

Friday, 11 October 2019

Satisfaction and NPS® of big four banks improving after Finance Royal Commission

Satisfaction scores and NPS® (Net Promoter Score) levels of the big four banks are recovering from their decline following the Finance Royal Commission. In September, satisfaction with the big four reached 77.1%, up by 1.3% points since June, and NPS® was 5.3, up from 1.6. These satisfaction and NPS® scores remain below the pre Finance Royal Commission levels but are showing signs of potential recovery in customer ratings.

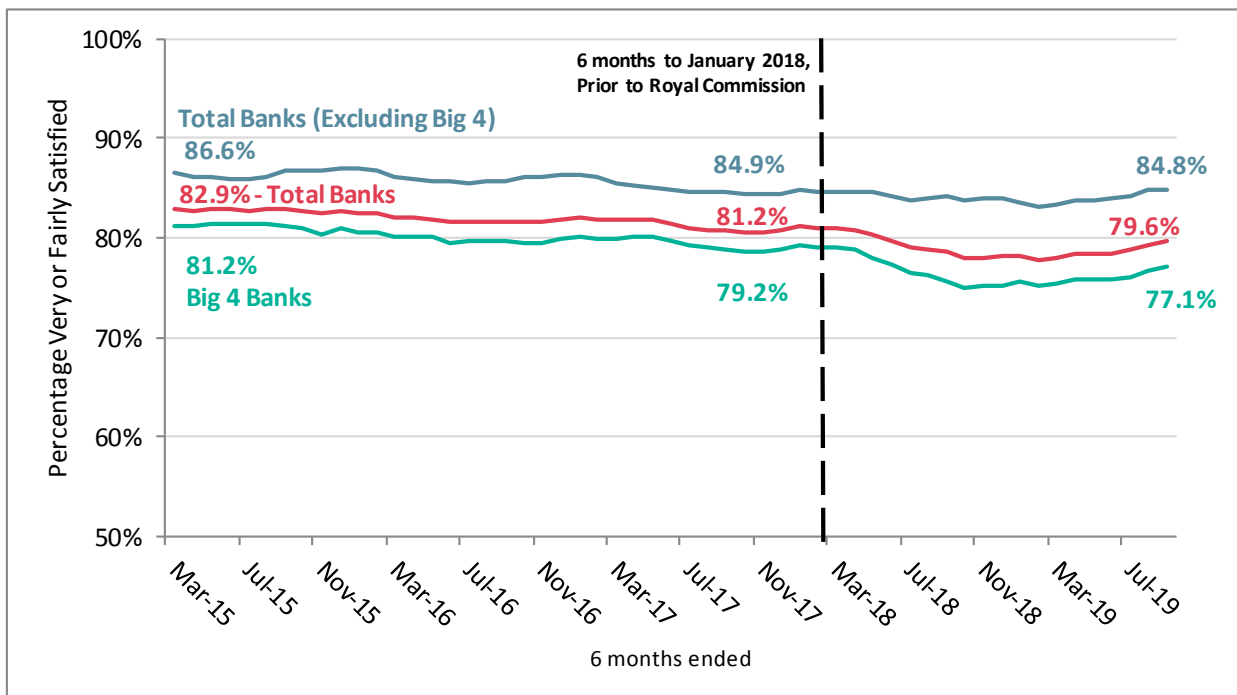
These are some of the latest findings from Roy Morgan's 'Customer Satisfaction report on Consumer Banking in Australia' and the 'Financial Institutions Advocacy Report'. These reports are based on in-depth interviews conducted face-to-face with over 50,000 consumers per annum in their homes. This large sample of bank customers over many years enables an accurate understanding of long-term trends rather than being distracted by what often turns out to be short-term events. The latest data in this release is for the six months ended September 2019. To purchase the latest Banking Customer Satisfaction report click [here](#).

Despite improvement the big four trail the smaller banks

The following chart shows that the banks outside of the big four currently have a satisfaction rating of 84.8%, well ahead of the big four. Their rating dipped around the Royal Commission into the banking and financial sector, but has all but fully recovered (down just 0.1% on pre-Royal Commission levels). The big four banks remain down by 2.1% points from where they were prior to the enquiry.

The CBA has the highest satisfaction among the big four with 79.2%, followed by Westpac (75.5%), NAB (75.0%) and ANZ (74.9%). Among the major smaller banks, Heritage Bank has the highest rating with 93.8%, taking out this month's customer satisfaction award for banking, followed by Bank Australia (91.0%).

Bank Customer Satisfaction



Source: Roy Morgan Single Source (Australia). Average 6 month sample n = 25,115. Base: Australians 14+.

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Big four customer NPS® scores almost recovered from Royal Commission

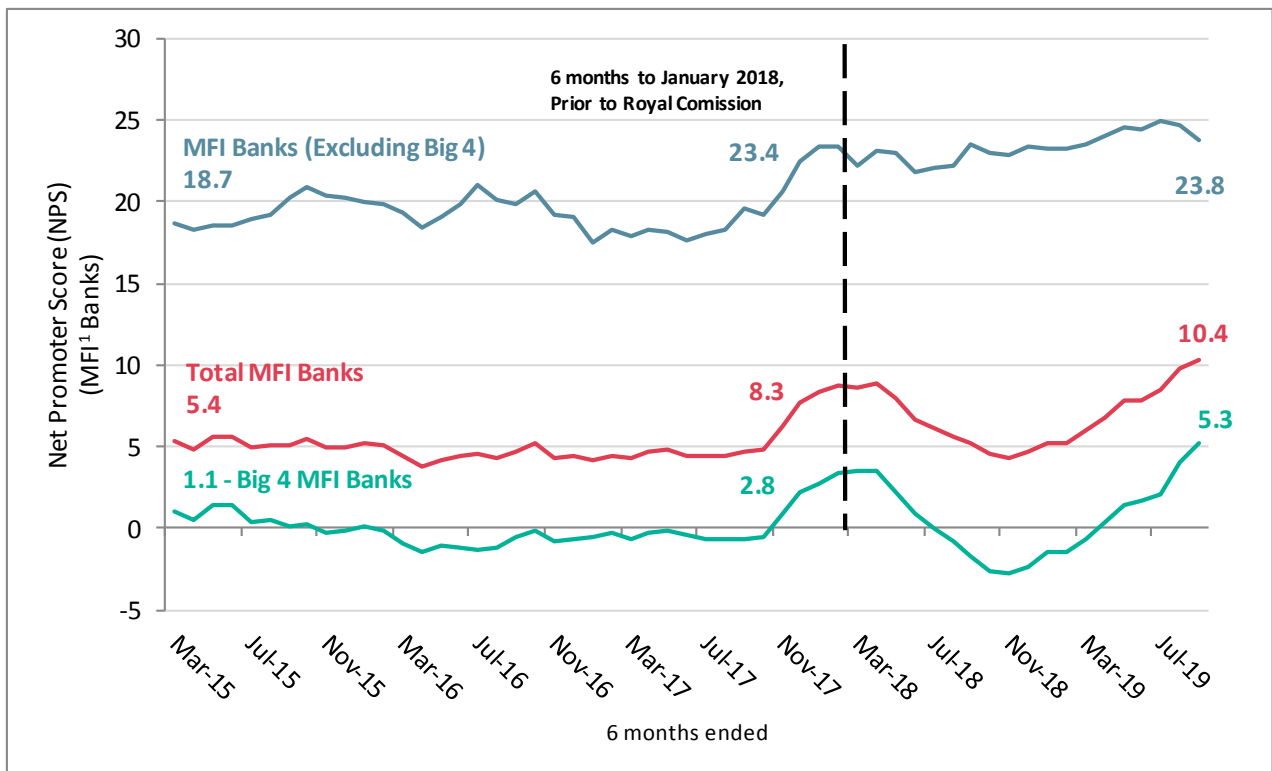
One of the customer metrics used by banks is the Net Promoter Score (NPS®) among customers who consider that particular bank to be their 'main financial institutions' (MFI Customers).

In the period leading up to the Royal Commission in late 2017 there was a positive trend in NPS® for MFI bank customers of both the big four and the smaller banks. The NPS® for the big four declined through to November 2018 but the smaller banks maintained a generally positive trend during this period.

The September data shows that the big four have risen to an NPS level of 5.3, both recovering from the Royal Commission and even surpassing figures seen prior to the Royal Commission (2.8 in the 6 months to January 2018).

The banks outside of the big four continue to have higher NPS® scores, with the latest figure for September 2019 being 23.8 compared to the big four on 5.3. However, the gap between the big four and the smaller banks is shrinking, with the NPS for banks outside of the big four shrinking slightly over the last two months from a high of 25.0 in July, down to 23.4 in September.

NET PROMOTOR SCORE (NPS®) MFI¹ Banks



Source: Roy Morgan Single Source (Australia). Average 6 month sample n = 25,115. **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.

Michele Levine, CEO Roy Morgan CEO:

"It is not surprising that over the last year there has been a decline in satisfaction and NPS® of the big four banks following the high level of negative publicity generated by the Finance Royal Commission. What we are seeing recently however are positive signs in improving customer attitudes towards their banks as adverse publicity declines and findings are implemented by banks.

"A major challenge remaining for the big four banks is to reduce the increasing lead that the smaller banks have in satisfaction and NPS®. In order to do this it is important for the big four to understand the many factors that drive the level of customer satisfaction and advocacy in banks and particularly dissatisfaction and detraction, so as to prioritise improvements. These drivers are dealt with in detail in the Roy Morgan 'Drivers of Advocacy-Consumer Banking Market Report' and

the **'Drivers of Customer Satisfaction-Consumer Banking Market Report'**. Both of these reports also provide a detailed analysis of the factors that drive advocacy and satisfaction for each of the major banks.

"The data used here is only a small part of the consumer finance data available from Roy Morgan. The full database enables a truly holistic and unique understanding of consumer's financial behaviour and trends gathered from 50,000 consumers per annum, across more than two decades. To find out more ask Roy Morgan."

To learn more about Roy Morgan's banking satisfaction data and NPS®, 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 75 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

