

NUMBERS VERSUS WORDS: A COMPARISON OF QUANTITATIVE AND QUALITATIVE DATA ON SATISFACTION WITH COMPLAINT RESOLUTION EFFORTS

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ABSTRACT

Using data from the Federal Reserve System's consumer complaint program, this paper explores the similarities and differences in consumers' quantitative evaluation and qualitative comments regarding their satisfaction with the program. Quantitative analysis was based on seven items from a consumer satisfaction questionnaire. The qualitative comments were evenly split between positive and negative. Some related directly to the work of the complaints program while others related to much broader issues. These two data sources appear to reinforce each other. The comments provide similar information to that gleaned in the quantitative portions of the questionnaire, but provide additional insights on the quantitative data, pointing out specific areas within the areas of timeliness, thoroughness, and communication that could be targets for improvement.

INTRODUCTION

There's a saying that "a person with two watches never knows what time it is" – two sources of information may just as easily be in conflict as in agreement. So it is with managers charged with monitoring consumers' satisfaction with their products or services – they may have both quantitative and qualitative data about the same issue, and these data could be either at variance or in agreement with one another. If the qualitative and quantitative data reinforce each other, the manager's task is easy – fix what's broken and leave the rest well-enough alone. However, if the data are disparate, then decisions about what to fix – or even knowing what's broken – can be difficult.

The goal of this paper is to explore similarities and differences in consumers' quantitative evaluation and qualitative comments regarding their satisfaction with the consumer complaint program of

a U.S. federal agency. Our study is motivated not only by a desire to improve the complaint program but also to improve customer feedback mechanisms. While quantitative data is relatively easy to manage and analyze, qualitative data is fairly resource intensive to sift through and analyze. If there are differing results from quantitative and qualitative data, then we need to explore ways not only to improve the program but also to improve feedback so that we can obtain consistent results. From an agency perspective, we want to gain a broader understanding of consumers' perceptions and experiences with the complaint process and to identify opportunities for improvements in the program. From a research perspective, we want to know more about the relationship between quantitative and qualitative inputs when assessing satisfaction.

In this paper, we begin with an overview of the Federal Reserve System and its Consumer Complaint program. We then explore consumers' satisfaction with the complaint process, measured quantitatively. Next, we explore consumer's satisfaction as seen through their qualitative comments. Finally, we discuss the implications of the similarities and differences in our findings, both for the organization and for the research community.

BACKGROUND ON THE FEDERAL RESERVE SYSTEM

The Federal Reserve System, the central bank of the United States, was established by law in 1913. The System includes a Board of Governors ("the Board") based in Washington DC and 12 regional Federal Reserve Banks. One of the Federal Reserve's general duties is "supervising and regulating banking institutions to ensure the safety and soundness of the nation's banking and financial system and to protect the credit rights of consumers" (Board of Governors of the Federal Reserve System,

1994, p.1). Financial institutions that are state-chartered can join the Federal Reserve, becoming "state-member banks." The 12 Reserve Banks regularly examine these state member banks to determine the safety and soundness of the institutions and their compliance with numerous federal banking laws.

As part of its role in protecting the credit rights of consumers, the Federal Reserve also oversees financial institutions' compliance with federal consumer protection laws that deal with consumer credit and financial services such as the Truth in Lending, Equal Credit Opportunity and Electronic Fund Transfer Acts. A complete listing of the laws and regulations for which the Federal Reserve is responsible can be found at www.federalreserve.gov/Regulations/default.htm. Another responsibility involves investigating and resolving complaints filed by consumers against state member banks, primarily complaints that are related to the consumer credit and financial services area. Federal law -- specifically, Section 18(f) of the Federal Trade Commission Act, 15 USC 57a (f) -- mandates that the Federal Reserve investigate and resolve consumer complaints filed about state member banks. The act provides:

In order to prevent unfair or deceptive acts or practices in or affecting commerce (including acts or practices which are unfair or deceptive to consumers) by banks... [the Federal Reserve] shall establish a separate division of consumer affairs which shall receive and take appropriate action upon complaints with respect to such acts or practices of banks ... (Pubic Law 93-637, 1974).

In the mid-1970's, the Federal Reserve established a separate division of consumer affairs and instituted a formal Systemwide procedure in 1976 for handling consumer complaints about state member banks.

A complaint can be filed with the director of the consumer affairs division at the Board or with the Federal Reserve Bank in the region in which the state member bank is located. The Board and the Reserve Banks follow specific guidelines and rules for receiving, investigating, and responding to complaints. Although the Federal Reserve System

receives numerous complaints, it only investigates those complaints involving state member banks.

When the System receives complaints, they are either investigated by the appropriate Reserve Bank or referred to the appropriate federal agency for response. If the complaint is forwarded to another agency, the System notifies the complainant of the referral. At times, complaints are also forwarded to state agencies -- such as a state Attorney General or Banking Commissioner -- for action.

Data about consumer complaints and information requests are entered into an on-line tracking system that can be accessed by both Board and Reserve Bank personnel. That system --the Complaint Analysis Evaluation System and Reports or CAESAR -- has been functional since 1999, although data are available electronically from the early 1990s (using a different automated tracking system) and other data archives go back to the 1980s. CAESAR provides System personnel with a great deal of detailed and summary information including, for example, data about the number and types of complaints and inquires received, the length of time involved in Reserve Banks' complaint investigations, and descriptions of complaint resolutions.

Each complaint is coded into CAESAR using a three-tiered coding structure; complaints are assigned: 1) one of 34 major product codes that describes the product involved in the complaint (e.g., credit card, checking account); 2) one or more of 313 problem subcodes that identify more specifically the subject of the complaint (e.g., billing error, interest rates, or fees); and 3) a notation that indicates the law or regulation involved in the complaint (e.g., Truth in Lending, Fair Credit Reporting). The list of codes has been developed over many years of dealing with thousands of consumer complaints and is quite robust. As new products and services come to market, or as new concerns such as predatory lending, privacy, electronic signatures, and identity theft develop in the marketplace, new codes are added to CAESAR. This allows the Federal Reserve to keep abreast of developing trends, to respond to congressional requests for information about products or practices of concern in the financial services area, and to monitor financial institutions as needed.

Once a complaint investigation is closed, a consumer satisfaction questionnaire is sent to the complainant. The Consumer Satisfaction Questionnaire can be found at http://www.federalreserve.gov/boarddocs/reportforms/forms/FR_137920021002_f.pdf. The questionnaire is sent to all consumers whose state member bank complaints have been investigated by the Federal Reserve System. The questionnaire uses a Likert scale allowing respondents to indicate various levels of satisfaction or dissatisfaction with the System's complaint-handling process. In addition, complainants are asked how the assistance they received compared with their expectations. Finally, the questionnaire requests that complainants provide demographic information (such as their gender, income, and race). Data from the questionnaire are entered into CAESAR, where they can be aggregated to monitor performance, identify trends, and assess areas for improvements.

LITERATURE REVIEW

Perhaps one of the most cited background studies on consumer research is Hudson and Ozanne (1988). The authors describe two different types of research approaches-- the positivist and the interpretivist-- used to analyze consumer behavior. While the former aims to *predict* consumer behavior the latter's goal is *understand* it. Although many research techniques can be used with each of the two approaches, in general, quantitative techniques are used by the positivists and the interpretivists utilize qualitative techniques.

The seminal economic framework used to conceptualize complaining behaviors is that of Hirschman (1970) who linked market structure to complaints and identified three categories of consumer behavior: 1) loyalty (that is, not complaining), 2) exit (stop using the dissatisfying product or service), and 3) voice (complaining). Over the years there have been numerous modifications made to this typology, typically from the perspective of marketers (Day and Bodur, 1977; Day and Landon, 1977). The concepts of private action (complaining to family and friends or other word of mouth complaining) versus public action as well as differentiating between voicing to

sellers/merchants versus voicing to third parties have been developed and incorporated into this typology (Best and Andreasen, 1977; Kolodinsky, 1995; Kolodinsky and Aleong, 1990; Lee and Soberon-Ferrer, 1996, 1999; Singh, 1988, 1989, 1990; Ursic, 1985).

There is a substantial body of empirical literature profiling the nature and extent of problems consumers face in the marketplace and the factors associated with complaining about these problems (see Andreasen, 1988; Perkins, 1992; and Robinson, 1978, for bibliography and overviews of the state-of-the-art as of those dates). There is also a large spectrum of theoretical foundations on which these studies are based. Andreasen (1988) has characterized these as the cost/benefit, restraints, learning, and personality/ attitude approaches. The disconfirmation of expectations model has also been widely used (DeRuyter, Bloemer, and Peeters, 1997; Oliver, 1977).

Several authors have carried out quantitative research regarding consumer complaining behaviors. Consumers' propensity to complain is influenced by their assessment of the costs and benefits (Cho and Joung, 1999; Day, Grabicke, Schaetzle, and Staubach, 1981; Gilly, 1987; Gilly and Gelb, 1982; Gronhaug and Gilly, 1991; Landon, 1977; Lee and Cunningham, 2001; Richins, 1980) and their estimate of the probability of success (Blodgett, Wakefield, and Barnes, 1995; Day *et al.*, 1981; Kolodinsky, 1995). Consumers' attitudes toward seeking redress are also important determinants (Bearden, 1983; Cho and Joung, 1999; Hirschman, 1970; Richins, 1980, 1982; Singh, 1990), as are the consumers' ability and motivation to complain, including expectations (Oliver, 1977). Kolodinsky (1995) also identified constraints (e.g., time available) and learning (e.g., previous complaining experiences) as factors influencing consumer complaining behaviors. There are situational characteristics that influence complaining behaviors, including degree of dissatisfaction and disconfirmation (Maute and Forrester, 1993; Oliver, 1986) and perceived alternatives (Maute and Forrester, 1993).

While there is an extensive amount of literature related to consumer research and complaining behavior in particular, most of it is *quantitative*.

There are only a small number of studies that have used a qualitative approach to analyzing consumer complaining behaviors. These studies range from the disappointment expressed by football fans of Brigham Young University for not being invited to particular college "bowls" (Wright and Larsen, 1997) to gender differences in how individuals voice their complaints (Garrett, Meyers and West, 1997). Others have looked at how the format of customer comment cards from service and retail industries can affect both qualitative and quantitative measurements regarding customer satisfaction and complaining behavior (Kraft and Martin, 1997). To our knowledge, no study has used both a qualitative and quantitative approach to analyze consumer complaining behaviors.

METHODOLOGY

Data on consumers who complain to the Federal Reserve System can be drawn from the CAESAR database and from responses to the Consumer Satisfaction Questionnaire. From the CAESAR database, we have information on the consumer's gender (if the consumer provides a full name, fully recognizing that some individuals complain on behalf of a household), region where the consumer lives, and the region of the bank involved in the complaint. We also know the product and nature of the consumer's complaint, how the consumer reached us (that is, whether the consumer complained directly to us or was referred to us from another agency), how long the consumer's complaint took to resolve, and whether the complaint was resolved in the consumer's favor. From the Consumer Satisfaction Questionnaire, we have information on some of the consumer's socio-economic and demographic characteristics (age, ethnicity/race, income, education) along with information on their efforts before complaining to the Federal Reserve and how satisfied they were with the Federal Reserve's efforts and various aspects of the complaint investigation.

Between October 1999 and September 2001, every consumer whose complaint was investigated and closed by the Federal Reserve received the Consumer Satisfaction Questionnaire. Due to mail disruptions in Washington in the fourth quarter of

2001 and the first quarter of 2002, distribution and receipt of complaints as well as questionnaires was curtailed. In addition to these mail-handling problems during the first quarter of 2002, a pending program review led to the decision to curtail the distribution of the questionnaire. Mailings resumed toward the end of 2002.

For this analysis, we focused on data from 2000 through 2002. During this time, 4212 questionnaires were distributed; some were returned due to delivery problems and 892 were returned from consumers; 779 of these were usable, for a response rate of 18.5 percent. Previous analysis of similar data (Hogarth, English, and Sharma, 2001) found that the only response biases were that those who responded were more likely to have had their complaints resolved in their favor than non-respondents, giving the data an upward bias. Respondents also were more likely to live in the West and less likely to live in the Midwest than nonrespondents.

QUANTITATIVE MEASURES OF SATISFACTION FROM CONSUMERS WHO COMPLAIN

Consumers who complain to the Federal Reserve System tend to be middle-aged (the median age was 53; see Table 1), have slightly lower incomes (about 70 percent of the U.S. household median), are more highly educated (96 percent have at least a high school diploma, compared with 78 percent of the U.S. population), and are more likely to be non-white (32 percent were non-white compared with 25 percent of the U.S. population). They are slightly more likely to be male than female; most live in the Southeast or Northeast but are more likely to complain about state-member banks in the Southeast region. About two-fifths complained directly to the Federal Reserve System (versus having their complaint forwarded from another agency). They are most likely to have a complaint about credit cards (43 percent) and about half had their complaints resolved in their favor. On average, complaints took 55 days to resolve.

The median amount involved in the complaint was \$625 (Table 2), although the amounts varied greatly from \$0 (for example, a customer service complaint) to over \$1 million (for example,

Table 1
Characteristics of Consumer Satisfaction Questionnaire Respondents

(Proportions, means, and medians)¹

Variable	All Respondents	Positive Comments	Negative Comments
N	779	89	98
Gender			
Male	55%	48%	59%*
Female	39%	46%	32%
Household complained jointly	6%	6%	8%
Age			
Mean	53.2	52.0	54.4*
Median	53	52	54
Income			
Mean	\$55,546	\$34,447	\$65,642*
Median ²	\$30,000	\$22,500	\$30,000
Race (proportion who are white)	68%	74%	68%
Education (proportion with high school or more)	96%	94%	97%
Region where consumer lives			
Northeast	20%	22%	15%
Southeast	42%	49%	46%
Midwest	19%	18%	19%
West	19%	10%	19%
Region of the bank complained about			
Northeast	22%	26%	14%
Southeast	55%	55%	62%
Midwest	12%	13%	15%
West	11%	6%	8%
Consumer complained directly to Federal Reserve (vs. referral from other agency)	61%	53%	66%
Product complained about			
Credit Card	43%	45%	29%
Deposit Product	32%	29%	38%
Loan Product	17%	20%	26%
Other Product or Service	7%	6%	8%
Resolved in consumer's favor	48%	57%	28%*
Time to resolve			
Mean (in days)	55.0	58.6	65.3
Median (in days)	53	52	58

¹ Proportions, means, and medians are based on those responding.

² U.S. household median income in 2000 was \$42,162; 2001 was \$42,228.

* Differences between positive commenters and negative commenters significant at $p < 0.05$ or better based on T-test or Chi squared.

complaints about mortgages or investments). Before contacting the Federal Reserve, two-thirds tried to resolve their complaint with the bank branch or headquarters and one-half contacted a state or local consumer protection agency. The largest proportion,

40 percent, found the Federal Reserve through referral from another agency. Nearly two-thirds (64 percent) of consumers indicated they would definitely contact the Federal Reserve again and 63 percent replied they would definitely recommend the

Table 2
Means and Proportions of Variables Related to Satisfaction

Variable	Mean or Proportion		
	All Respondents	Positive Comments	Negative Comments
Amount involved in complaint			
Mean, including zeros	\$67,259	\$49,158	\$81,042*
Median, including zeros	\$625	\$500	\$1,000*
Non-zero mean	\$73,593	\$53,312	\$89,924*
Non-zero median	\$870	\$570	\$1,740*
Mean, including values less than \$1 million	\$17,609	\$10,331	\$32,056*
Median, including values less than \$1 million	\$600	\$500	\$1,000*
Complaining actions taken before contacting Federal Reserve System the consumer (multiple response allowed)			
Complained to bank (bank branch or headquarters)	66%	74%	65%
Complained to other 3 rd party (media, local or state consumer agency, Better Business Bureau, etc)	50%	55%	49%
Private actions (complained to family/ friends)	28%	28%	26%
"Exit" (changed bank, stop using bank)	27%	18%	31%*
Other action	15%	15%	18%
Took no other action, only contacted FRS	5%	3%	3%
Learned about Federal Reserve complaint program via (multiple response allowed):			
Referral from other agency	40%	40%	35%
Other, TV/media, magazines/newspapers	26%	25%	32%
Internet/computer	14%	18%	14%
Bank	13%	9%	11%
Lawyer	9%	7%	7%
Friend/relative	8%	6%	3%
Brochure/consumer resource handbook	7%	6%	7%
Satisfaction with (1-5 scale; mean and % rating as "5")			
Courtesy in letters	4.3 (55%)	4.7 (75%)	3.7 (25%)*
Courtesy over the phone	4.3 (54%)	4.8 (85%)	3.9 (27%)*
Ease of contacting Federal Reserve	3.9 (40%)	4.4 (59%)	3.3 (17%)*
Assistance compared to expectations	3.5 (40%)	4.6 (67%)	1.9 (4%)*
Time it took resolve complaint	3.5 (33%)	4.2 (50%)	2.1 (5%)*
Thoroughness of Federal Reserve investigation	3.4 (38%)	4.4 (64%)	1.8 (6%)*
Outcome of complaint	3.3 (38%)	4.2 (59%)	1.5 (5%)*
Overall satisfaction score (1-100 scale)			
Resolved in consumer's favor	74	89	51*
Not resolved in consumer's favor	66	85	49*
Degree to which (1-5 scale; mean and % rating as "5")			
Willing to contact the Federal Reserve again	4.0 (64%)	4.7 (86%)	2.5 (23%)*
Willing to refer others to Federal Reserve	4.0 (63%)	4.7 (86%)	2.5 (22%)*
Complaint was resolved to my satisfaction	3.8 (46%)	4.6 (71%)	2.7 (23%)*
Response was clear	3.5 (40%)	4.3 (64%)	2.1 (12%)*
Complaint involved financial hardship	3.4 (33%)	3.5 (42%)	3.2 (33%)
All issues raised in complaint were addressed	3.1 (38%)	4.0 (55%)	1.6 (8%)*

¹ Proportions, means, and medians are based on those responding.

* Differences between positive commenters and negative commenters significant at $p < 0.05$ or better based on T-test or Chi squared.

Federal Reserve to others.

Satisfaction with the Complaint Program

Consumers were asked to rate their satisfaction with seven aspects of the Federal Reserve's Complaint Program on a 5-point scale, from very dissatisfied to very satisfied. When these items were summed and converted to percentages, the average overall satisfaction score was 74 out of a possible 100 (Table 2). Consumers were most satisfied with the courtesy of the Federal Reserve's staff (both in letters and over the phone); they were least satisfied with the outcome of their complaint. Consumers whose complaints were resolved in their favor had higher overall satisfaction scores than those whose complaints were not resolved in their favor (82 percent and 66 percent, respectively).

About one-third of consumers indicated their complaints involved some element of financial hardship. Two-fifths said that the Federal Reserve's responses were clear and all their issues were addressed. Previous multivariate analysis showed that higher levels of satisfaction with the complaint program were associated with having the problem resolved in their favor, complaining directly to the Federal Reserve (versus being referred), having higher levels of education, using other third parties, being willing to use the program again, and feeling that the program was responsive (Hogarth *et al.*, 2001). Satisfaction with the complaint program has also been associated with income and the time it took to resolve the complaint (Hogarth and English, 1997).

Satisfaction Among Commenters

About 28 percent of consumers who returned questionnaires provided additional comments regarding the complaint investigation process. Of these, about one-third included comments that were not related to the service provided by the complaint program (for example, consumers commented that "there ought to be a law about..."). The remaining two-thirds commented on the performance of the complaint program; these provide another way to look at some of the same attributes we evaluated in the quantitative section. Staff reviewed the

comments and sorted them into positive and negative groups; the division was nearly equal (48 percent positive, 52 percent negative). We then reviewed the quantitative measures for these two groups.

Consumers with positive comments were more likely to be female than their negative counterparts (Table 1, columns 2 and 3). About half complained directly to the Federal Reserve, compared with two-thirds of those with negative comments. The positive commenters were slightly younger, had lower incomes, and were more likely to be white. They were more likely to live in the Northeast and less likely to live in the West. The positive comments were more likely to be associated with banks in the Northeast and less likely to be associated with banks in the Southeast. Compared with consumers with negative comments, those with positive comments were more likely to have had complaints about credit cards and less likely to have complaints about deposit or loan products. Given that credit cards are subject to more federal laws and regulations than deposit and loan products, it may not be surprising to find what appears to be a positive correlation between credit card complaints and positive comments. On average, respondents with positive comments had their complaints resolved in slightly less time (in 8 weeks versus 9 weeks for those with negative comments). As might be expected, a higher proportion of those with positive comments had their complaints resolved in their favor (57 percent vs. 28 percent of those with negative comments).

The median amount involved in the complaints of those with positive comments was \$500, compared with \$1,000 for those with negative comments (Table 2, columns 2 and 3). Higher proportions of those with positive comments had complained to their banks and to other third parties; a lower proportion changed banks. Those with positive comments were more likely to have been referred to the Federal Reserve from another agency and less likely to have found out about the Federal Reserve from the media.

The average overall satisfaction score for those with positive comments was 89 percent, compared with 51 percent for those with negative comments. Consumers with positive comments gave higher ratings on all satisfaction measures than those with

negative comments, although it is worth noting that some of the negative commenters still rated some aspects of the program with a "5" (for example, 25 percent of the negative commenters rated the satisfaction with staff courtesy as a "5"). Overall, those with positive comments were more likely to rate their satisfaction with various aspects of the complaint program as "5's" (see the rows in Table 2 relating to "Satisfaction with..." and "Degree to which..."). The biggest differences in the satisfaction rating between the two groups were regarding the Federal Reserve's assistance compared with expectations and the thoroughness of the Federal Reserve's investigation. In both of these cases, consumers with positive comments were 16 times more likely than those with negative comments to state that they were "very satisfied" with each of these aspects. In a similar vein, consumers with positive comments were much more likely to report that the Federal Reserve's response was completely clear and that all of the issues raised in the complaint had been addressed. One interesting finding was that although consumers with negative comments had a higher dollar amount of money involved in their complaint they were less likely to report that the complaint did or could cause a financial hardship to them. Those with positive comments were also more likely to say that the Federal Reserve response was clear and addressed all issues, and that they would use and recommend the Federal Reserve to others.

QUALITATIVE MEASURES OF SATISFACTION FROM CONSUMERS WHO COMPLAIN

The positive and negative comments were reviewed independently by the authors and an intern to identify themes in the comments. All three reviewers independently read all comments and sorted them into themes. These independently-arrived-at themes were then examined jointly to establish common categories.

Negative Themes

The Fox is Guarding the Chickens. Consumers expressed doubts that the Federal

Reserve System could conduct unbiased investigations of institutions under its jurisdiction. They saw the System as on the "side" of the banks, rather than on the side of the consumers.

Your system allows the fox to take care of the chicken. You are not allowed to do enough research to do a good job.

My experience with the 'Federal Reserve System' has just been a joke! [The bank] was allowed to police themselves in this matter and the facts that I presented were not considered, only lies from [the bank's] employee.

I would appreciate a more personal response. The banks are believed to be infallible. This is true with any large corporation.

The System of the Federal Reserve did not help me in anyway. Where I think the System should of done something and it did not. The system of Federal Reserve helps no one but the banks. I have asked for your help more than once and I got no satisfaction. I think the system should close down.

I was once the manager in a large C.P.A. firm. I audited all types of business including banks. If I ever conducted a review and relied solely on the word of another party without documented proof I would have been fired! I am not impressed with the manner of review used by your people or the oversight, if any, pertaining to this review. I have often thought the Federal Reserve was too closely aligned with the banking industry! Now I am convinced of it!

If you're not a millionaire or the complaint doesn't involve multi-million dollar issues, it seems like the Fed merely acts like a PR buffer for its client -- the banks. But I'll keep you informed.

Ostensibly, your office does not consider [the] Bank's invasion of privacy, unethical business practices and violation of my civil rights as serious. I am extremely perturbed by your

office's condoning of this behavior and ponder if it too falls within the 'good ole boy system'?! I think the news media and state elected officials will also be concerned about this!

You Can't Fight City Hall. Consumers expressed futility with what they saw as the difference between the letter of the law (what is technically legal, or at least not illegal) and the spirit of the law (what is "fair" or ethical).

Your website states to contact the Fed if you have been treated unfairly. While my bank's actions were legal, they were unfair. The response from the Fed only addressed legalities.

I feel that you accepted everything [the] Bank told you. I do not feel you checked into the matter. Yes, they sent you those statements but I don't believe that almost everyone [who] sent payment in also got [it] posted the day after it was due. To me that is "bull," although who am I to think a little peon can take on a bank, right?

A major issue with my complaint is that a banking institution can legally charge outrageous interest fees. Ex. 20.83% or more. The deceptive escalating interest should be stopped. I also feel that I'm at such a high rate stemming from a bankruptcy case I had 10 years ago.

I can't believe that a bank that I paid money to in the form of account set-up fees could sell or give my account to another company without my consent. This other company is not regulated by banking authorities and my recourse is unclear.

I would hope that FR would enforce or change any banking rules, laws, etc. that would prevent any banking institution from honoring previous clients accounts etc. if sold. What [the] bank did in my case, I feel is wrong and criminal. I will refuse to use them, ever.

Loss of Faith in the Banking System. Some consumers expressed concerns over their "faith" in

the banking system.

I am surprised that the Federal Reserve System, a publicly funded entity, would leave it to the banks to conduct their own internal investigation after receiving evidence of possible misconduct. The Federal Reserve has an obligation to conduct an independent investigation and not depend upon the banks that they regulate to inform the Federal Reserve of what is going on. If this be the case there would be no need for an independent regulatory agency such as the Federal Reserve. The lack of Federal oversight contributed to the banking crisis during the 1980's.

I thought bank measures inaugurated by President Roosevelt were supposed to protect people against issues created by banks such as we have incurred.

The [bank's] response was entirely inappropriate and unethical at the very least. It caused a definite question about the integrity of the banking system.

[The bank] is apparently above the law. If a bank is doing business in a state, payment should be made in that state, not a state in the Pacific Northwest. Payment should be made or accepted [by the] postmark, not by the postal service or the [bank's] mailroom. P.S. this satisfaction questionnaire is offensive.

You're Not Listening to Me. Consumers commented on the perceived difference between the problem they were complaining about and the Federal Reserve's reply.

When a bank deceives you when calling you, sends a letter with quotes "Please contact us for questions" then does not respond to your questions or concerns I do not think I would say "[the bank] has responded reasonably to your concerns" as your response to me says!

I feel that all issues involved in complaint were not addressed. The investigation focused on

only one issue letting the banker justify his actions whereas other issues were involved.

Who every sent me an answer never read my letter. Total waste of my time and yours.

As indicated in the enclosed survey, I found my contact with the staff to be very satisfactory. They were courteous and timely with their responses. However, I found the response to my complaint to be rather superficial and really not responding to the basis substance of my complaint.

I Get No Respect. Consumers commented on the lack of timeliness, being treated like a “second class citizen” and being bounced around.

My complaint and comments to The Board of Governors was taken under advisement. When I asked if they would write and tell me the outcome their reply was that they didn't do that! When I asked if my congressman wrote them a letter would they reply, they said yes. I didn't realize that I was a second class citizen. As far as the Fed is concerned this is unacceptable behavior!

I do not believe the Federal Reserve took the time to properly review the complaint. The bank's response was filled with lies, outright lies. As a consumer it is amazing to me this type of fraud can be permitted. The last chapter of this complaint has yet to be written. Every agency contacted claims no jurisdiction over my bank. Why do you even exist?

Unless you are extremely short-staffed – it should not have taken 6 months to answer my complaint. The bank was exonerated by you, however, the rental car company was not blamed although clearly, one of the two had to have been holding my deposit. I was told, very politely, to “go and sin no more!”

I find your response to my request for aid troubling and unresponsive. I find it unresponsive because after waiting for 6

months, I am told that you are not empowered to resolve disputes of this nature.

The investigation was slow due to non-responsiveness on the part of the bank involved; the issue is not resolved because, apparently, there is no mandate for state chartered banks to respond in a timely manner. This is now a six month issue with no resolution. This is unacceptable.

Positive Themes

Brand Recognition, or You Can't Ignore a 1000 Pound Gorilla. Consumers commented on the fact that a contact from the Federal Reserve opened doors that they, as individuals, could not.

Your response to my complaint against [the bank] was excellent. Had I not contacted you, I would not have received any satisfaction. I got my home equity loan after much haggling and only after you interceded.

I was truly surprised, especially since the amount involved was not significant, plus my pre-conceived feeling that government doesn't really care -- I was extremely impressed, and for the first time realize how important your power is. I had tried for months to [get] this problem addressed by the bank but was totally ignored -- you got their attention! Thanks!

I did not expect much but despite my many appeals to my Bank all were ignored. Immediately when you wrote them, they wrote. But apparently they had thrown away all information I had sent them. They totally ignored my reasons and made no mention of my waiting about a year. I have noticed many banks think they are above courtesy and paying attention to complaints. It was what I expected. They pay attention only to important people such as you folks. But thanks very much.

I couldn't believe the wonderful response and all the help I received from your office! I received my money back immediately. The

bank wouldn't even respond to me but such a large office as yours gave me such a quick response. It was great to know after nine months of fighting that finally I found someone that would fight for me. I know that it wasn't a great amount of money but it was still very frustrating. Thank you very much!!! I really appreciate your kind help.

[The] Bank did not respond to my written or verbal complaints for months. Immediately after you contacted them, they decided to take care of my fraud problem. Until you became involved, [The] Bank did nothing but pass the buck. Thank you for your help.

Leave it to the Pros. Consumers appreciated the professionalism of the Federal Reserve staff, the thoroughness of the investigation, and the high quality of service they received.

I was treated fairly and with respect. I am very pleased with your staff. I thought I would have to wait a number of months or years before this office would take my case because of thousands of complaints they receive nationally, but to my surprise they took up my case less than a month after I sent them a letter. I really appreciate their assistance very much.

Unexpectedly thorough investigation, timely resolution, and eminently satisfactory disposition. My thanks to Senior Consumer Affairs Specialist [Mr. ____].

I really appreciate the timeliness and concerned response of the Federal Reserve. It is issues like this that lets the consumer know that they still do have a "voice" in this global world. For the record I would like to say that I misinterpreted [the] bank's offer and I sent them a letter of apology. Thank you for your concern.

I was delighted with your quick response and clear delineation of what I could expect from you. I dealt with Mr. _____ and he was very professional. I received a follow-up phone call to make sure I received my money back. I think

you could promote yourselves more. I had called my local bank (not involved in the problem) to ask them what kind of regulatory agency I could call about my problem and they did not refer me to you. I took a convoluted path of phone calls to different Better Business offices in different states who referred me to the Office of Thrift Supervision (who are also in many different states) and one of their employees (finally!) referred me to you. I will sing your praises and I know that many people would have given up by the time it took me to find the right regulatory agency. Thank you very much!

Level of Effort, or Close but no Cigar. Consumers recognized the time and resources the Federal Reserve put into the investigation, even when the results were not in the consumers' favor.

I received no assistance from my bank in rectifying my account balance and was told by them that I needed to find their error or I was responsible. Unfortunately the FRB is unavailable to legislate customer service issues. I consequently am disputing over \$800. Your agency was very nice although unable to assist me.

I appreciate your effort. The matter has been partially resolved by the bank reducing the balance, however the amount still owed is over double what my daughter actually charged. I am convinced that this is a scam and that this is the way some banks make money. I still say it should be against the law for these banks to target children by sending them cards in the mail. My daughter was a senior in high school when she received one. But my friend's daughter is 15 years old and is now on a mailing list for all credit cards. This should just not be allowed by law.

My problem has not been resolved as of this writing, however the prompt response from [the] Federal Reserve is commendable. The bank involved is still working on problem.

Satisfied with investigation and prompt action resolving. However, Bank [X] kept 1047 shares of our stock for 4 months. We elected not to sell [the] stock because it was only supposed to take 1 month. Had we known it was going to take 4 months, we would have converted to cash prior to rollover. Had it taken 1 month, shares would have been worth \$57/share. After 4 months they were only worth \$47/share.

My dissatisfaction is a result of the laws that protect the guilty and punish the innocent, not from the Federal Reserve's investigation into my complaint. Mr. _____ was very professional and helpful and I appreciate greatly his efforts.

Gratitude. Many of the comments were "thank you's" to the Federal Reserve, and sometimes to specific staff members, for their help.

Thank you so much for what you did for me. I really don't know what I would have done without your help.

Thank you very much for your help. You helped me settle a problem which could [have] had far reaching effects on someone's life. Thank you.

The Federal Reserve System is very good people. They will help you any way they can. Thank God for them. Thank you.

I am very, very, satisfied with the outcome of my investigation. The debt was paid in full several years ago, and the old checks discarded. If the bank researched this matter it would have been costly. Well over the amount in question. Thank you. Thank you.

Whenever I spoke with someone from the Federal Reserve, VA they were always pleasant and helpful. Not exactly what I was expecting from a government agency. Thank you!

I think that you are great. Keep up the good work. God Bless America!

NUMBERS VERSUS WORDS – WHAT DID WE LEARN?

The picture that emerges from the quantitative analysis is that consumers are moderately satisfied with the service of the complaint program – most of the ratings were solidly in the middle of the 5-point scale. Consumers were most satisfied with the courtesy of the Federal Reserve's staff; they were least satisfied with the outcome of their complaint. Regardless of this, nearly three out of five said they would contact the Federal Reserve again and would refer others to the complaint program, although it is worth noting that *less* than one fourth of those with negative comments stated that they would definitely contact the Federal Reserve, if necessary, in the future.

To some degree, the qualitative analysis reinforces the central tendencies seen in the quantitative data – comments were fairly evenly split between positive and negative. Among the negative comments, some related directly to the work of the complaints program (perceptions about timeliness, understanding the problem, the System's ability to conduct unbiased investigations) while others related to much broader issues (perceptions about unfair practices and the loss of faith in the integrity of the banking system).

Focusing on those comments that relate more directly to the work of the complaints program, some of the comments referred to the perceived difference between the problem consumers were complaining about and the Federal Reserve's replies. In the quantitative analysis, consumers rated the "clarity of response" at 3.5 out of 5, with two out of five rating this as a '5.' Consumers rated the thoroughness of the investigation at 3.4 out of 5, with 38 percent rating this as a '5.' Looking specifically at these two aspects of the Complaints Program by positive and negative comments further emphasizes this point. The qualitative comments add some particulars, but they do not appear to tell us anything that we don't already know from the quantitative section of the questionnaire.

In a similar vein, while consumers commented on the lack of timeliness and being treated like a "second class citizen," they also rated the timeliness as a 3.5 out of 5, with one out of three rating this as

a '5.' Again the qualitative comments give us some insights but do not really tell us anything we could not learn from the quantitative analysis.

Many of the comments dealt with issues over which the Federal Reserve complaint program has no control – for example, comments about customer service or bank policies that are not subject to federal laws and regulations. Here, the issue is the difference between the consumer's expectations and what the Federal Reserve has the authority to do. As with the other qualitative data, the quantitative data show this same concern – consumers rated their "assistance compared with expectations" in the middle of the scale at 3.5 out of 5, with two out of five rating this a '5.' This result is especially critical for consumers who included negative comments, since only 4 percent of these consumers were "very satisfied" with this aspect of the complaint process.

At the beginning, we posed the question of whether the quantitative and qualitative data reinforce each other or are disparate. For our data, it appears that the answer is that these two data sources reinforce each other. At the least, some of the comments provide us with similar information to that gleaned in the quantitative portions of the questionnaire. The qualitative data provide additional insights to the quantitative data, pointing out specific areas within the areas of timeliness, thoroughness, and communication that could be targets for improvement. Moreover, the qualitative data allow us to analyze more intricately the bifurcation between the two sets of comments and where the largest differences in terms of satisfaction with the Federal Reserve Complaint Program exist.

It is difficult to know just how generalizable these results are to consumers' assessments of other products, services, and programs. It would be helpful for the research community to seek out other opportunities for exploring the similarities and differences in quantitative and qualitative assessments of consumer satisfaction.

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