

Loyalty in Financial Services - UK - November 2017

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“Customers are growing frustrated by the gap between the low level of rewards they receive and the high level of loyalty they believe they show. Providers face a tall order in distinguishing genuine loyalty from inertia. With Open Banking on the horizon, providers should begin to explore the potential behind personalised rewards if they are to position themselves for the future of the market.”

– **Patrick Ross, Senior Financial Services Analyst**

This report looks at the following areas:

- **Open Banking could redefine loyalty and rewards in financial services**
- **Cross-selling rewards have the power to cement customer loyalty**

Financial services lags behind other industries when it comes to rewarding loyalty. The challenges faced by providers in interpreting and rewarding genuine loyalty are holding them back, as are the dynamics of most financial product markets. Customer inertia, brand preference, and the pursuit of convenience often mean people have long and fruitful relationships with financial providers, which many consider to be indicative of their value as a loyal customer.

At one end of the scale, the most established providers have been able to rely on a stable customer base which prioritises them for new products and renewals without always expecting much in return. At the other end, many product markets, such as insurance, have such a high rate of churn as people seek out the best price, that loyalty rewards would make little impact. Both scenarios serve to dampen providers' incentive to offer loyalty rewards, as little return on investment can be expected.

In this Report, Mintel's consumer research reviews the way people believe they show loyalty to finance providers and looks at whether that loyalty is reciprocated and rewarded. The Report goes on to examine the space between customers' expectations of providers and the level of reward they actually receive, along with a close look at people's attitudes towards loyalty in financial services. Mintel's brand research analyses consumers' perceptions of current account, credit card, and insurance brands, drawing out key insights into brand favouritism and preference.

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