

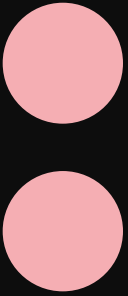
Savanta:

Is the branch dead for business banking in Northern Ireland?

2021

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make better decisions.



The government reports that between 2012 and 2020 the total number of bank and building society branches in the UK fell by 28%. But what is the small to medium Northern Irish business experience and do they expect to use digital channels more in the future?

Savanta has been tracking channel usage amongst businesses in Northern Ireland for over 5 years now and wanted to understand small business intention around branch usage going forward, after a year of Covid and business change.



Branch is a key channel but usage is falling, while mobile grows

We asked businesses (Start-ups and Established businesses with up to £6.5m turnover) which methods they had used to carry out their business banking over the past year. Online banking was the mainstay with over 8 in 10 having used this method.



7 in 10

had used the branch counter, even during Covid.

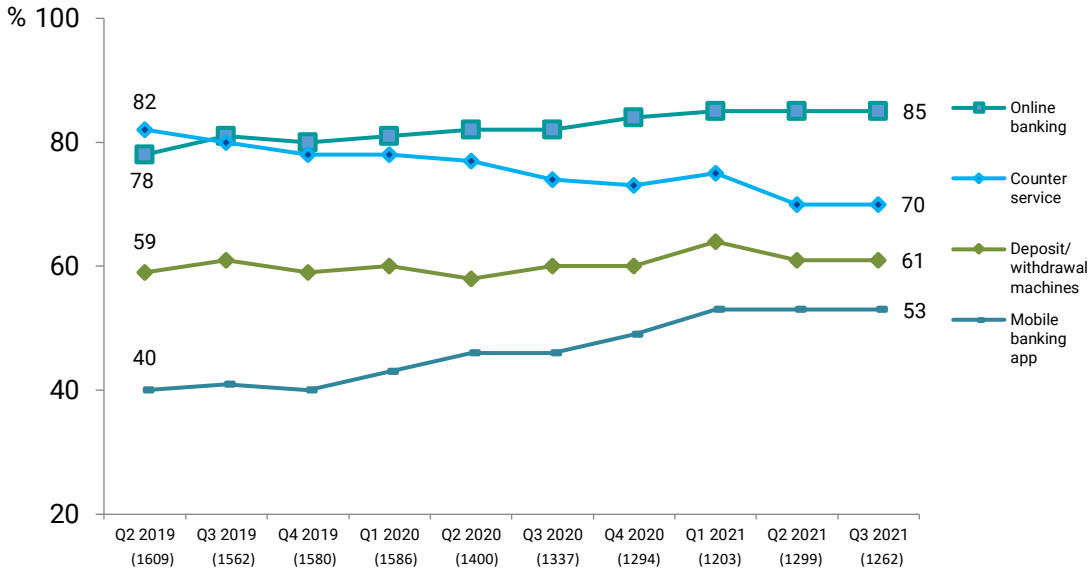
Movement away from the branch and to digital mediums is less marked in Northern Ireland than in GB

7 in 10 had used the branch counter, even during the height of Covid. But whilst 70% did so at YE Q3 2021, this marks an 8pp decrease on the Q2 2019 reading with a wave on wave fall through 2019 and 2020. The proportion using the self-service machines in branch however was largely flat resting 2pp up from 59% to 61%.

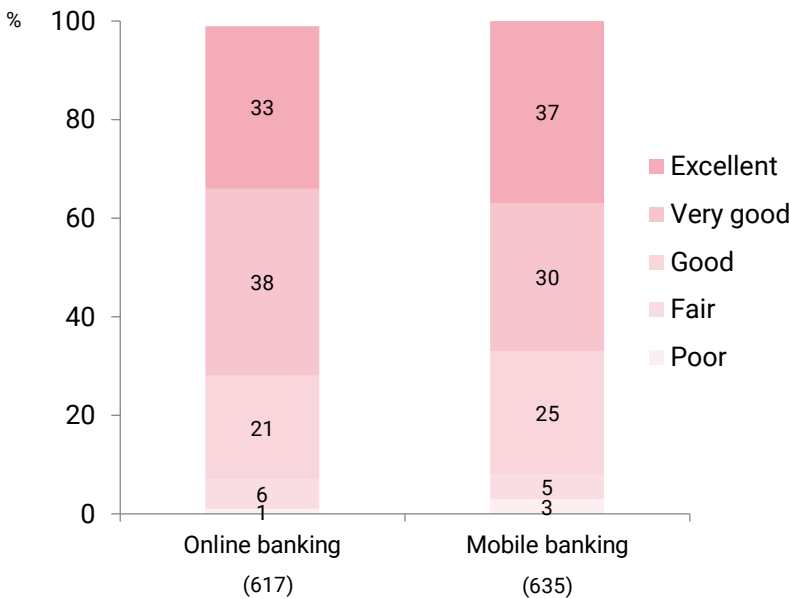
Usage of mobile banking, once the poor relative, has increased as technology has advanced and has no doubt been affected by the virtual world Covid has moved us all into. Now 53% have used mobile banking in the past year vs only 40% some two years ago.

Channels used over the past year

We asked businesses: Which of the following methods have you personally used to carry out your business banking over the past year with your main bank?



Whether these changes are driven by bank design or customer demand, 9 in 10 users (92%) rate their bank’s online and/or mobile service as good, very good, or excellent. Approximately 3 in 10 rate the service as ‘excellent’.



Overall quality of service

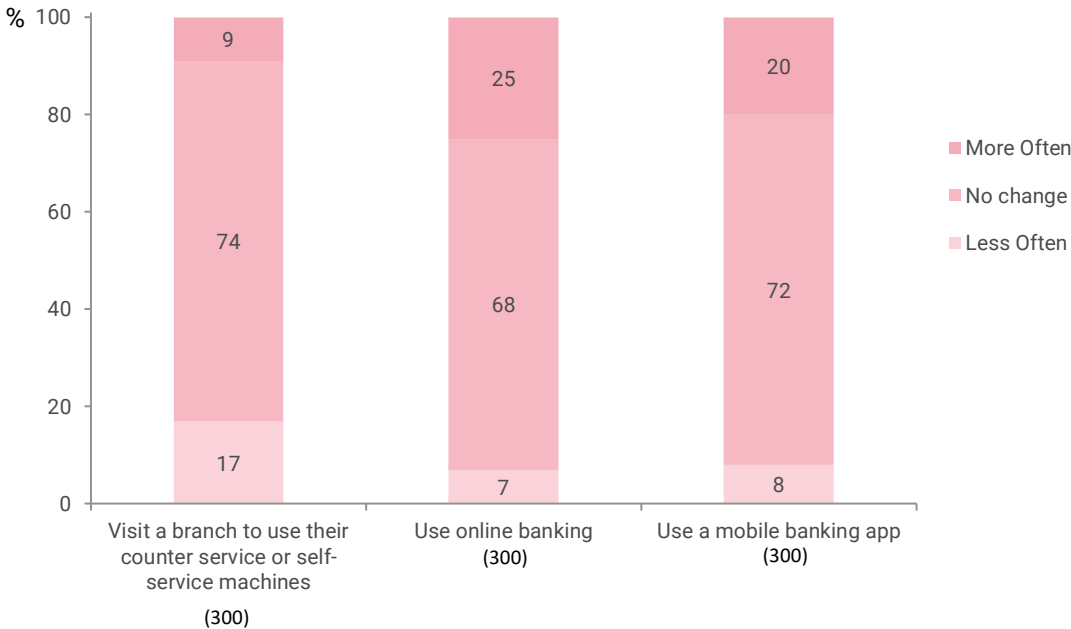
How would you rate the online banking system/mobile banking overall?

So what of the future?



We asked businesses: Thinking about your main business bank, during the next year, do you think you will do each of the following things more often, less often or the same as before the pandemic?

Pre/post-Covid channel use expectations



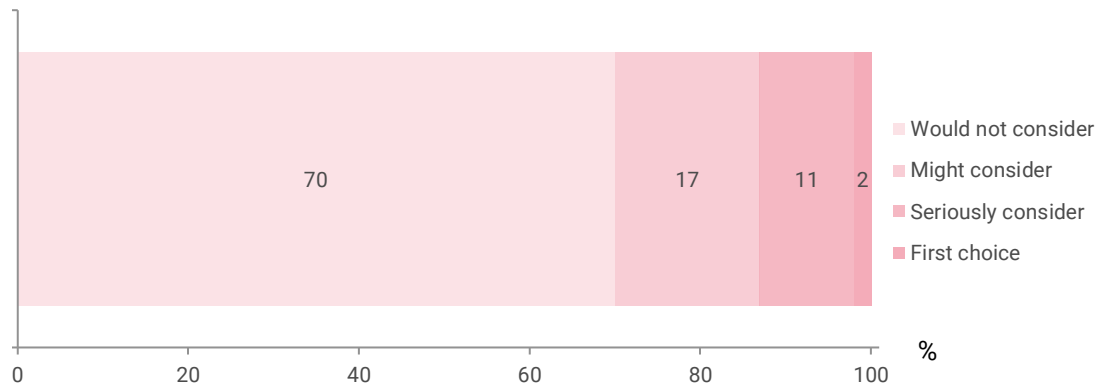
Businesses were clear in their expectations – a net decrease in branch usage but a net increase in online and mobile utilisation compared to pre-pandemic. Interestingly, GB businesses were more likely to expect to visit the branch less (31%) – branches remain more important in NI than elsewhere in GB.

Not all businesses are ready for digital only

When we asked how likely they would be to consider a digital only bank for their future business banking needs given a free choice, the majority would still not consider a digital-only bank.

Future choice of digital-only bank

Please tell me how likely you'd be to consider the following banks for your future business banking needs, given a free choice. For **each** bank, please say whether it would be your first choice, one you'd seriously consider, one you might consider, or one you wouldn't consider at all.



Not as dead as one might think

Although branch usage is falling, and by all accounts set to fall further, some 7 in 10 have used the branch in the past twelve months and the majority say they don't expect pre-pandemic usage to change going forward.

It seems clear that the Northern Ireland market is less willing to accept banks moving to digital models than their GB counterparts and banks will need to be mindful of this when considering their channel strategy for the future.

Those in Northern Ireland seem more wedded to the branch than their sister businesses in GB and so while we can hypothesise that branch usage is in slow and steady decline and likely to escalate as older businesses owners retire or pass on their business to a younger generation, businesses in Northern Ireland may cling on longer than their GB counterparts.

Data attribution

Sources:
 Savanta MVBC Q1 2021 SU EST £0-6.5m NI. Base: 300, Survey Period: 4th January 2021 - 29th March 2021.
 Savanta MVBB YE Q3 2021 SU EST £0-6.5m NI. Base: 1,262, Survey Period: 16th Sept 2020 – 16th Sept 2021.

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Savanta is one of the fastest-growing data, market research and advisory companies, born when eight best-in-class agencies, all specialists in their fields, joined forces to offer big agency benefits, while retaining a refreshingly boutique mindset. The result? A full range of integrated intelligence services at global scale, married to deep sector, issue and methodological expertise, delivered with an entrepreneurial spirit and client-first mindset. We inform and inspire our clients through powerful data, empowering technology and high-impact consulting. All designed to help our clients make better decisions and achieve faster progress.

Meet the team

Our senior team has experience working on research projects for a wide range of financial services clients across the banking, insurance, investment, pension and protection sectors.



Stephen Palmer

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Stephen has 25 years' research experience across financial services and tech and leads the financial services team at Savanta. Prior to Savanta, Stephen was Head of Insight at Kantar Financial Services & Technology and responsible for delivering customer experience, brand and segmentation research. Stephen is a certified member of the MRS and has sat on the standards board.

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Sue Lewis

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Sue has more than 25 years' financial research experience having worked both agency and clientside on continuous and adhoc, qualitative and quantitative research. Sue has worked in the MarketVue Business Banking team since the inception of the study, 10 years ago. Sue is a certified member of the MRS.
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Helen Davey

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Helen has more than 20 years' research experience gained agency side and has worked in the MarketVue Business Banking team for the past 5 years. Helen has considerable experience in managing large scale complicated syndicated research.

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Craig Tandy

Account Director

Craig has worked in a variety of roles across the financial services sector, including working directly with SMEs at Close Brothers Bank. More recently Craig worked for IBISWorld supporting banks across their credit approval process and relationship management capabilities, before moving to Savanta to support the wider financial services research team.

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