
Bank customers welcome “robo” solutions: Accenture

By Editorial Staff Thu, Jun 30, 2016

Of those who switched banks last year, 15% of consumers ages 55+ joined an online-only bank, up from only five percent who did the same a year ago.

Nearly one-half (46%) of bank customers are open to using robo-advice for banking services, according to a new report on the banking industry by Accenture. Consumers in the U.S. are slightly more open to robo-advice (46%) than Canadian consumers (43%).

The report, titled “Banking on Value: Rewards, Robo-Advice and Relevance,” is based on a survey of more than 4,000 retail bank customers in the United States and Canada, and is the most recent report in Accenture’s multi-year research on consumer banking attitudes and behaviors.

The report said that 79% of consumers welcome robo-advice from banks to determine how to allocate investments, what type of bank account to open (74%) and for retirement planning (69%).

This year’s survey found that speed and convenience (50%) and lower costs (29%) were cited by respondents as the primary benefits of robo-advice, with millennials and mass-affluent consumers expressing the most interest in the service.

The survey found that consumers are increasingly willing to bank with non-traditional players, closing the gap with those switching to large regional or national banks. Eleven percent of North American consumers (11% in U.S. vs. nine percent in Canada) switched banks in the past year. Among those respondents who have switched, 33% joined a non-traditional provider (online-only bank, payments providers, retailer or insurer), versus 23% who switched to a large regional or national bank.

Of those who switched, 15% of consumers ages 55+ joined an online-only bank, up from only five percent who said they did the same a year ago. Millennial switchers increased the move to online-only or payments providers from 24% in 2015 to 27% this year. Consumers ages 35-54 had a reverse trend; 30% moved to online-only or payments providers in 2015, down to 24% in 2016.

One-fourth of consumers in the U.S. said they would consider switching to a bank with no branch locations, up three percentage points from last year. Among Canadians, 23% would

consider switching to a branchless bank, which is up eight percentage points from last year. Across North America, 26% of Millennials would consider switching to a branchless bank (up three percentage points from last year), and 34% of mass affluent consumers would do so, up ten percentage points from 2015.

While nearly one-quarter of North American consumers would consider switching to a branchless bank, the survey found that the branch remains popular. Today, one-fourth of survey respondents use the branch at least weekly, and it remains the second most preferred channel, after online.

By a wide margin, those who use the branch prefer “full service branches,” which include extended office hours and full sales support, over all other formats (61%). However, 19% of Millennials prefer “light branches” – highly automated with videoconferencing access to remote specialists.

According to the survey, the vast majority (87%) of consumers say that they will use the branch in the future. Respondents said they anticipate using the branch two years from now because “I trust my bank more when speaking to someone in person” (49%), and “I receive more value from my bank when speaking to someone in person” (47%).

Nearly one-fourth (23%) of respondents have experienced at least one incident of their financial data being hacked online over the past two years, including 25% in the U.S. and only 16% in Canada.

Despite this, consumers are willing to share their data in order to receive better service from their bank. Nearly two-thirds (63%) of respondents are willing to give their banks direct access to personal information, such as mortgage, credit card and student loan data, so their bank can use it to present them with suitable products and services.

Respondents want banks to use their data to provide access to lower prices, faster service (such as rapid loan approval), more relevant advice, and personalized offers based on location.