

## Consumers and Retail Banking - UK - September 2016

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“The traditional retail banking providers continue to retain a dominant share of the market, despite the threat posed by challenger banks and innovative FinTech firms. However, the implementation of Open Banking by 2018 poses another threat, by making it easier for consumers to identify where they could get better value elsewhere.”  
– Jessica Galletley, Financial Services Analyst

### This report looks at the following areas:

- Cross-selling in retail banking driven by customer inertia
- Providers will need to find the right balance with personalised services
- Lack of interest in switching will hinder use of Open Banking

The retail banking market is in the midst of significant change, as growing competition from challenger banks and financial technology (FinTech) firms is increasing pressure on incumbent providers to keep up with the pace and engage in digital innovation. The Financial Conduct Authority (FCA) and Competition and Markets Authority (CMA) are breaking down barriers to competition in the market, with the latter implementing a package of reforms to increase switching and product transparency.

Despite these developments, traditional retail banking providers maintain their hold on the market. Consumer apathy towards financial services products and a positive level of satisfaction with existing services mean people lack an incentive to look elsewhere. However, consumer expectations are shifting, with demand for products and services that are personalised growing, particularly among younger consumers. As the need for face-to-face services falls, there is also a growing consideration for new online-only providers, which promise a more convenient way of banking.

This Report explores the key challenges and opportunities facing retail banking providers. It covers product ownership and the challenges in cross-selling to existing customers. It examines consumers' satisfaction with their main current account provider, what the key drivers of satisfaction are, and identifies how providers can maximise these to increase customer retention. It also explores consumer attitudes towards retail banking in general, and the level of interest in a variety of personalised banking services.

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

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Open Banking will lead to improved services

Low interest rates continue to disengage savers

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