

Expectations and needs of retail customers in their banking relationship

Summary of studies conducted with 37,000 individuals in 10 countries

A study commissioned by



BNP PARIBAS

KANTAR TNS

GALLUP

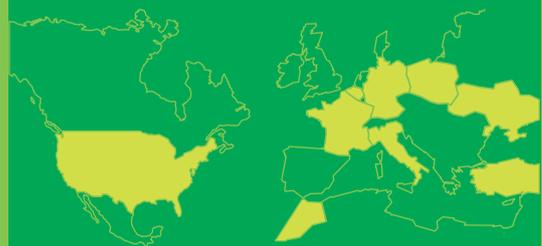
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Our methodology

A DECEMBER 2018 STUDY CONDUCTED WITH KANTAR TNS

from a survey of **35,000 retail bank customers from 10 countries** (France, Belgium, Italy, Luxembourg, Poland, Morocco, Turkey, the United States, Ukraine and Germany) on how their banks support them. This study analyses the expectations and relationships of customers with their bank, not specifically BNP Paribas.



A JUNE 2018 STUDY CONDUCTED WITH GALLUP

polling **1,800 BNP Paribas French customers** on managing their finances, in six focus groups and through an online survey.

This exclusive report commissioned by BNP Paribas is based on two market studies that surveyed nearly 37,000 individuals in 10 countries about their expectations in terms of budget management, preparing for the future, relationship with money, etc. These are all topics that shape the experience that customers expect from their bank.



The study was conducted in 10 countries and reflects the high expectations of bank customers, which go far beyond digitalisation alone. The bank must provide advice on customer priorities like managing budgets, major projects and retirement. Relationship management and value for money are the two main customer experiences that drive the development of a preference. ”

Estelle Thomas, *Chief Client Officer* Kantar



This study helps to understand these customers' perceptions of their own financial well-being. To improve it, customers need support in managing their budgets over both the short and long terms. ”

Marco Nink, *EMEA Regional Lead, Research and Analytics* Gallup

The role of the banks in the customer's financial life

#1

Budgetary monitoring is mentioned by individuals in all 10 countries as their main expectation of the bank

Source: Kantar

71%

of French BNP Paribas customers believe credit transfers and payments are simple and secure transactions

Source: Gallup

8/10

Relationship management is the primary satisfaction factor in 8 countries out of 10

Source: Kantar

Priorities that banks are expected to meet

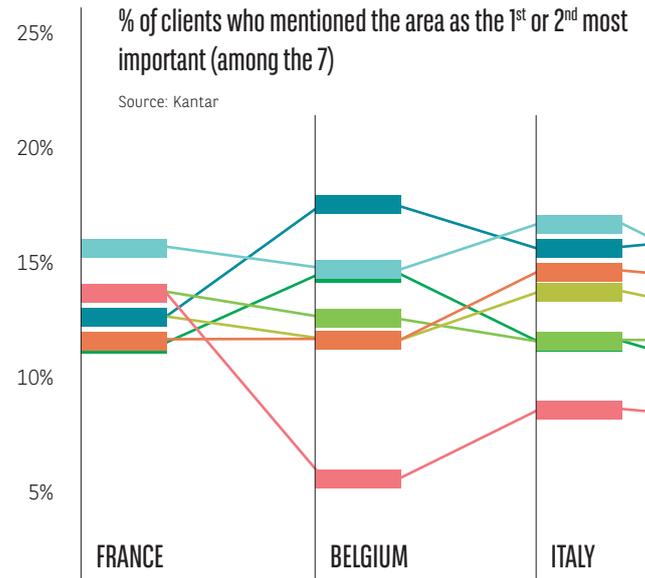
Customers primarily expect their bank to help them control their spending and prepare for retirement, through appropriate tools and advice.

18%

Percentage of individuals in the 10 countries that mention budgetary monitoring as the main expectation of their bank

Source: Kantar

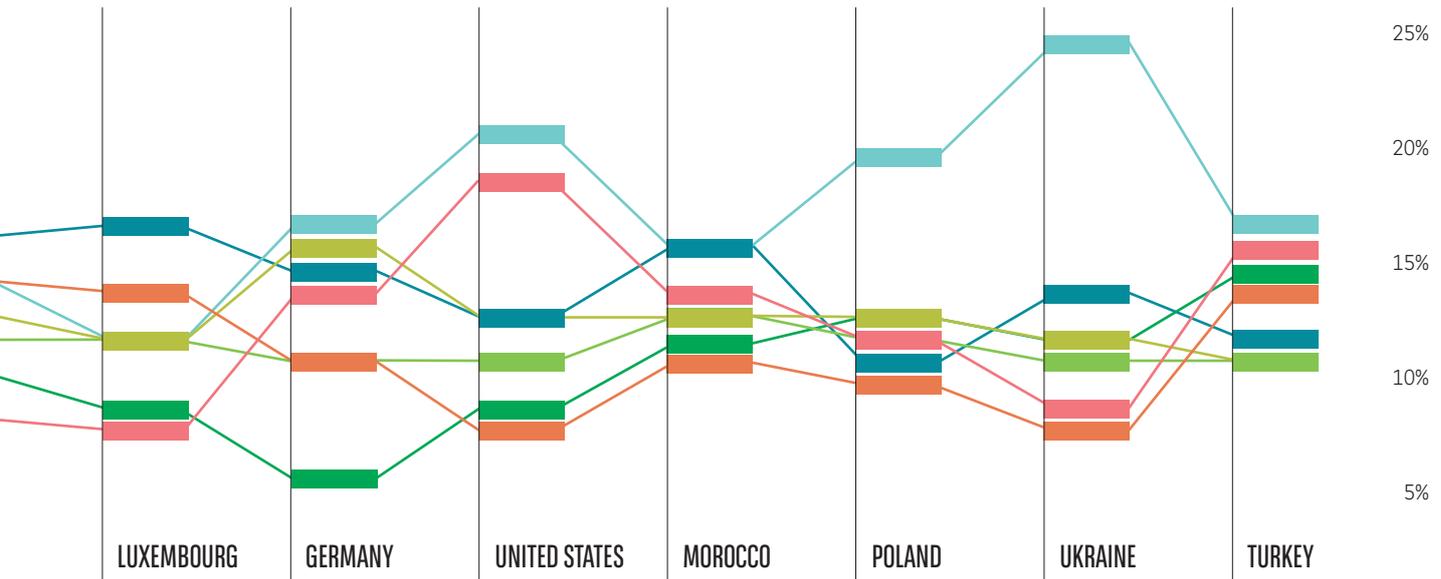
- 1. 18% - Monitor my typical daily or monthly expenses with appropriate tools and advice
- 2. 15% - Take good financial decisions that will allow me to be comfortable in retirement
- 3. 13% - Plan for financial resources to overcome setbacks (accident, loss of income, etc.)
- 4. 12% - Have the insurance products needed to protect me/my family financially from unforeseen events
- 5. 12% - Plan for and fund major expenses such as a new car, new housing or education
- 6. 12% - Plan for my investments and expenses taking into account my tax position
- 7. 12% - Manage an overdraft/debt through advice and appropriate products



Budget management, preparing for retirement and protection in the event of difficulties are generally the top three expectations of customers in the 10 countries. However, while the gaps are small on average, there are very different expectations among customers, depending on their country, profile, stage of life, income level, etc.

This relatively scattered distribution of customer expectations in 10 countries can be explained by several factors. How do they choose between retirement, housing and leisure? It is nevertheless indicative of the transverse nature of the banking profession, which is much broader than solving a single problem.

While the various financial issues in France are relatively equal in importance, there are some differences in the other countries surveyed. Belgium is a market driven by savings and retirement. In contrast, the US is a particularly credit-driven market: managing budgets and debt are more important than managing investments or preparing for retirement. In order to meet their customers' expectations, financial partners must be able to adapt to the practices of each country.



Feel supported by their bank



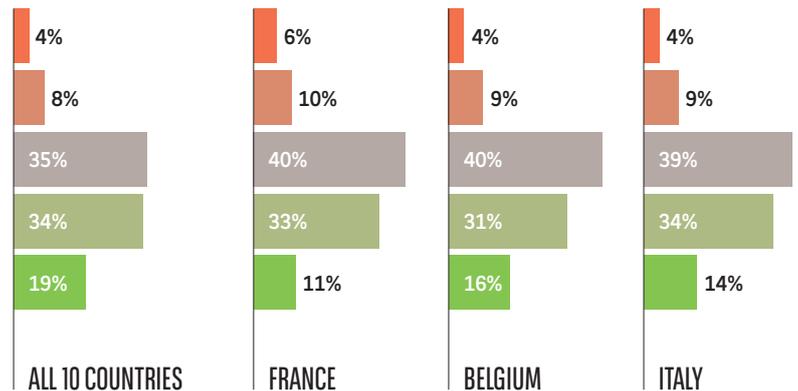
Think about your financial well-being that is, whether you feel in a position to meet your financial commitments and to enjoy yourself from time to time. This is also about your confidence in your financial capacity to cope with an unforeseen event and to carry out your plans. Would you say your bank is looking to improve your financial well-being? 🗨️

More than half of the clients surveyed in the 10 countries believe their bank is committed to supporting them with their financial issues. One-third have no opinion on this subject, and only 12% do not feel supported by their bank. The latter two categories represent a significant development and satisfaction challenge for the retail banks in the countries concerned.

Customers feel the least supported in Western Europe (France, Belgium, Italy, Germany), although feelings are much more positive than negative. In these mature banking markets, customer demands have justifiably increased as living standards and competition have increased. Useful innovation is undoubtedly the best response to this high level of demand.

Customers who do not feel supported	Completely disagree
	Somewhat disagree
Customers who feel supported	Neither agree, nor disagree
	Somewhat agree
	Completely agree

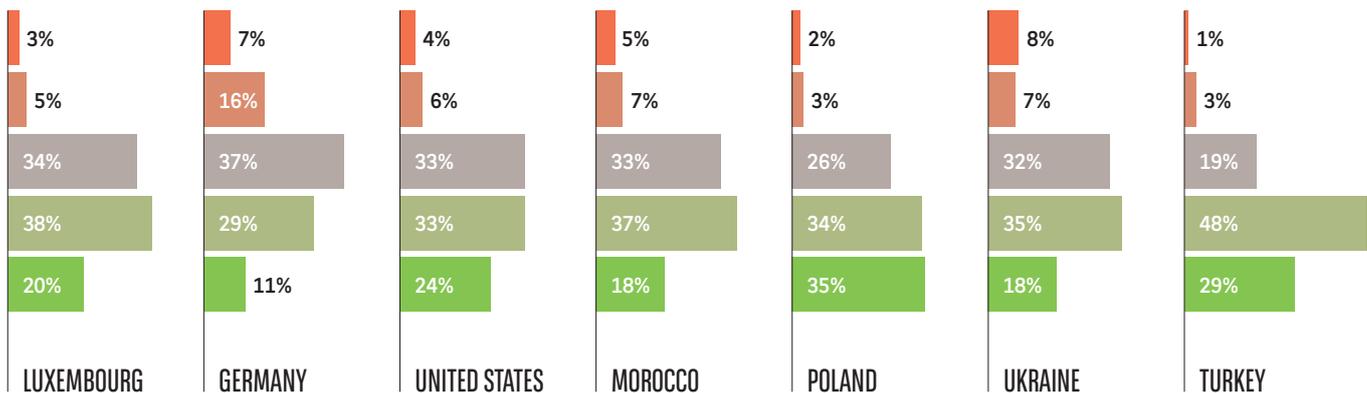
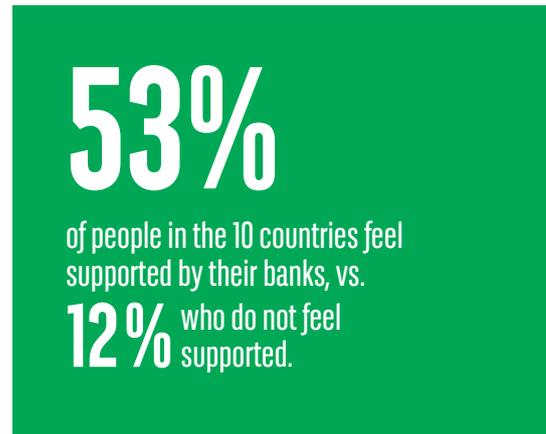
Source: Kantar



Luxembourg is an exception in this region, with 58% of customers feeling supported. This result probably reflects a high level of financial sophistication in that country, which has made it a priority development focus.

Turkey and Poland are emerging as markets where customer expectations are different: They feel more supported by their bank. This can be explained both by the recent opening up of banking markets and by more innovative and flexible bank offerings, such as in mobile banking.

These geographical disparities in the perception of support confirm the need to provide locally adapted banking services.



ZOOM IN ON BNP PARIBAS CUSTOMERS IN FRANCE:

Managing their finances over different time horizons

Today

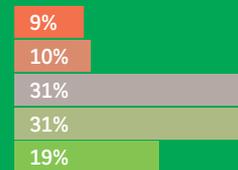
In the future

Financial security



I manage my typical daily or monthly expenses well by avoiding overdraft and late payments

I have the insurance products needed to protect myself/my family financially from unforeseen events

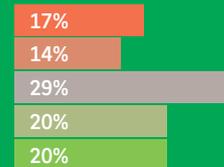
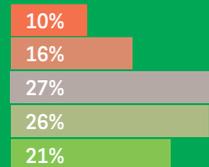


Freedom of choice



I plan a monthly (or annual) budget for my expenses and stick to it

I know that I am taking good financial decisions today to be comfortable in retirement



Source: Gallup

On budget management, the majority of BNP Paribas' French customers surveyed feel they have control over their daily and monthly expenses: 70% say they can avoid overdraft and late payments.

The short term therefore seems to be under control, but the long term creates more uncertainties: less than half of those surveyed say they are somewhat confident in their ability to take the decisions that will allow them to enjoy their retirement.

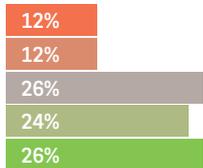
These results reflect the central role of banks in preparing for retirement. They already offer customers a full range of long term investments tailored to their customer profiles (life insurance, retirement savings plan, real estate, etc.).

To increase customer confidence in a sustainable way, they can go further by helping them build a real personal strategy to prepare for retirement.

ZOOM IN ON BNP PARIBAS CUSTOMERS IN FRANCE:

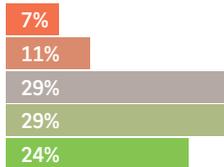
Widely used digital tools that are valued for their security

My bank offers digital banking tools that meet my needs.

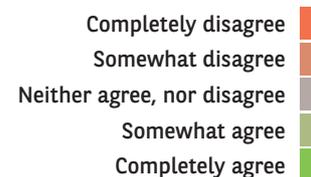


Remote banking is now part of the everyday lives of customers, a majority of whom think the digital tools offered meet their needs. They are sensitive to security and privacy issues, and assign a high degree of confidence to their bank. Payment and credit transfer capabilities are even better received: 71% of customers believe these transactions are secure and simple.

I am sure that my personal data is safe with my bank.



My bank allows me to pay and make transfers easily and safely.



Source: Gallup

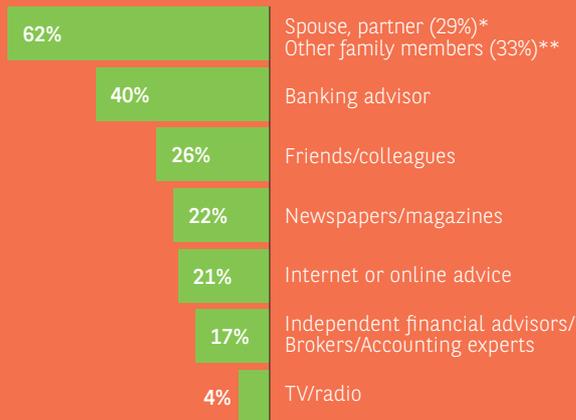
ZOOM IN ON BNP PARIBAS CUSTOMERS IN FRANCE:

The banking advisor is at the centre of the phygital experience



Among the following people or resources, to whom do you look for information and advice to improve your financial well-being? 
(Several possible choices)

The banking experience is increasingly oriented towards a “phygital” model (physical + digital) that combines human relationships with digital services. In this model, the advisor remains one of the main sources of information and advice to clients. Close family and friends are also mentioned, ahead of sources of information such as the press or the Internet.

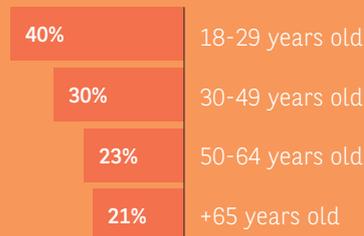


* Among those who mentioned spouse, partner, 39% also cited a banking advisor.

** Among those who mentioned other family members, 34% also cited a banking advisor.

Source: Gallup

INTEREST IN FINANCIAL COACHING BY AGE



Source: Gallup

People under the age of 30 have high expectations of support

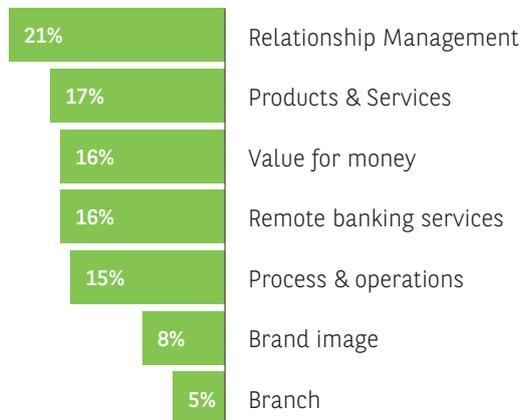
Contrary to what might be imagined, digital natives under the age of 30 voice the greatest expectations of support from an advisor.

This is due to the fact that young people have a great deal of digital autonomy for everyday subjects, but really want support on more key subjects (debt and budget management, etc.). Conversely, older people undoubtedly have more experience in managing their finances.

The customer experience drives satisfaction

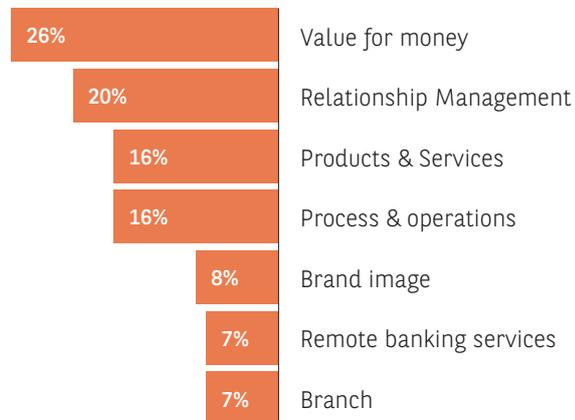
The best experience is one that offers the right products and services seamlessly, at the right price, and with the right combination of remote services and human relationship.

REASONS FOR SATISFACTION ↗



Source: Kantar

REASONS FOR DISSATISFACTION ↘



Source: Kantar

The value for money of products and services (more than the price itself) is mentioned as the main reason for dissatisfaction. Banks must be able to deliver the right value added at the right price and satisfy their customers. This also reflects new expectations of customers who want more transparency in their offering, even if it means paying for each service rather than a package encompassing a set of services. Products and services

as such remain a good vector for differentiation, likely to create satisfaction (at 17%) or dissatisfaction (at 16%).

Remote banking is a reason for satisfaction, but not criticism, which seems to reveal that the customers surveyed believe their bank meets their expectations in this regard. The convenience of the branch premises (access, comfort, etc.) is rarely mentioned or not at all (three or four times less than relationship management).

Customer relationships are at the centre of expectations, but this can be translated differently across countries.

In France, Luxembourg and Turkey, the responsiveness of advisors is one of the most valued qualities. In Belgium, Italy and Poland, the quality of the response is most important. Finally, in the United States, customers are different: above all, they expect their advisors in the branch to be welcoming and to be familiar with their situation.

On the commercial side, customers demand the best service at the best price. This is a promotional driver that is mentioned seven times more often than special offers or loyalty initiatives, which are perceived as one-off, whereas the customer expects value throughout the relationship.

Products and services tailored to the needs of customers take precedence. The customer also expects the transparency and simplicity that comes from bank innovation.

RELATIONSHIP MANAGEMENT

The leading reason for satisfaction in 8 out of 10 countries.

KNOWING AND UNDERSTANDING THE REASONS FOR DISSATISFACTION IS A TREMENDOUS OPPORTUNITY

The best performing banks are those that work to nurture reasons for satisfaction, and at the same time understand and reduce sources of dissatisfaction. Digitalisation offers banks tremendous opportunities to tailor their models, expand their channels and enrich the customer experience.

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