



News Release

Consumers' Digital Adoption of Financial Services Increased Significantly in 2020

Singapore, 31 March 2021 (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 sector findings from the Customer Satisfaction Index of Singapore (CSISG) 2020 national study.

The Finance sector comprises of the Banks, Credit Cards, and e-Payments sub-sectors. The Banks sub-sector scored 74.0 points (on a 0 to 100 scale) in customer satisfaction, a 1.7% decline over the previous year. The Credit Cards sub-sector scored 72.7 points, which was similar to the previous year. The e-Payments sub-sector was a new inclusion to the study this year, scoring 79.0 points. The Insurance sector scored 73.8 points; the score was not comparable with previous years due to changes in survey and sampling methodologies.

This announcement also marked the final set of industry results for the 2020 CSISG study. Based on the customer satisfaction scores for eight key economic sectors and 22 sub-sectors of the Singapore economy, the national customer satisfaction score for 2020 was 74.0 points; in 2019 the national average was 74.3 points.

“Despite the mixed performance in CSISG results during what has been a tumultuous year, a promising development we have observed is in the area of digital adoption among consumers,” said Ms Neeta Lachmandas (妮塔.拉切曼达斯), ISE Executive Director (执行总监).

“These latest results reinforce observations made throughout 2020, with more people using digital channels for consumption and servicing. With credits cards, there was a four-fold increase in the number of cardholders indicating online food delivery platforms as the category where they had made the most recent spend, and almost eight in ten customers now use mobile or internet banking,” she said.

Insurance

A majority of insurance policyholders surveyed had also indicated the use of digital channels when interacting with their insurers. These customers rated their insurer higher on perceived value and loyalty, when compared to policyholders that had not used such channels.

Furthermore, policyholders surveyed also indicated digital platforms, specifically “websites”, as the channel they most preferred to use when searching for product and service information; financial advisors were the most preferred channel when making the actual purchase of a policy.

“The positive association of loyalty and value metrics with the usage of digital channels bode well for the industry as insurers introduce new app-based services to engage with their customers,” observed Ms Lachmandas.

Credit Cards and e-Payments

More Credit Card customers were also observed to be taking their spending online. When asked which category of merchants they had most recently spent on, 16.1% of cardholders indicated food delivery platforms, compared to just 3.8% in 2019. Online shopping marketplaces also saw a marked increase in the proportion of their spending, with 10.8% of respondents indicating it as their most recent spend category compared to 6.6% the year before.

e-Payment systems were added to the CSISG study this year. This included e-wallets and payment apps such as Apple Pay, GrabPay, and PayLah!, as well as mobile banking apps that facilitated payments using PayNow.

Mr Chen Yongchang (陈勇畅), ISE Head of Research and Consulting, said, “With four in five e-payment respondents reporting an increase in the use of e-payments as compared to 2019, the industry’s efforts to rollout e-payment solutions to merchants and customers appear to have gained momentum and bore fruit in 2020.”

The study showed 55.6% of e-Payment respondents using the platform at least once a week, with the most frequent users, i.e., those who use e-payments at least four times a week, having significantly higher levels of satisfaction, loyalty, and spending, compared to the less frequent users.

Analysis of both the Credit Cards and e-Payments sub-sectors revealed that attributes relating to brand, reputation, and innovation were common drivers of loyalty. Interestingly, e-Payments outperformed Credit Cards on a number of branding and service process-related attributes, including areas which were important for driving Credit Card loyalty, such as accessing transaction information. Conversely, Credit Cards outperformed e-Payment on merchant tie-ups and card benefits.

“These two sub-sectors’ value propositions appear to be converging, with e-payment providers increasingly offering benefits such as cashback and rewards programme previously provided by Credit Cards. Card issuers should take note of the potential competition for their share-of-wallet from e-payment providers. On the other hand, companies which offer both products should not only pay attention to the potential cannibalisation of their offerings, but also consider how they might better leverage on the strengths of each product to offer a more holistic payment solution to better meet customers’ needs,” surmised Mr Chen.

Banks

The Banks sub-sector recorded lower CSISG scores, year-on-year. This was observed alongside lower levels of loyalty, and specifically, price tolerance.

“Customers have become more price sensitive given the current economic environment. Coupled with reduced service levels, such as temporary branch closures due to the Covid-19 pandemic, the industry as a whole had a tough time in 2020,” explained Ms Lachmandas.

Nonetheless, the study also showed that use of the banks’ digital channels rose from 72.1% in 2019 to 76.9% in 2020. In particular, customers aged 60 and above who indicated using these channels rose from 20.3% in 2019 to 65.5% in 2020.

“Banks adapted to the closure of branches by ramping up their digital channels, prompting older customers who tended to not use these channels to adopt them in a big way in the past year. Interestingly, these customers were observed to be relatively satisfied with the use of internet banking”, remarked Mr Chen.

The average internet banking satisfaction rating for all bank customers was 7.40 points (on a 1 to 10 scale), while the average rating for customers aged 60 and above was 7.74 points.

The CSISG 2020 Q4 study was conducted between October 2020 and January 2021. A total of 4,720 local consumers were surveyed for the Finance and Insurance sectors. Prior to this, the Info-Communications and Retail sectors were measured in Q1, the Air Transport and Land Transport sectors in Q2, and the Food & Beverage and Tourism sectors in Q3. In total, the CSISG 2020 study completed 19,147 unique interviews. A total of 264 distinct entities were measured and 101 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 is able to 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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