

Which? works for you

Which?

Here to help?

Bank staff reveal the truth about working for Britain's big banks

Help
me meet my
targets

A Which? Consumer Insight Publication

2 What we found

Exclusive Which? investigation reveals a pressure-selling culture in British banks

4 Sales culture

Frontline staff reveal how a culture of sales dominates over customer service

6 The big banks compared

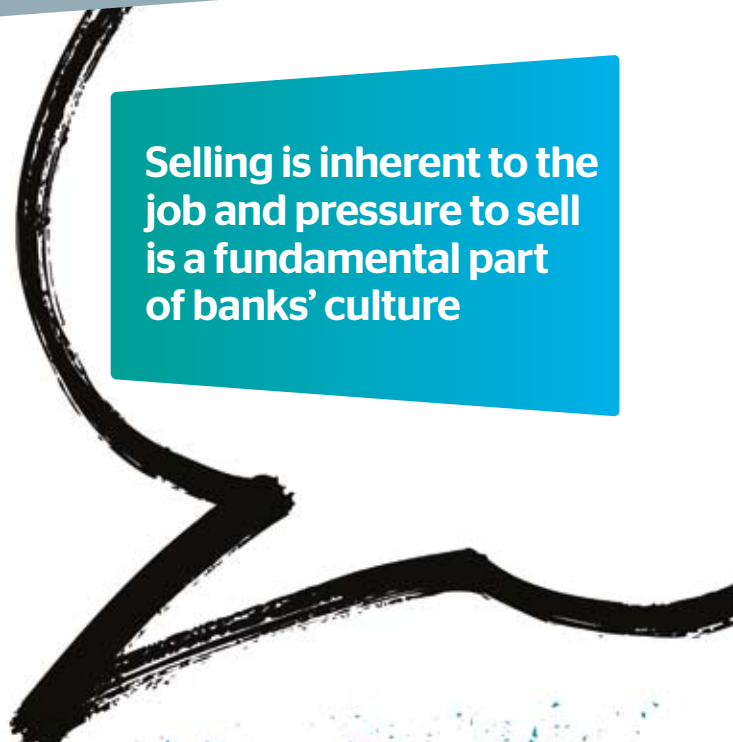
We go behind the scenes at the major banks to uncover the pressure that frontline staff face

10 Banks in the spotlight

We reveal how consumers feel about the banks after the series of scandals that rocked the sector

11 The changes needed

What Which? believes is needed to improve things for consumers.



Selling is inherent to the job and pressure to sell is a fundamental part of banks' culture



65%

of those with targets say there's now more pressure than ever to meet them

In this new Which? investigation, we reveal the shocking extent to which a pressure-selling culture still dominates many of Britain's largest retail banks. We spoke to more than 500 frontline staff in Britain's big five banks and found that the rhetoric from senior bankers about focusing on customer service isn't always filtering through to the frontline. Staff still face real pressure to put sales before service.

Since the financial crisis in 2008, banking and the behaviour of bankers has never been far from the headlines. From bailed-out banks, to rate rigging and mis-selling, a series of scandals has rocked consumer confidence. Just one in 10 consumers think bankers work in customers' best interests.

The industry claims it has cleaned up its act, but our evidence suggests a strong sales culture pervades the working life of branch and call centre staff. Time will be needed for the changes made to have full effect but 65% of frontline bank staff who have sales targets still say there is more pressure than ever to meet them.

A number of banks have removed or reduced financial incentives for sales, but often our investigation shows the sales culture remains even after incentives have been taken away. For many (81%) the pressure to meet targets has stayed the same or increased in the past year, even though 42% say the availability of incentives has decreased.

It would appear that even the £13 billion cost of the biggest mis-selling scandal in history, payment protection insurance, hasn't led to widespread changes in banking culture. Nearly half of those who have a responsibility to sell say they sometimes feel they're expected to do so whether or not it's right for the consumer.

We also found evidence of a culture where team and personal sales are regularly discussed in front of other colleagues, and four in 10 of those who have targets have 'power hours' where they have to make a certain number of sales within a designated period of time.

Reform required

The stories of frontline staff contradict many of the public statements from banks – whether it is the evidence chief executives gave to the Parliamentary Commission on Banking Standards or pledges to reform pay and bonus schemes. Senior bankers say they're changing the industry, but we found a pressurised frontline sales culture that needs radical reform:

■ **The first step is for banks to put customers first, not sales. Pay and bonus schemes, at all levels, should be clear and customer needs must take precedence over making sales. We welcome the decision by Barclays and The Co-operative Bank to scrap sales-based bonuses, and urge other banks to introduce bonus schemes to reward good customer service.**

■ **Just changing staff incentives won't solve the problem. We found that a sales culture remains even after financial rewards have been taken away and it's this culture that must be tackled by improving professional standards. Bankers should be required to comply with a code of conduct independent of the industry, backed by statute and which contains proper sanctions for malpractice.**

■ **To restore public faith in banks, bankers should be punished for mis-selling and bad practice, with senior executives held publicly to account. In addition, effective whistleblowing arrangements must be put in place so that frontline staff can raise concerns with senior executives.**

■ **This is why we need Big Change in the banking industry. With more than 120,000 consumer pledges to date, Which? is calling on the banks to work for customers, not bankers.**

The industry claims it has cleaned up its act, but our evidence suggests a strong sales culture pervades the working life of branch and call centre staff. Which? wants to see big change in the culture of banking.

We asked frontline staff in call centres and branches of Barclays, HSBC, Lloyds Banking Group, RBS and Santander about customer service, sales and culture in their bank. We looked at why staff feel pressured to sell and the behind-the-scenes culture.

Sales targets

Four in 10 of all bank staff we surveyed who deal with customers face to face have a personal sales target to meet.

Six in 10 of those that we spoke to who have sales targets have a financial incentive.

Which? is not against sales targets if they're reasonable. But 65% of those with targets told us there's more pressure than ever to meet them. Three quarters report day-to-day emphasis from managers on hitting targets. And even when targets are met, more than half say that they are made to feel they should sell more.

Targets but fewer incentives

While the pressure to sell remains high, there are fewer rewards for doing so. 42% of those with targets say there are fewer incentives available than a year ago. It appears that a sales culture still exists even though there isn't the previous level of reward for those who hit their targets.

Pressure from managers

Selling is entrenched in the job and there is strong pressure to do so within the culture of banks. 70% of those who have

We found a sales culture where employees are still pressurised to sell, albeit without the previous level of financial rewards. 42% of those with targets report they have fewer financial incentives, but only 14% say they have less pressure to meet targets.

40%

of those with targets say these drive staff to sell when not appropriate

65%

of those with targets say there's more pressure than ever

38%

of those with targets have 'power hours' or similar

Pressure to increase sales

The majority (64%) of staff we spoke to who sell or advise on financial products say they are sometimes or always told to sell more products. Half of people who sell have been told by their manager to focus on selling a certain type of product.

Of those who said they were told to sell specific products, home insurance (83%), credit cards (82%), packaged accounts (82%) and loans (78%) were some of the most common.

The need to hit branch or team targets set by head office (26%) and to increase profits or make more money for the bank (16%) are the most common

reasons cited for being told to sell more of a particular type of product.

38% of those with targets say that their branch has 'power hours', or something similar, where a number of sales have to be made in a designated period of time. These could lead to mis-selling if the rewards for selling particular products are

greater at one time than another. The link between sales targets and mis-selling is made explicit by 40% of those who have targets, who reflect that sales targets drive employees to sell when it's not appropriate. Nearly half of those who have targets know colleagues who have mis-sold products to meet targets.



some responsibility to sell (sellers) say you either accept selling or leave.

Pressure from managers is pervasive. Of the sellers that we heard from:

- 63% say there is day-to-day emphasis on the need to sell from managers
- 44% are made to feel they're underachieving if they don't make enough sales;
- 37% say they're pressurised by their manager into selling;

Prompts to sell

Staff face other pressures to sell.

- 64% have computer systems that frequently prompt them to sell to customers;
- 58% say the number of sales an individual makes is made public within the team;
- 52% report there are noticeboards where the number of sales an individual makes is shown.

Sales impact staff progress

The relative emphasis on sales is shown in the context of performance reviews. 49% of sellers say that although the reviews are meant to be about general performance, reviewing sales is always the focus of attention. Moreover, 41% of sellers said that staff who don't make enough sales are unlikely to be promoted.

For the bank or customer?

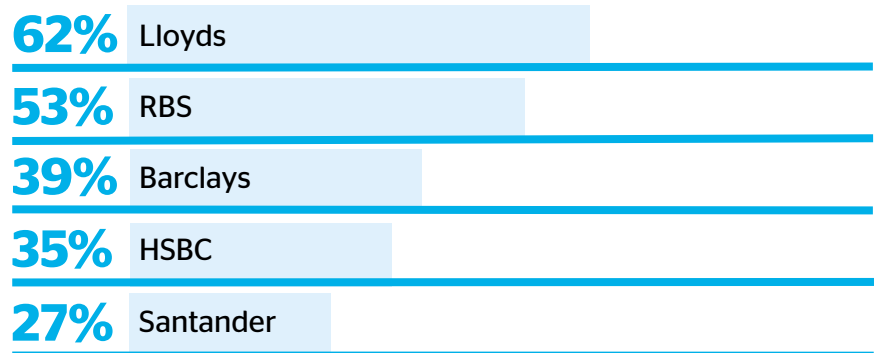
55% of sellers told us that, generally speaking, products are sold in the interest of the consumer. 18% said they're sold in the interest of the bank.

45% say they accept the need to sell products where appropriate but sometimes feel they're expected to sell regardless of whether it's appropriate or not.

74% of sellers we spoke to said they were told to do only needs-based selling. But 40% of these said this wasn't enforced.

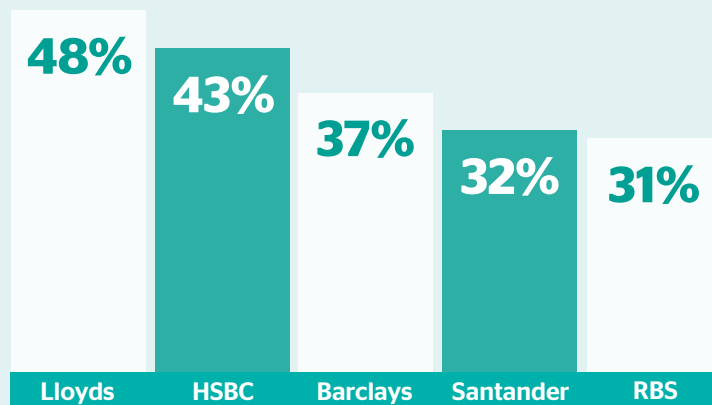


% of those with targets who say pressure to meet them has increased in the last year



Sample sizes: Lloyds (118), RBS (51), Barclays (46), HSBC (57), Santander (26). Santander has a small sample and therefore results should be taken as indicative

% of those told to do needs-based selling who say this isn't enforced



Sample sizes: Barclays (52), Lloyds (103), Santander (22), HSBC (47), RBS (49). Santander has a small sample and therefore results should be taken as indicative

The big banks compared

Our investigation revealed a picture of a pressurised sales atmosphere in the big banks overall. But was the picture the same across all of them, or were some banks better than others?



Employees pressurised into selling is a widespread problem in the industry. But how do leading high street banks compare?

	Overall average (371)	Lloyds Banking Group (140)	RBS (71)	HSBC (66)	Barclays (66)	Santander (28)
I feel pressurised into selling by the culture	43%	56%	35%	41%	33%	29%
I feel pressurised into selling by my manager	37%	46%	31%	33%	30%	25%
The sales targets drive employees to sell even when it's not appropriate*	40%	45%	43%	39%	35%	23%
I know that some of my colleagues have mis-sold products to meet targets*	46%	47%	51%	53%	37%	31%
I am uncomfortable with the bank's approach to sales	32%	37%	32%	33%	27%	14%
I have to focus on sales over service	31%	39%	28%	32%	20%	18%
Market share of current accounts¹		28%	18%	14%	15%	11%

* Base: All who have targets. Lloyds (118), RBS (51), HSBC (57), Barclays (46), Santander (26). Santander has a small sample and therefore results should be taken as indicative

71%

of sellers say that selling is part of the job. You either simply accept it or you leave

37%

of sellers say that they feel their sales are being scrutinised every day

44%

of sellers are made to feel they are underachieving if they don't make enough sales

Lloyds

Half of Lloyds' sellers say they're unhappy in their job because of the level of pressure to sell. This figure is significantly higher than the average for the banks surveyed (35%). Six in 10 of those who have targets say the pressure to meet them has increased in the last 12 months. Nearly half of sellers feel their sales are scrutinised every day.

They're less likely than sellers at every other bank surveyed to say they're comfortable with the level of pressure to sell.

Three-quarters of sellers report being told to do only needs-based selling, but half of them said this wasn't enforced. Reinforcing the pressure to sell are their targets. 45% of those who have them say sales targets drive employees to sell even when it's not appropriate. Nearly half say they know colleagues who have mis-sold to meet them.

It's not surprising then that half of sellers say they're made to feel like they're underachieving if they don't make enough sales and more than half of those who have targets say they're made to feel like they should always be selling more, even if they've hit their targets. 32% of Lloyds employees say they would feel pressurised as a customer to buy financial products at their bank.

Half of Lloyds' sellers feel unhappy because of the pressure to sell

“Everything is too fast and pressured... if HBOS focused a bit more on customer service rather than a competitive sales environment and meeting point targets, the sales would still come and it would be less stressful”

Part-time customer advisor, Lloyds banking group (which includes HBOS)



The big banks compared

HSBC

“Each month each operator has a few calls listened to... if you fail your call monitoring then you lose your bonus, if you pass but don't hit your sales target, you lose your bonus.”

Customer service advisor, HSBC

Two thirds of HSBC sellers who have targets receive financial incentives.

The selling culture is also reinforced through other means. 62% of sellers report that, if you don't make enough sales, you're unlikely to be promoted - this is significantly more than at any other bank. 42% say they're made to feel like they're underachieving if they don't make enough sales and half of those who have targets say they're made to feel like they should be selling more, even if they have hit their targets.

As with the other banks, the majority of sellers are told to do only needs-based selling, but again a large percentage of these (43%) say this isn't enforced. 53% of those with targets say they know colleagues who have mis-sold products to meet their targets.

RBS

RBS has the highest percentage of sellers saying products are generally sold in the best interest of the customer (62%). More than half of its sellers are comfortable with the level of pressure in their role, but one in three are unhappy because of the pressure to sell.

44% say that they are made to feel that they're underachieving if they don't make enough sales and more than half who have targets say they're made to feel like they should always be selling more, even if they've hit the targets. Half of those with targets say they know colleagues who have mis-sold in order to meet them.

“Sales is always the priority in terms of individuals' performance.”

Part-time customer services officer, RBS

More than half of RBS sellers are comfortable with the level of pressure in their role

Santander*

“The ethos has changed a lot to focus on customer service and needs-based selling. Sales targets have moved over to customer service targets.”

Team manager, Santander

Seven in 10 Santander sellers are comfortable with their bank's approach to sales and only 7% think they're unethical. The average is 24%. Just 18% say they have to focus on sales over service, compared with the average of 31%.

Of those sellers with targets, 58% say there is day-to-day emphasis from managers on the need to sell (the average is 77%). Similarly although a third said there's more pressure than ever to meet sales targets, this is lower than the average (65%).

A third of sellers say they accept the need to sell products when appropriate, but sometimes feel they're expected to sell regardless of whether it is appropriate or not. Of those with targets, 31% say they know colleagues who have mis-sold to meet their targets, lower than the 46% average.

Despite a quarter of sellers saying they feel pressurised by their manager, and 29% by the culture, into selling, 71% report they're comfortable with the level of pressure to sell in their role. However, 52% of sellers do say that, whilst they accept the need to sell when appropriate, they sometimes feel they're expected to sell whether it's appropriate or not.

*Santander has a small sample and therefore results should be taken as indicative

Barclays

61% of Barclays sellers who we surveyed are comfortable with the level of pressure to sell. Barclays sellers are less likely than average to say they have to focus on sales over service and more than half say sales is a minor part of performance reviews. This suggests that Barclays' recent change of policy, to scrap sales-based bonuses, have started to have an impact.

However, a third are made to feel they're underachieving if they don't make enough sales. Over half of those who have targets say they're made to feel like they should always be selling more, even if they have hit their targets. 37% of those who have targets know colleagues who have mis-sold in order to meet them.

“Being number one in customer service is the ultimate goal. Providing a high standard and putting the customer at the heart of everything we do.”

Part-time customer services executive, Barclays



A series of scandals, failures and poor customer service have seen banks in the spotlight since the start of the credit crunch. In just the last year, Libor rate fixing, IT failures and PPI mis-selling have focused attention on their behaviour and practices. Which? has researched how people's attitudes to banks have been affected and launched the Big Change campaign to call for improvements.

Consumers' trust in banks

Eight in 10 people felt that things have got worse with banks in the past year² and many said that bankers don't act in consumers' best interests.

The majority of consumers feel that problems with banks run deeper than a few individuals making bad decisions. And there is little confidence that things will improve as 62% think that banks will be ineffective at delivering change in banking culture.³

Trust within branches

Reputation and customer service are key to banks gaining customers. Our research with Which? members shows brand reputation is important when choosing a current account provider⁴ and having had a good experience with a bank is more important than a consistently high interest rate when choosing a savings accounts.⁵

Sales first?

Too often banks put sales, not customers first, damaging customer trust by offering people unwelcome extra products and services, and leading to a culture of mis-selling. Three in 10 customers said there seems to be a greater emphasis on the need to sell rather than good customer service.⁶ 43% were offered extra products or services the last time

they contacted their bank. Six in 10 who visited a branch in the past year were similarly offered extra products or services - credit cards and insurance were some of the products most often mentioned.⁶

Unsuitable products

There isn't an intrinsic problem with banks offering products, in fact some customers (23%) found it helpful. But four in ten were offered a product or service they felt wasn't suitable. This was particularly true for bank accounts (59%), upgraded current accounts (49%) and card protection/identity theft products (49%).⁶

A quarter of those offered a product or service felt pressurised to take it and a third say they had to refuse it more than once before the bank employee stopped trying to sell it. Persistence in selling was reported more for some products than others. Half who were offered a loan or increased overdraft said they had to turn it down more than once.

Three-quarters of people who were offered an increased credit card limit felt they were put on the spot to accept it.⁶

Consumers are particularly vulnerable in this sector due to a lack of knowledge and confidence when choosing banking services.⁷ They are trapped in a situation

“ [PPI] is just another chapter, there'll be something else. It's there, it's just behind the scenes and I think something else will crop up, some other scandal, and it'll be 'oh here we go again'. ”

Consumer

in which only half of them currently feel knowledgeable when making choices in banking,⁷ yet roughly the same percentage don't trust their bank to recommend products or services that will benefit them.⁸

Which? believes it is the culture of the institutions, not frontline staff, that is responsible. The incentives that staff face, and the pressure which comes from further up the banks to sell, have led to recent mis-selling problems and the breakdown of trust.

“ But there are no limits to 'do you want insurance'. You know I've got insurance. Every time I go in, I have to say the same thing over and over again, 'I don't want it'. ”

Consumer

The changes needed

We've seen what the culture of the big banks is like. So, what changes are needed and what is Which? doing to improve the situation?



The link between mis-selling and pay and bonus schemes can be seen in the FSA's final notice to a bank fined £7 million for mis-selling PPI. It shows that the bank's advisers received six times as much bonus for selling a loan with PPI as for selling one without, whether the product was right for the customer or not. Martin Wheatley, managing director of the Financial Services Authority and CEO designate of the Financial Conduct Authority, said staff incentive schemes for PPI were 'rotten to the core and made a bad problem worse'.⁹

At another bank, executives set targets to sell PPI with 80% of loans,¹⁰ which shows pressure put on staff to meet sales targets were also a factor.

Which? believes a root cause of low banking standards has been that employees, from frontline staff to senior executives, are given inappropriate incentives and targets. This is where the culture of an organisation is critical. Pressure for frontline staff to hit sales targets, with the threat of dismissal if they're not met, is as potent a cause of low standards as bonuses for selling products. The link between mis-selling, incentive schemes and culture can be clearly seen.

The Which? Big Change campaign:

■ Bankers should put customers first, not sales

We want pay and bonus schemes, at all levels within banks, to be clear and transparent, and to prioritise meeting the needs of customers over simply making sales.

■ Bankers must meet professional standards and comply with a code of conduct

We want professional standards to be developed and enforced by an independent professional standards body, making it mandatory for individuals to comply with a code of conduct that is backed by statute, and contains genuine sanctions for malpractice.

■ Bankers must be punished for mis-selling and bad practice

We want proper whistle blowing arrangements in place so that frontline staff can raise concerns with senior executives. Where mis-selling and poor conduct is found, executives must be held to account, with stronger criminal sanctions - all the way up to board level - if they have presided over corrupt practices.

■ Support for campaign

The public have shown they've had enough of the banks' bad behaviour with more than 120,000 people pledging their support to the Which? Big Change campaign.

■ Campaign pledge

The public can support the campaign by signing the 'Big Change' pledge: www.which.co.uk/bigchange



Methodology, contacts and notes

Endnotes

- Minel. Packaged and current accounts, UK. June 2012. ¹
- YouGov interviewed a random sample of 1,035 adults online between 28th and 29th June 2012. The results have been weighted and are representative of all GB adults (aged 18+). ²
- Populus interviewed a random sample of 1,035 GB adults aged 18+ online between 3rd and 4th October 2012. The results have been weighted and are representative of all GB adults (aged 18+). ³
- One of the top reasons that members chose a main current account provider was the brand reputation of provider (18%). A survey of 14,301 Which? members with current accounts conducted online in December 2011 and June 2012. ⁴
- 27% cited that they chose it because they had a good experience with the bank in the past. 19% because it had a consistently high interest rate over a long period. A survey of 14,301 Which? members with current accounts conducted online in December 2011 and June 2012. ⁵
- Populus interviewed a random sample of 3922 GB adults who had a personal bank account online between 21st and 25th November 2012. The results have been weighted and are representative of all GB adults (aged 18+). ⁶
- YouGov interviewed a random sample of 5,257 UK adults aged 18+ online between 9th and 13th July 2012. The results have been weighted and are representative of all GB adults (aged 18+). ⁷
- Populus interviewed a random sample of 1,035 GB adults aged 18+ online between 3 and 4 October 2012. The results have been weighted and are representative of all GB adults (aged 18+). ⁸
- FSA enforcement notices demonstrate that remuneration policies are often one of the causes of mis-selling ⁹
- www.fsa.gov.uk/pubs/final/alliance_leicester.pdf; http://www.fsa.gov.uk/pubs/final/hfc_bank.pdf Martin Wheatley, The incentivisation of sales staff- are consumers getting a fair deal? 5th September 2012. ¹⁰

■ All consumer verbatims are from Which? and the Parliamentary Commission on Banking Standards Consumer Listening Event (24 Sept 2012), attended by a panel of members, who are looking at SME/retail customers for the Parliamentary Commission on Banking Standards, and 50 consumers. The event gave consumers the opportunity to share their views directly with the Commission on a range of banking issues.



Which?

Methodology

Com Res interviewed 551 frontline bank staff who have daily interactions with customers, by telephone between 22 Oct to 4 Dec 2012. 371 respondents have a sales role and 298 have a sales target. Respondents were selected from HSBC, RBS, Lloyds Banking Group, Santander and Barclays

Key contacts

For more information, please contact the Which? External Affairs team on 020 7770 7000 or email externalaffairs@which.co.uk

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