



## Press Release

### **J.D. Power and Associates Reports: In an Environment of Tightened Credit for Small Business Banking Customers, Banks That Foster Highly Satisfied Customers May Yield 20 Percent More Revenue**

#### TD Bank Ranks Highest in Small Business Customer Satisfaction for a Third Consecutive Year

**WESTLAKE VILLAGE, Calif.: 20 October 2009** — In the face of daunting market challenges for small business banking customers, banks have an opportunity to differentiate themselves—and could potentially increase revenue by 20 percent—by delivering a more satisfying experience, according to the J.D. Power and Associates 2009 Small Business Banking Satisfaction Study<sup>SM</sup> released today. In particular, effective relationship management is critical in raising and maintaining high levels of satisfaction.

The study, redesigned for 2009, finds that nearly one-half (48%) of small business customers have a negative outlook about the economy, which may be impacted by tighter credit conditions. For example, among business owners who applied for loans within the past six months, 67 percent of those loans required personal guarantees, compared with 52 percent of loans made three or more years ago. In addition, the average time to approve and fund loans made within the past six months has increased to 15.1 days from 13.1 days in the previous six months, and customer satisfaction with credit availability continues to decline.

“Despite these challenges, the good news is that banks have a window of opportunity to differentiate themselves by stepping up to the plate when small business customers really need them,” said Michael Beird, director of banking services at J.D. Power and Associates. “The key lies in successful relationship management.”

The study finds that assigning account managers to small business customers is essential to delivering a satisfactory experience. Overall satisfaction averages 726 on a 1,000-point scale among customers who were assigned an account manager, compared with 669 among customers without a designated account manager. Currently, 46 percent of small business customers are not assigned to an account manager.

“Many banks avoid assigning an account manager to each small business customer because they consider it too costly or an activity reserved only for the highest-value customers,” said Beird. “However, not every small business customer requires a high-level bank employee as an account manager. Assigning lower-level bank employees to meet the needs of small business customers is also useful in effectively managing relationships, which drives higher levels of satisfaction.”

The study also finds that satisfaction increases further when an assigned account manager demonstrates an understanding of the customer’s business. Satisfaction averages 139 points higher among customers who report their account manager “completely” understands their business, rather than just “partially” or “not at all,” yet fewer than one-half (45%) of customers report their bankers “completely” understand their business.

Account managers can better understand their customers’ businesses by establishing a dialogue with them at the beginning of the relationship and maintaining communication through ongoing proactive contact. Among new customers who report their account manager “completely” understands their business, a thorough needs assessment is conducted 85 percent of the time, compared with only 35 percent of the time among customers who

report their business is not understood. Customers who report their business is “completely” understood by their account manager report receiving 3.3 contacts each year, compared with 1.3 contacts among customers who say their account manager does not at all understand their business.

“In addition to increasing satisfaction, another benefit to assigning an account manager and establishing a dialogue between the bank and the customer leads to fewer problems and lower resulting costs, as the increased communication often eliminates the misunderstandings and confusion that may result in problems,” said Beird. “For example, only 34 percent of customers who have an assigned account manager report having had a problem with fees and service charges, compared with 39 percent of customers without an assigned account manager. Similarly, only 10 percent of customers with assigned account managers report issues with funds availability, versus 16 percent for those without an account manager.”

The study also finds that higher satisfaction among small business customers has a substantial impact on a bank’s financial performance. Overall, highly satisfied customers (satisfaction scores averaging more than 800) generate \$4,107 of annual net revenue each on average, which is \$675, or 20 percent, more than less-satisfied customers.

“In a time when banks are searching hard to find new sources of revenue, driving an increase of \$675 per customer by increasing satisfaction is a clear way to grow the bottom line,” said Beird.

Now in its fourth year, the study measures [small business customer satisfaction with the overall banking experience](#) in an examination of eight factors: account initiation/product offerings; account manager; facility; account information; problem resolution; credit services; fees; and account activities.

For a third consecutive year, TD Bank ranks highest in small business customer satisfaction with an overall score of 740. Following TD Bank in the rankings are Branch Banking & Trust (BB&T) and Huntington National Bank, in a tie, each with a score of 725.

“The highest-ranking banks perform well in customer service and relationship management with their small business customers, particularly the in-branch experience,” said Beird.

The 2009 Small Business Banking Satisfaction Study is based on 7,226 responses from financial decision-makers at small business with annual revenues from \$100,000 to \$10 million. The study was fielded between July and August 2009.

#### **About J.D. Power and Associates**

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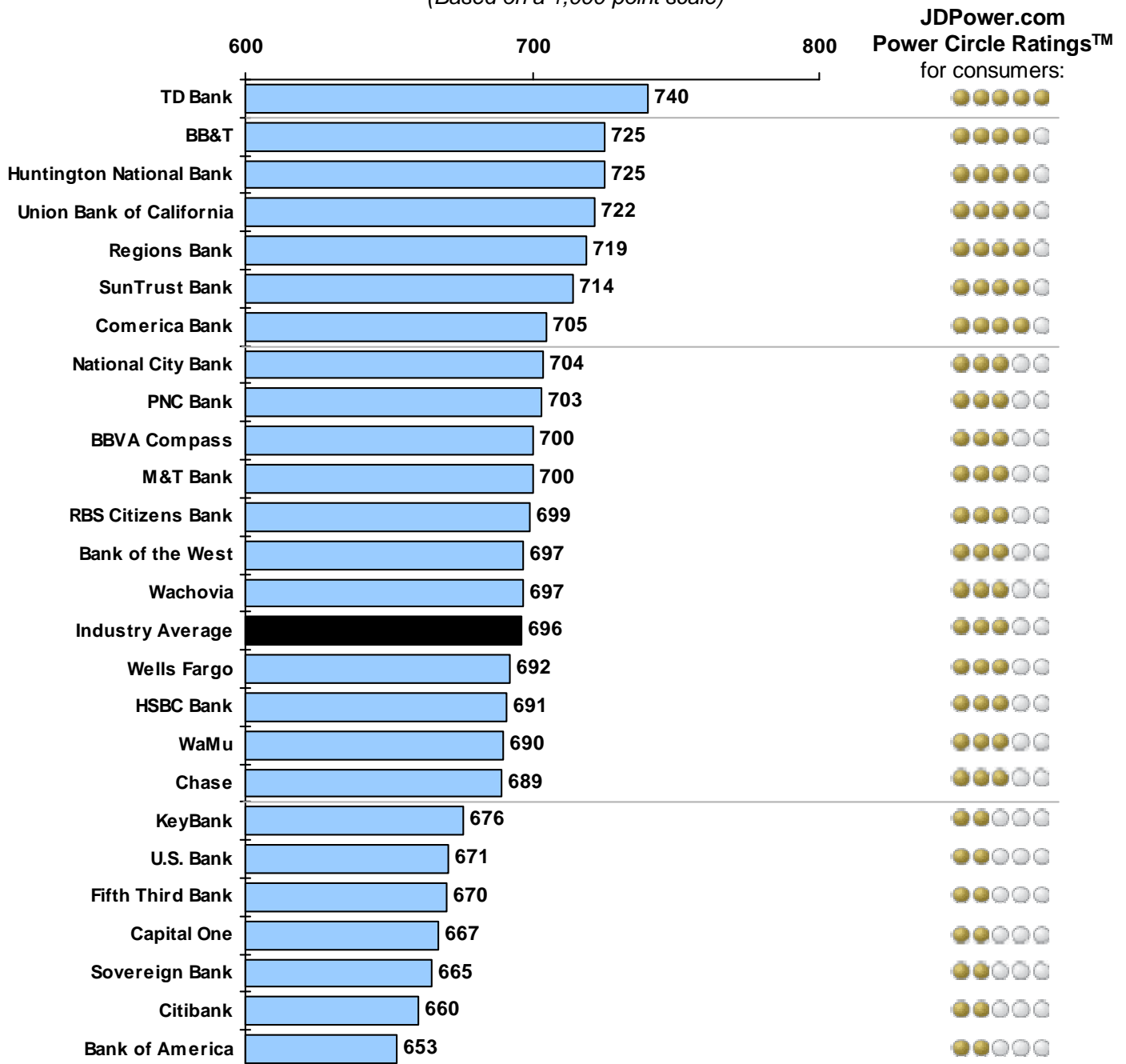
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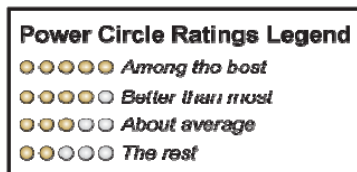
# J.D. Power and Associates 2009 Small Business Banking Satisfaction Study<sup>SM</sup>

## Customer Satisfaction Index Ranking (Based on a 1,000-point scale)



Included in the study but not ranked due to small sample size are Arvest Bank, Associated Bank, Banco Popular, BancorpSouth Bank, Citizens Bank (MI), Colonial Bank, Commerce Bank, First-Citizens Bank & Trust (Bancshares), First NB of Pennsylvania, First Tennessee Bank, Frost National Bank, Fulton Bank, Harris National, M&I Bank, RBC Bank, Susquehanna Bank, TCF National Bank, Umpqua Bank, Webster Bank and Zions First National Bank.

Source: J.D. Power and Associates 2009 Small Business Banking Satisfaction Study<sup>SM</sup>



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