

Established Direct Banking Brands Flex Their Digital Banking Muscle, According to J.D. Power

Charles Schwab Bank, Discover Bank and American Express Rank Highest in Respective Segments

TROY, Mich.: 12 May 2022 — Direct banks—those branchless, digital alternatives to traditional retail banks—continue to grow in popularity. But instead of replacing incumbents, the new model has given many established financial brands an opportunity to shine with new customers. According to the J.D. Power 2022 U.S. Direct Banking Satisfaction Study,SM released today, forging personal relationships through digital channels and delivering superior customer service have helped brands such as Charles Schwab, Discover and American Express become direct banking powerhouses.

“Today, 27% of banking customers in America use an online-only bank,” said **Paul McAdam, senior director of banking and payments intelligence at J.D. Power**. “As so much of our lives continue to shift to digitally based providers, direct banks have been in prime position to gain market share and mindshare by delivering around-the-clock access, along with products that have attractive fee structures and interest rates. Increasingly, we’re seeing the top-performing brands get the personalization formula right by helping customers reduce banking fees and grow their money, and by showing that they’re available to help customers in challenging financial times.”

Following are some key findings of the 2022 study:

- **Big financial brands get the direct bank formula right:** Among direct banking customers, satisfaction with their checking and savings accounts is high. A large majority of checking and savings customers (88%) say their direct bank is easy to do business with and 85% say their accounts do not have hidden fees. Only 6% of checking and savings customers say their direct bank does not put the customer’s interests first. Big brands American Express, Charles Schwab Bank, Discover Bank, Ally Bank and Capital One are tightly clustered at the top of the rank charts.
- **Customer service matters:** Although direct banks have always been prized for their easy-to-access, self-service nature, customer service (via phone and online chat/email) is a key driver of customer satisfaction. Among checking and savings customers, 59% say they have never had a problem or complaint with their direct bank. Among customers who experienced a problem/complaint in the past 12 months, 83% say it was convenient to reach customer service and 88% say their most recent problem was resolved.
- **Supporting customers in tough economic times:** The key performance indicator with the greatest influence on overall direct bank customer satisfaction is the customer perception that their bank completely supports them in challenging times. When direct banks meet that criteria, satisfaction among checking account customers rises 204 points (on a 1,000-point scale) and satisfaction among savings account customers rises 186 points.
- **Neobanks gain traction with fee-sensitive customers, but satisfaction varies:** Neobanks—those online-only banking providers without federal banking charters—continue to gain customers who tend to be younger, less financially secure and more sensitive to banking fees. Overall, neobanks lag direct banks across most key factors evaluated in the study. However, the areas in which

neobanks outperform direct banks are related to personalization and providing innovative technology.

Study Rankings

Charles Schwab Bank (715) and **Discover Bank** (715) rank highest in overall satisfaction in a tie among checking providers. **Ally Bank** (709) ranks third. The segment average is 701.

American Express ranks highest in overall satisfaction among savings providers with a score of 718. Discover Bank (717) ranks second and Charles Schwab Bank (713) ranks third. The segment average is 704.

The U.S. Direct Banking Satisfaction Study, now in its sixth year, was redesigned for 2022. The study measures overall satisfaction with direct bank and neobank checking and/or savings/money market products based on seven factors (in alphabetical order): customer service; ease of moving money; helps grow money; level of trust; managing account via mobile app; managing account via website; and reduce banking fees. The study defines direct banks as online/branchless institutions with federal banking charters, with either the Federal Reserve Board, the Office of the Comptroller of the Currency (OCC) or the Federal Deposit Insurance Corporation (FDIC) as their primary regulator.

To learn more about the U.S. Direct Banking Satisfaction Study, visit <https://www.jdpower.com/business/resource/us-direct-banking-satisfaction-study>.

See the online press release at <http://www.jdpower.com/pr-id/2022032>.

About J.D. Power

J.D. Power is a global leader in consumer insights, advisory services and data and analytics. A pioneer in the use of big data, artificial intelligence (AI) and algorithmic modeling capabilities to understand consumer behavior, J.D. Power has been delivering incisive industry intelligence on customer interactions with brands and products for more than 50 years. The world's leading businesses across major industries rely on J.D. Power to guide their customer-facing strategies.

J.D. Power has offices in North America, Europe and Asia Pacific. To learn more about the company's business offerings, visit [JDPower.com/business](https://www.JDPower.com/business). The J.D. Power auto shopping tool can be found at [JDPower.com](https://www.JDPower.com).

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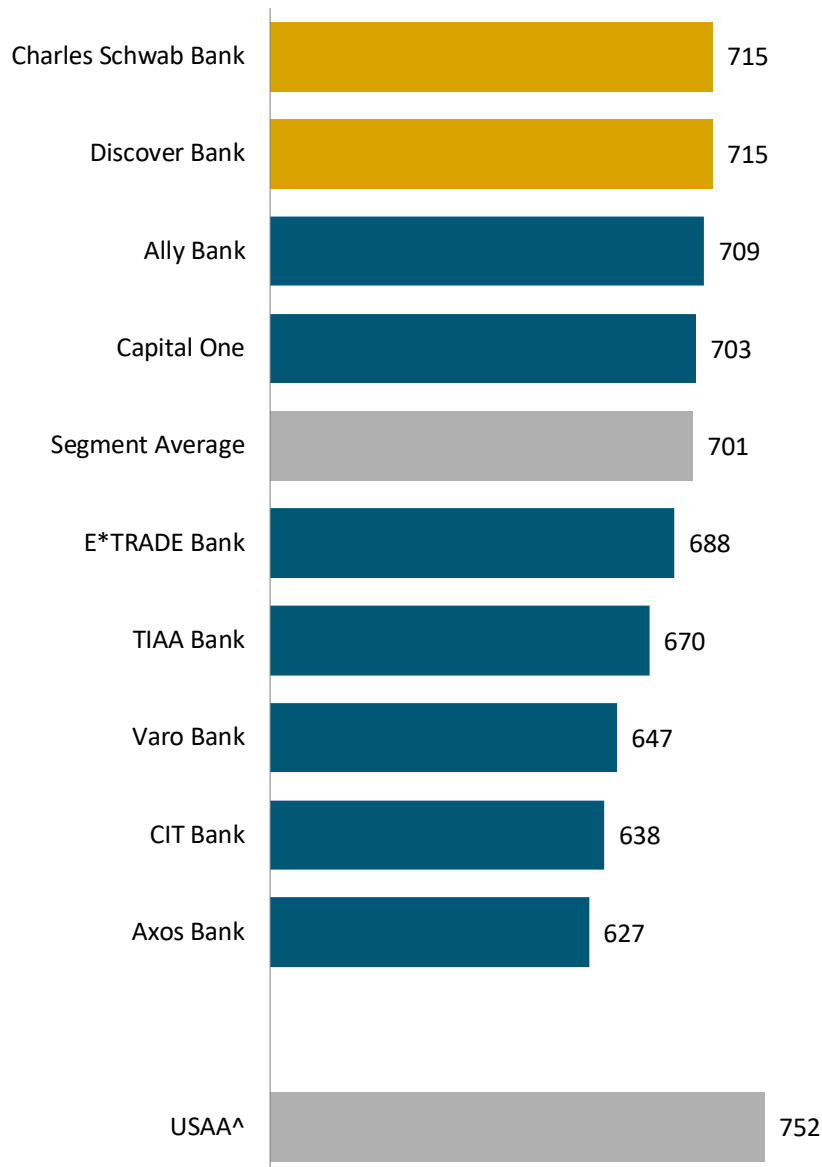
NOTE: Two charts follow.

J.D. Power 2022 U.S. Direct Banking Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Checking Providers



Note: ^Brand is not rank eligible because it does not meet study award criteria.

Source: J.D. Power 2022 U.S. Direct Banking Satisfaction StudySM

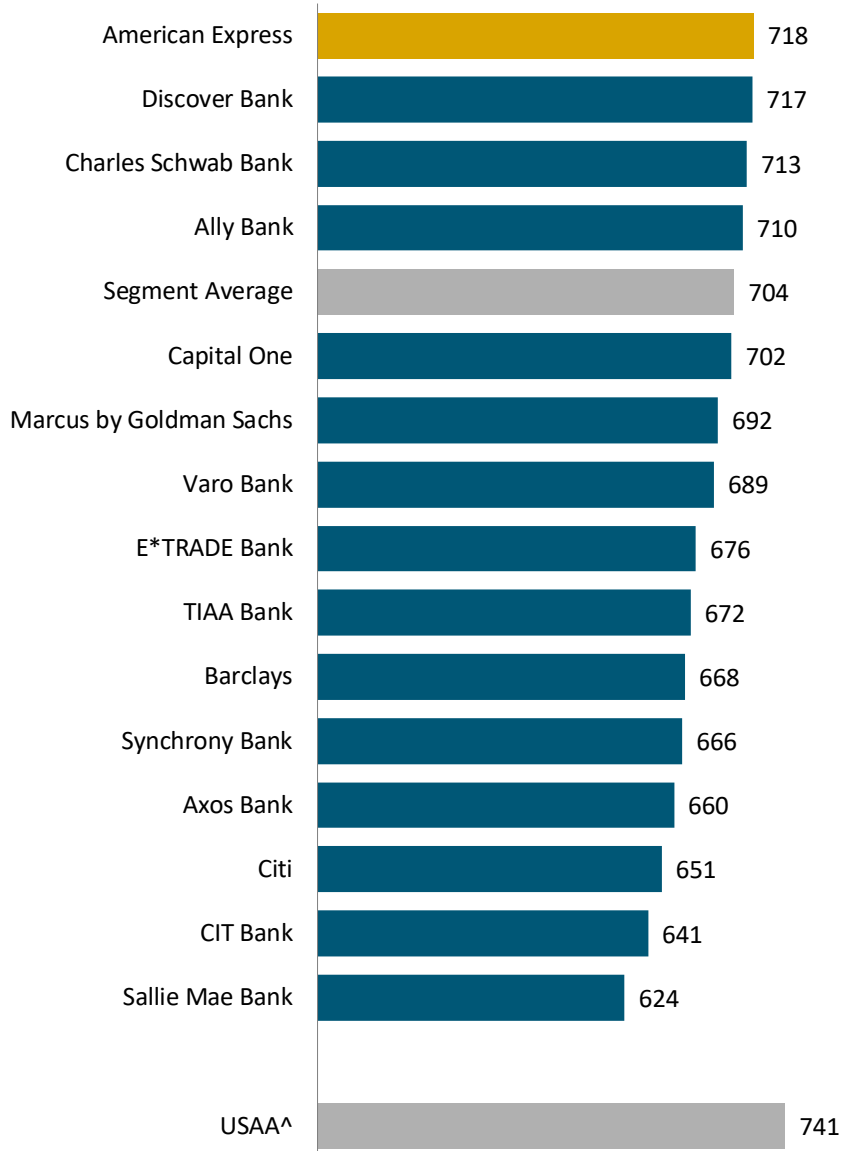
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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Savings Providers



Note: ^Brand is not rank eligible because it does not meet study award criteria.

Source: J.D. Power 2022 U.S. Direct Banking Satisfaction StudySM

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