ADVANCE OHIO

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FINANCIAL WHITEPAPER

Executive Summary

To navigate the evolving financial landscape and understand shifting consumer expectations, we surveyed 1,259 financial consumers to uncover the key factors influencing their choice of a primary financial institution (PFI). Convenience, customer service, fees, trust, and digital capabilities emerged as the dominant criteria.

Generational differences also significantly impact preferences: younger consumers prioritize digital accessibility, while older generations emphasize trust and long-term relationships. These insights highlight the need for financial institutions to adapt, blending modern digital experiences with lessons from the traditional "neighborhood bank."

This whitepaper unpacks these findings and offers actionable strategies to help financial institutions attract and retain customers, aligning services with consumer expectations in an increasingly competitive market.

Key Findings

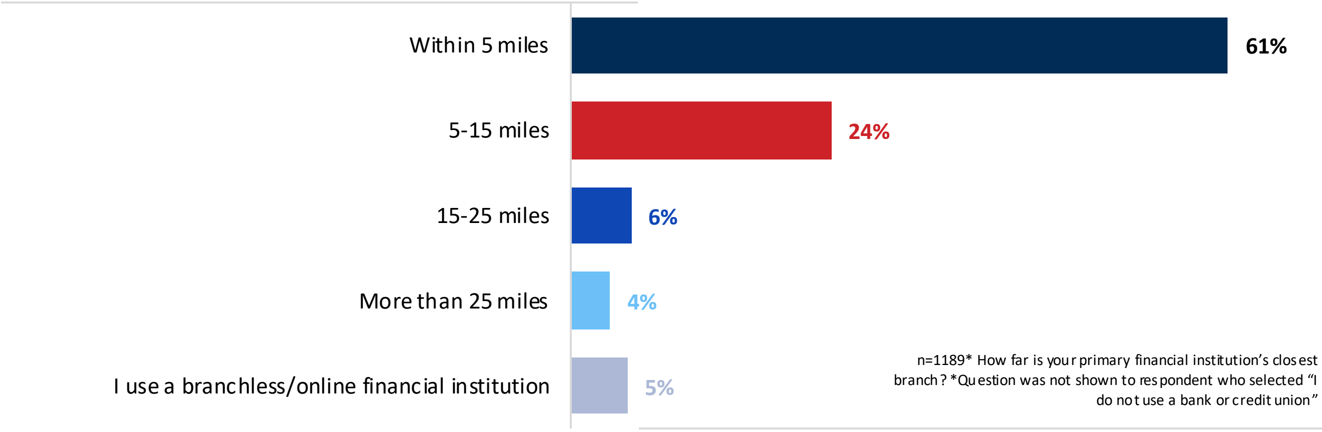
01 Convenience and Accessibility Matter Most

- **58%** of respondents have a branch within five miles of their home
- **61%** of respondents ranked online/mobile banking options as a priority when selecting a PFI
- **ATM** accessibility was considered very important by 56% of respondents.
- **Generational Insight:** Gen Z and Millennials prioritize digital accessibility and online banking, while older generations (Gen X, Baby Boomers, Silent Generation) value branch proximity.

Convenience has evolved into a multi-dimensional concept spanning both physical and digital realms. The nearly equal importance placed on branch proximity (58%) and online/mobile options (61%) reveals that consumers are embracing a hybrid banking model rather than moving entirely to digital.

This suggests financial institutions should invest in an omnichannel strategy rather than pivoting exclusively toward digital transformation. The generational divide offers further strategic implications - while younger consumers expect seamless digital experiences, institutions cannot afford to neglect physical infrastructure that remains crucial for older demographics with higher average account balances.

This relationship between physical and digital convenience presents an opportunity for financial institutions to differentiate themselves by creating integrated experiences that bridge both worlds, potentially through technologies like video banking, interactive teller machines, or appointment-based specialized services that leverage both physical presence and digital efficiencies.



n=1189* How far is your primary financial institution's closest branch? *Question was not shown to respondent who selected "I do not use a bank or credit union"

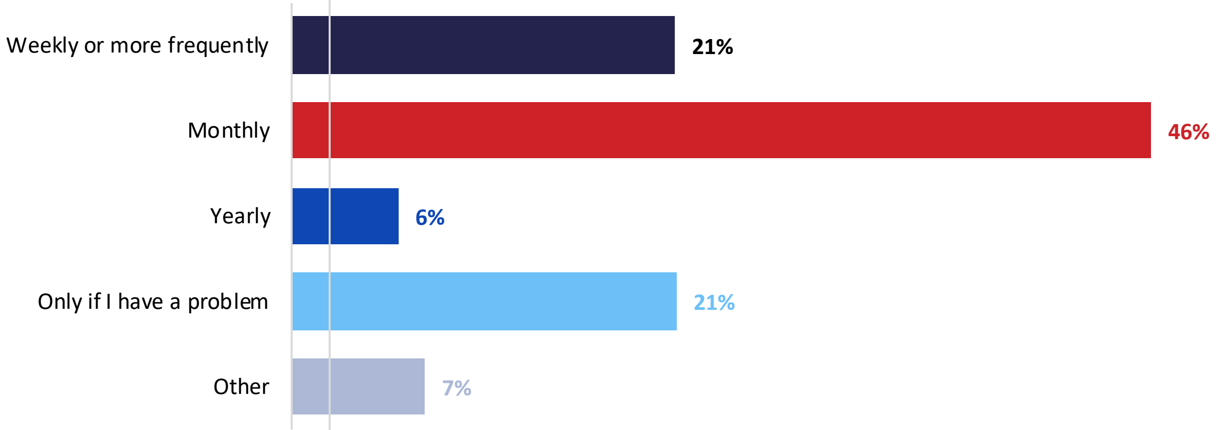
02 Customer Service is a Competitive Differentiator

- **71%** of respondents rated overall customer service as a very important factor when selecting a PFI.
- **Generational Insight:** Baby Boomers and Silent Generation respondents were more likely to remain loyal due to long-standing positive experiences with customer service

The overwhelming importance of customer service (71%) underscores a principle central to one of our favorite books in the last few years, Will Guidara's "Unreasonable Hospitality." FI Looking at the data you likely have one chance a month to prioritize memorable human interactions, financial institutions have an opportunity to differentiate themselves through service that exceeds reasonable expectations.

One of the things Will looks for is what he calls pattern recognition for recurring moments. This is an opportunity for financial institutions to put systems in place both digitally and in the real world to anticipate recurring moments in a customer's life that the brand can celebrate or support with them.

When you look at the strong loyalty among Baby Boomers and the Silent Generation it demonstrates this concept that consistently remarkable service builds "regulars" who become advocates for your brand, in some cases that advocacy can last over a decade. This suggests financial institutions should view service not merely as problem resolution but as a strategic investment in creating what Guidara calls "unreasonable moments" – unexpected touches of personalization and care that transform banking from a necessity into an experience customers genuinely appreciate and remain loyal to over time.



n=1189* How often do you visit a local branch? *Question was not shown to respondent who selected "I do not use a bank or credit union"

03 Fees and Rates Influence Consumer Decisions

- **54%** of respondents cited fees as a primary reason they would reconsider their PFI
- **Gen X** were the most fee-sensitive generation, while millennials prioritized monetary incentives.
- **44%** of respondents ranked a checking account that earns interest as a priority

The economic impact of banking relationships emerges as a powerful decision driver for consumers, with fee structures functioning as a potential breaking point in customer loyalty.

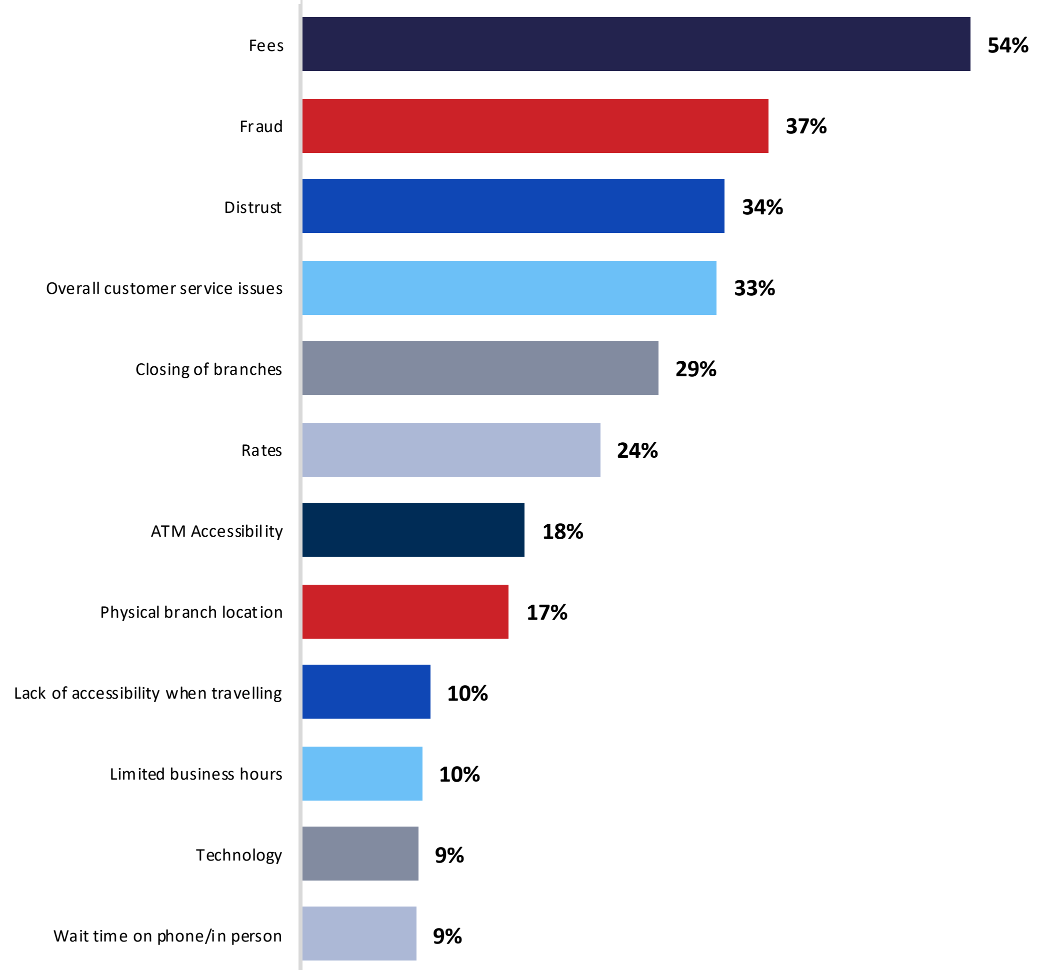
When more than half of respondents (54%) identify fees as their primary reason for reconsidering their banking relationship, institutions face a clear mandate to maintain transparent and competitive fee policies. The generational nuance is particularly revealing - Millennials, many entering their peak earning years possibly while managing substantial debt burdens, show heightened sensitivity to fees that takes their financial progress backwards. These are generations (millennials, Gen Z, etc) that are not doing as well as their parents for several reasons. This data illustrates they are looking for an ally in their financial well-being.

"66.2% of employed millennials have no retirement savings"

source: https://www.oneadvisorypartners.com/blog/are-millennials-struggling financially#:~:text=Bottom%20Line,and%20an%20unstable%20job%20market.

Conversely, Baby Boomers, often focused on retirement income, prioritize deposit rates that maximize their accumulated wealth. The significant interest in interest-bearing checking accounts (39%) signals that Boomers increasingly expect their everyday banking products to contribute meaningfully to their financial growth rather than merely storing funds. Interestingly Millennials scored higher in the importance of a checking account that is interest-bearing

Financial institutions that recognize these economic motivations and structure their offerings accordingly can build stronger connections with customers who feel their bank is actively supporting their financial well-being rather than extracting value from the relationship.



n=1259 Please select your 3 top concerns that would cause you to change or reevaluate your primary financial institution?

04 Trust and Reliability Build Long-Term Relationships

- Half of respondents have been with their PFI for more than 10 years
- **37%** of respondents cited fraud, **34%** cited distrust, and **33%** cited poor customer service as reasons to reconsider their PFI.
- **Generational Insight:** Baby Boomers and the Silent Generation place the highest value on trust and long-term relationships, while younger generations are more likely to switch banks based on digital offerings and convenience.

Banking relationships reveal themselves through stability, with half of all respondents maintaining their primary financial institution for over a decade. This loyalty, however, stands on fragile ground - the trifecta of fraud concerns (37%), institutional distrust (34%), and poor service experiences (33%) represent significant threats to these enduring connections. Financial institutions face a paradox where trust builds incrementally over years but can shatter in a single negative incident.

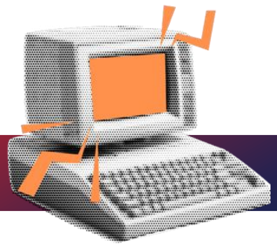
The generational contrast illuminates evolving relationship dynamics, with Baby Boomers and the Silent Generation valuing the institutional memory and personal relationships developed through decades of interaction. They want the teller to “know their name” when they walk in the door as the cultural artifact that implies value.

“I've had an account with them since I was 12. Reputable, secure, local, and excellent customer service with live tellers.“

Meanwhile, younger consumers demonstrate greater willingness to exchange established relationships for enhanced functionality and convenience, suggesting they define trust differently - less through interpersonal history and more through consistent digital performance and transparent practices.

“If they had a mishap with my funds, or system crashed too much. Or too many technical difficulties.“

a millennial respondent on why they would leave a banking institution”

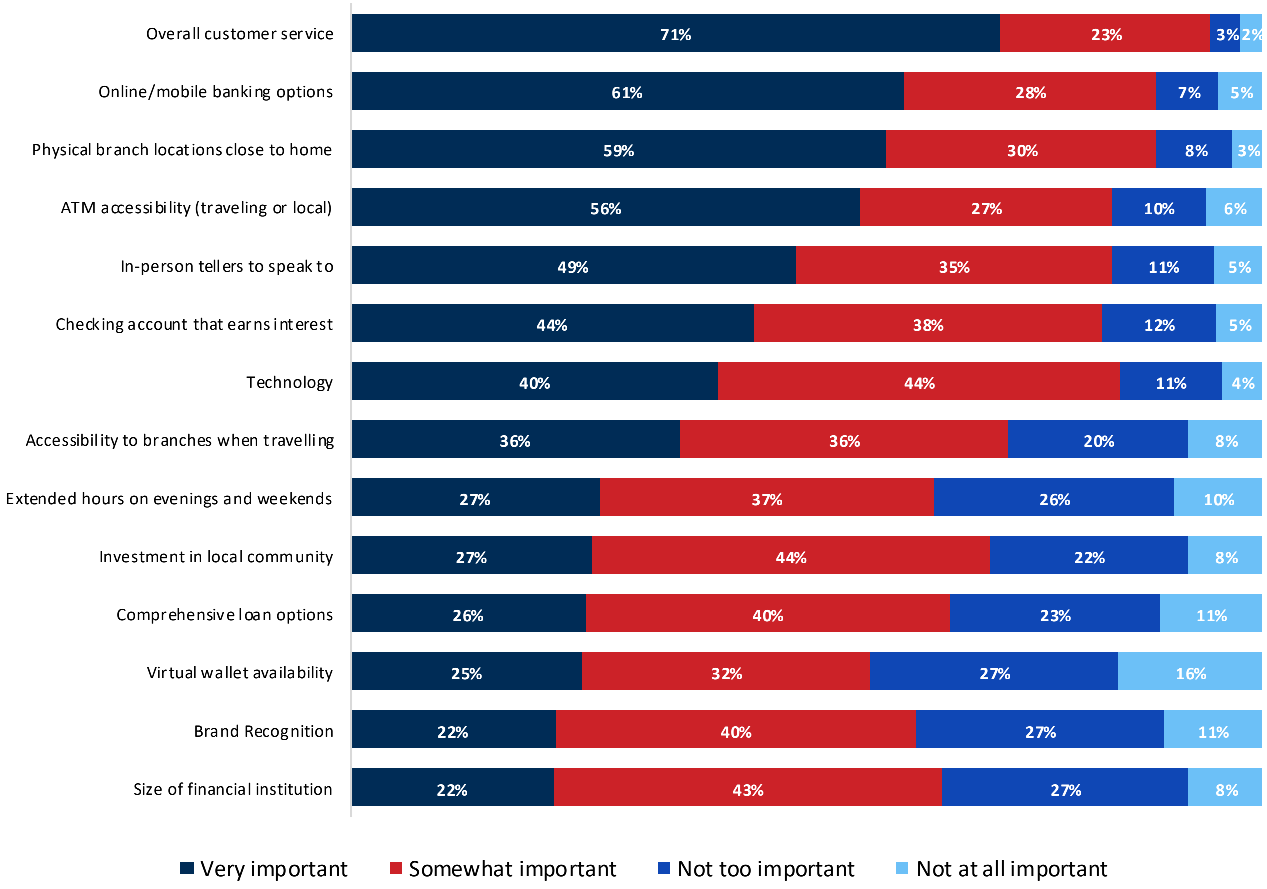


For financial institutions, this signals the need to reimagine trust-building for a digital age while preserving the relationship-centered approach that sustains their most loyal customer segments.

05 Digital Banking is No Longer Optional

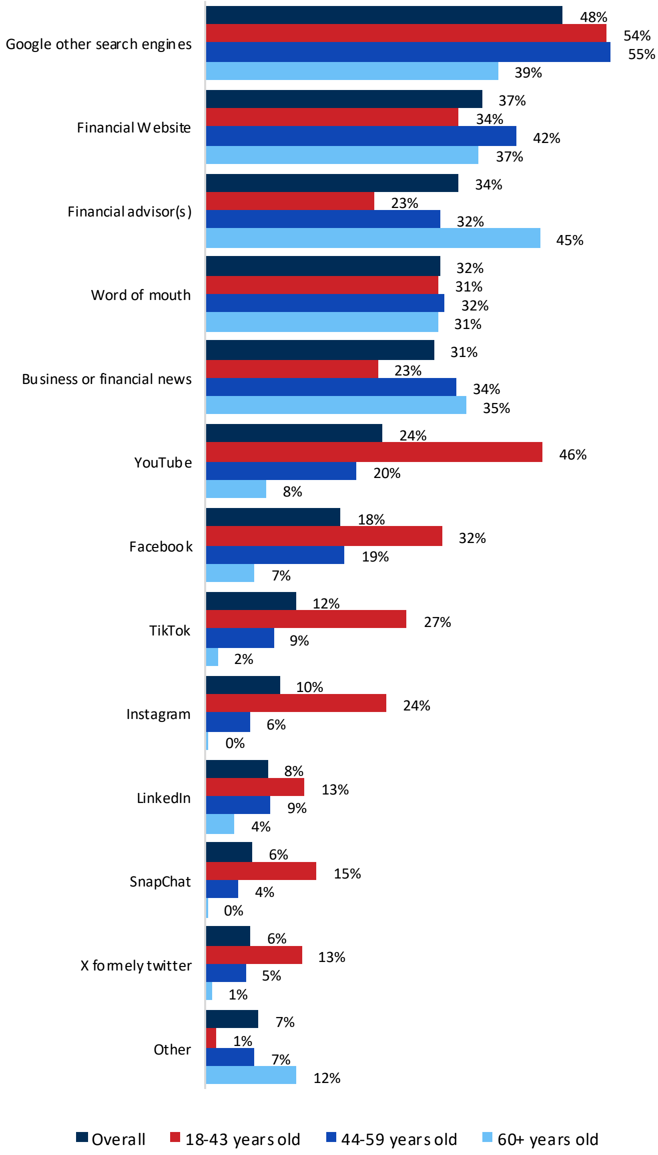
- **61%** of respondents rated online/mobile banking options as very important. In fact, the only thing more important is customer service.

The digital transformation of banking has reached an inflection point, with online and mobile capabilities now representing table stakes rather than competitive advantages. At 61% importance, digital banking tools have ascended to become the second-most critical factor in consumer decision-making, surpassed only by human service interactions. This near-parity between digital tools and personal service reflects a fundamental shift in consumer expectations - sophisticated digital experiences are now considered fundamental infrastructure rather than premium offerings. For banks and credit unions, this signals that digital investment isn't merely about feature development but about creating intuitive experiences that feel as natural and reassuring as traditional banking interactions, while acknowledging that different generations will integrate these tools into their financial lives in fundamentally different ways.



06 Search still rules

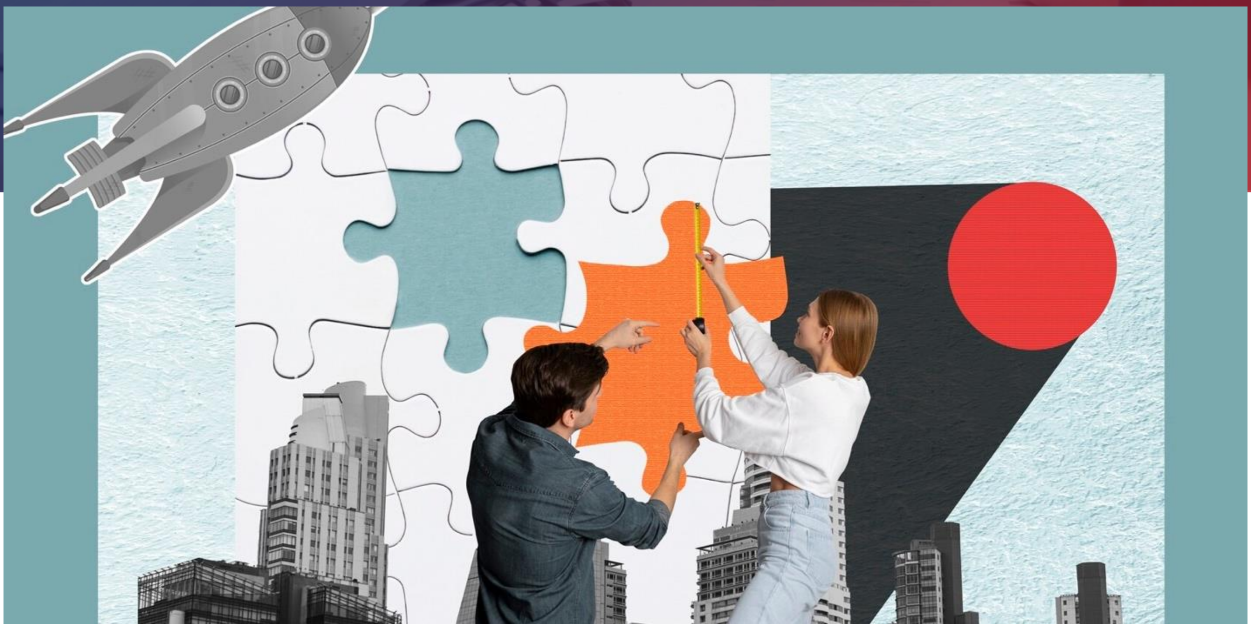
- 48% of respondents still uses Google to find financial information
- The social internet is an up-and-coming source of financial literacy
- 63% of respondents are likely to seek out financial information with 16% not looking for it at all.



The content ecosystem for financial decision-making remains anchored in traditional search behaviors, with nearly half of consumers (48%) turning to Google as their primary gateway to financial knowledge. Meanwhile, a significant shift in the financial industry is happening on social networks as they evolve beyond personal connection into spaces for financial discourse and education, creating new pathways for financial literacy development outside traditional channels. The fundamental appetite for financial information remains robust, with nearly two-thirds of respondents (63%) actively seeking knowledge to inform their decisions. Yet the noteworthy segment (16%) completely disengaged from financial information gathering represents a significant challenge for institutions and educators alike - a population potentially making consequential financial decisions without adequate information foundations or perhaps are even aware that information is in the market.

For financial institutions, this landscape necessitates a multi-channel information strategy that acknowledges search's continued primacy while managing the younger generations reliance on the social internet and preparing for the emerging influence of AI (ChatGPT, Perplexity, etc)
as financial information hubs.

Strategic Recommendations for Financial Institutions



1. Digital Experience Optimization

Financial institutions should implement generationally-stratified digital solutions that cater to the specific preferences of each demographic group. Investing in intuitive mobile apps and online banking features with seamless user interfaces is essential for meeting the expectations of younger consumers. Developing an integrated support infrastructure that incorporates artificial intelligence and ensures 24/7 availability will enhance the customer experience.

Prioritizing mobile application functionality and user experience will drive engagement and satisfaction, while the implementation of predictive analytics can personalize service delivery. Enhancing digital payment integration and capabilities will further streamline transactions and improve convenience for consumers. Additionally, improving security features like multi-factor authentication and biometric verification is crucial for building consumer trust in digital platforms.

2. Service Quality Enhancement

Financial institutions should consider comprehensive staff development programs that address generational variations in service expectations. Training staff to offer personalized and proactive service, ensuring employees are well-versed in financial literacy to guide customers, is essential for meeting the high expectations of modern consumers.

Implementing hybrid service delivery models that integrate human expertise with AI-driven customer assistance will allow for a seamless and efficient experience.

Real-time service quality monitoring systems should be established to ensure consistent performance, along with proactive service intervention protocols to address issues before they escalate.

Customer feedback mechanisms should be implemented to continuously improve the user experience. Additionally, enhancing cross-channel service consistency will reinforce customer trust and satisfaction, ensuring a cohesive experience across all banking platforms.

3. Fee Structure Optimization

To optimize fee structures and address varying rate sensitivity patterns, financial institutions should implement generationally-targeted fee models that align with consumer preferences across different age groups.

Relationship-based fee mitigation programs can be developed to incentivize long-term institutional loyalty, rewarding customers with reduced fees or exclusive benefits.

Offering competitive, transparent pricing models with clearly defined benefits is essential for attracting and retaining customers. Reducing or eliminating unnecessary fees will improve customer retention, particularly among fee-sensitive demographics like Millennials.

Implementing fee forgiveness programs for long-term customers or offering tiered benefits based on banking history can further enhance loyalty.

4. Trust-Based Brand Development

In today's hypercompetitive and increasingly digital financial ecosystem, brand is everything. As traditional banking services become commoditized and fintechs disrupt established business models, a distinctive brand serves as the primary differentiator in a crowded marketplace. Modern consumers, particularly younger demographics, align their brand decisions with institutions whose values and identities resonate with their own personal ethos. (source: https://www.forbes.com/councils/forbesbusinesscouncil/2024/05/10/why-we-need-a-deeper-understanding-of-the-values-of-gen-z-consumers/) The erosion of traditional banking relationships, coupled with unprecedented transparency brought by digital platforms, means that trust—the cornerstone of any financial brand—must be actively cultivated digitally and in the real world, rather than assumed. Developing marketing initiatives that reinforce brand stability and encourage long-term customer retention. Using testimonials and long-term customer stories can build an emotional connection with potential customers, particularly those who value established trust metrics.

If I had a magic wand, I would enhance the user experience of online and mobile banking platforms. While many financial institutions have made significant strides in this area, there's always room for improvement."

5. Multi-Channel Service Integration

Financial institutions should architect hybrid marketing campaigns that honor their established customer base while preparing for the digital future. The foundation should emphasize traditional channels that resonate with Boomers and the Silent Generation –that showcase both personal service and digital capabilities, and search-optimized educational content addressing retirement and wealth preservation concerns. However, these cornerstone tactics should be complemented by measured experimentation in emerging channels. This might include developing short-form educational content for TikTok that translates complex financial concepts into accessible formats, potentially featuring trusted advisors who bridge generational trust gaps. Simultaneously, institutions should deploy AI-powered personalization tools that enhance customer experience across all touchpoints – from predictive offers based on life events to conversational banking assistants that provide 24/7 guidance while maintaining the warmth that characterizes their best customer service interactions. The most successful institutions will view this approach not as maintaining separate marketing tracks but as creating an integrated ecosystem where traditional channels validate digital innovations, and emerging platforms extend rather than replace the trusted relationships at the heart of their brand identity.

Conclusion

The financial landscape in the Midwest reflects broader national trends where consumer expectations are evolving at an unprecedented pace. Our research reveals a banking ecosystem in transition – one where convenience spans both physical and digital realms, where customer service remains the ultimate differentiator, and where trust must be earned continuously rather than inherited from institutional legacy.

Financial institutions that will thrive in this environment are those that recognize the nuanced reality of today's banking consumer: they want the efficiency of digital, the reassurance of physical proximity, and the warmth of human connection – often simultaneously and across different touchpoints in their financial journey.

The most successful institutions will be those that embrace a paradoxical truth: in an increasingly digital world, the human element becomes more valuable, not less. As Will Guidara's principles of "unreasonable hospitality" suggest, memorable experiences that exceed expectations create emotional connections that technology alone cannot replicate. Yet without robust digital capabilities that meet consumers where they are, even the most exceptional personal service will fall short.

The generational insights throughout our findings offer a roadmap for financial marketers. Rather than choosing between serving older demographics who value tradition and younger consumers demanding innovation, forward-thinking institutions will develop strategies that honor both – creating bridges between digital and physical experiences that feel seamless regardless of a customer's age or preferences.

The future of banking isn't simply digital or physical – it's deeply personal, remarkably convenient, and built on a foundation of trust that must be continually reinforced. Financial institutions that understand and embrace this reality are positioned not just to survive but to thrive in the next era of consumer banking.