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Thursday, 9 March 2017

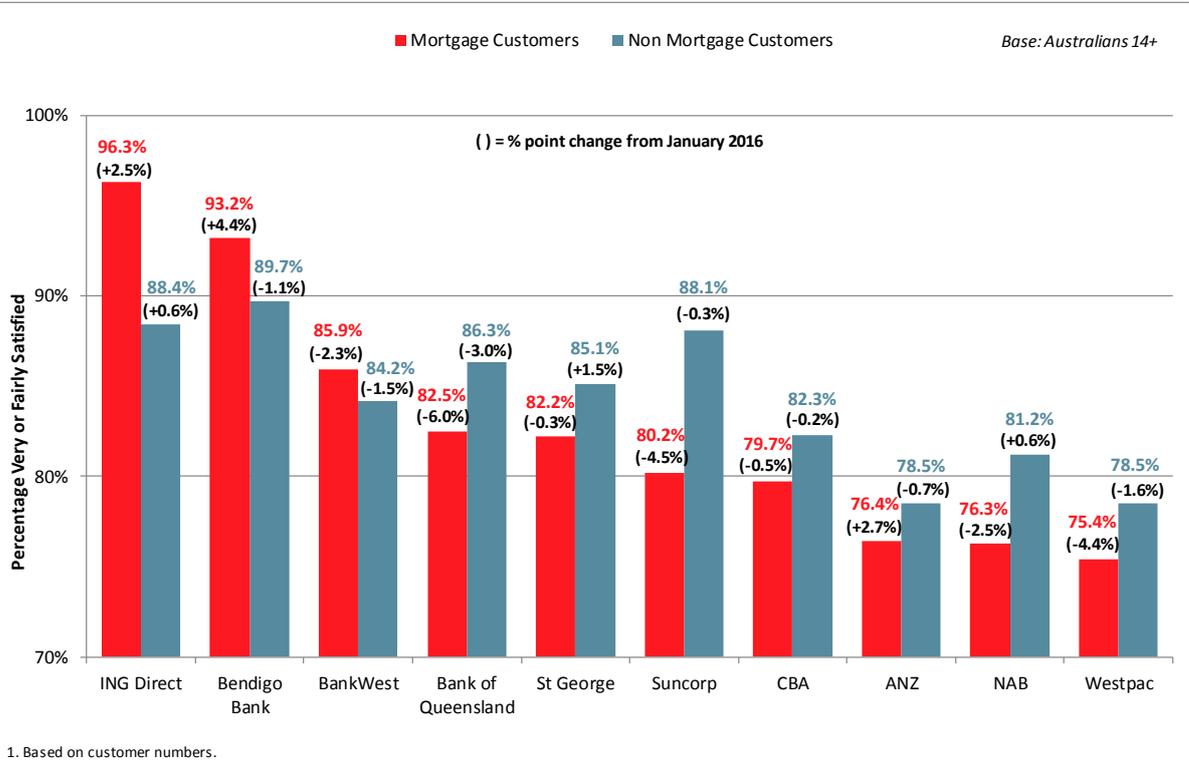
## Increased satisfaction among big four banks' mortgage customers in January lifts overall satisfaction

The satisfaction level of the big four banks' personal customers in the six months to January 2017 was 80.1%, up fractionally on 79.9% in December, the latest Roy Morgan data reveals. This increase was due to an improvement in satisfaction among their mortgage customers of 1.4% points (to 77.4%), while satisfaction among non-mortgage customers remained unchanged (80.7%). However, advocacy levels among mortgage customers, as measured by 'Net Promoter Score' (NPS®), remained negative for each of the big four banks.

### Mortgage customer satisfaction with the big four below other banks

Despite some tentative signs of improvement in satisfaction among the big four's mortgage customers in January, overall they remain well below the satisfaction levels of the smaller banks' mortgage customers. All four of the major banks showed improved satisfaction among their home-loan customers in January but only the ANZ improved over the same time last year.

### Satisfaction of Mortgage and Non Mortgage Customers - 10 Largest Consumer Banks<sup>1</sup>



Source: Roy Morgan Single Source (Australia) 6 months to January 2016, n=24,332; 6 months to January 2017, n=23,895.

ING Direct has the highest proportion of satisfied mortgage customers (of the 10 largest banks) with 96.3%, followed by Bendigo Bank on 93.2%. These two remain well clear of the field, with

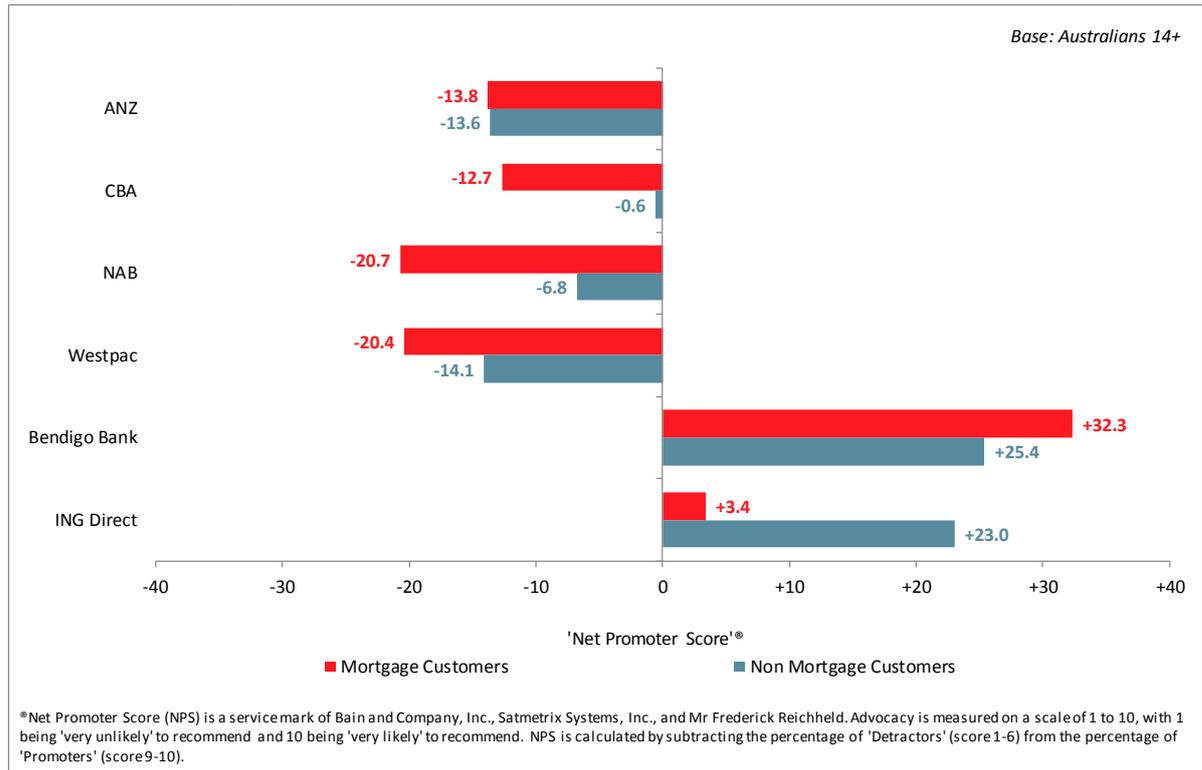
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the next best being Bankwest (85.9%) and Bank of Queensland (82.5%). The CBA has the highest mortgage customer satisfaction of the big four with 79.7% and Westpac the lowest (75.4%).

### *Advocacy lower among mortgage customers*

The big four's mortgage customers rate them negatively when it comes to their 'Net Promoter Score' (NPS®), and lower than their non-mortgage customers, who also have negative NPS scores.

### **'Net Promoter Score'® of Mortgage Customers vs Non Mortgage Customers: Big Four Banks, ING Direct, Bendigo Bank**



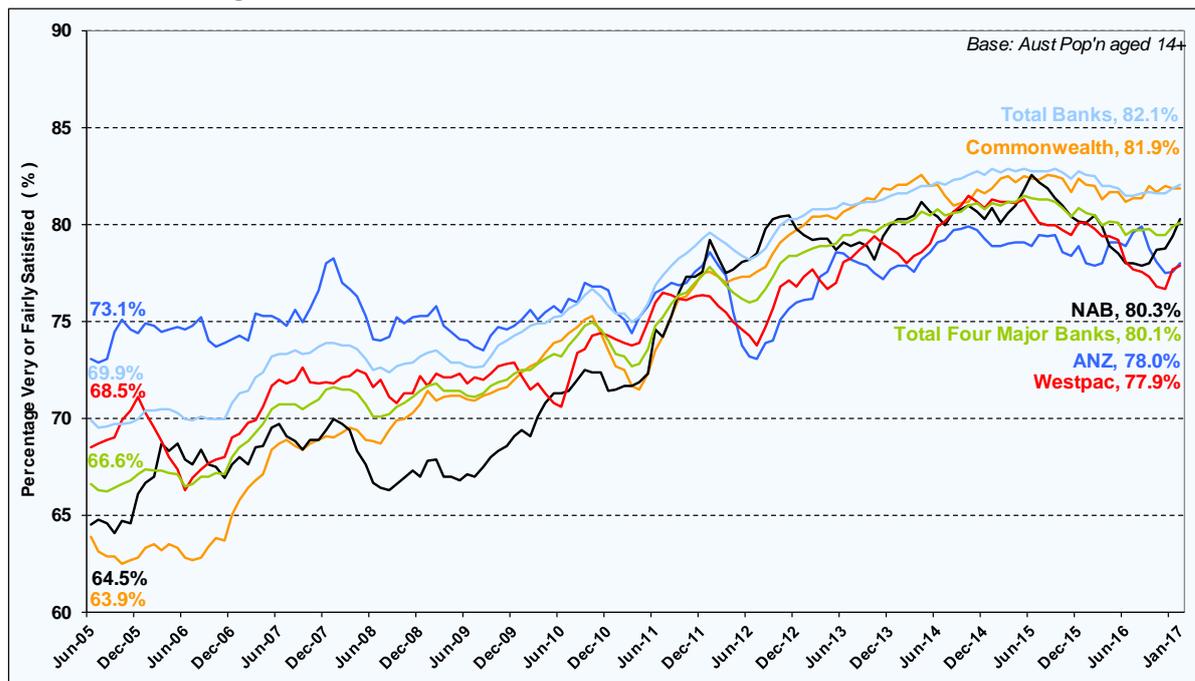
**Source:** Roy Morgan Single Source (Australia) 6 months ended January 2017, n=23,895.

The best performer among the big four with regards to mortgage customer NPS was the CBA (minus 12.7), followed by ANZ (minus 13.8), Westpac (minus 20.4) and NAB (minus 20.7). In contrast, the two top-ten banks with the highest mortgage customer satisfaction scores also had positive NPS scores for these customers, with Bendigo Bank the best performer (plus 32.3) and ING (plus 3.4).

### *NAB the most improved satisfaction of the big four in January*

The NAB showed the biggest improvement in satisfaction in January among the four major banks (up 0.9% points to 80.3%), maintaining its second position and closing the gap on the CBA, which is now only 1.6% points ahead. This improvement was due mainly to gains made in mortgage customer satisfaction over the month (up 3.2% points).

## Consumer banking satisfaction



Source: Roy Morgan Consumer Satisfaction Report, January 2017, average 6-month sample n=25,015..

While the big four continue to focus on their satisfaction ranking among their peers, the mutual banks remain well ahead of all four. The average satisfaction level for the big four in January was 80.1%, compared to the mutual banks' average of 90.2%. The best performers among the mutual banks were Greater Bank (95.0%), Heritage Bank (92.3%) and Victorian Teachers Mutual Bank (92.0%), all well ahead of the top-ranking big four bank, the CBA, on 81.9%.

### Norman Morris, Industry Communications Director, Roy Morgan Research says:

*"Despite home loan rates having been low for a considerable time, it is somewhat surprising that mortgage customer satisfaction remains lower than that of other customers, who are likely to be adversely impacted by low deposit rates. The smaller banks have shown that it's possible to achieve much higher satisfaction levels among mortgage customers than those achieved by the majors, even though they're operating in the same interest-rate environment. To understand their better overall performance, Roy Morgan has done extensive modelling over recent years to understand the underlying drivers that determine how customers rate their bank in terms of satisfaction and advocacy (NPS).*

*"This special analysis goes well beyond looking at recent events such as adverse publicity and interest-rate movements, which we know have generally short-term impact on satisfaction and advocacy levels. Using data from the Roy Morgan Single Source survey database, compiled from over 50,000 interviews pa, it covers all aspects of financial behaviour and so enables a more in-depth analysis.*

*"The most important driver of customer satisfaction and advocacy ratings is the 'customer experience' when dealing with a bank. This involves many of the softer*

*measures, things such as ‘making customers feel valued’, ‘treating customers with respect’ and ‘having experienced and well-trained staff’. Roy Morgan has carried out this analysis on most of the major banks, and found that the very high satisfaction and advocacy among Bendigo Bank customers appears to be strongly linked to their ‘customer experience’.*

*“The second most significant driver of satisfaction and advocacy involves the harder measure that relates to ‘interest rates, fees and charges’—another major reason for Bendigo Bank’s strong performance. Other key drivers are being ‘reliable and secure’ and ‘product offering’.*

*“In addition to understanding what drives satisfaction, Roy Morgan has developed [Helix Personas](#), a sophisticated segmentation that provides a view of Australians across 56 segments and incorporates demographics, location, attitudes and behaviour. This enables a deep understanding of customers and can identify how to communicate with particular target groups. For example, the Personas with the highest potential for the finance sector are ‘[Blue Chip](#)’ and ‘[Smart Money](#)’. Both of these Personas have high household incomes, are tech savvy and live in the inner suburbs, with Blue Chip likely to be older and well established, while Smart Money are more family-focused. Helix can also pinpoint the geographic areas where these Personas are most likely to be concentrated.*

*“Roy Morgan has been the industry currency in consumer financial services for over two decades and now offers additional insights to this data with Helix Personas, as well as the identification of what drives improvements in customer satisfaction and advocacy through the ‘Drivers of Customer Satisfaction’ and ‘Drivers of Advocacy’ reports.”*

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#### **Related research findings**

View our banking and finance satisfaction reports, including the [Customer Satisfaction: Consumer Banking in Australia report](#) and the [Advocacy Report: Financial Institutions](#) report.

#### **About Roy Morgan Research**

Roy Morgan Research is the largest independent Australian research company, with offices in each state of Australia, as well as in Indonesia, the United States and the United Kingdom. A full service research organisation specialising in omnibus and syndicated data, Roy Morgan Research 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

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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

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