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Tuesday, 30 August 2016

Consumer satisfaction with big four banks up in July

The satisfaction level of the big four banks' personal customers in the six months to July 2016 was 79.7%, up from 79.5% in June. This improvement was due to a marginal increase (up 0.2% points) among non-home loan customers and a minor decline (down 0.1% points) in home-loan customer satisfaction.

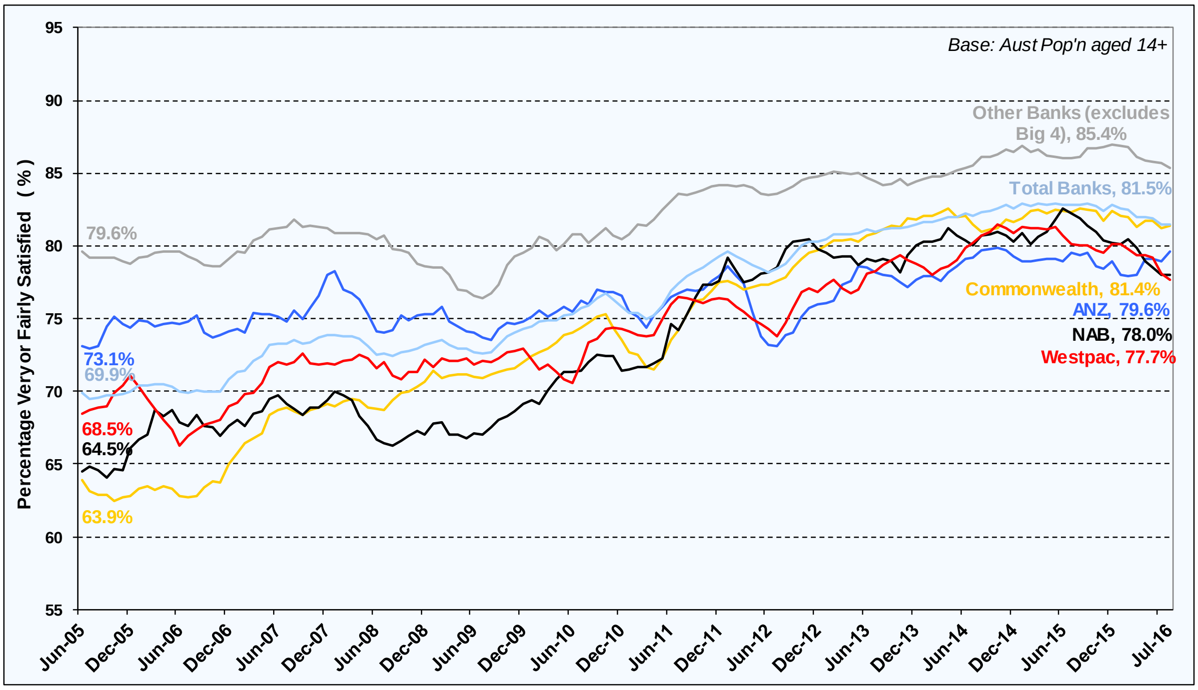
These are the latest findings from Roy Morgan's Single Source survey of 50,000+ people pa.

Current satisfaction levels are still well above the long term average; however, they appear to have peaked in May 2015 at 81.5% and are now hovering around the 80% mark. Customer satisfaction with the big four banks is now 1.6% points below 12 months ago but is showing signs of improvement. Over the year, home-loan customer satisfaction fell by 2.9% points and other customers went down by 1.3% points.

ANZ the big improver in July

In July, the ANZ showed the biggest improvement in satisfaction of the big four, up 0.7% points to 79.6%, followed by the CBA (up 0.2% points to 81.4%). NAB was unchanged on 78.0% and Westpac was down by 0.4% points to 77.7%.

Consumer Banking Satisfaction



Source: Roy Morgan Research Consumer Banking Satisfaction Report July 2016, average 6-month sample n=25,600

The ANZ's improvement over the month was mainly due to an increase in their home-loan customers' satisfaction (up 2.1% points) although satisfaction among their other customers also improved (up 0.5% points). The CBA's improvement was due to their non-home loan customers (up 0.4% points), while their home-loan customers were down by 0.7% points. NAB improved among non-home loan customers (up 0.2% points) but decreased among home-loan customers (down 0.6% points). Satisfaction among Westpac's home loan customers was down by 0.7% points and down by 0.3% points among its non-home loan customers.

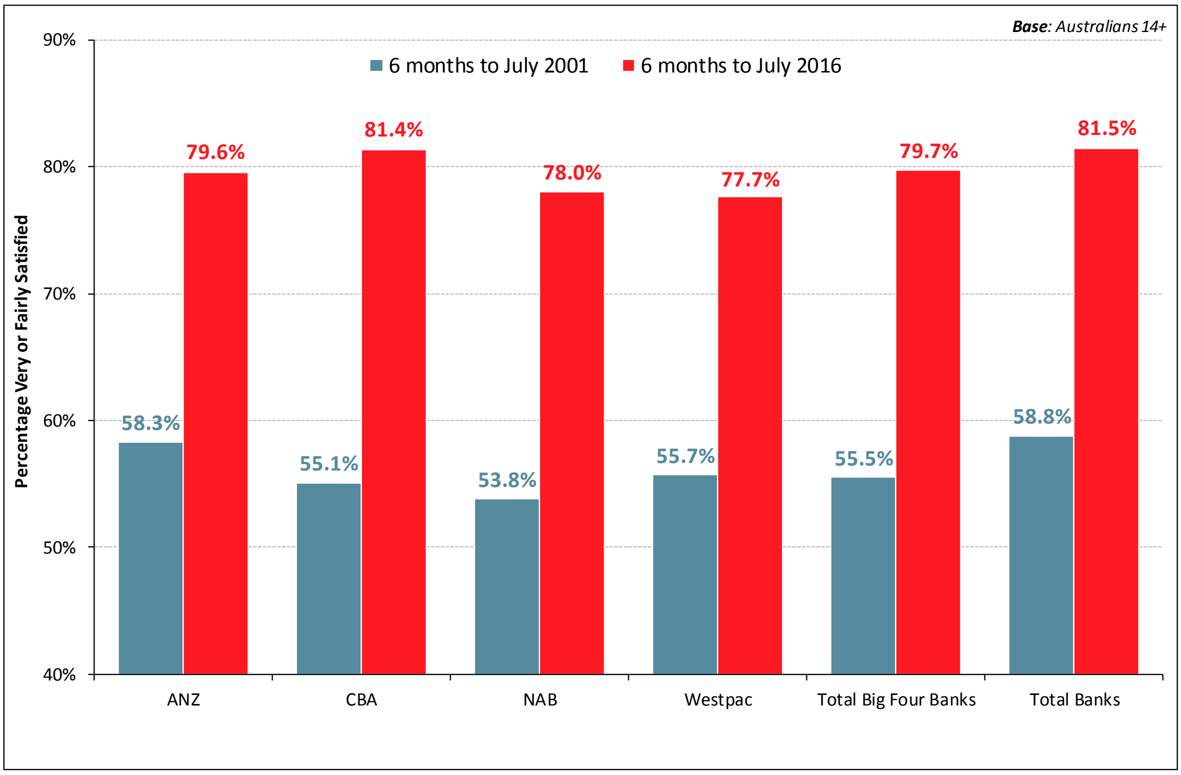
The CBA retains a clear lead among the big four with 81.4% satisfaction, ahead of ANZ (79.6%), NAB (78.0%) and Westpac (77.7%).

Looking at the banks outside of the big four, Teachers Mutual remains the best performer with 93.8% satisfaction, followed by Bank Australia (93.6%) and Heritage Bank (92.1%). Overall, the Mutual Banks with 90.7% satisfaction remain the pacesetters, with the big four lagging behind with 79.7%. The gap widened marginally over the last 12 months, with Mutual Banks down by 1.4% points compared to the big four down 1.6% points.

Long term trend shows major improvement in bank satisfaction

When looking at these results, it is important to understand long-term trends, as they put the short-term results in context with the bigger picture. Something as complex and potentially slow-moving as bank satisfaction is subject to much short-term volatility (as the above chart illustrates) but when we compare it with 15 years ago, we see a very significant trend. Fifteen years ago (2001), satisfaction with the big four was only 55.5%, a figure which has since risen to 79.7%. Banks overall had a satisfaction level of 58.8% in 2001, which has since risen to 81.5%.

Consumer Banking Satisfaction 2001 v 2016



***Source**: Roy Morgan Research Single Source: Feb-July 2001 (n = 29,339); Feb-July 2016 (n = 26,224).*

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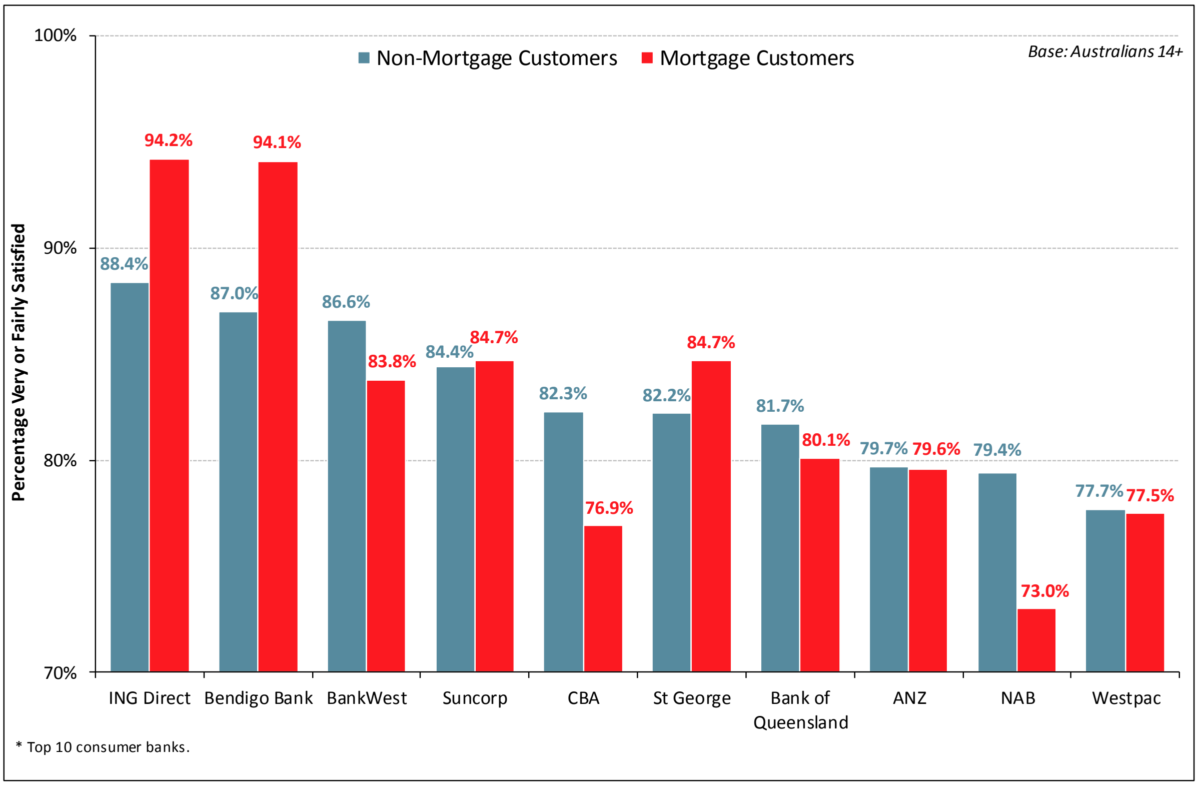
All four of the major banks have shown very significant and similar levels of improvement in satisfaction over the last 15 years. The CBA is narrowly ahead (up 26.3% points), followed by the NAB (up 24.2% points), Westpac (up 22.0% points) and ANZ (up 21.3%). This suggests that all four major banks are finding it difficult to gain a long-term advantage over their competitors on this important metric.

Satisfaction levels differ across customer segments

Recently some banks have acknowledged that they need to try to balance the needs of borrowers, depositors and shareholders. One way of determining if the needs of depositors and borrowers have been balanced is to compare their relative satisfaction levels for each bank.

Among the smaller banks with high satisfaction levels, we see that Bendigo and ING Direct mortgage customers have much higher satisfaction levels than their other customers. To increase overall satisfaction levels they would need to concentrate on improving the satisfaction levels of their non-mortgage customers.

Satisfaction of Mortgage and Non-Mortgage Customers*



Source: Roy Morgan Research Single Source: February - July 2016, n = 26,224.

Of the big four banks, CBA and NAB mortgage customer satisfaction (76.9% and 73.0% respectively) is well below that of their other customers, which is obviously a drag on overall satisfaction. ANZ and Westpac show almost identical satisfaction levels across both mortgage and other customers.

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Norman Morris, Industry Communications Director, Roy Morgan Research says:

> *"The current spate of adverse publicity from political parties and the media regarding the need for banks to improve their behaviour fails to mention how banks are viewed by their customers. The focus instead appears to be on the need for a Royal Commission or some other type of additional reporting or investigation. Customers are obviously the final arbiter of how well they feel their banks are serving them, and if they are dissatisfied with their bank, they know they can switch to another one.*
>
> *"Roy Morgan Research has been measuring bank customer satisfaction for over twenty years and so is in the unique position to objectively assess long-term trends. This is critical to an understanding of the underlying position so as not to be misled by short-term fluctuations which can generate 'knee-jerk' responses.*
>
> *"The latest overall bank satisfaction level of 81.5% in July is only marginally below the highest level ever achieved in the last fifteen years (82.9% in September 2015) but more importantly, it is a major improvement on the 58.8% seen back in July 2001. Since 2001 there has been a steady underlying upward trend in satisfaction, which indicates that banks have been working to improve relations with their customers over a long period and have been largely successful.*
>
> *"Although we have seen that the clear majority of bank customers are satisfied, there are some issues that need to be addressed among the less than 5% that are classified as dissatisfied. Our research among this group indicates that their main sources of dissatisfaction are fees and charges, poor service, branch issues, lack of empathy, interest rates, insufficient staff, sales culture and profit focus. Addressing these areas would also be likely to lift satisfaction among those customers that are currently sitting in the middle or neutral on their satisfaction rating.*
>
> *"With over 50,000 interviews conducted annually for more than twenty years, Roy Morgan data has become the currency. Its size enables an in-depth understanding of financial behaviour and trends, providing unique and detailed insights for anyone involved or interested in the financial services market".*

For comments or more information about Roy Morgan Research's banking and finance data, please contact:

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Related research findings

View our extensive range of Banking and Finance profiles and reports, including our Consumer Banking Satisfaction report and our Financial Institutions Advocacy Report.

See also our new Banking Service Usage Report and our Satisfaction with Banking Channels Report.

About Roy Morgan Research Consumer Single Source

Roy Morgan Single Source is based on over 50,000 interviews each year and has been designed and engineered to represent the ideal source model. It provides an integrated understanding of consumers; what they are like, what they consume, what they buy, what they think, what they want, what they watch, read and listen to. The overriding benefit of Roy Morgan Single Source is the strategic insights it offers in the ability to link many aspects. Not only can an organization's profitable customers be delineated by what they think, do, watch, but so can non customers. Hence brand positioning, product differentiation, merchandising, efficient media planning, market expansion and line extension opportunities can all be considered in the light of the correct understanding of the marketplace.

About Roy Morgan Research

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research has over 70 years' experience in collecting objective, independent information on consumers.

Margin of Error

The margin of error to be allowed for in any estimate depends mainly on the number of interviews on which it is based. Margin of error gives indications of the likely range within which estimates would be 95% likely to fall, expressed as the number of percentage points above or below the actual estimate. Allowance for design effects (such as stratification and weighting) should be made as appropriate.

Sample Size	**Percentage Estimate**			
	40%-60%	25% or 75%	10% or 90%	5% or 95%
5,000	±1.4	±1.2	±0.8	±0.6
7,500	±1.1	±1.0	±0.7	±0.5
10,000	±1.0	±0.9	±0.6	±0.4
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

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