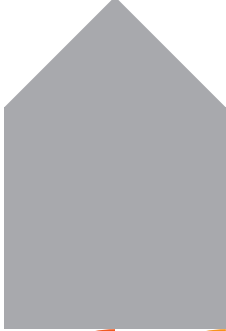
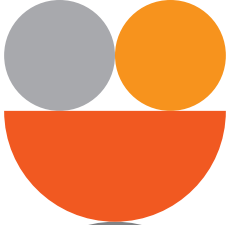
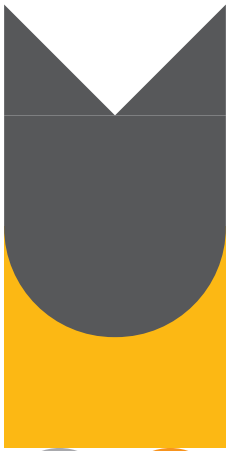


THE BANKING INDUSTRY
**CUSTOMER SATISFACTION
SURVEY (2021)**



KENYA BANKERS
ASSOCIATION



About this Survey

The 2021 Banking Industry Customer Satisfaction Survey is an annual activity carried out by the Kenya Bankers Association. The publication, in part, spearheads the Association's efforts towards enhancing customer experience in the banking industry. Since its inauguration in 2018, the Survey has continued to inform industry strategies towards customer-centrism and ensuring access to financial services for all.

The 2021 Survey was deployed on the back of a sustained uptake of digital banking services, a trend that gained fresh traction with the advent of the COVID-19 pandemic in 2020. Through support from partners and member banks, the Survey received responses from over 29,000 respondents, distinguishing the 2021 Survey as one with the highest response rate since 2018.

The 2021 Survey, as a development from the 2020 Survey, featured questions on accessibility to banking services by Persons with Disabilities (PwDs), in line with the KBA Digital Accessibility Project initiatives. This report provides invaluable insights that will undoubtedly inform policies and strategies towards enhancing financial inclusion for the country's highly dynamic and diverse banking public.

Foreword



Harness accelerated adoption of technology to enhance inclusion

This *Banking Industry Customer Satisfaction Survey 2021* was conducted at a time when businesses had come to terms with the fact that COVID-19 was not a seasonal flu but a challenge that would be with us for a longer time than initially envisaged. While in the previous year (2020), the phrase “New Normal” had been in vogue, the reference morphed into the primary modus for doing business in the prolonged COVID-19 context as the “Now Normal” in 2021.

Indeed, COVID-19 continues to define the conduct of business, and that includes the delivery of banking services in Kenya. However, its preeminence has thawed, as businesses assemble post-pandemic experience. In the recently released Allianz Risk Barometer 2022, pandemic outbreaks ranked fourth as a business risk factor, compared to 2021 when it made second place.

Notably, the pandemic has accelerated the adoption of digitization. This Survey shows that six out of every 10 bank customers (58.4

percent) preferred Mobile Banking, with another two out of 10 (20.3 percent) recording their preference for Internet/Online Banking. This is against 52 percent and 23 percent respectively, in 2020. One of the major revelations in this Survey is the emergence of the Banking App as the most preferred Digital Banking feature, ahead of Mobile Banking and Internet Banking.

But increased digitization has come at a cost; the emergence of cyber threats and fraud emerging as a major downside. In the Allianz Survey, cyber threats emerged as the top-ranking threat. Mitigating fraud makes a great contribution towards protecting financial inclusion. As such, sustained sensitization efforts such as the banking industry's ‘*Kaa Chonjo!*’ campaign will go a long way in creating awareness of financial fraud and mitigation measures.

In 2021, KBA continued the implementation of the Banking Industry Digital Accessibility project. The initiative aims at extending financial inclusion among Persons with Disabilities (PwDs). The key height from the project in 2021 was the unveiling of the Deaf eLimu Banking self-training Kenyan Sign Language App, which will go a long way in supporting bank staff to communicate effectively with Deaf clients.

We extend our appreciation to all our stakeholders for continuing to support this Survey, which has over the years enriched the banking industry's perspective on satisfactory customer experience.

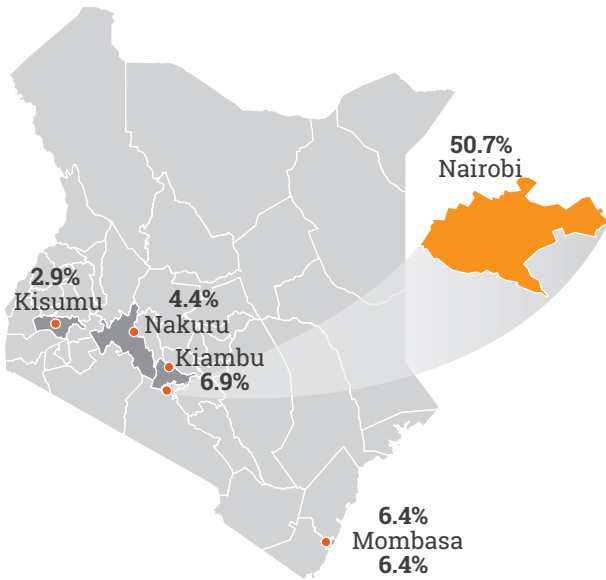
Dr. Habil Olaka, EBS
Chief Executive Officer



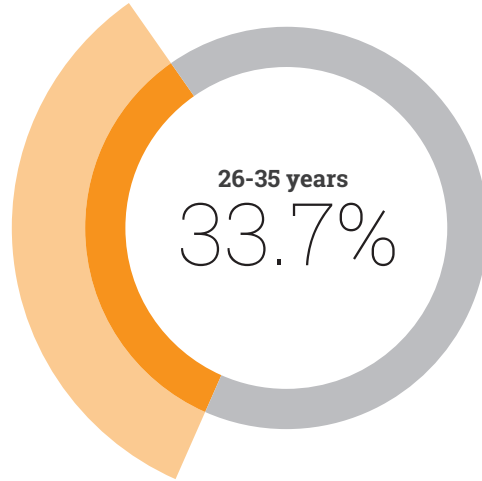
Breaking Access Barriers

Facilitating financial inclusion for all remains a key focus area for policy makers – a motivation wholly inspired by the fact that there is a notable nexus between access to banking services and a vibrant growth in the economy. In that light, this Survey seeks to establish challenges the banking public encounters while accessing these services. The overriding objective of this effort is to inform policy interventions, through cross-sector collaboration, towards affordable banking services and satisfactory customer experience. It is the ambition of the banking industry to contribute to efforts towards full inclusion across the diverse banking demographics, including Persons with Disabilities (PwDs), the youth, and women.

2021 Findings Highlights



The geographical distribution of respondents in the Survey appears notably skewed in favor of Nairobi. This was unsurprisingly expected, given the concentration of economic activity and financial institutions in the country's commercial and political capital.



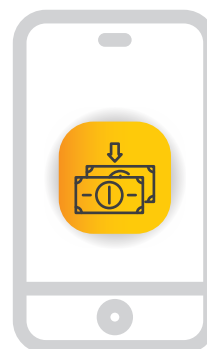
Most of the bank customers Surveyed in the 2021 Survey were aged between 26 – 35 years, which accounted for 33.7 percent of the Survey responses.



In every three respondents Surveyed, two were male (65.6 percent) reflecting a significant gender imbalance in access and utilization of banking services.



Trends in multi-banking show that, in 2021, at least six out of every 10 banking sector customers (62.0 percent) had two to three bank accounts; a proportion that had declined from 77 percent observed in 2020.



Banking Apps are the topmost preferred digital banking feature, cited by 26 percent of the respondents, followed by Mobile Banking at 25 percent and Internet Banking at 11 percent.



6/10 bank customers prefer Mobile Banking as their banking channel

With respect to the preferred banking channel, nearly six out of every ten bank customers (58.5 percent) prefer Mobile Banking, followed by those that prefer Internet/Online Banking at 20.3 percent, with the preference for the use of ATMs (Automated Teller Machine) represented by 9.8 percent of the sampled customers.



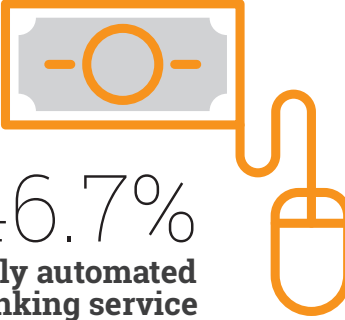
2 day response

With respect to response to customer complaints, a majority of the respondents (74.0 percent) indicated that their banks were always able to respond to complaints within two days of a complaint being raised.



78.1% of PwD customers able to use banking services independently

The proportion of Customers with Disability remained largely unchanged from the 2020 levels, at 3.6 percent of all customers. Out of this proportion, nearly eight out of every 10 bank customers (78.1 percent) classified as people living with disability (PwDs) indicated that they were able to use banking services independently i.e., without any assistance, with 14.3 percent requiring assistance.



46.7% fully automated banking service

The preferred mode of interaction when accessing banking services was fully automated or self-service modes, as reflected by 46.7 percent of the respondents.




46.4% human-assisted support

However, the customers' preferred mode of receiving support from banks was human-assisted services (46.4 percent), as fully automated/self-service interventions was preferred by 22.4 percent.



77.6% Nearly eight out of every 10 (77.6 percent) of the respondents indicated their willingness to recommend their banking service providers to others.



96.2% Nearly all the respondents (96.2 percent) expressed their appreciation for the effort banks continued to make to maintain COVID-19 protocols to curb the spread of the disease, without compromising service standards, an improvement on the previous year's levels.




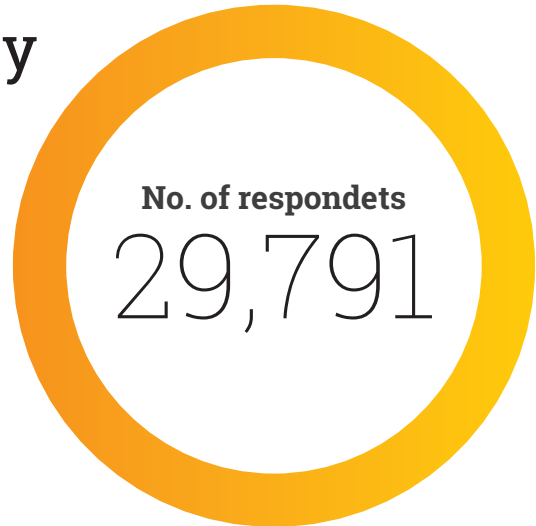
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1. Sampling Methodology

A simple random sampling technique was used in this Survey, with banks sharing the questionnaire tool link with their customers, inviting them to share feedback. This sampling technique was preferred on account of its strengths. First, it reduces the possibility of systematic errors and minimizes sampling biases. Second, the approach produces a representative sample that supports a reliable generalization of the inferences drawn therein to the population of bank customers. All KBA Member banks participated in the Survey.



Using a questionnaire developed by the Kenya Bankers Association Customer Service Working Group, both quantitative and qualitative information was collected. Out of the 29,791 respondents that participated in the Survey, 835 responses were from Persons living with a Disability (PwDs), accounting for 3.6 percent of the sample.

2. Demographic Distribution

a) Geographical Location

The geographical distribution of respondents in the Survey appears notably skewed in favor of Nairobi. This was expected, given the concentration of economic activity and financial institutions in the country's commercial and political capital. In particular, slightly over half of the respondents (50.7 percent) indicated that they accessed most of their banking services

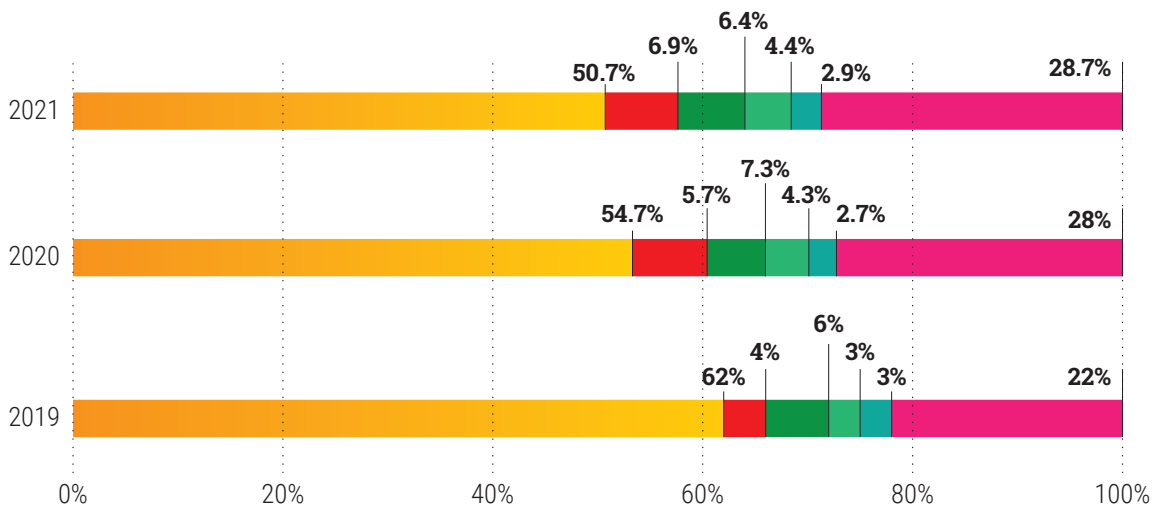
from Nairobi. This proportion was, however, lower than the 2020 Survey proportion (54.7 percent)¹. This may be attributed to the migration of labor population out of Nairobi to their rural homes as a result of loss of incomes occasioned by the effects of the COVID-19 pandemic on businesses.

¹See Kenya Bankers Association Customer Satisfaction Survey (2020) https://www.kba.co.ke/downloads/KBA_CSS-2020_vf.pdf

Nonetheless, the general trend is indicative of the high level of access to formal financial services among the residents of Nairobi. The skewed distribution showed that in Kiambu – with the second highest proportion of respondents utilizing banking services, only 6.93 percent of the respondents Surveyed accessed banking services from the county. Overall, access to banking services across the counties

remained largely unchanged, comparative to 2020 (Figure 1). Access to banking services has remained reflective of both the level of economic activities and the extent of urbanization, as high utilization of bank services is evident in more urbanized counties and in those with high economic activity, even though they may be less urbanized.

Figure 1: Proportion of Respondents Accessing Banking Services by County



Key

- Nairobi
- Kiambu
- Mombasa
- Nakuru
- Kisumu
- Others

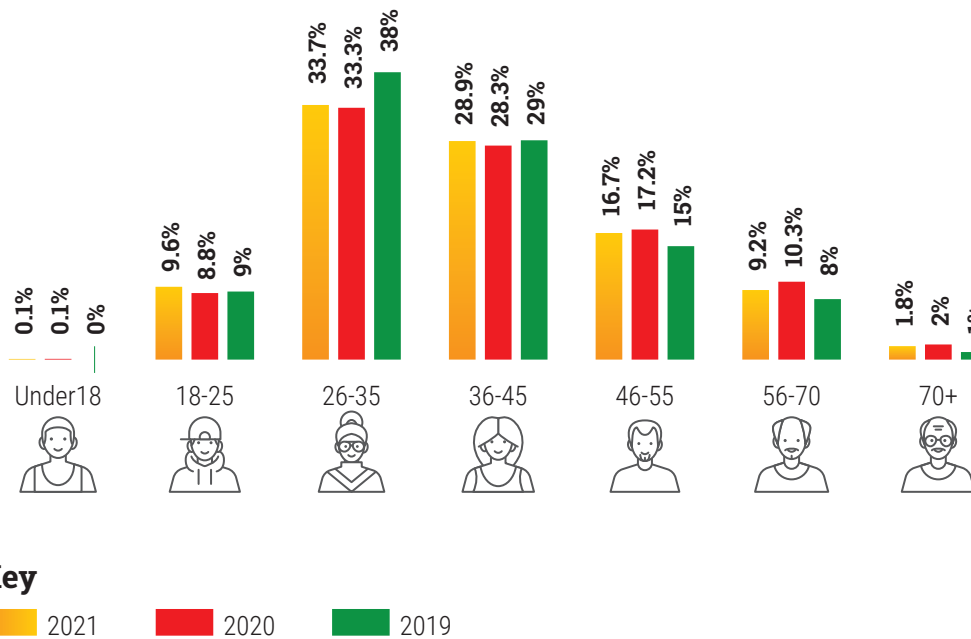
b) Age

Most of the bank customers Surveyed in the 2021 Survey were aged between 26-35 years, which accounted for 33.7 percent of Survey responses. Some 28.9 percent were aged between 36-45 years, 16.7 percent were 46-55 years, 9.6 percent were aged between 18-25 years, and 0.1 percent under 18 years, largely mirroring the trends observed in 2020² (Figure 2).

² In the 2020 Survey, the 26-35 years age group represented 33.3 percent; 36-45 years at 28.3 percent, followed by 46-55 years at 17.2 percent of the respondents.

This spread is largely reflective of the fact that economic activity increases as one becomes older and peaks at the age of youth (26-35 years), then progressively declines as one grows older.

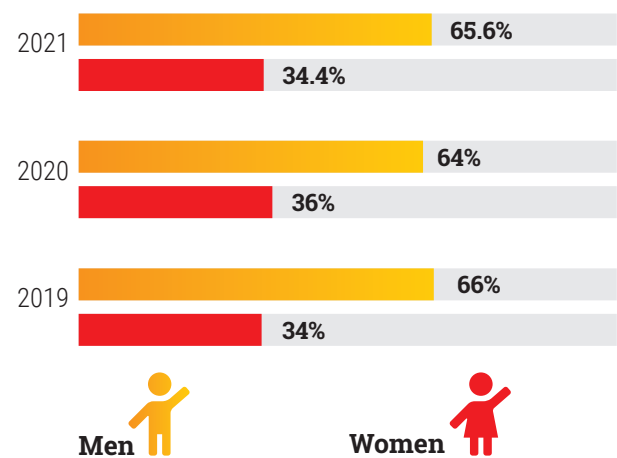
Figure 2: Distribution of Respondents by Age



c) Gender

In every three respondents Surveyed, two were male (65.6 percent) and the rest were female (Figure 3). The composition of the respondents by gender did not significantly deviate from what was registered in 2020, where 64 percent of the respondents were male and 36 percent were female. In general terms, and despite ongoing efforts by various actors to deepen access to financial services among the Kenyan population, a gender gap still exists. The widened gender gap can be attributed to the disproportionate and disruptive effects of the pandemic on businesses.

Figure 3: Distribution of Respondents by Gender

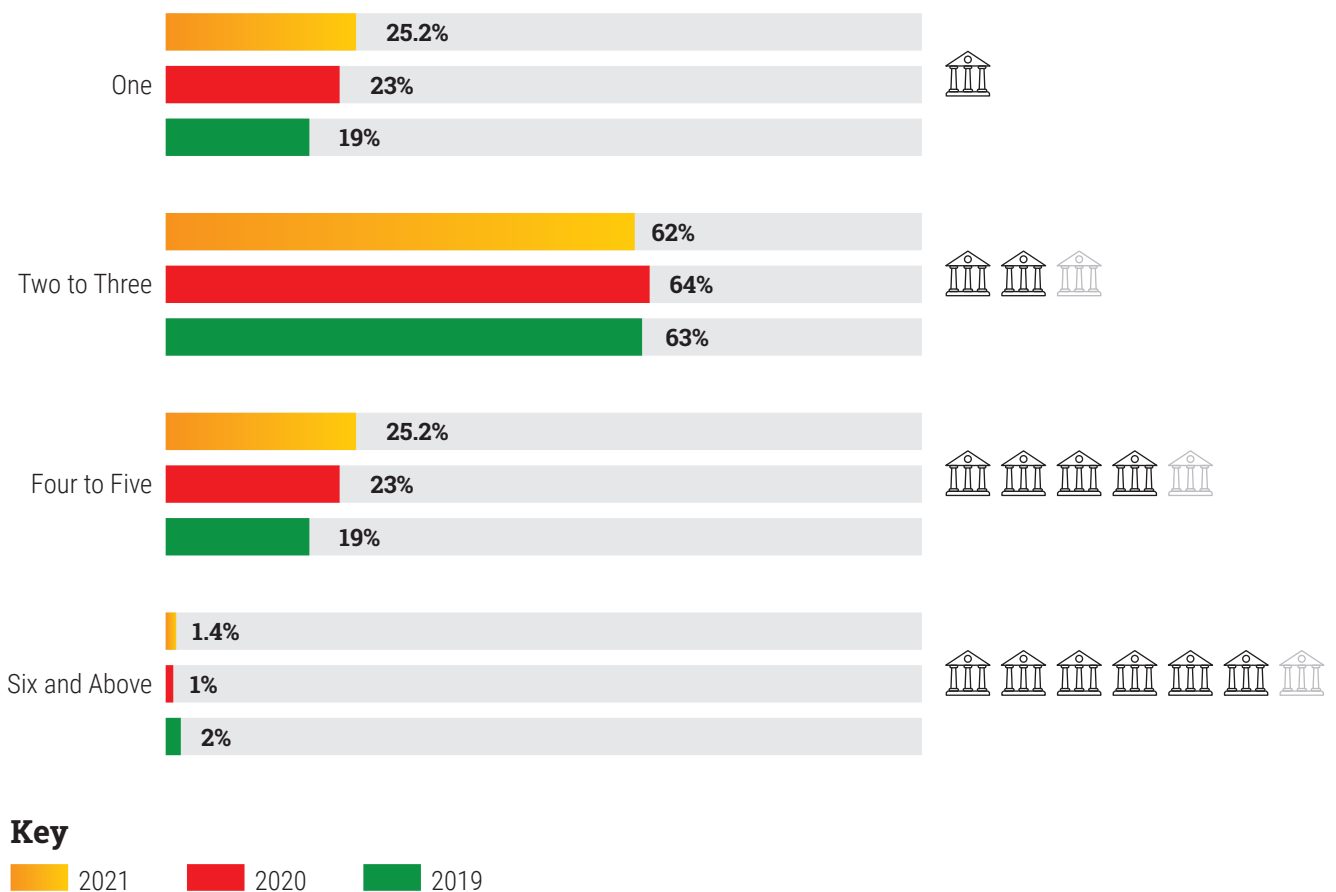


d) Analyses of Trends in Multi-banking

The practice of having more than one bank account (multi-banking) appears entrenched among Kenya's banking clientele. In 2021, at least six out of every 10 Kenyans (62 percent) had two to three bank accounts, lower than the nearly eight out of 10 (77 percent) observed in 2020. This is perhaps reflective of the declined economic activity and thus incomes as a result of the effects of the pandemic that triggered consolidations of funds by bank clients to reduce running costs associated with maintaining bank accounts.

It is evident that while 25.2 percent of the respondents had just one account, 11.4 percent had four to five accounts and 1.4 percent had six accounts or more (Figure 4). This is compared to 23 percent (one account), 12 percent (4-5 accounts) and 1 percent (6 and above accounts), respectively, in 2020.

Figure 4: Distribution of Respondents by Number of Bank Accounts Held



e) Ranking on Digital Experience and Features

Analyses of customers' experiences with digital (Mobile and/or Internet) Banking services show that more than a fifth (21.2 percent) of the customers Surveyed singled out Family Bank as Best in Digital Experience and banking features, followed by Standard Chartered Bank (16.9 percent) and Equity Bank (13.7 percent). Other top service providers included NCBA Bank (11.5 percent) and Diamond Trust Bank (6.8 percent).

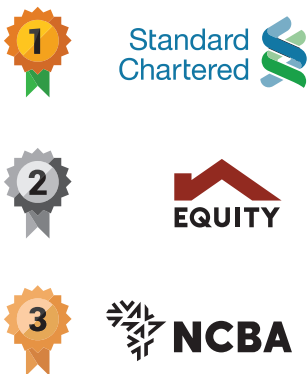
Standard Chartered Bank that topped in 2020, moved to the second position as Diamond Trust Bank moved back two positions. A new entrant, Equity Bank, featured strongly in the 2021 Survey, after missing out in the top three in 2020.

Both the 2020 and 2021 Surveys continue to buttress the fact that a bank's performance on the digital experience front is less dependent on its size.

Top Overall



Tier 1



Tier 2



Tier 3



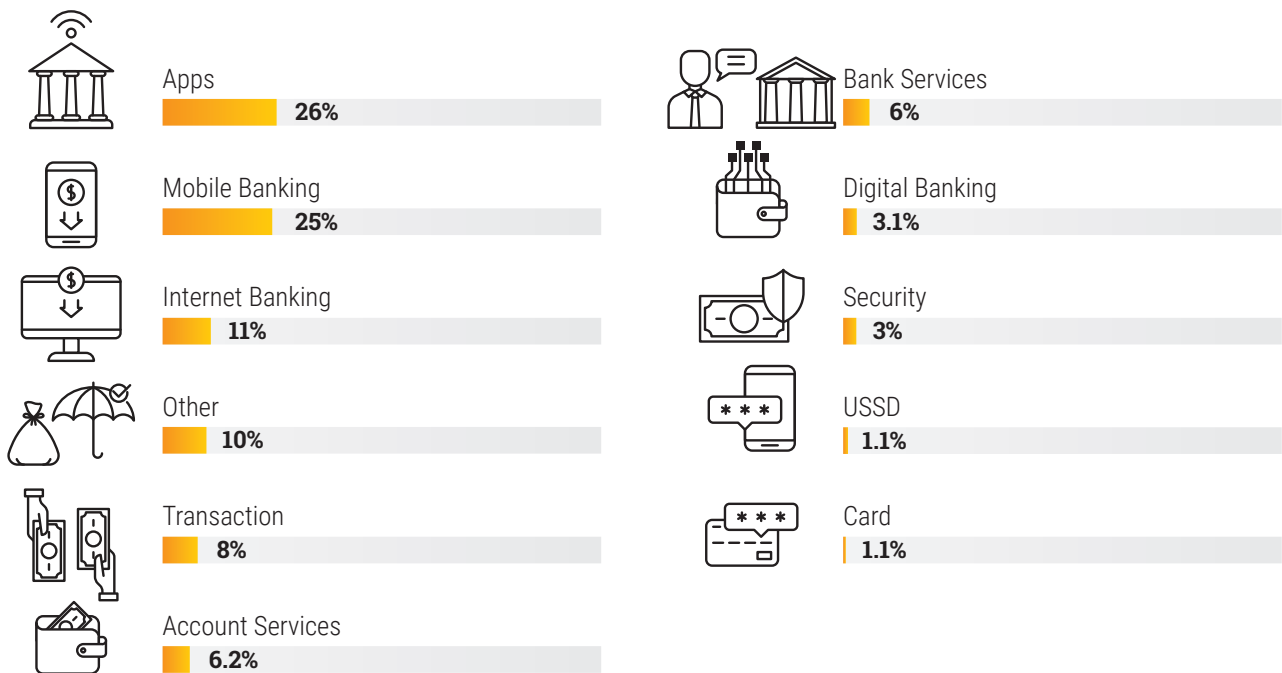
f) 2021 Most Preferred Features

Customers were also asked to indicate their most preferred digital banking features. Most of the respondents (26 percent) cited banking Apps (Applications), followed by Mobile Banking at 25 percent and Internet Banking at 11 percent.

The preference of banking applications is attributed to two main factors. First, many banks have launched and popularized the use of

versatile banking apps, which have taken over some of the banking functions previously done by customers through Mobile and Internet Banking. Secondly, the penetration of internet-enabled devices and networks continues to grow in Kenya, giving some bank customers a new, preferred digital option for carrying out transactions.

Figure 5: Preferred digital banking features



g) Customers' Rating on Banks' Service Standards

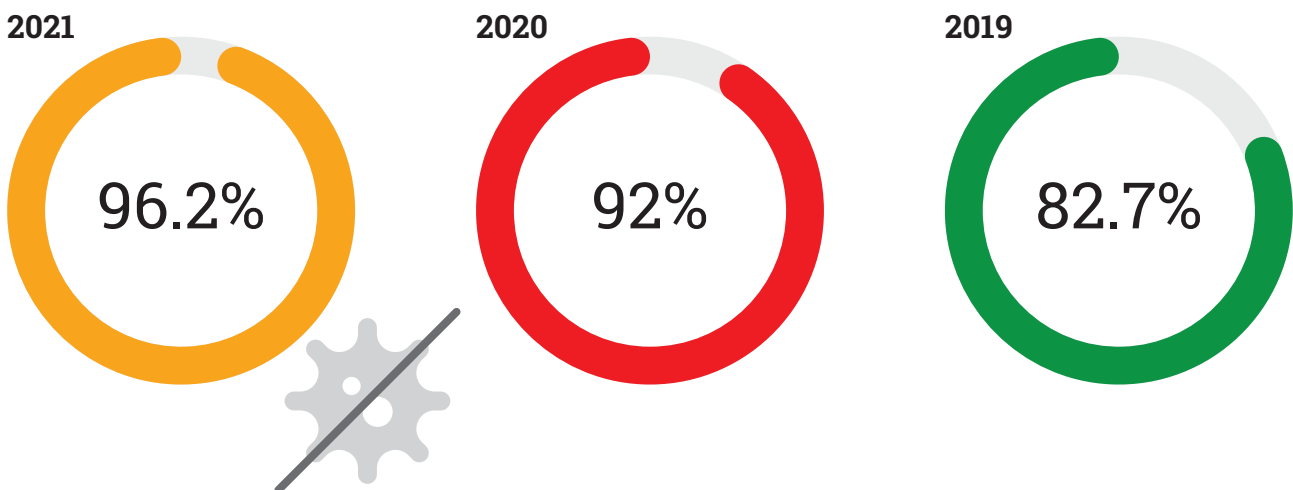
Nearly all the respondents, 96.2 percent, expressed their appreciation for the effort banks continued to make to maintain COVID-19 protocols to curb the spread of the disease, without compromising service standards. This was an improved performance, compared to a proportion of 92 percent in the 2020 Survey (Figure 6).

From the first quarter of 2020, when the first case of COVID-19 was reported in Kenya, the banking sector implemented a raft of industry-wide measures to ensure seamless customer service delivery amidst the challenges presented by the pandemic and the need to contain its spread. These

included COVID-proofing their physical premises through regular sanitization, temperature checks and strict adherence to mask-wearing, among other protocols. Banks have also been encouraging their customers to transact digitally as much as possible, in line with the "Go Cashless" motto.

To cushion their customers against the tough times occasioned by job losses, pay cuts, furloughs and general income erosion, banks engaged their customers to restructure a number of existing loans. Charges were also reduced or removed altogether, as was the case for mobile money transactions below Sh1,000.

Figure 6: Service Standard Rating

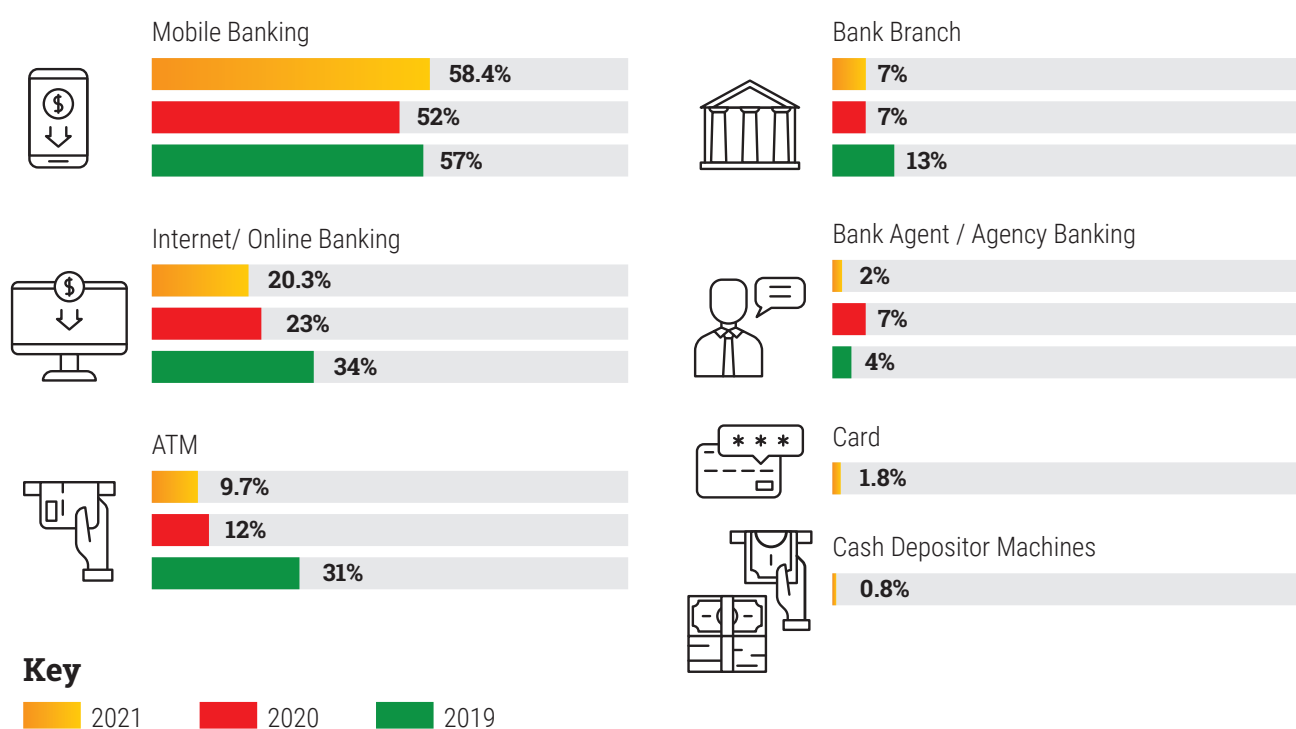


h) Customers' Preferred Banking Channel

It is established that, on average, nearly six out of every ten bank customers (58.4 percent) prefer Mobile Banking – they typically use their mobile phones' USSD-based systems to conduct their banking. This is followed by those who prefer Internet/Online Banking at 20.3 percent, with the preference for the use of ATMs (Automated Teller Machine) represented by 9.7 percent of the sampled customers.

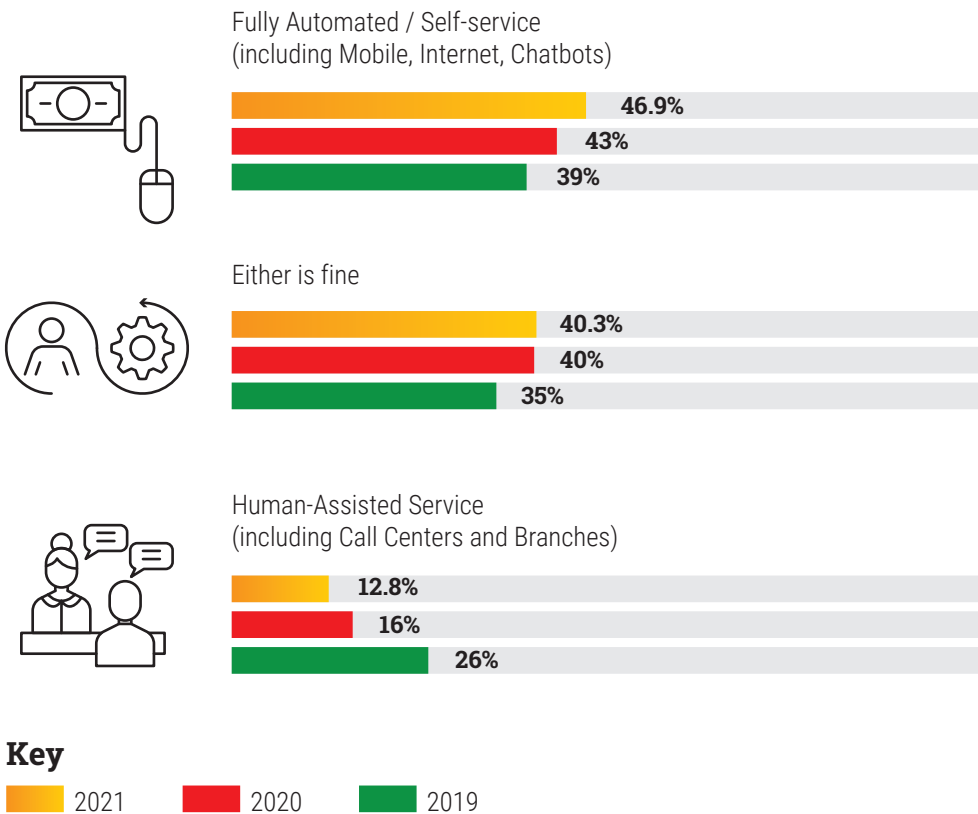
The preference rates for digital transactions appear to have gone up, compared to the levels in 2020. For instance, in 2020, 52 percent of customers preferred Mobile Banking while 23 percent preferred Internet/Online Banking. This may be attributed to a notion that the challenges introduced by the pandemic and its containment measures have entrenched the use of contactless banking services. As if in tandem, preference for the ATM also reduced from 12 percent in 2020 to 9.7 percent in 2021. Interestingly, the proportion of customers that continue to use bank branches remained unchanged, at seven percent, between 2020 and 2021.

Figure 7: Preferred Bank Channel



i) Customers' Preferred Mode of Interaction

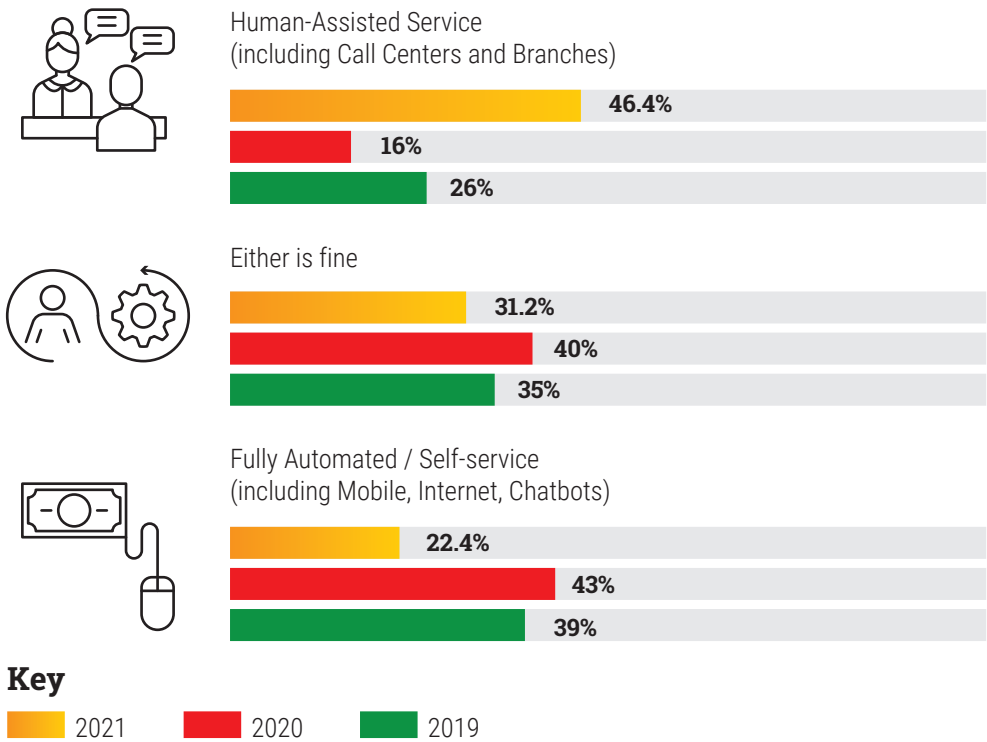
There has been a steady growth in the last three years of bank customers preferring fully automated or self-service modes (including Mobile, Internet and Chatbots), when accessing banking services. In 2021, 46.9 percent preferred this mode of interaction, compared to 43 percent in 2020 and 39 percent in 2019. However, some 12.8 percent of the respondents preferred human-assisted service (including Call Centers and Branches), compared to 16 percent in 2020 and 26 percent in 2019, denoting a sustained downward trajectory. The customers who were indifferent to the use of either mode remained largely unchanged, in the last two years, at 40.3 percent in 2021 and 40 percent in 2020.

Figure 8: Preferred Mode of Interaction

j) Preferred Mode of Customer Support

Customers were also asked to indicate their preferred mode of customer support that banks could offer. It was established that when it comes to seeking customer support or raising complaints, a majority of the respondents (46.4 percent) preferred human-assisted-services (including Call Centers and Branches), in comparison to those who preferred fully automated/self-service interventions (22.4 percent), such as Mobile, Internet and Chatbots (Figure 9). However, close to a third of the respondents (31.2 percent) were indifferent with either of the choices. While there is a general increase in preference for automated transactions, human contact is still preferred by bank customers when raising complaints about the service received or asking for customer support.

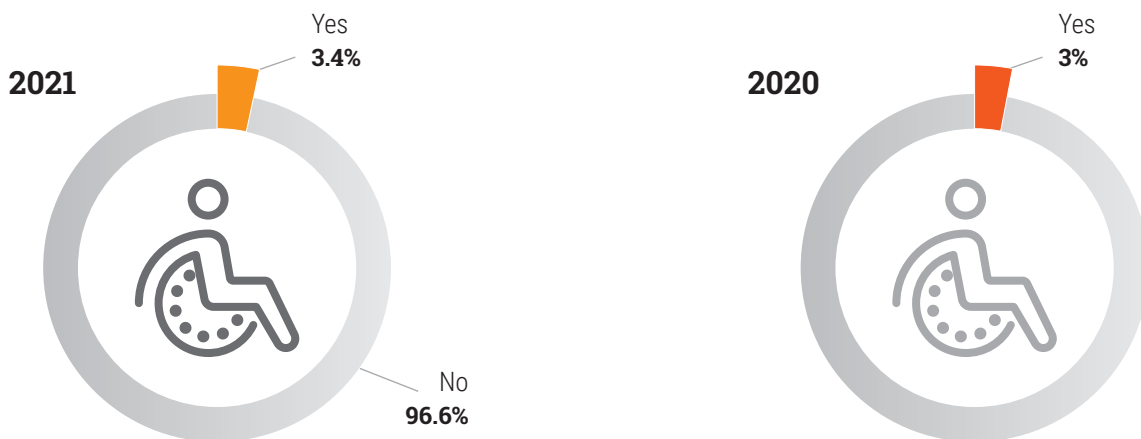
Figure 9: Preferred Mode of Customer Support



k) Customers with Disability Experience

The number of bank customers with disability remained largely unchanged, year-on-year, with 3.4 percent of the respondents that took part in the 2021 Survey recording some form of disability. This is against three percent in 2020.

Figure 10: Bank Customers with Disability



1) Independent Access to Services by PwDs

From the Survey findings, nearly eight out of every 10 Customers with Disability (78.1 percent) were able to use banking services independently i.e., without any assistance. This includes the use of Mobile and Internet/Online banking services. This proportion was slightly lower than 81 percent reported in the 2020 Survey (Figure 11).

Some 14.3 percent of the PwD customers reported needing assistance sometimes, when carrying out banking transactions, in the 2021 Survey, with 7.6 percent reporting being unable to carry out bank transactions without assistance. The corresponding figures for 2020 were 11 percent (needing assistance sometimes) and eight percent (needing assistance all the time).

Access to all banking services by PwDs is a critical measure of financial inclusion and the quality of bank services in Kenya. It is out of this realization that KBA, working with other partners, has been implementing an initiative to improve access to banking services by PwDs. Launched in December 2020, the PwD Pilot Project Report brings together a number of partners – KBA, Financial Sector Deepening Trust Kenya and the non-profit organization inABLE – and was aimed at having all banks develop PwD Accessibility Roadmaps by the end of the first quarter of 2021.

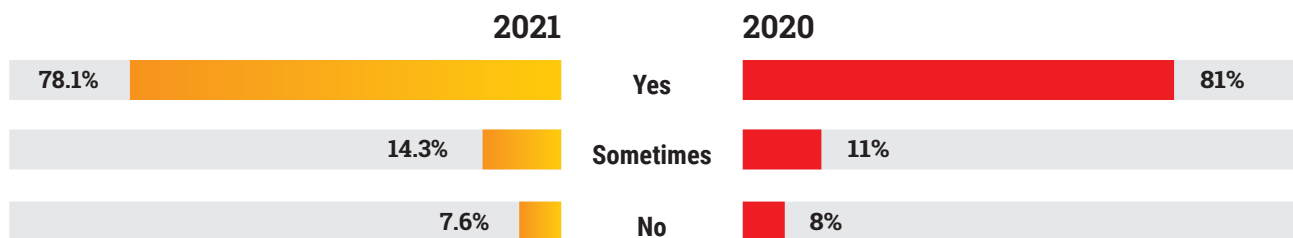


Figure 11: Independent Access to Banking Services by PwDs

Preferences among Persons with Disabilities (PwDs) for accessing banking services are dissimilar with 46.9 percent preferring fully automated services, while 20.5 percent still preferring human-assisted services, and 32.6 percent being indifferent between human assisted and fully automated services. In terms of customer support, 45.3 percent prefer human-assisted services, while 29.0 percent prefer fully automated services, and 25.7 percent were indifferent, between the options. As far as banking channel, majority (52.7 percent) prefer mobile banking, followed by ATM at 14.4 percent, and 13.3 percent preferring internet/online banking (Figure 12). Also notable is their preference for branch banking at 12.2 percent. These trends portend an important implication for financial inclusion of PwDs. First, with the preferences skewed toward fully automated services, arising from the convenience of transacting will enhance access to a range of financial services, technology-enabled financial inclusion among this critical segment of the population is imperative.

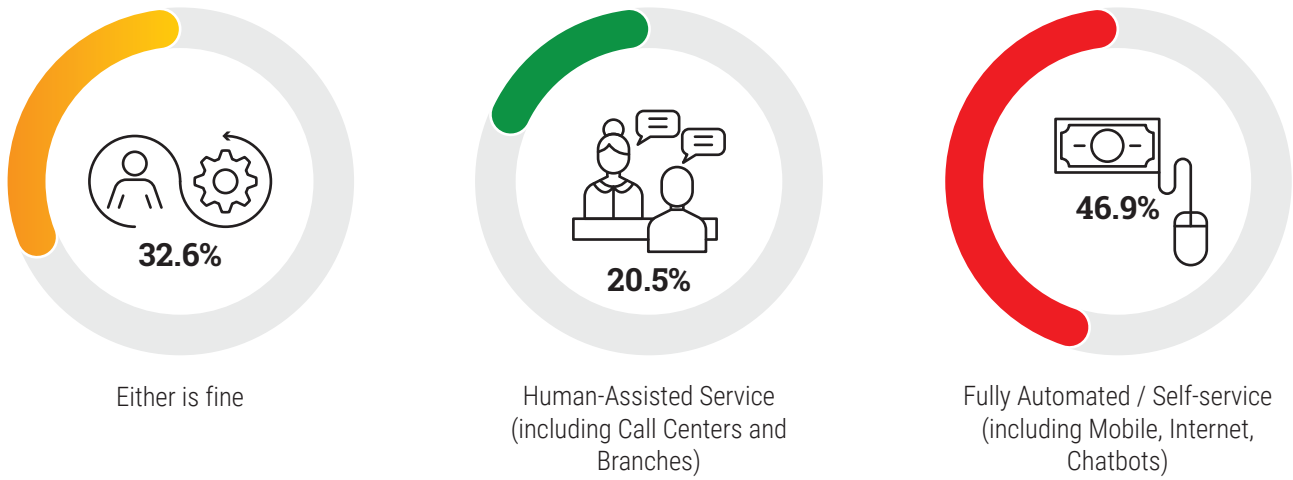


Figure 12: PwD's Preference in Accessing Bank Customer Support

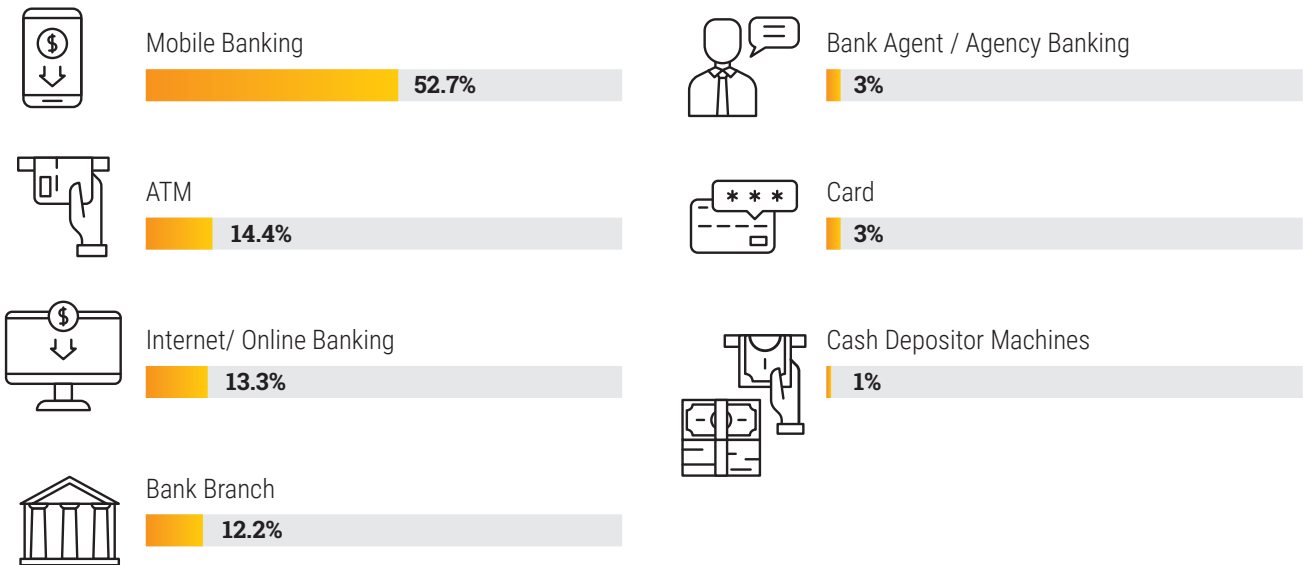


Figure 13: Preferred Banking Channel

m) Complaint Response Rate

A majority of the respondents, at 74.0 percent indicated that their banks were always able to respond to complaints within two days of the complaint being raised. Despite this proportion being high, it was slightly below the levels in the 2020 Survey (at 77 percent).

It was also observed that about 20 percent of the respondents, compared to 18 percent in 2020, indicated that their banks were sometimes able to respond to complaints within two days, denoting the need for clear Service Level Agreements (SLAs) and strict adherence to the same, among banks that fall in this category.

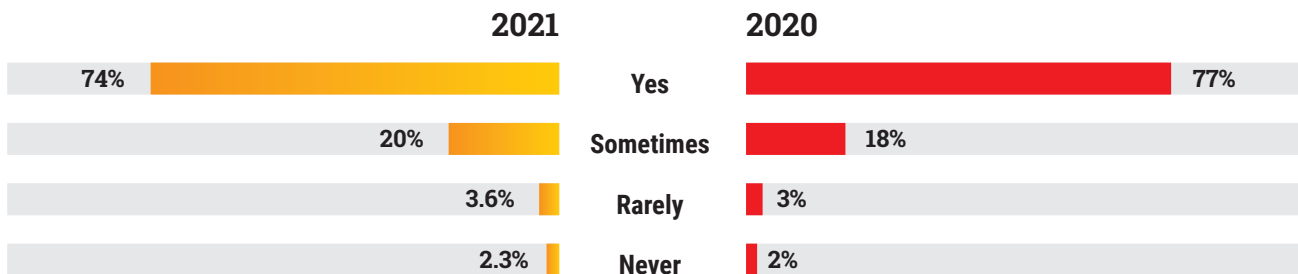


Figure 14: Bank Complaint Response Rate

2021 Referral Rate

a) Customers satisfaction with bank services

Finally, customers were asked to indicate whether they would recommend their respective banks to other customers. This question sought to assess the level of customer’s satisfaction with a bank’s services. It also captures a customer’s willingness to recommend the said bank’s services to people closest to them – friends and family. Based on the findings, it was established that nearly eight out of every 10 (77.6 percent) of the respondents answered in the affirmative - indicating their willingness to recommend their service providers to others (Figure 15).

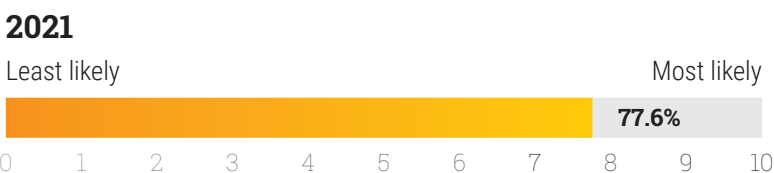


Figure 15: Referral Rate

About KBA

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.

Acknowledgement

The Kenya Bankers Association gratefully acknowledges the invaluable support provided by the KBA Customer Service Working Group in developing the questionnaire for this survey, and KBA member banks for sharing the survey link across their platforms. We would also like to thank the thousands of bank customers across the 47 Counties in the country who responded to the survey. We recognize the support received from the Consumer Grassroots Association (CGA), Kenya Society for the Blind (KSB) and Association of the Physically Disabled (APDK) in facilitating the participation of their members in the survey. Data review, analysis and compilation of the report was led by Gravitas Outcomes – GO! and **Patricia Kamau**, supported by Josea Kiplangat, Hillary Mulindi, Samuel Tiriongo and Hesborn Nyakundi from the KBA Secretariat.

Design: Sablinga Brand Design





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