Study: Big Banks Could Lose $92B In Deposits In 2014

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Twenty-six percent of customers at the nation's top 10 national retail banks expressed frustrations about their primary bank in a new study that projects the banks will lose $92 billion in deposits next year while consumers transfer their accounts to credit unions and community banks.

Nearly two-thirds (63%) of consumers surveyed said they believe banks merely claim to have consumer interests at heart when in fact they only care about the bank's interest.

The study means that credit unions still have plenty of opportunity to pick up more membership--as they did when customers' dissatisfaction with bank fees in 2011 led to Bank Transfer Day, with consumers transferring their accounts to credit unions and community banks, said the Credit Union National Association.

Credit unions picked up more than 2.2 million members in 2011 and 2012. CUNA's and the state leagues' Unite for Good campaign is working toward the vision in which "Americans choose credit unions as their best financial partner."

The study, by Wilton, Conn.-based cg42, cited broken promises, being nickeled and dimed, and getting hit with unexpected overdraft charges and fees as reasons consumers may move their accounts.

Cg42 said the frustrations expressed by 26% of customers surveyed mean that a projected $627 billion in customer deposits is in jeopardy (or "in play") at the top 10 banks, with $92 billion expected to walk out of the branches.

Bank of America, the most vulnerable brand in 2011 thanks to the unpopular debit card fee that prompted the Bank Transfer Day movement, now ranks as the third most vulnerable bank. Citibank took over the most-vulnerable spot and stands to lose the highest percentage of deposits and customers. In the current study, TD Bank has the lowest brand vulnerability score, replacing PNC, the least vulnerable bank in 2011.

"Customers still feel that their financial institutions aren't serving their best interests and they're frustrated," said Stephen Beck, founder and managing partner of cg42. "Comparing the brand vulnerability of big banks from 2011 to today shows that while the industry suffers from many of the same frustrations, institutions that addressed their customers' concerns significantly improved their competitive position in 2013."

Other key findings from the study show that:

- 15% of vulnerable customers are actively looking to switch their primary bank while 11% are very frustrated, but not actively looking to switch;

- 11.4% of Citibank's customers are expected to defect and move $18 billion in deposits to another institution in the next year, which will need to be offset by new customer acquisition efforts;

- 63% of customers believe that banks merely claim to have consumer interests at heart but in fact only care about their own interests, an improvement from 2011, when 71% believed this to be the case; and

- 55% of customers in 2013 are uncomfortable with how large the major banks have become compared with 50% in 2011.