

2008 Banking and Credit Card Survey



About Credit Reporting Agency

Credit Reporting Agency is the UK's first internet based credit reference agency, aimed firmly at serving consumers, rather than business users. It leads the UK market in the provision of online credit file based services and provides consumers with easy access to information on three websites:

checkmyfile was first in the UK:

- to provide consumers with online access to their credit files;
- to offer consumers the ability to check their own credit score for free and to give plain English explanations of how credit scoring works.

givemecredit was first in the UK:

- to match lenders to consumer credit ratings for free, using credit scores, to help consumers find the cheapest deals and to reduce the risks of being declined;
- to publish fully independent reviews of credit card and loan lenders based on expert evaluation and consumer feedback of customer service experience.

annualcreditreport.co.uk was first in the UK:

- to provide free annual credit reports to consumers to encourage more to check the quality of the information held about them, and to guard against the increasing threat of identity theft;
- to provide free identity theft prevention services.

About this survey

Each year, Credit Reporting Agency asks its customers to rate their bank or credit card company. Respondents are incentivised by an invitation to enter a prize draw. This year's prize was a choice of a Sony 32" flatscreen TV, an iPhone or £300 cash alternative.

Credit Reporting Agency uses the results to ensure that when suggesting financial institutions to its customers on any of its websites, it can give an independent assessment of the service levels likely to be provided. It also ensures that applicants are matched to lenders who are most likely to say yes, so the risks of being declined are minimised. By matching lender appetite to the consumer requirement, Credit Reporting Agency also checks that the APRs on offer are in line with the creditworthiness of the customer, so customers don't pay over the odds.

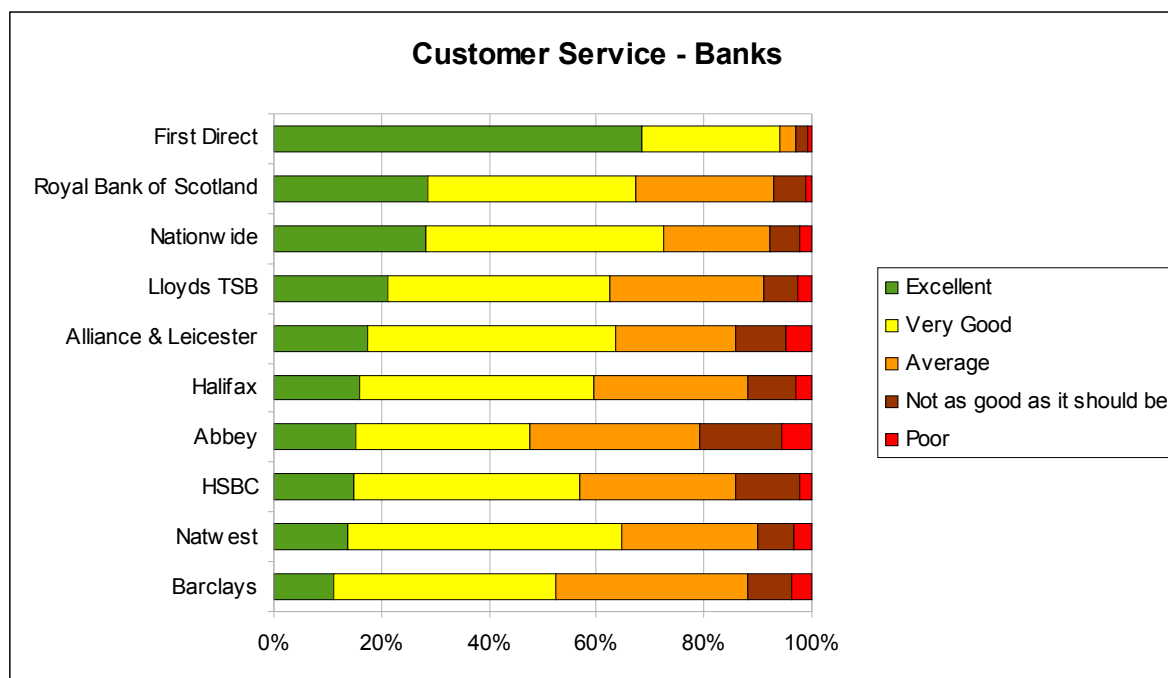
3,759 people took part in this survey. Responses were processed using surveymonkey.com and analysed by Credit Reporting Agency.

This analysis was published on 1 October 2008.

Summary of Survey Results

For the fourth year in a row, banks have **improved their customer satisfaction ratings**. Our 2008 results show 52.9% (50.8%) of customers giving their bank a 'very good' or 'excellent' rating. This despite the bad press the banks have been taking as a result of the credit crunch.

First Direct has been voted the bank that gives the best level of customer service, once again, with 90.0% (81.0%) of its customers rating it as 'excellent' or 'very good'. **Barclays** and **Abbey** were rated the poorest of the top banks for their customer service standards, a repeat of their 2007 standings. Only 48% of Abbey's customers graded its service as 'excellent' or 'very good.'



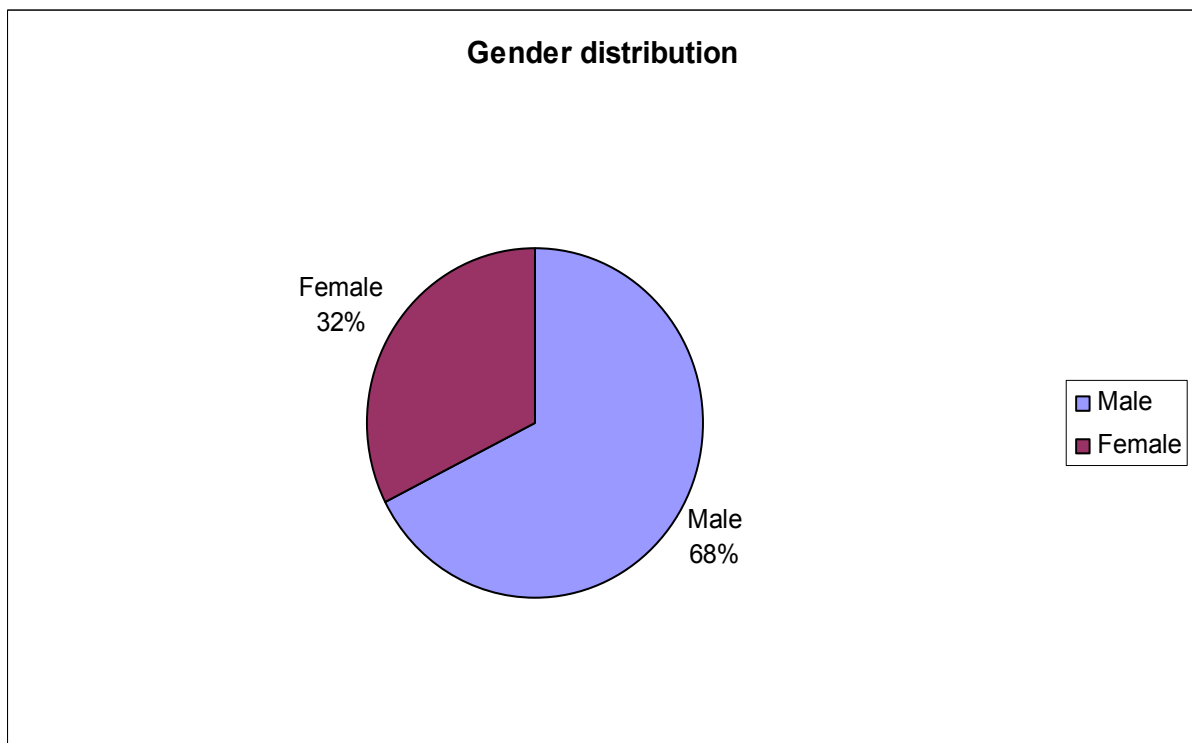
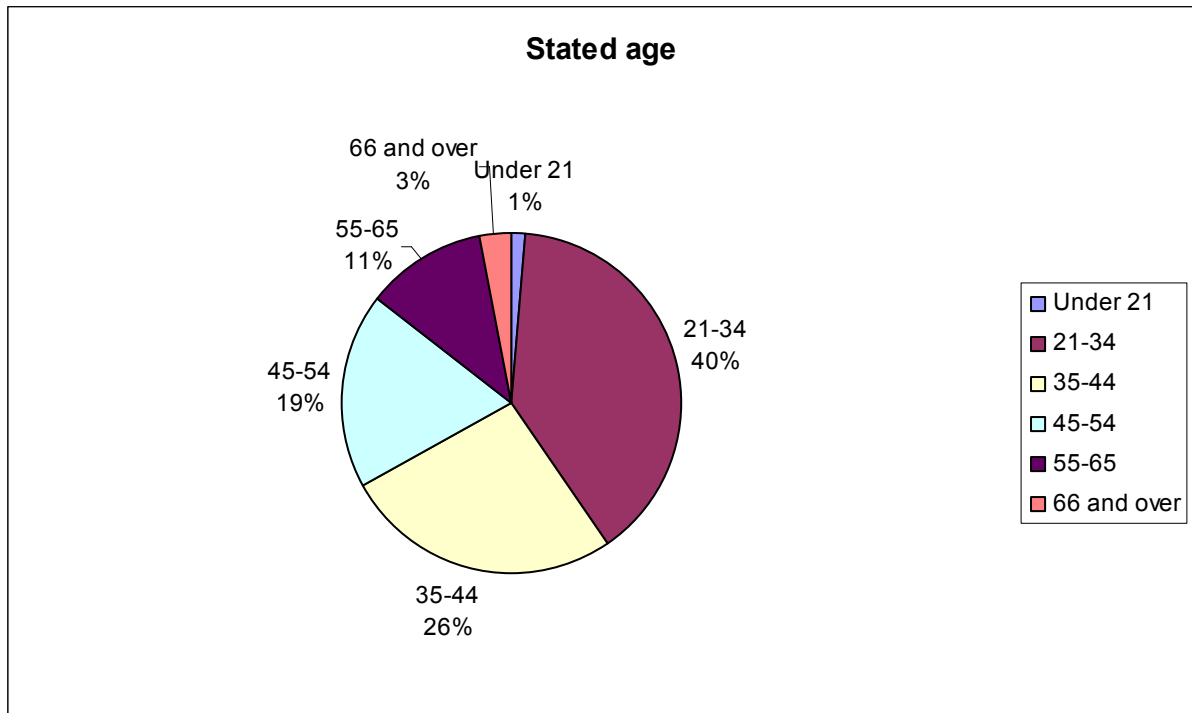
The improvement in customer service levels in recent years has been reflected in the number of people who would *never* recommend a particular lender, down 13% on 2007, to 34%.

The proportion of respondents with bank accounts that have **no idea how much they are earning on their money**, when their account is in credit, is a staggering 38%. With 1 in 3 not knowing, or caring, how much they are paying for their overdrafts.

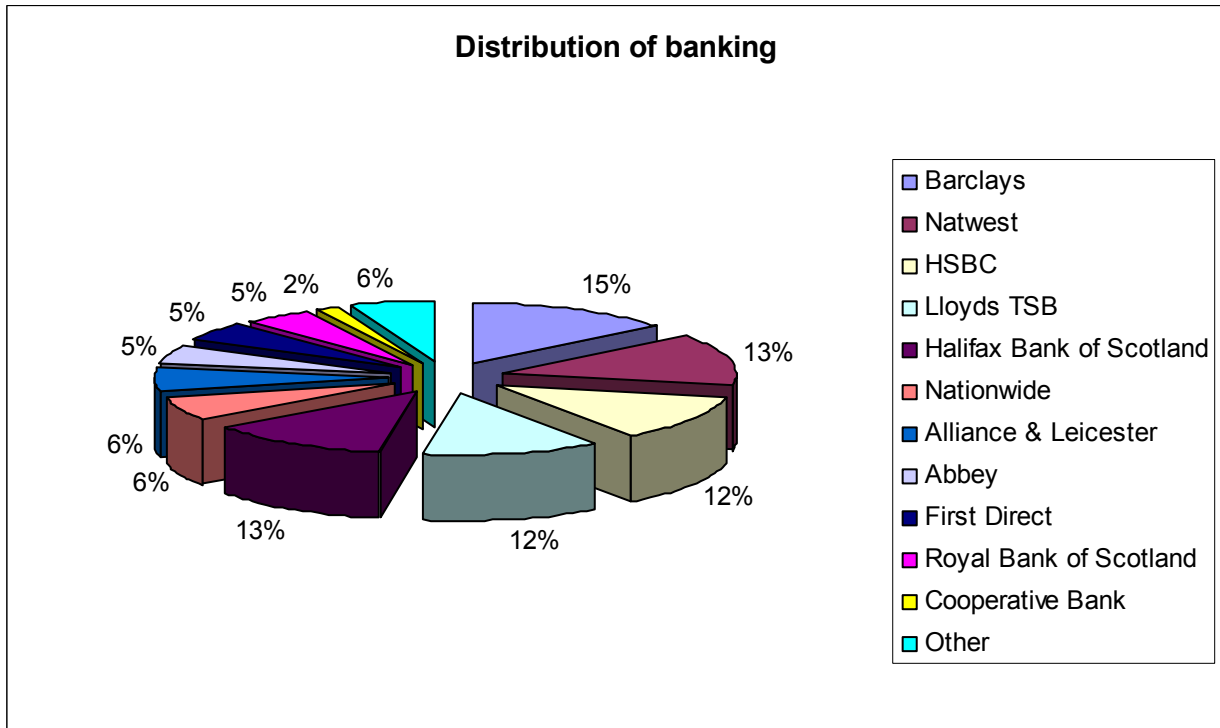
Credit card lender service levels have risen in line with that of banks, despite the recent financial turmoil. Individual credit card firms vary widely in the level of customer service they provide, with American Express, Tesco and Egg leading the pack. Tesco customers have given the supermarket the thumbs up in terms of most improved credit card service.

Finally, up to 1 in 3 credit card users are in danger of **damaging their credit rating with their credit card habits**. The 30% of credit card users taking cash out with their credit cards are in danger of unwittingly flagging debt stress signals at the credit reference agencies. This is also compounded by the 12.5% of consumers who only pay the minimum each month—another key debt stress indicator now reported to the UK's credit reference agencies.

Age and Gender Distribution of Sample

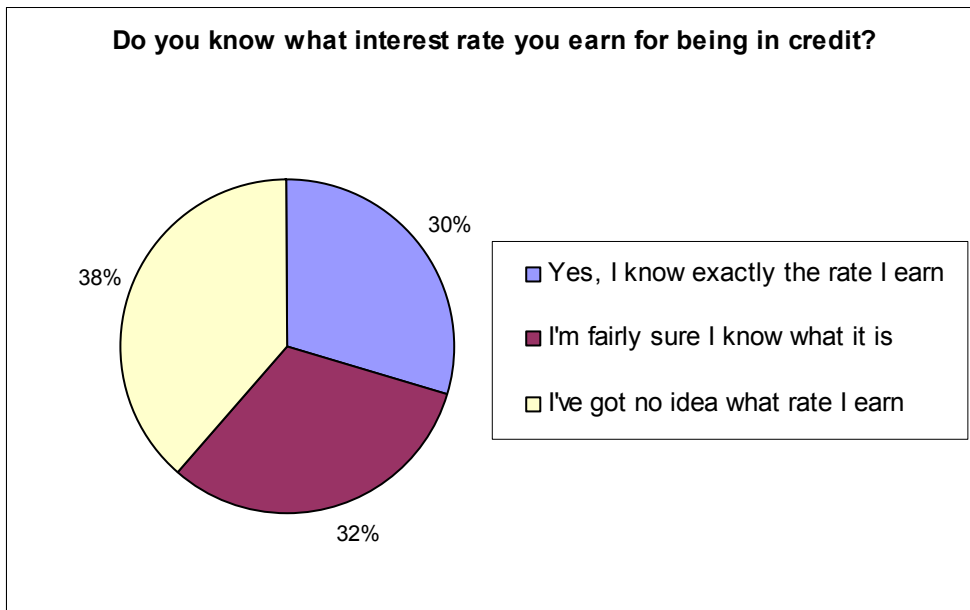


Distribution of Banking Relationship of Sample



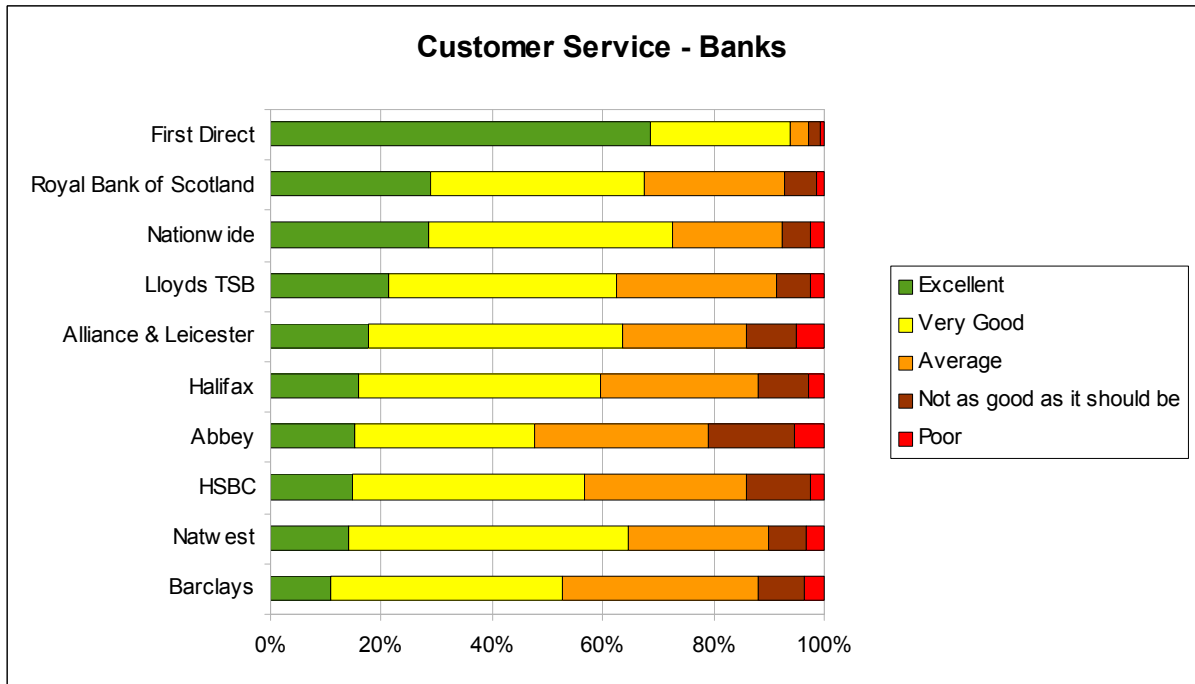
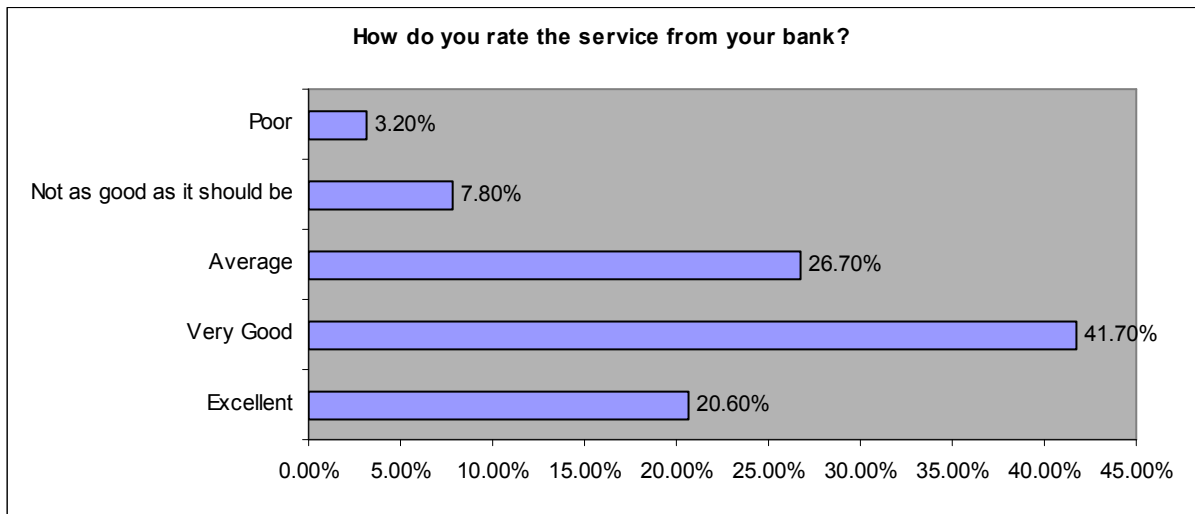
The big five banks as a proportion of respondents had a market share of 63.1% , a small reduction on last year. The forced merger of two of the top five players, HBOS and Lloyds TSB, to solve the financial difficulties faced by HBOS as a result of the credit crunch, will create one super bank, with a 25.0% market share, if the survey is representative.

Current account interest rate awareness



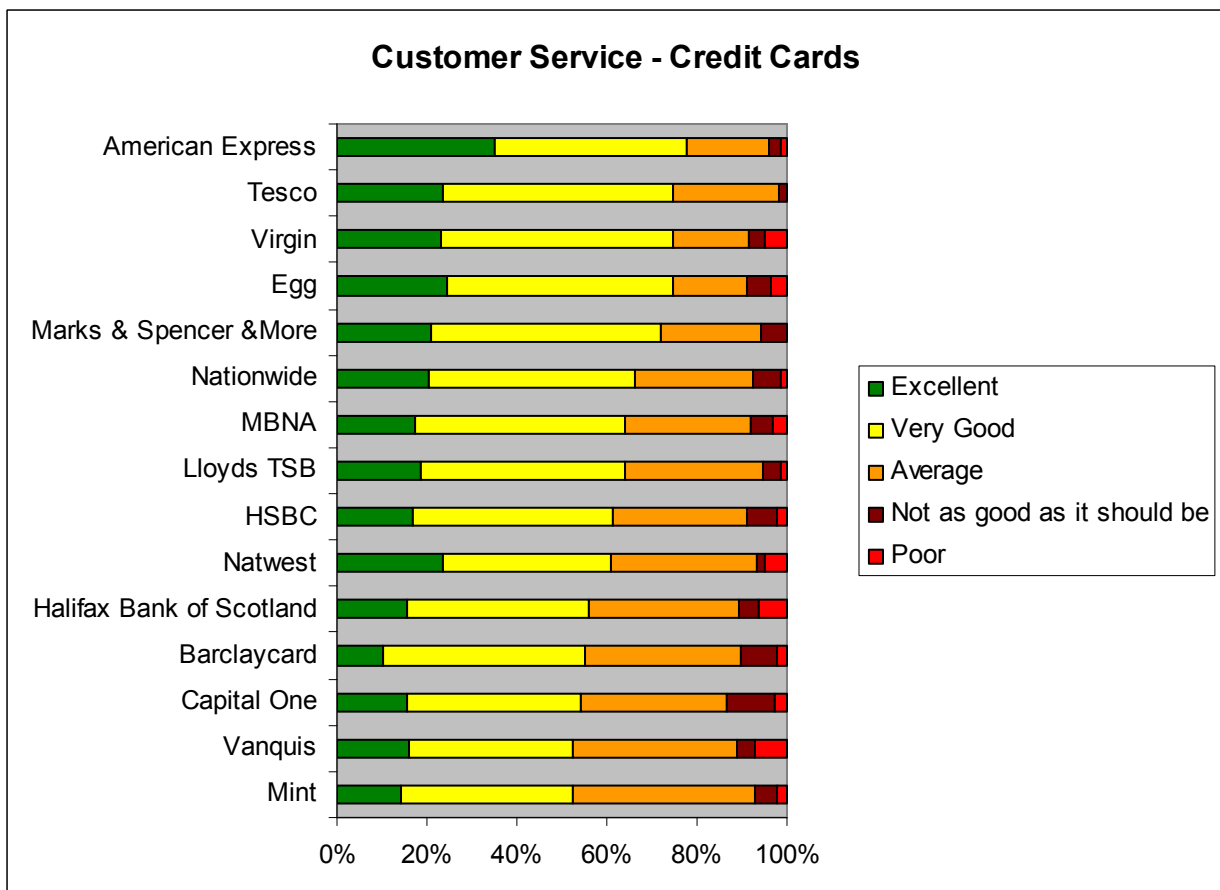
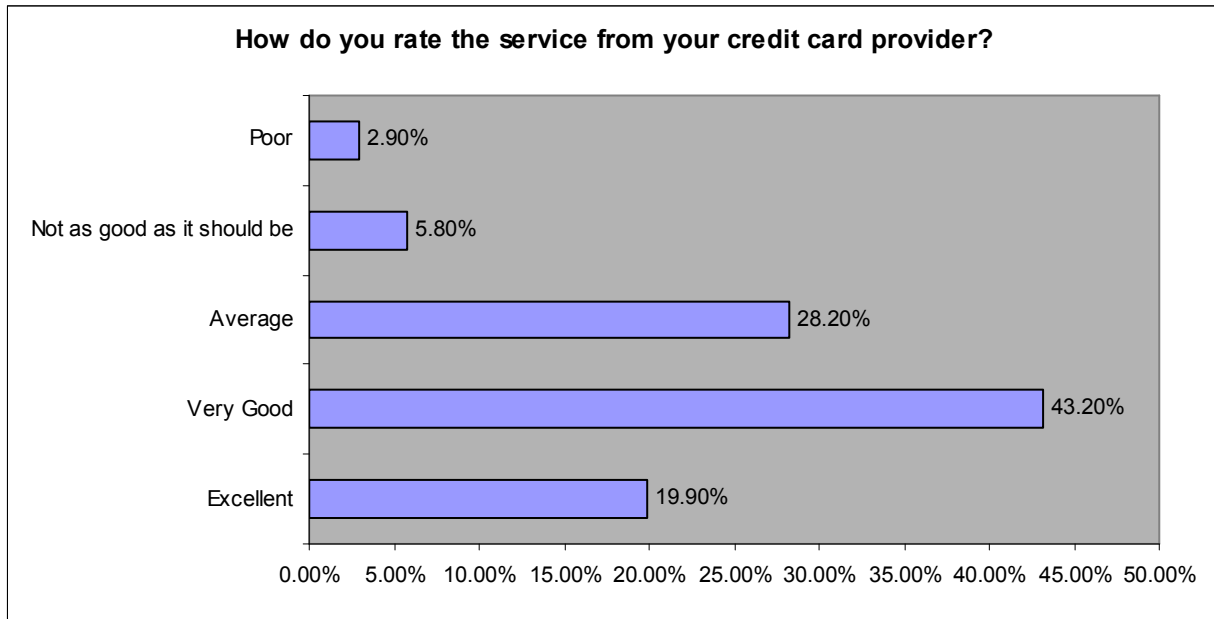
Nearly 40% of respondents told us that **they had no idea how much they earned on their money when their bank accounts were in credit**. Nearly 1 in 3 of those who responded their accounts were often overdrawn also said they had no idea how much their overdraft facility was costing them, or they didn't care because they needed it.

Customer Service Levels Compared



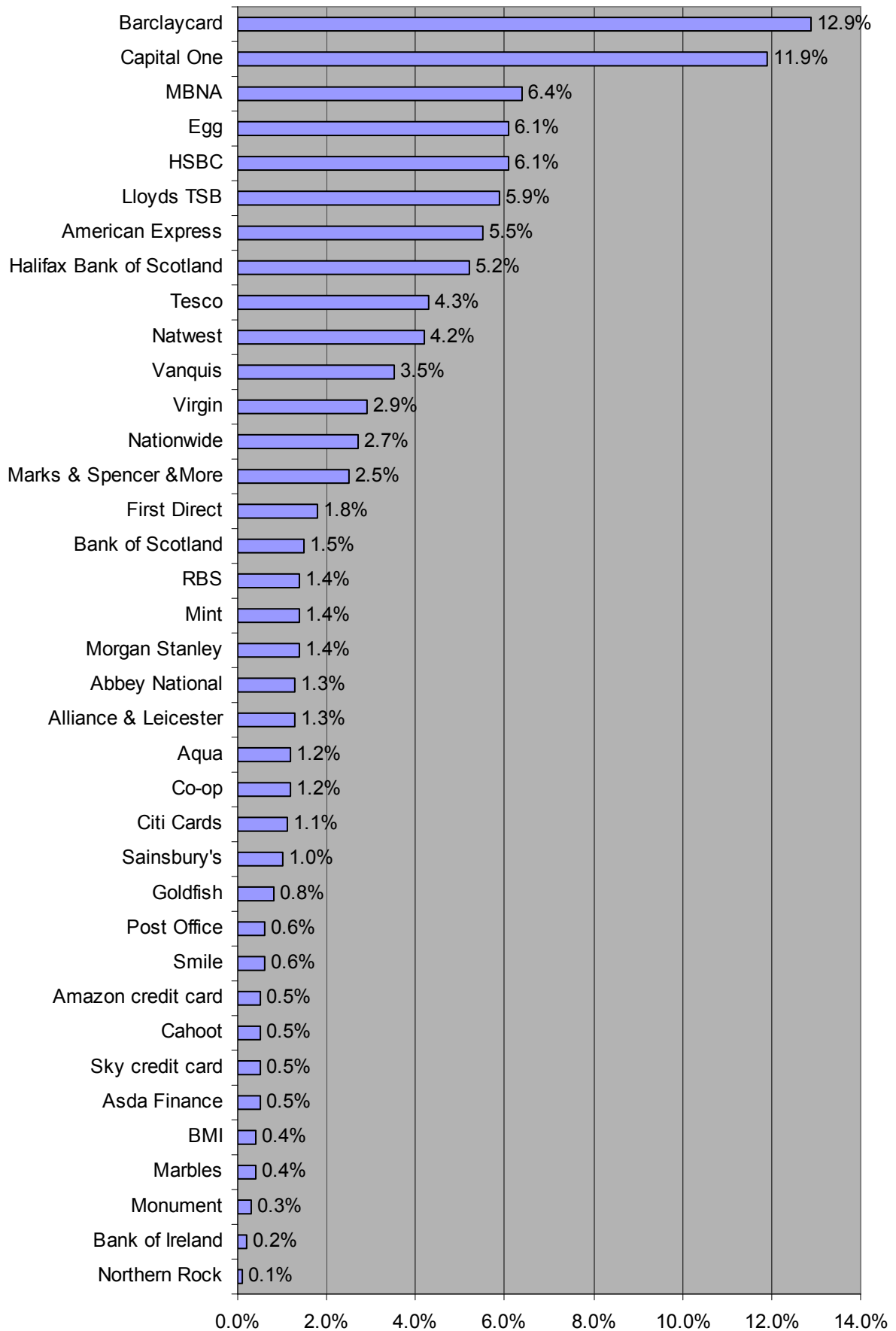
Only banks that received a significant market share are included, in order to maintain the accuracy of results.

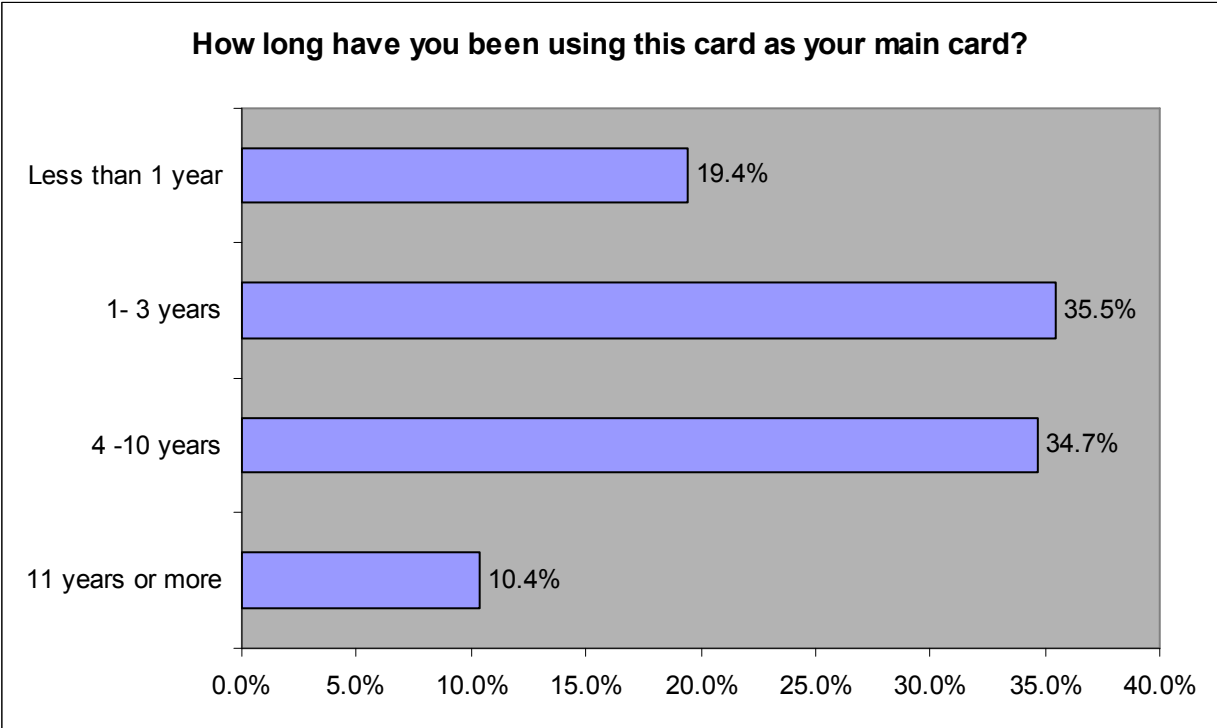
Credit Card Customer Service Levels Compared



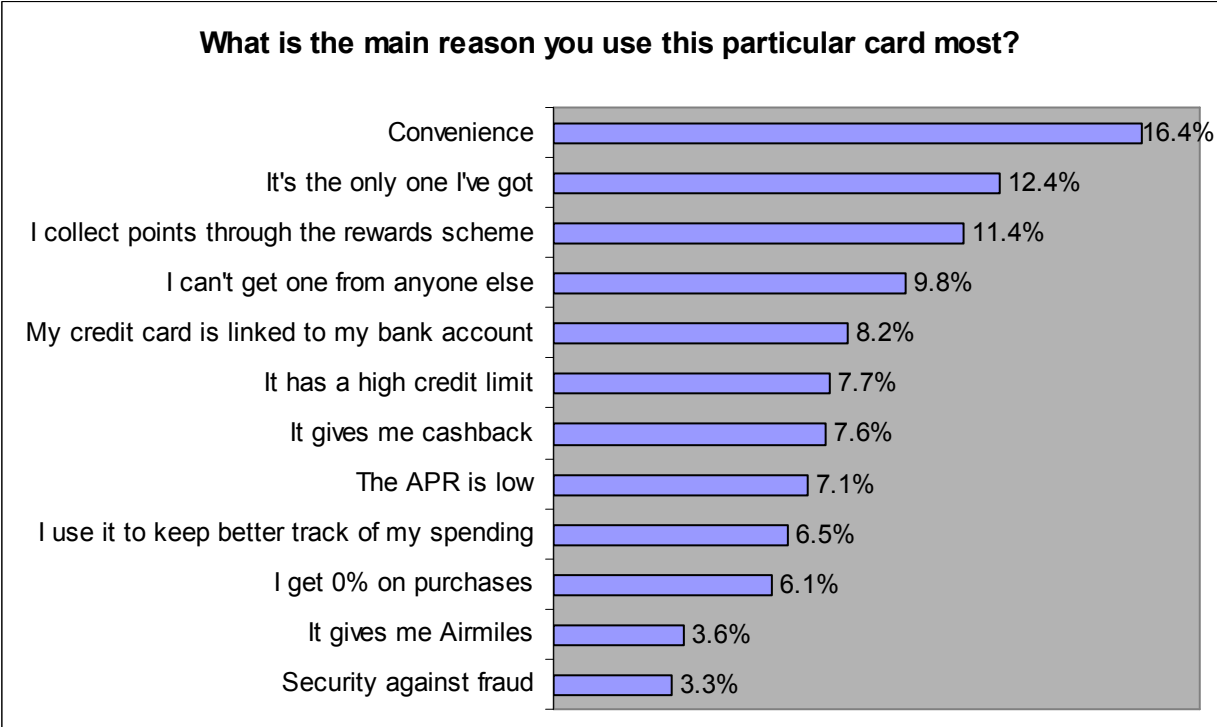
Supermarket giant **Tesco** has seen the greatest improvement in its customer service levels over the past few years. It has now achieved a very impressive second place in our credit card customer satisfaction rankings. Only credit cards that received a significant market share are included, in order to maintain the accuracy of results.

Which credit card do you use the most?



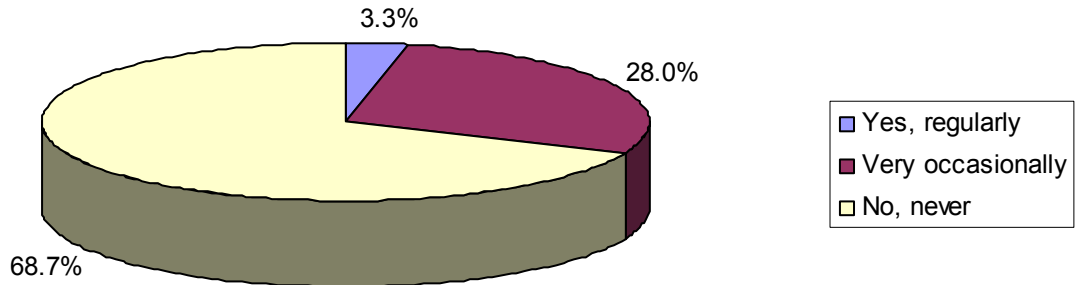


Credit card user loyalty is significantly less than that of bank account holders, say respondents. The number of people holding onto a credit card for many years is significantly less than the numbers retaining their bank accounts for more than a decade. Respondents said that **only 10% have had their credit card for more than 10 years**, while 43% of respondents have held their main bank account for the same length of time.

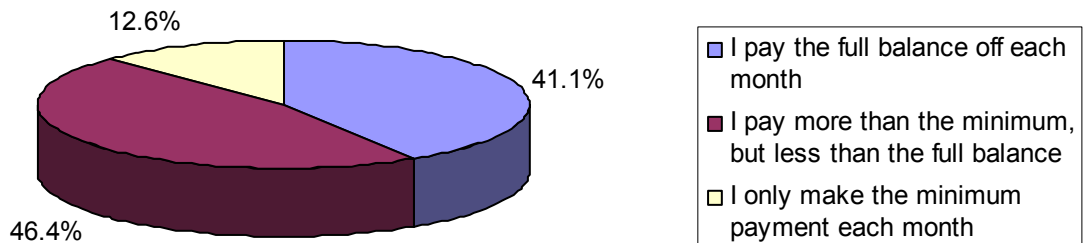


Convenience, holding just one card, and collecting reward points are the top three reasons, in order of preference for respondents holding their main credit card. **Airmiles and fear of fraud** are not perceived as a strong benefit for the majority of respondents.

Do you ever use a credit card to withdraw cash?



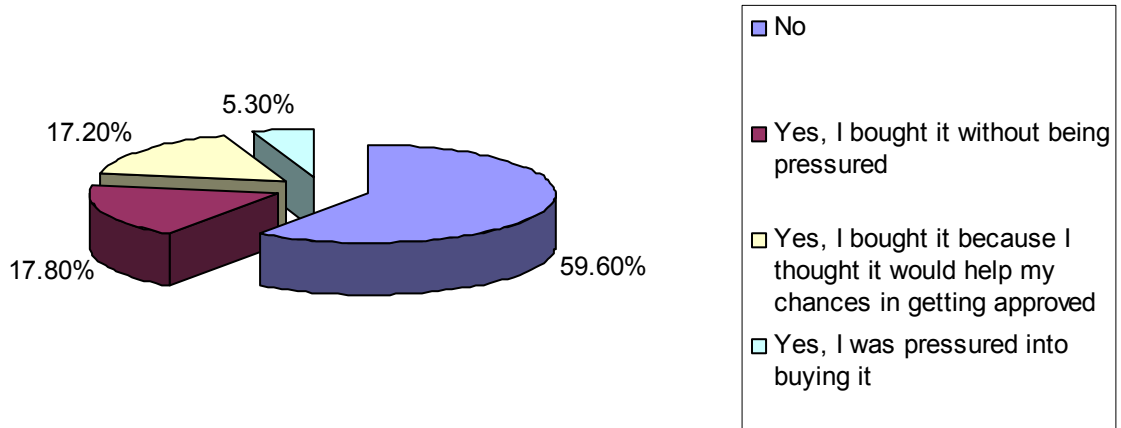
Do you pay your credit card bill in full or part each month?



The amount of people repaying the full balance on their credit cards each month has slumped from a high of 59%, as given in official credit industry figures for those who repay their credit card debts in full each month. Respondents stated that 41.1% are now repaying their credit card balances in full each month.

Only making minimum credit card repayments and credit card cash machine withdrawals are potentially putting 1 in 3 credit card users at risk of credit rating damage as a result of new credit checking rules that allow the sharing of credit card behaviour data. These two factors are considered to be signs of consumers falling into debt stress.

Have you ever taken out payment protection insurance on a loan?



The majority of respondents said they had never taken out payment protection insurance on a loan. Almost 18% were satisfied they had taken the insurance without being pressured into it, with 5% feeling they had been pressed into it by a lender. Another 17% took this controversial insurance in the mistaken belief that it would help their prospects of having a loan approved.