



Satisfaction in Small Business Banking: Bank Switching and Share of Wallet Implications

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Keeping customers satisfied has never been more imperative in small business banking, as competition heats up, business owners become more accustomed to online and mobile channels, and expectations rise. In this report, Javelin examines business owner perceptions about various aspects of customer experience at their primary bank, attitudes about online and mobile banking features, and effects of improving satisfaction – and mitigating dissatisfaction – on share of wallet and bank switching behavior.

Key questions discussed in this report:

- How satisfied are business owners with their primary banking relationship?
- What is the effect of relationship managers on those perceptions?
- What do businesses think about current digital banking offerings?
- What impact do those attitudes have on decisions about where to open accounts and products, and whether or not to switch to another provider?
- What are the motivations behind bank switching among business owners?

The small business data in this report are based on information collected in a random-sample panel of 1,000 small businesses and microbusinesses in a March 2017 online survey. Javelin defines microbusinesses as those with annual revenue between \$100,000 and \$1 million and small businesses as those with revenue between \$1 million and \$10 million.

Javelin's measures of satisfaction and likelihood to recommend are based on ten-point scales, where the following designations apply:

Satisfied: 9-10
Neutral: 7-8
Dissatisfied: 1-6

Promoters: 9-10
Passives: 7-8
Detractors: 1-6

When measuring potential switching to a new FI, shifting of products to an FI that is not the primary relationship, or increasing usage of third-party services, Javelin asked small business respondents to gauge their likelihood on a five-point scale, with the following labels:

- 1 - Extremely unlikely
- 2 - Very unlikely
- 3 - Somewhat likely
- 4 - Very likely
- 5 - Extremely likely

In past reports, we have identified likely switchers as only those respondents who marked "5 - Extremely likely." This stems from the recognition that while survey respondents do not always accurately follow through on their intentions, Javelin has found that actual churn rates matched very closely with "extremely likely" churn rates. However, it is also important to pay attention to the larger group of customers considering switching to another bank, in order to mitigate dissatisfaction and prevent potential churn behavior.

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