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Abstract

The forced migration of over 1 million current and deposit accounts from two exiting banks in Ireland represents a significant challenge for consumers and the Irish retail banking system. In this Note, we examine potential barriers to timely consumer engagement from a behavioural economics perspective, which should be considered by the retail banks in their engagement with customers to encourage and support them effectively through the process. Evidence shows that consumer inertia is pervasive and deeply entrenched across financial product markets, even where the financial incentive to switch providers appears to be overwhelming. It is also clear that particular groups can be more at risk from the costs of inaction. This includes consumers with pre-existing sources of vulnerability, such as lower income and education, as well as customers with a long history with one bank, or who are distrustful of financial institutions. Some of these groups also appear to be more inert based on recent Irish survey data. As part of their package of measures to support affected consumers, we outline some approaches that financial institutions can use to try to encourage consumer engagement - framing customer notifications to convey urgency, setting out clearly the steps a customer needs to follow to take action, and making the consumer experience as frictionless as possible, but emphasise that there is no 'silver bullet' to entirely overcome the risk of consumer inaction. The forced migration of such a large volume of customer accounts is unprecedented in the Irish market. Critically, consumers are not choosing to switch, they are being forced to do so and this could create a significant challenge for consumers if not effectively managed by the exiting and remaining banks. As such, it is incumbent on financial institutions (including banks, direct debt originators etc.) to do all they can to support their consumers through the process, drawing on all available research and resources.

1. Introduction

Ulster Bank Ireland DAC (Ulster Bank) and KBC Bank Ireland plc (KBC) (henceforth 'the exiting banks') announced their intentions to leave the Irish market in 2021. This means that KBC will close its current accounts and Ulster Bank will close its current and deposit accounts. Customers who continue to need access to these types of accounts will have to seek alternative banking arrangements.[2] Current accounts in particular provide a critical function in the lives of personal consumers and businesses alike and play a significant role in the orderly functioning of the economy.

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[2] Ulster Bank and KBC customers without a current account at an alternative bank will have to open a new account elsewhere and transfer their business, while those with current accounts elsewhere will still need to transfer funds, direct debits and so forth if they have been actively using these accounts (e.g. non-zero balances). For specific details about the withdrawal process, please refer to the Central Bank's FAQ page.

If consumers do not take the action that has been forced upon them, they face potential loss of access to a bank account if they do not have one elsewhere, and they face potential financial and/or operational losses (e.g. missed mortgage repayments, delays to the receipt of social welfare/wage payments, additional fees due to missed direct debits etc.). In this Note, we highlight lessons from behavioual economics about common consumer behaviours when it comes to switching providers, the frictions that can impede customers from moving their bank accounts, the groups which may be most at risk from the costs of inaction, and what methods can be used by financial institutions to prompt greater consumer engagement as part of their efforts to support affected consumers.

At end-September 2022, 853,521 current and deposit accounts remained open in the exiting banks. This compares to just under 1.25mn at the beginning of 2022. With the closure of circa 381,000 accounts so far, there still remains just under half a million current accounts open with the exiting banks (with the remainder accounted for by deposit accounts). Of these, 407,124 have been designated as active accounts, meaning that they have shown signs of customer-initiated activity in recent months (i.e. customers still appear to be using them). A total of 296,578 accounts have been identified as primary accounts meaning that the account could reasonably be assumed to be the customer's main account based on the observed levels of activity on the account in recent months. Primary account holders face a greater risk of financial disruption if they fail to take the required action.

The forced migration of such a large volume of customer accounts is unprecedented in the Irish market. Critically, consumers are not choosing to switch, they are being forced to do so and this could create a significant challenge for consumers if not managed smoothly by the exiting and remaining banks. As such, it is incumbent on financial institutions (including banks, direct debt originators etc.) to support affected consumers in the process. The exiting banks commenced a campaign of issuing account closure notifications to customers on a phased basis beginning in April 2022, to continue into early 2023. Customers will have a defined period after the initial notification before accounts will be closed.

In this Note, we present relevant international evidence on financial product switching under organic circumstances (i.e. unforced by provider withdrawal) and what we know about the types of consumers that typically exhibit the greatest degree of inertia, and who are most at risk of any resulting harms or penalties from inaction (Section 2). In this section we also describe common behavioural frictions that can inhibit switching and the types of interventions that may help to mitigate such frictions. Section 3 draws on recent survey evidence to assess consumers' stated intentions regarding switching from the exiting banks and their characteristics. Section 4 considers the relevance of our findings for the bank account migration challenge in Ireland, while Section 5 concludes.

2. International evidence on switching behaviour

2.1 Consumer inertia is pervasive and entrenched

Consumer inertia can be defined as the tendency to stick with the status quo, even when doing so may be disadvantageous if weighed rationally against the alternative options (Byrne and McCarthy, 2020). Many studies highlight high levels of consumer inertia across financial products and consistently low provider switching rates. In Ireland, repeated estimates have placed the rate of current and saving account switching at around 4%.[3] Under normal circumstances, there are numerous reasons why not switching financial products can be a perfectly rational financial decision. Chief among these are that a financial incentive to do so may be absent, or simply insufficient to justify the time and effort involved in switching, or that the existing service is competitive and satisfactory (FCA, 2019).

However, numerous case studies show that customers often fail to take action even when the financial incentive to do so appears to be overwhelming. For instance, Byrne et al. (2020) show low switching activity in the Irish mortgage market, despite the significant savings available to consumers, finding that three in every five eligible mortgages stood to save over €1,000 within the first year if they switched, and more than €10,000 over their remaining term. Against that, only 2.9% of mortgages actually did switch provider during H2 2019.

In the US, Johnson et al (2015) show that even where a mortgage refinance option is pre-approved, the borrower faces no upfront monetary costs, and the average savings amount to $26,000 (equivalent to about 30% of a household's reported annual income), 50% of borrowers still fail to take action, leaving thousands of dollars on the table. In the UK, the FCA found that 80% of savings accounts had not been switched in the previous three years, while around £160bn of easy access account savings earned an interest rate equal to or lower than the then Bank of England base rate of 0.5%, despite the presence of more attractive offers on the market (FCA, 2015).

2.2 Some groups are less likely to switch products than others

Evidence additionally shows how financial product inertia can be especially pronounced in specific subgroups of the population. In the UK, the FCA (July 2020) found that switching activity is lower among vulnerable customers.[4] The European Commission (2019) observed that switching in payment accounts is less likely among the unemployed and less educated. Bajo and Barbi (2015) find that less educated, lower income, immigrants, women and households in less developed areas of Italy were more likely to miss the opportunity to refinance their mortgage. Similarly Anderson (2020) finds that older, poorer and less educated households have a lower probability of refinancing their mortgage irrespective of incentives. In Ireland, the Competition and Consumer Protection Commission (CCPC) in a 2017 study finds that the propensity to switch is lowest among older consumers and higher for the youngest cohort across 19 different product markets. However, overall evidence on the role of age is mixed: FCA research on the UK cash savings market finds that switching is more prevalent among customers aged over 60 (Adams et al. (2016)).

2.3 The behavioural dimension: frictions and solutions

Barriers commonly cited to explain sluggish switching and engagement rates relate to the actual or perceived costs consumers face in doing so, and the extent to which these costs exceed any benefit achieved by switching/engaging. Costs can include financial and time costs as well as perceived

[3] See for instance: Eurobarometer (2016), Department of Finance (2022), European Commission (2019).

[4] The FCA estimates that just under half (46%) of UK adults display one or more characteristics of vulnerability. FCA define a vulnerable consumer as someone who, due to their personal circumstances, is especially susceptible to harm, particularly when a firm doesn't act with appropriate levels of care. In particular, those with low resilience or low capability or suffering a negative life event or having an ongoing health condition that affects day-to-day activities a lot. Those over 75 years of age, those unemployed, those who rent and those with no formal qualifications are more likely to display characteristics of vulnerability than others.

hassle costs and risks with unfamiliar providers (see for instance: CCPC, 2017; Cruijsen and Diepstraten, 2017; Brunetti et al., 2016; Burnham et al., 2003). In Italy, Brunetti et al. (2016) find that switching is higher among households using more than a single bank but the likelihood of switching bank reduces for each additional service used, while Cruijsen and Diepstraten (2017) find that customers with a strong bank-customer relationship report a lower propensity to switch. However, there is a body of evidence that shows that behavioural factors such as limited attention, status-quo bias, anchoring, present bias and choice overload also play a role in explaining low rates of product switching (see Byrne and McCarthy (2020)). Some studies find that borrowers who are more suspicious of financial institutions are less likely to avail of attractive refinance opportunities, while more attractive offers are required to motivate present biased US borrowers to refinance their mortgage (Johnson et al. (2015)).

Even relatively minor obstacles such as having to open an envelope or click through to a second page on a price comparison website can be enough to interrupt consumer engagement to find the best terms and conditions in their financial relationships. As such, how the choice environment is designed, and the way information is presented is of critical importance (Adams et al 2013; 2016).[5] In this context, it is worth recalling that consumer attention is itself a scarce resource in an information-rich world, with consumers faced with a problem of "allocating that attention efficiently among the overabundance of information sources that might consume it" (Simon (1969). In a context where households face many competing demands on their energy and attention, and where the amount of information that consumers can process is not unlimited (Miller, 1956), it should be a central objective of financial providers to prioritise the needs and interests of consumers and to make life as easy as possible as they navigate options and complexity in the financial landscape.

A variety of 'nudges' and techniques from behavioural economics have been deployed in an attempt to interrupt entrenched consumer inertia, with varying degrees of success. A central lesson from these efforts is that to encourage a particular behaviour or practice, it must be made easy (BIT, 2014). For instance, dense text can lead to information overload (Chetty et al., 2009; Abaluck and Gruber, 2011), so simplifying the language and presenting information clearly is essential. The beneficial impacts of simplifying information by reducing text, the use of bold fonts for all calls to action, as well as the use of bullet-points, colour and larger fonts to highlight key information is highlighted in numerous studies. For instance, Purcell, 2016 shows that simplified letters led to a 17% increase in filing late income tax returns when compared against an original version.[6]

Evidence shows that people tend to procrastinate around tasks that require an unknown amount of effort, a tendency known as ambiguity aversion (Easley & O'Hara, 2009). A crucial aspect of consumer-facing communication is therefore clear descriptions of the steps required to take action, to help consumers to understand the time and effort involved, and to efficiently direct their attention (DellaVigna, 2009). In the context of encouraging current account switching, the FCA (2018) recommend action-oriented headlines to grab consumer attention, listing options or

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[5] For example, Adams et al 2013 note people are busy, review their post quickly (including junk mail) and decide which letters to open, to look at and to read in more detail. Even if they do read a letter and intend to act on it, there may be further barriers to responding such as procrastinating, forgetting or concern that calling a helpline may be time-consuming.

[6] See 'RESPONSE A behavioural insights checklist for designing effective communications Practitioners' Playbook'.

required steps so that customers can choose what to do next, and including links to make next steps easy (within a secure environment such as mobile/internet banking).

A variety of other behavioural barriers may plausibly interrupt smooth and timely engagement from affected customers of the exiting banks. For instance, evidence has shown how people may simply avoid adverse financial information, with retail investors paying less attention to their portfolio (as measured by account logins) following negative stock index returns (Sicherman et al, 2016).

Financial short-sightedness, or a tendency to place an excessive weight on costs or rewards today when weighed against costs or rewards in the future (present bias) (see for instance Kuchler and Pagel, 2018), may lead customers to be unwilling to incur a small amount of administrative inconvenience today for the avoidance of a significant cost occurring in the future, and beyond the households immediate horizon of concern. To address this possibility, it is important to interrupt present bias by conveying urgency, articulating clear deadlines, and making the costs of inaction prominent. Case studies suggest that the imposition of clear deadlines for particular tasks can be effective (Tu and Soman, 2014; Ericson, 2017; Holman and Zaidi, 2010; Bertrand et al., 2010)). Additionally, loss-framing, by appealing to loss-aversion whereby consumers weigh more heavily the cost of a given loss as against the benefit of an equivalent gain, has been shown to be an effective method of consumer mobilisation (see for instance Tversky and Kahneman, 1985; Eberhardt et al., 2021).

Unquestionably the simplest and most effective technique demonstrated in the literature is to change the default setting option. This has been demonstrated for instance in the context of pension enrolment, where consumers are automatically included in a scheme unless they opt-out (Thaler et al., 2004), and organ donation (Rithalia et al 2009)). There is also strong evidence that reminders can be highly effective in prompting engagement (Adams et al., 2016, Adams et al., 2015).[7] However, it is also clear that reminders are a tool that can be become blunt with over-use. Reminders that become anticipated may even induce a greater degree of procrastination (Ericson, 2017) akin to when we hit the snooze button on our alarm clock, seemingly secure in the knowledge that another alarm will come along in a few minutes.

Finally, it is often found that techniques that appear on the surface like they should be impactful, do not make any difference in practice, illustrating the importance of experimental pre-testing. For instance, the FCA tested adding their official logo to the front of letters, and the CEO signature of the sending entity to the end of the letter in the expectation that it would carry greater weight with a consumer and prompt engagement, to no avail (Adams and Hunt, 2013).

While well-designed behavioural interventions such as these can deliver material impacts in prompting consumer action at low cost, in the majority of cases, their influence is at the margin,

[7] On timing, Adams and Hunt (2013) find responses are significantly higher on reminder letters sent out three weeks after the original letter rather than six weeks afterwards. Adams et al. (2015) find reminders sent before savings account interest rate changes were more effective in encouraging customers to switch compared to those sent afterwards. On the form of reminder, Adams et al (2016) found email reminders were slightly more effective than text message reminders, which they attribute to email reminders being more informative (including information about the best internal rate, while text message reminders only contained a generic prompt to look for better options) and easier to access at a later date.

rather than being transformative or providing any kind of 'silver bullet' solution. To illustrate the point, a recent review of evidence on the effectiveness of nudge interventions that aim to increase consumer search and switching in retail financial markets found an average effect size of 2-3 percentage points, based on over 400 estimates (Vasas, 2022). This should be borne in mind in the context of the current migration challenge, where behavioural solutions are unlikely alone to deliver anything like full consumer mobilisation.

3. Insights from recent Irish consumer surveys

In this section we draw on two recent surveys of Irish consumers about their intentions and experiences with respect to account migration.

Drawing upon a Department of Finance Consumer Banking survey (April 2022) of 1,507 consumers of all banks, we examine the reasons why respondents have never switched nor considered switching a current account in the past and how that varies with relevant consumer characteristics.[8] As shown in Table 1, over 84% report never having switched nor considered switching in the past, while only 5% have actually switched and 11% have considered switching in the past but not followed through. Examining the reasons why those who considered did not go ahead with it, Table 2 reports that the most commonly cited reasons are difficulty in switching (24%), insufficient time (20%), lack of alternate providers (16%) and difficulty in gathering information (13%).

We next compare those who have never switched nor considered doing so against those who have, to examine whether these groups differ systematically across relevant socio-economic characteristics of interest (Table 3). When comparing the means across these two groups, we observe some notable differences. Those who have never switched (nor considered it) appear, on average, to be less well educated, with lower income and substantially more likely to report being satisfied with their existing bank service. This group is also slightly more likely to include cash users, unemployed, females, and to be from less advantaged socio-economic groups.[9] Importantly, we do not find evidence that those who have never switched nor considered it differ in age, financial literacy, or marital status from those who have.

We find a number of these results to be robust to more advanced statistical assessment using multivariate regression estimation.[10] The results from the regression analysis in Table 4 confirm that respondents who have never switched (nor considered it), are on average, less likely to have a third level education compared to those who have switched. They are more likely to be satisfied with their existing bank service, to be female, financially resilient, cash users and to be from less advantaged socio-economic groups. Age, financial literacy and marital status remain insignificant.

[8] This survey was conducted as part of the Retail Banking Review. We wish to thank the Department of Finance for kindly sharing the anonymised data. Among the survey respondents, 8% (116 respondents) and 2% (29 respondents) hold their main bank account with Ulster Bank and KBC respectively. A further 2% and 1% hold secondary accounts with Ulster and KBC respectively. However, we use the full dataset for our analysis. The fieldwork for the survey was conducted between 16th February and 11th April 2022, prior to the issuance of account closure notification letters to customers.

[9] See Table 5 in appendix for variable definitions. Socio-economic status is based on socio-economic grade as classified by the Central Statistics Office. We categorise respondents belonging to A and B category as high; and zero otherwise.

[10] The results are based on marginal effects from a Probit regression model. The outcome of interest is a binary variable that takes the value of 1 if the respondent never switched or never considered switching, and takes a value of zero otherwise.

Further valuable survey insights are available from a survey commissioned by the CCPC (2022).[11] This survey is more recent, but also smaller in size, covering a sample of 201 customers of the exiting banks. The data can nonetheless offer a snapshot of the state of consumer preparedness and intentions as at June 2022 with respect to the scheduled withdrawal of banking services. Notably, the data shows that among surveyed customers, 44% report having opened a new account with another provider, 20% had decided upon a new provider but not yet opened an account, 15% had started looking for an alternative provider, while 20% had taken no action at all.

Among those who plan to switch, 65% reported planning to do so within 2 months, but 12% said they would do so in over 6 months or they did not know. The majority of respondents expected the switching process to take 2 months or less. From this, the risk that some consumers do not take adequate action sufficiently in advance of the deadline is clear. The challenges cited by respondents were switching direct debits/payments (13%), a lack of suitable alternative providers (8%) and difficulty accessing in person support (7%), too many forms/documentation (7%), and trying to move multiple products or time/hassle costs (7%).

4. Specific lessons for the account migration challenge

In an effort to prompt customers to take action, the exiting banks have mounted a campaign which involves multi-stage communciations across a variety of channels, including physical letters, emails, text messages and mobile application notifications. The use of multi-channel notifications and reminders can help to interrupt inertia and mobilise action, but for the best results, careful consideration must be given to the content, presentation and timing of communications, such that they are well adjusted to the behavioural realities of consumers who receive them. Consideration must be given to how the communications schedule can be optimised to catch customer attention at relevant milestones in advance of the ultimate deadline.

The Central Bank has provided specific insights from behavioural economics as well as supervisory feedback on planned communications to the exiting banks in an effort to enhance their likely impact. It is important that notifications are framed in such a way as to convey urgency, and that conflicting or confusing messages are avoided so as not to introduce ambiguity to the consumer decision process. The costs of customer inaction should be clearly articulated, bearing in mind how loss aversion can be a powerful motivator for action. Crucially, language and presentation should be simple to understand with excess or redundant information trimmed out, and dense paragraphs avoided. Key information could for instance be bulleted in summary at the start of the communication, bearing in mind the often acute scarcity of consumer attention. The required steps to take action should be clearly spelled out for closing accounts and opening alternative accounts (both current and deposit accounts, overdrafts, credit cards as appropriate), and the steps in transferring over funds, direct debts, standing orders, etc. should be clarified.

Customers might not take action for a variety of reasons, not only because of behavioural inertia. For instance, customers with multiple financial products such as a current account and a credit card

[11] CCPC Current Account Switching Survey, June 2022.

may be waiting for further clarification regarding the status of their credit card. Customer outreach should therefore be well adapted to the particular circumstances of customer groups. Some customers who are distrustful of financial institutions may not even open and read the communications that they receive. This could include customers who were previously in financial difficulty, or who have a stronger aversion to adverse or inconvenient financial news. Therefore, broad engagement campaigns will be necessary (see for example those of the CCPC, BPFI). Many financial institutions have also put in place additional supports for vulnerable customers. Nonetheless, if certain groups appear to be particularly inert based on monitoring of account closures/account activity by the financial institutions, additional targeted engagement may need to be considered over time.

Most importantly, bearing in mind that customers affected by these issues are being forced to switch rather than choosing to do so, any unnecessary frictions in the consumer journey should be rigorously avoided. If consumers encounter obstacles, there is a risk that some will defer and may ultimately abandon switching. This could include, among other frictions, long call waiting times or waiting times for appointments at remaining banks, confusion around switching direct debits or standing orders, or a more complicated process to be followed if switching multiple types of accounts (e.g. for small businesses). Financial institutions, including banks and direct debit originators, therefore need to take all necessary action to ensure they can support their customers switching bank accounts and moving payment arrangements in a smooth and timely manner. Monitoring customer experiences in this regard will be important as the migration progresses – for example via financial institutions and direct debit originators tracking customer complaint metrics, ongoing consumer surveys and broad stakeholder engagement with representative groups.

5. Conclusion

The withdrawal of Ulster Bank and KBC bank, and the mass migration of personal and business bank accounts represents an unprecedented change to the Irish retail banking landscape, with large numbers of consumers facing the risk of loss of access to a bank account and financial disruption if they do not take action to make alternative arrangements. Irish and international evidence indicates that consumers can show a high degree of entrenched inertia in financial product markets, with subdued switching rates even where the financial incentive to take action might appear to be overwhelming. This inertia can affect all cohorts in society, and is by no means limited to those that might otherwise be regarded as vulnerable. However, international studies suggest that certain socio-demographic groups can show a greater tendency to inaction than others in certain contexts. For example, those with less advantaged income, education and socioeconomic status and individuals without another bank relationship or with a long history with their current provider, multiple products with one bank, or who are distrustful of financial institutions. Recent Irish consumer surveys also suggest a greater risk of inaction among some of these groups. Given that affected consumers are being forced to switch, it is essential that banks and direct debit originators incorporate these factors are part of their campagins to support customers.

Well-timed and behaviourally-informed notifications to consumers can help to interrupt inertia and prompt greater levels of consumer engagement. Framing customer communications to promote urgency, displaying the costs of inaction upfront (e.g. losing access to a bank account), simplifying the presentation of content and providing timely reminders can all increase consumer engagement. However, no behavioural interventions can ensure full consumer mobilisation.

To ensure that consumers are protected and treated fairly throughout this period of change, it is essential that the exiting banks and remaining institutions, have planned for and taken all reasonable actions to ensure that customers' interests are protected throughout the migration process.

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Appendix: Consumer Banking Survey results

Table 1: History of switching consideration and action

	All (N=1,500)
Considered switching current account but never did	11%
Switched current account in the past	5%
Neither switched nor considered switching, in the past	83%
No response	1%

Source: Department of Finance Consumer Banking Survey, April 2022.

Table 2: Reasons for not switching despite consideration (payment accounts)

	All (166)
Difficulty in Switching	25%
Didn't have time	14%
Difficulty in gathering information	14%
Too expensive	2%
Lack of alternate provider	16%
No longer interested in switching	13%
Planning to switch but had no time	21%
Other	21%

Source: Department of Finance Consumer Banking Survey, April 2022.

Table 3: Comparison of average characteristic differences between those that have never switched or considered switching, and those that have

Characteristics	Switched/ Considering Switch (N=235)	Never Switched/Not Considered (N=1,253)	Difference	P-Value
Education (0: up to leaving certificate; 1: 3rd level degree or more)	0.73	0.58	0.15***	0.00
Income (0: €25k- €50k, 1: €50k+)	0.46	0.32	0.13***	0.00
Children (0:No children 1:Dependent children)	0.45	0.37	0.08**	0.02
Financial Literacy (0:Incorrect 1: Correct)	0.66	0.63	0.04	0.29
Satisfied (0:Not satisfied, 1: Satisfied-Relatively or Very)	0.68	0.85	-0.17***	0.00
Socio-economic status (1:High 0: Medium or Low)	0.25	0.14	0.11***	0.00
Age (years)	47.63	48.13	-0.50	0.68
Gender (0: Female, 1: Male)	0.55	0.48	0.07**	0.04
Resilience (0: Non-resilient, 1: Easily resilient)	0.54	0.63	-0.09**	0.01
Cash User (0: No, 1: Yes)	0.13	0.19	-0.06**	0.03
Employment (0: Unemployed/Other, 1: Employed/Self-employed)	0.67	0.59	0.08**	0.03
Civil Status (0: Single/Separated/Refused to answer, 1: Married/Co-habiting)	0.64	0.60	0.05	0.18
Homeowner (0: No, 1: Owned)	0.68	0.66	0.02	0.49

Source: Department of Finance Consumer Banking Survey, April 2022

Columns 2 and 3 indicate the proportion of respondents in each column with the specified consumer characteristic shown in each row (mean). For example, row 1 shows that 73% of customers who switched or considered switching account in the past had a 3rd level degree or higher. This compares to 58% of customers who did not switch or consider switching account.

Stars indicate the statistical significance of observed differences between groups, at the 10% (*), 5% (**), and 1% (***) levels.

Table 4: Multivariate regression estimation of explanatory factors for never having switched or considered switching

	(1)	(2)	(3)	(4)	(5)
Gender (0: Female, 1: Male)	-0.043**	-0.041**	-0.045**	-0.039**	-0.040**
	(0.018)	(0.019)	(0.019)	(0.018)	(0.018)
Education (0: No education, only school, 1: College or Higher Education)		-0.077***			-0.068***
		(0.020)			(0.020)
Fin. literacy (0: Incorrect, 1: Correct)			0.007		0.019
			(0.019)		(0.019)
Resilience (0:Non-resilient, 1: Easily resilient)			0.039**		0.051***
			(0.019)		(0.019)
Satisfied (0: Not satisfied, 1: Relatively or Very Satisfied)				0.140***	0.136***
				(0.022)	(0.021)
Cash User (0:No, 1: Yes)				0.059**	0.052*
				(0.029)	(0.028)
Socio-economic group (1: High, 0: Medium or Low)				-0.118***	-0.117***
				(0.032)	(0.032)
Observations	1,488	1,488	1,488	1,480	1,480
Other Demographic Controls	Yes	Yes	Yes	Yes	Yes
Other Socio-economic Controls	No	Yes	No	No	Yes
Main Bank Dummy	Yes	Yes	Yes	Yes	Yes

Source: Department of Finance Consumer Banking Survey April 2022.
Marginal effects derived from Probit regression. *** p<0.01, ** p<0.05, * p<0.1
Dependent variable is a dummy taking the value as 1 if respondent has never switched in the past nor considered switching. The dummy takes the value 0 if switched in the past or considering switching.
Main Bank Dummy: Dummy controlling for respondent's main bank; base category is AIB Bank.
Income is not used in any models as it had over 50% missing entries.
Socio-economic group: This is based on the socio-economic grade recorded in the survey. We categorise respondents belonging to A and B category as high; respondents belonging to C1 and C2 groups as medium; while respondents belonging to DE F50+ and F50- are captured in the 'low' category.
Other Demographic Controls: Age categories (category 2: 35-54 years, category 3: over 55 years. Base category is category 1: 18-34 years and marginal effects are with respect to this base category), Dependent children, Region, Civil- Status.
Other Socio-economic Controls: Home Owner, Employment.
Specification in column 6 (Specification 5) is the main specification.

Table 5: Definition of Variables Used

S.No.	Variable Name	Definition
1	Gender	Dummy variable taking the value as 1 is 'Male' and 0 if 'Female'.
2	Age	Age of respondent in years as reported in the survey.
3	Age Categories	Age in years categorised into three categories; category 1- 18-34 years, category 2- 35-54 years, and category 3- over 55 years.
4	Civil Status	Dummy variable taking the value as 1 if respondent indicates that they are married or co-habiting. The variable is assigned 0 if respondents are single, separated, or refused to answer.
5	Dependent Children	Dummy variable taking the value as 1 if respondent household has dependent children and 0 otherwise.
6	Region	Dummy variable taking the value as 1 if respondents report to reside in rural areas or small town. The variable is assigned 0 if residence is in large towns or city.
7	Education	Dummy variable taking the value as 1 if respondent went to education or received higher education degree. The variable is assigned 0 if respondent has no education or only have school education.
8	Employment	Dummy variable taking the value as 1 if respondent is employed or self-employed. The variable is assigned 0 if respondent is unemployed or retired.
	Homeownder	Dummy variable taking the value as 1 if respondent owns a house and 0 otherwise.
9	Financial Literacy	Dummy variable taking the value as 1 if respondent answers correctly and zero otherwise to the following question: If the inflation rate is 2% and the interest rate you get on your savings is 1%, will your savings have more, less or the same amount of buying power in a year's time? Correct Answer: '*Less*', Incorrect Answers: *'More'*, *'The Same'*, *'Don't Know'*.
10	Resilience	In response to the question: *Concerning your household's total monthly or weekly income, with which degree of ease or difficulty is the household able to make ends meet?* Dummy variable taking the value as 1 if response is *'Fairly Easily'*, *'Easily'*, or *'Very Easily'*. The variable is assigned 0 if response is *'With great difficulty'*, *'With difficulty, or 'With some difficulty'*.
11	Satisfied	In response to the question: *Overall, how would you rate your level of satisfaction with the services < MAIN BANK> provides?* Dummy variable taking the value as 1 if response is *'Very satisfied'* or *'Satisfied'*. The variable is assigned as 0 if respondent is *'Neither satisfied nor dissatisfied'*, *'Relatively satisfied'*, or '*Very dissatisfied'*.
12	Cash User	In response to question: *What is your preferred method of payment in a physical location, i.e. in a store? Is it (a) Debit Card, (b) Credit Card, (c) Contactless by a Smartphone, or (d) Cash*. Dummy variable is assigned the value as 1 if respondent indicates option (d), and 0 otherwise.
13	Socio-economic group	This is based on the socio-economic grade recorded in the survey. Respondents belonging to A and B category as high; respondents belonging to C1 and C2 groups as medium; while respondents belonging to DE F50+ and F50- are captured in the 'low' category. Dummy variable is assigned 1 for 'High', while 0 for 'Medium' or 'Low'.
14	Income	Dummy variable constructed on median distribution of income. Assigned the value 0 if respondent is below the median value (€50,000) and 1 if above the median value (over €50,000).
15	Main Bank Dummy	Dummy variable controlling for respondents' main bank of operation.

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