

For every 1 million customers a bank has, a 5 percentage-point increase in the number of customers shifting from moderately to highly committed can lead to an additional \$1 billion in deposits, according to the recently released J.D. Power and Associates 2007 Retail Banking Satisfaction Study<sup>SM</sup>.

The incremental deposits are a result of both a greater share of wallet from these highly committed customers as well as new customers coming from their more frequent recommendations to friends and family.

"Positive experiences are a key contributor to advocacy and loyalty, and highly committed customers make more recommendations, use more products and services, and are more likely to positively impact the bottom line for their bank," Jeff Taylor, senior director of the banking practice at J.D. Power and Associates, said. "The good news is that financial institutions have been successful in enhancing the banking experience. Customer commitment has improved from 28 percent in 2006 to 31 percent in 2007, and the average number of recommendations customers give for their banks has also increased from seven to nine."

Overall satisfaction with the retail banking experience has increased considerably since 2006—up by 22 index points on a 1,000-point scale to 763 in 2007. Specifically, customers report higher satisfaction levels with fees, convenience and transaction methods, which include in-person, ATM, online, automated and live phone.

"Customers provided three primary reasons for selecting a bank—good reputation, free services and convenient location," Taylor said. "Reputation, which is supported by recommen-

## Commerce Bancorp Has Most Satisfied Customers

dations and positive word of mouth, was the reason cited most often for choosing a bank. While many banks have focused on convenience and price, those that provide an outstanding customer experience can enhance their business at a lower cost and will likely achieve long-term sustainable advantages over the competition."

The study analyzes customer satisfaction with the retail banking experience by examining six factors: transactions, account initiation/product offerings, account statements, convenience, fees and problem resolution. Study results by region are:

**Mid-Atlantic Region:** Commerce Bancorp ranks highest with 828 points, performing particularly well in convenience, account initiation/product offerings, statements and transactions. Community Bank follows with 808 points, while Washington Mutual (786) ranks third in the region.

"This marks the second consecutive year that Commerce has taken the top spot in the Retail Banking Satisfaction Study," Heather M. Newcomb, Commerce Bank Vice President, Media Relations, pointed out. "Commerce has the highest overall customer satisfaction score

of any major bank in the entire country—42 percent of our customers are highly committed to our brand, versus 26 percent of banking customers overall, and zero percent—none—of the Commerce customers surveyed said they are likely to switch banks in the next year. Commerce ranks first in our region on satisfaction with transactions, convenience, accuracy and clarity of statements and product offerings."

**Midwest Region:** With a score of 802 points, Washington Mutual leads the region, receiving high ratings from customers in fees, account initiation/product offerings and statements. Marshall & Ilsley Bank (762) and Comerica Bank (760) follow in the region.

**Southeast Region:** Bank of America ranks highest with 784 points, receiving favorable ratings in account initiation/product offerings, statements and transactions. Wachovia follows with 780 points and First Tennessee Bank ranks third with 773 points.

**Southwest Region:** Performing well in all factors that drive overall satisfaction, Woodforest National Bank ranks highest with 790 points. Wachovia Bank (774) and Washington Mutual (762) follow in the region.

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**West/Pacific Region:** Washington Mutual leads the region with 774 points, while Bank of the West follows with 763 points.

"With nearly 85 percent of customers still doing some of their banking at a branch, regional leaders have done particularly well in offering more convenient hours of operation and branch locations," Taylor said. "While larger banks are certainly making strides in enhancing the retail banking experience, community banks and credit unions are still strong players, as they generally provide shorter in-person transaction times, fewer out-of-service ATMs and shorter wait and transaction times when customers speak to a live telephone operator. However, community banks and credit unions tend to struggle with convenience, so increasing satisfaction within this area is surely one way for larger banks to remain competitive in the market."

The 2007 Retail Banking Satisfaction Study is based on responses from 20,898 households regarding their experiences with their primary banking provider.

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