

## **J.D. Power Reports:**

### **Retail Banks in Canada Losing Touch with Customers as Profits Climb While Satisfaction Declines**

TD Canada Trust, for a 10th Consecutive Year, and Tangerine, for a Fourth Consecutive Year, Rank Highest In Customer Satisfaction with Retail Banks in Canada in Their Respective Segments

**WESTLAKE VILLAGE, Calif.: 30 July 2015** — While retail banks in Canada have achieved record profits, they may be losing touch with their customers, as satisfaction has declined due to high fees and an actual or perceived reduction in the number of services, according to the J.D. Power [2015 Canadian Retail Banking Satisfaction Study<sup>SM</sup>](#) released today.

The study, now in its 10th year, measures customer satisfaction with retail banks in two segments: Big 5 Banks<sup>1</sup> and Midsize Banks. In both segments, customer satisfaction is measured in seven factors (listed in order of importance): product; self-service; personal service; facilities; communication; financial advisor; and problem resolution. Satisfaction is calculated on a 1,000-point scale.

Record profits for retail banks in Canada are being achieved at the expense of customer satisfaction as customers report increased fees and reduced levels of service in the branch and on the phone. As a result, overall satisfaction in the Big 5 Banks segment averages 737, down 12 points from 2014, while satisfaction in the Midsize Banks segment is 759, down 7 points.

“When a retail bank increases fees and trims back on its core services to customers for the sake of increasing profits, they may be losing touch with one of the most important aspects of their business survival—the customer,” said **Jim Miller, senior director of the banking practice at J.D. Power**. “Retail banks that make their short-term earnings at the expense of their customers are trading long-term customer loyalty for short-term profits. Customers will wait only so long in line at a branch or on the phone to handle a transaction or resolve a problem, especially when they are already unhappy with high fees. Banks that don’t provide enough value for what their customers are paying are likely to find their customers switching to low-cost competitors, some of which provide great customer service.”

In the Big 5 Banks segment, 46 percent of customers indicate paying a monthly maintenance fee for their chequing account, compared with 40 percent in 2014, with the average fee increasing year over year to \$13.15 from \$12.18. Among Midsize Banks, 25 percent of customers pay a monthly maintenance fee in 2015, compared with 27 percent in 2014, with the average fee increasing to \$10.21 from \$9.70.

Customer satisfaction with fairness of fees has declined among Big 5 Bank customers while remaining flat among Midsize Bank customers. Big 5 Bank customers rate the fairness of chequing fees attribute 6.5 on a 10-point scale, compared with 6.7 in 2014. In contrast, customers of Midsize Banks, which often charge lower fees, rate fairness of fees 7.8.

In-branch and phone wait times have increased from 2014. Industry wide, the average wait time to see a

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<sup>1</sup> Big 5 Banks are the largest five banks in Canada (BMO, CIBC, RBC Royal Bank, Scotiabank, and TD Canada Trust); Midsize banks include all other banks in Canada with the exception of credit unions.

teller in a branch has increased to 5.7 minutes from 3.8 minutes in 2014, and the average wait time to talk to a live phone rep has increased to 6.5 minutes from 3.7 minutes.

### KEY FINDINGS

- Customer satisfaction has an impact on their loyalty. Among Big 5 Bank customers who are dissatisfied, 9 percent say they “definitely will or probably will” switch banks in the next 12 months, compared with 7 percent in 2014. Midsize Banks have had a smaller increase, to 10 percent from 9 percent in 2014.
- Problem incidence has declined slightly year over year at Big 5 Banks (13% vs. 14%, respectively) and Midsize Banks (10% vs. 11%). Satisfaction with problem resolution at Big 5 Banks declines by 33 points to 633 in 2015, and declines by 62 points to 586 at Midsize Banks.
- While Midsize Bank customers experience fewer problems, they are less satisfied with problem resolution than Big 5 Bank customers. The decline in problem resolution satisfaction is due to fewer problems being resolved, and among the issues that are resolved, fewer are taken care of in one contact and in one day compared to 2014.

### Study Rankings

TD Canada Trust ranks highest in overall customer satisfaction among Big 5 Banks for a 10th consecutive year, achieving a score of 746. TD Canada Trust performs well in all seven factors, particularly in facilities.

Among Midsize Banks, Tangerine, formerly known as ING Direct Canada, ranks highest in overall customer satisfaction with a score of 811 for a fourth consecutive year. Tangerine performs particularly well in product, personal service, self-service and communication.

The 2015 Canadian Retail Banking Customer Satisfaction Study is based on responses from more than 14,000 customers who use a primary financial institution for personal banking. The study includes the largest financial institutions in Canada and was fielded from April 2015 through May 2015.

### Media Relations Contacts

Gal Wilder; Cohn & Wolfe; Toronto, Canada; 647-259-3261; [gal.wilder@cohnwolfe.ca](mailto:gal.wilder@cohnwolfe.ca)  
Beth Daniher; Cohn & Wolfe; Toronto, Canada; 647-259-3279; [beth.daniher@cohnwolfe.ca](mailto:beth.daniher@cohnwolfe.ca)  
John Tews; J.D. Power; Troy, Mich; 248-312-4119; [media.relations@jdpa.com](mailto:media.relations@jdpa.com)

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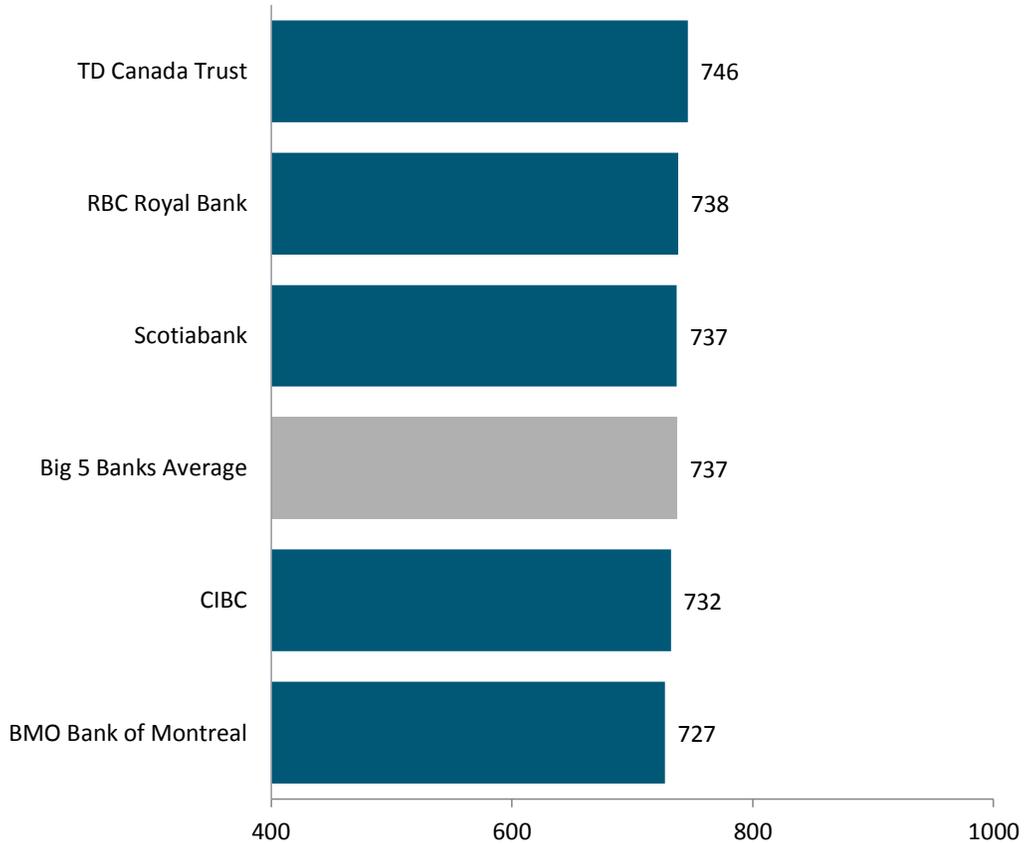
NOTE: Two charts follow.

# J.D. Power 2015 Canadian Retail Banking Satisfaction Study<sup>SM</sup>

## Overall Satisfaction Index Score Ranking

### Big 5 Banks

(Based on a 1,000-point scale)



Source: J.D. Power 2015 Canadian Retail Banking Satisfaction Study<sup>SM</sup>

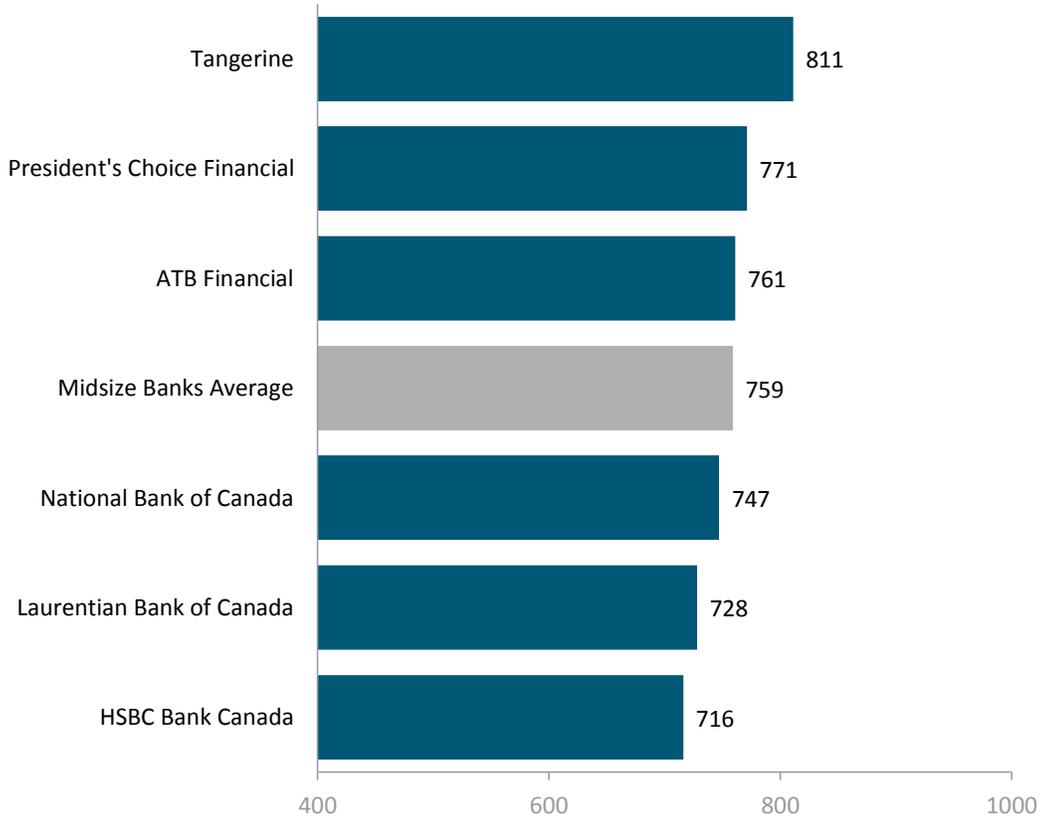
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# J.D. Power 2015 Canadian Retail Banking Satisfaction Study<sup>SM</sup>

## Overall Satisfaction Index Score Ranking

### Midsize Banks

(Based on a 1,000-point scale)



Note: Included in the study but not ranked due to small sample are Alterna Bank and Manulife Bank

Source: J.D. Power 2015 Canadian Retail Banking Satisfaction Study<sup>SM</sup>

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