



## Press Release

### **J.D. Power and Associates Reports: A Decrease in Satisfaction with Fees along with Declining Perceptions of Bank Reliability Contribute to a Decline in Customer Loyalty and Advocacy at Retail Banks in Canada**

TD Canada Trust and ING Direct Canada Each Rank Highest in  
Customer Satisfaction with Retail Banks in Canada in their Respective Segments

**TORONTO: 19 July 2012** —Overall customer satisfaction with the Big 5<sup>1</sup> and midsize banks in Canada has declined this year, due largely to a decline in fee satisfaction, according to the J.D. Power and Associates 2012 Canadian Retail Banking Customer Satisfaction Study<sup>SM</sup> released today.

The decline in satisfaction directly impacts loyalty and advocacy metrics, both of which have dropped year over year. The advocacy metric, or the percentage of customers who say they “definitely will” recommend their bank to family and friends, declines by five percentage points, while customer loyalty, or the percentage of customers who say they “definitely will” reuse their bank in the future, declines by four percentage points, compared with 2011. In addition to the impact of the decline in satisfaction, loyalty and advocacy rates have also been negatively affected by deterioration in customers’ perceptions of their bank’s brand image, which is most notably reflected in declines in perceptions of reliability and financial stability.

The primary cause of the decrease in fee satisfaction is an increase in the number of changes to fee structures, with 27 percent of customers experiencing changes, compared with 17 percent in 2011. As a result of fee structure changes, satisfaction with fees has declined by 25 points to 592 (on a 1,000-point scale) from 2011.

“Not only are customers frustrated with changes to their fee structure, but many are also confused by the changes, leading to the lower satisfaction,” said Lubo Li, senior director of the financial services practice at J.D. Power and Associates. “Banks may try to offset the dissatisfaction with these changes by proactively communicating with their customers and ensuring that they fully understand what the changes are and why they are occurring.”

#### **The Shift to Digital Banking**

Online usage has increased during the past three years to 86 percent in 2012 from 80 percent in 2010. Online usage now exceeds branch usage, which has fallen steadily during the past three years. In addition to increased online usage, mobile phone usage has also increased since 2010—doubling to 8 percent.

“As digital banking has surpassed traditional branch-based banking as the channel of choice, it has become a primary differentiator among the brands. It’s a key differentiator for the highest performers in the Big 5 and midsize banks segment and a contributor as to why some midsize banks outperform the Big 5 Banks from an overall customer satisfaction standpoint,” said Li.

With customers’ increased focus on digital banking, it is even more critical that banks’ websites satisfy customer needs; however, online satisfaction has declined by eight points in 2012, compared with 2011. Online satisfaction is down, due primarily to lower ratings for ease of navigating website and range of services performed online. The study also finds that despite the shift to digital channels, branch locations continue to be an important driver of satisfaction. To address this, banks need to focus on ensuring tellers and representatives are not only courteous

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<sup>1</sup>Big 5 Banks include BMO Bank of Montreal, CIBC, RBC Royal Bank, Scotiabank and TD Canada Trust.

to customers, but also equipped to address all of their needs. In addition, simple touches and amenities—such as complimentary reading materials, beverages, or television—are a cost-effective way to lift satisfaction.

Financial advisors, included for the first time in the 2012 study, may have a positive impact on satisfaction. Overall satisfaction is 824 when the advice provided by a financial advisor completely meets customers' needs, compared with 735 when no advisor is assigned. However, overall satisfaction is 700 when a financial advisor provides advice that only partially meets their needs. Customer satisfaction declines even further to 585 when the advice does not meet their needs at all.

“Offering assigned financial advisors is a risk, but one that pays off with highly satisfied customers if the advisor takes the time to fully understand and address the needs of customers,” said Li. “If the right personnel are not on staff, it may be better not assigning anyone.”

According to Li, Canadian banking customers may improve their overall retail banking experience by considering some basic tips:

- Stay engaged with your bank and keep informed of new products and services; consider utilizing the bank's financial advisor.
- Make sure you fully understand your bank's fee structures.
- Find out which discounts you may qualify for (e.g., student, senior, total holdings with the bank and minimum balance).
- Educate yourself about the bank's available online and mobile capabilities. Also be aware of any costs associated with using those services and whether the features meet your ongoing needs.

The study, now in its seventh year, examines customer satisfaction with their primary financial institution in three segments: Big 5 Banks, midsize banks and credit unions. In all segments, customer satisfaction is measured across seven factors (listed in order of importance): account activities; account information; facilities; product offerings; fees; financial advisor; and problem resolution.

TD Canada Trust ranks highest in overall customer satisfaction among Big 5 Banks for a seventh consecutive year, achieving a score of 769. TD Canada Trust performs well in all seven factors.

Among midsize banks, ING Direct Canada ranks highest in overall customer satisfaction with a score of 834. ING Direct Canada performs particularly well in four of the seven factors: fees, account information, account activities and product offerings.

The 2012 Canadian Retail Banking Customer Satisfaction Study is based on responses from nearly 12,000 customers who use a primary financial institution for personal banking. The study includes the largest financial institutions—banks and credit unions<sup>2</sup>—in Canada and was fielded in February and May 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](http://JDPower.com). J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

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<sup>2</sup>Rankings are not provided for credit unions, as they do not meet market share requirements for the study.

Hill Financial's leading brands include Standard & Poor's Ratings Services, S&P Capital IQ, S&P Indices, Platts energy information services and J.D. Power and Associates. With sales of \$6.2 billion in 2011, the Corporation has approximately 23,000 employees across more than 280 offices in 40 countries. Additional information is available at <http://www.mcgraw-hill.com/>.

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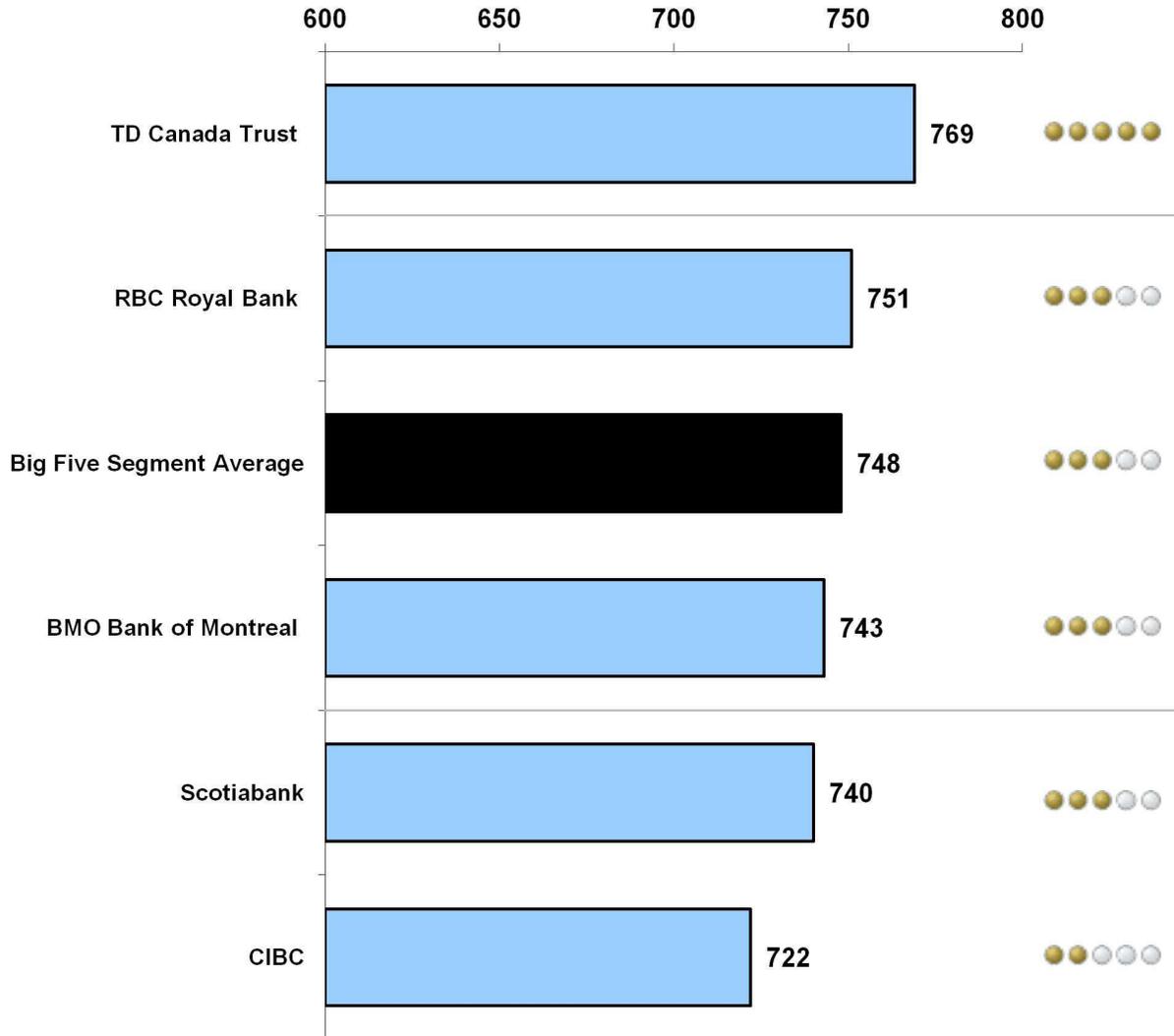
NOTE: Two charts follow.

# J.D. Power and Associates 2012 Canadian Retail Banking Customer Satisfaction Study<sup>SM</sup>

## Customer Satisfaction Index Ranking Big 5 Bank Segment

(Based on a 1,000-point scale)

JDPower.com  
Power Circle Ratings<sup>TM</sup>  
for consumers:



### Power Circle Ratings Legend

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

Source: J.D. Power and Associates 2012 Canadian Retail Banking Customer Satisfaction Study<sup>SM</sup>

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# J.D. Power and Associates 2012 Canadian Retail Banking Customer Satisfaction Study<sup>SM</sup>

## Customer Satisfaction Index Ranking Midsize Bank Segment

(Based on a 1,000-point scale)

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Power Circle Ratings<sup>TM</sup>  
for consumers:



Note: Alterna Bank is included in the study but not ranked due to small sample size.

Source: J.D. Power and Associates 2012 Canadian Retail Banking Customer Satisfaction Study<sup>SM</sup>

### Power Circle Ratings Legend

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- Better than most
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