

More than one in three people in Britain would recommend their bank to a friend

More than one in three people (38%) would recommend their bank to a friend, according to new research from banking technology specialist Misys. Despite recent reports of banks struggling to keep customers and evidence of a lack of sophisticated cross-selling strategies, a significant number of consumers seem to be more loyal towards their banks than to other organisations with whom they interact. The research comes on the heels of the FSA's Treating Customers Fairly paper, which encourages UK financial services to put customers' interests at the heart of their business structures.

The FSA paper notes a commonly held perception that the financial services sector is greedy and sales-oriented. The Misys research findings should therefore come as a refreshing change for UK retail banks. It found that more respondents would recommend banks to their friends than would recommend lawyers, estates agents or car dealers. However, customer satisfaction in this sector is far from complete. Britons are still more loyal to doctors, insurance companies and Internet stores than to their banks and only half of people in the UK are confident that their banks offer them the best deal available. Interestingly, men are more likely to recommend a bank to their friends than women. Peter Anderton, Head of Marketing for Retail Banking at Misys Banking Systems, comments on the findings: "Many in the industry will be pleasantly surprised that retail banks rate this highly in the collective minds of UK consumers.

However, the majority of people still would not recommend their bank so there is no room for complacency. Banks in the UK have traditionally benefited from consumer inertia, but the marketplace is becoming increasingly competitive. New entrants to the market, like Tesco, are proving to be slick operators, bringing their knowledge of retailing to the financial services industry.

Customers' loyalty will diminish as these new entrants arrive. "Banks are definitely facing up to this new era of competition, but cannot always act to safeguard their existing business because of a lack of appropriate technology. In our survey, the biggest reason for not recommending a bank is that consumers do not feel they are receiving the best deal. As in every market, poor targeting ('junk mail') has caused increasing numbers of people to opt out of receiving or reading direct marketing. This creates a situation where their bank cannot contact its customers - even when it may be to suggest a different product better suited to the individual's needs! This is a technology-led problem driven in part by a reluctance to embrace technology change and in part by the fact that some of the important IT elements are only now becoming available.

The latest service oriented systems enable banks to align their most appropriate products and services with each customer whenever they contact the bank in the branch, at an ATM, by telephone or online - making advice more welcome and helping to meet the needs of both the bank and the consumer. "In its 'Mystery Customer' research, Datamonitor found that the world's top 300 retail banks had room for improvement in aligning business processes and technology solutions to drive customer loyalty and revenue generation.

To date, there have been few large banks that have successfully changed their systems and processes to maintain their customer base effectively. But with the right tools they will be able to ensure that customer churn falls as the experience they provide to their customers improves."