WHITE PAPER

Reimagining Everyday Banking Products

Meeting Evolving Customer Needs

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Meeting Evolving Customer Needs

Over the past decade, consumer needs and behaviors have evolved dramatically, leading to significant changes in the financial services marketplace. Banks are realizing that, in order to stay competitive now and in the future, they must reinvent their portfolios of everyday products.

Everyday products such as checking/current accounts, savings accounts, and credit cards play a fundamental role in banking. With high adoption and usage rates across the globe, they are at the center of most people's financial lives. By generating hundreds of touchpoints per year for financial institutions, they also form the foundation of deep customer relationships that deliver long-term value.

To truly reimagine these products and address ever-evolving customer needs and preferences, it is vital for banks to fully understand the industry dynamics that are driving the need for change. Our client work and the recent Retail Banking Excellence (REBEX) survey point to several overall trends: **(See Exhibit 1)**.

EXHIBIT 1

Driven by shifts in consumer behavior, the shift from legacy banks to challengers (and reinvented legacy banks) will continue to accelerate

Increased switching

+10%

increase in switching over 3 years (2021 to 2024)

Rising share of primary customers at fintechs

29%

of Fintech customers consider that bank their primary banking relationship

Product-led bank selection

5 (of 5)

top factors for selecting a new bank related to product value propositions

Source: REBEX Retail Banking Survey 2024.

This paper will highlight:

- Trends underpinning the imperative for banks to reevaluate their everyday banking product lineup.
- Competitive moves and opportunity spaces to consider in reimagining your everyday product lineup.
- Our perspective on how to design a compelling everyday checking value proposition.

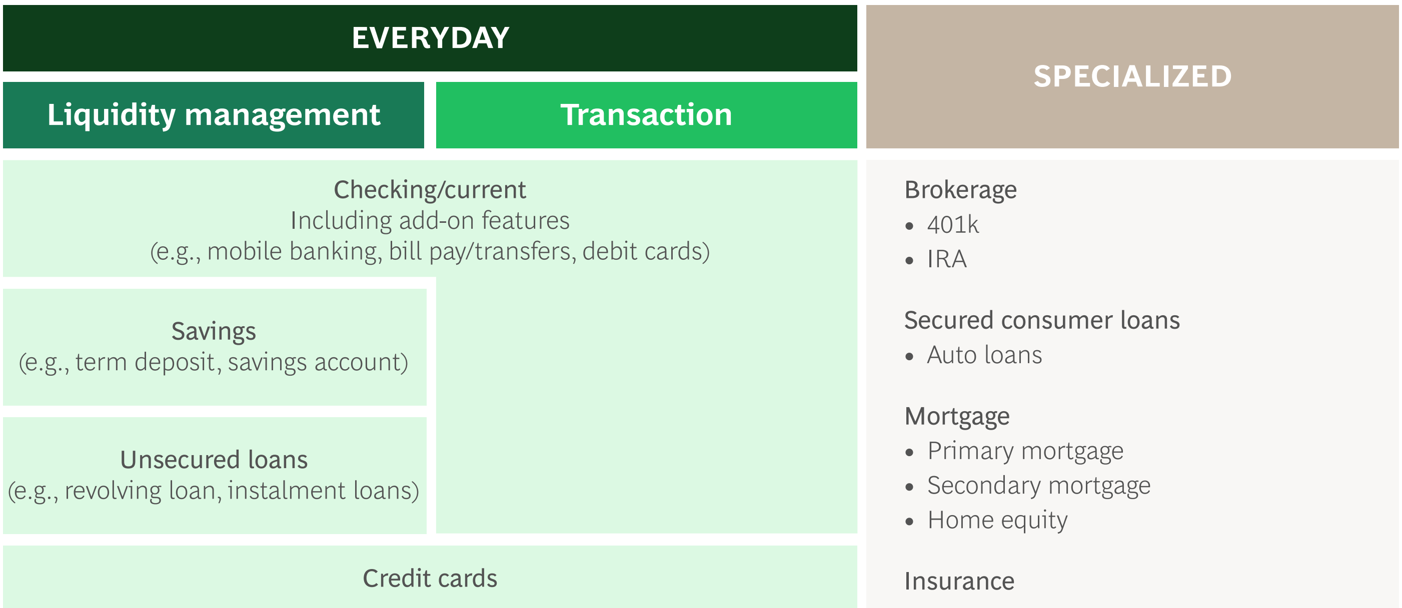
Why Banks Must Reevaluate Their Everyday Banking Products

We focus on the three primary everyday product lines in this paper **(See Exhibit 2)** – checking/current accounts, savings and unsecured lending (including credit cards) – with a particular emphasis on checking as it serves as the beachhead for building primary banking relationships (PBRs).

Banks must act now to counter the trends that threaten to challenge their businesses in both the short and long term. These trends include customer dissatisfaction and a related greater willingness to switch primary providers, as well as the increasing presence of digitally-native fintechs.

EXHIBIT 2

Key everyday banking products at-a-glance



Source: BCG analysis .

Fee- and Rate-Driven Customer Dissatisfaction

The three most significant drivers of customer dissatisfaction across the globe are high fees, uncompetitive interest rates, and hidden fees (**See Exhibit 3**). In recent years, regulatory changes have also amplified the pressure exerted on banks by consumers to move away from fee-based models. These changes include US Consumer Financial Protection Bureau (CFPB) rules that ban so-called junk fees, a cap on markup for instant transfers in the EU, and European Banking Authority (EBA) efforts to highlight fee variability. While recent changes in US regulatory priorities have generated a degree of uncertainty in that market, we expect consumers to continue shifting toward no- and low-fee providers globally, and for regulatory pressure to continue to intensify that trend in other markets.

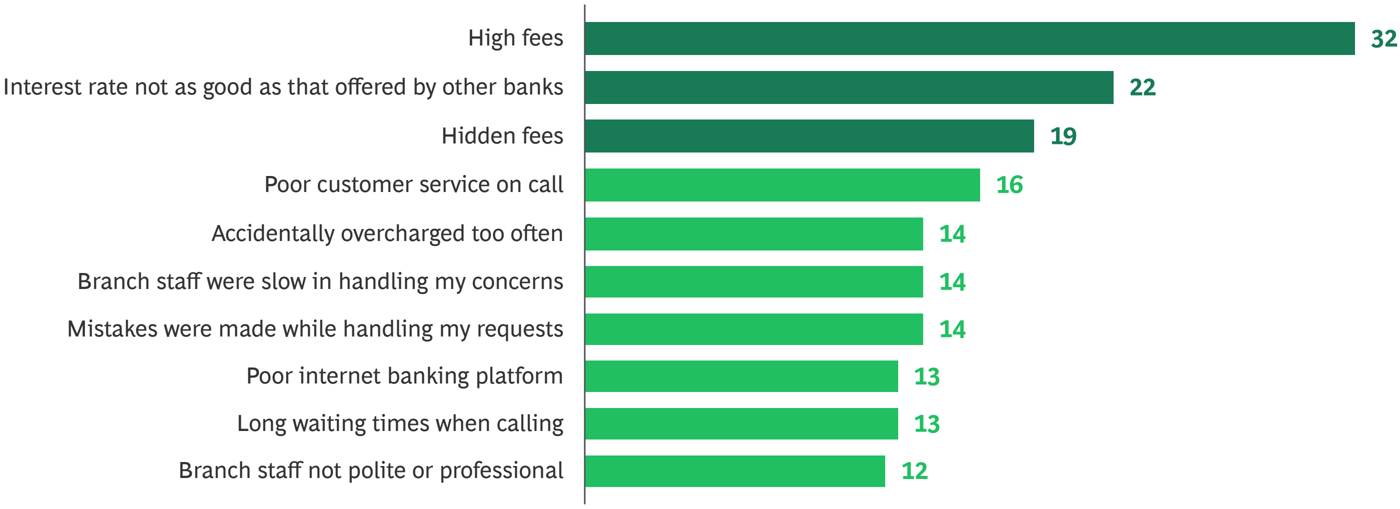
An Increasing Willingness to Switch

Although the extent of switching between primary banking providers varies in different markets, we witnessed an average increase of 10.2% in switching between 2021 and 2024 globally. There were variations across geographies, with the US & Canada leading the way with a 31.7% average increase over the same time frame, compared with 2.3% for Europe and 8.3% in other countries we surveyed.

EXHIBIT 3

High/hidden fees and rates are the top drivers of dissatisfaction with banks

Top reasons why customers were not satisfied with bank (%)



Source: REBEX Retail Banking Survey 2024.

Better Alternatives from Fintechs

With many fintechs now maturing into their second decade of operations, consumer awareness of fintechs is much greater. This has now translated into higher adoption: between 2021 and 2024, the share of fintech customers who consider that fintech their primary bank rose from 22% to 29%. For consumers considering a fintech as their new provider, the top five selection factors relate to the value proposition offered by the institution: cash bonus, better deposit rate, better credit card offers, long-term loyalty rewards, and better loan offers.

Amid the global trends, there are also regional variations, particularly when it comes to specific everyday products that are favored by consumers in different markets.

Many Flavors of 'Good' with Pockets of Innovation Globally

Highly-localized products with variations in what works by market
To understand regional differences in product sets and value propositions, we conducted a review of everyday banking offerings from a prioritized set of financial institutions comprised of leading legacy banks and fintechs across geographies. Our review revealed a wide variance in product lineups by market. Features that are regarded as table stakes in some countries are not in others, even in neighboring states. For example, in the UK current accounts are mainly free while in France they are mainly fee-based. Such differences are likely due to a mix of factors that include consumer preferences, regulatory climate, and competitive dynamics. Nonetheless, we also found pockets of consistency and innovation in everyday banking product sets from both legacy banks and fintechs, both seeking to capture the same target customers through differentiated offerings. **(See Exhibit 4)**.

Innovation within product lines

Checking/current accounts. Innovation in checking products has focused on better serving customers' day-to-day needs both within and beyond financial services. Some players have focused on eliminating fees for otherwise paid features, such as early payday access (making funds available ahead of a scheduled salary deposit) in the US, and multi-currency accounts in Europe, Asia, and the Middle East. Personal financial management has also become a core added value service, with capabilities ranging from simple liquidity projections and alerts to more advanced insights such as identifying overall market trends within product categories. Many banks have also experimented with connecting to nonbank products.

Savings. Innovation in savings accounts has mainly focused on enabling customers to save for particular goals through dedicated savings envelopes. However, implementation has ranged widely from simple account nicknames (such as "New Car"), to creating specific buckets with specific targets, to activating automatic transfers into different savings products.

Unsecured loans. Unsecured product lineups have varied the most across geographies, driven in part by differences in regulatory environments. Although alternative credit models and buy-now-pay-later offerings have emerged globally, lucrative rewards offerings with ancillary benefits have taken root mainly in the US, Canada, and Asia rather than globally.

Innovation across products

Relationship-based banking. Relationship-based banking is about building trusted, long-term client relationships. Its offerings are designed to create attractive economics that drive both new customer acquisition and deeper engagement (including cross-selling) with current customers. Such offerings can include a wide range of products including subscription-based accounts, super app integrations, gamified banking, and many others. The key is to treat product lineups as interrelated, introducing incentives that deliver depth of relationship both within a product and across products. Financial institutions globally take a variety of overall approaches.

EXHIBIT 4

At-a-glance | Distinctive product features

	Checking	Saving	Unsecured lending
Cross-regional	• P2P payments • PFM suite	• Goal-base savings accounts	• Alternative credit models • BNPL offerings
US & Canada	• Relationship-based banking • New-to-bank bonus (as standard) • Early pay day		• Credit card rewards • Integrated lending
Europe & ANZ	• Subscription accounts • Multi-currency accounts • Fee checking (in many EU markets) • Age-based product lineup (ANZ)	• Pocket money	
Asia	• Ecosystem approach • Group accounts • Multi-currency accounts	• Linked saving-investments • Gamified savings	• Credit card rewards
Rest of world	• Free checking • Multi-currency accounts		

- **Age-based product lineups:** Accounts segmented by the age of the consumer (with multiple adult segments)
- **Alternative credit models:** Non-traditional approaches to assessing creditworthiness (creating greater access)
- **BNPL:** Purchase-specific loan payment letting consumers split purchases into interest-free installments
- **Credit card rewards:** Robust set of cashback and points offerings including merchant-funded offers and ancillary benefits
- **Ecosystem approach:** Holistic offering inclusive of non-financial products and services to better integrate with consumer lifestyles
- **Early pay day:** Early access to funds from a recurring direct deposit paycheck
- **Gamified savings:** Behaviorally informed savings experiences that use games to help customers build healthy financial habits and incentivize savings
- **Group accounts:** Shared accounts that allow multiple users to contribute to and manage funds collectively for common goals or expenses
- **Goal-based savings accounts:** Accounts or sub-accounts for saving up for a specific purpose with tracking against that amount
- **Integrated lending:** Access to unsecured loans from a checking/current account (conditional on direct deposit)
- **Linked saving-investments:** Account bundles positioned for wealth building with rate bonuses or fee discounts for holding both together
- **Multi-currency accounts:** Accounts that let users hold, exchange, and spend money in various currencies without needing separate foreign accounts
- **New-to-bank bonus:** Cash, interest rate boosts or other incentive for opening a new account
- **P2P payments:** Support for a regional/local market peer-to-peer payments standard (e.g., Zelle, Alipay)
- **PFM suite:** Digital tools for personal financial management (PFM) such as budget tracking and spend insights
- **Pocket money:** Accounts accompanied by an app designed for young users to manage allowance, learn budgeting, and build money habits under parental supervision
- **Relationship-based banking:** Pricing based the size of the customer's full relationship with the bank
- **Subscription accounts:** Account with bundled benefits accessible through paying a fee (instead of maintaining a specific balance)

Source: BCG analysis.

In the US, for example, Bank of America has been a pioneer with its Preferred Rewards program, which offers customers a set of benefits applicable to all product lines, with eligibility determined based on total deposits and brokerage balances.

- Checking: Fee waivers for everyday banking services such as ATM withdrawals.
- Savings: Rate boosts.
- Unsecured loans: Increased earnings (on credit card spending).
- Other loans: Decreased interest rates or waived origination fee.
- Investments: Discount on guided investing.

Such offerings create stronger economics for so-called hook pricing by making an otherwise unviable benefit viable through cross-subsidy. At launch (in 2024), US Bank's Smartly credit card offered a 4% earnings rate on credit card spending with no annual fee provided the customer meets a combined $100,000 deposit and investment balance requirement and redeems rewards into an in-house account. This approach extends beyond the US, with Singapore's DBS and OCBC adopting simplified relationship-based offerings to build whole-wallet relationships: DBS's Multiplier Account and OCBC's 360 Account both reward customers with higher interest rates tied to broader engagement, such as credit card spending, salary crediting, or investment activity.

Key Takeaway: Treat product lineups as interrelated, introducing incentives that deliver depth of relationship both within a product and across products.

Subscription-based accounts. Subscription-based offerings, typically linked to a checking/current account, allow financial institutions to offer additional value beyond waived fees or other traditional free services tied to the account. At the same time, an incremental revenue stream is brought in to balance the economics of offering value-adds. Such offerings typically include a base (free) tier with a limited set of benefits and a set of one or more paid tiers that provide access to additional benefits. UK and European banks lead in this space, with Revolut offering five tiers and Germany's N26 offering four tiers.

Common benefits tied to subscription-based accounts include personalized cards (including metal cards), fee waivers, rate boosts, rewards, insurance, travel benefits (such as access to airport lounges) and partner offers (ranging from dating apps to newspapers to travel agencies). Market-specific tailoring can be seen for Revolut, which offers five tiers in the UK but three in the US with a narrower set of benefits and partners.

Newer entrants into the subscription model such as Nubank in Brazil and SoFi in the US both have one tier in their subscription programs, with SoFi offering a relatively expansive set of benefits and Nubank offering a more targeted set of benefits (cashback, ATM withdrawals, Max subscription and Smart Alerts). For both fintechs, the fee can be waived or tied to payments with Nubank's waiver contingent on spend and SoFi's waiver contingent on direct deposit.

Key Takeaway: Improve stickiness and appeal of offerings through allowing customers to buy-in while ensuring attractiveness through offering bundles.

Super app integrations

Super apps, which are especially popular in Asia, offer multiple services including embedded banking offerings that create a seamless, integrated experience for the consumer. China's WeBank, owned by the same parent company as WeChat, was a pioneer, offering loans directly through WeChat. It extended credit by using WeChat data as an alternative underwriting source before creating its own standalone app replicating capabilities bult in WeChat. South Korea's Kakao Corp followed a similar trajectory, leveraging the Kakao Corp's social media platform (Kakaotalk) to build user bases for Kakaobank and Kakaopay. Kakaopay's integration with Kakaotalk simplifies financial management for consumers allowing peer-to-peer payments through the social app as well as the ability to make payments from a bank account through Kakaotalk's QR-code based payment system. For Kakaobank, group accounts allow the creation of joint accounts for a household or social group via Kakaotalk. Similarly, South Korea's Toss Bank offers a group account known as the "gathering passbook," specifically designed to facilitate shared financial management among multiple users.

Super apps outside of Asia are generally more limited. For example, Rappi in Latin America offers many bank-like services, but these are centered primarily on a digital wallet rather than comprehensive banking. In Europe, KBC takes the opposite approach, building slices of non-banking services into its banking app.

Key Takeaway: Focus on delivering seamless experience that organically fits into the lives of target customers (either independently or through partners).

Gamified banking

Some financial institutions have introduced game-like elements into everyday banking products with the goal of driving activity and engagement, enhancing the customer experience, deepening the relationship, and building new financial habits without sacrificing economics.

Examples include First Abu Dhabi Bank's Multi-Product Package Offer, which offers entries into a drawing to win 1.5 kilograms of gold for opening an account and depositing an ongoing salary. Similarly, in 2024, HSBC's UK franchise offered 24 prizes of £3,000 for new current accounts opened alongside a multi-currency debit card. SoFi leveraged a similar structure to drive sign-ups for its premium membership, SoFi Plus, offering a grand prize of $400,000 towards purchasing a new home in its 'Power of Plus' sweepstakes. Hang Seng Bank, based in Hong Kong, ran a "Be a Game Changer and 'Carry' Yourself!" campaign targeting young savers and focusing on activities such as a city-wide scavenger hunt promoted by a local celebrity. Participants could scan QR codes, learn about managing their finances, and win prizes.

Gamification can also be used to drive more ongoing engagement across segments, exemplified by Revolut offering opportunities to earn bonus points, with points earned through usage of existing products.

Key Takeaway: Apply gamification to improve acquisition, activation and usage (create demand) without sacrificing economics.

Successfully Reimagining Your Everyday Banking Offering

Reimagining your everyday banking lineup starts with developing a deep understanding of your financial institution's target customers and their unmet needs. This is then coupled with an understanding of the market to identify differentiated concepts, followed by bringing concepts to life through a test-and-learn approach. **(See Exhibit 5)**.

In applying this approach, there are six key imperatives to follow.

Know your customer. As evidenced by the spread of innovation globally and success of unique segment-specific value propositions, there are many potential product features to consider. Starting with the target customer provides a North Star for how to prioritize across options. Such an approach consistently outperforms merely trying to match what competitors are doing.

> **Getting it right:** Fit your offering to your customers and prospects not that of the competition. To deliver a sustainably differentiated product with a compelling value proposition, shape your offering around your customers' needs.

EXHIBIT 5

Designing a winning everyday banking product suite

Baseline

CUSTOMER RESEARCH

- Qualitative customer research to discover unmet needs
- Quantitative analysis to establish baseline on current product performance

How we ensure success: Conduct scaled ethnographic research (20+ hours) to successfully discover unmet needs by segment

MARKET RESEARCH

- Competitive benchmarking to understand gaps
- Exemplar comparisons to inspire on art of the possible

How we ensure success: Review not only local competitors but global examples of best-in-class products to widen aperture for ideation

Design

CONCEPT GENERATION

- Ideation around long list of potential features
- Feature grouping into product concepts

How we ensure success: Conduct ideation sessions with flat hierarchy across leadership and working teams to deliver rich set of ideas

TESTING

- Qualitative concept tests to evolve
- Quantitative survey to downselect

How we ensure success: Run quantitative concept tests to provide an objective measure of concept and feature success

Pilot, scale & optimize

PILOT

- Market viability tests to confirm serviceable obtainable market & fit
- Launch product in market as pilot(s)

How we ensure success: Run market viability tests through social ads to gain calibrated insight into desirability

SCALE & OPTIMIZE

- Refine product features & launch at scale
- Continuously innovate post-launch

How we ensure success: Create one-time fast-track process for launching product with senior leadership team accountability to clear blockers

Source: BCG analysis.

Meet table stakes and go beyond. Although table stakes can vary, in most global markets mobile and online banking access, compatibility to frequently used payment rails, paperless billing, competitive interest rates, and sign-on bonuses are standard. Emerging frontiers include personal financial management including budgeting and investment insights as well as directly integrated unsecured lending (most commonly on overdrafts but extending to other small unsecured loans). Fee waivers can also be potentially differentiating when offering easier product access.

Getting it right: Deliver a thematic product design. A well-executed, compelling set of features oriented around a single need is more compelling and marketable than a Frankenstein of many different individually appealing features that speak to different markets.

Optimize customer experience. Consumers have a high likelihood of dropping off the maximum value curve when they encounter friction in their everyday banking activities. A best-in-class experience will:

- Bring customers in quickly (under three clicks to start an application, under 12 fields in the application, instant account opening).
- Deliberately activate customers early in the product ownership lifecycle (such as spending bonuses, orchestrated campaigns, and automated direct deposit switching) in order to cement positioning in the wallet.
- Deliver a seamless digital experience with integrated self-service through mobile apps for all product features.

Getting it right: Design and test experience alongside the product. In-market pilots helpful in prioritizing requirements and identifying friction points early.

Don't forget the economics. While a compelling pitch can attract customers to your product, forging a sustainable offering requires balanced economics that create an equal exchange of value. There are many levers to make products sustainable. These include:

- Incentives to deepen engagement within a product such as tiered rates, fee waivers for carrying balances at a certain level, and rewards.
- Incentives to deepen engagement across products, such as through rate boosts on other products.
- Short-term incentives such as account-opening bonuses or promotional interest rates.

Getting it right: Be intentional about product conversion. Consider whether you will convert or not convert your existing customers to the new offering (and if converting consider retaining key features to avoid churn).

Measure progress. Tracking progress against key metrics will ensure a successful reimagination. While targets will be specific to each firm depending on the exact product and starting point, a lifecycle-based scorecard can help provide early and ongoing insights in order to effectively steer the way forward. **(See Exhibit 6)**.

EXHIBIT 6

Measurement | Core metrics to test the success of your new value proposition

Lifecycle stage	Core metric/KPI
Acquisition	• Organic traffic • Click-through rate (to application) • New account acquisition (multiple of market average) • Market share for target segment
Activation	• % active customers • % of customers enrolled in optional product features • % of customers achieving "primary" status
Deepening	• # of products per customer • # of multi-product relationships • Average relationship balance (new product lineup vs old)
Retention	• % Hard attrition • Net Promoter Score (NPS)

Source: BCG analysis.

Getting it right: Create a scorecard and track multiple metrics. Judge impact holistically and ensure metrics provide enough visibility to accurately diagnose underperformance. Market viability tests and other in-market experiments can help with establishing a realistic baseline.

Move fast and innovate continuously. Delivering an MVP quickly enables the new product to both get ahead of potential competitor moves—eliminating time for them to catch up—and learn in market—improving odds of success. Common post-launch innovations include:

- Developing a product system, reshaping the value proposition of other everyday products to an enhanced everyday banking proposition.
- Fine-tuning economics, including changing incentives to ensure sustainability.
- Incorporating new features and enhancing the digital experience to remove customer friction.

Getting it right: Apply an 'always on' approach to product strategy. Consumer needs will continue to evolve; continuously evolving your product lineup will ensure that changes keep pace and ahead of imitators.

Financial institutions that treat their everyday products as strategic levers—not just mandatory utilities—can reshape their relationships with customers and unlock differentiated growth. As the beachhead product for acquiring customers and enabling cross-selling, the checking/current account is often the right starting point for producing value. Doing so requires clarity on where to play and how to win in the evolving landscape, investment in modular, adaptable product infrastructure, and a cultural commitment to continuous product innovation.

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