

THE EVOLUTION OF DIRECT BANKS

See how direct banks have changed over the years, and what market opportunities they offer for financial institutions, neobanks and challengers.



1989

First Direct launches the world's **first fully functional direct bank**. A subsidiary of (then) Midland Bank, it pioneered the concept of no branches and a 24-hour service call center.

1997

The online-only bank **ING Direct launches in Canada**, and online-only banks in Australia, Spain, France, Italy, Germany and UK quickly follow.



1999

Bank of Internet USA becomes **first online-only bank in the United States**

2000

Asia's **first direct bank finatiQ**, a division of the OCBC of Singapore, launches



2006

80% of banks in the United States offer online banking

Direct banks win **4% of new primary bank relationships** in the United States (KANTAR TNS)

2012

27% of consumers bank using **only digital channels** (PWC)



2016

Direct banks attract **12% of all new primary banking relationship** in the United States (KANTAR TNS)

2017

46% of consumers bank using only digital channels (PWC)



2018

Financial institution strategies move towards an **integrated channel agnostic experience**

1.7 billion adults are unbanked

but two-thirds own a mobile phone that could connect them to financial services (THE WORLD BANK)

Why Does a Customer Open a Direct Bank Account?

THEN

Low fee or no fee deposit products (No minimum account balance, no monthly fee)

Earn higher deposit rates for funds in exchange for lack of immediate access



NOW

Convenience, access and ease of use anytime/anywhere

Higher rates on same/comparable accounts offered by a branch-based model

Diversify banking relationship

Digital/mobile banking experience from start to finish, for all services and needs

What Makes a Satisfied Direct Bank Customer?

THEN

Competitive deposit interest rate

Always-on account access

Low or no fees



NOW

A consistent **unified experience** across all channels

Seamless account opening, funding and money movement

Simple journey that **eliminates** unnecessary **hurdles**

Productive assistance when desired

Real-time account access



47%

of customers who began an **online account application** on a mobile device had to complete the process elsewhere due to **poor user experience**, confusing fraud/screening processes and inability to save partial applications (JAVELIN)

READY TO BE THE NEXT DIRECT BANK SUCCESS STORY?

LEARN MORE about how you can benefit from FIS' global expertise launching direct banks at <https://www.fisglobal.com/core-on-demand>