

February 16, 2010, 1:06 pm

## **Customer Satisfaction With the Biggest Banks Plummet**

By *JENNIFER SARANOW SCHULTZ*

While customer satisfaction with banks over all remained unchanged in the fourth quarter of last year from the year-earlier period, customer satisfaction with some of the biggest banks has declined to the lowest fourth-quarter levels in years, according to a new study released Tuesday.

The results, from the [American Consumer Satisfaction Index](#), back up similar findings from a Forrester Research report that we reported on earlier this month in the post "[The Least-Trusted Banks in America](#)." The Forrester report found that customers of the biggest banks in the United States were the least likely to believe their financial institution did what was best for them as opposed to what was best for the institution's bottom line.

The latest results are based on about 80,000 telephone interviews during which interviewees were asked to rank their satisfaction with their bank's checking, savings and personal loan accounts; prices; and customer service, among other questions, on a scale of one to 10. The results were then averaged to create an index score for each institution from 0 to 100, with 100 being the highest score.

According to the results, customer satisfaction over all with banks was unchanged in the fourth quarter of 2009 from the year-earlier period at an index score of 75, though this score was down from a score of 78 in 2007 and 77 in 2006.

But customer satisfaction with three of the largest U.S. banks, as measured by their market share, dropped. "The bigger banks are still struggling and have a level of satisfaction we have not seen in many years," said David VanAmburg, director of the index.

Customer satisfaction with JPMorgan Chase dropped by 7 percent to a score of 68, from 73, down from the bank's previous lowest score of 70 in 2005 and 2004. Citigroup also received a score of 68, down from 69 a year earlier and 72 in 2006. Bank of America's score fell 8 percent to an industry low of 67, from 73 a year earlier, locking in its lowest score since a 63 in 2000.

Mr. VanAmburg attributed the drops to the customer service and integration challenges that come with acquisitions, particularly Chase's purchase of Washington Mutual and Bank of America's acquisition of Merrill Lynch. "They are struggling with managing

these very large acquisitions,” he said. “Typically, there’s a satisfaction decline in the wake of a major merger or acquisition, not just in this industry, but in all industries.”

Wells Fargo, however, bucked the trend, improving by one percentage point, to 73 from 72 after its acquisition of Wachovia. Mr. VanAmburg said Wachovia had been a leader in customer satisfaction among the larger banks so it probably helped enhance Wells Fargo’s results.

Smaller banks and credit unions, in contrast, which tend to put more of an emphasis on individualized customer service, fared much better. The more general “all others” bank category, which includes all other banks including many small ones, received a score of 80, unchanged since 2007. Credit unions, in contrast, ranked the highest among financial institutions with a score of 84, unchanged from a year earlier. Mr. VanAmburg said these results were not surprising considering that many of the smaller banks and credit unions did not get into the subprime mortgage business and weren’t dealing with the after-effects.

As with the Forrester results, Mr. VanAmburg said the index scores were correlated with customer retention and, by extension, revenue and financial performance. He said banks with rising customer satisfaction scores were likely to have less defection, higher revenue and more rapidly growing share prices, and vice versa for banks with dropping customer satisfaction scores.

Among other results, the finance and insurance sector over all improved 1.4 percent to a score of 77.1. Health insurers rose 2.7 percent to a score of 75, and property and casualty insurers fell 1.2 percent to a score of 80.

Customer satisfaction with Internet brokerages meanwhile, rose 5.4 percent to a score of 78, the largest gain for any category for the quarter, which Mr. VanAmburg attributed to the rebound in stock prices. Satisfaction with Internet brokerages “depends on how the market and customers’ investments are doing,” he said.

How do the rankings line up with your experiences? Do the results surprise you? Why or why not?