

Banking Practice

How to stand out from the crowd

German Retail Banking Snapshot 2025





It's getting crowded in German retail banking

Germany's retail banking market is experiencing its best years since 2011—but pressure is mounting. As interest rates decline, the margin boost is fading, revealing which banks have been prioritizing short-term profits over sustainable transformation.

And that's not all: competition is intensifying, too. More and more foreign banks are entering the market with sharp propositions and digital business models. Now, it's up to incumbents to demonstrate how they can stand out in this increasingly contested environment and defend their position.

This chapter draws on insights generated through our proprietary McKinsey Panorama¹ asset.

¹ Panorama Global Banking Pools (HYPERLINK: <https://www.mckinsey.com/industries/financial-services/how-we-help-clients/panorama/overview>) is McKinsey's proprietary asset covering granular banking data across 70+ markets and 100+ products/segments, with 30+ years of historical data and forecasts. It provides market, customer, and competitor insights, enabling cross-country product-level comparisons, customer behavior analyses, and customized bank diagnostics.

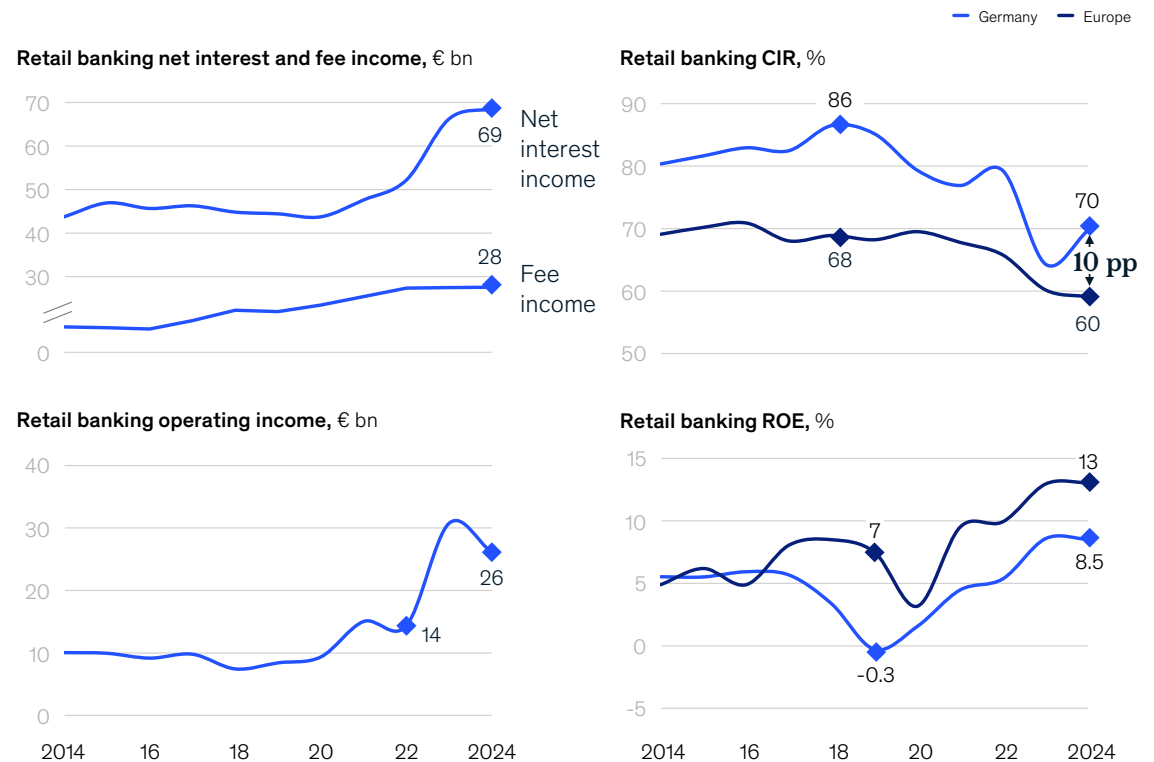
German banks have rested easy on high interest rates

In 2023, German retail banking experienced an historic surge in revenue and profitability. This was driven by elevated interest rates that temporarily boosted net interest margins. While 2024 continued to show strong performance, early indicators point to a slowdown in 2025 as margins begin to compress.

McKinsey Panorama suggests that earlier gains were largely cyclical—and that most banks used the windfall for short-term tactical profit optimization rather than lasting transformation, such as investing in the strategic use of AI to boost efficiency. Thus, following a short recovery of performance indicators in 2023, Germany continues to lag the European average in structural efficiency, with a consistently lower return on equity (ROE) and a cost-to-income ratio (CIR) ten percentage points higher.

As a result, the German retail banking market is under pressure, and banks must now accelerate their transformation, strengthen their value propositions across products, step up innovation, elevate efficiency, and build customer-centric strategies to defend their position.

Exhibit 1.1

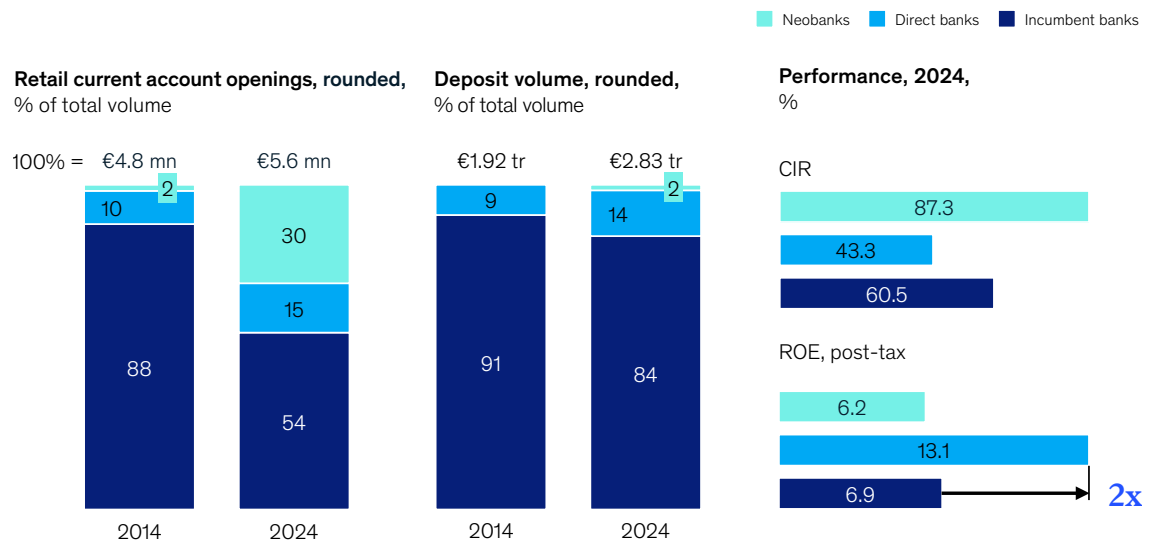


Source: McKinsey Panorama Global Banking Pools

Foreign direct banks are crowding in, setting new standards for German banking

Direct banks—often foreign—are deliberately closing structural gaps in the German market. They are gaining market share with sharp value propositions, proven operational efficiency, and refined digital channels and experiences.

Exhibit 1.2



In previous years, neobanks have been the primary challengers, growing rapidly in customer numbers. However, many have struggled to deepen relationships, attract meaningful deposit volumes, or achieve a level of sustained efficiency. This is reflected in CIRs often exceeding 85%, driven by narrow product portfolios, limited balance sheet business, and continued high investments in growth and brand.

Now, foreign-led direct banks are moving in fast: combining digital-first models with sharp operational efficiency, reflected in CIRs below 45%—far leaner than the incumbent average of over 60%. They also bring strong brands and institutional credibility, enabling them to scale customer bases. Their clear target: younger, profitable customer segments with higher expectations for service, speed, and value.

Currently, incumbent banks still capture over half of new current accounts and 80% of deposits, but loyalty is increasingly at risk. In response to growing foreign competition, German incumbents must act decisively. Going beyond simply holding ground, they will need to compete on new terms before foreign banks set the new standard.

This means rethinking value propositions to better cater to customers; strengthening digital channels as the central interface for sales, advice, and service; and delivering customer experiences that go beyond the pure financial product. The key will be to understand where customer value lies and target high-value segments with the best value proposition fit to ultimately translate existing trust into loyalty and sustainable growth.



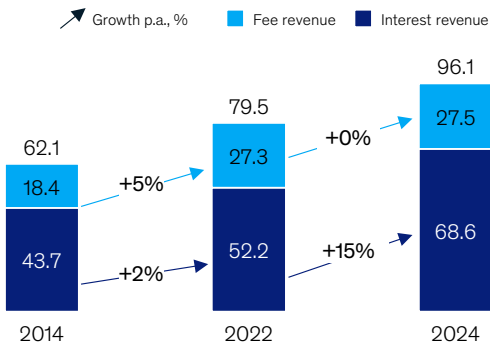
45%

market share for non-incumbent banks
in current account openings

Investing is easier than ever, but Germans stay true to their love for savings

Exhibit 1.3

Retail banking revenue, 2014–24, € bn



Source: McKinsey Panorama Global Banking Pools

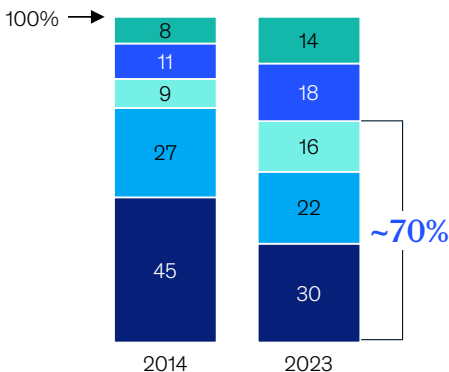
In the wake of the 2022 rate hike, German banks clearly enjoyed a boost in interest income, while fee income stayed flat. But with the signs of declining rates, fee income is returning to the spotlight as a stable and scalable path to profitability.

The path, however, won't be easy. Even though investing is more accessible than ever, the real obstacle runs deeper: Germany's deeply rooted savings culture. Nearly 70% of portfolios still consist of low-risk, low-return financial assets such as current accounts, savings accounts, and private pensions. Although capital market participation has gradually increased, ownership of equities and funds remains limited (e.g., in 2023, 24% and 18% of households owned fund shares and stocks, respectively).

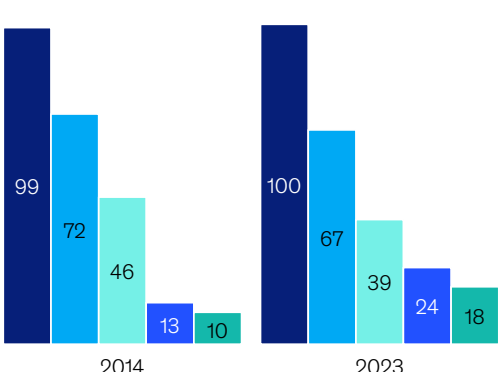
Exhibit 1.4

Current accounts Savings accounts Private pension plans (incl. life insurance) Fund shares Stocks

Typical household portfolio, weighted composition by prevalence and holdings, %



Share of households with selected financial products, %



Source: Bundesbank PHF Studie 2025

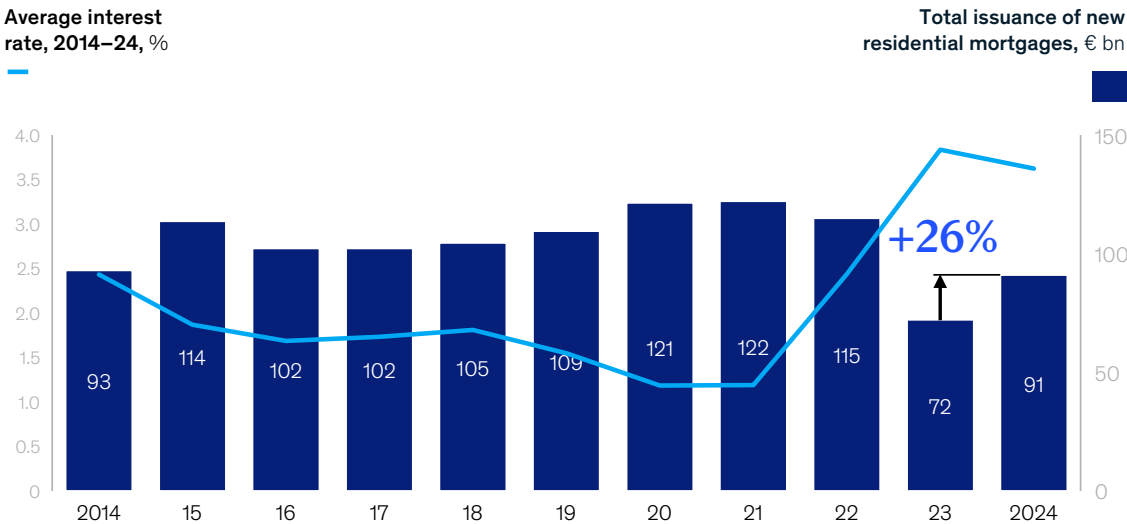
Growth in investment volumes is primarily driven by deepening engagement with existing investors, not by broader adoption, revealing widespread hesitation to shift away from low-risk, low-return vehicles. Banks aiming to grow their fee income need to guide customers from saving toward wealth building. Success will come to those who promote financial literacy, expand hybrid advisory models, and integrate smart nudges into everyday life. Deposits offer the ideal starting point to strengthen cross-selling, bundle products meaningfully, and build long-term customer relationships, thereby nudging German households from static savings toward active investments.

Mortgage comeback: German banks are well-adapted to platform-based distribution

As interest rates normalize, Germany’s residential mortgage market is gradually recovering, with a 26% growth projected in 2024. However, structural factors such as stricter credit and capital requirements are constraining a full return to pre-COVID-19 levels. At the same time, the nature of demand and distribution is shifting—with critical implications for banks.

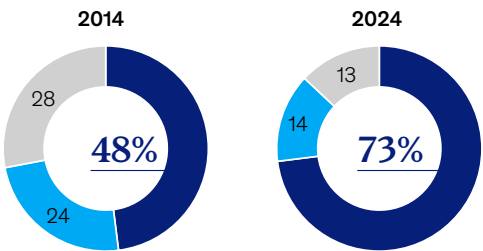
Amid rising property prices, borrowers are increasingly gravitating toward existing properties and rental housing. This shift heightens the importance of swift credit processes, as buyers face intense time pressures in competitive markets. Additionally, it underscores the need for expertise in income-based valuation approaches (e.g., partners with HypZert (F) or RICS accreditation).

Exhibit 1.5



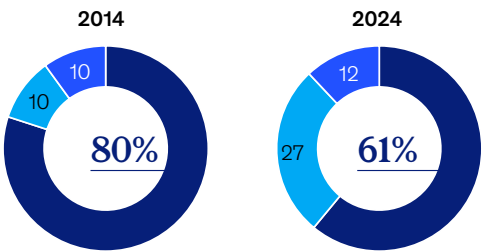
Purpose of mortgage,
% of mortgage volume

Purchase New construction Other



Use of property,
% of mortgage volume

Owner-occupied Rented Both

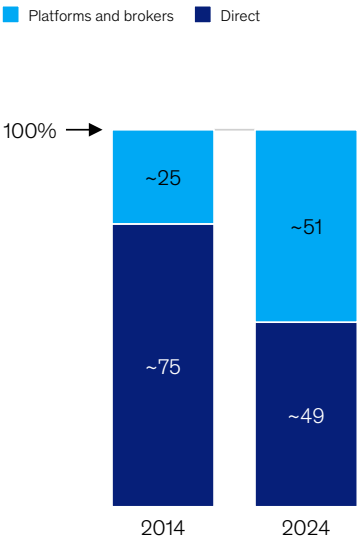


Source: Bundesbank; Europace

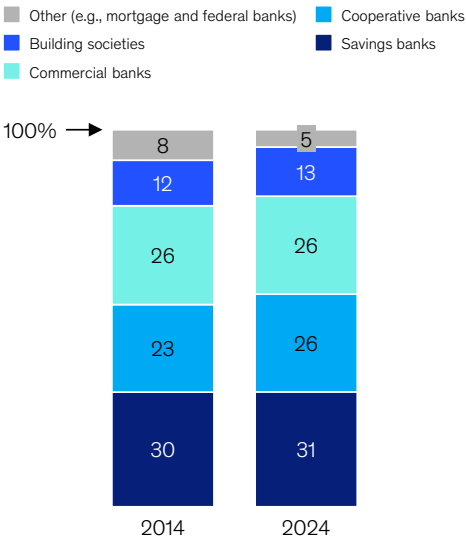
Meanwhile, distribution is shifting. Brokers' and platforms' shares have jumped from 25% to over 50% since 2014, owing to customer demand for price transparency. However, the impact on market shares in mortgages has been limited. Overall, most German banks have successfully adapted to the new distribution model and established reliable customer access through digital platforms. Notably, cooperative banks have slightly outpaced the market, gaining a three percentage point market share under the new distribution model.

Exhibit 1.6

Mortgage closing volumes, %



Stock volume in mortgages by German lenders, %



Source: Deutsche Bundesbank; annual reports



~51%

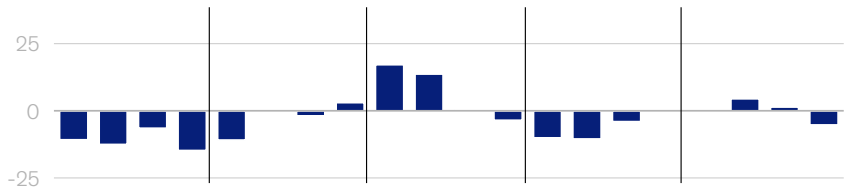
of mortgages are distributed
via platforms or brokers

Consumer credit is trapped between risk fundamentals and sentiment

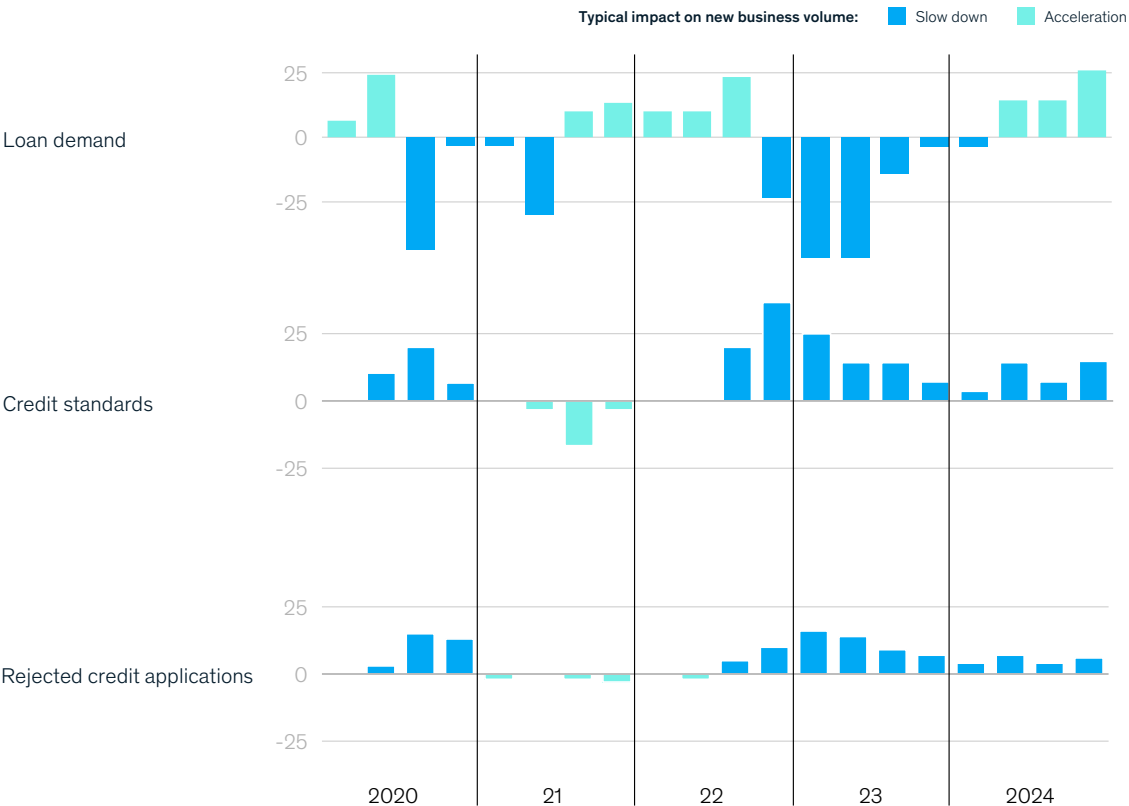
Demand for consumer credit picked up in 2024, as illustrated in the ECB Lending Survey. But unlike in previous cycles, it's not translating into lending growth, as banks have tightened credit standards and increased rejection rates for ten consecutive quarters, citing economic uncertainty and borrower risk.

Exhibit 1.7

Business volume of consumer credit, net % change per quarter compared to the same quarter in previous year



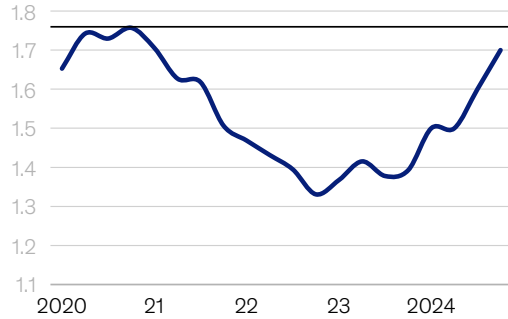
Consumer credit and other lending to households, net % change per quarter



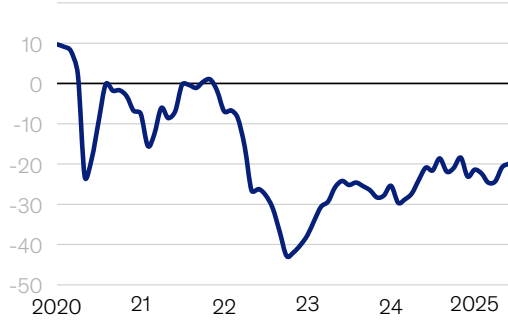
Source: Euro area bank lending survey; Bundesbank IMF Finanzstatistik

Exhibit 1.8

Ratio of NPLs,¹ %



GfK Consumer Climate Index,² 2015 = 0



1. Including credit cards; seasonal and calendar adjusted.

2. The GfK Consumer Climate Index reflects the average responses to questions on income expectations, willingness to buy, and willingness to save.

Source: EBA transparency exercise; GfK

However, market indicators paint an ambivalent picture and suggest that banks' risk perception is driven by both fundamentals and sentiment. While the ratio on non-performing loans (NPLs) has risen, credit quality remains above 2020 levels, and the improving consumer climate index points toward positive income expectations and economic confidence.

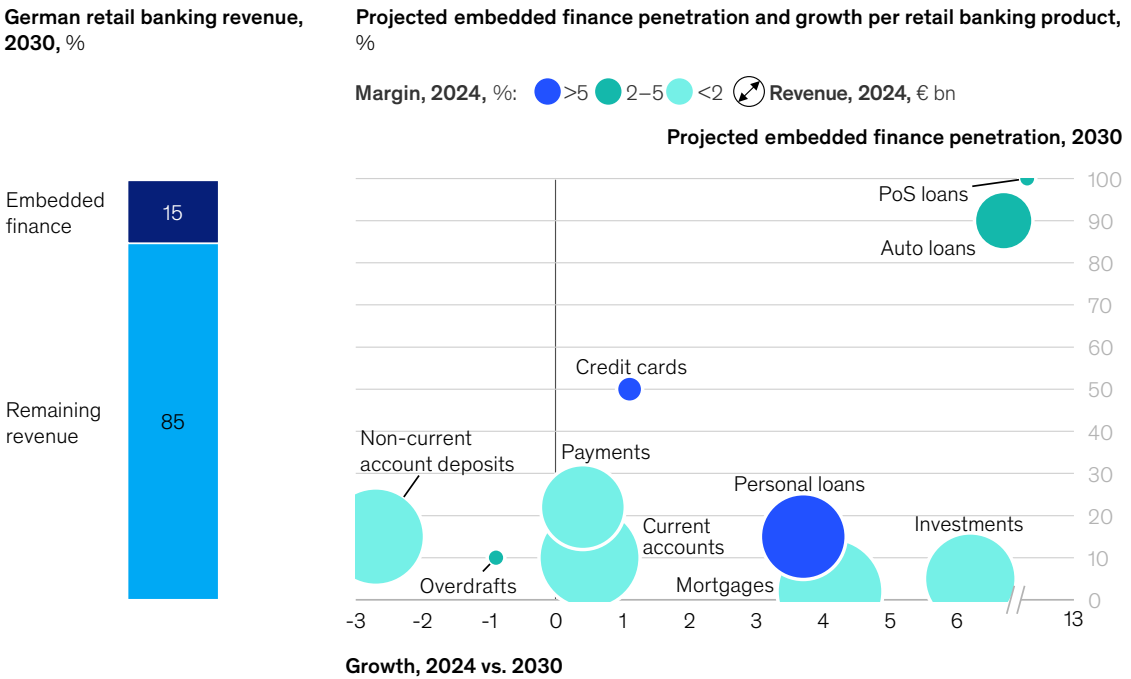
The complexity of today's risk signals creates an opportunity for a more targeted lending approach, where the focus should be on precise, segment-specific strategies based on individualized credit decisions. Advanced analytics and generative AI (gen AI) can help assess borrower profiles faster and more granularly to unlock untapped potential. Banks that act early and evolve their approach can capture unmet demand, strengthen their consumer lending business, and secure long-term growth in a structurally attractive market segment.

Revenues of the most profitable retail banking products are slipping beyond banking

Embedded finance is redefining where and how value is created in financial services, and banking is no longer confined to traditional institutions. By 2030, up to 15% of German retail banking revenues—equivalent to €15 billion—are expected to shift toward embedded contexts, where credit or installment options are seamlessly integrated into the purchase process.

High-margin and high-growth products are particularly affected, with Point-of-Sale (PoS) and auto loans projected to move almost entirely outside the traditional banking channel. These offerings thrive when embedded directly at the point of need, such as in checkout or purchase flows, where convenience, speed, and digital access matter most.

Exhibit 1.9



Source: McKinsey Panorama Global Banking Pools; McKinsey Embedded Finance Sizing Asset

This trend is accelerating, and early movers like international platforms and fintechs are already capturing a significant share by seamlessly embedding financial services into existing customer journeys. To keep pace, banks must define a clear role in the embedded ecosystem, whether that's building their own solutions, partnering with platforms, or providing embedded infrastructure. Success will hinge on the right enablers, namely API-ready technology, scalable monetization models, and robust governance.



2

No second chance to make a good impression

Germany's retail banking customers are more digital and engaged than ever—offering banks a real opportunity to discover new revenue streams and strengthen customer relationships. Mobile interactions dominate, yet only a few German banks have been able to translate digital touchpoints into actual sales. International comparison shows clear avenues for improvement, particularly in digital sales via online and mobile channels and building conversational capabilities.

To seize the opportunity, banks in Germany and Austria need a step change, whereby they shift from digital servicing to digital sales with scalable, mobile-first sales journeys, digital advisory, and seamless mobile orchestration of branches.

This chapter draws on insights generated through Finalta² by McKinsey and the McKinsey Retail Banking Survey 2025.³

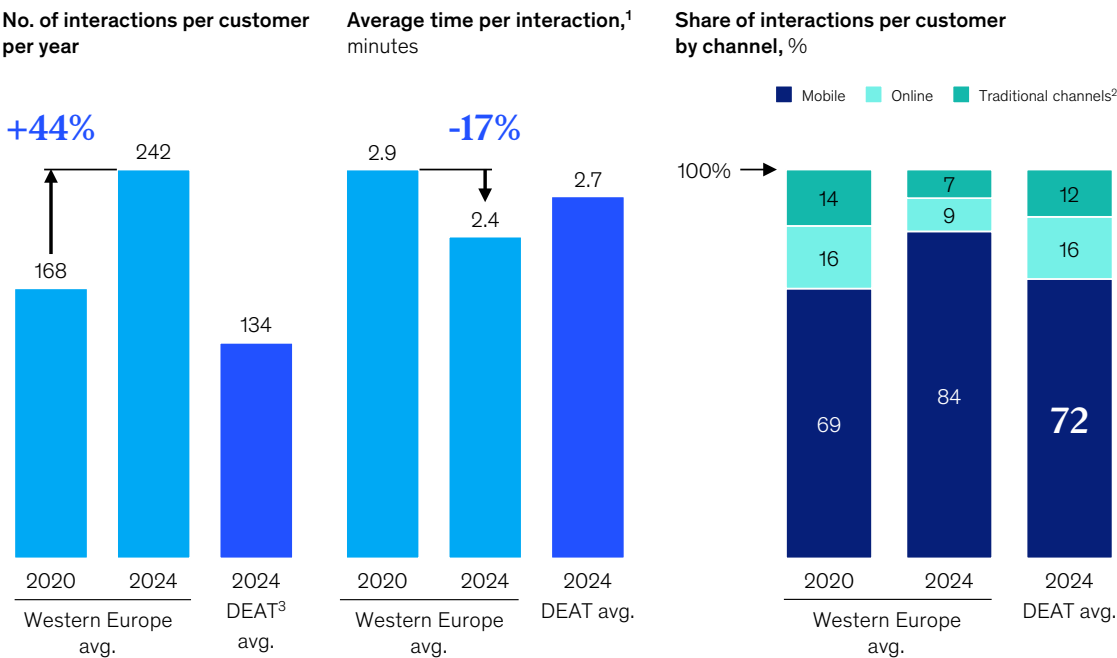
² Finalta is McKinsey's proprietary benchmarking asset and the world's largest benchmarking provider, delivering performance insights for 300+ financial institutions across 50+ countries, based on 20+ years of experience. Using standardized data sourced from banks and insurers—and exclusively accessible in full only to participating institutions—Finalta enables peer comparisons, identifies performance gaps, and highlights best practices.

³ The McKinsey Retail Banking Survey is a proprietary, consumer-driven asset capturing detailed insights on banking behaviors, attitudes, and product needs across Germany, based on ~3,000 respondents. It enables granular micro-segmentation, mapping of revenue opportunities, and identification of unmet customer needs—helping banks create targeted value propositions, refine product features, and strengthen go-to-market strategies.

Customers are spending more time than ever with their bank

Although customers are spending more time with their banks than ever before, they are doing so differently. Their interactions are notably shorter, more fragmented, and overwhelmingly mobile. Finalta by McKinsey suggests that over 72% of all customer interactions in Germany and Austria in 2024 took place via mobile channels, illuminating how longer branch and phone conversations are giving way to quick, digital touchpoints.

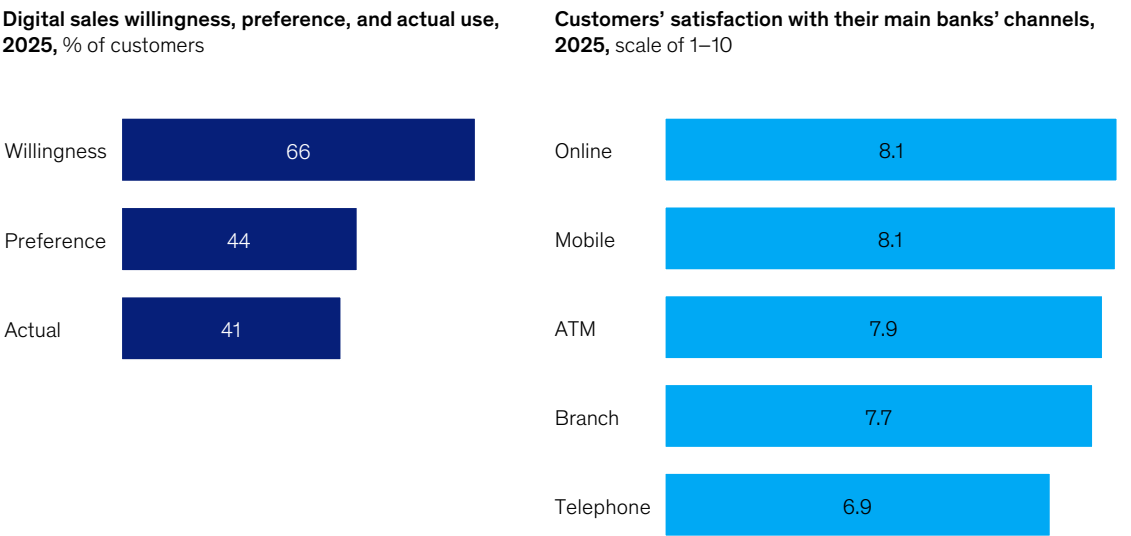
Exhibit 2.1



Who would have thought—the German customer is digital already

While German customers are embracing mobile and online as their primary banking channels, banks fall behind. According to the McKinsey Retail Banking Survey, 66% of customers are willing to buy banking products digitally, and German customers are already more satisfied with digital channels than with traditional channels. However, German retail banks have managed to transfer only 41% of actual sales to digital channels, pointing to a widening intent-to-conversion gap.

Exhibit 2.2

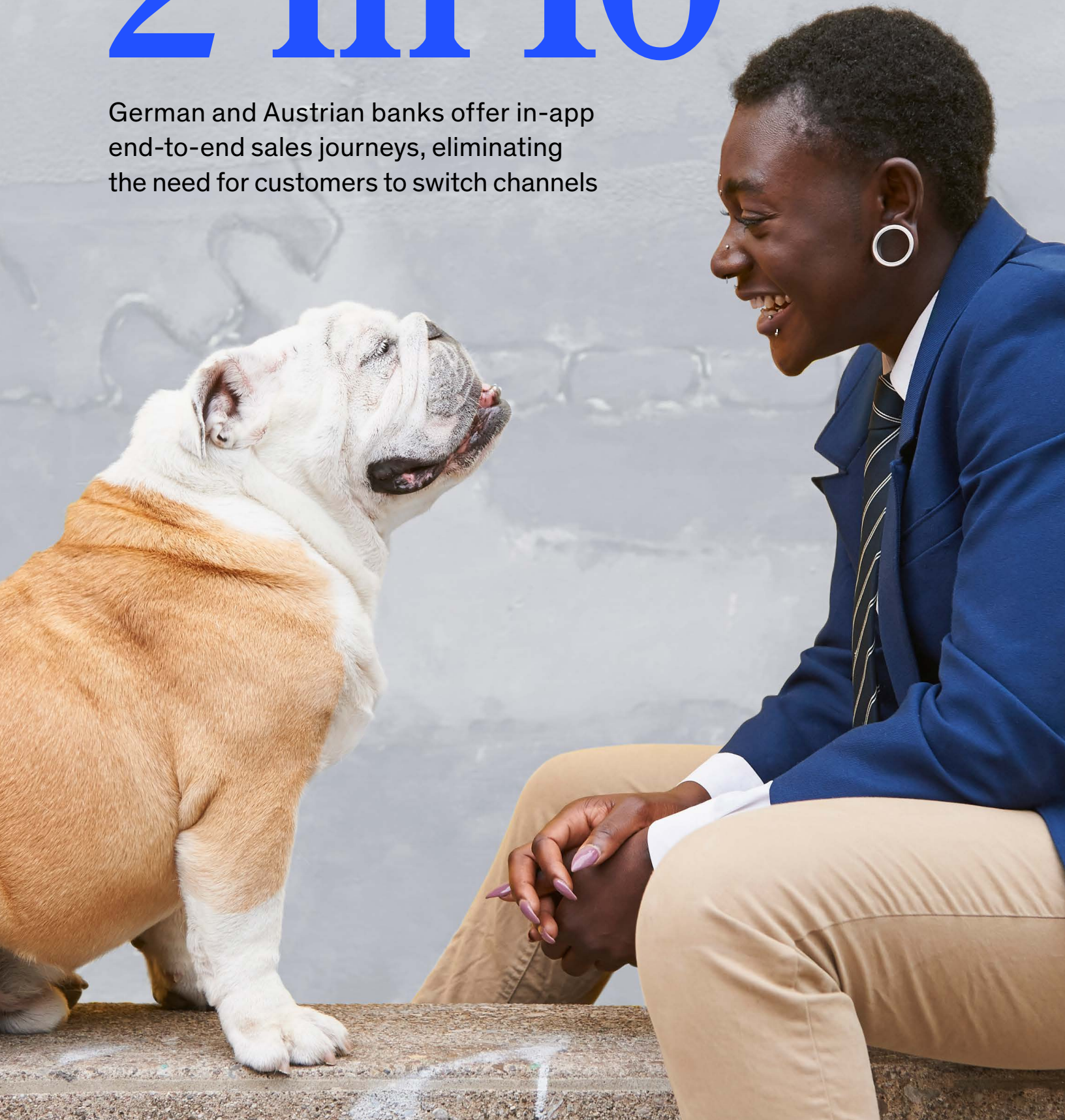


Source: Finalta by McKinsey; McKinsey Retail banking Survey 2025

To bridge this gap, banks must recalibrate their digital strategies—evolving from a focus on basic digital servicing to proactive digital sales. It's no longer sufficient for customers to merely check their account balances online; digital channels must empower them to seamlessly apply for loans, initiate savings plans, and access tailored financial solutions. By doing so, banks can fully harness the potential of their digital platforms while meeting the growing expectations of their increasingly tech-savvy customers.

2 in 10

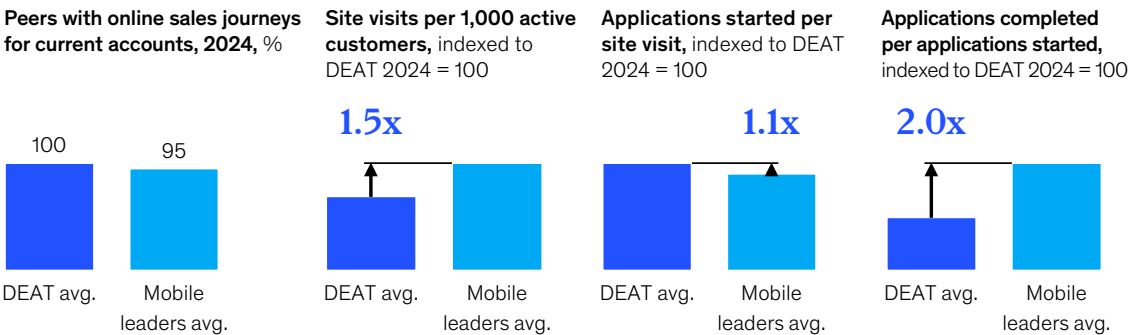
German and Austrian banks offer in-app end-to-end sales journeys, eliminating the need for customers to switch channels



Error 404: Mobile sales not found

Understanding the weaker outcomes in the digital sales of German and Austrian banks requires a closer look at online and mobile performance. Finalta by McKinsey highlights that while all German and Austrian banks have online sales journeys in place, only a select few succeed in effectively converting customers. A key challenge is the completion of applications initiated by customers, where German and Austrian banks fall behind mobile-first leaders. Despite customers being online and ready to buy, these sales journeys frequently fail to translate their intent, leaving significant opportunities untapped.

Exhibit 2.3

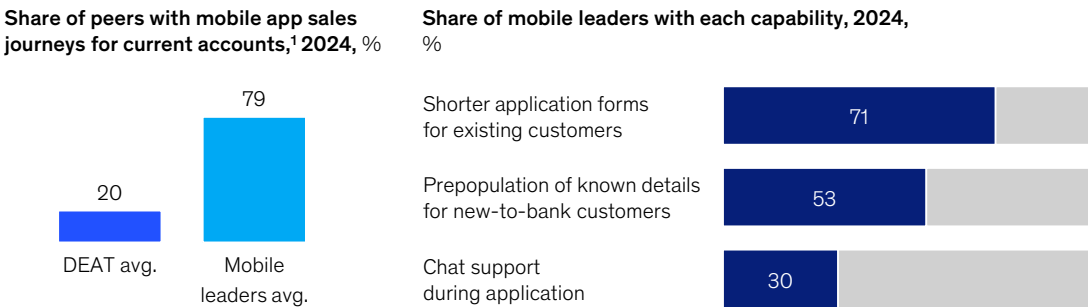


Source: Finalta by McKinsey

The picture is quite different in mobile: only 20% of banks in Germany and Austria provide seamless, end-to-end sales journeys within their apps that require no channel switching, compared to 79% among leading mobile-first banks. Moreover, while many German and Austrian banks are focused on building foundational capabilities, industry leaders are already moving ahead, optimizing their offerings with advanced features such as chat support, pre-filled forms for new-to-bank customers, and shortened flows for returning customers. These advanced capabilities are, unfortunately, highly underutilized in Germany and Austria to the point where they cannot yet be effectively benchmarked due to low adoption rates.

To turn digital channels into true sales engines, banks in Germany and Austria must thus eliminate friction in online funnels and build end-to-end in-app journeys—leveraging features like smart pre-fills, chat support, and streamlined forms.

Exhibit 2.4

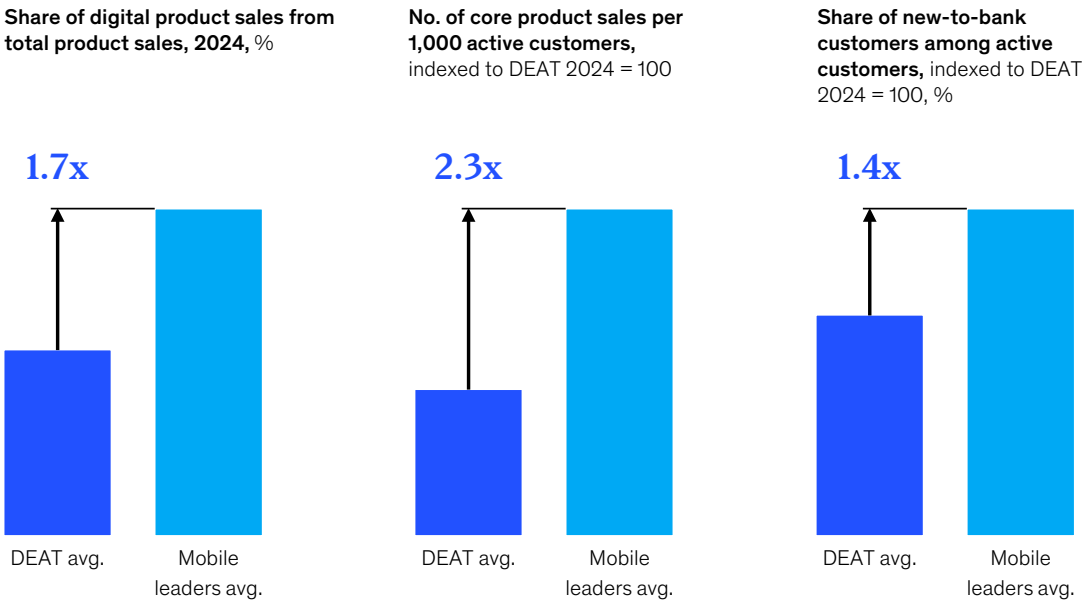


1. Pre-log-in, straight-through process.
Source: Finalta by McKinsey

Mobile leadership fuels growth beyond the screen

Digital leaders aren't just ahead—they're setting the pace: top performers close 1.7 times more sales digitally than banks in Germany and Austria. The gap is no longer just about technology—it's about outcomes.

Exhibit 2.5



Source: Finalta by McKinsey

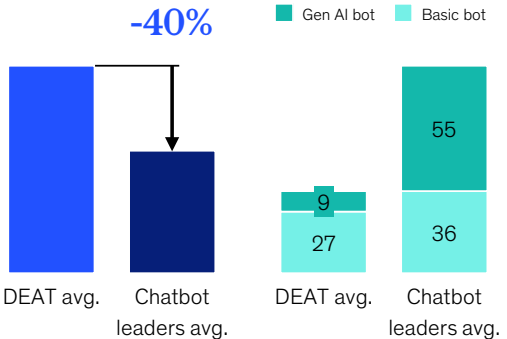
Not only do mobile leaders lead on digital metrics, they also translate digital performance into higher core product sales per 1,000 active customers and new-to-bank customer acquisition. This underscores how digital intent becomes measurable growth as soon as capabilities are in place. Therefore, to keep pace with, and move ahead of, these mobile leaders, German and Austrian banks need to act decisively and take action without delay.

Adding the human touch without the human

Exhibit 2.6

Share of chatbot sessions transferred to agent, 2024, indexed to DEAT = 100, %

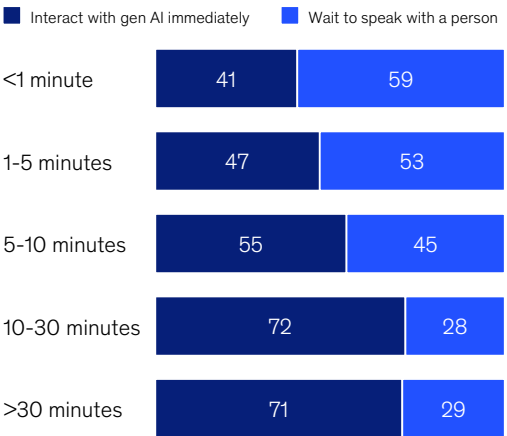
Share of chatbot type available in mobile app, 2024, %



Actual use of gen AI, %



Waiting-time sensitivity to switch to gen AI, % gen AI users



Source: Finalta by McKinsey; 2025 GBAR Global Survey

Conversational tools, such as gen AI-powered chatbots and virtual assistants, are emerging as a strategic lever to reduce friction, enhance customer engagement, and boost digital sales. According to Finalta by McKinsey, leading banks leveraging chatbots in customer service achieve 40% fewer handovers to human agents, reflecting higher resolution quality and seamless orchestration between automated and human support.

The McKinsey Global Banking Annual Review Survey 2025 underscores that customers are increasingly ready to adopt these tools. While only 18% of German customers currently use gen AI for banking, a significant share would be willing to switch to such tools depending on the waiting time to speak with a human agent. Importantly, German customers trust gen AI solutions from their primary bank more than general platforms. However, in practice, many still turn to platforms like ChatGPT, highlighting the low gen AI maturity of banks.

Today, most banks remain focused on basic functionality and service deflection, with only 9% of German and Austrian banks integrating gen AI bots into their mobile applications. This represents a clear call to action: banks need to elevate their offerings, combining the efficiency of AI with a human touch, to transform digital channels into true sales engines and meet rising customer expectations.

23%

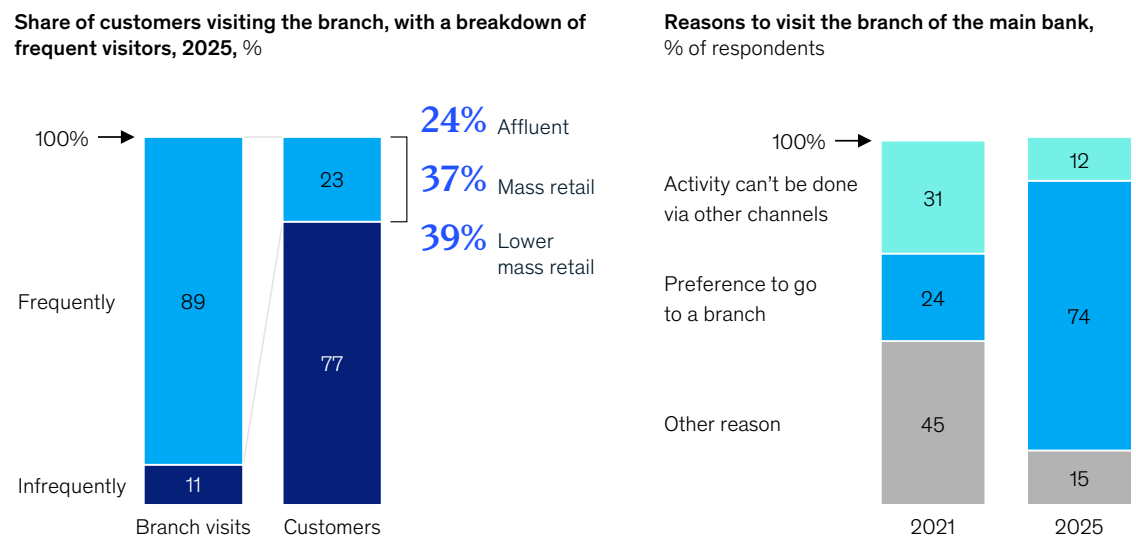
of customers account for
almost all branch visits



Banks aren't meeting the right customers in their branches

Bank branches remain one of the few physical and face-to-face touchpoints for customers, yet only a very limited share of customers actually still visit them. The McKinsey Retail Banking Survey shows that 23% of customers account for 89% of visits, with the majority of customers coming from the lower mass and mass retail segments. Additionally, most branch visits today are motivated by customer preference and not necessity. While 74% of customers say they visit the branch because of personal preference, only 12% say they need to go to the branch because the product or service is not provided via other channels.

Exhibit 2.7



Source: McKinsey Retail Banking Survey 2025

These insights highlight the need for a proactive and strategic steering of branch engagement. The future of financial advice is not branchless; it is rather built on fewer advice-led locations that reflect banks' core strengths and focus on high-value segments and activities. This presents an invaluable opportunity for incumbent banks to enhance their value propositions—not by transforming into direct banks, but by integrating branches into hybrid customer journeys. Branches can focus on providing complex advisory services, while routine interactions are shifted to digital channels.

The opportunity for banks lies in intelligently combining digital capabilities with human expertise—delivered through mobile-orchestrated, seamlessly integrated experiences across channels. This approach enables the creation of personalized, end-to-end customer journeys that not only deepen engagement but also create sustainable value.

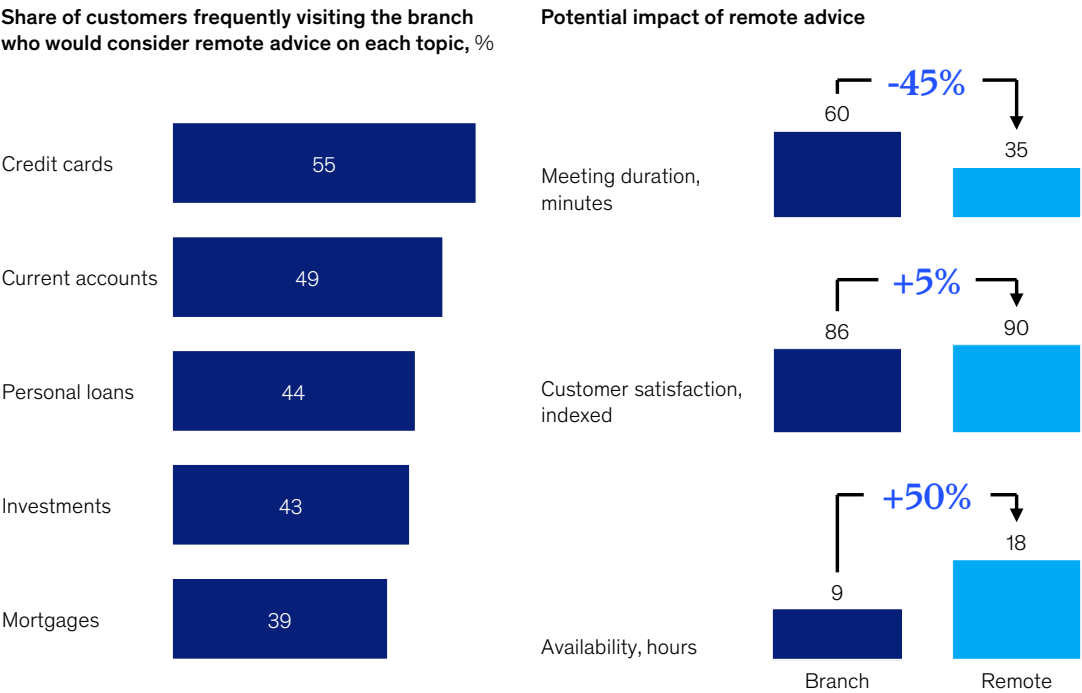
Remote advice is a real alternative to branches

Insights from the McKinsey Retail Banking survey reveal that remote is gaining traction—even among traditionally branch-reliant customer segments. Over 40% of customers who frequently visit branches would be willing to switch to remote advice, and this willingness extends across product types.

For leading banks, remote channels are not just about lowering costs but also delivering high-quality advice for complex products like mortgages, investments, and insurance. Banks that position remote as a core pillar of a hybrid advisory model can have more availability, bolster customer satisfaction, and decrease the lengths of meetings while building stronger, more scalable relationships.

Impact, however, depends on more than just a video feed. Delivering consistent, high-quality remote advice requires robust platforms, integrated scheduling tools, co-browsing capabilities, and seamless handovers to product specialists. When executed well, remote advice doesn't just match the branch experience—it often outperforms it in availability, efficiency, and customer satisfaction.

Exhibit 2.8



Source: McKinsey Retail Banking Survey 2025



3

Get to know your customers beyond age and income

German retail banks face mounting pressure to fortify their understanding of what customers truly value. As customers diversify their financial relationships in pursuit of better pricing and solutions, meeting these needs has become more important to them than who actually provides them.

However, traditional demographic segmentation based on age and income is no longer sufficient to grasp the complexity of customer behavior. Instead, behavioral patterns now play a defining role in shaping customer needs and expectations.

To address this shift, banks should adopt customer-centric strategies, harness behavioral insights, and rigorously tailor their offerings to mitigate fragmentation and protect the customer relationship.

This chapter leverages insights from the McKinsey Retail Banking Survey 2025⁴ to provide a data-driven perspective on how banks can navigate this evolving landscape.

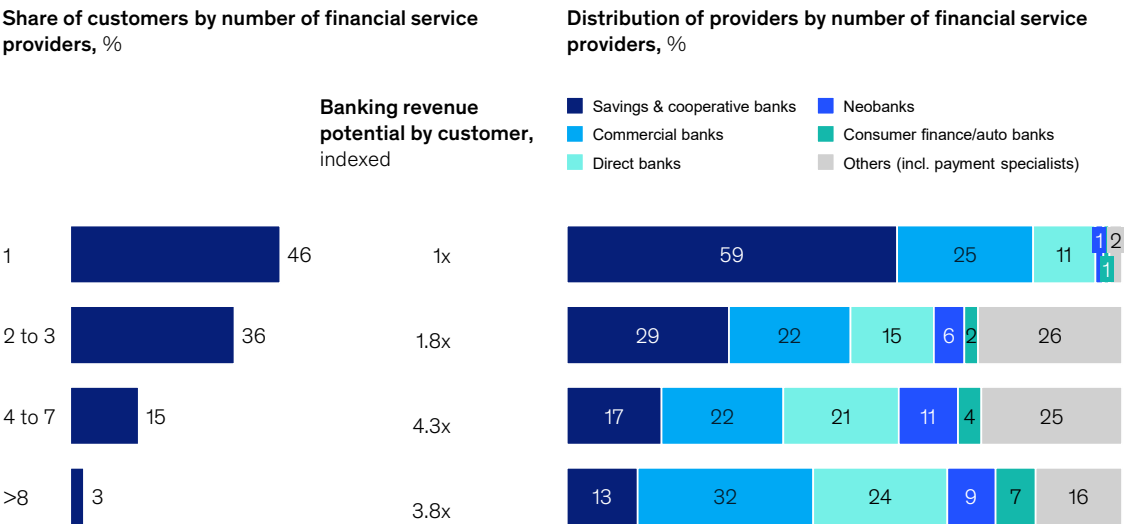
⁴ The McKinsey Retail Banking Survey is a proprietary, consumer-driven asset capturing detailed insights on banking behaviors, attitudes, and product needs across Germany, based on ~3,000 respondents. It enables granular micro-segmentation, mapping of revenue opportunities, and identification of unmet customer needs—helping banks create targeted value propositions, refine product features, and strengthen go-to-market strategies.

Primacy is harder to achieve than ever

German banking customers are diversifying their financial relationships; however, a closer look reveals two distinct and nuanced dynamics. 46% of customers still maintain a single banking relationship, typically with a savings or cooperative bank. While this gives savings and cooperative banks a strong starting position in the competition for primacy, the benefit is primarily limited to customers with lower revenue potential.

Conversely, the other half of the market engages with multiple financial institutions. This marks a clear departure from the traditional single-provider model, as exclusivity gives way to a more fragmented and transactional approach. As customers broaden their banking relationships, commercial banks and direct banks are becoming increasingly relevant and are capturing a growing share of higher-revenue-potential customers.

Exhibit 3.1

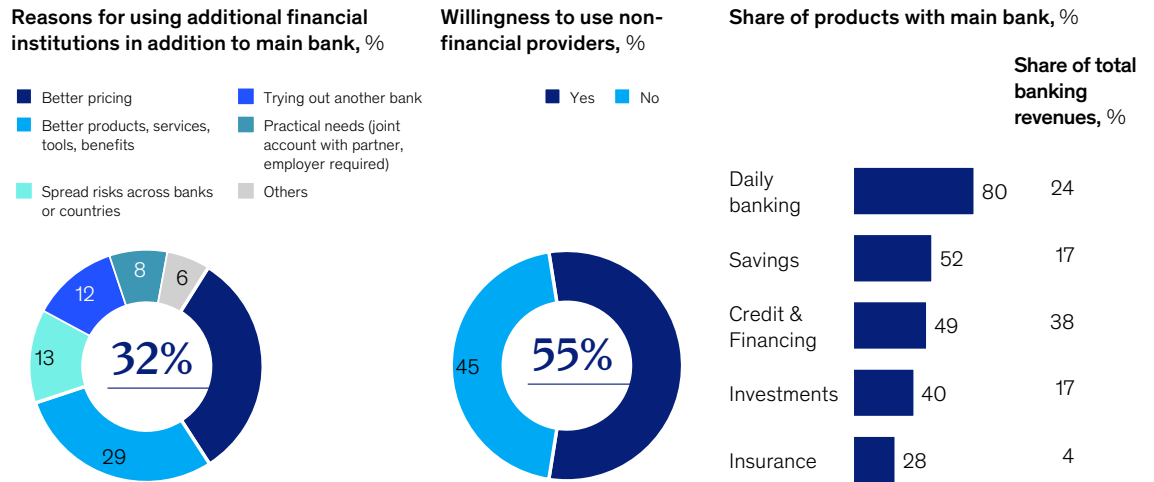


Source: McKinsey Retail Banking Survey 2025

The McKinsey Retail Banking Survey 2025 reveals that customers turn away from their main bank in search of better pricing, unique offerings, or solutions to unmet needs. For these customers, having their needs met is more important than who provides the service.

This openness also extends beyond traditional banking, as 55% of German customers are willing to use non-financial service providers. The challenge for primary banks is particularly pronounced in core product areas that traditionally drive revenue. For example, only 49% of customers obtain credit and financing products, such as mortgages, from their main bank—a category that typically contributes 38% of retail banking revenues.

Exhibit 3.2



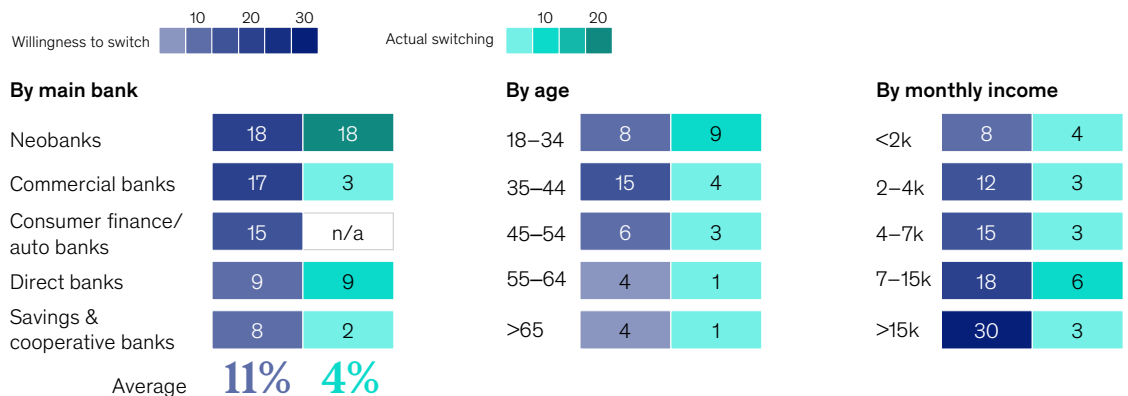
Source: McKinsey Retail Banking Survey 2025; McKinsey Panorama Global Banking Pools

Alongside the diversification of banking relationships, customer stickiness in the German banking market is under increasing pressure, as customers are willing to switch financial providers. While only 4% of German customers have switched from their main bank in the past 12 months, 11% indicate they are open to doing so, signaling a broader lack of loyalty.

This trend is particularly pronounced among customers of neobanks, commercial banks, and consumer finance/auto banks, which often rely on competitive pricing to attract customers—appealing to price-sensitive “hoppers” rather than fostering long-term loyalty.

Affluent and younger customers also report a higher willingness to switch. However, this intent has translated into actual switching primarily among younger customers aged 18 to 34 years, a demographic often at key financial decision points, such as opening their first bank account or facing fees for current accounts for the first time.

Exhibit 3.3

Main bank switching behavior, %

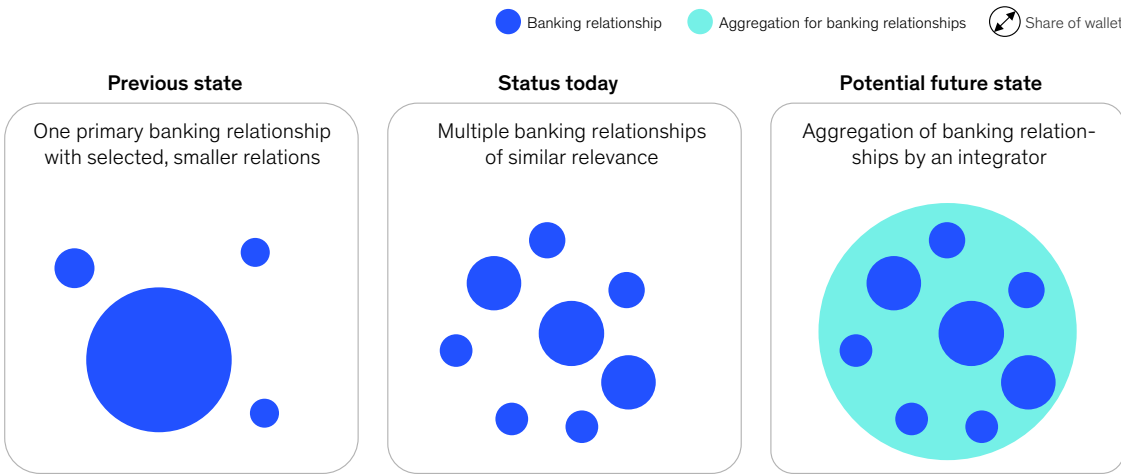
Source: McKinsey Retail Banking Survey 2025

As relationships become more fragmented, banks face a growing risk of disintermediation and loss of customer interface. The increasing complexity of managing financial lives across multiple providers creates a demand for simplification and thus, integration. In this evolving landscape, the focus shifts from a customer's share of wallet to a customer's interface, and banks risk being relegated to the role of product providers, disconnected from the end customer.

For banks, this is both a threat and a call to action. Firstly, they need to solidify customer relationships to curtail fragmentation by shifting to more customer-centric strategies and understanding what their customers truly value. Secondly, they should consider evolving into integrators themselves—integrating third-party products and services to enrich their offerings and reinforce their central position at the customer's interface.

Exhibit 3.4

The concept of primacy is evolving as customers diversify their banking relationships



Source: McKinsey



18%

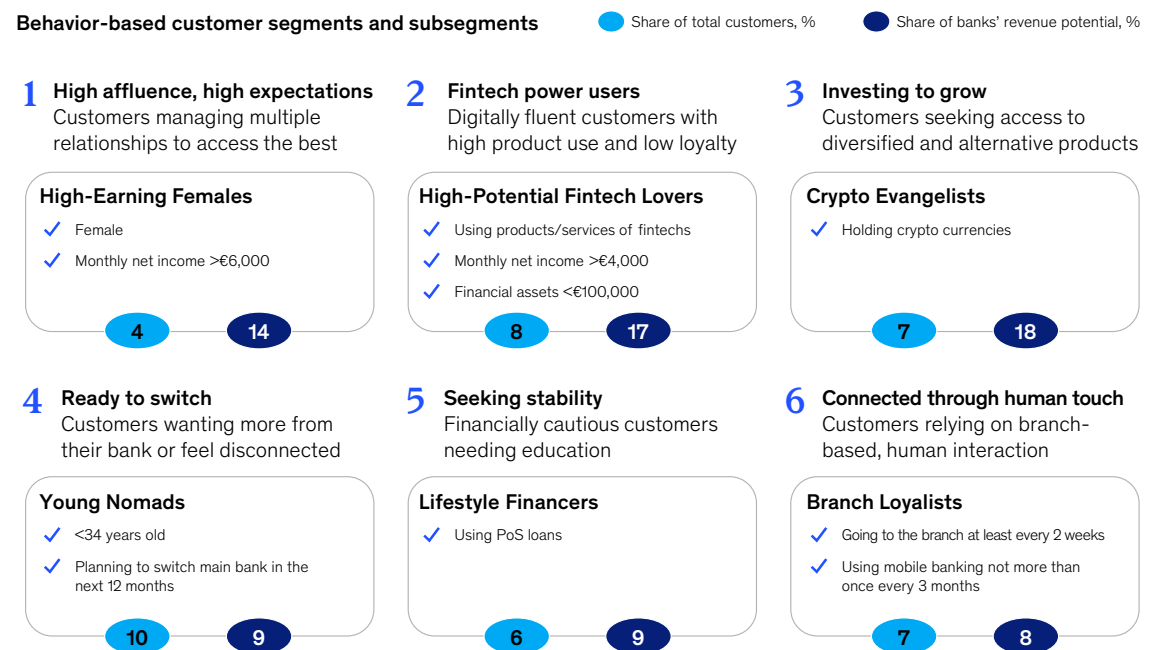
of customers have
four or more banking
relationships

Beyond income and age: The power of behavior-driven segmentation

Banks are facing a growing imperative to truly understand their customers. Yet, this task is becoming more complex as financial behavior diverges from traditional demographic markers such as age or income. Today, banks that understand their customers' preferences, attitudes, and behaviors can truly differentiate themselves to win those relationships.

While customer segmentation has long been a cornerstone in banking, the combination of greater data availability and advanced analytics now enables banks to go further—identifying underserved segments, tailoring offerings with unprecedented precision, and forging more meaningful relationships. By moving beyond static demographic models, banks can deliver more relevant, personalized, and engaging customer experiences.

Exhibit 3.5

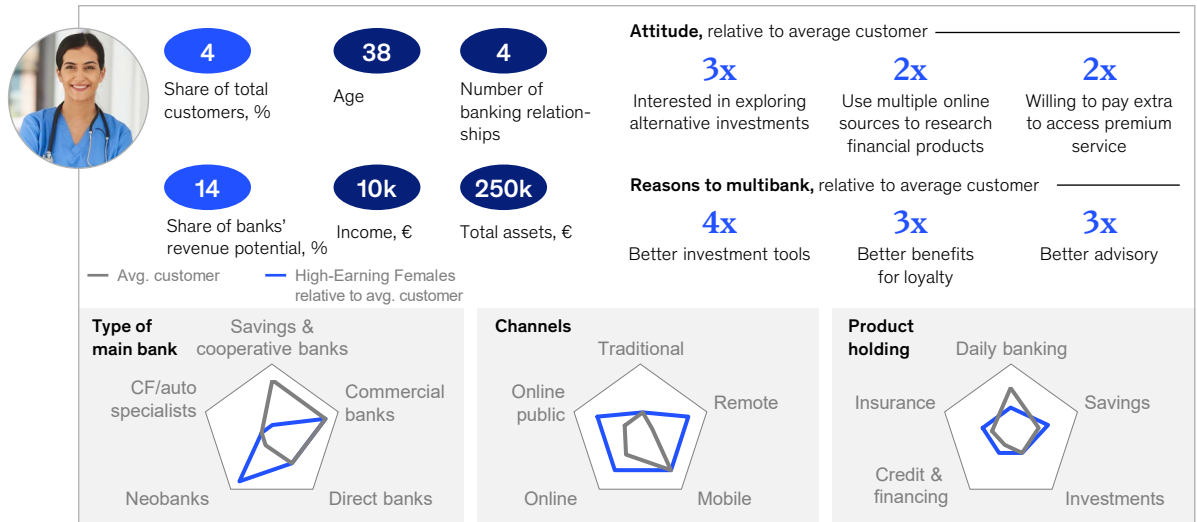


Source: McKinsey Retail Banking Survey 2025

To uncover these critical nuances, we adopted a behavior-led approach. Leveraging insights from the McKinsey Retail Banking Survey, we identified six distinct customer segments, each defined by a core behavioral pattern. Within these, we further delineated subsegments, differentiated by financial needs, channel preferences, switching intent, and engagement styles. These personas reveal unmet needs and growth opportunities that are often overlooked in traditional segmentation models.

Next, we will explore the characteristics of six customer subsegments, one for every core behavioral pattern, and provide actionable recommendations to help banks address unmet needs.

High-Earning Females— blind spot in affluent banking



The concept of affluence is evolving, requiring a more nuanced understanding of today's high-value customers. Income brackets alone no longer suffice to define this group; instead, their behaviors, values, and channel preferences offer a far more compelling and actionable perspective.

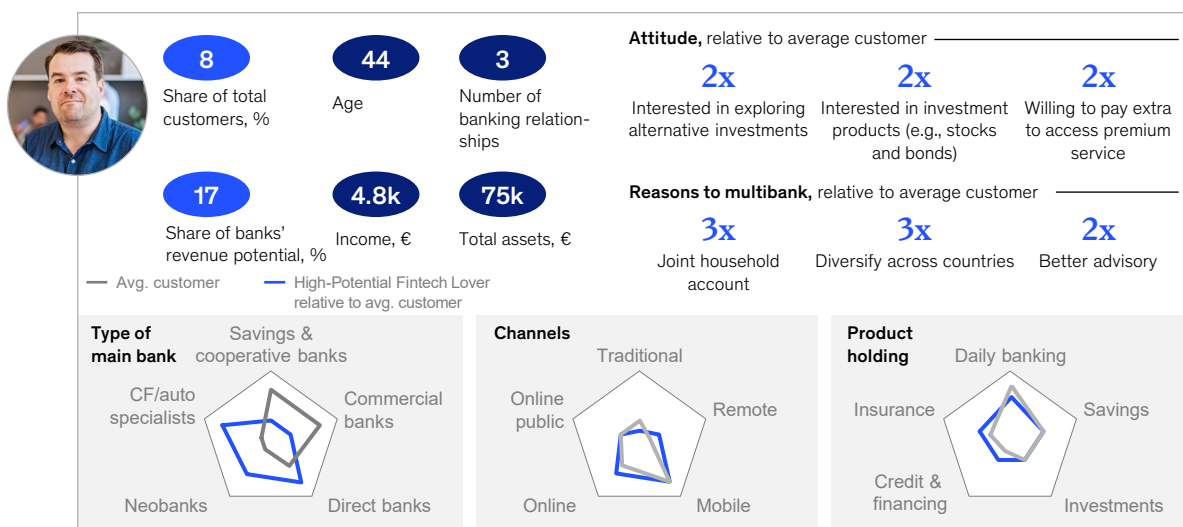
One emerging segment exemplifies this shift: High-Earning Females, defined as those earning €6,000 or more per month. This future-focused, high-potential group is on average six years younger than their male counterparts and boasts higher monthly incomes. As a younger demographic, they are highly digital, being four times more likely to engage through online chat, social media, or remote advisory channels. While High-Earning Females demonstrate a strong appetite for investing and have sufficient financial resources, only 34% of them hold investments in funds.

This behavior highlights a critical gap in institutional support. High-Earning Females are three times more likely to rely on blogs and comparison sites for financial guidance and three times more likely to turn to a new bank for better advice. This is a workaround, as traditional providers often overlook this segment and fail to address the distinctions of their needs in financial advice and education.

For banks, the opportunity is clear: to deliver accessible, high-quality advice and solutions that align with the ambitions and lifestyles of High-Earning Females who are willing and able to pay extra. The challenge lies in meeting this segment with:

- **Smarter guidance:** Proactive, data-driven advice and financial education tailored to their goals.
- **Intuitive tools:** Seamless, user-friendly platforms that empower informed decision-making.
- **Tailored service models:** Flexible offerings that align with their pace and preferences.

High-Potential Fintech Lovers— quest for speed and convenience



A new generation of younger, high-earning professionals (earning more than €4,000 per month, below €100,000 assets) is increasingly moving away from traditional banks. This emerging segment, referred to as High-Potential Fintech Lovers, represents one of the most attractive customer groups in the market. While they account for only 8% of total customers, they hold a disproportionately high share of revenue potential.

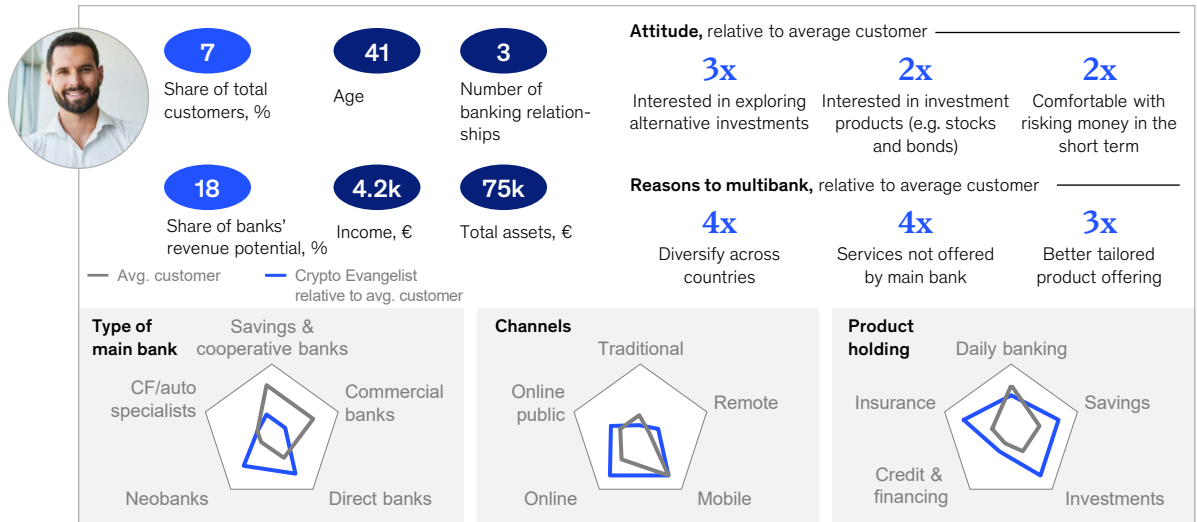
Despite their growing preference for fintechs, the full impact of this shift has not yet been felt. This is largely due to the demographic profile of the segment—while 50% are under the age of 44, customers' annual value to banks peaks after the age of 50.

This segment's shift toward fintechs is about control over their financial lives—High-Potential Fintech Lovers want to act quickly, compare broadly, and personalize their financial journeys. Their interest in investing is also pronounced: they are two times more likely to explore both alternative and traditional investment products. However, only few hold any investments, signaling a missed opportunity for banks to convert intent into action.

To capture this high potential segment, banks need to embrace fintech-style experiences. This means delivering:

- **Seamless digital journeys:** Frictionless, intuitive interfaces that match the speed and simplicity customers expect.
- **Flexible product choices:** Modular offerings that adapt to individual needs and preferences.
- **Smart, data-driven guidance:** Proactive, personalized insights that help customers achieve their goals while maintaining momentum.

Crypto Evangelists— forefront of investing



Within the broader group of emerging investors, Crypto Evangelists are a distinct and influential segment. Younger, more affluent, and two times more likely to hold a university degree, this group has already transitioned from intent to action. While other investor segments remain focused on traditional products, Crypto Evangelists are building diversified portfolios that blend cryptocurrencies with conventional financial products such as stocks, bonds, and funds. They are four times more likely to invest in funds and three times more likely to leverage credit cards and life insurance as part of their financial strategies.

Notably, this group views cryptocurrencies as a legitimate investment opportunity rather than a means to bypass the financial system. Their satisfaction and trust levels with financial providers align closely with the average customer, underscoring their integration into the broader financial ecosystem.

And their approach is anything but impulsive. Crypto Evangelists are digitally fluent, financially confident, and prefer mobile-first interactions. They engage via social media, chat, and remote advisory channels two times more often than other investors, seeking control, diversification, and smarter tools. They actively compare providers, demonstrating a high willingness to switch—but not for superficial reasons. Their loyalty shifts only for better platforms, more relevant offerings, and credible advisory services.

This group is not chasing hype; they are shaping the future of mass retail investment. To retain the trust and engagement of Crypto Evangelists, banks must deliver real value in the digital space. This includes:

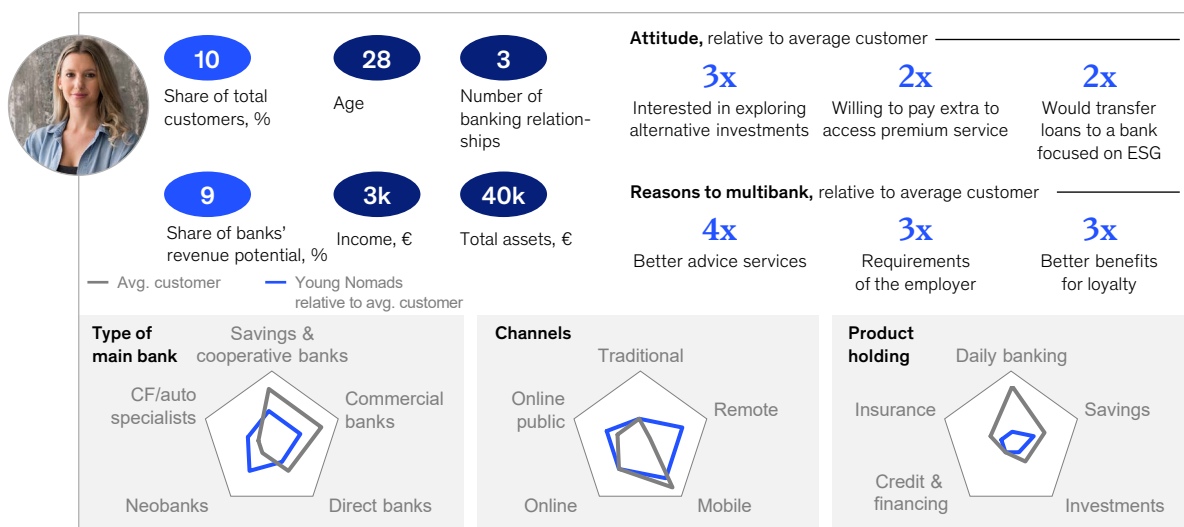
- **Curated access to alternative assets:** Seamless, secure, and transparent pathways to invest in crypto and other emerging asset classes.
- **Personalized education and insights:** Tailored content and tools that empower informed decision-making.
- **Guided support at pace:** Proactive, data-driven advisory services that align with their financial goals and digital preferences.



49%

of customers obtain credit and
financing products, including
mortgages, from their main bank

Young Nomads— ready to switch, looking for value and purpose



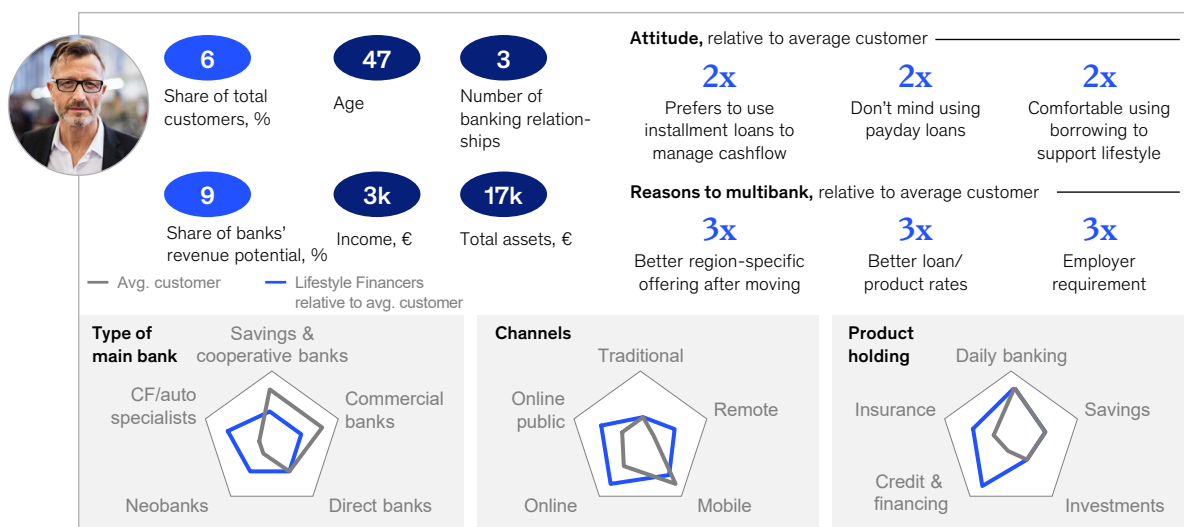
Young Nomads are younger customers (<34 years old) who are actively looking to change their main bank in the next 12 months. They already maintain more banking relationships than average and are highly likely to switch their primary bank when values, products, or service formats don't align. While digitally fluent, they still value personal support and are looking for the human touch in their banking relationships, being two times more likely to visit physical branches.

Young Nomads stand out with a clear expectation that banking should align with their beliefs. They are two times more likely to transfer a mortgage or loan to providers reinvesting profit in environmental or social causes, even at a higher cost. Similarly, they are twice as likely to pay for premium services that match their values or lifestyles. However, their product holding is below average across all categories, highlighting a clear opportunity for banks to offer purpose-driven solutions that resonate with this segment.

Meeting the needs of Young Nomads requires more than a strong user experience alone. It demands:

- **Credible ESG positioning:** A clear and authentic commitment to environmental, social, and governance priorities that resonate with this generation's values.
- **Accessible investment pathways:** Simplified, intuitive solutions that help customers translate their interest in investing into tangible action.
- **Human-centered advice:** Personalized, empathetic guidance that complements digital tools and builds trust.

Lifestyle Financers— prioritizing lifestyle over financial security



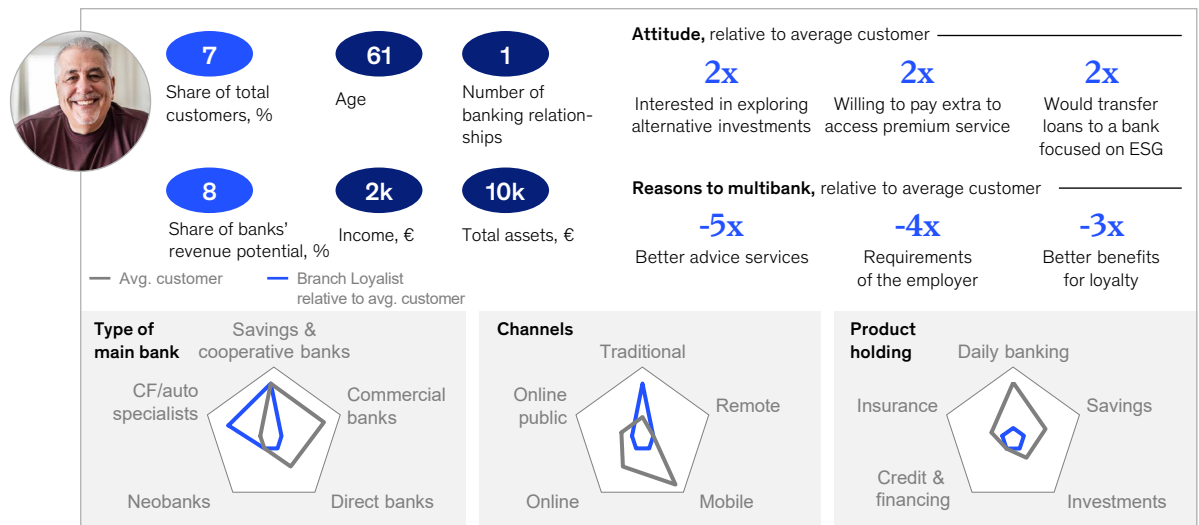
Lifestyle Financers represent a predominantly male, financially active, and digitally savvy segment, yet they face persistent financial insecurity. Despite earning above-average incomes, they hold limited assets and rely on borrowing as a strategic tool to manage liquidity and sustain their lifestyles. This segment maintains the highest number of credit products—ranging from overdrafts to PoS loans—and manages complex financial lives across an average of three banking relationships. They exhibit tactical switching behavior, frequently moving between consumer finance/auto banks, direct banks, and neobanks to secure better value.

What sets these customers apart is their willingness to engage across a broad set of financial products and providers. Price-conscious and value-driven, they actively seek better loan rates, better region-specific offerings, or stronger loyalty rewards. They are two to three times more likely to use online chat, remote, and even social media channels. While their satisfaction with banks tends to be lower, they are significantly more open to data sharing if it results in tailored offers, dynamic pricing, or premium advice—especially when it enables personalized deals or advisory support.

This is a segment that prioritizes relevance over relationships. Traditional retention strategies or bundled offers are unlikely to secure their loyalty. Instead, the opportunity lies in winning their business repeatedly by delivering:

- **Sharp pricing:** Competitive, transparent rates that appeal to their price sensitivity, leveraging data and machine learning effectively.
- **Targeted incentives:** Personalized rewards and offers that align with their financial behaviors and needs.
- **Effortless engagement:** Seamless, intuitive interactions that prove value every time they log in.

Branch Loyalists— where human interaction counts



Branch Loyalists represent a segment deeply committed to in-person banking and the providers that prioritize these services. Predominantly aged over 60, with below-average incomes, they primarily bank with cooperative and savings institutions, maintaining long-standing relationships built on trust and familiarity.

This segment views banking as a service to be experienced rather than optimized. Branch Loyalists are three times more likely to visit branches regularly, while mobile banking, digital tools, comparison sites, and peer-to-peer applications play little to no role in their financial routines. Their product engagement is similarly limited—only 35% hold a credit card, 12% have investment funds, and 42% rely on basic savings accounts.

Loyalty within this group is driven by default rather than active choice, as long as core needs—reliable in-person access, familiar staff, and consistent service—are met. For those with secondary banking relationships, these are often maintained out of inertia rather than due to dissatisfaction.

Retaining this customer segment, characterized by below-average income and limited product holdings, requires banks to strike a balance between fostering human connection and maintaining profitable service models. To achieve this, banks should prioritize:

- **Reliable personal support:** Continuity of service and nurturing familiar staff relationships, where economically sustainable.
- **Tailored pricing models:** Pricing structures for in-person services that reflect the value placed on human interaction while working with the segment's inherent loyalty.
- **Gen AI in customer service:** Gen AI solutions to complement in-person interactions, enabling a human-centered experience while reducing cost-to-serve.

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Research team and proprietary assets

The authors would like to thank Alexandra Gatermann (Capabilities & Insights Team Specialist, Frankfurt), Belian Kiss-Borlase (Sr. Research Science Analyst, PFIC Panorama, Budapest), Birgit Teschke (Capabilities & Insights Expert, Frankfurt), Ciro Knoll (Analyst Finalta by McKinsey, Frankfurt), Daniel Pietzker (Associate Director Finalta by McKinsey, Frankfurt), Jan Walden (Capabilities & Insights Senior Analyst, Frankfurt), Jay Datesh (Capabilities & Insights Expert, Budapest), Rolf Hensgens (Senior Knowledge Analyst, Düsseldorf), Stanislaw Slubowski (Capabilities & Insights Expert, Budapest), Tanuj Sachdeva (Manager of Research Science, PFIC Panorama, London), and Wilram Schmidt (BA Graduate, Frankfurt) for their research contributions.

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