

Smaller and Regional Banks Outperform Majors in Customer Satisfaction, J.D. Power Finds

Heritage Bank Ranks Highest amongst Financial Institutions; Commonwealth Bank Tops Major Banks

MELBOURNE: 8 Dec. 2016 — The difference in customer experience varies greatly across financial institutions in Australia, with the highest-performing banks mainly being smaller and regional institutions, according to the J.D. Power Australia Retail Banking Satisfaction Study,SM released today.

The study shows that smaller and regional banks perform stronger across areas that matter to banking customers—such as greater transparency on account fees, shorter queue times at the branch and higher resolution rates at the call centre—and also have fewer customer-reported problems overall.

“In general, smaller banks in Australia are able to provide a higher level of service at the branch and through the call centre than the major banks, which, along with improved transparency on fees, helps place them in a good position to develop greater trust among their customers,” said **Loi Truong, senior country manager at J.D. Power**.

The inaugural study measures customer satisfaction with customer’s main financial institution by examining six key factors: account activities; account information; product offerings; fees; facility; and problem resolution. Satisfaction is calculated on a 1,000-point scale.

Study findings also show that satisfaction is higher when customers use digital self-service channels, an area of service where major banks are strongest.

Overall satisfaction with bank mobile apps is higher for the major banks at 827 vs. 808 for non-majors. Common tasks performed by the 49% of mobile app users include checking bank account balances (87%), transferring funds (82%) and paying bills (65%).

“Banks in Australia are keen to promote digital usage amongst their customers, as it reduces service costs and increases customer control in one step,” said **Dr. Gordon Shields, director at J.D. Power**. “However, in doing so banks must not lose focus on their branch and call centre service channels, as customers rely on them, especially when they can’t get an answer online or through their banking app.”

Further findings of the study show that 15% of customers indicate having experienced a problem with their bank in the past 12 months, with the most common issues related to account errors (e.g., processing or transactional errors) and service complaints (e.g., fraud/unauthorised activities, ATM-related issues or poor customer service at the branch).

Following are additional findings of the study:

- **One in Five Customers Don’t Understand Their Account Fees:** 21% of retail banking customers report that they do “not at all” understand the fee structure on their account. Amongst major banks the percentage is 22%, and amongst non-majors, the figure is 16%.
- **Average Branch Wait Times are Highest amongst Majors:** On average, major bank customers wait eight minutes to be served at a branch, which is three minutes longer than at non-majors. Amongst the smaller and regional banks, 45% of branch customers indicate that they did not have to wait at all, compared with 27% of customers of the major banks.
- **Call Centre Resolution Rates Vary by Bank Type:** 84% of callers to a major bank had their issue resolved, compared with 91% of smaller and regional bank callers.

- **Mobile Banking Apps Far from Perfect:** The top three app-related problems cited by customers are slow app loading (19%); app crashes or freezes (16%); and login problems (15%).
- **Apple Pay Rated Highest amongst Mobile Wallets:** 18% of retail banking customers use a mobile wallet linked their account, with satisfaction highest amongst those using Apple Pay (7.7 points on a 10-point scale).
- **Accuracy of Mobile Notifications:** 19% of mobile banking users indicate the accuracy of their bank's notification is inconsistent with their bank statements. Channel amnesia, or late or incorrect updates, has a negative effect the customer experience, with satisfaction 83 points lower amongst customers experiencing such a problem (682) than amongst those not experiencing such a problem (765).
- **Improving Customer Satisfaction Matters:** 45% of customers who are highly satisfied with their banking experience (overall satisfaction scores of 855 or higher) say they "definitely will" recommend their bank to a family member, friend or colleague, compared with only 7% of those who are dissatisfied (675 or lower).

Study Rankings

Heritage Bank ranks highest in retail banking customer satisfaction amongst non-major banks with an overall satisfaction score of 829. Heritage Bank achieves the highest score in two of the six study factors: product offerings and fees.

Commonwealth Bank tops the major bank segment with a score of 754. Commonwealth Bank performs particularly well in the account activities and problem resolution factors.

The 2016 Australia Retail Banking Satisfaction Study is based on responses from 4,765 retail banking customers. The study was fielded in October and November 2016. It is part of a series of retail banking satisfaction studies also conducted by J.D. Power in North America and Asia.

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About J.D. Power in the Asia Pacific Region

J.D. Power has offices in Tokyo, Singapore, Beijing, Shanghai, Malaysia and Bangkok that conduct customer satisfaction research and provide consulting services in the automotive, information technology and finance industries in the Asia Pacific region. Together, the six offices bring the language of customer satisfaction to consumers and businesses in Australia, China, India, Indonesia, Japan, Malaysia, Philippines, Taiwan, Thailand and Vietnam. Information regarding J.D. Power and its products can be accessed through the internet at asean-oceania.jdpower.com.

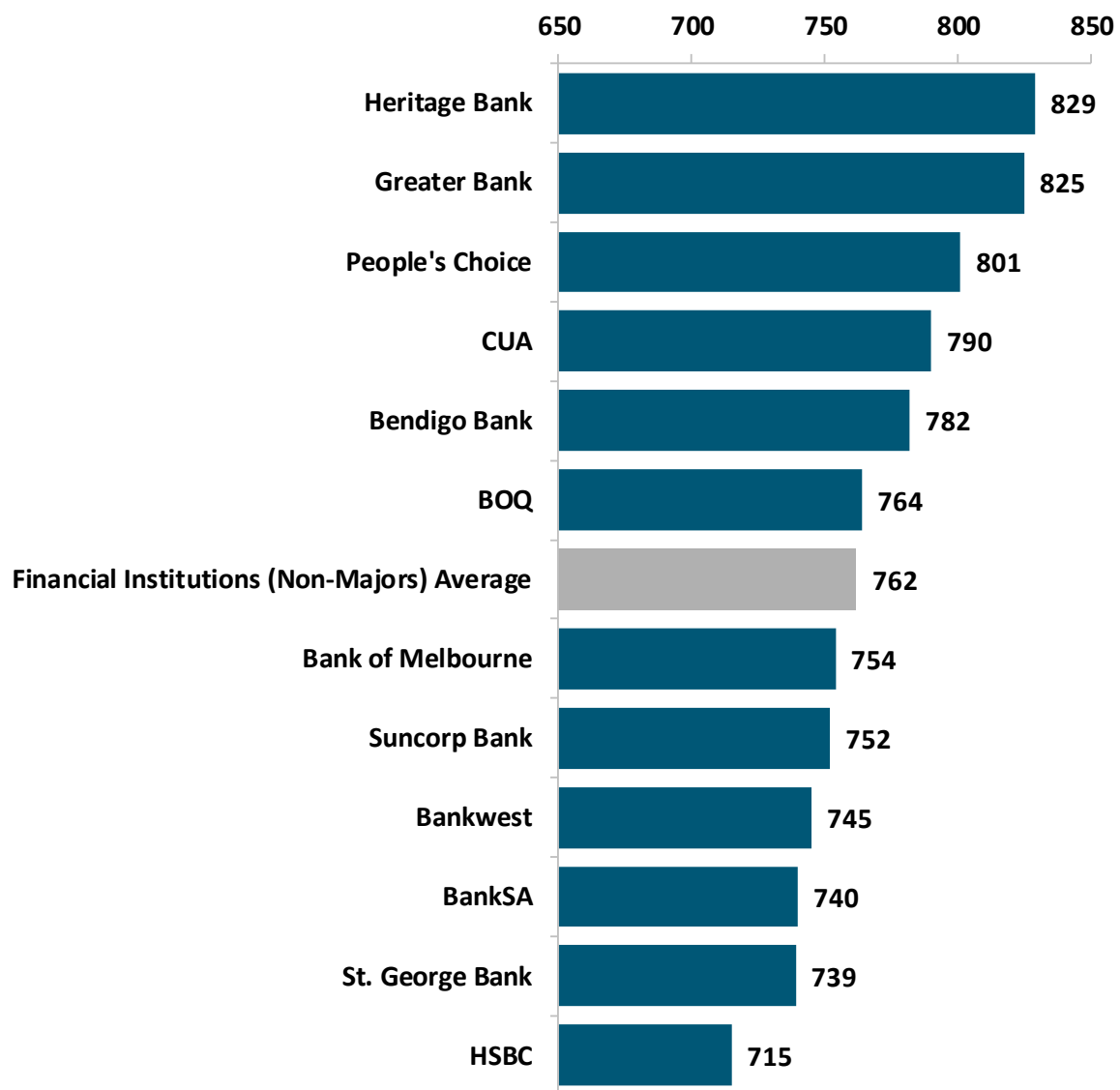
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Note: Three charts follow.

J.D. Power 2016 Australia Retail Banking Satisfaction StudySM

Overall Satisfaction Index Ranking – Financial Institutions (Non-Majors) (Based on a 1,000-point scale)



Note: Included in the study but not ranked due to small or insufficient sample size are BankVic, Beyond Bank Australia, Citibank, IMB Bank, Newcastle Permanent and Teachers Mutual Bank.

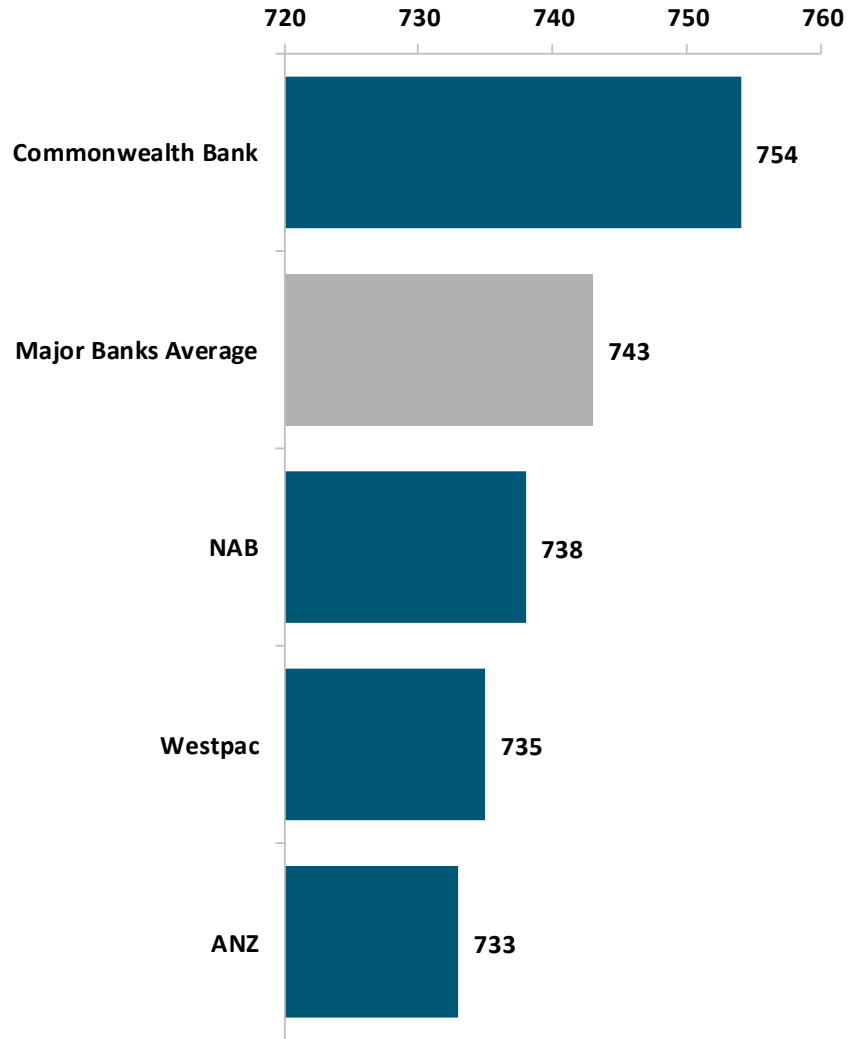
Source: J.D. Power 2016 Australia Retail Banking Satisfaction StudySM

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Overall Satisfaction Index Ranking – Major Banks

(Based on a 1,000-point scale)

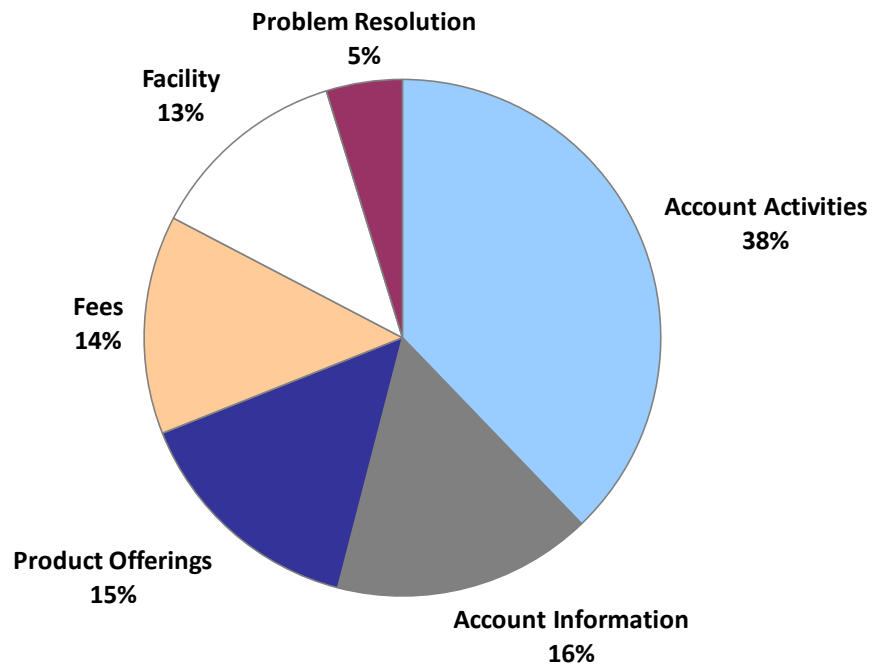


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Factors Comprising Overall Satisfaction



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