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The CallMiner Churn Index 2020

Banking Organisations

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The CallMiner Churn Index 2020

For UK Banking Organisations

Bank customers report biggest rise in switching in the 2020 CallMiner Churn Index at a cost of £2.58 Billion[1].

Two years ago, CallMiner commissioned a survey to find out why UK consumers leave suppliers. What we uncovered was a switching epidemic – with call centres 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 individuals from the UK who switched banks in the last 12 months. It is a companion document to the complete UK report which can be seen **here.** The total cost of churn for banks is £5.12 billion.[2]

1. UK adult population is 52.079 million. 12.4% of 52.079 million = 6.46 million people. A conservative cost of acquiring a customer is £400 per person when incentives, advertising and administration costs are taken into account. 6.46 million @£400 = £2.58 billion

2. Based on the results of the survey, 12.81 million bank customers switched in the last 12 months. 12.81 million @ £400 = £5.12 billion

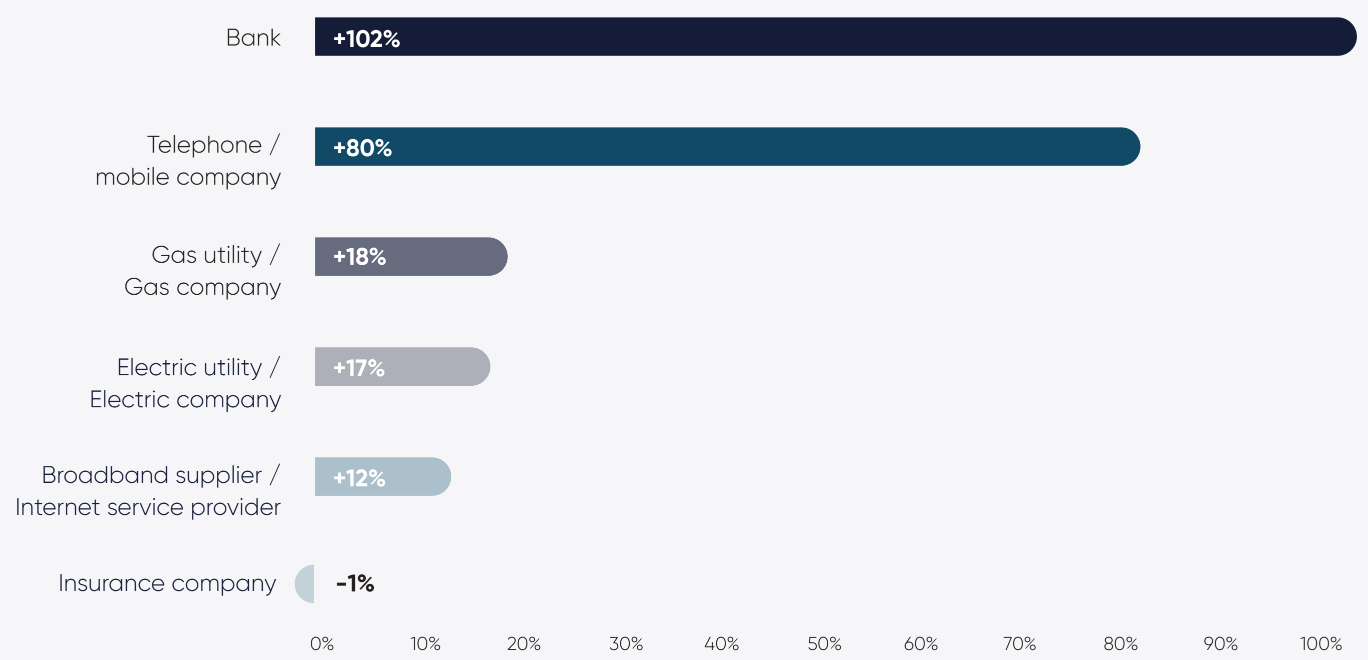
1. The churn rate for banks doubles – moving banks from 8th place in 2018 to 4th in 2020

The 2020 **CallMiner Churn Index**[3] report shows that, in the last 12 months, 24.6% of consumers said they had switched banks, moving the banking sector from eighth to fourth place in the Index.

While the average rate of churn across all sectors saw relatively little change, the banking sector saw the number of customers switching more than double from 12.2% to 24.6%.

This represents an additional 6.46 million bank customers that chose to leave at a cost of £2.58 billion to British banks last year. This made banks the sector with the biggest increase in churn – over eight times the increase experienced by the insurance sector, for example – see Chart 1.

Chart 1
Rates of switching per sector last 12 months - % age increase 2018 - 2020



3. The research was carried out for CallMiner by 3Gem Research & Insights. 2,000 UK adults who had contacted a supplier 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 biggest increase in planned churn – up 82% since 2018. This is over four times the increase in planned churn for the insurance sector - see Chart 2.

3. Unplanned customer churn costs banks £364 Million[4]

In common with the consumer behaviour in other sectors, more bank customers switch (24.6%) than plan to (17.5%). This means that 41% more consumers end up switching than want to.

This is the biggest difference of all sectors. It represents 910,000 customers and a cost of unplanned churn of £364 million. As can be seen in sections 5 and 12, many of the reasons for this unplanned churn are avoidable.

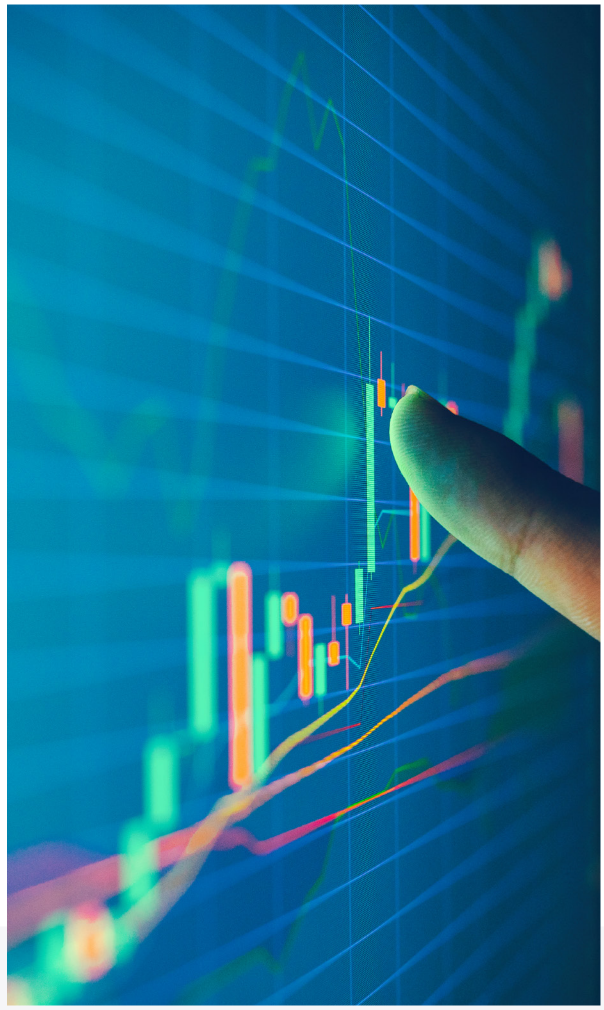
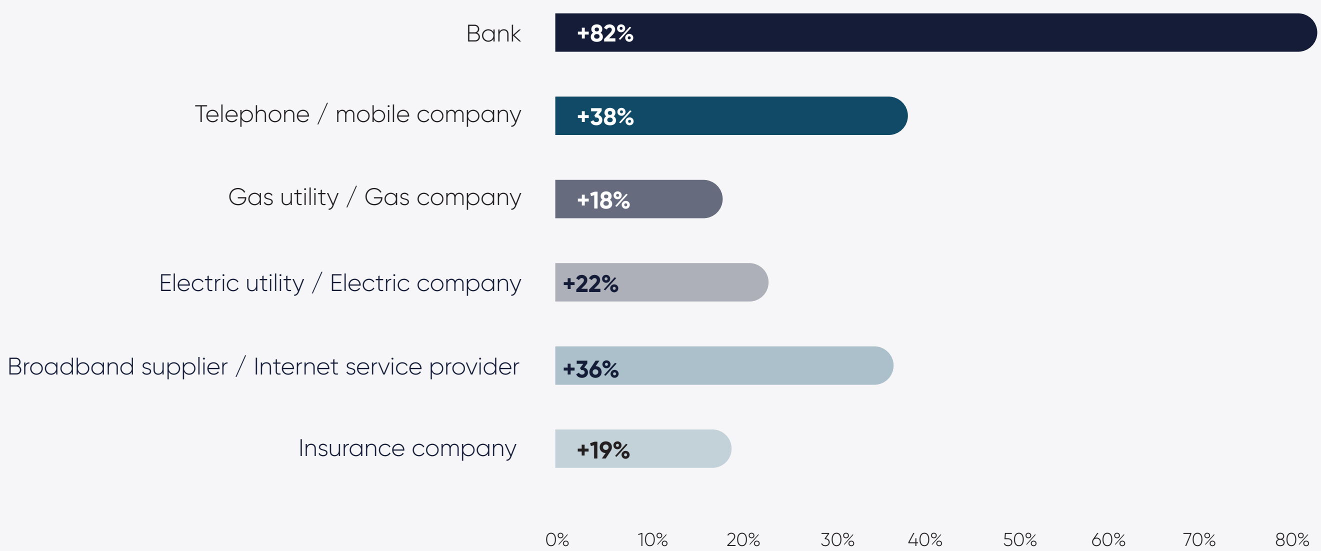


Chart 2
Increases in planned switching by sector since 2018



4. Number of consumers who switched banks 12.81 million – difference between switched and planning = 7.1% - so 12.81 million x 7.1% x £400 (conservative cost of acquiring a customer) = £364 million

4. Price declines as a reason to switch and feeling unfairly treated increases significantly as a source of churn

The 2018 Churn Index uncovered that consumers wanted to stay loyal but were 'forced' to switch because of suppliers' bad practices. This year's study shows that, of the main reasons for switching, feeling unfairly treated has increased in importance.

In fact, of the top four reasons to switch for bank customers, feeling unfairly treated is the only one to significantly increase – up by over a third (35%) to 40.1%. All the other main reasons declined in importance or stayed the same, with price declining the most (down 21%) – see Table 1.

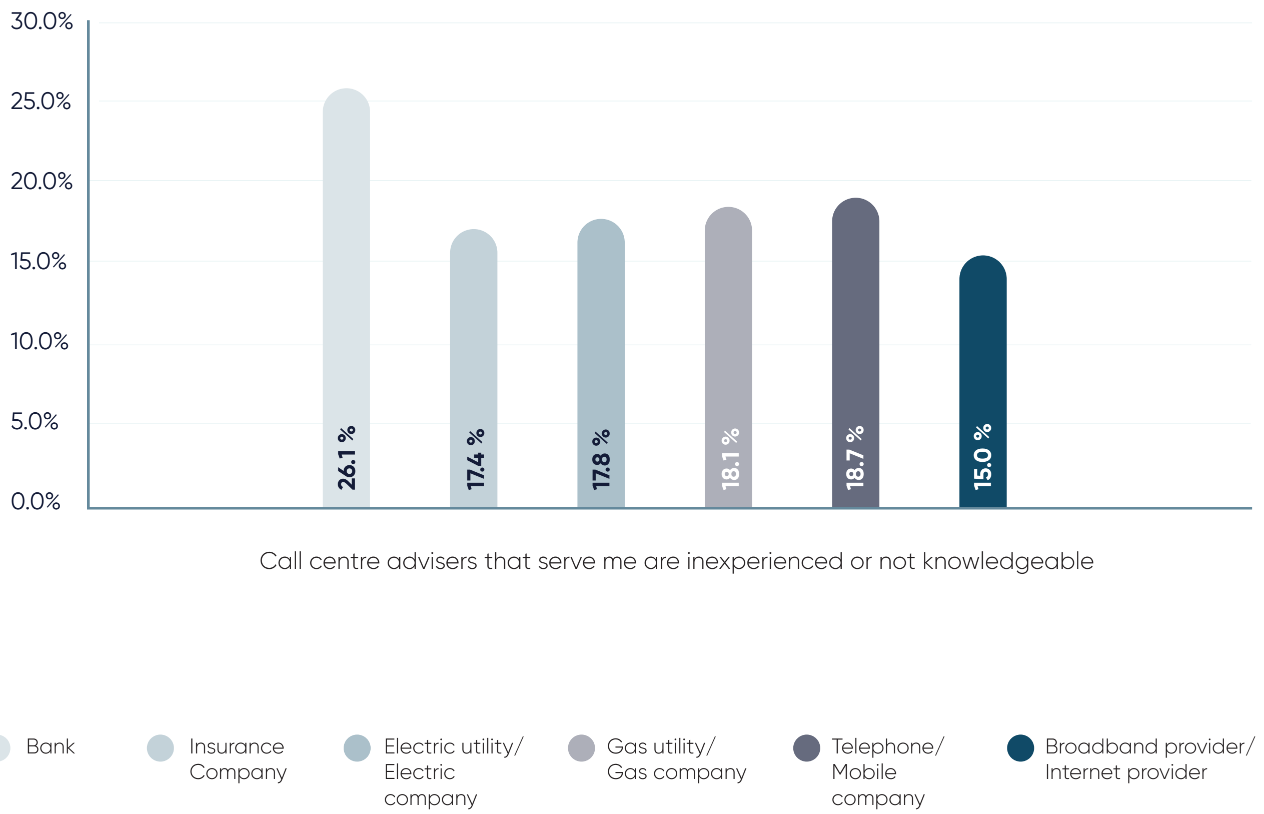
Table 1	Bank Customers Reasons for Switching 2018 v 2020			
Bank Customers Reasons for Switching	% 2018	% 2020	% change	% 2020 UK average
Prices are too high or have increased	63.5%	50.3%	-21%	68.1%
There is no reward for contract renewal, i.e. no reward for loyalty	43.3%	40.7%	-6%	51.2%
Feeling like you are not being treated fairly	29.8%	40.1%	+35%	34.4%
Discounts offered to new customers are not automatically applied to your account	32.7%	32.8%	+0.3%	43.6%

5. Inexperienced call centre agents who lack essential knowledge are costing banks £1.34 Billion[5] in avoidable churn

When asked about their reasons for changing suppliers/ providers, over one in four (26.1%) bank customers said they left their bank because call centre staff were inexperienced and not knowledgeable – see Chart 3. A significantly higher percentage than any other sector and 74% higher than broadband companies, for example.

This is a completely avoidable source of churn if call centre agents are given the relevant information and coaching to meet consumer expectations. The conservative cost to banks of not using agents who are knowledgeable, experienced and are able to solve complex customer problems – also known as 'super-agents' – is £1.34 billion.

Chart 3
Switching because call centre staff are inexperienced or not knowledgeable - by sector



5. 12.81 million consumers switched banks in the last year. 26.1% did so because call centre agents are inexperienced or not knowledgeable. 12.81 million x 26.1% x £400 (conservative cost of acquiring a customer) = £1.34 billion

6. Banks put their call centres under pressure with 5.2 million[6] 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 63.1% 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 (51.3%) or issues with charges (41.8%).

The next two reasons – making a payment and needing information – are higher than the UK average across multiple industry sectors and represent over 5.2 million calls that could be satisfied by self-service channels such as chat or a website – see Table 2. This gives a clear signal to banks that they need to create super-agents that are genuine problem solvers for more complex problems, but also optimise self-service channels to handle simpler tasks to take the pressure off their call centres.

Table 2	**Reasons bank customers call a call centre**		
Bank Customers' Reasons for Contacting a Call Centre	% Banks	% UK average	% difference
Needing to resolve a technical problem with the product / service	51.3%	54.7%	-6.2%
To resolve issues with the bill / service	41.8%	51.1%	-18.2%
To make a payment	35.8%	29.3%	+22.2%
Needing information about the product / service	28.5%	25.7%	+10.9%

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 63.1% of 12.81 million i.e. 8.1 million. So, of the 8.1 million bank customers who telephoned a call centre in the last year, 35.8% (2.9 million) called to make a payment and 28.5% (2.3 million) to get information. The combined total of calls is 5.2 million.

7. Banks' call centres deliver a marmite experience that customers either love or hate

With such a high volume of customers contacting a call centre with problems, it's vital that agents meet their needs. Bank call centre agents are ranked highest out of all sectors for converting customer emotions, both positively and negatively – see Table 3.

When asked how their emotional state changed the last time they called a bank's call centre, four out of 10 (39.1%) said that it shifted from negative to positive – the highest of all sectors.

But a quarter (24.2%) said that it changed from positive to negative – also the highest of all sectors and 34.4% higher than the UK average.

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 emotion from before to after the call to a call centre		
Bank Customers' Change in Emotional State	% Banks	% UK average	% difference
Negative to positive	39.1%	33.9%	+15.3%
Positive to negative	24.2%	18%	+34.4%
Stayed the same	36.7%	48.1%	-23.7%

Almost a third of bank customers (31.4%) arrive at the call centre annoyed; almost one in five (19.1%) arrive confused, and one in 11 (9%) arrive ready for an argument! This shows what a tough job it is for call centre agents to satisfy customers.

It seems some bank call centre agents are good at taking the heat out of the situation. The second highest response for the emotional state after the call, by over a quarter of banking consumers (25.7%), is 'satisfied'. The percentages of people feeling annoyed fell 37% from before the call and those feeling upset reduced by 27% from before the call – see Table 4.

Table 4 - The impact of call centre agents on customer emotions

Emotion before a call	UK Average	Banks	% difference	Emotion after a call	Average	Banks	% difference	Change from before to after call
Frustrated	35%	31.6%	-9.7%	Frustrated	24.3%	23.4%	-4%	-23%
Hopeful	24.9%	24.4%	-2%	Hopeful	22.2%	21.6%	-3%	-11%
Annoyed	31.2%	31.4%	+0.7%	Annoyed	17.8%	19.8%	+11%	-37%
Wanting someone to listen to you	23.6%	18.5%	-21.6%	Feeling listened to	12.3%	10.6%	-14%	-43%
Angry	11.8%	15.9%	+34.7%	Angry	9.5%	15.3%	+61%	-4%
Confused	13.1%	19.1%	+45.8%	Confused	9.3%	15.1%	+62%	-21%
Upset	12.4%	20.4%	+64.5%	Upset	7.9%	14.9%	+89%	-27%

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

For example, two thirds (64.5%) more bank customers arrive upset than the UK average and 89% more than average leave upset! Over a third more (34.7%) bank customers arrive angry than average and almost two thirds (61%) more than average leave angry!

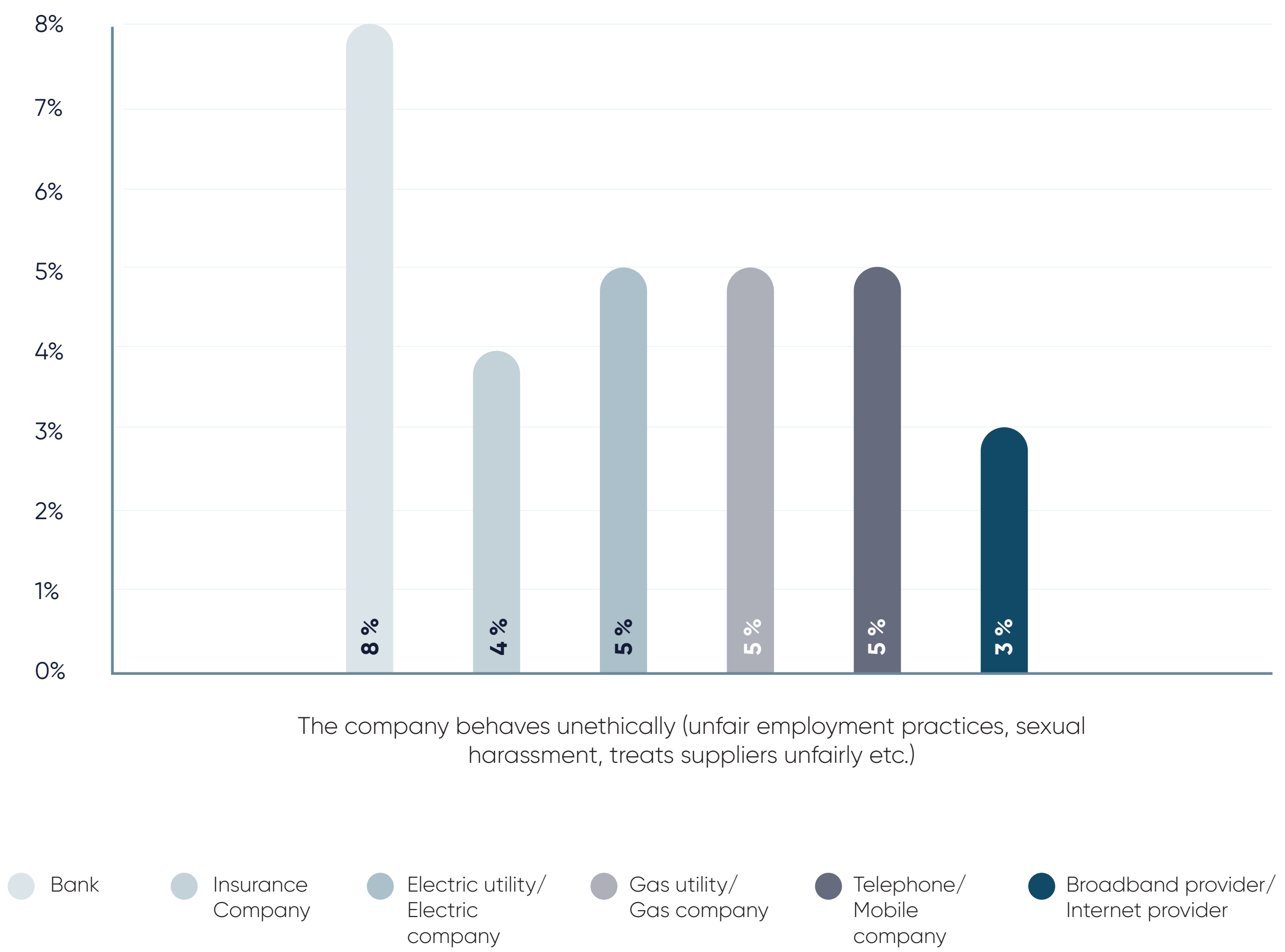
8. Banks are getting better at recognising vulnerability – but are still not good enough

Banks are the best out of all sectors for recognising vulnerable customers, with 66.2% of customers saying they were good at it. This improved by 32% from 50% in 2018. However, almost one in five customers (18.7%) 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. More bank customers switch because of corporate behaviour than the other sectors

Around one in 12 consumers switch banks because they believe the company behaves unethically. This is higher than other sectors and more than double the number of insurance and broadband customers who switch for the same reason – see Chart 4.

Chart 4
Switching because company behaves unethically - by sector



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10. Bad call centre experiences drive people away

The survey also uncovered that call centres play a pivotal role in a bank customer's decision to switch or stay loyal. An enormous 82.5% said they were likely or extremely likely to switch if they had a bad call centre experience - see Table 5.

This is virtually unchanged from 2018 (82.7%) and demonstrates that it is vital that call centre 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 centre experience	82.7%	82.5%	0%
Likely or extremely likely to remain loyal after a good call centre experience	83.0%	84.5%	+2%

11. Good call centre experiences encourage loyalty – Listening is key to success

The good news is even more bank customers (84.5%) said they were likely or extremely likely to stay loyal after a good experience with the call centre. This has improved by 2% from the number of consumers who said they would stay loyal in 2018 (83%) - see Table 5.

The ability to listen to customers seems to be key to success. When asked about their emotional state before a call to a call centre, almost one in five banking customers (18.5%), said that they want someone to listen to them. However, only about half of those who wanted to be listened to felt that they had been after the call (10.6%) – meaning the remaining customers left their 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 analyse 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 behaviour of the customer. By providing agents access to post-call analysis it's possible to identify best practice and reinforce positive behaviour.

Realtime acoustic analysis can also identify when a call is deteriorating and prompt the agent to adjust their approach – in real-time – to rescue the call and deliver a better customer experience.

12. The 10 avoidable call centre behaviours that annoy bank customers and may cause churn

As indicated in Section 7, most callers arrive at a call centre in a negative frame of mind. Our survey results show that some call centre practices make matters even worse. We have highlighted in Table 6 the top 10 call centre behaviours that annoy bank customers and provide more reasons for churn. All of these are avoidable. As Table 6 shows, banks are also annoying more customers, for six out of the 10 behaviours, than they did in 2018.

The biggest increase is for failure to resolve problems on the first call – doubling to 41.3%. This is positive proof that banks need to focus on employing super-agents who are supported by the right tools and coaching. The other big riser – also doubling – is for call routing options that don't include what customers need. Analysing every customer interaction would quickly identify when these failings are taking place so that steps can be taken to eliminate them. The good news is that banks have gotten better at showing empathy and at using defined call scripts less.

There are some things a call centre can't control in the battle for loyalty. But the CallMiner Churn Index report shows that, with the right insight, there are many call centre behaviours that could be avoided to increase the likelihood of a better customer outcome – and with-it lower churn rates.

Using interaction analytics to identify process failures in line with these behaviours, such as calls dropping out and long waiting times, ensures every interaction exceeds customer expectations and thus creates engaged and loyal customers.

Table 6	Call centre behaviours that annoy bank customers			
2020 Position	Behaviour to avoid	% 2018	% 2020	% change
1	Long waiting times (unchanged at #1 in 2018)	40.4%	63.5%	+57%
2	Failure to resolve my issue on the first call (#6 in 2018)	20.2%	41.3%	+105%
3	Call routing options that don't include what I need (#11 in 2018)	17.3%	35.4%	+105%
4	Calls that are cancelled/drop out after holding (#3 in 2018)	27.9%	33%	+18%
5	Failure to follow up as promised (#9 in 2018)	18.3%	23.8%	+30%
6	Having to repeat myself from one contact channel to the next or from one agent to the next (#2 in 2018)	28.8%	23%	-20%
7	Calls that are mis-routed after speaking to a call centre agent (#10 in 2018)	18.3%	20.6%	+13%
8	Long messages before being routed to the right person or function (#5 in 2018)	23.1%	17.9%	-23%
9	Call centre agents that work to a script that means they ask silly questions or make silly comments which have no relation to the conversation (#7 in 2018)	19.2%	14.9%	-22%
10	Call centre agents that don't show empathy or understanding when they deal with problems (#8 in 2018)	18.3%	9.8%	-47%

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 analyse omnichannel customer interactions at scale, allowing organisations 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 organisations across retail, financial services, healthcare and insurance, travel and hospitality, and more.

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