The CallMiner Churn Index 2020

Banking Organizations

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For US Banking Organizations

Consumers report big leap in switching costing US banks $16.2 Billion[1] and moves them to the top of the list in the 2020 CallMiner Churn Index

Two years ago, CallMiner commissioned a survey to find out why US consumers leave providers. What we uncovered was a switching epidemic – with call centers playing a pivotal role in whether consumers stay loyal or decide to switch.

This year, we decided to repeat the exercise to see what's changed. This report is based on the responses of US consumers who switched banks in the last 12 months. It is a companion document for the complete US report which can be seen **here.** The total cost of churn for banks is $36.6 billion.[2] This is a $16.2 billion increase from 2018.

1. US adult population is 254.714 million. 15.9% more adults changed banks in 2020 than 2018. 15.9% of 254.714 million = 40.50 million people. A conservative cost of acquiring a customer is $400 per person when incentives, advertising and administration costs are taken into account. 40.50 million @$400 = $16.2 billion

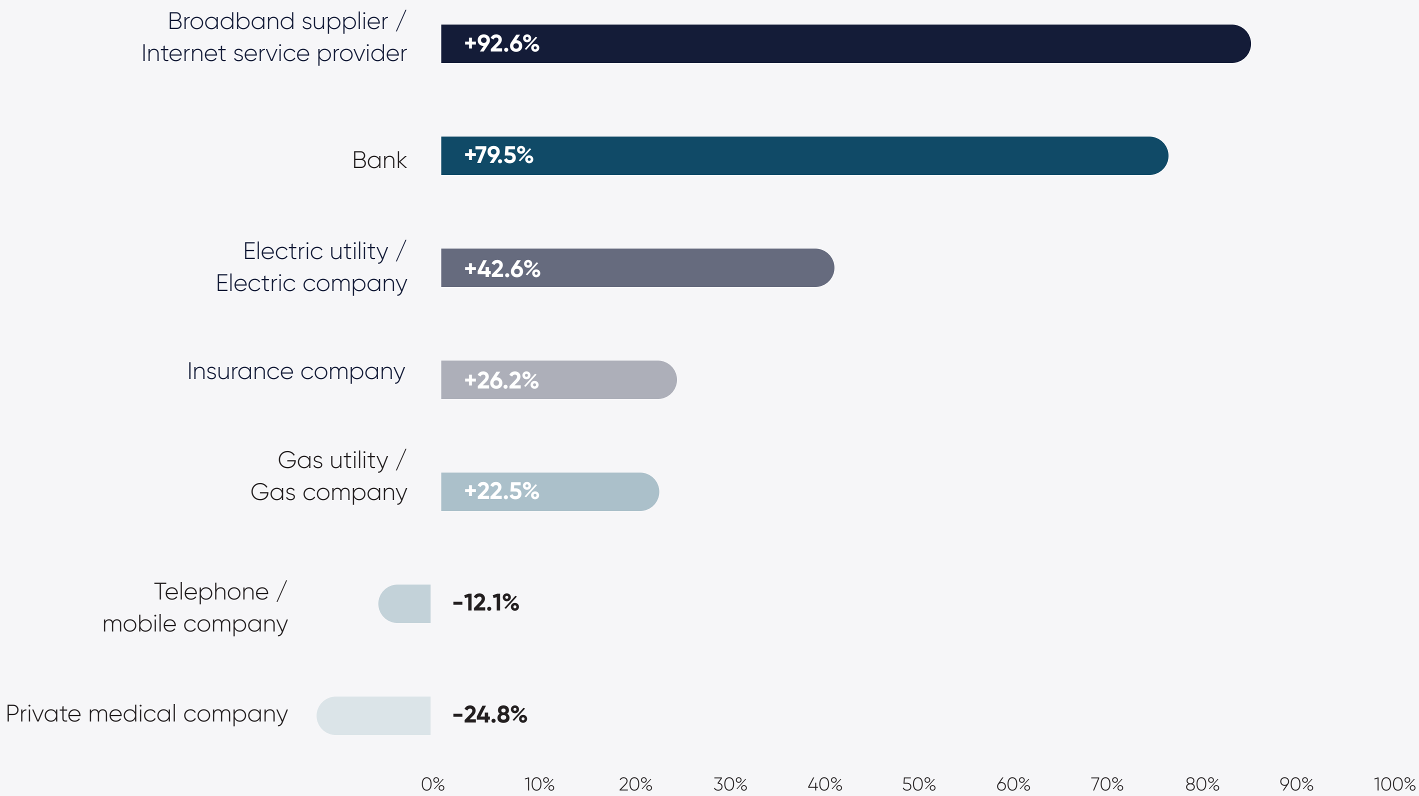
2. Based on the results of the survey, 39.5% of 254.714 million = 91.44 million bank customers changed providers in the last 12 months. 91.44 million @ $400 = $36.58 billion

1. The churn rate for banks rises by 80% – moving banks from 3rd place in 2018 to 1st place in 2020

The 2020 **CallMiner Churn Index**[3] report shows that, in the last 12 months, 35.9% of consumers said they had switched banks, moving the banking sector from third to first place. While the average rate of churn per consumer across multiple industry sectors only increased 12%, the banking sector saw customer churn rise by nearly four fifths (80%) from 20.0% to 35.9%.

This represents an additional 40.5 million bank customers that switched at a cost of $16.2 billion to US banks last year. This made banks the sector with the second biggest increase in churn – over three times the increase experienced by the insurance sector, for example – see Chart 1.

Chart 1
Rates of switching per sector last 12 months - % increase / decrease 2018 to 2020



3. The research was carried out for CallMiner by 3Gem Research & Insights. 2,000 US adults who had contacted a provider in the previous 12 months responded to an online survey in February 2020.

2. Banks heading for another big churn

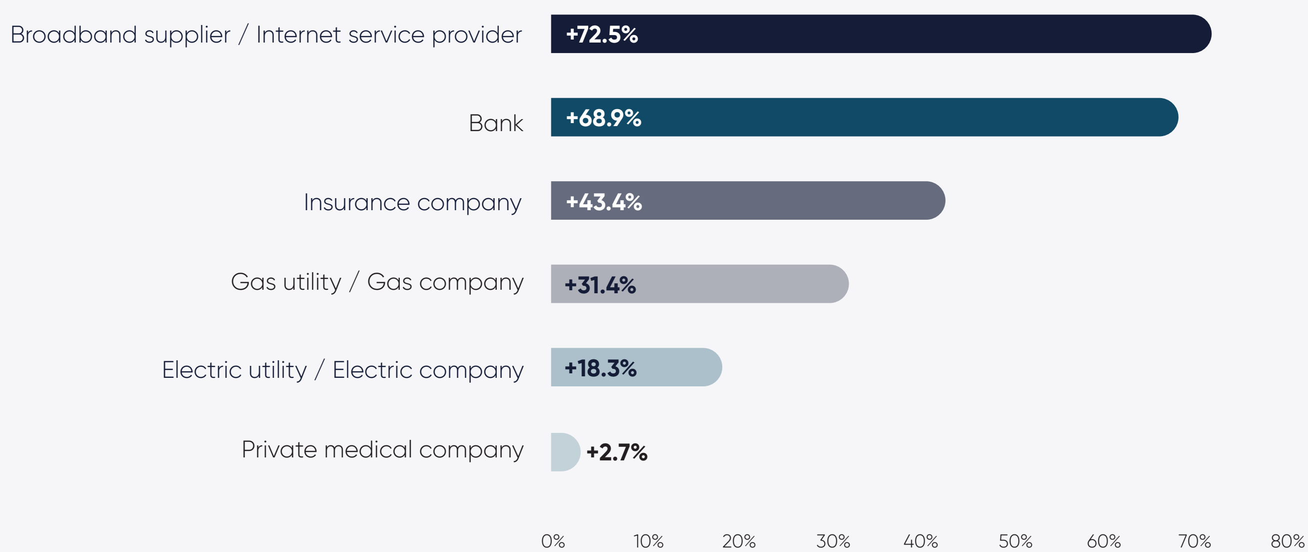
Banks are also the sector with the second biggest increase in planned churn – up 68.9% since 2018. This is almost four times the increase in planned churn for electric providers - see Chart 2.

3. Unplanned customer churn costs banks $15.6 Billion[4]

In common with the consumer behavior in other sectors, more bank customers switch providers (35.9%) than plan to (20.6%). This means that 74% more bank customers end up leaving banks than want to.

This is the biggest difference of all sectors and two and half times the level planned by insurance customers, for example. It represents 38.9 million customers and therefore a cost of unplanned churn of $15.6 billion. As can be seen in Sections 6 and 11, many of the reasons for this unplanned churn are avoidable.

Chart 2
Increases in planned switching by sector



4. The difference between the number of consumers who left their bank and those who are planning to leave is 15.3%. 15.3% of 254.714 million = 38.97 million. So, 38.97 million x $400 (conservative cost of acquiring a customer) = $15.6 billion

4. Price declines as a reason to switch providers, and feeling unfairly treated increases

The 2018 survey uncovered that consumers wanted to stay loyal but were 'forced' to switch providers because of their bad practices. This year's study shows that feeling unfairly treated has increased significantly in importance when it comes to bank customer churn. In fact, feeling unfairly treated increased by around a third (+32%) to 37.0%.

This is the second highest increase and moves unfair treatment to number two on the list of reasons. The biggest increase relates to call center agents who are inexperienced or lack essential knowledge. This increased by 38% to 34.5% and is now number three in the list of reasons – see Table 1.

Table 1	Reasons for Bank Customer Churn 2018 vs. 2020			
Reasons for Bank Customer Churn	% 2018	% 2020	% change	% 2020 US average
Prices are too high or have increased	56.1%	47.6%	-15%	60.2%
Feeling like you are not being treated fairly	28.0%	37.0%	+32%	34.6%
Call center agents that serve me are inexperienced or not knowledgeable	25.0%	34.5%	+38%	25.0%
There is no reward for my loyalty	30.5%	30.6%	+0.3%	32.4%

It seems that existing consumers still don't feel they are rewarded for loyalty either. This is the fourth highest reason (30.6%) for switching banks this year, which reinforces the sense that consumers still feel new customers are treated better than loyal customers, and that banks are focusing more on acquisition than retention.

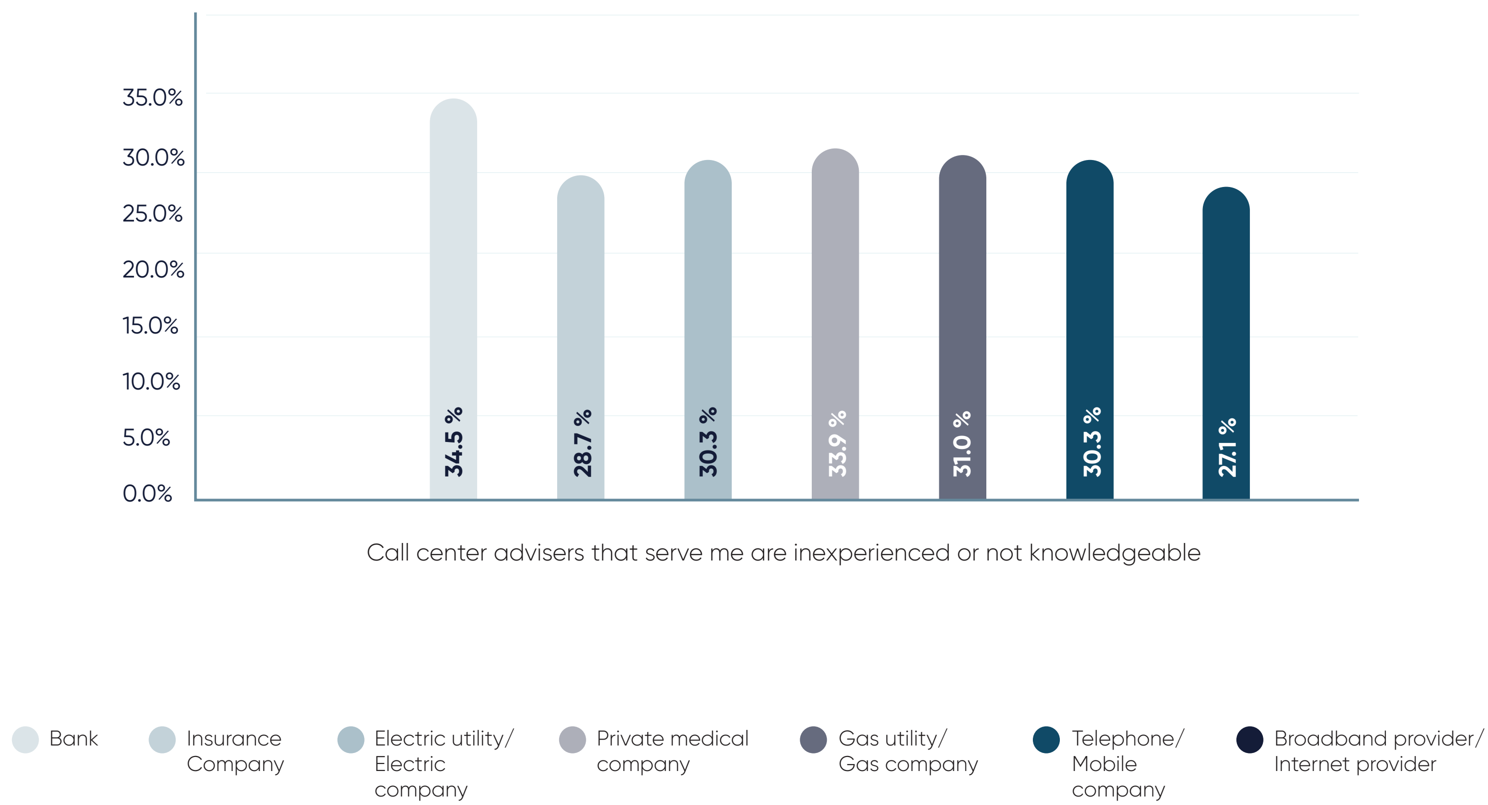
Price remains the top reason for churn but declined by 15% to 47.6%. This is significantly lower than the all-sector average.

5. Inexperienced call center agents who lack essential knowledge are costing banks $12.62 Billion[5] in avoidable churn

When asked about their reasons for switching, over one third (34.5%) of bank customers said they left their bank because call center staff were inexperienced and not knowledgeable. This is the third highest reason for bank churn and has the highest percentage out of all sectors – see Chart 3.

This is completely avoidable if call center agents are given the information and coaching to meet consumer expectations. The conservative cost to banks of not using agents who are knowledgeable, experienced and capable of solving complex customer problems – also known as 'super-agents' – is $12.62 billion.

Chart 3
Changing providers because call center staff are inexperienced or not knowledgeable - by sector



5. 91.44 million consumers left their bank in the last year. 34.5% did so because call center agents are inexperienced or not knowledgeable. 91.44m x 34.5% x $400 (conservative cost of acquiring a customer) = $12.62 billion

6. Banks put their call centers under pressure with 52.6[6] million calls that could be satisfied by a self-service channel

The 2020 CallMiner Churn Index reveals that bank customers still prefer using the phone – with 71.6% using it to contact banks this year. The top two reasons why customers contact a bank are to resolve problems with the product or service (58.6%) or with charges (53.5%).

The next two reasons – making a payment and needing information - represent over 52.6 million calls that could be satisfied by self-service channels – see Table 2. This gives a clear signal to banks that they need to optimize self-service channels to handle simple tasks.

This will take the pressure off their call centers and enable banks to invest in super-agents to resolve more complex problems.

Table 2	Reasons bank customers call a call center		
Reasons for contacting call center	% Banks	% US average	% difference
Needing to resolve a technical problem with the product / service	58.6%	62.5%	-7%
To resolve issues with the bill / service	53.5%	56.0%	-5%
To make a payment	42.3%	41.3%	+2%
Needing information about the product / service	42.1%	39.0%	+7%

6. If we look at the usage of the phone just by the number of bank customers who changed providers in the last 12 months, this equals 71.6% of 91.44 million, i.e. 65.5 million. So, of the 65.5 million bank customers who telephoned a call center in the last year, 41.3% (27.05 million) called to make a payment and 39% (25.55 million) to get information. The combined total of calls is 52.6 million.

7. Bank call centers deliver mixed experience that customers either love or hate

With so many customers contacting a call center with a problem, it's vital that agents meet their needs. Bank call center agents are ranked lowest out of all sectors for being able to convert customer emotions from negative to positive during their calls – see Table 3.

When asked how their emotional state changed the last time they called a bank's call center, 46.94% said that it shifted from negative to positive. Over one fifth (22.84%) said that it changed from positive to negative – the third highest of all sectors and 16% higher than the US average across multiple industry sectors.

This shows that some agents can resolve problems and deliver a great experience, whereas other agents seem to deliver an experience that is so bad it turns positive customer emotions into negative ones.

Table 3	Changes in emotional state from before to after a call to a call center		
Bank - Change in Emotional State	% Banks	% US average	% difference
Negative to positive	46.9%	47.7%	-2%
Positive to negative	22.8%	19.2%	+16%
Stayed the same	30.2%	33.0%	-9%

Table 4 shows the emotions of customers both before and after a call to a call center. Over two fifths of banks' customers (41.4%) arrive at the call center annoyed; nearly as many arrive frustrated (38.0%), one quarter arrive upset (25.1%) and confused (22.4%), one in five (20.9%) arrive angry and one in eleven arrive ready for an argument (9.1%)! This shows what a tough job it is for call center agents to satisfy customers.

It seems some bank call center agents are good at taking the heat out of the situation. The highest response for the emotional state after the call, by 35.2% of bank customers, is satisfied. The number of people feeling annoyed fell by half (51%) from before the call, those feeling frustrated reduced by 36% and feeling angry reduced by 35% from before the call – see Table 4.

Despite that, the number of people feeling satisfied and feeling listened to by bank call centers agents is the lowest across all sectors. In fact, only 65.0% of those who wanted to be listened to felt that they had been after the call.

Table 4 - The impact of call center agents on customer emotions								
Emotion before a call	US average	Banks	% difference	Emotion after a call	US average	Banks	% difference	Change from before to after call
Annoyed	41.0%	41.4%	+1%	Annoyed	20.5%	20.3%	-1%	-51%
Frustrated	40.5%	38.0%	-6%	Frustrated	24.3%	25.8%	+6%	-36%
Hopeful	23.8%	27.4%	+15%	Hopeful	22.6%	25.2%	+12%	-8%
Wanting someone to listen to you	23.2%	19.5%	-16%	Feeling listened to	13.5%	12.7%	-6%	-35%
Upset	22.2%	25.1%	+13%	Upset	14.2%	16.9%	+19%	-33%
Confused	17.5%	22.4%	+28%	Confused	11.4%	14.6%	+28%	-35%
Angry	17.4%	20.9%	+20%	Angry	12.6%	13.5%	+7%	-35%

Also, when compared to the average emotions across all sectors, bank customers arrive and leave in a more negative frame of mind.

For example, 13% more bank customers arrive upset than the US average across all sectors and almost one fifth more than average leave upset! One fifth (20%) more bank customers arrive angry than average and 7% more than average leave angry!

It seems that bank call centers are also making their customers more frustrated – despite them arriving less frustrated than the US average, 6% more than average leave feeling frustrated.

8. Banks are getting better at recognizing vulnerability – but are still not good enough

Banks seem to be doing a good job at recognizing vulnerable customers, with 66.7% of customers saying they are good at it. However, one in five customers 19.5% still think they are bad at doing so. Example interactions with vulnerable customers include when a customer contacts a bank to handle things related to a deceased family member or are calling to express that they are experiencing financial difficulty.

9. Bad call center experiences drive people away

The survey also uncovered that call centers play a pivotal role in a bank customer's decision to switch or stay loyal. Almost four fifths (78.3%) said they were likely or extremely likely to change providers if they had a bad call center experience. This is up 7% from 2018 (73.2%) and demonstrates that it is vital that call center agents are given the tools and training they need to deliver a great experience and keep their customers.

Table 5	Likelihood to switch or stay loyal after a call center experience		
	% 2018	% 2020	% difference
Likely or extremely likely to switch after a bad call center experience	73.2%	78.3%	+7%
Likely or extremely likely to remain loyal after a good call center experience	84.8%	89.7%	+6%

10. Good call center experiences encourage loyalty – Listening is key to success

The good news is even more bank customers – nine in 10 (89.7%) said they were likely or extremely likely to stay loyal after a good experience with the call center. This is an increase of 6% since 2018 (84.8%).

The ability to listen to customers seems to be key to success. When asked about their emotional state before a call to a call center, one in five (19.5%) of bank customers said that they want someone to listen to them. However, only two thirds of those who wanted to be listened to felt that they had been after the call (12.7%) – meaning a third left the call feeling ignored.

Managing a call in a way that converts an unhappy customer into a happy one is therefore incredibly valuable. Banks should give their agents the information they need to take the heat out of the situation by using **interaction analytics technology** to analyze 100% of calls and identify words, phrases and acoustic qualities that trigger a positive response from customers who arrive unhappy.

Armed with this insight, agents can adjust what they say and how they say it according to the behavior of the customer. By providing agents access to post-call analysis, it's possible to identify best practices and reinforce positive behavior. Real-time acoustic analysis can also identify when a call is deteriorating and prompt the agent to adjust their approach in time to rescue the call and deliver a better customer experience.

11. The 10 avoidable call center behaviors that annoy bank customers and may cause them to change providers

As indicated in Section 7, most callers arrive at a call center in a negative frame of mind. And our survey results show that some call center practices make matters worse. We have highlighted in Table 6 the top 10 call center behaviors that annoy bank customers and provide reasons for them to switch. All of them are avoidable. As Table 6 shows, banks are annoying more customers for seven out of the 10 behaviors than they did in 2018.

The biggest increase is for call routing options that don't include what customers need – increasing over one and a half times to 38.3%.

Analyzing every customer interaction would quickly identify when these failings are taking place so that steps could be taken to eliminate them. The other big risers – increasing by about half – are calls that are cancelled/drop out after holding and failure to resolve issues on the first call. The latter is proof positive of the need for banks to employ super-agents who are supported by the right tools and coaching.

The good news is that banks have gotten better at making holding messages shorter and at using defined call scripts less. There are some things a call center can't control in the battle for loyalty. But the 2020 CallMiner Churn Index report shows that, with the right insight, there are many call center behaviors that could be avoided to increase the likelihood of a better customer outcome – and with it much less churn.

Banks can use Interaction analytics technology to identify process failures in line with these behaviors, such as calls dropping out and long waiting times, to ensure every interaction exceeds customer expectations and thus creates engaged and loyal customers.

Table 6	**Call center behavior that annoys bank customers**			
2020 Position	Behavior to avoid	% 2018	% 2020	% change
1	Long waiting times (unchanged from 2018 at #1)	37.8%	56.3%	+49%
2	Failure to resolve my issue on the first call (unchanged from 2018 at #2)	28.0%	41.2%	+47%
3	Call routing options that don't include what I need (#12 in 2018)	15.2%	38.3%	+152%
4	Calls that are cancelled/drop out after holding (#6 in 2018)	20.7%	31.3%	+51%
5	Having to repeat myself from one contact channel to the next or from one agent to the next (#3 in 2018)	27.4%	29.2%	+7%
6	Calls that are mis-routed after speaking to a call center agent (#4 in 2018)	21.3%	23.8%	+12%
7	Failure to follow up as promised (#9 in 2018)	17.7%	18.4%	+4%
8	Long messages before being routed to the right person or function (#8 in 2018)	20.1%	15.5%	-23%
9	Call center agents that work to a script that means they ask silly questions or make silly comments which have no relation to the conversation (#4 in 2018)	21.3%	14.6%	-31%
10	Call center agents that don't seem to have access to my account information and my recent interactions (#13 in 2018)	14.0%	10.7%	-2%

To see the full results across all sectors, download a full a copy of the **2020 CallMiner Churn Index report here.**

About CallMiner

CallMiner is the global leader in conversation analytics to drive business performance improvement. Powered by artificial intelligence and machine learning, CallMiner delivers the industry's most comprehensive platform to analyze omnichannel customer interactions at scale, allowing organizations to interpret sentiment and identify patterns to reveal deep understanding from every conversation. By connecting the dots between insights and action, CallMiner enables companies to identify areas of opportunity to drive business improvement, growth and transformational change more effectively than ever before. CallMiner is trusted by the world's leading organizations across retail, financial services, healthcare and insurance, travel and hospitality, and more.

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