

Savings goals

Subscriptions

Banking on engagement

Attracting and retaining
consumers in the fintech era

Sustainability

Budget features

tink^{cc}
A Visa Solution



With consumers more empowered to manage their money than ever before, financial institutions should be continually thinking about how they engage with their customers.

This Tink white paper introduces new consumer and retail banking executive research from key European markets, setting the scene for banks to take the next step with Personal Finance Management (PFM).

There is little doubt that digitisation is playing an increasingly important role in the world of finance, and more specifically the way people manage their everyday expenditure.

The ubiquity of the smartphone – and quick access to the variety of apps on offer – means that people can do many things in the palm of their hand that may have previously been too daunting, requiring more time and effort.

For context, in 2023, according to research from data.ai and Branch¹, the mobile app industry saw significant growth, with 257 billion new app downloads and users spending an average of five hours per day on their devices.

The financial sector also experienced notable mobile growth with over 489,000 finance apps downloaded per minute in 2023.

¹ data.ai, State of Mobile 2024, January 2024, data.ai/en/go/state-of-mobile-2024/

PFM, as it is often called, is the modern way that consumers view, manage, and analyse their financial selves, primarily via online banking on desktop and mobile apps. This is why banks – as shown later in this white paper – are elevating their consumer engagement experience, to keep pace with technological developments, and ultimately acquire and retain new customers who expect a seamless, insightful digital financial experience.

New research undertaken by Tink in the UK – where over 2,000 consumers and 101 retail banking

executives were surveyed – as well as nationally representative consumer research in France and Germany, shows that there is a clear demand for money management tools, especially among younger customers. Winning, and crucially retaining, this kind of business is a key factor for banks looking to future proof their business.

Read on as we take a closer look at our new consumer and banking insights, before considering some possible important future trends in this space.

Key insights:

The consumer perspective	4
The challenge for banks	9
Future trends & predictions	14

The consumer perspective



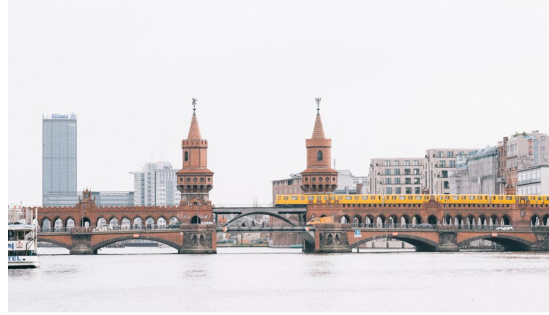
The rise of neobanks in recent years has accelerated innovation in the industry and presented a challenge for traditional banks to stay competitive. In our recent survey, almost half (44%) of British 16–34 year-olds said that they believe neobanks offer much better tools and services than high street banks.

In addition, 27% of UK consumers we surveyed said that they also use third-party money management apps, indicating a significant shift towards fintech solutions and away from traditional banking methods.

French and German consumers especially open to digital tools

In France, 78% of under-35s we surveyed said that they use online banks for their daily financial management, while 72% of all French respondents said that they chose an online bank because it was **easier to manage their money this way than a traditional bank**.

62% of French consumers went even further and said they have opened an account with online banking because the services offered by their traditional bank were no longer adapted to their ambitions.



Meanwhile, in Germany, 55% of all consumers surveyed use digital apps to manage their finances – among the Generation Z cohort (up to 27 years old) this number climbs as high as 74%.

Why now is the time for banks to act

Recent economic pressures mean that more people are aware of their finances and want more control. Our in-depth UK survey shows that 65% of consumers report their discretionary income has remained the same or fallen in the past 12 months. This points to a potential financial strain among consumers, but also a situation where banks can play a supporting, helpful role by providing useful tools for managing spending habits.



Key UK findings around financial situations:

✧ **39%**

say their financial situation has not improved over the last 12 months

✧ **75%**

are mindful about what they're buying due to the higher cost of items

✧ **36%**

said their bank could do more to support them managing the cost of living

✧ **37%**

would like their bank to give them more visibility over their finances

In the UK, inflation recently hit² the Bank of England's target for the first time in almost three years, with prices rising at 2% in the year to May 2024. Despite this, our data indicates that people are yet to begin feeling the benefits of the economy starting to turn the corner.

Therefore, any role that banks can play in helping people understand and manage their finances is a potential opportunity for customer attraction and retention. And our findings show that consumers are ready for the next stage of PFM's evolution.

² Bank of England, Monetary Policy Summary, June 2024, bankofengland.co.uk/monetary-policy-summary-and-minutes/2024/june-2024

Shifting from statistical data display to personal financial consultants in consumers' pockets

A significant portion of the consumers we spoke to in the UK, France, and Germany would switch to another bank if it provided **tailored** support to meet their financial goals:



UK **36%**



Germany **46%**



France **61%**

Other features that banks could look to add to their digital services are:

- ✧ **Personal alerts and spending insights**, e.g. alerts on double charges, budgeting tips (30% of UK consumers said they would switch providers for this)
- ✧ **Identifying money-saving opportunities** based on purchase history (40% of UK consumers said they would switch providers for this)

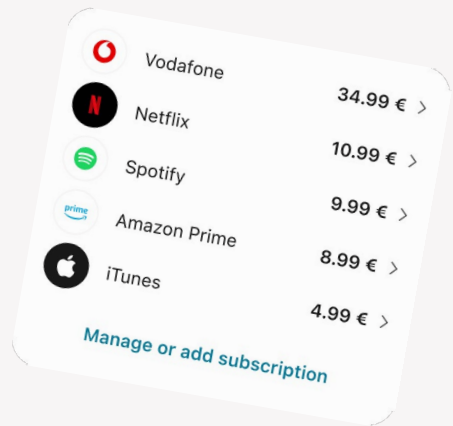
In Germany, 43% of consumers we surveyed think that digital offerings – like a user-friendly banking app – are **more important** than in-person, face-to-face advisory in a traditional bank.

What does this mean? There's a significant opportunity for banks to evolve their offering to a more intuitive interface tailored to each individual.

The rising trend of the subscription economy and strategies for control

50 %

of UK consumers would like their banking app to track and manage their subscriptions



“Banks can empower consumers by starting with a simple interface that gives an overview of all regular incoming and outgoing expenses. The next step is to build on this and go further by identifying recurring spending behaviour, predict future transactions, and suggest where a user can potentially reduce costs – these are features that a third-party provider like Tink can help implement quickly for banks.

“This not only gives consumers a deeper understanding of their spending patterns, but also better control of their recurring expenses – like subscriptions. As consumers gain more insights into their finances, they are more likely to engage with the bank’s services, improving their relationship with the bank.”

Olivera Babic

Tink Product Manager
(Data Enrichment)



The challenge for banks

Banks can evolve to meet these consumer expectations, and this innovation should be more than just superficial. A well-designed app is important, with 51% of UK consumers stating they will only use a bank with an easy mobile banking app.

Attracting younger consumers

Engaging Generation Z, a demographic used to an abundance of app-based services, requires a unique strategy. As digital natives, Gen Z, more than any other age group, demand more from their banking experiences.



Nearly half (46%) of Gen Z consumers surveyed in the UK are already using third-party money management apps (i.e. not provided by their main bank), indicating the changing preferences of the younger generation and the need for banks to adapt to retain their customers. The stakes for banks are high, especially when it comes to Gen Z, with 31% of those respondents saying that their bank was at risk of losing them as a customer if digital tools and services weren't upgraded, higher than the 23% figure across all UK age groups surveyed.

Tink also spoke to over 100 UK banking executives about consumer engagement, and 72% of those surveyed said that developing digital financial tools that support customers is their **top priority**.



57 %

More than half (57%) of banking executives surveyed across the UK say that attracting young consumers is one of the biggest challenges they are facing in the next 12 months.

79 %

Over three-quarters (79%) of banking executives reported that app or online banking features, like money management tools, are effective for customer acquisition.

74 %

A similar number (74%) agree that digital financial management tools are also helpful in retaining customers.

The insights extend beyond the UK, with French consumer data painting a similar picture:

✧ **58%**

of consumers
under 35 expect
enhanced support
from their banks

✧ **64%**

seek more infor-
mation about new
financial services

✧ **58%**

would consider leav-
ing their current bank
for better offerings
elsewhere

Online banking services are especially appealing to the younger generation in France too. A large majority (85%) of 18-24 year-olds we surveyed appreciate the ease of managing their money online, and 70% feel that the services align better with their financial aspirations compared to traditional banks.





“Retail banks should take the chance to keep their customers engaged and loyal with stand-out products. With more and more options for consumers to choose from, if you can get things right it could be huge for your business.

“And if you can win loyalty early in their adult life, you could have an engaged customer for many years. That’s why many banks

are trying to match what young people expect from their bank and provide the digital tools they want to use.

“To stay competitive in the long run, banks can invest in improving their digital services now. By collaborating with trusted third-party partners like Tink, banks can develop and launch their own new products quickly and efficiently.”



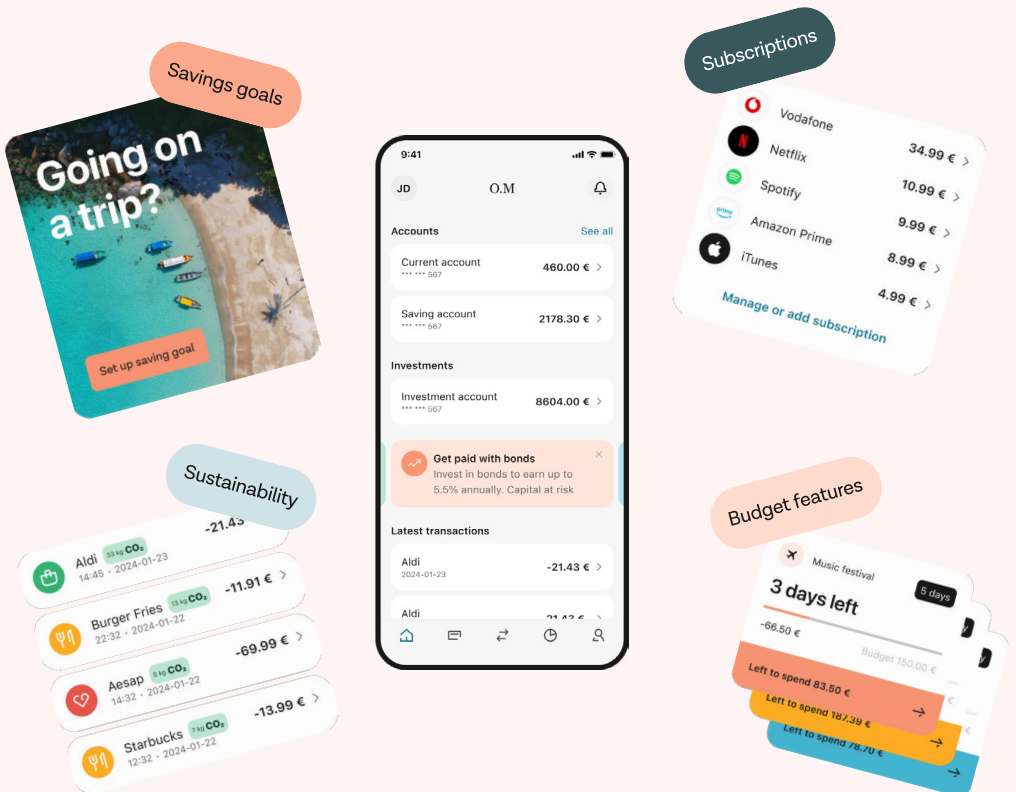
Camille de Mari
Tink Banking & Lending
Director (France)



Take your financial data insights to the next level

Tink's Money Manager and Data Enrichment suite of products is one way that banks can power their digital services and turn financial transactions into holistic sources of information. Consumers want banks to assist them with tracking their expenses - intuitively, at speed, and in more detail, and we are regularly introducing new features and upgrading existing ones within Data Enrichment, such as Variable Spend and Savings Goals.

Transform transactional data into innovative and engaging tools.
Develop your app to fit the needs of everyone.



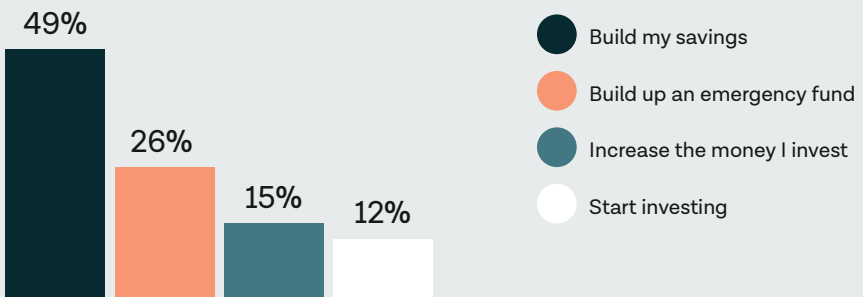
Future trends and predictions

Looking ahead, while it's hard to predict exactly how things in the money management space will develop, there are certain technological advancements – artificial Intelligence being one – that will surely play their part in the years to come.

When you put this new tech alongside changing consumer habits and evolving market dynamics, you can start to get an idea of how things might look in the coming years.

When it comes to consumer habits, one learning from our latest research is that there is an appetite from consumers to save and invest more – an area where PFM can excel.

What UK consumers want PFM to help them with:





“As a Product Manager, I see a future where our PFM products will continue to get smarter. AI, machine learning, and predictive analytics will help forecast a consumer’s financial needs, learning from their habits and giving useful spending advice, while virtual assistants will make hands-free financial management a reality.

“We found in our latest research at Tink that there is an appetite from consumers – especially those in younger demographics – to save in different ways, and we believe that positive financial behaviours can be encouraged through incentives and great UX that provides useful insights to the user with little or no effort required from them.

“One other area I’m excited to see develop is collaborative money management. For example, for those managing finances as a couple or a family,

we picture a future where you can share financial information more easily and coordinate money management strategies more effectively.

“There’s certainly a lot to be excited about in this space, and we must remember that PFM has advanced from being more of a novelty to a necessity. Consumers want concise, reliable information with minimal effort that goes further than presenting transactional data in a more visual way.

“This is why our Money Manager product is continually evolving, adding features such as carbon tracking and financial coaching that help to make PFM as engaging as possible.”



Cendré Pfannenstill
Tink Senior Product
Manager (Money
Manager)



Pop the question – are your customers engaged?

The banking industry needs to adapt and innovate to meet the evolving needs of consumers, especially those in younger age groups. Financial institutions must not only provide superior digital experiences but also offer tools and services that help consumers take control of their financial situation.

Get in touch to find out more about becoming
the go-to banking app of tomorrow – today.

tink.com/contact-us



Disclaimer

🇬🇧 UK consumer research was conducted by Censuswide on behalf of Tink in May 2024 amongst a nationally representative sample of 2,010 consumers aged 16+.

🇫🇷 In France, 1066 people representative of the French population aged 18+ were surveyed by OpinionWay. The sample was constituted according to the quota method with regard to the criteria of sex, age, socio-professional category, urban category and region of residence. The sample was interviewed by self-administered online questionnaire using the CAWI (Computer Assisted Web Interview) system. The interviews were carried out on 22-23 May 2024.

🇩🇪 In Germany, Tink and INNOFACT conducted an online survey on 3-5 June 2024 among around 1,000 account holders in Germany about their banking needs and desires. Consumers aged between 18 and 79 who have an account with a bank were surveyed. The composition is representative for this target group.

🇬🇧 UK banking research was conducted by Censuswide on behalf of Tink in May 2024 amongst 101 retail banking executives who are based in the HQ function (aged 18+).

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