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Monday, 28 November 2016

Satisfaction with big four banks declines in October

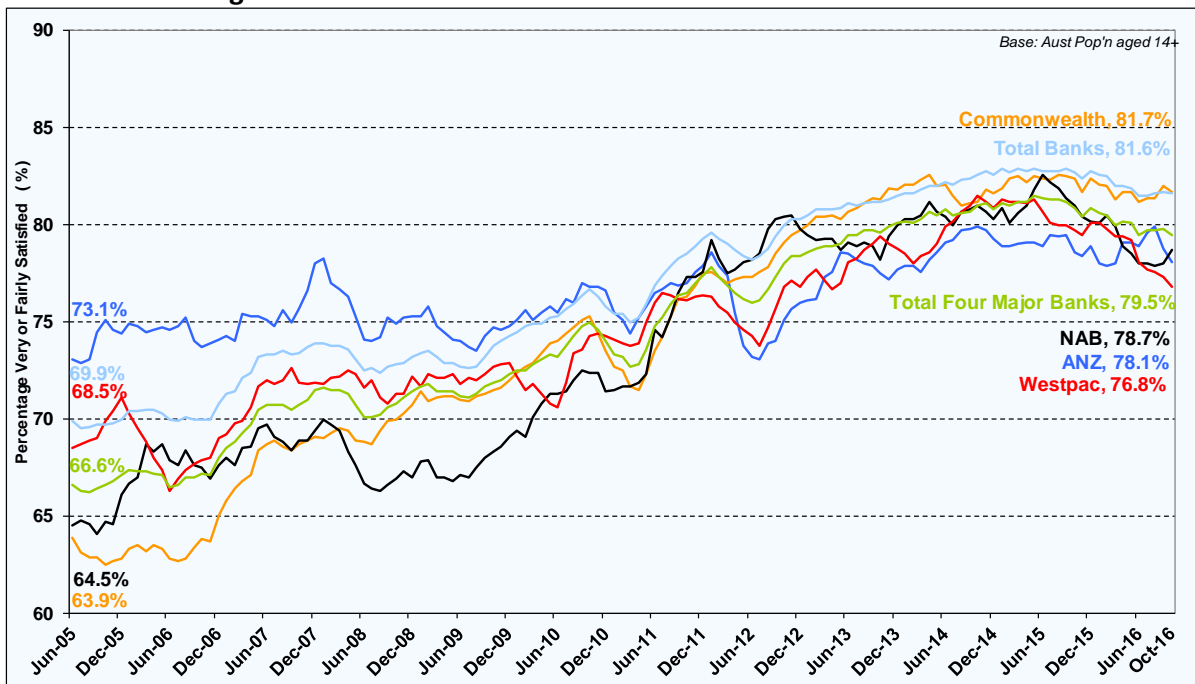
The satisfaction level of the big four banks' personal customers in the six months to October 2016 was 79.5%, down from 79.8% in September. This represents a 2.0%-point decline in satisfaction with the big four since May 2015, when it peaked at 81.5%. The main cause of this decline has been the big reduction in satisfaction among home-loan customers, down 3.4% points to 75.8%, compared with a decline of only 0.9% to 80.4% for other customers. These are the latest findings from Roy Morgan's Single Source survey of 50,000+ people pa.

NAB the only big four bank to improve in October

In October, the NAB was the only bank among the big four to show an improvement in satisfaction (up 0.7% to 78.7%) and as a result it moved past the ANZ (78.1%) into second place behind the CBA (81.7%). NAB's improvement was due to increased satisfaction among non-home loan customers (up 0.9% points), whereas home-loan customer satisfaction declined (down 0.3% points).

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Consumer Banking Satisfaction



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

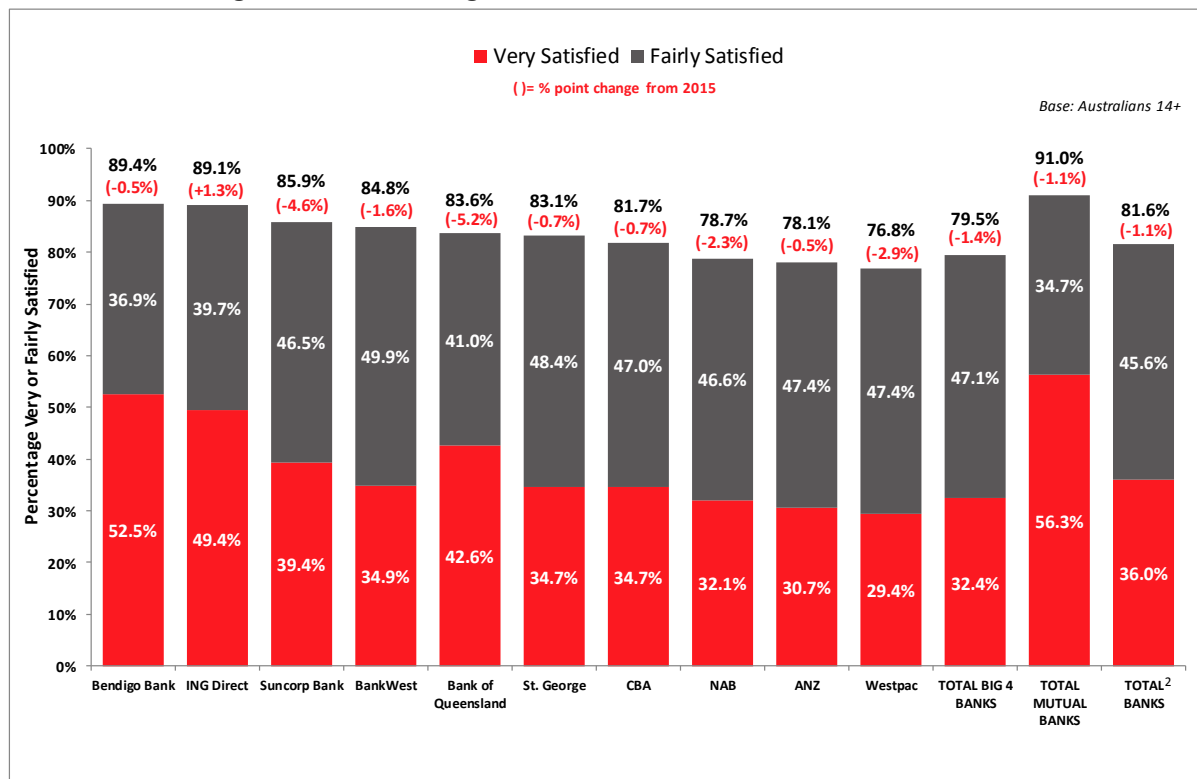
The largest decline in satisfaction among the big four in October was among ANZ customers (down 0.7% points to 78.1%), the result of a drop in satisfaction among non-home loan customers (down 1.3% points). Westpac's satisfaction declined by 0.5% points to 76.8% due to a fall in satisfaction among both home-loan and non-home loan customers. While the CBA retained top spot with 81.7% (down 0.3% points), satisfaction was down marginally among both home-loan and non-home loan customers.

Despite very low interest rates that should favour borrowers rather than depositors, it is worth noting that home-loan customers have lower satisfaction than other customers for all four of the major banks. The reverse is the case with the remaining top 10 largest banks, ie. home-loan customers have higher satisfaction for Bendigo Bank, Bank SA, ING Direct, ME Bank and St George.

Mutual banks have clear lead in customer satisfaction

The mutual banking sector’s overall customer satisfaction was 91.0% in October, well above the big four’s average (79.5%) and higher than the best performers among the largest 10 consumer banks, ie. Bendigo Bank (89.4%) and ING Direct (89.1%). Over the last month the mutual banks increased their lead in satisfaction over the big four with a gain of 0.4% points compared to a drop of 0.3% points for the big four.

Consumer Banking Satisfaction - Largest 10 Banks¹ V Mutual Banks



1. Top 10 consumer banks. 2. Includes banks not shown. **Source:** Roy Morgan Research Single Source: May-October 2015, n=25,215; May-October 2016, n=25,015.

The best performers among the major mutual banks were Greater Bank (95.4%), Victorian Teachers Mutual Bank (94.9%), Bank Australia (94.4%) and Teachers Mutual Bank (94.0%).

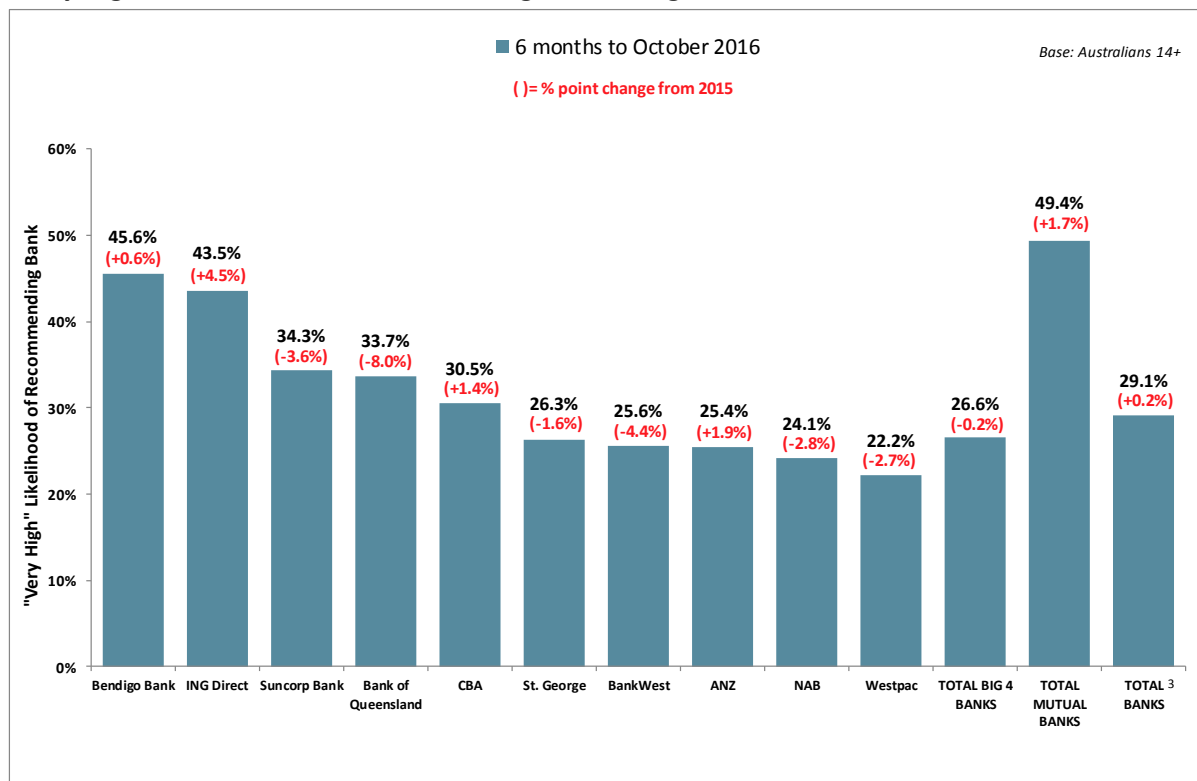
With increased attention being paid to improving the likelihood of bank customers recommending their bank (ie. becoming ‘high advocates’), it is first necessary to focus on the proportion who are ‘very satisfied,’ as this group is much more likely to become ‘high advocates’ (rating their bank 9 or 10 on a 10-point scale). Customers who indicate they are only ‘fairly satisfied’ are less likely to strongly recommend their bank to others.

The average proportion of ‘very satisfied’ customers among the big four is only around a third (32.4%), compared to 56.3% for mutual banks, and 52.5% for Bendigo Bank (the top performer among the 10 largest banks). The CBA is the best of the big four with 34.7% ‘very satisfied’, followed by NAB with 32.1%.

Less than a third of bank customers have a ‘very high’ likelihood of recommending their bank

Among bank customers, only 29.1% can be regarded as having a ‘very high’ likelihood of recommending their bank (scoring 9 or 10 on a 10-point scale). The two best performers among the 10 largest banks on this measure are Bendigo Bank (45.6%) and ING Direct (43.5%). Both of these banks are well clear of the other majors, with the big four having an average of only 26.6% classified as ‘very high’ advocates.

‘Very High’ Likelihood² of Recommending Bank - Largest 10 Banks¹ V Mutual Banks



1. Top 10 consumer banks. 2. 9-10 on a 10 point scale. 2. Includes banks not shown. **Source:** Roy Morgan Research Single Source: May-October 2015, n=25,215; May-October 2016, n=25,015.

On average, close to half (49.4%) of the mutual banks’ customers are ‘very high’ advocates. It is worth noting that over the last 12 months, the mutual banks have increased their lead on this dimension, improving by 1.7% points (compared to a decline of 0.2% for the big four banks).

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

“Although bank satisfaction remains above the long-term average that Roy Morgan has been measuring for over 20 years, the last three years have shown signs that satisfaction levels have plateaued and, in fact, started declining. Although bank customers have a generally positive view of their bank, there are some problem signs

emerging. Despite the very low loan and deposit interest rates that favour borrowers, home-loan customer satisfaction with the big four banks has fallen even further over the last year, and is proving to be a drag on overall satisfaction. Satisfaction among home-loan customers of the big four is now only 75.8%, compared with 80.4% for other customers.

“In addition to measuring overall satisfaction, Roy Morgan measures satisfaction across the channels customers use to access their bank, as this has the potential to impact satisfaction overall. For instance, satisfaction with branches has been declining for each of the big four over the last year, while the CBA was the only one of this group to improve satisfaction for mobile and internet banking. This indicates that customers’ transition to the newer channels will need to be handled with their needs and benefits in mind.

“We have seen in this research that customers who are ‘very satisfied’ with their bank are much more likely to be ‘high advocates’ than those who are only ‘fairly satisfied’. It therefore makes sense to focus more on tracking ‘very satisfied’ customers. This is an area where the mutual banks and some of the other smaller banks remain well ahead of the big four and are the real pacesetters.

“With over 50,000 interviews conducted annually for more than 20 years, Roy Morgan data has become the industry currency in retail financial services. Its size enables an in-depth understanding of financial behaviour and trends, providing unique and detailed insights for anyone involved in the financial services market. Customer satisfaction and advocacy are just some of the metrics that are capable of being analysed in much greater detail than in any other survey of the Australian retail financial services market.”

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Related research findings

View our banking and finance satisfaction reports, including the [Customer Satisfaction: Consumer Banking in Australia report](#) and [Customer Satisfaction: Small Business Owners in Australia 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

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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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