

A new era
of customer
expectation

Global
Consumer
Banking
Survey 2011

Introduction	02
Executive summary	05
Rebuilding brand perceptions	13
Preventing customer attrition	19
Enhancing the customer experience	24
The competitive landscape	29
Conclusions	31
How Ernst & Young can help	33
Methodology	34
At a glance and contacts	37

Ernst & Young Global Consumer Banking Survey

10,021 Europeans | 4,018 Latin Americans
2,001 Americans | 1,008 Japanese
1,003 Canadians | 1,000 Chinese
1,000 Indians | 503 South Africans

Since the start of the economic crisis all organizations, and banks in particular, have experienced huge challenges in maintaining existing customer relationships. The crisis has directly affected customers' perceptions of their banks and the way that they interact with their providers. We have seen the emergence of a new post-crisis customer with a clear focus on brand integrity, value for money, and quality of service. Banks now need to deliver a more efficient, customer-focused and innovative offering than ever before to reconnect with their customers.

At the end of 2010, Ernst & Young conducted our first-ever global survey of customer behavior in retail banking, the results of which are detailed in this report. Following up on previous research conducted across six European countries and a report titled *Retail banking in Asia Pacific* that covered Australia, mainland China, Hong Kong, New Zealand and Singapore, this is our most comprehensive study yet of customer behavior across major markets.

We surveyed more than 20,500 individuals in Europe, the US, Canada, China, Japan, India, Latin America and South Africa. In line with our previous reports, which identified clear opportunities for banks to build increased advocacy and loyalty among their customers, we have once again asked our participants about their relationships with their banks.

We specifically asked respondents about their level of satisfaction, what they are looking for from institutions, and their intentions and demands going forward.

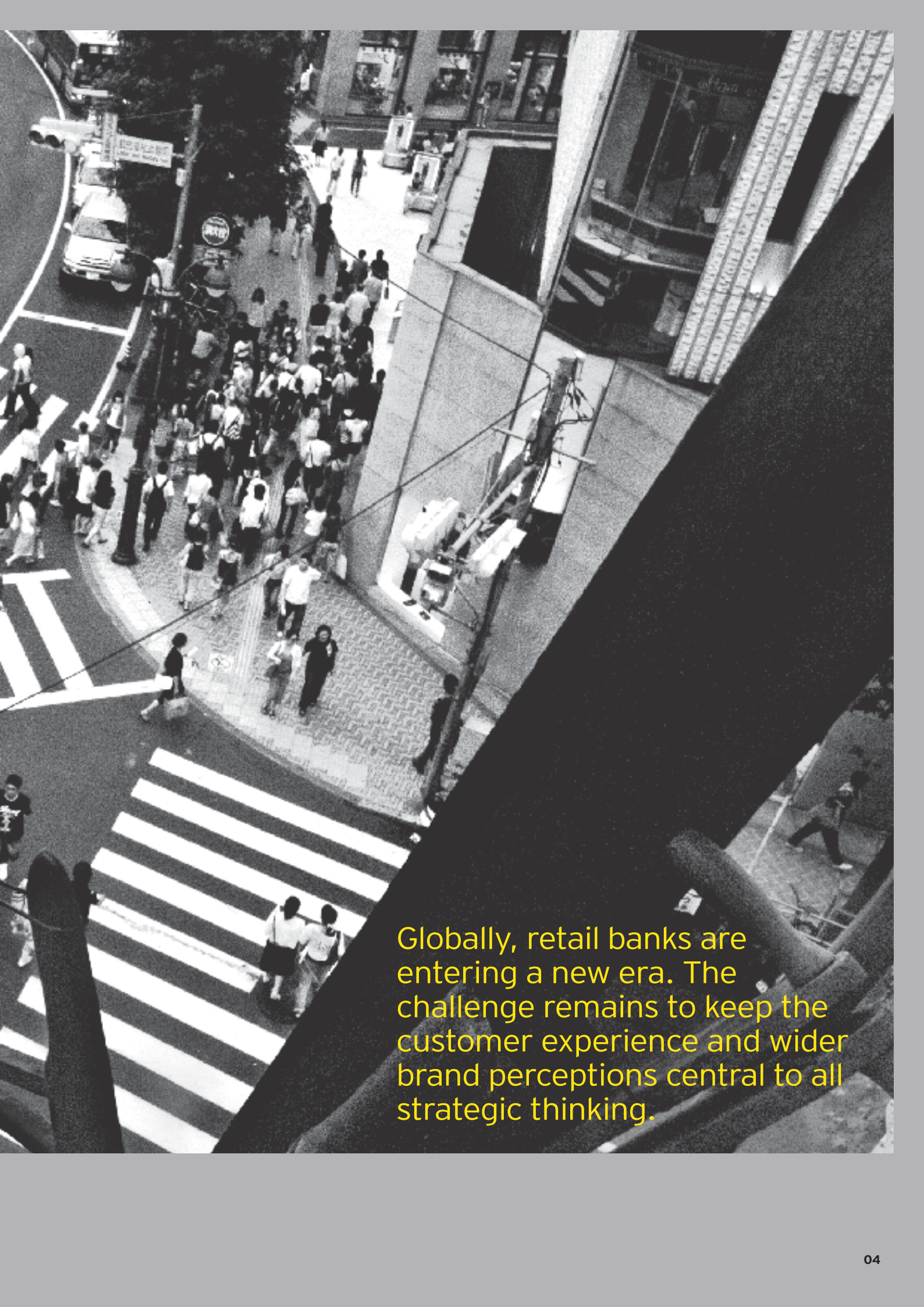
We conducted this research with the objectives of:

- Highlighting the risks and opportunities facing the retail banking sector today
- Analyzing what is relevant to a successful banking relationship, so that banks can achieve and maintain customer satisfaction in the new climate
- Identifying and commenting on what we see as the key actions that banks must take to retain and expand their customer base in this challenging and increasingly sophisticated market

We would like to thank the participants for their valuable time and insights, and we hope that these findings will assist the banking sector to manage change and drive growth as it embarks on a new era of bank-customer relations.

Please contact one of our country representatives for further details and information on what this means for your organization and region.





Globally, retail banks are entering a new era. The challenge remains to keep the customer experience and wider brand perceptions central to all strategic thinking.

Executive summary

Globally, retail banks are entering a new era. Setting out a clear strategy is becoming more difficult as regulatory and political intervention changes the market structure, and banks are under enormous pressure to restore public confidence in the role that they play in society. As banks respond to these structural pressures across markets and strive to obtain a competitive advantage, the challenge remains to keep the customer experience and wider brand perceptions central to all strategic thinking.

Retail banking is a regional business directly influenced by local cultural drivers, so global trends are few and far between. We have found huge differences between the customers of the developing world and those in the mature markets. Nevertheless, as consumer behaviors become more homogenized and banks look to new markets, we believe there are opportunities to learn from the experiences of other economies. It is clear that as banks consider ways to rebuild trust, improve service to meet customer expectations, and reduce attrition, their efforts will need to be carefully tailored to the unique requirements of each domestic and regional market in which they operate.

For banks to compete, differentiate and grow in this new customer era, they must swiftly accelerate their innovation around banking products and service offerings. Those that do so will enrich their brands and protect and increase market share at a time when customer loyalty is no longer guaranteed.

This report highlights some of the key issues that need to be addressed as the retail banking industry of the future takes shape.

Rebuilding customer confidence and the power of the brand

Our findings highlight the intense and ongoing impact of the credit crisis on trust levels while demonstrating the dichotomy across local banking markets in the mature and emerging countries.

-
- Globally, 44% of customers say their confidence in the banking industry decreased in 2010

 - Within Europe, the UK (63%), Germany (61%) and Spain (58%) have seen the largest falls in customer confidence

 - However, in emerging markets trust has risen, with 75% of respondents in India, for example, saying their trust in banks increased last year
-

The banking industry in mature markets has witnessed a wholesale and ongoing shift in confidence, and never before has loyalty management and personal customer attention been such an issue for the sector. In contrast, the emerging markets now offer huge opportunities for banks looking to expand internationally, as most have felt less of an impact from the credit crisis and instead have a growing middle class of customers looking to diversify their bank relationships.

Rebuilding trust is a challenge for individual banks and for the industry as a whole, in particular across mature markets. Negative customer perceptions of the disruption banks have caused to the wider economy, through the under-capitalized and over-leveraged practices that led to the credit crisis, continue to prevail. In recent years, we have seen that being profitable is not enough. The role that banks play in supporting the wider economy has been highlighted, and a wide variety of stakeholders are now demanding a more responsible banking industry if there is to be a restoration of customer confidence.

Since the financial crisis, what has been the decrease in trust levels toward financial institutions?



World
44%

Europe
50%

US
55%

Brazil
18%

India
8%

China
30%

At the same time, regulatory change at the macroeconomic level is significant, and consumer protection laws and other legislative developments are taking shape across major jurisdictions, with implications for cross-border product and service development. Addressing customer protection has been at the core of the G20 initiatives in the mature markets post-crisis, and the advent of consumer protection agencies, proposed in countries such as the US and the UK, might increase this even further, with the potential to introduce product regulation.

These regulatory changes have been highly publicized, and we are seeing customers taking a much closer interest in the “values” of their bank, particularly around executive compensation in some mature markets, where restoring trust is a big issue. Our findings show that the banking industries of the UK and US in particular witnessed a huge drop in confidence levels as a direct result of remuneration policies, with 80% and 69%, respectively, citing this as one of their reasons for a loss of faith in their banks.

Regardless of the impact of customer trust levels across the globe, the importance of a bank’s reputation and image is evident in all markets. Globally, brand strength was cited as the main reason for choosing a bank by 39% of those surveyed. A strong brand is particularly important in such markets as India, Brazil and South Africa, which are witnessing an influx of foreign institutions, and in certain European countries such as the UK and Spain, which have seen consolidation in recent years.

With brand strength important globally and given that it is much easier to damage a brand than to repair one, it is increasingly essential for banks to continue to develop and execute comprehensive brand enhancement programs. These initiatives need to reinforce customer values and deliver on obligations to the “home” economy through pragmatic and measurable steps. Activities must be effective at both a national and local level, for example, fulfilling national customer charters while at the same time showing demonstrable commitment to the local business community.

Tackling accelerated attrition

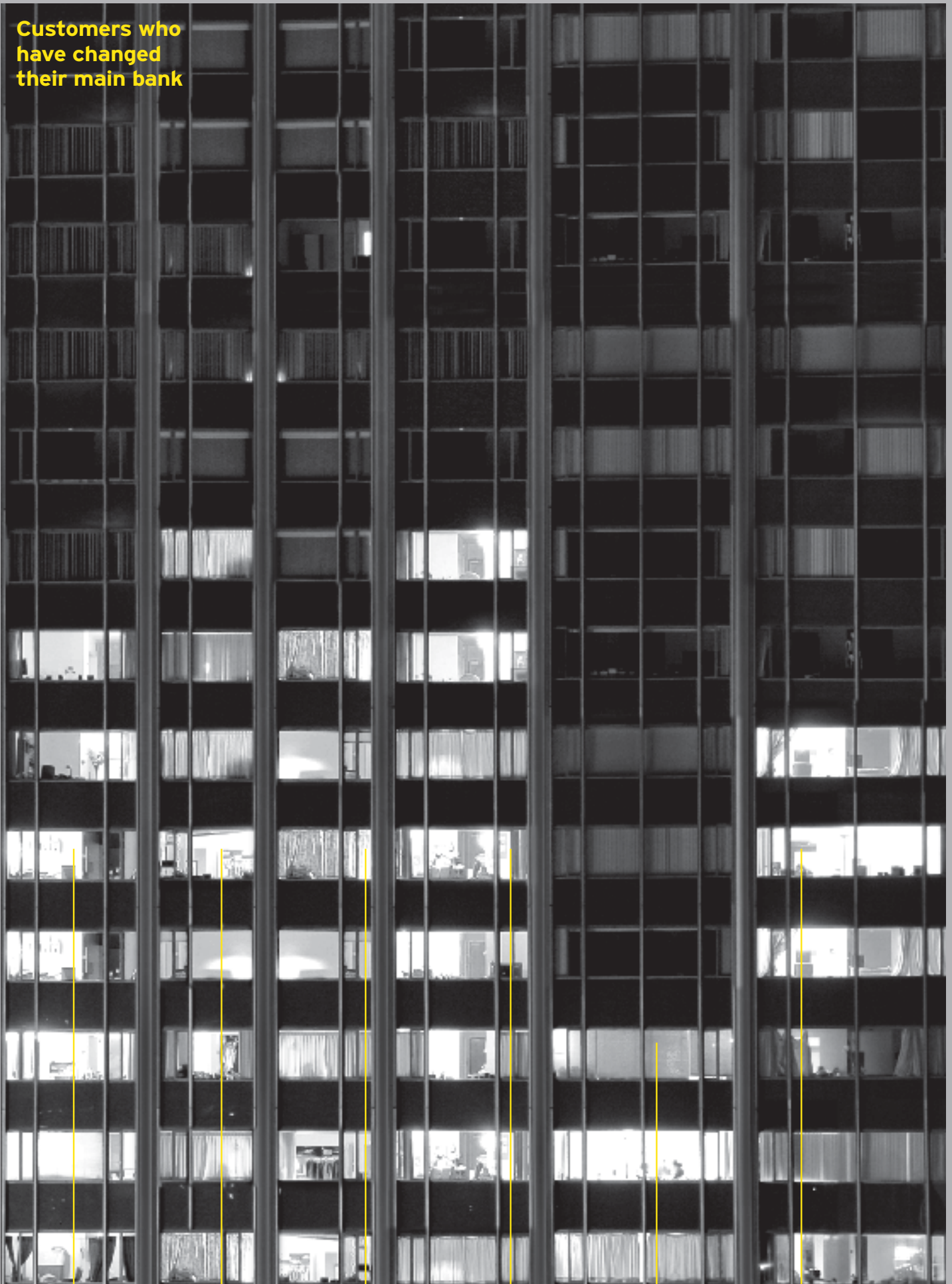
Attrition rates continue to rise following the financial crisis, but it appears that within mature markets attrition is set to slow, and indeed customers are holding an increasing number of products with their main bank. The increase in product holdings across mature markets is good news, as it implies that loyalty to the main bank relationship has endured, despite the considerable decrease in market confidence.

-
- Globally, 36% of customers have changed their main bank in the past, and 7% of customers are planning to leave their bank
-
- Indian and Chinese customers are more likely to move in the future, with 11% and 13%, respectively, thinking of switching their banks
-
- Attrition in mature markets is slightly lower than the global average, with 5% of US customers, 5% of German customers and 6% of UK customers saying they plan to leave
-
- Globally, 81% of customers hold two or more products with their main bank, with more doing so in Spain, Belgium, France, Canada and South Africa
-

In this era of new expectations, we see 48% of customers around the world planning to change banks because of general levels of service, and 43% because of price. Other factors include product offerings, the proximity of branches and a lack of trust in the existing bank relationship. Almost a quarter of respondents (22%) who have moved their main bank attribute their decision to a loss of trust.

In order to drive customer value and reduce attrition, much-improved leverage of customer data and insight will be critical, as tailored offers and service propositions are likely to be positively received by customers. Targeted switching offers will still be a rich source of new customer acquisition, while setting and delivering clear customer standards that are market-leading will pay dividends in terms of customer acquisition and retention.

**Customers who
have changed
their main bank**



World
36%

Europe
39%

US
38%

Brazil
40%

India
13%

China
27%

Delivering a successful banking experience

Despite service quality being a key attrition lever, efforts by banks to improve the quality of service they deliver have not yet resulted in improved customer perceptions. Most customers continue to feel that they are not getting the level of personalized service they would like.

- 43% of customers say they get no, or only occasional, personal attention from their main bank
- The personal attention received in emerging markets seems to be significantly better, with 81% of Indian respondents saying they receive good or very good personalized service

Customers are open to greater communication, provided it is relevant and pertinent to their personal circumstances. When it comes to channels, customers are responding positively to the convenience, accessibility and reliability provided by digital channels, and particularly the internet and ATMs.

- Internet banking (83%), ATMs (79%) and branches (79%) are the channels with the highest levels of customer satisfaction
- Globally, 42% of customers never use mobile banking
- Call centers are not popular, with only 52% of customers satisfied with their services and 30% never using them

When dissatisfied customers are asked how they would like to see channels improved, 40% want branches to deliver better service and 39% want them to be more available. We found 43% of disaffected customers want better access to ATMs, a third want websites that are easier to use, and 46% are demanding higher-quality service from call centers.

Customers are expecting the technologies behind the convenience and reliability of digital channels to deliver the same quality and personalization they have come to expect across other channels. Practical innovations across channels that leverage technology to deliver a more seamless and personalized experience will therefore be a major competitive battleground in all retail banking markets. This means building on existing internet applications to drive enhanced call center and branch fulfillment, which will in turn enable a fresh look at segmented customer communications. This will allow the deployment of new customer treatment strategies - using mobile, email and social media - to drive appropriate cross sales and retention outcomes.

Services and applications that allow customers to better manage their finances will be significant customer satisfaction differentiators, and will simultaneously reinforce a bank's commitment to more responsible banking.

Q. What channels are you most satisfied with?

World

Branches



Satisfied
79%

Internet banking



Satisfied
83%

ATMs



Satisfied
79%

An agile approach

Our findings highlight the significant differences that exist between customers in different markets and the difficulties facing banks as they expand across borders. In many cases, the difference between customer expectations in emerging markets and those in mature markets is particularly stark. Globally, however, we see consumer demands rising and organizations the world over having to adapt their business models to be more flexible to keep up with the pace of change.

Our findings identify some key areas of focus for banks in an increasingly complex customer environment, with clear priorities emerging around:

- ▶ Rebuilding trust
- ▶ Focusing on brand-building
- ▶ Segmenting the customer base to further personalize the product offering
- ▶ Making enhancements to service quality, particularly through the use of remote channels

The industry needs to be agile to meet ever-increasing and ever more demanding customer needs. It may be that attrition and low levels of loyalty are a fact of life, but at a time when it is widely expected that banking returns will fall, the industry clearly needs to reshape if it is to bring service in line with customer expectations against such a challenging macroeconomic backdrop.

Banking trends: Mature and emerging markets

In the emerging markets, trust in financial institutions has endured, and customers are diversifying their portfolios, accessing more products and banking with more providers. We are seeing some major banks in mature countries putting growth in the emerging markets high on their agenda, while others remain focused on restoring their balance sheets to meet stricter capital requirements and repay government bailouts in home markets.

Providers that can offer the growing ranks of discerning customers in emerging markets a combination of low-cost banking, brand strength and personal attention will benefit from considerable expansion opportunities in these new economies.

Mature markets

- ▶ The effects of the credit crisis have had a large impact on the reputation of banks
- ▶ Customers are largely dissatisfied with the remuneration policies of banks
- ▶ Customers are more likely to bank with a single provider
- ▶ Customers put channel efficiency and personalization ahead of price as a driver of satisfaction
- ▶ Attrition levels have been high but look set to slow
- ▶ Uptake of mobile banking is small

Emerging markets

- ▶ The credit crisis has had a limited impact on the reputation of banks
- ▶ Customers are making investments in bonds and pension contributions as opposed to savings
- ▶ Price, brand strength and personal attention drive satisfaction
- ▶ Customers bank with a large number of institutions
- ▶ In some emerging markets, there is a willingness to pay for independent financial advice
- ▶ Mobile banking is more popular

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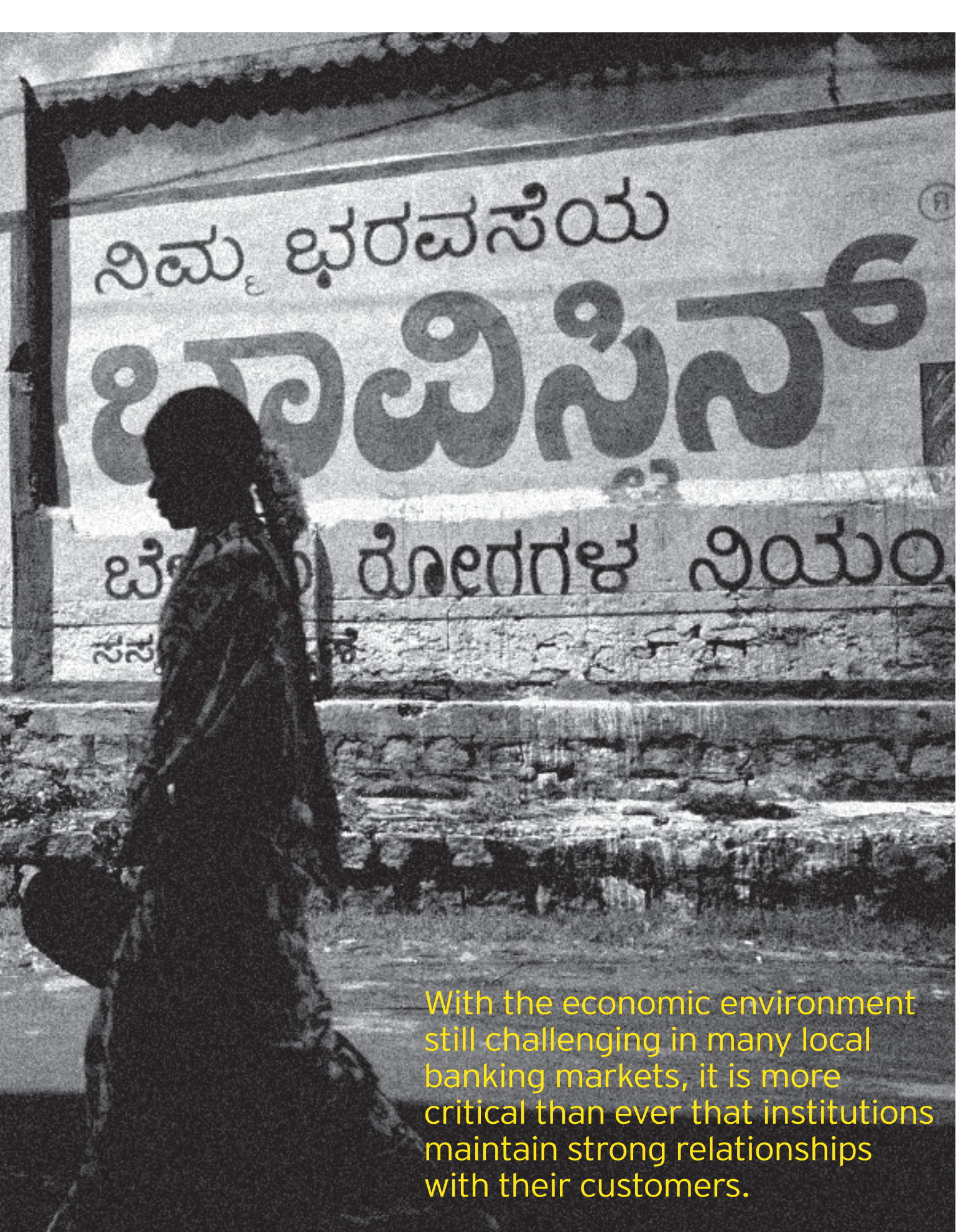
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BASF



With the economic environment still challenging in many local banking markets, it is more critical than ever that institutions maintain strong relationships with their customers.

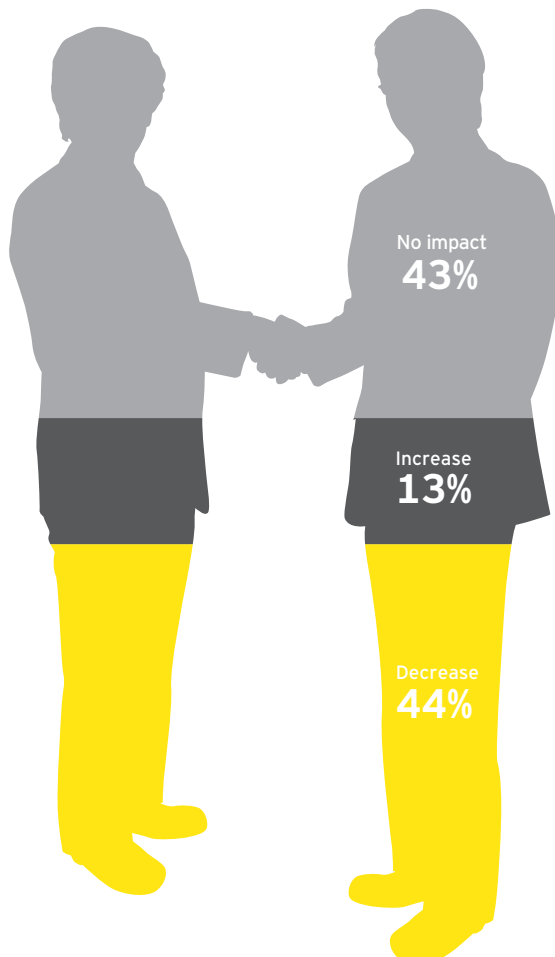
Rebuilding brand perceptions

With the economic environment still challenging in many local banking markets, it is more critical than ever that institutions maintain strong relationships with their customers. However, across the world, 44% of respondents tell us that their confidence in the banking industry has declined further in the past 12 months, with the western markets of Europe and the US the most badly damaged. With the power of the brand also emerging as a key factor when customers choose their main bank, it is clear that institutions need to invest in restoring their reputations and repairing their brand images.

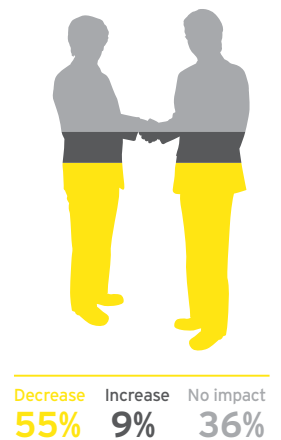
Impact of the crisis on trust levels in financial institutions

Q. How has your confidence toward the banking industry changed over the past 12 months?

World



US



India



Confidence correlations

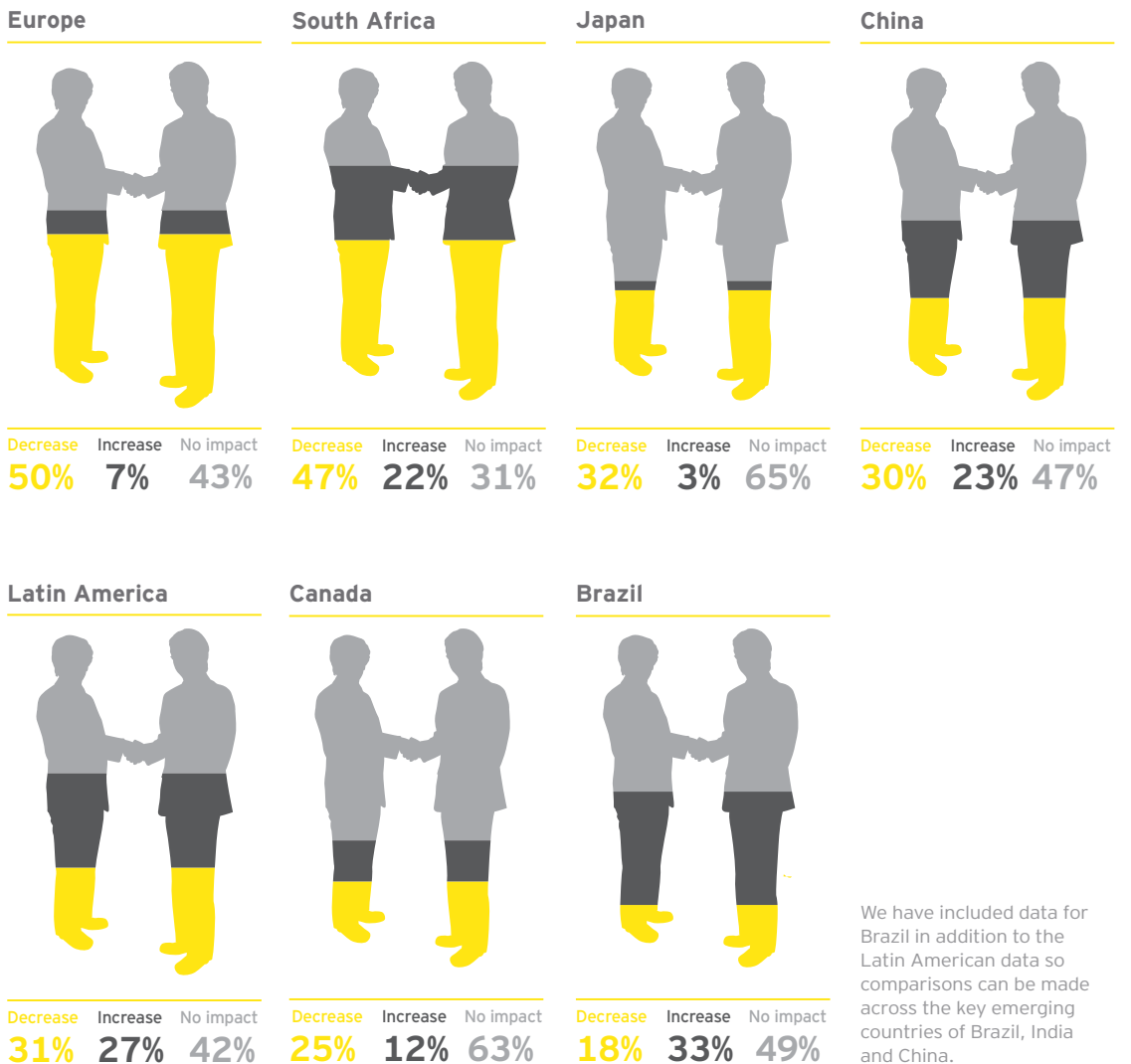
Our research shows a correlation between the depth of the recessionary pressure placed on local economies and the resulting impact on customer confidence in local banks: for example, in the US 55% of customers have less confidence in banks than they did a year earlier, while 75% of respondents in India say their trust in the banking industry in their country has grown during 2010. Emerging market economies have suffered less from the credit crisis than some of their more mature counterparts, and so their banks have seen trust endure.

This dichotomy in trust levels across local banking markets in mature and emerging economies may in part be attributed to the emerging markets enjoying huge investments in their banking sectors as global institutions identify opportunities for growth, at a time when large government bailouts have been necessary in some of the mature markets. It could also be influenced by banks in emerging markets still being strongly associated with entrepreneurial endeavor, because they are often seen to be nurturing and supporting wealth creation in the wider economy. The background to the economic crisis and

the remuneration policies that exist within the banks are the key reasons why customers have lost confidence in the industry in mature markets. Across the world, more than half say their faith in banks has been dented for macroeconomic reasons, with a further 49% pointing to dissatisfaction with the bonus culture at the banks as the reason for their decrease in trust. Customers in the US and the UK in particular point to bonuses as the reason for loss of confidence in their banks.

Where trust in emerging countries has been negatively impacted, a significant number of respondents cite the level of service and product offerings from the banks as the reason for their dissatisfaction.

A healthy, efficient and well-managed banking sector is vital for economic recovery, yet it is clear from our research that even when the current negative perception has subsided, banks in mature markets will need to continue to rebuild the trust that they once took for granted. Whether this involves greater transparency around bonus compensation, increased efforts to support entrepreneurial activity, or other initiatives, brand enhancement programs that reinforce customer values will certainly be necessary.



We have included data for Brazil in addition to the Latin American data so comparisons can be made across the key emerging countries of Brazil, India and China.

Customers with only one main bank



World
41%

Europe
46%

US
51%

Brazil
34%

India
12%

China
4%

The “main bank” relationship

Our results also highlight the differences in “main bank” relationship behavior between customers in Europe, the US and Canada and customers in emerging markets, with Western customers having a much higher tendency to bank with a single provider than their emerging markets counterparts.

Despite the declining trust in the banking sector of mature markets, more than half of US customers source all their banking products from one institution, while in Europe 46% of customers do so. The difference in behavior in emerging markets is stark. In China, 96% of customers bank with two or more providers; in India, 88% use two or more banks, while in Brazil 66% do.

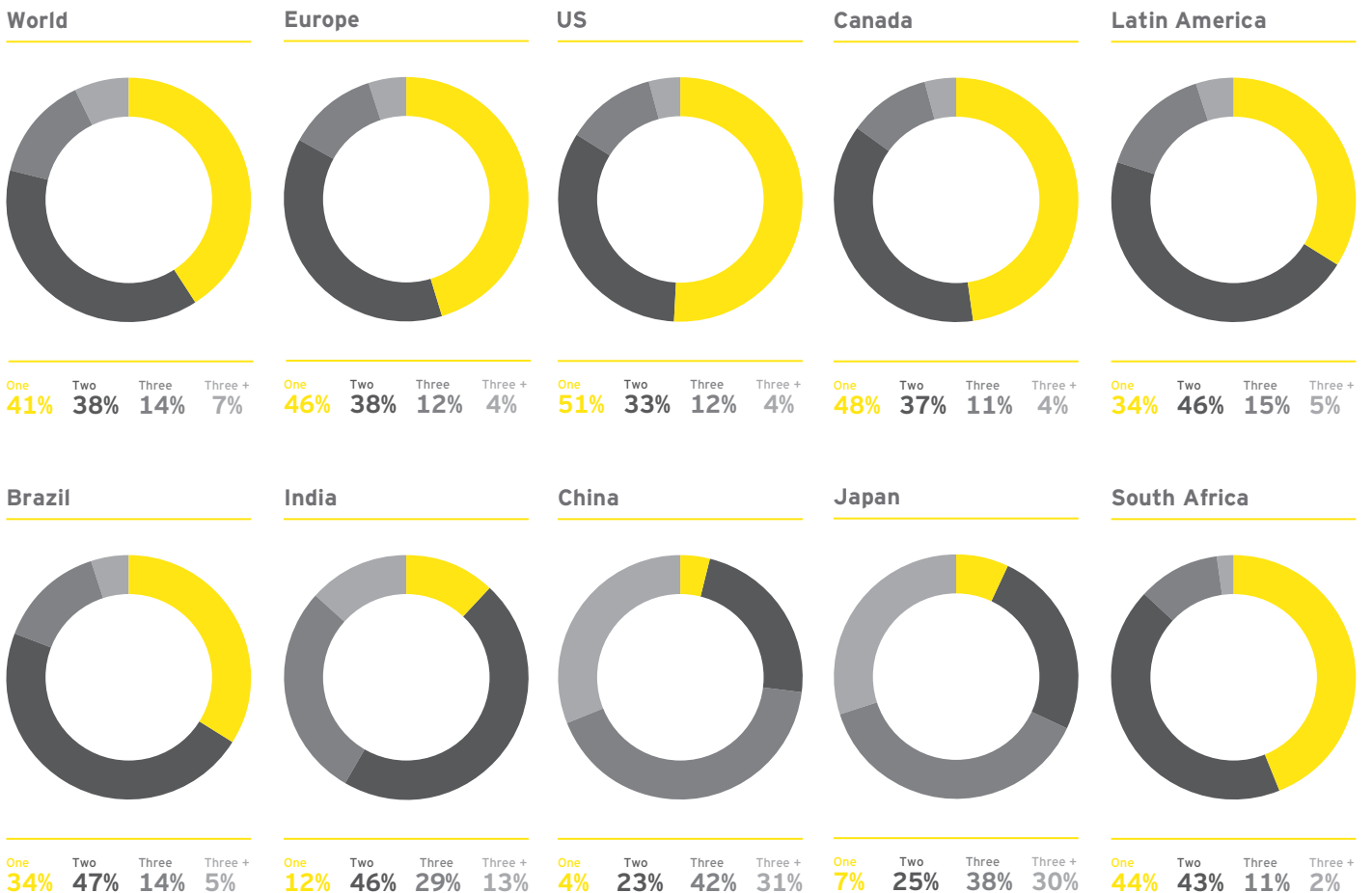
This trend in emerging economies may be attributable to the arrival of new providers in these markets, both Western and domestic, while consolidation in the banking industries of more mature economies could be restricting

customer choice. Our respondents may also be reacting to a more challenging lending environment by attempting to build a stronger relationship with a single provider in order to gain credit.

Customers in some emerging markets are more willing to pay for independent financial advice than customers in other geographies. For example, 60% of Chinese and 55% of Indians would pay for advice, while in Europe only 23% of customers are willing to do so. We believe it is the expanding middle classes in emerging markets that are driving this trend, while the evolving premium banking services in mature markets mean that such advice is now considered part of the basic bank offering that customers have come to expect. This raises an interesting dilemma for banks, because as margins increasingly come under pressure across many local markets, banks need to find a way to offer transmission, savings, borrowing and financial guidance to customers even though they appear unwilling to pay for the personalized advice they receive.

Number of banks

Q. How many banks do you bank with?



Strong brand, low cost

Across the world, respondents rated brand strength and low cost as the most important characteristics of their main bank. Globally, brand strength was the most powerful, with 39% of respondents identifying it as the number one characteristic of their main bank, closely followed by low cost (36%).

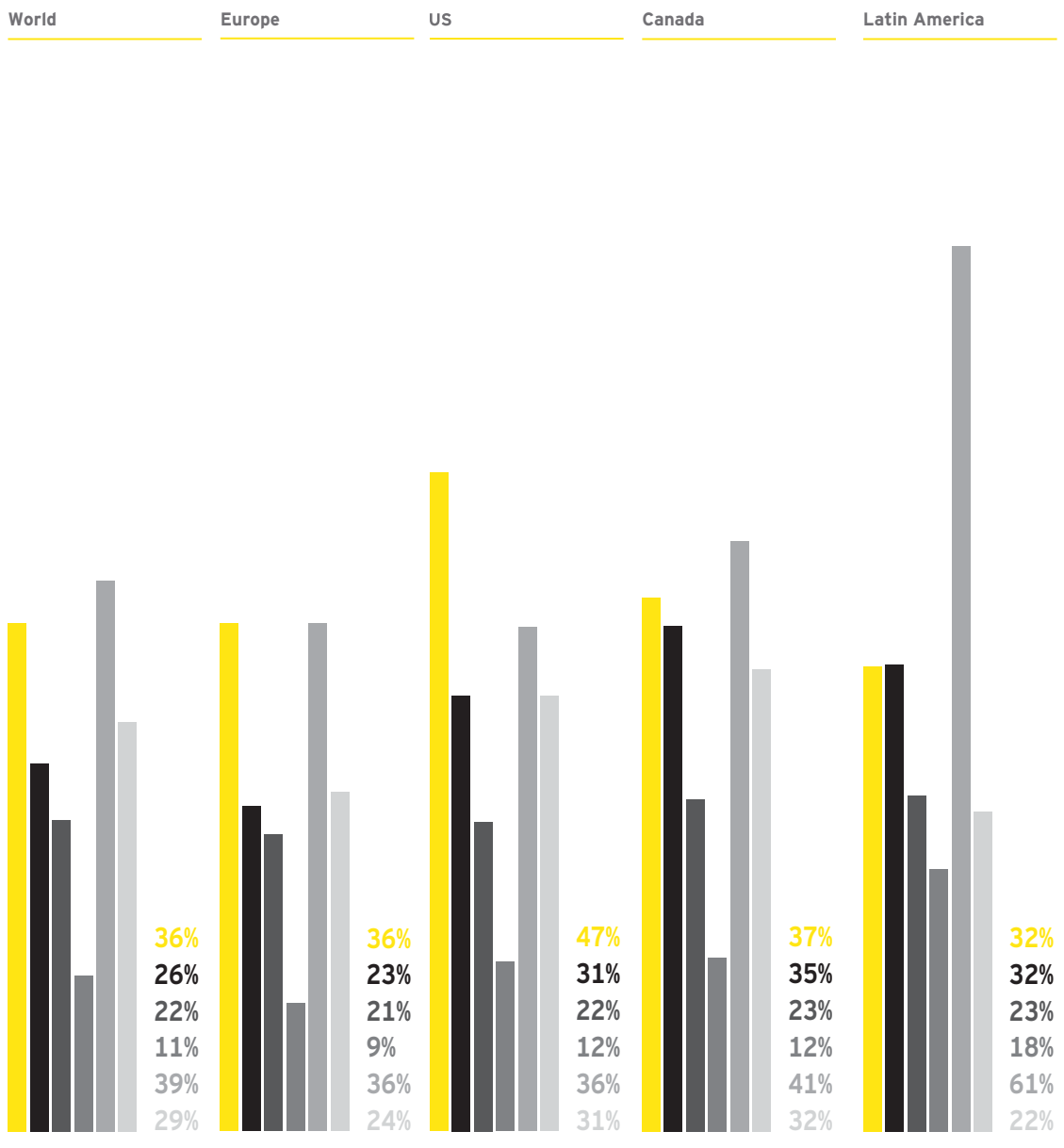
Brand strength is particularly important to customers in the emerging markets of India, Brazil and South Africa. All of these retail banking markets are witnessing an influx of foreign brands going into competition with

domestic incumbents. In Brazil, two-thirds of respondents (66%) say their main bank has a strong brand, while more than half of Indian, Chinese and South African respondents say the same thing.

In Europe, brand strength is particularly important in the UK (45%), which was hit hard by the credit crisis, and in Spain (44%), where there has been a lot of consolidation in the banking sector. As a result, we are seeing the current market turmoil in these countries driving customers toward big, well-known brands.

Main bank description

Q. Which characteristics best describe your main bank?



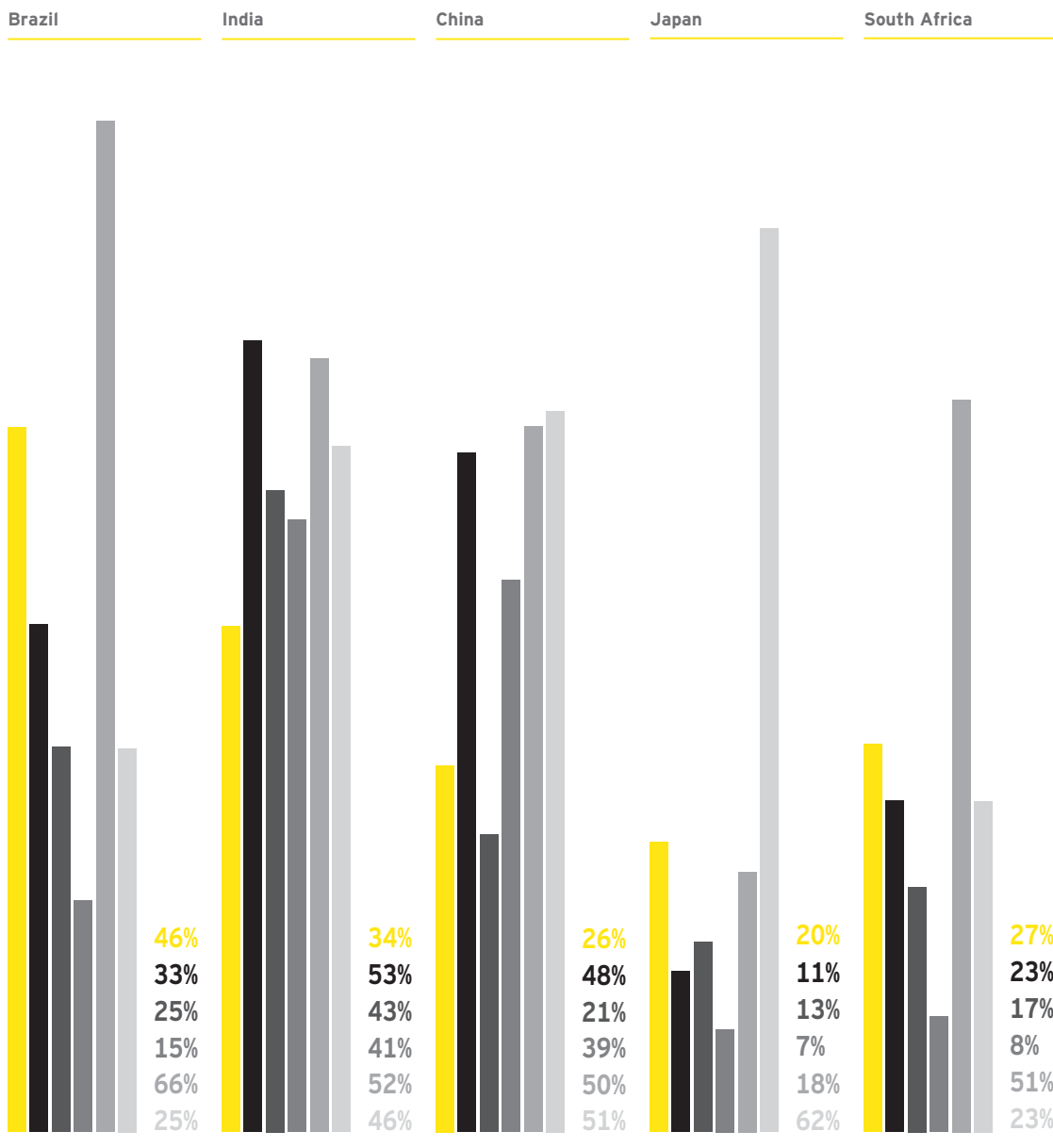
Restoring brand confidence

▶ **Brand enhancement programs** - All elements of the customer experience, at both the national and local level, need to be reassessed with continued investments made in customer charters and innovative approaches to marketing the bank's ethos and service offering.

▶ **Personalizing banking** - Personalization is a vital element of a successful customer relationship, and a cohesive approach to the development of tailored products and services will help to improve brand perception.

▶ **Brand ambassadors** - To ensure that the sales force represents the bank's brand, there needs to be a continued focus on transparent and sustainable incentive models and on an adequate customer relationship model.

▶ **Online innovation** - Adopting a coherent social media approach will help improve brand perceptions and leverage the benefits of online advocacy.



Preventing customer attrition

Globally, attrition levels are significant, with 7% of customers worldwide planning to change their main bank and the number of Europeans who have ever changed their main bank up 15% compared with a year earlier. It is clear that customers are increasingly willing to move if they are dissatisfied with their current banking provider. Financial institutions that can deliver a service that is of high quality, while being personalized and competitively priced, will be the ones that succeed in the new post-crisis world.

Time for a change

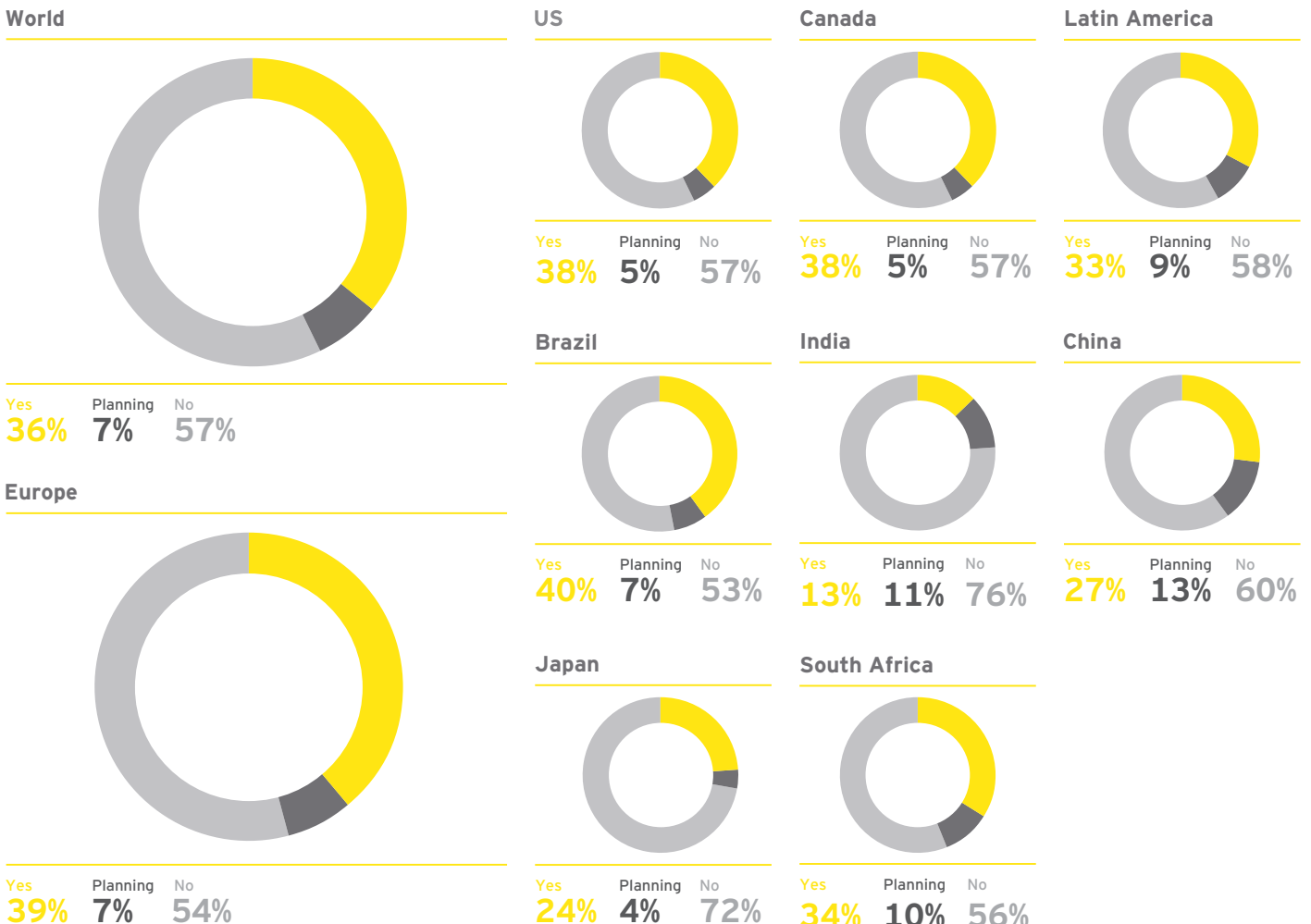
We asked our participants if they have ever changed their main bank, and 36% said that they had, with a further 7% of worldwide respondents saying they are planning to change their main banking relationship. Countries in emerging markets benefit from the lowest attrition rates to date, with the majority of customers in India, Japan and China saying they have never changed their main bank. Yet in India and China, more than 1 in 10 customers are now planning to move their main banking

relationship, suggesting increased future mobility among the customer base. In contrast, just 5% of customers in the US and Canada are planning on switching their main bank.

In Europe, attrition rates have risen in the past 12 months, but the percentage of customers who now plan to leave has reduced. Today, 39% of Europeans say they have changed their main bank in the past, and there are significant increases in attrition in Spain, the UK, the Netherlands and Germany when compared with the results of our survey a year earlier.

Attrition in banking

Q. Have you ever changed your main bank?



However, while attrition rates have continued to rise since the financial crisis, it appears that within mature markets attrition rates are set to slow with, for example, a reduction in the number of customers who now plan to leave their main bank in Italy, Spain and the UK. This could be attributed to the fact that these markets have witnessed considerable consolidation and change of ownership among financial institutions in the past year, with many small and local banks acquired by larger brands.

Reasons to switch

Service quality is the biggest cause of customer attrition, with 48% of worldwide customers who are planning to change their main bank citing this as the reason. Customers were able to give more than one reason for leaving or planning to leave their main bank, and 96% of South African, 83% of Indian, 80% of Chinese, 79% of Latin American and 60% of European customers cite general levels of service quality or a specific service failing as the reason for their dissatisfaction.

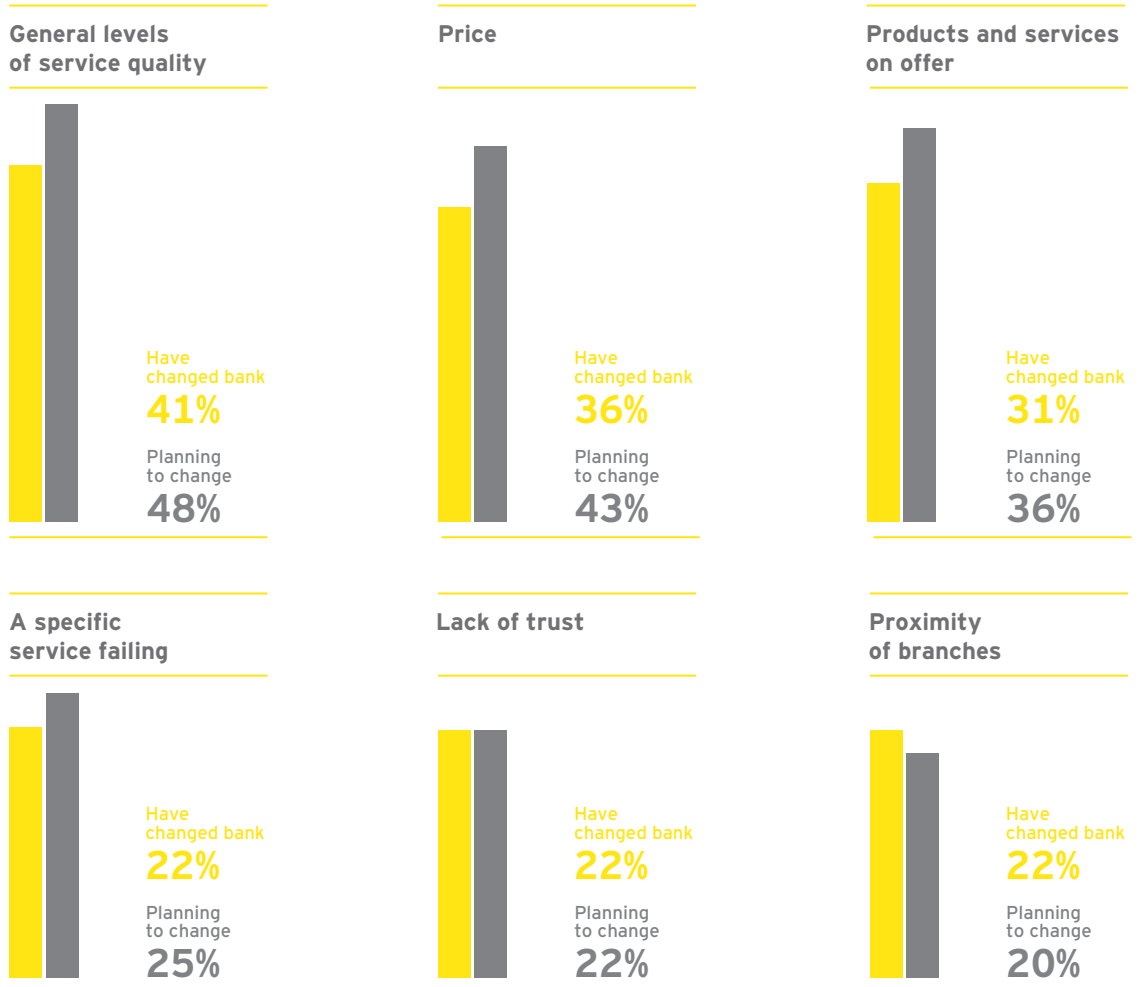
Price is the second major factor influencing attrition rates, with 43% of those planning to change banks citing it as the main reason and 36% who have already changed saying it was the reason that they switched. Other key reasons are product and service offerings, the proximity of branches, and a lack of trust in the existing bank.

South African customers are the most sensitive to price, with 57% citing it as a main reason for a change of bank. Across Europe, the majority of customers in emerging Eastern European markets like Hungary and Poland say price is the reason for attrition, while in the UK, France and Spain service quality is the key reason.

French, British and Dutch customers are the least sensitive to price and, indeed, for Europe as a whole, more than half of customers move for reasons other than price. We see a demand from customers for more clarity and transparency on charges, and with the potential for new consumer protection agencies across both the US and Europe, we may be about to witness even more regulation on pricing and charges across the mature markets.

Reasons for attrition

Q. What are the main reasons for attrition for those who have changed their bank or are planning to change?



Increasing fidelity

Generally, customers who hold more products with their main bank are likely to be the most loyal and unlikely to leave. We asked our participants how many products they hold with their main banking provider, and 81% of respondents globally say they hold two or more.

More customers in the US, the UK and Japan hold just one product with their main bank, at 23%, 25% and 34% of respondents respectively, perhaps because they feel little incentive to buy more products from their banks. Banks could adjust their value propositions through a combination of product bundling, pricing and access to value-added services so as to make multiple product holdings more valuable to their customers. However, any such innovation would need to be undertaken in the context of regulatory developments, which are leading a drive toward clarity and simplicity in product offerings.

Within Europe, product holdings with the main bank have increased since our survey last year, perhaps driven by consolidation in the market and the disappearance of certain banks from the high street. This shift is particularly obvious in Italy, where we have seen the number of customers holding two or more products with their main bank rise from 75% to 85% in the

past 12 months, and in Spain, where the figure has risen from 86% to 93%.

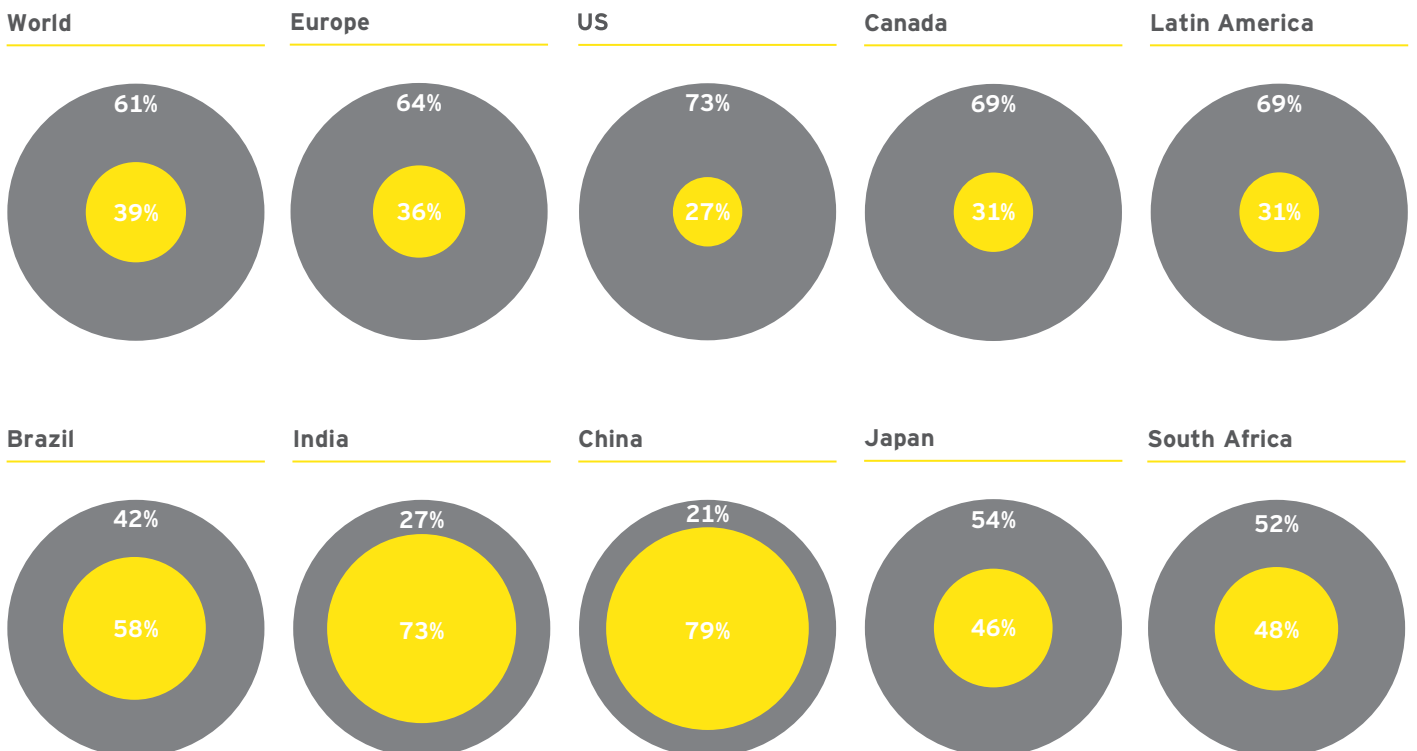
This increase in product holdings is good news for bank loyalty, as it encourages stronger links with the main bank. To build on it, banks should continue to improve the sales force effectiveness within their organization by addressing transparent and sustainable incentive models, implementing lean and targeted customer relationship management and developing new sales channels using innovative technologies. Bank employees should be better equipped with the knowledge, skills, technology and motivation to turn customers into advocates and increase their fidelity and loyalty.

The product mix

To help prevent attrition, banks need to refocus on whether they are offering customers products that meet their individual needs and reflect the changing economic landscape. That said, it is clear from our research that the crisis, and the resultant loss of consumer confidence, does not appear to have impacted the product portfolio decisions of customers around the world. We asked our respondents whether they are moving to more secure products, such as bonds and increased pension contributions, and just a third said they were moving to this more cautious product mix.

Move to more secure products and investments

Q. Are you moving to more secure products, such as bonds and increased pension contributions, than in the past? ● = Yes ● = No



Preventing customer attrition

It is interesting to note that in the emerging markets of India and China, the uptake of more secure products is much higher, with 73% of Indian respondents and 79% of Chinese saying they are moving toward a more stable product portfolio. It is impossible to know whether this shift is a direct result of the credit crisis, as it could also be a response to the increased sophistication of wealth accumulation products on offer to retail customers in these banking markets.

Uncertainty about the economic outlook in the Western world appears to be a major driver

preventing customers from changing their portfolios: less than a quarter of Europeans are doing so. However, there are some extreme differences among European countries, with only 8% of customers in the Netherlands choosing investment products over savings, while in Belgium, France and Hungary this figure is in excess of 50% of respondents.

It could be that customers' desire to have access to their money is responsible for this reluctance to take it out of savings accounts, while the availability of money in emerging markets is driving the opposite move.

Minimizing attrition

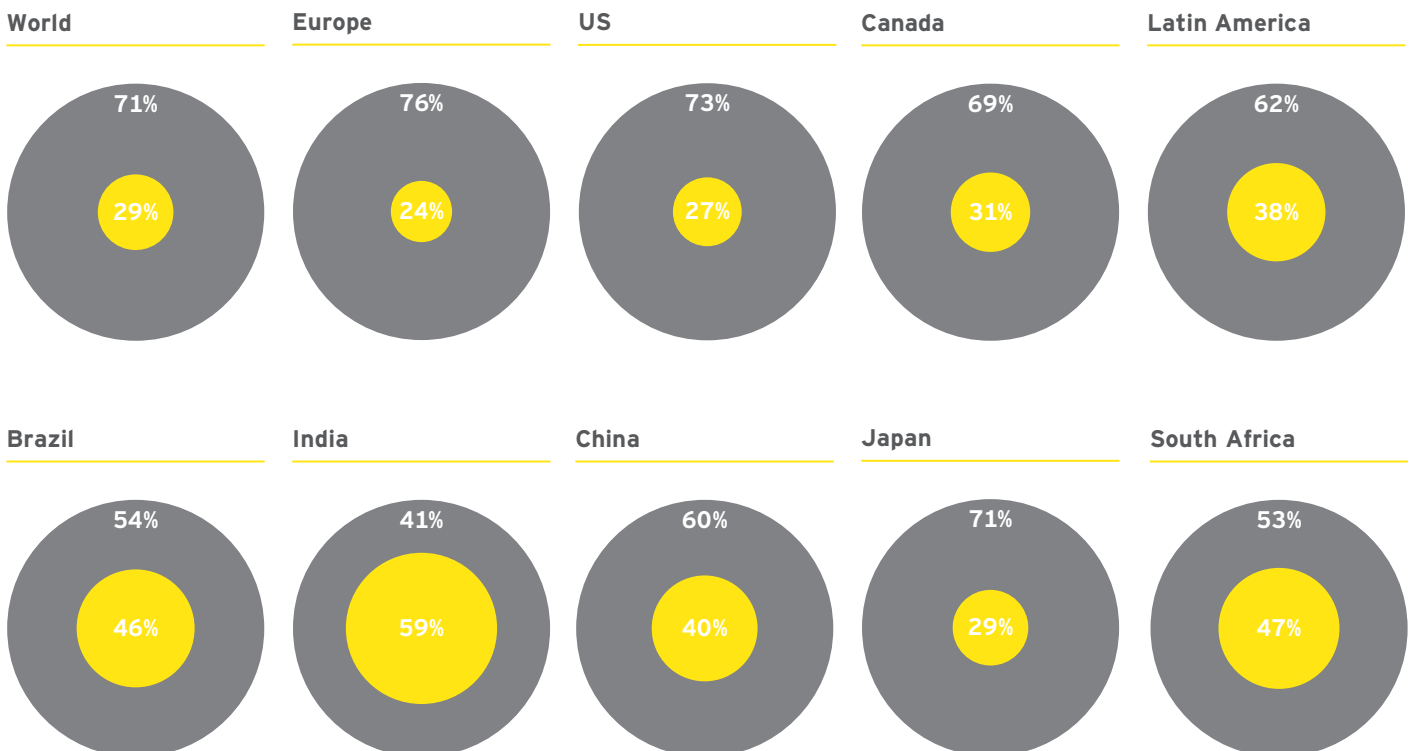
- ▶ **Invest in customer analysis** - Capturing and successfully leveraging customer information and insight to optimize offer development, pricing decisions and rewarding loyalty will be a major competitive differentiator.
- ▶ **Identify advocates** - Make it easy for customers to provide feedback at all touch points with the bank. This will allow a better understanding of which customers are likely to promote, detract or be passive. This will allow banks to more proactively engage those customers at risk of attrition.

- ▶ **Target switching offers** - Maximize the opportunity to acquire new customers and prevent the most damaging impacts of attrition.
- ▶ **Review employee key performance indicators** - Setting and consistently delivering clear customer standards that are demonstrably market-leading will pay dividends in terms of customer acquisition and retention.

Move to more secure products and investments

Q. Have you moved to investment products over savings given the low interest rates?

● = Yes ● = No



Customers who expressed
a high degree of satisfaction
with their main bank



World
63%

Europe
59%

US
77%

Brazil
68%

India
68%

China
67%

Enhancing the customer experience

Banks need to reconnect with their customer base by improving the customer experience. There is a clear demand for greater personal attention among our respondents, and it is also evident that banks need to invest in channels and become more customer-centric across their operations. There is considerable room for improvement in the levels of channel efficiency, personalization and integration that banks offer their customers.

Degree of satisfaction with the main bank

Q. What is your degree of satisfaction with your main bank?

World



One or two **13%** Three **24%** Four or five **63%**

Brazil



One or two **9%** Three **23%** Four or five **68%**

India



One or two **15%** Three **17%** Four or five **68%**

US



One or two **7%** Three **16%** Four or five **77%**

China



One or two **7%** Three **26%** Four or five **67%**

Canada



One or two **9%** Three **18%** Four or five **73%**

Japan



One or two **7%** Three **38%** Four or five **55%**

Latin America



One or two **10%** Three **22%** Four or five **68%**

South Africa



One or two **14%** Three **32%** Four or five **54%**

Rated on a scale of one to five, with five representing the highest degree of satisfaction

Building on satisfaction

Despite an ever-increasing array of sophisticated demands, the good news for banks is that a significant number of customers around the globe - 63% - are satisfied with their main bank. However, this means that more than a third of global customers are not currently satisfied with the service they are receiving from their banks.

Customers in the US, Canada, China, India and Brazil are the most satisfied - an interesting mix of countries incorporating those that have been severely affected by a decrease in trust and those that have not. It is apparent that customers can remain satisfied with their individual banking provider regardless of the impact the credit crisis has had on their confidence and trust in the industry at a macro level.

Across Europe, Polish, Hungarian and Dutch customers are the most satisfied. The least satisfied with their main bank are customers from Germany, where 54% give their bank a low score of just one or two out of five.

These levels of satisfaction suggest that efforts by banks to improve customer satisfaction have had only limited success and that much more needs to be done to reward loyalty among customers and to focus on getting to know customers' needs to ensure that their satisfaction prevails. Banks should incentivize satisfied customers to access more products, and tailor their product offerings to create further customer advocates. Banks can also learn from their satisfied customers' experience through feedback to gain insights with the view toward increasing satisfaction across the entire customer base.

Degree of satisfaction with the main bank

Q. What is your degree of satisfaction with your main bank?

Europe



One or two **15%** Three **26%** Four or five **59%**

Belgium



One or two **10%** Three **28%** Four or five **62%**

France



One or two **12%** Three **34%** Four or five **54%**

Germany



One or two **54%** Three **24%** Four or five **22%**

Hungary



One or two **12%** Three **18%** Four or five **70%**

Italy



One or two **12%** Three **32%** Four or five **56%**

Netherlands



One or two **7%** Three **24%** Four or five **69%**

Poland



One or two **6%** Three **21%** Four or five **73%**

Scandinavia



One or two **9%** Three **22%** Four or five **69%**

Spain



One or two **16%** Three **28%** Four or five **56%**

United Kingdom



One or two **11%** Three **25%** Four or five **64%**

A personalized service

Globally, 43% of customers say they get no, or only occasional, personal attention from their main bank. Our results show that across the globe, Indian (81%), US (67%) and Canadian (66%) respondents rate the personalized service they receive the highest, while only 11% of Japanese customers say they receive a good or very personalized service and 45% say they receive absolutely no attention.

Across Europe, 56% of respondents receive good or very personalized service with the highest satisfaction levels evident in Belgium (66%) and Spain (65%). But not all customers believe that they are receiving personalized service: the highest levels of European customers who say they receive absolutely no attention or only occasional contact are in Italy (55%), Germany (53%) and the UK (53%).

Given the significance of personal attention in the bank-customer relationship, banks need to review how this personalized service can be delivered at a competitive cost. While

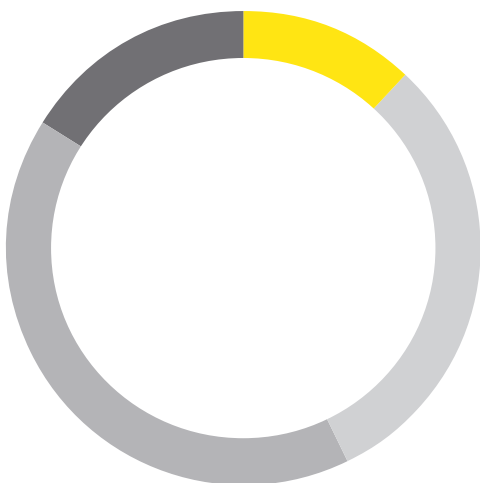
branch closures have been a feature of mature Western European banking markets for some time, our findings suggest that branches remain an important part of the future of banking, as more customers are satisfied with their branch experiences than any other channel. Branches are usually the channels used by customers for their most complex transactions, so these should be invested in and process simplification, staff training and customer knowledge should all be improved to fully leverage investment in the branch channel.

Banks also need to combine their knowledge of the customer base with the technology available to improve their service offerings. Internet technologies can be employed to give a better customer experience online, but while internet banking is reducing the need for call centers, customers are still demanding greater access and availability to advisors on the phone, and it is the call center channel that most respondents want to see improved in terms of service quality.

Personalized attention

Q. How do you value the personalized attention provided by your main bank?

World



Absolutely no attention: 12%
 Occasional contact: 31%
 Good service: 41%
 Very personalized: 16%

Europe



11% 33% 42% 14%

Latin America



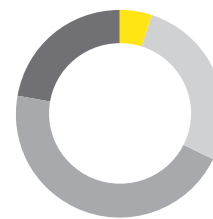
6% 27% 48% 19%

China



6% 33% 40% 21%

US



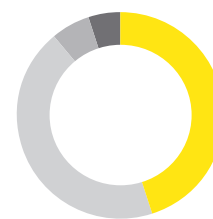
5% 27% 45% 22%

Brazil



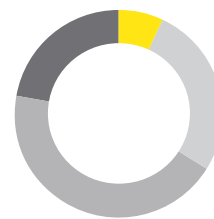
13% 27% 40% 20%

Japan



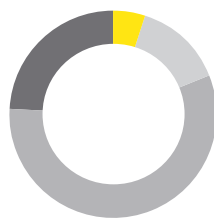
45% 44% 6% 5%

Canada



7% 27% 44% 22%

India



5% 14% 57% 24%

South Africa



14% 33% 39% 14%

Efficient delivery

When asked about their degree of satisfaction with channels, customers are responding positively to the convenience, accessibility and reliability provided by digital channels. We found that 79% of customers worldwide are satisfied with branches and ATMs, with an even higher number, 83%, satisfied with internet services. In 2010, channels like email, mobile banking and call centers were used by the majority of respondents much less frequently than the other channels. Overall, 42% of respondents say they never use mobile banking, and 30% never access call centers or email services.

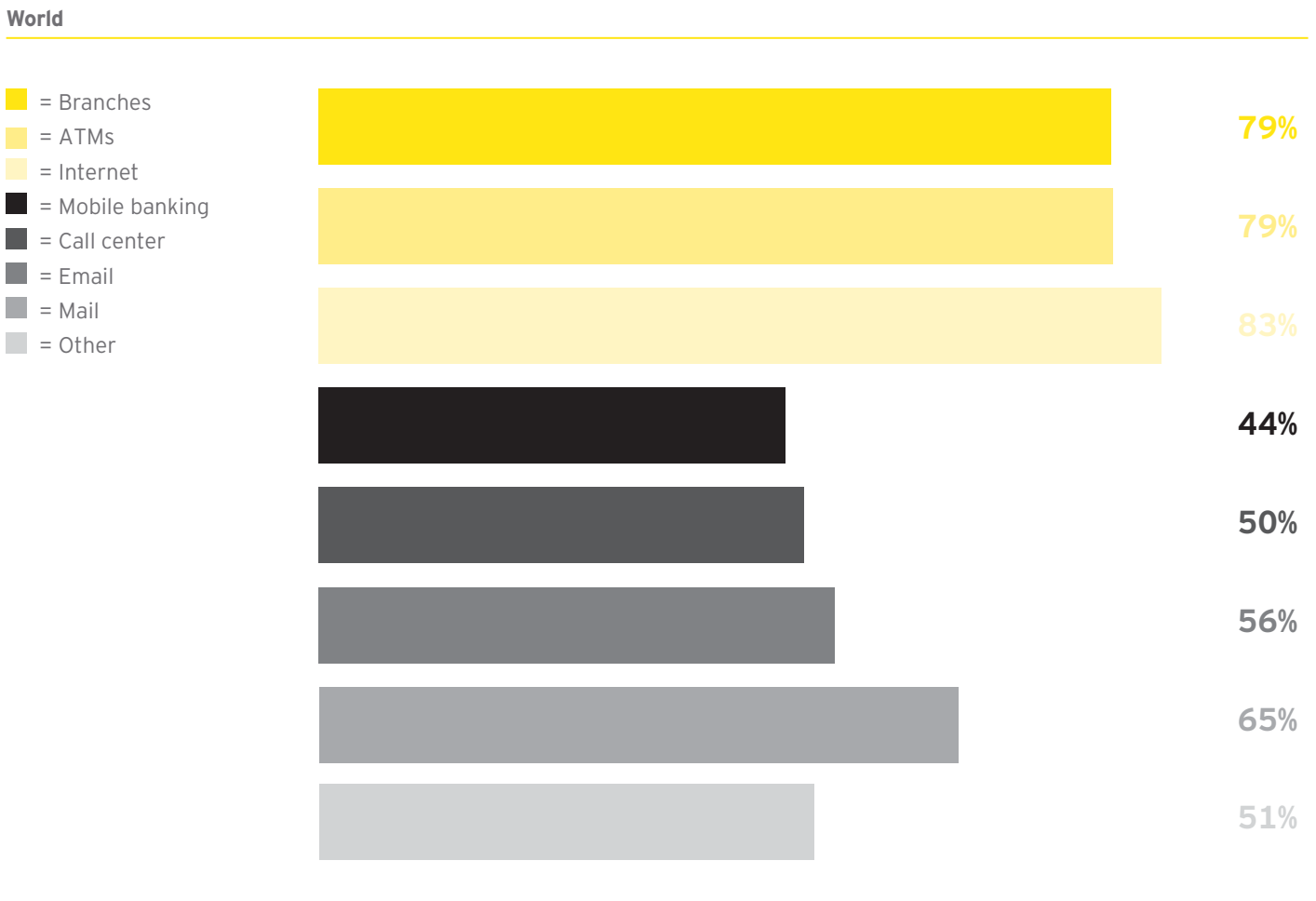
Mobile banking and other new channels are more popular in emerging markets, where we see less skepticism among customers toward such innovations. This is perhaps a result of less-developed networks of traditional channels like branches and ATMs in these markets.

Customers in the US (86%), Canada (85%), India (84%) and South Africa (82%) have the highest levels of satisfaction when it comes to branch banking, while Canadian (82%) and Chinese (87%) customers are most satisfied with ATMs. South African and European customers, along with US and Canadian customers, have the highest degree of satisfaction with their internet services, while mobile banking has low satisfaction rates and a low uptake.

When asked about the improvements they are looking for in channels, customers globally are seeking better service quality and increased access from their branches, ATMs and call centers, and they want internet and mobile banking services to be easier to use. We are seeing customers expecting the convenience and reliability that they receive from digital channels to be replicated alongside the enhanced personalization delivered by more traditional channels.

Degree of satisfaction with channels

Q. What is your degree of satisfaction?



We take from these findings not only a conclusion about the significance of the branch network for relationships, but also a belief that the future success of banks will depend on increasingly personalized services across all channels. Whether delivering services via mobile, email, call center or internet,

the nature of the contact is the key. Banks should consider offering customers the ability to email named individual advisors directly with questions, and look at deploying more sophisticated call center services where staff can provide more personalized attention and tailored advice.

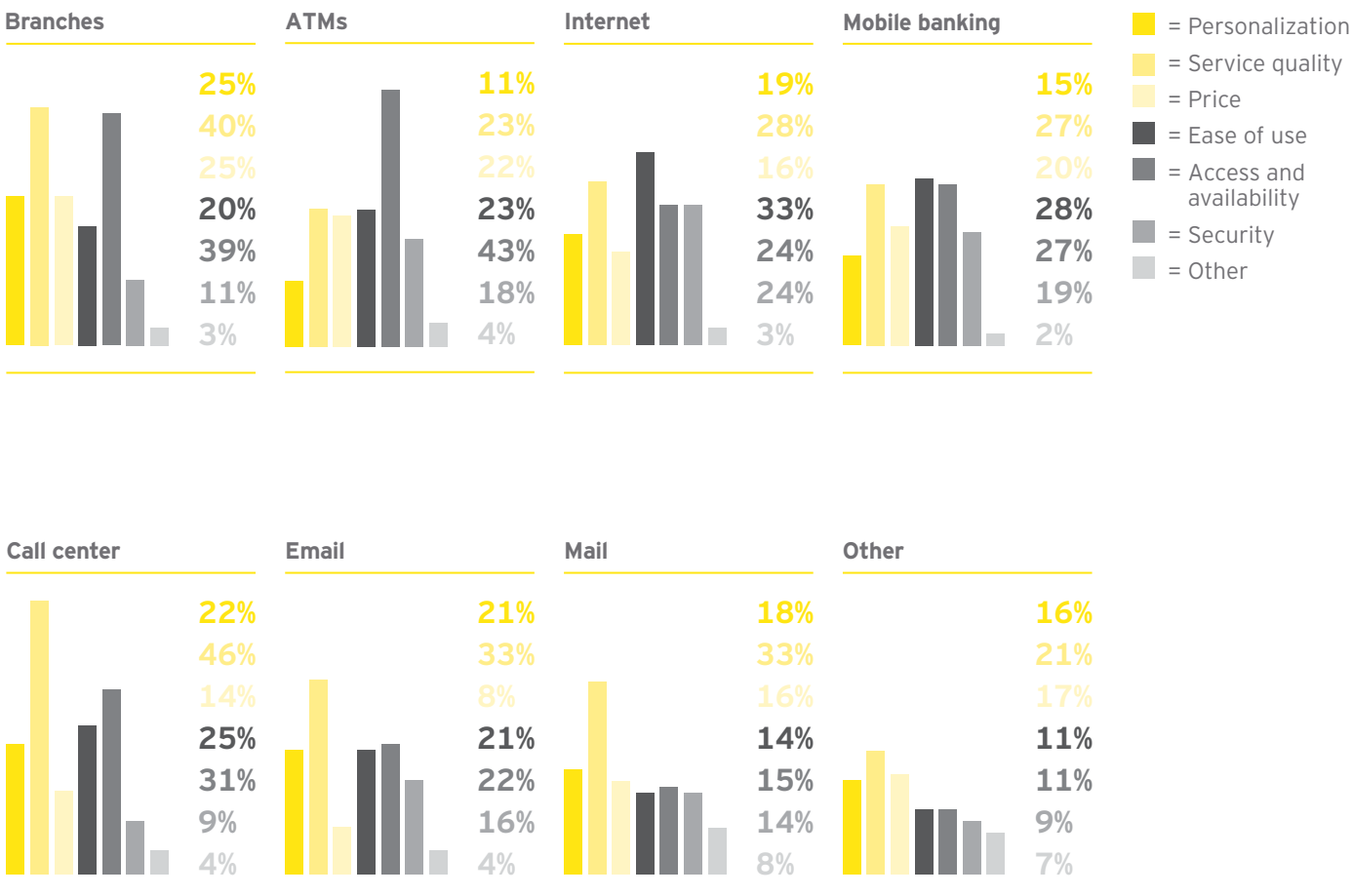
Improving the customer experience

- ▶ **Measure and reduce customer effort** - Simplify branch processes and improve online capabilities using methods such as digital banking to help create a consistent and integrated personalized service without the need for extensive manual intervention for time-poor customers. This, in turn, demonstrates the banks' visible commitment to a more responsible banking approach.
- ▶ **Improve personalization across channels** - Make better use of customer information and leverage new technology capabilities such as Web 2.0 to increase the level of context and personalization in customer interactions.
- ▶ **Create differentiated customer value propositions** - Increase customer loyalty by offering individuals a combination of product bundling, pricing and access to value-added services to make multiple product holdings more attractive and rewarding.
- ▶ **Invest in traditional and future distribution channels** - Branch investment should include staff training and knowledge, while a strong mobile strategy will help meet the need for personalized services at a low cost.

Ways of improvement

Q. For each banking channel, what are the main areas in which you would like to see improvements?

World



The competitive landscape

It is clear from our research that enhancing individual customer relationships is critically important to future competitive success. In the wake of the credit crisis, retail banks need to continually review their strategies, business models and routes to market to ensure that they are responding to customer expectations. Across the local retail banking markets, regardless of the differing challenges, banks will need to adopt an agile approach to meet the pace of change.

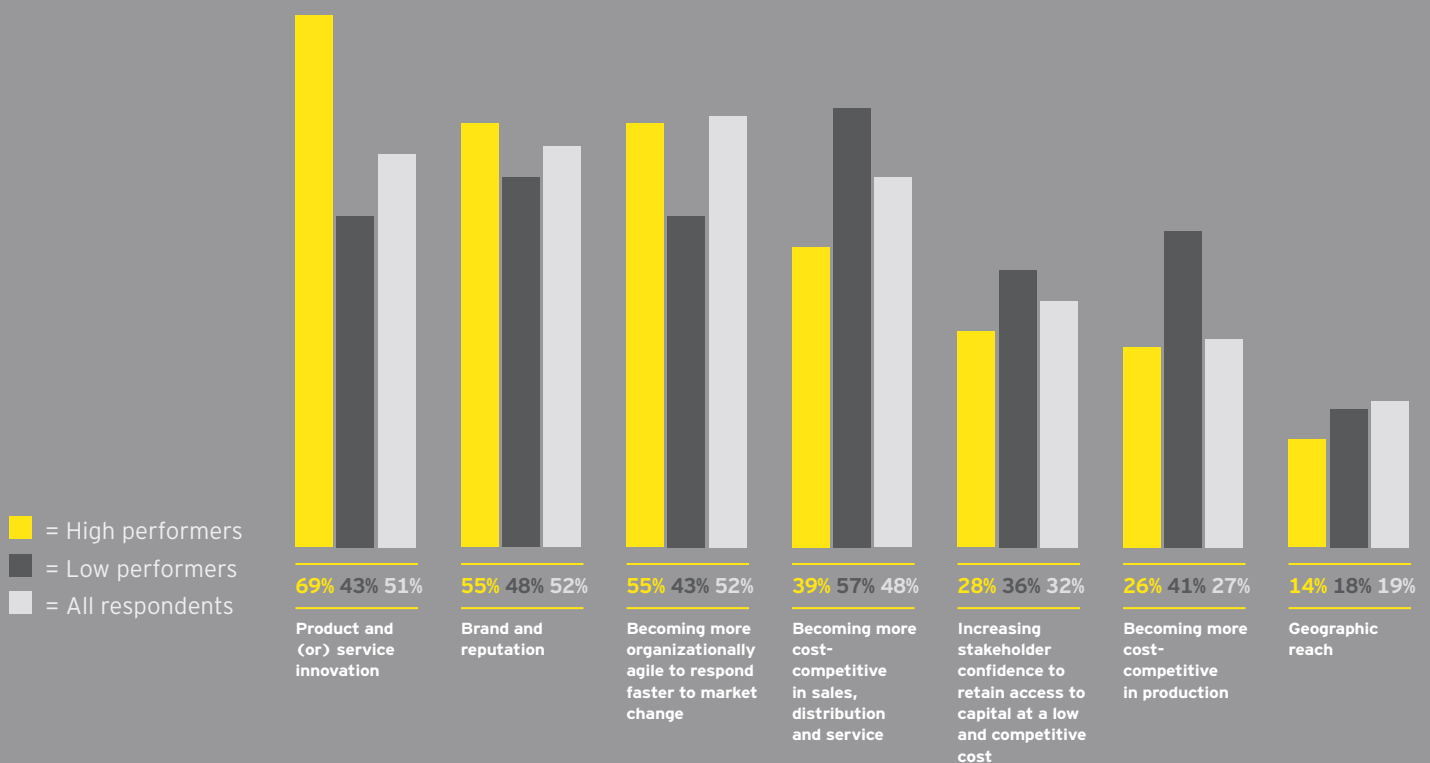
Hearing the customer's voice

Banks have recognized that there are some customers who want the touch and feel of branch-based banking relationships, and there are others who demand efficient, faster direct services, whether those are delivered over the internet or on a mobile phone. While it is clearly different

across markets, generally providers are investing in opening new branches, staying open later and increasing staffing, while at the same time developing new technologies to serve customers more efficiently. There is a recognition that banks need to identify exactly who their customers are, segment that population, understand what those customers want, and then provide it.

The most critical factors to being competitive over the next two years

% most critical



Source: Ernst & Young - Competing for growth

We are seeing innovations in channels worldwide, with mobile banking initiatives proving successful in emerging markets, and banks are continuing the development of applications to help customers manage their money more intelligently on their mobile phones. We are also seeing the increasing integration of channels, so that customers who begin transactions online can seamlessly switch to speaking to call center staff midway through the process if they want a more personalized interaction.

As well as adopting multichannel strategies, many banks are also investing in loyalty programs to reward fidelity, with offerings such as discounted mortgage rates for customers who already hold current accounts with them. We are also seeing many banks investing in complaint handling procedures with a view to responding quickly, addressing issues, and capitalizing on intelligence gained in the process.

Banks have recognized that customers want to be in control and bank when and where it suits them, so future success will come through combining customer knowledge with technology to make banking easier and more accessible. Such an approach relies on customer analytics, and banks are also investing in more precise measurement of customer satisfaction, the number of products they hold, the reasons for attrition and complaints.

Investing in service

Even though we have seen consolidation across many local markets, customers still have a choice of provider, and service quality is a key differentiator between banks. The advent of customer charters that promise to make banking simpler and commit to minimum service standards, and a move away from a product-push approach toward a customer-centric attitude, will gather pace.

In a recent Ernst & Young report titled **Competing for Growth**, high-performing bank respondents identified product and service innovation as the most critical factor to competitive advantage over the next two years, closely followed by brand and reputation. They told us they are introducing new products and services and increasing their focus on marketing, and said that innovation was becoming increasingly important for survival in the market.

We see a clear message emerging that customer-focused innovation will drive success in retail banking in the years ahead. Banks cannot take the customer relationship for granted but must identify and respond proactively and innovatively to their customers' needs.

Leading banks' performance differentiators

There are many examples of ways in which the leading performers are responding to the changing environment. Banks across the globe are:

- ▶ **Reinforcing their brands and reputation** - by investing in the customer experience
- ▶ **Refocusing on their segment** - by increasing the focus on marketing and developing new distribution channels
- ▶ **Tailoring their product range** - by simplifying products and developing products that are more aligned with customer needs

- ▶ **Focusing on key markets** - by executing innovative market entry strategies and focusing on their regional strengths

Banks need to be mindful of this competitive environment as they strive to differentiate their offering while carefully managing reputational risk.

Conclusions

Customer behavior in retail banking has changed dramatically over the past few years. This survey has touched on some of the key changes in customer expectations, and the ways in which these changing demands can be met by banks that offer customer-focused innovative services. Those that do so will be able to differentiate their organization and drive growth.

Our research has reinforced that there are few global trends in retail banking, as customer perceptions are driven by a range of things, including many cultural differences, varying levels of overall market maturity and significant differentials in the impact of the credit crisis on different markets.

Customer strategies will need to be carefully tailored to different markets and the developing needs of customers in each discrete market. Banks that can adopt an agile approach and react to rapidly shifting customer demands within the markets they operate in and the markets they wish to enter will emerge as stronger institutions.

The keys to success will be brand management, personalized services and efficient pricing. Those that can deliver on all three will prosper in a highly regulated and constantly changing global financial services market.

We suggest that banks embrace the following action points to capitalize on these opportunities:

- **Rebuild trust** - by refocusing on the customer relationship, paying particular attention to clarity of language, transparency of pricing and simplicity of interaction
- **Focus on loyalty** - by building customer insights, tailoring offerings, incentivizing customers to access more products and effectively responding to complaints
- **Enhance the customer experience** - by investing in branches, delivering personal attention across channels and combining customer insights with technology to improve offerings

Customers who feel they get little or no personalized attention from their main bank



World
43%

Europe
44%

US
32%

Brazil
40%

India
19%

China
39%

How Ernst & Young can help

A clearly articulated customer strategy should be at the core of all banking organizations. Enhancing the customer experience is now a crucial component of attracting and retaining customers in order to grow and protect a profitable business.

To capture and satisfy customers, financial services organizations need to commit fully to being customer-focused organizations. Expanding into new markets, developing new propositions to enable a differentiated customer offering and maximizing customer profitability all require a thorough understanding of customer needs.

Ernst & Young's integrated financial services team works without boundaries between people, disciplines and geographies. We can deliver solutions and opinions to help you work to address:

Customer and market strategy

- ▶ Creating differentiated customer value propositions
 - ▶ Transforming operating models to be more customer-focused and lower-cost
 - ▶ Optimizing and aligning distribution to better meet customer needs
-

Customer analytics and economics

- ▶ Identifying untapped customer needs and value creation opportunities
 - ▶ Improving cross-selling effectiveness
 - ▶ Diagnosing and resolving customer retention issues
-

Sales and channel management

- ▶ Improving customer experiences across channels
 - ▶ Increasing the efficiency and effectiveness of contact centers
 - ▶ Reducing sales and service performance variation across channels
-

Customer service management

- ▶ Helping to create and manage customer systems transformations to deliver improved customer experiences
 - ▶ Improving internet security to build customer trust
 - ▶ Leveraging Web 2.0 to innovate around customer experiences
-

Methodology

This research was conducted using an internet questionnaire in November and December 2010. A total of 20,556 participants were surveyed, including 10,021 Europeans; 4,018 Latin Americans; 2,001 US residents; 1,008 Japanese; 1,003 Canadians; 1,002 Chinese; 1,000 Indians; and 503 South Africans.

Participants' gender, place of residence, age, occupation and income are detailed below.

Gender



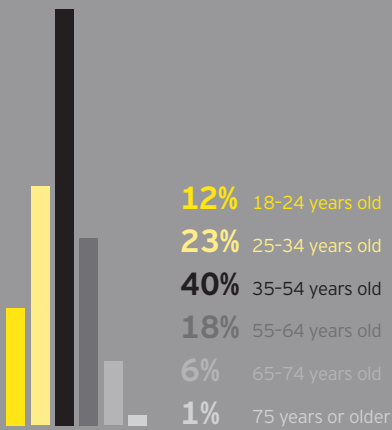
Female 49% Male 51%

Population (place of residence)

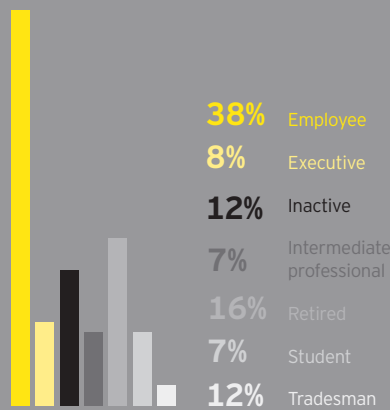


<2,000 12% 2,000 to 100,000 36% >100,000 52%

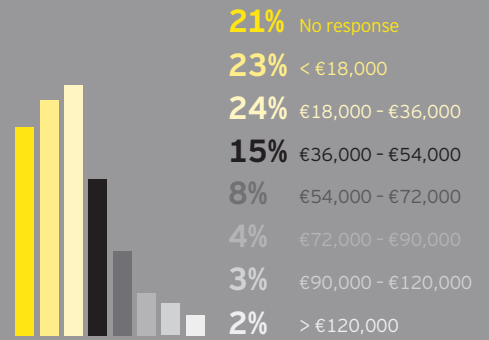
Age



Occupation



Income







20,500 banking customers
across 23 mature and
emerging markets.

1. Trust and satisfaction

Finding: In Belgium, customer confidence in the banking industry has been, unsurprisingly, negatively affected by the credit crisis, but customers' satisfaction with their main bank remains high.

Statistic: 51% say that their trust in banks has fallen in the past 12 months, but 62% score their bank four or five out of five when asked about their degree of satisfaction.

2. Main bank relationship

Finding: The majority of Belgian customers bank with one bank.

Statistic: 42% of Belgian customers bank with one bank, and four out of five customers bank with fewer than three banks.

3. Product holdings

Finding: Belgian customers' fidelity to their main bank has grown in the past year.

Statistic: 8% of customers hold only one product with their main bank, compared with 13% last year, and the number of customers holding 2-4 products has grown from 55% to 73% in the past 12 months.



4. Reasons for attrition

Finding: Belgian customers have left their main banks due to service quality.

Statistic: 39% of Belgian customers that have changed their main bank cite service quality, and a further 16% cite a specific service failing for their switch.

5. Personalized service

Finding: Belgian customers are the most satisfied customers in Europe in relation to the level of personalized attention they receive from their main bank, and are not willing to pay extra for independent financial advice.

Statistic: 66% consider the level of personalized attention their bank offers to be either good or excellent, which was the highest score in Europe, compared with a European average of 56%. Only 3% are willing to pay for independent advice for all investments, and a further 13% will pay for it for high-end investments. The rest believe it should be part of the regular service they receive.

6. Channel experience

Finding: While Belgian customers indicate that they are generally satisfied with branch, ATM and internet channels, they are much less satisfied with call centers and mobile banking channels.

Statistic: 88% are satisfied with internet banking, but only 36% are satisfied with call center offerings.

3%

Only 3% are willing to pay for independent advice for all investments

Regional contact

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Key Canadian findings

1. Trust and satisfaction

Finding: In Canada, trust in banks has remained largely unchanged in the past year. Canadian customers ranked a joint second as the most satisfied customers out of all the countries we surveyed.

Statistic: 63% say their trust in banks has not changed in the past 12 months. 73% score their bank four or five out of five when asked about their degree of satisfaction.

2. Main bank relationship

Finding: Canadian customers tend to bank with one or two banks.

Statistic: 48% of Canadian customers bank with just one bank, and 37% bank with two banks.

3. Product holdings

Finding: Canadian customers tend to have a high fidelity to their main bank.

Statistic: The average customer holds 3.1 products with the main bank, compared with a global average of 2.9. The number of customers holding one product with the main bank is just 10%, and 74% hold 2-4 products.

4. Reasons for attrition

Finding: Canadian customers cite poor service quality as the main reason for leaving their main bank.

Statistic: 38% of customers who decided to change their main bank did so because of general levels of service quality, while 26% cited specific service failing for their switch.

5. Personalized service

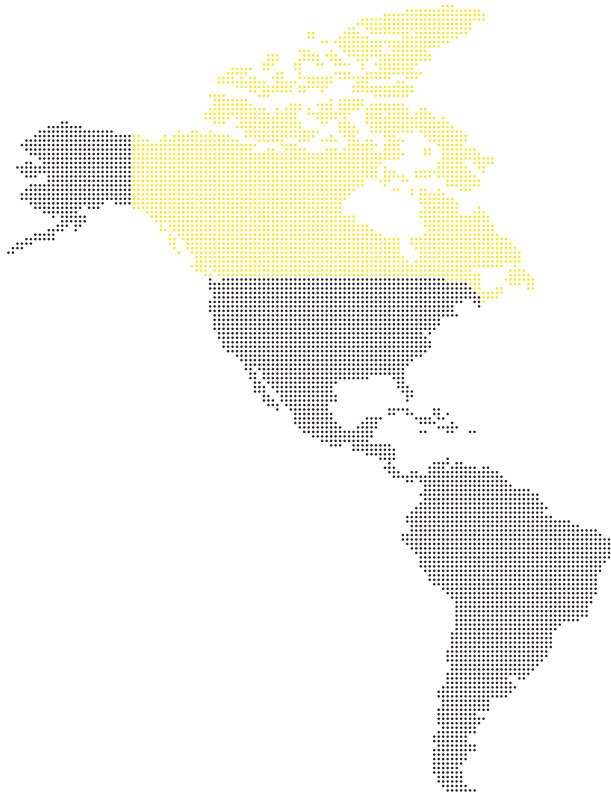
Finding: The majority of Canadian customers are very satisfied with the level of personalized attention they receive from their bank, and are unwilling to pay extra for independent financial advice.

Statistic: 66% consider the level of personalized attention their bank offers to be good or very good. 73% would not pay for independent financial advice, but 20% would do so for high-end investments.

6. Channel experience

Finding: Customers in Canada are very satisfied with branches, internet banking and ATMs, and are much less satisfied with mobile banking.

Statistic: 85% are satisfied with the branch experience, 88% are satisfied with ATMs and 84% are satisfied with internet banking. Only 29% are satisfied with mobile banking.



85%

85% are satisfied with the branch experience

Regional contact

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1. Trust and satisfaction

Finding: In China, the global credit crisis has had a largely neutral impact on customer confidence in the banking industry. Customers in China are also largely satisfied with the service they get from their banks.

Statistic: 47% say their trust in banks has not changed in the past 12 months, while 23% say their confidence has increased. 67% score their bank four or five out of five when asked about their degree of satisfaction.

2. Main bank relationship

Finding: Chinese customers tend to bank with multiple providers.

Statistic: 96% of Chinese customers bank with more than one bank, and 73% bank with three or more providers.

3. Product holdings

Finding: Chinese customers are on par with the global average in terms of the number of products they hold with their main bank.

Statistic: The average Chinese customer holds 2.9 products with the main bank, in line with the global average. The number of customers holding one product with the main bank is 17%, and 14% hold five or more.

4. Reasons for attrition

Finding: Chinese customers who have changed their main bank state poor service quality as the key factor.

Statistic: 55% of customers who decided to change their main bank did so because of general levels of service quality; 36% stated product and service offerings as their reason, and 25% cited a specific service failing for their switch.

5. Personalized service

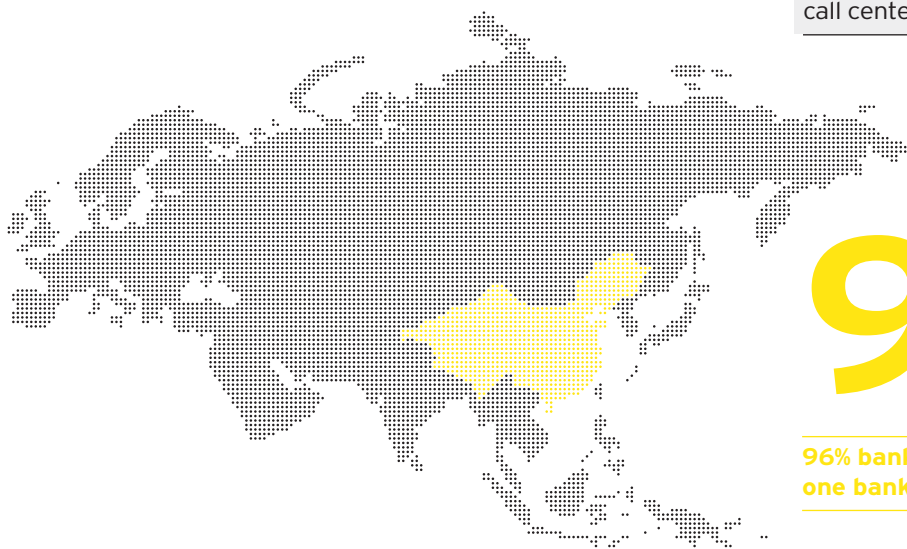
Finding: Customers in China are very satisfied with the level of personalized attention they receive from their bank, and more than half are willing to pay extra for independent financial advice.

Statistic: 61% say that the level of personalized attention they receive is either good or very good. 49% would pay for independent financial advice for high-end investments, and a further 11% would pay for advice on all of their investments.

6. Channel experience

Finding: Customers in China are very satisfied with branches, internet banking and ATMs, and are less satisfied with mobile banking. They are satisfied with the services provided by call centers.

Statistic: 81% are satisfied with the branch experience, 87% are satisfied with ATMs and 85% are satisfied with internet banking. 54% are satisfied with mobile banking and 66% with call centers.



96%

96% bank with more than one bank

Regional contact

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1. Trust and satisfaction

Finding: In France, customer confidence in the banking industry has decreased in the past 12 months, even though the majority of customers are satisfied with their own main bank.

Statistic: 54% say that their trust in banks has fallen in the past 12 months, but the same proportion scores their bank four or five out of five when asked about their degree of satisfaction.

2. Main bank relationship

Finding: While trust in banks has been negatively affected, the level of fidelity to a customer's main bank has endured.

Statistic: 50% of French respondents bank with only one bank, and just 4% bank with more than three providers.

3. Product holdings

Finding: French customers' fidelity to their main bank is higher than the European average.

Statistic: 17% of French customers hold five or more products with their main bank, compared with 40% a year ago. The number holding between 2-4 products has grown from 49% to 75%.

4. Reasons for attrition

Finding: Service quality is the leading factor for attrition.

Statistic: 40% of French customers who opted to change their main bank did so because of general service quality issues, 37% cited financial advisor competency, 28% cited product and service offerings and 27% cited price.

5. Personalized service

Finding: The majority of French customers are satisfied with the level of personal attention they receive from their bank and would not pay for independent financial advice.

Statistic: 59% rate the level of personalized attention they receive as either good or very good. 84% would not pay for independent financial advice, believing it should be part of the service their bank offers.

6. Channel experience

Finding: While French customers are generally satisfied with branch, ATM and internet channels, they are much less satisfied with call centers and mobile banking channels.

Statistic: 88% are satisfied with ATMs and 82% with internet and branch services, but only 28% are satisfied with mobile banking offerings.



84%

84% would not pay for independent financial advice, believing it should be part of the service their bank offers

Regional contact

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1. Trust and satisfaction

Finding: Consumer confidence in Germany has decreased considerably in the past year, and the majority of German customers are also dissatisfied with their main bank.

Statistic: 61% say that their trust in banks has fallen in the past 12 months, and 66% of customers said this was due to lack of trust in their bank's ability to protect their assets and data. 54% of German customers score their bank just one or two out of five when asked about their degree of satisfaction.

2. Main bank relationship

Finding: German customers tend to bank with one or two banks.

Statistic: 41% of German customers bank with one bank, and nearly four out of five customers bank with fewer than three banks.

3. Product holdings

Finding: German customers' fidelity to their main bank has fallen.

Statistic: 23% of customers hold one product with their main bank, the same as last year, but the number holding five or more products has dropped from 19% to 9% in the past year.

4. Reasons for attrition

Finding: German customers who left their main banks moved due to price and levels of service quality.

Statistic: Price was given as a reason by 58% of respondents, while 45% cited service quality as a factor.

5. Personalized service

Finding: The majority of German customers are dissatisfied with the level of personalized attention they receive from their bank, and believe that independent financial advice should be part of the service.

Statistic: 53% say they receive absolutely no attention from their bank or only occasional contact. Four out of five would not be willing to pay for independent financial advice.

6. Channel experience

Finding: While German customers indicate that they are generally satisfied with branch and internet channels, they are much less satisfied with ATMs, call centers and mobile banking channels.

Statistic: 80% are satisfied with internet banking, but only 22% are satisfied with ATMs and 36% are satisfied with call centers.



53%

53% say they receive absolutely no attention from their bank or only occasional contact

Regional contact

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Key Hungarian findings

1. Trust and satisfaction

Finding: In Hungary, customer confidence in the banking industry has been negatively affected by the credit crisis, but customer satisfaction remains high.

Statistic: 54% say that their trust in banks has fallen in the past 12 months, but 70% score their bank four or five out of five when asked about their degree of satisfaction.

2. Main bank relationship

Finding: Hungarian customers tend to bank with one bank.

Statistic: 44% of Hungarian customers bank with one bank, and more than four out of five customers bank with fewer than three banks.

3. Product holdings

Finding: Hungarian customers have lower-than-average fidelity to their main bank, compared with the European average.

Statistic: Customers hold an average of 2.4 products with their bank, compared with a European average of 2.9.

4. Reasons for attrition

Finding: Price and dissatisfaction with service quality have been the largest drivers of attrition for Hungarian customers.

Statistic: 72% of customers who decided to leave their main bank cited price as a factor. 45% cited service quality.

5. Personalized service

Finding: Hungarian customers are generally satisfied with the level of personalized attention they receive from their bank, but very few are willing to pay extra for independent financial advice.

Statistic: 59% consider the level of personalized attention their bank offers to be either good or excellent. Only 4% are willing to pay for independent advice for all investments, while a further 22% will pay for it for high-end investments. The rest believe it should be part of the regular service they receive.

6. Channel experience

Finding: While Hungarian customers indicate that they are generally satisfied with branch, ATM and internet channels, they are less satisfied with call centers, email and mobile banking channels.

Statistic: 81% are satisfied with branches and internet banking, and 53% are satisfied with mobile banking.



72%

72% of customers who decided to leave their main bank cited price as a factor

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1. Trust and satisfaction

Finding: In India, the credit crisis has had minimal impact on customer confidence in the banking industry, and customers' confidence in the industry appears to have grown in the past 12 months. The majority of customers are also very satisfied with the service they get from their banks.

Statistic: 75% say their trust in banks has increased in the past 12 months, and 17% say their confidence has not changed. 68% score their bank four or five out of five when asked about their degree of satisfaction.

2. Main bank relationship

Finding: Indian customers tend to bank with multiple providers.

Statistic: 88% of Indian customers bank with more than one bank, and 42% bank with three or more providers.

3. Product holdings

Finding: Indian customers tend to hold a high number of products with their main bank.

Statistic: The average customer holds 3.1 products with the main bank, compared with a global average of 2.9. 15% of customers hold one product with the main bank, and 20% hold five or more.

4. Reasons for attrition

Finding: Despite generally high levels of satisfaction with banks, Indian customers are generally leaving their main bank because of poor service.

Statistic: 50% of customers who decided to leave their main bank did so because of general levels of service quality, while 38% cited product and service offerings.

5. Personalized service

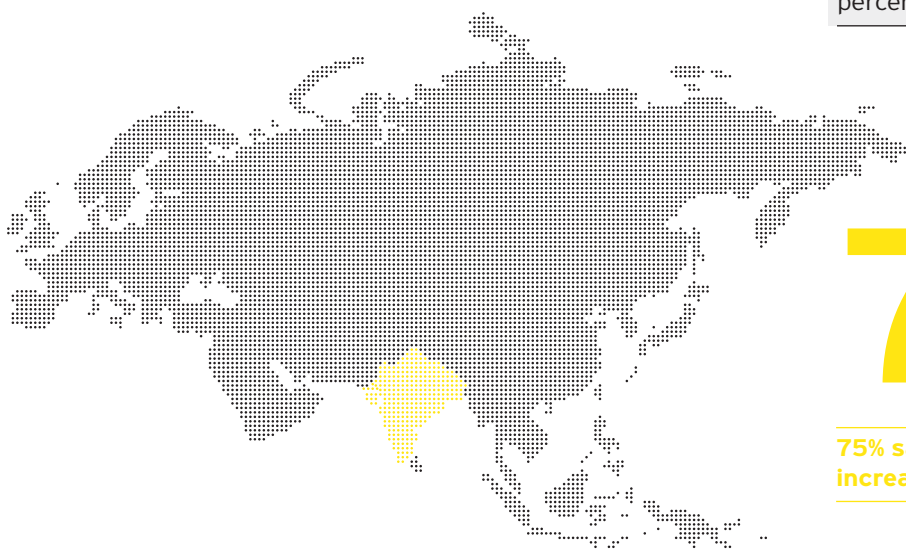
Finding: Out of all the countries we surveyed, Indian customers are the most satisfied with the level of personalized attention they receive from their main bank, and the majority are willing to pay extra for independent financial advice.

Statistic: 81% consider the level of personalized attention their bank offers to be good or very good. 45% would not pay for independent financial advice, but 43% would do so for high-end investments, and a further 12% would pay for independent advice on all their investments.

6. Channel experience

Finding: Customers in India are very satisfied with branches, internet banking and ATMs, and are more satisfied than most with mobile banking.

Statistic: 84% are satisfied with the branch experience, 81% are satisfied with ATMs and 79% are satisfied with internet banking. 59% are satisfied with mobile banking - the highest percentage in our survey.



75%

75% say their trust in banks has increased in the past 12 months

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Key Italian findings

1. Trust and satisfaction

Finding: In Italy, customers' confidence in the banking industry has been negatively affected by the credit crisis, but customer satisfaction with their main bank remains high.

Statistic: 48% say that their trust in banks has fallen in the past 12 months, but 56% score their bank four or five out of five when asked about their degree of satisfaction.

2. Main bank relationship

Finding: The majority of Italian customers bank with one bank.

Statistic: 62% of Italian customers bank with one bank, and more than 90% of customers bank with fewer than three banks.

3. Product holdings

Finding: Italian customers are generally holding more products with their main bank.

Statistic: 15% of customers hold only one product with their main bank, compared with 25% last year. However, the percentage holding five or more products has fallen from 34% to 10% in the past 12 months.

4. Reasons for attrition

Finding: The majority of Italian customers cited price as the main reason they left their main bank.

Statistic: 52% of Italian customers who changed main banks cited price as a factor. 37% moved due to service quality, while 10% cited a specific service failing for their switch.

5. Personalized service

Finding: Italian customers are the most dissatisfied with the personal attention they receive from their main bank across Europe, with almost a fifth of Italian customers receiving no attention from their main bank. They are not willing to pay extra for independent financial advice.

Statistic: 19% of customers receive no attention and a further 36% said they receive occasional attention from their main bank. 70% say they would not pay for independent advice, believing it should be part of the service their bank offers.

6. Channel experience

Finding: While Italian customers indicate that they are generally satisfied with branch, ATM and internet channels, they are less satisfied with call centers and mobile banking channels.

Statistic: 86% are satisfied with ATMs, 76% with the branch and 81% with internet banking, but only 48% are satisfied with call centers and 54% with mobile banking.



62%

62% bank with one bank, and more than 90% of customers bank with fewer than three banks

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1. Trust and satisfaction

Finding: In Japan, the credit crisis has had a largely neutral impact on customer confidence in the banking industry. Nevertheless, a large proportion of customers are not satisfied with the service they get from their banks.

Statistic: 65% say their trust in banks has not changed in the past 12 months, while 32% say their confidence has fallen. But 45% score their bank three or less out of five when asked about their degree of satisfaction.

2. Main bank relationship

Finding: Japanese customers are likely to bank with multiple providers.

Statistic: 93% of Japanese customers bank with more than one bank, and 68% bank with three or more providers.

3. Product holdings

Finding: Japan's bank customers have low fidelity to their main bank.

Statistic: The average customer holds 2.1 products with the main bank, compared with a global average of 2.9. The number of customers holding one product with the main bank is 34%, and only 5% hold five or more.

4. Reasons for attrition

Finding: With generally low levels of satisfaction with banks, Japanese customers state poor service and the proximity of branches as their main reasons for leaving their main bank.

Statistic: 36% of customers who decided to change their main bank cited the lack of proximity of branches. 23% blamed general levels of service quality.

5. Personalized service

Finding: Japanese customers receive the lowest level of personalized attention out of all the countries we surveyed.

Statistic: 45% say that they receive absolutely no personalized attention from their bank, and a further 44% get only occasional contact. 70% would not pay for independent financial advice, but 27% would do so for high-end investments.

6. Channel experience

Finding: Customers in Japan are very satisfied with branches, internet banking and ATMs, and are less satisfied with mobile banking and call centers.

Statistic: 78% are satisfied with the branch experience, 80% are satisfied with ATMs and 67% are satisfied with internet banking. 40% are satisfied with mobile banking and 35% with call centers.



93%

93% bank with more than one bank

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1. Trust and satisfaction

Finding: In Latin America, the impact of the credit crisis on customer confidence in the banking industry has been largely neutral. The majority of customers are largely satisfied with their main bank.

Statistic: 42% say their trust in banks has not changed in the past 12 months, and 27% say their trust has increased. 68% score their bank four or five out of five when asked about their degree of satisfaction.

2. Main bank relationship

Finding: Two-thirds of Latin American customers bank with more than one bank.

Statistic: 66% of Latin American customers bank with two or three banks, and 34% bank with just one.

3. Product holdings

Finding: Latin American customers have a higher than average fidelity to their main banks.

Statistic: The average customer holds 3.0 products with the main bank, compared with a global average of 2.9. The number of customers holding one product with the main bank is 17%, and two-thirds hold between two and four.

4. Reasons for attrition

Finding: Service quality is the most common reason for Latin American customers to have left their bank.

Statistic: 47% of customers who decided to change their main bank cited general levels of service quality, 39% cited product and service offerings, and 35% cited price.

5. Personalized service

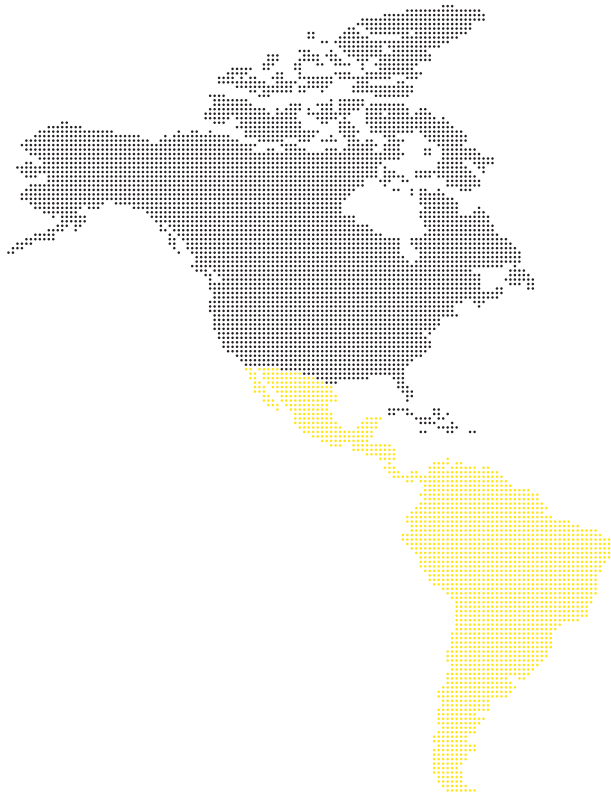
Finding: Latin American customers are generally satisfied with the level of personalized attention they receive from their bank, and are perhaps more willing to pay extra for independent financial advice.

Statistic: 67% consider the level of personalized attention their bank offers to be good or very good. 58% would not pay for independent financial advice, but 34% would do so for high-end investments.

6. Channel experience

Finding: Customers in Latin America are very satisfied with internet banking and ATMs, and rate other channels much higher than their counterparts around the world.

Statistic: 79% are satisfied with ATMs and 77% are satisfied with internet banking, but only 66% are satisfied with the branch experience. 54% are satisfied with mobile banking and 59% with call center offerings.



47%

47% of customers who decided to change their main bank did so because of general levels of service quality

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1. Trust and satisfaction

Finding: In the Netherlands, it is no surprise that customer confidence in the banking industry has been negatively affected by the credit crisis, but customers' satisfaction with their own main bank remains high.

Statistic: 51% say that their trust in banks has fallen in the past 12 months, but 69% score their bank four or five out of five when asked about their degree of satisfaction.

2. Main bank relationship

Finding: Dutch customers tend to bank with no more than three banks.

Statistic: 46% of Dutch customers bank with one bank, and 39% bank with two banks.

3. Product holdings

Finding: Dutch customers have increased the number of products held with their main bank in the past year.

Statistic: 16% of customers hold only one product with their main bank, compared with 15% last year. The percentage holding between 2-4 products has grown from 66% to 76% in the past 12 months.

4. Reasons for attrition

Finding: Quality of service is the main reason for Dutch customers leaving their main bank.

Statistic: 33% of Dutch customers who have changed their main bank cite service quality, while 25% cited specific service failing.

5. Personalized service

Finding: Over a fifth of Dutch customers receive no attention from their main bank, which was the highest score in Europe, and they are not willing to pay extra for independent financial advice.

Statistic: 21% of Dutch customers said they receive no attention from their main bank, and a further 29% said they receive occasional contact. 91% say they would not pay for independent advice, believing it should be part of the service their bank offers.

6. Channel experience

Finding: Dutch customers indicate that they are very satisfied with internet banking, but they are less satisfied with branches than customers across Europe, and are unsatisfied with call centres and mobile banking channels.

Statistic: 95% are satisfied with internet banking and 72% are satisfied with branches, but only 45% are satisfied with call center offerings and 48% with mobile banking.



95%

95% are satisfied with internet banking

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1. Trust and satisfaction

Finding: In Poland, customer confidence in the banking industry has been largely unaffected by the credit crisis, and customers' satisfaction with their main bank is the highest in Europe.

Statistic: 59% say that their trust in banks has not changed in the past 12 months, and 73% score their bank four or five out of five when asked about their degree of satisfaction, which was ranked a joint second out of all the countries we surveyed.

2. Main bank relationship

Finding: The majority of Polish customers bank with one or two banks.

Statistic: 47% of Polish customers bank with one bank, and more than 80% of customers bank with fewer than three banks.

3. Product holdings

Finding: Polish customers have a slightly lower-than-average level of fidelity to their main bank when compared with customers in other European countries.

Statistic: The average customer holds 2.6 products with his or her main bank, compared to a European average of 2.9 products.

4. Reasons for attrition

Finding: Attrition has been driven predominantly by price, followed by service quality.

Statistic: 60% of customers who decided to change their main bank cited price; 48% cited service quality and 43% cited product and service offerings.

5. Personalized service

Finding: The majority of Polish customers are satisfied with the level of personalized attention they receive from their bank, but almost a third of customers are willing to pay extra for independent financial advice for high-end investments.

Statistic: 60% consider the level of personalized attention their bank offers to be good or very good. 68% would not pay for independent financial advice, but 30% would do so for high-end investments, which was the highest score across all of Europe.

6. Channel experience

Finding: Polish customers indicate that they are very satisfied with internet banking, branches and ATMs, but they are less satisfied with call centers and mobile banking channels.

Statistic: 89% are satisfied with internet banking, 82% are satisfied with ATMs and 80% are satisfied with branches, but only 50% are satisfied with call center offerings and 53% with mobile banking.



59%

59% say that their trust in banks has not changed in the past 12 months

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1. Trust and satisfaction

Finding: In Scandinavia, customer confidence in the banking industry has been largely unaffected by the credit crisis, and customer satisfaction with banks remains high.

Statistic: 58% say that their trust in banks has not changed in the past 12 months, and 69% score their bank four or five out of five when asked about their degree of satisfaction.

2. Main bank relationship

Finding: Scandinavian customers tend to bank with one or two banks.

Statistic: 43% of Scandinavian customers bank with one bank, and more than 80% of customers bank with fewer than three banks.

3. Product holdings

Finding: Scandinavian customers have a higher-than-average level of fidelity to their main bank than customers elsewhere in Europe.

Statistic: The average customer holds 3.4 products with his or her main bank, compared with a European average of 2.9 products.

4. Reasons for attrition

Finding: Price is the most common reason for attrition, followed by service quality.

Statistic: 44% of customers who decided to change their main bank cited price, 35% cited service quality, and 28% cited product and service offerings.

5. Personalized service

Finding: Scandinavian customers are satisfied with the level of personalized attention they receive from their bank, and most are not willing to pay extra for independent financial advice.

Statistic: 61% consider the level of personalized attention their bank offers to be good or very good. 74% would not pay for independent financial advice, but 23% would do so for high-end investments.

6. Channel experience

Finding: Scandinavian customers indicate that they are very satisfied with internet banking, and also rate branches and ATMs highly. They are less satisfied with call centers and mobile banking channels.

Statistic: 93% are satisfied with internet banking, and 74% are satisfied with branches and ATMs. 51% are satisfied with call center offerings and mobile banking.



74%

74% would not pay for independent financial advice

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Key South African findings

1. Trust and satisfaction

Finding: In South Africa, the credit crisis has had a negative impact on customer confidence in the banking industry. Almost half of the customers in South Africa are not satisfied with the service they get from their banks.

Statistic: 47% say their trust in banks has fallen in the past 12 months, while 31% say their confidence has not changed. 46% score their bank three or less out of five when asked about their degree of satisfaction.

2. Main bank relationship

Finding: South African customers tend to bank with no more than two banks.

Statistic: 44% of South African customers bank with one bank, and only 13% bank with three or more providers.

3. Product holdings

Finding: South African customers' fidelity to their main bank is higher than the global average.

Statistic: The average customer holds 3.1 products with the main bank, compared with the global average of 2.9. The number of customers holding one product with the main bank is 11%, and 74% hold 2-4 products.

4. Reasons for attrition

Finding: Poor service quality and price are the main factors for South African customers leaving their main bank.

Statistic: 59% of customers who decided to change their main bank cited general levels of service quality, while 57% cited price.

5. Personalized service

Finding: The majority of customers in South Africa are satisfied with the level of personalized attention they receive from their bank and are not willing to pay extra for independent financial advice.

Statistic: 53% say that the level of personalized attention they receive is either good or very good. 64% would not pay for independent financial advice, but 26% would do so for high-end investments.

6. Channel experience

Finding: Customers in South Africa are very satisfied with internet banking, branches and ATMs, and are more satisfied than most with mobile banking. They are satisfied with the services provided by call centers.

Statistic: 87% are satisfied with Internet banking, 83% are satisfied with ATMs and 82% are satisfied with branch banking. 52% are satisfied with mobile banking and 62% with call centers.



44%

44% bank with only one bank

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Key Spanish findings:**1. Trust and satisfaction**

Finding: In Spain, customer confidence in the banking industry has fallen since the credit crisis, but customer satisfaction with banks remains high.

Statistic: 58% say that their trust in banks has fallen in the past 12 months, and 56% score their bank four or five out of five when asked about their degree of satisfaction.

2. Main bank relationship

Finding: Spanish customers have a higher tendency to bank with two or more banks.

Statistic: 32% of Spanish customers bank with one bank, and 23% bank with three or more providers.

3. Product holdings

Finding: Spanish customers have the highest fidelity rate to their main bank across all of Europe.

Statistic: The average Spanish customer holds 3.7 products with the main bank, compared with a European average of 2.9. The number of customers holding 2-4 products with their main bank has increased from 42% in 2009 to 61% in 2010, whereas the number of customers holding one product with their main bank in Spain has fallen from 14% to 7% in the past year.

4. Reasons for attrition

Finding: Product and service offerings are the main factor for customers leaving their main bank, followed by service quality and price.

Statistic: 45% moved due to the product and service offerings, 42% cited general levels of service quality, and 28% cited a specific service failing as a factor.

5. Personalized service

Finding: Spanish customers are satisfied with the level of personalized attention they receive from their bank, and most are not willing to pay extra for independent financial advice.

Statistic: 65% consider the level of personalized attention their bank offers to be good or very good. 66% would not pay for independent financial advice, but 28% would do so for high-end investments.

6. Channel experience

Finding: Spanish customers indicate that they are very satisfied with internet banking and ATMs, but are less satisfied with branches, call centers and mobile banking channels.

Statistic: 84% are satisfied with ATMs and 83% are satisfied with internet banking, but only 56% are satisfied with the branch experience. 57% are satisfied with call center offerings and 52% with mobile banking.



65%

65% consider the level of personalized attention their bank offers to be good or very good

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Key UK findings

1. Trust and satisfaction

Finding: In the UK, customer confidence in the banking industry has been the most negatively affected out of all the countries we surveyed.

Statistic: 63% say that their trust in banks has fallen in the past 12 months, and 36% of UK customers are dissatisfied with their main bank.

2. Main bank relationship

Finding: While trust in banks has been negatively affected, the level of loyalty to a customer's main bank has endured.

Statistic: 50% of UK customers bank with one bank, and 84% bank with no more than two banks.

3. Product holdings

Finding: The number of products held with the main bank has increased in the past year.

Statistic: 96% of UK respondents now hold up to four products with their main provider, compared with 89% last year.

4. Reasons for attrition

Finding: Attrition has been driven by service quality issues for UK customers; however, UK customers are the least price-sensitive across Europe.

Statistic: 42% of UK customers who have changed their main bank cite service quality, and 27% cite a specific service failing. Only 15% left due to price, compared with the European average of 44%.

5. Personalized service

Finding: The majority of UK customers are dissatisfied with the personalized attention they receive from their main bank, and are not willing to pay extra for independent financial advice.

Statistic: 53% of UK customers report that they receive no or only occasional contact from their main bank. 77% are not willing to pay for independent advice and believe it should be part of the regular service they receive.

6. Channel experience

Finding: While UK customers indicate that they are generally satisfied with branch, ATM and internet channels, they are much less satisfied with call centers and mobile banking channels.

Statistic: 82% are satisfied with internet banking, 80% with branch banking, but only 29% are satisfied with mobile banking and 49% with call center banking.



63%

63% say that their trust in banks has fallen in the past 12 months

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1. Trust and satisfaction

Finding: In the US, customer confidence in the banking industry has fallen considerably in the past 12 months, but surprisingly, out of all the countries we surveyed, US customers were the most satisfied with the service they receive from their main bank.

Statistic: 55% say their trust in banks has decreased in the past 12 months. 77% score their bank four or five out of five when asked about their degree of satisfaction - the highest figure in our survey.

2. Main bank relationship

Finding: More than half of US customers bank with a single provider.

Statistic: 51% of US customers bank with just one bank, and only 16% bank with three or more banks.

3. Product holdings

Finding: US customers tend to have lower-than-average fidelity to their main bank than customers globally.

Statistic: The average customer holds 2.4 products with the main bank, compared with a global average of 2.9. The number of customers holding one product with the main bank is 23%, and only 7% hold five or more.

4. Reasons for attrition

Finding: Poor service quality is the key factor for US customers leaving their main bank.

Statistic: 31% of customers who decided to move their main bank did so because of general levels of service quality, while 23% cited product and service offerings.

5. Personalized service

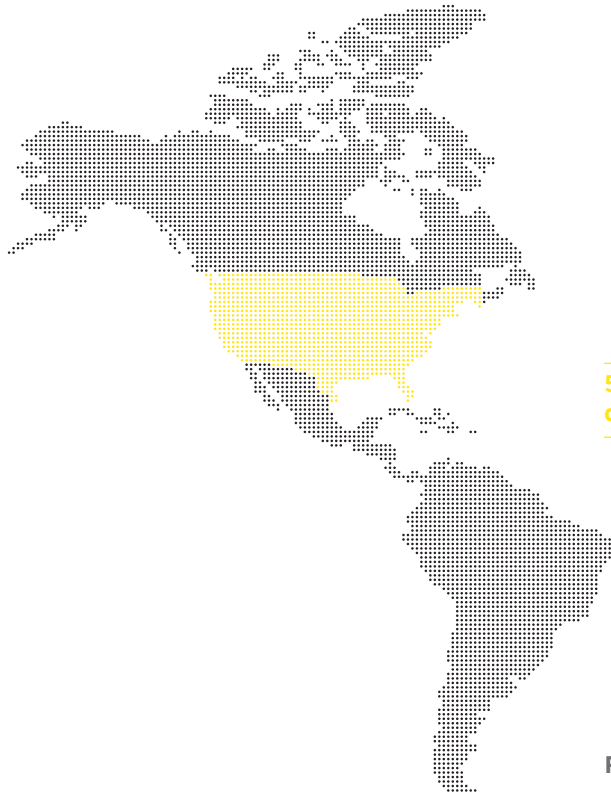
Finding: The majority of US customers are very satisfied with the level of personalized attention they receive from their bank, and are unwilling to pay extra for independent financial advice.

Statistic: 67% consider the level of personalized attention their bank offers to be good or very good. 68% would not pay for independent financial advice, but 21% would do so for high-end investments.

6. Channel experience

Finding: Customers in the US are very satisfied with branches, internet banking and ATMs, and are much less satisfied with mobile banking.

Statistic: 86% are satisfied with the branch experience and 83% are satisfied with internet banking. Only 34% are satisfied with mobile banking, but 60% are satisfied with call centers.



55%

55% say their trust in banks has decreased in the past 12 months

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