Consumer reports online investing

BRAVE NEW BANK This NerdWallet series delves into what's new in retail banking and what's in it for you. We explore some amazing things in store for products, technology and safety and look at how they will affect consumers. In 1960, Life magazine described the new Wells Fargo branch in San Francisco as such impressive architecture that it is now a local tourist attraction. It was one of many glass-metal palaces that turned public perception of banks from a ceremonial financial cathedral into a joyous play room, complete with 4% interest rates and prizes for new customers. Fast forward half a century, and another kind of banking evolution is under way. Traditional brick-and-mortar institutions face increasing competition from online banks that offer checking and savings accounts with fewer fees and higher rates. Of the 11% of people who switched to banks in 2015, 19% of them joined an online bank, while only 8% left alone, according to consulting firm Accenture. One of the most prominent online banks, Ally, signed its million-dollar account holder in 2015, and reported adding another 150,000 customers in 2016. Many people still prefer traditional banks, but the continued growth of online banking has made one thing clear: this street branch is no longer the only place to keep your check and savings accounts. Various banks, different strengths of online checking banks and savings accounts come with higher interest rates and fewer fees than traditional banks. Rates at top online banks can be as high as 1.20%, 20 times the national average of 0.06%. Average rates at credit unions are not much better, according to the National Credit Union Administration. Online banks also tend to offer more notings on their standard checking accounts. One example: unlimited reimbursement of fees for household ATMs. Traditional banks occasionally offer the same thing, but often only on prime checking accounts that require steep minimum deposits - think $10,000 and up - to get monthly fees waived. These fees can be up to $25 per month. And digital banks are more likely to offer rewards on major accounts such as cash back. Banking behemoths, meanwhile, have their strengths. Their affiliates, often numbered in the thousands, provide personally the support that consumers are still looking for. Nearly nine in 10 people plan to use their bank branches in the future, according to a Survey by Accenture, which is impossible with an online bank. What's more, the big banks have had decades to establish relationships with their customers that have bred trust, says Rob Morgan, vice president of new technology at the American Bankers Association. This is what he thinks many financial tech companies haven't quite been able to do yet. And while online banks tend to focus on and savings accounts, the big banks offer financial products including credit cards, mortgages and other loans. But maintaining this is expensive, so the big banks tend to charge a fee and pay low interest rates on deposit accounts. This makes it difficult to provide the type of consumer checking and savings accounts that online banks make. The big banks are long-range, trillion-dollar businesses that are just as focused, if not more, on their commodity trading desk because they are on what the consumer banking experience looks like, says Chris Britt, CEO and co-founder of Chime, an online bank that doesn't charge for overdraft fees. Online banks often keep this type of fee low. » MORE: New changes, new options in banking Traditional banks and online offshoots But online banks are often associated with large institutions. This allows them to offer certain benefits, including the same government-backed protections that provide bricks and mortars with only better deposit accounts. For example, Bank5 Connect is an online subsidiary of regional brick-and-mortar, BankFive, which serves Massachusetts and parts of Rhode Island. Because Bank5 Connect is a division of BankFive, it provides federal deposit insurance corp. insurance. It is a cover that is offered by most banks, kicks in the event of a bank failure and protects up to $250,000 of a person's funds, on the bank and on the type of account. Unlike traditional institutions, Bank5 Connect charges fewer fees and pays higher APY. Internet bank Simple, meanwhile, works with brick-and-mortar BBVA COMPASS, and Ally Bank is owned by financial holding company Ally Financial Inc., one of the largest of its kind in the country. While most of the largest U.S. banks are putting an increasingly emphasis on mobile banking, many have yet to create an online offshoot. Creating a separate online bank requires significant investments of time, energy and money, says Deirdre Jannerelli, BankFive's digital marketing manager. Apply pressure, weighing options So how can you make sure you get the best banking services possible? Think about why you chose your bank. If you're with an institution purely out of inertia, it may be time to explore your alternatives, including online banks. And even if you stick to bricks and mortar through the personal care it provides, you can still tell your bank about the features you'd like to see. Banks are getting certain signals, says Phil Ryan, senior editor at Bank Innovation, a website that covers developments in financial technology. If you switch a direct deposit from the bank, or if you stop using its ATM card, this bank should be able to understand that these relationships are sinking and that maybe it should do something about it. But consumers do not provide such signs in significant enough numbers to encourage banks to improve their services. That's partly because people may not know that lower fees and better rates are available, Ryan says. It's too early to talk about takeovers of online banks, but it's clear that people are ready And and and it may take a while before you consider any bank a joyful play room, reconciling yourself to steep fees and low rates is no longer your only option. Tony Armstrong is a staff writer at NerdWallet, a personal finance website. Email: Twitter: @tonystrongarm. While businesses are trying to figure out how to analyze and value online reviews, consumers continue to include them in their toolkiate purchase process. In our latest study, we focused on how consumers use online reviews and what aspects are most important to the purchase process. The results of this study aim to provide businesses with a better understanding of how to incorporate online reviews into their growth strategy. Most successful businesses have developed a key set of indicators that they use to drive their company forward. For ease of measurement and communication, most of these indicators rely on quantitative measures (sales, revenue, website traffic, etc.). Many stakeholders do not include online reviews into these metrics because of their qualitative nature. Some may simply reassess monitoring online reviews in the customer service department. They adopt a reactive strategy and do not view reviews as having a significant impact on business-critical performance, such as acquiring new customers. Let's flip the perspective. As a consumer, what's the first thing you do when getting ready to buy a product for the first time? You're probably doing online research to make sure you're buying the best product and that quality will meet your expectations. In fact, our report showed that 99% of consumers use online reviews at some point in the purchase process, and that online customer feedback is conducted in high regard, with their confidence factor hovering right around the recommendations of friends and family. What measured the survey. This study sought to better understand how online reviews are used by respondents and what ultimately leads to the choice of a suitable brand. Our survey asked consumers how they use online reviews in the purchase process and covered the following highlights:When are online reviews used? What makes a reliable online review? The importance of the source overview. Impact of reviews on purchase decisions. Key findings. Online reviews are used at 2.5x more when buying something for the first time. Only 9% of consumers ranked reviews posted on the company's website as the most reliable source of information, with most consumers choosing third-party sites for their impartial reputation. People trust online reviews almost as much as they trust personal recommendations from friends and family. Reviews change minds: the consumer's opinion of the brand before reading online reviews takes the least important factor influencing purchasing decisions. To read the rest of the results and learn how to use online reviews in marketing strategy, download the full report: The Power of Online Reviews, Consumer Affairs Report