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Bank on satisfaction

5:00AM Sunday Apr 08, 2007

By **[Chris Daniels](#)**

At a time of unprecedented banking competition and profits, New Zealand consumers are seeing more branches opening and are generally happier about what the banks are providing.

Their satisfaction with banks is greater than that across the Tasman, where the owners of most of our big banks are based.

The Australian-owned big four control 90 per cent of the banking sector's \$254 billion in assets. Research has shown, however, that locally owned TSB Bank and Kiwibank lead the pack on customer satisfaction, with ASB Bank coming in third.

A recent surge by the ANZ, formerly the worst performer, has it gaining ground on its sister company, the National Bank.

Public satisfaction with banks has increased over the past five years, a time marked by the entry into the market of Kiwibank and a reversal of branch-closing policies.

Leslie Morton, finance sector director for research company Roy Morgan New Zealand, thinks that the growth of satisfaction with the ANZ is not at the expense of National Bank.

"I don't think it's cannibalisation, it's more likely that you've got a single management team being developed that obviously has two very distinct brands, with a fairly distinct customer base. All of that is historical."

The National Bank, when compared with the others, had occupied a premium position. It had strength in the rural market and had been strong in the large corporate banking sector, but had not been big in the "all-important Auckland market".

"In comparison, ANZ had more of a general branding, more middle market - not the premium market that the National Bank has had for many years." The research indicates that customers would like the two banks to converge.

New Zealand banks collectively outperform the Australian banks in the Roy Morgan research, which annually surveys 25,000 people.

Kiwibank and TSB both enjoyed high ratings for customer satisfaction. People usually moved bank for particular reasons. Increased customer satisfaction is running in tandem with moves to open more branches.

Banks have reassessed the value of branches, says Morton, despite the move towards internet banking.

TSB chief executive, Kevin Rimmington says there are good economic reasons why the bank put such a focus on customer satisfaction. Being smaller allows TSB to concentrate clearly on "a smaller angle, a sharp point" - customer satisfaction.

"Most of our new account-opening is by reference from other customers, so that's important to us, that's a

cost angle as well. We can't waste as much money on TV advertising as some of the others, so we have to focus on what we're doing," he says.

"So economically it makes sense to satisfy the customers that we have and to grow the bank by their satisfaction."

Kiwibank spokesman Bruce Thompson says any complacency among the big banks would have been pushed aside when Kiwibank launched five years ago.

"We've got 500,000 customers... from the other banks. That indicates that people were not happy and the other banks have... said they needed to lift their performance and have. We believe that Kiwibank has been good not only for its own customers but for the banking community in New Zealand."

This trend towards opening, and not closing, branches was led by Kiwibank's emphasis on local communities, operating from hundreds of established shops and businesses.

"Those people have been involved in customer service for a very long time. It's an unusual mix - the other banks hadn't expected it to happen, but it happened. I don't know if they expected it to be successful, but it has been," says Thompson.

Wayne Besant, managing director of ANZ's retail operation, says while internet banking is becoming increasingly important, it isn't an area that gained good scores on customer satisfaction measures.

"The real driver of customer satisfaction remains that face-to-face interaction," he says. "I think ANZ, like a number of banks, closed too many branches. One of the key things for us is making sure we've got the right access to branches."

Besant said the ANZ had opened half a dozen new branches over the past two to three years.

"Generally, customers value that face-to-face relationship as opposed to internet or phone banking."

Ian Park, head of retail banking at ASB, said people were demanding more convenience, which was why ASB had some branches open on weekends and outside working hours.

ASB did not go through wholesale branch closures in the 1980s and 1990s. A number did close, but were largely replaced by new ones. Other banks were closing branches while ASB was expanding nationally.

ASB was due to open another 10 to 12 branches in the next 12 to 18 months, he said.

"For some of the bigger things in life - a home loan, life insurance, or investment, people still like to see face to face," say Park. "You have got to listen to your customers - if that's what they want, that's what you have to give them."