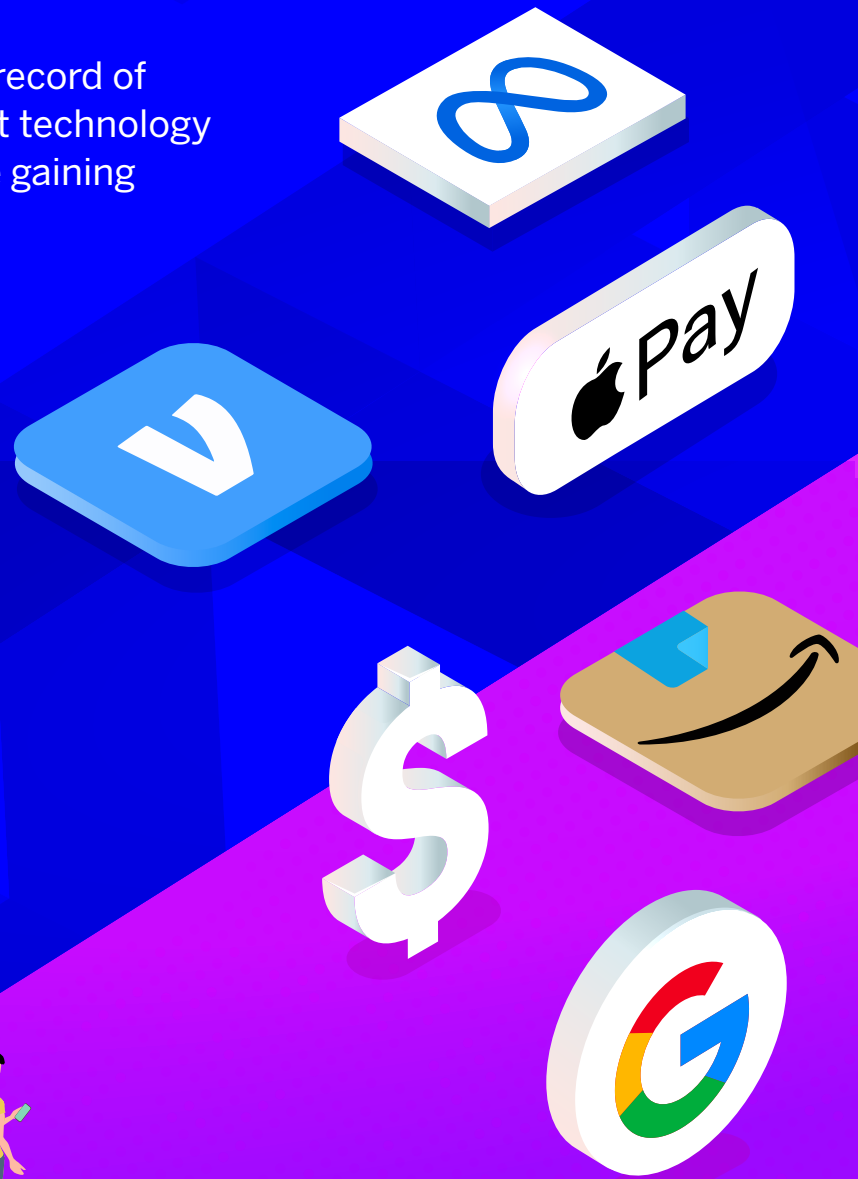


HUMANIZING THE BANK CUSTOMER EXPERIENCE 2022

# Customer loyalty is not a guarantee. Banks can do more to get ahead.

Financial institutions have a solid track record of keeping customers for the long haul, but technology firms, fintechs and challenger banks are gaining ground on the incumbents.

By Miriam Cross



Original research from

AMERICAN BANKER **monigle**

## Introduction

Customers tend to stick with their financial institutions for the long haul.

This loyalty — or, perhaps, inertia — is a boon for traditional banks. It is also not a guarantee of future business. Many financial institutions are eager to attract younger generations of customers, but this segment is also the most likely to shop around for financial services that meet their needs. Challenger banks and fintechs such as PayPal are stepping up with bank-like features. Prominent technology firms such as Apple and Google are gradually doing the same.

None of these options offer a complete alternative to traditional banks and credit unions, but the potential for them to siphon off customers, at least for some services, is there. This study from Arizent — parent company of American Banker — explores how customers interact with their financial institutions, what makes them stay and what may tempt them to leave, especially the Generation Z and millennial customers that banks most covet.

## Key findings

- Once consumers settle with one (or two) primary banking providers, they are reluctant to switch. However, younger customers are more likely to diversify their financial services and are more expansive in their definition of what banking involves, for instance, peer-to-peer payment apps and cryptocurrency.
- Big tech companies like Amazon, Apple, Google and Facebook are not banks, but they are arguably very recognizable to the population at large and consumers are contemplating how they might use them for certain financial tasks in the future.
- People want personalized services from their banks, particularly loyalty and cash-back rewards, and saving and investing recommendations. Young customers are particularly interested in insights into how major purchases affect their cash flow and advice on saving money. Credit unions tend to beat retail banks with personalization and challenger banks are catching up.
- Mobile apps are one of the most popular and frequent ways that consumers interact with their banks. Mobile is also an important differentiator in a financial institution's behavioral performance.
- Financial institutions should focus on the quality of their alerts, how they present accounts and activity, and rewards to optimize the mobile app experience.
- Despite the emphasis on and popularity of mobile, there is still a place for in-person interactions. Customers value in-person experiences for the relationship-building and social-fulfilling factor. They also prefer completing weighty tasks in person. It's an advantage that challenger banks and fintechs cannot replicate.



### Why read this report?

Financial institutions may have become too comfortable with the idea that customers tend to stay fixed in one spot for an average of 14 years. Widely recognized technology firms such as Amazon and Facebook are fleshing out their financial products, while challenger banks stack up surprisingly well next to the traditional players in key areas. That is why it is incumbent on banks to strengthen their weak spots and play up to their strengths as detailed in this report.

### About this report

This research, conducted by American Banker and Monigle, a creative experience agency, explores what drives the best customer experiences in banking. In particular, this report is designed to assist financial institutions in humanizing the customer experience to drive a connection to, and action by, customers.

In March and April 2021, and February and April 2022, American Banker and Monigle collaborated to conduct two large-scale surveys among nationally representative samples of financial consumers. These surveys collected responses from a combined total of roughly 8,500 U.S. adults aged 18 years and older. The 2022 trends survey, with 3,002 respondents, focused on the trends and attitudes shaping consumer expectations and behaviors in financial services today. In the 2022 brand survey, 5,504 U.S. consumers evaluated 50 leading FIs on the factors proven to drive customer satisfaction and advocacy.

The result is a prescriptive, data-driven framework based on the latest social science and customer experience thinking, highlighting the experience-driven actions needed to deepen customer relationships and move people to action.



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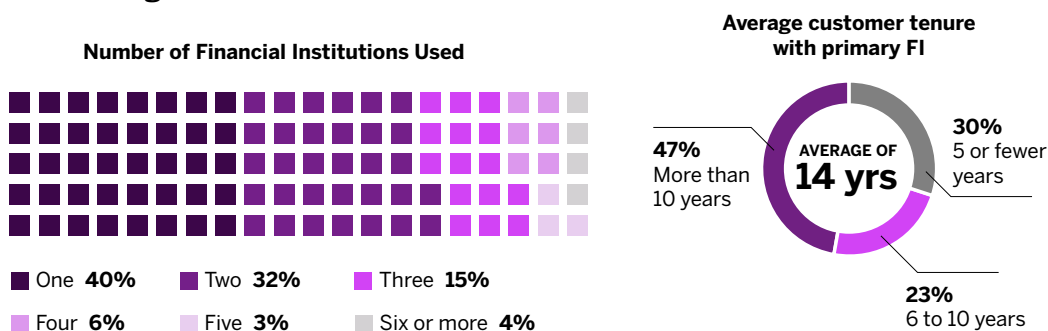
### People commit to their banks for the long term, but there are flickers of change

Consumers exhibit loyalty to their banks in several ways.

They typically seek financial services from an average of two providers, with 40% of respondents reporting they only use one. They also stay with their primary financial institution for a long time: an average of 14 years. This loyalty is roughly consistent across all income levels, although the average number of financial institutions used inches up for wealthier households.

Moreover, people are reluctant to untangle their accounts from one institution and move to another institution. Only 6% of survey respondents said they were “extremely” or “very” likely to switch within the next two years.

**Figure 1: Most customers use a very limited number of FIs and stick with them for the long haul**



Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: All respondents (n=3,002)

**Q: How many many banks or financial service providers do you currently use to access these services?  
How long have you been a customer of [PRIMARY FI]?**

These behaviors are partially explained by evidence that, more often than not, people prefer a one-stop-shop approach.

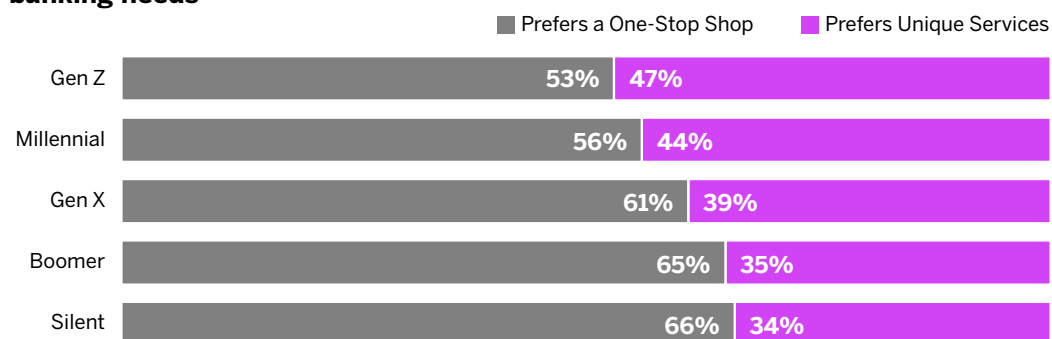
Six in 10 respondents say the ideal customer experience in financial services is one where they access all of the products they need from a single provider. But about 40% prefer picking and choosing from a menu of options.

Still, there are hints that Generation Z and millennial customers feel differently than their older counterparts. They are increasingly willing to piece together the financial experience they want by turning to different providers.

When consumers were asked how likely they are to change their primary bank or financial service provider in the next two years, 8% of Gen Z and 11% of millennials are “extremely” or “very” likely to do so, compared with 4% of Gen X and 2% of boomers. The number of young consumers “somewhat likely” to switch providers is even higher: 22% of Gen Z and 20% of millennials, compared with 15% of Gen X and 8% of boomers.

Similarly, Gen Z and millennials are more partial to the pick-and-choose approach than older generations. Nearly two-thirds of Gen X and boomers want a one-stop-shop, compared with 53% of Gen Z and 56% of millennials. Higher-income consumers are also less tied to a one-stop shop approach than those with household incomes of less than \$100,000.

**Figure 2: Younger generations are more likely to use multiple providers for their banking needs**



Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: Generation: Gen Z (370), Millennial (798), Gen X (785), Boomer (963), Silent (86);

**Q: Below is a set of statements that other people have used to describe how they want to utilize financial services. Of the two statements, which best describes you?**

Younger generations are also more expansive in defining what a bank is, perhaps making them more open to non-traditional providers that may offer superior experiences. For example, when consumers were asked what words or phrases they associate with banking, 76% say “retail bank” and 65% said “online bank.” Only 52% feel the same about PayPal and 39% count Venmo. The difference is starker when digging into the age groups. Seventy-two percent of Gen Z and 59% of millennials associate PayPal with banking, compared with less than half of respondents in each older generation surveyed.

This all suggests that even though many customers are comfortable staying put, younger ones are the most likely to waver, even if that view is the minority right now. This means banks need to keep an eye on competitors, including major tech companies that dabble in banking and payments, as well as fintechs that provide some of the same services. At the same time, by bolstering their own offerings — especially mobile apps — banks may convince more customers to stay.

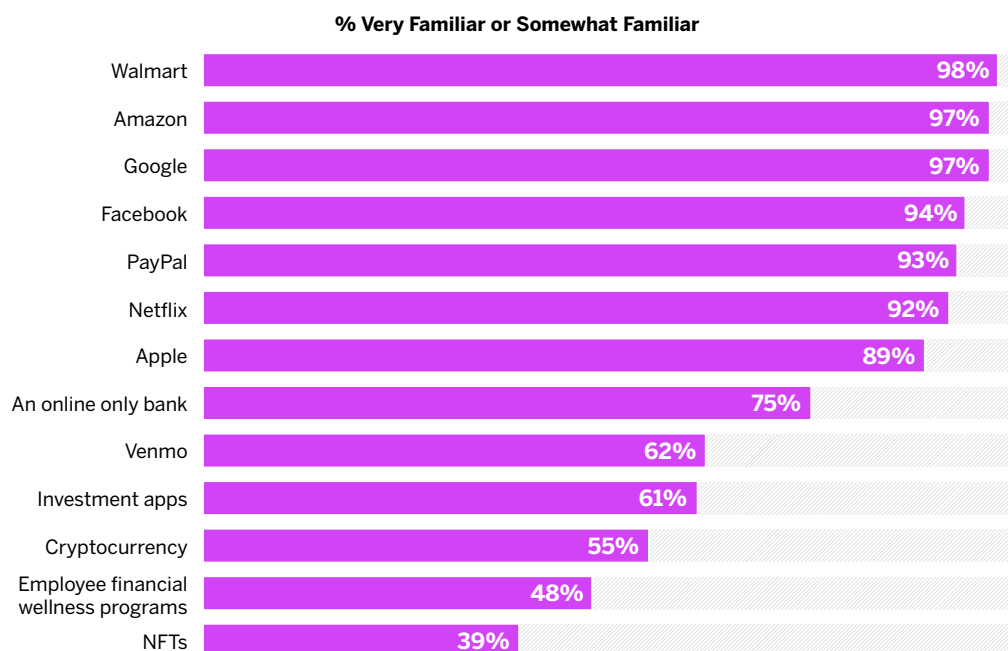
**When setting strategy, banks need to keep an eye on new entrants and non-bank competitors that may appeal to younger generations**

### How much of a threat is Big Tech?

Companies such as Amazon, Facebook and Google are gradually encroaching on the territory of financial institutions. They don't have banking licenses (instead, they rely on chartered banks to provide financial products), but they do offer credit cards, buy now/pay later, digital wallets and more.

These companies also carry strong brand recognition. Virtually all respondents (98%) are familiar with Walmart — whose fintech Hazel acquired a challenger bank and an earned-wage-access provider in January — while nearly that many are familiar with Amazon, Google and Facebook. PayPal, which is quickly embedding services typically offered by traditional banks, and Apple are also familiar to most consumers, with Gen Z and millennials being the most familiar with these brands.

**Figure 3: Big retailers and big tech have strong brand presence with a majority of consumers**



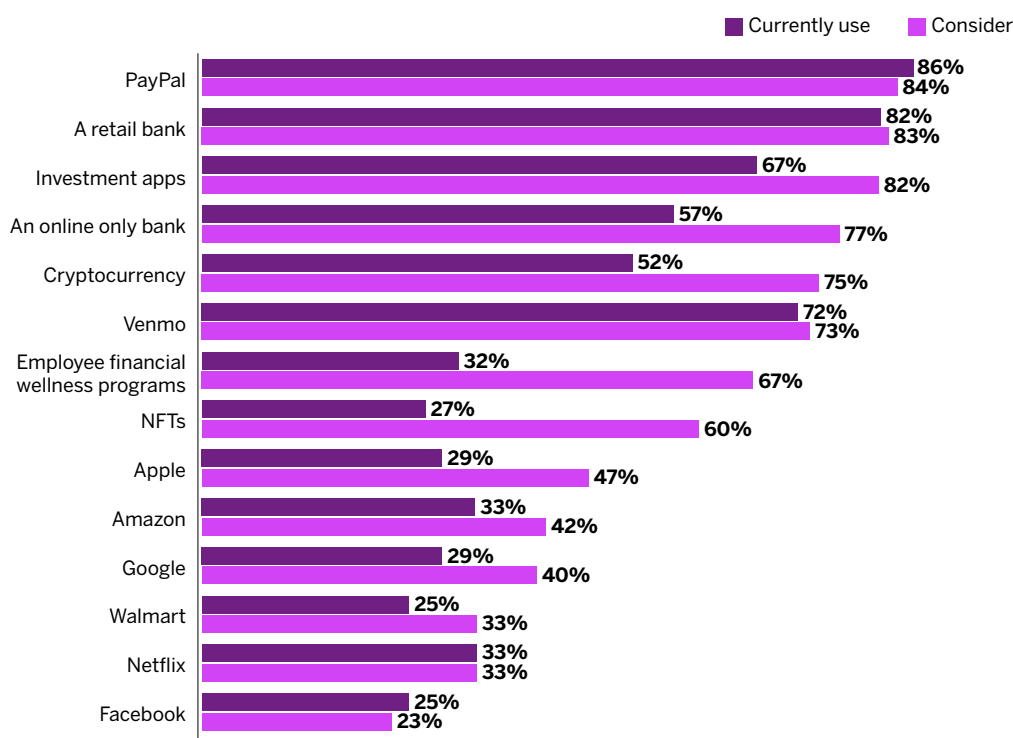
Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: All respondents (3002)

**Q: How familiar are you with the following?**

Interest in these companies is projected to grow. That means even if customers wouldn't rely on Amazon or Walmart as a primary provider of financial services, there is the potential for these companies to take some market share, particularly the type of bank customer who handpicks their financial services providers.

For example, when respondents were asked which financial services providers they currently use, only 29% name Apple. But nearly 47% say they would consider using Apple in the future. Amazon, Google and Walmart also see increases between how many people use them now compared with how many expect to in the future.

**Figure 4: Big tech and big retail continue to gain ground as alternatives for financial services needs**



Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle

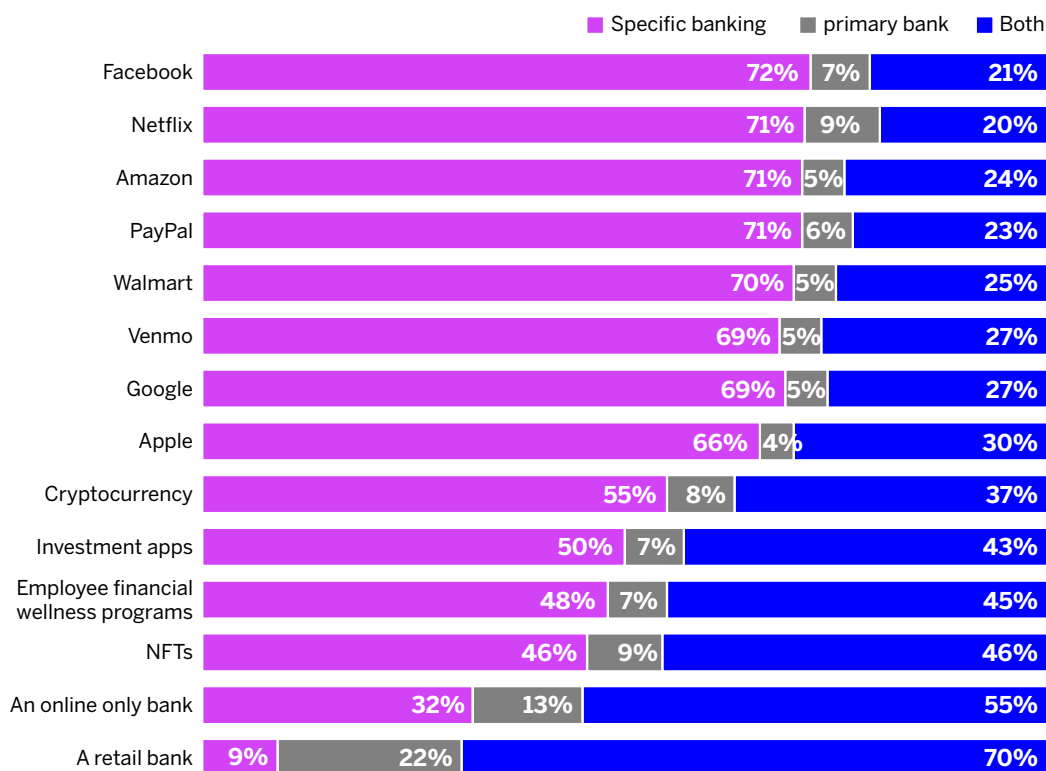
Base: All respondents very familiar with at least one brand/word, varies by line item

**Q: Which of the following financial services and providers do you currently use? Which of the following financial services and providers would you consider using in the future?**

**Consumers are taking a more expansive view of what it means to be a bank**

Even as popularity rises, these companies are unlikely to replace banks in the short to medium term. For example, 72% of respondents say they would use Facebook for a specific financial need, but only 7% would rely on it as their primary banking provider. Just over 20% would use it for both. Amazon, PayPal, Walmart, Venmo, Google and Apple saw similar numbers. Meanwhile, 70% of people would turn to retail banks for both niche and primary financial service needs, while 22% would use a retail bank as their primary provider.

**Figure 5: Retail banks still own the primary banking relationship in the minds of most consumers**



Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: All respondents very familiar with at least one brand/word, varies by line item

**Q: How would you consider using each of the following in the future?**

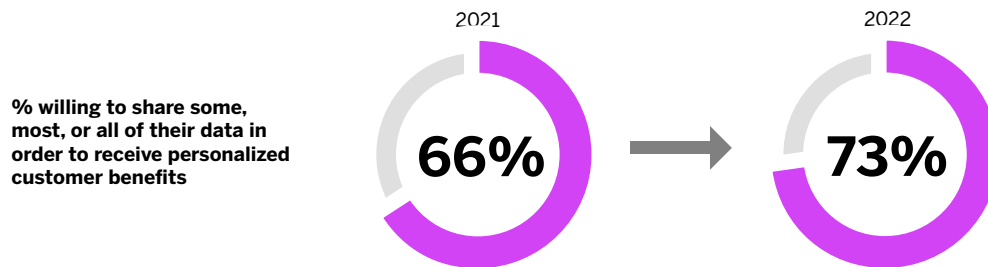
Banks can further attract customers by incorporating features they want. When respondents were asked which financial services they currently use, 52% identify cryptocurrency. But 75% say they would consider using cryptocurrency in the future, although what role exactly is unclear: 38% foresee no role in their life within the next five years. A smattering of respondents bring up the possibility of investments and payments. Meanwhile, investment apps and employee financial wellness programs also see considerable jumps.



### Personalization is another key to keeping customers

Tailoring products and services to individual customers is a prime way to win loyalty. It's also becoming more feasible. In 2022, customers of financial institutions report that they are more willing to share data for personalization purposes compared to 2021.

**Figure 6: Willingness to share data for personalization has increased year-over-year**



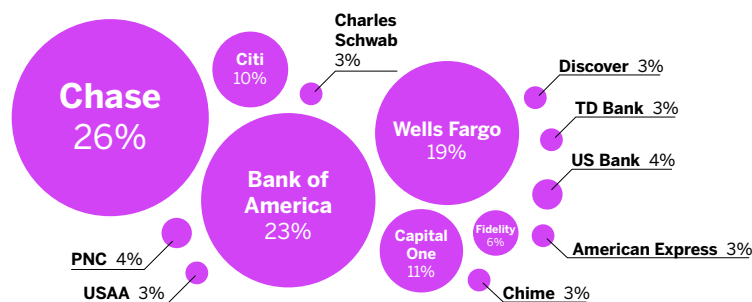
Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: All respondents (3002)

**Q: How willing would you be to share your personal data with your bank/financial institution if it meant receiving some of personalized customer benefits mentioned previously?**

Amazon is the top brand that springs to my mind when consumers were asked about personalization, with 8% naming the online retailer in an open-ended, top-of-mind response. Amazon edges out JPMorgan Chase, which came next at 5%. When the question was narrowed to ask about just banks and financial services providers specifically, 26% of respondents identify Chase as a company that evokes the word “personalization,” while 23% name Bank of America and 19% name Wells Fargo.

**Figure 7: Chase tops the list of perceived industry leaders in personalization**

Banks and financial service providers that are top of mind for “personalization”



Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: All respondents (3002)

**Q: Thinking only about banks and financial service providers, what brands come to mind when you think about “personalization”?**

To excel at personalization, banks should prioritize features that customers prize most. When asked to rank their top five benefits, 47% choose personalized loyalty and cash-back rewards and 40% list “personalized savings and investing strategy recommendations to achieve your financial goals” as among the top three.

**Figure 8: Loyalty programs and tailored strategies for saving and investing top list of valuable personalized experiences**



Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: All respondents (3002)

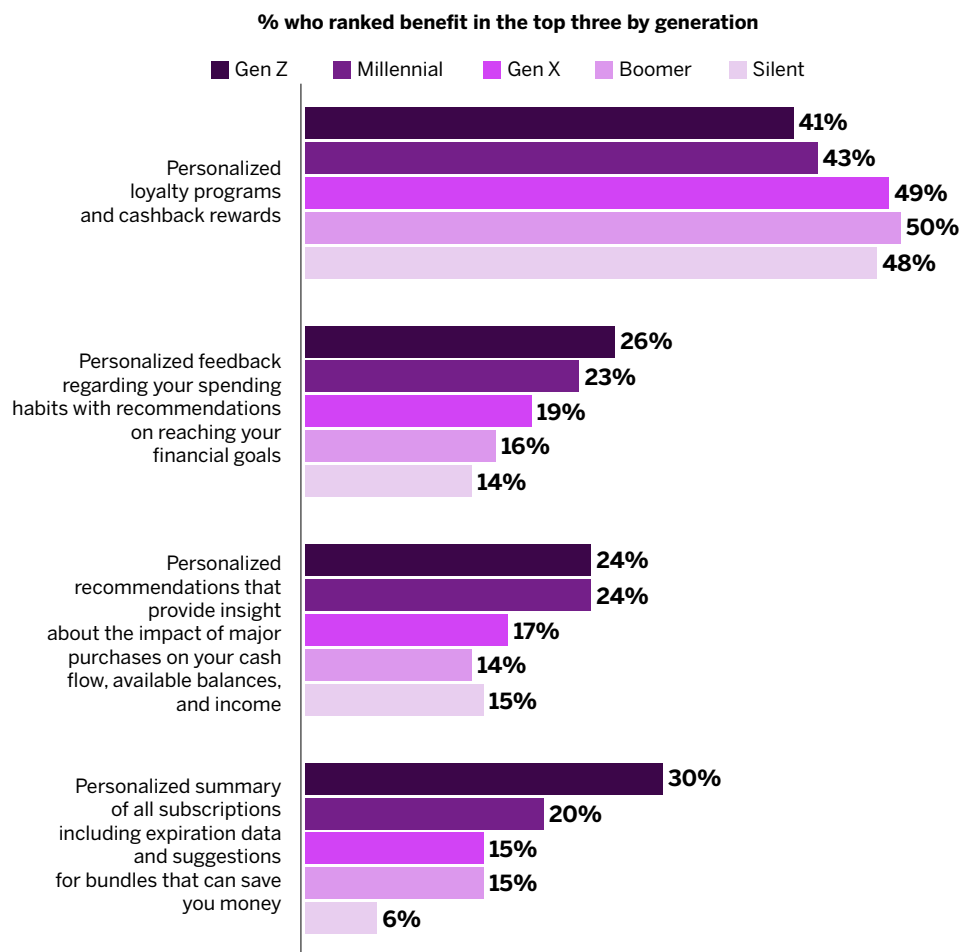
**Q: Please indicate which benefits from the list would be the five most important to you.**

There are more nuances when diving into generational differences. When asked to rank these benefits, about half of Gen X and Boomer respondents choose personalized loyalty programs and cash-back rewards as their first, second or third choice, compared with 41% of Gen Z and 43% of millennials.

Meanwhile, a quarter of those younger generations prefer personalized recommendations that provide insight about the impact of major purchases on their cash flow, available balances and income, compared with 17% of Gen X and 14% of boomers. A quarter of Gen Z specifically would appreciate personalized feedback regarding their spending habits with recommendations on reaching their financial goals, compared with 19% of Gen X and 16% of boomers. Thirty percent of Gen Z want a personalized summary of their subscriptions, including expiration data and suggestions for bundles that can save them money.

**Older  
generational  
cohorts are  
more likely  
to value  
loyalty and  
cash-back  
rewards;  
younger  
generations  
seek advice**

**Figure 9: Personalization preferences vary by generation**

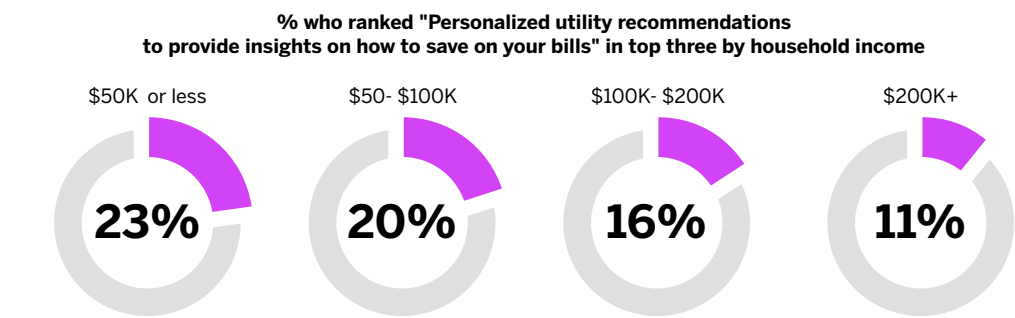


Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: Generation: Gen Z (370), Millennial (798), Gen X (785), Boomer (963), Silent (86);

**Q: Please indicate which benefits from the list would be the five most important to you.**

Income levels also tilt people in different directions. Nearly a quarter of households with incomes of less than \$50,000 want personalized recommendations for utilities to provide insights on how to save money on bills, compared with 11% of households with income \$200,000 and above. However, more than half of higher income groups want personalized savings and investing strategy recommendations, compared with a third of the lowest-income households surveyed.

Figure 10: The types of personalized experiences desired also change based on consumer income levels



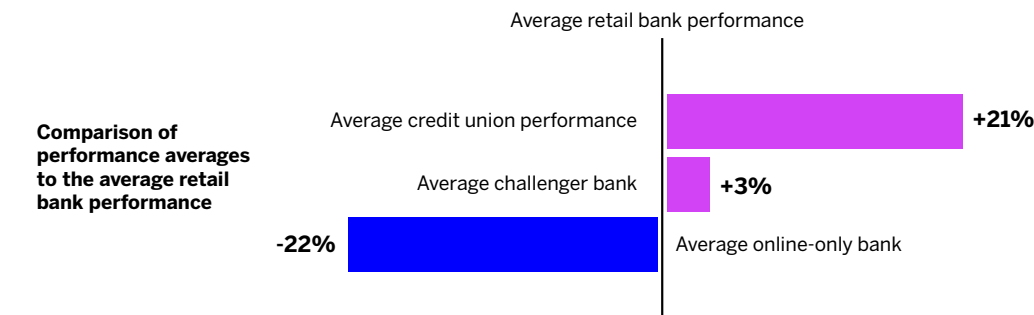
Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: Household Income: <\$50K (1165), \$50K-100K (1038), \$100k-200k (559), \$200k (118)

Q: Please indicate which benefits from the list would be the five most important to you.

Personalization boosts intellectual performance

Personalization is also a top-five differentiator when it comes to intellectual performance or how people think about brand benefits. Credit unions beat retail banks of all sizes when it comes to personalizing financial products so they are unique to each customer’s needs, scoring 21% better than retail banks in this regard. While challenger banks trail retail banks on some attributes, they outperform retail banks by 3% on personalization.

Figure 11: Credit unions lead in efforts to boost intellectual performance through personalization



Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: 5,916 customers who rated the performance of their financial institution

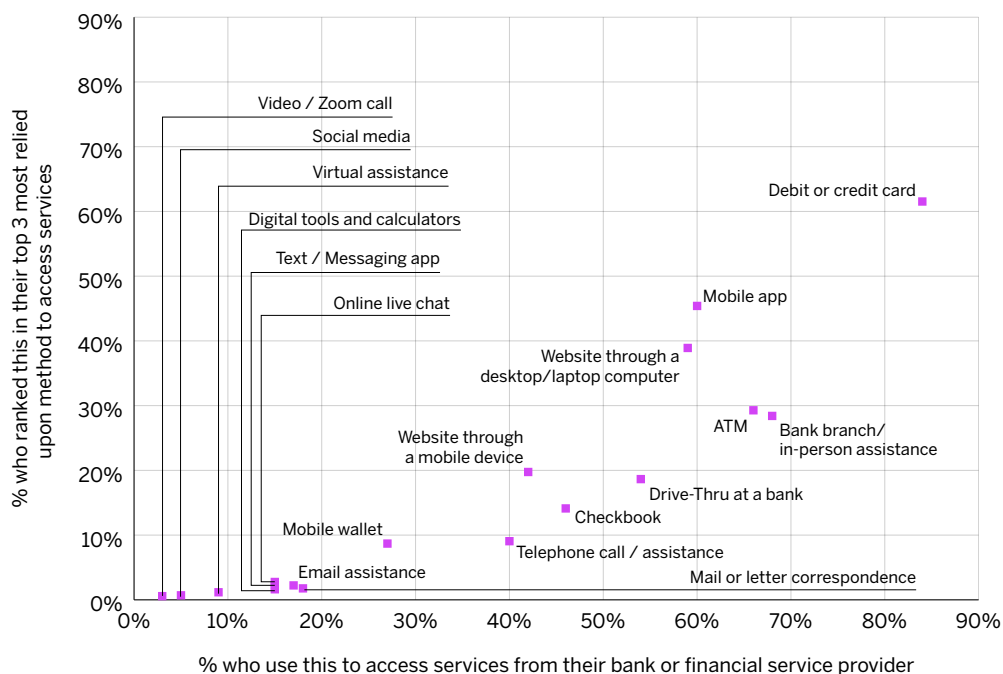
## Focus on strengthening the mobile app

There is a difference between which banking features are most common and which are the most valuable.

The predominant ways that customers interact with their banks and financial service providers are traditional channels, such as debit cards and credit cards (84% of respondents), branches or in person (68%) and ATMs (66%). Mobile apps (60%) are the most frequent digital method of interaction.

But when it comes to which method customers consider most important, mobile apps are at the top of the list, with a quarter of respondents choosing it as the point of contact they rely on the most. Among all methods of online banking, customers are also much more likely to use a mobile app (52%) than a computer browser (39%) or mobile browser (9%). Gen Z and millennials show the greatest propensity for mobile apps, at 75% and 70%, respectively, but even half of Gen X respondents favor this method over browsers. That means banks can benefit from investing in a slick experience with useful alerts and easy navigation.

**Figure 12: Mobile apps trail other methods of engagement for incidence of use but top the list for importance**



Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: All respondents (3002)

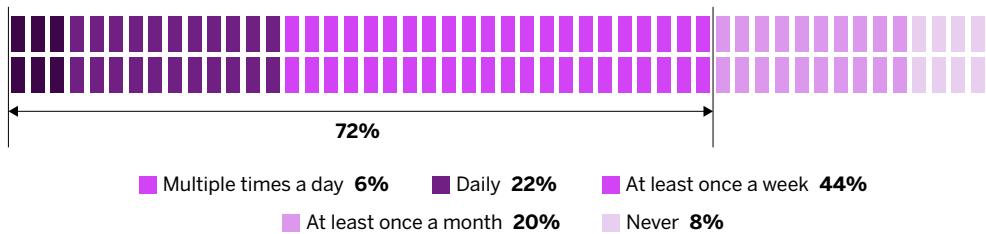
**Q: Which of the following do you use to access services from the bank(s) or financial service provider(s) you do business with?**

**Customers engage with banks through a multitude of channels but the mobile experience is critical**

Mobile apps are most popular with Gen Z and millennial customers, with 38% and 34% of those age groups, respectively, designating apps as the top way they access services from their financial institution. But 26% of Gen X feel the same. Even more Gen X customers turn to mobile apps before the bank’s website (21%).

Customers who use mobile apps also consult them frequently. Forty-four percent of respondents report using a mobile banking app at least once per week, while 22% consult it daily.

**Figure 13: Three out of four consumers bank online or via a mobile app once a week or more**



Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: All respondents (3002)

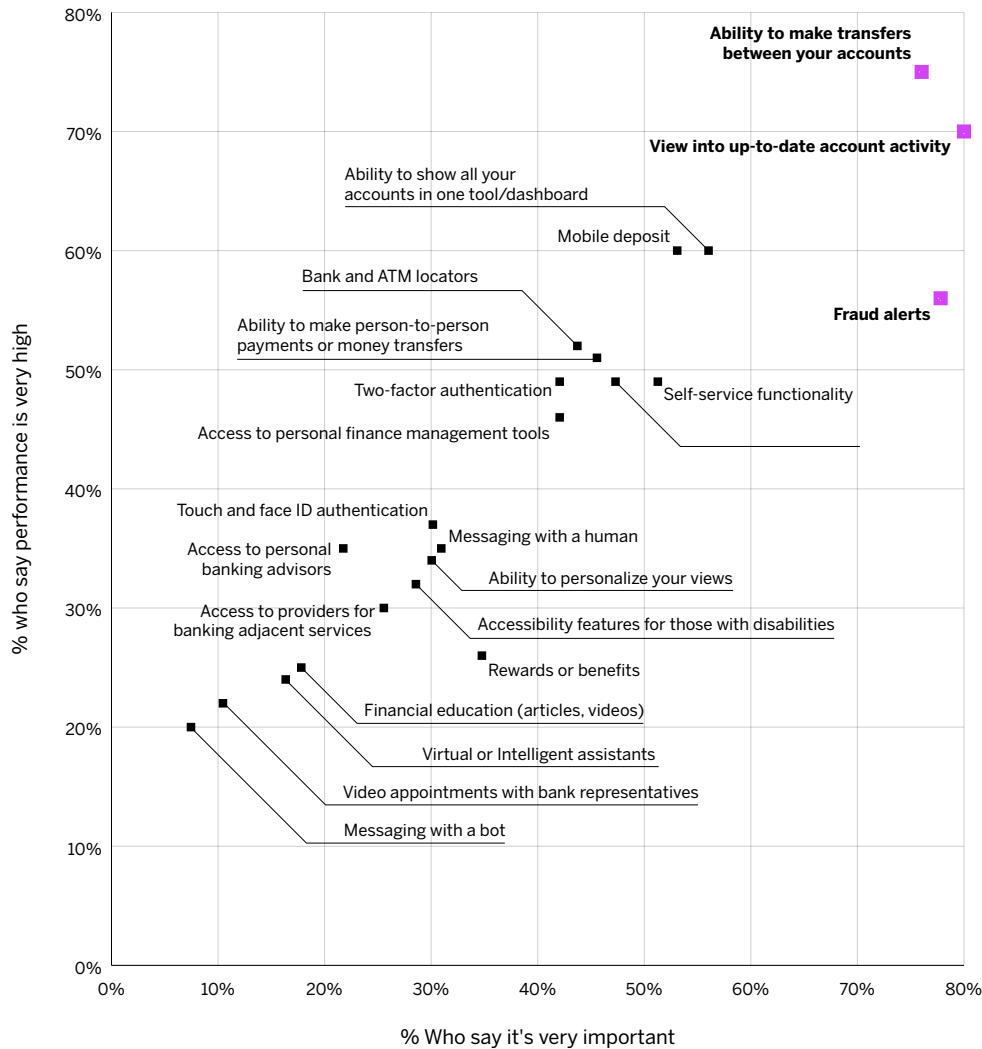
**Q: Which best describes how often you bank online or via a mobile app?**

Considering the value customers place on their mobile apps, banks should consider where there is room for improvement. The biggest gaps between how important a customer considers a certain feature and how well it performs are most evident with viewing up-to-date account activity, receiving fraud alerts and gaining rewards or benefits.

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The difference is particularly stark with fraud alerts, where 78% of respondents felt they were very important, but only 56% were pleased with the performance. Meanwhile 80% of customers consider viewing account activity to be important, while only 70% feel like the experience matched up. There is a nine-point difference with rewards and benefits.

**Figure 14: Banks have opportunities to improve in key areas of the online and mobile banking experience**



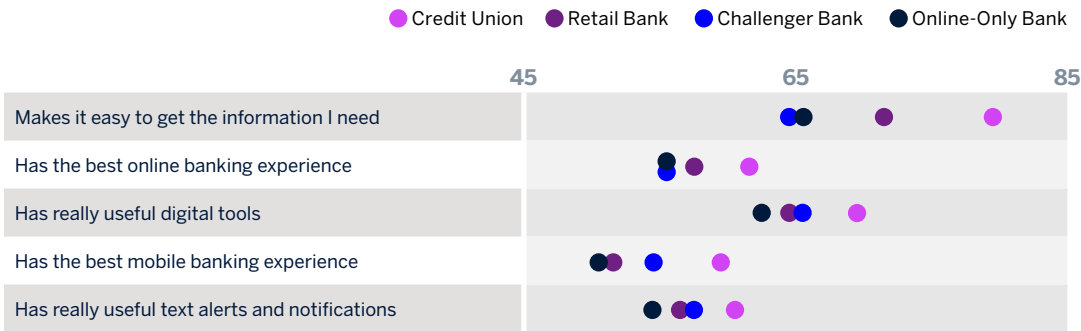
Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: Use Digital Banking (2772)

**Q: How important are each of the following to you when banking online or via a mobile app? How well do these online or mobile app experience perform on each of the following?**

**A slick mobile app is table stakes but banks are coming up short with displaying account activity and fraud alerts**

Offering useful digital tools and a prime mobile banking experience are important differentiators when it comes to a bank’s behavioral performance or how customers interact with their banks. Credit unions outperform banks on behavioral attributes, including “makes it easy to get the information I need,” “has the best online banking experience,” “has really useful digital tools,” “has the best mobile banking experience,” and “has really useful text alerts and notifications.” Challenger banks are on par with traditional institutions in terms of the mobile banking experience and useful alerts, and outperform them when it comes to rewarding customers for their loyalty.

Figure 15: Credit Unions outperform banks on behavioral attributes



Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: 5,916 customers who rated the performance of their financial institution

Despite the popularity of mobile apps, there are still situations where an in-person interaction is key.

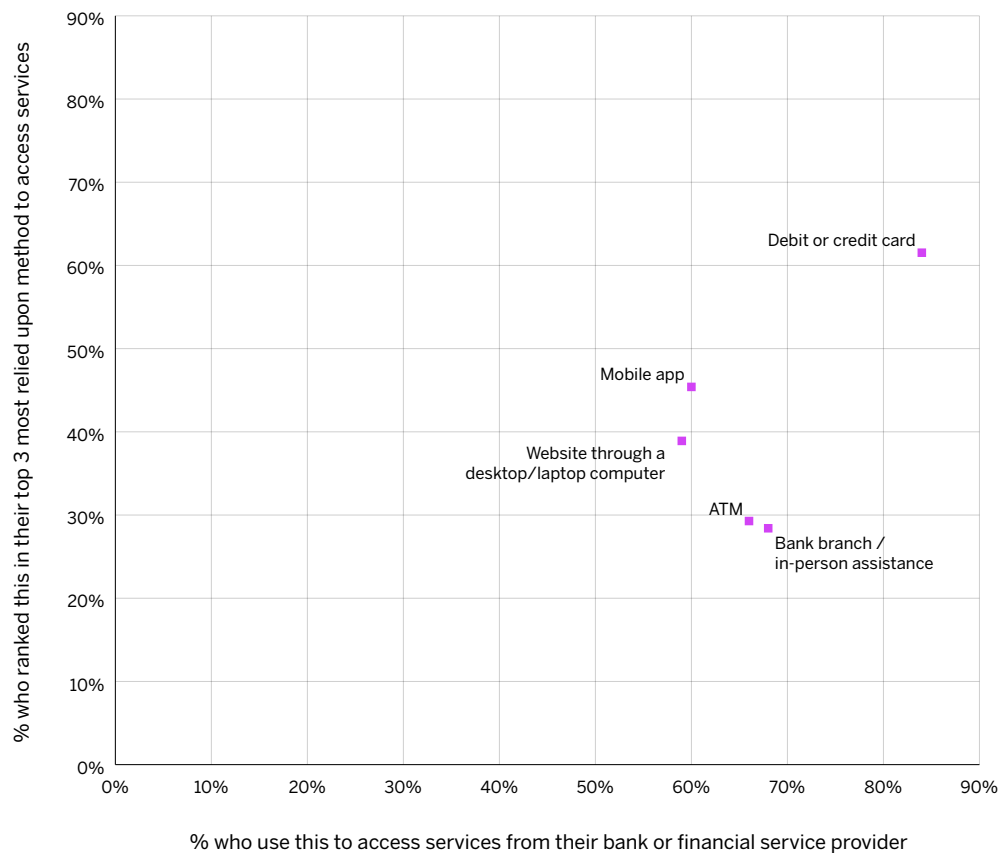


### Banks can capitalize on the instances when people prefer a branch

Traditional banks and credit unions have an advantage that online banks, challenger banks and tech companies that dabble in financial services do not: the ability to solve problems for their customers in person.

Branch visits and in-person interactions are a common way that customers conduct business with their banks, with 68% of respondents selecting it as one method, second only to debit or credit cards. However, only 10% consider it the most important access point they have.

**Figure 16: Raising the value of in-person banking interactions**



Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle

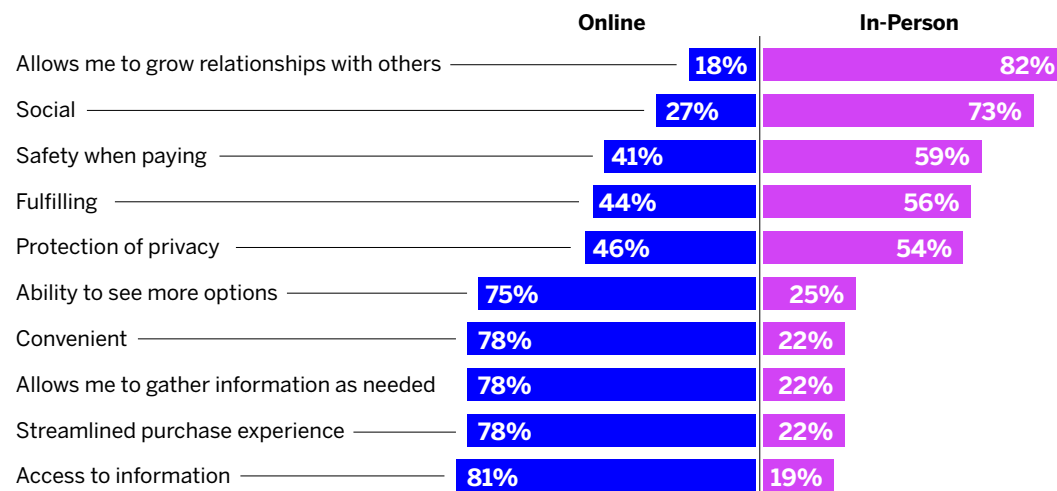
Base: All respondents (3002)

**Q: Which of the following do you use to access services from the bank(s) or financial service provider(s) you do business with?**

## HUMANIZING THE BANK CUSTOMER EXPERIENCE 2022

Consumers usually prefer completing small, recurring financial tasks online and saving weightier concerns for the branch. When people were asked which words or phrases they associated with an online financial services experience, those related to accessing information, streamlined purchases, conducting research and convenience float to the top. Words and phrases related to relationships, social interactions and fulfillment are more commonly associated with in-person experiences.

**Figure 17: Reimagining the in-person experience to align with customer needs will be key**



Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: Split sample (1002)

**Q: Please indicate whether you associate each word or phrase more with an online or in-person financial services experience.**

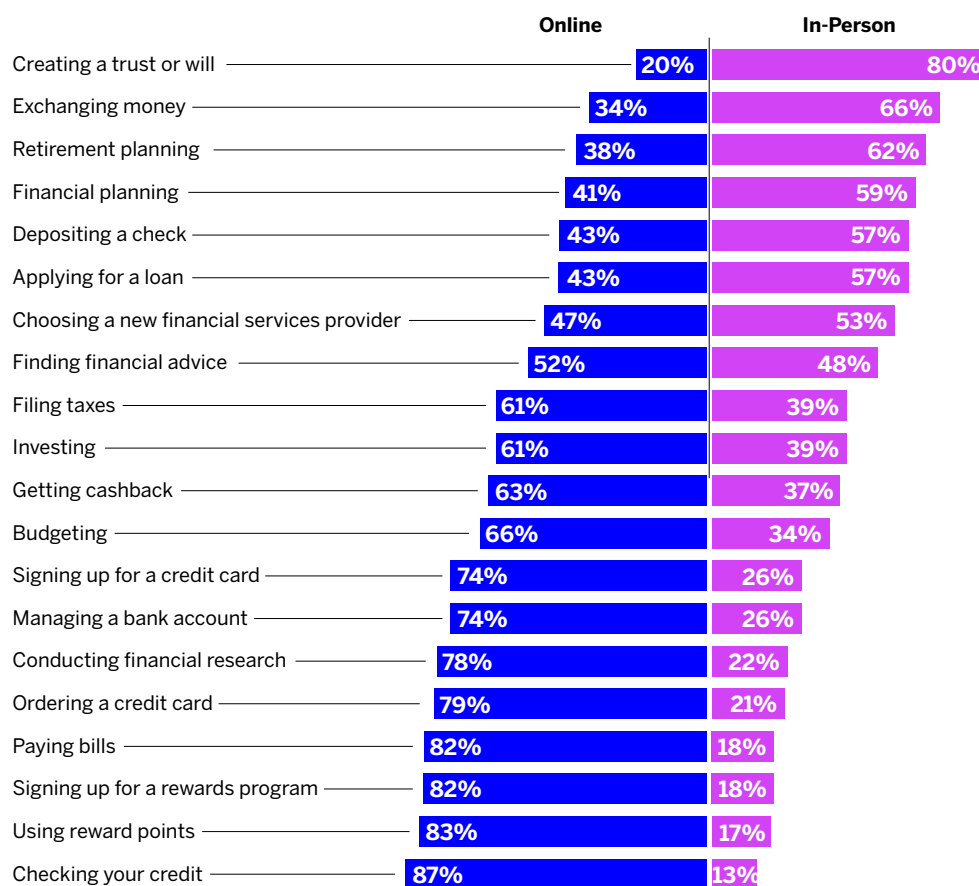
## HUMANIZING THE BANK CUSTOMER EXPERIENCE 2022

That means checking a credit score, managing rewards points or paying bills are best done online. For example, 87% of respondents prefer checking their credit online, with only 13% doing so in person.

Some experiences, such as finding financial advice, could go either way.

Retirement planning, exchanging money and creating a trust or will are best saved for a personal conversation, according to respondents. Four in five respondents prefer to create a will in person. Two-thirds will exchange money in person and 62% will converse about retirement planning with a branch advisor.

**Figure 18: Understanding how consumers want to use branches is critical to delivering the right experience**



Source: Humanizing the Bank Customer Experience 2022, American Banker and Monigle  
Base: Split sample (997)

**Q: Please indicate whether you associate each word or phrase more with an online or in-person financial services experience.**

### Conclusions

Big Tech companies have a tempting array of financial services and arguably stronger brand recognition than retail banks. Challenger banks are a looming competitor, especially when it comes to the mobile banking experience and personalization, both important factors in boosting behavioral or intellectual performance. Banks can't fall back on the idea that their younger audiences will stick around for the decade-plus that customers have been averaging up until now, but they can take steps to retain loyalty by strengthening the customer experience. More specifically:

- Customers generally want their financial institutions to be one-stop-shops for financial services, but younger ones are willing to look elsewhere. To set themselves apart, that may mean banks need to build capabilities or embed the services of fintechs related to cryptocurrency and investing, two services that customers would strongly consider using in the future.
- Banks can't underestimate the threat of tech companies or major retailers, including Amazon, Apple, Facebook, Google and Walmart, even if those companies don't have banking licenses of their own. These companies typically offer payment-oriented products and a substantial number of respondents expressed interest in using them for specific financial needs.
- The big banks are the ones that come to mind when consumers think about personalization, but credit unions outperform retail banks in terms of personalizing products to suit unique needs. To achieve true personalization, banks need to segment their products toward different age groups and income levels. Efforts to deliver feedback about spending habits, for example, will see much more traction with Gen Z than with any other age group.
- A slick mobile app is table stakes. Banks are coming up short with displaying account activity, fraud alerts and delivering rewards or benefits. Credit unions and challenger banks both perform as well as or better than traditional banks in these areas.
- Banks can orient their branches toward delivering the types of services that people want in person: conversations about retirement or estate planning, or other tasks that benefit from a trusting personal relationship. For tasks such as checking credit scores and paying bills, banks should ensure their online functionality is efficient, because that is where customers are going first to get these done.



### About Arizent Research

Arizent delivers actionable insights through full-service research solutions that tap into its first-party data, industry SMEs and highly engaged communities across banking, payments, mortgage, insurance, municipal finance, accounting, HR/employee benefits and wealth management. Arizent has leading brands in financial services, including American Banker, The Bond Buyer, Financial Planning and National Mortgage News, and in professional services, such as Accounting Today, Employee Benefits News and Digital Insurance. For more information, please visit [www.arizent.com](http://www.arizent.com).

**Interested in learning more about how to put Arizent's full-service research capabilities to work for your company? Please contact: Janet King, Vice President Research, [janet.king@arizent.com](mailto:janet.king@arizent.com), 207-807-4806.**



### About Monigle

Monigle is a creative experience company fueled by humanizing brands that move people.

As one of the largest independent brand consultancies in the United States, we're independent in spirit and in ownership, unbound to both the status quo and shareholders. Fueled by 140+ builders and makers across offices in Denver and New York, our teams create and deliver powerful brand experiences across a spectrum of services, including insights, strategy, creative, culture, activation, branded environments and BEAM—the world's leading brand engagement and asset management platform. Humanizing Brands. Moving People.

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