

CANADIAN PAYMENT METHODS AND TRENDS REPORT 2024

FUELLING THE FUTURE OF PAYMENTS THROUGH CHOICE

Payments Canada research

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The views expressed in this report are solely those of the authors at the time of publication and should not be attributed to any of the organizations listed above.

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METHODOLOGY

This report was compiled from multiple sources including payment service providers, payment consultants and researchers in order to obtain a comprehensive 2023 data set and deliver insights into how Canadian consumers and businesses pay. The general methodology involves combining industry data and market research.¹

Industry data is derived primarily from the Automated Clearing Settlement System (ACSS) data, industry payment card usage data and quantitative and qualitative market research sources.² Data is also collected from payment service providers and payment networks on an aggregated annual basis, based on actual payment instrument usage data. Survey research is used to fill data gaps and provide detailed insights.

The report compares data collected from 2023 with data from previous reports, allowing for the ongoing analysis of trends. In the following sections, 2019 and 2023 data is compared to understand how payment trends have evolved.³ Year-over-year comparisons (2022 to 2023) are also considered.

Securities and derivatives transactions and trades are excluded from the research.⁴ Payment types that have not reached significant volumes are also excluded. This includes payment methods that are less than one per cent of total transaction volume or value (such as digital currencies).⁵ Finally, Lynx⁶ transactions are excluded⁷ to avoid double counting as the payment volume and value information in this report are derived from the clearing data.

¹ Appendix II includes details on methodology and assumptions, including consumer and business survey methodologies.

² The CPMT also includes value transactions that may not specifically be used for the exchange of goods and services. For instance, ABM transactions are used to obtain cash, where the cash is used for actual payments. Both types of transactions fall within the scope of this research as each forms an important element of the Canadian payment market. Payments Canada recognizes how this might pose as a form of double counting. However, the ABM transaction value accounted for three per cent of total paper payment value in 2023 so the impact is negligible.

³ To view previous reports, please see:

[Canadian Payment Methods and Trends Report 2023](#)

[Canadian Payment Methods and Trends Report 2022](#)

Total contactless volume and value, and total credit card contactless volume and value figures are based on estimates provided in the TSI 2023 Payment Forecast.

⁴ When a payment is made to purchase investments, the transaction will be counted among the appropriate payment segment. When derivatives, securities and other assets are exchanged and no payment is required or results, the exchange of value is not included.

⁵ Ten per cent of adult Canadians reported ever holding cryptocurrency as an investment or using it for making a payment in 2023. For more information about consumer familiarity and likelihood of use, refer to the digital currencies section in the report.

⁶ Lynx is Canada's high-value payment system. The system processes large-value, time-critical payments with real-time settlement finality and complies with Canadian and international risk standards.

⁷ For analysis on Lynx, please see Payments Canada's [Annual Report](#).

EXECUTIVE SUMMARY

Canada's economy depends on the exchange of billions of dollars each day.

Payments Canada owns and operates Canada's national clearing and settlement systems, which includes the technology infrastructure, by-laws, rules and standards. It has a duty to ensure the efficiency, safety and soundness of our systems. As the owner and operator of the Automated Clearing and Settlement System (ACSS), Lynx and the forthcoming Real-Time Rail (RTR), Payments Canada plays a vital role in the Canadian financial ecosystem.

Each year, Payments Canada provides an overview of the payment trends observed in Canada through the publication of the Canadian Payment Methods and Trends (CPMT) report. This report provides expert insights on key drivers, emerging issues and relevant developments taking place within the Canadian payment ecosystem. The main objective of the CPMT report is to provide a holistic view

of the payment market in Canada. This overview of payment behaviour and trends illustrates Canadians' use of different payment methods and demonstrates shifts in payment behaviours.

The Canadian economy approached pre-pandemic levels of growth in 2023 – after a slowdown caused by lockdowns – though it teetered on a mild recession during the year as expectations of long-term economic downturn increased. Inflation emerged as the main economic challenge facing the country. To assist with the recovery, the Bank of Canada implemented a series of interest rate hikes. Beginning in early 2022, the Bank of Canada increased from historic lows its benchmark interest rate by 4.75 percentage points to five per cent in July 2023 and held it steady since.⁸ The Bank of Canada's **quantitative tightening policy**, combined with market uncertainty over how long interest rates would remain elevated, led to a slowing of the Canadian economy and higher borrowing costs for Canadians, businesses and the government. Consumers raised their expectations of sustained high inflation, widening the gap between the actual rate and

their estimations, leading them to curtail or delay purchases. Meanwhile, businesses curbed hiring and investment due to high borrowing rates and subdued domestic demand.⁹

As a result, the total payment market in Canada experienced modest growth in both volume and value in 2023. Overall, a total of 21.7 billion transactions valued at \$11.9 trillion were conducted in 2023. The total Canadian payment market grew by six per cent in volume and one per cent in value from 2022. For more, see **Figure 1: Total payment transaction volume and value**.

Overall, payment trends remained unchanged in 2023 compared to the past five-year period. Credit and debit cards continued to lead all other payment types in transaction volume and usage grew. EFT volume ranked third overall and experienced similar past five-year growth compared to credit and debit cards. Cash payments increased, but still sat in fourth position overall in terms of payment transaction volume. Cheques accounted for a small fraction of total payment volume and continued its

gradual decline. Online transfers also accounted for a small fraction of total payment volume but, unlike cheques, continued to show strong growth (136 per cent increase over the past five years).¹⁰

Looking at payment value, EFT and cheques continued to lead all other payment types, representing a combined 85 per cent of total value. EFT value grew by 40 per cent over the past five years, slightly lower than the 42 per cent past five-year growth in 2022. Online transfer payment value represented the fastest growing payment type over the past five years at 160 per cent (down from 187 per cent in 2022). The five-year growth rate of online transfers (in volume and value) has been gradually decreasing over the past several years, suggesting that usage has become widespread and is approaching market maturation.¹¹ The online transfer past five-year growth rate volume and value curves are expected to eventually flatten. For more, see **Figure 2: Online transfer past five-year growth rates (volume and value)**.

8 For more, see: [Economic and Fiscal Overview | 2023 FES](#).

9 Ibid.

10 ACSS 2023 Transaction Data.

11 Ibid.

EXECUTIVE SUMMARY

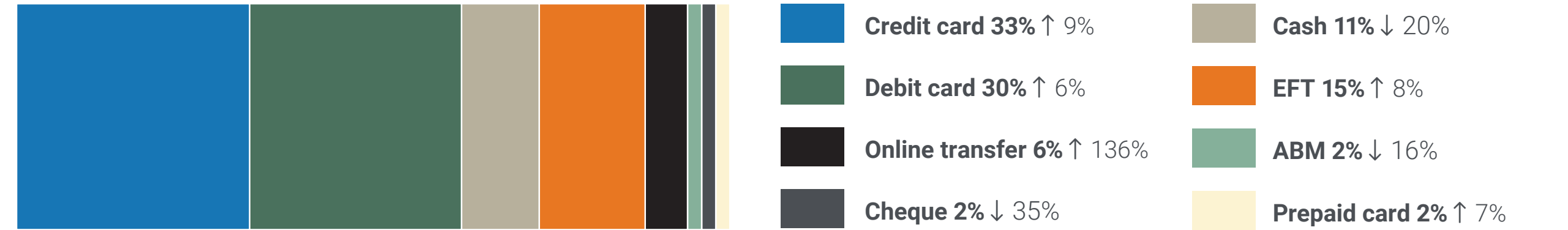
Contactless payments remained strong. Past six month usage of contactless payments at merchants for categories such as grocery stores (69 per cent), pharmacies/drug stores (49 per cent) and convenience stores (36 per cent) were steady compared to 2022.¹² In other categories such as gas stations (53 per cent), restaurants/bars (48 per cent) and quick service restaurants/coffee shops (44 per cent), past six month contactless payments usage increased year-over-year.¹³ But, Canadians were less concerned about not being able to pay using contactless methods. There was a significant drop in the proportion of Canadians who said they avoided shopping at places that did not accept contactless payments since the start of the pandemic (17 per cent in June 2023 compared to 38 per cent in June 2020).¹⁴

E-commerce continued to be an appealing option for consumers. E-commerce sales accounted for 5.7 per cent of total retail sales in 2023, up slightly from a share of 5.5 per cent in 2022.¹⁵ Over half of Canadian consumers (57 per cent) made an online purchase in a given month during 2023, up from 55 per cent last year.¹⁶

FIGURE 1: TOTAL PAYMENT TRANSACTION VOLUME AND VALUE

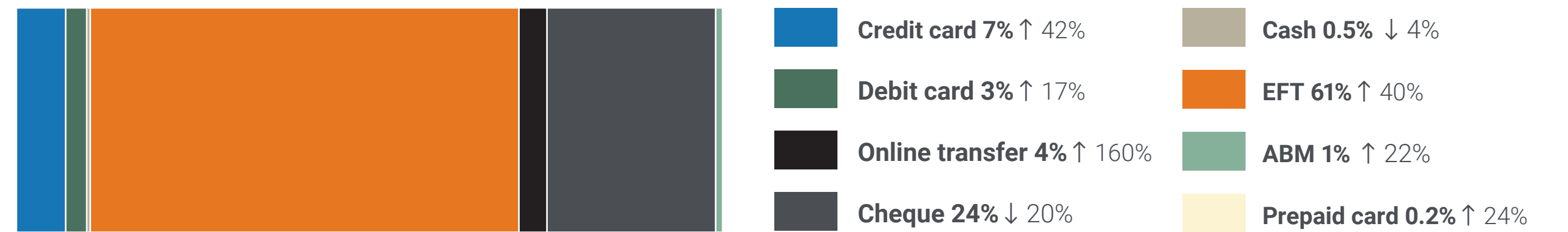
2023 VOLUME

21.7B



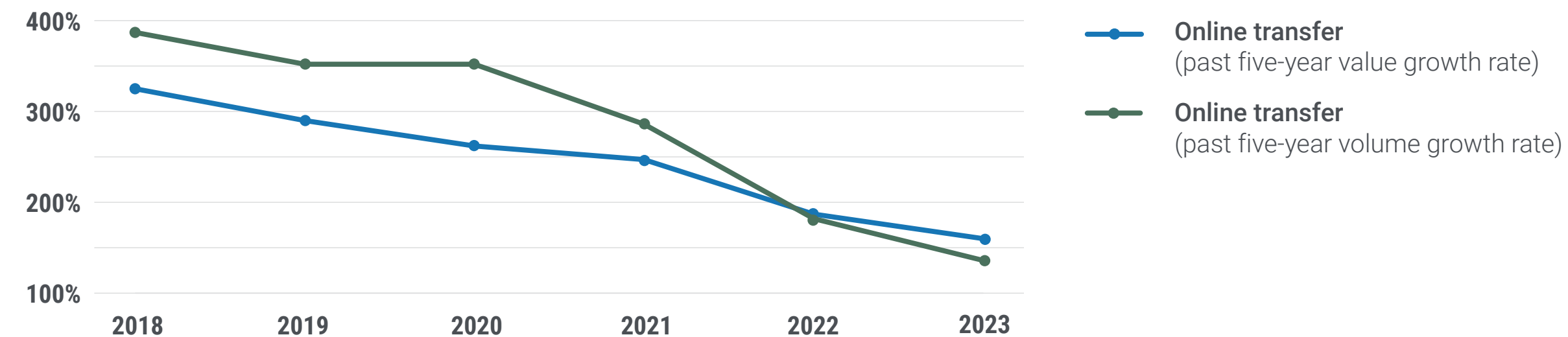
2023 VALUE

\$11.9T



↑/↓ arrows indicate growth/decline over the past five years based on average percent change calculation.

FIGURE 2: ONLINE TRANSFER PAST FIVE-YEAR GROWTH RATES (VOLUME AND VALUE)



¹² TSI, Canadian Payments Forecast 2023.

¹³ Ibid.

¹⁴ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

¹⁵ Statistics Canada. Retail trade, December 2023. For more, see: [The Daily – Retail trade, December 2023](#). Note: figures are seasonally adjusted.

¹⁶ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

EXECUTIVE SUMMARY

Paper

Paper payment instruments include cash, cheques and other paper items. Total paper transaction volume increased by 10 per cent, while value decreased by 10 per cent in 2023 compared to a year ago. The volume increase was due to a 15 per cent increase in cash payment volume, while the value decrease was due to a 11 per cent decline in commercial cheque value. Overall cheque transaction volume decreased by six per cent from 2022. This result was driven by an 18 per cent decline in personal cheque volume. For more, see **Table 1: Paper year-over-year growth**.

TABLE 1: PAPER YEAR-OVER-YEAR GROWTH

Volume (in millions of transactions)

Payment method	2022	2023	Change %
Cash	2,077	2,380	15%
Cheque (total)	405	379	-6%
Cheque (personal)	191	157	-18%
Cheque (commercial)	214	222	4%
ABM	388	385	-1%
Total	2,870	3,144	10%

Value (in millions of dollars)

Payment method	2022	2023	Change %
Cash	60,122	62,590	4%
Cheque (total)	3,212,624	2,864,460	-11%
Cheque (personal)	72,375	59,500	-18%
Cheque (commercial)	3,140,249	2,804,960	-11%
ABM	85,044	82,091	-3%
Total	3,357,790	3,009,141	-10%

EXECUTIVE SUMMARY

Card

Card payments include credit, debit and prepaid cards. Total card transaction volume and value increased by five per cent in 2023 from the previous year. Credit, debit and prepaid cards experienced identical volume growth (five per cent), while prepaid cards led the way in terms of value increasing by 10 per cent (see **Table 2: Card year-over-year growth**).

Credit cards led all other card types in total volume and value. Credit cards represented 51 per cent of total card volume and 72 per cent of total card value. Credit cards continued to lead debit cards in terms of contactless volume. Credit card contactless transaction volume grew by 20 per cent from 2022 compared to 13 per cent year-over-year growth for debit card contactless volume. Credit card contactless transaction value also grew more than debit card contactless transaction value year-over-year (21 per cent versus 19 per cent respectively). The total value of credit card contactless transactions was greater than that of debit card contactless transactions by more than a 2:1 ratio in 2023.

TABLE 2: CARD YEAR-OVER-YEAR GROWTH

Volume (in millions of transactions)

Payment method	2022	2023	Change %
Debit card (total)	6,315	6,634	5%
Debit card (contactless only)	4,370	4,935	13%
Credit card (total)	6,794	7,150	5%
Credit card (contactless only) ¹⁷	5,515	6,617	20%
Credit card (remote) ¹⁸	679	715	5%
Prepaid	331	349	5%
Total	13,440	14,133	5%

Value (in millions of dollars)

Payment method	2022	2023	Change %
Debit card (total)	295,013	302,224	2%
Debit card (contactless only)	117,508	139,911	19%
Credit card (total)	799,976	847,387	6%
Credit card (contactless only)	281,092	338,789	21%
Credit card (remote)	79,998	84,739	6%
Prepaid	21,776	24,040	10%
Total	1,116,765	1,173,651	5%

¹⁷ Note to reader: The contactless credit card volumes and values reported for 2022 and 2023 are based on a new calculation methodology used by TSI. As a result, the volume and value estimates for total contactless cards and contactless credit cards from 2016-2022 have been recast and will differ from previous CPMT reports.

¹⁸ Credit card remote transactions include all transactions that are not made at physical (brick-and-mortar) and virtual (online) payee locations. Instead, payors use financial institutions or payment service providers as intermediaries that move funds to intended payees through their services (i.e., for bill payments and ongoing subscriptions).

EXECUTIVE SUMMARY

Electronic

Electronic payments include electronic funds transfer (EFT) and online transfer. EFT includes direct deposit, electronic remittance, pre-authorized debit and other online bill payment transactions. Online transfer includes electronic transactions initiated through online services and providers, which are either pre-funded or linked to deposit accounts at financial institutions (e.g., Interac e-Transfer and PayPal).

Total electronic payment transaction volume and value grew by six per cent and five per cent respectively in 2023 from last year (see **Table 3: Electronic year-over-year growth**). The year-over-year growth in EFT transaction value was lower in 2023 compared to 2022 (five per cent versus 11 per cent). EFT transaction volume made slight gains in 2023 compared to 2022 (three per cent versus one per cent). Online transfer transaction volume and value also grew year-over-year in 2023. Online transfer volume growth exceeded that of 2022 (14 per cent versus 11 per cent). Online transfer value growth remained more or less unchanged from 2022 (20 per cent versus 19 per cent).

TABLE 3: ELECTRONIC YEAR-OVER-YEAR GROWTH

Volume (in millions of transactions)

Payment method	2022	2023	Change %
EFT	3,101	3,179	3%
Online transfer	1,118	1,278	14%
Total	4,219	4,457	6%

Value (in millions of dollars)

Payment method	2022	2023	Change %
EFT	6,931,749	7,247,042	5%
Online transfer	387,255	464,053	20%
Total	7,319,004	7,711,095	5%



RESEARCH AT A GLANCE

Canadians desire payment options that make their lives easier and deliver tangible value, whether they be digital or non-digital payments.

Canadian consumers and businesses have made it clear that when it comes to payments, convenience, efficiency, security, privacy and low cost are vital to them. The legacy of the COVID-19 pandemic on the Canadian payment ecosystem has been an increased demand for more digital payment options and frictionless payment experiences that address these needs. Canadians also want continued access to tried and true payment options that they have used in the past due to their ease of use and dependability.

RESEARCH AT A GLANCE



Key themes

The ability to either send or receive real-time payments is something that the majority of Canadians would use for various payment situations if the option was available.

- ▶ Three in five Canadians (60 per cent) could foresee a situation when they would want to send or receive payments in real-time.¹⁹
- ▶ The top three payment situations for sending money in real-time are:
 1. Sending money to an individual or business in which the payment amount exceeds the amount limit/daily amount limit associated with an Interac e-Transfer transaction (20 per cent).²⁰
 2. Paying a credit card bill (19 per cent).²¹
 3. Paying household expenses – such as water, electricity, phone, internet (17 per cent).²²
- ▶ The top three payment situations for receiving money in real-time are:
 1. Receiving money from an individual or business in which the payment amount exceeds the amount limit/daily amount limit associated with an Interac e-Transfer transaction (20 per cent).²³
 2. Receiving a government payment – such as employment insurance benefit, social assistance or emergency benefits (20 per cent).²⁴
 3. Refunds for cancellations/returns/overpayments – such as when customers cancel a service, return goods or request a refund for an overpayment (19 per cent).²⁵

¹⁹ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

²⁰ Ibid.

²¹ Ibid.

²² Ibid.

²³ Ibid.

²⁴ Ibid.

²⁵ Ibid.

RESEARCH AT A GLANCE

Many Canadian businesses are interested in exploring ways in which generative artificial intelligence (GenAI) can help improve their operations and processes.

- ▶ Close to one in two businesses (49 per cent) wish to use GenAI to make their operations and processes more efficient.²⁶
- ▶ The top three GenAI applications that would drive the most benefit for businesses are:
 1. Fraud detection and prevention — such as analyzing data patterns, anomalies and potential threats to help identify and prevent fraudulent activities in real-time (44 per cent).²⁷
 2. Automating payment processing like transaction reconciliation and invoice matching, thereby reducing errors, saving time and reducing operational costs (37 per cent).²⁸
 3. Creating personalized customer experiences — such as generating personalized recommendations, targeted advertisements, tailored experiences and preferred payment options (29 per cent).²⁹

More Canadians were sending international payments than a year ago.

- ▶ One in five Canadians sent money internationally using their Canadian bank account in 2023, which represented a 33 per cent increase compared to a year ago.³⁰
- ▶ This increase was due to a greater proportion of Canadians sending remittances to family members living overseas, purchasing from international online retailers and making an international bill or government payment.³¹
- ▶ Extra/hidden fees (26 per cent) and the high cost of each transaction (23 per cent) represented the biggest pain points for sending money internationally. This was followed by not knowing the foreign exchange rate applied prior to transaction settlement (17 per cent), amount limit on the funds that can be sent (17 per cent) and the amount of time it takes for the transfer to be processed (17 per cent).³²



26 Leger/Payments Canada. 2023 Business Payments Tracker Survey.

27 Ibid.

28 Ibid.

29 Ibid.

30 Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

31 Ibid.

32 Ibid.

RESEARCH AT A GLANCE

The majority of Canadians have no desire to go cashless with appeal for a digital Canadian dollar polarizing among consumers.

- ▶ Fifty-five per cent of Canadians have no desire to completely stop using cash, while only 13 per cent of Canadians have gone completely cashless.³³
- ▶ Despite it being used less often for store purchases, cash is still viewed as a reliable, widely accepted, safe and secure backup payment option that Canadians do not want to live without.³⁴
- ▶ Thirty-six per cent of Canadians find a digital Canadian dollar appealing, while 30 per cent do not.³⁵
- ▶ Almost two in three Canadians (63 per cent) would still use cash if a digital Canadian dollar was introduced.³⁶



³³ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

RESEARCH AT A GLANCE

The majority of Canadians were less concerned about COVID-19 since the start of the pandemic and this sentiment is reflected in their payment attitudes and behaviour.

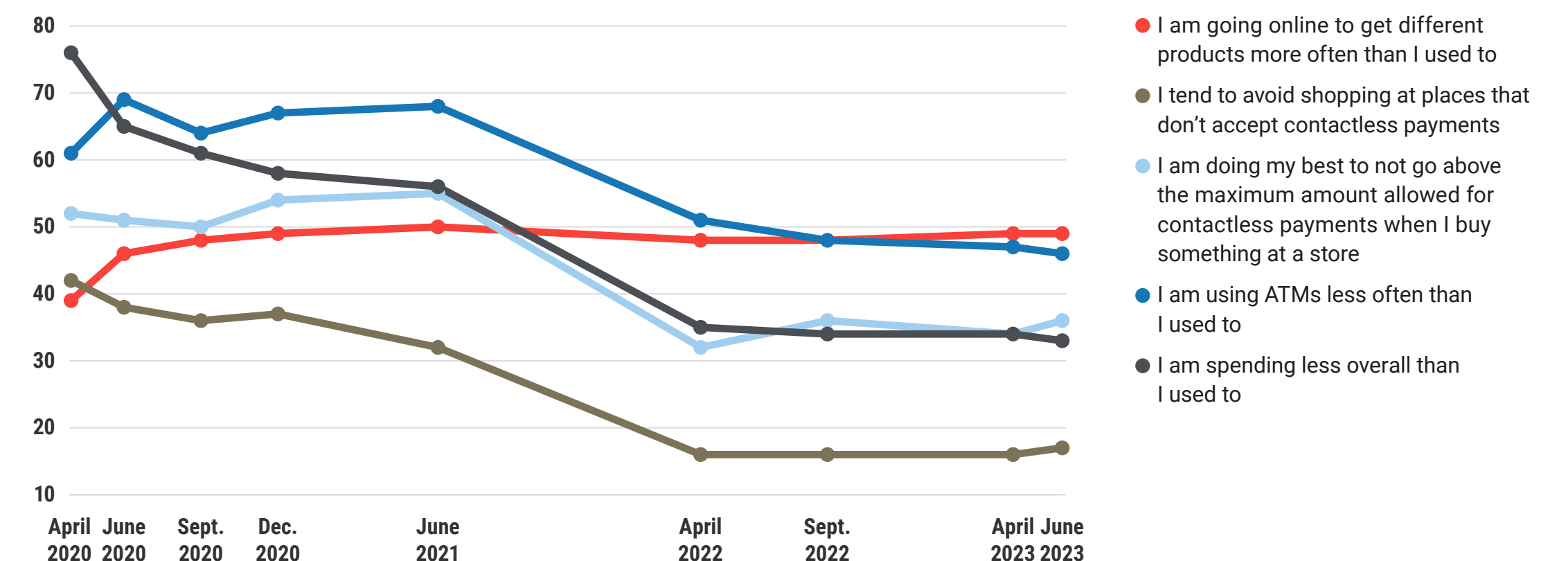
- ▶ 2023 survey data indicated that the impact of COVID-19 on overall consumer sentiment and payment behaviour has diminished.
- ▶ 51 per cent of Canadians were unconcerned about COVID-19, while fewer than one in four Canadians (23 per cent) were concerned.³⁷ For more, see **Figure 3: Canadians' level of concern for COVID-19**.
- ▶ Consumers were less concerned about not being able to pay using contactless methods. There was a significant drop in the proportion of Canadians who said they avoided shopping at places that do not accept contactless payments since the start of the pandemic (17 per cent in June 2023 compared to 38 per cent in June 2020).³⁸
- ▶ Consumer avoidance of using cash due to virus transmission concerns decreased. There was a significant drop in the proportion of Canadians who said they were using ATMs less often than they used to since the start of the pandemic (46 per cent in June 2023 compared to 69 per cent in June 2020).³⁹ There was also a significant drop in the proportion of Canadians who said they were uncomfortable handling cash since the start of the pandemic (22 per cent in June 2023 compared to 42 per cent in September 2020).⁴⁰ For more, see **Figure 4: How much do you agree with the following statements since the pandemic started?**
- ▶ Consumers returned to pre-pandemic purchase habits such as going to a physical store to buy food and groceries. However, what has not changed is Canadians' affinity for digital payments (Interac e-Transfer, mobile or tap-to-pay card payments) and buying many of their goods and services online (e.g., clothes, household items, health and beauty products).⁴¹

FIGURE 3: CANADIANS' LEVEL OF CONCERN FOR COVID-19

GENERATIONAL COHORT	UNCONCERNED	CONCERNED
Gen Z Born from 1997–2012	55%	21%
Millennial Born from 1981–1996	58%	18%
Gen X Born from 1966–1980	53%	20%
Baby boomer Born from 1946–1965	42%	29%

FIGURE 4: HOW MUCH DO YOU AGREE WITH THE FOLLOWING STATEMENTS?

Since the pandemic started...



37 Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

38 Ibid.

39 Ibid.

40 Ibid.

41 Ibid.

THE PAYMENT LANDSCAPE



The Canadian payment ecosystem continued to be influenced by domestic and international innovation, payment system modernization and regulators' efforts to define the payment industry of the future.

When it comes to payments, convenience, efficiency, security, privacy and low cost were foremost on the minds of consumers and businesses.

The Department of Finance Canada's 2023 Fall Economic Statement included proposed changes to the *Canadian Payments Act* (CP Act) to expand Payments Canada's membership eligibility. These proposed CP Act changes were included in the *2023 Fall Economic Statement Implementation Act*, also known as Bill C-59 and passed into law by the Government of Canada. These critical legislative changes will foster greater choice and innovation, laying the foundation for important benefits and opportunities for people across the country. In consultation with our members, stakeholders and regulators, Payments Canada will advance by-law amendments required to operationalize changes to the CP Act.⁴²

The Government of Canada published the final *Retail Payment Activities Act* (RPAA) regulations building momentum towards modern payments in Canada. The RPAA regulations support the RPAA, a new legislative framework to regulate retail payment activities in Canada. The RPAA is designed to protect consumers by regulating

⁴² For more, see [2023 Fall Economic Statement reflects payment industry priorities](#).

THE PAYMENT LANDSCAPE

payment service providers (PSPs) to safeguard funds and the financial system with operational risk requirements. After changes are made to the CP Act to expand Payments Canada's membership, the RPAA will support the ability of PSPs who meet the requirements to gain Payments Canada membership and system participation.⁴³

Payments Canada announced the successful implementation of an additional data centre to further strengthen the overall resilience of Lynx, Canada's high-value payment system. This technology helps to support the continuity of Payments Canada's operations in a safe and secure manner, allowing the Lynx system to continue to operate in the event of a disruption or sudden disaster.⁴⁴

Payments Canada submitted its response to the Bank for International Settlements Committee on Payments and Market Infrastructures' proposed ISO 20022 harmonization requirements for cross-border payments. This consultation represented a significant step towards achieving greater payment system interoperability and enhanced cross-border payments. Ensuring a global harmonized adoption of ISO 20022 is critical to the smooth transition from the existing Message Type (MT) format to the new data-rich Message Exchange (MX) format.⁴⁵

Since 2020, the Bank of Canada has engaged with Canadians and many other stakeholders about the concept of a digital Canadian dollar. It released a report summarizing the feedback received to date about a potential digital Canadian dollar. This feedback indicates that: (i) Canadians place a high value on holding cash that is backed by their central bank and want to maintain access to bank notes; (ii) Canadians value their right to privacy and many expressed concerns that a digital dollar could compromise that right; (iii) A digital dollar should be easily accessible and should neither add barriers nor worsen existing ones; and (iv) A digital dollar should not add to financial stability risks.⁴⁶ The Bank of Canada stated that a digital Canadian dollar would not pay interest or require Canadians to disclose private information to access the payment system.⁴⁷



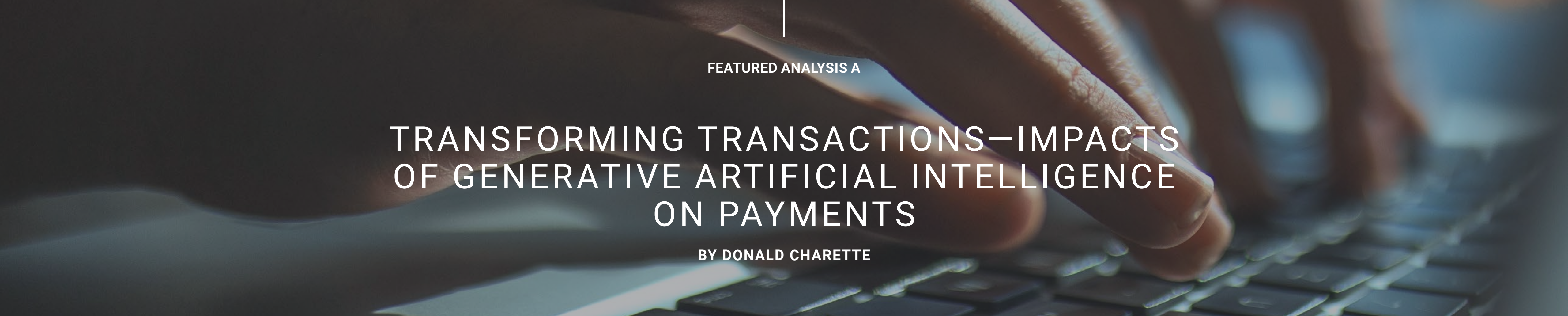
⁴³ For more, see [Retail Payment Activities Act regulations finalized](#).

⁴⁴ For more, see [Payments Canada strengthens the resilience of Lynx, Canada's high-value payment system with additional data centre](#).

⁴⁵ For more, see [Payments Canada supports ISO 20022 harmonization for enhanced cross-border payments](#).

⁴⁶ For more, see [What we heard: Bank of Canada publishes report on digital dollar consultations, outlines further engagement plans](#).

⁴⁷ For more, see [A Digital Canadian Dollar: What we heard 2020-23 and what comes next - Bank of Canada](#)



FEATURED ANALYSIS A

TRANSFORMING TRANSACTIONS—IMPACTS OF GENERATIVE ARTIFICIAL INTELLIGENCE ON PAYMENTS

BY DONALD CHARETTE

In the ever-evolving landscape of financial technology, the seamless operation of payments relies profoundly on the interplay between innovation, technology and trust. Generative artificial intelligence (GenAI) stands out as a disruptive technology with the potential to redefine payment systems.



History of GenAI in payments

GenAI originates from machine learning (ML), a subset of artificial intelligence that has been around since the 1950s. By the early 2000s, ML advancements enhanced fraud detection systems and by the 2010s, AI expanded into areas like customer service chatbots and personalized banking. Recent advancements in generative models marked the evolution of GenAI and its distinguishing AI characteristics with its capability to generate unique outputs in various forms such as images, texts, audio and video, as well as the ability to interact with humans using natural language.

GenAI applications in payments

The integration of GenAI into payment systems is enhancing the way businesses interact with their customers, safeguarding their operations and optimizing their workforce.

Hyper-personalized customer experiences: GenAI enables payment platforms to offer customized recommendations, promotions and financial services.⁴⁸ Canadian consumers stand to benefit from personalized payment experiences facilitated by GenAI, such as personal retail assistants and 24/7 chatbot support that customers can interact with using natural language.

⁴⁸ Visa Consulting and Analytics—Generative AI in payments (2023): Considerations for financial institutions intending to leverage generative artificial intelligence (GenAI) within their organizations.

FEATURED ANALYSIS A

Fraud detection and prevention: GenAI is being used to enhance fraud detection and prevention across banking and other financial services. By analyzing billions and even trillions of transactional data points in real-time, these systems can identify suspicious patterns and anomalies with greater accuracy and speed. New use cases address emerging challenges such as authorized push payment (APP) fraud where deceitful tactics are used to manipulate individuals into making electronic fund transfers to illegitimate accounts.⁴⁹

AI-enhanced workforce: By taking over mundane and time-consuming activities, GenAI can allow staff to focus on more complex and strategic tasks. Banking leaders from around the world who have adopted the technology are touting the capability to swiftly process and analyze vast datasets, empower employees with actionable insights and enhance decision-making processes.⁵⁰

Benefits to Canadian consumers and businesses

GenAI is still at an early adoption stage but shows significant potential to benefit both businesses and consumers. Organizations are currently focused on applying the technology to improve efficiencies and productivity, reduce costs and enhance products and services.⁵¹

Across industries, text generation is a widely adopted use case, followed by applications in code generation, image and audio and video creation.⁵² We are also seeing the democratization of data access leading to empowered consumers and businesses to make better data-driven decisions.⁵³

An anticipated benefit is the creation of hyper-personalized services and products tailored to the unique preferences of customers, enhancing their satisfaction and loyalty and thereby further driving business growth. One example in enhancing human-machine interactions is the introduction of autonomous agents, which are large language model bots that can independently reason and execute tasks.⁵⁴

GENAI FOR CANADIAN CONSUMERS AND BUSINESSES

VALUE

Research shows that organizations are currently focused on gaining efficiencies and productivity, followed by reducing costs and improving products and services.

DATA DEMOCRATIZATION

We are seeing GenAI breaking down barriers to accessing data and empowering consumers and businesses with the insights they need to make data driven decisions.

ADOPTION

Across various industries, text generation is observed as the most widely adopted use case, followed by code generation, image, audio and video creation.

HYPER-PERSONALIZED SERVICES

Future value is expected around the use of GenAI to create entirely new hyper personalized products and services that meet the unique needs of their customers leading to enhanced consumer satisfaction and loyalty, ultimately driving business growth.



⁴⁹ Symcor launches new solution to combat payment fraud. April 2024. [Symcor launches new solution to combat payment fraud](#).

⁵⁰ Google Cloud Next '24. Session: AI for Banking: Streamline core banking services and personalize customer experiences. Las Vegas, Nevada. April 10th, 2024. CB-Insights. AI strategies for 11 of the world's largest companies. May 2024.

⁵¹ State of Generative AI in the Enterprise. Now decides next: Insights from the leading edge of generative AI adoption. Deloitte Quarter one report. January 2024.

⁵² Ibid.

⁵³ Google Cloud Next '24. Session: AI for Banking: Streamline core banking services and personalize customer experiences. Las Vegas, Nevada. April 10th, 2024.

⁵⁴ CB-Insights. Generative AI Predictions. 2024.

FEATURED ANALYSIS A

GenAI risks

Although GenAI holds transformative promise, organizations must invest in monitoring, assessing and mitigating its risks to ensure responsible use.

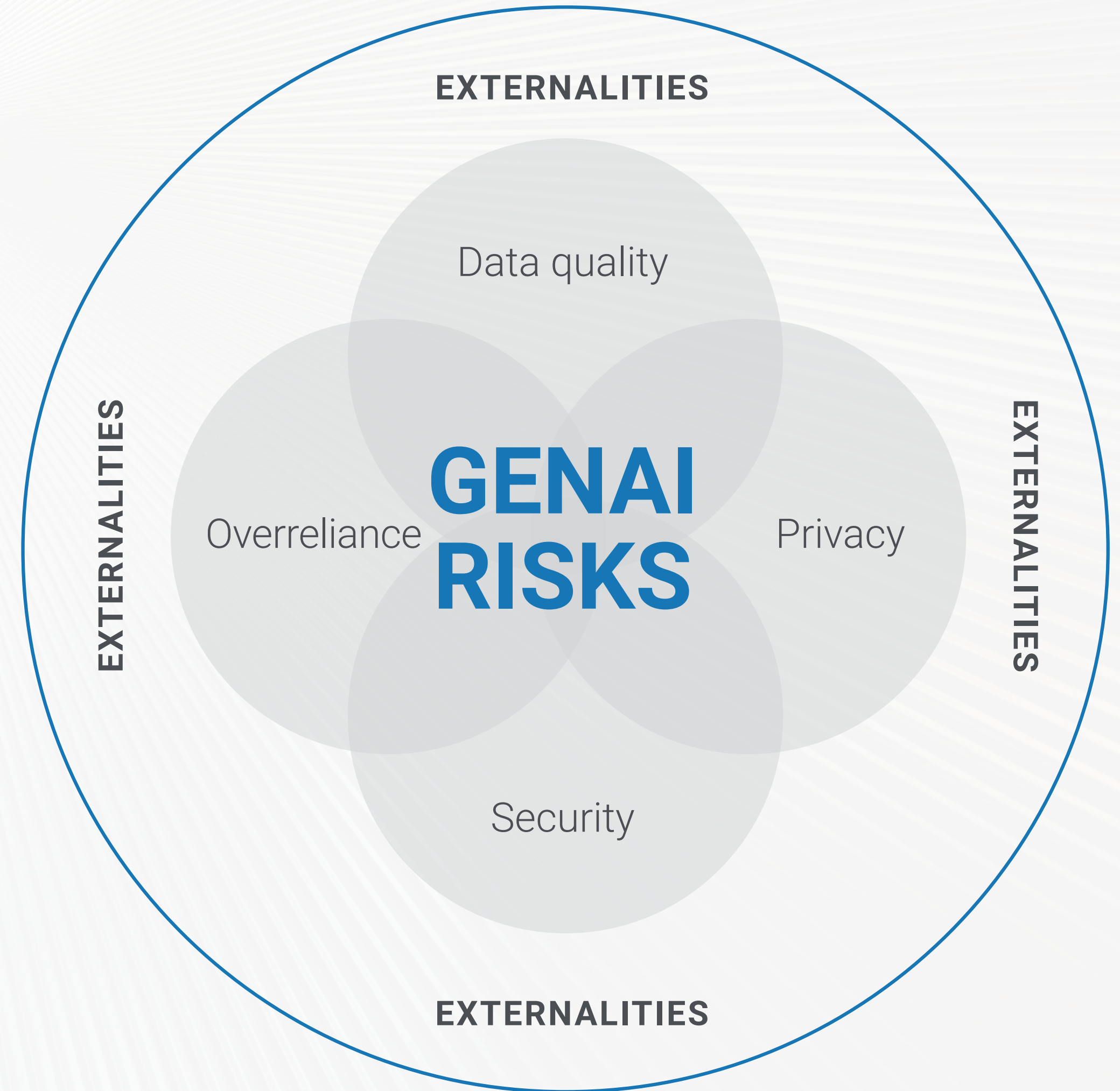
Externalities: The exponential growth and implementation of GenAI technologies might lead to unforeseen or difficult to assess impacts on individuals or society. The technology is being used in synthetic media generation, misinformation campaigns and increased fraud-related scams that are impacting people’s mental health, the integrity of democratic institutions and overall trust in our information ecosystem.⁵⁵

Data quality: AI models are only as good as the data they are trained on. Inaccurate or biased data can lead to flawed decisions and predictions.

Privacy: GenAI often requires access to vast amounts of personal and financial data to train models effectively. Ensuring that these systems comply with regulations is crucial but challenging, as these technologies can sometimes operate in ways that are not entirely transparent or explainable.

Security: GenAI can exacerbate existing AI risks (phishing, malicious code, data privacy), and also create unique risks (poisoned datasets, biased content), impacting the confidentiality, integrity and availability of payment systems due to the systems’ complexity and openness.⁵⁶

Overreliance on AI: As GenAI systems perform more routine tasks, employees may begin to accept incorrect AI outputs, resulting in a workforce that has lost essential analytical skills to determine whether or how much they should trust AI.⁵⁷ Additionally, GenAI systems can produce false information, which can lead to costly business decisions without adequate skilled human oversight.



⁵⁵ Center for Humane Technology. Foundations of Humane Technology Online Course. 2023. NIST AI 600-1 Initial Public Draft. Artificial Intelligence Risk Management Framework: Generative Artificial Intelligence Profile. April 2024.

⁵⁶ NIST AI 600-1 Initial Public Draft. Artificial Intelligence Risk Management Framework: Generative Artificial Intelligence Profile. April 2024. Canadian Centre for Cyber Security. Generative artificial intelligence (GenAI)—ITSAP00.041.

⁵⁷ Samir Passi & Mihaela Vorvoreanu. 2022. Overreliance on AI: Literature Review. Microsoft Technical Report MSR-TR-2022-12.

Global adoption trends and lessons learned

GenAI is making significant strides in the global payment ecosystem, with early adopters emphasizing the importance of starting small and scaling up strategically with a focus on high impact use cases.⁵⁸ By integrating AI systems internally first, employees can acclimatize to the new technology in a controlled environment, allowing them to pinpoint and address potential issues effectively before releasing customer-facing products.

Additionally, organizations are currently focused on ensuring that their technological infrastructures and human capital are well-prepared to support future expansions and adapt to changes in the socio-technical landscape. Proactive cyber security measures, including enhancements leveraging AI/ML cannot be overstated. In the realm of AI/ML cyber security implementations, the financial services sector leads the way, with an impressive 38 per cent of Canadian organizations exhibiting advanced and mature implementations of AI/ML technologies.⁵⁹

Future outlook

Social adoption of GenAI by organizations may quickly move from initial strategy and building appropriate technology infrastructure to addressing workforce issues such as talent gaps through education and reskilling efforts, and implementing risk management and governance frameworks to meet the requirements of the rapidly evolving regulatory landscape.⁶⁰

In terms of technological advancements, we will likely see GenAI models become more specialized, efficient and seamlessly integrated into various industries. Sectors dealing with sensitive information may opt for patenting privacy-preserving and decentralized training models and smaller AI models deployed at the network edge instead of large language models (LLMs) to address privacy and security concerns.⁶¹

There is also much investment and progress taking place in the AI agentic workflow space⁶², representing a shift from relying on one AI model to handle an entire task to using multiple AI agents, each specialized in different parts of a task. This approach is expected to greatly improve scalability, reduce hallucinations, increase efficiency, while also enhancing system resiliency.

Navigating the future of payments: embracing GenAI with prudence and promise

As GenAI continues to evolve and integrate into the global payment ecosystem, it offers a transformative potential that could redefine how transactions are conducted and secured. This technological advancement promises to enhance customer experiences, streamline operations and bolster fraud detection and security capabilities. However, it also demands careful consideration of risks such as overreliance, data privacy, security and the socio-technical balance required to utilize GenAI's full potential responsibly.



GLOBAL ADOPTION TRENDS

Early trials in the banking sector have demonstrated that GenAI can significantly boost workforce productivity with some more advanced use cases being explored in code generation, suggesting a promising future for its broader implementation in the financial services industry.

LESSONS LEARNED

- ▶ Start small and scale strategically
- ▶ Ensure technology infrastructure and human capital are well-prepared
- ▶ Be proactive with cyber security measures

⁵⁸ Google Cloud Next '24. Session: AI for Banking: Streamline core banking services and personalize customer experiences. Las Vegas, Nevada. April 10th, 2024. CB-Insights. AI strategies for 11 of the world's largest companies. May 2024.

⁵⁹ CDW Cybersecurity in Focus 2024: Trends, Threats and Strategies.

⁶⁰ State of Generative AI in the Enterprise. Now decides next: Insights from the leading edge of generative AI adoption. Deloitte Quarter one report. January 2024.

⁶¹ CB-Insights_Generative AI Predictions 2024. CB-Insights. AI strategies for 11 of the world's largest companies. May 2024.

⁶² DeepLearning.AI. "The Dawning Age of Agents". Published Blog March 6th, 2024 [The Dawning Age of Agents | AI News & Insights](#).



FINDINGS⁶³

The sections below build on a number of different data streams in order to provide a comprehensive view of consumer and business payment behaviour conducted via paper, cards and electronic payment methods.

63 All per cent changes reported in the following sections are based on an average annual per cent change calculation unless otherwise stated. To find the per cent change, you first subtract the earlier index value from the later one, then divide that difference by the earlier index value, and finally multiply the result by 100.

FINDINGS

Five-year Canadian payment transaction trends

A total of 21.7 billion payment transactions valued at \$11.9 trillion were made by Canadians in 2023. Total payment volume and value increased over the past five years by five per cent and 20 per cent respectively (see **Table 4: Five-year Canadian payment transaction trends**).

TABLE 4: FIVE YEAR CANADIAN PAYMENT TRANSACTION TRENDS

Payment method	Total volume 2019		Total volume 2023		Change from 2019 %
	In millions	% of total volume	In millions	% of total volume	
Cheque	584	3%	379	2%	-35%
Debit	6,256	30%	6,634	30%	6%
ABM	456	2%	385	2%	-16%
Prepaid	326	2%	349	2%	7%
EFT	2,947	14%	3,179	15%	8%
Credit	6,552	32%	7,150	33%	9%
Online transfer	541	3%	1,278	6%	136%
Cash	2,957	14%	2,380	11%	-20%
Total	20,618	100%	21,734	100%	5%

Payment method	Total value 2019		Total value 2023		Change from 2019 %
	\$ millions	% of total value	\$ millions	% of total value	
Cheque	3,586,221	36%	2,864,460	24%	-20%
Debit	259,255	3%	302,224	3%	17%
ABM	67,082	1%	82,091	1%	22%
Prepaid	19,337	0.2%	24,040	0.2%	24%
EFT	5,178,683	52%	7,247,042	61%	40%
Credit	595,114	6%	847,387	7%	42%
Online transfer	178,225	2%	464,053	4%	160%
Cash	65,159	1%	62,590	0.5%	-4%
Total	9,949,077	100%	11,893,887	100%	20%

FINDINGS

Despite double-digit declines in cash and cheque transaction volumes, total payment volume grew, driven by the continued growth of digital payment volumes (cards, EFT and online transfers). Canadians used debit and credit cards more often, which respectively accounted for 30 per cent and 33 per cent of total payment volume in 2023. Within the cards space, credit and prepaid cards lead the way in terms of past five-year volume growth at nine per cent and seven per cent respectively.

EFT and cheques combined for 85 per cent of total payment value in 2023. EFT value has continued to grow over the long term, while it has been the opposite for cheques. The value of cheque payments declined by 20 per cent between 2019 and 2023. This decrease was mainly due to a 20 per cent reduction in the value of commercial cheque payments during this period. Businesses switched from cheque payments to online transfers (160 per cent increase) and EFT (40 per cent increase) for traditional cheque use cases such as peer-to-peer payments and bill payments, primarily because of their perceived speed, convenience, security and low cost.

Online transfers represented six per cent of total payment volume in 2023. Even though online transfers make up a relatively small proportion of total payment volume and value, they continued to exhibit the highest volume and value growth of any payment method over the past five years (136 per cent and 160 per cent respectively). The pace of online transfers volume and value growth has been gradually slowing (see **Table 5: Five-year growth rate for online transfer payments**).

TABLE 5: FIVE-YEAR GROWTH RATE FOR ONLINE TRANSFER PAYMENTS

Online transfer	2015–2019	2016–2020	2017–2021	2018–2022	2019–2023
Volume	352%	352%	286%	182%	136%
Value	290%	262%	247%	187%	160%

FINDINGS

Year-over-year Canadian payment transaction trends

The following analysis compares the 2023 data to 2022 data (see **Table 6: One-year Canadian payment transaction trends**). This perspective allows us to identify if trends observed in previous years are continuing, and to spot the emergence of potential trends.

Despite rising inflation and a cooling economy, total payment volume and value experienced modest gains year-over-year (six per cent and one per cent respectively). Card volumes and values increased in 2023, with prepaid cards showing the greatest growth in transaction value at 10 per cent compared to debit and credit. Credit and debit cards were the leading two payment methods of choice for in-store and online purchases among Canadians and made up 63 per cent of total payment volume in 2023 (more or less unchanged from 2022).

TABLE 6: ONE YEAR CANADIAN PAYMENTS TRANSACTION TRENDS

Payment method	Total volume 2022		Total volume 2023		Change from 2022 %
	In millions	% of total volume	In millions	% of total volume	
Cheque	405	2%	379	2%	-6%
Debit	6,315	31%	6,634	30%	5%
ABM	388	2%	385	2%	-1%
Prepaid	331	2%	349	2%	5%
EFT	3,101	15%	3,179	15%	3%
Credit	6,794	33%	7,150	33%	5%
Online transfer	1,118	5%	1,278	6%	14%
Cash	2,077	10%	2,380	11%	15%
Total	20,529	100%	21,734	100%	6%

Payment method	Total value 2022		Total value 2023		Change from 2022 %
	\$ millions	% of total value	\$ millions	% of total value	
Cheque	3,212,624	27%	2,864,460	24%	-11%
Debit	295,013	3%	302,224	3%	2%
ABM	85,044	1%	82,091	1%	-3%
Prepaid	21,776	0%	24,040	0.2%	10%
EFT	6,931,749	59%	7,247,042	61%	5%
Credit	799,976	7%	847,387	7%	6%
Online transfer	387,255	3%	464,053	4%	20%
Cash	60,122	1%	62,590	0.5%	4%
Total	11,793,559	100%	11,893,887	100%	1%

FINDINGS

Last year's CPMT report revealed that the rate of decline in cheque usage slowed between 2020 and 2022. Specifically, the year-over-year decline in cheque volume was 26 per cent in 2020, six per cent in 2021 and +0.2 per cent in 2022. For 2023, the volume of cheque payments decreased by six per cent compared to the previous year. This decline in cheque usage is comparable with the year-over-year declines historically observed for cheques prior to the pandemic (from 2015 to 2019). The level of decline in cheque volume appears to have returned to the expected pre-pandemic level in 2023.

Online transfers volume and value grew by 14 per cent and 20 per cent respectively in 2023. While these growth rates were not as significant as the five-year growth rates, they led all other payment methods by a wide margin. The lower year-over-year growth rate of online transfers may be due to the fact that the average number of unique active Interac e-Transfer users per month in Canada is approaching saturation. In 2023, there were 27.6 million of these users, which represented 68 per cent of the total Canadian population.⁶⁴

EFT volume increased to 3.2 billion transactions representing a three per cent increase in 2023 (up from a one per cent increase last year). EFT value increased to \$7.2 trillion representing a five per cent increase in 2023 (down from an 11 per cent increase last year). The year-over-year volume and value gains were driven by growth in the volume and value of automated fund transfers (four per cent and six per cent respectively).



⁶⁴ Figures provided by Interac.

A close-up photograph of a person's hand holding a black smartphone over a payment terminal. The terminal has a keypad with numbers 1-9 and letters. The background is blurred, showing another person's arm. The text is overlaid on the top half of the image.

FEATURED ANALYSIS B

THE SHIFT IN PAYMENT TRENDS THROUGH THE COVID-19 PANDEMIC

BY STEPHEN YUN

This feature is an excerpt from a Payments Perspectives article that was published on payments.ca on January 30, 2024. To see the full article, go to: [The shift in payment trends through the COVID-19 pandemic](#).

To understand how and why the pandemic changed Canadians' payment usage and behaviour, we need to first understand the social and economic impacts of the pandemic on Canadians.

FEATURED ANALYSIS B



The COVID-19 pandemic triggered unprecedented financial support from the federal government to Canadians and businesses during the economic downturn, mainly through the Canada Emergency Response Benefit (CERB) and Canada Emergency Wage Subsidy (CEWS) payments. At one point in 2020, 11.7 million Canadians were receiving payments via CERB and CEWS, which meant about 40 per cent of all Canadian adults were receiving government assistance.⁶⁵ The government also provided continued access to credit and liquidity support for businesses. This was in response to the temporary restrictions imposed by the government on non-essential businesses, which led to job losses and reduced employment income.⁶⁶

These financial support payments were made through direct deposit or by cheque. For many Canadians, the payments represented a lifeline to pay their bills and keep businesses afloat. Receiving a payment from the government in a timely manner was vital; for this reason, electronic payments were preferred over paper payments. Direct deposit payments outnumbered cheque payments by a ratio of over 7:1.⁶⁷ The Receiver General of Canada issued 10.4 million cheques and 78.4 million direct deposit payments related to CERB and CEWS payouts between March and December 2020. An impact of the pandemic is that it pointed out to Canadians the speed, convenience and reliability of receiving digital instead of paper payments.

Canadian population growth was adversely affected by the pandemic. In 2020, population growth fell to levels not seen since the First World War. The dip in population growth was due to a decrease in international migration and the net loss of non-permanent residents. The percentage of population growth from international migration decreased from a record high of 85 per cent in 2019 to 68 per cent in 2020.⁶⁸ The largest net loss of non-permanent residents (-88,901) was caused by declines in students and work permit holders.⁶⁹

The pandemic contributed to more stress on consumer wallets as supply disruptions and pent-up demand stoked consumer inflation, which reached a 30-year high (+5.1 per cent) in January 2022. Prices for food and shelter continuously increased over 2021 and were above the headline rate (+5.7 per cent and +6.2 per cent, respectively).⁷⁰ Consumer inflation has outpaced average wage growth since the spring of 2021.

The combination of financial challenges facing many businesses due to the winding down of pandemic emergency support programs, shrinking population growth and persistent consumer inflation led to an overall reduction in consumer and business spending. As a result, total payment transaction volume and value decreased and were below the pre-pandemic level from 2020 to 2021.⁷¹

⁶⁵ For more, see: [Ottawa has spent \\$240B fighting COVID-19 in just 8 months. A CBC investigation follows the money](#)

⁶⁶ For more, see: [Overview of Canada's COVID-19 Economic Response Plan](#)

⁶⁷ For more, see: [Ottawa has spent \\$240B fighting COVID-19 in just 8 months. A CBC investigation follows the money](#)

⁶⁸ For more, see: [COVID-19 in Canada: A two-year update on social and economic impacts](#)

⁶⁹ Ibid.

⁷⁰ Ibid. "Headline rate" is the total inflation in an economy. The headline inflation figure includes inflation in a basket of goods that includes commodities like food and energy. In January, annual price increases for both food (+5.7 per cent) and shelter (+6.2 per cent) were above the headline rate.

⁷¹ ACSS data, Payments Canada.



A look at Canadians' pre-pandemic payment usage and behaviour

Looking back at the payment trends observed in the five-year period leading up to the COVID-19 pandemic (between 2014 and 2019), several notable patterns emerge. For further details, see **Figure 5: Point-of-sale transaction volume and value (2014–2019)** and **Figure 6: Remote consumer transaction volume and value (2014–2019)**.

Point-of-sale (POS) environment⁷²

- ▶ Cash payments were on a steady and sharp decline within the POS environment. Despite its decline, cash was still a common payment method in 2019, with 61 per cent of Canadians reporting making a cash purchase to a business in a given week.⁷³
- ▶ Electronic payment use continued to increase for POS payments, especially the use of debit and credit cards. Canadians preferred using debit and credit cards for their POS transactions because they were perceived to offer convenience, speed and rewards, which drove the use of these methods over traditional paper-based methods.⁷⁴
- ▶ Another reason debit and credit cards were used more often by Canadians was the growth of contactless payments (card and mobile) at the POS. In 2019, 4.7 billion contactless transactions worth \$156 billion were made, representing a 15 per cent increase in volume

and a 20 per cent increase in value compared to the previous year.⁷⁵ The significant rise in contactless transactions was driven by increased consumer and merchant familiarity with contactless payments and the ability to pay with contactless cards. While contactless card use was popular, mobile contactless had a slower uptake in Canada, even though more Canadians now had devices with near-field communication capabilities.⁷⁶

Remote environment⁷⁷

- ▶ Bill payment transactions accounted for the largest proportion of consumer-initiated remote transactions. Electronic funds transfer (EFT) was the primary payment method used by Canadians based on transaction volume and value.⁷⁸ Consumers generally opted to use EFT transactions to set up recurring payments to entities (for example, using online banking to pay household bills). EFT was also used when consumers set up pre-authorized debits (using their deposit accounts) to pay for mortgages or auto loans. However, EFT numbers were being impacted by a migration towards the use of credit cards to pay bills.⁷⁹
- ▶ While credit cards were mainly used in the POS environment, cardholders were using credit cards to remotely pay for a number of their bills, making up 15 per cent of the total bills paid in Canada in 2018.⁸⁰ Consumers used credit cards for paying recurring expenses, primarily because of rewards programs

offered with credit cards. Between 2014 and 2019, the number of remote credit card payments increased by 55 per cent. Much of this growth came at the expense of cheques and EFT.⁸¹

- ▶ Usage of online transfers continued to increase among Canadians in paying both people and businesses, overtaking cheques beginning in 2018. In 2019, online transfers accounted for 23 per cent of the total volume of consumer remote transactions, while consumer cheque volume decreased to 10 per cent (compared to 16 per cent in 2015).

⁷² The point-of-sale payment environment includes transactions that take place in either physical or virtual payee locations (i.e., brick and mortar merchants or online vendors), including in-app and other e-commerce transactions.

⁷³ For more, see: [Canadian Payments: Methods and Trends 2020](#).

⁷⁴ Ibid.

⁷⁵ Ibid.

⁷⁶ Ibid.

⁷⁷ The remote payment environment includes all the transactions that are not made at physical (brick and mortar) and virtual (online) payee locations. Instead, payors use financial institutions or payment service providers as intermediaries that move funds to intended payees through their services.

⁷⁸ For more, see: [Canadian Payments: Methods and Trends 2020](#).

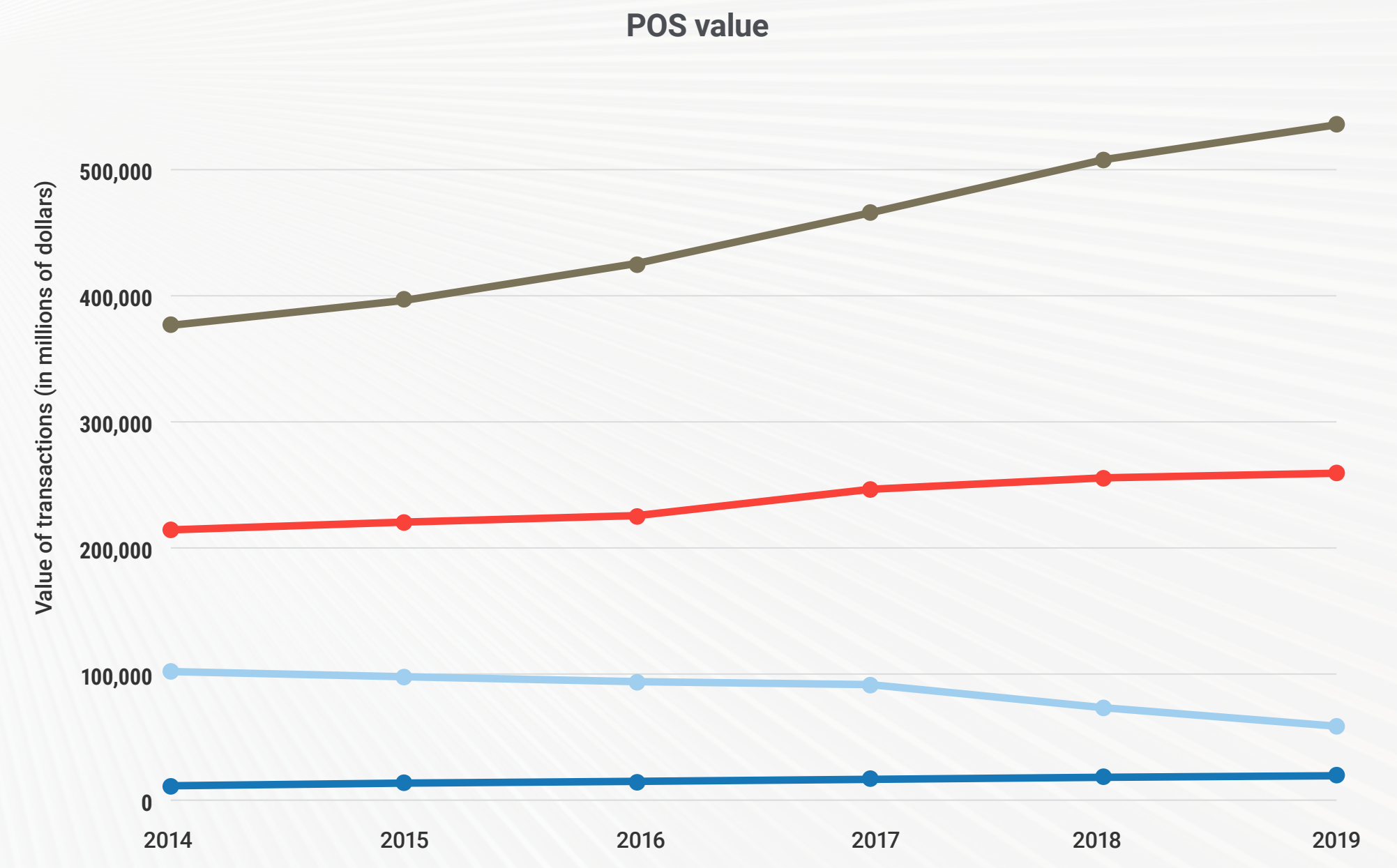
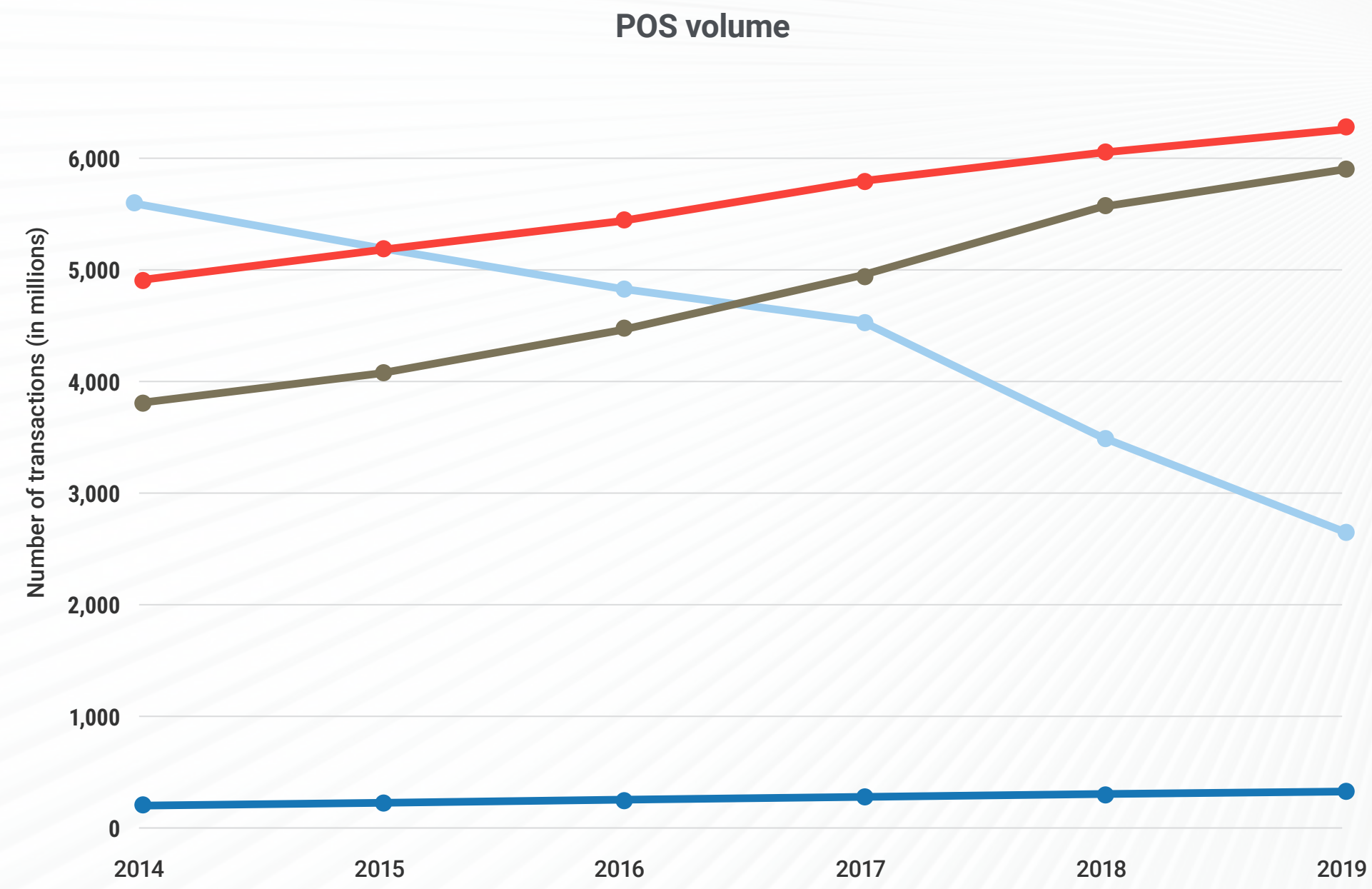
⁷⁹ Ibid.

⁸⁰ Ibid.

⁸¹ Ibid.

FEATURED ANALYSIS B

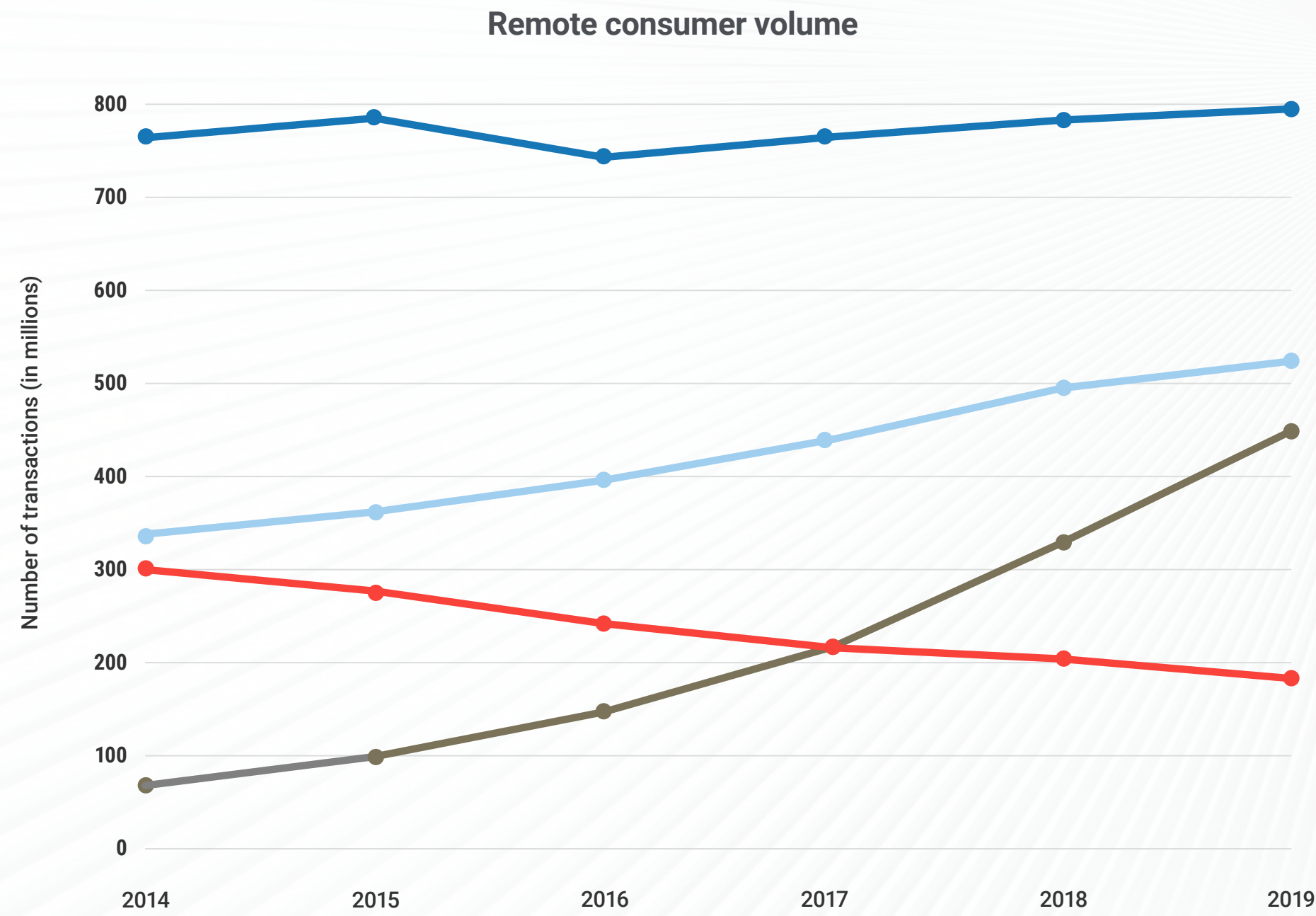
FIGURE 5: POINT-OF-SALE TRANSACTION VOLUME AND VALUE (2014–2019)



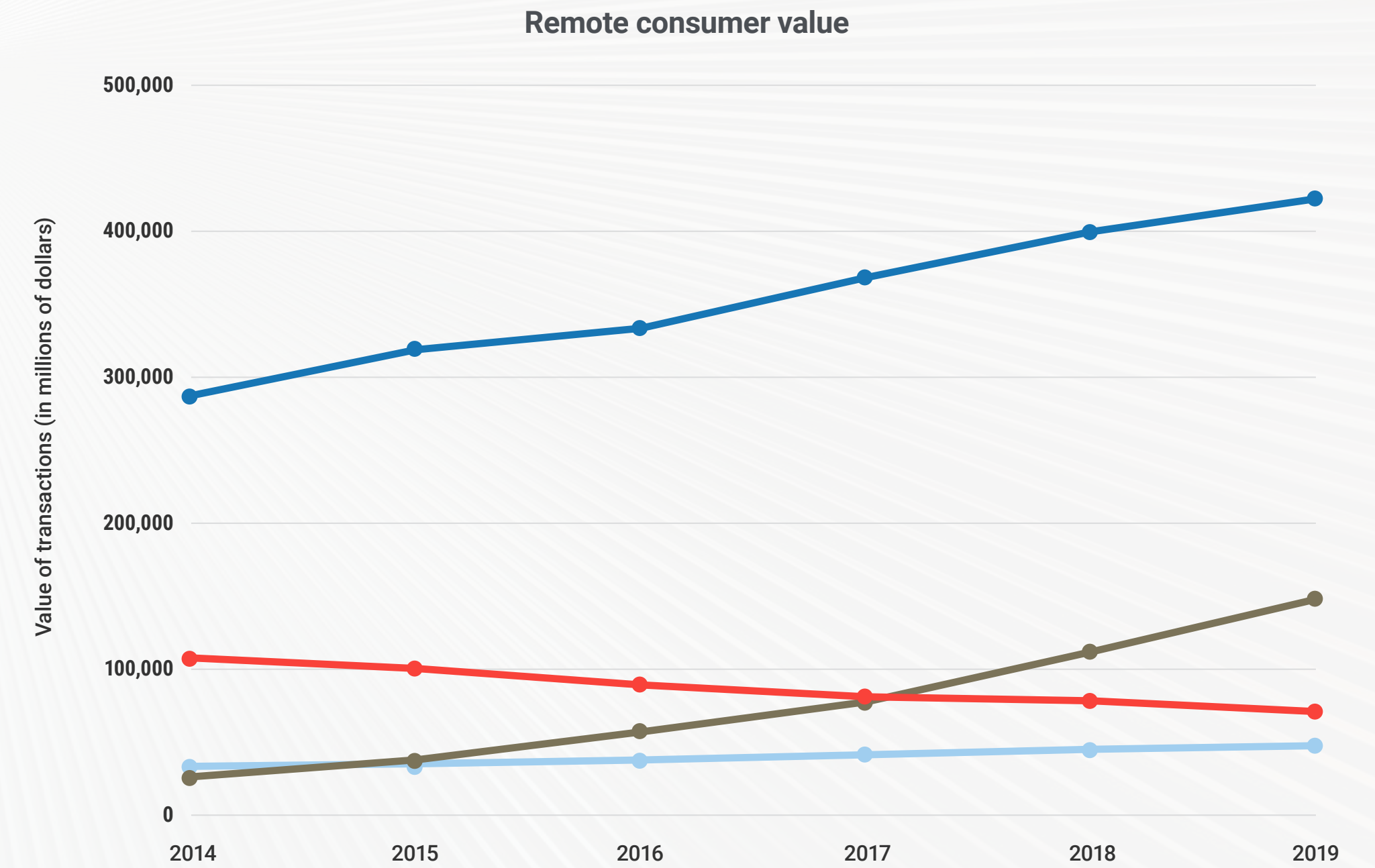
Payment method	2014	2015	2016	2017	2018	2019
Debit card	4,907	5,178	5,436	5,794	6,050	6,256
Prepaid card	200	225	253	278	304	326
Credit card	3,807	4,072	4,459	4,949	5,564	5,897
Cash	5,587	5,196	4,832	4,543	3,502	2,661

Payment method	2014	2015	2016	2017	2018	2019
Debit card	214,340	220,483	225,661	246,499	255,600	259,255
Prepaid card	11,395	135,00	14,895	16,495	18,112	19,337
Credit card	376,522	396,270	425,659	465,782	507,895	535,603
Cash	101,949	97,870	93,956	91,630	73,304	58,643

FIGURE 6: REMOTE CONSUMER TRANSACTION VOLUME AND VALUE (2014–2019)



Payment method	2014	2015	2016	2017	2018	2019
● Cheque and paper	300	277	242	216	204	183
● Personal EFT	764	785	743	765	783	795
● Online transfer	68	99	147	217	329	449
● Remote credit card	338	362	396	440	495	524



Payment method	2014	2015	2016	2017	2018	2019
● Cheque and paper	107,750	100,500	89,250	81,125	78,375	71,000
● EFT	287,436	318,889	333,572	368,264	399,673	422,243
● Online transfer	26,293	37,931	57,067	77,616	111,859	147,927
● Remote credit card	33,469	35,224	37,836	41,403	45,146	47,609

Impact of the COVID-19 pandemic on Canadians' payment habits and practices

Looking back at the payment trends observed in the three years since the start of the COVID-19 pandemic (between 2020 and 2022), several notable patterns emerge. For further details, see **Figure 7: Point-of-sale transaction volume and value (2019–2022)** and **Figure 8: Remote consumer transaction volume and value (2019–2022)**.

Point-of-sale environment

- ▶ The COVID-19 pandemic accelerated the decline in cash usage as many Canadians avoided handling cash and touching payment terminals at the point-of-sale over concerns of virus transmission.⁸² In the first year of the pandemic, cash transaction volume and value at the point-of-sale decreased by 24 per cent and 21 per cent, respectively, from 2019.⁸³ Following 2020, POS cash payments continued to decline, but the rate of decline slowed as public health measures lifted and the economy reopened. Cash payments rallied for several reasons:
 - Canadians were less concerned about the risk of transmission of the COVID-19 virus by handling paper currency and coins.
 - Some cash users returned to using cash for pre-pandemic use cases such as paying rent, meals, entertainment and professional and personal services.⁸⁴
- ▶ Canadians shifted towards using digital payments.
 - Contactless growth was supported by the increased availability of contactless and digital payment options, an increase in the contactless transaction limit from \$100 to \$250 for credit cards and the introduction of new payment alternatives, like quick response codes (QR codes) by PayPal.⁸⁵



⁸² For more, see: [Canadian Payment Methods and Trends Report 2021](#).

⁸³ ACSS data, Payments Canada.

⁸⁴ For more, see: [Canadian Payment Methods and Trends Report 2023](#).

⁸⁵ For more, see: [Canadian Payment Methods and Trends Report 2021](#).

FEATURED ANALYSIS B



- In fact, when it came to making purchases, 37 per cent of Canadians said they avoided shopping at places that didn't accept contactless payments.⁸⁶ Contactless payments continued to be used frequently by Canadians after the first year of the pandemic. Almost nine in ten Canadians (89 per cent) tapped any card (i.e., credit, debit or prepaid) at least once in a given month when making a store purchase in 2022.⁸⁷
- The pandemic led to sharp growth in e-commerce payments in 2020, with 477 million transactions worth \$56 billion (up from 420 million transactions valued at \$47 billion a year ago).⁸⁸ Close to half of all Canadians (47 per cent) used e-commerce platforms more frequently to purchase a wider range of products throughout the pandemic.⁸⁹ Despite the return to in-store shopping, e-commerce transactions increased in 2022. E-commerce sales accounted for 6.5 per cent of retail sales in 2022, up from a share of 6.2 per cent in 2021.⁹⁰
- ▶ Both debit and credit card payment transaction volume and value continued to build on the gains made in 2021 and returned to pre-pandemic levels in 2022, following a significant dip in 2020 caused by the pandemic.
- Debit card transaction volume and value at the point-of-sale declined by nine per cent and three per cent, respectively, between 2019 and 2020. Debit cards continued to slightly lead credit cards in terms of volume.

- Credit card transaction volume and value at the point-of-sale each declined by five per cent during the same period. Credit cards made up the bulk of POS value.
- Overall, the volume and value decline in card payments were less pronounced than that of cash captured above.

Remote environment

- ▶ The COVID-19 pandemic had a low impact on personal EFT transaction volume and value in 2020. During the first year of the pandemic, personal EFT volume increased by one per cent and personal EFT value increased by five per cent.⁹¹ Both volume and value continued to grow and by 2022, personal EFT volume hit 870 million transactions worth \$565 billion. It accounted for 35 per cent of total remote consumer transaction volume and 57 per cent of total remote consumer transaction value.⁹² EFT usage among consumers continued to be driven by recurring payment and online bill payment use cases.⁹³
- ▶ Credit card transaction volume softened due to the pandemic in 2020, decreasing by five per cent from 2019. It quickly rebounded and surpassed the pre-pandemic level in 2021 and continued to grow in 2022.⁹⁴ Consumers carried on with using credit cards to pay recurring expenses and other household bills such as insurance, internet service, cell phone, subscriptions, memberships and home services (e.g., daycare, contractors).⁹⁵

⁸⁶ For more, see: [Canadian Payment Methods and Trends Report 2021](#).

⁸⁷ For more, see: [Canadian Payment Methods and Trends Report 2023](#).

⁸⁸ Ibid.

⁸⁹ Ibid.

⁹⁰ Statistics Canada. Retail trade, December 2022. For more, see: [The Daily—Retail trade, December 2022](#).

⁹¹ ACSS data, Payments Canada.

⁹² Ibid.

⁹³ For more, see: [Canadian Payment Methods and Trends Report 2023](#).

⁹⁴ ACSS data, Payments Canada.

⁹⁵ For more, see: [Canadian Payment Methods and Trends Report 2023](#).

FEATURED ANALYSIS B

- ▶ Online transfers continued their growth in 2020, increasing significantly by 48 per cent in volume and 40 per cent in value and represented 31 per cent of the total remote consumer transaction volume in Canada (compared to 23 per cent in 2019).
- ▶ New use cases emerged for online transfers during the pandemic, replacing cash and cheques. Due to physical distancing guidelines, many Canadians pooled grocery shopping responsibilities with family, roommates and neighbours. Interac reported that Canadians used Interac e-Transfer to split grocery bills and big-box store purchases more often than before the start of the pandemic.⁹⁶ Another use case for online transfers during the pandemic was sending financial support to family and neighbours.⁹⁷
- ▶ Even though Interac e-Transfer transactions were being conducted more for P2P transfers, the level of use started to plateau in 2022 with more Canadians saying their use had stayed the same since the pandemic started (62 per cent in 2022 versus 51 per cent in 2020).⁹⁸ So, the number of new use cases for Interac e-Transfer transactions linked to the pandemic did not significantly increase in 2022, likely because many Canadians perceived the pandemic to be largely over or they had exhausted new use cases.
- ▶ Canadians made fewer cheque payments due to the pandemic.
 - Personal cheque usage continued to decline in 2020, with a 14 per cent decrease in volume and a 17 per cent decrease in value from 2019.⁹⁹ The overall decline was driven by the increased use of electronic payment methods such as EFTs, and online transfer payments by Canadians. The pandemic contributed to a rise in electronic payments at the expense of cheques, as many Canadians opted not to exchange cheques over concerns about virus transmission through surface contact.¹⁰⁰
 - However, the rate of decline in personal cheque usage slowed between 2021 and 2022. The year-over-year change in cheque volume was +11 per cent for 2021 and -7 per cent for 2022.¹⁰¹ Cheque value increased by nine per cent in 2021 and decreased by seven per cent in 2022.¹⁰²
 - Although personal cheque use was fairly low with 42 per cent of Canadians stating they rarely used cheques (i.e., less than once a month) and 39 per cent never used cheques, some Canadians returned to using cheques for the same payment use cases as before the pandemic (e.g., rent, home services, gifts).¹⁰³

⁹⁶ For more, see: [Canadian Payment Methods and Trends Report 2021](#).

⁹⁷ Ibid.

⁹⁸ Ibid.

⁹⁹ ACSS data, Payments Canada.

¹⁰⁰ For more, see: [Canadian Payment Methods and Trends Report 2021](#).

¹⁰¹ ACSS data, Payments Canada.

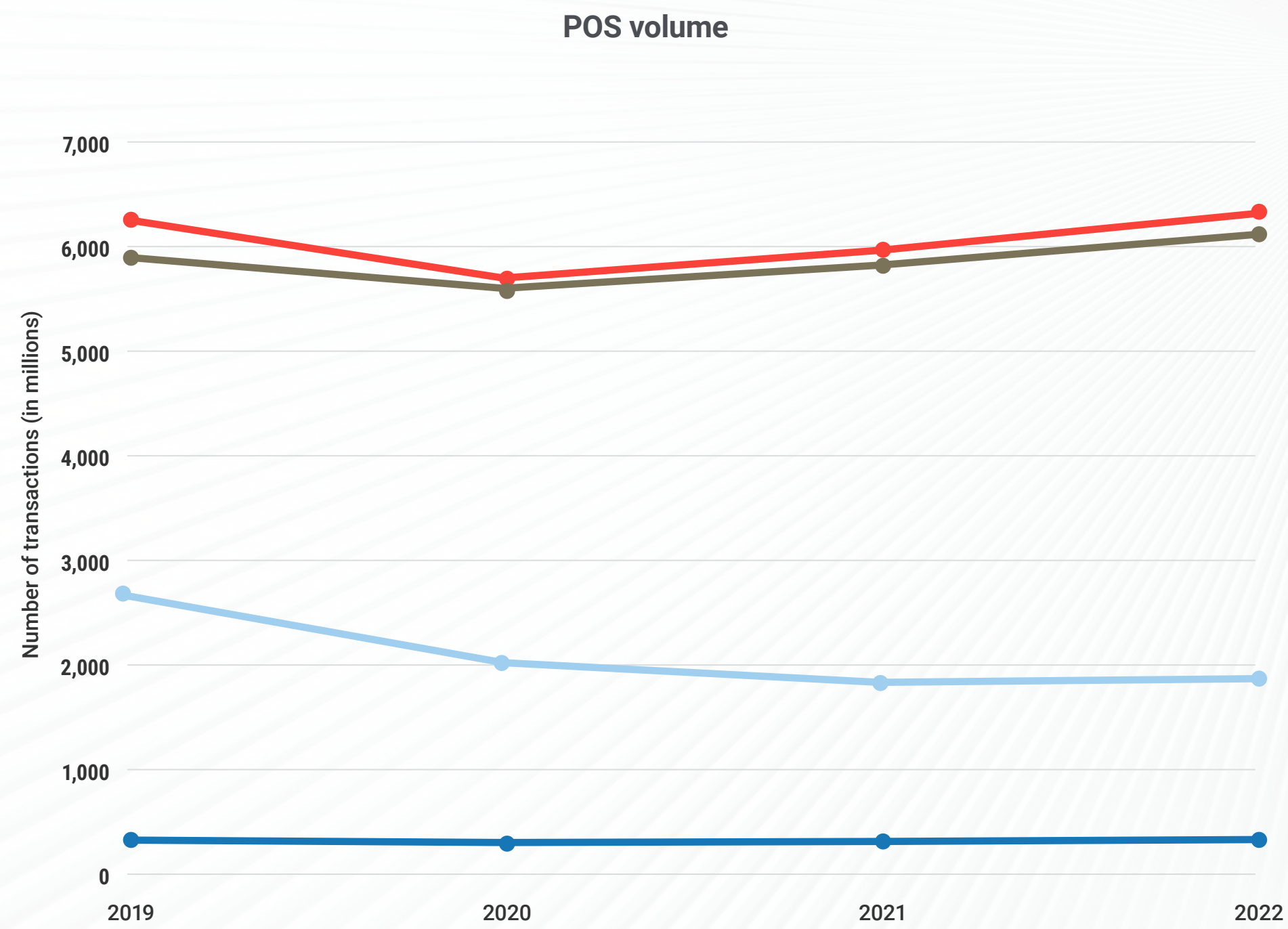
¹⁰² Ibid.

¹⁰³ For more, see: [Canadian Payment Methods and Trends Report 2023](#).

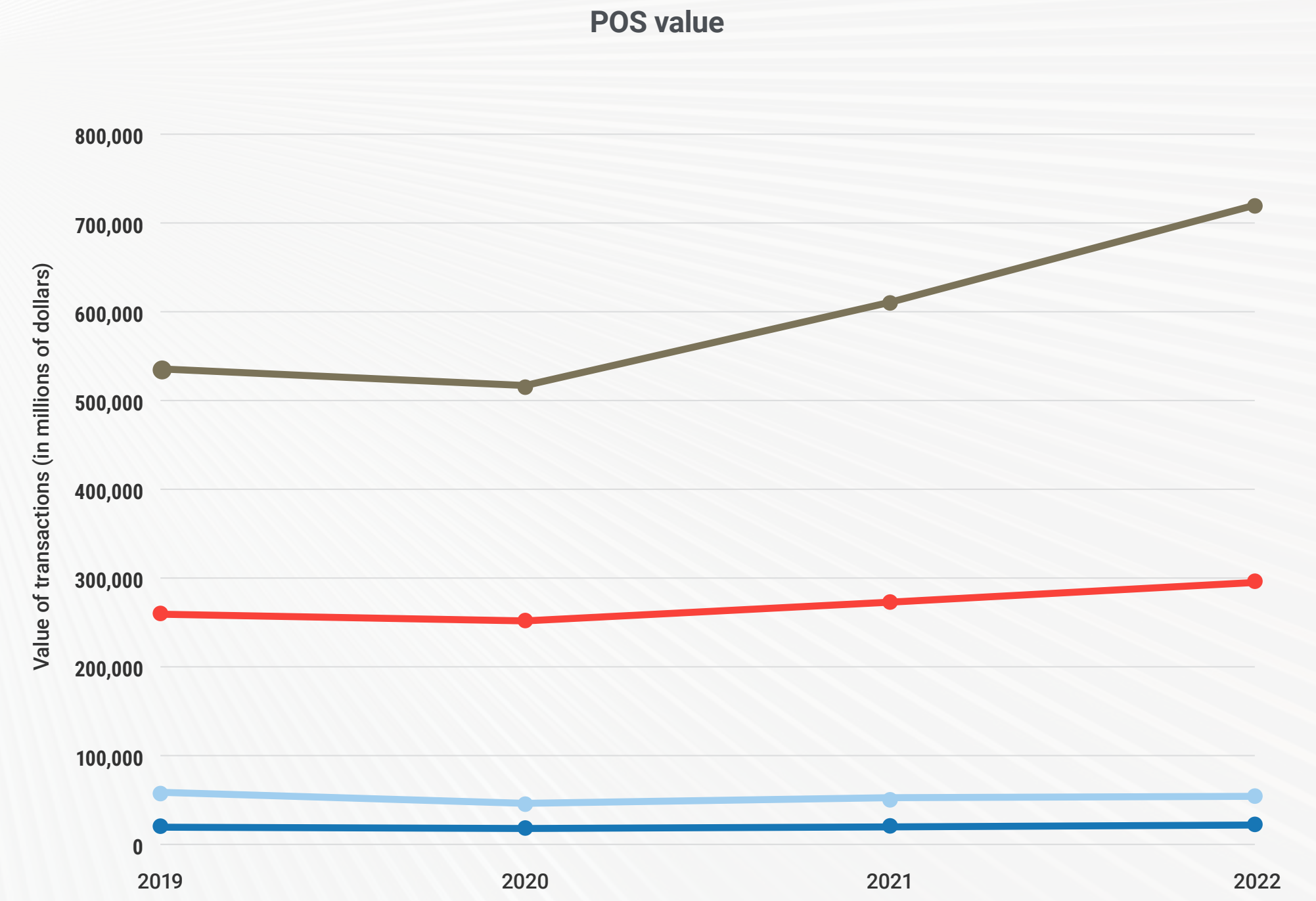


FEATURED ANALYSIS B

FIGURE 7: POINT-OF-SALE TRANSACTION VOLUME AND VALUE (2019-2022)

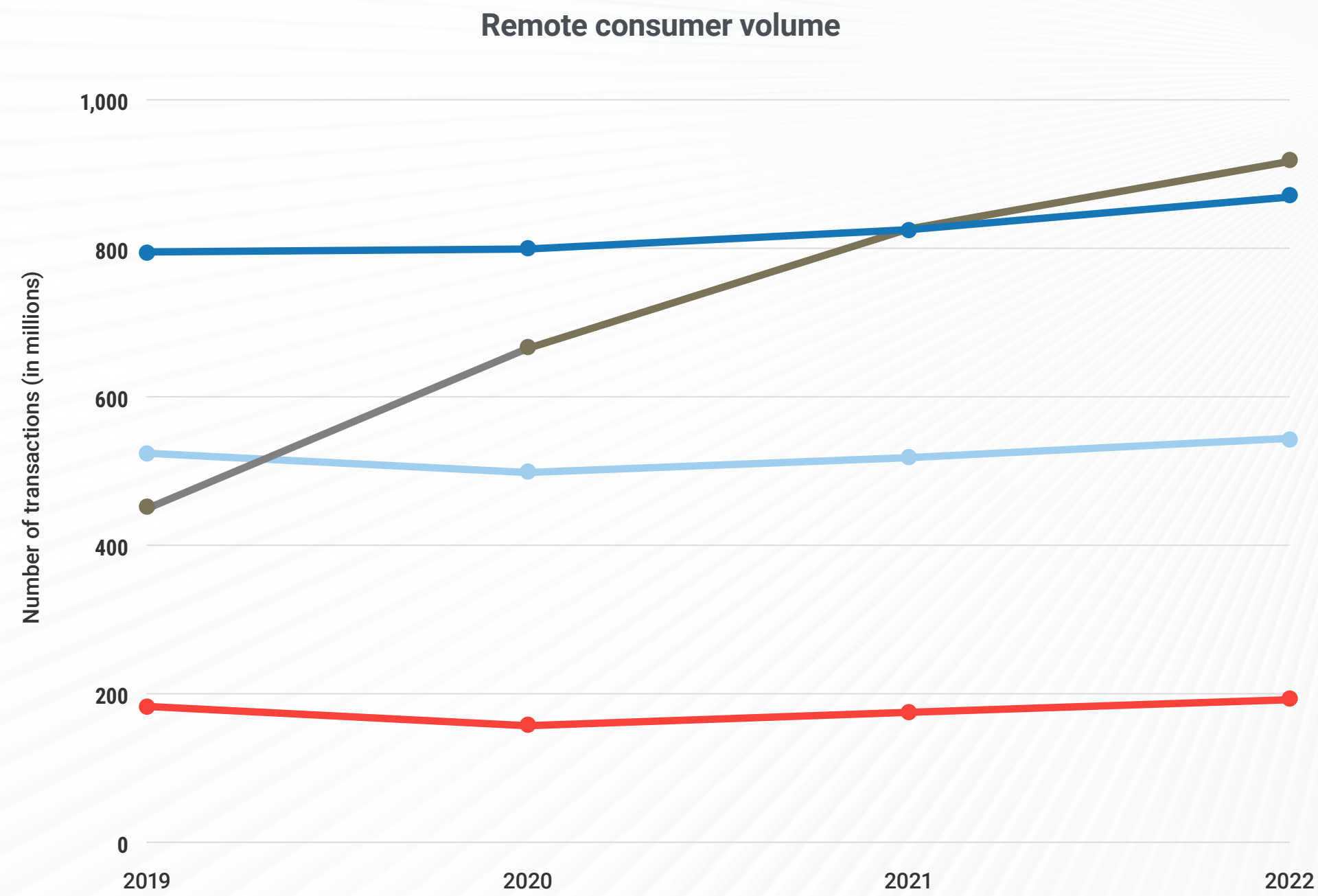


Payment method	2019	2020	2021	2022
Debit card	6,256	5,699	5,964	6,315
Prepaid card	326	303	313	331
Credit card	5,897	5,601	5,822	6,115
Cash	2,661	2,022	1,834	1,869

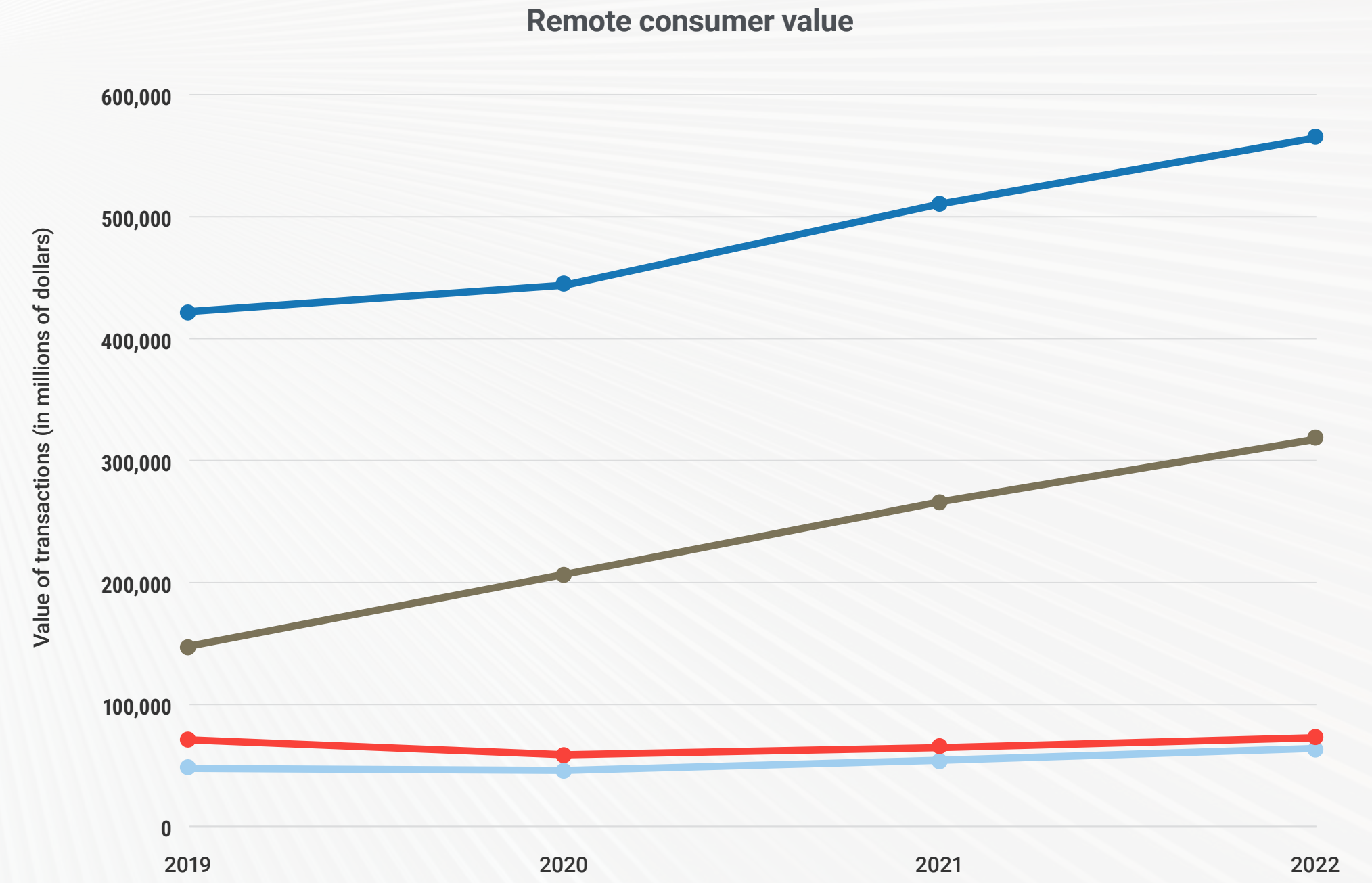


Payment method	2019	2020	2021	2022
Debit card	259,255	251,731	272,819	295,013
Prepaid card	19,337	17,884	19,670	21,776
Credit card	535,603	516,879	610,616	719,978
Cash	58,643	46,212	52,574	54,110

FIGURE 8: REMOTE CONSUMER TRANSACTION VOLUME AND VALUE (2019–2022)



Payment method	2019	2020	2021	2022
● Cheque and paper	183	157	175	192
● Personal EFT	795	799	825	869
● Online transfer	449	665	826	917
● Remote credit card	524	498	518	544



Payment method	2019	2020	2021	2022
● Cheque and paper	71,000	58,750	64,625	72,750
● Personal EFT	422,243	443,888	510,538	56,4687
● Online transfer	147,927	206,772	266,328	31,7549
● Remote credit card	47,609	45,945	54,277	63,998

Conclusion

The social and economic impacts of the pandemic on the lives of Canadians will be felt for years to come. Lower immigration during COVID-19, combined with structural pressures related to population aging, will continue to impact labour market imbalances, which will reduce overall productivity and economic output.¹⁰⁴ High inflation, especially for food and shelter, coupled with modest wage increases will cause affordability to worsen in the near term.¹⁰⁵ Social and economic mobility particularly for new Canadians and young families will be adversely affected as a result of these financial barriers to home ownership.¹⁰⁶

These outcomes have and continue to influence Canadians' overall payment usage and behaviour. Economic hardship and uncertainty is causing consumers to cut back on personal spending as well as store more cash for precautionary motives. The pandemic pointed out to Canadians the speed, convenience, safety and reliability of using digital instead of paper payments. It also accelerated consumer adoption of digital payments. Credit and debit card payments continue to lead all other payment types within the POS environment in transaction volume and value and continue to grow. EFT continues to lead all other payment types within the remote environment with AFT credit and debit leading the way. Online transfers continue to be the fastest growing payment type of all with Interac e-Transfer transactions leading the way.

Even after health restrictions were lifted and the economy reopened, more Canadians continue to shop online for a wide variety of goods and services. This consumer shift towards digital payments has led to an increased demand for more digital payment options and frictionless payment experiences. In turn, this will fuel continued growth, competition and innovation within the Canadian payment market.



¹⁰⁴ For more, see: [COVID-19 in Canada: A two-year update on social and economic impacts](#).

¹⁰⁵ Ibid.

¹⁰⁶ Ibid.

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(CONTINUED)

2023 highlights

- ▶ Cash remained the fourth most used payment method behind credit and debit cards and EFT by volume. It represented 11 per cent of total payment volume and 0.5 per cent of total payment value.
- ▶ A total of 2.4 billion cash transactions worth \$62.6 billion were made in 2023.
- ▶ Cash transaction volume increased by 15 per cent, while transaction value increased by four per cent year-over-year.
- ▶ The average cash transaction value was \$26, slightly lower than 2022 (\$29).

Cash

Canadians made a total of 2.4 billion transactions worth \$62.6 billion in 2023. The average cash transaction value was \$26 in 2023, down from \$29 in 2022.

Overall, cash accounted for 11 per cent and 0.5 per cent of total payment transaction volume and value respectively. More Canadians returned to using cash for low value transactions. Cash transaction volume increased 15 per cent, while transaction value increased by four per cent from 2022.

Over the last decade however, credit and debit cards, and more recently, online transfers have gradually replaced cash as Canadians' preferred payment method of choice for everyday use. This shift in payment usage behaviour was driven by several factors: increased ease and

convenience linked to contactless payments; receiving loyalty rewards for using debit and credit cards; and other benefits linked to cards and online transfer payments such as faster transaction time, ease of tracking expenses and increased safety and security.¹⁰⁸

In spite of the declining trend in cash usage, almost half of all Canadians (49 per cent) frequently used cash in 2023. These were individuals who used cash every couple of weeks or more often for making payments. Frequent cash users skewed older, less educated, were unbanked and lived in rural areas. They were also more likely to be self-employed and have a lower annual household income.¹⁰⁹

Among Canadians who used cash at least monthly, 31 per cent mainly used it for day-to-day payments

such as making purchases, paying expenses or paying a friend or family member.¹¹⁰

Thirty-seven per cent used cash not only for day-to-day payments, but were also holding onto it for emergencies.¹¹¹ Older Canadians (aged 55 or over) were significantly more likely than other age groups to have used cash in this multi-purpose manner. Over three in ten Canadians (32 per cent) mainly held onto cash in case of emergencies, which meant they had stopped using cash for day-to-day payments.¹¹² Overall, these findings suggest that the end of cash use is still far off. Even though cash payments are on the decline, overall cash usage is still prevalent.

Canadians who continued to pay by cash did so for several reasons. Speed, wide acceptance and the ability to use their own funds rather than borrow were the top three

¹⁰⁷ All per cent changes reported in the following sections are based on an average annual per cent change calculation unless otherwise stated. To find the per cent change, you first subtract the earlier index value from the later one, then divide that difference by the earlier index value, and finally multiply the result by 100.

¹⁰⁸ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

¹⁰⁹ Ibid. Note: Frequently use cash = Daily, 2-3 times a week, once a week, or every couple of weeks.

¹¹⁰ Ibid.

¹¹¹ Ibid.

¹¹² Ibid.



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drivers of cash use.¹¹³ For more on the top drivers of cash use, see **Table 7: Top five drivers of cash use (consumers)**. Young Canadians (aged 18–34) in particular paid by cash because it makes it easier for them to control their spending and it is anonymous.¹¹⁴ Privacy is a distinguishing feature of cash that is not offered by debit and credit cards and online transfers. Although cryptocurrency offers this feature, it is not widely accepted as a form of payment and it is perceived to be risky as a store of value by the majority of Canadians due to its volatility.¹¹⁵

Over the past five-year period, the number of cash payments has been in decline. Fewer Canadians made payments with cash. The COVID-19 pandemic accelerated this decline, but there was a slight bounce back in cash usage as public health measures lifted and the economy reopened. Cash payments rallied because Canadians were less concerned about the risk of transmission of the COVID-19 virus from handling paper currency and coins.¹¹⁶ Canadians also returned to using cash for pre-pandemic use cases such as paying rent, meals, entertainment and professional and personal services.¹¹⁷

Cash was still a preferred payment option for low-value purchases. Seven in ten cash users pay for their low-value purchases (\$20 or less) using cash.¹¹⁸ Other frequent uses of cash included paying a tip (55 per cent), paying someone back for money that you borrowed (38 per cent),

cash gift (26 per cent), charitable donation (19 per cent), high-value purchases (over \$20) (18 per cent), paying for goods or services “under the table” to avoid paying tax (15 per cent) and child allowance (14 per cent).¹¹⁹

Of the consumers who used cash for store purchases, their top reasons for doing so included: having cash on hand that they wanted to spend (42 per cent), the transaction was a low amount—under \$15 (33 per cent), ease and convenience of using cash for that transaction (27 per cent), cash payments are fast (23 per cent) and the merchant preferred/only accepted cash.¹²⁰

Of the consumers who used cash for making peer-to-peer payments to other people, their top reasons for doing so included: it was easier and more convenient for them to use cash (31 per cent), the person they were giving money to preferred or only wanted cash (30 per cent), they had cash on hand that they wanted to spend (27 per cent), cash payments are fast (23 per cent) and the transaction was a low amount—under \$15 (21 per cent).¹²¹

In 2023, one in five Canadians received at least some of their monthly employment income in cash, with four per cent of them receiving the majority of their income in cash (i.e., more than 50 per cent of their monthly income was paid in cash).¹²² The proportion of Canadians who did

¹¹³ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

¹¹⁴ Ibid.

¹¹⁵ Ibid.

¹¹⁶ Ibid.

¹¹⁷ Ibid.

¹¹⁸ Ibid.

¹¹⁹ Ibid.

¹²⁰ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

¹²¹ Ibid.

¹²² Ibid.

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not receive any portion of their monthly employment income in cash remained unchanged from last year at 70 per cent.¹²³

The biggest pain points of using cash for payments were not having enough cash on hand, not being able to use large bills and not being able to buy online.¹²⁴ Young Canadians were much more likely than other age groups to also mention the difficulty of recovering lost or stolen cash and that cash is less convenient compared to debit or credit cards and Interac e-Transfer.¹²⁵ Young Canadians were also significantly more likely than other age groups to feel more “spend guilt” when handing over physical cash for payments versus cards or digital payments. Almost one in five (17 per cent) feel this way about paying by cash.¹²⁶ Older Canadians were most likely not to have any challenges or frustrations with using cash for payments compared to other age groups. Two in five did not experience any pain points when making cash payments.¹²⁷

Despite the trend toward a cashless society, cash will still be used as a store of value and means of payment for some time. Close to half of all Canadians (49 per cent) believe that stores will be completely cashless in the next ten years. But at the same time, 52 per cent of Canadians express concern for not being able to use cash for making store purchases.¹²⁸ This result would seem to contradict current cash usage trends – that cash payment volume and value has been on the decline for the past decade. The reason why Canadians are concerned about not being able to use cash for making payments at a store despite it being

used less often for point-of-sale purchases is because cash is perceived to be a reliable, widely accepted and safe and secure backup payment option that Canadians do not want to live without.

In fact, 55 per cent of Canadians indicated that they have no desire to go completely cashless, while only 13 per cent of Canadians have already gone cashless.¹²⁹ Young Canadians were significantly more likely than other age groups to have gone completely cashless. One in five young Canadians did not use cash at all, while 35 per cent of them were thinking of going cashless. Older and middle-aged Canadians (aged 35–54) were much more likely than young Canadians to still want to continue using cash. Sixty-one per cent of older Canadians and 57 per cent of middle-aged Canadians had no plans to go completely cashless.

There are several other reasons why some Canadians have no desire to go completely cashless. Many people still rely heavily on cash, particularly the elderly, the unbanked and those who use cash for small payments. Cash is still a preferred payment of choice when there is a crisis because it is widely accepted and unaffected by technological issues (for example, power or internet outage).

TABLE 7: TOP FIVE DRIVERS OF CASH USE (CONSUMERS)

Base: Frequently use cash (n=1,854)

Widely accepted	38%
Fast	37%
Able to use my own funds (rather than borrow)	26%
Easier/more convenient than other payment methods	21%
Easier to control/keep track of expenses	21%

Frequently use = monthly or more often

¹²³ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

¹²⁴ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

¹²⁵ Ibid.

¹²⁶ Ibid.

¹²⁷ Ibid.

¹²⁸ Ibid.

¹²⁹ Ibid.

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2023 highlights

- ▶ Cheque use decreased six per cent in volume to 379 million transactions from 2022 and represented two per cent of total payment volume (unchanged from 2022).
- ▶ Cheque use declined by 11 per cent in value to \$2.9 trillion from 2022 and represented 24 per cent of total payment value (compared to 28 per cent in 2022).
- ▶ Personal cheque use decreased year-over-year with volume and value both decreasing by 18 per cent. Commercial cheque volume increased by four per cent and value decreased by 11 per cent.
- ▶ The average cheque transaction value decreased by five per cent to \$7,568 compared to \$7,937 in 2022.

Cheque and paper

Overall cheque use declined in 2023. Volume and value decreased by six per cent and eleven per cent respectively from 2022. There were a total of 379 million cheque transactions valued at \$2.9 trillion made by Canadians.

The year-over-year decline in overall cheque use was driven by decreases in both consumer and commercial cheque use. Personal cheque use decreased in volume by 18 per cent to 157 million transactions. It decreased in value by 18 per cent to \$60 billion. Commercial cheque use increased in volume by four per cent to 222 million transactions. It decreased in value by 11 per cent to \$2.8 trillion. The average cheque transaction value decreased by five per cent to \$7,568 from \$7,937 in 2022.

In 2023, cheque volume represented two per cent of total payment volume, unchanged from the previous year. Cheque value represented 24 per cent of total payment value compared to 28 per cent in 2022. This decline was mainly due to the 11 per cent drop in commercial cheque value. It is important to keep in mind that the reason cheque volume is low but its value is high is because cheques are mainly used by businesses. So, the average number of cheque payments is low, but the average transaction value is high due to businesses transferring large payment amounts.

Compared to business use, personal cheque use was significantly lower. Thirty-nine per cent of Canadians reported using cheques less than once a month. Forty-three per cent of Canadians did not use cheques at all.¹³⁰ Those who regularly use cheques did so mainly because cheques make it easier to keep track of expenses, are able to use their own funds rather than borrow and are perceived to be easier and more convenient than other payment methods.¹³¹ For more on the top drivers of cheque use, see **Table 8: Top five drivers of cheque use (consumers).**

The most common use cases for cheque payments to a person over the most recent six-month period were: Payment or gift to an individual (78 per cent), rent payment (60 per cent), child care expenses (50 per cent), home services such as contractors or cleaners (47 per cent), health services such as therapy or nursing aid (45 per cent), personal loan payment (41 per cent) and retail purchases (38 per cent).¹³²

Common use cases for cheque payments to a business in a given six-month period were: Condo fees (91 per cent), credit card bill payments (76 per cent), utility payments (72 per cent), tax payments (72 per cent), mortgage payments (66 per cent), donations or charitable contributions (64 per cent), membership fees (64 per cent) and school fees (64 per cent).¹³³

¹³⁰ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

¹³¹ Ibid.

¹³² Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey. Note: "Not applicable" mentions excluded.

¹³³ Ibid. Note: "Not applicable" mentions excluded.



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Just over one-in-four Canadians (26 per cent) received a cheque payment over the last six months.¹³⁴ The top reasons for receiving a cheque payment from a person were: payment or gift from other people (69 per cent), rent payment (62 per cent), loan repayment (57 per cent) and work pay (33 per cent).¹³⁵ The top reasons for receiving a cheque payment from a business were: dividends/investments (97 per cent), insurance claim (96 per cent), legal settlement (91 per cent) and government disbursement (75 per cent).¹³⁶

The main reasons Canadians were not making cheque payments more often were: they had no reason or need to make more cheque payments (53 per cent), no interest in paying by cheques (33 per cent), less convenient than other payment methods (25 per cent), not fast enough (12 per cent) and do not receive discounts/loyalty rewards for using this payment method (12 per cent).¹³⁷

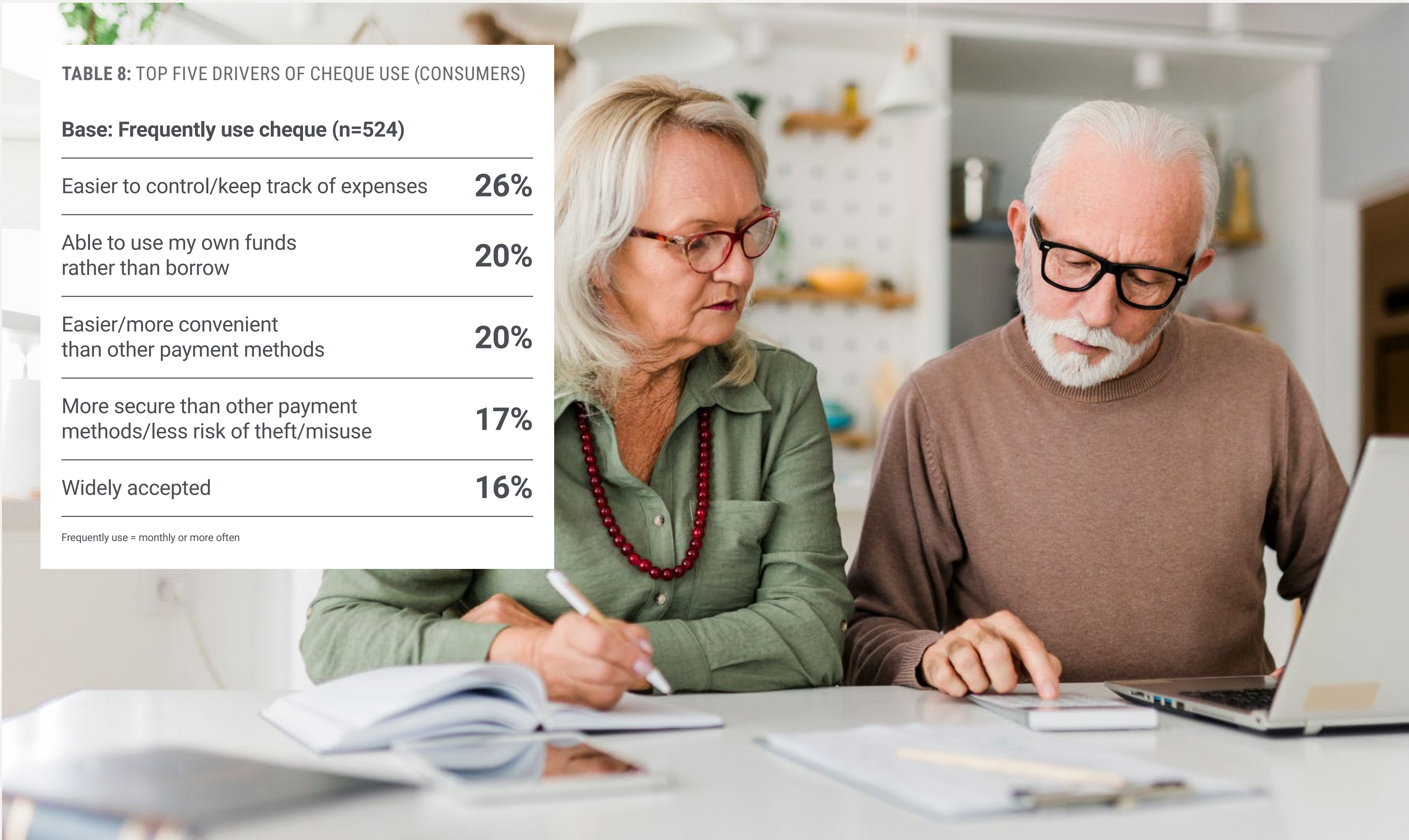
There is a disconnect between how businesses prefer to pay gig workers versus how gig workers want to be paid when it came to cheque payments. One in four Canadian businesses (25 per cent) prefer to pay gig workers by cheque, while only 13 per cent of gig workers prefer to be paid by cheque.¹³⁸ A significantly greater proportion of older gig workers – 55 or over (30 per cent) prefer to be paid by cheque than young (18–34) or middle-aged (35–54) gig workers (eight per cent and six per cent respectively).¹³⁹

TABLE 8: TOP FIVE DRIVERS OF CHEQUE USE (CONSUMERS)

Base: Frequently use cheque (n=524)

Easier to control/keep track of expenses	26%
Able to use my own funds rather than borrow	20%
Easier/more convenient than other payment methods	20%
More secure than other payment methods/less risk of theft/misuse	17%
Widely accepted	16%

Frequently use = monthly or more often



134 Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.
 135 Ibid. Note: "Not applicable" mentions excluded.
 136 Ibid.
 137 Ibid.
 138 Leger/Payments Canada. 2023 Consumer and Business Payments Tracker Surveys.
 139 Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

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2023 highlights

- ▶ Debit cards¹⁴⁰ remained the second most used payment method for purchases behind credit cards by volume. A total of 6.6 billion debit card transactions worth \$302 billion were made in 2023.
- ▶ The number of debit card transactions grew by five per cent from 2022 and accounted for 30 per cent of total payment volume (unchanged from 2022).
- ▶ The value of debit card transactions grew by two per cent from 2022 and accounted for three per cent of total payment value (unchanged from 2022).
- ▶ The average debit card transaction value was \$46, slightly lower than a year ago (\$47).

Debit card

Debit cards ranked second overall behind credit cards as the most used payment method in Canada in 2023.

Debit cards accounted for 30 per cent of total payment volume (compared to 33 per cent for credit cards). Debit cards also continued to lead credit cards for point-of-sale volume (6.6 billion versus 6.5 billion) in 2023.

The year-over-year growth in debit card volume and value was due to several reasons. More Canadian merchants had begun offering contactless debit as a payment option at the point-of-sale.¹⁴¹ Several of the major banks in Canada increased the amount limit for contactless debit payments from \$100 to \$150 and introduced rewards programs to entice debit card usage.¹⁴² Finally, the introduction of Visa Debit virtual cards provided businesses with a further payment option for their online customers.¹⁴³

Fifty-two per cent of Canadians made one or more debit card purchases in a given week with younger Canadians aged 18–24 using debit cards slightly more than older Canadians aged 55 and over (58 per cent versus 51 per cent respectively).¹⁴⁴ The main drivers of debit cards usage among Canadians included being able to quickly make a payment, wide acceptance and preferring to use their own funds. The reasons for use were unchanged

from 2022. For more, see **Table 9: Top five drivers of debit card use (consumers)**.¹⁴⁵

The proportion of Canadians who completed a debit card purchase with tap-to-pay using their physical card far outnumbered those using their mobile wallet. Seventy per cent of Canadians made one or more purchases by tapping their physical debit card at a store location in a given week.¹⁴⁶ Thirty-four per cent of Canadians made one or more purchases with tap-to-pay via their mobile device.¹⁴⁷ Overall, Interac Flash¹⁴⁸ (including card and mobile) transaction volume increased by 13 per cent to 4.9 billion transactions in 2023 from the previous year.¹⁴⁹ Interac Flash transaction value increased by 19 per cent to \$140 billion in 2023.¹⁵⁰

Sixty-eight per cent of debit cards in circulation in Canada are co-badged cards that include both the Interac and either Visa or Mastercard logos.¹⁵¹ These co-badged cards allow consumers to make regular debit card purchases at the point-of-sale as well as online where merchants accept Visa or Mastercard.

Looking ahead, growth in debit card transactions will come from online purchases. To further safeguard consumer privacy and security when it comes to ecommerce, Interac introduced its verification service

¹⁴¹ Euromonitor International, Passport Financial Cards and Payments in Canada (2023).

¹⁴² Ibid.

¹⁴³ Ibid.

¹⁴⁴ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

¹⁴⁵ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

¹⁴⁶ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

¹⁴⁷ Ibid.

¹⁴⁸ Interac Flash is the contactless payment functionality of Interac Debit that allows cardholders to make in-store purchases by holding their debit card (including card or mobile) up to an Interac Flash-enabled POS terminal – no PIN required.

¹⁴⁹ Data provided by Interac.

¹⁵⁰ Ibid.

¹⁵¹ Leger/Payments Canada. 2022 Canadian Consumer Payments and Transactions Survey.

¹⁴⁰ Debit cards include all debit card transactions; for example, contact and contactless (including card and mobile) payments and Interac Debit In-App payments.



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and document verification products in December 2022. These products allow users to authenticate their information in the digital realm while protecting their privacy and in so doing, provide Canadians peace of mind when conducting their online debit card purchases.¹⁵² With the ongoing decline in cash payments and consumer migration to digital payments, debit cards are uniquely positioned to benefit from this trend. They are typically used for low value purchases – same as cash and incur lower transaction costs.¹⁵³ They are also more widely accepted than prepaid or store cards.¹⁵⁴ Finally, debit card usage may grow as a result of the higher inflation and economic uncertainty facing Canadians. Using debit cards as a way to manage spending and avoid going into debt is likely top of mind for many Canadians within the context of a cost-of-living crisis.

TABLE 9: TOP FIVE DRIVERS OF DEBIT CARD USE (CONSUMERS)

Base: Frequently use debit cards (n=1,951)

Widely accepted	45%
Fast	44%
Able to use my own funds (rather than borrow)	38%
Easier/more convenient than other payment methods	34%
Easier to control/keep track of expenses	28%

Frequently use = monthly or more often



152 Euromonitor International, Passport Financial Cards and Payments in Canada (2023).

153 Ibid.

154 Ibid.

2023 highlights

- ▶ Credit cards¹⁵⁵ led all other payment methods by transaction volume, increasing five per cent to 7.1 billion transactions from 2022.
- ▶ Credit card payment transaction value increased by six per cent to \$847 billion.
- ▶ Credit cards accounted for 33 per cent of total payment volume and seven per cent of total payment value.
- ▶ The average credit card transaction value was \$119, slightly higher than a year ago (\$118).

Credit card

Credit cards continued to be the most frequently used payment method among Canadians based on transaction volume and they also made up the bulk of card value overall.

Credit card volume and value increased by five per cent and six per cent respectively from 2022. The number of credit cards in circulation grew by five per cent in 2023 to 124 million in the last year.¹⁵⁶ Eighty-one per cent of Canadians report using their credit cards frequently for payments (i.e., at least once a month). Young Canadians (18–34) are likelier to be using credit cards every couple of weeks or more often (76 per cent), compared to those aged 55 or over (63 per cent).¹⁵⁷

Despite rising interest rates and concerns of an economic recession in 2023, credit card usage remained strong. The growth in credit card usage was helped in part by credit card operators offering buy now, pay later (BNPL) payment options, which allowed consumers to pay for purchases in installments while being charged a low interest rate for it. Many credit card issuers also extended offers to allow their customers to consolidate different debts, including credit card debts, into a single debt with a lower interest rate. This made it easier for customers to decrease or repay their credit card debts in full.¹⁵⁸

¹⁵⁶ Euromonitor International, Passport Financial Cards and Payments in Canada (2023).

¹⁵⁷ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

¹⁵⁸ Euromonitor International, Passport Financial Cards and Payments in Canada (2023).

¹⁵⁹ For more, see: [Canadian Merchant Surcharging—Doomsday for credit cards? Or a bump on the road?](#)

¹⁶⁰ For more, see: [Visa and Mastercard lower Canadian interchange fees](#)

¹⁶¹ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

Last year's CPMT report mentioned that retail merchants were allowed to begin charging customers a surcharge of up to 2.4 per cent on credit and debit card payments beginning in November 2022. Previously, retail merchants were absorbing the cost of the merchant fees charged by their banks to cover the interchange fees that their banks paid to the card-issuing bank any time a customer paid for a purchase with a credit or debit card. Research data revealed that three quarters of credit cardholders (75 per cent) would at least reduce their credit card usage somewhat if confronted with a surcharge of up to 2.4 per cent.¹⁵⁹

In late 2023, the federal government finalized a deal with Visa and Mastercard to lower credit card interchange fees for small businesses. Beginning in the third quarter of 2024, small businesses and not-for-profits with less than \$300,000 in Visa sales and less than \$175,000 in Mastercard sales will qualify for fee cuts of up to 27 per cent.¹⁶⁰ This development may reduce the likelihood of retailers levying a customer surcharge for credit card payments, which in turn means that credit card volume and value will not be negatively impacted.

The large majority of Canadians (86 per cent) report their primary credit card as having some kind of reward, up slightly from 85 per cent compared to 2022.¹⁶¹ Canadians



¹⁵⁵ Credit cards include all credit card transactions; for example, card on file, contact and contactless (including card and mobile) payments.

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are attracted to credit cards mainly for their rewards, with 57 per cent of frequent credit card users indicating it as their top reason for usage.¹⁶² See **Table 10: Top five drivers of credit card use (consumers)** for the full list of drivers of credit card use.

Of the total credit cards that offer rewards in circulation, cashback is the most frequent offer (45 per cent), followed by travel rewards (19 per cent) and retail/store rewards (16 per cent).¹⁶³ Thirty-one per cent of Canadians reported that they still carried a balance on their cards past their billing cycle, which is slightly higher compared to 2022 (30 per cent). Among credit cardholders who carried a balance, the average value was \$4,712 in a given month.¹⁶⁴

Over half of all Canadians (55 per cent) used their credit cards to pay a bill or household expense in the past year (up from 52 per cent in 2022).¹⁶⁵ The type of bills or expenses most likely paid by a credit card included: streaming services such as Netflix, Apple TV+ and Spotify (46 per cent), memberships such as fitness, gym, social clubs and meal kit service (45 per cent), and media/software subscriptions such as The Globe and Mail, The New York Times and LinkedIn Premium (44 per cent).¹⁶⁶ Other types of bills and household expenses usually paid by a credit card were cell phone (32 per cent), internet service (28 per cent), home services such as daycare and contractors (25 per cent), cable (24 per cent) and home insurance (22 per cent).¹⁶⁷

Credit cards led all other point-of-sale payment methods in transaction value increasing six per cent to \$763 billion from 2022. Credit cards represented 66 per cent of total point-of-sale transaction value in 2023. When it comes to online purchases, credit cards remained the leading method of payment with 56 per cent of online shoppers using credit cards over the last twelve months (down from 63 per cent in 2022).¹⁶⁸

Future growth in credit card usage is expected to come from Canadians whose credit score ranges are viewed by lenders as acceptable or lower-risk borrowers. With the rise in price levels and the need to have access to a higher amount of funds to cover daily expenses, credit card issuers increased credit card limits of existing and new accounts in order to meet their customers' needs. This led to a gradual but steady rise in consumer-level delinquency in 2023.¹⁶⁹ For example, there was a nine basis point increase in serious consumer-level delinquency according to a Q1 2023 report from TransUnion.¹⁷⁰ As a result, credit card issuers may apply stricter parameters for approving credit limit increases and new card issuances to existing and new customers going forward, which may curb credit card volume and value growth rates for the next year.



¹⁶² Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

¹⁶³ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

¹⁶⁴ Ibid.

¹⁶⁵ Ibid.

¹⁶⁶ Ibid.

¹⁶⁷ Ibid.

¹⁶⁸ TSI, Canadian Payments Forecast 2023.

¹⁶⁹ Consumer-level delinquency refers to the proportion of consumers with a delinquency greater than 90 days past due.

¹⁷⁰ Euromonitor International, Passport Financial Cards and Payments in Canada (2023).

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Card issuers invested more in their rewards programs, offering their customers flexible and value-added rewards in 2023. RBC allowed customers to collect reward points on RBC-issued credit and debit cards and even consolidate them.¹⁷¹ Capital One launched its Smart Rewards™ credit card that rewards customers for payments made toward their balance. Cardholders earn points for every dollar paid toward their balance and they can redeem for options like gift cards and account credits.¹⁷² Tim Hortons launched its Tims Financial credit card designed to benefit Canadians who collect Tims Rewards points and who frequently spend money at Tim Hortons restaurants. Cardholders earn Tims Rewards Points on eligible purchases with accelerated rates on Tim Hortons restaurant purchases, groceries, gas, electronic vehicle charging and transit spending.¹⁷³ These tactics will help to spur on credit card usage.

TABLE 10: TOP FIVE DRIVERS OF CREDIT CARD USE (CONSUMERS)

Base: Frequently use credit cards (n=2,449)

Receive discounts/loyalty rewards	57%
Widely accepted	47%
Fast	41%
Easier/more convenient than other payment methods	35%
Easier to control/keep track of expenses	26%

Frequently use = monthly or more often

171 Euromonitor International, Passport Financial Cards and Payments in Canada (2023).

172 For more, see [Capital One Smart Rewards Mastercard](#).

173 For more, see [Tims Credit Card](#).

2023 highlights

- ▶ A total of 349 million prepaid card transactions worth \$24 billion were made in 2023.
- ▶ Prepaid card transaction volume increased by five per cent, while transaction value increased by 10 per cent year-over-year.
- ▶ This result was attributed to volume and value growth in both open and closed-loop prepaid card transactions in 2023.¹⁷⁴
- ▶ The five-year growth rate of prepaid cards is second only to credit cards within the cards space. Since 2019, prepaid card volume and value have grown by seven per cent and 24 per cent respectively.
- ▶ The average prepaid card transaction value increased by five per cent to \$69 from 2022.

Prepaid card

In 2023, total prepaid card¹⁷⁵ volume and value increased by five per cent and 10 per cent respectively.

Total volume reached 349 million transactions worth \$24 billion.¹⁷⁶ The total number of prepaid cards in circulation increased by 10 per cent to 92.6 million from 2022. Since 2019, the number of prepaid cards in circulation has grown by 29 per cent.¹⁷⁷ This increase is being driven by higher growth in the number of open-loop prepaid cards in circulation compared to that of closed-loop prepaid cards (33 per cent vs. 24 per cent respectively) over the last five years.¹⁷⁸ The main reasons Canadians frequently used prepaid cards included the ability to make payments fast, receiving discounts/loyalty rewards for use and the ability to use their own funds. For more, see **Table 11: Top five drivers of prepaid card use (consumers)**.¹⁷⁹

Open-loop prepaid card transaction volume increased by six per cent to 76 million transactions from 2022. It represented 22 per cent of total prepaid card volume in 2023, unchanged from the previous year.¹⁸⁰ Open-loop prepaid card transaction value grew by 13 per cent to \$7.3 billion year-over-year. It represented 30 per cent

of total prepaid card value in 2023 (slightly higher from 29 per cent in 2022).¹⁸¹

Total loads on all open-loop prepaid accounts grew by six per cent to \$11.4 billion in 2023. The average load per open-loop prepaid account grew by one per cent to \$181.¹⁸² The average number of payments Canadians made using all of their prepaid cards in a given week was 7.3 at an average value of \$431 (down from 7.6 and \$501 respectively in 2022).¹⁸³

Open-loop prepaid cards outnumbered closed-loop prepaid cards by a ratio 1.5:1 in 2023. They appeal to Canadians for their flexibility because they are not tied to any specific retailer. The majority of Canadian retailers (90 per cent) accepted open-loop prepaid cards as a method of payment in 2023 further enhancing their consumer appeal.

American Express-branded prepaid cards experienced strong growth. The number of cards in circulation increased by 18 per cent to 4.1 million cards.¹⁸⁴ American Express has gradually gained ground in the Canadian open-loop prepaid cards market and now represents

approximately 20 per cent of Canada's prepaid card portfolio.¹⁸⁵

Looking ahead, the trend towards more fintech operators expanding into open-loop prepaid cards in Canada is expected to continue. Many of these entrants have introduced reloadable prepaid cards that are "targeted at younger consumers and positioned as a more economical and effective way for this demographic to manage spending than credit or debit cards."¹⁸⁶ Growth within the open-loop prepaid card market will also come from commercial and government-funded programs, which have seen strong growth.¹⁸⁷

Canadians increased their use of closed-loop prepaid cards in 2023. Thirty per cent of Canadians indicated using any type of closed-loop prepaid card in a given month (up from 29 per cent in 2022).¹⁸⁸ The three most popular types of closed-loop prepaid cards used in a given month were: food services (e.g., Starbucks, Tim Hortons) (13 per cent), Amazon gift cards (12 per cent) and public transit (e.g., OPUS, PRESTO, GO, U-pass, Compass cards) (eight per cent).¹⁸⁹

¹⁷⁵ This report captures both open and closed-loop prepaid cards.

¹⁷⁶ Euromonitor International, Passport Financial Cards and Payments in Canada (2023).

¹⁷⁷ Ibid.

¹⁷⁸ Ibid.

¹⁷⁹ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

¹⁸⁰ Euromonitor International, Passport Financial Cards and Payments in Canada (2023).

¹⁸¹ Ibid.

¹⁸² Datos Insights, Canadian Prepaid Account Market 2024: Results and Forecast

¹⁸³ Ibid.

¹⁸⁴ Data provided by Peoples Group.

¹⁸⁵ Euromonitor International, Passport Financial Cards and Payments in Canada (2023).

¹⁸⁶ Ibid.

¹⁸⁷ Datos Insights, Canadian Prepaid Account Market 2024: Results and Forecast

¹⁸⁸ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

¹⁸⁹ Ibid.

¹⁷⁴ An open-loop prepaid card is either a physical or virtual prepaid card that can be used anywhere that the prepaid card brand is accepted. A closed-loop prepaid card is either a physical or virtual prepaid card that can only be used to make purchases from a single company. Closed-loop prepaid cards are also known as merchant-issued gift cards.

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Just under one in four Canadians (24 per cent) indicated that they have ever used a transit card to pay fares for public transit (e.g., buses, rail or subway trains).¹⁹⁰ Among those who have ever used a transit card, the two most frequently used methods for adding money to their transit cards were: manually doing it each time when it is required (49 per cent) and using an autoload feature which instantly adds money to their transit card whenever their card balance falls below a certain amount (26 per cent).¹⁹¹

Closed-loop prepaid card transaction volume increased by five per cent to 273 million transactions from 2022. It represented 78 per cent of total prepaid card volume in 2023, unchanged from the previous year.¹⁹² Closed-loop prepaid card transaction value increased by nine per cent to \$16.8 billion, which represented 70 per cent of total prepaid card value in 2023 (down slightly from 71 per cent in 2022).¹⁹³

On average, Canadians loaded additional value into all their store gift cards or merchant-based cards a combined 5.8 times in a given month. The total average value of these monthly loads was \$78.¹⁹⁴ The average number of payments Canadians made using all of their prepaid cards in a given week was 5.8 at an average value of \$72.¹⁹⁵

Overall, growth in the prepaid card market is expected to continue driven by new service offerings provided by card issuers. For example, an increasing number of prepaid card providers are introducing loyalty rewards programs or other value-added card features such as cashback, online vouchers usable at select participating retailers and waiving foreign transaction fees (for purchases made in a foreign country) if customers sign up for certain account plans.¹⁹⁶

The continued post-pandemic rise of cashless and contactless payments has also propelled prepaid card usage in Canada. 2023 marked an increase in contactless prepaid card usage, particularly for more modest-value transactions.¹⁹⁷

TABLE 11: TOP FIVE DRIVERS OF PREPAID CARD USE (CONSUMERS)

Base: Frequently use prepaid cards (n=284)

Fast	26%
Receive discounts/loyalty rewards	25%
Able to use my own funds (rather than borrow)	23%
Widely accepted	23%
Easier/more convenient than other payment methods	22%

Frequently use = monthly or more often

¹⁹⁰ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

¹⁹¹ Ibid.

¹⁹² Euromonitor International, Passport Financial Cards and Payments in Canada (2023).

¹⁹³ Ibid.

¹⁹⁴ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey. Note: Zero mentions excluded.

¹⁹⁵ Ibid.

¹⁹⁶ Euromonitor International, Passport Financial Cards and Payments in Canada (2023).

¹⁹⁷ Ibid.

2023 highlights

- ▶ Contactless payment transaction volume increased by 17 per cent to 11.5 billion, while transaction value increased by 20 per cent to \$479 billion from 2022.
- ▶ Contactless payments accounted for 53 per cent of total payment volume and four per cent of total payment value.
- ▶ Debit contactless transactions made up 43 per cent of total contactless volume and 29 per cent of total contactless value.
- ▶ Credit contactless transactions made up 57 per cent of total contactless volume and 71 per cent of total contactless value.
- ▶ The average debit contactless transaction value was \$28 while the average credit contactless transaction spend was \$51.

Contactless payments

There were a total of 11.5 billion contactless payment¹⁹⁸ transactions worth \$479 billion in 2023.¹⁹⁹

Contactless volume and value increased by 17 per cent and 20 per cent year-over-year, respectively. For more, see **Figure 9: Contactless payment growth 2019–2023, volume and value.** The average contactless transaction value was \$41, up slightly from \$40 last year due to modest increases in both the average credit and debit card contactless transaction value.²⁰⁰

As Canadians have become less concerned about the COVID-19 pandemic, their attitudes have changed towards contactless payments at the point-of-sale. Canadians were less concerned about not being able to pay using contactless methods, reflected by a significant drop in the proportion of Canadians who said they avoided shopping at places that did not accept contactless payments (38 per cent in June 2020 compared to 17 per cent in June 2023).

Nonetheless, contactless payments remained a frequent way of making payments among consumers in 2023. Almost nine in ten Canadians (88 per cent) tapped any card (i.e., credit, debit or prepaid) at least once in a given month when making a store purchase in 2023.²⁰¹ Of those who did not use tap-to-pay when paying for a store

purchase in a given month, 30 per cent preferred inserting their card and entering the PIN.²⁰² Twenty-six per cent of them did not trust tap-to-pay due to security concerns, while another 26 per cent preferred to pay by cash or other payment methods.²⁰³

Grocery stores and supermarkets were the leading purchase category for contactless payments usage at the point-of-sale in 2023. Sixty-nine per cent of contactless card users made a tap-to-pay purchase for goods at grocery stores or supermarkets.²⁰⁴ Gas stations (53 per cent) and pharmacies/drug stores (49 per cent) were also popular point-of-sale locations for tap-to-pay card payments.²⁰⁵ Restaurants (48 per cent) and entertainment venues (19 per cent) continued to experience a large increase in the number of contactless users making contactless payments in these categories in 2023, building on the gains made in 2022 following the reopening of the economy and resumption of many indoor activities.²⁰⁶

The total number of contactless debit card transactions increased by 13 per cent to 4.9 billion, while the total value of contactless debit card transactions grew by 19 per cent to \$139.9 billion from 2022.²⁰⁷ Debit card transactions accounted for 43 per cent of total contactless transaction



¹⁹⁸ Contactless transactions are defined as using a payment card or mobile device tap to initiate a payment through a point-of-sale reader (in physical merchant locations).

¹⁹⁹ Note to reader: The contactless credit card volumes and values reported for 2022 and 2023 are based on a new calculation methodology used by TSI. As a result, the volume and value estimates for total contactless cards and contactless credit cards from 2016-2022 have been recast and differ from previous CPMT reports.

²⁰⁰ TSI, Canadian Payments Forecast 2023.

²⁰¹ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey. Note: contactless payment includes tapping a physical card or smartphone equipped with a mobile wallet against a payment terminal at a store.

²⁰² Ibid.

²⁰³ Ibid.

²⁰⁴ TSI, Canadian Payments Forecast 2023.

²⁰⁵ Ibid.

²⁰⁶ Ibid.

²⁰⁷ Figures provided by Interac.

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volume and 29 per cent of total contactless transaction value in 2023. The average transaction value of contactless debit cards increased to \$28 from \$27 a year ago.²⁰⁸

Contactless credit card volume reached 6.6 billion transactions in 2023 representing a 20 per cent increase year-over-year.²⁰⁹ The total value of contactless credit card transactions grew by 21 per cent to \$479 billion in 2023 compared to last year.²¹⁰ Credit card transactions accounted for 57 per cent of total contactless transaction volume and 71 per cent of total contactless transaction value in 2023. The average transaction value increased by one per cent to \$51 from a year ago.²¹¹

Almost three quarters of smartphone owners (74 per cent) in Canada made a payment using their smartphone over the past six months in 2023.²¹² Remote payments dominated the mobile payment space with bill payment (39 per cent) and peer-to-peer payments (34 per cent) being the most common payment situations among smartphone owners.²¹³

Thirty-five per cent of smartphone owners made a mobile payment at an e-commerce site using their smartphones. In-store mobile payments increased year-over-year. More Canadians were tapping their mobile wallet-equipped

smartphones against a reader in 2023. In-store mobile payments at a coffee shop increased to 33 per cent from 29 per cent, while in-store mobile payments at other types of stores increased to 27 per cent from 22 per cent.²¹⁴

The total number of in-store mobile contactless payments was 2.7 billion, representing 23 per cent of total contactless transaction volume in 2023.²¹⁵ The total value of in-store mobile contactless payments was \$69.9 billion, representing 15 per cent of total contactless transaction value in 2023.²¹⁶ In-store mobile contactless payments increased by 42 per cent in volume and 79 per cent in value from 2022.²¹⁷ So, while in-store mobile contactless payments exhibited strong growth year-over-year, it accounted for a modest portion of total contactless transaction volume and value in 2023.

Wearables such as fitness trackers and smart watches were not widely used by Canadians to make payments. Wearables were used to initiate 44 million payment transactions worth \$1.1 billion in 2023.²¹⁸ Total wearable payments represented less than one per cent of total contactless transaction volume and value in 2023.²¹⁹ Still, usage increased by 32 per cent in volume and 34 per cent in value from 2022.²²⁰

²⁰⁸ Figures provided by Interac.

²⁰⁹ Calculated figures from data provided by Interac and TSI (Canadian Payments Forecast 2024).

²¹⁰ TSI, Canadian Payments Forecast 2023.

²¹¹ Ibid.

²¹² Ibid.

²¹³ Ibid.

²¹⁴ Ibid.

²¹⁵ TSI Canadian Payments Forecast 2024. Reader note: The contactless payment volume and value reported for 2023 are based on a new calculation methodology used by TSI.

²¹⁶ Ibid. Reader note: The contactless payment volume and value reported for 2023 are based on a new calculation methodology used by TSI.

²¹⁷ Ibid. Reader note: The contactless payment volumes and values reported for 2022 and 2023 are based on a new calculation methodology used by TSI. As a result, the volume and value estimates for in-store mobile payment transactions from 2022-2023 have been recast and differ from previous CPMT reports.

²¹⁸ TSI, Canadian Payments Forecast 2023.

²¹⁹ Ibid.

²²⁰ Ibid.



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Overall, one in five Canadians (20 per cent) were comfortable making a payment using a wearable device like a watch, fitness tracker or a ring compared to 18 per cent in 2022.²²¹ Despite the low adoption rate of wearables by Canadians for making payments, overall usage is expected to continue growing. This is because wearable devices offer fast, convenient and secure ways to pay. They can also be used for other purposes such as ticketing for transportation or events, access control for buildings or vehicles and digital identity verification.²²²

QR code payment adoption in Canada remained low. In 2023, one in ten Canadians (10 per cent) reported making a payment using a QR code, up slightly from nine per cent in 2022.²²³ Yet, Canadians were more likely to use QR code payments in the next twelve months for a number of situations including: paying at a store checkout by scanning the retailer’s QR code on their smartphone (21 per cent), paying on a website by scanning the retailer’s QR code on their smartphone (20 per cent), and paying a paper bill by scanning the retailer’s QR code on their smartphone (22 per cent).²²⁴

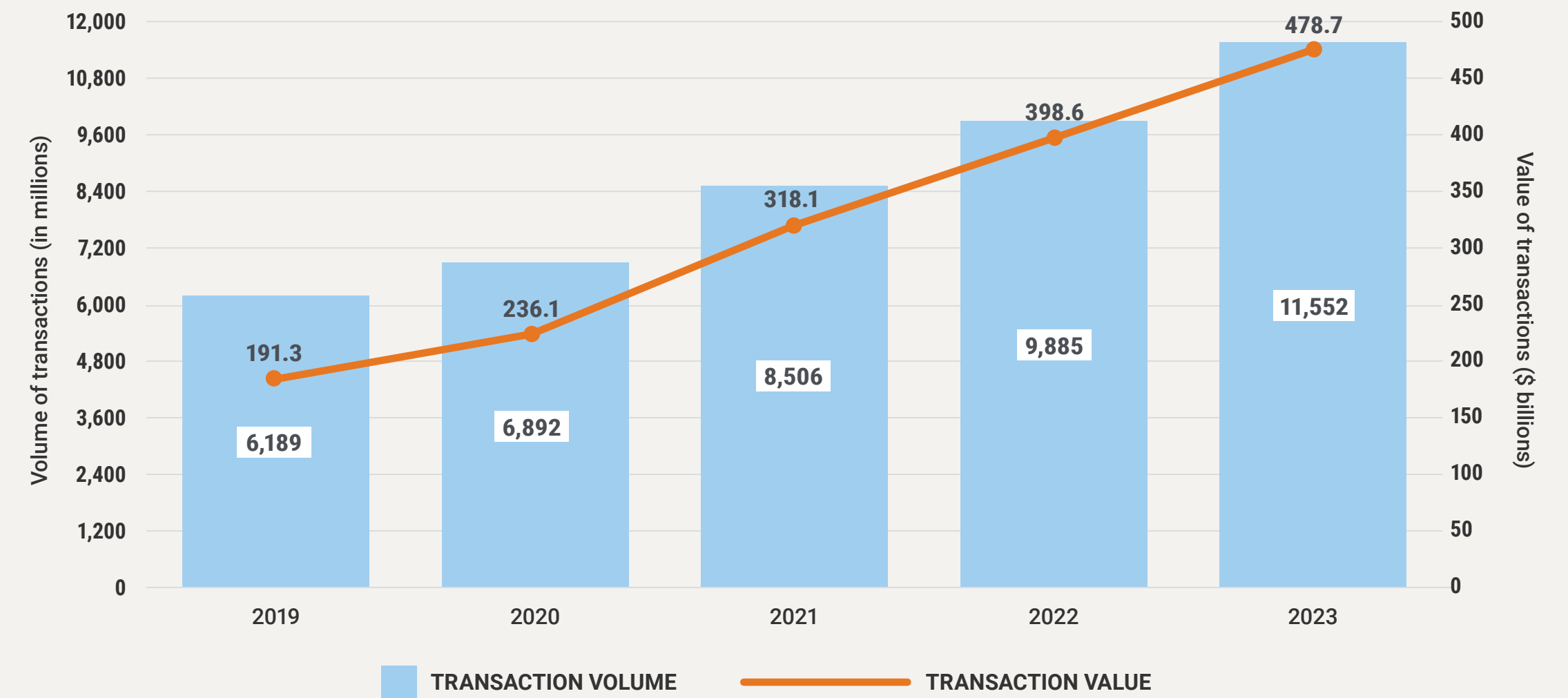
The proportion of businesses that reported accepting QR code payment from their customers was also low. Less than one in ten businesses in Canada (eight per cent) accepted customer payments using QR codes in 2023.²²⁵

Moreover, only four per cent of businesses used QR codes to interact with their customers and suppliers in any form over the past six months.²²⁶

However, a greater proportion of businesses expressed an interest in using QR codes as a payment option for their customers in future. Over one in three businesses (36 per cent) were interested in allowing customers to pay at a store checkout with the customer scanning the business’ QR code on the customer’s smartphone.²²⁷ Forty-five per cent of businesses were interested in allowing their customers to pay for an online purchase by scanning the business’ QR code on their smartphone.²²⁸ Thirty-six per cent of businesses were interested in allowing their customers to pay a paper bill or invoice by scanning the business’ QR code on their smartphone.²²⁹

Overall, Canadians’ comfort level with using QR code for making payments either at a store or merchant website improved in 2023 compared to a year ago (18 per cent versus 13 per cent respectively). The main barriers to using QR code payments were: not knowing enough about this payment method (48 per cent), preference for using established payment methods (47 per cent), security concerns (31 per cent), lack of trust in this payment method (29 per cent) and the perception that QR codes were more suitable for coupons but not for actual payments (10 per cent).²³⁰

FIGURE 9: CONTACTLESS PAYMENT GROWTH 2019–2023, VOLUME AND VALUE



221 Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

222 For more, see: [What's the future of wearable payment devices? – Information Age](#).

223 Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

224 Ibid.

225 Leger/Payments Canada. 2023 Business Payments Tracker Survey.

226 Ibid.

227 Ibid.

228 Ibid.

229 Ibid.

230 Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

2023 highlights

- ▶ EFT led all other payment types in transaction value representing 61 per cent of the total payment value in 2023 (increasing from 59 per cent in 2022).
- ▶ EFT transaction value increased by five per cent from 2022, compared to a year-over-year increase of 11 per cent the previous year.
- ▶ EFT transaction volume increased by three per cent from 2022, compared to a year-over-year increase of one per cent the previous year.
- ▶ The average EFT transaction value increased by two per cent to \$2,279 in 2023 (compared to \$2,235 last year).

Electronic funds transfer (EFT)

Electronic funds transfer (EFT) includes transactions carried out either through a personal deposit or business operating account held at a Canadian financial institution (e.g., direct deposits, electronic remittances, pre-authorized debits and other online bill payment transactions).

In 2023, there were a total of 3.2 billion EFT transactions worth \$7.2 trillion. EFT continued to dominate remote transactions²³¹ as the leading payment method in terms of both volume and value. It also continued to be the most used method for paying business expenses by SMEs (59 per cent) and commercial businesses (70 per cent) in 2023.²³² Businesses prefer using EFT because of the speed and convenience it offers them. It is also easier to track and reconcile expenses and is a supplier-preferred method of payment.²³³ See the **business payments** section for more.

EFT transaction value increased by five per cent from 2022, compared to a year-over-year increase of 11 per cent last year. EFT transaction volume increased by three per cent from 2022, compared to a year-over-year increase of one per cent last year. The growth in EFT value and volume in 2023 was driven by increases in government direct deposit and automatic funds transfer (AFT)²³⁴ debit and credit payments in 2023.

²³¹ Remote transactions include all transactions that are not made at physical payee locations, virtual payee provided apps or store fronts.

²³² RFI Global, RFI Group Canada Payments Report (2023).

²³³ Leger/Payments Canada. 2023 Business Payments Tracker Survey.

²³⁴ An automated funds transfer (AFT) is a standing banking arrangement where transfers from a customer's bank account are made on a regular basis. An example of this can be online bill payment transactions.

²³⁵ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

AFT debit and credit volume increased by four per cent and five per cent respectively, while AFT debit and credit value each increased by six per cent from 2022. Government direct deposits experienced the highest year-over-year growth within EFT payments, increasing by eight per cent in volume and 11 per cent in value. AFT debit and credit accounted for the largest share of overall EFT transaction volume, representing 69 per cent of total volume combined (unchanged from 2022). Likewise, AFT debit and credit accounted for the bulk of overall EFT transaction value combined with 22 per cent and 63 per cent share of value respectively. Government direct deposits represented 13 per cent and seven per cent of total EFT volume and value respectively in 2023.

The most common payment situations that Canadians used EFT payments for were bill payments such as utilities (e.g., electric/hydro, heating, water), credit card, insurance, taxes, mortgage as well as getting paid for work (see **Figure A10: Bill payments heat map** in appendix for more). In general, Canadians who regularly used EFT did so for several reasons. They were perceived to be more convenient than other payment methods, fast and easier for keeping track of expenses.²³⁵ For more on the top drivers of EFT use, see **Table 12: Top five drivers of EFT use (consumers)**.



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The main challenges facing Canadians who frequently used EFT payments were fees or charges (29 per cent), remembering passwords/PIN (19 per cent), security/safety (18 per cent) and not receiving any discounts or loyalty rewards for using this payment method (16 per cent). Close to one third of Canadians (31 per cent) who frequently used EFT payments did not experience any challenges or frustrations.²³⁶

TABLE 12: TOP FIVE DRIVERS OF EFT USE (CONSUMERS)

Base: Frequently use EFT (n=2,003)

Easier/more convenient than other payment methods	43%
Fast	37%
Easier to keep track of expenses	25%
Able to use my own funds (rather than borrow)	19%
More secure than other payment methods	16%

Frequently use = monthly or more often

236 Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

2023 highlights

- ▶ Online transfer volume grew 14 per cent to 1.3 billion transactions, while value grew 20 per cent to \$464 billion from 2022. It continued to be the fastest growing payment type in 2023.
- ▶ Online transfer represented six per cent of total payment volume and four per cent of total payment value.
- ▶ For the first time ever, online transfer usage surpassed cheques based on volume (230 million versus 198 million transactions respectively) for business remote payments.
- ▶ The average online transfer transaction value increased by five per cent to \$363 from 2022.
- ▶ A total of 1.2 billion Interac e-Transfer transactions were sent in 2023, representing a 15 per cent increase in volume in 2023. Interac e-Transfer transaction value increased by 20 per cent to \$459 billion from 2022.²³⁷
- ▶ PayPal transaction volumes and values also increased in the past year (nine per cent and 16 per cent respectively), rising to 59 million transactions worth \$4.9 billion in 2023.

²³⁷ Figures provided by Interac.

Online transfer

Online transfer includes electronic transactions initiated through online services and providers, which are either pre-funded or linked to a deposit account held at a Canadian financial institution. The two most familiar examples are Interac e-Transfer and PayPal.

Online transfer continued to be the fastest growing payment type with year-over-year volume growth of 14 per cent and value growth of 20 per cent from 2022. Its five-year compound annual growth rate for volume and value was 19 per cent and 21 per cent respectively. For the very first time, online transfer usage surpassed cheques (based on volume) for business remote payments in 2023. Online transfer volume reached 230 million transactions compared to 198 million transactions for cheques. Canadians who regularly used online transfers were attracted to this payment method for several reasons including its speed, convenience and the ability to use their own funds rather than borrow compared to other payment methods. For more on the top drivers of online transfer use, see **Table 13: Top five drivers of online transfer use (consumers)**.

Interac e-Transfer transaction volume grew by 15 per cent to 1.2 billion from 2022. Total transaction value increased by 20 per cent to \$459 billion.²³⁸ The average number of Interac e-Transfer transactions per user in 2023 declined by 16 per cent to 36 transactions from last year.²³⁹ The

²³⁸ Figures provided by Interac.

²³⁹ Ibid.

²⁴⁰ Ibid.

²⁴¹ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

²⁴² Leger/Payments Canada. 2022 Canadian Consumer Payments and Transactions Survey.

²⁴³ TSI, Canadian Payments Forecast 2023.

²⁴⁴ Ibid.

²⁴⁵ Ibid.

average transaction amount sent increased by five per cent to \$378 from 2022.²⁴⁰ Almost two thirds of Canadians (63 per cent) were frequent users of Interac e-Transfer in 2023 (i.e., used them monthly or more often).²⁴¹ The method used most by Canadians for sending Interac e-Transfer transactions was mobile phone (61 per cent) followed by computer/laptop (29 per cent).²⁴²

Interac e-Transfer was the leading choice for P2P payments among Canadians in 2023. Among those who made a P2P payment in the past six months, 69 per cent used Interac e-Transfer followed by bank transfer (25 per cent) and PayPal Transfer (21 per cent).²⁴³ Over three quarters (76 per cent) of those who made a mobile P2P payment conducted at least one mobile Interac e-Transfer transaction.²⁴⁴ The most common payment situations for Interac e-Transfer usage continued to be repaying someone for money that was borrowed (42 per cent), sending a cash gift to someone (37 per cent) and account-to-account money transfers between different financial institutions (36 per cent). Among Canadians who conducted a mobile banking transaction in the past six months, 61 per cent accepted an Interac e-Transfer payment, while 62 per cent sent money to someone using Interac e-Transfer in 2023.²⁴⁵



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Over three in five Canadians (62 per cent) perceive Interac e-Transfer to be a secure payment method compared to 58 per cent for EFTs, 49 per cent for cheques and 38 per cent for PayPal Transfers.²⁴⁶ The biggest frustrations confronting Interac e-Transfer users when sending or receiving money this way continued to be not receiving discounts/loyalty rewards (23 per cent), not fast enough (10 per cent) and not able to use this payment method at stores or online retailers where they shop (10 per cent).²⁴⁷

Looking ahead, Interac e-Transfer usage is expected to continue expanding now that Interac has broadened access to additional types of financial institutions for participation in the Interac e-Transfer service. Organizations that are both FINTRAC-regulated Money Service Businesses and investment dealers regulated by the Canadian Investment Regulatory Organization can apply to become participants and make the Interac e-Transfer service available to their customers. For instance, Wealthsimple, a Canadian provider of digital financial services, received provisional approval to join the Interac e-Transfer service as a participant in 2023 and is set to become the first new participant under this broadened access.²⁴⁸

PayPal transaction volumes and values also increased in the past year, rising to 59 million transactions worth \$4.9 billion in 2023. PayPal's transaction volume and value increased by nine per cent and 16 per cent respectively from 2022.²⁴⁹ Overall, over one in two Canadians (55 per cent) had a PayPal account in 2023 with 39 per cent making at least one PayPal transaction in a given month.²⁵⁰ The average monthly volume and value of PayPal transactions per user in 2023 was 3.5 and \$339 respectively.²⁵¹

Besides offering consumers the ability to send and request money, PayPal also provides a way for them to make online purchases. In 2023, PayPal and debit cards were tied for second (18 per cent) behind credit cards (57 per cent) as the most used payment method for online purchases within a given month.²⁵² This figure increases to 38 per cent among Canadians who used a mobile device to make an online purchase.²⁵³

TABLE 13: TOP FIVE DRIVERS OF ONLINE TRANSFER USE (CONSUMERS)

Base: Frequently use online transfers (n=1,892)

Fast	48%
Easier/more convenient than other payment methods	44%
Able to use my own funds (rather than borrow)	23%
Widely accepted	21%
Easier to keep track of expenses	20%

Frequently use = monthly or more often

²⁴⁶ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

²⁴⁷ Leger/Payments Canada. 2022 Consumer Payments Tracker Survey.

²⁴⁸ For more, see: [Interac broadens access to the Interac e-Transfer® service](#)

²⁴⁹ Figures provided by Statista. For more, see: [PayPal transaction volume, by quarter 2014-2023 | Statista](#) and [PayPal TPV, by quarter 2014-2023 | Statista](#).

²⁵⁰ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey. Note: zero mentions included.

²⁵¹ Ibid. Note: zero mentions excluded.

²⁵² Ibid. Note: zero mentions included.

²⁵³ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

2023 highlights

- ▶ The proportion of Canadians who sent money internationally in the past year increased by 33 per cent from 2022.²⁵⁴
- ▶ The total average value of payments sent to individuals internationally in a given month was \$1,125 CAD compared to \$1,231 CAD sent to businesses internationally.²⁵⁵
- ▶ Overall, Canadians still prefer using their main bank or credit union for sending money internationally. Almost one third of Canadians (31 per cent) who sent money internationally in the last twelve months used an electronic transfer via their mobile banking app or online banking account, while 11 per cent of Canadians used wire transfers.²⁵⁶

International payments

International payments made by Canadians were on the rise. In total, 20 per cent of Canadians sent money internationally at least once in the last twelve months using their Canadian bank account.²⁵⁷

It represented a 33 per cent increase from 2022. Among Canadians who made an international payment in the last twelve months: 46 per cent paid an international merchant directly (for example, buying from U.S. or international e-commerce websites), 40 per cent transferred money internationally to another individual with a bank account in a foreign country, and 25 per cent transferred funds internationally to a bank account in their name in a foreign country.²⁵⁸ The proportion of Canadians that frequently sent money internationally (i.e., monthly or more often) in 2023 was seven per cent, slightly higher than in 2022 (six per cent).²⁵⁹

Banks or credit unions continued to be the preferred channel for sending international payments. The two most widely used methods for sending money internationally in 2023 among Canadians were electronic transfers via their mobile banking app or online banking account (31 per cent) – for example, RBC International Money Transfer or TD Global Transfer – and PayPal Transfer

(30 per cent).²⁶⁰ Wire transfers were the next most widely used method for sending money internationally but placed a distant third at 11 per cent.²⁶¹

Of those Canadians who sent an international payment in the last twelve months, many of them also used other methods for sending money internationally in 2023 such as Interac International Transfer²⁶² (39 per cent), Visa Direct²⁶³ (23 per cent) and Mastercard Send²⁶⁴ (16 per cent).²⁶⁵ Additionally, of those Canadians who sent an international payment in the last twelve months, the proportion of Canadians who reported having ever used cryptocurrencies to send money internationally in 2023 was 19 per cent compared to 22 per cent in 2022.²⁶⁶

Young Canadians (18–34) were significantly more likely to have used cryptocurrencies for sending money internationally (31 per cent) than other age groups in 2023.²⁶⁷ Additionally, young Canadians were significantly more likely than other age groups to use cryptocurrencies for sending money internationally in the next twelve months (27 per cent).²⁶⁸ As early adopters, the Gen Y and Z cohorts are expected to pave the way for cryptocurrency to become a more mainstream method for sending international payments in the future.

²⁵⁷ Ibid.

²⁵⁸ Ibid.

²⁵⁹ Ibid.

²⁶⁰ Ibid.

²⁶¹ Ibid.

²⁶² Interac International Transfers™ allow users to send electronic money transfers internationally from their Canadian bank account directly to the recipient's bank account.

²⁶³ Visa Direct™ allows users to make payouts to their recipient's Visa-branded credit, debit, and reloadable prepaid cards internationally.

²⁶⁴ Mastercard Send™ allows users to send money internationally to bank accounts, debit or prepaid Mastercard, a mobile wallet, or a cash-out location.

²⁶⁵ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

²⁶⁶ Ibid.

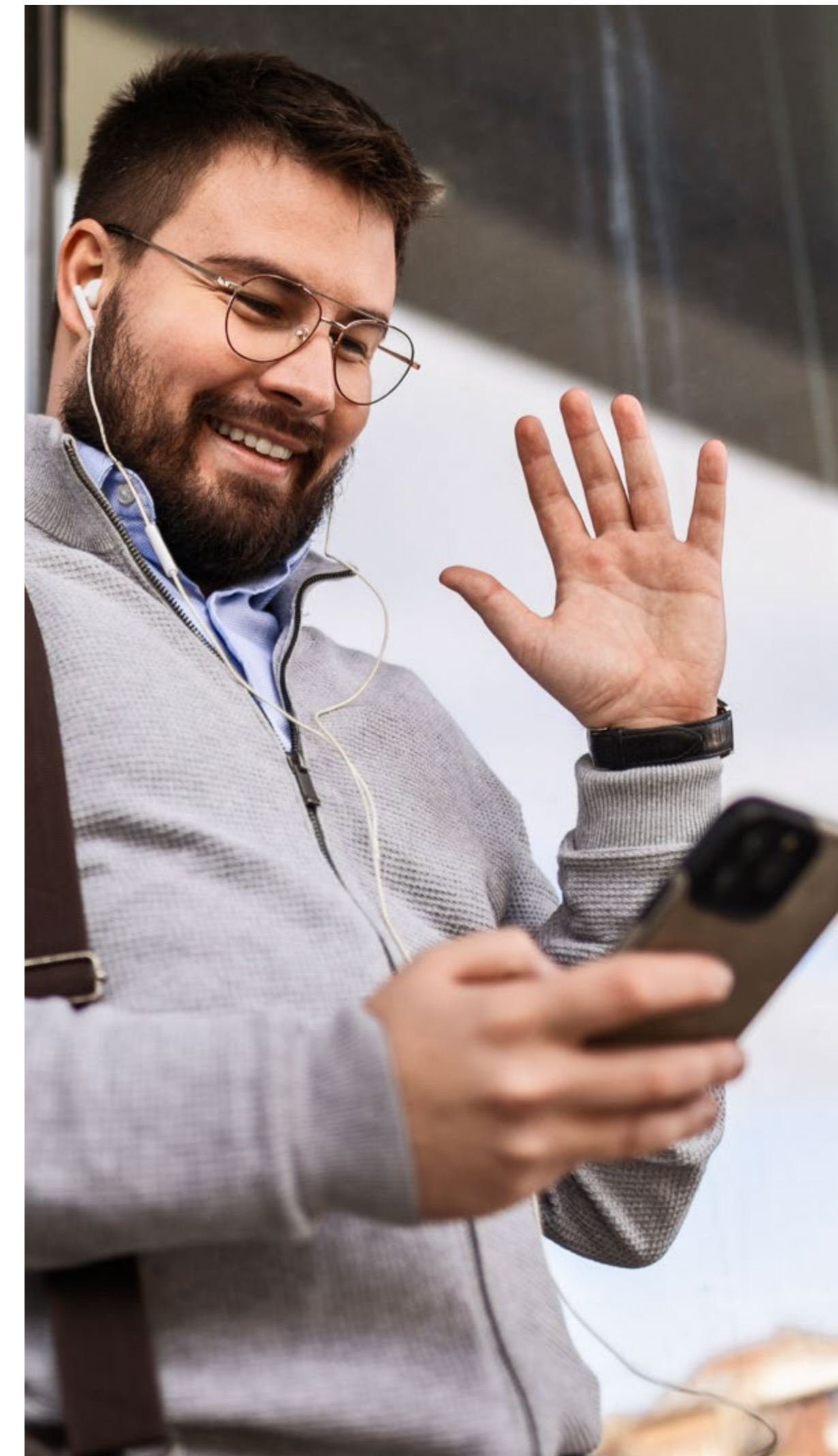
²⁶⁷ Ibid.

²⁶⁸ Ibid. Note: figure based on those who sent money internationally in the last twelve months.

²⁵⁴ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

²⁵⁵ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

²⁵⁶ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.



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Given the choice, 39 per cent of Canadians who sent money internationally in the last twelve months would still prefer to use electronic transfers via their mobile banking app or online banking account, followed by PayPal Transfer (21 per cent) and wire transfers (nine per cent). Western Union (six per cent), Remitly (five per cent) and Wise (four per cent) were closely grouped together for the next most preferred method of sending money internationally.²⁶⁹

Young Canadians were more likely than other age groups to prefer a wider variety of payment methods for sending money internationally including MoneyGram, social media platforms (for example, Facebook/MetaPay) and fintechs (for example, Remitly, Wise, LemFi).²⁷⁰ They cited low transaction fees, convenience, ease of keeping track of payments and security as their main reasons for choosing these payment methods.²⁷¹

Older (55 and over) and middle-aged (35–55) Canadians were more likely than young Canadians to prefer sending money using electronic transfer via their mobile banking app or online banking account (56 per cent and 43 per cent versus 24 per cent respectively).²⁷² The main reasons why older and middle-aged Canadians preferred to use their primary bank or credit union for sending money internationally were its perceived convenience, safety and security.²⁷³

The average number of payments sent to people in other countries by Canadians in a given month slightly decreased year-over-year from 6.6 to 6.3, while the average payment value decreased to \$1,125 from \$1,156 CAD last year.²⁷⁴ The United States remained the most popular international destination for Canadians sending money to people in other countries in a given month (50 per cent), followed by India (12 per cent), Nigeria (11 per cent), China (10 per cent) and the United Kingdom (10 per cent). Hong Kong (four per cent) and Germany (two per cent) fell out of the top five ranking in 2023.²⁷⁵ The average number of payments sent to businesses in other countries by Canadians in a given month decreased year-over-year to 6.9 from 8.2, while the average payment value increased to \$1,231 from \$388 CAD last year.²⁷⁶

Overall, ease of completing the transaction, safety/security and speed were the top drivers of use regardless of payment method when it comes to sending money internationally among Canadians.²⁷⁷ This result is unchanged from last year. Fifty-six per cent of Canadians who used electronic transfers via their mobile banking app or online banking account for sending international payments in the last twelve months did so mainly because of the ease of paying this way.²⁷⁸ Similarly, 67 per cent who used PayPal Transfer for sending international payments gave the same reason.²⁷⁹ The main reason for choosing to use wire transfers for sending international payments is because they were perceived to

²⁶⁹ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

²⁷⁰ Ibid.

²⁷¹ Ibid.

²⁷² Ibid.

²⁷³ Ibid.

²⁷⁴ Leger/Payments Canada. 2022 Canadian Consumer Payments and Transactions Survey. Note: figures are based on those who sent money internationally in the last month.

²⁷⁵ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

²⁷⁶ Leger/Payments Canada. 2022 Canadian Consumer Payments and Transactions Survey. Note: figures are based on those who sent money internationally in the last month.

²⁷⁷ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

²⁷⁸ Ibid.

²⁷⁹ Ibid.



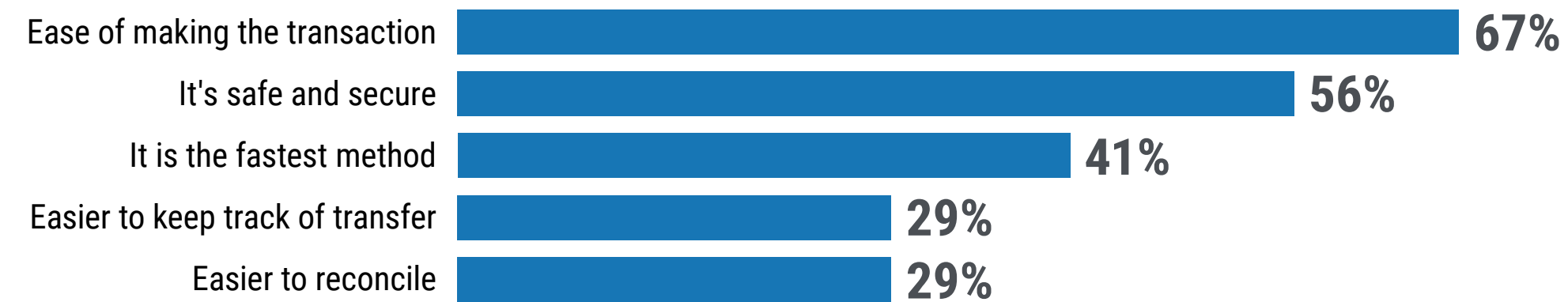
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FIGURE 10: DRIVERS OF USE FOR TOP THREE METHODS OF SENDING INTERNATIONAL PAYMENTS (CONSUMERS)

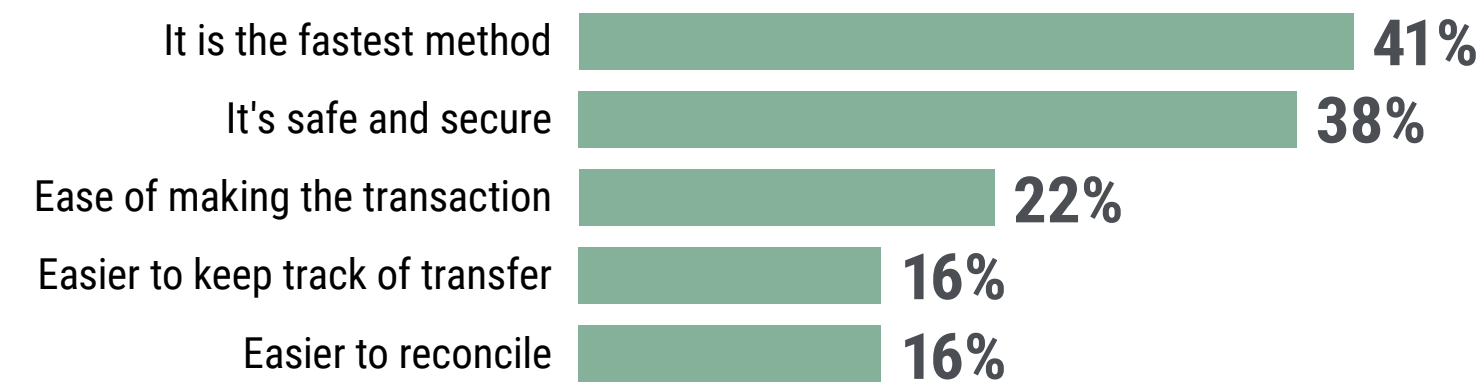
EFT VIA ONLINE/MOBILE BANKING



PAYPAL



WIRE TRANSFER



Base: Have sent money internationally in the past twelve months (2023).

be the fastest method.²⁸⁰ For more on the drivers of use for the top three methods of sending international payments, see **Figure 10: Drivers of use for top three methods of sending international payments (consumers)**.

Extra/hidden fees (26 per cent) and the high cost of each transaction (23 per cent) represented the biggest pain points for sending money internationally.²⁸¹ This was followed by not knowing the foreign exchange rate applied prior to the clearing and settlement of the transaction (17 per cent), amount limit on the funds that can be sent (17 per cent) and the amount of time it takes for the transfer to be processed (17 per cent).²⁸²

Dealing with a payment services provider that is compliant with international laws and anti-money laundering regulations represented a key challenge for gig workers when sending money internationally (20 per cent).²⁸³

About one in four Canadians (24 per cent) did not experience any pain points when sending money internationally. Older Canadians were the most likely not to face any pain points when sending money internationally (42 per cent) compared to other age groups.²⁸⁴

Just over one in four Canadian businesses (27 per cent) sent money internationally in the last twelve months, down from 31 per cent in 2022.²⁸⁵ The majority of these businesses (69 per cent) were frequently sending money internationally

(once a month or more often) and the most popular channel continued to be online/mobile banking (45 per cent) or visiting the branch of their main bank or credit union (17 per cent).²⁸⁶ Other channels used by businesses to send money internationally in the last twelve months included using Western Union (10 per cent) and fintechs or paytechs such as PayPal, Wise, Remitly or Paysend (10 per cent).²⁸⁷ The top three methods used by businesses to send international payments were electronic transfer via their mobile banking app or online banking account (38 per cent), wire transfers (26 per cent) and PayPal Transfer (11 per cent).²⁸⁸ This result was the same regardless of business size.

Alternative methods for sending money internationally, such as digital currencies and social media platforms, were not widely used by Canadian businesses. Only three per cent of all businesses usually sent international payments via social media platforms in the last twelve months, while seven per cent of businesses have ever used digital currencies to send money internationally.²⁸⁹ Other methods such as Visa Direct and Mastercard Send were also not widely used with 11 per cent of all businesses having reported ever using either method for sending money internationally.²⁹⁰

Given the choice, one third of all businesses would still prefer using electronic transfer via their mobile banking app or online banking account (33 per cent) to send

²⁸⁰ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

²⁸¹ Ibid.

²⁸² Ibid.

²⁸³ Ibid.

²⁸⁴ Ibid.

²⁸⁵ Leger/Payments Canada. 2023 Business Payments Tracker Survey.

²⁸⁶ Ibid.

²⁸⁷ Ibid.

²⁸⁸ Ibid.

²⁸⁹ Ibid.

²⁹⁰ Ibid.

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international payments followed by wire transfers (14 per cent), Remitly international money transfer (11 per cent) and PayPal Transfer (nine per cent).²⁹¹ Small and medium-sized enterprises (SMEs) are more likely than commercial businesses to prefer using Remitly money transfer for sending international payments (11 per cent versus four per cent respectively), while commercial businesses are more likely than SMEs to prefer using wire transfers (23 per cent versus 13 per cent).²⁹²

Overall, speed (31 per cent) and security (26 per cent) were the main decision drivers when choosing a payment method to send money internationally among Canadian businesses. Other key decision drivers included low transaction fees (24 per cent), ease of tracking the transfer (24 per cent), ease of payment reconciliation (24 per cent) and ease of completing the transaction (24 per cent).²⁹³

Convenience (40 per cent) and security (38 per cent) were the primary drivers when choosing an international money transfer service among Canadian businesses, a trend which has not changed from last year.²⁹⁴ Other key factors that influence the payment method choice for sending money internationally were: speed (34 per cent), ease of tracking the transfer (31 per cent) and low transaction fee (24 per cent).²⁹⁵

The leading destination for sending international payments among Canadian businesses continued to be the United States (65 per cent) followed by the United Kingdom (13 per cent), China (11 per cent), India (eight per cent) and Germany (seven per cent).²⁹⁶ This result was the same regardless of business size.

The main reason why Canadian businesses sent money internationally in the last twelve months was to pay foreign suppliers (49 per cent). Other key reasons included making payments (e.g., taxes, bill payments) for a foreign property (25 per cent), paying salaries/wages to employees working abroad (22 per cent), sending money to a client (20 per cent) and making export tax payments for their business (14 per cent).²⁹⁷

Close to one in four Canadian businesses (24 per cent) indicated the high transaction cost as their greatest pain point when sending money internationally (down from 34 per cent a year ago).²⁹⁸ Other pain points included slow transfers (21 per cent), extra/hidden fees (20 per cent), limit on the amount of funds that can be sent (19 per cent), not knowing the currency exchange rate before the transaction was settled and cleared (18 per cent) and compliance/regulatory requirements (18 per cent).²⁹⁹



291 Leger/Payments Canada. 2023 Business Payments Tracker Survey.

292 Ibid.

293 Ibid.

294 Ibid.

295 Ibid.

296 Ibid.

297 Ibid.

298 Ibid.

299 Ibid.

2023 highlights

- ▶ Close to three in five Canadians (57 per cent) made an online purchase in a given month (up from 55 per cent in 2022).³⁰⁰
- ▶ The top categories of online purchases in 2023 were clothing, restaurants/fast food, groceries, electronics and personal beauty products. Other purchase categories like travel and entertainment events continued to experience strong year-over-year gains, following the resumption of pre-pandemic economic activity in 2022.
- ▶ Credit cards continued to be the preferred choice for e-commerce transactions at 57 per cent followed by PayPal and debit cards at 18 per cent each.

The e-commerce environment

E-commerce refers to the use of web-based store fronts and applications via computers or mobile devices (e.g., smartphones, tablets) to obtain goods and services from merchants.

In 2023, e-commerce payments totalled 546 million transactions worth \$71.6 billion in Canada, up three per cent in both volume and value from 2022 (see **Figure 11: E-commerce purchases growth** for more).³⁰¹ E-commerce sales accounted for 5.7 per cent of total retail sales in 2023, up slightly from a share of 5.5 per cent in 2022.³⁰² On average, Canadians made 4.1 purchases (up from 3.6 a year ago) and spent \$213 in a given month online (down from \$217 a year ago).³⁰³ Almost half of Canadians (47 per cent) had their personal payment details stored on either a website or app (e.g., Amazon.ca, Walmart.ca), slightly down from 49 per cent in 2022.³⁰⁴

Credit cards represented the largest share of e-commerce purchases at 57 per cent (up from 54 per cent in 2022). PayPal and debit cards were tied for second at 18 per cent followed by prepaid cards (14 per cent). Interac Online's share of e-commerce purchases significantly declined in 2023 because it was in the process of being decommissioned by Interac (see **Figure 12: E-commerce payment mix** for more).³⁰⁵

³⁰¹ TSI Canadian Payments Forecast, 2023.

³⁰² Statistics Canada. Retail trade, December 2023. For more, see: [The Daily—Retail trade, December 2023](#). Note: figures are seasonally adjusted

³⁰³ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

³⁰⁴ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

³⁰⁵ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

³⁰⁶ Ibid.

³⁰⁷ Ibid.

³⁰⁸ Ibid.

³⁰⁹ Ibid.

³⁰⁰ Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

Thirteen per cent of Canadians used smart devices or social media for placing an online order or initiating a payment in a given month in 2023 (up slightly from 11 per cent last year). The following types of smart devices or social media were used for online purchases in a given month: Alexa/Amazon (three per cent), Google Home (three per cent), Instagram (three per cent), Facebook (three per cent) and Apple Siri (two per cent).³⁰⁶

Canadians were generally satisfied when it came to their payment experience buying online in 2023. Over half of all consumers (56 per cent) were satisfied with the time it took to execute the payment when making a payment through a website or payment app (up from 50 per cent last year).³⁰⁷ Similarly, 56 per cent of Canadians were satisfied with the time it took the website or payment app to approve the purchase when purchasing online (up from 52 per cent last year).³⁰⁸ However, over one in ten Canadians (13 per cent) experienced not being able to use their preferred payment method while shopping online (up slightly from 11 per cent last year).³⁰⁹

In general, Canadians perceived buying online from a Canadian merchant to be easier than that of an international merchant. Nine in ten consumers (90 per cent) rated their experience with purchasing something from the website of a Canadian retail business as easy (up slightly from



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89 per cent in 2022). Sixty-seven per cent of consumers rated their experience with purchasing something from an international website as easy (unchanged from 2022).³¹⁰

The top categories of online purchases in 2023 were clothing (53 per cent), restaurants/fast food (33 per cent), groceries (30 per cent), electronics (29 per cent) and personal beauty products (28 per cent).³¹¹ Other purchase categories like travel and entertainment events continued to experience strong year-over-year gains, following the reopening of the economy in 2022. Over one in four online purchases (26 per cent) made in 2023 were travel-related compared to 17 per cent a year ago. Nineteen per cent of online purchases made in 2023 were for entertainment events compared to fourteen per cent in 2022.³¹²

The majority of online purchases continued to be made via e-commerce websites (e.g., Amazon.ca, Walmart.ca) by Canadians in 2023. Sixty-three per cent of consumers who made an online purchase in a given month did so using their computer/laptop or mobile device to access online merchant web pages, compared to 59 per cent in 2022.³¹³ One in four Canadians (25 per cent) made an in-app online purchase in a given month (up slightly from 21 per cent in 2022), while eight per cent of Canadians made an online purchase through a gaming console (e.g., PlayStation 4, Xbox One) in a given month (down slightly from nine per cent in 2022).³¹⁴

310 Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

311 TSI Canadian Payments Forecast, 2023.

312 Ibid.

313 Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

314 Ibid.

FIGURE 11: E-COMMERCE PURCHASES GROWTH 2019–2023, VOLUME AND VALUE

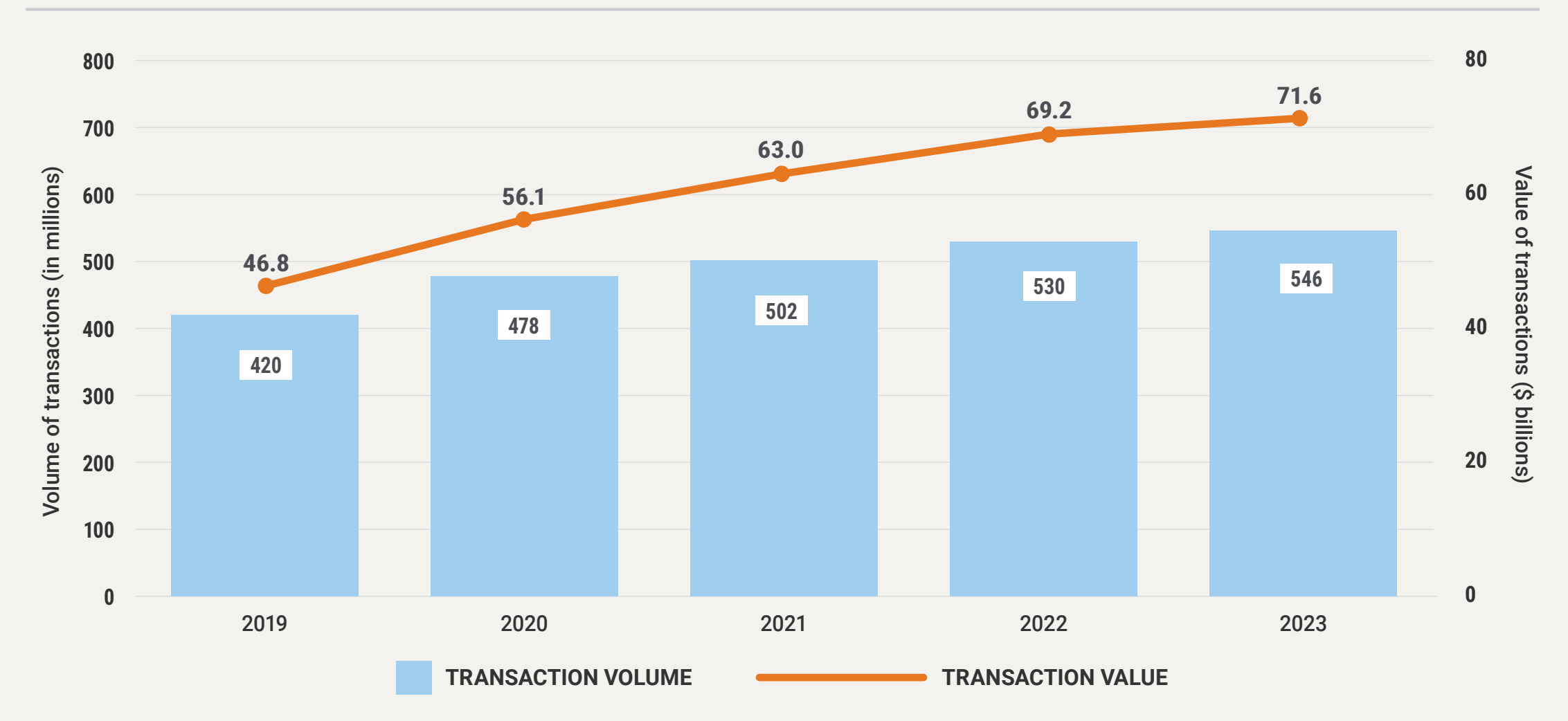
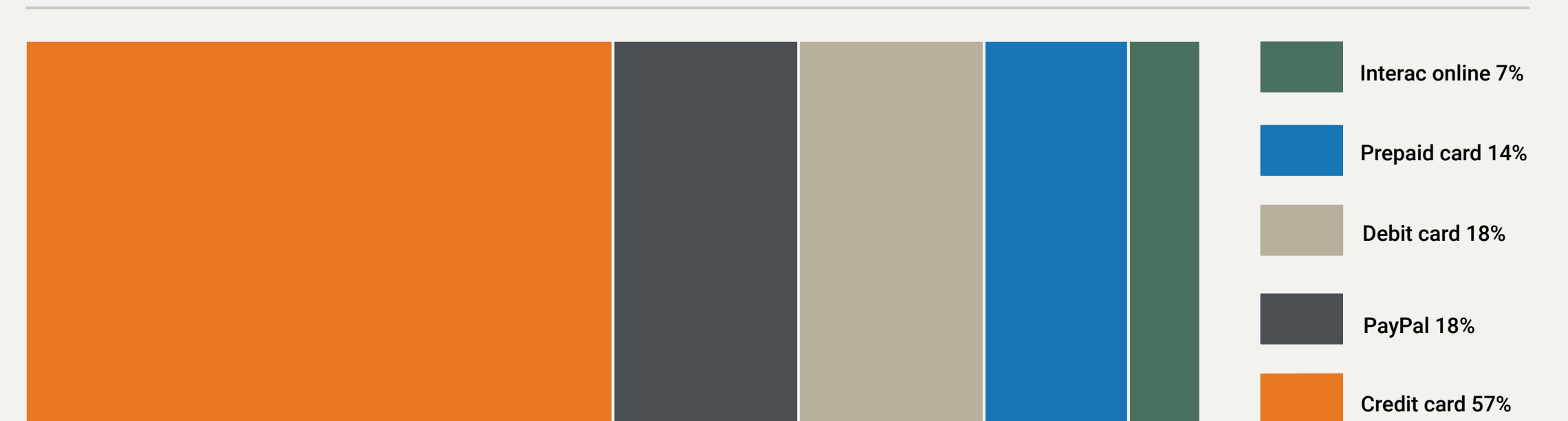


FIGURE 12: E-COMMERCE PAYMENT MIX*



* Payment methods used by Canadians for online purchases in the last month (2023).

Notes: Percentages do not sum to one hundred per cent because respondents may have used multiple payment methods for their online purchases. Interac Online stats were down significantly in 2023 because Interac was in the process of sunsetting this product.



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Digital currencies

Digital currencies refer to cryptocurrencies (for example, Bitcoin, Ethereum, etc.), stablecoins (for example, USD Coin, Tether) and central bank digital currency (CBDC) which is a digital form of central bank money that is widely available to the general public and a liability of the central bank.

In 2023, cryptocurrencies began their recovery from a turbulent period of failures and significant devaluation in the previous year. Bitcoin notably surged from a low of about 20,830 CAD in 2022 to a high of 59,768 CAD in December 2023, with other favoured cryptocurrencies like Solana, Cardano, Polygon, Dogecoin and Avalanche also making strong comebacks. Observers noted modest progress towards mainstream financial integration, including the potential approval of a Bitcoin exchange-traded fund and regulatory advancements globally.³¹⁵

Despite these positive strides, 2023 also witnessed stricter enforcement and significant crackdowns on some of the largest cryptocurrency industry leaders due to fraud and other violations.³¹⁶ This underscores the ongoing presence of instability surrounding cryptocurrencies.

While general awareness of cryptocurrencies was high among Canadians, interest in usage, and ownership remained low. Over half of Canadians (54 per cent) know

what cryptocurrencies are; however, the majority (79 per cent) have never owned them,³¹⁷ and 91 per cent of Canadians cited they have never used cryptocurrencies as a method of payment.³¹⁸ Only three per cent of contract workers in Canada expressed interest in receiving payment in cryptocurrencies if given the option.³¹⁹ The lack of interest in using cryptocurrencies for payments may be attributed to security concerns, as cryptocurrencies are perceived as the least secure payment method among Canadians compared to alternatives such as cash, credit cards, cheques, wire transfers and PayPal.³²⁰

The primary reason cited for not purchasing cryptocurrencies is the perception of their high risk (49 per cent), followed closely by a lack of understanding (46 per cent) and concerns about potential scams (45 per cent).³²¹ Additionally, the perception that cryptocurrencies are volatile has become more widespread compared to last year, with the percentage of Canadians who believe that “the prices of cryptocurrencies are too volatile” rising from 34 per cent to 41 per cent. Moreover, fewer Canadians strongly believe that cryptocurrencies play a key role in our financial systems, decreasing from 38 per cent to 26 per cent compared to last year.³²²

In 2023, cryptocurrency ownership stood at 10 per cent among Canadians, showing a slight decrease from

³¹⁵ For more, see: [2023 in a Nutshell: Key Highlights in Blockchain and Crypto](#).

³¹⁶ For more, see: [The Collapse of FTX: What Went Wrong With the Crypto Exchange?](#).

³¹⁷ Ontario Securities Commission, Crypto Asset Survey 2023. For more, see: [Crypto-Asset Survey 2023—Final Report](#).

³¹⁸ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

³¹⁹ Ibid.

³²⁰ Ibid.

³²¹ Ontario Securities Commission, Crypto Asset Survey 2023. For more, see: [Crypto-Asset Survey 2023—Final Report](#).

³²² Ibid.

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13 per cent in the previous year.³²³ Among cryptocurrency owners, the percentage of those reporting portfolios worth more than their initial investment has dropped from 46 per cent to 39 per cent in 2023.³²⁴ However, those who own cryptocurrencies, on average, own more than they did last year, with the mean market value rising to \$82,998 from \$52,975. The majority (61 per cent) of owners reported their assets to be valued at under \$20,000, followed by 23 per cent of owners who held amounts between \$20,000 to \$99,999 and 14 per cent who held portfolios worth over \$100,000.³²⁵

The primary motivator for purchasing cryptocurrencies among Canadians remained tied to speculative investment or gambling (28 per cent), followed by seeking higher returns compared to traditional savings accounts (22 per cent), viewing cryptocurrencies as a long-term investment due to faith in its technology (20 per cent) and diversifying portfolios or accessing alternative asset classes (20 per cent).³²⁶ Additionally, 13 per cent of owners mentioned purchasing cryptocurrencies for the purpose of buying goods and services. Cryptocurrency ownership was more prevalent among the age demographic of 25–44, which accounted for 53 per cent of owners, followed by 26 per cent aged 45 and older, and 21 per cent aged 18–24.³²⁷

The stablecoin landscape in 2023 was marked by growth in its collective market capitalization, signalling the increasing importance of stablecoins within the broader digital currency ecosystem. The total market capitalization of stablecoins was worth 176 billion CAD and represented an eight per cent share of the total cryptocurrency market, beating its forecasted share of seven per cent.³²⁸ Tether (USDT) led the stablecoin market in 2023, accounting for 69 per cent of the total market cap value of stablecoins, followed by USD Coin (USDC) accounting for 19 per cent.³²⁹

Stablecoin adoption increased among banks and fintechs. In March 2023, National Australia Bank (NAB) achieved the world's first intra-bank, cross-border transfer of a stablecoin, deploying multi-currency stablecoin smart contracts delivered on the Ethereum blockchain.³³⁰ The significance of this event was that it demonstrated the potential to cut cross-border transactions from days to minutes. NAB additionally unveiled its own Australian stablecoin, AUDN, that is fully backed with the Australian dollar and managed as a liability of the bank.³³¹ In August 2023, PayPal launched its US dollar stablecoin, PYUSD, that is fully backed by US dollar deposits, short-term US treasuries and similar cash equivalents, and can be redeemed one-to-one for US dollars.³³²

³²³ Ontario Securities Commission, Crypto Asset Survey 2023. For more, see: [Crypto-Asset Survey 2023—Final Report](#).

³²⁴ Ibid.

³²⁵ Ibid.

³²⁶ Ibid.

³²⁷ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

³²⁸ For more, see: [Stablecoin market distribution 2023 | Statista](#).

³²⁹ For more, see: [Stablecoin Performance in 2023: A Research Report on Trends, Insights, and Predictions](#).

³³⁰ For more, see: [NAB delivers 'world-first' stablecoin milestone | FST Media](#).

³³¹ Ibid.

³³² For more, see: [Press Release: PayPal Launches U.S. Dollar Stablecoin—Aug 7, 2023](#).



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Alongside the growth and expansion of the stablecoin market in 2023, there were some setbacks. USDC encountered a brief loss in value when its reserve deposit encountered issues due to the Silicon Valley Bank collapse.³³³ Likewise, the Terra ecosystem collapsed in May 2023 because of the failure of its backing mechanism supporting the stablecoin Terra USD.³³⁴ These incidents threw a spotlight on the potential risk of stablecoins, emphasizing their challenges in maintaining a consistent value.

In 2023, the payment ecosystem witnessed extensive exploration into CBDCs, with approximately sixty countries in advanced stages of development.³³⁵ The Bank of Canada has begun exploring a CBDC in the event the federal government wants to proceed with introducing a digital Canadian dollar. In 2023, the bank issued a report laying out its clearest vision to date of what a potential CBDC might look like, based on consultations with financial institutions, civil-society groups and the public. The bank is exploring a model in which it would issue a digital dollar and provide the payment network. Financial institutions and other regulated entities such as payment service providers would control all consumer- and merchant-related activities. Furthermore, the CBDC issued by the bank would be non-interest bearing and would not require users to disclose private information to access the payment system.³³⁶

³³³ For more, see: [Stablecoin Performance in 2023: A Research Report on Trends, Insights, and Predictions](#).

³³⁴ Ibid.

³³⁵ For more, see: [Snapshot: Which countries have made the most progress on CBDCs so far in 2023—Atlantic Council](#).

³³⁶ For more, see: [A Digital Canadian Dollar: What we heard 2020–23 and what comes next—Bank of Canada](#).

³³⁷ For more, see: [Digital Canadian Dollar Public Consultation Report | Bank of Canada](#).

³³⁸ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

³³⁹ Ibid.

³⁴⁰ Ibid.

³⁴¹ Ibid.

³⁴² Ibid.

The Bank of Canada’s public consultation on the digital Canadian dollar revealed that most Canadians (85 per cent) did not envision themselves using a digital Canadian dollar and preferred their existing payment methods.³³⁷ Our research showed that consumer appeal for a digital Canadian dollar is polarizing. When presented with the idea of a digital Canadian dollar issued by the bank, offering the same benefits as cash—such as safety, accessibility, wide acceptance, privacy and online functionality—36 per cent of Canadians found it appealing while 30 per cent did not.³³⁸

However, regional differences in appeal were evident, with urban residents showing more interest compared to those in rural areas (40 per cent vs. 28 per cent).³³⁹ Additionally, over half (55 per cent) of Canadians expressed willingness to use the digital dollar for any payment situation. The other top specified scenarios included shopping online (23 per cent), paying for low-value purchases (22 per cent) and settling bills (22 per cent).³⁴⁰

Older Canadians aged 55 and above were more inclined than younger Canadians to express reluctance towards using a digital dollar, with 30 per cent stating they would not use it at all, compared to only 17 per cent of younger Canadians expressing the same sentiment.³⁴¹ While a significant percentage of Canadians were receptive to the idea of a digital dollar, only eight per cent would abandon cash in favor of the digital currency if both were

accessible.³⁴² This suggests that Canadians do not view the digital dollar as a replacement for cash.

While the digital currencies market exhibited signs of improvement in 2023 and is poised for future growth, the journey towards financial integration among Canadians remains a distant prospect. This is largely attributed to the limited interest in cryptocurrency investments and the continued preference for traditional payment methods over digital currencies.



FEATURED ANALYSIS C

ENHANCING THE POINT-OF-SALE PAYMENT EXPERIENCE WITH ACCOUNT-TO-ACCOUNT PAYMENTS

BY AJOKÉ OLORUNDARÉ

The growth and evolution of real-time payment systems globally has spurred the adoption of account-to-account (A2A) payments at the retail point-of-sale (POS), offering an alternative to traditional credit and debit card payments.

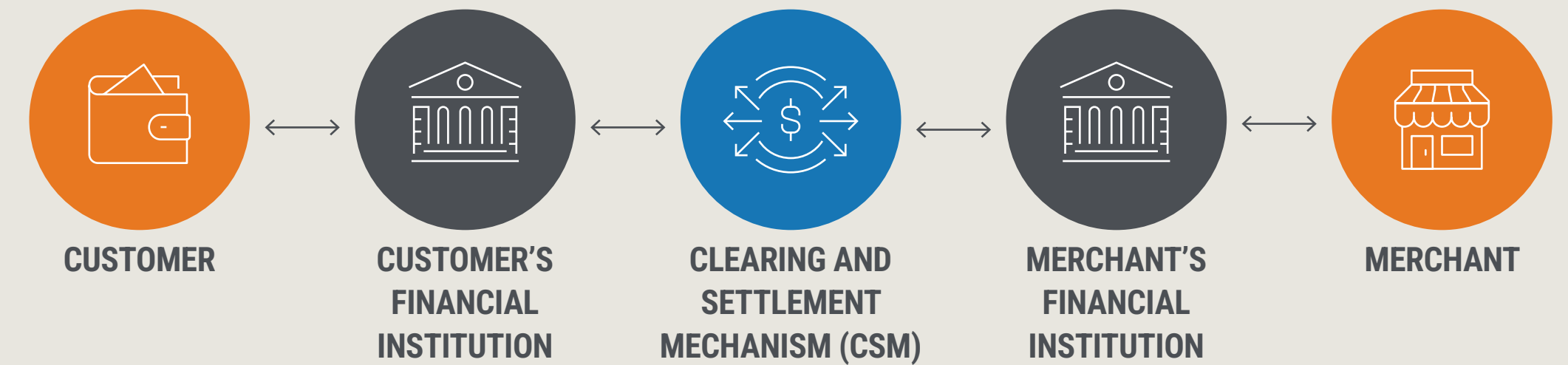
This in turn has influenced the development of new innovations and overlays to enhance the A2A at POS payment experience. Drawing on international examples and connecting with existing strategic activities within the Canadian payment ecosystem, we may forecast A2A POS enhancements and their possible influence on the Canadian market.

An overview of A2A

A2A payments are transactions where money is transferred directly from one bank account to another without using traditional card networks or intermediaries. As illustrated in **Figure 13**, this method uses bank networks and real-time payment systems to facilitate transfers, allowing for quick, secure and often more cost-effective transactions.

Globally, the use of A2A has been driven by a steady implementation of national real-time payment systems and an effort to provide an alternative to card payments. This is particularly prevalent in the European market where the EU Council has put forth mandates to support the growth of real-time A2A payments, in an attempt to achieve widespread acceptance of immediate payments across the region.³⁴³ Brazil has also made significant strides in the growth of A2A with its central bank-led Pix payment system becoming the most widely used payment type.³⁴⁴ The appeal and end-user uptake of A2A transactions is also dependent on the inclusion of other enhancements such as consumer-driven banking (also referred to as open banking), request-to-pay (RtP) and QR code payments, as well as other industry-wide initiatives to bolster their use.

FIGURE 13: PERSON-TO-BUSINESS (P2B) TRANSACTION USING ACCOUNT-TO-ACCOUNT (A2A) PAYMENT PROCESSING



Some of the key benefits of A2A payments include:

- 1. Faster transactions:** A2A payments can be processed in real-time when integrated with real-time payment systems. This speed enables quicker access to funds, which is particularly beneficial for businesses in managing cash flow and for consumers in urgent payment situations.
- 2. Lower transaction costs:** A2A payments typically have lower fees compared to traditional methods like credit or debit card transactions, which involve interchange fees and processing costs from multiple intermediaries.
- 3. Increased security:** By removing intermediaries, A2A payments reduce the points of vulnerability and could potentially minimize the risk of fraud. The direct nature of these transactions often includes enhanced security measures such as two-factor authentication and biometrics.
- 4. Integration with consumer-driven banking:** A2A payments are often integral to consumer-driven banking frameworks, which allow third-party developers to build applications and services around financial institutions. This supports innovation in financial services, offering consumers more tailored financial products.
- 5. Reduced reliance on card networks:** A2A payments provide an alternative to the card networks dominated by a few major players, offering merchants and consumers more choices.

³⁴³ For more, see: [Council adopts regulation on instant payments.](#)

³⁴⁴ See more: [Brazil's Pix used for more transactions than credit and debit cards combined.](#)

A2A POS enhancements

A2A enhancements at the POS refer to the addition of features that elevate the A2A payment experience for consumers and merchants. These overlays and enhancements, both online and in-person, are designed to improve functionality, security and user experience. While there are several overlays that offer a variety of enhancements and functionality to streamline and safeguard these payments, some of the key enhancements include the following.

1. Confirmation of Payee (CoP)

Confirmation of Payee (CoP) is a commonly used A2A payment overlay, often facilitated by a centralized payment system operator. CoP is an extra step to the verification process in transactions, where the sender of the payment is asked to confirm details associated with the receiving account, for example, confirming the receiving account holder's name. This extra step is especially relevant for real-time payments, as they tend to be irrevocable and fund recovery is an arduous process.

For P2B/B2P transactions, CoP mitigates fraudulent or misdirected transactions by providing merchants with an extra layer of security. After implementation of CoP, banks in the UK stated that the amount of fraudulent transactions were reduced and more consumers had a better payment experience overall.³⁴⁵

2. Request-to-Pay (RtP)

Request-to-Pay (RtP) allows for a recipient to send an electronic request for payment. The request is received by the payer via e-mail, text message or within a mobile banking or fintech app. Upon receiving the request, the payer can decide to accept the request and confirm the amount to be sent which authorizes the payment, or they can decline it.

RtP at the point-of-sale allows businesses to send a payment request to a customer for goods or services rendered and can include invoice and other data with the request which allows for ease of reconciliation of payment transactions for the merchant. RtP also affords consumers more control in the payment process by allowing them to reject or make corrections to payment requests.

3. QR codes

Although QR codes have been around for a while, their use in payments has only taken off in recent years. QR codes are essentially advanced barcodes that are more secure and can hold significantly more information than traditional barcodes.³⁴⁶ As an A2A payment overlay, QR codes have gained significant market share in Asia, the Middle East, Africa and Latin America. The adoption of QR code-enabled payments has been particularly successful in Asian economies with organizations such as Alipay, WeChatPay and PayPal.³⁴⁷ These regions tend to have low card usage and are digitally advanced, which have contributed to such success.³⁴⁸

Often, a QR code is used to facilitate payments via platforms like Alipay and WeChat which spurred the rise of QR code payments in China. These digital wallets are often linked to bank accounts to facilitate A2A transfers. Customers can **scan a merchant's QR code in store** to send a payment. As this overlay gained traction, POS terminals that allow for QR code scanning have become more popular as well. These terminals allow merchants to scan a customer's QR code to pull payments from customer's accounts and allow for greater ease of tracking and reconciliation with other payment types (see **Figure 14**).

Some countries such as **Brazil, Indonesia, Malaysia and the Philippines** have implemented national QR code standards for payments that are managed by their central bank or an affiliated entity. Canada currently lacks an overarching standard for QR code-enabled payments. Given the uptake in other jurisdictions and the interoperability that can be achieved with a standard, Ernst and Young (EY) embarked on a process to develop a Canadian QR code standard in 2020. Payments Canada continues to work collaboratively with stakeholders to understand the impacts of QR payments in Canada and the role the organization can play.

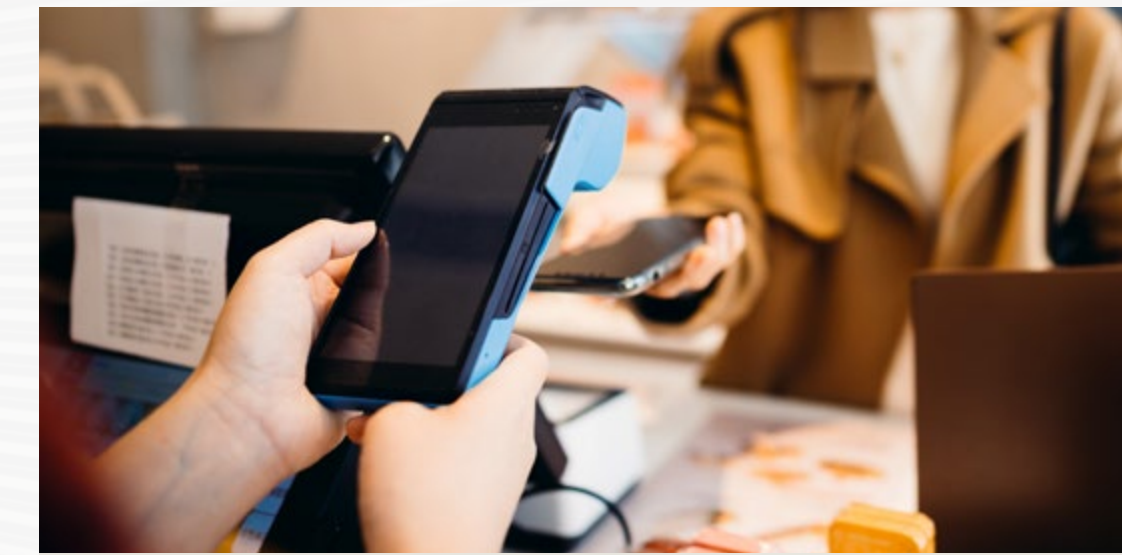


FIGURE 14: POS MACHINE EQUIPPED WITH QR CODE SCANNER

For both merchants and consumers, QR codes offer the following benefits:

- ▶ **Convenient:** QR codes are a fast, simple way to transfer payment information between customers and businesses. They last indefinitely and only need to be created once.
- ▶ **Safe:** Card and banking information is not shared between merchants and consumers, and consumers don't need to carry around cash or cards to make payments.³⁴⁹
- ▶ **No special equipment required:** All you need is a smartphone to scan or show your code.

³⁴⁵ For more, see: [Confirmation of Payee; Call for views. Pay.UK, May 2021.](#)

³⁴⁶ For more, see: [QR codes: The payment technology of the future?](#)

³⁴⁷ Alipay users have access to merchant-presented QR codes for in-store checkout. WeChatPay users have access to merchant-presented QR codes for websites, physical stores, media advertising and more. PayPal offers merchant- and customer-presented QR codes primarily used for retail purposes.

³⁴⁸ For more, see: [QR code-enabled payments in Canada.](#)

³⁴⁹ For more, see: [The Rise of QR codes as a payment tool.](#)

4. Mobile POS terminals

Mobile POS terminals refer to the use of smart devices such as smartphones or tablets to replace the physical POS terminal. Both **Apple** and **Samsung** offer services that allow their mobile devices to be used as a POS in several jurisdictions. While the payment methods accepted may vary, use of mobile terminals that support A2A payments can be used for those who need a POS system temporarily (e.g., garage sales, farmer’s markets, charity collections) – and will often cost less than operating a physical POS terminal.

5. POS financing/buy now, pay later (BNPL)

POS financing/buy now, pay later (BNPL) is a lending option that allows consumers to make purchases with incremental payments. Retailers typically partner with third-party fintech lenders such as Klarna, PayBright, Sezzle and Afterpay³⁵⁰ and integrate these types of lending services into the checkout process. These services can be offered in store and online. Typically, POS financing has less stringent eligibility requirements than traditional financing, as well as lower interest rates than credit cards.

As an A2A overlay, consumers are able to have incremental direct debits from their bank account by using their account details.

Conclusion

As we look toward the future of retail payments in Canada, the expansion of A2A enhancements at the point-of-sale could lead to a transformative shift in how transactions are conducted. The proliferation of overlays such as Confirmation of Payee, Request-to-Pay and innovative QR code systems will enable Canadian businesses and consumers to experience more innovative choices in a secure, cost-effective and efficient payment environment.



350 For more, see: [What you should know about buy now, pay later plans.](#)

BUSINESS PAYMENTS



The Canadian business landscape is largely made up of small and medium-sized enterprises (SMEs) which represent 98 per cent of total businesses operating within Canada.³⁵¹

Understanding their payment behaviour is key to determining what drives the volumes of business payments.

However, SMEs only account for 22 per cent of total business expenditure.³⁵² On the other hand, mid-market businesses represent about two per cent of Canadian businesses, but make up 44 per cent of total business

expenditure.³⁵³ Large-market businesses account for less than one per cent of Canadian businesses, but make up 34 per cent of total business expenditure (see **Figure 15: Business classifications in Canada**).³⁵⁴

Over half of all Canadian businesses (53 per cent) were unconcerned about COVID-19 in 2023.³⁵⁵ It suggested that the majority of businesses believed the worst of the pandemic's impact on their businesses to be over. Mid-market businesses were feeling less positive than SMEs, with 43 per cent of mid-market businesses indicating they were unconcerned about COVID-19 compared to 54 per cent for SMEs.³⁵⁶ Businesses based in Quebec (61 per cent) and Alberta (59 per cent) were more likely to be unconcerned about COVID-19 than businesses in other regions (British Columbia – 52 per cent, Atlantic Canada – 52 per cent, Ontario – 51 per cent and Saskatchewan/Manitoba – 49 per cent). The same was true for businesses that did not do business outside of Canada, with 55 per cent of businesses that only operate

³⁵¹ Statistics Canada. Canadian Business Counts, with employees, December 2023. For more, see: [Canadian business counts, with employees, December 2023](#).

³⁵² RFI Canadian Business Payments Report, 2023.

³⁵³ Ibid. Mid-market are businesses with 100-499 employees.

³⁵⁴ Ibid. Large-market are businesses with 500 or more employees.

³⁵⁵ Leger/Payments Canada. 2023 Business Payments Tracker Survey.

³⁵⁶ Ibid.

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within Canada indicating they were unconcerned about COVID-19 compared to 48 per cent for Canadian businesses that operate internationally.³⁵⁷

SMEs were less optimistic than mid-market businesses concerning their future business and economic outlook over the next twelve months due to rising interest rates and inflation and a tight labour market. About two in five SMEs (39 per cent) believed that they would be better off financially over the next twelve months compared to 45 per cent of mid-market businesses.³⁵⁸ One in five SMEs (20 per cent) believed that the Canadian economy would be in better shape twelve months from now compared to 23 per cent of mid-market businesses.³⁵⁹

In general, Canadian businesses were focused on improving efficiency, decreasing their expenses and debt and increasing savings in their operations over the next twelve months.³⁶⁰ Looking ahead, the leading obstacles that businesses expected to face in 2024 were softer demand and uncertainty about economic conditions caused by persistent high interest rates and inflation.³⁶¹ This led to muted sales outlooks, modest investment intentions and weak hiring plans among Canadian businesses for 2024.³⁶²

In 2023, EFT and credit card payments continued to represent the largest proportion of spend for businesses overall. These two payment types accounted for

47 per cent of the total value of business expenditures for SMEs and 54 per cent for mid-market businesses.³⁶³ Online transfer (15 per cent), cheques (13 per cent) and wire transfers (eight per cent) rounded out the top five payment types by business expenditure for SMEs. Among mid-market businesses, wire transfers (13 per cent), cheques (11 per cent) and online transfers (nine per cent) rounded out the top five payment types by business expenditure (for more, see **Figure 16: Business payment mix**).³⁶⁴

SMEs and mid-market businesses relied on the same payment methods for a number of common use cases, which have not changed from last year. For more information on the use cases for top payment methods by business segment, see **Table 17: Most common use cases for business payment methods**.

EFT tended to be used for payroll disbursements, government payments and recurring expenses (for example, utilities, insurance, rent).³⁶⁵ The top reasons that motivated businesses to use EFT for paying their expenses included perceived convenience, ease of payment tracking and perceived speed of the payment process itself.³⁶⁶

Online transfers (for example, Interac e-Transfer, PayPal) were used more by SMEs than mid-market businesses primarily for payroll, government payments, rent and professional services. A contributing factor as to why SMEs were more likely than mid-market businesses to



357 Leger/Payments Canada. 2023 Business Payments Tracker Survey.

358 Ibid.

359 Ibid.

360 Ibid.

361 For more, see: [Business Outlook Survey—Fourth quarter of 2023—Bank of Canada](#).

362 Ibid.

363 RFI Canadian Business Payments Report, 2023.

364 Ibid.

365 Leger/Payments Canada. 2023 Business Payments Tracker Survey.

366 Ibid.

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have used online transfers for paying their expenses was because the payment volumes and values tended to be smaller, which meant they were not constrained by amount limits tied to e-transfers.³⁶⁷ The main drivers of use were the perceived convenience and speed of the payment process.³⁶⁸

Business credit cards were mainly used to pay for one-time expenses such as travel-related and entertainment expenses, office supplies/computer equipment and fuel costs.³⁶⁹ The main reasons businesses used credit cards included wide acceptance, rewards, perceived convenience and ease of payment tracking.³⁷⁰

Cheques and paper items are declining steadily, yet they remain a popular payment method for many businesses in Canada. Cheques were used by businesses for both recurring and one-time expenses such as government payments/taxes, rent, professional services, insurance and payroll.³⁷¹ Businesses used cheques to pay their expenses for several reasons including wide acceptance, ease of payment reconciliation and supplier preference.³⁷² According to research from Interac, 74 per cent of Canadian businesses surveyed in 2023 planned to phase out the use of cheques within five years, replacing them with faster digital payments.³⁷³ Businesses indicated that this decision was based on several motivating factors: achieving more adept cash flow management, acquiring

enhanced digital transaction reconciliation and realizing potential cost-savings of digital payment methods.³⁷⁴

When it comes to payment frustrations faced by businesses, extra fees (31 per cent) continued to lead all other types of pain points experienced in 2023. Other key payment pain points experienced by businesses were: processing delays (21 per cent), cash flow management (21 per cent), security concerns (20 per cent) and payment reconciliation (18 per cent).³⁷⁵ The top three points of friction among SMEs were extra fees (31 per cent), cash flow management (21 per cent) and payment processing delays (21 per cent).³⁷⁶ The top three points of friction among mid-market businesses were payment processing delays (32 per cent), extra fees (31 per cent) and payment reconciliation (26 per cent).³⁷⁷

The two leading payment methods accepted by businesses in 2023 were cheques (70 per cent) and EFT (61 per cent). This was followed by cash (53 per cent), credit card (52 per cent) and Interac e-Transfer (50 per cent).³⁷⁸ Over the next twelve months, businesses indicated that they intend to accept more digital and contactless payment methods such as Interac e-Transfer (20 per cent), EFT (10 per cent), wire transfer (nine per cent) and debit cards (eight per cent). The main reasons businesses did not accept certain payment methods included: their current payment methods were sufficient (68 per cent), service



³⁶⁷ Leger/Payments Canada. 2023 Business Payments Tracker Survey.

³⁶⁸ Ibid.

³⁶⁹ Ibid.

³⁷⁰ Ibid.

³⁷¹ Ibid.

³⁷² Ibid.

³⁷³ For more, see: [Interac survey shows nearly three quarters of Canadian businesses plan to 'cheque out' in the next five years.](#)

³⁷⁴ Ibid.

³⁷⁵ Leger/Payments Canada. 2023 Business Payments Tracker Survey.

³⁷⁶ Ibid.

³⁷⁷ Ibid.

³⁷⁸ For more, see: [Analysis of payment methods accepted by businesses, third quarter of 2023.](#)

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fees (23 per cent), security or privacy concerns (15 per cent) and incompatibility with existing equipment or software (13 per cent).³⁷⁹

Payment method acceptance by businesses differed by industry. The following sectors were most likely to accept cash: retail trade (92 per cent) and accommodation and food services (91 per cent). These two sectors were also most likely to accept credit (93 per cent and 94 per cent respectively) and debit cards (88 per cent and 93 per cent respectively), but were least likely to accept cheques (53 per cent and 31 per cent respectively). Businesses that were most likely to accept cheque payments operated within construction (92 per cent), manufacturing (88 per cent) and wholesale trade (86 per cent).³⁸⁰

More than one in three businesses that operated within accommodation and food services (36 per cent) intended to begin accepting Interac e-Transfer payments over the next twelve months. In addition, businesses that planned to start accepting EFT payments over the next twelve months included those operating within the retail trade (14 per cent), transportation and warehousing (12 per cent) and healthcare and social assistance (12 per cent) sectors.³⁸¹

The reasons for not accepting certain payment methods also differed by industry. Over three quarters of businesses (78 per cent) either in manufacturing or wholesale trade indicated that their current payment methods were meeting their needs and those of their customers.³⁸² Service fees were the key reason why businesses in administrative and support (31 per cent), waste management (31 per cent), construction (28 per cent) and retail trade (28 per cent) did not accept other payment methods.³⁸³ Conversely, businesses operating within the transportation and warehousing and finance and insurance sectors were the least likely to be concerned with service fees (10 per cent and seven per cent respectively).³⁸⁴

Almost one in six businesses (15 per cent) in retail trade and construction indicated a lack of knowledge of available payment methods as a reason for not accepting certain payment methods.³⁸⁵ Incompatibility with existing equipment or software was a reason for over one quarter of businesses in the retail trade (28 per cent) and 16 per cent of businesses in information and cultural industries.³⁸⁶ Conversely, businesses operating within the finance and insurance (eight per cent) and real estate and rental and leasing (six per cent) sectors were the least likely to be concerned about incompatibility issues with existing equipment or software.³⁸⁷

379 For more, see: [Analysis of payment methods accepted by businesses, third quarter of 2023](#).

380 Ibid.

381 Ibid.

382 Ibid.

383 Ibid.

384 Ibid.

385 Ibid.

386 Ibid.

387 Ibid.

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Businesses in real estate and rental and leasing (10 per cent), transportation and warehousing (nine per cent) and finance and insurance (nine per cent) were the most likely to cite legal issues, barriers or concerns as reasons for not accepting certain payment methods.³⁸⁸

Overall, SMEs were most likely to accept a variety of payment methods from their customers or other businesses. While many SMEs accepted cash, the rate of acceptance was lower for small SMEs (45 per cent) compared to large SMEs (65 per cent). This trend was the same for cheque, credit card, debit card and digital wallet methods.³⁸⁹ Mid-market businesses were the most likely to accept EFT payments (75 per cent) compared to SMEs (63 per cent). Likewise, wire transfers were more likely to be accepted by mid-market businesses (55 per cent) compared to SMEs (26 per cent).³⁹⁰

Mid-market businesses were most likely to indicate security or privacy concerns (29 per cent) and incompatibility with existing equipment or software (25 per cent) as reasons to not accept certain payment methods compared to SMEs (17 per cent and 15 per cent respectively). SMEs were most likely to cite service fees (23 per cent) as a reason to not accept certain payment methods compared to mid-market businesses (13 per cent).³⁹¹

Mid-market businesses were the least likely (four per cent) to indicate a lack of knowledge of available payment methods as a reason for not accepting certain payment methods, compared to SMEs (nine per cent). In general, the larger the business, the more likely it was for businesses to have their current payment methods meet their needs, with over three quarters of mid-market businesses (78 per cent) indicating that existing payment methods were sufficient.³⁹²

FIGURE 15: BUSINESS CLASSIFICATIONS IN CANADA³⁹³

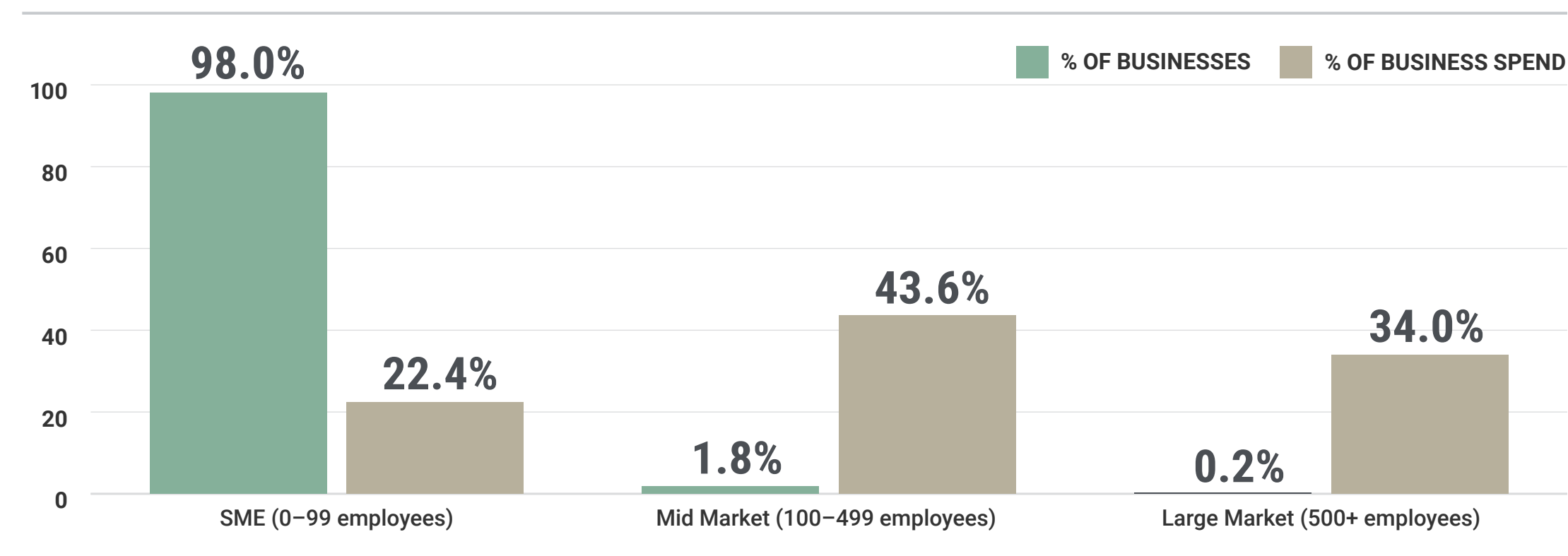
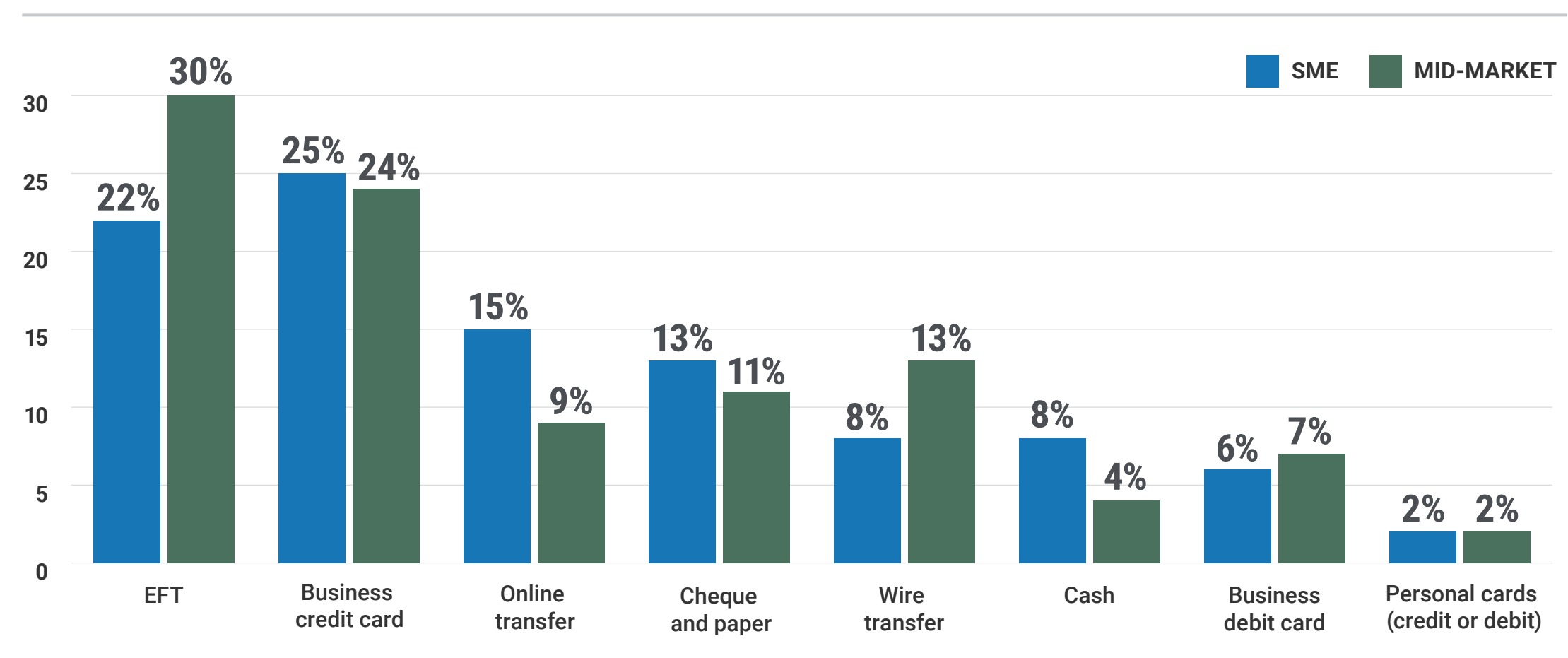


FIGURE 16: BUSINESS PAYMENT MIX³⁹⁴



388 For more, see: [Analysis of payment methods accepted by businesses, third quarter of 2023](#).

389 Ibid.

390 Ibid.

391 Ibid.





392 Ibid.

393 Statistics Canada. Canadian Business Counts, with employees, December 2023. For more, see: [Canadian Business Counts, with employees, December 2023](#).

394 RFI Canadian Business Payments Report, 2023.

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TABLE 14: MOST COMMON USE CASES FOR BUSINESS PAYMENT METHODS³⁹⁵

Payment method	Small and medium enterprises	Mid-market companies
 EFT	<ul style="list-style-type: none"> ▶ Payroll (40%) ▶ Government payments/taxes (35%) ▶ Insurance (28%) ▶ Rent (28%) ▶ Utilities/telecommunications (25%) ▶ Professional services (20%) ▶ Stock/raw materials (17%) 	<ul style="list-style-type: none"> ▶ Payroll (51%) ▶ Government payments/taxes (34%) ▶ Rent (34%) ▶ Insurance (30%) ▶ Utilities/telecommunications (30%) ▶ Professional services (28%) ▶ Stock/raw materials (20%)
 Credit Card ³⁹⁶	<ul style="list-style-type: none"> ▶ Travel-related expenses (34%) ▶ Entertainment (33%) ▶ Office supplies/computer equipment (33%) ▶ Fuel (30%) ▶ Advertising/media (25%) ▶ Stock/raw materials (23%) 	<ul style="list-style-type: none"> ▶ Entertainment (41%) ▶ Travel-related expenses (40%) ▶ Office supplies/computer equipment (34%) ▶ Fuel (33%) ▶ Advertising/media (24%) ▶ Stock/raw materials (18%)
 Online transfer	<ul style="list-style-type: none"> ▶ Payroll (18%) ▶ Rent (16%) ▶ Government payments/taxes (15%) ▶ Professional services (15%) ▶ Utilities/telecommunications (11%) 	<ul style="list-style-type: none"> ▶ Government payments/taxes (12%) ▶ Rent (9%) ▶ Professional services (8%) ▶ Utilities/telecommunications (7%) ▶ Payroll (6%)
 Cheque	<ul style="list-style-type: none"> ▶ Rent (22%) ▶ Payroll (18%) ▶ Government payments/taxes (17%) ▶ Professional services (17%) ▶ Insurance (14%) ▶ Stock/raw materials (13%) ▶ Utilities/telecommunications (10%) 	<ul style="list-style-type: none"> ▶ Rent (23%) ▶ Professional services (21%) ▶ Insurance (18%) ▶ Government payments/taxes (17%) ▶ Stock/raw materials (16%) ▶ Utilities/telecommunications (16%) ▶ Payroll (13%)

³⁹⁵ These results are based on SME and mid-market companies' responses to which method they mainly used to pay various expenses (excluding "not applicable/business does not incur this type of expense" mentions).

Numbers do not add up to 100 per cent as less used payment methods (digital remittances, virtual payments, buyer-initiated payments, remittances via counter at branch, line of credit) were excluded from this analysis.

³⁹⁶ Credit card refers to corporate/business credit card (excludes personal credit card).



CONCLUSION

Economic headwinds in the form of sustained high inflation and rising interest rates continued to confront Canadians in 2023. The Bank of Canada's quantitative tightening policy, combined with market uncertainty over how long interest rates would remain elevated, led to a slowing of the Canadian economy and higher borrowing costs for Canadians, businesses and the government.

As a result, the total payment market in Canada experienced modest growth in both volume and value in 2023. On the whole, a total of 21.7 billion transactions valued at \$11.9 trillion were conducted in 2023. The total Canadian payment market grew by six per cent in volume and one per cent in value from 2022.³⁹⁷

Overall, payment trends remained unchanged in 2023 compared to the past five-year period. From a payment volume perspective, credit and debit cards continued to dominate the number of transactions and usage grew.³⁹⁸ Cheques accounted for a small fraction of total payment volume and continued its gradual decline. Online transfers also accounted for a small fraction of total payment volume but, unlike cheques, continued to show strong growth (136 per cent increase over the past five years).³⁹⁹ The five-year growth rate of online transfers (in volume and value) has been gradually decreasing over the past several years, suggesting that usage has become widespread and is approaching market maturation. The online transfer past

five-year growth rate volume and value curves are expected to eventually flatten.⁴⁰⁰ From a payment value perspective, EFT and cheques continued to dominate the share of transaction value, combining to represent 85 per cent of total value.⁴⁰¹

E-commerce continued to be an appealing option for consumers. E-commerce sales accounted for 5.7 per cent of total retail sales in 2023, up slightly from a share of 5.5 per cent in 2022.⁴⁰² Over half of Canadian consumers (57 per cent) made an online purchase in a given month during 2023, up from 55 per cent last year.⁴⁰³

In 2023, Canadians were less concerned about COVID-19 than ever before (51 per cent), which suggested that most Canadians believed the worst to be over.⁴⁰⁴ The payment legacy of the pandemic has been the widespread adoption of digital payment methods, the increased demand for more digital payment options and frictionless payment experiences among consumers and businesses.

397 ACSS 2023 Transaction Data

398 Ibid.

399 Ibid.

400 Ibid.

401 Ibid.

402 Statistics Canada. Retail trade, December 2023. For more, see: The Daily – Retail trade, December 2023. Note: figures are seasonally adjusted.

403 Leger/Payments Canada. 2023 Canadian Consumer Payments and Transactions Survey.

404 Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.

CONCLUSION

Canadians also want continued access to tried and true payment options that they have used in the past due to their ease of use and dependability.

The juxtaposition of these two views is demonstrated by Canadians' cash usage behaviour and their attitudes towards a cashless society. Over the last decade, credit and debit cards, and more recently, online transfers have gradually replaced cash as Canadians' preferred payment method of choice for everyday use. Despite the declining trend in cash usage, over half of Canadians (55 per cent) indicated that they have no desire to go completely cashless.⁴⁰⁵ Cash is still a preferred payment of choice when there is a crisis because it is widely accepted and unaffected by technological issues (for example, power or internet outage). Cash is also widely used as a store of value. Finally, almost two in three Canadians (63 per cent) would still use cash if a digital Canadian dollar was introduced.⁴⁰⁶ Although the use of digital payments among Canadians continues to grow, the end of cash is still far off.

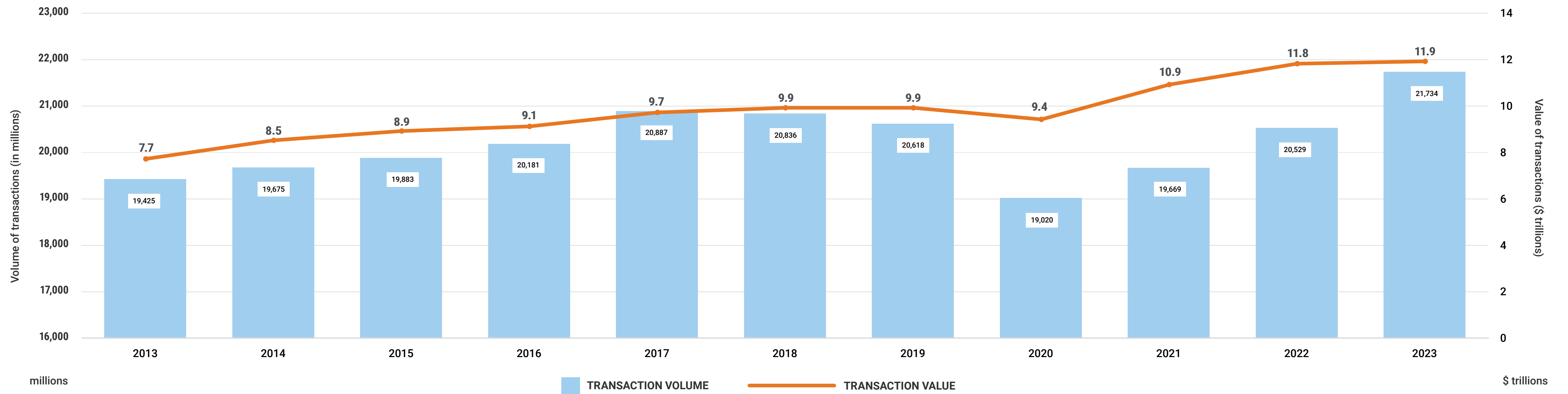
Looking ahead, the Canadian payment market is poised for further growth, competition and innovation that is being driven by several factors: amendments to the *Canadian Payments Act* to expand Payments Canada's membership eligibility to include payment service providers (PSPs), credit union locals and operators of financial market infrastructures that meet regulatory and legislative requirements; publication of the final *Retail Payment Activities Act* regulations that will regulate retail payment activities in Canada among PSPs; the anticipated phased launch of a consumer-driven banking framework that includes read access provisions; and the launch of the Real-Time Rail payment system (RTR) that will enable consumers and businesses to send and receive real-time, data rich payments, anytime of day or night, 365 days per year.



⁴⁰⁵ Leger/Payments Canada. 2023 Consumer Payments Tracker Survey.
⁴⁰⁶ Ibid.

APPENDIX I: DETAILED PAYMENT SEGMENT CHARTS

FIGURE A1: TOTAL ANNUAL CPMT TRANSACTIONS (VOLUME AND VALUE)



APPENDIX I

FIGURE A2: ALL PAYMENT METHODS ANNUAL TOTALS

Volume (in millions of transactions)

Payment method	2014	2019	2022	2023
Cheque and paper	950	584	405	379
Debit card	4,907	6,256	6,315	6,634
ABM	623	456	388	385
Prepaid card	200	326	331	349
EFT	2,476	2,947	3,101	3,179
Credit card	4,230	6,552	6,794	7,150
Online transfer	82	541	1,118	1,278
Cash	6,208	2,957	2,077	2,380
Totals	19,675	20,618	20,529	21,734

Value (in millions of dollars)

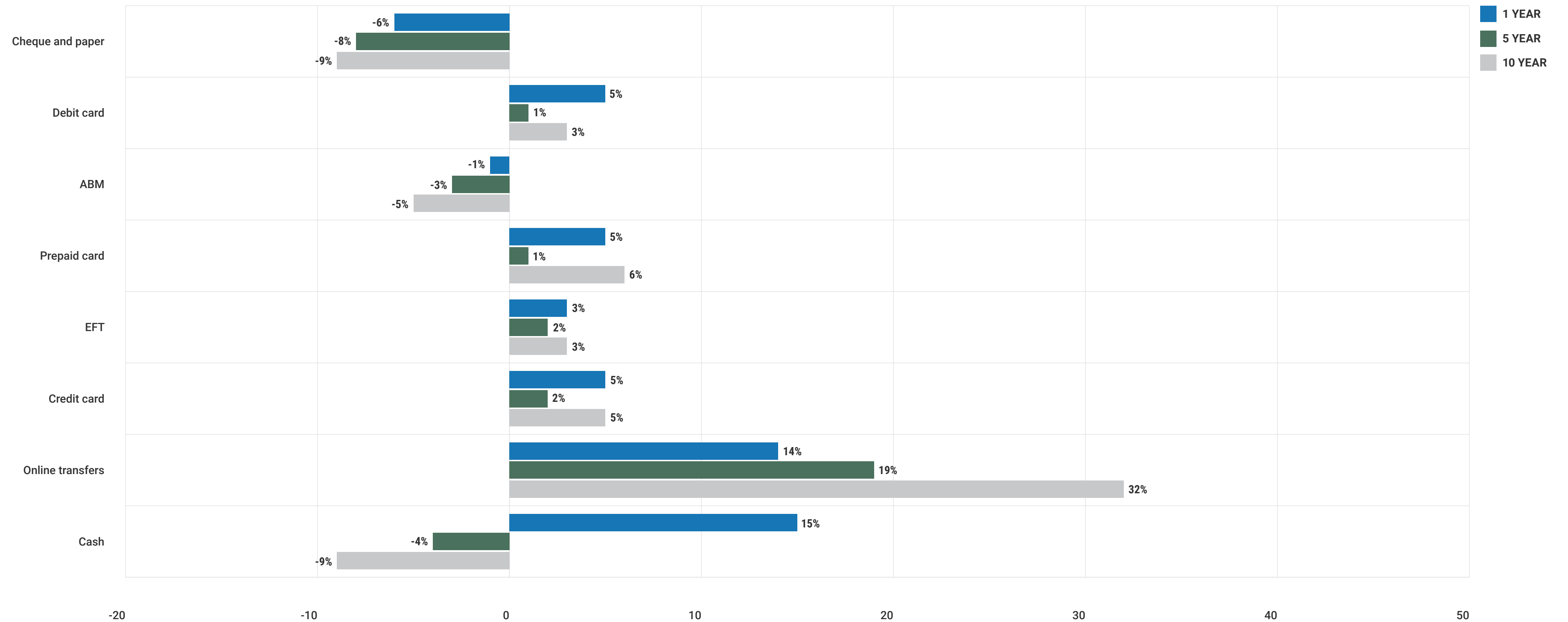
Payment method	2014	2019	2022	2023
Cheque and paper	3,925,570	3,586,221	3,212,624	2,864,460
Debit card	214,340	259,255	295,013	302,224
ABM	72,800	67,082	85,044	82,091
Prepaid card	11,935	19,337	21,510	24,040
EFT	3,732,905	5,178,683	6,931,749	7,247,042
Credit card	418,358	595,114	799,976	847,387
Online transfer	31,678	178,225	387,255	464,053
Cash	113,276	65,159	60,122	62,590
Totals	8,520,863	9,949,077	11,793,293	11,893,887

FIGURE A3: AVERAGE TRANSACTION SIZE

Payment method	2019	2022	2023	% Change (YOY)
Cheque and paper	\$6,142	\$7,937	\$7,568	-5%
Debit card	\$41	\$47	\$46	-2%
ABM	\$147	\$219	\$213	-3%
Prepaid card	\$59	\$66	\$69	5%
EFT	\$1,757	\$2,235	\$2,279	2%
Credit card	\$91	\$118	\$119	1%
Online transfer	\$330	\$346	\$363	5%
Cash	\$22	\$29	\$26	-9%
Average payment size	\$483	\$574	\$547	-5%

APPENDIX I

FIGURE A4: ALL PAYMENT METHODS AVERAGE ANNUAL GROWTH VOLUME (ONE-, FIVE- AND 10-YEAR CAGR, BASE YEAR = 2023)



APPENDIX I

FIGURE A5: ALL PAYMENT METHODS AVERAGE ANNUAL GROWTH VALUE (ONE-, FIVE- AND 10-YEAR CAGR, BASE YEAR = 2023)

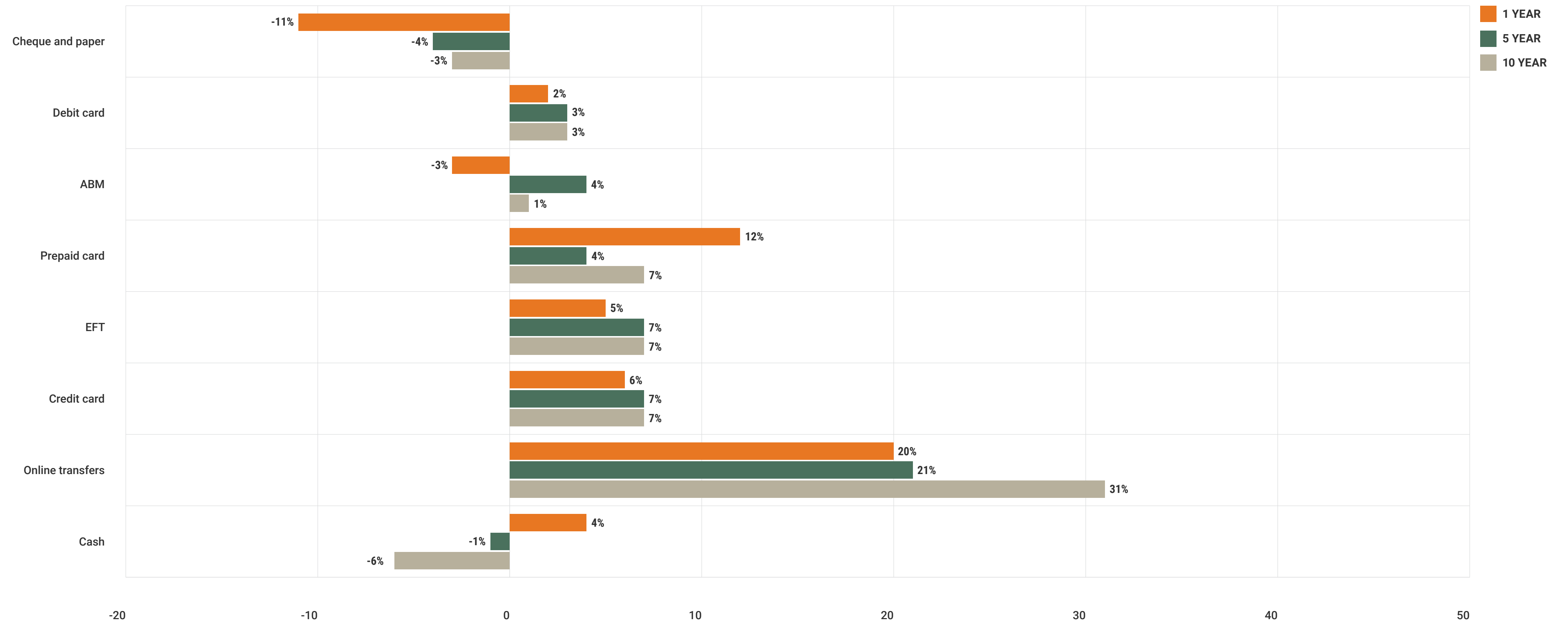
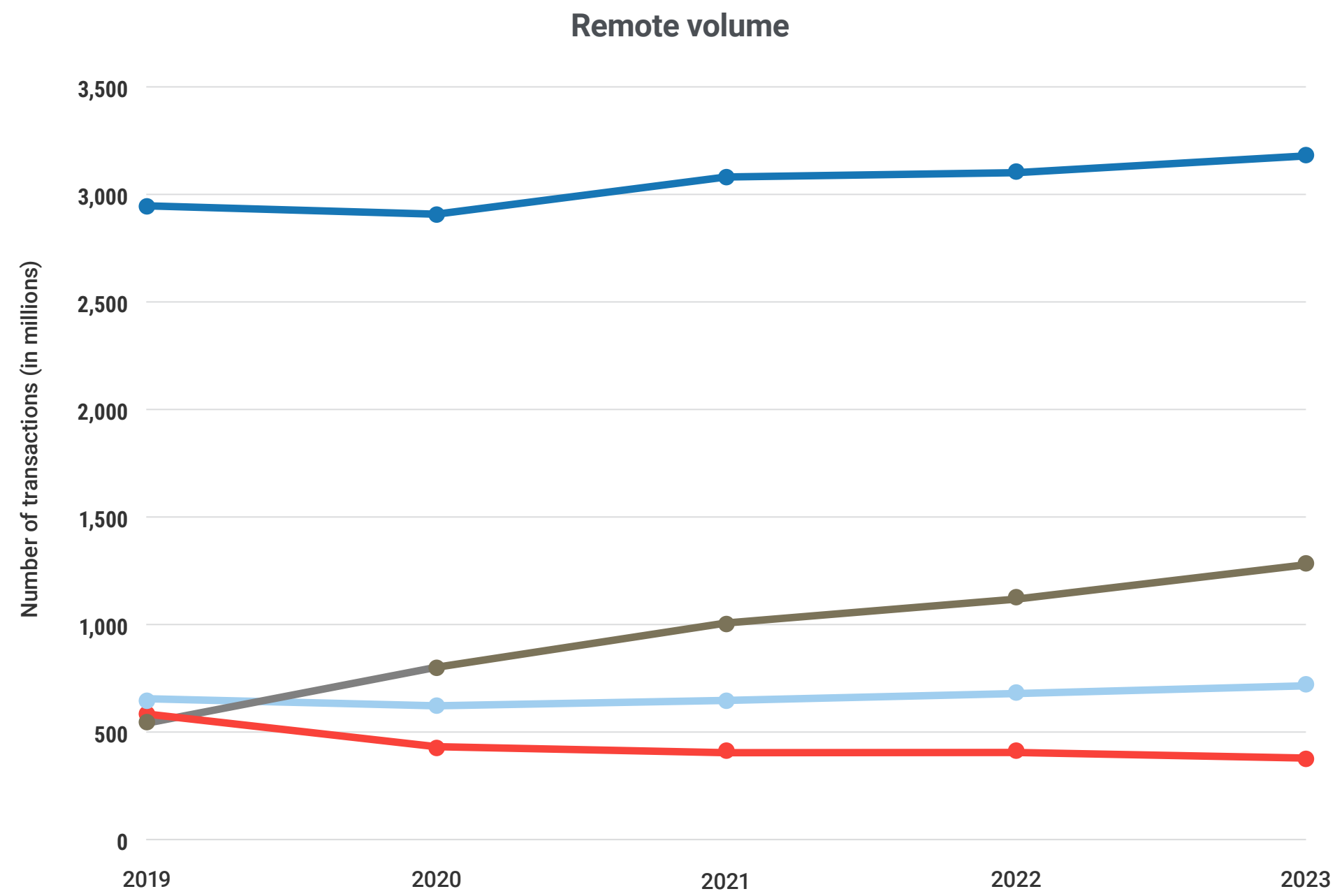
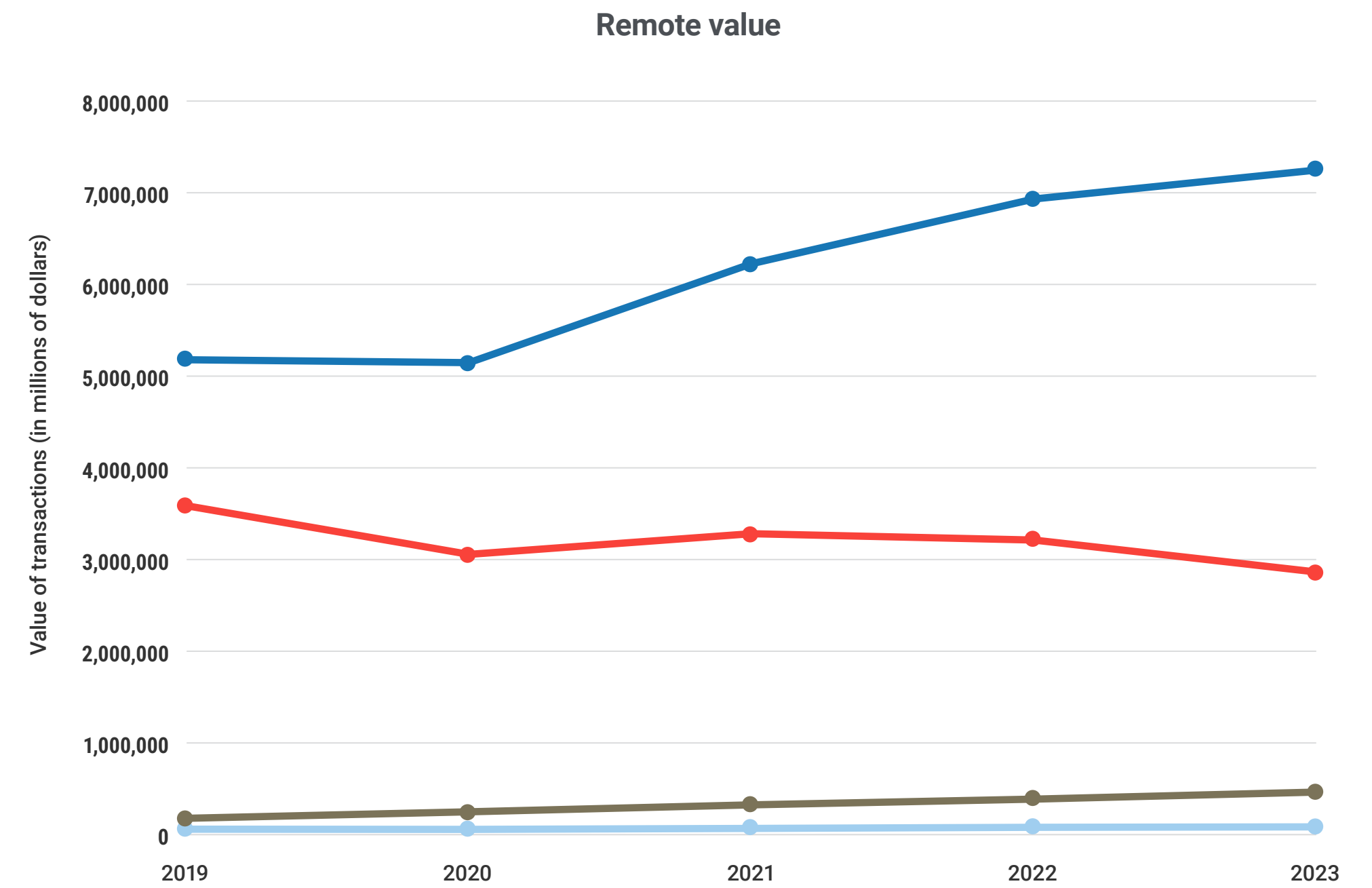


FIGURE A6: REMOTE PAYMENT METHODS VOLUME AND VALUE (FIVE-YEAR TRENDLINE)⁴⁰⁷



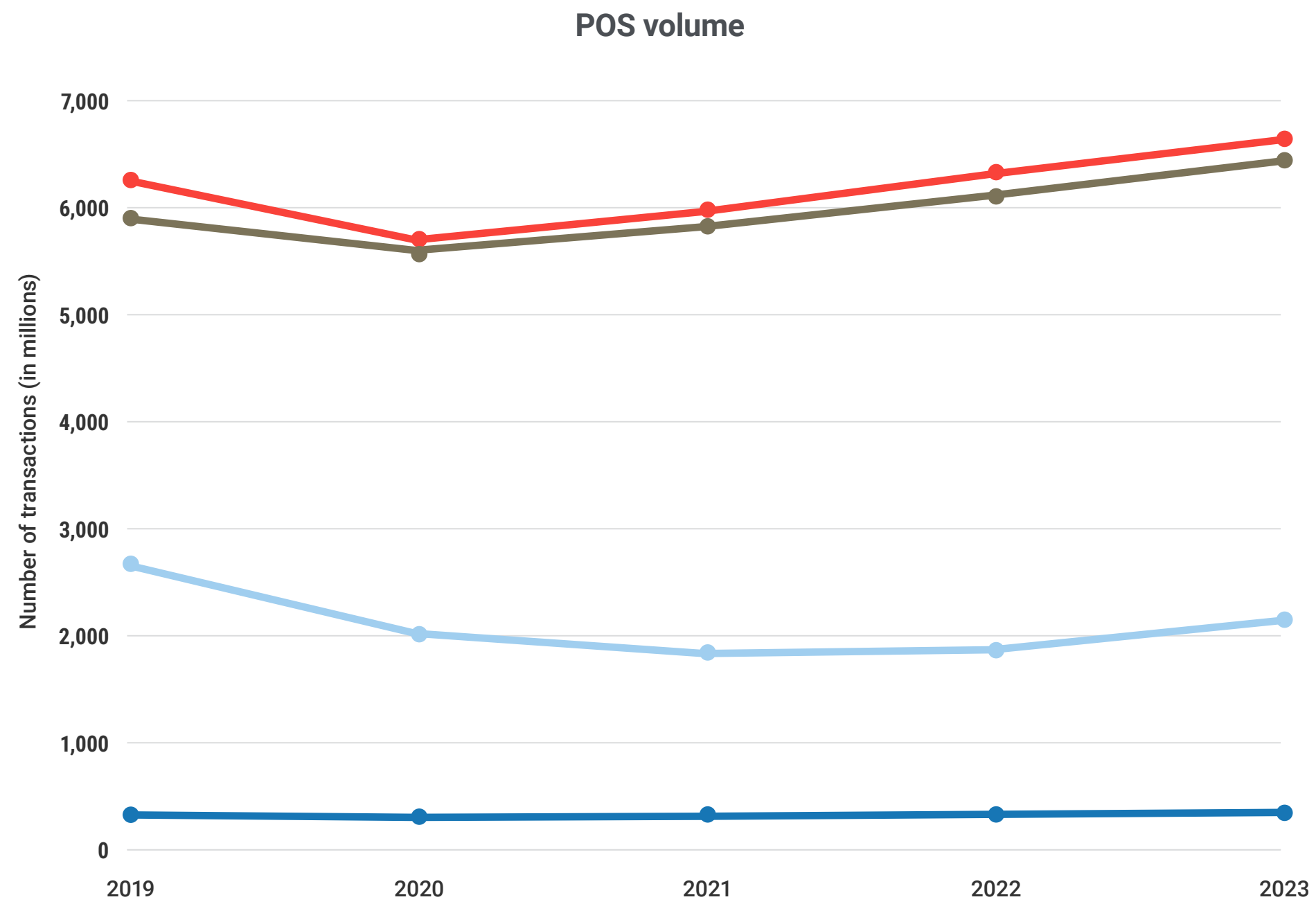
Payment method	2019	2020	2021	2022	2023
● Cheque and paper	584	432	404	405	379
● EFT	2,947	2,908	3,081	3,101	3,179
● Online transfer	541	801	1,007	1,118	1,278
● Remote credit card	655	622	647	679	715



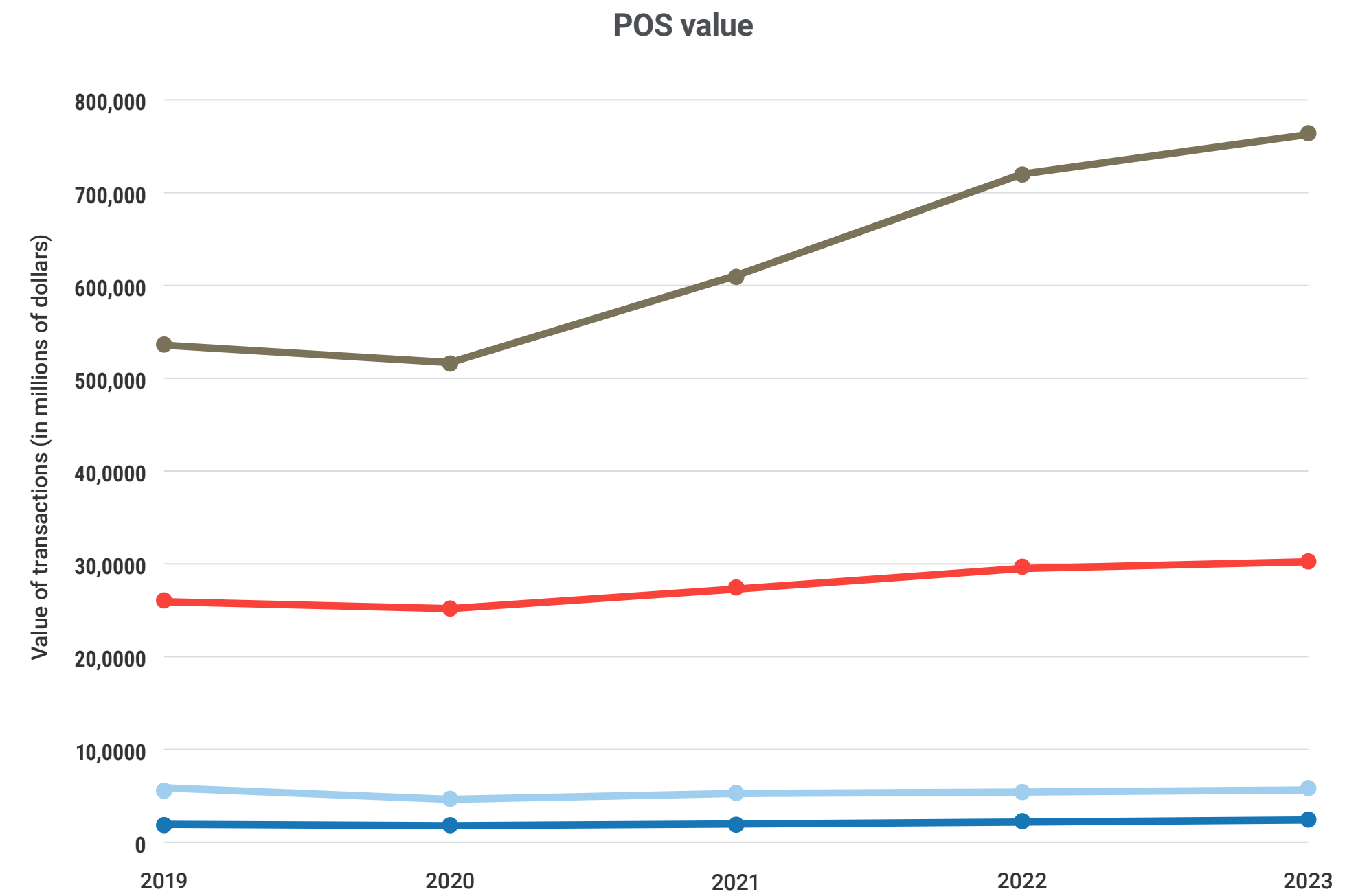
Payment method	2019	2020	2021	2022	2023
● Cheque and paper	3,586,221	3,056,371	3,281,753	3,212,624	2,864,460
● EFT	5,178,683	5,147,089	6,225,588	6,931,749	7,247,042
● Online transfer	178,225	249,123	324,790	387,255	464,053
● Remote credit card	59,511	57,431	67,846	79,998	84,739

⁴⁰⁷ Remote transactions include all transactions that are not made at physical payee locations, virtual payee provided apps or store fronts. Note: Remote credit card transactions involve the use of financial institutions or payment service providers as intermediaries that move funds to intended payees through their services (i.e., for bill payments).

FIGURE A7: POINT-OF-SALE PAYMENT METHODS VOLUME AND VALUE (FIVE-YEAR TRENDLINE)⁴⁰⁸



Payment method	2019	2020	2021	2022	2023
● Debit card	6,256	5,699	5,964	6,315	6,634
● Prepaid card	326	303	313	331	349
● Credit card	5,897	5,601	5,822	6,115	6,435
● Cash	2,661	2,022	1,834	1,869	2,142



Payment method	2019	2020	2021	2022	2023
● Debit card	259,255	251,731	272,819	295,013	302,224
● Prepaid card	19,337	17,884	19,670	21,776	24,040
● Credit card	535,603	516,879	610,616	719,978	762,649
● Cash	58,643	46,212	52,574	54,110	56,331

408 Point-of-sale or point-of-service transactions include both physical and virtual merchant locations, including online and in-app purchases. With remote estimates for credit card and cash removed.

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FIGURE A8: REMOTE PAYMENT METHODS VOLUME AND VALUE (YEAR-OVER-YEAR)

Volume (in millions)

Payment method	2022	2023	YOY Change
Cheque and paper	405	379	-6%
EFT	3,101	3,179	3%
Remote credit card	679	715	5%
Online transfer	1,118	1,278	14%
Totals	5,303	5,551	5%

Value (in millions of dollars)

Payment method	2022	2023	YOY Change
Cheque and paper	3,212,624	2,864,460	-11%
EFT	6,931,749	7,247,042	5%
Remote credit card	79,998	84,739	6%
Online transfer	387,255	464,053	20%
Totals	10,611,626	10,660,294	0%

FIGURE A9: POINT-OF-SALE PAYMENT METHODS VOLUME AND VALUE (YEAR-OVER-YEAR)

Volume (in millions)

Payment method	2022	2023	YOY Change
Debit card	6,315	6,634	5%
Prepaid card	331	349	5%
Credit card	6,115	6,435	5%
Cash	1,869	2,142	15%
Totals	14,630	15,560	6%

Value (in millions of dollars)

Payment method	2022	2023	YOY Change
Debit card	295,013	302,224	2%
Prepaid card	21,776	24,040	10%
Credit card	719,978	762,649	6%
Cash	54,110	56,331	4%
Totals	1,090,877	1,145,244	5%

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FIGURE A10: BILL PAYMENTS HEAT MAP⁴⁰⁹

	ELECTRIC/ HYDRO	WATER/ SEWER	GAS/ HEATING	CREDIT CARD BILL	CABLE	INTERNET SERVICE	MORTGAGE	RENT	CAR PAYMENT	HOME INSURANCE	HOME SERVICES	CELL PHONE	STREAMING SERVICES	MEMBERSHIPS	MEDIA/SOFTWARE SUBSCRIPTIONS	TAX PAYMENT
ONLINE BANKING PAYMENT	48%	46%	45%	70%	40%	36%	19%	17%	19%	20%	18%	33%	16%	14%	16%	49%
PRE-AUTHORIZED DEBIT (PAD)	29%	26%	27%	11%	24%	24%	65%	27%	59%	47%	12%	21%	25%	20%	21%	23%
CREDIT CARD (IN ANY FORM)	10%	12%	15%	4%	25%	28%	5%	5%	9%	23%	25%	32%	46%	45%	44%	7%
INTERAC E-TRANSFER	5%	5%	4%	6%	4%	4%	4%	29%	3%	3%	21%	4%	2%	4%	3%	6%
CHEQUE	2%	3%	2%	2%	1%	1%	2%	11%	2%	2%	6%	1%	1%	2%	2%	6%
DEBIT CARD (IN ANY FORM)	3%	3%	4%	4%	3%	3%	3%	3%	4%	3%	5%	4%	4%	8%	6%	4%
CASH	1%	2%	1%	1%	1%	1%	1%	5%	2%	1%	8%	1%	1%	3%	2%	1%
PREPAID CARD (VISA/ MASTERCARD)	1%	2%	2%	1%	2%	2%	1%	1%	2%	2%	3%	2%	3%	3%	3%	1%
OTHER	1%	1%	1%	1%	1%	1%	1%	2%	1%	1%	0%	1%	1%	1%	2%	2%

409 Totals for this figure do not add to 100% due to rounding. Note: Green = low incidence rate of Canadians using the indicated payment method for paying a given expense or bill (the darker the shade of green, the lower the incidence rate). Red = high incidence rate of Canadians using the indicated payment method for paying a given expense or bill (the darker the shade of red, the higher the incidence rate).

APPENDIX II: METHODOLOGY, DEFINITIONS AND SEGMENT DESCRIPTIONS



Methodology

The data presented is a combination of Payments Canada systems data, payment service providers and scheme operator data and estimates based on market research and in consultation with industry experts.

Payment service providers contributed either by sharing their internal research and data or by providing expertise that enhanced the data set's accuracy. As was assured during the data collection, Payments Canada has made every effort to keep participant data non-discernable, where asked to do so.

This paper leverages the full data set gathered from past efforts and contains appropriate updates in methodology, data and findings. As such, this paper represents a full update of the previously published data points (including those provided in past papers) and should be viewed as essentially replacing the previous data sets.

Survey market research details and methodology

1. The Bank of Canada Methods-of-Payment surveys

The Bank of Canada surveys Canadians to get a better understanding of how they pay for goods and services. The Bank of Canada has conducted seven Methods-of-Payment surveys—in 2009, 2013, 2017, 2020, 2021, 2022 and 2023. These surveys include a questionnaire and a diary where survey participants record their payment and cash withdrawals over the course of three days. The average volume and value of cash transactions per person per day is a key metric from these surveys used to calculate the total cash transaction volume and value estimates.

2. RFI Group business surveys

The RFI Group conducts separate surveys on commercial enterprises and small and medium-sized enterprises (SMEs). The commercial survey was in field in May and November 2023 with a total of 350 businesses interviewed online. Basic quotas were applied to the sample to ensure that the data was representative of the Canadian commercial population. All respondents had decision-making powers within commercial businesses operating in Canada with global annual revenue of \$10 million to \$500 million. RFI Group's SME survey was in field in May and November 2023 with a total of 500 businesses interviewed online. Basic quotas were applied to the sample to ensure that the data was representative of the Canadian SME market. All respondents had decision-making powers within SMEs operating in Canada with global annual revenue of less than \$10 million.

3. TSI Consumer Survey

Technology Strategies International Inc. (TSI) provides in-depth assessments of consumer payments in Canada, drawing upon a wide range of information resources, including desk research, executive interviews and discussions, and consumer research and analysis—compiled into an annual report. In 2023, the TSI Canadian Consumer Payments Survey (CCPS) data was also analyzed for additional insights. The 2023 CCPS included a sample size of more than 2,000 Canadians.

4. Payments Canada/Leger Consumer and Business Surveys

Leger is a full-service market research consultancy experienced at providing both quantitative and qualitative research. Leger is a pioneer and leader in web-based research. They have their own proprietary online panel of over 475,000 Canadians. In 2018, Leger acquired an additional panel, which includes an additional one million millennials. As of 2019, Leger provides Payments Canada with a customized consumer payment survey focused on Canadians' usage of different payment methods in both the point-of-sale and remote transaction environments. Leger also provides Payments Canada with a customized consumer and business payment survey focused on Canadian usage of different payment methods and their sentiment towards payment methods. In this report, we included a sample size of 4,500 Canadians and 1,500 businesses across the surveys. The surveys were in field during March/April, July/August, and September/October in 2023.

5. Euromonitor Financial Cards and Payments in Canada

Euromonitor offers an in-depth analysis of financial card usage in Canada, drawing on figures from a multitude of sources, including the Canadian Department of Finance, Statistics Canada, Financial Consumer Agency of Canada, Competition Bureau, National Bank of Canada, trade associations and the trade press in order to provide a comprehensive look at card market growth. Euromonitor's analysis provides a qualitative and quantitative look at growth within card providers, the impact of supply and demand trends and forecasts for future card growth in Canada.

Definitions and segment descriptions

ABM payments

ABM data is derived from data found in published proprietary reports and validated with published payment networks.

Account-to-account (A2A) payments

A2A payments are a push or pull payment that moves funds directly between accounts as an alternative to debit or credit cards.

Automated Clearing Settlement System (ACSS)

The **ACSS** is Canada's retail batch payment system, a designated prominent payment system that clears the vast majority of payments in Canada.

Automated funds transfer (AFT)

AFT consists of AFT credit and debit payment instruments. AFT credit instruments allow payors to instruct their financial institution to deposit funds into a payee's deposit account at another financial institution. They are used by consumers and businesses typically for payroll purposes and other disbursements. AFT debit transactions are commonly known as pre-authorized debits (or "PADs"). AFT PADs are based on contractual agreements between payors and payees, allowing payees to instruct their financial institution to retrieve funds from a payor's deposit account at another financial institution, though the two institutions are not aware of the agreement between the parties.

Average annual growth rate

Average annual per cent change is calculated by first subtracting the earlier index value from the later one, then dividing that difference by the earlier index value, and finally multiplying the result by 100.

Business-to-people (B2P)

B2P refers to payment transactions conducted between a business and a person. A person is defined as the end customer.

Buy now, pay later (BNPL)

BNPL is a form of short-term loan in which consumers take immediate possession of their purchases and pay for them at a later date through a series of payment installments. These payments are structured in such a way that the payment amounts are equal and the payment due dates follow a pre-set schedule, with the first payment due at checkout.

Compound annual growth rate (CAGR)

CAGR calculates the annual average growth over multiple years, while considering the effects of average compounding growth experienced in each year.

Cash

Total cash was estimated based upon data from Bank of Canada survey research.⁴¹⁰ Estimates from the data establish the mean number of cash transactions per Canadian per day was 0.20 and the mean cash expenditure per transaction was \$5.26 in 2023. We used these numbers to extrapolate to the larger Canadian population to formulate cash payment estimates.

Central bank digital currency (CBDC)

A CBDC is a form of digital currency issued by a country's central bank. It is similar to cryptocurrencies, except that its value is fixed by the central bank and is equivalent to the country's fiat currency.

Commercial EFT

Commercial EFT (electronic funds transfer) refers to business/government use of AFT credits/debits, electronic remittances and EDI transactions (i.e., businesses' payroll to employees through EFT).

Commercial payments

Commercial payments include transactions that originate from Canadian organizations, businesses, and governments.

Confirmation of Payee (CoP)

CoP is a commonly used A2A payment overlay, often facilitated by a centralized payment system operator. CoP is an extra step to the verification process in transactions, where the sender of the payment is asked to confirm details associated with the receiving account, for example, confirming the receiving account holder's name. This extra step is especially relevant for real-time payments, as they tend to be irrevocable and fund recovery is an arduous process.

Consumer-driven banking

Also referred to as open banking, consumer-driven banking refers to policy and technology frameworks that allow consumers to use, move and share their financial transaction data held at financial institutions with trusted

third-party service providers (TPPs) to receive a wider range of useful financial services.

Consumer payments

Consumer payments are transactions that originate from Canadian households and individuals for paying bills, managing accounts at financial institutions and payments for goods and services.

Credit card

Credit card data is a combination of consumer and business credit and charge card payments found in proprietary published reports.⁴¹¹ Charge cards differ from credit cards primarily in their application of interest. Credit cards charge interest at an annual percentage rate. Charge cards apply full interest charges after a defined period (typically 21 days) so users are more inclined to pay off balances each month.

Cryptocurrency

Cryptocurrency is a blockchain-based, digital asset that can be used to buy and sell goods or services. Bitcoins are an example of a cryptocurrency. However, there are thousands of other types. Cryptocurrencies are not controlled by central banks or any country, and they can be traded in a relatively anonymous way. Many cryptocurrencies can be: bought with traditional currency (known as fiat currency/legal tender) and sold for fiat currency/legal tender; transferred from one person to another; and exchanged for other cryptocurrencies or used to pay for goods or services directly.

⁴¹⁰ 2023 Methods of Payment Survey Results, Bank of Canada, December 2023.

⁴¹¹ Euromonitor International, Passport (2023): Financial Cards and Payments in Canada 2023 Edition, and TSI, 2023 Canadian Payments Forecast.

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Debit payments

Debit payments include Payments Canada point-of-sale debit and online debit transaction data, Interac Debit card data and data provided by participants.

Digital currency

Digital currency refers to a wide range of electronic money. This can include currencies like Bitcoin (and other cryptocurrencies), stablecoins or central bank digital currencies (CBDCs). Most digital currencies operate via blockchain, meaning there is not a single entity controlling the network but rather, a decentralized peer-to-peer (P2P) network where the “peers” are those making digital currency transactions within the network.

Electronic funds transfer (EFT)

EFT was calculated using a combination of AFT (debits and credits), electronic remittances and electronic data interchange (EDI) transactions.

Gig economy

A growing share of Canada’s workforce consists of “gig workers.” These are workers who enter into short-term contracts with firms or individuals to complete specific and often one-off tasks. The term “gig work” includes traditional independent contractors (such as consultants) and other freelancers (such as those who work with online platforms like Uber).⁴¹²

ISO 20022

ISO 20022 is an international financial messaging standard designed to simplify global business communication. The

standard enables efficient payment clearing and settlement among financial institutions globally through the use of a common set of messages and language. It is an open standard developed by ISO (International Organization for Standardization).

Lynx

Lynx is Canada’s high-value payment system, an electronic wire system used by participating financial institutions (FIs) to safely send wire payments on behalf of their customers in Canadian dollars. Based on the real-time gross settlement (RTGS) model, wire payments cleared and settled using Lynx are fast, irrevocable and made with real-time settlement finality. Lynx also supports the ISO 20022 financial messaging standard, allowing rich remittance data such as invoice details or purchase information to travel with each payment.

Online transfer

Online transfers include online e-wallet and electronic person-to-person (P2P) transactions initiated through online services and providers that are prepaid or linked to deposit accounts at financial institutions (e.g., PayPal). This includes data and estimates for online and mobile environments used to make remote electronic person-to-person payments and payments to merchants, excluding transactions based on credit and debit cards, which are counted in the credit card and debit card categories.

On-us

On-us refers to transactions drawing upon direct deposit accounts (e.g., bank chequing accounts or business accounts) where both the payor and payee reside at the

same financial institution. A variety of payment types, normally associated with Payments Canada cleared payments, are impacted by on-us items, including cheques, debit and EFT. On-us payments do not result in a Payments Canada clearing entry (and do not appear in Payments Canada system data). On-us payment data must be determined from sources other than Payments Canada. On-us amounts were derived from participant data and estimates. The analysis determined on-us payments to amount to approximately 20 per cent more transactions than can be found in Payments Canada data. On-us amounts differ by payment type, such as cheques (~25 per cent), debit (~13.7 per cent), EFT (~19 per cent), etc.

Open banking

See consumer-driven banking for a definition.

Paper/cheques

Paper/cheque data is based on Payments Canada ACSS data for cheque and paper items, including paper remittances.

Peer-to-peer (P2P)

P2P payments are transactions between two parties with separate bank accounts through an intermediary.

Personal EFT

Personal EFT (electronic funds transfer) refers to consumer use of AFT credits/debits and electronic remittances (i.e., consumers paying bills through pre-authorized debits).

Prepaid card

Credit card company and store-branded prepaid product data (both open- and closed-loop) is based on proprietary publication data. We also include virtual prepaid products that may be purchased through mobile device application stores, such as Apple and Android.

Quick response code (QR code)

A QR code payment is a contactless payment method where payment is performed by scanning a retailer’s QR code from a mobile app on a smartphone. The payor opens a QR scanning app and scans the code displayed at the store checkout, the website or paper bill and confirms the price, if required, before finalizing the payment.

The Real-Time Rail (RTR)

A new national real-time payment system (in development) which consists of technology for the exchange and clearing and settlement of real-time payments and the associated legal framework of by-laws, rules and standards. This new system, which is a fundamental component of Canada’s broader payment modernization journey, will enable Canadians to initiate payments and receive irrevocable funds in seconds, anytime of day or night, 365 days per year.

Request-to-Pay (RtP)

RtP allows for a recipient to send an electronic request for payment. The request is received by the payer via e-mail, text message or within a mobile banking or fintech app. Upon receiving the request, the payer can decide to accept the request and confirm the amount to be sent which authorizes the payment, or they can decline it.

⁴¹² Definition from the [Government of Canada](#).

Settlement and exchange transactions (SET)

A SET is an intra-day exchange of fund transactions that deal with the dislocation of settlement funds between the ACSS and Lynx. These transactions are generally done through cheques and account for a significant amount of cheque value in the ACSS.

Stablecoins

Stablecoins are cryptocurrencies whose value is pegged, or tied, to that of another currency, commodity, or financial instrument. Stablecoins aim to provide an alternative to the high volatility of the most popular cryptocurrencies, including Bitcoin (BTC), which has made crypto investments less suitable for common transactions.

Unbanked

Unbanked refers to those who do not have any financial products (i.e., chequing or savings accounts, debit cards or credit cards) associated with a traditional financial institution.

Underbanked

Underbanked refers to those with limited engagement with established financial institutions (i.e., having a chequing or savings account only, or having a chequing or savings account along with either a credit card or debit card, *but not both*).



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