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 fully functional direct bank—First Direct (a subsidiary of then Midland Bank)—pioneered the concept of no branches and a 24-hour service call center.

1997
ING Direct launches in Canada, and online-only banks launch in Germany, Italy, Spain, and the UK.

1999
First online-only bank becomes the world’s first fully functional direct bank.

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ING Direct launches in Canada, and online-only banks launch in Germany, Italy, Spain, and the UK.

2006
80% of banks in the United States offer online banking. Direct banks win 4% of new primary bank relationships in the United States.

2012
27% of consumers bank using only digital channels.

2016
Direct banks obtain 12% of all new primary banking relationships in the United States. 46% of consumers bank using only digital channels.

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.

Why Does a Customer Open a Direct Bank Account?

THEN
Low fee or no fee deposit products

Low or no fees

Earn higher deposit rates in exchange for lack of immediate access

NOW
Convenience, access, and ease of use anywhere anytime

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

Diversify banking relationships

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 complete unified experience across all channels

Seamless account opening, funding and money movement

Simply journey that eliminates unnecessary hurdles

Productive assistance when desired

Real-time account access

47% of customers who began an online 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.

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

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