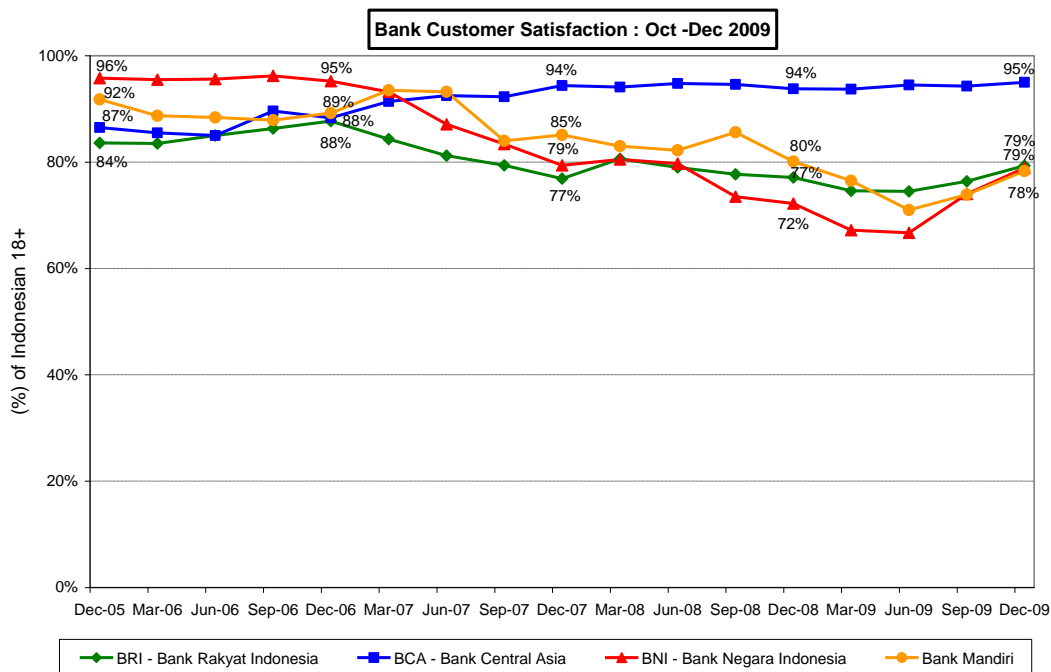


Bank Customer Satisfaction rises, penetration continues to fall.

Higher fees. Higher minimum balance. Fewer, but more satisfied customers. In a nutshell, that's the quarterly update for Bank Customer Satisfaction during the October-December quarter of 2009. But a deeper look at the latest Roy Morgan Single Source database reveals some remarkable developments.

The penetration of transaction accounts continued to slide during the quarter, going down by another point, from 17 to 16 per cent of the population. In five years, the number has dipped rather dramatically from 22 per cent in December 2005. Most of the losses came from the towns of Indonesia, less from the big cities or rural Indonesia. Many of the relationships may not have been formally closed at the bank, but are closed in the mind of the account holders feeling the pinch. In that sense the country is moving backwards, becoming even more of a cash-and-carry society.

But the performance of the banks, certainly the Big Four, continues to improve. Not only are bottom-lines looking better, customer satisfaction at the major retail banks is consistently trending upwards. By international norms, they were all doing remarkably well with high scores. Now they are doing even better. The smallest of them, BCA with 96 per cent, continues to lead the pack by a significant margin. Among the three biggest banks, the gap has almost disappeared with all huddled together at the 80 per cent mark. While BRI and Bank Mandiri continued their upward climb, BNI registered the most significant improvement, moving up from 67 to 79 per cent. Not surprisingly, customers with a balance of over Rp.10 million in their account are even more satisfied with their banks than the average. They appear to be treated with even greater care and attention.



In the top 20 cities, Bank Mandiri now has the highest percentage of satisfied customers at 96 per cent, followed by BCA and BNI at 94. With 92 per cent, BRI is not far behind. With all four banks increasingly focussed on these big cities, the noticeably higher customer satisfaction scores are not surprising. What is dramatically different today is BCA losing its ranking again, with BNI overtaking BCA once more in the total number of customers around the country. The changing picture in the smaller cities and towns that collectively add to Indonesia's growing urban geography is also remarkable. There, BCA now leads by a very wide margin with 97 per cent of its customers expressing satisfaction. While BRI, BNI and Bank Mandiri have arrested the decline of 2008, BNI has made a dramatic recovery. Today, 75 per cent of their customers in 'other urban' areas express satisfaction with the bank. Bank Mandiri and BRI are not far behind.

Turning the camera to Indonesia's large rural geography, the picture changes yet again. BCA leads again with 94 per cent of their rural customers satisfied, but the gaps between the Big Four banks are visibly wider. With 80 per cent of customers satisfied, BRI comes in at No.2 in their traditional domain. Both BNI and Bank Mandiri are also improving their ratings, with 71 per cent and 57 per cent satisfaction, respectively.

Bank customer satisfaction is measured among those customers of the bank who regard it as their main financial institution, or 'MFI'. This is a vitally important distinction, as the opinions of casual or secondary relationships have lesser impact on brand equity, customer retention or product cross-selling. Satisfied customers are those who gave their main bank the nod, with either a 'somewhat satisfied' or 'very satisfied' mark of approval.

Of all Indonesians with any financial relationship, some 25 million people today, 40 per cent bank with BRI. At a distant No.2 is BNI with 14 per cent, maintaining its rank after overtaking BCA six months ago. The latter continues to shed customers with active accounts, down yet another point to linger at 12 per cent, the same as Bank Mandiri. The picture changes when shifted to the Top 20 Cities. There, BRI has 28 per cent of all bank customers, followed by BCA with 26 per cent. Visible and worrying for BCA is the loss of customers in their traditional stronghold. After a long stretch of rapid customer acquisition Bank Mandiri is sailing smoothly nowadays with 20 per cent, followed by BNI at 17 per cent which continues to register their steady recovery from the declines of 2008.

The financial sector is maintaining penetration numbers in the other product areas. Plastic cards remained steady with 8 per cent of the population now packing a credit or debit card, or both, in their wallets. Also maintaining an even keel are loans and insurance, each at 2 per cent. Only 1 per cent of the population have any investments, about the same number who have shares in the stock market. Savings, as a habit, needs to become an industry focus.

These conclusions are based on findings from Roy Morgan Single Source, the country's largest syndicated survey with over 25,000 Indonesian respondents annually, projected to reflect almost 90% of the population over the age of 14. The survey is used by more marketers and advertising agencies than any other survey in the country.

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