CPA Practice Advisor

Valuable

Dec. 18, 2012

Think online or mobile banking is just for Gen X or Gen Y? Think again.

Once baby boomers and seniors become active online, they use online banking services, such as digital payments and personal financial management offerings, just as often as the younger Gen X and Gen Y consumers. That's important news for financial institutions that want to retain customers and grow their business. Intuit Inc. data shows that people who bank online and via their mobile and tablet devices log in about 30 times a month and are more profitable to a financial institution than those who don't bank digitally.

These are among the findings of a comprehensive, ongoing Intuit Financial Services study of financial institution customer engagement and value. Updated quarterly, Intuit's analysis provides a deep view of banking customer behaviors across several categories: online and mobile interaction, personal financial management, debit card transactions, digital payments and rewards, among others.

"Consumers and small businesses want helpful insights from their financial institution anytime, anywhere and on any device," said Russell Lester, director of analytics at Intuit Financial Services. "Extending the branch experience digitally lets consumers and small businesses do their banking easily on any number of devices in ways that they never could in the past. Financial institutions should rethink how they allocate funds and recognize the value these solutions deliver. The data is clear – greater engagement via digital channels leads to better financial outcomes for the user and the financial institution."

Additional data points from Intuit's study include:

- **More mobility, more logins:**People who banked online – those signing in from a

- **Better retention:** Financial institutions were 2 percent more likely to retain Intuit online bill pay customers over the course of a year, resulting in up to $150,000 plus in cost savings to a mid-sized financial institution annually. Research reports indicate firms spend $150-$200 to acquire a new checking customer.
- **Plastic pays:** The average Intuit Purchase Rewards consumer generated 47 percent more monthly debit card purchases than those online customers who didn't use Purchase Rewards. This produced an estimated additional $50 of interchange fee income each year per consumer for financial institutions.

Profitability Analysis Methodology

To conduct its profitability analysis, Intuit Financial Services measures data from financial institutions' personal customer base. Offered exclusively to bank and credit union customers of Intuit, the annual analysis provides insights into their customer or members' current banking behavior, helping financial institutions better tailor their products and services.

The data includes information from approximately 50 financial institutions collected from July 2009 through September 2012, representing more than 2.5 million consumers with a checking account.

"Most financial institutions measure from too narrow a perspective, including only items such as Web site traffic and online and mobile enrollments," said Jason Weinick, senior analyst for Intuit Financial Services. "By adding the metrics that matter, such as relationship depth, debit card usage and demographics, financial institutions get the data they need to get a complete financial analysis and ultimately increase their bottom line."