

## **News Release**

# **Finance and Insurance Industry See Customers' Use and Preference for Digital Channels Increase**

**Overall Customer Satisfaction with Both Sectors Remain Steady Year-on-Year**

**Singapore, 30 March 2022 (Wednesday)** – 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) 2021 national study.

The latest results showed that customer satisfaction with the Finance sector increased year-on-year by 1.2% to 74.8 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 74.9 points, a 1.2% increase year-on-year, while Credit Cards scored 73.2 points, a 0.7% increase. The e-Payment Apps sub-sector was a new inclusion this year, scoring 77.0 points. In contrast to the Finance sector, the Insurance sector registered a marginal 0.4% decrease from the previous year to score 73.5 points.

These customer satisfaction scores also marked the final set of industry results for the 2021 CSISG study. Combined with five other service industry results released last year, namely, Retail, Info-communications, Land Transport, Food & Beverage, and Tourism, Singapore's national customer satisfaction score for 2021 stands at 73.8 points, a small 0.3% dip compared to 2020. These year-on-year changes were not considered statistically significant.

## **Banks**

Delving more into the latest Finance sector findings, it was observed that satisfaction with the Banks' touchpoint channels, such as their contact centre and internet banking, recovered strongly, after a dip in 2020.

"The rebound in channel satisfaction is likely due to both companies and customers getting used to the operational changes necessitated by Covid-19 throughout 2020, which were quite frankly very disruptive to both customers and the banks' pre-pandemic SOPs," suggested Ms Neeta Lachmandas (妮塔.拉切曼达斯), ISE Executive Director (执行总监).

The Banks sub-sector findings also showed more older customers embracing digital channels. 80.3% of bank respondents in the '60 years old and above' demographic indicated they had recently used their bank's internet banking or mobile app. This is a marked increase from 2020's 65.5%.

Mr Chen Yongchang (陈勇畅), ISE Head of Research and Consulting, said, "The strong adoption of digital banking suggests customers' appreciate its benefits and convenience. However, our analysis has also shown that key service attributes related to assurance and reliability were critical drivers of the banking experience and are especially pertinent in light of recent events such as DBS' internet banking outage and phishing scams targeting OCBC customers."

Indeed, impact analysis of customer responses suggest service quality attributes for Assurance, such as 'Makes you feel comfortable and safe' and Reliability, such as 'Promises to do something by a certain time', were the most important drivers of customer satisfaction and loyalty, respectively.

## **Insurance**

The Insurance sub-sector saw only a small dip in its CSISG score year-on-year, with most metrics holding steady. However, continuing an observation from 2020, service quality attributes relating to Empathy and Reliability remain underperforming areas.

Additionally, the latest findings revealed policyholders' increasing preference to purchase life, health, and medical insurance policies through digital channels. This preference rose from 28.0% in 2020 to 35.2% in 2021. Correspondingly, the preference to purchase similar policies through the more traditional route of financial advisors fell significantly year-on-year, from 51.6% to 47.1%.

Mr Chen remarked, "Although financial advisors continue to be the most preferred channel for buying life and health insurance, this preference appears to be on a decline, while preference for buying these products online has grown."

"Given these trends, the move by various insurers to offer more of their products online, are steps in the right direction. Insurers should also consider how they could more effectively and seamlessly integrate their digital platforms with the services offered by their financial advisors to improve customer experience and drive loyalty," he said.

### **Credit Cards and e-Payment Apps**

While the Credit Cards sub-sector did not record a significant increase in satisfaction from the previous year, several attributes responsible for driving satisfaction did improve, including areas such as brand, product, and service.

"Brand attributes such as the perceived innovativeness of the card and product features like card benefits and rewards, were found to be significant drivers of satisfaction. Thus, the improvements seen in the latest survey suggest card issuers are on the right track and will serve as a catalyst for better customer satisfaction over time," said Mr Chen.

Compared to Credit Cards, the e-Payment Apps sub-sector performed notably better in both customer satisfaction and loyalty, with an overall younger user demographic driving the higher scores. The e-Payment Apps sub-sector was made up of mobile app payment platforms such as Apple Pay, DBS PayLah!, and GrabPay.

"In general, the younger demographic rated the e-Payment apps higher than credit cards. For instance, users in the 18 to 34 age bracket had a CSISG score of 77.3 points for e-Payment Apps while only 72.6 points for credit cards" he noted.

However, both payment modes shared similar drivers of loyalty, with attributes relating to Brand and Product strong determinants of the likelihood of reusability for a card or app.

"The analysis suggests that by focusing on attributes such as brand image and reputation, and product features such as merchant tie-ups and rewards, payment apps can more effectively drive repeat usage," said Mr Chen.

### **Industry Digital Uptake**

In both the Finance and Insurance sectors, the CSISG study observed strong and sustained consumer adoption of digital services.

"The shift to digital is here to stay. More older customers are taking to online banking services year-on-year. Insurance products, traditionally sold at a very interpersonal level, is seeing a preference shift towards online channels," observed Ms Lachmandas.

"For businesses, this means it will be paramount to continue investing in the digital domain, as consumer preference for buying, transacting, and indeed living online continues to rise," she surmised.

The CSISG 2021 Q4 study was conducted between October 2021 and January 2022. A total of 4,700 local consumers were surveyed for the Finance and Insurance sectors.

Prior to the 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 2021

study completed 14,700 unique interviews. A total of 245 distinct entities were measured and 104 entities received published scores.

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

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## **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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