

## Mystery Shopper 2013 Report

### Introduction

The Banking Ombudsman Scheme's Mystery Shopper exercise differs from other customer service surveys in that it looks at how banks (and non-bank deposit takers) respond when something appears to have gone wrong. In other words, it tests the "putting right".

Banks traditionally do very well on external customer service surveys, and excellent results were recently reported by Consumer NZ. Our survey challenges participants to do equally as well on the other side of the coin – the putting right – because it is in this area that banking service providers can differentiate themselves and lift overall industry standards.

### Key Findings

This year there were more gains than slips in performance this year, and the percentage gains were greater than the percentage declines. Moreover, some participants had made substantial improvements and some showed us that it is possible to achieve excellence – eg 75% of mystery shoppers rated one smaller participant's knowledge of their internal complaints process as excellent (9 or 10/10) and 88% rated their staff's willingness to help as excellent (also 9 or 10/10).

Although the challenges for larger institutions are greater, it is possible to do better: average excellence ratings of 32% for knowledge of internal complaints process, 12% for detailed knowledge of the Banking Ombudsman Scheme and 52% for excellence in staff willingness to help leave plenty of scope for improvement.

Of particular concern, our mystery shoppers rated staff knowledge of their own bank's internal complaints process at 6.7/10, only a 0.1 improvement on last year.

We've also seen that participants' staff remain reticent about mentioning the Banking Ombudsman Scheme: while unprompted mention of the scheme improved from 50% to 56%, the average participant has a way to go to reach the top score of 100%. Moreover, knowledge of the scheme slipped from an already low 5.3/10 to 5.2.

### Progress over the last year

A table showing the average results for all participants, comparing 2012 and 2013, is attached as Appendix 1.

The 2013 exercise involved 31 students visiting 332 participant branches and used the same questions and methodology as in 2012. As significant improvements were made in the previous year, we have restricted our comparisons to the 2012 and 2013 surveys.

We surveyed 16 different dimensions. These cover:

1. Knowledge of and information provided about the internal complaints process
2. Knowledge of and reference to the Banking Ombudsman Scheme

3. Compliance with the Code of Banking Practice requirement to display information about internal complaints processes and the Banking Ombudsman Scheme as well as whether the Code itself is available
4. Staff willingness to help.

As a whole, participants:

- Improved on nine of the 16 dimensions of which seven were noteworthy
- Slipped on four of the 16 dimensions (three being noteworthy)
- Stayed at the same level for three dimensions (or at approximately same level for six)
- Made the most gains in providing information about their own internal complaints processes (89% of branches gave mystery shoppers additional information such as a brochure, direction to a website or telephone number)
- Lost ground in compliance with the Code of Banking practice requirement to display and provide Banking Ombudsman Scheme brochures.

The biggest improvements were:

- Staff directing mystery shoppers to their website for information on the internal complaints process (up 53% from 15 to 23%)
- Branches in which mystery shoppers rated staff knowledge of the internal complaints process as excellent (up 23%, from 26 to 32%)
- Branches in which mystery shoppers rated overall staff willingness to help as excellent (up 18%, from 44 to 52%); the overall rating of staff willingness to help also improved from 7.5 out of 10, to 8.0 (up 7%).

And pleasingly:

- Branches in which staff mentioned the Banking Ombudsman Scheme (up 14% from 78% to 89%).

The biggest declines in performance were for:

- Giving mystery shoppers printed information about the bank's internal complaints process (down 8%, from 77 to 71%)
- Displaying the Banking Ombudsman Scheme leaflet (down 7%, from 87% to 81%); we also note that many branches are continuing to display outdated leaflets.

## **Conclusion**

We are pleased to see that there has generally been a trend to improved customer service as measured by the Banking Ombudsman Scheme's Mystery Shopper survey.

We look forward to seeing this trend continue and to seeing the larger banks, in particular, make even greater improvements in their results as there is still a way to go.

Participants can make the most gains by aiming for excellence in staff knowledge about the internal and Banking Ombudsman Scheme complaints process, and by demonstrating a genuine willingness to help. In particular, participants can focus on:

- *Improving staff knowledge* of both the internal complaints process and the Banking Ombudsman Scheme

- Encouraging staff to *proactively inform customers* about both the internal complaints process and the Banking Ombudsman Scheme.

We would also like to see participants display the correct Banking Ombudsman Scheme brochure in all branches.

Suggestions for helping to achieve a lift in survey results include:

- Informing staff of the Banking Ombudsman Scheme website and the resources available
- Linking the Banking Ombudsman Scheme website to staff intranets
- Enabling all staff access to the Banking Ombudsman's newsletter, Current Account
- Inviting the Banking Ombudsman or her staff to present at staff conferences
- Making prominent reference to participation in the Banking Ombudsman Scheme on websites.

## Appendix 1: Summary of results for all Banking Ombudsman Scheme participants

Measures	All Participants (Weighted)	
	2012	2013
<b>Internal complaints process (ICP)</b>		
Mystery shoppers found a leaflet on ICP**	80%	80%
Median time taken to find the leaflet	<1 min	<1 min
Leaflet was helpful	95%	95%
Average rating of staff knowledge of ICP (from 1 poor to 10 excellent)	6.6	6.7
Staff knowledge of ICP rated as excellent (9 or 10)	26%	32%
Mystery shoppers given printed information	77%	71%
Mystery shoppers given telephone number to call	60%	57%
Mystery shoppers directed to a website	15%	23%
<b>Banking Ombudsman Scheme (BOS)</b>		
Mystery shoppers found a leaflet on the BOS**	87%	81%
Staff mentioned the BOS	78%	89%
Staff mentioned the BOS without being prompted	50%	56%
Average rating of the detail given on the BOS (from 1 poor to 10 excellent)	5.3	5.2
Level of detail on the BOS rated as excellent (9 or 10)	10%	12%
<b>Code of Banking Practice</b>		
Mystery shoppers found the Code of Banking Practice	52%	58%
<b>Quality of branch staff interaction</b>		
Average rating of staff willingness to help (from 1 poor to 10 excellent)	7.5	8.0
Staff willingness to help rated as excellent (9 or 10)	44%	52%

\* Excludes HSBC and Nelson Building Society due to their small survey sizes.

\*\* Also a requirement under Code of Banking Practice.