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Bank cross-selling less successful than widely believed

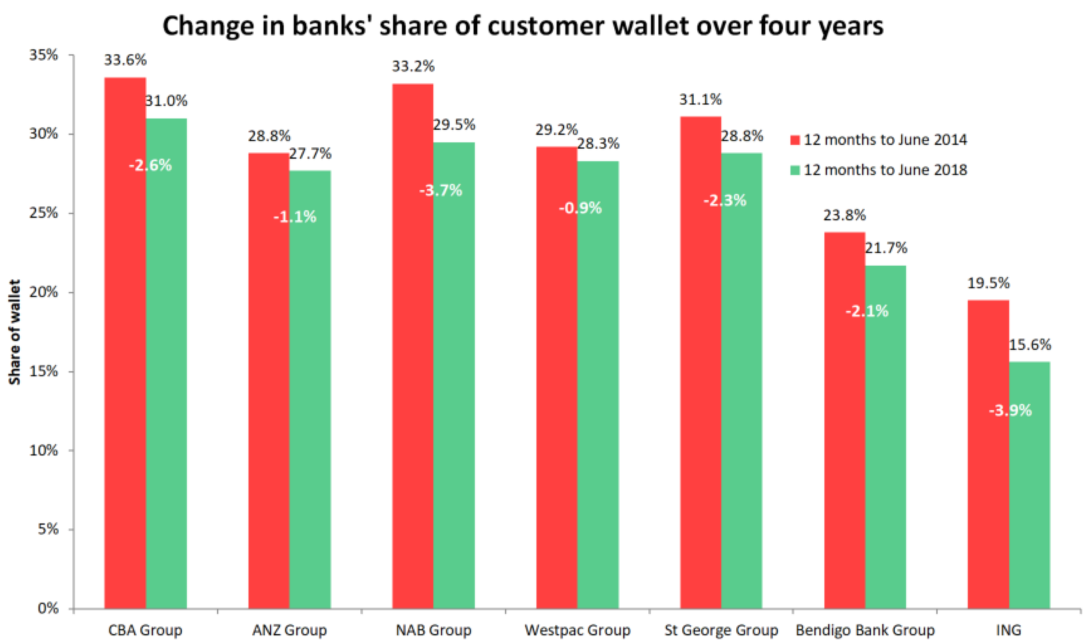
Banks' over-reliance on cross-selling to boost revenue may have been over-stated, according to the latest 'share of wallet' data published in the Roy Morgan *Banking & Finance Industry Currency Report*.

Share of wallet[1] can help assess how successfully a company or group is referring existing customers to other product lines within the group – something the banks have been heavily criticised for by the Hayne Royal Commission into Banking and Financial Services.

In the financial services sector 'wallet' refers to the total value of products – whether savings, loans or wealth management products – held by an individual customer. Banks have been accused of aggressive cross-selling of products such as superannuation or life insurance to mortgage holders or financial advice clients.

Compiled using data from more than 250,000 in-depth face-to-face, in-home interviews, the *Banking and Finance Industry Currency Report* found that most major banks have seen their 'share of customer wallet' declining over the past four years, with the National Australia Bank Group slipping 3.7 percentage points to 29.5%, CBA losing 2.6 percentage points to sit at 31% share of wallet, ANZ Group sliding 1.1 percentage points to 27.7% and Westpac down 0.9 percentage points to 28.3%.

While there is no doubt the Royal Commission has exposed serious problems in the selling practices of banks, the share of wallet trend highlights increased competition across a number of product categories, with the Reserve Bank recently noting that overseas bank offerings, especially from Asian banks, plus the rise of 'fintech' operators, is continuing this trend.[2]



Source: Roy Morgan Single Source. Base: Australians aged 14+.
July 2013 to June 2014, sample = 47,985; July 2017 to June 2018, average = 50,035.

[1] Share of wallet = proportion captured by an institution of the dollar-value of financial products held by a customer.

The big-four banks have managed to maintain a larger share of their customers' total number of financial products. CBA Group on average provides 3 out of 8.2 products held by each customer (37%); ANZ provides 2.8 out of 9.6 products (29%); NAB provides 2.7 out of 9.8 (28%) and Westpac provides 3 out of 9.6 (31%).

This compares favourably with smaller banks such as ING, which provides an average 2.2 out of 11.9 products held by its customers (18%); Bendigo Bank which provides 2.3 out of 8.8 (26%) and St George which provides an average 2.6 out of 10.1 products held each customer (26%).

Norman Morris, Roy Morgan Industry Communication Director, commented:

> *"Nobody would seek to excuse the behaviour exposed by the Royal Commission, but what our latest data reveals is that consumers are looking around for new products and new providers of those products. Competition is clearly increasing in the financial services sector, not least because of the rise of highly innovative fintech offerings.*
>
> *"Increased competition should be welcomed because ultimately it is the best way to improve customer service and drive product innovation. Roy Morgan's vast data resources can help clients get ahead of the curve – to understand that competitive pressure, develop the right products, and know where and when to communicate them to existing and new customers."*

[2] *Competition in the Financial System, Submission to the Productivity Commission Inquiry, Reserve Bank of Australia, September 2017*

To learn more about Roy Morgan's *Banking & Finance Industry Currency Report*, call (+61) (3) 9224 5309 or email askroymorgan@roymorgan.com.

The suite of products available via the Roy Morgan Single Source and the psychographic segmentation tools provided by Roy Morgan Helix Personas allow clients to drill down into the data to get the best picture of what is going on.

Please click on this link to the Roy Morgan Online Store.

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, Indonesia 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