

Retail Banking and Credit Unions - US - February 2018

Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.



"While the amount of total deposits held at US banks and credit unions continues to grow, the number of companies controlling the industry has steadily shrunk. Nonetheless, consumer satisfaction and demand for a physical presence remains high. While consumers are eager to utilize the latest technological advancements, trust and inertia continue to be the primary drivers of loyalty."

- **Chris Shadle, Financial Services Analyst**

This report looks at the following areas:

- Young consumers are not checking their deposit accounts regularly
- Inertia and trust drive loyalty
- Black consumers use debit, not credit

**BUY THIS
REPORT NOW**

VISIT:
store.mintel.com

CALL:
EMEA
+44 (0) 20 7606 4533

Brazil
0800 095 9094

Americas
+1 (312) 943 5250

China
+86 (21) 6032 7300

APAC
+61 (0) 2 8284 8100

EMAIL:
reports@mintel.com

DID YOU KNOW?

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

Retail Banking and Credit Unions - US - February 2018

Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

Overview

What you need to know

Definition

Executive Summary

Overview

The issues

Young consumers are not checking their deposit accounts regularly

Figure 1: Deposit account usage, by generation, November 2017

Inertia and trust drive loyalty

Figure 2: Reasons to stay at financial institution, November 2017

Black consumers use debit, not credit

Figure 3: Banking behaviors, use of bank debit and credit cards, by race/ethnicity, November 2017

The opportunities

Mobile app usage is growing, while mobile payments lag behind

Figure 4: Banking behaviors, use of mobile and online banking, by generation, November 2017

Consumers still desire a human touch

Figure 5: Attitudes towards banks and banking, prefer to talk to bank employee, by generation, November 2017

Consumers want flexible banking hours and more branches

Figure 6: Attitudes towards banks and banking, November 2017

What it means

The Market – What You Need to Know

Number of banks and credit unions continue to drop, deposits increase

Number of bank branches still in decline

Consumer sentiment hit record highs in late 2017

Personal savings rate drops to near pre-Recession low

Market Size

Commercial bank deposits march upward

Figure 7: deposits in domestically chartered commercial banks (seasonally adjusted), Jan 2008-Jan 2018

Branch locations finally plateau, as number of banks continues to fall

Figure 8: Number of FDIC-Insured commercial institutions and branches, 2006-16

Figure 9: Number of FDIC-Insured commercial branches and institutions, 2006-16

Number of credit unions and memberships continues to diverge

Figure 10: Number of us credit unions, credit union members, and savings deposits, June 2007-June 2017

Market Factors

Most consumers think their financial situation is "healthy" or "OK"...

Figure 11: Opinion of current financial situation, October 2017

BUY THIS
REPORT NOW

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Retail Banking and Credit Unions - US - February 2018

Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

...though consumers continue to accrue debt

Figure 12: Total consumer debt, by debt type, Q2 2017

Consumer sentiment index hits record high

Figure 13: Consumer Sentiment Index, January 2003-December 2017

Consumer price index and personal disposable income continue to rise

Figure 14: Consumer Price Index, change from previous period, November 2010-November 2017

Figure 15: Disposable personal income, change from previous period, November 2010-November 2017

Majority of consumers are making more than they spend

Figure 16: Average annual income and average expenditures, by age, August 2017

Consumers plan to save, but saving rate nears pre-recession low

Figure 17: Anticipated changes in consumer spending, November 2017

Figure 18: Ally bank, email, November 2017

Figure 19: Personal saving rate, January 2007-November 2017

Key Players – What You Need to Know

Only a third of consumers think start-up banks could offer more innovation

Nearly 20% of young consumers have not used bank or credit union account in the past three months

Wells Fargo plans to close 800 branches by 2020

What's Working?

Only a third of consumers think start-ups could offer more innovation

Figure 20: Attitudes towards banking, start-up innovation, by age, November 2017

Fifth Third Bank offers way to pay down student debt

RBC uses AI to help consumers manage finances and watch spending

What's Struggling?

Nearly 20% of young consumers have not used bank or credit union account in the past three months

Figure 21: Savings or checking account usage in past three months, by age, November 2017

Consumers not motivated to stay with bank for "sophisticated technology"

Figure 22: Reasons to stay with current financial institution, November 2017

Bank of America to end free checking for low-balance accounts

What's New and Next?

Open banking comes to the UK

Umpqua offers BFF – "Best Financial Friend"

Wells Fargo plans to close 800 branches in the next 2 years

Trump administration may change the Community Reinvestment Act

Amazon and PayPal allow underbanked consumers to use cash online

Figure 23: PayPal, email, January 2018

Pop-up branches the next trend in retail banking?

The Consumer – What You Need to Know

Most consumers utilize a deposit account on a regular basis

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com

Retail Banking and Credit Unions - US - February 2018

Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Mobile banking apps gain traction as mobile payments lag behind
The human element within financial institutions remains vital
Inertia and trust the most important factors in consumer loyalty

Account Ownership

Over 90% of consumers utilize a deposit account
Figure 24: Deposit account usage, by generation, November 2017
Nearly half of consumers hold accounts with more than one institution
Figure 25: Number of deposit accounts, by household income, November 2017

Banking Behaviors

Most consumers use a credit and debit card from their bank or credit union
Figure 26: Banking behaviors, use of bank debit and credit cards, by age, November 2017
Blacks and Hispanics more likely to use bank-issued debit cards
Figure 27: Banking behaviors, use of bank debit and credit cards, by race/ethnicity, November 2017
Mobile banking apps have found traction, but payments lag
Figure 28: Banking behaviors, use of mobile and online banking, by generation, November 2017
The human element remains vital within financial institutions
Figure 29: Banking behaviors, financial services used, November 2017
Consumers prefer to talk to a person
Figure 30: Attitudes towards banks and banking, preference for talking to bank employee, by generation, November 2017
The branch remains important, though not heavily trafficked
Figure 31: Banking behaviors, financial services used, by race/ethnicity, November 2017
Hispanic, Black, and Millennial consumers use ATMs more frequently
Figure 32: Banking behaviors, use of bank-affiliated atm, by race/ethnicity, November 2017

Attitudes toward the Financial Services Industry

Customer satisfaction with banks and credit unions remains high
Figure 33: Attitudes toward finance and financial services, by gender, march 2017
Majority of consumers prefer to have their accounts with one institution
Figure 34: Attitudes towards banks and banking, preference for single insitutuion, by race/ethnicity, November 2017
Millennials and Hispanics want help reaching their financial goals
Figure 35: Attitudes towards banks and banking, help reaching financial goals, by age and race/ethnicity, November 2017
The bottom line still matters in financial services
Figure 36: Bank switching behavior, November 2017
Figure 37: Discover, Direct Mail Piece, January 2018

Understanding Bank Loyalty

Inertia and trust drive consumer loyalty
Figure 38: Reasons to stay at financial institution, November 2017
Non-Millennials place greater value on trust
Figure 39: Reasons to stay at financial institution, by generation, November 2017

BUY THIS
REPORT NOW

VISIT: store.mintel.com
CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094
Americas +1 (312) 943 5250 | China +86 (21) 6032 7300
APAC +61 (0) 2 8284 8100 |
EMAIL: reports@mintel.com

Retail Banking and Credit Unions - US - February 2018

Report Price: £3254.83 | \$4395.00 | €3662.99

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Building a Better Branch Experience

Consumers want flexible hours and more branches

Figure 40: TURF analysis, future of the branch, November 2017

BMO Harris invites customers to Smart Branch opening

Figure 41: BMO Harris bank, direct mail piece, June 2017

Appendix – Data Sources and Abbreviations

Data sources

Consumer survey data

Direct marketing creative

Abbreviations and terms

Abbreviations

**BUY THIS
REPORT NOW**

VISIT: store.mintel.com

CALL: EMEA +44 (0) 20 7606 4533 | Brazil 0800 095 9094

Americas +1 (312) 943 5250 | China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100 |

EMAIL: reports@mintel.com