

Are banks offering Americans value and innovation?

A Money Transfer Comparison
USA Study

November 2022



**MONEY TRANSFER
COMPARISON**

October 2022

About the study

Money Transfer Comparison USA commissioned a survey of an independent panel of 1144 Americans to gauge how Americans think traditional banks have kept up with the digital innovations and competitive pricing seen among fintech (financial-technology) services.

Respondents were asked to specify whether they think banks have kept up with digital innovation and whether their banks charge unreasonably high fees for missed payments, overdrawn accounts and account keeping. Money Transfer Comparison USA also sought to discover which financial services Americans would outsource to fintechs that offer safe and more cost-effective services.

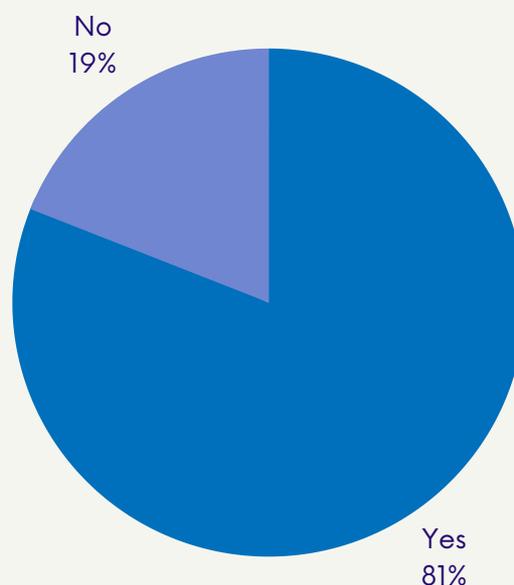
The survey respondents cover a geographical and population spread that is reflective of the USA population.

Do Americans think traditional banks have kept up with digital innovations that are used by fintech services?

Respondents were asked to select whether they thought traditional American banks have kept up with the digital innovations being used in the consumer fintech space, such as money transfer platforms, lending platforms, virtual credit cards with spending trackers and crypto-trading platforms.

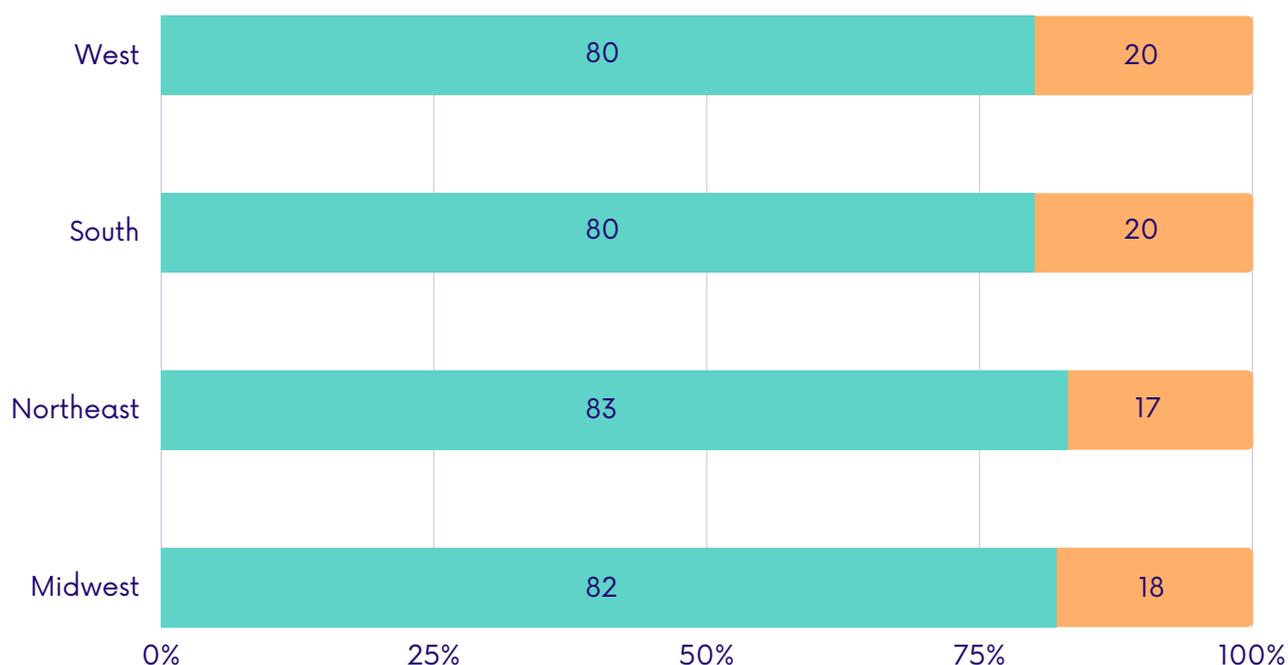
One in five (19 per cent) of Americans believe that banks have not kept up with digital innovation.

Do you think traditional banks have kept up with digital innovations that are used by fintech services?



Similar proportions of US residents across the Northeast (17 per cent), Midwest (18 per cent), West and South (20 per cent each) aligned on the consensus that traditional banks have not kept up with digital innovations used by fintechs. Southern states felt stronger on this point. In particular, 20 per cent of Texas residents think banks have not kept up with digital innovations, compared with just 12 per cent of New York residents.

Do you think traditional banks have kept up with digital innovations that are used by fintech services? (By region.)



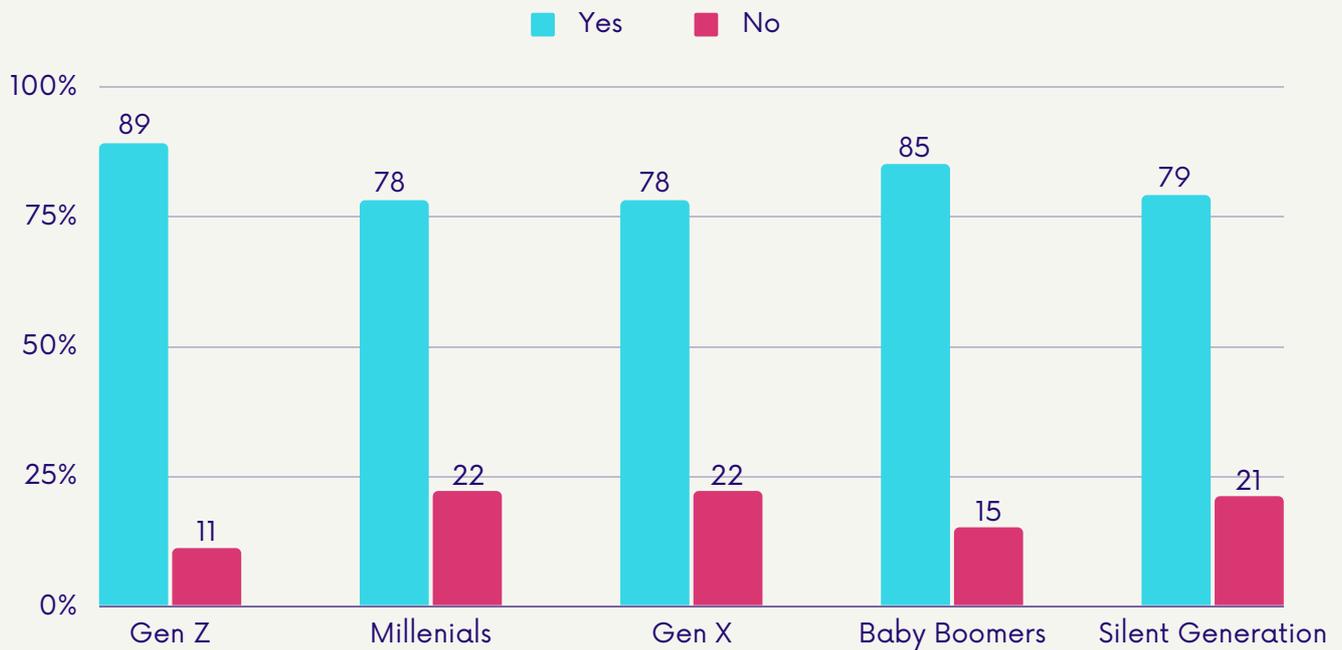
Generation Z is most likely to believe that banks have kept up with digital innovation: 11 per cent say they haven't, compared with 15 per cent of Baby Boomers, 21 per cent of the Silent Generation¹ and an equal 22 per cent of Millennials and Generation X.

As the youngest generation surveyed, Generation Z, born between 1997 and 2012, are typically exposed to the latest digital innovations. However, being aged up to 25, it is unlikely this age group has been exposed to the full services offered by banks and financial institutions, as first-time home buyers are, on average, 33 years old in the US.²

¹ People born from 1928 to 1945.

² MPA. 2022. <https://www.mpamag.com/us/mortgage-industry/guides/at-what-age-do-most-people-buy-a-house/423391>

Do you think traditional banks have kept up with digital innovations used by fintech services? (By generation.)



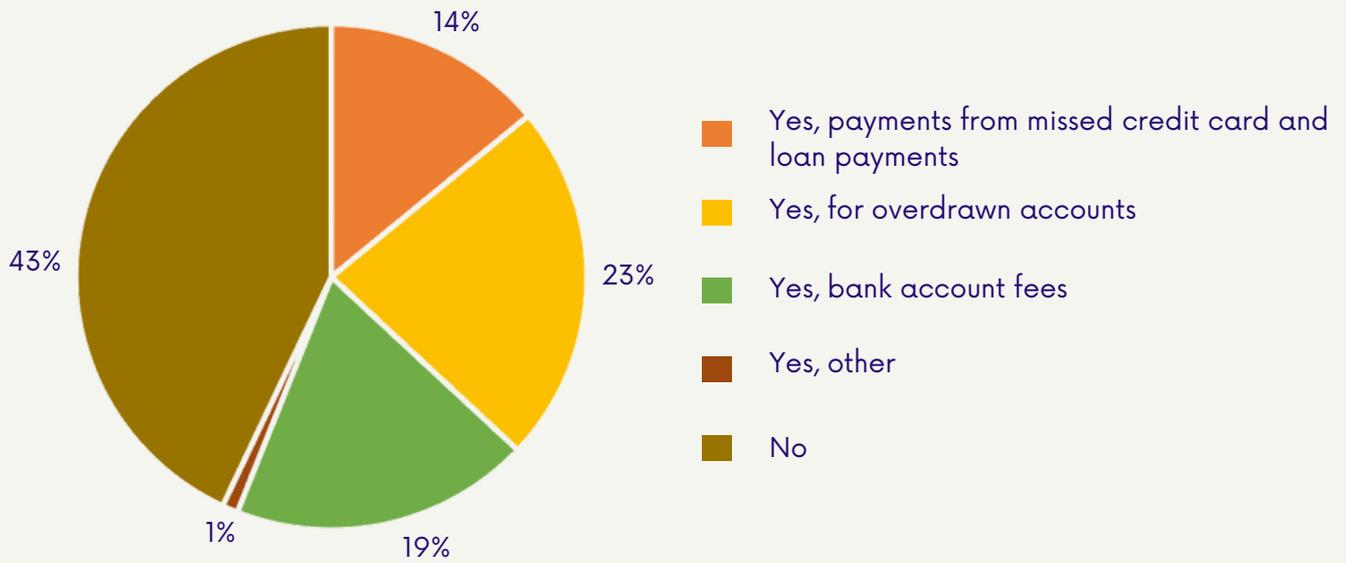
What percentage of Americans think their bank charges unreasonably high fees?

Money Transfer Comparison USA also sought to determine whether Americans believe their bank charges unreasonably high fees. Respondents were asked to select from three options - missed credit card and loan payments, overdrawn account fees, and bank account fees – for which their bank might charge unreasonably high fees.

More than half (57 per cent) of respondents believe their bank charges unreasonably high fees for these 'penalties' and services.

Nearly one in four (23 per cent) believe banks charge most for overdrawn accounts, 19 per cent believe bank account fees are the highest and 14 per cent believe banks charge most for missed credit card and loan payments.

Do you think your bank charges you unreasonably high fees?



More respondents from Western states believe banks charge unreasonably high fees: 63 per cent chose 'yes', followed by 59 per cent of Southerners, 57 per cent of Northeast respondents and 53 per cent of Midwest respondents.

In particular, overdrawn account fees were specified as the highest fees by 26 per cent of Southerners, 25 per cent of West Americans, 20 per cent of Northeast residents and Midwest Americans.

Do you think your bank charges you unreasonably high fees? (By region.)

Response	By Region (%)			
	Midwest	Northeast	South	West
Yes, for missed credit card and loan payments	13	18	14	13
Yes, for overdrawn accounts	20	20	26	25
Yes, bank account fees	19	17	18	23
No	47	43	41	37

Americans earning under \$50,000 are most likely to specify that their banks were charging unreasonably high fees, chosen by 61 per cent. However, surprisingly, respondents making over \$100,000 are more likely to think their bank charges unreasonably high fees than those making between \$50,000 and \$100,000, chosen by 58 and 55 per cent respectively.

Unexpectedly, the more money respondents make, the more likely they are to think fees for missed credit card payments are the most unreasonable fee charged by banks, chosen by 23 per cent of \$100,000+ income earners, followed by only 13 per cent of \$50,000-\$100,000 income earners and 12 per cent of under \$50,000 income earners.

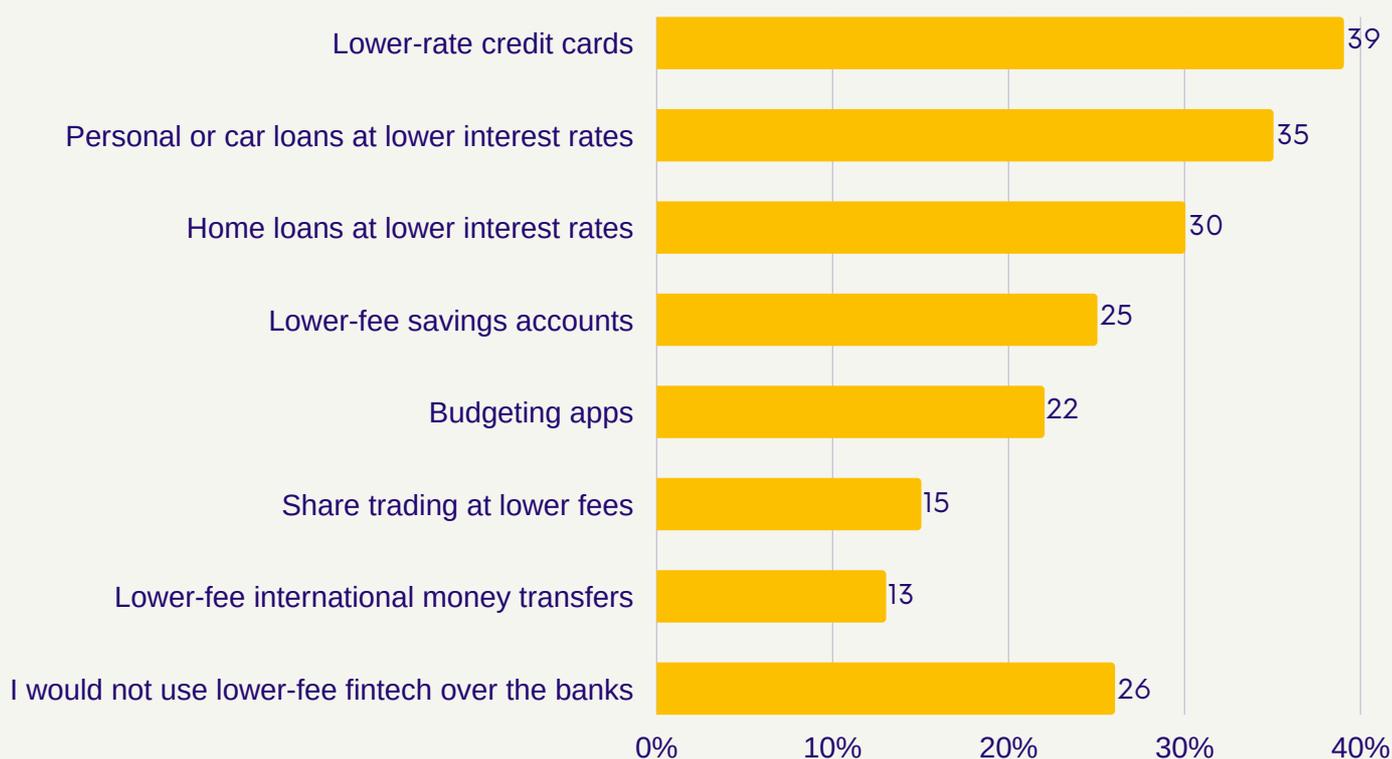
Do you think your bank charges you unreasonably high fees for some services? (By income.)



What percentage of Americans would outsource their financial services to innovative fintechs?

In the survey, Money Transfer Comparison USA sought to discover whether Americans would outsource financial services to innovative fintech services that offered a safe and more cost-effective alternative to the banks.

It found that 74 per cent of respondents would be willing to outsource their financial services to fintechs. Specifically, 39 per cent would switch for innovative low-rate credit cards, 35 per cent for personal or car loans, 30 per cent for home loans, 25 per cent for savings accounts, 22 per cent for budgeting apps, 15 per cent for share trading and 13 per cent for international money transfers.



Respondents living in Western states are most likely to outsource their financial services to better fintechs: 77 per cent of this region said yes, followed by 75 per cent of Southerners, 74 per cent of Midwest residents and 67 per cent of Northeast residents.

More specifically, 33 per cent of Western residents would switch to a fintech for a lower interest home loan, followed by 29 per cent of Southerners, 27 per cent of Midwest residents and 26 per cent of Northeast residents.

Western residents are also most likely to switch for better savings accounts; 32 per cent, followed by 27 per cent of Northeast residents, 25 per cent of Southerners and only 21 per cent of Midwest residents.

Across the States specifically, California residents are much more likely to outsource their financial services to a fintech, with 44 per cent willing to switch to innovative savings accounts and credit cards, 40 per cent for personal or car loans and 32 per cent for home loans.

Which financial services would you outsource to innovative fintechs that offer a safe and cheaper alternative?

Response	By Region (%)			
	Midwest	Northeast	South	West
Home loans at lower interest rates	27	26	29	33
Personal or car loans at lower interest rates	36	31	35	35
Lower-fee international money transfers	12	13	13	16
Lower-fee savings accounts	21	27	25	32
Lower-rate credit cards	38	38	39	42
Share trading at lower fees	12	17	14	18
Budgeting apps	22	16	26	19
I would not outsource any financial services to a lower-fee fintech over the banks	26	33	25	23

The likelihood of Americans outsourcing financial services to cheaper alternatives increased with higher incomes: 78 per cent of \$100,000+ income earners would use innovative fintech services, followed by 77 per cent of \$50,000-\$100,000 income earners and 69 per cent of under \$50,000 income earners.

Higher income earners are more likely to outsource their financial services to better fintech companies for home loans, personal and car loans, credit cards, international money transfers and share trading.

In particular, 40 per cent of \$100,000+ income earners would use a fintech home loan, compared with 31 per cent of \$50,000-\$100,000 income earners and only 22 per cent of under \$50,000 income earners.

Which financial services would you outsource to innovative fintechs that are a safe and cheaper alternative to the banks? (By income.)

