



## Press Release

### **J.D. Power and Associates Reports: Achieving Higher-than-Average Customer Satisfaction Can Lead To 2 to 5 Percentage Point Increases in Deposit Growth for Banks**

Cost-Cutting at the Expense of Customer Satisfaction is Likely to Have a Negative Impact on Profitability

**WESTLAKE VILLAGE, Calif.: 26 March 2009**—Banking institutions that achieve above-average satisfaction levels among customers can potentially secure an increase of 2 to 5 percentage points in additional deposit growth, according to a report by J.D. Power and Associates and Novantas, LLC.

J.D. Power and Associates has collaborated with Novantas, a leading provider of management consultancy and information services to the financial services industries, to determine the impact of customer satisfaction on the financial performance of banking institutions. The research links customer satisfaction data from the J. D. Power and Associates 2008 Retail Banking Satisfaction Study,<sup>SM</sup> to the normalized deposit growth rates of branches where customers banked. The J.D. Power and Associates and Novantas research compares growth rates for customer banking branches within six individual metropolitan markets, including New York City, Chicago, Miami, St. Louis, Cincinnati, and Minneapolis.

“In this challenging economy, where executive focus is on the ‘must-haves’ of capital, credit and cost-cutting, the temptation is to place customer satisfaction on the back burner until conditions improve,” said Rockwell Clancy, executive director of financial services at J.D. Power and Associates. “This is absolutely the incorrect thing for executives to do. Our work with Novantas indicates that among all of the factors that drive deposit growth—including the number of branches in a bank’s network, rates and fees and advertising—customer satisfaction accounts for 15 to 20 percent. Additionally, across all driving factors, satisfaction provides the most sustainable competitive advantage.”

The report finds that bank branches with more highly satisfied customers experienced faster annual growth (2 to 5 percentage points higher, on average) compared with branches that had customers with lower satisfaction levels. This is particularly noteworthy as the market for deposit growth increased only 6 percent overall in 2008.

“The difference between satisfaction index scores of 600 and 800 points<sup>1</sup> for a 500-branch network can be worth as much as \$1.5 to \$2 billion in additional annual deposit growth and \$90 million in additional pretax profit,” said David Kaytes, managing director of Novantas. “In today’s difficult economic environment, few banks can afford to miss capturing this kind of value.”

J. D. Power and Associates and Novantas are currently initiating a second phase of the report, investigating the impact of customer behavior—such as attrition, loyalty and purchase of additional products—on the growth and profitability of a bank. This phase, available in early April, will link specific drivers of customer satisfaction and

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<sup>1</sup> Based on a 1,000-point scale.

commitment, such as convenience, interaction, and confidence, with specific customer behaviors. For more information on the report, please click [here](#).

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

Headquartered in Westlake Village, Calif., J.D. Power and Associates is a global marketing information services company operating in key business sectors including market research, forecasting, performance improvement, Web intelligence and customer satisfaction. The company's quality and satisfaction measurements are based on responses from millions of consumers annually. For more information on [car reviews and ratings](#), [car insurance](#), [health insurance](#), [cell phone ratings](#), and more, please visit [JDPower.com](#). J.D. Power and Associates is a business unit of The McGraw-Hill Companies.

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**About Novantas:**

Novantas is the acknowledged leader in customer science and revenue strategy in the financial services industry. The Firm specializes in investigating and interpreting customer needs, attitudes and behaviors in ways that help companies to refine marketing decisions, customer strategies, and sales and service activities. For more information on Novantas, please access [www.novantas.com](http://www.novantas.com).

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