

# 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.





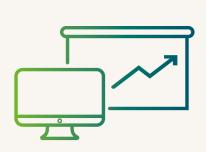




#### first online-only bank in the United States

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**