

Neobanks - US - 2022

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This report looks at the following areas:

- Neobank adoption and satisfaction
- Motivators for using a neobank
- What would push non-adopters into using a neobank
- Products consumers are interested in opening with a neobank
- Attitudes toward neobanks

A neobank is a financial institution that has only been in operation for a short time and offers banking services exclusively online. Examples of popular neobanks include Chime, SoFi, Revolut, Current and Varo.

For most of these neobanks, their value propositions center on a fee-free banking experience, competitive rates, an intuitive mobile app, as well as customer-centric offerings such as money management tools and early paycheck access. As such, neobanks have been able to capture the affinity of many, with nearly 85% of neobank customers saying that they are satisfied with their providers. For neobanks, there is still room to capture non-adopters, with nearly 40% of consumers willing to open an account with a neobank. For these consumers, better prices, rewards/incentives, as well as a user-friendly mobile app are the main motivators that would push them into opening an account with a neobank. The types of accounts consumers are willing to open with a neobank are mainly the entry-level products, with over 50% interested in getting a checking or savings account with a neobank, while nearly half would be interested in a credit card offering as well.

While neobanks have been able to capture market share from traditional players, one of the biggest challenges facing this sector is the lack of trust and brand awareness that neobanks have compared to traditional FIs, with 46% of consumers saying that they would not open a neobank account due to them not trusting that their money will be safe. A further 62% of consumers are also more trusting of traditional banks than neobanks when it comes to the safety of their personal data. As more players continue expanding their financial



“Neobanks have a tough road to navigate going into next year. Recessionary fears only loom larger, which will have adverse effects on the profitability and survivability of many neobanks.”

– Amr Hamdi, Finance Analyst

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services footprint (eg Apple), many neobanks will have an even more difficult road ahead given the higher trust levels consumers have in these incumbents. Neobanks have shown that they are able to compete on price; in order to sustain the loyalty of their customers, they must find ways to cater to the growing financial needs of their customers, as well as seek diverse revenue streams to ensure their long-term survivability amid a heated market.

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