

Bank Conduct and Culture

October 2018

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Background

The FMA and the RBNZ commissioned Buzz Channel to conduct an online survey among New Zealanders to understand their experience of the conduct and culture of the main bank they use for their personal banking.

A total of 2011 New Zealanders aged 18 years and over took part in the research, between 24 August and 6 September 2018.

The data has been weighted by gender, age, ethnicity, and region to ensure the sample is representative of the New Zealand population aged 18 years and over.

More specifically, the research aimed to help the FMA and the RBNZ understand:

- perceptions of the type and quality of interactions and communications customers have with their bank;
- awareness and experience of the banks' complaints process;
- level of trust New Zealanders have in their bank and the banking industry as a whole.

Results have been reported for n=2005 respondents who said they are currently a customer of a bank.

The margin of error on n=2005 is +/- 2.2% (at the 95% confidence level).

Throughout the report the range of results is shown, being the lowest and highest ratings across the seven main banks with a large enough customer base to report.

Summary

Interactions and communications with bank staff:

A total of 2005 New Zealand bank customers aged 18 years and over were surveyed about their interactions and communications in the last 12 months with the main bank they use for their personal banking.

80% of customers indicated they have had a direct interaction or communication with bank staff in the last 12 months. Customers are interacting with their bank in various ways, the most common type of interaction being face-to-face (56%), followed by phone (38%) and email (30%).

Quality of interactions with staff:

Overall the banks perform well on the way they respond to their customers' needs in terms of listening and tailoring advice accordingly - with 82% of customers agreeing the staff they dealt with listened to their needs and 69% agreeing they tailored their advice to their needs.

Just under half of customers who have had contact in the last 12 months didn't give an agree or disagree rating for staff putting their long-term financial interests first, and 44% agreed the staff did.

Only a small proportion of customers who have had contact in the last 12 months strongly disagree that the bank staff didn't listen to their needs, tailor their advice to their needs and/or put their long-term financial interests first (less than 5%).

A quarter of customers who had contact with their bank in the last 12 months agreed the bank staff offered them financial products they didn't want or need, and 15% felt staff tried to pressure them into buying these products.

Summary

Follow-up:

Over a quarter of customers say their bank followed up with them after they purchased a financial service or product to ensure it is still meeting their needs (27%), and just under half received no follow-up from their bank (46%). Around a quarter of those who received follow-up from their bank indicated it was within a week after purchasing the service or product, and two thirds received follow-up within 6 months.

Communications and materials:

Half of customers indicated they found the communications and product materials they received from their bank about their investment helpful, and 9% didn't find them helpful. The remaining 41% gave either a neutral rating on the helpfulness or no opinion, i.e. don't know response.

The complaints process:

27% of customers are familiar with their bank's complaints process, and just over half (54%) are aware that their bank has a complaints process, but don't know what the process is. Customers who have had a direct interaction with their bank in the last 12 months are more likely to be familiar with their bank's complaints process than those who haven't had any contact.

Trust:

Seven in ten customers overall indicate they trust their bank to meet their needs (69%), and four in ten trust the banking industry as a whole (42%). Trust ratings are higher among customers who have had direct interaction with their bank in the last 12 months. Across all the banks, customers rate their trust level with their own bank much higher than their trust of the banking industry overall.

Summary

Conclusion:

Results show customers who have had direct contact with their bank tended to be more familiar with their bank's complaints process, and also have a higher level of trust in their bank. This suggests the need for banks to maintain regular communication and interaction with their customers, along with transparency of processes, to build strong relationships and trust.

It's interesting that a quarter of customers who have had contact with their bank in the last 12 months have experienced their bank attempting to upsell by offering them financial products they didn't want or need, and 15% felt some pressure to buy these products – particularly customers of the large banks.

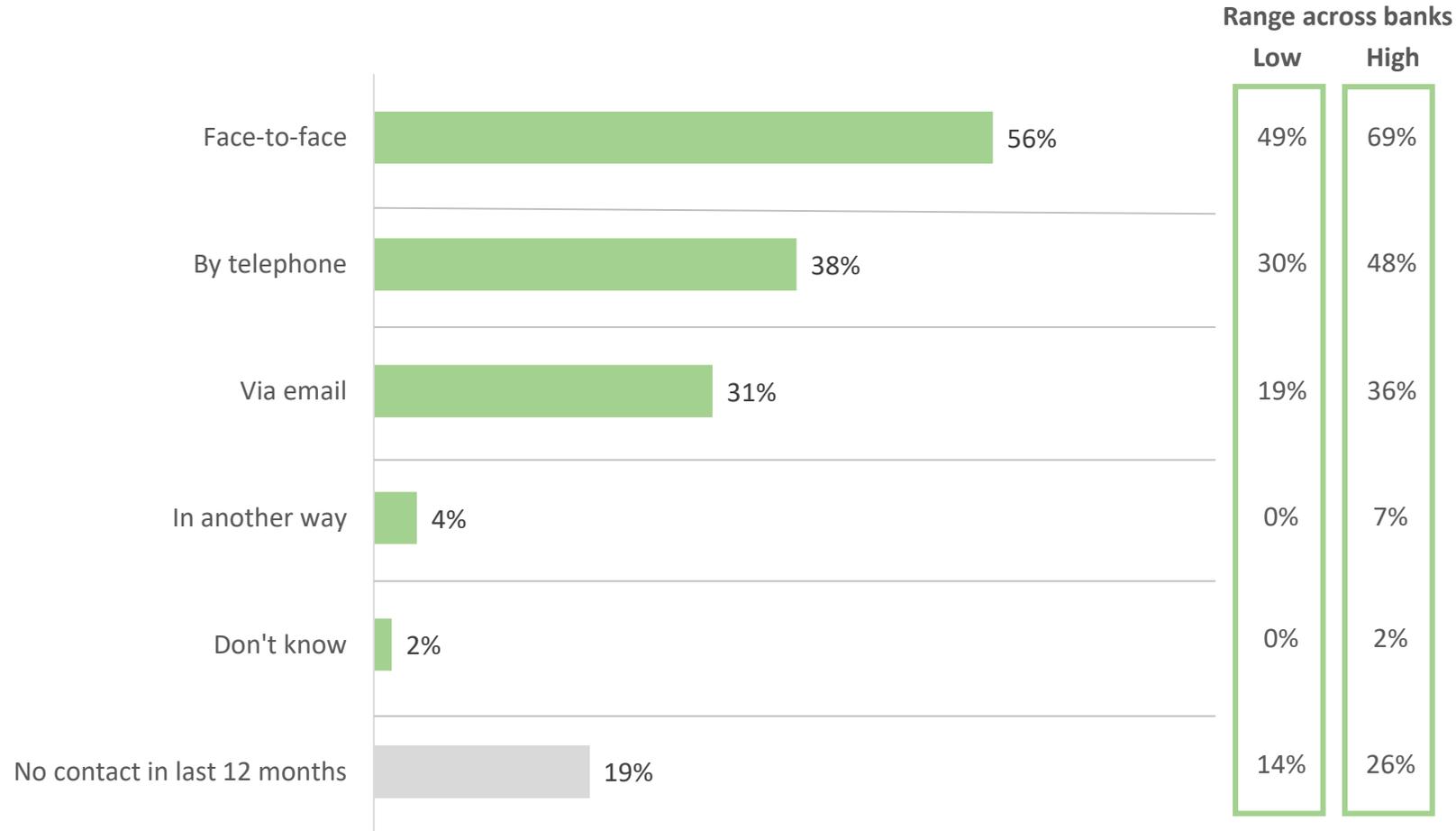
Customers of the smaller banks reported higher ratings for being listened to, and having financial advice / recommendations tailored to them. They also had the lowest incidence of attempted upselling by their bank and pressure to purchase financial products they didn't want or need.

Overall, customers of the smaller banks reported the highest level of trust in their own bank compared to customers of the large banks.

Interactions and communication



Type of interaction



80% of customers indicated they have had a direct interaction with bank staff in the last 12 months.

The most common type of interaction customers have had is face-to-face (56% total), followed by over the telephone (38% total), and email (30% total).

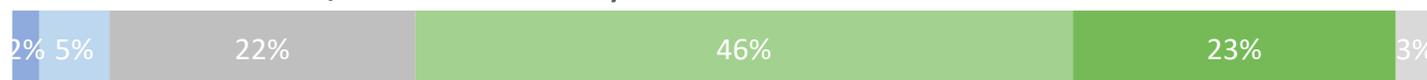
Types of interactions are similar across all banks, with face-to-face being the most common form for all.

Quality of interactions with staff

Staff listened to your needs



Staff tailored their advice / recommendations to your needs



Staff put your long-term financial interests first



Staff offered you financial products (e.g. credit cards or insurance etc.) that you didn't want or need



Staff tried to pressure you into buying financial products (e.g. credit cards or insurance etc.) that you didn't want or need



■ Strongly disagree
 ■ Disagree
 ■ Neither agree nor disagree
 ■ Agree
 ■ Strongly agree
 ■ Don't know

Total Agree

82%*

69%

44%

24%

15%*

Customers who have had direct contact with their bank in the last 12 months were asked to rate the quality of the interactions and communications they had with staff on a number of aspects.

82% agree that their bank's staff are listening to their needs and 44% agree that staff put their long-term financial interests first.

While 69% of customers agree that staff tailored their advice to meet their needs, a quarter (24%) said that staff offered them financial products that they didn't want or need, and 15% said staff tried to pressure them in to buying these products.

Conversely, 73% of customers disagree that bank staff tried to pressure them in to buying financial products they didn't want or need.

*Rounded to whole numbers.

Range of quality of interactions

Total Agree:

Staff listened to your needs



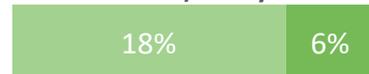
Staff tailored their advice / recommendations to your needs



Staff put your long-term financial interests first



Staff offered you financial products (e.g. credit cards or insurance etc.) that you didn't want or need



Staff tried to pressure you into buying financial products (e.g. credit cards or insurance etc.) that you didn't want or need



■ Agree ■ Strongly agree

Total Agree Range across banks

Low	High
75%	91%
63%	78%
38%	57%
7%	30%
3%	21%

Customers of the smaller banks tended to rate the quality of their interactions with their bank's staff higher than customers of the large banks.

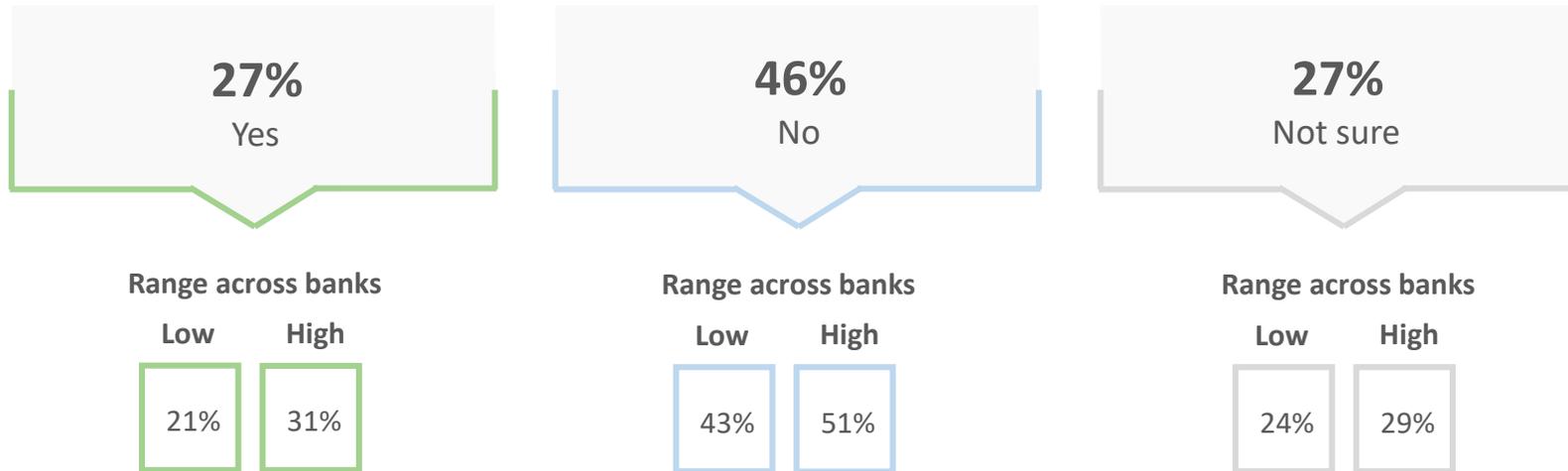
Customers of the smaller banks were more likely to say that the staff at their bank listened (44% strongly agree vs 28% of large banks), and tailored their advice to their needs (31% strongly agree vs 20% of large banks).

Customers of smaller banks were also less likely to agree that staff at their bank offered them financial products they didn't want (14% total agree vs 27% of large banks), and that they felt pressured into buying these products (8% total agree vs 17% of large banks).

Following up

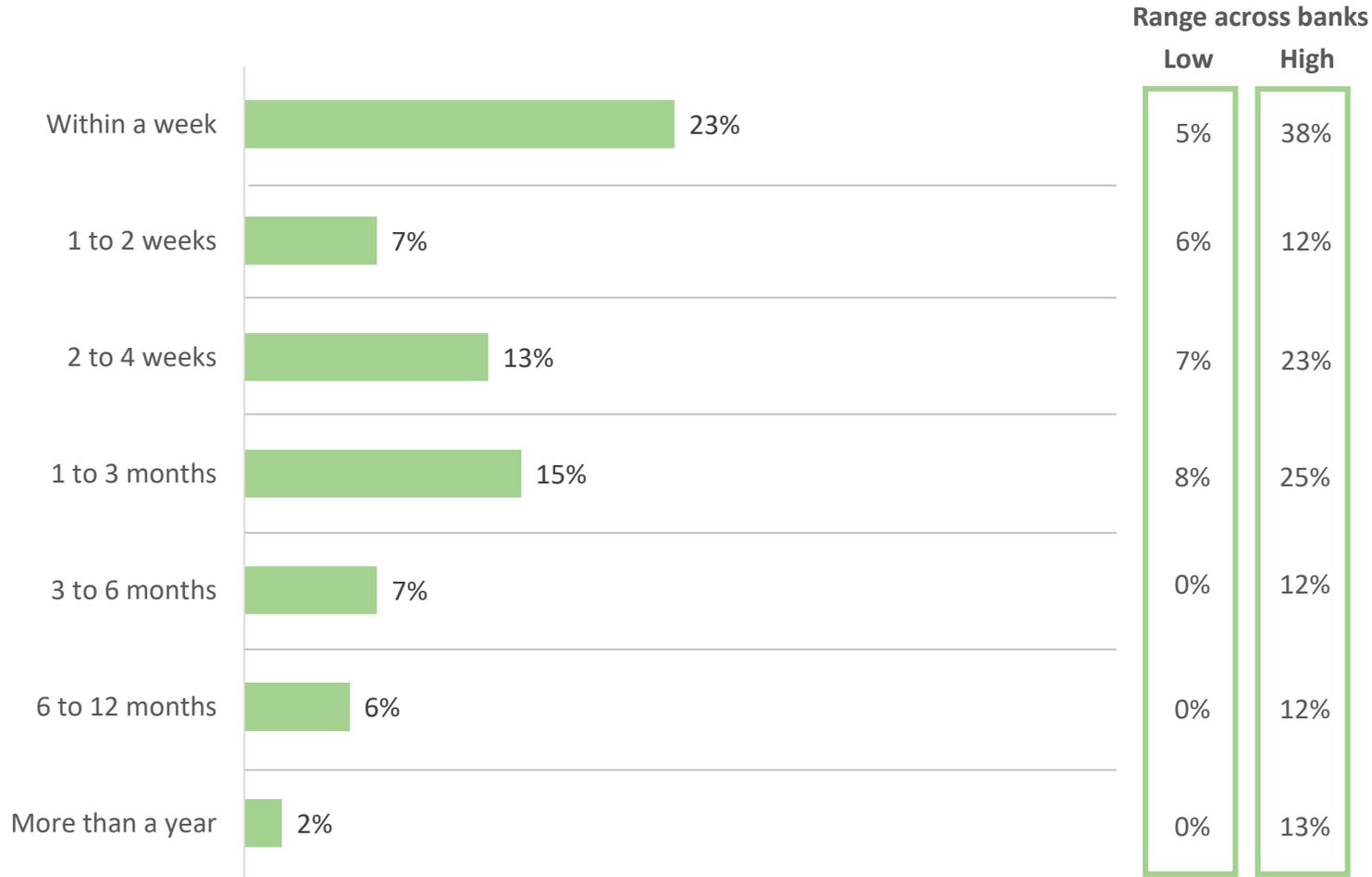
Over a quarter (27%) of New Zealanders say their bank has followed up with them to ensure the financial service or product they are receiving still meets their needs.

Has someone followed up to ensure the financial service or product still meets your needs:



Q: 'After purchasing a financial service or product, such as credit card, insurance, loan, term deposit, KiwiSaver, etc., has someone followed up to ensure the product continues to meet your needs and is still suitable for you?' Base: n=2005

Following up - timeframe



Nearly a quarter (23%) of the customers who said their bank followed up with them to make sure their products/ services were meeting their needs said they did so within a week.

In total, 43% of customers were contacted within a month, while 30% were not contacted for over a month or longer. Other responses included customers not remembering (15%) or there not being a need for follow-up (2%).

Communications and materials

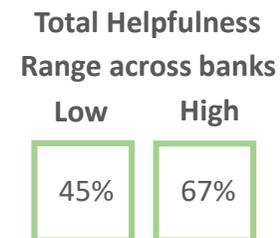
Overall, half of customers find the communications and product materials they receive from their banks helpful.

Customers aware of their bank's complaints process are more likely to find the communications and materials helpful.

How helpful have you found the communications and product materials:



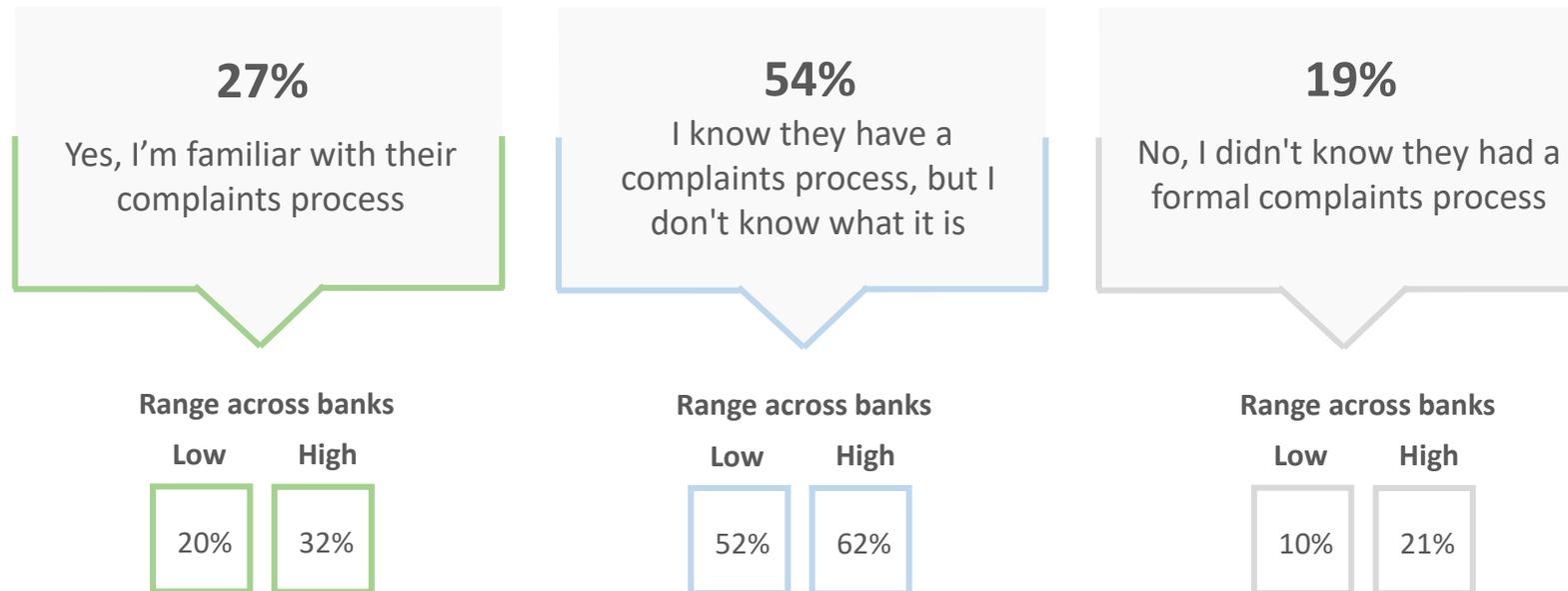
■ 1 - Not at all helpful ■ 2 ■ 3 ■ 4 ■ 5 - Very helpful ■ Don't know



Complaints process



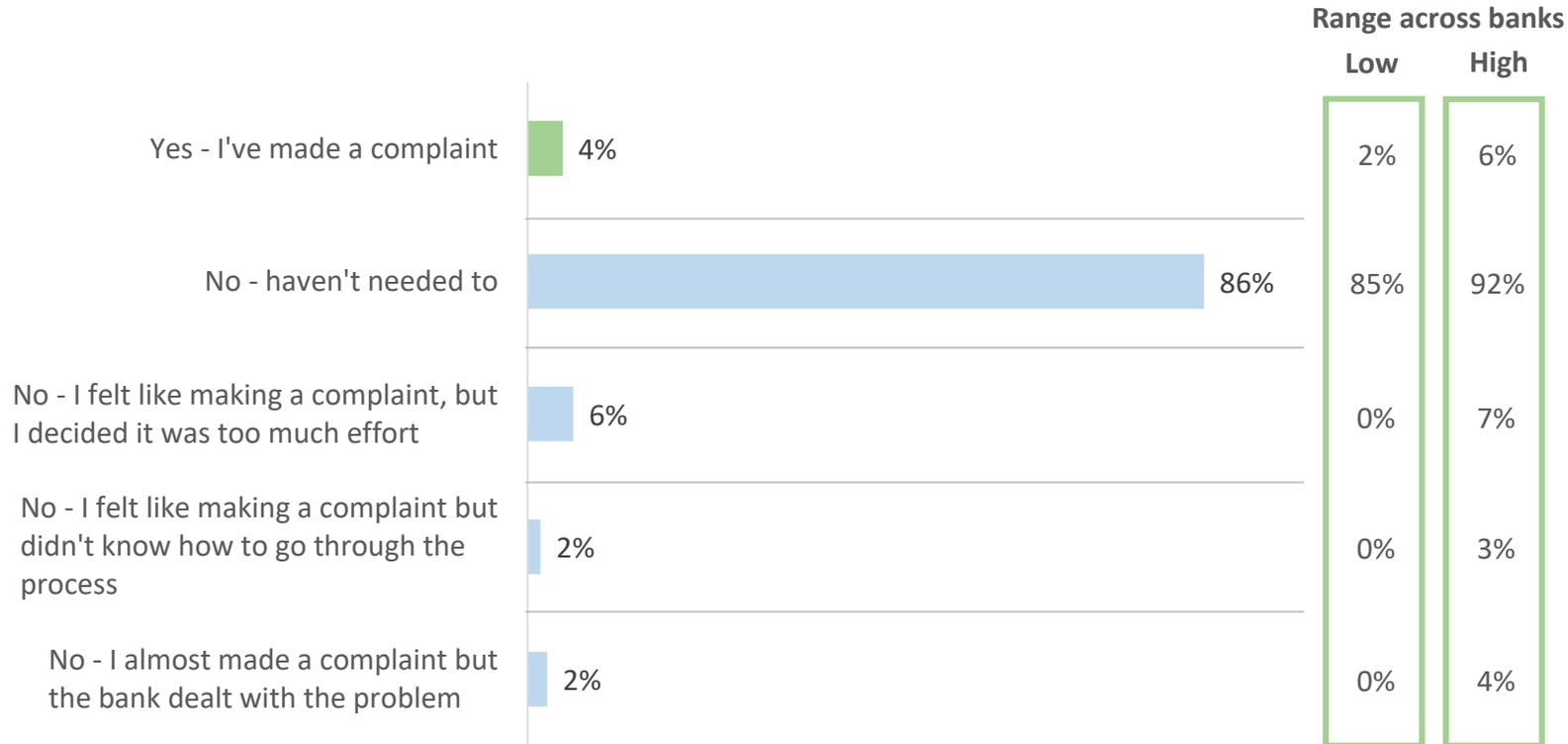
Awareness of the complaints process



27% of bank customers overall are familiar with their bank's complaints process, and over half (54%) know their bank has one but don't know what the process is.

Customers who have had interaction with their bank, either by phone or email, in the last 12 months are more likely to be aware of their bank's complaints process. Those who haven't had any contact are less likely to be aware of this process.

Making a complaint



In the last year, 4% of customers have made a complaint to their bank and 86% said they haven't needed to.

Overall, those who had contact by phone or email were also more likely to have made a complaint in the last 12 months.

Resolving a complaint

They sorted it out for me and I was happy with the solution.

With respect, they listened and took the appropriate action.

They treated my complaint with importance and it was resolved efficiently and effectively.

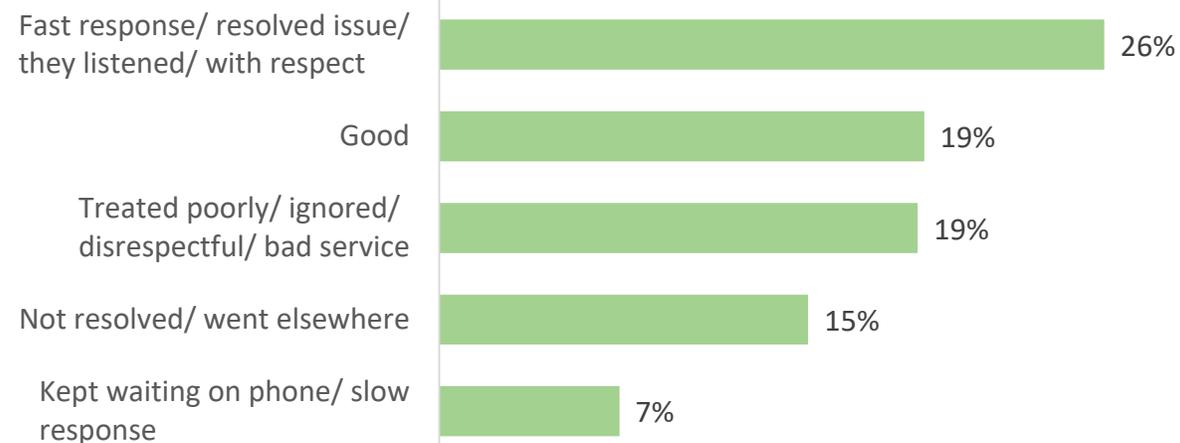
They didn't resolve it, they were very poor, needed to be chased.

It wasn't a formal complaint. I sent an email with my concerns but never got any feedback from them.

When it came to how banks treated their customers when resolving a complaint, the main themes were :

- There was a fast response, they listened and resolved the issue (26%)
- They were treated poorly, ignored and felt disrespected (19%)
- The complaint was not resolved so they went elsewhere (15%).

How did the bank treat you in resolving your complaint? Base: Made a complaint n=91

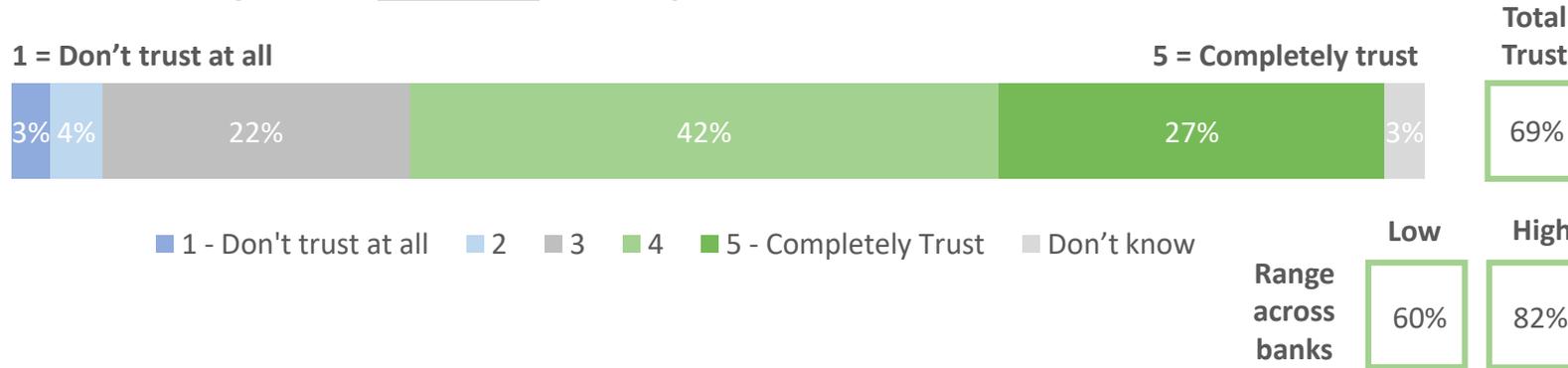


Trust

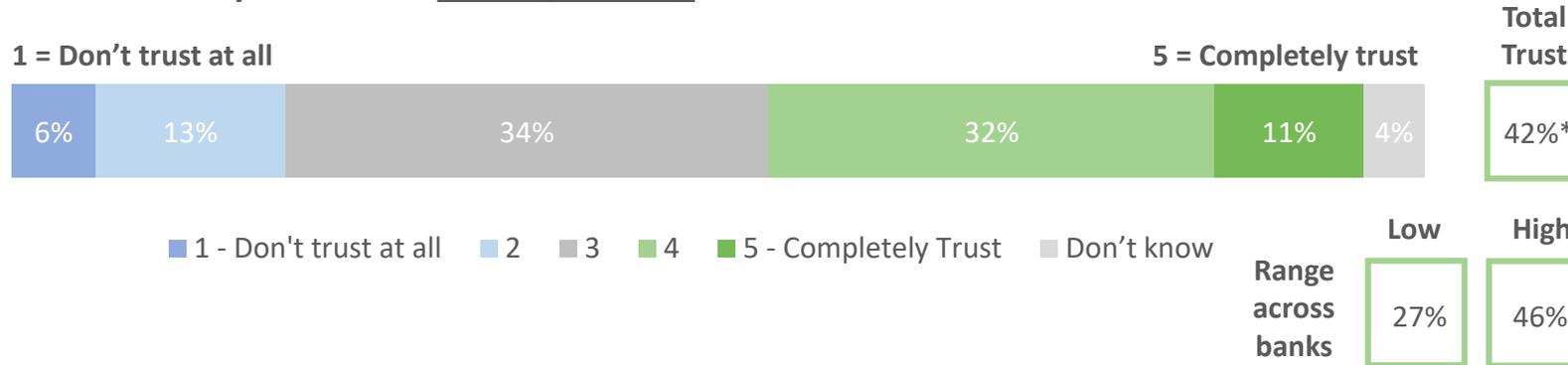


Trust in own bank and banking industry

How much do you trust your bank to meet your needs:



How much do you trust the banking industry as a whole:



When asked if customers trust their own bank to meet their needs, overall 69% said they do trust them. And when asked if they trust the banking industry as a whole, a lesser 42% said they trust the industry.

Customers of the smaller banks are more likely to trust their own bank to meet their needs than customers of the large banks (76% vs 67% of large banks).

There were no differences when comparing customers of small and large banks when it came to the level of trust in the banking industry overall. Although, the highest levels of trust for their own bank and the lowest scores for the industry as a whole were shared by customers of smaller banks.

Customers who have had a face-to-face interaction with their bank in the last 12 months were more likely to say they have trust in their bank to meet their needs (73% vs 69% of the total).

Similarly, customers who are aware of their bank's complaints process are more likely to trust their bank to meet their needs, and trust the banking industry as a whole.

*Rounded to whole numbers.