

September 2016

ARE CANADIANS MAKING **EMBARRASSING** FINANCIAL DECISIONS?

Results from a 2016 survey of
2,501 Canadians



LowestRates™

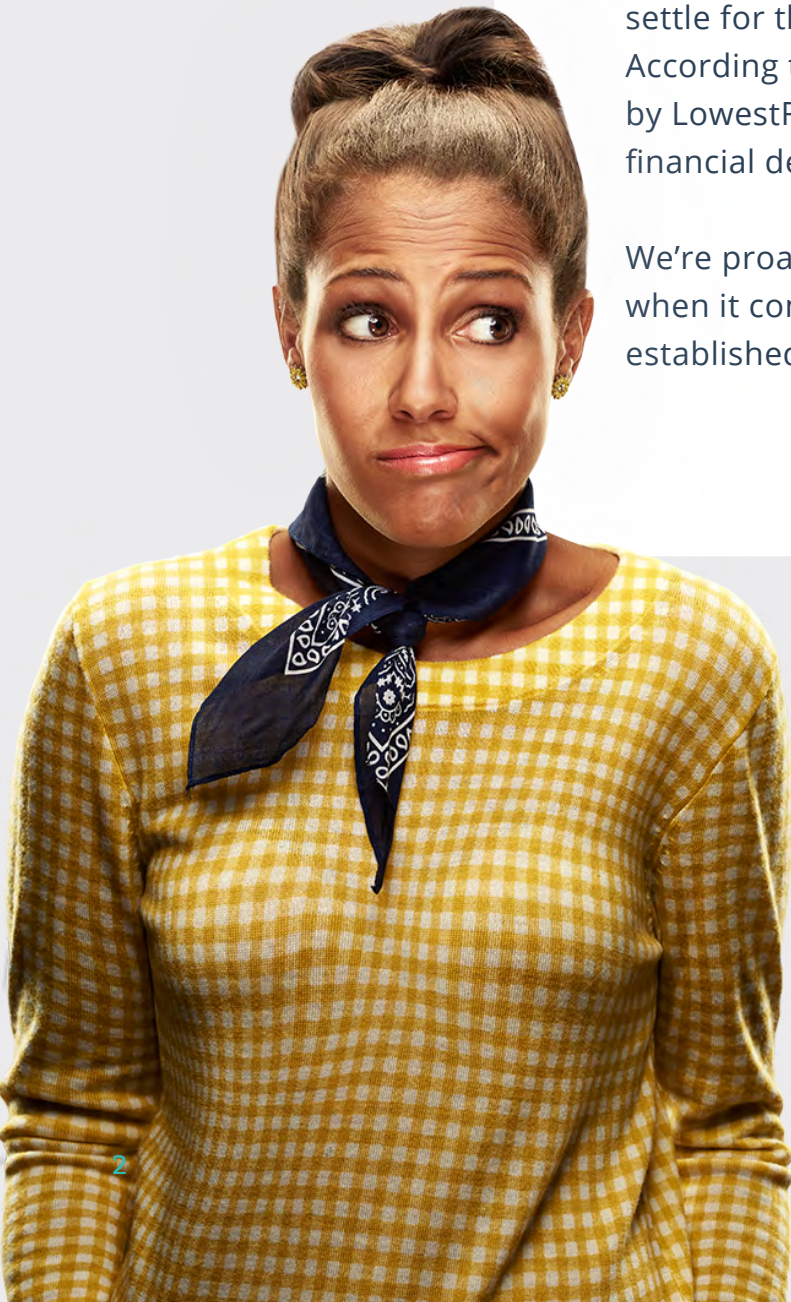


Choice matters. But not where you think.

Canadians love to shop around. We compare brands at the grocery store, find deals online for flights, and even read restaurant reviews before committing our hard-earned dinner dollar.

So why then, when it comes to our biggest financial decisions – like mortgages and insurance – do we settle for the first option presented by our banks? According to a recent Ipsos survey commissioned by LowestRates.ca, Canadians are jumping into big financial decisions too quickly.

We're proactive in many aspects of life, but when it comes to personal finance, we default to established financial institutions out of habit.



SURVEY SHOWS CANADIANS ARE ON **AUTOPILOT.**

LowestRates commissioned an in-depth survey with Ipsos that was conducted between June 30th and July 11th, 2016. The survey was completed by 2,501 Canadians.

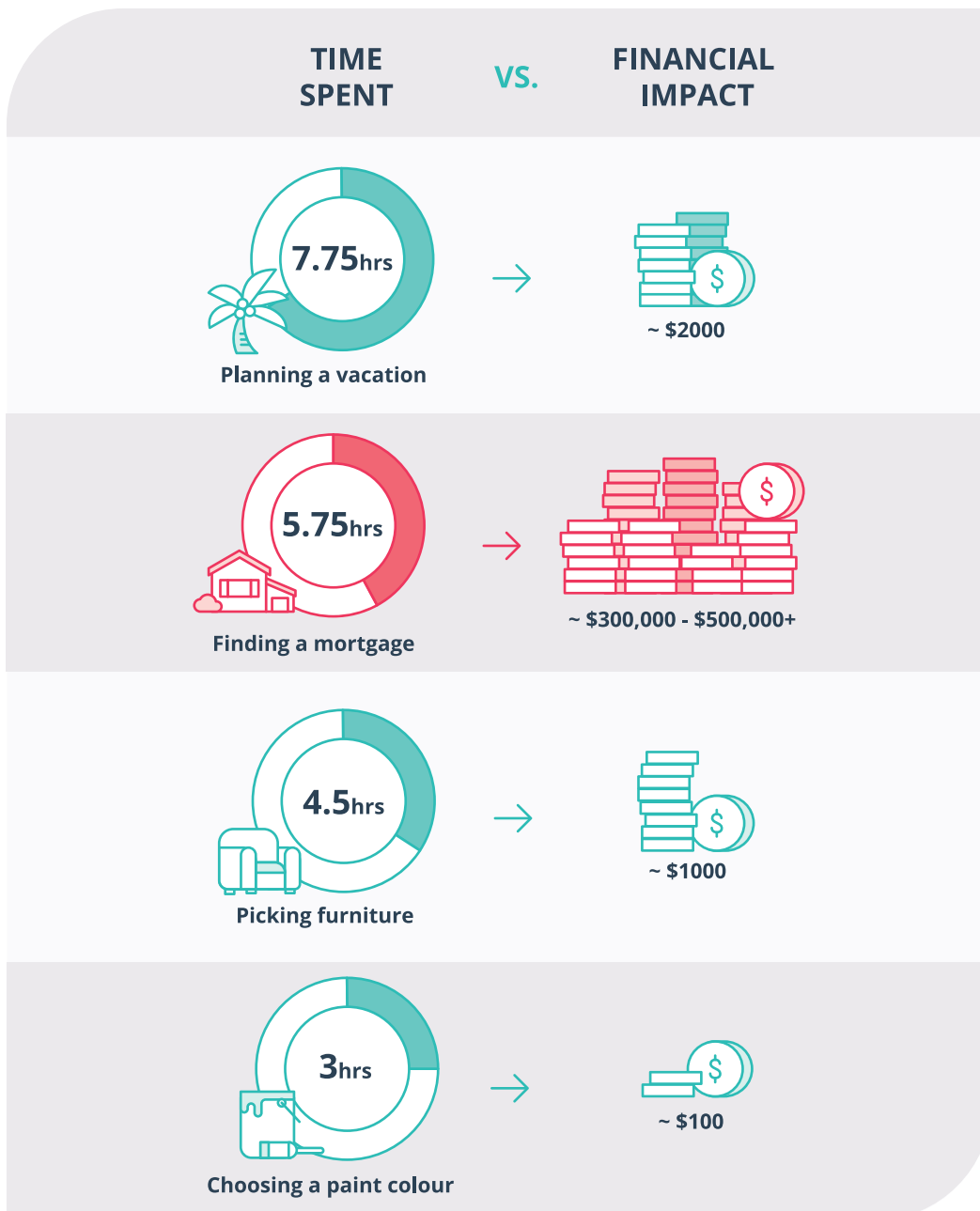
The results confirm that Canadians are not doing their due diligence when it comes to personal finance. While smart financial decision-making is *perceived* to be important, our survey found that respondents are making some pretty embarrassing financial choices.

Let's take a look.



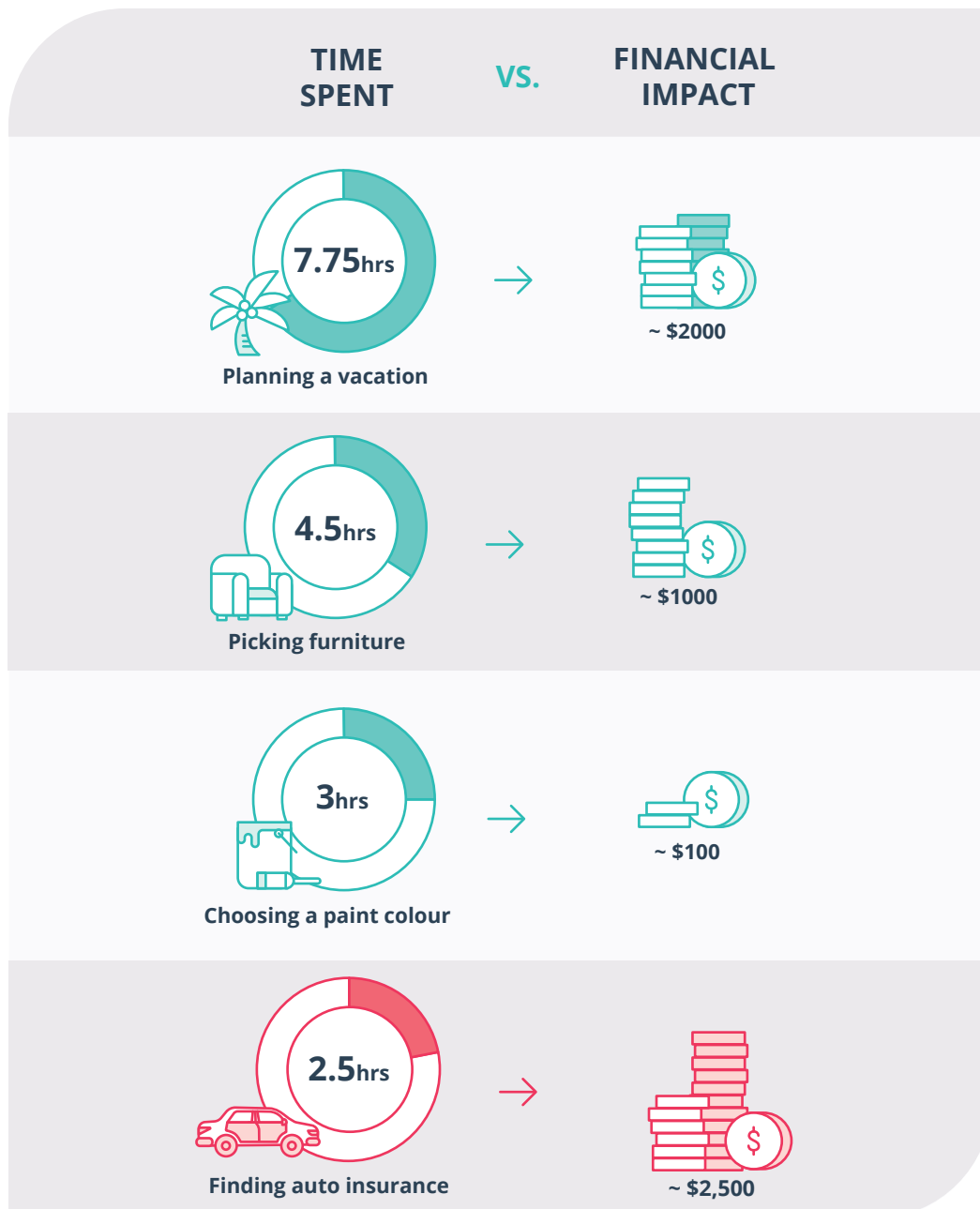
MORTGAGE FINDINGS

67% of Canadian mortgage holders say taking a mortgage is a 'very important' financial decision. But they spend nearly as much time picking a new piece of furniture and significantly more time planning their next vacation.



AUTO INSURANCE FINDINGS

52% of Canadian drivers say auto insurance is a 'very important' financial decision. However, they're spending less time finding the right insurance and more time making other minor decisions, like picking a paint colour.



SUMMARY OF **SURVEY** FINDINGS

Responses from Canadian mortgage holders (32% of respondents)

Decision	Hours spent on decision	% of respondents who view decision as 'very important'
Planning a vacation	7.75	43%
Choosing a mortgage	5.75 hrs	67%
Picking furniture	4.5 hrs	29%
Choosing a paint colour	3 hrs	22%
Deciding on a hair style	1.75 hrs	18%

Responses from Canadian car owners (71% of respondents)

Decision	Hours spent on decision	% of respondents who view decision as 'very important'
Planning a vacation	8 hrs	42%
Picking furniture	4.25 hrs	27%
Choosing a paint colour	2.75 hrs	17%
Finding auto insurance	2.5 hrs	52%
Deciding on a hair style	1.5 hrs	15%

Responses from Canadian credit card holders (78% of respondents)

Decision	Hours spent on decision	% of respondents who view decision as 'very important'
Planning a vacation	7.5 hrs	42%
Picking furniture	4 hrs	27%
Choosing a paint colour	3 hrs	18%
Finding a credit card	2.25 hrs	41%
Deciding on a hair style	1.5 hrs	15%

THE ISSUE: OUR **BLIND LOYALTY** TO THE BIG BANKS

2 in 5 Canadians did not consult any other service than the one that sold them their mortgage

Only **8%** of respondents have used rate comparison sites to source their most recent mortgage, even though **60%** said they'd be likely to use one in the future.

67% of respondents sourced their mortgage through a bank, followed by **22%** through a broker and **13%** through a credit union.



CHOOSING TO **SAVE**

Shopping around for better mortgage rates is an easy way to save big. Even saving 0.5% on a \$400,000 mortgage can mean significant monthly, yearly, and long-term savings. Here's what savvy consumers could buy with their newfound savings:

SAVINGS PER MONTH =

~\$100



Newly painted room

SAVINGS PER YEAR =

~\$1,200



All-inclusive trip to the Dominican Republic

SAVINGS OVER THE
LIFE OF THE MORTGAGE =

~\$30,000



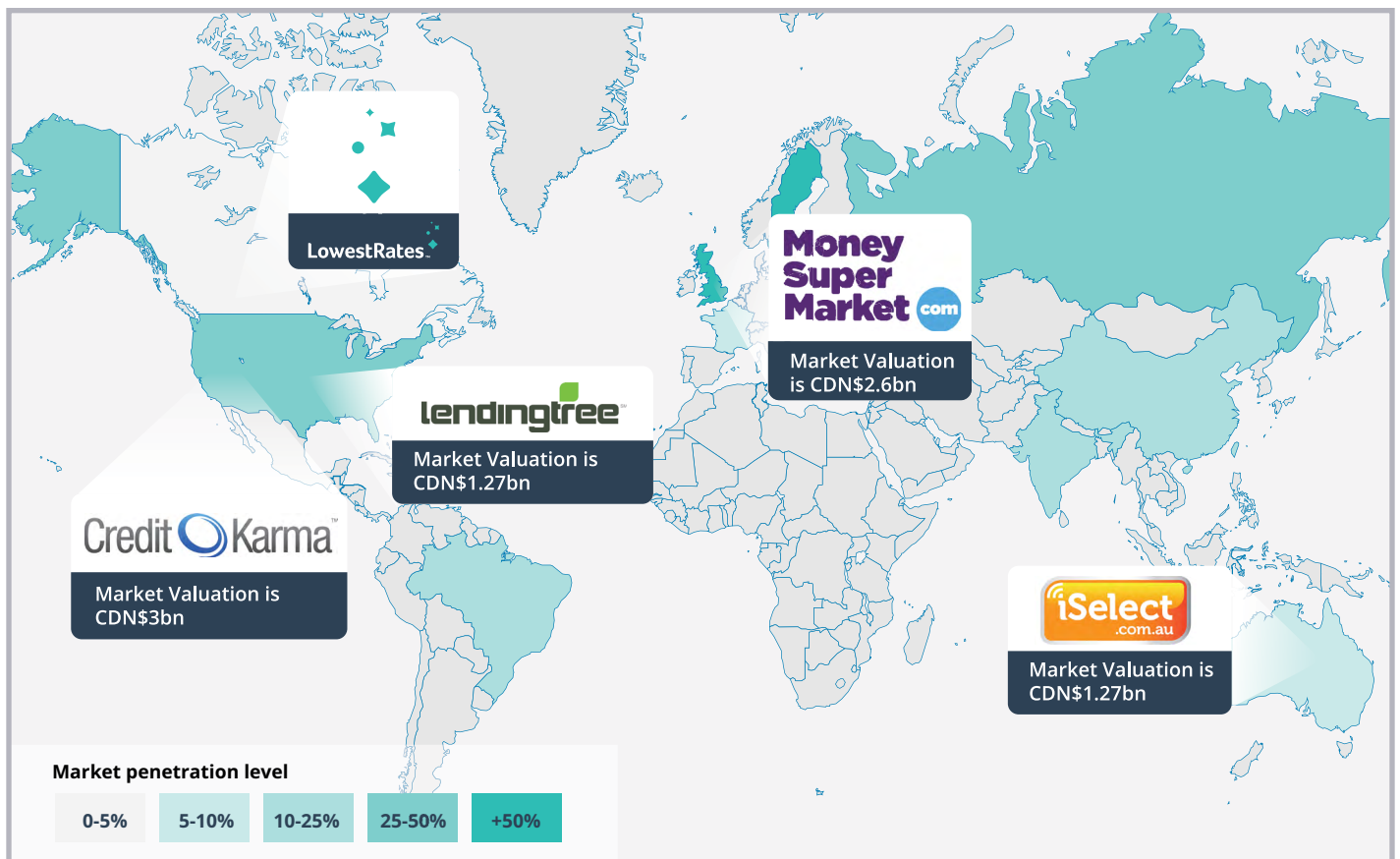
New Toyota Camry



THE GROWING TREND OF RATE COMPARISON

Canadians regularly use rate comparison sites for travel (Expedia.ca, Kayak), hotels (Trivago, Hotels.com), and retail (Amazon.ca, Shop.ca), but using rate comparison sites for personal finance remains rare.

Despite Canada's low adoption rates, financial rate comparison represents mature markets in the UK (MoneySupermarket.com - valued at CDN\$2.6bn), Australia (iSelect.com.au - valued at CDN\$1.27bn), and the US (LendingTree - valued at CDN\$1.27bn; Credit Karma - valued at CDN\$3bn).



FINTECH IN CANADA

FinTech is comprised of many categories, including wealth management, financing, cryptocurrencies, payment technology, budgeting, rate comparison, and more.

In many developed countries, tech-savvy consumers are turning to FinTech platforms in lieu of established financial institutions to meet their personal finance needs.

According to a 2016 Ernst & Young study, Canada ranks last in adoption, with only 8.2% of digitally active consumers having used at least two FinTech products in the past 6 months. Hong Kong was first with an adoption rate of 29.1%, followed by the US (16.5%), Singapore (14.7%), UK (14.3%), and Australia (13%).



WHO IS **COMPARING?**

Despite low FinTech adoption rates, LowestRates.ca has seen 125% user growth in the past year, and nearly 1000% growth since 2013. So who is pushing this uptick?

According to the survey findings, millennials are most comfortable comparing online, with 18% of those aged 18-34 using rate comparison sites to source their mortgage, compared to only 6% between 35-54 and 4% who are 55+. So 3x more millennials compare rates than baby boomers do.

Going Mobile

Here's a look at how LowestRates.ca users have trended towards mobile devices:

2013



2014



2015



2016



THE CHOICE IS **YOURS**

In North America, more than three quarters of consumers use rate comparison sites for flights and hotels, while 70% use rate comparison sites for retail shopping.

Adoption rates in these industries were characterized by strong initial interest from young users, followed by widespread uptake among older demographics.

With personal finance, similar opportunities to save time and money now exist. While Canada has been slow to embrace FinTech platforms, 60% of Canadians report being open to using personal finance rate comparison sites. Moreover, the early traction on [LowestRates.ca](#) has mirrored the industries above: initially dominated by younger, tech-savvy consumers.

If international examples and consumers' reported willingness to compare are any indication, the future of personal finance will be driven not by habit, but by choice.

