ACSI: Customer Satisfaction With Banks, Insurance Rebounds

Banks, Credit Unions, Health Insurance and Brokerage Firms Improve; P&C Slips

ANN ARBOR, Mich., (November 15, 2016) – Customer satisfaction with banks is up, according to the American Customer Satisfaction Index (ACSI). The report released today covers the Finance and Insurance sector, which includes retail banks, credit unions, health insurance, property and casualty insurance, life insurance and internet investment services.

Bank customer satisfaction climbs 5.3 percent to an ACSI score of 80 on a 100-point scale. Regional and community banks lead with a combined score of 83 (+3.8%). Super regional banks gain 3.9 percent to 79. Although national banks rank lowest, they are the most improved (+6.9% to 77). Credit unions edge up 1.2 percent to 82, slightly below the industry’s long-term average. Similar to smaller banks, credit unions offer more personalized service, and also are generally more likely to have lower fees and free checking.

“Smaller usually means higher customer satisfaction when it comes to banking services, and that still holds true albeit to a lesser degree this year,” says Claes Fornell, ACSI founder and Chairman. “ACSI data show that national banks have improved in nearly every aspect of the customer experience. But even with some of their highest scores ever, national banks still lag regional banks.”

Citibank leads among national banks with a 12-percent jump to an ACSI score of 82. Wells Fargo loses the top spot by improving the least, adding just 1 percent to 76, and is now below average as the other national banks post greater gains. Bank of America (+10%) and Chase (+6%) at 75 are closing in on Wells Fargo. Stock performance has followed suit. Since February, Chase, Citibank and Bank of America have each shown solid gains, whereas Wells Fargo’s stock lagged its national competitors even before news of improper sales practices broke.

BB&T (+6%) leads super regional banks at 82, and Fifth Third Bank (+8%) takes second place (81). Capital One, Citizens Bank, KeyBank and SunTrust Bank all come in at 80, just above the category average and TD Bank (79). PNC Bank is unchanged at 78, tying Regions Bank (-1%), with U.S. Bank in last place at 77.

The health insurance industry improves 4.3 percent to 72 as all major providers post gains. Large boosts for Aetna and Anthem lift the two companies into a tie for first place at 75. Kaiser Permanente is up 4 percent to 74, followed by the group of smaller insurers at 73. Humana (+1% to 72) matches the industry average, while Blue Cross and Blue Shield comes in just below at 71. UnitedHealth advances 6 percent to 70, and Cigna, despite improving the most, comes in last place at 67.
Property and casualty insurance is the only category in the sector to decline, down 1.3 percent to 78. Waning customer satisfaction for the industry is the result of a 5-percent fall for smaller insurers. Many of the largest insurers, however, improve. AAA takes the lead, up 8 percent to 81. Nationwide increases by 5 percent to 79, GEICO inches up 1 percent to tie the industry average at 78, and the rest of the industry clusters below at 77. The exception is Farm Bureau, moving in the opposite direction and falling 8 percent to last place at 74.

Policyholder satisfaction with life insurance is up 2.6 percent to an ACSI score of 79. Allstate and New York Life overtake last year’s leader Thrivent to tie for first place at 82. Mutual of Omaha rises 7 percent to 81, matching Thrivent (-1%). Farmers surges 13 percent to 80, followed by Northwestern Mutual, State Farm and the combined score of all other smaller insurers at 79. Prudential (unchanged at 77) comes in higher than Lincoln Financial and MetLife (both 76). Besides Thrivent, Primerica is the only other life insurance provider to drop, losing 7 percent to 75.

Internet investment services overall jump 5.3 percent to an ACSI score of 80. All of the large internet investment brokerages register customer satisfaction gains this year. Scottrade leads the category with an ACSI score of 83, up 5 percent. Four companies tie at 81 for second place: Charles Schwab (+4%), Edward Jones (+4%), Fidelity (+5%), and Vanguard (+1%). E*Trade is up 8 percent to 80, followed by the group of smaller brokers (+4%) and Merrill Edge (+8%) at 79. TD Ameritrade rises 7 percent, but remains in last place at 78.

“Customer satisfaction with internet investment services often reflects strength or weakness in U.S. financial markets,” says David VanAmburg, ACSI managing director. “This year, the industry rebound is clearly mirroring a resilient stock market.”

ACSI 2016 RESULTS FOR FINANCE AND INSURANCE INDUSTRIES

Regional and Community Banks 83
Credit Unions 82
Bank Industry 80
Super Regional Banks 79
National Banks 77

Life Insurance \( \uparrow +2.6\% \) to 79

NATIONAL BANKS +6.9% to 77
Citibank (82) up 12% to surpass last year’s leader, Wells Fargo (76).

HEALTH INSURANCE IMPROVES 4.3% TO 72 AS ALL MAJOR PROVIDERS POST GAINS.

Property & Casualty Insurance ACSI

78 \( \downarrow -1.3\% \)

S&P 500 Performance* and Internet Investment Services ACSI 10 Years

INTERNET INVESTMENT SERVICES 80
\( +5.3\% \)

*Source: Yahoo! Finance
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About ACSI
The American Customer Satisfaction Index (ACSI) is a national economic indicator of customer evaluations of the quality of products and services available to household consumers in the United States. The ACSI uses data from interviews with roughly 70,000 customers annually as inputs to an econometric model for analyzing customer satisfaction with more than 300 companies in 43 industries and 10 economic sectors, including various services of federal and local government agencies.

ACSI results are released throughout the year, with all measures reported on a scale of 0 to 100. ACSI data have proven to be strongly related to a number of essential indicators of micro and macroeconomic performance. For example, firms with higher levels of customer satisfaction tend to have higher earnings and stock returns relative to competitors. Stock portfolios based on companies that show strong performance in ACSI deliver excess returns in up markets as well as down markets. At the macro level, customer satisfaction has been shown to be predictive of both consumer spending and GDP growth.

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