

ISA REPORT APRIL 2009

Changeable times call for useful insight

In the current economic climate we all know how crucial it is for financial institutions to keep an eye on their retail funding position. ISAs play an important part in this and our ISA survey conducted in April shows the changing view of the consumer. With this insight how should you adapt your communications to address any concerns and educate the consumer to the benefit of them and your organisation?

A relationship on rocky ground

We asked consumers about how they felt about their financial services provider in terms of the level of trust and whether they would turn to them for advice about savings and investments in these uncertain times. There was divided opinion over whether they would be more or less likely to ask for advice, with 19% of responders saying more likely and 19% less likely. When asked whether this advice would be more or less likely to be trusted, however, only 10% said more likely whilst 30% said less likely.

Consumers also indicated a trend to a more promiscuous approach to their financial products with 37% of responders indicating they were more likely to spread their investments across a number of institutions. Those with a stocks and shares ISA product were more inclined to state a likelihood to spread their investments. A third of responders indicated they were more likely to switch an existing ISA to a different provider in the next 12 months. Simple inertia or maybe a desire for simplicity still prevails though as 45% (with a bias towards female aged under 35) indicate a preference for using just one or two providers for all their savings and investment products.

The savvy consumer

Customers with ISA products and particularly those with stocks and shares products stand out as being the most conscientious investors. As indicated above ISA customers are more likely to spread their financial products across institutions, they are also more likely to shop around, use price comparison sites and regularly check they are getting the best rate on their financial products. In short they are more difficult to keep and keep happy; and with a third of them indicating a likelihood to switch ISA providers in the next month what are you going to do to limit your losses and benefit from others?

Catching the consumers eye and keeping them

Unsurprisingly the interest rate and security of the institution rated highly when asked what was important when looking for a savings and investment product. A third of responders indicated they were goal-oriented savers, only saving with a specific item in mind. These were predominantly females aged

between 24-44 years and they are also most likely to prefer to use just one or two institutions for all of their financial needs.

Even with the interest rate being such an important factor for selection of a saving or investment product, there is still over a quarter of responders who admitted they were unlikely to regularly check around to make sure they are getting the best rate. The over 45s are the group most likely to consider interest rate as the most important factor and with nearly half of them doing it, they are also most likely to be regularly checking they are still getting the best deal.

Knowledge is King

So where does this insight leave you, your business and your customers? Well what is important to know is how your customers fit into the groups identified above and from that how this insight directs your communication and way of business with them. Core Insight can work with you to identify segments of your customer base that could be at risk and understand how to limit this risk. Also to use similar insight to focus your acquisition tactics most appropriately and effectively ensuring you will be in a strong position for the next 12 months.