HSBC Best Positioned Main Financial Services Provider In New Retail Banking Era

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With the re-structuring of UK banking a hot topic of political debate , the Q1 2014 JGFR / GfK UK Banking Barometer finds TSB as the first new entrant into the top 10 main financial services provider brands since Alliance & Leicester was taken over by Santander and replaced by the Co-operative Bank.

Rather ironically the 632 former Lloyds Bank branches that now form the new TSB, and at one time looked set to beef up the Co-operative Bank into a new challenger bank, now replace the Cooperative Bank in the top ten brands with a 3.3% market share. During the quarter the proportion of people who said they have a main financial services provider (MFSP) fell to 86%, below the long term average of around 90%. Of people with an MFSP, 84% cited one of the top 10 bank brands as their MFSP, little changed on Q3 and up from 81% a year ago. The market share of the top 5 brands (Barclays, NatWest, Lloyds Bank, Santander and HSBC) fell to 60% from 61% in Q3, but is up slightly from 59% in Q3 2012. The long term trend of the retail banking market over the past decade has been to see growing market share of the leading brands. Source: GfK NOP / JGFR While switching may have taken place between the leading brands, there is little evidence of any real challenge to the existing order. Lloyds Bank is unlikely to regain the regular pole position Lloyds TSB achieved, with Barclays set to take over as the leading MFSP brand. By banking group, Lloyds Banking Group continues to be a long way ahead as market leader (28%). Virgin Bank, Tesco Bank, The Post Office and M&S Money currently barely register as an MFSP, although all offer a range of banking services with current accounts launched, being piloted or due to launch in 2014. During the past year on a 4-quarter moving average basis, the main gainers in MFSP market share have been NatWest, Santander and HSBC. *Lloyds Bank includes TSB for comparative purposes; 4-quarter moving averages used Source: GfK NOP / JGFR The headline market share measures only tell part of the story. Customer activity is all important. Activity will be dependent on the profile, financial situation and mood of the various customer bases. Over a number of quarters HSBC and the two Scottish banks have had the most active customer bases reflecting their younger, more affluent profile. The latest Barometer highlights notable differences between the customer bases across segments and regions and of product intentions. This quarter the confidence of customer bases reflects reasonably well the outlook for MFSPs in activity: Source: GfK NOP / European Commission / JGFR Improving household finances have helped push savings, investment and borrowing demand in the coming months to the highest since March 2010 in the Q1 UK Financial Activity Barometer. Getting finances straight seems to be a New Year resolution which should see better business volumes for the banks and financial services businesses. One area the banks have withdrawn from is giving financial advice. The forthcoming ComPeer-JGFR Financial DIY 2014 report will show the continual loss of professional advice and the growth in Financial DIY as people seek guidance, information and advice from a range of sources. The banks have not been well regarded in giving advice since they de-personalised their customer services in the early 2000s through a call centre approach, often abroad, with the growth of online banking enabling many customers to conduct remote banking away from people. The credit crunch and banking bail outs considerably reduced the proportion of people who trusted their bank to act also as their main financial services adviser. Main financial services providers as main financial services advisers 2003-13 Source: GfK NOP / JGFR / ComPeer Commented John Gilbert, Chief Executive of JGFR: â€œThe latest Banking Barometer shows relatively little change in market structure although it does highlight the activity and profile of customer bases to be key factors to be considered in packaging up branches to be sold off. With ever-increasing focus on personal finances the need for banks to regain trust among consumers is essential. Whether the necessary change of culture can be achieved is the challenge for the coming years.â€•For more information please visit: http://www.jgfr.co.uk/ | @johngilbertJGFR Follow Market Research World on Twitter or join in the conversation with our LinkedIn Group