



Higher fees lead to fewer but more satisfied bank customers.

The Roy Morgan Bank Customer Satisfaction Index for the third quarter of 2009 reflects a relatively peaceful period in Indonesia's consumer economy. As witnessed by most other industries, the period leading up to the Lebaran holidays saw no major peaks in customer numbers. While the impact of any shopping sprees will be seen in the next quarterly update, a quiet but important revolution was taking root in the banking sector, July through September.

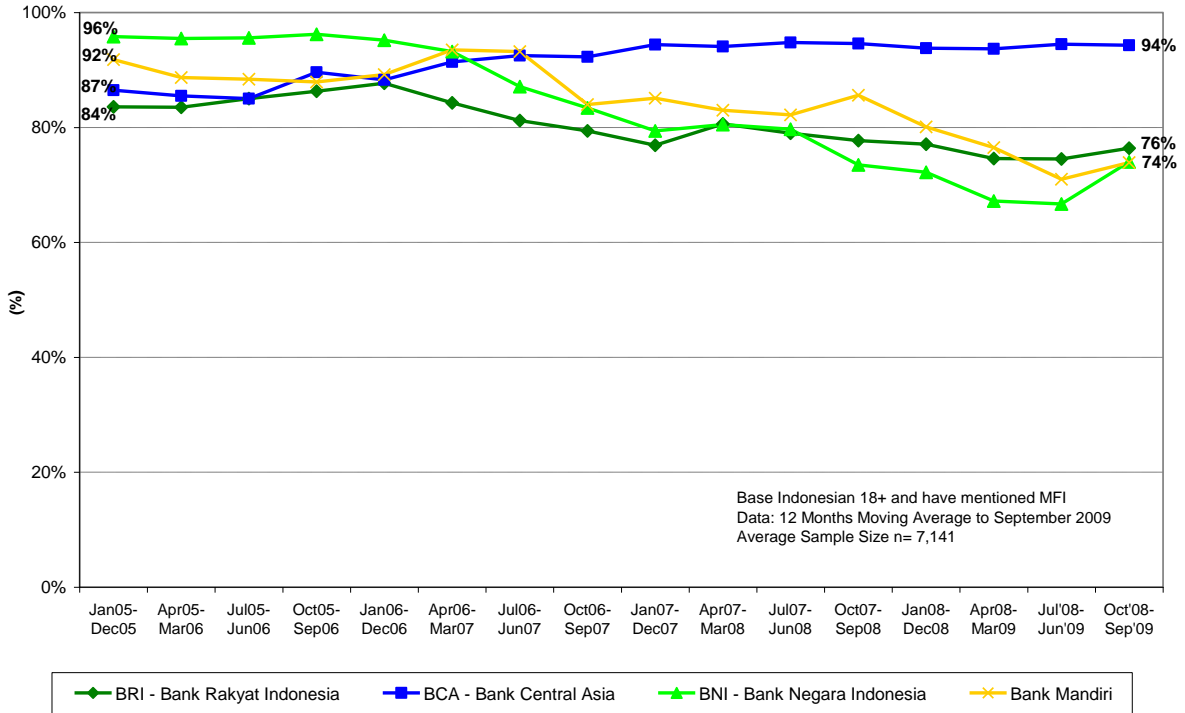
As banks big and small continued their efforts to improve their bottomlines, higher fees for financial products and services continued to impact negatively on overall market penetration. The percentage of adult Indonesians with a bank account dipped some more in the third quarter. As at the end of September that number went down to just 18 per cent, dropping by 1 percentage point in just 90 days. It would seem that the gift-giving pressure of Hari Raya hastened the departure of more account holders in search of every available rupiah. Many of them would not have bothered to formally end their relationships. The bottom of the market continued to fall off, shrinking Indonesia's banking universe some more.

It is obvious that the ranks of that universe are swelling with more financially stable members, even as it becomes smaller. As a consequence, those who have bank accounts today have a more steady relationship with their banks than they did yesterday. In fact, customer satisfaction among account holders is visibly improving. BCA continued to lead the Big Four with a sturdy 94 per cent of their actual customers remaining 'fairly satisfied' or 'very satisfied' with the bank. Their position remains unchallenged at No.1 on the Satisfaction ladder, but the gap is now narrowing across the country. For the first time in 12 months, the other three big banks made significant gains on this key indicator of performance.

While one in four of their customers continue to be dissatisfied with the three big banks, each have made considerable improvements. The most notable among them is BNI, moving up from the preceding quarter's 67 per cent to 74 per cent of their customers now satisfied. Bank Mandiri improved by 3 points, climbing from 71 to 74 per cent. BRI moved up as well, from 75 to 76 per cent of their customers now satisfied with the bank's services.

Three out of four unique bank account holders in Indonesia have their relationships with these four major banks. All the remaining banks put together have less than 25 per cent of the country's customers banking with them. The fact that the Big 4 are now improving their Customer Satisfaction levels after a long period of decline, while improving their profitability, is commendable. Had overall customer numbers also grown simultaneously, the collective performance would have been nothing short of ideal. As the economy moves forward, these overall numbers will hopefully regain strength. Another facet of this quiet revolution is worthy of mention. It is the country's local banks that are instrumental for this turnaround, a development that the managers of the multinational and regional may wish to take note of. They are not burying their heads in the sand, ignoring people outside of the big cities, that foreign-owned banks seem singularly focussed on. In industry after industry, major growth is coming from the residents of Indonesia's towns and villages today.

ROY MORGAN CUSTOMER SATISFACTION INDEX, Q3 2009



There is a noticeable co-relation between ‘Satisfaction’ and ‘MFI’ status, anywhere in the world where both measures are available. The Roy Morgan Single Source survey seeks opinions on Bank Customer Satisfaction from real customers of each bank who consider the bank their ‘Main Financial Institution’ or MFI. In other words, the rating reflects the view of customers who use a bank’s services, not stray visitors to a branch. 91 per cent of BCA’s customers consider the bank its MFI, adding a valuable point from the previous quarter. At 89 per cent, the picture remains steady for BRI with a growing number satisfied with the bank. BNI moved up from 86 to 87 per cent in MFI status over the previous quarter, steady on satisfaction as well. Bank Mandiri arrested their decline in this key area, going up from 77 to 79 per cent on MFI, with a similar impact on Satisfaction.

Half the solution lies in clearly defining the problem. Without accurate information, situations can be mis-read at incalculable cost to marketers. In Indonesian consumer banking, “poor service” remains at the heart of customer satisfaction. But the facets of service affecting each bank are not the same. Addressing each appropriately is the key to ensuring improvement. Roy Morgan Single Source is one resource that has relevant answers to pertinent questions, from the basic to the sophisticated, connecting real issues with real consumers. It is Indonesia’s biggest syndicated survey with over 25,000 respondents 14 years and older interviewed each year. Almost 90 per cent of the population is covered, from the cities, towns and villages around the country. The data is updated every 90 days.

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