Breaking Inertia

What will it take to change customer attitudes to financial services?

open finance

true. STRIVE

Welcome

In November 2016, at Bristol's first UK Social Media Week, True launched Open Finance – a programme of discussion, debate and research exploring the challenges and opportunities facing the financial services industry.

Our launch event focused on the role of social media in democratising money management and building trust and confidence amongst consumers.

And our discussion kept returning to one key obstacle: inertia.

In a world proliferating in new platforms, disruption and opportunity, mainstream interest, excitement and uptake is low. Very low.

That's despite huge investment in a simple Current Account Switch Service and a FCA commitment to Project Innovate and an experimental sandbox mentality, all in service of better options for customers.

So why does no one care enough to move their money?

We set out to uncover the root causes of customer inertia - and understand what brands can do to break it.

In 2017, we convened a round-table of interested parties, with delegates representing established banks, fintechs and regulation and teamed up with research agency Strive to study people's attitudes to fintech in depth. Through a mix of quantitative and qualitative research, conducted over the past year, we've heard what customers really think of financial providers - including some of fintech's poster children.

Our findings couldn't be more timely. The era of Open Banking is upon us. As customers, we are empowered to select the best services for our circumstances, with confidence that our data is secure. Change is here. All we need to do is make customers want it.

Our Breaking Inertia report reveals 6 fundamental customer truths from our research and 3 steps we believe are key to changing behaviour in 2018 and beyond.

We hope you'll find it valuable.

Tim Jones
MD, True Digital

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Understanding Inertia

Understanding Inertia

Inertia, n - a tendency to do nothing or to remain unchanged.

> *"Brand loyalty in financial services is almost an oxymoron. Most people stay with their bank out of inertia rather than through any genuine loyalty."*
>
> **Zoe Burns-Shore, Head of Brand Marketing, First Direct**

In 2013, a Payments Council (now part of UK Finance) study told us that UK account holders are more likely to stay with their bank – typically for 17 years (19 if you're a Scot) – than remain loyal to their husband or wife. The average British marriage lasts just 11 years and six months.

That same year, UK banks invested £750m in establishing the Current Account Switch Service (CASS) and making shifting bank accounts faster and easier.

There are around 70 million active current accounts in the UK. By September 2016, CASS reported just over 3 million successful switches - less than 5% in 3 years.

Is it a question of trust? Better the devil you know?

A decade on from the banking crisis, we know consumers are still highly sceptical of banks' motives. Yougov's 2017 International Omnibus study reported that while 36% of British consumers trust banks to work in their customers' best interests, more than half (55%) don't.

Trust requires careful handling. It takes years to build. And can be broken in seconds.

No surprise then that the FCA's 2017 Financial Lives Survey revealed 62% of people prefer to stick with a known brand. This increases to 82% of those 75 and over.

To quote Anne Boden's Starling report:

"Something is wrong when 20 million potential customers carry on as they were, while we meet in conference venues and high-end coffee shops and agree how revolutionary we are. As a fintech community we need to listen to the public without finishing their sentences. We need to understand the views and preferences of those unimpressed by our rhetoric, who do not want to join our exclusive club. We need to test whether a diverse range of customers actually agree that our work is as important as we say it is..."

> *"Surviving on support from Shoreditch when customers in Stevenage and Salford are ignored is not sustainable."*

In other words, the fintech industry is operating in a self-perpetuating bubble. One that's currently excluding customers who can't see what's in it for them – so do nothing.

What we did

What we did

In partnership with consumer behaviour research agency Strive, True set out to understand the impact of Fintech on people's attitudes to finance.

A combination of qualitative and quantitative research helped us identify and then quantify the issues.

In initial immersion sessions, Strive probed consumers' financial objectives, and the extent to which they felt that fintech businesses could meet these needs.

Subsequent quantitative research took the form of a UK wide survey with consumers who form the core target for fintechs: 18 – 55 year olds, already confident interacting digitally with their bank and using a smartphone.

Despite our focus on the fintech's likely audience, there was huge variance in people's responses. From this, Strive's experts defined a segmentation based on level of knowledge versus propensity to adopt new technology. 4 key segments emerged:

Trailblazers – the key market, knowledgeable about financial services and keen to adopt new technology

Digital natives – highly tech literate but not so knowledgeable when it comes to financial services

Detractors – financially savvy but slow to adopt new technology

Disengaged – neither embracing of technology nor confident in financial services

These sectors informed our third phase of research, this time to put the issues in context.

We invited respondents to try out a range of fintech services, so we could build on the perception issues we had identified in relation to real-world brands and services.

We defined tests that explore differences between consumer segments, and between incumbents/disruptors. The aim was to generate insight from and for all sides of the market. We used a blend of qualitative and UX techniques to interrogate journeys and digital experiences, with three particular areas of investigation:

The human brand

What did we test?

Barclays and Starling - to see what impact back story, branch network and people had on the current account switching and onboarding process.

How did we test it?

We walked people through screen grabs of the online journey to open a bank account.

Why is it important?

Reassurance is key

- People want help with user journeys
- They want to know they're doing it right
- They want to feel someone's double-checking for errors
- Someone is accountable – confidence they will be remembered
- If they change their mind they won't get 'computer says no'

The uncanny valley

What did we test?

The role that Artificial Intelligence plays in two different products in different areas: Cleo for money management and Wealthify for investments.

How did we test it?

Respondents were provided with logged-in accounts and invited to test the services and describe how they felt about their interactions.

Why is it important?

Exposure to AI isn't mainstream yet, but it will be

- It's increasingly useful for brands creating 'self-service'
- Growing familiarity in Messenger, and in the form of live chat and robo investing
- Some consumers see huge potential, others expect deterioration in customer service
- Implications for issues around human contact

Data and Privacy

What did we test?

The tolerances and tipping points of switching to a fintech brand. We compared responses to digital experiences of new and established brands. We shared stories of both – brand purpose, corporate history, size of customer base

How did we test it?

Card sorting.

Why is it important?

People only change for a service they believe is significantly better

- New brands rely on seamless service and interface – for many customers, that's not enough
- Detractors are looking for reasons not to change – smooth execution of something they don't want to do is unlikely to trigger them into market
- Many fintech brands have stories that resonate with customers – how can they take on big brands with minimal budget or social proof?

Human biases

Human biases

As a digital marketing agency with a user centred approach, we know that every research project must be viewed through the lens of human nature.

The fintech sector is at the mercy of very human traits: universal cognitive biases and emotions colour our thinking. It's impossible to understand our relationship to money, and therefore to financial products and brands, without them.

There are four major cognitive biases (or heuristics) that people bring to bear on their dealings with fintech.

We do what we've always done (status quo bias)

Call it fear of the unknown, or fear that something will go wrong. Either way, our instinct with financial products is to do as little as possible, so that nothing bad will happen. In this context it's easy to understand why so many people self-select out of the market. The more advanced or complex a product, the more pronounced the sense of risk. Investments, for example, seem the preserve of the wealthy because we assume you must be prepared to lose money. They're seen as being for people who work in the City, or enjoy a six-figure salary. For those with an average income, doing nothing can seem the smartest thing to do.

We worry we're not smart enough (self-efficacy bias)

Complexity reduces our sense of confidence too. We might lack the technical knowledge or financial acumen we assume is needed in order to understand what we're buying. This is a smart self-defence strategy. If (or when) things go wrong, we can tell ourselves it wasn't our fault.

We don't plan well (endowment effect, hyperbolic discounting)

We love short-term payoffs – we make choices based on benefit now, rather than thinking about our future selves. It's why we spend windfalls rather than invest them and why so few of us have decent pensions.

The endowment effect is the tendency to demand more to give up an object than you would pay to acquire it. It's why you always think the car you're selling is worth more than you get.

Loans, for example, seem brilliant, because we get the money now and paying it back seems a long way off, with repayments small enough to seem invisible. But investments, which would benefit us more, take our money from us now and promise relatively little in return. No wonder inertia rules.

We find fixed ideas comforting (anchor bias)

We all have 'mental models' – assumptions about the way things are. They are often fixed with first experience and are hard to change. New ideas that challenge our anchors encounter resistance. The classic example is the bank branch. For many, banks are high-street signals of an identity you acquire at early age. New, mobile-only entrants have to fight this mental model, regardless of whether prospects use branches.

Smartphones were universal in our survey sample, with 78% agreeing that apps make it easier to engage with brands. However, only half of our sample had ever used their bank's app to complete basic banking tasks.

There is a sense of apathy in the lack of consumer interest in new financial services developments. It's not an industry people feel they need to be constantly up-to-date with. At least, not yet.

Our findings

Our findings

These six headlines represent the major themes that emerged from our research.

#1

People aren't that pissed off with their banks

#2

People are still cynical about FS providers

#3

Disruption alone is not a benefit for most people

#4

Even brilliant UX is not enough for most to switch

#5

Branches don't keep people, people do

#6

Money talks, still

Headline #1

People aren't that pissed off with their banks

They really aren't. Despite what we may think, the crash of 2008/9 and the subsequent cynicism people feel towards financial institutions does not appear to be enough to convince them to take their business elsewhere.

This isn't laziness. It's often a positive choice to do nothing. 86% of respondents in our quant survey rated their bank 7/10 or more for satisfaction. 58% agreed with the statement "there is little to be gained from switching banks."

> *"It's OK, I'm not sure there is anything better"*
>
> **Keith, 48, Detractor**

There's a few factors at work here. Awareness is a problem; not everyone is that familiar with the new players entering the market. But it's slightly more nuanced than that. People seem to be aware of the disruption taking place, and see the decline of the traditional banks as inevitable. A considerable 41% assume the banks won't exist in 20 years. Not only that, people are open to new providers: 69% agree "if a financial product offers a clear benefit (e.g. lower fees) I'd consider it regardless of who was offering it."

However, for now, it seems the trust is with established providers. When asked to give their view on how the finance sector might incorporate technology innovations, 13% suggested 'big tech' (the likes of Amazon and Google) would enter the category, 28% said the growth of online-only banks would be the main source of change, but more than both combined – 58% - said the big banks should acquire fintech start-ups.

In December 2017, HSBC CEO Stuart Gulliver talked about investing in building fintech capability:

"All of the bank CEOs are enthusiastic purchasers of fintech capability, because the fintech industry almost represents a supermarket to purchase from. We've brought in facial recognition technology, vocal recognition technology, machine learning—all of this stuff we have brought in from inside."

Perhaps because it's the most familiar option, or perhaps because it asks the least change of them, it seems this is what consumers would like to see happen.

How should the finance sector incorporate tech innovation?

Banks acquire fintech start ups

58%

Growth of new online-only banks

28%

Big tech enters FS

13%

Headline #2

People are still cynical about FS providers

Just because bank-led fintech solutions seem the most obvious – or easiest – scenario for customers, it doesn't mean they are full of warmth for financial institutions. Many feel exposed when it comes to money, worrying that FS brands seeking to win their custom will say or do whatever they need to do to get it.

> *"Everyone in finance is out to get me"*
>
> **Cenzina, 30, Disengaged**

Inertia is partly a consequence of the fear people have about making the wrong decision. When it's this easy to go wrong, doing nothing is often the easiest way to feel smart. Painting financial services providers as the enemy is a very human response to feelings of inadequacy and lack of confidence.

It's also a logical response to the image created for financial brands in culture. From PPI to money laundering to the need for a forensic and newly powerful Financial Conduct Authority, the norm is bad news. While that's not enough to encourage swathes of customers to look elsewhere, it is enough to leave them with a feeling of mistrust.

And if people feel uncertain about businesses in the world of 'fin', the 'tech' players aren't helping. Thanks to Apple, Google, Amazon, Uber et al, tax, privacy and employer practices are all on people's radar.

It's in this context that people are hearing about Open Banking. The changes make sense to respondents from all quarters of our segmentation. People expect better products, and lower costs. But they worry about the price at which both will come. Are they handing control back to the providers? Will the providers do what's best for them? Is it, in short, another opportunity to sell more stuff?

More than ever, reassurance remains the dominant need for people throughout the journey.

Headline #3

Disruption alone is not a benefit for most people

As Anne Boden pointed out, the Fintech industry can be a bubble. Founders of fintech start-ups are frequently escapees, determined to rid themselves of the habits of large-scale banking to create something leaner, something more customer-focused, something new. They envision a world where technology enables change and empowers people, and isn't hindered by legacy systems and processes. But while the outside world might find these smaller players interesting, their mere existence is not enough to get customers to switch.

> *"What's actually in it for me?"*
>
> **Claire, 34, Trailblazer**

People's responses to new players suggests that the surge in tech-driven ideas doesn't transcend the need to address some age-old questions. Is the offer better than what I already have? What makes it different? Does it deliver on what it promises?

A clear proposition, built on identified and unmet need, still beats a service that claims revolutionary status but has little relevance to people's lives.

Introduced to Starling Bank and the AI money management service, Cleo, most respondents still needed more convincing. The question that kept recurring: what's in it for me? While its offer is clear, Cleo's 'money management' proposition holds limited appeal. Older audiences found it unnecessary – budgeting is something they've always done – and some younger respondents found it alienating.

Headline #4

Even brilliant UX is not enough for most to switch

Disruptors understand the value of an effortless user interface. Cleo integrates with Facebook Messenger, making it easy to interact with. Wealthify uses responsive buttons and sliders to put the user in control and help them visualise the impact of multiple variables on fund performance.

The effect was most marked when we showed respondents current account sign-up journeys for two banks, Barclays and Starling. People were overwhelmingly positive about the Starling experience. They found the switching journey seamless. The multiple steps for verification (text, app, facial recognition) left them feeling secure without having to leave their phone.

In contrast, Barclays was clunky, repetitive and difficult to navigate. Yet, despite the universal preference for Starling, not one respondent said they intended to take out an account.

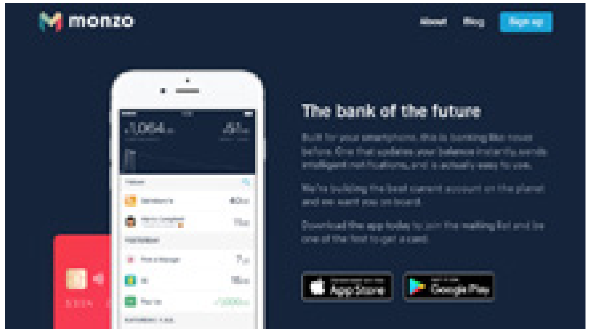
> *"It's obviously a better way to do things, but…"*
>
> **Richard, 42, Trailblazer**

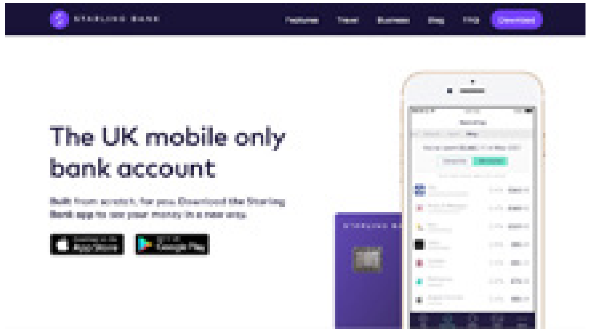
Great UX is, well, great, but it's no substitute for an insight-led proposition that addresses an unmet need. People expect the heritage providers will catch up. Poor usability is undoubtedly seen as negative. But good usability isn't enough of a positive.

Another frequent complaint in this category is that 'everyone is the same'. Starling Bank and others such as Atom and Monzo, loudly trumpet their difference from the rest of the market, yet do so with a brand and UX approach that makes it increasingly difficult to tell them apart.

As a discipline, UX tends towards the singular. It is the art of best practice, and under-utilised as a branding tool. Brands that harness the power of journeys and interactions to reinforce their proposition, rather than conform to expectations, could be more likely to stand out from their competitors.

'Everyone is the same'





Headline #5

Branches don't keep people, people do

The current account journey for Barclays demands people visit a branch. On the surface, this should be an inconvenience. However, the availability of a branch network is often cited as a reason not to switch. It's deeply felt. People's desire for a branch is a great example of a mental model. It still defines for many their idea of what a bank is. Frequently reminding people that you offer something people value and find familiar is sensible.

"I wouldn't have been able to do it, without sitting down with someone and talking about it"

Richard, 54, Disengaged

When people talk about a branch, it's likely they really mean something else. Mostly, people don't want to use them, rarely have to, and the prospect of having to do so isn't particularly appealing. Yet everyone we spoke to in our research could point to an experience where one-to-one contact had proved invaluable. Help from a real person, and support when something goes wrong, are core elements of what anchors people to a bank.

The prospect of cutting themselves off from that in the future feels unwise. Our mainstream audience need to know that support – and accountable support at that – will be available, easily, when they need it. Every customer wants a return path and a human at the end of it. A brand buries that reassurance at its peril.

Headline #6

Money talks, still

Remember the cognitive bias about short term thinking? This is where it makes itself felt.

Respondents look at what's on offer and, unable to see anything sufficiently compelling or different, follow the money. Incentives remain the strongest driver of behaviour change, perhaps because they remain the currency of the market. People have been taught to expect a financial reward, and the market is biased towards those who can afford to offer them.

> *"But my bank pays me £5 a month just for paying in my salary...."*
>
> **Georgia, 25, Trailblazer**

Our respondents instinctively look for cash back, lower fees, better rates. Anything that suggests 'gain' to offset the hassle and potential pain of switching. The rewards they get from their current products are enough to stop them moving. They tend to be triggered into market by a series of bad experiences from their current provider, rather than a more appealing offer from somewhere else.

Cheaper fees still the prime motivation

Importance in driving consideration of a new digital provider.

37% – cheaper fees and charges

Financial savings are the tangible benefit consumers are looking for.

22% – Superior customer data security

12% – A better online and mobile experience

A better customer experience will not drive change on its own.

9% – A wide range of products

9% – Personal advice

7% – Quick applications and approvals

5% – Uses the latest tech

And technology for its own sake has little impact.

There is hope for new entrants though. Consumers see high street banks as providers of the best financial advice. New digital providers or big tech businesses can't compete. Yet when it comes to fees or charges, the playing field is levelled. People are just as ready to accept competitive pricing from fintech brands as they are from high street banks. Perhaps it could prove an easier territory in which to compete.

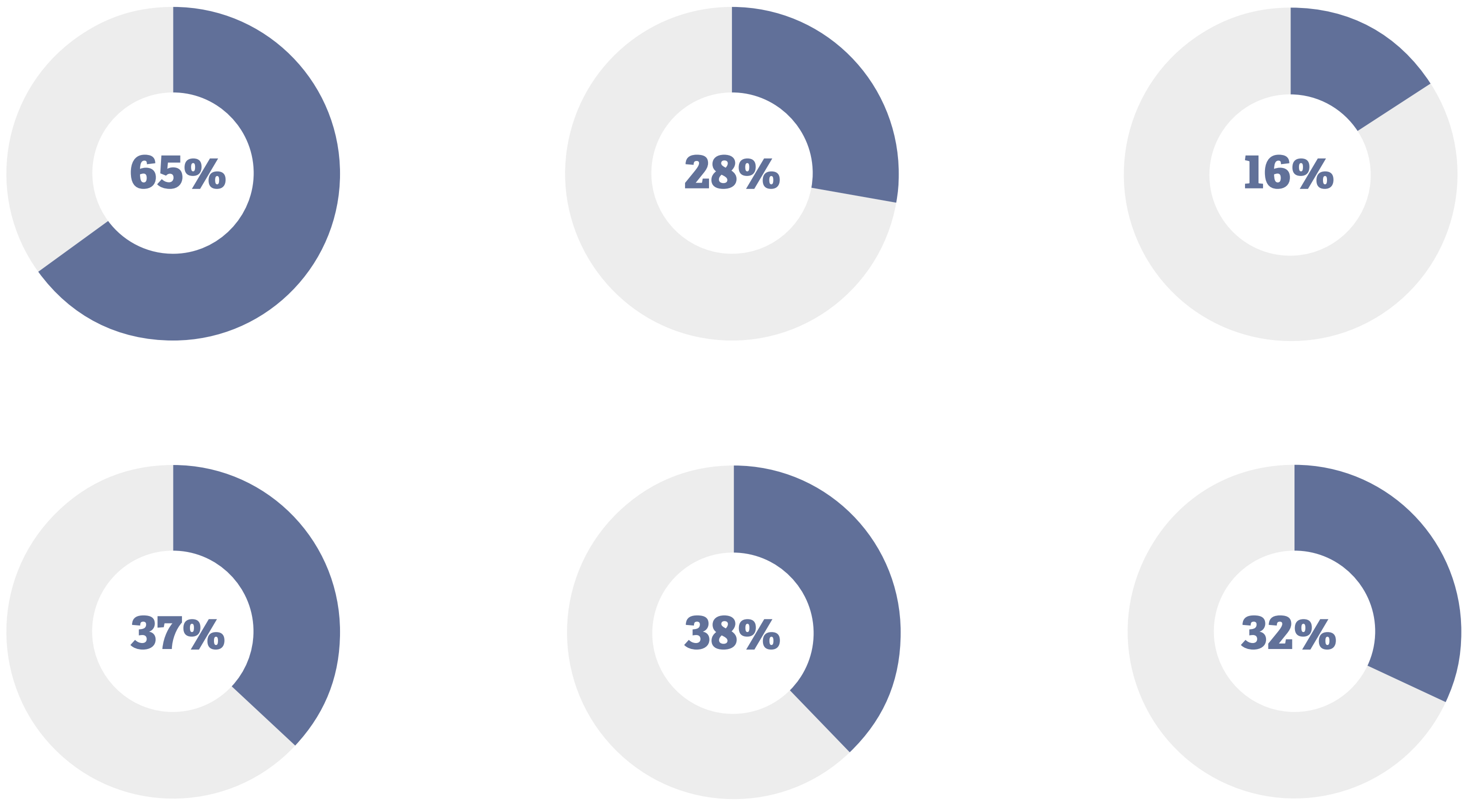
High street banks

New digital providers

Big tech

Which do you think offers high quality financial advice?

Which do you think offers the most competitive fees / charges?



Summary

Six deceptively simple statements, combining to create stagnation.

People don't switch because it feels like work with little to gain. Few like or even trust their current providers, but untried options are just that – potentially appealing, but untried.

Respondents like services that add genuine value, not just in a user experience that reduces friction, or a digital brand that makes them feel modern, but a core proposition that matters to them. Its 'what' and 'why' as well as its 'how'.

That's not to say people assess every offer objectively and fairly, of course. They still bring unfair baggage or a bias they can't necessarily tell you about.

Fintech brands that understand these biases can frame their offer in response. Reassure people with the easy availability of human contact. Overcome their cynicism by showing, not telling, how you're different. If you're on a mission, ask them to join you.

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Three steps to changing behaviour

Three steps to changing behaviour

Our inertia research, combined with our proven expertise in designing persuasive customer experiences for clients in every sector, leads us to believe that the key to changing behaviour has just 3 simple steps.

1 **Define a compelling benefit or need, based on a genuine insight into people's behaviour**

2 **Provide reassurance that the provider is legitimate, secure, and worth the effort**

3 **Seal the deal, if necessary, with value-adding incentives**

1. A compelling benefit or need

Take robo investment service, Wealthify. A True client, Wealthify was built on a clear principle: to enable investment where previously it was inaccessible and expensive.

At a time when savings rates are negligible, it brings a compelling benefit to a lot of people.

Revolut – the fee-free currency exchange service had the same effect.

The feedback to Starling and Cleo was less clear-cut. Many people love their services, but can't necessarily see why it's right or better for them.

Feedback from our research suggests that customer benefits might fall into three areas:

Allowing people to do something they've not been able to do before
E.g. Invest, spend abroad conveniently, access their account details more easily.

Being really useful
What is useful for one group may not appeal to others. Money management, for example, doesn't have the universal appeal you might assume. Categorisation of spending can be problematic. However, most like seeing real time balances, alongside transparency and simplicity in how services work.

Delivering on promised benefits, without a catch
This weighed on people's minds. People assume benefits are exclusive, or incentives are for more affluent people. Or that some offers are just too good to be true.

2. Reassurance about you as a provider

Money is emotive. People are emotional beings. When weighing up a new service, the over-riding emotional need is for reassurance. If you are new to the market, that reassurance needs to balance the risk of leaving a decades-old company that has survived world-wars.

People's first instinct is to look for 3rd party recommendations. Martin Lewis is ideal. though regulators also count. Word of mouth is disproportionately effective – if someone they know is already using a product, usage can become contagious. Offering trials can be a great way to gain traction.

It's important to have a history. This might be based in your brand purpose – the punchier the better. Or it could be a way of showing solidity, e.g. backtesting your approach to investing or showing that your investments are backed by big, solid names. Revolut is very vocal about its customer base – what else can you do to provide the appearance of popularity?

Simplicity is good, complexity puts people off. It's important to strike a balance with transparency – people are concerned if they feel key information is hidden away. Building in some sort of guarantee or an easy way to get out demonstrates faith in your own product.

Beware raising a problem that doesn't exist. Cleo says users are covered (for hacking etc) up to £50k. Even those who never intend to hold that much money in their account feel suspicious that security is limited. When people are in 'reassurance mode' this kind of issue can put them off.

Beware 'mobile only'. It can make people feel that their issues will be downsized along with their screens. Some people like to be able to sit down with their finances in front of a 'proper' screen.

The finance and tech sectors have not covered themselves in glory with PPI, privacy and sexual harassment issues. Cynicism abounds, so clarity on what you are doing to combat or oppose issues like this would be well received. If you have a socially responsible stance or an ethical cause, make sure people know about it.

3. Incentivise, if you need to

If you get the first two right, this one may not be required. Incentives that add value will do more for your offer than discounting for customer acquisition. Incentivising people who use and love your service to spread the word and evangelise on your behalf can help you gain real momentum.

What next

What next

Throughout 2018 and beyond, True and Strive will be working with financial services clients to deliver on the promise of Open Banking and develop propositions, products and services that answer a real customer need.

Together, we'll be pushing for a user-first approach that begins with three key decisions:

Be clear what your brand stands for
A clear purpose brings clarity to messaging, to the experience customers have, and to why anyone should choose your product or service. Make this your foundation, and live and breathe your purpose in everything you do and say.

Understand what customers worry about
Do your research. Meet with your customers. Find out what's missing, not just from your service but their lives. Research the problem first, not the solution. Assessing analytics and optimising conversion rates will help you improve what's there, but never stop investigating other ways to be useful – new unmet needs to address, new benefits to articulate.

Know what behaviour you want to see
Then think about how you're going to motivate that behaviour, with careful consideration of the biases that being human brings. Don't get carried away with what's new and exciting about you – think hard about why anyone should care. Then bring your benefit to life in a way people will see, share and respond to.

These are the things that bring us to work with a smile every day. If you'd like to talk to us about helping your brand break inertia, we'd love to hear from you.

To discuss any of the information in this report, please contact **Bertie Rogers** at **True**

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About True

True is a full service digital marketing agency helping brands profit from the limitless possibilities of digital. We specialise in brand building experiences (including websites, apps, digital out of home and chatbots) and results driven marketing campaigns (in search, social and paid media).

About Strive

Strive is a consumer research consultancy that uses the full range of research approaches (qualitative, quantitative, big data) to deliver insight that drives realistic, tangible, and new commercial opportunities for clients across the globe.

Case studies

Wealthify: inventing a digital brand

With brands needing more digital touch points to serve their customers, the key to 'sticky' experiences that genuinely add value is to fuse digital and brand thinking.

It probably wasn't advertising that introduced you to Spotify, or, for that matter, to Airbnb, Uber, Ebay or Facebook. Nor, I bet, was it why you recommended them to friends.

No, what turns us into customers and advocates of these services – what helps these brands grow – is the power of the product experience. This is not new. Ask John Lewis, or any car manufacturer. They don't just weave a brand into customer's experience of a brilliant product, they conjure the brand from it too. Spotify, Airbnb et al have taken this to the next level, supercharging the alchemy of brand and product thinking, and using it to infiltrate our lives. Theirs are brand experiences fine-tuned to shape our behaviour and incentivise its repetition over and over again. Brands built not on a promise, but on repeated, rewarding interactions.

This digital 'stickiness' has shifted people's attention online. Brands compete with digital platforms that are as addictive as they are useful, and since digital touch points are frequently the first or main interaction companies have with a customer, compete they must. That's why new brands think digital first, many turning to digital agencies to define the look, feel and behaviour of their brands: Collins for Spotify, DesignStudio for Airbnb, Gretel for Netflix. Gone are flat brand guidelines, in their place a mindset that contends with a moving web, where attention is hard to earn and even harder to keep.

The model of digital brand experience means thinking in more dimensions – how a brand moves as well as how it looks and sounds – and over time, considering the impact of multiple contexts and market developments. Strategy, design and technology work together to create a coherent, yet endlessly evolving, brand experience.

We should embrace these challenges. Gaining people's attention, creating value for money, defining a brand's essence and digital product together – these are briefs to envy. Digital thinking has always shaped how people interact with a brand, in different places and for different reasons. Now, it defines how a brand takes shape in the world.

In digital, the product is the experience is the brand. You do the hard work so your customers don't have to. For Wealthify, we harnessed this to create a brand from scratch. We had no advertising or media, but post-launch the business attracted £1.4m in Seedrs crowdfunding. Techworld has since named it one of the top 10 fintech startups to watch.

Our aim was a brand experience worthy of its ambition to make wealth management accessible to everyone, not just the wealthy. That egalitarian purpose served as our inspiration. Apart from the name and the founders' automated investment engine, it was all we had.

Investment favours the wealthy – it's risky and few of us are experts. And the 'know-how' you need doesn't come cheap. We saw Wealthify as a powerful democratising force that could make the complex simple and the exclusive accessible. Our model was other platforms that used brilliant product experience to simplify complex skills. Instagram for photography. Pinterest for interior design. Airbnb for cool places to stay. Each made us feel like instant experts, and we wanted this feeling for Wealthify, since confidence is a rare commodity in finance. People find investment scary and confusing. As a result, inertia rules. When it's this easy to get it wrong, doing nothing is the easiest way to feel smart.

Wealthify represented a better way. We defined the brand experience as the shortcut to smart - a single-minded journey accelerating users from a place where they knew nothing about Wealthify, to one where they felt willing to invest.

That meant no jargon, no complex processes, no percentage points and graphs. Just small, achievable tasks – it makes things easier and, besides, the brain loves them. Questions that are easy to answer. Subtle navigation cues to prompt interaction. Sliders for every variable. Animation to speed up waiting time. Every interaction designed to reward.

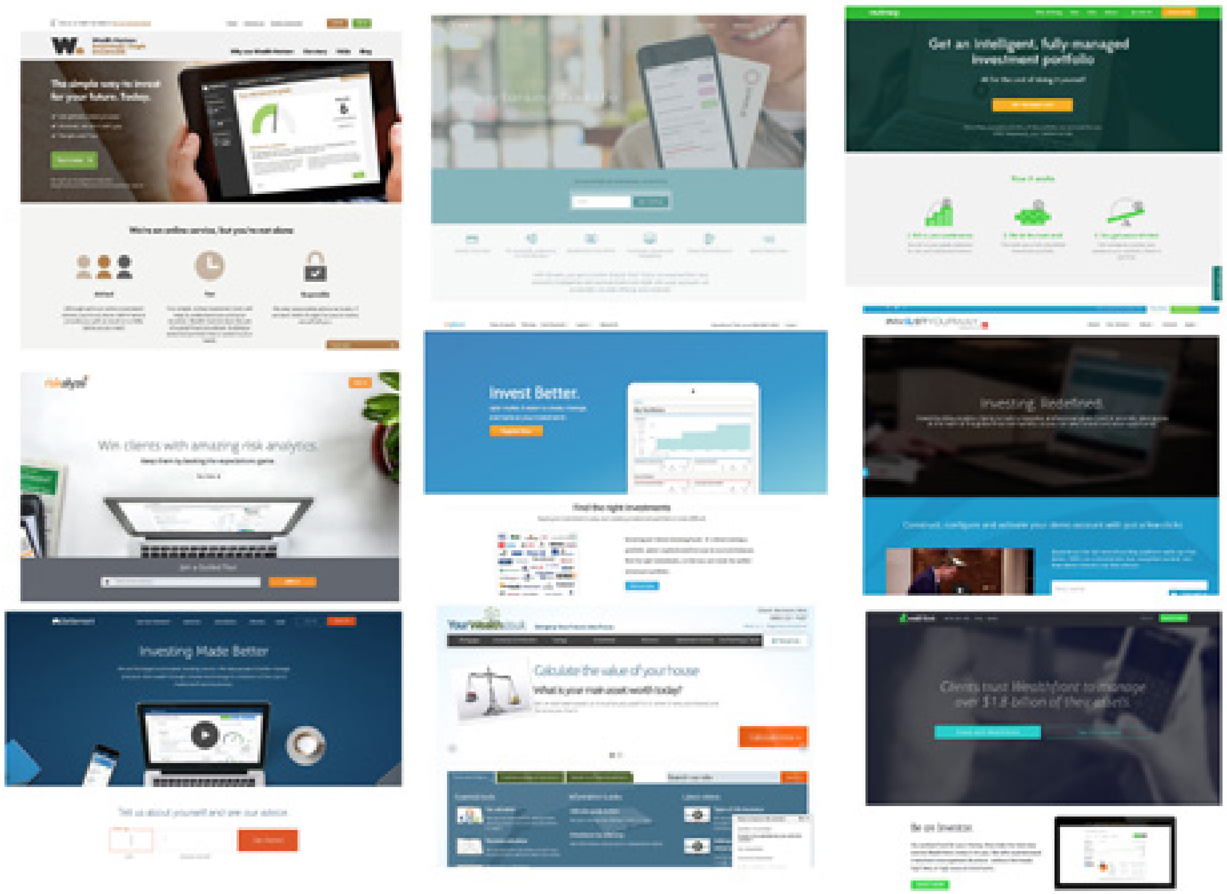
We worked closely with the FCA and Wealthify's compliance team to put users in the driver's seat, while still putting the brand's proprietary technology – its carefully constructed algorithm for each risk level – front and centre. We turned them into risk profiles, letting people self-identify on a scale from cautious to adventurous, before embedding them as the W logo's building blocks

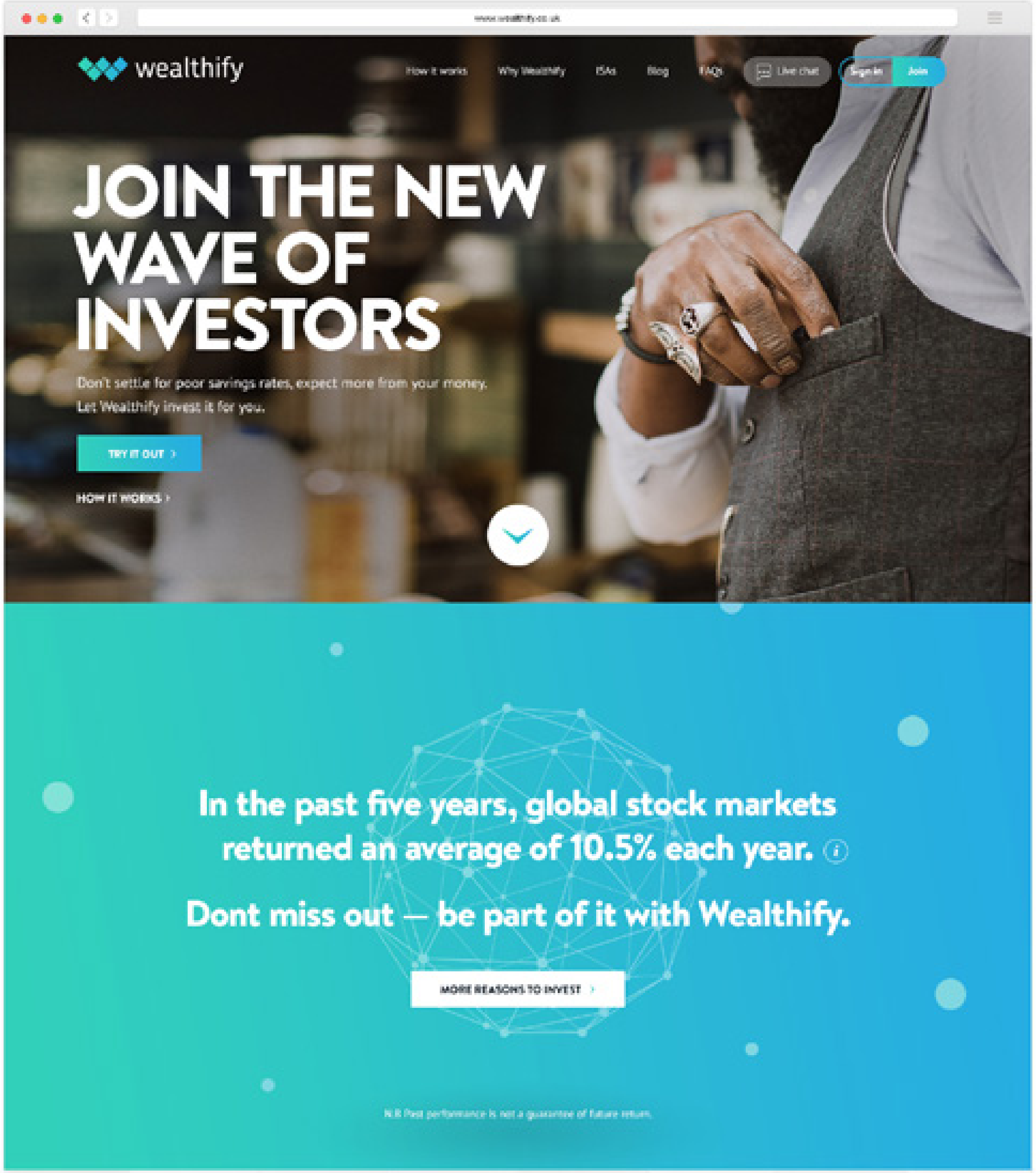
Standing out visually was relatively easy. Websites in the sector are clinical, dull, with too many words.

Wealthify is upbeat and colourful. Its visual identity is bold, idiosyncratic and defiantly for the people. Proud to be part of a new wave of investors, speaking in simple, natural language.

It worked. At launch, a third of people who left an email invested, helping the platform achieve a £1m target within two months and a rating of 4.48/5 on reviews.co.uk. In the first year Wealthify grew from three people to thirteen, launched its mobile app and won two Digital CX Innovation awards (Financial Services and the at 2016 Digital Experience, beating LV and Nationwide).

Wealthify now makes more people's money work harder. Its brand experience works hard to make that easy.

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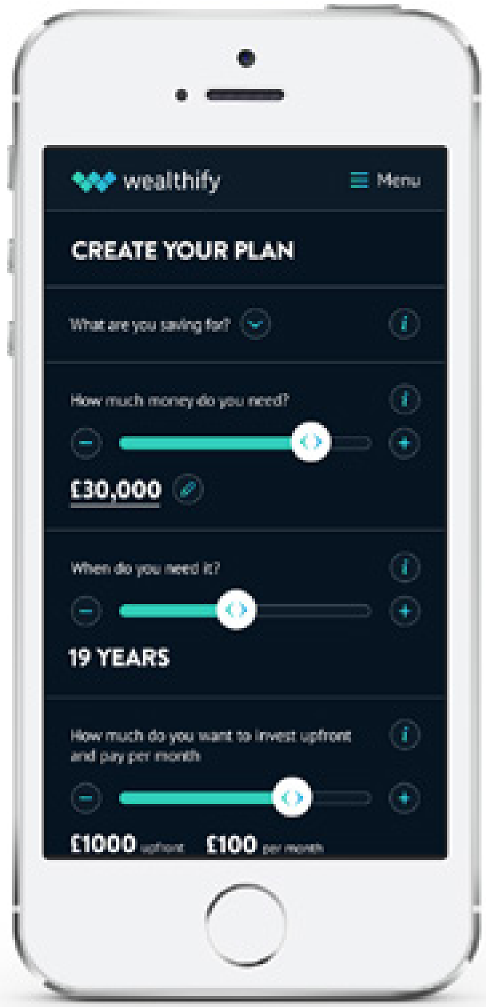
In the past five years, global stock markets returned an average of 10.5% each year.
Dont miss out — be part of it with Wealthify.
MORE REASONS TO INVEST
N.B Past performance is not a guarantee of future return.


wealthify
Menu
CREATE YOUR PLAN
What are you saving for?
How much money do you need?
£30,000
When do you need it?
19 YEARS
How much do you want to invest upfront and pay per month
£1000 upfront
£100 per month

Triodos: banking for good

Triodos Bank's new sustainable current account is proving that apathy for current account switching can be overcome by social purpose.

Triodos Bank is a global pioneer in sustainable banking, using the power of finance to invest in projects that are good for people and the planet. Their brand is built on the belief that banking can, and should, be a powerful force for good, serving individuals and communities and contributing to a more sustainable society.

The Triodos Current Account is the most sustainable personal current account ever brought to the UK market. Alongside the sustainability credentials of the bank and the organisations it lends to, customers get an eco-friendly contactless Debit Mastercard made from renewable resources.

In a direct challenge to the current 'free-if-in-credit' model of banking, a Triodos current account has a £3 per month service charge. Free current accounts are often subsidised with high penalty charges and hidden fees, so the most vulnerable customers, or those making a miscalculation with the household finances, end up paying an exorbitant price. Triodos has no unarranged overdrafts, removing the risk of high penalty fees.

The new account launched in April 2017 to high demand, proving that some conscious consumers are inspired to overcome inertia and switch their bank.

The motivation Triodos is providing is much needed. BACS figures for the Current Account Switch Service (CASS) in October 2017 reported that only 0.31% of current account customers switched banks in the last quarter. That's just 217,816 switches in three months - from over 70 million active UK current accounts.

Awareness of CASS is 78% , but only 35% of British consumers believe that banks work in their best interest. There's a high level of apathy in the market, which means that older and larger banks don't need to work very hard to gain and keep customers.

Yet consumers are more than willing to switch other services that align with their personal values. This is particularly true in household utilities. In 2016, almost 4.5 million customers switched electricity providers – that's 16% of the market. The most recent figures indicate that renewable energy is growing at a rate of 6.9%. It is clear that customers are motivated to switch for ethical reasons.

The growing demand from people recognising that they have the power to consciously choose where to put their money is leading to more transparency and choice – and the understanding that there are other options.

Triodos believe this is a positive step-change in the financial industry. By only lending to organisations that are making a positive social, environmental or cultural impact, they make sure that the money their customers entrust to them is working to create a better world. They publish details of every organisation they lend to on their website in an interactive tool called Know Where Your Money Goes (www.knowwheryourmoneygoes.co.uk).

As a result, the bank, the customer, the community and the environment all see real returns.

Take Karn Shah, 28 from Bristol. Discovering that most banks invest in fossil fuels, arms and other things he doesn't want his money to support, Karn decided to look for alternatives. After some research, he moved from NatWest to Triodos and is now happy to see his money being lent to the sectors he cares most about – renewable energy, green public transport, urban regeneration and supporting healthy businesses.

> *"The current banking sector has got a lot of work to do"*

"The current banking sector has got a lot of work to do. It started as something good to help people manage their money. Now it's evolved into a money-making machine. Triodos Bank offers a unique type of ethical banking supporting pioneering companies that steer clear of harming the planet."

Eilidh Sinclair, 30 from Glasgow, agrees. She used the Current Account Switch Service and found it easy to make the change to Triodos:

"I now know enough about the world that I'm willing to go the extra mile as long as the result is a better outcome for the environment or society. I've been looking for a bank that reflects these values for a long time, and when I heard about the new Triodos current account I jumped at it. Now every time I use my debit card I am reminded of how money can actually have a positive impact. I think many people just stick with the bank account they've had since they were a kid. Once you start to think about what your bank is doing with your money it makes you question things a bit more and I think it will motivate more people to switch."

Bevis Watts, Managing Director of Triodos Bank UK says: "The response we've had to our new current account indicates that people are motivated to switch banks—they just needed a bank to reflect their values. For many years now, consumers have had the opportunity to align their values with the food they choose to buy, the transport they take, and the energy they consume. Now they have that choice with their daily finances. Switchers to Triodos know that we are completely transparent about where we lend their money, and that it is working towards positive social, cultural, and environmental change.

> *"People will change their behaviour, but only for things that are meaningful for them."*

"The current account market is dominated by a small number of large banks and people aren't motivated by small differences in traditional product offerings. We want people to really think about what their bank is doing with their money. Money doesn't have to be invested in the arms trade, fossil fuels and tobacco - it can be used to do good and help build the society we want to live in. People will change their behaviour, but only for things that are meaningful for them."

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FS Voices

FS Voices

We asked three financial services experts to share their views and opinions on breaking inertia. Here's what Neil Costello, Head of Marketing at Atom, Adrian Shedden, Consultant Solicitor for Fintech and Emma Stacey, Senior Marketing Manager at TSB had to say, faced with our 7 burning questions.

1. 10 years after the banking crisis, the UK banking sector is still working to rebuild trust. The fintech revolution means people have more choice, more opportunity to make banking easier and really take control of their finances. So why aren't people moving to new, customer centric banking propositions like Atom and Starling in droves?

(NC) There are 2 key reasons. One is low awareness of the fintechs outside of those people who are happy to try out new app based financial services brands. The fintechs currently really only target those that are already digital natives without the need and expense of broader brand building activity such as TV and outdoor advertising. The second is that attitudinal research shows that when it comes to mobile banking the majority of people don't yet believe the advantages of these services outweigh security concerns they have. Innovations in fintech are yet to reach the mainstream as consumers stick to what they know best.

(AS) Customers haven't been shown the benefits of moving to something new or, where they have, the benefit doesn't outweigh the perceived hassle. People are getting conflicting messages - for example, credit scoring means people see there's value in maintaining a long relationship with a financial provider and not switching all the time. The Current Account Switching Service put a lot of effort into getting the ease of switching message across but no one has tackled the price or pain of not making a change. No one is demonstrating effectively what you might be missing out on. The average UK person doesn't differentiate beyond promotional offers and they know those come and go and are not at a price point that matters to them.

(ES) Statistically, you are more likely to leave a long term partner than you are your bank. It's interesting that people are less willing to break free from their banking relationship than they are their significant other. Beliefs that switching is too difficult, or too risky along with perception that banks are all the same seems to stop people making the change in the volumes we would expect when there are real alternatives available.

2. How do you think we can make customers as excited as the industry is about fintech?

(NC) It will come particularly as the younger generations continue to adopt the services the industry is providing more so than generations who continue to put their faith in familiarity despite reputational damage in the broader financial services sector over recent years. We do have to be realistic in the short term as the role fintechs play in the large financial markets will still remain relatively small.

(AS) Finance doesn't need to be exciting, it just needs to work. Instead of bundling and bloating offers packed with services they don't need, allow customer needs to take the lead. Show people how the market is evolving by giving them options and incentives. Whilst they have their flaws, ICO and Blockchain have seen significant uptake without customers really understanding the landscape, through tiny investments where they start to see the benefits without having to jump wholesale to something new.

(ES) Excitement will be a result of customers really seeing and feeling the benefits within their day to day encounters with the banking industry. Being able to manage your money online is now considered the norm, so innovation needs to show real benefits; whether that is speed, efficiency or control. When customers start to feel the benefits, excitement will follow.

3. What can fintechs do to build trust and confidence more quickly?

(NC) Continue to do exactly what they're doing so existing customers share experiences of the fintechs more and more. Drive innovation. Promote convenience and security. Empower customers with the control their propositions give and continue to educate about the opportunities.

(AS) The financial literacy aspect is important – we need to address the pain the customers are suffering and bring home the pain-relieving difference an alternative can give, MSE style. This requires a wholesale education and shift of mentality from short-term to longer-term thinking and awareness.

(ES) Transparency is key to building customer trust. Some of the fintechs have built strong customer communities through being transparent, which they have then been able to use to strengthen their propositions.

4. How important do you feel the branch network and personal relationships are in banking?

(NC) For major financial decisions the high street personal approach will continue to be the preference for many. That being said robo-advice and video calling services, for example, can help bridge the gap between the challengers who are digital and mobile only and in-branch experiences.

(AS) No one really wants to talk to their bank or the person who's transferring money – most just want it done. Banks will have to look at social science to really understand human needs and what it takes to solve them. This view will influence whether banks are relegated to dumb pipes, the extent to which they harness AI and whether it is cost effective to maintain a physical presence or whether it is better to use other infrastructure for presence, such as post offices (for example, for people who find interacting with tech more difficult, eg some older people).

(ES) Whenever you think about banking, it's really important to remember that we're actually talking about people's money, and that is at the forefront of most people's lives. People are entrusting people with their money and so it's hugely personal. So even if people want the convenience of being able to manage their money digitally, the human element of the banking relationship is still important. People want to know that they are more than just an account number and that decisions are based on more than just algorithm. The branch network still has an important role to play at reassuring customers that the human element is still intrinsic to the bank and supporting customers who still want a face to face banking relationship.

5. What effect do you think PSD2 will have?

(NC) A difficult one to predict. Customers will only be persuaded to opt into sharing their financial data in return for very clear incentives or benefits. Education will be key here and I believe will need broader media coverage fuelled by the government in the spirit of the campaigns to raise awareness of auto-enrolment in the pensions sector. Once customers see and experience the financial value of centralising their data more widespread adoption will occur.

(AS) It had the potential to really make a significant impact, though that was somewhat dampened by significant incumbent lobbying. That said, the full extent will only be seen in the years after PSD2 comes into force and creativity fuels new business models that create new cars and not just faster horses.

6. What do you think is the single most important factor in breaking inertia in financial services?

(NC) The interest that younger generations have in new, innovative, digital services. Before long it will become the norm to expect to send and receive money via messaging apps for example. As trust builds in fintech brands users will become less afraid and will become confident in sharing information across financial services provider and the fact is that younger generations are most open to it.

(AS) The single most important factor in breaking inertia will be radical simplification leading to fewer financial services, not more. The Paul Mason post-capitalist view suggests needs-based services rather than just more and more product options.

In a saturated market, financial institutions will seek to create new markets or new demand to provide a service - the question is whether that service actually is satisfies a human need (and will therefore be more likely to break inertia) or whether it is just another fierce product sale for shareholder profits that people will see right through as another iteration of something they already have.

(ES) Helping people understand that they don't have to stay with their current bank and just accept the status quo – they deserve better and there are alternatives which are easily accessible.

7. Finally, what fintech app or services do you use? Is there one you couldn't live without? If so, what? And why?

(NC) Starling Bank would be the one at he moment. Recently moved to them and love the way it brings you more in touch with spending patterns and behaviours. As their marketplace opens you can see a future where all financial transactions could sit in one place.

(AS) You can always do without things – that's the point. That's why there's inertia. I like Bristol-based Moneyhub, but I could live without it. I really love Cuvva – a Barclays Accelerator project that integrates with the DVLA to allow you to insure cars for short periods of time and onboards you in minutes. It's so easy, I love the way it works. I also like Secco Aura and the way they are trying to develop reputational economics and put data back in the control of the people who originate it.

(ES) The TSB mobile app of course!

If you'd like to add your voice to the debate and answer our 7 questions, we'd love to hear your views. Please email **Fiona.weller@truedigital.co.uk**