‘You don't earn loyalty in a day. You earn loyalty day-by-day’

JEFFREY GITOMER

# About the Survey

The Kenya Bankers Association (KBA) conducts the Banking Industry Customer Satisfaction Survey (BICSS) annually in collaboration with the KBA Customer Service Working Group, which is comprised of members from the banking sector. The publication seeks to contribute to the banking industry's efforts towards enhancing the quality of customer experience. Since its inception in 2018, the Survey has continued to inform industry strategies towards customer-centrism and ensuring access to financial services for all. Over the years, the survey has continued to inform industry strategies towards customer-centrism and ensuring access to financial services for all. This edition aims to build on these industrywide efforts by addressing emerging needs. The 2023 Survey analyses trends in the year under review, compares feedback with findings from the past five editions of BICCS with a view to enrich discourse on policy interventions that can be instituted to enhance industrywide customer experience.

# Survey Highlights

**87%** Access to banking services by PWDs

**Preferred Mode of Interaction with Banks**

**46%** Automated

**17%** Human-Assisted

**Respondents Age**

**37%** 26-35yrs

**24%** 36-45yrs

**14%** 18-25yrs

**Preferred Banking Channels**

**70%** Mobile

**25%** Internet

**Respondents Gender**

**67%** Male

**33%** Female

**30,608** Responses in 2023

**87.8%** Self-Access to banking services by PWDs

2-3 Accounts **53%**

**Multi-banking Trend**

One Account **37%**

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# Foreword

**Dr. Habil Olaka, EBS**
*Chief Executive Officer*

We are delighted to present the Banking Industry Customer Satisfaction Survey Report 2023. The report builds on the mission of its predecessors — to promote a customer-centric banking industry through evidence-based interventions. It also reaffirms the banking industry's commitment to uphold high customer experience standards and embracing international best practices.

The Kenya Bankers Association (KBA) recognizes excellent customer experience as a strong promoter of financial inclusion. The banking industry's umbrella body, KBA considers responsive and dynamic banking customer service as a critical enabler of participation in the financial ecosystem.

In recent years, technology has continued to shape customer expectations, making customer experience one of the most dynamic functions in many sectors. As a result, customer experience has evolved beyond routine operational practices. Today, satisfactory customer experience is increasingly demanding understanding of customers' needs from their individual perspectives and needs.

Therefore, this report analyses the various banking and customer service channels, highlighting areas that the industry is doing well and pointing out aspects that require improvement. From the findings, preference for digital banking channels continues to grow, with more customers saying they would rather use automated banking services than physically visit a bank branch. The physical branch remains vital for human assisted services such as customer support services.

This report also shows that the proportion of Persons with Disabilities with access to banking services has continued to grow. However, the challenge of independent access still persists. I have no doubt that initiatives being implemented by the banking sector under KBA's PWD Accessibility program will go a long way in addressing the accessibility challenges faced by the PWD community.

As we delve into the findings and recommendations presented in this report, I invite you to join this journey of reflection, improvement, and innovation. Together, we will continue to further a transformative course for the banking sector.

# Sampling Methodology

The Kenya Bankers Association (KBA) Customer Satisfaction Survey is an annual survey conducted online using SurveyMonkey Survey. The survey is aimed at obtaining information from the banking public. The survey is based on a simple random sampling technique that:

01 *Reduces the possibility of systematic errors and minimizes sampling biases; and*

02 *Produces a representative sample, ensuring the generalizability of inferences drawn therein to the population of bank customers.*

In 2023, 30,608 responses were received. In addition, 12.25% percent were persons with special needs (i.e., braille, ramp, screen reader, voiced aid).

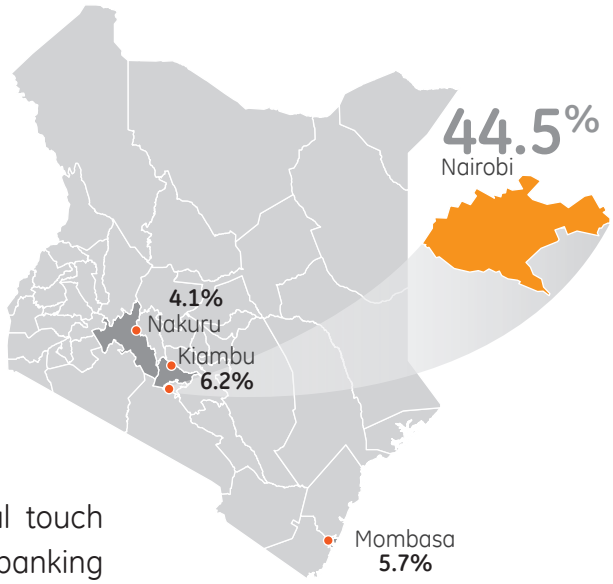
01

# Demographic distribution

## a. Geographical location

Access to banking services is concentrated in a few geographical regions with Nairobi being the most popular choice for customers. (Figure 1). This trend indicates the high level of access to formal financial services among the residents of Nairobi. Kiambu and Nakuru ranked third and fourth respectively with 6.1% and 4.1% of customers accessing banking services there in 2023 compared to 5.7% and 4.1% in 2022.

**Figure 1** Geographical Distribution of 2023 Responses




The trend mirrors the distribution of financial touch points, especially the branch network of the banking sector.[1] That said, the distribution of the responses across the 47 counties remains comparatively similar to the trends observed in the 2022 survey, with slight variations.

However, slight variations in the number of responses exist, suggesting that there has been increased participation by the banking public in the survey across the counties. The detailed breakdown of the responses across the counties is presented in the Appendix.

1. CBK Annual Bank Supervision Report 2022
https://www.centralbank.go.ke/uploads/banking_sector_annual_reports/1376276635_2022%20Annual%20Report.pdf

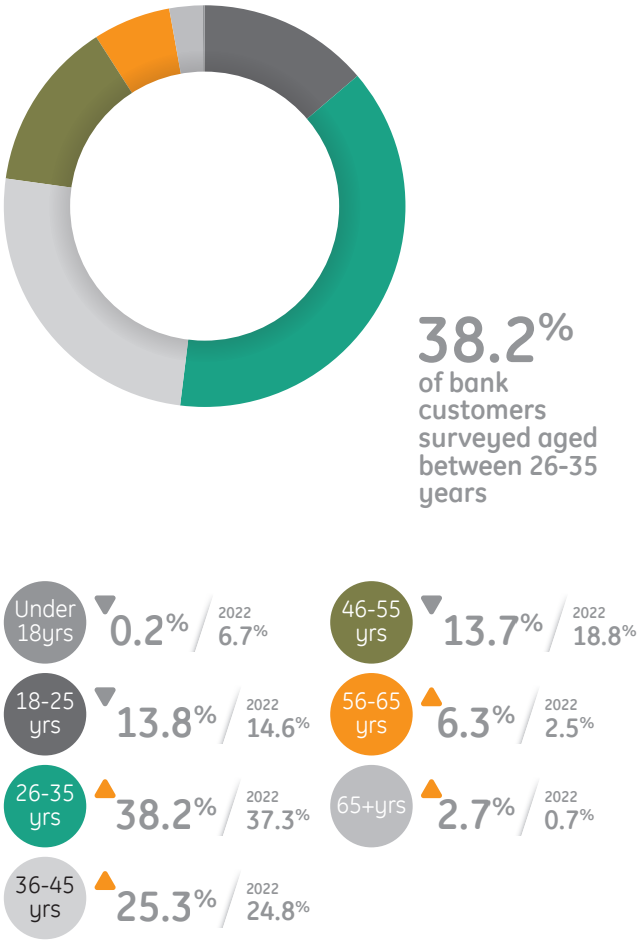
## b. Age

In the 2023 survey, most respondents were found to be between the ages of 26-35 years, which accounted for 38.2% of the respondents.

Those aged between 38-45 years accounted for 25.3%, those aged 18-25 accounted for 13.8%, while those aged between 46-55 years accounted for 13.7% and those aged between 55-65 years accounted for 6.3% of the responses. The percentage of respondents under 18 and those above 65 years accounted for 0.2 percent and 2.7 percent respectively.

While there are slight variations in the distribution of responses by age in the 2022 survey, it mirrors the trends observed in 2021. Specifically, in 2022, the distribution of responses was 26-35 years (37.3%), 36-45 years (24.8%), 18-25 years (14.6%), 46-55 years (13.8%), 55-65 years (6.15%), under 18 (0.7%) and those above 65 years (2.5%).

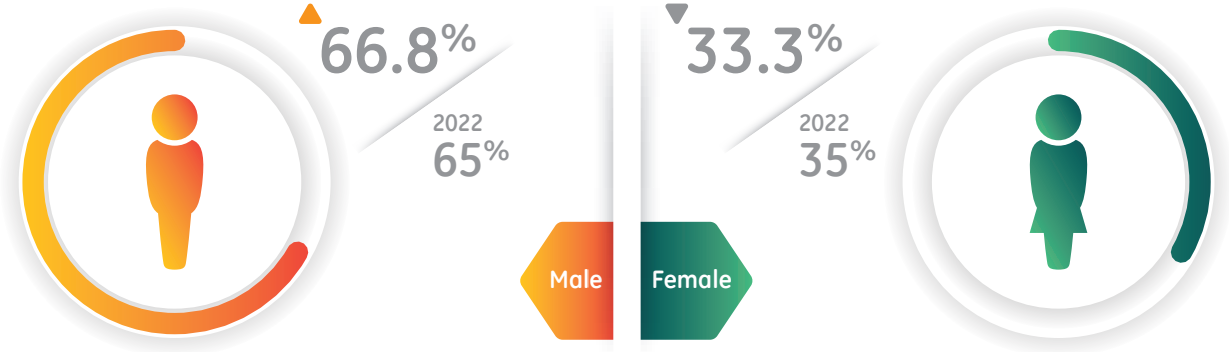
**Figure 2**
Age Distribution of the Survey Responses in 2023




## c. Gender

Gender differences in participation in the survey are evident. In 2023, males accounted for 66.8 percent while females accounted for 33.3 percent of the responses, a trend that compares with the 2022 survey, where 65.6 percent of the respondents were male, and 34.4 percent were female.

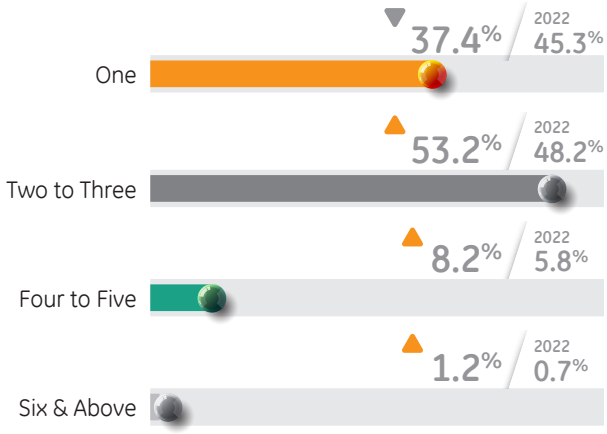
**Figure 3** Gender Distribution of the Survey Responses



02

# Multi-Banking Trends

**Figure 4**
Trends in Multi-Bank Account Ownership in 2023




Multiple bank relationships continue to be the predominant feature. In 2023, approximately 62.6 percent of the customers are multi-banked, with single-bank relationships accounting for 37.4 percent. Regarding multi-bank relationship, 53.2 percent hold two or more accounts in 2023 compared to 48.2 percent in the 2022 survey. Holders of four to five bank accounts represented 8.2 percent of the responses in 2023 compared to 5.8 percent in 2022. Lastly, respondents holding more than six accounts accounted for 1.2 percent in the 2023 survey compared to 0.7 percent in the 2022 survey.

03

# Overall Customer Experience

In the 2023 survey, respondents ranked banks that offer the best overall customer experience, and the feedback is tabulated below.

**Best Overall**

- Co-operative Bank
- NCBA
- Family Bank

**Tier 01**

- Co-operative Bank
- NCBA
- KCB

**Tier 02**

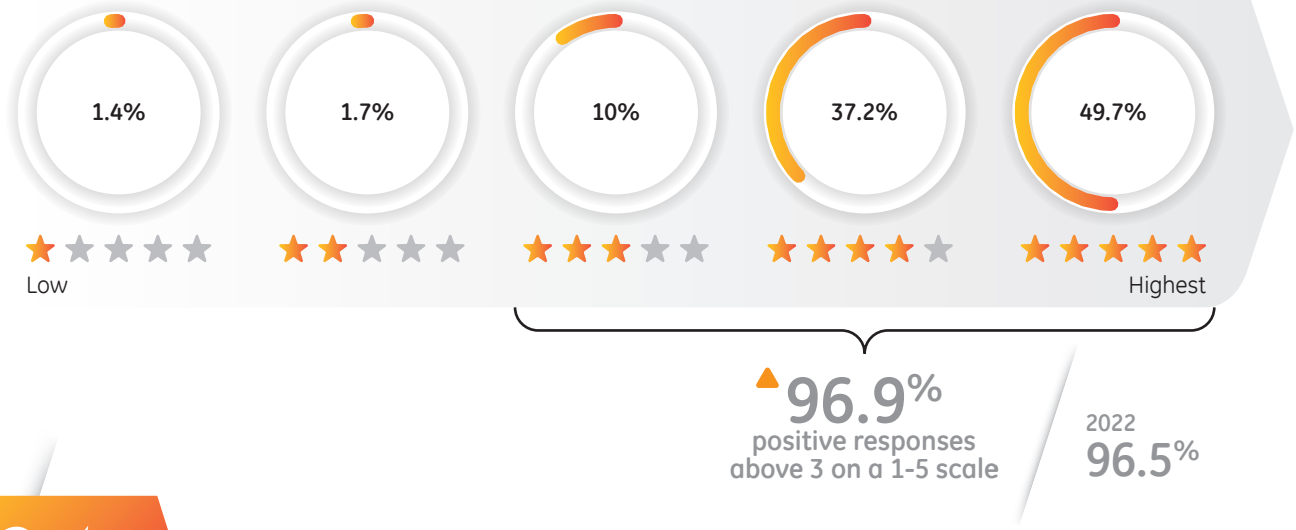
- Family Bank
- National Bank
- Prime Bank

**Tier 03**

- abc Bank
- Sidian Bank
- HF Group

The results show that the respondents had an overwhelmingly positive view of their banks' customer experience.Ninety-six (96.9) percent of the respondents rated their experience with their banks above three (3). For instance, 49.7 percent of the respondents rated their experience with their main banks at five (5), the highest rating. In addition, 37.2 percent rated it at four (4) and 10 percent rated their customer experience at three (3).

**Figure 5** Customers' Rating of Banks Customer Experience

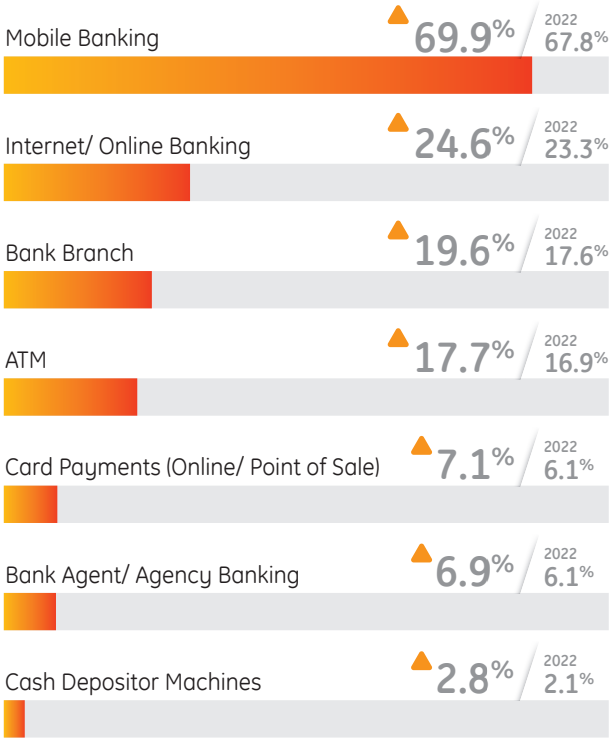



04

## Banking Channel Preference

The digital channel has become increasingly important in the banking industry, with mobile banking being the most preferred channel among customers. Internet/online banking is the second most preferred channel at 24.6 percent, a slight uptick compared to the 23.3 percent preference in 2022. Due to higher digital adoption, customers are visiting branches less with its preference coming third at 19.6 percent; its preferences are coming back as they stood at 17.6 percent in 2022. Similarly, the preference for ATM stood at 17.7 percent making it the fourth preferred channel.

**Figure 6** Digital channels continue to be the dominant banking channels preferred by customers



On the other hand, card payments (online/ point of sale) preference stood at 7.1 percent while agency banking preference among customers stood at 6.90 percent. This compares to the 2022 trends where agency banking and card payments or touchpoints came preference were both at 6.1 percent.

The least preferred channel is cash deposit machines at 2.77 percent, perhaps due to their limited penetration which is a slight increase from the 2.0 percent registered in 2022. As banks pursue digital adoption to improve efficiency and customer experience, they must navigate evolving customer preferences for different channels for different needs. However, short of implementing every possible support channel, banks typically have to prioritize which channels they can offer, as customers' service channel preferences have to be informed by the unique characteristics of their specific customers, which requires data-driven decisions about which channels to support.

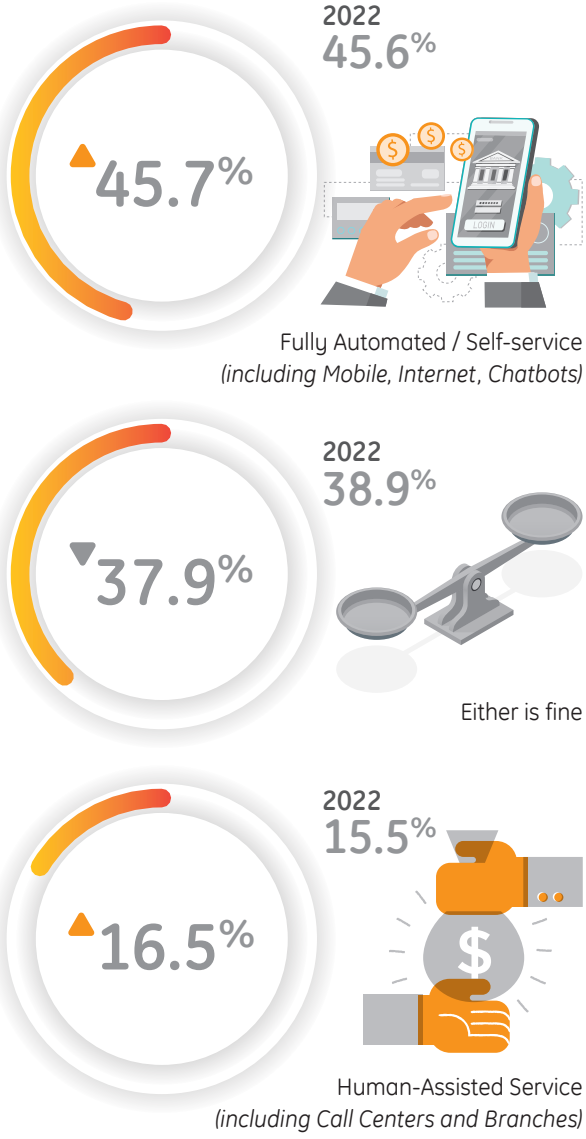
05

## Preferred Mode of Interaction in Accessing Banking Services

Over the years, preference for self-service channels has been on the rise. In 2023, 45.7 percent preferred fully automated / self-service (including mobile, internet, chatbots) when asked to choose their banking service channel preferences.

The physical branch still plays a vital role with 16.5 percent choosing human-assisted service (including call centers and branches), and 37.9 percent are indifferent between them. This trend in preference seems sustained over the years as in 2022, 45.6 percent preferred fully automated / self-service, 15.5 percent of the respondents preferred human-assisted service (including Call Centers and Branches), and 38.9 percent in 2022 were indifferent.

**Figure 7** Preferred Mode of Interaction when Accessing Banking Services



06

# Access to Bank Services for Persons with Special Needs

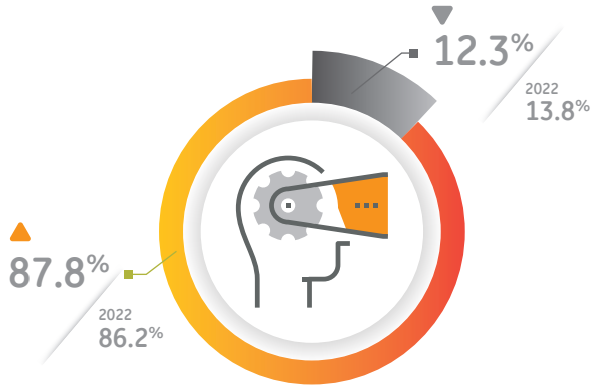
Banking services should be accessible to all customers including those with special needs.

From the 2023 survey, 12.3 percent of the respondents required unique accommodation (e.g., braille, ramp, screen reader, voiced aid) to access banking services. This is slightly lower than the 13.8 percent of the respondents in the 2022 survey. Of the respondents who required unique accommodation, 93.5 percent could independently use banking services, a trend sustained from the 2022 survey.

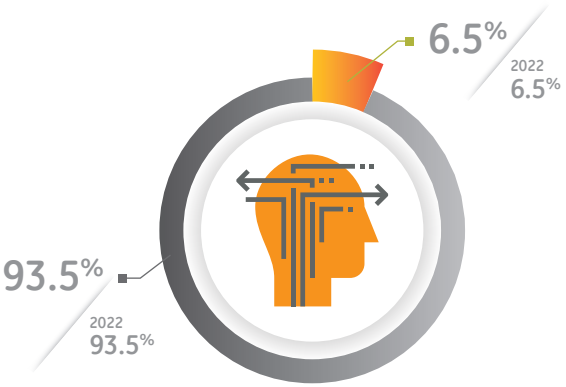
Further, out of the 6.5 percent in 2023 that could not independently access the banking services either on mobile or online banking, 75.4 percent of them 75.4% of them had no intention of switching banks while 24.6% said they were likely to switch. This is an improvement. This is an improvement compared to the 2022 survey where 29.9 percent had indicated their intention to switch banks due to their inability to access their banking services independently.

Overall, this demonstrates the commitment of the banking industry to improve financial services and ensure the inclusion of all customers regardless of their conditions, which aligns with the industry's commitment to making banking work for everyone as envisioned in the report on *"A Roadmap for Digital Accessibility and Financial Inclusion of People with Disabilities."*

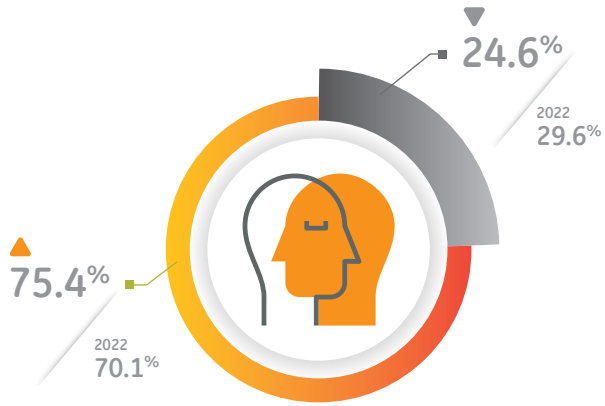
**Figure 8**
Access to bank services for Persons with Special Needs




Need special accommodation to access banking services
*(e.g. braille, ramp, screen, reader, voiced aid)*




Able to use the banking sevices independently
*(e.g. mobile banking and online banking independently)*




Intent to switch to another bank that provides you with accessible services independently

yes no

07

# Complaint Resolution Rate

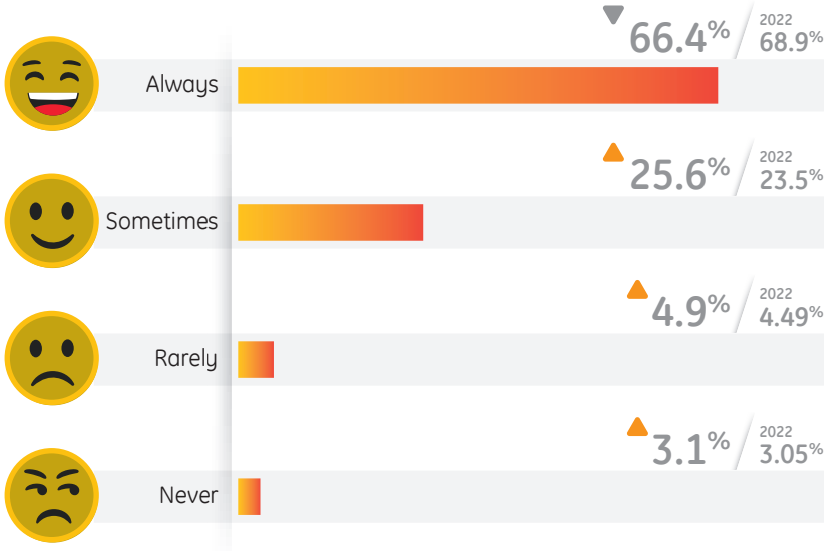
Customer centricity is a foundational principle that underscores an institution's ethos, placing the needs and preferences of our customers at the forefront of our business strategy.

A customer-centric approach not only fosters loyalty but also contributes to an institution's long-term success; therefore, the customer complaint resolution process serves as a crucial component of commitment to excellence. According to the 2023 survey, 66.4 percent report that complaints are always responded to within two days compared to 68.9 percent response in the 2022 survey. Some 25.6 percent report that complaints are sometimes resolved, while 4.9 percent indicate that they are responded to and a marginal 3.1 percent indicate that they are never resolved.

> A customer-centric approach not only fosters loyalty but also contributes to an institution's long-term success.

> Customer complaint resolution process serves as a crucial component of commitment to excellence.

**Figure 9** Customer Complaint Resolution



08

# Industry Net Promoter Score

In an increasingly competitive banking climate, customer loyalty is more important than ever, and the Net Promoter Score (NPS) provides valuable insights into customer satisfaction and loyalty. As a result, as banks continue to face increased competition among each other and from emerging FinTechs, the need for customer retention and acquisition, that is, the ability of its customers to recommend it to their close associates, has become so important.

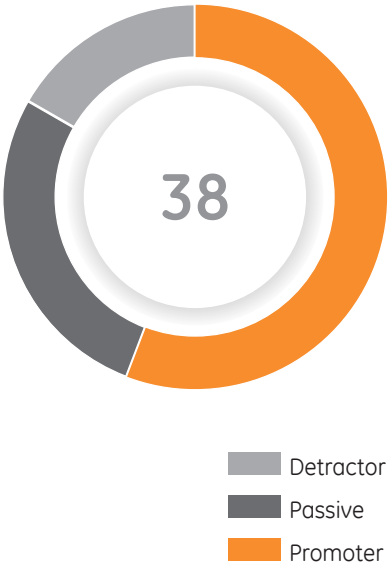
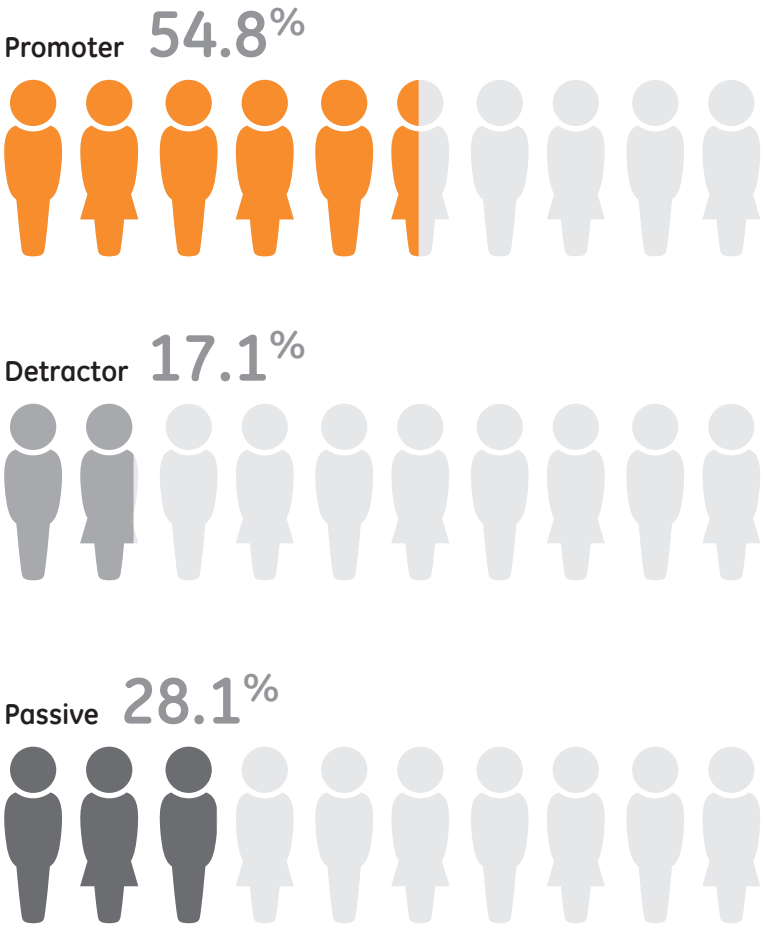



**Figure 10** Net promoter score of the banking industry




> Banks continue to face increased competition among each other and from emerging FinTechs, the need for customer retention and acquisition, that is, the ability of its customers to recommend it to their close associates, has become so important.

Based on the responses obtained, 54.8 percent of the respondents are promoters.[2] Compared to 55.8 percent in 2022. On the other hand, 17.1 percent of the respondents are passive[3] Compared to 27.5 percent in 2022. Lastly, in 2023, 17.1 percent of the respondents can be considered detractors[4] Compared to 16.7 percent in 2022. Based on these numbers, the 2023 banking industry NPS score stood at 38 compared.

Given these trends, the industry's standing, especially from a promoter's standpoint, is impressive, as research shows that the lifetime value of a promoter is 2.5 times higher than that of a detractor. In contrast, detractors are 2.3 times more likely to switch to another financial organization than promoters. More importantly, research has shown that a higher net promoter score (NPS) correlates positively with revenue. For instance, according to a study published by the London School of Economics entitled "Advocacy Drives Growth", an average NPS increase of 7 percent correlates with a 1 percent growth in revenue.

However, there are various areas that require improvement, including improvements in leveraging on assistive technologies to ensure independent access to banking services for Persons with Disabilities (PWDs). Although the industry's score on access to banking services to this important segment of the banking population is impressive (87.8 percent), more interventions are required to enable Persons with Disability to access banking services without involvement of a third party.

“The industry's standing, especially from a promoter's standpoint, is impressive, as research shows that the lifetime value of a promoter is 2.5 times higher than that of a detractor.”

“More interventions are required to enable Persons with Disability to access banking services without involvement of a third party.”

2. Promoters are respondents who answer with a 9 or 10 and are the most loyal of customers whose enthusiasm for the bank translates into actual recommendations to family and friends.
3. Passives are respondents who answer with a 7 or 8, are largely indifferent, and therefore are disinclined to share either negative or positive reviews with others.
4. Detractors are those respondents who answer the question with a 6 or lower; these respondents are unsatisfied customers who could actively harm the bank's brand by making their complaints public.
5. In the 2023 survey, respondents were asked the question, "On a scale of 0-10, with 10 being the highest, what is the likelihood that you would recommend us (our bank) to a friend or colleague?" whose response was used to compute the Net Promoter Score® (NPS).

09

# Appendix

| County | Proportion of total responses | County | Proportion of total responses |
|---|---|---|---|
| Nairobi | 44.54% | Narok | 0.73% |
| Kiambu | 6.22% | Makueni | 0.72% |
| Mombasa | 5.68% | Siaya | 0.72% |
| Nakuru | 4.08% | Kwale | 0.71% |
| Kisumu | 3.48% | Nandi | 0.71% |
| Meru | 3.07% | Bomet | 0.59% |
| Uasin Gishu | 3.03% | Nyandarua | 0.47% |
| Kajiado | 2.49% | Tharaka-Nithi | 0.45% |
| Machakos | 2.23% | Taita–Taveta | 0.44% |
| Kakamega | 1.63% | Vihiga | 0.37% |
| Kisii | 1.57% | Isiolo | 0.30% |
| Bungoma | 1.52% | Nyamira | 0.30% |
| Kilifi | 1.44% | Turkana | 0.27% |
| Nyeri | 1.42% | Garissa | 0.21% |
| Kericho | 1.17% | Baringo | 0.21% |
| Trans-Nzoia | 1.09% | Lamu | 0.17% |
| Homa Bay | 1.08% | Marsabit | 0.15% |
| Laikipia | 1.03% | West Pokot | 0.15% |
| Migori | 0.92% | Elgeyo-Marakwet | 0.15% |
| Murang'a | 0.86% | Samburu | 0.11% |
| Busia | 0.86% | Tana River | 0.10% |
| Embu | 0.83% | Wajir | 0.10% |
| Kitui | 0.79% | Mandera | 0.05% |
| Kirinyaga | 0.76% | | |

# Acknowledgements

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