



06/03/2024

# REPORT

Changing Consumer Banking Habits



## AUDIENCE

### Demographics

United Kingdom

### Category

Financial Services

### Custom Screening

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## OBJECTIVE

To understand how people's banking habits are changing from using traditional banks (Barclays, HSBC etc.) to neo/challenger banks (Monzo, Revolut etc.) . To find out why people decide to switch to neo/challenger banks , if they have any worries about it, what they use neo/challenger banks for, and if they miss anything from traditional banks. Also to learn about which neo/challenger banks people like the most and why.

## BURNING QUESTION

What are the main reasons for using neo/challenger banks instead of traditional ones?



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## CHAT GUIDE

1. Can you describe your current financial situation?
2. What are your preferred sources of financial information and advice?
3. Can you tell me about your first experience with a neo/challenger bank (Monza, Revolut, N26, etc.)?
4. What motivated you to try a neo/challenger bank?
5. What services do you primarily use from your neo/challenger bank ?
6. Do you have any concerns about using neo/challenger banks?
7. What factors do you prefer about traditional banks (Barclays, HSBC etc.) over neo/challenger (Monza, Revolut, N26, etc.), if any?
8. Which neo/challenger bank do you prefer and why?
9. How would you describe your banking habits before and after you started using a neo/challenger bank ?
10. What made you decide to switch from a traditional bank to a neo/challenger bank ?
11. Have you noticed any changes in your financial management since switching to a neo/challenger bank?
12. If you were a traditional bank, how would you convince a customer to stay instead of switching to a neo/challenger bank ?
13. If you were a neo/challenger bank, how would you attract a customer from a traditional bank?
14. On a scale of 1 to 10, how likely are you to recommend neo/challenger banks to a friend or family member?
15. In your opinion, what are the main advantages of neo/challenger banks over traditional ones?
16. If you could change one thing about your current neo/challenger bank, what would it be?
17. Looking back, how has your perception of banking changed since you started using neo/challenger banks?



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## AI SUMMARY

The primary reasons consumers are gravitating towards neo/challenger banks over traditional ones are the ease of use, convenience, and innovative features offered by the former. Customers appreciate the quick and seamless setup process, the ability to manage all banking needs online, and the superior user experience of mobile apps.

Neo/challenger banks like Monzo, Revolut, and Starling are favored for their budgeting tools, savings pots, and the ability to receive payments early. Security features such as Face ID access and the perception of enhanced privacy also contribute to their appeal. While some customers still value the in-person service and perceived security of traditional banks, the advantages of virtual cards, no charges for overseas spending, and efficient customer support are significant factors in the shift towards neo/challenger banks. The ability to manage finances more effectively, including better spending tracking and savings management, has been noted as a positive change since switching. Despite a few concerns about the lack of physical branches and in-person support, the overall sentiment towards neo/challenger banks is highly positive, with many customers expressing increased loyalty and trust in these modern banking solutions.





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## KEY INSIGHTS

### Security and Trust in Neo/Challenger Banks:

- Despite initial concerns, many respondents now trust neo/challenger banks, feeling they are as secure, if not more, than traditional banks, with features like Face ID adding to the sense of security.
- The perception of neo/challenger banks as reliable and secure has been reinforced by positive experiences and the absence of issues, leading to increased loyalty.

### Financial Management and Savings:

- Neo/challenger banks are credited with improving respondents' ability to save money and manage finances more efficiently, with features like savings pots and virtual cards being particularly beneficial.
- The shift to neo/challenger banks has led to more proactive financial management, with users taking advantage of the tools provided to track spending and set financial goals.

### Incentives and Features Attracting Users to Neo/Challenger Banks:

- Respondents were attracted to neo/challenger banks by incentives such as early payment features, seamless signup processes, and the ability to receive payments early.
- The offer of rewards, such as cashback and referral bonuses, as well as competitive exchange rates and investment options, are key factors in the decision to switch from traditional banks.

### Continued Use of Traditional Banks for Specific Needs:

- Some respondents still find value in traditional banks for certain services, such as in branch support and handling of wages and household bills, indicating a hybrid approach to banking.
- The physical presence of traditional banks and established reputation for safety and fraud protection are reasons why some users have not fully transitioned to neo/challenger banks.





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## KEY INSIGHTS

### Recommendations and Future Expectations:

- The likelihood of recommending neo/challenger banks is high among respondents, with scores often at or above 8 out of 10, reflecting satisfaction and positive experiences.
- Respondents expect neo/challenger banks to continue innovating and improving, with some expressing a desire for even more features and customization options to enhance the banking experience.





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## PROJECTIVE ANALYSIS

If you were a traditional bank, how would you convince a customer to stay instead of switching to a neo/challenger bank?:

Analysis of the chat transcripts reveals that customers appreciate the convenience, ease of use, and innovative features of neo/challenger banks. To convince a customer to stay, traditional banks should focus on improving their digital offerings, particularly their mobile apps, to match the user experience provided by neo/challenger banks. This includes simplifying the process of checking transactions, updating personal details, and generating statements. Additionally, traditional banks could emphasize the benefits of in-person branch services, which some customers still value for complex transactions or when seeking human interaction. Offering competitive features such as better interest rates, cashback deals, and loyalty programs could also be persuasive. Traditional banks should highlight their long-standing reputation, financial stability, and strong fraud protection measures to address any security concerns customers may have about neo/challenger banks.





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## PROJECTIVE ANALYSIS

If you were a neo/challenger bank, how would you attract a customer from a traditional bank?:

To attract customers from traditional banks, neo/challenger banks should emphasize their strengths in convenience, speed, and modern technology. According to the chat transcripts, customers are drawn to features such as instant account setup, the ability to use the account immediately with services like Apple Pay, and innovative savings tools like savings pots. Neo/challenger banks should also highlight their superior customer service, including 24/7 support and the ease of managing finances through their apps. Offering incentives such as sign-up bonuses, referral programs, and rewards for switching can be effective strategies. Additionally, neo/challenger banks should address potential security concerns by emphasizing their security measures, such as biometric authentication. Finally, they should continue to innovate and introduce features that traditional banks may lack, such as virtual cards, budgeting tools, and the ability to receive payments early.







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## HUMAN KEY QUOTES

"I heard from a friend it was good. i like they are easier to set up and all managed online"

Age 31, Male

"I think they are just as good if not better and more reliable and secure than mainstream banks"

Age 31, Male

"Offer a small incentive to join and try products. i would emphasise ease of use and travel currency benefits "

Age 31, Male

"I like the fact that all services are available on the app whereas with a traditional bank i may have to go to the branch or use online banking which can be long winded."

Age 20, Male

"I have found it easier to save. this is because monzo allows me to make separate savings pots. therefore, i have been putting money aside more frequently."

Age 20, Male

"I would attract people by advertising the fast sign up process. the great app with all services on it and the perks available such as referral bonuses."

Age 20, Male





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## HUMAN KEY QUOTES

"Yes i have noticed huge changes to my spending habits i now spend much more efficiently and on things that are important and i am able to manage my finances far more better than traditional banking"

Age 20, Female

"I would emphasize a new spending tool feature that helps customers track where their money is being spent and help optimise their savings"

Age 20, Female

"Ease of use and convenience give neo banks are great advantage over the traditional banks as they are becoming more and more obsolete "

Age 20, Female

"I went to amsterdam last year and alot of shops don't take cash anymore, so i decided to start up a monza account for when i next go back over there"

Age 39, Male

"Looking back my perception has improved of neo/challenger banks, they are good to have i recommend everyone should try one, overall i'm happy with monza"

Age 39, Male

"I feel, and is commonly known. if i tried to lift 50,000 from the bank in town they would say no and it would take days even weeks to revive my money, but online banks are different becuase it's all online so there's no need to worry about not being able to access your funds "

Age 21, Male





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## HUMAN KEY QUOTES

"My banking habits were very scattered i spent a lot of money and when i got revolut saving money and managing it became easier "

Age 23, Male

"Revolut for example offers colour changing options for your card in addition to cool patterns you can pick aswell "

Age 23, Male

"You get in contact much quicker, and for me the virtual card scheme is so good to have incase you lose your card then have to wait for a new one "

Age 29, Male

"Because when i lose my card, i don't have to wait for 3-5 days for a new one, i can make a virtual card which takes 1 minute and start using it straight away, so i'm never stuck for money "

Age 29, Male

"I was looking for something different so i got an account with starling bank first then monzo..i wanted to keep some crypto separate from my main account with tsb"

Age 47, Male

"Starling bank is my favourite..i prefer the online site its easier to navigate plus i get alot of discounts for shopping "

Age 47, Male





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## HUMAN KEY QUOTES

"It's alot more straightforward dealing with my finances online i think it's a great improvement and will only continue to get better"

Age 47, Male

"The exchange rates you can do on the phone rather then having to go into post office to change your money over the phone does it automatically and i liked the fact it was popular i knew a few people who recommended it to me and the reviews are good"

Age 46, Male





**REACH OUT TO US IF YOU HAVE  
FURTHER QUESTIONS ABOUT THIS  
REPORT**

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**ESOMAR**  
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