

Consumer Attitudes towards Challenger Brands - UK - October 2016

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“Consumer expectations of financial services providers are growing, giving challengers an opportunity to meet people’s needs where the more traditional providers cannot. However, increasing awareness levels and highlighting their differences will be key to consumer consideration of challengers. They will also need to prove they can get the basics right in order to build trust.”
 – **Jessica Galletley, Financial Services Analyst**

This report looks at the following areas:

- **Savings products offer challengers an opportunity to get a foothold in the market**
- **Challengers will need to prove they can get the basics right**
- **Financially-experienced are a prime target for non-traditional challengers**

New regulation is supporting the entrance of challenger brands into the retail banking market. The Financial Conduct Authority (FCA) and Competition and Markets Authority (CMA) are working to make it easier for new brands to launch and, on the consumer side, they are implementing initiatives that will make it easier for consumers to compare a wider range of products. The hope is that this will help people understand if they would be better off switching, and to erode the inertia that has always limited the scope for new entrants to gain market share.

However, despite these efforts, consumers still strongly favour the traditional high street giants. People have a greater level of trust in the more established brands, while a lack of awareness of smaller challengers, and underlying concerns about their financial and operational stability also hinders switching to alternatives. More importantly, though, a generally high level of satisfaction with their main current account provider means they lack the incentive to switch. So much of the narrative around the current account market centres around the idea that everyone would switch banks, if only the process was easier. The truth is, though, that Mintel’s research consistently shows that a high proportion of the incumbents’ customers are actually pretty happy with their bank.

This Report examines consumer awareness and use of challenger brands in the UK retail banking market. It looks at consumers’ consideration of challenger brands for different financial services products, and the concerns they have about using banks that are new to the market. It also explores the most important qualities that people look for in a current account provider, and what opportunities this presents for new brands entering the market.

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This report is part of a series of reports, produced to provide you with a more holistic view of this market

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Table of Contents

Overview

What you need to know

Report definition

Executive Summary

The market

Current Account Switch Service

Figure 1: Number of switches per month since launch of CASS, September 2013-September 2016

CMA Market Study and Reforms

FCA supports alternative finance market

Payments innovation poses a threat to traditional model

Companies and brands

Incumbent providers still dominate the market

Figure 2: Current account providers, by share of main and other current account market, July 2016

CASS has led to net losses for most challengers

Figure 3: Net gains of full account switches completed using CASS between Q4 2014 and Q4 2015

Full-service traditional challengers: How do they differ to the big banks?

Retailers in unique position to attract new financial services customers

The consumer

High-street challengers top list of awareness

Figure 4: Awareness of challenger brands, August 2016

One in ten has heard of a digital-only bank

Figure 5: Awareness of digital banks, August 2016

People more likely to consider a new bank for savings

Figure 6: Likelihood to consider a new bank for different financial services products, August 2016

Customer service is a priority when choosing a provider

Figure 7: Most important qualities when choosing a provider – 'Any selected', August 2016

People want a bank that's on their side

Figure 8: Interest in different banking services, August 2016

New banks must prove their ability to get the basics right

Figure 9: Concerns about arranging products with a bank that is relatively new in the market, August 2016

What we think

Issues and Insights

Savings products offer challengers an opportunity to get a foothold in the market

The facts

The implications

Challengers will need to prove they can get the basics right

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The facts

The implications

Financially-experienced are a prime target for non-traditional challengers

The facts

The implications

The Market – What You Need to Know

Growing population increases opportunity for challengers

Current Account Switch Service

CMA Market Study and Reforms

FCA supports alternative finance market

Payments innovation poses a threat to traditional model

Market Drivers

Growing population increases opportunity for challengers

Figure 10: Estimated number of current accounts, 2014-16

Challengers embrace fintech to drive competition

Regulatory support for challenger brands

Current Account Switch Service

Figure 11: Number of switches per month since launch of CASS, September 2013-September 2016

Project Innovate

CMA Market Study and Reforms

Open Banking has the greatest potential for disruption

FCA supports alternative finance market

Payments innovation poses a threat to traditional model

PSD2 will accelerate innovation in the payments market

Companies and Brands – What You Need to Know

Incumbent providers retain dominant share of the market

CASS has led to net losses for most challengers

Full-service traditional challengers: How do they differ to the big banks?

Retailers in unique position to attract new financial services customers

Market Share

Incumbent providers retain dominant share of the market...

...and even the challengers still follow a traditional banking model

Figure 12: Current account providers, by share of main and other current account market, July 2016

CASS has led to net losses for most challengers

Figure 13: Net gains of full account switches completed using CASS between Q4 2014 and Q4 2015

Competitive Strategies

Full-service traditional challengers: How do they differ to the big banks?

TSB

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Metro Bank

Retailers in unique position to attract new financial services customers

Tesco Bank

M&S Bank

John Lewis/Waitrose Partnership

Digital-only banks focus on personal financial management

Starling Bank wants informed customers

Atom Bank focusses on complete personalisation

Monzo targets budget-focussed students

The Consumer – What You Need to Know

High-street challengers top list of awareness

People more likely to consider a new bank for savings

Customer service is a priority when choosing a provider

People want a bank that's on their side

New banks must prove their ability to get the basics right

Awareness of Challenger Brands

High-street challengers top list of awareness

Figure 14: Awareness of challenger brands, August 2016

TSB tops list of awareness

Awareness lacking among younger consumers

Figure 15: Repertoire of challenger brand awareness, by age, August 2016

Use of Challenger Brands

Larger, established challengers top the list for usage

Figure 16: Use of challenger brands, August 2016

45-54-year-olds most likely to have used multiple challengers

Figure 17: Use of challenger brands, August 2016

Challengers have an opportunity to reach out to the under-served

Figure 18: Use of challenger brands, by household income, August 2016

Awareness of Digital Banks

One in ten has heard of a digital-only bank

Figure 19: Awareness of digital banks, August 2016

Potential switchers are more aware

Figure 20: Awareness of digital banks, by likelihood to consider a new bank for a current account, August 2016

20-24-year-olds are most aware

Likelihood to Consider a New Bank

Majority are unlikely to consider a new bank

Figure 21: Likelihood to consider a new bank for different financial services products, August 2016

People are more open when it comes to savings accounts

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Convenience of only having one provider is also a barrier to switching

Most Important Qualities When Choosing a Provider

One in five says that high interest rates are most important...

Figure 22: Most important qualities when choosing a current account provider, August 2016

...but customer service is still an underlying priority

Figure 23: Most important qualities when choosing a provider – 'Any selected', August 2016

Online banking has widespread importance...

...but generational variances show growing demand for mobile services

Figure 24: Most important qualities when choosing a provider – 'Any selected', by age, August 2016

The importance of a branch poses a challenge for online-centric providers

Interest in Banking Services

People want a bank that's on their side

Figure 25: Interest in different banking services, August 2016

Ethical banking appeals to half of consumers

Empathy rather than apathy

Are challengers better-placed to respond to consumer demand for innovation?

Online and mobile only banks pose a threat

Figure 26: Interest in new/niche banking concepts – CHAID – Tree output, August 2016

Challenger brand users more interested in new concepts

Figure 27: Interest in new/niche banking concepts, by repertoire of challenger brand use, August 2016

Concerns About New Banks

The legacy of the financial crisis on challenger brands

But banks must first prove their capability in basic operations

Figure 28: Concerns about arranging products, August 2016

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Methodology

Consumer research methodology

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