



Forging a New Frontier

Trends in the Personal Finance Industry

April 2013

TRENDS
& FUTURES

WHAT'S IN THIS REPORT?



1. Setting the scene: Financial Services in the UK

2. Overview of BRIC markets

3. Trust no more

4. Debt a dirty word

5. Everything Everywhere

6. Re-connecting with customers

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IF YOU ONLY HAVE A MINUTE...



- Distrust in financial institutions is at record high levels and the internet has magnified the speed and scope of customers' dissent. Consumers are increasingly demanding more transparency, honesty and better customer service (flexibility on channels / service plans, personalisation)
- The financial crisis has radically altered attitudes towards debt. The credit card market is shrinking as consumers cut back on debt and move towards debit cards and other emerging alternative payment types, trying also to save more.
- Latest tech innovations are changing the way we bank. Mobile and tablet banking is growing in prevalence but concerns still exist regarding security, privacy and ease of use.
- To regain consumers' trust, financial services providers should improve transparency and ensure customers feel they are in control. They need to embrace the new connected consumer and look to engage and satisfy their changing needs in terms of accessibility and flexibility.

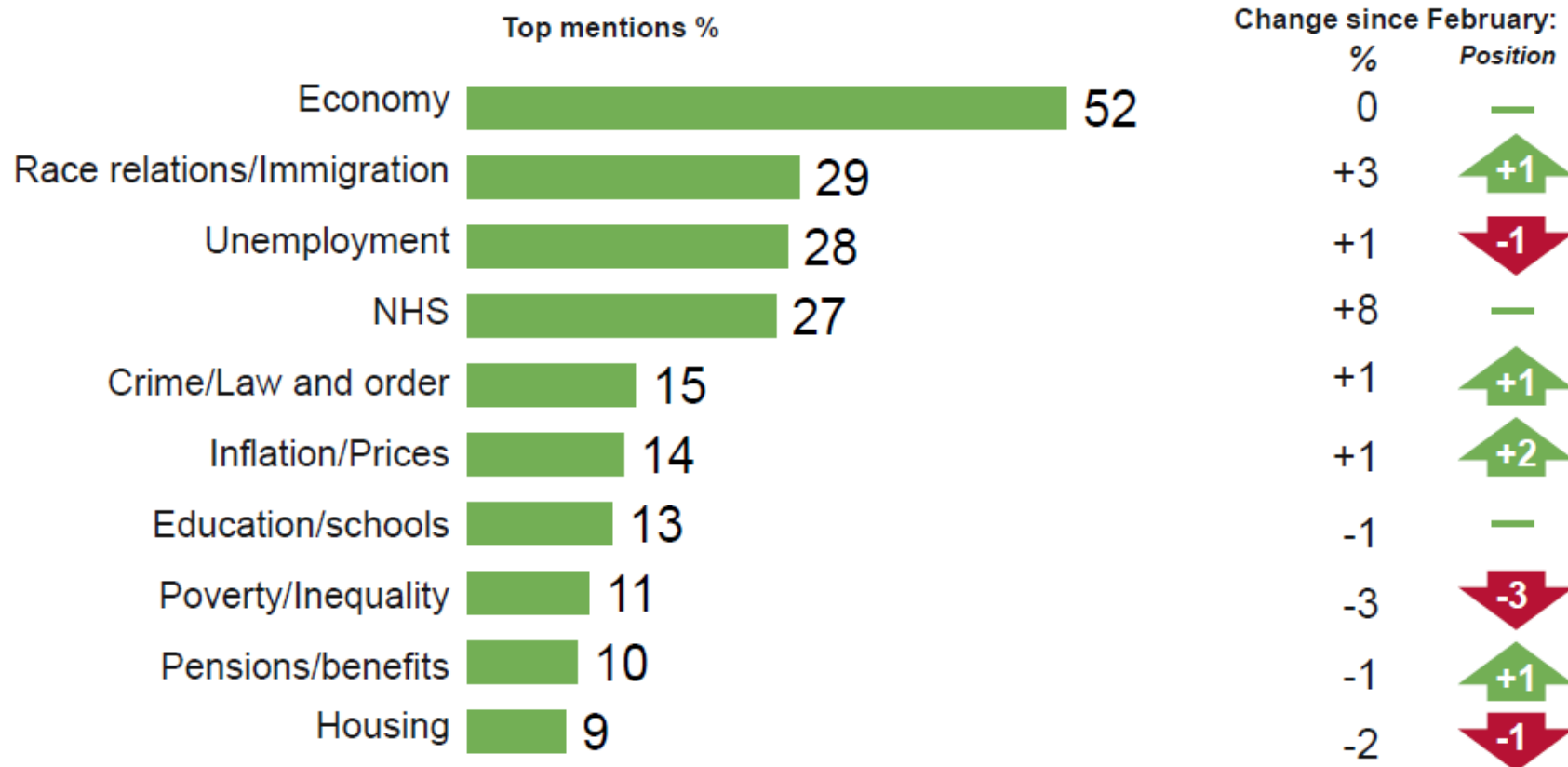
1. SETTING THE SCENE: FINANCIAL SERVICES IN THE UK

Economic uncertainty, fragmenting choices and new non-traditional players are reshaping the personal financial market



Concerns over the economy lie heavily on the national consciousness...

What do you see as the most important issues facing Britain today?

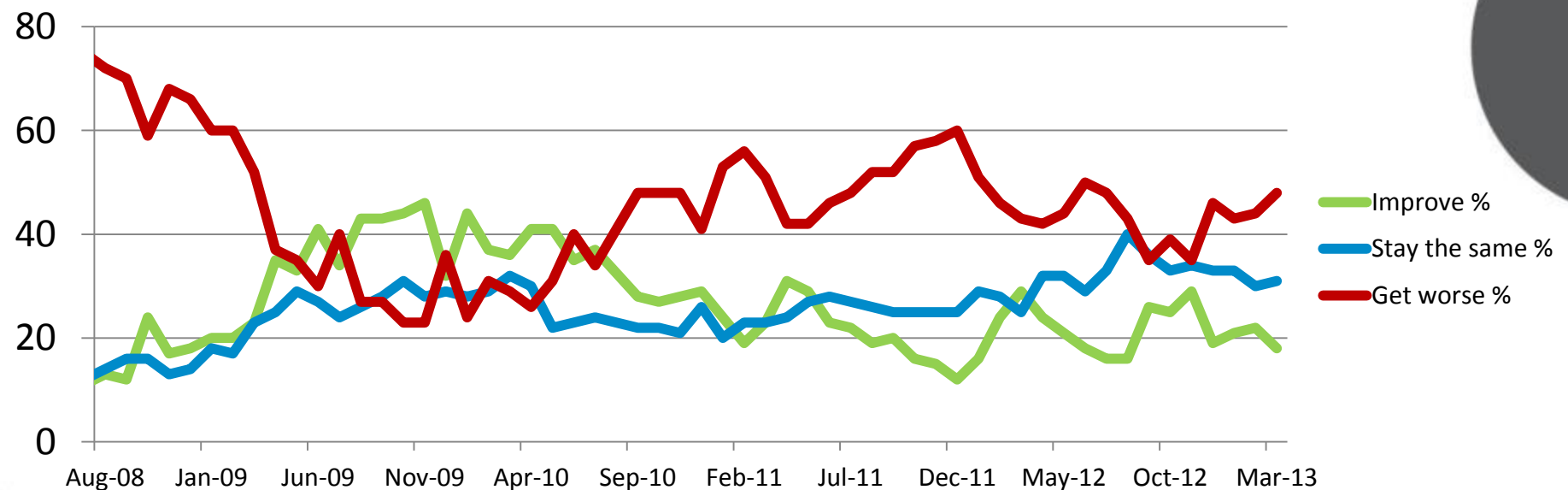


Base: 966 British adults 18+, 1st – 14th March 2013

Source: Ipsos MORI Issues Index

...as UK's economic recovery is stuttering and consumer confidence is low

Though expectations are slightly better than in previous years, the majority still expect the situation to get worse in the next 12 months



The ratings agency Moody's has been the first to cut the UK from its AAA rating to Aa1 on expectations that growth will "remain sluggish over the next few years" – the first time the UK has lost its top rating since 1978.

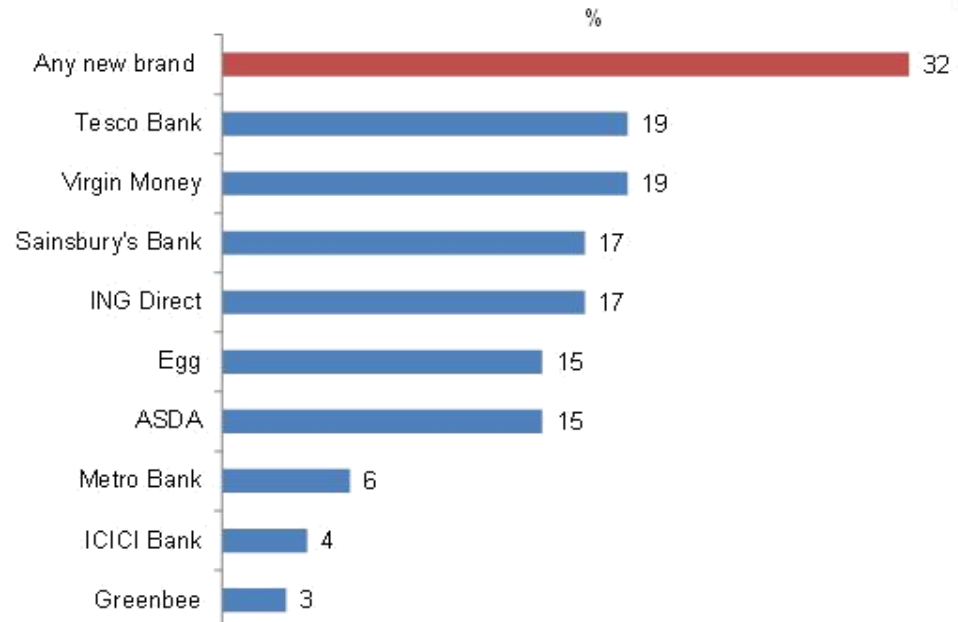


New players are entering the banking arena...

...threatening to draw business away from the 'Big Four'

Though high street banks such as Barclays, HSBC, Royal Bank of Scotland and Lloyds TSB remain the leaders in consumer credit, the market is increasingly fragmented as new players enter the market.

Figure: Willingness to switch main current account to a select financial services provider, Mintel, April 2011



A large number of these new entrants carry the name of well-known or respected brands (such as 'Tesco' or 'Marks & Spencer') indicating the growing importance of trust and the decline in deference for existing banks.

Online based lenders are also another growing competitor of banks...

...and their success is only just beginning

With it harder to get financing from conventional banks, consumers are increasingly **looking at new, unconventional means of lending**: this has seen a bigger rise in services such P2P lending websites Zopa and RateSetter where **consumers lend to each other in a protected environment**.



2% of new loans in the UK are provided by Zopa

More than 10,000 lenders/savers have signed up to Zopa since September 2012 – a 152 % increase on the growth over the same period a year earlier.



REPORT PREVIEW

Please register to download the full report

A large, stylized graphic featuring the words "TRENDS & FUTURES" in a bold, sans-serif font. The text is white and set against a dark, textured background that resembles a splatter or a burst of light. The background is filled with numerous small, white, rectangular shapes that look like fragments or data points, creating a sense of movement and complexity.

TRENDS & FUTURES

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