

CUSTOMER SERVICE SURVEY

Quarter Four - 2018



KENYA BANKERS
ASSOCIATION

One Industry. Transforming Kenya.

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Acknowledgement

The Kenya Bankers Association wishes to express its sincere gratitude to the thousands of bank customers who took the time to respond to the Customer Service Survey. The input provided is invaluable and will certainly inform how the Association supports its members to enhance service delivery across the banking industry. The analysis of the Survey was led by Josea Kiplangat, supported by Nuru Mugambi, Hesborn Nyakundi and Roselyne Njino.

About Us

The Kenya Bankers Association (KBA) is the financial sector's leading advocacy group and the umbrella body of the institutions licensed and regulated by the Central Bank of Kenya (CBK). With a current membership of 47 financial institutions, KBA continues to reinforce a reputable and professional banking industry, in close collaboration with stakeholders from both the public and private sectors.

As part of its efforts to drive growth in the financial sector, the Association has a fully-fledged Research Centre. The Center for Research on Financial Markets and Policy® offers an array of research, commentary, and dialogue regarding critical policy matters that impact on financial markets in Kenya. Further, the Centre sponsors original research, provides thoughtful commentary, and hosts dialogues and conferences involving scholars and practitioners on key financial market issues.

Through these activities, the Center acts as a platform for intellectual engagement and dialogue between financial market experts, the banking sector and the policy makers in Kenya. It, therefore, contributes to an informed discussion that influences critical financial market debates and policies.

Since its inception, the KBA Centre for Research on Financial Markets and Policy® has continued to play a lead role in conducting and facilitating research designed to develop solutions to challenges in the banking industry. This effort has been motivated by the fact that the sector is an integral catalyst of economic development.

The Centre convenes an annual research conference, which brings together a wide scope of stakeholders from both the public and private sectors to explore challenges in the financial sector. So far, close to 30 papers have been published under the ***KBA Working Paper Series***, making a significant contribution to discussions on both policy and enterprise development.

The Centre also releases periodical publications which include: Economic Bulletins, the KBA Housing Price Index, among other research initiatives.

About the Customer Service Survey

In any form of enterprise, nothing is more important than creating a positive consumer experience. As a result, differentiation in the marketplace is no longer a factor of the conventional metrics of price, product and location. Instead, the power of customer experience, both online and brick-and-mortar for long-term competitiveness, is becoming paramount. In this report, therefore, we present the findings from a survey administered by the Kenya Bankers Association during the Fourth Quarter of 2018.

Survey Methodology and Customer Participation

- The survey was conducted in conjunction with the Customer Service Week campaign. The survey ran from 23rd September 2018 to 13th November 2018.
- To ensure anonymity of respondents, the survey was administered through SurveyMonkey, an online survey tool with a unique URL that allows only one entry per respondent; hence, avoiding multiple feedback from a single respondent.
- The sampling was random, and feedback was elicited through banks' online awareness campaigns, which called on the banking public to provide feedback on the survey. As a result, 6,121 responses were obtained, upon which this survey is based.
- However, to account for the likelihood of responses being skewed to banks with a large customer base, an inverse weighting approach was adopted to moderate for market share.
- The inverse weighting approach, a statistical technique, was used to standardize statistics for sample representativeness. This approach was adopted for purposes of ranking the banks on three dimensions: responsiveness, customer experience, and digital experience.
- It should be noted that the bulk of Kenya's banking public is multi-banked. On this consideration, therefore, the survey's responses were limited to one institution per question, ensuring that multi-banked clients selected from their best experience.

A. Survey Findings

1. Bank Size is Immaterial in Customer Centricity

Banks are at the core of the basic credit cycle, turning the economic wheel of the country. As much as the big banks tend to have large balance sheets and greater market share, customer experience is blind to size. Thus, no customer experience is unique to any Tier.

A customer is a customer across the different Tier classifications of banks as alluded by the survey findings, where two Tier I banks, and one Tier III bank were among the top three rated as being customer centric and having the best digital experience overall (Chart I).

Chart 1

Customer Ratings: Bank size is immaterial to customer centricity and customer digital experience.

Six thousand, one hundred and one respondents ranked banks on centricity (i.e. customer experience and responsive to customer needs) and best digital experience.

Of the top three, two banks are Tier I (i.e. Equity Bank and Standard Chartered Bank) and one from Tier III (i.e. Credit Bank) - an indication that customer centricity and satisfaction are important to customers irrespective of the size of the institution.

Top 3 Overall Ratings



Top 3 rated by bank tier classification (Tier I, Tier II & Tier III) on the metrics, 1) customer centricity, and 2) best digital experience.

Tier I Ratings:

Equity Bank rated top in Tier I category. Second place was taken by DTB Bank, and ranked third was Standard Chartered.

Rankings

Banks



Tier II Ratings:

Bank of Africa ranked first, National Bank rated second and third is Family bank in Tier II category.

Rankings

Banks



Tier III Ratings:

Credit Bank ranked first, Gulf African Bank rated second and third is Sidian Bank in Tier III category.

Rankings

Banks

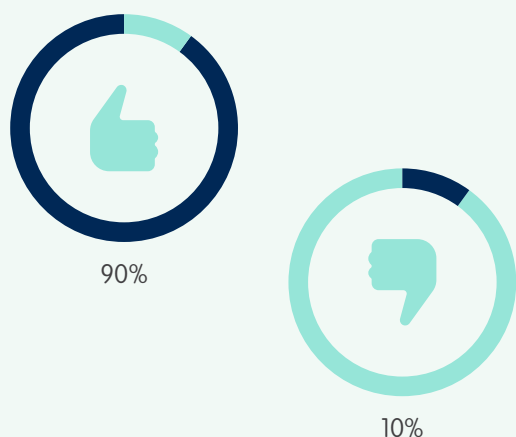


2. Banks Improved Service Delivery in 2018

The customer experience outlook for the banking industry in 2018 was positive, an indication that a customer-centric approach has been entrenched by the industry. This is corroborated by 89 per cent of respondents. In addition, at least 66 per cent of respondents attested to banks' continued efforts to enhance their customer experience standards. However, some feel that more needs to be done to improve their experience. **(Figure 1).**

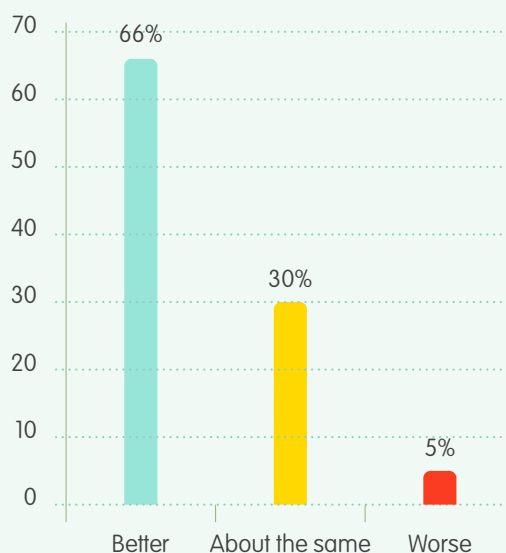
Figure 1.

Customer Sentiments: Substantially elevated and positive on banking industry's effort in enhancing service standards.



Panel A:

Do you think banks are trying to improve customer service standards?



Panel B:

Do you think banks have performed better in customer service in 2018 compared to (2017)?

3. Customers Prefer Mobile Banking Channels

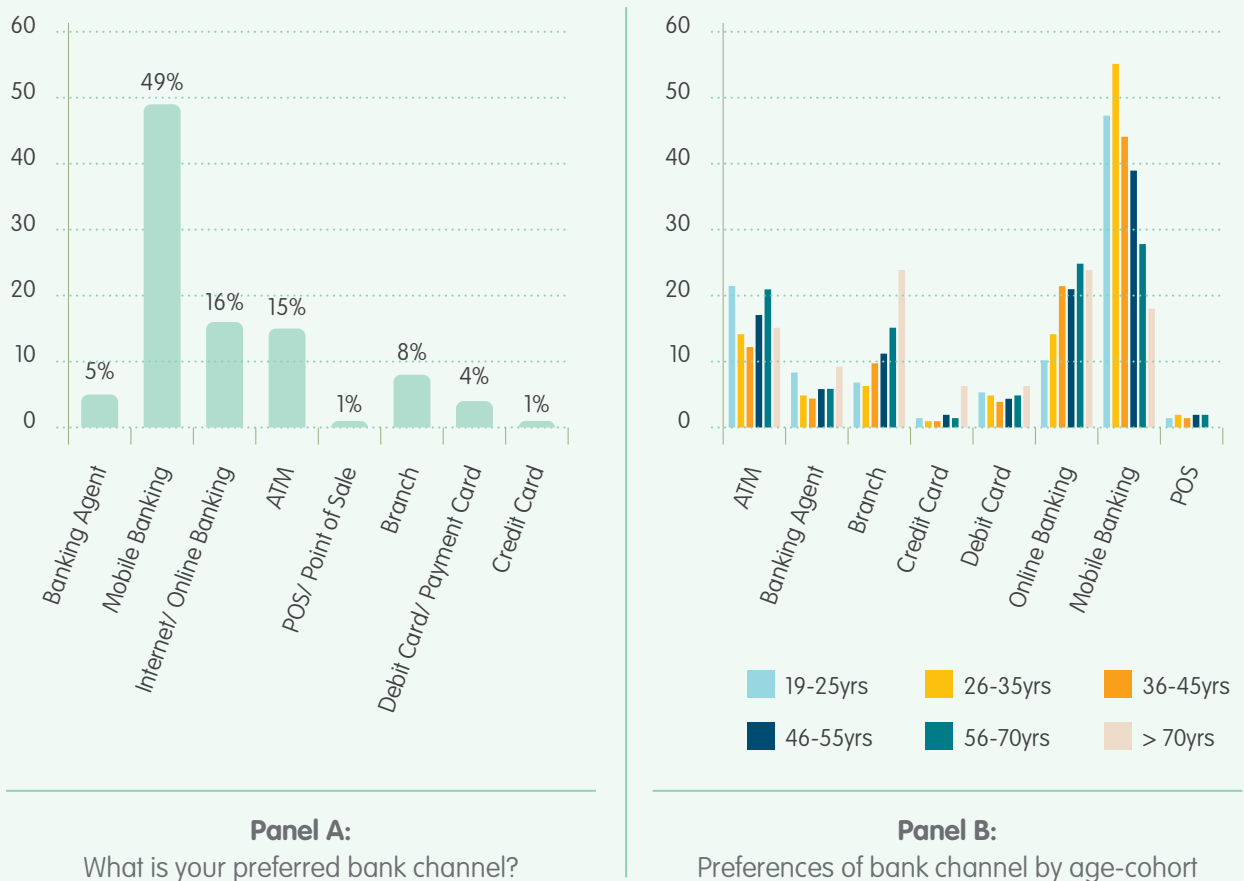
This survey suggests that a substantial percentage of bank customers prefer mobile banking channels (49 per cent). Out of the sample, 16 per cent of respondents prefer Internet banking, with five per cent being inclined to ATM transactions **(Figure 2 Panel A)**. This indicates the bearing of disruptive financial technology on the expectations of customers, who now prefer an enhanced digital experience for convenience, relative to the conventional brick and mortar model. Further, a preference shift to digital platforms is being espoused especially by the younger generation, particularly those between 26-35 years **(Figure 2, Panel B)**. In line with the shift in preference, the banking industry has aligned itself to technology across banking channels.

However, a further interrogation on whether digital banking preference, for example, cuts across all transactions is needed. This would be necessary to ascertain whether digital channels are preferred for checking account balances and transferring funds between accounts, and if human channels are still preferred for service transactions such as complaint handling.

Figure 2.

A Digital Dividend Moment for Banks?

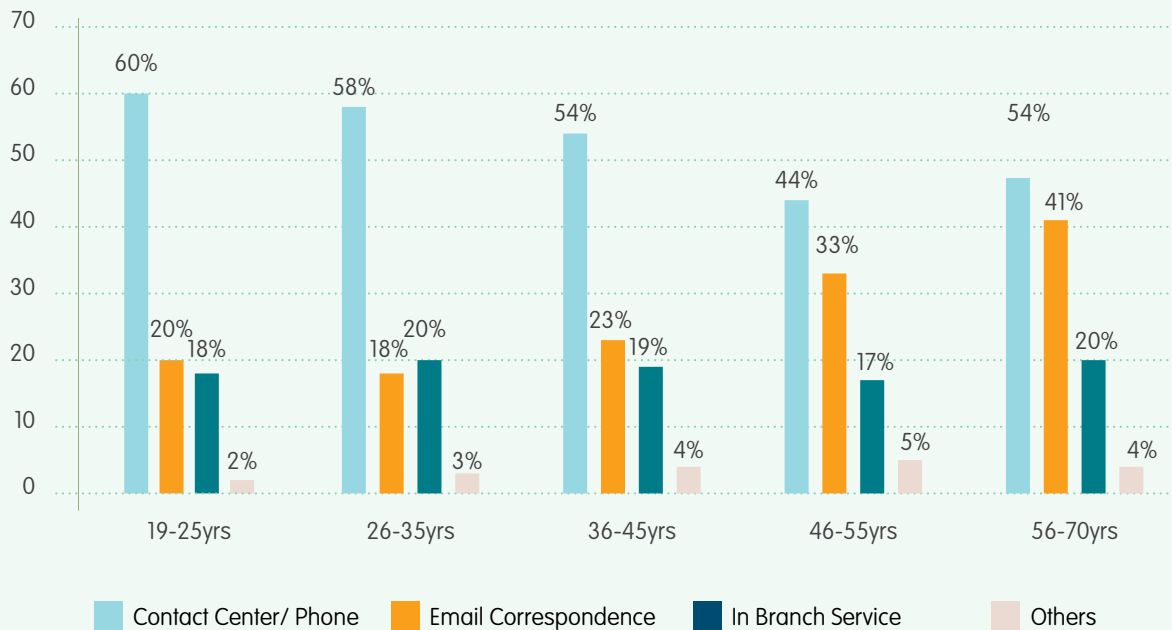
Evidence of continued disruption of banking models by mobile telephony in the near-term as banks realign structures to meet customer expectations



4. Complaint Resolution Mechanisms

Within the banking industry, the resolution of complaints is an integral part of business, not only from a regulatory perspective but also from a customer service standpoint. This is not unique to the banking industry; it cuts across industries. Customer sentiments from the survey suggest an entrenched preference for contact centres as a touchpoint. This is indicated by the model's dominance across the different age-cohorts (**Figure 3**). The second most preferred channel is email correspondence, with a pattern of increasing preference being observed by age. Precisely, the elderly have a higher preference for email correspondences than any other age group. Bank complaint handling and mitigation strategies must, therefore, consider such demographic preferences.

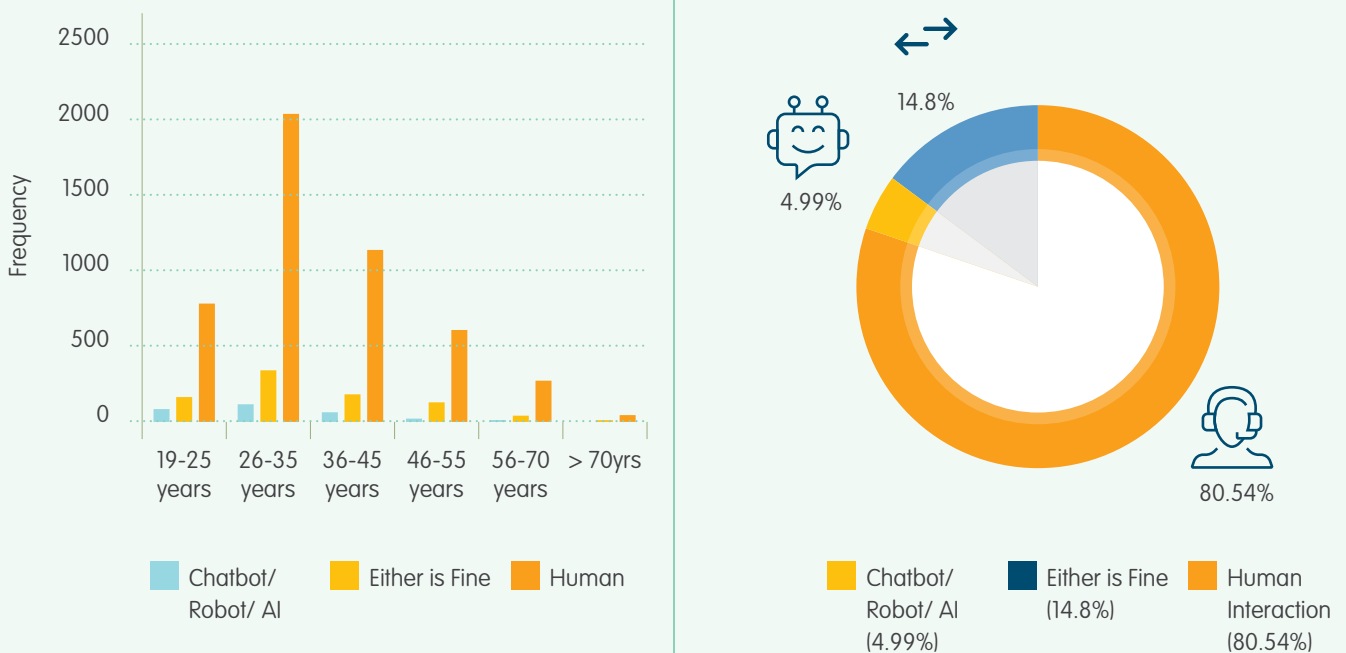
Figure 3.
Complaint Resolution Sentiments



What is your preferred customer service point?

5. Artificial Intelligence Vs. Customer Service Agents

Figure 4:
AI or Human Interaction? Human interaction still the most preferred



Would you prefer a human customer service agent or a robot / Artificial Intelligence (AI) software to handle your customer service matters?

1. Despite the prevailing wave of automation in customer service through the introduction of robots and Artificial Intelligence (AI) software, human interaction is the most preferred model, based on the survey responses.
2. The preference of human interaction could be attributed to the fact that the banking public is accustomed to the traditional human model, which is based on building relationships with customers.
3. However, further research is needed to establish whether this trend owes to low levels of awareness about the value proposition of chatbots, robots and other emerging data-driven Artificial Intelligence technologies.
4. Younger respondents, especially those in their 20s and 30s did show a greater acceptance rate when compared to respondents over 40 years of age.
5. This survey, therefore, serves as a baseline to monitor technology acceptance in banking.

6. Verbatim Responses

The final question of the survey provided respondents with an opportunity to freely share their views on service standards and areas they feel that the banking industry can collaborate on to enhance industry practices through the Kenya Bankers Association. From the responses, there is a general consensus that the banking industry needed to enhance service delivery by training staff who interact with customers and leveraging on digital channels, particularly mobile banking, to better the user experience.

In total, 5,088 verbatim responses were received. A random sample of 1,910 verbatim responses was analysed with the responses categorised into five (5) subject areas, namely Complaint Handling, Customer Relations and Customer Service; Better Use of Technology and Enhanced Service Delivery; Loans, Bank Charges and Improving Pricing Transparency; Fraud Mitigation; and Setting Industrywide Service Standards.

Speed of service and expeditious complaint resolution was a particular pain point for customers. Within responses categorised under Better Use of Technology and Enhanced Service Delivery, bank customers proposed the use of mobile banking channels to improve service delivery. Under responses categorised as Standards, customers were keen to see KBA play a greater role in setting industry-wide customer service standards, including the training of personnel, receiving and acting on complaints from the banking public, and ensuring banks clearly communicate to their customers.

Customers also encouraged KBA to conduct regular customer surveys and mystery shopping exercises, rewarding the best banks, as a way to promote standards within the industry. Banks were also encouraged to introduce queue management systems and loyalty programs as a way to improve the customer experience. Under responses categorised as Other, areas for the industry to take up included promoting financial literacy and consumer protection.

Figure – Analysis of 1,910 Verbatim Responses

	Frequency	Rank
1. Complaint Handling, Customer Relations and Customer Service	798	1
2. Better Use of Technology and Enhanced Service Delivery	357	2
3. Loans, Bank Charges and Improving Pricing Transparency	339	3
4. Fraud Mitigation	58	5
5. Setting Industrywide Service Standards	111	4
6. Other	249	

B. Recommendations

Customer service is the cornerstone of any successful enterprise. A satisfied clientele base, therefore, should be the key focus of sustainable business ventures. On this consideration, this survey sought to establish the needs of bank customers. From the findings, the research recommends the following:

- There is need for harmonised industry customer service standards, which should include strategies aimed at enhancing customers' digital experience.
- Banks should invest more on financial technology (fintech) with focus on mobile banking to improve the customer experience.
- Product development and customer care agents are central to customer service excellence and should therefore be included in customer care strategies and compliant handling for greater customer satisfaction. Continuous training of call centre agents is also key to ensure professionalism and customer satisfaction.
- Customer engagement strategies should take into consideration unique demographic preferences such as age.

Annex – Survey Tool

Customer Service Week 2018 Banking Industry Survey

Questionnaire

Banks are at the core of the basic credit cycle, turning the economic wheel of the country. As much as the big banks tend to have large balance sheets and greater market share, customer experience is blind to size. Thus, no customer experience is unique to any Tier.

A customer is a customer across the different Tier classifications of banks as alluded by the survey findings, where two Tier I banks, and one Tier III bank were among the top three rated as being customer centric and having the best digital experience overall (Chart I).

1. Which bank do you feel does a good job with customer service in general?
2. Which bank has the best digital user experience?
3. Which bank is most responsive to the issues you have raised?
4. During this year (2018), how do you think banks have performed in the area of customer service -- compared to last year (2017)?
5. Do you think banks are making an effort to improve their customer service standards?
6. What is your preferred bank channel?
 - ☐ Bank Agent
 - ☐ Mobile Banking
 - ☐ Internet / Online Banking
 - ☐ ATM
 - ☐ POS / Point of Sale
 - ☐ Branch
 - ☐ Debit Card / Payment Card
 - ☐ Credit Card
7. Which is the best way for banks to handle customer complaints?
 - ☐ Email Correspondence
 - ☐ In Branch Service
 - ☐ Contact Center / Phone Call
 - ☐ Other (please specify)
8. Would you prefer a human customer service agent or a robot / artificial intelligence (AI) software to handle your customer service matters?
 - ☐ Human
 - ☐ Chatbot / Robot / AI
 - ☐ Either is fine
9. How old are you?
 - ☐ Under 18 years
 - ☐ 19 years to 25 years
 - ☐ 26 years to 35 years
 - ☐ 36 years to 45 years
 - ☐ 46 years to 55 years
 - ☐ 56 years to 70 years
 - ☐ Over 70 years
10. How would you like Kenya Bankers Association to help improve customer service standards?



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