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Open Banking: Switch or Stick?

Insights into customer switching behaviour and trust

The Consumer Data Right legislation and the introduction of open banking, from February 2020 in Australia, have the potential to drastically change consumer banking behaviour.

What might encourage customers to consider alternatives for their banking products and services? What will this mean for the banks? What will it mean for challengers? And what opportunities will it provide for non-banks?

We surveyed 2007 banking customers who held 10,082 banking products, an average of 5 banking products per person.



Trust is a foundation...

40% trust major banks to keep their money safe (prudential trust) and their information secure (information trust)

64% do not believe their bank has their best interests at heart (relationship trust)

No 1 driver in building trust and trustworthiness is wanting to keep promises



...and influences willingness to share

40% say trust was essential when deciding whether to provide personal information

3x more likely to share data if the third party is accredited

- Trustworthy organisations:
- ensure information is secure - provide transparency over how data
- is used and shared
- communicate the value created if customers share their data

To build trustworthiness requires:

Education: University educated

or above

Employment: In full-time employment

Income: Household income of \$91,000

Attitude to technology: Believe keeping

Attitude to sharing data: More willing to

hare data with any type of bank

- Right mindset
- Right products and services
- Right capabilities

Develop propositions that deliver

It's all about the customer



Demographic

Age: Twice as likely to be Millennials (Gen Y) Age: Twice as likely to be Boomers or Builders **Education:** High school education only **Employment:** In a clerical or administrative role

Income: Hou

Attitude to technology: Believe keeping up with new technology is unimportant or are neutral up with new technology is very or extremely Attitude to sharing data: Less willing to

share data with any type of bank, particularly

digital neobanks and foreign banks

...but most people don't switch.



11% changed provider of their mortgage in the last 3 years

19% changed provider of a banking product in the last 3 years

30% of Millennial's (Gen Y) and post-Millennials (Gen Z) switched or are intending to switch

People share their data

20% intend to change provider of

a banking product in the next 12 months

for only some of their banking products

22% look for an alternative provider for

63% are looking for an alternative provider

in exchange for value

all of their banking products

and benefits...

76% have had their banking relationship for over 5 years

Engage



Gathering information is important for an informed decision...

50% of Millennial's (Gen Y) and post-Millennials (Gen Z) gather information on alternative banking products

66% did not search for information

5 Average banking products per person

Most people do not seek information on bank products.

- Financial capability changes people's capacity to act Financial consciousness influences whether a person searches

Our behavioural biases can prevent switching:

Analysis paralysis: "There are too many options, I just can't decide." Facing an uncertain future: "I know I should...but that can wait."

The impact of emotion on behaviour: "I worry about failure, and I hate feeling dumb."

Loss aversion effect: "I'm worried about what I'll lose... and not certain of the value of what I'll gain."

Endowment effect: "I value what I have more than something new."

Status quo bias: "I prefer to stick with what I have ... even if there's a better alternative."

For the full report, visit www.deloitte.com/au/OpenBankingSurvey2019