

# BANK SATISFACTION BAROMETER (BSB)

YEAR-END REPORT | 2018



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# INTRODUCTION

The US banking industry continued its consolidation, with the number of FDIC-insured banks dropping 4% to 4,774, even as total assets increased 3% to \$16.1 billion.<sup>1</sup> As M&A activity continues with lower corporate tax rates and reductions in federal regulation, 2019 may be a good year for bank executives to sharpen how they measure and manage their most important asset: customer relationships.

Retail bank executives now have sophisticated tools at their fingertips to calculate the value of a customer, yet the strength of the bank's customer relationships is seldom factored into such assessments. All else being equal, a satisfied customer is more valuable than an unsatisfied customer, so methods to reliably quantify that relationship are important for effective management.

1 - <https://www.fdic.gov/bank/statistical/stats/>

The Bank Satisfaction Barometer (BSB) measures the level of satisfaction customers have with retail banks. In this year-end study, we look at how banks must compete for customers beyond rate promotions and minimal fees. We also explore how banks are surprisingly quite effective at resolving customer problems compared to their credit union counterparts, partly because customer expectations are higher for credit unions than for banks. Problem resolution has a direct impact on customer satisfaction and future behavior and is something bank executives should watch closely.

## CFI GROUP SOLUTIONS FOR BANKS



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CEO

Sheri manages offices across four continents from the CFI Group world headquarters in Ann Arbor, Michigan



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Rodger leads the analytics approach at CFI Group and manages accounts in the financial services industry



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David works with the Veterans Administration and other public sector clients to help measure and manage citizen and employee experience



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Mark manages a portfolio of accounts in the field of financial services, including retail banks and credit unions

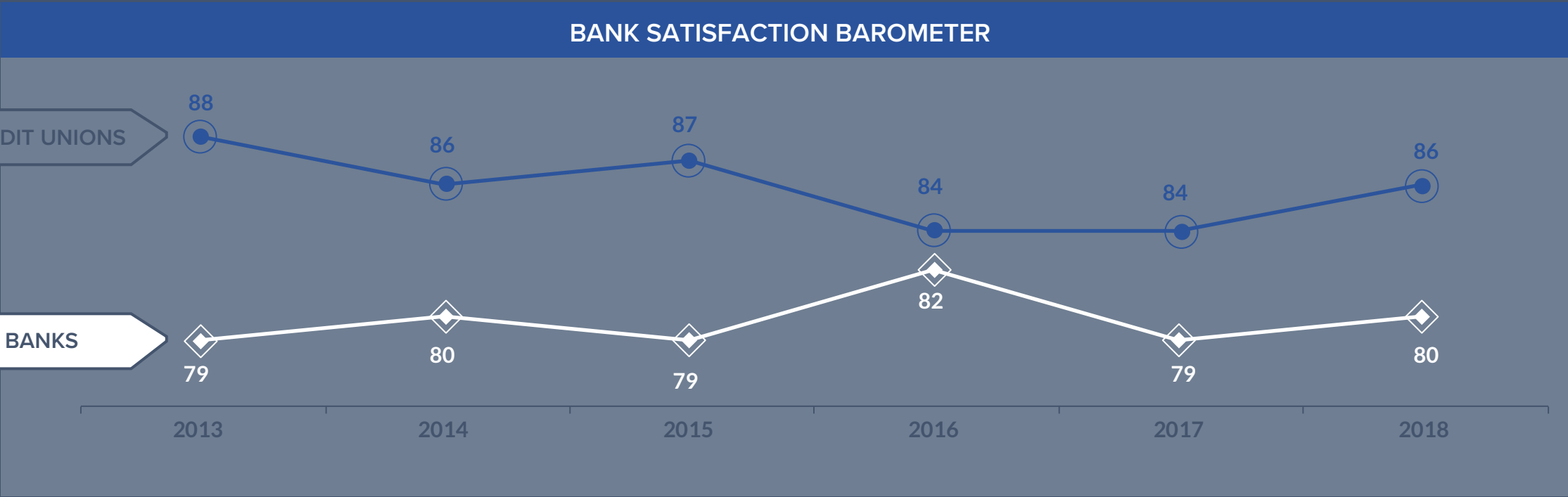


# BANK SATISFACTION BAROMETER (BSB)

# BANK SATISFACTION MOVES UP SLIGHTLY

The Bank Satisfaction Barometer (BSB) is 80, as measured on a 0-100 scale. BSB is calculated based on feedback from a panel of 1,009 respondents who have a current financial relationship with a retail bank.

Bank satisfaction historically has run several points lower than the Credit Union Satisfaction Index (CUSI).<sup>2</sup> While banks closed the gap to 2 points in 2016, the gap continues to widen again to 6 points at the end of 2018.



2 - <https://cfigroup.com/resource-item/cusi-2018/>

# MOST DRIVERS OF THE CUSTOMER EXPERIENCE ARE UP

CFI Group models the bank customer experience using our patented, customized version of the American Customer Satisfaction Index (ACSI). Applying this cause and effect methodology, we identify seven drivers that make up the bank customer experience.

Most driver scores across the experience moved up from 2017 to 2018. The Branch Experience score improved the most, going up 2 points from last year, with scores for most other drivers up a point.

Online Banking and Mobile Applications remain steady at 87 and 86, respectively. These scores are unchanged from last year but remain high, demonstrating the strong customer appreciation for the mobile tools made available by banks.

YEAR-OVER-YEAR CHANGES				
		2017	Δ	2018
<b>BANK SATISFACTION BAROMETER</b>		79	+1	80
<b>DRIVERS</b>	<b>BRANCH STAFF</b>	88	+1	89
	<b>ONLINE BANKING</b>	87	-	87
	<b>MOBILE APPLICATIONS</b>	86	-	86
	<b>BRANCH CONVENIENCE</b>	83	+2	85
	<b>INFORMATION/COMMUNICATIONS</b>	83	+1	84
	<b>PRODUCTS AND SERVICES</b>	82	+1	83
	<b>RATES AND FEES</b>	70	+1	71



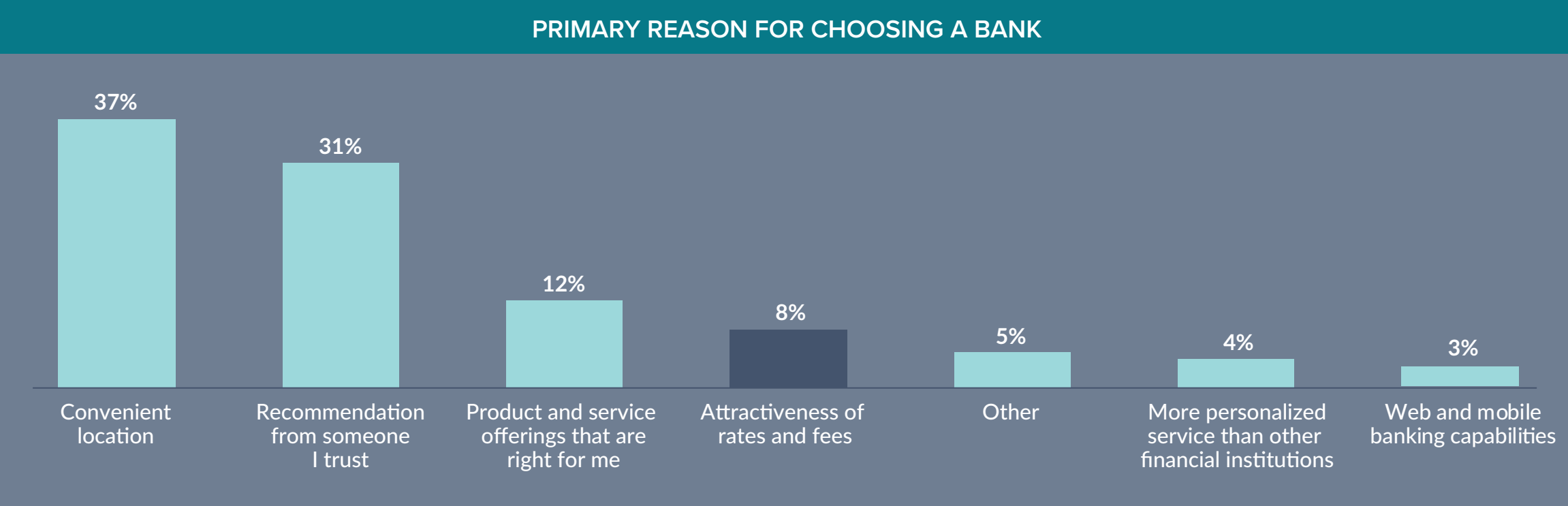
9 OUT OF 10

JOIN A BANK FOR A  
REASON OTHER THAN  
RATES AND FEES

1 COMPETING ON RATES AND FEES IS NOT ENOUGH

# RATES AND FEES ARE NOT THE MAIN REASON FOR JOINING A BANK

Banks operate in an open, competitive environment. It is difficult to offer rates and fees that are substantially lower than competitors. Consequently, it is understandable that only 8% of bank customers choose a bank because of attractive rates and fees. The most common reason customers select a bank is based on its convenient location or the recommendation from someone they trust.

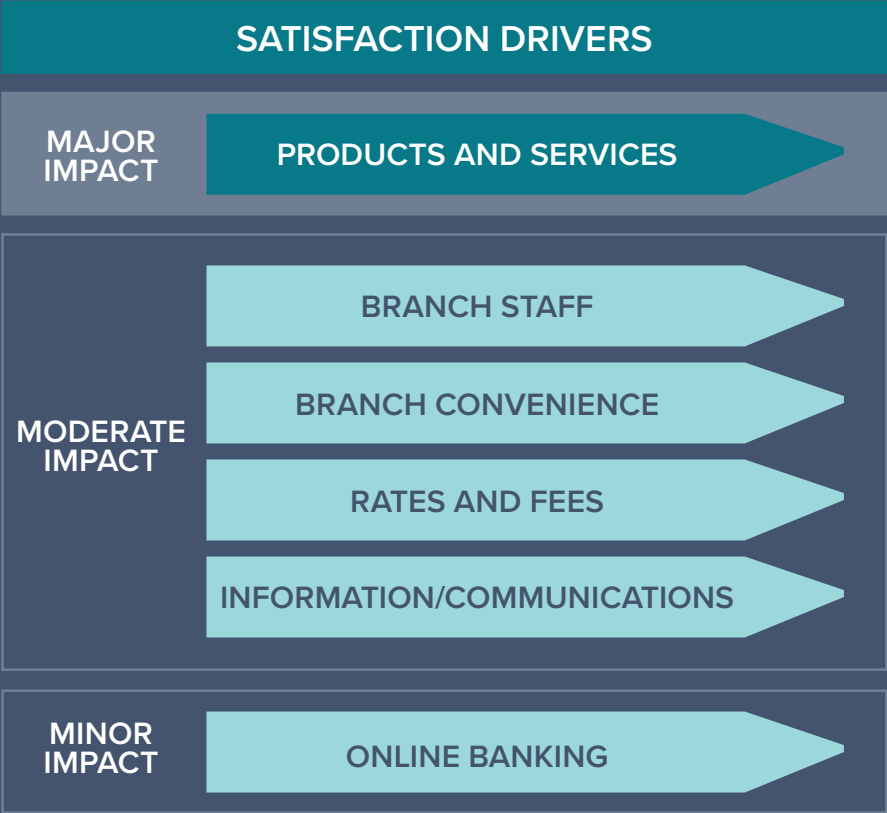




# RATES AND FEES HAVE A MINOR OVERALL IMPACT ON SATISFACTION

CFI Group’s customized ACSI technology calculates the relative impacts of the drivers on satisfaction. These impacts show how much influence a driver has on the level of overall customer satisfaction.

Our modeling shows that the attractiveness of rates and fees has only a moderate impact on bank customer satisfaction. This moderate impact is largely due to current industry competitiveness and ease of comparison. Banks are finding that improving the customer experience, primarily in resolving customer problems, is an area of strength that can be leveraged.





+4<sub>PTS</sub>

CUSTOMER SATISFACTION  
IS HIGHER FOR BANKS  
THAN FOR CREDIT UNIONS  
AMONG THOSE WHO  
EXPERIENCED A PROBLEM

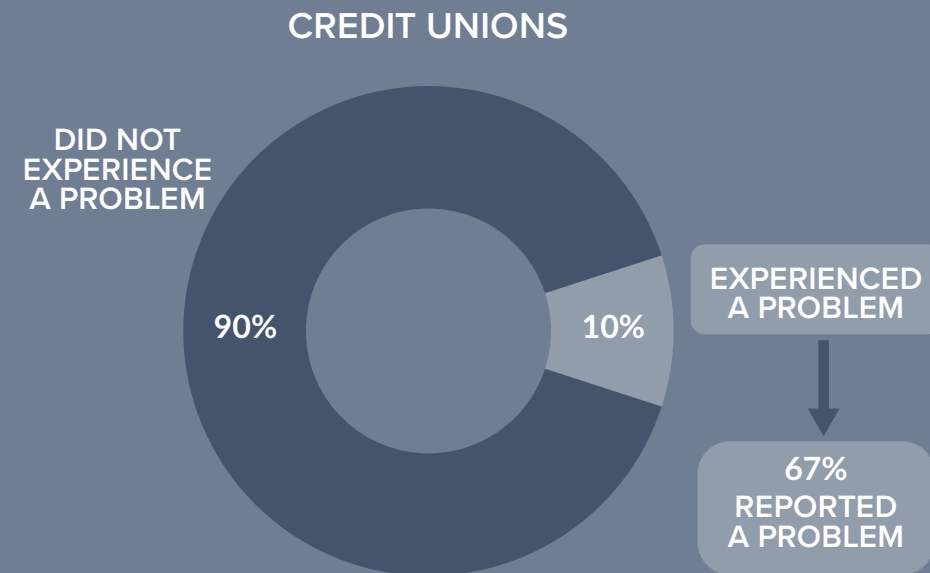
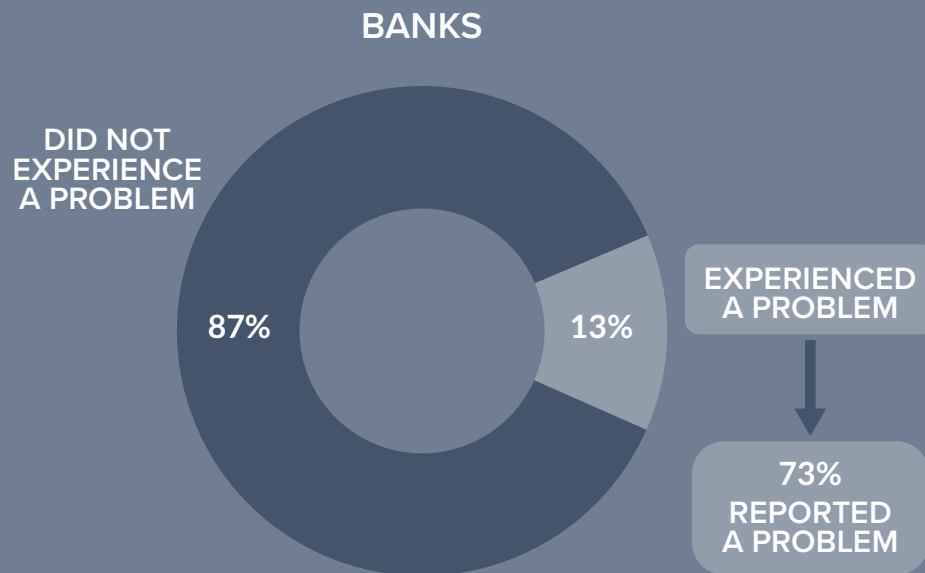
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EFFECTIVE PROBLEM RESOLUTION IS  
CURRENTLY AN ADVANTAGE FOR BANKS

# BANKS AND CREDIT UNIONS HAVE A HIGH PERCENTAGE OF REPORTED PROBLEMS

A surprising 13% of bank customers have experienced a specific issue or problem with an aspect of their service in the past 60 days. And 73% of those who have had a problem reported it, giving banks a fairly high rate (10%) of reported problems per customer compared to credit unions (7%), where 10% of members experienced a problem, 67% of whom reported the problem. So, one would be forgiven to think that customer problems are a significant problem for banks.

## EXPERIENCED A PROBLEM IN THE PAST 60 DAYS



# BANKS OUTPERFORM CREDIT UNIONS IN RESOLVING CUSTOMER PROBLEMS

Bank customers are generally pleased with how banks resolve customer issues. When asked to rate the process for getting a problem resolved, bank customers give banks a higher score (82) than the score given by credit union members for credit unions (72). The highly-rated problem resolution process by banks plays a direct role in maintaining a high level of customer satisfaction, as well as increasing scores for the likelihood to remain a bank customer, using additional services, and recommending the bank to others.

MEASURE	DID NOT EXPERIENCE A PROBLEM		EXPERIENCED A PROBLEM				
	CUs	BANKS	CUs	BANKS			
PROBLEM RESOLUTION			74	+8	82		
CUSTOMER SATISFACTION INDEX	88	-8	80		77	+4	81
LIKELIHOOD TO REMAIN A CUSTOMER	96	-6	90		83	+4	87
LIKELIHOOD TO USE ADDITIONAL SERVICES	90	-7	83		80	+3	83
LIKELIHOOD TO RECOMMEND THE BANK	90	-7	83		79	+2	81

# CREDIT UNION MEMBERS HAVE HIGHER EXPECTATIONS THAN BANK CUSTOMERS

CFI Group measures satisfaction on three levels: overall, expectations, and the ideal. Combining these three measures to generate a composite satisfaction score creates the most robust metric available for measuring customer experience.

Differentiating between expectations and the ideal is important, particularly for those who experienced a problem. Compared to the ideal, banks are just 1 point above credit unions. Compared to expectations, however, banks are 5 points above credit unions. Bank customers give better scores for problem resolution because, in part, credit union members have higher expectations for credit unions.

BANK SATISFACTION BAROMETER FOR THOSE WHO EXPERIENCED A PROBLEM			
	CU's 77	Δ	BANKS 81
OVERALL	81	+2	83
EXPECTATIONS	75	+5	80
THE IDEAL	75	+1	76

## ABOUT THE APPROACH

This study is the sixth edition of the CFI Group Bank Satisfaction Barometer (BSB) survey designed to determine how well banks are faring in the current retail banking environment.

CFI Group asked 1,009 bank customers across the U.S. to rate their customer experience with their primary financial institution (i.e., the institution where they conduct at least the majority of their banking). The Bank Satisfaction Barometer looks not only at overall satisfaction, but also examines the key drivers of satisfaction and important business outcomes affected by customer satisfaction.



CFI Group applied our patented adaptation of the ACSI technology to the survey data to calculate impact weights to each of the seven identified satisfaction drivers and determine which drivers have the largest influence on customer satisfaction. Improvements to drivers with large impacts on customer satisfaction will often provide greater return on investment through increased customer loyalty and word-of-mouth business.

[Contact us](#) to find out more about CFI Group resources and expertise available to help you measure and manage the customer experience and grow your business.

## ABOUT US

Since 1988, CFI Group has delivered customer experience measurement and business insights from its Ann Arbor, Michigan headquarters and a network of global offices. As founding partner of the American Customer Satisfaction Index (ACSI), CFI Group is the only company within the United States licensed to apply customized ACSI methodology in both the private and public sectors. Using this patented technology and top research experts, CFI Group uncovers the business drivers and financial impact of customer experience.

For more information, visit [cfigroup.com](https://www.cfigroup.com).