



The COVID-19 Consumer Banking Report

Consumers Demand a New
Digital Banking Normal



Introduction: Imagining a Post-Pandemic Digital Future

There is plenty of talk in the banking community about getting back to normal business operations.

Most of the conversation at the executive level centers around the process of reopening bank branches: when they should be fully reopened, and what safety measures should be put in place when they're operational again.

The problem is that these discussions leave out the most important player in all of this: the customer. Do customers even want to go back to a reality where “business as usual” means long lines, bounded banking hours, and physical paperwork?

The answer, as this report will show, is a resounding “no.” In fact, in-person banking, with all its concomitant hassles, has long been falling out of favor. In November 2019, just before the coronavirus struck, we asked consumers what would influence them to switch banks. 77% said they would leave for a better mobile experience, while a mere 28% would switch for more branches or ATMs.

These radical numbers suggest deep-rooted trends and shifts in consumer preferences. Yet banks' incremental changes didn't reflect them. Most financial institutions were content to partially digitize services. Developing an app to enable

basic banking tasks, maintaining a website, and sending emails allowed banks to appear digital-first — even if in reality consumers were often redirected to physical locations or non-digital channels.

It took a pandemic to force banks to provide customers what they've wanted all along: complete digital journeys for the vast majority of tasks. Banks rose to the occasion, quickly updating outdated systems to be more automated, and less manual; more speed-focused, and less cumbersome; more remote and less branch-dependent.

Digital initiatives that would've taken years for banks to implement were put into place in a matter of weeks. And they were the mechanism that allowed time-sensitive efforts like the Payment Protect Program (PPP) to be so successful.

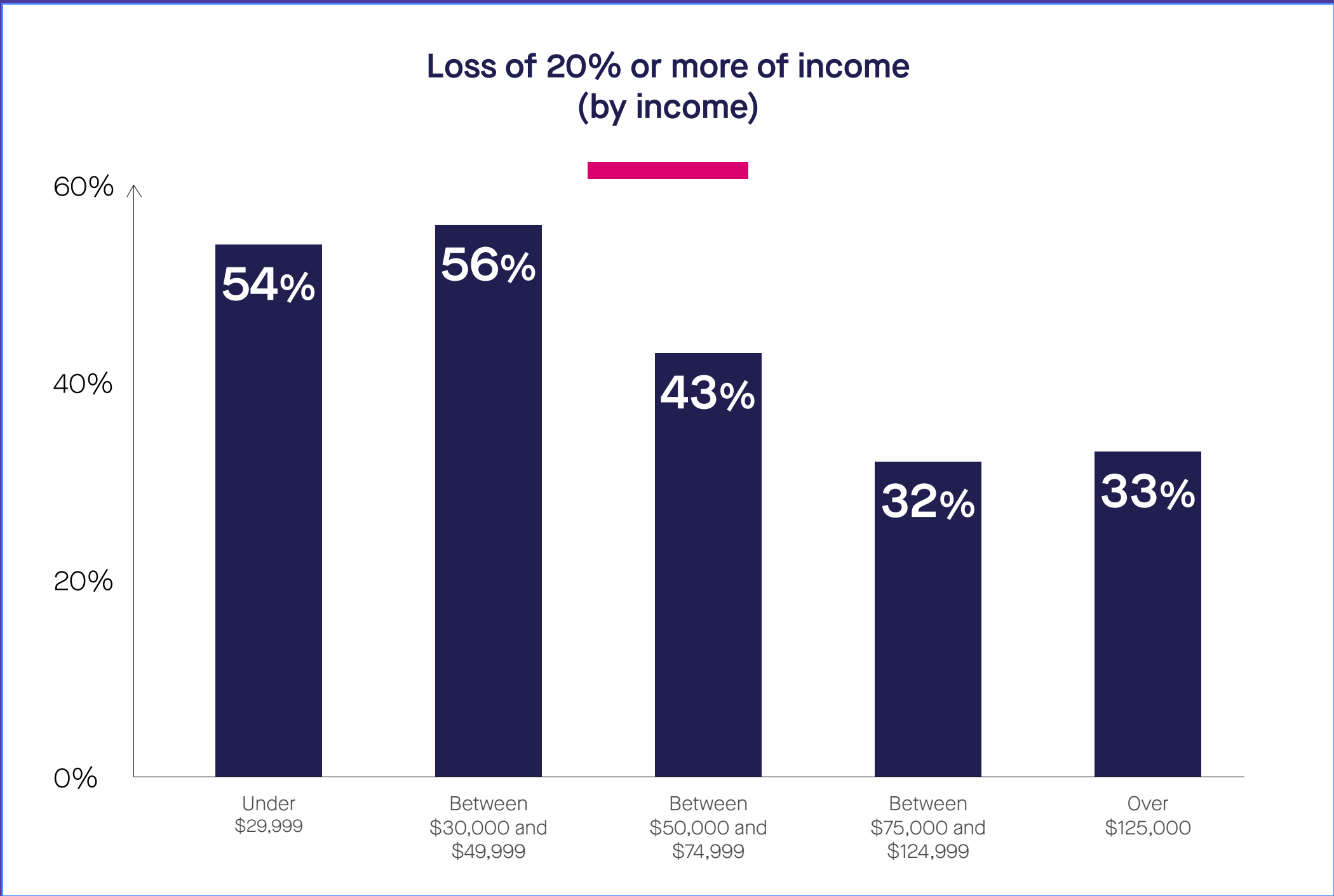
Now that customers have tasted the convenience and ease of fully remote banking, there is no going back. Even if the pandemic ends tomorrow, the habits formed during COVID-19 are not going anywhere. Banks should focus on assessing the effectiveness of their existing digital journeys, filling existing gaps, and communicating to customers about new remote capabilities. In this way, the pandemic will also be an opportunity to serve customers the way they've long wanted to be served — while improving efficiencies and saving on overhead.

Background

A survey of 1,028 Americans conducted in mid-May underscores the impact COVID-19 is having on banking and financial services. Consistent with other surveys over the last two months, consumers [continue](#) to express a growing desire for digital, remote options and show a growing willingness to skip on services if they require physical visits. Bankers should take note that consumers demand digital and remote not as a stop-gap but as the future of banking.

Consumers Feel the Impact of the Crisis

47% of consumers reported an income drop of 20% or more (with 18% reporting a drop of 50% or more)



78% are concerned about going to their local bank, grocery store, etc.



60% are worried about covering household expenses and/or loans over the coming months
(up from 51% in March)



34% will refinance their mortgage or seek payment relief

The American economy may be starting to open up, but the American people are still reeling from the financial effects of the ongoing pandemic. Since our last survey in March, there was a 9% increase in the number of respondents who are concerned about covering household expenses and/or loans — from 51% to 60%. Many plan to actively seek payment relief. This isn't a surprise considering that nearly half of consumers lost 20% or more of their income.

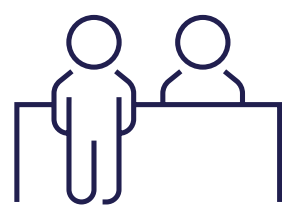
Lower- to middle-income earners were far more likely to take an income hit during this period than higher-income earners. While the latter group wasn't left completely unscathed, white collar work can frequently be done from home and tends to be more stable — all protecting factors against financial harm.



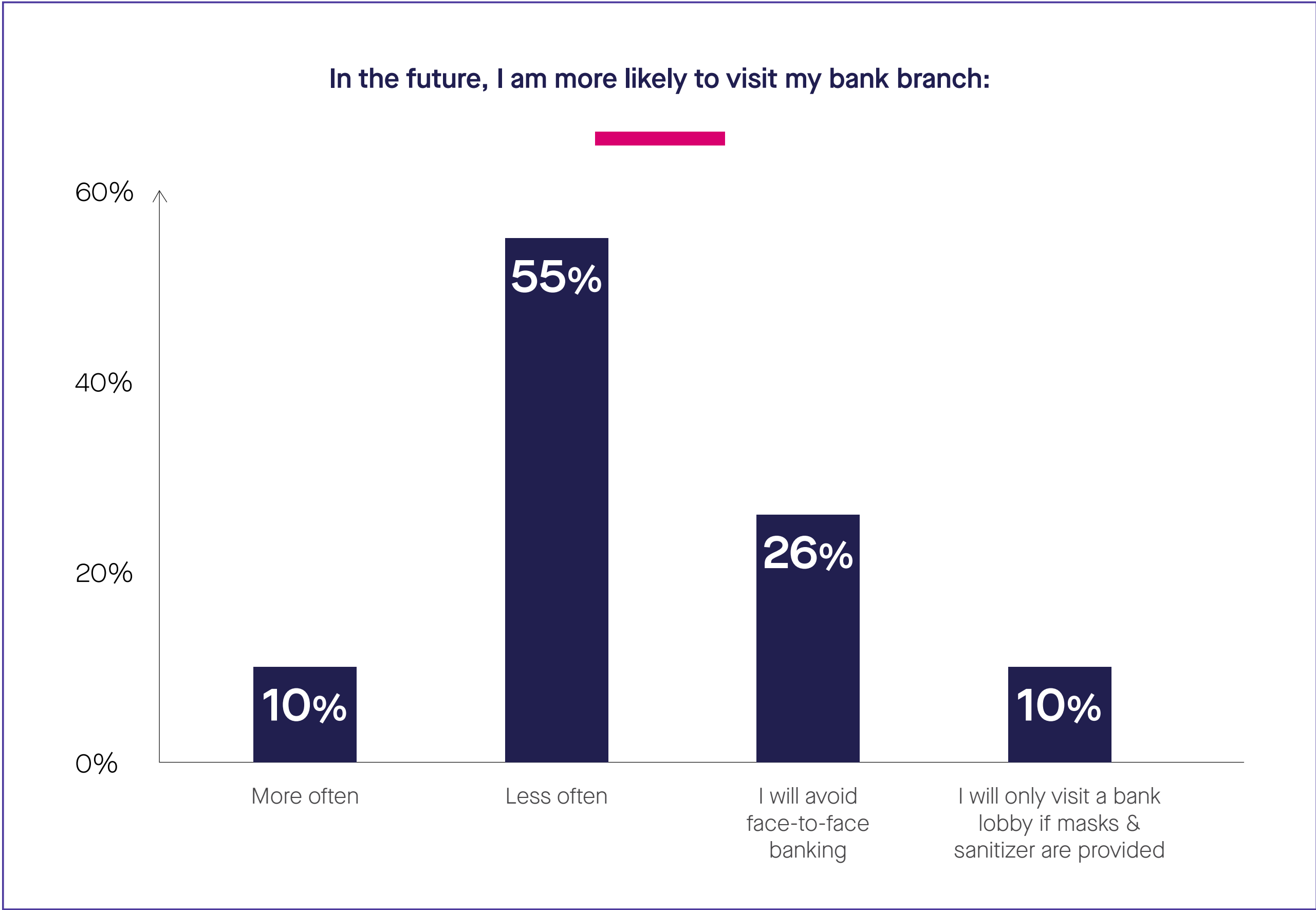
Consumers Demand Branchless Banking



55% said they would visit branches less often



26% said they would avoid face-to-face banking altogether





Many bank executives are busy discussing how to transition back to “business as usual,” with branch reopenings and normal hours. But is that what customers are really hoping for? Our findings suggest not. More than half of consumers said they would visit branches less often in the future, and only a sliver of respondents (10%) planned on increasing their visits to branches. The presence of masks and hand sanitizers in the bank didn’t seem to make much of a difference either way.

While taking safety measures is important, banking executives shouldn’t focus on this to the detriment of the greater point. The majority of consumers no longer ascribe great importance to face-to-face interactions when it comes to the majority of their banking needs. Remote banking works, and the pandemic has proven that.

In addition, requiring physical visits means

55% of consumers less likely to take care of a banking or financial task

43% of consumers less likely to take a loan

VS.

35% of consumers less likely to make a car payment or purchase

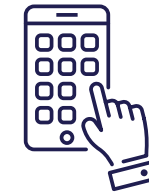
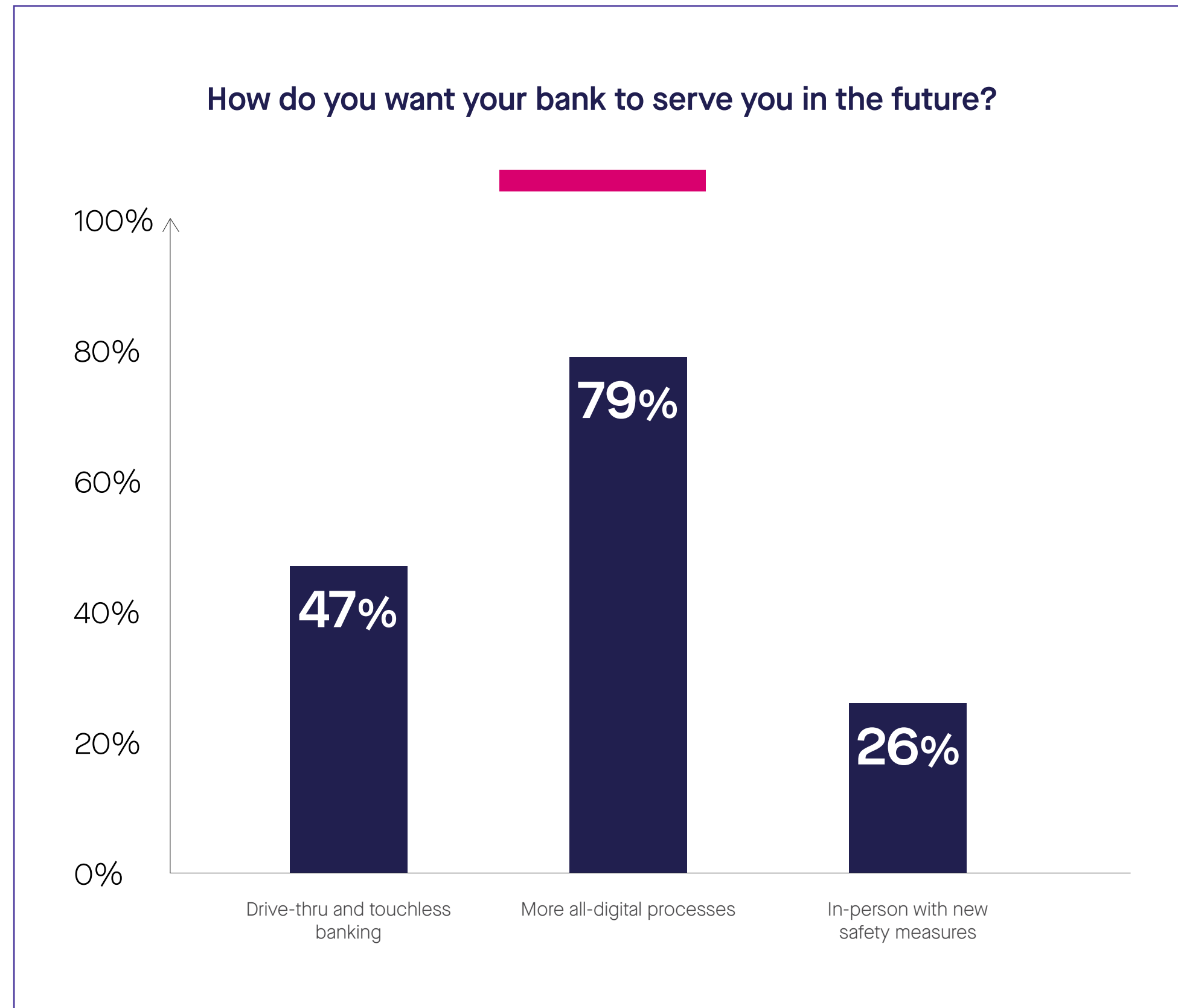
23% of consumers less likely to take care of a health issue

Just because physical stores, branches, and locations are opening doesn't mean that consumers will be flocking in. On the contrary, requiring customers to come into newly reopened physical branches will backfire, as over half of consumers would avoid a financial task that required in-person contact. Compared to taking care of health or car needs, consumers are quicker to let their banking tasks slide if they can't be completed remotely.

This has significant implications for banks' ability to service customers well, potentially jeopardizing customer loyalty. Banks that fail to provide sufficient remote services are also hurting their bottom line, as they lose out on interest from loans and fees from other transactions.



The New Normal for Banking: All Digital



76% think digital will be a lasting trend even after coronavirus is defeated



68% expect businesses to increase their ability to serve customers remotely



49% expect businesses to automate and digitize customer interactions



66% are inclined to try a new digital app or website



60% have less patience for filling out and sending paperwork



51% have already eSigned documents this past month



Customers have spoken, and the results are in: they don't see digital and remote services as a temporary, makeshift solution. They want digital banking to be the default way of banking, with in-person transactions reserved for sensitive matters where advice is needed, not transactions.

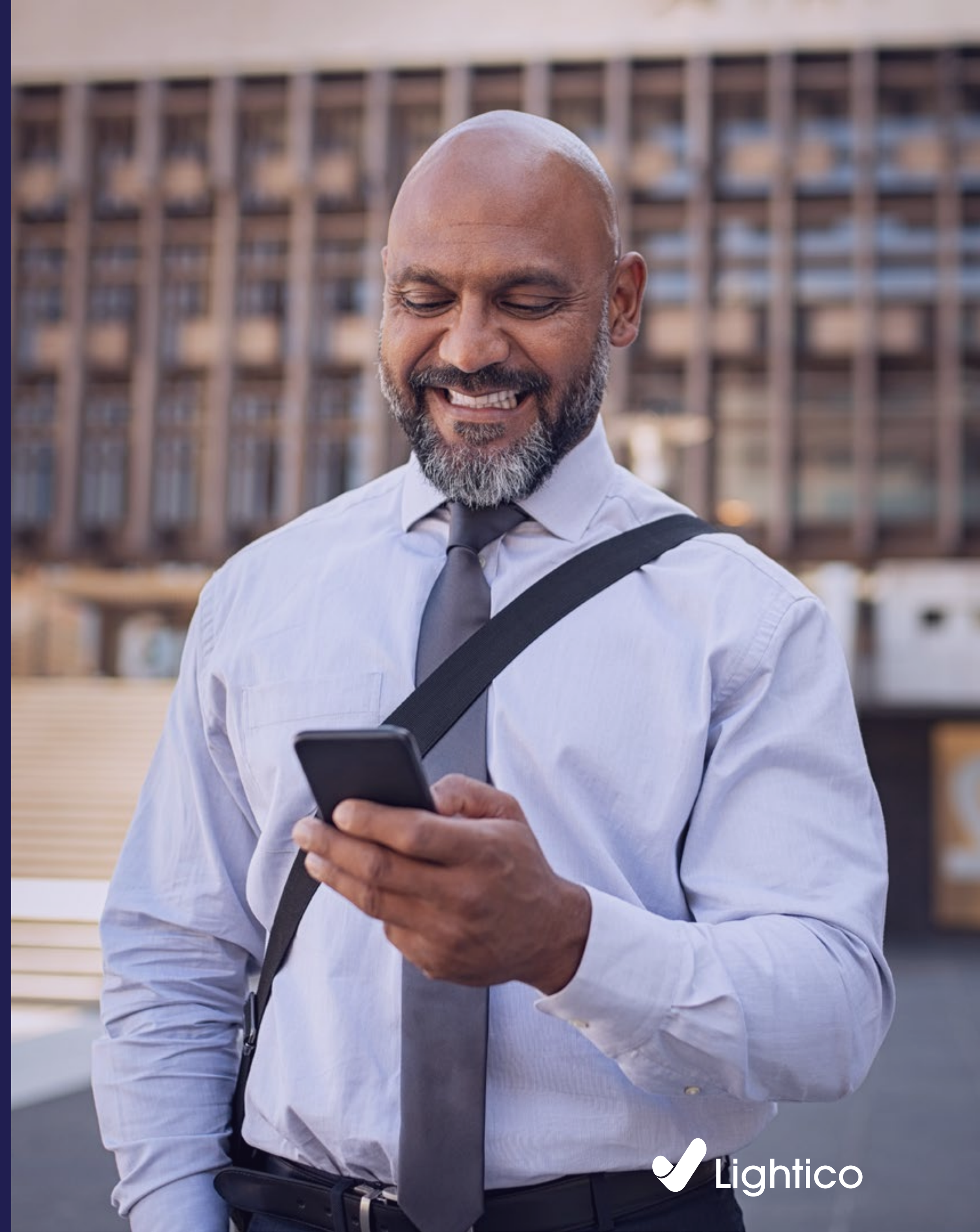
With a whopping 79% of banking customers saying they want more all-digital processes in the future, banks should focus on expanding the digital services they promoted at the height of the pandemic. Frustration with physical paperwork is higher than ever, but so is openness to new digital channels that provide benefits for banks and customers.

Conclusion

Over the past few months, a crisis has forced banks and customers to rely primarily on remote transactions. But our latest survey has shown that customers don't want to go back to traditional in-person banking, even if they're allowed to.

Returning customers to a world where they're bounced between channels, required to fill out physical paperwork, and asked to come into branches will be the death knell for traditional banks.

Banks that want to survive and thrive in the post-COVID-19 era need to expand and prioritize end-to-end remote customer front-end systems. Moreover, these systems must be efficient, intuitive, and easy for both banking customers and agents. Only then can banks truly earn the title "digital-first."



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First Name: Jane

Last Name: Doe

Phone: 432 536 0001

Email: janedoe@gmail.com

Signature:

Jane Doe.

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About Lightico

Lightico digitally transforms connections between businesses and their customers, making the experience effortless, efficient, and unforgettable.

With Lightico, sales and service agents can instantly collect eSignatures, documents, payments, and verify ID in real-time, straight from customers' mobile phones.