

## Promoters Rare in Business Banking

(19 November 2008 – Australia) Promoters and advocates are virtually non-existent in business banking in Australia, with less than one percent of all businesses willing to promote their bank, according to the latest edition of East & Partners' monthly Business Banking Sentiment Index (BBSI).

The October 2008 edition of the BBSI found that on average, business banks in Australia have a Net Promoter Score (NPS) of -93.2. This is a significantly low score using the typical NPS range from a low of -100 to a high of 100.

Net Promoter Score is found by asking customers if they would recommend their bank to friends or colleagues. This measure of Advocacy is one of four measures that make up the BBSI, which also includes Satisfaction, Loyalty and Empathy.

Speaking to 750 decision makers in businesses with turnover of \$1m-\$100m reveals that just 0.5 percent of businesses would recommend their bank to others (score of 9 or 10), 5.7 percent were neutral (7 to 8), while 93.8 percent were detractors (score of 1 to 6).

East & Partners' financial markets analyst, Peter Drennan, said "the results from the latest edition of the BBSI show that banks generally have not been able to develop the type of relationship that creates advocates".

"Small businesses in particular are not happy with their banks and will not recommend them to friends or colleagues", Mr Drennan added.

Based on the Net Promoter Score approach, Bank of Queensland has the greatest share of promoters amongst its customers, although this is still a very small share of the bank's customers.

Of the Big Four banks, only NAB, at -87.1 percent, scored a NPS that was better than the average. However, no Big Four bank has any promoters in this small to mid-sized business segment.

"The BBSI has also shown that while businesses are unlikely to dissuade others from engaging with their bank, they are more likely to dissuade than recommend", Mr Drennan said.

"While some customers are satisfied with the products and service they receive, they are still not willing to actively recommend their bank to others", Mr Drennan added.

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Businesses are heavily reliant on advice from their associates and colleagues. Ensuring that current customers actively promote the bank can therefore result in a healthy inflow of referrals. This is a cost effective way to generate new sales, but the key challenge for banks is to explore and understand what is needed to turn customers into advocates.

### **About East & Partners' Business Banking Sentiment Index**

The East & Partners' Business Banking Sentiment Index is a monthly survey of business customer sentiment towards banks, providing a monitor of customer satisfaction, loyalty, advocacy and empathy towards business banks. Each month East & Partners' research team conducts telephone interviews with a sample of 750 businesses nationally, turning over A\$1 to 100 million per annum, comprising:

- Micro Business            190            A\$1 - 5 million turnover enterprises
- SME                            280            A\$5 - 20 million turnover enterprises
- Mid Corporate            280            A\$20 - 100 million turnover enterprises

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