

Monday, 14 December 2015

Satisfaction with big four banks dips further in November

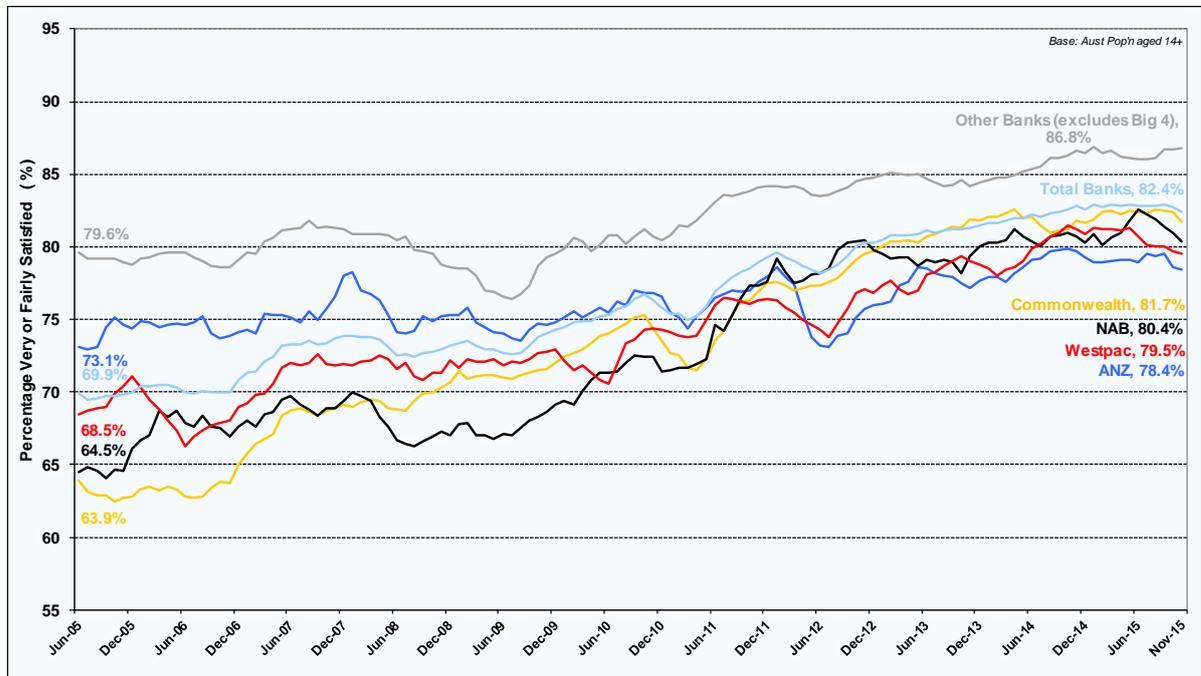
The satisfaction level of the big four banks' personal customers in the six months to November 2015 was 80.4%, down 0.5% points from October (80.9%) and follows the 0.3% point decline already seen in October. The November drop was due to a 1.0% point decline in home-loan customer satisfaction (to 78.2%) and a 0.4% decline for other customers (to 80.9%). Home-loan customer satisfaction for the big four has now had a 1.8% point drop over the last two months, following the high-profile publicity given to their rate increases.

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

Satisfaction with big four banks falls further behind other banks

In November, all of the big four banks showed some decline in satisfaction, although they still remain at historically high levels. The CBA declined by 0.7% points (to 81.7%) and remains the clear leader among this group. The NAB declined by 0.6% points (to 80.4%), Westpac was down 0.2% points (to 79.5%) and ANZ lost 0.2% points (to 78.4%).

Consumer Banking Satisfaction



Source: Roy Morgan Research Consumer Satisfaction Report 2015, average six-month sample n=25,610.

The big four were down by 0.5% points in total (to 80.4%) but the other banks showed a marginal increase of 0.1% points to remain well ahead on 86.8%. The mutual sector (banks,

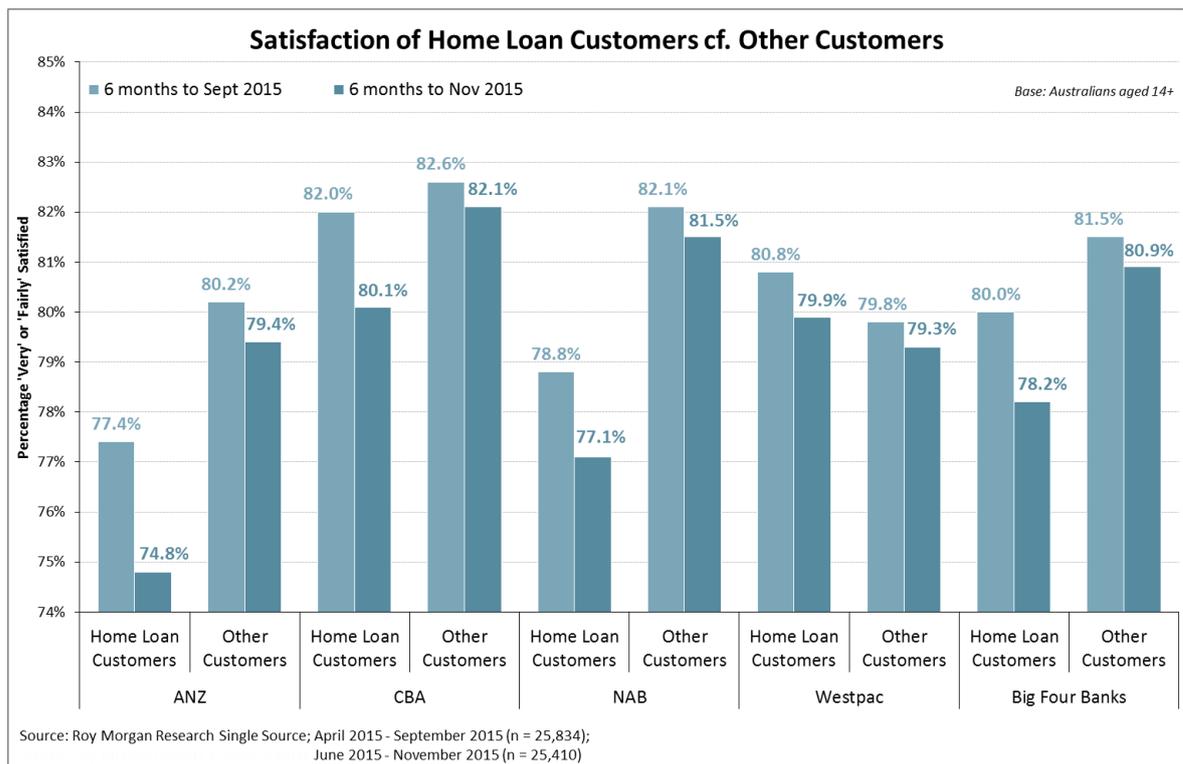
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building societies and credit unions) saw their satisfaction decrease by 0.2% points, but retain a very high 91.2% satisfaction.

Home-loan customers continue to show a drop in satisfaction

Not unexpectedly, the high-profile home loan rate rise of the big four in October appears to have had a negative impact on customer satisfaction. The satisfaction levels of the big fours' home-loan customers declined to 78.2% in November, down from 80.0% in September. The ANZ showed the biggest decline to 74.8% (from 77.4%), followed by CBA (down to 80.1% from 82.0%), NAB (down to 77.1% from 78.8%), and Westpac (down to 79.9% from 80.8%).

Satisfaction of home loan customers cf. other customers



Source: Roy Morgan Research Single Source; April 2015 - September 2015 (n = 25,834); Source: Roy Morgan Research Single Source; June 2015 - November 2015 (n = 25,410)

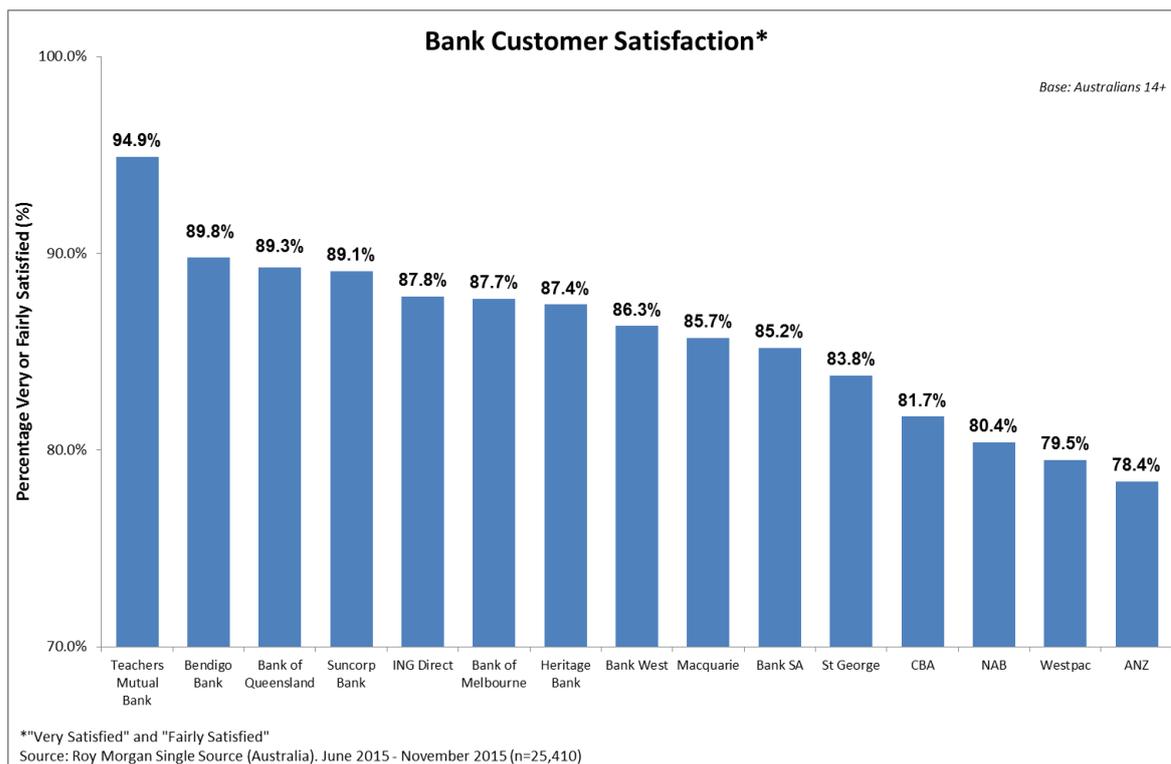
The ANZ, CBA and NAB all continue to have lower customer satisfaction levels among their home-loan customers compared to their other customers. Westpac, on the other hand, still has a slightly higher level of satisfaction among their home-loan customers compared to their non-home loan customers.

Smaller banks' satisfaction still well ahead of the big four

Among the 15 major consumer banks, Teachers Mutual Bank has the highest satisfaction with 94.9%, followed by Bendigo Bank (89.8%), Bank of Queensland (89.3%) and Suncorp Bank (89.1%).

The big four all lag well behind the smaller banks, with the best being the CBA in twelfth place on 81.7%.

Bank Customer Satisfaction*



Source: Roy Morgan Single Source, June 2015 - November 2015 (n = 25,410)..

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

"The home-loan rate increase by the big four in October appears to have had an adverse impact on satisfaction overall, particularly on that of their home loan customers. The decline in home-loan customer satisfaction of 1.8% points among the big four over the last two months has been a major contributor to them falling further behind the satisfaction levels of their smaller competitors.

"There are a number of reasons as to why the smaller banks remain well ahead in terms of satisfaction and recent work by Roy Morgan has identified some of the key drivers of this difference. One of the most important factors that impacts on satisfaction levels is 'making their customers feel valued'. Nearly all the smaller banks score well above the big four on this measure, with the best performers clearly being ING Direct, Teachers Mutual Bank and Bendigo Bank, all of which are top overall performers.

"Another important contributor to satisfaction levels where the smaller banks have a major advantage relates to "fees and charges are fair and reasonable". On this measure the two best performers are ING Direct and Teachers Mutual Bank.

"With many financial institutions now adopting advocacy measures as their KPIs, it is important to note that higher levels of satisfaction lead to improved levels of advocacy. For this reason satisfaction should remain the primary measure of customer engagement. This can be best illustrated by the fact that customers who are regarded as being highly likely to recommend their bank (strong advocates) have a satisfaction level of around

97%. In contrast, those who are unlikely to recommend their bank have a satisfaction rating of less than 50%.

“As we have seen in the past, the impact of adverse publicity regarding home-loan rate increases, particularly as it applies to the big four, is likely to wear off in a few months. After that, it will be necessary to improve on other important dimensions if the major banks are to show real gains towards closing the gap to the satisfaction levels of their smaller rivals.”

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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 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

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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