

ANNOUNCING 2017 JAVELIN TRUST IN BANKING LEADERS

June 2017

Banking is fundamentally an industry of trust. Without a foundation of reliability, financial institutions will see their accountholders flee to competitors. Trust in an institution can be broken into two components: reliability and goodwill. Reliability relates to the institution's ability to carry out what it has promised either explicitly or implicitly.

On the flip side, goodwill is the non-tangible belief that an institution prioritizes its constituent's interests. This is directly tied to the accountholder's willingness to trust a FI's advice on product recommendations and security. Without established goodwill with accountholders, FIs will struggle to deepen financial *relationships*.

The inaugural edition of Javelin's Trust in Banking Leader awards is based on the 2017 Trust in Banking study which provides financial institutions deep insights into this most important aspect of the relationships with their clients and identifies concrete steps that can be taken to strengthen the degree of trust that customers have in their respective financial institutions.

2017 JAVELIN TRUST IN BANKING LEADER AWARD

WINNERS:

NAVY FEDERAL CREDIT UNION
REGIONS
USAA

(*Winners are listed in alphabetical order)



Javelin ranked 17 of the largest FIs in the U.S. according to the level of trust accountholders reported for each bank or credit union they identified as their primary FI. Navy Federal Credit Union, Regions, and USAA distinguished themselves as overall leaders in trust, by establishing both reliability (how well accountholders believe their FI keeps their commitments) and goodwill (how well accountholders believe their FI looks out for their customers' best interest) among their customers.

Chief among the promises made by financial institutions to their customers is the security of their funds. A corollary to this is that accountholders must be able to access their funds when they desire — thus both false-positive declines during transactions and the lack of access to features and functionality in their banking portal will negatively affect accountholders' faith in their FI. Depending on how FIs respond, fraud can either be an opportunity to bolster accountholders' faith in their bank or credit union or undermine it dramatically.

Ultimately, building accountholders' trust requires a multifaceted approach to engagement across all areas of accountholders' financial lives. In Javelin's Digital Banking Maturity Path, the highest stages are characterized by a partnership between FIs and their accountholders, with FIs providing guidance to help their accountholders establish and maintain healthy financial habits. For accountholders to take guidance from their FI seriously, they must believe that their FI is not simply guiding them toward the behavior or product that will be most lucrative for the FI, but the one that is most appropriate for the needs of the accountholder.

2017 JAVELIN TRUST IN BANKING LEADERS: OVERALL TRUST WINNERS

Trust scores among the largest financial institutions fell into a classic bell curve, with a few financial institutions pulling away from the pack as clear leaders, a larger group of competitive institutions with very close scores, and a small number of institutions that clearly trail the rest. Based on this distribution, Javelin divided financial institutions into four segments:

- **Leaders:** The top three financial institutions in the rankings - Navy Federal Credit Union, Regions, and USAA – led in both categories, indicating consistently high performance in serving the needs of accountholders.
- **Contenders:** The next six financial institutions lead the tight cluster at the middle of the pack, but failed to pull away. This still places them in a strong position to move ahead and effectively compete with the leaders through the right combination of features and client engagement.
- **Followers:** The six financial institutions at the bottom of the cluster are still competitive with the Contenders, but face more of an uphill battle in distinguishing themselves.
- **Laggards:** The two lowest financial institutions notably trailed the pack. These institutions must focus on building trust with accountholders or risk attrition to more trusted competitors.

OVERALL TRUST	
Leaders	Navy Federal Credit Union
	Regions
	USAA
Contenders	BB&T Bank
	Fifth Third Bank
	JP Morgan Chase
	Key Bank
	PNC Bank
	U.S. Bank
Followers	Bank of America
	Capital One
	Citibank
	Citizens
	SunTrust Bank
	TD Bank
Laggards	M&T
	Wells Fargo

* FIs in each category are listed alphabetically

Many factors can contribute to an accountholder's trust of their financial institution, including demographic characteristics such as age, income, and gender; the size of their primary bank or credit union; and the accountholder's experience when interacting with their FI, either virtually or in person. Proactively engaging with accountholders through personal banking and providing them with the tools necessary to properly manage their finances and protect themselves from fraud can help ensure a long-term, profitable financial relationship.

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RELIABILITY CATEGORY

Within the context of fraud, reliability is manifest in two commitments: availability of funds and availability of features. Strong majorities of accountholders trust their primary FI's fraud protections: 61% believe that their primary FI takes necessary steps to prevent fraud on their account, and 60% believe that their primary FI can protect them from loss in case of fraud. Among the largest U.S. FIs, Navy Federal Credit Union, Regions, and USAA are viewed as the most reliable by their accountholders. Within the context of fraud, foundation of reliability can be broken into 3 main aspects.

- Preventing victimization
- Minimizing false-positive declines
- Ensuring easy resolution with strong liability protections

RELIABILITY	
<i>Keeping commitments to accountholders</i>	
Leaders	Navy Federal Credit Union Regions USAA
Contenders	Capital One Fifth Third Bank JP Morgan Chase Key Bank TD Bank U.S. Bank
Followers	Bank of America BB&T Bank Citibank Citizens PNC Bank SunTrust Bank
Laggards	M&T Wells Fargo

* FIs in each category are listed alphabetically

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GOODWILL CATEGORY

While reliability is a comparatively concrete concept and can be tied fairly directly to a discrete set of commitments made by financial institutions to their accountholders, goodwill is significantly more nebulous. At its core, goodwill refers to accountholders' belief that their FI is looking out for their best interests. Unfortunately, this type of trust is somewhat more difficult to develop among accountholders than trust in reliability. While around 60% of accountholders have faith in their FI's ability to protect them from various aspects of fraud, less than half (49%) believe that their FI is looking out for their best interests. Fortunately for Navy Federal Credit Union, Regions, and USAA their accountholders were most likely to believe that their FI was looking out for them.

GOODWILL	
<i>Looking out for accountholders' best interests</i>	
Leaders	Navy Federal Credit Union Regions USAA
Contenders	BB&T Bank Citizens JP Morgan Chase Key Bank PNC Bank U.S. Bank
Followers	Bank of America Capital One Citibank Fifth Third Bank SunTrust Bank TD Bank
Laggards	M&T Wells Fargo

* FIs in each category are listed alphabetically

Methodology

Consumer data in this report is based on information collected in two random-sample panel surveys:

1. November 2016 survey of 5,028 consumers. For questions answered by all 5,028 respondents, the maximum margin of sampling error is +/- 1.40 percentage points at the 95% confidence level.
2. May 2016 survey of 10,639 consumers. For questions answered by all 10,639 respondents, the maximum margin of sampling error is +/- 0.95 percentage points at the 95% confidence level.

Respondents indicated their agreement with each statement on a scale of 1 to 10, with 8 to 10 considered agreement and 1 to 7 considered disagreement or neutrality. Overall trust scores were composed of a weighted average of the four component responses. To control for demographic factors that may influence trust, but which are outside of the financial institution's control, rankings were based on a regression model taking into account primary bank, age, income, gender, and military status.

Financial institution rankings were derived from responses to four questions by respondents identifying each bank or credit union as their primary financial institution:

- My primary financial institution is looking out for my best interests.
- My primary financial institution takes necessary steps to prevent fraud on my account.
- My primary financial institution protects me from loss in the event of fraud.
- My primary financial institution keeps my personal information safe.

Financial Institutions evaluated

- Bank of America
 - BB&T
 - Capital One
 - Citi
 - Citizens
 - Fifth Third Bank
 - JPMorgan Chase
 - KeyBank
 - M&T Bank
 - Navy Fed. Credit Union
 - PNC Bank
 - Regions
 - SunTrust
 - TD Bank
 - USAA
 - U.S. Bank
 - Wells Fargo
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About Javelin's Awards Programs

In conducting its market research, Javelin finds that certain providers rise to the top. Javelin's awards recognize these leaders for their exceptional quality of product or client experience, ability to meet customer demand, or overall excellence. The Trust in Banking Leaders awards are one of many offered by Javelin, including Mobile Banking Leaders awards, Mobile Banking Vendor awards, Digital Experience Leaders, Consumer Identity Safety Leaders, Identity Protection Service Leaders, and more. To learn more, visit www.javelinstrategy.com/content/javelins-awards.

Javelin's Trust in Banking Report

Javelin's Trust in Banking Leader awards are drawn from the 2017 Trust in Banking report. This research layers rich analysis of trust with the top 17 retail banks along with two important elements: reliability and goodwill. The report identifies key findings, guides financial institutions through this important reality, and makes specific recommendations for banking executives. Javelin clients can access the report at: <https://www.javelinstrategy.com/coverage-area/trust-banking>