

2010 Banking and Credit Card Survey

 **checkmyfile**

givemecredit

annualcreditreport
.co.uk

About Credit Reporting Agency

Credit Reporting Agency is the UK's first internet based credit reference agency, aimed firmly at serving consumers, rather than business users. It leads the UK market in the provision of online credit file based services and provides consumers with easy access to information on three websites:

checkmyfile was first in the UK:

- to provide consumers with online access to their credit files;
- to offer consumers the ability to check their own credit score for free and to give plain English explanations of how credit scoring works.

givemecredit was first in the UK:

- to match lenders to consumer credit ratings for free, using credit scores, to help consumers find the cheapest deals and to reduce the risks of being declined;
- to publish fully independent reviews of credit card and loan lenders based on expert evaluation and consumer feedback of customer service experience.

annualcreditreport.co.uk was first in the UK:

- to provide free annual credit reports to consumers to encourage more to check the quality of the information held about them, and to guard against the increasing threat of identity theft;
- to provide free identity theft prevention services.

About this survey

Each year, Credit Reporting Agency asks its customers to rate their bank or credit card company. Respondents are incentivised by an invitation to enter a prize draw. This year's randomly selected winner received a 3G+ Apple iPad.

Credit Reporting Agency uses the results to ensure that when suggesting financial institutions to its customers on any of its websites, it can give an independent assessment of the service levels likely to be provided. It also ensures that applicants are matched to lenders who are most likely to say yes, so the risks of being declined are minimised. By matching lender appetite to the consumer requirement, Credit Reporting Agency also checks that the APRs on offer are in line with the creditworthiness of the customer, so customers don't pay over the odds.

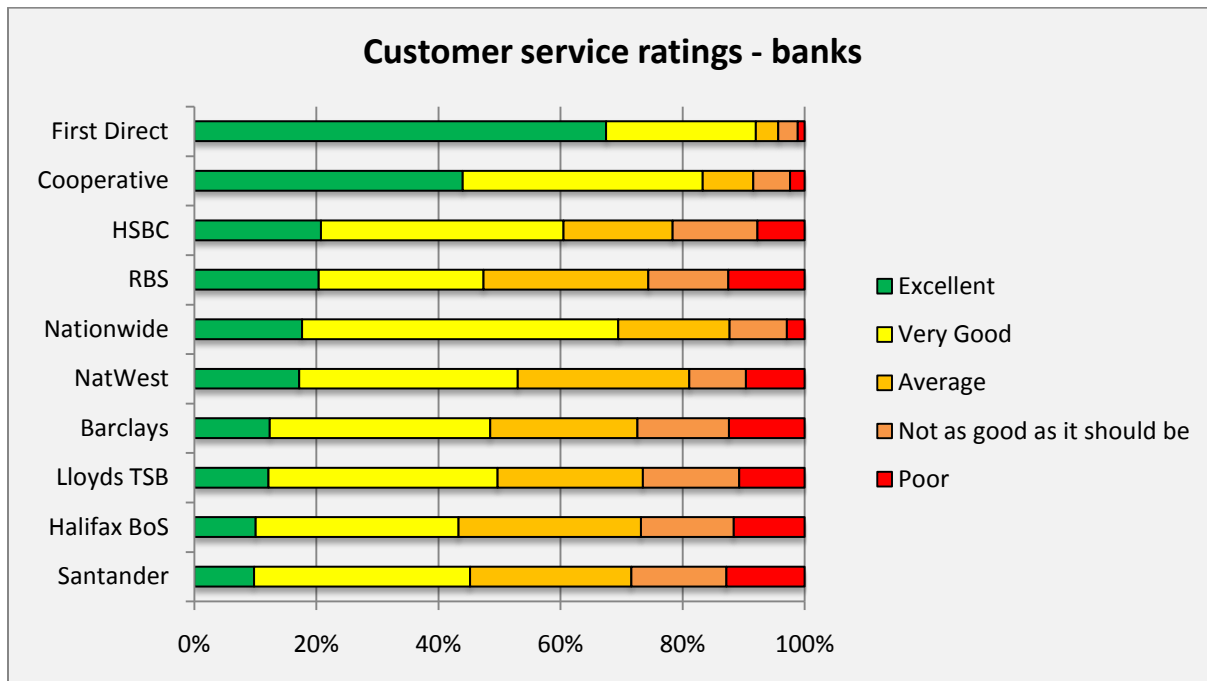
2,932 people took part in this survey. Responses were processed using surveymonkey.com and analysed by Credit Reporting Agency.

This analysis was published on 1st October 2010.

Summary of Survey Results

The number of people describing the service they receive from their bank as ‘poor’ or ‘not as good as it should be’ has doubled in just two years – increasing from 11% in 2008 to 22% this time around. In addition, 30% of this year’s respondents said that their opinion of their bank had gone downhill in the past 12 months. The proportion of customers rating their service as ‘very good’ and ‘excellent’ remains largely unchanged from last year.

In terms of individual bank ratings, it is no surprise to see First Direct top of the pile again. Nationwide slips from 2nd place in 2009 to 5th this year with Co-operative bank replacing them. Santander’s acquisition of UK brands including A&L and Abbey has apparently done little to boost their customer service – with the newly merged bank sitting bottom of the ratings.



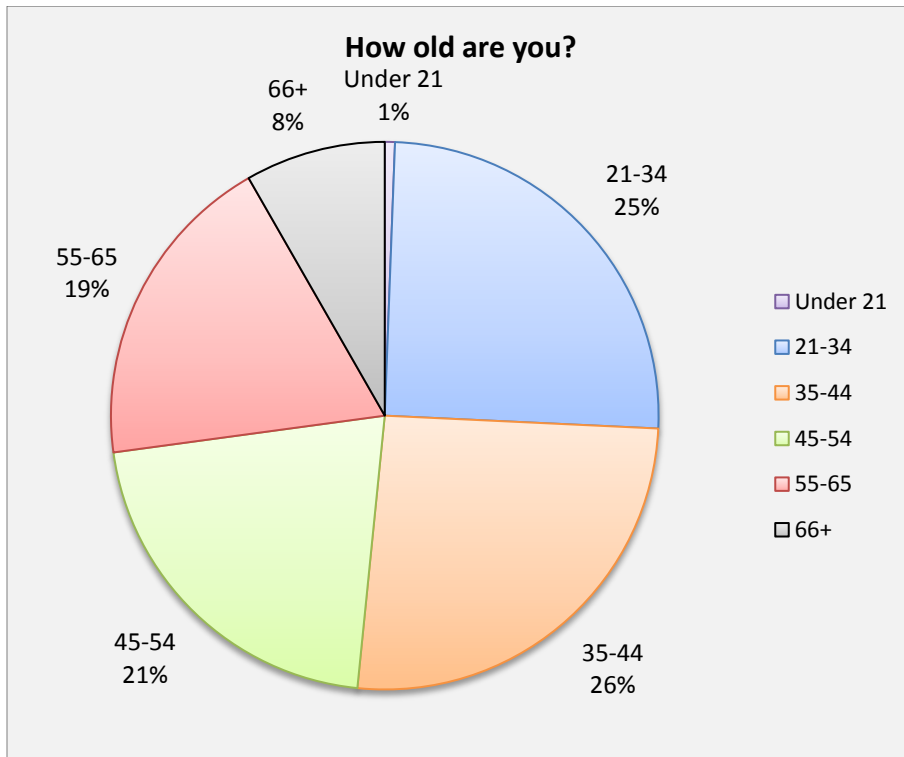
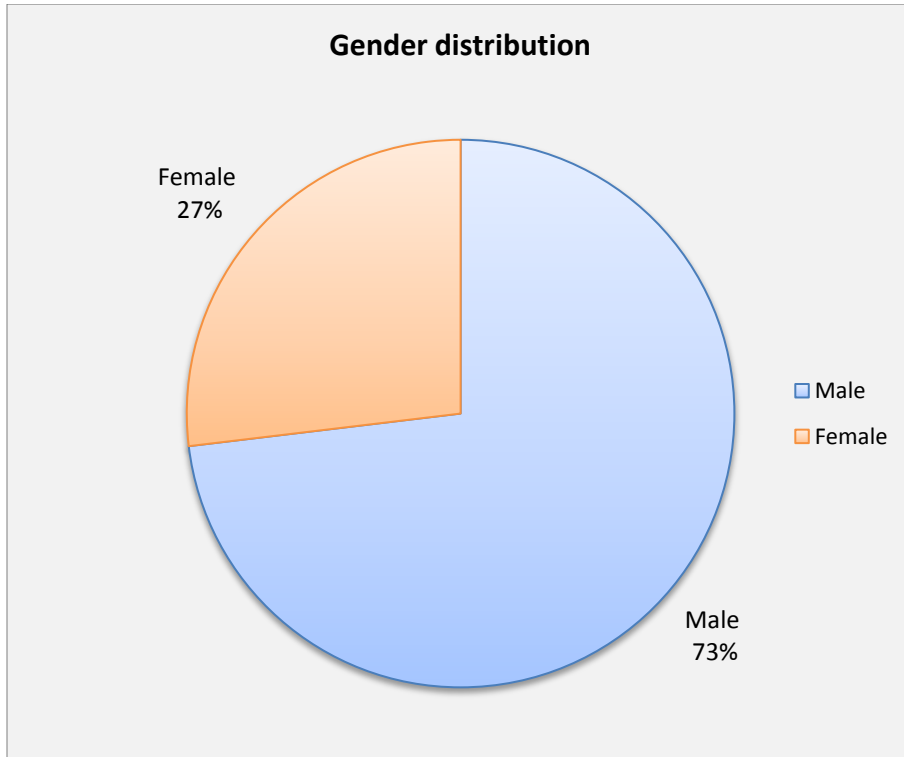
“Lack of help when it was really needed” was the most common reason cited by respondents bearing a long-term grudge against a financial institution. 44.7% of all respondents said they would never recommend a particular lender to a friend due to a bad personal experience - a slight increase on last year.

Amongst credit card providers, there was a slight increase at both ends of the scale, with fewer people describing the customer service they receive merely as ‘average’. Changes in market share were reflected in the overall ratings, with Co-op repeating their success in the bank ratings by sitting top of the pile for credit cards. M&S, Tesco and Amex were also well rated.

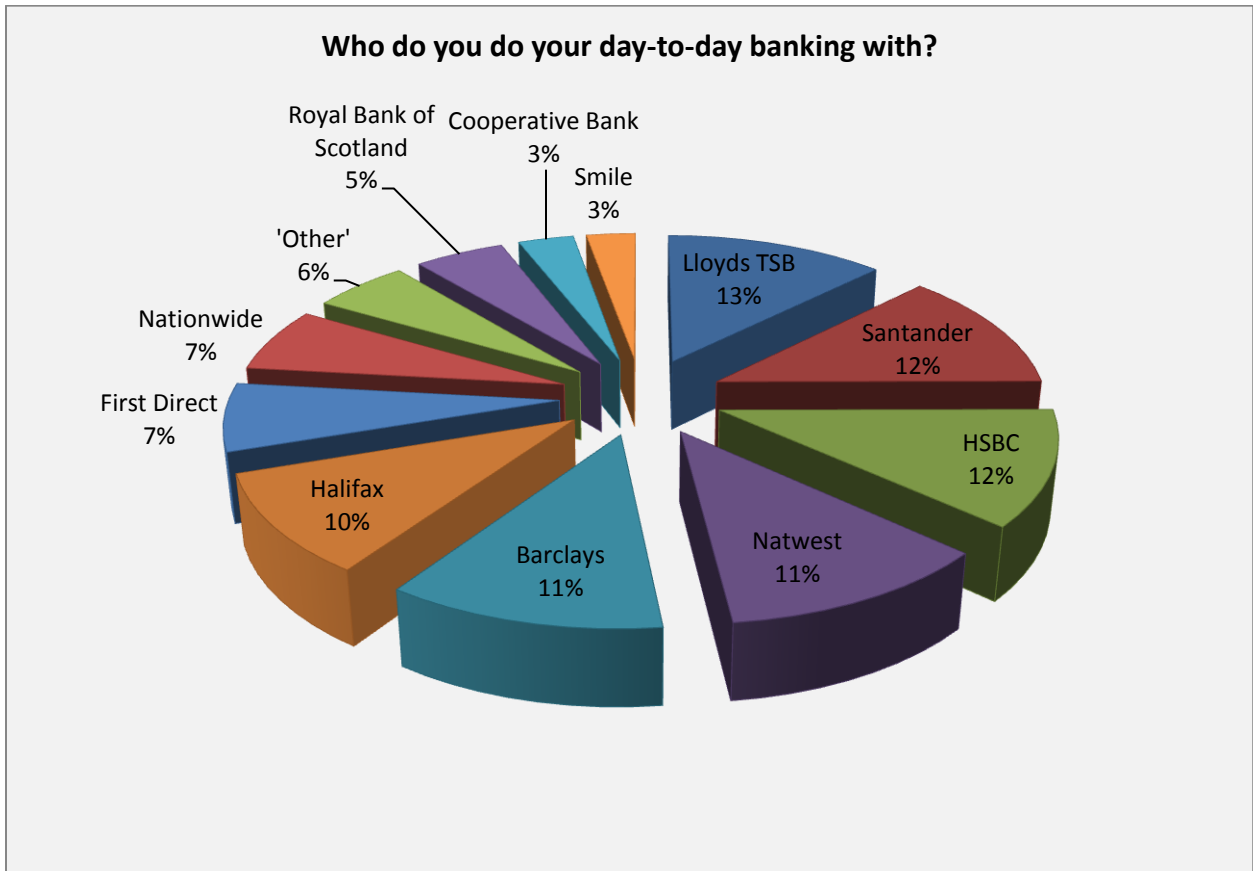
42% of consumers replying to the survey are still with their bank simply because of a lack of motivation to switch. Credit card customers seem savvy, with a large percentage saying that they were taking advantage of rewards programmes or introductory offers.

Two out of every three respondents said that the recession had made them more aware of the importance of a good rating. 8% of respondents said that they thought “a miracle” was required to get bank lending back on track.

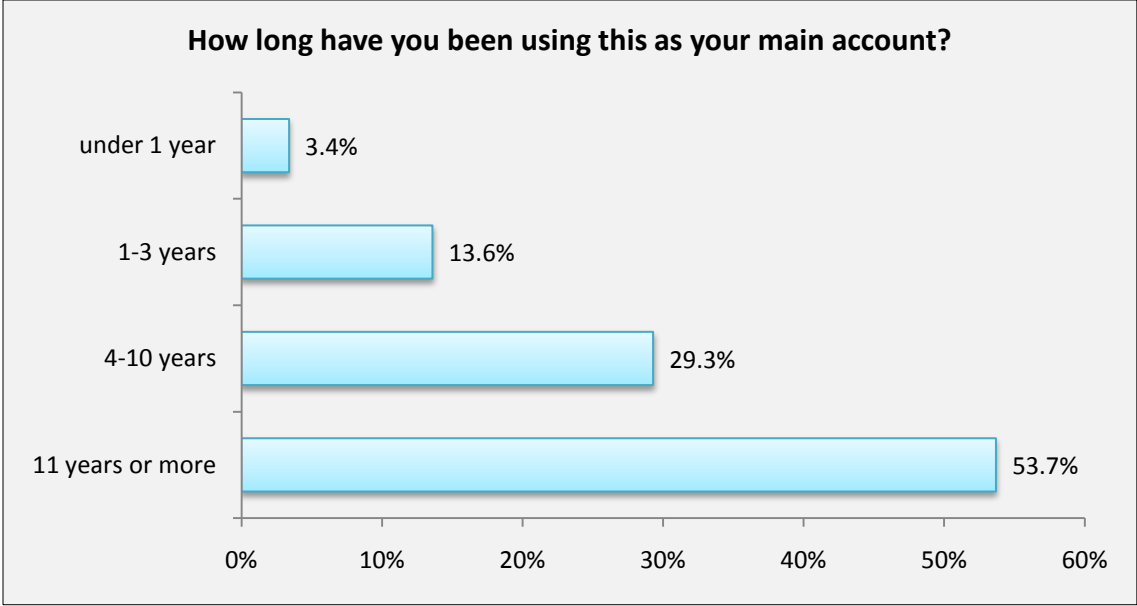
Age and gender distribution



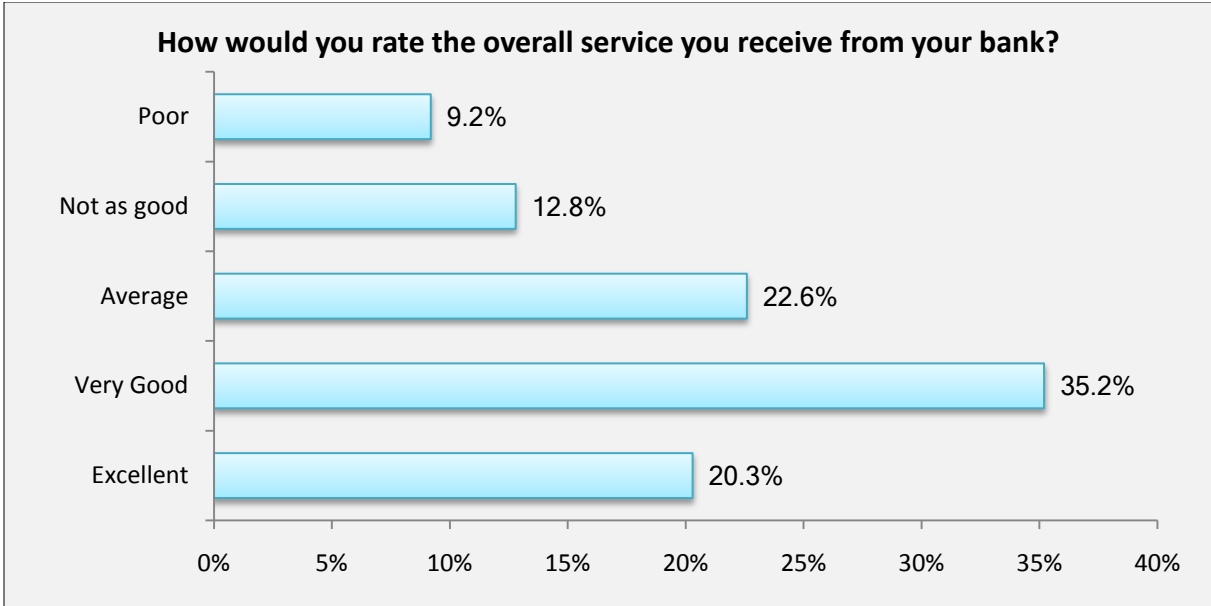
Distribution of banking relationship



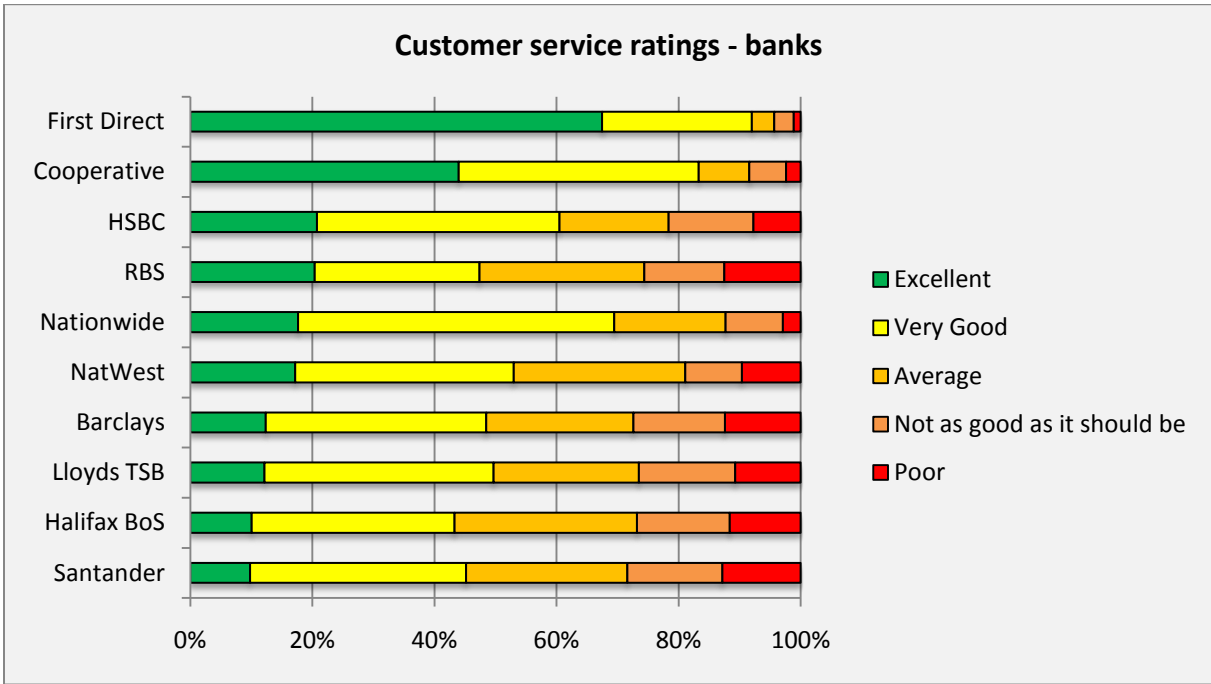
Santander's acquisition of a number of UK brands now gives the Spanish-owned bank the second biggest market share. Those banks that have consistently performed well in the customer service ratings – namely First Direct, Co-op and Smile, have each gained market share.



There is very little change in the average length of time that respondents have held their main bank account, with the vast majority having stayed loyal for over 11 years.

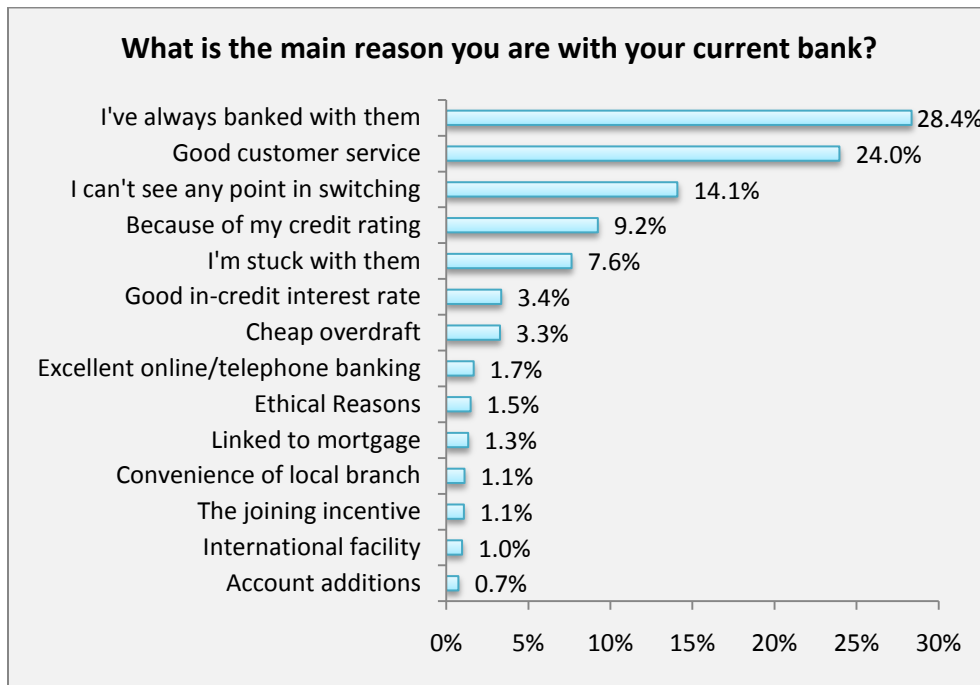


Overall, the number of respondents rate their banks' customer service as 'poor' or 'not as good as it should be' increased from 17.5% to 22% compared to 2009. At the other end of the scale, there is very little change in the number of respondents rating the service they receive as 'very good' or 'excellent'.



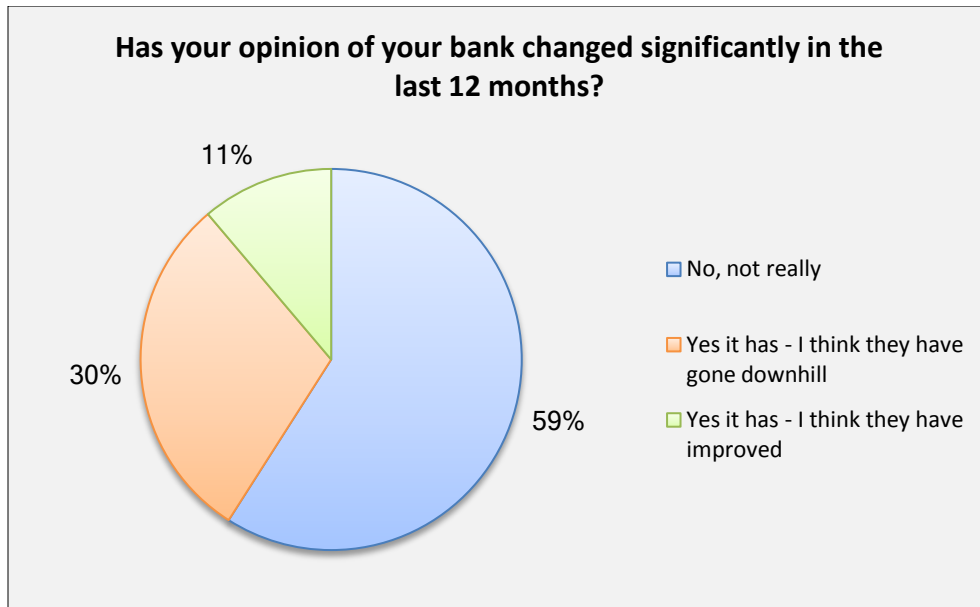
More detailed analysis of customer service ratings once again reveals a big difference between the best and worst. First Direct retains its position at the top of the pile for another year, and the Cooperative Bank, HSBC and Royal Bank of Scotland also fare well. Santander – now incorporating the Alliance & Leicester, Abbey, Bradford & Bingley and Cahoot brands – finds itself bottom of the list of major banks.

Why are people with their bank?



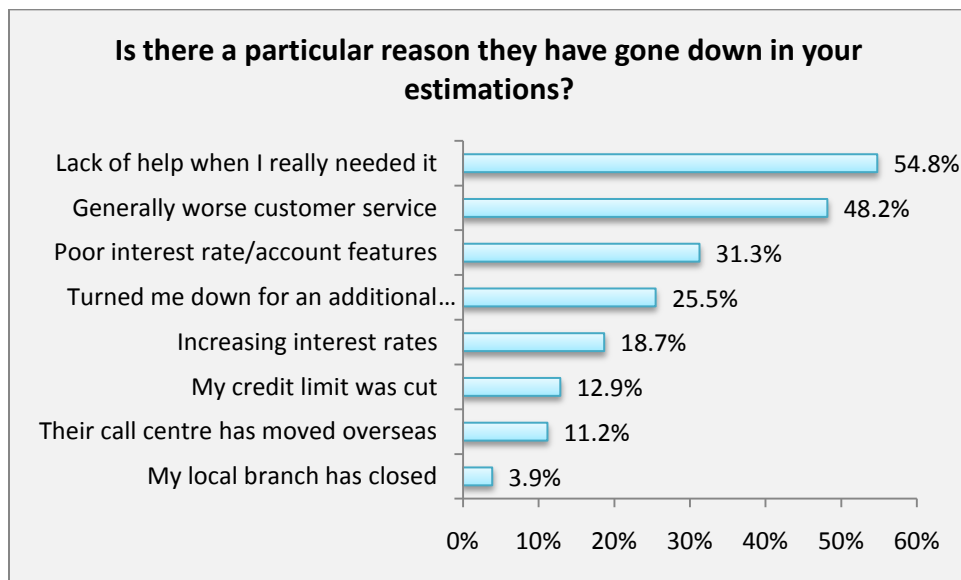
Most people – over 42% of all those surveyed - are with their current bank because they have either ‘always banked with them’ or can’t see any benefit in switching. Almost 1 in 4 respondents value the level of customer service they get, whilst ethical practices seems to be more important than the convenience of a local branch or account additions such as travel insurance.

Opinions of banks and how they have changed

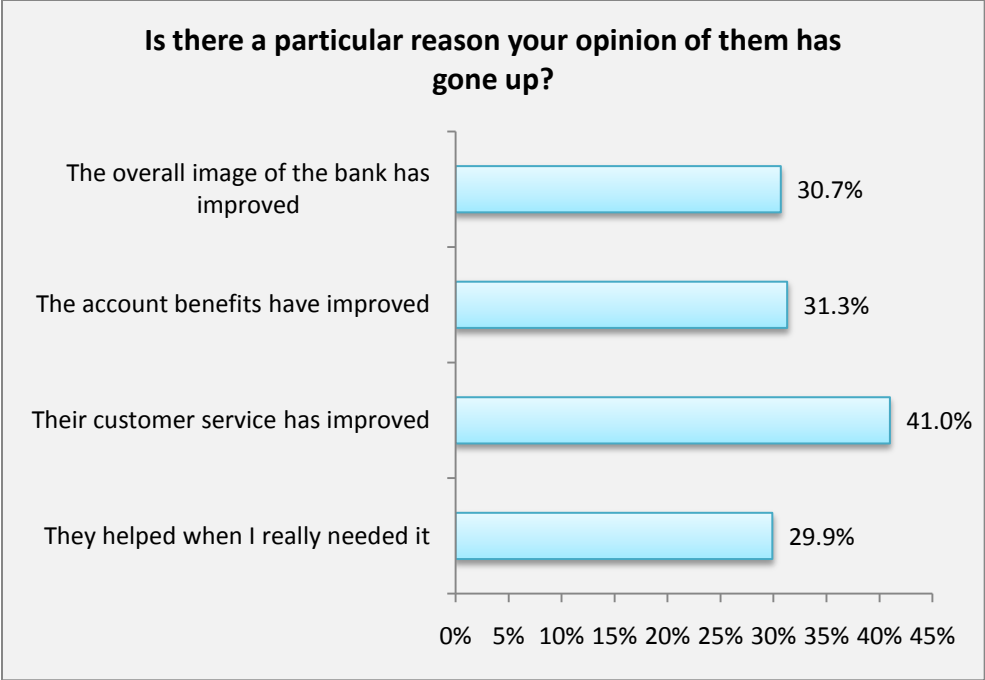


30% of respondents said that their bank had gone down in their estimations over the past 12 months.

Only 11% said their opinion of their bank had improved.

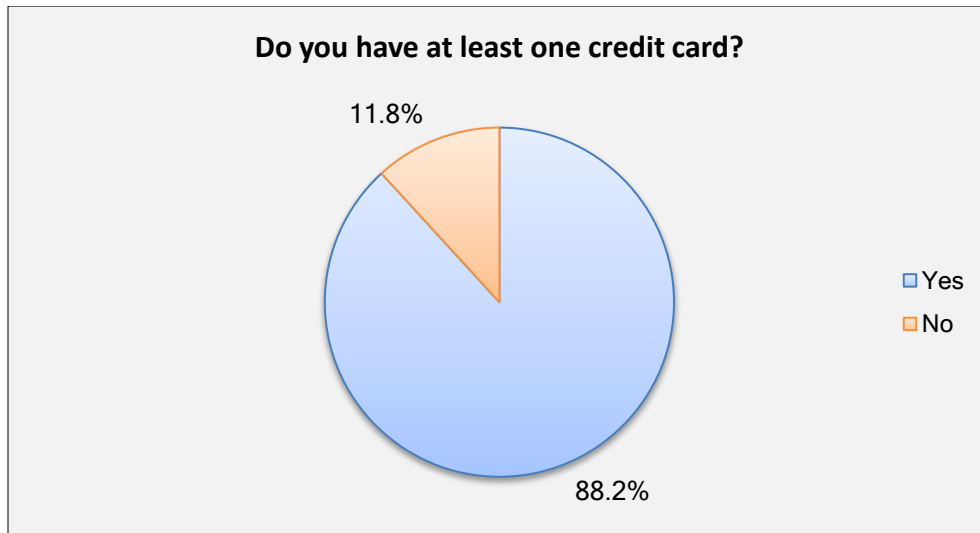


Lack of help when really needed and worsening customer service are the two most common reasons given for a bank going down in the estimations of survey respondents.

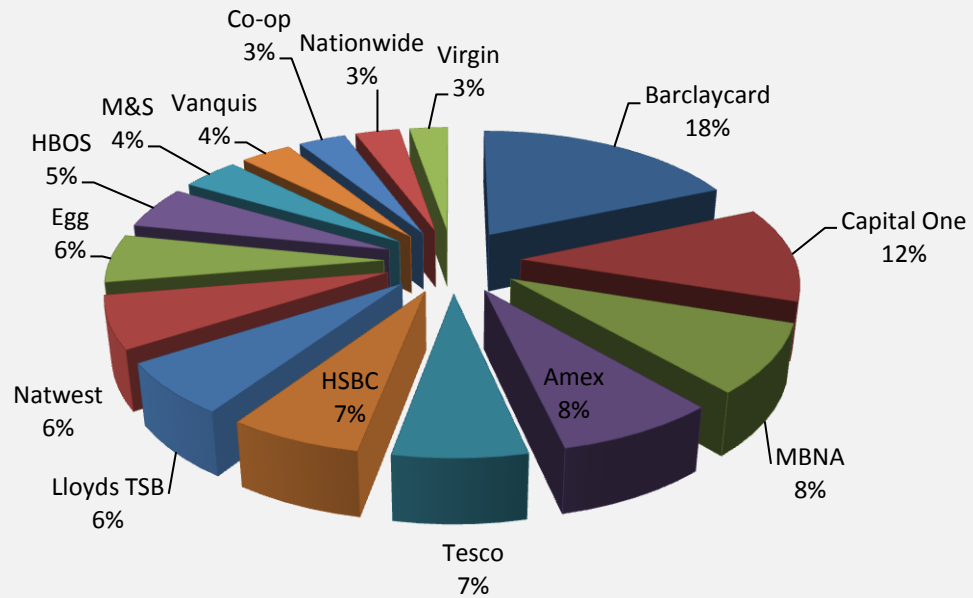


Of those that said their opinion of their bank had improved recently, better customer service was the main factor.

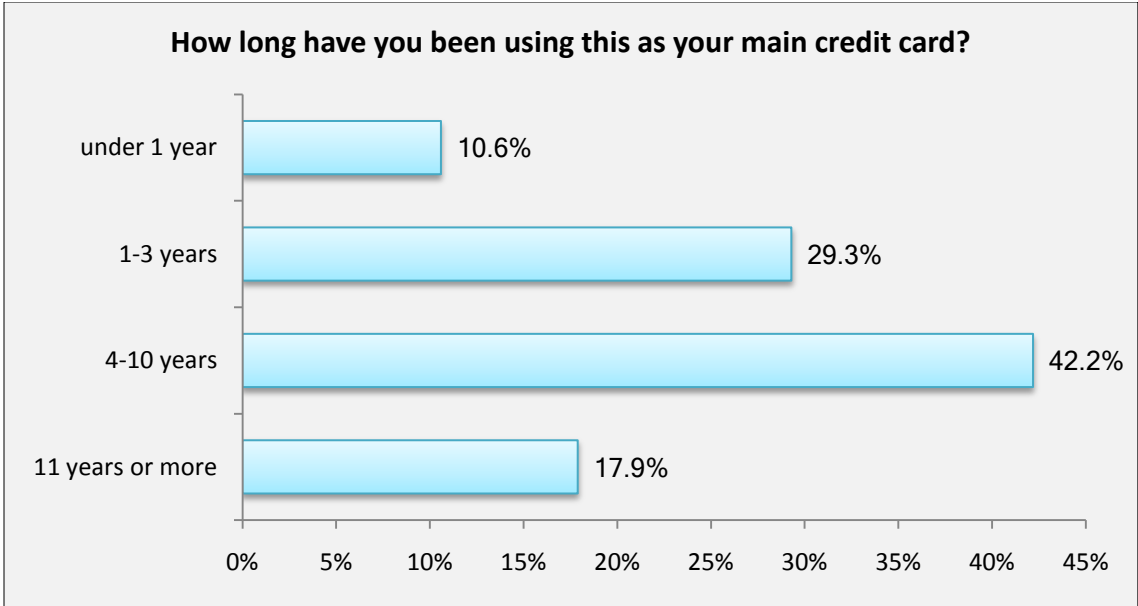
Distribution of credit card relationship



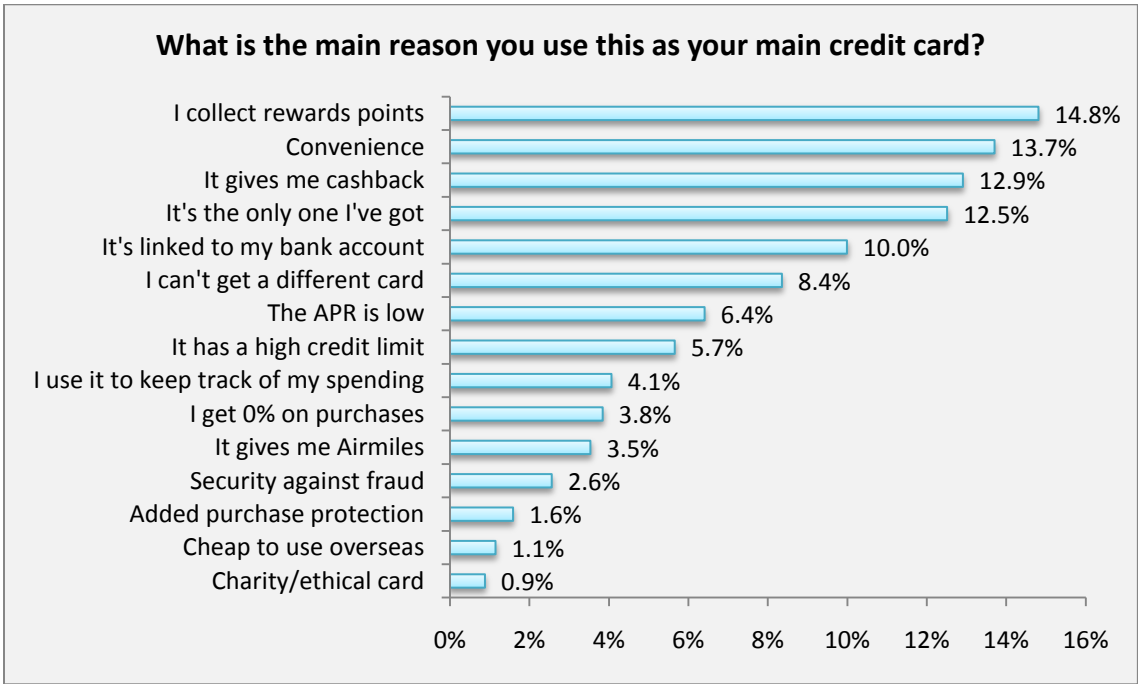
Which credit card do you use most often?



Barclaycard has a bigger market share amongst respondents this year. Despite significantly less retailer acceptance, American Express has also increased its market share, thanks to high profile advertising campaigns over the last year, and the excellent Platinum Cashback card.

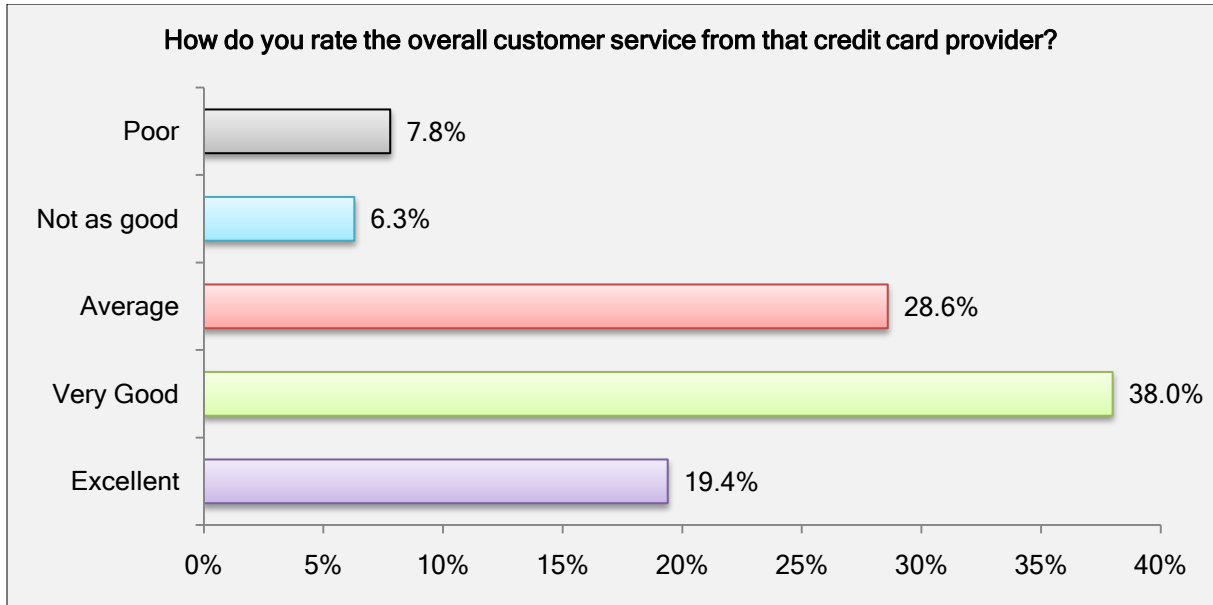


The majority of consumers could be missing out on a better deal by staying loyal to their credit card provider for a long time. 60% of respondents have held their main credit card for over 4 years.

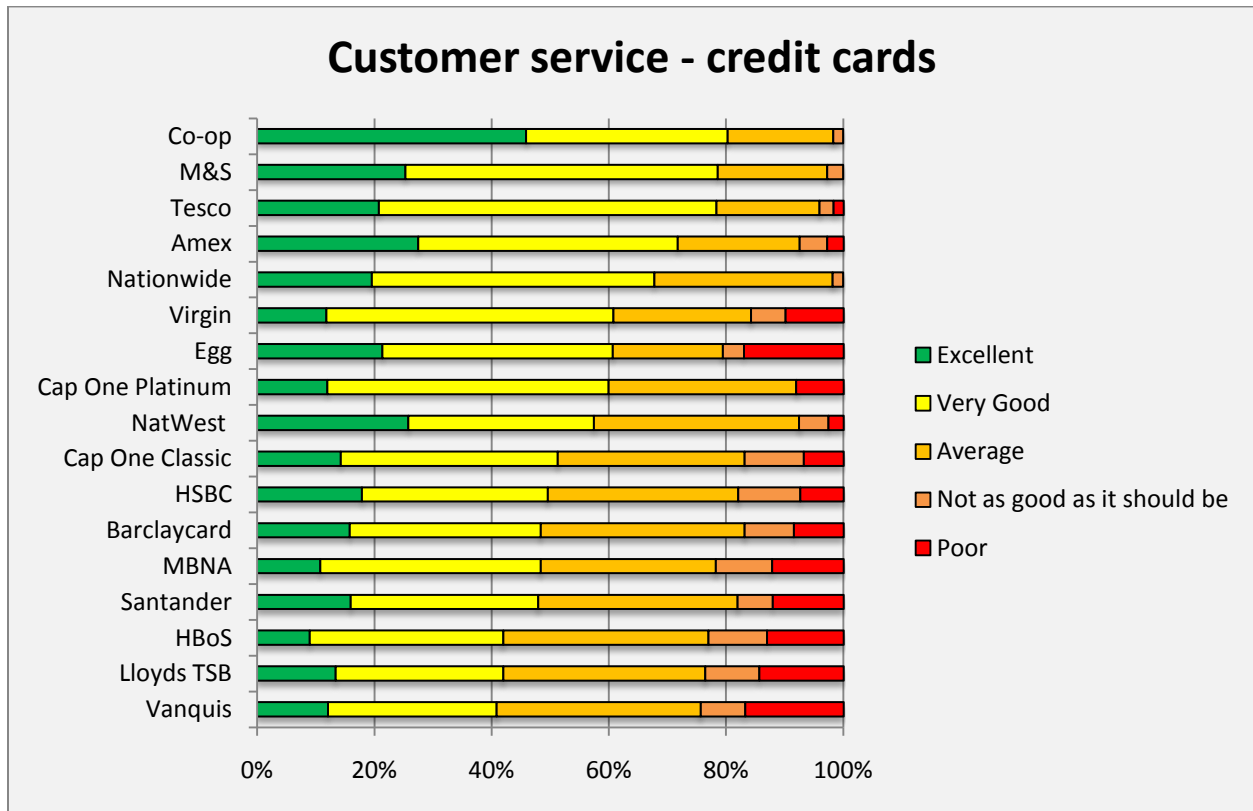


Consumers are becoming savvier when it comes to their credit cards, with around one in three people use their card because it rewards them for spending. 10% of respondents choose their main credit card because it is issued by their bank, and a further 13.7% use it simply for convenience – both sets could probably find a better deal elsewhere.

Customer service ratings – credit cards

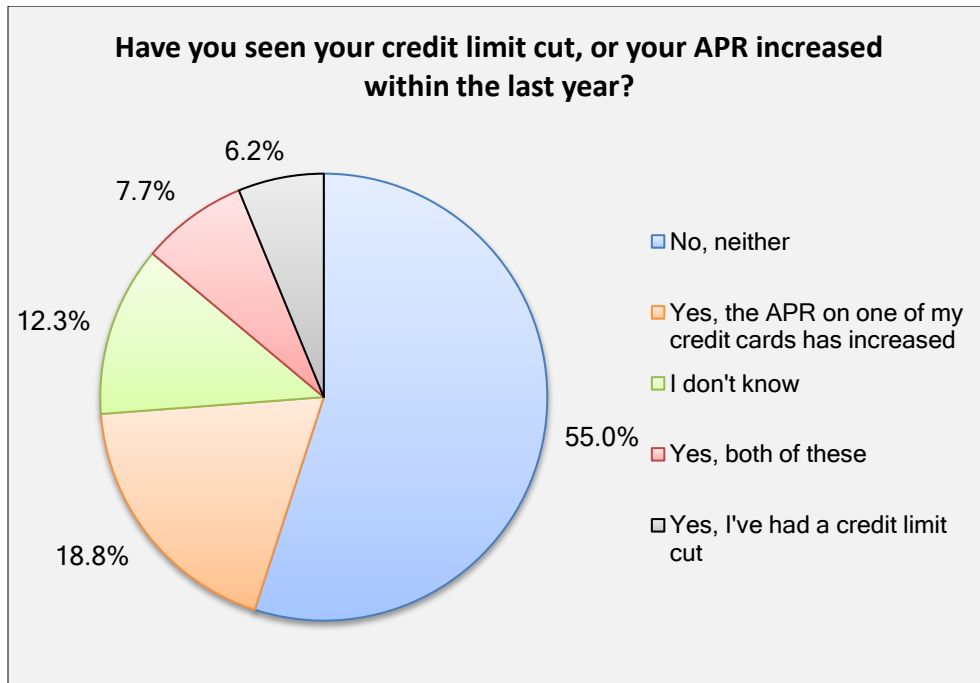


There is little change in the overall ratings for credit card providers between 2009 and 2010.

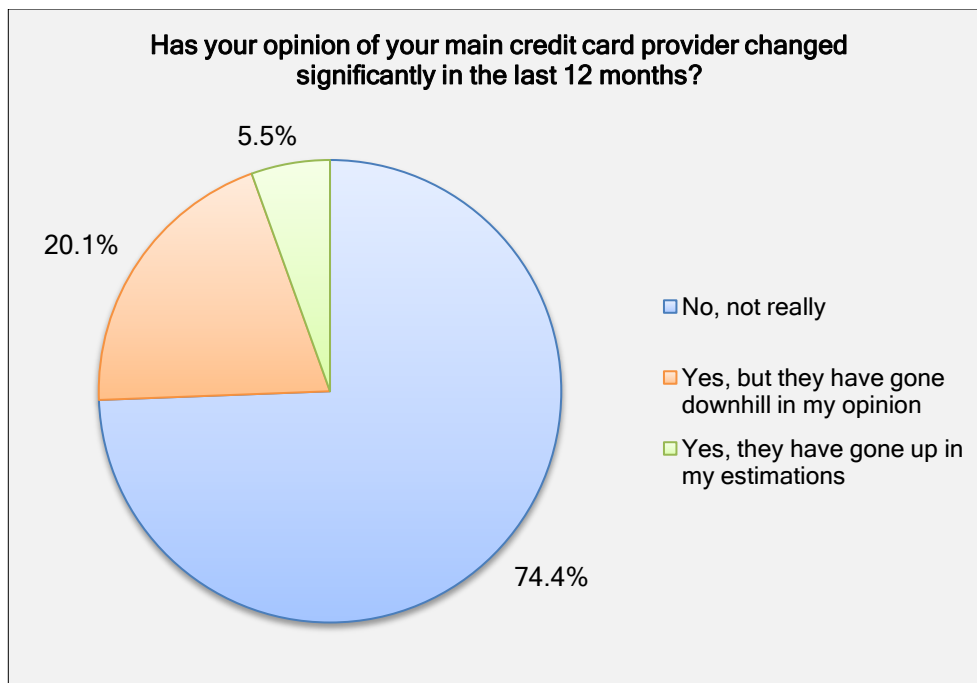


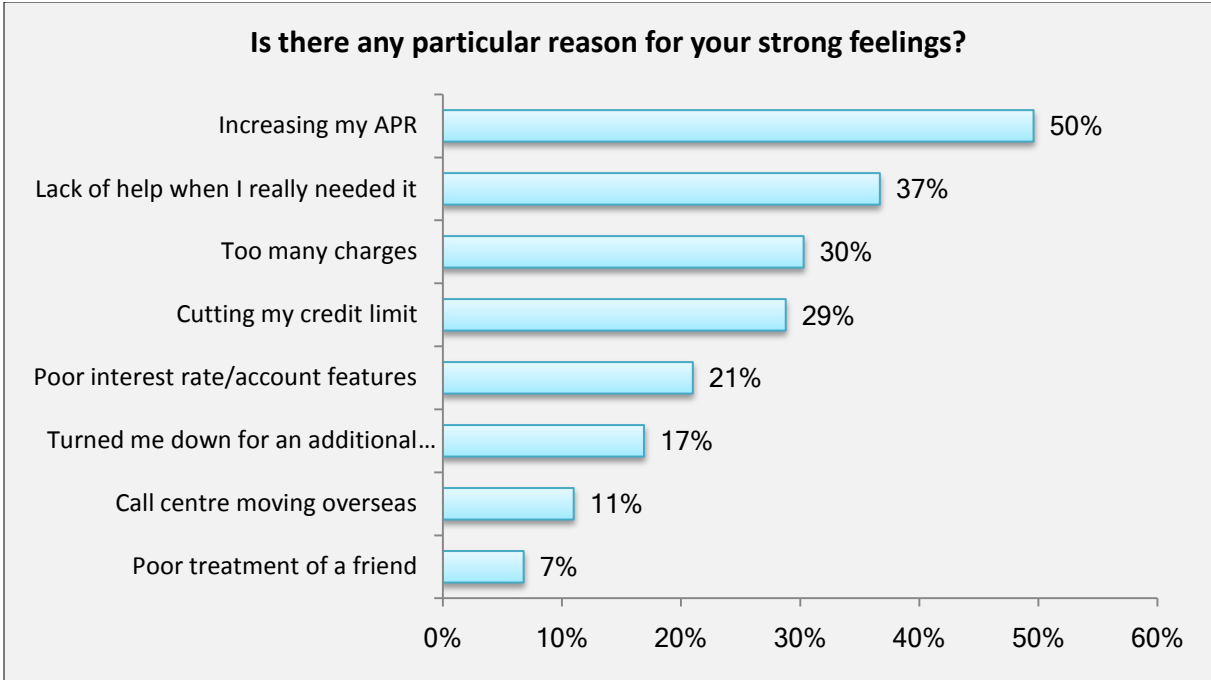
Marks and Spencer's &More card is the biggest mover this year – climbing from 6th place in the ratings last year to 2nd this time. Co-op credit cards are rated best for customer service in 2010.

Credit card changes in the last 12 months

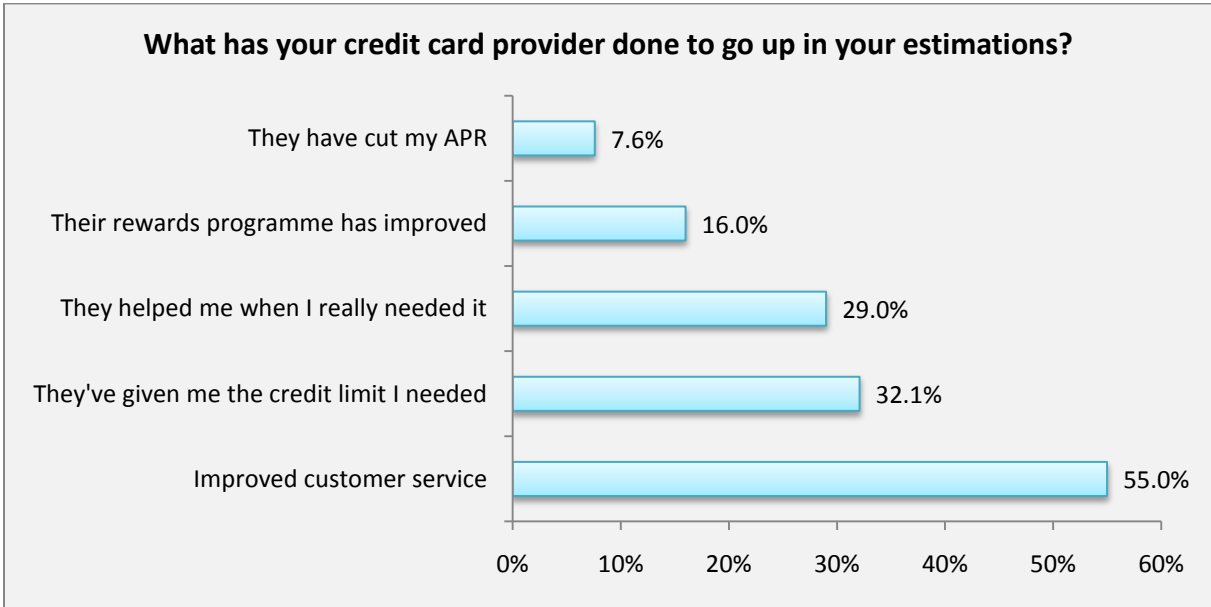


One in three people have either had their credit limit cut, their APR increased, or both, within the last 12 months.



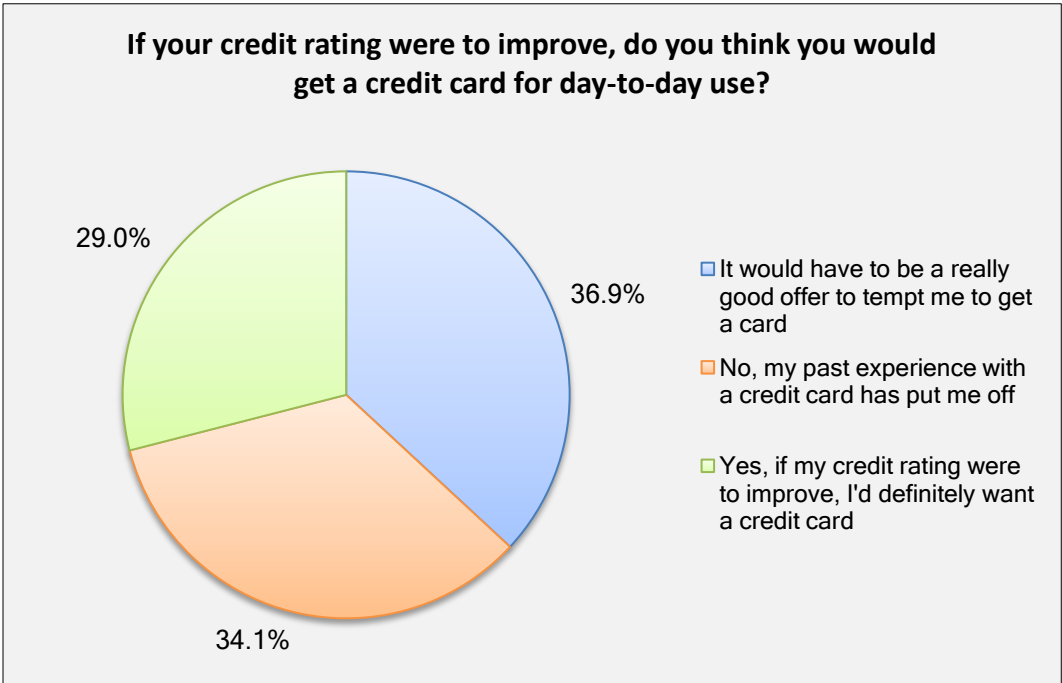
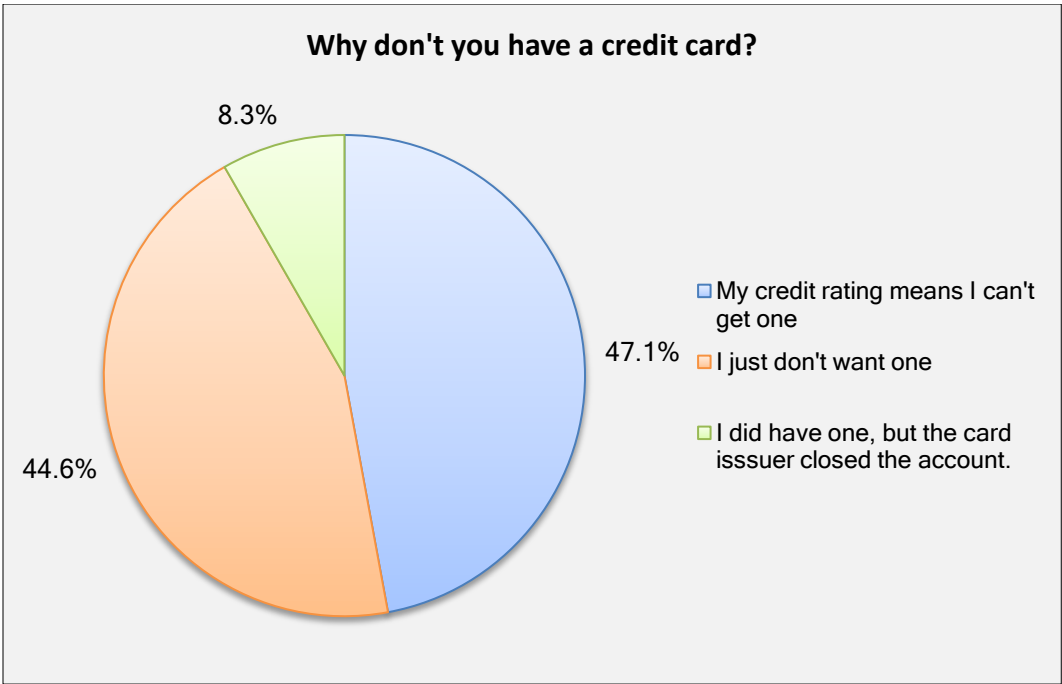


Again, a lack of help when it is most needed is a common reason for lenders becoming less popular. Increasing APRs on existing accounts is the most commonly given reason.

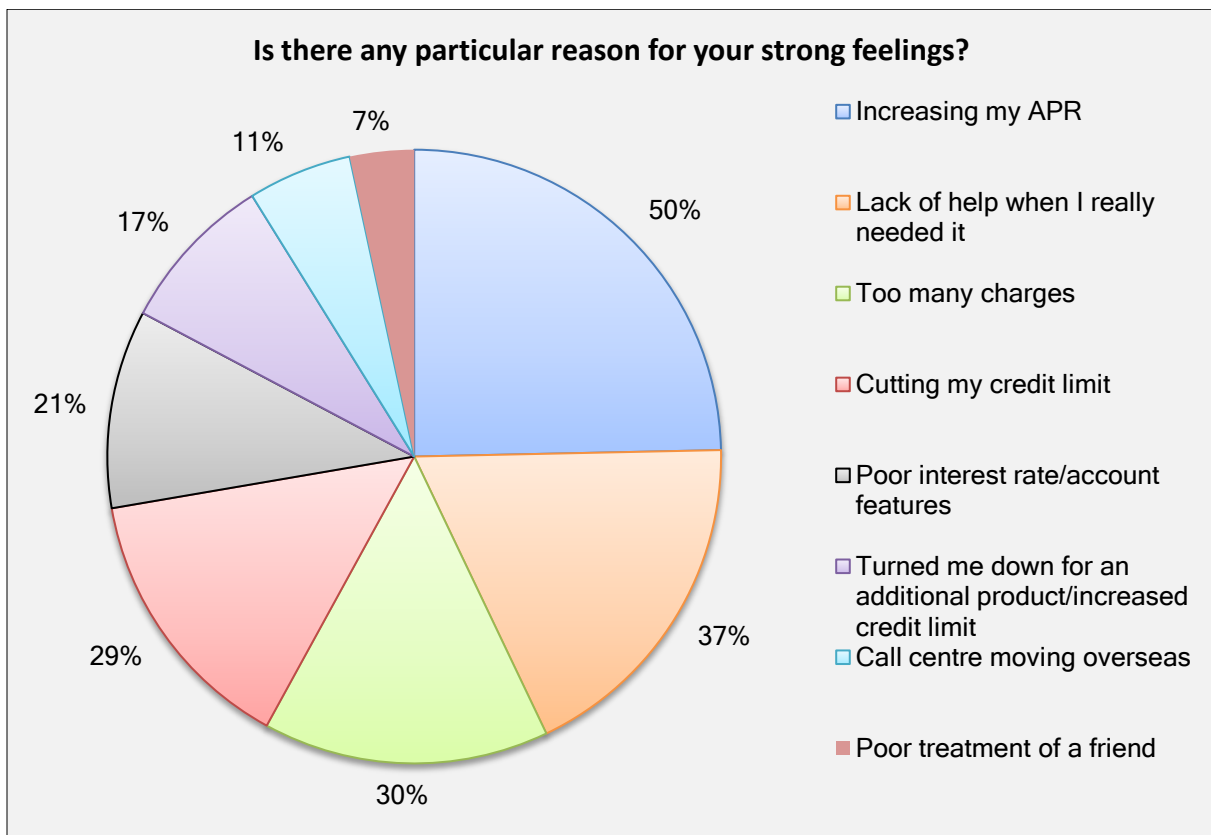
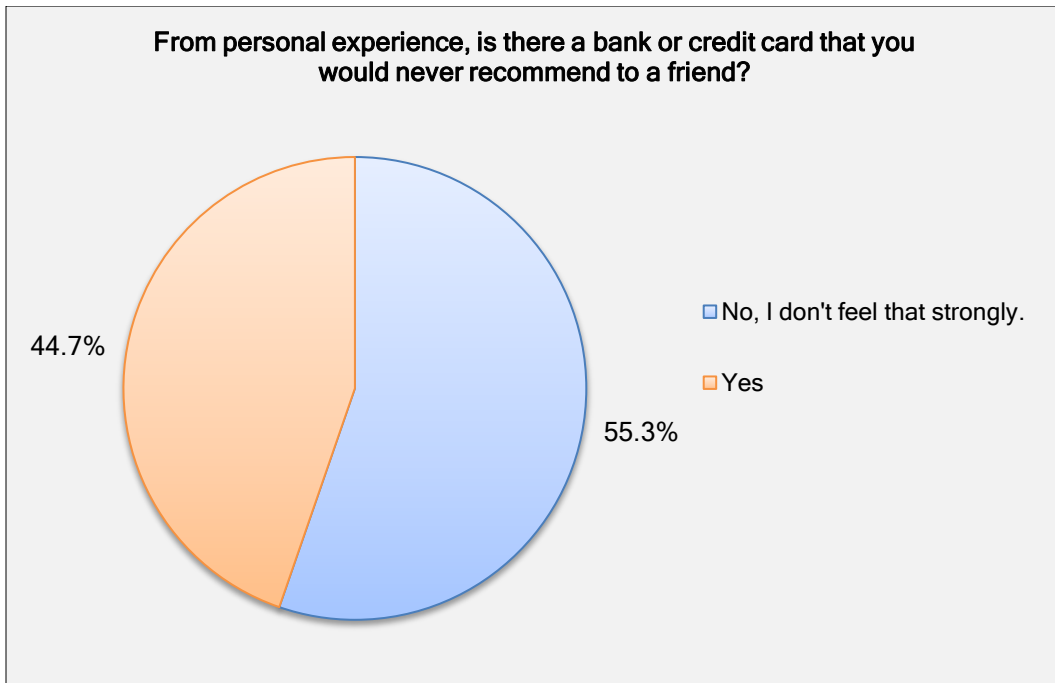


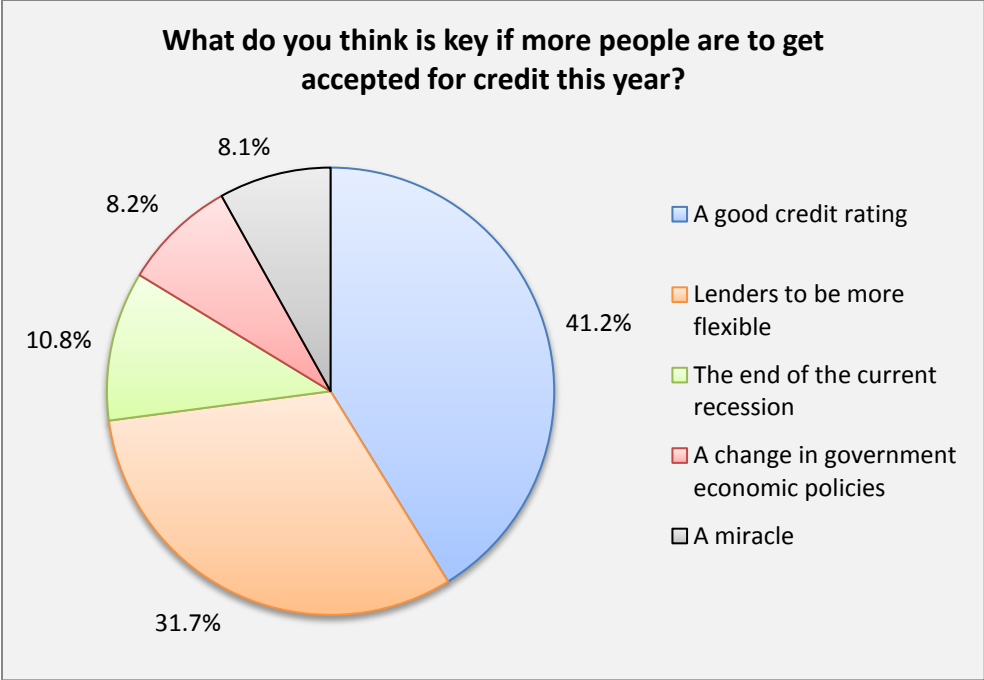
Improved customer service is the most popular reason for credit card providers going up in consumers estimations. High credit limits also seem to be an important factor.

Consumers without a credit card



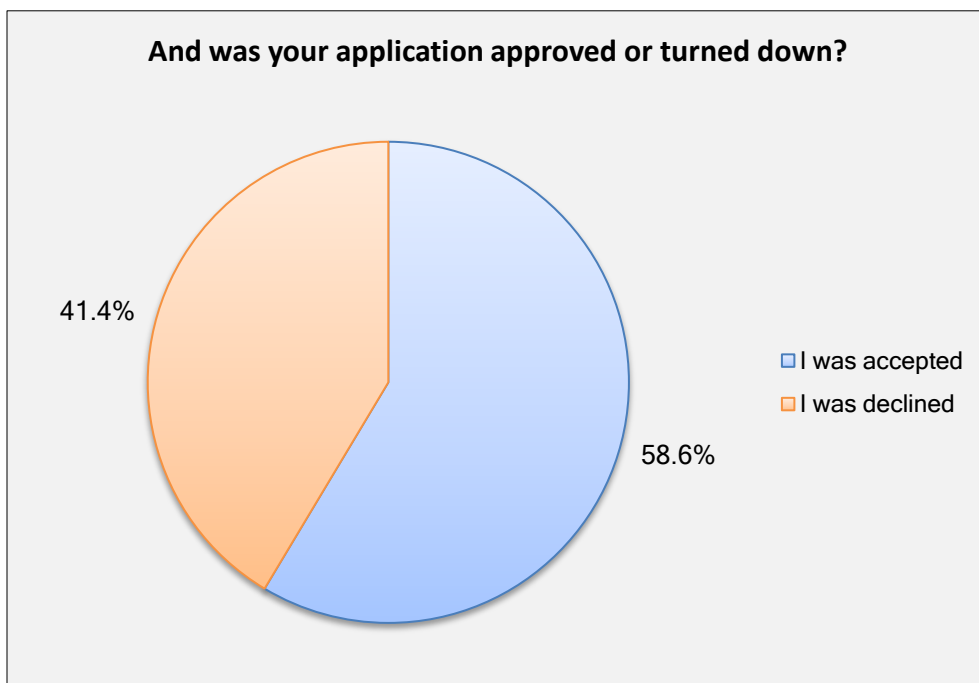
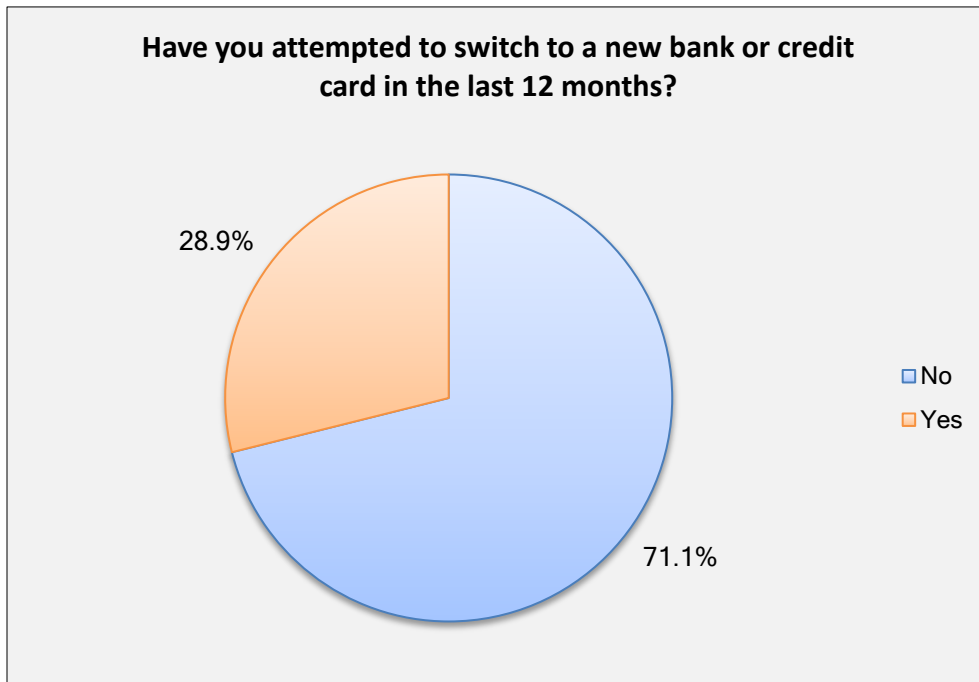
Consumers with strong negative feelings towards a particular lender.



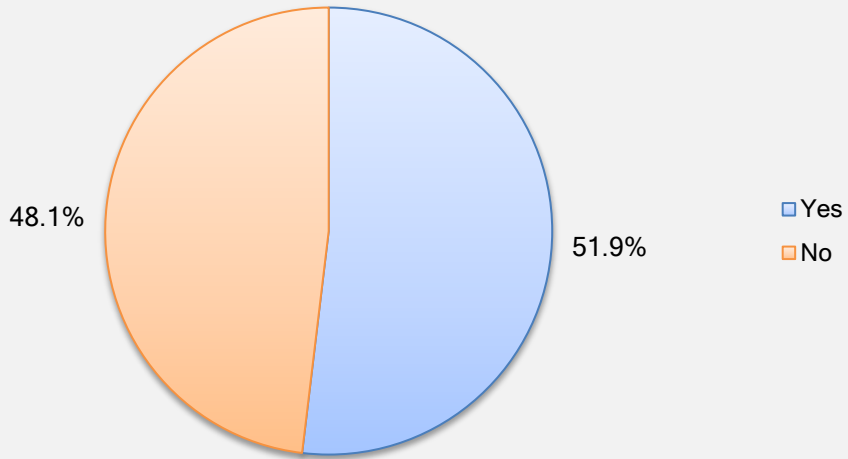


Although around one in three people think that lenders need to be more flexible towards lending, 41% see a good credit rating as the most important factor in being approved for credit. 8% of people believe that a change in government policy is key – the same number that thinks a miracle is the answer.

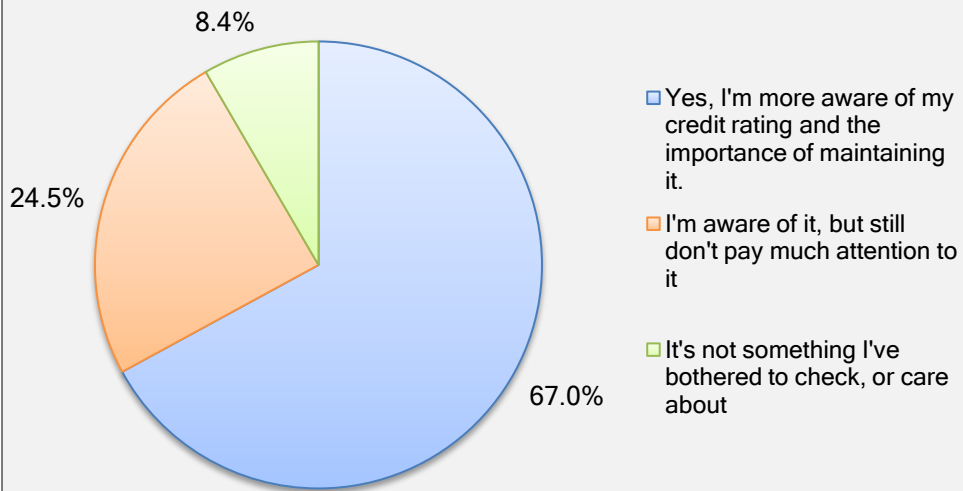
Switching to a new credit card.



Did you give specific consideration to your credit rating when deciding which bank or lender to apply to?

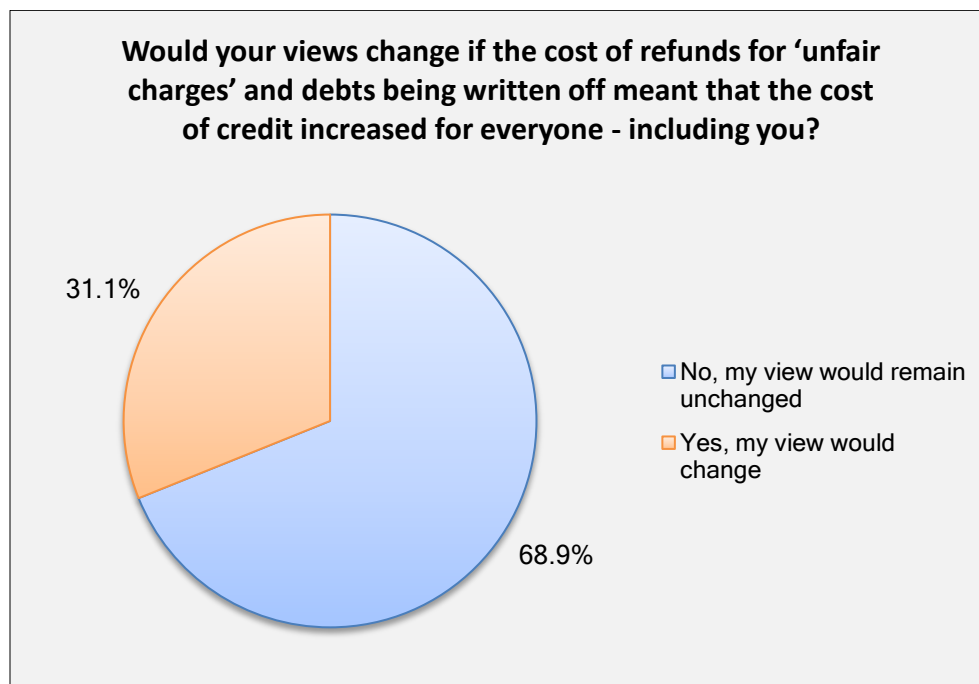
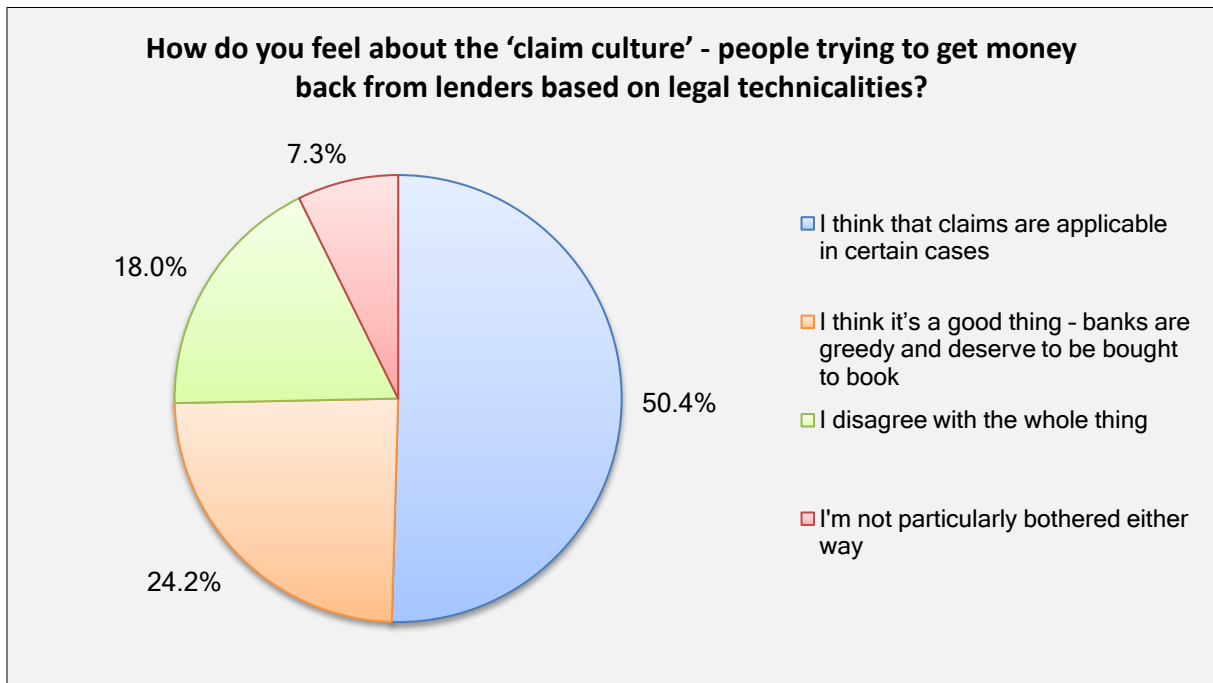


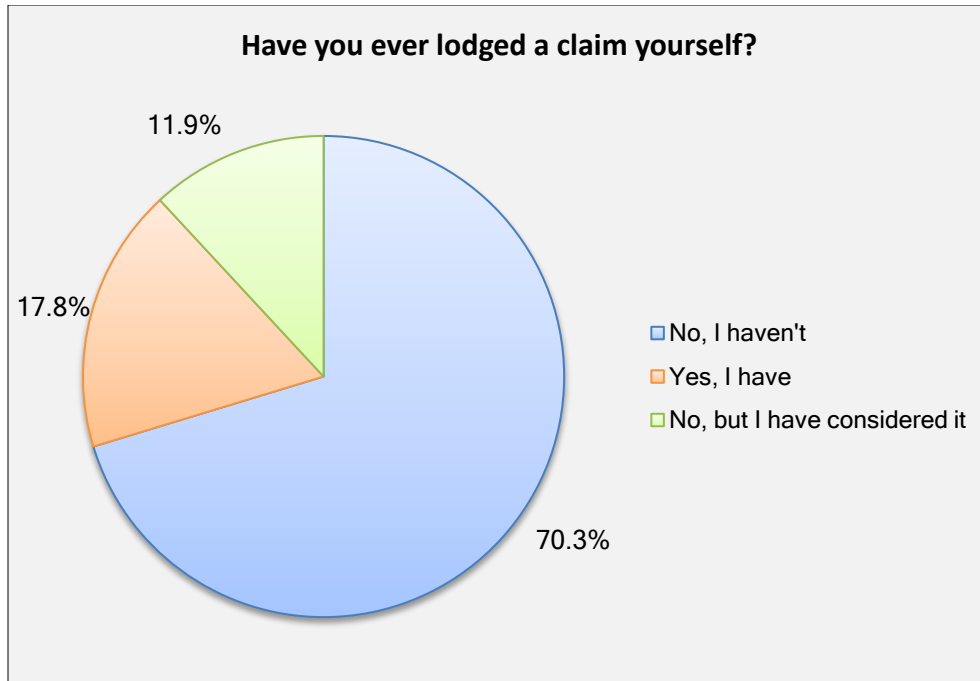
Has the recession made you more aware of the importance of a good credit rating?



The recession has raised awareness of the importance of a good credit rating, but a worrying proportion of people still aren't paying it enough attention.

Consumer attitudes to the 'claim culture'





Almost 30% of those surveyed said that they had either lodged a compensation claim themselves, or had considered it.

Need more data?

If you would like any further information please don't hesitate to contact barry.stamp@creditreporting.co.uk or richard.catlin@creditreporting.co.uk