

Connectivity + Data + Experience = Growth

The Ultimate
Guide to **2021**
BANKING

MX

About **MX**

MX, the leader in open finance and creator of the Money Experience category, helps the financial industry deliver data-driven money experiences and improve the financial lives of millions of people. With MX, banks, credit unions, and fintechs can securely connect to the world's financial data through account aggregation, bank APIs, and transactional data enhancement. Founded in 2010, MX is one of the fastest-growing fintech innovators, powering more than 2,000 financial institutions and 43 of the top 50 digital banking providers to improve the financial lives of tens of millions of people worldwide.

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2021: The Year of The Money Experience



The primary reliance on digital services was swift and decisive as mobile banking activity rose by

50%

We all made [2020 plans](#), and then we all quickly scrapped them.

The financial industry was no exception. During the initial months of the pandemic, the industry experienced seismic shifts. Deposits at the largest banks ballooned by [more than \\$1 trillion](#), offices went [empty](#), remote work became [widely acceptable](#), drive-through banking [made a comeback](#), and [the primary reliance on digital services](#) was swift and decisive as mobile banking activity [rose by 50%](#).

To better understand what's been happening inside financial institutions, we surveyed 220 bankers including directors and VPs at banks and credit unions. We coupled those findings with a survey of 1,000+ random U.S. consumers to showcase a full picture of the state of banking going into 2021.

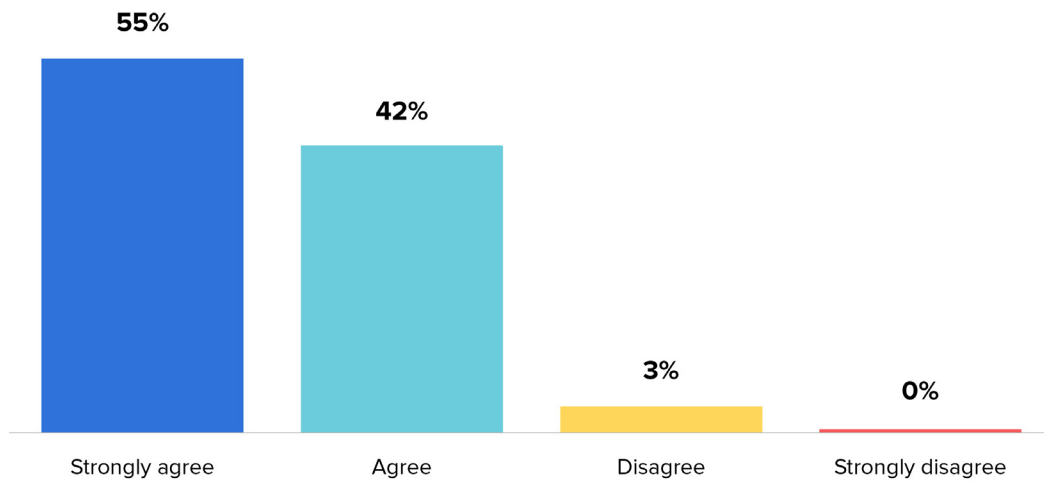
In this ultimate guide, we'll cover what we found in these surveys, showing places where bankers and consumers are in alignment — and where they aren't. Then we'll give three recommendations for 2021.

To start, here are nine insights from our surveys to help you make sense of the state of banking.

1. No one's plans stayed the same —

In a result that might surprise no one, 97% of respondents said that their original 2020 plans changed due to COVID-19.

To what extent do you agree with the following statement:
Your original 2020 plans changed due to COVID-19.



Source: MX Survey of 220 Bankers (2021 Trends)

So if you work in financial services and felt like your plans changed, know that you're not alone. If you're part of the 3% whose plans didn't change, you're either way ahead of the curve (having fully anticipated 2020) or way behind (having failed to adapt to 2020).

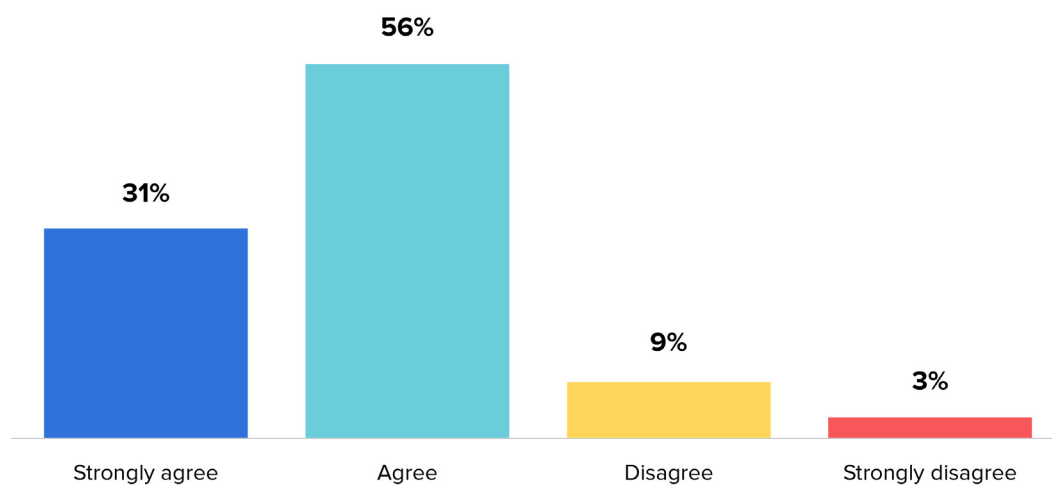


2. Bankers felt like closures hurt their business, but consumers mostly disagree —

One of the more obvious points of change in 2020 had to do with temporary branch closures, which affected financial institutions across the world.

87% of respondents said they felt these closures hurt their business.

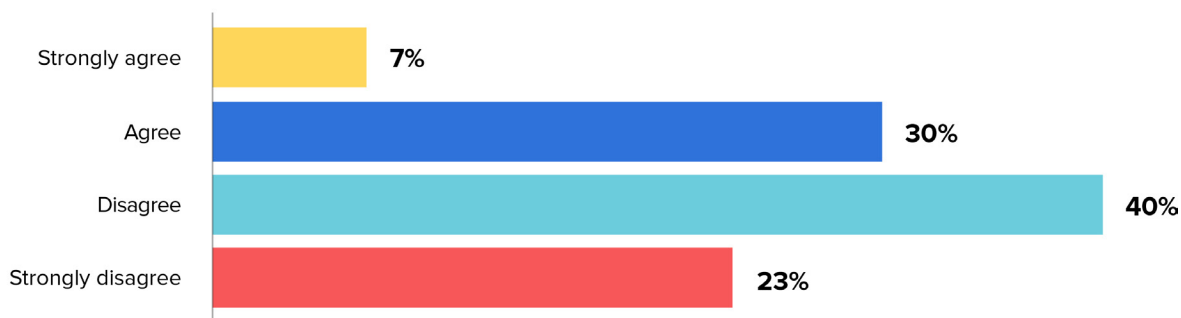
To what extent do you agree with the following statement:
Physical stores/branch closures due to COVID-19 negatively impacted your institution in 2020.



Source: MX Survey of 220 Bankers (2021 Trends)

What's noteworthy, though, is that many consumers don't at all feel the same way, with 63% saying that temporary branch closures in 2020 didn't negatively impact their relationships with their bank. Tellingly, only 7% said they strongly agree.

To what extent do you agree with the following statement:
Temporary branch closures in 2020 negatively impacted my relationship with my bank.



MX Research: Survey of 1,000+ Random U.S. Consumers



Those who embraced digital initiatives in 2020 will almost certainly have the upper hand in

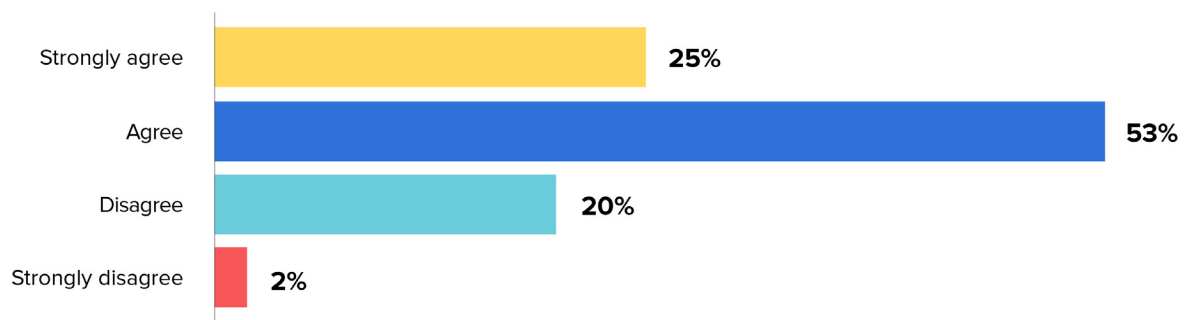
2021

Given this data from consumers, the 12% of banker respondents who disagreed that branch closures hurt their business might be onto something — or perhaps they’re less connected to their customers than they think. It’s also possible that these particular respondents were those who quickly pivoted to digital strategies, including remote work, mobile banking, appointment-based branch meetings, and more.

Those who took these initiatives in 2020 will almost certainly have the upper hand in 2021, especially since according to data in the [Ultimate Guide to the New World of Banking](#) 36% of consumers say they don’t plan on going into their bank branch as often as they did before the pandemic hit — even when it’s all over.

It's no wonder that 78% of consumers said that they want their bank to prioritize digital strategies (mobile/online) above physical banking (branch/ATM) strategies in 2021.

To what extent do you agree with the following statement:
I want my bank to prioritize digital strategies (mobile/online) above physical banking (branch/ATM) strategies in 2021.



MX Research: Survey of 1,000+ Random U.S. Consumers

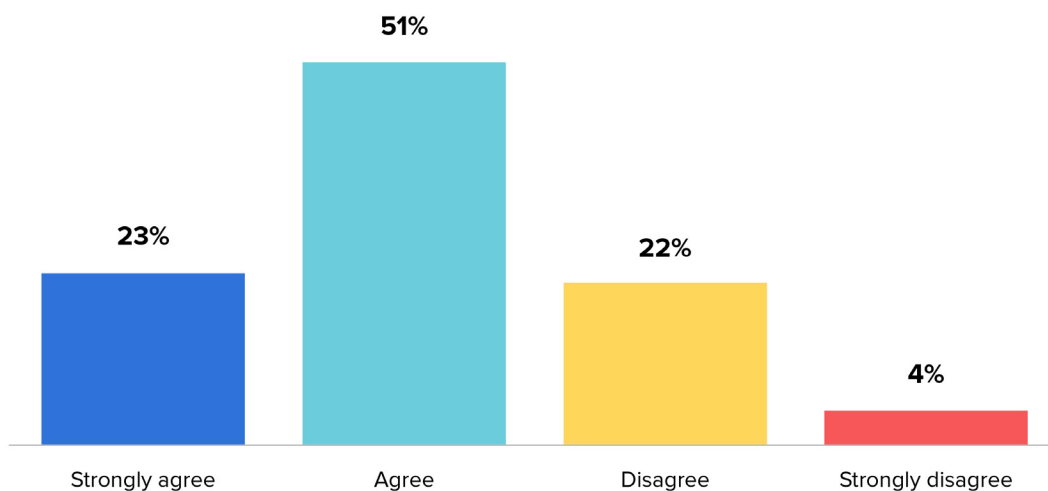
As Jim Marous, Co-Publisher at The Financial Brand, [says](#), “If you think your branches are still important because you have friendly tellers as opposed to humanized digital engagement tools, you're missing what the consumer really wants. And you will find reinforcement to that idea. People still want to come into the branch for their accounts if you aren't giving them a good option. The challenge is you're never going to see the people that require a digital engagement.” In other words, it's worth asking whether people come into your branch because you're making digital engagement too difficult, or if the branch experience is truly what they want. Both might be true. But it's essential to get clear about the extent to which each is at play.

It's worth asking whether people come into your branch because you're making digital engagement too difficult, **or if the branch experience is truly what they want.**

3. Bankers had a mixed reaction to remote work —

2020 accelerated the pivot to remote work unlike anything previously seen. Perhaps surprisingly, 26% of respondents disagreed that implementing remote-work policies negatively impacted their institution in 2020.

To what extent do you agree with the following statement:
Implementing remote-work policies due to COVID-19 negatively impacted your institution in 2020.



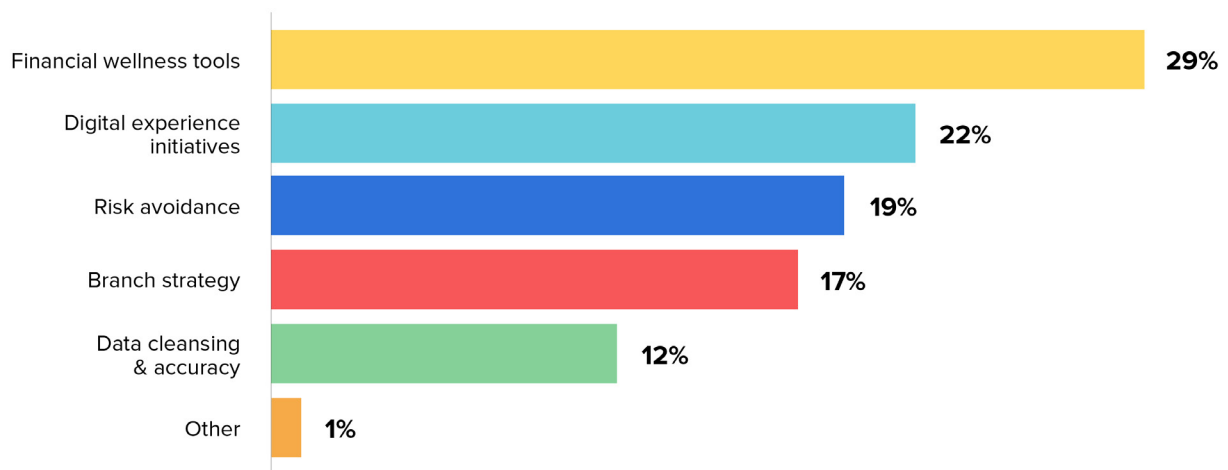
Source: MX Survey of 220 Bankers (2021 Trends)

Even though only a quarter of respondents felt this way, it's quite notable that so many people felt that this monumental change in their daily work life didn't negatively affect business. At the very least, it's likely a signal that there's a portion of the workforce in financial services who will likely push to continue some form of remote work, even if it's a hybrid model. This will be a major source of discussion — and perhaps internal conflict — throughout 2021.

4. In 2021, bankers plan to double down on digital & reduce their focus on their branch strategy —

When asked for their most significant business objectives for 2020, respondents largely pointed to implementing financial wellness tools (29%) and digital experience initiatives (22%). This represents a much greater focus than branch strategy, which weighed in at 17%.

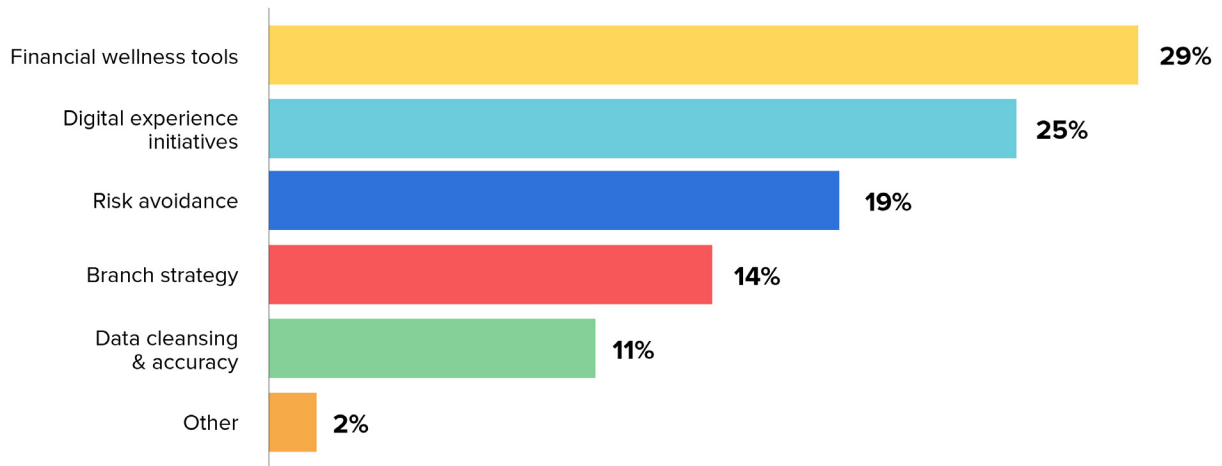
At the beginning of the year, what were your most significant business objectives for 2020? Select all that apply.



Source: MX Survey of 220 Bankers (2021 Trends)

Perhaps in light of the branch closures in 2020 or perhaps in light of getting more comfortable with digital banking, bankers are gearing up to focus on digital experiences (29%) and financial wellness tools (25%) and less on branch banking (11%).

What are the most significant shifts in your business objectives for 2021? Select all that apply.

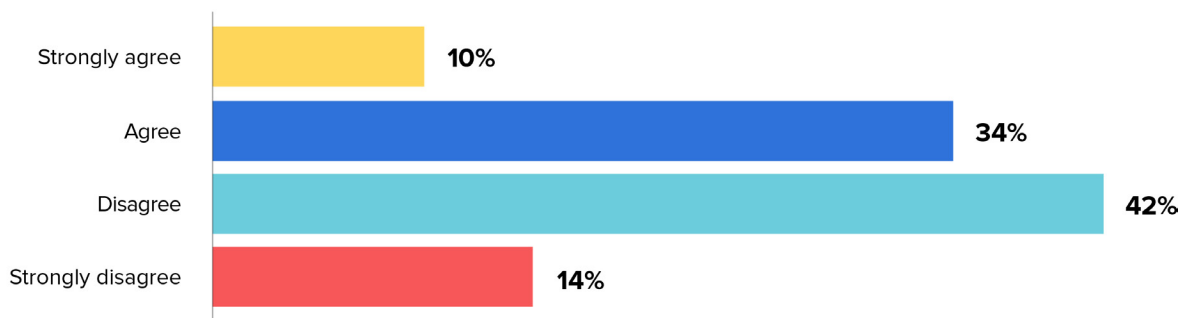


Source: MX Survey of 220 Bankers (2021 Trends)

As the pandemic has made clear, relying on physical branches and less-compelling money management practices are increasingly a non-starter. In fact, a majority of consumers — 56% — disagreed that physical branches would play a critical role in how they interact with their bank in 2021. (Of course, given that 44% said that branches would indeed play a critical role, it's likely far too early for many financial institutions to ditch branches completely.)

To what extent do you agree with the following statement:

Physical branches will play a critical role in how I interact with my bank in 2021.



MX Research: Survey of 1,000+ Random U.S. Consumers

5. Most banks are committed to data strategy initiatives in 2021 —

The digital initiatives that consumers want generally depend on organizations having clean, comprehensive, and accurate data. After all, it's difficult to improve a digital experience without detailed usage data, and it's impossible to offer truly helpful financial advice if you're missing data that shows the context of the person you're advising. In addition, it's hard to anticipate risk if you don't have data around probabilities.



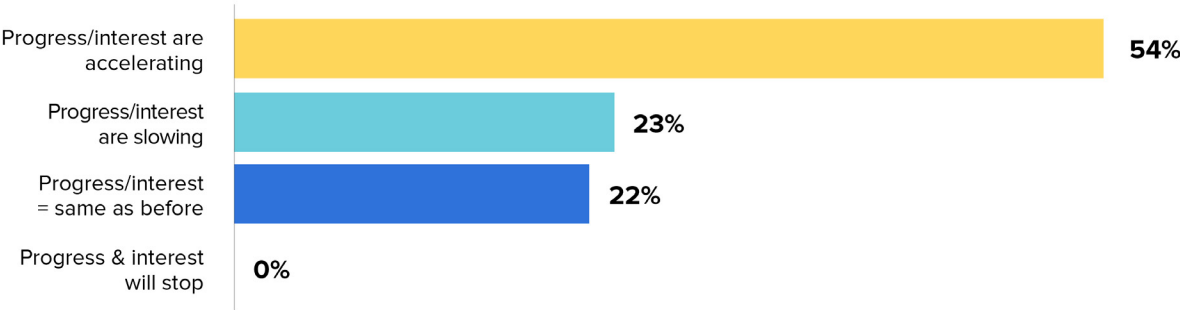
94%

of bankers say data strategy is a priority in 2021.

Most bankers recognize this, which may explain why 94% say data strategy is a priority in 2021 and why 95% say that for their institution to succeed in 2021, they need data that's accessible and actionable. For more information on this, read our [Ultimate Guide to Data Transformation](#).

Still, only half of bankers surveyed say that progress toward data strategy initiatives are accelerating in 2021.

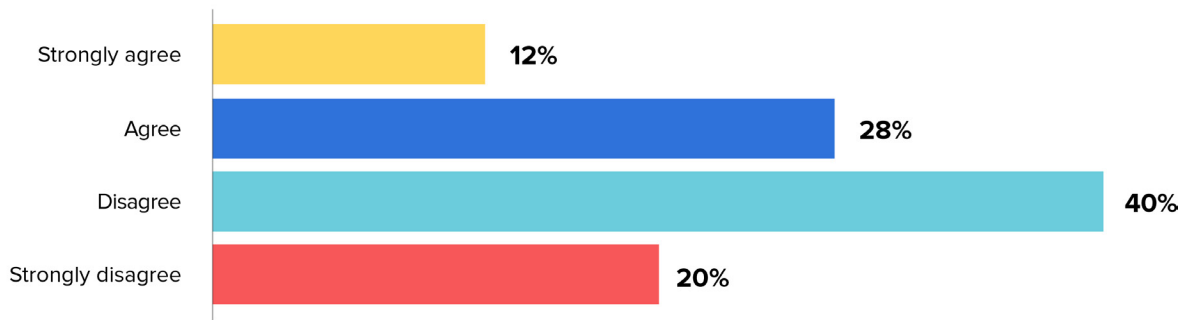
How are your data strategy initiatives changing for 2021?



Source: MX Survey of 220 Bankers (2021 Trends)

Investing in enhanced data will lessen the frustration consumers feel with unclear transactions — a frustration that 40% of consumers say they often feel.

To what extent do you agree with the following statement:
I often feel frustrated by unclear transactions at my bank.



MX Research: Survey of 1,000+ Random U.S. Consumers

All of these digital initiatives depend on organizations having **clean, comprehensive, & accurate data.**



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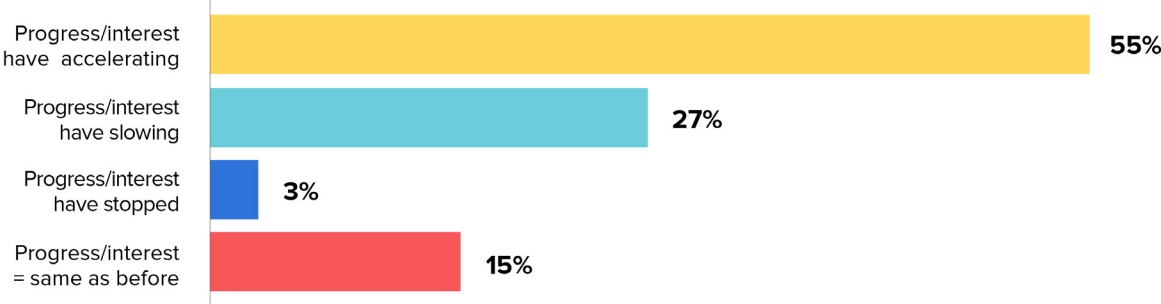
in enhanced data will lessen the frustration consumers feel with unclear transactions.

6. The industry is gearing up to put their data to use —

While enhanced data is the foundation of innovation, it's not sufficient for what the future demands. Financial services companies also have to build the right digital experiences on top of that data.

Most people in the industry understand this. For instance, we found that more than half (55%) say that progress and interest in these initiatives have accelerated from 2020 to 2021 — which fits with the notion that 2020 forced most industries (including banking) into digital approaches to customer service.

How have your organization's digital experience initiatives changed in 2020 and going into 2021?

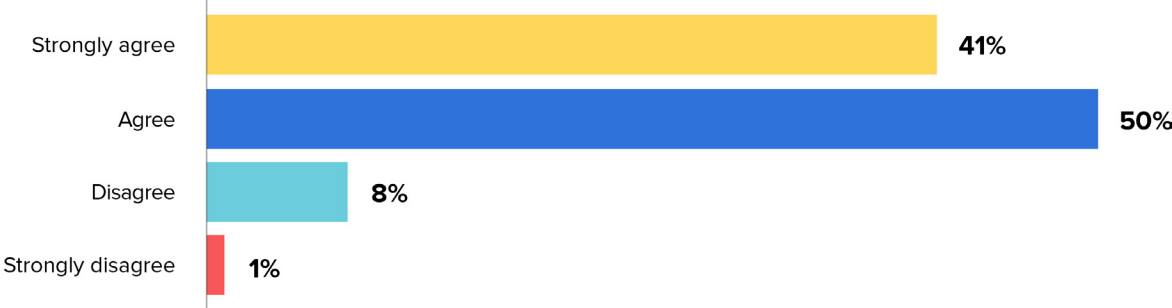


Source: MX Survey of 220 Bankers (2021 Trends)

What's particularly noteworthy here is that 93% say they've made [open banking](#) a 2021 priority and 87% agree that increasing the volume of externally held data is a priority for their institution's success in 2021. And even more bankers — 95% — say that creating a consistent and reliable user experience across platforms is a 2021 priority.

This matches with consumer demands, which overwhelmingly want to be able to connect all their accounts in one place.

To what extent do you agree with the following statement:
It is important for my bank to offer the ability to connect all my accounts in one place.



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7. Consumers demand a better digital experience —

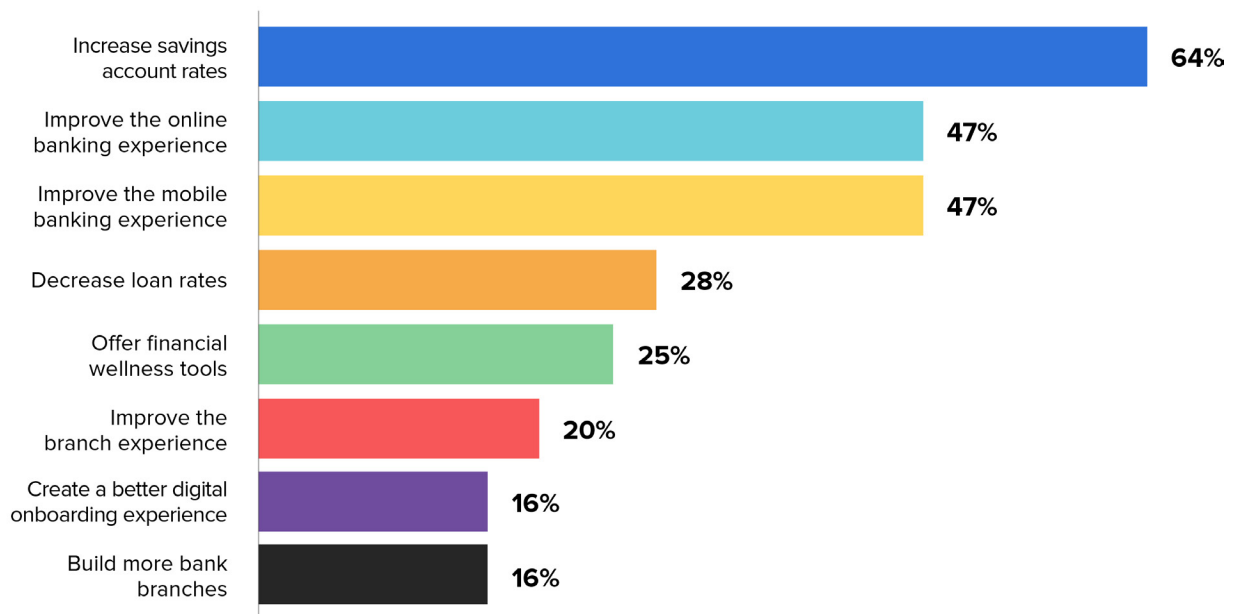
When we asked consumers what they want from their financial institution in 2021, we found that people overwhelmingly want higher savings account rates.

Unfortunately, you likely don't have full control over your ability to dramatically raise or lower rates. It's unlikely, for instance, that you can raise the savings rate to 5% in this environment.

So what's left?

According to the survey, consumers want to improve the online and mobile banking experience and to offer financial wellness tools.

In 2021, I want my financial institution to: Select all that apply.

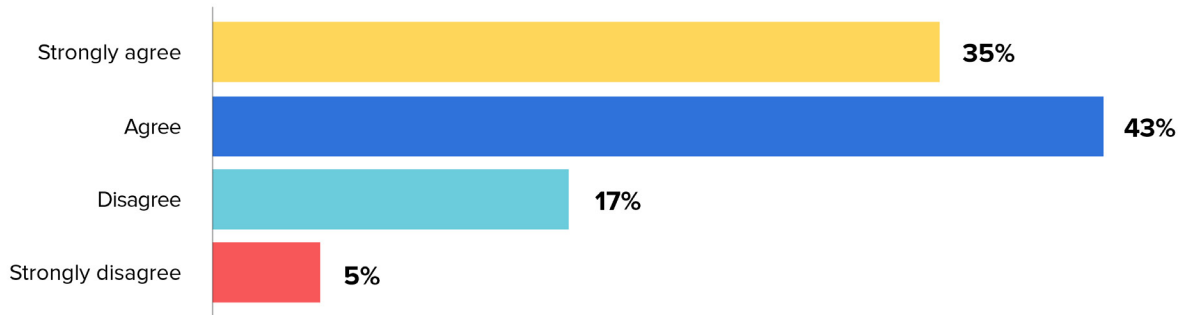


MX Research: Survey of 1,000+ Random U.S. Consumers

The same percentage of respondents (78%) say that mobile banking is the primary way they intend to do banking in 2021.

To what extent do you agree with the following statement:

Mobile is the primary way I intend to do my banking in 2021



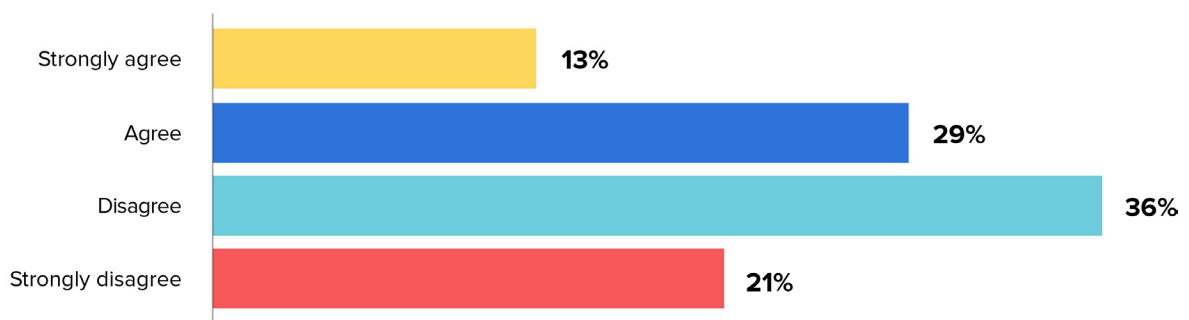
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In a similar vein, 92% say that a reliable and consistent banking experience across all their devices is a must-have feature in 2021.

Finally, improving the digital banking experience is one way to make the onboarding process easier — a critical move, given that 42% of consumers agree that they’ve abandoned opening an account because the onboarding process was too complicated.

To what extent do you agree with the following statement:

I’ve abandoned opening an account before because the onboarding process was too complicated.

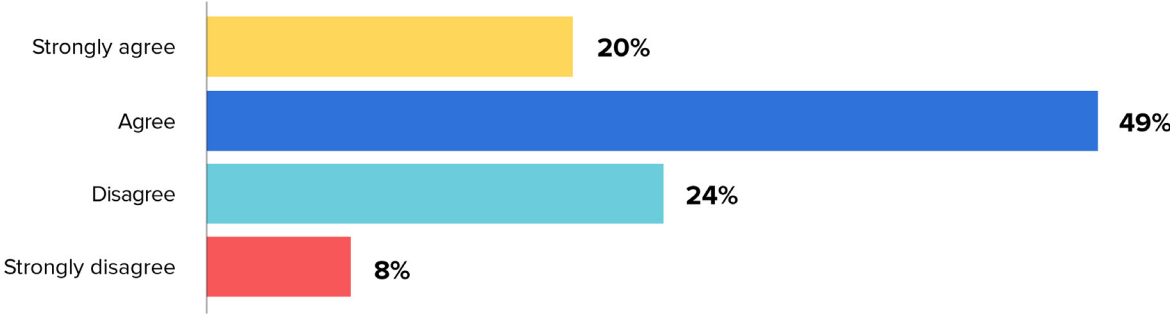


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8. Consumers are looking for proactive, personalized recommendations —

One way to improve the digital experience is to look beyond the financial industry to what other companies are doing. For instance, nearly 70% of consumers say they'd like their banking experience to be similar to the experiences they have with Netflix, Amazon, and other tech companies when it comes to offering personalized recommendations. Fortunately for consumers, regulations in financial services require this industry to thoroughly protect the data they have on hand.

To what extent do you agree with the following statement:
I would like my banking experience to be similar to the experiences I have with Netflix, Amazon, and other tech companies that understand my needs and offer recommendations based on my information.

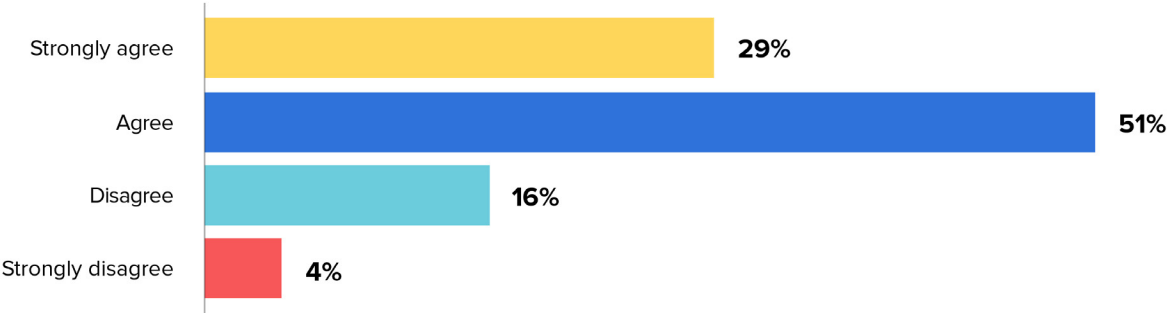


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One way to improve the digital experience is to **look beyond the financial industry** to what other companies are doing.

If financial services companies effectively use the right data to give personalized guidance, they'll be well on their way to winning long-term loyalty and new customers. In fact, 80% say that competitive offers such as better loan rates are a primary reason they'd switch banking providers. If companies aren't able to pull in held-away account data and use that data to make counter offers, their customers will never know these competitive offers exist.

To what extent do you agree with the following statement:
Competitive offers such as better loan rates are a primary reason I would switch banking providers.



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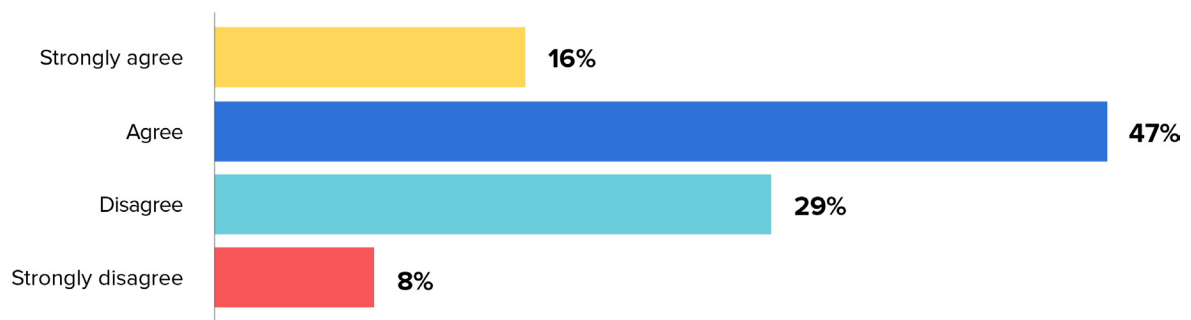


9. Consumers demand data-driven financial guidance —

Beyond recommendations for better rates, consumers are looking for proactive, personalized messages to help guide their finances.

To what extent do you agree with the following statement:

I would like my bank to send me proactive, personalized messages and alerts that help me manage my finances.

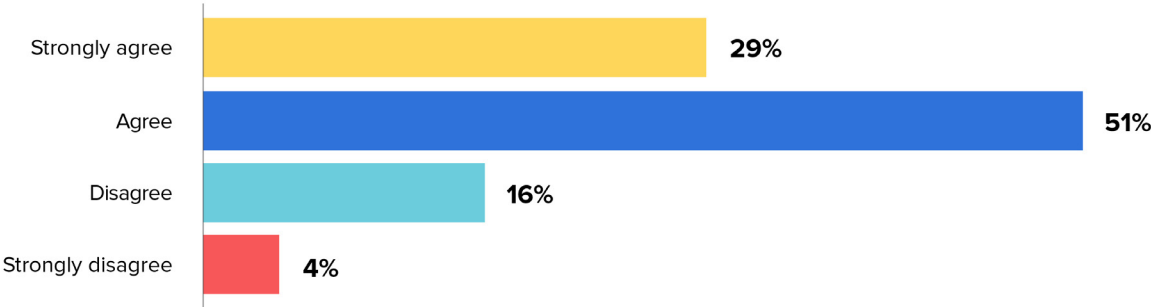


MX Research: Survey of 1,000+ Random U.S. Consumers



In addition, they're also looking for help in how they might invest and grow their money.

To what extent do you agree with the following statement:
I would like my bank to help me understand how I can invest and grow my money.



MX Research: Survey of 1,000+ Random U.S. Consumers



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in enhanced data will lessen the frustration consumers feel with unclear transactions.

Giving people financial guidance is also simply the right thing to do. As [Brandon Dewitt, CTO at MX writes](#), “The enormous amounts of data that financial institutions have access to today puts them in the unique position to provide individualized assistance for their customers. It enables them to create the tools and resources to make the transformation from transactional to advocacy. And, most importantly, it gives them the responsibility to focus on how they can help their customers weather this storm and establish lifelong financial strength and security.”

Three Recommendations for 2021

Given all this data, what do we recommend you do in 2021? We've broken things down into **three main categories:**



1. Expand and enhance your data —

“Any friction that isn’t absolutely necessary will be eliminated from the technology layer. **Either banks remove friction... or someone else will.**”

BRETT KING

Author of Bank 4.0



We believe that institutions that

ACCELERATE

data strategy initiatives will outperform those whose interest is holding steady or slowing.

What we’ve discovered through these surveys shows a consistent theme: Bankers say they’re making data initiatives and financial wellness a priority in 2021.

We believe that institutions that accelerate data strategy initiatives will outperform those whose interest is holding steady or slowing. Whether it happens in 2021 or 5 years from now, companies that make the investment in data will bolster their benefits for decades to come.

Why? Today’s data initiatives enable bankers to give their customers a range of new offerings from clear transaction descriptions to getting personalized guidance and recommendations based on their data history. As institutions use data to create better offerings, they’ll in turn gather more data, creating a flywheel effect that, like Amazon and Netflix, will enable them to leave their competitors further and further behind.

2. Instill a digital-first mindset across your entire company —



People have grown more accustomed than ever to doing anything they want

ONLINE

from shopping to ordering out to interacting with friends.

What's particularly telling here is how much bankers' attention to and consumer demand for digital has shifted not just throughout the last decade but especially throughout 2020. For better or worse, people have grown more accustomed than ever to doing anything they want online, from shopping to ordering out to interacting with friends.

They've similarly become resistant to physical banking experiences. Our bankers' survey shows that most people in the industry understand this and have a strategy to succeed on this front, and our consumer survey shows that people have moved quickly to a digital-first mindset.

Financial services companies should also lead out on creating a **digital-first mindset**

To take advantage of this shift, financial services companies should also lead out on creating a digital-first mindset — a mindset that expands basic banking services well beyond what people have traditionally come to expect from their financial institutions via open finance.

Some employees at traditional banks might resist the move to this mindset, but it's important to think of the move in terms of risk. As Jacob Kosoff, Head of Model Risk Management & Validation at Regions Bank, says, "We believe that a bank will be at risk if it's not adapting. For instance, if your bank doesn't have remote deposit capture for checks and your competitors do, you're going to be worse off. We in risk management recognize both the risks of implementing new initiatives such as open finance and the risks of not implementing new initiatives. Adaptability is really key here."

3. Offer a personalized money experience —

By the tail end of 2020, millions of people grew financially frayed and desperate for help. Financial services companies can be part of the solution by offering personalized guidance.

2021 is the year of the money experience — a data-driven, personalized experience that nudges each user toward true financial strength.

Critically, this doesn't just mean offering content about financial literacy. Rather, it means using the data on hand to deliver hyper-personalized insights in a feed. As Ron Shevlin, Managing Director of Fintech Research at Cornerstone Advisors, says, "Quantifying financial health has been a challenge because self-reported measures are unreliable. But some companies—like Financial Health Network and MX—have developed robust financial health scores that rely on actual account data."

“The very heart of banking is at stake, and the wolves are at the door.”

BRADLEY LEIMER
Founder at
Unconventional Ventures

This approach is more urgent than ever before. As Bradley Leimer, Founder at Unconventional Ventures, says, "When we look back at the impact of this pandemic (and the Great Recession before it), the financial services business model has been dramatically shifted toward providers that can quickly assess and provide real-time customer-centric value through digital applications. This requires better, cleaner data, better digital workflows, better personalization, and better agile processes than ever before. This is the only way forward as competition is greater than ever before. The very heart of banking is at stake, and the wolves are at the door."

Whether you work at a financial institution or a technology company, MX enables you to run with each of these recommendations: expand and enhance your data, instill a digital-first mindset across your company, and offer a personalized money experience. "It's all about the experience," says Brett King, author of Bank 4.0. "Any friction that isn't absolutely necessary will be eliminated from the technology layer. Either banks remove friction... or someone else will." If you do this, you'll be set to succeed through 2021 and beyond.



Want to learn more?

MX helps organizations deliver a money experience that **empowers their customers to be financially strong.**

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