Prepaid and Gift Cards in Canada

Description: Prepaid and Gift Cards in Canada

Canada has become a fertile market for prepaid and gift cards. Both payment instruments have contributed to double digit growth of late, and the opportunity for competitors in this industry to gain and increase their market share.

In our report, Prepaid and Gift Cards in Canada, Packaged Facts projects that open-loop and closed-loop transaction volume would rise more than 15% in 2014.

Participants in the Canadian prepaid and gift card market have challenges ahead: the government recently implemented new prepaid card regulations, and Packaged Facts believes that it's only a matter of time before general-purpose reloadable prepaid card interchange rates garner more scrutiny. But with greater consumer transparency and with newer card programs offering more competitive pricing, we see robust growth for these cards in the near term.

The report analyzes how this growth can be accomplished. One way is to expand the target audience beyond the relatively narrow band of Canadian underbanked and unbanked consumers and convincing more mainstream consumers to part with their debit cards, especially 18-34s.

Packaged Facts' Prepaid and Gift Cards in Canada gives industry participants guidance for success in the Canadian prepaid card market. Specifically, the report:

- Addresses challenges and opportunities faced by the prepaid card industry, including regulatory trends, competition in the form of debit and bank accounts, and interchange potential.
- Provides demographic analysis of the Canadian prepaid card user in the context of consumer debit card, credit card and checking account usage and cross-usage, as well as banked status (unbanked, banked, fully banked and underbanked).
- Identifies and interprets key prepaid card metrics, including monthly cardholder usage costs; monthly spend; monthly purchase, ATM withdrawal, and reload transactions; length of card use and intended length of use. We also identify the percentage of prepaid cardholders with direct deposit, and then assess the degree that direct deposit influences these metrics.
- Shares how consumers (including prepaid and debit card users) rank prepaid cards against debit cards with respect to competitive features such as card usage cost, ease of qualification, overdraft fee protection, spending control, breadth of card acceptance, and customer service.
- Analyzes prepaid card users with respect to mobile payment trends, including smartphone penetration among the unbanked, mobile payment methods, mobile phone usage at point-of-sale, PayPal payments, and P2P methods.
- Assesses a variety of general-purpose reloadable prepaid card brands: Nextwave Titanium+ Prepaid Visa; Iridium Prepaid MasterCard; CanaCash Financial Services PRIZM Prepaid VISA Card; Citizens Bank/Vancity Prepaid Card; opt+ Prepaid MasterCard; and the TD Go Card. Analysis is organized by the cost to buy, load, withdraw, spend, and share funds, as well as by customer service and balance inquiry costs, and by penalties.
- Analyzes Canadian prepaid card marketer & issuer strategies, including those of card networks MasterCard, Visa and Interac and leading prepaid card issuers Peoples Trust Company, Vancouver City Savings Credit Union, DC Payments, and AllTrans Financial Services Credit Union Bank.

Contents:
- Chapter 1: Executive Summary
- Report Scope
- Dollar figures in this report
- Report Summary
- Market size and forecast
- Challenges & opportunities
- Regulatory onus
- Welcome to Society Banked
Promotional headroom
Prepaid card fee, usage method & spend analysis
Consumer comparison of prepaid card versus debit cards
Prepaid card users in context: debit, credit, checking and banked status
Prepaid card users and mobile payments
Consumer gift card usage trends
Prepaid card brand analysis
Prepaid card marketer & issuer strategies
Chapter 2: Regulatory Overview
Canadian payments infrastructure
Payment methods
Table 2-1: Canadian Payment Methods
Canadian payment laws
Payments industry undergoing significant change
The Task Force for the Payments System Review
Code of Conduct for the Credit and Debit Card Industry
Application to mobile payments
Merchant payment choice
Competing domestic debit applications
Principle of equal branding
Debit and credit comingling
CBA Mobile Payments Reference Model
Competition Bureau
Huge discrepancy between credit and debit fees
Challenging practices as anti-competitive
Competition Tribunal dismisses case against Visa and MasterCard
Commissioner of Competition remains watchful
Government picks up where Competition Tribunal leaves off
Adding prepaid cards to the regulatory mix
Chapter 3: Market Size and Forecast
Prepaid card payment and transaction volume: market size & forecast
Graph 3-1: Canadian Prepaid Card Transaction Value: Market Size and Forecast: 2013-2016
Prepaid card issuing banks help tell the story
Table 3-2: Credit and Debit Card Service Fees: Major Canadian Bank Prepaid Card Issuers, 2004-2013
Looking to the U.S.
Comparing to Canadian Payments Association data
General-purpose reloadable prepaid card programs
Table 3-3: Canadian General Purpose Reloadable Prepaid Cards, by Issuer, Network and Customer Segment, 2014
Closed-loop prepaid cards
Gift cards
Table 3-4: Dollar Value and Dollar Share of Canadian Gift Cards Given in Past 12 Months, by Gifting Occasion, 2014
Chapter 4: Challenges and Opportunities
Summary analysis
Regulatory hoops give card associations a workout
But no real prepaid bite . . . yet
Welcome to Society Banked
A financial inclusion leader—great news for Canadians; bad news for prepaid Accounts
Debit cards
Credit cards
Table 4-1: Credit Cards, Debit Cards & Bank Account Usage: Top 10 Countries, 2011
High penetration rates among young and lower-income adults
Table 4-2: Percent of Canadian Adults with Credit Cards Debit Cards, and Accounts at Financial Institutions, by Gender, Age and Income Quintile, 2011
Overcoming debit
Why would merchants give up debit?
Table 4-3: Visa & MasterCard Consumer Credit Interchange Rates, Interac Debit Cost per Transaction & American Express Card Fees: Canada, 2013
But prepaid offers bank issuers incentive
A merchant’s dream . . .
. . . could become an issuer’s dream
Just a small slice of the debit pie will do

Table 4-4: Canadian Merchant Fee Analysis: Interac Debit vs. Prepaid Cards, 2013
Checking
Amount of fees tied to type and breadth of services

Table 4-5: Royal Bank of Canada Checking Accounts: Target Audience, by Transaction Frequency, Card/ATM Use and Additional Service Interest, 2014
Wide differences in prices and breadth of services

Table 4-6: Royal Bank of Canada Checking Accounts, by Monthly Fee, Rebate Fee, Debits Included, Overdraft, ATM Fee Waiver, and Credit Card Fee Waiver, 2014
Rebates bring down costs

Table 4-7: Royal Bank of Canada Checking Account Rebates, by Account, 2014
But low-fee options galore

Table 4-8: Low-Cost Checking Accounts at Major Canadian Banks, by Bank, Eligibility, Monthly Fee and Included Transactions, 2014
Issuer-driven promotions

Chapter 5: Prepaid Card Fee, Usage Method & Spend Analysis
Summary analysis
Monthly costs and usage frequency

Table 5-1: Average Monthly Prepaid Card Costs; Length of Use & Intended Use; Times Used for Purchase, Withdrawal & Reload; and Spend, by Gender, Age and HH Income, 2014
Presence of direct deposit

Table 5-2: Share of Prepaid Card Users Linking Card to Direct Deposit & Length of Time Having Direct Deposit, by Gender, Age & HH Income, 2014
Direct deposit: influence on card costs and usage

Table 5-3: Average Monthly Prepaid Card Costs; Length of Use & Intended Use; Times Used for Purchase, Withdrawal & Reload; and Spend: Direct Deposit vs. No Direct Deposit, 2014
Active prepaid card users

Table 5-4: Share of Prepaid Card Users Using Card for Purchase, Withdrawal & Reload, by Gender, Age & HH Income, 2014

Chapter 6: Consumer Comparison of Prepaid Card versus Debit Cards
Summary analysis
Overdraft and spending control; qualification; and card costs draw strongest opinions

Debit card users versus prepaid card users
Table 6-1: Debit Card vs. Reloadable Prepaid Card Attribute Comparison: Mean Response Rate, by Debit and Prepaid Card Users, 2014
Wide swath of indecision

Graph 6-1: Debit Card vs. Reloadable Prepaid Card Attribute Comparison: Percentage Response Rate, by Debit and Prepaid Card Users, 2014
Debit card users

Table 6-2: Debit Card vs. Reloadable Prepaid Card Attribute Comparison: Mean Response Rate among Debit Card Users, by Gender, HH Income, Province & Population Density, 2014
Prepaid card users

Table 6-3: Debit Card vs. Reloadable Prepaid Card Attribute Comparison: Mean Response Rate among Prepaid Card Users, by Gender & HH Income, 2014

Chapter 7: Prepaid Card Users in Context: Debit, Credit, Checking and Banked Status
Summary analysis
Checking and payment cards
Checking and debit entrenchment
But prepaid cards have gained traction
Demographic analysis
Table 7-1: Checking Account, Debit Card, Credit Card, Gift Card and GPR Prepaid Card Usage Penetration, by Demographic, 2014
Cross-payment and checking account usage trends
Prepaid usage challenges

Table 7-2: Checking Account, Debit Card, Credit Card, Gift Card and GPR Prepaid Card Usage, Cross-Penetration, 2014
Making headway among underbanked
Banked, fully banked, underbanked and unbanked share of population
Table 7-3: Banked, Fully Banked, Underbanked and Unbanked Share of Population, by Demographic, 2014
A strong correlation

Table 7-4: Prepaid Card Usage Penetration: Unbanked, Alternative Financial Services Users, Underbanked, Banked & Fully Banked, 2014

Chapter 8: Prepaid Card Users and Mobile Payments
Summary analysis
Smartphone usage trends
Who's got a smartphone?
Table 8-1: Percent of U.S. Adults Owning Mobile Phones & Smartphones, w/ Smartphone Share, by Demographic, 2012-2013
Unbanked and AFS users are smartphone enabled
Table 8-2: Percent of Adults That Have Mobile Phone & Smartphone: Unbanked, Alternative Financial Services Users, Underbanked, Banked & Fully Banked, 2014
Prepaid users driving mobile payments
Table 8-3: Mobile Payment in Last 12 Months & Monthly Payment Frequency: Prepaid Card Users vs. Non-Users, 2014
Driving mobile P2P and bill payment
Table 8-4: Mobile Payment Methods Used in Past 12 Months: Prepaid Card Users vs. Non-Users, 2014
As well as mobile POS payments
Table 8-5: Mobile Phone Usage at Point-of-Sale in Last 12 Months, by Payment Method: Prepaid Card Users vs. Non-Users, 2014
And internet payment methods
Table 8-6: PayPal Payments & P2P Methods Used in Last 12 Months: Prepaid Card Users vs. Non-Users, 2014
Chapter 9: Consumer Gift Card Usage Trends
Summary analysis
Gift card giving in the past 12 months, by occasion and recipient
Top occasions, by dollar value
Table 9-1: Dollar Value and Dollar Share of Canadian Gift Cards Given in Past 12 Months, by Gifting Occasion, 2014
Top recipients, by dollar value
Table 9-2: Dollar Value and Dollar Share of Canadian Gift Cards Given in Past 12 Months, by Gifting Recipient, 2014
Gift card occasion and recipient dollar value matrix
Table 9-3: Dollar Value and Dollar Share of Canadian Gift Cards Given in Past 12 Months, by Gifting Occasion and Recipient, 2014
Chapter 10: Prepaid Card Brand Analysis
Summary analysis
Prepaid card brand analysis
In summary . . .
Table 10-1: Canadian General-Purpose Reloadable Prepaid Card Fee Analysis: Five Leading Card Brands, 2014
Desjardins provide steep competition
TD Go Card shows promise
Table 10-2: TD Go Card Fee Analysis, 2014
Citizens Bank/Vancity
Table 10-3: Citizens Bank/Vancity Prepaid Card Fee Analysis, 2014
Table 10-4: Nextwave Titanium+ Prepaid Visa Fee Analysis, 2014
Table 10-5: Iridium Prepaid MasterCard Fee Analysis, 2014
Chapter 11: Prepaid Card Marketer & Issuer Strategies
Summary analysis
Card association strategies
Table 11-1: MasterCard Canada & Visa Canada Combined Card Value & Transactions, 2008-2013
MasterCard Canada
Targeted prepaid categories
Program management services
Oh, Canada! Onward and upward since 2008
Contactless leadership
Prepaid card brands
Table 11-2: MasterCard Canada General-Purpose Reloadable Prepaid Cards, by Brand Name, Bank Issuer and Customer Segment, 2014
Share of the Canadian payments pie
Table 11-3: MasterCard Canada Card Value and Transactions, 2008-2013
Visa Canada
A growing debit foothold
How much debit volume is Visa debit volume?
Prepaid card brands
Table 11-4: Visa Canada General-Purpose Reloadable Prepaid Cards, by Brand Name, Bank Issuer and Customer Segment, 2014
Share of the Canadian payments pie
Table 11-5: Visa Canada Card Value and Transactions, 2008-2013
Interac
Non-profit status a boon and a bane
Going corporate
Products and services
Interac Debit
Interac Flash
Interac Online
Interac e-Transfer
Low, low, low, low, low fees!
Share of the payments pie
Table 11-6: Interac Association: Transaction, User, Terminal, Merchant, and ABM Metrics, 2014-2013
Bank issuers
Peoples Trust
Table 11-7: Peoples Trust Canada General-Purpose Reloadable Prepaid Cards Issued, by Brand Name, Network Brand and Customer Segment, 2014
Table 11-8: Peoples Trust Canada Non-Interest Income: Credit/Debit Card Service Fees, 2004-2013
Citizens Bank/Vancity
Table 11-9: Citizens Bank of Canada General-Purpose Reloadable Prepaid Cards Issued, by Brand Name, Network Brand and Customer Segment, 2014
Table 11-10: AllTrans Financial Services Credit Union General-Purpose Reloadable Prepaid Cards Issued, by Brand Name, Network Brand and Customer Segment, 2014
Table 11-11: AllTrans Financial Services Credit Union Prepaid Debit Program Income, 2011-2013
DC Payments
Table 11-12: DC Bank General-Purpose Reloadable Prepaid Cards Issued, by Brand Name, Network Brand and Customer Segment, 2014
Appendix
Methodology
Consumer survey methodology
Packaged Facts Canadian Survey Demographics
Market size methodology
Report data sources
Report table interpretation
Color coding
Indexing
Dollar figures in this report
Terms and definitions
Unbanked, underbanked and related definitions
Prepaid cards versus debit cards
Other terms
Abbreviations


Order by Fax - using the form below

Order by Post - print the order form below and send to

Research and Markets,
Guinness Centre,
Taylors Lane,
Dublin 8,
Ireland.
Fax Order Form
To place an order via fax simply print this form, fill in the information below and fax the completed form to 646-607-1907 (from USA) or +353-1-481-1716 (from Rest of World). If you have any questions please visit http://www.researchandmarkets.com/contact/

Order Information
Please verify that the product information is correct and select the format(s) you require.

Product Name: Prepaid and Gift Cards in Canada
Web Address: http://www.researchandmarkets.com/reports/2914951/
Office Code: SCH3K25O

Product Formats
Please select the product formats and quantity you require:

<table>
<thead>
<tr>
<th>Quantity</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic (PDF)</td>
<td></td>
</tr>
<tr>
<td>- Single User</td>
<td>USD 4050</td>
</tr>
<tr>
<td>- Enterprise Wide</td>
<td>USD 9000</td>
</tr>
</tbody>
</table>

Contact Information
Please enter all the information below in BLOCK CAPITALS

Title: [ ] Mr [ ] Mrs [ ] Dr [ ] Miss [ ] Ms [ ] Prof
First Name: ____________________________ Last Name: ____________________________
Email Address: * ____________________________
Job Title: ____________________________
Organisation: ____________________________
Address: ____________________________
City: ____________________________
Postal / Zip Code: ____________________________
Country: ____________________________
Phone Number: ____________________________
Fax Number: ____________________________

* Please refrain from using free email accounts when ordering (e.g. Yahoo, Hotmail, AOL)
Payment Information

Please indicate the payment method you would like to use by selecting the appropriate box.

☐ Pay by credit card: You will receive an email with a link to a secure webpage to enter your credit card details.

☐ Pay by check: Please post the check, accompanied by this form, to:
Research and Markets,
Guinness Center,
Taylors Lane,
Dublin 8,
Ireland.

☐ Pay by wire transfer: Please transfer funds to:
Account number 833 130 83
Sort code 98-53-30
Swift code ULSBIE2D
IBAN number IE78ULSB98533083313083
Bank Address Ulster Bank,
27-35 Main Street,
Blackrock,
Co. Dublin,
Ireland.

If you have a Marketing Code please enter it below:

Marketing Code: ________________________________

Please note that by ordering from Research and Markets you are agreeing to our Terms and Conditions at http://www.researchandmarkets.com/info/terms.asp

Please fax this form to:
(646) 607-1907 or (646) 964-6609 - From USA
+353-1-481-1716 or +353-1-653-1571 - From Rest of World