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.

1999
Bank of Internet USA becomes the 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 banking relationships in the United States (KANTAR TNS).

2012
27% of consumers bank using only digital channels (PWC).

2016
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.

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
- Convenience, access and ease of use anywhere/anytime
- Higher rates on same/comparable accounts offered by a branch-based model
- Diversifyfee charging model relationship
- Digital/mobile banking experience from start to finish, for all services and needs
- Competitive deposit interest rate
- Always-on account access
- Low fees

NOW
- Convenience, access and ease of use anywhere/anytime
- Higher rates on same/comparable accounts offered by a branch-based model
- Diversify fee charging model relationship
- Digital/mobile banking experience from start to finish, for all services and needs
- Competitive deposit interest rate
- Always-on account access
- Low fees

What Makes a Satisfied Direct Bank Customer?

THEN
- A consistent unified experience across all channels
- Seamless account opening, funding and mobile money movement
- Productive assistance when desired
- Real-time account access

NOW
- A consistent unified experience across all channels
- Seamless account opening, funding and mobile money movement
- Productive assistance when desired
- Real-time account access

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
- Convenience, access and ease of use anywhere/anytime
- Higher rates on same/comparable accounts offered by a branch-based model
- Diversify fee charging model relationship
- Digital/mobile banking experience from start to finish, for all services and needs
- Competitive deposit interest rate
- Always-on account access
- Low fees

NOW
- Convenience, access and ease of use anywhere/anytime
- Higher rates on same/comparable accounts offered by a branch-based model
- Diversify fee charging model relationship
- Digital/mobile banking experience from start to finish, for all services and needs
- Competitive deposit interest rate
- Always-on account access
- Low fees

Ready to be the next direct bank success story?

LEARN MORE about how you can benefit from FIS’ global expertise launching direct banks at fisglobal.com/direct-banking