Are banks meeting the needs of the next generation of customers?

Millennials

And Banking

Jake Palenicek – Director, Financial Services, YouGov
Approach

4000 Interviews with UK adults (aged 18+)

2016 Interviewing conducted online in June

10-34 For the purposes of this study, Millennials are defined as those aged

35-54

55+

120,000 Additional Millennials insight sourced from YouGov Profiles, our connected data vault holding over 120,000 data points, collected from over 250,000 UK YouGov members.

250,000
Millennials now represent the largest consumer group in the UK

Source: Office of National Statistics
What do we know about Millennials?

Attitudes and Interests

- I keep up to date with current fashion trends. 36% Agree 55% Disagree
- I am not afraid of change. 60% Agree 32% Disagree
- Time is more important to me than money. 63% Agree 25% Disagree
- I don’t like to plan too far into the future. 48% Agree 41% Disagree

On their bucket list: Travel to an exotic location (38%) Get healthier/ lose weight (36%) Get married (35%) Have children (33%) Own my own home (32%) See a natural wonder (31%) Achieve a wealth goal (29%) Complete an act of physical endurance (27%) Learn a new language (24%) Change someone’s life for the better (23%) Start my own business (15%) Write a novel (14%) Meet a particular celebrity (12%) Invent something (7%)
What do we know about Millennials?

Politics

Politics level of interest
- 18% Political Obsessive
- 48% Follow politics closely
- 27% Minor interests in politics
- 7% Little or No interest

Do you think there should be more or less government redistribution of income from the better off to the less well off?
- 57% More
- 18% The current balance is about right
- 11% Less
- 14% Don’t Know

Brexit Vote
- 67% Remain
- 33% Leave

Do you think the government should play a role in managing the economy or that markets should be left to do their job?
Government should play a dominant/significant role in managing the economy (60%) Markets should be mostly left to themselves - with some minor oversight (23%) Markets should be left to themselves entirely (2%) Don’t Know (15%)
What do we know about Millennials?

Banking and Finances

- The idea of being in debt is stressful. 86% Agree 9% Disagree
- I manage my finances well. 70% Agree 23% Disagree
- I trust banks and building societies. 44% Agree 43% Disagree
- Life is more uncertain than it was for previous generations. 74% Agree 14% Disagree

Are currently saving for: Holiday/Travel (34%) Rainy Day/ the unexpected (27%) Buying a property/deposit (27%) Retirement (12%) Not saving for anything (12%) In case of losing job (11%) New car (10%) Paying for home property improvements (9%) To help family out (8%) Personal Education (8%) New furniture (6%) Wedding (6%) Children’s university (4%) Children’s schooling (3%) Charity (1%) Can’t afford to save (15%)
What do we know about Millennials?

Brands and Advertising

Advertising helps me choose what I buy.
37% Agree 53% Disagree

I feel bombarded by advertising.
72% Agree 22% Disagree

I’m more likely to engage with adverts on social media than on regular websites.
29% Agree 55% Disagree

Best Rated Brands (% positive impression): Cancer Research UK (53%) Cadbury (51%) British Airways (49%) YouTube (49%) Heinz (48%) Sony (48%) Macmillan Cancer Support (48%) Ben & Jerry’s (47%) Nike (47%) Google (47%)
What do we know about Millennials?

Technology and Media Consumption

- **Mobile Phone Type:**
  - 92% SmartPhone
  - 4% Standard Mobile phone
  - 3% No Phone

- **Tech Savviness:**
  - 84% Technically Minded
  - 16% Not Technically Minded

- **Social Media/networking usage:**
  - 70% High
  - 16% Medium
  - 3% Low

- **The internet is my main source of information.**
  - 87% Agree
  - 8% Disagree

**Media Channels consumed in last week:**
- Watched non-commercial TV (65%)
- Watched commercial TV (63%)
- Listened to commercial Radio (35%)
- Listened to non-commercial Radio (33%)
- Read a national newspaper (30%)
- Read a magazine (16%)
- Read a local newspaper (12%)
- Read a regional newspaper (9%)
What do we know about Millennials?

Personality Traits

- Moody
- Funny
- Geeky
- Sweet
- Curious
- Clever
- Needy
- Selfish
- Accident-Prone
- Easily-Distracted
- Neurotic
- Lazy
- Nerdy
- Polite
- Thinker
- Sensible
Who do Millennials bank with?

The large high street providers are most prominent amongst Millennials, as they are in the other age groups. 55+ are more likely than younger age groups to have accounts with multiple providers.

<table>
<thead>
<tr>
<th>Bank</th>
<th>18 to 34</th>
<th>35 to 54</th>
<th>55+</th>
</tr>
</thead>
<tbody>
<tr>
<td>NatWest</td>
<td>19%</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>Santander</td>
<td>17%</td>
<td>17%</td>
<td>21%</td>
</tr>
<tr>
<td>HSBC</td>
<td>16%</td>
<td>13%</td>
<td>10%</td>
</tr>
<tr>
<td>Barclays Bank</td>
<td>15%</td>
<td>15%</td>
<td>15%</td>
</tr>
<tr>
<td>Nationwide</td>
<td>15%</td>
<td>14%</td>
<td>18%</td>
</tr>
<tr>
<td>Halifax</td>
<td>15%</td>
<td>15%</td>
<td>13%</td>
</tr>
<tr>
<td>Lloyds Bank</td>
<td>14%</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>TSB</td>
<td>6%</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Average number of banks hold accounts with

<table>
<thead>
<tr>
<th>Age Group</th>
<th>18 to 34</th>
<th>35 to 54</th>
<th>55+</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.4</td>
<td>1.4</td>
<td>1.5</td>
<td></td>
</tr>
</tbody>
</table>
Who do Millennials bank with? (Traditional vs. Challenger Banks)

Despite the rise and increasing prominence of so called Challenger banks, the High Street/Traditional providers still dominate the market, especially amongst Millennials.
Who do Millennials hold their main account with?

The large high street providers are also most prominent amongst Millennials as main providers, with Lloyds joining NatWest, Santander, HSBC and Barclays in the top five.

- NatWest: 14%, 10%, 12%
- Santander: 13%, 12%, 15%
- HSBC: 13%, 10%, 8%
- Barclays Bank: 12%, 10%, 11%
- Lloyds Bank: 11%, 12%, 11%
- Halifax: 10%, 11%, 9%
- Nationwide: 9%, 9%, 11%
- TSB: 3%, 4%, 3%

**Net: High Street/Traditional Banks**

- 18 to 34: 92%
- 35 to 54: 87%
- 55+: 90%

**Net: Challenger Banks**

- 18 to 34: 7%
- 35 to 54: 12%
- 55+: 8%
How do Millennials prefer to interact with their banks?

Millennials have embraced digital banking; they are the heaviest users of the Internet, Mobile/Apps, SMS, Webchat and Social media when interacting with their main bank...But they aren’t quite ready to give up on branches just yet!
How often do they interact with their bank?

Millennials interact with their main bank more often than the older age groups, inviting more opportunities for banks to engage with them.

<table>
<thead>
<tr>
<th>Frequency</th>
<th>18 to 34</th>
<th>35 to 54</th>
<th>55+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Every Day</td>
<td>12%</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Two or three times a week</td>
<td>30%</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Once a week</td>
<td>18%</td>
<td>19%</td>
<td>19%</td>
</tr>
<tr>
<td>Two or three times a month</td>
<td>16%</td>
<td>16%</td>
<td>18%</td>
</tr>
<tr>
<td>Once a month</td>
<td>7%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>Less Often</td>
<td>15%</td>
<td>16%</td>
<td>18%</td>
</tr>
<tr>
<td>Not Sure</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>
How do Millennials prefer to make payments?

Certain Payment channels such as chip and pin, direct debit and through online banking are used extensively by all age groups. The clearest difference in the usage patterns of Millennials are in the use of mobile apps (such as Barclays Pingit) and in payment via smartphones /watches.

- **18 to 34 - 77%**
  - 35 to 54 - 78%
  - 55+ - 72%

- **18 to 34 - 73%**
  - 35 to 54 - 88%
  - 55+ - 90%

- **18 to 34 - 73%**
  - 35 to 54 - 70%
  - 55+ - 63%

- **18 to 34 - 48%**
  - 35 to 54 - 47%
  - 55+ - 34%

- **18 to 34 - 45%**
  - 35 to 54 - 43%
  - 55+ - 31%

- **18 to 34 - 35%**
  - 35 to 54 - 53%
  - 55+ - 59%

- **18 to 34 - 20%**
  - 35 to 54 - 42%
  - 55+ - 65%

- **18 to 34 - 12%**
  - 35 to 54 - 8%
  - 55+ - 2%

- **18 to 34 - 10%**
  - 35 to 54 - 6%
  - 55+ - 2%

- **18 to 34 - 7%**
  - 35 to 54 - 7%
  - 55+ - 5%

- **18 to 34 - 1%**
  - 35 to 54 - 1%
  - 55+ - 0%
## Provider advocacy among Millennials

TSB has the highest NPS among millennials. First Direct has the highest NPS among the older age groups.

<table>
<thead>
<tr>
<th>NPS</th>
<th>18-34</th>
<th>35-54</th>
<th>55+</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSB</td>
<td>30</td>
<td>11</td>
<td>46</td>
</tr>
<tr>
<td>Nationwide</td>
<td>15</td>
<td>19</td>
<td>32</td>
</tr>
<tr>
<td>Halifax</td>
<td>4</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Lloyds</td>
<td>-2</td>
<td>-11</td>
<td>-13</td>
</tr>
<tr>
<td>Santander</td>
<td>-5</td>
<td>-17</td>
<td>-9</td>
</tr>
<tr>
<td>NatWest</td>
<td>-14</td>
<td>-20</td>
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</tr>
<tr>
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<td>-19</td>
<td>-23</td>
<td>-26</td>
</tr>
<tr>
<td>HSBC</td>
<td>-20</td>
<td>-27</td>
<td>-22</td>
</tr>
<tr>
<td>Co-operative Bank</td>
<td>-27</td>
<td>-31</td>
<td>-26</td>
</tr>
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All banks shown with base of n40 or above.
How likely are Millennials to opening a new bank account in the next 12 months?

A quarter of Millennials plan on opening a new bank account in the next year – twice as many as in the older age groups.

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<thead>
<tr>
<th>Age Group</th>
<th>Net likely</th>
<th>Net unlikely</th>
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<tbody>
<tr>
<td>18-34</td>
<td>23%</td>
<td>55%</td>
</tr>
<tr>
<td>35-54</td>
<td>12%</td>
<td>66%</td>
</tr>
<tr>
<td>55+</td>
<td>10%</td>
<td>74%</td>
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Will the new account be instead of, or in addition to existing accounts?

Among Millennials likely to open a new account, some 60% are interested in expanding their repertoire of accounts while the remaining 40% intend to open a new account to replace one of their existing accounts.

- It will replace my main account, as well as one of my other accounts
- It will replace one of my other current accounts
- It will replace my main current account
- It will be in addition to the bank accounts I already hold
When choosing new accounts, which providers would Millennials consider?

The large high street providers dominate brand consideration among Millennials. Millennials are also willing consider a larger number of providers than older consumers.

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<td>9%</td>
</tr>
<tr>
<td>Co-operative Bank</td>
<td>13%</td>
<td>15%</td>
<td>12%</td>
</tr>
<tr>
<td>First Direct</td>
<td>11%</td>
<td>16%</td>
<td>12%</td>
</tr>
<tr>
<td>M&amp;S Bank</td>
<td>8%</td>
<td>7%</td>
<td>11%</td>
</tr>
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**Net: High Street/ Traditional Banks**

- 18 to 34: 85%
- 35 to 54: 76%
- 55+: 71%

**Net: Challenger Banks**

- 18 to 34: 33%
- 35 to 54: 38%
- 55+: 4%

**Average number of banks considered**

- 2.9
- 2.5
- 1.8
How do Millennials choose their banks?

When selecting banks, Millennials share much in common with older age groups; the reassurance and trust engendered in established brands is key, as well as the convenience of having multiple accounts or products with the same provider.

They are an established company
For convenience because I already have other financial products with them
I trust them to act in my best interests
I have always used them
They offer the products I need
They offer a good interest rate on money held in the account
I can contact them in a way that suits me best
They are socially responsible
They offer a cash bonus when you open an account with them
I can contact them whenever I need to
They are an interesting company
The provide cashback on payments or direct debit made from the account
Summary

Millennials tend to be conservative in their choice of banking provider

But they are more likely to be in the market for a new account and have a broader consideration set than older consumers

So there is opportunity for banks to get the attention of Millennials while they’re still young, and long-term habits not yet formed

Millennials very much default to digital banking and payment methods

However, digital servicing is considered hygiene and is not enough by itself to entice Millennials – trust and reputation are still the key drivers of decision making

Some providers have good advocacy levels among Millennials. Some considerably less so

Is there more banks can do to communicate and service Millennials, in the way that they expect?
Thank You

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