

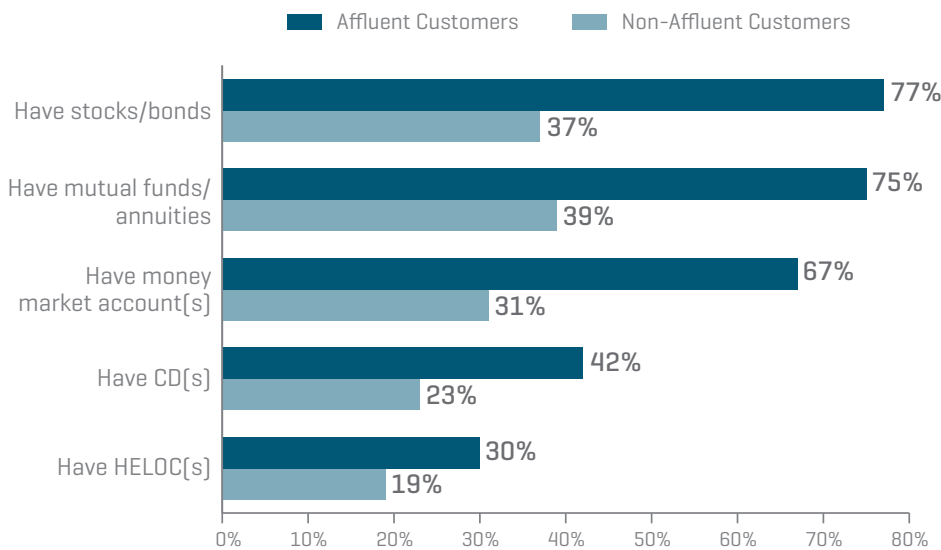
## Improving Retention among Affluent Retail Banking Customers

Attracting and retaining affluent customers presents a lucrative opportunity for financial institutions to improve their bottom-line performance, according to the *J.D. Power 2013 U.S. Retail Banking Satisfaction Study*.<sup>SM</sup> Driven by greater amounts of investable assets, Affluent customers tend to hold a wider breadth of retail banking and

investment products, compared with customers in the lower wealth segments. For example, retail banking customers in the Affluent segment are more likely to have stocks/bonds (77%), mutual funds/annuities (75%), and money market accounts (67%), compared with Non-Affluent customers (37%, 39%, and 31%, respectively).

“Affluent customers tend to hold a wider breadth of retail banking and investment products, compared with customers in the lower wealth segments.”

PRODUCT HOLDINGS BY AFFLUENCY SEGMENT



*Note: Affluent customers are defined as having investable assets of at least \$1 million; Non-Affluent customers are defined as having investable assets less than \$1 million.*

*Source: J.D. Power 2013 U.S. Retail Banking Satisfaction Study*<sup>SM</sup>

However, satisfaction and loyalty are lower among Affluent customers than among Non-Affluent customers. Thus, financial institutions are jeopardizing their ability to deepen the share-of-wallet they hold with their most valuable customers.

Satisfaction among Affluent retail banking customers with their primary banking institution is 744 (on a 1,000-point scale), compared with 767 among Non-Affluent customers. Driven by lower satisfaction, Affluent customers also have lower levels

of repurchase intent (25% “definitely will” reuse institution for next product), compared with Non-Affluent customers (30% “definitely will” reuse).

Contrary to findings in the *2013 U.S. Retail Banking Satisfaction Study*, data from the *J.D. Power 2013 U.S. Full Service Investor Satisfaction Study<sup>SM</sup>* finds that Affluent investors are significantly more satisfied than Non-Affluent investors (818 vs. 785, respectively), leading to lower levels of intended attrition (57% “definitely will not” switch vs. 50%, respectively). Therefore, financial institutions have an opportunity to identify the drivers of Affluent investor satisfaction from the wealth management experience and translate them into the retail banking experience.

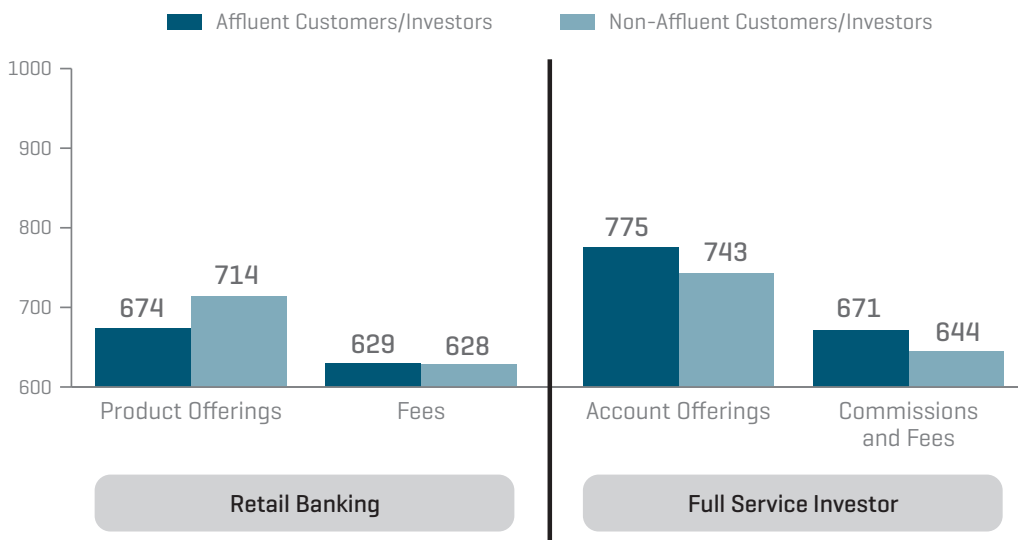
CUSTOMER SATISFACTION AND LOYALTY METRICS

	Retail Banking		Full-Service Investor	
	Affluent Customers	Non-Affluent Customers	Affluent Investors	Non-Affluent Investors
Overall Satisfaction Index Score [mean]	744	767	818	785
% Definitely will reuse for next financial product	25%	30%	-	-
% Definitely will not switch in next year	35%	37%	57%	50%

Sources: *J.D. Power 2013 U.S. Retail Banking Satisfaction Study<sup>SM</sup>* and *2013 U.S. Full Service Investor Satisfaction Study<sup>SM</sup>*

Opportunities to improve the retail banking experience among Affluent customers begin to emerge when analyzing satisfaction across the individual factors of the customer experience. For example, satisfaction with Fees and Product Offerings is considerably higher among Affluent full service investors than among Affluent retail banking customers.

FACTOR SATISFACTION SCORES—RETAIL BANKING VS. FULL SERVICE INVESTOR



Sources: *J.D. Power 2013 U.S. Retail Banking Satisfaction Study<sup>SM</sup>* and *2013 U.S. Full Service Investor Satisfaction Study<sup>SM</sup>*

Communication is one driver of product and pricing satisfaction among Affluent investors, whose financial needs tend to be more complex than less affluent investors. For example, Affluent investors are significantly more satisfied with their financial institution’s ability to communicate products and services, compared with Non-Affluent investors. In turn, satisfaction with the *Variety of services available* is significantly higher among Affluent investors (8.00 on a 10-point scale), compared with Non-Affluent investors (7.66).

However, within the retail banking business segment, Affluent customers are significantly less satisfied with product-related communication than Non-Affluent customers (6.43 vs. 6.89, respectively). As a result, satisfaction with *Variety of services available* is significantly lower among Affluent retail banking customers (7.20) than among Non-Affluent customers (7.51). Additionally, financial institutions should consider revisions to their current lineup of product offerings that will better align with the specific needs of Affluent customers, or that will motivate Affluent customers to open additional products or accounts.

The lack of effective communication in the retail banking segment also impacts customer awareness of fees, which impacts pricing-related satisfaction. Only 34% of Affluent retail banking customers say they “completely” understand their fee structure, compared to more than one-half (51%) of Affluent investors.



## PRODUCT AND PRICING CUSTOMER EXPERIENCE METRICS—RETAIL BANKING VS. FULL SERVICE INVESTOR

	Retail Banking			Full Service Investor	
	Affluent Customers	Non-Affluent Customers		Affluent Investors	Non-Affluent Investors
Variety of services available [mean]	7.20	7.51	Variety of services available [mean]	8.00	7.66
Effectiveness of communicating new banking products/services [mean]	6.43	6.89	Effectiveness of communicating new investment products/services [mean]	7.51	7.19
Competitiveness of interest rates [mean]	5.74	6.39	Usefulness of general information sent to you [mean]	7.63	7.33
% Completely understand fee structure	34%	34%	% Completely understand fee structure	51%	36%

Sources: J.D. Power 2013 U.S. Retail Banking Satisfaction Study<sup>SM</sup> and 2013 U.S. Full Service Investor Satisfaction Study<sup>SM</sup>

Within both the retail banking and full service investing experiences, Affluent customers and investors tend to be less satisfied with Problem Resolution, compared to other wealth segments. Financial institutions should consider this a primary focus area, as data finds that successful resolution of problems is vital to preventing customer attrition.

The primary driver of low satisfaction within the retail banking business segment is a lack of successful resolution of problems. Less than three-fourths (73%) of Affluent retail banking customers who experienced a problem indicate that the problem was resolved by their institution, compared with 77% of Non-Affluent customers. Additionally, financial institutions may focus on improving the efficiency of the resolution process. Data finds that Affluent customers typically wait longer than 5 days for problems to be resolved, and that they are required to contact their institution multiple times to resolve the issue.

PROBLEM RESOLUTION CUSTOMER EXPERIENCE METRICS—RETAIL BANKING VS. FULL SERVICE INVESTOR

	Retail Banking		Full Service Investor	
	Affluent Customers	Non-Affluent Customers	Affluent Investors	Non-Affluent Investors
Problem Resolution Index Score [mean]	563	601	648*	660
% Most recent problem resolved	73%	77%	82%*	86%
Average number of contacts needed to resolve problem	2.2	1.8	1.9*	1.9
Average number of days needed to resolve problem	5.5	4.7	3.6*	3.9

\*Small sample size (n=30-99)

Sources: J.D. Power 2013 U.S. Retail Banking Satisfaction Study<sup>SM</sup> and 2013 U.S. Full Service Investor Satisfaction Study<sup>SM</sup>

Analysis of data from the 2013 Retail Banking Satisfaction Study finds additional opportunities for financial institutions to improve satisfaction among their Affluent retail banking customers, which include:

- **Optimizing the account opening experience**—Only six in 10 Affluent retail banking customers indicate their bank representative “completely” identified their needs during their most recent account initiation process. Data also finds that bank representatives should focus on improving their ability to explain account features/services/benefits, along with fees/pricing associated with banking products and services.

RETAIL BANKING CUSTOMER EXPERIENCE METRICS

	Affluent Customers	Non-Affluent Customers
Satisfaction with Account Opening Process [mean]	7.61	7.70
% Bank rep. completely identified financial needs	60%	61%
% Bank rep. explained account features/services/benefits	56%	60%
% Bank rep. explained fees/pricing of products/services	41%	52%

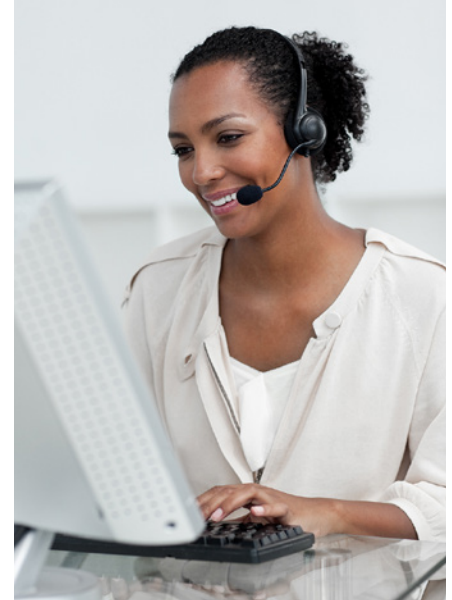
Source: J.D. Power 2013 U.S. Retail Banking Satisfaction Study<sup>SM</sup>

- **Enhancing website interaction**—Affluent retail banking customers tend to be less satisfied than Non-Affluent customers with respect to certain aspects of the website, including *Ease of navigating website* and *Range of services available*. Additional investments designed to enhance website functionality and to improve communication/training related to website functionality may help lift satisfaction related to *Range of services available*. Additionally, since Affluent customers tend to hold more accounts than Non-Affluent customers, navigation should be simplified that will allow website users to easily move from one account to another within the website.

RETAIL BANKING CUSTOMER EXPERIENCE METRICS

	Affluent Customers	Non-Affluent Customers
Website Interaction Index Score	798	820
Ease of navigating website [mean]	7.94	8.20
Range of services that can be performed online [mean]	7.89	8.13
Number of website features available [mean]	3.7	3.9

Source: J.D. Power 2013 U.S. Retail Banking Satisfaction Study<sup>SM</sup>



- Improving knowledge of branch and call center representatives**—Driven by complex product portfolios, Affluent retail banking customers often require a higher level of service from bank employees. However, Affluent customers tend to be less satisfied with the knowledge and capability of branch and call center representatives at their primary banking institution. Financial institutions should consider investing in educating branch employees to expand the level of service they are capable of providing. Some institutions are beginning to construct a branch-banking experience specifically tailored to Affluent retail banking customers, with such features as improved branch appearance, quicker access to personal bankers, and discounts/rebates on banking products and services.

RETAIL BANKING CUSTOMER EXPERIENCE METRICS

	Affluent Customers	Non-Affluent Customers
Branch Interaction Index Score	816	834
Knowledge of branch representatives [mean]	8.04	8.24
Range of services that can be performed by branch representatives [mean]	7.91	8.18
% Branch rep. proactively reviewed account(s) and offered products/services	24%	24%
Call Center Interaction Index Score	783	813
Knowledge of call center representatives [mean]	7.71	8.10
Range of services that can be performed by call center representatives [mean]	7.67	8.00
% Call center rep. proactively reviewed account(s) and offered products/services	45%	52%

Source: J.D. Power 2013 U.S. Retail Banking Satisfaction Study<sup>SM</sup>

## Conclusion

Improving customer satisfaction among Affluent retail banking customers is a vital step toward increasing customer loyalty. In turn, improved loyalty may present opportunities for financial institutions to improve their bottom line by deepening the share-of-wallet they hold among Affluent customers.

Opportunities for improving customer satisfaction among Affluent retail banking customers include:

### ■ Product and Pricing

- Ensure that current lineup of banking products and services provide options that align with the specific needs of Affluent customers
- Consider revisions to product lineup that will provide Affluent customers with motivation to do additional business, including fee rebates/waivers and promotional rates
- Improve communication processes to increase customer awareness of available products and associated costs

### ■ Problem Resolution

- Identify the problem types most commonly experienced by Affluent customers and ensure that streamlined processes are in place for successful and efficient resolution
- Empower branch and call center representatives with ability to resolve problems experienced by Affluent customers during the initial contact

### ■ Account Initiation

- Ensure that bank representatives are trained to engage Affluent customers during account initiation in an effort to fully understand their financial situation before recommending products/services
- Clearly explain the features and benefits associated with banking products/services, and ensure that customers are fully aware of fees and other costs associated with products

### ■ Interaction

- Promote current breadth of website functionality, while looking for opportunities to invest in additional technology advancements
- Ensure that website navigation is streamlined, particularly related to the ability for Affluent customers to easily view multiple accounts/products
- Invest in ongoing training and coaching of branch and call center representatives to enhance their knowledge of banking products and processes, thereby positioning them to better assist Affluent customers

“Improved loyalty may present opportunities for financial institutions to improve their bottom line by deepening the share-of-wallet they hold among Affluent customers.”

## How J.D. Power Can Help

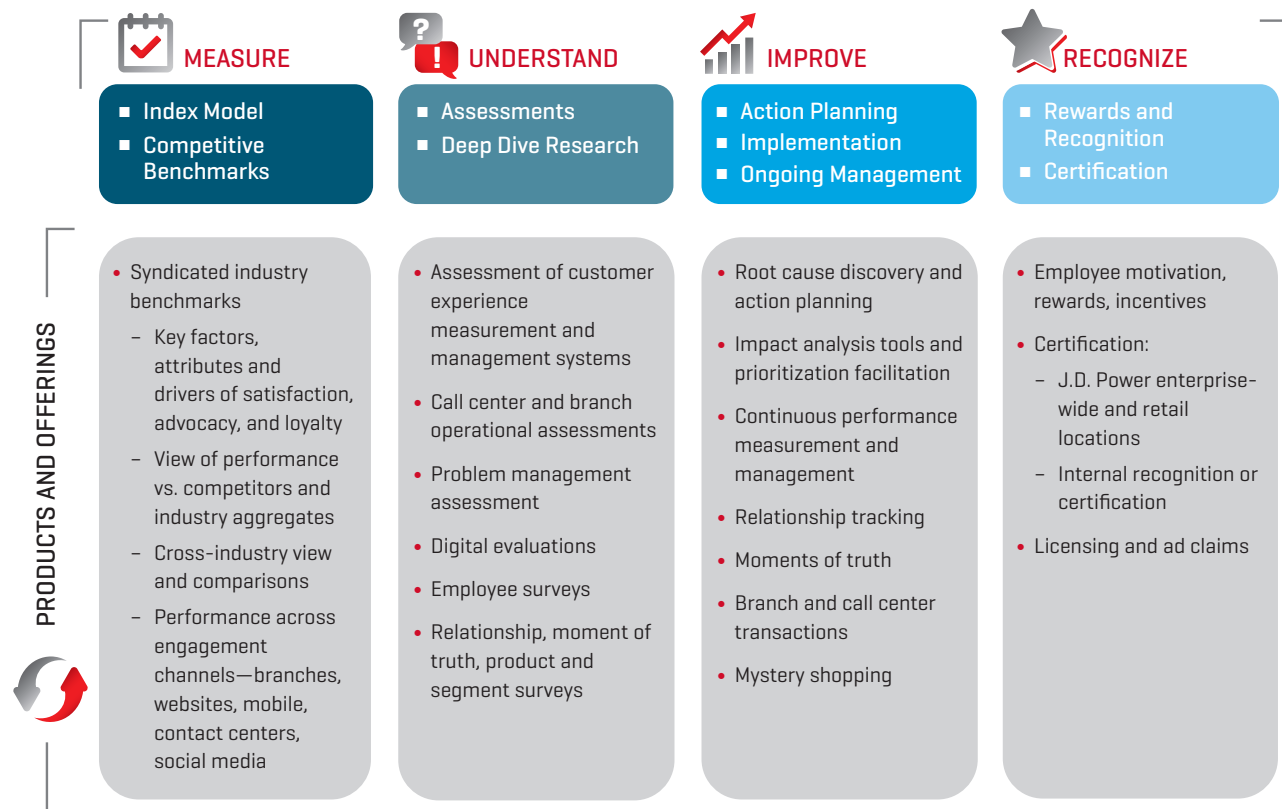
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