Prepaid and Gift Cards in Canada

Description:

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.

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