

Gaining Market Share Through Secondary Account Holders

A Bank Clarity Report



What is Bank Clarity?

Bank Clarity is both an approach to financial services marketing and a division of The Sells Agency.

As an approach, Bank Clarity focuses on helping financial institutions grow market share and profits by understanding consumers deeply, and then helping our clients present themselves in a compelling and persuasive way that drives brand difference.

As a division, Bank Clarity combines decades of financial services marketing expertise with the results-oriented capabilities of a full-service marketing firm that has worked with more than 25 financial institutions in 8 states.

Making the Most of Secondary Bank Accounts

Bank marketing professionals know primary account relationships are the key to long-term growth and profitability. Unless a customer considers your bank a primary bank, it is difficult to up-sell and cross-sell additional services that drive profitability. Furthermore, the single-service checking account customer is often regarded as a drag on profitability.

But how often do those secondary account relationships become primary account relationships? In other words, can non-primary, or secondary accounts, be a viable avenue to gaining primary account market share? If so, what types of secondary accounts are most likely to lead to primary account relationships in the future?

To answer these questions, Bank Clarity surveyed more than 600 retail banking customers across the U.S. to see how prevalent secondary accounts are, what types of secondary accounts are most common and the influence secondary account relationships have on primary bank selection.

SURVEY AUDIENCE BREAKDOWN:



ANNUAL HOUSEHOLD INCOME:



Primary Bank Relationships

Before exploring the types of secondary accounts consumers have with non-primary financial institutions, we need to understand the scope and breadth of their primary bank relationships.

What types of accounts do you currently have with your primary financial institution?

91%

Regular Checking

72%

Savings/CDs

39%

Credit Cards

14%

Money Market

13%

Personal Loans

10%

Home Loan

9%

Retirement Account

5%

Business Account

4%

Other

The Prevalence of Secondary Accounts

When asked if they had an account of any type with a financial institution other than their primary bank **65%** of respondents indicated they did.

Secondary Accounts

Yes	No
65%	35%

The majority of respondents with a secondary account relationship have accounts with more than one additional financial institution:

How many financial institutions do you have accounts with other than your primary one?

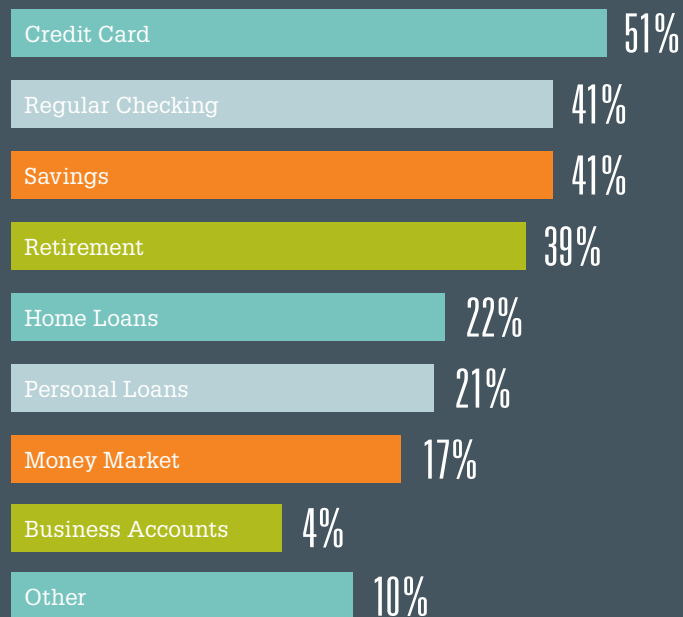
1	32%	2	30%	3	21%
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4	9%	5+	8%
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Types of Secondary Accounts

What types of accounts do consumers have with financial institutions other than their primary bank? Not surprising is the frequency with which consumers have credit cards and retirement accounts outside of their primary bank relationship. Somewhat surprising was the percent of those whose secondary relationships are checking and savings accounts.

What types of accounts do you have with financial institutions other than your primary one?



Secondary Account Impact

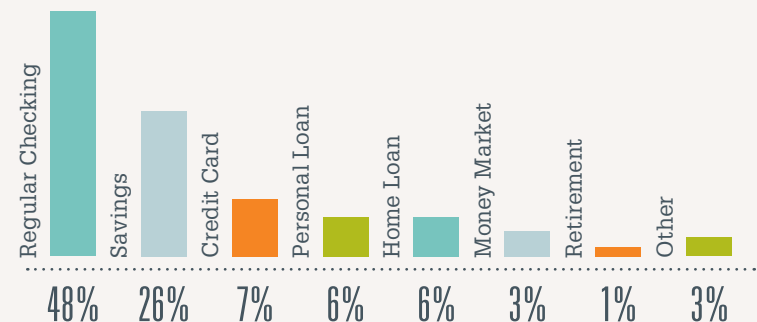
When switching primary banks, are consumers more likely to switch to a bank where they already have a relationship? Depending upon the area where someone lives, a large number of options are available for those searching for a new primary bank – with all but the smallest markets having a minimum of 15 options available. If that consumer already has a secondary relationship with another financial institution, are they more likely to switch to that institution, or one of those institutions, if they have multiple secondary account relationships?

To answer this, we first asked if consumers had a relationship with their current primary financial institution before it became their primary one.

Before this financial institution became your primary one did you have any type of account with them?



If so what type of account(s) did you have?



(continued...)

Brand preference and the influence of secondary accounts on that preference means consumers who have already pre-selected their next primary bank are significantly impacted by secondary account relationships.

If you had to choose a new primary financial institution in the next 3 to 6 months, do you already know, or have a strong preference for, which financial institution you would choose?

38% Yes

62% No

Do you currently have any type of account with the financial institution you would choose as your new primary financial institution?

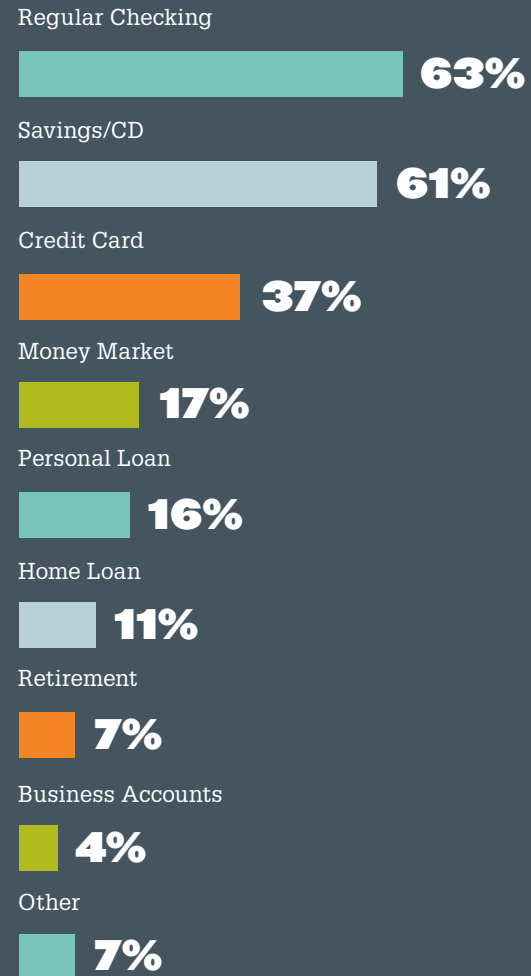
48% Yes

52% No

(continued...)

And what specific type of account do they have with their preferred primary financial institution?

What type(s) of account(s) do you currently have with this institution?



What does this all mean?

With this information, we can see which secondary accounts have the most influence on primary bank selection by determining the accounts with higher penetration among consumers who would choose their next primary bank.

Account type	Overall Penetration	Next Primary Bank Penetration	Influence Index
Regular Checking	41%	64%	156
Savings Account	41%	61%	149
Credit Card	51%	37%	73
Money Market	17%	17%	100
Personal Loan	21%	16%	76
Home Loan	22%	11%	52
Retirement	39%	7%	18

This data shows the types of secondary accounts most likely to lead to a future primary account relationship are the types of accounts that might be considered, or mistaken for, primary relationship accounts. It also shows the inherent difficulty in converting home loans, credit cards and personal loans into primary account relationships.

Conclusions

- Almost **2** out of **3** consumers (**65%**) have some type of account with a financial institution other than their primary financial institution. (We refer to these as secondary account relationships)
- **68%** of those with a secondary account relationship have secondary accounts with more than one institution.
- More than **1** in **4** bank customers (**27%**) had a secondary account relationship with their primary financial institution before it was their primary financial institution.
- Almost **1** in **5** consumers (**18%**) have pre-decided they would switch to a bank where they have a secondary account.
- Checking and savings are the most common types of secondary accounts and the most influential in determining a consumer's next primary bank.
- Credit card and consumer loan customers are more likely to become primary bank customers than home loan customers.

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Two or three times a year, the **Sells Agency** will conduct research on topics of interest to financial services marketers. These research reports will be made available at no cost.

To see previous research or to receive notifications about future reports, visit: bankmarketingclarity.com and click on "Research Reports."

If you would like to request a research topic for our **Bank Clarity** division, please email your suggestions to Mike Sells at mike@sellsagency.com.

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