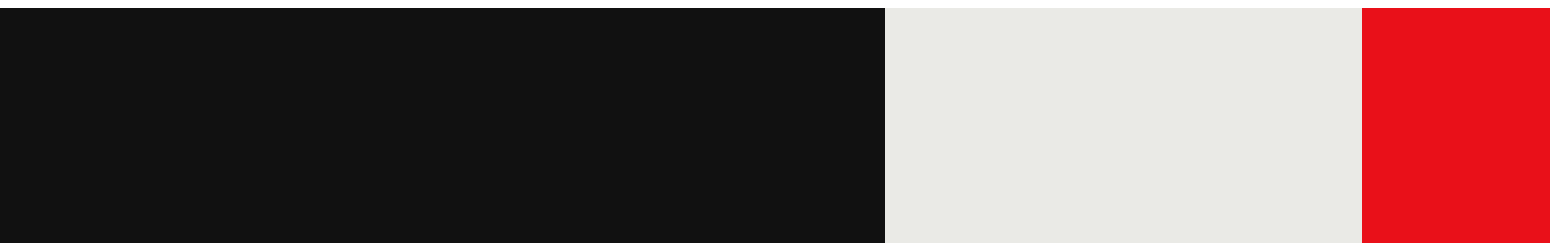



Direct bank satisfaction slides as communication underdelivers

Article



Satisfaction with US direct banks declined into 2021 even as digital channel usage soared, according to a J.D. Power [study](#) sent to Insider Intelligence. (A direct bank is a wholly digital online subsidiary bank launched by an incumbent that has an existing branch network.) Customers cited communication, or lack thereof, as the leading factor contributing to the

pullback in satisfaction, with products and fees shortly behind. Displeasure was most acutely felt by younger consumers and those who have suffered financially during the pandemic.

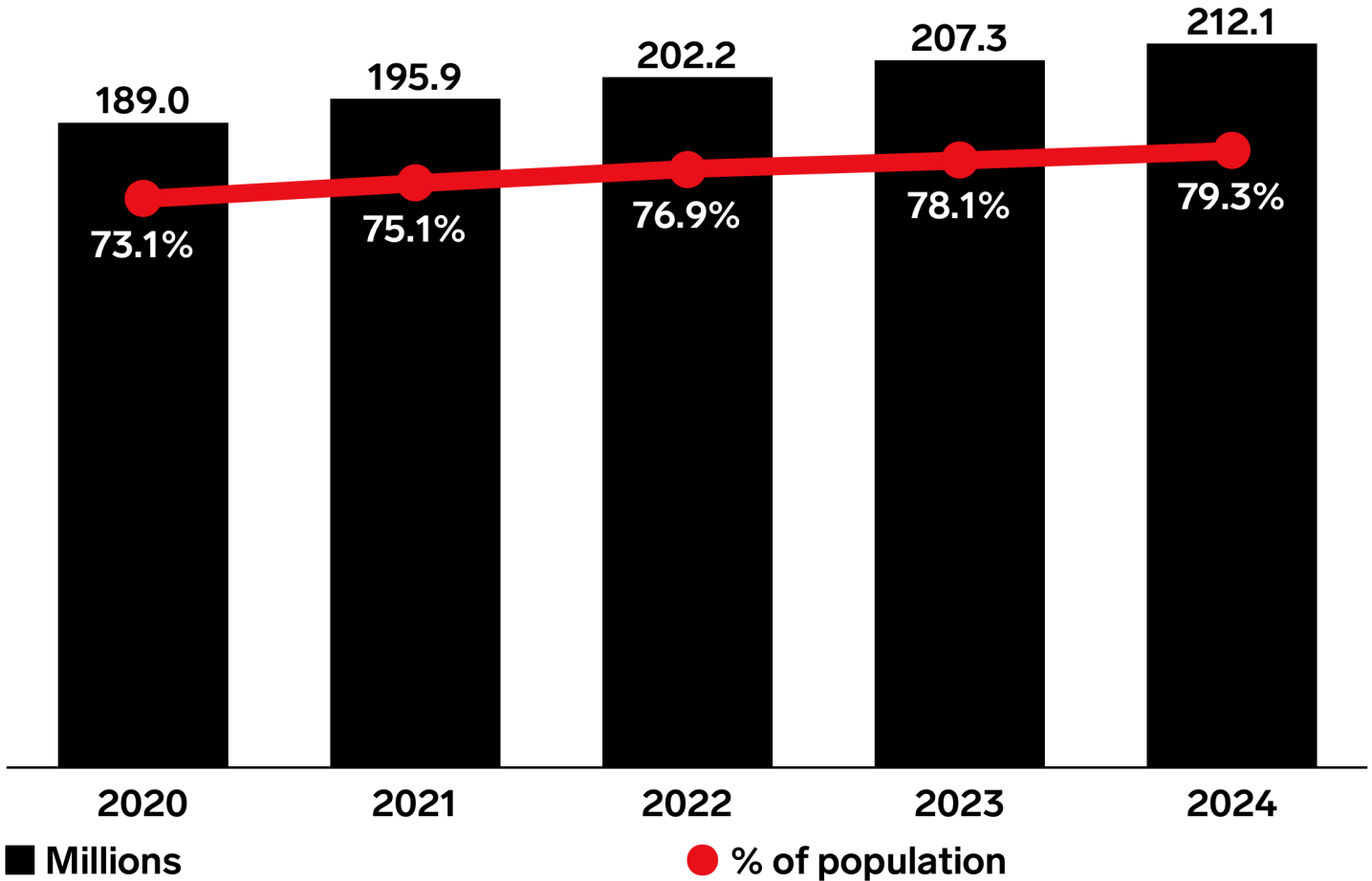
Improving customer communication is key to staving off the decline in direct bank satisfaction. Here are two areas they could improve most:

- **Online customer service channels should be better utilized.** Among digital channels, online assistance usage marginally increased over the past year, and also suffered the steepest fall in satisfaction. Customers became more reliant on online channels during the crisis, but did not necessarily find the websites as informational, navigable, or inclusive as they may have expected.
- **Product & fee information should be more clearly presented in digital channels.** Customer understanding of interest rates and fee structure experienced year-over-year declines of 5% and 4%, respectively. Not surprisingly, users who had a better grasp on such information rated their bank more favorably. J.D. Power's study also found that direct banks who displayed comparisons to competitors and other bank products saw a significant boost in customer knowledge regarding rates and fees.

Direct banks should automate service related to routine and transactional tasks while providing a high-touch approach for more complex needs. As the pandemic raged, consumers migrated to mobile to complete less strenuous activities, including depositing checks, checking balances, and transferring funds—features used by 35% or more of customers. Even with the increase in adoption, users of mobile exhibited dissatisfaction for the same reasons as those displeased with online channel services. Often-used features, such as those listed above, could be **buttressed** by an AI voice assistant that is able to quickly retrieve needed information while also assisting with any simple questions a user may have. For more complex tasks, banks would be wise to **follow** the lead of NatWest, which is rolling out a video feature that provides customers with access to a human banker. Better optimization of service channels could reduce wait times while also improving the overall performance of the service—a combination that could help direct banks to supercharge customer satisfaction.

Digital Banking Users and Penetration

US, 2020–2024



Note: Ages 18+ who access their bank, brokerage, credit card, or credit union account digitally via any device at least once per month; excludes virtual wallet services (e.g., PayPal, Google Wallet)

Source: Insider Intelligence, June 2020

Methodology: Estimates are based on the analysis of survey and traffic data from research firms and regulatory agencies, historical trends, company-specific data, and demographic and socioeconomic factors.

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