

Thursday, 31 January 2019

Satisfaction with banks improving

Bank satisfaction has now increased for two consecutive months, representing the first positive monthly moves in satisfaction since prior to the start of the Finance Royal Commission in January 2018. The latest result is 78.2% for December, up marginally from 78.1% in November, which in turn was up from 78.0% in October. These two positive months are in contrast to the nine months of declines up to October during the Royal Commission, with satisfaction showing a decline of 3.2% points over this period. Despite a decline in satisfaction over the last year, the December result of 78.2% is above the long term average of 74.3% calculated since 2001 and much higher than the 58.7% in January 2001.

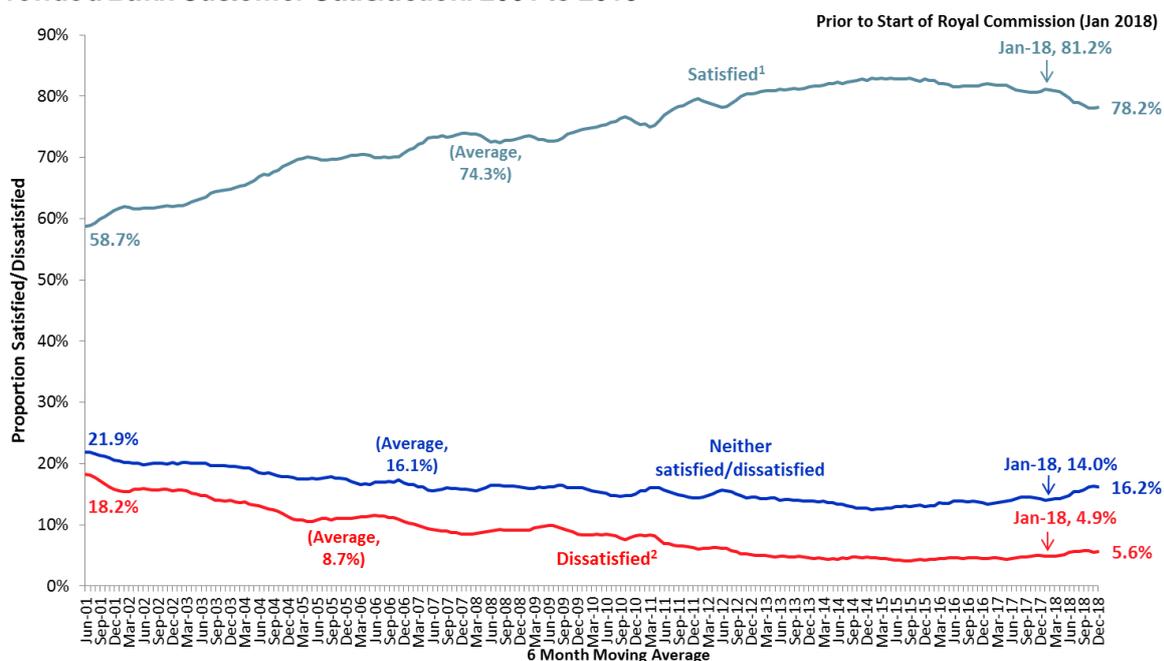
These are some of the latest findings from Roy Morgan's 'Customer Satisfaction-Consumer Banking in Australia Report' which is based on in-depth interviews conducted face-to-face with over 50,000 consumers per annum in their homes, including over 4,000 bank customers per month.

Dissatisfaction with banks low

Over the last two decades, dissatisfaction with banks has fallen dramatically from 18.2% in 2001, down to 5.6% in December 2018. There has also been very little change in the level of dissatisfaction from the start of the Royal Commission when it was 4.9%.

The drop in overall satisfaction of 3.0% points over the year has resulted in an increase of 2.2% points (to 16.2%) for those who are indifferent to their relationship with their bank (i.e. neither satisfied nor dissatisfied). The combination of this group and the dissatisfied customers, means that more than one in five (21.8%) bank customers pose a potential threat to customer retention.

Trended Bank Customer Satisfaction: 2001 to 2018



Source: Roy Morgan Single Source (Australia), average 6 month sample, n = 26,607.

Base: Australians 14+ with at least a deposit/transaction account with bank: average 6 months sample, n = 23,176. 1 Very or fairly satisfied. 2 Very or fairly dissatisfied.

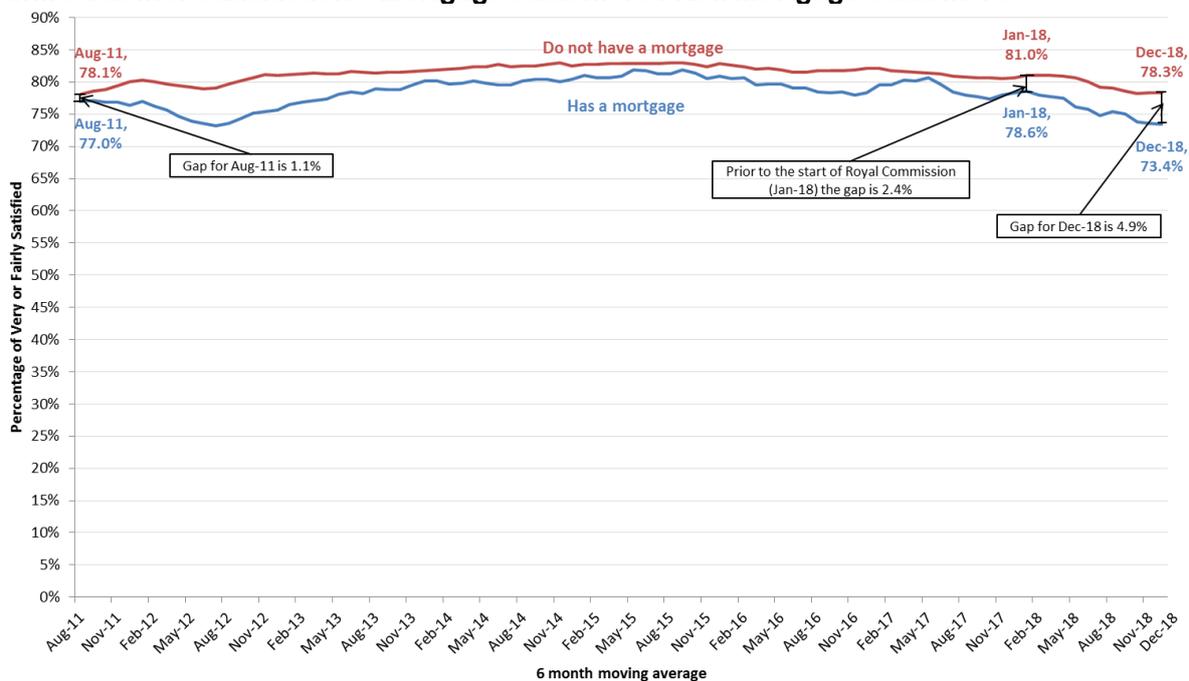
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Mortgage customers a drag on overall satisfaction

The following chart shows that since 2011, satisfaction with mortgage customers has always been lower than those who do not have a mortgage. This gap has varied over the years but has increased during 2018 and as a result it is having an increasingly negative impact on overall bank satisfaction levels.

Prior to the Royal Commission in January 2018, the satisfaction with mortgage customers of the 12 largest banks was 78.6% or 2.4% points below the 81.0% of their non-mortgage customers. This gap has increased and at December the mortgage customer satisfaction (73.4%) is now 4.9% points below non-mortgage customers (78.3%).

Bank Customer Satisfaction – Mortgage Customers v Non Mortgage Customers



Source: Roy Morgan Single Source (Australia). Average 6 month sample, n=25,358
 Base: Australians 14+. Based on top 12 banks with largest customer numbers

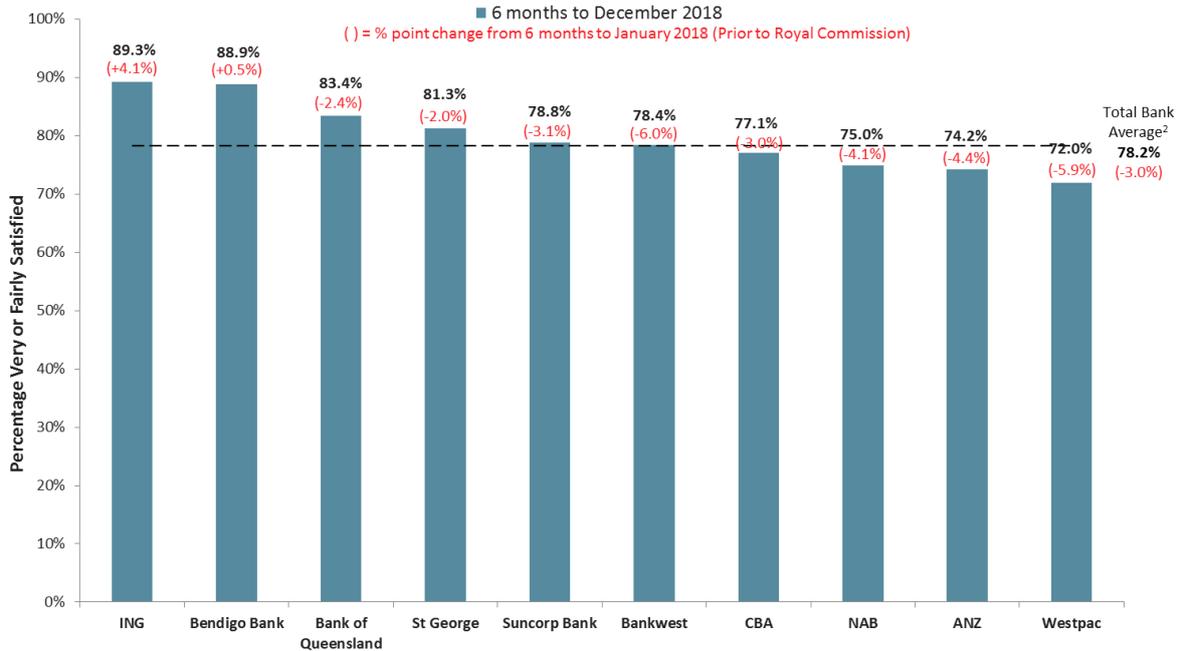
Most major banks show declining satisfaction during Royal Commission

Of the ten largest consumer banks shown in the following chart, only ING (up 4.1% points) and Bendigo Bank (up 0.5% points) have shown increased satisfaction from prior to the commencement of the Royal Commission.

The biggest declines in satisfaction were for Bankwest (down 6.0% points), followed by Westpac (down 5.9% points), ANZ (down 4.4% points) and NAB (down 4.1% points).

The CBA retains its position of having the highest satisfaction among the big four with 77.1%, ahead of NAB (75.0%), ANZ (74.2%) and Westpac (72.0%).

Consumer Banking Satisfaction - 10 Largest Consumer Banks¹



Source: Roy Morgan Single Source (Australia), 6 months to January 2018, n = 23,945, 6 months to December 2018, n = 25,802.

Base: Australians 14+ based on customer numbers. 2 Includes banks not shown.

Norman Morris, Industry Communications Director, Roy Morgan says:

"It is positive to see small improvements in bank satisfaction over the last two months, following the decline throughout most of 2018. Given the large volume of negative publicity generated by the Finance Royal Commission and other issues, it is not surprising that satisfaction with banks declined over the year. It is important to note however that despite some decline in satisfaction, less than 6% of bank customers currently say that they are dissatisfied with their bank, well below the long term average of 8.7% calculated since 2001.

"Mortgage customers of the banks have shown more rapid declines in satisfaction than other customers over the last year, negatively impacting overall satisfaction. It is likely that declines in mortgage customer satisfaction are as a result of out-of-cycle rate increases by some banks and tougher lending conditions due to the Royal Commission.

"The scheduled release of the final Finance Royal Commission report on February 4th is likely to represent a major challenge to maintain satisfaction levels, as it is anticipated that it will recap on a lot of problem areas and receive widespread publicity.

"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 understanding of consumer financial behaviour and trends gathered from over one million interviews across two decades. To find out more ask Roy Morgan."

To learn more about Roy Morgan's bank satisfaction data, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

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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 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
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

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