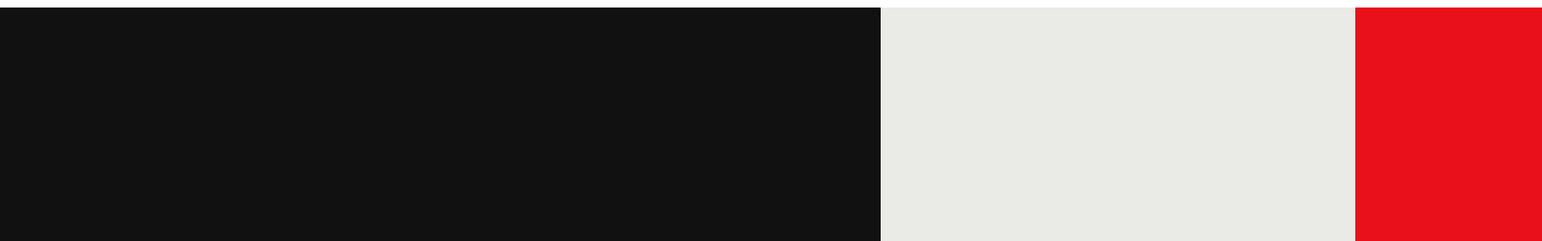


NatWest rolls out new retail strategy to take on digital challengers

Article



The UK incumbent is introducing a revamped retail banking model aimed at boosting revenues and reclaiming market share from neobanks, [per](#) the Financial Times. The improved platform will utilize video to increase access to human bankers, offer new low-risk investment products for mass market savers, and expand NatWest's credit solutions. The bank is hoping

to get the best of both worlds by gradually improving its digital app alongside taking a human-centric approach to banking.

NatWest could improve customer satisfaction and gain an edge over neobanks by taking an incremental approach to digitization and tapping into its existing advantages.

- **Customers want digital evolution, not revolution.** Digital challengers enable users to conduct their banking activities right from the palm of their hand, but many remain **frustrated** with the lack of personal interaction they provide. NatWest's forthcoming video capability will allow customers to directly access a human banker at their convenience—even well into the evening. Digital counterparts like **Revolut** and **Monzo trail** incumbents in offering customer service capabilities, and NatWest's new video feature could widen this gap. The bank's hybrid approach could empower users digitally, while also maintaining the human support they value.
- **NatWest is a widely recognizable brand.** UK adults generally consider the brand of a financial institution to be an **important** attribute when choosing a bank—giving 50-year-old NatWest an advantage over digital upstarts on name recognition alone. What's more, consumer trust in banks **rose** in response to the pandemic, and a better digital experience will attract customers who have transitioned more of their banking functions online over the last year. A better-established institution could help assuage hesitations customers may have over security or privacy.

Despite its digital ambitions, NatWest could still face roadblocks that might impede its ability to compete against digital challengers. UK incumbents still **rely** heavily on outdated infrastructure to complete a large portion of functions, and they could lack the technical capabilities necessary to produce and maintain competitive digital products and services. It is unclear whether NatWest's updated platform will be powered by legacy technology, but regardless, maintenance costs could limit its ability to roll out innovative digital solutions. The bank has also recently suffered several high-profile setbacks as it tries to compete in the digital space: It **closed** Bó, its consumer-focused standalone digital bank, last May after only six months, and **shuttered** Esme loans, its digital lender, earlier this month. Because its digital upstart competitors don't have to shoulder a similar technical debt that could hinder their ability to innovate, NatWest's digital revamp could struggle to compete with these newcomers.

Leading Frustrations with Digital Banks According to UK/US Internet Users, March 2020

% of respondents

Sometimes want personal interactions when dealing with banking matters

31%

Don't feel assured that my money is secure

22%

Don't have easy access to credit

20%

Note: UK n=2,186; US n=1,745; ages 16-64

Source: GlobalWebIndex, "The Modern Banker: An Audience Profile on the Financial Attitudes and Behaviors of the Modern Banking Customer," May 12, 2020

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