

Discover your *edge*

Monday, August 18 2014

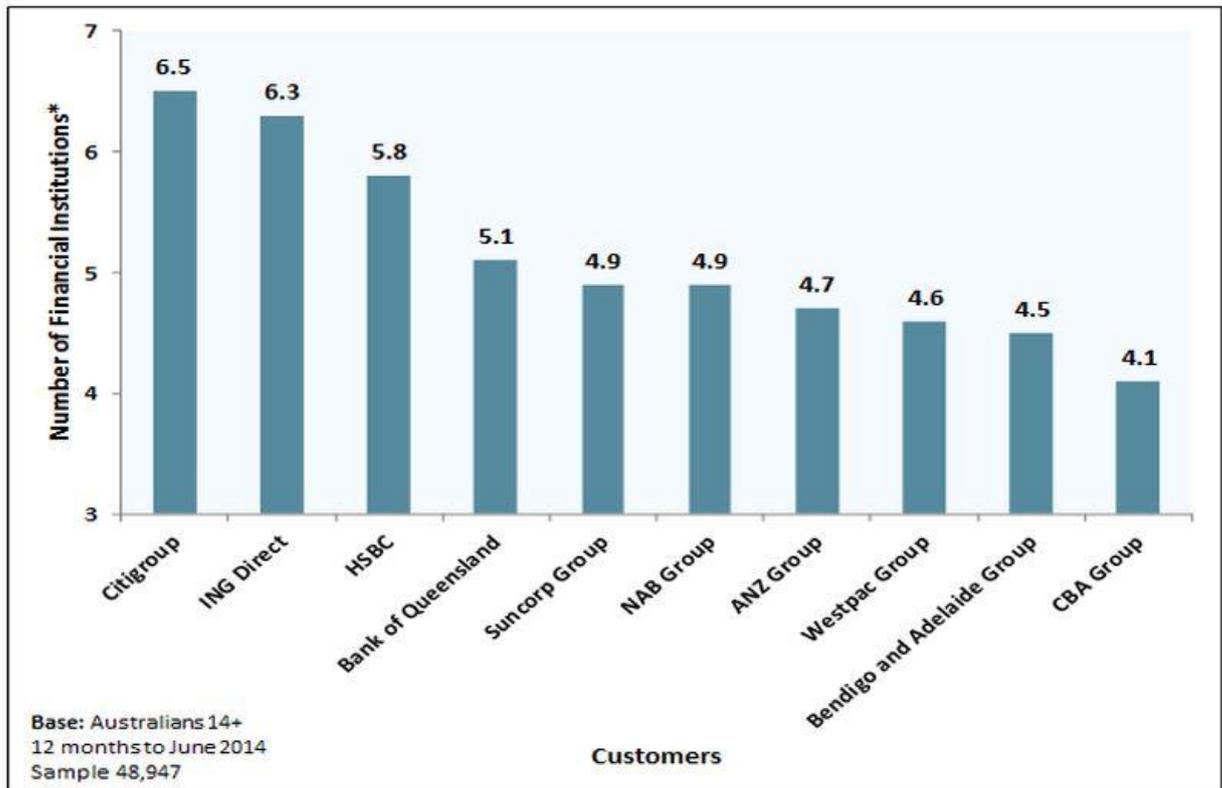
## Consumers in Australia exercise considerable choice in financial services, showing little loyalty

The average Australian customer (14+) of each of the major banks currently deals with more than four financial institutions across their full range of financial services including banking, managed funds, and insurance. This is unchanged from 2010 and is an indication that consumers show little loyalty to any institution in this market. These are the latest findings to June 2014 from the Roy Morgan Research Consumer Single Source survey of approximately 50,000 people per annum.

### Number of financial institutions dealt with

Of the ten major banking groups in Australia, Citigroup customers deal with an average of 6.5 financial institutions, followed by ING Direct (6.3) and HSBC (5.8). All three are foreign banks and generally attract more upmarket customers with special or more complex needs that obviously result in them using a larger number of financial institutions.

### Number of financial institutions dealt with\*



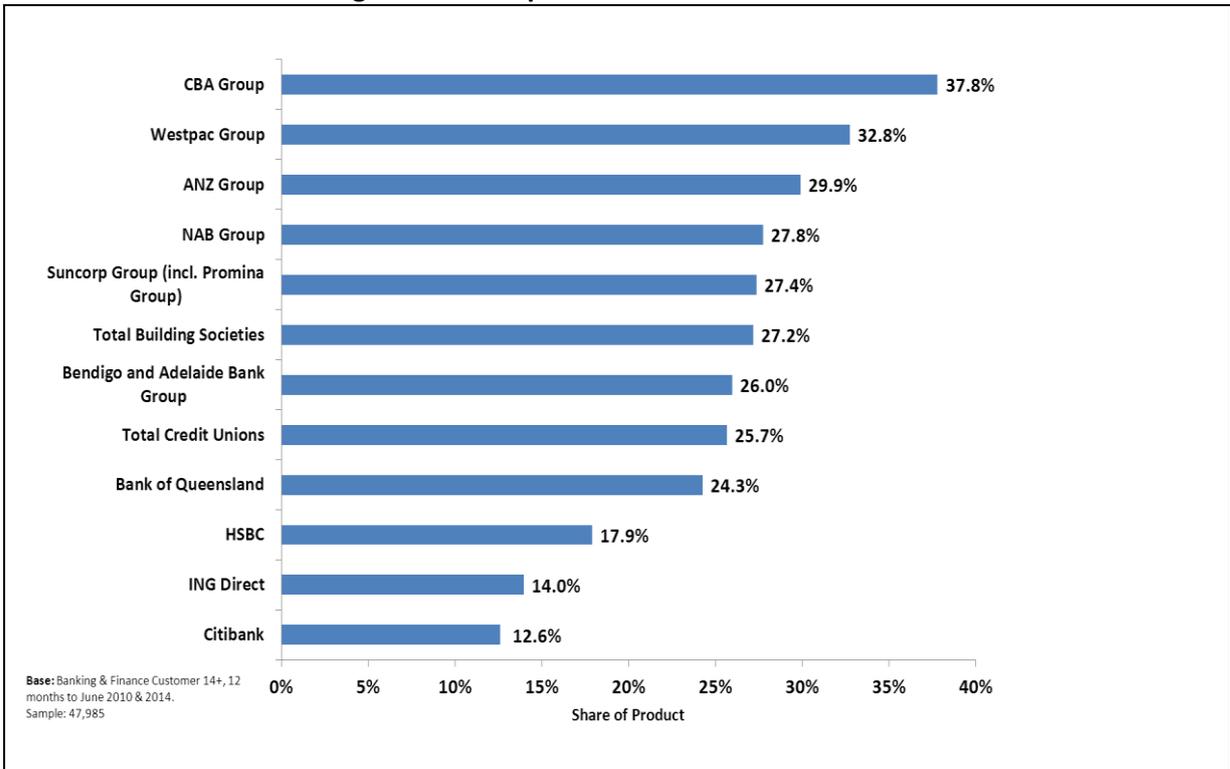
\*Products include: Accounts, Cards, Loans, insurance, Superannuation and Managed Funds.  
NB: Groups include subsidiaries

The four major local banking groups' customers all deal with more than four institutions despite the fact that they all offer the full range of consumer financial services. The best performance in terms of customer loyalty is the CBA Group but their customers still deal with an average of 4.1 financial institutions. They are followed by Westpac Group (4.6), ANZ Group (4.7), and NAB Group (4.9).

**Share of Financial products**

Across the Big Four Banks, CBA Group is the most successful in terms of share of customers' products held, with an average of over a third (37.8%) of its customers' products. Westpac Group follows with 32.8%, ANZ Group 29.9% and NAB Group 27.8%. The Big Four Banks outperform Credit Unions (25.7%), Building Societies (27.2%) and the international banks ie Citibank (12.6%), HSBC (17.9%) and ING Direct (14.0%) as at June 2014.

**Share of customers' Banking and Finance products\***

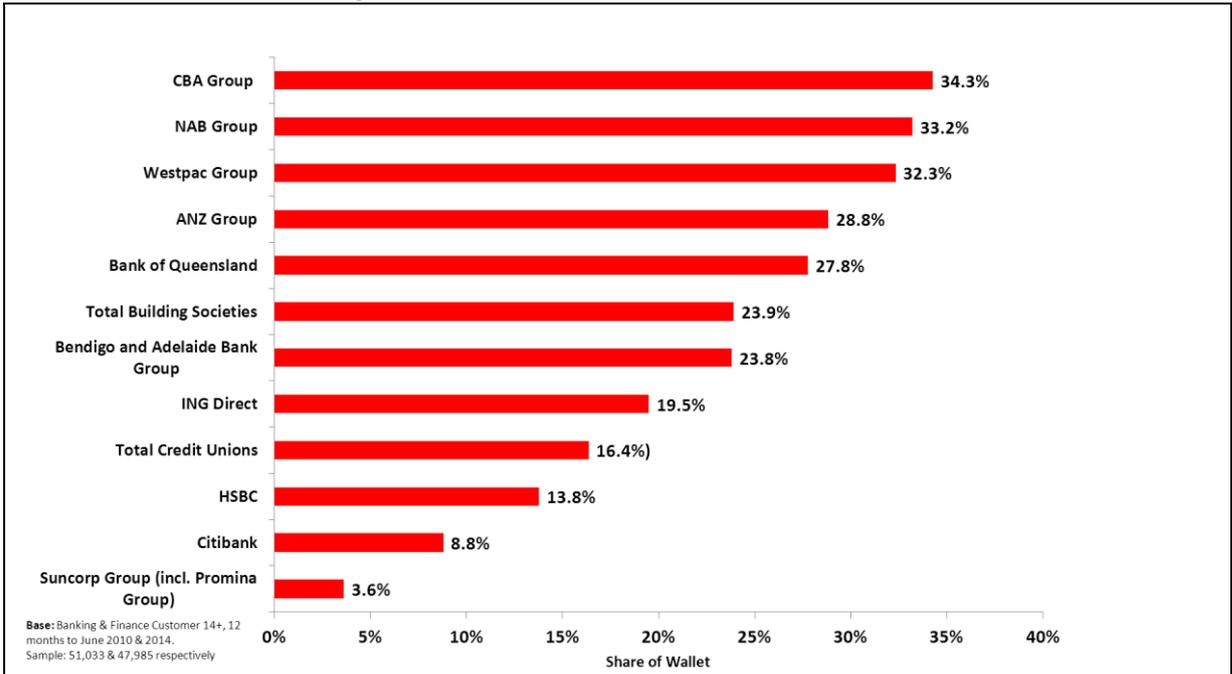


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**Share of Finance dollars**

In terms of customers' dollars, CBA Group leads the Major 4 Banks and holds around a third of its customers' wallet (34.3%), followed closely by NAB Group 33.2% and Westpac Group 32.3%, with ANZ Group the least successful at 28.8%. Bank of Queensland (27.8%) fares nearly as well as ANZ Group. Of the international banks, ING Direct is the most successful and holds nearly a fifth (19.5%) of its customers' dollars, though HSBC (13.8%) and Citibank (8.8%) are not as successful.

## Share of customers' Banking and Finance wallet\*



\*Products include: Accounts, Cards, Loans, Superannuation, Managed Funds and excludes insurance premiums.  
NB: Groups include subsidiaries

### Two million prospects

As at June 2014, an estimated 2.0 million Australians (or approximately 10% of those with a Banking and Finance product) intended taking up a new financial product in the next 6 months.

In order to understand and target the best prospects for each product type, Roy Morgan has developed 'Helix Personas'.

Compared to the Australian population, Roy Morgan's Helix Personas segmentation (comprising 56 Personas) indicates which groups are more likely to take up different products in the next 6 months. The areas where each group or personas live can be identified which permits more efficient target marketing.

For instance, 'Humanitarians' (type 107) are more likely to take up credit cards. These people are well educated professionals, with high incomes, tech savvy and live in small households.

Another example is home loan prospects. For the next six months the group that is much more likely than average to be taking out this type of loan is 'Making Ends Meet' (type 503). This group is characterised as being large young families, one parent working at a skilled job and renting in cheap metro areas.

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

*"The recently released 'Financial System Inquiry – Interim Report' found that the banking sector is competitive, although concentrated. It appears from our analysis that consumers are exercising choice across all financial products as evidenced by the fact that the customers of the major banks deal with more than four financial institutions and generally have only about one third of their products with any one bank.*

*"While most institutions have made some small gains in product cross sell since 2010, overall they have not performed well. Reasons for this include lack of incentive for customers to consolidate, competition from specialist providers such as for superannuation*

*and insurance, lack of product awareness, some concern regarding the spread of risk and staff that may not feel confident in a selling role.*

*“It is clear from the analysis that there is a considerable competition in the market, which presents both opportunities and challenges for all major players if they are to consolidate their customer’s business”.*

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**Please click on this link to the [Roy Morgan Online Store](#)**

[Click here](#) to view the Helix Personas segmentation tool in the Online Store

**About Roy Morgan 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 organisation’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 New Zealand, 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.

In Australia, Roy Morgan Research is considered to be the authoritative source of information on financial behaviour, readership, voting intentions and consumer confidence. Roy Morgan Research is a specialist in recontact customised surveys which provide invaluable and effective qualitative and quantitative information regarding customers and target markets.

**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
20,000	±0.7	±0.6	±0.4	±0.3
50,000	±0.4	±0.4	±0.3	±0.2

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