

Retail Banks Face Major Customer Satisfaction Challenge as World Shifts to Digital-Only Engagement, J.D. Power Finds

Overall Satisfaction Historically Declines as Bank Customers Transition from Branches to Digital

TROY, Mich.: 30 April 2020 — Retail banks have been confronting a difficult paradox for the last several years. The most satisfied retail banking customers use both branch and digital services to conduct their personal banking, while the least satisfied are those who have a digital-only relationship with their bank and do not use branches.

Now, as the COVID-19 pandemic places constraints on in-person retail banking and forces customers to increase reliance on digital service channels, banks are facing an important test. According to the J.D. Power 2020 U.S. Retail Banking Satisfaction Study,SM released today, 52% of retail bank customers classified as branch dependent before the COVID-19 pandemic, and successfully transitioning them to digital—without compromising customer experience—will be critical in the weeks and months ahead.

“With fewer customers visiting branches, it will be important for retail banks to replace the in-person service they would have provided with personalized services delivered instead through digital channels,” said **Paul McAdam, senior director, banking intelligence at J.D. Power**. “Given the technology available to banks, customer pain points with digital should be easy to address. Let’s keep in mind that digital retail banking was introduced 25 years ago. Executing basic user-friendly functionality, providing a full range of services and offering easy ways to pay and move money are areas where banks could improve their digital offerings.”

Following are some key findings of the 2020 study:

- **Pre-pandemic, branches still played major role:** Prior to the COVID-19 pandemic, 52% of retail bank customers were classified as branch dependent, meaning they either used the branch exclusively (10% of customers) or used a combination of branch visits, online and mobile banking service (42% of customers) during the past three months. Branch-dependent customers visit a branch an average of 1.5 times per month. Following 25 years of bank investment in providing and upgrading digital offerings and customers’ increased adoption of them, 30% of bank customers now do their banking in a digital-only manner and do not use branches.
- **Digital-only customers have lowest levels of satisfaction:** Overall customer satisfaction with retail banks tends to decline as customers transition away from the branch and to digital-only banking relationships. The overall satisfaction score among branch-dependent bank customers is 824 (on a 1,000-point scale), which is 23 points higher than the score among digital-only customers. That satisfaction gap is widest (31 points) among members of Generation Y.¹
- **Big banks lead midsize and regional banks on digital engagement:** The Big 6² banks currently have a jump on regional and midsize banks to build digital engagement. Prior to the pandemic, 49% of big bank customers had high levels of digital engagement, compared with 41% of regional bank customers and 36% of midsize bank customers.

¹ J.D. Power defines generational groups as Pre-Boomers (born before 1946); Boomers (1946-1964); Gen X (1965-1976); Gen Y (1977-1994); and Gen Z (1995-2004). Millennials (1982-1994) are a subset of Gen Y.

² The Big 6 banks are Bank of America, Chase, Citibank, PNC, U.S. Bank and Wells Fargo.

- **P2P payment integration emerges as wild card for bank customer satisfaction:** Satisfaction is significantly higher among customers who have linked their bank accounts to digital payment services (e.g., Zelle, Apple Pay, PayPal, Venmo) than among those who have not. Among P2P (person to person) payment providers, direct integration with Zelle generates the highest boost in bank customer satisfaction.

The study measures customer satisfaction with banks in 11 geographic regions. Highest-ranking banks and scores, by region, are as follows:

California Region: Chase (825)

Florida Region: Chase (851)

Mid-Atlantic Region: S&T Bank (871)

Midwest Region: First National Bank of Omaha (847)

New England Region: Bangor Savings Bank (863)

North Central Region: City National Bank (WV) (857)

Northwest Region: Columbia Bank (837)

South Central Region: Arvest Bank (863)

Southeast Region: United Community Bank (862)

Southwest Region: Arvest Bank (851)

Texas Region: Frost Bank (863)

The U.S. Retail Banking Satisfaction Study, now in its 15th year, measures satisfaction in six factors (listed in alphabetical order): account opening; communication and advice; channel activities; convenience; problem resolution; and products and fees. Channel activities include seven subfactors (listed in alphabetical order): ATM; assisted online; branch; call center; IVR; mobile; and website.

The study is based on responses from 91,950 retail banking customers of 182 of the largest banks in the United States regarding their experiences with their retail bank. It was fielded from April 2019 through February 2020. Big banks are defined as banks with more than \$250 billion in domestic deposits; regional banks are those with \$55 billion-\$250 billion in domestic deposits; and midsize banks are those with less than \$55 billion in domestic deposits.

For more information about the J.D. Power U.S. Retail Banking Satisfaction Study, visit <https://www.jdpower.com/business/resource/us-retail-banking-satisfaction-study>.

To view the online press release, please visit <http://www.jdpower.com/pr-id/2020044>.

J.D. Power is a global leader in consumer insights, advisory services and data and analytics. These capabilities enable J.D. Power to help its clients drive customer satisfaction, growth and profitability. Established in 1968, J.D. Power has offices serving North America, Asia Pacific and Europe.

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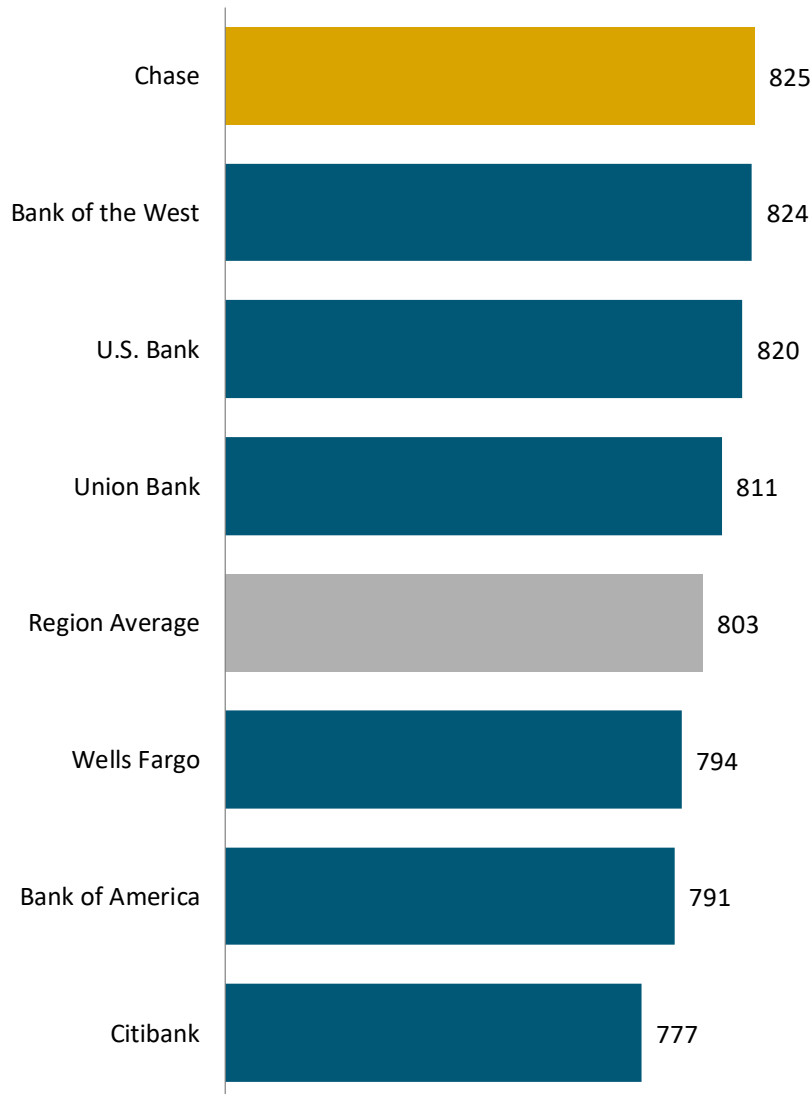
NOTE: Eleven charts follow.

J.D. Power 2020 U.S. Retail Banking Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

California



Source: J.D. Power 2020 U.S. Retail Banking Satisfaction StudySM

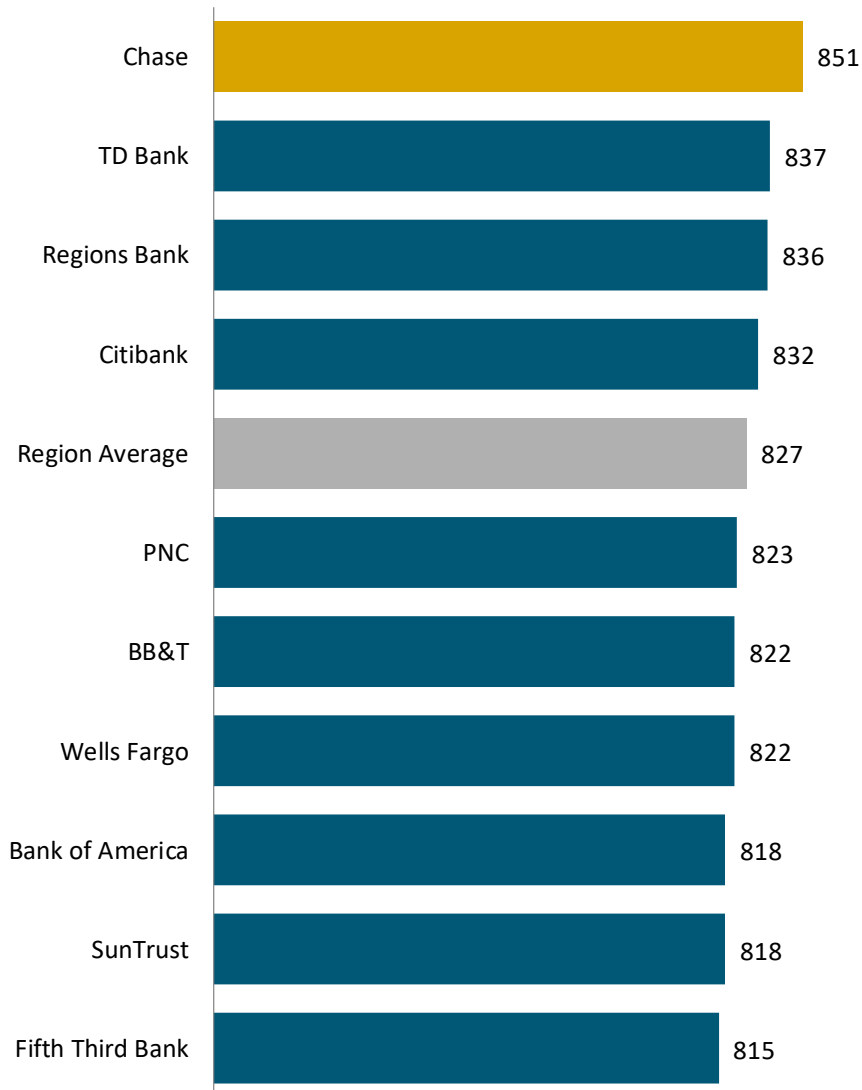
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J.D. Power 2020 U.S. Retail Banking Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Florida



Source: J.D. Power 2020 U.S. Retail Banking Satisfaction StudySM

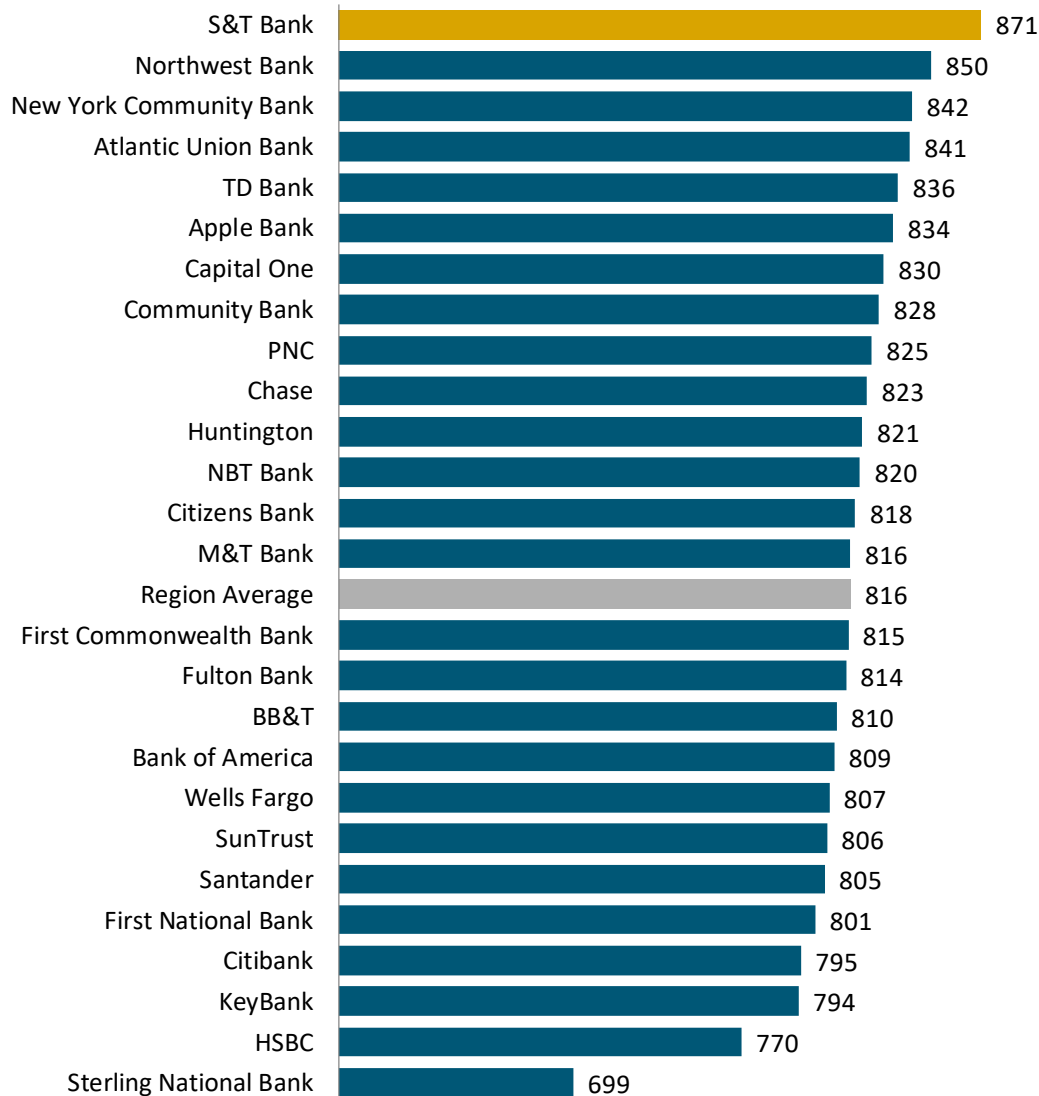
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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Mid-Atlantic



Note: Mid-Atlantic includes Delaware, Maryland, New Jersey, New York, Pennsylvania, Virginia and Washington, D.C.

Source: J.D. Power 2020 U.S. Retail Banking Satisfaction StudySM

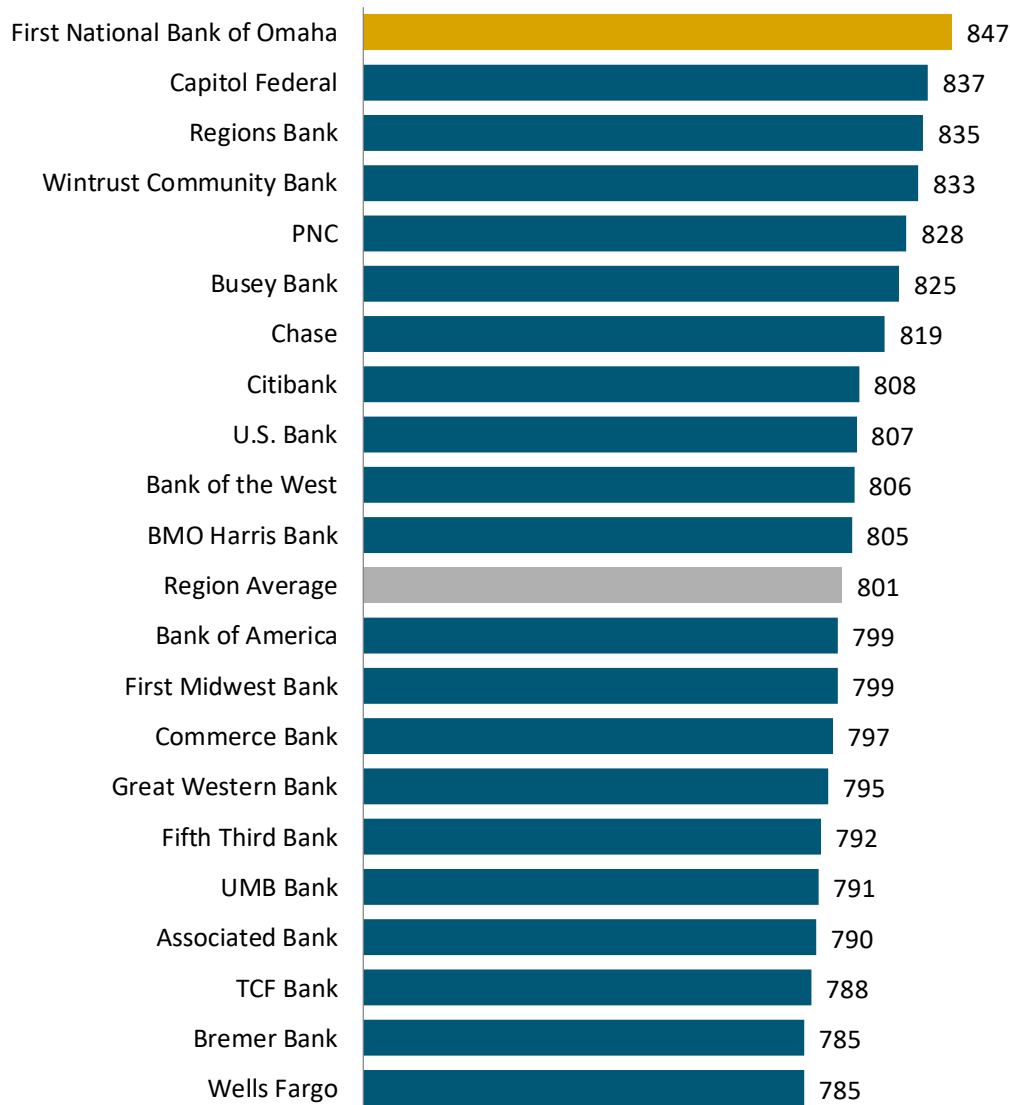
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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Midwest



Note: Midwest includes Iowa, Illinois, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota and Wisconsin.

Source: J.D. Power 2020 U.S. Retail Banking Satisfaction StudySM

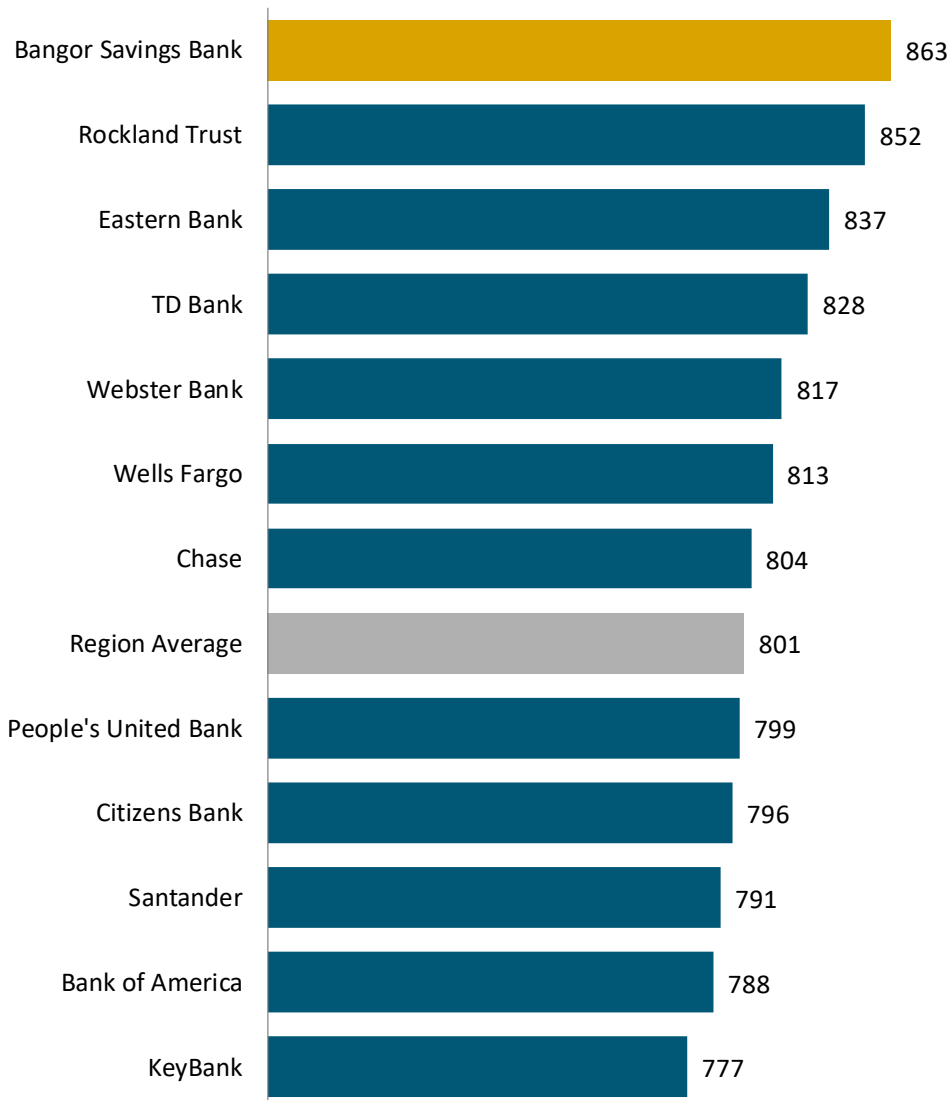
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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

New England



Note: New England includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

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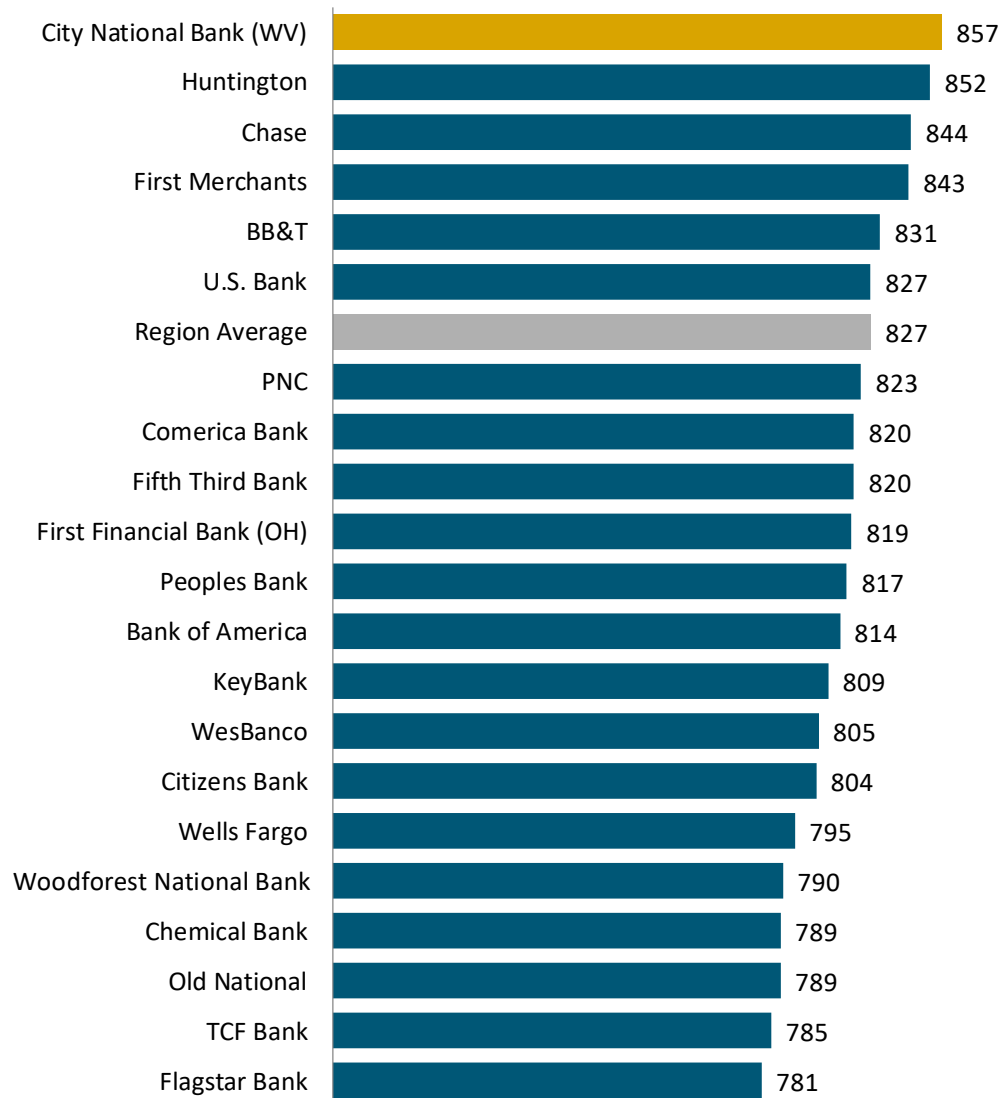
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J.D. Power 2020 U.S. Retail Banking Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

North Central



Note: North Central includes Indiana, Kentucky, Michigan, Ohio and West Virginia.

Source: J.D. Power 2020 U.S. Retail Banking Satisfaction StudySM

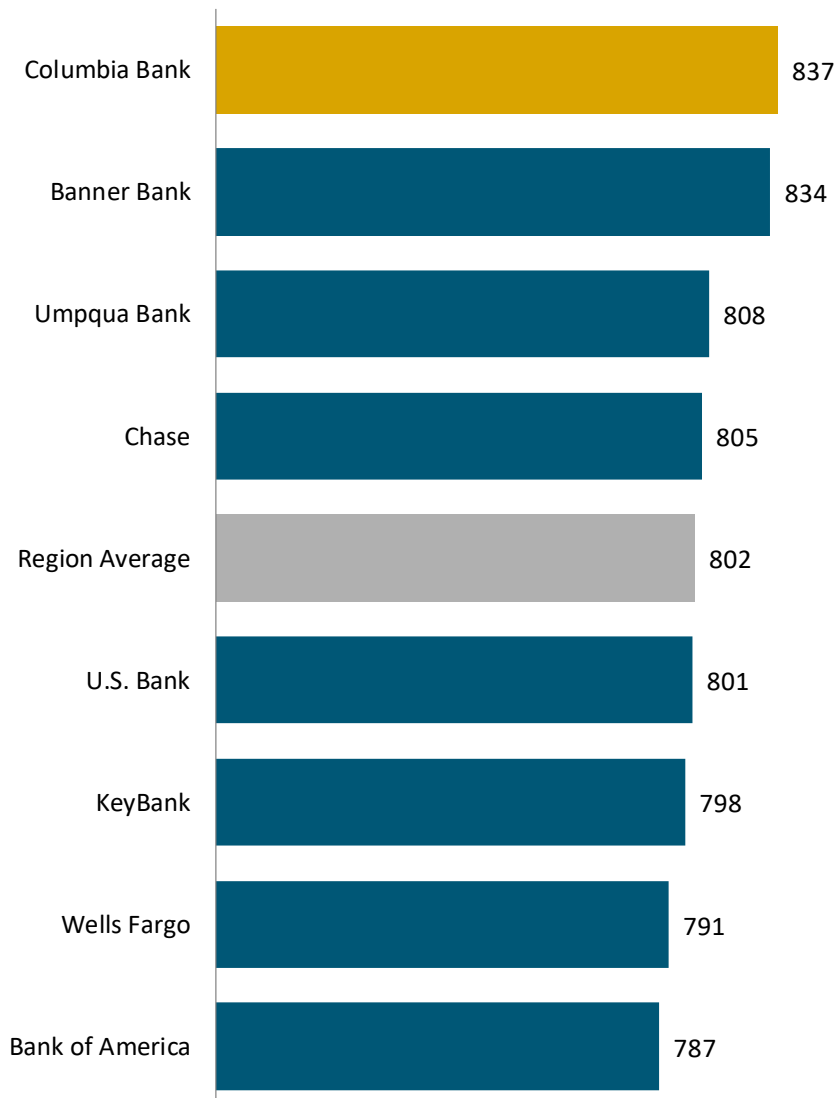
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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Northwest



Note: Northwest includes Idaho, Montana, Oregon and Washington.

Source: J.D. Power 2020 U.S. Retail Banking Satisfaction StudySM

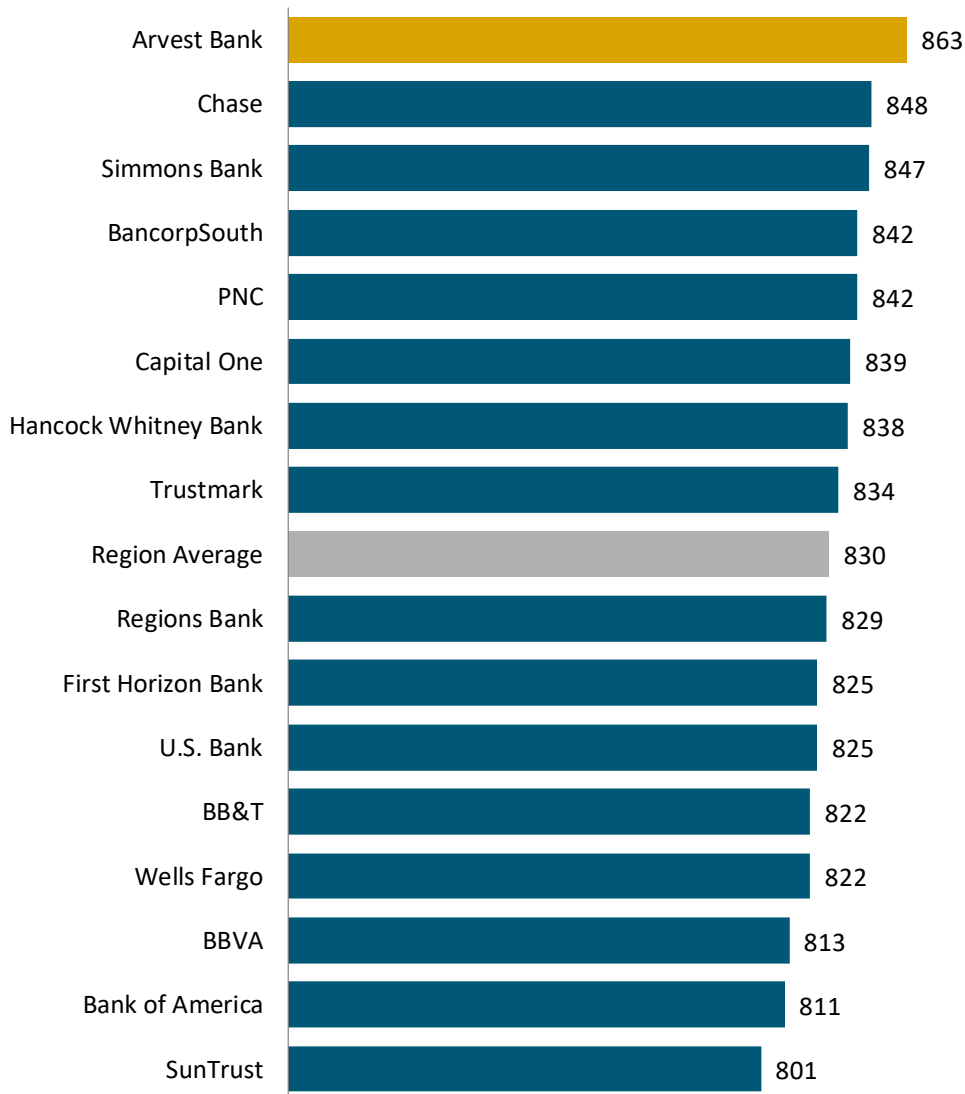
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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

South Central



Note: South Central includes Alabama, Arkansas, Louisiana, Mississippi and Tennessee.

Source: J.D. Power 2020 U.S. Retail Banking Satisfaction StudySM

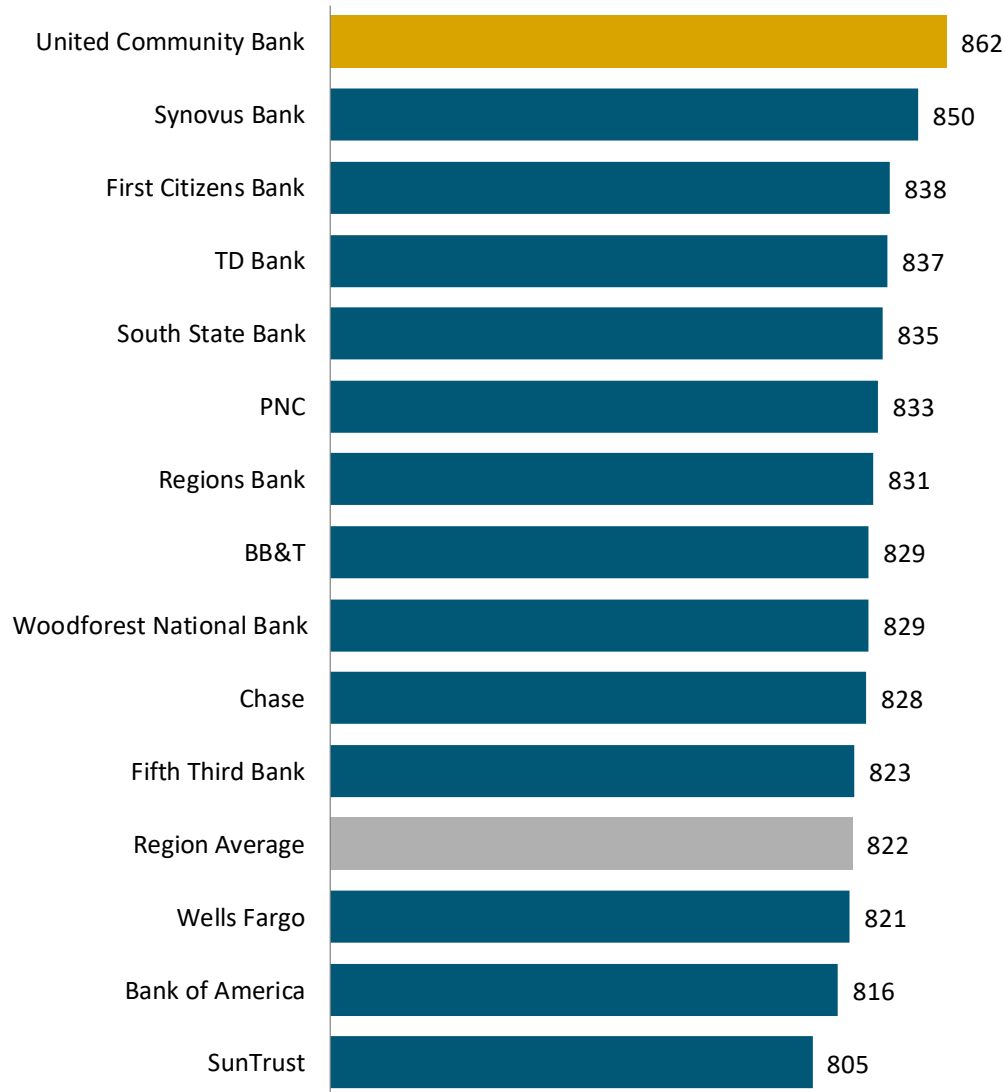
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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Southeast



Note: Southeast includes Georgia, North Carolina and South Carolina.

Source: J.D. Power 2020 U.S. Retail Banking Satisfaction StudySM

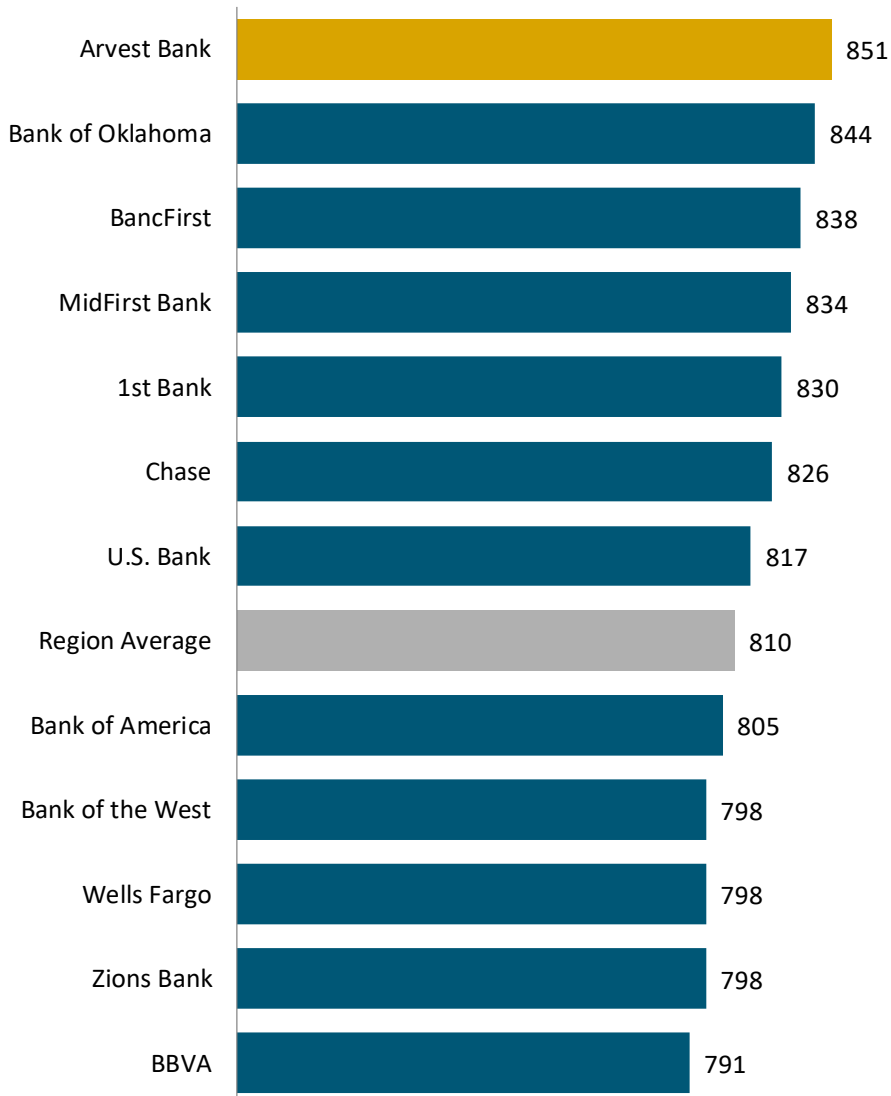
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Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Southwest



Note: Southwest includes Arizona, Colorado, New Mexico, Nevada, Oklahoma, Utah and Wyoming.

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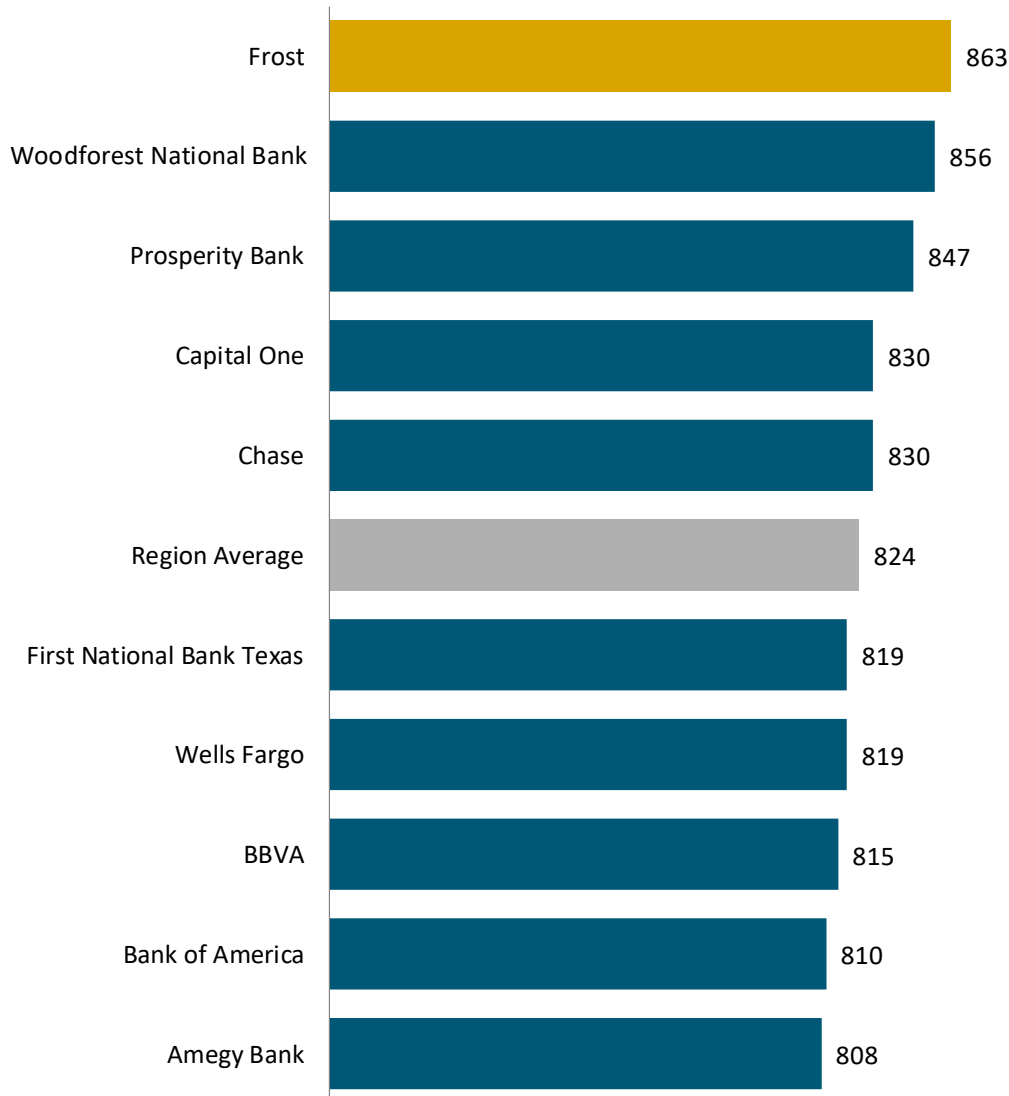
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J.D. Power 2020 U.S. Retail Banking Satisfaction StudySM

Overall Customer Satisfaction Index Ranking

(Based on a 1,000-point scale)

Texas



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