

Ten Years After Great Recession, Innovation Overcomes Reputation as Bank Switching Hits Record Low, J.D. Power FindsBig Banks Surpass Smaller Rivals in Customer Satisfaction among Customers Under 40

COSTA MESA, Calif.: 25 April 2019 — A decade after the financial crisis, the banking industry's reputation remains below pre-crisis levels, yet customers are shrugging off their concerns. Record high innovation and improving customer service result in high satisfaction—with only 4% of customers switching banks in the past year. The J.D. Power 2019 U.S. Retail Banking Satisfaction Study,SM released today, includes a look back at trend data starting in 2009 to examine the evolution of the customer experience during a period of massive industry transformation.

According to customers under 40, big banks are not only bigger, they are better. Scale and technology innovation have been key drivers in the past decade. At the time of the 2009 study, the 10 largest U.S. retail banks managed 39% of industry deposits and 26% of branch bank offices. Currently, they manage 48% of deposits and 31% of branches.¹ In 2009, mobile banking customer adoption was minimal. In 2019, 53% of retail banking customers use mobile banking—with midsize banks experiencing significant declines in innovation and satisfaction scores among customers under 40.

“Looking at the 10-year trend in retail bank customer perceptions, the industry has improved in service quality and provided technology that has made it easier for customers to access and manage their money,” said **Paul McAdam, Senior Director, Banking Intelligence at J.D. Power**. “Customer satisfaction and convenience have improved, but far too many customers have not re-established the trust and developed the deeper levels of connection required to improve the industry's reputation. Looking 10 years into the future, when digital banking will be the norm for nearly all customers, retail banks will be required to be unique by scale or unique by strategy. Personalization of important customer journeys—transactional, advisory and solving problems—will emerge as the ways to elevate customer trust.”

Following are some key findings of the 2019 study:

- **In the 10 years since the financial crisis, bank reputations have declined:** Since 2009, overall retail bank customer satisfaction has improved, as have satisfaction scores with in-person branch service, online banking and ATMs. Also, since 2009, satisfaction with mobile banking has improved, as have customer knowledge of the features, benefits and fees structure associated with their banking products. Customers currently view their banks as being more innovative and financially stable. However, customer perceptions of retail banks having a good reputation and being customer driven are lower in 2019 than in 2009. The industry has improved convenience and driven increased levels of operating efficiency, but a trade-off for banks is a decline in easy interaction, providing advice and strengthening customer relationships.
- **Growth in overall customer satisfaction hampered by unresolved problems:** Overall customer satisfaction with retail banks is 807 (on a 1,000-point scale), up just one point from 2018. This increase is due to an improvement in customer satisfaction with products and fees, but declining satisfaction in the areas of problem resolution and telephone customer service offset the gain. Telephone is the most frequent servicing channel customers use to resolve problems. Customer satisfaction scores also decline in online assisted customer service (online chat, email or social

¹ FDIC Summary of Deposits

media channels). Of all the delivery channels measured in the study, only ATM increases in customer satisfaction.

- **Problem resolution is a lingering banking pain point:** The 2019 decline in customer satisfaction with retail bank problem resolution and the timeliness of banks in solving problems are reminders that failing to execute on the basics have negative effects on reputation. Customers have long memories and their brand image ratings for bank reputation decline dramatically when they experience problems. Reputation declines further when customers perceive that problems are unresolved or resolved in a manner put the bank's interests ahead of theirs.
- **Big banks gird for battle for digital customers with midsize and regional banks:** The Big 6² banks have benefited from improved customer satisfaction among customers under age 40 in recent years and, in 2019, attain higher satisfaction scores than regional and midsize banks. This demographic gives the Big 6 banks the highest scores for convenience; ATMs; mobile and online banking; innovation; and financial advice. However, the smaller banks recognize the strategic importance of remaining competitive in digital. Across all age groups included in the study, overall satisfaction increases more notably among digital-centric customers of midsize and regional banks than among customers of Big 6 banks.

"While this study identifies a mixed picture with both positive trends and opportunities for retail banks at an industry level, it also identifies a number of stand-out institutions that have developed strong reputations and loyalty by placing customers at the very center of their strategies," McAdam added.

Study Rankings

The study measures customer satisfaction with banks in 11 geographic regions. Study results by region are as follows:

California Region: Chase (823)

Florida Region: Chase (847)

Mid-Atlantic Region: Union Bank & Trust (856)

Midwest Region: Wintrust Community Bank (845)

New England Region: Bangor Savings Bank (872)

North Central Region: City National Bank (WV) (842)

Northwest Region: Banner Bank (870)

South Central Region: Arvest Bank (841)

Southeast Region: TD Bank (858)

Southwest Region: MidFirst Bank (859)

Texas Region: Frost Bank (884)

The U.S. Retail Banking Satisfaction Study, now in its 14th year, measures satisfaction in six factors (listed in alphabetical order): account opening; communication and advice; channel activities; convenience; problem resolution; and products and fees. Channel activities include seven subfactors (listed in alphabetical order): ATM; assisted online; branch; call center; IVR; mobile; and website.

The study is based on responses from more than 84,000 retail banking customers of more than 200 of the largest banks in the United States regarding their experiences with their retail bank. It was fielded in quarterly waves from April 2018 through February 2019. Big Banks are defined as banks with more than

² The Big 6 banks, in alphabetical order, are: Bank of America, Chase, Citibank, PNC Bank, U.S. Bank and Wells Fargo.

\$250 billion in domestic deposits; Regional Banks are those with \$55 billion–\$250 billion in domestic deposits; and Midsize Banks are those with less than \$55 billion in domestic deposits.

For more information about the J.D. Power U.S. Retail Banking Satisfaction Study, visit <https://www.jdpower.com/business/resource/us-retail-banking-satisfaction-study>.

See the online press release at <http://www.jdpower.com/pr-id/2019058>.

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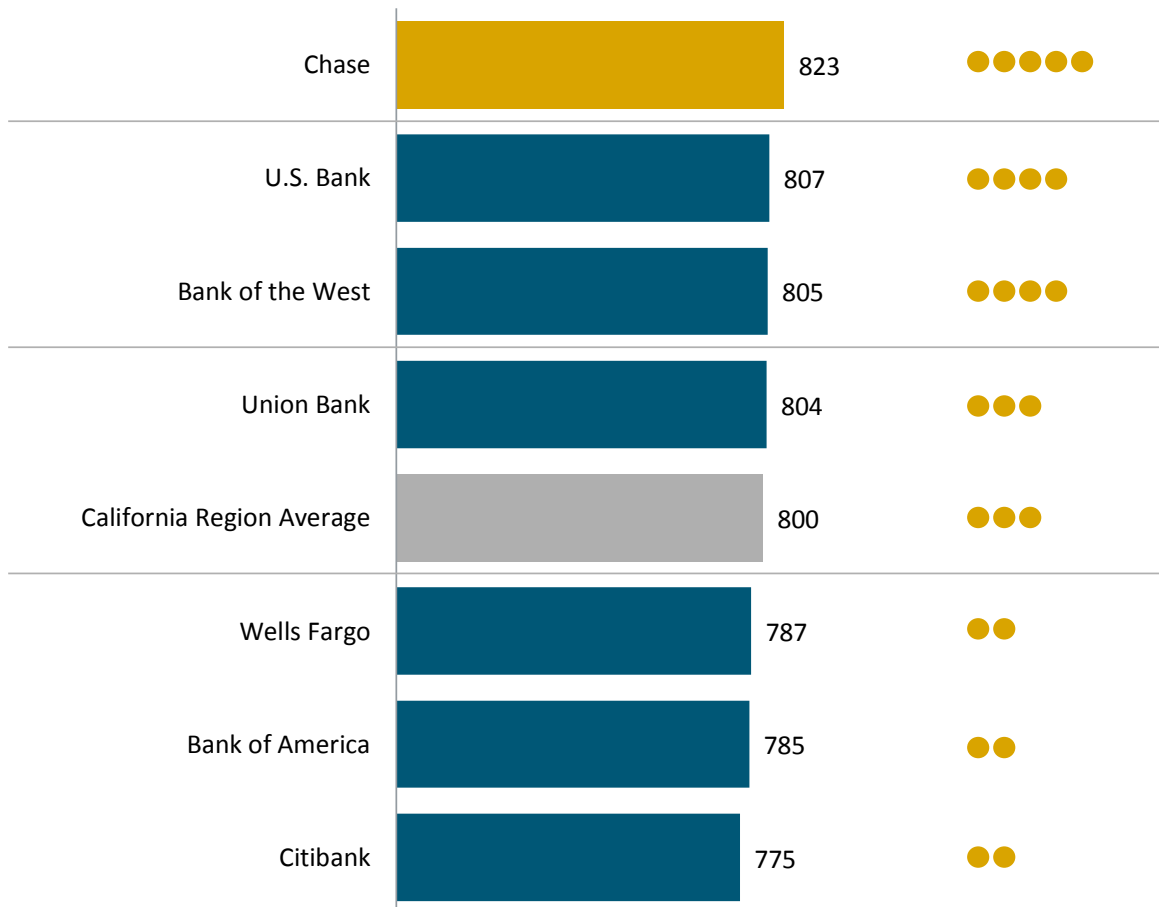
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NOTE: 11 charts follow.

J.D. Power 2019 U.S. Retail Banking Satisfaction StudySM

Retail Banking Satisfaction Index Rankings California (on a 1,000-point scale)

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for consumers:



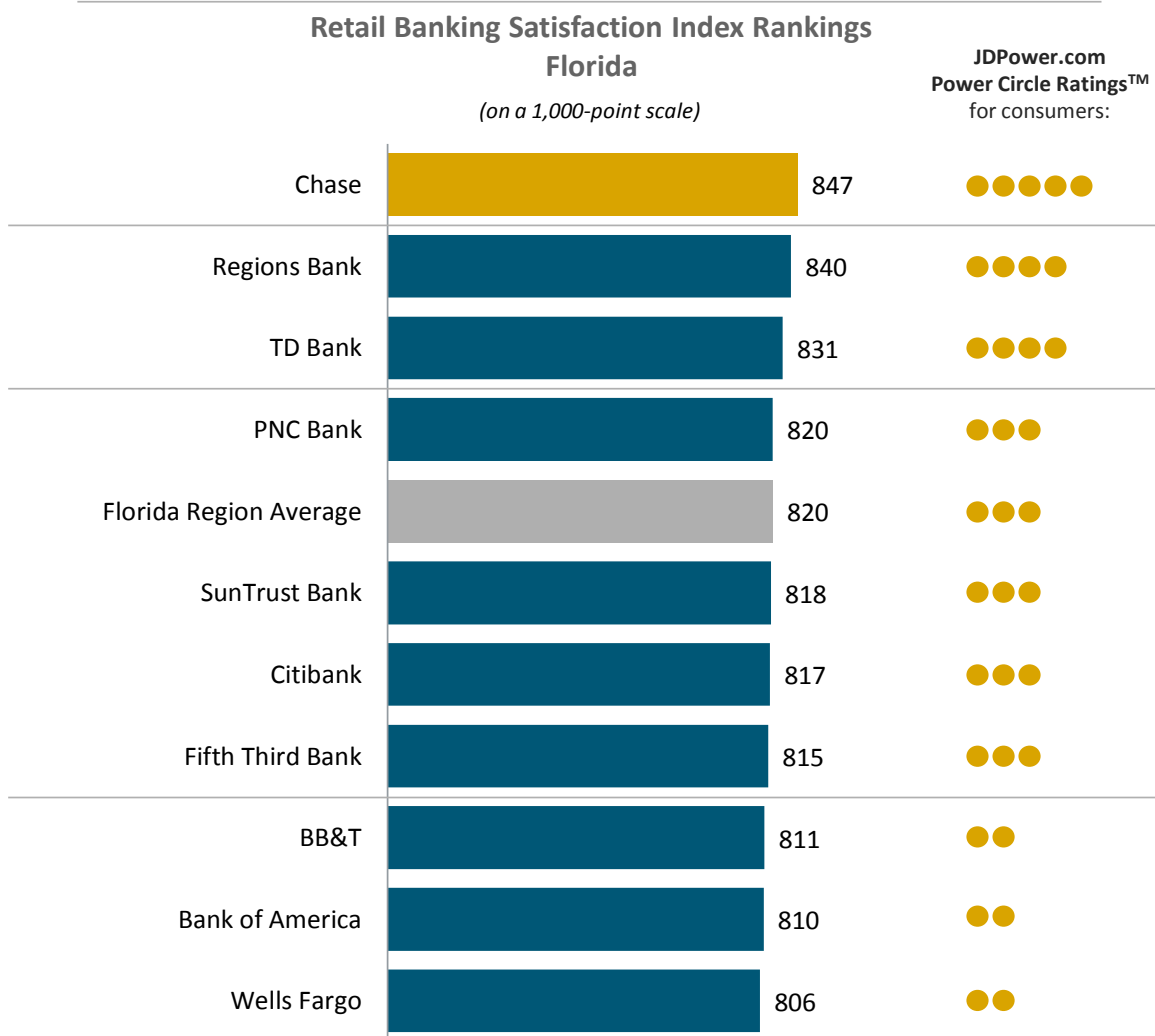
Power Circle Ratings Legend

- Among the best
- Better than most
- About average
- The rest

Source: J.D. Power 2019 U.S. Retail Banking Satisfaction StudySM

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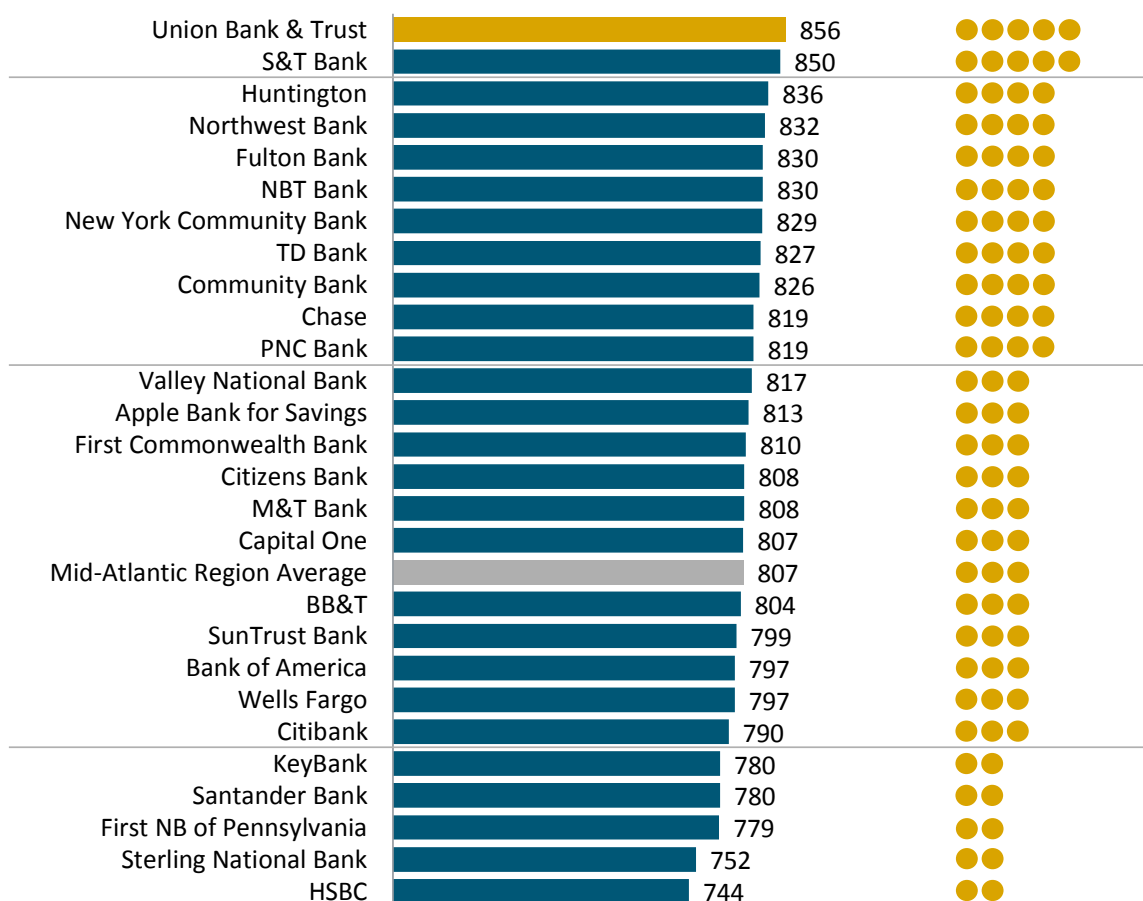
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Retail Banking Satisfaction Index Rankings Mid-Atlantic (on a 1,000-point scale)

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Included in the Mid-Atlantic region are Delaware, Maryland, New Jersey, New York, Pennsylvania, Virginia and Washington, D.C.

Source: J.D. Power 2019 U.S. Retail Banking Satisfaction StudySM

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Included in the Midwest region are Iowa, Illinois, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota and Wisconsin.

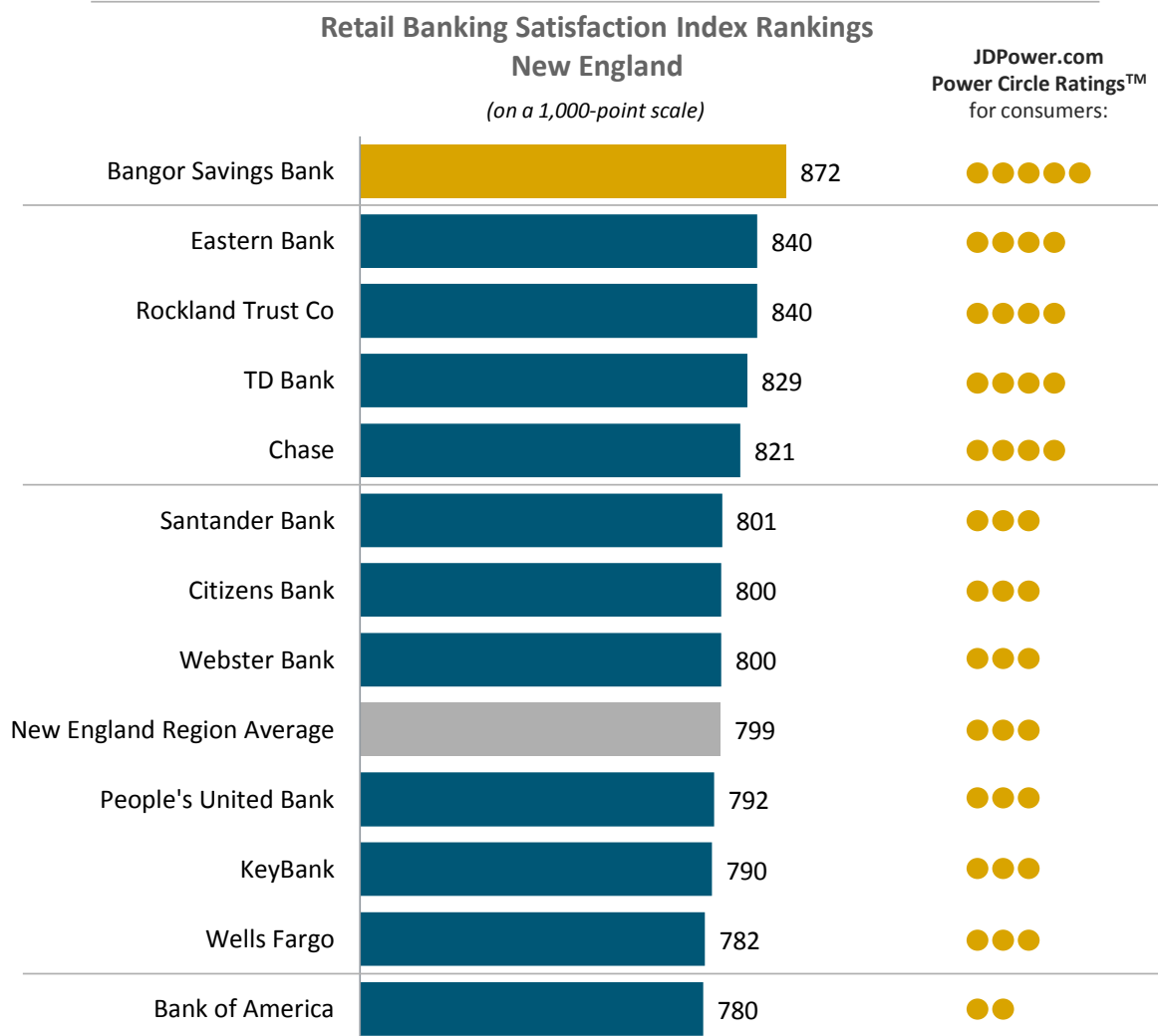
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Included in the New England region are Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

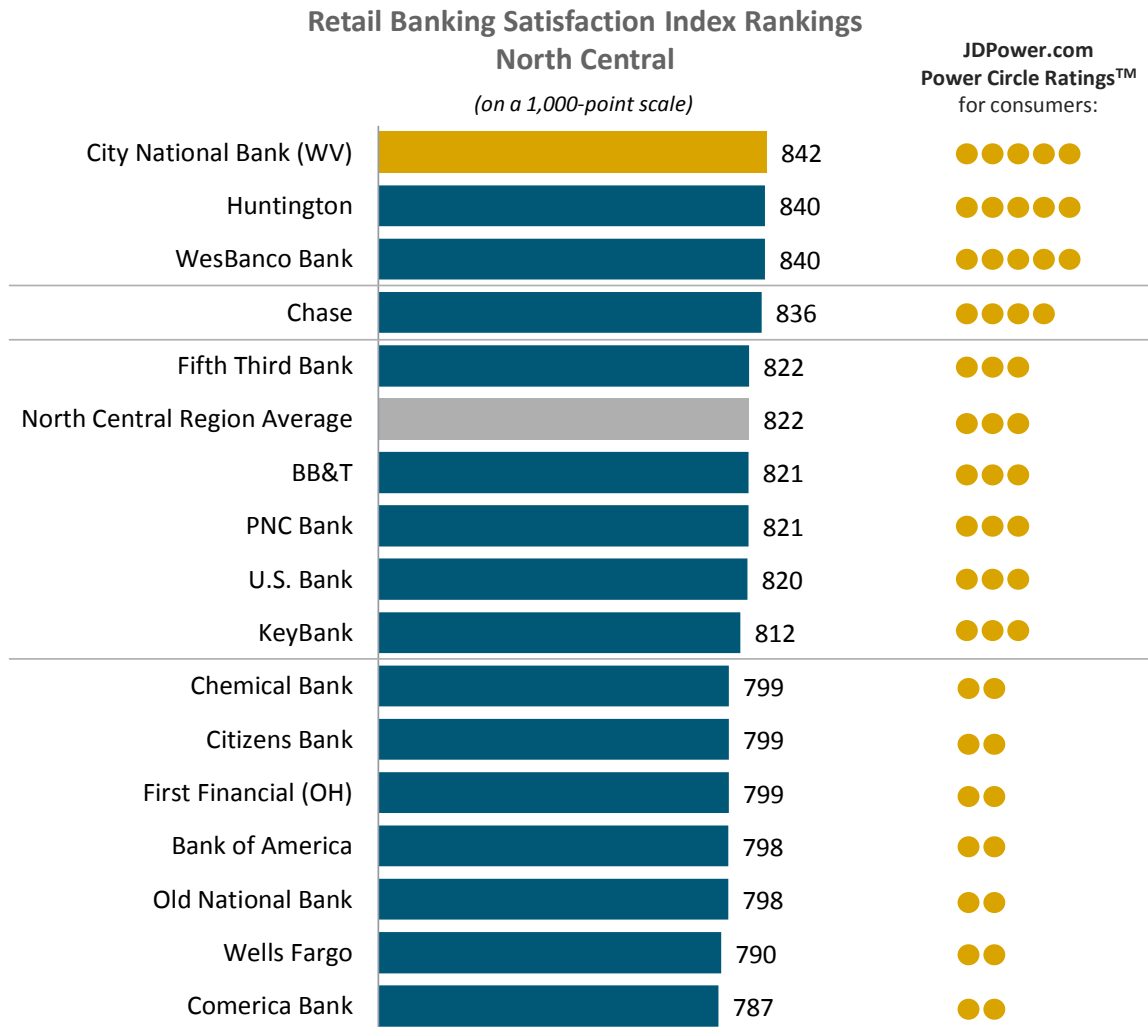
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Included in the North Central region are Indiana, Kentucky, Michigan, Ohio and West Virginia.

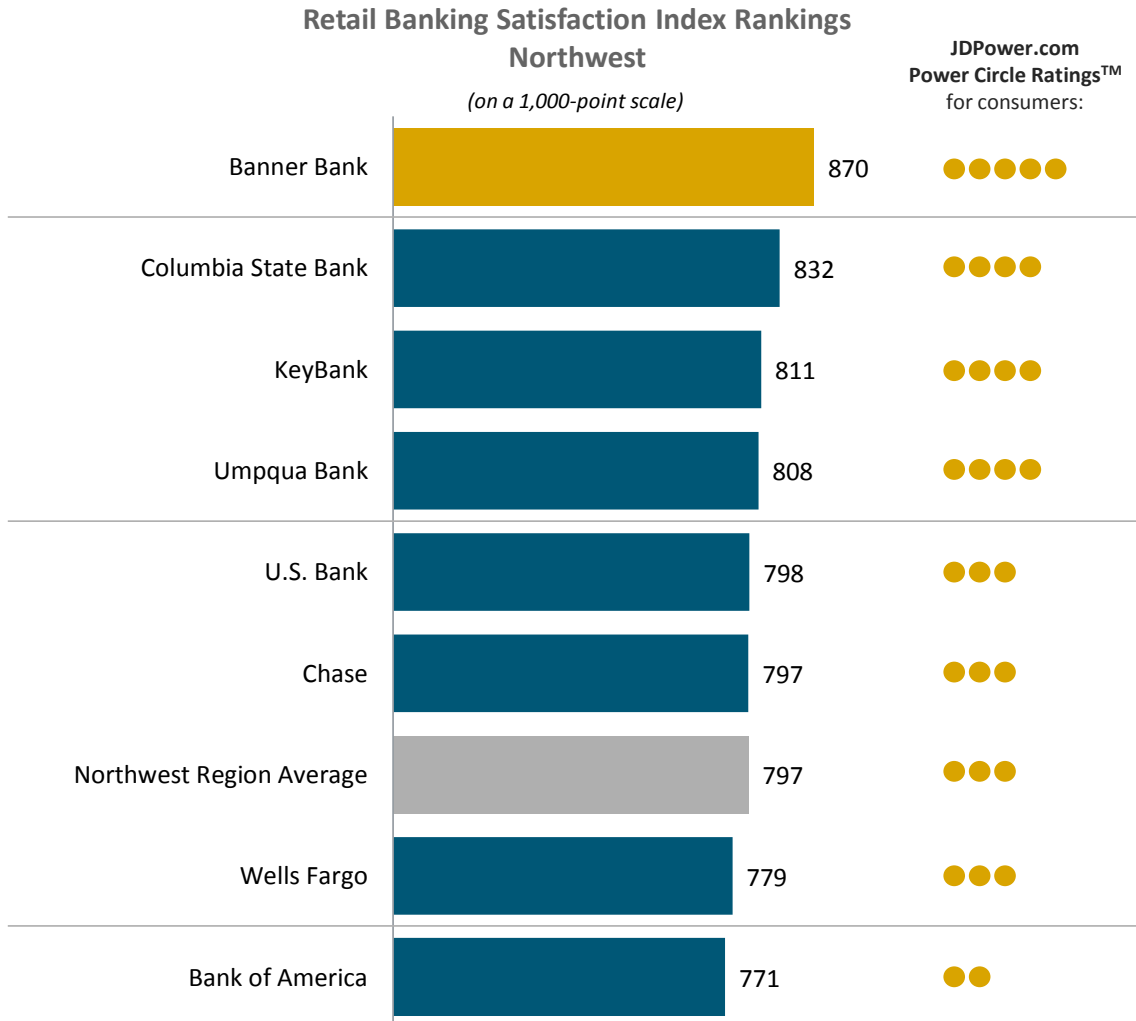
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Included in the Northwest region are Idaho, Montana, Oregon and Washington.

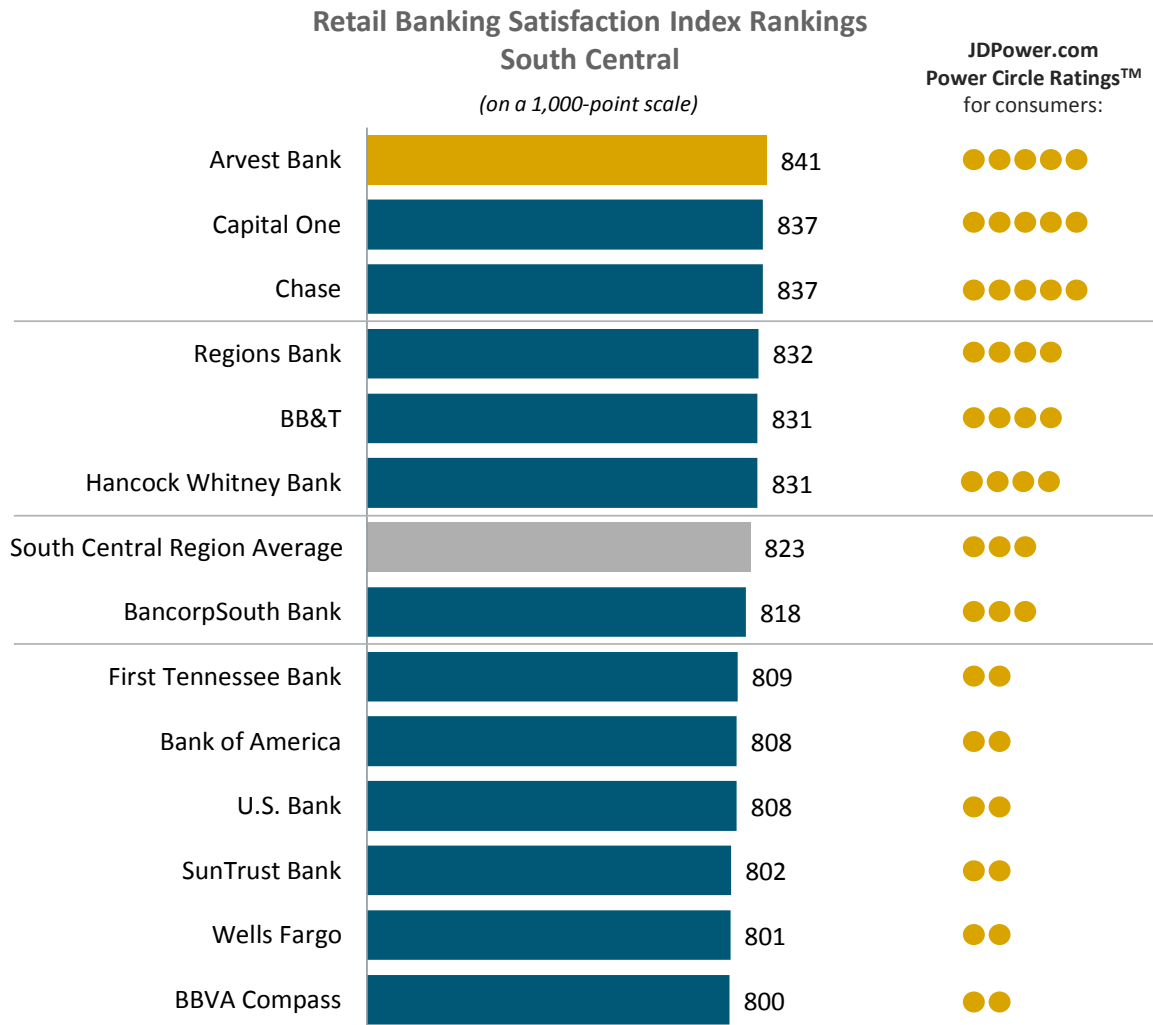
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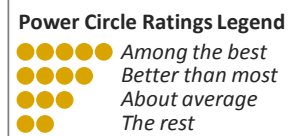
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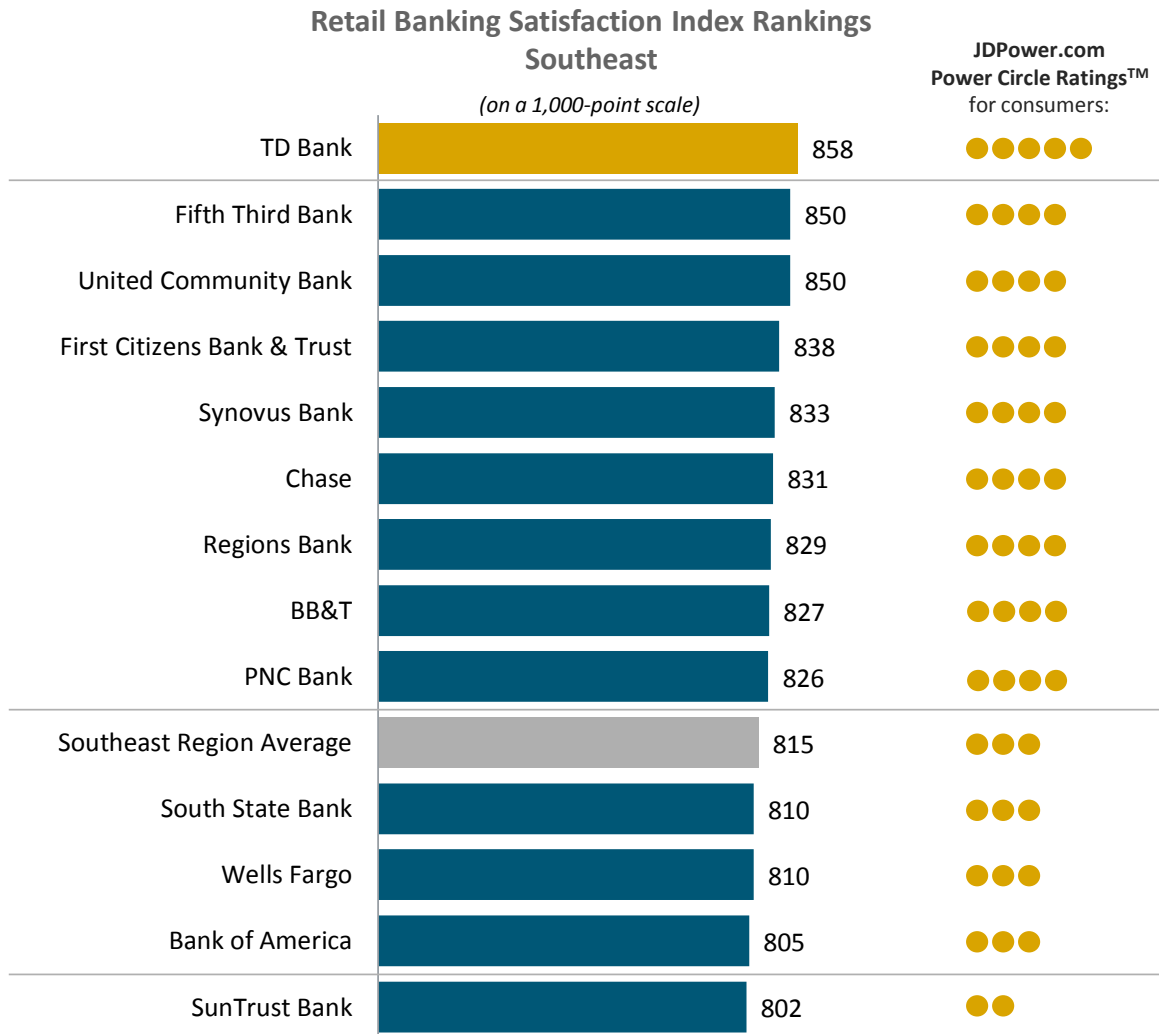
Included in the South Central region are Alabama, Arkansas, Louisiana, Mississippi and Tennessee.

Source: J.D. Power 2019 U.S. Retail Banking Satisfaction StudySM



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Included in the Southeast region are Georgia, North Carolina and South Carolina.

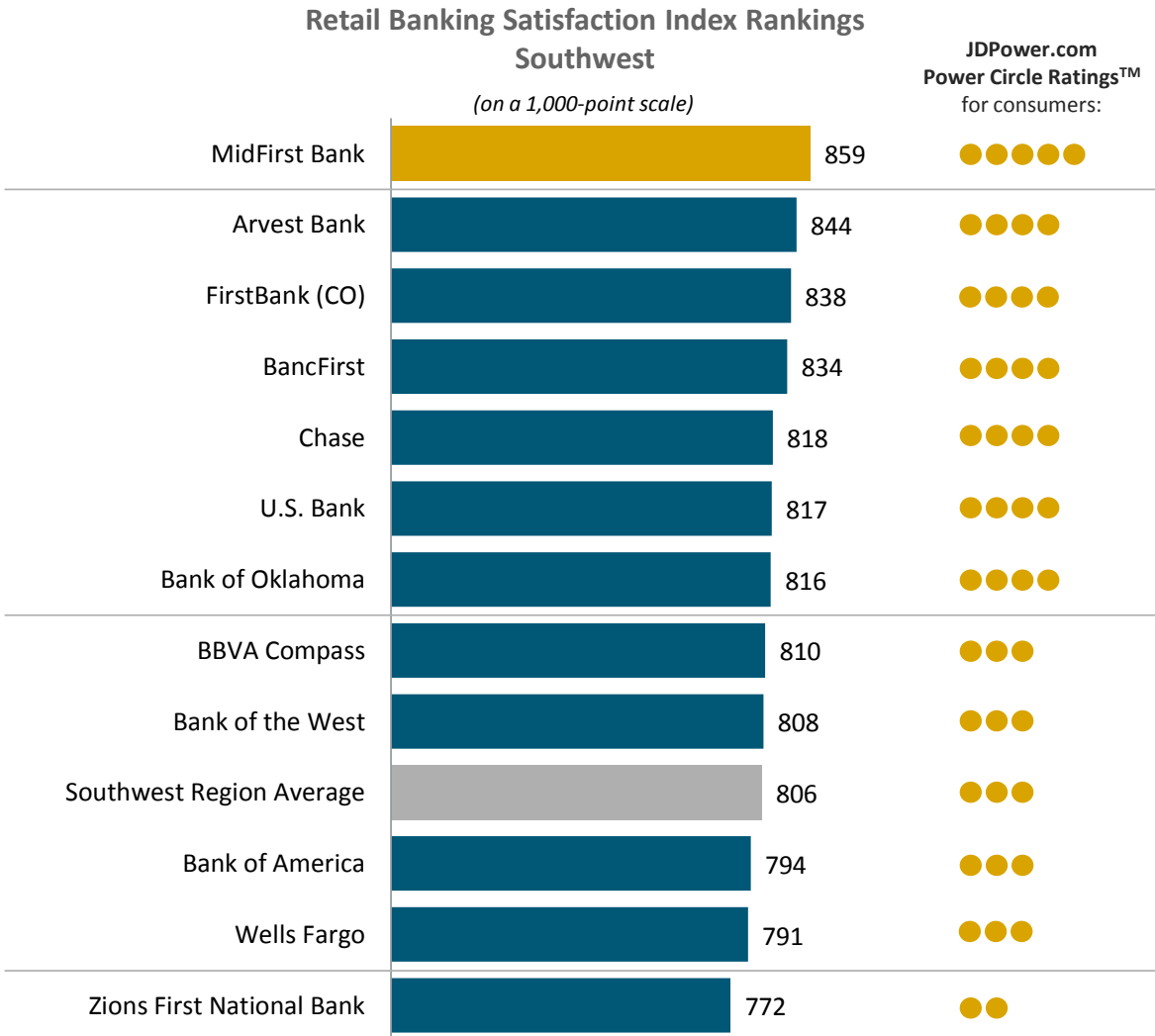
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- ★★★★★ Among the best
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Included in the Southwest region are Arizona, Colorado, New Mexico, Nevada, Oklahoma, Utah and Wyoming.

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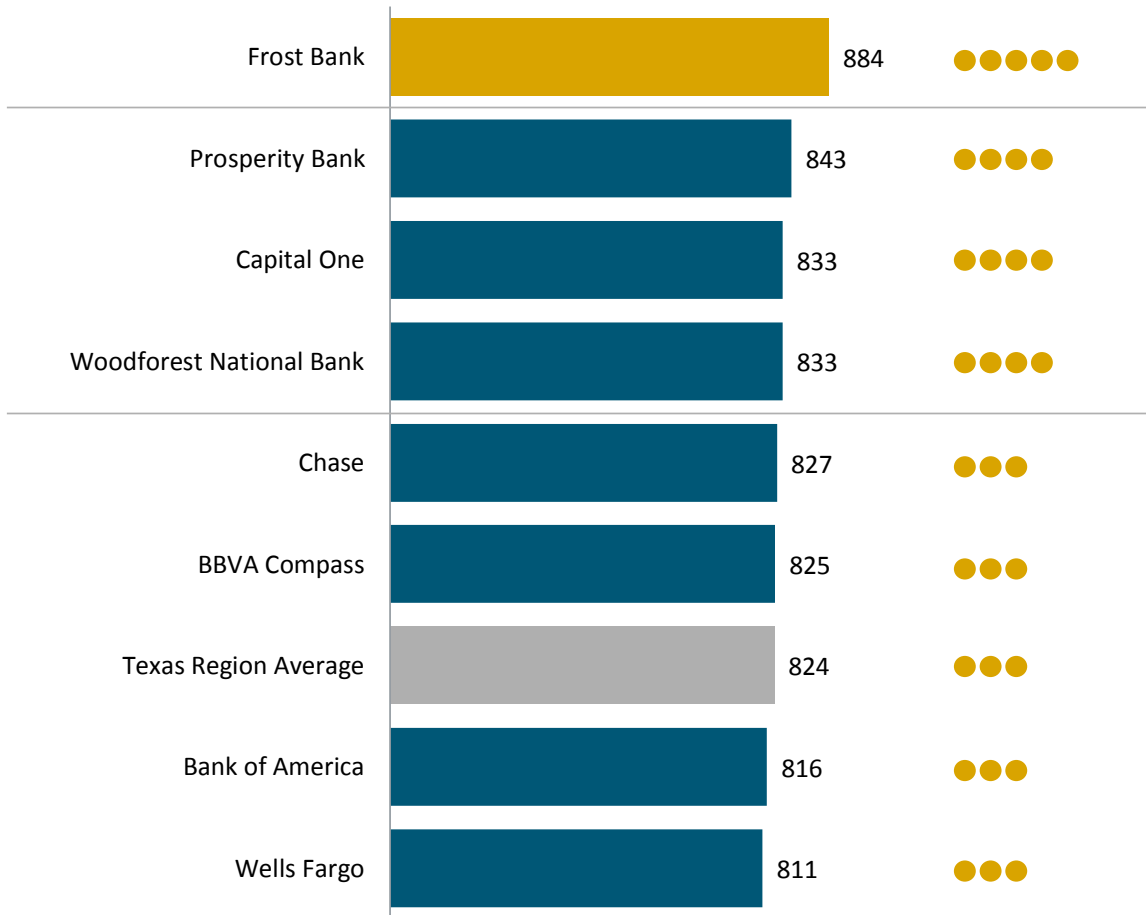
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Retail Banking Satisfaction Index Rankings

Texas

(on a 1,000-point scale)

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