

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.





direct bank. A subsidiary of (then) Midland Bank, it pioneered the concept of no branches and a 24-hour service call center.

hioneered the **1997** The online-only bank **ING Direct launches in Canada**, and online-only banks in Australia, Spain, France, Italy, Germany and UK quickly follow.





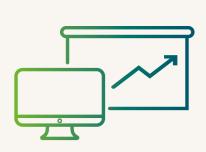




first online-only bank in the United States

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) 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)



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

What Makes a Satisfied Direct Bank Customer?

THEN Competitive deposit interest rate

Always-on account 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

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





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**