

## Good service is not enough for the Banking Sector

Written by Australian Business

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( [PRLEAP.COM](http://PRLEAP.COM) ) [Engaged Marketing](#) , a Brisbane-based consulting firm, has released findings from its independent 2013 Financial Institution Consumer Recommendation & Loyalty Study outlining customer experience outcomes for leading Australian financial institutions. The internationally recognised standard Net Promoter Score (NPS) was used to benchmark Australian banking brands.

Bendigo Bank scraped in to win the title of the 2013 Australian financial institution loyalty leader, with a NPS of 11.57 per cent. Runner-up Suncorp was close behind scoring 11.25 per cent.

In terms of categories, Credit Unions scored a NPS of 28.57 per cent, second tier banks scored a NPS of 6.32 per cent and the four majors achieved an average Net Promoter Score of -15.51 per cent. Of the four major banks NAB achieved the highest NPS at -8.59 per cent. The overall industry NPS was -5.56 per cent.

Engaged Marketing Founder and Managing Director Christopher Roberts says that the low Net Promoter Scores across financial institutions generally indicate that good service is just not enough to earn a customer's recommendation. A substantial percentage of bank customers mention good service but this in itself does not translate to higher loyalty and recommendation.

"Banks must do more than merely provide satisfying service by delivering positive emotional experiences that are worthy of recommendation. This is the crucial factor that can send the NPS of the overall banking industry on an upward trajectory," Mr Roberts said.

Mr Roberts goes on to explain that positive emotions, as the key driver of recommendation, accounts for the great divide between second tier and the major banks.

"Smaller financial institutions such as Credit Unions and Building Societies have a more personal touch, ensuring their customers feel cared for and valued. This allows them to leverage the most effective marketing channel, their very own customers, who can spread the word to family and friends."

Word of mouth is one of the most powerful tools that most organisations fail to wield. The Engaged Marketing study maintains that recommendations from friends or family has the greatest influence on purchase decisions by a staggering margin, with 51.9 per cent of

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respondents stating that word of mouth does indeed have more sway on their purchase decisions compared to other marketing mediums. Specific to the financial industry, 31 per cent of customers said that the primary reason they chose their current bank was because of a recommendation from someone they knew. Net Promoter Scores also show links to positive word of mouth and stated loyalty.

"Our research shows that for every one negative comment made about a bank, it takes around five positive referrals to negate the damage. A bank may do many good things however one negative comment can have a devastating effect as bad news travels fast, especially nowadays with social networking. This makes achieving a positive customer experience, first time, more important than ever," Mr Roberts said.

"When you factor in the above, it's an economic no-brainer that banks need to focus on creating experiences worthy of recommendation, not mere satisfaction, to drive growth."

The complete benchmarking study ranks high profile organisations and is based on more than 3360 consumer responses Australia wide. Eight of the most popular banks were assessed in the innovative survey, including the Commonwealth Bank, National Australia Bank, Westpac, ANZ, St George, Suncorp, Bank of Queensland, Bendigo Bank and an amalgamated group of Credit Union customers.

All respondents were existing customers of their respective brands. The Net Promoter Score measures customers' likelihood to recommend an organisation on a scale of 0 to 10, where 0 is highly unlikely and 10 is highly likely. Those who gave their brand a score of 0 to 6 were classified as Detractors, while those who gave a 9 or 10 ranking were classified as Promoters. The Net Promoter Score is the percentage of Promoters minus Detractors.

Engaged Marketing is an insight driven business consultancy focused on helping businesses grow by developing fresh customer, marketing, and organisational strategies. Engaged Marketing is an official Net Promoter® Loyalty Partner. The complete [2013 Financial Institution Consumer Recommendation & Loyalty Study](#) is available from Engaged Marketing.

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Inc., Bain & Company and Fred Reichheld.