

### **Early Adopters Enjoy Branchless Banking but Represent Only a Fraction of Retail Bank Deposits, J.D. Power Finds**

**COSTA MESA, Calif.: 29 June 2017** — Direct banks are emerging as an increasingly significant threat to traditional banks. These institutions, which lack a physical bank branch, are scoring high marks for customer satisfaction, advocacy and loyalty, according to the J.D. Power 2017 U.S. Direct Banking Satisfaction Study,<sup>SM</sup> released today. In fact, overall satisfaction scores for direct banks are higher than those for traditional retail banks, though they currently represent just 6% of total bank deposits in the United States.

The inaugural study measures overall satisfaction with direct banks based on five factors (in order of importance): channel activities; products and fees; communication; new account opening; and problem resolution.

“Consistent with the trends we’ve seen in mobile banking, customers who take the leap of faith with branchless banking are having very favorable experiences,” said **Bob Neuhaus, financial services consultant at J.D. Power**. “Look for continued rapid growth from branchless banks and expansion of branchless strategies from traditional banks, especially outside of their branch footprints.”

#### **Key Findings**

- **Direct banks outperform traditional retail banks:** The overall satisfaction score for direct banks is 865 (on a 1,000-point scale), which is 49 points higher than the overall satisfaction score of traditional branch-based retail banks in the J.D. Power 2017 U.S. Retail Banking Satisfaction Study.<sup>SM</sup> Direct banks also perform well vs. retail banks with respect to advocacy and loyalty, with 76% of direct bank customers saying they “definitely will” recommend their bank and 72% saying they “definitely will” reuse their bank. These compare with just 57% and 56%, respectively, among traditional bank customers.
- **Rapid growth in an emerging market:** Over the past three years, direct banks have increased deposits by 31%, with a great deal of that growth coming organically in the form of new deposit accounts, which are up 29% over the same period. However, direct banks currently represent just 6% of total deposits in the country.
- **Direct banking customers are educated, wealthy and young:** From a demographic perspective, 67% of direct bank customers have a bachelor’s degree or higher; 65% are either mass affluent<sup>1</sup> or affluent; and their average age is 47. Direct banks also have a greater number of minority customers than traditional banks and their customers are more likely to be employed full-time.

---

<sup>1</sup> An affluent individual is defined as someone with an annual income of \$150,000 or more and investable assets of \$250,000 or more. A mass affluent individual has an income of \$150,000 or more and investable assets less than \$250,000 or has an income less than \$150,000 and investable assets of \$100,000 or more.

## Study Rankings

**Capital One 360** ranks highest in overall satisfaction with a score of 882 and has the lowest incidence of ATM fees; overdraft fees; and fee structure changes of all direct banks in the study. Also, Capital One 360 receives particularly high ratings for ease of navigating and appearance for both online and mobile platforms.

**Discover Bank** ranks second with a score of 869. **E\*TRADE Bank** ranks third with a score of 868. Illustrating the tight competition in the mobile app space, just 59 index points separate the highest- and lowest-ranked performers in the study.

The 2017 U.S. Direct Banking Satisfaction Study is based on responses from 2,629 direct bank customers nationwide. The study was fielded in April 2017.

To learn more about the U.S. Direct Banking Satisfaction Study, visit <http://www.jdpower.com/resource/us-direct-banking-satisfaction-study>.

See the online press release at <http://www.jdpower.com/pr-id/2017090>.

**J.D. Power** is a global leader in consumer insights, advisory services and data and analytics. These capabilities enable J.D. Power to help its clients drive customer satisfaction, growth and profitability. Established in 1968, J.D. Power is headquartered in Costa Mesa, Calif., and has offices serving North/South America, Asia Pacific and Europe. J.D. Power is a portfolio company of XIO Group, a global alternative investments firm headquartered in London, and is led by its four founders: Athene Li, Joseph Pacini, Murphy Qiao and Carsten Geyer.

### Media Relations Contacts

Geno Effler; Costa Mesa, Calif.; 714-621-6224; [media.relations@jdpa.com](mailto:media.relations@jdpa.com)  
John Roderick; St. James, N.Y.; 631-584-2200; [john@jroderick.com](mailto:john@jroderick.com)

**About J.D. Power and Advertising/Promotional Rules** [www.jdpower.com/about-us/press-release-info](http://www.jdpower.com/about-us/press-release-info)

# # #

NOTE: Two charts follow.

# J.D. Power 2017 Direct Banking Satisfaction Study<sup>SM</sup>



\*USAA is not eligible for official study ranking because of customer eligibility/membership requirements.

Source: J.D. Power 2017 Direct Banking Satisfaction Study<sup>SM</sup>

Charts and graphs extracted from this press release for use by the media must be accompanied by a statement identifying J.D. Power as the publisher and the study from which it originated as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power survey results without the express prior written consent of J.D. Power.

# J.D. Power 2017 U.S. Direct Banking Satisfaction Study<sup>SM</sup>

---

## Award-Eligible Direct Banks Included in the Study

<u>Company</u>	<u>Key Executive</u>	<u>Company Location</u>
Ally Bank	Jeffrey Brown	Detroit, Mich.
Bank of Internet	Gregory Garrabrants	San Diego, Calif.
Capital One 360	Richard D. Fairbank	McLean, Va.
Charles Schwab Bank	Walter Bettinger II	San Francisco, Calif.
Discover Bank	David W. Nelms	Greenwood, Del.
E*TRADE Bank	Karl Roessner	New York, N.Y.
Nationwide Bank	Stephen Rasmussen	Columbus, Ohio
Scottrade Bank	Rodger Riney	St. Louis, Mo.
State Farm Bank	Michael Tipsord	Bloomington, Ill.

---

*Charts and graphs extracted from this press release for use by the media must be accompanied by a statement identifying J.D. Power as the publisher and the report from which it originated as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power survey results without the express prior written consent of J.D. Power.*