

Press Release

Source: J.D. Power and Associates

# **J.D. Power and Associates Reports: Problems and Fees Drive Decline in Overall Satisfaction With Retail Banks**

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## **Improving the Customer Experience Leads to Higher Deposit Growth**

WESTLAKE VILLAGE, Calif., May 28 /PRNewswire/ -- Poor problem resolution, long wait times and additional fees all contribute to an overall decline in customer satisfaction with retail banks, according to the J.D. Power and Associates 2008 Retail Banking Satisfaction Study(SM) released today.

(Logo: <http://www.newscom.com/cgi-bin/prnh/20050527/LAF028LOGO-a>)

The study, now in its third year, finds that overall satisfaction with the retail banking experience has decreased considerably since 2007 -- down 26 index points on a 1,000-point scale to 737 in 2008. In particular, dissatisfaction with fees is the most commonly reported problem by customers, as well as the second-most common reason for switching financial institutions. In addition, a rise in the number of problems experienced and problems that go unresolved, increases in wait times to see tellers or speak to phone representatives, and declines in the ease of accessing branches all contribute to the drop in satisfaction.

"Many retail banks are experiencing a decline in their brand image, especially in the current economic climate, where many consumers hold banks responsible for the current housing and mortgage crisis," said Rockwell Clancy, executive director of financial services at J.D. Power and Associates. "With customers experiencing more problems, longer wait times and more fees, that negative view is intensified."

The study also finds that retail banks that provide high levels of customer satisfaction have more highly committed customers, which are essential to financial growth. Increasing by even 5 percent the number of customers who are highly committed can lead to incremental deposit growth of 3 percent annually.

"As banks struggle to meet shareholder demands, the common reaction is to focus on short-term financial gains by increasing fees and reducing staff -- leading to longer wait times and poor problem resolution," said Clancy. "But now is the time for banks to really differentiate themselves from competitors by focusing on customer service and convenience. Banks with higher levels of customer satisfaction will generate higher deposit growth and achieve better financial results over the long term."

A new dimension of this year's study is analysis of consumer-generated online conversations regarding retail banking -- related issues conducted by J.D. Power and Associates' Web Intelligence Research, Powered by Umbria(SM). While banks are a relatively frequent topic of conversation among the online consumer community, most of the conversation revolves around consumers' daily activities regarding banking rather than national issues such as sub-prime lending. This further indicates that overall ratings of banks provided by respondents for this study are most often driven by personal experiences. Increased fees and increased annual percentage rates were the most-discussed concerns in online posting.

Analysis of online conversation between August 2007 and March 2008 also finds that nearly 80 percent of customer sentiment toward banks is positive. While the average number of mentions per institution was slightly fewer than 10,000, the three brands mentioned most frequently -- Bank of America, Chase Bank and Citibank -- represent more than one-half of the total mentions.

The study analyzes customer satisfaction with the retail banking experience through six factors: transactions, account statements, account initiation/product offerings, convenience, fees and problem resolution. Study results by region are:

Mid-Atlantic Region: Commerce Bank (Bancorp) ranks highest in the region with a score of 781 points, performing particularly well in convenience. First National Bank of Pennsylvania (764) follows in the regional rankings.

Midwest Region: Commerce Bank (Bancshares) ranks highest in the region with a score of 750, performing particularly well in statements. WaMu (742) and Comerica Bank (739) follow in the region.

Southeast Region: BancorpSouth Bank ranks highest with a score of 782, performing well in the transaction factor. First Tennessee Bank (774) and WaMu (768) follow in the region.

Southwest Region: With a score of 802 points, Wachovia Bank ranks highest in the region, performing particularly well in the transaction factor. Bank of America, Capital One and Zions First National Bank follow with scores of 740, in a tie.

West Region: Bank of the West ranks highest in the region with a score of 772, performing particularly well in the transactions factor. Citibank (759) and Union Bank of California (746) follow in the regional rankings. The 2008 Retail Banking Satisfaction Study is based on responses from 19,602 households regarding their experiences with their primary banking provider. The study was fielded in January 2008.

Customer Satisfaction Index Ranking  
 Mid-Atlantic Region  
 (Based on a 1,000-point scale)

Bank	Index	J.D.
Power.com Power	Score	Circle
Ratings For		
Consumers		
5 Commerce Bank (Bancorp)	781	
4 First National Bank of Pennsylvania	764	
4 Community Bank	756	
4 WaMu	756	
4 Citizens Bank	746	
3 Chevy Chase Bank	737	
3 Mid-Atlantic Regional Average	730	
3 Wachovia Bank	729	
3 Citibank	728	
3 Chase Bank	723	
3 Bank of America	721	
HSBC	719	

3	National City Bank	718
3	Manufacturers & Traders Bank	714
3		
	Sovereign Bank	702
2	PNC Bank	701
2	KeyBank	695
2	North Fork Bank	689
2		

Included in the study but not ranked due to small sample size are: Astoria FS&LA, Banco Popular, Bank of New York, Branch Banking & Trust, Capital One, First Commonwealth Bank, First Niagara Bank, Fulton Bank, NBT Bank, New York Community Bank, Northwest Savings Bank, Provident Bank of Maryland, SunTrust Bank, TD Banknorth and Valley National Bank.

Midwest Region  
(Based on a 1,000-point scale)

Bank	Index	J.D.
Power.com Power	Score	Circle
Ratings For		
Consumers		
5	Commerce Bank (Bancshares)	750
4	WaMu	742
3	Comerica Bank	739
3	FirstMerit Bank	737
3	Chase Bank	736
3	KeyBank	735
3	Midwest Regional Average	735
3	Huntington National Bank	731

3	National City Bank	731
3	Citibank	728
3	Citizens Bank of Michigan	727
3	Harris National	727
3	Marshall & Ilsley Bank	727
3	Bank of America	724
3	Fifth Third Bank	721
2	LaSalle Bank	720
2	Associated Bank	716
2	US Bank	709
2	Charter One Bank	705
2	Wells Fargo	698
2	TCF National Bank	688
2	Regions Bank	682

Included in the study but not ranked due to small sample size are: Chemical Bank, Citizens Bank, Flagstar Bank, First Bank, First Midwest Bank, Guaranty Bank (Wisc.), MidAmerica Bank, Old National Bank, PNC Bank and Wachovia Bank.

Southeast Region  
(Based on a 1,000-point scale)

Bank	Index	J.D.
Power.com Power	Score	Circle
Ratings For		
Consumers		
5 BancorpSouth Bank	782	
First Tennessee Bank	774	

5		
	WaMu	768
4	Fifth Third Bank	757
4		
	SunTrust Bank	749
3	Wachovia Bank	747
3		
	Southeast Regional Average	742
3	Capital One	740
3	Branch Banking & Trust	738
3	Chase Bank	729
3	US Bank	726
3		
	Bank of America	724
2	Citibank	724
2	Compass Bank	709
2	AmSouth Bank	705
2	Regions Bank	699
2		

Included in the study but not ranked due to small sample size are: Arvest Bank, BankAtlantic, Carolina First Bank, Chevy Chase Bank, Colonial Bank, HSBC, First Citizens Bank & Trust (Bancorp), First-Citizens Bank & Trust (Bancshares), RBC Centura Bank, Trustmark National Bank, Wells Fargo and Whitney National Bank.

Southwest Region  
(Based on a 1,000-point scale)

Bank	Index	J.D.
Power.com Power	Score	Circle
Ratings For		
Consumers		

5	Wachovia Bank	802
3	Southwest Regional Average	745
3	Bank of America	740
3	Capital One	740
3	Zions First National Bank	740
3	Citibank	738
3	WaMu	732
3	Chase Bank	727
2	Wells Fargo	717
2	Compass Bank	671

Included in the study but not ranked due to small sample size are: Amegy Bank, Arvest Bank, BancFirst, Bank of the West, Bank of Oklahoma, First National Bank, Frost National Bank, Guaranty Bank (Texas), International Bank of Commerce and Woodforest National Bank.

West Region  
(Based on a 1,000-point scale)

Bank	Index	J.D.
Power.com Power	Score	Circle
Ratings For		
Consumers		
5	Bank of the West	772
4	Citibank	759
4	Union Bank of California	746
3	West Regional Average	738



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