

Press Release

Customer Satisfaction for Finance and Insurance Sectors Reach Record High in 2022 - Performance also helped push overall national customer satisfaction for the services industry to its highest level since tracking began in 2007

Singapore, 11 April 2023 (Tuesday) – The Institute of Service Excellence (ISE) at the Singapore Management University (SMU) (新大卓越服务研究院) today released the Finance and Insurance industry sectors’ findings from the Customer Satisfaction Index of Singapore (CSISG) 2022 national study.

The latest results showed that customer satisfaction with the Finance sector increased year-on-year by 0.9% to 75.5 points, based on a 0 to 100 scale. This performance was derived from its three constituent sub-sectors: Banks, Credit Cards, and e-Payment Apps. The Banks sub-sector scored 75.6 points, a 1.0% increase year-on-year, while Credit Cards scored 73.8 points, a 0.9% increase. These performances were the highest customer satisfaction scores on record for both these sub-sectors. On the other hand, the e-Payment Apps sub-sector registered a 1.8% decrease, scoring 75.6 points. The Insurance sector registered a 1.7% year-on-year increase to score 74.8 points.

This latest set of Finance and Insurance sectors’ customer satisfaction scores also marked the completion of the 2022 CSISG study. Together with five other service industry sectoral results released last year, namely, Retail, Info-communications, Land Transport, Food & Beverage, and Tourism, Singapore’s national customer satisfaction score for 2022 stands at 74.6 points. This 1.1% improvement from 2021 represents the highest customer satisfaction level the CSISG study had recorded since its inception in 2007, 16 years ago.

Banks

Delving into the Banks sub-sector, the latest findings revealed that customers’ perceptions of quality had markedly improved; most of the quality attributes measured, such as in the areas of empathy, responsiveness, assurance, and reliability, also registered significant improvements year-on-year. Customers were also expecting greater levels of service quality and reliability.

“Financial institutions have demonstrated ongoing commitment working in their customers’ best interest, for instance, with the recent steps taken to boost digital banking security and the introduction of enhanced anti-scam measures, which has resulted in positive expectations and perceptions observed in the study,” said Ms Neeta Lachmandas (妮塔.拉切曼达斯), ISE Executive Director (执行总监).

“In line with this, we are also seeing that Empathy has remained a key driver over the past five years and has resurfaced as the top driver in 2022. Unfortunately, issues such as banking disruptions may occur from time to time and the onus will be on the banks to continue to show that they put their customers’ best interests at heart,” she remarked.

Analysis of customers’ interactions with their Bank also showed that engagement with banks remain steady, even through the Covid-19 pandemic. While use of digital banking in 2022 remained robust, i.e., 75.5% of customers indicated using digital channels recently, customers were also continuing to use physical touchpoints.

On average, each customer had interacted with three unique bank touchpoints recently, such as using the ATM, the mobile app, and visiting a branch. In particular, the younger demographic, i.e., customers aged 18 to 34, were also accessing banking touchpoints to a similar degree as the older customers.

However, shifts in the types of touchpoints they used were observed year-on-year. For instance, the 18 to 34 demographic was observed to have interacted with Personal Bankers more compared to the previous year, suggesting greater interest in additional financial or investment products beyond basic banking services.

“This high level of engagement at touchpoints presents an opportunity for the banks to not only build stronger relationships with their customers, but also allows them to quickly address problems and perform service recovery when required,” commented Ms Lachmandas.

Perceptions of Digital Banks

With the launch of digital banks in 2022, the CSISG study polled respondents on their perceptions on key attributes relating to the new digital banks’ products and branding. Customers of incumbent banks were also interviewed about these attributes for their own banks.

Notwithstanding the fact that the digital banks’ attributes performance was based on respondents’ opinions rather than their actual experiences, it was notable that survey respondents’ perceptions of the digital banks’ products and brand image were substantially poorer than the Banks sub-sector’s corresponding attributes. For instance, on a scale of 1 to 10, respondents gave the digital bank’s *‘Range of Products That Meet My Needs’* attribute an average rating of 6.96 points, compared to the incumbent banks’ average customer rating of 8.23 points.

Year-on-year, survey respondents also became less willing to try the new digital banks, with 66.7% indicating they were not willing to apply for any products with the digital banks, compared to 61.2% in the previous year.

“Singapore’s consumer banking space is already quite competitive, with the local banks also having very comprehensive digital services. New banks, digital or otherwise, will either have to offer a lot more innovative solutions to get traction or spend more on customer acquisition or conversion,” observed Ms Lachmandas.

Insurance

The Insurance sector also saw its customer satisfaction score increase year-on-year, in line with the increase in scores with the other dimensions the CSISG study tracks, i.e., customer expectations, perceived quality, value, and loyalty.

Segmenting the Insurance customers by the type of policies they held, the stronger year-on-year performance was primarily driven by Life Insurance policyholders. This group of customers saw year-on-year improvements in several quality attributes, particularly in the areas of assurance, responsiveness, process, and reliability. On the other hand, Health Insurance policyholders’ quality attributes performed similarly to the previous year.

The survey also revealed consumers’ insurance purchasing preferences were shifting over time. Fewer insurance customers indicated a preference to buy policies through an agent or advisor year-to-year. This fell from 51.6% in 2020 to 45.3% in 2022. In contrast, the preference to purchase policies using digital channels increased, rising from 28.0% in 2020 to 36.4% in 2022.

“Insurers, and in particular those relying on agencies for distribution, should explore these shifting preferences, improving its own online offerings and supporting its advisors with appropriate online platforms,” suggested Ms Lachmandas.

Background

The annual CSISG Finance and Insurance study was conducted between October 2022 and January 2023. A total of 4,700 customers from the finance and insurance sectors were surveyed.

Prior to this 2022 Q4 study, the Info-Communications and Retail sectors were measured in Q1, the Land Transport sector in Q2, and the Food & Beverage and Tourism sectors in Q3. In total, the CSISG 2022 study completed 14,450 unique interviews. A total of 257 distinct entities were measured and 99 entities received published scores.

Please refer to Annex A for a background on the CSISG and Annex B for the detailed scores.

About the Customer Satisfaction Index of Singapore

The Customer Satisfaction Index of Singapore (CSISG) is a landmark study that computes customer satisfaction scores at the national, sector, sub-sector, and company levels with the intent of producing a rigorous, objective, and comprehensive assessment of Singapore's service levels. Given that the CSISG is the only national customer satisfaction measurement tool with cross sector capabilities, ISE can provide organisations with exclusive benchmarking insights about customer satisfaction as well as use predictive analytics and regression models to pinpoint drivers that would deliver the most impact.

About the Institute of Service Excellence (ISE) at Singapore Management University

The Institute of Service Excellence was jointly set up by Singapore Management University and Singapore Workforce Development Agency in July 2007 to elevate service levels and promote a culture of service excellence in Singapore. Working in close collaboration with government agencies and business leaders, ISE champions service excellence through an integrated approach that encompasses benchmarking and analysis, research and thought leadership, as well as industry engagement.

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