

Satisfaction with finance, insurance and healthcare lower in 2015

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Performance generally lacklustre in 9 other industry sectors.

IN A disturbing development, customer satisfaction in Singapore declined last year after recording steady improvement over the preceding four consecutive years. The fall in the national customer satisfaction level in 2015 compared with the previous year is the result of poor showing by the finance and insurance and healthcare sectors, which were measured in the fourth quarter of 2015.

The Institute of Service Excellence (ISES) at the Singapore Management University, in releasing the 2015 full year results for the Customer Satisfaction Index of Singapore (CSISG), says that the nation score for 2015 stands at 70.2 points (on a 0 to 100 scale). It fell 0.93 point, or 1.3 per cent, from 2014.

The institute says that the decline in the national CSISG is due in part to poorer performance from the finance and insurance and healthcare sectors in 2015 compared with the previous year. It announced the results for these sectors for the fourth quarter of 2015, alongside the overall 2015 results for the CSISG.

The finance and insurance sector registered a 1.44 point, or 2 per cent, decline from the previous year to 70.9 points. Similarly, the healthcare sector declined 1.42 point, or 2 per cent, to 69.6 points.

Says ISES executive director Neeta Lachmandas: "As the CSISG is a GDP weighted index, the year to year performance of the finance and insurance sector contributed substantially to the eventual national score.

"Together with the decline in satisfaction in the healthcare and private education sectors, these poorer performances led to a lower national score in 2015."

Of the nine industry sectors measured earlier last year, performance was generally lacklustre, the institute says. The private education sector scored lower compared with 2014. The info-communications, retail, and tourism sectors did not register substantial changes. The food and beverage and public education sectors did however record higher scores. The air transport, land transport, and logistics sectors were introduced last year and thus do not have previous data for benchmark comparison.

The institute says that within the finance and insurance sector, the life insurance sub-sector declined 3.01 points, or 4.1 per cent, to 70.6 points. This was followed by the health

and medical insurance sub-sector, which scored 2.15 points, or 3 per cent, lower to 70.2 points, and the bank sub-sector, which scored 1.12 points, or 1.6 per cent, lower to 71.1 points. The motor and other personal insurance sub-sector also registered a decline of 0.98 point, or 1.4 per cent, to 70.5 points, although this change was not statistically significant.

A common observation for the lower customer satisfaction levels across the finance and insurance companies was lower satisfaction with touch points.

Lead CSISG researcher Chen Yongchang says: "The banks sub-sector analysis has suggested that personal bankers and branches are important touch points that have the potential to positively impact customer satisfaction if managed well."

Similarly, with a majority of insurance policyholders having interacted with a financial adviser within the past year, it would be prudent to shore up the ratings for this high touch channel, he adds.

"According to the CSISG model, customer satisfaction is driven by the customer's expected quality, perceived quality, and perceived value. The CSISG measures the ratings for these drivers, in addition to the customer satisfaction level," Mr Chen tells The Business Times.

"For the finance and insurance sector, generally perceived quality and perceived value declined significantly across all finance and insurance sub-sectors. Delving further into the decline in scores, analysis suggests that they could also be due to poorer touch point satisfaction ratings.

"In banks, for example, satisfaction with ATMs, branches, credit cards, mobile apps, and personal bankers recorded lower year-on-year ratings. At the insurance companies, satisfaction with financial advisers and the contact centre had lower year-on-year ratings."

For the private education sector, the second quarter study data released earlier showed that, similar to the finance and insurance sector, customers - in this case, students - saw perceived quality fall. Delving further Mr Chen says that this fall in perceived quality was due to lower year-on-year satisfaction in course relevance and teaching matters.

For the bank sub-sector, the CSISG measured eight touch points: ATMs, branches, contact centre, credit cards, internet banking, mobile apps, personal bankers, and self service machines. All eight registered lower ratings to varying degrees. The insurance sub-sectors measured satisfaction with contact centre, financial advisers, claims handling, and

the website, with the contact centre and financial advisers touch points recording significantly lower ratings.

"However, rather than addressing the touch points directly, perhaps it would be prudent to also investigate how customers are using the touch points and even the processes behind how the touch points serves its users," says Mr Chen.

"As an example, perhaps a bank customer was dissatisfied with the contact centre because it took too long to get to an operator to answer questions about a loan. And perhaps the solution is not to have the contact centre process shortened but have these loan questions accessible on the website or mobile app."

Interestingly interaction with digital banking channels is on the rise, while branches saw declining interactions. This could have implications for the banking sector ahead and it could benefit from this trend.

"Customers are undoubtedly seeing the convenience and benefits of digital banking. For banks, these digital channels are also much more scalable than branches, and allows greater reach and interaction with its customers. These are clear benefits," Ms Lachmandas tells The Business Times.

"Beyond a simple transfer of branch services to the digital platform, innovative opportunities exist to further enhance customers' experiences with banks. Today we see banks starting to offer innovative services on mobile apps like highlighting discounts and promotions at restaurants and entertainment outlets near where customers are. Such innovations have the potential to create an even better banking experience which physical channels like branches may not have been able to create.

"However, as more banking products and services are moved online, there also has to be a concerted effort to ensure ancillary systems and processes operate in sync with the front end."

The good news in the CSISG findings is that the F&B and public education sectors bucked the trend with statistically significant rise in satisfaction.

The public education sector improved primarily due to the university sub-sector.

"It is worth zooming in on the other restaurants and cafes, and their higher year-on-year scores, even though the 'other cafes' category did not improve significantly. This suggests these smaller F&B players were better able to cater to their clientele, relative to the other measured F&B companies. And because the scores for these categories include both local

and tourist responses, I see this as a positive signal to strengthen and grow the diversity of Singapore's F&B and cafe scene," says Ms Lachmandas.

Raising customer satisfaction is important for businesses as each of the sectors covered in the customer satisfaction index surveys are key components of the Singapore economy.

"Customer satisfaction is a means to an end. It is the penultimate goal to customer loyalty, trust, repeat purchases, and long-term revenue. A consistently satisfied customer will not only continue to remain a customer, but can provide invaluable advocacy for a company or brand. This strong customer base gives companies the confidence, and resources, to continuously invest and improve on their service proposition," says Ms Lachmandas.

"From a more macro-economic perspective, companies that can deliver very high levels of customer satisfaction will not only build a strong local customer base, but also attract foreign customers to use their services here. As more and more services become commoditised, the little innovations and efficiencies Singapore service can provide over its regional competitors will tip the scales in our favour."

Customer satisfaction is the penultimate measure of loyalty and long-term profitability, Ms Lachmandas stresses. "With the prevailing business climate forecasting slower growth, it will be critical for companies to strengthen customer loyalty and stickiness to their brand, product and service proposition.

"Customer satisfaction, and more specially the CSISG model, is also an effective proxy to benchmark the effects of service redesign and innovations, and to provide a quantitative measure of what works and what does not."

With increased competition locally and globally especially with on-line platforms, data-driven benchmarking tools will provide the necessary insights to improve and outperform the competition.