

## Bank Reputation the New Profit Driver

(31<sup>st</sup> October 2011 – Australia) In the wake of the 2008 Global Financial Crisis, customer satisfaction no longer leads to improved commercial outcomes for Australia's banks.

Paul Dowling, Principal Analyst of leading financial services research firm East & Partners said bank reputation is now a primary indicator of improved wallet share, cross sell and customer acquisition.

East & Partners and Daymark PR today launched the Bank Reputation Index (BRI), a quarterly ranking of reputation of Australian banks among business customers. It is based on 1325 interviews with customers in the SME, Corporate, and Institutional business banking segments.

The Index shows that customer satisfaction now has a weak correlation with increased take up of bank products and services. Reputation has emerged as the new profit driver.

Richard Peters, Director Daymark, said the BRI has been developed to provide insights into the role reputation plays in delivering improved commercial outcomes for the banking sector.

Results from the first Bank Reputation Index show:

- NAB is ranked #1 for best business bank reputation by the market, and best reputation with SME, and Corporate customers;
- Westpac holds the position of best reputation as an Institutional bank;
- CBA for the best reputation as a retail bank.

The market view of a bank's reputation is however different from the customer view:

- BoQ is the highest rated for reputation for business banking overall by its own customers and also leads the SME segment. The nearest major bank is NAB ranked at number 4 on reputation by its customers;
- NAB holds the highest reputation ranking by its own corporate customers, and CBA by its own Institutional customers.

"When it comes to reputation the gap between the perception of a bank's reputation as a business bank and the experience of customers points to both risks and opportunities for banks chasing the business customer," said Richard Peters.

Paul Dowling of East & Partners said that according to the survey CEO salary was a more significant driver of reputation than a bank's corporate social responsibility activities.

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“Overall the CEO’s income is rated as having a strong affect on the reputation of a bank by business customers (1.8 where 1 is significant and 5 insignificant) whereas the banks’ corporate social responsibility activities (2.7) were seen as having a relatively neutral affect on reputation,” he said.

Richard Peters of Daymark said the research shows the key drivers of reputation are:

- Having business banking as a bank’s main focus. This is the single most important driver of bank reputation with nearly 60% of respondents nominating this factor;
- The next most important drivers were service and product offerings at 7% and 6% of responses;

The October 2011 Bank Reputation Index is the first in a quarterly survey series that will track the reputation of banks in Australia.

#### FOR MORE INFORMATION:

A summary of the Bank Reputation Index results can be obtained from:

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#### ABOUT THE INDEX

The Bank Reputation Index (BRI) is a joint initiative between East & Partners and Daymark Public Relations. The BRI is a quarterly index of business customer views on banking reputation. The BRI is based on interviews Australia-wide with over 1300 enterprises earning over \$A1M and above per year.

**East & Partners** is a leading specialist market research and analysis firm working in Asia Pacific’s corporate, investment, business and SME banking and financial service-markets, providing both multi-client and bespoke research and consulting services to client banks and financial services providers.

**Daymark** is a specialist public relations company focussed on improving the reputation of their varied clients. With over 20 years experience in the public relations field, Daymark is in a prime position to understand the links between reputation and commercial outcomes.

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