bankers consider this channel increasingly important the longer they have used it.** Today, 4 in 10 net bankers view this channel as essential.

Internet banking becoming “essential” for many:

The number of those considering online banking “essential” increases yearly, with almost 1 in 4 holding this view. Perceived necessity rises sharply the longer a person has banked online.

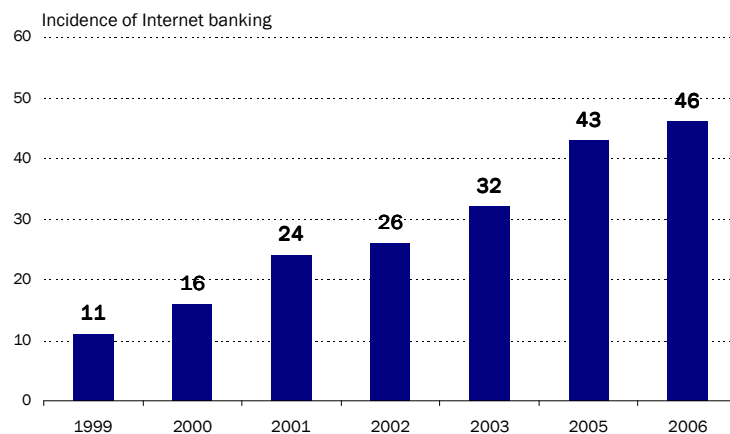


Q:
How important is it to your household to have access to Internet banking?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

Internet uptake has slowed tremendously with the majority of interested Canadians having already been afforded online access and becoming seasoned Internet users. As the overall growth of Internet use continues to slow each year, it becomes a greater challenge attracting new net bankers. Today, most net bankers already have experience with the channel. In fact, 1 in 3 Canadians have now been banking online for at least two years.

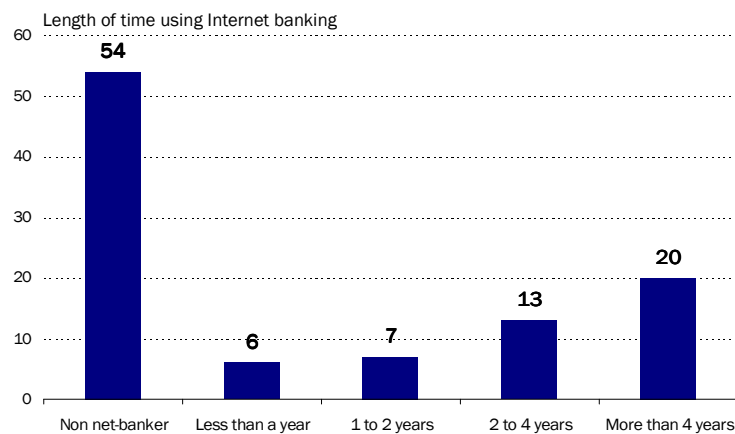
Internet banking continuing to grow (albeit at a slightly slower pace):

The growth in Internet banking appears to have slowed dramatically after several years of sharp increases in uptake. Nevertheless, this channel continues to attract newcomers.



But most Internet bankers are increasingly experienced:

Despite little recent growth, Internet banking has fast become mainstream with a third of Canadians having been banking online for at least two years.



Q:

Do you do any of your personal banking either using the Internet or the telephone? [IF USE INTERNET BANKING] How long have you been using Internet banking?

(BASE: All Canadians; July 06, n=4512)

Internet banking penetration

(Per cent)

	1999	2000	2001	2002	2003	2005	2006
All Canadians	11	16	24	26	32	43	46
Gender							
Males	14	20	27	27	35	46	48
Females	8	12	20	26	28	40	44
Age							
25 and under	11	14	20	25	32	47	50
25 – 44	14	22	33	35	43	56	60
45 – 64	10	13	20	25	29	39	42
65 and over	4	4	8	9	11	15	18
Household Income							
<\$20k	5	6	11	12	14	23	27
\$20 – \$39k	6	11	16	20	24	34	37
\$40 – \$59k	10	17	25	29	32	47	48
\$60 – \$79k	17	24	32	41	44	54	58
\$80 – \$99k	19	27	39	44	49	61	65
\$100k +	23	30	40	44	53	61	70
Location							
Urban	--	17	26	30	34	46	48
Rural	--	12	17	18	24	41	38
Primary FI							
BMO	--	13	23	--	26	42	45
CIBC	--	18	20	--	30	44	44
National Bank	--	9	16	--	26	39	36
RBC	--	18	32	--	38	47	50
Scotiabank	--	12	28	--	31	41	49
TD/CT	--	22	28	--	38	49	50

Q:

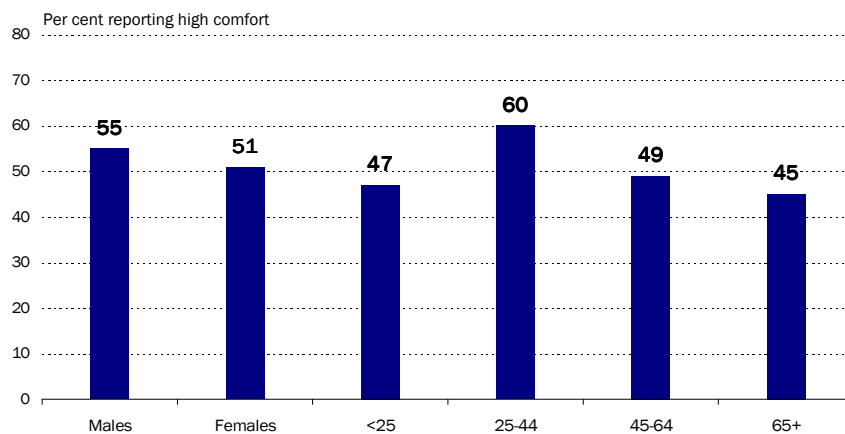
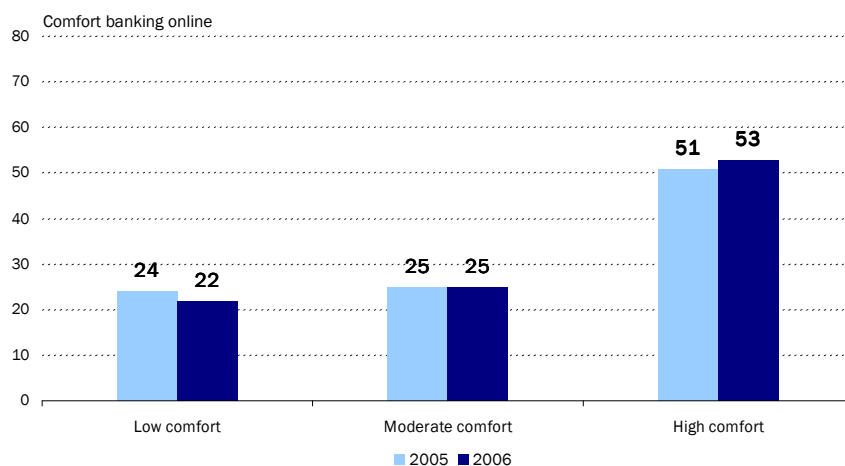
Do you do any of your personal banking either using the Internet or the telephone?

(BASE: All Canadians; July 06, n=4518)

While there is **increasing comfort** on the part of Internet users with the idea of banking online, the perceived **value proposition of net banking combined with safety concerns** with disseminating personal financial information online **are most likely to plague current non-net bankers**.

Relatively high comfort with online banking, but not universal:

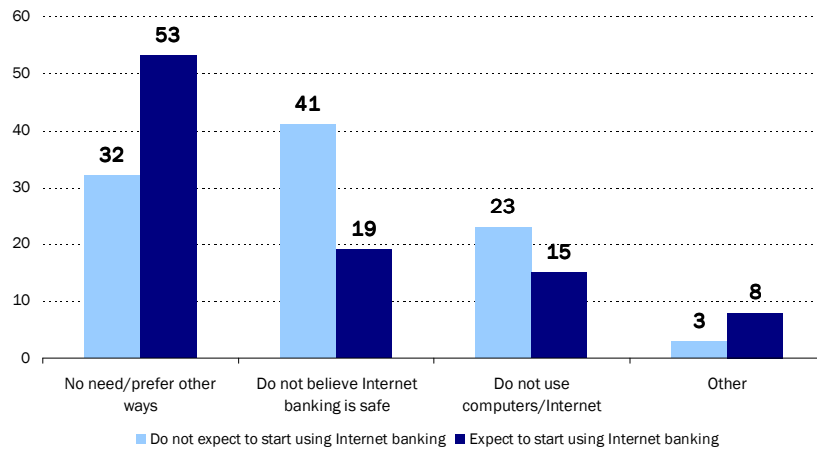
Despite little improvement compared to last year, the majority of users report high levels of comfort banking online, with only 1 in 5 expressing low comfort.



Q:
How comfortable would you be conducting banking transactions over the Internet with your primary financial institution?
(BASE: Internet users; July 06, n=843)

Non net-bankers point to both security worries and personal preferences:

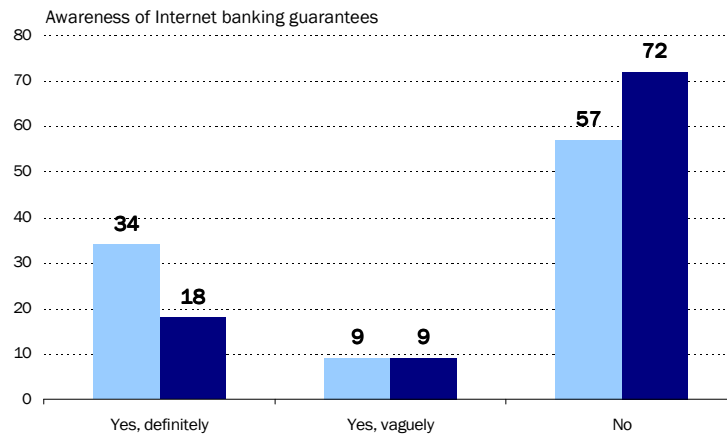
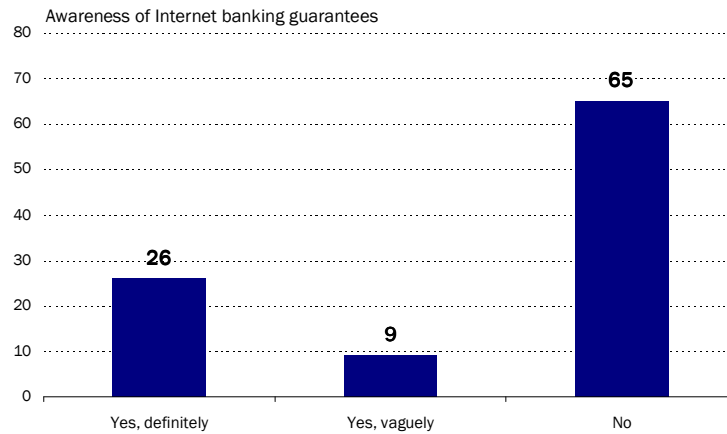
Security concerns are behind most Canadians who do not expect to bank online. In contrast, the reasons cited by those eventually expecting to bank online relate to the value proposition of net banking (i.e., no need/prefer other ways).



Q: Which of the following best describes why you [do not use Internet banking/ have not used Internet banking up to this point]?
(BASE: Canadians who do not use Internet banking; July 06, n=2567)

There is a need for banks to promote their Internet banking guarantees:

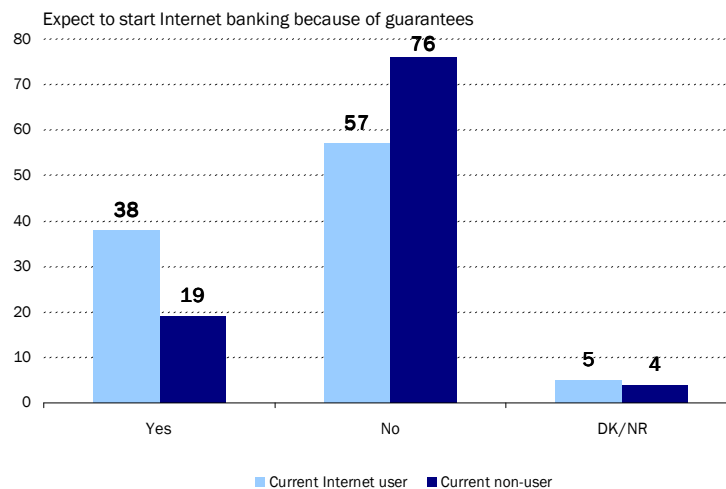
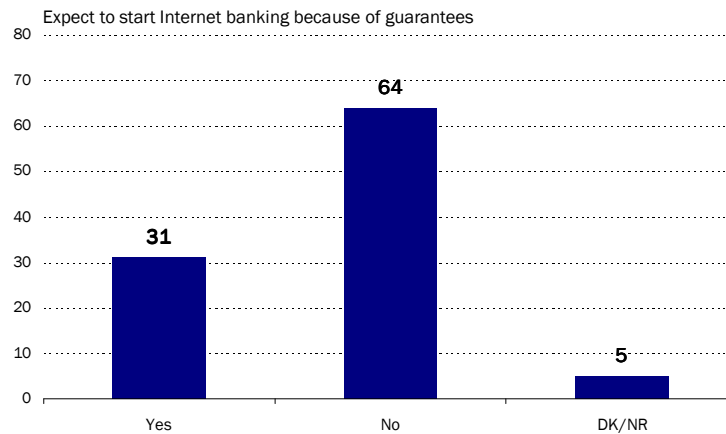
With only 1 in 4 reporting a high level of awareness, the majority of Canadians are unaware of the Internet banking guarantees being offered by some of the large banks. Even the majority of existing net bankers are unaware of these guarantees.



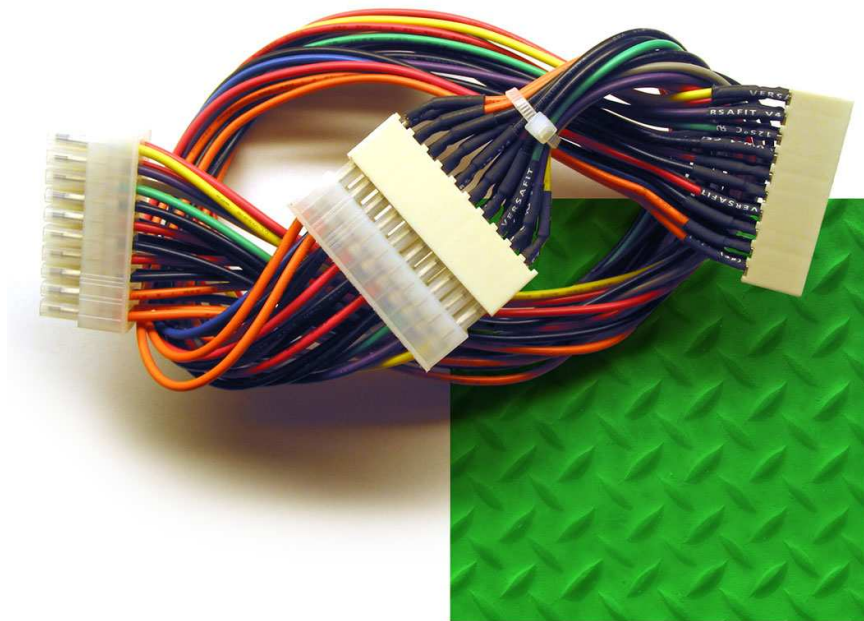
Q:
Were you aware some of the large banks now guarantee that customers would be reimbursed 100 per cent for any unauthorized transactions conducted through a person's online banking service?
(BASE: All Canadians; July 06; n=2224)

Online banking guarantees expected to be important:

While awareness of these guarantees would not sway the majority to begin banking online, it would serve to encourage 3 in 10 non-net bankers (and even more current net-bankers).



Q: Do you think you would start using Internet banking if your bank guaranteed that you would be reimbursed 100 per cent for any unauthorized transactions?
(BASE: Canadians who do not use Internet banking; July 06, n=1241)



Internet banking activities

Highlights

- As Internet bankers grow more experienced, the nature of banking activities conducted online becomes slightly more diversified and complex.
- Less common net banking activities, such as transferring money to another person using the same financial institution and checking investment portfolios, experienced noteworthy increases this year.
- While the number of bank applications for credit cards, personal loans and mortgages taking place in the past year are largely unchanged from last year, the proportion of applications done online have gone up notably.

While Internet banking activities vary on an individual basis, Internet bankers are slightly more likely to conduct a wider array of activities online than a year ago. Most notably, the numbers for transferring money to another person via the same financial institution are up. While the amount of total bank applications are largely unchanged from the previous year, the proportion of application done online is up across the board.

Internet banking activities

(Per cent)

	2005	2006
Checked account balances		
Not in past month	3	2
1-4 times	41	36
5-11 times	31	34
12 times or more	25	27
Checked credit card statement(s)		
Not in past month	36	33
1-4 times	43	43
5-11 times	13	16
12 times or more	7	6
Researched other banking products/services		
Not in past month	69	66
1-4 times	26	28
5-11 times	3	3
12 times or more	1	1
Checked investment portfolio		
Not in past month	69	64
1-4 times	21	20
5-11 times	5	10
12 times or more	5	5
Checked mortgage/loan interest rates		
Not in past month	70	70
1-4 times	24	22
5-11 times	3	5
12 times or more	2	2
Transferred money to another person using the same financial institution		
Not in past month	82	68
1-4 times	14	24
5-11 times	2	4
12 times or more	1	2
Sent an email to FI		
Not in past month	88	91
1-4 times	9	7
5-11 times	1	-
12 times or more	-	-
Transferred money to person using Interact email money transfer service		
Not in past month	93	89
1-4 times	5	8
5-11 times	1	1
12 times or more	-	1

Q:

How many times have you done any of the following activities through Internet banking in the past month?

(BASE: Internet bankers; Aug./Sept. 06, n=748)

Bank applications

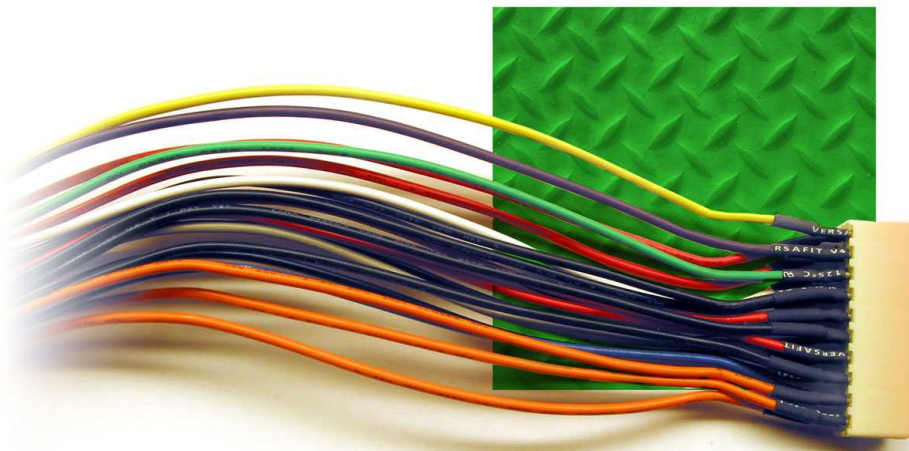
(Per cent)

	2005		2006	
	Total	% applying online	Total	% applying online
Applied for a credit card	21	20	21	26
Applied for a personal loan	20	18	18	20
Applied for a mortgage (new or renewal)	14	6	13	9

Q:

Have you done any of the following in the past year? If yes, did you apply for any of them directly through the Internet?

(BASE: All Canadians, Aug./Sept. 06, n=1586)



Key trends in banking channel usage

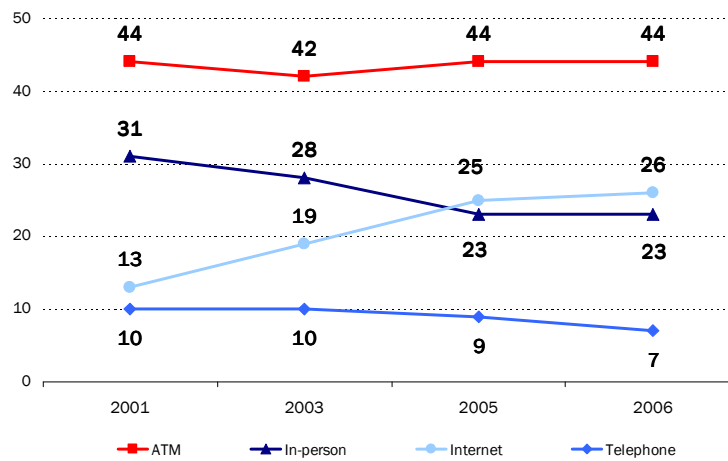
Highlights

- While the ATM remains firmly grounded as the most commonly used banking channel, the Internet holds its place as the second most relied upon channel. On average, Canadians are doing a quarter of their personal banking online in a typical month. Net bankers continue to do more than half of their banking online in a typical month.
- Overall, there has been little increase in percentage of personal banking taking place online for all Canadians as well as for net bankers. This suggests that net bankers are either at or almost reaching their limit for banking activities online.
- The multi-channelled banking environment remains a reality, with most Canadians continuing to use a variety of channels for their personal banking needs.

The Internet has caught on as a popular banking channel, moving slightly further ahead of banking in-person and coming in second only to ATMs. Notwithstanding, reliance on the ATM continues to exceed any other banking channel today. Overall, however, there has not been a sharp increase in the average amount of Canadians' banking done online since last year.

ATMs dominate, but the Internet continues to become more entrenched:

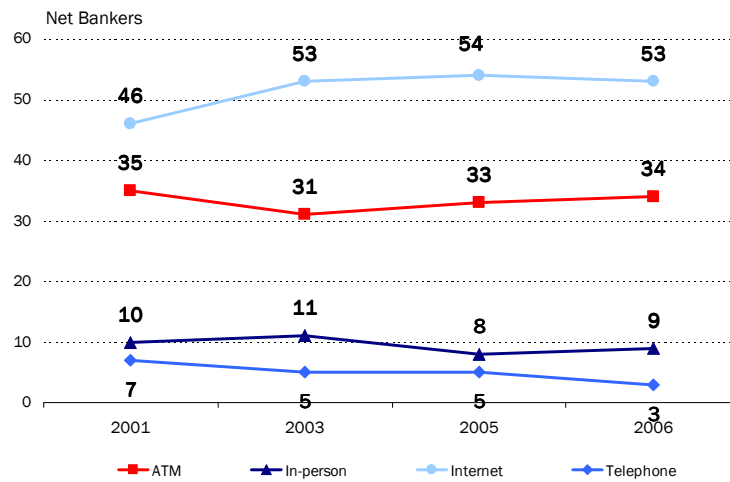
While there is a continued reliance on the ATM that exceeds any other banking channels, the Internet has become firmly entrenched as the second most relied upon channel.



Q:
In a typical month, what percentage of your personal banking do you do in the following ways?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

For net bankers, the Internet clearly surpasses all other banking channels:

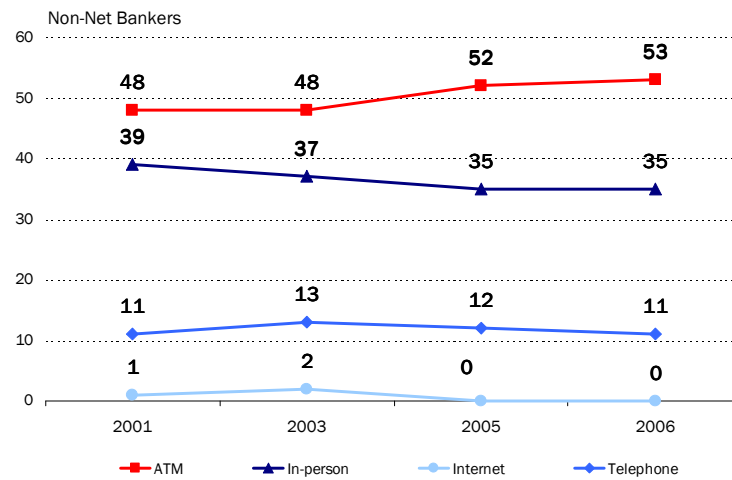
Notably there is little change in overall usage, which suggests that Canadian net bankers are either at or near their maximum capacity for banking activities online.



Q: In a typical month, what percentage of your personal banking do you do in the following ways?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

ATM still dominates as primary banking channel for non-net bankers:

While in-person banking loses significance for net-bankers, non-net bankers continue to conduct more than a third of their banking activities using this channel.



Q:

In a typical month, what percentage of your personal banking do you do in the following ways?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

Overall, a multi-channeled banking environment is still a reality for most Canadians. Interestingly, the percentage of banking taking place online is hindered by the fact that many net-bankers, especially those with more experience, have not continued to grow. This likely reflects that these individuals can not do anymore of their banking online.

Channel Usage

(Per cent)

	ATM				Internet				In-person				Telephone			
	01	03	05	06	01	03	05	06	01	03	05	06	01	03	05	06
All Canadians	44	42	44	44	13	19	25	26	32	28	23	23	10	10	9	7
Gender																
Males	44	43	43	43	15*	21	26*	27	32	29	24	25*	9*	7*	7*	5*
Females	45	41	44	45	11*	18	23*	26	32	27	23	20*	12*	14*	10*	10*
Age																
25 and under	52*	47	48*	48	12*	20	25	29	30	24*	19*	18	6*	9	8	4*
25 – 44	46	44	44	44	19*	25*	32*	35*	21*	18*	16*	14*	14*	13*	9	9*
45 – 64	45	43	45	46*	11*	17*	22*	23*	34*	30	24	23	11	10	10*	8
65 and over	33*	31*	36*	37*	5*	8*	9*	9*	57*	54*	49*	50*	5*	7*	5*	7
Household Income																
<\$20k	45	44	43	41	7*	7*	12*	16*	41*	40*	36*	36*	8*	9	10	8
\$20 – \$39k	45	43	44	46	8*	14	18*	19*	36*	32*	27*	29*	11	11	10	7
\$40 – \$59k	42	41	44	44	14	20	28*	25	32	26	18*	21	11	13*	11	11*
\$60 – \$79k	49*	44	48	49*	17*	7*	29*	31	24*	19	16*	14*	9	10	6*	6
\$80 – \$99k	45	45	45	40	23*	25	33	38*	19*	19	17*	15*	13	11	6*	7
\$100k +	46	39	44	42	22*	35*	36*	43*	20*	18	13*	12*	12	8*	8	3*
Location																
Urban	46*	44*	45*	44	14*	20*	26*	28*	29*	25*	21*	21*	10	11	9	7
Rural	40*	38*	40*	43	10*	14*	20*	20*	40*	38*	32*	29*	10	9	9	8
Internet Banking																
Do not bank online	48*	48*	52*	53*	1*	2*	0*	1*	39*	37*	35*	35*	11*	13*	12*	11*
Bank online	35*	31*	33*	34*	46*	53*	54*	53*	10*	11	8*	9*	7*	5*	5*	3*
Less 1 year	38	41*	37	52*	38*	38*	34*	31*	14*	15*	22*	15*	8	6	7	3
1 – 2 years	37	29	37	38	46	53	50	48*	10	10*	9	11	7	7	5	3
2 – 4 years	33	28*	34	34	52*	59*	54	53	9	10	7*	8	6	3*	4	4*
4 years plus	30	23*	27*	31*	56*	65*	64*	59*	6*	8*	5*	8	7	5	4	3
Primary FI																
BMO	44	45	45	44	11	13*	23	26	31	27	24	21	13	14*	9	9
CIBC	44	41	44	43	11	18	25	28	30	28	19*	19*	14*	13	13*	10*
National Bank	49	47	53*	49	12	17	21	15*	28	20*	15*	24	9	16	11	13
RBC	51*	46	46*	47	17*	24*	28	27	25*	22*	20*	21	7*	8*	6*	5*
Scotiabank	38*	41	39*	40*	18*	19	22	26	34	30	32*	28*	11	10	8	7
TD/CT	40*	36*	41	41*	15	22	26	29*	32	30	22	23	13*	11	21	7

Q:

In a typical month, what percentage of your banking do you do in the following ways?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

*Denotes variations that are statistically different from the national average

Despite the proliferation of net banking, 1 in 3 of all Canadians has still frequented a bank branch in the past month (changing slightly since last year). **The ATM remains most likely to be used**, with more than 9 in 10 having used this channel in the past month.

Frequency of channel usage (past month)

(Per cent)

	Not used in the past month				1-4 times				5-10 times				11+			
	01	03	05	06	01	03	05	06	01	03	05	06	01	03	05	06
In person at a branch	33	35	31	33	53	52	53	52	11	10	8	8	3	3	7	5
Bank/ATM machine	16	14	9	8	31	36	38	41	29	27	27	28	22	22	25	23
Debit card	23	20	16	16	16	16	18	17	21	19	19	19	40	42	45	46
Credit card	17	19	13	22	37	39	38	34	22	21	20	27	21	20	29	24
Telephone banking	24	28	35	36	53	51	33	37	15	14	15	13	7	7	15	13
Internet banking	7	7	9	3	45	44	29	38	26	24	24	23	20	25	37	34

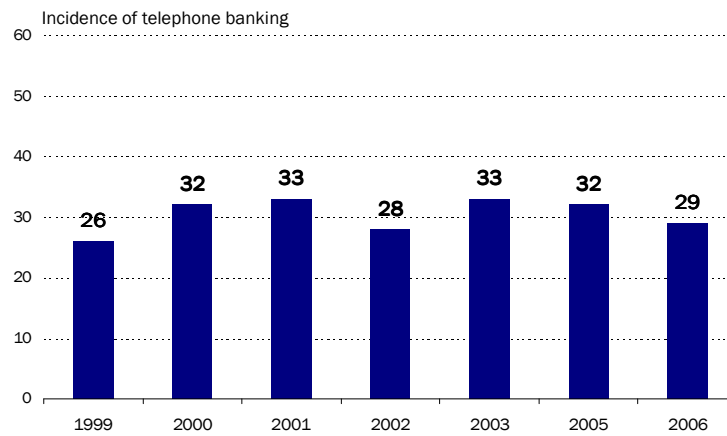
Q:

Thinking about your personal banking and recent purchases. How many times did you do the following in the past month?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

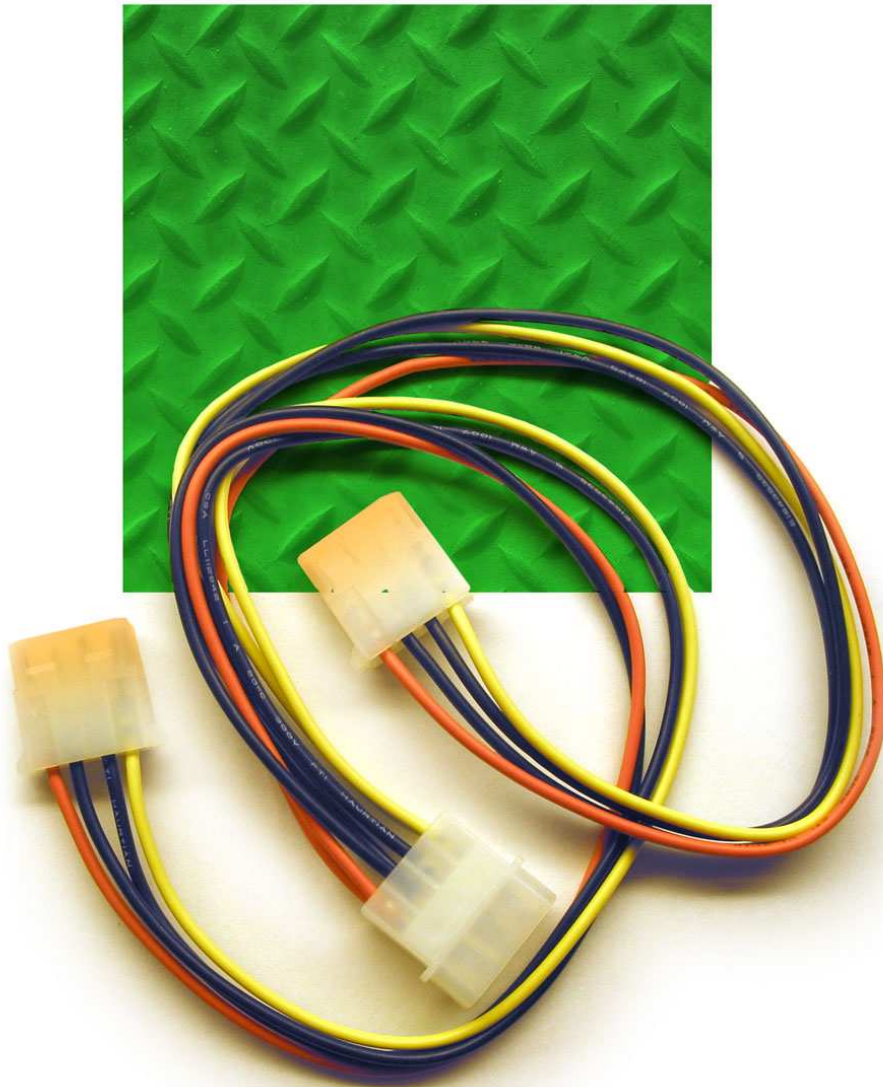
In the past three months, **automatic deductions and e-payments surpass all other bill payment methods** for Canadians. Notwithstanding the popularity of these two channels for bill payment, all other channels remain used by most.

Telephone banking used by a stable minority:

Fluctuating little since 1999, telephone banking remains used by 3 in 10 Canadians.



Q:
Do you do any of your personal banking either using the Internet or the telephone?
(BASE: All Canadians; July 06, n=4512)



Electronic bill payment and presentment

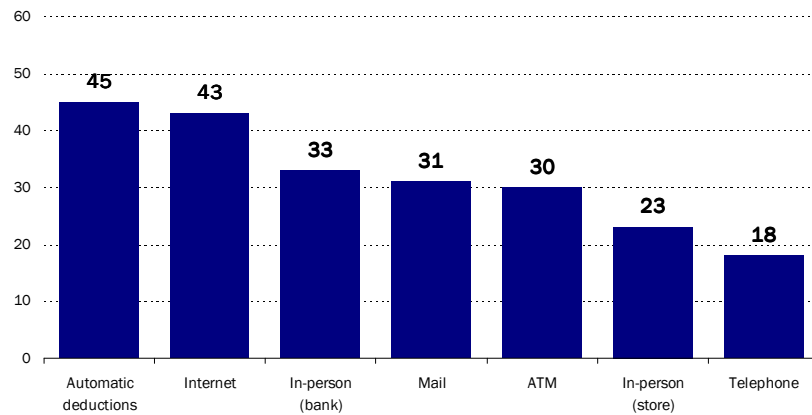
Highlights

- Electronic bill payment is now almost as commonly employed today to pay bills as automatic deductions. In 1998, automatic deductions were almost ten times as common as online payments.
- Even more notable than the upward trend in using electronic bill payment is that Canadians continue paying the highest proportion of their bills online than with any other method in a typical month.
- As the newest bill payment method becomes increasingly entrenched, all other bill payment methods decrease in popularity. The numbers of payments via mail and in-person, in particular, continue to decrease. Nevertheless, Canadians continue using all other bill payment methods.
- While awareness of electronic bill payment remains generally high amongst Canadians, brand recognition of e-post remains low. By and large, the overwhelming majority paying their bills over the Internet do so via bank websites.
- Electronic bill presentment lags far behind electronic bill payment. While the incidence of electronic bill presentment has slightly increased, the general concept of receiving bills online is still largely resisted. Moreover, the value proposition of electronic bill presentment remains weak for the majority of Canadians.

The concept of e-payments has gained considerable popularity since 1998, becoming as important to Canadians as automatic deductions. The impact of this popularity is evident in the declining popularity of all other bill payment methods, including ATMs, in person and mail.

E-payment now almost at par with automatic deductions:

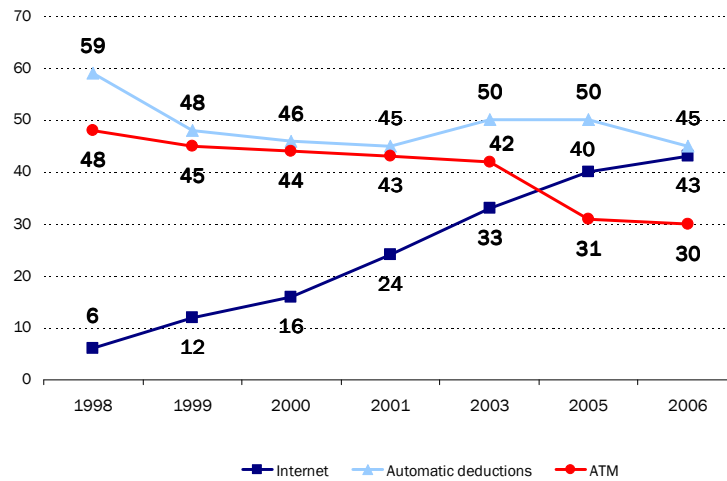
While Canadians continue to use multiple channels to pay their household bills, the Internet and automatic deductions dominate. More than 4 in 10 Canadians have paid their bills in either way in the past three months.



Q:
In the past three months, which of the following methods have you used to pay your personal or household bills?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

E-payments increasingly ingrained as key bill payment method:

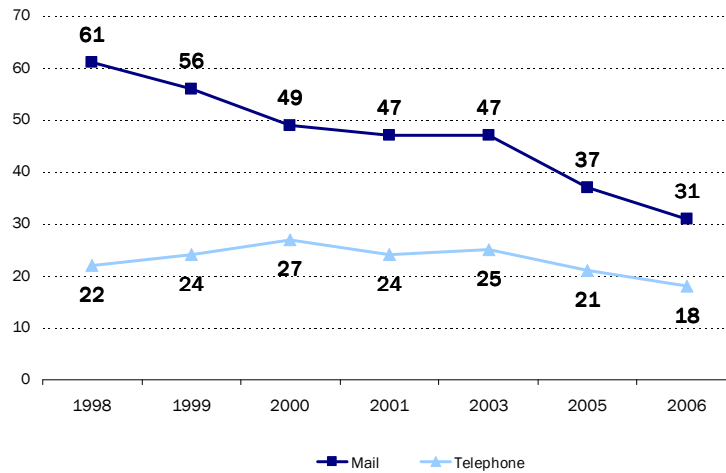
The sharp upwards trend in paying bills online, and gradual decreases to all other bill payment methods, highlight the impact of electronic bill payment on the current banking landscape. Payments by ATM are also at the lowest levels since 1998.



Q: In the past 3 months, which of the following methods have you used to pay your personal or household bills?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

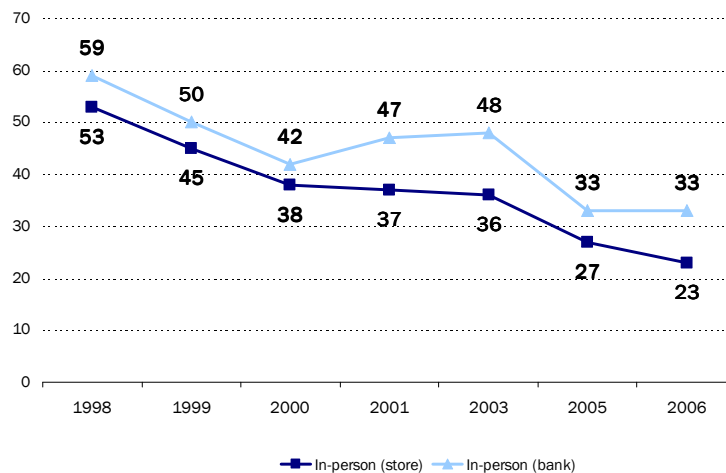
Bill payment via mail continue dropping sharply:

While 3 in 10 have paid at least one bill by mail in the past three months, this represents almost half of what they were in 1998. Payments by telephone remain largely unchanged throughout the years.



In-person are at record lows:

The dramatic shift towards e-payments is clearly evident from the dramatic declines in payments made in-person.



Q:

In the past 3 months, which of the following methods have you used to pay your personal or household bills?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

In the past three months, **automatic deductions and e-payments surpass all other bill payment methods** for Canadians. Notwithstanding the popularity of these two channels for bill payment, all other channels remain used by most.

Methods of recent bill payment (past 3 months)

(Per cent)

	Internet		Automatic deductions		ATM		In-person (bank)		Mail		Telephone		In-person (store)	
	05	06	05	06	05	06	05	06	05	06	05	06	05	06
All Canadians	40	43	50	45	31	30	33	33	37	31	21	18	27	23
Gender														
Males	43	45	53	44	31	29	35*	34	35	31	18*	15*	27	22
Females	38	41	48	45	31	31	30*	33	39	32	24*	22*	27	25
Age														
25 and under	40	48	41	32*	38	30	36	36	23*	16*	14	10	26	21
25 – 44	53*	58*	51	45	34*	31	29*	25*	33*	28	22	22	23	18*
45 – 64	35*	37*	53	49	29	33	30	34	43*	36*	24	19	29	26*
65 and over	15*	14*	48	44*	17*	21*	47*	52*	49*	42*	13*	15	35	32*
Household Income														
<\$20k	20*	24*	40*	37	34	32	49*	48*	30	27	23	20	38*	26
\$20 – \$39k	29*	32*	50	41	32	34	36	40*	36	30	22	18	30	30*
\$40 – \$59k	43	42	53	49	31	28	29	31	36	34	22	25*	29	25
\$60 – \$79k	50	54	50	43	34	34	29	24	39	27	21	15	25	19
\$80 – \$99k	51	60*	55	45	29	21	23*	24	40	31	14	14	23	18
\$100k +	59	67*	64*	55*	32	25	18*	23*	40	32	19	12	18	16*
Location														
Urban	42*	46*	51	43	32	31	21*	32*	35*	28*	21	19	25*	21*
Rural	34*	34*	50	45	27	28	39*	40*	45*	43*	21	18	34*	30*
Internet Banking														
Do not bank online	2*	2*	50	41*	37*	40*	46*	49*	41*	38*	27*	26*	34*	33*
Bank online	88*	87*	51	49*	23*	20*	16*	17*	33*	25*	13*	11	18*	14*
Less 1 year	62*	63*	41	40	33	34*	41*	32*	32	21	28*	10	19	22
1 – 2 years	81	82	61	48	32	23	19	18	32	20	17	17	17	22
2 – 4 years	89	88	47	48	23	20	15	16	31	29	9	11	17	16
4 years plus	94*	91*	52	52	12*	14*	6*	12*	31	25	13	9	13	10*
Primary FI														
BMO	38	40	66*	54	33	37	35	42	43	24	20	19	31	30
CIBC	40	39	55	36*	27	30	27	30	36	29	28	21	27	23
National Bank	35	26	53	49	61	56*	37	37	37	51*	20	36*	32	27
RBC	47*	46	51	42	33	33	31	32	37	31	15*	12	29	22
Scotiabank	42	44	44	51	25	28	41	39	37	31	21	19	26	26
TD/CT	41	48	49	43	21*	21*	35	37	35	31	28*	17	20*	20

Q:

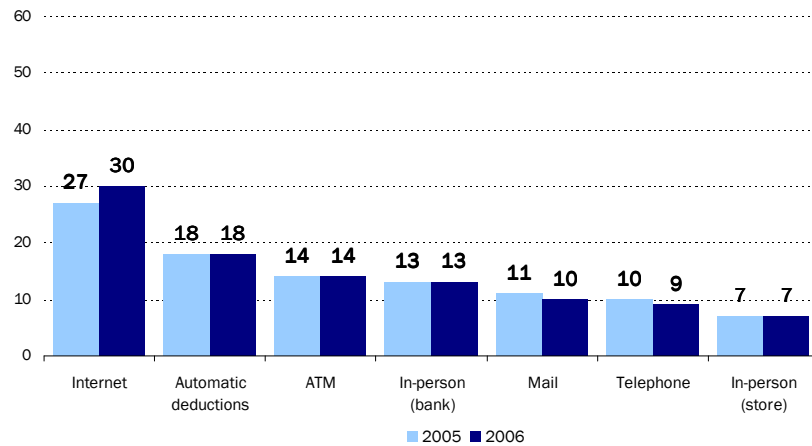
In the past 3 months, which of the following methods have you used to pay your personal of household bills?

(BASE: All Canadians; Aug./Sept. 06, n=1586)

*Denotes variations that are statistically different from the national average

Canadians paying greater proportion of bills online:

While Canadians are still more likely to have paid at least one bill by automatic deduction than online, a greater proportion of their bills are being paid using the Internet. In fact, 30 per cent of their monthly bills are being paid in this manner.



Q:
In a typical month, what percentage of your personal or household bills do you pay in the following ways?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

Recent bill payment (typical month)

(Per cent)

	Internet		Automatic deductions		ATM		In-person (bank)		Mail		Telephone		In-person (store)	
	05	06	05	06	05	06	05	06	05	06	05	06	05	06
All Canadians	27	30	18	18	13	14	13	13	11	10	10	9	7	7
Gender														
Males	28	31	18	17	13	13	13	14	11	11	9*	7*	8	9*
Females	26	29	18	18	14	15	13	12	11	9	12*	12*	7	6*
Age														
25 and under	28	33	16	12*	17	12	15	17	9	10	8	2*	9	13*
25 – 44	37*	41*	17*	15*	15*	14	9*	7*	9*	7*	10	12*	5*	5*
45 – 64	22*	25*	19	20*	13	16*	13	13	13*	10	13*	10	7	8
65 and over	8*	8*	25*	26*	8*	10*	24*	24*	15*	17*	7*	8	14*	9*
Household Income														
<\$20k	15*	18*	15*	13*	14	13	24*	27*	9	11	10	8	14*	10*
\$20 – \$39k	20*	20*	18	18	15	19*	15	15*	11	9	13	10	8	11*
\$40 – \$59k	30	30	19	18	15	14	8*	11	9	9	13	13*	7	6
\$60 – \$79k	34*	39*	16	17	16	14	9*	5*	11	9	8	8	7	6
\$80 – \$99k	34*	46*	22*	19	12	6*	9*	11	12	7	7*	7	5*	5*
\$100k +	38*	45*	24*	21*	9*	11*	9	7*	10	8	8	5*	3*	4*
Location														
Urban	30*	32*	19*	19*	14*	14	12*	11*	10*	9*	10	10	7*	7
Rural	21*	23*	16*	14*	11*	14	17*	18*	16*	14*	10	8	9*	9
Internet Banking														
Do not bank online	0*	1*	19	17	19*	22*	21*	22*	15*	14*	16*	15*	10*	10*
Bank online	59*	59*	17	18	7*	6*	3*	3*	6*	5*	4*	4*	4*	5*
Less 1 year	35*	36*	16	15	10	14*	13*	11*	10	11*	10	1*	3	9
1 – 2 years	49*	56	22	12*	7	7	3	7*	7	6	7	5	4	9
2 – 4 years	62	59	14	19	6	5	2*	3	4	5	4	4	4	4
4 years plus	70*	65*	17	20*	2*	4*	2*	1*	4	4*	4	3	2*	2*
Primary FI														
BMO	21*	29	22	16	13	18	13	14	14	7*	10	9	9*	5*
CIBC	30	30	18	16	10*	11*	10	10*	11	11	15*	14*	14	7
National Bank	21	16*	16	22	29*	22*	10	9	8	14	11	12	12	8
RBC	31*	30	19	18	14	17	13	13	9	12	7*	5*	5	6*
Scotiabank	26	28	20	19	9*	11*	17	16	11	8	10	8	8	10
TD/CT	30	36*	18	18	6*	10*	13	14	12	7*	16*	9	9	7

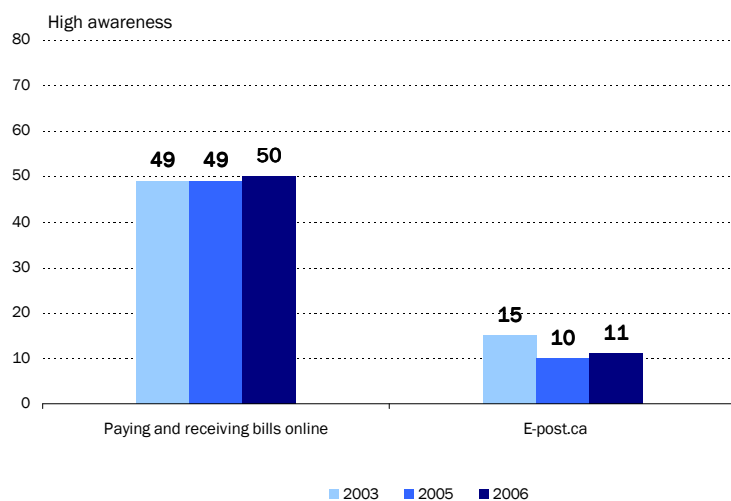
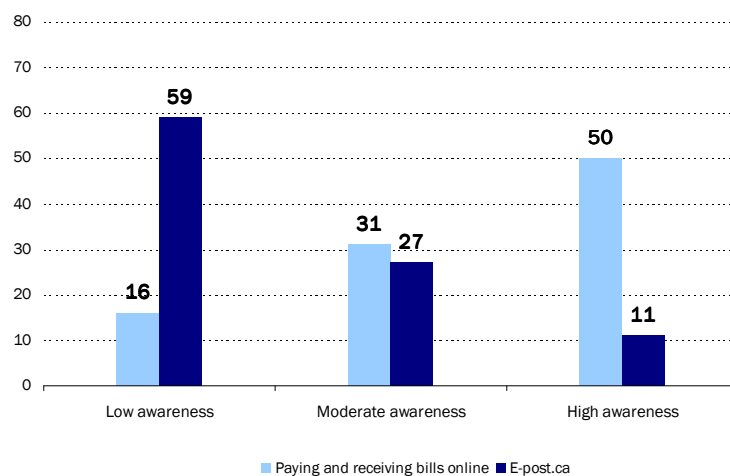
Q:

And in a typical month, what percentage of your household bills do you pay in the following ways

(Base: All Canadians; Aug./Sept. 06, n=1586)

Overall awareness of e-billing largely unchanged:

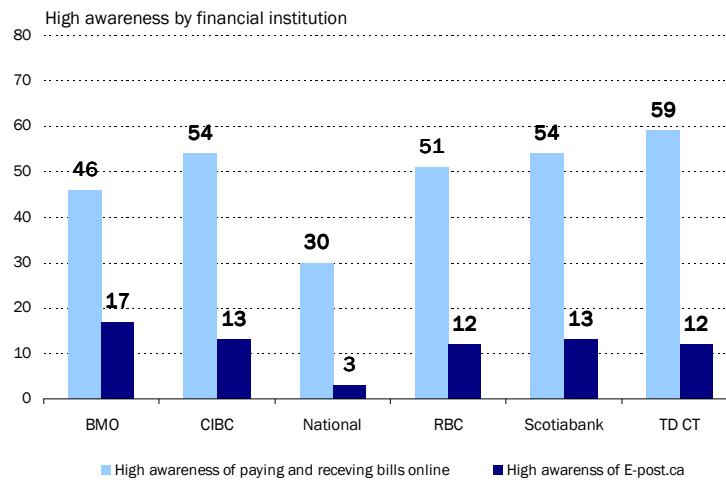
While 1 in 2 are well aware of paying and receiving bills online, Canadians are far less aware of the main player brands for e-billing. In fact, only 1 in 10 reported high awareness of E-post.ca.



Q:
To what extent are you aware of ...?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

Awareness by Canada's 'big six' FIs:

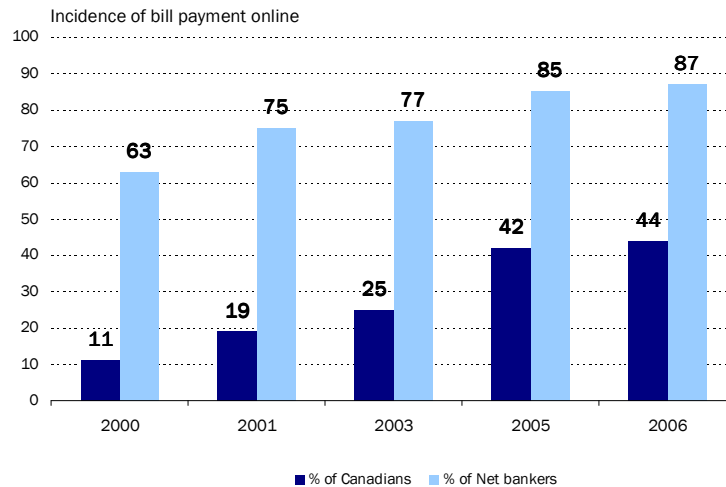
The varying levels of awareness are particularly noteworthy by FI. The overwhelming majority of clients with these institutions are highly aware of paying and receiving bills online and considerably less aware of E-post.ca.



Q:
To what extent are you aware of ...?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

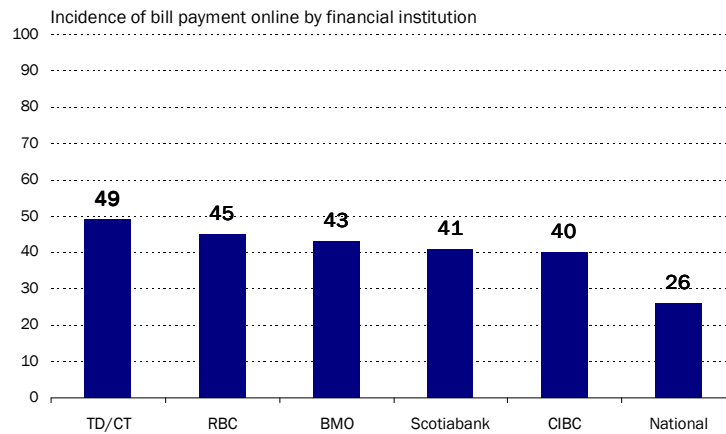
Slight increase in incidence of bill payment online:

There is a continued increase in the incidence of bill payment online, albeit at a substantially slower pace than from 2003 to 2005.



Bill payment online highest amongst clients of TD/CT and RBC:

In relation to other major financial institutions incidence of online banking are highest amongst clients of TD/CT and RBC.

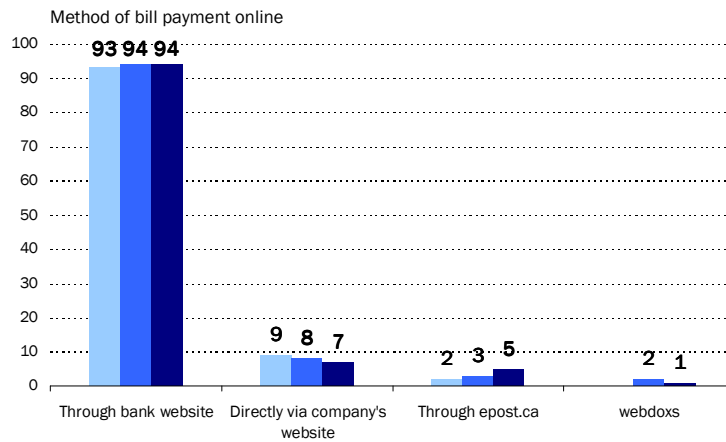


Q:

Do you currently pay any of your household bills over the Internet?
(BASE: Canadians that pay bills online; Aug./Sept. 06, n=690)

Bill payment online primarily through bank website:

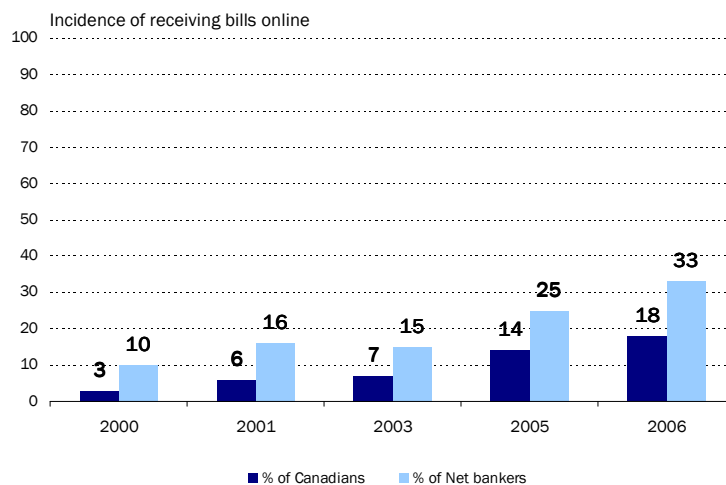
Canadians who pay their bills online are most likely to do so through bank websites. This is not surprising given the limited awareness of epost.ca and webdoks.



Q:
Do you currently pay any of your household bills over the Internet?
(BASE: Canadians that pay bills online; Aug./Sept. 06, n=690)

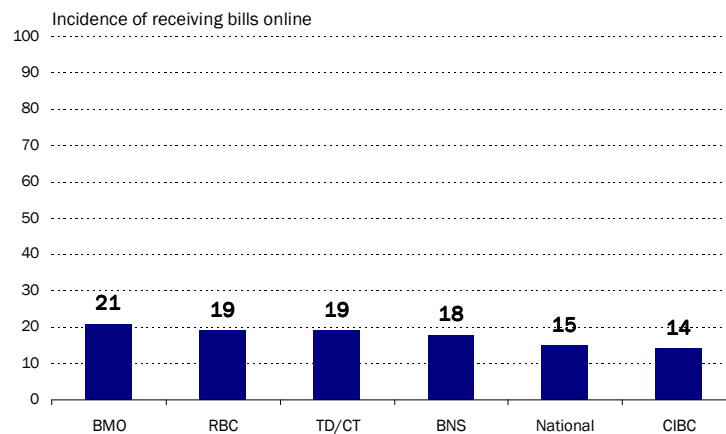
Incidence of bill presentment on the rise:

Jumping almost 5 percentage points in each category in the last year, almost 2 in 10 Canadians and 3 in 10 net bankers receive their bills online.



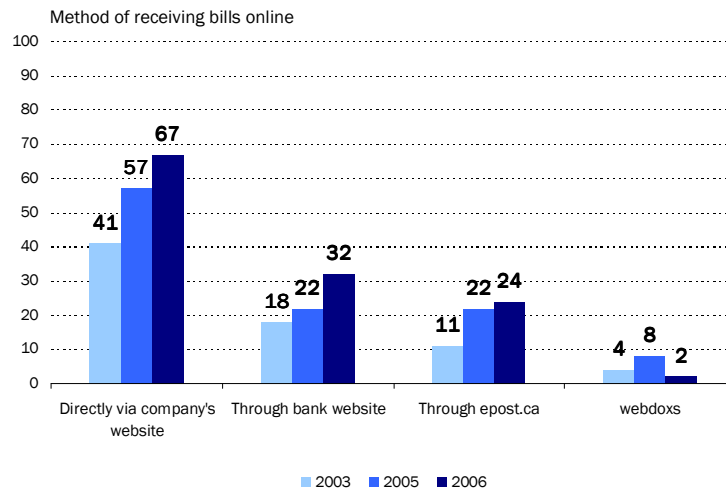
Little variation across FIs with the exception of CIBC and National:

With the exception of National bank and CIBC, in which cases clients tend to receive bills online in slightly lower numbers, there is little variation in the incidence of receiving bills online across FIs.



Bills commonly received online directly via company's website:

While bills are still most commonly received online directly via company's website, bill presentment is increasing via bank websites and through epost.ca.



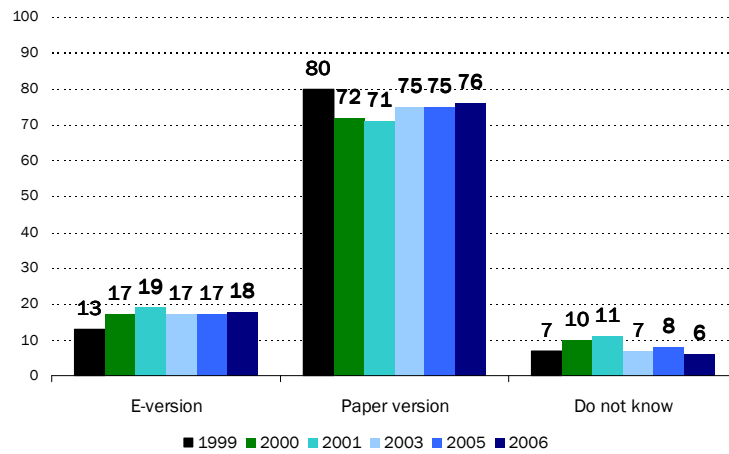
Q: Do you currently receive any of your household bills over the Internet? By receive, this means you get an electronic version of the bill instead of a paper version.
(BASE: Canadians who receive bills online; Aug./Sept. 06, n=308)

E-presentment has been **unsuccessful** compared to e-payments.

While the incidence of e-presentment has slightly increased, the concept is **largely resisted** vis-à-vis the low value proposition of this method of receiving bills.

E-billing still fails to resonate for the overwhelming majority:

E-presentment has failed to catch on as a mainstream form of bill presentment, with almost 8 in 10 continuing to favor paper bills over electronic versions since 1999.



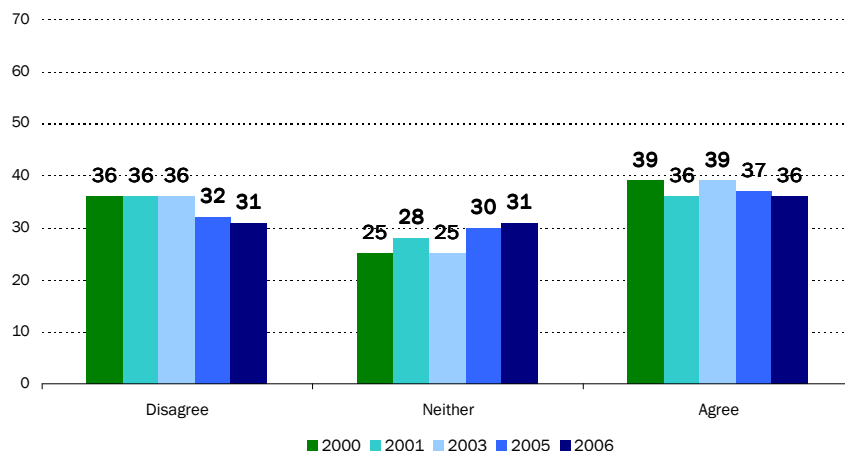
Q:

Many organizations offer customers the choice of receiving bills over the Internet. Would you prefer to have your bills delivered over the Internet or continue to receive them by mail?

(BASE: All Canadians; Aug./Sept. 06, n=1586)

E-presentment hindered by ambivalent perceptions of benefits:

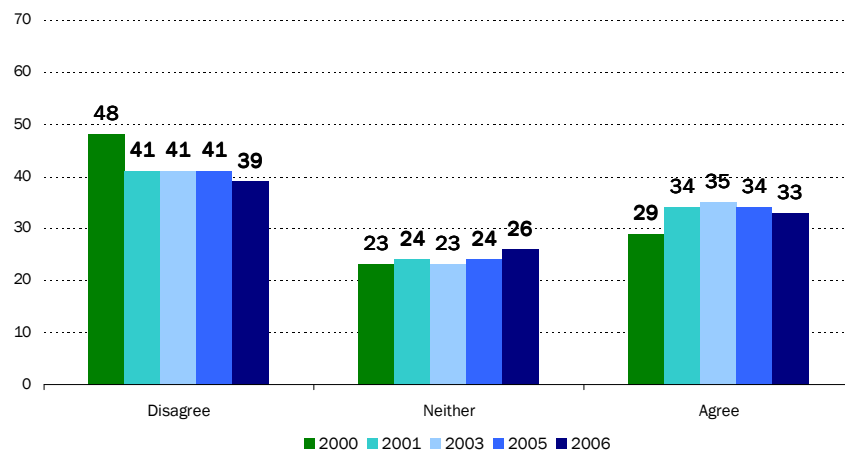
With only 3 in 10 disagreeing that they cannot see the benefits to receiving bills online, a significant portion of the population remain unconvinced.



Q:
I do not see any benefits to receiving my bills over the Internet.
(BASE: All Canadians; Aug./Sept. 06, n=1586)

Considerable resistance remains vis-à-vis e-billing:

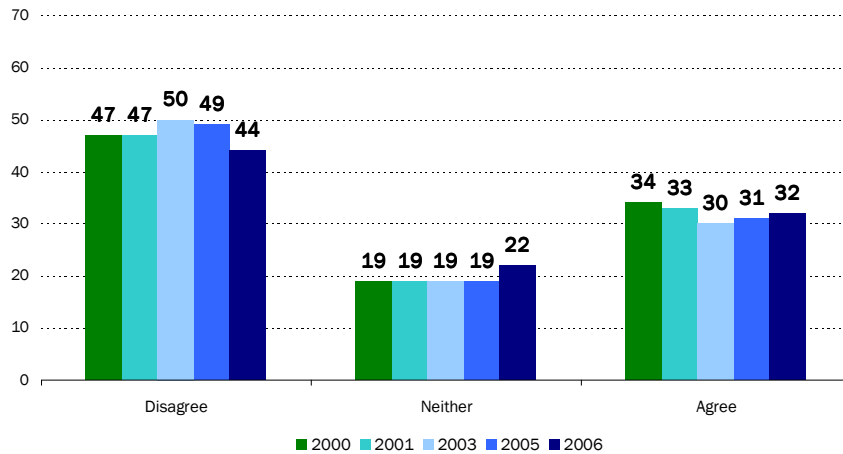
With just 1 in 3 who agree that it is only a matter of time before they receive most of their bills online, e-billing continues to be met with considerable resistance.



Q:
It is only a matter of time before I receive most of my bills over the Internet.
(BASE: All Canadians; Aug./Sept. 06, n=1586)

Broad appeal of e-billing yet to improve:

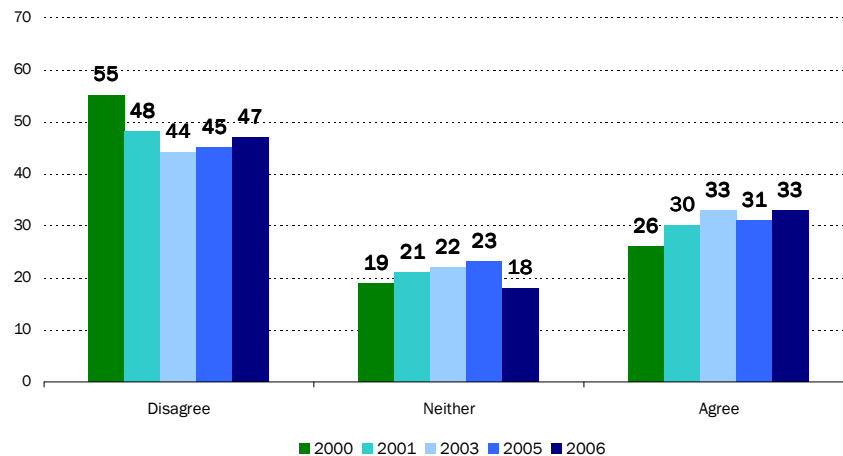
A significant portion of Canadians have yet to see the broad appeal of e-billing. It is noteworthy that there has been no improvement despite growing experience with online banking.



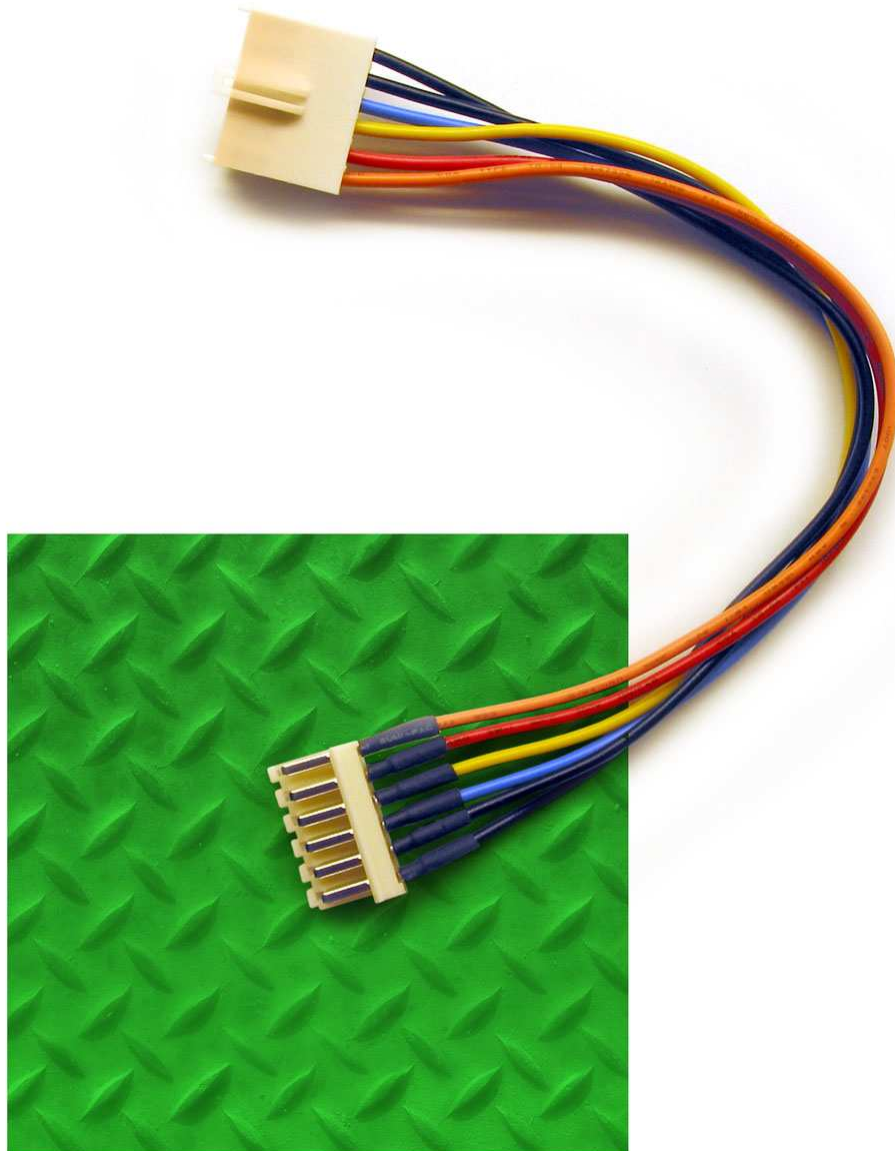
Q:
I like the idea of being able to receive and pay all of my bills over the Internet.
(BASE: All Canadians; Aug./Sept. 06, n=1586)

Incentives potentially increase broad appeal of e-billing:

The concept of a small discount may be used to boost the appeal of e-billing, with just under 1 in 2 suggesting they might switch to receiving their bills online given these circumstances.



Q:
I would not switch to receiving my bills over the Internet even if I was given a small discount.
(BASE: All Canadians; Aug./Sept. 06, n=1586)



E-consumers in Canada

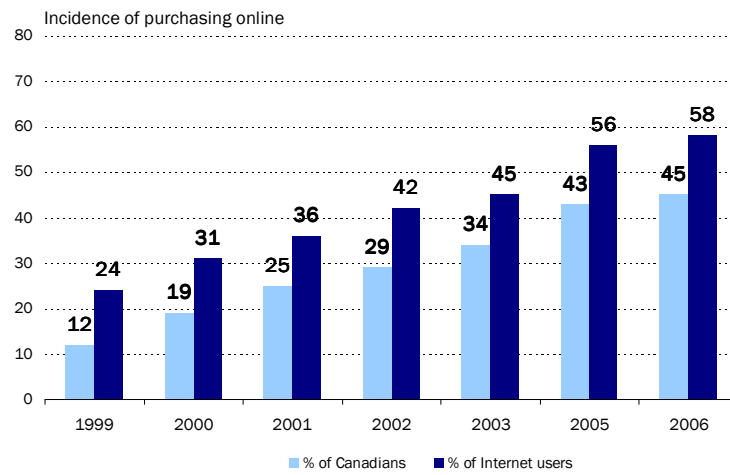
Highlights

- Electronic commerce continues to grow incrementally. The incidence of online purchases is rapidly approaching 1 in every 2 Canadians.
- Overall, e-consumers are purchasing online more frequently than in the past.
- The value proposition and buying online paired with security issues hinder the general progress of electronic commerce.
- Reservations remain vis-à-vis safety of providing credit card numbers online, although this perception is improving.

E-commerce continues experiencing incremental growth, with a considerable number having purchased a product or service at least once.

Incidence of e-commerce continues to increase:

A strong majority have bought online and the incidence of e-commerce is fast approaching 1 in every 2 Canadians.



Q:

Have you ever purchased a product or service over the Internet?
(BASE: All Canadians; July 06, n=4517; Internet users; July 06, n=3382)

While there has been growth in e-commerce across all groups, **there continues to be large differences in its incidence across various segments of the public.** For example, e-commerce among the highest income households is more than two and a half times that of the lowest income households. Likewise, regional differences persist with the lowest levels of e-commerce being reported in Quebec.

E-commerce

% of Canadians who have bought online

	2000	2001	2002	2003	2005	2006
All Canadians	19	25	29	34	43	45
Gender						
Males	23	30	34	39	48	49
Females	14	20	23	29	39	41
Age						
25 and under	22	25	32	37	50	55
25 – 44	24	33	35	44	54	55
45 – 64	16	22	28	30	40	42
65 and over	5	9	11	12	16	18
Household Income						
<\$20k	9	11	9	16	22	28
\$20 – \$39k	11	16	19	23	32	34
\$40 – \$59k	21	25	30	32	45	41
\$60 – \$79k	28	33	42	44	53	53
\$80 – \$99k	31	39	46	52	60	63
\$100k +	38	47	57	60	67	74
Region						
British Columbia	24	31	35	37	54	53
Alberta	20	24	29	37	44	53
Prairies	17	22	28	32	38	43
Ontario	22	30	34	38	47	50
Quebec	11	15	18	24	34	32
Atlantic Canada	18	24	27	31	37	42
Location						
Urban	20	27	31	36	45	47
Rural	13	19	20	26	34	36

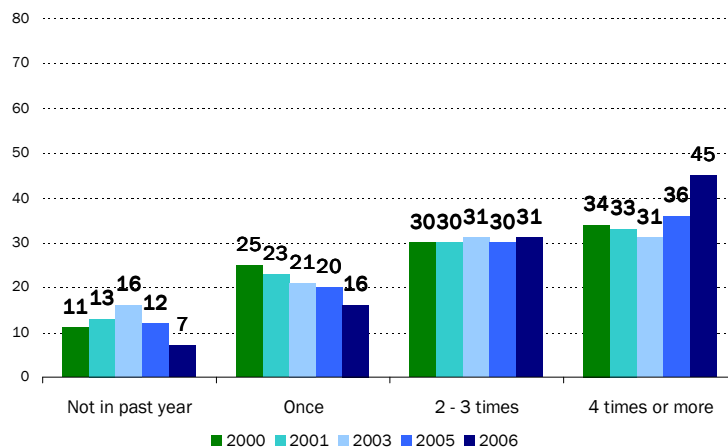
Q:

Have you ever purchased a product or service over the Internet?
(BASE: All Canadians; July 06, n=4517)

In the past 12 months, a greater number of e-consumers have bought online more frequently than ever before. Nevertheless, a slightly higher number of e-consumers continue to shop less frequently on an annual basis.

E-consumers are shopping online more frequently than in past years:

The proportion of e-consumers who have purchased online only once or have not purchased at all in the past year is now less than 1 in 4, the lowest since tracking began.

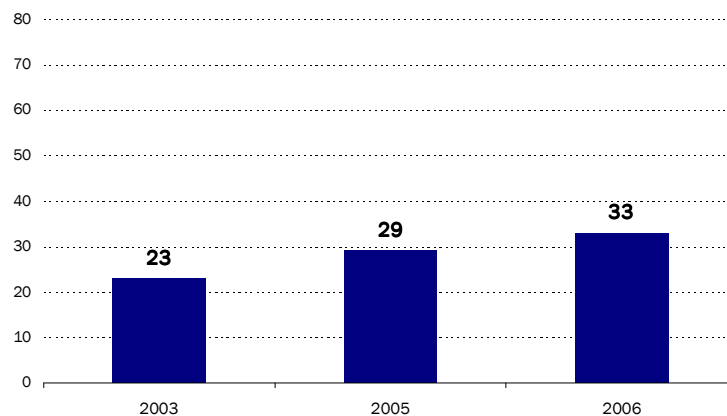


Q:

In the past twelve months, approximately how many times have you purchased anything over the Internet?
(BASE: E-consumers; July 06, n=906)

The popularity of online auctions is slowly increasing:

Despite the buzz surrounding online auctions such as eBay, only 1 in 3 e-consumers have bought products or services this way (albeit on an upward trend).



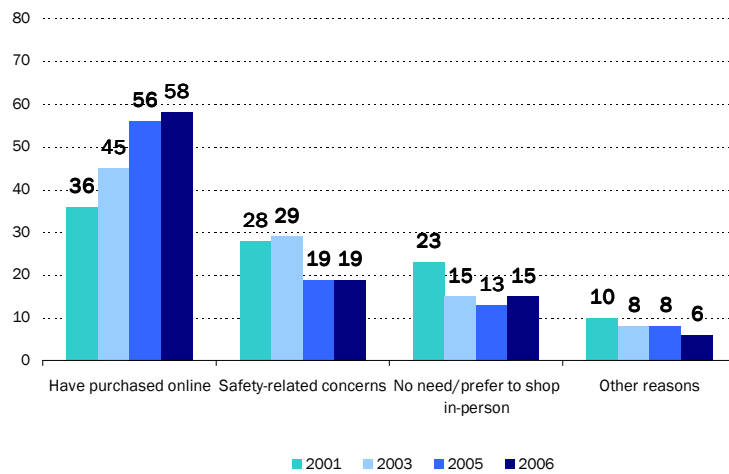
Q:

Have you ever purchased a product or service from an online auction such as eBay?
(BASE: E-consumers; July 06, n=482)

As is the case with online banking, the **perceived value proposition of buying online in tandem with safety-related concerns are most likely to discourage Internet users** who do not partake in e-commerce. While there is still considerable discomfort providing credit card information online, this perception is improving.

Security concerns and needs/preferences still limit e-commerce growth:

Although a growing number of users shop online, e-commerce continues to be impeded by security concerns and its value proposition (i.e. no need/preference to shop in-person).



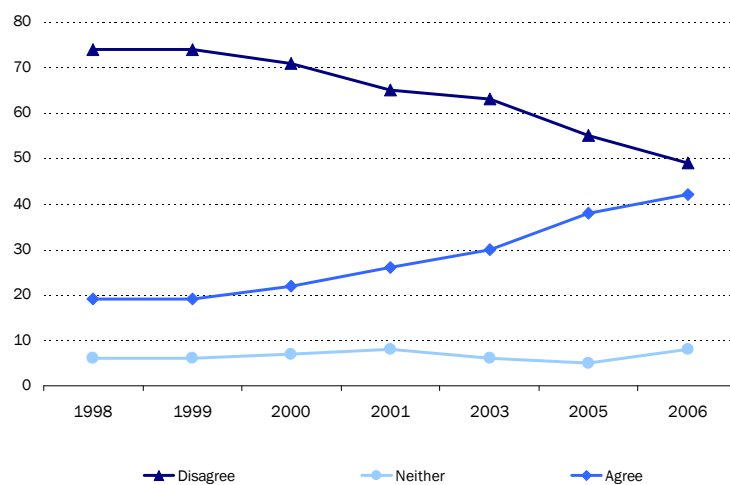
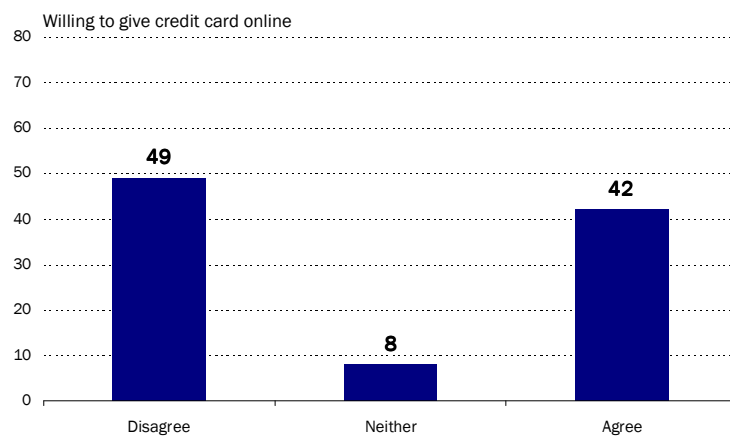
Q:

Have you ever purchased a product or service over the Internet?¹ [IF NO] What is the MAIN reason you have never purchased anything over the Internet?

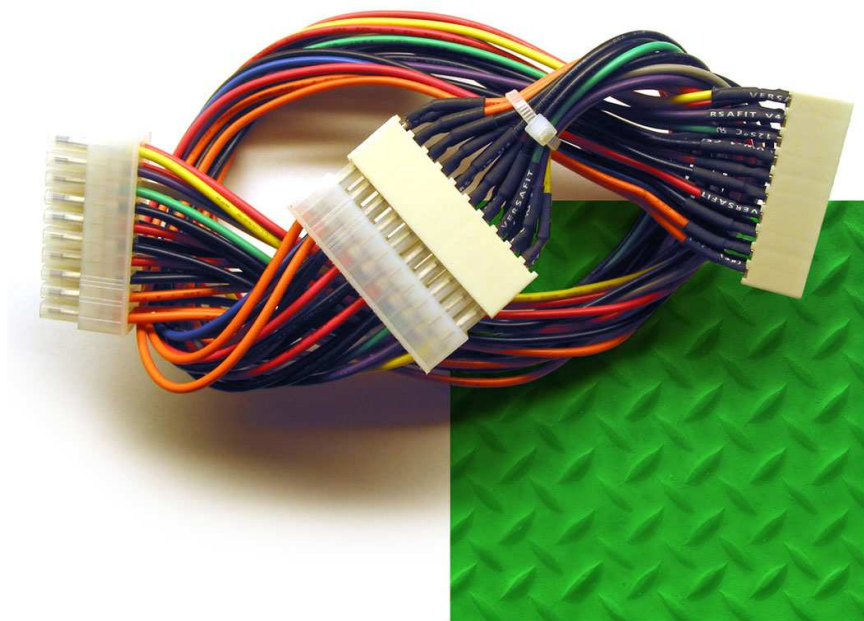
(BASE: Internet users; July 06, n=1712)

There is still significant discomfort giving credit card numbers online:

While continuing to improve, almost half of Canadians maintain reservations about giving this information online to even a credible store/company.



Q: I would be willing to give my credit card number over the Internet to purchase a product or a service from a well known store.
(Base: All Canadians; July 06, n=4518)



Online purchases

Highlights

- Online purchases are becoming more diversified compared to previous years. No longer are e-consumers buying the mainstream products and services previously deemed standard online purchases.
- Not only are e-consumers spending greater amounts on individual purchases, but also increasing their overall average online spending.
- Online spending is concentrated in North America, with e-consumers buying greatest amounts from Canadian e-tailers.

Compared with previous years, **e-consumers are purchasing a wider range of products and services online.** Correspondingly, they are less likely to purchase previously popular items bought online including books/magazine, music/movies and computer software.

Most recent online purchase

(Per cent)

	1999	2000	2001	2003	2005	2006
Books/Magazines	19	25	21	17	16	14
Clothing	6	5	6	6	9	10
Music/Movies (CD, DVD, MP3, etc.)	16	12	10	10	7	10
Tickets (concert, sporting events)	6	5	6	6	9	7
Electronics	--	--	2	4	7	5
Computer software	22	12	9	8	8	5
Travel-related	4	5	7	9	6	
Airline tickets	--	--	--	--	--	5
Hotel/Car rentals						3
Computer hardware	1	2	5	5	5	5
Household products	4	4	5	4	3	4
Hobby supplies and equipment	--	--	3	4	4	3
Sports equipment						2
Automotive: Parts	2	1	1	1	2	2
Food/Groceries	--	--	--	--	--	2
Health products	--	--	--	--	--	2
Gifts	--	--	1	1	2	1
Memberships/Registrations						1
Services	4	4	3	3	2	1
Toys	--	--	2	2	2	1
Education-related	2	2	1	2	2	1
Flowers*	--	--	--	--	--	1
Stocks/Mutual funds*	--	--	--	--	--	1
Automotive: Cars/Trucks*	--	--	--	--	--	1
Office supplies*	--	--	--	--	--	1
Subscriptions (magazines)*	--	--	--	--	--	1
Personal products*	--	--	--	--	--	1
Other	9	15	10	13	17	4

Q:

What was the last product or service you purchased over the Internet?

(BASE: E-consumers who have made multiple online purchases in the past year; July 06, n=737)

*Captured in other category in previous years

This year, Canadian **e-consumers have purchased a greater proportion of clothing and travel related products** and services online.

All online purchases in the past year

(Per cent)

	2000	2001	2003	2005	2006
Books/Magazines	42	41	36	28	34
Clothing	14	19	19	18	34
Music/Movies (CD, DVD, MP3, etc.)	20	22	19	18	24
Tickets (concert, sporting events)	12	14	19	13	18
Electronics	--	7	9	13	14
Computer software	23	17	16	15	13
Travel-related	11	15	19	13	--
Airline tickets	11	15	19	13	13
Hotel/Car rentals					10
Computer hardware	6	14	12	11	11
Gifts	--	2	8	9	9
Hobby supplies and equipment	--	5	8	7	8
Household products	9	11	11	5	8
Memberships/Registrations	--	--	--	--	7
Telecommunication services	--	--	--	--	7
Sports equipment	6	5	7	3	5
Toys	--	6	5	4	4
Education-related	4	4	5	4	4
Flowers*	--	--	--	--	4
Stocks/Mutual funds*	--	--	--	--	3
Automotive: Parts*	2	--	3	3	3
Office supplies*	--	1	3	3	3
Subscriptions (magazines)*	--	--	--	--	3
Food/Groceries*	--	--	--	--	3
Automotive: Cars/Trucks*	--	--	--	--	2
Other	28	25	38	30	12

Q:

What types of products and services have you bought over the Internet in the past twelve months?

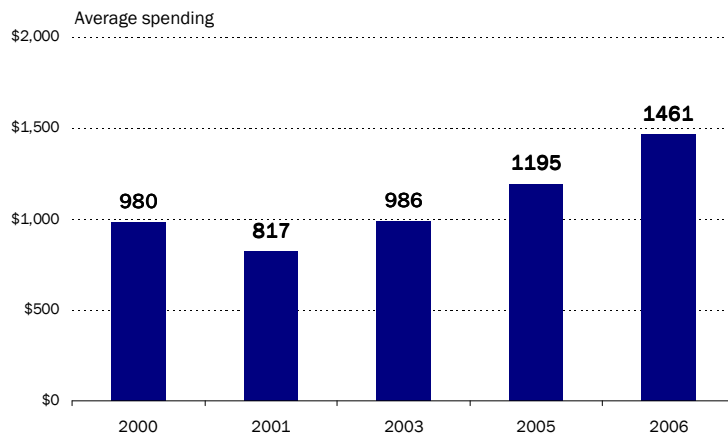
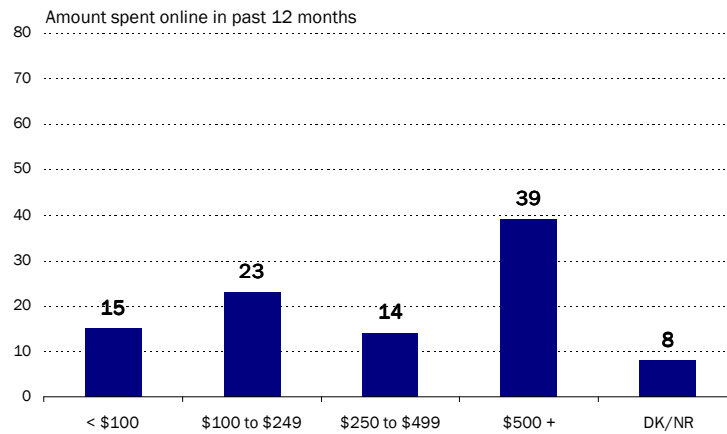
(BASE: E-consumers who have bought online in the past year; July 06, n=737)

*Captured in other category in previous years

E-consumers are **spending more on their individual purchases** and, therefore, **a greater total amount per year** than they have in previous years. Canadian and American e-tailers are securing the majority of business from Canadian e-consumers.

E-consumers are spending significant amounts on their purchases online:

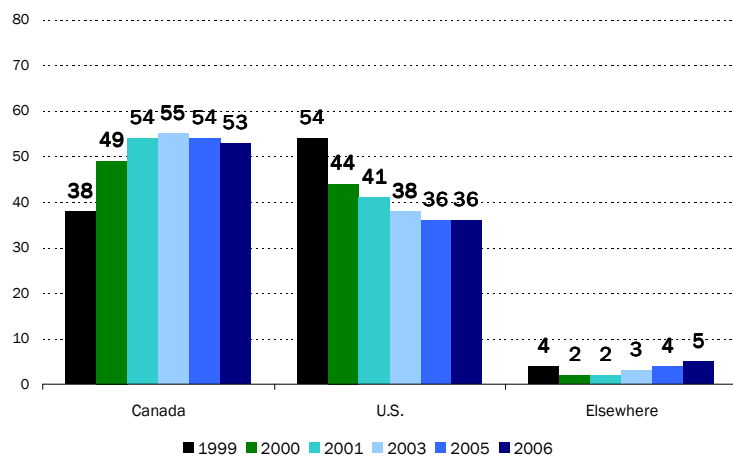
Not only are greater amounts being spent individually per year, but the total average spending continues to increase significantly.



Q:
Approximately how much did you spend in total on all your purchases over the Internet in the past twelve months?
(BASE: E-consumers who have bought in the past year July 06, n=905)

Online purchases remain concentrated in North America:

While purchases are still more likely to involve Canadian e-tailers, there has been little change, with American e-tailers retaining a sizeable share of the market.

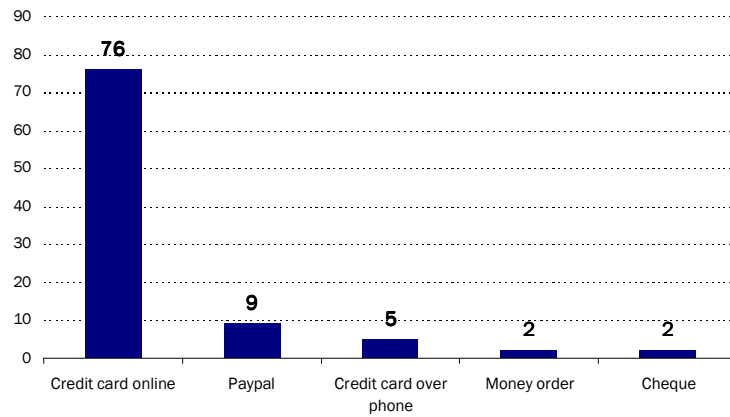


Q:

Where was the company selling the product or service located on your last purchase over the Internet?
(BASE: E-consumers; July 06, n=973)

E-consumers purchase mostly with credit cards:

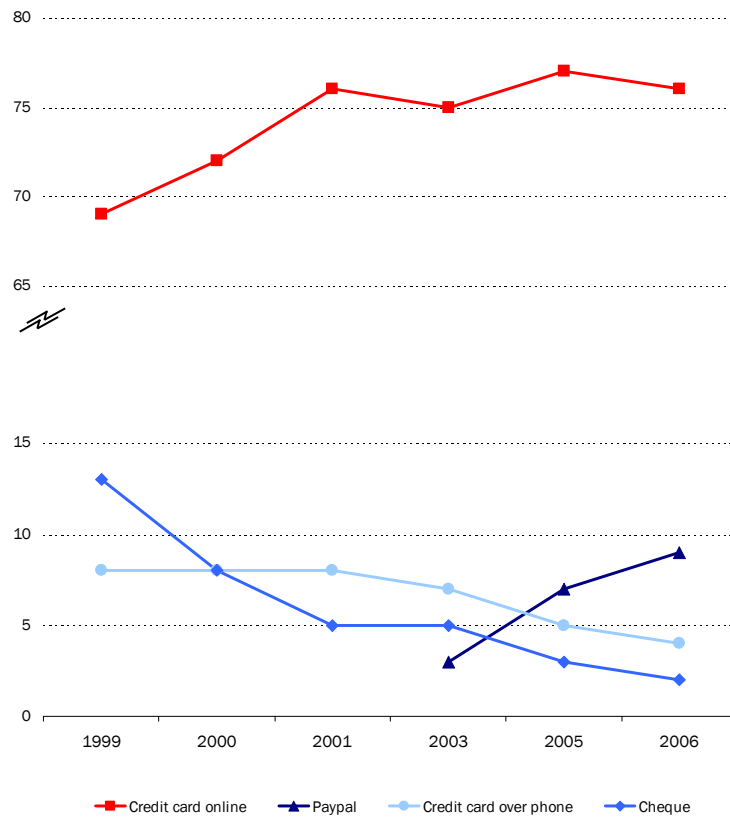
Not surprisingly, 3 in 4 e-consumers still find it most convenient to pay for products and services online using credit cards.



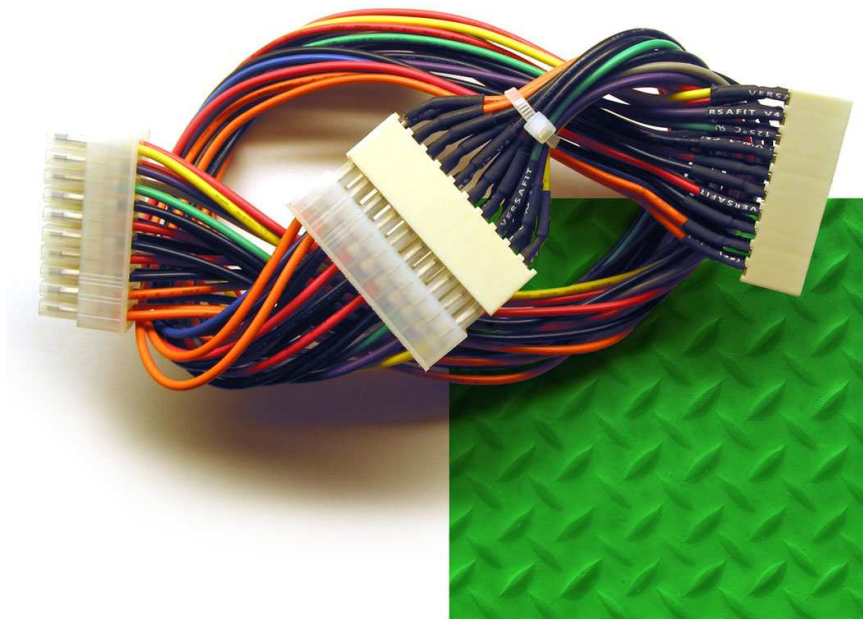
Q:
How did you pay for it?
(BASE: E-consumers; July 06, n=973)

PayPal is increasingly trusted by e-consumers:

Up tremendously since 2003, PayPal is increasing its popularity as a trustworthy method of paying online.



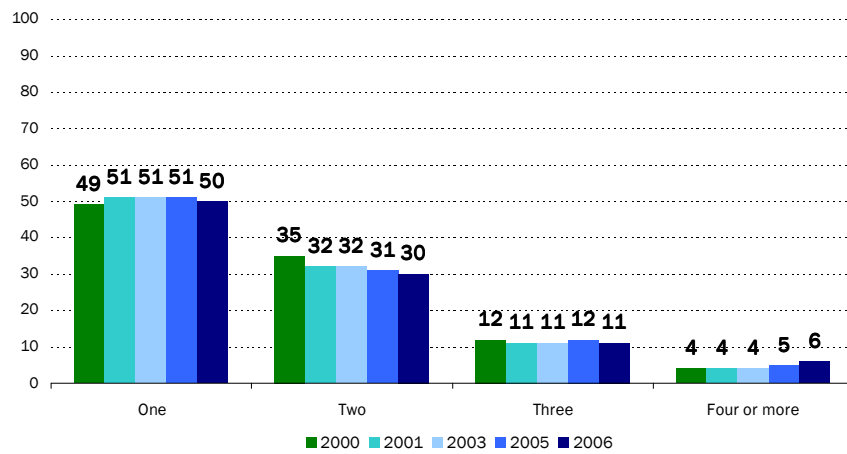
Q:
How did you pay for it?
(BASE: E-consumers; July 06, n=973)



Appendix A: Profiles of FIs and Products

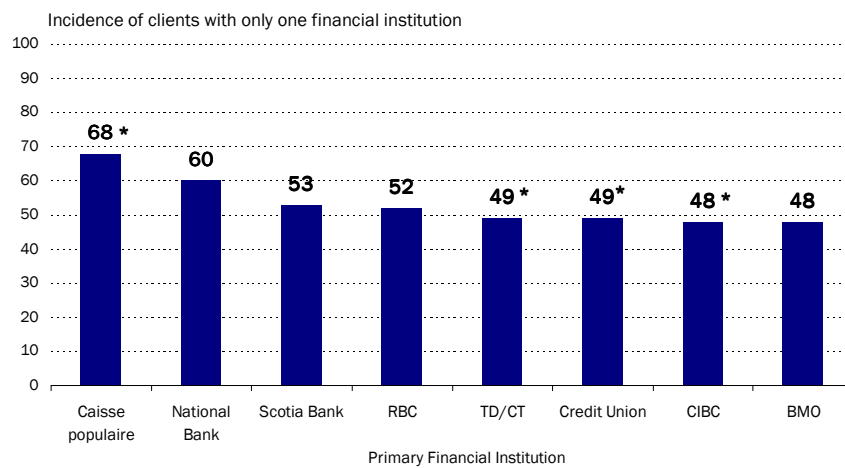
Banking patterns with financial institutions remain largely stable:

While the majority of Canadians limit their banking business to one financial institution, a sizeable number of others use multiple financial institutions.



Some variations in number of institutions across FIs:

With the exception of National Bank and Caisse Populaire, there are only small differences across FIs.



Q:

Approximately, how many different financial institutions in total do you deal with for your different banking activities such as deposits and loans?

(BASE: All Canadians; July 06, n=4518) *Differences are statistically significant from overall average.

Profile of primary financial institutions

(Per cent)

	PRIMARY FINANCIAL INSTITUTIONS							
	BMO	CIBC	National Bank	RBC	Scotiabank	TD/CT	Credit Union	Caisse populaire
	n=332	n=470	n=142	n=651	n=381	n=644	n=332	n=538
2001	9	13	4	18	8	14	8	13
2003	8	12	3	16	8	14	7	13
2005	8	11	3	14	8	15	8	13
2006	7	10	3	15	8	15	7	12
REGION								
BC	6	14*	—*	16	6	14	18*	—*
Alberta	7	12	—*	19*	7	17	6	—*
Prairies	6	9	—*	18	7	13	26*	1*
Ontario	8	13*	1*	15	11*	24*	4*	1*
Quebec	7	4*	12*	9*	2	4*	—*	47*
Atlantic	9	9	1*	19	21*	7*	10	4*

Q:

With which financial institutions do you primarily do your personal banking?

(BASE: All Canadians; July 06, n=4518)

*Denotes variations across financial institutions that are statistically different from the national average

Profile of other financial institutions

(Per cent)

OTHER FINANCIAL INSTITUTIONS	All Canadians	BMO	CIBC	National Bank	RBC	Scotiabank	TD/CT	Credit Union	Caisse populaire
		n=170	n=247	n=58	n=319	n=183	n=340	n=171	n=169
BMO	12	—*	15	7	15	16	15	13	10
CIBC	14	21*	—*	5	22*	16	17	15	8
National Bank	5	4	2	—*	3	1	1	—	33*
RBC	14	20	20*	3	—*	18	18	16	16
Scotiabank	11	15	10	2	13	—*	20*	12	3
TD/CT	13	14	20*	4	17*	21*	—*	17	4*
Credit Union	9	10	11	—	13*	11	11	—*	1*
Caisse populaire	6	7	5	75*	7	3	3	—*	—*
ING Direct	7	6	7	—	9	4	11*	4	7
President's Choice	3	2	5	—	2	4	5*	2	—
Other	23	22	19	6	21	18	20	29	17
DK/NR	9	7	9	5	8	11	8	14	9

Q:

With which other financial institutions do you do your personal banking?

(BASE: Canadians who bank with more than one financial institution; July 06, n=1925)

*Denotes variations across financial institutions that are statistically different from the national average

Products with primary financial institutions

(Per cent)

	Credit card	Personal loan	Line of credit	Mortgage	Mutual funds	GIC	Insurance products
2003	63	50**		26	29	22	20
2005	63	27	46	26	28	21	20
2006	63	26	45	25	25	19	20
Household Income							
<\$20K	50*	15*	28*	8*	12*	12*	16*
\$20-39K	65	26	45*	17*	21*	21	24
\$40-59K	70	31	50	30	24	22	21
\$60-79K	67	34*	58*	36*	34*	22	24
\$80-99K	70	36*	58*	38*	33	21	22
\$100K+	73*	32	61*	41*	40*	24	21
Primary Financial Institution							
BMO (n=332)	65	21	39	23	29	21	15*
CIBC (n=470)	72*	23	48	25	22	24	19
National Bank (n=142)	70	33	37	30	26	15	21
RBC (n=651)	72*	27	52*	25	29	20	14*
Scotiabank (n=381)	62	25	51	31*	27	22	22
TD/CT (n=644)	63	22	49	20	29	22	18
Credit Union (n=332)	47*	32	50	27	23	21	27*
Caisse populaire (n=538)	66	34*	39*	28	22	13*	33*

Q:

Do you have any of the following from your primary financial institution?

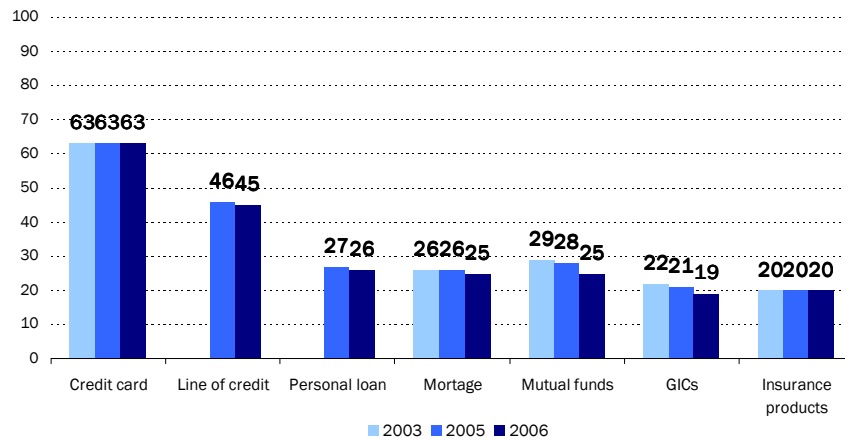
(BASE: All Canadians; July 06, n=4518)

*Denotes variations across financial institutions that are statistically different from the national average

**In 2003, personal loan and line of credit were captured together

Credit cards and lines of credit are typically held with primary institutions:

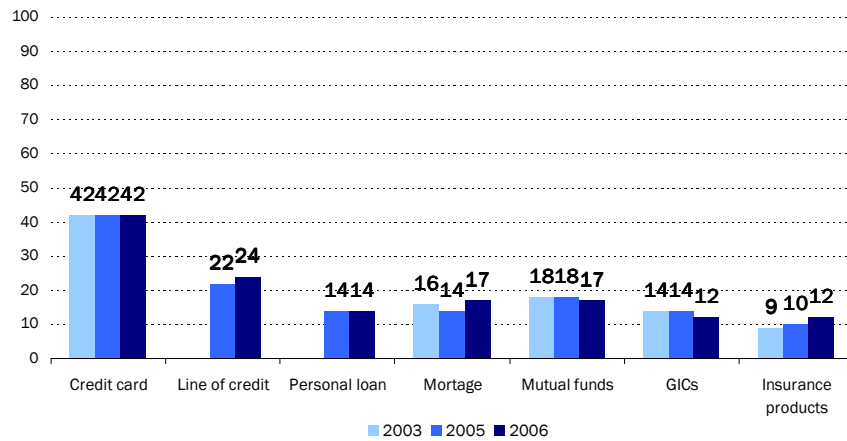
The overwhelming majority of Canadians hold credit cards and lines of credits with their primary institutions. Again, these patterns remain largely stable.



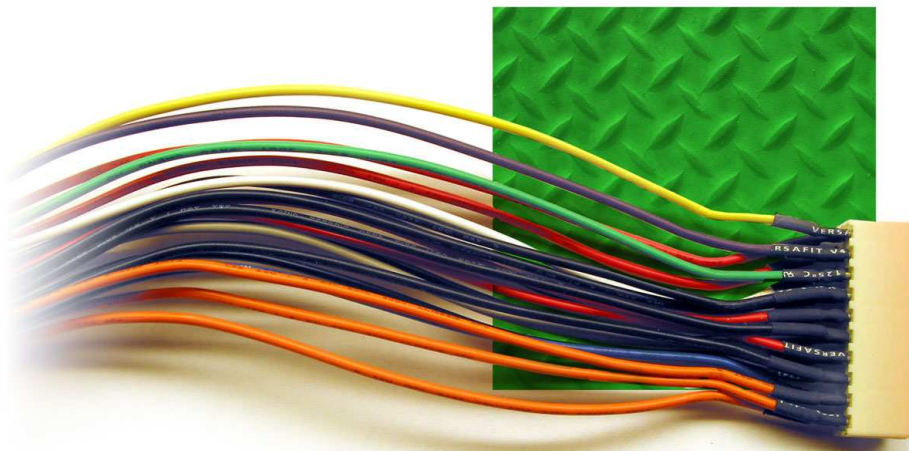
Q:
Do you have any of the following from your primary financial institution?
(BASE: All Canadians; July 06, n=4518)

Credit cards are also typically held with secondary institutions:

Despite evidence of brand loyalty in banking, many Canadians have a range of products with their secondary financial institutions.



Q:
Do you have any of the following from these other financial institutions that you deal with?
(BASE: All Canadians; July 06, n=4518)



Appendix B: Satisfaction Levels with Primary FI

Overall Satisfaction with Primary Financial Institution

(Per cent)

		Dissatisfied (1-3)	Neither (4)	Satisfied (5-7)	
Total		8	15	75	5.39
BMO	(n=117)	6	18	74	5.35
CIBC	(n=189)	8	14	75	5.39
National	(n=40)	14	5	78	5.10
RBC	(n=262)	8	18	72	5.31
Scotiabank	(n=103)	8	15	77	5.46
TD/CT	(n=245)	7	12	80	5.48

Q:

Overall, how satisfied or dissatisfied are you with your primary institution?
(BASE: All Canadians; Aug./Sept. 06, n=1586)

Satisfaction Levels with Primary Financial Institution

(Per cent)

	ATM/bank machines				In-person branches			
	Dissatisfied (1-3)	Neither (4)	Satisfied (5-7)		Dissatisfied (1-3)	Neither (4)	Satisfied (5-7)	
Total	6	13	76	5.50	10	15	70	5.29
BMO	4	11	79	5.60	10	12	78	5.24
CIBC	7	9	80	5.58	11	16	68	5.24
National	9	13	74	5.33	13	19	69	5.20
RBC	5	11	79	5.56	11	13	71	5.30
Scotiabank	5	20*	70*	5.46	7	18	72	5.37
TD/CT	3	12	80	5.63	7	13	79*	5.53
	Hours of operation				Automatic telephone banking systems**			
	Dissatisfied (1-3)	Neither (4)	Satisfied (5-7)		Dissatisfied (1-3)	Neither (4)	Satisfied (5-7)	
Total	27	17	52	4.56	6	14	67	5.50
BMO	33	12	54	4.32	5	14	78	5.51
CIBC	24	21	50	4.53	3	4	80	5.89
National	40	19	38	3.84	16	–	77	5.50
RBC	28	18	48	4.44	4	18	58	5.33
Scotiabank	33	15	49	4.35	–	29*	58	5.45
TD/CT	9*	14	76*	5.48	10	6	70	5.67
	Internet banking products and services***							
	Dissatisfied (1-3)	Neither (4)	Satisfied (5-7)					
Total	2	8	89	5.83				
BMO	1	3	94	5.80				
CIBC	–	2	95	6.18				
National	9	8	83	5.40				
RBC	–	13*	87	5.78				
Scotiabank	–	10	90	5.89				
TD/CT	2	4	93	6.06				

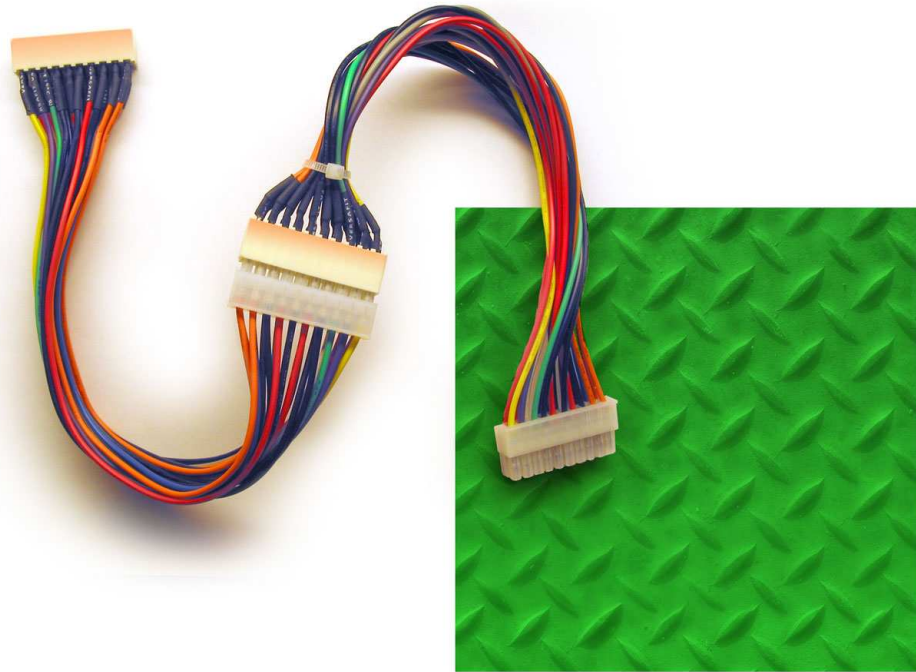
Q:

Thinking about your primary financial institution, how satisfied or dissatisfied are you with the following aspects?
(BASE: All Canadians; Aug./ Sept. 06, n=1586)

*Denotes variations that are statistically different from the national average

** (BASE: Telephone bankers; Aug./Sept. 06, n=390)

*** (BASE: Internet bankers; Aug./Sept. 06, n=748)



Appendix C: Key Internet Trends

Recent Internet usage

% of Canadians using Internet in past 3 months

	1997	1999	2000	2001	2002	2003	2005	2006
All Canadians	37	51	60	68	68	74	78	78
Gender								
Males	44	56	64	73	73	76	79	80
Females	31	45	57	65	63	72	76	76
Age								
25 and under	61	72	85	90	89	93	94	94
25 — 44	44	57	70	81	79	86	89	88
45 — 64	32	47	54	61	63	70	77	77
65 and over	7	17	21	28	25	35	36	39
Household Income								
<\$20k	28	28	40	46	45	52	57	58
\$20 — \$39k	29	39	50	57	56	63	69	67
\$40 — \$59k	35	53	62	72	70	77	80	80
\$60 — \$79k	51	65	75	81	85	88	91	88
\$80 — \$99k	58	74	79	90	84	91	93	92
\$100k +	66	79	84	91	89	94	93	95
Region								
British Columbia	39	56	67	75	76	78	83	83
Alberta	37	56	63	73	66	77	81	83
Prairies	31	50	55	68	63	72	75	70
Ontario	37	56	65	73	70	78	81	81
Quebec	41	40	51	59	63	67	72	71
Atlantic Canada	34	46	54	62	67	70	70	73
Location								
Urban	--	54	63	72	72	76	80	80
Rural	--	41	50	57	55	65	70	70

Q:

In the past 3 months, have you used the Internet, either at home or elsewhere?
(BASE: All Canadians; July 06, n=4518)

Home Internet access

% of Canadians with home Internet access

	1997	1999	2000	2001	2002	2003	2005	2006
All Canadians	28	44	51	59	62	67	72	75
Gender								
Males	33	50	56	62	66	70	74	77
Females	23	39	47	50	58	64	70	72
Age								
25 and under	39	57	69	73	77	79	83	88
25 — 44	32	48	57	66	68	75	80	83
45 — 64	29	44	50	56	61	65	72	74
65 and over	6	20	22	29	29	40	41	44
Household Income								
<\$20k	16	23	31	35	42	42	49	56
\$20 — \$39k	20	30	39	46	51	55	61	63
\$40 — \$59k	27	46	54	60	62	70	74	76
\$60 — \$79k	40	57	64	72	73	80	83	83
\$80 — \$99k	49	65	68	81	79	86	87	91
\$100k +	55	76	80	83	86	89	89	92
Region								
British Columbia	32	51	57	63	69	73	80	81
Alberta	31	48	49	63	56	69	75	81
Prairies	21	38	46	53	54	64	67	71
Ontario	30	50	59	64	66	72	77	78
Quebec	23	34	42	50	56	58	64	64
Atlantic Canada	28	38	44	50	60	62	59	72
Location								
Urban	--	47	54	62	66	69	74	76
Rural	--	35	43	49	51	59	64	67

Q:

Do you currently have access to the Internet at home?

(BASE: All Canadians; July 06, n=4518)

Comfort sending taxpayer information online

% of Internet users reporting high comfort (5-7 on 7-point scale)

	2000	2001	2002	2003	2005	2006
All Canadians	53	53	55	55	64	63
Gender						
Males	56	60	57	57	67	66
Females	49	47	51	53	61	61
Age						
25 and under	43	47	52	58	58	56
25 – 44	56	56	57	60	70	68
45 – 64	55	54	55	50	62	64
65 and over	44	50	38	43	53	55
Household Income						
<\$20k	47	46	48	46	47	52
\$20 – \$39k	49	49	46	48	61	59
\$40 – \$59k	58	54	56	60	67	64
\$60 – \$79k	62	59	68	62	70	64
\$80 – \$99k	61	63	67	62	74	77
\$100k +	65	64	70	71	77	84
Region						
British Columbia	51	55	55	59	68	64
Alberta	56	56	50	59	61	63
Prairies	55	51	38	51	65	66
Ontario	53	55	61	56	65	64
Quebec	52	47	50	53	61	58
Atlantic Canada	48	50	53	47	66	60
Location						
Urban	53	53	56	56	66	65
Rural	47	50	47	50	56	56

Q:

How comfortable would you be submitting your personal taxpayer information over the Internet to the Canada Revenue Agency, formerly Revenue Canada? Please use a scale from 1 to 7, where 1 is not at all comfortable, 7 is extremely comfortable, and 4 is somewhat comfortable.

(BASE: Internet Users; July 06, n=1691)



Appendix D: Research Methodology

Research Methodology

The research methodology for this study involved a panel-based design, with respondents completing a telephone survey in the first wave and a self-administered mail-back survey in the second. The final reports combine the findings of both waves.

The results from the first wave are based on the following:

- A telephone survey completed with a stratified national random sample of 4,518 Canadians, aged 16 and over undertaken between July 10th and 28, 2006.
- The findings were statistically weighted by age, gender and region to ensure that they are representative of the Canadian public aged 16 and over.
- In areas, the survey was designed to randomize questions in order to test differences in attitudes across various indicators as well as to minimize response burden. Correspondingly, some questions were given to a random half of the overall sample (i.e., approximately 2,250 Canadians). In other areas, some questions were given to a random quarter of the overall sample (i.e., approximately 1,125 Canadians).
- Findings from questions posed on wave one full sample may be considered accurate within +/- 1.4 percentage points, 19 times out of 20. The margin of error half sample and quarter sample questions are +/- 2.1 and +/- 2.9, respectively.

The results from the second wave are based on the following:

- A self-administered mail-back survey was mailed to 2,813 respondents from the wave one survey who agreed to participate in the second wave of the research.
- Several procedures to increase response rate were followed including a complete re-mailing of the survey as well as a lottery with appropriate prizes to encourage participation.
- 1,582 completed surveys were received between the beginning of August and the end of October 2006.
- Wave 2 results were statistically weighted by age, gender and Internet usage.
- Findings from questions posed on Wave 2 may be considered accurate within +/- 2.5 percentage points, 19 times out of 20.