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The Power of Primacy

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Abstract

Unlocking the Power of Primacy

In the face of increasing acquisition challenges and rising attrition rates, retail banks must not only focus on acquiring new customers but also on securing primacy by transforming account openings into engaged, long-lasting relationships. As disruption intensifies competition, institutions that succeed in both customer acquisition and primacy gain significant strategic advantages in the market.

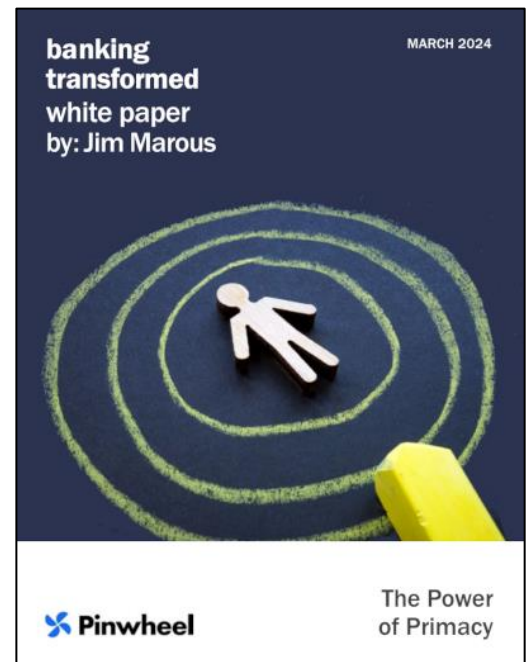
Primacy, the concept of a customer relying on one institution as their primary financial hub, is a powerful indicator of trust, loyalty, and a willingness to expand share of wallet ... but is more elusive than ever to achieve. When a bank becomes a customer's financial GPS system, it opens doors to endorsements, referrals, and a lasting relationship that can span several years. However, each customer defines primacy differently and requires unique capabilities from their financial institution to consider granting this level of trust and business.

Despite encouraging account growth in 2022, many major banks faced challenges with lower-income segments driving gains, often fueled by government Covid checks. Without meaningful engagement, these customers brought higher credit risks and servicing costs, putting pressure on margins. Meanwhile, neobanks and fintech disruptors have made switching financial partners more accessible than ever, luring once-loyal customers away with attractive digital experiences, simplified products, and creative rewards.

To defend relationships and achieve primacy in this competitive landscape, legacy institutions must prioritize personalization and proactive care. Leading banks are opening new relationships digitally, minimizing the time needed to make a deposit and initiate a seamless onboarding process. By leveraging data analytics and AI to uncover customer needs, provide financial advice, reward loyalty, and simplify complex decisions, these institutions are building stronger relationships faster and creating enhanced primacy and wallet share.

Our research reveals that most legacy financial institutions fall short of the engagement levels set by industry leaders. Account opening processes are time-consuming, onboarding is fragmented, and the result is high churn rates, low engagement levels, and uncertain revenue streams. In today's uncertain climate, retail banks must obsess over translating new accounts into engaged, balanced relationships marked by primacy.

By combining digital convenience with human guidance, banks can sustain relevance as customer preferences evolve and earn primacy amid fierce competition for the ultimate customer experience. This white paper, sponsored by [PINWHEEL](#), provides an important starting point for creating the level of primacy required to build meaningful relationships in the future.



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