

Declining Financial Health Puts Strain on Credit Card Customers in Canada, J.D. Power FindsFinancial Belt-Tightening Drives Shift to Rewards for Cashback, Groceries and Essentials

TORONTO: 12 Sept. 2024 — The financial health¹ of credit cardholders in Canada is deteriorating, while credit card interest rates and revolving debt are increasing, creating a challenging dynamic for card issuers. According to the J.D. Power 2024 Canada Credit Card Satisfaction Study,SM released today, 57% of credit card customers are now categorized as financially unhealthy—up from 52% in 2023—and 36% of customers are carrying revolving debt—up from 34% a year ago. As a result, important dynamics in credit card usage are changing, with average monthly spend on the decline and travel and entertainment-related rewards being replaced by rewards for cashback, groceries and essentials.

“Canada’s slow-growth economic environment is starting to take its toll on credit card customers, and card usage has started to fundamentally change as a result,” said **John Cabell, managing director of payments intelligence at J.D. Power**. “With the percentage of financially healthy customers now dipping below levels we’re seeing in the United States, cardholders are spending less and have become more likely to redeem rewards focused on essentials. The economic cycle is widening the gap between financially healthy and unhealthy cardholders, so it’s important for issuers to respond to the unique needs of these broadly differing segments.”

Following are some key findings of the 2024 study:

- **Overall satisfaction flat:** Overall satisfaction, moderated by declines in financial health and reduced spending, is relatively flat year over year across most card categories. On average, credit card customers in Canada are now spending \$1,342 per month on their cards, which is down from \$1,618 in 2023. In addition, 36% of cardholders are carrying revolving debt and self-recalled new purchase interest rate is 17.3% on average.
- **Rewards focus is changing:** Just 22% of credit card customers are redeeming rewards for travel and entertainment this year, down from 26% in 2023. Meanwhile, 46% of cardholders are redeeming rewards for cashback and other credits and 29% for groceries and other essentials—both of which are up from 2023.
- **Satisfaction higher among financially healthy consumers:** For the 43% of cardholders who are categorized as financially healthy, overall satisfaction with the credit card experience is 103 points higher (on a 1,000-point scale) compared with those who are financially unhealthy. More healthy customers use co-branded airline cards, which showed significant improvement in benefits satisfaction this year. Bank-brand card types, which have higher use among financially unhealthy cardholders, see slight declines in overall satisfaction.

¹ J.D. Power measures the financial health of any consumer as a metric combining their spending/savings ratio, creditworthiness, and safety net items like insurance coverage. Consumers are placed on a continuum from healthy to vulnerable.

- **Changes to card terms become greater threat to satisfaction:** Cardholders who have experienced a change in terms are notably less satisfied in 2024 compared with those who faced similar changes a year ago. Satisfaction has declined among customers who had changes to service charges (-24 points), annual fees (-21) and interest rates (-13). Financially unhealthy customers are more likely to receive a term change from their card issuer than financially healthy customers.
- **Québec offers a model to follow:** Cardholders within different regions of Canada use credit cards differently. Relative to the average cardholder, generally less affluent Québec cardholders spend less on their cards (\$109 less per month than average) yet make smarter financial decisions (47% financially healthy vs. 43% average) and have greater overall satisfaction (+22 points) with their overall credit card experience.

Study Rankings

Tangerine Bank ranks highest in customer satisfaction among credit card issuers, with a score of 618. **American Express** (616) ranks second and **PC Financial** (588) ranks third.

Canadian Tire Triangle World Elite Mastercard and **Tangerine Money-Back Credit Card** rank highest in a tie among credit cards with no annual fee, each with a score of 626. **MBNA Amazon.ca Rewards Mastercard** (606) ranks third.

American Express Cobalt Card ranks highest among credit cards with an annual fee, with a score of 654. **Desjardins Cash Back World Elite Mastercard** (641) ranks second and **PC Insiders World Elite Mastercard** (627) ranks third.

The Canada Credit Card Satisfaction Study measures cardholder satisfaction with their primary credit card issuer and performance in seven factors (in alphabetical order): account management; benefits; customer service; new account; rewards earning; rewards redeeming; and terms. The study was fielded from May through July 2024 and includes responses from 11,430 cardholders who used a major credit card in the past three months.

For more information about the Canada Credit Card Satisfaction Study, visit <https://canada.jdpower.com/financial-services/canada-credit-card-satisfaction-study>.

See the online press release at <http://www.jdpower.com/pr-id/2024099>.

About J.D. Power

J.D. Power is a global leader in consumer insights, advisory services, and data and analytics. A pioneer in the use of big data, artificial intelligence (AI) and algorithmic modeling capabilities to understand consumer behaviour, J.D. Power has been delivering incisive industry intelligence on customer interactions with brands and products for more than 55 years. The world's leading businesses across major industries rely on J.D. Power to guide their customer-facing strategies.

J.D. Power has offices in North America, Europe and Asia Pacific. To learn more about the company's business offerings, visit [JDPower.com/business](https://www.jdpower.com/business).

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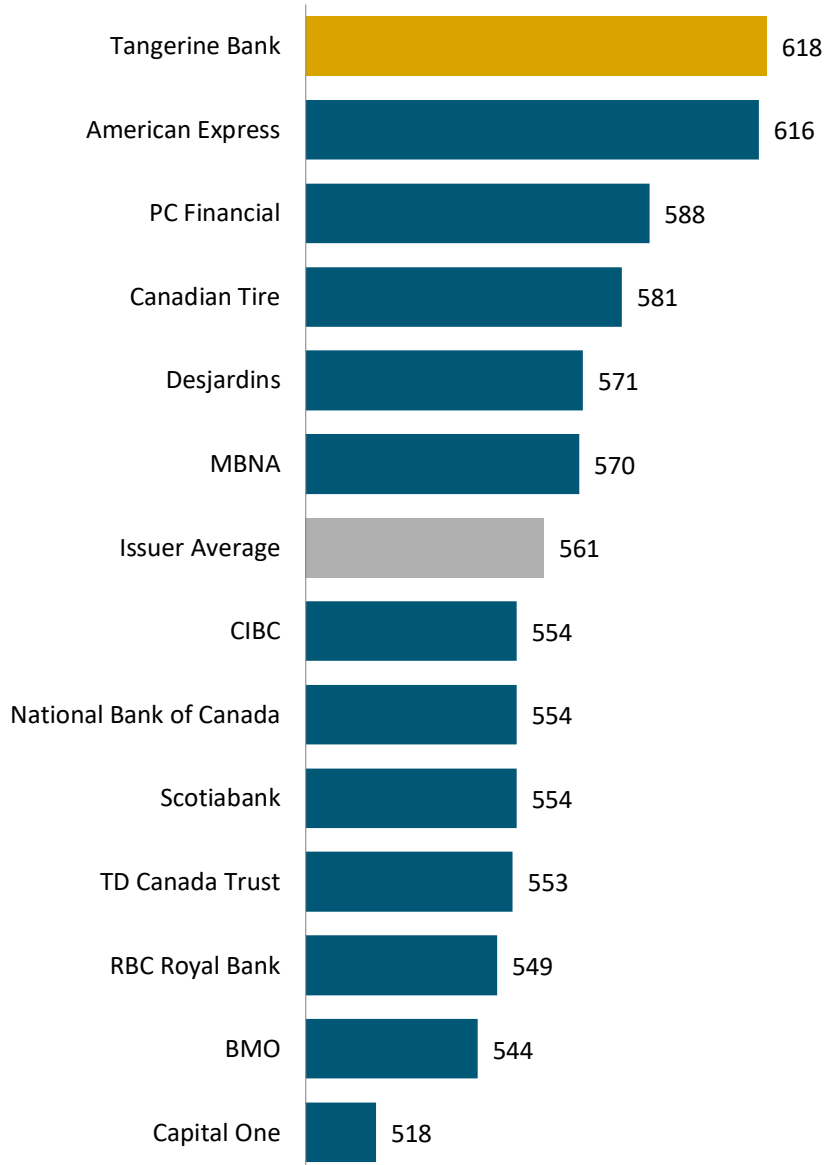
NOTE Three charts follow.

J.D. Power 2024 Canada Credit Card Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Credit Card Issuers



Source: J.D. Power 2024 Canada Credit Card Satisfaction StudySM

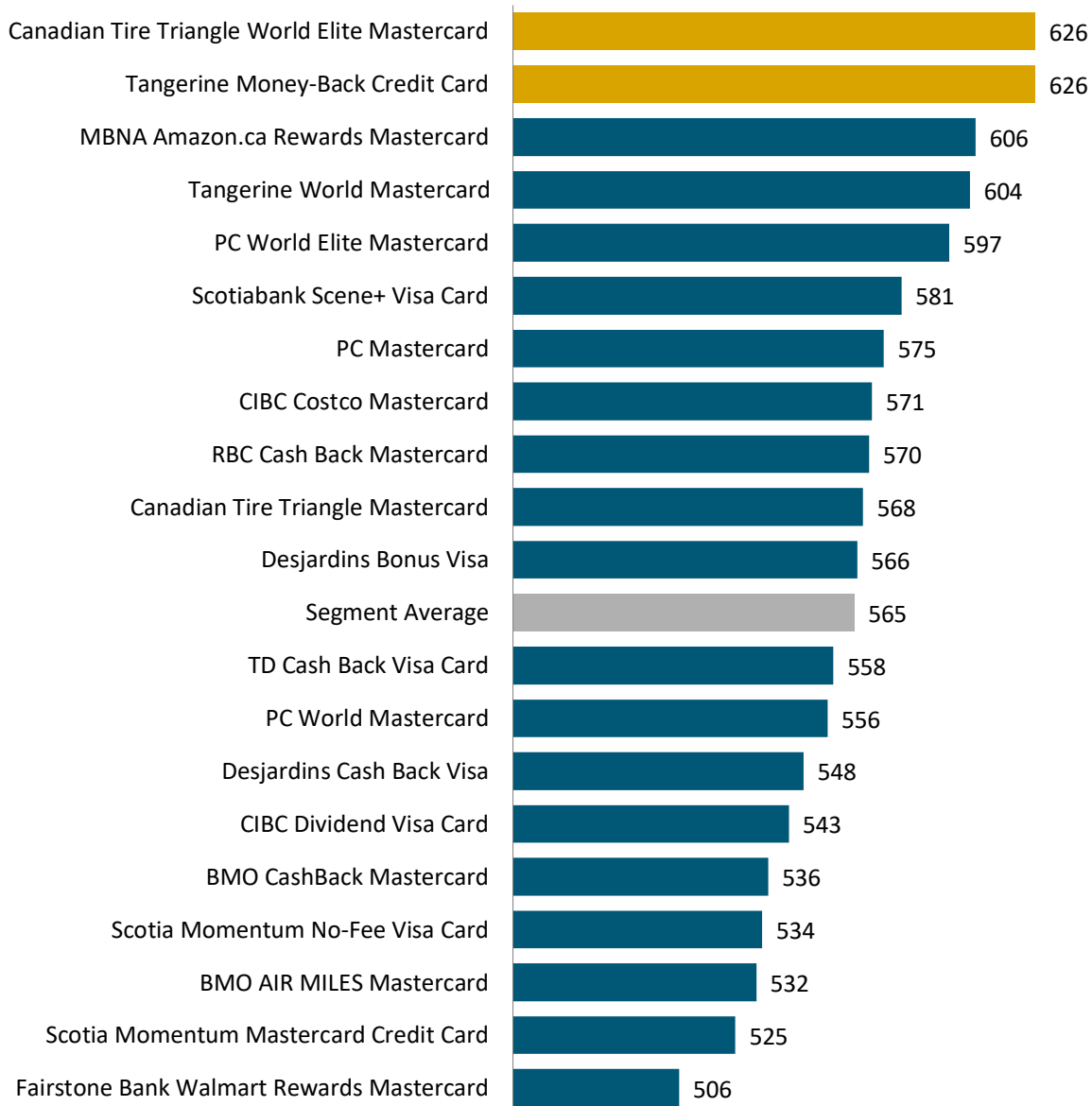
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J.D. Power 2024 Canada Credit Card Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Credit Cards—No Annual Fee



Source: J.D. Power 2024 Canada Credit Card Satisfaction StudySM

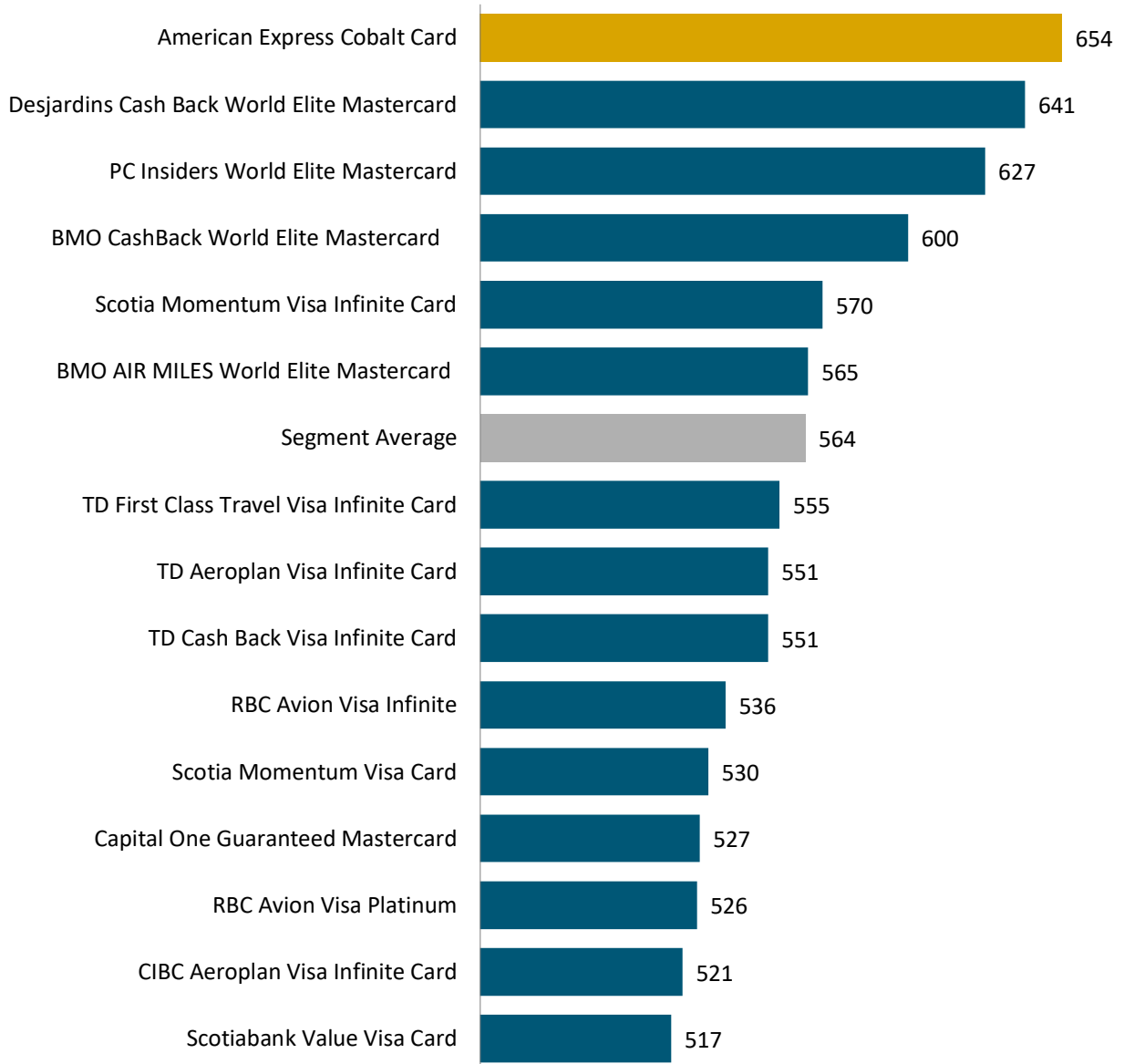
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J.D. Power 2024 Canada Credit Card Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Credit Cards—Annual Fee



Source: J.D. Power 2024 Canada Credit Card Satisfaction StudySM

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