

# Payments Snapshot in Canada - Coronavirus (COVID-19) Sector Impact

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## Abstracts

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### SUMMARY

The Coronavirus (SARS-CoV-2) outbreak, dubbed COVID-19, is first and foremost a human tragedy affecting millions of people globally. The contagious Coronavirus, which broke out at the close of 2019, has led to a medical emergency across the world, with the World Health Organization officially declaring it a pandemic on March 11, 2020. Canada has so far recorded total confirmed cases of 113,777 - much lower compared to other developed markets such as the US, the UK, France, Italy, and Germany. To date, fiscal and monetary measures worth around \$192.34bn (11.08% of GDP) have been announced by the government. As part of its COVID-19 Economic Response Plan, on March 18 the Canadian government unveiled an economic stimulus package of C\$82bn (\$63.26bn). This included C\$27bn (\$20.83bn) in direct assistance to individuals and businesses affected by the outbreak and C\$55bn (\$42.43bn) in tax deferrals. The government allocated an additional C\$10bn (\$7.71bn) to offer loans, with a focus on SMEs.

This report focuses on the impact of the coronavirus outbreak on both the economy and the cards and payments industry in Canada. Based on our proprietary datasets, the snapshot provides a detailed comparison between pre-COVID-19 forecasts and revised forecasts of total payment card, debit card, and credit and charge card transactions by value and volume. It also offers information on measures taken by the government to combat coronavirus.

### SCOPE

Coronavirus has had a profound effect on Canada's tourism industry - a C\$102bn (\$78.69bn) industry with nearly 1.8 million jobs dependent on economic activity generated by travel and tourism. According to Statistics Canada there were 571,000 tourist arrivals from China in 2019; according to the Tourism Ministry, Chinese tourists spend around C\$2bn (\$1.54bn) annually in Canada. This figure will be significantly reduced this year due to China serving as the epicenter of the outbreak.

However, the gradual resumption of domestic travel in some provinces will provide a much-needed push to the country's travel industry. From July 3 interprovincial travel within Nova Scotia, New Brunswick, Newfoundland & Labrador, and Prince Edward Island was permitted. These developments will help revive the tourism sector, and increasing consumer spending will benefit the payment card market.

Additionally, when shopping in-store consumers will shift from cash payments to digital payments, particularly mobile wallets, to avoid exposure to potential disease vectors such as cash and POS terminals. As a result, the use of mobile phones for payments is expected to grow. Mobile wallets such as Google Pay, Apple Pay, and RBC Wallet are likely to do well going forward as a result of this outbreak.

## **REASONS TO BUY**

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## About

The Coronavirus (SARS-CoV-2) outbreak, dubbed COVID-19, is first and foremost a human tragedy, affecting millions of people globally. The contagious Coronavirus, which broke out at the close of 2019, has led to a medical emergency across the world, with the World Health Organization officially declaring the novel Coronavirus a pandemic on March 11, 2020. The virus has spread to 187 countries/regions with nearly 2.5 million confirmed cases, with its spread outpacing other major infectious outbreaks from the past.

As part of its COVID-19 Economic Response Plan, on March 18 the Canadian government unveiled an economic stimulus package of C\$82bn (\$63.26bn). This included C\$27bn (\$20.83bn) in direct assistance to individuals and businesses affected by the outbreak and C\$55bn (\$42.43bn) in tax deferrals.

In an attempt to avoid contraction in the overall economy, on March 27 the Bank of Canada cut the overnight rate by 50 basis points to 0.25%. The overnight rate has been maintained at 0.25% since then.

GlobalData's latest report on Payments Snapshot in Canada: Coronavirus (COVID-19) Sector Impact, focuses on the impact of the Coronavirus outbreak on both the economy and the cards and payments industry in Canada. Based on our proprietary datasets, the snapshot provides a detailed comparison between pre-COVID-19 forecasts and revised forecasts of total payment card, debit card, and credit and charge card transactions by value and volume. It also offers information on measures taken by the government to combat Coronavirus.

Coronavirus has had a profound effect on Canada's tourism industry - a C\$102bn (\$78.69bn) industry with nearly 1.8 million jobs dependent on economic activity generated by travel and tourism. According to the Tourism Ministry, Chinese tourists spend around C\$2bn (\$1.54bn) annually in Canada.

While cash payments will decline, rises in contactless and online payments are expected in Canada. Usage of contactless cards will grow aided by the increase in the contactless payment limit. Meanwhile, online purchases are likely to see a surge, benefiting online payment solutions such as PayPal, Interac Online, and Visa Checkout. Retail customers and small businesses are more vulnerable to disruption caused by the outbreak. Banks could see a rise in the delinquency rate, resulting in higher non-

performing assets.

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