

NPS Benchmark Analysis for the Credit Card Industry

Consistent improvements reflect a
competitive market



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Introduction

NPS Benchmark Industry Analysis

The annual US Consumer NPS Benchmarks created by NICE Satmetrix deliver the most comprehensive such data on the market. The study surveys US adults over 18 about their interactions with companies in 23 industries, asking about various aspects of customer experience and producing rich insights about the attitudes of consumers. This analysis, one in a series, explores insights revealed by the data for the credit card issuer industry.

The data for the credit card industry benchmark includes responses from 3,005 adults in the US to an online survey fielded in March 2020. Respondents were asked about ten companies.

The entire set of NPS Benchmarks is available in full via subscription from NICE Satmetrix Academy & Research. By design, this public report masks the names of some companies. The analysis is based on access to the full data set.

OCX Cognition™ + NICE Satmetrix

Created annually, the US Consumer NPS Benchmarks from NICE Satmetrix lead the market in quality. The latest reports include data on 185 brands in 23 industries and draw on responses from 65,000 consumers. The benchmarks, available by subscription, include eight years of historical data. Sort by age, tenure, spend, and other factors to explore current and former NPS scores and factors driving satisfaction.

OCX Cognition analyzed the data in the NICE Satmetrix reports to expose insights in various industries. This report, one in a series, offers findings and conclusions that exemplify the kinds of analysis a strong NPS program should undertake to understand its competitive position.

CREDIT CARDS

A Consistently Improving Industry

The long-term trend in NPS for credit card issuers is positive for consumers, with consistent NPS improvements for quite a number of years. The US credit card issuer market has many players, and some of these players issue cards under several different brands. Citi, for example, issues cards under MasterCard and Visa brands, its own Citi brand, and cards that are co-branded with Expedia and with American Airlines. In this report, all such cards are reported under the Citi brand.

The NICE Satmetrix NPS Benchmarks for credit card issuers added a brand this year, and that provider has a huge lead over the rest of the market. The second and third place players in 2020 maintain a clear lead over the remaining competitors.

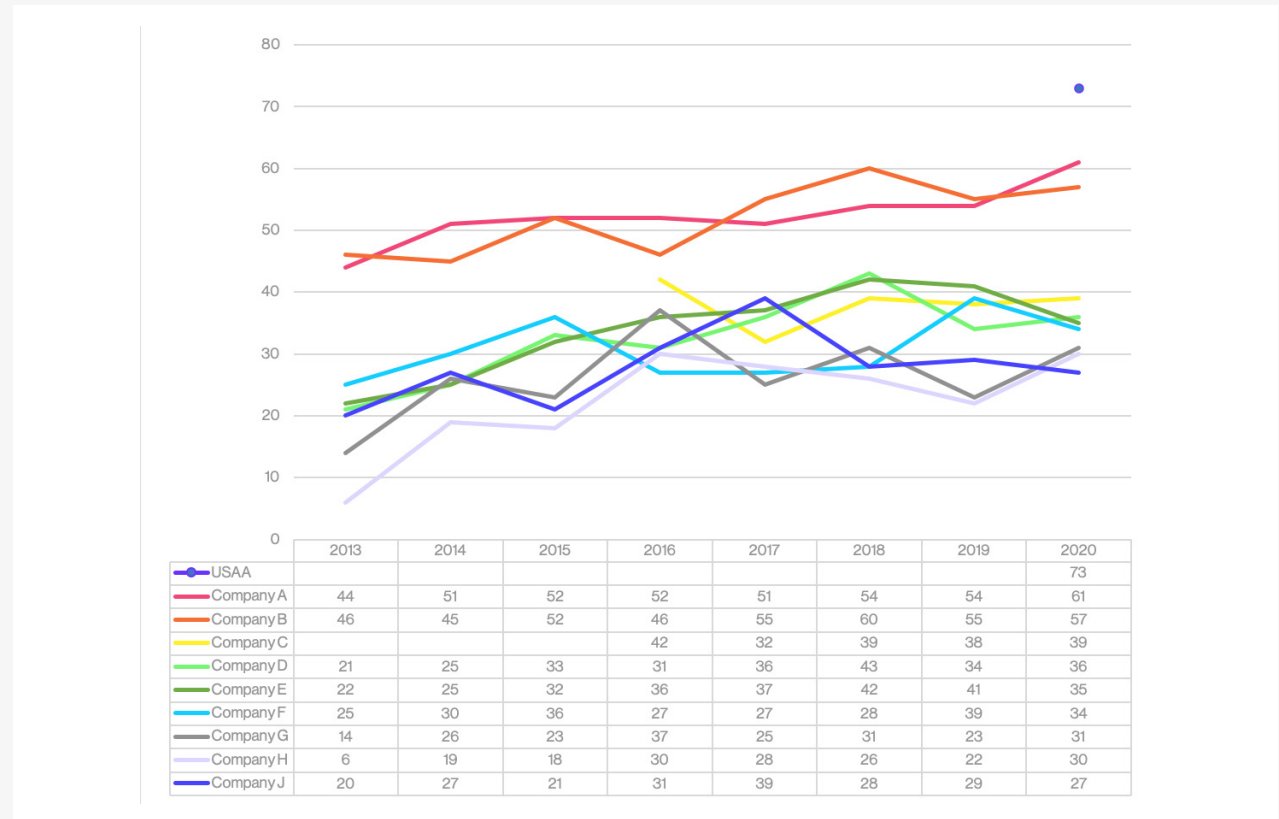


Key Insights

- **New entrant USAA arrives with an exceptional NPS of 73, a 12-point lead over the second-placed company.** USAA's intense focus on current and former military personnel may contribute to the success, which mirrors its leadership in other benchmarked industries.
- **Differences in business model show up in drivers of satisfaction.** Credit card issuers with single-brand operations stand out from the pack with notable differences in drivers of satisfaction.
- **Drivers of NPS remain consistent from year to year in the industry.** Factors driving satisfaction have increased across the board in concert with NPS, showing consistent overall improvement.

NPS trends for major US credit card issuers

EXHIBIT 1



USAA Joins the Study in First Place

While present in the US market for some years, USAA has been covered in the NICE Satmetrix study as a credit card issuer for the first time this year. They immediately take first place, with a clear 12-point lead. USAA also leads in other categories: Auto insurance, life insurance, banking, and home and contents insurance.

Companies A and B follow USAA and have a clear lead over the rest of the pack. They have swapped rankings over time. Both share one characteristic that providers lower in the rankings do not: They have a single credit card brand. This is what drives some different satisfaction drivers to those seen for other competitors.

The credit card issuing industry is over \$100 billion in size in the USA and has grown an average of 2.2% from 2015 to the number currently estimated for 2020¹. Competition is intense and this has

led to ever-improving NPS numbers. Good news for consumers!

At this point, it is worth addressing the common misperception that improved NPS leads to improved revenue in most industries. In fact, NPS is best understood as a relative number within an industry. If a company's NPS trend is better than that of a competitor, it will take market share from that competitor, everything else being equal. If their NPS trends are identical, there will be no change in market share. If the overall market happens to be declining a lot, individual company revenues may all decline, no matter what the NPS trends. Because NPS has increased throughout the industry, credit card issuers may see less financial benefit from a higher NPS than they would have in a competitive environment with more disparate trends in scores.

¹ <https://www.ibisworld.com/industry-statistics/market-size/credit-card-issuing-united-states/>

"No annual fee; low interest rates; high credit limit; wonderful customer service."

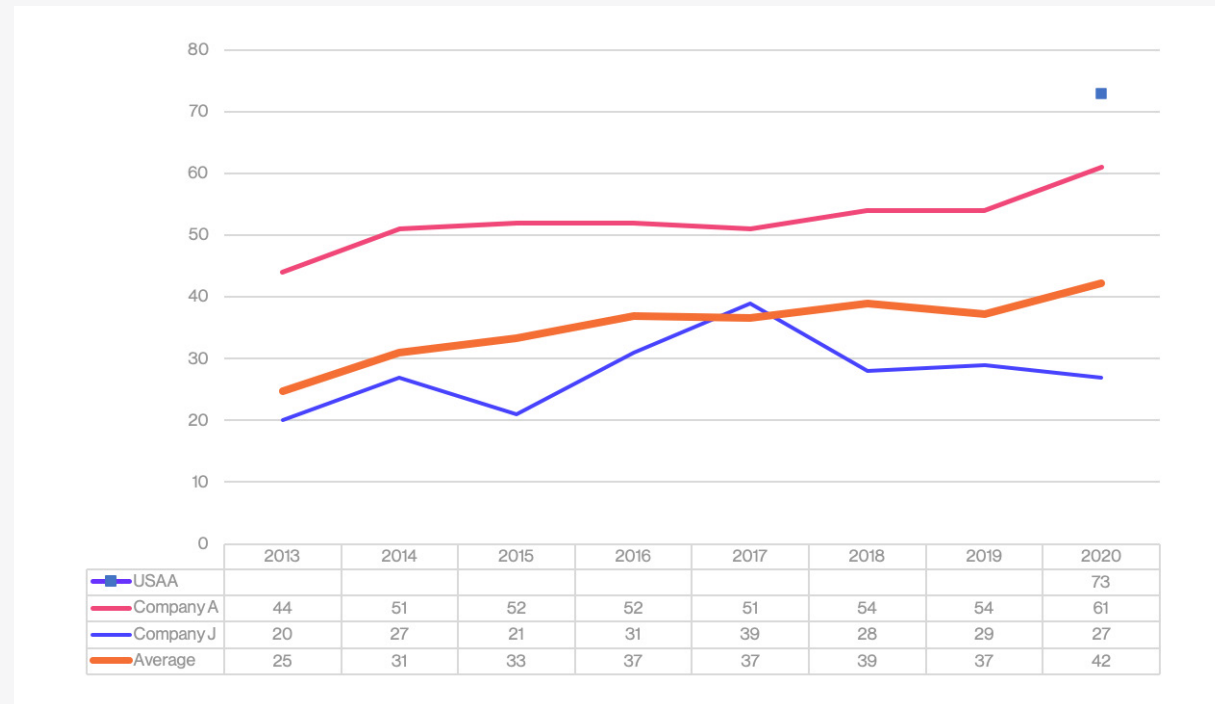
USAA CUSTOMER



NPS Top and Bottom Companies

The simplified graph below shows the lead USAA and Company A have over the industry average and over the bottom-placed provider in 2020, Company J.

EXHIBIT 2



“We get reward credit back but I have seen using the app can cause mistakes. When I make a payment, I want the payment made. The app has problems that cause delays.”

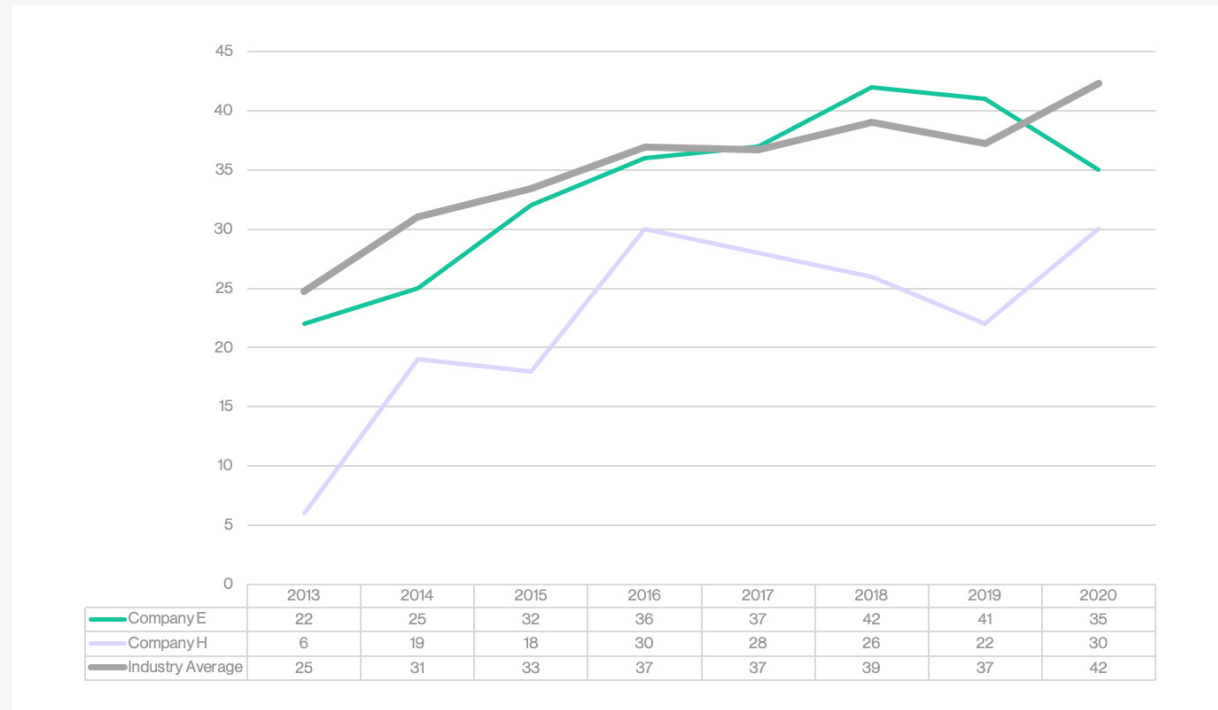
COMPANY J CUSTOMER

Companies H and E Have Improved the Most

Company H has had some up and downs over the last seven years, as can be seen in the graph below. Over that time, they have made the most progress in NPS, though it must be said that their score in 2020 is the same as it was in 2016. Company E has had a more consistent improvement trend, despite a dip in 2020. Both companies have scores below the industry average.

Company H improved most, followed by Company E.

EXHIBIT 3



“Great customer service. Takes care of fraud problems quickly. Easy website to use to verify charges and make payments.”

COMPANY H CUSTOMER

What Drives NPS in the Credit Card Industry

In addition to answering the Likelihood to Recommend question, survey respondents rated their overall satisfaction with a series of factors. Some questions were asked about companies in all industries; others were specific to the credit card industry. Correlation analysis shows which factors correlate most highly with NPS.

In the credit card industry, satisfaction levels for cross-industry factors are considerably better than the cross-industry average. Within the credit card data **“Overall value for money”** has the lowest level of satisfaction and the strongest correlation with NPS among the cross-industry factors studied. That’s an unfortunate combination. Note that while the overall industry average satisfaction score for this high-impact factor is 8.2, USAA has a score of 9.05. So, there is proof that most companies can do a lot better than their current score for and would do well to examine USAA’s approach in detail.

Billing and payment processes have the highest satisfaction levels, though relatively low impact on NPS.

For this series of factors, as well as the industry-specific factors, companies should examine the possible improvement initiatives for each point and their potential NPS and revenue impact. Start at the top of the diagram and work down.

Credit card industry NPS correlation for cross-industry satisfaction factors

EXHIBIT 4

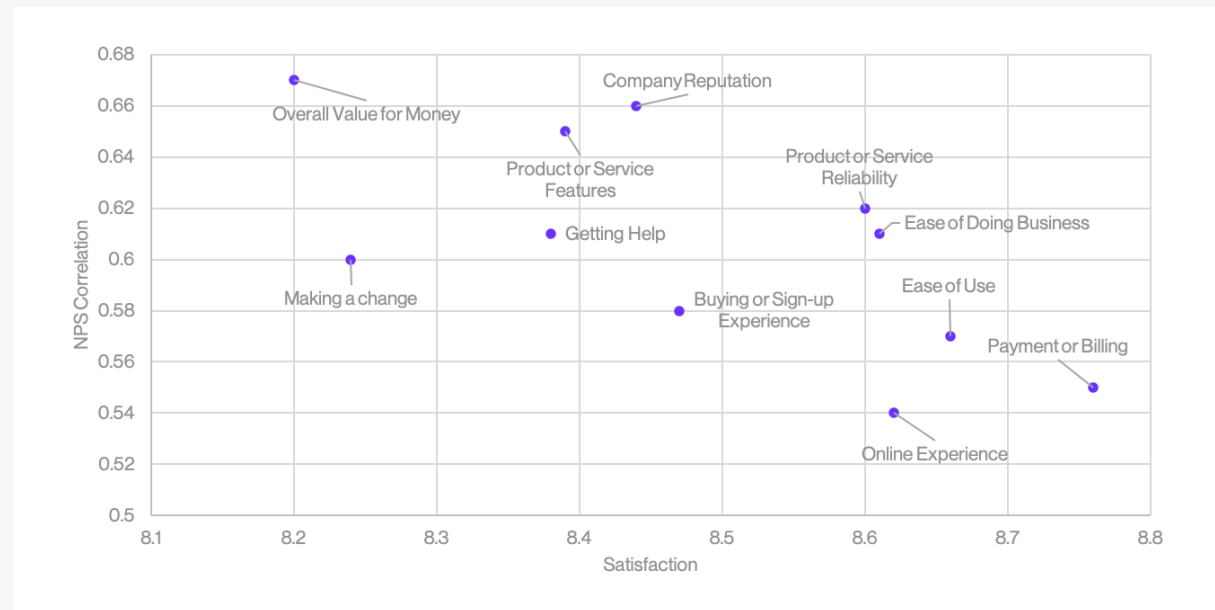


Satisfaction Areas Specific to Credit Cards

The satisfaction questions probing factors specific to the credit card industry produce an interesting outlier. The factor that has the highest overall satisfaction is 'Card is widely accepted'. However, it is an outlier in that its relationship to NPS -- and therefore loyalty -- is remarkably low. The explanation is simple: wide acceptance is what is known as a 'hygiene factor'. It is expected of a credit card. We don't pay any attention to the factor unless we encounter a location where the card brand is not accepted. That can of course be a problem if it is our only credit card and we have already eaten a meal without noticing that the specific brand is not accepted.

NPS correlation for credit card industry satisfaction factors

EXHIBIT 5



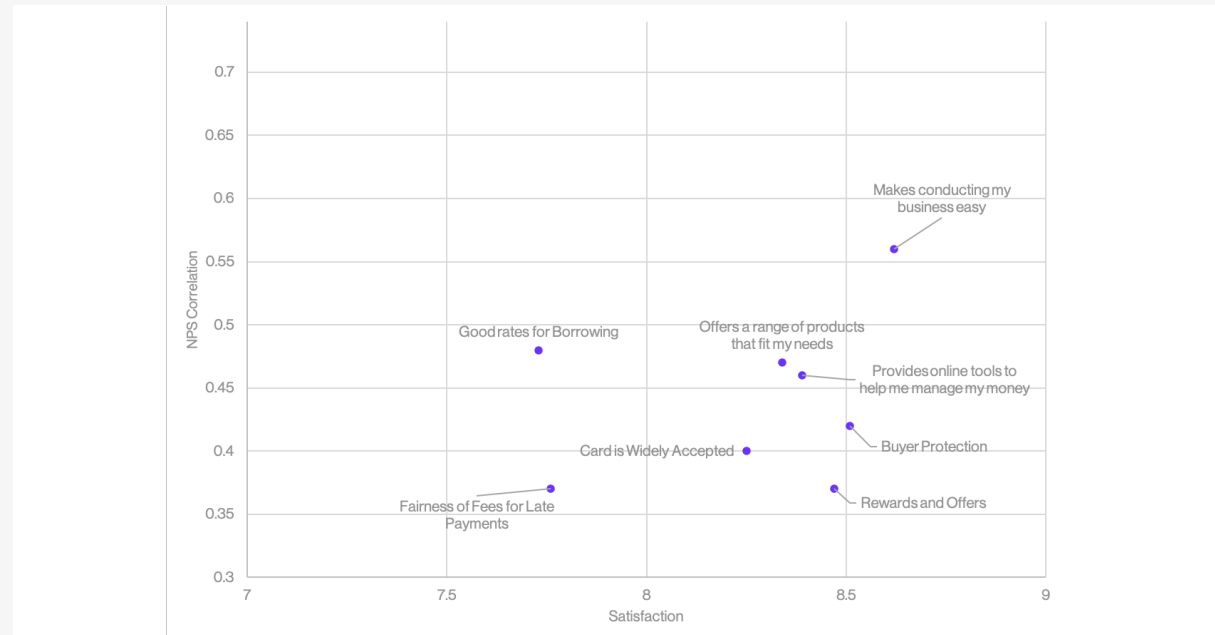
Satisfaction Areas Specific to Credit Cards

The factor with the highest NPS correlation is 'Offers a range of products that fit my needs'. Indeed, as pointed out earlier, all providers on our list offer more than one product. Most provide multiple 'master brands', such as MasterCard, Visa, and American Express. Companies A and B are the exceptions, each offering only one master brand. Interestingly, this gives them quite a different satisfaction to NPS matrix from other providers. Most notably, their rating on wide acceptance is far lower than the average. This is not surprising as there are entire countries where some types of business do not accept their brands. In the case of Company A, it is due to a complete lack of presence in many countries. For Company B, it is due to their history of charging higher commission rates than other brands.

Note that the scales below are the same as in the graph for the industry average, to facilitate comparisons. While wide acceptance has the highest satisfaction of any factor on average across the industry, it moves to a below-average score for Company B. 'Offers a wide range of products' also moves from having the highest NPS correlation to third place. 'Makes conducting my business easy' has the highest correlation with NPS for Company B, an unsurprising outcome as it is the most popular corporate credit card brand.

NPS correlation for credit card industry satisfaction factors for Company B

EXHIBIT 6

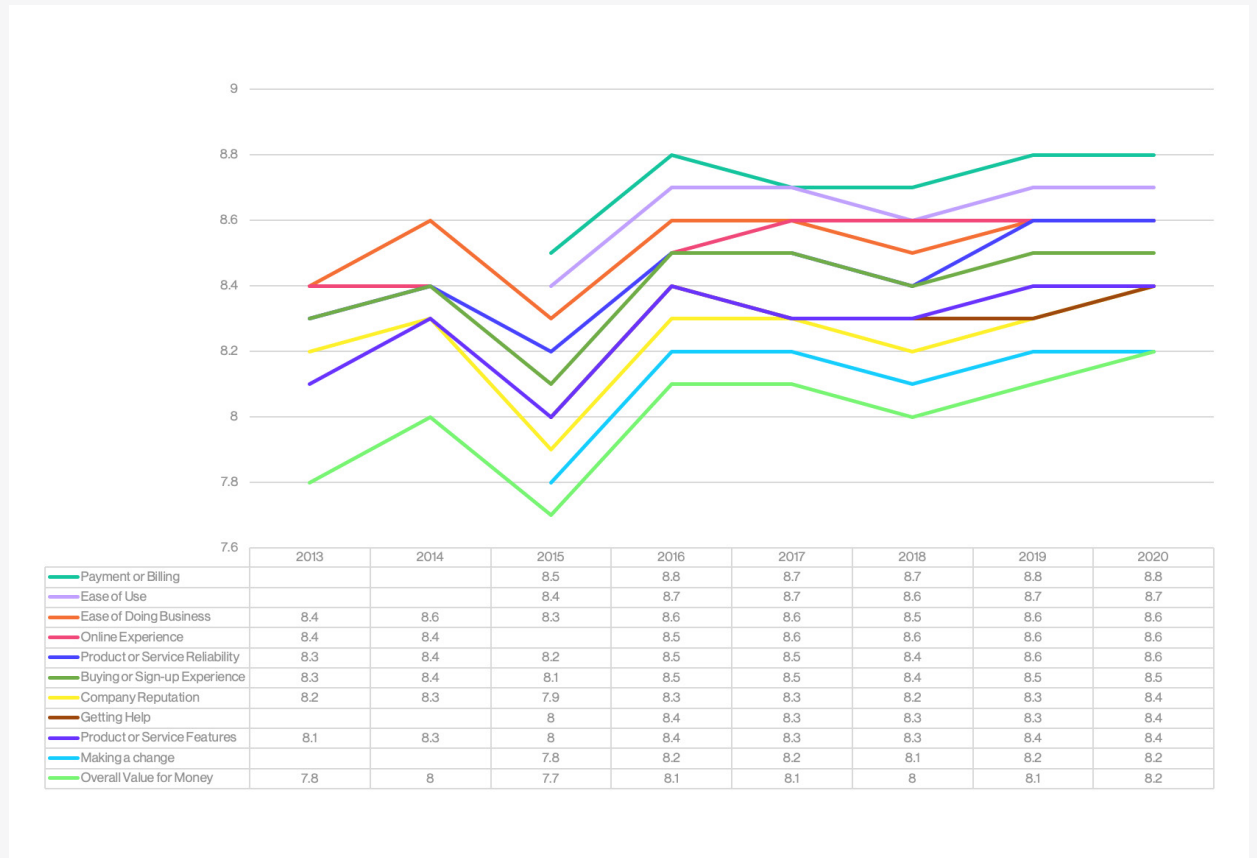


Satisfaction Trends Going in Similar Directions

Cross industry satisfaction driver trends as seen in the Credit Card Industry

EXHIBIT 7

The cross-industry relationship satisfaction driver results have improved gradually over the years within the credit card industry, and there have been no significant changes in what consumers consider important.

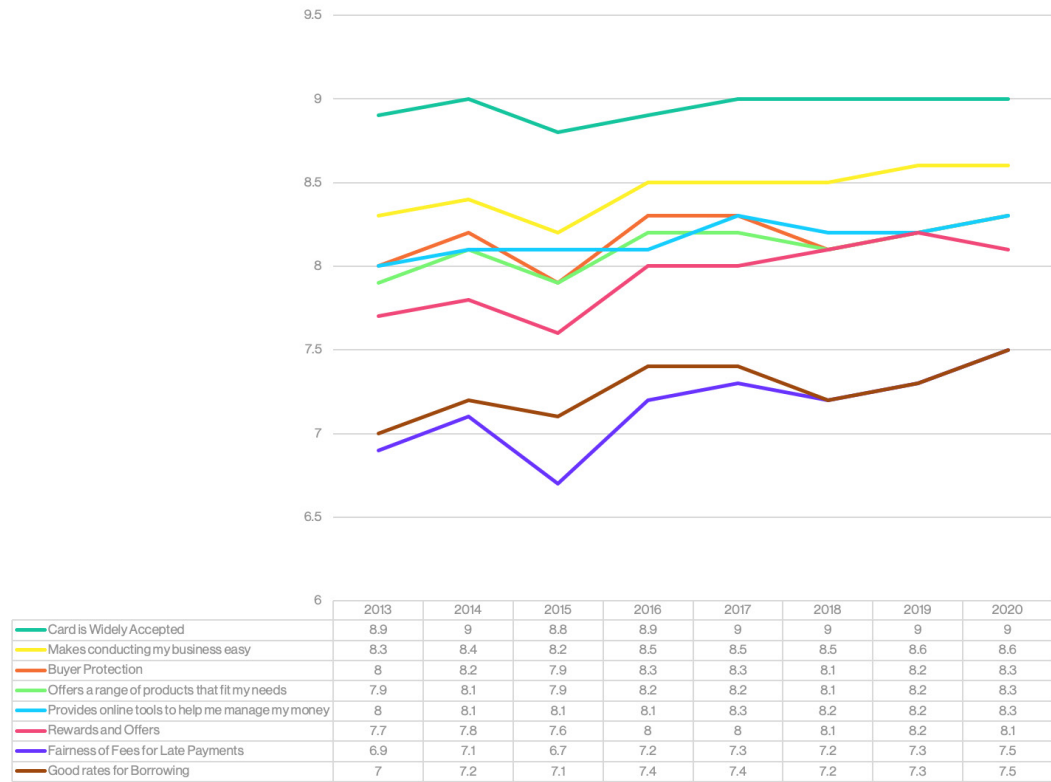


Satisfaction Trends Going in Similar Directions

Credit card issuer industry-specific satisfaction driver trends

EXHIBIT 8

The same general trend and observations apply to the satisfaction drivers that are specific to the credit card industry. Wide acceptance has always led by a clear margin. Late payment fees and borrowing rates have remained at the bottom of the satisfaction table for as long as the studies exist. This is unsurprising as credit cards are the most expensive of the common ways of borrowing money, and the late fees often seem to come as a surprise. The average credit card interest rate is currently around 16%, according to creditcards.com², while the prime lending rate on bank loans was at 3.25% in June 2020.



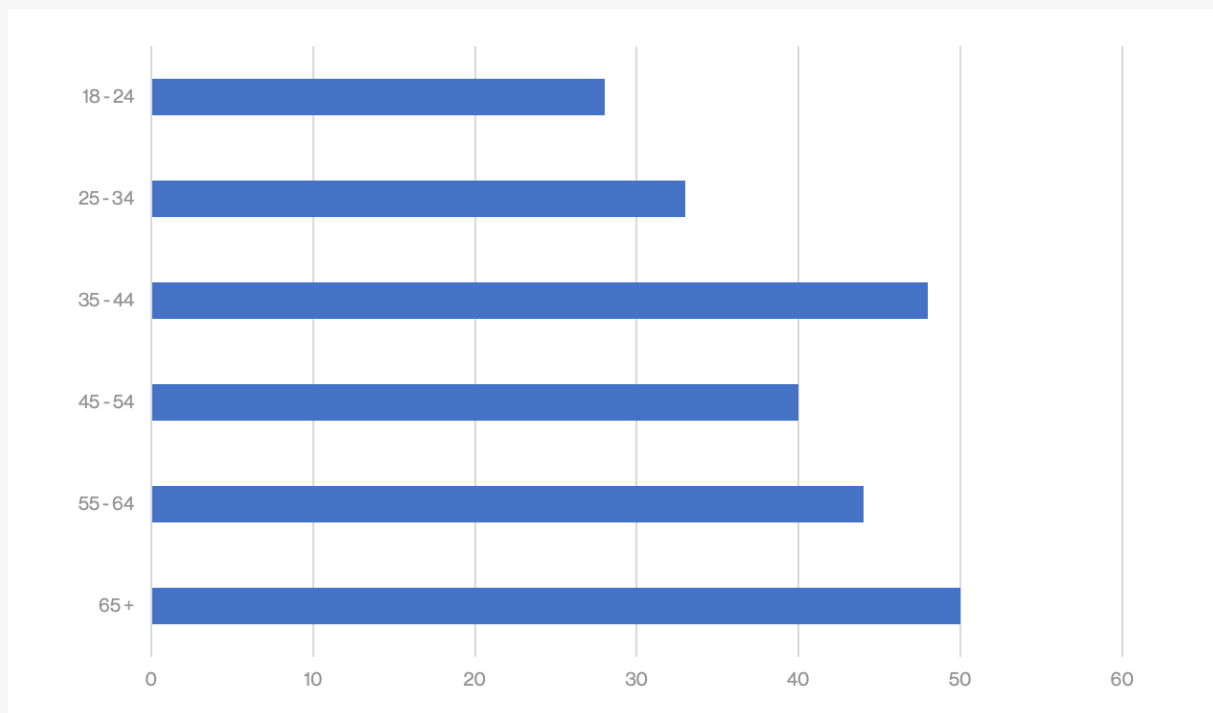
²<https://www.creditcards.com/credit-card-news/rate-report/>

Younger People Are a Bit More Negative

NPS by age group for credit card issuing industry

EXHIBIT 9

There is an NPS age effect for the credit card industry. The youngest age groups in the study give the lowest average NPS numbers. Companies would be well-advised to consider these age groups as less loyal than average and therefore to pay particular attention to them.





OCX Cognition Perspective

The credit card issuing industry has consistently improved customers' perceptions of its performance over the years. It's a big industry and competition is intense. Competitors would be well-advised to avoid considering USAA as irrelevant because of their focus on military personnel. There is much to learn from the way they do business.

Companies A and B are mono-brand issuers, while all others issue multiple brands. This multi-branding complexity obscures the reputation of the issuers, though we have seen that USAA manages to get through that, largely through consistent communication and business practices across brands. Nevertheless, while USAA has a 12-point lead over Company A this year, Companies A and B have about a 20-point lead across the rest of the pack. Multi-branding does not have to equal poor NPS. We have believed this before and the USAA entry into the benchmarks proves it.

Our own research also revealed something about one common industry tactic: The use of 'teaser rates'; special short-term discounts offered to people who switch credit card providers. Teaser rates make both current and new customers less loyal. Current customers get upset that the lower interest rate is not offered to them. The new customers call their decision to change into question at the end of the lower interest rate period. They tend to shop around again.

More generally, the best financial ROI will be obtained by concentrating corporate improvement initiatives on the factors that have relatively low satisfaction and relatively high correlation with NPS. 'Overall value for money' perceptions are at the top of this list. Finally, don't forget to pay special attention to the younger age groups to secure their loyalty.

This is the future of NPS.

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