

Canadian Retail Banks Face Untapped Opportunity in Financial Advice, J.D. Power FindsScotiabank Ranks Highest in Retail Banking Advice Satisfaction

TORONTO: 31 Jan. 2019 — Financial advice—particularly the type that can be delivered digitally—is the great untapped frontier of the Canadian retail banking industry. According to the J.D. Power 2019 Canada Retail Banking Advice Study,SM 85% of bank customers in Canada are interested in receiving financial advice from their primary bank and 72% of those who receive advice act on it, but customer satisfaction with the advice provided has declined slightly this year.

The study, now in its second year, measures retail banking customer satisfaction with the retail bank-provided advice and account opening processes of five major Canadian banks.

“There is clear demand for financial advice among Canadian bank retail customers, and when banks get the formula right, that advice drives significant customer loyalty and advocacy, but many banks are still missing the mark,” said **Paul McAdam, Senior Director of the Banking Practice at J.D. Power.**

“Increasingly, all signs are pointing to digital advice offerings as the channel where retail banks can drive the most significant improvement. Nearly 60% of customers indicate they’d like to receive advice via digital channels, but just 10% of them actually receive advice that way.”

Following are key findings of the 2019 study:

- **Customer satisfaction with retail bank advice declines year over year:** Overall customer satisfaction with the advice provided by a primary retail bank decreases 2 points to 789 (on a 1,000-point scale) in 2019 vs. 2018, and younger customers (under age 40) are slightly less-satisfied with bank-derived advice than their older counterparts. This stands in stark contrast to the results of the J.D. Power 2019 U.S. Retail Banking Advice StudySM which saw overall satisfaction scores increase by 15 points, driven largely by younger customers.
- **Digital advice in focus:** A majority of bank customers (57%) say their preferred means of receiving advice is digital content (interactive tools, articles, videos) delivered through a bank website or mobile app. However, just 10% of bank customers say they have received their most recent advice in this manner.
- **Investment-related advice resonates most:** Among the most common types of advice retail bank customers seek are investment-related advice (49%); quick tips to help improve their financial situation (44%); retirement-related advice (44%); advice to help keep track of spending and household budgets (34%); and in-depth view of personal financial situation (32%).
- **Advice satisfaction directly linked to trust, retention and advocacy:** Among retail bank customers who are highly satisfied with the advice provided by their institution, (overall advice satisfaction score of 850 or higher), 86% say they “definitely will” reuse their bank for another product; 76% are identified as Net Promoters^{®1}; and 49% say they have opened a new account based on the advice received.

¹ Net Promoter,® Net Promoter System,® Net Promoter Score,® NPS,® and the NPS-related emoticons are registered trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc.

- **Advice often delivered during new account opening, and transparency is critical:** When new accounts are opened, transparency about customer benefits and fees is critical. Overall satisfaction with the account opening process increases 155 points when benefits and features are explained completely and 126 points when fees are clearly explained. Approximately one-third of the time, consumers in Canada leave the account-opening experience with less than a complete understanding of product features, benefits and fees.

Study Rankings

Scotiabank ranks highest in customer satisfaction with retail banking advice with a score of 806. **RBC Royal Bank** ranks second with a score of 803 and **BMO Bank of Montreal** ranks third with a score of 792.

The 2019 Canada Retail Banking Advice Study surveyed 1,451 retail bank customers in Canada who received any advice/guidance from their primary bank regarding relevant products and services or other financial needs in the past 12 months. The study also surveyed 1,291 retail bank customers in the Canada who opened a new account within the past 12 months. It was fielded in October 2018.

For more information about the Canada Retail Banking Advice Study, visit <https://www.jdpower.com/business/resource/canada-banking-advice-satisfaction-study>.

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NOTE: One chart follows.

J.D. Power 2019 Canada Retail Banking Advice StudySM



Source: J.D. Power 2019 Canada Retail Banking Advice StudySM

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