



Student Metrics: Banking and Insurance for Students in the UK

Report Prospectus

October 2007

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Prospectus contents

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What is the research?

Finaccord's report titled *Student Metrics: Banking and Insurance for Students in the UK* is a study about the provision of financial services to the 2.25 million students enrolled in further and higher education in the UK. Approaching this issue from the broadest possible perspective, this report investigates the market for current accounts and other banking products held by students, such as interest-bearing savings deposits, credit cards, mortgages, personal loans and car finance contracts, in addition to the specific issue of student debt. Furthermore, among other analyses, the report quantifies the market shares of leading banks as providers of student accounts and benchmarks the performance ratings of each as measured by their own student customers.

In addition, the *Student Metrics* investigation also casts light on the under-researched market for insurance bought by students. Indeed, it quantifies the total sum likely to be spent on insurance by students in 2007, breaking this down between classic student contents insurance and other types of insurance bought by this constituency including motor insurance, insurance for valuable mobile or portable items, sports insurance and travel insurance. Moreover, among students who have not taken out student contents insurance, it also investigates the amount that they would be willing to spend on this type of policy and quantifies the percentage of students who would not acquire this form of insurance in any circumstances.

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What is the rationale?

There are a number of reasons for producing this report titled *Student Metrics: Banking and Insurance for Students in the UK*. First and foremost, this is the first ever published research on the subject that is both comprehensive in its coverage of both student banking and student insurance and is based on a robust sample. Indeed, while other studies focus on student lending, in particular, this report extends coverage to other aspects of student banking including a unique benchmarking of the performance of the main providers of current accounts to students in the UK. Furthermore, it also provides detailed insight for the first time into the market for insurance bought by students.

While the market for student banking and insurance is something of a niche within the wider market for consumer financial services in the UK, it is, nonetheless, a fairly large and strategically importance niche.

Moreover, it is also the case that a significant proportion of today's students will become tomorrow's above average and higher earners, a constituency that is obviously attractive to providers of financial services. Indeed, the strategic importance to banks of student customers is underlined by a key finding from Finaccord's research which shows that the vast majority of students expect to continue the relationship with the bank holding their main current account once they have completed their studies.

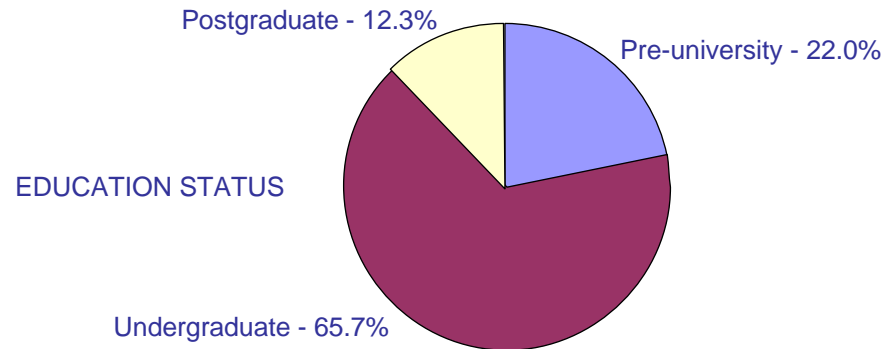
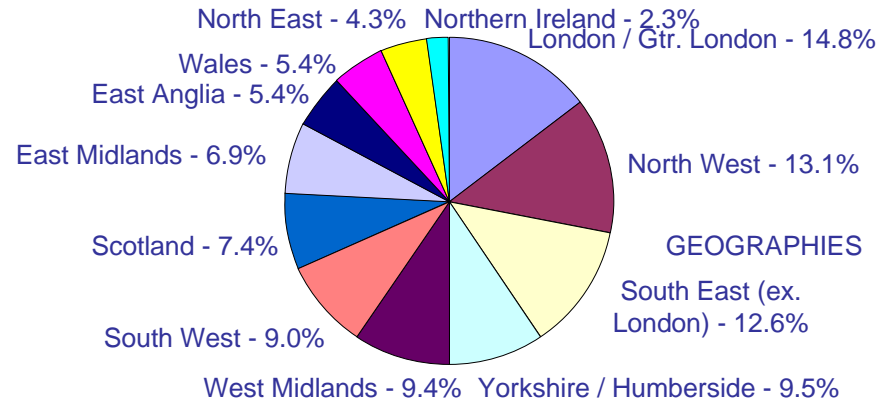
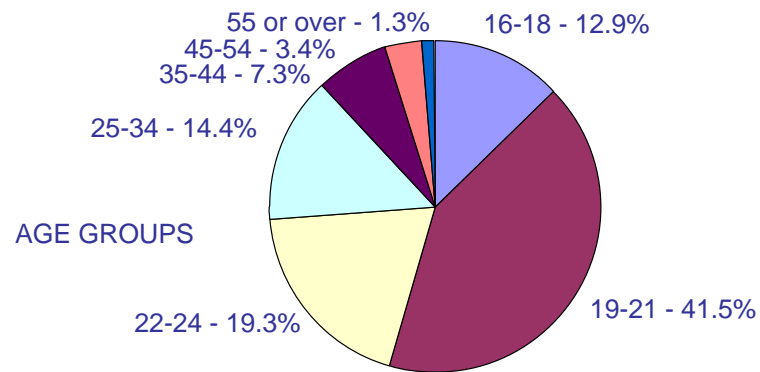
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What methodology has been used?

The research for this study was carried out between June and October 2007 using the Internet consumer panel of Tpoll. In total, completed surveys were filled in and submitted on-line by 1,195 students breaking down by age group, geographical location, education status, student status, nationality and subject studied as illustrated in the charts on the following two slides.

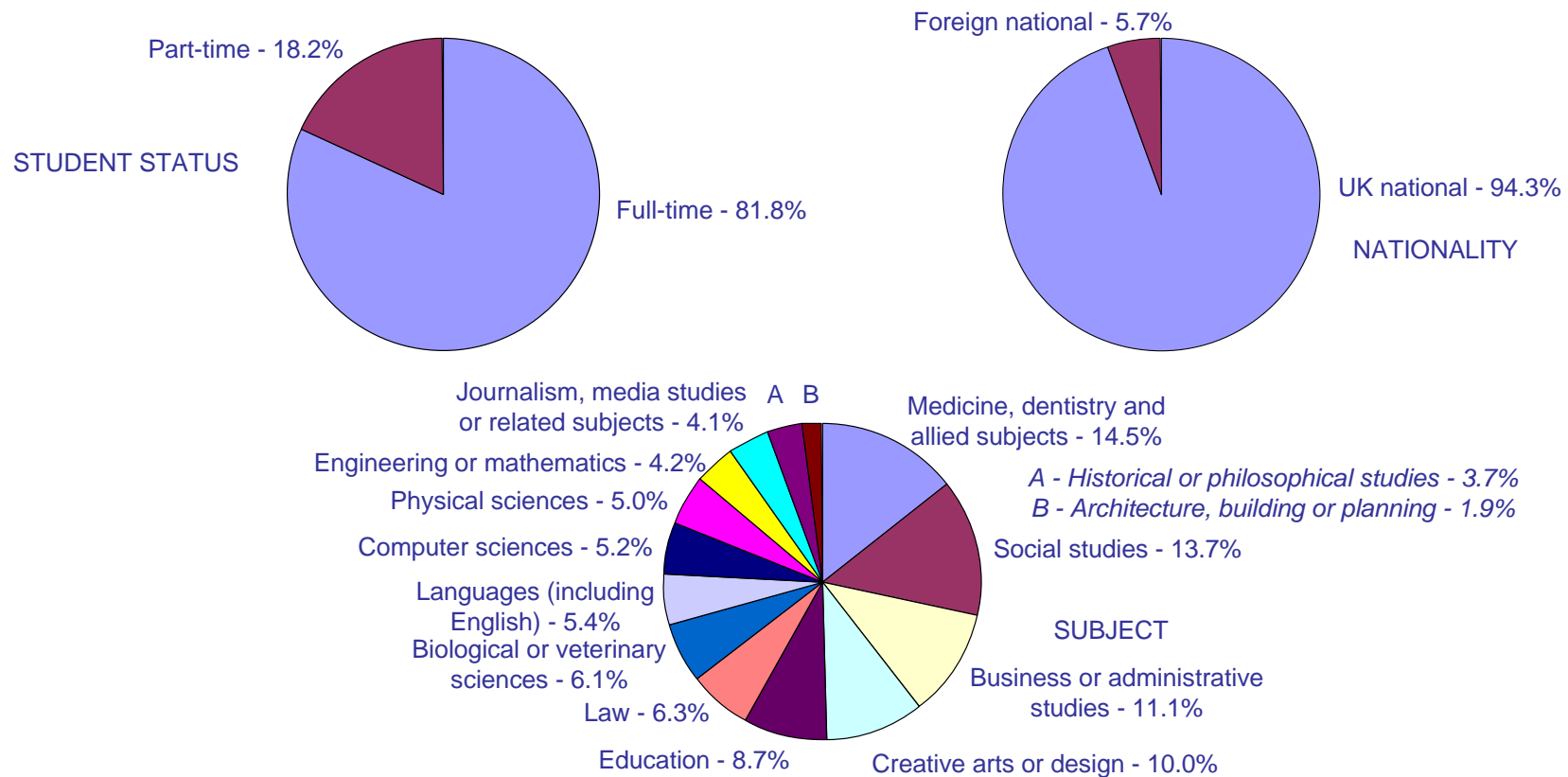
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How does the student sample break down? (1)



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How does the student sample break down? (2)



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What is the report structure?

0. *Executive Summary*: providing a concise evaluation of the principal findings of the report.

1. *Introduction*: offering rationale and a detailed description of methodology.

2. *Student Banking*: this chapter incorporates data and analyses in the following main areas: holdings by students of current accounts; holdings by students of other banking products; and student debt. Indeed, the chapter includes coverage of areas such as bank market shares of current accounts held by students, student criteria for choosing their current account provider, student use of overdrafts and the importance of the Student Loans Company within the overall market for student debt.

3. *Bank Performance*: This chapter provides metrics for the performance of major banks serving students covered by the research as provided by student customers using each as the provider of their main current account. The banks in question are, in alphabetical order: Abbey; Alliance & Leicester; Bank of Scotland; Barclays; Halifax; HSBC; Lloyds TSB; Nationwide Building Society; NatWest; Royal Bank of Scotland; and a basket containing any other banks used by students as their main provider.

4. *Student Insurance*: This chapter incorporates data and analyses in the following areas: holdings by students of classic student contents insurance; distribution interfaces and channels used by students for taking out student contents insurance; and other types of insurance bought by students including motor insurance, insurance for valuable mobile or portable items, sports insurance and travel insurance. Moreover, the chapter concludes with data providing an estimated value and segmentation of the market for insurance bought by students in 2007.

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What are the key features of the research?

Key features of this report include:

- systematic coverage within a single study for the first time ever of the markets for both student banking and student insurance;
- market shares of banking institutions for both primary and secondary banking relationships held with students;
- unique performance benchmarking of the leading providers of bank accounts to students as measured by the students themselves with specific coverage of Abbey, Alliance & Leicester, Bank of Scotland, Barclays, Halifax, HSBC, Lloyds TSB, Nationwide, NatWest and Royal Bank of Scotland;
- analysis of the distribution channels and interfaces used by students to acquire student contents insurance;
- unique quantification of the market for insurance bought by students segmented between classic student contents insurance, motor insurance, sports accident insurance, travel insurance and various classes of product insurance, such as bicycle insurance and mobile telephone insurance.

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How can the research be used?

You may be able to use this report in one or more of the following ways:

- gain cost-effective access to a source of data and insight which provides you with the complete picture of the market for student financial services in the UK, thereby helping you to understand the concerns and needs of students in this field;
- many of the students of today will be the high earners of tomorrow hence it is important to understand the success of banks in establishing primary banking relationships with students;
- appreciate which banks are most and least well-regarded by their student customers and which aspects of their service are generating the highest and weakest rates of satisfaction;
- evaluate the optimum distribution strategy for marketing student contents insurance and other forms of insurance bought by students armed with unique and up-to-date distribution channel and interface data;
- understand the size and breakdown of the market for insurance bought by students and the likely annual value of the different types of policy acquired.

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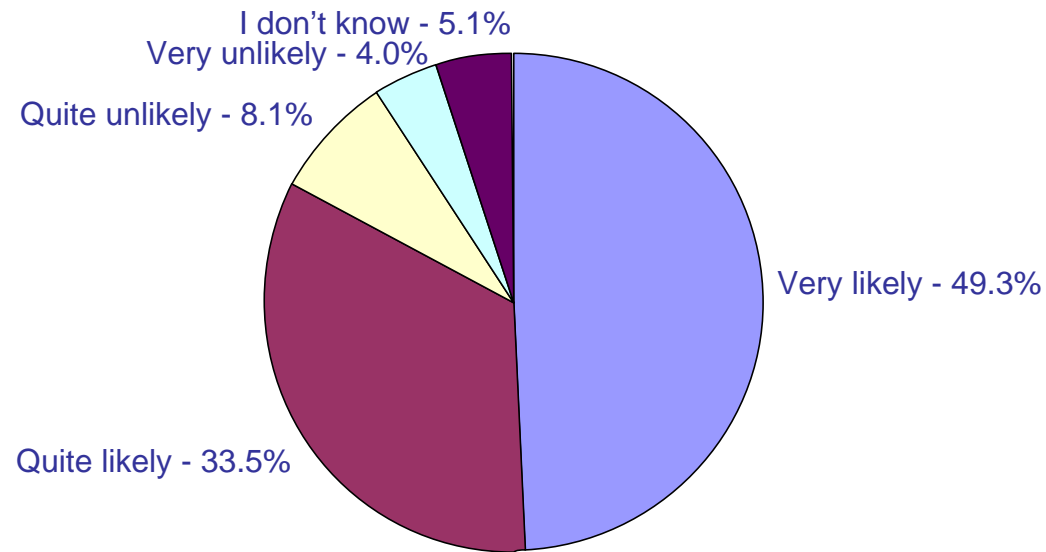
Who can use the research?

1. *Banking institutions*: this study offers the most detailed published research ever on the subject of student banking, broadly defined, in addition to student debt and underlines why banks and major building societies should be competing for student customers;
2. *Insurance companies*: the research shows that students are likely to spend well in excess of £500 million on insurance in 2007 meaning that, in aggregate terms, it adds up to a significant tranche of the total personal lines insurance sector in the UK;
3. *Affinity partners*: in keeping with mainstream customers, students can be reached through alternative distribution channels such as automotive companies, media entities, the Post Office, retailers, telecoms and utilities firms, and not-for-profit organisations, including the educational institutions at which students are enrolled;
4. *Management consultancies*: are you helping any of the three aforementioned types of organisation to develop a strategy or to improve its performance in the market for student financial services? If so, the *Student Metrics* report could provide you with valuable data and insight into this under-researched sector.

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What are some of the key findings?

1. The vast majority of students are likely to continue using the provider of their main bank account once they have completed their studies

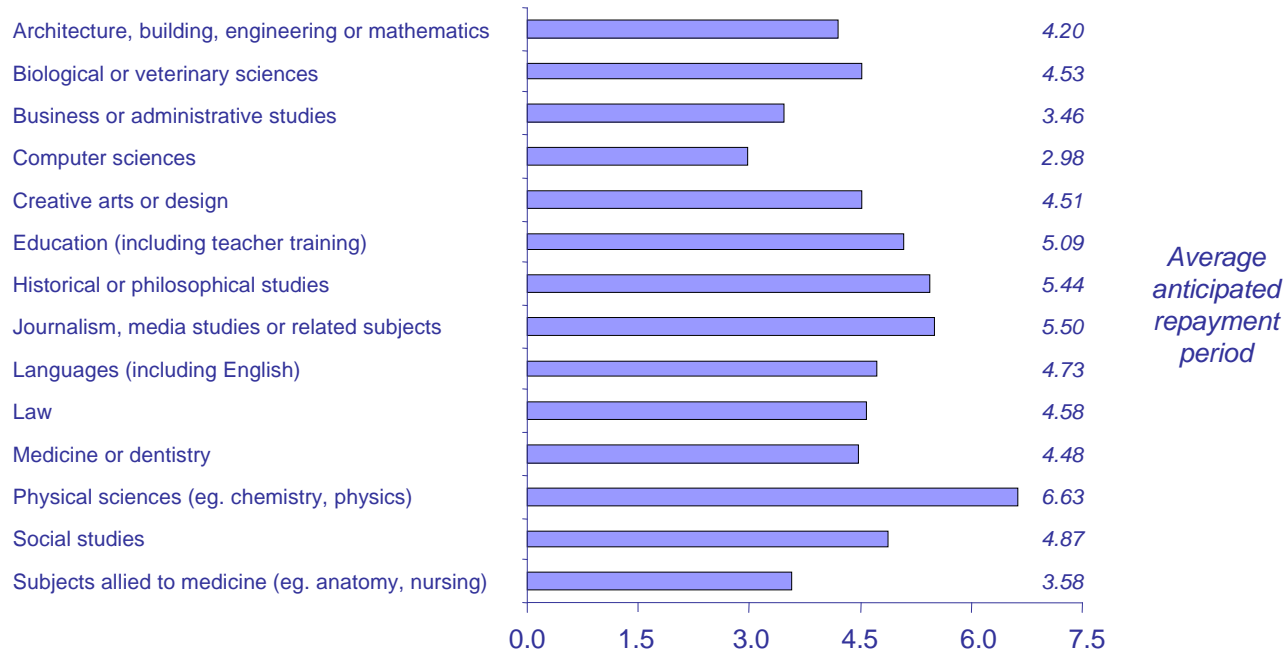


Source: Finaccord analysis of Tpoll survey

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What are some of the key findings? (cont.)

2. Students of computer sciences and business or administrative studies are the most hopeful of repaying their student debt in rapid time

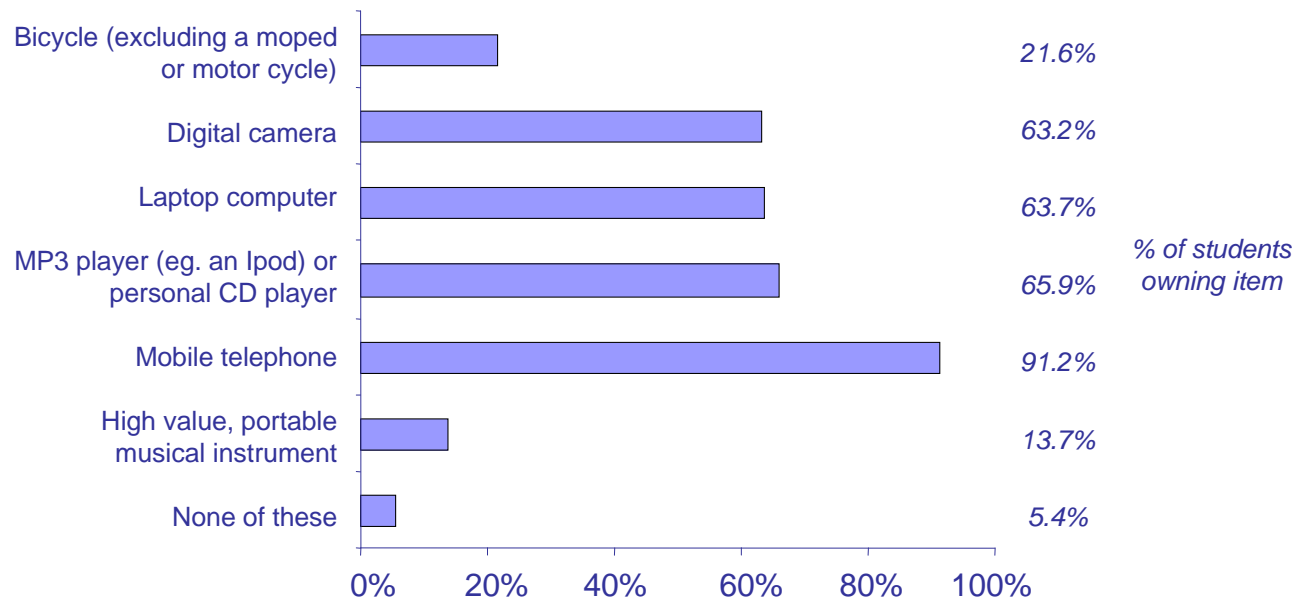


Source: Finaccord analysis of Tpoll survey

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What are some of the key findings? (cont.)

3. Students frequently own a variety of high value items that can be insured through student contents insurance or stand-alone policies



Source: Finaccord analysis of Tpoll survey

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What are some of the key findings? (cont.)

Key findings from the executive summary include:

- concerning the satisfaction levels of students with aspects of the service offered by the bank holding their main current account, rates of satisfaction are highest for the quality of the Internet banking service offered given that 50.4% of respondents declare that they are very satisfied and 37.0% that they are quite satisfied;
- with respect to the current levels of net non-mortgage debt held by students, 20.3% of respondents to the survey claim to have no net non-mortgage debt whatsoever as a consequence of the fact their easily accessible savings outweigh their debts;
- the potential for student travel insurance is clear from the finding that 52.6% of survey respondents have undertaken significant travel during the last year with this having been defined as travel abroad for any period or travel within the UK for more than a week at any time;
- while the market for student banking and insurance is something of a niche within the wider market for consumer financial services in the UK, it is, nonetheless, a fairly large and strategically importance niche for financial services providers.

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What is the cost and format?

Student Metrics: Banking and Insurance for Students in the UK is available as a standard Adobe Acrobat PDF document and / or hard copy. Costs for this research and a selection of sister consumer titles are as follows:

REPORT	COST *	FORMAT
Student Metrics: Banking and Insurance for Students in the UK	£1,495	c. 100 pages
Net Metrics: Purchasing and Researching Trends in UK Insurance / Banking (two sep. reports)	£1,495 / £1,495	c. 150 pages
Partner Metrics: Consumer Awareness of and Willingness to Use Alternative Providers in UK Fin. Svs.	£1,795	c. 220 pages
Risk Metrics: Consumer Concern for and Acquisition of Insurance for Everyday Risks in the UK	£1,795	c. 290 pages
Savings Metrics: Consumer Attitudes towards and Behaviour in the UK Savings Market	£1,495	c. 130 pages

VAT at 17.5% will be added to the basic price except for where the request is for hard copy only.

Costs quoted are for a single site user license only.

For a corporate user license, an additional 10% of the basic cost is payable.

Printing and postage costs of £30 per title will be payable if hard copy is required.

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How can the research be purchased?

Simple. Just go to the relevant area of the Finaccord web site - <http://www.finaccord.com/uk/order.php> - and fill in the on-line order form, clearly indicating the report that you require, whether you also require a corporate user license, the billing name, address and e-mail address, and the purchase order number, if applicable.

Please allow one working day for the delivery of electronic copy and one working week for the arrival of hard copy.

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