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Study: Community financial institutions set to capture megabank market share

Increased marketing efforts, digital offerings key to success

AUSTIN, Texas, March 3, 2014—Community financial institutions (CFIs) may be well positioned to gain additional market share from the megabanks this year. According to a new study, roughly half of megabank customers* (46 percent) report that they don't feel very loyal to their primary bank, and about 1 in 2 Americans (49 percent) say that banking locally is important.

The *Consumer Banking Insights Study*—conducted online by Harris Poll in December 2013 among more than 1,000 U.S. adults (ages 18 and up) on behalf of more than 200 community financial institutions offering BancVue's Kasasa brand of checking accounts—found that many megabank customers (43 percent) are not satisfied with their primary bank. More than half (58 percent) of megabank customers don't believe their primary bank has their best interests at heart, and 42 percent feel their bank takes advantage of them with all the fees.

In contrast, an overwhelming majority of CFI customers* (93 percent) say they trust their bank and feel very loyal (84 percent) toward their institution.

"This study found that many Americans are looking for roughly the same things from their financial institutions—a trustworthy, dependable relationship and few or no fees," said Gabe Krajicek, BancVue's CEO. "Community financial institutions are able to meet most of those needs, and it seems consumers are finding that megabanks are not."

Yet, megabank customers' dissatisfaction alone is not enough to get them to switch institutions. While nearly 1 in 4 (23 percent) megabank customers say they're at least somewhat likely to switch their checking account to a local

community bank or credit union this year, 63 percent say they have never considered opening a checking account at a local community financial institution.

Nearly one-quarter (24 percent) of megabank customers say they don't use a community financial institution because they don't believe a CFI can offer the same benefits. Additionally, 83 percent of megabank customers say a recognizable brand name—not a traditional strength for CFIs—is at least somewhat important to them when choosing a bank.

“In order to better compete with megabanks, CFIs will need to boost their marketing efforts and product lines,” Krajicek said.

“Branding influences so many of our decisions, including our banking choices,” Krajicek continued. “It's important for community financial institutions to take a hard look at their branding and marketing strategies. If their efforts are falling short, there are solutions out there that they can—and should—take advantage of.”

About the *Consumer Banking Insights Study*

More than 200 community financial institutions offering BancVue's Kasasa brand of checking accounts teamed up to conduct the first *Consumer Banking Insights Study*. The study was executed online by Harris Poll on behalf of Kasasa from Dec. 26-31, 2013. The study polled 1,020 U.S. adults ages 18 and up to gauge their banking and checking preferences, feelings and behaviors. Figures for age, sex, race/ethnicity, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. Propensity score weighting was also used to adjust for respondents' propensity to be online.

*Throughout this release “megabank customers” are checking account holders who consider one of the big national banks to be their primary banking institution and “CFI customers” are those who consider a local community bank or a credit union to be their primary banking institution.

About BancVue

BancVue is a provider of innovative products, world-class marketing and data-driven consulting solutions to community financial institutions across the United States. Featuring offerings like Kasasa, a national brand of superior products and marketing scale, BancVue products are designed to deliver controlled new account growth, higher profitability and increased customer retention. Today, serving nearly 700 community banks and credit unions across the country, BancVue is empowering its clients to compete in and win the war against megabanks. For more information on BancVue, visit www.bancvue.com.

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