

BAI Banking Outlook Survey: Consumers Moving to Direct Banks for Convenience, Better Rates and Lower Fees

Faster payments, better banking apps, 24/7 service are primary priorities among consumers, according to survey -

CHICAGO, IL – [BAI](#), a nonprofit independent organization that delivers the financial services industry’s most actionable insights, unveiled [new insights](#) into consumer perspectives on direct banks during a recent webinar, *BAI Banking Outlook: Are Direct Banks Winning?*

More than 600 consumers participated in the survey focused on the perception of banking with a direct, or online, institution. While the majority of participants use a large bank (52%) as their primary financial services organization, 19% use a direct bank, 16% use a community bank or credit union, and 13% use a regional bank.

The key findings from the survey paint a stark contrast between why financial services leaders at traditional financial services organizations think consumers are moving to direct banks and the true driving forces. While many industry leaders believe that low rates and fees are the driving force behind direct bank adoption, consumers reported convenience (19%) as the most important factor. This finding indicates a shift in consumer attitudes about the definition of convenience, moving from physical branches to digital capabilities.

In addition to shifting consumer attitudes towards direct banks, consumers’ technological desires are not fully aligned with the industry’s. Consumers among the Millennial, Gen. X and Boomer generations overwhelmingly cited that they want a clear, easy-to-use app for check deposit and bill pay (44%). However, Gen. Z – often defined as a generation of digital natives – felt differently, citing quick transfers (57%) and faster payments (45%) as a high priority. Notably, voice banking, which is highly discussed in the industry, ranked last among all generations with only 3% of consumers citing it as a priority for banking tech.

“Direct banks aren’t going away any time soon, and traditional financial services organizations should continue to view them as a real competitor,” said Karl Dahlgren, managing director of research for BAI. “The way consumers define ‘convenience’ is rapidly changing from branch location to digital capabilities. Our research indicates that organizations that aren’t actively finding new ways to meet this need are at risk of being left behind.”

For more information about the BAI Banking Outlook, or to watch a free webinar providing deeper analysis of the survey’s results, visit <https://www.bai.org/research/bai-banking-outlook>.

#

About BAI

As a nonprofit, independent organization, BAI has delivered the financial services industry's most actionable insights for 95 years, enabling leaders to make smart business decisions every day. We're passionate about the trusted information and powerful tools that provide leaders with the clarity and confidence needed to drive positive change and move the financial services industry forward. That's why we provide in-depth, proprietary research to 30 of the top 50 banks and numerous others ranging in size, support more than 1,800 financial services organizations for compliance and professional development training, and recognize industry trailblazers from our Emerging Leaders Network to the Global Innovation Awards. For more information, visit www.bai.org.