

A man in a suit is seen from the back, looking at a tablet. He is in a modern banking lobby with several ATMs. The image is overlaid with a complex network of colorful lines and circles, resembling a circuit board or data network. The background is a blurred image of a busy bank interior.

# MODERN BANKING RESEARCH

## WHY BANKS NEED TO THINK LIKE RETAILERS

# CONTENTS

## 03 INTRODUCTION



07 THE DEMOCRATIZATION  
OF BANKING

---

10 RECOMMENDATION 1

---

17 RECOMMENDATION 2

---

26 RECOMMENDATION 3

---

30 RECOMMENDATION 4

---

33 ABOUT BOOKINGBUG

---

34 RESPONDENT PROFILE





# INTRODUCTION



# INTRODUCTION

This is the second year of our Modern Retail Banking Report, which surveys financial consumers in the US and the UK to gain a deep understanding of their behaviors and opinions on banking. The respondent data in last year's report identified a number of realities for the banking industry:

- Consumers are increasingly using online tools to manage their money.
- Many consumers still rely on bank branches to conduct their banking, especially when it comes to researching banking products, but are dissatisfied with their branch experiences.
- Online banking is more popular in the UK than the US.

This year's report outlines a continuation of many of the realities outlined in last year's report. Consumers are demanding an omnichannel banking experience that gives them the power to conduct their banking experience whenever, wherever and however they choose. Yet, we did see a number of differences this year compared to last. With two years of data, we were able to identify trends and start to predict what banks will be experiencing in the future.



This report outlines an overarching trend, the Democratization of Banking, which is simply the freedom for consumers to decide how they will do their banking. Supporting this trend, we provide four key recommendations based on our research that can help established banks compete in the future.

- 1. Service Consistency:** Our research shows that consumers expect (and are not always receiving) a consistently high level of service experience across all their touchpoints with the bank; whether it is at the branch, online, via a mobile app or via phone calls.
- 2. In-branch Experience:** The data shows that although branch traffic has diminished due to online options, branches are an increasingly valuable asset for upsell opportunities and as a place to establish customer trust.
- 3. Events:** The survey identified hosting events at bank branches as a powerful (yet underused) way to connect with customers and build a community around a branch.
- 4. Education:** Established banks are losing market share to fintech competitors which are offering robust and innovative banking services. There are tremendous amounts of companies and services available to consumers; this presents an opportunity for established banks to better educate their customers on their best course of financial planning.



# RESEARCH METHODOLOGY

Online survey designed by Market Measures, an independent market research agency led by Andrew Tharme. Andrew has over 20 years CPG and Retail experience in research on both the client side (at Nestle and Boots) and the agency-side and is presently Consulting Director at Market Measures – a specialist Retail and CPG research & insights agency since 1986.

- Update of survey from 2016 in US and UK. Additional questions about events
- Fielded to an online consumer panel
- Field dates: 10-15 November 2017
- Compared with 12-20 December in 2016
- N=1000 UK interviews + 1000 US interviews = 2000 total
- Minimum quotas for age, gender and region to ensure national representative samples in both countries





# THE DEMOCRATIZATION OF BANKING

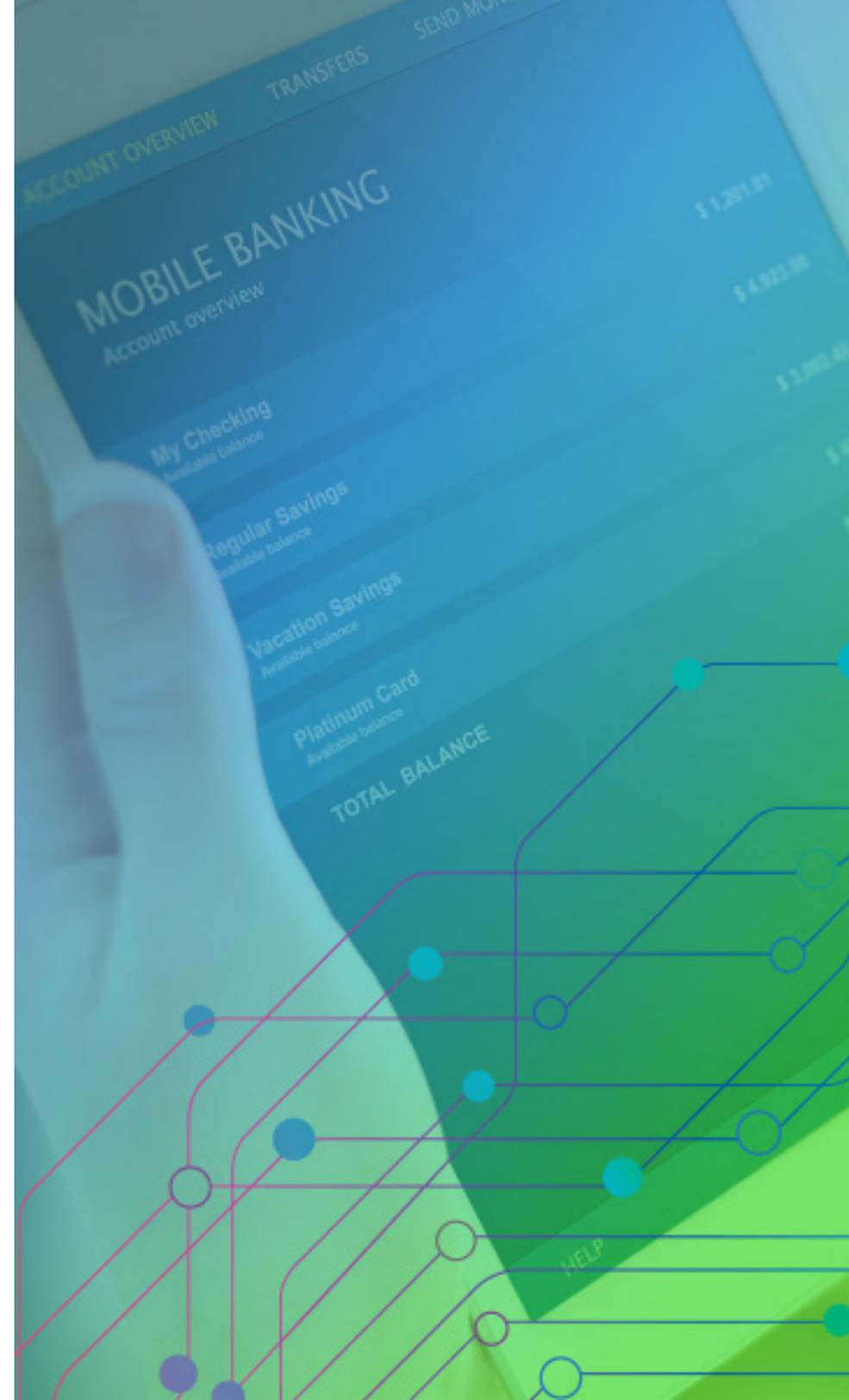
# THE DEMOCRATIZATION OF BANKING

In 1965, the [Rolling Stones](#) released a song called “I’m Free.” In 1990, the [Soup Dragons](#) released a cover version of the song with the following lyrics, “*Cause I’m free to do what I want any old time (Don’t be afraid of your freedom).*” In 2006, Chase Bank followed suit and released their [Chase Freedom card](#) with a commercial featuring the Rolling Stones’ version of the song.

It is now 2018 and the banking revolution has finally arrived, consumers are finally free. Let us count the ways. Consumers are now free to:

- Choose any bank and are not overly limited by geography.
- Conduct banking activities 24/7, 365 days a year.
- Become a customer of one of the hundreds of virtual banks now online.
- Download and try out a new financial application in a matter of seconds, allowing them to analyze their investment portfolios or research financial products.

These new realities are forcing venerable banks with hundreds of years of history to change the way they do business. As the barriers to switch from one bank to another have fallen – it is now easier to switch your bank than to switch your cable TV company – consumers are trying out new banks in increasing numbers.



We define **Democratization of Banking** as not only the freedom for consumers to choose which financial companies they do business with and how they want to conduct their business, but also the democratization of the banking space, regardless of channel.

Our research shows that there is a wide disparity between how consumers like to conduct their banking; there are large segments of consumer populations either using the bank branches only, using online and application access only, or using both – a hybrid interaction.

For banks to get a better understanding of their customers, they use advanced analytics and big data, which allows them to provide a more customized service experience. Recent advances in artificial intelligence, machine learning and robotics will allow banks to scale more effectively and easily provide customized, 24-hour-a-day financial advice to their customers. Banks are starting to address the advent of cryptocurrency and blockchain as customers clamor for these advanced options.



A hand holding a smartphone is the central focus, set against a background of a person's face. The image is overlaid with a blue and green gradient and a network of colorful lines and nodes, resembling a circuit or data flow. The text is overlaid on a green horizontal band.

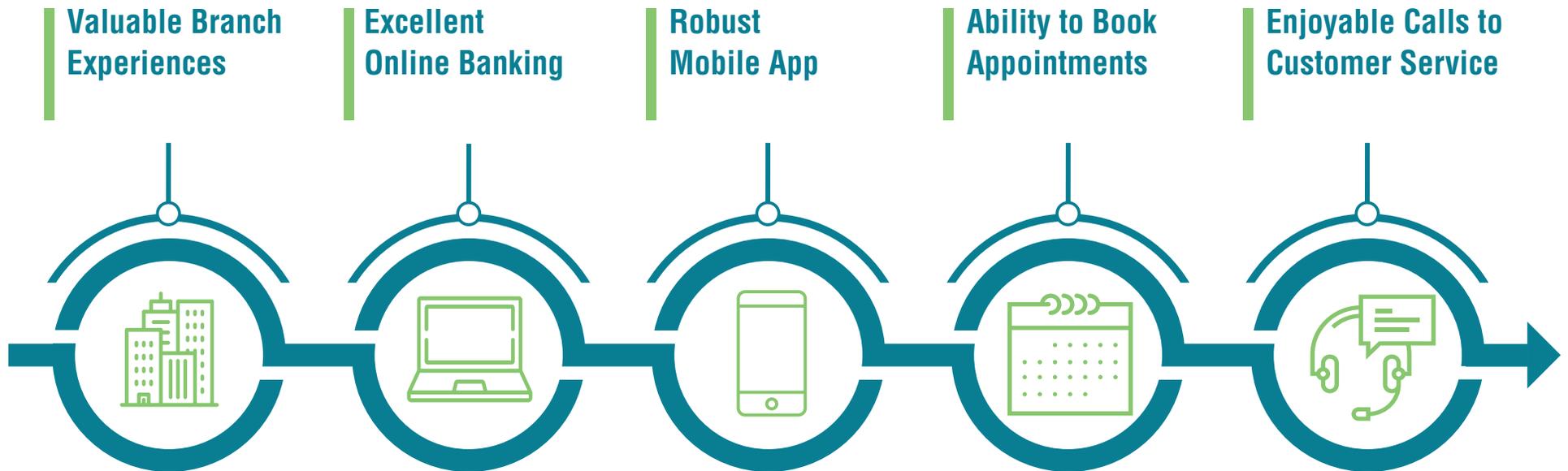
# **RECOMMENDATION 1:**

**PROVIDE SERVICE CONSISTENCY ACROSS ALL CHANNELS**

# RECOMMENDATION 1: PROVIDE SERVICE CONSISTENCY ACROSS ALL CHANNELS

For established banks to compete, they need to work harder to maintain their level of trust with their customers. Knowing that consumers have the freedom to pick the bank(s) of their choice and are demanding the freedom to choose

how they want to conduct their business, banks must have a seamless banking experience across all their channels.



## FLAWLESS TRANSACTIONS

Transactions are the ability for a bank to manage the consumer's day-to-day activities, e.g., depositing checks, updating accounts, etc. across both their online and offline activities. While this activity is of a lower value to consumers, any transactional problems that are not resolved quickly and correctly can cause a consumer to switch banks.



### TRANSACTIONS

---

- Daily banking activities
- Conducted at ATMs and online
- Driven by technology
- Expectation of flawless service
- Mistakes can destroy trust

## STRIVE TO DELIVER CONSULTING

The consulting aspect of the banking experience drives higher value. When the consumer asks, “*How do I best save for retirement and pay for my child's college education?*” the bank needs to be prepared to answer these questions. These experiences can happen in the branch or online. Providing a strong consulting experience in the branch can drive consumers to return for guidance and where they are less likely to shop around.



### CONSULTING

---

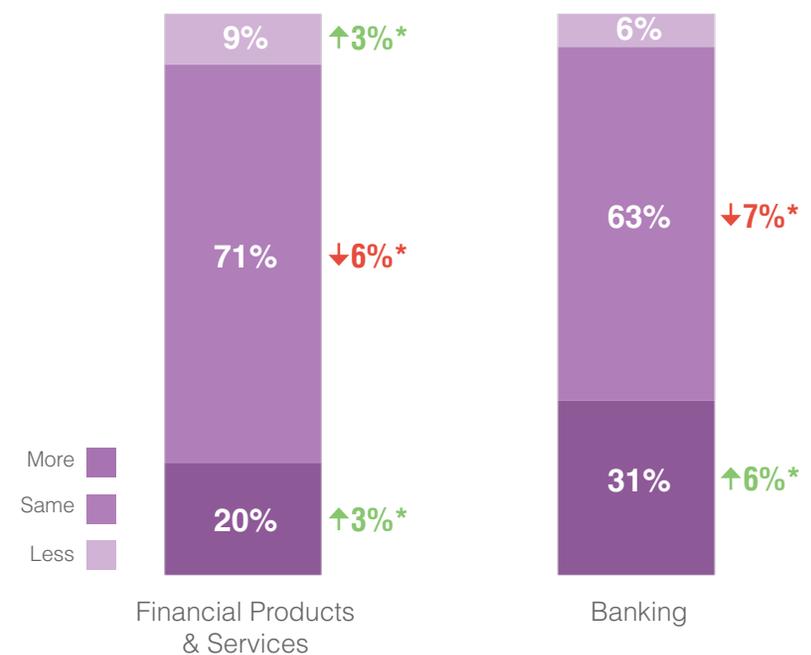
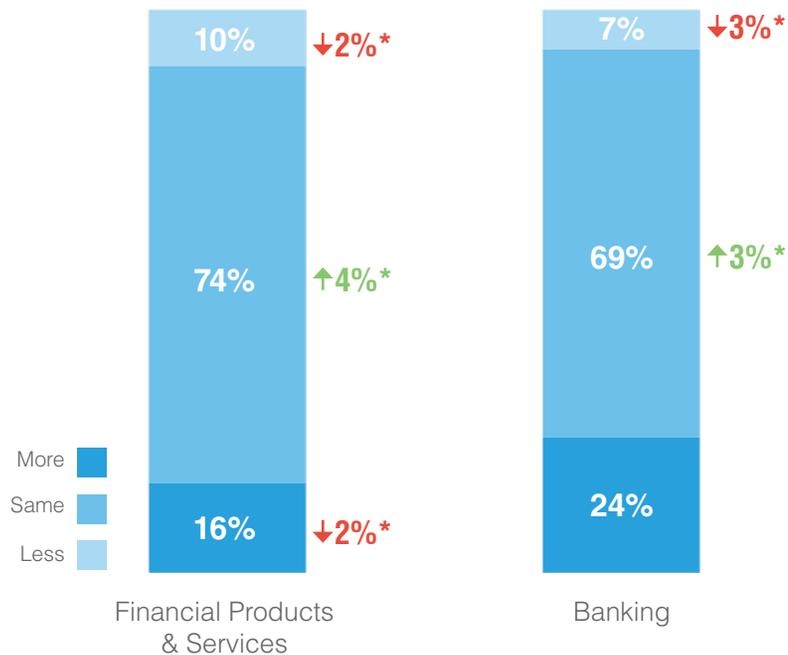
- Higher-level advice
- Provided in the branch or via video conferencing
- Can use booking technology for easy-to-make appointments at branches
- Opportunity to build trust through positive interaction with trained personnel

# ONLINE BANKING STRONGER IN THE UK

We asked consumers about where they do their financial products & services research and about their routine banking activities, whether they use online more now than a year ago and whether they will use online more one year from now. In the US, we saw there was increased interest in using online, but the rate

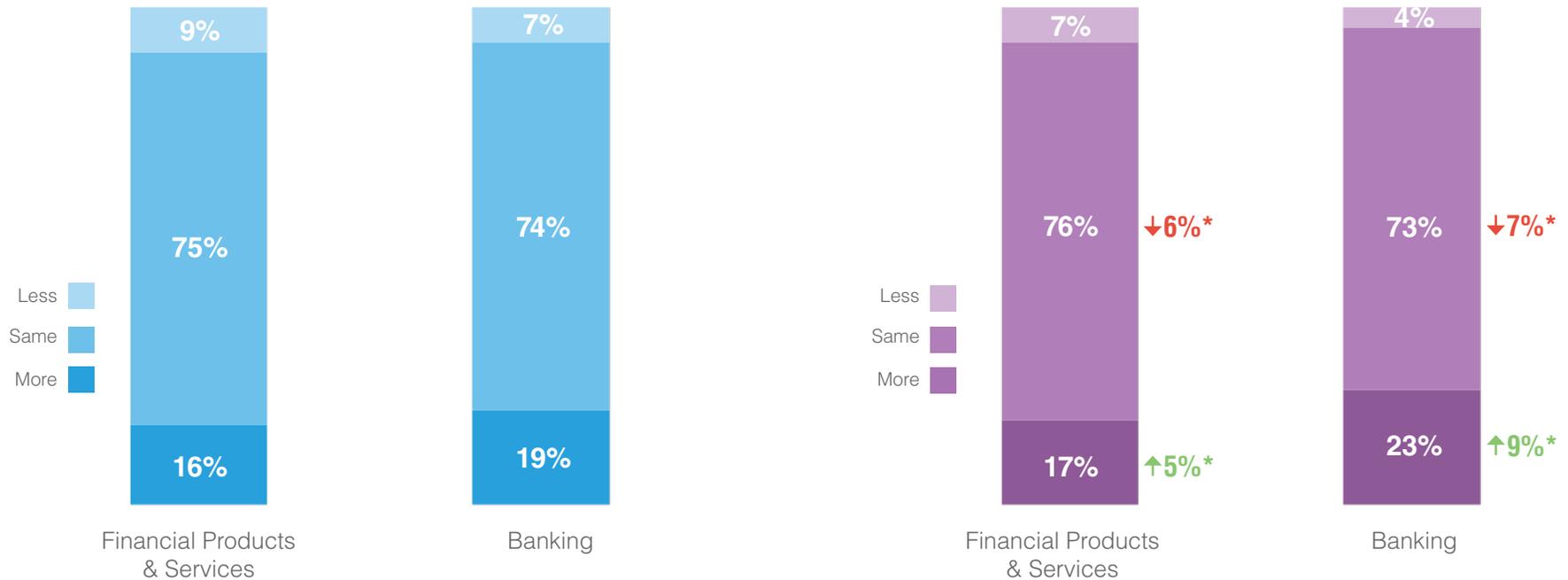
of increase was slowing compared to last year. For the UK market, there was strong growth compared to the US, for both financial products and banking activities.

## Do you use online more or less than one year ago for...



# ONLINE BANKING STRONGER IN THE UK

And in the next 12 months, will you use online more or less than you do now for?

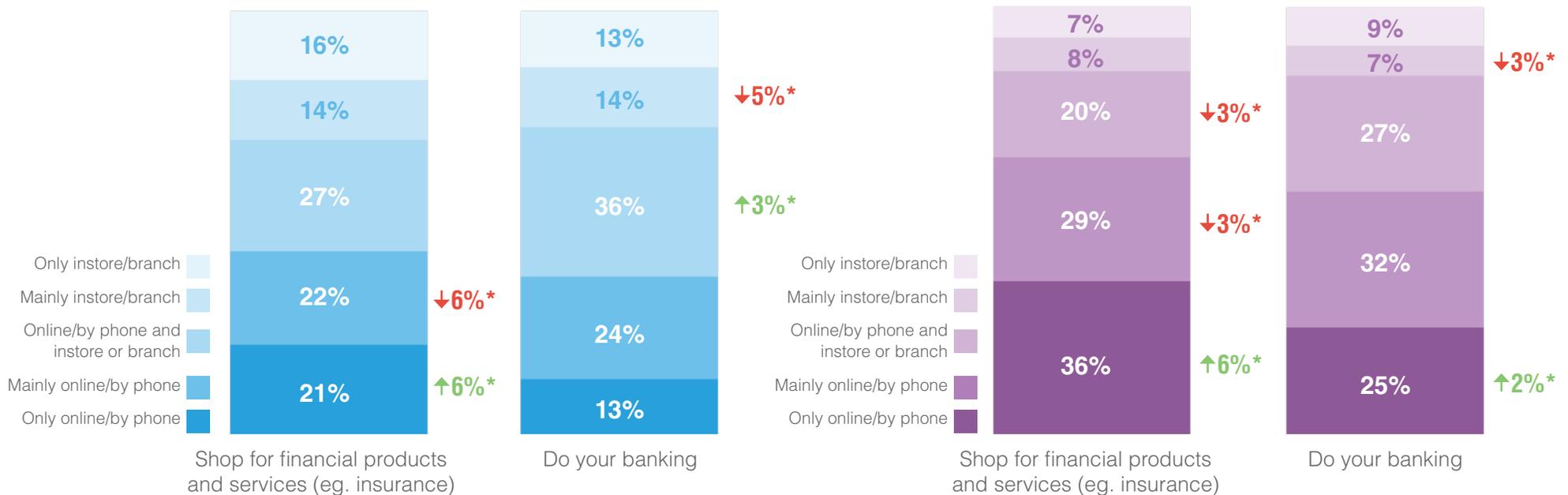


# SHOPPING FOR BANKING PRODUCTS ONLINE IS INCREASING

Our survey asked our respondents how does one typically shop for financial services and how does one do their banking. The results below showed continued preference toward online vs. visiting a branch for both the US and UK markets. In the US, most troubling for established banks was that shopping for new financial services showed **21%** of respondents now only shop for these products online, a **6%** percentage point increase from last year. The change over the last year came directly from respondents who primarily shop online,

which decreased **6%** percentage points from **28%** to **22%**. In the UK market, the story was similar. Shopping for new financial services showed **36%** of respondents now only shop for these products online, a similar **6%** percentage point increase from last year. The change was split from respondents who primarily shop online, which decreased **3%** percentage points from **32%** to **29%**, and respondents who split their shopping between online/by phone and in-store/branch, which decreased **3%** percentage points from **23%** to **20%**.

## Where do you typically do each of the following?

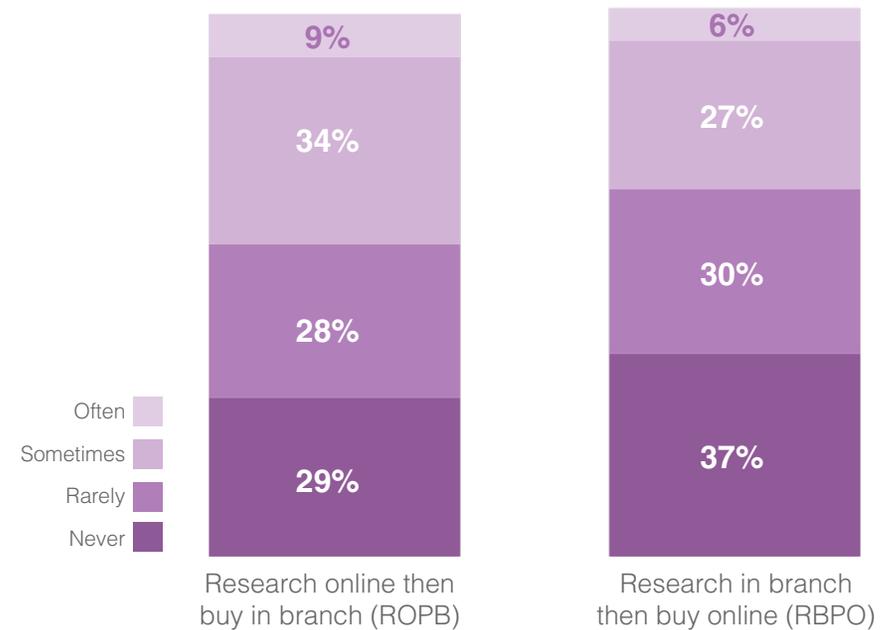
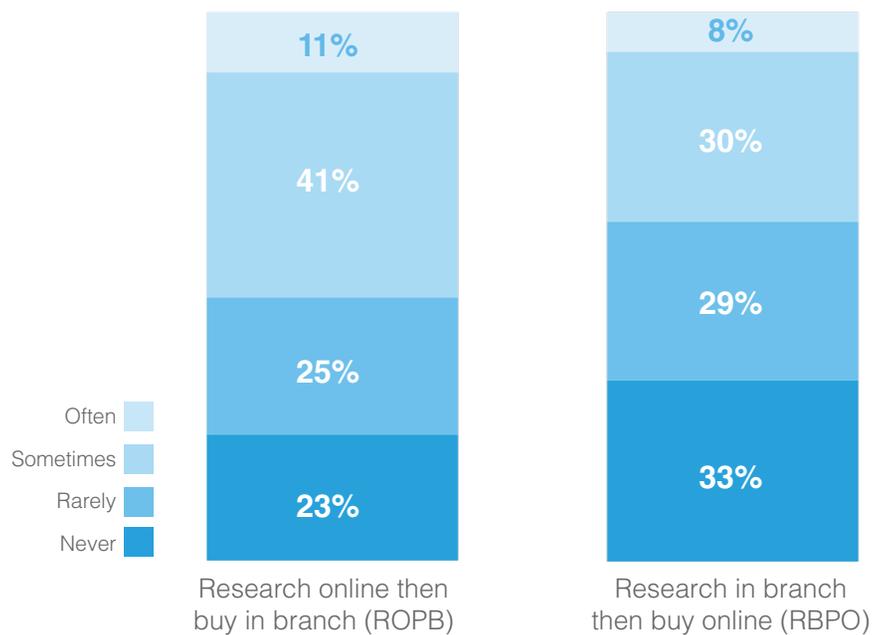


# OMNICHANNEL BANKING

As we saw in our latest retail white paper, [The Modern Consumer](#), with the concepts of webrooming (researching online, purchasing in-store) and showrooming (researching in store, purchasing online), we see similar omnichannel preferences with banking customers. For the banking experience, we can define these concepts as research online, purchase in branch (ROPB) and research in branch, purchase online (RBPO). For the US market, the results

showed that **52%** would ROPB often or sometimes vs. **38%** who would RBPO often or sometimes. Similarly, in the UK, the results were similar but lower, as it showed that **43%** would ROPB often or sometimes vs. **33%** who would RBPO often or sometimes. As with our results with retail, there was more interest in researching online and then purchasing in-person at a branch.

## When you are buying a financial product or service such as insurance or a loan, how often do you use both branch and online for a single purchase?



A background image of a business meeting with a network overlay. The overlay consists of colorful lines (blue, purple, red, orange, yellow) and circles of various sizes, resembling a circuit board or data network. The background shows people in business attire, some holding papers and pens, suggesting a collaborative work environment.

# RECOMMENDATION 2:

DELIVER A QUALITY IN-BRANCH EXPERIENCE

## RECOMMENDATION 2: DELIVER A QUALITY IN-BRANCH EXPERIENCE

With the advent of online channels, a customer's in-branch experience is now increasingly paramount for banks. Paradoxically, as customers spend less time in branches, each branch experience is magnified. Customers are coming into branches not for transactions, but for consulting and dealing with problems. These visits have become high-value interactions, so it is important for banks to provide high quality services to retain their customer base.

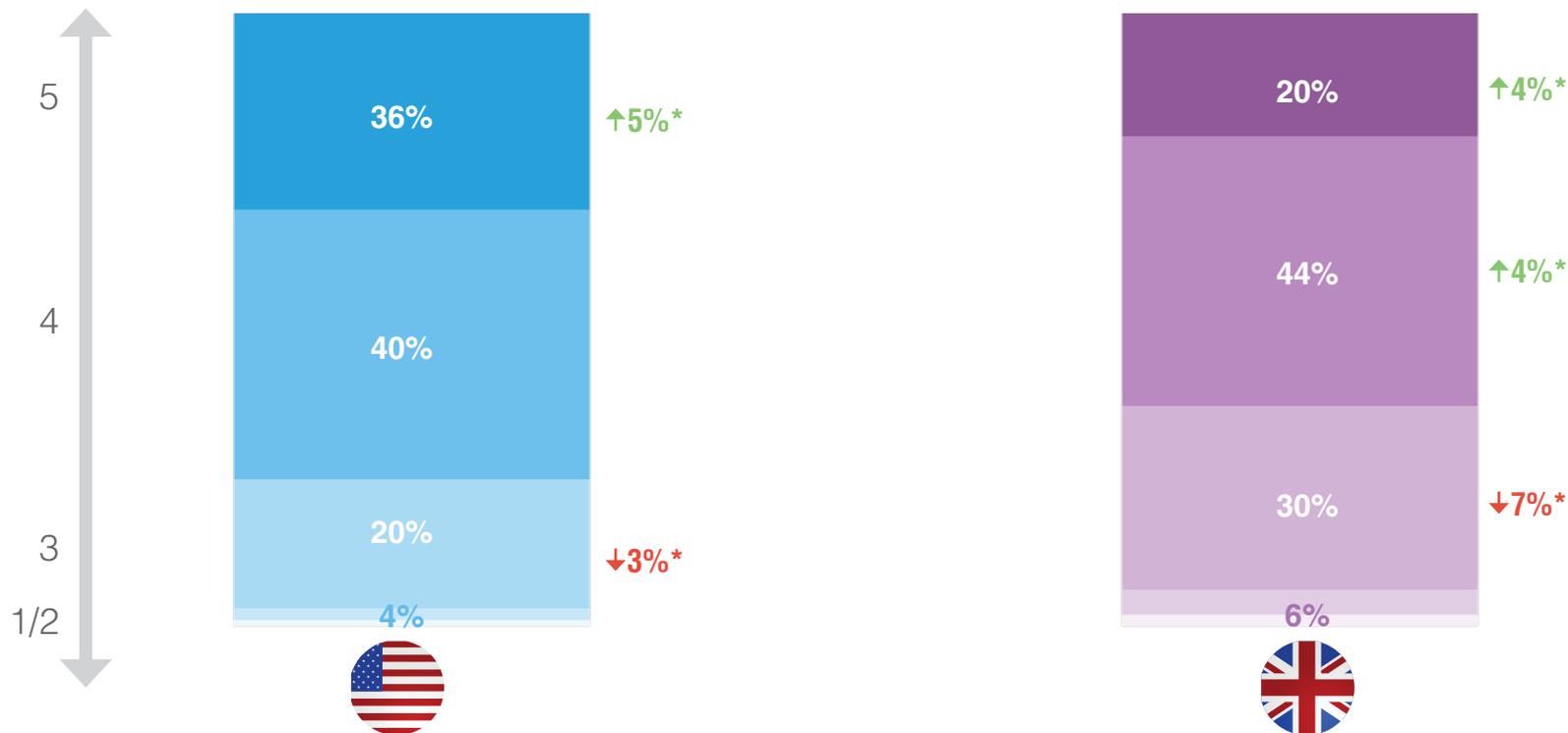


# BRANCHES ARE BECOMING MORE INVITING

Overall, consumers rated their branch experiences higher this year compared to last year. This could be due to banks making a concerted effort to improve their customer experience score across their organizations and down to the branch level. This data aligns with the trend that shows that banks have been retooling branches to make them more inviting as well as opening smaller,

boutique-sized branches. Now branches are more conducive to conduct conversations with consumers. Capital One, for example, reimagined banking by introducing Capital One Cafés. These are welcoming spaces where you can go to bank, get answers to your financial questions, recharge your devices, or simply connect with people.

**Thinking about every time you have been to a bank / financial services provider branch in the last year, how would you rate your overall experience? (1=poor, 5=excellent)**

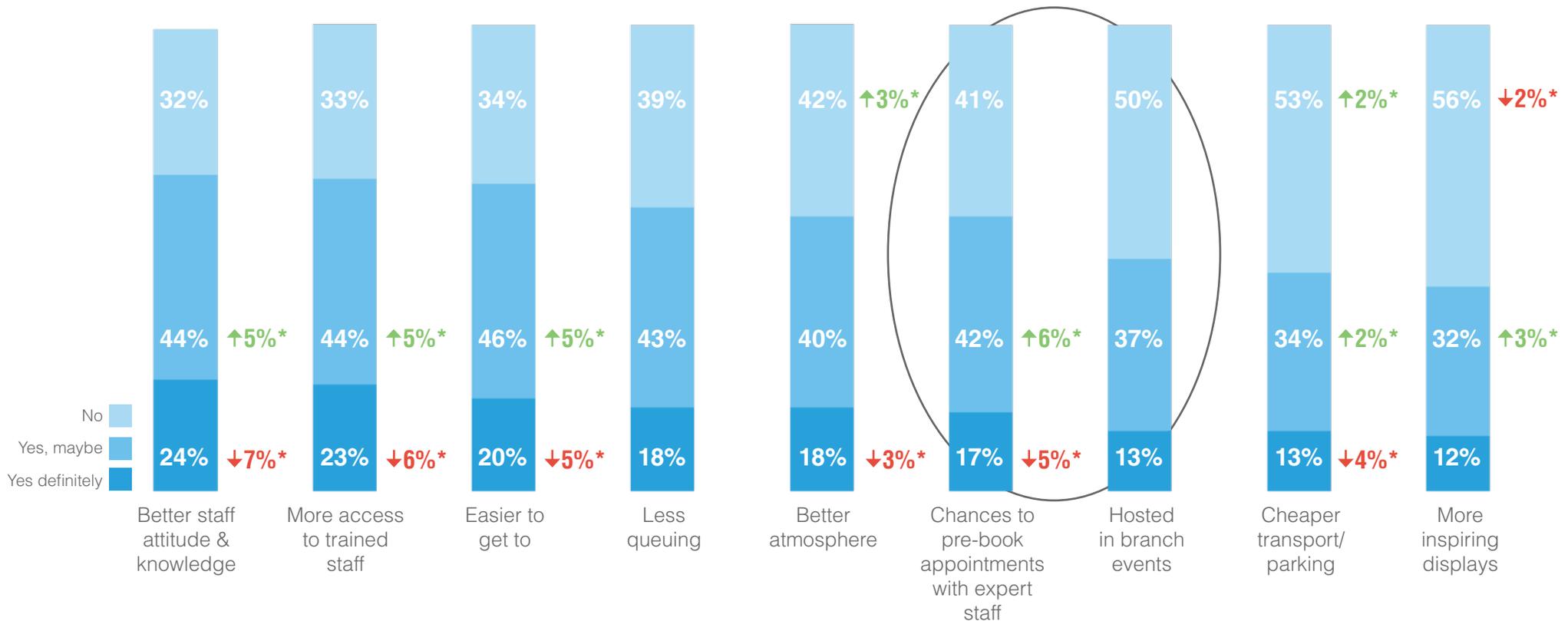


# HOW TO DRIVE MORE BRANCH VISITS

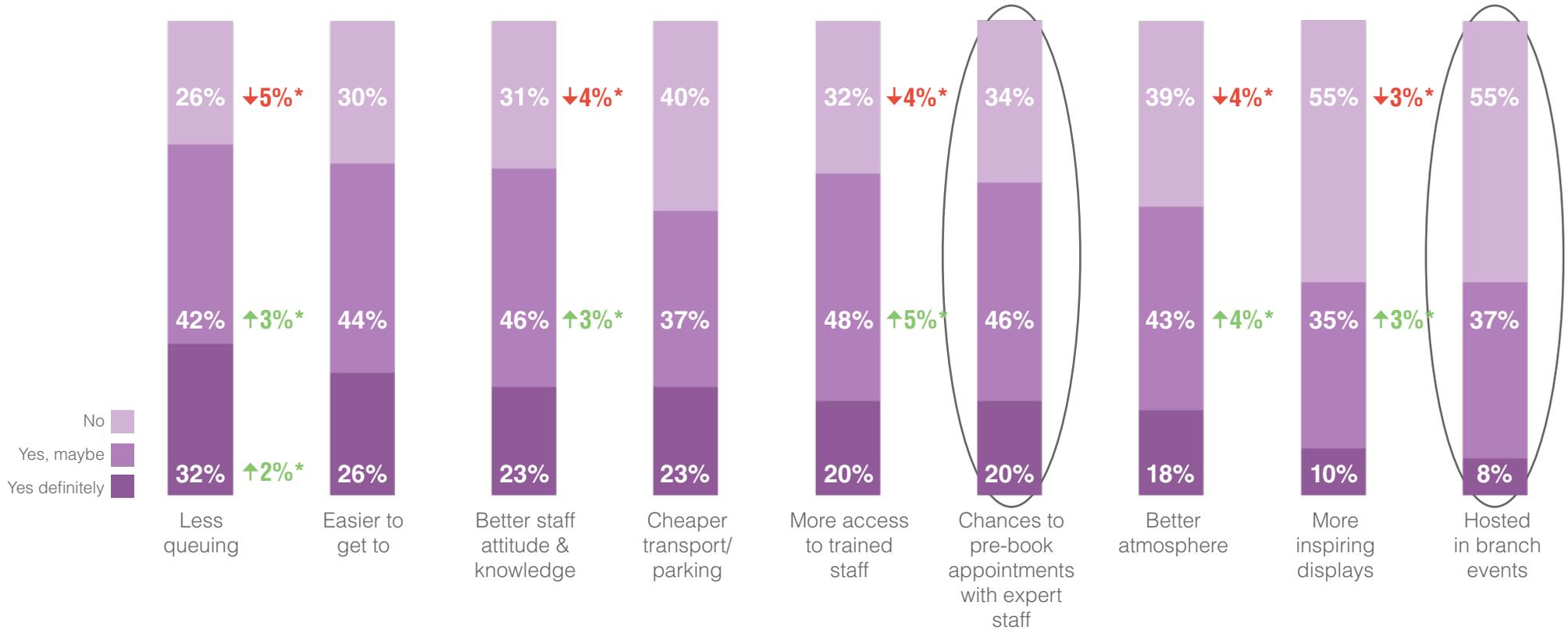
We asked consumers which branch services would drive more visits to branches. We saw dramatic differences between the US and the UK. The US market on the whole was less motivated to visit branches, while they valued

staff knowledge and staff availability the highest. The UK market was more motivated to visit branches while valuing less time standing in line and easier access to branches the highest.

## If banks and other financial service providers improved any of the following, would you visit their branches more often?



If banks and other financial service providers improved any of the following, would you visit their branches more often?

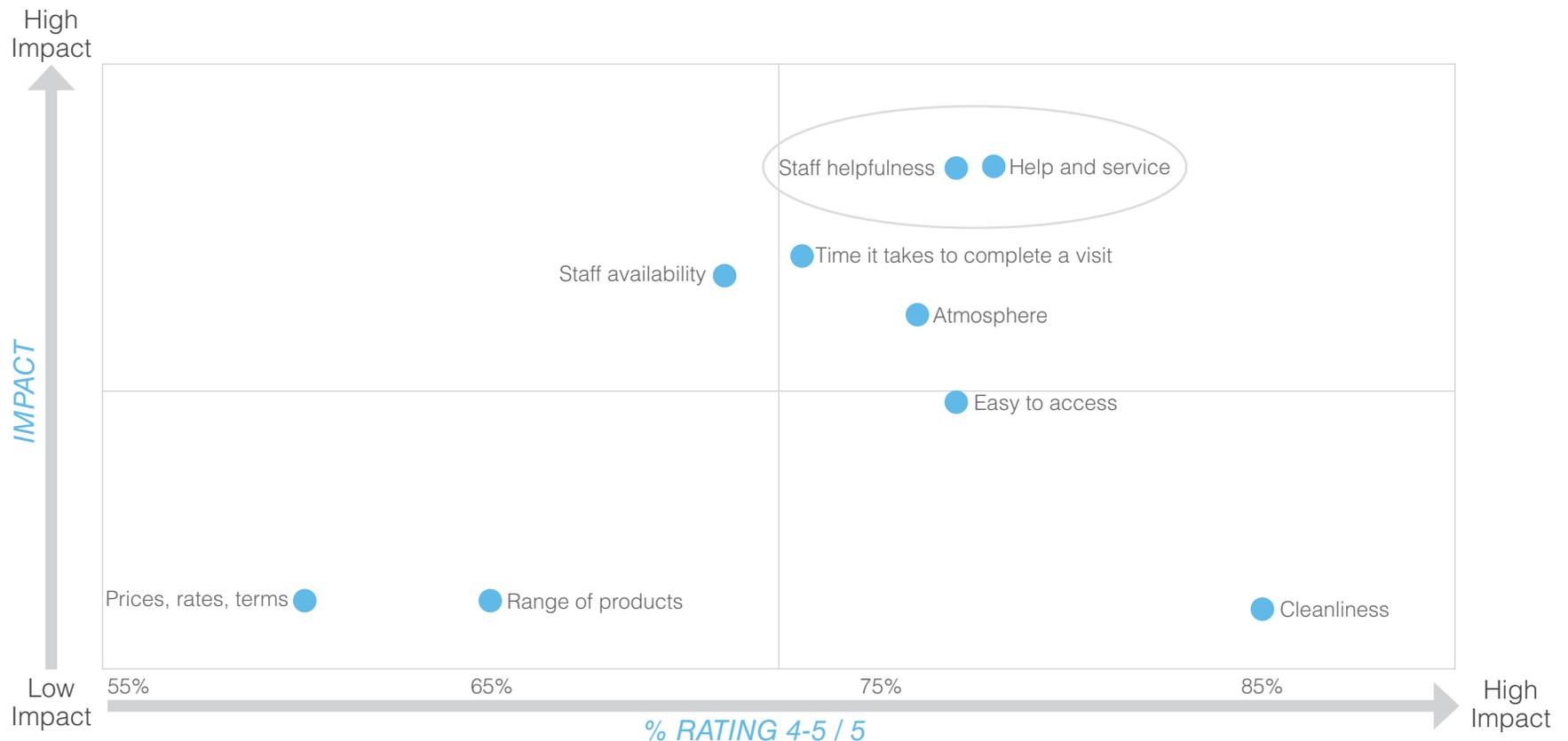


# WHAT IMPACTS THE BRANCH EXPERIENCE

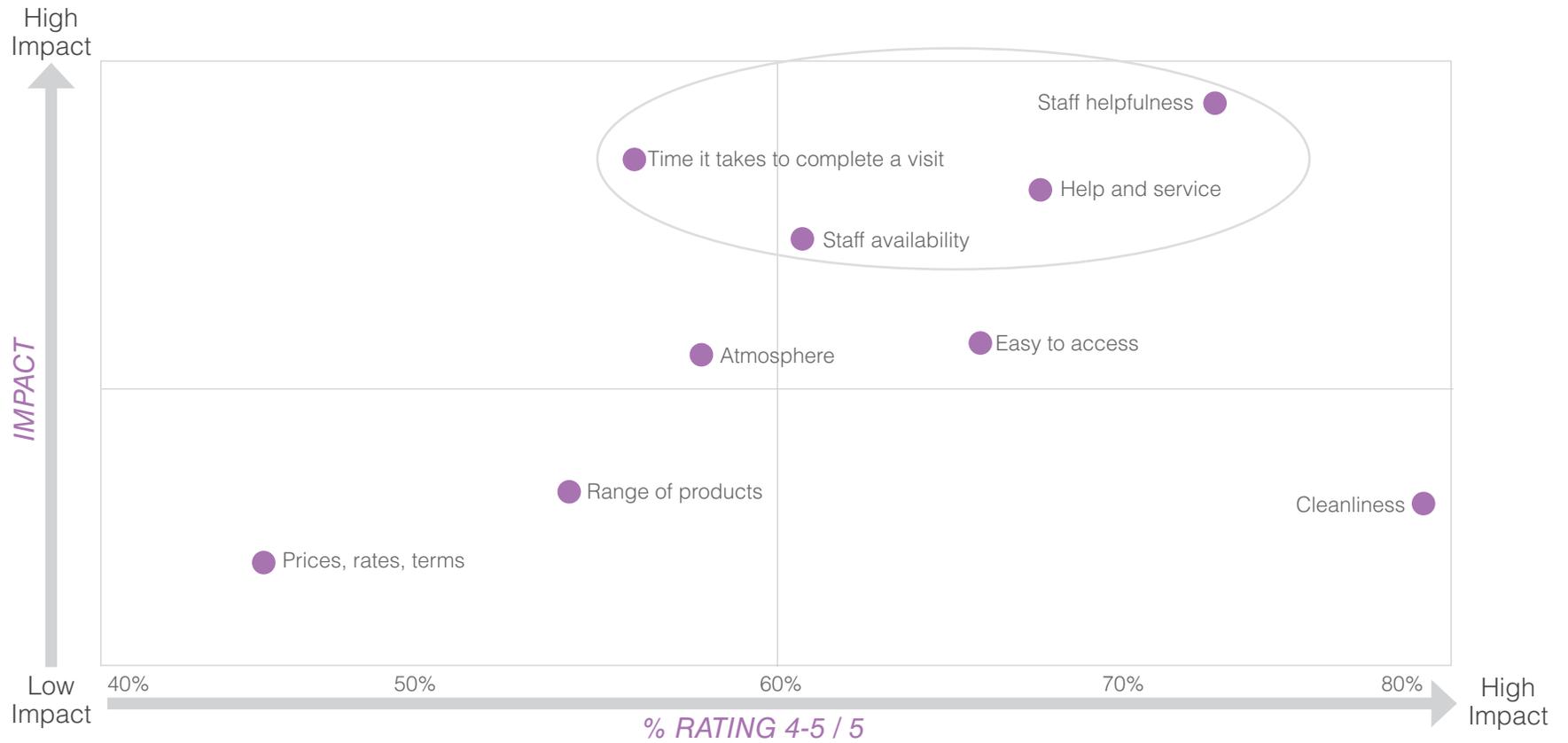
We asked consumers to think about the different factors that made up their branch experiences over the last 12 months and how they would rate these factors for highest impact and overall rating. Both countries rated “staff helpfulness” and “help and service” among the highest impact factors. Additionally, both markets rated “staff availability” and “time it takes to complete a visit” as very

impactful, yet said these factors had room for improvement. This indicates that allowing a bank customer the opportunity to book an appointment online or through the mobile app before heading to the branch in the UK market could improve bank branch satisfaction.

**Again thinking about all your bank/financial services branch experiences over the last 12 months, how would you rate them on the following?**



Again thinking about all your bank/financial services branch experiences over the last 12 months, how would you rate them on the following?

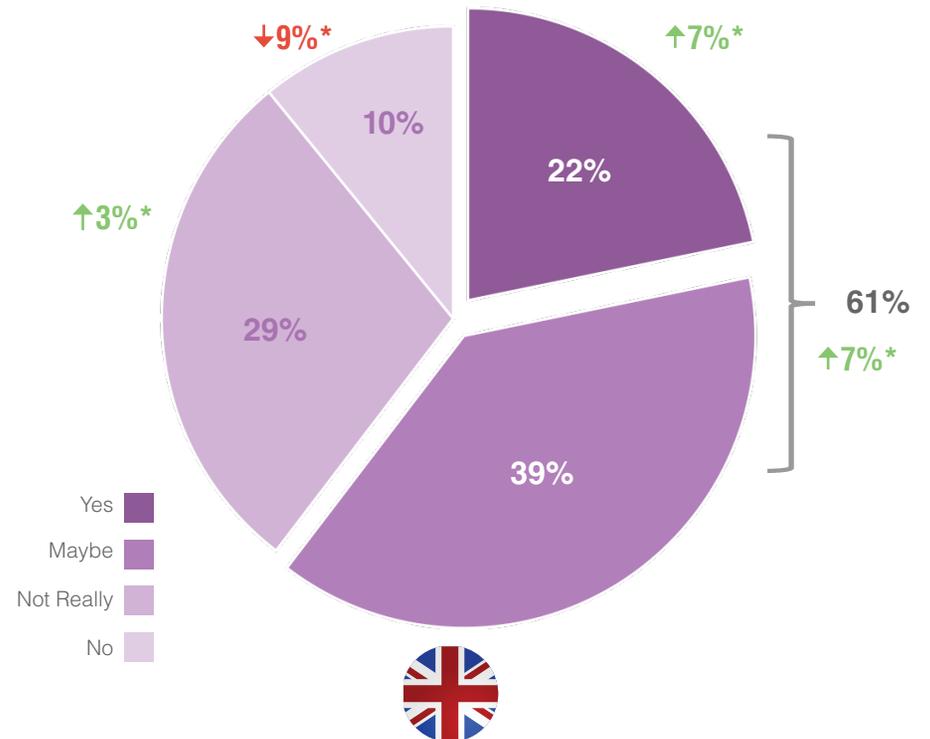
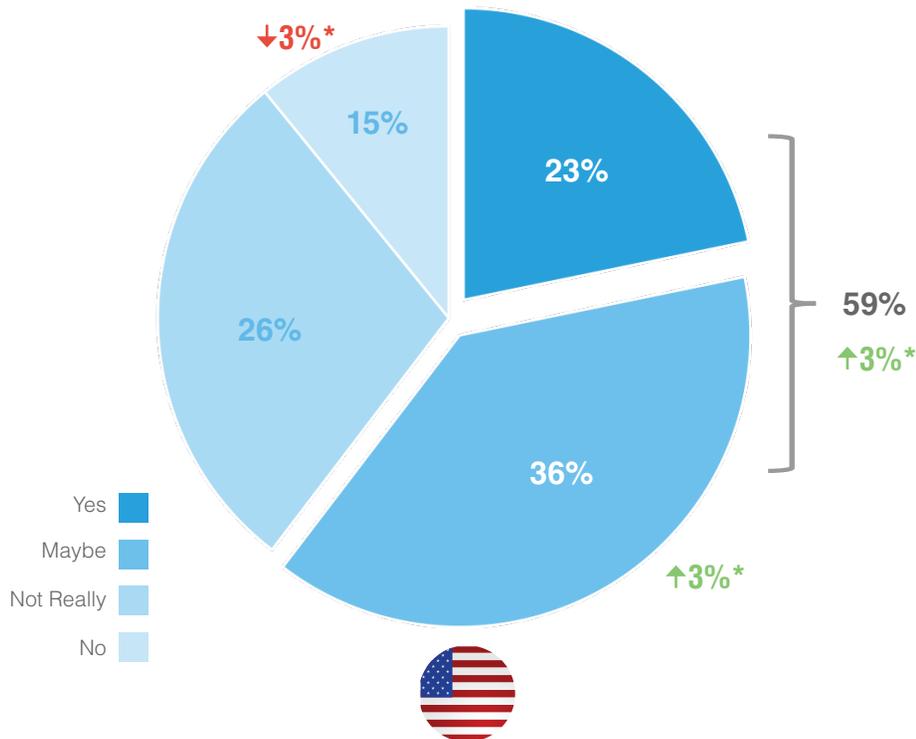


# OFFERING APPOINTMENTS IS A MUST

For years, many banks were only open on weekdays from 10am to 3pm, which made them difficult to access. Banks are now open longer but continue to be packed at certain times: first thing in the morning, at lunch time, and just before closing time. Allowing customers to schedule appointments makes it easier for consumers to receive prompt service but also makes it easier for banks to ensure that they are properly staffed to accommodate traffic. Better staffing optimization leads to higher profits and revenue. Our survey showed

there was a large increase in the UK and a modest increase in the US as to whether a respondent would be more interested in visiting a branch if they had the ability to make an appointment in advance. The research showed that **59%** of respondents in the US and **61%** in the UK are interested in setting up online appointments in branches before they visit. This has increased by 7 percentage points in the UK and 3 percentage point in the US compared with last year.

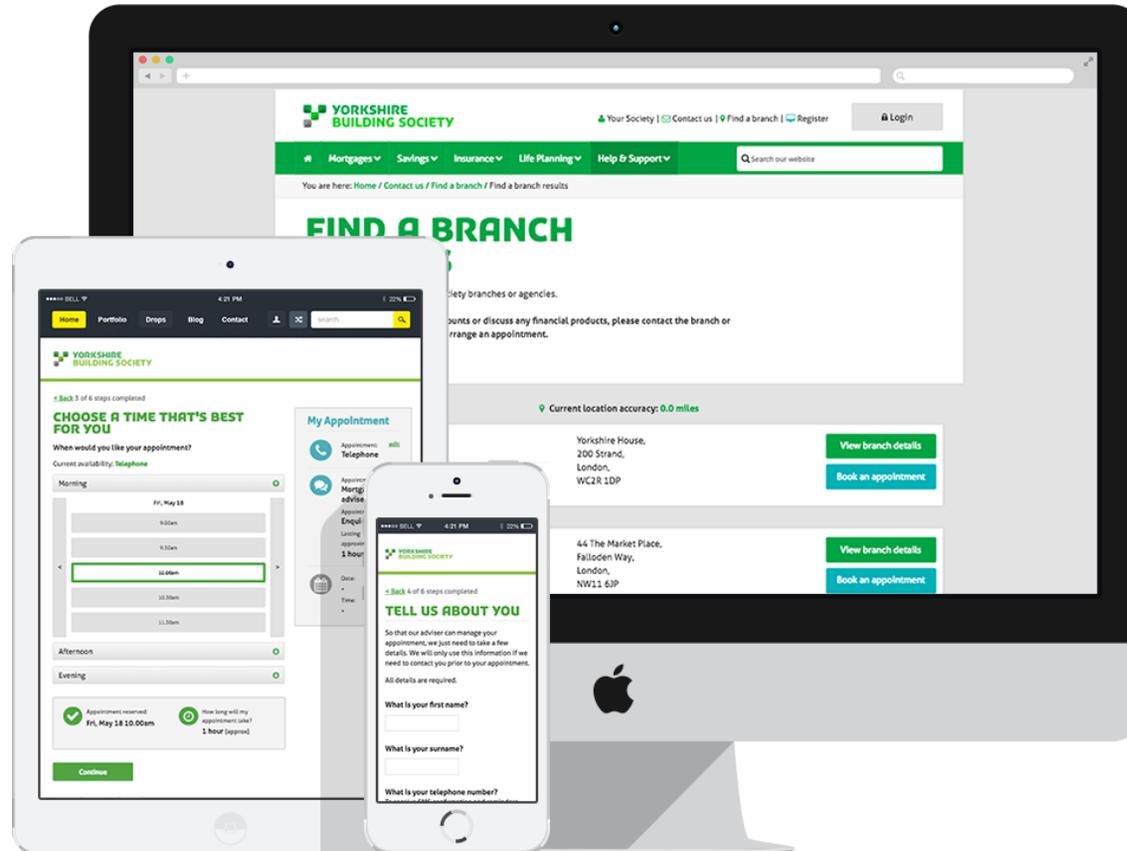
## Would it benefit you, if you could plan a bank/financial services branch visit online before you set off, so that branch staff were there to help you when you arrived?



# FINANCIAL CASE STUDY: YORKSHIRE BUILDING SOCIETY

One of the challenges for banks when scheduling appointments is to connect the correct team member with the customer. One of our customers is Yorkshire Building Society (YBS), a banking institution in the UK. They have more than **3.1 million members**, more than **4,500 employees** and **£38 billion in assets**. The YBS group used BookingBug to become the first mortgage provider enabling customers to book in-branch and telephone appointments at any of its **200+ locations** or UK-based contact centers. We delivered them a booking system capable of screening applicants through a series of qualifying

questions provided by YBS. By combining the appointment scheduling with the qualifying questions, YBS was able to quickly connect the prospect with the correct team member. “As well as seeing a significant increase in in-branch mortgage appointments, we’ve cut the admin time to book and qualify these appointments in half. This frees up our branch staff to focus on what matters most: delivering excellent customer service”, said Steve Finch, Senior Manager of Digital Development at YBS.



A group of diverse people in a social setting, overlaid with a network diagram of colored lines and nodes. The scene is dimly lit, suggesting an evening event. People are engaged in conversation, some holding drinks. A man in a blue suit is smiling and looking at a woman who is holding a small, round, textured object. A woman in a patterned dress is looking at her phone. The overall atmosphere is one of community and networking.

# RECOMMENDATION 3:

CREATE LOCAL COMMUNITIES THROUGH EVENTS

## RECOMMENDATION 3: CREATE LOCAL COMMUNITIES THROUGH EVENTS

Our survey showed that only a small percentage of consumers have been invited to an event at a bank or financial institution over the past year. For the US, **14%** said that they were invited to an event, and for the UK, only **7%** said they were invited to one. Yet, over half of the respondents who had been invited to an event in each country said that they had attended a banking event in the last 12 months.

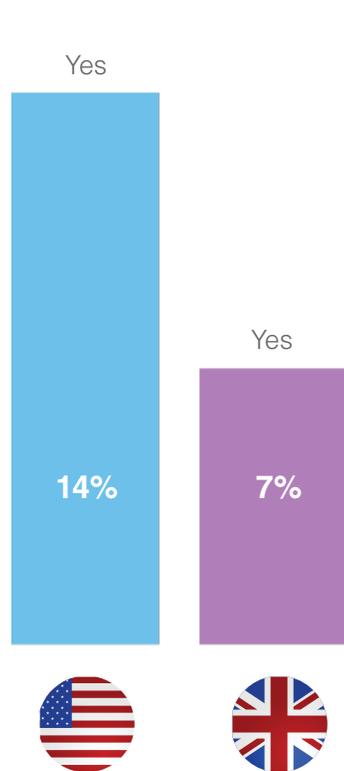


# CONSUMERS ARE WILLING TO ATTEND BANKING EVENTS

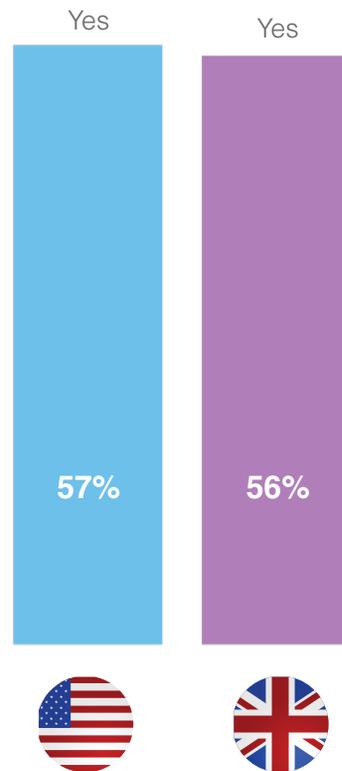
Furthermore, we asked respondents who had not been invited to an event if they would attend one if invited. The results showed that for the US, **82%** would or might attend an event, while in the UK, **88%** said they would or might

attend an event. These results strengthen the imperative for banks to invite their prospects and customers to attend events.

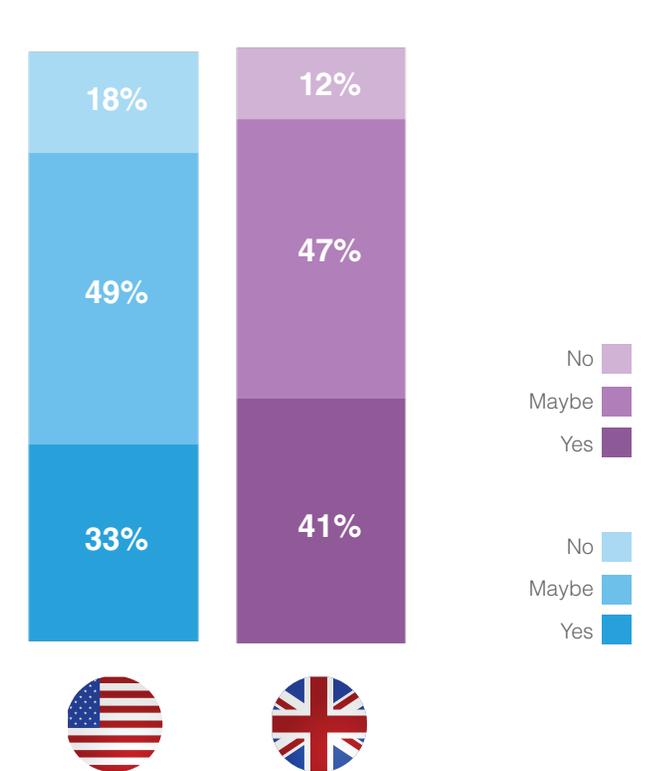
**In the last year, have you ever been invited to a bank / financial services provider in branch event?**



**Did you attend the event?**



**If you were invited to a bank / financial services provider in-branch event, would you attend?**



# BRANCH EVENT EXAMPLES

Events are a tremendous opportunity to connect with customers and potential customers. Local bank branches have a unique opportunity to build a community in their local region around events. By bringing together their customers, banks can not only facilitate awareness and education around their products and services, but they can also facilitate introductions and relationships between their consumers. Here are some ideas for banking events.

- **University Financial Planning Night:** Invite prospective parents and their university-bound students to discuss how to best prepare to pay for college. Bring in one of your educational specialist and a local college dean. Parents gain insights from the experts but also from fellow parents.
- **What Does Retirement Look Like:** Invite future retirees to an event with financial planners and current retirees to discuss the best way to achieve retirement goals.





# RECOMMENDATION 4:

PROVIDE EDUCATIONAL OPPORTUNITIES

## RECOMMENDATION 4: PROVIDE EDUCATIONAL OPPORTUNITIES

The democratization of banking is both a challenge for banks and an opportunity. For established banks, the increase in the number of banks a consumer could potentially choose from provides increased complexity for consumers. Banks can differentiate themselves by providing effective education and guidance; this can help consumers make the best decisions and help banks increase market share. Innovative banks are using [online portals](#) to deliver educational opportunities. These portals offer online classes together with in-branch events to make it easy for consumers to increase their financial knowledge. Consumers that complete these educational opportunities become better informed and are less of a drain on staff resources. Banks could even offer discounts to consumers who complete these classes.



# CONCLUSION

Consumers are now free to choose their banking options and banks need to align their strategies to address the needs of these consumers. We found that the data proved that consumers are looking for banks that deliver a seamless experience by experienced staff, not ones that are competing on price.

Our research shows that established banks need to provide a consistent experience across all of their online channels. Banks need to provide value and the best way to deliver value is at the branch. Banks can differentiate themselves from their competitors and virtual banks by offering appointment scheduling with properly trained staff members consulting consumers on their financial choices. Banks can leverage events to provide educational experiences and networking opportunities at their branches to consumers who are clamoring for them.

Ultimately, the best way for banks to adjust to the freedom and power that consumers now have should be to develop trust with their customers. Consumers should trust that their transactions are conducted flawlessly. Consumers should trust that their banking app works. Consumers should trust that they have a seamless banking experience across all platforms. Consumers should be able to easily schedule appointments or walk into a branch and trust that they will receive a positive experience.

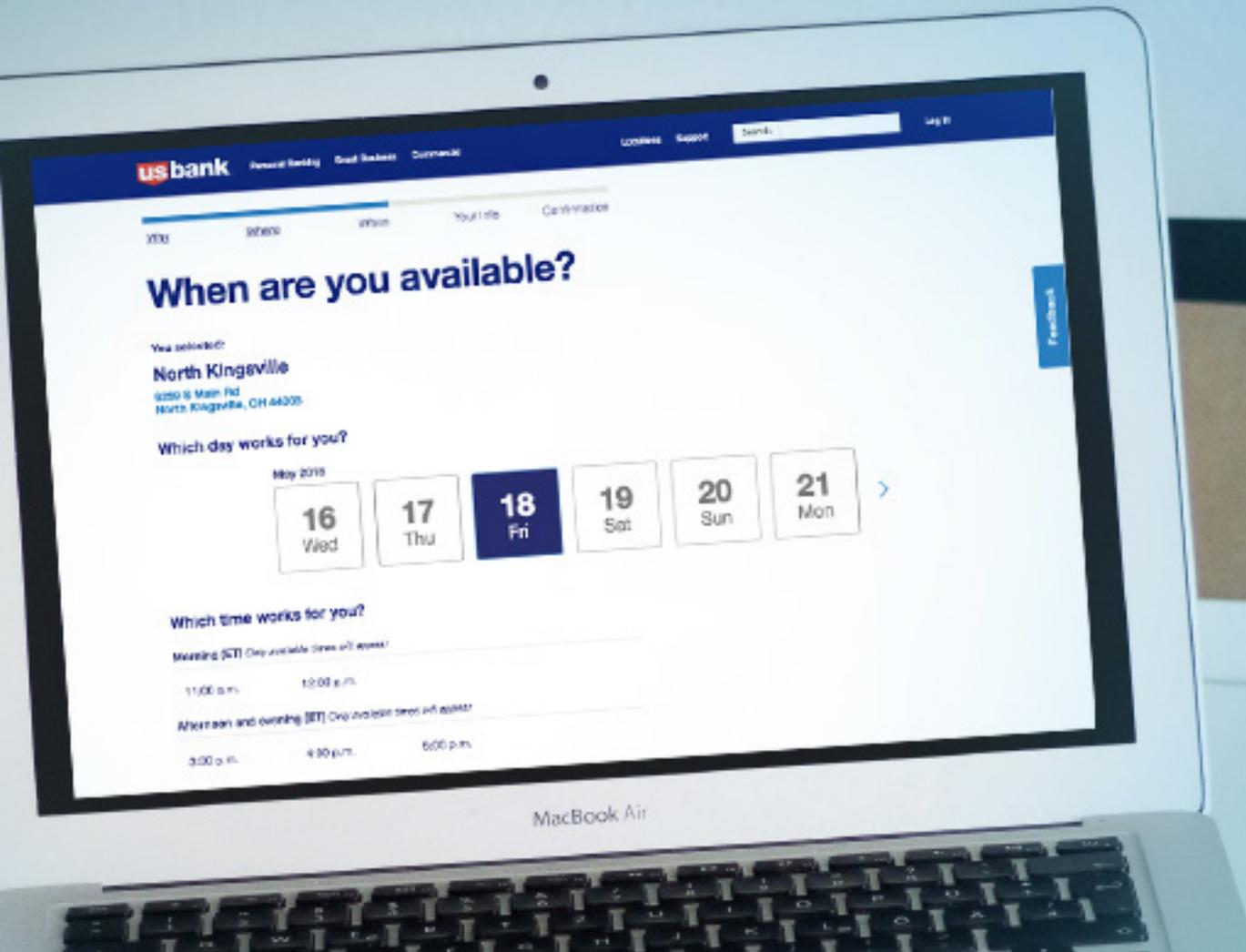


# ABOUT BOOKINGBUG

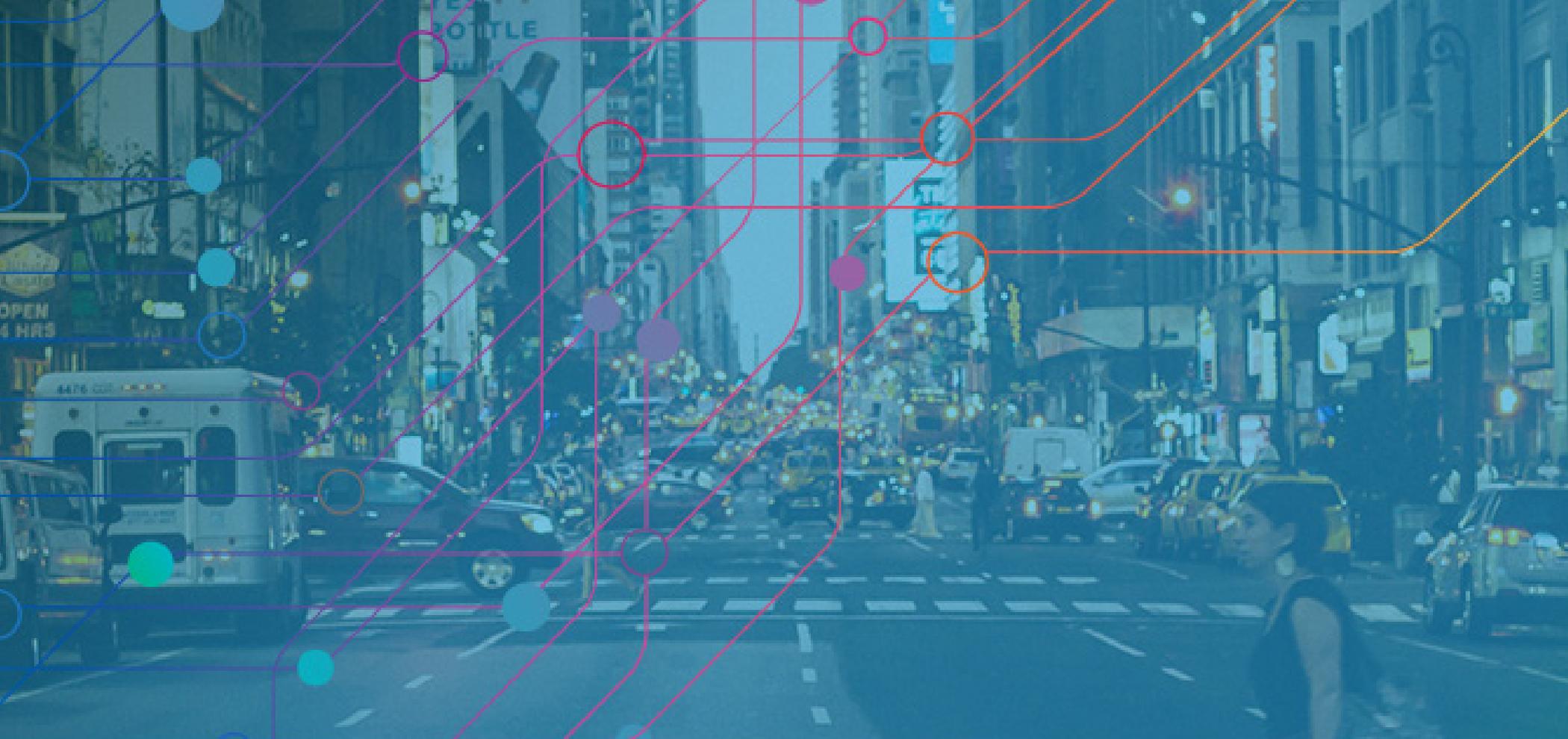
BookingBug is an enterprise Time-as-a-Service (TaaS) platform with appointment scheduling, queuing and event capabilities used by some of the world's largest banks, retailers and government agencies. It is the first company to offer a single, versatile platform that supports a range of time-driven customer and workforce needs to drive attraction, engagement and retention that results in profitable customer relationships.

Brands use BookingBug to create secure, data-driven and integrated experiences for the entire customer lifecycle. From online to in-store, BookingBug bridges the

gaps in the customer experience by helping organizations simplify scheduling, while maximizing staff and resource utilization. BookingBug is used by brands like U.S. Bank, Cisco, Yorkshire Building Society, Oriental Bank, LEGO and the UK Government to manage tens of millions of customer engagements annually. It is partners with companies including Salesforce, Oracle and Microsoft. Deloitte recently recognized BookingBug for its rapid growth and scale, naming it one of the fastest growing companies in the world.

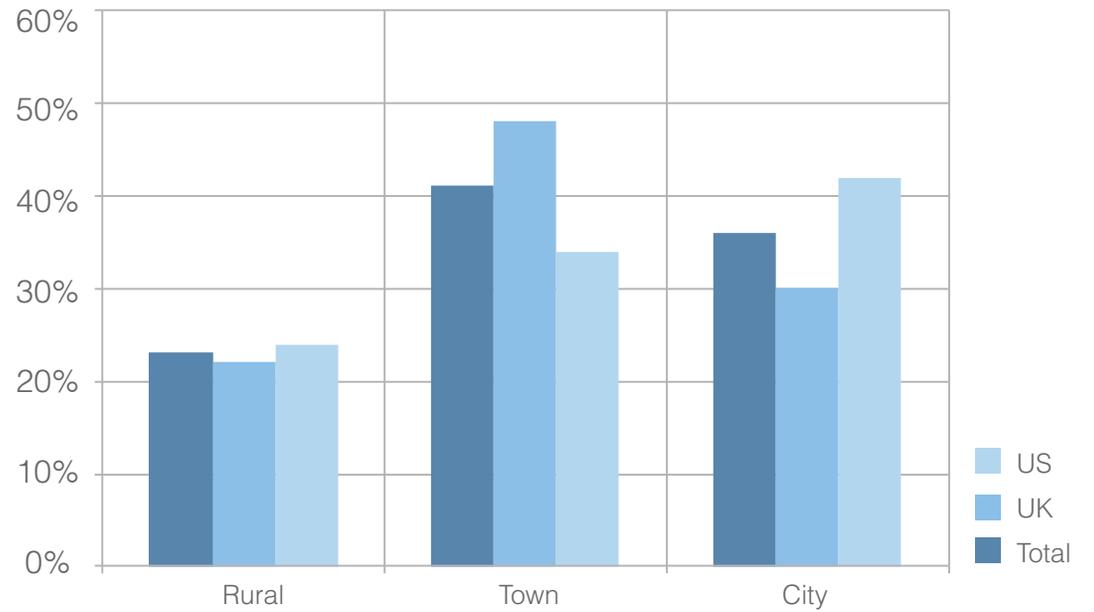
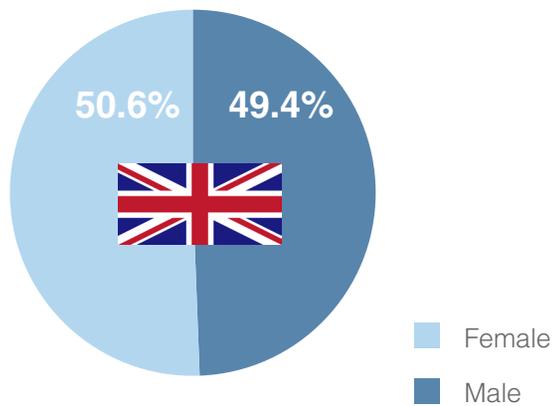
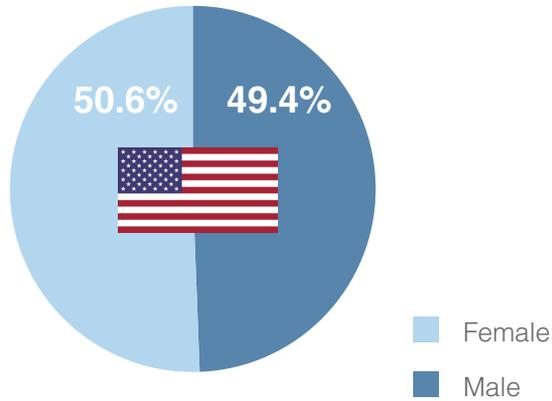


Visit [bookingbug.com](https://bookingbug.com)  
to book your demo

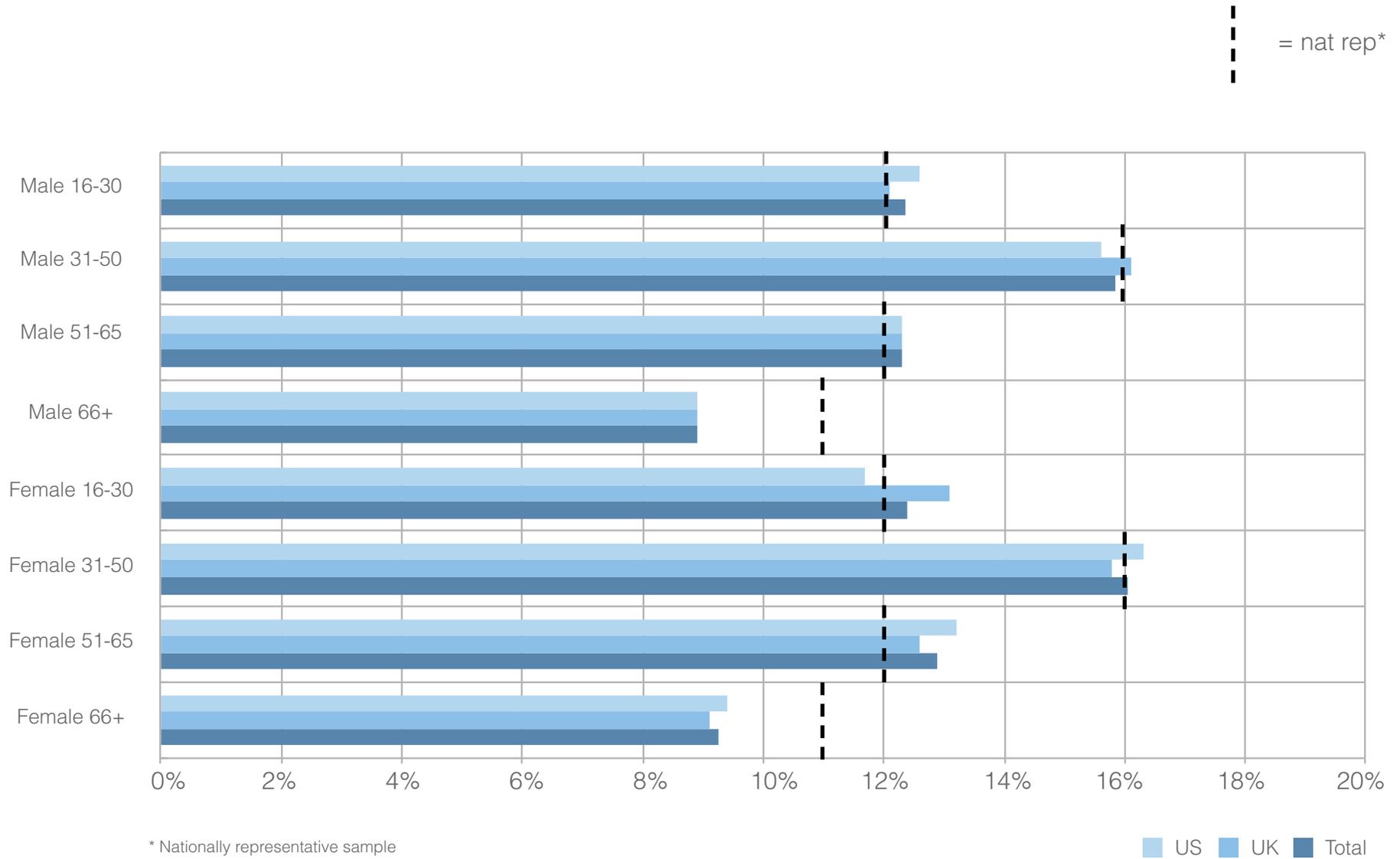


# RESPONDENT PROFILE

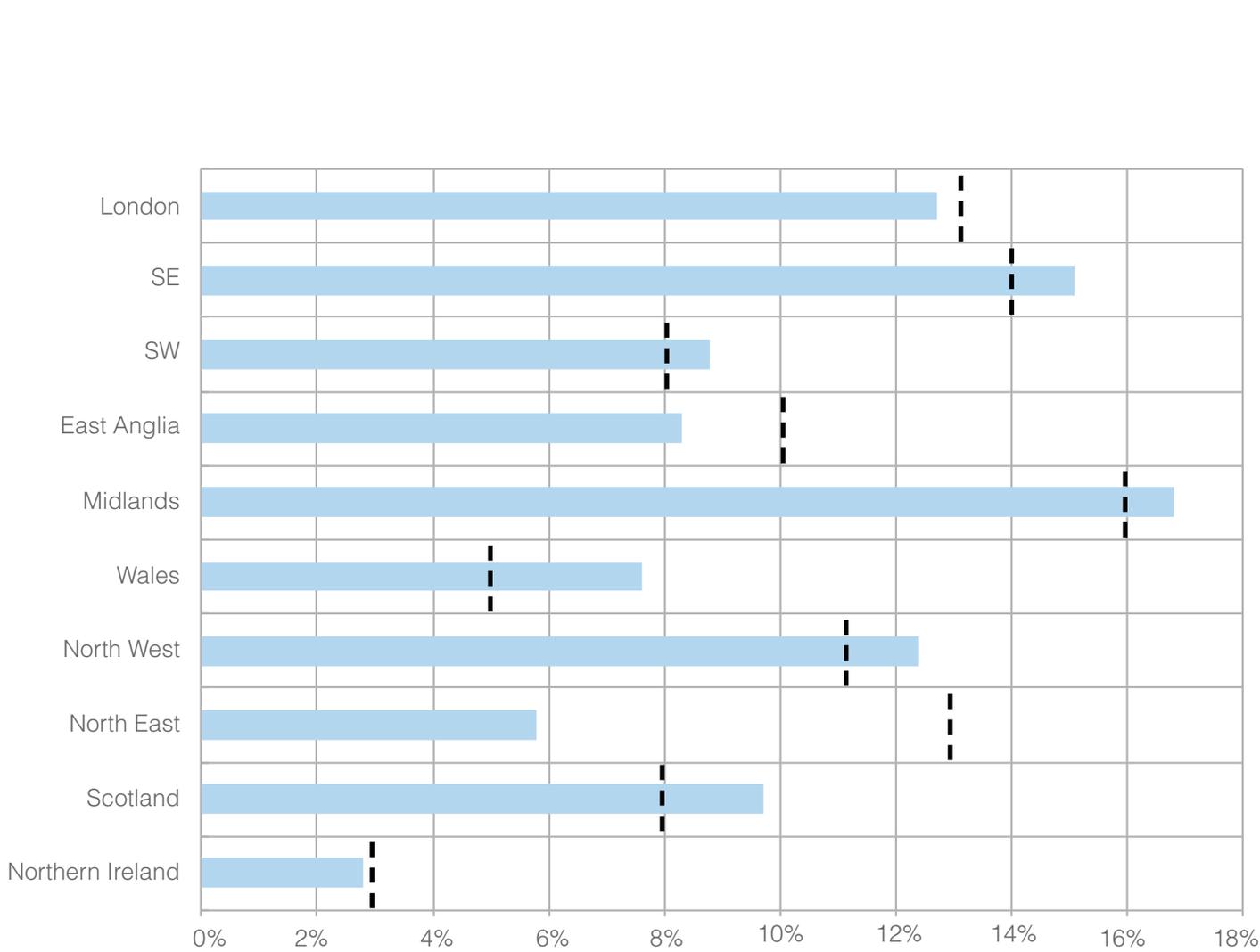
# RESPONDENT PROFILE



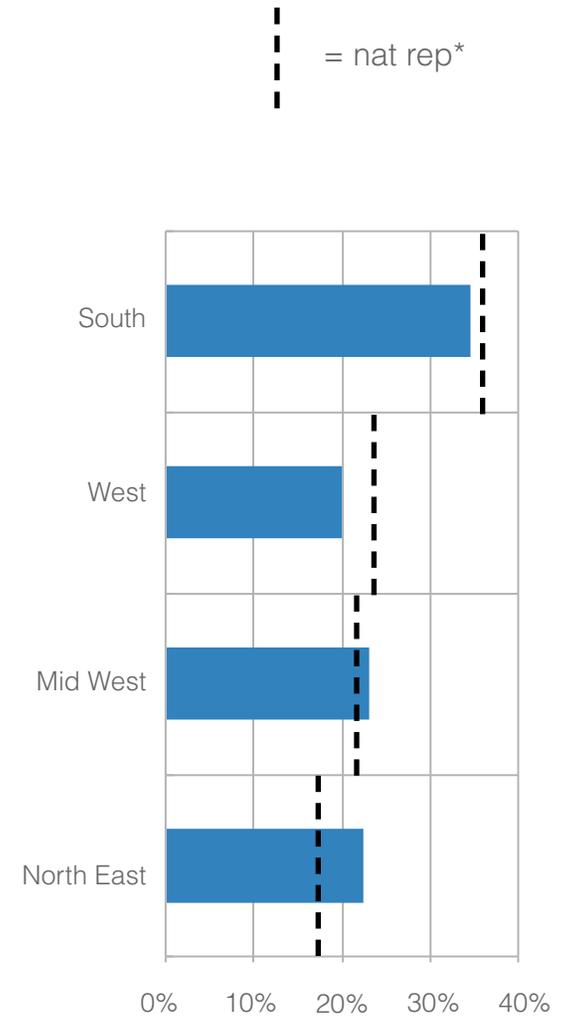
# RESPONDENT PROFILE



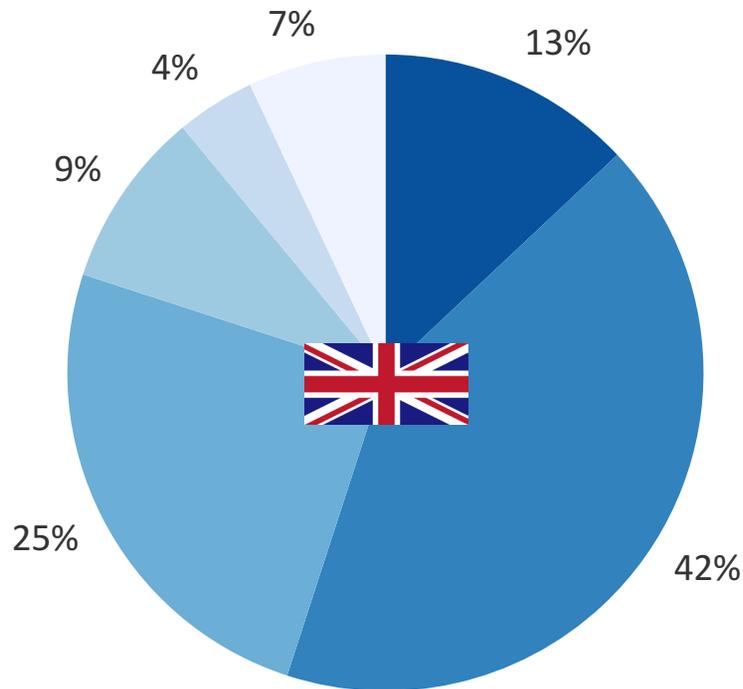
# RESPONDENT PROFILE



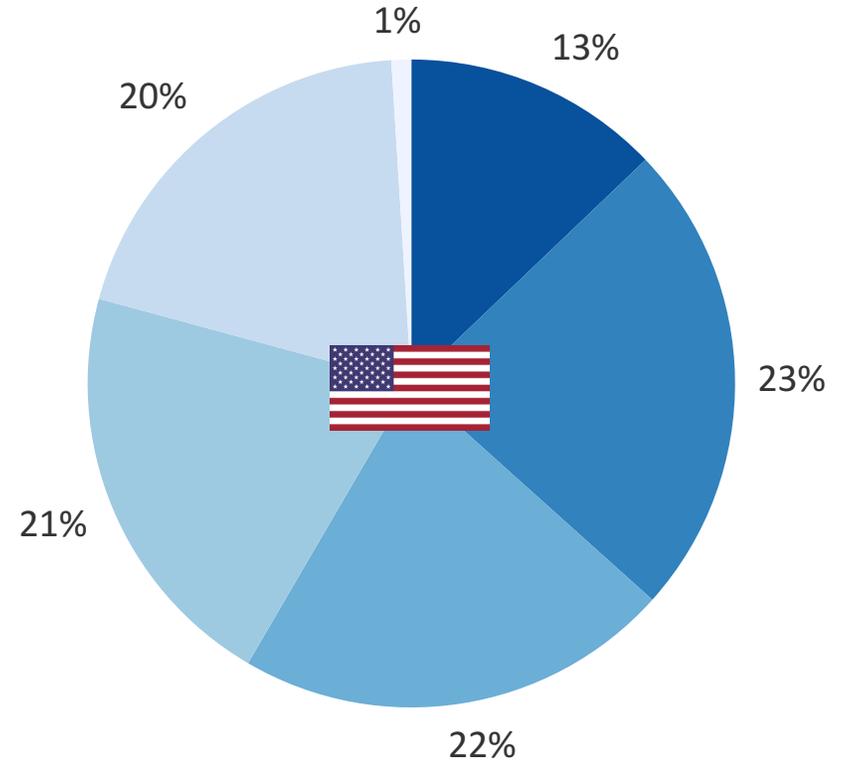
\* Nationally representative sample



# RESPONDENT PROFILE: HOUSEHOLD INCOME



■ Less than £10,000 
 ■ £10,000 - £30,000 
 ■ £30,000 - £50,000  
■ £50,000 - £75,000 
 ■ £75,000 + 
 ■ Prefer not to say



■ Less than \$20,000 
 ■ \$20,000 - \$40,000 
 ■ \$40,000 - \$60,000  
■ \$60,000 - \$90,000 
 ■ \$90,000 + 
 ■ Prefer not to say