

Even stubborn customers can be motivated to switch up their everyday banking habits

Article

The findings: Consumers tend to avoid changing the way they bank, but certain tactics help banks to persuade them.

- That's according to a survey of 1,059 US consumers conducted by banking technology provider MX in January through March 2024.

By the numbers: Thirty-six percent of banking customers never change how they pay bills, and 65% have never changed where their direct deposit is set up. But certain advantages can persuade them to. For example:

- 22% of respondents would switch if their direct deposit would earn higher interest rates.
- 22% said they'd switch if they earn rewards or a cash back incentive for doing so.
- 14% said they'd switch if it meant they'd get their direct deposit faster.

Banks can also influence customers' bill payment habits, but that's a little harder. In fact, 64% prefer to pay their bills manually so they can keep better track of their expenses, [echoing Gen Zers' cash-stuffing trend](#).

- 15% would switch to earn more points or better rewards. The only other reason that scored this high was not having enough funds—something banks can't control.
- 7% would switch to avoid fees from their previous bill payment methods.
- 5% would switch to pay by bank if they were offered an incentive to do so.

Fraud was also a big deterrent when it came to sticking with the same bank for direct deposit (17%) and bill pay (12%).

- Outside of these two banking functions, [fraud is a major concern for banking customers](#), and this finding is a reminder of how fraudulent activity can cause customer attrition.

Why it matters: Customers who choose a financial institution (FI) for direct deposit and bill payment are likely to have a longer, more profitable relationship with that FI.

- Customers who set up a direct deposit are committing to a regular cash flow into a bank account, which allows them to grow their balance and work toward their financial goals. These customers [tend to maintain higher balances and have more active banking relationships](#).
- In the same vein, a customer who sets up their bill payments with a bank is often on that bank's online banking or mobile app, checking their online banking. They're likely to be reluctant to change the setup of all of their bills and move the bill payment elsewhere.

Key takeaways: Customers were mostly motivated to stick with the same FI by factors outside of a banks' control, or financial incentives like rewards or better points.

- FIs looking to boost their direct deposits or bill pay sign ups should consider offering financial incentives.

It's noteworthy that no respondent mentioned "ease" or their customer experience as a reason for switching direct deposits or bill pay.

- Either that it wasn't an option in the survey, or the "set it and forget it" nature of these features means user experience isn't a big factor in consumers' decision-making process.