SURVEYS ON BANKING CHANNEL AND SATISFACTION

by Steve Brown

A consumer research firm surveyed 15,000 people about their banking habits and found out mobile banking still has a ways to go before it can be called mainstream. In the survey, only 1.7% of people said they preferred to use mobile banking

for routine transactions, a pittance when compared to the 38% that selected the #1 choice of online banking. In addition, when it comes to routine transactions, after online banking customers prefer to use branches (26%), ATMs (21%) and the phone (4%).

The same survey also found that things shifted, however, when customers were faced with a problem. In that case, the survey found people liked to connect with another person to get assistance and as such, were more likely to use a branch (67%) or the phone (27%) over going online (6%).

Finally, the survey found branches still remain important for generating loan business. Given the importance people place on these higher-level transactions, most prefer to go into a branch and talk to a person directly (85%), versus going to the bank's web site (12%) or using the phone (2%).

Given these results, it is clear that bankers still have time to develop a mobile banking solution for customers. That said, adoption rates are high, so our advice is not to wait too long to start working on this. As you head down that road, note that the features customers preferred the most include daily balance notifications; suspicious activity alerts; fraud notices; low balance alters, overdraft notifications; credit limit warnings and being able to transfer funds between accounts.

We also looked at another survey on customer satisfaction, this time from J.D. Power and Associates. This recent survey found that while 34% of customers "definitely will not" switch banks in the next 12 months, the number jumped to 41% for community banks and was driven by better customer satisfaction, greater personal service and more personal attention.

Of those customers that switched banks, the most common reason cited was poor customer service at 37%. Studies show simple things like greeting customers when they walk into the branch, offering assistance, smiling and saying thank you are some of the easiest and most effective ways to improve customer service without increasing costs. This sounds simple, yet about 40% of customers said banks did not do this.

As bankers try to figure out ways to increase fee income this coming year, we found it interesting that 29% of customers surveyed said high fees for products and services pushed them to switch banks. To help mitigate this, researchers found customers that are given more choices (such as different overdraft options) and receive more proactive communication (about fees ahead of time) are much less likely to be dissatisfied. As the data shows, you can still charge fees, but make sure you communicate and offer choices to diffuse any negative feelings.

Finally, to have your cake and eat it too, be sure to provide enough perceived benefit to balance out any fees you may be charging. As the study found, if customers perceive they are receiving sufficient value in exchange for the fee, satisfaction remains high. Here, customers are less likely to flinch when fees are applied as long as bank branches are clean, they get prompt service and website navigation is easy to use.

BANK NEWS

Robo-Signing

Stories are beginning to surface indicating banks and Attorney Generals across the country may be close to a settlement addressing the foreclosure issue. Banks reportedly would pay money into a fund that would compensate borrowers who have claims and would also do away with the dual track of modifications and foreclosures.

Consumers

A study by Javelin Strategy & Research finds nearly 20% of consumers do not keep track of their personal finances, 2X that of 2009 with only 46% checking their account balances occasionally, down from 59% the year prior. What do they say they need most? One centralized place to review all accounts and transactions.

Fannie Mae

The GSE's CFO, David Johnson, announced his resignation to take place by year end. Deputy CFO, David Hisey, will serve during the interim.

JPMorgan

This year the bank increased its SBA loan volume by over 100% to 3,386 loans, totaling $434mm (about 3X the dollar amount in 2009).

Consumer Spending

The Bureau of Economic Analysis reports consumer spending climbed 1.4% in the first 8 months of this year, compared with the same period last year. By category consumers are buying more TVs (+35%); computers (+22%); games (+13%) and RVs (+10%); but are cutting back on first class mail (-9%); new cars (-8%); casino gambling (- 5%) and smoking (-5%).

Lower Prices

Data compiled by online small business marketplace BizBuySell finds small business owners sold their businesses in the 3Q for 6% less than the same period in 2009. Sellers said the primary reasons for the slowdown were an inability for buyers to obtain sufficient bank funding, buyers that were worried about economic conditions and owners that were unwilling to sell at low prices.