Key Findings:

Consumer Banking and Money Survey

Redefining financial services—how, where and why people “bank”

2021 State of Consumer Banking and Money Survey
Key Findings

The *2021 State of Consumer Banking and Money* survey polled 1,000 U.S. adult consumers ages 18-64 to better understand consumer decision-making and habits related to their money and to help financial services providers tailor their products and services to evolving customer demands. The survey was conducted by Galileo Financial Technologies ("Galileo"), the leading global fintech-as-a-service platform, owned and operated independently by SoFi Technologies, Inc. (NASDAQ: SOFI).

The following terms were defined for consumers as:

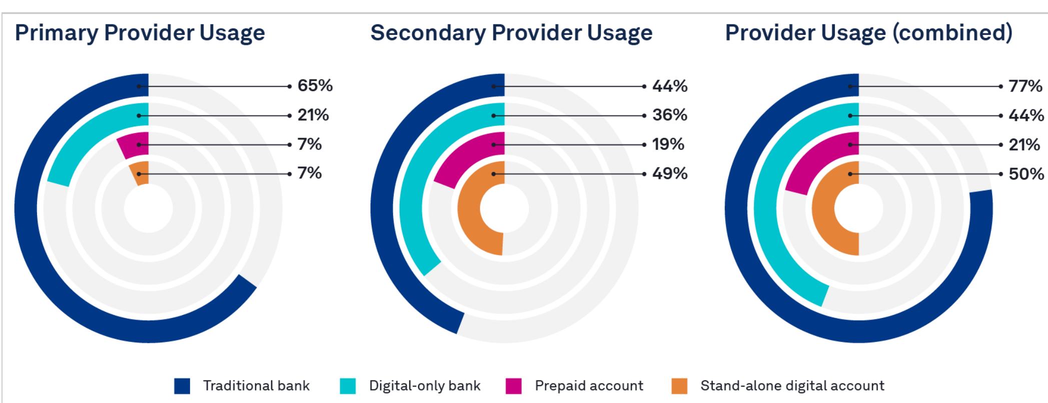
- Traditional bank account with a bank or credit union that has at least one physical location
- Digital-only bank (No physical locations, e.g., SoFi Money, Varo Bank, etc.)
- Prepaid account (e.g., a Green Dot and Netspend card)
- Stand-alone digital account (e.g., Venmo, PayPal, etc.)

One of the primary research findings of the inaugural survey is that despite continuing to choose traditional banks as their primary provider, most consumers are utilizing more non-traditional financial tools—including digital-only—than ever before and for more purposes.

Where Consumers 'Bank' Isn't Always Where They Keep Funds

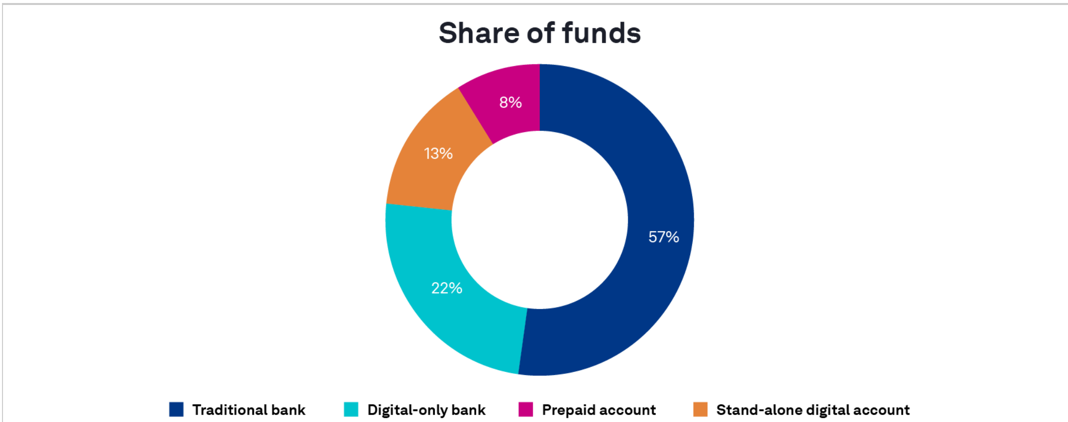
U.S. consumers have an average of 2.5 providers, which include both primary and secondary providers. The majority (77%) of consumers use traditional banks as a primary or secondary provider. With respect to primary providers, many consumers (65%) still use traditional banks over other non-traditional providers. However, for secondary providers, many consumers are utilizing non-traditional providers: stand-alone digital accounts (49%), digital-only banks (36%) and prepaid accounts (19%).

Figure 1



While the majority of consumers choose traditional banks as a primary and secondary provider, only slightly more than half (57%) of consumer funds are kept there. Consumers keep 43% of their funds in non-traditional accounts, including more than one third (35%) in digital-only banks and stand-alone accounts.

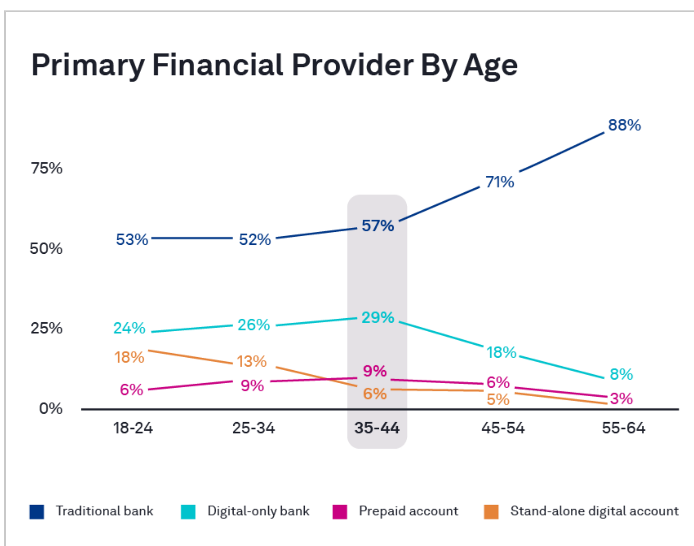
Figure 2



All Generations Are Embracing Non-Traditional Financial Services, But the 35+ Segment Is Worth Watching

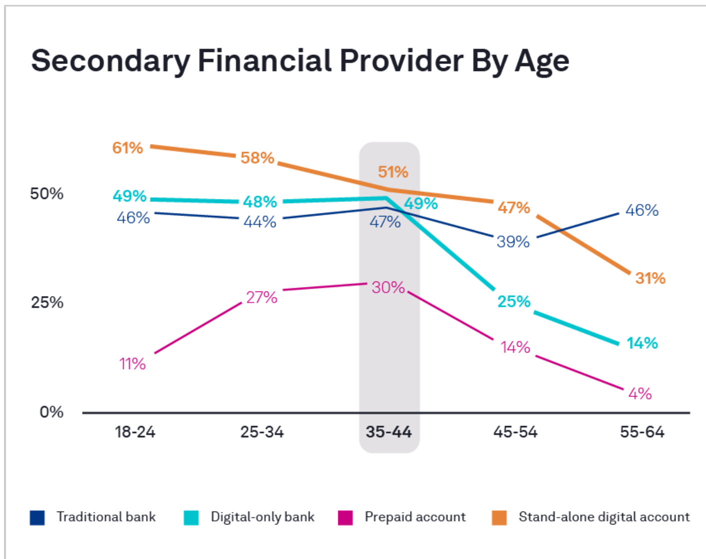
Nearly one quarter (21%) of consumers utilize a digital-only bank as their primary financial provider (*as seen in Figure 1*). Of those consumers, the majority (29%) are ages 35-44—a segment that spans both the Millennial and Gen X generations.

Figure 3



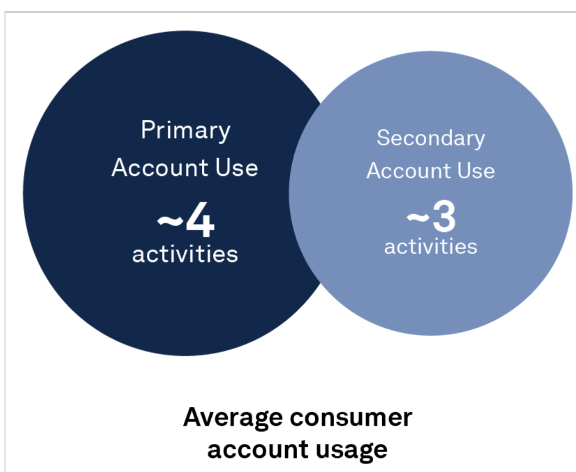
As it relates to secondary accounts, the usage of non-traditional financial services is growing across all generations. The youngest generation and oldest generations surveyed equally (46%) favored traditional banks as a secondary provider. Among the 35-44 age group, digital-only banks (49%) and stand-alone digital accounts (51%) were more commonly used as secondary accounts compared with traditional banks.

Figure 4



Consumers Use Traditional and Non-Traditional Financial Services for Similar Activities
On average, consumers use their primary accounts for approximately four activities while using their secondary accounts for approximately three activities.

Figure 5



Although cash access is a popular use case for primary accounts (60%), when you look at usage across primary and secondary accounts, consumers consistently use traditional and non-traditional accounts for: paying bills, shopping online, savings and depositing wages. One somewhat surprising finding was how many consumers deposit wages into stand-alone digital accounts whether they're using them as primary or secondary accounts.

Figure 6

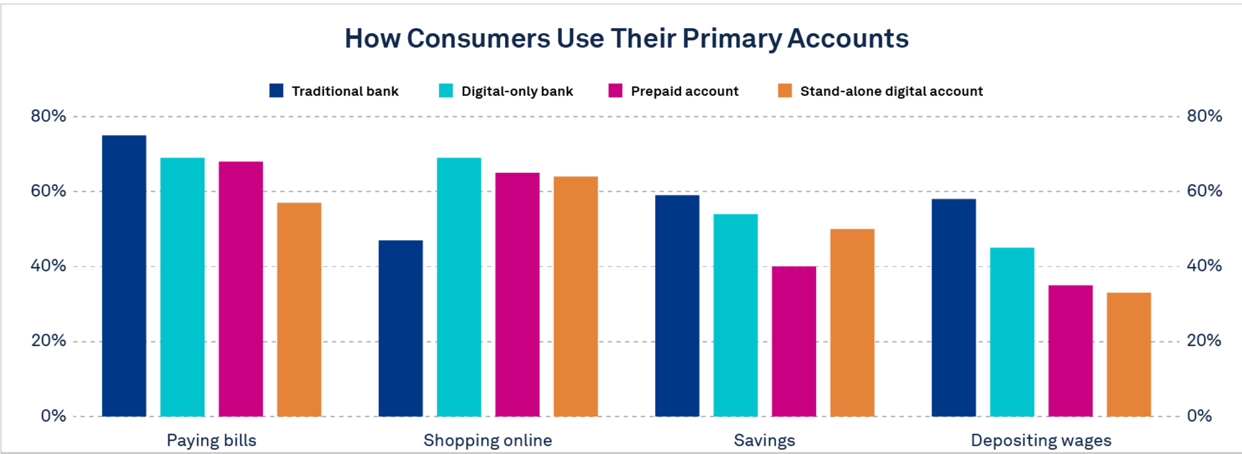
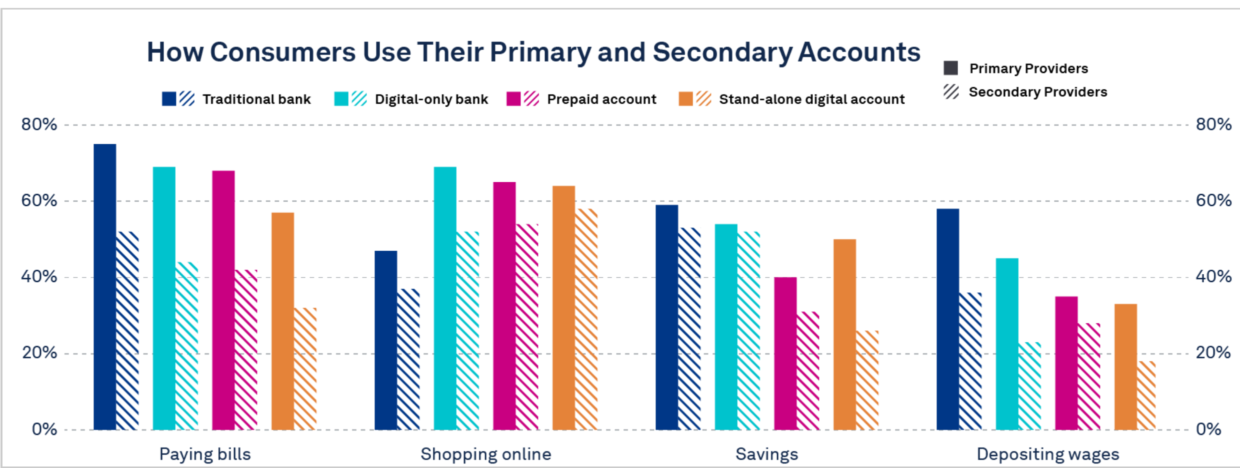


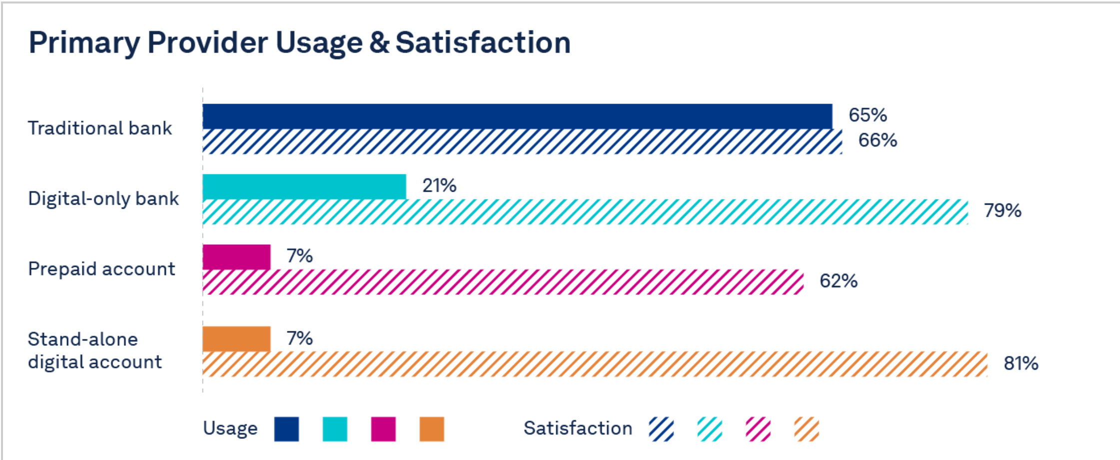
Figure 7



Digital Providers Generate Greater Satisfaction and Interest Among Consumers

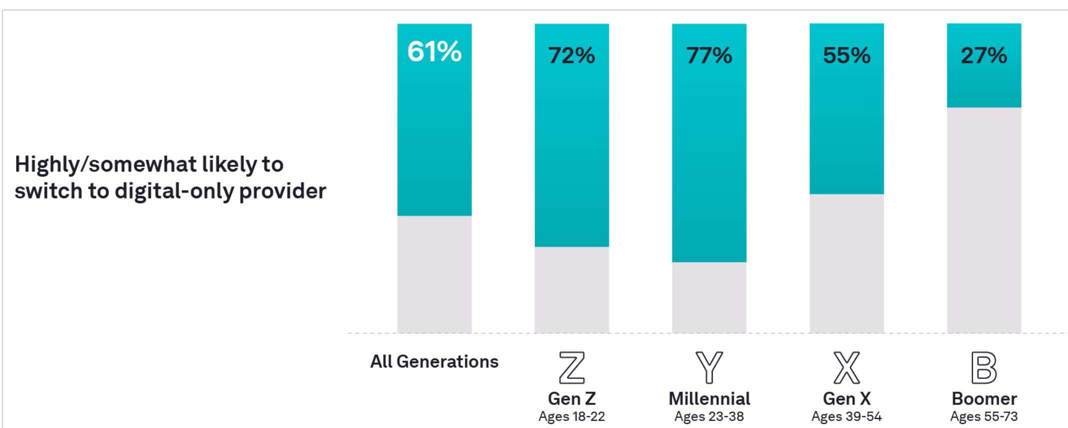
Although most consumers still choose traditional banks as their primary provider, satisfaction is greater among consumers who use non-traditional digital banking options as their primary provider. Of the 65% of consumers who currently use a traditional bank as their primary provider, only 66% are satisfied. For those who chose digital-only banks (21%) and stand-alone digital accounts (7%) as their primary provider, 79% and 81% are satisfied, respectively.

Figure 8



The majority of consumers (62%) indicated that they are somewhat or highly likely to switch to a digital-only bank. However, Millennials (77%), Gen Z (72%) and Gen X (55%) expressed the greatest likelihood of switching to a digital-only bank.

Figure 9



Security and Privacy Are Paramount

For the vast majority of consumers, security, privacy, convenience and lower fees are all top priorities when it comes to their money and accounts—whether they use traditional or non-traditional providers. However, security and privacy scored the highest. Nearly all consumers ranked security of accounts and funds (96%) and privacy of personal information (93%) as what matters most when choosing a primary provider, while 91% said lower fees and convenience were also key.

Figure 10

Selecting Provider	Changing Providers	Consolidating Into One Provider
1 Security of account and funds	1 Lower fees	1 Convenience
2 Privacy of personal information	2 Rewards/Points	2 Better interest rates
3 Lower fees	3 Security of accounts and funds	3 Reward programs
4 Convenience	4 Convenience	4 Lower fees
5 Access to cash	5 Privacy of personal information	5 Incentive Offers

When it comes to changing providers, most consumers prioritize lower fees (34%), rewards/points (31%), security of accounts and funds (30%), convenience (24%) and privacy of my personal information (20%).

Furthermore, when looking to consolidate providers, many consumers indicated convenience (41%), better interest rates (41%), rewards programs (40%), lower fees (39%) and incentive offers (36%) as their top reasons.

Opportunities for Embedded Finance

The survey also found that consumers are open to using non-financial providers, who they already entrust with their personal and financial information, to make payments and manage their money. Nearly half of consumers said they would be likely to use banking services offered through their streaming provider (48%), internet or wireless provider (48%), employer (47%) or a national retailer or warehouse store (46%). This suggests that embedded finance will continue to gain traction in the market.

Consumers also said they would be interested in using banking services from non-financial companies, to: make purchases more easily (66%), get rewards or discounts (65%), make purchases faster (59%), get access to new products or services (51%) or to consolidate banking services with one provider (49%).

More specifically, the majority of consumers said they would be interested in paying bills through a streaming provider (50%), internet/wireless provider (57%) or insurer (50%). More than a third (38%) said they would be interested in using a digital or social brand to transfer money to a friend.

Conclusion: Digital Transformation Will Drive Growth and Expand the Ecosystem

There are immense opportunities for financial services providers aligning their products and services with digital—and limitations for those who are behind on embracing digital transformation.

Across generations and income, more consumers are drawn to digital, and digital accounts are leading in satisfaction because they fit into consumers' lifestyle, are convenient and provide consumers with greater access to their money.

However, that doesn't mean that digital-only banks will overtake traditional banks and credit unions in terms of market share. All providers can and should deliver on digital. And for many consumers, getting comfortable with digital features within an existing account could be the first step toward higher satisfaction and loyalty as well as future adoption of other solutions.

The survey confirms that convenience, access, security, digital features and lower fees are table stakes. The real differentiation and innovation will happen around rewards, tailoring products and services to specific niches across values, affinity groups and demographics. At the same time, consumer appetite for managing their money, paying bills and earning rewards through existing relationships with non-financial companies suggests there's also an opportunity for traditional financial institutions and fintech firms to partner with non-financial businesses to reach more consumers.

*****Insights to Be Revealed in Webinars Series*****

Galileo is hosting two webinars to dive deeper into the research findings. The first, on October 14, will cover consumer habits and usage across age and income demographics. The second on November 17 will go deeper into what motivates consumers to choose, switch and stay with a provider, and what drives satisfaction.

About Galileo Financial Technologies

Galileo is a leading financial technology company whose fintech-as-a-service platform, open API technology and proven expertise enable fintechs, emerging and established brands to create differentiated financial solutions that expand the financial frontier. Galileo removes the complexity from payments and financial services innovation by providing flexible, open API building blocks and a secure, scalable, future-proof platform. Trusted by digital banking heavyweights, early stage innovators and enterprise clients alike, Galileo supports issuing physical and virtual payment cards, mobile push provisioning and more, across industries and geographies. Headquartered in Salt Lake City, Galileo has offices in Mexico City, New York City, San Francisco and Seattle.

GALILEO

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