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Channel Usage Trends

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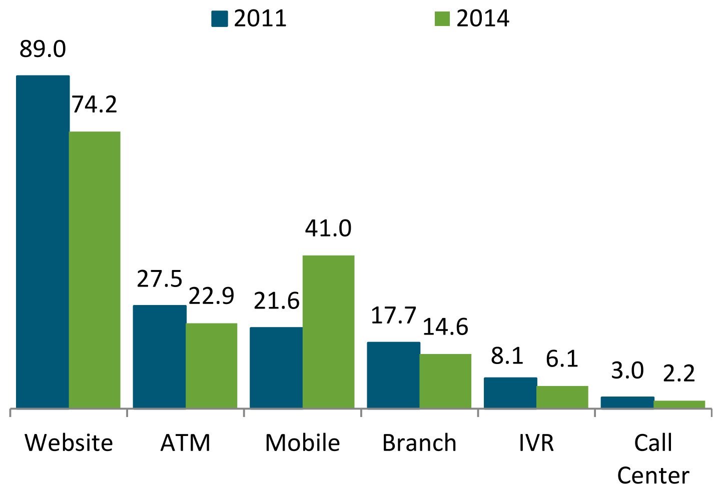
The continued advancement of technology during the past three decades has dramatically changed the everyday life of consumers, including the way retail banking customers conduct business with their financial institutions. Beginning with the introduction of ATMs in the 1970s, and continuing with the introduction of Internet and mobile banking in the 2000s, banks have found ways to enhance the customer experience through technology.

In fact, the *2014 U.S. Retail Banking Satisfaction Study* finds that customers are using mobile apps twice as often as they did just a few years ago. Due to increased mobile functionality, customers are beginning to migrate away from not only personal interaction channels, but also other digital channels.

RETAIL BANKING CUSTOMER CHANNEL USAGE

Average # Times Used in Past 12 Months



Source: *J.D. Power U.S. Retail Banking Satisfaction Study,*[SM] *2011, 2014*

Behind the Numbers

- Despite the declining number of website interactions, the website is still the most commonly used channel (83%), followed by branch (74%) and ATM (59%). While current trends indicate the need to invest further in technology, it is important that banks not lose sight of the role branches continue to play. It is, therefore, important for banks to ensure there are no issues with the branch appearance and that representatives are aware of and strive to meet all service standards (e.g., friendly greetings and thanking customers), while also minimizing wait times.
- Mobile usage is increasing at a substantial rate. As such, it becomes even more important for banks to not only offer mobile apps, but to also ensure those apps have such premium features as P2P payments, bill pay, and free check deposit. While the data clearly shows that offering even basic mobile functionality improves satisfaction and loyalty, compared with not offering a mobile banking product at all, satisfaction and loyalty improve even further when banks offer premium features.
- Younger customers and customers in key ethnic growth segments—i.e., Latino and Asian-American—increasingly prefer to interact digitally. For example, 39% of customers in the Gen Y/Gen Z[1] and Latino segments apply for new accounts online, which is significantly higher than the industry average of 27%. And the trend is not limited to online banking, as customers in both the age and ethnic growth segments are also using mobile and ATM banking channels in increasing numbers.
- While current trends reflect a decline in branch traffic as well as a reduction in the number of call center contacts, there is a downside: customers who use only remote channels tend to be less engaged than those who interact through more personal channels. Specifically, customers only interacting via remote channels are less likely to say they “definitely will” recommend (27% vs. 37%, respectively) and reuse (28% vs. 36%, respectively), and also less likely to say they “definitely will not” switch (34% vs. 40%, respectively).

[1] *J.D. Power defines generational groups as Pre-Boomers (born before 1946); Boomers (1946-1964); Gen X (1965-1976); Gen Y (1977-1994); and Gen Z (1995-2004).*