



Changing customer, changing priorities

**2021 Nigeria Banking Industry
Customer Experience Survey**



2021

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Foreword



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The banking industry in Nigeria has been at the forefront of innovation over the last decade driven by the country's young demographic profile and enabled by game-changing advances in digital technologies. The pandemic has further accelerated digital adoption and increased the velocity of change in customer behaviour.

To remain at the forefront, organisations must transform their businesses into customer-centric, agile and digitally enabled enterprises capable of responding to customer needs and creating new sources of customer value. This requires deep and holistic insight which combines outside-in thinking with internal data to create compelling experiences for customers.

Our annual banking survey continues to provide an independent platform for banks and other organisations to acquire this outside-in perspective and understand the voice and priorities of Nigerian customers. This year, our results reveal a very competitive landscape in the race for the customer and at the same time, customer feedback that recognises the effort and innovation of Nigerian banks.

As you go through the insights in this report, I encourage you to contact us to discuss the findings.

Finally, I would like to thank all the individuals, SMEs and corporate organisations that participated in the survey. Thank you.



Nearly two years on, the COVID-19 pandemic is still a major feature in our daily lives and more so in our interactions with brands. Last year, we saw extensive shifts in customer behaviour and corresponding responses from organisations. More customers – including many first-time users – adopted digital channels while banks and other organisations adjusted their operating models in response. Some of those shifts will be long-term as we have continued to see significantly high levels of digital channel adoption. However, it is difficult to say exactly how these trends in customer behaviour and engagement will eventually settle as the operating environment continues to remain uncertain.

What is certain though is the unprecedented level of change within Nigeria's financial services industry over the last 24 months as banks, fintechs and increasingly non-banking players compete to transform the market. The emergence of new business models in banking such as embedded finance and the shift towards platforms and ecosystem-based models are changing the way value is offered to customers. As such, it has never been more important for players to go beyond the traditional banking account or transaction-based view of the customer to one that acknowledges the multidimensional nature of the Nigerian customer.

To this end, our research this year expands on the assessment of the banking customer experience to offer wider insights on the Nigerian consumer. We have adopted KPMG's "Five Mys", a framework to help navigate the complexity of consumer decision making across five key dimensions of customer behaviour – motivation, attention,

connection, watch and wallet. Considering any one of these dimensions in isolation tells only one aspect of a customer's story. Together, however, they enable companies to navigate the complexity of consumer decision making, and build a richer understanding of changing attitudes, needs and behaviour.

On the banking experience front, our 15th consecutive annual customer experience review reveals improvements in the SME and wholesale banking segments while the retail segment recorded a marginal decline in the overall customer experience score. This year's leaders demonstrate digital banking excellence and have adapted well to higher transaction volumes and complaints. In the wholesale banking segment, they are seen as partners to corporates and move quickly to address their needs and exceed them.

In the report, we explore, in more detail, key priorities for corporates such as transaction banking support as well as the payments experience for retail customers.

We hope that these insights offer value to both banking and non-banking organisations with interest in the Nigerian market.



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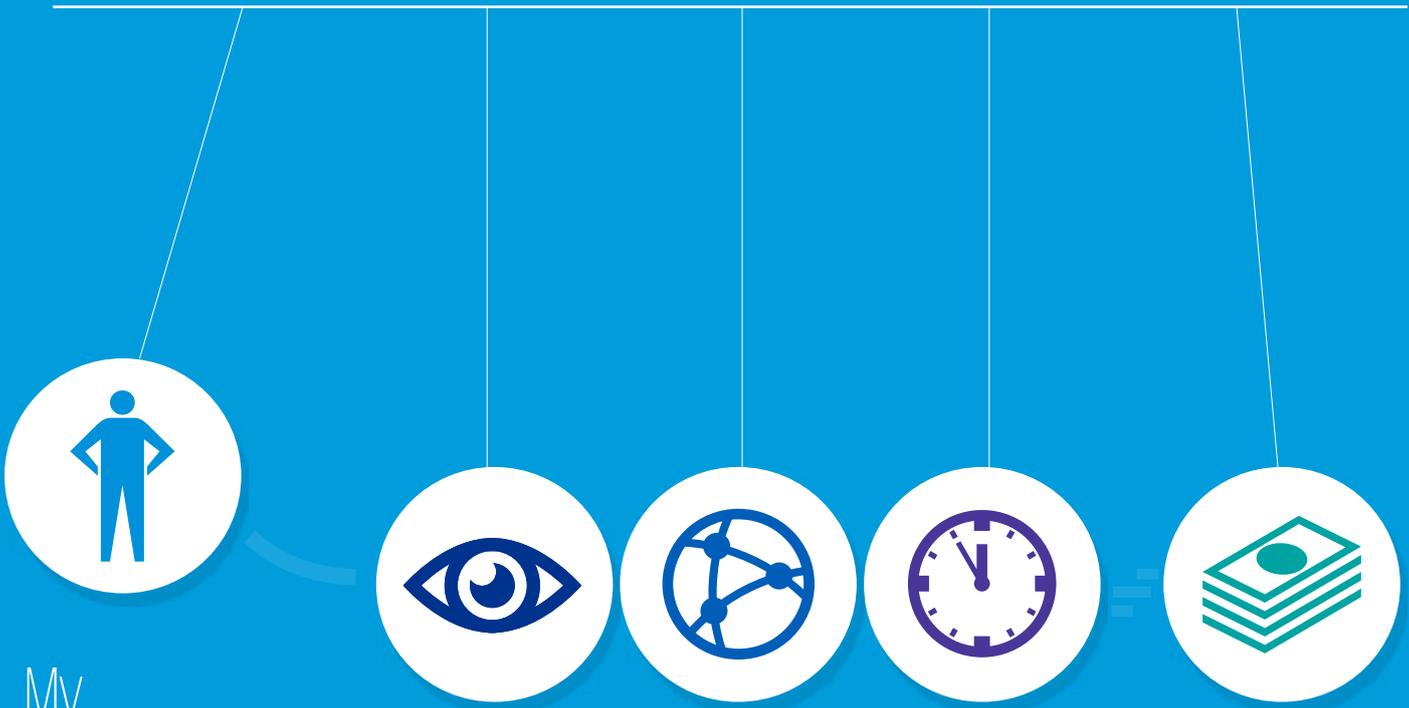
The changing customer

The economic consequences resulting from COVID-19 continue to be felt despite initial signs of recovery in the country. Earlier in the year, there were some improvements in consumer spending, indicated by the performance of the retail and wholesale trade sectors, particularly in e-commerce. However, the effects of inflation and fluctuating exchange rates have impacted consumer spending patterns.

Given the economic backdrop, there is heightened uncertainty among Nigerian consumers about their finances, jobs, businesses, and future life goals. We see consumers seeking stability in their lives and new sources of income, notably an ever-increasing desire for this income to be earned in foreign currency, and consumers navigating changes in their work and personal lives as they try to grapple with the economic uncertainties. The impact of these changes will likely go beyond the short term to continue to influence behaviours.

Understanding and responding to the changing consumer behaviours, needs and preferences will require a multidimensional view of the consumer. The Five Mys represent a distinctive framework designed to help organisations more fully and deeply understand the complex underlying drivers of human decision-making.





My motivation

Characteristics that drive behaviour and expectations

My attention

Ways we direct our attention and focus

My connection

How we connect to devices, information and each other

My watch

How we balance the constraints of time and how that changes across life events

My wallet

How we adjust our share of wallet across life events

52%

of people rate their health as very important to them

28%

of millennials glance at their phones every 10-15 minutes

45%

of Gen Z increased their use of social media this year

38%

of people increased their use of remote working arrangements

35%

of people experienced slight reductions in income this year

My motivation

Characteristics that drive behaviour and expectations

The unexpected effects of the pandemic have resulted in customers across all age groups prioritising their health more than ever before. Nearly 60% of Gen Z surveyed said that their health is very important to them; a similar proportion of Boomers also rated their health of top three importance. Our research shows that customers have become keenly focused on their overall physical and mental wellness, seeking ways to ensure good overall health and fitness.

This is not surprising as a large majority of customers remain anxious about the future in the areas of maintaining and enjoying good health beyond middle age and being able to meet immediate family financial commitments.

A major life goal which appears to have seen a rebirth across different generations is the desire to start a new business, either as a primary or supplementary source of income, in

Next major life goal



20% want to start a new business



20% want to start a job



21% want to gain admission into school



22% want to start a new business



16% want to get a promotion



14% want to get a job



Gen Z
1997-2003



Millennials
1981-1996

response to the current economic situation of the country and worries about the future.

The continued impact of the pandemic, its implications on the Nigerian economy, the upcoming elections and associated uncertainties, mean that many of us are hesitant to return to 'normal' until a hierarchy of fundamental safety needs – physical, emotional, economic – is addressed.

These underlying motivations are shaping behaviours as we look for alternative experiences and solutions that provide assurance in these uncertain times. This may

manifest in the form of food, fitness, work, education, shopping, entertainment or worship.

Businesses need to recognise these changing customer expectations if they are to stand a chance of responding appropriately. Some expected responses from proactive businesses include:

- Finding ways to make it easy for customers to engage with you.
- Helping them figure out if they are choosing the right products and services for their needs.
- Removing friction and making experiences with you simple, intuitive and pain-free.



20% want to start a new business



30% want to maintain good health



18% want to maintain good health



15% want to start a job



14% want to get a promotion



14% want to retire from work



Gen X
1965-1980



Baby Boomers
Up to 1964

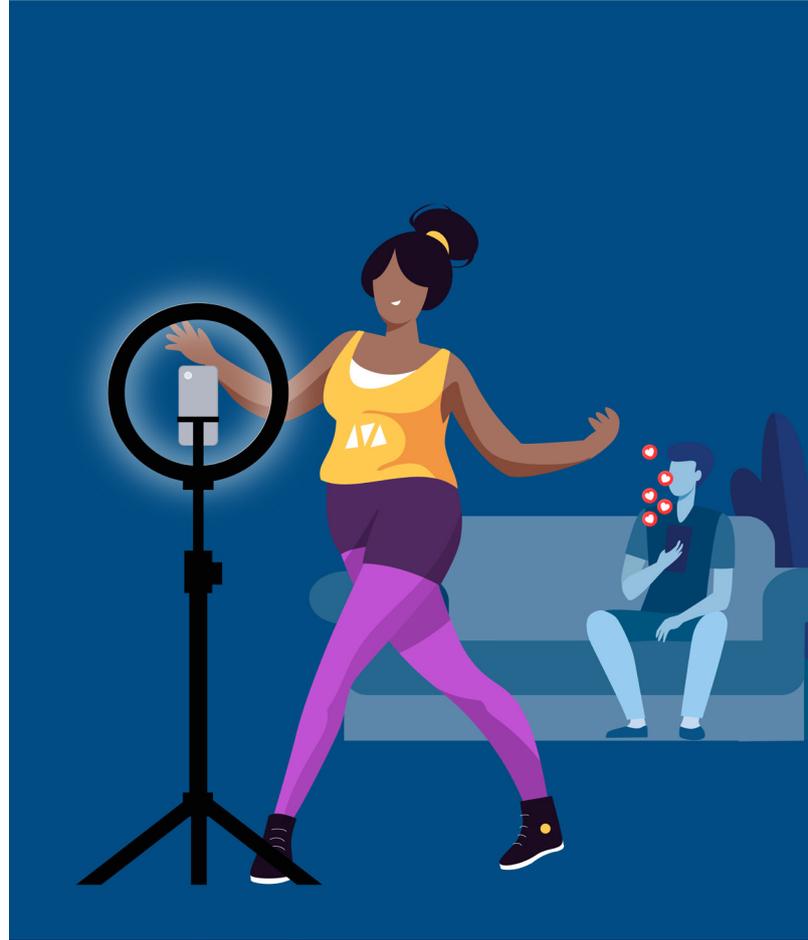
My attention

Ways we direct our attention and focus

It is well established that there are high volumes of information demanding our attention and while our patience threshold is falling, we continue to make time for the things that matter to us individually. 28% of millennials report being interrupted by their mobile phones at least once every 10 minutes, as they glance at notifications.

With a rapid increase in the use of social media especially by younger generations, there are changes in the ways consumers direct their attention. They are attracted to content that has relevance to their life goals and problems. They are also consuming information differently, opting for shorter-length content on platforms such as TikTok and YouTube. TikTok, a social media platform that allows users create short videos, grew in popularity in 2020 and is now used by over a third of internet users (aged 16-64) in Nigeria¹. For the older generations, 41% of Gen Xers seek information about business and finance on the internet while nearly half of Boomers follow political news and information when using the internet.

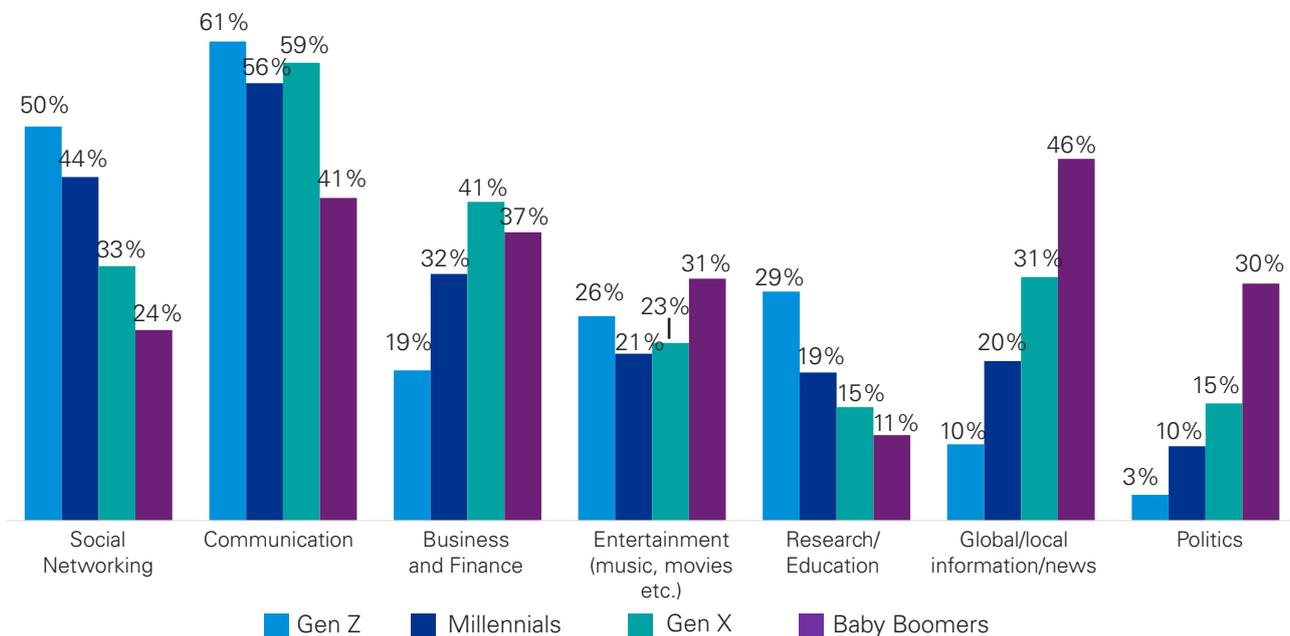
With the pandemic resetting the ways people live, work, and do business, many are evaluating broader aspects of



their lives, triggering major life event changes such as career change decisions. With employees complaining of burnout from long hours working remotely, without timely or meaningful recognition and reward, we're now in the midst of the 'Great Resignation', with many organisations experiencing above normal turnover and inability to fill open positions.

For businesses, it is imperative to be sensitive to the forces competing for consumer attention and to capture the new moments that matter. They must do this by determining how and when to capture attention without adding to the existing anxiety and fatigue.

How we spend time online



Note: Percentages represent proportion of each age group that selected each option

¹Statista

My connection

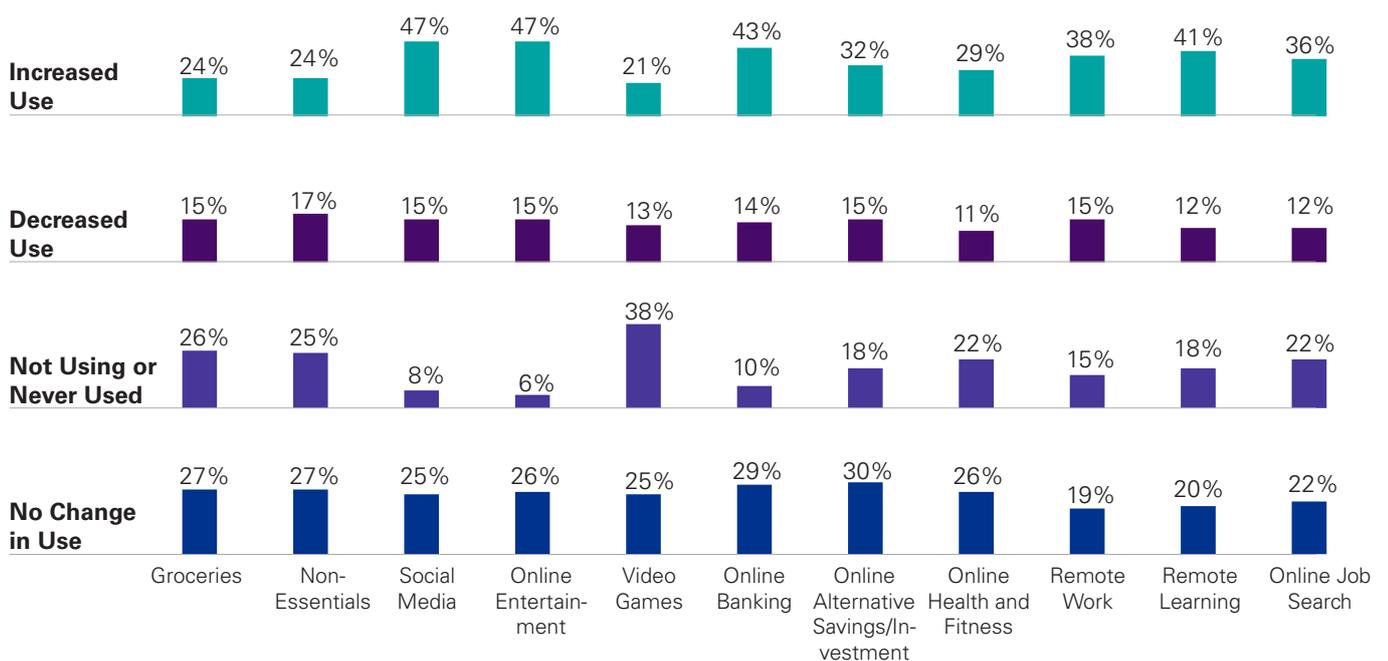
How we connect to devices, information and each other

As technology adoption accelerates, new devices and tools are gaining more users in less time. As a result of increased connectivity, we are having more digitally “connected” interactions. This has been amplified by the pandemic as seen in the rise of remote working and a general shift to virtual experiences.

Consumers have become even more reliant on the technology that helps them connect and they are adapting to undertaking familiar activities in new ways. Four in ten customers across generations have increased their use of digital banking, remote learning and online job search. Many life events can now be actualised virtually: weddings and funerals, concerts, education, work, fitness, religion etc. Not many recent job recruits would have predicted that in their first or new jobs, they would not meet their colleagues in person for months.

Understanding the new shape and patterns of these wide-ranging connections and networks is central to understanding how consumer decisions are influenced, when and by whom. This was imperative pre-COVID-19, but now even more so. The brands that cultivate such an understanding will be those best equipped to engage with consumers on their (new) terms.

Impact of COVID-19 on online activities

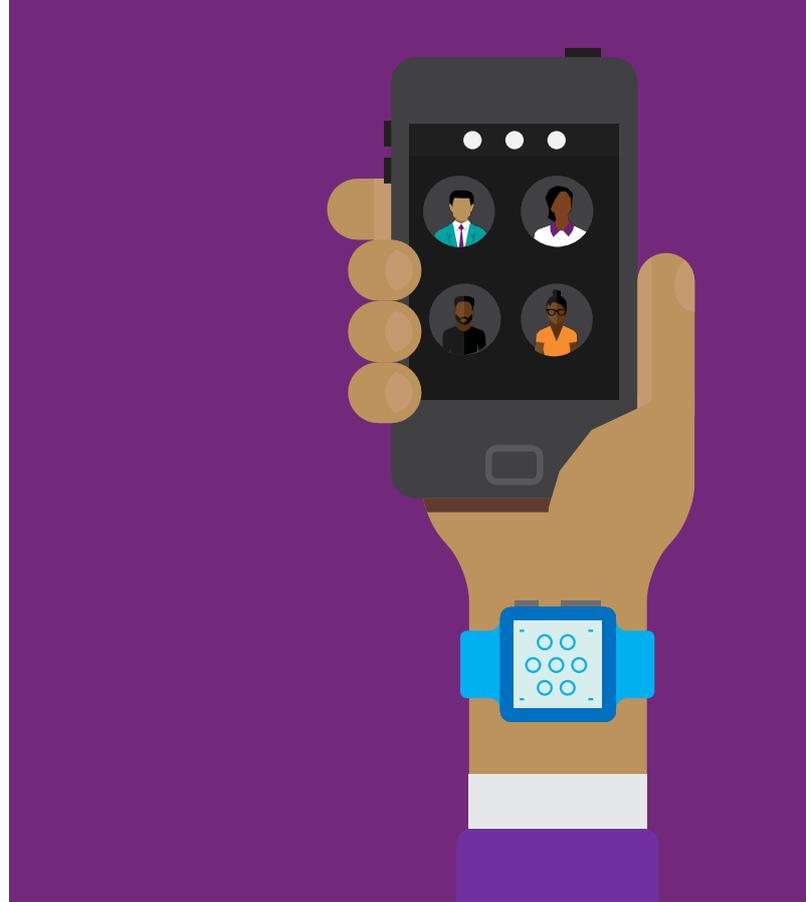


My watch

How we balance the constraints of time and how that changes across life events

The amount of time we have, or think we have, has a great influence on our interaction with other people and businesses. Many of us increasingly use technology to automate or accelerate tasks throughout our lives, whether with day-to-day shopping, figuring out the fastest route to our destinations, accounting tasks for small businesses and side hustles or the use of algorithms to help guide us on what to purchase, watch or listen to. By understanding the impact of life events and the trade-offs of time and money, companies can engage with consumers at the time of greatest impact, identifying and delivering to unmet needs.

From our survey, some customers now spend more time on entertainment and relaxation. This may be an indication of having more time on their hands or finding new ways of escapism. 47% of customers said their use of online media and entertainment had increased since the onset of the pandemic. This trend is seen across generations even amongst older people. Part of their social activity time is also expended on reskilling and upskilling themselves, as well as searching for jobs that suit them best. Millennials and Generation X respondents spend their free time on social activities and social media engagement, while television is still a major source of entertainment for the Boomers who also spend time engaging in religious

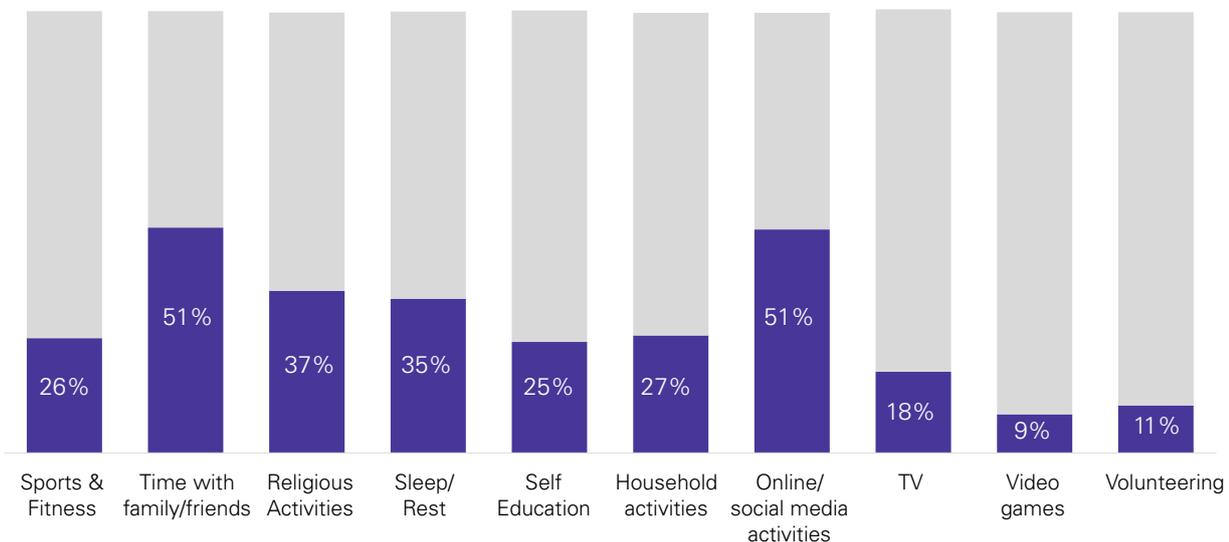


activities or other less demanding activities, as is expected for their current life stage.

At the same time, about half of Gen Xers and Millennials reported spending more time working remotely or for the first time. Many in this group are having to wear many hats simultaneously with the daily struggle of finding a balance that works for them on the work and home front.

The companies that understand the constraints of time and anticipate how that changes across life events are best placed to engage customers in the moments of greatest impact and to meet their needs head-on. Forward-looking businesses should continue to explore ways to evolve their offerings and positioning across the life event continuum. They will also need to invest in understanding the moments that matter, in order to catch generational waves.

How we spend our free time (all generations)



My wallet

How we adjust our share of wallet across life events

General financial constraints are expected in a country with over 80% of its population as low-income earners. We see an increase in these financial constraints, with more than 30% of respondents across income groups experiencing slight reductions in income this year. Only the upper affluent and HNI income group reported higher incomes following the impact of COVID-19 on their finances. This group of consumers are relatively calm about their financial situation, compared to lower-income groups who reported higher levels of anxiety about the future of their finances.

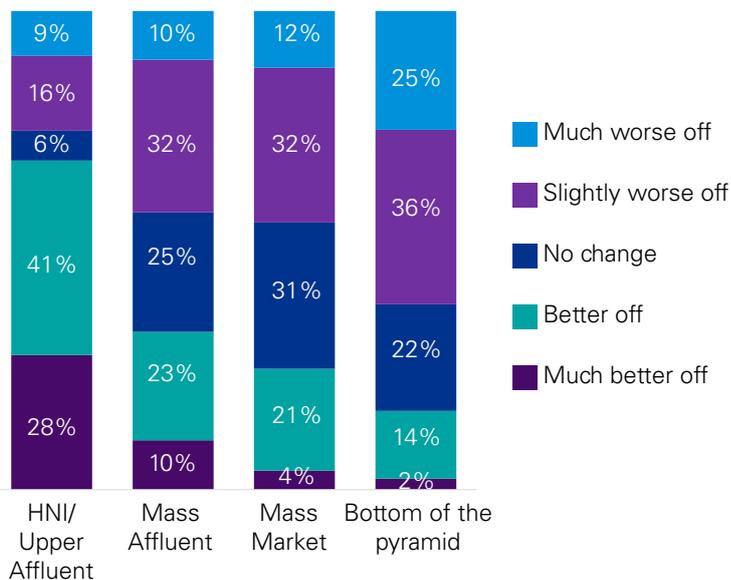
The impact of inflation, especially on food prices, has hit the latter income groups particularly hard. For example, within a year, the price of a tin of sardine has increased from N300 to N750; the price of a bottle of soda went up from N120 to N150 and the price of a yam tuber rose from N800 to N1,500. The increasing prices have led consumers to spend more on their immediate, essen-

tial needs and to become more selective on non-essential spend, whilst balancing their desire to save and invest for the future.

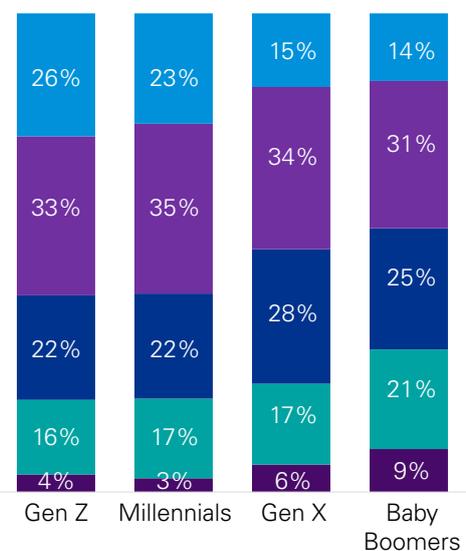
67% of respondents increased their spending on food and essential items. Consumers also spent more on data, personal care and meeting financial obligations. Despite higher spending levels, consumers are striving to save a proportion of their income. This year, 75% of customers reported saving at least 5% of their monthly income, slightly lower than 76% in 2020 and up from 68% in 2019. This signifies optimism for the future despite the financial constraints that consumers are currently experiencing. We see many consumers gravitating towards online savings and investment platforms, as well as cryptocurrency exchanges, which promise potentially better returns on savings deposits and investments.

Effect of the COVID-19 Pandemic on Personal/Household Finances

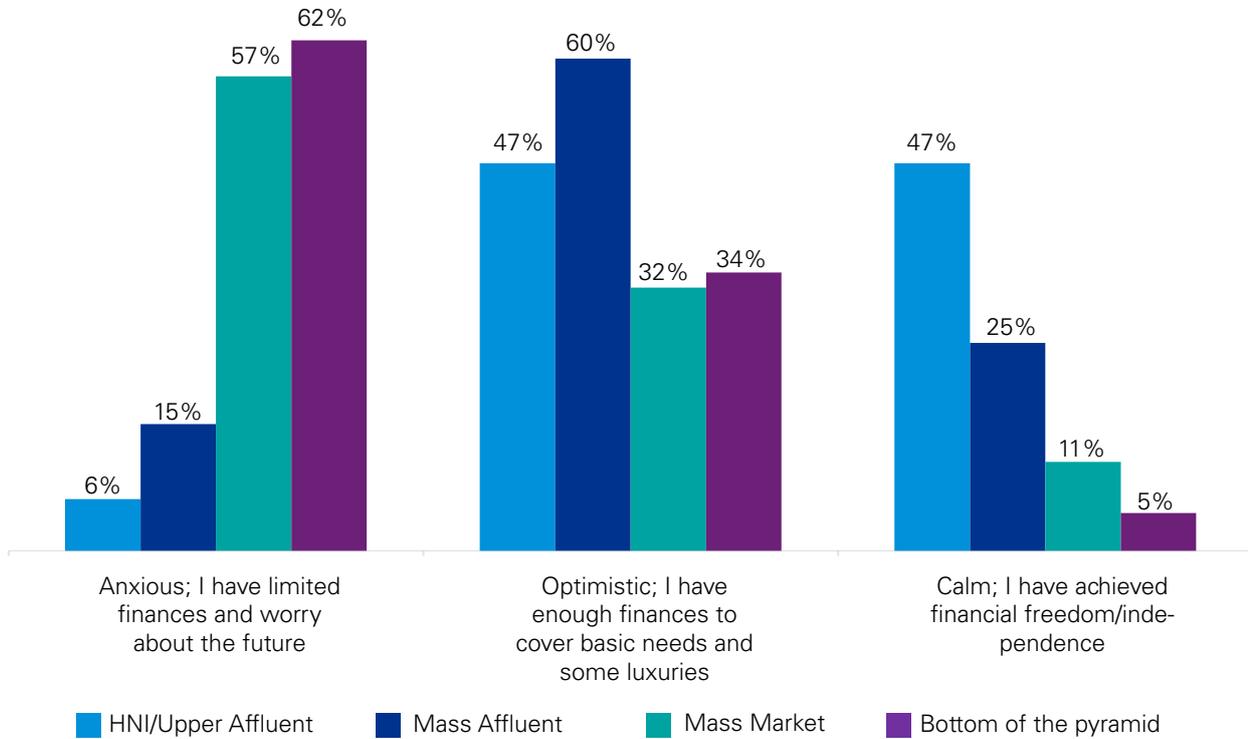
By income group



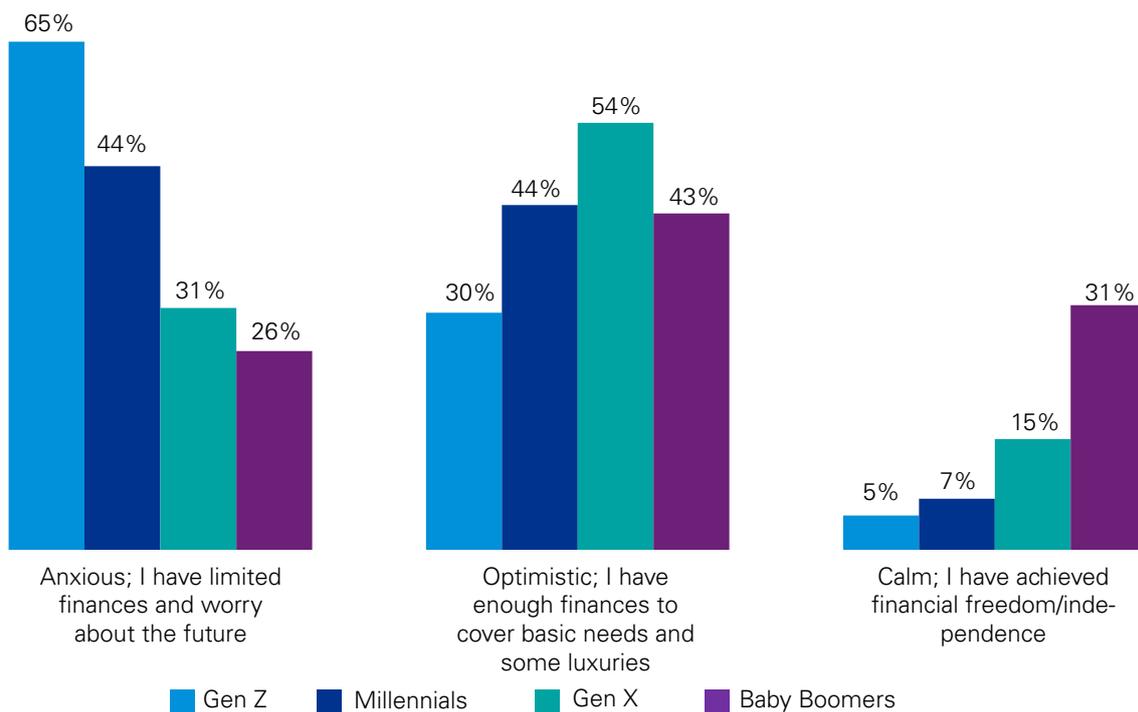
By age group



Financial wellbeing by income group



Financial wellbeing by age group



For customers who applied for credit to meet their financial needs, the highest success rates were experienced with collective savings (for example, Esusu) and digital lenders. 73% of respondents who applied for credit from digital lenders in the past 12 months reported success in receiving loans. A factor behind this is that digital platforms offer better access to credit at lower rates and efforts required.

For example, the digital lender, Carbon, provides zero-interest loans to users, and the tech start-up for money transfer, Abeg, offers an interest as high as 15% per

annum on the deposits of customers who actively use the platform.

Nonetheless, banks were the most popular sources of credit among customers as 39% reported their banks as their credit provider, followed by digital lenders (20%) and microfinance banks (14%).



67%

of consumers have increased spending on food and essential items



75%

of consumers save at least 5% of their monthly income



61%

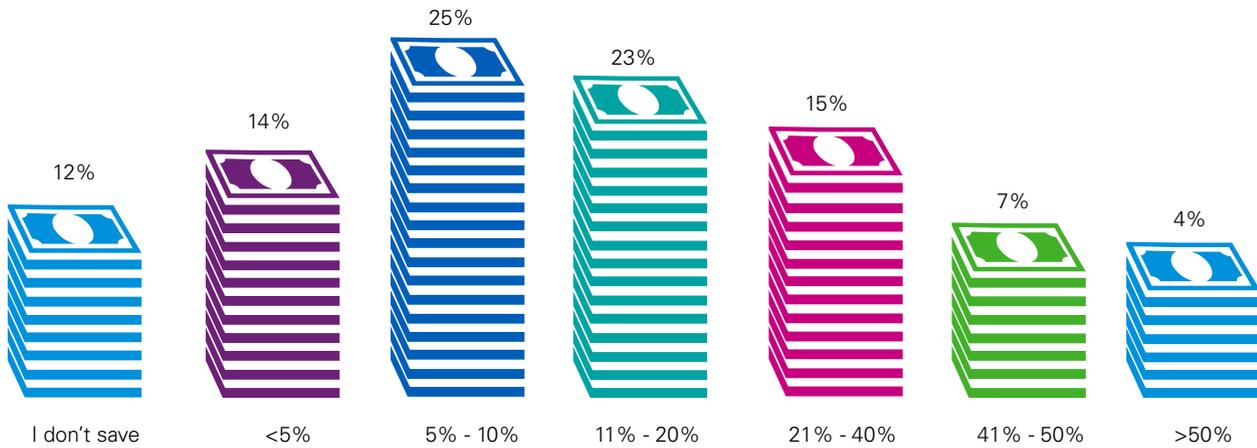
of consumers invest at least 5% of their monthly income



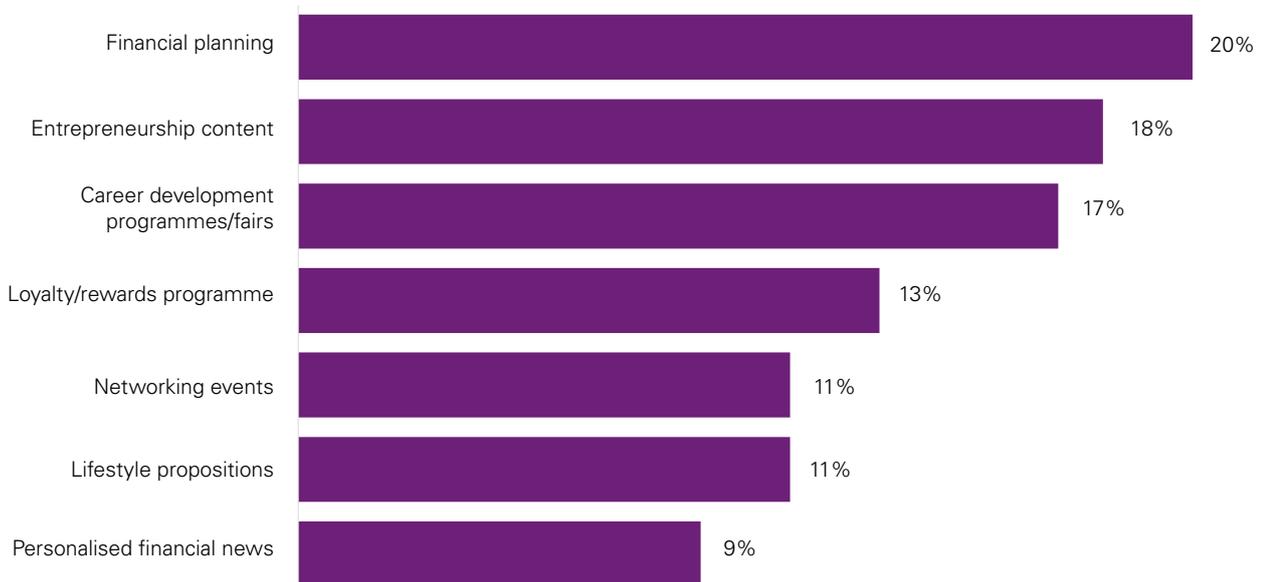
34%

of consumers are willing to take some risks in investing in financial products

Savings as a proportion of monthly income



Most important value-added services



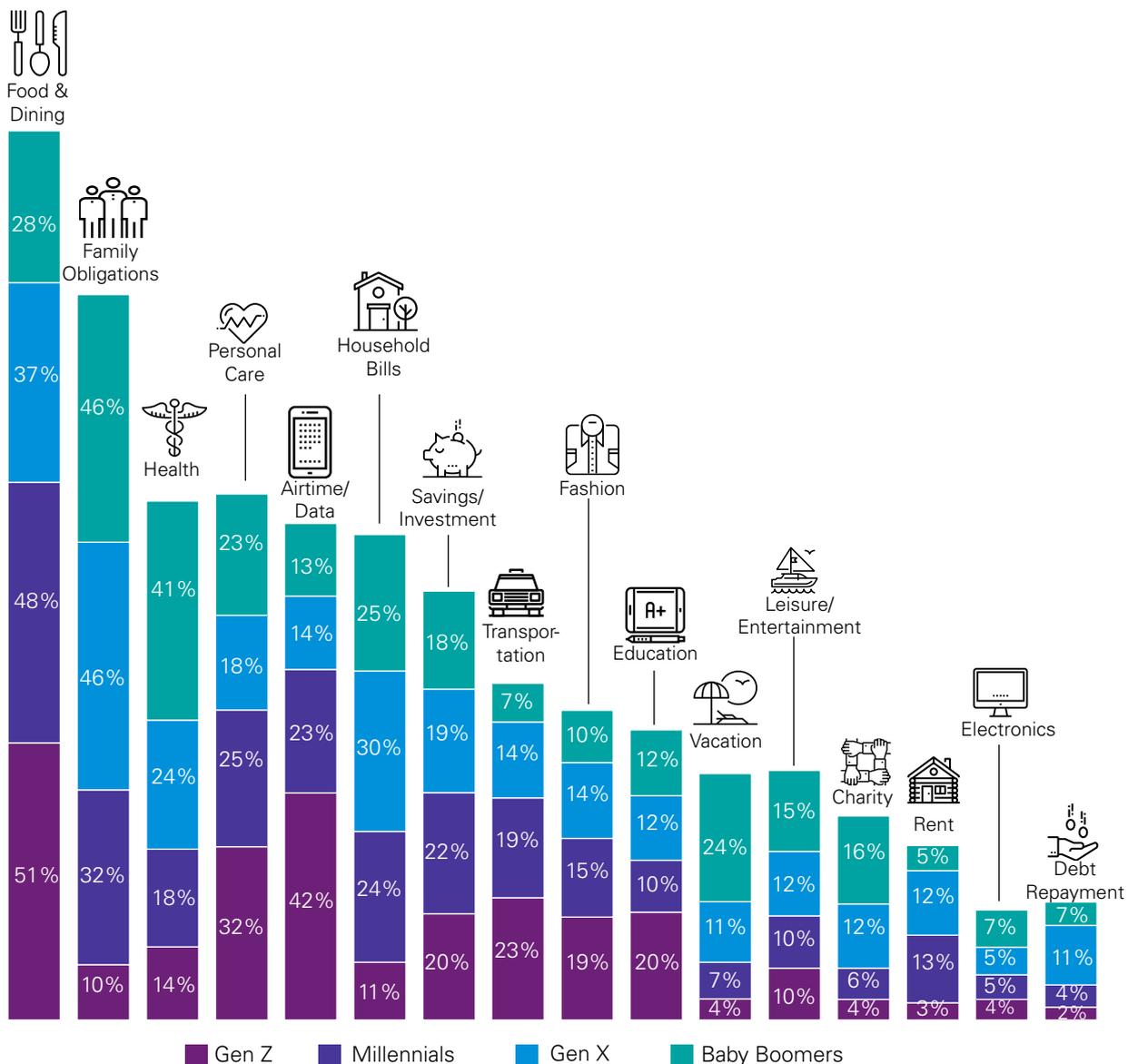
Our research finds that financial priorities across generations are changing due to the influence of the pandemic and economic situation in Nigeria. A desire for financial security and decrease in disposable income has caused Nigerians to be more conscious and minimise their spend on discretionary items. Some of the key areas where consumers have been reducing their expenses include clothing, leisure activities, vacation and purchase of white goods e.g. electronics.

When asked what items they had reduced spending on, millennials said that clothing (39%) and vacation (46%) expenses had taken the greatest hit. For older generations, four in ten Gen Xers and Boomers said that they reduced spending on leisure and entertainment as they focused more on meeting family obligations. On the other

hand, a similar proportion of Gen Z consumers spend a significant portion of their monthly income on data subscription due to their increased use of social media and need to stay socially connected.

Businesses need to consider the large customer behaviour and wallet shifts experienced to be better prepared to weather the next waves of change. By providing financial planning tools and insights, they may be able to help customers manage their wallets and budgets, both for their current and future circumstances. Financial institutions should also explore quicker and seamless access to credit and/or partnerships with providers of services that matter to these customers through financing solutions such as 'buy now pay later'.

Share of wallet by generation



Note: Customers were asked to indicate the top three categories on which they spend their monthly income. The data shown above represents the proportion of each generation (age group) that identified each category as a top three item.





The Six Pillars

Twelve years of research have shown that every outstanding customer relationship has a universal set of qualities – they are The Six Pillars of experience excellence. They are inextricably intertwined and, in combination, provide a powerful mechanism to help organisations understand how well their customer experience is delivered across channels, industries and company types. Leading organisations demonstrate mastery of these pillars and are outstanding at all of them.

Integrity

Being trustworthy and engendering trust.

Integrity comes from consistent organisational behaviour that demonstrates trustworthiness. There are trust-building events where organisations have the need to publicly react to a difficult situation, and trust-building moments where individual actions by staff add up to create trust in the organisation as a whole. For all customers, it is the degree to which the organisation delivers on its promises that is consistently top of mind.

Resolution

Turning a poor experience into a great one.

Customer recovery is highly important. Even with the best processes and procedures, things will go wrong. Great companies have a process that not only puts the customer back in the position they should have been in as rapidly as possible, but also make the customer feel really good about the experience. A sincere apology and acting with urgency are two crucial elements of successful resolution.

Expectations

Managing, meeting and exceeding customer expectations.

Customers have expectations about how their needs will be met, and these are increasingly being set by the best brands they have encountered. Great organisations understand, deliver and – if appropriate – exceed expectations. Some are able to make statements of clear intent that set expectations (“never knowingly undersold”) while others set the expectation accurately (“delivery in 48 hours”) and then delight the customer when they exceed it.



Empathy

Achieving an understanding of the customer's circumstances to drive deep rapport.

Empathy is the emotional capacity to show you understand someone else's experience. Empathy-creating behaviours are central to establishing a strong relationship and involve reflecting back to the customer that you know how they feel, then going that one extra step because you understand how they feel.

Personalisation

Using individualised attention to drive emotional connection.

Personalisation is the most valuable component of most experiences. It involves demonstrating that you understand the customer's specific circumstances and will adapt the experience accordingly. Use of name, individualised attention, knowledge of preferences and past interactions all add up to an experience that feels personal.

Time and Effort

Minimising customer effort and creating frictionless processes.

Customers are time-poor and increasingly looking for instant gratification. Removing unnecessary obstacles, impediments and bureaucracy to enable the customer to achieve their objectives quickly and easily have been shown to increase loyalty. Many companies are discovering how to use time as a source of competitive advantage. Equally, there are clear cost advantages to saving time, as long as the other pillars are not compromised.



EMPATHY

PERSONALISATION

TIME & EFFORT

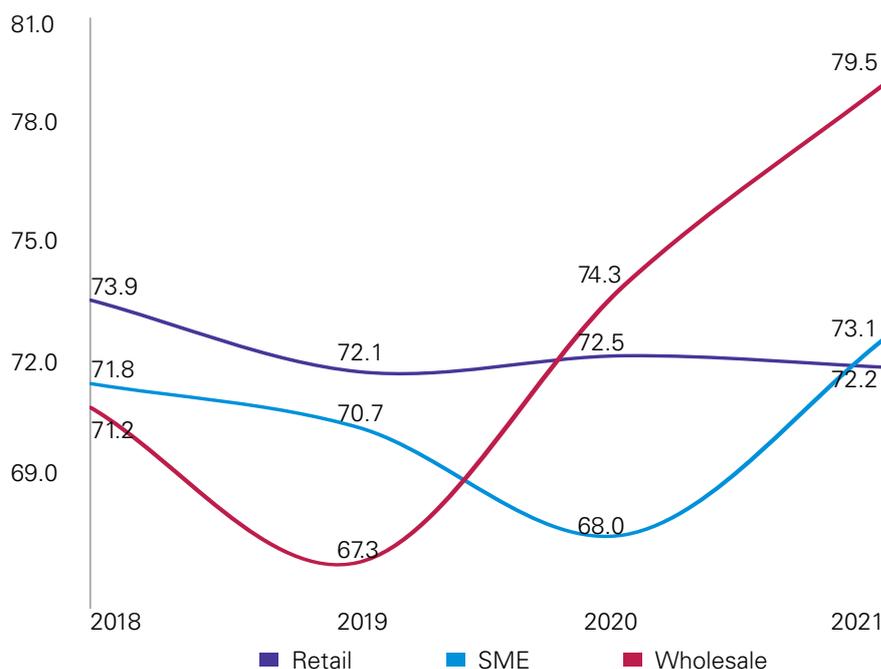
State of play

Overall customer experience performance in the retail segment declined marginally by less than a percentage point in 2021. In the overall rankings, Stanbic IBTC Bank is the top-rated bank and the biggest mover this year – moving up eight places into the top spot. Sterling Bank, GTBank, Heritage Bank and Zenith Bank remain in the top five for the second consecutive year albeit with Sterling and Zenith recording changes in their positions.

Outside the top five, UBA and Union Bank moved into the sixth place – recording improvements from last year. The retail segment remains the competitive battleground for banks evidenced by the narrow gap between the top and lowest ranked banks which was less than six percentage points – the closest in the last five years. Security of transactions, reliability of payments and the ATM experience continue to remain central to the retail customer's experience.

Stanbic IBTC Bank also holds the top position in the SME segment and recorded the greatest improvements in this segment. Higher overall satisfaction for SMEs this year (from the 2020 lows) indicates that banks have an improved focus on meeting the expectations of SMEs. SMEs rated success rate of transactions (transfers and payments) and easy-to-use digital platforms as very important to their service experience, with the top five banks outperforming the industry average scores on these measures.

Overall customer experience performance



2021 CX Leaders

Retail

SME

Wholesale

<p>1</p> <p>Stanbic IBTC Bank</p> <p>74.5 CX Score out of 100</p> <p>▲ Up 8 places</p>	<p>1</p> <p>Stanbic IBTC Bank</p> <p>74.7 CX Score out of 100</p> <p>▲ Up 8 places</p>	<p>1</p> <p>Citi</p> <p>83.5 CX Score out of 100</p> <p>● No change</p>
<p>2</p> <p>Sterling Bank</p> <p>73.4 CX Score out of 100</p> <p>▲ Up 3 places</p>	<p>2</p> <p>Sterling Bank</p> <p>74.6 CX Score out of 100</p> <p>▼ Down 1 place</p>	<p>2</p> <p>Standard Chartered Bank</p> <p>80.4 CX Score out of 100</p> <p>● No change</p>
<p>3</p> <p>GTBank</p> <p>72.9 CX Score out of 100</p> <p>● No change</p>	<p>3</p> <p>Wema Bank</p> <p>74.5 CX Score out of 100</p> <p>▲ Up 3 places</p>	<p>3</p> <p>FCMB</p> <p>79.8 CX Score out of 100</p> <p>▲ Up 4 places</p>
<p>4</p> <p>Heritage Bank</p> <p>72.8 CX Score out of 100</p> <p>● No change</p>	<p>4</p> <p>Zenith Bank</p> <p>73.7 CX Score out of 100</p> <p>● No change</p>	<p>4</p> <p>Zenith Bank</p> <p>79.7 CX Score out of 100</p> <p>▼ Down 1 place</p>
<p>5</p> <p>Zenith Bank</p> <p>72.7 CX Score out of 100</p> <p>▼ Down 4 places</p>	<p>5</p> <p>Union Bank</p> <p>73.4 CX Score out of 100</p> <p>▼ Down 3 places</p>	<p>5</p> <p>Ecobank</p> <p>79.6 CX Score out of 100</p> <p>▲ Up 8 places</p>

Change from last year:

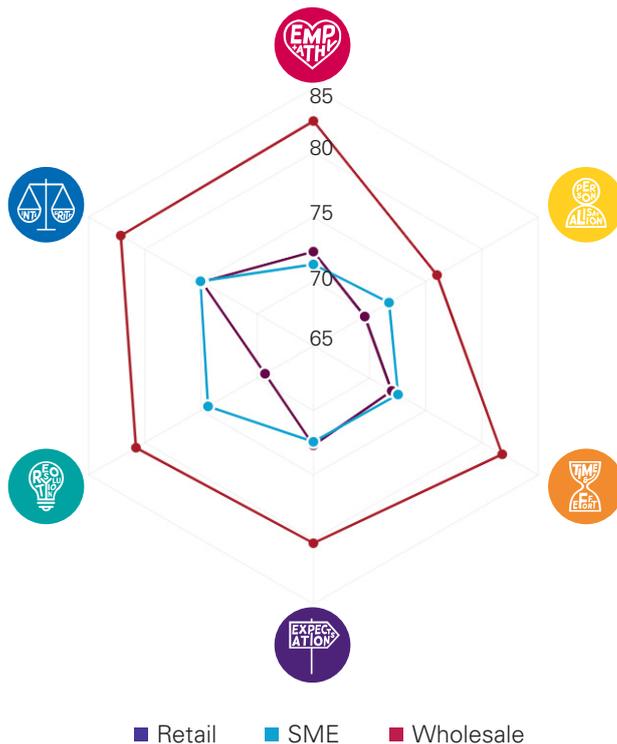
- ▲ Move up
- ▼ Move down
- No change

Citibank and Standard Chartered Bank continue to maintain overall top rankings in the wholesale segment for another consecutive year. Ecobank moved up several places to take up the fifth position. Despite sustained increases in the overall customer experience scores, we also observed sharper increases in customer expectations particularly around transaction banking and relationship management which we discuss later in this report.

The most significant improvement in retail performance is seen in the Resolution Pillar. Although gaps in customer expectations and customer experience on this Pillar remain, better performance in Resolution this year indicates that some banks have become well adapted to handling complaints from customers following the disruptive effect of the pandemic in 2020 and its resultant pressures on contact centres and virtual response teams. Stanbic IBTC Bank and Sterling Bank outperformed the retail industry average for this Pillar by between 4% and 5%.

Following lagging performance last year in the SME segment, Personalisation had the highest improvement rising by 13% in satisfaction score. In the wholesale banking segment, Time and Effort had the greatest improvement across all the banks, increasing by 13% in satisfaction score this year. Timeliness of transaction processing is a key measure of performance, with Citibank leading the trail on this Pillar.

Six Pillars performance across segments



A closer look at this year's CX leaders



Stanbic IBTC Bank leads the retail and SME segments this year. Customers commend user friendliness of the Bank's digital platforms, fast response to complaints and good quality in social media content but more importantly, acclaim the experience at the ATMs and in the branches. The Bank demonstrated a sustained commitment to its superior branch experience, with customers reporting quick handling of transactions and relatively fewer queues at the branches. Given the continued importance of ATMs to the customer's experience, its high performance on this channel certainly bolstered Stanbic IBTC's performance rankings this year.

"It has been a wonderful experience with Stanbic IBTC Bank. Their courtesy just makes me feel good. I got my ATM card quickly when I went to the branch and using the card just makes life easy." - Retail CX Survey Respondent

"I suspended using my account with my former bank because of poor customer service. Stanbic IBTC Bank gave me a reason to start using a bank account again. Their customer service is good, and they don't usually have network issues on their platforms. Their mobile banking platform is top-notch." - Retail CX Survey Respondent



An innovative digital platform (with high success rate of payment transactions) and good levels of knowledge and relationship management demonstrated by account managers place **Citibank** ahead of the industry average.

Corporate customers also reference the bank's consistency and problem-solving approach in managing client relationships as standout attributes.

"We use Citidirect for all our payments. They have a platform that integrates all the banks together. From Citi, you can make payments from all the other banks platform which is very convenient. They also regularly upgrade and provide new features on their platform." - CFO, Oil & Gas Company

"We experience prompt response to queries, and we have a good relationship with the account manager. Their service delivery in terms of transactions and enquiries is very good and efficient." - CFO, FMCG



In addition to performing competitively on digital banking experience (particularly USSD), **Sterling Bank** received very good feedback on timeliness of complaints resolution and transaction processing. **GTBank** maintains third place in the retail segment, with stellar performance noted on its mobile banking app. Customers said that the app is easy to use, offers a wide variety of features and delivers successful transactions, helping customers conveniently complete their banking activities (and sometimes non-banking activities) without ever visiting the branch.

With corporates placing very strong importance on relationship management this year as they recover from the pandemic, **Zenith Bank, FCMB** and **Ecobank** performed very well in these areas.



Payments at the centre of the customer experience

The use of cash to make payments is still widespread in Nigeria. In 2021, ATMs continue to dominate retail banking channels especially for cash withdrawal activity. More than 70% of respondents use ATMs regularly, with slight changes between 2020 and 2021. The branch and POS agents are also dominant channels for cash transactions, as 46% and 41% of customers say they conduct cash transactions using these channels respectively.

Agency banking is rapidly gaining importance in Nigeria's retail banking industry, enabling convenient access to cash and other banking activities particularly in rural areas. Agency banking is particularly high amongst Gen Z customers, with 52% of these customers reporting regular usage of the channel. As this trend continues, banks can leverage the agent networks to push a wider range of financial activities beyond cash transactions.

Another key driver of the prevalent use of cash is the comparatively low level of merchant acceptance of non-cash payments. While progress is being made with formalised businesses, many microenterprises and providers of day-to-day essential services such as grocery traders, artisans, road transporters etc. are typically unable to offer digital payments as an option to customers. Reliability of transactions and ease of confirmation of payments are factors often cited as barriers for adoption as they do not support the immediacy required to complete these transactions.

Further penetration of payment acceptance devices and initiatives such as the eNaira may enhance adoption by providing alternatives for merchants without access to POS terminals.

Despite the prevalent use of cash, our survey shows customers are increasingly shifting towards cards and digital wallets to make payments. 41% of customers indicated plans to reduce use of cash to pay for products or services, while 54% plan to increase their use of cards. Digital wallet use is an increasing trend especially for younger generations as more than 40% of Gen Z customers and Millennials will prefer to use a digital wallet to

make a purchase. We expect this trend to continue well into the future.

We note the continued growth in the use of mobile apps even as customers continue to engage in cash transactions. Compared to last year, use of mobile apps among respondents increased by six percentage points to 81%. Making a payment or a transfer is primarily conducted through this channel for 79% of customers.

Given the key role payments plays in the lives of many customers, expectations have naturally heightened for frictionless experiences when using digital channels for payments. Customers indicated that a good payment experience hinges on successful and complete transactions, speed and reliability, and resolution when failures happen.

To deliver an overall good experience, banks must take an end-to-end view of the payments experience, taking into consideration the steps the customer goes through within each stage of their payments journey and the experience at every point of interaction.

We found that retail customers ranked the success rate of transfers and paying bills in the top five most important measures in evaluating the service experience. Yet only a little over a third of customers are very satisfied with this measure, showing that there is a gap between what retail customers expect and what they experience. Log-in issues on the digital platforms, transaction failures, delayed reversals on unsuccessful payments, downtime on digital channels are recurring issues encountered when completing payments or transfers.

In our survey, GTBank, Stanbic IBTC Bank, and Zenith Bank are ranked by retail customers as the top performing banks on the success rate of making payments and transfers. Most customers said that these banks met and often exceeded their expectations particularly when they wanted to complete a transaction quickly or needed a payment or transfer issue to be resolved promptly.

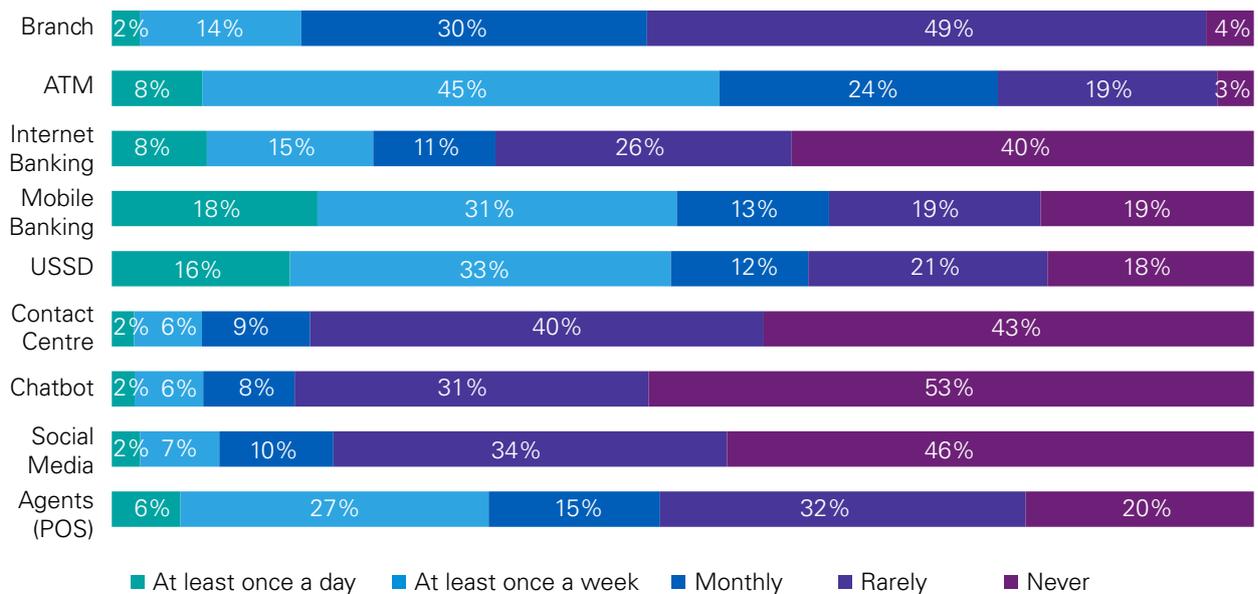
Customers expect reliability in the channels they use to perform banking transactions. They want their payments to be completed instantly and become dissatisfied when their expectations are not met. This was evident in our survey when a customer complained about receiving their salary 24 hours after the payment was initiated. Closing this gap in expectations will entail implementation of adequate application and service monitoring solutions to proactively identify and resolve downtime, and where required, communicate to customers.

Even with the very best processes and technology, things will go wrong from time to time. In previous years, familiar problems of channel downtimes, payment failures and improper complaints handling could be safely and slowly addressed by banks.

For banks with lower performance scores this year, retail customers complained about resolution of issues, expressing dissatisfaction about their bank's ability to resolve problems quickly, or with a sense of urgency. Customers' feedback on payments issues includes delays in crediting an account as soon as money is deducted and resultant delay in fixing the issue. One customer said, "I was going to pay my tuition fee in school online and used my bank account. The money was deducted but it didn't reflect on my school portal for over three days. I was in the bank the whole period to resolve the issue and had to skip classes on multiple days."

For top performing banks, respondents indicated their approval and admiration of reliable online payments and fast

Overall Channel Usage





reversal of payment failures. “I had a failed transaction, and it was rectified within minutes without having to go to the bank,” said one respondent. “I usually get refunded within 24 hours whenever I carry out a transaction and it fails,” said another.

Today, with higher customer expectations and heightened competition, these issues require immediate action and resolution. Leading banks provide instant automatic reversal for any unsuccessful transaction and especially timely resolution of customer complaints on payments and transfers. Difficulties experienced by customers along the complaint reporting phase of a payments journey offer valuable opportunities to recover relationships, delight customers and build trust. Consider a customer’s complaint as a gift – it highlights a problem, provides an opportunity to investigate and put it right, not just for one customer, but for all customers. When a customer is happy with resolution, they spread the news, retention improves, business volumes increase and revenues grow.

In addition to addressing the foundational requirements of the payments journey, there are opportunities to enhance the payments experience as a core part of the customer’s overall banking experience. One way is making payments more insightful using transactional data to unlock competitive advantage. Across the payments industry value chain, the greatest value exchange taking place on payment systems is in transactional data. Payment data provides better insights on customer behaviour patterns, a useful advantage for corporate businesses as well as retail customers who ultimately receive a better experience resulting from data that is available about their activities.

Another opportunity is to bring a social dimension to payments. This will create new opportunities for banks to engage with individual customers at scale through social media networks. For example, Monzo, a leading digital bank in the UK, shares a personalised summary of the customer’s spending throughout the year with the option to share the summary with friends on social media. Thousands of customers shared their summaries on social media, drawing massive interest and further engagement with the brand on social media platforms. In Nigeria, Piggyvest provides customers with annual “W.A.E.C. results” (a play on a similarly-named annual exam written by many young secondary school students in Nigeria) to help them better understand their savings and investments performance. Thousands of customers share this on social media, helping the brand to draw interest in their platform.

Finally, banks can meet the higher customer expectations of faster and more convenient payment methods by making payments invisible. Automatic deductions from a linked bank account without customers having to carry cash or open the banking app will be a next frontier for payments. Uber (mobility) and Amazon Go (shopping) are examples that illustrate how customers can focus more on the experience while payments remain in the background.

Preferred method for carrying out banking activities

39%

and 34% of customers make balance enquiries via mobile banking and USSD respectively



34%

and 24% of customers deposit cash through branches and POS agents, respectively

48%

of customers say they withdraw cash via ATM and 17% via POS agents



27%

of customers prefer to get financial advice through their account officers compared to bank branches (19%)



44%

of customers prefer to use mobile banking for transferring funds. USSD (20%) is the next most preferred channel for this activity.



30%

of customers prefer to make their complaints via the bank branches, while 14% prefer the mobile banking platform



36%

of customers make payments through the mobile banking platform and 19% of customers make payments through the bank branch

26%

of customers get loans through the bank branches compared to 21% of customers who prefer to use mobile banking

Corporate banking priorities

Over the course of the year, the business environment has experienced some growth and recovery from the lows of 2020. Sectors such as manufacturing, trade and agriculture have experienced a rebound from last year's recession. However, currency devaluation and access to adequate foreign exchange remain top burner issues for many corporates and SMEs - the Naira now trades at N411 against the dollar (at the official exchange rate), up from N306 in early 2020 representing a devaluation of over 30%.

Nevertheless, businesses have remained resilient and continue to represent key growth drivers for the banking sector and the wider economy - corporate and SMEs account for over half of banking industry revenues in Nigeria. Our discussions with CFOs and treasurers this year reveal some pressing themes and opportunities to strengthen the relevance of banks in the business and corporate banking relationship.

Treasury and transaction banking support

Amidst the wider macroeconomic headwinds, treasury services have become even more significant as organisations face the challenge of managing risk and liquidity. Banks have long understood this in their own organisations, with treasury teams contributing significantly to overall income as much as peers in the traditional front office.

As more organisations wake up to this new reality, transaction banking excellence has become even more important. Many corporates depend largely on banks for local and FX payments, cash management, trade finance etc. given the limited alternatives to banks for these services. Transaction banking presents low risk, low-cost funding and high revenue opportunities for banks and the opportunity to create longer term relationship with clients as banks become more embedded in their client's value chains.

While eight in ten corporates said that these services were extremely important to them, there was an average of a 12-percentage-point gap between expectations and the corresponding level of satisfaction with banks' capabilities and support.

Despite this seeming gap, there is a significant opportunity for banks to create more value for CFOs and treasurers. Some of the potential initiatives to address the demands of corporates include:

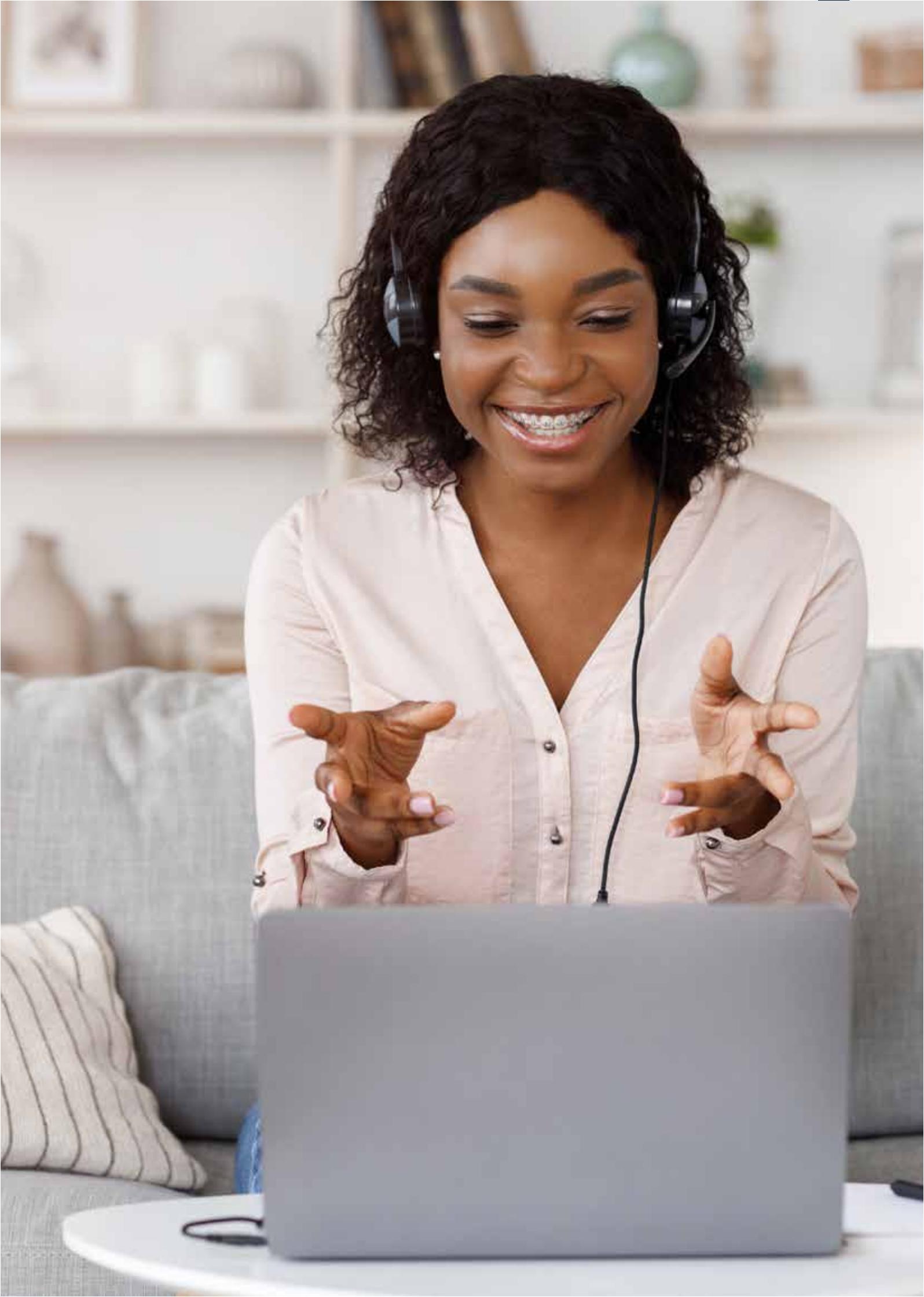
- Advisory services that cover liquidity and risk management
- Seamless execution of transactions e.g. supplier/vendor payments, cross-border transactions etc.
- Solutions that integrate delivery of related transaction banking services e.g. trade, credit, FX and payment etc.

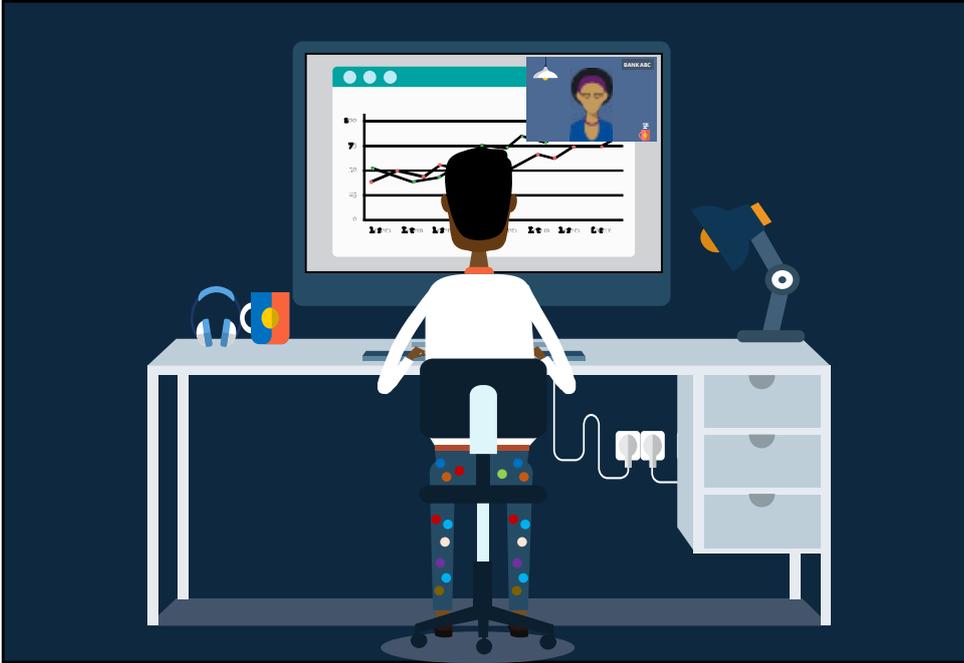
Digital banking excellence

Just like their banking providers, many multinational and large corporates are on their own digital transformation journeys with many already used to extensive automation in parts of their businesses. Some have well developed tools for managing their liquidity, working capital and their supplier/distributor payment flows. Some corporates are also shifting towards using single bank portals to access multiple services from one bank with a single sign-on, with increasing interest in better integration across corporates, banks, and other business/value chains' systems through the use of APIs.

While 58% of corporates said they were very satisfied with their bank's digital capabilities, there was an 11-percentage point gap between the top three banks and the rest of the industry highlighting the significant gap in the perception of digital banking capabilities in the corporate banking segment of the industry.

Leaders in our survey invest heavily in the digital experience offered to corporates including easy-to-use digital interfaces and seamless customer journeys, regular security updates





and integration with the client's own environment – this is a capability that is desired by a number of corporates that participated in this research. A few corporates would also like to see advanced analytics and insights offered as part of their banking experience.

To further enrich the corporate banking experience and create stickiness, banks can either offer or partner with other providers to address these gaps and demands from business clients. For example, Xero, a global accounting software provider has partnered with Wells Fargo, DBS, Westpac and other banks to provide real-time feed integration for payments. Taulia, a B2B-focused fintech, has partnerships with JP Morgan and Unicredit to offer supplier finance solutions to larger corporates in their markets. These services can create stickiness of corporate banking relationships.

Renewed focus on relationship management

In the wake of the pandemic, personal relationships have taken on renewed significance and the B2B side of banking also appears to have had a reset in terms of relationship banking. This year, the bank's understanding and support of the client's business (17%) and quality of relationship with the bank's representative (14%) were rated as the second and fourth most important considerations when deciding to keep a banking relationship.

The reality is that business customers are also consumers in their personal lives, and they are bringing their rapidly changing expectations to the business/corporate banking relationship. Relationship management was a recurrent

theme in our conversations with many corporates this year as they highlighted the value of a bank's investment in building and deepening personalised relationships.

'Responsiveness' and 'partnering' were some keywords often used within the context of relationships with banks. It is clear that the quality of the relationship manager(s) can significantly strengthen or undermine the relationship as they embody the bank to the client. Issue responsiveness and the ability to manage stakeholder relationships are some of the key failure points and differentiators across the banks. More strategically, banks such as this year's leaders were praised for always being present and going beyond transactions to offering broader support to address business needs. In the words of one CFO, "They are very responsive and supportive to our business. They act like partners, always watching out for us."

Beyond the relationship manager, it is also vital that the internal service model is properly designed to provide effective support to client-facing teams. Relationship managers require timely and accurate insights and efficient internal processes to address client issues. Delayed approvals by internal decision makers, unattended client instructions, slow operational processing and platform downtimes without the RM's knowledge are some examples cited by corporates of instances where good relationship managers haven't been effectively supported by their internal service model.

Delivering better experiences

As we've discussed in parts of this report, customers are increasingly relying on multiple channels to carry out transactions and as the financial services landscape also continues to evolve beyond the traditional players, future customer journeys will cut across multiple players and partners beyond the 'control' of the bank. This will create opportunities for those that are willing and able to design intentional journeys and orchestrate the experiences of their customers.

The goal of orchestrated customer experience is to deliver the right service to customers as they move between channels that reflects their context to provide an appropriate level of emotional connection. This requires aligning technology with The Six Pillar best practice interaction design across customer journeys.

Applying appropriate business rules and intent-driven analytics to determine the relevant next best action, information or process will engage customers and help fulfil their emotional, psychological and physical needs. Establishing change of this nature is difficult and complex and can often be hard to gain buy-in across the organisation. But, by taking a customer-centric approach as to why this transition is necessary by communicating the clear benefits can make this easier.

Understand your customer

To deliver the best experiences you need insight to guide your decisions. This requires soliciting and understanding deep insights about your customer that can predict and personalise their experiences end-to-end. Analysing customer data, voice of the customer and looking at historical records can help provide a holistic picture of your customer, identifying what matters most to them and how they want that service delivered to them. To do this, businesses will need to use intelligent and advanced analytics embedded as predictive and prescriptive actions for both customers and employees. This will create dual benefits - it will help create proactive solutions for customers with the desired outcomes and it will empower employees with data for effective decision making.

Organisations will need to establish a right mix of human, self-serve and virtual channels to engage with the customer on their specific needs. It should adopt channels which customers are currently using in their day-to-day lives while at the same time preserving the human connection. An omni digital channel approach will reduce the customer effort and offer more flexibility to resolve customers' issues efficiently.

Understand the orchestration

Having gained a clear picture and understanding of who your customers are, you can use this knowledge to your competitive advantage to create a unique brand experience that is based on an individual customer need. This is orchestration in action. True orchestration goes beyond marketing to incorporate sales, service and ecommerce solutions.

Unifying your capability and overcoming organisational silos allow you to learn, understand and align customer conversations and journeys more effectively across every interaction to create a deeper connection with your customer. This greater connectivity puts the customer at the heart of your day-to-day operations and can help you to adapt and change the way your business operates. From connecting KPIs across departments with measures focusing on the short, medium and long term to supporting business growth and value creation to improving the end-to-end experience for every customer.

Orchestration can enable the symbiotic relationship between happier, more loyal customers and can also make a positive difference across your organisation. From increased customer acquisition rates, to more easily identifiable cross-sell and up-sell opportunities, to reducing the cost to serve and retain existing customers. All of this is achievable by having a closer understanding of the intent behind the customer interaction and responding in real time with always the relevant next best action, decision, offer or communications that are aligned to your customer needs and wants.

Understand your organisation

To create the right experiences for your customers you need to make everything in your organisation resilient, flexible, agile and scalable. You can achieve this by integrating your Front, Middle and Back Office and shifting from traditional, siloed operating models to focus on the right customer outcomes and reduce customer effort. The following should be considered as part of this effort:

- Set-up Multi-Disciplinary Teams (MDTs) to work together so the business uniformly understands custom-



ers' needs and works together across front and back office. This will help to design experiences that can efficiently and effectively meet those needs.

- Identify synergies between front and back office so the customer gets a consistent experience and informed service from everyone they deal with, irrespective of the department, to reduce customer effort.

Understand your people

With the changing digital needs of the New Customer the usage of different channels will vary. This will require adopting new resource approaches to meet customer expectations.

For example, inbound front office teams may get smaller as customers engage more with self-serve channels. This may mean operating with a more flexible workforce. One of the solutions could be crowdsourcing customer service through the gig economy. Staff are already breaking the mould and as such are becoming inherently more engaged and empowered. They are doing this by:

- Shifting the mindset from one-issue, one-associate to all-issues, one-associate philosophy. This would mean associates taking complete ownership on any issue pertinent to that customer account to create a positive customer experience.
- Adjust your talent strategy in line with an examination of the new skills required to manage advanced customer engagement processes.
- Change what you measure. Performance metrics for the next gen experience will need to become more customer centric and real-time. For example, from measuring volume and usage of digital channels, to number of customer queries resolved by cognitive interactions with IVR containment, chat bots and virtual assistants. To First-Call Resolution and NPS scores to measuring reduction in customer effort and response time.

Understand your technology

To deliver optimum customer experience solutions, organisations will need to first look at the technologies that already exist within the organisation to assess how they are performing and what can be leveraged.

If the technology isn't suitable, organisations should look to capitalise on the "As a service model" to be able to respond quickly to these changing demands and to embed the right service solutions that can ensure agility and flexibility rather than building solutions from scratch.

Investigate how a cloud architecture framework enables you to experiment with a customer journey by connecting the traditional functions of marketing, sales and customer service. This addresses the growing need to orchestrate a continuous customer experience across channels, systems and departments. It is critical that you approach it with these in mind:

- Go for a channel-less/agnostic design, seamless integration and CX innovations. In addition,
- Use advanced analytics to create a segment of one, thus, considering customers as individuals with an array of preferences instead of simply as a ratepayer to build brand loyalty. This will also help empowerment of colleagues to provide unique resolutions to customers based on their personal needs.



About this research

Since 2007, KPMG in Nigeria has been asking customers across segments about their individual experiences with their banks. Over this period, more than 200,000 customers have been interviewed across the country.

This year's research covered 28,110 retail customers, 3,338 SMEs and 567 commercial/corporate organisations. In addition to the annual customer experience survey, we also expanded our research to include wider behavioural insights presented at the beginning of this report.

The research for this 2021 report was completed across Q3 and Q4 2021. To participate in the research and to be able to respond to questions on a specific bank, respondents must have interacted with that bank in the last six months.

In reading this report, you should bear in mind the following considerations:

- This survey focuses on the perceived quality of customer experience delivery by banks from the customer's perspective across the Retail, Corporate/Commercial (wholesale) and Small & Medium Sized Enterprises (SME) segments.
- This survey does not represent the opinion of KPMG on the skills, capabilities or performance of any of the banks covered.
- KPMG is responsible for defining the survey questionnaire administered to the respondents.
- KPMG conducts the survey, but findings represent the opinions of the customers of each bank.
- This survey does not seek to establish any absolute facts, but it reports the feelings and broader perceptions of customers with respect to services provided by their banks. The rankings are solely based on the customers' feedback received from the survey.
- Customer feedback and perception can be subjective; as a result, they may not be balanced or fair.
- Banks rated in the survey vary by size, service offerings and customer profile. However, the minimum number of respondents required for each bank in the survey guarantees that the results reflect the opinion of a representative customer group in each segment.
- This implies that banks with respondents below the minimum threshold will not be rated in that segment.

- The rankings in each segment are based on the Customer Experience Score (CX Score) of each bank.
- The CX Score is a composite of the satisfaction rating and corresponding importance rating for each experience measure as determined by each customer.
- The experience measures used in each segment are reflective of key aspects of the customer journey and are mapped to the Six Pillars discussed earlier in the report.



How KPMG can help

Connecting the enterprise to the customer

Customer strategy

Using innovative approaches to product development and new business models, KPMG helps clients focus on their customer strategy. KPMG's network of strategic alliance partners brings innovation and mastery of new digital technology to help build strategies that respond to digital disruption.

Customer experience

We help to define winning customer experience strategies, help clients redesign customer journeys which improve customer loyalty and help maximise customer lifetime value.

Marketing, sales and service transformation

KPMG consultants can help you to digitally enable and transform the effectiveness of your marketing, sales and service functions to create a connected enterprise – integrating front, middle and back-office operations to enable a more agile and responsive business.

Customer-centric organisation

Helping clients to empower employees and improve the employee experience with engaging digital solutions.

Customer data, analytics and insights

KPMG customer analytics solutions and decision engines can help harness insights to power improvements in customer experience and customer lifetime value.

Digital transformation

KPMG digital specialists can help you to succeed in the digital world. From strategy to technology enablement to cultural change, our multi-disciplinary teams take a holistic view of how processes, platforms and behaviours across the front, middle and back offices need to evolve – and offer clear methodologies for executing that transformation.

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