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Thursday, 21 April 2016

# Consumer satisfaction with big four banks continues to slide in March

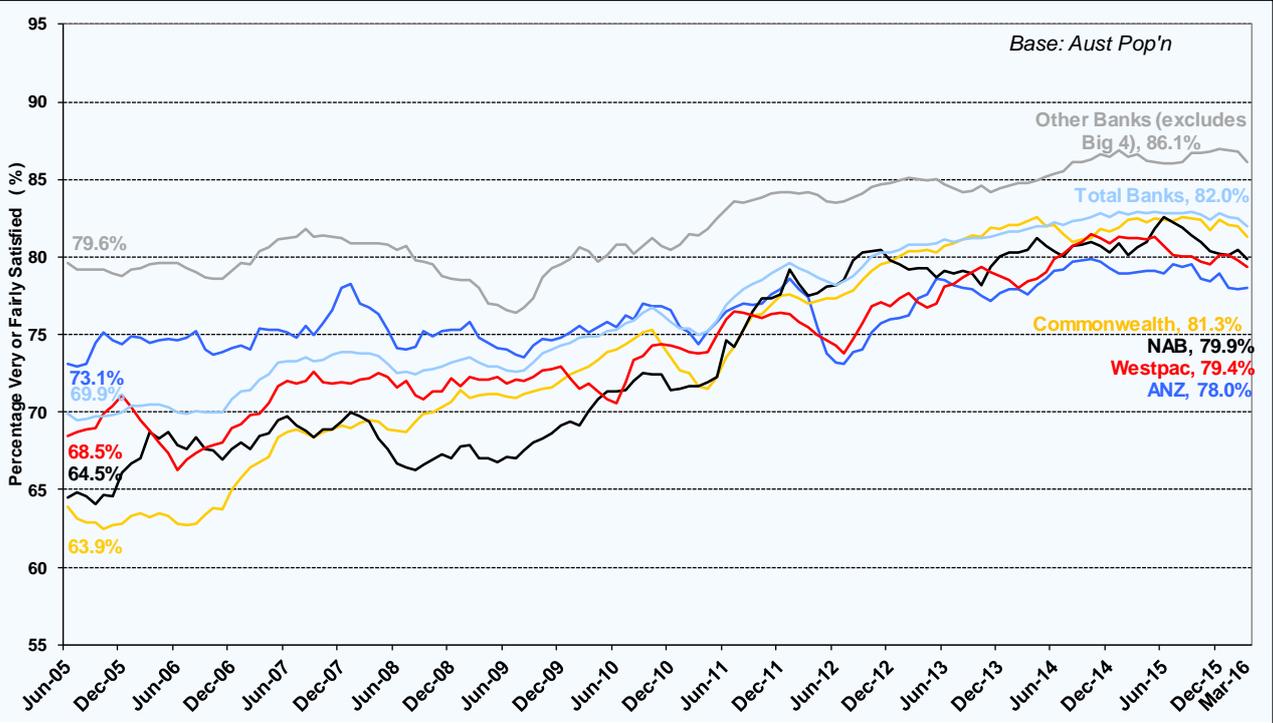
The satisfaction level of the big four banks' personal customers in the six months to March 2016 was 80.0%, down from 80.5% in February and represents the third consecutive month of declines. The overall 0.9% point drop in satisfaction seen over the last three months was due to declines among both home-loan (down 1.5% points) and non-home loan customers (down 0.7% points). These are the latest findings from Roy Morgan's Single Source survey of 50,000+ people pa.

Despite the decline over the last three months, customer satisfaction with the big four banks is currently close to historically high levels, although the recent trend is obviously of some concern. The satisfaction level of home-loan customers (77.4%) remains below that of other customers (80.7%) and has not recovered from where it was in September (80.1%) prior to the home-loan rate increases announced in October.

### ANZ the only big four bank to improve in March

In March, the ANZ was the only one of the big four to show any improvement in satisfaction (up 0.1% point). The CBA showed the biggest drop (down 0.7% points), followed by the NAB (down 0.6% points) and Westpac (down 0.4% points).

### Consumer Banking Satisfaction



Source: Roy Morgan Consumer Banking Satisfaction Report, March 2016, average six-month sample n=25,600.

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The ANZ improvement was due to a marginal increase in satisfaction among both home-loan and non-home-loan customers, whereas the declines shown by the other banks were mainly due to a drop in the satisfaction of their home-loan customers.

The CBA retains a clear lead among the big four with 81.3% satisfaction, ahead of NAB (79.9%), Westpac (79.4%) and ANZ (78.0%).

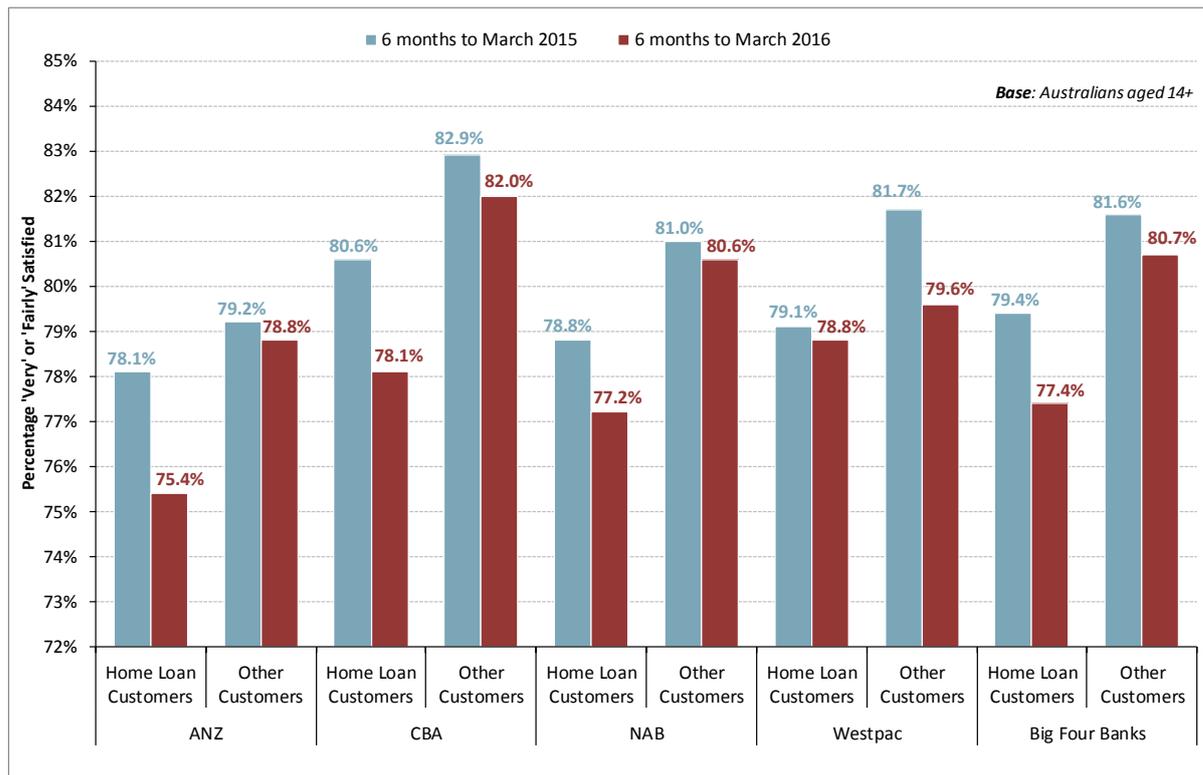
Looking at the banks outside of the big four, Teachers Mutual is the best performer with a 94.8% satisfaction rating, followed by Beyond Bank Australia (92.4%), Heritage Bank (90.5%) and ING Direct (90.1%).

Overall, the Mutual Banks with 91.0% satisfaction are the pacesetters with the big four on 80.0%.

*Big four home-loan customers continue to be a drag on overall satisfaction*

The satisfaction of the big four’s home-loan customers in March 2016 has not recovered to the level it was at in September 2015, prior to October’s rate increase. It remains well below that of their non-home-loan customers.

**Satisfaction of Home Loan Customers cf. Other Customers**



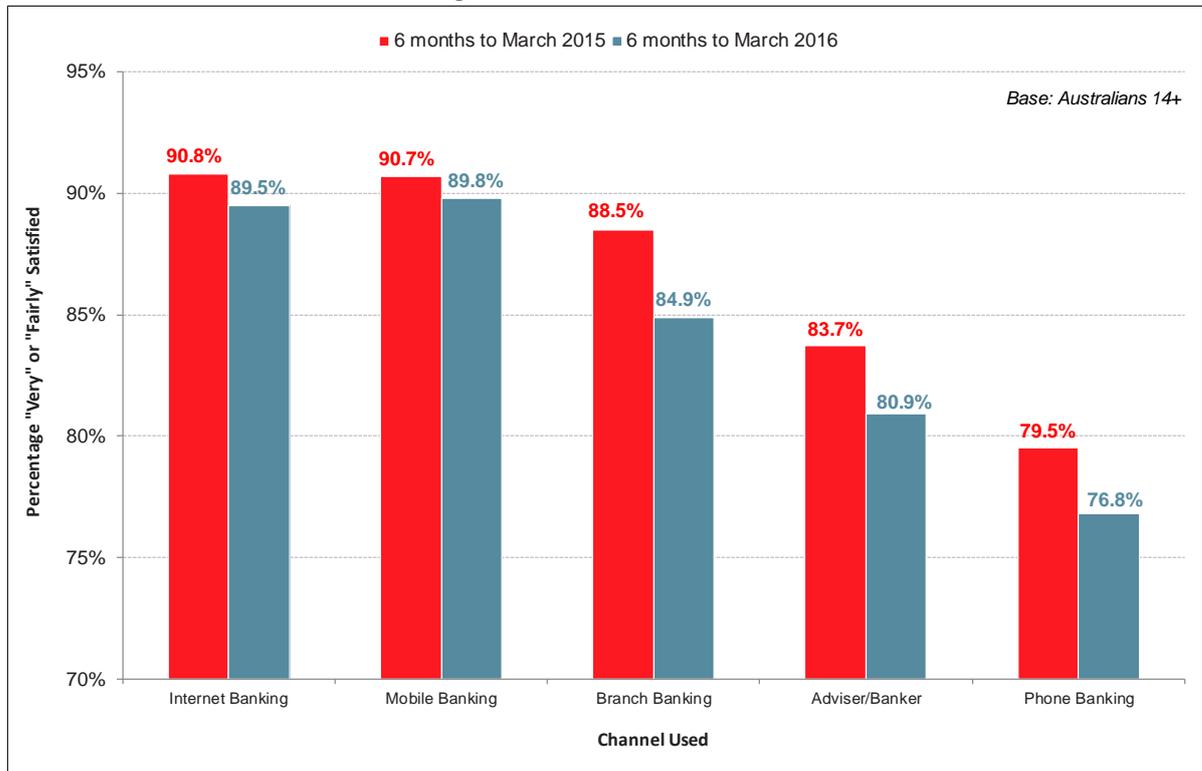
**Source:** Roy Morgan Research Single Source; October 2014 - March 2015 (n = 24,445); October 2015 - March 2016 (n = 24,558)

For the CBA, their home-loan customer satisfaction is 3.9% points below that of their other customers. For ANZ and NAB home-loan customers the gap is 3.4% points, while Westpac’s home-loan customers are only 0.8% points below the satisfaction level of their other customers.

## Satisfaction with banking channels is declining

In addition to measuring overall customer satisfaction, Roy Morgan Research also measures satisfaction with each of the channels or ways customers deal with their bank. The following chart shows that of the five major channels used by the big four banks, they have all shown declines in satisfaction over the last year. This is likely to be negatively impacting their overall satisfaction rating.

### Satisfaction with Channel Used - Big Four Banks



**Source:** Roy Morgan Research Single Source; October 2014 - March 2015 (n = 18,298); October 2015 - March 2016 (n = 18,256)

Internet and mobile banking have the highest satisfaction ratings but they too have shown declines in satisfaction over the last year. However, branch banking was the channel to have lost the most ground over the last 12 months, with satisfaction levels declining from 88.5% to 84.9%.

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

*"The home-loan rate increase announced by the big four banks in October appears to be negatively impacting customer satisfaction even now, months later. This is shown by the fact that satisfaction levels for all of the big four's home-loan customers remain below those seen immediately prior to the increase. Satisfaction has also declined among non-home-loan customers since September, which may be due partly to low deposit rates and partly due to a drop in satisfaction across the major channels customers use to deal with their bank.*

*"Competition in the home-loan market is likely to remain strong and the higher satisfaction of the smaller bank's home-loan customers presents a major challenge to the big banks. Furthermore, any adverse publicity regarding rate increases and the*

*current high-profile speculation about the prospect of a Royal Commission into banking is likely to affect satisfaction with the big four in particular.*

*“These results are from the Roy Morgan Single Source survey, which includes the most comprehensive consumer financial data available in Australia and as such is regarded as the industry currency.*

*“With over 50,000 interviews conducted annually for more than fifteen years, this database 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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See also our new [Banking Service Usage Report](#) and our [Satisfaction with Banking Channels Report](#).

#### **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