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More than half of UK banks, insurance companies and building societies fail to respond to online customer queries: New study from KANA and IBM

53% of organisations fail to respond to online queries; 35% do not provide an email address; only 29% provide secure email facility

LONDON, UK – 4 February 2008 – A new study of 52 leading European financial services companies reveals poor levels of online customer service provided by UK banks and building societies. The study, commissioned by IBM (NYSE: IBM) and KANA Software, Inc. (OTCBB: KANA.OB), comes at a time when financial institutions are looking for new ways to improve the customer experience and serve a growing population of younger customers who increasingly interact with businesses through e-mail, chat and the Web.

The study, "Online Customer Service: International Financial Services. KANA and IBM" revealed significant shortcomings in the online customer service experience, with many top British banks and building societies offering only limited web self-service options and failing to respond to email queries.

Researchers conducted a mystery shopping study of 52 major financial services companies across the UK and Germany. They tested the quality of online customer service offered by each organisation by attempting to find the answer to a typical customer query through the available online channels. These included any help facilities offered on the companies' websites and, where available, customer service email channels. Simple queries were used, such as "What savings accounts do you offer? What are the interest rates?" or "How do you ensure that the internet banking you provide is secure?"

In the UK, 53% of financial institutions failed to correctly answer a simple enquiry through any online channel, either providing an incorrect answer or no answer at all. Meanwhile over a third (35%) of those surveyed did not provide a contact email address on their website and almost a fifth (18%) did not respond to an email enquiry at all. The study revealed opportunities for banks to significantly upgrade their online experience by blending

communication channels with knowledge capabilities to provide customers with consistent, accurate answers.

While a majority of the UK companies had websites that gave contact telephone numbers (97%) and multiple contacts (74%); few provided modern communication methods such as web-forms (53%), and none provided a web-chat option.

The mystery shopping exercise also reveals that more work needs to be done to provide channels that protect modern consumers; with only 29% of banks surveyed providing encrypted and secure communication channels and over two-thirds providing non-encrypted communication; leaving consumers vulnerable to online theft and cyber eavesdropping.

With regards to speed and accuracy of response, 47% of UK banks and building societies provided a satisfactory response; with a woeful 53% of companies unable to answer the test query via online channels.

The survey rated the companies on the breadth of online customer channels they offered, and the quality of responses received in those channels. Based on the response to the customer query, the survey found that UK companies had a mediocre score for web self-service with the majority of companies scoring between 3 and 6 out of 10.

Marchai Bruchey, Chief Marketing Officer at KANA said, "We were surprised at the poor level of customer service revealed by the study, especially with UK banks and building societies being so reliant on a superior customer experience to differentiate their brands. With internet access in nearly 16 million UK households¹, there is growing consumer demand for a quality online experience, and more consistency between Web and branch. Any business that ignores online communication channels does so at their peril – in the competitive world of retail banking, this is especially true."

Eddie Keal, Financial Services Team Leader at IBM said, "Firms that enable customers to easily answer their own questions online using searchable FAQs and convenient Web 2.0 capabilities such as social networking software and live chat can increase customer satisfaction and cross-selling opportunities. We are working with banking, insurance, and investment firms to help them maximise the opportunity to leapfrog their competition by improving the online channel to establish a consistent experience and reduce pressure on other service resources such as call centres and branch offices."