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High value bank customers lack loyalty

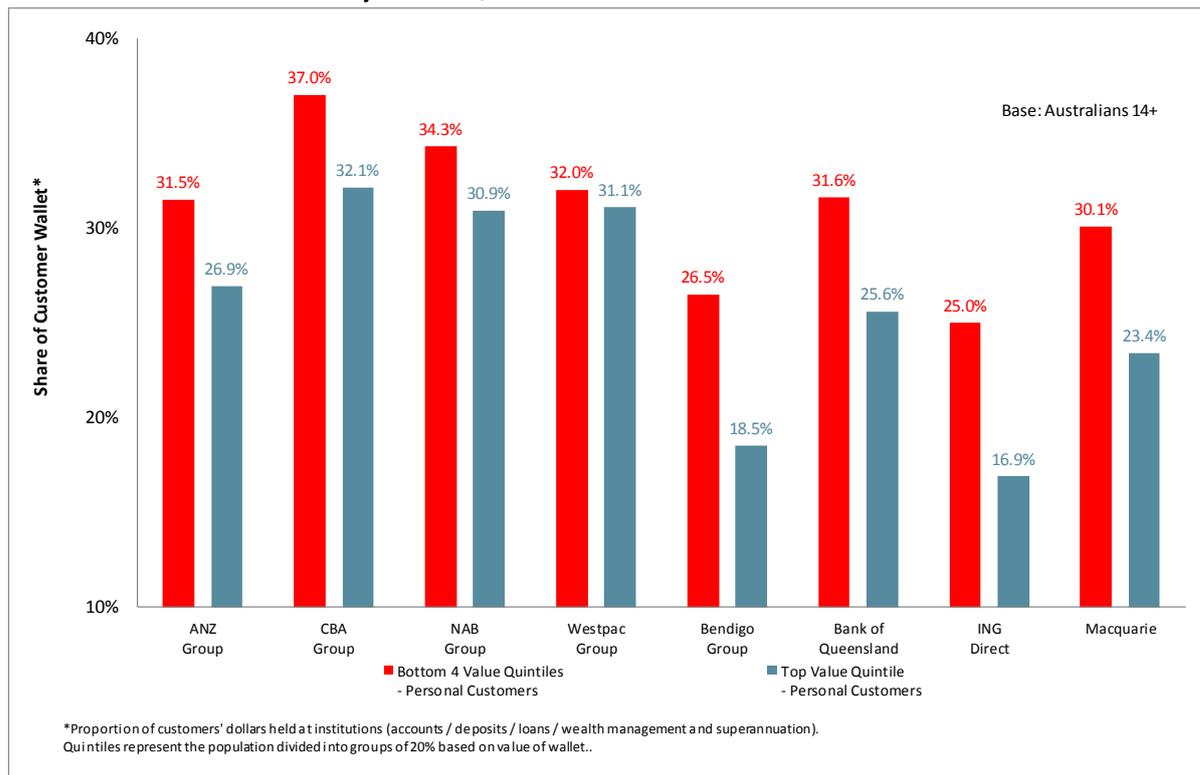
The top 20% of banking and finance customers (the top quintile) show very little loyalty to the financial institutions they deal with. This is evident by the fact that customers in this valuable segment (which accounts for 63% of total market value) have less than a third of their potential dollars ("share of wallet") with their bank.

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

CBA, NAB and Westpac have highest share of wallet among top quintile customers

The CBA group leads in share of wallet in the top quintile with 32.1%, followed by the Westpac group (31.1%) and the NAB group (30.9%). The ANZ group is behind with 26.9%.

Share of Customer Wallet by Value Quintiles*



Source: Roy Morgan Single Source (Australia), October 2014 - September 2015, n=50,279

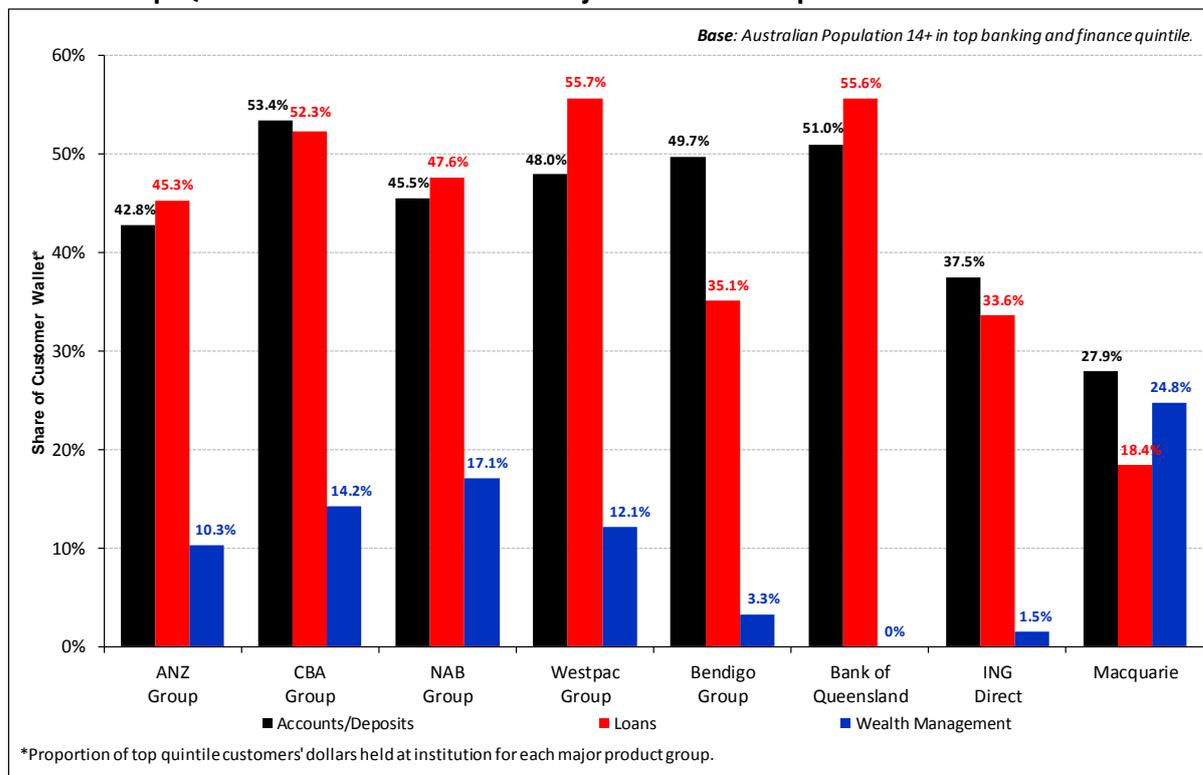
Of the smaller banks measured, BofQ was the best performer with 25.6%, followed by Macquarie with 23.4%. All major banks shown here had a higher share of wallet for their four lower-value quintile customers compared to their top group. The best performer among the lower-value groups was the CBA group with 37%.

It is worth noting that a higher share of wallet in the four lower quintiles has less impact on overall performance because although these segments account for 80% of banking clients, they represent just 37% of total market value.

Wealth management the poorest performer in the top quintile

The low share of the wealth management wallet (including superannuation) among the top quintile customers is proving to be a major drag on the major banks' overall share of wallet. Among the big four banking groups' top-quintile customers, the best performer in wealth management is the NAB group with 17.1% share, followed by the CBA group (14.2%) and the Westpac group with 12.1%.

Share of Top Quintile Customer Wallet* - Major Product Groups



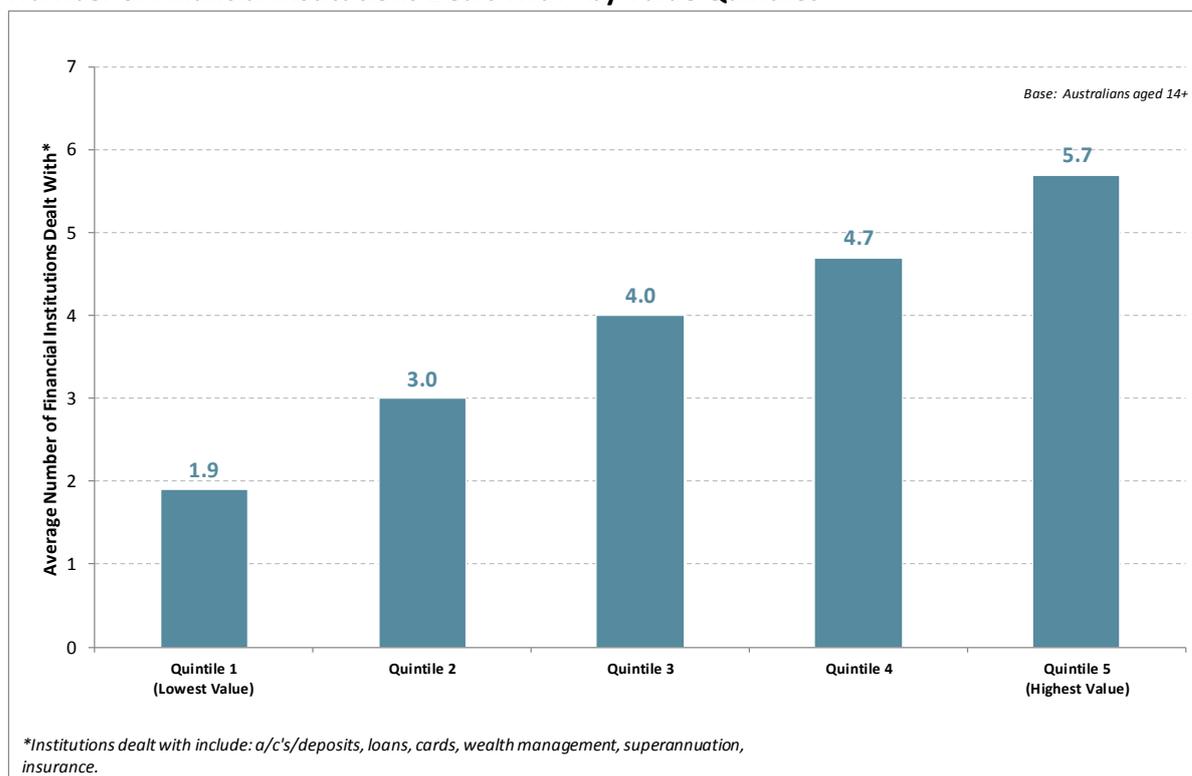
Source: Roy Morgan Research Single Source (Australia), October 2014 - September 2015, n = 9,919.

Although the share of wallet for the traditional banking products is much higher than for wealth management, they also remain well below potential, with most of the major banks only achieving around 50% or less of their customers' deposits and loans business.

Top quintile customers deal with more financial institutions

As a customer's value increases, so does the number of financial institutions they deal with. On average, top-quintile customers deal with 5.7 individual financial institutions —and although some institutions belong to the same banking group, consolidation presents a major challenge.

Number of Financial Institutions Dealt With* by Value Quintiles



Source: Roy Morgan Single Source (Australia), October 2014 - September 2015, n = 50,279.

The number of financial institutions dealt with covers all banking, wealth management and insurance products. Each of the big four banking groups, as well as some of the smaller players, are able to provide all of these products. Clearly the majors are having only limited success cross-selling to their most valuable customers, with no real improvement over the last four years.

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

“The ability to increase cross-sell or share of wallet among the top finance quintile is critical, because this segment accounts for nearly two-thirds of the value of the total financial services market. With the major banking groups all holding less than one third of their most valuable customers’ wallet, there is obviously a great deal of growth potential. It’s concerning, however, that the four major banking groups have actually shown a decline in share of wallet among this high-value group over the last four years.”

“It is mainly in the wealth management sector where the major banking groups are having the least success with the top-value quintile, getting a share of wallet of less than one fifth. The traditionally strong banking areas of accounts/deposits and loans also show considerable potential for growth, with the major banking groups only achieving around half of their customers’ business in these areas.”

“Overall it appears there is a lack of loyalty to the major banking groups, particularly in the highest-value segment. Several factors are behind this, including competition from specialist providers, low awareness of some products’ availability, lack of incentive to consolidate, and the need to spread the risk.”

“Achieving a higher share of wallet among this group represents a considerable challenge as they are also the segment with the lowest satisfaction level with the major

banks. Regardless, they are clearly the segment with the highest potential for business growth, but only if the banks are willing to put in the hard yards to win them over...”

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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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