

# How to build a better investor experience

The payment innovations your customers want



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## FOREWORD

# WealthTech payments are ready for disruption

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On the one hand, the pressure for digital disruption comes from customers. They want to service their accounts at the ‘speed of tech’ – they expect to trade stocks and make investments as simply as ordering a pizza.

On the other, the impetus is financial. Paper trades and investments are expensive and labour-intensive – whereas the cost of a digital transaction is close to zero. Digital service is a no-brainer.

**WealthTech institutions are creating clear water between themselves and competitors through a compelling customer experience.**

Trading platforms were the first to go digital back in the late 1990s. Today, the rest of the sector – including savings accounts and long term investments – is catching up; and most providers have a digital offering. New tools like digital advisory services are appearing.

But the digital world also presents challenges for providers. When the key differentiator between two products is a ‘pip’ – a shaving of a percentage of an interest rate – business becomes a race to the bottom.



## FOREWORD

Instead, smart WealthTech institutions are creating clear water between themselves and competitors through a compelling customer experience.

**And, as our research clearly shows, payment regimes are a key component of that experience.**

Up until now, payments have been clunky, slow and ready for innovation. But thanks to open banking and a steady flow of new technologies, payments now present an opportunity to differentiate and drive customer loyalty, with:

- **Rapid deposits and withdrawals**
- **A trusted white-label payment experience**
- **Bank-grade security and reduced fraud**

And all with none of the prohibitive costs of credit card transactions.

Our survey shows that providers that move fast to implement instant payment capabilities and seamless onboarding experiences will drive a degree of user trust, which translates directly into value.



**Thanks to open banking and a steady flow of new technologies, payments now present an opportunity to differentiate and drive customer loyalty.**



**Yasmin Bayat**

WealthTech Lead  
at TrueLayer

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

## FIVE KEY INSIGHTS

## The key takeaways for WealthTech providers

TrueLayer surveyed more than 1,800 current users of online wealth management services and 1,400 consumers who are considering investing, across Europe. We found that...

### 1. Instant withdrawals increase deposits

Instant withdrawals increase deposits and trust in your service, while slow or problematic withdrawals are a key source of frustration and ultimately churn.

  
**1/3**


More than a third of current investors (37%) would consider **depositing more money** if they could withdraw instantly.

### 2. Slow deposits can frustrate investors

Investors demand fast payments for an acceptable level of service – and without them, they are losing out.

**1/4**

A quarter of current investors (24%) reported that they had **missed out on an investment opportunity** because funds had not appeared in their accounts quickly enough.



## FIVE KEY INSIGHTS

### 3. Investors are happy to pay by bank transfer

Bank payments are growing in popularity – thanks to open banking, which is making them even simpler.



## 8 in 10

current investors (84%) feel comfortable using instant bank transfers, enabled by open banking.

### 4. Onboarding must be fast and trusted

Long processes and redirections to less-trusted third party systems encourage investors to quit, so white-labelling of external payment providers is key.



## 6 in 10

current and prospective investors will not tolerate a signup process lasting more than 10 minutes, while more than half are likely to quit signup if they are redirected outside the app.

### 5. Build trust with instant bank verification

Open banking improves the signup experience and creates trust.



## 7 in 10

current and prospective investors say that they would trust an online wealth management platform which could verify their account and authenticate payments directly with their bank.

## Methodology

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This report presents the findings of a survey, conducted by YouGov on behalf of TrueLayer, into attitudes towards online wealth management services (platforms for investments, trading and savings).

Our survey focuses specifically on attitudes to signing up to a service, and the ways in which consumers transfer money into and out of their accounts.

We conducted over 3,000 interviews, during October 2020.

Data was gathered across six European markets: the UK, Germany, France, Spain, Italy and the Nordics (Sweden, Finland and Norway) with a minimum of 500 interviews in each territory.

In order to qualify for our survey, all respondents had to:

- **Currently use or be considering using online platforms for investments, trading and/or saving products**
- **Earn a minimum of £30k (or equivalent in European markets)**
- **Currently have some financial product or investment asset**

Around 1,800 of our respondents were current users of wealth management services, while around 1,400 were prospective users who are considering using services in the future.



## RESULTS

1

## Investors want fast payments

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### Key takeaways

- Instant deposits and withdrawals increase trust.
- Slow deposits cost customers money – and therefore your reputation.
- Instant withdrawals encourage deposits.
- Providers who don't offer instant withdrawals will see churn.

**2/3**

Almost two thirds of current and prospective users of online wealth management services are more likely to trust an online platform which offers **instant deposits and withdrawals**.

Industry insiders appreciate the often deeply fragmented nature of payments. But customers don't. Instead, they see how they can now transfer money between their bank accounts with a swipe of an app. And they increasingly want the same from their savings and investment services providers.



## RESULTS — INVESTORS WANT FAST PAYMENTS

### Instant deposits and withdrawals increase trust

Our research shows that the fast account funding and withdrawals have a direct impact on customer experience and brand by creating trust.

In all territories but Germany, over half of our respondents agreed that instant transactions would lead them to trust an investment services provider more – rising to 82% in Spain.

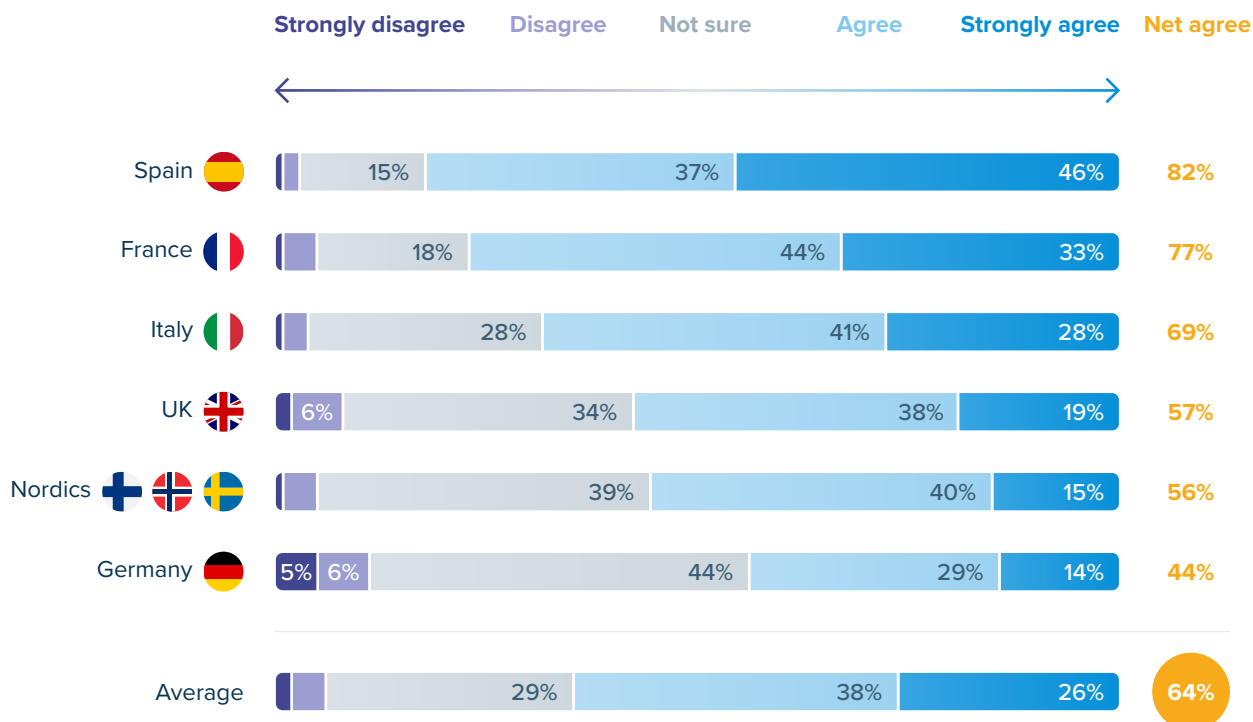
# 82%

of respondents in Spain agreed that instant transactions would lead them to trust an investment services provider more.



1.1

I would be more likely to trust a provider who gives me instant deposits and withdrawals than one who doesn't



## RESULTS — INVESTORS WANT FAST PAYMENTS

This suggests that at the very least, providers which don't offer instant deposits and withdrawals are missing out on an opportunity to develop a deeper and more positive relationship with their customers.

As such, any business in the WealthTech sector should make seamless payments a priority in order to protect against user dissatisfaction and churn.

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**The ability to fund accounts instantly and securely is critical for our users. TrueLayer enabled us to offer such an experience even for bank deposits. Our users no longer need to do manual wire transfers and wait a day or more before funds arrive in their Trading 212 account.**

Nick Saunders, CEO

**TRADING 212**

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**Open banking integration is an essential step on our mission to get everyone investing, allowing customers to add funds seamlessly and with confidence. Partnering with TrueLayer, we're pleased to be able to offer our customers a dramatically improved account funding experience.**

Adam Dodds, CEO

 **Freetrade**

RESULTS — INVESTORS WANT FAST PAYMENTS

Slow deposits cost customers money – and therefore your reputation

A quarter of current investors (24%) reported that they had missed out on investment opportunities because funds had not been deposited rapidly enough into their accounts. This rises to 29% in Italy and 38% in France.

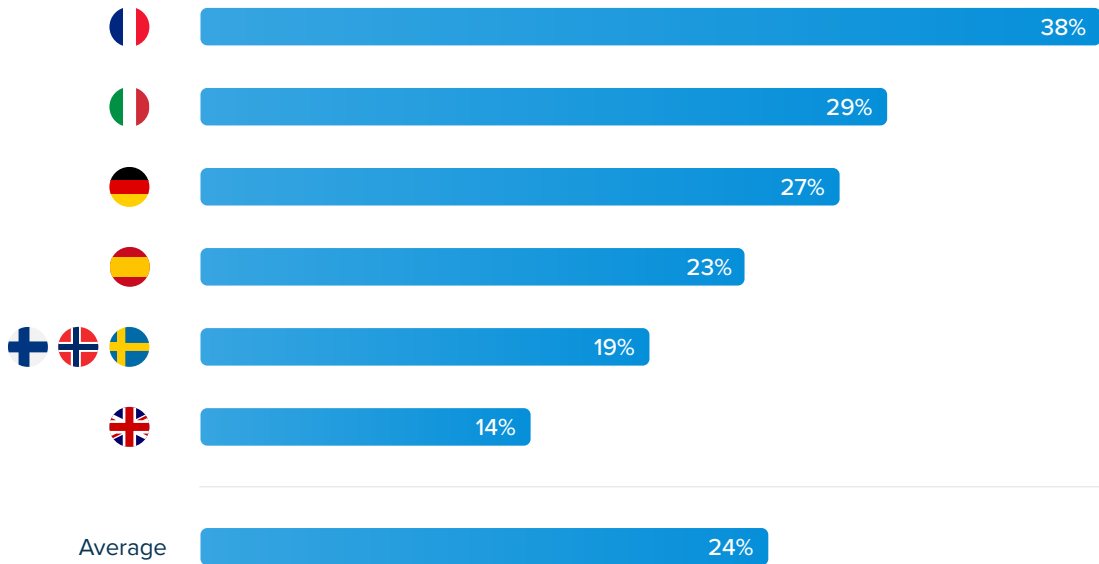


**1/4**

A quarter of current investors have missed out on an **investment opportunity** because funds didn't appear in their accounts quickly enough.

1.2 I have missed out on investment or trading opportunities because funds were not deposited fast enough

% of people who agree



## RESULTS — INVESTORS WANT FAST PAYMENTS

While the majority of investors haven't experienced this, the impact on those that do could be significant. That deposit could be the first experience a user has of your brand. For many people (particularly those new to trading and investing who did not previously have a broker relationship, i.e. new money into the sector), their introduction to online trading will be a tip, a 'pet' share or even an employer's shares.

How many of those people have now endured an initial experience with your brand that is below par? And how many who could not make that first transaction never fully open (or return to) their accounts?

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**With open banking technology, providers can offer their customers instant deposits which are seamless and secure. TrueLayer has built on top of open banking infrastructure to provide payouts, so our customers can also enable fast payouts to the same account.**

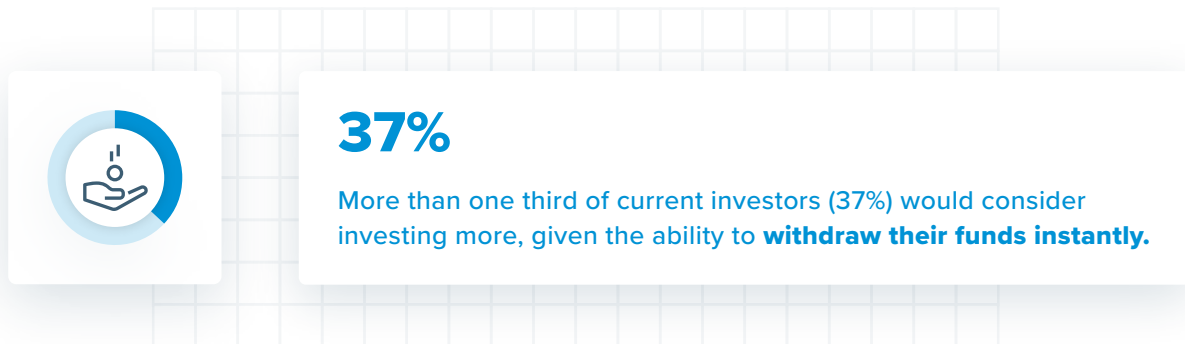
Till Wirth, Head of Platform at TrueLayer

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## RESULTS — INVESTORS WANT FAST PAYMENTS

### Instant withdrawals encourage greater deposits

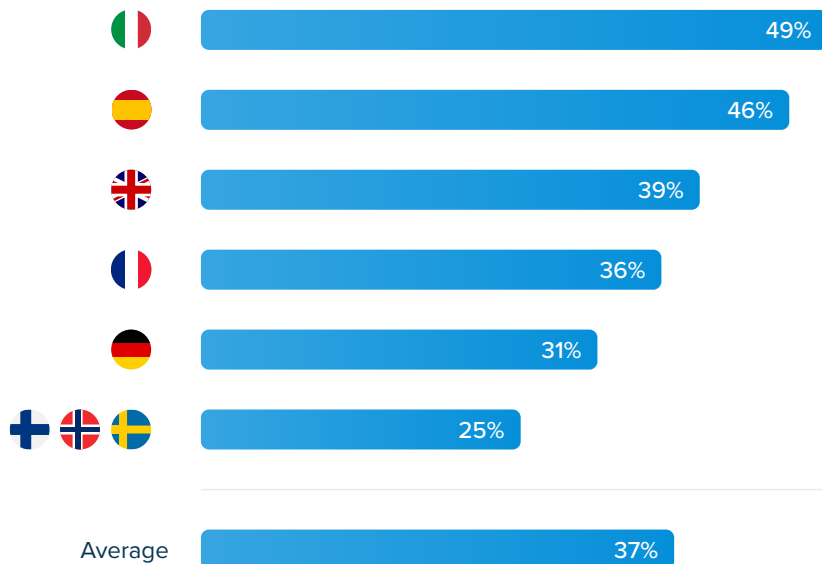
Our research shows that the facility to make instant withdrawals drives higher deposits.



1.3

#### Having the ability to instantly withdraw funds would make me consider depositing more money

% of people who agree

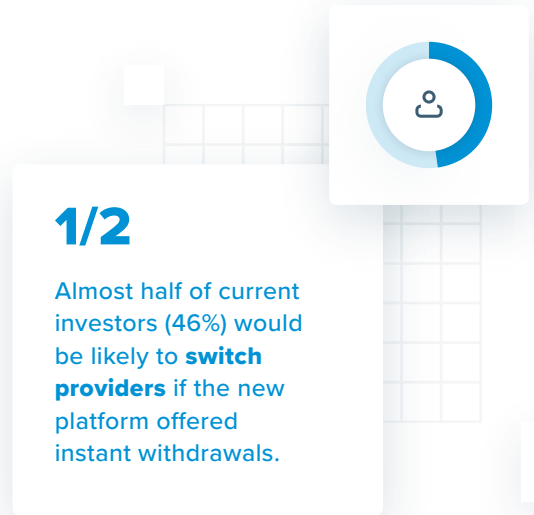


It Italy and Spain, almost half of current investors would consider investing more, given the ability to withdraw funds instantly. Across all markets, this is a significant opportunity for wealth advisors to increase revenues, without the expense of marketing to new customers.

RESULTS — INVESTORS WANT FAST PAYMENTS

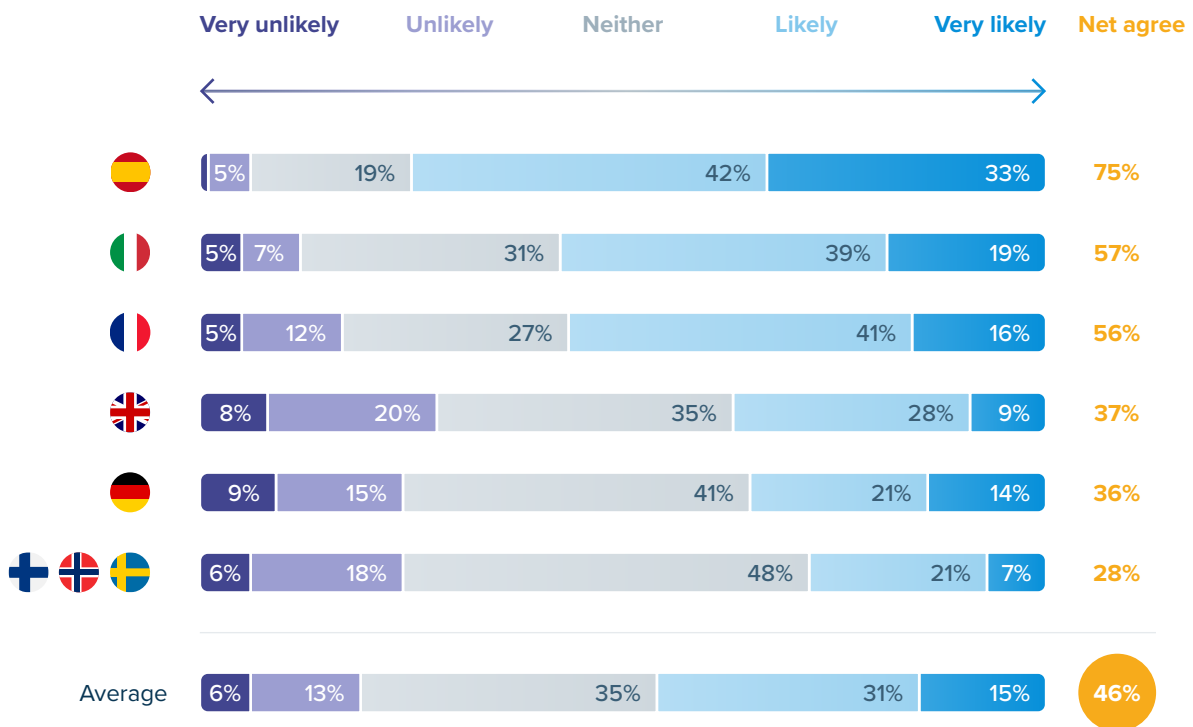
### Providers who don't offer instant withdrawals will see churn

As more Millennials turn to online trading and investing, providers will likely have to fight harder for loyalty. Unlike traditional Boomer investors, Millennials are digital natives with high expectations of a frictionless user experience and no qualms about moving to a better provider. And our data shows that slow withdrawals would be a serious incentive to move.



1.4

#### How likely would you be to switch to a different online wealth management or investment platform, if it offered instant withdrawals?



## RESULTS

2

## Investors want to pay by bank transfer

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### Key takeaways

- Bank transfers of all types are the most common way of depositing money.
- Across Europe, investors are comfortable using instant bank transfer, via open banking.

**1/3**

Despite being a new payment option which isn't yet universally available, already more than one third (38%) of investors use **instant bank transfer** to deposit funds.

Technology continues to disrupt the payments sector, but few new payment brands have managed to achieve 'household name' status in the way that the high street banks have enjoyed for many years.

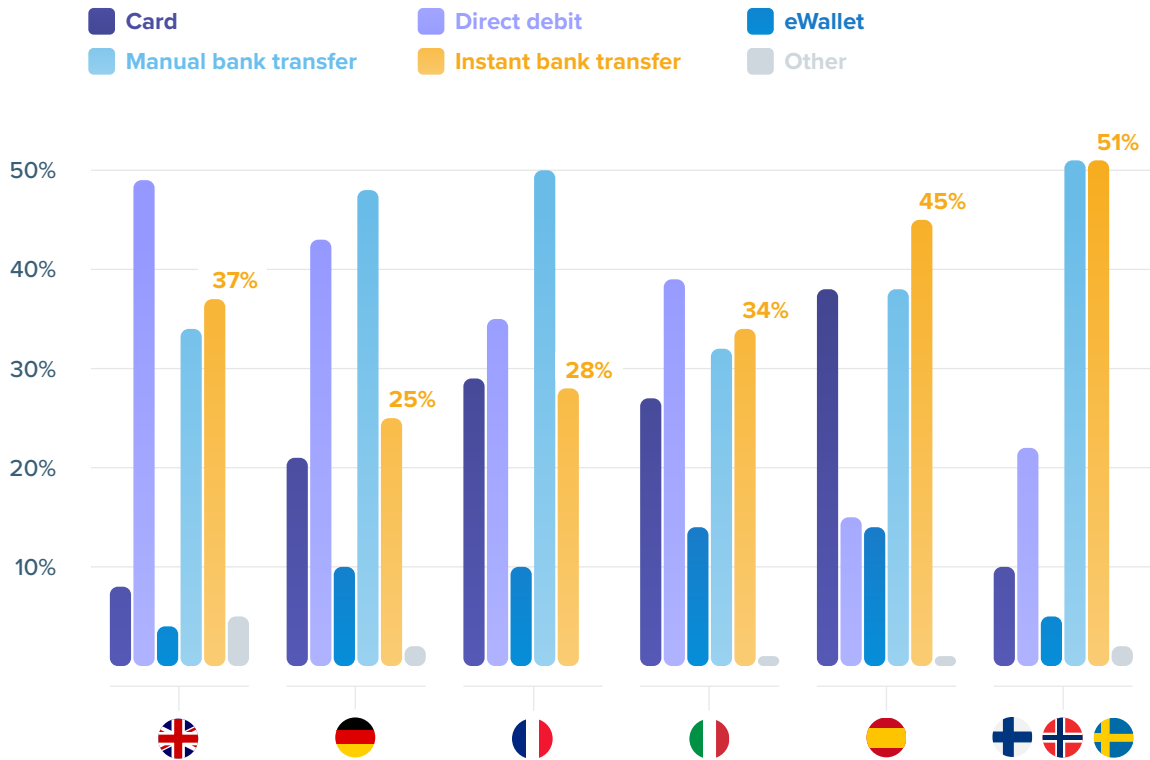
The trust between a consumer and their bank is likely one reason why bank transfers, either manual or instant/direct, are the most common way of depositing money into investment vehicles across all the countries we analysed.

For providers, the financial incentives to offer bank transfers is clear. If a provider charges a 4% management fee for a financial product and a credit card transaction costs 2% gross, it represents a 50% cost of doing business.

## RESULTS — INVESTORS WANT TO PAY BY BANK TRANSFER

2.1

What payment methods do you use to deposit funds into the online wealth management or investment platform you use?



In the UK and the Nordics, cards are only used in 8% and 10% of deposits respectively; and while they're more popular in Spain, France and Italy, across all territories, cards never outperform bank transfers.

This trend is only likely to continue as instant bank transfers become commonplace. Nutmeg, the online investment management service, began offering instant bank transfers enabled by open banking in 2020 – and it already accounts for a quarter of account top-ups and growing



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nutmeg

**Before TrueLayer, the majority of our payments came through cards, which take a couple of days to arrive, meaning that customers were delayed in getting their money to market. Instant bank transfer is a better payment experience for our users – and more of our users are now choosing it. Before launching, traditional bank transfers accounted for a tiny proportion of overall payments. Now, enabled by open banking, they’re a quarter of all payments and growing.**

Charlie Masters, Product Manager at Nutmeg

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 TRUELAYER

**As the idea of waiting five or more days for a funds transfer becomes progressively more archaic, we believe that rapid withdrawals will ultimately become the default – because it won’t just be the customer’s expectation, it also makes sound financial sense for service providers.**

Till Wirth, Head of Platform at TrueLayer

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## RESULTS — INVESTORS WANT TO PAY BY BANK TRANSFER

### Investors are universally comfortable with instant bank transfers

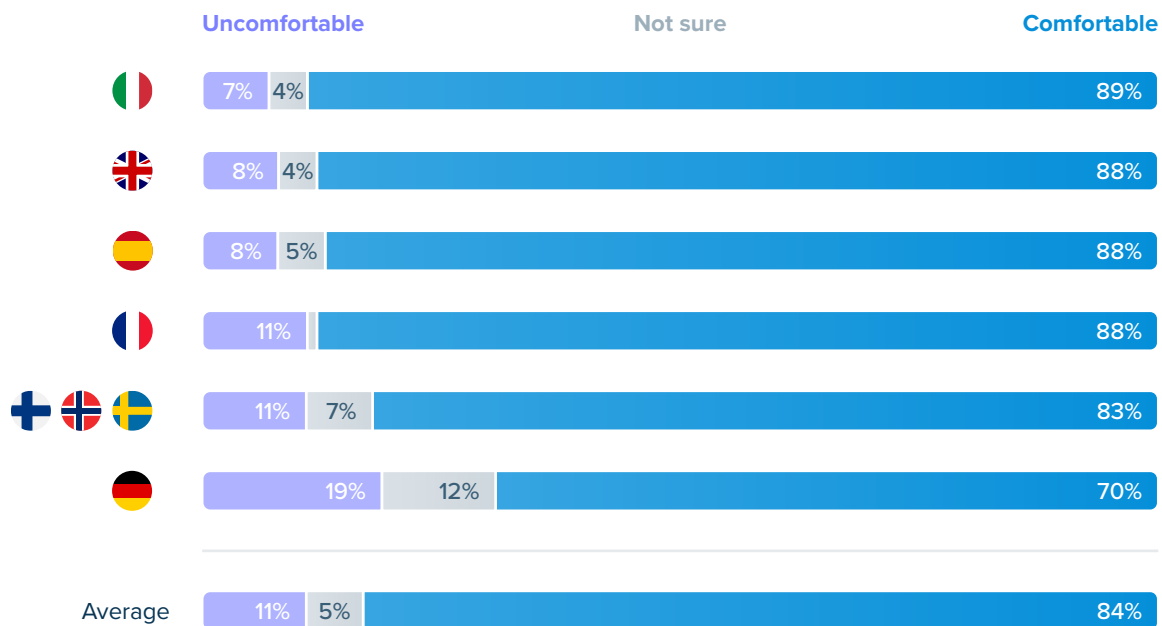
Instant bank transfers are relatively new to consumers, but they offer some significant advantages over cards. A payer can connect to their bank directly from within the app in which they are paying, and biometrically authenticate a bank transfer without having to log on to their online banking and without having to manually enter payment details.

## 8 in 10

investors across Europe (84%) feel comfortable using **instant bank transfers** to pay into their investments, savings and trading accounts.

2.2

In the future, how comfortable would you be to deposit funds online via a direct/instant bank transfer?\*



\*Connecting to your bank and authenticating the payment from within the app or website you're using

While getting a user to change the way they pay isn't easy, our research shows that—thanks to simplicity and the trust we already have in our banks—across the continent, consumers are overwhelmingly comfortable with the concept of instant bank transfers. Even in Germany, where the degree of comfort with instant bank transfers is lowest, positive perceptions outperform negative by almost 4:1.

## RESULTS

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## Onboarding must be fast and trusted

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### Key takeaways

- Signup processes must be fast.
- Investors will drop off if redirected outside the app to third party websites, so white-labelling third party payment providers is key.
- Instant bank verification boosts trust.



### 6 in 10

6 in 10 investors (61%) will not tolerate a signup process lasting more than ten minutes. And almost a third (30%) expect a signup in **less than five minutes**.

Onboarding is the most precarious part of the customer relationship, where a service provider has not built up brand equity, but is asking the most in terms of data and effort from their prospective new customer.

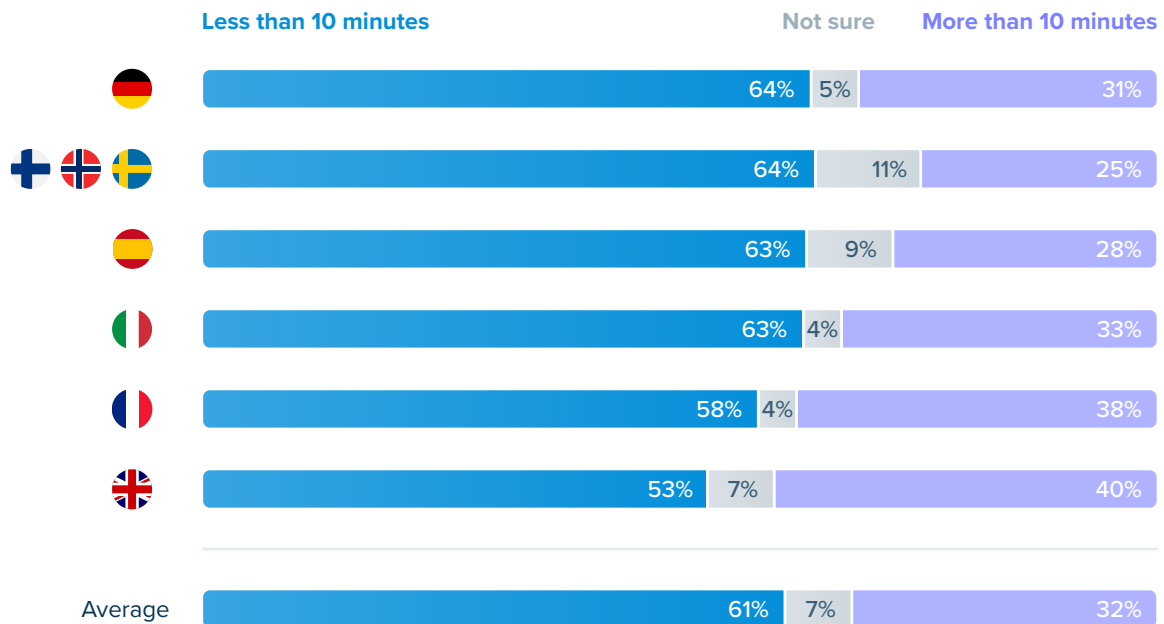
Our research shows that during onboarding, the criticality of speed, simplicity and trust are amplified.

## RESULTS — ONBOARDING MUST BE FAST

We asked our current and prospective users of wealth management platforms, how much time they would be happy to spend on signing up to a new service.

3.1

### How much time would you be happy to spend on signing up and onboarding to a new investment platform?



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nutmeg

**Banking is becoming more user-centric, with solving real user problems at the heart of fintech roadmaps. With this in mind, Nutmeg has worked with TrueLayer to launch open banking payments for customers – reducing a lengthy user process to just a couple of taps.**

Matt Gatrell, COO at Nutmeg

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## RESULTS — ONBOARDING MUST BE FAST

In fact, the wealth management industry is lucky compared to many other sectors (for example online gaming) in that customers are comparatively happy to tolerate longer onboarding processes. This is likely due to the often large amounts of money involved in savings and investment, meaning we might prefer a longer process which protects our money (and consumers are rapidly becoming familiar with the requirements for AML/KYC etc).

Even so, across Europe, 61% of respondents expect to spend no more than ten minutes signing up to a new service.

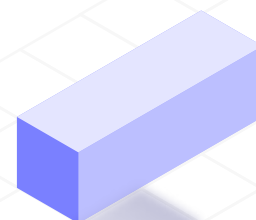
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**One way to remove friction and unnecessary time from onboarding, is to take advantage of technologies like open banking, which allow you to verify bank account ownership and income instantly and securely, without having to ask your customer to upload documents manually.**

Till Wirth, Head of Platform at TrueLayer

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RESULTS — ONBOARDING MUST BE FAST AND TRUSTED

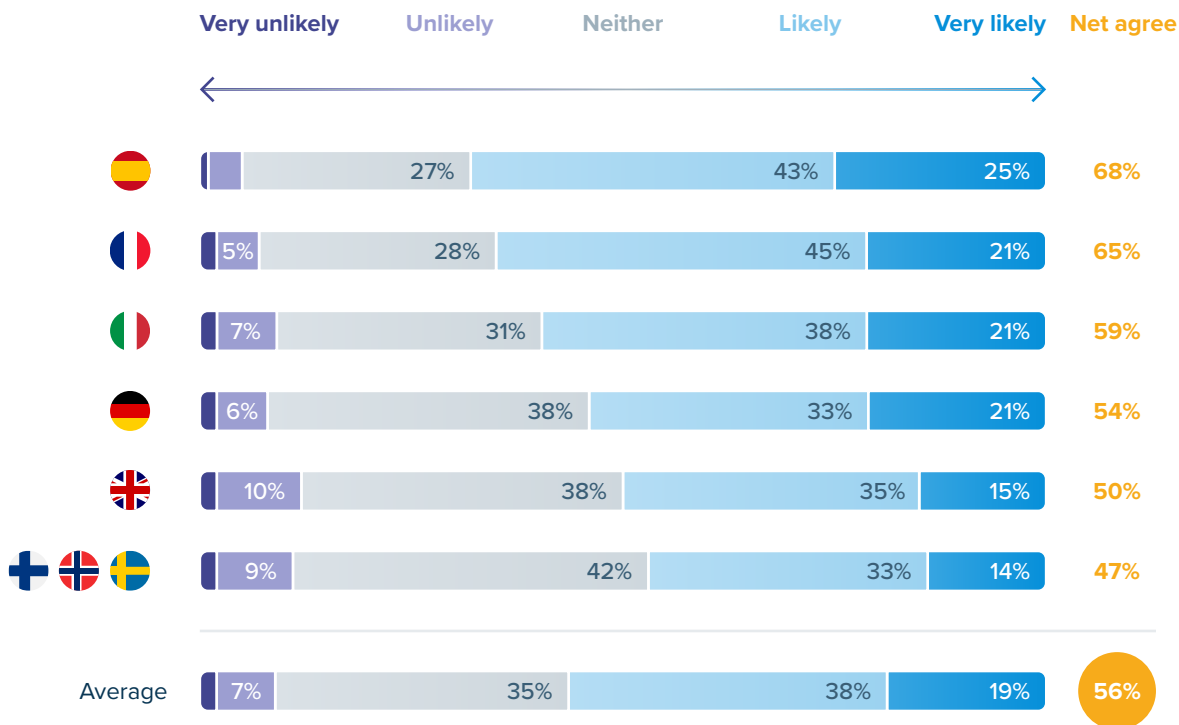
### New customers will drop off dramatically if redirected outside your service

Our research shows that asking your customer to leave your website to complete their onboarding is risky – and using an unknown third party reduces that crucial trust quotient.

More than half our respondents – and up to two thirds in Spain – consider themselves fairly or very likely to exit an onboarding process if they are redirected to a third party website or app when making their initial deposit. Even in the Nordics, where drop-off is least likely, it is still almost half of all respondents.

**56%**  
Over **half of current and prospective investors** (56%) are likely to quit a signup process if they are directed outside your app to make their **initial deposit**.

**3.2** How likely are you to drop off the signup process if you are redirected outside the app/website to make your deposit?



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STAKE

**Partnering with TrueLayer allows us to use its game-changing Payments API to improve the experience for our Stake community – something we’re always looking to do. We’re all about breaking down barriers between global investors and the US stock market, and Payments Initiations will enable faster transfers without even having to leave the app.**

**Matt Leibowitz**, CEO and Co-Founder at Stake

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 TRUELAYER

**Our research shows that users are wary of being redirected to external sites, but the reality is that dealing with the entire onboarding process in-house is often not practical for providers, and can extend and complicate the signup process for all parties. One way to address this is white-labelling. You can avoid creating uncertainty by making other brands much less visible, and making the user flow look like yours as much as possible.**

**George Davis**, Product Lead – Payments at TrueLayer

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## RESULTS — ONBOARDING MUST BE FAST AND TRUSTED

### Instant bank verification boosts trust

When it comes to onboarding, there is one external provider that a consumer is highly likely to trust: their own bank.

Thanks to the open banking APIs, online wealth management and trading platforms can verify account ownership and authenticate payments directly with a customer's bank. This also reduces the risk of fraud associated with other payment methods like credit cards.



## 7 in 10

7 in 10 current and prospective investors (71%) would trust a platform that **verifies their account** and authenticates their payments **directly with their bank.**

Just as customers are suspicious of untrusted third party payment sites, our survey suggests that they are equally positive about platforms which can verify customer credentials directly with their bank.

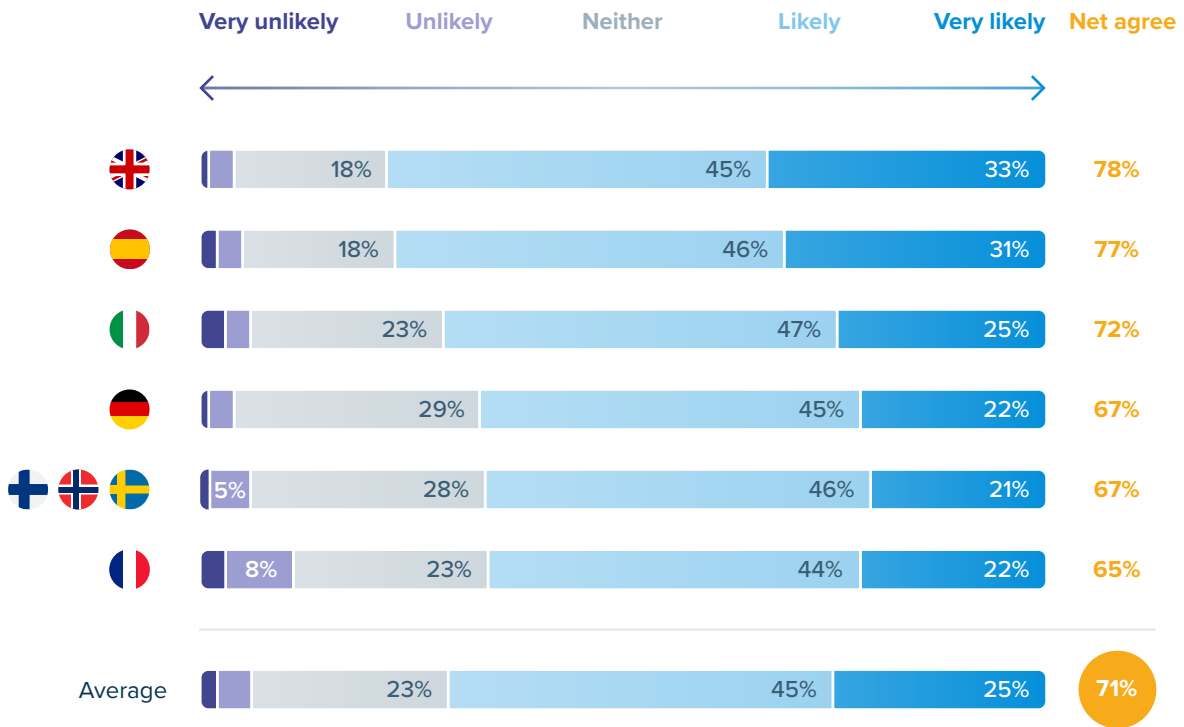
Effectively, a direct connection to a customer's bank leverages the trust they already have in that existing financial institution to reflect positively on your business.



RESULTS — ONBOARDING MUST BE FAST AND TRUSTED

3.3

How likely are you to trust an online wealth management or investment platform that verifies your account and authenticates your payments directly with your bank?



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nutmeg

**In a world where products and services need to be delivered more securely, more quickly, and at a lower cost, payment initiation via open banking will surely have a role to play.**

Charlie Masters, Product Manager at Nutmeg

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## NEXT STEPS

# Faster payments with TrueLayer

Great onboarding and payments experiences increase conversion, trust and retention.

But most payment journeys today are fragmented, slow and manual. With TrueLayer, you can combine one click onboarding with instant deposits and limitless payouts. All within your app.

TrueLayer was one of the first companies to be regulated to provide open banking payment and data services across Europe, for secure account verification and instant pay-in. Today, our platform accounts for more than half of all open banking traffic in the UK.

We've built on top of open banking infrastructure to enable instant payouts too – for a complete digital payment solution.

Building faster payments with TrueLayer:



## Ready to get started?



### Yasmin Bayat

WealthTech Lead at TrueLayer

Email me at [yasmin@truelayer.com](mailto:yasmin@truelayer.com)

Add me on [LinkedIn](#)

Book time in my calendar [here](#)