

Retail Banking Overview - UK - November 2010

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What is this report about?

This report focuses on consumers' views of the retail banking market, and highlights the role that the current account plays in people's financial life. The importance of cross-selling is confirmed, and the opportunities for expanding these sales are assessed. Drawing on exclusive consumer research, as well as findings from other Mintel reports, attitudes towards service standards, technology and loyalty are also considered. This consumer-focused approach is supplemented by data on the size of the key segments of the retail banking market.

What have we found out?

- Banks can compensate for lost revenue in the loans market by boosting their general insurance sales. Currently, general insurance is one of the least cross-sold products in the retail banking market, but hardening premiums means that many will be looking for new quotes at renewal time. Banks are well-placed to capitalise on this business.
- Older customers hold a higher-than-average number of products with banks other than their current account provider. This presents a threat to incumbents, giving rival banks the chance to leverage their relationship with this customers to hijack the status of 'main financial services provider'.
- The most valuable customers - those who own the most products with their current account providers - are the most likely to be thinking of switching, even though they tend to be happy with the service they're getting. Even a relatively minor financial reward for multiple product holdings could make a difference here.
- Londoners and the better-off are also more likely to be thinking of switching accounts. Metro Bank's capital-centric approach to retail banking could, over time, enable them to carve out a profitable niche.
- People differentiate between 'banks' and 'my bank'. They're far more negative about the industry as a whole than they are about their own provider.
- People with multiple product holdings are particularly likely to appreciate good service. These valuable customers will respond well to banks who can offering them some of the trappings of premium banking services - a named contact at the local branch, for example.

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