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Friday, 30 November 2018

Big decline in usage of bank branches

New results from Roy Morgan shows that in the six months to October 2018, there were 4.73 million people using bank branches in an average four week period, down from 6.50 million in 2014, a decline of 1.77 million or 27.2% in only four years. This major decrease in the use of bank branches coincides with the dramatic increase in the use of mobile banking.

These are some of the latest findings from Roy Morgan's Single Source survey which is based on in-depth interviews conducted face-to-face with over 50,000 consumers per annum in their homes.

Mobile banking makes big gains

In October 2014, 29.3% of bank customers (5.66 million) used mobile banking in an average four week period. This has increased to 44.7% (9.18 million) in October 2018, a gain of 3.51 million or 62.2%. This dramatic growth in mobile banking is in stark contrast to the reduction of 1.77 million using branches over the last four years, a decline of 27.2%. Internet banking using a website remains the most popular banking channel at 47.1% but has shown a decline from 52.3% in 2014 and on current trends looks like being surpassed by mobile banking within a year or two. Phone banking is declining and is now down to 13.6% from 16.1% in 2014.

Major Banking Channels used in the last 4 weeks
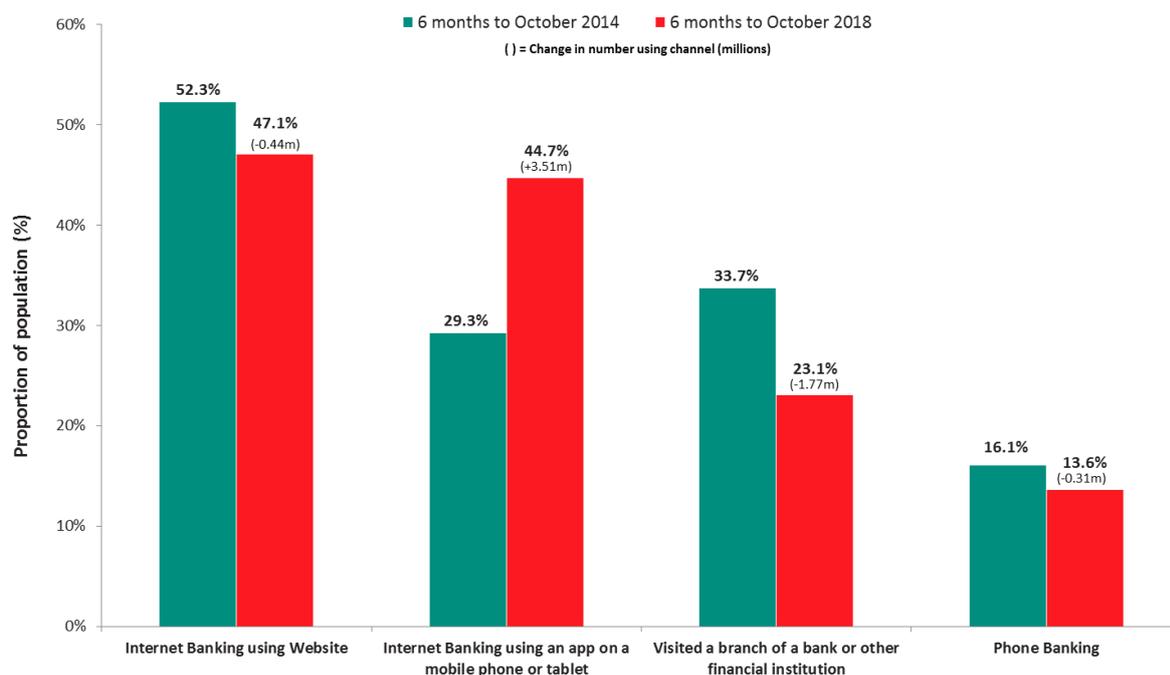
Source: Roy Morgan Single Source (Australia), 6 months to October 2014, n = 26,849; 6 months to October 2018, n = 25,304.
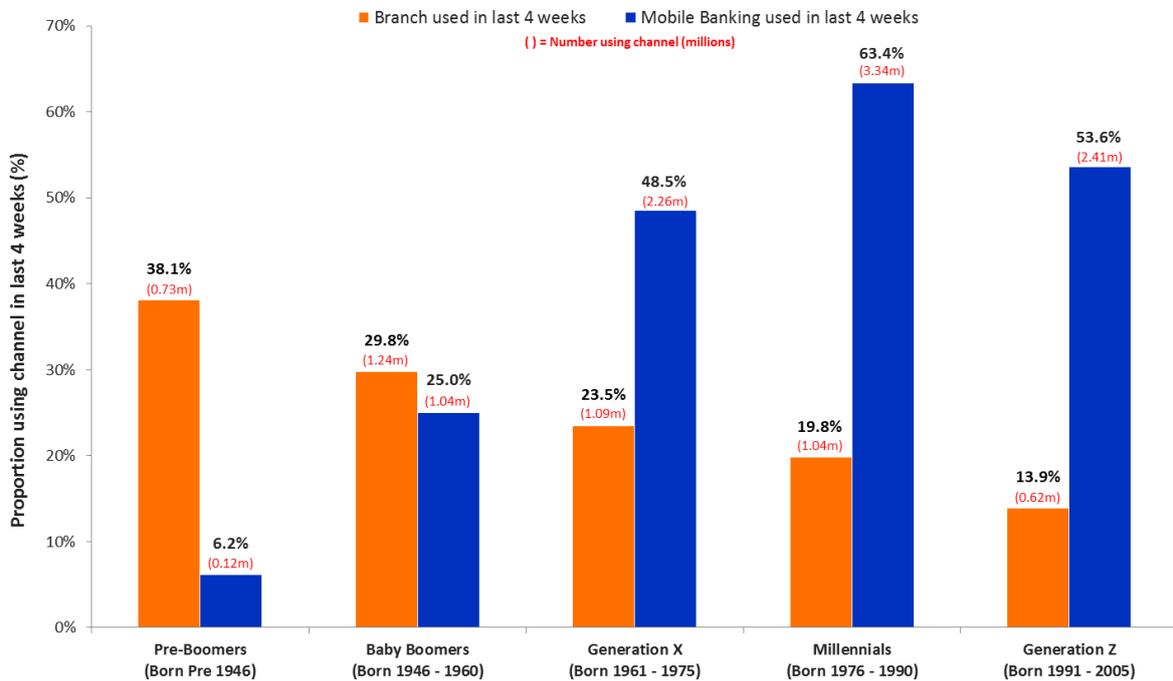Base: Australians 14+.

Millennials the clear leaders in mobile banking

Nearly two-thirds (63.4%) of millennials use mobile banking, compared to only 19.8% using branches. Millennials now number 3.34 million users or 36.4% of the total mobile banking market. This is well above generation Z with 2.41 million or 26.3% of the market and generation X with 2.26 million (24.6%).

FOR IMMEDIATE RELEASE

Branches still play an important role among older customers, with 38.1% of pre-boomers and 29.8% of baby boomers using them over an average four week period. These are the only two generations where branches are still preferred to mobile banking.

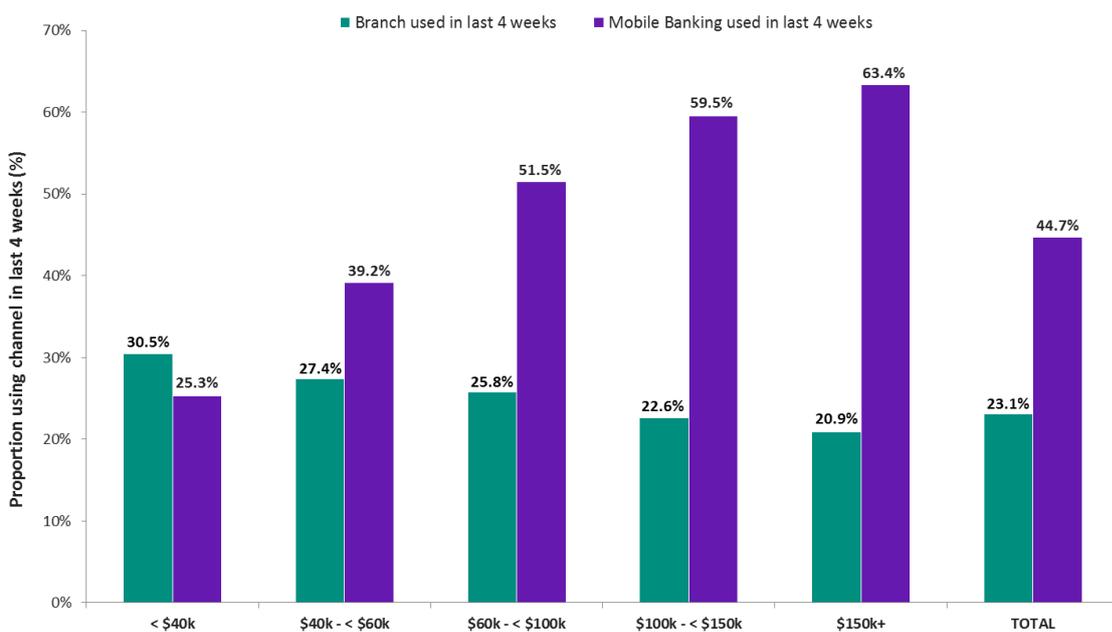**Branch Banking and Mobile Banking - Generational Comparison**

Source: Roy Morgan Single Source (Australia), 6 months to October 2018, n = 25,304.
Base: Australians 14+.

Mobile banking increases with household income

The preference for mobile banking increases with household income, reaching a high of 63.4% for those where household income is $150k pa or over. This is in contrast to only 25.3% where household incomes are under $40k pa. Despite the fact that the use of mobile banking rises rapidly with income, branches are still used by around a quarter (23%) of consumers in households with incomes of $60k pa or more.

Branch Banking and Mobile Banking - Household Income Comparison

Source: Roy Morgan Single Source (Australia), 6 months to October 2018, n = 25,304.
Base: Australians 14+.

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Norman Morris, Industry Communications Director, Roy Morgan says:

"The switch to mobile banking has been a result of rapid technological change, reinforced by high satisfaction levels with this relatively new way of dealing with banks. Satisfaction with mobile banking is the highest of all banking channels with 89.2%, compared to branches with 85.7% and as a result it is likely to be contributing to the increasing preference for mobile banking.

"Declining use of phone banking is likely to be partly as a result of it having the lowest satisfaction rating of all the major channels with only 77.4%.

"The strong preference for mobile banking by millennials is a result of them having grown up with technology, compared to the older generations who have been brought up only using branches. As millennials get older however, their financial needs are likely to become more complex and so they may also require some type of personal contact, possibly involving a branch.

"The idea that with increased complexity and incomes that there is still likely to be a role retained for branches is shown by the fact their use remains fairly consistent for all those with household incomes over $60k pa, despite their increased use of mobile banking.

"This release only covers a small part of what is available in our database involving banking channel usage. To find out more regarding satisfaction by channel across all of the major banks, long term trends, detailed user profiles and customer value, simply ask Roy Morgan.

To learn more about Roy Morgan's banking and services data, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

Please click on this link to the Roy Morgan Online Store.

About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan has over 70 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	Percentage Estimate			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

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