

Thursday, 29 June 2017

Satisfaction with big four banks remains high in May

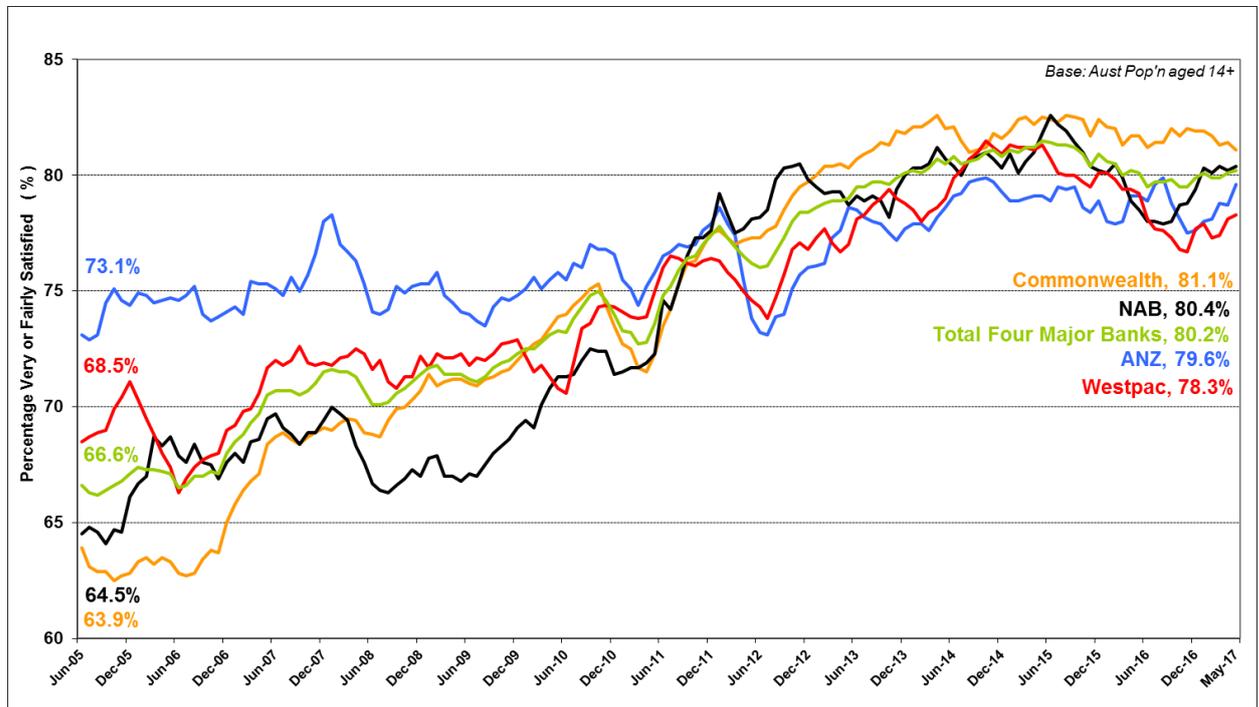
New results for the six months to May 2017 show satisfaction with the big four banks was 80.2%, a marginal increase of 0.1% point from April (80.1%) but well above the 66.6% recorded more than a decade ago (2005). Satisfaction among home-loan customers of the big four (78.4%) continues to be below that of their other customers (80.6%) but over the last year they have narrowed the gap marginally. The small overall improvement in satisfaction from last month was the result of minor 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 satisfaction leader among the big four

In May the CBA remained the best overall performer among the big four with satisfaction of 81.1%, down from 81.4% in April. In second place was the NAB with 80.4% (up 0.2% points), followed by ANZ 79.6% (up 0.9% points) and Westpac 78.3% (up 0.2% points). The strong improvement in ANZ satisfaction in May was due to gains made among their non-mortgage customers (up 1.2% points) while satisfaction among their mortgage customers remained unchanged.

Consumer banking satisfaction – big four banks



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

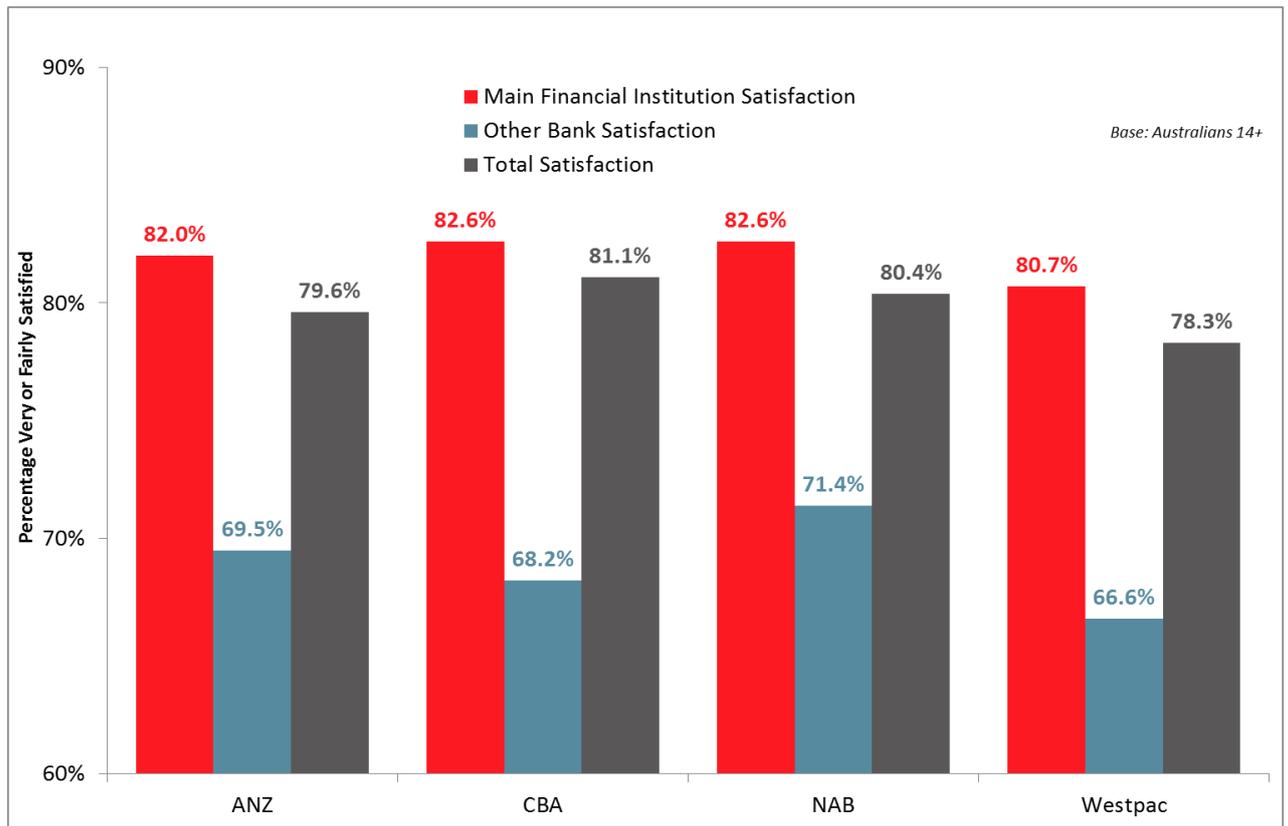
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Main Financial Institution customer satisfaction well above that of other customers

The big four also rank their performance on their main financial institution customers’ satisfaction score. These customers account for around 70% of the big four banks’ customers and have much higher satisfaction levels than other customers. The CBA and NAB rank equal highest on main financial institution satisfaction with 82.6%, followed by ANZ (82.0%) and Westpac (80.7%).

The following chart shows that the satisfaction levels of other customers across each of the four major banks is proving to be a drag on overall customer satisfaction.

Main Financial Institution and Other Bank Customer Satisfaction - Big 4 Banks



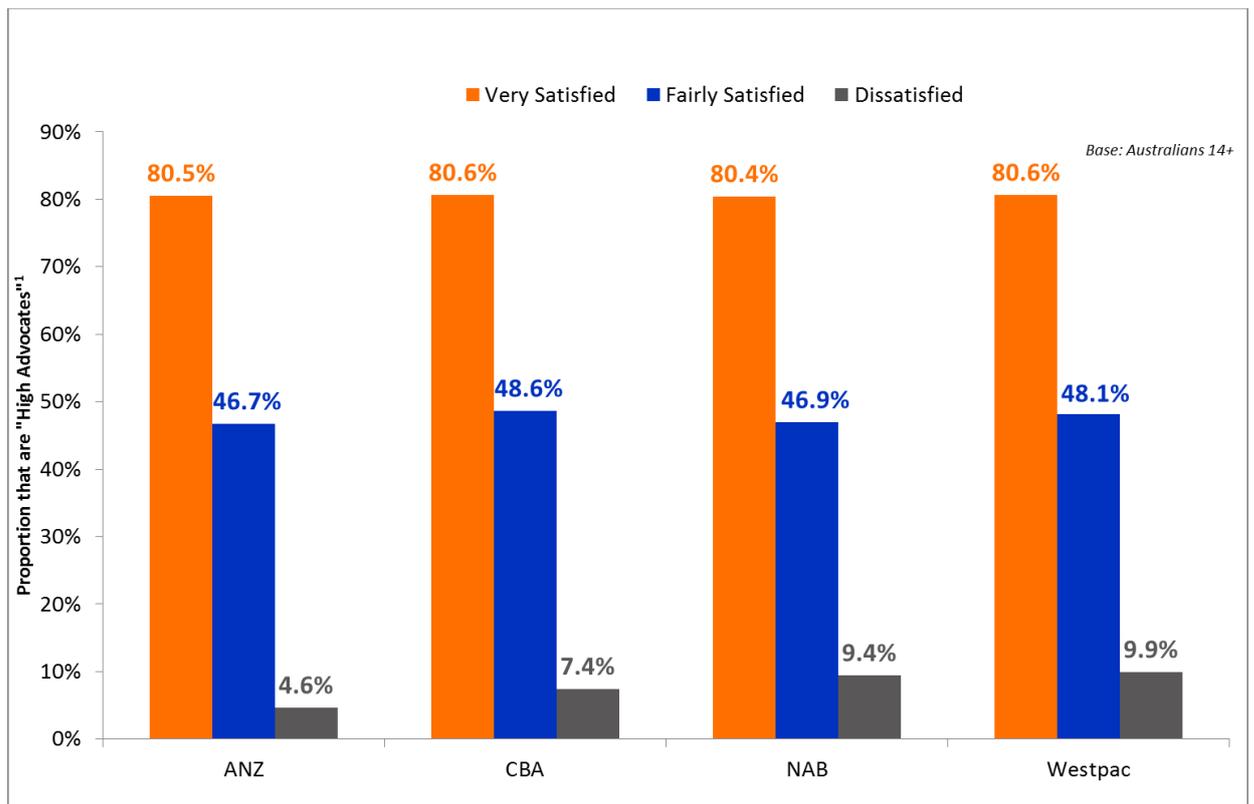
Source: Roy Morgan Single Source (Australia) 6 months to May 2017, n = 25,299.

Satisfaction among customers who do not regard their bank as their main financial institution is highest for NAB on 71.4%, followed by ANZ (69.5%), CBA (68.2%) and Westpac (66.6%). With these low satisfaction rates it is likely to be a major challenge converting them to become main financial institution customers.

Customers more likely to recommend their bank if they are ‘very satisfied’

A high level of customer satisfaction increases the likelihood of customers acting as advocates and recommending their bank to others, and as a result growing the business. To increase advocacy levels it is necessary to raise the proportion of customers who are ‘very satisfied’ rather than just ‘fairly satisfied’. The following chart shows that for each of the big four banks, their ‘very satisfied’ customers have a much greater probability of being ‘highly likely’ to recommend their bank compared to those who are only ‘fairly satisfied’.

"High Advocates"¹ by Satisfaction Level



1. "High Advocates" scored 8, 9 or 10 on a 10 point scale of likelihood of recommending bank to friends or colleagues. **Source:** Roy Morgan Single Source (Australia) 6 months to May 2017, n = 25,299.

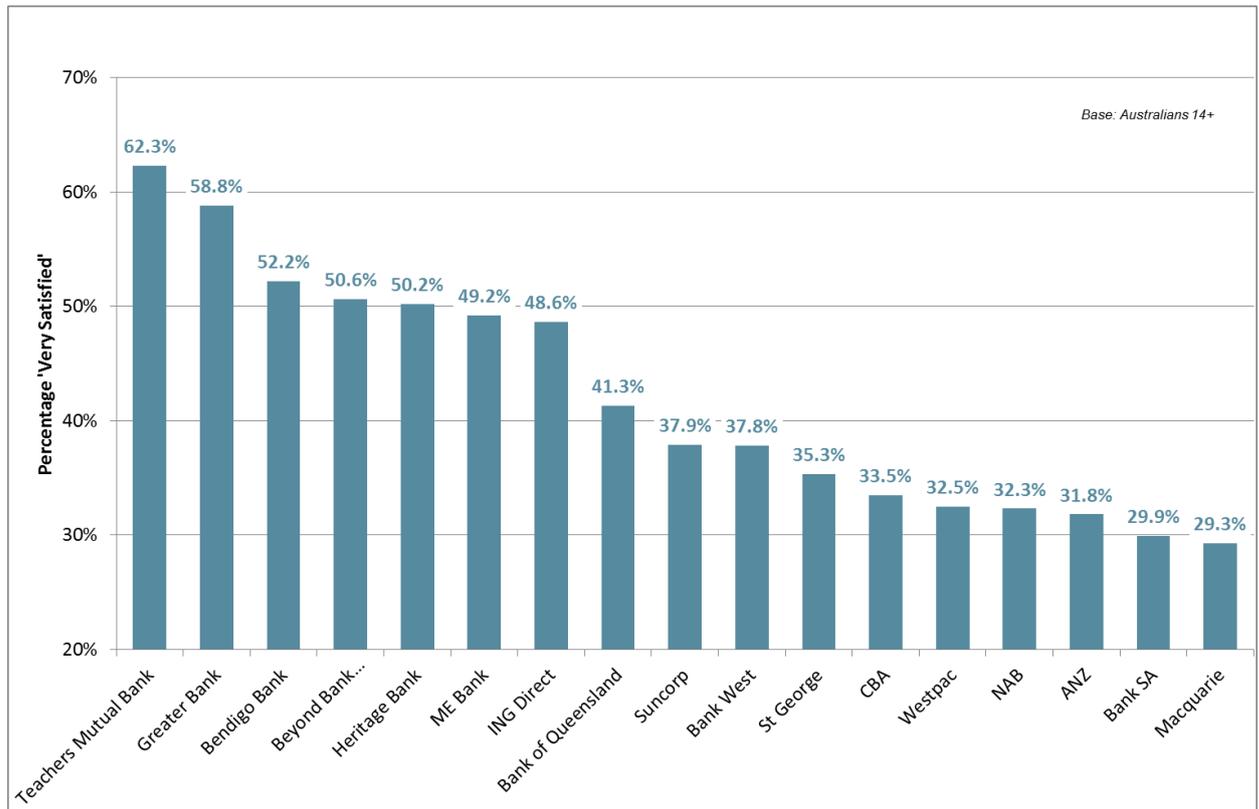
For customers of the big four banks who are 'very satisfied', around 80% of them are 'highly likely' to recommend their bank to others ('High Advocates'), compared to less than 50% for those who are only 'fairly satisfied'. All four of the major banks have similar levels of 'high advocates' among their 'very satisfied' customers. The CBA and Westpac both score 80.6%, followed by ANZ (80.5%) and NAB (80.4%).

As expected, the dissatisfied customers of each big four bank were very unlikely to recommend their bank, with Westpac being the highest on only 9.9%.

Smaller banks lead in the proportion of 'very satisfied' customers

The big four banks are well behind the smaller banks when it comes to the proportion of their customers who are 'very satisfied' and as a result generally have a lower level of advocacy.

Bank Customers who are 'Very Satisfied'



Source: Roy Morgan Single Source (Australia) 6 months to May 2017, n = 25,299.

The best performer among the banks measured in this analysis was Teachers Mutual Bank, with nearly two-thirds (62.3%) of their customers being 'very satisfied', followed by Greater Bank (58.8%).

For the big four, only around one-third of their customers are 'very satisfied' with their bank. The best is CBA on 33.5%, followed by Westpac (32.5%).

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

"This latest research highlights that a major challenge for banks is to increase the proportion of their customers who regard them as their main financial institution. In order to achieve this they will need to improve the satisfaction level among those who do not currently regard them as their main financial institution. This segment not only has low levels of satisfaction, but also have very low 'share of wallet' compared to main financial institution customers. As a result they have the greatest potential to increase business with their bank, particularly as they account for around one in three customers of the big four banks and average only around 25% share of wallet.

"In recent years there has been increased emphasis by banks to improve the advocacy of their customers in order to grow their business. To achieve higher advocacy levels, we have seen that increasing the proportion of customers who are 'very satisfied' is the key. The smaller banks continue to be the pacesetters in achieving high levels of 'very satisfied' customers and so the big four will need to improve on this important metric if they are to close the gap.

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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