



**FOR IMMEDIATE RELEASE**

## **Warning to Banks: Monitor Customer Engagement to Avoid Losing Depositors**

*- Allegiance Pulse of America survey shows Washington Mutual and Wachovia experienced steep declines in customer engagement prior to buy-outs -*

**SALT LAKE CITY – October 15, 2008** – In its ongoing national survey of consumer attitudes toward banks, [Allegiance, Inc.](#) uncovered that Washington Mutual and Wachovia Bank had sharp declines in customer engagement starting in the second quarter of 2008 until the present. Washington Mutual fell from 31 percent to 21 percent, while Wachovia dropped from 36 percent to 26 percent. Allegiance, a provider of Enterprise Feedback Management solutions, recommends that financial institutions pay attention to customer loyalty and engagement to avoid losing depositors.

The Allegiance Pulse of America – Retail Banking measures customer engagement through national surveys that gauge banking customers' emotions and intentions. Each quarter, Allegiance gathers data from a census-balanced sample of about 1000 consumers who use a checking account. Respondents are asked questions that are designed to reveal key drivers that affect customer emotions. The data is used to understand how to engage banking customers and can be filtered by gender, age, income, race, length/depth of relationship and more.

Analyzing a full year of surveys, Allegiance found that an average of 36 percent of consumers are engaged with their primary financial institution. In Q2 of 2008, Washington Mutual and Wachovia had average or slightly lower than average customer engagement, with 36 percent for Wachovia and 31 percent for Washington Mutual. However, the engaged group moved to the swing category in large numbers in the following months. A full 10 percent of WaMu and Wachovia customers, representing millions of customers, downgraded out of the engaged group. According to Allegiance, this could indicate that these banks were cutting back on efforts to engage customers.

“With trouble in the banking sector, we expected to see engagement scores drop for national banks. Our survey indicates that the drop was worsened due to the actions of two particular companies,” said Kyle LaMalfa, Allegiance best practices manager and loyalty expert. “Falling engagement scores at these companies were strongly correlated with perceived reductions in service reliability and customer care. In addition, we noticed that customers at these banks were feeling more stress and worry about the future.”

Not surprisingly, in California and Florida, where sub-prime mortgages were highly concentrated, banks had a significant downtrend in engagement scores. In fact, disengaged customers tripled in California from Q1 to Q3. Another interesting factor uncovered was that nationally, upper middle class customers in the \$75K to \$150K income level had an 11 percent drop in engagement from Q2 to Q3, the highest when compared to other income groups.

## Taking Action to Improve Engagement

Banks using the Allegiance Engage platform to monitor and measure engagement have the opportunity to act before customers leave the bank. The Engage platform gives them a system to regularly survey customers and respond quickly to their concerns through all feedback channels. It also provides predictive analytics to identify the areas of focus and best practices that are most likely to increase engagement. By analyzing and predicting customer behavior before it occurs, banks can develop proactive retention strategies.

“The most critical opportunity for improving customer engagement in the banking industry is to reduce customers’ stress and worry about the future,” continued LaMalfa. “Banks should use product and communication strategies that connect with consumers’ need to feel protected. They should also constantly monitor engagement to keep their business strategies aligned with consumer’s concerns. This will help banks regain trust and retain customers.”

The Allegiance Pulse of America does not include proprietary data from companies using Allegiance products or services. It is an independent survey performed by Allegiance for benchmarking purposes.

### About Allegiance

Allegiance, Inc. offers advanced technology and services to help companies capitalize on the business opportunity of engagement. The Allegiance [Engage platform](#) is a suite of web and phone-based solutions joined with education and best practices consulting that allow companies to measure and manage customer and employee engagement across the enterprise. The components of The Engage platform are customizable to each company's needs and offer management tools, predictive analytics, enterprise feedback management (EFM) and [professional services](#) to help link employee and [customer engagement](#) to real business outcomes. Allegiance serves customers of all sizes across a variety of industries. Allegiance is a privately owned company based in South Jordan, Utah. For more information about Allegiance, visit <http://www.allegiance.com> .

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