



Direct Deposit 2020 Pandemic Survey

Summary

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Ce rapport est aussi disponible en français

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EXECUTIVE SUMMARY

A. BACKGROUND AND OBJECTIVES

Through the Direct Deposit Initiative Public Services and Procurement Canada (PSPC) has been working to reduce the use of printed cheques in favour of direct deposit, saving over \$17 million annually. Since 2011-2012, there has been an increase in from 74% to 91% in 2019-2020. Nonetheless, this still results in 30 million cheques printed, mailed and redeemed by individuals, businesses, federal employees, and federal government pensioners. The emergency payments being issued to vulnerable Canadians during the COVID-19 pandemic, are resulting in a significant increase in payments the current 2020-21 fiscal year. Initial estimates suggested that as many as 100 million additional payments could be issued in the current fiscal year, of which approximately a third could potentially be issued by cheque.

Surveys of Canadians receiving payments from the federal government were previously conducted in 2013 and 2016 to better understand what Canadians understood about the important change in moving from cheques to direct deposit for Government of Canada payments, their motives for not enrolling, and the barriers to enrolment. As direct deposit rates increase, the remaining cheque recipients have become harder to engage therefore the motives for not enrolling must be more clearly understood. The current round of public opinion research is key in obtaining information to evaluate the effectiveness of the Receiver General's approach to increasing the conversion from cheques to direct deposit, specifically as it relates to recipients of the Canada Emergency Response Benefit (CERB) and the Canada Emergency Student Benefit (CESB) as well as other various benefits and payments issued throughout the COVID-19 pandemic. This research will also:

- help the Government of Canada in developing and distributing targeted messaging to Canadians from various and specific demographic groups who continue to receive a large number of cheques, by understanding
 - o barriers and motivation for enrollment;
 - o most effective communications, promotional and outreach tactics/channels;
- provide insight on the best distribution methods to promote direct deposit to priority audiences (e.g., websites and other digital printed materials, radio or television, and through various partnered organizations such as financial institutions and other government departments).
- be shared with PSPC partners and stakeholders such as other government departments, financial institutions, national associations and front line service providers who can have a

direct influence on Canadians not yet enrolled in direct deposit to sign up and take advantage of its convenience, reliability and security.

B. METHODOLOGY

Survey

The survey is comprised of 3,080 completed cases of Canadians, 18 years of age and older who have received at least one payment from the Government of Canada since March 2020. This includes 883 who received at least one payment by cheque (427 who receive payments only by cheque and 456 who have received payments through a combination of cheque and direct deposit), which is the primary target group for the survey. It also includes 486 who have registered for direct deposit in the recent past (294 since March 2020 and 192 in the preceding 12 months or so); the secondary target group for the survey.

The survey sample was randomly selected from the *Probit* panel, which is assembled using a random digit dial (RDD) process for sampling from a blended land-line cell-phone frame, which provides full coverage of Canadians with telephone access. The distribution of the recruitment process is meant to mirror the actual population in Canada (as defined by Statistics Canada). As such, our more than 80,000 active member panels can be considered representative of the general public in Canada (meaning that the incidence of a given target population within our panel very closely resembles the public at large) and margins of error can be applied. Ten percent of the sample was collected with cell phone only sample. Roughly 40% were collected by trained, bilingual interviewers, while the majority were collected through online self-administration.

The interview length averaged 12 minutes online and 16 minutes by telephone, and was collected between June 22 – July 20, 2020, following extensive testing online and by telephone, in both languages. The rate of participation was 12% (28% online and 7% by telephone; 21% using the panel and 6% using RDD). Details on the rate of participation and sample characteristics can be found in Appendix A and the questionnaire is provided in Appendix B.

This randomly recruited probability sample carries with it a margin of error of +/-1.8%. The margin of error for each of the target groups is between 3.3% and 4.5%. Results are weighted to population proportions for region, age, gender, and education. Since efforts were made to include a minimum number of cases in the two target groups, the weight also includes the proportion of cases collected in the two target groups (i.e., those who are receiving payments by cheque or have recently enrolled in direct deposit), prior to any oversampling in order to restore the natural representation of these cases in the overall sample.

Interviews

Survey respondents who identified that they receive payments only by cheque, or who enrolled in direct deposit since March 2020 (following the start of the pandemic in Canada), were asked about willingness to participate in a follow-up interview, conducted by phone to further discuss their experiences and motives. A total of 21 interviews were conducted, each lasting roughly 15 to 20 minutes. Twelve were conducted with those receiving cheques only (of which 4 are under 25 years of age). The other 9 had recently enrolled in the program and could provide information about the trigger for their enrollment, as well as describe their experiences with the process. Interview participants were provided with a \$40 incentive for their time.

Results of the interviews are described in shaded text, along with anonymized, illustrative quotes. It should be noted that the results of the interviews are meant to be qualitative and directional in nature. These results should not be used to estimate a numeric proportions or number of individuals in the population who hold a particular opinion as they are not statistically projectable. That is, results should not be assumed to be representative of the experiences of the wider population of people receiving payments by cheque or who have recently enrolled. It is meant to simply add some illustrative experiences and perspectives. For this reason, terms such as “a few”, “some” and “most” are used to broadly indicate views, rather than using specific percentages.

C. KEY FINDINGS

Payments Received by Government of Canada

One in three respondents in the sample receive regular or pandemic top-ups in GST/HST credits and the same proportion receive CPP/OAS. About 1 in 5 are receiving some form of Canada Emergency Benefit (CEB) (23%) and 20% are receiving CCB or other child-related benefit. Naturally there is some overlap across these groups, particularly among those receiving CEB and GST/HST, as well as, to a lesser extent, CCB. About 4 in 10 survey respondents only received a tax refund since the start of the pandemic period in March 2020.

Although 88% receive payments from the Government of Canada through direct deposit, 7% rely on cheque payments and 5% use a combination of both cheques and direct deposit to receive their payments. Receipt of only cheques is more common among those receiving only 1 or 2 payments annually (e.g., income tax refund). Nearly all interview participants were aware that they could receive payments from the Government of Canada by direct deposit.

Motivation for Receiving Cheques

Among survey respondents who receive payments by cheque, over one-quarter do so simply because they have not had time to enroll in direct deposit, or because they prefer receiving a cheque for at least some payments (i.e., from some departments). Another 1 in 5 prefer not to provide banking information to the Government or are concerned about privacy or mishandling of personal information. Similarly, 1 in 5 do not believe it is worth it for just one or two payments per year. A few interview participants also said they have simply not gotten around to signing up for direct deposit. Some, however, described their preference for receiving cheques to maintain control, both in terms of awareness of the timing of deposits and to remain their preferred banking procedures.

Three in ten of those who receive both cheques and direct deposit simply have not signed up with each of the different departments issuing payments. One in ten signed up for direct deposit after already receiving other payments by cheque. Comfort or habit is a key driver for one in four of those receiving cheques. One in five want the opportunity to review their cheque before they deposit it, prefer to have control over the timing and location of the deposit.

Enrollment in Direct Deposit

Among survey respondents who are currently enrolled in direct deposit, 7% have enrolled since the start of the pandemic in March 2020. For interview participants, the impetus for enrolling was to prepare for an event, such as pandemic-related payments to avoid delays with Canada Post, enrollment online when applying for CERB, or that it was deemed generally “safer” not to go into a bank for the deposit.

Among those who have recently enrolled in direct deposit pre-pandemic (2019 to February 2020), the two in three enrolled directly with the Government of Canada, while over one in five enrolled through their bank. A further 7% used both approaches to sign up for payments with different departments. Satisfaction with the enrollment process is high at 92%; significantly higher than the 84% found in 2016. This was also reflected in the experience of those recently enrolled in follow-up interviews, although a few participants spoke of technical problems during enrollment.

Perceptions about Direct Deposit and Enrollment Process

The enrollment process is not seen as particularly time consuming or difficult, even among those who currently receive cheques. Among those receiving payments only by cheque, half indicated a willingness to use direct deposit and another one in five are somewhat willing to enrol. Nonetheless, nearly one in three of those who receive only cheques are not willing to use direct deposit (nor are pre-paid cards a desirable replacement). Many again cited privacy, security and control as the key barriers, along with a general preference for the comfort of a long-standing habit of using cheques and in-person banking. A few interview participants were similarly adamant about their intention not to enroll in direct deposit, irrespective of any assurances made by the Government of Canada or any options for assistance in the enrollment process.

Openness to direct deposit is naturally much higher among those currently receiving payments using both methods. Among those willing to enrol, online enrollment, through the Government of Canada or a financial institution, is the most popular method according to 6 in 10, even among those currently receiving only cheques. This is particularly the case among younger Canadians. Many interview participants, particularly younger participants, observed that deposits occur much more quickly through direct deposit. A few also believe it is more a reliable, and environmentally friendly than receiving payments through the mail.

Banking and Government

On par with 2016, 7 in 10 Canadians normally conduct their banking transactions using an online banking portal. Even among those receiving payments only by cheque 6 in 10 typically do their banking online. Close to half use a mobile banking application, which has increased since 2016. Two in five conduct banking transactions through an ATM. Down from 2016, 1 in 4 typically do their banking through a teller. Those receiving payments by cheque are more likely to use an ATM or a bank teller.

Confidence in the Government of Canada's ability to protect personal information is higher among those receiving payments through direct deposit, compared with those receiving cheques, where 1 in 3 indicated limited trust: an increase from 1 in 4 in 2016.

Fewer than one in five of Canadians receiving payments from the Government have changed the banking information on file with the GC. Of those who changed their banking information, nearly two in three did this online, such as through their CRA My Account or My Service Canada Account.

Targeting Communications

Nearly half of Canadians receiving payments by cheque have seen, read or heard about signing up for direct deposit to receive payments. Over half of these noticed an insert with their cheque payment promoting direct deposit. Just over 1 in 4 noticed information on a Government of Canada website, although this is much higher among those receiving payments through direct deposit. It is not surprising therefore that the largest proportion of those currently receiving payments by cheque (half) still believe that the insert is the best source of advertisement and information about the program. Highlighting the value of financial partners, nearly half of those receiving cheques feel that it would be best to hear about direct deposit through a financial partner (the bank or financial advisor). Similarly, among Canadians receiving payments only by cheque, about 1 in 3 believe that if they heard about the benefits signing up for direct deposit from a bank employee, financial advisor or someone else they go to for financial advice or information, they would be likely to investigate signing up. On the other hand, 4 in 10 said this influence would not change their decision.

One-quarter of survey respondents said the most compelling message to persuade them to enroll in direct deposit is that they would receive payments faster, followed by the element of convenience and not having to go to the bank. The message of direct deposit as “greener” and reduces stress on the environment is a third significant motivator in terms of messaging. More generally, and not tied to the concept of direct deposit, security and avoiding unnecessary risk were flagged as a key driver in decision-making by 6 in 10. Nearly half also pointed to efficiency, and time savings or not wasting time, although this is a more prevalent driver for those already enrolled in direct deposit, compared with those receiving cheques. Maintaining control is a much bigger driver of decisions among those currently receiving payments through cheques. Convenience is a factor for about 1 in 3, although generally less prominent in decision-making than the other factors. Nonetheless, efficiency and convenience is also powerful combination for large proportions of Canadians.

D. NOTE TO READERS

Detailed findings are presented in the sections that follow. Overall results are presented in the main portion of the narrative and are typically supported by graphic or tabular presentation of results. Bulleted text is also used to point out any statistically and substantively significant differences between sub-groups of respondents. If differences are not noted in the report, it can be assumed that they are either not statistically significant¹ in their variation from the overall result or that the difference was deemed to be substantively too small to be noteworthy. The

¹ Chi-square and standard t-tests were applied as applicable. Differences noted were significant at the 95% level.

programmed survey instrument can be found in Appendix A. Details of the methodology and sample characteristics can be found in Appendix B.

Results for the proportion of respondents in the sample who either said “don’t know” or did not provide a response may not be indicated in the graphic representation of the results in all cases, particularly where they are not sizable (e.g., 10% or less). Results may also not total to 100% due to rounding.

E. CONTRACT VALUE

The contract value for the POR project is \$146, 376.70 (including HST).

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To obtain more information on this study, please e-mail

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F. POLITICAL NEUTRALITY CERTIFICATION

I hereby certify as Senior Officer of EKOS Research Associates Inc. that the deliverables fully comply with the Government of Canada political neutrality requirements outlined in the Communications Policy of the Government of Canada and Procedures for Planning and Contracting Public Opinion Research. Specifically, the deliverables do not include information on electoral voting intentions, political party preferences, standings with the electorate, or ratings of the performance of a political party or its leaders.

Signed by:



Susan Galley (Vice President)