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Tuesday, 22 March 2016

Consumer satisfaction with big four banks dips again in February

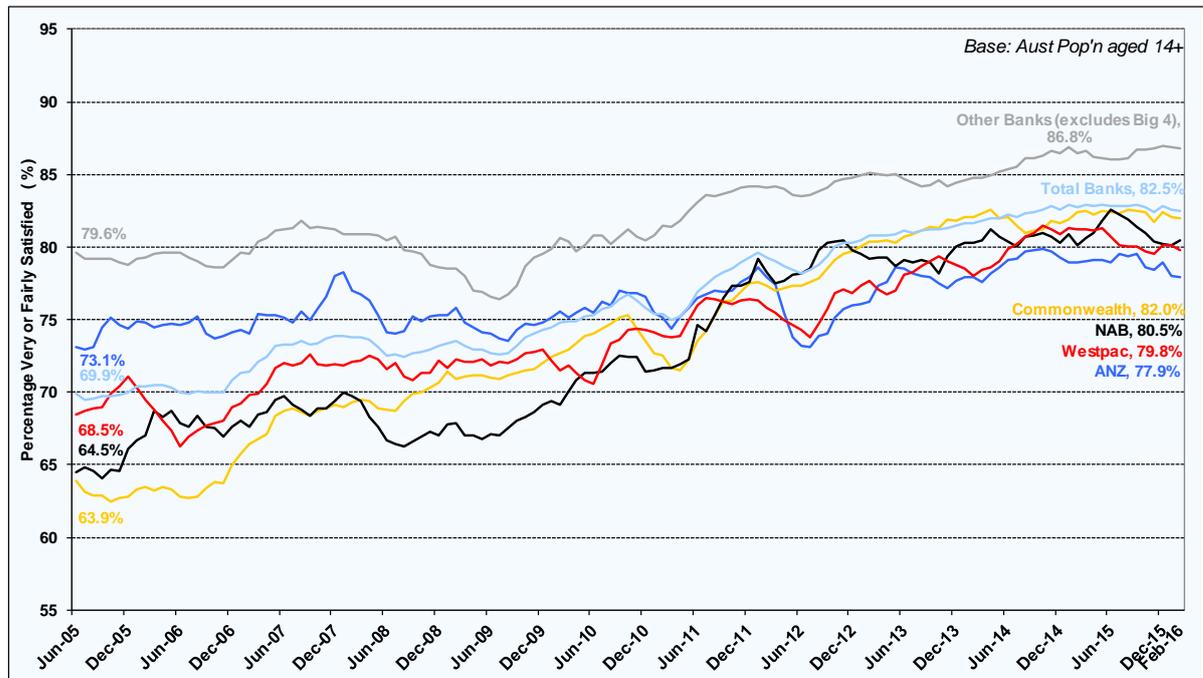
The satisfaction level of the big four banks' personal customers in the six months to February 2016 was 80.5% , down marginally from 80.6% in January and following the decline of 0.3% points seen in January. The combined drop in satisfaction seen over the last two months of 0.4% points was due to declines among both home loan (-0.3% points) and non- home loan customers (-0.4% points). These are the latest findings from Roy Morgan's Single Source survey of 50,000+ people pa.

Despite the decline over the last two months, customer satisfaction with the big four banks is currently close to historically high levels. The satisfaction level of home loan customers (78.5%) remains below that of other customers (81.0%) and has not recovered from where it was in September (80.0%) prior to the home loan rate increases announced in October.

NAB was the only big four bank to improve in February

In February, the NAB was the only one of the big four to show some improvement in satisfaction (up 0.4% points). Westpac showed the biggest drop (down 0.3% points), followed by ANZ and CBA, which were relatively steady with a change of -0.1%.

Consumer Banking Satisfaction



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

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The NAB improvement was due to an increase in satisfaction among non-home loan customers whereas the Westpac decline was due to a drop in non-home loan customer satisfaction.

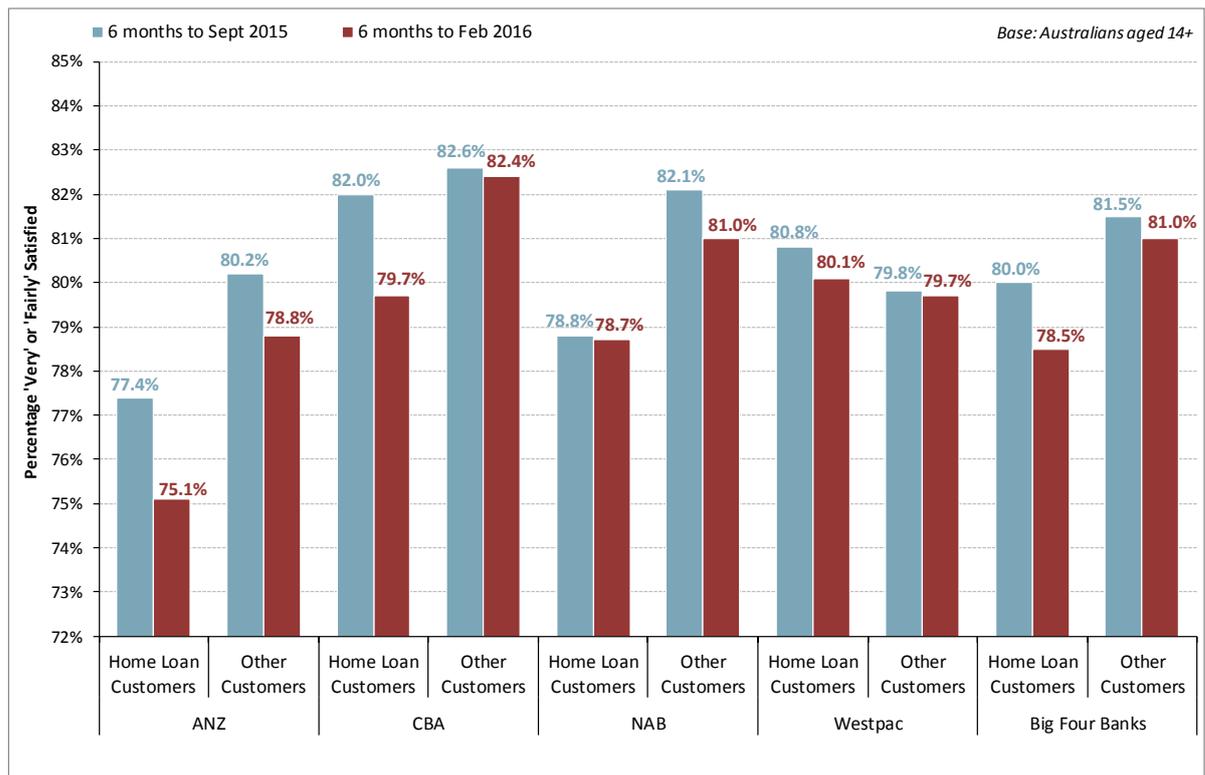
The CBA remains the clear leader overall with 82.0% satisfaction, followed by NAB (80.5%), Westpac (79.8%) and ANZ (77.9%).

Looking at the banks outside of the big four, Beyond Bank Australia is the best performer with 95.4%, just ahead of Teachers Mutual Bank (95.3%). These two are well ahead of the field and are followed by ING Direct (90.0%), Heritage Bank (89.4%), Bank of Queensland (89.2%) and Bendigo Bank (89.0%). It is worth noting that of the 19 banks outside of the big four in this survey, 17 scored higher satisfaction than the top performer of the big four (the CBA with 82.0%).

Big four home-loan customers have not recovered from the October rate increase

The satisfaction of the home-loan customers of each of the big four banks in February 2016 has not recovered back to the September 2015 level, prior to the October rate increase.

Satisfaction of Home Loan Customers cf. Other Customers



Source: Roy Morgan Research Single Source; April 2015 - September 2015 (n = 25,834); October 2015 - February 2016 (n = 24,452)

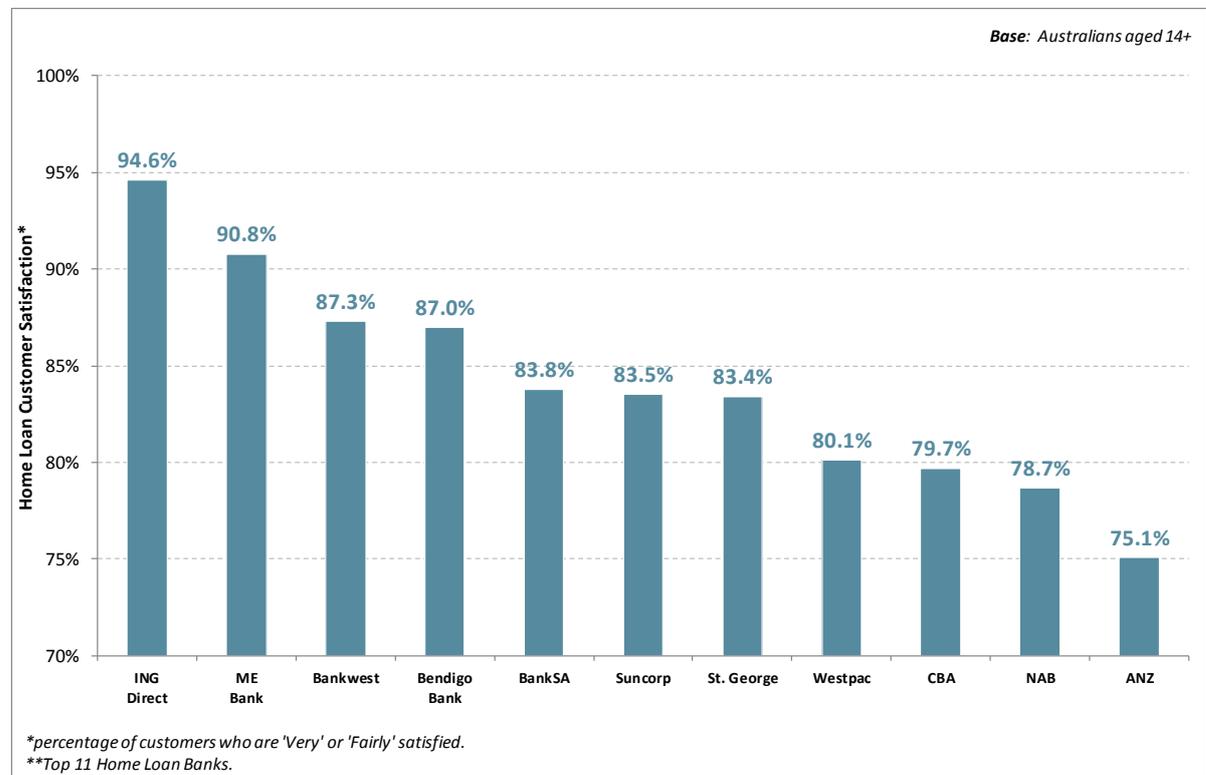
For both the ANZ and CBA, their home loan customer satisfaction remains 2.3% points below their September levels. Westpac home-loan customer satisfaction is down by 0.7% points since then and NAB is relatively stable (down 0.1% point).

The satisfaction of non-home loan customers for each of the big four also remains below the September 2015 levels.

ING Direct leads in home loan customer satisfaction

Among the 11 major home loan banks, ING Direct home loan customers have the highest satisfaction with 94.6%. They are followed by ME Bank (90.8%), BankWest (87.3%) and Bendigo Bank (87.0%).

Bank Home Loan Customer Satisfaction **



Source: Roy Morgan Single Source, September 2015 - February 2016 (n = 6,636).

The big four banks remain well below their smaller competitors when it comes to home-loan customer satisfaction, with the best of the majors being Westpac on 80.1%.

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

“The home-loan rate increase announced by the big four banks in October appears to have maintained some negative impact on customers right through to February 2016. This is shown by the fact that all of the big four home-loan customers remain below the satisfaction levels seen immediately prior to the increase. The non-home loan customers of these major banks have also had declines in satisfaction since September and this may be partly as a result of low deposit rates.

“Competition in the home-loan market is likely to remain strong and the higher satisfaction of the smaller banks’ home-loan customers presents a major challenge. In addition, any adverse publicity regarding rate increases or any other negative issues are generally focused on the big four banks.

“It is worth noting that despite the negative publicity directed at the major banks over the last few months, satisfaction levels remain close to historically high levels and well above levels seen over the last ten years.

“These results have been extracted 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. It covers detailed data on all banks, building societies, credit unions, insurance companies, fund managers and superannuation funds. With over 50,000 interviews conducted annually for more than fifteen years, our database enables a unique in-depth understanding of financial behaviour and trends. Anyone in the financial services industry would benefit from the unique insights that only Roy Morgan finance data can provide.”

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About Roy Morgan Research Consumer Single Source

Roy Morgan Single Source is based on over 50,000 interviews each year and has been designed and engineered to represent the ideal source model. It provides an integrated understanding of consumers; what they are like, what they consume, what they buy, what they think, what they want, what they watch, read and listen to. The overriding benefit of Roy Morgan Single Source is the strategic insights it offers in the ability to link many aspects. Not only can an organization's profitable customers be delineated by what they think, do, watch, but so can non customers. Hence brand positioning, product differentiation, merchandising, efficient media planning, market expansion and line extension opportunities can all be considered in the light of the correct understanding of the marketplace.

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

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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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