

Tuesday, 31 March 2020

Customers of the big four banks now more likely to recommend them, post-Royal Commission

Data from Roy Morgan's ['Advocacy Report, Financial Institutions, Monthly Report February 2020'](#) shows that customers of the big four banks – ANZ, Commonwealth Bank (CBA), National Australia Bank (NAB) and Westpac – are more likely now to recommend their banks to others than they were in February 2019, following the damaging revelations of the Finance Royal Commission.

Willingness to recommend is expressed in a Net Promoter Score (NPS[®]). In February 2019, three of the big four had a negative NPS[®], with CBA the exception. That is still the case, however all four have improved their NPS[®], shifting the average for the group from -1.6 to 2.8.

CBA lifted by 4.6 points to reach a score of 8.4. NAB lifted even more, rising 4.9 points to -0.7, and ANZ rose by 4.8 to -2.0. Westpac rose by 2.8 to -4.5.

Many of the other banks in the Top 10 (by market share) saw falls in their NPS[®], however the three best performers remained well above the current bank average NPS[®] of 8.2.

ING was top, on 47.8 (down 4 points from February 2019), followed by Bendigo Bank on 36.9 (up 2pts), then Bank of Queensland in third place on 13.5 (down 5.5pts).

There was a significant gap to the remaining Top 10 banks, with Bankwest on 0.8 (down 9.3pts) and Suncorp on -0.6 (down 9.0pts). St George also fell markedly, dropping 5pts to a neutral NPS[®] of 0.

The data for the report is gathered via in depth interviews Roy Morgan conducts with more than 50,000 consumers each year in a continuous, two-decade long survey, enabling an accurate understanding of long term trends. It complements the Customer Satisfaction which Roy Morgan also measures.

As the chart below shows, Customer Satisfaction with banks overall increased from 77.9% in February 2019 to 78.9% in February 2020.

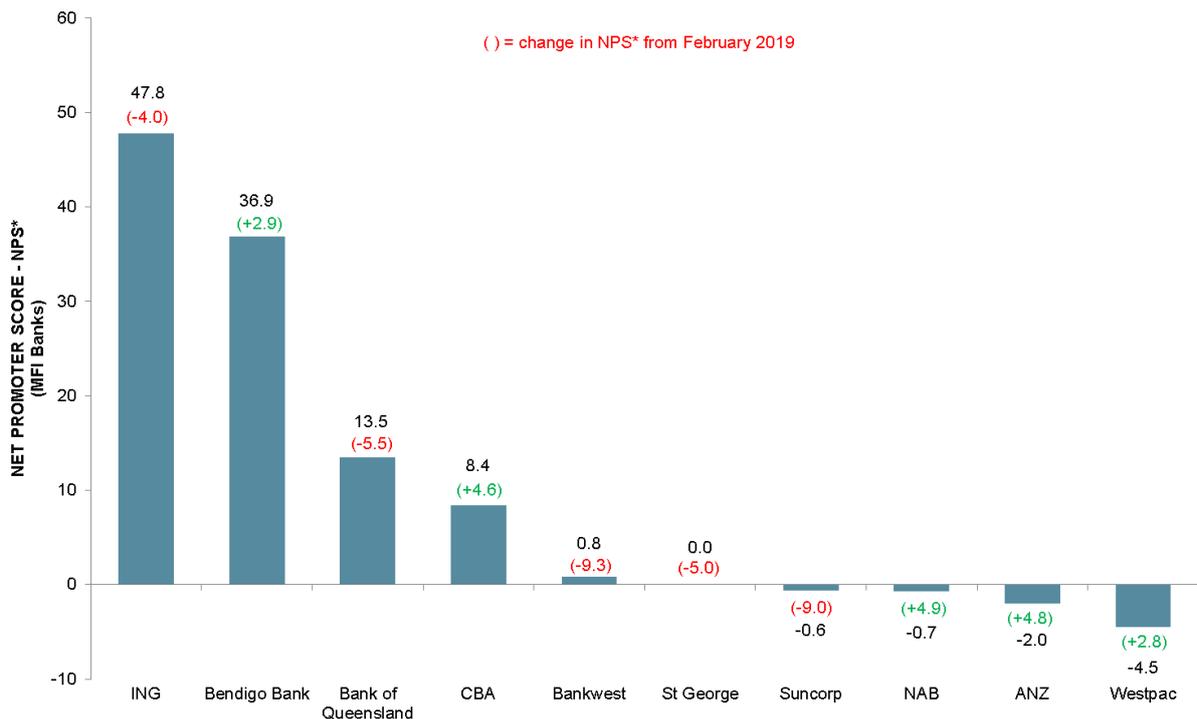
Roy Morgan CEO Michele Levine says,

“As the negative publicity resulting from the Royal Commission is put behind us, the public’s discontentment towards these banks has declined. This isn’t solely due to people moving on to other concerns; it’s also testament to the big four in particular acting on the commission’s recommendations.

“Looking ahead, in response to current events these banks have introduced small business and home loan deferrals of up to six months for people who have been adversely affected by COVID-19. Other top 10 banks have done the same, promising up to six months of loan deferrals and in some cases waiving charges on debt consolidation and loan restructuring. This move by the major players in the banking industry will go a long way in maintaining, if not increasing, bank satisfaction and NPS[®] even during the severe economic downturn we are experiencing now.

FOR IMMEDIATE RELEASE

Net Promoter Score (NPS®*) MFI Banks – 10 largest consumer banks²



Source: Roy Morgan Single Source (Australia). 6 months to February 2019, n=25,115. 6 months to February 2020, n=23,880. **Base:** Australians 14+. *Net Promoter Score and NPS® are registered trademarks of Bain & Company, Inc., Mr Frederick Reichheld and Satmetrix Systems, Inc. Based on score of 9 or 10 minus 1 to 6 on a ten point scale, where one is very unlikely to recommend to a friend or colleague and ten is very likely. 1. Main Financial Institution. 2. Then largest MFI banks based on MFI customer numbers.

Michele Levine, Chief Executive Officer, Roy Morgan, says:

"While it is important to measure bank NPS® and satisfaction, it is critical for banks to understand what drives these results in order to apply resources to the most cost effective areas. We cover these in detail in the Roy Morgan 'Drivers of Advocacy-Consumer Banking Market Report and the 'Drivers of Customer Satisfaction-Consumer Banking Market Report', but in summary they include 'customer experience', 'reliability and security', 'interest rates, fees and charges', 'product offering' and 'internet banking'.

These reports also provide a detailed analysis for the factors driving advocacy and satisfaction for each of the major banks but even so they are only a 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, including the complete range of customer metrics such as customer penetration, market share, Share of Wallet (SOW), Product per customer (PPC), intention to switch, advocacy, satisfaction and NPS®. To find out more ask Roy Morgan."

Satisfaction with major banks increase while other banks produce mixed results

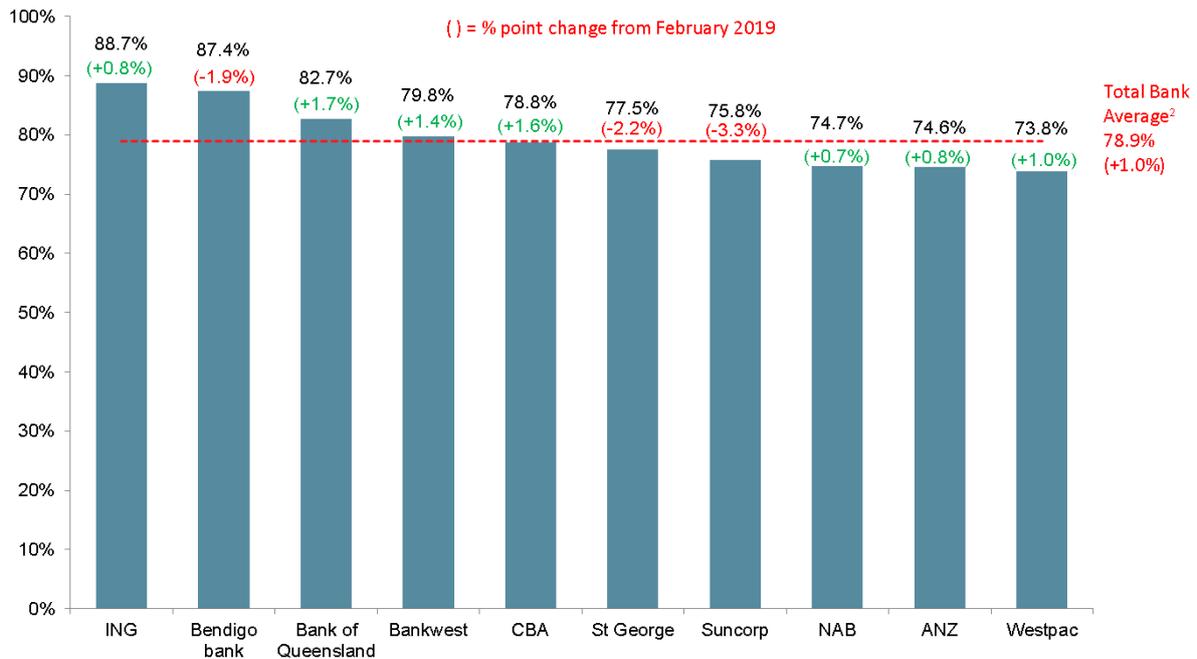
Most of the top 10 banks recorded marked improvements in customer satisfaction over the year, with the biggest increases coming from Bank of Queensland with 82.7%, up 1.7%; and Commonwealth Bank with 78.8%, up 1.6% from February 2019.

Commonwealth Bank's increase in customer satisfaction ratings also puts it firmly in front of the other Big 4 banks, with a 4.1% margin over its closest competitor, NAB, sitting at 74.7%, up 1% from last year. They are closely followed by ANZ (74.6%) and Westpac (73.8%), who also saw increases in customer satisfaction from last February.

Although on the whole it has been a positive year for the top 10 banks, there were some banks that did not follow the customer satisfaction trend, recording decreases in satisfaction. Suncorp and St. George recorded the most dramatic declines, falling 3.3% and 2.2% respectively to end February 2020 with the lowest scores of the top 10.

February 2019's banking customer satisfaction leader Bendigo Bank has lost their place in top spot following a decline of 1.9% to 87.4%. The new leaders are ING, recording an 8.7% customer satisfaction rating, up 0.8% from last February.

Consumer banking satisfaction - 10 largest consumer banks¹ - 6 months to February 2020



Source: Roy Morgan Single Source (Australia). 6 months to February 2019, n=25,115. 6 months to February 2020, n=23,880. **Base:** Australians 14+. 1. Based on MFI customer numbers. 2. Includes banks not shown

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To learn more about Roy Morgan's Banking data, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

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About Roy Morgan

Roy Morgan is Australia's largest independent Australian research company, with offices in each state, as well as in the U.S. and U.K. A full-service research organisation, Roy Morgan has over 75 years' experience 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