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Monday, 29 May 2017

Satisfaction with big four banks increased in April, to well above long term average

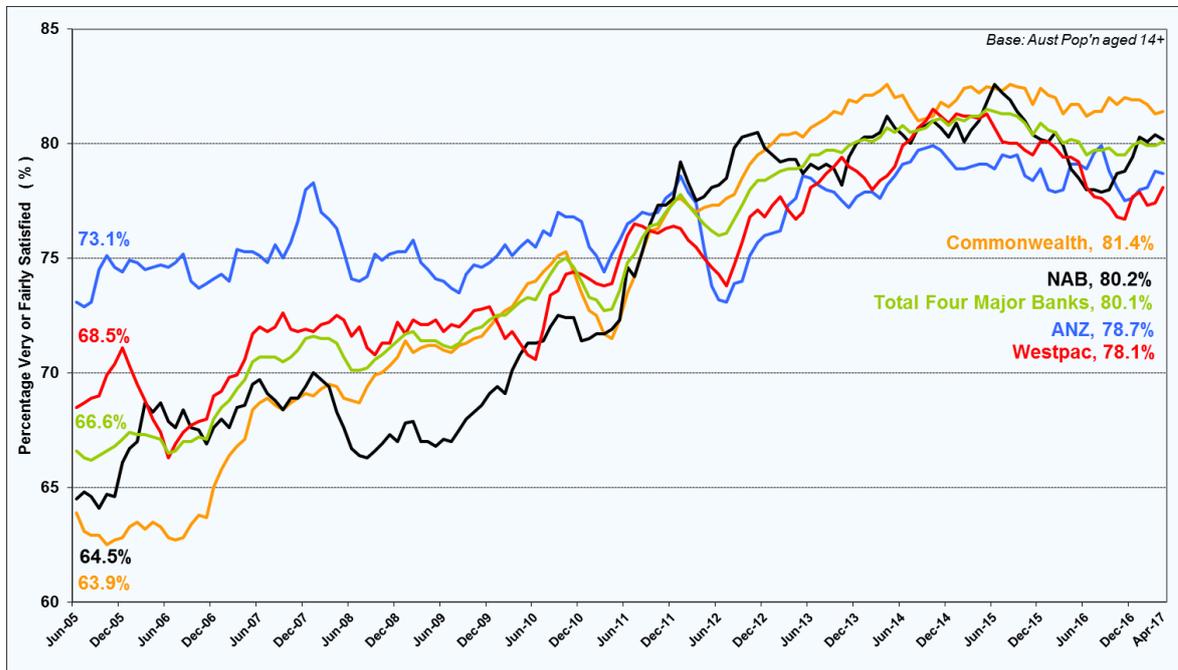
In the six months to April 2017, satisfaction with the big four banks was 80.1%, an increase of 0.2% points from March (79.9%) and well above the long-term average of 74.9% recorded since 2005. Satisfaction among home-loan customers of the big four (78.0%) continues to be below that of their other customers (80.5%) but over the last year they have closed this gap a little. The overall improvement in satisfaction from last month was the result of small gains among both home-loan and non-home loan customers.

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

CBA the big four overall satisfaction leader but NAB leads for MFI

With a satisfaction level of 81.4%, CBA remains the best overall performer among the big four, followed by NAB (80.2%), ANZ (78.7%) and Westpac (78.1%). Westpac was the biggest improver among the big four in April (up 0.7% points) as a result of an improvement in both home-loan customer satisfaction (up 0.6% points) and non-home loan customers (up 0.7% points).

Consumer banking satisfaction – big four banks



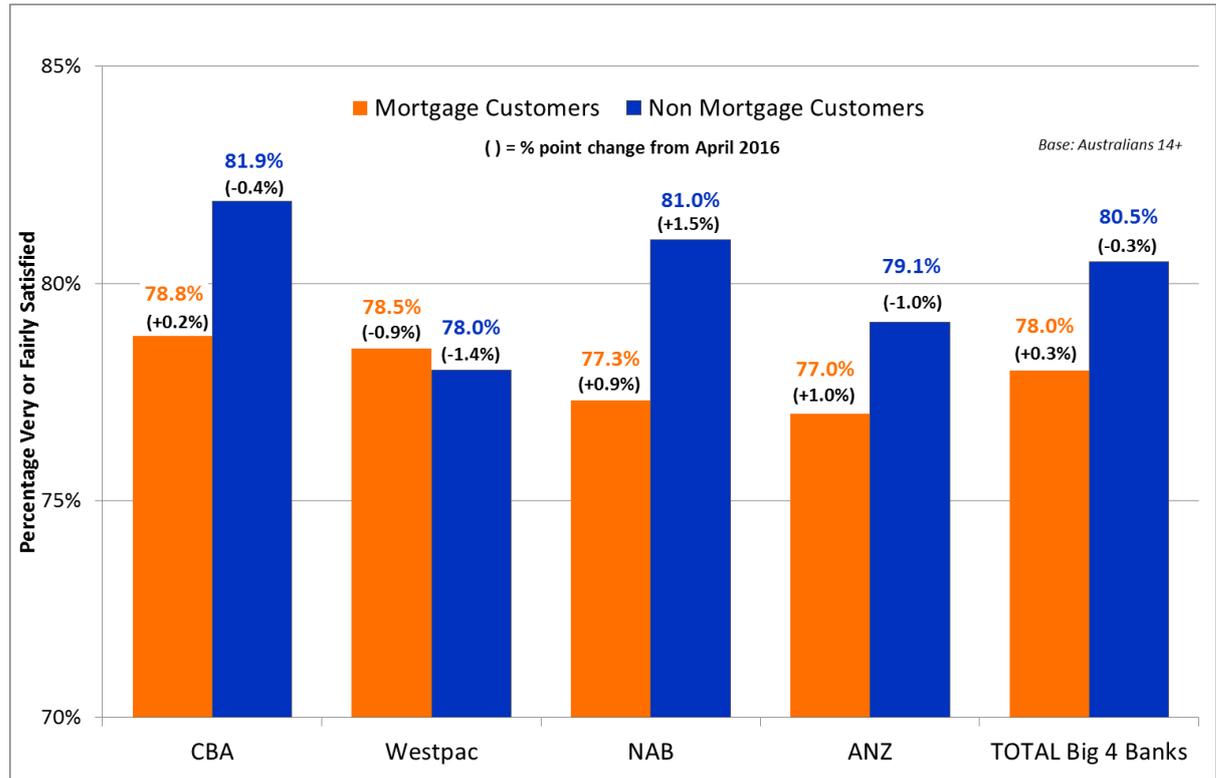
Source: Roy Morgan Consumer Satisfaction Report, April 2017, average 6-month sample n=25,000.

The big four also rank their performance on their MFI (main financial institution) satisfaction score. These MFI customers account for around 70% of the big four banks' customers. The CBA has been the leader in MFI satisfaction since June 2015 but in April 2017, the NAB has taken a very narrow lead with 83.0%, compared to the CBA with 82.9%. These two are followed by the ANZ (81.5%) and Westpac (80.3%).

Mortgage customers satisfaction of the big four improves but remains below their other customers

Satisfaction levels among the big four banks' mortgage customers improved marginally over the last 12 months to 78.0% in April 2017, up from 77.7% in the same period in 2016. Despite the improvement, mortgage customers still have lower satisfaction than non-mortgage customers (78.0% compared to 80.5%).

Satisfaction of mortgage and non-mortgage customers – big four banks



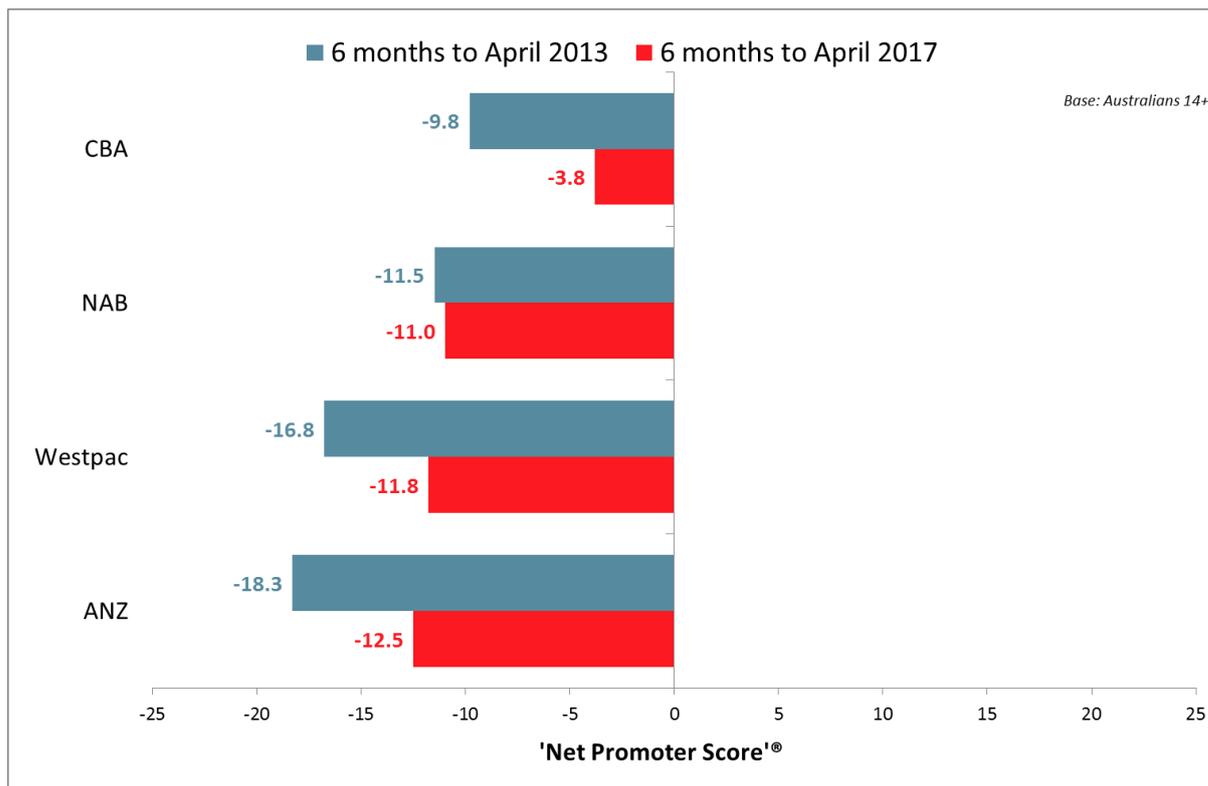
Source: Roy Morgan Single Source (Australia) 6 months to April 2016, n=25,562; 6 months to April 2017, n=25,023.

Satisfaction among CBA's mortgage customers is the highest of the big four with 78.8%, followed by Westpac (78.5%), NAB (77.3%) and ANZ (77.0%). The biggest improvers in home loan customer satisfaction over the last 12 months were the ANZ (up 1.0% points) and NAB (up 0.9% points). Among non-home loan customers, the CBA leads with 81.9%, followed by NAB on 81.0%.

The big four banks improving their advocacy ratings (NPS®)

Over the last four years, all four of the major banks have been working to increase the chances of their customers recommending them, as shown by improvements in their NPS® scores. Overall, the big banks still remain marginally negative when it comes to their customers being advocates but a slow improving trend is emerging.

Net Promoter Score® of the big four banks: personal customers



Source: Roy Morgan Single Source (Australia) 6 months ended April 2017, n = 25,023; 6 months ended April 2013, n = 24,638. ®Net Promoter Score (NPS) is a service mark of Bain and Company, Inc., Satmetrix Systems, Inc., and Mr Frederick Reichheld. Advocacy is measured on a scale of 1 to 10, with 1 being 'very unlikely' to recommend and 10 being 'very likely' to recommend. NPS® is calculated by subtracting the percentage of 'Detractors' (score 1-6) from the percentage of 'Promoters' (score 9-10).

The best of the big four banks in terms of NPS® was the CBA (-3.8), well ahead of the NAB (-11.8), Westpac (-11.8) and ANZ (-12.5). Over the last four years, the CBA and ANZ showed the biggest improvement. The historically high bank customer satisfaction levels seen over recent years appear to be impacting positively on NPS®, with all four major banks a very similar ranking and level of improvement.

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

"Roy Morgan data shows that customer satisfaction with the big four banks remains well above their long term average and after trending up strongly for more than a decade, for the last two years it has plateaued rather than showing any real signs of declining. It is important to understand the longer-term satisfaction trends because it is very easy to get diverted by the many short term issues that generally have been seen to have little lasting impact."

For comments or more information about Roy Morgan Research's banking and finance data, please contact:

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Related research reports

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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 |
| 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 |