

# Engagement surge from NatWest's message personalization strategy helps it compete with neobanks

Article

**The news:** NatWest revealed that its digital engagement from customers has **surged 41% year over year (YoY)** for the first nine months of 2021.

The UK banking giant attributes the pop to a massive increase in personalized messages delivered to customers YoY, increasing from **72 million** in the first nine months of 2020 to **318 million** during the same period in 2021. The skyrocketing number of messages represents an increase of **over 340%**.

**More on this:** The engagement boost is coupled with favorable digital-usage metrics for NatWest in Q3 2021 that it also disclosed:

- Customer needs that were met digitally reached **89%** in the quarter, up from **77%** YoY. The shift came despite modest growth in the bank's overall digital customer base, which rose YoY from 6.7 million to 7 million, or **nearly 4.50%**.
- Mobile payments rose **13%** YoY, from **81 million** in Q3 2020 to **91.4 million** in Q3 2021.

**The bigger picture:** The bank's success with engagement follows a series of measures that the bank announced this year to make customer personalization a high priority:

- In March, it said that it would offer video meetings with retail bankers, which is part of a hybrid-channel approach.
- In August, NatWest launched **Housemate**, an app enabling roommates to split shared bills that could gain disproportionate traction with young adults.
- The bank announced in October that it acquired PFM app **RoosterMoney**, which caters to children ages 4 to 17.

**The big takeaway:** NatWest's personalization-driven rise in engagement suggests that its plays for individualized attention and demographic targeting give it the building blocks of a strategy that will make it a formidable digital player—and play on incumbents' advantage over neobanks with people's trust.

Making personalized plays to customers gives the incumbent a way to stay competitive against UK neobanks—like **Revolut**, **Starling**, and **Monzo**—because it's going beyond simply making digital products available; instead, it's centering them around customers' needs. Higher engagement due to messaging suggests that other targeted plays could lead to NatWest's customers turning to it more often than to challengers.

NatWest can also use its approach to build on the public's perception of **incumbent banks being more trustworthy than challengers**: A June 2021 survey from Klarna and Nepa shows that **61%** of UK adults trust established banks while only **17%** trusted neobanks.

**Trust in Established Banks vs. Neobanks According to Adults in Europe and Australia, May 2021**

*% of respondents in each group*

	<b>Established banks</b>	<b>Neobanks</b>
Finland	72%	11%
Norway	62%	28%
UK	61%	17%
Austria	60%	17%
Netherlands	53%	14%
Australia	53%	13%
Germany	52%	14%
Sweden	40%	24%

*Note: ages 18+  
Source: Klarna, "Money management pulse: UK" in collaboration with Nepa, June 2021*

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