

Report on Banking Ombudsman Survey of Bank Branches

January 2010

It is now ten years since the Banking Ombudsman conducted the first survey of bank branches to determine how well banks were fulfilling their obligation under the Code of Banking Practice to provide information about the complaints process.

As well as monitoring Code compliance, the survey is intended to assess

- the quality of branch staff interaction with customers seeking information about the complaints process
- branch staff's knowledge of the bank's own complaints process
- branch staff's knowledge of the Banking Ombudsman and her place in the complaints process
- ease of access to the Code of Banking Practice

These measures provide useful information for banks and are also helpful in understanding the sort of information that complainants coming to the Banking Ombudsman are likely to have obtained from their banks.

Only 69 branches, mostly in the main centres, were surveyed in 2000, making the first survey considerably smaller than more recent ones. The results on at least one of the key measures, however, were remarkably similar to those of the current survey – information leaflets about the bank's complaints process could not be found in 26% of branches both in 2000, and in 2010.

The Code of Banking Practice provides at clause 1.3(b) that

Brochures relating to our complaints procedures and the Banking Ombudsman's services will be on display in all of our bank Branches as will the Banking Ombudsman's own brochures.

The local branch is still the place where many customers look first for information about their banks and banking services. If nearly a quarter of branches do not have complaint information on display, banks are not only in breach of their Code obligations but are denying themselves a valuable source of feedback on their services.

Over the ten years since the first survey there have been improvements in the other measures. Branch staff have nearly always been found to be helpful to customers with complaints and in most of the more recent surveys staff have displayed considerably more knowledge of the complaints process and of the Banking Ombudsman than during the early surveys. However there has been a small decrease in this measure between 2008 and 2010, and it is disappointing to see the occasional bank employee still believes the Banking Ombudsman is "...some man in Wellington."

It is also good to see the Code of Banking Practice on display more often. For the first time ever, in 2010 more than half the branches were found to have the Code on display.

Methodology

The survey was conducted between 5 and 26 January 2010. The 2008 survey took place in September and October while previous surveys had generally been done in early December. It is not clear whether the time of year influences the results.

30 students visited 247 branches in over 50 locations, making this the most extensive survey conducted to date. A wide range of smaller centres was included along with the main centres and their surrounding areas.

Students were required to complete and return a response form (copy attached), which is very similar to that used in previous surveys. The only difference of any substance is that students were not given a background story for the complaint they were ostensibly enquiring about. Instead they were asked to make enquiries about the process available to a "friend" who had tried to make a complaint at her local branch and was dissatisfied with the result. In previous years the conversation with branch staff had sometimes moved away from the intended purpose of obtaining information about the complaints process and had focussed instead on resolving the imaginary complaint. The new form avoids this problem.

The comments made by students on their experience are both interesting and informative. All quotations in this report are taken directly from the forms returned by students.

Displaying the bank's information leaflet

The bank's information leaflet was found on display in 74% of branches visited. While this is still not satisfactory, it represents a reversal of the downwards trend of the past four years and a considerable improvement on the 2008 result.

Table 1: Bank information leaflet on display

2007	2008	2010
64%	63%	74%

All but two banks improved their performance this year as compared to 2008, and one of the two was a smaller bank whose results are not statistically significant.

Complaints provide banks with useful feedback on their performance, and it is clear from independent research as well as from our own experience with complaints that a customer whose complaint is resolved effectively at the first possible opportunity is even more satisfied than a customer who has never had a complaint. It is therefore of concern to find that in the occasional branch there is an attitude as reported by one student:

I asked if they had any pamphlets as I could not find any and the teller said that they don't have them on display as they don't want people to make complaints.

Students were asked to say how long it took to find the information leaflet. If the leaflet was on display, it was usually found in less than a minute. There has been little change in the percentage of branches where the leaflet is not quickly and easily found.

Table 2: Time taken to locate information on the complaints process

	2007	2008	2010
No information found	31%	33%	26%
Less than 1 minute	35%	30%	44%
1 to 3 minutes	24%	26%	19%
3 to 5 minutes	6%	10%	7%
5 minutes plus	3%	2%	4%

Displaying the Banking Ombudsman leaflet

Banks undertake to display the Banking Ombudsman's own information leaflet, and on this occasion it was found in 72% of branches. This is again an improvement on the previous two years' results, but still not a satisfactory level of compliance with the Code obligation.

Table 3: Banking Ombudsman leaflet on display

2007	2008	2010
64%	63%	72%

Banks' performance on this measure was more variable than on the display of their own information. Two of the larger banks had the Banking Ombudsman leaflet on display in over 90% of branches, and the smaller banks also performed well, but of the remaining large banks three had the information on display in a little over 70% of branches and one in fewer than half its branches.

It was of some concern to note that a number of branches had information about the Banking Ombudsman on display but not information about the bank's own complaints process. If a customer approaches the Banking Ombudsman without having been through the bank's own process, as will happen if there is no available information about the bank's process, the complaint has to be referred back to the bank. This means some delay, but more importantly, it denies the bank an opportunity to provide excellent customer service by resolving the complaint efficiently at its point of origin.

Code of Banking Practice

While the Code does not specifically require banks to have a copy on display in branches, it does state (clause 1.1(h)) that copies are available at all branches. The Code is an important statement of customers' rights and very little is done to promote it. It should be as widely available as possible, and it is certainly good practice to have it on display.

Table 4: Code of Banking Practice on display

2007	2008	2010
46%	37%	57%

In the early surveys it was comparatively unusual to find the Code on display and it is only in the last three to four years that a significant number of branches have been found to have it. The performance of banks still varies widely on this measure. While most banks were found to have the Code displayed in around 50% of branches, one large bank scored 78% and another a disappointing 9%.

Interaction with branch staff

The surveys have consistently shown that branch staff are very willing to help a customer with a complaint. It is a pleasure to read remarks like the following:

- They made me feel satisfied, spoke to me as an equal. In particular they encouraged me to not feel intimidated being young "... young people are an important part of banking" said one of the tellers.

- The nicest and most helpful person I talked to out of all the banks I surveyed. If you had a team of men like him you wouldn't need a complaints form!

The median score this year for willingness to help was 9 on a scale of 1-10, rather higher than the mean, as there were fewer staff at the very top end of the scale and banks were let down by a few staff who seemed to have no interest at all in assisting their customer. While the two remarks quoted above represent most students' experience, there was still the occasional adverse comment:

- The staff member was not willing to help, she was not interested or concerned. Just implied that my friend did not deal with the complaint correctly.

Table 5: Willingness to help

	2007	2008	2010
Median score	7.5	8	9
Mean score	8.3	9.2	8
% of staff rated at 10/10	19%	30%	25%

Despite their willingness to help, branch staff are still less likely to have the knowledge of the complaints process that would enable them to give useful advice. Until this year there had been a trend towards a gradual improvement in knowledge of the complaints process, but the 2010 survey found a disappointing decrease in all the measures.

Table 5: Knowledge of the complaints process

	2007	2008	2010
Median score	6.2	8.1	7
Mean score	5.9	6.8	6.6
% of staff rated at 10/10	11%	29%	18%

It is appreciated that staff turnover and the need for training in a wide variety of banking processes and practices means that branch staff cannot all be expected to have a detailed knowledge of the complaints process, but at the very least they should know that

- there is a complaints process
- there are printed leaflets with information about it
- the bank has a team of complaint-handling specialists to which the complaint can be referred if it is not possible to resolve it in the branch
- ultimately there is the right to take the complaint to the Banking Ombudsman as an external and independent complaint resolution agency.

As well as telling customers about the complaints process, branch staff should give them the necessary information to take away with them for easy reference. At the least they should be given the telephone number for the bank's complaints service, and preferably an information leaflet.

Table 6: Information given to customers

	2007	2008	2010
Leaflet	69%	61%	60%
Telephone number	50%	54%	51%
Website	n/a	n/a	9%

For the first time, students were asked to record whether they had been referred to the bank's website for information about the complaints process. While this is probably a good option if the bank's information leaflet is not available, it is only effective if the information can be easily found on the website. Our surveys of bank websites have found that this is not always the case.

Knowledge of the Banking Ombudsman

It is only in recent surveys that there has been some measure of branch staff's knowledge of the Banking Ombudsman and the functions of her office. For the past four years students have been asked to record whether there was a mention of the Banking Ombudsman during the explanation of the complaints process. If there was no immediate mention, they were to prompt by asking about recourse beyond the bank's own complaints process, saying, for example, "Is there something like an ombudsman for banks?"

This year there was a very considerable improvement in branch staff's awareness of the Banking Ombudsman with only 19% of those surveyed failing to mention her at all. The result was even better than the figures indicate as in most banks well over 80% of staff mentioned the Banking Ombudsman. The result is skewed by the performance of one bank where 35% of staff failed to mention the Banking Ombudsman.

Table 7: Mention of Banking Ombudsman

	2007	2008	2010
No	60%	31%	19%
Yes – without prompt	18%	33%	41%
Yes – with prompt	22%	36%	40%

This year, for the first time, students were specifically instructed to rate branch staff (on a scale of 1-10) on their knowledge of the Banking Ombudsman. It should be noted that this is no more than a very rough measure of the accuracy

of the knowledge. A high score indicates that the staff member was able to give convincing answers to simple questions about the Banking Ombudsman.

Only 12% of staff who mentioned the Banking Ombudsman were rated at 10 for their knowledge of the Banking Ombudsman, but on the other hand only 4% rated at 1. No bank averaged less than 5, with a mean for all banks of 6.7 and a median of 7.

Clearly there is work to be done to make sure that branch staff have a basic understanding of the function of the Banking Ombudsman, as evidenced by the following remarks recorded in the survey.

- Didn't feel that the Ombudsman was the right place to go and that they were more about interest issues rather than complaints like my friend's. Interest issues like overcharging etc.
- One teller mentioned there is no point in taking my complaint to Banking Ombudsman as it is "the government finance minister, they won't care anyway".
- When teller was getting help from another woman, teller must have mentioned ombudsman behind counter and second woman commented "shit no, not the ombudsman"
- Knew nothing of the Banking Ombudsman, not even of its existence
- I asked about the Ombudsman three times but was only told "*he's to do with banking procedures*"
- She mentioned that the Banking Ombudsman doesn't generally deal with personal treatment complaints, but rather complaints related to fees etc.
- She seemed a little sceptical when I brought up the Banking Ombudsman, dismissing it as a last resort and not really anything I needed to know about. More just someone for their [complaints service] to contact.

Conclusions

On the whole, the results of the 2010 survey are encouraging. Where there was a downwards trend in the past two to three years it has generally been reversed. Branch staff have always been found to be mostly willing to help a customer with a complaint, and they are now better informed about the complaints process and more able to give useful information.

Banks are still a long way from full compliance with their obligations under the Code of Banking Practice. It is unsatisfactory that more than a quarter of branches are not displaying information about either the bank's own complaints process or the Banking Ombudsman.

The Code of Banking Practice is an important statement of customers' rights. If it was more widely promoted to customers, they would be better informed about banks and banking processes and less likely to encounter the sort of difficulties that may lead to a complaint. While there has been an improvement in its availability to customers, banks should aim to have it on display in every branch.

Branch staff are more aware of the existence of the Banking Ombudsman but this awareness is not always matched by a basic understanding of her office's functions. A review of the training material for branch staff may be appropriate