



Press Release

J.D. Power and Associates Reports: Canadian Banks Risk Small Business Banking Customer Attrition As Service Falls Short of Expectations

Scotiabank Ranks Highest in Small Business Banking Satisfaction in the Inaugural Study

TORONTO: 11 October 2012 — Canadian banks are not fully meeting the expectations of small business banking customers in relationship management, problem prevention and resolution, and differentiated service offerings, according to the J.D. Power and Associates 2012 Canadian Small Business Banking Satisfaction StudySM released today.

Overall satisfaction among small business banking customers in Canada averages 728 (on a 1,000-point scale), which is 25 points below the 2012 Canadian retail banking average of 753.¹ The consequences of this lower level of satisfaction are pronounced. The study finds that small business customers of banks that fail to deliver a high level of satisfaction are more likely to switch banks. Among highly satisfied small business customers (overall satisfaction of 801 or higher), only two per cent say they “definitely will” or “probably will” switch banks in the next 12 months, compared with 25 per cent of those with low satisfaction (scores of 600 or below) who say they “definitely will” or “probably will” switch banks.

The inaugural study measures small business financial decision makers’ satisfaction with their primary financial institution across eight factors (in order of importance): account activities; account manager; facility; fees; product offerings; account information; credit services; and problem resolution. Account activities measures satisfaction with the transactions small business customers conduct at the branch, online, via the ABM, and on the phone. Of these, branch transactions have the highest importance weight, with small business customers being three times more likely to conduct branch transactions than do retail banking customers (an average of 33 vs. 11 times per year, respectively), underscoring the need to deliver a superior in-person experience to these accountholders.

“Because of the value of small business relationships—the average small business customer has almost double the deposits of the average retail customer and four times higher loans—banks should strive to offer a higher level of service to these small business customers than for typical retail customers,” said Jim Miller, senior director of banking at J.D. Power and Associates. “The in-person experience is extremely important to small businesses, and banks need to get it right to maintain and grow these relationships.”

Account Managers May Not Always Be Beneficial

The study finds that nearly two-thirds of Canadian banks assign account managers to small business banking customers, while just one-half of banks in the United States do the same.² However, simply assigning account managers is not enough to result in a positive increase in satisfaction. Although overall satisfaction is 828 among small business customers who perceive their assigned account manager “completely” understands their business, it drops to 685 among those customers who perceive their account manager does not fully, or only partially, understands their business, which is lower than overall satisfaction among those not having an account manager assigned at all (693).

¹ J.D. Power and Associates 2012 Canadian Retail Banking Satisfaction StudySM

² J.D. Power and Associates 2011 U.S. Small Business Banking Satisfaction StudySM

“Having a relationship manager is a great contributor to small business customer satisfaction, but only when the manager is knowledgeable of the customer’s business and can provide tailored advice and personal attention,” said Lubo Li, senior director of Canadian financial services at J.D. Power and Associates. “However, if the manager cannot provide valuable and individualized information, the customer is better off not having an assigned account manager at all.”

Problems Push Customers Away

Not only does the occurrence of problems have a dramatic impact on satisfaction, but also small business banking customers who experience a problem are more than three times more likely to say they “definitely will” switch financial institutions in the next 12 months, compared with customers who do not experience a problem.

Considering the impact that problem incidence has on satisfaction (a decline of 98 points) and the rate at which problems occur (30%), financial institutions must focus on preventing and resolving problems or risk losing their small business customers to competitors, said Miller.

Scotiabank ranks highest in small business banking satisfaction in Canada with a score of 733. Following Scotiabank in the rankings and scoring below the industry average are RBC Royal Bank (725) and TD Canada Trust (724).

The 2012 Canadian Small Business Banking Satisfaction Study includes responses from nearly 1,200 small business owners or financial decision-makers who use business banking services in Canada. The study was fielded from July 2012 through August 2012.

About J.D. Power and Associates

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company providing performance improvement, social media and customer satisfaction insights and solutions. The company’s quality and satisfaction measurements are based on responses from millions of consumers annually. For more information on [car reviews and ratings](#), [car insurance](#), [health insurance](#), [cell phone ratings](#), and more, please visit JDPower.com. J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

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NOTE: One chart follows

J.D. Power and Associates 2012 Canadian Small Business Banking Satisfaction StudySM



Note: Included in the study but not ranked due to small sample size are HSBC Bank Canada and Desjardins/Caisses Populaires

Source: J.D. Power and Associates 2012 Canadian Small Business Banking Satisfaction StudySM

Power Circle Ratings Legend

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

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