

Consumer Card Complaints Analysis

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Executive Summary

Background: Utilizing complaint data submitted to the Consumer Financial Protection Bureau, seek to understand the primary consumer card complaint drivers for both **Wells Fargo ('Wells')** and **JPMorgan Chase ('JPMC')**. We will highlight any opportunities to improve the customer experience.

Key Insights

- **Fraud is by far the primary concern for both Wells Fargo card customers and JPMC card customers**
 - **Transactions Fraud:** Over a third of all complaints are related to fraudulent transactions on accounts and related transactions disputes.
 - **Originations Fraud:** For both companies, fraudulent account opening (identity theft) is also a large concern – taking up >50% of the second highest complaint category as well
- **Wells challenges appear to be operational concerns – as Wells has a higher share of complaints related to fees and interest, while JPMC has a higher share of complaints related to its travel/rewards categories.**
 - **Wells** has more than 2x the share of complaints as **JPMC** coming from areas relating to fees. Further analysis suggests issues with unexpected interest rate increases and payments in January of 2023.
 - **Wells** has less complaints coming from its rewards compared to **JPMC**, indicating lower complexity and greater ease of use.
- **56% of the complaints in the top issue area for Wells ("Fraud and Purchase Disputes") is related to the card issuer not resolving the dispute**
 - Further complaint narrative analysis suggests operational issues, with customers exhibiting concerns about a confusing disputes process
 - **Wells** has a much lower share of fraud complaints coming from customers who are servicemembers or older servicemembers

Recommendations

- **Clarify the transaction disputes process:** this analysis suggests it to be one of the largest issues for card holders. Clarifying the transactions disputes process would improve customer satisfaction, specifically clarifying why a claim might be denied
- **Investigate if there were changes to interest rate structure in Jan'23:** analysis shows a spike in rate-related complaints in early 2023. Investigating if a change in policy took place and evaluating if that policy was effectively implemented would help to ensure smoother customer experience
- **Explore enhancing the account activation process to better screen fraudulent openings:** new account fraud is the majority of the second largest complaint type, with text/word association suggesting that often fraudulent accounts being opened by close family.

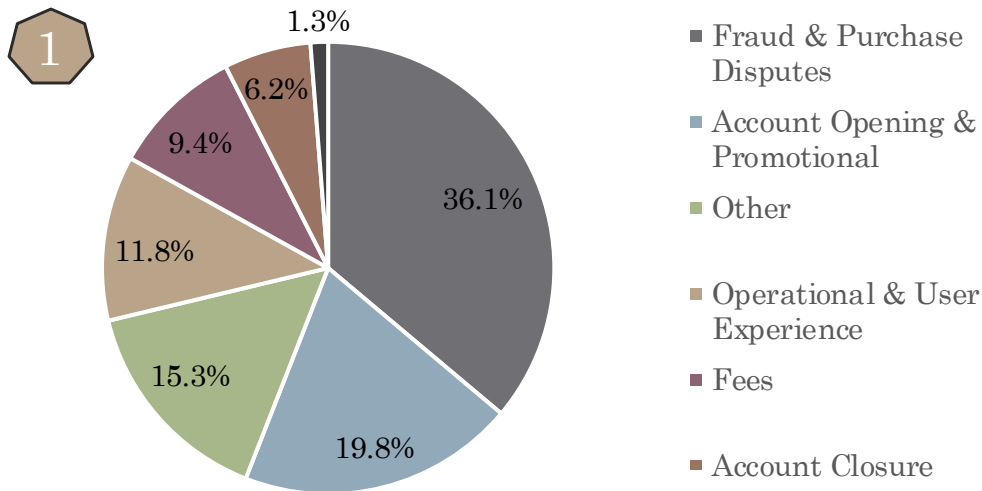
Extensions

- **Quantitative Transaction Data:** additional quantitative data (transaction size, frequency of complaints, household depth, etc.) would be helpful to understand if specific types of transactions prompt certain types of complaints
- **Attrition Data:** after a complaint is filed, how long does the customer stay? Does resolving the complaint cause the customer to stay? Which company is better at retaining customers after a complaint is filed?
- **Data over a longer period:** Opening the data window to >12 months will show if certain complaint types are seasonal.

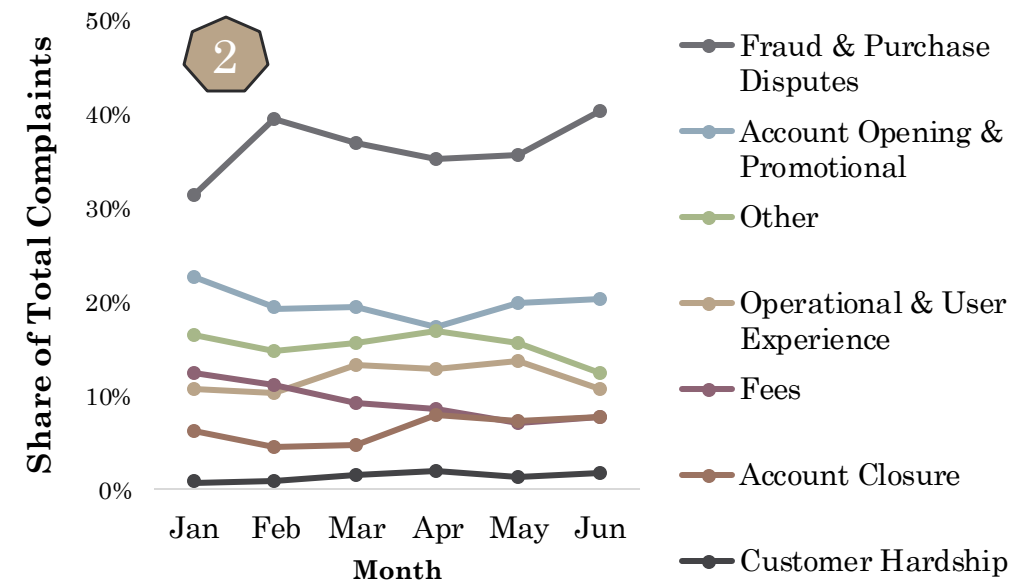
Fraud and account opening complaints are the primary customer complaint type across both firms

- 1 For both firms, fraud and purchase related disputes¹ are the primary customer complaint type, with **over a third of all complaints falling into the fraud category**
 - Account opening (acquisitions) and promotional issues are second at ~20% of total complaints
 - 'Other'² is another large category at 15%, dealing primarily with rewards, points, travel, and balance transfer issues
- 2 Throughout the beginning of 2023, rank ordering of complaint type generally remained stable except for a **reduction in fee-related complaints** from January to June, indicating a potential policy or program change for one of the firms being analyzed
 - Fraud/Purchase disputes does appear to exhibit slight seasonality, although it is challenging to tell from the limited data window

Share of Total Complaints by Complaint Category
Aggregated Across Jan 2023- June 2023



Share of Total Complaints by Complaint Category
Presented by Month: Jan 2023- June 2023

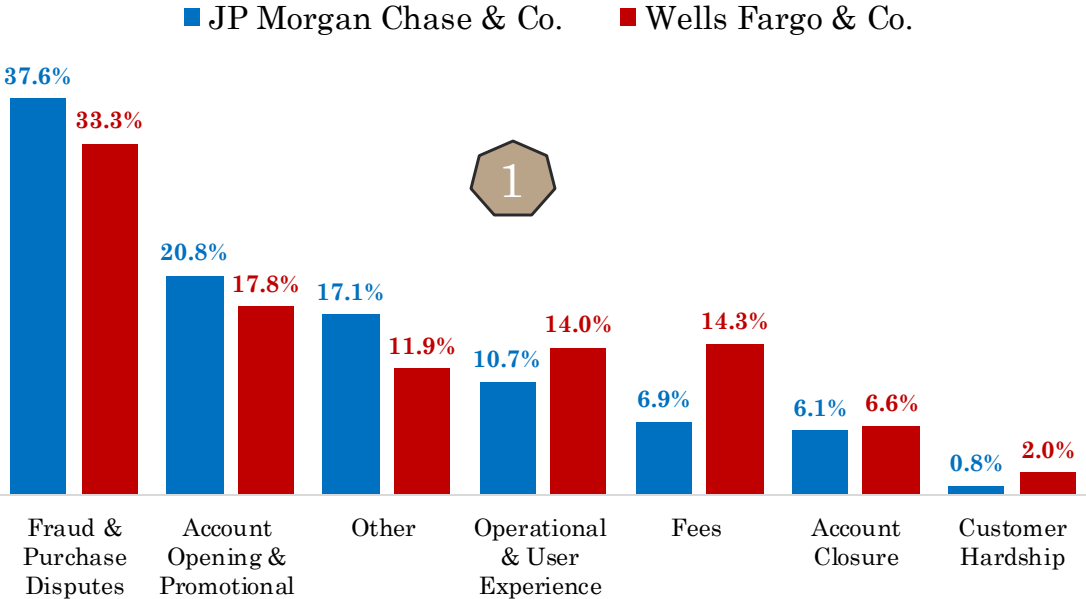


1. Complaint Types Summarized by broader complaint areas and can be found in the appendix
2. **Other** is broken down into more detail on slide 4

Customer at JPMC have a higher share of fraud complaints, while customers at Wells Fargo have a higher share of fee complaints

- 1 JPMC has a higher share of complaints related to fraud/purchase disputes, account opening, and the 'other' category while Wells has a higher share in the Operational & User Experience and Fee categories
- 2 Breaking down the content of the 'Other' category using text mining and text association programs, complaints about balance transfers are the most common for Wells while complaints about travel related programs & rewards are the highest for JPMC
- 3 Applying a text & word statistical correlation program can also track words strongly correlate to the most common narratives in complaint data
 - For Wells, the associated concern with balance transfers appears to be processing complaints as well as the time it takes to process a transfer
 - For JPMC, the associated concern with points & flight appears to be primarily travel concerns – cancelled flights, travel issues, etc.
 - In the rewards category, Wells has a much smaller share of complaints indicating better operational performance in this area, while the emphasis on balance transfer and complaint volume with words involving processing delays indicates issues with its balance transfer program

Share of Total Complaints by Complaint Category
Wells Fargo vs. JPMorgan Chase



Common Complaint Narratives & Associations
'Other' Category, Jan 2023- June 2023

Wells Fargo & Co.		JPMorgan Chase & Co.	
Narrative	Frequency	Narrative	Frequency
balance	High	points	High
transfer	High	flight	High
rewards	Medium	service	High
time	Medium	claim	High
days	Medium	travel	Medium

Firm	Narrative	Words Strongly Correlated ² to Narrative		
		requested two	processing weeks	logged request
Wells Fargo & Co.	'balance' 'transfer'	requested two	processing weeks	logged request
JPMorgan Chase & Co.	'Points' 'Flight'	Cancelled Booked	Travel arguing	Hours seats

1. Complaint Types Summarized by broader complaint areas and can be found in the appendix

2. 'Strongly Correlated' refers to a correlation value of 60% or higher

Originations fraud and transaction fraud continue to be the largest driver of dissatisfaction among Wells Fargo customers

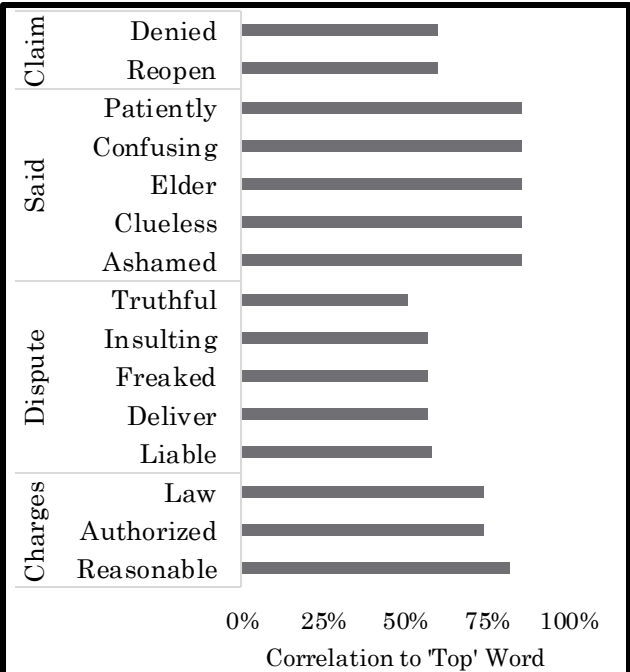
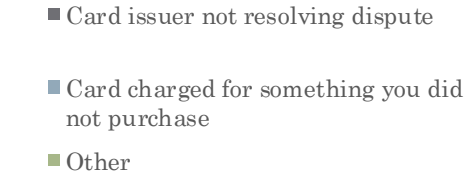
- Focusing on Wells complaints, the majority of the two largest complaint areas deal with concerns around fraudulent activity.

- 1
- 56% of the complaints in the top issue area for Wells ("Fraud and Purchase Disputes") is related to the card issuer not resolving the dispute
 - The most frequent narratives that appeared in the complaint narratives are shown in the left most axis of chart 2 and are paired alongside highly correlated words that appeared next to them in customer complaints.
 - Highly correlated words such as 'patiently', 'confusing', 'reopen', 'freaked', 'insulting' are **indicative of an unclear disputes and claims process**
- 2
- Account Opening & Promotional issues were the second largest complaint issue type, with most of the complaints (~53%) also falling under a fraud archetype.
 - Text and word correlation indicates a high prevalence of identity theft issues with account openings, with top narratives often paired alongside words such as 'employee' and 'exwife', indicating potential operational weakness in fraud filters

Breakdown of Fraud & Purchase Disputes Issue Type

Chart 1 Breakdown by Sub-Issue

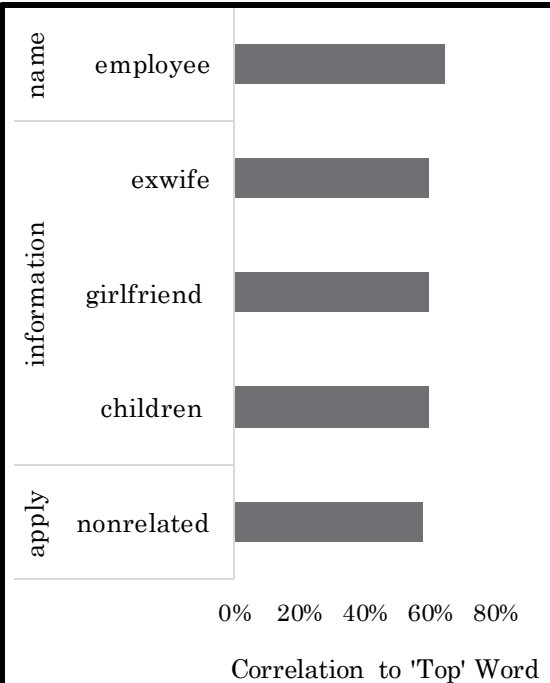
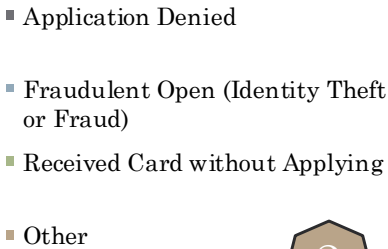
Chart 2 Word Association by Top Narratives



Breakdown of Account Opening & Promotional Issue Type

Chart 3 Breakdown by Sub-Issue

Chart 4 Word Association by Top Narratives



Wells Fargo had an abnormally high share of fee-related complaints made in a single month

1

'Fees' complaint type showing a large difference in share between **Wells** and **JPMC**

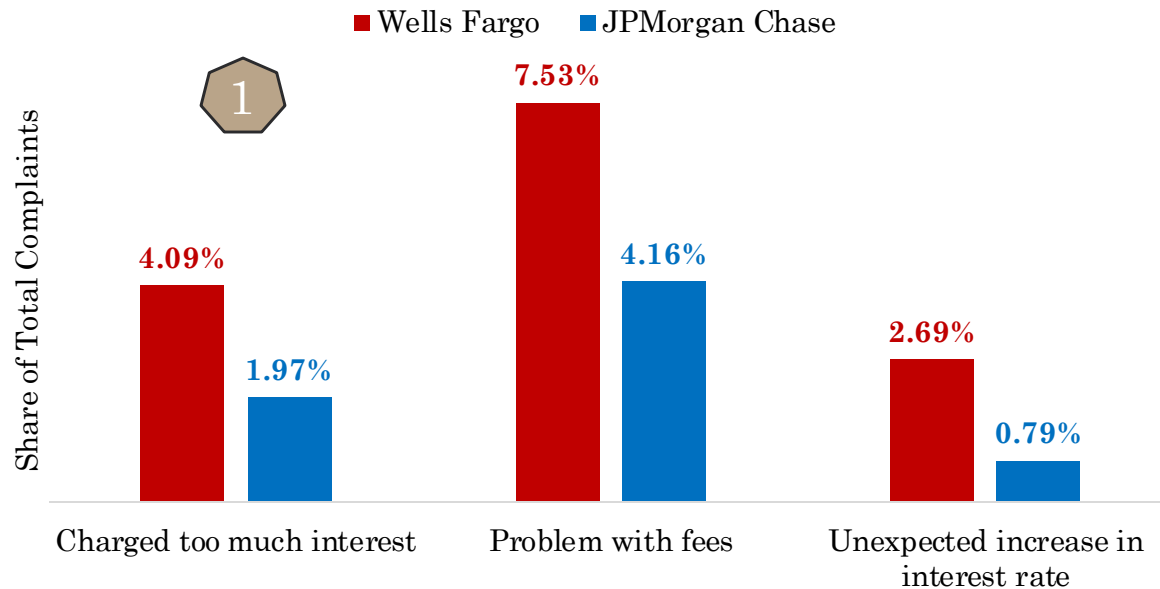
- ~14% of all complaints for **Wells** are tagged as fee-related issues, while ~7% of all complaints for **JPMC** are related to fee issues.
- Across all sub-issue types, **Wells** has a significantly higher share of total complaints coming from fee-related issues

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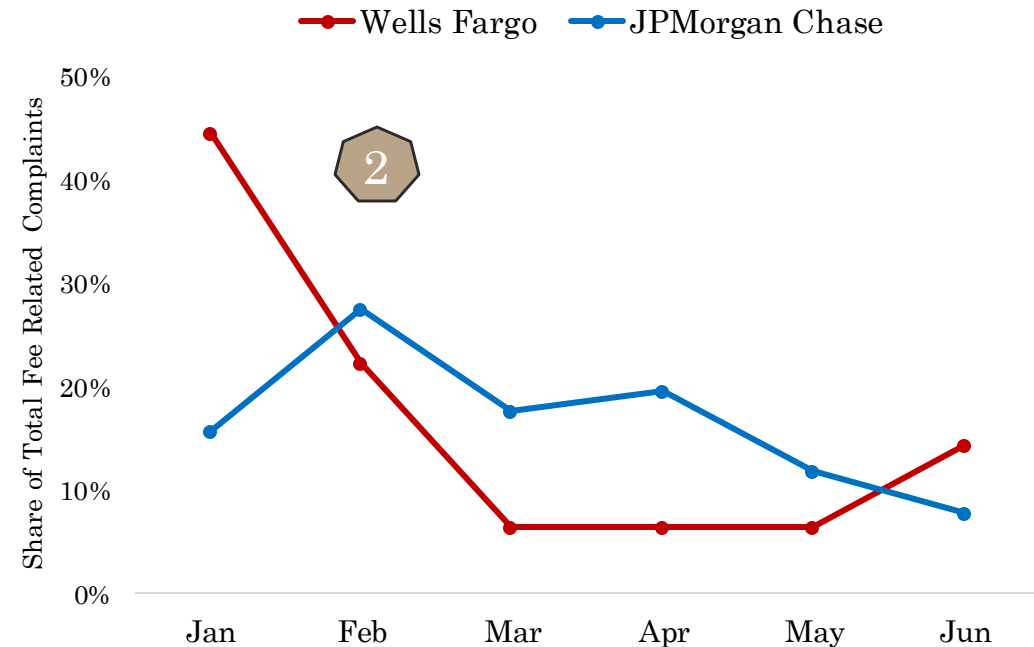
Looking across the six-month period of the dataset, **Wells** observed a significant spike in fee-related complaints in January compared to **JPMC**, indicating a possible operational impact from a rate policy change, calculation change, or other related issue.

- Significant decline share of total interest rate related complaints after Jan & Feb **indicate a one-time issue and something that would not be an ongoing concern.**
- **Wells** should aim to analyze if there was a policy change and understand how that adjustment might have negatively impacted customers to be stronger prepared next time the firm needs to make a major adjustment.

Fee Sub-Issue as a Share of Total Complaints, by Issuing Bank



Share of Total Fee Related Complaints Over Time
Jan 2023 – Jun 2023



Appendix

Appendix I: Definitions

Issue <i>Given in dataset</i>	Category <i>Created for this Analysis</i>
Closing your account	Account Closure
Advertising and marketing, including promotional offers	Account Opening & Promotional
Getting a credit card	Account Opening & Promotional
Struggling to pay your bill	Customer Hardship
Fees or interest	Fees
Credit monitoring or identity theft protection services	Fraud & Purchase Disputes
Problem with a credit reporting company's investigation into an existing problem	Fraud & Purchase Disputes
Problem with a purchase shown on your statement	Fraud & Purchase Disputes
Problem with fraud alerts or security freezes	Fraud & Purchase Disputes
Improper use of your report	Operational & User Experience
Incorrect information on your report	Operational & User Experience
Problem when making payments	Operational & User Experience
Trouble using your card	Operational & User Experience
Unable to get your credit report or credit score	Operational & User Experience
Other features, terms, or problems	Other