

Canada's big banks see falling satisfaction rates while digital-only units fare well

Article

Canada's Big 5 banks saw their customer satisfaction ratings [slip](#) in J.D. Power's 2021 Canada Retail Banking Satisfaction Study, while a pair of their digital-only subsidiaries saw high

performance. Overall banking satisfaction, which is measured on a 1,000-point scale, dropped from 790 last year to 787, with a six-point decline for big banks. However, two incumbent-owned digital banks had higher individual satisfaction scores than their parent companies' eponymous units: Tangerine scored 840 versus Scotiabank's 785, while Simplii scored 813 versus CIBC's 775.

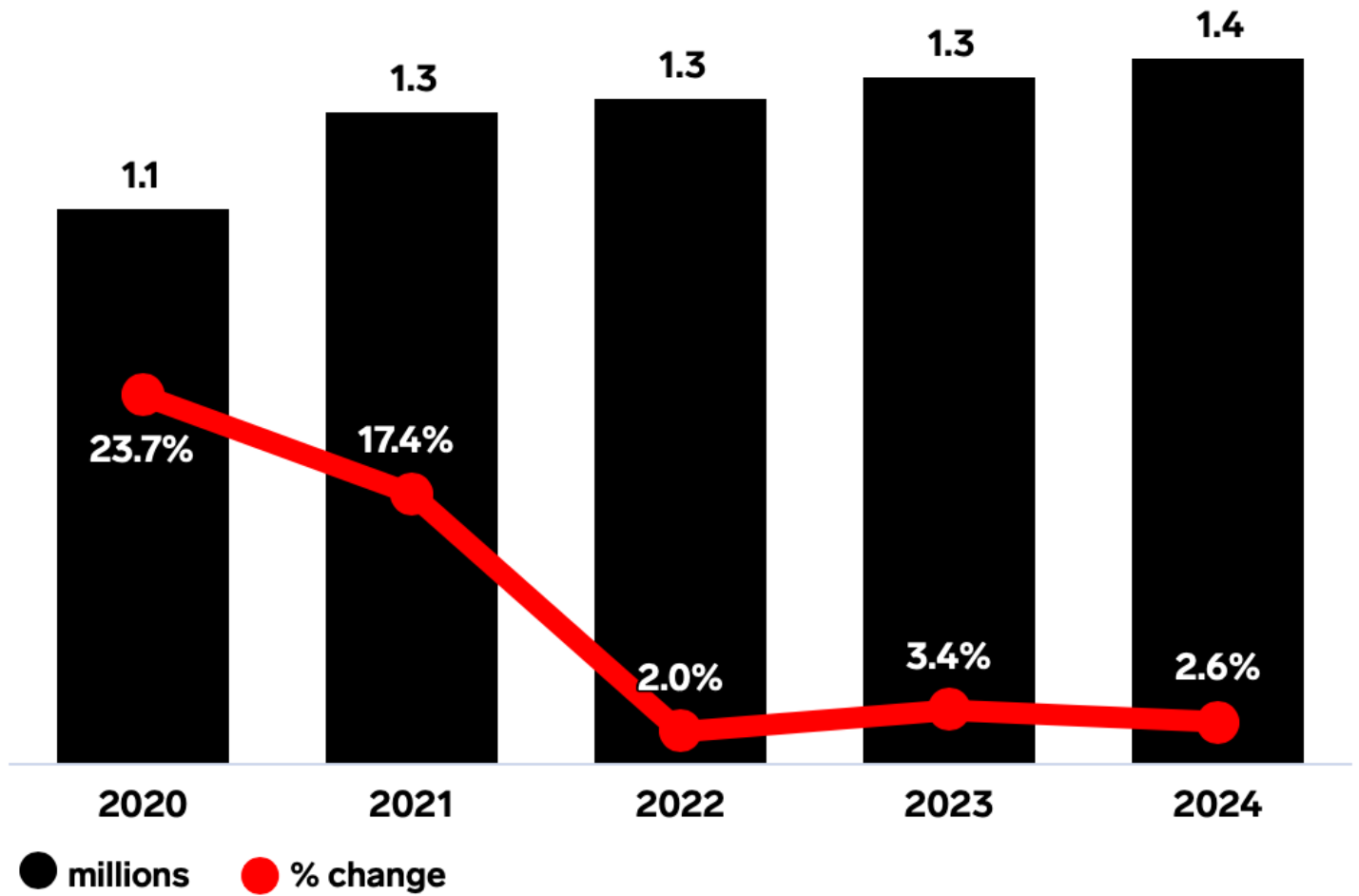
Response to customers amid the pandemic was the biggest reason behind the satisfaction decline. Customers' satisfaction with problem resolution was the largest single factor behind the overall drop, with a 39-point decline for the Big 5; midsize banks just saw a 10-point drop. Other contributing factors were issues around products and fees, as well as a lack of convenience. The drops in satisfaction metrics were driven by "financial insecurity" from customers who were affected by the coronavirus pandemic, with this group comprising nearly 4 in 10 Canadian customers, per J.D. Power.

The survey had two bright spots for incumbents: branch usage and financial advice. Among customers who said they were worse off due to the pandemic, those who received financial advice had a 71-point higher satisfaction rate than their peers. Meanwhile, customers who used branches—a declining overall proportion versus last year—reported higher satisfaction scores than those who didn't, including 19 points higher in trust and 8 points higher in overall satisfaction.

Incumbents still held their own, on balance, due to their direct banks and legacy value-added services. While Canada's Big 5 banking brands took a hit with customer satisfaction, the strength of Tangerine and Simplii demonstrates that they still hold sway with users, albeit indirectly. The digital banks' success, combined with incumbents' remaining strength in legacy services like financial advice and branches, suggest how Canada's incumbents can remain entrenched.

Total Digital Account Openings

Canada, 2020-2024



Source: eMarketer, May 2021

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