

# Retail Banking Overview - UK - November 2009

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## What is this report about?

This report looks at the impact of the credit crunch on the retail banking market two years on. Beginning with an overview of the key factors that influence the retail banking sector, Mintel then explores the size and trends in each of the main markets, including current accounts, savings accounts, unsecured personal loans, credit cards, mortgages, and general insurance. We also look at the distribution channels used and the changes in this landscape over the last five to ten years, before concluding with a detailed look at consumer behaviour and attitudes towards providers in light of the current environment.

## What have we found out?

- The weak economy and low consumer confidence has prompted people to cut back on spending, become more demanding and value-oriented - all in all a more difficult proposition.
- Helped by the work of aggregators and a more cost-conscious consumer mindset during the recession, people are increasingly switching their provider.
- The total gross income of the major banks (MBBG members) fell by 16% in 2008, from £100.8 billion to £84.8 billion, as a result of the recession.
- UK banks saw bad debts increase significantly in 2008, rising by 15% from £6.5 billion to £7.5 billion. This has led to tighter lending criteria in the mortgage and consumer credit markets.
- In 2009, Mintel estimates that gross advances on unsecured personal loans will fall by 27% to £27.4 billion (lending fell by 28% in 2008).
- According to the FSA's MLAR statistics, gross mortgage advances fell by 54% in H1 2009 compared with the same period in 2008, standing at just £66 billion.
- Online banking has become increasingly popular, with the total number of transactions made by registered customers having risen by 420% since 2002.
- According to our own consumer research, Lloyds TSB, Halifax and Nationwide are the leading providers when it comes to cross-selling other financial products to their existing current account customers.
- Our research also shows that three fifths of people are happy with the service provided by their existing current account provider, with just 9% of people currently considering switching.

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