



If people cannot bank on their banks today, who can they bank on?

Wonders never cease, especially on Wall St. The clever people who gave us all a broken world economy still believe they should get their year-end bonus. Senior executives at several of the bailed out banks have concluded they've earned it. That it would mean the bank teller's tax dollars would go towards the bank manager's bonus has no impact on their incredible logic. The \$700 billion dollars of TARP funds pumped into the US banking system by the humble taxpayer apparently won't be used for paying the bosses, they say.

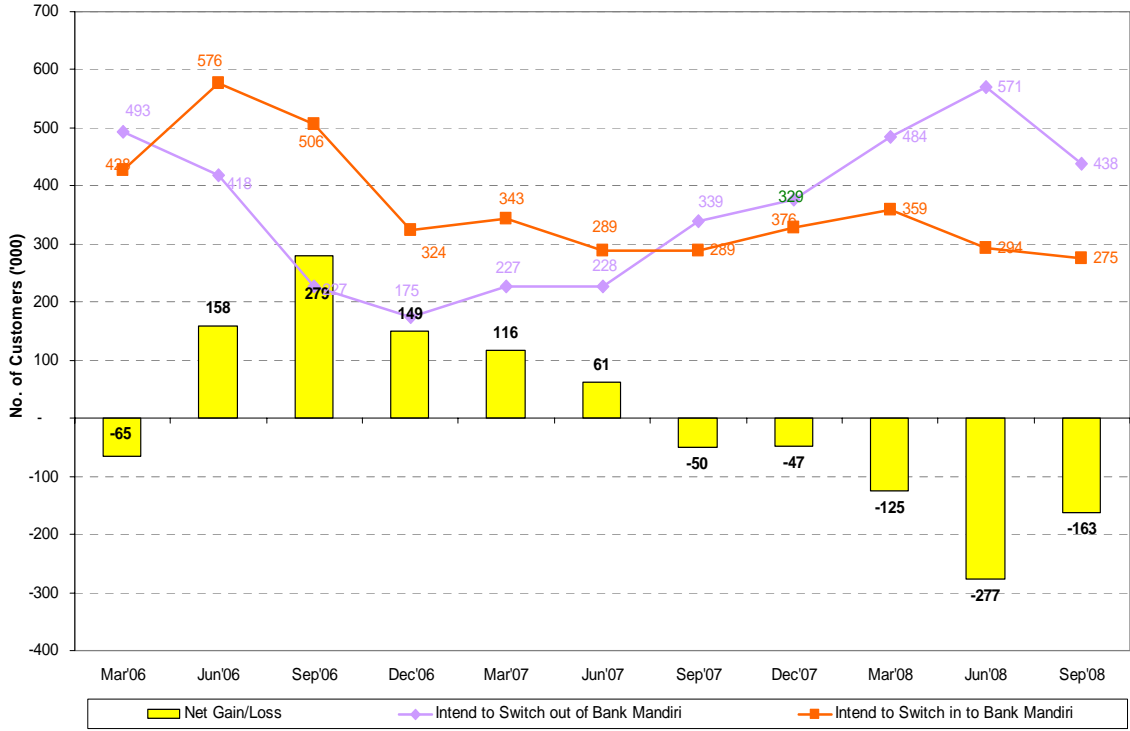
There is no hint of shame, of remorse, of common sense. Insensitive and unintelligent to say the least, their conduct is yet another grim reminder of the new lows society has sunk to. Captains of industry, the rich and the well-off aren't thinking twice before grabbing food off the plates of the middle class and the underprivileged. Bankers are gambling with depositor funds, just so they can make that ill-begotten year-end bonus. How else do you explain the fact that a bank like HSBC lost over a billion dollars to a man like Madoff? I ask my children what they want to "borrow" money for. As a customer, I'd like to believe my bank is doing the same with every client, not just giving me a hard time with my home loan.

Closer to home, some introspection would be appropriate. Indonesia's banks ought to be congratulated for steering clear off the subprime crisis in the United States, whether by accident or by design. By and large, the national banks are performing well as borne out by Bank Indonesia's periodic reviews. The Bank Century episode is merely another reminder that further consolidation of the country's nearly 200 banks is essential, not a luxury. But there have been no scandals involving any of the major banks in recent times and their annual reports all point upward and forward, even in these difficult economic times.

From an everyday customer's perspective however, the picture isn't all that rosy. If he is indeed king, Indonesia's big banks aren't doing enough to keep him happy. The continuing evidence from Roy Morgan Single Source shows the same old complaints registering loudly each quarter, apparently unattended to. With over 25,000 respondents from around the country each year, including some 7740 respondents with at least one banking relationship, the statistical reliability of the customers' verdict cannot be easily challenged. If the complaints were only about interest rates and charges, there would be little to worry about

If Indonesia's bankers are emulating the business standards of their Western counterparts, are they also learning the good and not just the bad? To fix a problem, the first essential step is to understand it in all its dimensions. To do that, there has got to be an intrinsic desire to unearth the truth, not hide it. Bad facts are worse than no facts at all. In a context where the poor often live in shacks right outside the mansions of the rich, random sampling of even 1000 respondents can provide distorted conclusions. Dredging the country every week produces an evening out of bumpy data. Compounding that reality is another Indonesian characteristic, the respondent's instinct not to be critical. Consequently, customer satisfaction scores are unusually high in Indonesia, lulling bank managers into a false sense of comfort. In sharp contrast to the high satisfaction scores is the customer's intention to leave, to terminate the relationship with the bank.

**FUTURE CHURN: BANK MANDIRI**



As the example illustrates, there were 438,000 customers as at September 2008 who were planning to leave Bank Mandiri. There were another 275,000 customers of other banks who were planning to sign up. The “future churn” of customers intending to go in or out at that time was 163,000 customers, to the detriment of a big bank that has performed rather well on customer acquisition these last few years. The “nett churn” of intenders was positive up until June 2007, in the doldrums ever since. Most research tends to report the past but Roy Morgan Single Source is designed to predict the future. More importantly, the actionable analytics make it easy for the bank to identify and address customer concerns, capable of preventing those intended departures.

For Bank Mandiri, those issues are accuracy and service related, but they are not alone. It is obvious from the findings that dissatisfied customers, both coming and going, are all after higher levels of service than they are getting. People don’t want to change banks like they change clothes, unless they have to. One of the many reasons BCA is so highly rated, continuously, has got to be the heightened levels of service delivered by an ever-growing number of their ATM machines, minimising human contact and consequent errors.

These conclusions are based on regular insights gathered from across the country. Roy Morgan Single Source watches society, products and consumers, every week. With over 25,000 respondents annually, it is projected to reflect the views of almost 90% of the population 14 years and older, both urban and rural. The reports are updated every 90 days.

The writer can be contacted at [Debnath.Guharoy@roymorgan.com](mailto:Debnath.Guharoy@roymorgan.com)