

comScore Study Reveals The Number Of Online Banking Customers Has Grown 27 Percent In The Past Year; Fueled, In Part, By Adoption Of Online Bill Payment And Growth Within The High-Yield Savings Marketplace

Study Reveals Trends in Online Bill Payment, High-Yield Savings, Customer Loyalty and Satisfaction

RESTON, Va., April 10, 2006 - comScore Networks, the industry leader in the measurement and analysis of consumer behavior and attitudes, today released an analysis of the state of online banking in the U.S. comScore found that the number of online banking customers grew to nearly 40 million during Q4 2005, a 27-percent increase over the previous year. Usage of online bill payment services has grown 36 percent during the same period.

"Consumers continue to migrate to online banking, with the nation's largest banks attracting more than 8.5 million new online banking customers in 2005," said Serge Matta, director of comScore Financial Services Solutions. "At the same time, it is clear that adoption rates are slowing. In Q4 2005, the total number of online banking customers grew by 3.1 percent over the previous quarter, representing the lowest sequential quarterly growth in three years."

Continued Growth in Online Bill Payment

Bank bill payment, which consists of a payment through a retail bank at which a bank account is held, continues to grow at a rapid pace, and currently accounts for nearly one-quarter of all online bill payments. Bank of America led the industry in bank bill payment with 5.1 million active bill pay customers, attracting more than half of total bank bill pay customers in Q4 2005. Further, 34 percent of all online banking customers at Bank of America opt to use the institution's bill payment service, second only to Citibank (37 percent).

Online Banking Drivers

While ease of use and convenience were previously the major drivers, incentives and deflating security concerns are the primary motivations nudging customers to adopt online banking today. When asked about reasons for enrollment, 33 percent of new online banking consumers referenced the free banking products that were offered as an inducement, and 23 percent responded that they felt more secure about online banking than they did previously. Washington Mutual's free banking product offerings attracted the most new enrollees (43 percent), confirming the success of its free checking campaign.

Differentiation of Services Critical to Growth

The high-yield savings marketplace is a growing segment within the banking community. As high-yield savings accounts continue to change the face of online banking, financial institutions are confronted with the decision of whether or not to enter this category. High-yield savings accounts are attracting many satisfied customers, but the comScore study found that satisfaction is driven in large part by the high rate itself. Traditional banks are faced with the choice of watching deposits migrate to other institutions, or confronting the possibility of cannibalizing their own existing, lower rate deposits if they launch high-yield savings accounts.

New entrants to the high-yield savings market increased competition, spurring promotional offerings and adoption growth. In Q4 2005, 446,000 high-yield applications were submitted, up from 390,000 in Q1 2005. Emigrant Bank ("The American Dream Savings Account") announced their high-yield savings offerings during Q4 2004, followed by Capital One Savings in Q1 2005. HSBC Direct launched a 4.0 percent annual percentage yield (APY) in Q4 2005, which was the highest offering until March 2006 when Citibank entered the marketplace with a 4.5 percent APY.

These new entrants drastically changed the savings marketplace landscape. ING Direct's share of submitted online savings applications dropped from 63 percent to 33 percent over the course of 2005. Meanwhile HSBC, Emigrant Direct and Capital One ended 2005 with a combined 29 percent share of the savings market.

Web Site Satisfaction Drives Overall Satisfaction with the Banking Relationship

comScore explored two measures of satisfaction in this analysis: overall satisfaction with the banking relationship and satisfaction with the bank's Web site.

Overall, Wachovia, Bank of America, and the high-yield savings providers achieved the highest customer satisfaction ratings, with 68 percent of respondents indicating they are very satisfied/ satisfied (top 2 box - rating a 6 or 7 on a 7-point scale) with their banking relationship. Wachovia had the highest Web site satisfaction score for two years running, with 73 percent of visitors rating their satisfaction in a top 2 box in 2005. Wachovia's nearest competitors in this category (Bank of America, Wells Fargo, and Chase/Bank One) each had 69 percent of customers responding in this manner. A strong connection between satisfaction with the banking relationship and satisfaction with the Web site exists. Only 16 percent of customers who are dissatisfied with the Web site rate their overall satisfaction with the bank relationship in a top 2 box. Meanwhile, 88 percent customers who are satisfied with their bank's Web site state they are very satisfied/ satisfied with the bank relationship.

About the 2006 State of Online Banking Report

The 2006 State of Online Banking analysis leverages comScore Networks' proprietary panel of more than two million online consumers. Additional information was gathered through a survey, conducted among 2,124 U.S. consumers to further understand their banking relationships, attitudes, and intentions.

comScore's 2006 Online Banking Report includes:

- ? Quarterly online banking growth statistics
- ? Quarterly online bill pay statistics
- ? Attitudinal insight into why some consumers choose not to use online bill pay
- ? High-yield savings marketplace statistics (Share of submitted online applications, considerations when selecting, initial source of information)
- ? Customer loyalty statistics (products per customer, factors that impact switching)
- ? Customer satisfaction statistics

Banking industry professionals and members of the media may request comScore's 2006 Online Banking Report by sending an e-mail to banking@comscore.com.

About comScore Networks

comScore Networks provides unparalleled insight into consumer behavior and attitudes. This capability is based on a massive, global cross-section of more than 2 million consumers who have given comScore explicit permission to confidentially capture their browsing and transaction behavior, including online and offline purchasing. comScore panelists also participate in survey research that captures and integrates their attitudes and intentions. Through its proprietary technology, comScore measures what matters across a broad spectrum of behavior and attitudes. comScore consultants apply this deep knowledge of customers and competitors to help clients design powerful marketing strategies and tactics that deliver superior ROI. comScore services are used by global leaders such as AOL, Microsoft, Yahoo!, Verizon, Best Buy, The Newspaper Association of America, Tribune Interactive, ESPN, Fox Sports, Nestlé, MBNA, Universal McCann, the United States Postal Service, Merck and Orbitz. For more information, please visit www.comscore.com.

Contact:
Andrew Lipsman
comScore Networks
(312) 775-6510
press@comscore.com