



Press Release

J.D. Power Asia Pacific Reports: Driving Customer Satisfaction Is Critical to Bottom-Line Results for Banks

China Merchants Bank Ranks Highest in Customer Satisfaction with Retail Banks in China

SHANGHAI: 22 July 2009 — Cultivating highly satisfied and loyal bank customers has a profound impact on financial performance, according to the J.D. Power Asia Pacific 2009 China Retail Banking Satisfaction Study.SM

The inaugural study examines the customer satisfaction performance of 20 leading banks operating in China and is designed to evaluate customer satisfaction with the retail banking experience based on six areas of client interaction: transactions; account handling/product offerings; account information; facility; fees; and problem resolution.

The study finds that, on average, banks with the highest levels of customer satisfaction experienced profit margin growth of 129 percent on an annual basis between 2006 and 2008. This is nearly three times the growth rate for banks with medium levels of customer satisfaction and more than 21 times that for banks with low customer satisfaction.

“There is a strong correlation between customer satisfaction and financial results,” said Dr. Mei Songlin, general manager of research at J.D. Power Asia Pacific, Shanghai. “Highly satisfied customers eventually become loyal and frequent users and willing advocates for their banks. Each of these highly committed customers helps boost a financial institution’s performance.”

Among the 20 banks examined in the study, China Merchants Bank ranks highest in overall customer satisfaction with a score of 761 on a 1,000-point scale. China Merchants Bank performs particularly well in the areas of account handling/product offerings and account information. Following China Merchants Bank in the rankings are Shanghai Pudong Development Bank (759) and China Citic Bank (751). Shanghai Pudong Development Bank performs particularly well in the areas of fees and problem resolution, while China Citic Bank performs particularly well in transactions.

The study assesses customer commitment levels toward their banks by examining rates of recommendations and purchases of products as well as their likelihood of switching to alternative financial institutions. Customer commitment levels directly impact the average number of bank products and services utilized.

The study finds that approximately 20 percent of bank users are high-commitment customers, who use, on average, 5.1 products and services with their bank. Among customers at the medium-commitment level, the average number of products and services used per customer decreases to 3.7. That figure further declines to 3.2 products and services, on average, among the 21 percent of customers who have low levels of commitment.

The study finds that specific performance areas have a particularly strong impact on customer satisfaction with retail banks. The drivers with the greatest impact on customer satisfaction are providing error-free account balance records and problem-free banking experiences during the past 12 months. One critical practice identified by the study is keeping wait times at a maximum of nine minutes for customers to be met by bank staff.

“Banks in China are starting to shift their revenue centers toward retail banking,” said Michael Dunne, managing director at J.D. Power Asia Pacific, Shanghai. “It is critical for banks to identify keys to driving customer satisfaction and to focus on these high-impact practices.”

The 2009 China Retail Banking Satisfaction Study is based on responses from 3,930 bank customers. It includes evaluations of 20 leading banks operating in China, which account for approximately 95 percent of the market share in the cities of Beijing, Shanghai, Guangzhou and Shenzhen. The study was fielded in April and May 2009.

About J.D. Power Asia Pacific

J.D. Power Asia Pacific has offices in Tokyo, Singapore, Beijing, Shanghai and Bangkok that conduct customer satisfaction research and provide consulting services in the automotive, information technology and finance industries. Together, the five offices bring the language of customer satisfaction to consumers and businesses in China, India, Indonesia, Japan, Malaysia, Philippines, Taiwan and Thailand. Information regarding J.D. Power Asia Pacific and its products can be accessed through the Internet at www.jdpower.com. Media e-mail contact: helen_rong@jdpa.com.

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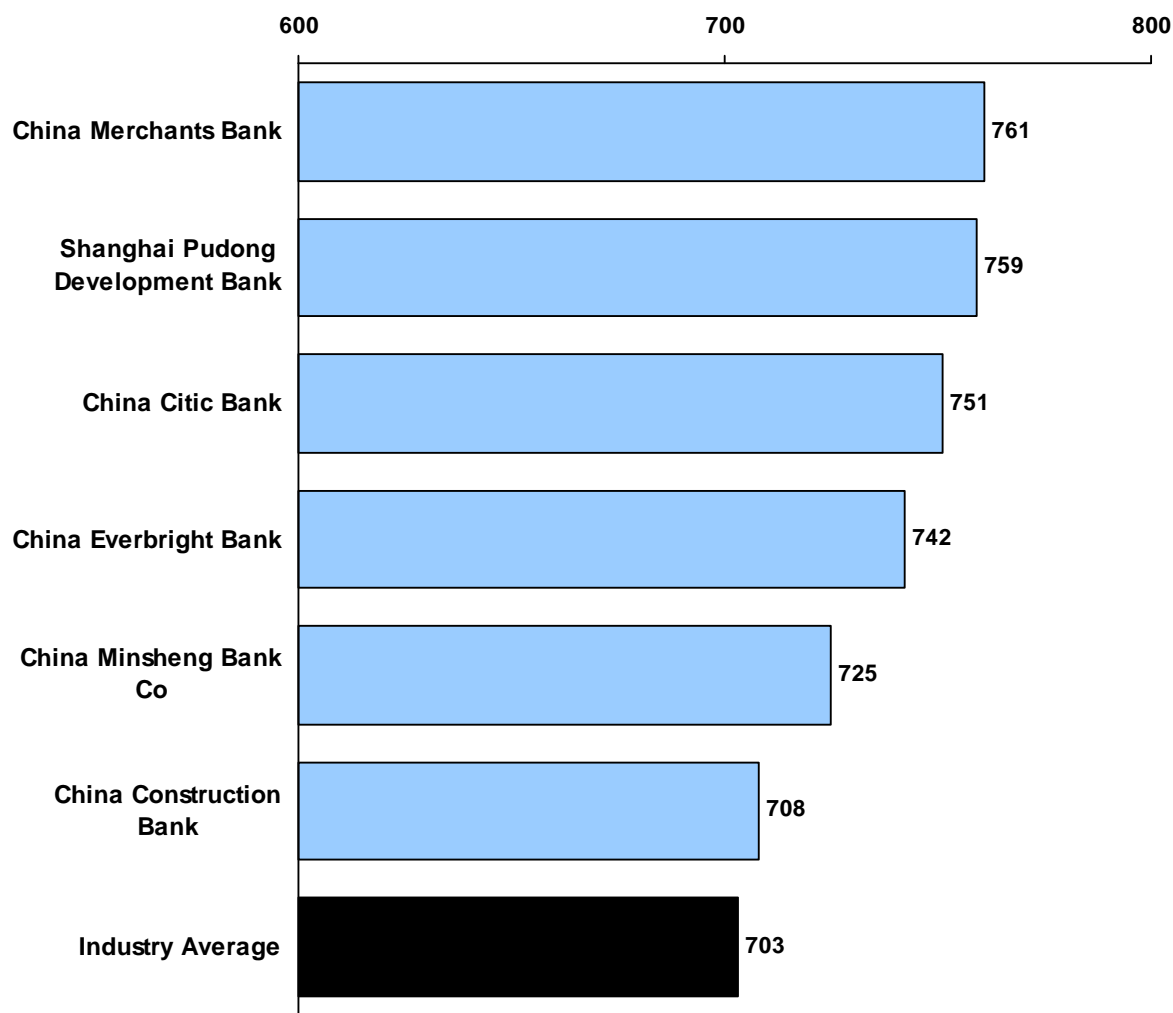
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NOTE: One chart follows.

J.D. Power Asia Pacific 2009 China Retail Banking Satisfaction StudySM

Customer Satisfaction Index Ranking (Based on a 1,000-point scale)



The 20 banks examined in this study include (in alphabetical order): Agricultural Bank of China, Bank of Beijing, Bank of China, Bank of Communications, Bank of East Asia*, Bank of Shanghai*, China Citic Bank, China Construction Bank, China Everbright Bank, China Merchants Bank, China Minsheng Bank Co, Citibank*, Guangzhou Commercial Bank*, Guangdong Development Bank, HSBC*, Industrial Bank*, Industrial and Commercial Bank of China, Shanghai Pudong Development Bank, Shenzhen Development Bank and Standard Chartered Bank*. Those marked with * have small or insufficient sample.

Source: J.D. Power Asia Pacific 2009 China Retail Banking Satisfaction StudySM

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