

A See-through Consumer Behavior

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Table of Content

1 What is Consumer Behavior

2 Changing Banking Consumer Expectations

3 Generational Differences in banking Consumer Behavior

4 The Five-Stage Consumer Buying Decision Making Process

5 Future Trends



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1 Introduction:

A Defining Consumer Behavior

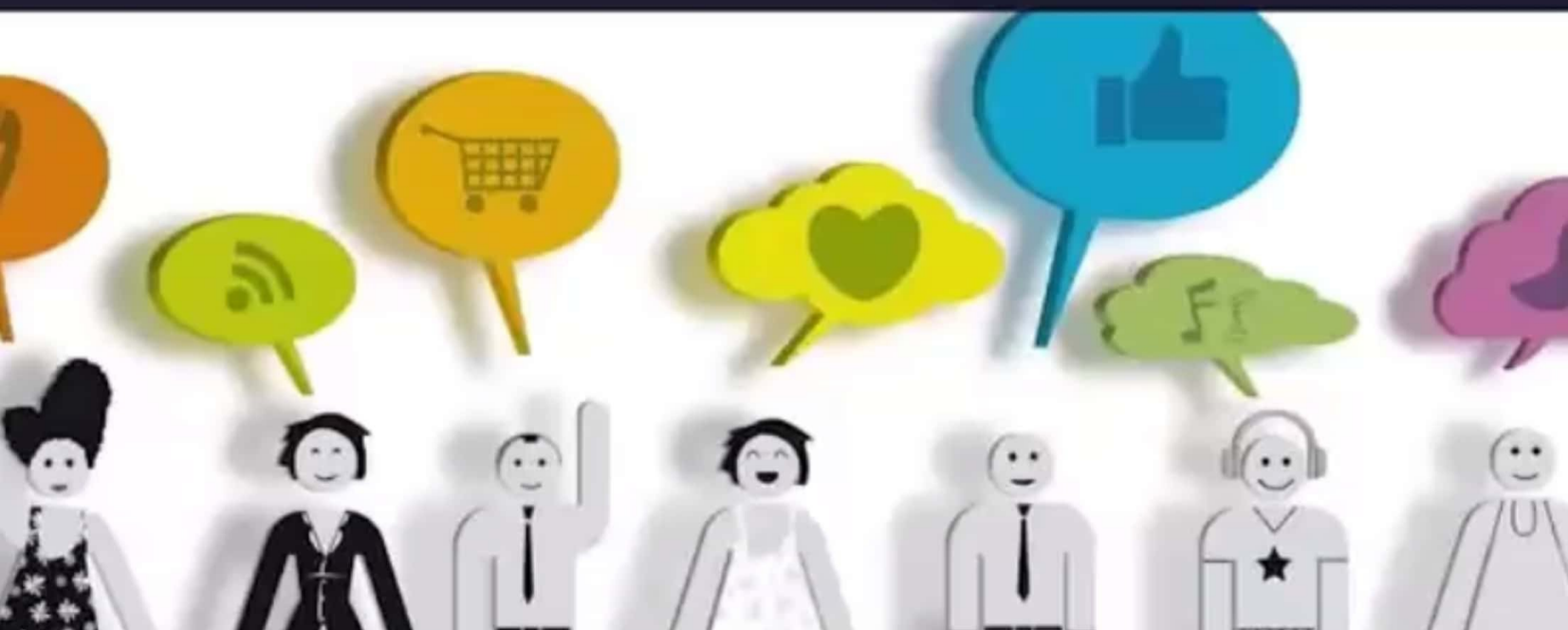
B Importance of understanding consumer behavior in the banking industry

C Key factors that influence banking consumer behavior



1A Consumer Behavior

The process and activities people engage in when searching for, selecting, purchasing, using, evaluating, and disposing of products and services



1B Importance of Understanding Consumer Behavior in Banking:

- Improving Customer Experience
- Targeted Marketing and Personalization
- Identifying New Opportunities
- Staying Competitive



1C Key Factors Influencing Banking Consumer Behavior:

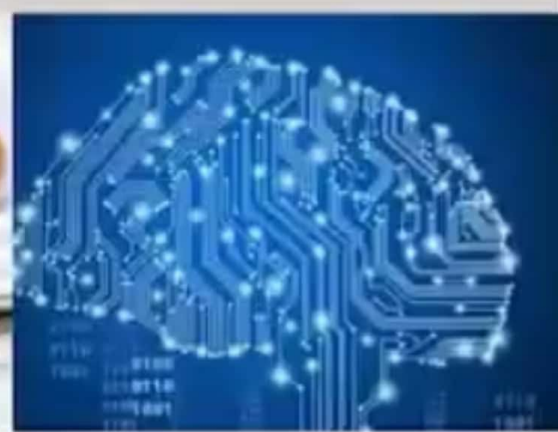
Demographics:

- Age, income, education level, life stage, and household composition
- These shape banking needs, risk profiles, and preferred service channels

Psychographics:

- Values, attitudes, interests, and lifestyle preferences
- Influence consumer decision-making, brand loyalty, and product adoption





10 Key Factors Influencing Banking Consumer Behavior:

Technology Adoption:

- Comfort with and preference for digital banking tools like mobile apps, online banking, etc.
- Impacts channel usage and expectations around convenience and self-service

Social Influences:

- Word-of-mouth, peer recommendations, and social media impacts
- Affect brand perception and willingness to try new banking products

Regulatory and Economic Factors:

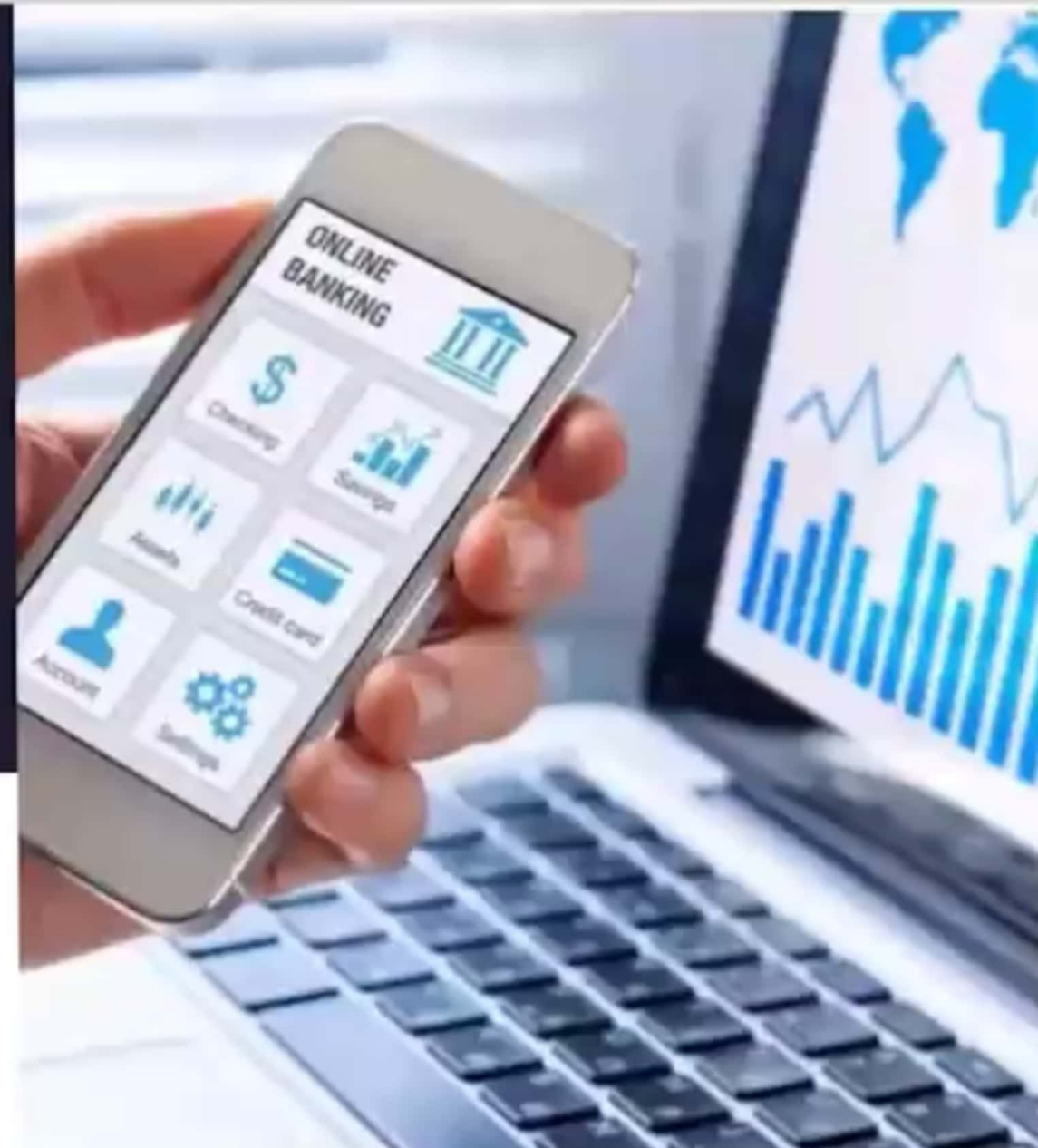
- Changes in financial regulations, interest rates, and economic conditions
- Shift consumer sentiments around risk, saving, and spending behaviors

2 Changing Banking Consumer Expectations:

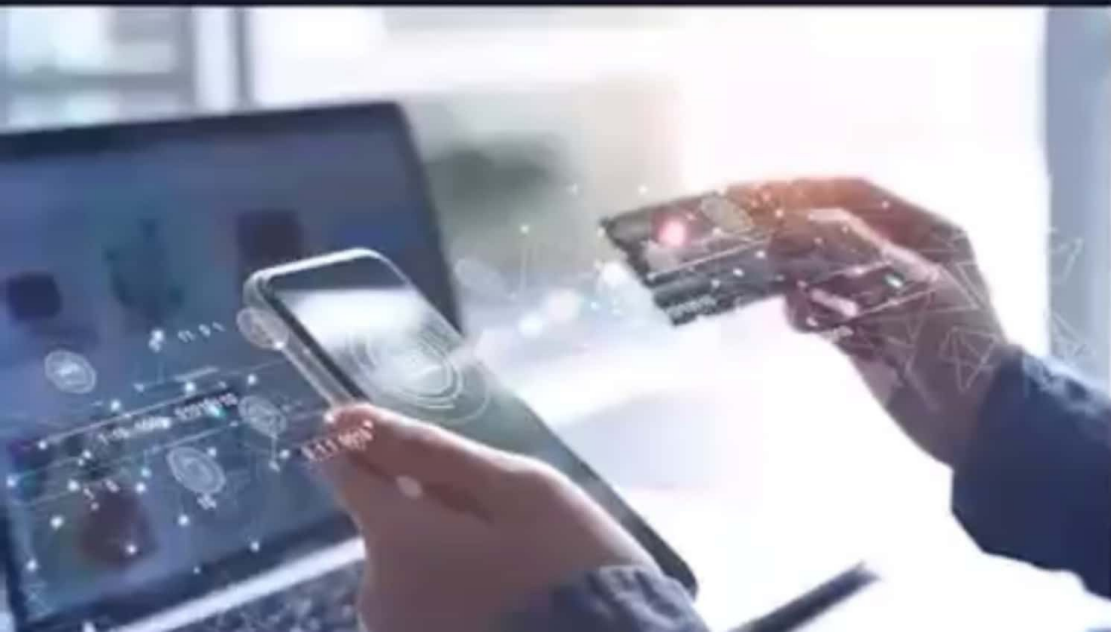
A Rise of digital banking and mobile apps

B Demand for personalized, on-demand banking services

C Increased Focus on User Experience and Convenience



2A Rise of Digital Banking and Mobile Apps



- Younger consumers prefer to manage their finances through mobile banking apps rather than visiting physical branch locations.
- **Expectations:** seamless, user-friendly mobile experiences with features like mobile check deposit, peer-to-peer payments, and the ability to instantly view account balances and transactions.
- **Challenge:** Banks that fail to provide robust mobile banking capabilities risk losing these tech-savvy consumers to digital-first challenger banks and fintech firms.

2B Demand for Personalized, On-Demand Banking Services

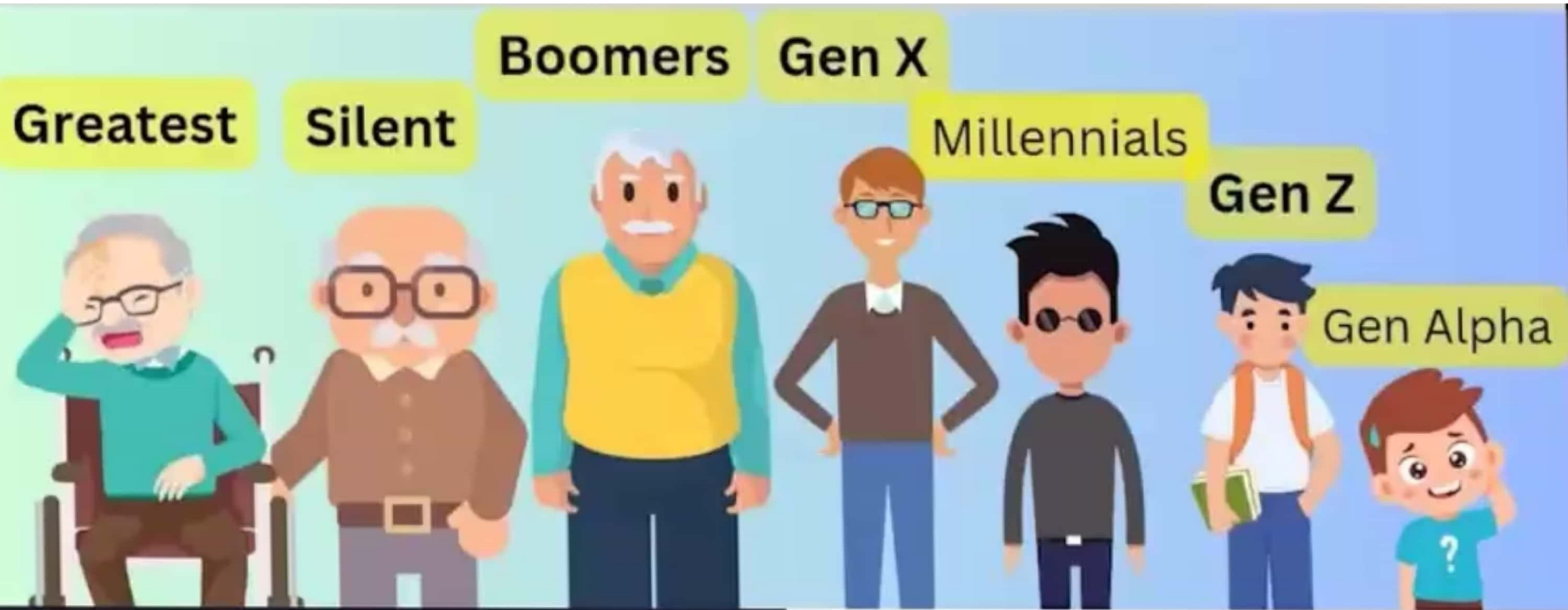


- Consumers want their banks to provide personalized financial guidance and recommendations based on their individual goals, spending habits, and life stage.
- **Expectations:** proactive outreach from their bank with insights like automated expense tracking, personalized savings plans, and investment portfolio suggestions.
- **Challenge:** On-demand access to customer service through channels like live chat, video banking, and AI-powered virtual assistants is also becoming a standard expectation.



2C Increased Focus on User Experience and Convenience

- Consumers are no longer satisfied with basic banking functionalities. They want intuitive, visually appealing digital interfaces that streamline their financial management.
- **Expectations:** Features like fingerprint or facial recognition login, contextual in-app guidance, and the ability to instantly freeze/unfreeze cards contribute to a seamless user experience.
- **Challenge:** Convenience is also key - consumers expect the ability to open new accounts, apply for loans, or access customer support with minimal friction and hassle.



3 Generational Differences in banking Consumer Behavior

A Millennials and Gen Z as emerging banking consumers

B Their preferences for digital, mobile-first banking

C Innovative features they expect

3A Millennials and Gen Z as Emerging Banking Consumers



- **Millennials;** are now in their late 20s to early 40s, establishing careers, buying homes, and starting families - driving increased demand for mortgages, auto loans, and wealth management services.
- **Gen Z,** the eldest of whom are just entering adulthood, are also a crucial demographic for banks to understand and attract as lifelong customers.



3B Preferences for Digital, Mobile-First Banking

- **Millennials and Gen Z** are digital natives who have grown up with smartphones and expect seamless, on-the-go access to their finances.
- Over 80% of **Millennials** use mobile banking apps regularly, compared to just 65% of Baby Boomers.
- They prefer to conduct most banking activities - from checking balances to transferring funds - through their mobile devices rather than visiting physical branches.



- Younger banking consumers are driving demand for more personalized, technologically-advanced features that simplify financial management.
- Example: Budgeting and money-tracking tools that automatically categorize expenses and provide insights on spending habits.
- They also expect investment and wealth management features within their banking apps, such as robo-advisory services and commission-free stock/ETF trading.

3C Innovative Features They Expect

4 The Five-Stage Consumer Buying Decision Making Process:

A Problem Recognition

B Information Search

C Evaluation of Alternatives

D Purchase Decision

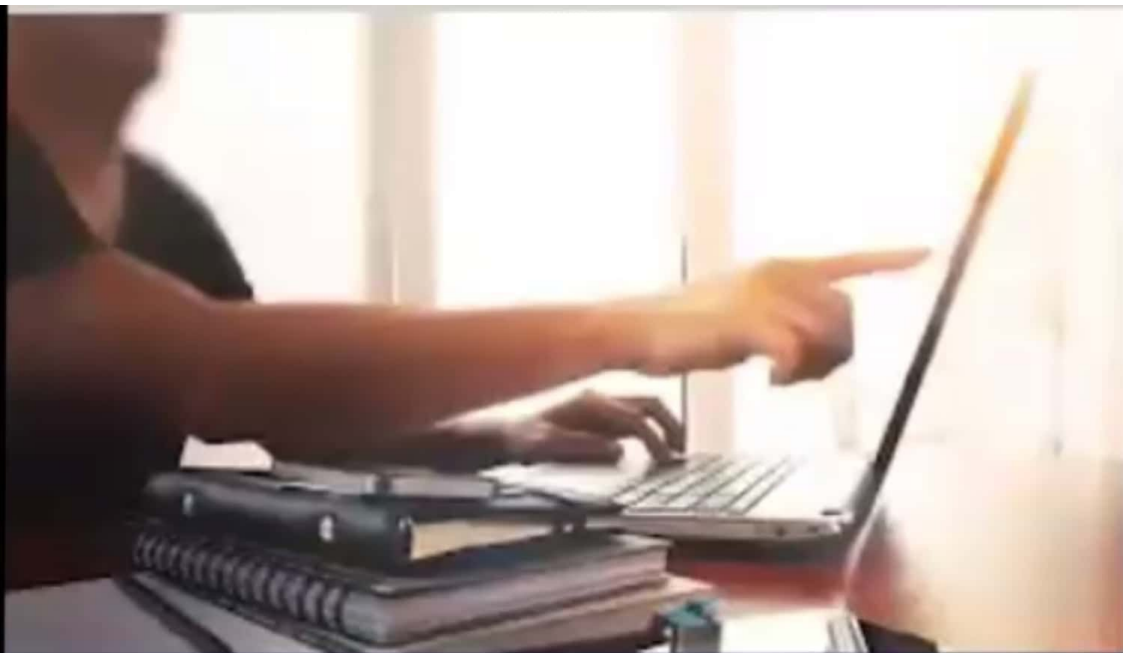
E Post-Purchase Behavior





4A Problem Recognition:

- **Definition:** This is the first and most crucial stage, where the consumer realizes they have a need or problem that requires a banking product or service.
- **Scenario:** A student realizes they need a checking account to manage their income and expenses.
- **Trigger:** This could be triggered by starting a part-time job, receiving a scholarship, or simply wanting to manage their money more effectively.



4B Information Search:

- **Definition:** Once the need is identified, the consumer begins actively searching for information to help them make a decision.
- **Internal Search:** The student might recall their parents' experiences with different banks or their own past knowledge about banking options.
- **External Search:** They might research online, talk to friends, or visit different bank websites to compare features, fees, and services.

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4C Evaluation of Alternatives:

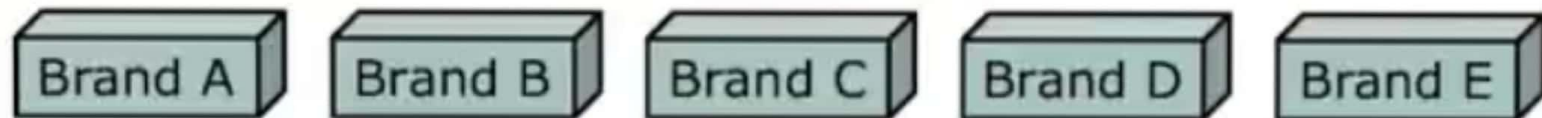
- **Definition:** With the information collected, the consumer compares the various banking options and evaluates which one best meets their specific needs and preferences.
- **Criteria:** The student might prioritize low fees, convenient locations, mobile banking capabilities, and customer service when evaluating different banks.
- **Alternatives:** They might consider traditional banks, online banks, credit unions, or even fintech solutions.

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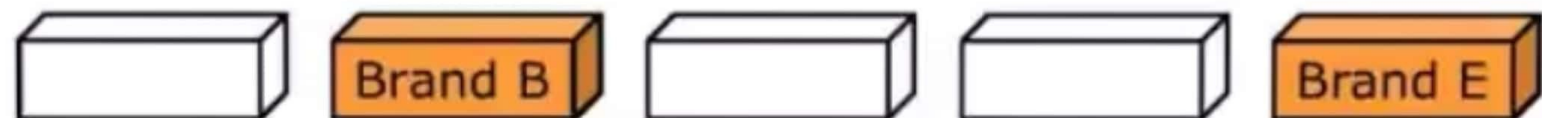


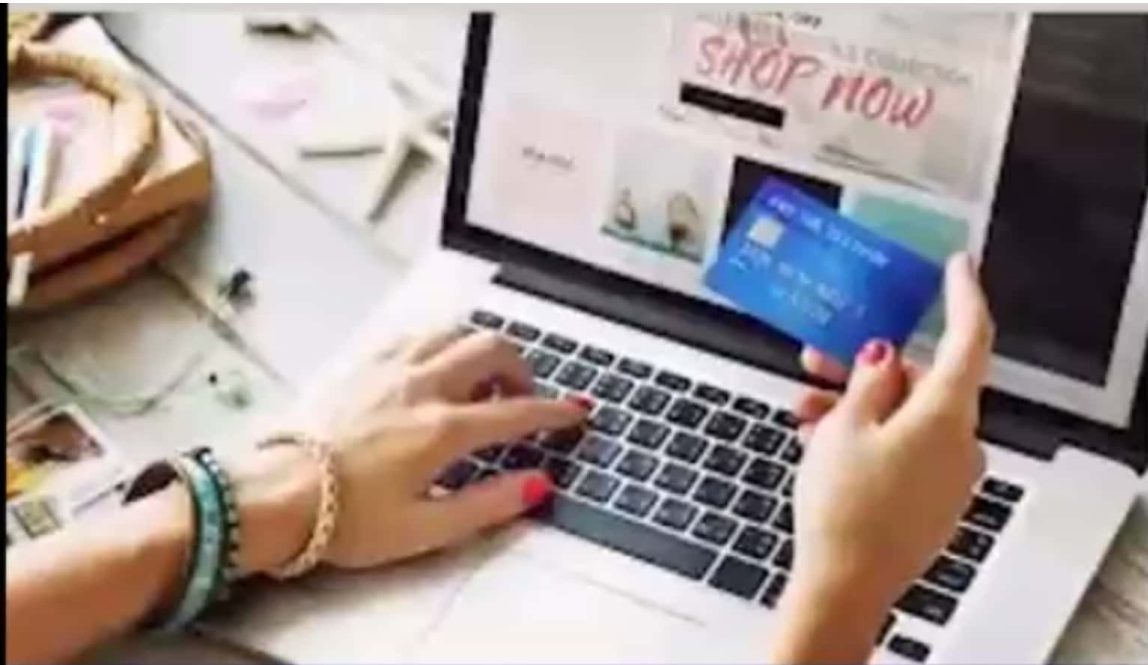
Evaluation of Alternatives

All Available Banks



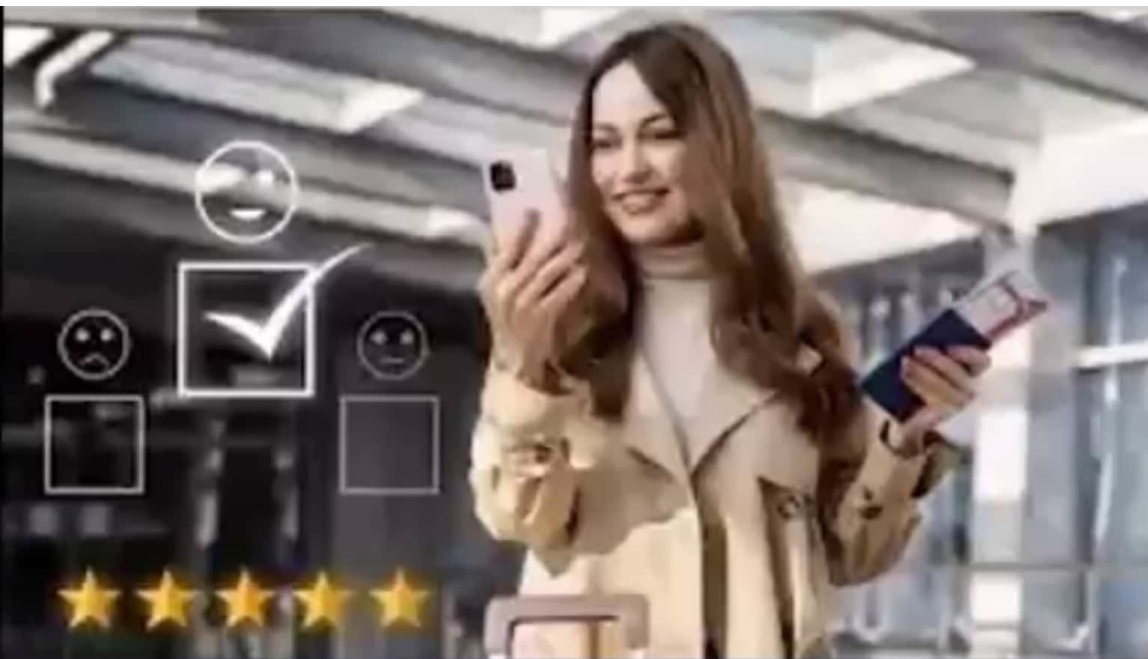
Evoked Set of Banks





4D Purchase Decision:

- **Definition:** After carefully evaluating the alternatives, the consumer is ready to make their final choice and open the new bank account that best meets their needs and makes the purchase.
- **Factors:** The student might choose a bank based on a combination of factors, the bank that offers the most user-friendly mobile app, lowest monthly fees, and convenient branch access near their university.
- **Decision:** They might open a checking account with the chosen bank and start using its services.



4E Post-Purchase Behavior:

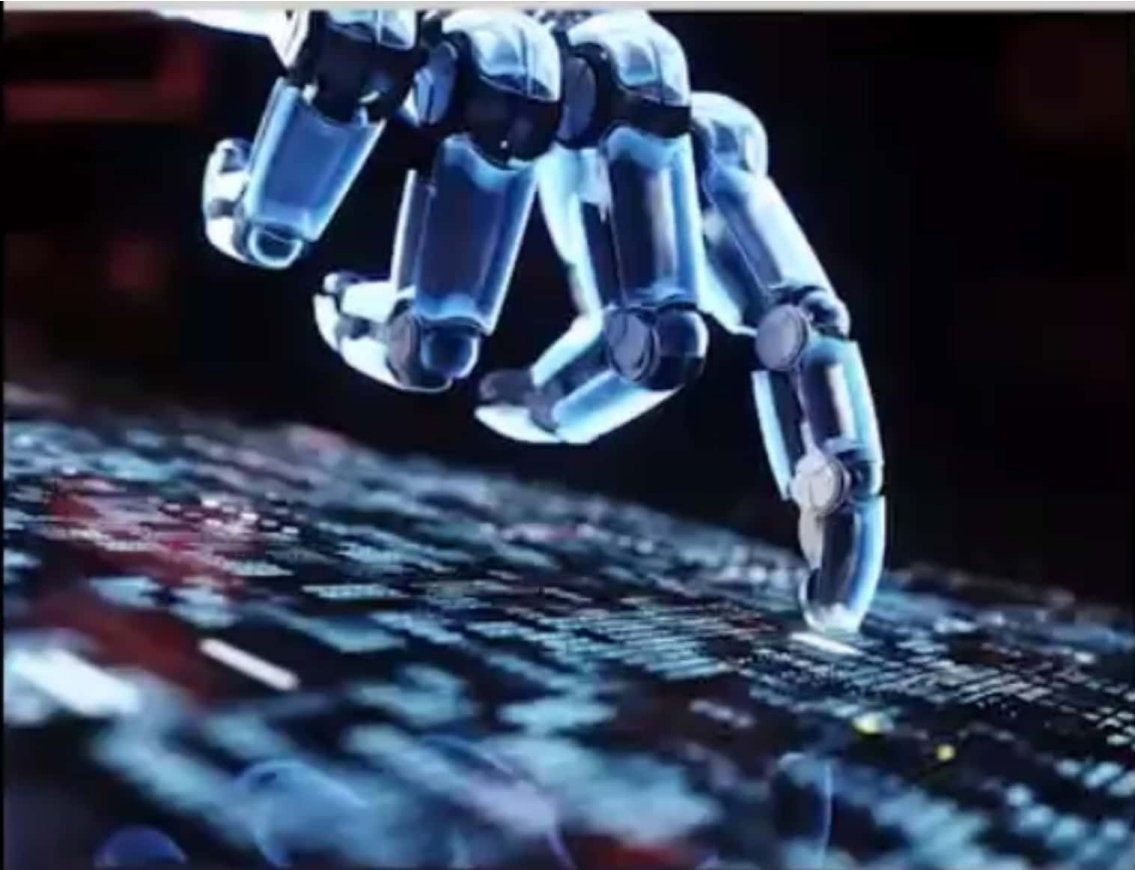
- **Definition:** The consumer evaluates their purchase experience and may engage in further interactions with the brand.
- **Satisfaction:** The student might be satisfied with their chosen bank if they have a positive experience with its services and customer support.
- **Loyalty:** They might become a loyal customer and recommend the bank to their friends and family.
- **Feedback:** The student might share their experience through online reviews, social media, or directly with the bank.

5 Future Trends:

A Anticipated developments in banking consumer behavior; increased use of AI, biometrics

B Importance of adaptability and embracing change





- Increased use of artificial intelligence (AI) and machine learning for personalized financial recommendations, chatbots, and automated decision-making
- Widespread adoption of biometric authentication methods, such as fingerprint, facial, or voice recognition, for secure access and transactions
- Growing preference for mobile-first and digital-only banking services, with decreased reliance on physical branch networks
- Demand for real-time financial insights, seamless cross-platform integration, and on-the-go money management capabilities

5A Anticipated developments in banking consumer behavior:



TIME
for
Change

- The banking industry is undergoing rapid transformation, and consumers expect their financial providers to keep pace.
- Successful banks will be those that can quickly adapt to changing consumer preferences, technological advancements, and regulatory requirements.
- Embracing a culture of innovation and agility will be crucial for traditional banks to remain competitive and retain their customer base.
- Banks that are proactive in adopting new technologies, implementing flexible business models, and fostering a customer-centric mindset will be better positioned to thrive in the evolving fintech landscape.

5B Importance of adaptability and embracing change:

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