



THE WAY WE
BANK NOW



An app-etite for banking



Sponsored by:



An app-etite for banking

A new consumer-led revolution is underway in the way we access and manage our money, with the trend in customers using their banking apps continuing at pace.

Over the past five years customers' activity on banking apps rocketed by 354% with apps now an increasingly popular way to access current accounts, rising from 21% in 2012 to 61% by the start of 2017. There were 19.6 million users across the UK in 2016 with 159 logins occurring every second.

People are also increasingly using banking apps to access a broader range of services, such as savings, credit cards and mortgage/investments accounts, rising by 30%, 46% and 86% respectively from 2015 to 2016 alone.

New technology is transforming the way that we handle our finances, from apps which turn our mobiles into a bank branch, to text alerts, cheque-imaging, biometric identification and contactless cards. 'Banks on wheels' physical mobile branches are helping some customers in rural communities get better bank access. These changes have empowered customers in the way they choose to manage their finances.

Greater choice in communication is also creating new, easier and faster interactions between customers and their banks. People can now access a range of services on their sofa, on the go or at work. There were 4.4 million customer-to-bank contacts made using web chat in 2016 – 510 every hour. Video chats are also growing in popularity, up 92% during 2016. 434 million text alerts helped customers track their spending and be better informed about their bank balance.

Innovations are also transforming the way we pay. 2016 was the year contactless cards truly took off. Nearly two-thirds of cards are now contactless. Transaction volumes and spending soared by 174% and 225% respectively during the year. With more than 450,000 contactless terminals now spread across retailers from pubs to supermarkets across the UK, 2016 might be seen as the year a quick 'touch' on a card reader started to replace notes and coins altogether.

These innovations are helping us to manage our finances more easily. Whether we want to visit our local bank branch, use a mobile or internet-bank, there are more ways we can now choose to access and manage our money than ever before.

It's not just about checking account balances: customers are increasingly moving their money and paying bills, family and friends using banking apps



Number of banking app logins reached 4.9 billion in 2016, up 34% over 2016.

- 159 customer logins each second.



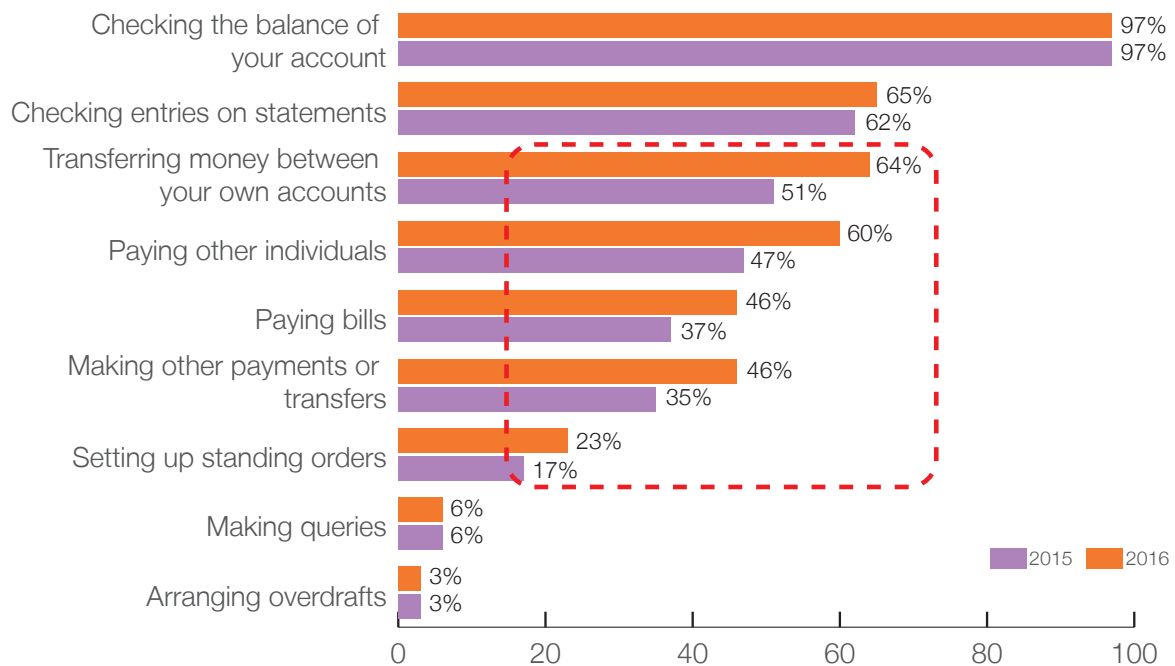
Number of banking app transactions reached 932 million in 2016, up 57% over 2016.

- 30 customer transactions every second.

Source: BBA, Data from eight of the BBA's main bank and building society groups, 2017

The proportion of current account customers using banking apps to transfer money between their own bank accounts, pay other individuals or bills, and set up standing orders increased significantly from 2015 to 2016.

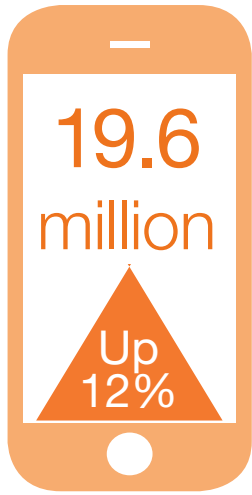
Proportion of all banking app users who use their app to conduct different activities, 2015-2016



Source: Payments UK, 2017

Multi-tasking on the move:

customers are increasingly using apps to manage their savings, credit cards and even mortgage/investment accounts

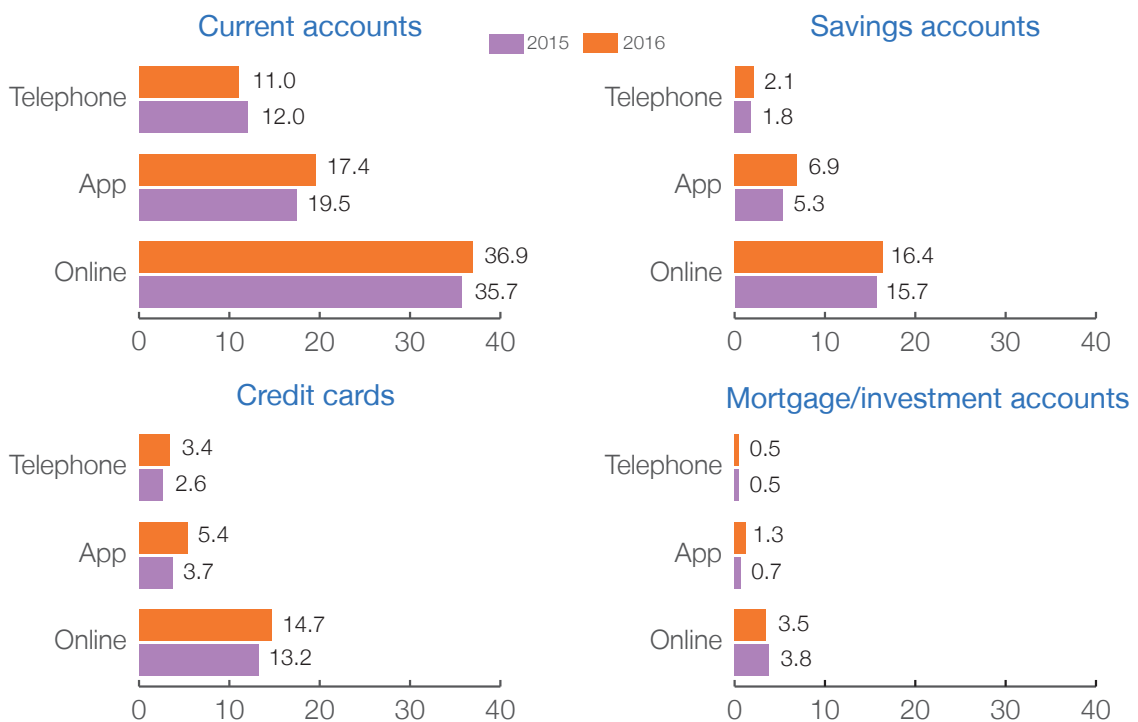


Number of people regularly using banking apps increased by 12% from 17.6 million in 2015 to 19.6 million in 2016, corresponding to 37% of UK adult population.

Sources: Payments UK, ONS, BBA analysis, 2017

While the number of customers managing current accounts using apps increased by 12% from 2015 to 2016, the use of apps to manage saving, credit card and mortgage/investment accounts increased by a much faster rate of 30%, 46% and 86% respectively.

Number of adults using remote banking in relation to various products (millions), 2015-2016^(a)



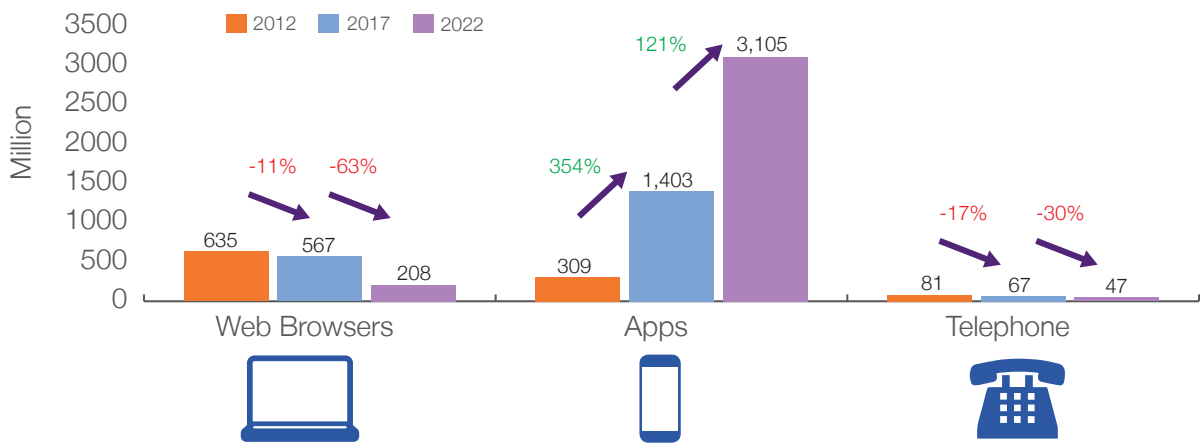
Source: Payments UK, 2017

Note: (a) Banking apps are accessed through mobile and tablet devices, while online use is through web browsers.

An app-etite for banking: apps have become an ever more popular way to bank over the past five years

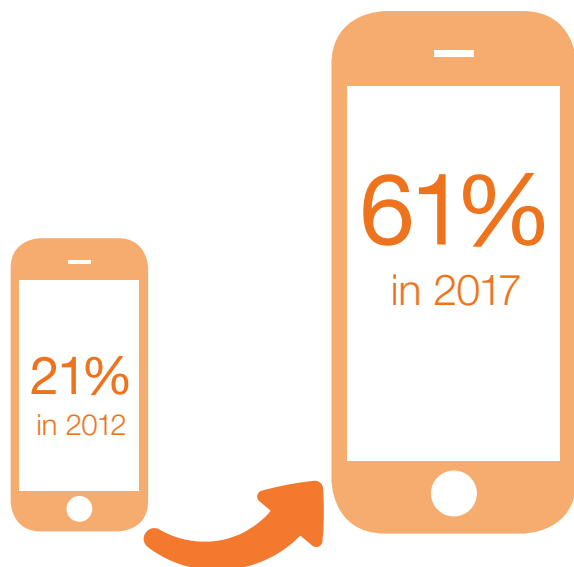
Customers' activity on banking apps to access current accounts soared by 354% from 2012 to 2017, while web browser and contact centre activity declined by 11% and 17% respectively. This increase in banking app activity is forecast to continue through to 2022.

Total customer current account channel interactions (including logins, transactions and calls), 2012-2022



Source: CACI, as of 1 January 2017

Banking apps' share of current account interactions, 2012-2017



Banking apps' share of channel interactions to access current account services rose meteorically from 21% in 2012 to 61% in 2017.

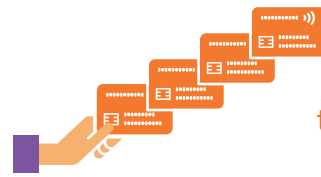
Source: CACI, data in the year to 1 January 2012 and 2017.

Touch and pay:

customers now have more ways to pay at more places with contactless cards



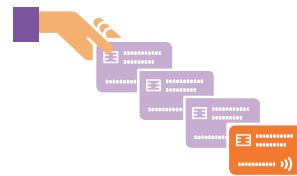
225%
increase in contactless spending during 2016



174%
rise in contactless transaction volumes in 2016



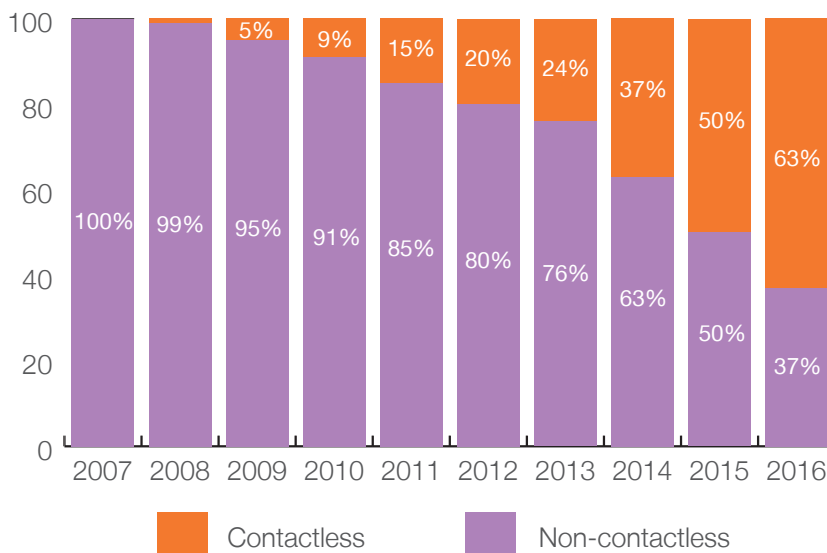
103 million
contactless cards issued in 2016; a rise of 26% from 2015



1 out of 4
card payments were contactless by the end of 2016

Source: The UK Cards Association, 2017

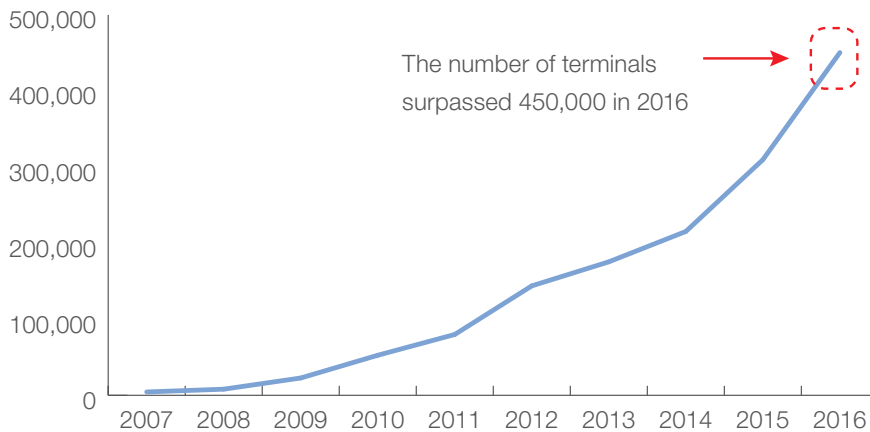
Contactless cards in issuance as a share of all payment cards, 2007 - 2016



Nearly two thirds of all cards had contactless technology by the end of 2016.

Source: The UK Cards Association, 2017

Number of contactless terminals, 2007 - 2016



Bank-owned contactless card terminals spread across retailers from cafes, pubs to supermarkets across the UK rose to more than 450,000 in 2016.

Note: The contactless data only represents bank-owned terminals and doesn't include retailer owned terminals.

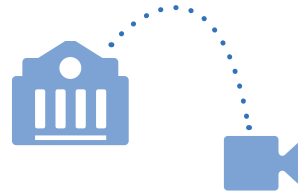
Source: The UK Cards Association, 2017

Communication is key: customers now have a greater choice in the way they communicate with their bank

Customers are increasingly adopting web and video chat to contact their bank, giving them access on their sofa, on the go or at work.



130,000
customer contacts
using video chat in
2016, up 92% from
2015



536
branches were fitted
with video banking
facilities in 2016, up
23% from 2015



4.4 million
customer contacts were
made using web chat in
2016 – 510 every hour, up
24% from 2015

Source: BBA, Data from eight of the BBA's main bank and building society groups, 2017

Text alerts are helping customers better manage their finances, enabling them to keep an eye on their outgoings.



434 million
text alerts were sent out
to customers in 2016 –
14 texts each second, up
18% from 2015

Source: BBA, Data from seven of the BBA's main bank and building society groups, 2017

Use of mobile branches is being adopted by some banks to improve physical bank access in rural communities.



47
mobile branches
being operated by
two banking groups
in 2016



740
branch site visits
by mobile branches
in 2016

Source: BBA, Data from eight of the BBA's main bank and building society groups, 2017

Aggregated data presented in this paper sourced to the BBA has been provided by the UK operations of the following main banking and building society groups, which we would like to thank for their contribution:

- Barclays Bank Plc
- CYBG
- Lloyds Banking Group
- Royal Bank of Scotland Group
- Cooperative Bank
- HSBC
- Nationwide Building Society
- Santander UK

We would like to thank EY for sponsoring this publication.

