Benchmarking banking apps

Summary report

A review of the top UK mobile banking apps and guide to delivering an outstanding customer experience

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2014 was a turning point in consumer behaviour, with smartphones overtaking laptops and desktops as the UK's preferred tool for going online. Many industries have been impacted by this shift and consumer banking is no exception: people are increasingly using smartphones as an essential banking touchpoint.

Retail banks are already aware of the pivotal role apps can play in migrating customers to more cost-effective service channels – but they also offer an opportunity to improve customer retention and acqusition. These benefits can only be fully realised by providing customers with the high quality user experience they've come to expect from their apps.

This report analyses the smartphone apps of five leading UK retail banks to benchmark the current offering, identify areas for improvement, and suggest future opportunities to offer customers extra value. Using a combination of quantitative and qualitative research with experts and app users, this report offers robust conclusions and essential guidance for capitalising on the mobile banking revolution.

Get the whole picture with the complete report

The full version of this report offers considerable extra insight on all five apps reviewed, as well as generally applicable guidance for all banking apps, including:

- Detailed findings on each app reviewed, accompanied by screenshots

- Strategic and tactical recommendations for app excellence in the near and longer term, applicable to all retail banks

- Deep insight into how consumers use banking apps and what they value most

To access the complete report, commission analysis of your own app, or learn more about mobile user experience, email us at banking-app-report@adaptivelab.com

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About Adaptive Lab

Adaptive Lab is a digital innovation company. We partner with ambitious leaders at companies experiencing digital disruption, to help them to compete, innovate and grow.

Our radically customer-centric approach brings design thinking, the lean startup, and agile product development together to deliver brilliant results in compressed timeframes.

Find about more about what we do at the end of this report.

The mobile moment

2014 was a watershed year for smartphone usage in the UK. Smartphone penetration topped 70%[1] and, for the first time, the average consumer spent more time on their smartphone than they did going online on desktop or laptop (figure 1.1).

Consumers now prefer to use smartphones for a wide range of activities, and banking is no exception. 43% of the country have embraced mobile banking[2] – twice as many as did so last year[3] – and app users show more regular engagement than people using their bank's website (figure 1.2).

1. KantarComTech, April 2014
2. Adaptive Lab/ResearchNow, Dec 2015
3. Bain, 'Customer Loyalty in Retail Banking', 2014

How much time do people spend on smartphones and desktop/laptop internet each month

29 hours 14 mins

41 hours 41 mins

How regularly do people use banking apps and banking websites

■ Daily   □ Weekly   ■ Less often

39%	39%	22%	App
27%	43%	30%	Website

0%   20%   40%   60%   80%   100%

Proportion of app/website users

As well as seeing more regular users, mobile is now a more popular channel overall. In 2014, more banking interactions happened on mobile than happened on laptop or desktop, in a striking reversal of the figures from last year (figure 1.3).

We can expect these trends to accelerate in 2015, with more people downloading apps for the first time, and existing users using their apps more often and to do more. Banking app downloads already hit a rate of 15,000 per day in the UK in 2014[4], and 50% of app users reported that they'd like to do more banking on their smartphones in future.[5]

Unexpectedly, the shift to mobile isn't only seen in younger consumers: usage stays relatively consistent between the ages of 16 and 50 (figure 1.4), and nearly a third of over–65s do some banking on smartphones.[6]

4. BBA, 'The Way We Bank Now', July 2014

5. Bain, FICO, January 2014

6. Bain, 'Customer Loyalty in Retail Banking', 2014

Figure 1.3

What proportion of banking interactions take place on smartphone versus laptop/desktop

Figure 1.4

How many people of different ages use banking apps and how often do they use them
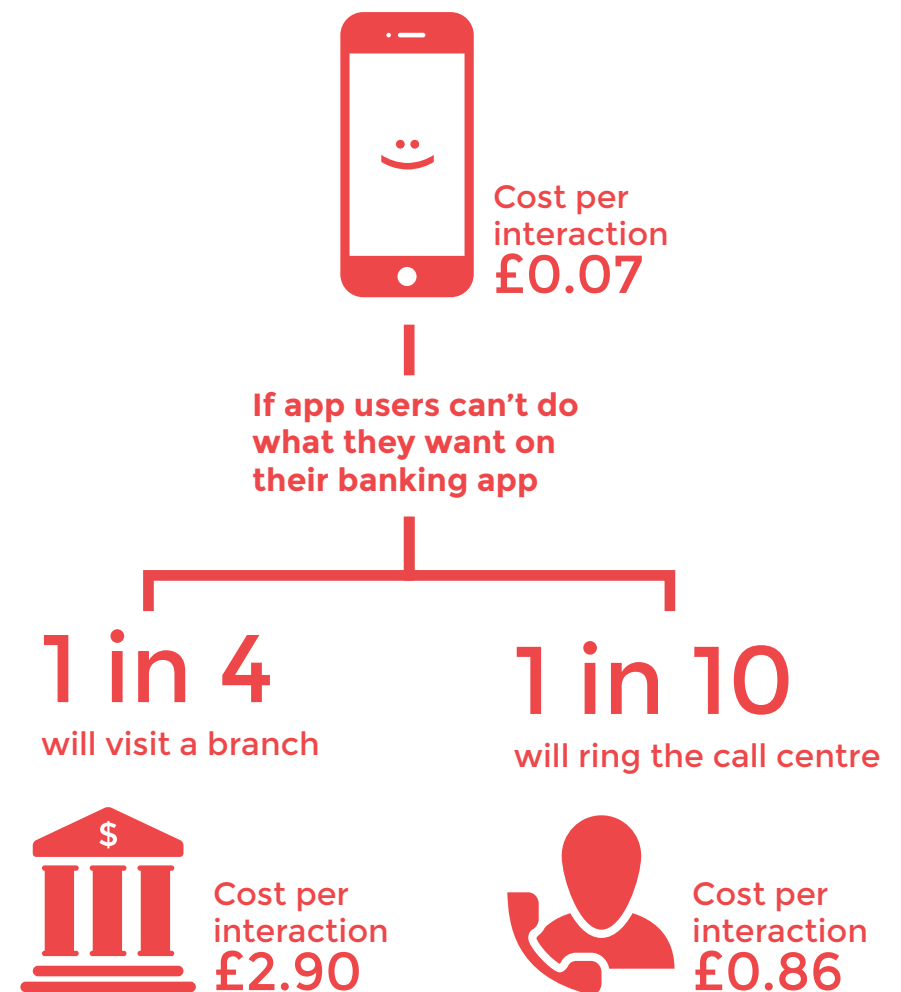

Figure 1.3: Bain, 'Customer Loyalty in Retail Banking', 2014
Figure 1.4: Adaptive Lab / ResearchNow, December 2014

For banks, the consumer shift to mobile usage can play a critical role in their strategies for reducing cost:income ratio. When people can't do what they want to on their bank's app, 1 in 4 will go to a branch, costing £2.90 per interaction, and 1 in 10 will ring their bank's contact centre, costing £0.86 per interaction (figure 1.5). In order to realise the potential savings, banks must ensure they offer a fully-featured mobile experience that meets consumers' high expectations.

The message to banks is clear: mobile apps are increasingly important to consumers and increasingly good for their bottom lines. Focusing on improving their mobile customer experience will pay dividends now and protect their market position in the future.

Figure 1.5

Cost per interaction
£0.07

If app users can't do what they want on their banking app

1 in 4
will visit a branch

Cost per interaction
£2.90

1 in 10
will ring the call centre

Cost per interaction
£0.86

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Staying ahead of the market

The consumer financial services market is transforming as fast as customers' behaviour, if not faster. These changes have come from a combination of new competitors and new grounds for competition. If retail banks want to keep up, they're going to have to move faster.

Competing on customer experience

Whether they realise it or not, banks are now competing on customer experience, not just product and rates. Service experience across all touchpoints is the single biggest trigger for customers to leave their bank (figure 2.1), responsible in whole or part for nearly 500,000 people switching banks in the 12 months leading up to September 2014.[7]

Figure 2.1

Why do people leave their bank

- Unhappy with previous bank's service
- To get better account benefits
- To get a better interest rate
- Negative publicity around current bank
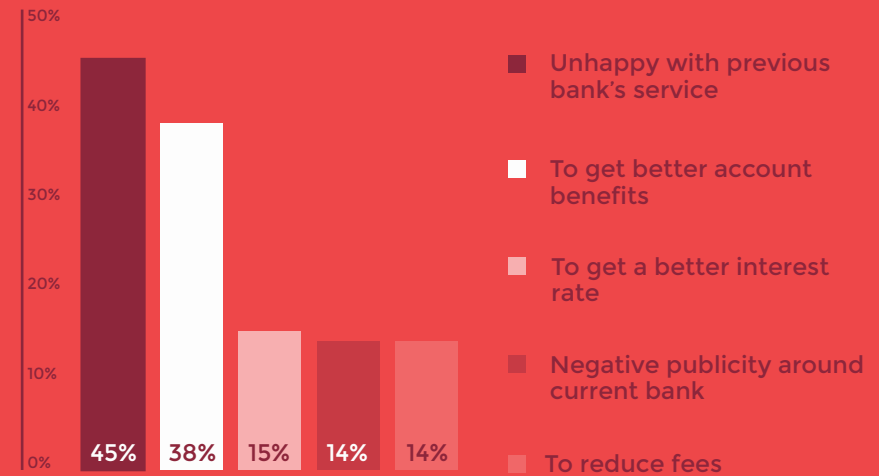- To reduce fees

45% 38% 15% 14% 14%

Figure 2.1: TNS, 'Stopping the itch to switch', 2013

The difference between poor customer experiences and good ones has been demonstrated to impact the company's stock market performance.

Bain's research has shown that companies that offer good experiences have higher growth rates than competitors offering poor customer experiences.[8] Watermark Consulting have calculated that companies offering the best customer experiences have dramatically outperformed the broader market over the last seven years, delivering 50% higher returns than the S&P500 Index (figure 2.2).

Challenger banks focused on customer experience

While established banks are now increasing their focus on improving customer experiences, the new breed of digital-first challenger banks have had customer experience at the heart of their offering from the beginning. These banks (like Metro Bank in the UK, Simple in the USA and Soon in France) have the kind of high NPS ratings usually seen for popular tech giants like Apple – far above the levels reached by traditional banks (figure 2.3).

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8. Bain, 'Introducing: the Net Promoter System', 2011

Figure 2.2

Cumulative total return 2007-2013 of companies with great customer experience

78%	Customer experience leaders*
52%	S&P 500

0% 10% 20% 30% 40% 50% 60% 70% 80%
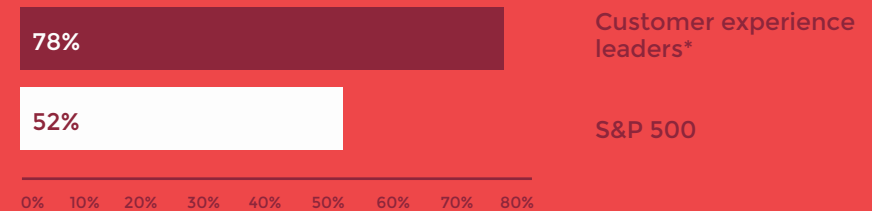
*Watermark defines "customer service leaders" as the 10 most highly rated companies in Forrester Research's 2007-2014 'Customer Experience Index' study

Figure 2.3

Net Promoter Scores from UK consumers

Metro Bank	79
Apple	62
Highest scoring traditional UK bank	41
Average score for traditional UK banks	3
Lowest scoring traditional UK bank	-18

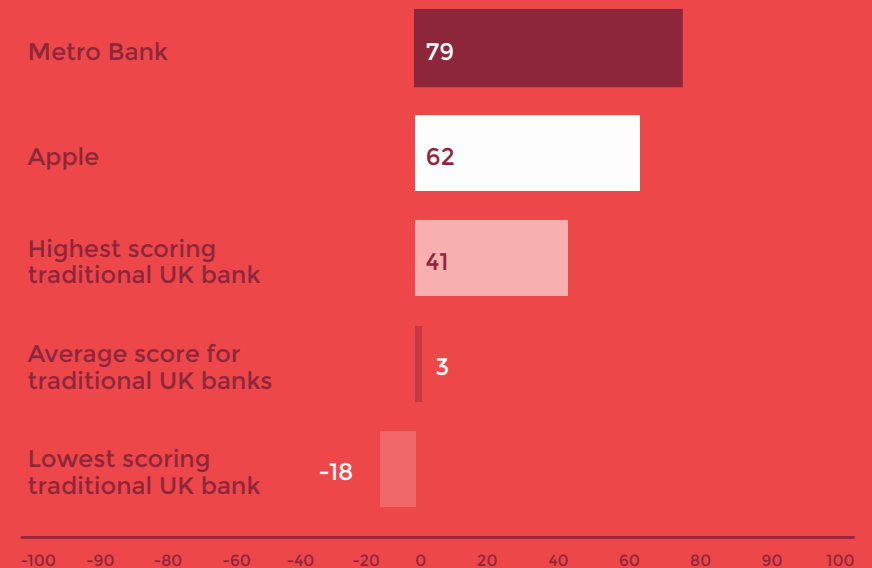-100 -90 -80 -60 -40 -20 0 20 40 60 80 90 100

Figure 2.2: Watermark, 'The 2014 Customer Experience ROI Study'
Figure 2.3: Bain, Customer Loyalty in Retail Banking, 2013; Metro Bank, quoted in Retail Banker International, 2013; VoxPopMe, July 2014

Specialised start-up competitors

As well as new UX-focused banks, incumbents are facing a new wave of competition from financial start-ups. These competitors offer only one or two of the multitude of services that high street banks offer, but prioritise delivering outstanding customer experiences for those services. The image overleaf (figure 2.5) shows the plethora of different companies now competing for 'thin slices' of a conventional bank offering.

Some of these new entrants are competing on core functionality, such as payments and savings, while others are encroaching on areas of opportunity that banks should be seizing themselves, like financial advice and education.

Banks should not assume that their existing customer relationships and trusted brands will stay differentiators: recent research by YouGov has shown that many consumers would be happy to bank with some of these new competitors instead of a traditional bank (figure 2.4). In some areas, banks are already lagging behind their competitors: by 2013 64% of UK consumers had made a mobile payment using Paypal, compared to 40% using their bank's app.[9]

Figure 2.4

24%
of UK consumers said they would be likely to be banking with an alternative payment provider, eg Paypal, within two years
YouGov, December 2014

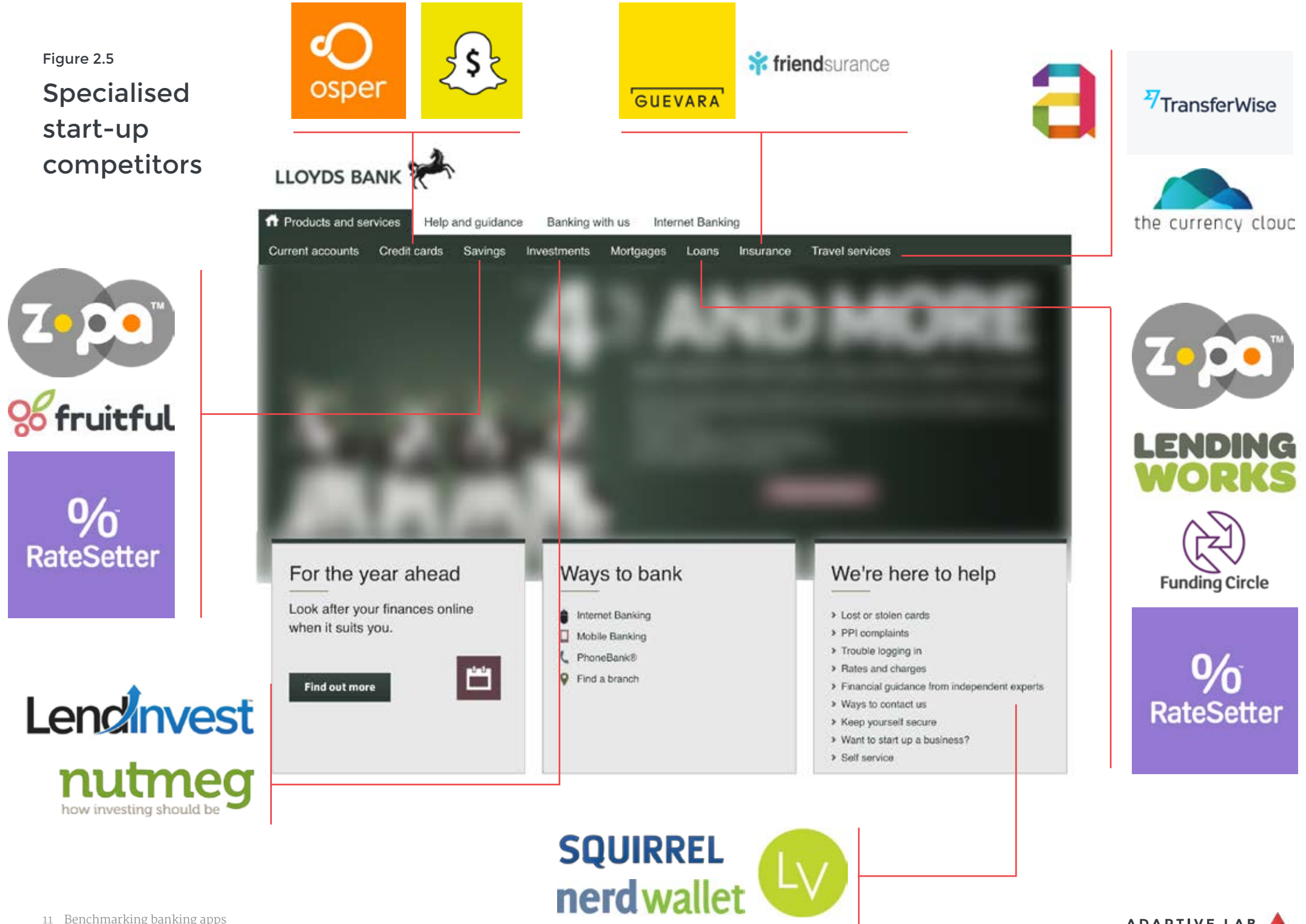## 13%
of UK consumers said they'd be banking with a 'challenger bank', eg Metrobank, within two years
YouGov, December 2014

9. Vocalink, May 2013

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Figure 2.5

Specialised start-up competitors

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Technology and mindset advantages

Both new banks and financial start-ups can offer stand-out customer experiences by leveraging advantages not available to established banks.

Without legacy technology and with a start-up mindset, they can follow a rapid product development cycle that is as agile as it is customer-centric. The ability to rapidly release product updates enables them to offer a higher degree of responsiveness to changing customer needs, and an optimised mobile experience.

The difference in speed can be clearly seen when you compare how often banks and consumer finance start-ups release updates of their apps (figure 2.5).

Figure 2.6

Average number of days between code releases for banking apps and other financial apps

14	Pennies
17	BillGuard
17	PayPal
30	NatWest
38	Barclays
52	Santander
56	HSBC
90	Lloyds
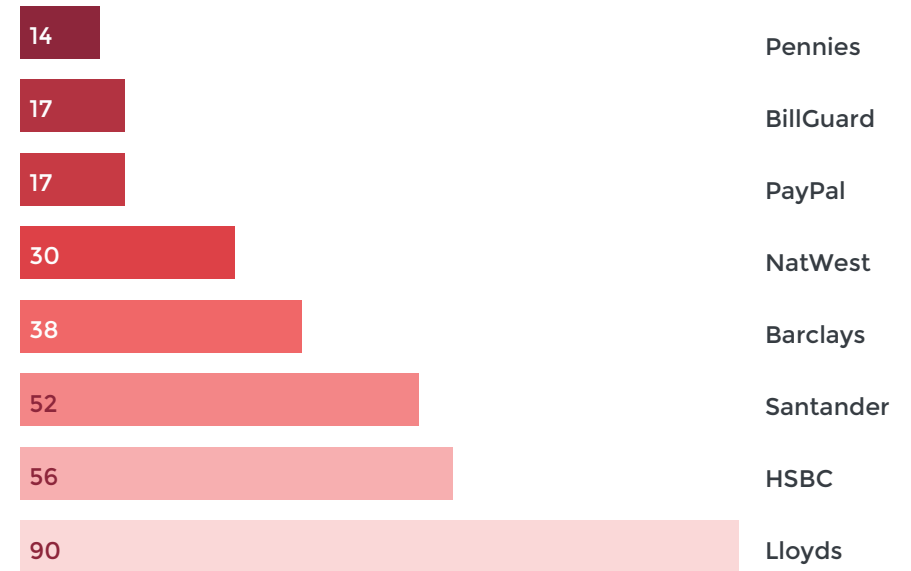
iOS app store release history, January 2013 to January 2015

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Mobile is the key future differentiator

The retail banking sector has not yet experienced significant disruption, but competition from the new breed of consumer finance competitors is increasing. If banks want to stay relevant to a changing customer and protect their market share over the next decade, they'll need to place as much focus on providing great customer experiences as on cost-effective servicing.

Mobile is already an important consumer channel for banking activity. Over the next few years, it will become more central to the customer experience – and will be Wan important battleground between traditional banks, challenger banks and their start-up competitors.

Figure 2.6

49%

of customers aged 26-34 would switch banks for a better mobile banking experience

2013 Mobile Banking & Commerce Summit

19%

of customers would prefer to do all their banking on mobile apps

Adaptive Lab/ResearchNow, December 2014

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High level verdict

The apps assessed in this report have been scored on two different factors:

Functionality
How much can people actually do using this app

Usability
How fast and easy the app is for people to understand and to use

Grading each app on a three-point scale, across several feature areas, enables us to give each an overall score, so we can compare the apps with each other. We can also measure how far each app is from a perfect score and thus an ideal mobile customer experience.

This report contains the high level results for all five apps, as well as recommendations of the most important changes that would improve each. You can find a more detailed analysis and explanation of these scores in the complete report.

#1

Barclays

Barclays' mobile banking app currently offers the best combination of functionality and user experience, although it scores less than three-quarters of the best possible score.

This app stands out from the competition in offering the broadest range of account management tools. This kind of functionality is of growing importance as consumers do more and more of their banking on apps, instead of on banking websites.

There are still aspects of the app that could be improved. The people we interviewed were frustrated by their inability to add new payees, and the requirement to download a separate app (Pingit) to pay others via mobile number.

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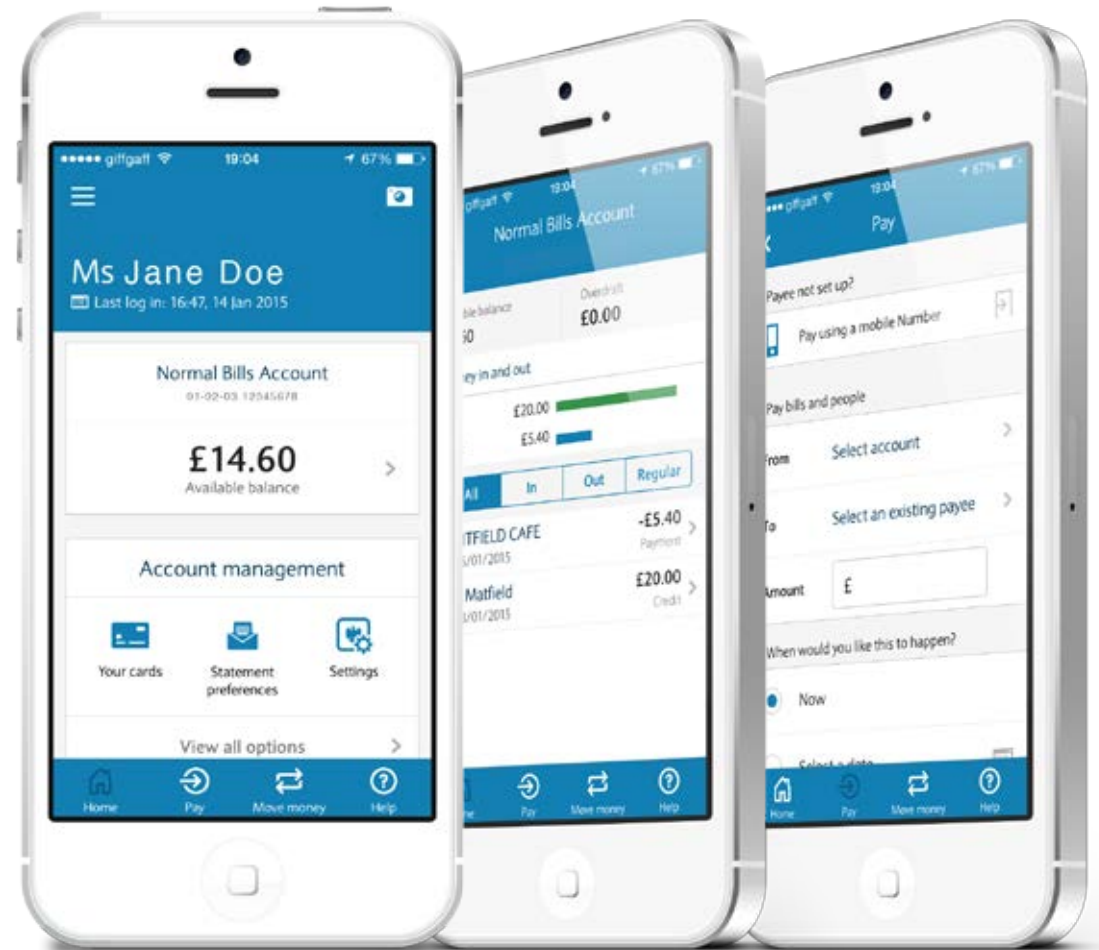
Overall score

	73%

	Functionality	Usability
Breakdown	71%	75%
Security	●●	●●
Navigation and information architecture	N/A	●
Balance and keyfigures	●●	●●
Transactions	●	●●
Payments and transfers	●	●
Managing accounts	●●	●
Help & communication	●	●●
Extra features	●	●

Key

Excellent	Good	Poor	Not applicable
●●	●	○	N/A

Key recommendations

■ Enable users to add new payees via the app, using appropriate security escalation. 52% of the app users we surveyed (from all banks) want this feature.

■ Integrate Pingit functionality into the app: people in our study were confused and annoyed that this is a separate app. In all other apps we tested, payment by mobile is offered in-app.

■ Show pending payments (and possibly Direct Debits and Standing Orders) in the transaction list, clearly differentiated from past payments. Almost two-thirds of the app users (from all banks) we surveyed would like this feature added.

To see all the recommendations for Barclays, get the complete report.

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#2

Lloyds

Lloyds generally offers a good app experience, with the notable exception of an information architecture which confused the people we observed. This sometimes made it a struggle for them to navigate through the app.

It is the only app studied in this research that enables users to add new payees (using account details) and, as part of this feature, makes the best use of security escalation. It is also the only app to offer direct debit and standing order management. Its transactions list is a particularly good combination of lots of information and a clear, easily scannable layout.

The app could be improved by addressing the information architecture issues noted above, and by adding more account management functionality, additional information on each transaction, and clarifying the naming of the different kinds of payments and transfers.

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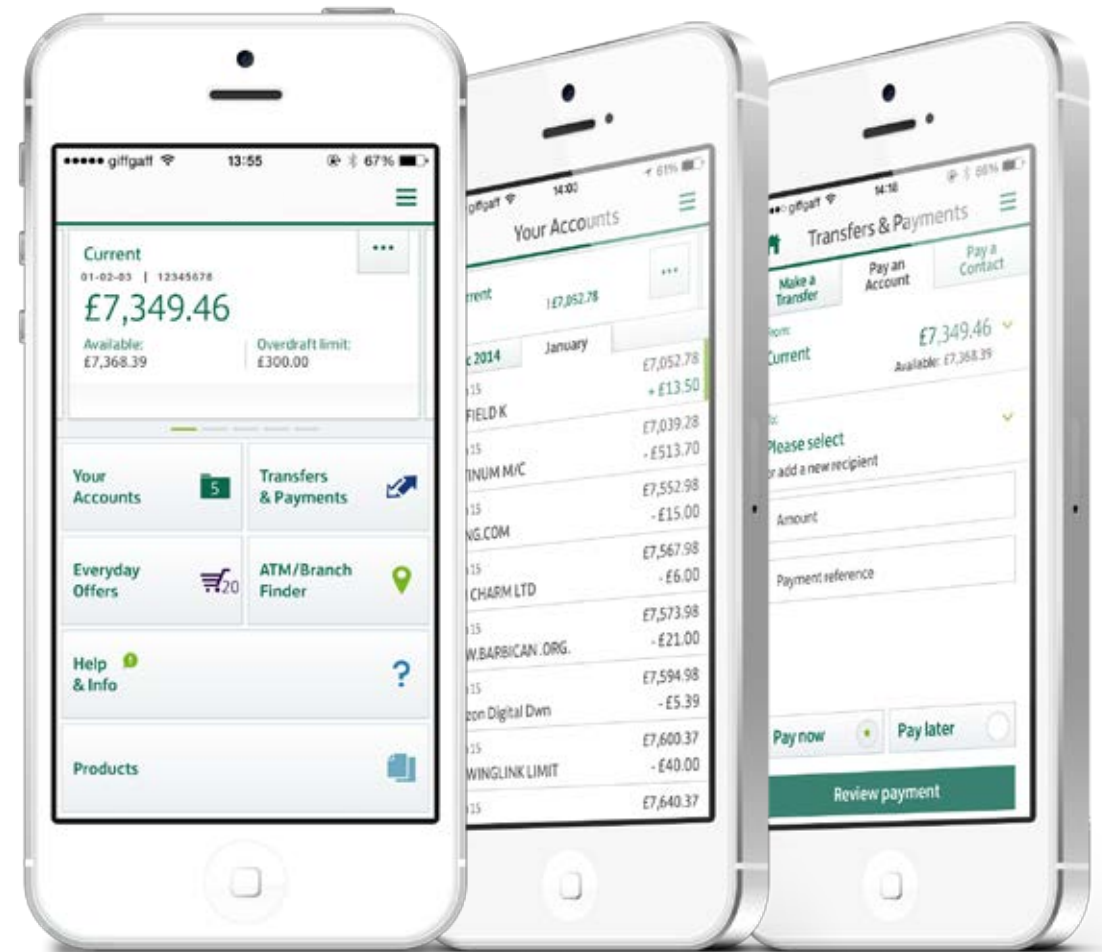
Overall score

65%

	Functionality	Usability
Breakdown	64%	69%
Security	●	●
Navigation and information architecture	N/A	○
Balance and keyfigures	●●	●●
Transactions	●	●●
Payments and transfers	●●	●
Managing accounts	●	●
Help & communication	●	●●
Extra features	●	●●

Key

Excellent	Good	Poor	Not applicable
●●	●	○	N/A

Key recommendations

■ Review the app's information architecture and amend it so that the app reflects users' mental models of how it will work.

■ Provide more information on individual transactions, such as addresses of payees, as well as searching and filtering functionality to allow users to find particular transactions.

■ Show pending payments (and possibly Direct Debits and Standing Orders) in the transaction list, clearly differentiated from past payments. Almost two-thirds of the app users (from all banks) we surveyed would like this feature added.

**To see all the recommendations for Lloyds, get the complete report.**

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#3

Natwest

The NatWest app is very easy to use, with clear interfaces, generally sensible information architecture and labelling, simple log in requirements, and the easiest to use payment features of all the apps reviewed. In addition, the app offers a genuinely useful extra feature in 'Get Cash', and the ability to search and filter the transactions list.

The clarity of the app's navigation is diminished by the use of a 'more' menu that includes a confusing array of different types of functionality, with no real organisation. The app would also benefit from allowing users to add new payees using the app, and dropping the requirement that the first payment to all new payees must come from the online banking website, before a payment can be made via the app.

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Overall score

Overall score	**61%**	

	Functionality	Usability
Breakdown	79%	50%
Security	●●	●●
Navigation and information architecture	N/A	●
Balance and keyfigures	●●	●
Transactions	●●	●
Payments and transfers	●	●
Managing accounts	○	○
Help & communication	●●	●
Extra features	●●	●

Key

Excellent	Good	Poor	Not applicable
●●	●	○	N/A

Key recommendations

- Enable users to add new payees via the app (and make payments to them straight away) using appropriate security escalation. 52% of the app users we surveyed (from all banks) want this feature.

- Show pending payments (and possibly Direct Debits and Standing Orders) in the transaction list, clearly differentiated from past payments. Almost two-thirds of the app users (from all banks) we surveyed would like this feature added.

- Reorganise the 'more' menu into more intuitive categories.

To see all the recommendations for NatWest, get the complete report.

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#4

Santander

The Santander app has a simple information architecture and is relatively easy to navigate. The date filtering available for transactions, and the long transaction history available via the app, was appreciated by the people we interviewed.

However, the app has issues with both usability and functionality. It does not offer the ability to add new payees or manage account details, and information is often presented in a cramped way that is hard to scan. This is most problematic on the transactions list, where the arrangement of data made it difficult for the people we observed to distinguish transactions from each other.

Overall score

42%
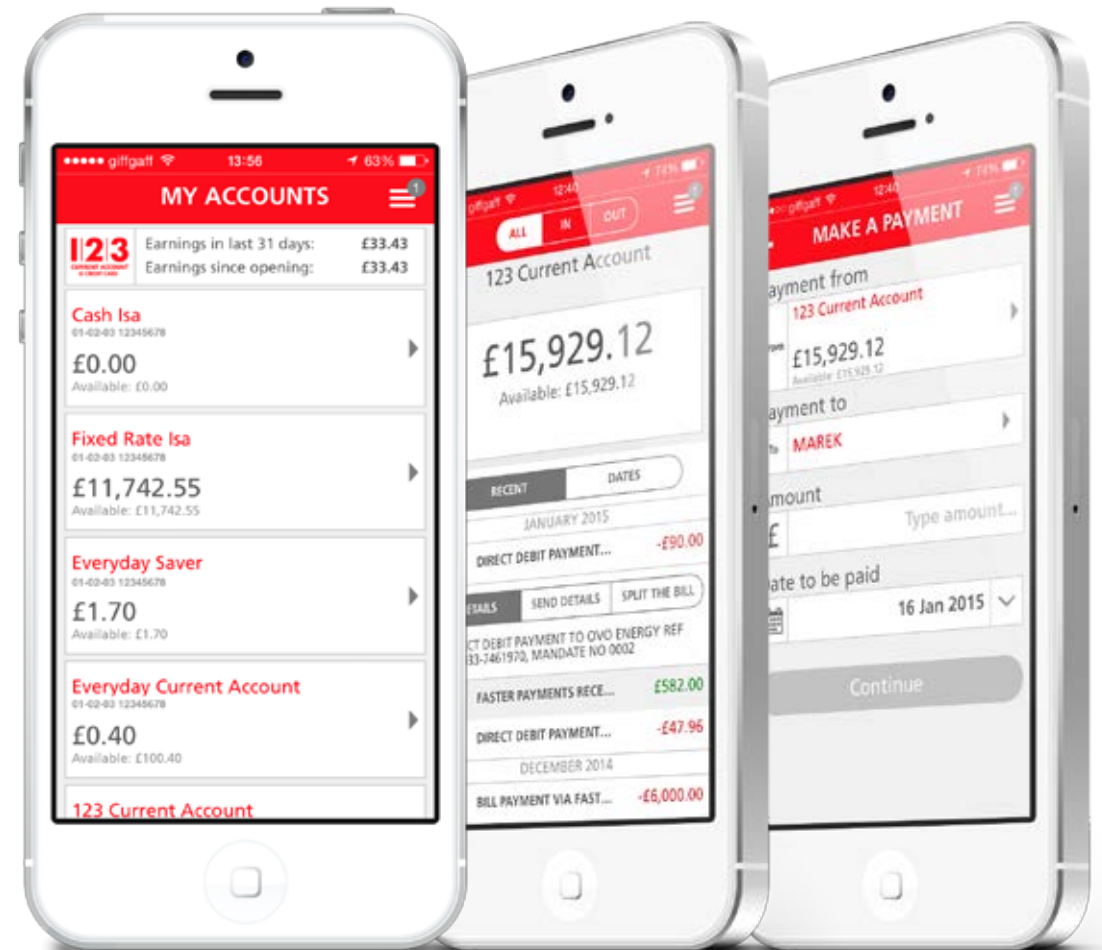
	Functionality	Usability
Breakdown	50%	38%
Security	●	●
Navigation and information architecture	N/A	● ●
Balance and keyfigures	● ●	●
Transactions	●	○
Payments and transfers	●	○
Managing accounts	○	○
Help & communication	●	●
Extra features	●	●

Key

Excellent	Good	Poor	Not applicable
● ●	●	○	N/A

Key recommendations

■ Re-organise the information given for each transaction in the transactions list view so it starts with the payee, rather than with the transaction type, and more space is given for the additional information.

■ Change the interface used to select a payee, as the current swiping interaction is time-consuming and error-prone.

■ Either remove the pending transactions view, or incorporate it into the transactions list and include all upcoming transactions: eg not yet processed card payments and direct debits.

To see all the recommendations for Santander, get the complete report.
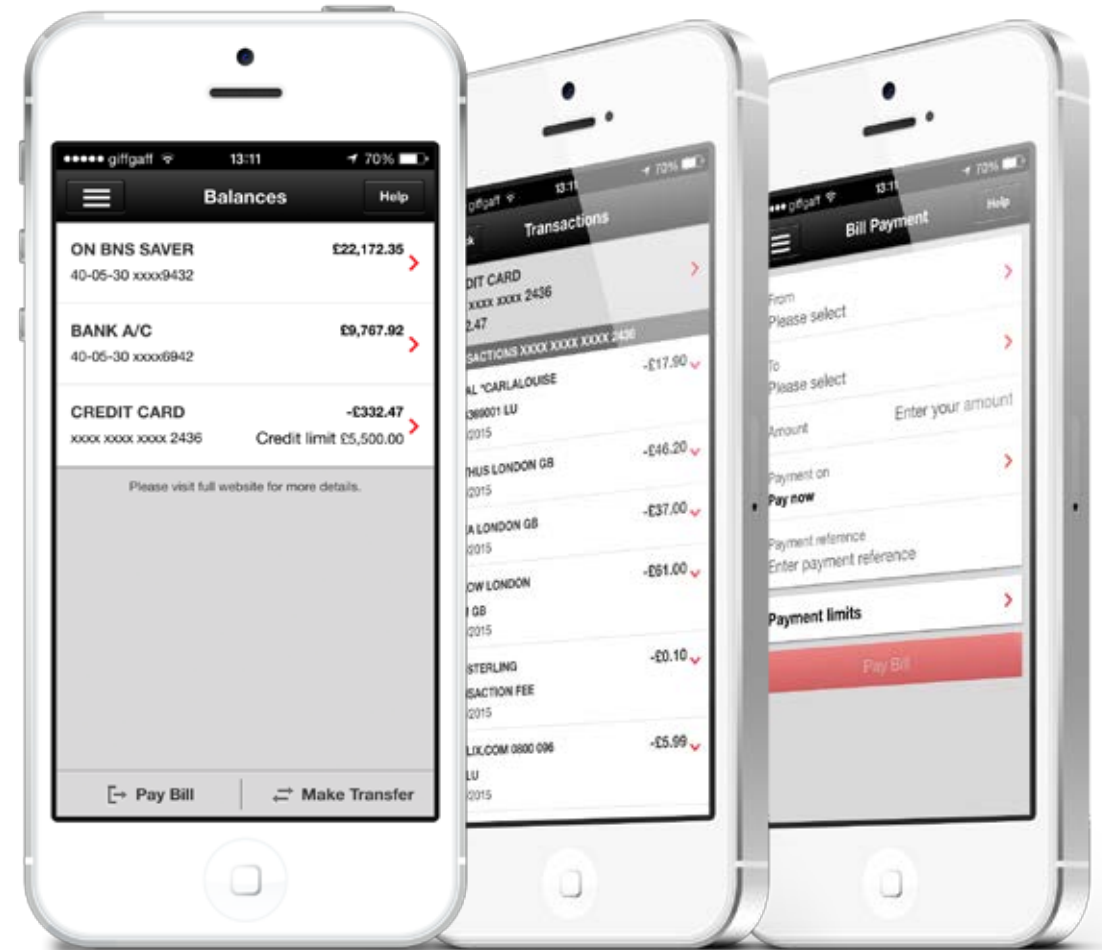
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#5

HSBC

The current HSBC app has the most opportunities for improvement. Usability issues and a lack of key functionality caused it to score less than half of the maximum possible score in both these areas.

The labelling in the app didn't match the mental models of our interviewees, and the organisation of the app also did not match their expectations. This caused confusion for them and they were slower to find the features they wanted.

There are also usability issues with many core features: for instance, there is little visual distinction between incoming and outgoing transactions in the transactions list view, and the additional information presented in the transaction details is unnecessarily cramped. Limits to the functionality means that app users cannot add new payees, manage their account or search/filter transactions.

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Overall score

Overall score	▮▮▮	32%

Breakdown

	Functionality	Usability
Breakdown	43%	25%
Security	●	●
Navigation and information architecture	N/A	●
Balance and keyfigures	●	○
Transactions	●	○
Payments and transfers	●	○
Managing accounts	○	○
Help & communication	●	●
Extra features	●	●

Key

Excellent	Good	Poor	Not applicable
●●	●	○	N/A

Key recommendations

- Re-organise the navigation into more intuitive categories and change labels to match the language people use to talk about these features.

- Enable users to add new payees via the app, using appropriate security escalation. 52% of the app users we surveyed (from all banks) want this feature.

- Redesign the accounts list view so key information about accounts (eg balance) is 'glanceable'.

To see all the recommendations for HSBC, get the complete report.

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Methodology

For this report, we reviewed consumer banking apps from Barclays, HSBC, Lloyds, NatWest and Santander. These banks were selected because they have the most UK current account holders, based on the publicly available figures.


Santander: iOS v3.5, Android v3.3
Lloyds: iOS v4.1, Android v5.1
HSBC: iOS 1.5.8.1, Android v1.5.8.0
Barclays: iOS v2.0.1, Android 1.17
Natwest: iOS v3.8.0, Android v03.01.0000.99

We tested the most recent versions of iOS and Android apps available in December 2014–January 2015. When new versions of apps were released in this period, we updated our analysis accordingly. We focused predominantly on current accounts although, where appropriate, we have commented on features such as transfers between different accounts.
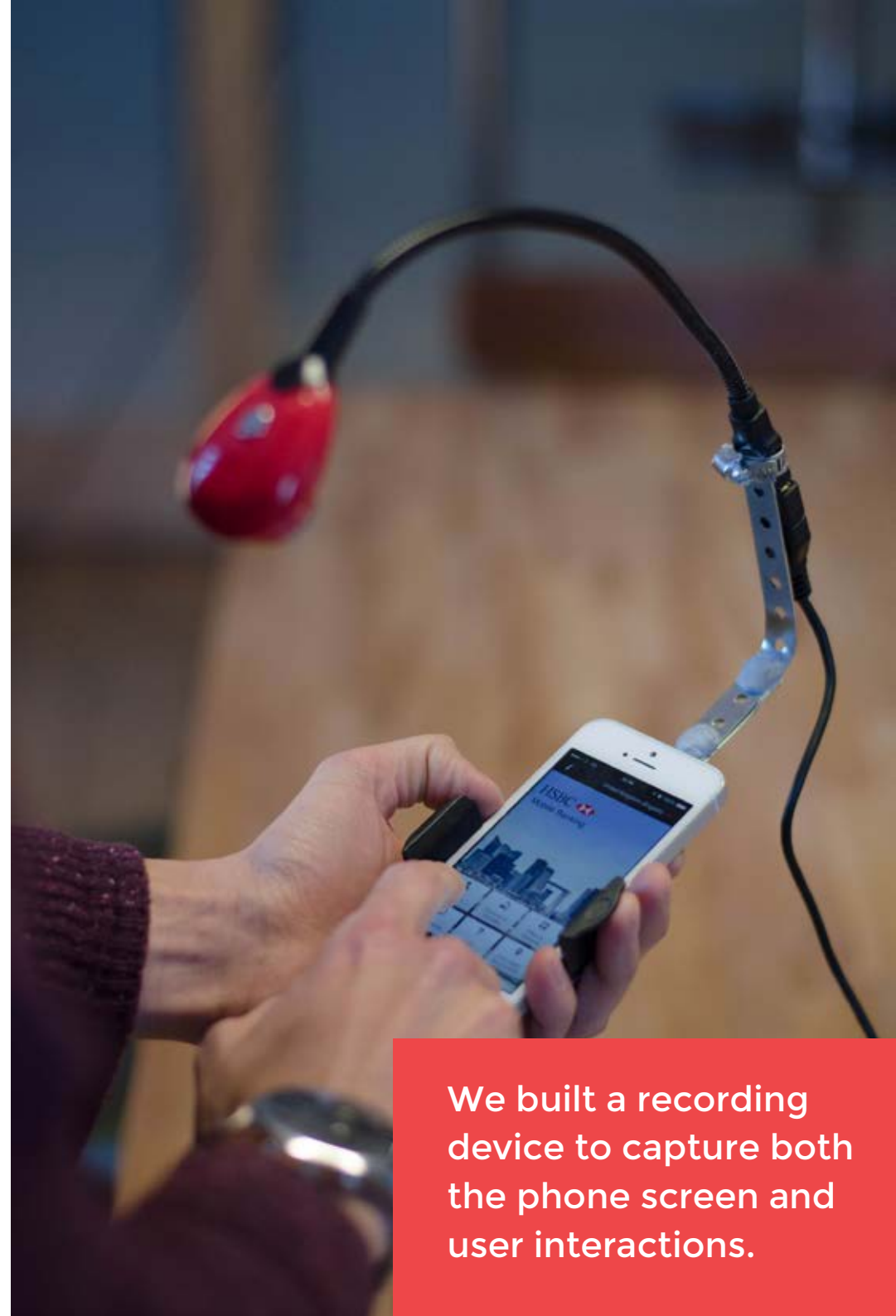
We built a recording device to capture both the phone screen and user interactions.

Our research consisted of:

Expert heuristic review

Two experienced UX researchers assessed all five apps against 65 criteria to identify how well each app followed accepted usability best practices for banking interfaces and mobile applications.

In-depth qualitative user research

We conducted detailed interviews with existing users and new users of each banking app, and observed them undertaking common tasks using the app. For each app, we observed three existing users, and one customer of the bank who had never used the app before. The research subjects for each app were evenly split between genders, and included both iOS and Android users who ranged in age from their 20s to early 50s.

Survey of 400 UK consumers

We surveyed a nationally representative sample of UK consumers to understand their attitudes to and usage of banking apps, and to validate the insight from our qualitative user research.

Analysis of app store reviews

We reviewed thousands of app store reviews from the Google Play and Apple app stores to understand what pleased and frustrated users of each individual app. Since it is rare for people to use multiple banking apps in the same ways, for similar types of accounts, we did not cross-compare ratings.

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Our radically customer-centric approach brings design thinking, the lean startup, and agile product development together to deliver brilliant results in compressed timeframes.

Our clients range from early-stage start-ups to well known PLCs. Our work with these clients encompasses transforming existing services and developing brand new propositions. Our engagements range from 2 days to 6 months, during which our multi-disciplinary product teams closely collaborate with clients to develop inspiring product visions, strategies and roadmaps which we rapidly and iteratively execute against.

Get in touch to discuss how Adaptive Lab can help your business.

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