



Savings-Centric Digital Banking: The Antidote to ‘Safe to Spend’

29 July 2021 By: Dylan Lerner

Many consumers are more confident with their day-to-day finances and bills but are struggling to save for emergencies, prepare for major purchases, or meet long-term goals. When it comes to helping consumers learn to save money, the banking industry historically has focused on the tedious task of budgeting, paying off bills and expenses, identifying what’s “safe to spend”—and carving out savings from what remains. This invokes a mindset that the glass is always mostly empty, that saving is an afterthought, and that the challenge is to find spare change in the sofa cushions. Solving this problem requires a fundamental strategic shift in digital banking that commits to a savings-centric approach.

Savings should not be framed as a coincidental surprise. Savings habits that put consumers on a path to financial freedom are deliberate and effectively planned. While alluring neobanks set out to bridge the gap between savings and investing, innovative FIs are stepping up the pace with different approaches to promote saving. Ally Bank, Bank of America, and U.S. Bank demonstrate a variety of use-cases with American Express also offering a lesson in prioritizing saving.

Key questions discussed in this report:

- Which financial principles should make up the core of digital banking value propositions?
- How can banks elevate from reactive vendors to proactive advisors?
- How are FIs and neobanks helping consumers save?
- How can banks increase customer lifetime value?

Companies Mentioned: Ally Bank, American Express, Bank of America, Digit, Personetics, PNC Bank, Tangerine, U.S. Bank

Consumer data in this report is based on information gathered in Javelin surveys administered online in June 2020 to a random-sample panel of 10,762 consumers and from April to May 2019 to a random-sample panel of 11,448. Data was gathered and weighted to reflect a representative sample of the adult U.S. population. The margin of sampling error in the 2020 survey is $\pm 0.94\%$ at the 95% confidence level, and $\pm 0.92\%$. The margin of sampling error is higher for questions answered by subsegments.

The report also uses data compiled from Javelin’s 2021 Online Banking Scorecard, which measures the availability of 215 criteria at 25 of the nation’s largest retail FIs by total assets. Data was collected from February to April 2021.

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