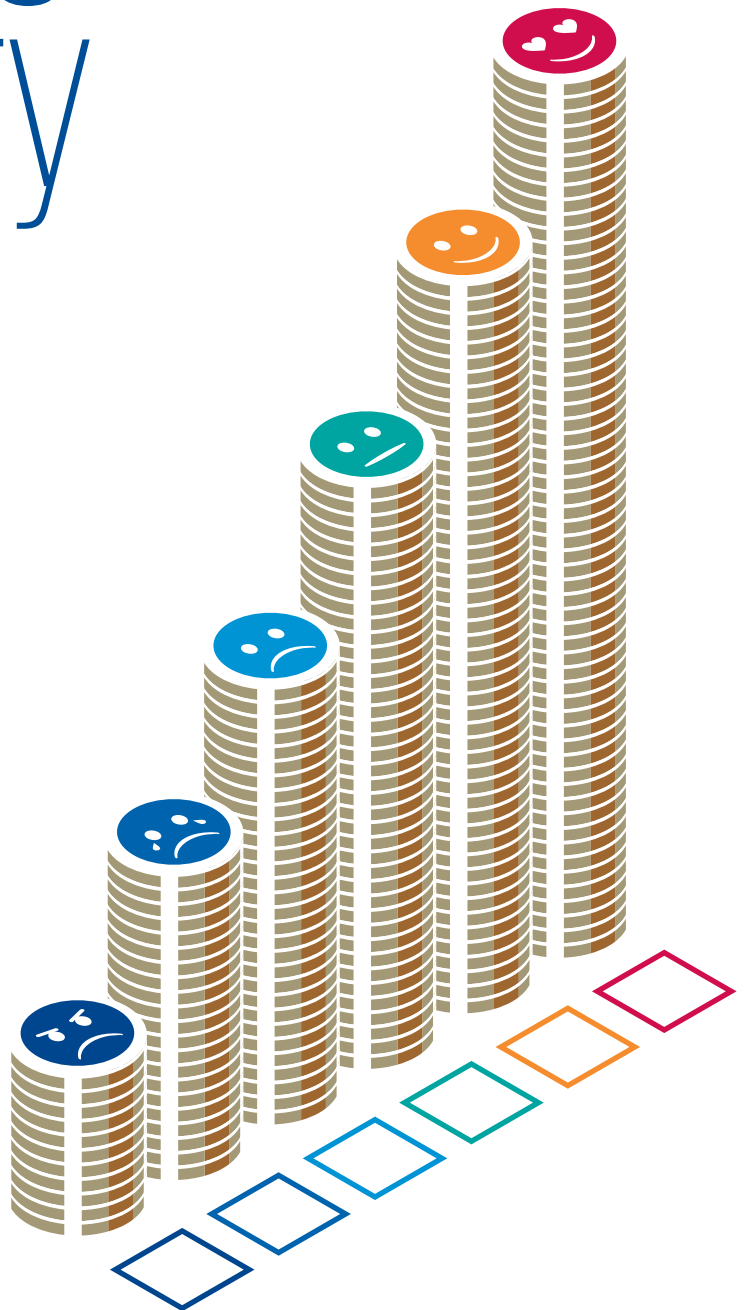




# Africa Banking Industry

**Retail Customer  
Satisfaction Survey**



September 2016

[kpmg.com](http://kpmg.com)

# About this survey

To succeed in today's banking environment, bank executives need to understand their customers: their preferences, their channel usage, their needs and their satisfaction.

That is why we talked with more than 33,000 retail banking customers spread across 18 different African markets. We asked them what was important to them in a banking relationship. We asked them what channels they currently use and what channels they would like to use. And we asked them how their current banks compared to their expectations.

## Through the eyes of the customer

The data we collected from our conversations reflect the opinions of real banking customers. As such, they reflect only the perceptions of customers and – as a result – they may not always be fair. Perceptions are, by definition, subjective.

To be clear: the data reported in this survey does not reflect the opinions of KPMG member firms. Rather, it illustrates the feelings and experiences of customers based on the service they received at their particular banks.

## Delivering a balanced view

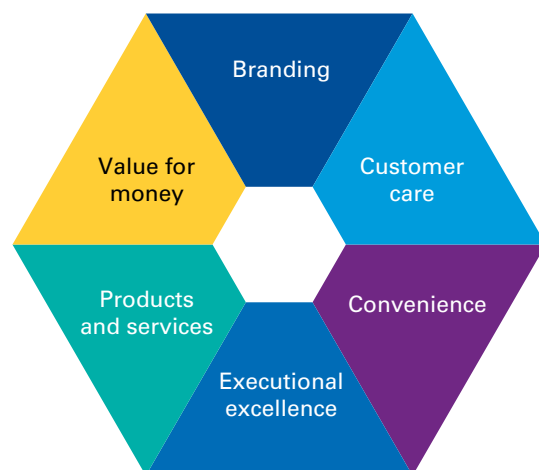
For this survey, we talked with retail banking customers across 18 sub-Saharan countries in Africa. With the exception of Nigeria (where response rates were higher than average) we collected data from at least 650 individual banking 'relationships' in each market we surveyed.

A minimum number of respondents were required for each bank in the survey to ensure that results reflected the opinion of a representative customer group.

## Understanding the methodology

For this report (and our previous report in 2013), we used our Customer Service Index (CSI) methodology to determine customer satisfaction. The CSI is a weighted score that reflects the relationship between the importance rating allocated by customers to certain measures and their satisfaction with the same measures.

The CSI ranks importance and satisfaction across six key measures:



### Customer care:

How customers feel about their interactions with their bank.

### Convenience:

Customer perceptions around channel accessibility and quality.

### Executional excellence:

Views on transaction processes and information.

### Products and services:

Perceptions on product and service quality and availability.

### Value for money:

Whether customers feel they are getting value from rates and fees.

### Branding:

Whether customers trust their bank and believe their brand messages.

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# Foreword

*By Adebisi Lamikanra, Partner, KPMG in Nigeria and Head of Financial Services Africa*



**Much has changed across Africa's banking industry in the past three years. In 2013, when we published our first edition of the Africa Banking Industry Customer Satisfaction Survey, our report found that retail customers were most concerned about the financial stability of their banks. Fast forward to 2016 and the rules of the game have changed.**

Customers are still concerned about financial stability; but what they primarily want from their banks is enhanced high-quality service, more innovation and greater convenience.

Some of the reasons for this shift are obvious. Regulators across the continent have been highly focused on building up the stability of their banks with higher capital ratio requirements, tighter lending requirements and more stringent regulatory requirements. In some cases, this has led to consolidation as smaller, less capital efficient banks are squeezed out of the market. In many other cases, it has raised customer and investor confidence as the banking sector regains strength.

At the same time, other regulatory and policy reforms – this time focused on improving financial inclusion as a way to drive economic growth and development – have driven higher levels of competition across many markets. Regional players have continued to expand their footprints across Africa, emboldened by more liberalized market regulation and the growing maturity of regional trade and economic blocs.

New entrants and non-traditional players are gaining a foothold in many markets, further intensifying competition and creating disruption. At the same time, however, these new players have also widened financial literacy amongst Africans and – in many cases – heightened expectations of how traditional banks should operate.

With more competition and fewer concerns about the stability of their banks, Africa's banking customers have naturally started to differentiate their banks based on their experience when interacting with their banks.

The problem is that 'customer satisfaction' is not a single lever or discreet project that banking executives can simply invest into, activate or install. Rather it is a complex web of facets and perceptions, all of which combine to create the customer experience. There are dozens of potential levers and thousands of combinations that can be pulled, and no two banks will pull them in the same way.

Banking executives should see this as a massive opportunity. What our survey clearly demonstrates is that there are many ways to influence customer satisfaction. This report has several examples of retail banks that 'punch above their weight' in many satisfaction measures – often by leveraging technology or new business models to leap ahead of their better-funded or better-known competitors. And there are plenty of examples of large regional banks that have extended their customer service prowess into new markets.

It must be made very clear, however, that this is a perception survey and – as such – only measures the views of customers and their feelings towards their bank, its employees, products, services and channels. It does not necessarily reflect actual capabilities or individual experiences. But, as has often been said, 'perception is everything' and this has never been truer than in the banking sector. With competition raging across the continent, customers have never been so empowered to change banks if they feel they are not getting the experience they deserve. Indeed, our survey suggests that around one in ten banking customers in Africa is currently considering switching banks.

We believe that the data within this report provides valuable benchmarks and important indicators for Africa's banking executives. But we also recognize that the data on its own only tells half the story. That is why we have asked some of our banking leaders from across the continent to share their views and opinions on some of the big issues facing Africa's banks today. Their viewpoints provide actionable advice and insightful perspectives for Africa's banking industry.

To help readers better visualize the data and its implications, we have also included a handful of customer profiles that represent an 'average' banking customer across various markets in Africa. Understanding what is important to individual customers and customer segments is key to understanding the future of banking in Africa.

Those who had the opportunity to read our report in 2013 will also notice that this year's survey includes more countries – 18 individual markets are included in this report – and more commentary from KPMG professionals across the continent.

We hope this publication provides valuable insights to Africa's retail banking executives and other stakeholders, investors and regulators. To discuss these results further, we encourage you to contact your local KPMG member firm.



# Executive Summary

Africa's retail banking customers are looking for good service quality from their banks. And they are increasingly willing to switch banks if they feel they can get better service elsewhere.

Our survey demonstrates that branches continue to be most preferred channel for Africa's banking customers. But our data also suggests that use of alternative delivery channels is on the rise in most African markets. As more options become available, our survey shows that customers are increasingly shifting their preferences towards these channels.

This report also suggests that efforts by Africa's banks to improve customer service have started to pay off with the majority of customers now saying service has improved. Half are happy enough to recommend their bank to others.

However, the data also shines a spotlight on some key areas for improvement for Africa's banks, particularly given the rising levels of competition in most markets. Based on our data, this report provides a number of clear suggestions for Africa's banking executives:

- **Improve the quality of interactions between employees and customers**

Ninety-one percent say that staff's attitude and their knowledge of products is important and almost 83 percent say they are satisfied with these measures. However, while customers believe that prompt responses to their complaints are equally important, just 77 percent are satisfied with their banks in this regard.

- **Increase the focus on delivering fast, accurate and timely transactions**

Eighty-nine percent say that the timeliness of transaction processing is important to their satisfaction, but just 33 percent are currently satisfied with this measure. Similarly, 90 percent say that receiving accurate and complete information from banks is important but just 34 percent are satisfied with the information they receive.

- **Rethink the mix of products and services to respond to shifting customer preferences**

Seventy-six percent of Africa's banking customers are satisfied with the range of products and services offered by their banks. Seventy are happy with the ease of accessing products across various channels. And less than one-in-five show any significant satisfaction with the availability of loans and other credit products.

- **Focus on satisfaction to drive recommendations and loyalty**

Sixty-four percent say that satisfaction with their banks had increased over the past year. Half now say they would recommend their bank to family and friends. However, one-in-ten banking customers is currently considering changing banks, most often looking for improved customer service.

- **Encourage further adoption of alternative channels**

More than 7 percent now say they use POS terminals or mobile banking at least once per week; more than a third use ATMs as frequently. However, more than two-thirds also admit to never having used POS, internet or mobile banking and only 4 percent interact with their bank using social media on a weekly basis.

- **Deliver value for the fees and interest rates that are offered**

Just 59 percent are satisfied with the cost of maintaining their accounts with their banks and only 58 percent are happy with the interest rates offered on deposits and investment products. Interestingly, less than 8 percent of respondents say that pricing was a major factor when selecting their banks.



# Building the relationship

Retail banks looking to increase market share in Africa will need to find ways to delight their customers. According to our survey, banking customers across most of Africa remain with their banks because of the level of customer service they receive. But they will also leave their bank if they feel they will get better customer service elsewhere. Clearly, customer service has become a key point of competitive differentiation for Africa's banks and their customers.

Excellent customer service is key to success in Africa's banking sector. Indeed, whereas just three years ago, banking customers said that the financial stability of their bank was the top reason they were maintaining their banking relationship, today's banking customers are clearly more focused on the service they receive from their bank.

It is worth noting, however, that while financial stability fell into second place as a primary reason for maintaining a bank account, it remains a key factor for almost a quarter of Africa's banking customers. In fact, the percentage of those that cited financial stability as a factor rose by 2.5 percent between 2013 and 2016 suggesting that – in some markets – more will need to be done to strengthen the banking system.

In part, the shift away from financial stability reflects the growing strength of Africa's banking markets and regulation. But it is also being driven by increased awareness of customer rights (largely the result of successful national financial inclusion programs) and greater competition between players. At the same time, Africa's diaspora and business travelers are returning home with increased expectations of their banks based on their international experience.

This points to a valuable opportunity for Africa's banks to differentiate themselves based on excellent customer service which, in turn, should allow them to increase market share and improve loyalty amongst existing customers. In fact, of customers that said they were contemplating changing their banks, almost a third said it was because of service quality.

As Africa becomes more integrated into the global business environment, Africa's banks will need to start adopting customer service approaches now in use at many international and foreign banks. First Direct and Santander Banks, for example, have a relentless approach to delivering outstanding customer service across all of their touchpoints.<sup>1</sup> Banks in Nigeria are following suit with many now implementing a 'meet and greet' policy where customers are warmly received at the branch and quickly attended to.

Banks in Tanzania, Burundi, South Africa, Angola and Ghana should be particularly focused on improving customer service, as customers in these markets were the most likely to cite excellent customer service as a key differentiator when choosing a bank. And in total, 12 of the 18 countries included in our survey rated excellent customer service as the most important reason for maintaining a banking relationship.

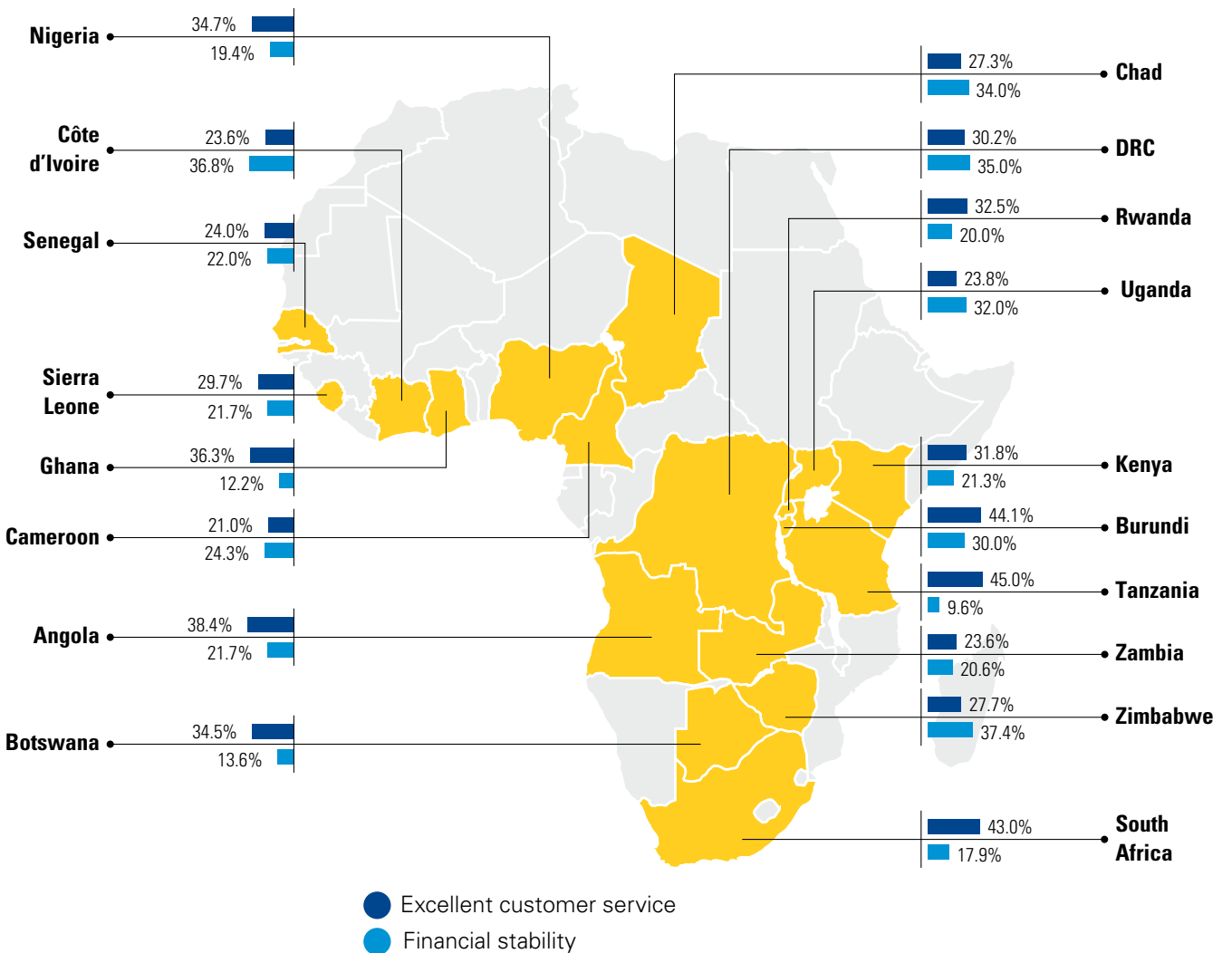
<sup>1</sup> Tim Knight, David Conway & Tamsin Jenkins (2015). KPMG Nunwood; New Era of Experience Branding. Customer Experience Excellence Center 2015 UK Analysis



Our data and our experience in the market suggest that most of Africa's banks are working to address their core customer service challenges. We have seen a number of initiatives that focus on incorporating global

customer service practices to improve areas such as transaction speed and quality, the willingness of staff to assist customers and overall employee friendliness.

Primary reasons for maintaining a bank account



# Customer care

With respondents citing customer care as the most important factor contributing to their satisfaction with their banks, our survey suggests that Africa's retail banks will need to put additional focus on improving the quality of the interactions between employees and customers. Leaders at Africa's banks will need to set the customer-centric culture from the top down in order to drive real improvements in customer care.

Of all the possible elements that influence customer satisfaction, survey respondents reported being most concerned about customer care. According to our survey, customers rank the friendliness of staff and their willingness to assist as a key contributor to their satisfaction. Equally important is the staff's knowledge and understanding of the bank's products and services.

On both accounts, banks seem to be striving to meet customer expectations. Almost 83 percent of customers said they were satisfied with staff's attitude and an almost equal number voiced satisfaction with the staff's product and service knowledge. However, it is worth noting that less than 10 percent said they were 'extremely' satisfied, suggesting that all banks have some room for further improvement.

Interestingly, the largest gaps between importance and satisfaction emerged in the area of complaint handling and resolution. Ninety-one percent of respondents said that the promptness of the attention given to their complaint was important, yet only 77 percent voiced any level of satisfaction in this area. Similarly, 90 percent said that the quality of the feedback on their complaints was important but just 75 percent said they were satisfied.

Satisfaction levels varied across the 18 markets in our survey. Banking customers in Zimbabwe were the most likely to be either very satisfied or extremely satisfied with staff's attitude and willingness to assist. And they were the most likely to be highly satisfied with staff's product knowledge. Customers in Tanzania, on the other hand, were the most likely to voice satisfaction with the speed at which complaints and enquiries are handled.

As banks strive to close the gap between expectation and satisfaction, technology will form part of the solution. Africa's banks are increasingly leveraging Customer Relationship Management (CRM) systems to better capture, track and close customer complaints. Improved service provision through alternate channels – particularly mobile and internet – will also help improve the perception of customer care.

However, bank executives will also want to pay particular attention to their branch and call center staff. As we note on page 22 of this report, Africa's banking customers demonstrate a clear preference for branch banking and a growing demand for call center services. Ensuring that these front-line employees understand the bank's customer care values and demonstrate the desired level of customer focus will be critical.

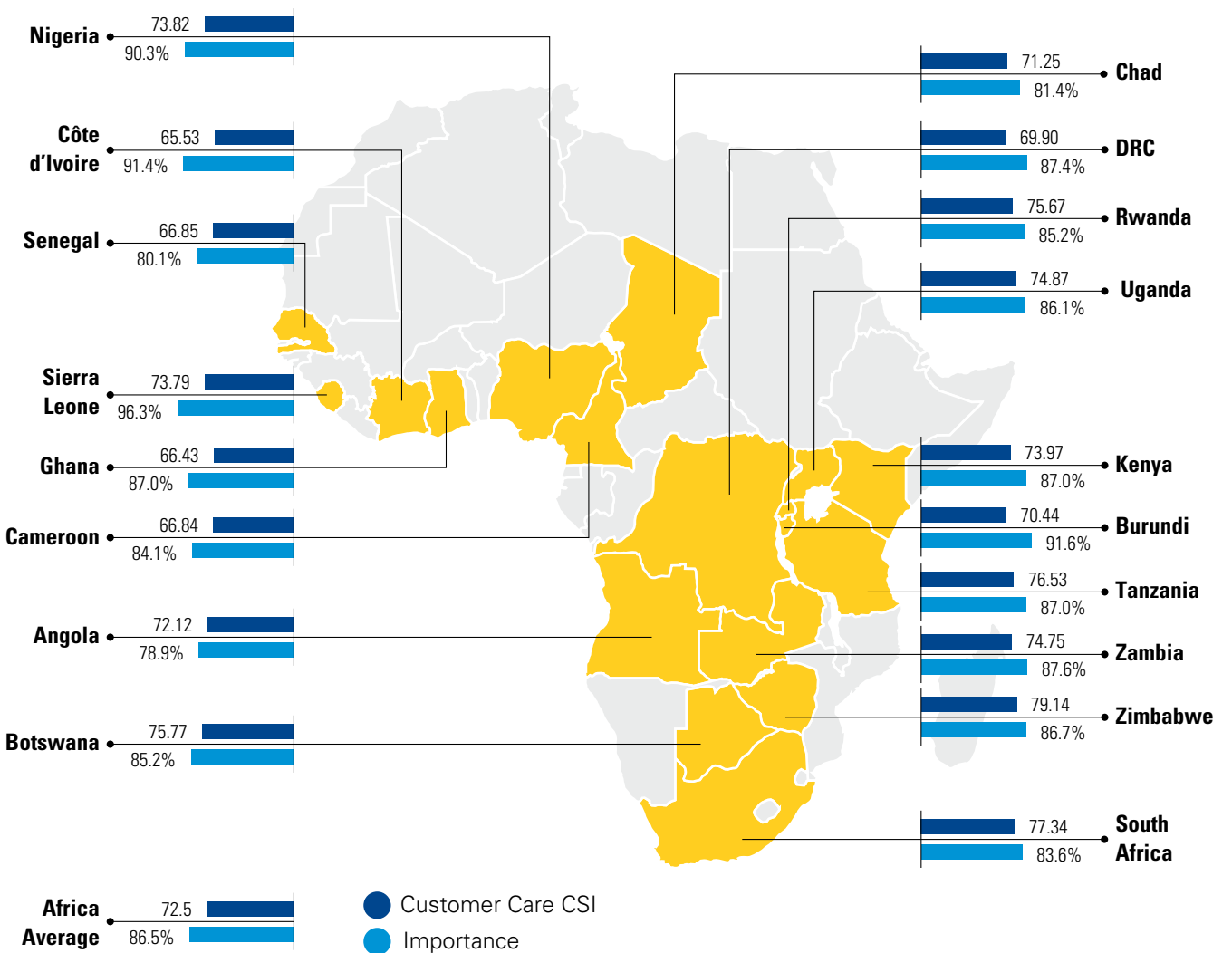
So, too, will be the need to set the tone from the top. Indeed, our experience suggests that the most customer-centric global banks are those where the CEO takes ownership of the customer agenda and drives the development of a customer-centric culture with genuine and deliberate enthusiasm.

Many leading global banks are also taking additional steps to ensure their employees strive for the highest quality customer service. Santander runs empathy training across its 14,000-strong customer-facing

workforce; First Direct Bank goes as far as recruiting staff from the healthcare sector to find staff with proven customer service capabilities.<sup>1</sup>

Ultimately, delivering an excellent customer service experience requires leadership from the top and for banks to take a more holistic approach to the customer journey, paying close attention to how customer complaints are captured and resolved. African banks that succeed at this should enjoy improved customer satisfaction in the future.

**Customer care: Importance and satisfaction**



# Encouraging the shift to internet and mobile banking: A Nigerian perspective

**Nigerians love the internet. The country is estimated to have more than 148 million mobile telephone subscribers and at least 92 million of them access internet data services on their devices. And, with around one-third of Nigeria's population now under 24 years old and a growing middle class population, all signs suggest that internet penetration and usage is set to grow significantly.**

In particular, social media channels are gaining significant adoption in Nigeria. Platforms such as Facebook, Instagram, Twitter, LinkedIn and Tumblr are widely used by Nigerians as a way to communicate with friends and the wider public. In fact, according to our survey, 77 percent of Nigeria's banking customers now use social media for personal purposes.

The problem is that Nigeria's banks have largely failed to translate this passion for the internet and social media into increased adoption of internet and mobile banking solutions. Just 42 percent of Nigerian banking customers said they use online banking platforms for one or more banking activities. And just 40 percent said they have interacted with their bank using social media in the past.

The benefits of shifting transactions to web-based platforms are clear. For customers, web-based platforms offer convenience, 24/7 access, and freedom of location. For Nigeria's banks, the shift promises the opportunity to improve service delivery and achieve a lower cost-to-serve.

So why are Nigeria's banks struggling to move customers to internet and mobile banking platforms? Nigeria's banks have certainly put significant investment and effort into developing a better and easier online banking system. And Nigeria's customers have certainly proven themselves to be internet-savvy.

Part of the problem relates to conversion. More than two-thirds of Nigerian banking customers say they have never tried their bank's online platform. So while Nigerian banking halls are often filled with customers happily using their phones to text, chat, browse and shop online, just one-in-three of them have ever considered using that same device to avoid the banking hall altogether. Introducing these customers to alternative channels should be a top priority for Nigeria's banks.

Ease of use is also a key challenge for Nigeria's banks and this influences the willingness of customers to adopt web-based channels. As one – rather typical – Nigerian banking respondent told us, "My friends tell me it's not easy to use so I've never really bothered. Besides, there's too much hassle to sign up." Our data reinforces this view: when it came to the use of the online channel, respondents reported the lowest levels of satisfaction for the ease of navigation and the visual design.

With recent media attention on cyber security risks such as cloning and identity theft on the rise, many Nigerian customers are also deeply concerned about the security of their transactions. As another survey respondent told us, "I do not trust the system, I'd rather go to the bank for the money to be transferred by the bank's staff than do it myself as I would get the blame should anything go wrong." So while many banks have introduced more robust security measures recently, they will need to continue to focus on assuring customers of the safety of their online channels.

How can Nigerian banks start to improve internet banking penetration? We believe focus must be placed on three key areas:

### 1. Improving the customer experience

- Reinvigorate and refresh the bank's web assets to prioritize ease of use, navigation and visual design; aim to simplify the number of steps to complete a transaction or add more robust capabilities that respond to their customers' technological sophistication.
- Introduce improved functionality targeted to specific customer segments such as corporate customers or SMEs who are particularly focused on security and the need for customized financial reporting and access to reliable, real-time financial data.
- Harness employees as channel ambassadors and customer experience experts; banks should be encouraging their own employees to use online banking and suggest opportunities for improvement.

### 2. Reinforcing customer trust

- Enhance customer awareness and online literacy by promoting greater awareness of online security through the various online banking touch points; banks must assure customers that every precaution has been taken to ensure the security of their funds while also explaining the importance of keeping access details safe.
- Improve response time to fraud complaints; just 6 percent of survey respondents from Nigeria reported an experience of fraud but more than half of those said it took more than two weeks to resolve their case.

### 3. Ensuring customer accessibility

- Provide 24/7 access to online platforms; focus on deploying the right monitoring tools to ensure 99 percent uptime on the online banking platform and allocate responsibility for uptime to specific staff members or teams.
- Review the costs and fees associated with online banking platforms to ensure that they are reasonable in comparison to alternative options; make sure that cost does not become a barrier to online banking.

While customer adoption of online channels may be slower than expected in Nigeria, it is also clear that momentum is already picking up. We believe that web-based banking will soon prove to be a lucrative brand-booster for those banks able to iron out the kinks and educate customers about the convenience and security of online banking.



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# Executional excellence

While Africa's retail banking customers clearly want better service quality, they also want better transaction processing times and information accuracy. As financial literacy programs drive heightened expectations around the information banking customers should receive, Africa's banks will need to increase their focus on delivering fast, accurate and timely transactions across all of their customer channels. For many, this will require more than just new technology and tools, it will also require processes to be streamlined and optimized.

Second only to the quality of customer service, Africa's banking customers care deeply about the speed, accuracy and completeness of their banking transactions. In fact, in 7 of the 18 countries surveyed, customers ranked executional excellence as the most important factor influencing their overall satisfaction with their banks.

In particular, customers attributed the highest importance to the accuracy and completeness of the information (such as bank statements, advice slips and the calculation of bank fees) they receive from their banks. Yet while almost 90 percent of customers said they believed this aspect to be important or very important, only around a third of all customers voiced a high level of satisfaction in this area.

Customers also seem concerned about the transparency of fees and account costs. "They make all the promises in the world to you, but as soon as you take the facility you start to see hidden charges that you were never told about," noted one respondent.

While regulators across the continent have certainly made significant strides – often supported by Customer Protection Regulation – banks will need to continue to take the lead in promoting fairness, transparency and responsibility. The reality is that customers are increasingly aware of their rights and bad perceptions can quickly become bad publicity.

In a number of markets – particularly Angola, Cameroon, Ivory Coast, Senegal and the Democratic Republic of Congo – customers also noted the importance of the overall timeliness and turnaround time of transaction processing. Our survey suggests that banks may have significant room for improvement here: 89 percent said transaction timeliness and turnaround times were important but only 33 percent said they were very or extremely satisfied with their bank's track record.

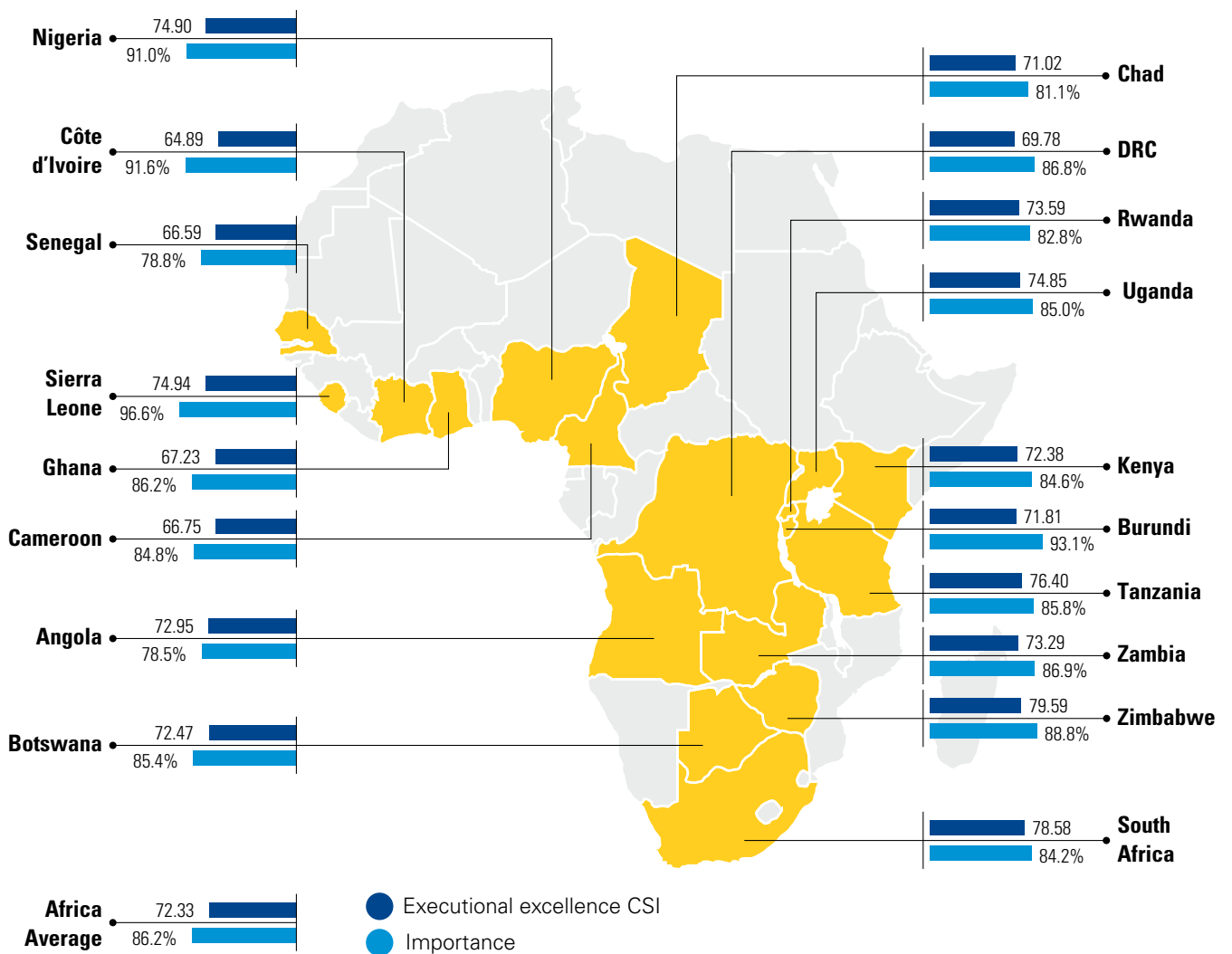
Investment into new transaction technologies and tools will be key to improving transaction times. However, it will also require banks to streamline and optimize their processes in order to achieve greater efficiency without compromising regulatory standards and risk controls. In the Democratic Republic of Congo, for example, weak payment systems and low adoption rates for e-payment solutions have reinforced the cash economy which, in turn, has led to long queues at banking halls and slow turnaround times in processing transactions. Better technology will be central to improving transaction times in the DRC; so too will more efficient branch processes.

Similarly, customers in Nigeria, Rwanda and Zimbabwe noted the importance of receiving information in a timely manner and in an easy-to-understand format. Governments in both Rwanda and Zimbabwe are currently focused on financial literacy initiatives and this data suggests that customers in these markets are beginning to gain a clearer understanding of their rights and expectations.

It is worth noting that – while some customers and regulators are concerned about the potential for fraud in the system – just 5 percent of current banking customers said they had experienced an incidence of fraud with their bank. And around 60 percent of those who had experienced fraud reported only a

single experience. That being said, fraud remains a key concern for many banking customers and Africa’s banks will therefore need to continue to focus on identifying, predicting and eliminating fraud and communicating their efforts and achievements to customers.

**Executorial excellence: Importance and satisfaction**



# Tapping customer data to drive growth: A South African Perspective

As banks across Africa start to roll out increasingly sophisticated digital channels and systems, many are starting to explore how they might use their increasing wealth of data to create sustainable growth and improve efficiency. Rightfully so: banks around the world are already finding increasingly valuable ways to apply analytics across their organizations and – in doing so – are creating unique competitive advantages.

## Focus on the customer

Our experience suggests that many banks may be missing significant growth opportunities that could be achieved by consolidating all of the different ‘nuggets’ of customer data at their disposal to create tangible and actionable insights about their customers.

Customer analytics can drive significant benefits for Africa’s banks. A well embedded customer analytics capability could, for example, enable the bank to target the right customers during marketing campaigns, maximize cross/up sell opportunities, improve customer satisfaction and reduce churn and fraud cases.

Many banks are also starting to leverage customer analytics to identify who their most valuable customers are, how they behave and how best to retain them and attract others. It is allowing for the provision of real-time, individualized service at every stage of customer interaction: marketing, acquisition, cross-sell, service, and retention.

The more sophisticated banks are now starting to apply ‘predictive analytics’ approaches to their customer data to capture more forward-looking insights that go beyond analyzing events that happened in the past to instead start to predict what events will happen next and, in doing so, better inform their decision-making.

## The battle for the customer

Recent research by KPMG International suggests that few banks around the world fully understand the value that data and analytics can provide in terms of customer insights and richer customer experiences.<sup>1</sup>

Unfortunately for the banking sector, there are organizations like Google and Facebook that do understand the value of customer insights and they are keen to use this knowledge to create new banking propositions that deliver exceptional customer experiences. Both organizations have already launched successful money remittance services, largely by creating an unprecedented view of customer preferences by aggregating search, social media and financial transaction data.

Simply put, customer insights are driving the next wave of competitive advantage and banks will therefore need to go beyond merely understanding the needs of their customer across the various touchpoints to ensure they can also anticipate and rapidly respond to those needs.

<sup>1</sup> Going beyond the data: Turning data from insights into value, KPMG International, July 2015



## Top focus areas for analytics in banking



### Building the customer view

One of the key issues most organizations face in the implementation of a customer analytics strategy is the deployment of the right solutions to accurately analyze and interpret data.

Integrating data technology into existing systems and business models is not an easy task. Most banks are saddled with complex, product-centric legacy systems and 'siloes' data and are simply not capable of achieving a 'single view' of the customer across all products and geographies. Furthermore, the poor integration of multiple systems and the complexity of data structures within banks has impacted the quality and integrity of the customer data that exists.

We believe that – to effectively manage and analyze customer data – Africa's banks will need to:

- **Build a long term data strategy** that is deeply rooted in the long term business and customer strategy goals of the bank. The data strategy should support specific business outcomes and focus on finding the data required to reach the goals.
- **Get the right high-quality data to the business** in a fast, flexible manner. Business and IT must work closely together to develop processes that enforce the capture of quality customer data upfront and not as an after-thought.
- **Develop systems and capabilities** that aggregate data across business lines to create a single view of the customer.
- **Overcome internal obstacles** by managing, measuring, and compensating employees based on how well they use relevant data to make business decisions and drive business outcomes.

### Next steps

While the digitization of banks and the availability of sophisticated analytics tools has now made it possible for banks to gain unique and valuable customer insights, banking executives will need to think carefully about what capabilities, culture and infrastructure they will need to move from data to analytics to value.

To start, Africa's banks could be taking a number of immediate steps to capture greater value from their customer data – from identifying customer data gaps and building a 'single view' of the customer through to improving the quality of data and creating centralized Centers of Excellence for customer analytics that cut across Marketing, IT and Finance.



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# Products and services

As customer preferences change and banks struggle to do more with less, many banking executives are starting to look at their mix of products and services to see how they might better tailor their offerings to respond to shifting customer demand while also growing their bottom line. Getting the balance right could deliver significant customer experience benefits and competitive advantage.

With just three out of ten banking customers in Africa saying that the products and services being offered by their banks meet their needs, it is clear that there is significant room for improvement and differentiation across the sector.

Banking customers in Africa and around the world are increasingly starting to demand more customized products and services, tailored to their specific segment and stage of life. By prioritizing and improving customer segmentation, banks are able to improve their understanding of the customer, design products and then tailor product features that respond to the needs of defined groups and populations. This should allow banks to create better alignment between their customer preferences and their suite of products and services.

At the same time, Africa's banks will need to focus on driving innovation across their product and service offering. As noted in a recent KPMG South Africa report, there has been little true 'innovation' from traditional banks in the sector. Instead, "there has been a proliferation of marginal tweaks in product features, dreamt up by marketing teams in an attempt to differentiate in a crowded market. The end result is that consumers are left confused".<sup>1</sup>

The challenge is to not overcomplicate the proposition. On the one hand, customers want products that meet their unique needs and preferences, but the vast majority also prefer 'plain vanilla' products that are easy to understand and that can be explained and supported by the staff in the branches.

Banks will also want to carefully consider the relationship between brand and product value as a way to identify areas for differentiation. Some products are essentially 'experience' goods (i.e. customers need to experience the benefits to value them) and can therefore be influenced by brand. Others, however, are more commoditized and depend less on brand perception.

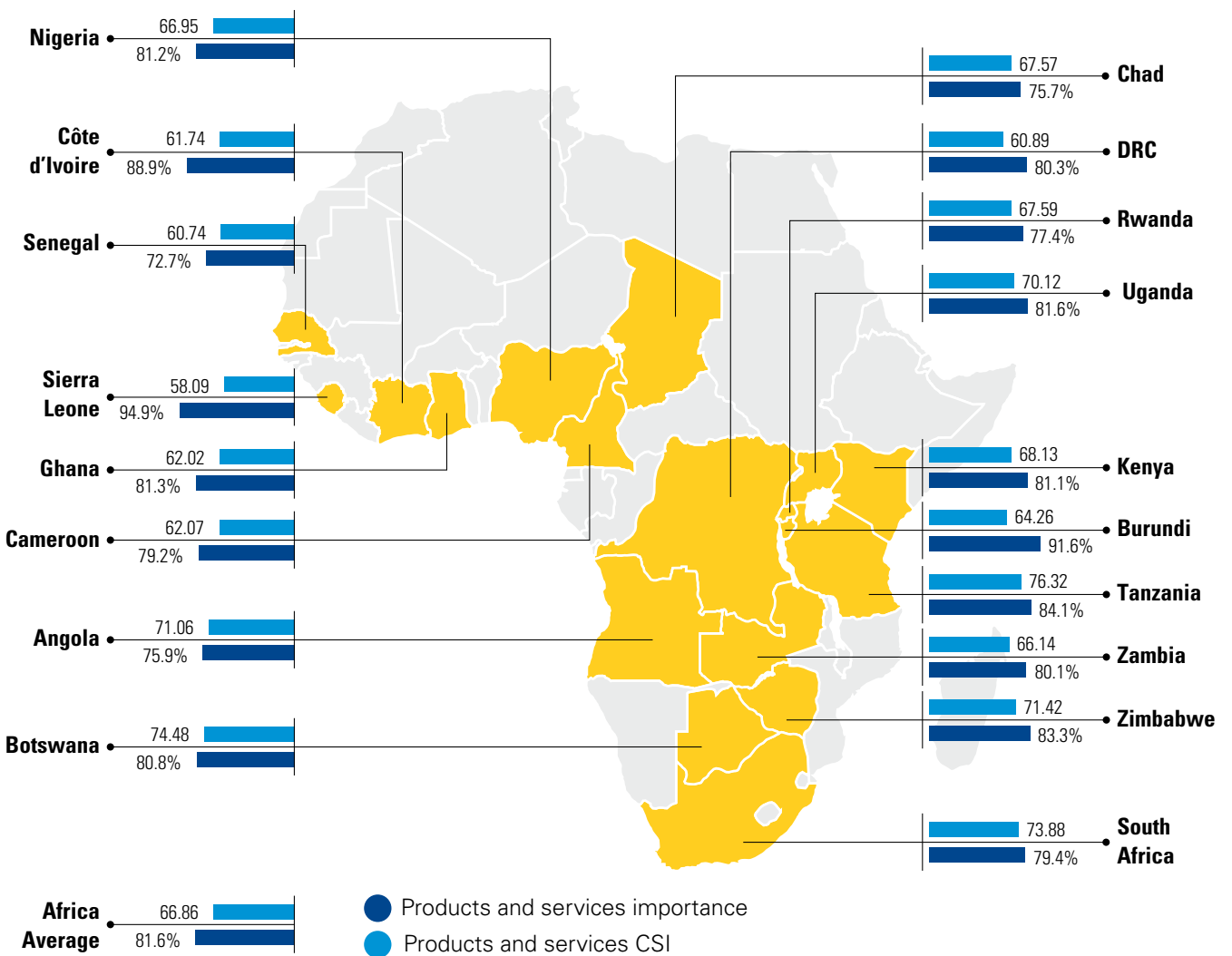
Accessibility and affordability of products and services is also a key consideration for many banking customers in Africa, particularly credit products. In fact, just 20 percent of respondents said they were very satisfied with the availability of credit products such as loans, overdrafts, salary advances and mortgages. At the same time, customers also reported difficulty accessing their bank's various products and services across the available channels. Banks that hope to differentiate themselves must therefore not only tailor their products to the needs of the customers, they must also make them affordable and easily accessible.

<sup>1</sup> <http://www.kpmg.com/za/en/issuesandinsights/articlespublications/financial-services/pages/product-innovation-in-the-banking-market.aspx>

With increasing pressure on banks to retain and grow their customer base in a retail world that is characterized by intense competition and growing customer sophistication, Africa's bank executives will

need to gain a clearer understanding of what their customers expect, want and value in a financial institution.

Products and services: Importance and satisfaction



# Banking Transformation: An East African Perspective

## Banks are embracing digital transformation

East Africa's banking industry is growing at a rapid pace as technology unlocks access to customer segments that were once too costly to serve. Mobile technology, in particular, has been revolutionizing the East Africa banking and payment system. Banks are increasingly partnering with Mobile Network Operators (MNOs) to enhance the delivery of banking services to customers and to reach the unbanked population. In Kenya, for example, Commercial Bank of Africa (CBA) partnered with Safaricom to offer M-shwari while in Ethiopia, microfinance institutions are partnering with M-Birr to increase outreach to the unbanked.

Mobile Virtual Network Operators (MVNOs) are also gaining popularity and a number of announcements have been made including the recent partnership between Equity Bank and Airtel to launch Equitel, a platform that allows customers to access credit loans, perform cross border money transfers and send and receive money from other commercial banks. MVNOs have promised to enhance accessibility and – in a greater sense – promote financial inclusion by providing financial services to the masses through the convenience of their handsets.

The use of social media continues to grow with Kenya experiencing smart phone growth rates and internet penetration rates of over 50 percent.<sup>1</sup> This has led to increased e-commerce in the sector, with many banks leveraging online platforms for service delivery and customer growth.

## Banks are aspiring to build agile business and operating models

Global and regional trends are shaping business transformation in the East Africa banking industry with banks seeking to transform both their business strategies and operating models. In this era of high levels of financial inclusion, banks are facing stiff competition from non-traditional competitors who have grown significantly in areas traditionally exclusive to banks. Growth of Savings and Credit Cooperative Organizations (or SACCOs), micro-finance institutions and informal financial service providers is also heightening competition.

In this environment, retail banks operating in East Africa will need to build agile businesses. Technology in the banking sector is constantly evolving, customers' expectations and preferences keep changing and financial products and services are being reinvented. It will take constant innovation to properly respond to both customer demands and competitive pressure.

At the same time, customers increasingly expect a new experience from their bank. This means that banks will need to not just develop new applications but also new functionality and rapid enhancements to existing ones. Banks are therefore focused on adopting business models that are efficient, cost effective and sustainable.

### Personalizing customer experience

East Africa banks are also building digital capabilities and increasing customer touch points in an effort to personalize the customer journey and create a seamless customer experience. This has driven an increase in alternate channels including internet, agency, mobile banking, and contact centers.

The modern bank customer is more demanding, more aware and more tech-savvy. The customer expects services anywhere, anytime and on any device and banks must therefore invest significantly in enhancing the customer experience.

### The ever changing regulations

Recent publications of the revised Prudential Guidelines and Risk Management Guidelines in East Africa Central Banks sets the scene for significant enhancements in risk and capital management in the banking industry in East Africa. In particular, there has been an increase in minimum core capital across the East African countries. This is expected to boost the financial stability of the banking sector and reposition under-capitalized banks in order to enable them to play enhanced roles in the sector. It will also promote the entry of large banks and banking sector consolidation.

For banks in East Africa – and across the continent – successful business transformation will require keen focus in four key areas:

#### 1. Strategy: Ensure a strategic position in the disruptive market

- Formulate and implement an innovation strategy: Banks need to be continuously seeking out and developing innovative products and services.
- Think holistically from the customer perspective: Develop and execute a complete end-to-end digital transformation strategy in order to improve customer engagement.
- Reduce operational costs to stay competitive: Focus on applying automation and business process improvements where applicable.
- Enhance partnerships with other players: Seek out traditional and non-traditional partners that can help bridge your capability gaps.

#### 2. Security: Invest in robust controls and system security

- Create a cyber defensible position: As banks focus on innovation and increase reliance on technology the threat of cyber breach increases.
- Ensure a well-controlled operation: Banks need to invest heavily on governance, controls, ethics, policies and information systems audit.

#### 3. Customers: Enhance customer loyalty

- Know your customers and their preferences: Improve the use of data, customer analytics and external data to drive customer insights.
- Understand the environment: Invest in market intelligence to gain information on key markets and customer segments.
- Meet the pace of customer demand: Focus on providing products and services in real time.

#### 4. Regulation: Invest in resources and capabilities to comply with regulations

- Ensure regulatory compliance: Banks should ensure they have the right resources and the right capabilities to remain compliant.



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# Loyalty

Africa's retail banking customers seem to feel that their banking experience has improved over the past year and most now say they have recommended their bank to others. Yet our data suggests that around one in ten current banking customers is 'in play' and currently considering switching banks. Those that can demonstrate superior service quality should be able to steal these customers away from their competitors.

Across most of Africa, banks seem to have made significant improvements in customer service over the past year. Their efforts are being recognized: almost two-thirds (64 percent) of our respondents said satisfaction with their bank had increased. Customers in Sierra-Leone were the most likely to say they had experienced increases in satisfaction (89 percent said so) followed by customers in Angola (82 percent) and those in Botswana (78 percent). However, just 35 percent of customers in Chad and 41 percent of those in Tanzania noted any increase in satisfaction.

With customer satisfaction up, our survey suggests that around half of Africa's banking customers have now started to advocate for their banks: 50 percent of our respondents said they had recommended their bank to friends and family in the past.

Our data reinforces the close link between customer satisfaction and customer recommendations. Indeed, those countries with the highest reported increases in customer satisfaction were also the most likely to recommend their bank (83 percent of respondents from Sierra-Leone and 78 percent of those from Angola have recommended their bank) while those with the lowest levels of satisfaction increases (Tanzania and Chad, for example) reported the lowest likelihood to recommend their bank.

While satisfaction seems fairly high across the region, our data indicates that around one in ten current banking customers is 'in play' – they have either recently changed banks or plan to change banks in the near future.

Interestingly, there seems to be little indication of a strong relationship between customer satisfaction and customer churn. In fact, customers in Angola (where satisfaction and likelihood to recommend was high) were not only among the most likely to say they plan to switch banks, they were also four times more likely than customers in Chad (the country with the lowest levels of satisfaction increase) to be planning to change banks.

It is important to note, however, that this data is much more indicative of the level of competition in the market than the relationship between satisfaction and loyalty. The reality is that Angolans enjoy high levels of competition, low barriers to switching banks and significant choice; customers in Chad do not.

Underpinning this point is the fact that service quality was ranked as the leading motivator for those currently considering changing banks. Interest rates and fees were cited as the second leading reason for switching banks, followed by the attraction of more innovative products and services.

The lesson for Africa's banking executives is that a significant portion of their current books of business are up for grabs. Improved satisfaction will help drive loyalty and advocacy, but ultimately customers are looking for

the best possible service quality. Those that are able to offer (and deliver) exceptional customer service should be well placed to win market share in this competitive environment.

Satisfaction and willingness to recommend			
	% that have recommended their bank in the past 12 months	% that believe satisfaction has increased	% of customers that are considering changing banks
Angola	78%	82%	20%
Botswana	56%	78%	4%
Burundi	27%	59%	14%
Cameroon	58%	63%	21%
Chad	35%	35%	5%
Cote D'Ivoire	47%	53%	7%
DRC	52%	64%	11%
Ghana	55%	70%	11%
Kenya	63%	68%	8%
Nigeria	77%	66%	8%
Rwanda	27%	57%	8%
Senegal	53%	60%	12%
Sierra-Leone	83%	89%	12%
South Africa	46%	58%	2%
Tanzania	32%	41%	3%
Uganda	45%	65%	4%
Zambia	49%	63%	11%
Zimbabwe	50%	77%	10%
AFRICA	50%	64%	10%

# The future of the branch in the digital era: An Angolan perspective

**Will digital banking make the traditional bank branch obsolete? Probably not. But it is already clear that branches – as we know them today – will undergo massive change over the coming years. Indeed, we believe that the branch’s continued viability as a banking distribution strategy will require significant changes to the size and nature of the channel, making them smaller, more cost-efficient and oriented towards product sales and financial advice.**

In large part, the evolving character of the bank branch is being driven by changing customer expectations. The reality is that bank customers are already enjoying customized multichannel customer experiences through online shopping on their mobile phones and increasingly expect their banks to be able to offer the same quality of experience. Simply put, banks are no longer being compared to their peers, but rather to the ‘best’ shopping experience the customer has had in their lifetime.

The problem is that banks are struggling to anticipate customer demand and take the right steps to integrate the ‘digital’ experience with the ‘physical’ experience. And this has allowed technology start-ups, retailers and telecommunications companies to essentially invade the banking market. Banks are being forced to move quickly in order to defend their dominant position.

This process is already well underway in international markets and – given the speed at which disruption is occurring – it’s expected that the impact on Africa’s banks is imminent. And there are increasing signs that Africa’s banks are beginning to act to structurally integrate the physical and digital experience.

Our data illustrates the change underway. In Angola, for example, the branch continues to be the dominant channel but there are important changes happening in the mix of activities. The number of customers who said they prefer the branch for their ‘transactional’ activities – such as withdrawals, transfers and payments – decreased while the number who prefer it for financial advice increased.

Combined with the fact that Angolan banking customers report an increase in the use of non-branch channels (such as call centers and mobile banking), our data suggests that Angolan banks are facing many of the same trends as their regional and international counterparts. Given that banking customers in South Africa and Kenya report mobile banking usage rates comparable to Angola’s branch usage rates, it seems Angola is now moving through an evolution in behavioral patterns.



Against a backdrop of decreasing profitability and disappointing performance within their commercial networks, a growing number of Africa's banks are starting to reflect on the future role of the traditional bank branch. However, before adopting some of the structural measures already underway in international markets (such as eliminating and realigning branches by migrating activities to digital channels), we believe that Angolan banks must first start by creating a solid foundation upon which to position the branch of the future.

We believe Africa's banks should now be focused on three key areas to ensure their branch network remains relevant, efficient and cost effective in the future.

### 1. Realigning their branch locations and format to reflect customer preferences

- Optimize branch network capacity against customer preferences and behaviors (particularly in key regions and micro-markets); ensure that capacity aligns to demand.
- Redefine the branch network by reevaluating and reassessing the optimal mix of functions and services to be located in the branch; consider specific network segments (such as Corporate or Affluent) and potential functionality options (such as auto-stop or full service).

### 2. Strengthening branch commercial activity

- Develop a clear understanding of branch operations, identifying transactional and administrative activities in order to develop strategies for 'migrating' these activities from branches to alternative channels or centralized services; retask the freed-up resources to sales.
- Automate as many of the branch processes as possible with a focus on enhancing business efficiency by improving the interaction and reducing the sales cycle within the branch.
- Integrate the analytical activities of marketing with the relationship experience of the commercial network to enhance the quality of leads available to the branches.
- Strengthen branch management and performance through the adoption of management and performance measurement tools.

### 3. Preparing the foundation for digital conversion

- Create simple and targeted products for digital channels that encourage migration of segments of control.
- Monitor and correct the leakage of commercial pre-sales interactions, sales and service opportunities with a view to improving future commercial migration.

Our experience suggests that the integration of 'physical' and 'digital' bank experience is inevitable. Some Angolan banks have already begun the journey of transforming their commercial networks, not only to reposition their services within the future distribution strategy, but also as a way to strengthen the profitability of their institution.



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# Channels

Branches may still be the most popular retail banking channel in Africa, but there are clear and growing signs that Africa's banking customers are rapidly moving towards alternate channels. The challenge for Africa's banks will be to increase adoption of existing channels while exploring new ways to meet their customers on their own terms.

On face value, one could be excused for thinking that Africa's banking customers are highly loyal to traditional channels. Branches are still the most used channel across Africa (98 percent say they use the branch to conduct banking business) and more than two-thirds of Africa's customers admit to never having used POS terminals, internet banking, mobile banking or mobile payments.

Dig a little deeper, however, and it starts to become clear that Africa's banking customers are on the cusp of a metamorphosis towards rapid adoption of alternate channels. Branch use and ATM use are on the decline (albeit marginally) since our survey in 2013, suggesting that Africa's banking customers are now starting to move towards 'cashless' payments.

At the same time, the use of internet banking, mobile banking and mobile payments has risen significantly. Reported use of mobile payments increased 18 percentage points since our survey in 2013; internet banking usage increased by 8 percentage points; and mobile banking increased by 6 percentage points.

While access to high-quality alternate channels varies across the region, access is not the primary challenge for Africa's banks. More than two-thirds of Africans have a mobile phone and more than a

quarter have internet access. African consumers are happy to use their mobile phones to send important messages and buy goods but have yet to transfer this confidence to mobile banking or payments in the same way.

Significant benefits can be achieved by driving adoption of alternate channels. For banks, the shift to alternate channels reduces costs, improves turnaround time and alleviates pressure on branch resources – all of which helps enhance customer satisfaction. Today, more than two-thirds of Africa's banking customers say they prefer to use the branch to conduct funds transfers; around half say they use the branch to conduct balance enquiries and bill payments, all of which could be conducted more efficiently and at lower cost through digital and alternate channels.

Ultimately, this data suggests that Africa's banks could achieve significant improvements in margins and customer satisfaction by investing in customer education and alternate channel promotion. Customers using their phones to text while standing in queues at the branch are prime candidates for 'on site' conversion schemes while urban customers could be attracted by reduced fees and preferred interest rates.

At the same time, however, our data also suggests that Africa's banks could be doing more to reach out to their customers through more popular channels such as social media. Indeed, 56 percent of respondents to our survey said they use social media at least once per week, yet just 4 percent said they interact with their bank over social media as frequently. Almost 80 percent said they had never interacted with their bank on social media.

Clearly, Africa's banks face a massive opportunity to develop a highly differentiated customer proposition – one that delivers a consistent experience across the various channels and focuses on building relationships through channel interactions rather than simply 'selling' products and services.

Channel use frequency								
	Many times a day	Once a day	Several times a week	Once a week	Once every two weeks	Once a month	Rarely	Never
Branch	4%	2%	8%	9%	14%	41%	20%	2%
ATM	3%	3%	18%	12%	17%	17%	10%	21%
POS	1%	1%	4%	2%	4%	6%	15%	68%
Internet banking	1%	0%	1%	1%	2%	4%	10%	80%
Mobile banking	1%	0%	4%	2%	4%	6%	12%	70%
Mobile payments	1%	0%	2%	1%	3%	7%	13%	73%
Call center	1%	0%	1%	1%	2%	4%	18%	73%

# Value for money

Pricing of interest rates and fees may not be the primary driver of differentiation in Africa, but customers certainly expect to get value for the money they pay their banks. While customers report slightly higher levels of satisfaction with bank charges and fees than they did in the past, our survey shows that a significant proportion of banking customers continue to harbor deep dissatisfaction with the fees and charges they pay.

Customers and social activists are clearly concerned about high bank fees and interest rates. “No Banking Day” in Nigeria in early 2016 may not have disrupted banking operations, but it certainly influenced the perception that customers may not be getting value from their banks.

Similar actions have catalyzed regulatory and policy change in other markets. For example, in Zimbabwe, public pressure has pushed the Central Bank to negotiate lending rate caps with the Bankers Association of Zimbabwe. Nigeria’s banks recently completed a regulated process of phasing out their Commission on Transaction (COT) charges. In South Africa, protests by the Economic Freedom Fighters and loud complaints about ATM charges by local customers has led to a recommendation that all ATM fees must be clearly stated and agreed upon for each transaction at the terminal.

While value for money may draw significant attention from politicians, social activists and regulators, our survey suggests that Africa’s banking customers are not as concerned about pricing when selecting their banks. In fact, just 7.5 percent of our respondents across Africa said that pricing was their biggest consideration when deciding whether to maintain their existing banking relationship.

This does not mean that Africa’s banks can set their costs or rates with impunity. Almost four-fifths of our respondents said that the cost of maintaining their account was a highly important factor when assessing customer satisfaction. Across Africa, only around 60 percent of customers voiced any level of satisfaction with the cost of maintaining their accounts, suggesting that many of Africa’s banks could be addressing customer satisfaction concerns through improved customer segmentation and pricing strategies.

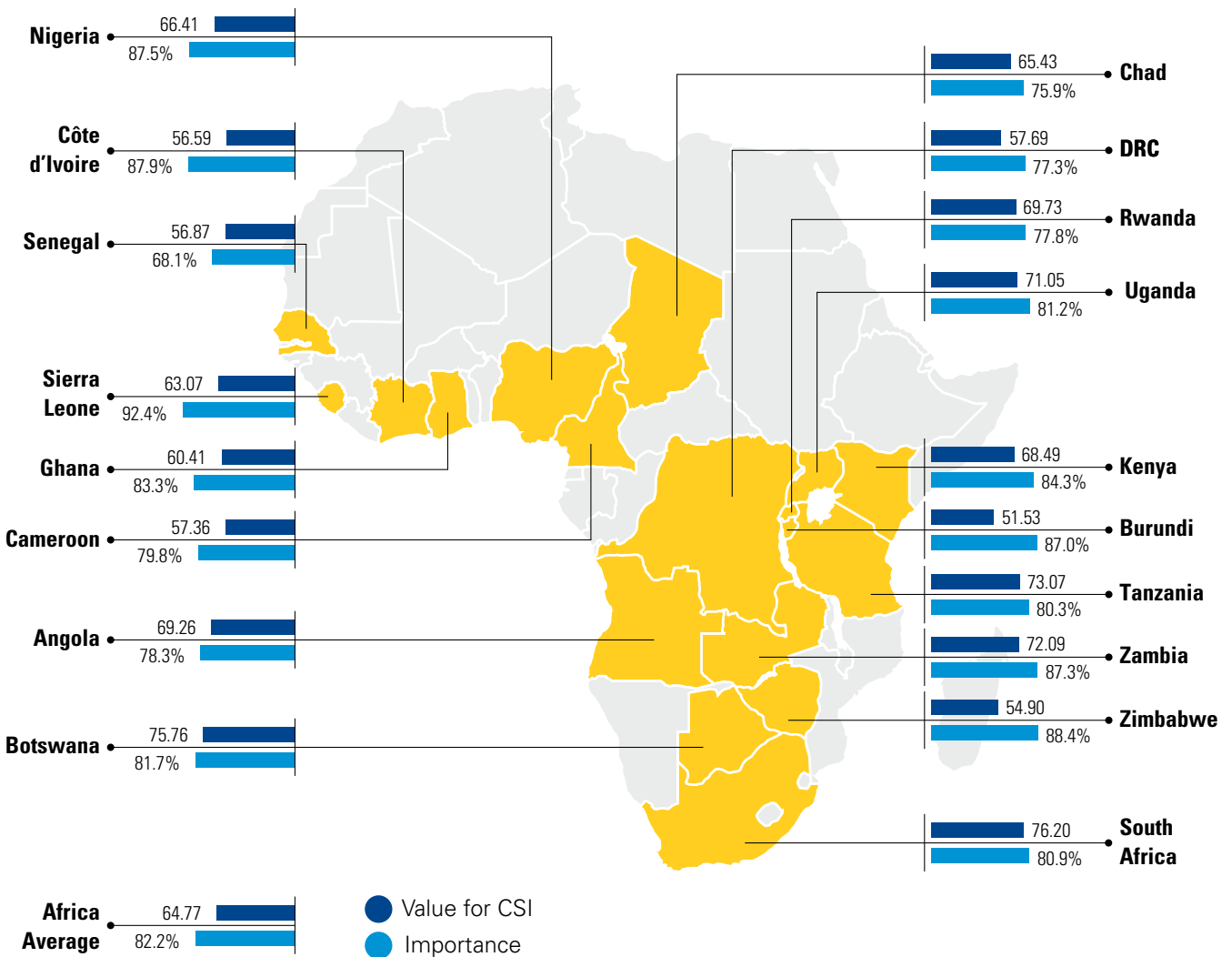
Customers reported higher concerns about the interest rates they receive on deposits and investment products. Eighty-one percent said rates were highly important to their level of customer satisfaction, yet just 58 percent voiced satisfaction with the rates they receive. Customers in Zimbabwe, Senegal and Sierra Leone returned the highest levels of dissatisfaction with the rates they receive on deposits and investment products.

Our data suggests that customers are becoming increasingly aware of the consistent ‘inconsistency’ between the interest rates they receive on their deposits and the rates charged by their banks for credit products. As a result, we expect customers and consumer protection groups across Africa to continue to pressure banks for greater transparency and fairness in the cost of transactions and the rates offered. Those that put transparency and fairness at the top of the agenda – not only in their dealings with customers but also in their culture and brand – should see positive results.

However, our data also suggests that certain customers may be willing to pay more if they think they are getting additional value for their money. Indeed, many of the banks that were ranked highest in the value for money category were not the least expensive but were perceived to deliver the most value.

While banks may continue to face increasing pressure from customers to reduce their fees, we believe that those banks able to create more value for customers will strike gold in today's environment faster than those who simply focus on topline returns.

Value for money: Importance and satisfaction



# A single view

Achieving a 'single view' of the customer is not easy. Legacy systems, siloed data, information gaps and organizational structures all create significant challenges as banks attempt to better understand their customers.

That is why we compiled our data to illustrate a variety of 'average' customers in various markets across Africa. We looked at key demographic segments – students, middle-class workers, urban entrepreneurs and millennials, for example – and analyzed their responses to create a 'single view' of customers in key markets.

While these personas are clearly fictional, they do represent the opinions and responses of these customer segments and reinforce the fact that customer preferences and need vary across segments and markets.

## Angola: Geraldo Lopes



Geraldo is a 40-year old Angolan living in Luanda. As an engineer, Geraldo works for a multinational oil company earning around 15.5 million kwanza per year. He considers himself responsible and – with a wife and two teenage children – is family-centered.

**On his choice of banks:** "I have had to open multiple accounts with other banks where I work simply because of branch proximity. I tried to shop around to see what other banks are offering to maximize my returns on investments. Given the tight time schedule and travels, I don't have time to visit the branch often."

**On his channel preferences:** "Traffic is terrible here and I won't spend time going to the branch. Recently, one of my new banks called me to activate my internet banking. The challenge has always been remembering the passwords. I find the ATM useful except sometimes I am on the oil rigs with no access to ATMs."

**On his banking needs:** "It will be useful for me to monitor my account and investments remotely and be able to move money to our joint account, so my wife can access funds in my absence. I will say I do over 70 percent of my transactions in cash."

**On what is important to him:** "I consider investments, proximity of branches and friendly branch staff as important to me. I will move banks depending on who is offering me value for my money."

**KPMG Insight:** Geraldo represents a typical mid-career professional in an African city. He can be 'wowed' by a bank that targets him with solutions rather than vanilla products, service and dedicated relationship management as well as alternate channels. He is likely to appreciate:

- Investment and insurance offerings, mobile and online banking
- Dedicated relationship management, knowledgeable and friendly staff.

## Botswana: Nuru Thabiso



Nuru is 26 and lives in Gaborone, Botswana. Nuru spends her days working in the city as an administrative assistant at a hotel and also helps at her aunt's corner shop as a part-time cashier. She earns around 4,500 pula per month from both jobs.

**On her choice of banks:** "I opened Current and Savings bank accounts with First National Bank four years ago, when I moved to Gaborone from Otse. I never changed banks because of the proximity of their branches."

**On her channel preferences:** "My typical transactions with First National Bank include using the ATM for cash withdrawals, mobile banking for balance enquiries and bill payments, and the branch for all other activities."

**On her banking needs:** "Sometimes I go to the branch in person or I just call the contact center but I find mobile transfers and banking easier and quicker. Certainly, the ATM and mobile are my best friends when it comes to getting cash out or transferring money to friends and family in Otse. POS is not really my thing; I'm not sure if I can trust those till girls enough to use my cards in shops."

**On what is important to her:** "I am generally satisfied with my bank, especially the ambiance, friendly staff and there is no waiting time. The mobile banking and the variety of banking products meet my needs. When I have issues, they are quite responsive."

**KPMG Insight:** Nuru represents the 'everyday employee' in the value chain. Her bank can deploy special offers to turn her from a loyal customer into a raving fan. Nuru is most likely to consider the following banking solutions more favorably:

- E-solutions such as e-savings accounts, mobile apps, payment protections, credit and mortgage solutions
- Well trained, knowledgeable and friendly contact center staff.

## Democratic Republic of Congo: Rishi Mutombo



Married with four children, 32-year old Rishi works as a travel guide for tourists in Kinshasa. As this is largely a seasonal job, Rishi supplements his income working as a taxi driver in the city. Rishi's income is highly variable but, on average, he earns around 300 dollars a month.

**On his choice of banks:** "I used to keep money in my home, but last year, one of my colleagues told me about the benefits of keeping money in a bank, therefore I opened a current account with Rawbank as I believe they are financially stable."

**On his channel preferences:** "I go to the bank primarily to deposit the money I make from tours and cab rides; and use the ATM when I need to withdraw money for myself or to give to my wife to go to the market."

**On his banking needs:** "The branch, ATM and customer care are measures that are essential to my banking relationship. I am satisfied with the ambiance of the branches and the cash availability, uptime and security of the ATMs. However, I have to travel a fair distance when I need to go to the bank, when I get there, the turnaround time is not the best and after all this, my issue is not always addressed appropriately."

**On what is important to him:** "My satisfaction has only increased since I opened this account; I can sleep more peacefully now because I know my money is secure."

**KPMG Insight:** Rishi represents the average working class individual. He needs certain products and services to make his banking experience more enjoyable such as:

- Allowing him to deposit money via the ATM instead of only at the branches
- A 'go-to' person in the bank he can easily reach out to for enquiries and complaints resolution.

### Ghana: Kwabena Chambas



Kwabena studied Aerospace Engineering at a very prestigious university in Ghana and now works for the civil service where he earns about 85,000 cedis per annum. He currently lives alone in Accra and, at 28 years old, has now started saving up for a family of his own.

**On his choice of banks:** “About 6 years ago, I opened a Current and Savings account with GCB Bank Ghana and I love the new image the bank portrays after the rebranding exercise they undertook in 2014.”

**On his channel preferences:** “My usual transactions with the bank include using the ATM to withdraw cash, mobile banking for balance enquiries and bill payments, internet banking to transfer funds, the contact center to make complaints and the branch for any other activities I need to carry out.”

**On his banking needs:** “I perform the bulk of my transactions digitally as I use the internet and mobile banking platforms and they sufficiently satisfy my needs so I have no reason to go to the bank often. I also use the ATM weekly as I believe it’s important to always carry cash in case of a rainy day.”

**On what is important to him:** “Customer care and digital banking measures are paramount to my banking relationship and I’m very satisfied with the bank’s digital banking platform. However, the bank staff could be friendlier and attend to issues more promptly when I go to the branch.”

**KPMG Insight:** Kwabena represents the typical upcoming professional. Most of these professionals are from the Millennial Generation and need a unique mix of customer care and technologically advanced products and services. Some products that could appeal to them include:

- Secure and innovative e-channels
- A personalized platform to begin accessing financial advice from their early career stages.

### Kenya: Amani Kahangi



Amani is a 37-year-old Graphic Designer who started his career working in the marketing department of a multi-national company before setting up his own company “Kahangi Designs” in Kisumu. He now earns around 2.4 million kenyan shillings per year.

**On his choice of banks:** “I opened a bank account with Kenya Commercial Bank 10 years ago and mainly maintain my account with them because of their excellent customer service.”

**On his channel preferences:** “I mainly withdraw cash on KCB’s ATMs as the service reliability is top-notch. Mobile banking is my preferred choice for balance enquiries and I visit the branch whenever I need to carry out any other activities such as transferring funds, getting financial advice, making complaints, bill payments, buying financial products and cash deposits.”

**On his banking needs:** “I would like to set up a trust fund for my two little girls to help cover their future educational expenses. Customer care, security of alternate channels and the overall timeliness and turnaround time in processing transactions are influential in my choice of bank and I’m satisfied with most of these elements.”

**On what is important to him:** “The bank still has improvements to make in terms of the queues at the branches and the products and services offered, especially loans, overdrafts and mortgages. There should be enough tellers to curb the long queues and the charges on over the counter withdrawals should be reduced.”

**KPMG Insight:** Amani represents a mid-career professional. Customers at this point have usually banked with their financial institutions for a while and expect a form of reward for their loyalty. Other products and services that could interest them include:

- Dedicated relationship management to cater to their needs (such as providing advice on investments and trust funds)
- Better rates and a more seamless application process for loans and mortgages.



### Nigeria: Kike Adekoya



**Kike is a 19-year-old student currently in the third year of a Law degree at the University of Lagos (UNILAG). As Kike is now approaching graduation, she has started taking her savings more seriously and currently keeps her 30,000 naira allowance in a special student savers account.**

**On her choice of banks:** “When I first came to university 3 years ago, I opened a GTCrea8 account with GTBank and I stay with them mostly because of the proximity they offer to alternate banking channels.”

**On her channel preferences:** “I use a diverse range of platforms for the different activities I need to carry out; the ATM for cash withdrawals, mobile banking for funds transfer and balance enquiries, internet banking when I need to obtain financial advice, social media to make complaints and the branch to deposit cash.”

**On her banking needs:** “Most of my transactions are via the ATMs and internet/mobile banking platforms. I also enjoy interacting with my bank on Facebook and Twitter as these are easier and more fun platforms to communicate with the bank. However, sometimes the bank takes a long time to respond to my enquiries and complaints and this makes me very frustrated.”

**On what is important to her:** “Alternate channels are very important to me and the bank is doing a good job in terms of constant innovation. It is very easy to use a lot of their services, particularly the mobile banking platform. However, the length of the queues at the branches is still a major issue whenever I go there to deposit money.”

**KPMG Insight:** Kike is a prime example of the modern tech-savvy student. As trends are ever-changing in the world, innovative value-added services that could help keep these students’ attention are:

- Cardless cash withdrawals from the ATMs and improved response rates on social media
- Relevant information could also be provided that informs them about periods to expect downtime on the bank’s alternate channels.

### South Africa: Lerato Govender



**Lerato has been a Gynecologist for the past 17 years and is now one of the top-rated and most well respected Gynecologists in the Durban Metropolitan Area. She earns 1.2 million rand each year and, as a result, has a diverse portfolio of investments.**

**On her choice of banks:** “I have been banking with First National Bank for over 20 years and have stayed with them because of their integrity, financial stability and the fact that they always put their customers first.”

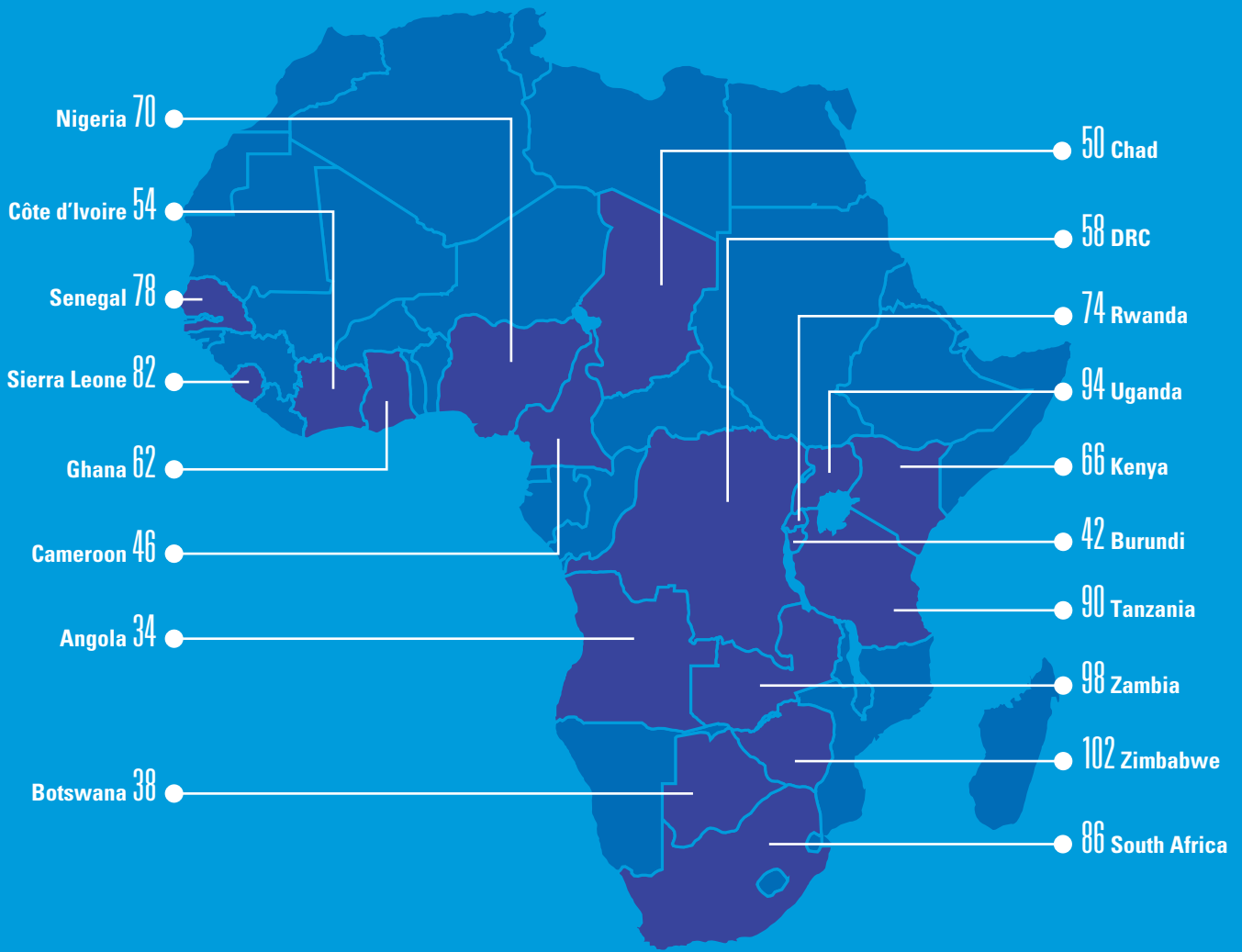
**On her channel preferences:** “The ATM is a channel I greatly appreciate as I use it for many activities such as cash withdrawals, funds transfer, balance enquiries and cash deposits. I visit the branch or call my Relationship Manager when I need to carry out any other activities.”

**On her banking needs:** “The bank has a branch a stone’s throw away from the hospital I work at, therefore, it is convenient for me to visit their branches whenever I need to. If I can’t go to the branch, I call my Relationship Manager or use the ATM to transfer funds to my children who are in different universities around the world.”

**On what is important to her:** “Customer service, the branch and the ATM need to be upper echelon as these are my main points of contact with the bank. The bank has done an outstanding job with these measures and have taken it a step further by offering me customized services and products. But the interest rates offered on investment and deposit products and the proximity of ATMs still need to be worked on to improve my satisfaction level.”

**KPMG Insight:** Lerato represents the affluent professional at the peak of her career. The bank can keep her interested and raise her level of enthusiasm by offering the following products and services:

- Professional investment advisory services to help her make wise investment decisions
- A method of linking her accounts to her children’s accounts to create a more seamless process of transferring funds.



# Market profiles and highlights

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# Angola



According to the National Bank of Angola, Angola's economy grew at around 4.9 percent in 2015. However, the country's economic stability has been challenged recently by global uncertainty, which has adversely affected the price of oil (falling around 55 percent since January 2014). This is particularly important for the Angolan economy due to its dependence on raw materials; the sector represented about 35 percent of the Angolan GDP in 2014.

As a result, the Angolan government is now focused on diversifying the economy and reducing dependence on the oil sector, together with exchange rate stabilization measures. Given the worsening expectations of the current account balance and trade balance, budget execution will also be a key factor supporting the economic development of the Angolan economy in the coming years.

While the executive government has made efforts to reduce public spending, it is clear that the timing of the oil price recovery will be a critical factor that could significantly impact the state's ability to support the movement to diversify the economy.

The past few years have seen the adoption of a more pronounced regulatory environment, aimed at empowering the institutions for future challenges, supported by a variety of different initiatives and led by the National Bank of Angola.

The Central Bank is currently focused on processes related to accounting and prudential, fiscal and compliance aimed at improving the robustness and resilience of institutions (through Asset Quality Assessment – Phase 2 and notices about capital ratios) and increasing internal comparability. Focus is also being placed on international stakeholders (IFRS, notices about capital ratios and FATCA) and increasing the capacity of financial institutions to engage with their international partners (AML/CFT and Sanctions).

The deceleration in economic growth has spread to the Angolan banking sector and no new financial institutions have been licensed by the BNA since 2013 (even though the regulator expects there to be 29 institutions by the end of this year). However, the evolution of the financial system in Angola in recent years has been instrumental in the country's consolidation.

The Angolan banking sector is viewed as an 'empowering engine' and as the most important sector of the Angolan economy due to its role in supplying resource development and talent in Angola.

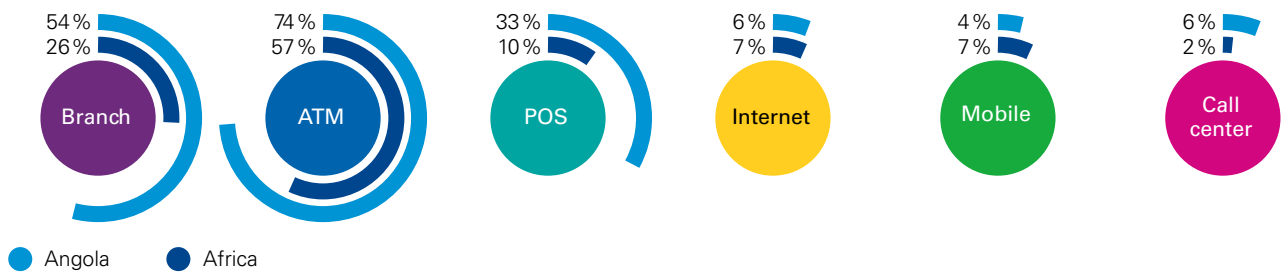
Highlights   Most important						
Rank	Customer care	Convenience	Executorial excellence	Products and services	Value for money	Branding
1	<p>Quality of feedback on enquiries/ resolution of complaints</p> <p>65%</p> <p>satisfaction</p>	<p>ATMs – Cash availability</p> <p>63%</p> <p>satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p>73%</p> <p>satisfaction</p>	<p>Products and services that meet your requirements/ needs</p> <p>62%</p> <p>satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>58%</p> <p>satisfaction</p>	<p>Trust that the bank is honest and will do the right thing</p> <p>68%</p> <p>satisfaction</p>
2	<p>Prompt attention and response to your enquiries/ complaints</p> <p>63%</p> <p>satisfaction</p>	<p>Branches – Proximity (closeness) of branches</p> <p>62%</p> <p>satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/ fees etc.</p> <p>69%</p> <p>satisfaction</p>	<p>Availability of salary advance</p> <p>58%</p> <p>satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p>61%</p> <p>satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p>65%</p> <p>satisfaction</p>
3	<p>Staff knowledge and understanding of the bank's products/ services</p> <p>69%</p> <p>satisfaction</p>	<p>ATMs – Security of ATM location</p> <p>65%</p> <p>satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p>66%</p> <p>satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p>64%</p> <p>satisfaction</p>		<p>Your confidence that the bank will deliver</p> <p>65%</p> <p>satisfaction</p>

### Channel usage and preferences

Branches remain the preferred channel for Angolan banking customers. Angolan financial institutions offer a range of different channels, largely in line with those offered in most mature banking centers. However, it appears that customers still prefer to visit a branch,

often to the detriment of other channels. Indeed, customers reported a preference for using a branch for every type of interaction except cash withdrawal and balance enquiry (where ATMs were the predominant preference).

#### Percentage of respondents that use each channel at least once per week

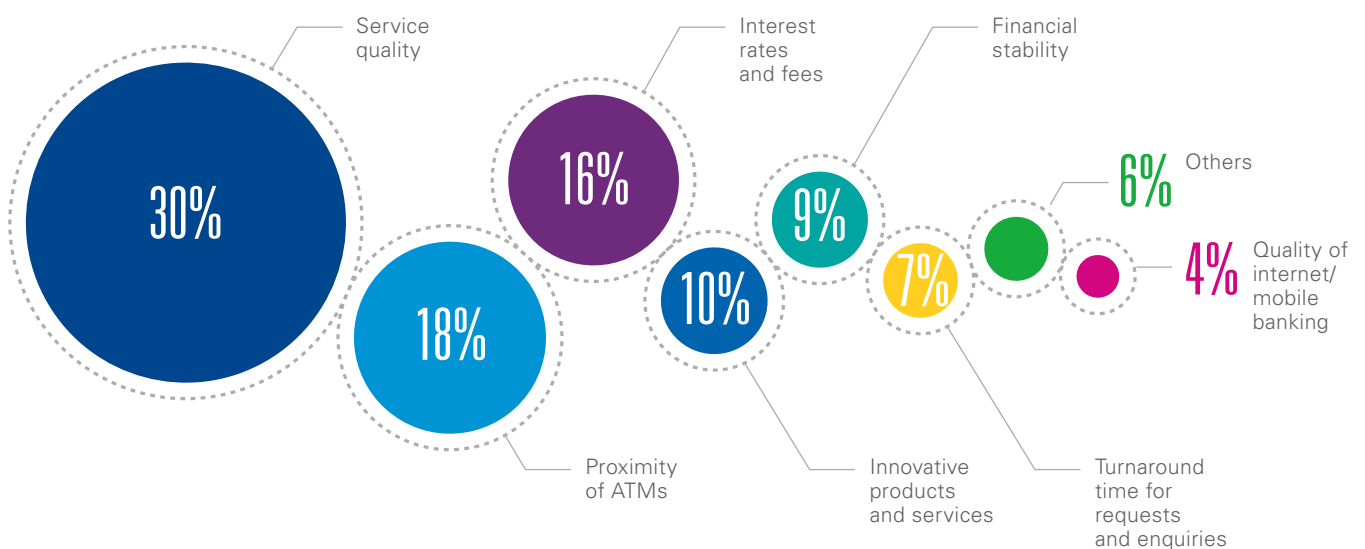


### Customer loyalty

Despite the high level of competitiveness of the banking sector, Angolan banking customers seem loyal to their bank; eighty percent of respondents said they would not consider changing their institution and 78 percent said they would recommend their bank. That being said, 20 percent of respondents said they would consider leaving

their financial institution. Factors driving this churn include the quality of service, followed by the proximity of ATMs and competitive pricing in both commissioning and rates charged.

#### Top reasons for maintaining Banking relationship



# Botswana





Following decades of strong growth on the back of one of the world's fastest growing economies, Botswana's banks have faced significant challenges over the past three years. Tighter liquidity, low interest rate margins and a moratorium on non-interest banking charges have depressed profitability.

Botswana's banks had already suffered sharp drops in profitability with post-tax profits falling from a high of 25.7 percent in 2013 to just 12.5 percent in the third quarter of 2015. With the economy now growing at a slower pace, many analysts believe that The Bank of Botswana will cut interest rates further, adding new pressure onto banks' interest margins and profitability.

The Bank of Botswana reduced the reserve requirement ratio for lenders to 5 percent in 2015 in an effort to release more liquidity into the system. The Bank also hoped that the moratorium on non-interest banking charges would catalyze innovation and spur competition amongst the country's 13 banks. The moratorium was officially lifted on December 31st, 2015.

Looking ahead, we expect to see increased use of mobile technology and wider rural penetration as new disruptors enter the market and traditional banks start to diversify their product offerings and channels. Banks will need to move quickly if they hope to counter the traction being achieved by the mobile banking products already being offered by some of the country's telecommunications providers.

However, in order to survive in the longer-term, Botswana's banks will need latitude to grow their non-interest income. According to the Central Bank, the moratorium on bank charges will be evaluated on a case-by-case basis provided all matters identified by the independent audits have been satisfactorily addressed.

Nevertheless, it is widely expected that companies will continue to reduce borrowing – both domestically and internationally – which, in turn, will prolong the country's lowest credit growth rates in a decade.

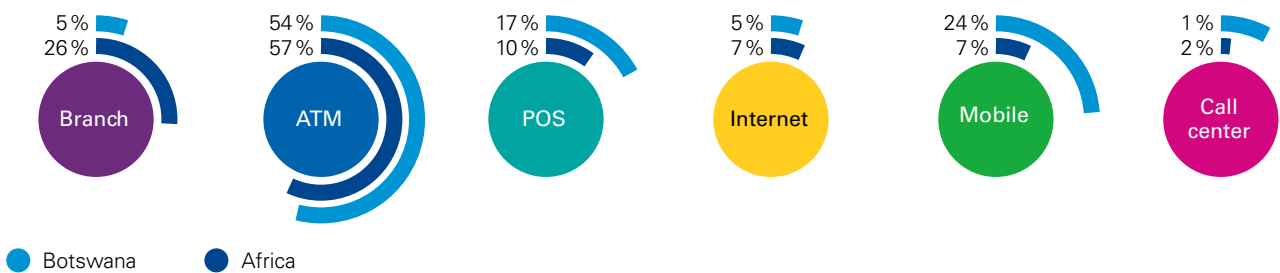
Highlights   Most important						
Rank	Customer care	Convenience	Executorial excellence	Products and services	Value for money	Branding
1	<p>Staff knowledge and understanding of the bank's products/ services</p> <p>94%</p> <p>satisfaction</p>	<p>ATMs – ATM uptime</p> <p>87%</p> <p>satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/ fees etc.</p> <p>93%</p> <p>satisfaction</p>	<p>Products and services that meet your requirements/ needs</p> <p>71%</p> <p>satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p>87%</p> <p>satisfaction</p>	<p>Your confidence that the bank will deliver</p> <p>86%</p> <p>satisfaction</p>
2	<p>Staff with a professional can-do attitude and willingness to assist</p> <p>93%</p> <p>satisfaction</p>	<p>ATMs – Cash availability</p> <p>76%</p> <p>satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p>59%</p> <p>satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p>86%</p> <p>satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>88%</p> <p>satisfaction</p>	<p>Trust that the bank is honest and will do the right thing</p> <p>88%</p> <p>satisfaction</p>
3	<p>Staff ability to understand your needs and proactively offer alternatives/ useful advice</p> <p>93%</p> <p>satisfaction</p>	<p>ATMs – Proximity (closeness) of ATMs</p> <p>85%</p> <p>satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p>87%</p> <p>satisfaction</p>	<p>Availability of loans</p> <p>88%</p> <p>satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>94%</p> <p>satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p>85%</p> <p>satisfaction</p>

### Channel usage and preferences

Reported mobile channel usage is high in Botswana – more than three times the African average – largely due to shifts in customer preferences for services such as bill payments and balance enquiries. Since our last survey in 2013, customers have moved away from POS terminals to pay bills in favor of mobile technologies and branches.

ATMs have also seen increased adoption, particularly for cash withdrawals. Indeed, whereas 41 percent of respondents in 2013 said they preferred branches for cash withdrawal, that number has fallen to just 9 percent today. At the same time, stated preferences for cash withdrawal from ATMs rose from 59 percent to 91 percent.

#### Percentage of respondents that use each channel at least once per week

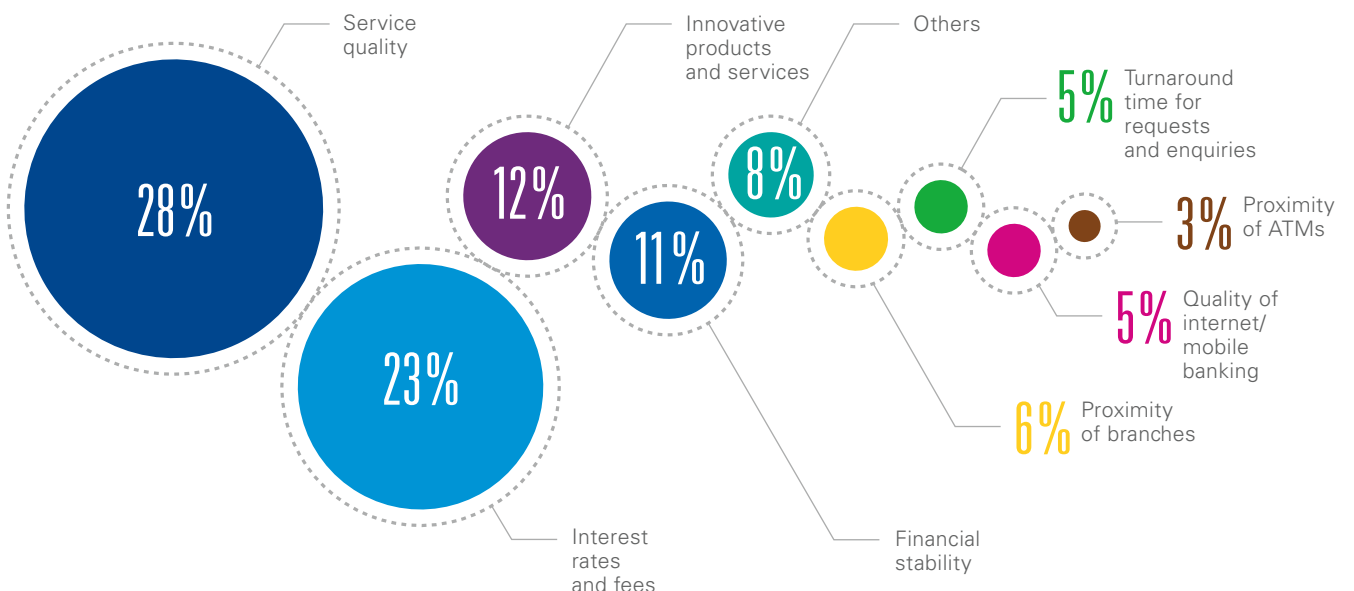


### Customer loyalty

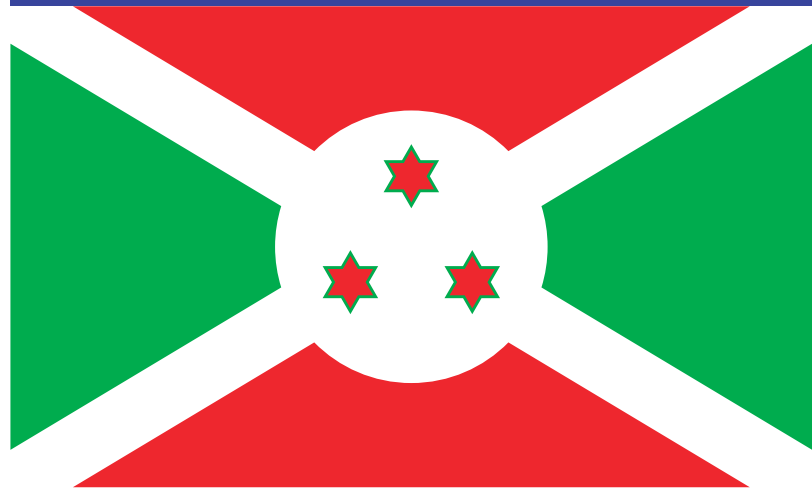
Botswana’s banking customers are highly focused on service quality. In fact, exceptional customer service was cited as the top reason for maintaining a banking relationship and – for those few (4 percent) considering a change in banks – service quality ranked as the top reason for the change. More than three-quarters

(78 percent) of Botswana’s banking customers say that satisfaction has increased over the past year and, as a result, 56 percent say they would recommend their bank to others.

#### Primary reason for changing banks (of those that indicated a change)



# Burundi



Were it not for an outbreak of violence and unrest in 2015, the tiny landlocked nation of Burundi seemed on a strong growth trajectory. Annual economic growth had averaged around 4 percent through the start of the decade and estimates suggested that growth would reach 5 percent in 2015. As is often the case, violence routed these gains: the World Bank now estimates that Burundi's growth rate in 2015 was –2.3 percent.

Burundi's government has shown signs of working towards improving both the stability and competition within the banking sector by opening access to foreign banks based in the region (namely Kenya's KCB and Tanzania's CRDB Bank). And the government has kicked off a six-year National Finance Inclusion Strategy that aims to improve access to financial products and remove barriers to banking, particularly for rural populations, women, youth and small entrepreneurs.

However, while the opening of Burundi's bank market to regional players certainly helped to revitalize the sector and led to an overall growth in the size of the securities market, it has become increasingly clear that the financial system is overly dominated by the banking sector and therefore suffers from a lack of diversification.

Burundi's financial system consists of 10 banks, three of which account for around 58 percent of the market share and 68 percent of deposits. For the most part, Burundi's operating banks tend to focus on deposit-taking and shy away from loans and credit products. Those loans that are approved tend to be concentrated in the retail sector. In part, this is in response to concerns about credit risk. But it is also because there is little long-term savings in Burundi which, in turn, makes it difficult for banks to finance investments.

Largely due to the recent unrest, inflation has risen to above 5.5 percent and the local currency – the Burundian Franc – has lost significant value against foreign currencies. Coupled with concerns about a resurgence of violence and a run on withdrawals by customers fleeing the country, banks in Burundi seem likely to continue to face near-term challenges.

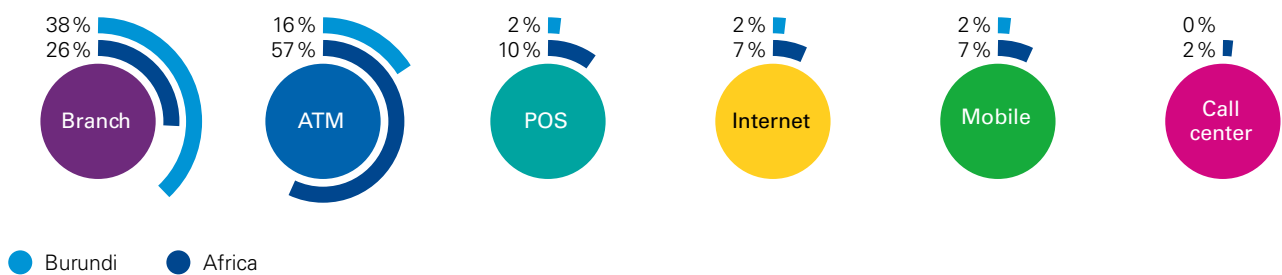
Highlights   Most important						
Rank	Customer care	Convenience	Execuational excellence	Products and services	Value for money	Branding
1	<p>Staff knowledge and understanding of the bank's products/ services</p> <p>81%</p> <p>satisfaction</p>	<p>Branches – Turnaround time at the branches</p> <p>80%</p> <p>satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/ fees etc.</p> <p>83%</p> <p>satisfaction</p>	<p>Products and services that meet your requirements/ needs</p> <p>70%</p> <p>satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p>37%</p> <p>satisfaction</p>	<p>Trust that the bank is honest and will do the right thing</p> <p>64%</p> <p>satisfaction</p>
2	<p>Staff ability to understand your needs and proactively offer alternatives/ useful advice</p> <p>77%</p> <p>satisfaction</p>	<p>Branches – Proximity (closeness) of branches</p> <p>82%</p> <p>satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p>84%</p> <p>satisfaction</p>	<p>Availability of overdraft</p> <p>68%</p> <p>satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>33%</p> <p>satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p>57%</p> <p>satisfaction</p>
3	<p>Quality of feedback on enquiries/ resolution of complaints</p> <p>75%</p> <p>satisfaction</p>	<p>Branches – Ambience – look and feel</p> <p>75%</p> <p>satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p>74%</p> <p>satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p>64%</p> <p>satisfaction</p>		<p>Your confidence that the bank will deliver</p> <p>60%</p> <p>satisfaction</p>

### Channel usage and preferences

While Burundi boasts just 3.1 bank branches per 100,000 people, the branch was cited as the dominant preference for all banking activities by Burundian customers. Even for transactions that are facilitated by ATMs (such as cash withdrawal and balance enquiries), more than 80 percent of customers said they prefer to interact at the branch.

Largely due to a lack of reliable infrastructure and low levels of internet penetration, few of Burundi's banking customers said they had used an alternative channel in the past week. Indeed, more than 93 percent of all customers admitted they had never used a POS terminal, internet banking or any type of mobile banking or payment system in the past at all.

#### Percentage of respondents that use each channel at least once per week

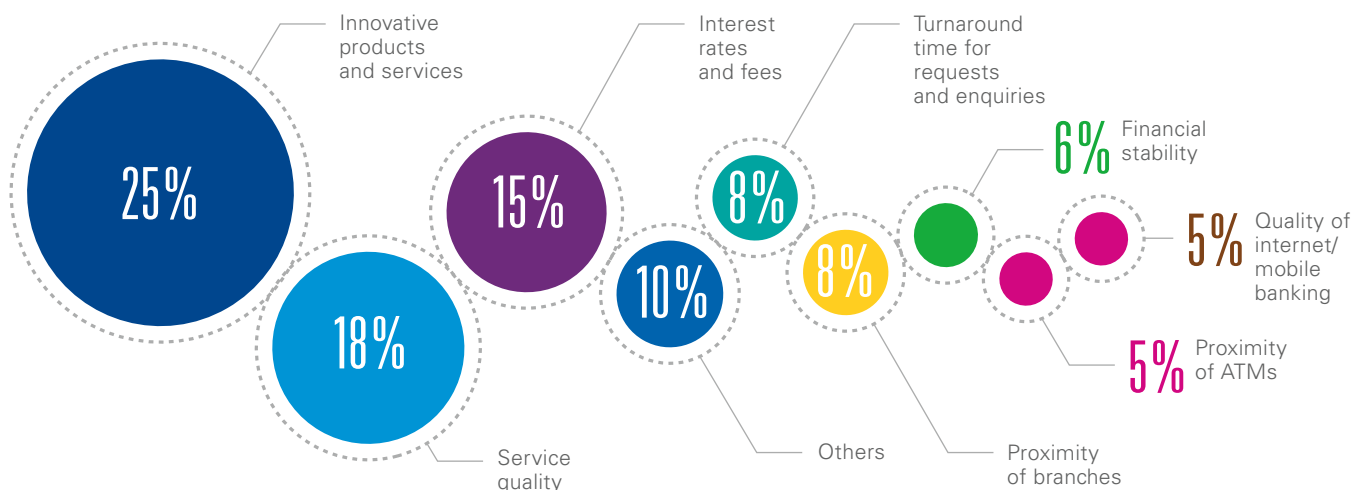


### Customer loyalty

Burundi's banking customers were amongst the least likely on the continent to say that they had recommended their bank to others. Just 27 percent said they had – or were likely to – provide a recommendation for their banks, compared to 50 percent of all other African banking customers.

While 59 percent of customers admitted that satisfaction had increased over the past years, it must be noted that this was from a fairly low base. Not surprisingly, 14 percent of Burundi's banking customers have either recently changed banks or are planning a change in the near future.

#### Primary reason for changing banks (of those that indicated a change)



# Cameroon





## Benefiting from strong tailwinds as a result of their membership in the Central African Economic and Monetary Community (CEMAC) and well positioned as a trade corridor for land-locked Central African markets, Cameroon's economy has enjoyed strong economic growth over the past 2 years.

While economic growth remained at around 4 percent over the past decade (a level insufficient to make any real dent in overall poverty levels), growth jumped to 5.9 percent in 2014 and 6.2 percent in 2015, largely on the back of expanding oil production. Indeed, following the reactivation and use of enhanced oil recovery techniques aimed at optimizing production from mature fields, growth in Cameroon's oil sector expanded by 28 percent in 2015.

Cameroon's banking sector also seems to be gaining strength, in part due to the recapitalization of two troubled banks in 2013. Cameroon's remaining banks are largely strong and compliant with regulatory and prudent standards. Leveraging this strength, Cameroon's banks hope to raise around CFA300 billion (USD520 million) on the capital markets in 2016, largely to shore up the budget envelope for the year.

The banking system has also been vitalized by the launch of two new government backed institutions: the Bank of SMEs (which launched in July 2015 with capital of around CFA10 billion) and the soon-to-be-launched Agricultural Bank. The introduction of these two new banks is expected to not only encourage development, but should also improve access to loans for small to medium enterprises, which currently make up around 70 percent of Cameroon's local businesses.

While the banking sector includes 13 commercial banks, microfinance has gained widespread popularity and there are currently more than 400 microfinance institutions operating in the country. With some Africa venture capitalists now eyeing the largest of these institutions, there are some indications that one or more microfinance institutions may evolve into a formal bank within the next 2 years.

Cameroon's government, together with the Banking Commission of Central Africa (COBAC), have initiated a number of measures to further strengthen Cameroon's banking sector and reduce the risk they pose to the financial system.

However, to drive further growth of the system and promote deeper financial inclusion, we believe the government and Central Bank should focus on encouraging banking diversity, either by developing agricultural value chains, enhancing competitiveness or by strengthening the strategic management of urban development. Improved sector governance and enhanced public expenditure effectiveness would also help encourage growth and investment in the sector.

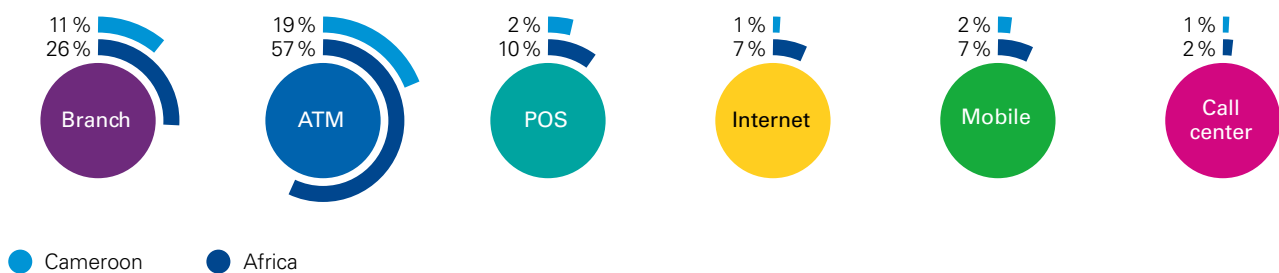
Highlights   Most important						
Rank	Customer care	Convenience	Executorial excellence	Products and services	Value for money	Branding
1	<p>Staff with a professional can-do attitude and willingness to assist</p> <p>71%</p> <p>satisfaction</p>	<p>Branches -- Proximity (closeness) of branches</p> <p>66%</p> <p>satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p>67%</p> <p>satisfaction</p>	<p>Products and services that meet your requirements/needs</p> <p>68%</p> <p>satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>40%</p> <p>satisfaction</p>	<p>Trust that the bank is honest and will do the right thing</p> <p>62%</p> <p>satisfaction</p>
2	<p>Staff ability to understand your needs and proactively offer alternatives/ useful advice</p> <p>71%</p> <p>satisfaction</p>	<p>ATMs – Security of ATM location</p> <p>66%</p> <p>satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/ fees etc.</p> <p>67%</p> <p>satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p>58%</p> <p>satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p>39%</p> <p>satisfaction</p>	<p>Your confidence that the bank will deliver</p> <p>59%</p> <p>satisfaction</p>
3	<p>Staff knowledge and understanding of the bank's products/ services</p> <p>72%</p> <p>satisfaction</p>	<p>Branches – Turnaround time at the branches</p> <p>58%</p> <p>satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p>66%</p> <p>satisfaction</p>	<p>Availability of loans</p> <p>29%</p> <p>satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p>57%</p> <p>satisfaction</p>	

### Channel usage and preferences

Cameroonian banking customers report a strong preference for conducting virtually every banking transaction at their branch. With the exception of cash withdrawals – where ATMs narrowly beat out the branch by a margin of 53 percent to 47 percent – and balance enquiries, more than 80 percent of Cameroonian respondents said they prefer to use the branch for all their banking activities.

In large part, this strong preference for branch transactions is due to a lack of perceived alternatives. More than eight-in-ten respondents from Cameroon said they had never used a POS terminal, internet banking or mobile banking in the past.

Percentage of respondents that use each channel at least once per week

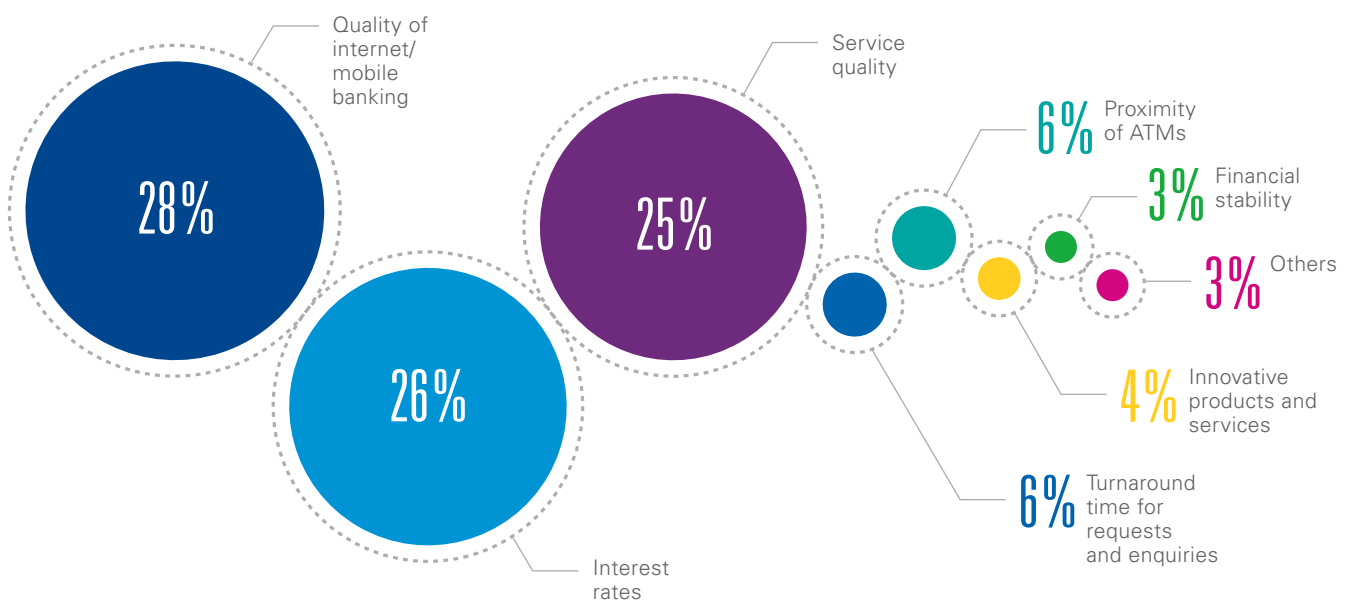


### Customer loyalty

Banking customers in Cameroon seem fairly pleased with their banks overall. Almost two-thirds (63 percent) of respondents reported improved satisfaction with their bank over the past year and 58 percent said they had either recently recommended or would likely recommend their bank to others.

However, that has not seemed to stop Cameroonian customers from shopping around; one-in-five say they would consider changing banks, most often in pursuit of better interest rates, better service or better internet and mobile banking offerings.

Primary reason for changing banks (of those that indicated a change)



# Chad



While Chad often ranks as one of the poorest countries in the world, its membership in the Central African Economic and Monetary Union Community (CEMAC) provides the country with significant monetary and financial advantages, including the free transfer of capital, a fixed but adjustable exchange-rate system, pooling of currency reserves and – likely most importantly – an unlimited guarantee on the currency from the French Treasury.

Chad enjoyed strong economic growth of 6.9 percent in 2014 but growth fell in 2015 (to around 4.1 percent) as fluctuations in oil prices – Chad's main export – slowed investment and devastated profits. Ongoing security challenges, allegations of corruption and regional conflicts continue to undermine the country's economic growth and limit the adoption of banking services outside of the main urban centers.

Chad's banks went through a major recapitalization program supervised by the Central African Banking Commission (COBAC) which effectively tripled the cumulative capital held by the country's banks but, at the same time, significantly increased government ownership, particularly in Commercial Bank Chad, Banque Commerciale du Chari, Banque Agricole et Commerciale, and Societe Generale Tchad.

However, it is worth noting that the top four banks in our customer perception survey for Chad all have a certain level of government ownership while the wholly-private banks tend to rank lower for customer satisfaction.

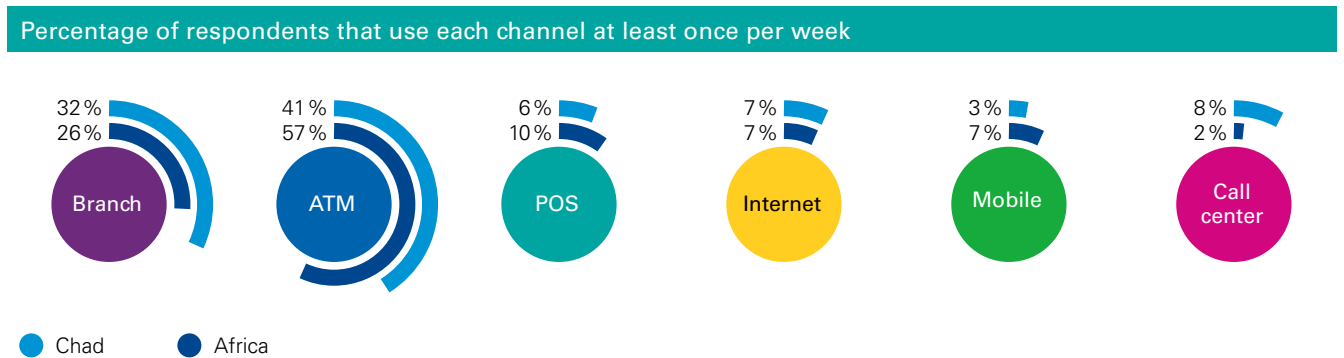
There are currently 8 banks operating in Chad, alongside some 200 microfinance organizations which have focused largely on the agricultural and trade sectors. Going forward, the government plans to improve access to microfinance as a way to speed up the monetization of the economy.

Highlights   Most important						
Rank	Customer care	Convenience	Executional excellence	Products and services	Value for money	Branding
1	<p>Prompt attention and response to your enquiries / complaints</p> <p>80% satisfaction</p>	<p>ATMs – Proximity (closeness) of ATMs</p> <p>70% satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p>72% satisfaction</p>	<p>Ease of accessing different products / services seamlessly across different bank channels</p> <p>71% satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>58% satisfaction</p>	<p>Your confidence that the bank will deliver</p> <p>80% satisfaction</p>
2	<p>Staff ability to understand your needs and proactively offer alternatives / useful advice</p> <p>79% satisfaction</p>	<p>ATMs – Cash availability</p> <p>73% satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges / fees etc.</p> <p>74% satisfaction</p>	<p>Products and services that meet your requirements / needs</p> <p>70% satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p>56% satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p>80% satisfaction</p>
3	<p>Staff knowledge and understanding of the bank's products / services</p> <p>77% satisfaction</p>	<p>Branches – Proximity (closeness) of branches</p> <p>74% satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p>70% satisfaction</p>	<p>Availability of overdraft</p> <p>51% satisfaction</p>		<p>Trust that the bank is honest and will do the right thing</p> <p>77% satisfaction</p>

### Channel usage and preferences

While less than 8 percent of Chadians have an account with a financial institution, our data suggests that banking customers enjoy a range of banking channels. Chadians use the branch and the call center more frequently than most Africans, but seem to be quickly adopting alternative channels, particularly internet banking and POS terminals.

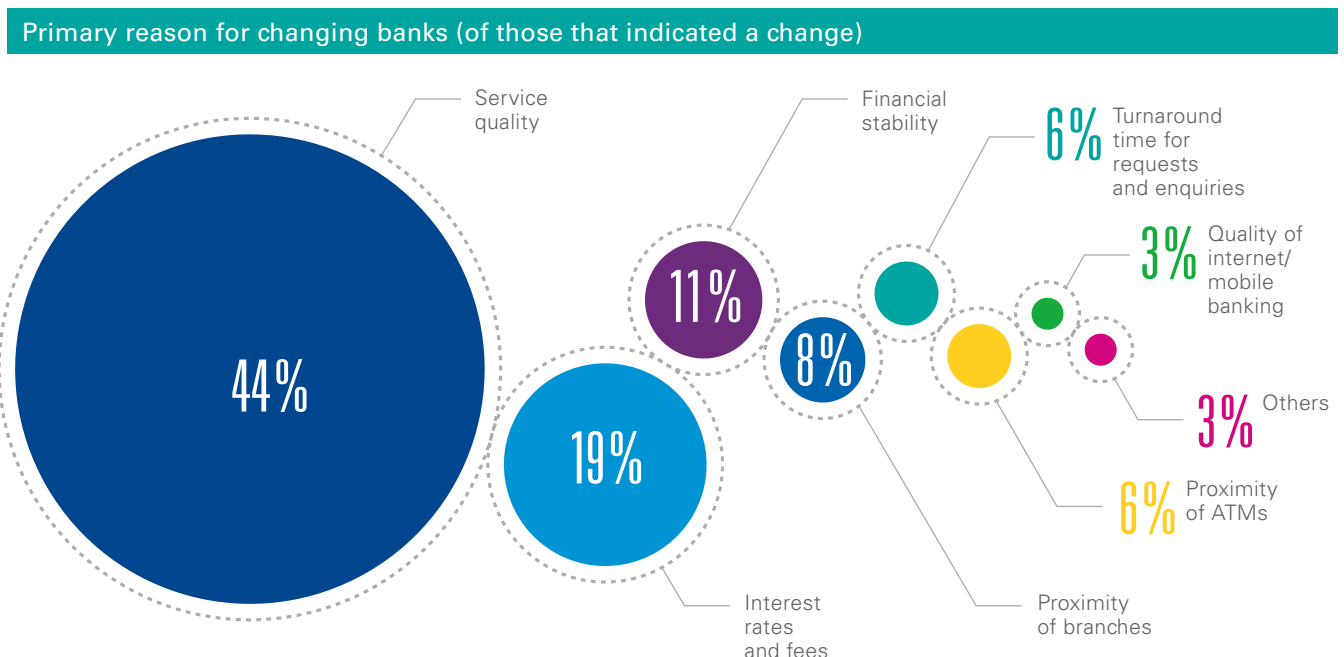
Chadians report a growing preference for ATMs, which emerged as the most frequently used channel on a weekly basis. Sixty-nine percent of Chadians said they prefer the ATM for cash withdrawal and 40 percent stated a preference for using ATMs for balance enquiry.



### Customer loyalty

Banking customers in Chad report some of the lowest increases in customer satisfaction over the past year. In fact, where 64 percent of African respondents say satisfaction has increased, just 35 percent of Chadians say the same. Not surprisingly, only around a third of Chadian banking customers say they would recommend their bank to

friends and family. However, this low level of recommendation and satisfaction increases does not seem to have greatly impacted loyalty; just 5 percent of Chadians say they either recently have or plan to change banks.



# Cote d'Ivoire





Having suffered a decade of social and political turmoil, Cote D'Ivoire has enjoyed significant growth since the end of the Second Ivorian Civil War in 2011. GDP has increased from –4.7 percent in 2011 to 8.4 percent in 2015 and banks have seen their total balance sheet increase by around 13 percent per year since the cessation of hostilities.

Foreign banks largely dominate the Ivorian banking system with 16 of the 23 operating banks belonging to international or regional groups. The banking system is generally stable with overall capital adequacy ratios above the regulatory requirement of 8 percent. However, less than one-in-ten Ivoirians currently have a formal bank account and our survey suggests that those that do have formal accounts are somewhat dissatisfied with the costs and convenience of their accounts.

As the largest economy in the West African Economic and Monetary Union (UEMOA), Cote D'Ivoire is benefiting from the growth of the economic zone. Cote D'Ivoire's banking sector is well controlled and – notwithstanding clear issues related to financial inclusion – is vibrant and growing.

While the market experienced significant consolidation following the post-election crisis, most observers expect further consolidation as smaller banks struggle to meet the newly increased capital requirements (which rose from XOF5 billion to XOF10 billion). Smaller banks may also struggle to meet the compliance requirements of Basel II and Basel III which will come into force in 2017. A planned switch to IFRS will also create complications for Ivorian banks.

The Ivorian people have demonstrated that they are willing to try new financial innovations and technologies. Microfinance already plays a key role in providing savings and loans outside of Abidjan – the country's economic capital – and some estimates suggest that mobile money has already reached penetration rates of more than 90 percent across the country.

For Cote D'Ivoire, the road to financial inclusion requires the participation of all players – traditional banks, telecommunications providers, microfinance players and technology providers.

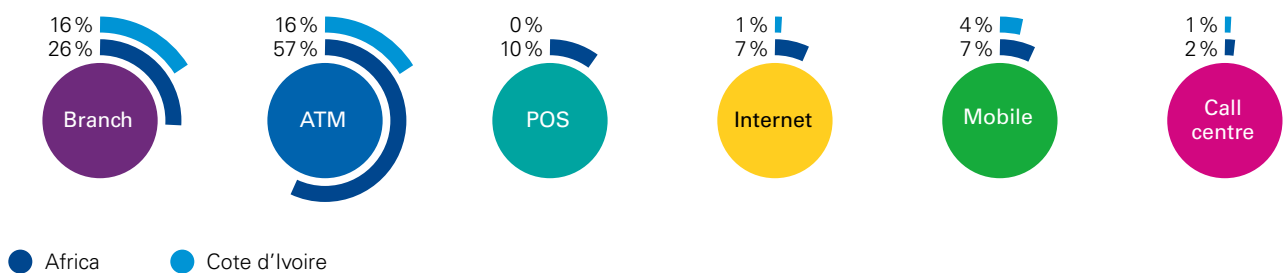
Highlights   Most important						
Rank	Customer care	Convenience	Executorial excellence	Products and services	Value for money	Branding
1	<p>Staff with a professional can-do attitude and willingness to assist</p> <p>79%</p> <p>satisfaction</p>	<p>ATMs – ATM uptime</p> <p>81%</p> <p>satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p>69%</p> <p>satisfaction</p>	<p>Products and services that meet your requirements/needs</p> <p>65%</p> <p>satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p>41%</p> <p>satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p>66%</p> <p>satisfaction</p>
2	<p>Staff ability to understand your needs and proactively offer alternatives/ useful advice</p> <p>76%</p> <p>satisfaction</p>	<p>Branches – Turnaround time at the branches</p> <p>54%</p> <p>satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/ fees etc.</p> <p>70%</p> <p>satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p>60%</p> <p>satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>42%</p> <p>satisfaction</p>	<p>Trust that the bank is honest and will do the right thing</p> <p>69%</p> <p>satisfaction</p>
3	<p>Prompt attention and response to your enquiries/ complaints</p> <p>61%</p> <p>satisfaction</p>	<p>ATMs – Cash availability</p> <p>78%</p> <p>satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p>70%</p> <p>satisfaction</p>	<p>Availability of loans</p> <p>33%</p> <p>satisfaction</p>		<p>Your confidence that the bank will deliver</p> <p>68%</p> <p>satisfaction</p>

### Channel usage and preferences

Ivorian banking customers clearly prefer to use the branch for most of their banking activities. More than nine-in-ten customers say they prefer the branch for making complaints, transferring funds, getting financial advice and buying financial products. The majority also report a strong preference for conducting bill payments and balance enquiries at the branch.

ATMs are starting to gain popularity in Cote D'Ivoire. Fifty-nine percent of respondents said they prefer the ATM for cash withdrawals and almost a third (32 percent) said they prefer the channel for balance enquiries. And while only 4 percent of banking customers say they use the mobile channel at least once per week, the channel is clearly gaining traction for activities such as bill payments and balance enquiries.

#### Percentage of respondents that use each channel at least once per week

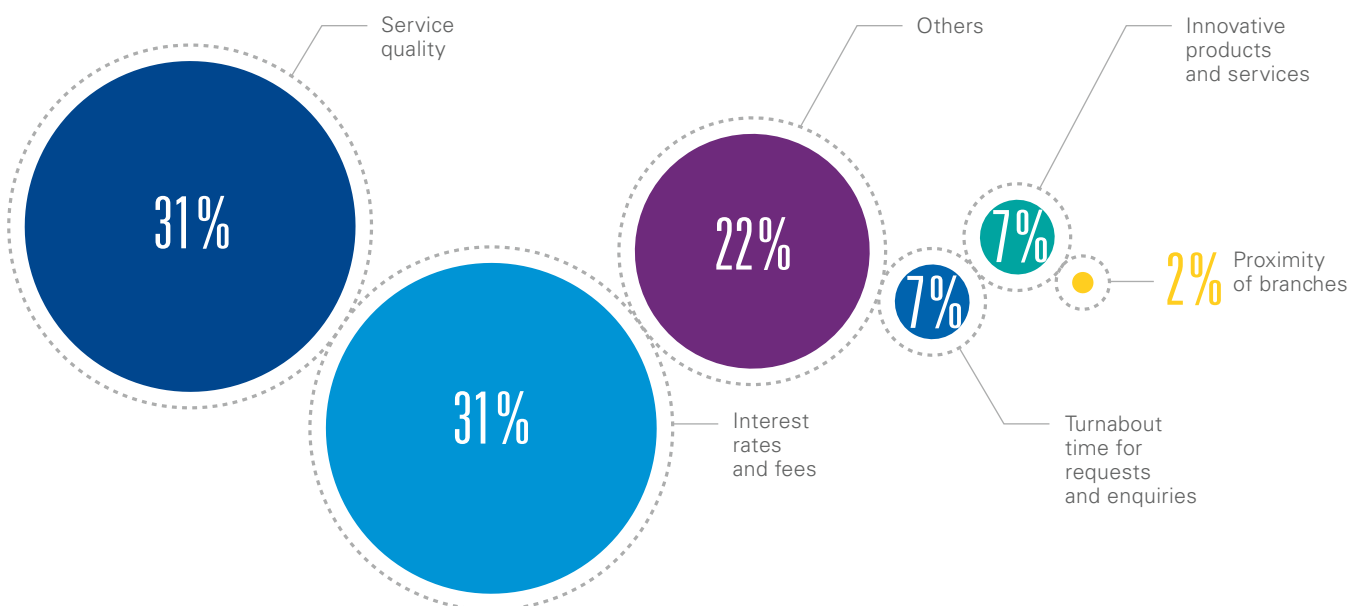


### Customer loyalty

While financial inclusion may be low across the country, the majority (53 percent) of those with formal bank accounts seem to feel that satisfaction has improved over the past year. At the same time, 47 percent say they have

recommended their bank to friends and family. And, as a result, only 7 percent of banking customers say they are considering changing banks (either to find better interest rates and fees or to receive better service quality).

#### Primary reason for changing banks (of those that indicated a change)



Democratic  
Republic  
Congo



**While competition is heating up between banks operating in the DRC, the reality is that poor infrastructure continues to hamper the uptake of banking services outside of key cities. Alternative channels have made some inroads, but intermittent power cuts, a lack of internet access and low levels of financial literacy continue to impede access to banking services for the vast majority of the population.**

Not surprisingly, Congolese banks are competing aggressively for every new banking customer. Retail banks are increasingly offering loan products to customers (which was not the case a few years ago when banks were only lending to businesses) and competing on offers such as access to car loan products and 10-year mortgages. With the recent liberalization of the insurance market in the Democratic Republic of Congo, banks may soon start to also offer insurance products in order to diversify their service portfolio and create new competitive advantages.

However, competition is also heating up from non-traditional financial services providers. A growing number of telecoms companies operating in the DRC now offer mobile financial services; many have put significant investment behind advertising their offers to the Congolese population.

Against this background, banks operating in the DRC have been highly focused on improving customer satisfaction. In part, this is a clear reaction to competitive pressures from both inside and outside of the sector. But it also reflects challenges internal to the banks; most are currently working to integrate their disparate data and technology systems into a single coherent and efficient environment but risk eroding customer service in the process.

Clearly, the DRC's banking sector remains small. Total bank assets were estimated at just USD3.6 billion in 2012, with the five largest banks holding more than 60 percent of the total. However, as internet penetration expands across the country and infrastructure becomes more reliable, we expect the DRC to become a rich source of new customers for those banks able to intensify their investment into customer education and advertising.

Highlights   Most important						
Rank	Customer care	Convenience	Executorial excellence	Products and services	Value for money	Branding
1	<p>Staff with a professional can-do attitude and willingness to assist</p> <p><b>81%</b></p> <p>satisfaction</p>	<p>Branches – Ambience – look and feel</p> <p><b>76%</b></p> <p>satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p><b>76%</b></p> <p>satisfaction</p>	<p>Products and services that meet your requirements/needs</p> <p><b>65%</b></p> <p>satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p><b>47%</b></p> <p>satisfaction</p>	<p>How well the bank inspires you</p> <p><b>72%</b></p> <p>satisfaction</p>
2	<p>Staff knowledge and understanding of the bank's products/ services</p> <p><b>82%</b></p> <p>satisfaction</p>	<p>ATMs – Security of ATM location</p> <p><b>78%</b></p> <p>satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/fees etc.</p> <p><b>74%</b></p> <p>satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p><b>60%</b></p> <p>satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p><b>39%</b></p> <p>satisfaction</p>	<p>Trust that the bank is honest and will do the right thing</p> <p><b>69%</b></p> <p>satisfaction</p>
3	<p>Staff ability to understand your needs and proactively offer alternatives/ useful advice</p> <p><b>76%</b></p> <p>satisfaction</p>	<p>ATMs – ATM uptime</p> <p><b>78%</b></p> <p>satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p><b>75%</b></p> <p>satisfaction</p>	<p>Availability of loans</p> <p><b>33%</b></p> <p>satisfaction</p>		<p>How well the bank is regarded in the media</p> <p><b>71%</b></p> <p>satisfaction</p>

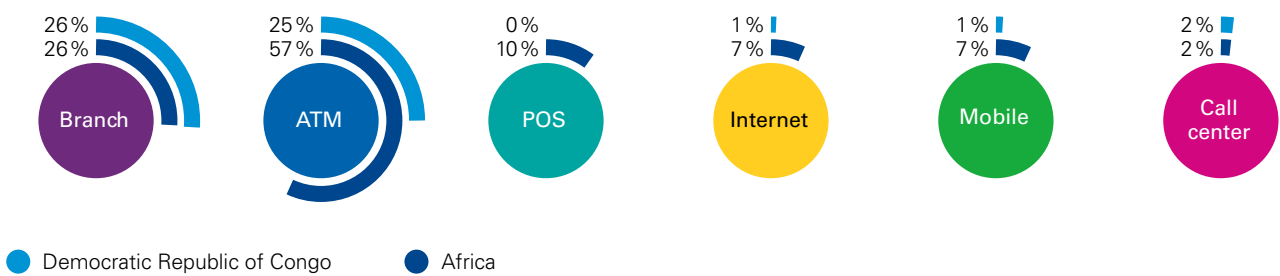
### Channel usage and preferences

As noted earlier, the state of infrastructure across the DRC inhibits the wide-spread adoption of alternative channels. Not surprisingly, use of POS terminals was almost non-existent while more than 93 percent of banking customers responding to this survey said they had never used internet or mobile banking services. However, with the introduction of Mpesa services, Airtel money and Tigo cash, use of mobile financial services –

albeit through non-traditional sources – should rise considerably.

While a quarter of customers say they use an ATM at least once a week, there is a clear preference for using the branch for all types of banking activity including cash withdrawal, balance enquiry and deposits.

Percentage of respondents that use each channel at least once per week

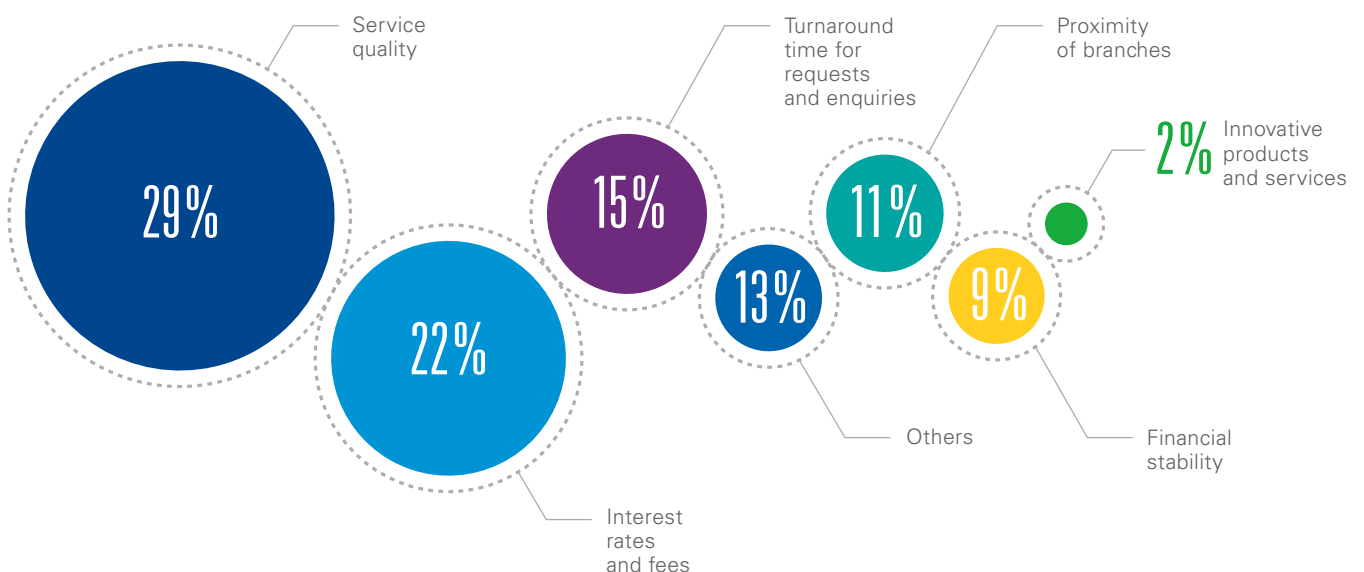


### Customer loyalty

Customer loyalty seems surprisingly high given the CSI scores reported in the DRC. More than half of our respondents said they would absolutely recommend their bank to others and 89 percent said they would

remain loyal to their bank. At the same time, 64 percent of customers noted an overall increase in customer service, albeit from a rather low initial base.

Primary reason for changing banks (of those that indicated a change)



Ghana





**Competition is getting tougher for banks in Ghana. There are currently 29 universal banks and dozens of new and non-traditional competitors. These non-traditional competitors are gaining market share with innovative products and financial solutions such as micro-finance and mobile money.**

The banking industry in Ghana has also witnessed some consolidation: recent mergers and acquisitions include Access Bank and Intercontinental Bank, Ecobank and TTB Bank, and HFC Bank and the Republic Bank of Trinidad and Tobago. Universal Merchant Bank was acquired by Fortiz Private Equity Fund Limited and rebranded UMB. We expect a few more new entrants and further consolidation in the industry.

Customers are the prime beneficiaries of the increased competition in the banking industry. The influx of foreign banks, especially from Nigeria, has created some benefits for Ghana's banking customers. Efficiency is up and there has been a notable level of improvement in service delivery across the sector. Competition has also led to the broader introduction of new technological innovations and alternative channels such as ATMs, internet banking, mobile banking and telephone banking.

In addition to fierce competition, Ghana's banking sector has seen several regulatory developments in recent times. The Bank of Ghana raised the Reserve Ratio Requirement (RRR) from 9 percent to 11 percent before reducing it to the present 10 percent. The regulator also reviewed upwards the minimum capital required for commercial banks; new banks entering Ghana's banking industry will be required to have a minimum capital of GHC120 million. The Central Bank has also introduced its first Deposit Insurance Bill which seems likely to pass into law sometime in 2016.

Similarly, the Central Bank has been forced to intervene in the currency market, issuing several directives. The directives, which were mainly aimed at curbing speculation and the hoarding of dollars, were attempts by the regulatory authority to slow the depreciation of the Cedi against major foreign currencies. Against the USD year-to-date (Feb 2016), the Cedi has depreciated 1.83 percent; and full year 2015 depreciation was around 20 percent (the Cedi opened at GHC3.18 to the US dollar in January and closed in December at GHC3.82 to the dollar).

Looking ahead, we estimate the banking industry will continue to grow in Ghana, albeit against a backdrop of intense competition, regulatory interventions and increased customer sophistication.

The banking industry should expect three major trends to shape the next three years. The first is the continued digitization of delivery channels and banking services. The second is the increased activity of new disruptors. As a result of these, the third trend will be the rise of customer choice and advocacy.

Amongst others, we see opportunities for banks to focus on Ghana's growing middle class, spurred by the rising income of young professionals. At the same time, just 30 percent of Ghana's population is 'banked'. To take full advantage of these opportunities, Ghanaian banks need to rethink their overall strategy, business model and operating model in order to serve both the increasingly affluent client segments and the unbanked. However, this will require renewed focus on improving service excellence. The results of the KPMG 2016 Banking Industry Customer Satisfaction Survey (BICSS) for Ghana reveal some interesting trends; and banks need to pay attention to what Ghanaian banking customers are saying.

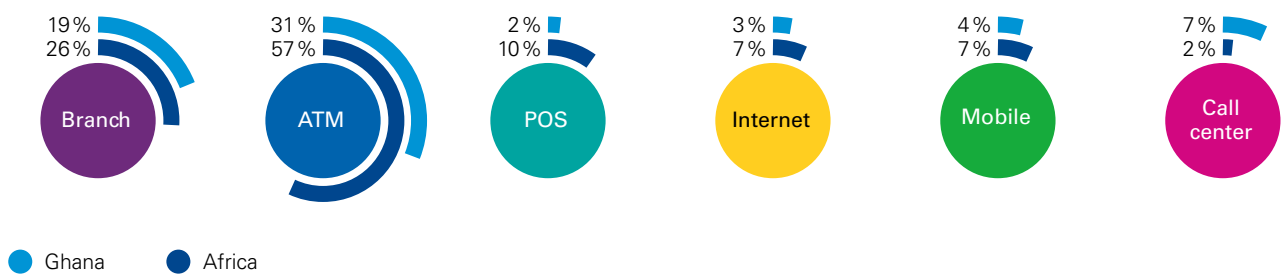
Highlights   Most important						
Rank	Customer care	Convenience	Execuational excellence	Products and services	Value for money	Branding
1	<p>Staff knowledge and understanding of the bank's products/ services</p> <p>66%</p> <p>satisfaction</p>	<p>ATMs – Cash availability</p> <p>70%</p> <p>satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/ fees etc.</p> <p>62%</p> <p>satisfaction</p>	<p>Products and services that meet your requirements/ needs</p> <p>54%</p> <p>satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p>39%</p> <p>satisfaction</p>	<p>Trust that the bank is honest and will do the right thing</p> <p>64%</p> <p>satisfaction</p>
2	<p>Prompt attention and response to your enquiries/ complaints</p> <p>61%</p> <p>satisfaction</p>	<p>ATMs – Security of ATM location</p> <p>67%</p> <p>satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p>63%</p> <p>satisfaction</p>	<p>Availability of loans</p> <p>41%</p> <p>satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>43%</p> <p>satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p>58%</p> <p>satisfaction</p>
3	<p>Staff ability to understand your needs and proactively offer alternatives/ useful advice</p> <p>62%</p> <p>satisfaction</p>	<p>Call Center – Politeness/ communication skills of call center agents</p> <p>62%</p> <p>satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p>56%</p> <p>satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p>46%</p> <p>satisfaction</p>		<p>Your confidence that the bank will deliver</p> <p>63%</p> <p>satisfaction</p>

### Channel usage and preferences

Across Ghana, ATMs are the most frequently used channel for banking. But while almost a third of respondents said they use the ATM at least once a week, this is a significant drop from 2013 when 56 percent of respondents reported the same. Interestingly, respondents also suggested they use the branch less frequently than in 2013 when 27 percent said they used it weekly.

It is surprising, however, that Ghanaian respondents also indicated lower usage of all other alternative delivery channels. Indeed, usage fell for mobile banking and internet banking while POS saw a slight uptick from the reported 2013 weekly usage of just 1 percent. Ghanaian banking customers do, however, show a strong affinity for call center and telephone banking, using this service more than three times as often as others across Africa.

#### Percentage of respondents that use each channel at least once per week

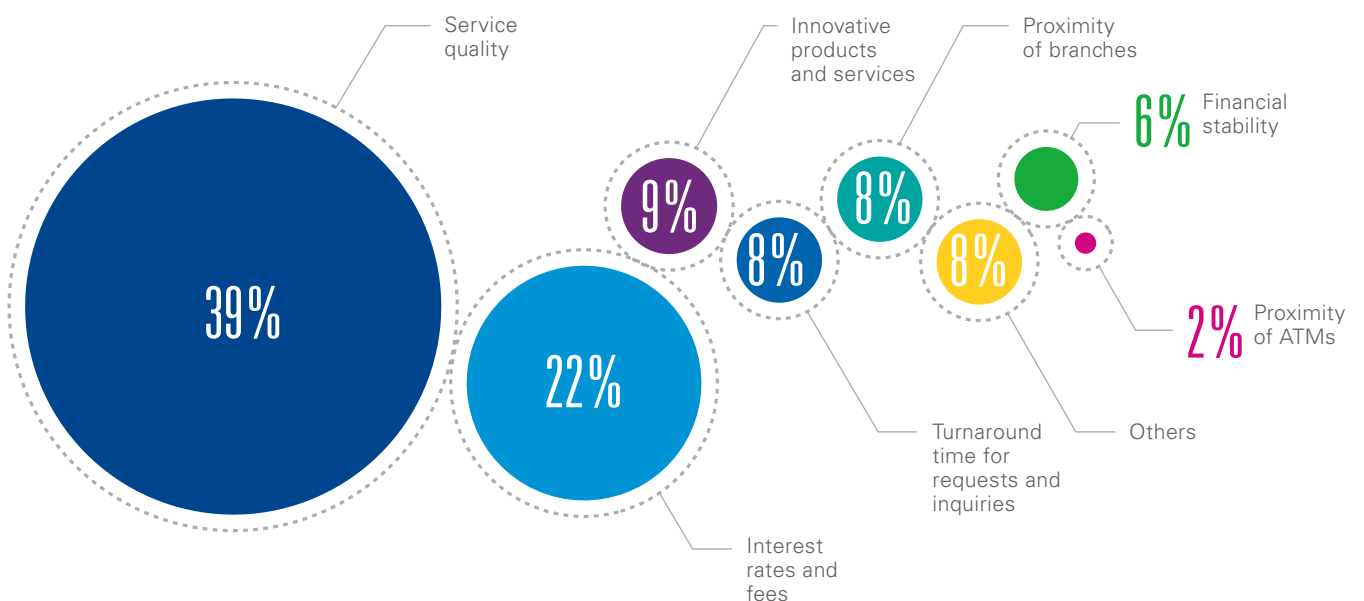


### Customer loyalty

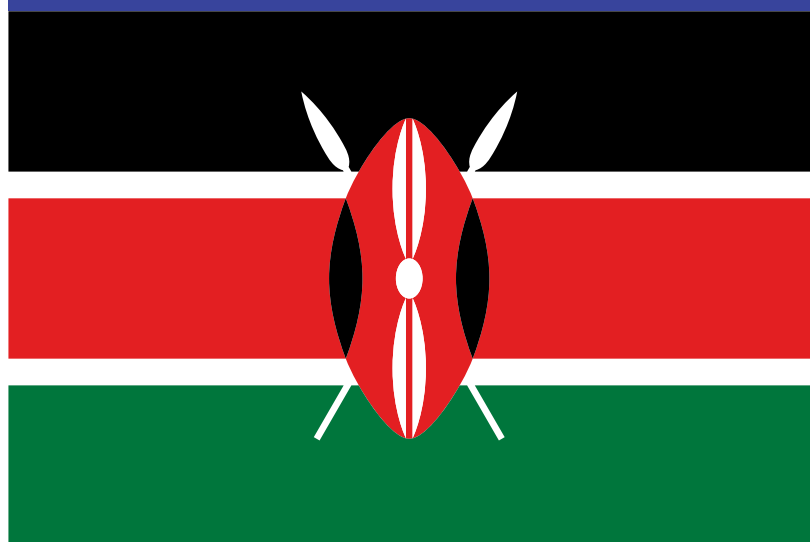
While the data seems to indicate that Ghanaian bank customers are somewhat disappointed with the level of service they are receiving, seven-in-ten still agreed that they were receiving better service today than they were

last year. More than half – 55 percent – said they would recommend their bank to others and just 11 percent said they had plans to change their bank in the next two years, largely to find better service quality.

#### Primary reason for changing banks (of those that indicated a change)



# Kenya



The past 2 years have been busy for the Central Bank of Kenya. New capital requirements were announced (raising the bar from 1 billion Kenyan Shillings to 5 billion Kenyan Shillings by 2018), a new credit pricing framework (the Kenya Banks Reference Rate or KBRR) was introduced, three new MVNO licenses were approved and a new Governor was installed.

The next few years should bring considerable change to Kenya's banking sector. With 43 registered banks – roughly half of which have less than Kshs5 billion in equity – the new capital requirements should drive significant consolidation as smaller players seek to survive and larger players consolidate their market reach and boost their distribution.

At the same time, the adoption of new technologies and the digitization of banking services is driving Kenya's banks to refine their business and operating models. Use of alternative service delivery methods is on the rise, although some banks still struggle to communicate the range of services and respective fees attached to each delivery channel. The more innovative banks are quickly building partnerships with mobile phone platforms to offer more convenient and cost-effective banking channels.

As the Kenyan banking market becomes more devolved, banks have increasingly been focused on trying to capitalize on opportunities at the county and local level in an effort to increase their retail customer base. At the same time, strong progress towards integrating the East African Economic Community and the Common Market for Eastern and Southern Africa is creating new commercial opportunities for banking sector players.

Overall, Kenya's banking sector is expected to remain stable and on an upward growth trajectory over the next few years. However, with licensing for new banks currently suspended, foreign players seeking to enter Kenya's market will need to focus on inorganic growth for the time being. Given the consolidation expected in the market, there should be lots of potential targets seeking new foreign capital.

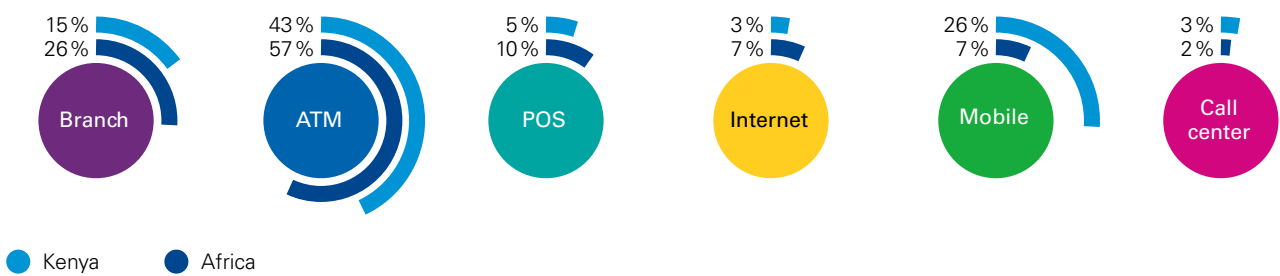
Highlights   Most important						
Rank	Customer care	Convenience	Executorial excellence	Products and services	Value for money	Branding
1	<p>Staff ability to understand your needs and proactively offer alternatives/ useful advice</p> <p><b>83%</b></p> <p>satisfaction</p>	<p>Branches – Proximity (closeness) of branches</p> <p><b>84%</b></p> <p>satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/ fees etc.</p> <p><b>80%</b></p> <p>satisfaction</p>	<p>Products and services that meet your requirements/ needs</p> <p><b>84%</b></p> <p>satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p><b>72%</b></p> <p>satisfaction</p>	<p>Trust that the bank is honest and will do the right thing</p> <p><b>84%</b></p> <p>satisfaction</p>
2	<p>Prompt attention and response to your enquiries/ complaints</p> <p><b>80%</b></p> <p>satisfaction</p>	<p>ATMs – ATM uptime</p> <p><b>77%</b></p> <p>satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p><b>80%</b></p> <p>satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p><b>80%</b></p> <p>satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p><b>68%</b></p> <p>satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p><b>82%</b></p> <p>satisfaction</p>
3	<p>Staff knowledge and understanding of the bank's products/ services</p> <p><b>85%</b></p> <p>satisfaction</p>	<p>ATMs – Proximity (closeness) of ATMs</p> <p><b>81%</b></p> <p>satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p><b>75%</b></p> <p>satisfaction</p>	<p>Availability of loans</p> <p><b>49%</b></p> <p>satisfaction</p>		<p>Your confidence that the bank will deliver</p> <p><b>84%</b></p> <p>satisfaction</p>

### Channel usage and preferences

Kenya has long been viewed as a pioneer of mobile payments and banking so it is not surprising that Kenyans indicated that they use the mobile channel almost four times as often as their regional peers. Our data suggests that use of this channel is up considerably; versus our survey in 2013, usage of mobile payments has increased by more than 7 percent while usage of mobile banking has risen by almost 15 percent.

That being said, the ATM still emerged as the most frequently used channel with over 43 percent of Kenyan respondents indicating usage on a weekly basis. The branch is the most preferred channel for banking activities such as funds transfer, financial advice, making complaints, bill payments, buying financial products and cash deposits.

#### Percentage of respondents that use each channel at least once per week

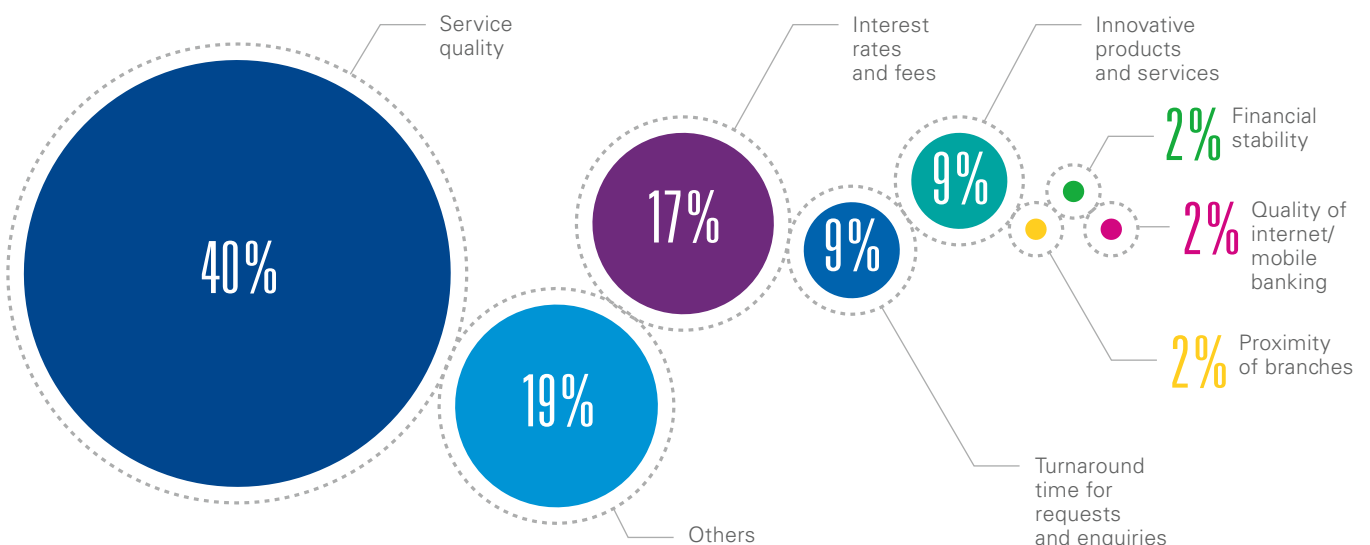


### Customer loyalty

Kenya's retail banking customers seem highly loyal to their banks. Almost two-thirds (63 percent) said they would recommend their bank to others (in comparison to just 50 percent who said the same regionally) and just

8 percent said they were considering changing banks. In part, this seems to be due to rising satisfaction levels: 64 percent of Kenyan banking customer said satisfaction had increased over the past year.

#### Primary reason for changing banks (of those that indicated a change)



# Nigeria





**Nigeria's banking industry has faced a turbulent macroeconomic environment recently, with strong headwinds that have generally impacted industry profitability and performance. However, the banking industry has demonstrated a reasonable level of resilience and the macroeconomic shocks have had little impact on the overall stability of most banks who have maintained strong prudential fundamentals.**


















The recent strong headwinds faced by Nigeria's banking industry can be attributed to oil price shocks and its implications on Nigeria's economic activity which has slowed significantly from 6.2 percent growth to a forecast of negative growth of 1.8 percent in 2016 (IMF). Responses by the government include withdrawal of public sector funds (which is a source of low cost deposit and contributed 4.25 percent to the overall deposit base of banks) and delayed flexible exchange rate policy impacted the banking industry significantly with overall industry return on equity falling from 20.3 percent to 11 percent.

Furthermore, gaps in the supply and lack of liquidity in the foreign exchange market (resulting from the lower oil price and the Central Bank response) has also significantly slowed trade and transaction banking volumes and adversely impacted the related income for the banking industry. The industry's performance has been affected by the crystallization of non-performing loans and elevation of cost of risk from the significant exposure (about 25 percent of total industry loans) to the oil and gas sector as well as other sectors impacted by the economic downturn. In response to this threat to their profitability, the banking industry has implemented various tactical initiatives to reduce cost on channel and staff rationalization as applicable.

However, sustainable growth and liquidity is dependent on growing the customer base, especially in the retail space. Demand for optimal service delivery is now a critical pillar of the banking industry as customers have become more conscious of their rights and are leveraging social media platforms to express dissatisfaction. This heightened demand and sophistication of customers, coupled with the Central Bank's increased focus on fair treatment, makes customer service a critical requirement for success in the Nigeria banking space.

The banking industry is expanding its drive for financial inclusion, aided by an improved regulatory framework which addresses agency banking requirements as well as increased leverage of mobile money platforms. The banking industry has also embraced digital innovation with the continuous introduction of additional channels and processing platforms to improve convenience and turnaround time for transactions.

Given the evolving macroeconomic and market environment, it is clear that success in Nigeria's banking industry will largely depend on the capacity of players to compete in the retail and the small-to-medium enterprise (SME) segments of the market. Nigerian banks will need to remain innovative and adopt a number of key initiatives such as scenario-based strategic planning and data and analytics to enable them address future uncertainties, deepen share of wallet of their existing customer base and ultimately continue to differentiate themselves in their market.

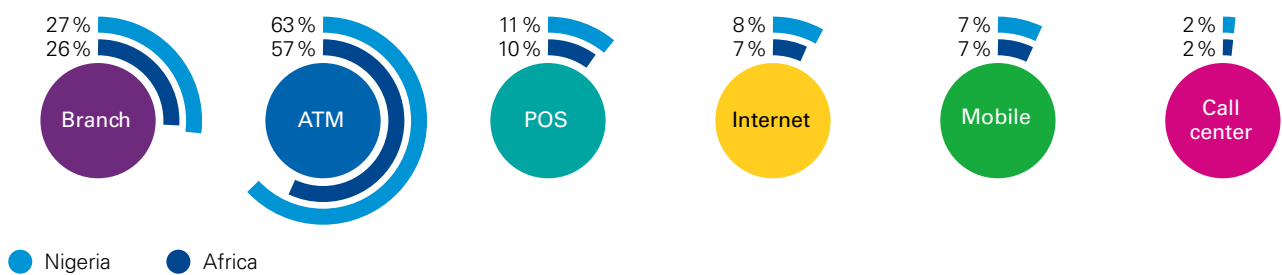
Highlights   Most important						
Rank	Customer care	Convenience	Execuational excellence	Products and services	Value for money	Branding
1	<p>Prompt attention and response to your enquiries / complaints</p> <p> 78% satisfaction</p>	<p>ATMs – Cash availability</p> <p> 82% satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p> 84% satisfaction</p>	<p>Products and services that meet your requirements/needs</p> <p> 72% satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p> 62% satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p> 77% satisfaction</p>
2	<p>Staff with a professional can-do attitude and willingness to assist</p> <p> 81% satisfaction</p>	<p>ATMs – ATM uptime</p> <p> 75% satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges / fees etc.</p> <p> 82% satisfaction</p>	<p>Ease of accessing different products / services seamlessly across different bank channels</p> <p> 54% satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p> 56% satisfaction</p>	<p>Trust that the bank is honest and will do the right thing</p> <p> 78% satisfaction</p>
3	<p>Staff ability to understand your needs and proactively offer alternatives / useful advice</p> <p> 79% satisfaction</p>	<p>ATMs – Security of ATM location</p> <p> 80% satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p> 77% satisfaction</p>	<p>Availability of loans</p> <p> 36% satisfaction</p>		<p>Your confidence that the bank will deliver</p> <p> 78% satisfaction</p>

### Channel usage and preferences

Nigerian banking customers are more than twice as likely to use an ATM as they are a branch, with almost half of Nigerian respondents (47 percent) saying their ATM preference is related to the proximity and closeness of the machines. Interestingly, while 86 percent say they prefer ATMs for cash withdrawal and 66 percent say they prefer ATMs for balance enquiry, only 4 percent prefer the machines for cash deposits, suggesting customers still may not trust the ATMs as much as they do branch employees.

While Nigerians are keen users of the ATM, this may have dampened adoption of other alternative channels such as POS terminals, internet or mobile banking. In fact, our data suggests that more than three-quarters of Nigeria's banking customers have never used internet or mobile banking, indicating room for banks to differentiate their alternative channels with customers.

#### Percentage of respondents that use each channel at least once per week

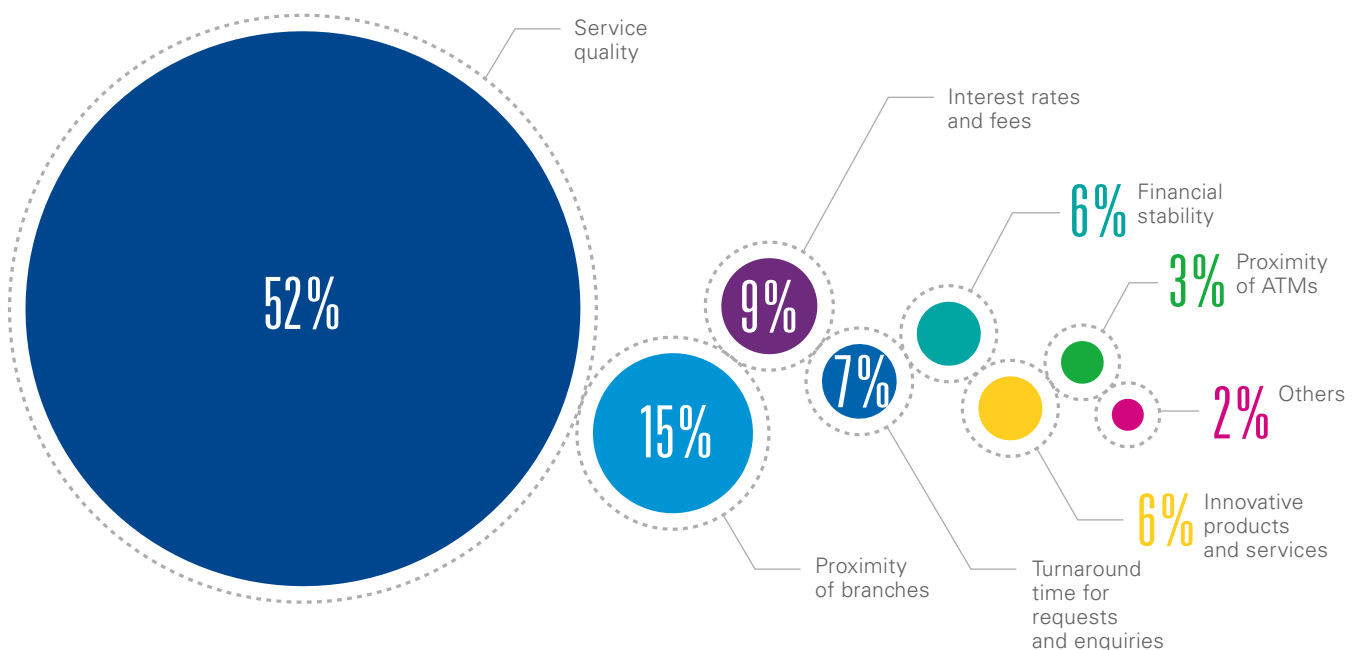


### Customer loyalty

Despite facing some challenges in terms of service delivery and alternative channel usage, customer loyalty in Nigeria remains high. Only around 8 percent

of customers indicated that they might change banks in the near future, more than half of whom say they are looking for improved service quality.

#### Primary reason for changing banks (of those that indicated a change)



# Rwanda



Rwanda has enjoyed tremendous success since the turn of the century. The economy has grown significantly, reaching an annual growth rate of 7.4 percent in 2015. The poverty rate has fallen impressively (dropping from 46 percent to 39 percent between 2010 and 2014 alone)<sup>1</sup> and life expectancy has increased by more than 13 years for the average Rwandan.

Rwanda is part of the East African Community which gives it access to a market of more than 100 million people. In recent years, Rwanda has attracted a number of new African, international and regional players to the banking market. Competition has heightened significantly, leading to tremendous growth in the use of alternative banking channels such as agency and mobile banking. In particular, the sector has attracted the attention of Atlas Mara, a new entrant seeking a pan-African footprint, which recently acquired and merged their holdings in BRD Commercial Bank Limited with Banque Populaire du Rwanda (BPR) to form the country's second largest bank behind the Bank of Kigali.

Non-banking channels – such as mobile money and agency banking models – have continued to make inroads in Rwanda. According to the Central Bank, it is estimated that the number of mobile money accounts grew by more than 400 percent between 2012 and 2015;<sup>2</sup> 7.6 million mobile money accounts had been opened by the end of 2015, a significant portion of the population, without discounting individuals with multiple mobile accounts across the various telecom operators

However, it must be noted that these platforms rely significantly on the stability, quality, availability and cost of mobile and internet services. Increased adoption will depend heavily on these factors going forward.

1 National Bank of Rwanda, Monetary Policy and Financial Stability Statements

2 National Institute of Statistics Rwanda

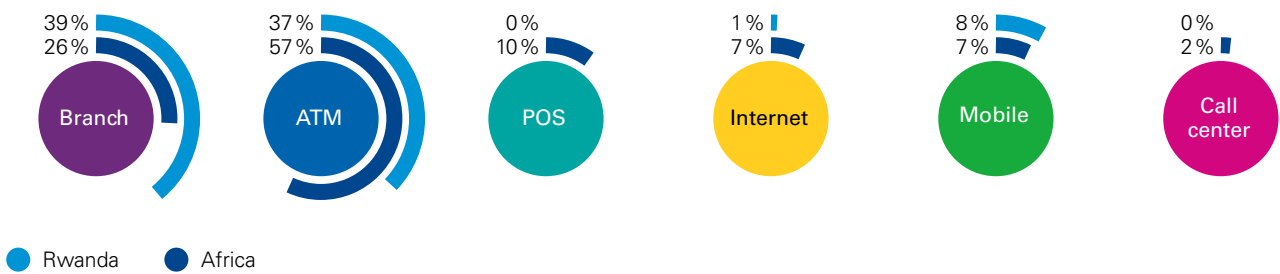
Highlights   Most important						
Rank	Customer care	Convenience	Executional excellence	Products and services	Value for money	Branding
1	<p>Staff knowledge and understanding of the bank's products/ services</p> <p>94%</p> <p>satisfaction</p>	<p>Branches – Proximity (closeness) of branches</p> <p>94%</p> <p>satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p>86%</p> <p>satisfaction</p>	<p>Products and services that meet your requirements/ needs</p> <p>90%</p> <p>satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p>71%</p> <p>satisfaction</p>	<p>How well the bank inspires you</p> <p>93%</p> <p>satisfaction</p>
2	<p>Staff with a professional can-do attitude and willingness to assist</p> <p>93%</p> <p>satisfaction</p>	<p>Branches – Ambience – look and feel</p> <p>92%</p> <p>satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p>87%</p> <p>satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p>80%</p> <p>satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>70%</p> <p>satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p>91%</p> <p>satisfaction</p>
3	<p>Staff ability to understand your needs and proactively offer alternatives/ useful advice</p> <p>86%</p> <p>satisfaction</p>	<p>Branches – Turnaround time at the branches</p> <p>83%</p> <p>satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/ fees etc.</p> <p>79%</p> <p>satisfaction</p>	<p>Availability of loans</p> <p>48%</p> <p>satisfaction</p>		<p>Trust that the bank is honest and will do the right thing</p> <p>89%</p> <p>satisfaction</p>

### Channel usage and preferences

Much like their peers in other African markets, Rwandan banking customers tend to prefer using the branch for almost every type of transaction except cash withdrawal (for which 54 percent report a preference for ATMs). However, mobile banking is clearly making inroads: 18 percent say they prefer the channel for bill payments, 8 percent prefer mobile for balance enquiries and 3 percent say they prefer the channel for funds transfer.

Given that many banking customers in Rwanda said they had never used either online (internet) banking or POS terminals, it is not surprising that the branch, ATMs and mobile banking emerged as the most frequently used channels in Rwanda.

#### Percentage of respondents that use each channel at least once per week

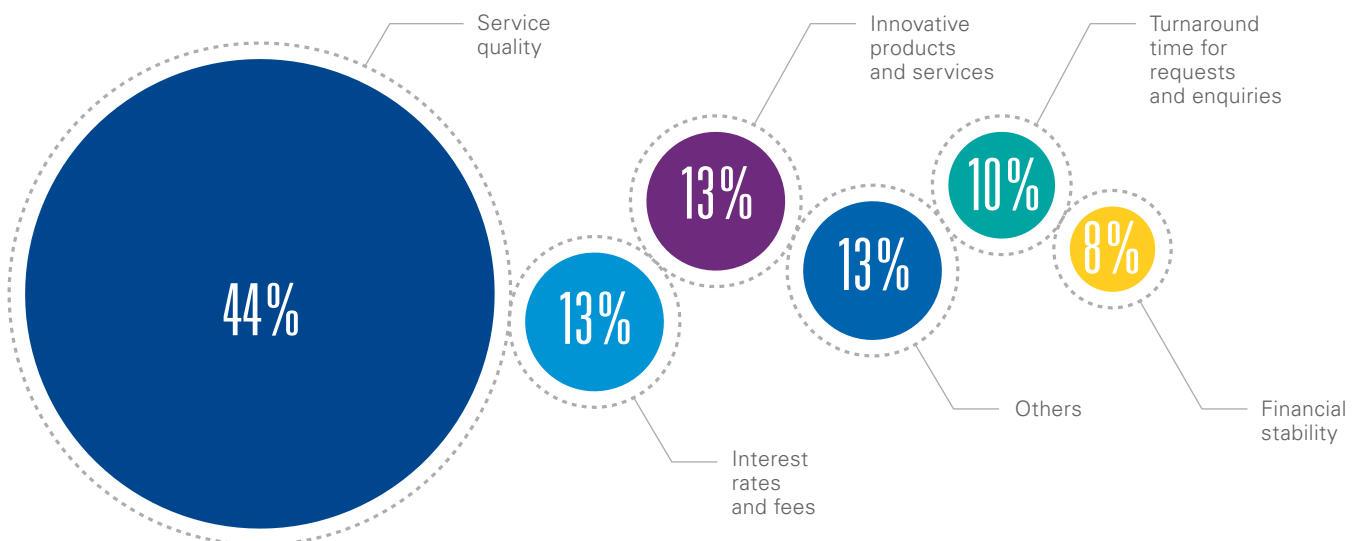


### Customer loyalty

While the majority (57 percent) of Rwanda’s banking customers believe that satisfaction has increased over the past year, only around a quarter of customers say they have either recommended their bank or plan to

recommend their bank to others. However, this has not translated into significant customer churn for Rwanda’s banks; just 8 percent said they plan to change banks, slightly below the African average of around 10 percent.

#### Primary reason for changing banks (of those that indicated a change)



# Senegal





**Boasting almost twice as many banks per capita as Cote D'Ivoire, Senegal enjoys a rapidly expanding banking sector. A group of traditional players (such as Societe Generale, CBAO, Ecobank and BICIS) dominate the sector, representing around 75 percent of the total market share.**

Competition is starting to heat up. With good prospects for economic growth, a history of political stability, an escalating housing boom and low banking penetration, Senegal has attracted a number of new banks and regional players including UBA, Diamond Bank, Orabank and First Bank of Nigeria. The sector has also enjoyed strong growth in both assets and liabilities (liquid liabilities as a percentage of GDP rose to 45 percent in 2014).

This has led to a rapid increase in banking infrastructure. In fact, between 2007 and 2014, the number of bank branches increased by around 78 percent and, between 2010 and 2013, the number of bank accounts increased by 50 percent.

That being said, bank penetration across the country remains low (at around 12 percent) and few outside of the urban areas have access to formal banking services. As a result, the economy remains highly cash-intensive. The country also lacks an electronic payment system to support large-value transactions, a critical requirement for supporting economic growth and development.

Senegal's economy grew at around 5 percent in 2015 and the country remains a very attractive market for new banks (a number of which are now awaiting approval from the central bank). As the West African Economic and Monetary Union gains more momentum, it is expected that Senegal will start to attract more regional and international banks looking to participate in the region's growth.

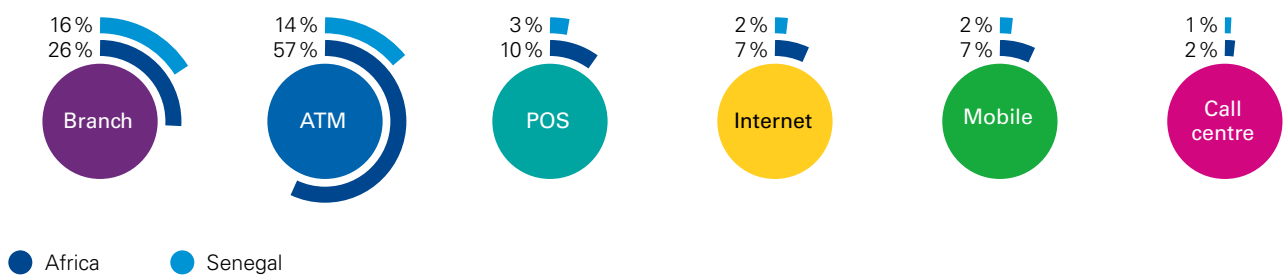
Highlights   Most important						
Rank	Customer care	Convenience	Executional excellence	Products and services	Value for money	Branding
1	<p>Staff with a professional can-do attitude and willingness to assist</p> <p>78% satisfaction</p>	<p>Branches – Proximity (closeness) of branches</p> <p>65% satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p>66% satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p>56% satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p>38% satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p>71% satisfaction</p>
2	<p>Staff knowledge and understanding of the bank's products/ services</p> <p>78% satisfaction</p>	<p>ATMs – Cash availability</p> <p>65% satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/ fees etc.</p> <p>68% satisfaction</p>	<p>Availability of loans</p> <p>34% satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>35% satisfaction</p>	<p>Your confidence that the bank will deliver</p> <p>69% satisfaction</p>
3	<p>Staff ability to understand your needs and proactively offer alternatives/ useful advice</p> <p>73% satisfaction</p>	<p>Branches – Ambience – look and feel</p> <p>69% satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p>65% satisfaction</p>	<p>Availability of salary advance</p> <p>29% satisfaction</p>		<p>How well the bank is regarded in the media</p> <p>67% satisfaction</p>

### Channel usage and preferences

Bank branches are overwhelming the most preferred channel for all types of banking activity in Senegal. Just 1 percent of Senegalese customers indicated preference for any channel other than the branch for their cash deposits and for purchasing financial products. More than three-quarters also prefer the branch for financial advice, balance enquiries and funds transfer.

Interestingly, Senegalese banking customers demonstrated a relatively strong preference for call centers: more than one-in-ten said they prefer to use call centers for balance enquiries, financial advice and making complaints.

#### Percentage of respondents that use each channel at least once per week

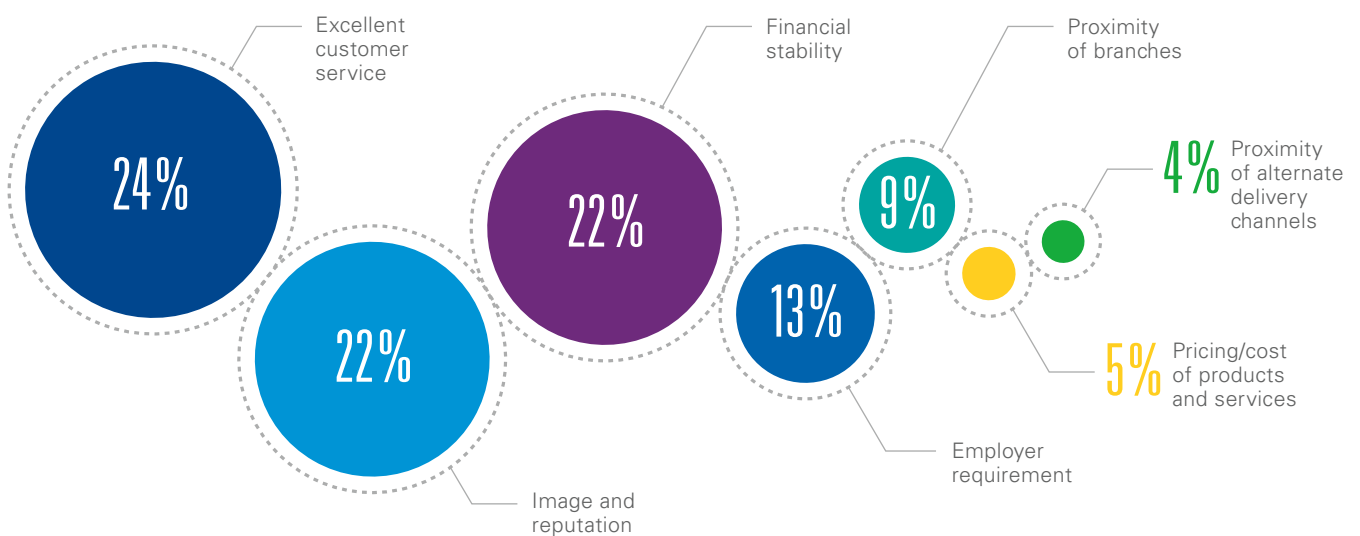


### Customer loyalty

Sixty percent of Senegal’s banking customers report that their satisfaction has increased over the past year. More than half (53 percent) say they have recommended their

bank to friends and family. Yet 12 percent suggest they would be interested in changing banks.

#### Reasons for maintaining banking relationship



# Sierra Leone



Having enjoyed unprecedented GDP growth between 2012 and early 2014, banks in Sierra Leone faced some difficult market pressures during the latter part of 2014 and 2015. The Ebola crisis, which hit the country particularly hard, virtually shut down business for nearly 24 months, leading to a significant increase in Non-Performing Loans (NPLs). The collapse of the global mining sector undercut growth nationally and allegations of malpractice and mismanagement at two of Sierra Leone's biggest banks undermined confidence in the banking sector.

The Ebola crisis has officially ended and Sierra Leone's government is currently implementing its National Ebola Recovery Strategy (NERS) with the expectation of getting the country back on a trajectory to be a middle income country by 2035 through its "Agenda for Prosperity: 2013 – 2018" developmental roadmap. The inflow of Ebola-driven aid and development assistance, which is channeled through the banking sector, is expected to lessen the impact of both the Ebola crisis and the slow economy, on Sierra Leone's banks.

At the same time, the banking sector is being strengthened through the standardization of payment instruments, the introduction of the Real Time Gross Settlement (RTGS) System, the establishment of an Automated Clearing House (ACH) System and the establishment of a Scripless Securities Settlement (SSS) System. Legislation such as the Credit Reference Act and the Borrowers and Lenders Act are also gaining operational momentum.

With only around 600,000 open bank accounts for a population of about 7 million people, Sierra Leone clearly offers a sizable untapped market for banks. Adoption of alternative delivery models has been low, creating significant opportunity for innovative and results-driven banks to capture and expand market share. A 'national switch' is scheduled for operation by December 2016 which should greatly improve the scope and reach of alternative delivery models over time.

Sierra Leone is clearly committed to moving past the crises of 2014 – 2015 to resume the strong growth trajectory of the last decade. The country will need a committed, strong and innovative banking sector to achieve its development goals.

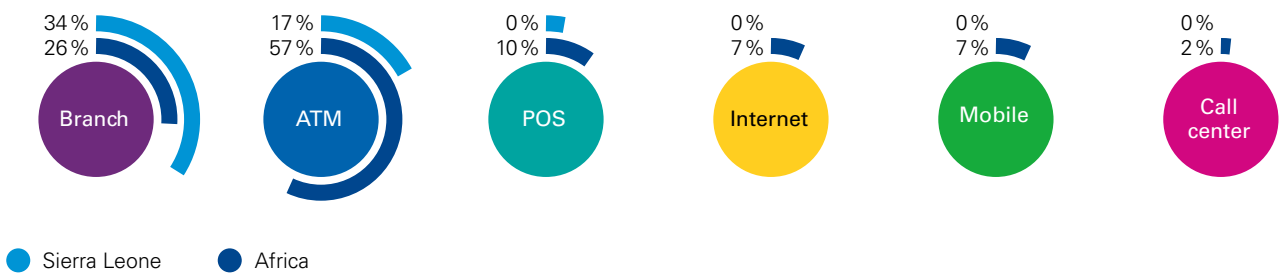
Highlights   Most important						
Rank	Customer care	Convenience	Executorial excellence	Products and services	Value for money	Branding
1	<p>Staff with a professional can-do attitude and willingness to assist</p> <p>90%</p> <p>satisfaction</p>	<p>ATMs – ATM uptime</p> <p>65%</p> <p>satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/ fees etc.</p> <p>85%</p> <p>satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p>68%</p> <p>satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p>56%</p> <p>satisfaction</p>	<p>Trust that the bank is honest and will do the right thing</p> <p>80%</p> <p>satisfaction</p>
2	<p>Staff ability to understand your needs and proactively offer alternatives/ useful advice</p> <p>81%</p> <p>satisfaction</p>	<p>Mobile banking – security</p> <p>82%</p> <p>satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p>80%</p> <p>satisfaction</p>	<p>Availability of loans</p> <p>47%</p> <p>satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>67%</p> <p>satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p>76%</p> <p>satisfaction</p>
3	<p>Staff knowledge and understanding of the bank's products/ services</p> <p>84%</p> <p>satisfaction</p>	<p>ATMs – Cash availability</p> <p>69%</p> <p>satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p>82%</p> <p>satisfaction</p>	<p>Availability of salary advance</p> <p>45%</p> <p>satisfaction</p>		<p>Your confidence that the bank will deliver</p> <p>80%</p> <p>satisfaction</p>

### Channel usage and preferences

It is perhaps not surprising that customers in Sierra Leone seem reluctant to adopt alternative delivery channels. At last count, there were only 58 ATM machines and 72 POS terminals in operation across the country. Other alternative channels – such as mobile payments and internet banking – are available but on a very limited basis.

As a result, the branch emerged as the most widely and frequently used channel with more than a third of customers saying they use it at least once a week and nearly half using it once a month. In comparison, just 17 percent of customers say they use the ATM on a weekly basis and just 12 percent use it monthly.

#### Percentage of respondents that use each channel at least once per week

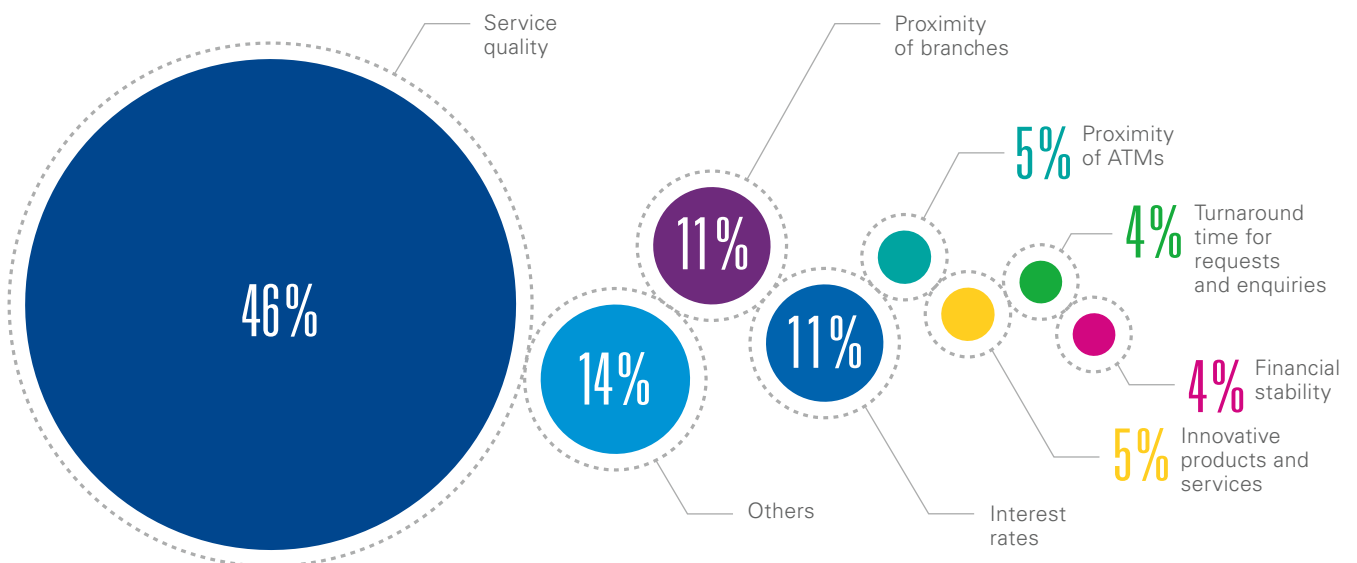


### Customer loyalty

Despite high-profile scandals in the media, low alternative channel adoption and frequent challenges related to ATM downtime, almost nine-in-ten Sierra Leonean banking customers said that satisfaction has

increased. Only 12 percent say they plan to change banks in the near future and 83 percent say they have recommended their bank to others.

#### Primary reason for changing banks (of those that indicated a change)



# South Africa





**Long viewed as the most politically and economically stable market in Sub-Saharan Africa, South Africa boasts a well-developed regulatory environment, high levels of ICT adoption and impressive levels of banking penetration. With total assets of more than USD360 billion, South Africa's banking sector is dominated by five large banks which, together, account for more than 90 percent of the total banking assets.**

South Africa's banks emerged relatively unscathed from the global financial crisis and are generally well capitalized; the capital adequacy ratio for the country's banking sector was 14.4 percent in October 2015, well in excess of the 10 percent prudential requirement. Profits at South Africa's banks are also up, with the sector reporting almost USD5 billion in profits in 2015, up from USD4 billion a year earlier.

However, over the past year, South Africa has experienced somewhat sluggish economic growth which, in turn, has had a negative impact on the banking sector. Rising interest rates and falling currency rates against the US dollar are creating challenges to economic growth. Severe droughts in the agricultural sector and job cuts in the mining sector are pushing up both unemployment rates. And increased capital and liquidity requirements – combined with the need to shift from product-centric to customer-centric models – are adding costs to banks' balance sheets.

Further regulatory reform in the banking sector will likely add to the challenges facing South Africa's banks, particularly the need to achieve a liquidity coverage ratio (LCR) of 100 percent by 2019, and the need to comply with the Net Stable Funding Ratio (NSFR) as part of the Basel III regulatory reform. All signs indicate that these regulatory reforms will impede the growth of the country's banks, increase costs and significantly impact traditional business models and operating structures.

Ultimately, South Africa's banking sector will be driven by not only regulatory reform and economic trends, but also by technological advances, changes in customer preferences and increased competition from players outside of the industry. In this environment, banks will need to focus on improving their executional excellence, branding and customer care rankings in order to remain competitive.

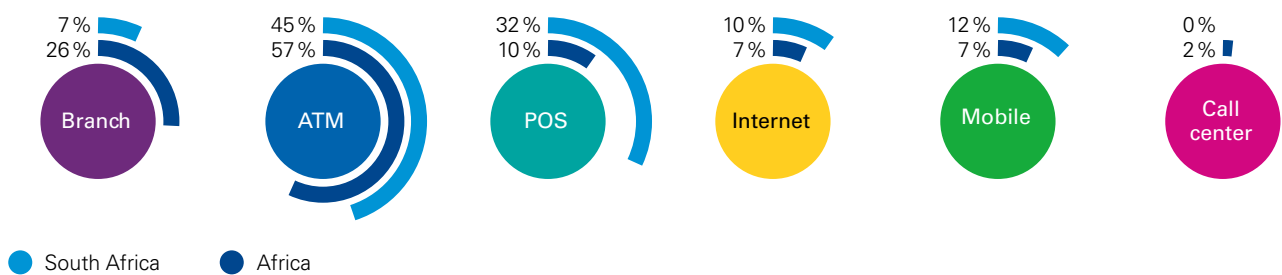
Highlights   Most important						
Rank	Customer care	Convenience	Executorial excellence	Products and services	Value for money	Branding
1	<p>Staff with a professional can-do attitude and willingness to assist</p> <p>91% satisfaction</p>	<p>ATMs – Cash availability</p> <p>87% satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/ fees etc.</p> <p>95% satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p>92% satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p>91% satisfaction</p>	<p>Trust that the bank is honest and will do the right thing</p> <p>94% satisfaction</p>
2	<p>Staff ability to understand your needs and proactively offer alternatives/ useful advice</p> <p>95% satisfaction</p>	<p>ATMs – ATM uptime</p> <p>88% satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p>94% satisfaction</p>	<p>Products and services that meet your requirements/ needs</p> <p>93% satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>86% satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p>94% satisfaction</p>
3	<p>Quality of feedback on enquiries/ resolution of complaints</p> <p>90% satisfaction</p>	<p>ATMs – Security of ATM location</p> <p>86% satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p>91% satisfaction</p>	<p>Availability of salary advance</p> <p>67% satisfaction</p>		<p>Your confidence that the bank will deliver</p> <p>94% satisfaction</p>

### Channel usage and preferences

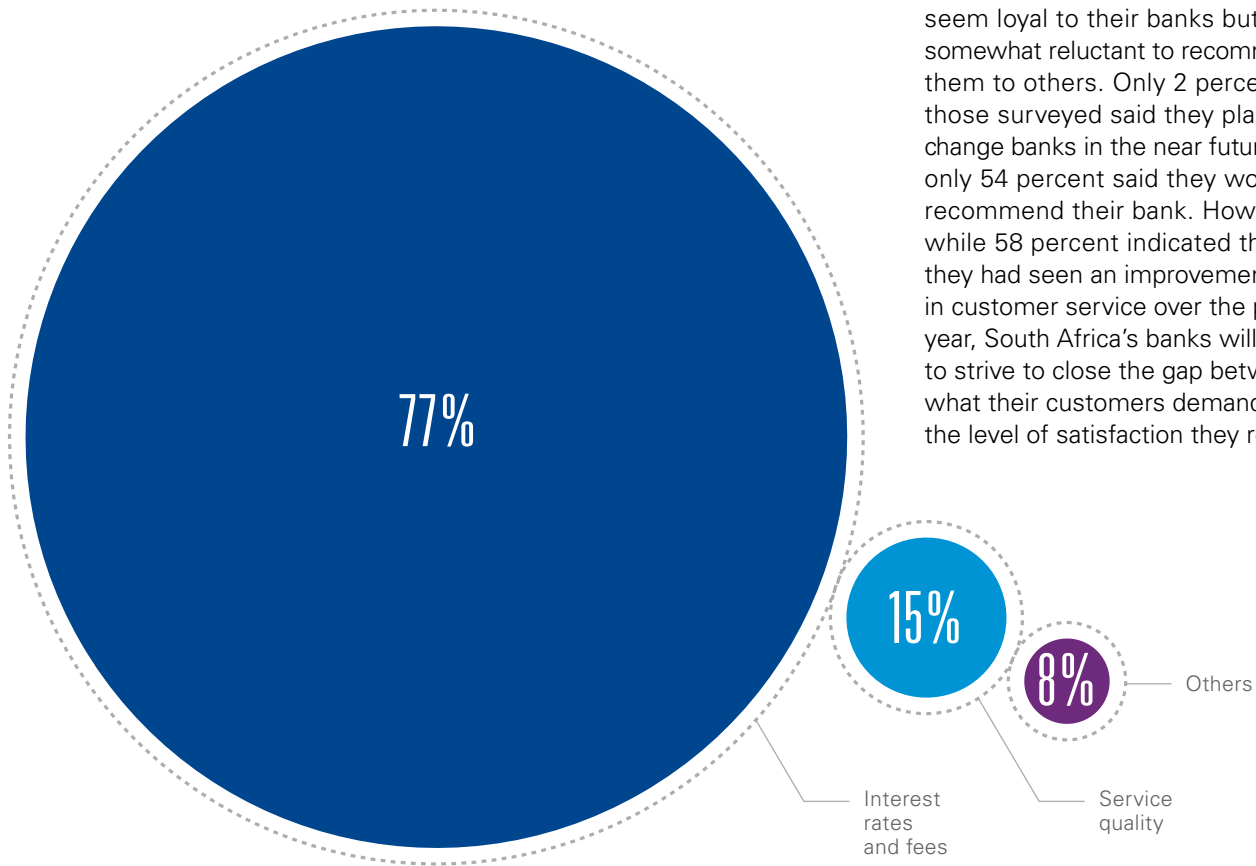
South African banking customers demonstrated high levels of alternative channel adoption, thanks in large part to the country's developed ICT infrastructure. South Africans were more than three times as likely as other Africans to use a POS terminal on a weekly basis and more than 30 percent more likely to use internet or mobile banking than other African markets.

The ATM emerged as the most frequently used channel with many citing reliability of service as the key reason for their ATM selection. However, customers stated a strong preference for the branch when obtaining financial advice, making complaints or purchasing financial products.

#### Percentage of respondents that use each channel at least once per week



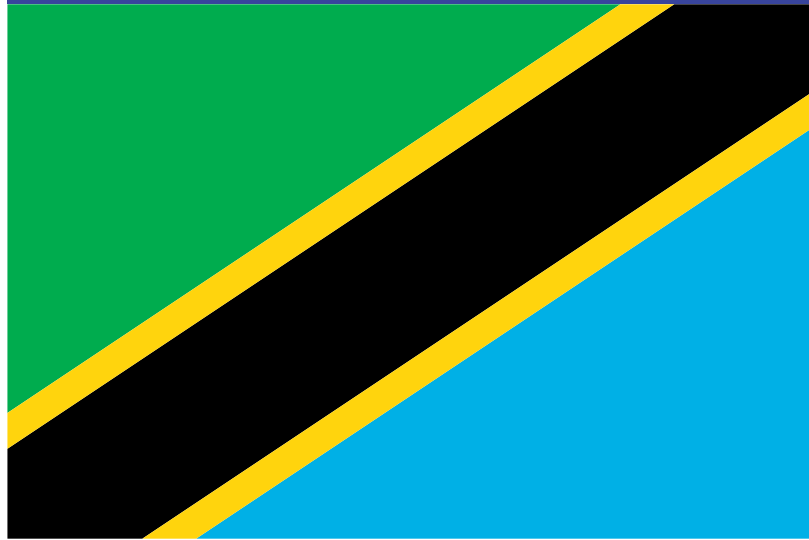
#### Primary reason for changing banks (of those that indicated a change)



### Customer loyalty

South African banking customers seem loyal to their banks but somewhat reluctant to recommend them to others. Only 2 percent of those surveyed said they plan to change banks in the near future but only 54 percent said they would recommend their bank. However, while 58 percent indicated that they had seen an improvement in customer service over the past year, South Africa's banks will need to strive to close the gap between what their customers demand and the level of satisfaction they report.

# Tanzania



**On the back of some important economic and structural reforms implemented over the past decade, Tanzania has enjoyed strong economic growth rates (of more than 7 percent) since 2012. Bank growth has also been strong with total assets growing by 11.4 percent in 2015 and loans, advances and overdrafts increasing by 16.4 percent.**

In 2014, the Bank of Tanzania raised the capital adequacy ratio for core capital to 12.5 percent and for total capital to 14.5 percent with a deadline of August 2017. Along with recent provisions requiring banks to maintain a 1 percent general provision on current loans, many of Tanzania's 53 banking institutions may require capital injections to achieve the minimum core capital requirements of TZS15 billion (USD 7.5 million).

While Tanzania's banking sector accounts for more than 70 percent of the total financial system assets in the country, the market is largely dominated by four banks that account for more than half of the industry's total assets and more than three-quarters of its net profits.

Mobile banking services from banks and mobile money services from telecommunications providers have helped rapidly increase financial inclusion in Tanzania. More than eight-in-ten Tanzanians had access to some sort of financial services by 2014 and the government has ambitions to provide access to formal banking services to half the population by the end of 2016.

Alternate delivery channels are enjoying rapid adoption, particularly in Tanzania's cities where the vast majority of banking customer live. Further innovation by the banks and the introduction of more sophisticated handsets by mobile companies will be key to improving financial inclusion and driving new growth for banks operating in Tanzania.

Looking ahead, most observers expect to see continued tightening of regulation and gradually increasing capital requirements as the Bank of Tanzania focuses on creating greater stability in the industry. According to the central bank governor, the Bank of Tanzania will continue to implement policies aimed at promoting the efficiency and safety of the financial system as a whole.

Highlights   Most important						
Rank	Customer care	Convenience	Executorial excellence	Products and services	Value for money	Branding
1	<p>Staff ability to understand your needs and proactively offer alternatives/ useful advice</p> <p>87%</p> <p>satisfaction</p>	<p>ATMs – Proximity (closeness) of ATMs</p> <p>92%</p> <p>satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/ fees etc.</p> <p>87%</p> <p>satisfaction</p>	<p>Products and services that meet your requirements/ needs</p> <p>87%</p> <p>satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p>72%</p> <p>satisfaction</p>	<p>Your confidence that the bank will deliver</p> <p>85%</p> <p>satisfaction</p>
2	<p>Staff with a professional can-do attitude and willingness to assist</p> <p>88%</p> <p>satisfaction</p>	<p>ATMs – ATM uptime</p> <p>89%</p> <p>satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p>85%</p> <p>satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p>84%</p> <p>satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>85%</p> <p>satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p>86%</p> <p>satisfaction</p>
3	<p>Prompt attention and response to your enquiries/ complaints</p> <p>86%</p> <p>satisfaction</p>	<p>ATMs – Security of ATM location</p> <p>91%</p> <p>satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p>84%</p> <p>satisfaction</p>	<p>Availability of salary advance</p> <p>79%</p> <p>satisfaction</p>		<p>Trust that the bank is honest and will do the right thing</p> <p>87%</p> <p>satisfaction</p>

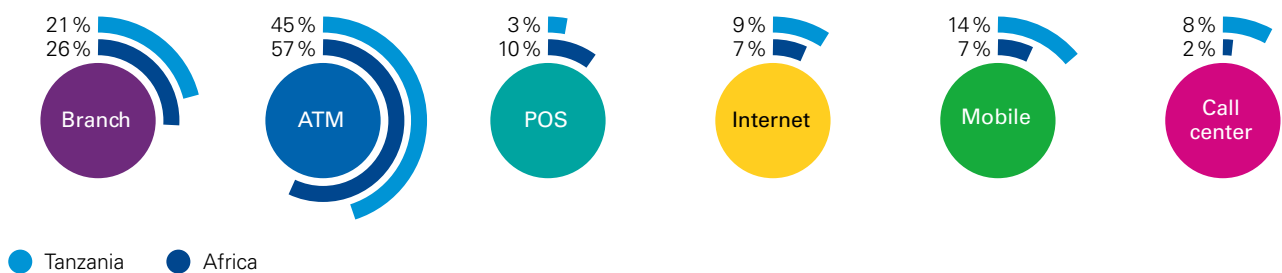
### Channel usage and preferences

While branches remain the most popular banking channel (more than 70 percent of respondents said they prefer the branch for funds transfers and bill payments and more than 90 percent reported a preference for branches for making complaints, cash deposits, buying financial products and getting financial advice), alternate channels have seen rapid adoption in Tanzania. Customers in Tanzania were twice as likely

as other Africans to use it at least once per week and four times as likely to use a call center.

That being said, banking and telecommunication infrastructure is starting to improve in Tanzania and, as a result, customers are starting to shift some of their activities to ATMs and mobile and internet-based platforms.

#### Percentage of respondents that use each channel at least once per week

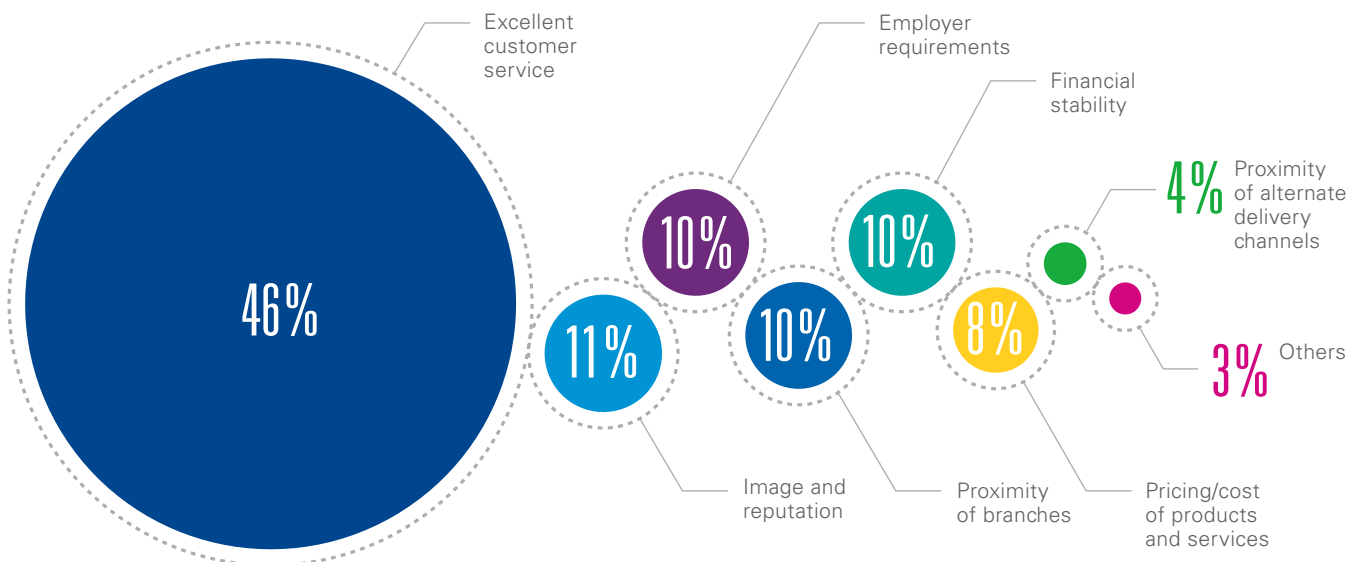


### Customer loyalty

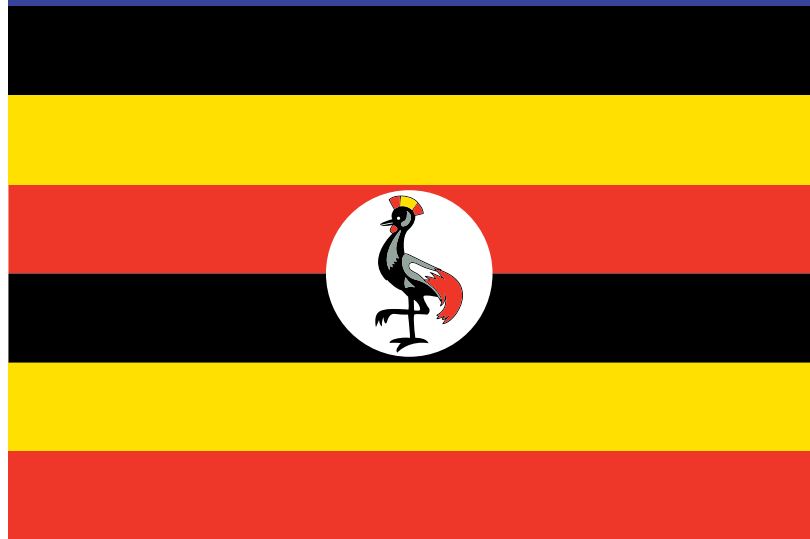
Banking customers in Tanzania seem highly loyal to their bank. Indeed, just 41 percent of respondents said that service levels had increased over the past year versus 64 percent across Africa. And less than a third (32 percent) said they had recommended their bank to others (versus

50 percent across Africa). However, only 3 percent of customers in our survey said they were considering changing banks – most often in search of a better customer experience – versus 10 percent of customers across Africa.

#### Reasons for maintaining banking relationship



# Uganda





Following a sustained period of high economic growth between 1987 and 2010, Uganda's growth rate has steadied at around 5 percent in 2015. In large part, Uganda's banking sector was encouraged by a series of impactful liberalization policies enacted in the late 1980s which ushered in a period of significant macroeconomic stability.

The country has also encouraged the entry of regional banks into the Ugandan marketplace, allowing foreign investors to create 100 percent foreign-owned companies. This has drawn many of Africa's top regional banks to the market where they hope to make an impact on the banking sector. Today, six banks – only two of which are indigenous – account for almost two-thirds of the total market share.

However, bank profitability has declined somewhat since 2011, driven in part by higher operating costs and tighter competition from both mobile money operators and Uganda's smaller banks who are increasingly focused on leveraging new innovations to increase their market share and their profitability.

Recognizing the benefits of maintaining a strong and relevant banking environment, Uganda's government recently updated the Financial Institutions Act of 2004 to allow for new concepts in banking and finance. Most notably, the regulation allows for the creation of Islamic Banking products and formalizes the introduction of agency banking and bancassurance.

These changes should provide strong growth opportunity for Uganda's banks, particularly the agency banking model which should allow Uganda's banks (who have traditionally been concentrated in major urban areas) to expand their reach outside of the cities, thereby driving financial inclusion (a major objective of Uganda's government).

Following the general election held in February 2016, many had expected the Central Bank of Uganda to tighten its monetary policy in the hope of mopping up some of the excess liquidity that characterized election years in the past. However, with the Central Bank reducing the bank rate to 15 percent in June 2016 (from 17 percent in February 2016), it seems this trend may not materialize. The Central Bank has, however, remained active in issuing Treasury Bills and bonds.

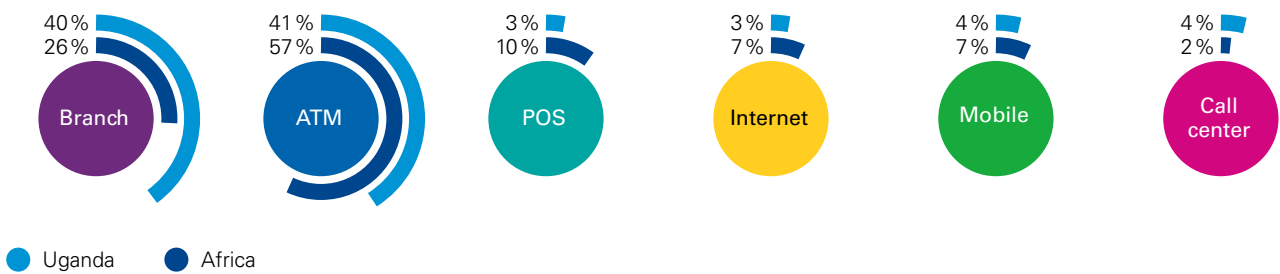
Highlights   Most important						
Rank	Customer care	Convenience	Executorial excellence	Products and services	Value for money	Branding
1	<p>Staff knowledge and understanding of the bank's products/ services</p> <p>90%</p> <p>satisfaction</p>	<p>ATMs – Proximity (closeness) of ATMs</p> <p>66%</p> <p>satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/ fees etc.</p> <p>85%</p> <p>satisfaction</p>	<p>Products and services that meet your requirements/ needs</p> <p>86%</p> <p>satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p>83%</p> <p>satisfaction</p>	<p>Trust that the bank is honest and will do the right thing</p> <p>85%</p> <p>satisfaction</p>
2	<p>Staff with a professional can-do attitude and willingness to assist</p> <p>88%</p> <p>satisfaction</p>	<p>Branches – Proximity (closeness) of branches</p> <p>88%</p> <p>satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p>88%</p> <p>satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p>74%</p> <p>satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>71%</p> <p>satisfaction</p>	<p>Your confidence that the bank will deliver</p> <p>88%</p> <p>satisfaction</p>
3	<p>Staff ability to understand your needs and proactively offer alternatives/ useful advice</p> <p>90%</p> <p>satisfaction</p>	<p>ATMs – Cash availability</p> <p>85%</p> <p>satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p>88%</p> <p>satisfaction</p>	<p>Availability of loans</p> <p>52%</p> <p>satisfaction</p>		<p>Your confidence that the bank puts the customer first</p> <p>92%</p> <p>satisfaction</p>

### Channel usage and preferences

With the number of operating ATMs rapidly increasing across the country and the number of services available on ATMs broadening, Ugandan banking customers report a growing preference for ATMs for a variety of bank transactions. ATMs emerged as the preferred channel for cash withdrawals and for balance enquiries across the country and are gaining significant traction as a preferred channel for cash deposits and bill payments.

The data also suggests that bank customers are starting to gain exposure to new channels with more than two-fifths of customers saying they had tried mobile banking, mobile payments, POS terminals, call centers, ATMs and branch channels at some point in the past.

#### Percentage of respondents that use each channel at least once per week

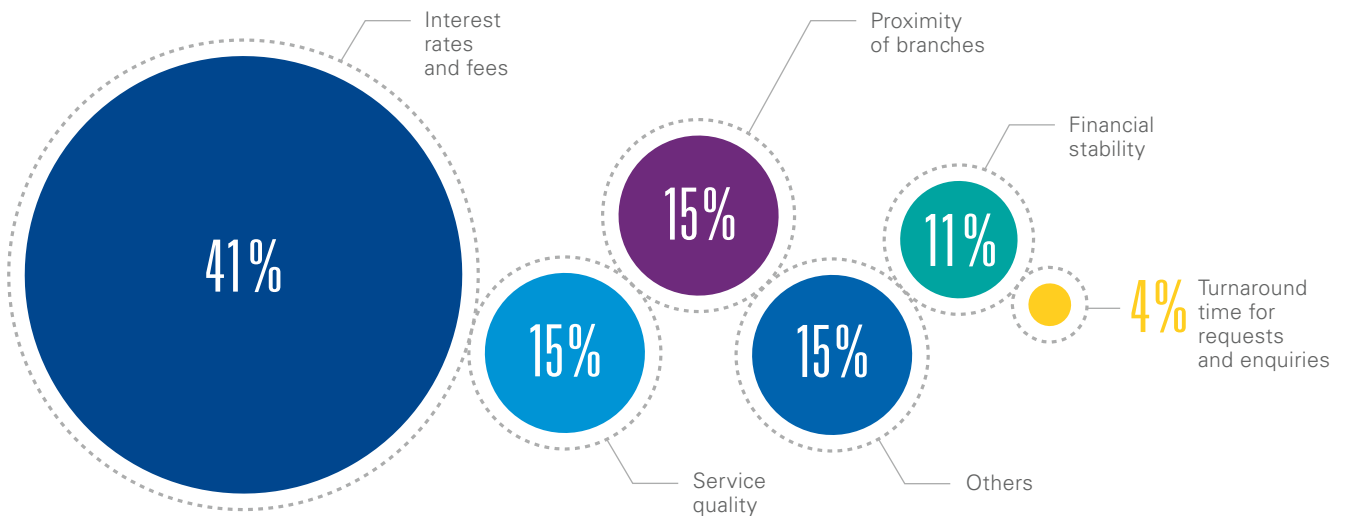


### Customer loyalty

Ugandan banking customers seem loyal to their banks with just 4 percent of customers saying they had either recently changed banks or planned to change banks in the near future. And almost half (45 percent) say they

would recommend their bank to family and friends. This reflects the fact that almost two-thirds of banking customer believe that their banking experience has improved over the past year.

#### Primary reason for changing banks (of those that indicated a change)



# Zambia



While economic growth is slowing and inflation rates are increasing, Zambia's banks managed to achieve double digit growth between 2012 and 2015. More recently, the revocation of Statutory Instruments 33 and 55 (which mandated the use of the local Kwacha for domestic transactions and required the monitoring of foreign exchange transactions) has led to improved profitability as banks realized gains on foreign exchange transactions and fees generated from foreign currency denominated deposits.

However, a recent tightening of monetary policy and an increase in the policy rate (from 12.5 percent to 15 percent) in November 2015 – combined with restricted access to the Overnight Lending facility – has led to spikes in interest rates overall. In fact, interest rate spreads widened in 2014 with average lending rates rising to as high as 25 percent for first-time borrowers. Not surprisingly, high interest rates and more cautious lending by the banks has strangled access to loans for individuals and small enterprises (just 17 percent of our respondents said they were satisfied with the availability of loans).

Financial inclusion has certainly improved. The proportion of adults with access to a formal financial institution increased from 23 percent in 2009 to more than 38 percent in 2015. Yet with more than half of Zambia's adult population living in rural areas, Zambia's banks clearly have significant opportunity to grow their customer base by expanding services outside of the key cities. The rapid adoption of mobile banking and alternate delivery challenges will certainly create new opportunities for banks able to capitalize on new technologies.

Zambia's banking sector is largely dominated by four banks who account for more than 60 percent of the country's total liabilities and assets. And, as a result, there has been little incentive to improve the quality of over-the-counter services, lower interest rates, expand retail services or invest in banking infrastructure.

That being said, Zambia continues to be among the top markets in Africa for ease of doing business. The country boasts good regulatory controls, no foreign exchange controls and a politically stable environment. Those banks able to combine new technologies with improved customer service should find Zambia to be a strong growth opportunity.

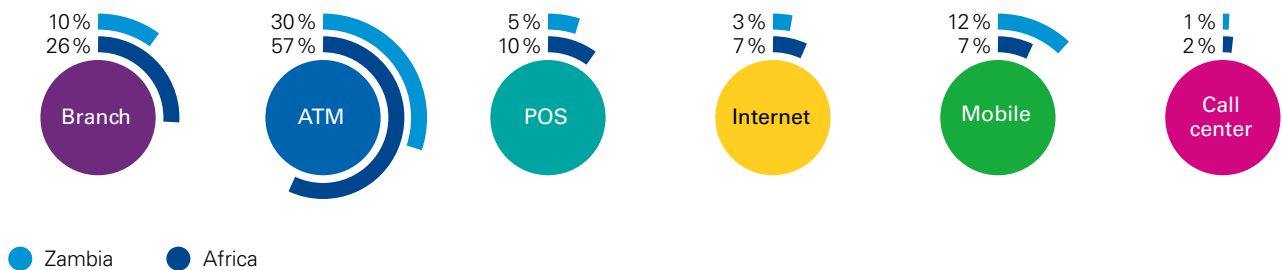
Highlights   Most important						
Rank	Customer care	Convenience	Execuational excellence	Products and services	Value for money	Branding
1	<p>Staff with a professional can-do attitude and willingness to assist</p> <p><b>94%</b></p> <p>satisfaction</p>	<p>ATMs – Security of ATM location</p> <p><b>88%</b></p> <p>satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges/ fees etc.</p> <p><b>89%</b></p> <p>satisfaction</p>	<p>Products and services that meet your requirements/needs</p> <p><b>89%</b></p> <p>satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p><b>89%</b></p> <p>satisfaction</p>	<p>Trust that the bank is honest and will do the right thing</p> <p><b>90%</b></p> <p>satisfaction</p>
2	<p>Prompt attention and response to your enquiries/ complaints</p> <p><b>90%</b></p> <p>satisfaction</p>	<p>ATMs – Proximity (closeness) of ATMs</p> <p><b>87%</b></p> <p>satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p><b>92%</b></p> <p>satisfaction</p>	<p>Ease of accessing different products/ services seamlessly across different bank channels</p> <p><b>82%</b></p> <p>satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p><b>76%</b></p> <p>satisfaction</p>	<p>Your confidence that the bank puts the customer first</p> <p><b>90%</b></p> <p>satisfaction</p>
3	<p>Staff ability to understand your needs and proactively offer alternatives/ useful advice</p> <p><b>86%</b></p> <p>satisfaction</p>	<p>Branches – Proximity (closeness) of branches</p> <p><b>87%</b></p> <p>satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p><b>85%</b></p> <p>satisfaction</p>	<p>Availability of loans</p> <p><b>17%</b></p> <p>satisfaction</p>		<p>Your confidence that the bank will deliver</p> <p><b>88%</b></p> <p>satisfaction</p>

### Channel usage and preferences

Not surprisingly given the lack of banking infrastructure outside of the key cities, Zambian banking customers have become rapid adopters of the mobile channel. More than a third of respondents said they had used mobile banking at some point, versus just 17 percent that had tried internet banking and 23 percent that had used a call center or telephone banking.

While respondents may suggest that they use the ATM more frequently than the branch, most still say they prefer using the branch for all their banking needs except cash withdrawal and balance enquiries. Call centers seem to be gaining some traction for less frequent requirements such as receiving financial advice and making complaints while mobile banking is rapidly gaining preference for balance enquiries and bill payments.

#### Percentage of respondents that use each channel at least once per week

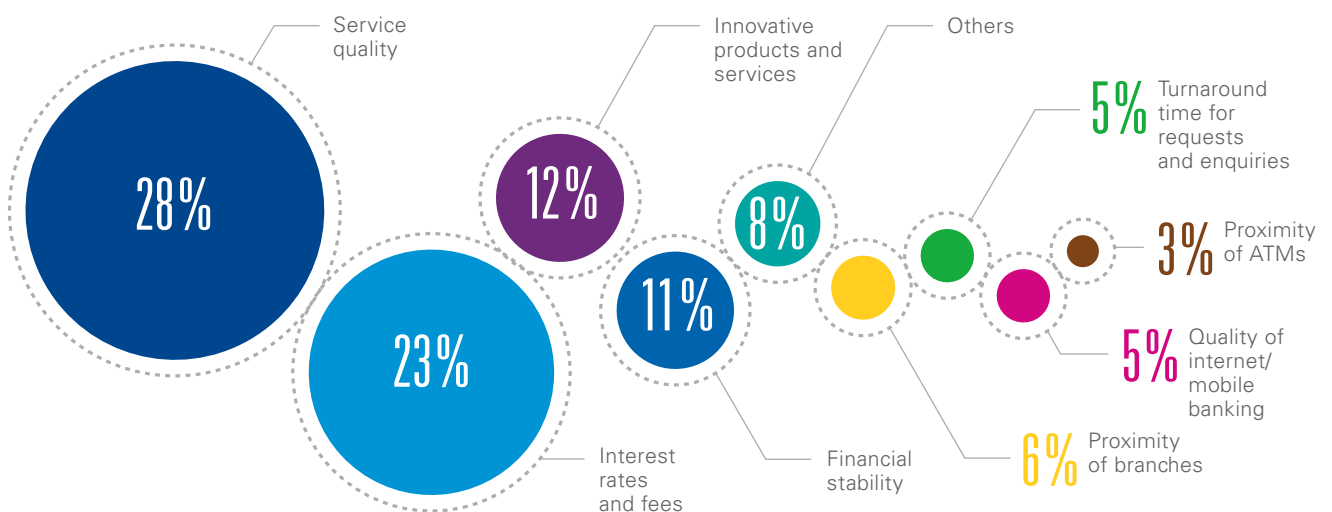


### Customer loyalty

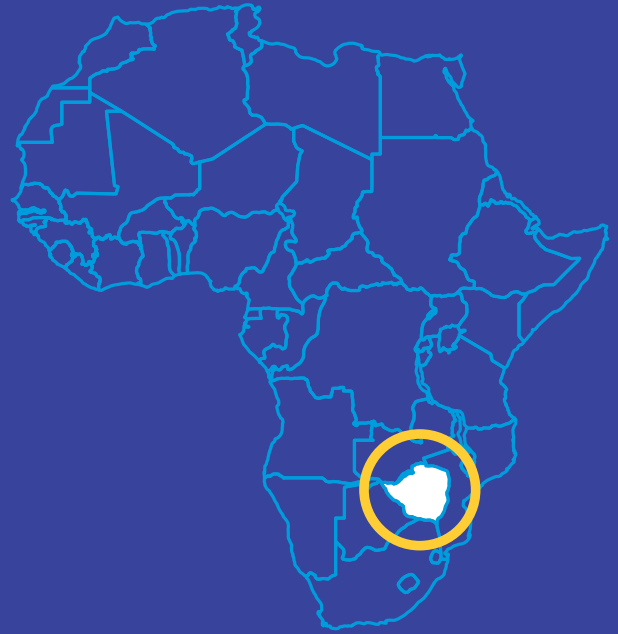
While almost two-thirds (63 percent) of Zambian banking customers said that satisfaction with their bank had increased over the past year, less than half said they would recommend their bank to friends and family. More

than one-in-ten suggested they had either recently switched banks or were planning to do so soon; those looking to change banks were most often searching for better customer service and better rates.

#### Primary reason for changing banks (of those that indicated a change)



# Zimbabwe





The Zimbabwean banking sector has enjoyed stability and strong growth over the past five years with total banking sector deposits growing by 66.5 percent (to USD5.6 billion) between 31 December 2011 and 31 December 2015.<sup>1</sup> Profits across the sector are also up, rising by more than 156 percent between December 2014 and December 2015, reaching a high of USD127.47 million.<sup>2</sup>

The Central Bank has been working to stabilize the economy and drive social inclusion. The Zimbabwe Asset Management Company (ZAMCO) was established to deal with the sector's high levels of non-performing loans (NPLs) and has had some immediate success; between September 2014 and December 2015, the level of NPLs fell from 20.45 percent to just 10.87 percent.<sup>3</sup> Stability has also been improved by the introduction of an interbank market through an arrangement with Afreximbank. Essentially Afreximbank will issue bonds (AFTRADES) to local banks on the funding side with the central bank accessing and applying the funds to those banks which may be short. This has led to improved liquidity.

In a bid to drive greater financial inclusion, the Government of Zimbabwe has also created a National Financial Inclusion Strategy and asked banks to create a board-approved financial inclusion plan by the end of 2015. In an effort to increase the levels of loans provided to individuals, the Central Bank has also reached an agreement with the Bankers Association of Zimbabwe to create an interest rate guideline where low-risk borrowers can access loans for rates as low as between 6 to 10 percent per annum.

However, Zimbabwe's banks continue to face capital pressures over the coming years. The Central Bank increased capital requirements from USD5 million to USD100 million by 2020 for Tier 1 banks. Having overseen the closure of nine banks following the global financial crisis in 2008, the Central Bank is understandably concerned about the viability of the existing banks and the potential impact of any unexpected liquidity challenges.

Inflation has continued in the negative territory (to a current rate of around -2.5 percent) and economic growth remains stagnant (at around 1 percent per year). However, the sector's resilience over the past decade – particularly following the adoption of the multicurrency regime in February 2009 – suggests that there may still be hope for a return to the strong socio-economic performance and middle-income prospects of the 1990s.

1. January 2016 Monetary Policy Statement

2. January 2015 and January 2016 Monetary Policy Statements

3. January 2016 Monetary Policy Statement

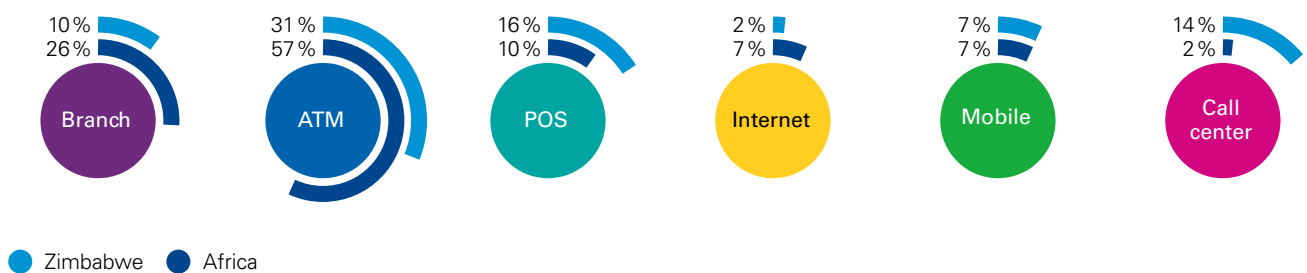
Highlights   Most important						
Rank	Customer care	Convenience	Executorial excellence	Products and services	Value for money	Branding
1	<p>Prompt attention and response to your enquiries / complaints</p> <p>83% satisfaction</p>	<p>ATMs – Cash availability</p> <p>85% satisfaction</p>	<p>Information (e.g. alerts, statements) provided in a timely manner and easy-to-understand format</p> <p>86% satisfaction</p>	<p>Products and services that meet your requirements / needs</p> <p>83% satisfaction</p>	<p>Interest rates offered on deposits and investment products</p> <p>28% satisfaction</p>	<p>How well the bank inspires you</p> <p>77% satisfaction</p>
2	<p>Staff knowledge and understanding of the bank's products / services</p> <p>88% satisfaction</p>	<p>Branches – Turnaround time at the branches</p> <p>77% satisfaction</p>	<p>Accuracy and completeness of information provided i.e. bank statements, advice slips, basis of bank charges / fees etc.</p> <p>90% satisfaction</p>	<p>Ease of accessing different products / services seamlessly across different bank channels</p> <p>74% satisfaction</p>	<p>Cost of maintaining accounts with the banks i.e. COT and other related charges</p> <p>30% satisfaction</p>	<p>Your confidence that the bank will deliver</p> <p>81% satisfaction</p>
3	<p>Quality of feedback on enquiries / resolution of complaints</p> <p>82% satisfaction</p>	<p>ATMs – Security of ATM location</p> <p>50% satisfaction</p>	<p>Overall timeliness and turnaround time in processing transactions</p> <p>87% satisfaction</p>	<p>Availability of loans</p> <p>51% satisfaction</p>		<p>How well the bank is regarded in the media</p> <p>77% satisfaction</p>

### Channel usage and preferences

Our survey suggests that – while Zimbabwean banking customers may frequent ATMs and branches less often than their regional peers – alternative service channels have enjoyed significant adoption. Zimbabwean respondents were seven times more likely to say they use a call center or telephone banking at least once per week and 60 percent more likely to use a POS once a week than the African average.

Yet while ATMs proved to be the most popular channel for cash withdrawals, the vast majority of Zimbabwean banking customers indicated a strong preference for the branch when conducting all other business and transactions. The fact that just 10 percent of respondents said they use the branch weekly is no surprise; most Zimbabweans are paid once a month and rarely visit the branch outside of payday.

#### Percentage of respondents that use each channel at least once per week

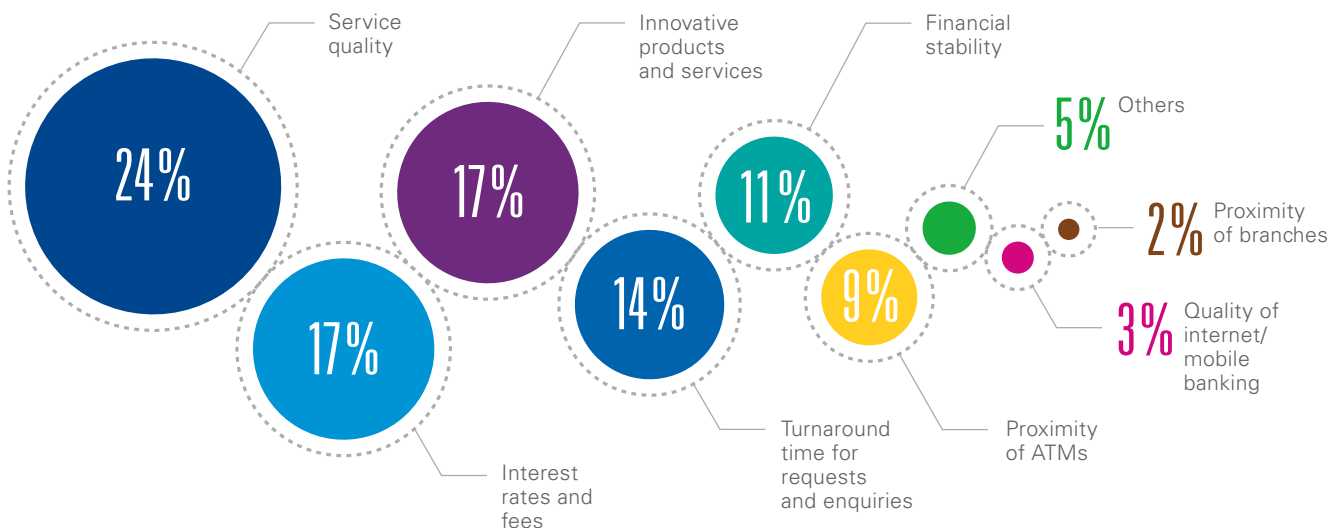


### Customer loyalty

Retail banking customers in Zimbabwe report that they are happier with the service they receive from their banks but are not overly eager to recommend their bank to others. More than three-quarters (77 percent) said they believed customer service to have improved over the past

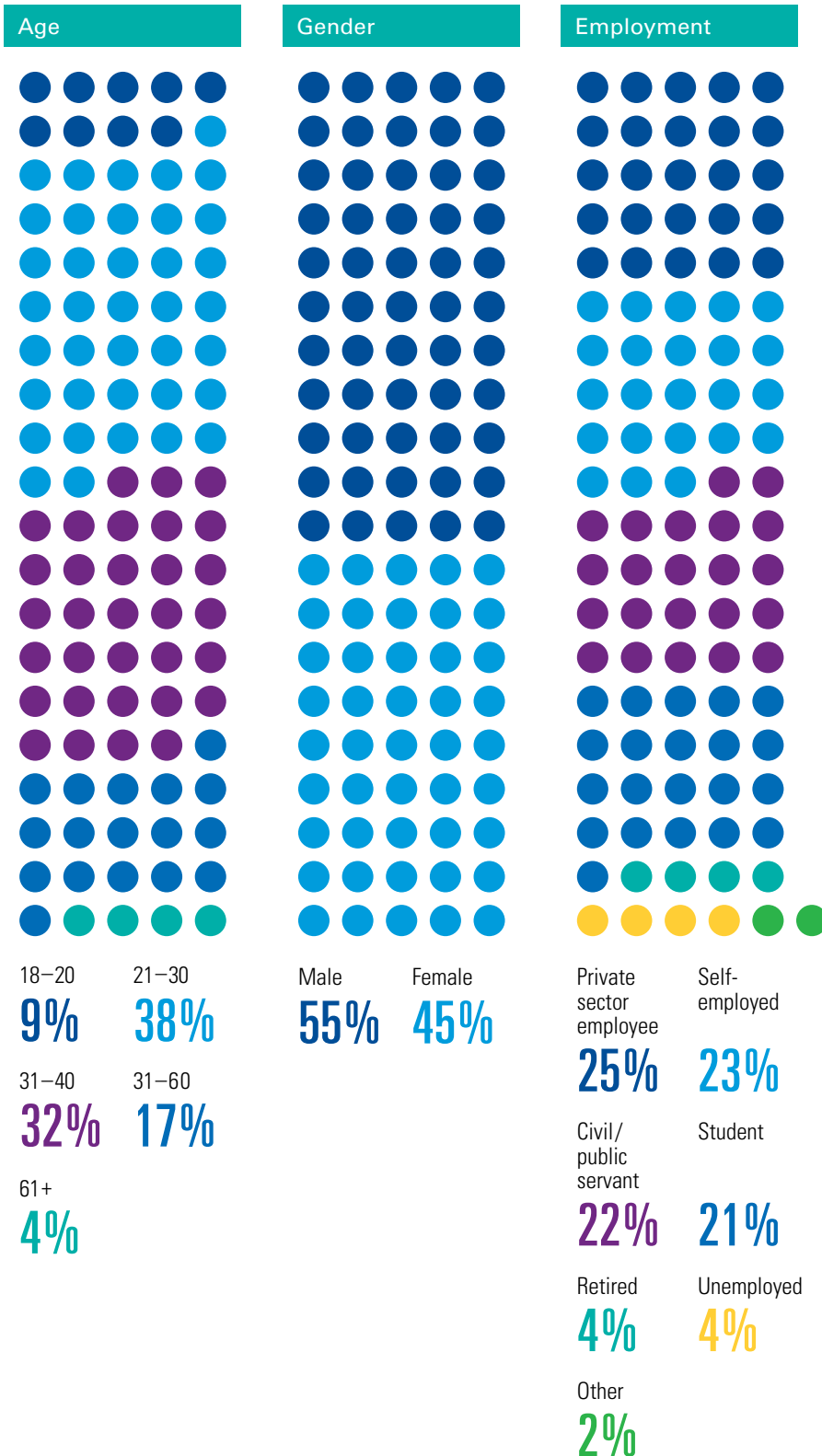
year – 13 percent more than the regional average – but just half of all customers said they would recommend their bank. One-in-ten customers said they were considering changing banks in the future, for the most part in search of better service quality

#### Primary reason for changing banks (of those that indicated a change)





# Demographics



# Acknowledgements

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