



# Today's Financial Consumer: **Open for Business**

**CGI**

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Bank consumers will ultimately decide the future, so for the past four years CGI has been researching consumer perspectives on digital banking annually.

## CGI's 2017 Global Financial Consumer Survey

9 countries



2,250 respondents

Australia  
Canada Finland  
Germany Singapore UK  
France US Sweden

# Executive summary

**Leading global bank executives are responding to the clear urgency to transform their business models and capabilities as a means of strengthening their consumer connections, which have been at the core of banking strategy for centuries.**

CGI's 2017 Global Financial Consumer Survey builds on our previous three years of research reports, which track consumer preferences for financial services, along with their satisfaction and acceptance of emerging non-bank alternatives from FinTech innovators. In previous years, we have discovered significant unmet demands from financial consumers together with a willingness to switch to alternative bank suppliers as new value-add services become available. While there has been year-over-year improvement in consumer satisfaction with bank services in each year's research, gaps still remain.

The dominant preference of consumers, albeit a declining preference, is for their existing bank provider to launch value-add services. This year's research shows that the tide is turning, and consumers are willing to look beyond banks to non-bank service providers entering the market. Because consumers view their banks as a secure place to store and move money, the risk facing banks today is not large-scale switching but rather a steady erosion of the consumer relationship and margins as consumers move to new fee-based value-add services, leaving banks as the back-office processor.

At the core of this changing outlook is the increasing receptiveness of consumers to go beyond traditional banks and consider FinTech providers for innovative and even everyday financial services. This trend shows up not only in Europe, where the revised Payments Services Directive (PSD2) is prying open the banking market,

but also in North America and Asia-Pacific where regulators are not yet pursuing similar regulations. Retail bank leaders are taking note, especially as consumers believe banks hold ultimate responsibility for their money, regardless of which service they use. There is a real and growing risk that the role of banks will shrink to simply providing a safe and dependable pipeline for money flows, while FinTechs take ownership of the front office. Banks would continue to provide a needed utility service but lose out in terms of the customer relationship, which is the core to retaining and increasing revenue. With regulatory and customer pressure for open banking, the likelihood of this "bank as utility" future is only increasing.

Leading banks today are taking aggressive and multi-faceted actions to leverage and expand their strengths in terms of customer access and trust. They are building new innovative business models and service offerings. They also are strategically leveraging technology ecosystems that include new digital talent, along with leading technology partners that can accelerate their push into the changing financial services marketplace.

This e-book, "Today's Financial Consumer: Open for Business," provides a summary of the key results and takeaways from CGI's 2017 Global Financial Consumer Survey. At CGI, we constantly research the market to understand the challenges our clients face so that we can bring the right ideas, innovations and solutions to help them stay ahead of the competition.

To learn more about our financial services expertise and capabilities, visit [www.cgi.com](http://www.cgi.com).

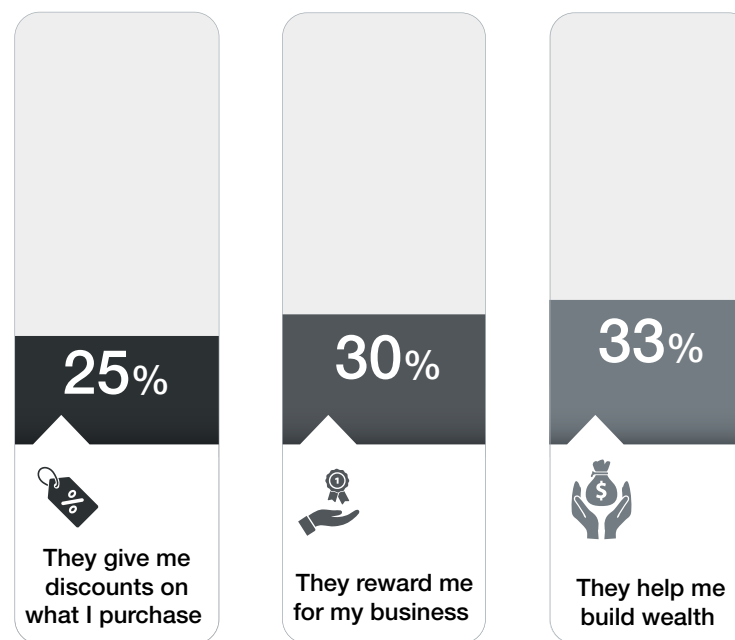
# How do consumers view their current banking provider?

Percentage of respondents who either strongly agree or agree with the following statements...

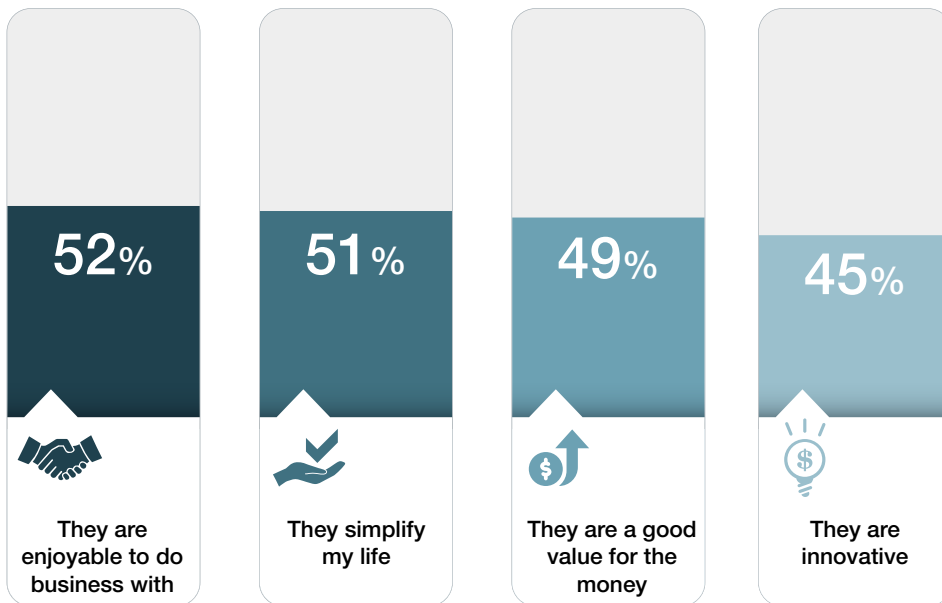
## Top 3 **highest** ranking statements



## Top 3 **lowest** ranking statements



## Personal attributes



Source: CGI 2017 Global Financial Consumer Survey

## Observations

Fundamentally, consumers continue to value their main financial provider as a trusted place to store and move money securely. This has been a consistent finding for the past four years. On average, two out of three respondents agree that banks demonstrate these capabilities. Eighty-five percent of U.S. respondents, for example, agree that banks “keep their money safe.” However, this year shows an erosion when it comes to banks processing their customers’ payments.

When it comes to providing more value-add services, such as helping customers save or build wealth or providing rewards,

banks received low ratings. In fact, less than one out of three respondents even perceive their bank as offering these services. This is most telling in Sweden, where only 13% of respondents agree that their bank rewards them for their business.

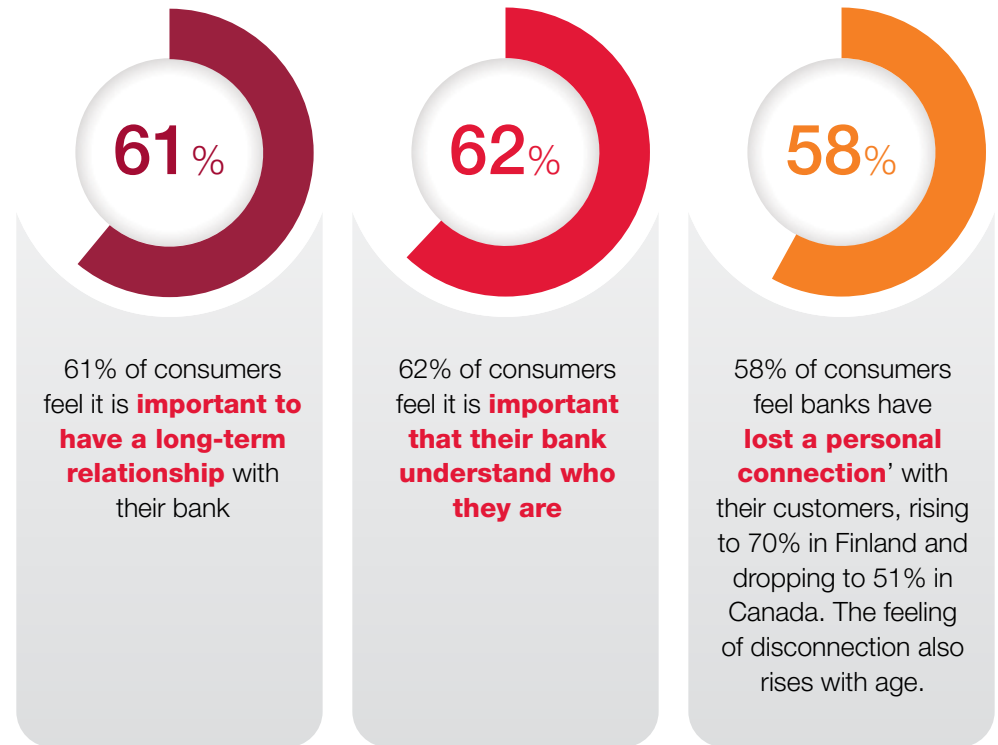
In terms of personal qualities such as “enjoyable to do business with,” “simplifies my life,” “innovative,” and “good value for the money,” on average, only half of respondents agree that their banks exhibit these qualities. Notably, respondents in the U.S. feel their bank delivers these behaviours far more (66%) than in Sweden (33%) or Finland (40%).

## An opportunity for increased brand connection

The current perception of main banking providers is based on their heritage and reputation of being safe money houses. In this respect, they are very much trusted to deliver.

However, two out of three people cite the loss of a personal connection with their bank, and, at the same time, two out of three cite the importance of relationships and understanding between banks and consumers. These findings indicate an opportunity for banks to elevate and evolve how they are viewed by their customers.

Today, successful brands are constantly engaging with their audiences and are revered for their personal qualities and knowledge of their consumers. Leading banks are looking to invest in holistic strategies to delight and understand their customers. “Right touch” communications, data-driven and personalized services, and value-add services will all play an important role.

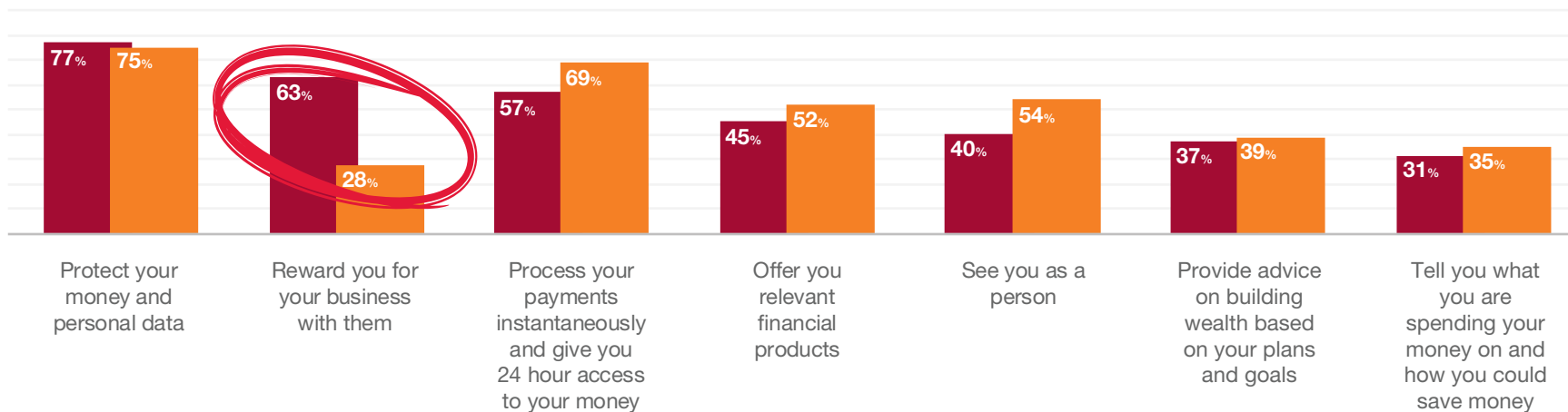




# What would consumers like their banking provider to deliver?

% of consumers selecting a service as a **top demand** VS.  
% of consumers **satisfied** with current service levels

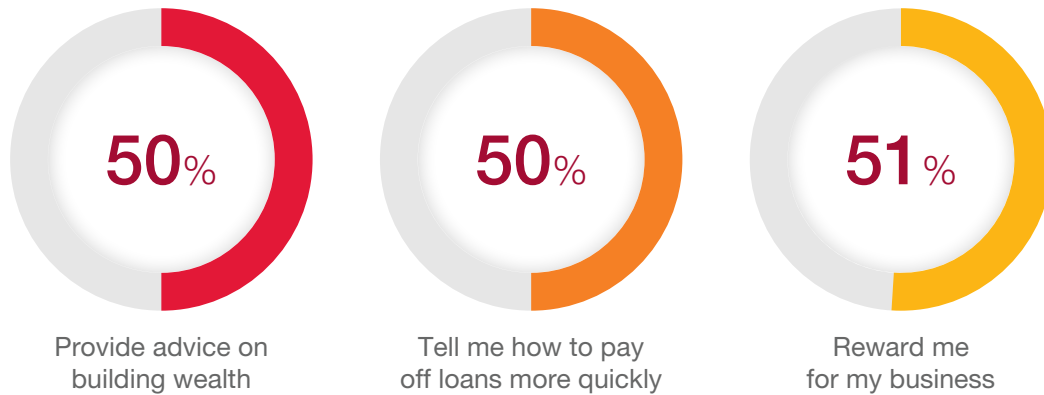
**Top demand** **Satisfaction**



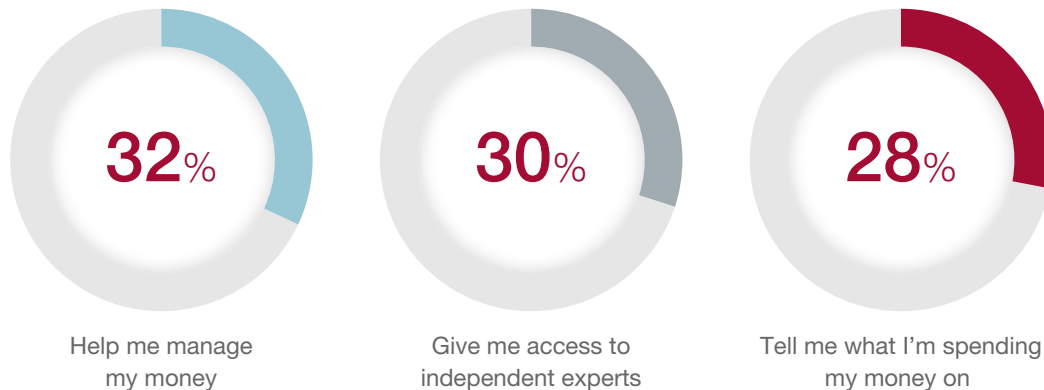
Source: CGI 2017 Global Financial Consumer Survey



## % of consumers likely to **switch** for better services



## % of consumers likely to **pay a premium** for better services



## Observations

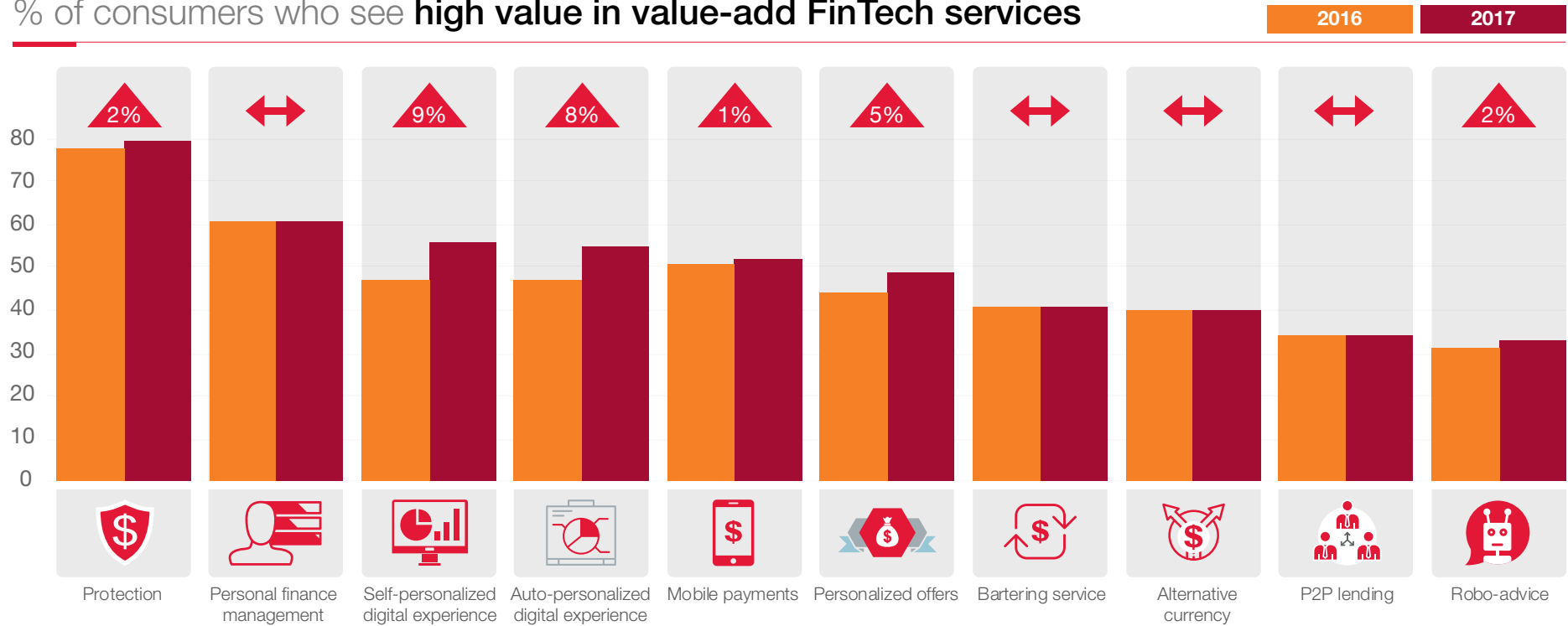
Security is the number one value-add service demanded by consumers, with 77% of consumers rating it as a top desired service. In North America, demand for protection is even greater (82% in the U.S. and 81% in Canada). Positively for banks, 77% of consumers are satisfied with the current levels of security they receive from their bank, with consumers in Singapore being the least happy at 60%.

The second highest value-add service demand from consumers is to be rewarded for their business.

While 63% rate rewards as a top desired service, only 28% are satisfied (10% in Sweden) with current service provision, and more than half are willing to switch for improved services, rising to 70% in Singapore.

Looking at areas where banks could make gains, advice, rewards and personal finance management are all value-add services where banks could acquire new customers with the potential for incremental fees.

## % of consumers who see high value in value-add FinTech services



## Observations

Compared to last year's results, there has been relatively little movement in the perceived value of the various FinTech innovations such as alternative currencies (e.g., crypto), robo-advice and peer-to-peer lending. In looking at the different countries, U.S. consumers see the most value in new FinTech services, at an average of 62%, and Finland the least, at an average of 40%.

Of the 10 FinTech-driven services addressed in the survey, "innovative protection" leads, which is in line with consumers' top value-add service demands. At the top end, 89% of U.S. consumers rate it as valuable.

## While banks are meeting fundamental needs of consumers, consumers are looking for more

Unsurprisingly, security tops the list of consumer value-add service demands. While most banks have invested heavily in security and continue to do so, given mounting fraud and real-time money transfer, the appreciation and valuation by bank customers still fall below what is possible.

Successful banks are investing time and money to ensure they are in control when it comes to tackling fraud and the pressures of real-time banking. Data governance, real-time "protect the bank" solutions, new talent, and partnerships with leading security firms will all play an important role in the months ahead. Banks have an opportunity to capitalize on their strong reputation as being guardians of their customers' money.

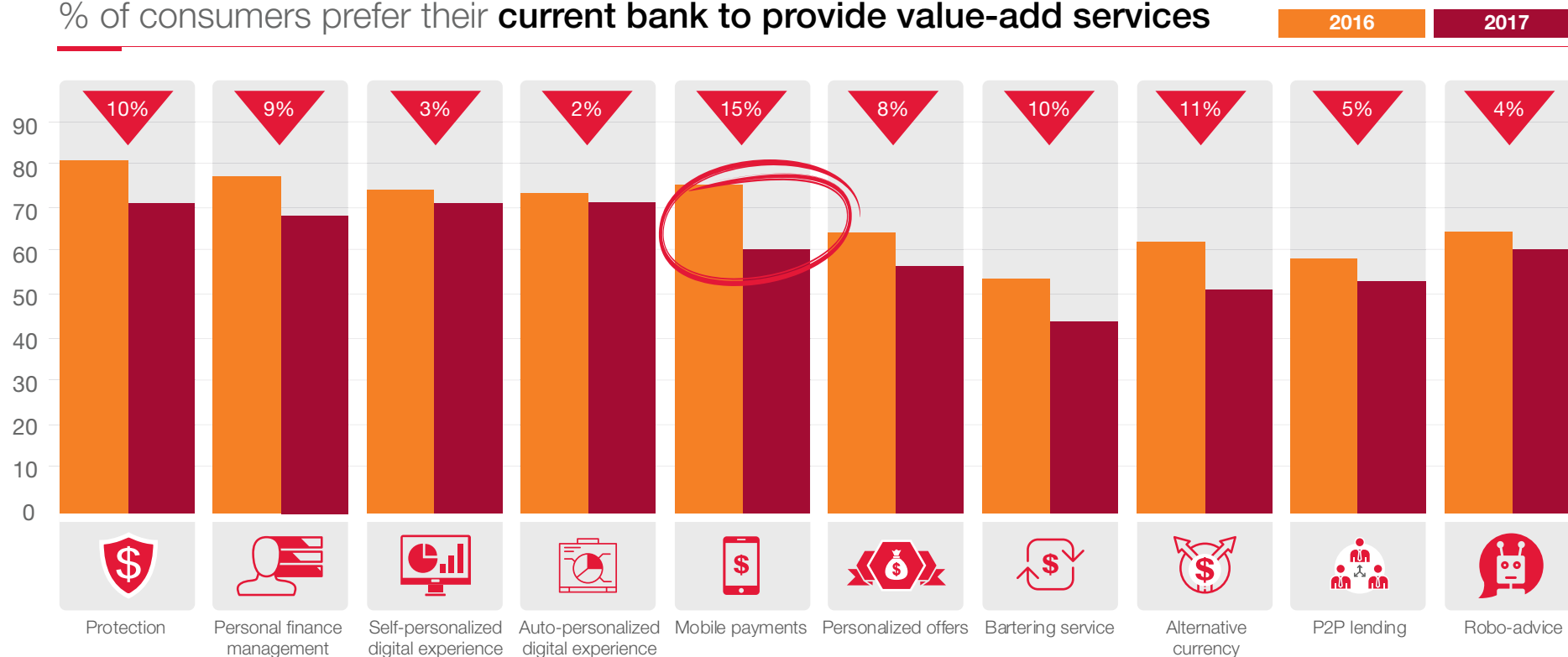
However, retail banks also are being asked to offer more. Half of all consumers would consider changing banks for improved services when it comes to rewards and advice. Similarly, one in three are even happy to pay a premium for help in managing money and for access to financial advice. To ensure market growth in the coming years, leading banks are investing in the value-add services their customers are demanding.



# Consumer openness to non-traditional providers

## Preference for incumbent banks to deliver FinTech innovation is in decline

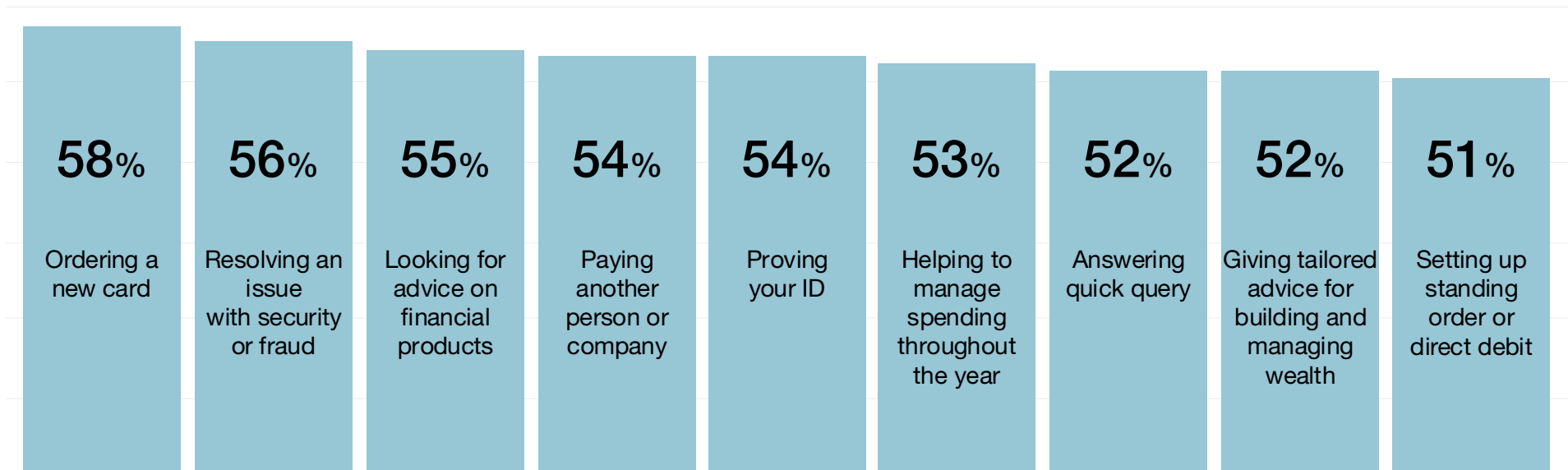
% of consumers prefer their current bank to provide value-add services



On average, there was 8.3% drop in just 12 months across all FinTech concepts

## Over half of consumers are open to third-party service providers (e.g., PayPal) for everyday banking services

% of respondents open to third-party providers



Source: CGI 2017 Global Financial Consumer Survey

## Observations

On the whole, consumer preference for incumbent banks to be the main provider of value-add services still leads but is rapidly declining—on average, 8.3% in just 12 months across all FinTech services. French consumers are most protective of their banking relationship at 70%, followed by Canada (68%). Singapore and Germany are more open to using different providers (55%, 57%).

New for 2017, we surveyed consumers to find out how open they were to using third-party providers for everyday banking services. On average, 54% of consumers did not mind using third-party providers or believed there was no difference in using them. Australia and Sweden were the most open to using third parties, at 65% and 63%, respectively. Interestingly, openness to using third parties increased with age.

## Consumers are increasingly open for business

Currently, incumbent retail banks are still the preferred supplier of value-add services. Harnessing their reputation as a secure place where consumer money is stored and moved, along with their well earned trust with the consumer, banks are in a good position to proactively offer FinTech innovations to engage and delight their customers.

However, the tide is turning. The number of consumers looking to their current primary bank for these services has dropped significantly in just 12 months, giving valuable ground to non-bank providers. Likewise, we are witnessing a positive

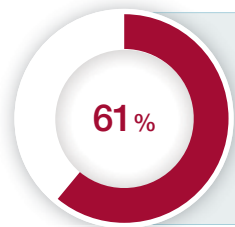
openness among consumers to consider third-party providers for even the most basic banking services.

The window of opportunity remains open for now, but is starting to close. Leading banks are acting with urgency, innovating services and executing open banking strategies.



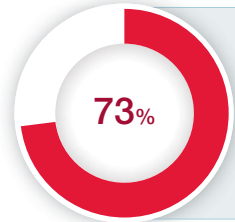
# Who is accountable?

## Even when using third parties, consumers still hold banks responsible



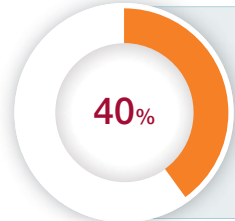
Ultimate responsibility sits with bank

61% of consumers agree that “responsibility for their money ultimately sits with the bank” even when using third-party providers



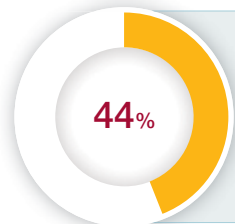
Use initial setup account for all future payments

73% of consumers are open to an APP or online services that uses one bank account assigned during setup for all future payments



Don't mind where money is kept

40% of consumers don't mind where their money is kept as long as they have access



One mobile account only

44% of consumers would rather have a single mobile payments account rather than one per bank account



## Observations

Despite consumer openness to non-banking providers, 61% agree or strongly agree that banks are ultimately responsible for their money rather than any third-party provider. This feeling

increases with age. Perhaps more strikingly, only 11% of consumers disagree that banks ultimately hold responsibility for their money, dropping to 6% in France and 7% in the U.S.

## Are banks at the mercy of their reputation?

While consumers are increasingly happy to use third-party providers, banks are perceived to have the “ultimate responsibility” for consumers’ money.

As the boundaries between banks and non-bank financial service providers continue to blur, retail banks face new challenges, including the risk of being re-positioned as a pipeline provider or utility service for money flows. With new regulations coming into play, new non-bank financial service providers are able to compete directly with banks and will begin to offer better value-add services to consumers. Banks could lose out on important consumer engagement and revenue streams, while paying the

price for infrastructure modernization and upkeep. On top of this, consumers are highly likely to hold the bank accountable for any money loss or fraud issues, which could result in reputation damage.

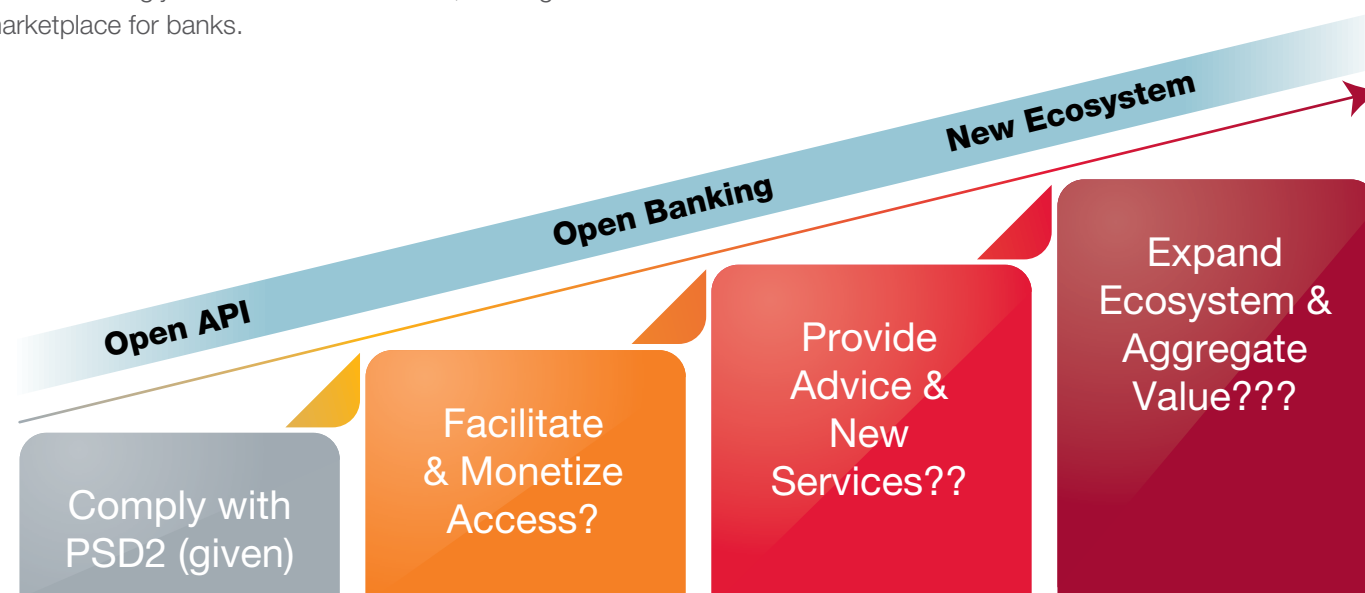
With consumers saying they have lost a personal connection with their banks, an increasingly digital population could begin forming brand relations with third party providers that offer them exactly what the banks are not offering as well as everyday banking services.



# What are the options in the emerging open banking world?

## PSD2 accelerates critical strategic decisions for European banks

Traditionally, banks have operated based on a vertically integrated business model. They own and run everything to deliver financial services to their consumers. However, regulations such as the revised Payment Services Directive (PSD2) in Europe are forcing incumbent banks to re-evaluate their business models. More agile non-bank financial service providers now have the green light to disrupt traditional play and start taking elements of the value chain and thus margins from the incumbent banks. Coupled with an increasingly disconnected consumer, we begin to see an immensely challenging marketplace for banks.



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## So what are their options?

In response to market dynamics, banks can choose to simply comply with new regulations. However, this will quickly lead to large revenue loss. Leading banks are pursuing the only real answer, which is to proactively respond.

## Adopting an open banking model for success

The rise of the open API economy is here. Through the adoption of an open banking business model, which is orientated around the customer journey, banks can deliver on their digital transformation agendas while answering the call of consumers for value-add services and stronger engagement.

For example, rather than merely selling mortgages, a bank could facilitate the process of owning, selling and buying property. To do this, most banks today would not go out and purchase real estate agencies, or property valuation and other related businesses. Instead, they would partner with other firms to deliver these services and facilitate the end-to-end services for their customers. Similarly, a bank offering health services could expand by collaborating with service providers that offer the comprehensive services its customers need to maintain wellness or to cope with sickness.

The API business model therefore drives bank leaders to strategically consider which part of the value chain they will provide in-house versus the parts for which they will use partners. Will they choose to be a distributor of services offered by third parties, or will they be a producer that develops products and services in house? Or, will they instead choose to be a digital aggregator, similar to online retailers or online comparison sites?

Whichever route is chosen, successful differentiation will require agile service innovation and the ability to connect partners easily and securely, along with immediate and 24x7 servicing.



# Key takeaways

## Messages for Banks

Window of opportunity is **CLOSING**

- 1** Invest in **protection capabilities**—for both the bank and customers.
- 2** Deliver a value-add **service transformation and innovation** agenda and roadmap.
- 3** Innovate internally but primarily through extensive **partnerships**.
- 4** Accelerate **proof-of-concepts/pilots** to develop real solutions and test/refine. Agility is key.

**Make customer access and trust the foundation of innovation and a partnership strategy, but move more quickly to partner and get to market.**



# About CGI

## Empowering banks in a digital-first world

Banks are increasingly relying on CGI to help them prepare for a digital-first future. Through innovation and service excellence, CGI transforms legacy technologies and operations to accelerate new capabilities and revenue-generating programs. Our work frees up crucial budget for transformative projects, ensuring market growth for clients as they take the lead in new digital territories.

Since our founding in 1976, CGI has been at the heart of transformation in the banking industry. Today, we support more than 500 financial institutions worldwide, helping to deliver a broad range of digital IT and business strategies, services and solutions. Our deep understanding of the complex global challenges banks face coupled with our strong local relationships enable us to build long-term partnerships that drive success.

### Experience and expertise

We serve 22 of the top 30 banks globally and 23 of the top 25 banks in both North America and Europe. Our top 10 banking clients have worked with us for an average of 25 years. Highlights of our work include

**370+ implementations** of our collections, recoveries and loan origination solutions

Global trade finance support for **33,000+ portal users in 90+ countries** through **CGI Trade360**

**Management of nearly \$1.6 trillion** in assets through CGI's portfolio management, investment fund and asset management solutions

Support for a wide range of clients—from boutique investment managers to some of North America's largest financial institutions—through **CGI's Wealth360**

In-depth expertise in helping clients implement emerging technologies such as **block chain, robotic process automation and artificial intelligence**

**Management of financial crime in real time** through **CGI HotScan** and **Centaur**

Driver and leader of **global payments modernization** for **more than 40 years**





## About CGI

Founded in 1976, CGI is one of the largest IT and business consulting services providers in the world. Operating in hundreds of locations across the globe, CGI helps clients become customer-centric digital organizations. We deliver high-end business and IT consulting, systems integration and outsourcing services, complemented by intellectual property, to support clients in transforming into digital enterprises end to end. CGI works with clients around the world through a unique client proximity and best-fit global delivery model to accelerate their transformation, ensure on-time, within budget delivery, and drive competitive advantage in today's increasingly digital world.

The CGI logo consists of the letters 'CGI' in a bold, red, sans-serif font.

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