

Economic uncertainty is one factor driving consumers to switch financial services providers

Article

The news: After their financial confidence was shaken by economic uncertainty and news about collapsing banks, customers took stock of their relationships with financial institutions (FIs).

And they decided to make some changes.

As a result, during the past year, **25% have switched banks, 34% have moved to different wealth managers, and 35% are working with different insurance providers.**

That's according to [Salesforce's Connected Financial Services Report](#), which surveyed 6,058 customers of FIs in 12 countries from March 7, 2023, through April 12, 2023.

Customers are feeling let down: Due to rising prices they see every day at the pump and in the store, increasing interest rates, and political turbulence on the news, customers feel less [financially secure](#) than they did last year. And they're disappointed that their financial services providers didn't better prepare them to navigate this uncertainty.

- Just 28% of customers worldwide feel more financially secure than a year ago, while **42% percent feel less secure.**
- **A large majority (79%) say their financial service provider did not fully prepare them for an economic downturn,** while over a third (37%) say their FI didn't help them at all.
- Older generations are more likely than younger to feel less financially less secure than a year ago, and are also more likely to feel their FI didn't adequately prepare them for what they're experiencing.
- There's a notable but unsurprising discrepancy between customers' perception of wealth managers, whose business is so often described as relationship-driven, and other providers. Sixty-three percent of customers say their wealth manager has treated them with empathy during this time. By contrast, less than half of customers feel their banks and insurance providers did the same.

Customers will switch for a better experience: Digital experience is a leading reason customers give for switching providers. Just in the past year, 25% of customers switched banks, and over a third switched their insurers and wealth managers. Across all sectors, customers are seeking to get from FIs the same kind of experiences they've grown used to from other interactions in their digital lives.

- **Banking:** Most customers prefer to apply for common banking services digitally, including debit cards (72%), credit cards (71%), and savings accounts (69%). Excluding price, digital experience is the top reason globally for switching banks.
- **Wealth management:** Digital experience also tops the list of reasons for switching wealth managers, tied with seeking better integrations with other services. Sixty-one percent of customers prefer to manage investments digitally.
- **Insurance:** Most customers prefer using digital methods to purchase coverage (60%), renew it (60%), or adjust it (61%). Digital experience is the second-highest reason for switching, after customer service.

Customers aren't impressed with your chatbots: Though they've been rapidly adopted across the industry, some chatbot implementations fall short of satisfying customer needs. **When asked about digital experiences they find frustrating, 39% of customers point to poorly functioning chatbots.**

- They're perceived as robotic and impersonal, and customers get impatient with their unhelpful and irrelevant responses.
- Generic responses that don't address their concerns will leave customers feeling their needs aren't being met, and will leave them angry and frustrated.

After chatbots, the most commonly encountered areas of friction include difficulty finding information online (29% of customers), inconsistent customer support (28%), and impersonal service (24%).

- **Only 21% of customers are completely satisfied with their banks' digital experience**, with 19% feeling that way about their insurer, and 27% about their wealth manager.

Show me that you know me: Customers want the companies they do business with to know who they are and what they're looking for. **Seventy-three percent expect companies to understand their unique needs and expectations—up from 66% in 2020**, when the Salesforce survey asked the same question. The cost of that disappointment is steep:

- Sixty-two percent of respondents would switch to another provider if they felt their FI treated them like a number, not a person.
- Fifty-three percent would switch if the service felt impersonal.

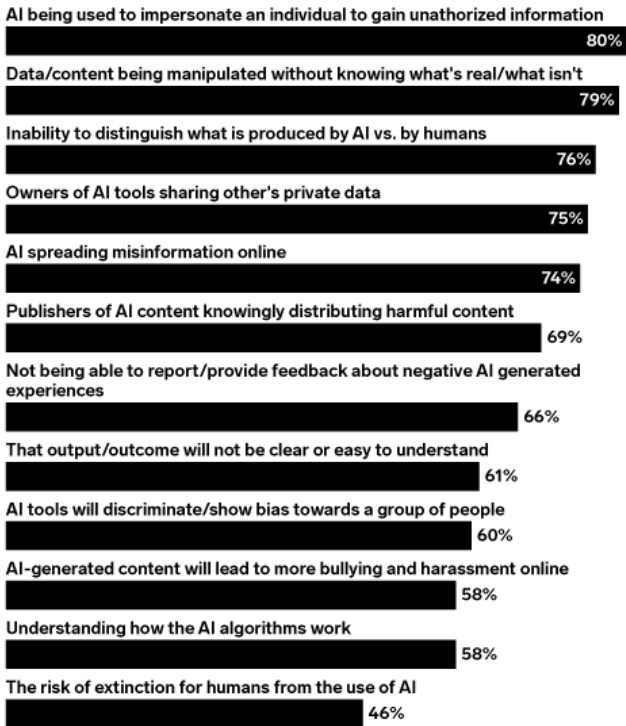
But AI still makes many uncomfortable: In an effort to meet these needs, many firms are exploring how generative artificial intelligence (AI) can help them better serve their customers. Data from [a separate Salesforce study](#) shows 56% of financial services employees say it will transform how their firms personalize content. But the new survey data shows customers aren't completely comfortable with AI.

- **They feel some unease about chatbots that use generative AI**—just 21% of customers say they fully trust these types of chatbots. A full 56% are unsure and 23% simply don't trust them.
- **Lack of familiarity or experience with AI may explain some of this doubt.** While many customers feel optimistic about AI's time-saving potential and ability to speed up financial transactions (46%), nearly as many (40%) haven't yet formed an opinion.

Our take: With all the hype surrounding AI and its potential, it's easy to forget the average consumer's view. A Pew research survey found that a greater share of Americans say they're **more concerned than excited** about the increased use of AI in daily life (38%) than say they are more excited than concerned (15%). Many express ambivalent views: 46% say they are equally concerned and excited. FIs have a lot of explaining and hand-holding to do to assuage customers' concerns. They can start by improving their chatbots.

Worries US Adults Have About AI, June 2023

% of respondents



Note: ages 18+ who selected "very" or "somewhat" worried
Source: Ipsos, "Consumer Tracker: Wave 77," June 12, 2023

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