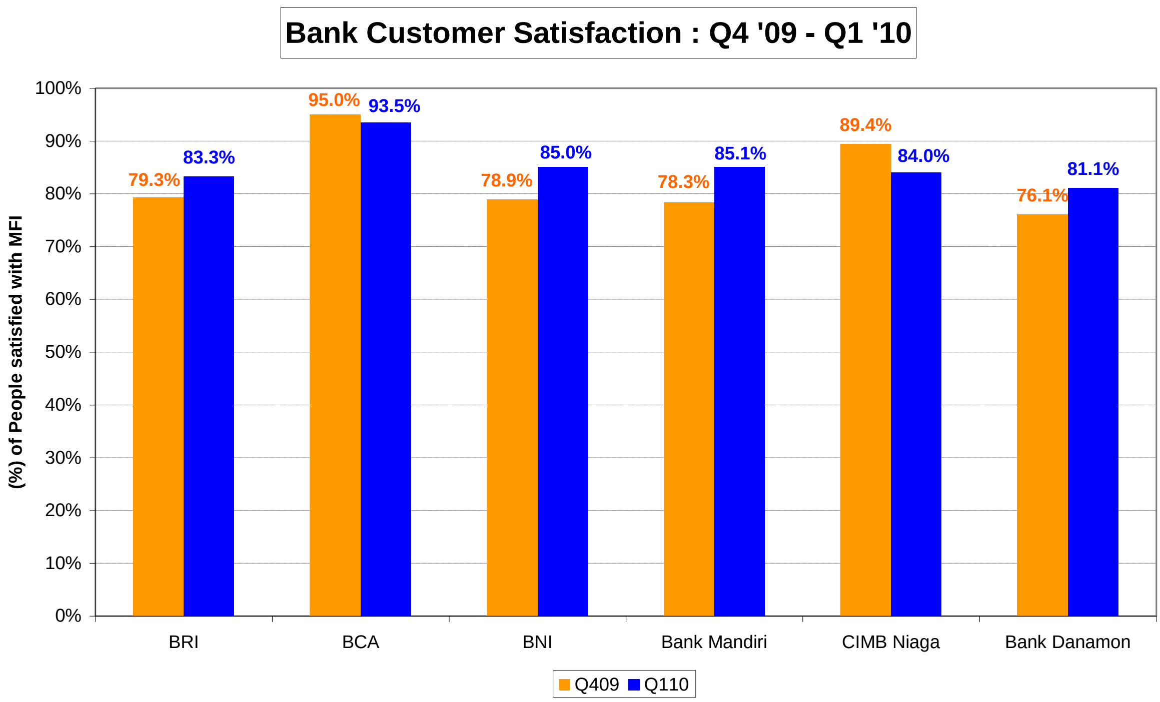
Roy Morgan Research

Satisfaction rises, but bottom continues to fall for banks.

The Roy Morgan Single Source database for the 4th quarter of 2009 is in hand. The first of the regular updates commences afresh, beginning with the banking sector. Money makes the world go round, doesn't it?

With the Big 4 banks maintaining the overwhelming number of relationships across the country, it's a real pleasure to report their continuing progress. And not just because most of them are users of our insights. The three public-sector banks continued to improve their customer satisfaction ratings, all clustered around the 85 per cent mark. Which means almost nine out of ten customers who consider them their main financial institution, or MFI to use an acronym, are "somewhat" or "very satisfied" with the quality of services they receive. The distinction is important, coming as it does from regular customers across the country, not just random visitors to a branch in a big city. The upward swing in customer satisfaction continues, for the biggest of the country's banks. That speaks volumes for progress, as a nation and as a people.

Among the Big 4, the only exception in the last quarter was BCA, the country's leading private-sector bank. While its national score dipped by 1.5 point during the quarter, BCA continued to improve on its remarkably high satisfaction ratings in the big cities. It lost ground among customers hailing from Indonesia's towns and villages. This difference in scores draws attention once again to the increasing focus of almost all banks on the country's big cities. Does that require reducing the investment in Indonesia's smaller cities?



PT. Roy Morgan Research, Wisma 46, Kota BNI, 17th Floor, Jl. Jend.Sudirman Kav. 1 Jakarta 10220
Tel: (021) 572 2021 or 572 7529 Fax: (021) 572 4864
411 Collins Street, Melbourne, Victoria 3000, G.P.O. Box 2282U, Melbourne, Victoria 3001, Australia
Tel: (03) 9629 6888 Fax: (03) 9629 1250 (03) 9224 5387 Email: melbourne@roymorgan.com
Website: www.roymorgan.com
Offices also in: Sydney, Brisbane, Adelaide, Perth, Canberra, London, Auckland and USA

The desire to get better returns on investments from the clichéd low-hanging fruit is understandable. Higher service fees and higher minimum balances are helping to improve service standards, not just the bottomline for each bank. But there is a social consequence to this pursuit that warrants repetition, especially because the old guard seem keen to deny the truth. Despite the transition to democracy and all the talk of transparency, the traditional instinct to bury unpleasant realities reigns supreme. Not only are many bureaucrats unable to change their ways, some of their counterparts in business suffer from the same old habit.

Better knowledge cannot hurt, even if the truth is unpleasant sometimes. Only by working with the facts can problems be identified, appropriate solutions be found. Very few want to acknowledge the fact that hard-pressed customers at the bottom of the banking sector are leaving their accounts dormant. While the number of bank accounts opened are growing, the number of people with active bank accounts is actually declining each quarter. In that sense, the bottom is falling out of the banking industry, even as service standards improve at the top. Focus on the high-end in the big cities does not have to be at the cost of customers residing in the towns and villages spread across the country. After all, the country's dominant bank in numbers of customer relationships, BRI, isn't exactly providing micro-loans free of charge. It is a vital contributor to the bank's profits, while providing a vital service to the less privileged citizens of the country. They remain an example worthy of emulation, even as they increase their attention to prospects in the big cities as well.

While the mandated introduction of the fee-less *Tabunganku* (My Account) program is being promoted as an encouragement to join the banking habit, very few in the industry want to talk about the current decline. Bewildering, to say the least. Even shareholders looking for returns will understand if not appreciate the merits of arresting this trend, albeit in the name of corporate social responsibility. On the other hand, as any marketing veteran in Indonesia would agree, distribution remains at least half the reason for commercial success even today. Scalability, logistics and consistency remain vital building blocks. Those who can manage the width if not all of the depth of this populous nation have incalculable benefits to reap. BRI is a shining example of that conviction. The towns and villages do not have to be sacrificed for the cities. There is money to be made, everywhere.

These conclusions are influenced by Roy Morgan Single Source, the country's only syndicated survey that covers the cities, towns and villages of Indonesia. With over 25,000 respondents each year, the data is updated every 90 days. It can serve as common language for a number of industries, in a manner bespoke studies cannot, for businesses, bureaucracy, academics and the press alike.

Topline information from the continuous survey is used in this column for the benefit of all its readers, from different walks of life. Only by accessing the deeper insights can subscribers gain all the knowledge essential to creating marketing strategy in strict confidence, then monitor progress at regular intervals. Knowledge itself is inert, powerful only when used judiciously. It is for these reasons that any inclination to silence the truth or muzzle this writer is a misguided waste of time and energy.

The writer can be contacted at Debnath.Guharoy@roymorgan.com