

AFM consumer research report 2015

Mutuality: overall knowledge and understanding

- A third (33%) of those surveyed correctly identified that a mutual was an organisation owned by its members/ customers.
- And 30% recognised it was an organisation in which profits are divided amongst members/ customers.
- However, a further 33% of people reported having never heard of a financial mutual.
- 17% simply didn't know what a mutual was.

This suggests that there is a lack of knowledge and understanding as to what a financial mutual organisation is and what it does.

Financial mutual organisation v. Financial PLC – trust or distrust?

- **34%** reported that they trust financial mutual organisations, and only **8%** said that they distrusted them. (A net trust score of +26)
- Compared to financial PLCs, where only **18%** of people said they trust them and **26%** distrusted them. (A net trust score of -8)
- Members of mutuals are even more positive given them a net trust score of +65.

This clearly shows that compared to financial PLCs, financial mutuals are much more trusted.

Engagement with financial mutuals

- 13% of people surveyed currently hold products with a financial mutual.
- 10% don't hold products but like the idea of what they are about.
- 18% don't currently hold products but may do in the future
- 3% have family members that have products with a financial mutual.
- 23% don't plan to hold products with a mutual organisation.

Regions – those in the North West were the most likely (21%) to hold products with a financial mutual and the least likely were those in the East Midlands (8%), therefore showing pronounced regional variations when it comes to engagement with mutuals.

Age group – 45-54 year olds were the most likely to hold products with a mutual (21%). 25-34 year olds that were the most likely to not currently hold a product but may consider doing so in the future, suggesting an interest from this particular segment of the population.

What would persuade people to join a mutual provider?

Top 5 things in 2015:

1. If rates are shown to be better in the long term - 32% (up 2% since 2013)
2. If I knew my loyalty would be rewarded – 25% (up 2% since 2013)
3. If I was convinced that my money was safer – 23%
4. If I could be assured of their financial strength – 22%
5. If they were more easily accessible- 17%

Interestingly “If they gave back to my local community” was more important to people in 2015 (9%) than it was in 2013 (7%).

What are the perceived benefits?

When asked what people thought were the benefits of being a part of a mutual, these were the top answers:

1. Profits are for the benefit of the members (34%)
2. Trust based on acting directly in the member's interest (21%)
3. Loyalty based on a sense of joint ownership (21%)

Even though in a previous question, there was limited knowledge and understanding of financial mutual organisations, what these answers suggest for those who do know what a mutual is, there are also aware of the benefits they can deliver to members.

What is more important now than it was two years ago?

There were four things that are more important in 2015, than they were in 2013:

1. An organisation that has a strong ethical track record (17% 2015 v. 14% 2013)
2. An organisation where I can talk to people that understand me rather than sell me something (30% 2015 v. 29% 2013)
3. An organisations that has statements that are accurate and easy to understand (24%)
4. An organisation where I can talk to someone face to face/ on the phone who speaks good English (36% 2015 v. 35% 2013)

Gender: Women were more likely than men to want – No excessive bonuses to directors (28% v. 21%), friendly staff/ service experiences (34% v. 30%) and products that are simple to understand (37% v. 34%).

Which financial service provider topped the list for:

- Puts customers first = **mutual insurers (11%)**
- Friendly service = Building Society (12%)
 - Interestingly, in 2013 16% of people rated UK bank as having good customer service, however this falls to 9% in 2015.
 - Mutual insurer goes up 1% from 6-7%.
- Designing products that are simple to understand = UK bank (9%).
- Investing in the communities where they do business = **mutual insurers (13%)**
 - In 2013, credit unions and building societies were first and second with mutual insurer coming third with 9% - suggesting mutuals are now recognised for the work they do in their communities.
- Leadership behaves in a responsible way = **mutual insurers (12%)**
- Competitive pricing = building society (8%)

The results follow tracking research undertaken by AFM in July 2015. This version is for members only and if you agree that this will provide useful support to your own PR and research, let us know as we are considering building infographics to support the key messages.