

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+)

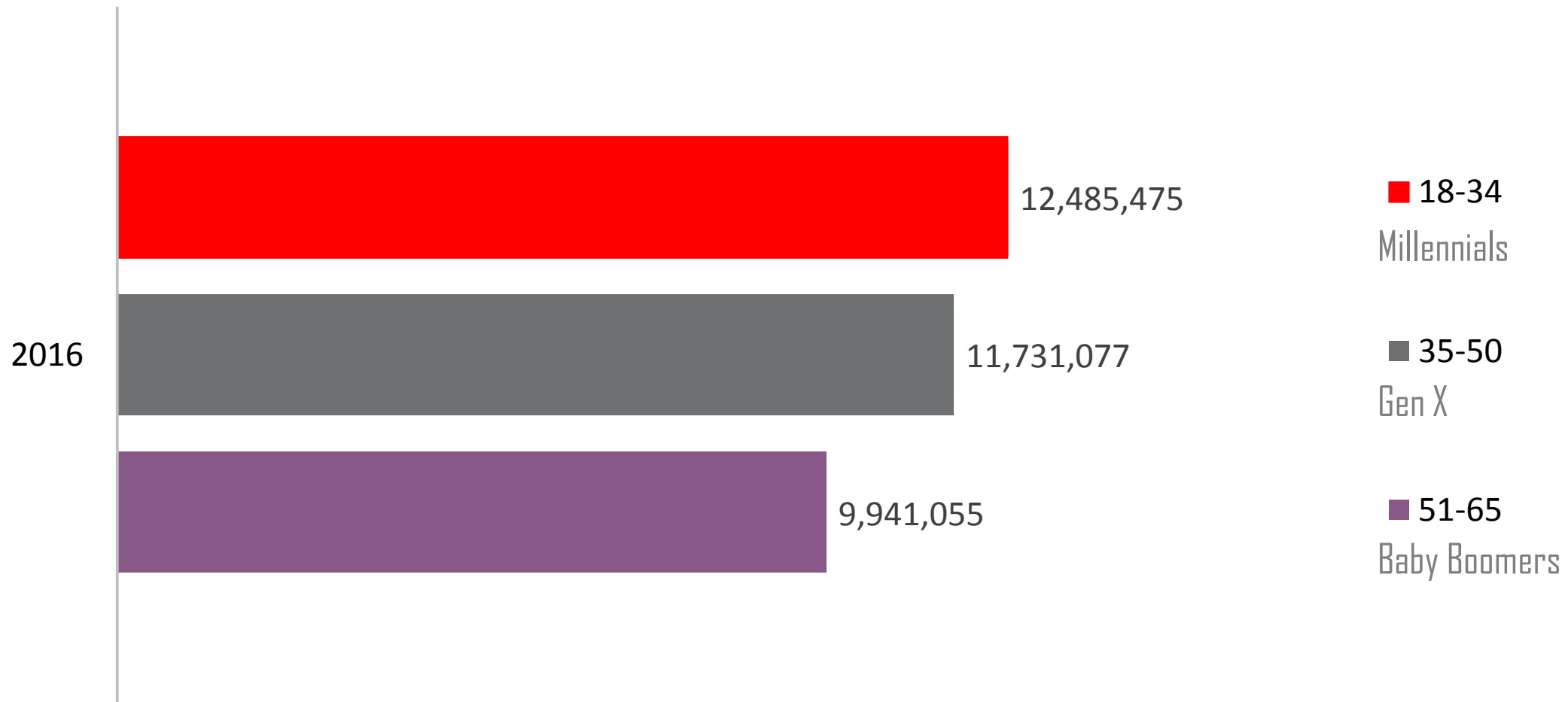
2016
Interviewing conducted online in June

18-34
For the purposes of this study, Millennials are defined as those aged

35-54
Results are compared against mid-age group and older age group
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



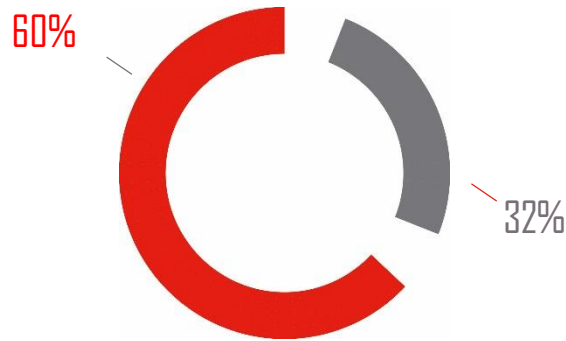
Source: Office of National Statistics

What do we know about Millennials?

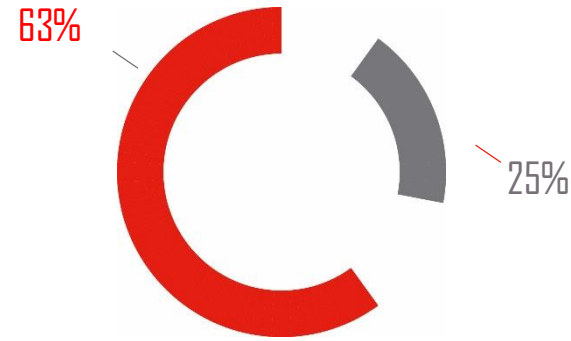
Attitudes and Interests



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

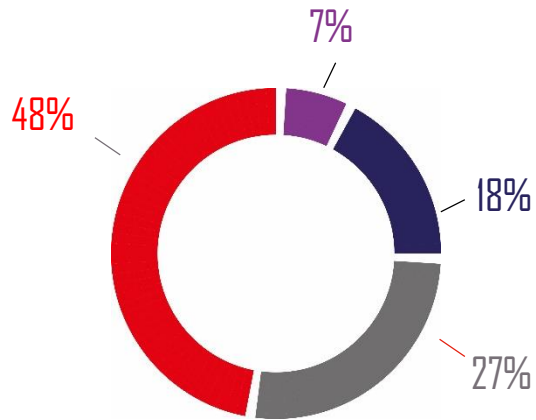


I don't like to plan to far into the future.
48% Agree 41% Disagree

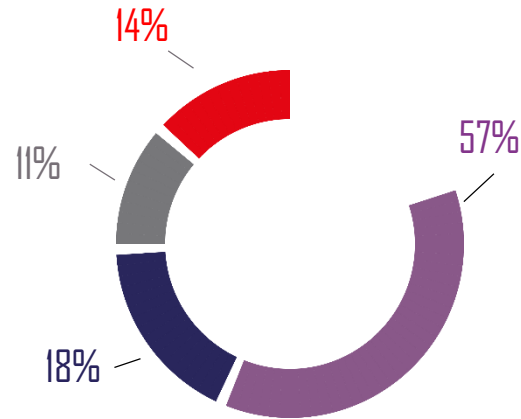
On their bucket list: Travel to an exotic location (38%) Get healthier/ lose weight (36%) Get married (35%) Have children (33%) Own my own home (32%) See a natural wonder (31%) Achieve a wealth goal (29%) Complete an act of physical endurance (27%) Learn a new language (24%) Change someone's life for 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?

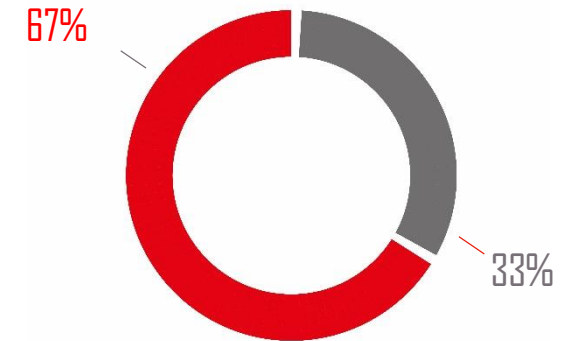
Politics



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

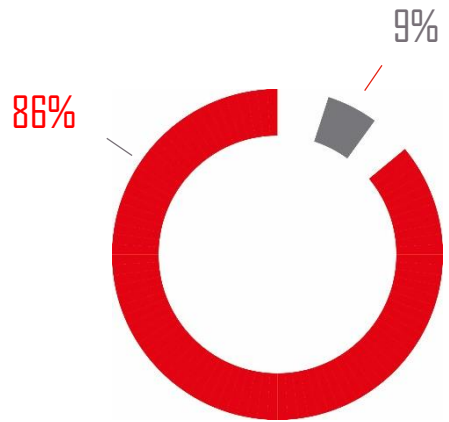


Brexit Vote
67% Remain
33% Leave

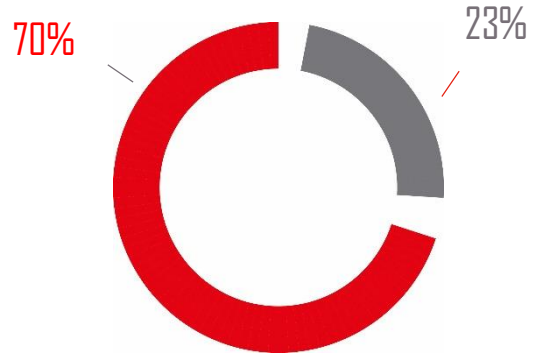
Do you think the government should play a role in managing the economy or that markets should be left to do their job?
Government should play a dominant/significant role in managing the economy (60%) Markets should be mostly left to themselves - with some minor oversight (23%) Markets should be left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

What do we know about Millennials?

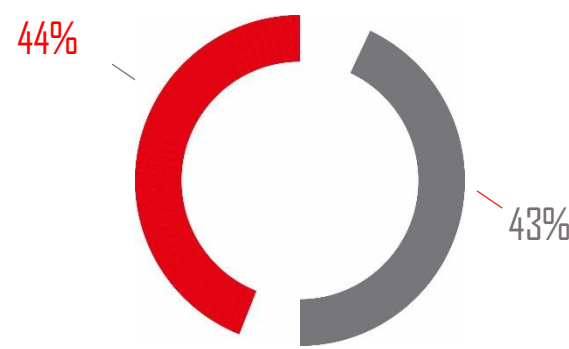
Banking and Finances



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

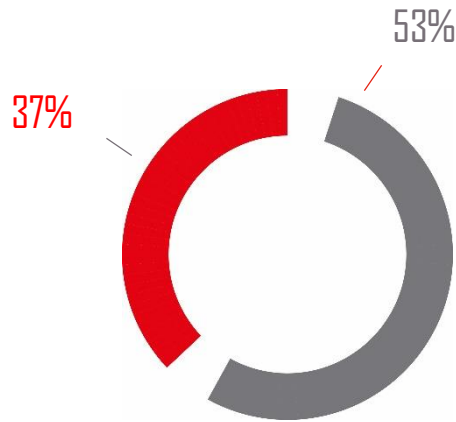


Life is more uncertain than it was for previous generations.
74% Agree 14% Disagree

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



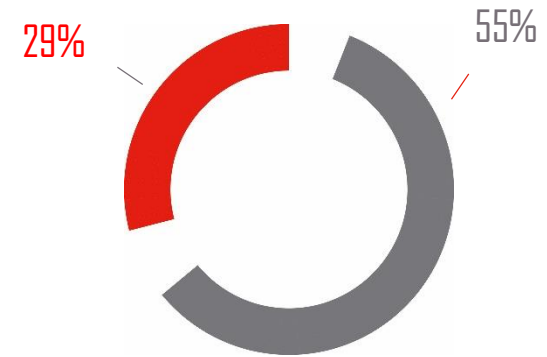
Advertising helps me choose what I buy.

37% Agree 53% Disagree



I feel bombarded by advertising.

72% Agree 22% Disagree



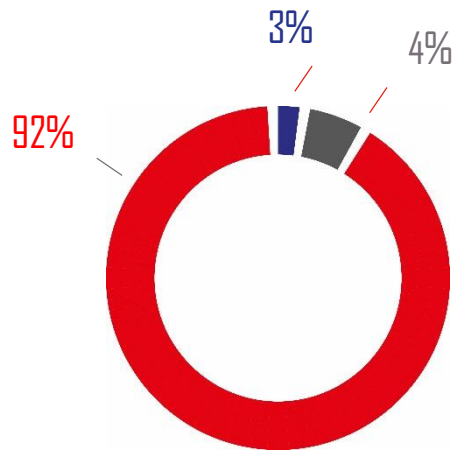
I'm more likely to engage with adverts on social media than on regular websites.

29% Agree 55% Disagree

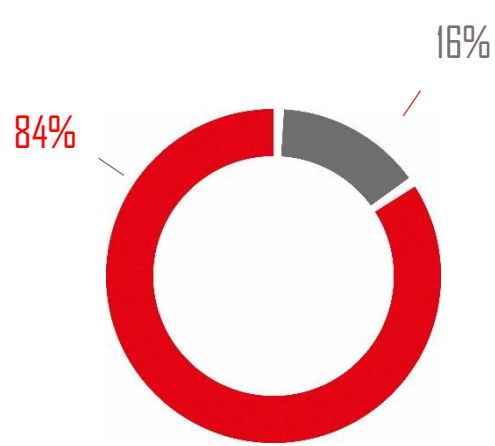
Best Rated Brands (% positive impression): Cancer Research UK (53%) Cadbury (51%) British Airways (49%) YouTube (49%) Heinz (48%) Sony (48%) Macmillan Cancer Support (48%) Ben & Jerry's (47%) Nike (47%) Google (47%)

What do we know about Millennials?

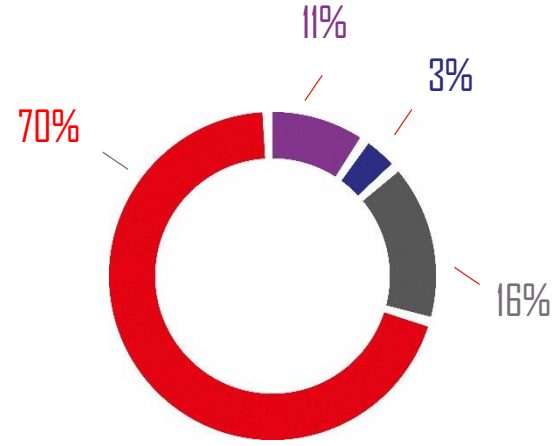
Technology and Media Consumption



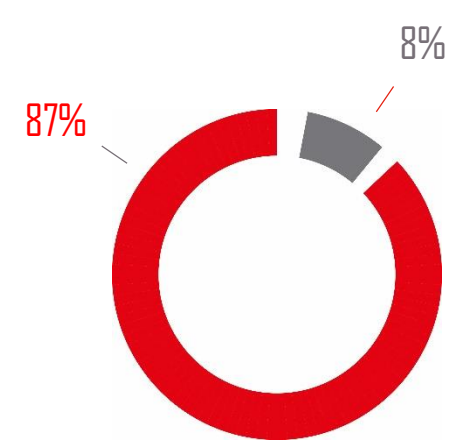
Mobile Phone Type:
92% SmartPhone
4% Standard Mobile phone
3% No Phone



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



Social Media/networking usage:
70% High 16% Medium
3% Low 11% Disengaged



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%)

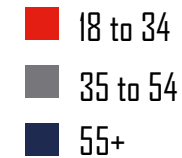
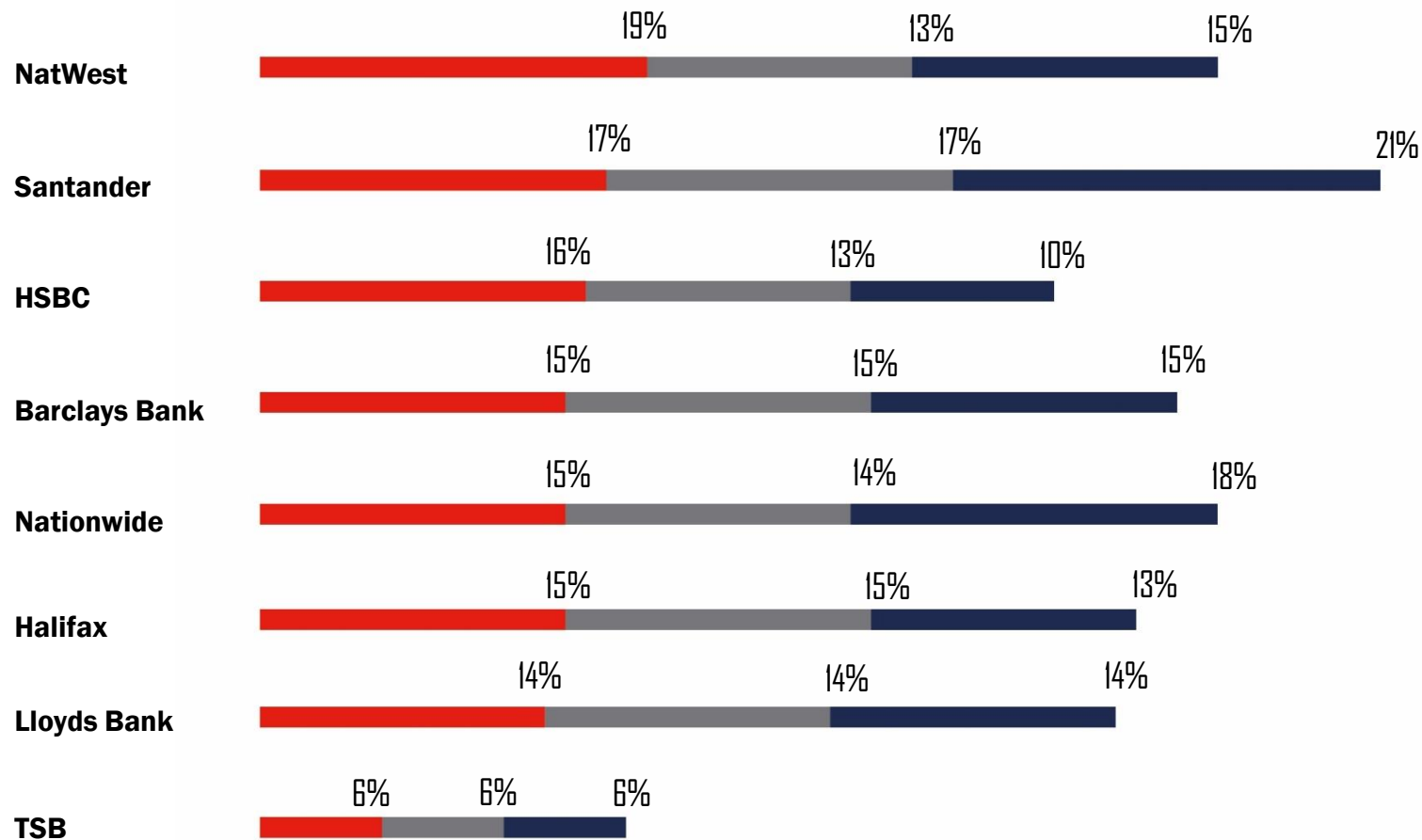
What do we know about Millennials?

Personality Traits



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.

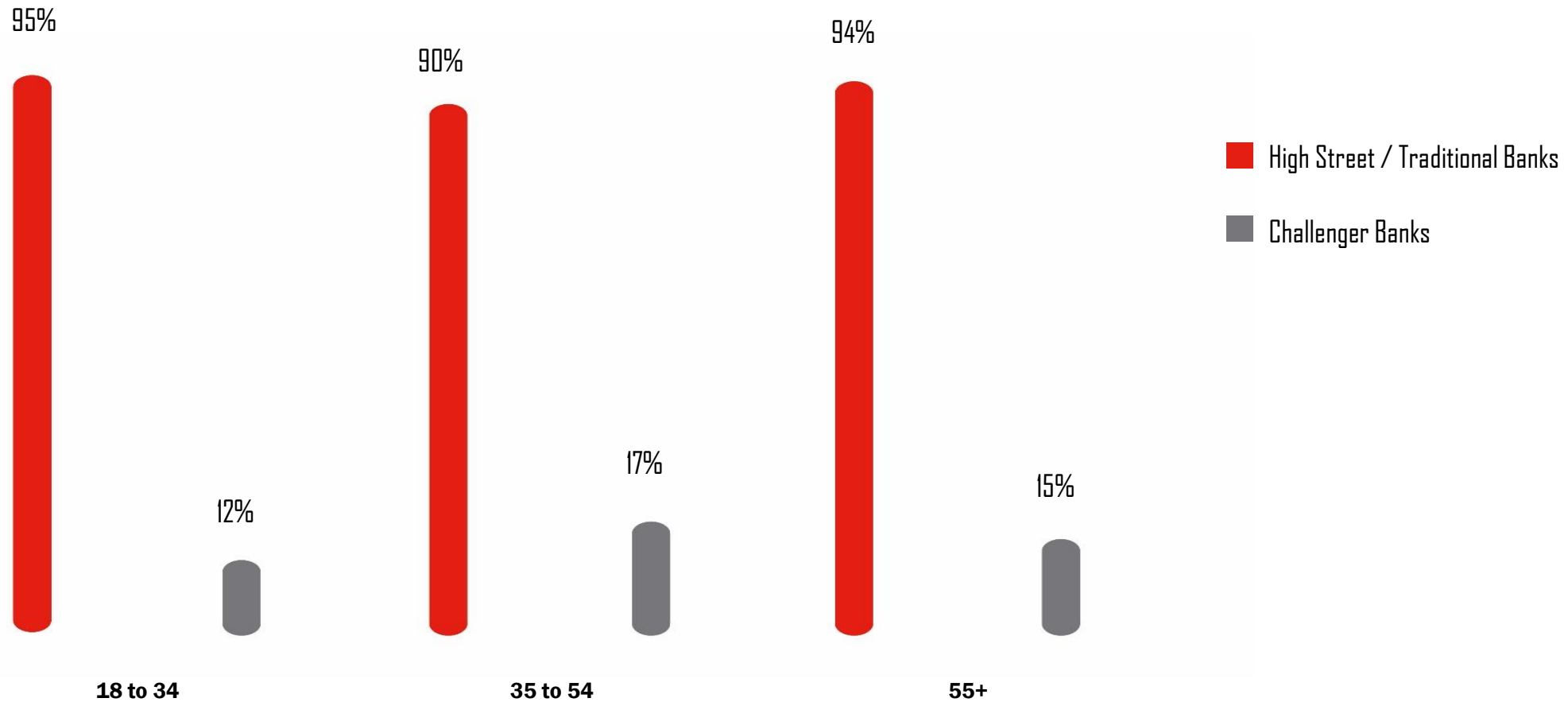


Average number of banks hold accounts with

18 to 34	35 to 54	55+
1.4	1.4	1.5

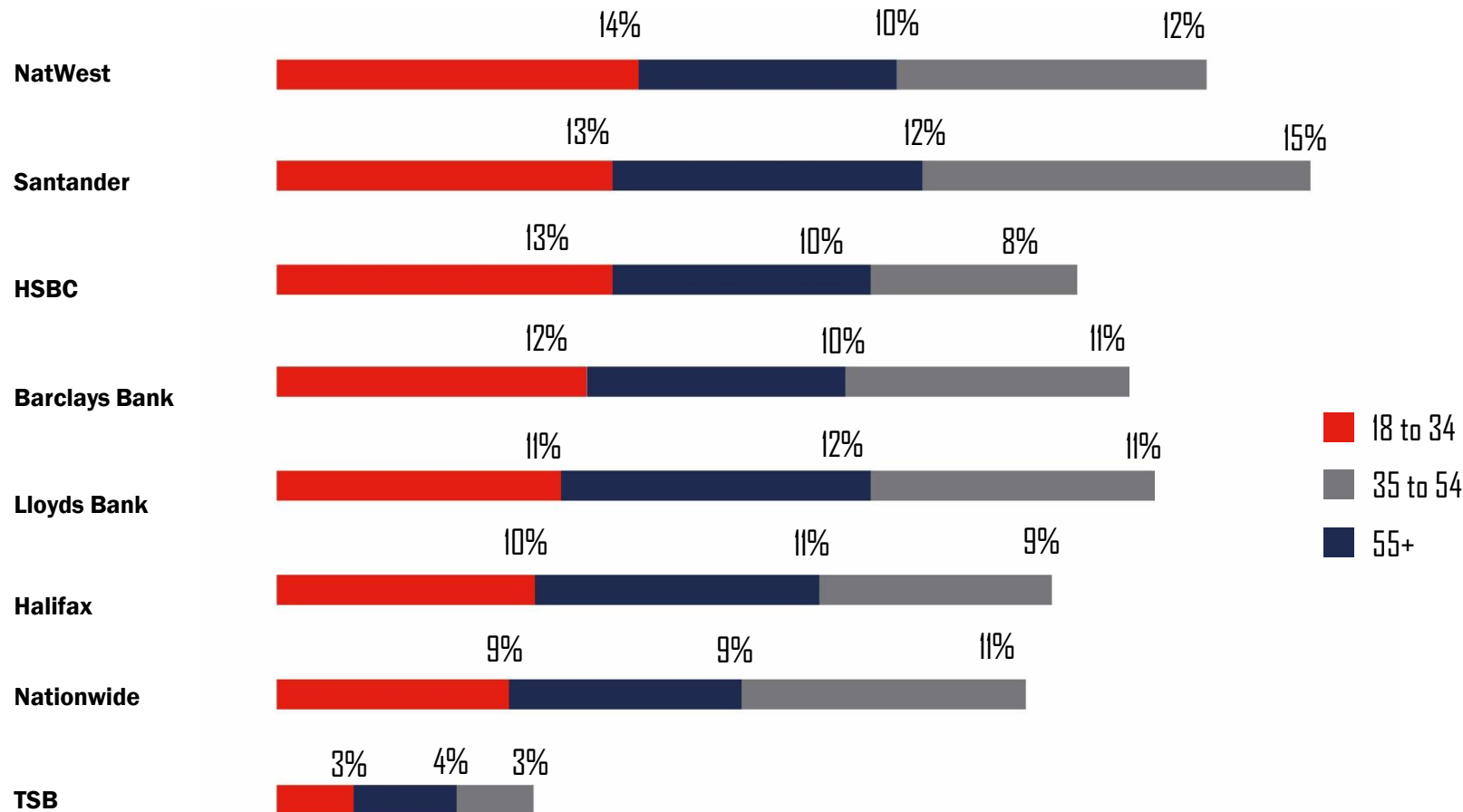
Who do Millennials bank with? (Traditional vs. Challenger Banks)

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.



Net: High Street/ Traditional Banks		
18 to 34	35 to 54	55+
92%	87%	90%
Net: Challenger Banks		
7%	12%	8%

How do Millennials prefer to interact with their banks?

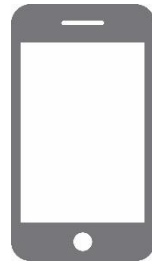
Millennials have embraced digital banking; they are the heaviest users of the Internet, Mobile / Apps, SMS, Webchat and Social media when interacting with their main bank...But they aren't quite ready to give up on branches just yet!



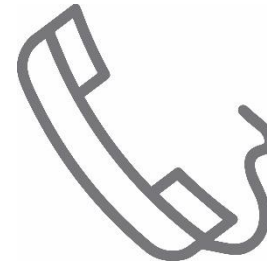
18 to 34 - 80%
35 to 54 - 78%
55+ - 74%



18 to 34 - 62%
35 to 54 - 60%
55+ - 67%



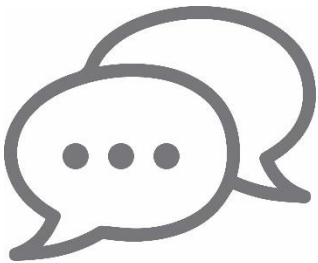
18 to 34 - 47%
35 to 54 - 29%
55+ - 10%



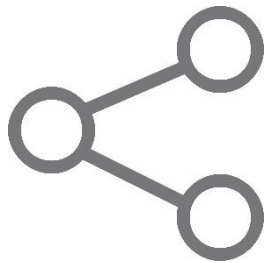
18 to 34 - 28%
35 to 54 - 29%
55+ - 27%



18 to 34 - 10%
35 to 54 - 6%
55+ - 3%



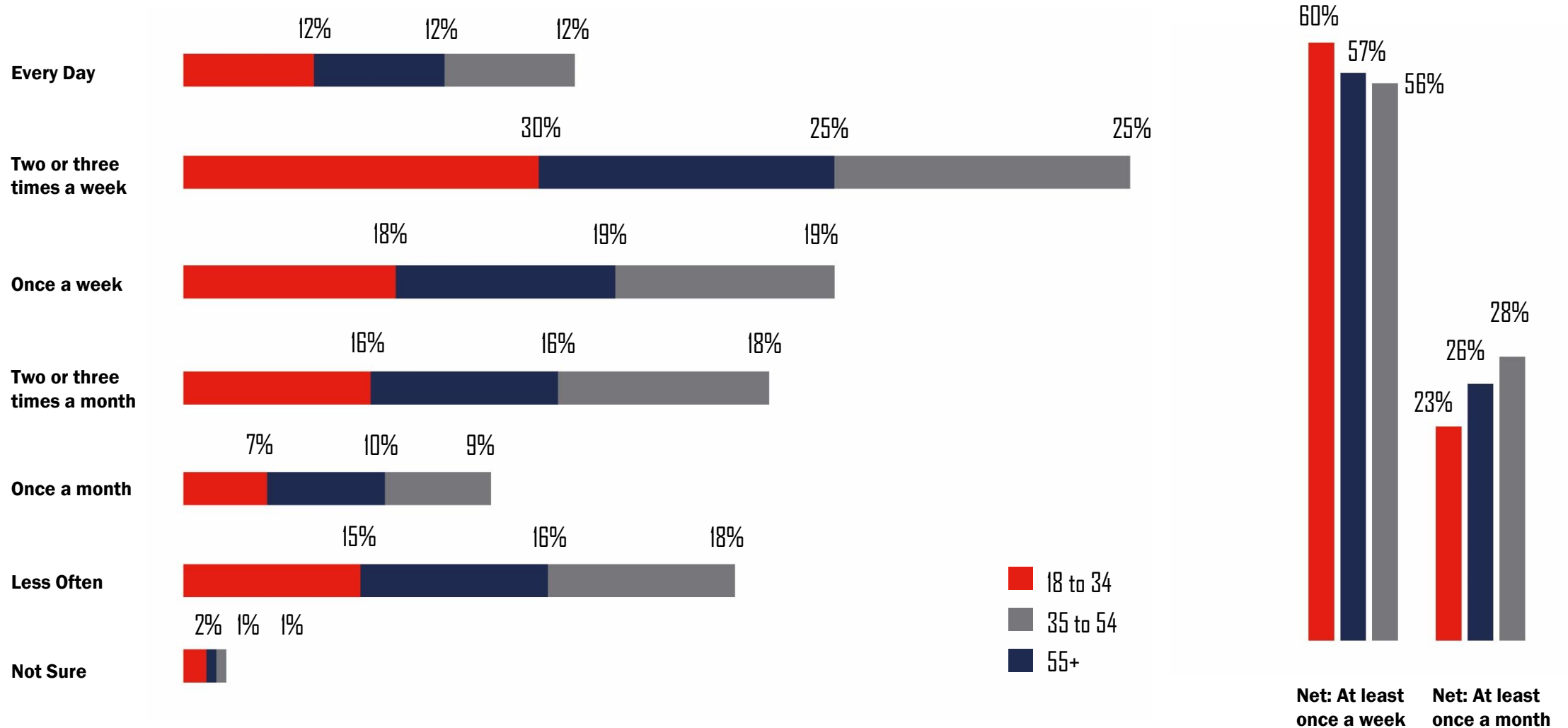
18 to 34 - 4%
35 to 54 - 2%
55+ - 2%



18 to 34 - 2%
35 to 54 - 1%
55+ - 0%

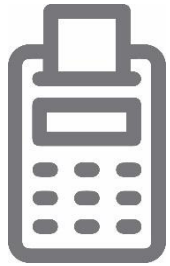
How often do they interact with their bank?

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



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%



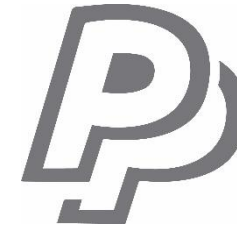
18 to 34 - 73%
35 to 54 - 88%
55+ - 90%



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%



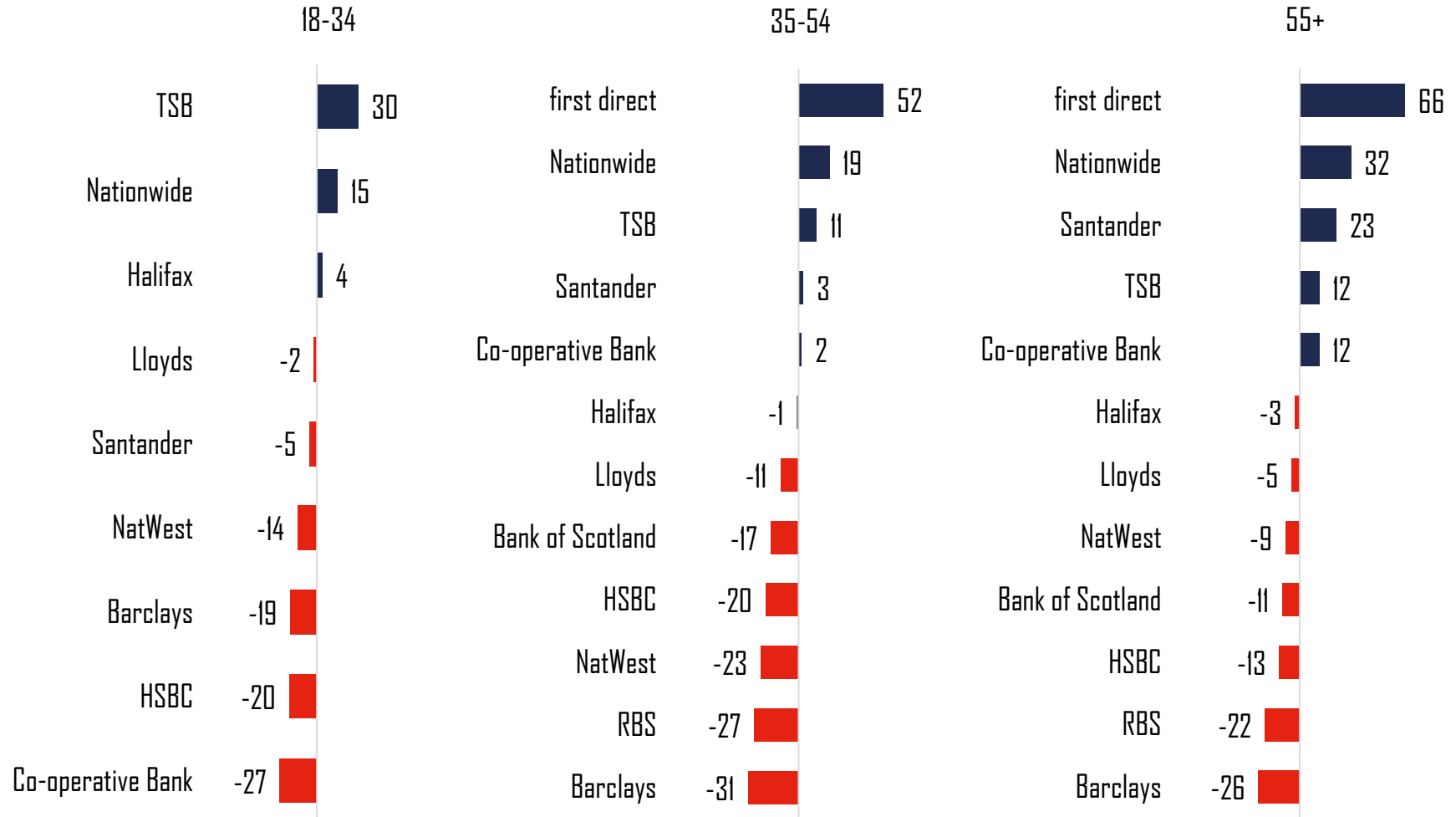
18 to 34 - 1%
35 to 54 - 1%
55+ - 0%

Provider advocacy among Millennials

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

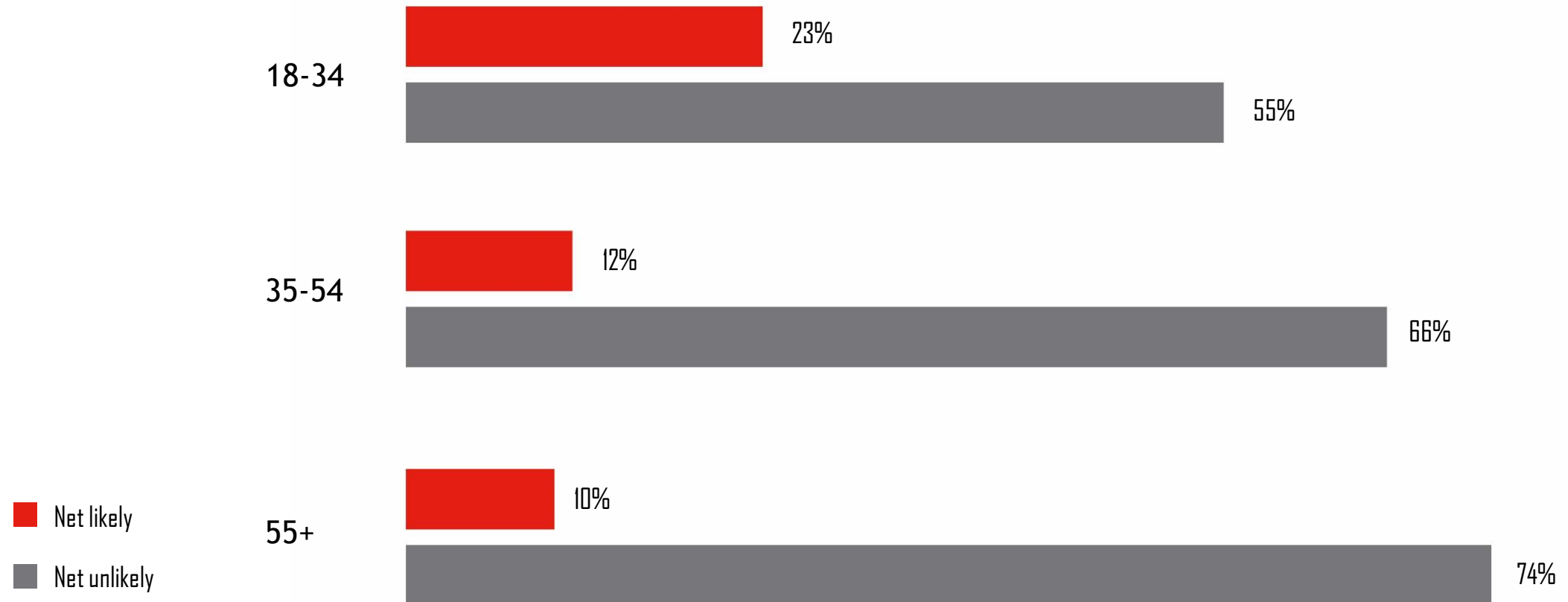
NPS

All banks shown with base of n40 or above



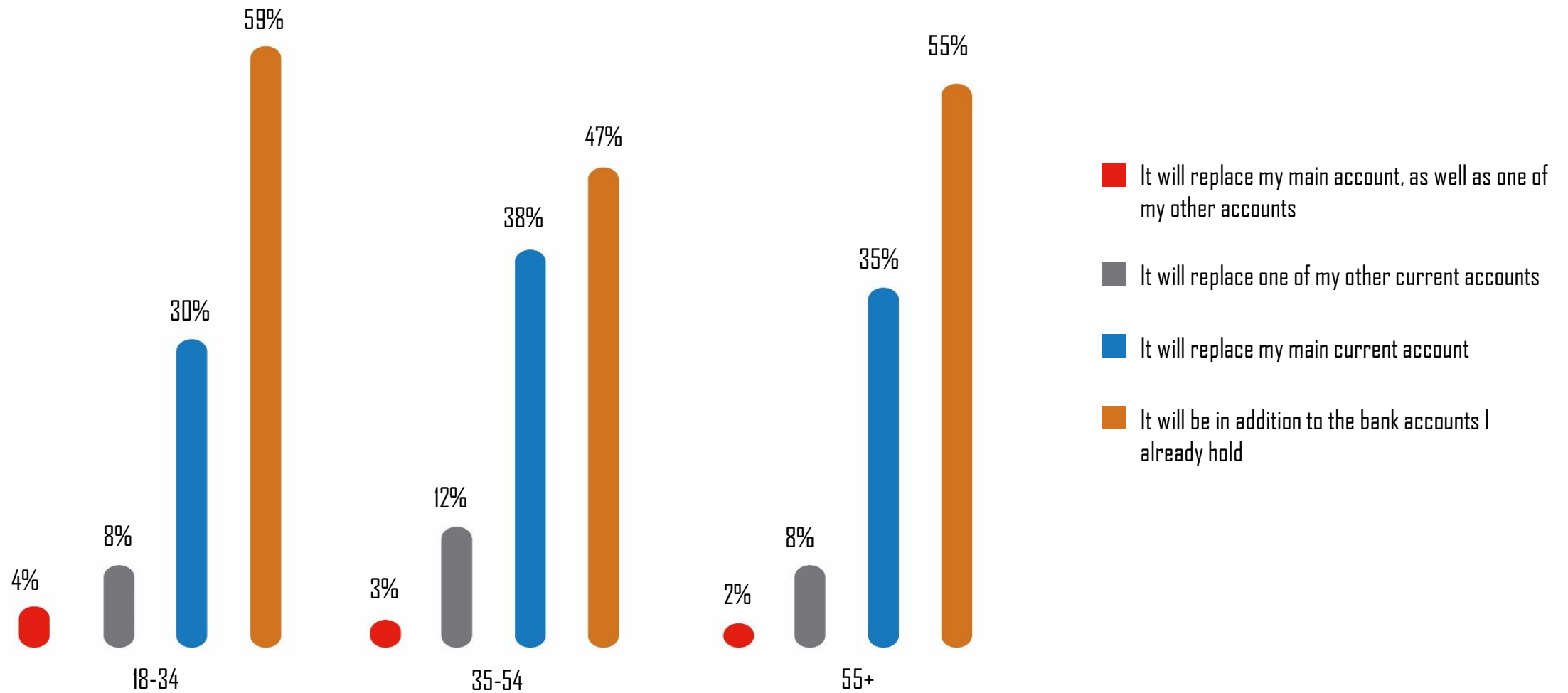
How likely are Millennials to opening a new bank account in the next 12 months?

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



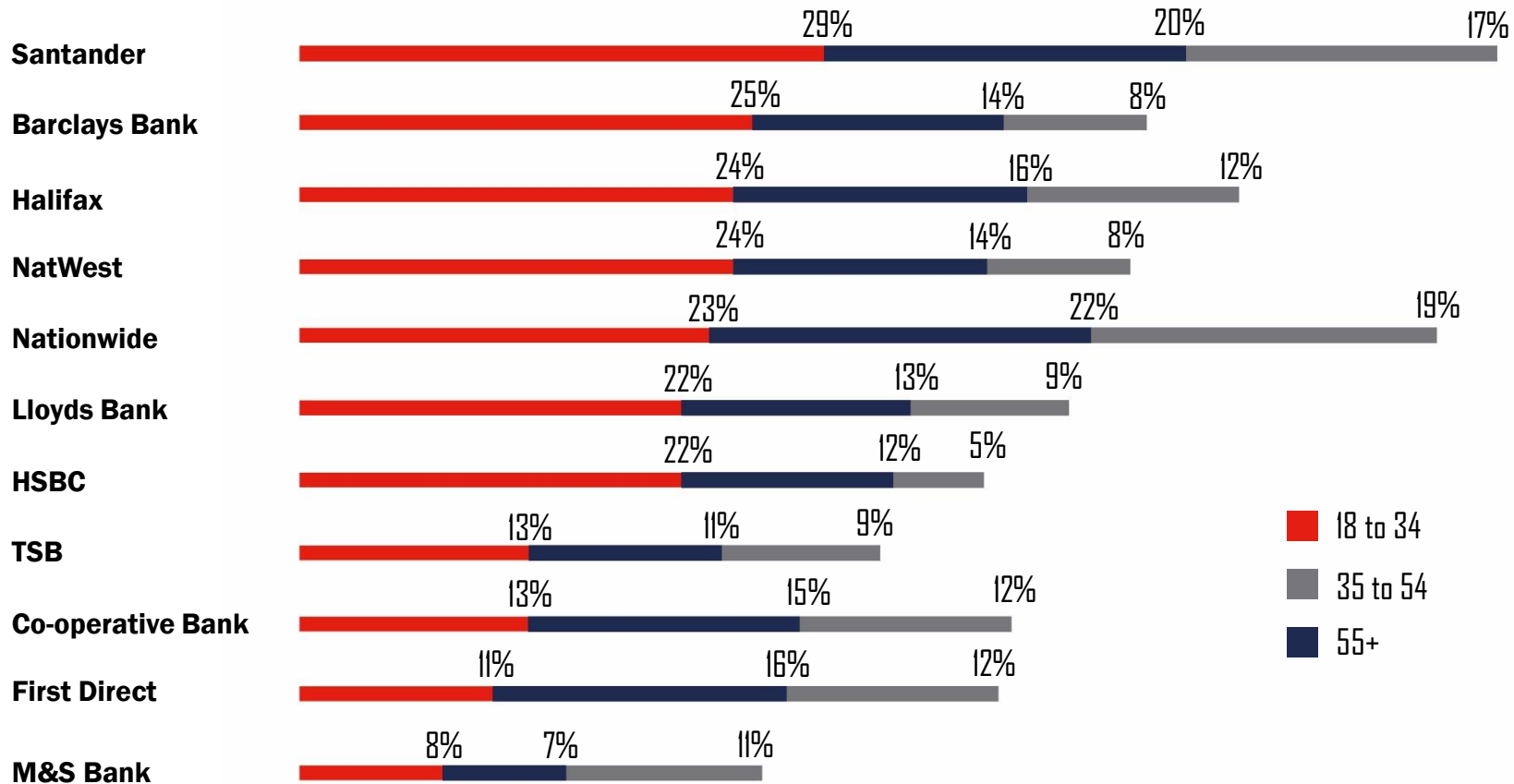
Will the new account be instead of, or in addition to existing accounts?

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.



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.



Net: High Street/ Traditional Banks

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

Net: Challenger Banks

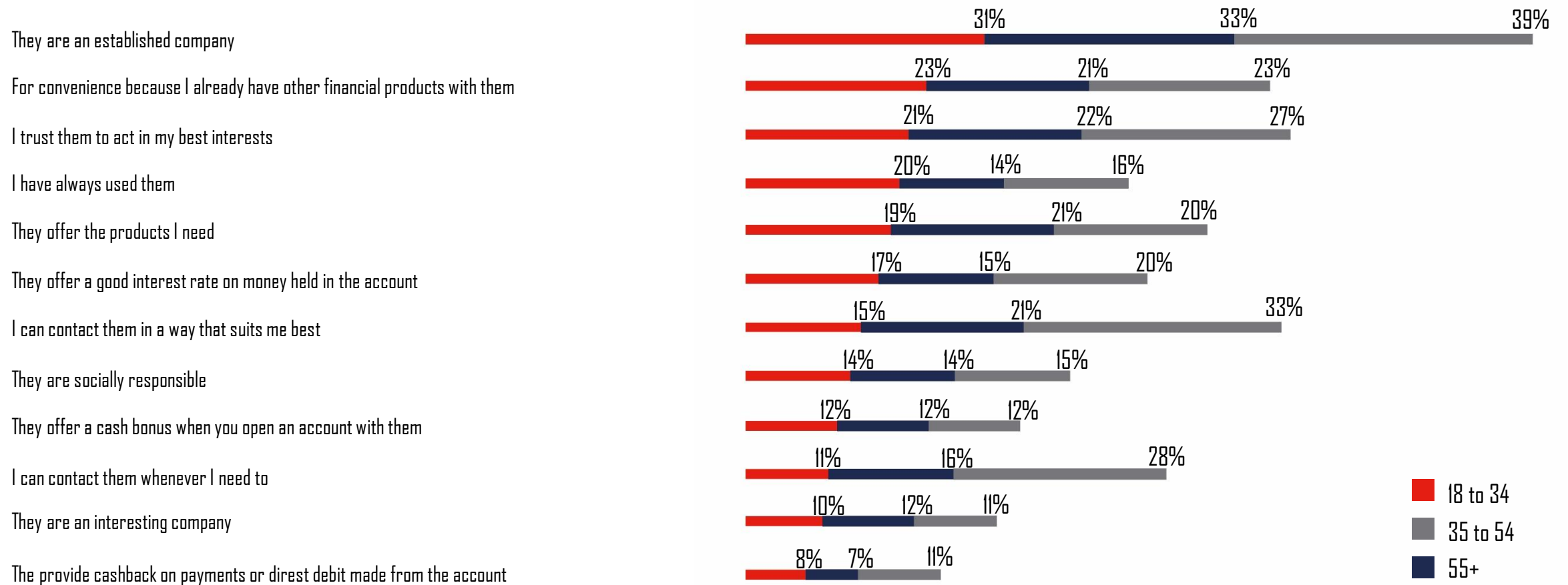
18 to 34	35 to 54	55+
33%	38%	41%

Average number of banks considered

18 to 34	35 to 54	55+
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.



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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