

First Direct comes of age

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Introduction

Much has been written about First Direct over the years, from its launch as the UK's first telephone bank in 1989 to its enviable figures for customer satisfaction and recommendation ever since. In its teens, First Direct has not just grown considerably; it has also been reborn as a multi-channel service provider, as significant an innovation as its original conception. As the bank reaches eighteen, the time seems right to mark the maturing of First Direct as one of the UK's most successful consumer brands, which is now making healthy profits to go with its countless awards for customer service. This case study examines the culture that has evolved to sustain the powerful franchise, and looks at the communications and innovation strategies that First Direct has pursued along the way, as well as how it engages its people to produce these results.



We start with a brief background on the journey that the bank has undertaken thus far. This is followed by a discussion of First Direct's distinctive channel strategy for both customer acquisition and customer service. We then describe the customer insight processes in which First Direct has invested heavily, and the bank's marketing communications approach. Finally, we discuss First Direct's most distinctive feature - the highly customer-focused culture as embodied by its people and values.

The case study is based on:

- A presentation given by First Direct for the Service Excellence Awards in June 2004
- A presentation given by First Direct's Communications Manager Matthew Higgins at the Service Excellence seminar in St Paul de Vence, November 2004
- A presentation in Cranfield by Paul Say, Head of e-marketing in April 2005
- Interviews in 2005 and 2006 with Paul Say; Graham Smith, Head of Market Planning; Clare Haythorne, Head of Product Development; and Darren Nockels, Head of Customer Marketing
- Various secondary sources from 2005 to 2007.



Background

When First Direct was launched on 1st October 1989 as the UK's first 24-hour telephone banking service, it was designed to cater for the growing number of people who either didn't have time to visit their bank branch, or didn't enjoy doing so. Behind the launch was Midland Bank, now the UK arm of HSBC, which assembled a team to create 'Project Raincloud'. The project was a response to a growing desire the Midland had identified, particularly among younger consumers, to have greater control over their financial affairs and to carry out transactions at a time – and in a way – that suited them. The rationale was that people who chose First Direct elected for the simplicity and immediacy of picking up the telephone.

The bravery of the concept was applauded in some quarters, but there was no shortage of sceptics in the financial services industry who said that the idea would not work, given the backdrop of the highly conservative retail banking industry in the 1980s. At the time the branch was still the main channel of distribution for players like high street banks, life insurance companies and building societies. First Direct can indeed claim to be one of the pioneers of the direct telephone-based channel which has today become ubiquitous.

The advent of the Internet has fundamentally changed that initial concept, as First Direct's customers gradually adopted online banking, and the organisation moved to what is now essentially a dual channel service. The first PC banking facility was introduced in 1997, and a full internet service was launched a couple of years later. The take-up since then has been dramatic, with around 80 per cent of all transactions now carried out online – a proportion that has been growing fast year on year. First Direct wasn't the first to enter into the online banking space, but its customers are far more technologically savvy than customers of traditional banks, more than 80 per cent using the Internet, while more than 85 per cent have mobile phones. More remarkable, perhaps, is the fact that First Direct passed the point of half of its customers having broadband access as early as 2004.

Paul Say, head of e-marketing, saw this juncture as "a tipping point," as the pipeline of new customers is increasingly dominated by those who have grown up with the Internet – digital natives where their parents were digital immigrants. He argues that, thanks partly to broadband, the Internet experience has improved dramatically and is now comparable to speaking to one of First Direct's customer representatives on the telephone. Customers' growing use of the Internet to conduct their banking is driven, he believes, by the sense of empowerment that comes from taking control of their own finances.

Over the years, the bank has spawned many imitators - initially from the likes of NatWest's PrimeLine which followed the telephone route, and in recent years in the form of internet banks such as Egg, Cahoot, Intelligent Finance and Smile, all of which have sought in varying degrees to emulate

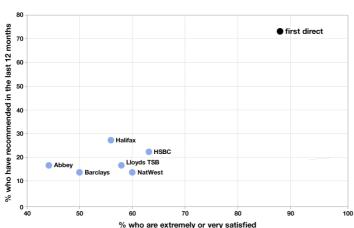




First Direct's customer focus and service levels as well as their channel strategy. These were followed by a wave of "supermarket " banks from Tesco, Sainsbury's and so on, which First Direct now regards as being at the forefront of its competition.

The extent to which First Direct has managed to stay at the front of the pack is indicated by the volume of recognition it continues to receive. In 2004, it was the overall winner for the second time in the Service Excellence Awards sponsored by Unisys and Management Today, and gained the Customer Focus Award at the National Business Awards sponsored by Orange, and among many other accolades it was voted best current account provider and best mortgage provider at the Guardian/Observer Personal Finance Awards. In 2005, it won the Best Online Bank or Building Society from Online Finance. During 2006, it was the winner of Best Internet Banking Service from the Review Centre Awards, while as an employer it made it onto the list of Sunday Times 100 Best Companies to work for. And as it reached 18 in 2007, it was nominated The Employer of the Future by Mother at Work Awards.

Figure 1: First Direct's impressive customer advocacy



Source: NOP

First Direct executives seem proudest, though, of its extraordinary satisfaction and recommendation ratings. According to NOP and MORI data First Direct is the most recommended bank in the UK for each of the last 13 years - a natural result of the statistic that, according to NOP and MORI over the same period, First Direct has had the highest number of satisfied customers of any UK bank (Research International Nov to Dec 2006 & MORI). As the bank reports that one in three customers joins First Direct due to a personal recommendation, lowering acquisition costs considerably, the recommendation level is not surprisingly a key metric internally.





Customer Acquisition

Fast forward 18 years from launch and First Direct has built up a base of around 1.2 million customers, with profitable operations since 1995 under its belt. Its customers are served by 3,400 employees working from two sites in Leeds and Hamilton, and along with its initial current account offering it now provides a wide range of products including mortgages, personal loans, credit cards, insurance, and investment products such as ISAs and share dealing.

The Internet is not just important as a service channel: it has also been rapidly growing as a channel for acquiring new customers, and is now in the bank's top three along with direct mail and personal recommendation. The company uses banner ads and pop ups on a broad range of websites - from news sites like those of the Financial Times and The Guardian to sports and entertainment sites - to drive customers to its website. But some are also pointed there by advertising in other media. The bank's use of TV and press is intermittent; both are expensive, and while TV is considered to exercise a "halo" effect on other advertising, it seldom drives somebody to apply for an account on its own. Mailshots, though, play a significant part in recruiting new customers: in a typical mailing, around 1 million to 1.5 million letters may be sent out, with up to 200 different combinations of creative work and incentives. By carefully tracking response rates from source codes, First Direct can see what works and what doesn't, with the help of its well integrated customer database - a competitive advantage resulting from First Direct's greenfield beginnings in the relatively recent past of 1989, long after the major banks' main operational systems were developed. Outbound telephone calls play no part in recruiting new customers: cold calling in this way is considered at odds with First Direct's culture.

There is a strong awareness of the interaction between different media and the need to carefully balance activity. When First Direct launched a particularly heavy television advertising campaign several years ago, it had unexpected and undesirable consequences: the new customer team were overwhelmed by the volume of calls coming in, which meant potential customers' first experience was not good; the calls overflowed to the main call centre, which reduced the quality of service for existing customers; and one final, unanticipated effect was that existing customers were prompted by the TV commercials to ring up their bank for a balance, thus boosting the level of demand even further.

The e-channel accounts for around 43 per cent of the total product sales by volume, though this is naturally skewed towards the relatively "low involvement" products such as savings accounts and personal loans where Internet penetration is greatest. Market planning plays an important role in deciding what proportion of sales will be targeted in each channel, and First Direct is able to track the income generated in each case. The credit is given to the channel in which the sale is fulfilled, though in the





case of a mortgage, some credit is allocated for "agreement in principle" if the customer then switches to the telephone channel.

Underlying First Direct's dual channel model is the fact that online transactions are far less expensive than those handled by telephone. One internal estimate puts the "cost per login" at just 15 pence, while a phone call is costed at around £2. Until recently, First Direct's philosophy has been to let the customer choose their preferred channel without any penalisation or incentivisation to reflect this cost disparity. This stance began to shift for the first time in February 2005, when a new enhanced rate was introduced for e-saver and mini-cash ISA products which could only be purchased online. The intention is that you can only obtain service for these products online - although it is unclear how strictly the bank would enforce this position. Since it is the ongoing service that provides the vast bulk of the cost, it is even envisaged that the call centre may in time be allowed to sell e-products, while the service element is restricted.

In addition to built-in incentives in savings rates, First Direct encourages customers to buy online through one-off incentives. In a campaign called Shake Up Your Finances, it offered customers £20 if they applied for certain products online. Like others, the bank has run campaigns offering customers £50 as a one-off incentive to switch their banking to First Direct. More creatively, though, it recently launched an incentive aligned with its positioning on customer service: any new First Direct joiner who wasn't satisfied could switch to another bank and be given £100!

Figure 2: Incentives to buy online



pocket the difference... you could save 10% if you buy online



£50 when you switch and try something different

A second strand to channel incentivisation is about encouraging customers to become more active in their use of the online channel. As well as checking their balance online, First Direct encourages its banking customers to carry out other transactions such as bill payments via the Internet. In one campaign, customers paying a bill online were entered into a prize draw in which the prize was to have all their bills paid for them that



month, up to £2,000. An e-newsletter sent to 300,000 customers highlights the full scope of what is available through online banking.

A key issue in building online channel usage that First Direct has identified is that of confidence. Some customers go online to check a balance, then telephone to make a bill payment. Others make the bill payment online, then phone to check it has gone through. The web team has worked at how to make screens as explicit and confidence-building as possible to make such channel-hopping unnecessary.

One of the challenges for First Direct has been to replicate the quality of service which its customers clearly value in telephone calls, in the online sphere. The aim has been to create "Internet banking with First Directness" in which customers feel they have the same type of relationship as they would over the phone. High satisfaction scores recorded in the Virtual Online Banking Survey suggest that First Direct has achieved some success in this regard.





Easy Dealings

From the outset, ease of use has been a fundamental part of the First Direct proposition. This was witnessed initially in being the first 24/7 bank – the bank hasn't closed for a single day in 18 years – and it has been steadily enhanced through developments such as Internet banking and SMS texting. It is significant that there is a distinct bias of technophiles in First Direct's customer base, which has driven the bank to offer a range of integrated channels for customers, while providing the customer service representatives with the process support they need to deliver best-in-class service. 70% of the customers are using internet banking and 38% of customers are using text based banking, making First Direct the largest text messaging bank in the UK with 3.5 million texts sent every month.

Integrated Channels

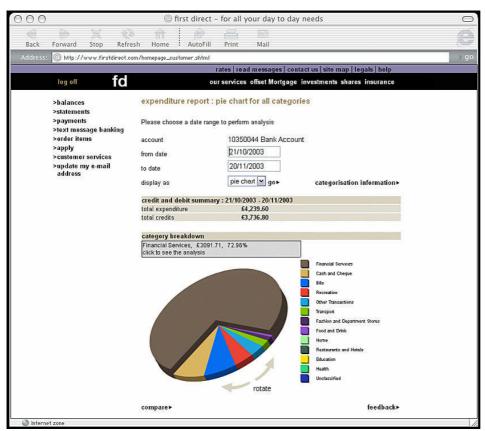
First Direct has been a keen innovator in terms of the offering on each channel as well as integrating the service offering across channels to provide a seamless customer experience.

This is demonstrated in the online banking experience. In 2003, it initiated a trial with 40,000 customers of a service that enables them to view their finances through a series of graphs and pie charts, with the aim of providing real insight rather than just raw numbers - see Figure 3. This is being taken to the next level, enabling customers to now see the various "pots of money" that they could be saving for that new car or amazing holiday.





Figure 3: First Direct's Innovative presentation of customer finances

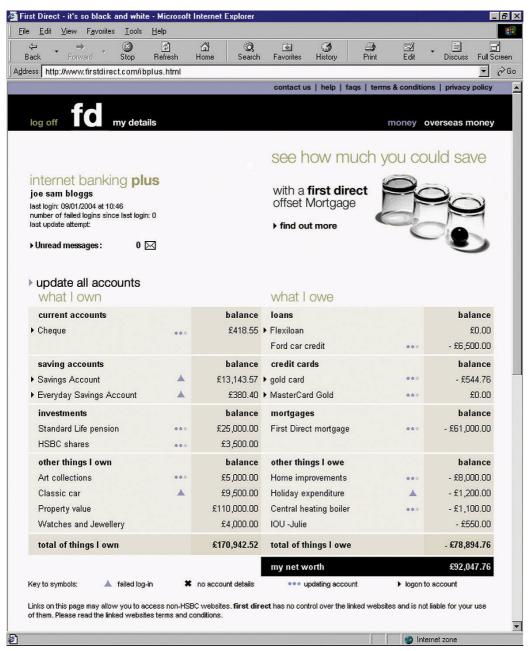


Another innovation is Internet Banking Plus, an account aggregation service that allows customers to bring all of their finances, emails and reward programme together in one place with a single password (see Figure 4).





Figure 4: First Direct's Account Aggregation Service



The bank was surprised to find that customer satisfaction levels have been maintained and, if anything, risen as more customers used the Internet. One explanation for this is that, as people call up less often, they tend to do so when the issue is more important. So the response is more critical, and if a call is well-handled, the satisfaction is higher than it would have been for a less important issue. This explanation is consistent with the observation that call durations have gone up as their volume has gone





down: the savings made from low online transaction costs can readily allow the service representatives to spend as long as they need when the customer does phone up, and indeed First Direct has never targeted its call centre staff on call duration.

As calls become less frequent, then, they do not become less important in the overall relationship, as First Direct clearly recognises in some of its customer communications which actually encourage phone calls — see Figure 5 for a mailing received by one of the authors. As Paul Say puts it: "What the e-channel's doing is taking out certain transactions, and it's encouraging the user to engage you in a more powerful dialogue. Our customer representatives will be able to provide more outstanding service that will be more sales related than service related. And it means that the reps are now being coached and trained and up-skilled. With co-browse and text chat, they'll learn a whole set of new ways to interact."

Figure 5: First Direct's direct mail - encouraging multi-channel use



Mobile phone texting is another area where First Direct has been innovative. More than 390,000 customers have taken advantage of a service which advises them on such matters as when their salary has been banked, and when they are about to become overdrawn. As a customer, you can also use the service to get a balance, and to check recent transactions (see Figure 6 for an example).



There has been some exploration of SMS texting as a cross-selling device, but it has some constraints. The size of the screen on a mobile phone limits the amount of information that can be displayed, while regulation decrees that interest rates cannot be declared without lengthy legal disclaimers. So the use of mobile texting as an outbound tool was initially limited to fairly generic prompts about products and services, with just 5,000 product sales being attributed to SMS marketing by 2004, though this has now grown to about 2.6 million outbound texts being sent out every month.

Figure 6: Mobile Text Service



First Direct customers, then, are free to pick and mix between channels, particularly with regard to an activity such as managing their current account. The more complex the transaction, the greater the likelihood that a customer will seek to switch channels from online in order to have an agent on the other end of the telephone who can help them. At First Direct, this occurs most commonly with someone who is applying online for an offset mortgage, which is a fairly long and involved process. First Direct has introduced a technology called Click 2 Call, which presents an online button with the invitation to switch to a telephone representative. The applicant enters their telephone number and receives a call back to continue the application process – the bank can even predict the likely drop out points.

This multi-channel service would not be possible without well integrated internal systems, which we will turn to next.



Systems and processes

A striking feature of First Direct throughout has been the integrated approach: whether you communicate by phone, written correspondence or the Internet, service representatives have a single customer view, encompassing all interactions via different channels, as well as the range of products held, customer preferences and so on. Coupled with a high level of connectedness in First Direct's systems architecture, and a culture of empowerment, this integration leads to more than 90 per cent of customer requests being handled at first point of contact, usually without any 'passing off' of calls.

First Direct's CRM system is the glue that holds everything together. It allows an agent in the call centre, for example, to see that a customer on the telephone has just paid a bill online, and that they applied for a new product when they last called the bank, shortly after they received a related product mailing. A further planned area of convergence will involve a First Direct agent engaging in a text chat in response to a request from a customer who is online. They will then be able to switch to "co-browsing" whereby both customer and agent are looking at the same screen, and are able to iron out any difficulty. This is a technology being transferred from HSBC, where it has already been used extensively.

Service recovery is taken seriously by First Direct: it has a set of principles which provide guidance on dealing with service issues. Most areas of the business have explicit service levels, complaint satellite teams, and a Service Recovery 'champion'. First Direct says that 97 per cent of its service issues are resolved within 48 hours, and 95 per cent in 24 hours.

Finally, it's worth mentioning here the First Direct approach to account transfers. Through research carried out by BMRB, the bank discovered that apprehension about transferring details such as direct debits and standing orders was a major obstacle to winning new customers. As a consequence, it made transfers a priority and set up a process – EasySwitch – run by a dedicated team. The remit is to go way beyond the service level required by the industry's code of conduct in this area: for example new accounts are monitored for 8 weeks to ensure that all transferred transactions are going through without error; the date of transfer is spelled out clearly to the customer; and if a mistake is made by First Direct, it automatically pays £20 compensation.



Understanding Customers

First Direct uses many conventional techniques for customer research. It sends a questionnaire to customers at the end of their first quarter; it carries out ad hoc surveys on product and service issues; and it subscribes to syndicated research from the likes of MORI and NOP. It operates a customer research panel – in place for more than ten years now – of around 3,000 customers who contribute particularly to new product developments; and it runs about 50 focus groups each year. In addition, its people are encouraged to capture any feedback they receive during phone calls.

This programme is used on the one hand to profile the bank's customers: average age 43, 80 per cent ABC1, evenly split between the genders, typically urban, busy and affluent, with a bias towards the Home Counties.

But more importantly, it is used to analyse the drivers of customer satisfaction. First Direct has identified 'push' and 'pull' factors which influence choice of bank. For example dissatisfaction with an existing bank is a major 'push' factor affecting two thirds of new customers; while recommendation is a major 'pull'.

The qualitative and quantitative work is used by First Direct to identify factors which will help it to retain customers and to sell them more products. Its offset mortgage, for example, was developed largely in response to demand from customers who might otherwise have moved elsewhere. This level of understanding has borne fruit: First Direct's current account holders have 1.96 products on average, significantly higher than most other banks, and its attrition rate is low.



Communicating for Real

Fundamental to First Direct's customer service strategy is a philosophy of treating its own people just as it would wish them to treat the customers. As Matthew Higgins puts it:

"Very often employees and customers are talked about as two separate groups. But we don't want to separate them. They have a lot in common: they both demand outstanding service. And why would we communicate differently with our people and with our customers? Why would we not be happy for a piece of internal communication to be seen by our customers?"

This refusal to separate customers and employees is striking in the area of communication, and it is about attitudes rather than demographics. Customer representatives don't work from scripts, and the tenor of communication is colloquial but polite.

Unlike many banks, customers appear to find the way it communicates with them to be genuine, not contrived or patronising. This has been exploited in First Direct's advertising. For some TV spots, it recruited real customers speaking their own words.

"We sent out 30,000 e-mails asking our customers just what they thought about us, and received 1,061 replies. We interviewed and filmed 14 respondents and decided to let them speak for themselves..."

In one of the adverts, a female customer talks about First Direct being "a club." In another, a customer says: "They're really good... they call you every now and again to say: are you alright? Is there anything we can do for you? Are you happy?"

In a radio advertising campaign this was given another twist, when actors were recorded calling in anonymously to First Direct. The advertisements illustrate the personality of the First Direct people and their degree of rapport with customers. In one a customer asks: "So they can sort your life out for you?" "I don't know about your love life" quips the agent.

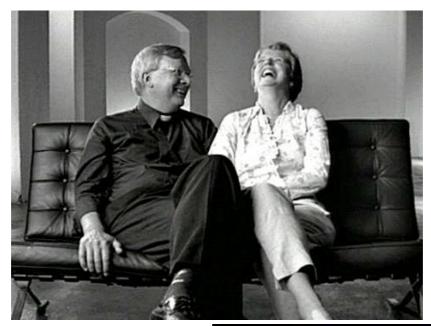
As Higgins sums it up: "Customers want to have a conversation with someone who is on their wavelength. We are really a communications organisation first, and a bank second."

The First Direct experience is highlighted in the creative execution of communication collateral. It uses a mix of still images and principally the brand colours of black and white to distinguish the execution. Witty and quirky marketing, highlighting the "non-bank" nature of the brand, has helped First Direct differentiate itself with customers and communicate its proposition effectively. See Figure 7.



In 2006, First Direct was awarded the Direct Brand of the Decade by Precision Marketing Magazine, beating off stiff competition from the likes of Tesco, Cancer Research UK, Gordons Gin, Honda and Nectar.

Figure 7: First Direct's Unusual Advertising









People

It has become a commonplace to describe people as "our most important asset." First Direct is a business where its own people seldom meet its customers face to face; yet the personality they exhibit in dealing with customers is probably its key competitive edge. The value that First Direct places upon its people is reflected in the positive, buzzy atmosphere that shined through when we visited First Direct's offices.

It has become a commonplace, again, to talk about "recruiting for attitude." In the case of First Direct, the formula is more specific:

"We look for communications skills first, and the ability to build personality into customer calls." Jane Hanson, HR Director

People are recruited, in other words, not because they have banking experience (few do) but because they are good talkers – and listeners.

New recruits for the call centre undergo an induction period (eight weeks full-time, 11 weeks part-time) during which they learn essential keyboard and telephone skills as well as being trained on attitudes and approach. At the end of this period they can handle 80 per cent of customer requests at initial contact. They then embark on an 18-month continuous training programme. In addition, First Direct operates a 'mindzone' self-learning centre for acquiring work or life skills such as a second language.

The working environment is totally open, with a vast floor space where teams work alongside each other and senior management. People are encouraged to contribute ideas and opinions via a number of channels: through an open question forum on the intranet, called Question Time; through People Forums which allow representatives from all areas to meet, suggest improvements and discuss issues; and through six-monthly strategy meetings. Kaizen techniques, involving the use of self-managed teams, are used widely throughout the organisation to develop empowerment and the taking of responsibility.

As for rewards, at the most basic level people benefit from free drinks and free car parking (strictly egalitarian with no reserved directors' spaces). On site there is a concierge service, aromatherapy sessions, creche facilities (with 260 spaces at the Leeds site), chill-out zones, cash machines and showers. People are encouraged to have fun through events throughout the year.

Flexible working is a key issue in call centres because of the significant proportion of working mothers they tend to employ. First Direct addresses this by providing a broad choice of shift patterns, both full- and part-time. For example, a full-time (36 hour) week can be divided into five normal day shifts; four nine-hour shifts; or three evenings and one day. People are allowed to take career breaks with a job to come back to, and they are able buy or sell a proportion of their holiday entitlement, a generous 35 days for all employees (including bank holidays). The bank offers flexible



benefits and a business wide incentive bonus (based on individual as well as business performance) on top of base pay.

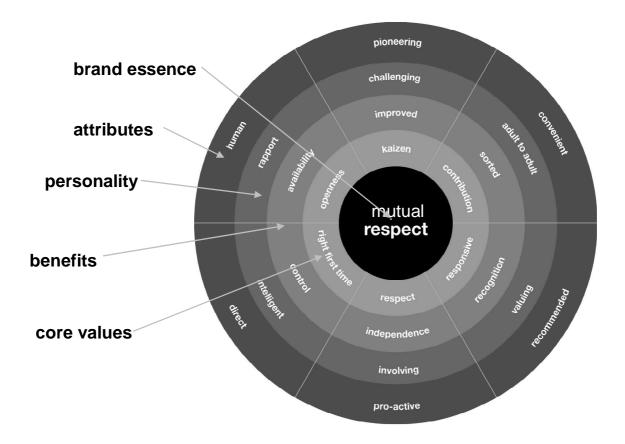
The result is a high level of people satisfaction, with 81 per cent expressing themselves either "satisfied" or "very satisfied" during a recent employee survey. In simpler terms, it is not uncommon for employees to say that they "love" working at the bank.



Values

First Direct has a set of explicit core values which were formulated 17 years ago, and are inculcated into its people from day one (see Figure 8).

Figure 8: First Direct's Brand Values



The core values are promoted in a number of ways: for example, they are displayed on First Direct's intranet; distributed via a booklet; incorporated in the contract of employment; and included in performance measures used in appraisals.

More importantly, though, the values are manifested in practice. For example, Respect is demonstrated by giving people frameworks rather than rules, and encouraging them to be themselves rather than providing scripts; and Right First Time is promoted by giving people extra coaching and encouraging them to learn from mistakes.

In a broader sense, First Direct has an egalitarian culture. It encourages empowerment in dealing with customers, but also in the wider social context: for example, the company matches the time of an employee



involved in charity or community initiatives, as well as providing up to £100 of additional funding in each case.

Managers are addressed on first name terms like everyone else, and if they pick up the phone to a customer, they are expected to resolve the customer's issue without passing it off. Three quarters of First Direct's managers achieved their position as a result of internal promotion. And all those in management roles receive leadership training, with 53 having taken a leadership programme developed in conjunction with Leeds University Business School.

As for customers, First Direct's values are exhibited in two principal ways. The first is through breaking down the "us and them" barrier between customers and staff, as discussed earlier. The second is through a policy of offering "a fair deal." As First Direct's positioning is clearly on customer intimacy rather than price, First Direct concentrates on treating its customers fairly and being seen to do so.

Figure 9: First Direct's "fair deal" proposition

- · we always offer competitive prices
- we tell you when we launch a new account with a better rate
- we have no obsolete accounts
- · we calculate interest daily
- · we offer an offset mortgage
- · we always tell you when we change our rates
- · we tell you about interest rates and charges annually.

The aim is to provide customers with the maximum transparency, so that they know what they should be getting, and they can take action if they don't get it. That way, they should have no need to shop around, the bank reasons.



The Future

One vital component in First Direct's success has been the freedom that it has been granted by its parent HSBC to maintain its own independent culture. First Direct is powered by HSBC back office systems, depends upon its parent's financial backing, and makes some use of HSBC's retail branch network. But in every other respect it has until recently been run as a separate operation. With increased success, it is getting further integrated into HSBC's management structure. First Direct sees itself as test-bed for new ideas within HSBC Group; it is also seen as more 'spiky' than the rest of the Group, even as 'their naughty child.' Whether the changes in management structure will aid in transferring customer service and HR skills to the rest of the HSBC group, or only serve to dilute what makes First Direct distinctive, only time will tell.

In late 2006 First Direct took another first step with the introduction of fees for current accounts. The fees, which are not applicable on accounts with a monthly deposit of above £1500, endeavour to consolidate First Direct's upmarket targeting on what is known in the trade as the 'mass affluent' segment. But initial press reaction focused on the fair number of customers who seemed decidedly unhappy about this move.

"First Direct, you've gone from heroes to zeroes in my eyes. Your customer services advisers are lovely but your management suck. I give you my personal promise. After having recommended you to several friends in the past, I will never ever recommend your bank to anyone ever again." A Customer

Source: Guardian, 18 November 2006

Has First Direct led the way towards ending the era of free banking throughout the industry? As banks face a consumer backlash over overdraft charges and increased regulations on credit card charges, it does seem possible, in light of the investigation by the OFT on bank charges, that charging for current accounts will become a more acceptable way to generate profits, in the view of the Chief Executive of Lloyds TSB (Reuters.co.uk, 23 February 2007). Banks have been charging for value added current accounts for a while now, but these accounts come with added interest rates and travel insurance, while the basic current account has been free for the last 20 years in the UK. Ultimately much will depend on the consumer, and the whole industry will be watching the impact of charges on First Direct's satisfaction and recommendation scores with considerable interest.

So where does First Direct go from here? The share of HSBC and the other Big Four banks which have hitherto dominated the UK market is falling as new competitors use aggressive pricing and direct service to attack their customer bases. An open question is how much of the market will gravitate towards the service-led approach of First Direct, which for the time being at least seems a proposition which is immensely attractive to a



segment which nevertheless represents a minority. Seeking profit growth by moving its call centres offshore would seem counterproductive as potentially diluting what makes the bank distinctive, so revenue growth seems the more promising place to look. One natural option is to move into the small business market – it is estimated that between 50,000 and 100,000 customers are already using their First Direct account to run a business. Another is to develop a face-to-face channel to deliver investment advice to the high income customer profile. Who knows, is it too far-fetched to suppose it could even supplant its parent HSBC among the Big Four in the not too distant future?

