

Discover your *edge*

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Nearly three million Australians are ‘trusted advisors’ for finance and investment decisions

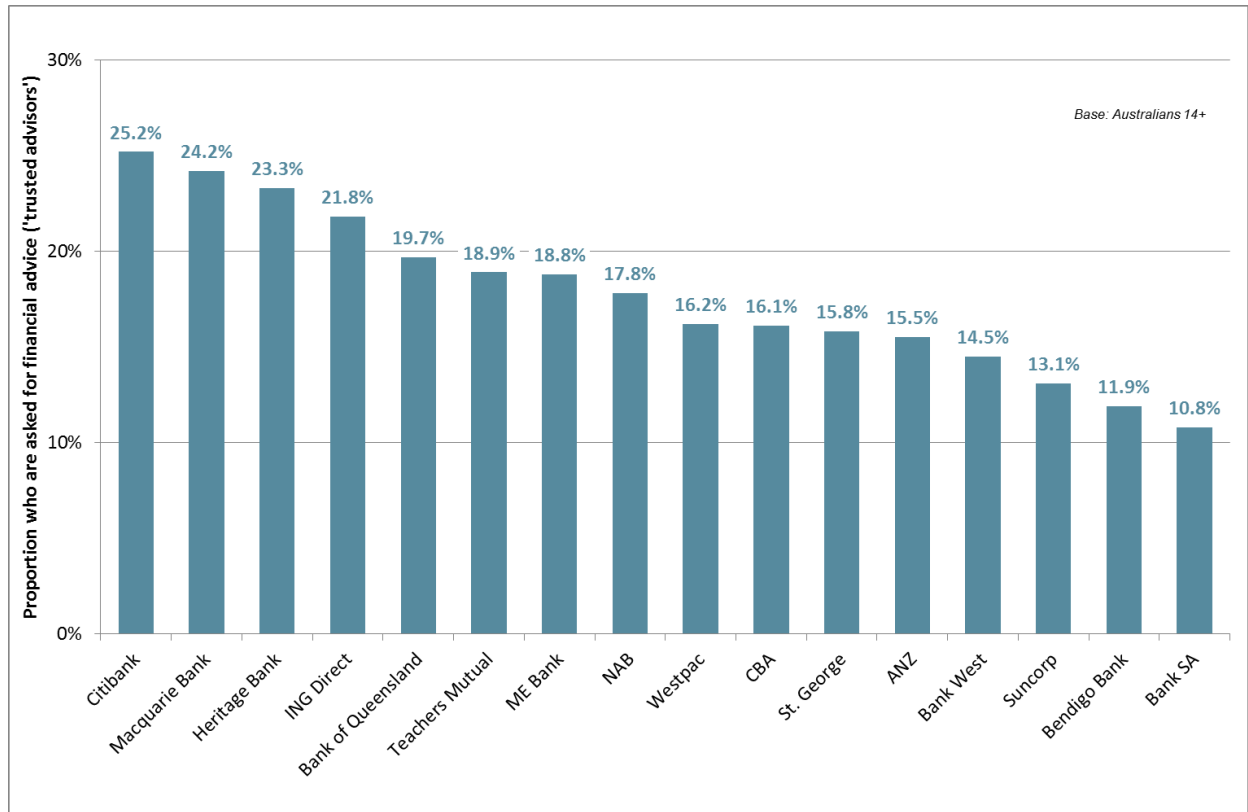
New research from Roy Morgan found 2.96 million people (14.9% of Australians 14+) were asked by their friends or families for advice regarding their finances and investments. This large number of ‘trusted advisors’ has significant potential to influence financial and banking decisions of the 5.4 million people who ask for their advice.

These are the latest findings from Roy Morgan’s Single Source survey of over 50,000 consumers conducted over the 12 months to March 2017.

Citibank has the highest proportion of customers who are asked for their financial advice.

Of the sixteen largest consumer banks, Citibank has the highest proportion of customers (25.2%) that are asked by friends or family for their financial advice. This has the potential to gain customers through personal recommendation, provided these advisors have high satisfaction and are likely to advocate, which currently is not the case. Macquarie Bank has the second highest proportion of customers who are asked for their advice (24.2%), followed by Heritage Bank (23.3%) and ING Direct (21.8%).

Proportion of bank customers who are asked for financial advice by family/friends - Top 16 banks



Source: Roy Morgan Single Source (Australia) 12 months to March 2017, n = 14,472.

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The four major banks have very similar proportions of ‘trusted advisors’ in their customer base, with NAB being marginally ahead on 17.8%, followed by Westpac (16.2%), CBA (16.1%) and ANZ (15.5%). Among the largest sixteen banks, those with a below average proportion of ‘advisors’ were Bank SA (10.8%), Bendigo Bank (11.9%), Suncorp (13.1%) and BankWest (14.5%).

How ‘trusted advisors’ rate their banks

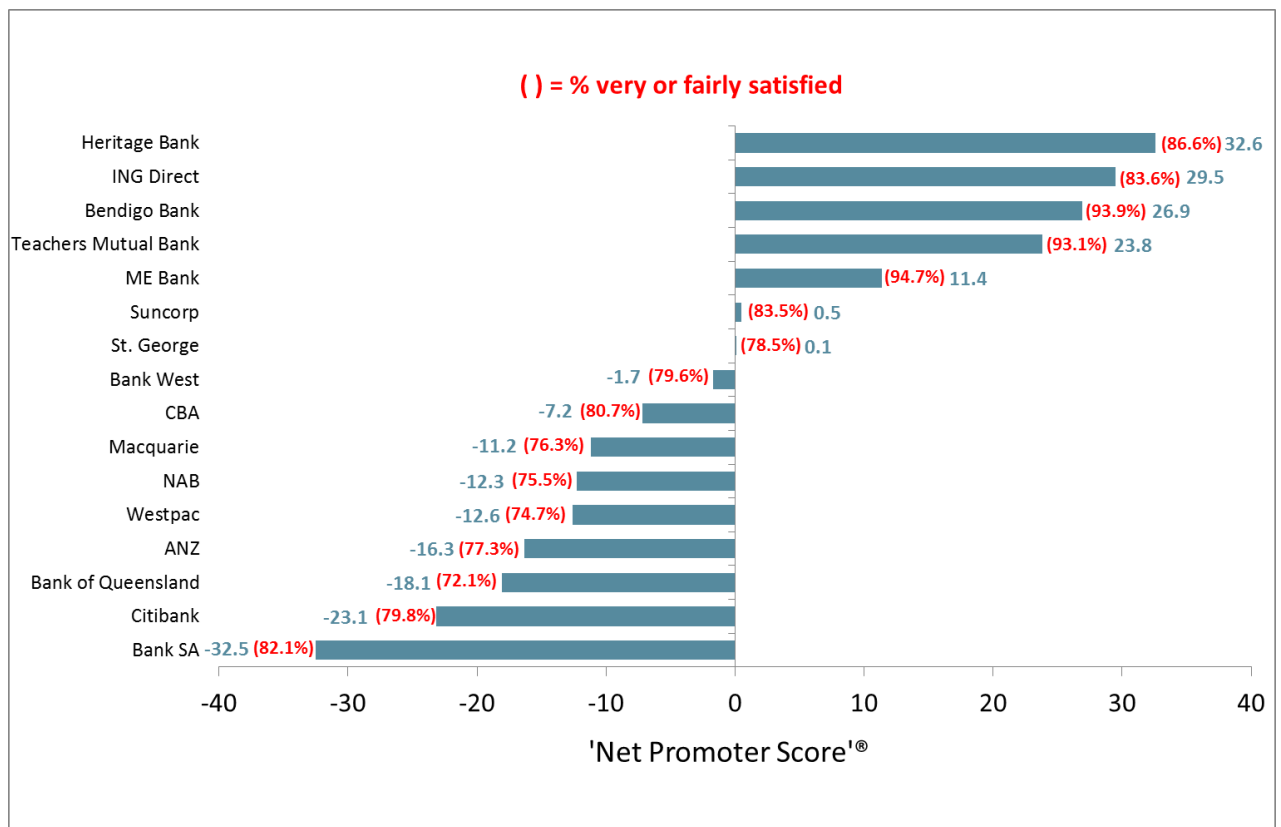
Banks are only likely to gain customers if ‘trusted advisors’ are satisfied and willing to advocate for their bank. The chart below shows the ‘trusted advisors’ rating of their banks in terms of satisfaction (% very or fairly satisfied) and their net promoter score (NPS®).

Although Citibank and Macquarie Bank have the highest proportions of ‘trusted advisors’ in their customer base, they have average levels of satisfaction but negative NPS® among this group, which means they are unlikely to show customer gains from their ‘trusted advisors’ recommendations.

The smaller banks have very positive NPS® scores, with Heritage Bank the highest on 32.6, followed by ING Direct (29.5) and Bendigo Bank (23.8). This means that they are much more likely to gain customers through ‘trusted advisors’.

The best performer among the big four banks is the CBA with an NPS® of -7.2, followed by NAB (-12.3), Westpac (-12.6) and ANZ (-16.3).

'Net Promoter Score'® of Trusted Advisors¹ - 16 Largest Consumer Banks

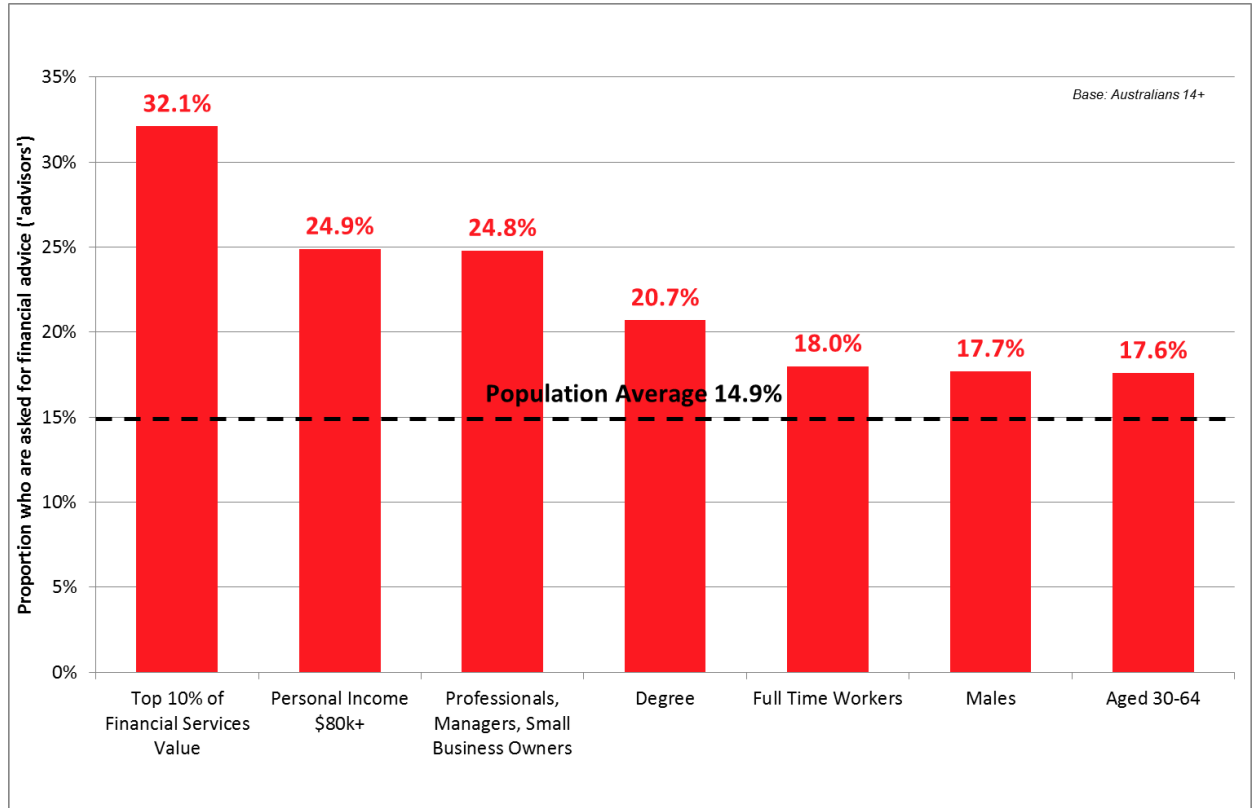


Source: Roy Morgan Single Source (Australia) 12 months ended March 2017, n=1,938. **Base:** Australians 14+ 'Trusted Advisors'. 1. Trusted Advisor = Asked for financial advice by friends/family. ®Net Promoter Score (NPS) is a service mark of Bain and Company, Inc., Satmetrix Systems, Inc., and Mr Frederick 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).

High value customers lead in incidence of 'trusted advisors'

It is probably not surprising that financial institution customers in the top 10% (based on the total value of their banking and finance products) have the highest incidence of 'trusted advisors' with nearly one in three (32.1%). This compares with the population average of less than half of this level (14.9%).

Segments with above average proportion of 'trusted advisors'



Source: Roy Morgan Single Source (Australia) 12 months to March 2017, n = 14,472.

Other significant groups with a higher than average incidence of 'trusted advisors', include people with incomes over \$80k pa (24.9%); professionals/managers/small business owners (24.8%); and those holding a degree (20.7%).

All of the groups that have higher levels of being asked to give advice appear to have greater involvement and experience in finance and as a result others are more likely to trust in their opinion.

Norman Morris, Industry Communications Director says:

"This research shows that financial decisions for many have the potential to be impacted to a considerable extent by informal advice from friends and family, rather than relying on professional financial planners. With nearly three million people being asked by family and friends for financial advice and over five million asking them for advice, this network is likely to play a major role in financial decisions.

"The banks dealt with by the people who give advice have the potential to gain customers only if they have high satisfaction and positive levels of advocacy or NPS® scores, which is not the case currently for many of them. It is therefore worth banks understanding and tracking that important group of their customers - 'trusted advisors'."

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About Roy Morgan Research

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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