

Friday, 20 July 2018

Bank customer satisfaction and NPS[®] slip further during Finance Royal Commission

New results from Roy Morgan shows that bank customer satisfaction has dropped from 82.3% in January 2018, prior to the Finance Royal Commission, down to 78.5% in May and slipped even further to 78.3% in June. This represents a decline of 4.0% points since January and is now at the lowest monthly satisfaction level since April 2012 but still remains above the long term average of 73.8% calculated since 2001 and well up on the 60.0% in January 2001. Roy Morgan also measures the Net Promoter Score[®] (NPS) for banks, which has declined in line with satisfaction, going from 0.49 in January to minus 4.03 in June.

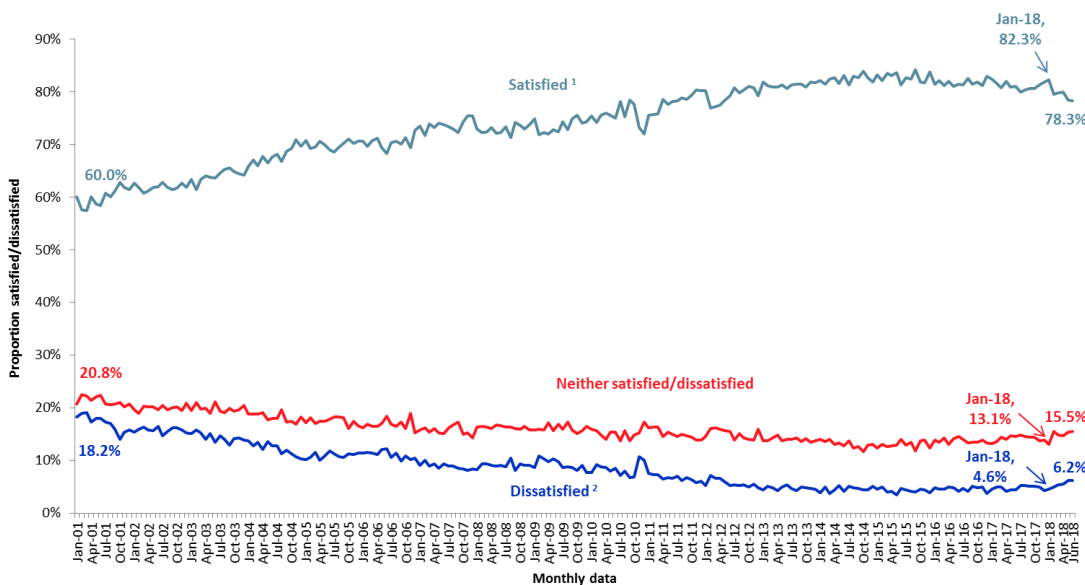
These are the latest findings from the Roy Morgan's 'Customer Satisfaction-Consumer Banking in Australia June Report' which is based on in-depth interviews conducted face-to-face with over 50,000 consumers per annum in their homes, including over 4,000 bank customers per month. This large sample of bank customers over many years enables an accurate understanding of long term trends rather than being distracted by what in hindsight can often be seen as relatively short term events.

Dissatisfaction with banks low but a threat to retention

A lot has been published over the last two decades regarding satisfaction with banks, which has improved considerably from 60.0% in 2001 to 78.3% currently but the level of dissatisfaction also needs to be monitored closely.

The following chart shows that the level of dissatisfaction with banks has increased to 6.2% from 4.6% in January, just prior to the Royal Commission and is now at the highest level since April 2012. The combination of the 15.5% of bank customers who are indifferent to their relationship with their bank (neither satisfied or dissatisfied) and those who are dissatisfied (6.2%), means that more than one in five (21.7%) bank customers pose a potential threat to customer retention, particularly considering that this has increased from 17.7% in January 2018.

Bank Customer Satisfaction - Monthly



Source: Roy Morgan Single Source (Australia): average monthly sample n = 4,441

Base: Australian 14+ with at least a deposit/transaction account with bank: average monthly sample, n = 3,868. 1. Very or fairly satisfied. 2. Very or fairly dissatisfied

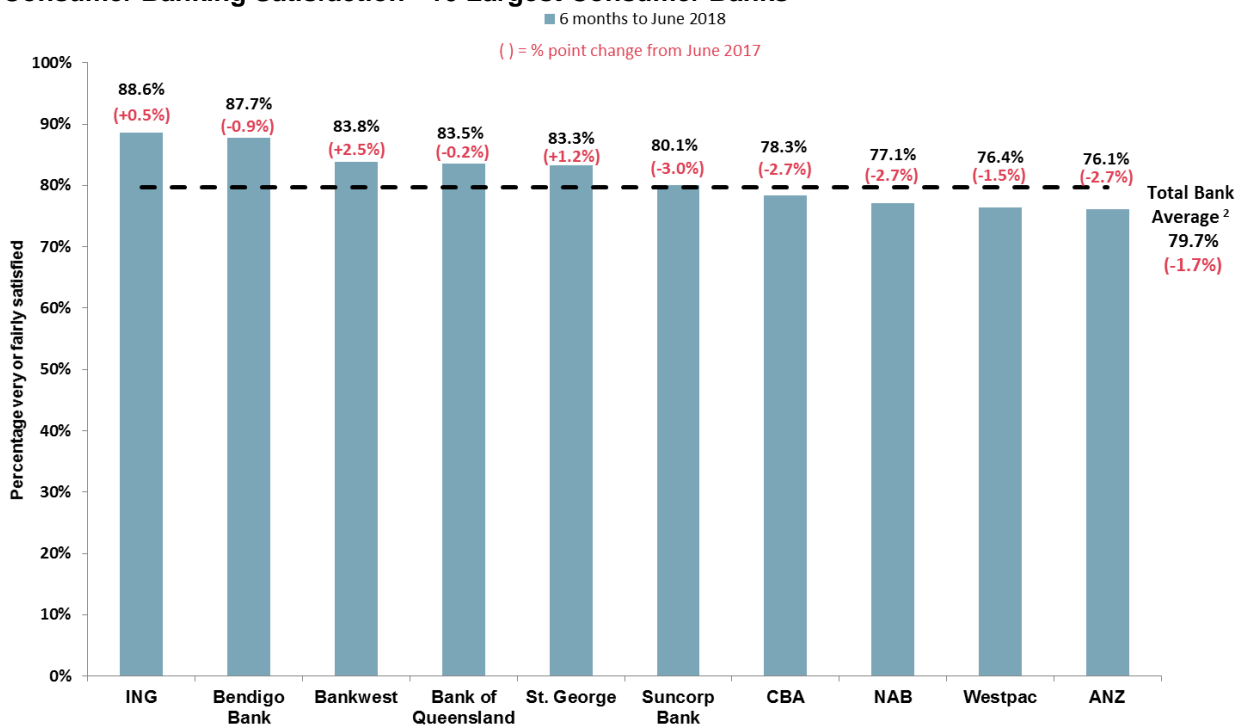
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ING and Bendigo Bank have the most satisfied customers

In the six months to June 2018, ING had the highest level of customer satisfaction of the ten largest banks (based on number of customers) with 88.6%, up by 0.5% points over the last 12 months. The other strong performer was Bendigo Bank with 87.7% but it was down by 0.9% points over the year. These two banks were well ahead of third placed Bankwest on 83.8%.

CBA remained the leader among the big four with 78.3%, followed by NAB (77.1%), Westpac (76.4%) and ANZ (76.1%). All of the big four showed declines in satisfaction over the year.

Consumer Banking Satisfaction - 10 Largest Consumer Banks¹



Source: Roy Morgan Single Source (Australia), 6 months to June 2017, n = 25,155; 6 months to June 2018, n=25,051.-

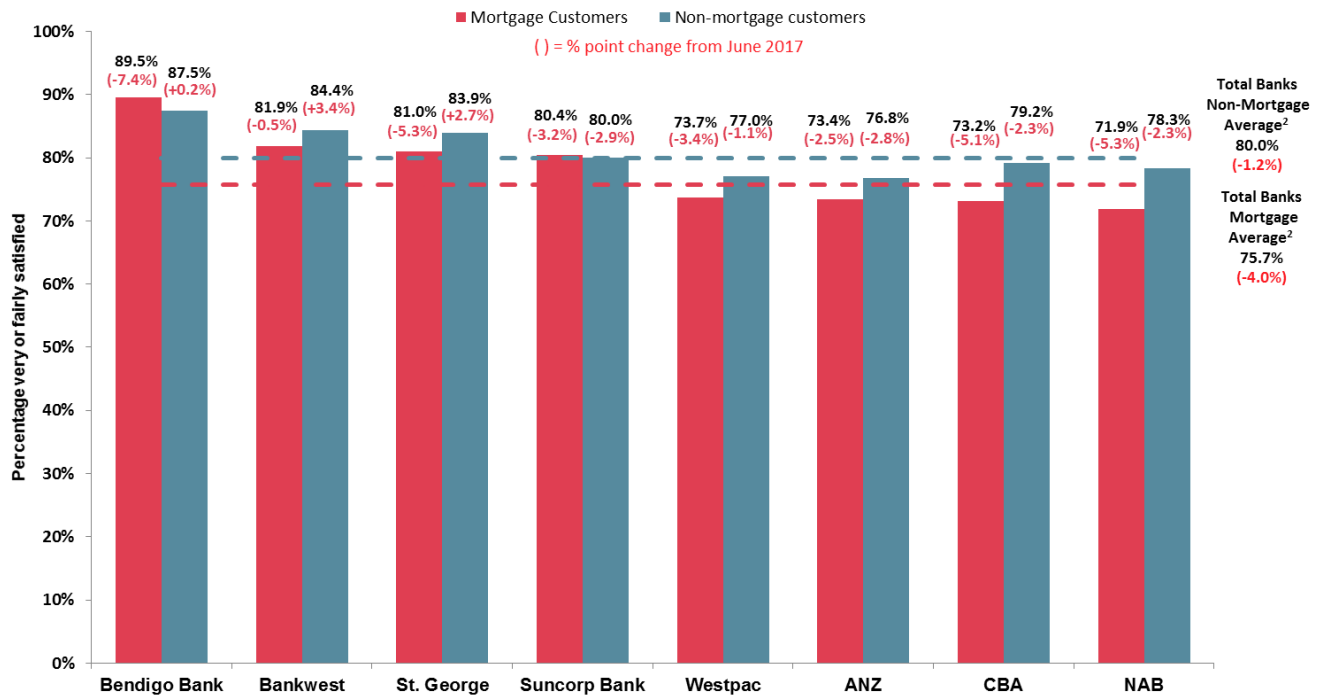
Base: Australians 14+. 1. Based on customer numbers. 2. Includes banks not shown

Big decline in mortgage customer satisfaction

Satisfaction with the mortgage customers of banks in the six months to June 2018 was 75.7%, a decline of 4.0% points from the same period last year and well below the current level of 80.0% satisfaction for their non-mortgage customers. The big decline in mortgage customer satisfaction has been a major contributor to the overall decline in bank satisfaction over the year.

The following chart shows that all of the major banks had declines in satisfaction among their mortgage customers, ranging from a drop of 7.4% points for Bendigo Bank, to a decline of 0.5% points for Bankwest. Among the big four mortgage customers the largest declines were NAB down by 5.3% points and CBA down by 5.1% points.

Satisfaction of Mortgage and Non-Mortgage Customers - 8 Largest Home Loan Banks¹



Source: Roy Morgan Single Source (Australia). 6 months to June 2017, n = 25,155; 6 months to June 2018, n=25,051

Base: Australians 14+. 1. Based on mortgage customer numbers. 2. Includes top 12 banks based on customer numbers.

Norman Morris, Industry Communications Director, Roy Morgan says:

“It is not surprising given the continuing level of negative publicity involving banks and the Royal Commission, that [satisfaction with banks](#), NPS and [customer advocacy](#) are all showing a similar negative trend over the last six months.

“Declining satisfaction among home loan customers is a major contributor to the overall decline in customer satisfaction and is likely to be as a result of either increased rates or talk of rates being increased. This is likely to be having a negative impact in an environment where there hasn’t been any increase in the official cash rate by the Reserve Bank for a considerable time.

“Despite the declines in satisfaction and advocacy, they remain above historic levels but the potential impact of continued negative publicity represents a major challenge for banks.

“The data shown here is only a very small part of the consumer finance data available from Roy Morgan. The full database enables a truly holistic and unique understanding of consumers financial behaviour and trends gathered from 50,000 interviews per annum across more than two decades and includes a full range of customer metrics including satisfaction, advocacy and NPS.”

To learn more about Roy Morgan’s bank satisfaction and advocacy data, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

Please click on this link to the [Roy Morgan Online Store](#).

About Roy Morgan

Roy Morgan is the largest independent Australian research company, with offices in each state of Australia, as well as in the United States and the United Kingdom. A full service research organisation

specialising in omnibus and syndicated data, Roy Morgan 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
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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