

Digital, Branch, Drive-Through or ATM? Yes, Please! Say Bank Customers in J.D. Power Study

Among Millennials, Highest Satisfaction Achieved When Combining Mobile *and* Branch Banking

COSTA MESA, Calif.: 27 April 2017 — As retail banks continue to brace for the digital future, branches are still having a significant effect on customer satisfaction across all customer age groups, according to the J.D. Power 2017 U.S. Retail Banking Satisfaction Study,SM released today.

The study finds that overall retail bank satisfaction is significantly higher among customers who have visited a branch within the past 12 months vs. those who have only used digital channels. Within the closely watched Millennial¹ age group (those born from 1982-1994), satisfaction is highest when bank customers use both branch and digital banking channels.

“There is no question that banks need to get the digital experience right in order to attract and retain customers, however, the branch continues to play an important part of the overall customer experience,” said **Jim Miller, senior director of banking at J.D. Power**. “The trend is particularly noteworthy among Millennials who represent the future of banking, and consistently demonstrate that overall satisfaction is higher among customers who use both the branch and mobile banking. Banks can’t choose between the two channels; rather, they must focus on how the two work together.”

Following are key findings of the 2017 study:

- **Rise of retail banking omnivore:** More customers than ever are using mobile banking (49% of Millennials, 31% of Gen X and 16% of Boomers). Despite this widespread adoption of the digital channel, 71% of all bank customers visited the branch an average of 14 times over the past year. Among Millennials, 71% used the branch, averaging 11 visits in the past year.
- **Branches still matter:** Across all customers in the study, overall satisfaction among those who visited a bank branch within the past 12 months is 27 index points higher (on a 1,000-point scale) than among those who did not visit a branch (824 vs. 797, respectively). Among Millennials, overall satisfaction among those who used the branch and mobile is 20 index points higher than among those who used the branch only and 37 points higher than among those who used mobile only. Additionally, 78% of new accounts are opened in the branch.
- **Mobile payments pose disruptive threat:** Customer satisfaction, overall brand image and retention metrics are higher among customers who have a mobile payment service linked to their bank account. The trend is most pronounced among the emerging affluent segment of Millennial

¹ J.D. Power defines the generations as Pre-Boomers (born before 1946); Boomers (1946-1964); Gen X (1965-1976); Gen Y (1977-1994); Gen Z (1995-2004). Millennials are defined those born between 1982-1994.

customers with incomes above \$80,000, among whom 64% currently have mobile payment services linked to their accounts.

- **Digital problem resolution is key:** Unsuccessful problem resolution is highly correlated with low levels of satisfaction and high levels of customer attrition. Overall satisfaction among customers whose problem was not resolved is 564 points. Further, only 20% of these customers say they were likely to reuse that bank. When the problem is resolved, satisfaction scores jump to 812 and loyalty increases to 58%. While the branch has been the traditional channel for handling problems, younger customers prefer to resolve problems online or via social media.

“It’s becoming increasingly clear that banks that can get the balance right between digital and personal interactions will be those that build the strongest customer relationships,” Miller said. “The Millennial generation is a great source of insight into the trend, but it’s one that’s larger than any single generation: all customers want choice. They want to choose when, where and how they conduct their banking, and banks must continue to meet that need by offering consistent, tailored experiences regardless of the channel.”

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

California: BBVA Compass (846)

Florida: Fifth Third Bank (849)

Mid-Atlantic Region: Huntington National Bank (849)

Midwest Region: Wintrust Community Bank (843)

New England Region: Rockland Trust (858)

North Central Region: Huntington National Bank (849)

Northwest Region: Banner Bank (840)

South Central Region: U.S. Bank (854)

Southeast Region: United Community Bank (852)

Southwest Region: BancFirst (866)

Texas: Frost Bank (867)

About the Study

The U.S. Retail Banking Satisfaction Study, now in its 12th year, is the longest-running and most in-depth survey of the U.S. retail banking industry. The study measures satisfaction in six factors (listed in alphabetical order): account information; channel activities; facility; fees; problem resolution; and product offerings. The channel activities factor includes six subfactors (listed in alphabetical order): ATM; branch; call center; IVR; mobile; and website. Satisfaction is measured on a 1,000-point scale.

The 2017 study is based on responses from more than 78,000 retail banking customers of 136 of the largest banks in the United States regarding their experiences with their retail bank, and was fielded from April 2016 to February 2017.

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

See the online press release at <http://www.jdpower.com/pr-id/2017045>.

J.D. Power is a global leader in consumer insights, advisory services and data and analytics. These capabilities enable J.D. Power to help its clients drive customer satisfaction, growth and profitability. Established in 1968, J.D. Power is headquartered in Costa Mesa, Calif., and has offices serving North/South America, Asia Pacific and Europe.

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NOTE: 11 charts follow.

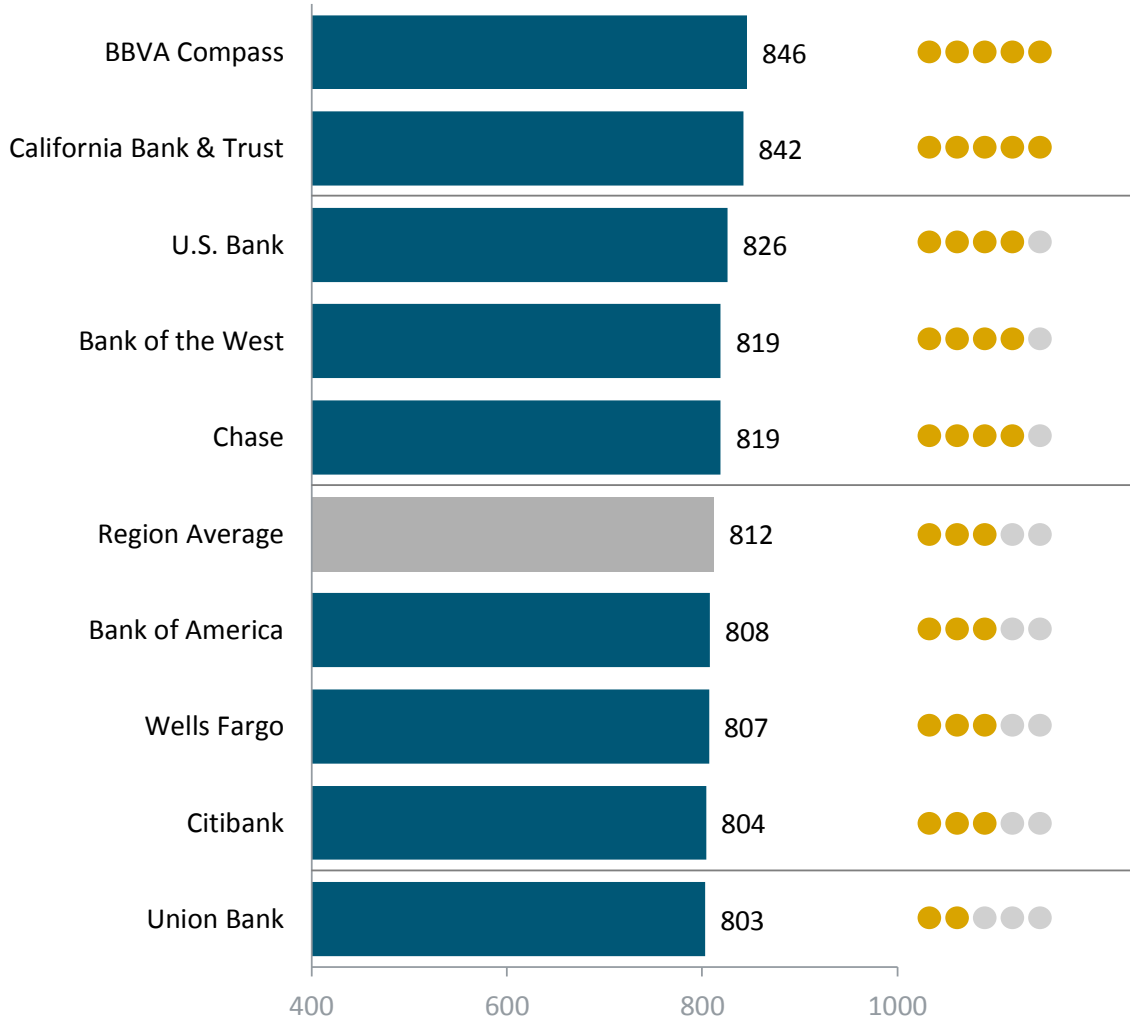
J.D. Power 2017 U.S. Retail Banking Satisfaction StudySM

Retail Banking Satisfaction Index Rankings

California

(on a 1,000-point scale)

JDPower.com
Power Circle RatingsTM
for consumers:



Power Circle Ratings Legend

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

Source: J.D. Power 2017 U.S. Retail Banking Satisfaction StudySM

Charts and graphs extracted from this press release for use by the media must be accompanied by a statement identifying J.D. Power as the publisher and the study from which it originated as the source. Rankings are based on numerical scores, and not necessarily on statistical significance. No advertising or other promotional use can be made of the information in this release or J.D. Power survey results without the express prior written consent of J.D. Power.

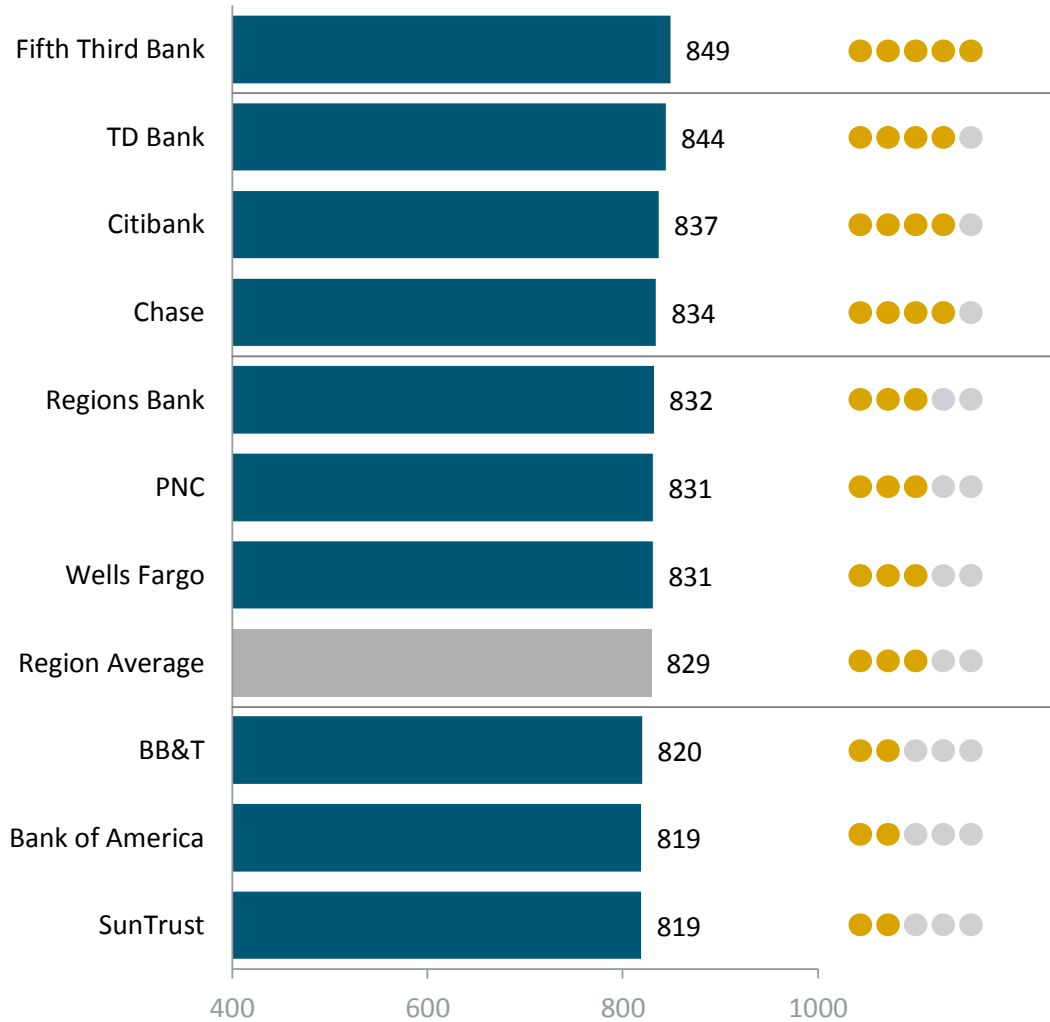
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Retail Banking Satisfaction Index Rankings

Florida

(on a 1,000-point scale)

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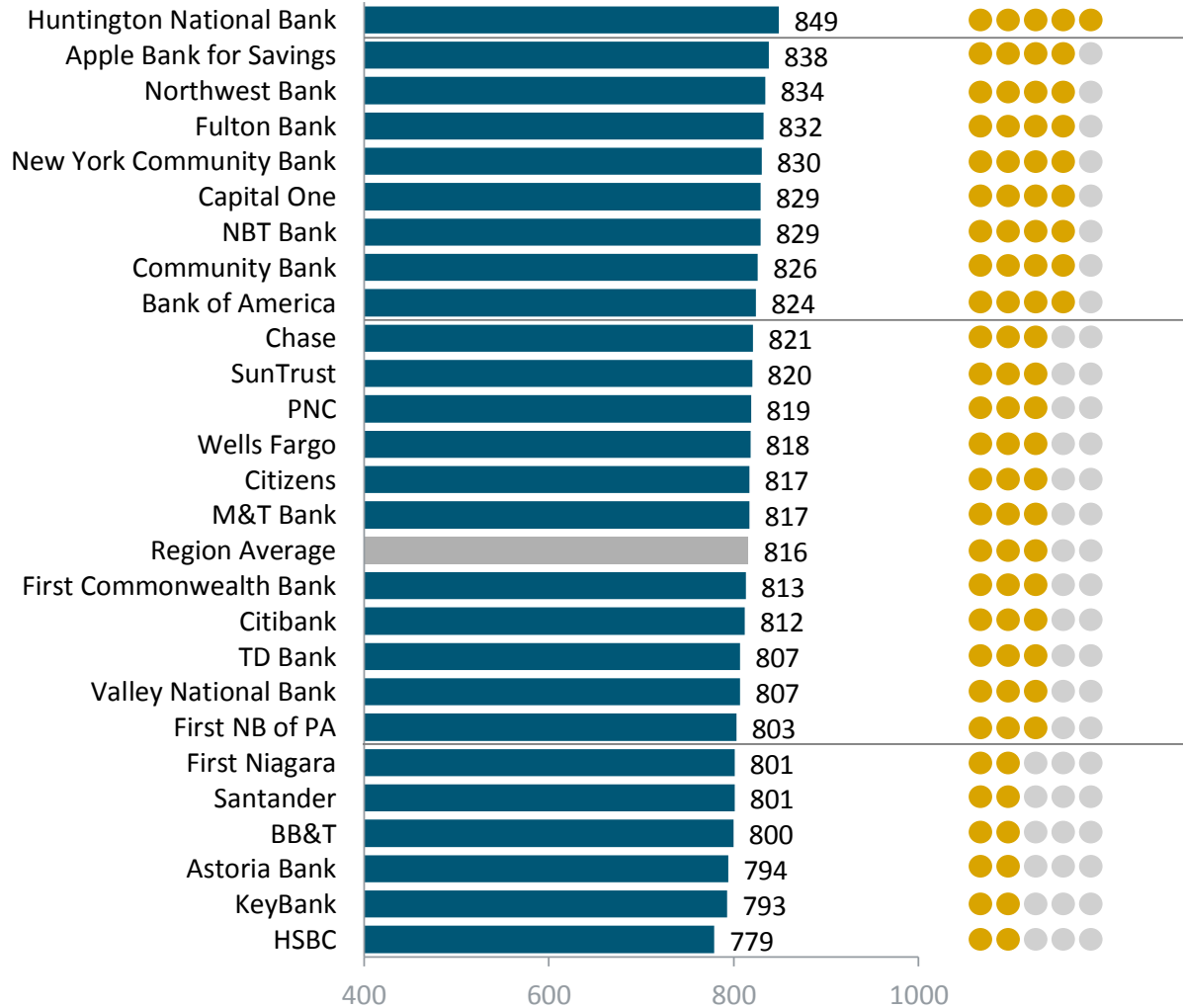
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Retail Banking Satisfaction Index Rankings

Mid-Atlantic

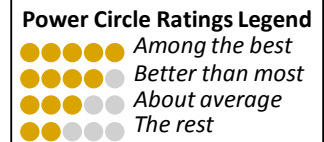
(on a 1,000-point scale)

JDPower.com
Power Circle RatingsTM
for consumers:



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

Source: J.D. Power 2017 U.S. Retail Banking Satisfaction StudySM



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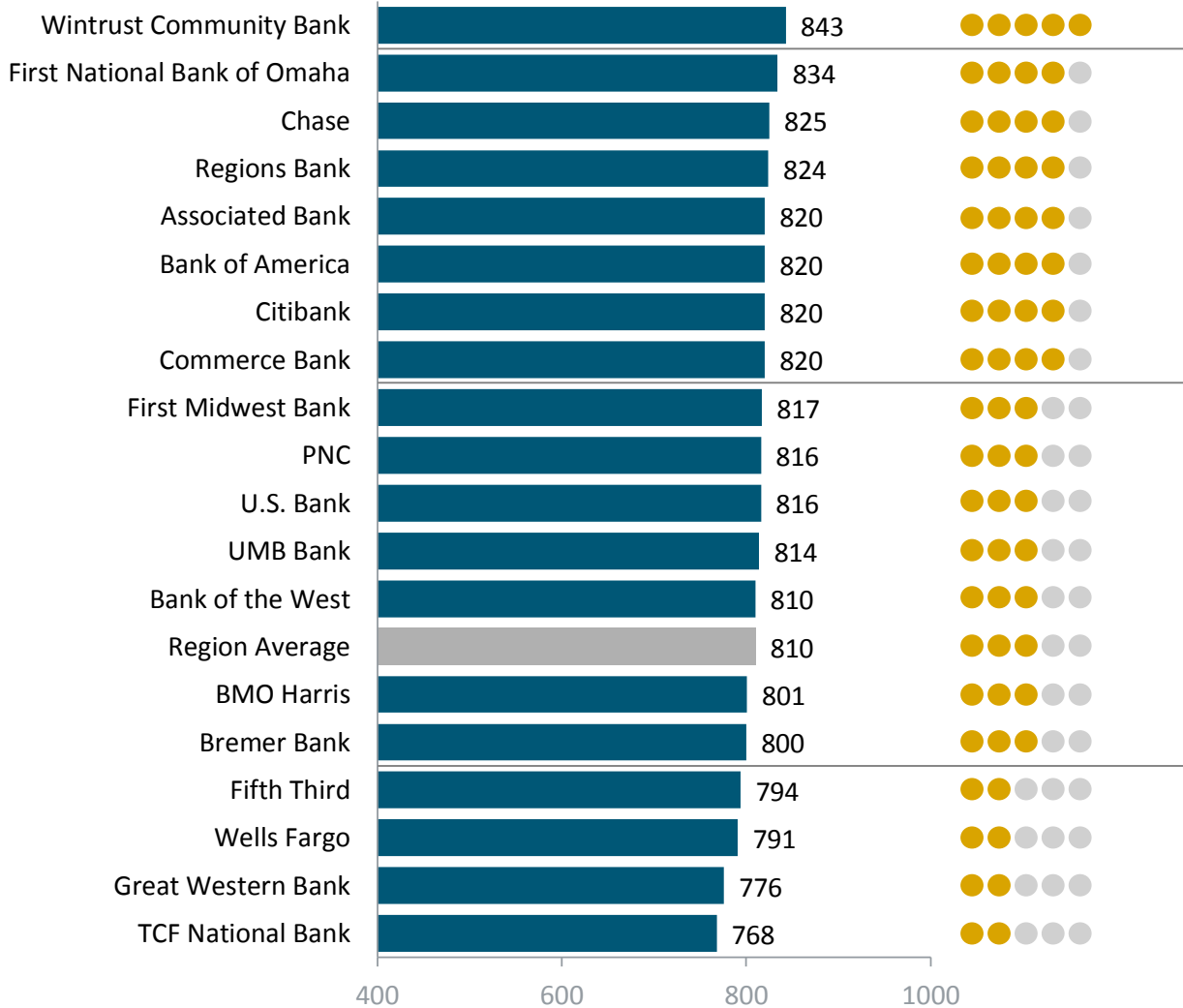
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Retail Banking Satisfaction Index Rankings

Midwest

(on a 1,000-point scale)

JDPower.com
Power Circle RatingsTM
for consumers:



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

Source: J.D. Power 2017 U.S. Retail Banking Satisfaction StudySM

Power Circle Ratings Legend

- Among the best
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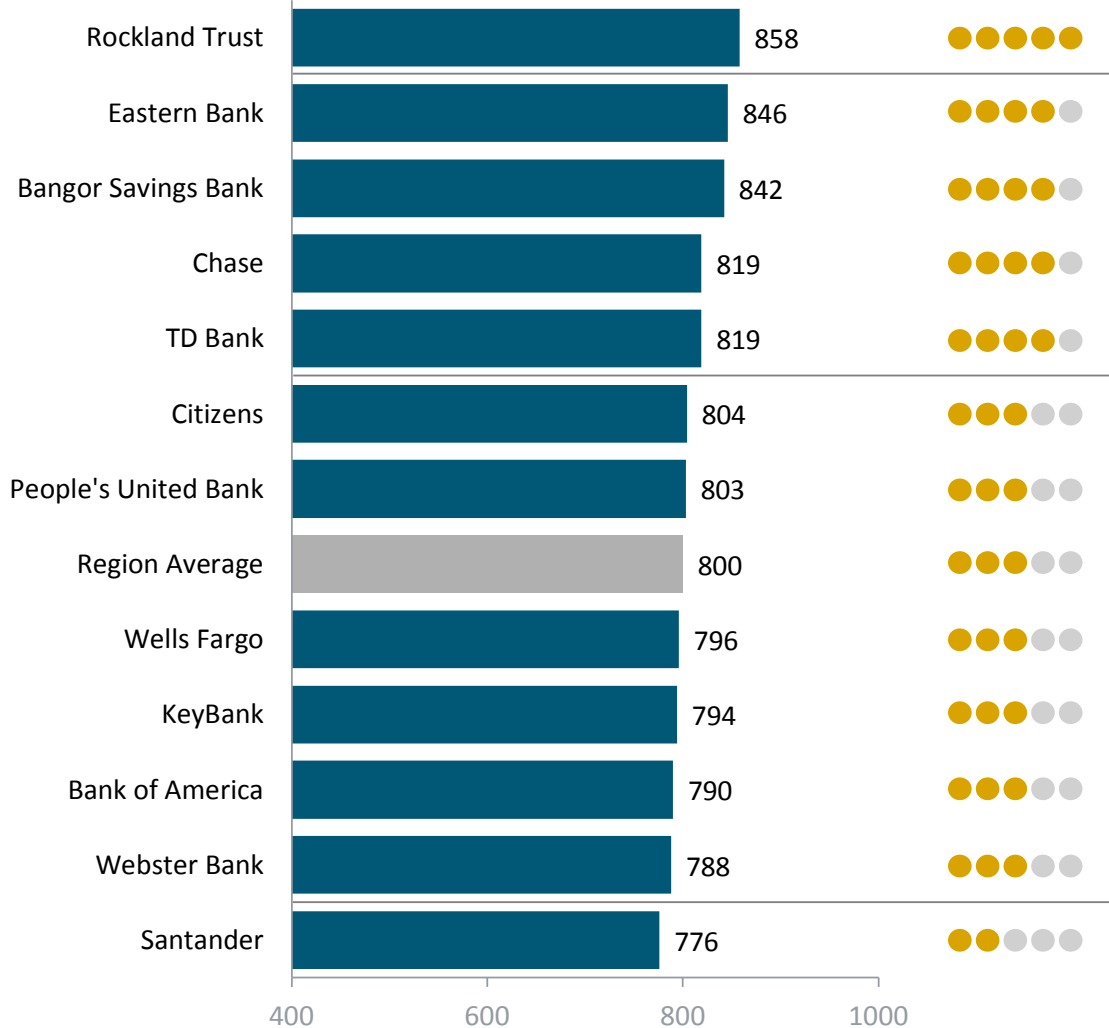
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Retail Banking Satisfaction Index Rankings

New England

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

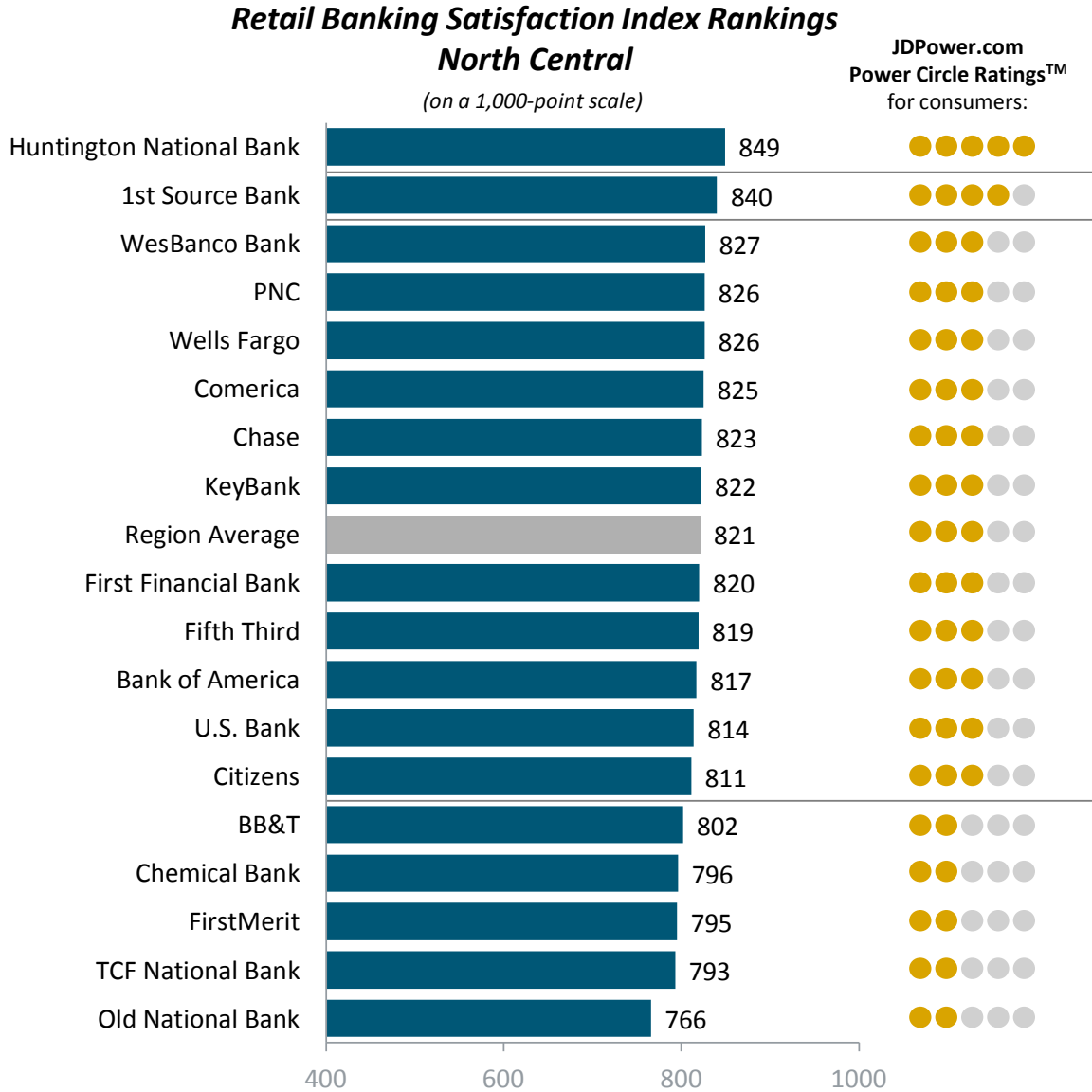
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Included in the North Central region are Indiana, Kentucky, Michigan, Ohio, and West Virginia.

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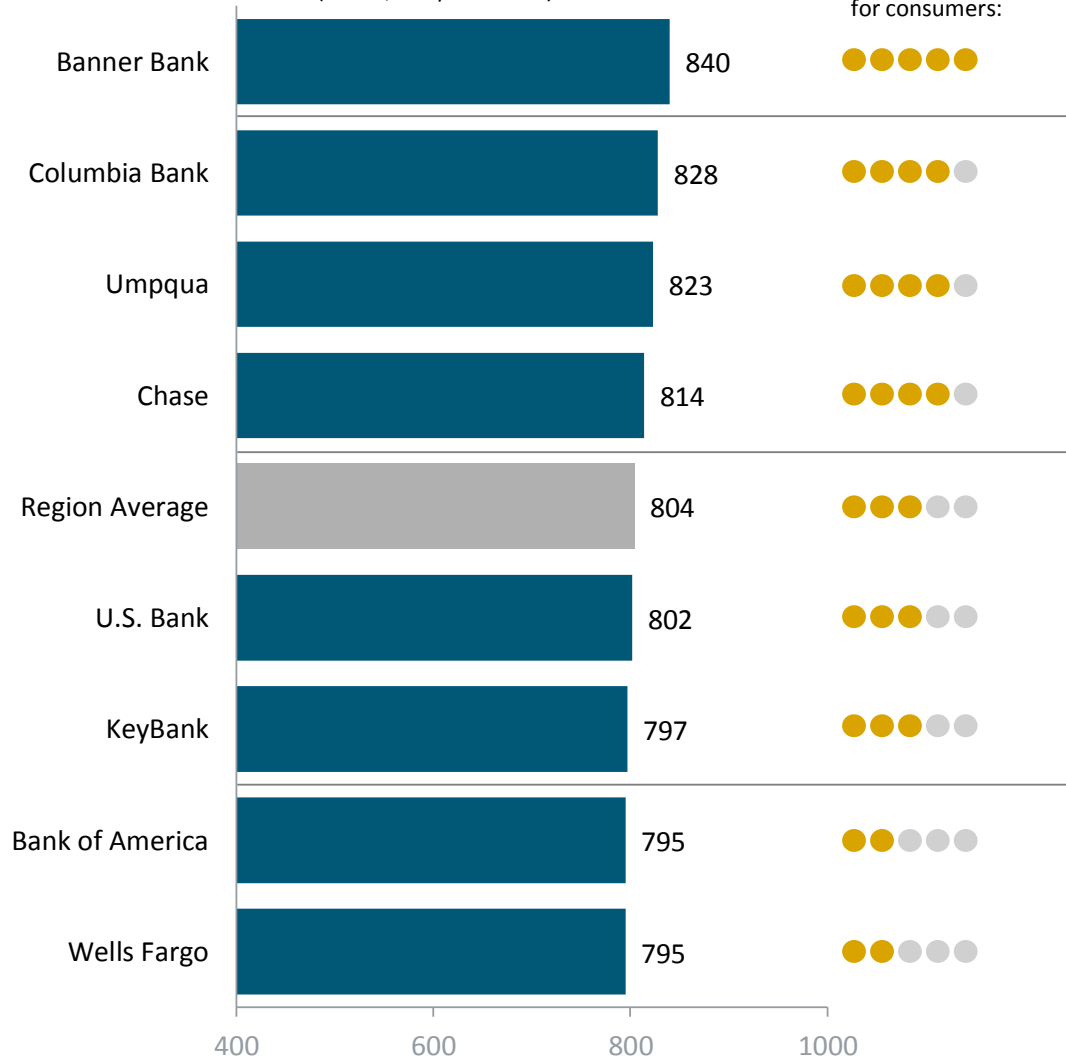
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Retail Banking Satisfaction Index Rankings

Northwest

(on a 1,000-point scale)

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

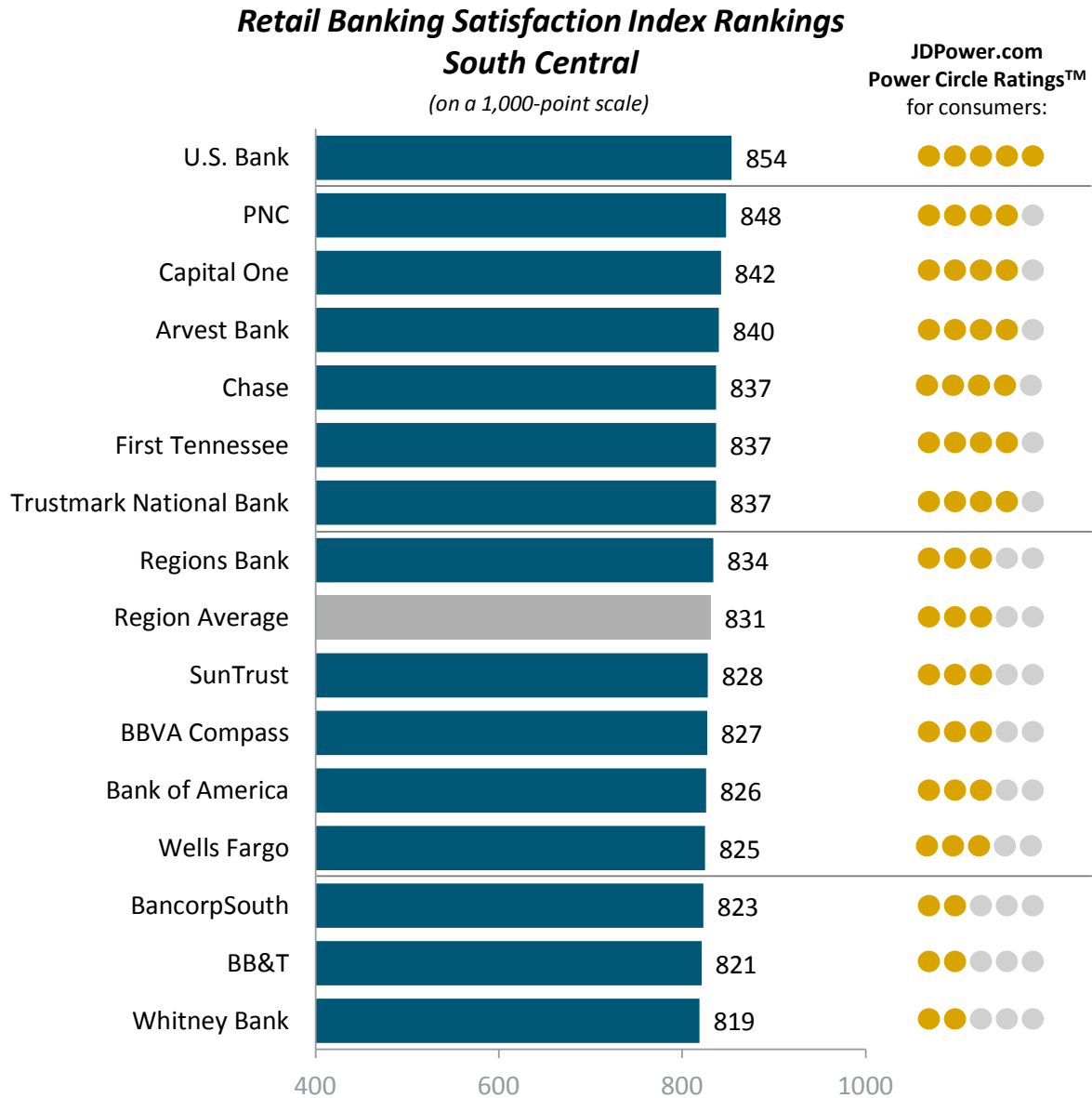
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Included in the South Central region are Alabama, Arkansas, Louisiana, Mississippi and Tennessee.

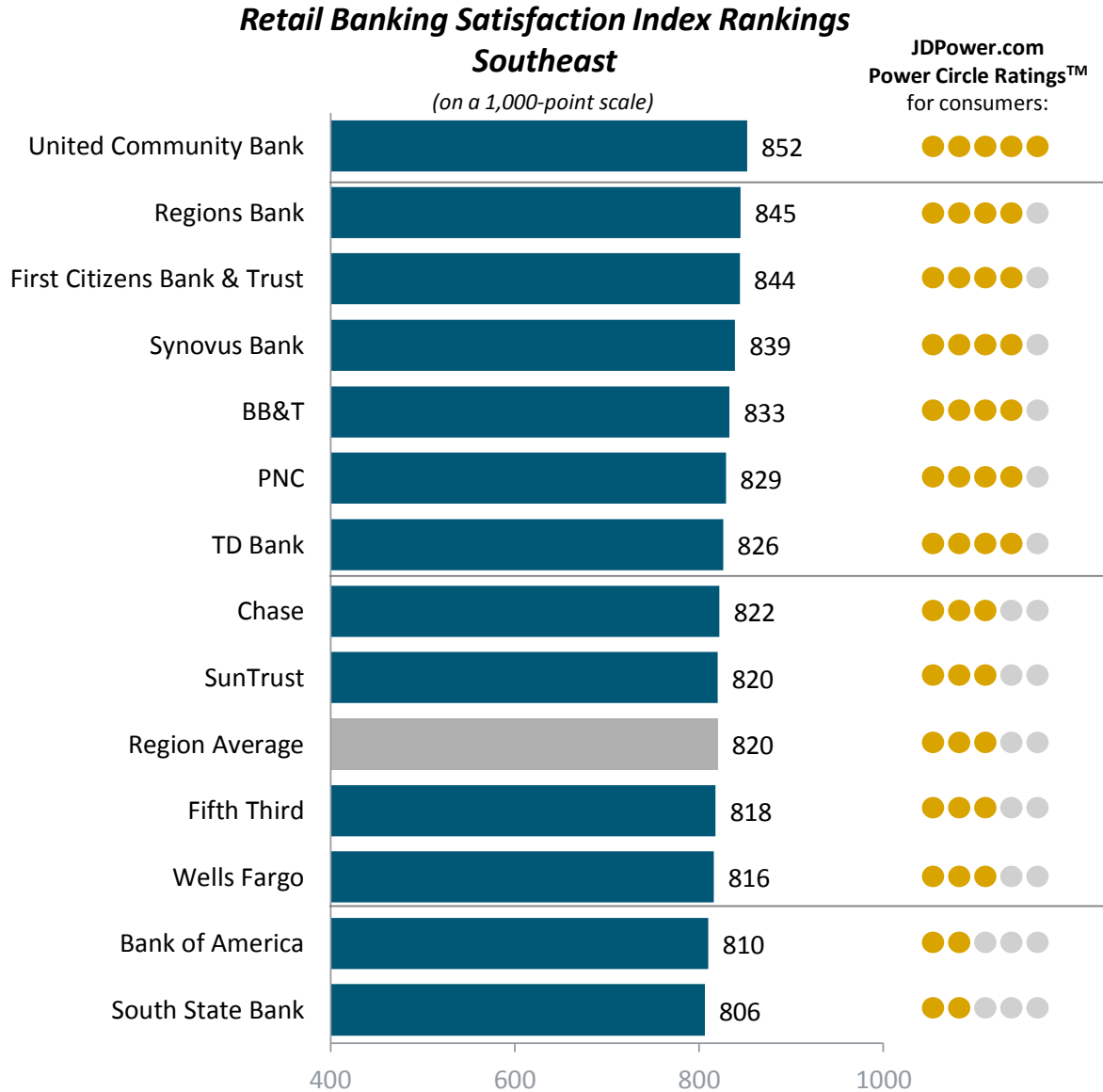
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Included in the Southeast region are Georgia, North Carolina and South Carolina.

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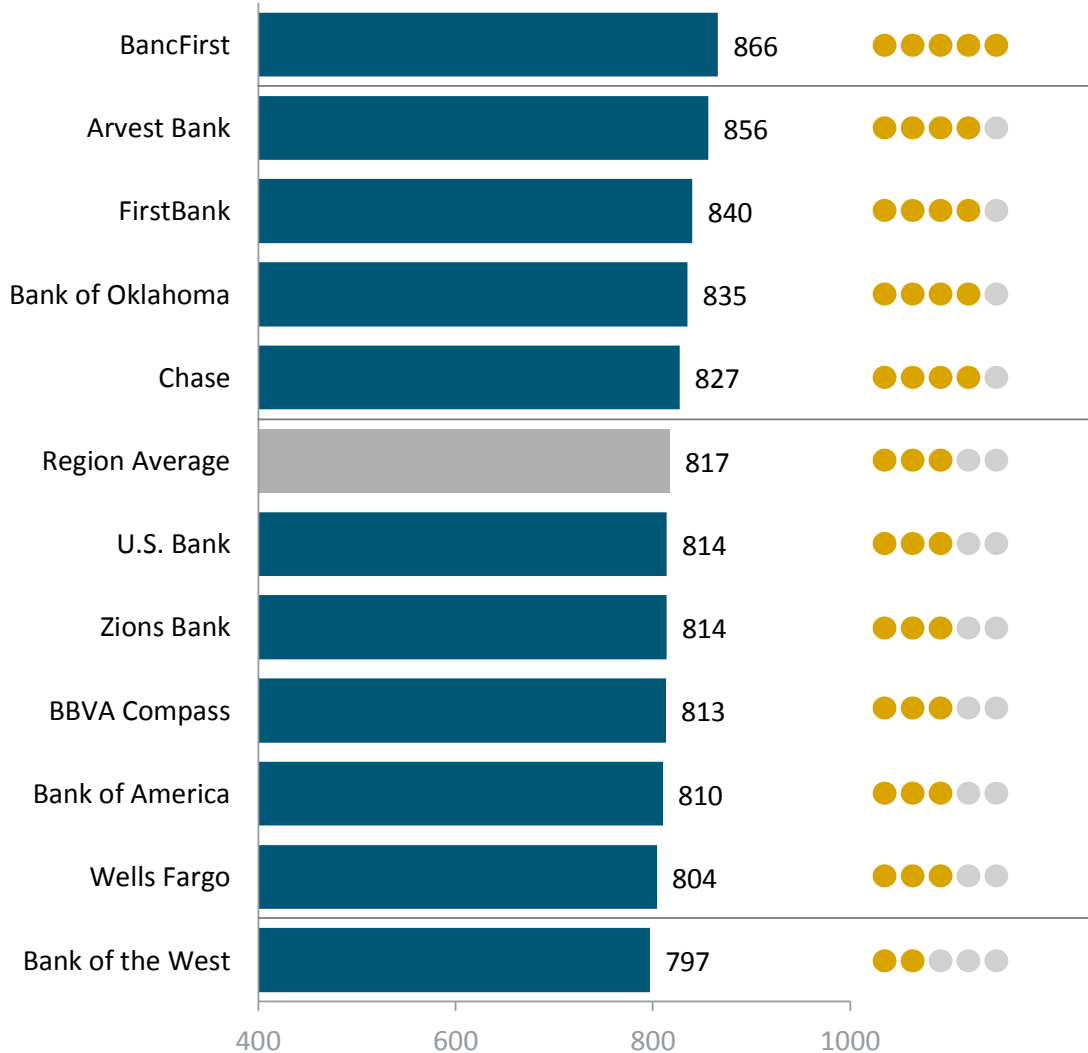
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Retail Banking Satisfaction Index Rankings

Southwest

(on a 1,000-point scale)

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Power Circle RatingsTM
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Included in the Southwest region are Arizona, Colorado, New Mexico, Nevada, Oklahoma and Utah.

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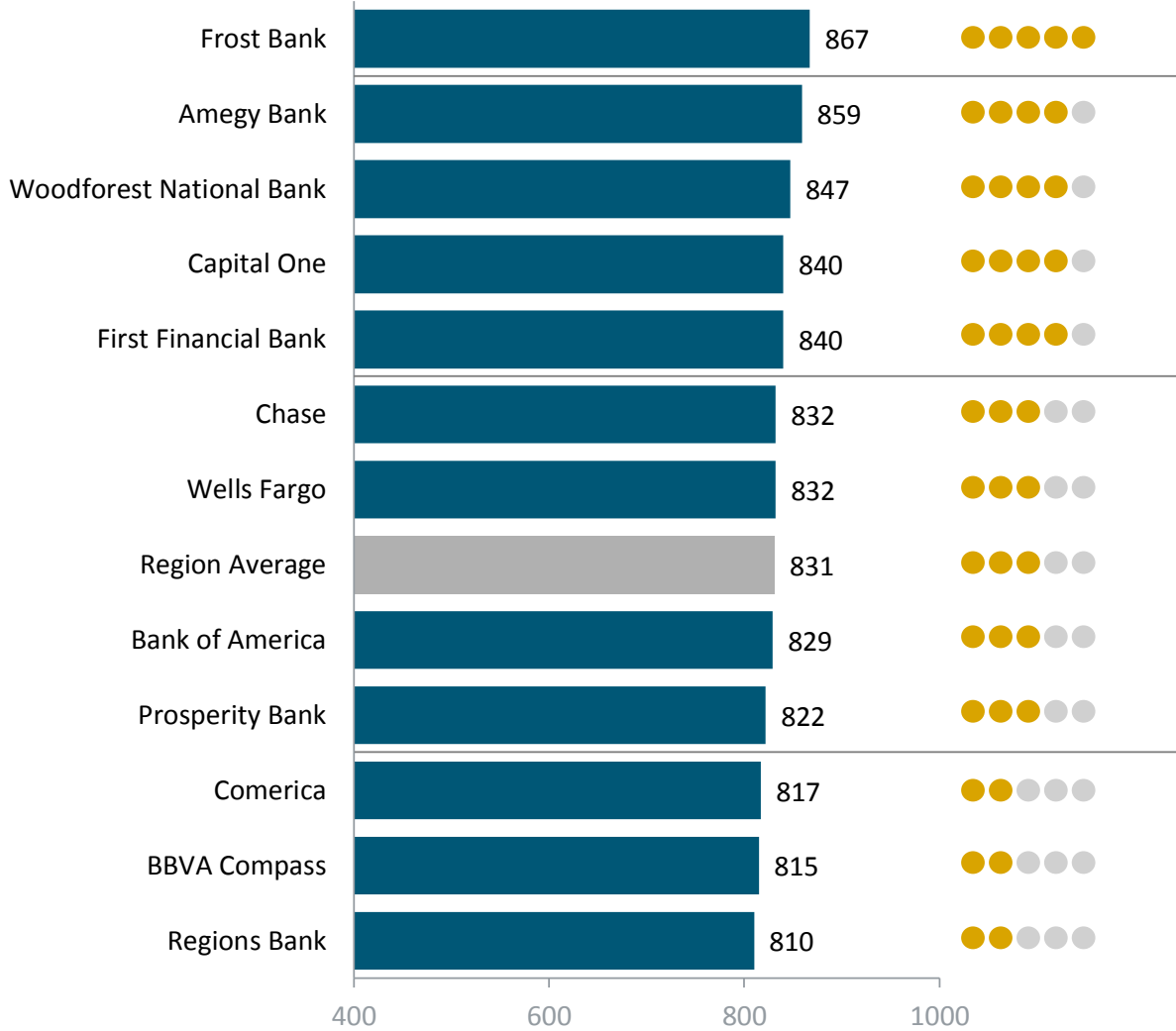
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Retail Banking Satisfaction Index Rankings

Texas

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