

**Modus**  
RESEARCH

# Banking Survey

## Summary of Results



**Modus**  
**Business**  
Panel

## Highlights

### **Economic and Organizational Confidence:**

- ✓ Economic confidence weak but organization confidence strong.
- ✓ Business leaders are much more confident in the future.

### **Rating Universities:**

- ✓ Outside of Quebec, business leaders do not think universities are meeting employers' needs, nor that they are keeping the economy well prepared for the future.

### **CPP Expansion:**

- ✓ Canadian business executives are supportive of plans to expand the Canada Pension Plan.
- ✓ A majority of managers say that CPP expansion will have a neutral or positive impact on their business over the next decade.

### **Banking:**

- ✓ Finding the right people and managing cash flow are regarded as the two most important factors for business success.
- ✓ Big gaps in banking services exist in cash flow management and financing/credit.
- ✓ Overall satisfaction with the organization's primary financial institution is not high.
- ✓ Banks are rated highly on quality of service, staff competence and their on-line services but poorly on understanding the customer's business and on financing/credit options.
- ✓ Only two-thirds of business banking clients have been with their bank for more than 5 years, pointing to a significant level of switching.
- ✓ A significant number of business banking clients are at risk:
  - 4 in 10 are not confident that they will continue with their existing bank.
  - Some banks have half of their business banking clients at risk.
  - Overall satisfaction is modest, particularly relative to retail and private banking.

# Survey Results

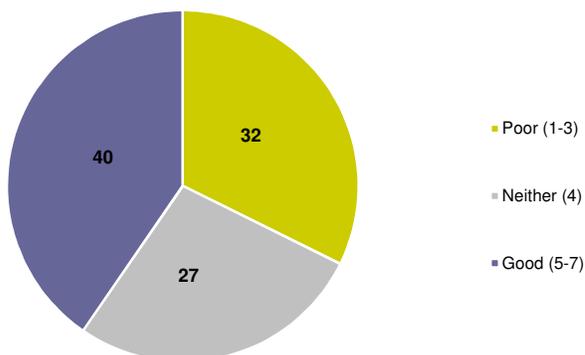
Economic confidence weak  
but organization  
confidence strong

## Economic vs. Organization Confidence

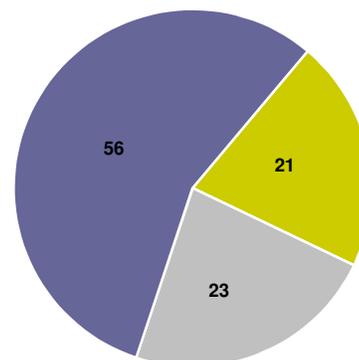
- ▶ Overall confidence in the economy is barely positive
- ▶ Only 40% of managers believe that the economy's prospects are good
- ▶ By contrast, business managers feel very confident about their own organization
- ▶ A majority of managers (56%) say they thought their organization's prospects were good

Figure 1: Economic vs. Organization Confidence

How would you rate the current health of the **Canadian economy**?



How would you rate the current health of **your organization's** economic situation?



Business leaders are much more confident in the future

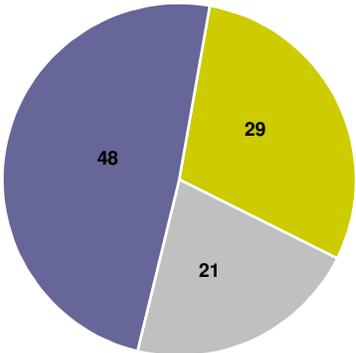
# Survey Results

## Economic vs. Organization Outlook

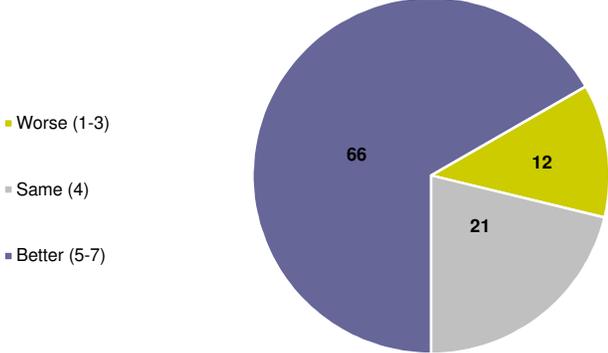
- ▶ Business leaders are much more confident in the future
- ▶ Both for the economy and their organization
- ▶ That said, less than half of business managers felt that the outlook for the economy was better
- ▶ By contrast two-thirds felt that the outlook for their organization was better

Figure 2: Economic vs. Organization Outlook

What do you think will be the general outlook for the **Canadian economy** over the next five years?



What do you think will be the general economic outlook for **your organization** over the next five years?



Outside of Quebec,  
business leaders do not  
think universities are  
meeting employers' needs

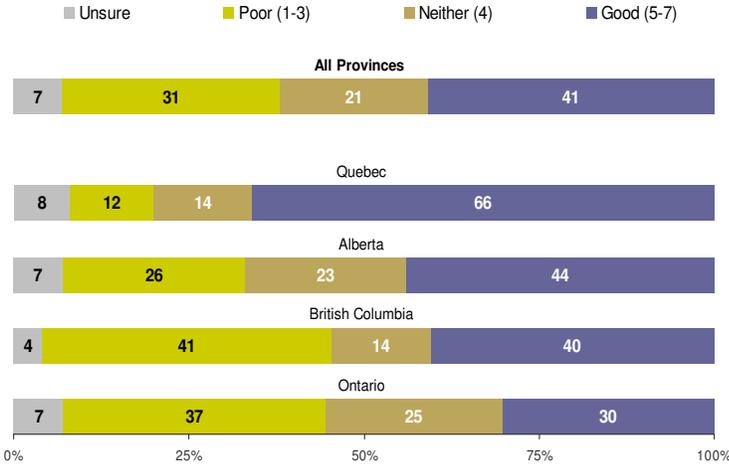
# Survey Results

## Rating Universities: Preparing Graduates for the Needs of Employers

- ▶ Just 41 per cent of business leaders believe universities in their province are doing a good job preparing graduates to address the needs of employers, while 31 per cent say they are doing a poor job
- ▶ Business leaders are most unhappy in Ontario, where only 30 per cent feel that universities are doing a good job preparing graduates to meet the needs of employers.
- ▶ In Quebec, however, 66 per cent of leaders think universities are doing well preparing students for the work force, making Quebec the only region of the country where a majority of business leaders are supportive.

**Figure 3: Rating of universities in preparing graduates for the needs of employers**

Q. How would you rate [province]'s universities on each of the following: Preparing graduates who address the needs of employers?



# Survey Results

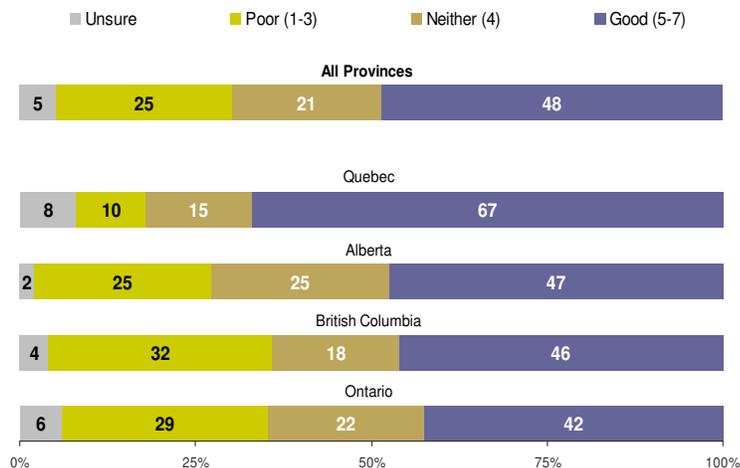
Outside of Quebec, business leaders do not think universities are keeping the economy well prepared for the future

## Rating Universities: Keeping the Economy Well Prepared for the Future

- ▶ The survey also asked business leaders whether universities are playing an important role in preparing their provincial economies for the future, and also found dissatisfaction on meeting that goal.
- ▶ While 48 per cent say they are doing a good job, 25 per cent say they are doing a poor job and 21 per cent are neutral.
- ▶ Ontario again had the lowest level of support, with just 42 per cent saying universities are doing a good job of preparing the economy for the future, while 67 per cent in Quebec are supportive.

Figure 4: Rating of universities - preparing economy for the future

Q. How would you rate [province]'s universities on each of the following: Playing an important role in keeping [province]'s economy well prepared for the future?



Canadian business executives back plans to expand CPP

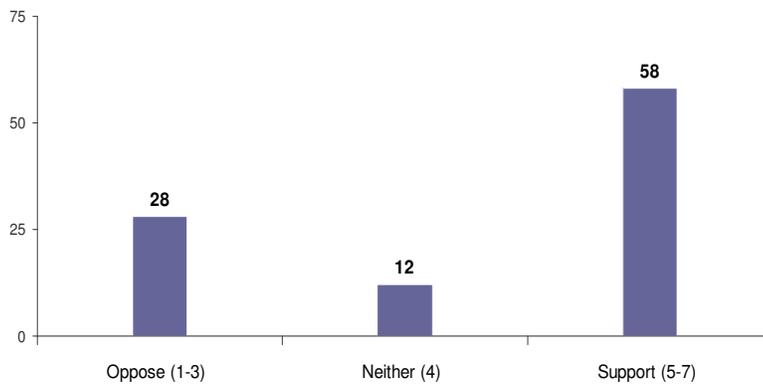
# Survey Results

## CPP Expansion

- ▶ Nearly 60% of Canadian business executives are supportive of plans to expand the Canada Pension Plan
- ▶ Just over a quarter are opposed

Figure 5: Percentage supporting CPP Expansion

Q. Overall do you support or oppose these changes to the CPP?



# Survey Results

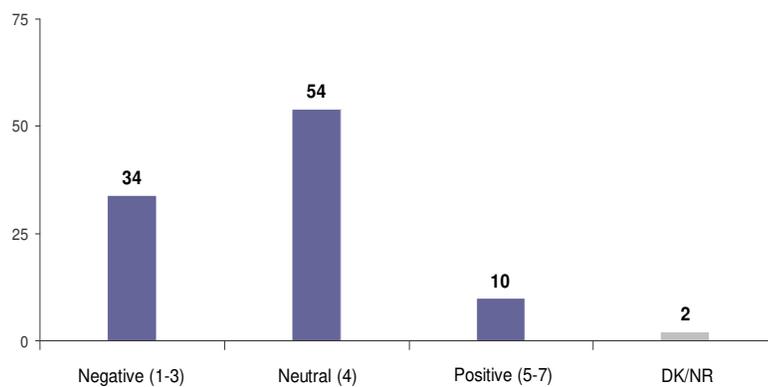
Majority say it will have a neutral or positive impact on their business.

## Impact of CPP Expansion on Business

- ▶ A majority of Canadian business executives say that CPP expansion will have a neutral or positive impact on their business over the next decade
- ▶ Only one-third think that the impact on their organization will be negative (albeit most of these moderately negative)

**Figure 6: Impact of CPP Expansion on Business**

Q. What impact do you think these changes will have on your own firm over the next 5 to 10 years?



Finding the right people and managing cash are the two most important factors in business success

# Survey Results

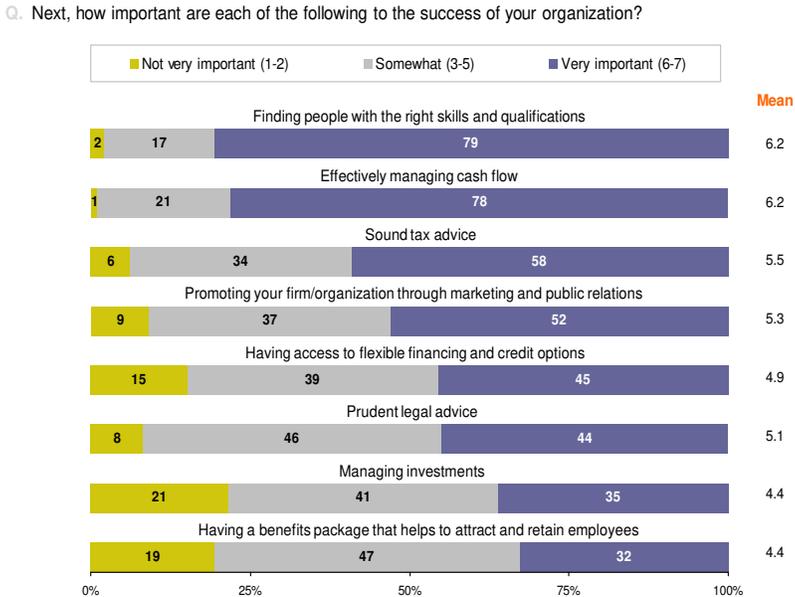
## Business Needs

Overwhelmingly, business managers say that two factors are important for business success:

- ▶ Finding the right people, and
- ▶ Managing cash flow

Nearly 80% of managers said that each of these elements were very important, some 20 points more than any other factor.

**Figure 7: Importance to business success**



# Survey Results

Big gaps in banking services exist in cash flow management and financing and credit

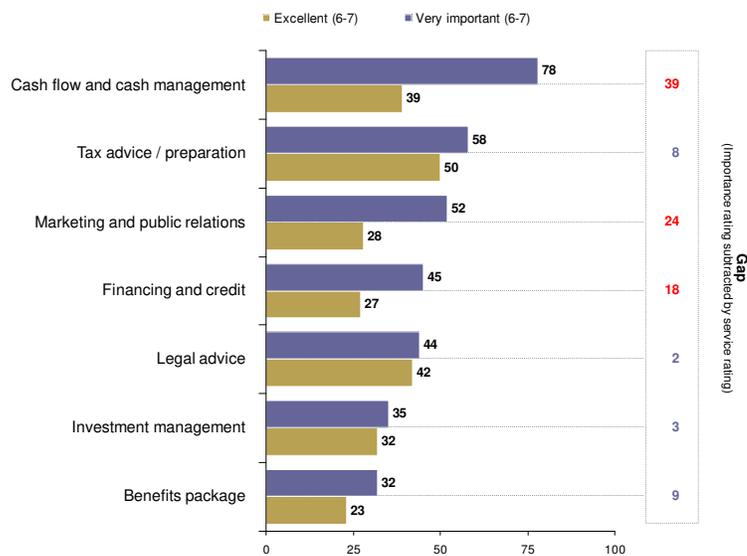
## Banking - The Service Gap

In the chart below, we show the percentage of business managers who rate each service as excellent versus the percentage who regard that factor as very important. The difference is what we call the service gap.

- ▶ The biggest gap is on cash flow management, which is regarded as very important by 78% of managers but only 39% rate banks service as excellent in this regard.
- ▶ This is followed by financing and credit where only 27% of managers rate the service as excellent but 46% rate it as very important.

**Figure 8: Importance vs. Service Rating**

Gap Analysis: Importance vs. Service Rating



▶ BASE: All, n=868; percentages; July 2016; MBP

Overall satisfaction with main Financial Institution is not high

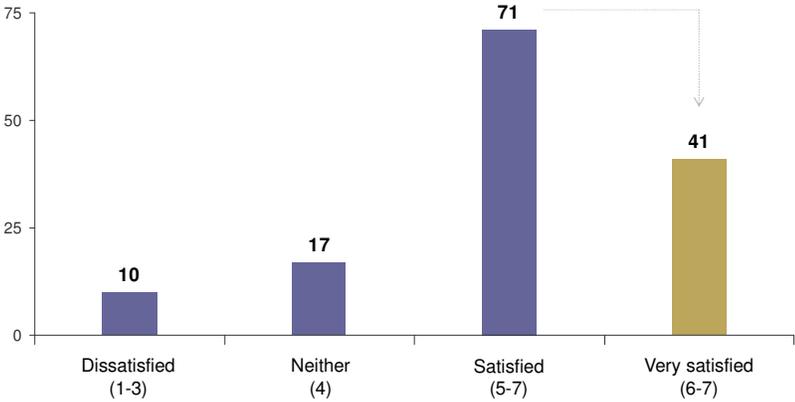
# Survey Results

## Overall Satisfaction

Overall satisfaction with the primary financial institution is not high with only 41% of managers saying they are very satisfied with the services they receive.

Figure 9: Overall satisfaction with main FI

Q. Overall, how satisfied are you with the services you receive from your organization's main FI?



# Survey Results

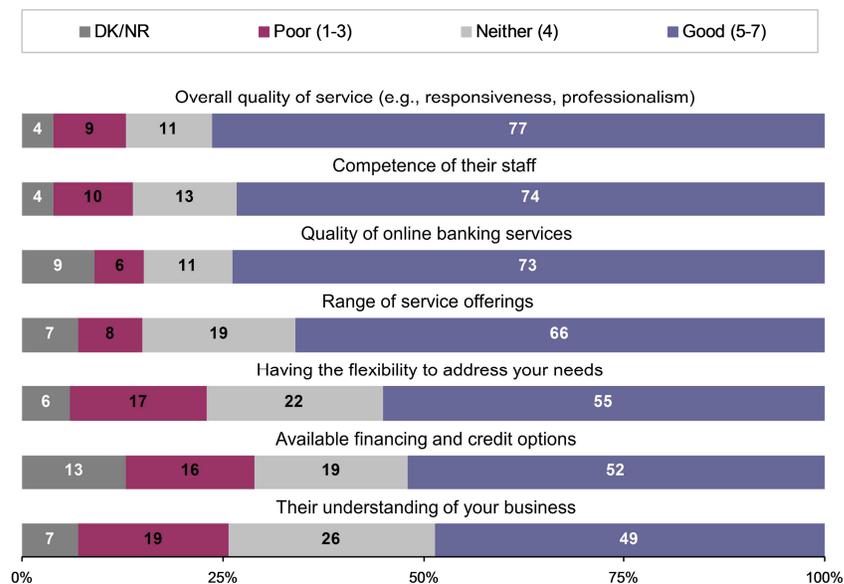
Banks fall down on understanding the customer's business and on financing and credit options

## Quality of Service

- ▶ Overall, banks are rated highly on quality of service, staff competence and their on-line services
- ▶ But they are rated very poorly on understanding the customer's business and on financing/credit options

Figure 10: Rating of Service

How would you rate your FI on each of the following?



One-third of businesses  
have been with their main  
FI for less than 5 years

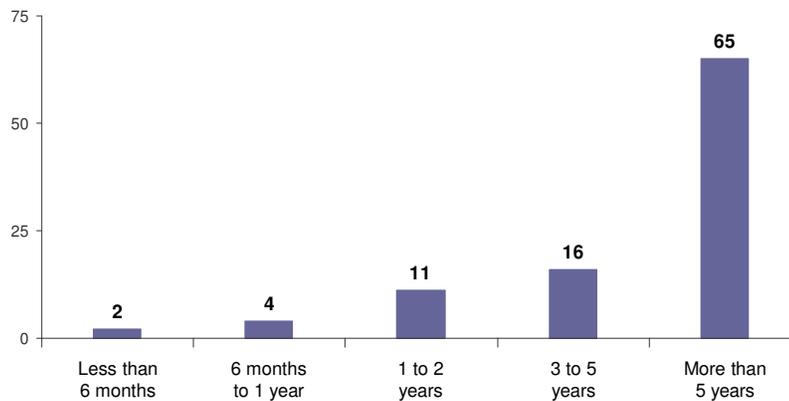
# Survey Results

## Length of banking relationship

Only two-thirds of business banking clients have been with their bank for more than 5 years pointing to a significant level of switching.

**Figure 11: Length of relationship**

Q. For approximately how long has your organization used [BANKMAIN] as your main financial institution?



Banks have 40% of their business customers at risk

# Survey Results

## Propensity to Switch Bank

A significant number of business banking clients are at risk.

- 4 in 10 are not confident that they will continue with their existing bank.
- These results vary greatly by financial institution.
- Some banks have half their business banking clients at risk.

**Figure 12: Propensity to Switch**

Q. How likely are you to continue using [BANKMAIN] as your main financial institution for banking needs?

