As Retail Banks Leak Value, Here’s How They Can Stop It

Customer loyalty in retail banking:
global edition 2019
As Retail Banks Leak Value, Here’s How They Can Stop It

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By the numbers: 
consumer banking behavior around the world

Number of people Bain surveyed online: **131,930**
Number of countries: **22**

Share of respondents using digital tools for their most recent purchase of a banking product:
from **18%** (Mexico) to **60%** (UK)
Respondents who tried to purchase a banking product digitally but failed to do so: from **7%** (South Korea) to **18%** (Netherlands)
Net Promoter Score® from a major US bank’s customers who started and completed a credit card application on digital channels: **50**
When starting on digital channels, but forced to switch to human channels: **8**

What US respondents who are promoters of their bank spent on their primary credit card, on average, over the past year: **$9,500**
What detractors spent: **$7,600**
Products bought at their primary bank as a share of all banking products bought in the past year, by respondents who are promoters: **84%** (Italy)
By respondents who are detractors: **70%** (Italy)

Share of respondents open to banking with an established technology company: from **89%** (China) to **29%** (France)
Share of respondents who have used digital-native fintechs in the past year: **75%** (Paytm in India), **32%** (Moneysupermarket in the UK)
Share of respondents age 25–34 who applied for personal loan and indicated they used a fintech in the past year: **18%** (Borrowell in Canada)

As Retail Banks Leak Value, Here’s How They Can Stop It

At a Glance

- Leakage of customers’ business to competitor banks, fintechs and single-line specialist companies is rampant, yet often hidden because many consumers still keep an account with their primary bank.

- Stemming the hidden defection will require banks to develop more appealing core products and propositions, along with seamless digital operations that resolve a customer’s need the first time.

- Right-first-time digital episodes cost far less and earn greater loyalty, our global survey of 131,930 consumers shows. New NPS Prism analysis reveals the operational factors within an individual episode that drive loyalty.

- Most respondents are open to using their bank for related services, such as running a micro business, through an ecosystem of partner providers.

Retail banks continue to leak their customers’ business. While the spread of digital experiences and sales channels has been a boon for consumers, most traditional banks still lag the digital experience offered by leading fintechs, established single-line companies and major technology companies. As a result, nonbank competitors have been steadily poaching customers in a variety of banking products.

Hidden customer defection is rampant, Bain & Company’s latest survey of 131,930 consumers in 22 countries shows. The outflow will only get worse for banks unless they significantly improve and digitalize the customer experience and supporting backstage operational processes, thereby taking out cost to reinvest in better offerings for consumers.

Defection has been hidden to some extent by consumers who maintain a current (checking) account with their primary bank, due to inertia or the reassurance of government guarantees that their funds will be safe. Meanwhile, those same people often obtain their next product from competitor banks and nonbanks for credit cards, mortgages, loans and funds transfers. Established specialist companies, such as Discover and Rocket Mortgage (by Quicken Loans) in the US, have aggressively invested in digital channels and processes, and in many cases lead in customer loyalty as measured by Net Promoter Score.

Some younger companies, meanwhile, are moving into the mainstream. In India, 75% of respondents used Paytm in the past year, and in China, 70% used Alipay. To understand why, consider Grab and Gojek, which are the Ubers of Southeast Asia and have been using the payments function to build out broader ecosystems for their “super-apps.” Singapore-based Grab offers food delivery, hotel booking, video, ticketing and travel services. Gojek, based in Indonesia, has built a suite of services around its
core two-wheeler transport system, including food and parcel delivery, ticketing, moving and cleaning. These firms have entered payments and banking because they saw unmet needs among customers. They don’t expect to make a profit in payments, operating instead under the assumption that eventually they will charge little, or even nothing, to the end consumer or merchant for the payments function.

For many such digital disrupters, the current stock of customers may be low compared with traditional banks’ customer base, but the flow is huge. Among all UK respondents, the share is low for challenger banks Revolut, Monzo, Starling and Monese, but for respondents who opened a new checking or savings account in the past year, the share doubles. For younger respondents who opened an account, the share increases by four times (see Figure 1). Likewise, while only 2% of US respondents use Rocket Mortgage, the company enjoys a 17% share of the total mortgage outflow from customers’ primary bank—several percentage points higher than the established major banks. In other words, the disrupters and product specialists are parlaying their greater customer loyalty to punch well above their weight in attracting new business.

These disrupters attract consumers with not only simpler, more appealing digital interfaces, but also customer-friendly product features and pricing. For example, Revolut, a fast-growing fintech based in the UK, offers currency exchange and peer-to-peer payments, using the existing payments infrastructure

**Figure 1:** Consumers, especially younger ones, are rapidly adopting products by challenger banks

<table>
<thead>
<tr>
<th>Challenger banks in the UK</th>
<th>Overall adoption, all respondents</th>
<th>Adoption by respondents who opened a checking or savings account in the last 12 months</th>
<th>Adoption by respondents age 25–34 who opened a checking or savings account in the last 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monzo</td>
<td>3%</td>
<td>6%</td>
<td>13%</td>
</tr>
<tr>
<td>Revolut</td>
<td>3%</td>
<td>6%</td>
<td>11%</td>
</tr>
<tr>
<td>Starling Bank</td>
<td>2%</td>
<td>5%</td>
<td>9%</td>
</tr>
<tr>
<td>Monese</td>
<td>1%</td>
<td>3%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: Bain/Dynata Retail Banking NPS Survey, 2019
behind its prepaid debit card. It charges no fees for most of its services (though with capped usage) and uses interbank exchange rates for its currency exchange on weekdays, far below the rates and fees charged by traditional banks. Revolut has already signed up almost eight million customers in the UK, and recently launched a beta version in Australia amid regulatory criticism of incumbent banks’ opaque currency-exchange fees.

**How to stop the leakage**

Stemming hidden defection will require banks to develop seamless digital operations that resolve a customer’s need the first time, without forcing the customer to resort to a phone call or branch visit. One of the key battlegrounds is sales. For the first time, our analysis of data from Bain’s NPS Prism benchmarking tool—which compares consumer perceptions of competing banks at the detailed level of an individual episode, such as “apply for a new credit card”—shows how delighted consumers can be with a fully digital sales process.

Consumers increasingly use online and mobile channels for research and purchasing. The share of product purchases via digital channels ranges from 18% to 60%, depending on the country, a rise of 2 to 16 percentage points since 2017.

Mastering digital channels pays off with greater loyalty. The value of digital channels becomes clear after analyzing individual episodes, which are tasks that a customer must complete or needs to fulfill through the bank. At USAA, which is the loyalty leader for checking or savings accounts, respondents give a higher Net Promoter Score to a straight-through digital sales process than to one requiring assistance from a contact-center agent. In the UK, Royal Bank of Scotland developed a paperless mortgage product and now uses the paperless process for 91% of new mortgages. This eliminated 66 pages of paperwork and reduced the time to close from 23 days to 11 days—which saved costs, improved the Net Promoter Score by 30 points from the paper process and raised revenues by reducing leakage of customers.

Consumers increasingly use online and mobile channels for research and purchasing. The share of product purchases via digital channels ranges from 18% to 60%, depending on the country.

By contrast, unnecessary human intervention can lead to longer completion times or introduce errors, which frustrate customers. When banks improve backstage operations through digital technologies, the cost savings not only make a better experience, they usually allow banks to fund better offerings. Cutting costs on foreign-currency transactions, for instance, would help banks reduce their fees and compete against fintechs in that market.
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**Figure 2:** Digital self-service that resolves an issue the first time costs less and appeals to customers

<table>
<thead>
<tr>
<th>Episodes of opening a new checking account at 20 major traditional US banks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Got it right the first time</strong></td>
</tr>
<tr>
<td><strong>Percentage of occurrences</strong></td>
</tr>
<tr>
<td>Got it right the first time</td>
</tr>
<tr>
<td>Highest NPS®; lowest cost to serve</td>
</tr>
<tr>
<td>Episode Net Promoter Score®</td>
</tr>
<tr>
<td>Lowest NPS; highest cost to serve</td>
</tr>
<tr>
<td>Cost per occurrence</td>
</tr>
<tr>
<td>Lowest</td>
</tr>
</tbody>
</table>

Notes: Digital includes mobile and online channels; human includes branches and contact centers
Sources: NPS Prism; US Consumer Banking and Wealth Management Study, 2019

Uncovering the operational causes of loyalty

Some leading banks that are redesigning a particular episode have first surveyed consumers about the details of the episode and how the bank’s performance stacks up against competitors. NPS Prism analysis at 20 major traditional US banks illustrates the point. For the “open a checking account” episode, a digital, right-first-time version has by far the lowest cost to complete, and has a Net Promoter Score of 62. However, only 11% of customers experience this. Some 48% of customers also used human assistance, which has a much higher cost and a lower loyalty score of 54. Worse, one-fourth of customers went through an employee-assisted version that did not go right the first time, at the highest cost and an even lower score of 31 (see Figure 2).

Further, the survey probes operational and policy questions, such as whether the fee charged for the episode was reasonable, whether customers found it easy to complete or how much time it took. A bank can unpack each stage of the process to determine where it performs better than its direct competitors and industry leaders, and where it falls short. By uncovering such detailed information about each stage, the analysis identifies which areas need targeted investments in order to improve the episode and help a bank earn greater loyalty.

Banks will want to reduce the incidence of episodes likely to annoy consumers, such as disputing a fee or having a card declined at the point of sale (see Figure 3). These episodes usually involve contact-
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Figure 3: Certain banking episodes are more likely to annoy customers

Percentage of US respondents who said their experience with these checking-and-savings episodes made them less likely to recommend the bank

Sources: NPS Prism; US Consumer Banking and Wealth Management Study, 2019

center agents, which raises labor costs, and respondents who go through the episodes give a lower overall Net Promoter Score for the bank. Loyalty-leading banks typically have fewer such episodes (see Figure 4). Their customers are more likely to use digital first, more likely to experience first-contact resolution and less likely to experience a failed digital transaction than customers of the loyalty laggards—all conditions that lead to lower costs (see Figure 5).

All of these cost benefits, moreover, come on top of the large boost to revenues. Customers who are promoters of their bank own more products there than detractors do; they spend more on their primary credit card; and they are more likely to buy the next product from the primary bank, which means they are less likely to defect to competitors.

Yet even banks with relatively strong customer loyalty cannot take that asset for granted. The emergence of challenger banks and specialist companies may be changing the dynamics of some markets, in that younger customers are willing to try these alternatives, given how easy it is to do so.

Bring on the ecosystems

If banks focus on fully meeting consumers’ financial needs, they inevitably will have to develop a broader ecosystem of partners and suppliers. Done right, that could lead to tapping new profit pools.
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Figure 4: Banks that lead in loyalty usually have fewer of the annoying episodes

Average number of episodes annually per US respondent, checking and savings

Dispute a bank fee
Loyalty leader
0.14
Loyalty laggard
0.28

Address a declined point-of-sale transaction
Loyalty leader
0.12
Loyalty laggard
0.20

Note: The loyalty leader is the bank with the highest checking-and-savings product Net Promoter Score®, and the loyalty laggard has the lowest checking-and-savings product Net Promoter Score.
Sources: NPS Prism; US Consumer Banking and Wealth Management Study, 2019

Figure 5: Loyalty-leading banks tend to excel in reliable digital channels and tools for customers

Canadian respondents who sent money or transferred funds

Percentage who used a digital channel for initial contact
Loyalty leader
95
Loyalty laggard
69

Percentage of digital interactions that were completed in the first contact
Loyalty leader
76
Loyalty laggard
64

Percentage of digital interactions that failed to complete digitally
Loyalty leader
2
Loyalty laggard
7

Note: The loyalty leader is the bank with the highest checking-and-savings product Net Promoter Score®, and the loyalty laggard has the lowest checking-and-savings product Net Promoter Score.
Sources: NPS Prism; Canada Consumer Banking and Wealth Management Study, 2019
Fortunately, consumers are open to using their bank for related services through an ecosystem of providers. Across countries, survey respondents show the greatest interest in one-stop shopping for personal credit, managing personal finance and running a small business. Interest is highest in developing markets such as Mexico and India, where consumers have often leapfrogged from traditional methods to the latest mobile incarnations.

Some banks have made a promising start. In the UK, NatWest launched Home Agent, a digital platform that connects first-time home buyers with partners providing property valuation, utility deals, moving services, cleaning services and general contracting. Capital One in the US offers online vehicle listings and tools to immediately prequalify car buyers for financing, while DBS in Singapore runs the largest direct seller-to-buyer car marketplace in the country.

If banks focus on fully meeting consumers’ financial needs, they inevitably will have to develop a broader ecosystem of partners and suppliers. Done right, that could lead to tapping new profit pools.

Interest in ecosystems is also high among customers who work as solo practitioners or own a very small business. These people often spend a lot of time navigating separate platforms for banking, enterprise resource planning, human resources and payments. Banks can help contain the sprawl by devising a simple, easy-to-use package that integrates these functions. A major concern voiced by micro firms, in our experience, is the complexity of moving among systems for payments management, accounting, human resources and bank transactions. This suggests substantial unmet demand for a one-stop shop through a truly integrated system. That motivation, for instance, explains why Danske Bank in Denmark launched District, a small-business platform that integrates third-party services such as cloud payroll provided by Zenegy. Small-business customers can link their cloud-based accounting systems to the platform and view their accounting and HR data there.

As more digital banking licenses are granted in markets such as Hong Kong and Singapore, and as fintechs and large technology companies continue to expand into banking domains, we could see a new wave of alternative business models take hold. Citi, for example, projects that anywhere from one-third to one-half of total payments volumes and investment volumes could go to disruptive models by 2025. In response, robust ecosystems could help traditional banks close the loyalty gap with challenger banks and fintechs. Executives considering new or expanded ecosystem strategies should address a few key questions:
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- Which ecosystems are appealing to customers in our market and gaining commercial traction?
- What types of partnerships have been most valuable to us already? What makes a good partner? And what does it take to be a good bank partner?
- How proven is the economic model?
- How would we manage the ecosystem—as a new line of business or some other format?
- How would we manage the commercial, reputational, cyber, data and brand risks?
- What technology would we need to develop or implement?

Whatever the product or country, banks that accelerate their “simple, digital, right-first-time” operations can remove the drudgery and inject more delight into customers’ overall experience. Reducing the costs of their key episodes also frees up funds to reinvest in better propositions that meet customers’ needs at competitive prices. Only then can banks stem the rising tide of defections.
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Earning greater loyalty from consumers yields major benefits for banks. Certain episodes, such as disputing a fee, tend to annoy customers and also often require human channels, making them more costly. The loyalty leader banks have dramatically fewer of these episodes.

Customers of a market’s loyalty leader are more likely than those of the loyalty laggard to use digital channels first, more likely to resolve an issue at first contact and less likely to have the digital channel fail to resolve the issue. All these conditions lead to lower costs.

Loyalty also helps increase revenue. Customers who are promoters own more products at their primary bank than detractors do.

Promoters recommend their bank to others nearly two to six times as readily as detractors. Promoters also say they are less likely to switch to a competing bank.

In the UK, for instance, a higher Net Promoter Score correlates with more net current-account additions for a bank. Promoters are more likely to buy the next product from their primary bank than detractors.

Another example: In the US, promoters spend about one-quarter more, on average, on their primary credit card than detractors do.
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Figure 6: Certain banking episodes are more likely to annoy customers

Percentage of US respondents who said their experience with these checking-and-savings episodes made them less likely to recommend the bank

![Figure 6](chart)

Sources: NPS Prism; US Consumer Banking and Wealth Management Study, 2019

Figure 7: Banks that lead in loyalty usually have fewer of the annoying episodes

Average number of episodes annually per US respondent, checking and savings

![Figure 7](chart)

Note: The loyalty leader is the bank with the highest checking-and-savings product Net Promoter Score®, and the loyalty laggard has the lowest checking-and-savings product Net Promoter Score.

Sources: NPS Prism; US Consumer Banking and Wealth Management Study, 2019
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**Figure 8:** Many episodes often start through human channels, which are costly, and banks should work to avoid them in the first place

Percentage of episodes initiated by checking-and-savings customers at a major US bank, by channel

<table>
<thead>
<tr>
<th></th>
<th>Call center</th>
<th>Branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resolve suspected-fraud alert</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>Dispute a bank fee</td>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>Dispute a charge</td>
<td>40%</td>
<td>20%</td>
</tr>
<tr>
<td>Address a point-of-sale decline</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>Resolve log-in issue</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>Make a deposit</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Manage account information</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Make a withdrawal</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Review transactions and balance</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Pay a bill</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>Transfer funds</td>
<td>20%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Sources: NPS Prism; US Consumer Banking and Wealth Management Study, 2019

**Figure 9:** Loyalty-leading banks tend to excel in reliable channels and tools for customers

**Canadian customers who requested a higher credit-card limit**

<table>
<thead>
<tr>
<th>Percentage of respondents who used a digital channel for the initial contact</th>
<th>Percentage of digital interactions that were completed in the first contact</th>
<th>Percentage of digital interactions that failed to complete digitally</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loyalty leader</td>
<td>Loyalty laggard</td>
<td>Loyalty leader</td>
</tr>
<tr>
<td>50</td>
<td>37</td>
<td>68</td>
</tr>
</tbody>
</table>

Note: The loyalty leader is the bank with the highest credit card product Net Promoter Score®, and the loyalty laggard has the lowest credit card product Net Promoter Score®.

Sources: NPS Prism; Canada Consumer Banking and Wealth Management Study, 2019
Figure 10: For making a deposit, reliable digital self-service costs less and appeals to customers

Episodes of making a deposit at 20 major traditional US banks

<table>
<thead>
<tr>
<th>Percentage of occurrences</th>
<th>Got it right the first time</th>
<th>Didn’t get it right the first time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital</td>
<td>36%</td>
<td>10%</td>
</tr>
<tr>
<td>Human</td>
<td>46%</td>
<td>8%</td>
</tr>
</tbody>
</table>

Highest NPS®, lowest cost to serve

Episode Net Promoter Score®

<table>
<thead>
<tr>
<th>Episode Net Promoter Score®</th>
</tr>
</thead>
<tbody>
<tr>
<td>57</td>
</tr>
<tr>
<td>50</td>
</tr>
<tr>
<td>46</td>
</tr>
</tbody>
</table>

Lowest NPS; highest cost to serve

Cost per occurrence

Notes: Digital includes mobile and online channels; human includes branches and contact centers

Sources: NPS Prism; US Consumer Banking and Wealth Management Study, 2019

Figure 11: Customers who are a bank’s promoters recommend the bank to others as much as six times more than detractors

Promoters’ recommendations for their bank compared with detractors’ recommendations

| Source: Bain/Dynata Retail Banking NPS Survey, 2019 |
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**Figure 12:** Detractors say they are more likely than promoters to switch to a competing bank

Likelihood of detractors switching from their bank compared with promoters switching

![Graph showing likelihood of switching](image)

Source: Bain/Dynata Retail Banking NPS Survey, 2019

**Figure 13:** Banks with higher loyalty scores tend to achieve a greater net increase in current accounts

Net increase or decrease of current-account holders as a percentage of total customers at UK banks, 2018

![Graph showing net increase or decrease](image)

Sources: Current Account Switcher Service 2018 data (Q4 2017 to Q3 2018); company websites and annual reports, 2018; Bain/Dynata Retail Banking NPS Survey, 2019
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**Figure 14:** Promoters buy more products at their primary bank than detractors do

*Products bought at primary banks as a percentage of the total number of banking products bought in the last 12 months, 2019*

Source: Bain/Dynata Retail Banking NPS Survey, 2019

**Figure 15:** Promoters spend one-quarter more than detractors on their primary credit card

*Average spending on a primary credit card per US respondent in the last 12 months*

Sources: NPS Prism; US Consumer Banking and Wealth Management Study, 2019
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2.

Sales are rapidly digitalizing, making it easier for customers to defect

• Digital channels have become a central means of selling banking products. From 41% to 67% of respondents, depending on the country, use digital to research products, and 18% to 60% of respondents purchase via digital. Both shares have risen significantly over the past two years.

• Digital is the main channel for hidden defection for many products. Customers, especially younger ones, mostly use digital channels when buying certain products, such as a credit card, from a competing bank.

• Further increasing digital usage will require improving the channels’ interface and functionality, as well as coaxing reluctant customers to change their behavior. From 14% to 29% of respondents researched products online, but ended up purchasing through human channels, depending on the country. Of those, 7% to 18% tried purchasing through digital channels and failed to do so.

• Many respondents say they prefer speaking to a person for the actual purchase or believe it cannot be done online. Banks will have to work hard to migrate this group to digital sales and will need some human interactions at key moments in order to raise purchase confidence and completion.

• Loyalty-leading banks excel at delivering smooth digital experiences and benefit from the higher loyalty scores that customers give digital-only over human-only episodes. That dynamic, however, varies by product: Respondents appreciate employee intervention and advice in purchase episodes for mortgages and wealth management, but not for checking or credit cards.
**Figure 16:** Customers increasingly use digital tools to research banking products

Percentage of respondents using digital tools to research their most recent product purchase

![Bar chart showing the percentage of respondents using digital tools for product research across different countries and years.](chart1.png)

Source: Bain/Dynata Retail Banking NPS Survey, 2017 and 2019

**Figure 17:** More customers are using digital channels to purchase banking products

Percentage of respondents using digital tools to purchase their most recent banking product

![Bar chart showing the percentage of respondents using digital tools for product purchase across different countries and years.](chart2.png)

Source: Bain/Dynata Retail Banking NPS Survey, 2017 and 2019
Figure 18: The use of digital channels for both research and purchases is rising across product categories

Percentage of UK consumers who used digital channels for their most recent purchase of a banking product

<table>
<thead>
<tr>
<th>Product Category</th>
<th>To Research the Product</th>
<th>To Purchase the Product</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small business products</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Investment</td>
<td>80%</td>
<td>60%</td>
</tr>
<tr>
<td>Loans</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>Credit card</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>Deposit Insurance</td>
<td>60%</td>
<td>40%</td>
</tr>
</tbody>
</table>

![Bar chart showing percentage of UK consumers using digital channels](image)

Source: Bain/Dynata Retail Banking NPS Survey, 2019

Figure 19: When customers defect to another bank, a substantial share of them go through digital channels

Percentage of Singaporean respondents who used these channels for recent purchases from a competing bank

![Bar chart showing percentage of Singaporean respondents using digital channels](image)

Source: Bain/Dynata Retail Banking NPS Survey, 2019
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**Figure 20:** A sizeable share of customers research banking products digitally, but purchase through human channels

**Percentage of respondents who research digitally, but purchase through bank employees**

![Bar chart showing percentage of respondents who research digitally, but purchase through bank employees](chart1.png)

Source: Bain/Dynata Retail Banking NPS Survey, 2019

**Figure 21:** Many banking customers who try purchasing through digital channels fail to complete the transaction that way

**Percentage of respondents who tried to purchase digitally, but failed to do so**

![Bar chart showing percentage of respondents who tried to purchase digitally, but failed to do so](chart2.png)

Source: Bain/Dynata Retail Banking NPS Survey, 2019
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**Figure 22:** Many banking customers think it is easier to purchase through a human channel, or prefer to speak with an employee before buying a product

Respondents’ reasons for purchasing through human channels

Source: Bain/Dynata Retail Banking NPS Survey, 2019

**Figure 23:** Loyalty-leading banks often excel at simple and easy digital processes, which attract customers

US customers who applied for a mortgage

<table>
<thead>
<tr>
<th>Percentage of respondents who found the digital purchase process extremely easy</th>
<th>Percentage of respondents who obtained a mortgage through digital channels</th>
<th>Percentage of respondents who used digital for the initial interaction</th>
<th>Episode Net Promoter Score® for respondents who started and ended digitally</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loyalty leader</td>
<td>Loyalty laggard</td>
<td>Loyalty leader</td>
<td>Loyalty laggard</td>
</tr>
<tr>
<td>71</td>
<td>57</td>
<td>89</td>
<td>80</td>
</tr>
</tbody>
</table>

Note: The loyalty leader is the bank with the highest mortgage product Net Promoter Score, and the loyalty laggard is the bank with the lowest mortgage product Net Promoter Score.

Sources: NPS Prism; US Consumer Banking and Wealth Management Study, 2019
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**Figure 24:** A digital-only purchase episode often garners greater customer loyalty than a human-only episode

**US loyalty leader’s episode Net Promoter Score®, by starting and ending channel**

<table>
<thead>
<tr>
<th>Opening a new checking or savings account</th>
<th>Applying for a new credit card</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting digital, ending digital 81</td>
<td>Starting digital, ending digital 56</td>
</tr>
<tr>
<td>Starting human, ending digital 73</td>
<td>Starting human, ending digital 44</td>
</tr>
</tbody>
</table>

Sources: NPS Prism; US Consumer Banking and Wealth Management Study, 2019

**Figure 25:** Banks pay a penalty if customers are forced to switch channels for simple purchases

**A major US bank’s episode Net Promoter Score®, by starting and ending channel**

<table>
<thead>
<tr>
<th>Opening a new checking or savings account</th>
<th>Applying for a new credit card</th>
</tr>
</thead>
<tbody>
<tr>
<td>Starting digital, ending digital 57</td>
<td>Starting digital, ending digital 50</td>
</tr>
<tr>
<td>Starting digital, ending human 21</td>
<td>Starting digital, ending human 8</td>
</tr>
</tbody>
</table>

Sources: NPS Prism; US Consumer Banking and Wealth Management Study, 2019
As Retail Banks Leak Value, Here’s How They Can Stop It

**Figure 26:** For complicated or emotional purchases, customers appreciate a dose of human advice and guidance

**A major US bank’s episode Net Promoter Score®, by starting and ending channel**

<table>
<thead>
<tr>
<th>Transaction</th>
<th>Starting digital, ending digital</th>
<th>Starting digital, ending human</th>
</tr>
</thead>
<tbody>
<tr>
<td>Applying for a mortgage</td>
<td>23</td>
<td>28</td>
</tr>
<tr>
<td>Opening a general investment account</td>
<td>7</td>
<td>39</td>
</tr>
</tbody>
</table>

Sources: NPS Prism; US Consumer Banking and Wealth Management Study, 2019
• Willingness to buy a financial product from established or new technology companies remains high among respondents in many countries, especially in Asia and Latin America, though less so in many European countries.

• In all countries, younger people are even more willing to try banking with technology companies.

• Current use of technology companies’ offerings varies a lot from country to country. Nonetheless, we see risks for incumbent banks everywhere. In emerging markets, adoption rates have been high for many fintech disrupters, including Paytm in India, WeChat Pay and Huabei in China and DaviPlata in Colombia.

• In more mature markets, some disrupters are becoming mainstream. In Australia, 18% of all respondents and 31% of younger ones have used Afterpay in the last 12 months. And while only 7% of all respondents in Canada used Borrowell in the past year, the adoption rate among respondents who applied for a personal loan from Borrowell during that time was 16%, and 18% for younger respondents who applied for a loan. Furthermore, a long tail of smaller disrupters is gaining customers rapidly.

• Respondents give many of the disrupters a higher Net Promoter Score than they do the average traditional bank.
Figure 27: Customers in many countries would be willing to try banking with a technology company, especially an established one

Percentage of respondents who are open to banking with a technology company

![Chart showing the percentage of respondents who are open to banking with a technology company across various countries and age groups.](chart1)

Note: New technology companies are those younger than five years old
Source: Bain/Dynata Retail Banking NPS Survey, 2019

Figure 28: Younger customers around the world are more open to banking with a technology company

Percentage of respondents who are open to banking with an established technology company

![Chart showing the percentage of respondents who are open to banking with an established technology company across various countries and age groups.](chart2)

Source: Bain/Dynata Retail Banking NPS Survey, 2019
Figure 29: Adoption of products from large technology companies is highest in emerging markets

Per-market percentage of respondents who have used these companies in the last 12 months, with names of highest- and lowest-scoring markets

Source: Bain/Dynata Retail Banking NPS Survey, 2019

Figure 30: Some fintechs are becoming mainstream in emerging markets

Percentage of respondents who have used these companies in the last 12 months

Source: Bain/Dynata Retail Banking NPS Survey, 2019
Figure 31: Certain fintechs are becoming mainstream in developed markets

Percentage of respondents who have used these companies in the last 12 months

Source: Bain/Dynata Retail Banking NPS Survey, 2019

Figure 32: Younger customers have been embracing fintechs more than the overall population

Percentage of respondents who have used these companies in the last 12 months

Source: Bain/Dynata Retail Banking NPS Survey, 2019
**Figure 33:** Fintechs hold a stronger appeal among people who recently bought a banking product

<table>
<thead>
<tr>
<th>Canadian fintechs</th>
<th>Overall adoption, all respondents</th>
<th>Adoption by respondents applying for a personal loan in the last 12 months</th>
<th>Adoption by 25- to 34-year-old respondents applying for a personal loan in the last 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrowell</td>
<td>7%</td>
<td>16%</td>
<td>18%</td>
</tr>
<tr>
<td>Mogo</td>
<td>2%</td>
<td>7%</td>
<td>8%</td>
</tr>
<tr>
<td>Wealthsimple</td>
<td>2%</td>
<td>7%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: Bain/Dynata Retail Banking NPS Survey, 2019
Many consumers express interest in accessing services related to their banking product through an ecosystem provided by the bank, typically connected to third-party partners.

Robust ecosystems could allow banks to tap new profit pools by addressing more needs of current customers, attracting new customers and improving the value-for-price equation.

Consumers in emerging markets show the strongest interest in ecosystems, as do young consumers in every country.

New home buyers in the UK, for example, can use NatWest’s Home Agent ecosystem for services ranging from moving to utilities deals to repairs.

In most countries, a one-stop shop for small business services garners the greatest interest from respondents who own a related product, followed by personal borrowing and personal finance.

Among retail customers who own very small businesses, there is substantial unmet demand for a simple, easy-to-use package that would integrate functions such as payments management, accounting, human resources and bank transactions.
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**Figure 34:** An ecosystem of interconnected services can benefit both the bank and its customers

**Provide an integrated customer experience**
- **Customers** use platform services and generate data
- **Partner companies** sell services through the platform

**Create value in various ways**
- Create customer loyalty
- Attract new customers
- Reduce price sensitivity
- Generate proprietary data

Source: Bain & Company

**Figure 35:** Interest in banking ecosystems is highest among younger customers and those in emerging markets

**Percentage of respondents interested in a one-stop shop for related services**

Source: Bain/Dynata Retail Banking NPS Surveys 2019
**Figure 36:** Several categories of related services, including those for small businesses, evoke strong interest among banking customers

**Percentage of respondents owning each banking product who are interested in related services**

<table>
<thead>
<tr>
<th>Country</th>
<th>Personal finance</th>
<th>Personal borrowing</th>
<th>Home</th>
<th>Auto</th>
<th>Small business</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>80</td>
<td>60</td>
<td>40</td>
<td>80</td>
<td>60</td>
</tr>
<tr>
<td>Mexico</td>
<td>80</td>
<td>60</td>
<td>40</td>
<td>80</td>
<td>60</td>
</tr>
<tr>
<td>Poland</td>
<td>80</td>
<td>60</td>
<td>40</td>
<td>80</td>
<td>60</td>
</tr>
<tr>
<td>Australia</td>
<td>60</td>
<td>40</td>
<td>20</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>Canada</td>
<td>40</td>
<td>20</td>
<td>0</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>UK</td>
<td>40</td>
<td>20</td>
<td>0</td>
<td>40</td>
<td>20</td>
</tr>
<tr>
<td>US</td>
<td>40</td>
<td>20</td>
<td>0</td>
<td>40</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Bain/Dynata Retail Banking NPS Survey, 2019

**Figure 37:** NatWest’s Home Agent ecosystem in the UK integrates a range of home-related services

<table>
<thead>
<tr>
<th>Find and finance your home</th>
<th>Move in and maintain</th>
<th>Financial products and information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search for a home by Zoopla</td>
<td>Moving service by AnyVan</td>
<td>News, articles and advice for home buyers and owners</td>
</tr>
<tr>
<td>Digital mortgage application</td>
<td>Utilities deals by uSwitch</td>
<td>Additional borrowing</td>
</tr>
<tr>
<td>Affordability and payment calculator</td>
<td>Home repairs by Plentific</td>
<td>Bank accounts</td>
</tr>
<tr>
<td>Property valuation by Hometrack</td>
<td>Rubbish removal by AnyJunk</td>
<td>Insurance</td>
</tr>
</tbody>
</table>

Source: Company website
Appendix: Methodology

Survey questions

Respondents first were asked to identify their primary bank, then were asked the following questions to assess their loyalty to that institution:

- On a scale of zero to 10, where zero represents “not at all likely” and 10 represents “extremely likely,” how likely are you to recommend your primary bank to a friend or relative?

- Tell us why you gave your primary bank the score you did.

Ratings of zero to 6 signify detractors, 7 and 8 signify passives, and 9 and 10 signify promoters. A Net Promoter Score is calculated by subtracting the percentage of detractors from the percentage of promoters. A positive score indicates advocacy and support, while a negative score shows the opposite.

We asked what major products respondents hold with their primary bank and with other banks, and which of these products were purchased in the past year. We also asked respondents what their most recent purchase had been, and which bank and channels they used to make this purchase. Further, we asked how often they interacted through various channels to do their banking in the past three months. We asked questions about respondents’ attitudes toward using technology companies for financial products, and whether they had used specific big tech or fintech companies recently. We also asked respondents about their openness to using a “one-stop shop” of related services provided by their bank. The remaining questions elicited demographic profile information: household income, investable assets and region of residence.

NPS Prism

We also relied on data from NPS Prism’s US and Canada Consumer Banking and Wealth Management Studies. NPS Prism is Bain’s subscription-based online benchmarking service that employs rigorous, double-blind research. NPS Prism provides access to tens of thousands of NPS responses at a relationship, product and episode level, as well as a multitude of operational metrics. These customer experience benchmarks allow comparison to competitors on the specific interactions that shape the customer experience.

Acknowledgments

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Bain & Company partnered with Dynata, an online global market-research organization, to survey consumer panels in Australia, Belgium, Brazil, Canada, China, Colombia, France, Germany, Hong Kong, India, Ireland, Italy, Mexico, the Netherlands, Poland, Singapore, South Korea, Spain, Sweden, Switzerland, the UK and the US. The survey’s purpose was to gauge customers’ loyalty to their principal bank and the underlying reasons customers hold their views. Conducted from July to September 2019, the survey polled 131,930 respondent consumers of national branch network banks, regional banks, private banks, direct banks, community banks and credit unions in these markets.

Dynata is one of the world’s leading providers of first-party data contributed by consumers and business professionals. Dynata has the ability to survey more than 60 million people globally and an extensive library of individual profile attributes collected through surveys. The company serves nearly 6,000 market-research agencies, media and advertising agencies, consulting firms, investment firms, and healthcare and corporate customers in North America, South America, Europe and Asia-Pacific. For more information, go to www.dynata.com.
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