UAE banking sentiment index

2022

Contents

Foreword

For the second consecutive year, KPMG has partnered with data analytics company, DataEQ (formerly BrandsEye), to benchmark consumer sentiment on social media amongst major retail banks in the United Arab Emirates (UAE).

By analyzing the key drivers of consumer satisfaction and frustration, the study aims to ascertain whether UAE retail banks are meeting expectations of customer service and market conduct on social media.

The seven UAE banks included in the analysis are Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Commercial Bank of Dubai, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, and Mashreq Bank UAE.

DataEQ retrieved 172 588 public tweets[1] mentioning these banks for the period from 1 January - 31 December 2021 and processed them using their unique Crowd and AI technology[2]. A statistically relevant sample of these mentions was analyzed to understand consumer concerns within the UAE retail banking sector in areas such as customer service, products, reputational risk and market conduct. Consumer conversation around UAE banking was prominently negative, driven largely by operational issues.

Abbas Basrai
Partner, Head of Financial Services

KPMG Lower Gulf
E: abasrai1@kpmg.com

Nic Ray
CEO

DataEQ
E: nic.ray@dataeq.com

1 Only public tweets were included in this study due to limitations imposed by other social media platforms.

2 The DataEQ Crowd is a proprietary crowd sourcing platform comprising a network of trained and vetted local language contributors. The full data EQ methodology can be found in the Appendix.

Highlights

All of the analyzed banks had negative Net Sentiment, as consumers shared complaints and feedback towards services. The negative sentiment of the industry's operational conversation (-66.8%) detracted from the positive sentiment towards brand-driven activities (+2.0%).

1. **Slow customer service was a major pain point across the industry**

Customer service was the main driver of negative sentiment, with complaints revolving mainly around a lack of support provided by bank staff. Long wait times and a lack of feedback were common conversation themes here.

2. **Close to a third of priority tweets went unanswered by banks**

Covid-19 has acted as an accelerator to digitization in many ways, even in daily chores. People in the UAE are showcasing a digital readiness mindset. With a constant acceleration of this trend, digital banks are expected to fare well due to their innovative and agile nature. Our present aim is to streamline banking operations with minimal paperwork.

4. **Downtime was a prominent driver of risk conversation**

Service disruption was a frequent pain point across the industry as consumers were unable to use banks' mobile apps and complained of issues using online banking services.

5. **Consumer conversation was rich with market conduct-related themes**

Across the industry, 62% of sentiment-bearing consumer conversation contained at least one of the six "Treating Customers Fairly" outcomes. Outcome Five, performance and service, was the most common conduct theme.

Sector outlook

The banking sector has enjoyed a promising year, with the top ten UAE banks reporting a 5% year-on-year increase in total assets to AED 2,989 billion in 2021, and a large increase of 42% in their net profits. This is mainly due to lower impairment charges, as banks had reported higher losses and customer defaults in the previous year because of the pandemic. The collective non-performing loans (NPL) ratio increased slightly to 7.3% in 2021 from 6.3% in 2020. Net interest margins continue to remain under pressure because of record low interest rates, exacerbated by increased competition.

Despite this, the capital position remains strong, with the capital asset ratio falling slightly from 18.0% to 17.3%, largely due to the growth in risk-weighted assets during the year. The loan-to-deposit ratio also decreased, from 86.3% to 82.4%. Meanwhile the overall liquidity position, cost-to-income ratio and return on equity of the market remained steady year-on-year.

The typical customer is evolving, and banks need to move with the times. Clients with low amounts of investment capital now collectively form a key potential market. These individuals are looking for highly personalized advisory solutions from technologically sound advisors, and advanced platforms and features, to help them manage their family wealth and succession plans. Digitalization has reduced The banking sector has enjoyed a promising year, with the top ten UAE banks reporting a 5% year-on-year increase in total assets to AED 2,989 billion in 2021, and a large increase of 42% in their net profits. This is mainly due to lower impairment charges, as banks had reported higher losses and customer defaults in the previous year because of the pandemic. The collective non-performing loans (NPL) ratio increased slightly to 7.3% in 2021 from 6.3% in 2020. Net interest margins continue to remain under pressure because of record low interest rates, exacerbated by increased competition.

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The typical customer is evolving, and banks need to move with the times. Clients with low amounts of investment capital now collectively form a key potential market. These individuals are looking for highly personalized advisory solutions from technologically sound advisors, and advanced platforms and features, to help them manage their family wealth and succession plans. Digitalization has reduced client-retention costs and improved access to their capital.

Meanwhile, institutional cryptocurrency adoption is driving innovation in core banking services across custody, brokerage, trade clearing, settlement, payments, lending and more. Crypto products and services have demonstrated tremendous potential for growth. Three banking segments – prime brokerage; yield generation via lending, borrowing and staking; and payments – stand out for their profit potential.

Evolving infrastructure capabilities

Financial institutions' technological frameworks continue to become ever more sophisticated. Leveraging graphical user interface and drag-and-drop capability, low-code/no-code platforms can dramatically increase the speed of creation for sophisticated enterprise-class applications. These applications can incorporate complex business logic, automate workflow, integrate with existing information systems and enable a smooth user experience.

Concurrently, adopting a data-led strategy can result in better accuracy, optimized operations, improved compliance, and a better customer experience. Customer satisfaction increases exponentially as banks are able to ask the correct questions, avoid repetition and focus on the right transactions at the right time. A data-driven approach may enable banks to augment traditional risk factors with statistically derived attributes, create a more dynamic risk-assessment process by incorporating additional data points, and generate a scoring framework with a detailed web of risk factors.

As traditional FIs work to close the gaps in the digitization of processes, they are struggling to meet the demand for quick and secure transactions, data security, fraud detection and financial reporting. The solution may lie in outsourcing and offshoring a number of processes, including compliance, cyber security, data engineering, advanced analytics, level 1/2 anti-money laundering (AML) transaction monitoring, regulatory filings and customer due diligence.

Leading financial institutions are also implementing clearly defined Cloud strategies. Systems within numerous established banks can use traditional, outdated architecture and follow antiquarian approaches, preventing them from unlocking the full benefits of the Cloud. To effectively leverage it, banks may need to adopt digital labs, apply Kubernetes, DevSecOps, and other agile technologies.

Connected control and risk frameworks

In this volatile environment, strengthening corporate governance practices will continue to be on banks' agendas.

Public interest in conduct risk infringements remains high, exacerbated by the pressure on employees and management to meet financial targets and contend with competitive threats. The failure to understand and mitigate conduct risk may expose banks to drastic regulatory action, fines and reputational damage, which can harm business for many years following the incident.

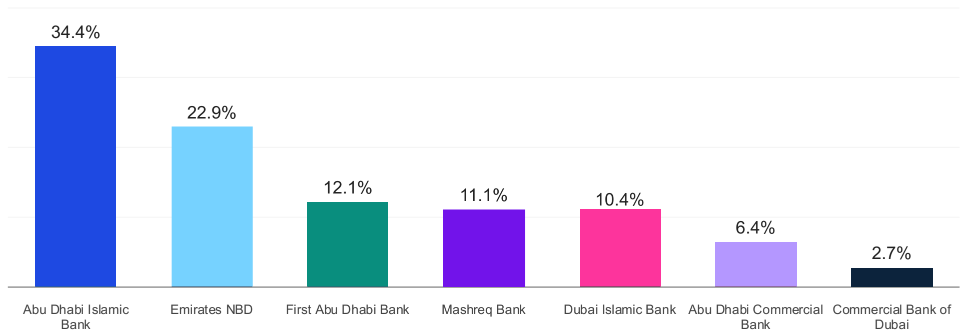
As banks adapt to the post-pandemic economy, they are relying heavily on Artificial Intelligence (AI) and Machine Learning (ML) to manage these diverse regulatory developments. From chatbots to fraud detection, innovative technological tools that utilize large volumes of data are increasingly being used for more efficient credit, investment and business-related decision making. AI and ML powered risk management solutions can also be used for model risk management (back-testing and model validation) and stress testing, as required by global prudential regulators.

We believe banks have emerged stronger than ever after the economic slump brought about by the pandemic. To best serve the interests of all their stakeholders, financial institutions will do well to constantly adapt their operations and compliance functions to keep pace with the maturing regulatory landscape, become early adopters of nascent technologies, and embed environmental, social and governance (ESG) into all that they do.

Industry overview

Out of the seven banks analyzed, Abu Dhabi Islamic Bank had the largest share of voice on social media throughout the year, followed by Emirates NBD. This metric includes all public tweets by brands, consumers and media accounts.

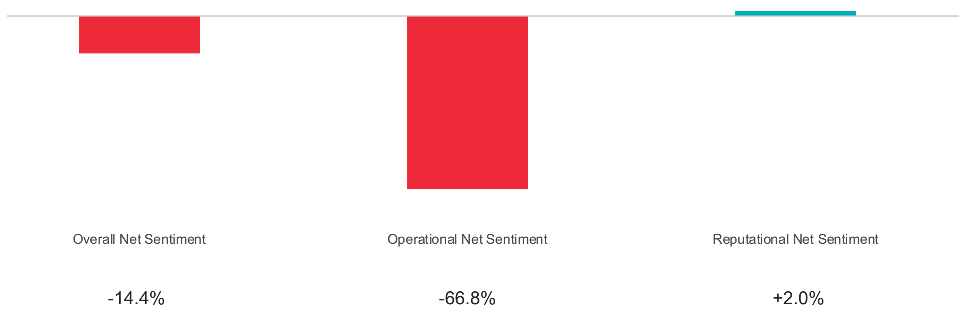
Share of voice of overall mentions



While still negative, industry Net Sentiment improved from the 2021 study

All of the banks received negative Net Sentiment scores, resulting in an industry aggregate of -14.4%. However, this was an improvement on the industry aggregate of -37.7% recorded in the 2021 UAE Banking Sentiment Report[3].

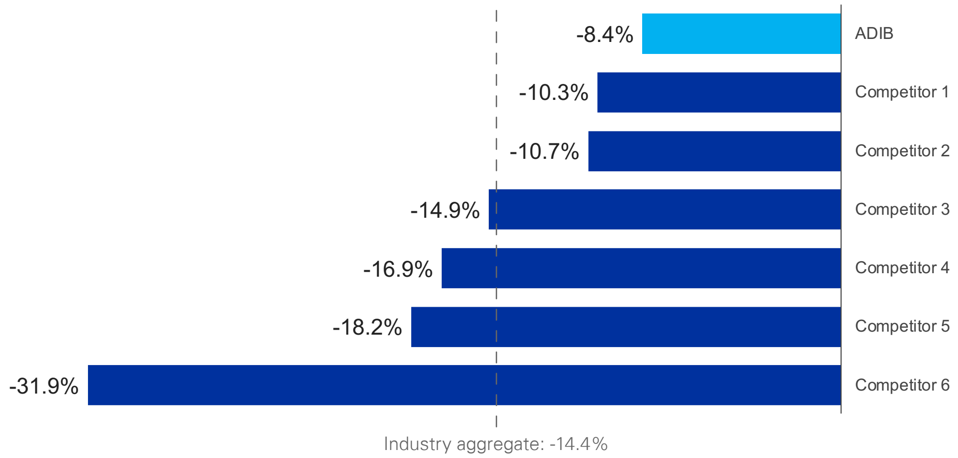
Industry Net Sentiment breakdown



The overall Net Sentiment score is comprised of two categories of conversations, operational and reputational. Brand-driven content, promoted services, and CSR activities - all of which make up reputational conversation - drove positivity across the industry, while customer journey-related (operational) conversation was overwhelmingly negative.

3 The 2021 study covered a shorter time frame of 1 October – 31 December 2020.

Net Sentiment ranking of UAE banks



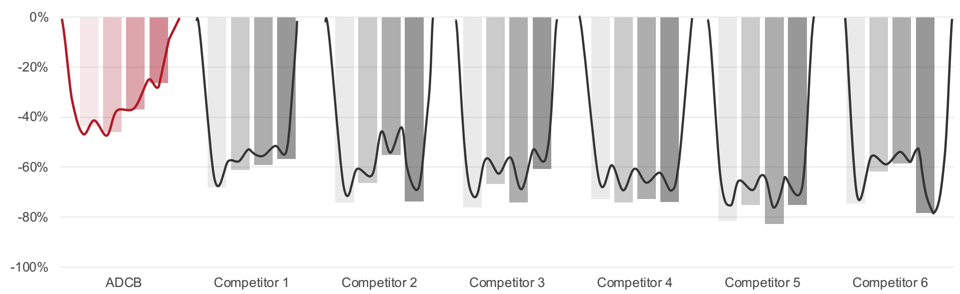
Abu Dhabi Islamic Bank leads the pack

In addition to having the largest share of voice, Abu Dhabi Islamic Bank topped the ranking in terms of Net Sentiment. While all banks scored negatively in overall Net Sentiment, the variation in negative scores was quite significant, with top performer Abu Dhabi Islamic Bank achieving a score 23.9 percentage points higher than the worst performing bank.

Abu Dhabi Commercial Bank consistently outperformed the industry in operational Net Sentiment

Despite missing out on the top spot in overall Net Sentiment, Abu Dhabi Commercial Bank recorded the highest operational Net Sentiment throughout the year. After reaching the lowest point in the second quarter, Abu Dhabi Commercial Bank saw consistent improvement in Net Sentiment throughout the year. Consumers expressed they favoured Abu Dhabi Commercial Bank over other banks, praising customer service and staff conduct.

Quarterly operational Net Sentiment



Customer experience

Evident from the industry operational Net Sentiment score of -66.8%, conversation from customers across the banking journey was highly negative. Furthermore, of the eight broad themes analyzed by DataEQ, customer service was the most significant driver of conversation, contributing to nearly 60% of overall industry conversation.

Topics driving conversation on social

	Volume	Negative	Positive
Customer service	59.0%	91.8%	7.9%
Reputation	22.5%	58.8%	40.8%
Products	21.8%	91.2%	8.4%
Account admin	21.2%	97.4%	2.3%
Digital experience	14.1%	90.0%	9.4%
Transactions	8.0%	95.0%	4.5%
Physical facilities	6.5%	90.7%	9.0%
Pricing or fees	3.7%	90.0%	9.9%

Reputation had the second-highest conversation volume and the highest Net Sentiment of all topics. Common drivers of compliments in this regard were charity or outreach programmes, as consumers shared news about banks' corporate social responsibility (CSR) initiatives. Business or technological innovation was another positive reputational driver for most banks.

Customer service had an industry Net Sentiment of -83.9%

Consistent with the 2021 report findings, the main source of customer frustration was slow turnaround time, with long wait times and delayed responses being the most common points of criticism towards the banks. This was followed by no response received as consumers expressed dissatisfaction with not being called back or receiving help when submitting complaints, even after contacting customer support multiple times. This led to consumers doubting and criticizing the banks' staff competency and conduct.

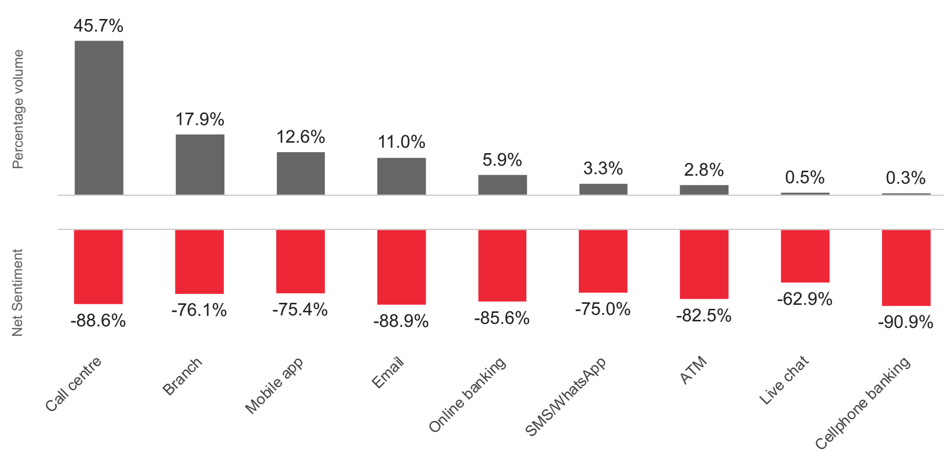
Top drivers of service complaints for UAE banks

	Volume
Turnaround time	64.4%
No response received	33.2%
Staff competency	21.6%
Staff conduct	17.4%
Multiple contacts	13.2%

Call centres were mentioned more than other channels, with high levels of negative feedback

Out of all the consumer channels mentioned in conversation, call centre was discussed most and ranked third-lowest in terms of Net Sentiment. Consumers were dissatisfied with the service provided by the channel and expressed frustration with waiting on hold for long periods and being unable to get in touch with a representative, despite multiple attempts.

Channel by volume mentioned and Net sentiment

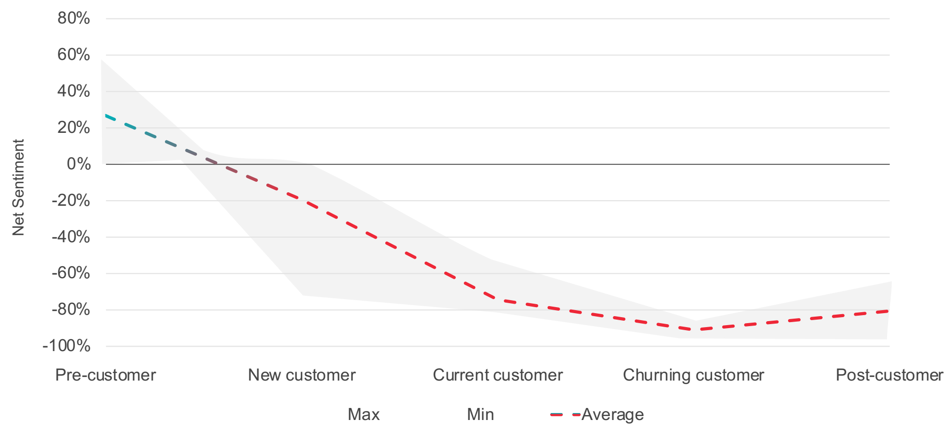


New customers had the most variable experiences

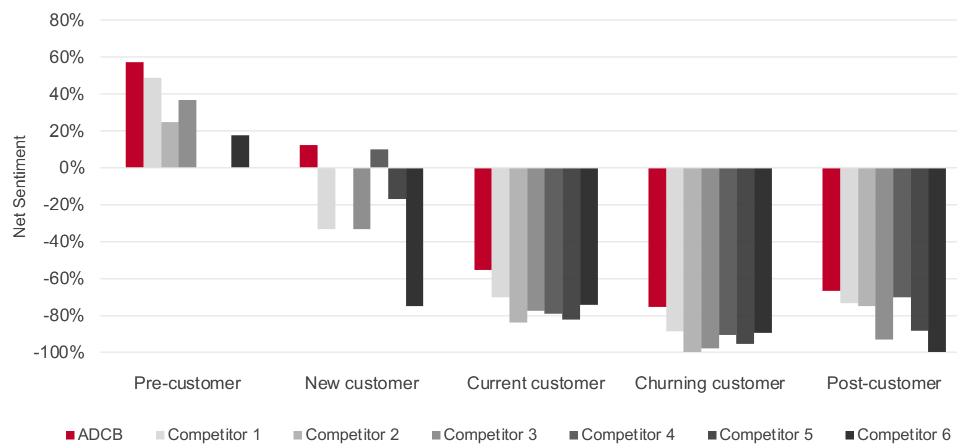
When analyzing each stage of the customer journey, from pre-customers looking to sign up to post-customers reflecting on their experiences after leaving, current customers made up the majority of the conversation about banks. In line with operational Net Sentiment rankings, Abu Dhabi Commercial Bank recorded the highest current customers Net Sentiment score.

Pre-customer conversation was the most positive. All banks achieved a positive Net Sentiment score for the pre-customer stage, with conversation consisting mainly of queries around requirements and the process of opening new accounts. Again, Abu Dhabi Commercial Bank recorded the highest pre-customers' Net Sentiment score, as consumers expressed intent to join the bank, partly in response to promoted services and benefits.

Customer experience gap



Customer journey by bank



The "experience gap" was most defined for new customers, with the banks achieving varied Net Sentiment scores during this stage of the customer journey. The large range between the best and worst Net Sentiment scores achieved among new customers indicates that this is the most competitive journey stage for banks, offering an opportunity to stand out. New customer experiences are also vital in the overall journey as they set the tone for the relationship between the bank and customer.

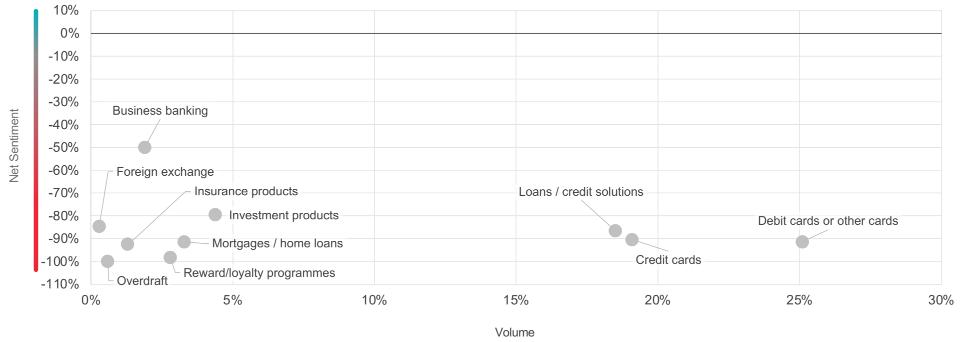
Debit cards, credit cards, and loan solutions were the most spoken about banking products

All three banking products also had highly negative Net Sentiment. In addition to complaints about fees related to these products, some consumers were frustrated by slow delivery of issued cards and delayed activations. There were also frequent complaints of the debit cards not working without a previous warning.

Overdraft conversation had the lowest Net Sentiment, with all mentions being negative due to complaints around fees. Business banking conversation generated the highest Net Sentiment. Positivity mainly stemmed from users who expressed interest in opening accounts with their banks

This below chart displays volume and Net Sentiment towards ten product categories. Products that appear to the right side of the plane were more prevalent in conversation, while products higher up on the plane received more positive Net Sentiment scores.

Volume and Net Sentiment towards product across the industry



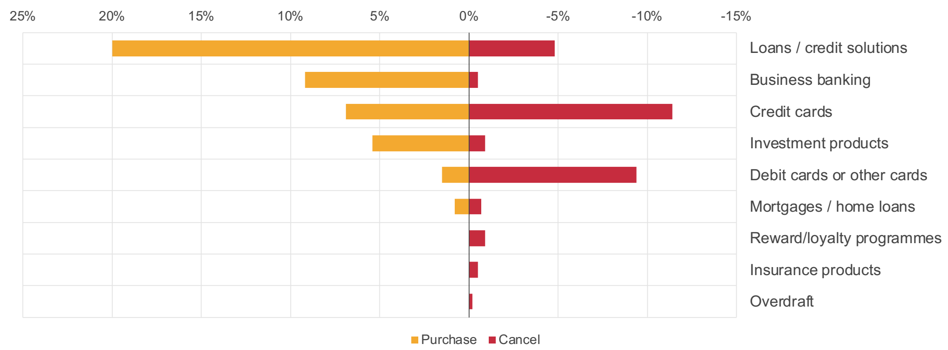
Credit products were also in high demand, particularly personal loans

Consumers mostly inquired about the requirements and application process for loans, particularly for personal loans. Business banking was also in high demand across the industry. Receiving the most interest in this regard was Abu Dhabi Commercial Bank, followed by Emirates NBD, as consumers inquired about opening business accounts with both banks.

From a churn perspective, the products most likely to drive cancellation threats were credit and debit cards, followed by loans and credit solutions.

The below chart shows what percentage of the product conversation contained either a purchase query or a cancellation threat.

Acquisition and churn across products



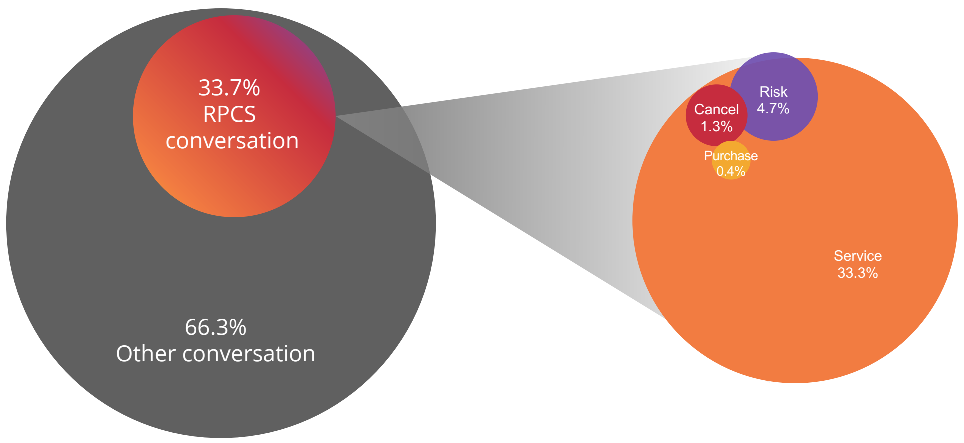
Priority conversation

As part of the analysis, DataEQ identified the most valuable customer interactions via priority tags assigned to the data. The four priority tags relate to: reputational or operational risk (Reputation); acquisition opportunities (Purchase); retention or churn risk (Cancel); and customer service delivery (Service).

A third of all online conversation about banks required a response

One in every three online mentions regarding the banks was tagged as a priority interaction, meaning it posed a potential risk or contained a customer service request, an acquisition opportunity or a cancellation threat. Any of these should be considered as requiring a response from the bank. This, however, means that almost two-thirds of all online conversation about the banks was noise for social customer service teams, hindering their ability to prioritise the mentions which did warrant a reply.

Priority conversation breakdown



DataEQ defines priority RPCS conversation as mentions falling into the following categories:

Risk

Mentions that pose a reputational risk for the brand.

Purchase

Mentions from prospective customers who want to purchase products or services.

Cancel

Mentions from customers looking to cancel their service or not purchase from the brand again.

Service

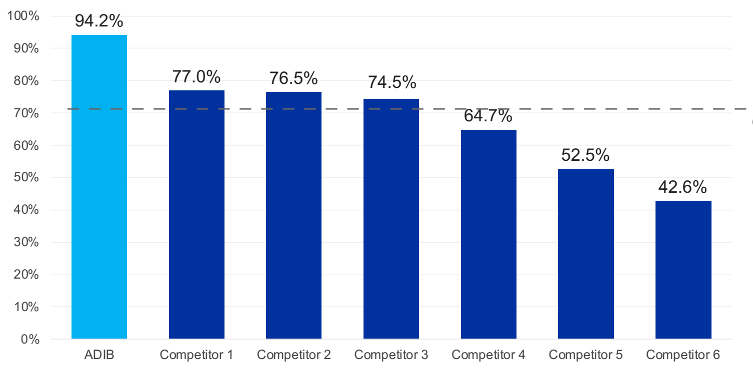
Mentions from customers who require assistance or describe an experience with the brand.

Nearly a third of priority conversations went unanswered

On average 69% of priority tweets received a public response, leaving 31% of tweets unanswered. The average time it took the banks to respond was 10 hours, which was an improvement from the response time of 13 hours reported in the 2021 study.

Abu Dhabi Islamic Bank had the highest response rate of 94.2%, despite receiving the second highest conversation volume of priority mentions, which was 25.2 percentage points higher than the industry average. In contrast, the least responsive bank replied to only 42.6% of tweets - 26.4 percentage points below the industry average and over 50 percentage points below Abu Dhabi Islamic Bank.

Response rate to priority



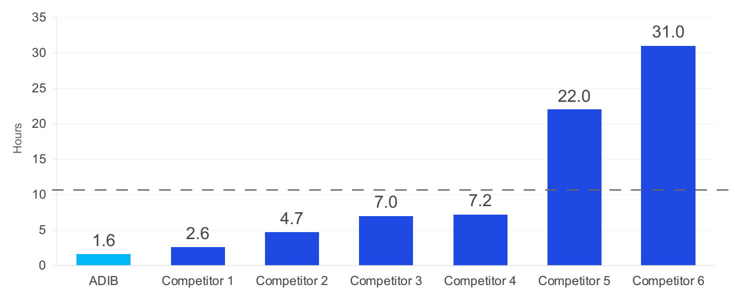
69%

of priority Twitter interactions received a response on average

Response time to priority conversations averaged 10.9 hours

Abu Dhabi Islamic Bank was the fastest and most responsive bank, responding to 94.2% of mentions with the shortest wait time at 1.6 hours, despite receiving the second-highest volume of priority mentions.

Response time to priority tweets



10.9h

was the average wait time per priority Twitter interaction

While the average wait time per priority Twitter interaction was around 11 hours, response time varied significantly from bank to bank, with the slowest bank taking 31 hours to respond - almost 30 hours longer than Abu Dhabi Islamic Bank and 20 hours longer than the industry average.

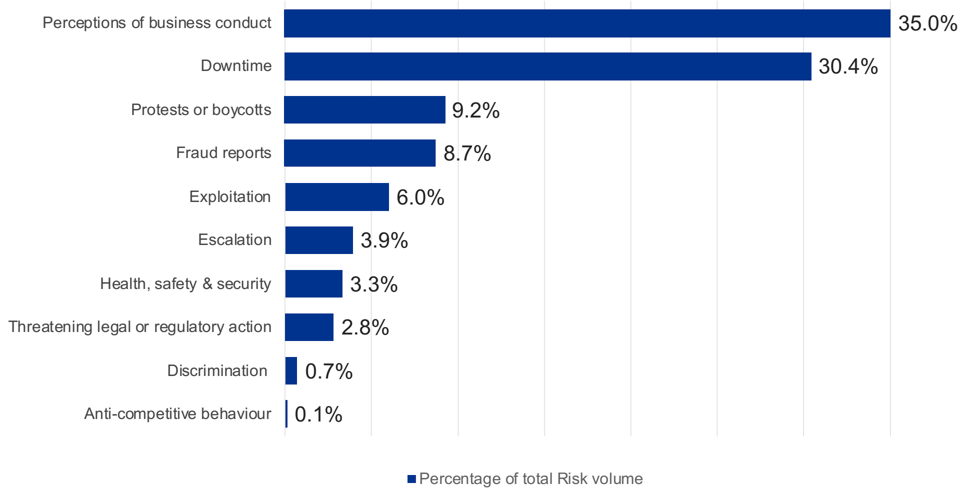
Risk

Out of the four categories of priority conversation, risk mentions received the lowest response rate. Of all verified conversations, only 4.7% of consumer mentions contained a risk factor, which means these mentions - while high in importance - could potentially get lost among the social media noise.

Perceptions of business conduct and downtime had the highest volumes within the overall risk conversation[4]

In mentions about perceptions of business conduct, consumers frequently complained about a lack of efficient support for their reported issues, which included suspected fraud and incorrect information being received.

Top risk factors affecting banks



Access issues around mobile apps and online banking featured most prominently in downtime conversation, however there were also consumer complaints related to dropped calls with the call centres, as well as issues with ATM access.

4 Risk conversation is identified by the Crowd against a specified list of potential risk factors, this includes downtime, discrimination, fraud, etc.

Market conduct

62.4% of consumer conversation referenced a market conduct theme

On average, 62.4% of all consumer mentions about the banks contained at least one of the six 'Treating Customers Fairly' outcomes[5]. Most of the banks in the industry had over 50% of online conversations speak to one of the outcomes.

The majority of all banks' market conduct-related conversation was around Outcome Five, performance and service, and sub-category 5b, customer service. Turnaround time and no response received were the prominent pain points that drove consumers to resort to sharing their issues online. This included consumers expressing their frustration with incompetent customer service. This is consistent with findings by DataEQ in other markets.

Breakdown of outcomes by volume

OUTCOME	VOLUME %
Performance & service	58.9%
Claims, complaints & changes	4.3%
Culture and governance	2.3%
Product suitability	1.3%
Disclosure	0.6%
Suitable advice	0.1%
No Outcome	37.6%

5 This is a regulatory framework used in various regions (including the UK, Australia, Belgium, New Zealand, the Netherlands, Canada, and South Africa) by the financial services industry to report on the fair treatment of customers. Recent regulatory changes in the UAE look to develop similar standards for customer fairness.

Point of view

Goncalo Traquina, Partner and Head of Management Consulting, KPMG Lower Gulf

During the pandemic, the social and economic landscape has been radically reshaped while customer needs and expectations continue to dynamically evolve.

As customers have been more demanding with regard to digital experiences, banks have been facing an urgency to adapt to this new reality. This transformation journey that UAE banks are embracing is starting to produce results but is still far for being finished.

According to our experience the most successful banks in this journey are the ones that are customer "obsessed" and have their digital transformation mindset in connecting the front, middle and back offices. It focuses every process, function, and relationship of the organization on meeting customer expectations, creating business value and driving sustainable growth. In KPMG we call these "connected banks", as they have in common the fact that they have invested in eight major connected capabilities.

Investing in connected capabilities

Although the UAE Banking Sentiment Report shows an improvement compared with 2021, the sentiment is still negative and therefore there is room for improvement in most connected capabilities.

As the digital environment dominates customer interactions, "connected banks" invest to deliver a simple, low effort and customer friendly user interface to reduce failure demand and minimize in-person interactions. These customer "obsessed banks" also invest in ensuring that every customer interaction across touchpoints is simple, engaging and transparent, adding value. The report indicates that consumers were dissatisfied with services provided by channels and expressed frustration with waiting on hold for long periods and being unable to get in touch with a representative, despite multiple attempts.

Additionally, the analysis of each stage of the customer journey, from pre-customers looking to sign up to post-customers reflecting on their experiences after leaving, shows that current customers made up the majority of the complaints about banks. This is evidence that UAE banks are not personalizing customer journey using insight from analytics across the value chain to make faster, better informed decisions.

A responsive operations and supply chain lies at the core of the successful connected banks. The study shows that one of the main sources of customer frustration was slow turnaround time, with long wait times and delayed responses being the most common points of criticism.

An aligned and empowered workforce is one of the capabilities that successful banks have in common. According to this study, staff competency and conduct accounted for more than 30% of the overall complaint topics.

Digitally enabled technology architecture is one of the most important capabilities required for a successful connected bank. The report showed that access issues around mobile apps and online banking featured most prominently in downtime conversation; however there were also consumer complaints related to dropped calls with the call centres, as well as issues with ATM access.

As the UAE is emerging as one of the most relevant markets globally for startups and fintechs, the report indicates "low to none" development of banks to maximize value from existing partnerships. Connected banks must forge future alliances with fintech and technology leaders.

Becoming a seamlessly connected bank

Though a slightly improvement was seen from our last report, the banking sector still has a considerable room for improvement in most dimensions. Experience tells us that it is imperative for banks to invest in the following capabilities:

1. Harness data, advanced analytics, and actionable insight with a real-time understanding of the customer and the business to shape integrated business decisions.
2. Adopt an approach prioritizing efficiency and agility to fulfill the customer promise in a consistent and profitable way
3. Engage, integrate, and manage third parties to increase speed-to-market, reduce costs, mitigate risk, and close capability gaps to deliver the customer promise
4. Create intelligent and agile services, technologies, and platforms, enabling the customer agenda with solutions that are secure, scalable, and cost-effective
5. Build a customer-centric organization and culture that inspires people to deliver on the customer promise and drive business performance.
6. Develop compelling customer value propositions on price, products, and services to engage the most attractive customers and drive profitable growth
7. Design seamless, intentional experiences for customers, employees, and partners, supporting customer value propositions and delivering business objectives
8. Interact and transact with customers and prospects across marketing, sales, and service to achieve measurable results.

Goncalo Traquina
Partner, Head of Management Consulting - Financial Services

E: gtraquina@kpmg.com

Point of view

Maryam Zaman, Partner, Governance, Risk and Compliance (GRC), KPMG Lower Gulf

Sentiment analysis conducted by DataEQ identified product suitability and fees as one of the top sources of consumer complaints in the banking sector. The analysis also revealed that consumers are concerned about business conduct risks, such as fraud and the dissemination of inaccurate information.

In November 2020, the Central Bank issued the UAE's first consumer protection regulation targeting the banking sector in response to the consumer concerns. The Consumer Protection Regulation and Standards require banks to promote, sell, distribute, and manage financial products and services responsibly and prohibit intentionally benefiting from a consumer's lack of knowledge or understanding of a financial product or service. In addition, the regulations impose a duty of care on banks, requiring them to ensure that financial products and services are appropriate and suitable before making them available to consumers.

In order to address consumers' concerns, banks are currently in the process of designing and implementing suitability assessment frameworks to ensure consumers are offered products and services that match their financial situation, investment objectives, risk tolerance, financial need, knowledge, and experience. In order to develop and implement the suitability assessment framework, banks must, at a minimum, undertake the following steps:

- Institute appropriate policies, procedures, and controls that define and ensure the implementation of a consistent approach for assessing the suitability of financial products and services.
- Conduct suitability assessments using established criteria and align with relevant credit and risk management policies and procedures already in place within the bank. In fact, banks should go further and provide advice on the appropriateness of the product and communicate other reasonable options that the consumer may or should consider.
- Before offering a product or service to a consumer, a suitability assessment must be conducted, and a summary of the results must be shared with the consumer at no charge.
- The suitability of products and services to target consumer segments must be assessed before launching marketing campaigns.
- Employees that provide consumers with specific advice on financial or investment matters must have the appropriate experience, knowledge, and qualifications.
- Employees and agents must be provided with training to ensure they fully understand the characteristics and risks of products and services they market and their obligation to communicate these risks to consumers.

A comprehensive suitability assessment framework must reflect the bank's existing business model and client base. The suitability framework must also be flexible to accommodate the changes in the existing business model, strategy, product features and the client base.

Assessing suitability on a standalone transaction basis is inefficient. Such an approach often devolves into a bureaucratic document collection and approval process that overly burdens both employees and consumers and introduces significant disruption into a bank's daily operations.

A better approach involves profiling consumers at the onboarding stage, allowing the bank to place consumers into a set of well-defined suitability 'buckets.' New products and services would then be assessed to determine their appropriateness to each suitability bucket. However, this is only possible if a bank starts with obtaining a complete understanding of its consumers and their needs.

Too often, suitability assessments rely heavily on consumer self-reporting on their financial savvy, even though research has repeatedly confirmed that consumers consistently overestimate their risk tolerance and financial knowledge. Moreover, this tendency for self-overestimation is greatest for consumers with the lowest actual level of financial knowledge – the very consumers suitability assessments are intended to protect.

Therefore, robust consumer suitability profiling must use objective criteria and independent assessment. For example, assessors may review a consumer's credit history reports, transaction history, income level, and experience in the financial sector in a process similar to credit risk assessments already widely practiced by banks. Assessors can use this information to determine, for example, a consumer's capacity to make timely loan payments or hold an illiquid investment, and to do so without undue burden or financial distress due to a lack of liquidity or incomplete understanding of the product or service. A summary of suitability profiles may also be shared with consumers in an easy-to-understand manner, thereby increasing their financial awareness and confidence in their bank.

The framework must also ensure that consumer suitability buckets are well-defined, and that the consumer profiling and product assessment methodologies are aligned. Suitability profiles must be periodically reviewed and updated in response to changes in consumer circumstances over time.

A significant benefit of such a framework is that it largely separates, at an operational level, the suitability assessment process from the day-to-day operations of the bank. A core team of assessors can profile and categorize consumers at the onboarding stage and assess products at the product development stage.

At the marketing stage, while communicating with consumers, relationship managers and customer service officers would confirm that consumer profiles match products or services, identify any significant changes to consumer circumstances since the most recent assessment, and identify any red flags. Importantly, however, they would not be overburdened with the actual process of performing the suitability assessment themselves and can devote more time to the core activities of marketing and booking products and services. While doing so, relationship managers and customer service officers would also demonstrate their understanding of a consumer's particular financial circumstances, raising the consumer's confidence in the bank.

Insight gained from categorizing consumers into different suitability buckets can also be leveraged when designing a product, enabling a bank to design and offer products suitable to one or more of its consumer buckets, rather than looking for consumers that are suitable for its products.

Another advantage of this approach is that vulnerable customers – senior citizens and those with the least financial knowledge or capacity – can be easily identified at the onboarding stage. These can be assigned to a separate bucket with increased controls around the marketing of products and services to them.

The results of DataEQ's sentiment analysis reveal product suitability concerns as an escalating source of consumer dissatisfaction and complaints. Well-designed suitability assessment frameworks can help banks tackle this issue in an efficient manner that will benefit the long term interests of banks while giving consumers confidence in the services they offer.

Maryam Zaman
Partner, Governance, Risk and Compliance (GRC)

KPMG Lower Gulf
E: mzaman@kpmg.com

Guest feature

Customer experience excellence: an evergreen asset for financial institutions

The global pandemic precipitated a sea-change in business and banking operations, forcing customers and businesses alike to adopt a digital-first strategy in order not just to grow, but to survive. This was particularly significant for financial institutions as it required an end-to-end re-think of all operations, from customer onboarding to improving accessibility, to developing secure protocols for work-from-home scenarios, and more.

Customers want to bank at their convenience and going digital is simply the best option. It's a simple enough idea, but one that's been challenging to realize. Touch points have pivoted from offline points of contact to tech-enabled platforms like smartphone apps and even AI-based chatbots, and services and offerings must continuously be tuned based on feedback.

The first and most important step of course is to listen to customers, which means that banks need to develop and put in place several initiatives and protocols for acquiring and gauging customer feedback.

Secondly, the ability to respond to this feedback is just as crucial, and this is where business agility comes in. Building more agile systems and being receptive to customer sentiment simply helps banks improve the quality of their experiences. We believe that in the long term, an always-on, insight-driven approach will result in an increase in the brand value and reputation of financial institutions.

Rania Nerhal
Senior Executive Vice President, Client Experience and Conduct Officer

Mashreq Bank

Looking ahead

Despite seeing an improvement in Net Sentiment from the 2021 study, the UAE banking industry evidently still has a way to go in meeting consumer expectations. Customer service, for the second consecutive year, emerged as the area that most negatively impacted sentiment towards the banks.

While call centres appear to have been the biggest source of customer frustration, banks' responsiveness to priority conversation on social media could also be improved. This remains an area prime for disruption, offering an opportunity for banks to win market share through meaningful improvements in online consumer support.

In addition to providing a competitive edge, improved customer service may soon become a matter of regulatory compliance, as the fair treatment of consumers becomes increasingly regulated in the UAE.

The Central Bank of the UAE (CBUAE) issued the Consumer Protection Regulation (CPR) in February 2021, which will form the foundation of the new Financial Consumer Protection Regulatory Framework (FCPRF). Included in the CPR, which provides a broad spectrum of appropriate behaviour and conduct expected of licensed financial institutions, is a requirement for banks to put in place an independent and fair complaint resolution system to receive and address consumer complaints.

With increasingly more customers reaching out to banks on social media to voice their complaints, social media should be viewed as a growing component of the broader customer care strategy, rather than merely as a marketing tool.

Methodology

DataEQ retrieved 172,588 public tweets mentioning the UAE's major traditional banks for the period from 1 January - 31 December 2021. The banks analyzed were Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Commercial Bank of Dubai, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, and Mashreq Bank UAE.

Sampling:

BANK	VOLUME OF MENTIONS	SENTIMENT VERIFICATION	VERIFIED CX	VERIFIED TFC	MARGIN OF ERROR*
Abu Dhabi Commercial Bank	11 124	5 941	2 140	1 753	0.87%
Abu Dhabi Islamic Bank	59 394	31 145	3 982	2 729	0.38%
Commercial Bank of Dubai	4 704	2 467	443	324	1.36%
Dubai Islamic Bank	17 883	9 828	2 903	1 824	0.66%
Emirates NBD	39 482	18 098	5 130	3 963	0.54%
First Abu Dhabi Bank	20 803	8 051	3 169	1 701	0.86%
Mashreq Bank	19 198	11 839	1 686	1 556	0.56%

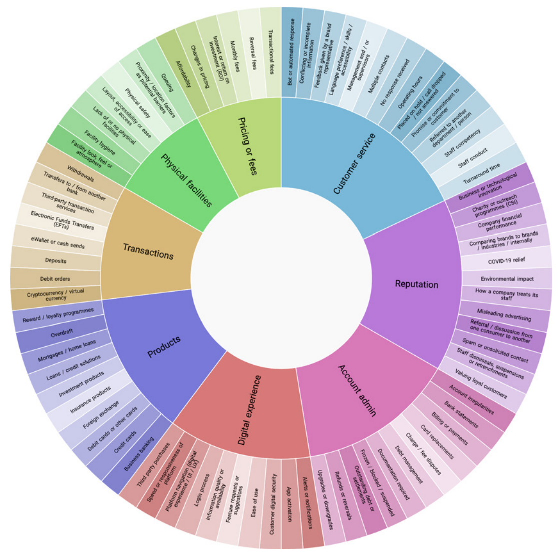
Sentiment methodology:

To carry out sentiment analysis with a 95% confidence level and an overall 0.23% margin of error, a random sample of 87 369 of these mentions was processed through DataEQ's Crowd for evaluation and verification. Mentions were assigned sentiment scores of positive, negative or neutral.

Topics methodology:

Topic analysis enables a granular understanding of the specific themes driving consumer sentiment. A sample of 21,992 sentiment-bearing mentions (positive and negative, excluding neutral) were sent to the Crowd, who identified which of the 75 pre-defined banking topics were contained in each mention.

Eight broad themes encompass the 75 pre-defined topics. The broad themes are: Customer Service, Reputation, Account admin, Digital experience, Products, Transactions, Physical facilities, and Pricing or fees.



Contact us

Abbas Basrai
Partner I Head of Financial Services

KPMG Lower Gulf
E: abasrai1@kpmg.com

Goncalo Traquina
Partner I Head of Management Consulting - Financial Services

KPMG Lower Gulf
E: gtraquina@kpmg.com

Maryam Zaman
Partner I Governance, Risk and Compliance (GRC)

KPMG Lower Gulf
E: mzaman@kpmg.com

Nic Ray
CEO

DataEQ
E: nic.ray@dataeq.com

Bilal Bassiouni
Senior Analyst I Middle East

DataEQ
E: bilal.bassiouni@dataeq.com

Jamie Botha
Head of Partnerships I UK and Middle East region

DataEQ
E: jamie.botha@dataeq.com

www.kpmg.com/ae
www.kpmg.com/om

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Publication name: UAE Baking Sentiment Index

Publication number: 4080

Publication date: June 2022