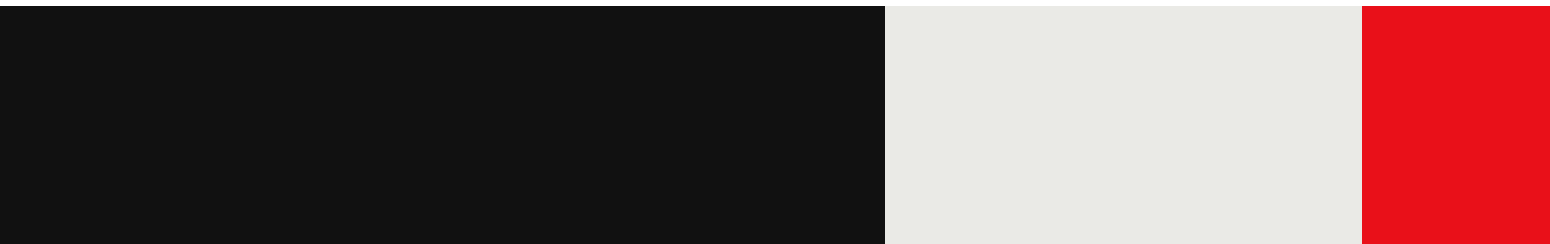



Canada's midsize banks outshine the Big Five in customer service

Article



The news: The J.D. Power [Canada Retail Banking Satisfaction Study](#) revealed that the largest Canadian financial institutions (FIs) experienced a more significant decline in customer satisfaction than their midsize counterparts.

- These findings come from J.D. Power’s survey of 13,960 retail banking customers of Canada's large and midsize retail banks. The research was conducted in two phases, from January to February 2023 and from July to August 2023.

The results: The results highlight the growing pressures Canadian consumers face and identify a gap in how FIs alleviate them.

- Respondents prioritized **preventing suspicious account activity, followed by reducing fees, and saving and earning more interest.**
- Consumers highlighted growing in-branch wait times, paired with a decline in employee courtesy.
- Half of consumers (up from 44% in 2022) consider themselves stressed or financially vulnerable. They also feel less satisfied with their FI’s account offerings.

Midsize FIs came out on top: While customer satisfaction in Canada’s largest FIs dropped by 10 points from 2022, midsize banks fell only by seven points.

- The top-ranked FI in both years was digital-only, midsize **Tangerine Bank**, which improved by 14 points.
- The top large bank, **Bank of Montreal (BMO)**, came in seventh place behind six midsize FIs.
- Tangerine Bank scored around 12% higher than BMO, the top-ranked large bank.

Fraud prevention as customer service: Despite having smaller budgets, midsize banks alleviated customer concerns more effectively.

- Effective fraud prevention works within a FI’s overall strategy to help give clients a positive experience.
- Fraud has increased to 14% of the total issues encountered by customers, while customers felt less satisfied about how that fraud was handled overall.
- According to Paul McAdam, senior director of banking and payments intelligence at J.D. Power, “the financial institutions that rank highest are those that effectively communicated... and addressed security and fraud problems in a timely manner.”

Fees under the international magnifying glass: Banking fees have caught the attention of regulators and customers around the world—and Canadian consumers are no exception.

- **80%** of Canadian consumers want more information about how to reduce fees charged by their bank.
- Counterintuitively, customer satisfaction **improved** even when the FI charged fees—if it was transparent in communicating about them.

What do customers like about Tangerine? Even the top-rated bank, Tangerine, charges a fairly hefty nonsufficient funds fee of **\$45, and a \$5 overdraft fee**, but it excelled in other areas.

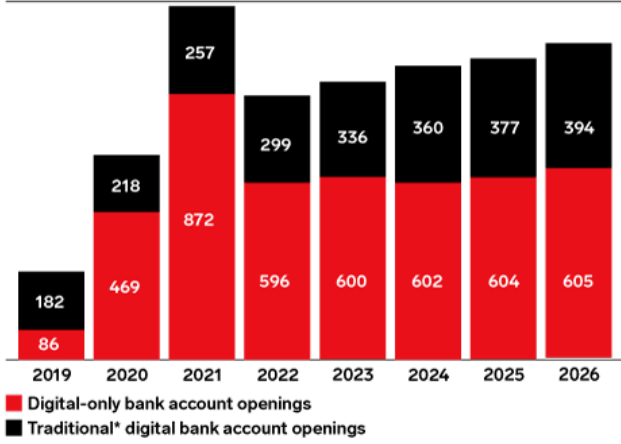
- Though customers gave Tangerine an average score of 1.3 on **Trustpilot**, they praised the bank's ability to resolve multiple types of banking issues through its team, despite sometimes having to wait on the phone for customer service.
- A recurring theme among top reviews is that customers can save more with Tangerine without the monthly or unexpected fees charged by their former FIs.

Key Takeaways: With more Canadian consumers identifying themselves as financially stressed than in 2022, it's clear they want their FIs to lessen, rather than add to, their concerns.

- Customer dissatisfaction doesn't arise from the actual banking fees; instead, it stems from their difficulty in understanding why these fees are imposed and not knowing how to avoid them in the future.
- The same goes for **fraud prevention**—customers know it exists, but when FIs communicate how they're working to protect customer data from fraud, customers are happier.
- Both findings underscore the importance of clear, proactive communication and transparency in a successful customer relationship strategy.

Digital-Only Bank Account Openings vs. Traditional* Digital Bank Account Openings in Canada, 2019-2026

thousands



■ Digital-only bank account openings
■ Traditional* digital bank account openings

*Note: includes CDIC-backed full service bank accounts, credit union accounts, or brokerage accounts opened via web browsers or mobile app by an individual; excludes accounts opened in person or over the phone but are managed through a digital platform; *excludes digital-only banks*

Source: Insider Intelligence, Sep 2022

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