

# Bank Satisfaction Barometer 2015



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In this third installment of the Bank Satisfaction Barometer, banking satisfaction remains relatively stable. The 2015 overall score of 79 (on a 0-100 scale) is identical to the 2013 baseline score from the first study, and it is down only one point from last year. These steady scores indicate a relatively satisfied and stable customer environment.

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## EXECUTIVE SUMMARY

In this third installment of the Bank Satisfaction Barometer, banking satisfaction remains relatively stable. The 2015 overall Bank Satisfaction Barometer score of 79 (on a 0-100 scale) is identical to the 2013 initial baseline score from the first Bank Satisfaction Barometer study, and it is down only 1 point from last year. These steady scores indicate a relatively satisfied and stable customer environment.

**The 2015 results uncover two themes that can affect banks in both the near and long-term future.**

### **Banks must seamlessly integrate electronic and personal channels into a single experience for the banking consumer.**

- Electronic banking now allows customers to interact with their bank whenever, wherever, and however they wish. The research shows that while use of online and mobile channels is increasing, customers still desire and appreciate the ability to speak to a live person when needed. Having a branch location nearby was viewed as at least *Somewhat Important* by 90% of survey respondents. The bank that can integrate these electronic and personal channels into a seamless experience will have a competitive advantage against not only other banks, but also non-bank entities (such as PayPal and Apple Pay) which have started to take aim at the products and services traditionally offered by banks.
- While the data clearly show that consumers are embracing online and mobile offerings for transactional tasks, the bank branch remains a key driver in initial bank selection, overall customer satisfaction, and determining where customers go for advice/problem resolution. Therefore, *Branch Staff* and *Branch Convenience* may still be areas where a bank can differentiate themselves from other banks and financial service providers.

### **Customers still view their bank as a community-based organization, and increased community involvement can lead to higher satisfaction.**

- The majority of respondents (85%) report that it was at least *Somewhat Important* that they bank with an institution that contributes to their local community.
- Community involvement can lead to higher *Satisfaction* and *Future Behavior* scores. Respondents who believe their bank is *Very Involved* in their community have significantly higher *Satisfaction* scores and show an increased likelihood to *Remain a Customer*, *Use Additional Banking Services*, and *Recommend* the bank to others.

## INTRODUCTION

Bank customers in 2015 have more options, literally at their fingertips, on when, where, and how they choose to bank. Many in the industry believe that a major differentiator for prosperous banks will be the adoption and successful implementation of customer-centric initiatives.<sup>1,2,3</sup> As a result, the customer-centric bank will ensure that customers are satisfied with their banking experience regardless of the channel used.

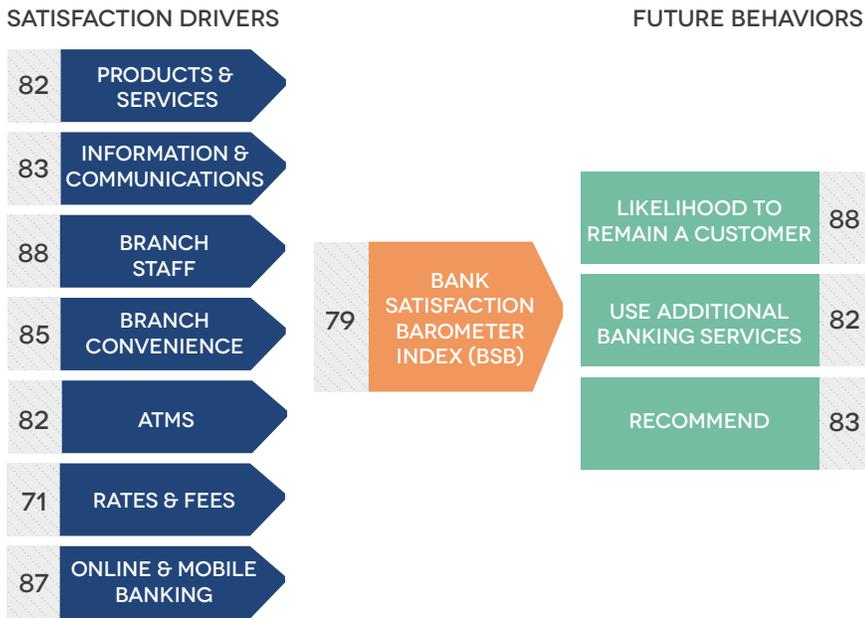
This study is the third edition of the CFI Group Bank Satisfaction Barometer survey and it is intended, in part, to determine how well banks are faring in the current retail banking environment. The results show an environment that has stabilized following the financial crisis of 2009. The overall Bank Satisfaction Barometer 2015 score of 79 (on a 0-100 scale) is identical to the initial baseline score from the first study conducted in 2013, and it is down only 1 point from last year. These steady scores indicate a relatively satisfied and stable banking customer environment.

During the month of June 2015, CFI Group asked bank customers across the U.S. to rate their customer experience with their primary financial institution. The Bank Satisfaction Barometer looks not only at overall satisfaction of bank customers, but it also examines the key drivers of satisfaction and important business outcomes affected by satisfaction. The key drivers of satisfaction include: *Branch Staff*, *Branch Convenience*, *Online & Mobile Banking offerings*, *ATMs*, *Products & Services offered*, *Rates & Fees*, and *Information & Communications* received from the bank. Customers were also asked to rate their overall level of satisfaction. Finally, customers were asked about their likelihood to recommend, do more business with, and remain a customer of their bank.

Based on the data, CFI Group was able to assign impact weights to each of the seven identified satisfaction drivers in order to determine which driver has the most effect on satisfaction. Improvements to these drivers will lead to a higher overall Bank Satisfaction Barometer score which will, in turn, result in increased customer loyalty, more word of mouth recommendations, and an increased likelihood that customers will be more agreeable to the cross-selling of complementary products and services. A stable or increasing Bank Satisfaction Barometer is a positive sign for the industry.

The Bank Satisfaction Barometer model is shown in Figure 1. The satisfaction drivers are listed on the left-hand side of the model. *Driver* scores are the aggregate respondent scores for each individual survey question (respondents were asked to rate each item on a 1-to-10 scale with 1 being "poor" and 10 being "excellent"). These scores are then converted to a 0-to-100 scale for reporting purposes. It is important to note that these scores are aggregate averages, not percentages. The score is best thought of as an index, with 0 meaning "the worst possible experience" and 100 meaning "the best possible experience."

Figure 1 – CFI Group Bank Satisfaction Barometer Model 2015



CFI Group’s patented methodology calculates the leverage (or “impact”) each driver has on customer satisfaction. Impacts quantify the extent to which further investment and improvement in these areas will yield higher levels of satisfaction and revenue-driving outcomes such as customer loyalty and advocacy. Figure 2 below shows the relative impact the seven drivers have on overall customer satisfaction based on the 2015 data while Figure 3 shows the impacts from 2014.

Figure 2: Relative Driver Leverage on Customer Satisfaction 2015

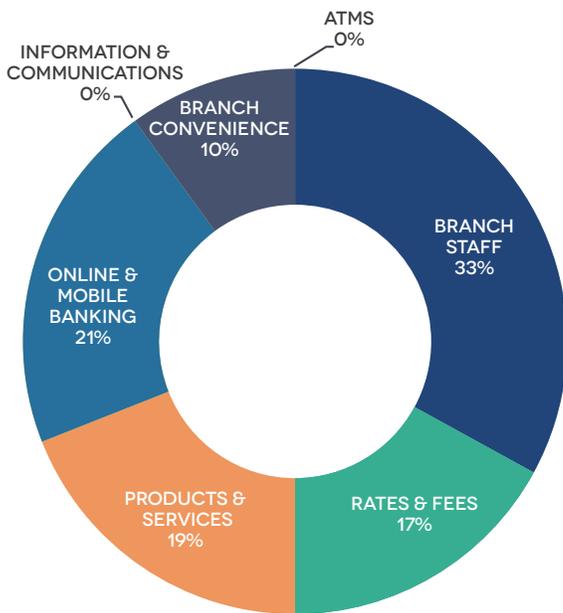
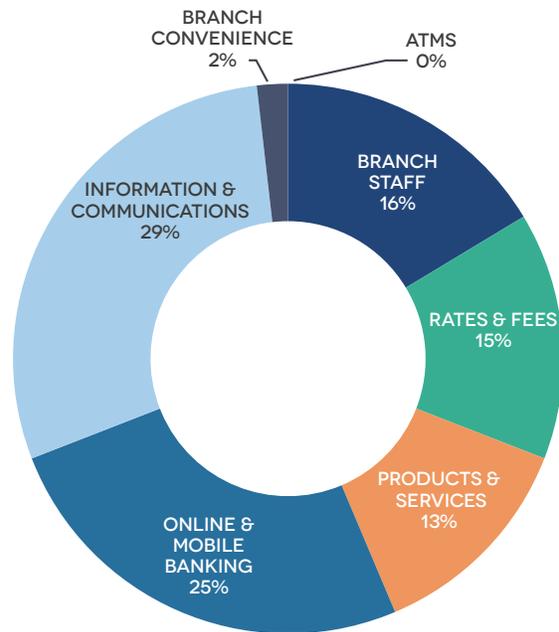


Figure 3: Relative Driver Leverage on Customer Satisfaction 2014



Analysis of these drivers demonstrates some notable movement compared to the Bank Satisfaction Barometer 2014 results (Figure 3). In 2015, there seems to be a turning away from impersonal interactions (web and written communications) to more personal interactions (branch staff and location convenience). Even with the rise and proliferation of online and mobile banking options, customers still desire and appreciate the ability to speak to a live person when needed. *Branch Staff* emerged as the area with the most leverage in determining customer satisfaction. Accordingly, *Branch Convenience* also experienced a renewed importance compared to previous years. Therefore, *Branch Staff* and *Branch Convenience* are areas where banks can differentiate themselves from the pack.

Despite the increased relevance of interpersonal channels in 2015, *Online & Mobile Banking* continues to be an important component of customer satisfaction as many bank customers have integrated these technologies into their everyday banking experience. Mobile phones are in widespread use with 87% of the U.S. adult population having a mobile phone and 71% of those phones being internet-enabled smartphones.<sup>4</sup> The adoption of mobile technology is expected to increase in the near future. As a result, the ongoing adoption of mobile technology will continue to affect the way banking customers interact with their banking institution.

*Products & Services* and *Rates & Fees* continue to have a substantial effect on *Satisfaction* scores, with the impact increasing slightly compared to last year.

While *ATMs* and *Information & Communications* reflect low impacts on *Satisfaction*, they both remain important to a bank's value proposition as low driver impact does not necessarily imply low importance. ATMs continue to be highly valued to bank customers, but most ATM needs for bank customers are simply being met. As a result, the impact analysis shows that significant investment in *ATMs* would be less likely to yield significant changes in satisfaction at this time. Similarly, the low impact score for *Information & Communications* does not mean these components are not important to customers. Customers obviously need to be kept up to date, but customers likely feel the communication/information they currently receive from their bank satisfies their current needs. Any updates in this area would not result in significant increases in the overall *Satisfaction Score*.

Over the last 10 years, non-bank entities have been taking aim at the products and services traditionally offered by financial institutions.<sup>5</sup> Payment is the area that has seen the most innovation. Applications like PayPal and Apple Pay now allow mobile payments using only a smartphone. Mobile payments are expected to continue to grow and the use of digital wallets may become increasingly common. While it is doubtful that these new entrants will entirely supplant banks, banks nevertheless will have to redefine how they operate to remain competitive. Central to how banks operate is the integration of both their branch and electronic channels. Although mobile and online banking continue to grow, customers still want the ability to interact with a real person. The ability to integrate the inherent strengths of both these two channels into a seamless experience will result in greater customer satisfaction.

It should be noted that components of the banking experience driving satisfaction are subject to change over time. Also, the relative impacts for each institution can vary greatly based on a variety of factors, such as the makeup of the customer base and the current local competitive environment. Regardless of external factors, organizations that consistently track customer attitudes will be better able to connect with them not only on a business level, but also on an emotional level as well.

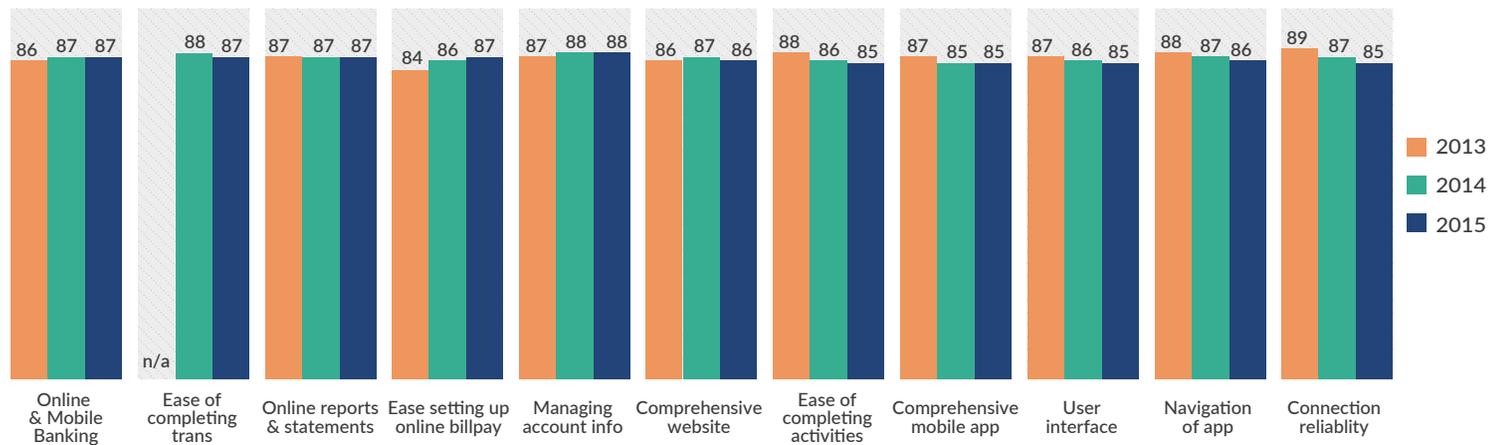
## BANKING CHANNELS

### Online & Mobile Banking

While the overall percentage of people with mobile phones continues to hover around 87% for the last couple years, the percentage of people with smart phones increased to 71% in 2014. This jump represents an increase of 19 percentage points from just two years before.<sup>6</sup> As smartphone adoption increases, the desire for mobile and online banking is sure to grow as well.

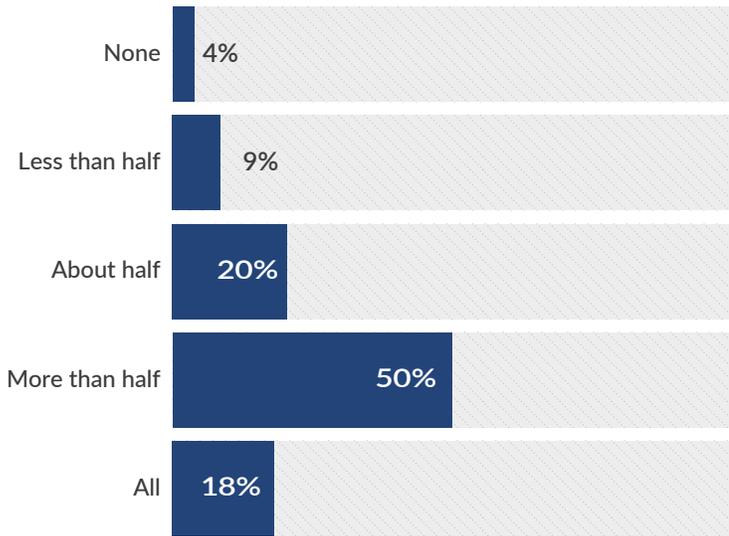
In this year’s study, *Online & Mobile Banking* continues to be a significant driver of overall bank customer satisfaction. Customers expect their bank to offer online and mobile banking services that are convenient, reliable, and easy to use. The *Online & Mobile Banking* score of 87 held steady in 2015 from last year.

Figure 4: Online Mobile Scores 2013-2015



Since 2013, bank website usage has decreased from 82% of respondents reporting they visited their bank's website in the last 90 days to 75% this year. During the same time, mobile app usage has increased 3 percentage points to 38% in 2015. Despite the drop in bank website usage, 68% of respondents indicated that they do more than half of their banking without interacting with a person. This is an increase of 14 percentage points from 2014.

Figure 5: Proportion of Banking Completed Electronically 2015



Despite the willingness of respondents to bank electronically, there are still a number of activities that customers are not willing to do either online or via mobile device.

Figure 6: Banking Activities Refused Online

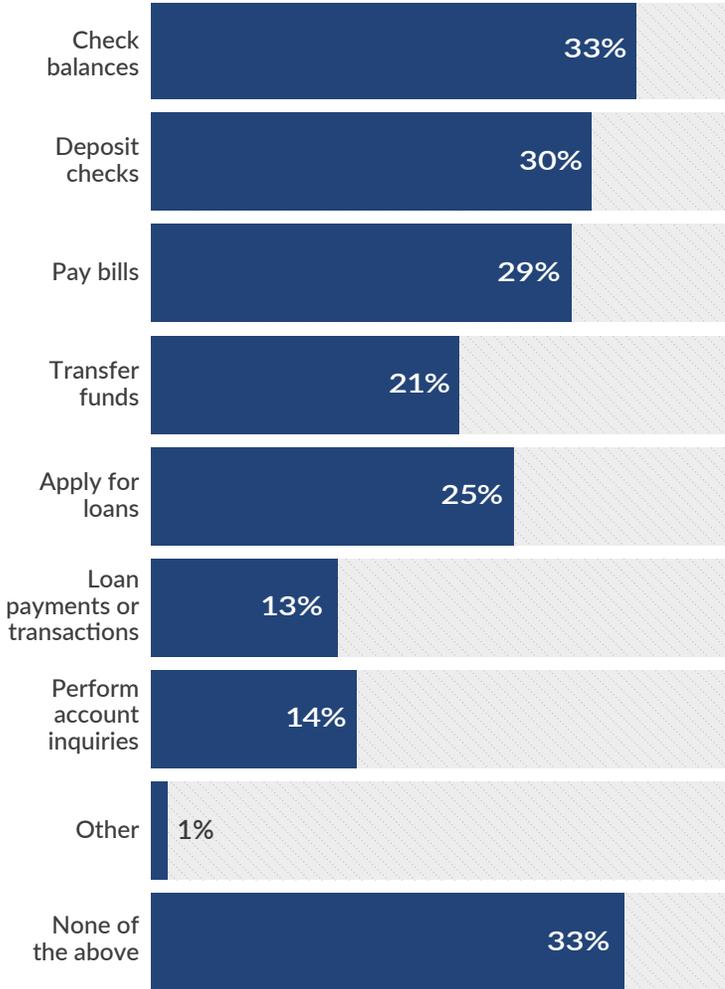
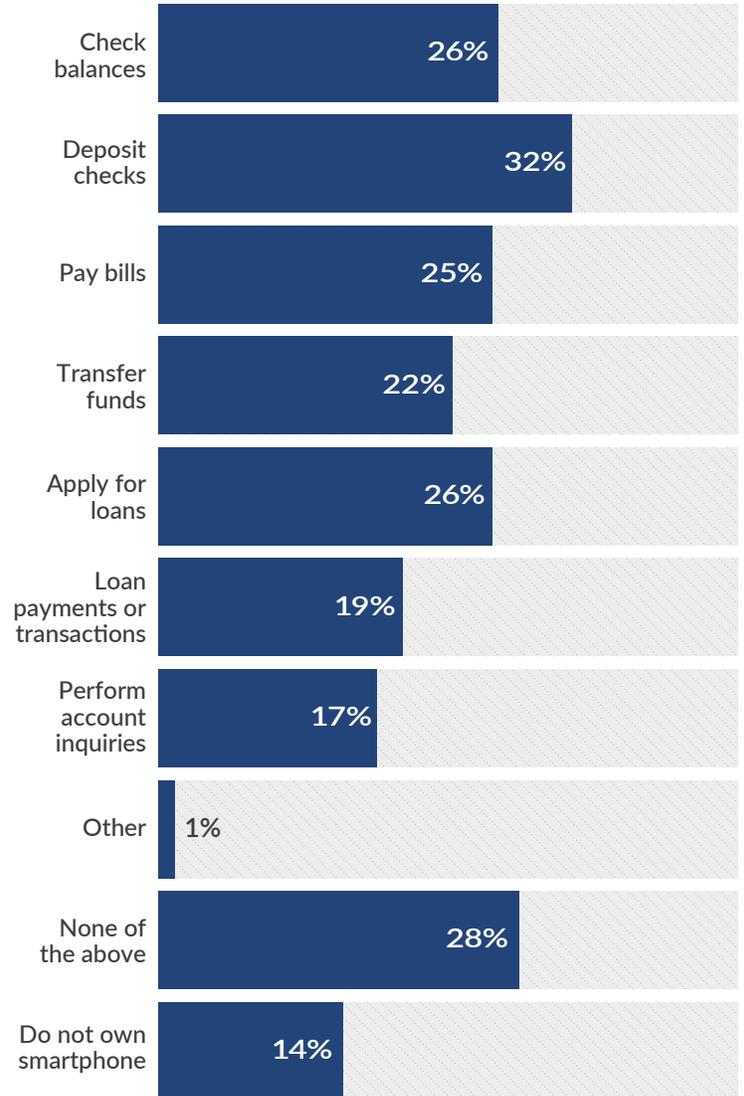


Figure 7: Banking Activities Refused Mobile



In order for customers to expand the breadth and depth of electronic bank services, mobile and online banking applications need to focus on selling the electronic banking experience rather than just recreating a digital version of existing bank products.<sup>7</sup> In doing so, customers may more readily accept electronic banking as part of their overall banking experience.

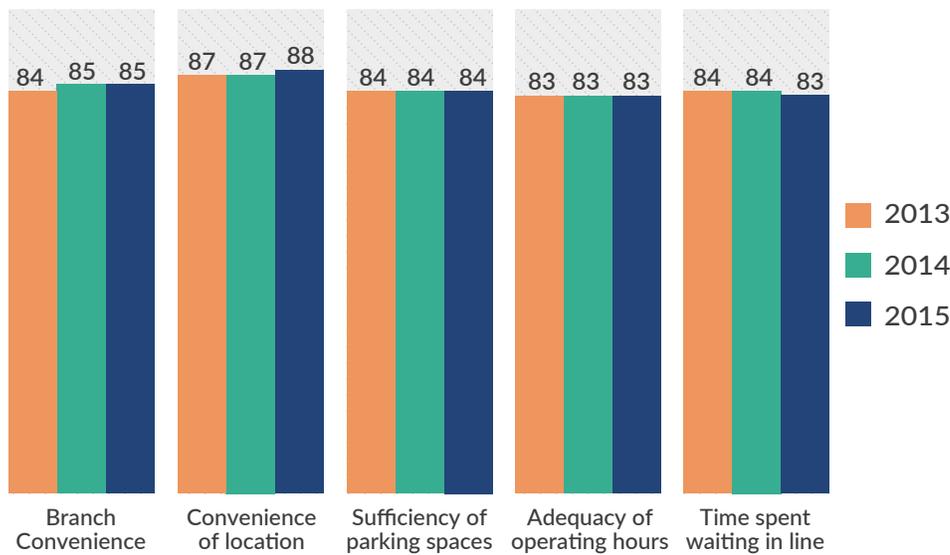
## Branches

Even though bank customers are increasingly embracing online offerings, the mere fact that a bank offers these products and services does not yet appear to be a reason for a customer to begin doing business with that particular bank. Only 6% of respondents said they chose their bank based on its website or mobile app while almost one-third (32%) cited a convenient branch location as the reason for choosing a particular bank.

When asked how important it is to have a branch nearby, 67% said it was either *Important* or *Very Important*. Only 10% of bank customers told us the branch location was of *Little* or *No Importance*. Furthermore, 70% of respondents told us that their closest bank branch was no further than three miles from their home.

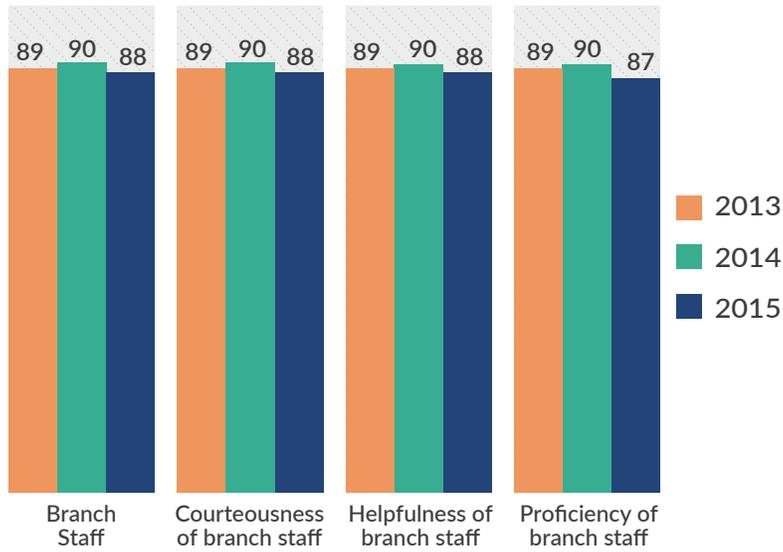
As we have seen in past years, *Branch Convenience* has a relatively minor impact on driving higher levels of customer satisfaction, but it does have a major impact on how a customer chooses a banking institution. Customers are generally satisfied with branch locations as *Branch Convenience* scored an 85 for the second consecutive year.

Figure 8: Branch Convenience Scores 2013-2015



Once consumers choose their bank, however, we expect they then shift their focus to other aspects of the branch such as *Branch Staff*. In the Bank Satisfaction Barometer 2015 survey, *Branch Staff* had the most leverage in driving customer satisfaction. It was also the highest rated area with a score of 88.

Figure 9: Branch Staff Scores 2013-2015



While the location of the branch and the quality of the service customers receive is important today, these components may diminish in relevance in the future. Bank customers admit that they anticipate making less use of the branches in the next three years. Almost a third of bank customers (32%) surveyed said that they were already using their bank branches either *Somewhat Less Often* or *Significantly Less Often* than they were three years ago. Only 19% admitted to using the branches at least *Somewhat More Often*, and 50% said their usage was *About the Same*. Looking to the future, this trend appears to be stable as 25% of customers expect to visit their branches either *Somewhat Less Often* or *Significantly Less Often* three years from now. Only 17% of respondents plan to visit the branch *More Often*, and 58% expect their usage to be *About the Same*.

Figure 10: Current Branch Visit vs. 3 years ago

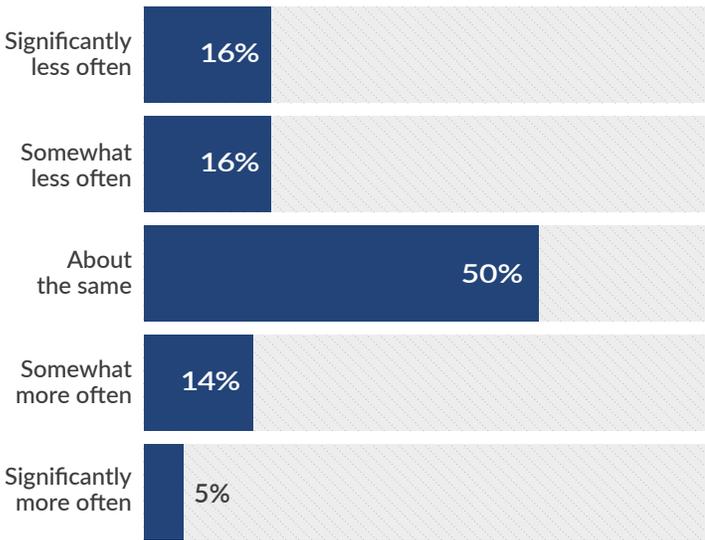
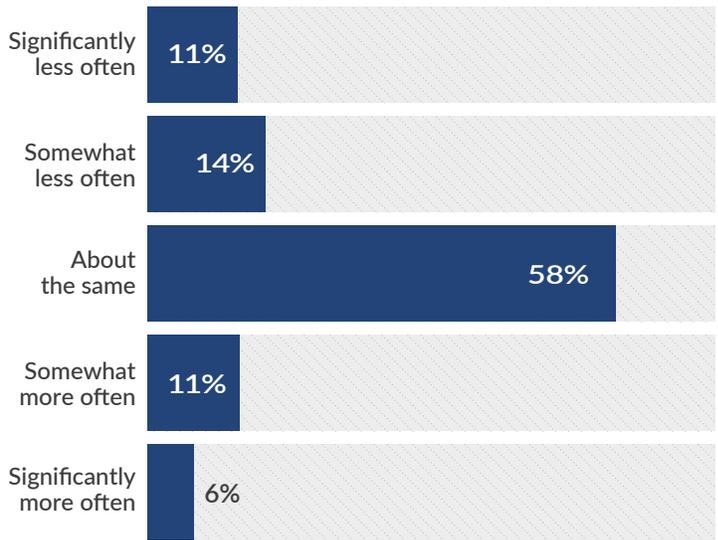
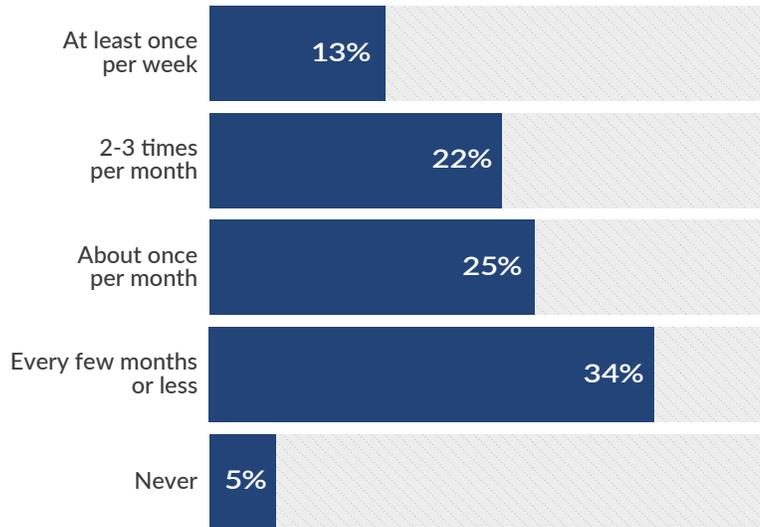


Figure 11: Future Branch Visit Frequency



Currently, just over one-third (35%) of customers enter the branch more than once per month. These results underscore the idea that while branches are significant factors in customer acquisition, branches alone are not going to dictate ongoing customer loyalty like in the past.

Figure 12: Frequency of Branch Visits 2015

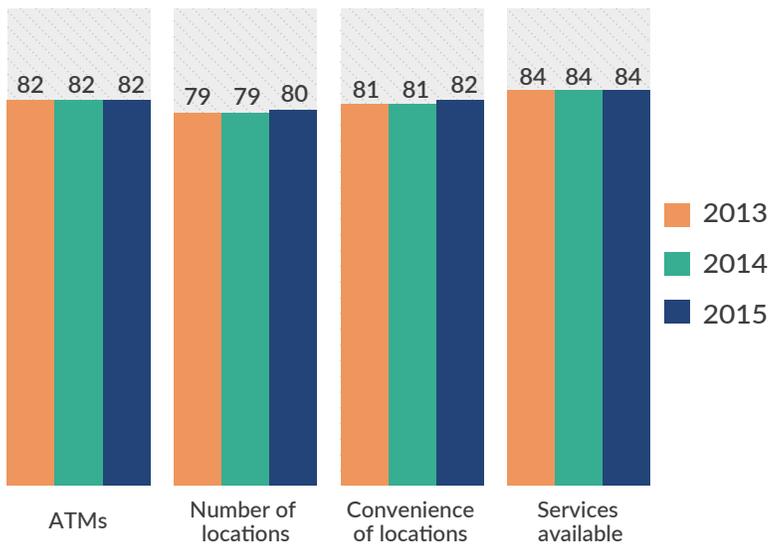


## ATMs

While *ATMs* are not currently a significant driver of satisfaction when compared to other aspects of the experience such as *Branch Staff*, *Online & Mobile Banking*, or *Products & Services*, they are an important component of overall service delivery, so their importance should not be marginalized.

*ATMs'* score of 82 is strong and consistent with the Bank Satisfaction Barometer scores for both 2013 and 2014, with minor improvement in the scores for *Number and Convenience of ATMs*.

Figure 13 : ATM Scores 2015-2013



ATM usage has shown a decline in overall usage over the last three years. In 2013, 71% indicated that they used an ATM in the last three months. That percentage dropped to 62% this year. Despite the dip, ATMs remain a vital and expected service from any banking institution. More than half (58%) of the bank customers surveyed reported that they use the ATM at least 2-3 times per month, with just under one-quarter (24%) reporting they used an ATM at least once a week.

## PRODUCTS AND SERVICES

### Products & Services

As previously mentioned, many bank products and services are now being offered by non-bank entities, although only banks retain their ability to offer a wide range of financial products and services in one location. This is a convenience that other entities cannot match. By better understanding the customer, banks can be sure to match the right product and service to the right customer and remain a one-stop-shop for a multitude of financial products and services.

Checking accounts are still by far the most popular bank product, with 94% of respondents reporting having a checking account. Savings (69%) and Debit Cards (64%) are also widely used. The mix of bank offerings found in the 2015 study was not significantly different from the 2014 totals: Savings (40%) Checking (32%) and Credit Card (29%) were most often cited as products customers expected to add within the coming year.

Figure 14: Current Products & Services

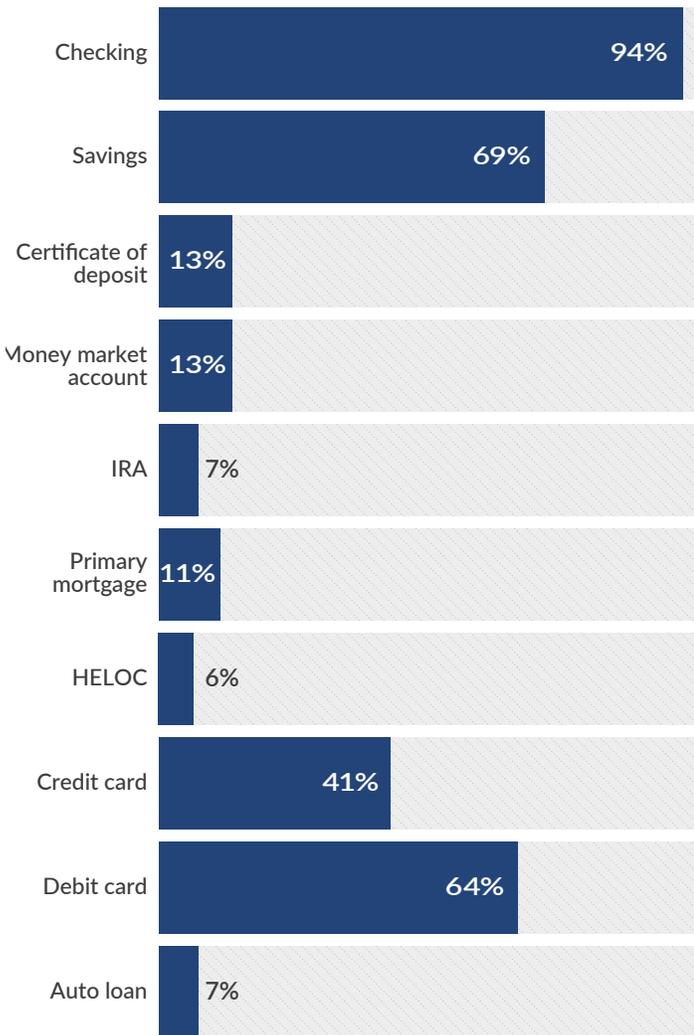
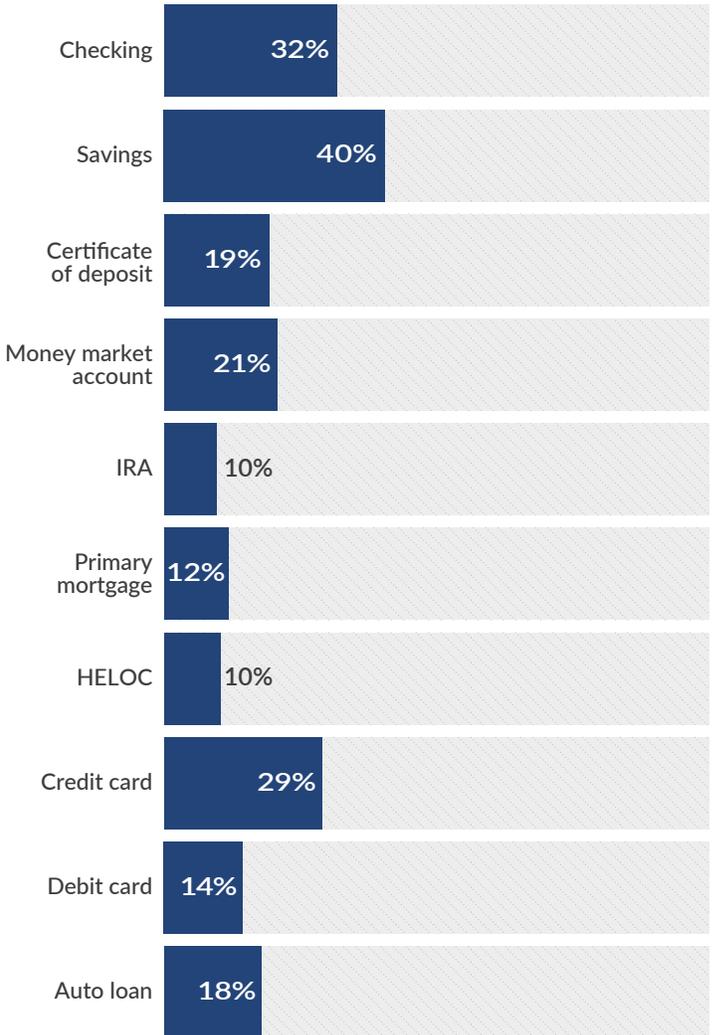
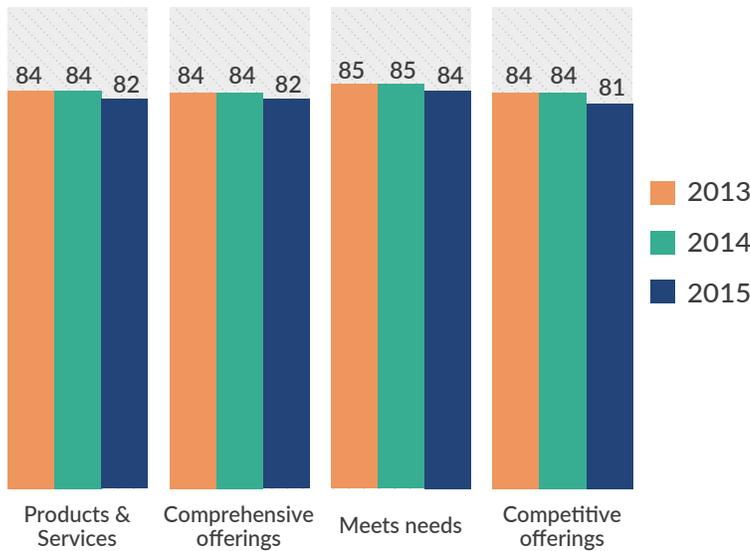


Figure 15: Products & Services to Add in the Next Year



Although the 2015 *Products & Services* overall score of 82 is slightly lower than 2014, bank customers are still pleased with the *Comprehensiveness of Offerings* (82) and the *Ability of Products & Services to Meet Needs* (84). The *Competitiveness of Offerings* (81) declined 3 points from 2014 and 2013 which may be an area of concern. Banks may want to consider simplifying their products and allow customers to custom build products that suit their specific needs to help combat the intrusion of non-bank entities into the traditional banking product arena.

Figure 16: Products & Services CSI Attribute Scores 2015-2013



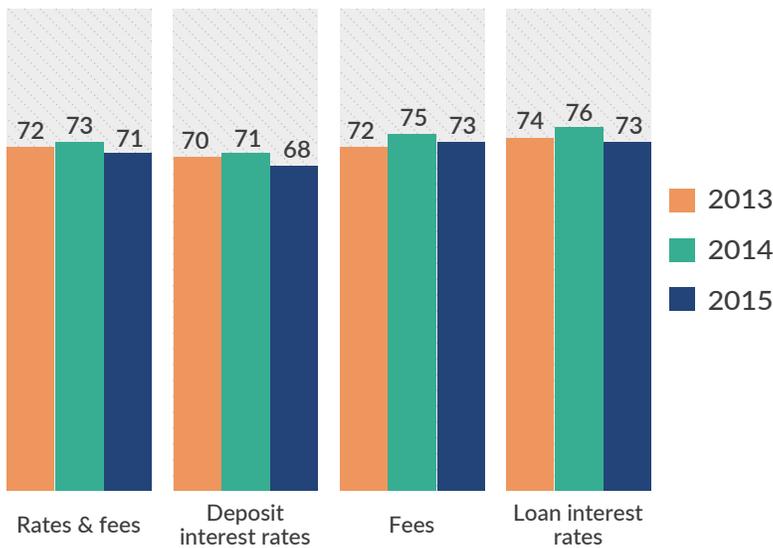
Obviously any bank’s product mix will depend on the community in which its branches are located, making it important for institutions to measure customer satisfaction across their product and services offerings. Those banks that can understand and connect to their consumer will be viewed not only as a provider of financial services, but also as trusted advisors in financial matters.

## Rates & Fees

Interest rates and bank fees have traditionally been areas where customers are least satisfied and this year is no exception. *Rates & Fees* is again the lowest scoring item in the customer satisfaction model, declining slightly with a score of 71 in 2015. In particular, bank customers continued to show disappointment with *Deposit Interest Rates* (68) as it declined 3 points from 2014 and dropped below 70 for the first time.

Perhaps part of the reason for the low score in *Rates & Fees* is the proliferation of other lending options such as peer-to-peer (P2P) lending firms. Since these organizations do not have the infrastructure and operating costs of traditional banks, they are able to offer higher rates of return and lower interest rates to borrowers. While banks will never be able to compete solely on rates compared to these organizations, any effort to provide better clarity on the value-added service banks can offer should improve consumer perception of *Rates & Fees*.

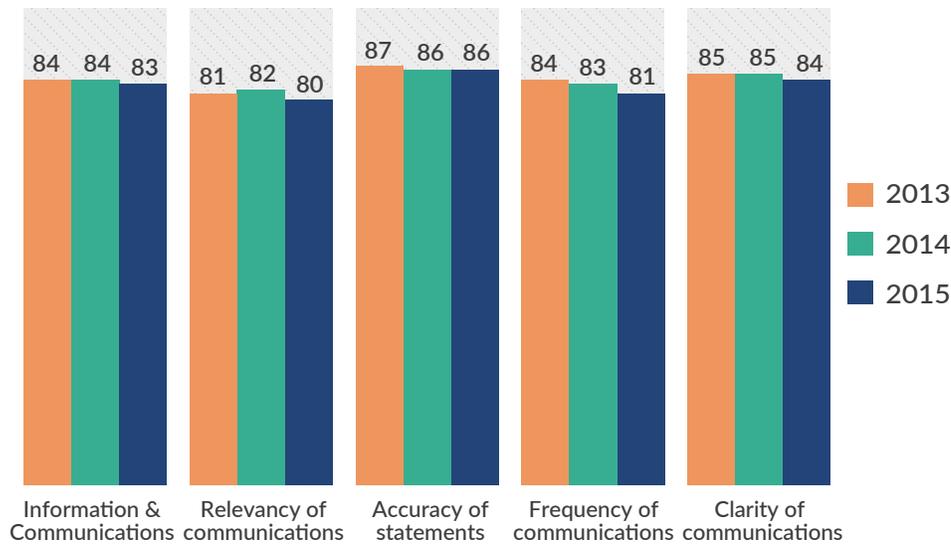
Figure 17: Rates & Fees CSI Attribute Scores 2015-2013



## Information & Communications

While *Information & Communications* does not have a large impact on the overall *Satisfaction* score in 2015, it does play an important part in the overall customer experience. Customers require clear, accurate and relevant information. The scores for 2015 indicate that customers are generally satisfied with the quantity and quality of information they receive from their banking institutions.

Figure 18: Information & Communications CSI Attribute Scores 2015-2013



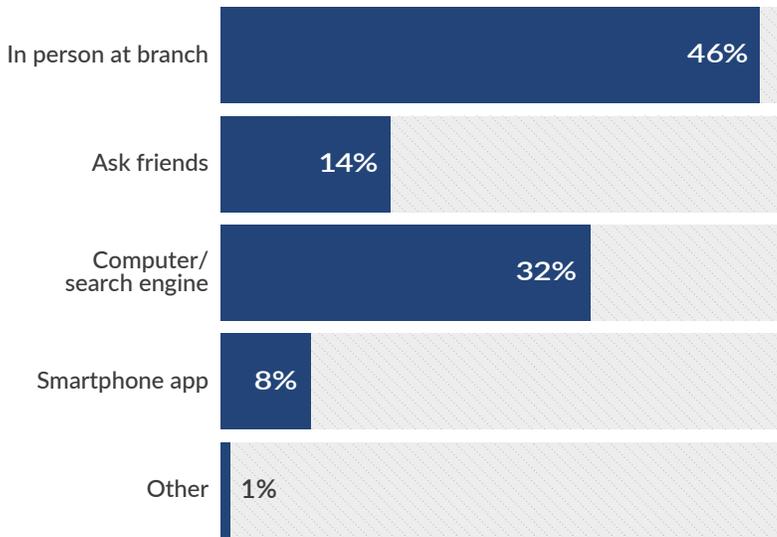
## OPPORTUNITIES FOR THE INDUSTRY

### Balancing the Roles of Branches, Online & Mobile Banking, and ATMs

Although technology has undoubtedly changed the consumer banking experience over the last decade, the goal for any financial institution should be to allow their customers to interact with their bank whenever, wherever, and however they wish. The best way to do this is to provide a seamless experience between both the electronic and personal channels. The key is not just to digitize the employee or humanize the digital channel, but rather to make them work together. The bank that can provide this seamless experience between channels will have a competitive advantage. While the data clearly show that consumers are embracing online and mobile offerings for transactional tasks, the bank branch is still a key driver in overall bank customer satisfaction and remains a place where customers can go for advice and problem resolution.

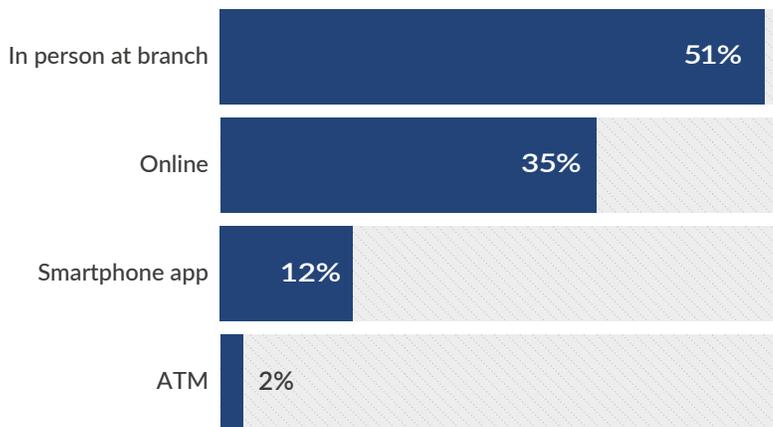
When asked how they plan to research new products and services, 60% of bank customers opted for interpersonal channels by either asking a friend (14%) or visiting a bank branch (46%).

Figure 19: New Financial Services Research Method



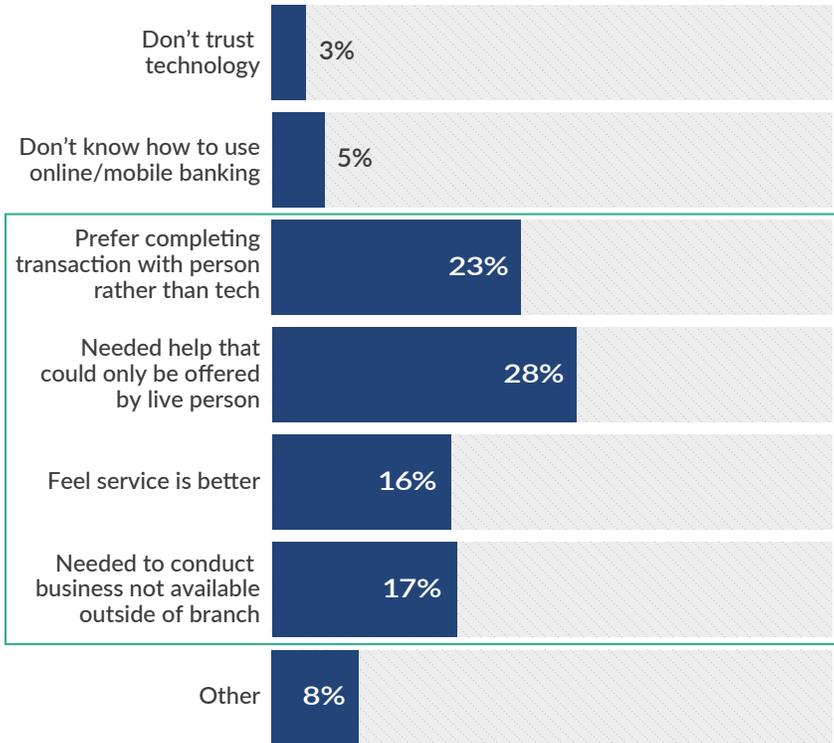
Branches also continue to be the most popular method to apply for new products and services as just over half (51%) of respondents plan to visit a branch in order to apply for new products and services. Despite the predictions that twice as many people will research financial products on their smart phones and tablets this year compared to last year,<sup>8</sup> branches are still a place where more than half of bank customers go to research and apply for new products and services.

Figure 20: New Financial Services Apply Method



In addition, when asked why they went into a branch, a large majority (84%) said they went into the branch because they thought it was the better option.

Figure 21: Reason for Branch Visit (“better option” highlighted)



As banks have continued to encourage the growth of lower cost digital channels, they have not yet managed to displace branch usage by customers. This may be a good thing as some research suggests that as customers become more digitally focused, they become “estranged” from their bank and are less likely to consider their bank as a source of advice.<sup>9</sup> Until customers feel that the breadth and depth of the electronic experience is as good as the interpersonal channel, branches will remain a relevant component of the bank channel mix.

## Community Involvement

Despite the multitude of banking channels open to customers, the research indicates that many customers still view their bank as a community-based institution. The majority of respondents (85%) report that it was at least *Somewhat Important* that they bank with an institution that contributes to their local community. Banks delivered on this desire as 83% of respondents reported that their bank was at least *Somewhat Involved* in their community.

Figure 22: Local Community Contribution Importance

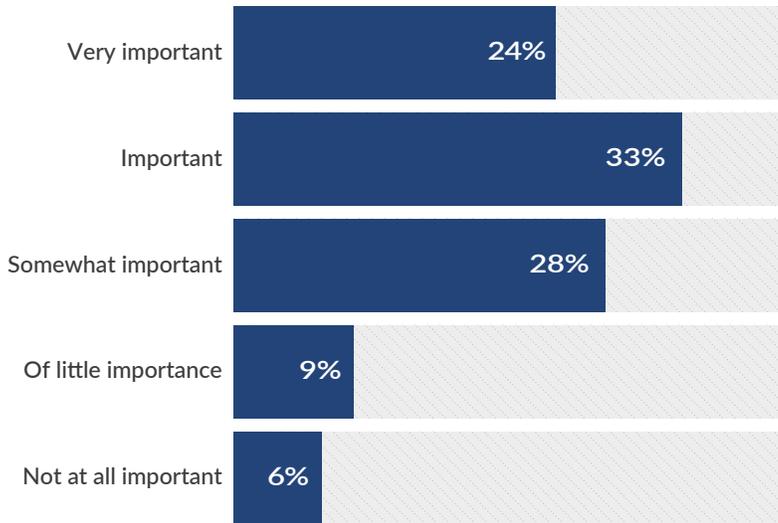
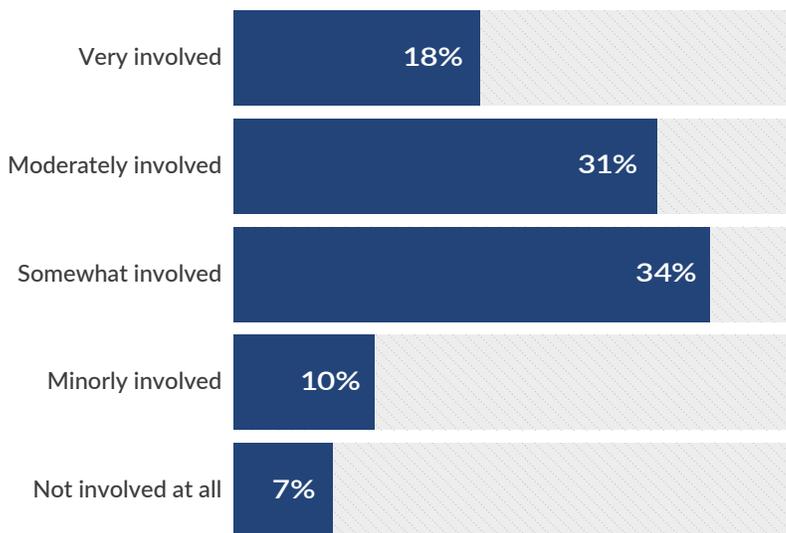
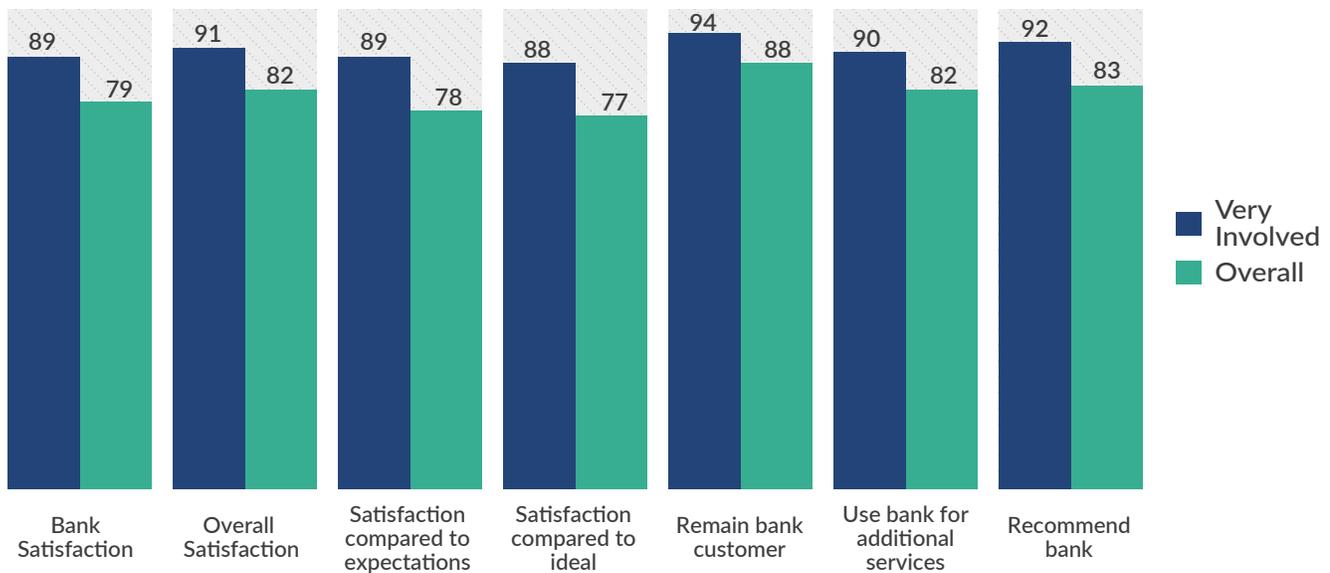


Figure 23: Degree of Local Community Involvement



Community involvement can lead to higher *Satisfaction* and *Future Behavior* scores. Respondents who believe their bank is *Very Involved* in the community have *Satisfaction* scores (89) that are 10 points higher than the overall score for all respondents (79). In addition, *Future Behaviors* scores (*Recommend*, *Use Additional Banking Services*, and *Likelihood to Remain a Customer*) were also higher for those respondents who believed their bank was *Very Involved* in the community.

Figure 24: CSI by Community Involvement

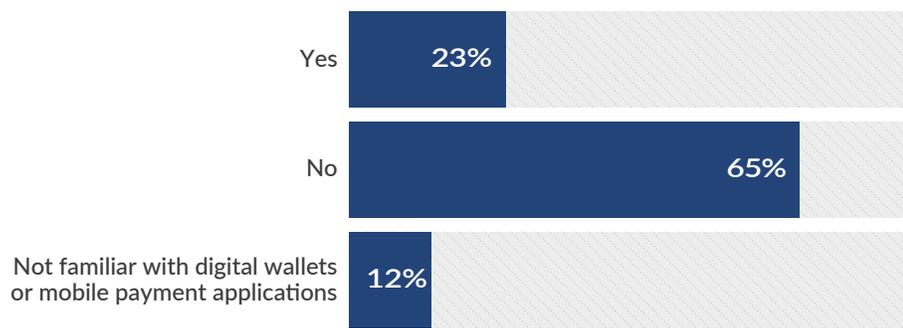


## KEY THREAT: THE DIFFERENTIATION CHALLENGE

### Digital Wallets

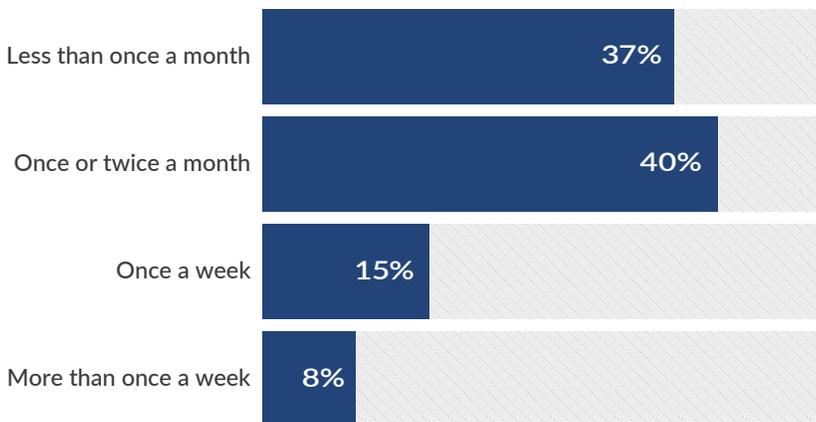
Some of the biggest retail banking innovations in the past decade have been in the area of payments. It is now possible for a person to make a payment with only a mobile phone. The proliferation of mobile phones has been instrumental in the rise of mobile payment services, with 23% of mobile phone users reporting they made a mobile payment in the last 12 months. The most common mobile payment services include PayPal, GoogleWallet, Starbucks, and Apple Pay. The use of these services is predicted to become more popular in 2016.

Figure 25: Smartphone Digital Wallet Usage



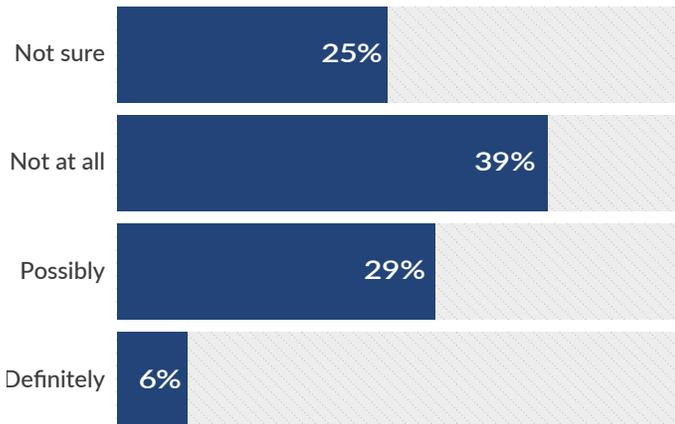
Of those who did report using a digital wallet, 23% reported using it at least once a week, while the majority reported only occasional or sporadic use.

Figure 26: Smartphone Digital Wallet Usage Frequency



For those people who have not used a digital wallet, only 6% *Definitely* plan to adopt some sort of mobile payment ability. Most were either thinking about it (29%) or *Not Sure* (25%). As these services become more popular, it is expected that many in this group will ultimately adopt some sort of mobile payment ability.

Figure 27: Smartphone Digital Wallet Adoption



For those who have no plans at all to adopt any sort of mobile payments, the primary reason given for not using mobile payments was that they still believe it remains easier to pay with cash or credit card.<sup>10</sup> The opportunity for banks will be to define a clear strategy to integrate these new mobile payment technologies into their customers' daily lives. Once customers are convinced that mobile payments offer an easier way to transact banking, many of these holdouts will be converted.

## CONCLUSION

At the core, most banks have very similar product and service offerings. Since customers have many different banking preferences and needs, it is the customer who offers banks a way to differentiate themselves from the pack. Many of the non-bank entities targeting traditional bank products and services have an advanced ability to interact and connect with customers. For banks to compete with these entities, understanding the customer will become paramount.<sup>11</sup> Banks will then be able to tailor their products and services to fit customer lifestyles, and in the process, increase customer satisfaction, increase business with existing customers, and attract new customers.

Although customers may not visit the physical bank branch location as frequently as they did in the past due to the rise of web-based banking, brick-and-mortar branches still play an important part of the overall banking experience. The branch gives the bank an important community presence, a place where customers can go for financial advice. Perhaps most importantly, many customers still feel that the breadth and depth of service is simply better at a branch location. The more a bank can integrate the interpersonal, face-to-face interactions with digital transactions, the more customers will enjoy a seamless experience whenever, wherever, and however they wish to bank.

### **About CFI Group ([www.cfigroup.com](http://www.cfigroup.com))**

Founded in 1988, CFI Group delivers customer experience measurement and business driver analysis from headquarters in Ann Arbor, Michigan and a network of offices worldwide. The founding partner of the American Customer Satisfaction Index (ACSI), CFI Group uses patented technology and top research experts to help companies maximize return-on-investment by analyzing every aspect of the customer experience, identifying key business drivers, benchmarking performance, interpreting results, and recommending key areas for business improvement.

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