UK Financial Services Customer Survey 2016: Driving customer engagement, trust and satisfaction in the digital era
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People’s trust in organisations and institutions is flagging, and not without reason.

In the last year or two, UK consumers have had to contend with a series of high-profile data breaches, political scandals,horsemeat in the food chain, and the nation’s biggest supermarket being investigated by the Serious Fraud Office. The revelations of organised cheating at the world’s largest car manufacturer will do little to reassure people. Trust takes time to build and is quick to lose, and reputational events in one sector often have repercussions elsewhere.

The results of Accenture’s 2016 UK Financial Services Customer Survey confirm that there has been a marked, widespread deterioration in consumers’ levels of trust, as shown in Figure 1. Retailers have suffered the most; only 21% of respondents now consider supermarkets to be trustworthy (compared to 39% in 2014), with online and high street retailers also posting significant declines. As a result, financial services firms are now experiencing levels of trust that are almost on a par with the traditionally more-trusted retail sector.

The proportion of respondents who consider insurance companies to be trustworthy fell from 21% in 2014 to 20% in 2015, and it was an even worse story for IFAs and insurance brokers. Within banking, however, the picture was more positive. Customers’ trust in banks – i.e. the sector in general – actually increased, from 24% to 29%, making banks the most trusted type of institution covered by the survey. Perhaps the public’s collective memory of the financial crisis, and its causes, has begun to fade. Similarly, the proportion of respondents who consider their own current account provider to be trustworthy remained largely unchanged, at around 50%. It is interesting to note that consumers are far more trusting of the bank that looks after their own money than they are of the banking sector in general.

Moving to satisfaction, we were encouraged to find that 65% of respondents are satisfied with their main current account provider (up from 60% in 2014), while both life and non-life insurers also managed to raise their levels of customer satisfaction. As Figure 3 reveals, the proportion of customers who recommended their bank or insurer to friends or family in the past year has also risen slightly.

FS providers will be both concerned and interested to see that, whilst levels of customer satisfaction and advocacy have risen, levels of trust in the insurance sector continued to fall and consumers’ trust in their own current account provider remained flat. Whether invested in brands or institutions, trust remains an important hygiene factor for providers – it is important to possess, badly damaging to lose, and is only acquired over time by exposing customers to repeated positive experiences.

Consequently, FS providers must focus on providing relevant, engaging products and services in ways that meet the needs of the customer every time they interact. Winning players will be characterised by their ability to deliver simple, tailored propositions through reliable, relevant and low-friction channel experiences. Their ability to identify and respond to the needs of their customers will be critical.
Levels of trust have declined overall, although banks have made gains here, and the gap between retailers and FS providers has narrowed considerably.

% of respondents who consider each of the following types of entity to be trustworthy

- **Banks**
  - 2014: 24%
  - 2015: 29%
- **High street retailers**
  - 2014: 26%
  - 2015: 21%
- **Online retailers**
  - 2014: 25%
  - 2015: 21%
- **Supermarkets**
  - 2014: 27%
  - 2015: 20%
- **Price comparison websites**
  - 2014: 21%
  - 2015: 17%
- **Insurance companies**
  - 2014: 20%
  - 2015: 16%
- **IFAs and insurance brokers**
  - 2014: 15%
  - 2015: 14%
- **Technology companies**
  - 2014: 13%
  - 2015: 15%
- **Utility companies**
  - 2014: 15%
  - 2015: 15%
- **Telecoms firms/mobile operators**
  - 2014: 13%
  - 2015: 12%
- **Web and social media firms**
  - 2014: 12%
  - 2015: 13%

Satisfaction is rising, especially within the life insurance industry.

% of respondents who are satisfied with their provider

- **Main current account provider**
  - 2014: 58%
  - 2015: 44%
- **Main life insurer**
  - 2014: 65%
  - 2015: 60%
- **Current motor insurer**
  - 2014: 20%
  - 2015: 29%

Consumers are more likely to recommend their bank or insurer than they were a year ago.

% of respondents who have recommended their provider to friends or family during the last 12 months

- **Main current account provider**
  - 2014: 35%
  - 2015: 37%
- **Main life insurer**
  - 2014: 17%
  - 2015: 20%
- **Current motor insurer**
  - 2014: 27%
  - 2015: 32%
Providers need to work harder to meet their current and prospective customers' needs, and to deliver differentiated and relevant product offerings via easy-to-use channels.

When it comes to selecting a provider, value for money and competitive pricing remain the most important factors. This is especially true for non-life insurance, where these are by far the most important decision criteria. Offering speedy and efficient service is also considered a high priority, although consumers view this as being less important for life insurers – with whom interactions are typically less frequent – than for non-life insurers and banks.

Digital technologies, products and behaviours are becoming increasingly engrained in consumers' everyday lives. Retailers and online brands have set the standard for delivering engaging digital experiences in personalised and often captivating ways. FS providers are already delivering and innovating in the digital space, but more work remains to be done if they are to meet customers' rising expectations. However, providers must also recognise that consumers still place a high value on having access to a frictionless blend of integrated digital and physical channels. Our survey found that only 18% of consumers would be interested in using a purely online bank – i.e. one with no physical branches – whereas more than double that number (42%) would consider using a bank that blends online and offline service in a highly convenient manner.

This need for integrated channels is further evidenced by the ways in which current account customers interact with their banks. Figure 6 shows that, whilst the use of mobile banking has more than tripled in the past four years, the proportion of respondents who visited a physical branch at least once a month was higher in 2015 than it was five years previously. Telephone banking has also become more common. At the same time, usage rates for regular internet banking have not fallen significantly, suggesting that many people are using mobile banking in addition to regular internet banking rather than as a replacement for it.

Customers aged between 25 and 34 are the most frequent users of both regular internet and mobile banking, and this demographic also displayed the strongest appetite (at 23% in 2015) for using a purely online bank. On the other hand, the proportion of customers who regularly visit branches does not vary significantly with age, showing that banks need to continue to broaden and improve customers' in-branch experiences, and to use these physical touchpoints to build deeper relationships.

Rebounding economic activity will also drive a higher frequency of interactions between consumers and FS providers. As the UK continues to emerge from the depths of the global financial crisis, many consumers will be taking the opportunity to acquire new financial products and to switch existing ones, as they focus more on optimising their holdings.

**Figure 4**

Consumers remain focussed on price and value for money, with many providers still falling short in these key areas

<table>
<thead>
<tr>
<th>Importance</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value for money</td>
<td>74%</td>
</tr>
<tr>
<td>Speedy and efficient service</td>
<td>68%</td>
</tr>
<tr>
<td>Clear and transparent communications</td>
<td>68%</td>
</tr>
<tr>
<td>Competitive pricing</td>
<td>68%</td>
</tr>
<tr>
<td>Polite and knowledgeable staff</td>
<td>60%</td>
</tr>
<tr>
<td>Ability to manage my account / policy in a way that suits me</td>
<td>62%</td>
</tr>
<tr>
<td>Ability to contact my bank / insurer at a time that suits me</td>
<td>60%</td>
</tr>
<tr>
<td>Broad range of flexible, high-quality products</td>
<td>56%</td>
</tr>
<tr>
<td>Personalised services</td>
<td>46%</td>
</tr>
<tr>
<td>Ethical and sustainable business practices</td>
<td>42%</td>
</tr>
</tbody>
</table>
Banking differs from insurance in that there are still many types of interaction that require a customer to attend a branch. For example, whereas some accounts can be opened online or over the phone, many of the more expensive and complex packaged accounts (as well as other products such as mortgages) must typically be purchased in-branch to allow for the customer to be advised. Similarly, in most cases, cheques must still be deposited physically. So rather than choosing to interact face-to-face, some customers are effectively forced to visit their branches.

But digital is catching up, and innovations such as the e-signature and mobile cheque deposits will partially erode the necessity for physical interaction. This spells better outcomes for consumers, but it also presents banks with a challenge: their branches will increasingly be populated by customers who specifically want to transact face-to-face. Making such interactions consistent, relevant and enjoyable – while at the same time controlling their cost and integrating them into the broader channel experience – will remain a challenge for banks for some time to come.

Insurance customers too require a blend of physical and digital channels, especially when undertaking long-term financial decisions; whereas life and pensions customers like to conduct research and scenario planning online, they still value face-to-face interaction at the moment of purchase. Many insurance customers also appear to place a value on product consolidation and simplification, particularly when it comes to life insurance and savings; 37% would consider using a life insurer that covered all of their life insurance and retirement needs under one simple policy.

Consumers have very limited interest in banking and insurance models that rely overtly on social media. However, FS providers can still take advantage of social channels by, for example, using social listening to monitor customer perceptions in real time.
It's important for banks and insurers to achieve a good mix of digital and physical service capabilities, but they also need to bear in mind that certain segments of their customer base have a stronger appetite than others for digital interactions.

Our research shows that customers who hold a sophisticated blend of multiple financial products behave differently from the crowd; they are more engaged, and they are significantly more digital in their everyday lives. However, they also have different expectations of their financial services providers; they are harder to please, more likely to complain, and significantly less loyal.

As shown in Figure 7, the survey found that respondents with eight or more different types of financial product (denoted here as ‘higher FS sophistication’) are also far more likely to make use of digital products and services, including subscriptions to online film, music or newspaper content, cashback and voucher sites, smart metering products, fitness apps and health-related wearable tech. This positive correlation between financial sophistication and digital behaviour is not being driven by income; usage of all ten products and services listed in Figure 7 increases with sophistication within each particular income band. However, leaving financial sophistication completely aside, there is also a positive correlation between income and usage of the majority of these digital products and services, whereas usage among respondents...
aged between 25 and 34 is generally higher than among the lower and upper age groups.

The more financially sophisticated consumers are also more frequent users of mobile internet, online banking and online payments services. Just 5% of 25- to 34-year-olds within the less sophisticated group reported making or receiving online payments on a daily basis, whereas this number was three times higher (at 16%) among more financially sophisticated consumers in this age group. In general, respondents aged 35 and over are less likely to exhibit these digital behaviours on a daily basis than their younger counterparts, and this was particularly noticeable when it came to browsing the internet on mobile devices, shopping online, and posting on social media.

This segment represents an interesting prospect for providers; not only are these more financially sophisticated customers more desirable (because they are more likely to hold multiple products with the same provider) but, because they are more digitally engaged, they are also easier and cheaper to serve. However, Figure 9 reveals that these customers are also slightly harder to please, more likely to complain, and significantly less loyal; 31% of higher-sophistication customers reported having switched providers, compared to just 21% among the lower-sophistication segment.

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**Figure 8**
People who hold a large number of financial products are also more frequent users of digital services like online banking, electronic payments and mobile internet

<table>
<thead>
<tr>
<th>Activity</th>
<th>18-24</th>
<th>25-34</th>
<th>35+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Browse the internet on a mobile device</td>
<td>76%</td>
<td>71%</td>
<td>68%</td>
</tr>
<tr>
<td>Online banking</td>
<td>48%</td>
<td>36%</td>
<td>27%</td>
</tr>
<tr>
<td>Make or receive a payment using an online payments service</td>
<td>19%</td>
<td>22%</td>
<td>16%</td>
</tr>
</tbody>
</table>

**Figure 9**
Switching rates are significantly higher among financially sophisticated customers

<table>
<thead>
<tr>
<th>Category</th>
<th>Lower FS Sophistication</th>
<th>Higher FS Sophistication</th>
</tr>
</thead>
<tbody>
<tr>
<td>... are satisfied with their provider</td>
<td>66%</td>
<td>64%</td>
</tr>
<tr>
<td>... have complained about their provider in the last 12 months</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td>... have switched provider in the last 12 months</td>
<td>21%</td>
<td>31%</td>
</tr>
</tbody>
</table>
The creation of new and increasingly personalised financial products – for all types of consumer – will require providers to have access to more types of personal information.

Consumers already feel that financial services providers hold a lot of their personal data, but many people would be willing to share more information in return for specific benefits. Banks and insurers need to strike a careful balance between being helpful and appearing intrusive, and certain types of personal data are very clearly off-limits.

Half of the respondents surveyed by Accenture consider that banks already hold lots of their personal data, with the equivalent figure for insurance companies being 34%. People also feel that web and social media firms – which are the least trusted type of entity – hold lots of their data.

Lower premiums emerged as being the strongest incentive for sharing more data with motor or home insurers, with 48% of respondents saying they would actively consider this (and a further 37% remaining neutral). Obtaining better value or better insurance coverage were also of some interest, whereas only 19% of those surveyed said they would consider sharing more personal data in return for more personalised insurance offerings.

In terms of the types of information consumers would feel comfortable sharing, data such as DVLA records and personal contact details – which insurers of course already hold – is fairly non-controversial. However, only 17% of respondents would be happy to share their precise location (via smartphone GPS, for example), and just 9% would be comfortable sharing their online behaviour or social network data.

Figure 10
Banks and insurers are already perceived as holding large amounts of personal information

% of respondents who consider each of the following types of entity to hold lots of their personal data
Figure 11
Price is the key motivator for encouraging customers to part with their personal data

Respondents’ willingness to share more personal information and data with their motor/home insurers in order to receive different types of benefit

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Would consider</th>
<th>Neutral</th>
<th>Would not consider</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lower premiums</td>
<td>48%</td>
<td>37%</td>
<td>14%</td>
</tr>
<tr>
<td>Better value</td>
<td>42%</td>
<td>41%</td>
<td>16%</td>
</tr>
<tr>
<td>Better insurance cover</td>
<td>34%</td>
<td>47%</td>
<td>18%</td>
</tr>
<tr>
<td>More personalised products, services and offers</td>
<td>19%</td>
<td>47%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Figure 12
People are more willing to share their precise location via GPS than they are to reveal their online behaviour and social media activity

Respondents’ willingness to share different types of personal information and data with their motor/home insurers

<table>
<thead>
<tr>
<th>Data Type</th>
<th>Comfortable sharing</th>
<th>Neutral</th>
<th>Not comfortable sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td>DVLA data</td>
<td>41%</td>
<td>36%</td>
<td>23%</td>
</tr>
<tr>
<td>Personal contact information</td>
<td>31%</td>
<td>39%</td>
<td>30%</td>
</tr>
<tr>
<td>Loyalty card data</td>
<td>23%</td>
<td>35%</td>
<td>42%</td>
</tr>
<tr>
<td>Credit rating</td>
<td>22%</td>
<td>30%</td>
<td>49%</td>
</tr>
<tr>
<td>Precise location information</td>
<td>17%</td>
<td>35%</td>
<td>48%</td>
</tr>
<tr>
<td>Usage patterns in your home</td>
<td>15%</td>
<td>33%</td>
<td>51%</td>
</tr>
<tr>
<td>Online behaviour and preferences</td>
<td>9%</td>
<td>24%</td>
<td>67%</td>
</tr>
<tr>
<td>Social network data</td>
<td>9%</td>
<td>21%</td>
<td>70%</td>
</tr>
<tr>
<td>Credit card spending data</td>
<td>9%</td>
<td>21%</td>
<td>70%</td>
</tr>
</tbody>
</table>
Consumers’ unwillingness to share their social media activity also extends to banks. As shown in Figure 13, only 14% of people said they would find it helpful or impressive for their bank to monitor their social media activity in order to offer them relevant services, whereas 79% said they would find this irritating, creepy or intrusive. Similarly, more than two thirds reacted negatively to the suggestion of their bank monitoring their location via a smartphone app.

Older respondents (those aged 35 and above) reacted more negatively than their younger peers to each of the five proposed types of data monitoring. Figure 14 shows that only 19% of over-35s would find it helpful or impressive for their bank to monitor their location, whereas 71% would find this irritating, creepy or intrusive. On the other hand, consumers of all ages are receptive to the idea of banks using their current account data to offer more relevant products or anticipate problems such as going overdrawn.

Whilst the survey reveals that consumers are largely reluctant to share precise location information with banks and insurers, it also provides evidence that such hurdles can be overcome provided the benefits are clear and the proposition is strong. For example, 43% of respondents would consider using a motor insurer that monitored their car’s location and status if it meant they could receive help more quickly in the event of a breakdown or an accident.

Reactions to innovation are rarely binary. Instead, there are shades of grey that permit customers to trade privacy for other perceived benefits at their discretion. As a result, services can simultaneously be considered ‘creepy’ and ‘useful’ by different audiences, so it therefore becomes a question of identifying the customer’s tolerance for certain innovations, and of ensuring that the benefits and rewards for engaging more closely with their providers are more clearly articulated.
Banks need to tread carefully to avoid being viewed as creepy or intrusive. According to the survey, 67% of banking customers who respond positively or negatively to certain potential types of data monitoring and their associated benefits.

By automatically scanning my phone when I enter a branch, the customer service representative I approach is already aware of my identity, and is able to greet me by name. By analysing my account data, my bank is able to predict my financial needs and offer me relevant products and services before I need them. By monitoring my location through an app installed on my phone, my bank is able to contact me on the move with relevant offers for nearby stores, cafes and restaurants. By watching patterns of spending on my account, my bank is able to warn me if I am likely to find myself dipping into my overdraft at the end of the month. By monitoring my social media activity, my bank sees that I am planning a foreign holiday and contacts me to offer preferential rates on useful services like travel money and insurance.

% of banking customers who respond positively or negatively to certain potential types of data monitoring and their associated benefits

- 67% Helpful or impressive
- 23% Irritating, creepy or intrusive

Age plays a pivotal role in determining acceptable types of digital interaction. By monitoring my location through an app installed on my phone, my bank is able to contact me on the move with relevant offers for nearby stores, cafes and restaurants.

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Helpful or impressive</th>
<th>Irritating, creepy or intrusive</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>40%</td>
<td>19%</td>
</tr>
<tr>
<td>25-34</td>
<td>52%</td>
<td></td>
</tr>
<tr>
<td>35+</td>
<td>71%</td>
<td></td>
</tr>
</tbody>
</table>

I would find this helpful or impressive
I would find this irritating, creepy or intrusive

Whilst the survey reveals that consumers are largely reluctant to share precise location information with banks and insurers, it also provides evidence that such hurdles can be overcome provided the benefits are clear and the proposition is strong.
So what are the implications for financial services providers?

1. Tailored propositions:
Banks and insurers need to adopt a more modular approach to product design, one that allows solutions to be adapted for different customer segments. Simplified products and smoother, more integrated channels will also help providers to meet the rapidly evolving needs of their individual customers.

2. Interconnected ecosystems:
Customers will increasingly demand a bespoke blend of products and features that may not all be available from one provider. Successful organisations will form connections between services, devices and places. Platforms that scale to do this are essential, and these will offer the most engaging and profitable results.

3. Frictionless customer journey:
The inherent seams that exist between different channels cannot be avoided, but they can be managed and finessed so as not to disrupt the user experience. For the customer, this should mean no extra effort, no repetition, and no barriers to the desired outcome.
This US online grocery ordering and delivery platform effectively owns the customer relationship without owning any inventory.

Instacart’s customers receive a highly convenient, personalised service which revolves around in-app purchasing and real-time tracking.

The platform consolidates products from multiple retailers and delivers them within a guaranteed 2-hour window.

Case Studies

From financial services providers to retailers, many firms are already using personalisation, simplification and convenience to create strong value propositions and build deeper customer relationships.

Direct Line Group

DLG believes that the price-driven ‘race to the bottom’ has damaged trust and resulted in a poor claims experience for many customers.

DLG is taking the focus away from price, instead emphasising its ability to solve customers’ everyday problems.

For example, it will ship replacement items to home insurance claimants within eight hours of receiving proof of ownership, and it will compensate car owners for delays in the return of repaired vehicles.

Santander 123 Current Account

123 is a strong, value-for-money proposition that offers attractive cashback and interest rates.

The account encourages and rewards customers for holding (and regularly using) multiple financial products from the same provider.

It has become the number one destination account for UK consumers who switch their current account provider.

Instacart
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