

# IGNITING A CONVERSATION ON JUNK FEES IN CANADA

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**7Wise**

# JUNK FEES IN CANADA



Following in the footsteps of the U.S.' 'junk fees' initiative, the Canadian government started a 'junk fees' campaign as part of its 2023 Federal Budget. Created in response to the ongoing affordability and cost-of-living crisis, the proposed policy changes aim to eliminate non-transparent charges in consumer and financial transactions. It is critical for businesses to disclose all pricing clearly so that Canadians can plan their financial spends accordingly.

However, the dialogue around this initiative hasn't been prominent in Canada thus far and the handful of actions outlined in Budget 2023 fail to capture the broad swath of junk fees that impact Canadians. For example, financial services is one area where hidden fees are common -- especially across international payments and remittances.

**At Wise, we're on a mission to facilitate international transactions with no hidden fees. Meaningful change must start with conversation.**

## Let's talk about junk fees.

Whether sending money to friends and family abroad, operating a small business internationally, or vacationing outside the country, cross-border financial services are notoriously opaque and expensive for Canadians. In fact, a recent consumer survey conducted by Payments Canada found that extra (or hidden) fees present the most significant pain point for sending money abroad.

However, there is still limited research into how Canadian consumers perceive junk fees and how they are affected by them in the long-term. When looking at this bigger picture, it's evident that financial transactions — especially cross-border financial services — are largely missing from current conversations.

The goal of this report, commissioned by Wise, is to ignite important conversations among policymakers in order to lead to consumer-centric policies that ensure Canadians benefit from more transparent and affordable financial services. With more Canadians sending money cross-border than ever before, it's essential that these types of payments are front and center in the conversation on junk fees.

## What's covered in this report?

This report uncovers initial findings on Canadians knowledge of, and sentiment around, junk fees in Canada.

Wise surveyed 2,500 Canadians nationwide to understand:

- General awareness and perception of junk fees
- The emotional and financial impact of junk fees on Canadians
- How junk fees are affecting purchase behaviour and brand trust

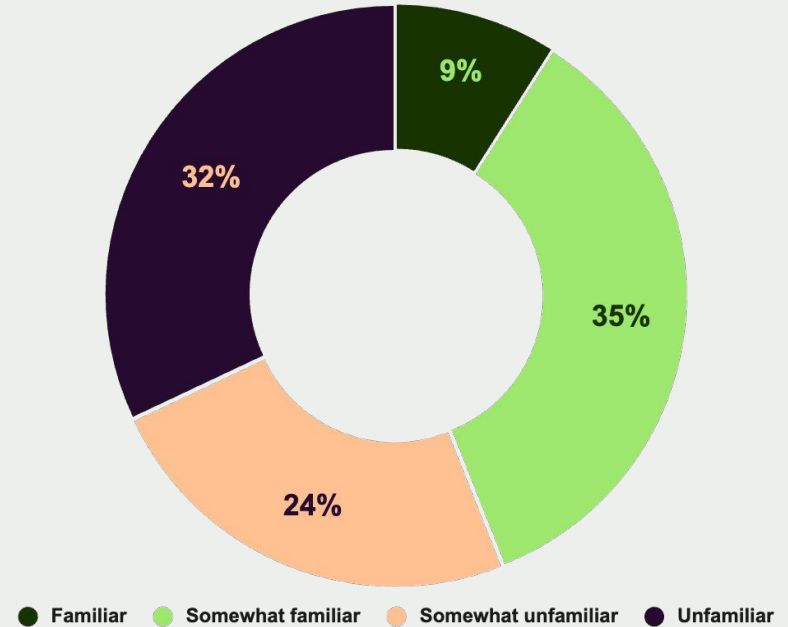


# **CANADIAN PERSPECTIVES ON JUNK FEES**

## There is some familiarity with what junk fees are, but it's limited.

When provided with the definition, nearly half of Canadians (44%) are at least somewhat familiar with junk fees.

Significantly, a majority of Canadians (69%) consider a fee that is hidden in a financial transaction, like an international money transfer, to be a junk fee.





## The definition of junk fees should include what Canadians *already* consider to be a junk fee.

When we see that half of Canadians (51%) have sent money abroad to family, friends, a business or themselves in the past 12 months, it's evident that this category of financial transactions warrants more attention from policymakers and regulators.

To ignite effective change, the definition of junk fees must be expanded to include hidden fees in financial transactions.



**Junk fees negatively impact a majority of Canadians in their day-to-day lives.**



**60%**

Responded that their financial situations have been negatively affected because of junk fees.



**86%**

Shared that junk fees impact how they select which services to use or what companies to purchase from.



**57%**

Stated that the quality of their emotional well-being is adversely influenced by junk fees.



## The results are in: Canadians demand more transparency from their financial institutions.

An overwhelming majority of Canadians (96%) would expect to see all fees transparently before sending money internationally.

With a rise in the cost of living and economic challenges that remain on the horizon, Canadians are struggling with their finances and deserve to have a clear understanding of where their money is going.

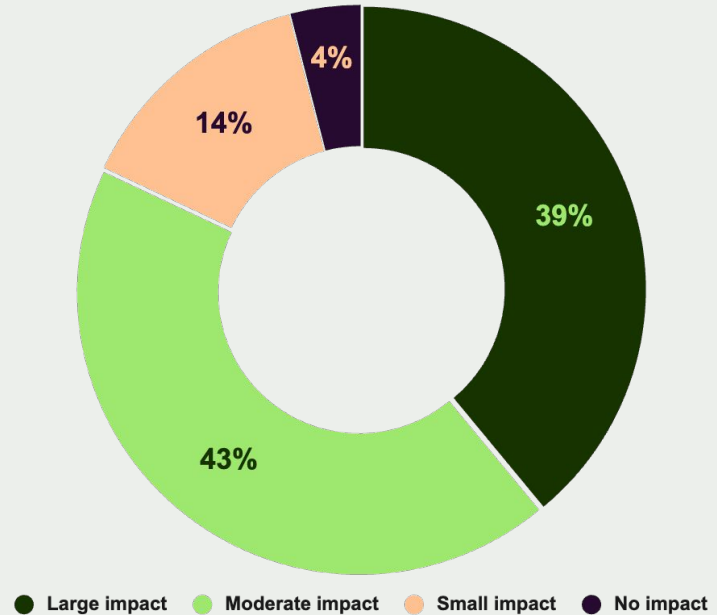
**96%**

**Of Canadians would expect to see all fees transparently before sending money internationally.**

## Canadians need more transparency when it comes to fees on international money transfers.

A majority (81%) of Canadians agree that an unexpected fee incurred by either themselves or their recipient (or both) when sending money abroad would have a moderate (42%) to large (39%) negative impact.

When we consider the large number of Canadians that are sending money abroad, we should pay attention to these adverse experiences.



**JUNK FEES ARE NOT ONLY  
HARMING CANADIANS'  
WALLETS BUT ALSO  
CHANGING CONSUMER  
BEHAVIOUR**

## Hidden fees are eroding consumer trust.

The costs and impact of junk fees are adding up, and as a result, a large majority of Canadians (75%) report that **their trust in financial institutions has been affected.**



# 75%

Of Canadians report that their trust in financial institutions has been affected.

## Consumer habits are changing because of junk fees.

### Canadians are hesitating on large purchases.

With high prices and small budgets, Canadians don't take kindly to additional hidden fees driving costs up. **Over half (51%) of Canadians say they're less likely to make major purchases because of junk fees.**

### Canadians are struggling to budget.

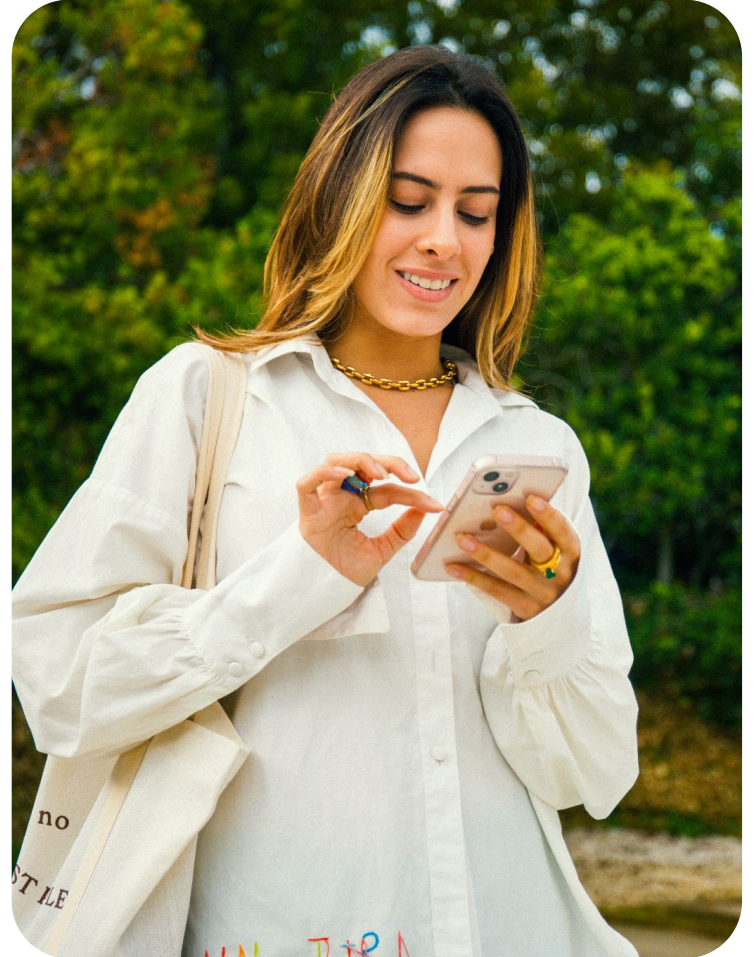
As if saving for your first home isn't difficult enough, it's only getting harder. **Over half (54%) of Canadians stated that junk fees are affecting their budgets** to such an extent that they find it difficult to plan for large purchases, like a home or car.

### Canadians are choosing not to travel.

**Nearly half (48%) of Canadians say junk fees have made them less likely to travel.** In an increasingly connected world and global economy, it is unfortunate that Canadians are shying away from the positive and meaningful experiences afforded by travel.

## Junk fees are influencing consumer choice.

Almost three-quarters (74%) of Canadians said **they have changed or will change what companies they use for some services** due to their experience with junk fees.



**WHAT DOES  
THIS MEAN FOR  
POLICYMAKERS?**



# 1

**Canadians expect transparency and need to see more tangible actions to address junk fees.**

# 2

**Change must happen to protect the wallets of Canadians and to strengthen their trust in financial institutions.**

**IN FACT, 79% OF  
CANADIANS  
WANT  
POLICYMAKERS  
TO MAKE JUNK  
FEES A PRIORITY.**

## So, what does this mean for policymakers?

As a start, it's essential that policymakers look more closely at hidden fees in financial services — including international payments. Canadians have made it clear: hidden fees, including buried exchange rate markups in international money transfers or remittances, are a junk fee. As policymakers and regulators consider initiatives to address these concealed costs, this type of junk fee must be included in the discussion.

The research makes it evident — alleviating this financial burden is a priority area for Canadians. They feel a serious impact when it comes to junk fees in everyday payments.

At Wise, we know that more can be done.



**THANK YOU**

# APPENDIX

## Research Methodology [slides 6-17]

This survey was fielded between October 4 and October 8, 2024 with a total of 2,562 Canadian respondents between the ages of 18 to 60 years.

The survey was conducted by Dynata, and commissioned by Wise, and data was weighted to ensure a nationally representative sample of the Canadian population.

Results from the full survey have a margin of error of plus or minus 2 percentage points. Percentages in this report may not add up to 100% due to rounding.

