

Financial Services Analyst Note

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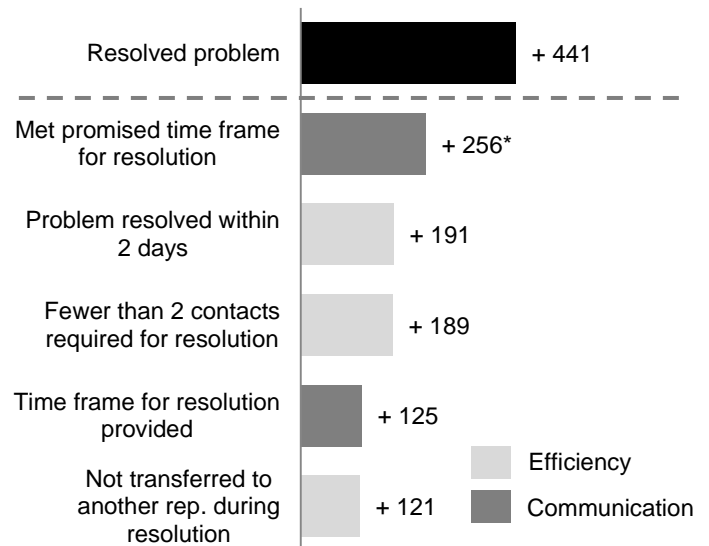
Efficiency and Communication drive Successful Problem Resolution

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Among customers who experience a problem with their retail bank, overall satisfaction is significantly lower than among customers who do not experience a problem (679 vs. 787, respectively, on a 1,000-point scale).

Given the negative nature of interactions regarding problems, it may be extremely difficult to restore customer satisfaction and loyalty metrics to pre-problem levels, therefore, the ability to effectively resolve problems is vital in preventing further erosion in satisfaction levels, which may result in customer attrition. This can be achieved through efficient resolution as well as keeping the customer informed throughout the resolution experience.

PROBLEM RESOLUTION BEST PRACTICES (IMPACT ON PROBLEM RESOLUTION INDEX)



Note: Small sample size (n=30-99)

Source: J.D. Power & Associates 2013 Canadian Retail Banking Satisfaction StudySM

Behind the Numbers

- Less than one-fourth of customers (24%) say they are “delighted” with their bank’s handling of their problem (providing a rating of 9 or 10 on a 10-point scale for handling of most recent problem/complaint).
- Regarding efficiency, study findings show that financial institutions should focus on resolving problems within 2 days—which positively impacts the Problem Resolution Index by 191 points—and within the initial contact (+189-point impact). Furthermore, a bank’s ability to avoid transferring customers to multiple representatives also has a positive impact on satisfaction (+121).
- Communicating a time frame for resolution is another best practice that positively impacts satisfaction (+125), particularly regarding the types of problems that tend to take more than 2 days to resolve. However, banks must be careful when communicating time frames, as failing to meet them results in significantly lower customer satisfaction.
- Data analysis and determining the root cause of a problem may help banks adjust policies and design procedures to reduce barriers to successful problem resolution or eliminate the problem altogether. To maximize the effectiveness of problem data analysis, it is vital for banks to create a multilayer taxonomy that begins at a high level and then drills down to a more granular problem definition, allowing banks to implement more effective processes for resolution. Obviously, the problem types that are most detrimental to key business outcomes should receive highest priority.
- In addition to analysis of customer feedback, it is extremely helpful to collect information from employees who are on the front lines of resolving problems. Employees are an invaluable source of information regarding the barriers that prevent banks from successfully resolving problems.