

Changing Channel Preferences in Retail Banking - UK - October 2016

Report Price: £1995.00 | \$3230.80 | €2534.27

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



“Consumers have made an irreversible switch from traditional banking channels to digital banking. People not only use online banking more than branches, but see it as the preferential choice for everyday banking. The challenge for banks is how to prevent the shift online weakening customer relationships and undermining loyalty.”

– **Rich Shepherd, Senior Financial Services Analyst**

This report looks at the following areas:

- **Consumers have forgiven security concerns to reap the benefits of online banking**
- **Branches still have a place in modern banking**
- **Early adopters have significant influence over future innovation**

Banking in the UK has changed significantly in the last 15 years. The growth of digital channels offers consumers greater choice over how they manage their accounts and interact with their bank. Online and mobile banking provide more convenience than traditional options such as branch services, and current account holders have taken advantage of this by moving on from a reliance on branches. By moving their customers on to new, remote channels, banks have had the opportunity to reduce their branch networks and significant overheads, increasing profitability.

This report examines consumers changing channel preferences in retail banking. This includes looking at the wider market trends in channel use and a brand-level discussion of what channels are offered by both leading banks and newer challengers. Mintel's exclusive consumer research includes a look at the frequency of use of different banking channels and what tasks they are used for, how people would prefer to bank, and how satisfied they are with their bank's channels. Attitudes towards banking channels are also examined. This includes consumers' approach towards new digital services, branch closures and how people prefer to be contacted by their bank.

**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

Changing Channel Preferences in Retail Banking - UK - October 2016

Report Price: £1995.00 | \$3230.80 | €2534.27

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

Executive Summary

The market

Current account holders have moved online...

Figure 1: Number of customer instructions by telephone and computer (millions) at high street banks

...and new regulations offer further opportunities for development

Companies and brands

All major banks have closed branches and invested in digital services

Challengers look to digital opportunities, but Metro Bank bucks the trend

The consumer

Current account holders more likely to use online banking than branches

Figure 2: Use of different retail banking channels, July 2016

Digital channels are the go-to choice for managing accounts

Figure 3: Retail banking channels used to complete various activities, July 2016

Branches still hold some appeal

Figure 4: Preferred retail banking channels to complete various activities, July 2016

Consumers are most satisfied with online banking

Figure 5: Satisfaction with retail banking channels, July 2016

Consumers tend to be cautious about new features

Figure 6: Attitudes towards using new online digital features, July 2016

Consumers are most likely to respond to letters from their bank

Figure 7: Favoured methods of contact by banks, July 2016

Branch closures weaken customer relationships

Figure 8: Attitudes towards changing retail banking channels, July 2016

Convenience has made the online revolution a success

Figure 9: Attitudes towards changing retail banking channels, July 2016

What we think

Issues and Insights

Consumers have forgiven security concerns to reap the benefits of online banking

The facts

The implications

Branches still have a place in modern banking

The facts

The implications

Early adopters have significant influence over future innovation

**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

Changing Channel Preferences in Retail Banking - UK - October 2016

Report Price: £1995.00 | \$3230.80 | €2534.27

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

The facts

The implications

The Market – What You Need to Know

Current account holders have moved online...

...and new regulations offer further opportunities for development

Market Drivers

More people are registered for, and use online banking than telephone banking

Figure 10: Number of personal customers registered to access their accounts by telephone and computer (millions) at high street banks

Figure 11: Number of customer instructions by telephone and computer (millions) at high street banks

Access to Banking Protocol

PSD2 and open APIs to offer new ways to manage accounts

Companies and Brands – What You Need to Know

All major banks have closed branches and invested in digital services

Challengers look to digital opportunities, but Metro Bank bucks the trend

Company Profiles

Barclays

HSBC

Lloyds Banking Group

RBS Group

Santander

Nationwide

Launch Activity and Innovation

Online-only banks come to market

Metro Bank uses 'stores' to fuel growth

The Consumer – What You Need to Know

Current account holders more likely to use online banking than branches

Digital channels are the go-to choice for managing accounts

Branches still hold some appeal

Consumers are most satisfied with online banking

Consumers tend to be cautious about new features

Consumers are most likely to respond to letters from their bank

Branch closures weaken customer relationships

Convenience has made the online revolution a success

Banking Channels – Frequency of Use

Branches: Highly valued, seldom used

Figure 12: Use of different retail banking channels, July 2016

Younger consumers are most likely to ask for in-branch help...

**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

Changing Channel Preferences in Retail Banking - UK - October 2016

Report Price: £1995.00 | \$3230.80 | €2534.27

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

Figure 13: Use of "In-branch advice services (eg for more detailed queries and product advice)" at least once a month, July 2016

...and to use mobile apps

Figure 14: Use of "Mobile banking (including smartphone/tablet apps)" at least once a month, July 2016

Choice of Banking Channels

Digital channels are the go-to choice for managing accounts...

Figure 15: Retail banking channels used to complete various activities, July 2016

...and for making new applications

Branches are the top choice to find help and to complain

Most consumers stick to one channel

Figure 16: Retail banking channels used to complete various activities, repertoire, July 2016

Banking Channel Preferences

Consumers still appreciate the value of branches

Figure 17: Preferred retail banking channels to complete various activities, July 2016

Little demand for mobile banking expansion

Telephone banking: The worst of all worlds

Satisfaction with Channels

Online banking achieves the highest levels of satisfaction...

Figure 18: Satisfaction with retail banking channels, July 2016

...but few service users are dissatisfied with anything

Nationwide and Santander customers are most satisfied with their branches...

Figure 19: Satisfaction with in-branch counter services (eg paying and withdrawing money), by main current account provider, July 2016

Figure 20: Satisfaction with in-branch advice services (eg for more detailed queries and product advice), by main current account provider, July 2016

...while Barclays and NatWest lead the way in apps

Figure 21: Satisfaction with mobile banking (including smartphone/tablet apps), by main current account provider, July 2016

Attitudes towards New Channels

Consumers tend to be cautious about new features

Figure 22: Attitudes towards using new online digital features, July 2016

Millennials are the most likely to be early adopters

Figure 23: Attitudes towards using new digital banking features, by generation, July 2016

Attitudes towards Customer Engagement

Consumers are most likely to respond to letters from their bank

Figure 24: Favoured methods of contact by banks, July 2016

Emails are a popular choice, but are open to fraud

Non-online banking customers would rather visit a branch

Figure 25: Customers' favoured methods of contact by banks about a matter regarding their account, by use of online banking, July 2016

Attitudes towards Branch Closures

55% think branch closures negatively impact banking relationships

**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

Changing Channel Preferences in Retail Banking - UK - October 2016

Report Price: £1995.00 | \$3230.80 | €2534.27

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

Figure 26: Attitudes towards changing retail banking channels, July 2016

Call centres aren't a sufficient replacement

HSBC and Barclays customers most likely to have lost their local branch

Figure 27: Agreement with the statement "My local branch has closed in the last 5 years", by main current account provider, July 2016

Attitudes towards Changing Channels

The importance of convenience

Figure 28: Attitudes towards changing retail banking channels, July 2016

The digital revolution has been positive, and more is to come

New features could cause account switches

Appendix – Data Sources, Abbreviations and Supporting Information

Abbreviations

Consumer research methodology

**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