Fifth Third Bank Analysis

Posted on September 18, 2019

Introduction

Consumer banking, also known as retail banking, provides services like transactional accounts, debit cards, mortgages, credit cards, savings and personal loans to the general public. These services are different from the services that banks provide to big corporations or other banks. The banking system under which these types of services are provided is commonly known as wholesale banking. Consumer banking is different from commercial or investment banking. In some banks, only a department or a division deals with the general public.

In the United States, commercial banking is commonly distinguished from investment-banking and securities activities. The Banking Act of 1933, often called Glass–Steagall, created important separation rules, but the Gramm–Leach–Bliley Act of 1999 repealed large parts of those affiliation restrictions. Banks and financial holding companies now operate under a later regulatory framework rather than a current blanket Glass–Steagall prohibition on combining banking, securities and insurance activities.

Consumer banking is defined as the banks that provide financial and banking services to small-sized firms, medium-sized firms, and individuals. Today, these banks are not only banks that have a physical presence in the streets of every city, but they have also provided mobile and internet services to people on their mobile phones. These types of activities have provided value in addition to consumer or retail banking. Here is a graph that statistically shows how much digital banking has increased over the period of five years (DW, 2017).

Discussion

As the world progressed, there came a concept of banking that runs through Internet services and saves the bank from the costs of physical structures, staffing, plastic card production, call centres and the cost that banks have to bear for the maintenance of their database. Consumer banks mainly offer two types of products: financial services and loans and savings. Services on saving accounts are a deposit account, current account, term savings and individual accounts, while the services that they offer on loan products are: credit cards, overdrafts, mortgage loans and personal loans. Major financial services that these banks provide are life insurance, health insurance, general insurance, endowment insurance, pensions, trustee services, wills and money transmission, stocks and shares, investment funds, unit funds, and foreign exchange (Johnston, 1997).

As time passes and advancements in the tech world occur, we see that our lives have been made much easier. Now, for banking activities, we don't have to go to the bank, and there is no need to stand in lines waiting for a turn so we can make any banking transaction or deposit/ withdraw our money. Advancements in the tech world have allowed us to do banking transactions through our smartphones. Mobile banking is a revolutionary thing that allows us to make payments and other banking transactions, thus making our lives more convenient. A study shows that the majority of mobile banking users in the United States are adults, i.e., of the age of 18-29. Here is the graphical representation of the data (DW, 2017).

Share Of Respondents

Age Bracket

The traditional retail banking system is now in danger as more and more people are getting used to the mobile banking system for their banking transactions. A recent study shows that more than 61% of people in the United States use their smartphones for banking transactions, out of which around 48% use different online banking apps to conduct their banking activities (Siddiqi, 2011).

Most consumer or retail banks provide special bonuses to consumers if they open up an account with a specific amount of money. Banks do these types of activities because their ultimate goal is the maximum number of potential and existing customers (Hubbard, 1995). Banks assess the worth of their customers when they fill out the form for credit cards to get a new credit card or when an applicant applies for the opening of a new account.

Consumer banking has three major functions that are as follows (Siddiqi, 2011):

Give Credit

Different banks offer credits to their clients at different interest rates, which help them in purchasing, and it also includes loans and mortgages. Giving credits to the clients makes the economy more liquid.

Accept Deposit

Everyone does not spend every penny he/she makes. People have the habit of saving money to make sure that they can get through every situation they have saved at their back. For such types of people, a bank is a safe place for their money to be deposited. Banks offer an interest rate to the people who deposit their money in the bank as a savings account.

Money Management

Consumer banks offer services to consumers to help them manage their money through cards and accounts, which help consumers to do transactions anytime and at any place.

The following are the types of consumer banking (Kleimeier, 2004):

Private banks

These banks provide services to customers who have a higher level of assets and income and have a high net worth.

Community development bank

These banks provide services to people who have a low level of income or moderate level of income.

Postel saving banks

These banks provide services to people who don't have direct access to the banks. These types of banks are convenient and safe for depositing money. These banks provide services to the lower class of society.

Banks raise funds from commercial depositors and retail depositors to lend mortgages to customers. Then, these banks provide mortgages to the customers over a defined rate of interest.

Fifth Third Bank is headquartered in Cincinnati, Ohio, and is the principal banking subsidiary of Fifth Third Bancorp. After completing its merger with Comerica on February 2, 2026, Fifth Third became the ninth-largest U.S. bank, with approximately $294 billion in assets and operations spanning 15 states.

The unusual name of this bank came into being as a result of a merger between Fifth National Bank and Third National Bank. Third National Bank, in comparison with Fifth National Bank, was a senior partner. The name of the bank after the merger was a big confusion, and it was changed many times until March 1969 when finally it was decided that the bank would be named Fifth Third Bank.

In 1999, Fifth Third Bancorp acquired the biggest thrifts in the United States, named Enterprise Federal Bancorp Inc. This bank also acquired Bank of Ashland and its mother company, Ashland Bankshares Inc. In 2000, this corporation also purchased Old Kent Bank, which gave this bank a large chunk of customers and more than 300 banking centres that were working at their full capacity. In 2007, this group acquired R-G Crown Bank, which boosted its banking sector by adding three branches in Georgia and 30 in Florida. Moreover, in 2007, they also acquired First Charter Bank. By acquiring this bank, the group entered the market of Atlanta with two branches while capturing 57 branches in the market of North Carolina (Seiford, 1999).

In January 2007, the group came under controversy because it saved the data of its customers for another organization. An article was written in *The New York Times,* which stated that this group is working with some organizations that use their data to reach the customers, and this bank is with all its will providing all the data to these companies and receiving a handsome amount against this. An investigation into this rumour was started, but nothing was proven against the bank.

Conclusions

Retail banking or consumer banking has become popular since its existence. These banks are different from commercial and investment banks. These banks provide loan and mortgage services as well as deposit and saving services. A shift has been seen in recent years in the retail banking system. Traditional retail banking is now shifting from building to mobile apps. Most people now use their smartphones for banking activities, such as paying bills and other online transactions. Fifth Third Bank is gaining popularity since its existence, and it currently has a big name in the retail banking industry. This industry has become more popular since they introduced mobile and internet banking services so that customers can make transactions anytime, sitting anywhere in the world.

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