KPMG

In pursuit of value

2023 West Africa Banking Industry Customer Experience Survey

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Foreword

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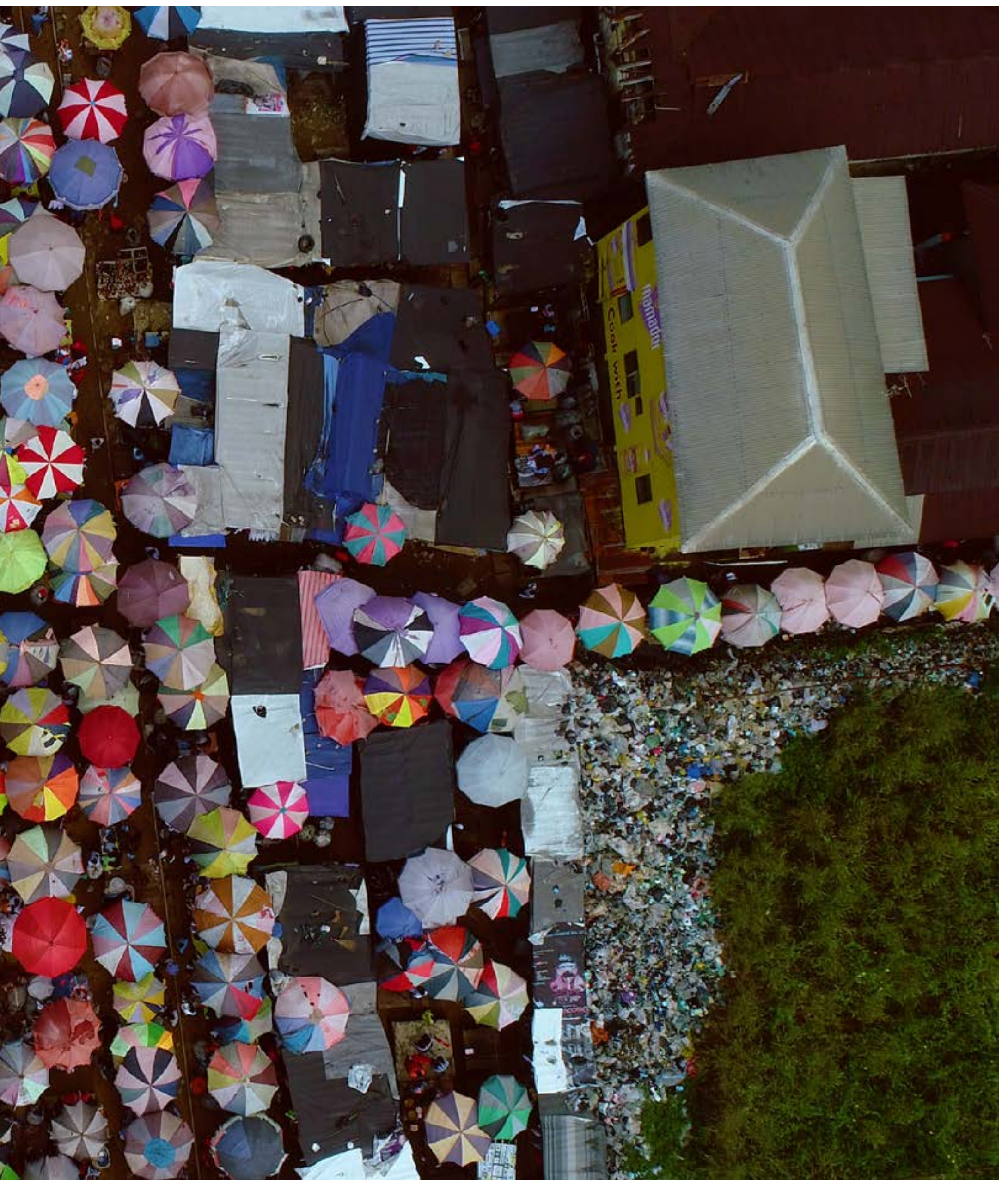
The past year has presented unprecedented challenges for businesses across the West African subregion, particularly in Nigeria and Ghana. Both countries have grappled with macroeconomic turbulence, marked by foreign exchange complexities, soaring inflation, and continued talent drain across various sectors.

Against this backdrop, financial institutions and customers are having to navigate a sea of uncertainties. Financial institutions are confronting a myriad of risks, from cyber threats to revenue unpredictability, worsened by customers experiencing diminishing purchasing power and elevated loan vulnerability. Today's customer, often more digitally inclined, yet less financially affluent, is rapidly adopting digital channels, elevating the standards of expectation. What was considered innovative in the previous year has become the baseline in 2023, shaping expectations heading into 2024. To meet these evolving demands, banks must sustain a culture of relentless innovation.

Our research, as in previous years, involved extensive client engagements to understand shifts in customer behaviour, offering insights into how banks can adapt. We invite you to explore the report's findings and reach out for further insights.

Finally, we would like to express gratitude to all the individuals and businesses that participated in the survey. Thank you.



The impact of the current macroeconomic landscape in Nigeria and Ghana has been widespread across individuals and businesses alike. Customer behaviour and decision-making patterns are evolving amidst ongoing threats to financial wellbeing and wealth erosion. In response, customers are recalibrating their priorities, seeking enhanced value in their purchases and banking relationships. Our research highlights diverse value-seeking behaviours across customer segments.

This is KPMG in West Africa's inaugural combined customer research - the 17th consecutive edition in Nigeria and the fourth in Ghana. Our research explores parallels across both markets such as the acceleration in digital adoption, and distinctive local nuances such as high mobile money penetration in Ghana and the growing role of fintechs in the Nigerian banking landscape, underscoring the uniqueness and intricacies of each market's landscape.

In Nigeria, the cash crunch that characterised the banking landscape and wider economy triggered significant downtimes and deterioration of banking service levels. At the time, there were concerns about the potential long-term impact on trust in the industry and the implications for financial inclusion. However, our research suggests that this concern has not materialised to date. Instead, we observed a significant shift from the use of ATMs to the adoption of agency banking.

When assessed against the Six Pillars of experience excellence, the industry scores highest on Integrity but continues to struggle on Resolution - proactively addressing customers' problems.

In Ghana, the nation's ongoing debt restructuring impacted banks' profitability and investors' confidence. The combined factors of inflation and Cedi depreciation in the Ghanaian economy also affected customers' real income and spending patterns. Particularly among retail customers, there is now a heightened demand for integrity from banks as they keep their eyes closely on their finances - how much banks are deducting from their accounts and how quickly failed transactions are reversed - all in a bid to preserve value.

As banks across the region continue to scale, leveraging technology has become a key imperative. The acceleration of Generative AI this past year is an indicator of the potential for banks and other organisations to augment their workforces with the transformative power of AI.

In our report, we explore emerging use cases and offer thoughts on how banks can prepare for mainstream adoption of AI to create value for customers.

Creating value requires addressing essential questions – How thoroughly do I understand the value expectations of my customers? What will characterise my future customer? How can I strategically align to consistently deliver superior and distinctive value experiences to my customers?

Answering these will involve integrating and connecting key capabilities across the organisation including customer insights to provide ongoing understanding of customer behaviours across segments and personas. Operational insights supported by analytics and automation capabilities will also be needed to effectively predict issues and orchestrate seamless end-to-end experiences, along with the technology infrastructure that provides agility and flexibility to support scale.

The convergence of these key capabilities will not only position banks to navigate ongoing challenges but also empower them to proactively meet and exceed customer expectations in an ever-evolving financial landscape.

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In pursuit of value

In times of economic turbulence, the decisions we make and our perception of value undergo a profound shift, often veering away from the terrain of rationality into the realm of emotions. Renowned psychologist Daniel Kahneman's research explains the intricacies of this shift, through his prospect theory, revealing a pronounced tendency for individuals to become more risk-averse during challenging economic climates.

In these uncertain times, the global economic landscape has left an indelible mark on nations such as Nigeria and Ghana. Over the past 12 months, both countries have grappled with substantial increases in inflation – 27.33% in Nigeria[1] and 35.2% in Ghana[2] as of October 2023. This surge in inflation has not only reshaped the financial landscape but has also triggered noticeable changes in customer behaviour, aggravated by shifts in global trade patterns and fluctuations in commodity prices.

Our recent interactions with customers have brought to light a crucial realisation: the conventional association of value with price has undergone a transformation in heavily commoditised sectors such as banking. Price alone no longer stands as the solitary determinant of value. The erosion of value during harsh economic times propels customers in Nigeria and Ghana to seek alternatives that transcend the conventional banking relationship.

Understanding the nuances of customer behaviour in banking and cognitive biases necessitates an acknowledgment of the diverse drivers of value across different customer segments. Lower-income customers tend to exhibit heightened sensitivity to service reliability and fees and charges, translating into a search for more budget friendly yet value-driven services. Conversely, higher-income customers seek financial planning and personalised advisory services to sustain and grow their wealth. This has caused them to venture into investing and saving in other currencies to mitigate the risks of their depreciating national currencies. Other customers appreciate the convenience of advanced technology, such as online and mobile banking, digital payments, and robust security features. Strikingly, most customers seek a delicate balance across all these factors.

However, a significant challenge faced by companies lies in their limited understanding of how customers derive value and which drivers matter most. The tendency to focus on obvious and rational value drivers often overshadows equally critical experiential and psychological drivers.

As newer entrants explore the market, they may encounter status quo biases, where customers may resist trying alternatives. Data from our survey indicates that 9% and 14% of Nigerian and Ghanaian respondents respectively have switched or plan to switch their primary banks, highlighting the challenge for newcomers to establish relationships.

In this challenging economic environment, superior product or service quality, personalised experiences, and a demonstrated commitment to customer wellbeing have become integral components of the perceived value equation. For banks to not only weather the storm but also emerge as trusted partners in the financial journey of their customers, they must recognise the multifaceted nature of customer value and incorporate emotional nuances. It is through this holistic approach that banks can redefine value, ensuring resilience and relevance in ever-evolving economic landscapes.

Pursuing value: the Nigeria lens

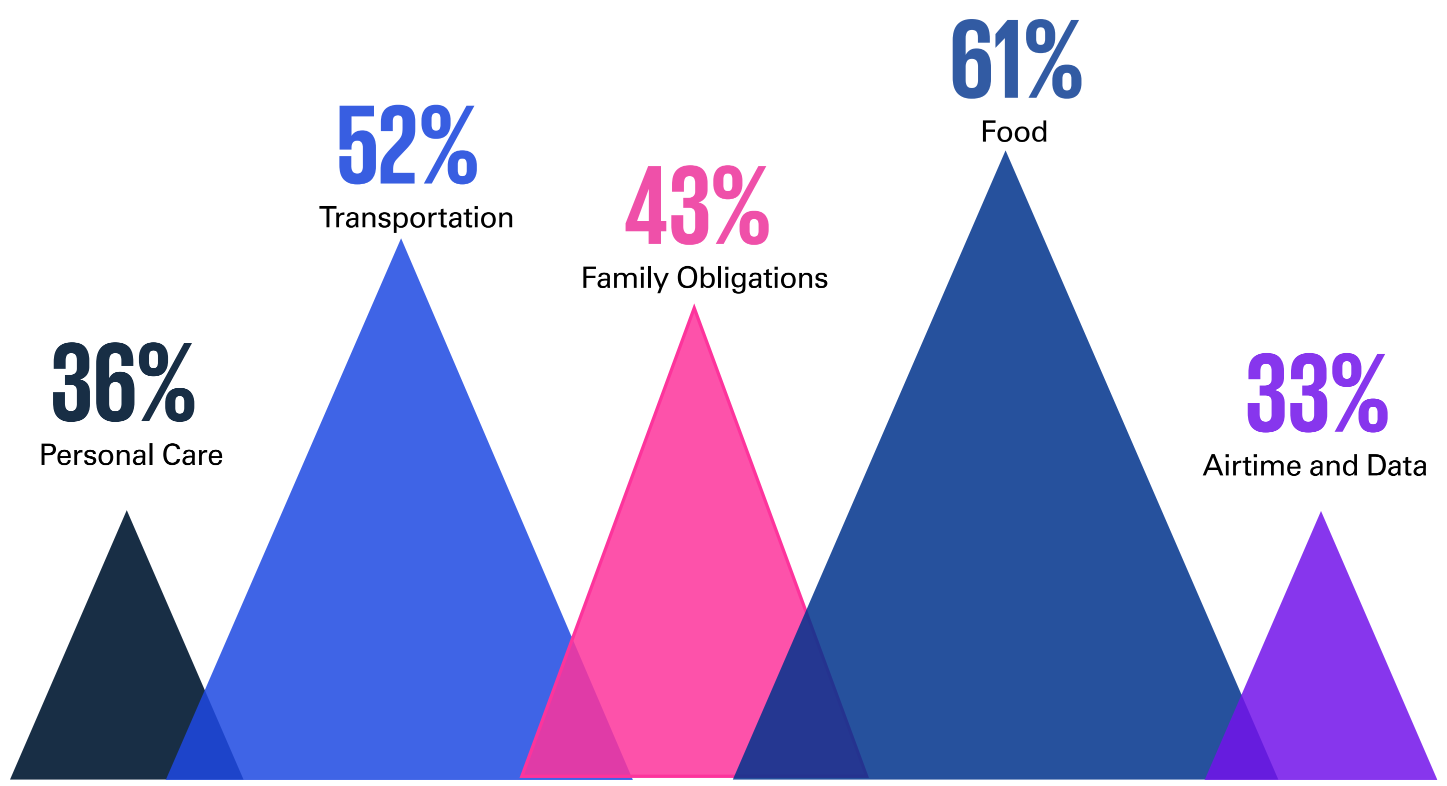
In Nigeria, a confluence of economic challenges has markedly impacted consumer spending over the past year. The surge in inflation, particularly in the prices of essential commodities such as food and fuel, has placed considerable strain on household budgets. The devaluation of the Naira has further exacerbated the situation, making imported goods more expensive and contributing to the overall rise in cost of living.

Additionally, the removal of the fuel subsidy has led to an increase in transportation costs, creating a ripple effect on the prices of goods and services. These compounding factors have collectively diminished the purchasing power of consumers, forcing adjustments in spending patterns and lifestyle choices as individuals navigate the economic challenges within the country.

Food prices in Nigeria have hit an eighteen-year high,[3] dominating the average citizen's expenses. Other major expenses stem from transportation, personal care, household essentials, etc., all influenced by the more than doubled petrol pump price. This has significantly impacted overall cost of living, leading to a shift in spending patterns towards essential items and forcing individuals to cut discretionary spending. Interestingly, "Gen Z" (18-25 year olds) are adjusting their spending too. They are putting more emphasis on food, followed by airtime & data, transportation, personal care, and education.

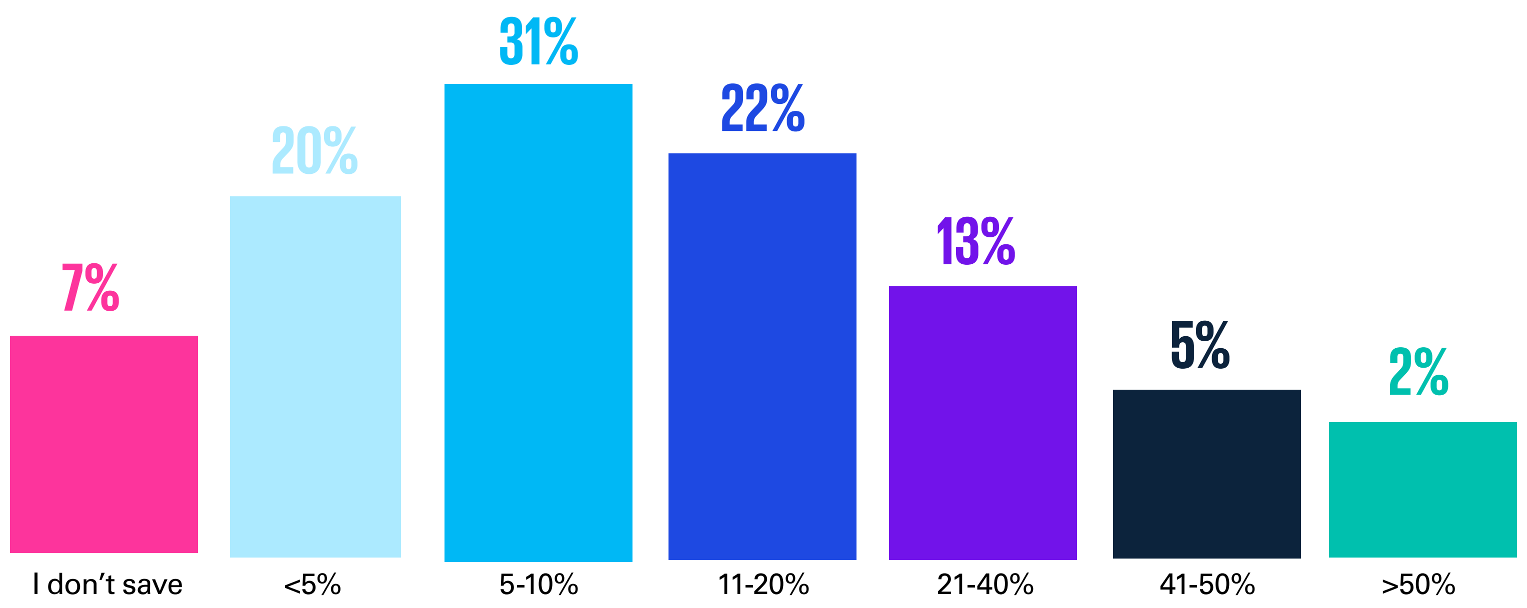
Customers are more price-conscious, seeking cheaper and alternative food and personal care brands, as well as deals, loyalty programmes, and discounts to cushion the impact of high living costs on their finances.

Top five spending categories (Nigeria)



Source: 2023 KPMG West Africa Banking Industry Customer Experience Survey

Savings as a proportion of monthly income (Nigeria)



Source: 2023 KPMG West Africa Banking Industry Customer Experience Survey

In Nigeria, 93% of respondents actively save a portion of their income each month, underscoring a resilient culture of saving despite the challenging economic conditions. While the percentage of individuals saving over 20% of their income has declined by 7 percentage points to about 20% compared to 2022, there has been a noteworthy 6-percentage point increase in those saving between 5 to 20% of their income. This indicates that, despite the decreasing purchasing power of customers, the dedication to preserving and growing their financial resources through saving is enduring.

As inflation diminishes the purchasing power of the population, we are witnessing a race to preserve the value of investments with individuals actively seeking ways to mitigate risks. People are comparing rates across different providers, seeking higher returns, and even changing the format in which they save. In June 2023, the total balance in domiciliary accounts in Nigeria's commercial and merchant banks increased by more than a fifth.[4] Furthermore, there is a growing trend of investing in alternative assets. 23% of Gen Z customers hold digital currency principally for the purpose of investment and savings.

Owing to the ease and transparency afforded by technology, low-income customers, who are increasingly conscious of their spending, can now compare fees and charges across their providers in relation to the value they derive from their banks as they actively seek opportunities to optimise the longevity and efficiency of their finances.

With a decline in purchasing power comes an increased need for credit facilities to meet basic needs. We have observed a steady increase in the number of respondents who consider accessing loans extremely important.

Nevertheless, only 16% of respondents indicated that they had applied for loans and of those, only 54% were successful. A high interest rate environment and burdensome borrowing requirements are challenges sometimes cited as reasons for not approaching formal lenders for credit.

The security, integrity, and privacy offered by banks continue to be important values for customers. Hence, traditional banks remain the most popular source of credit, with 49% of customers accessing credit from commercial banks. However, there has been a notable growth in the reliance on digital lenders, increasing from 16% in 2022 to 19% in 2023, and a decrease in the preference for microfinance banks from 19% to 14%.

There is a growing expectation for banks to tailor their lending services, as the financial needs of customers are unique and constantly changing. Customers seek not only competitive interest rates and flexible terms but also a personalised approach that considers their financial goals, circumstances, and aspirations. In today's dynamic financial landscape, the ability of banks to provide customised lending solutions is a key factor in enhancing the value customers derive from their banking relationships.

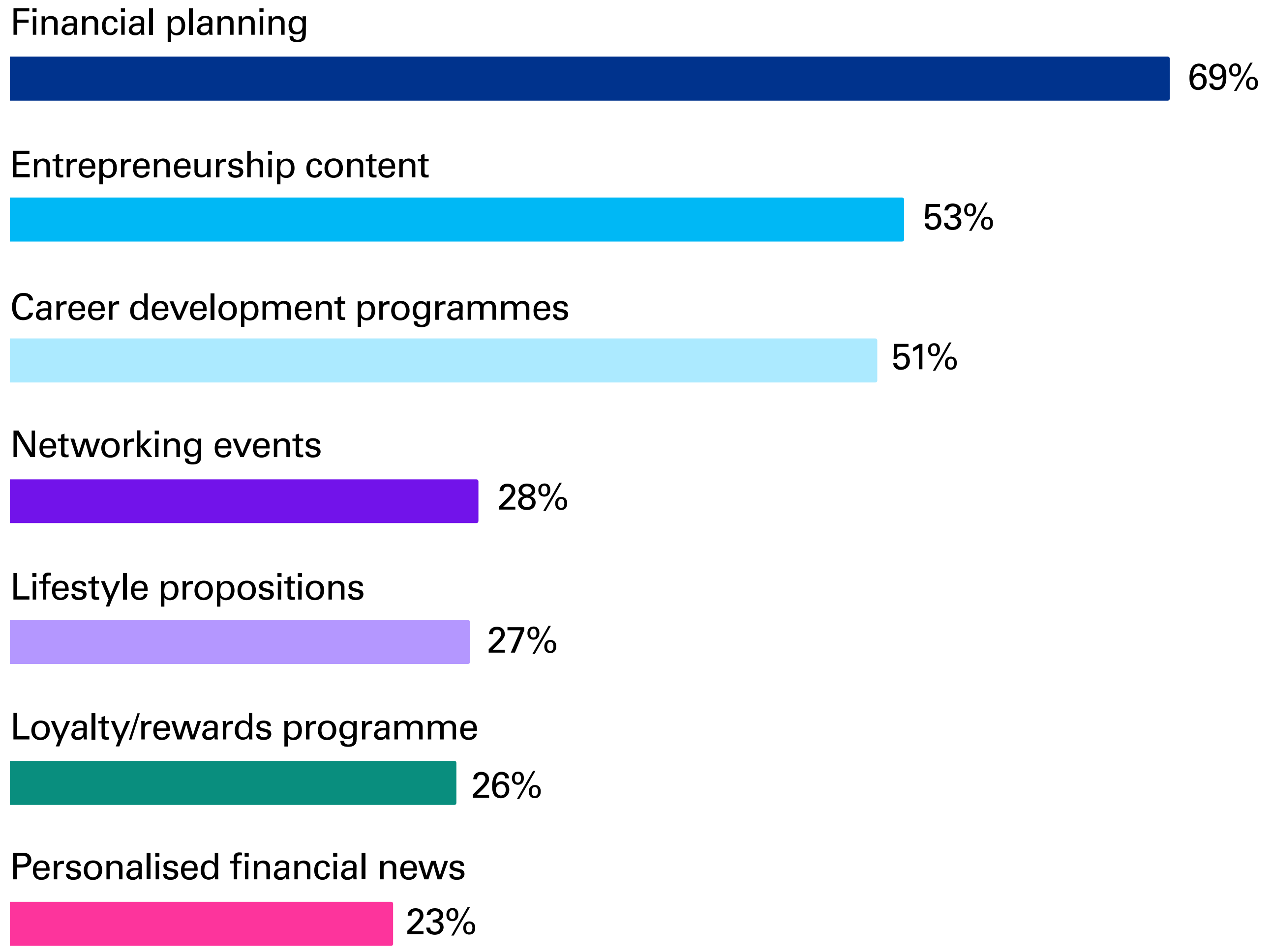
Personalised service fosters a sense of belonging, subtly influencing long-term financial goals. This is illustrated by the fact that financial planning (69%) and entrepreneurship content (53%) are the top two value-added services desired by retail customers.

Reasons why customers maintain their banking relationship (Nigeria)

39%	25%	15%	14%	13%
Quality of service experience	Quality of digital services (mobile/ online banking etc.)	Image and reputation	Recommendations from family/friends	Financial stability

Source: 2023 KPMG West Africa Banking Industry Customer Experience Survey

Most important value-added services (Retail)



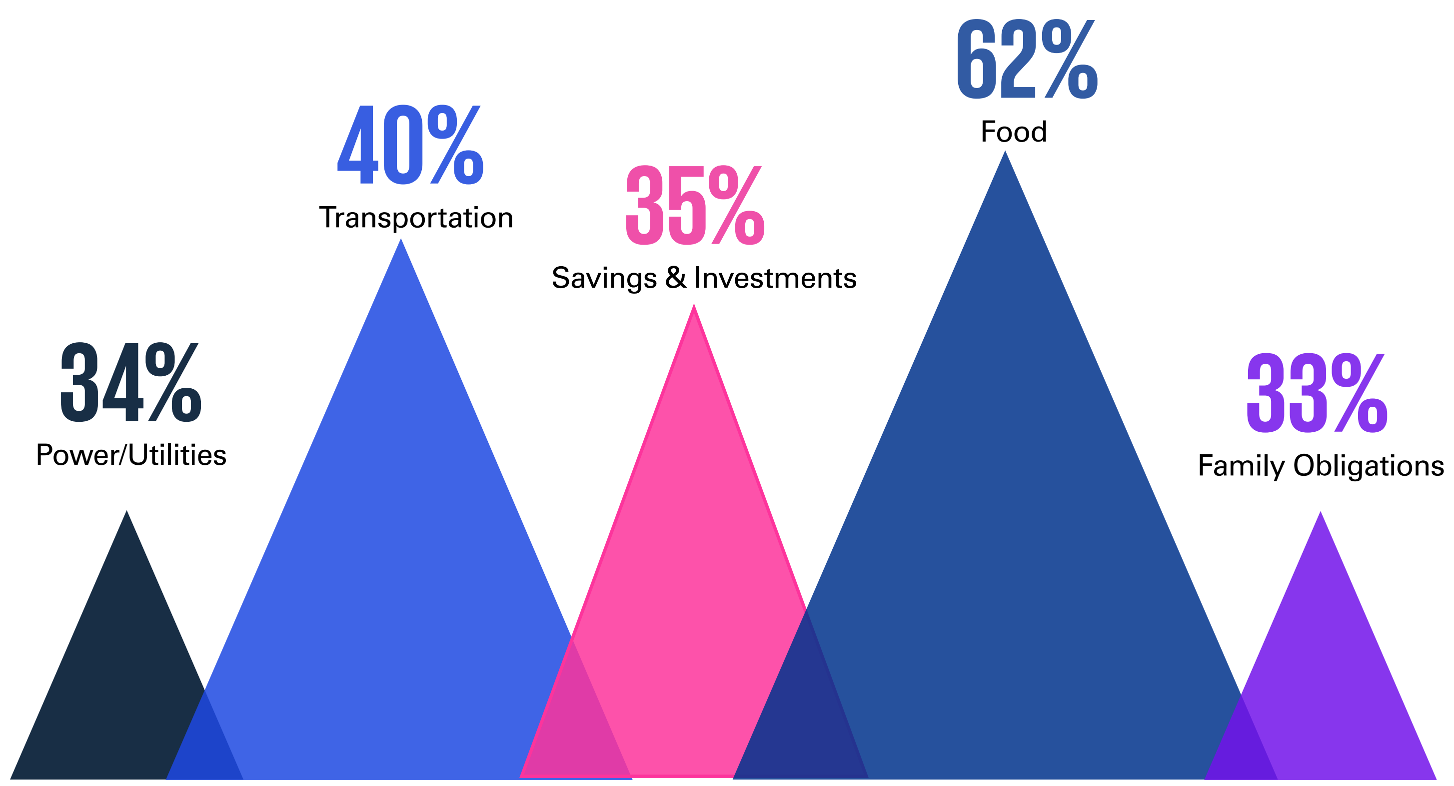
Pursuing value: the Ghana lens

Over the past year, Ghanaian consumers have faced significant challenges amidst various economic developments. Double-digit inflation and the depreciation of the cedi have escalated living costs, particularly in essential areas such as food, housing, and transportation.[5] Moreover, a debt restructuring initiative, crucial for securing an IMF bailout, led to reduced confidence among local investors following losses incurred by bond holders. Collectively, these factors have created a volatile macroeconomic landscape, posing a threat to consumers' purchasing capabilities.

In this year's research, we delved into customer spending habits to understand their financial priorities. The findings unveiled that food (62%) and transportation (40%) stood out as the primary expenses for respondents. These categories align with inflation drivers in Ghana, such as food prices and transportation fares, particularly fuel prices. Consequently, consumers have strategically adjusted their spending patterns and embraced various strategies to optimise their budgets for long-term savings.

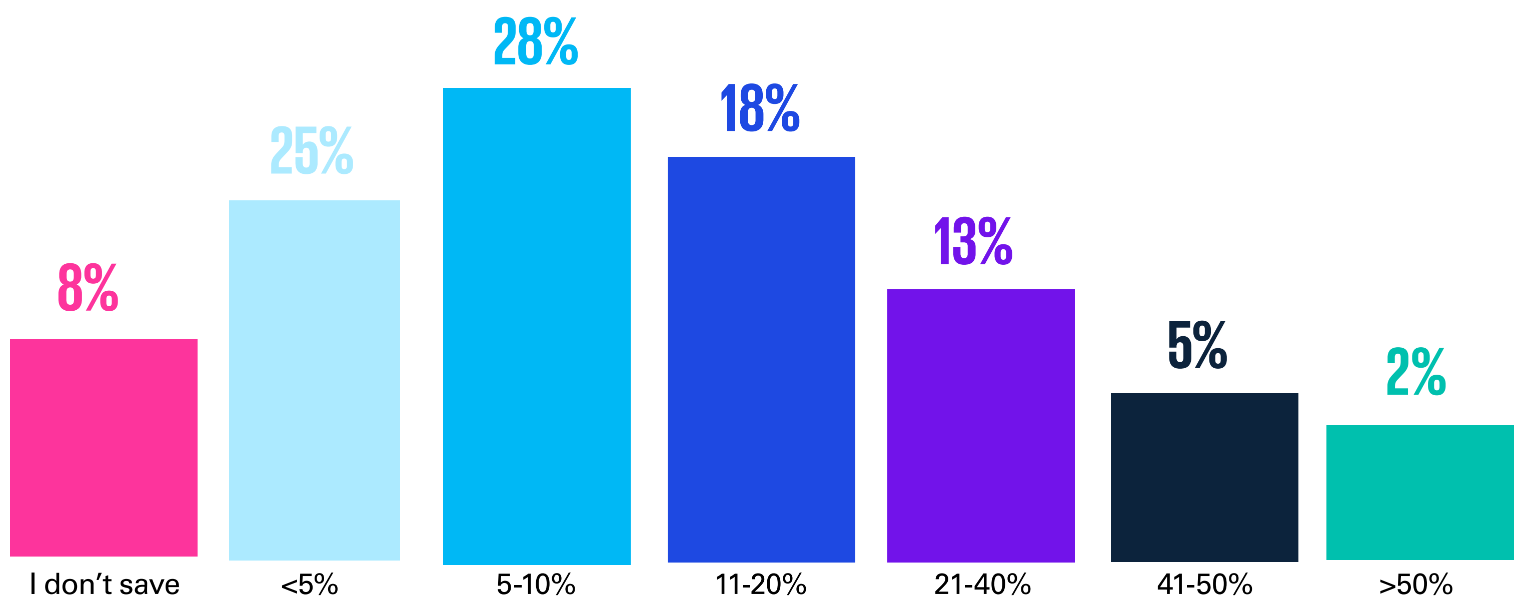
Thirty-five percent of respondents indicated savings and investments as one of their top priorities - the third highest, highlighting a resilient savings behaviour despite economic pressures. Notably, 92% of respondents affirmed their commitment to saving. However, only one in five is able to set aside more than twenty percent of their income, signalling that rising costs have eroded disposable incomes. In response to this challenge, some Ghanaians have turned to saving in foreign currencies to safeguard the value of their money.

Top five spending categories (Ghana)



Source: 2023 KPMG West Africa Banking Industry Customer Experience Survey

Savings as a proportion of monthly income (Ghana)



Source: 2023 KPMG West Africa Banking Industry Customer Experience Survey

Similar to their Nigerian counterparts, the research revealed the spending patterns of individuals aged 18 to 25, indicating significant allocations to categories such as food, airtime & data, transportation, education, and personal care.

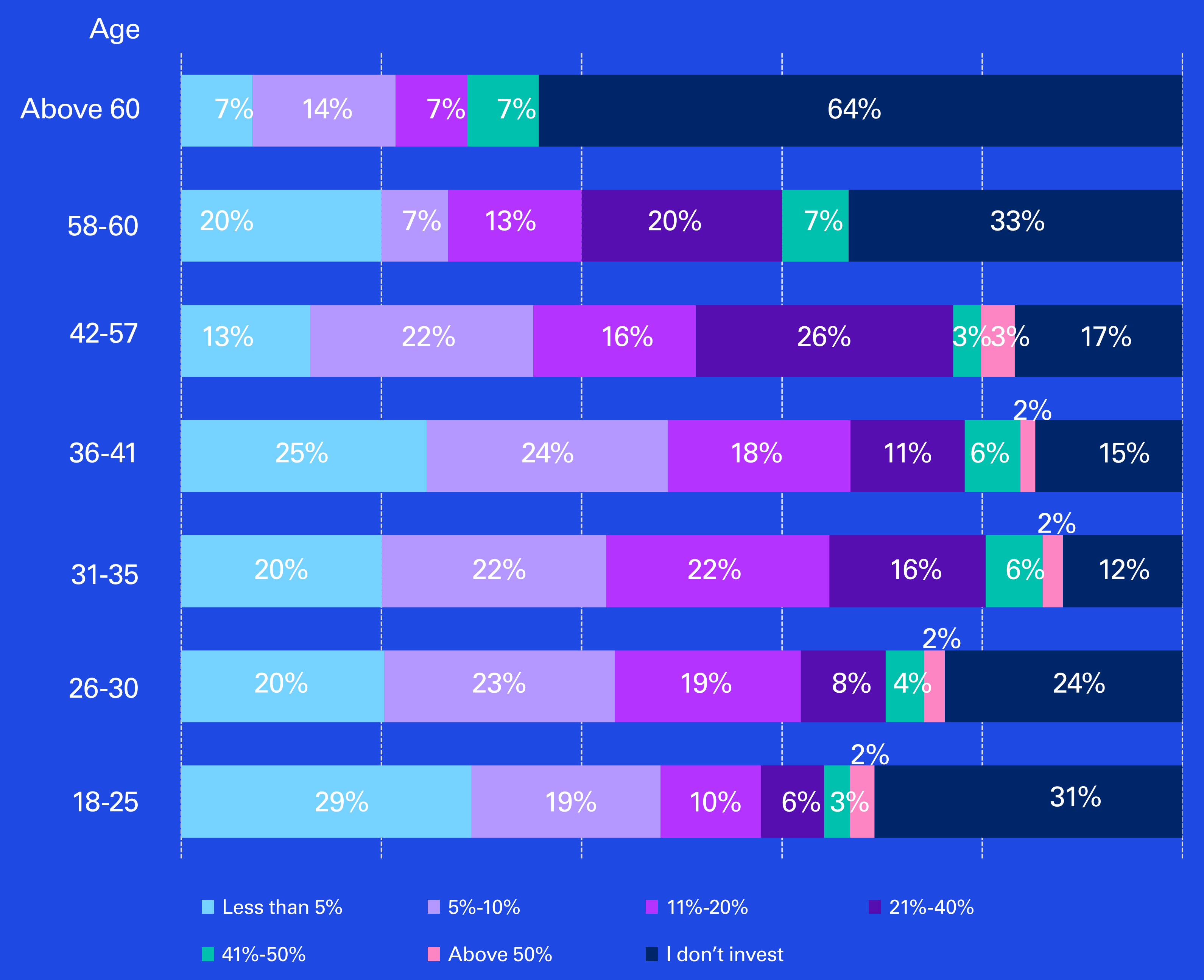
To foster loyalty among these young customers, banks could consider implementing reward programmes linked to specific transactions or spending thresholds. This could involve offering complimentary airtime, discounts on ride-hailing services, or vouchers for frequently visited restaurants and food vendors. Such initiatives could enhance customer retention and engagement within this demographic.

For more affluent banking customers, those earning over GHS 20,000 monthly, our survey found that their primary expenditure focuses on savings and investments. Remarkably, approximately 81% of these customers save over 20% of their income, while around 43% allocate more than 20% towards investments. This presents an opportunity for banks to provide tailored investment guidance to assist these clients in preserving their capital amidst competing financial demands.

Meanwhile, consumers are adapting to manage their expenses by embracing alternatives, such as opting for more budget-friendly brands. Additionally, there is a noticeable shift in household spending priorities from non-essential categories towards essential ones.

Investment culture of Ghanaian banking customers

In 2023, Ghana's investment landscape faced challenges due to the domestic debt exchange programme. Despite this, a promising opportunity emerges for financial services providers to reignite the investment culture, especially as 31% of respondents aged 18 to 25 do not invest at all. Among this demographic, comprising largely students and early career individuals, investment education and advice during the onboarding phase holds significant potential. By forging strategic partnerships and offering timely, targeted investment opportunities, banks stand to benefit in the long run.



Q. What percentage of your income do you invest?

Customers are increasingly associating value with the quality of service relative to banking fees and charges. High interest rates, slow turnaround times, and limited loan access have prompted 14% of customers to consider switching primary banks. Easy access to loans ranks among the top three reasons for selecting primary banks, underscoring its importance to customers.

Given the significance of credit accessibility, banks have an opportunity to explore alternative methods and strategies to offer affordable and easily accessible credit and loans. Utilising AI-driven credit decisioning technologies could streamline loan application analyses, approvals, or rejections, significantly reducing processing times and enhancing customer experience.

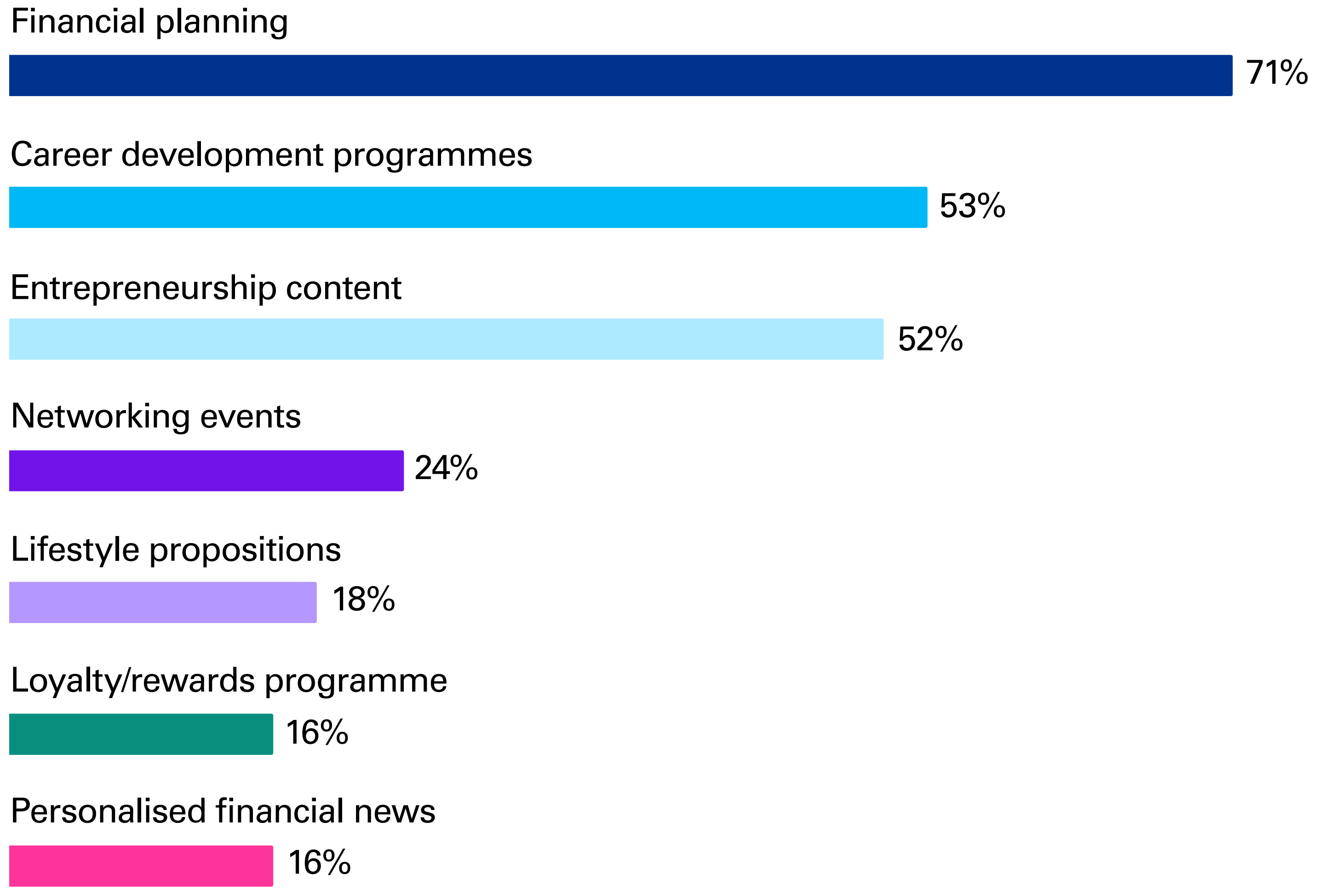
Furthermore, our survey identified financial planning as the most desired value-added service, reflecting a strong desire for financial security among individuals. This presents banks with opportunities to develop tailored services that cater to evolving customer needs in this age of value preservation.

Reasons why customers choose their banking relationship (Ghana)

31%	28%	27%	25%	22%
Quality of service experience	Financial stability	Easy access to loan/credit facilities	Proximity of branches	Image and reputation

Source: 2023 KPMG West Africa Banking Industry Customer Experience Survey

Most important value-added services (Retail)



Country comparisons

Saving Habits

93% respondents save a proportion of their monthly income 92%

NIGERIA GHANA

TOP PRIORITIES

Family Health Career Growth

Business Financial Independence Family

For Gen Zs (18 – 25), Self Education replaces Health and across Boomers (58 – 75), Starting/Running a business replaces Career in their top three priorities.

For Gen Zs (18 – 25), Career and Health replaces Business and Family in their top three priorities while for Boomers (58 – 75), Health and Owning a Home replaces Business and Financial Independence as top priorities.

TOP SAVERS

95% Artisans

97% Self-employed

95% Private Sector Employees

94% Artisans

82% Students

93% Private Sector Employees

Investments

76% NIGERIA

respondents that invest a proportion of their monthly income

77% GHANA

8 in 10 In both Nigeria and Ghana, Gen X (42 – 57) have the highest percentage of respondents who invest.

Top 5 Areas of Spend

GEN Z

NIGERIA

68% Food/Dining
58% Airtime & Data
53% Transportation
44% Personal Care
40% Education

GHANA

75% Food/Dining
48% Airtime & Data
47% Transportation
41% Education
33% Personal Care

MILLENNIALS

NIGERIA

61% Food/Dining
52% Transportation
45% Family Obligations
36% Personal Care
33% Savings & Investments

GHANA

54% Food/Dining
41% Family Obligations
39% Power/Utilities
38% Savings & Investments
37% Transportation

Loyalty

NIGERIA

9% of respondents have recently switched/are planning to switch to other banks compared to 8% in 2022

Top reasons for switching

#1 Fees and charges
#2 Success rate of transactions
#3 Quality of digital channels

The switching rate among the Gen Z demographic is 12%, well above the industry average.

GHANA

14% of respondents have recently switched/are planning to switch to other banks compared to 13% in 2022

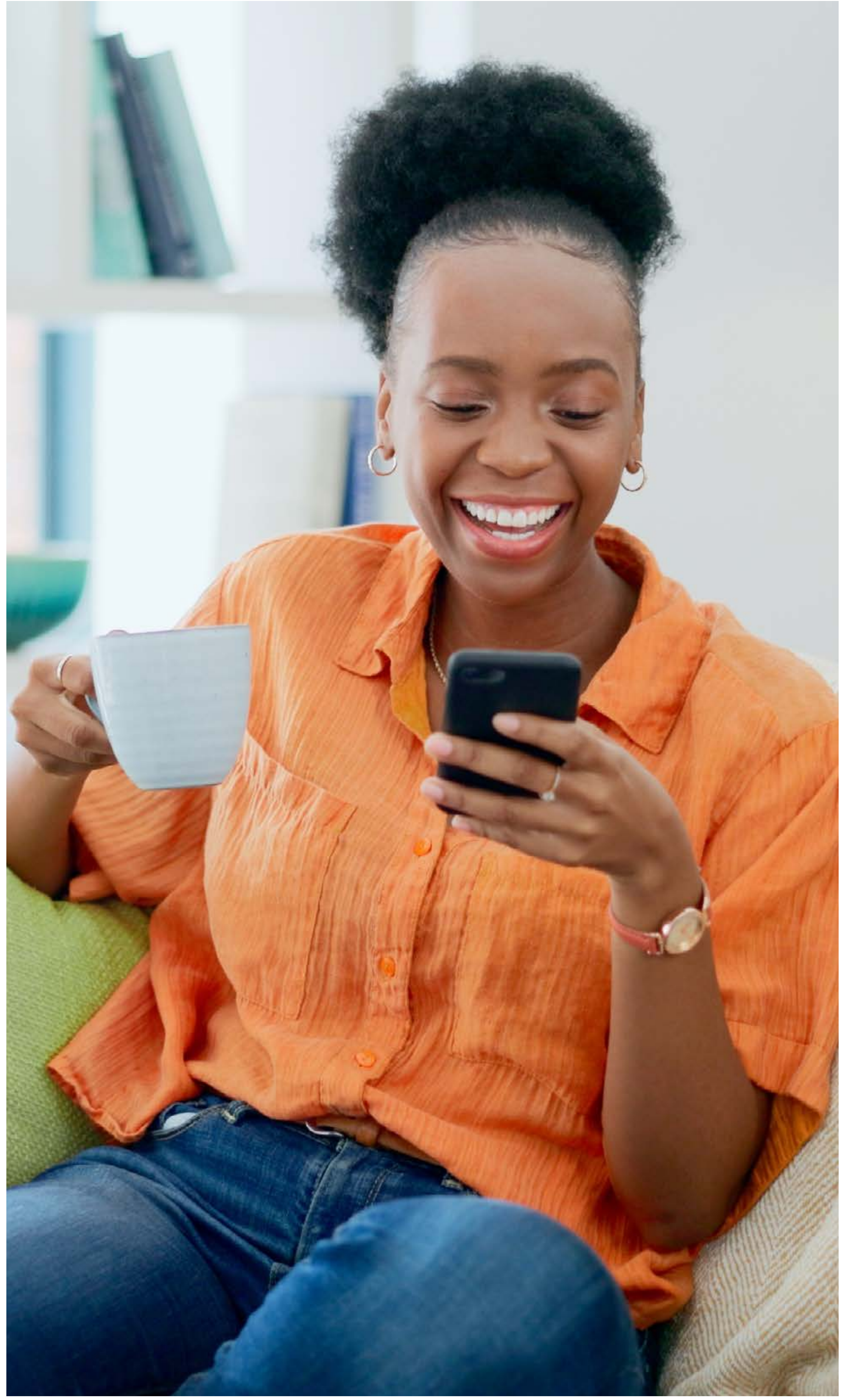
Top reasons for switching

#1 Interest rates and fees
#2 Turnaround time for enquiries and requests
#3 Proximity to bank branches

The switching rate among the Gen Z demographic group is 17%, well above the industry average.

Introducing The Six Pillars

The Six Pillars of excellence continue to define world-class experiences and maintain a high degree of explanatory power for advocacy and loyalty. Organisations who have mastered the Six Pillars have significantly better commercial outcomes.



Integrity

Being trustworthy and engendering trust.

Resolution

Turning a poor experience into a great one.

Expectations

Managing, meeting and exceeding customer expectations.

Time & Effort

Minimising customer effort and creating frictionless connection.

Personalisation

Using individualised attention to drive an emotional connection.

Empathy

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

NIGERIA

State of play

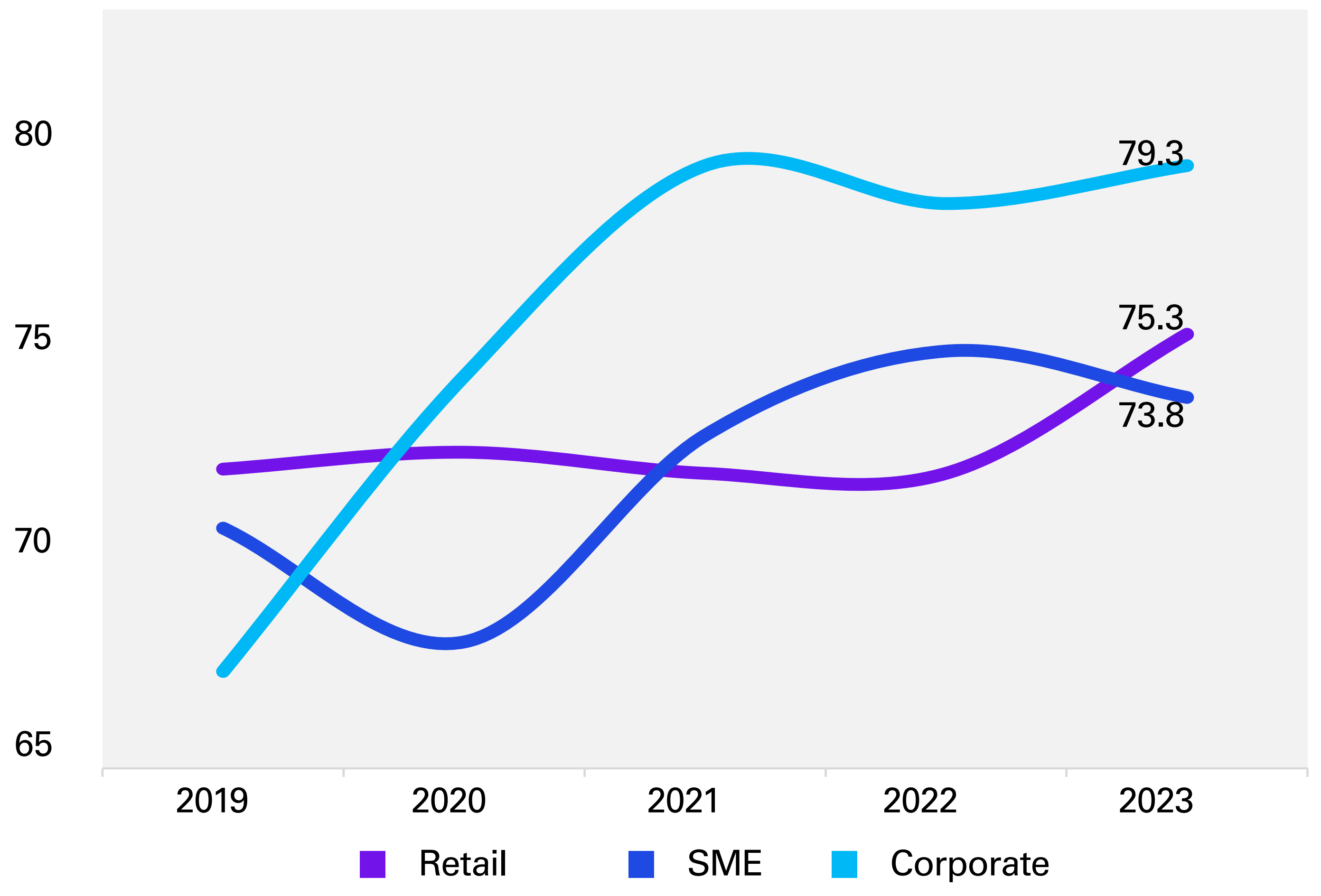
This year, the Nigerian banking industry recorded marginal increases in overall customer experience ratings across the retail and corporate segments compared to 2022. Retail banking experiences improved by over three percentage points, the highest score in the last five years. However, the SME segment experienced a slight decline just over one percentage point compared to the previous year.

Moreover, customers rated the importance of banking services higher across various aspects of the banking customer journey, reflecting an increase of nearly four percentage points over the last two years.

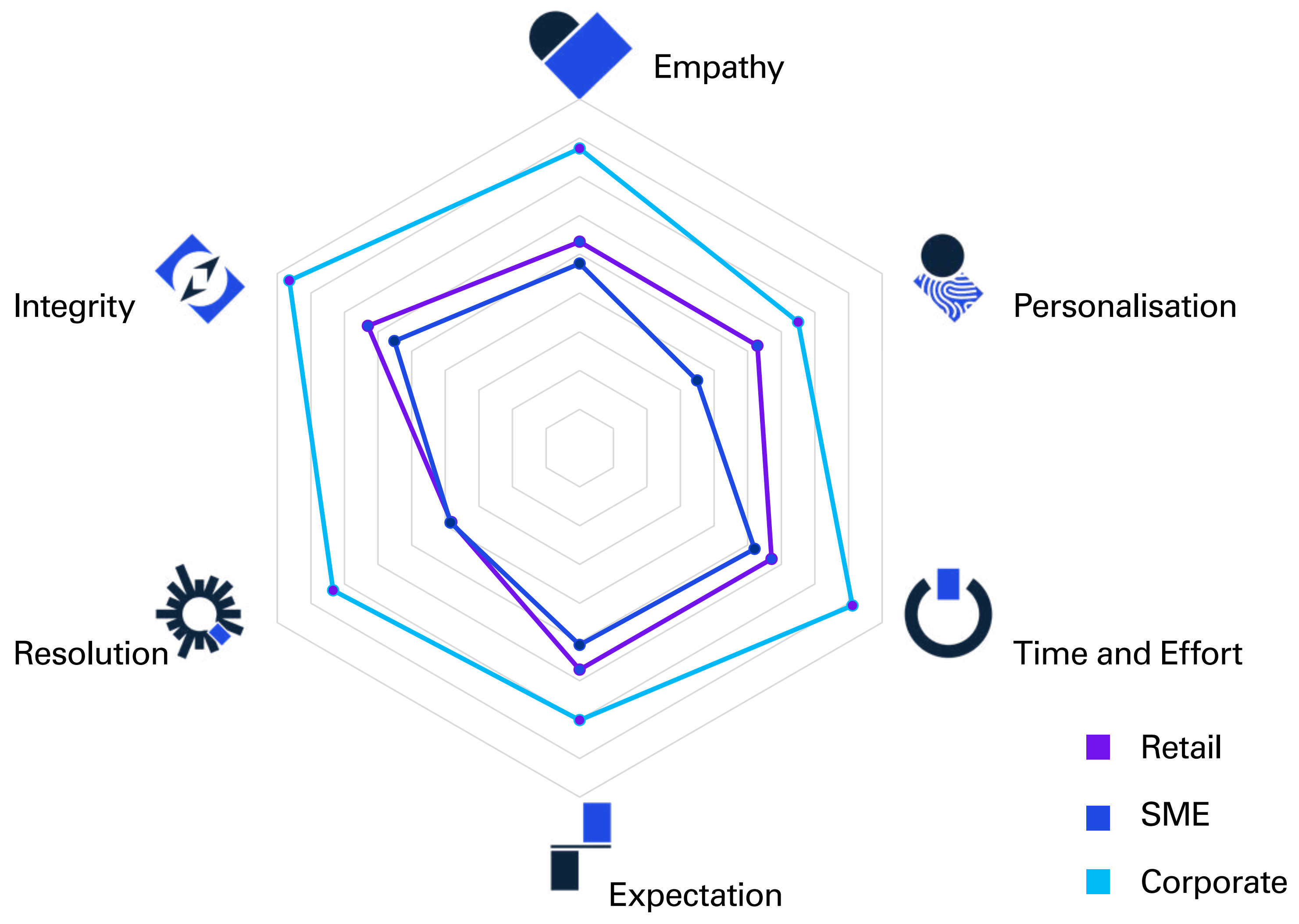
Despite the challenges faced earlier in the year, customers acknowledged the banks' recovery, evidenced by higher customer experience scores observed in this year's results. Security of transactions emerged as the most important measure across all customer segments, driven by increased digital usage and the persistent need for robust cybersecurity measures.

Resolution remains a persistently challenging area within the industry, consistently ranking as the lowest performing customer experience pillar over the past three years. However, fintech companies outperformed commercial banks in this area this year. Customers of fintech firms expressed positive sentiments,

Overall customer experience performance



Six Pillars performance across segments



particularly highlighting minimal transaction failures and swift resolution of payment issues.

On the Expectations pillar, digital experience continues to be important as customer expectations for a seamless journey evolves. Fintech players such as Opay and Moniepoint outperformed commercial banks in overall digital experience. Customers praised the reliability of their digital platforms and the promptness of transaction processing. Our research finds an increase in customer adoption of these fintech companies as their primary banking providers, rising by nine percentage points compared to the previous year. Key factors driving this shift include effortless onboarding processes, lower fees and charges, and consistently high success rates in payments.

Stanbic IBTC emerged as the standout performer in both the retail and SME segments this year, showcasing excellence across crucial aspects of the customer journey. The bank's commitment to innovation and a customer-centric approach has shaped its success, reflected in their outstanding results. The Bank has been prioritising its customer onboarding journey, by implementing a customer entrenchment strategy which aims to engage customers at least three times within the initial thirty days of account opening. This nurturing approach ensures effective onboarding across various channels. Stanbic IBTC also excelled in the top three areas of utmost importance to customers: security of account information, payment success rates, and the mobile banking application's uptime. One customer shared, "Ever since I started using the Stanbic IBTC mobile app, I have successfully conducted all my online transactions." Over the last few years, Stanbic has actively pursued a strategy that aligns employee experiences with customer experiences. This strategy prioritises enhancing internal employee journeys, thereby positively influencing and enhancing the overall customer experience.

Keystone, Sterling and Wema Bank also maintained their top five performances for a second consecutive year. The three banks recorded strong performances on the leaderboard for mobile app experience, lauded by customers for the reliability of their digital platforms.

"Stanbic IBTC's proactive fraud detection system swiftly alerted and prevented unauthorised debits from my account.
Retail Banking Survey Respondent

"My experience with Sterling Bank so far has been amazing. One key feature that stands out with the Bank is that you get push notifications anytime they have downtime with their banking services. Also, their mobile app has one of the best user interfaces I have ever seen from any bank.
Retail Banking Survey Respondent

"Wema Bank has been my standout bank. They always attend to my issues promptly whenever I reach out on social media.
Retail Banking Survey Respondent

2023 Customer Experience (CX) Leaders (Nigeria)

Retail Banking

Rank	Bank	CX Score out of 100	Change
1	Stanbic IBTC	78.1	No change
2	Keystone Bank	76.4	Up 2 places
3	Sterling Bank	76.0	No change
4	Wema Bank	75.4	Down 3 places
5	Fidelity Bank	75.0	Up 8 places

SME Banking

Rank	Bank	CX Score out of 100	Change
1	Stanbic IBTC	74.8	Up 5 places
2	Wema Bank	74.0	Up 3 places
3	Keystone Bank	73.5	Up 12 places
4	Polaris Bank	73.4	Down 1 place
5	Fidelity Bank	73.1	Up 8 places

Corporate Banking

Rank	Bank	CX Score out of 100	Change
1	Citibank	82.4	Up 2 places
2	Zenith Bank	80.6	Up 2 places
3	Stanbic IBTC	80.5	Down 2 places
4	First Bank	79.7	Up 1 place
5	Fidelity Bank	79.6	Up 5 places

Spotlight on fintech companies

In recent years, Nigeria's fintech landscape has been one of Africa's most vibrant. With unprecedented investment levels in 2021, numerous fintech companies have significantly broadened their reach, expanding operations nationwide. This expansion has led to substantial growth in their customer base and agent networks, solidifying their presence in the market.

During the banking industry's turbulence earlier this year due to a cash crunch, certain fintech companies emerged as beneficiaries. Across The Six Pillars of customer experience, these fintechs excelled on the Integrity and Time & Effort pillars. Streamlined onboarding procedures, reduced fees, superior digital services are the key factors that have propelled customers towards adopting these fintechs as their preferred financial services providers.

These fintech companies have significantly strengthened customer trust, swiftly becoming the favoured choice for both receiving and making payments within specific customer segments. Opay customers, for instance, reference its bank network monitor — a tool that showcases a destination bank's availability before finalising a transaction. Furthermore, offerings such as free instant debit cards, doorstep delivery services, and the absence of bank charges on transactions, serve as major draws for customers.

Yet, customers have identified areas for improvement by fintech companies, particularly highlighting the necessity for more robust security measures on these platforms and an improved complaints resolution process. One customer highlighted, "The chat [contact] centre queue on the app is getting longer than usual. Once, when I urgently needed to resolve an issue, there were over 300 customers ahead of me in the queue waiting for assistance."

To maintain their competitive advantage, fintechs must be proactive in preparing to scale their operations. This involves ongoing innovation, investments in scalable and secure infrastructure, and developing effective resolution processes that cater to their expanding and diverse customer base.

Top rated fintechs

Rank	Fintech	CX Score
1	Opay	81.2
2	PiggyVest	80.0
3	Moniepoint	79.5
4	PalmPay	79.3
5	Kuda MfB	78.9

In the SME segment, several banks witnessed a dip in their customer experience scores this year. However, the top-performing banks capitalised on this trend due to their consistent performance in service areas important to businesses, particularly in the efficiency of payment services and swift resolution of complaints.

Stanbic IBTC reclaimed its leadership position after slipping to sixth place last year. SME customers praised the bank for its effective payment services and quality relationship management. Polaris Bank, securing the fourth position, emerged as this year's leader in relationship management experience.

We note a shift in the importance ranking of POS availability/uptime, plummeting from first to seventh position. Despite this, overall satisfaction with the uptime of the POS channel decreased. Fintechs, gaining ground in the POS services space, surpassed banks in average customer satisfaction regarding POS services. Nevertheless, businesses continue to prioritise transaction security, account information accuracy, and tailored products and services. These factors remain crucial areas of concern and importance for SMEs.

In the corporate landscape, Citibank reclaimed its top-tier position after slipping to third place last year, surpassing other banks across all key customer journeys. The bank received positive feedback for its enhancements in response time to complaints and the overall quality of relationship management. Despite the prevalent foreign exchange challenges across the industry, customers lauded the bank's prioritisation and effective utilisation of affiliate relationships to facilitate seamless processing of cross-border transactions for their benefit.

Zenith Bank and First Bank maintained their strong positions, climbing to second and fourth places respectively.

Fidelity Bank emerged as the most significant mover in the corporate segment this year, ascending five places to secure the fifth position. Clients commended the bank for good understanding of their businesses and consistent support as key reasons for maintaining a strong relationship with them.

Generally, corporate clients acknowledged banks' concerted efforts in meeting their needs amidst challenging economic conditions. Factors such as value for money, prompt complaint resolution, and transaction processing turnaround time continued to rank as crucial service measures highly valued by corporates.

However, several CFOs and finance leaders emphasise the ongoing need for service delivery enhancements, particularly in the professionalism and attitude of relationship managers, identifying persistent gaps.

> **"They have been supportive when it comes to foreign exchange and international payments.**
> Citibank Corporate Banking Customer

> **"We celebrated 10+years and the bank linked us up with experts outside Nigeria whose companies produce the same goods as ours. That direct link alone was a big deal for us because we have been looking for a way to grow our business internationally.**
> Stanbic IBTC Corporate Banking Customer

Creating connected experiences

In today's digital age, customers are more connected than ever before, and their expectations for seamless, personalised experiences are constantly evolving. To meet these expectations, organisations need to be intentional about designing and orchestrating customer, employee, and partner/third party experiences that are seamless and personal.

By taking a customer journey-led approach, organisations can ensure that the design process starts and ends with the customer and their experiences. This approach enables the creation of end products or services that maximise customer satisfaction and drive business growth.

Journeys	Top Rated Banks (Retail)
Discovery Touchpoints in this journey stage cover content viewed on social media and interactions with bank staff. Good indicators of success include ease of getting information about the bank.	Stanbic IBTC, Keystone Bank, Polaris Bank, Unity Bank, Wema Bank
Account Opening Completing the account opening form, submitting supporting documents and getting new cards when establishing a new banking relationship. Top performers provide digital-only options and strive for ease and speed of the onboarding process.	Stanbic IBTC, Sterling Bank, Keystone Bank, GTBank, Wema Bank
Transacting Accessibility, timeliness and quality of service from physical and digital channels define ratings for banks.	Stanbic IBTC, Keystone Bank, Sterling Bank, Wema Bank, Fidelity Bank
Product Purchase Ease of documentation, timeliness of processing and flexibility of product rates/terms offered are key measures of performance.	Stanbic IBTC, Wema Bank, Keystone Bank, Unity Bank, Sterling Bank
Complaints Ability and ease of reporting issues and concerns as well as obtaining resolution. Customers rate banks on timeliness and quality of feedback on issues.	Stanbic IBTC, Keystone Bank, Sterling Bank, Wema Bank, Polaris Bank
Account Maintenance This covers requests for account statements, general enquiries and updates to account information. Information provided is tested for its accuracy and completeness.	Stanbic IBTC, Sterling Bank, Keystone Bank, Fidelity Bank, Polaris Bank
Relationship Management Quality of engagement with customers and demonstration of understanding of customer needs.	Stanbic IBTC, Sterling Bank, Keystone Bank, Wema Bank, FCMB

GHANA

State of play

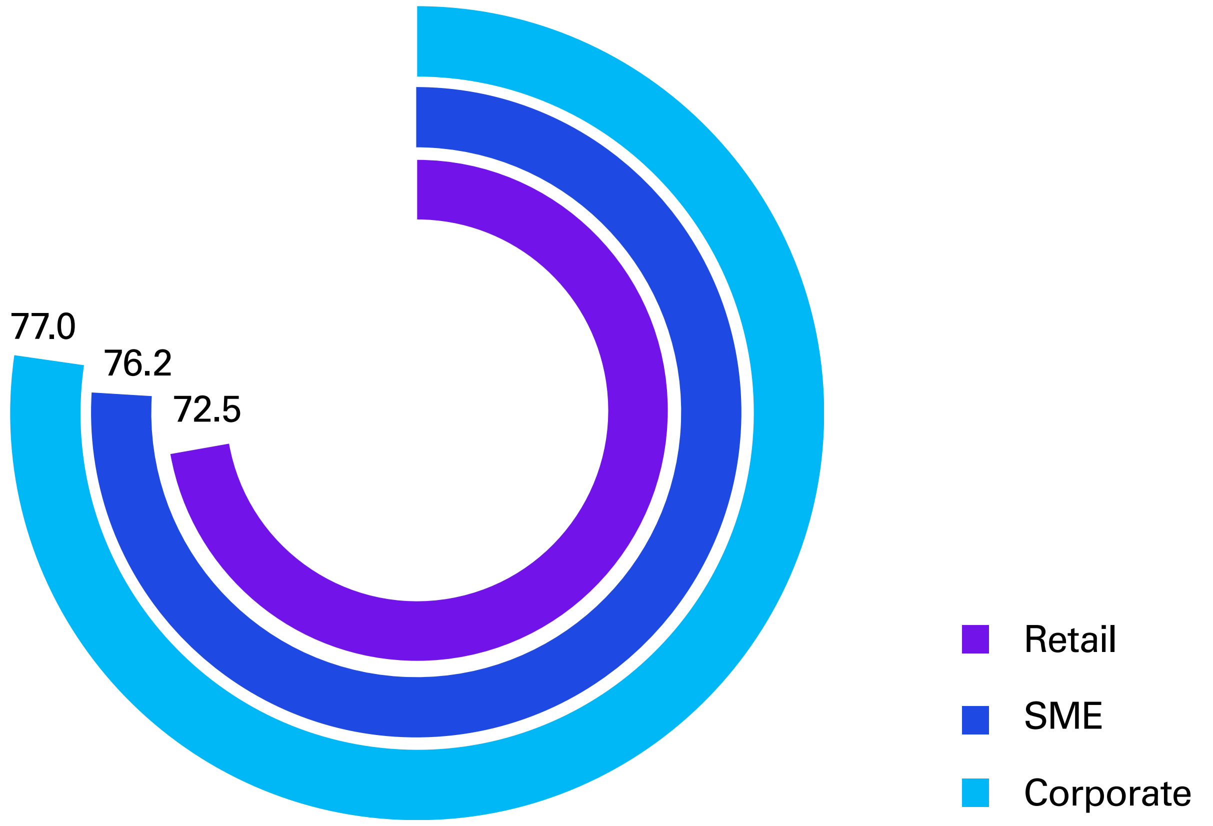
Overall customer experience performance in the retail segment improved this year by approximately four percentage points over last year's score. The assessment of banks across all segments this year gives a more nuanced view of banks' performance.

Across the three segments, the Corporate segment emerged with the highest overall customer experience score, trailed by the SME and Retail segments, respectively. Corporate banking customers identified relationship management as the paramount area of importance, especially emphasising the professionalism and attitude of bank staff and relationship managers. This experience metric experienced a significant surge, elevating by twelve percentage points in comparison to its importance score last year.

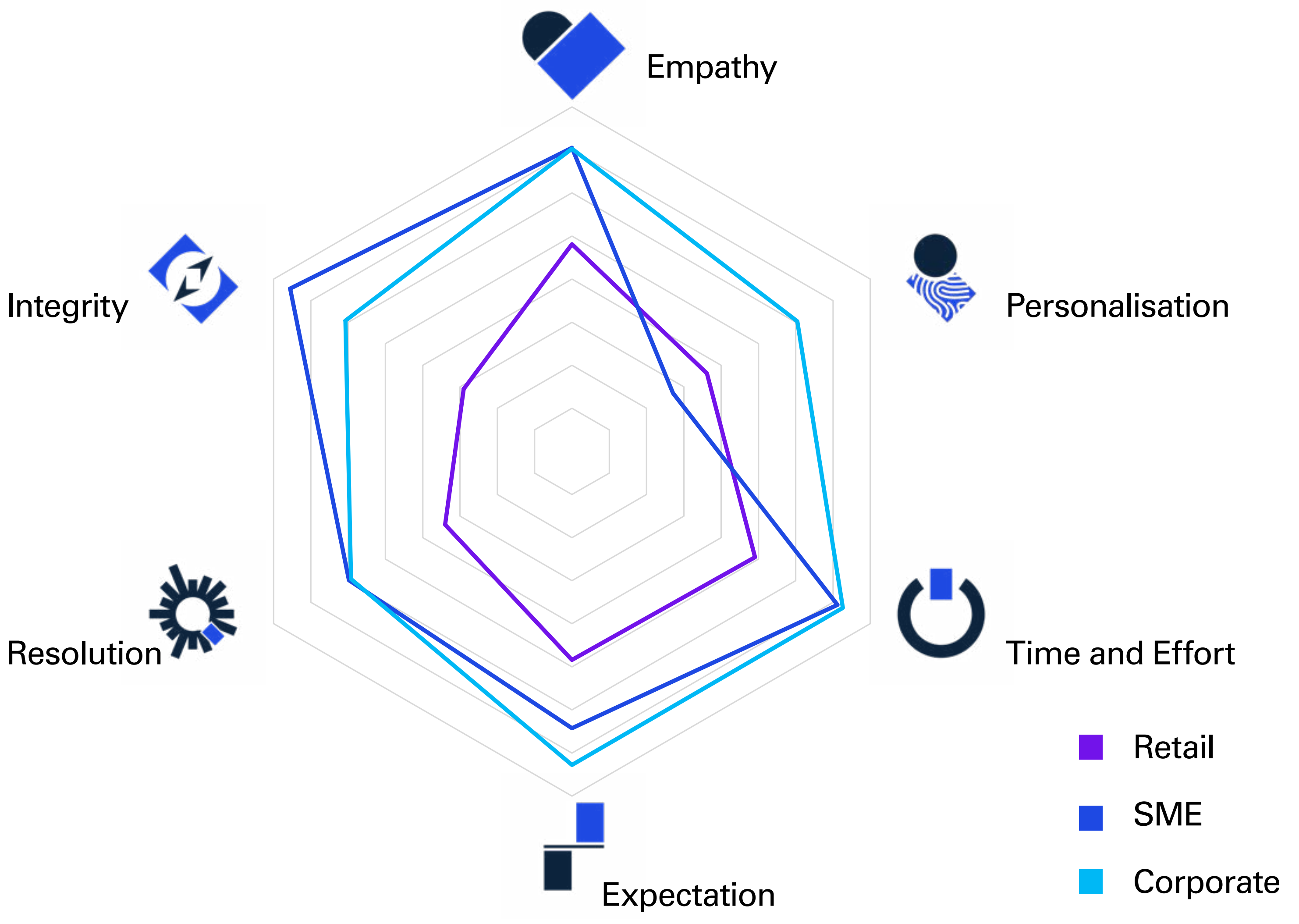
Meanwhile, value for money with respect to appropriate fees and charges, which was last year's most important metric, ranked fourth this year and remains prominently ingrained in customers' priorities, indicating its continued importance in their considerations.

This year, SME customers highlighted three critical areas of importance which were accuracy and completeness of account information, security of transactions and reliability of payment services.

Overall customer experience performance (2023)



Six Pillars performance across segments



Customers reported instances where they faced debits from their banks during ATM or mobile app use without receiving the corresponding funds, leading to a cumbersome process to retrieve their money. For instance, one customer expressed frustration, stating, “I made an online purchase using my debit card, only to be debited months later for an undercharged transaction by my bank.” The trust customers place in banks regarding their funds is paramount; any lapse in ensuring accuracy and integrity can lead to customers walking away from their banking relationship.

Furthermore, the three most important experience metrics recorded the highest satisfaction scores among SME customers, indicating that financial service providers largely met their expectations. However, in the Retail segment, this year’s survey revealed lower average importance scores compared to the previous year, signalling a potential apathy among customers towards the service levels provided by financial service providers in Ghana.

Across all segments, Time and Effort emerged as a pivotal pillar. Its key metrics centre on the ease and speed of customer onboarding and the timely execution of transactions. Significantly, of the retail banking customers that expressed intent to switch banking relationships, a third highlighted poor turnaround times for requests and inquiries as their primary reason, underscoring the significance of swift and efficient service delivery.

In this year’s retail rankings, Ecobank claimed the top spot, with UBA Ghana and Prudential Bank securing second and third place respectively.

Ecobank topped the industry particularly in the Resolution pillar, a marked improvement from its previous performance. Particularly, customers commended the bank for reasonable wait times when contacting the call centre and prompt handling of issues, often surpassing their expectations. The bank’s commitment to a customer-centric approach, reflected in its RACEIT values, notably the ‘C’ for customer-centricity, was visibly displayed in its branches. Customers praised Ecobank for delivering proactive and prompt support, particularly on its digital platforms.

UBA Ghana secured the second position this year, experiencing a slight drop of one place from its previous ranking. UBA Ghana excelled in the Empathy pillar, particularly with respect to professionalism among its staff. UBA Ghana actively keeps its staff at the centre of its customer-first philosophy, a group-wide strategy to focus on the customer. The bank’s deliberate focus on appreciating and incentivising its employees underscores the recognition that an excellent employee experience is integral to delivering exceptional customer experience.

Prudential Bank, a newcomer among the top five, demonstrated noteworthy performance in the Personalisation and Time and Effort pillars. The bank’s strength was evident in its transactions journey, signifying accessibility, timeliness and service quality across its physical and digital channels. While Prudential Bank secured a prominent position on the transactions journey leaderboard, it placed sixth in the USSD channel rankings.

In the SME segment, the Integrity pillar had the highest customer experience score, aligning with the top two important measures for SME customers mentioned earlier. Against the backdrop of broader macroeconomic concerns, business owners prioritise transaction security and the accuracy of their account information as they seek to preserve value.

“I encountered an issue with a transferred amount that did not reach the recipient. They [Ecobank] reached out personally to rectify the situation, leaving me impressed.
Retail Banking Survey Respondent

“The [UBA Ghana] staff exhibit exceptional professionalism and dedication. I obtained my relationship manager’s contact months ago, and she still responds promptly whenever I reach out.
Retail Banking Survey Respondent

2023 Customer Experience Leaders (Ghana)

Retail Banking*

Rank	Bank	CX Score out of 100
1	Ecobank	75.5
2	UBA Ghana	75.5
3	Prudential Bank	75.5
4	CalBank	75.1
5	Stanbic Bank	74.6

SME Banking

Rank	Bank	CX Score out of 100
1	CalBank	81.6
2	Zenith Bank Ghana	81.3
3	Stanbic Bank	80.0
4	Access Bank Ghana	78.7
5	CBG	77.5

Corporate Banking

Rank	Bank	CX Score out of 100
1	Standard Chartered	82.2
2	Stanbic Bank	81.7
3	GCB	79.4
4	ABSA	79.3
5	Ecobank	79.1

* While the first three banks in the retail banking segment had the same scores after rounding to one decimal place, there were differences in their detailed customer experience scores to rank them as presented in the results.

CalBank claimed the top position in the SME segment, with customers expressing satisfaction primarily with quick handling of requests, streamlined branch experiences without long queues, and the security of their transactions. Following closely, Zenith Bank came in second place, impressing customers with the professionalism and attitude demonstrated by the bank's staff and relationship managers. Stanbic Bank placed third with customers being pleased with its array of value-added services that enhance the overall banking experience.

In the Corporate segment, Standard Chartered Bank emerged as the market leader, receiving commendation for its tailored services, advisory offerings, and foreign exchange services among other areas. The Expectations pillar dominated this segment, driven by factors such as user-friendly internet banking platforms, transaction turnaround times, and the quality and timeliness of information dissemination about the banks' products and services. Stanbic Bank secured one of the highest satisfaction scores in these measures, placing second in this segment.

While banks may emphasise specific segments as part of their business strategy, it is important to streamline efforts toward enhancing overall customer experience. Progress achieved by banks in one segment could serve as a foundation for improving performance in another. Across all segments, the Resolution pillar recorded relatively low scores, indicating a missed opportunity for banks to turn negative experiences into opportunities for fostering greater customer loyalty and advocacy.

Journeys	Top Rated Banks (Retail)
Discovery Touchpoints in this journey stage cover content viewed on social media and interactions with bank staff. Good indicators of success include ease of getting information about the bank.	Prudential Bank, UBA Ghana, Stanbic Bank, Zenith Bank Ghana, Ecobank
Account Opening Completing the account opening form, submitting supporting documents and getting new cards when establishing a new banking relationship. Top performers provide digital-only options and strive for ease and speed of the onboarding process.	Prudential Bank, Zenith Bank Ghana, UBA Ghana, CalBank, Access Bank Ghana
Transacting Accessibility, timeliness and quality of service from physical and digital channels define ratings for banks.	Ecobank, CalBank, Prudential Bank, UBA Ghana, Fidelity Bank
Product Purchase Ease of documentation, timeliness of processing and flexibility of product rates/terms offered are key measures of performance.	Zenith Bank Ghana, Access Bank Ghana, Stanbic Bank, Ecobank, Fidelity Bank
Complaints Ability and ease of reporting issues and concerns as well as obtaining resolution. Customers rate banks on timeliness and quality of feedback on issues.	Stanbic Bank, Ecobank, CalBank, Zenith Bank Ghana, UBA Ghana
Account Maintenance This covers requests for account statements, general enquiries and updates to account information. Information provided is tested for its accuracy and completeness.	UBA Ghana, Prudential Bank, CalBank, Ecobank, Zenith Bank Ghana
Relationship Management Quality of engagement with customers and demonstration of understanding of customer needs.	UBA Ghana, Zenith Bank Ghana, Prudential Bank, CalBank, Stanbic Bank

Digital trends

The evolving digital landscape in West Africa is dramatically altering its financial ecosystems. Mobile connectivity has soared, exceeding 100% in Ghana and Nigeria.[6,7] This surge has sparked a profound shift in the payments sector.

Fintech companies, among other emerging entities, are revolutionising the landscape by introducing innovative applications that extend payment functionalities beyond the confines of traditional banking. Consequently, established financial institutions are compelled to pivot toward digital-centric models and operations to remain competitive. Regulators are closely monitoring these developments, recognising the imperative to adapt regulations to effectively address these transformative changes.

Greater digital penetration in both countries, accelerated by the COVID-19 pandemic and more recent macroeconomic events, has increased the pressure on infrastructure and consequently customer experience.

Amidst these, a few players – largely fintechs – have seized the opportunity to differentiate themselves whilst many traditional players are still playing catch-up. However, despite the growth of digital payments, cash remains a mainstay across both markets as our research reveals mobile money and agency banking as two of the most used channels on a weekly basis in Ghana and Nigeria respectively.

The continued significance of both channels is an ongoing reminder of the financial inclusion imperative across the region. With 32% and 26% of the Ghanaian and Nigerian populations respectively, being financially excluded,[8,9] it is important for players to continue to innovate and provide solutions for underserved customers.

Regulators also have a part to play, as there is a need to incentivise financial service providers around innovation for affordable and reliable payment services for underserved customers. Greater financial inclusion has the potential to create an upward cycle of wealth and improved wellbeing of customers.

Nigeria digital trends

Over the past 12 months, Nigeria's payment landscape has undergone substantial evolution. In our recent surveys, we emphasised the pivotal role of payments in shaping the overall customer experience. This year, this significance became even more pronounced as customers encountered challenges, especially in executing transactions during the earlier part of the year.

This was triggered by the Central Bank of Nigeria's initiative to overhaul the Naira, aiming to regulate cash circulation and reduce reliance on physical currency. Consequently, digital payments surged, marking a notable 52% increase in total NIBSS Instant Payment (NIP) transactions by October 2023 compared to January of the same year.[10]

However, the rapid escalation in digital transaction volumes strained banks' capacities, leading to a simultaneous decline in service quality. Many banks grappled with transaction failures, causing disruptions for customers, particularly in lower-income segments. Such unreliability further undermined trust in electronic payment solutions, with four in ten respondents citing difficulty in making purchases due to the cash crunch. Customers ranked the success rate of payments among their top three critical experience metrics, with its average importance rising by approximately three points.

Amidst this turbulence, certain fintech companies emerged as frontrunners, showcasing reliability that instilled confidence in customers, prompting a significant shift. Fintechs surpassed Tier 1 banks, boasting higher average customer satisfaction scores for payment success rates.

Notably, 58% of respondents who changed banks or have plans to, chose fintechs, a stark contrast to the 15% from the previous year. Additionally, 13% of retail banking respondents now rely on fintechs as their primary banking services providers, a substantial leap from the 4% reported in 2022.

For certain customer segments, cash maintains its dominance. While 52% of respondents scaled back their cash usage, citing the convenience of digital payments and hurdles in accessing physical currency, the remaining half either sustained or increased their reliance on cash. Challenges in conducting everyday transactions—such as transportation fares, purchases at local markets, and the limited acceptance of digital payments in suburban and rural areas—underscore why cash remains pivotal according to customers. The industry faces an ongoing task in addressing these practical obstacles to diminish reliance on cash.

Interestingly, the ATM, long the industry's cornerstone channel, has experienced a significant downturn due to frequent cash unavailability. Its importance has plummeted, moving from a top-ranking measure last year to being excluded from this year's top 10 in our survey.

Currently, four in ten customers report weekly ATM usage, a notable decline from the previous seven in ten over the last few years. This decline in ATM usage coincides with a significant rise in agency banking usage, with six in ten customers frequenting bank agents on a weekly basis, close to the number using mobile apps regularly.

This shift underscores the enduring dominance of cash while highlighting customers' pursuit of more accessible cash avenues, largely due to the widespread presence of bank agents nationwide. Consequently, banks must now prioritise service excellence at their agent locations, recognising these as crucial touchpoints within the overall customer journey.

Feedback from customers in the survey underscores key concerns: elevated agent fees, unresolved payment issues, and subpar customer service at these agent locations. Addressing these pain points becomes imperative for banks, ensuring seamless experiences for customers utilising agency banking services.

Most difficult services to pay for without cash

68%	32%	18%	11%	9%	8%
Public transportation	Shopping in open markets	Instant purchases e.g. to artisans, vendors etc.	Payment to other individuals	Fuel	Utilities e.g. power, water etc.

Source: 2023 KPMG Payments Survey (Nigeria)

Changes in cash usage

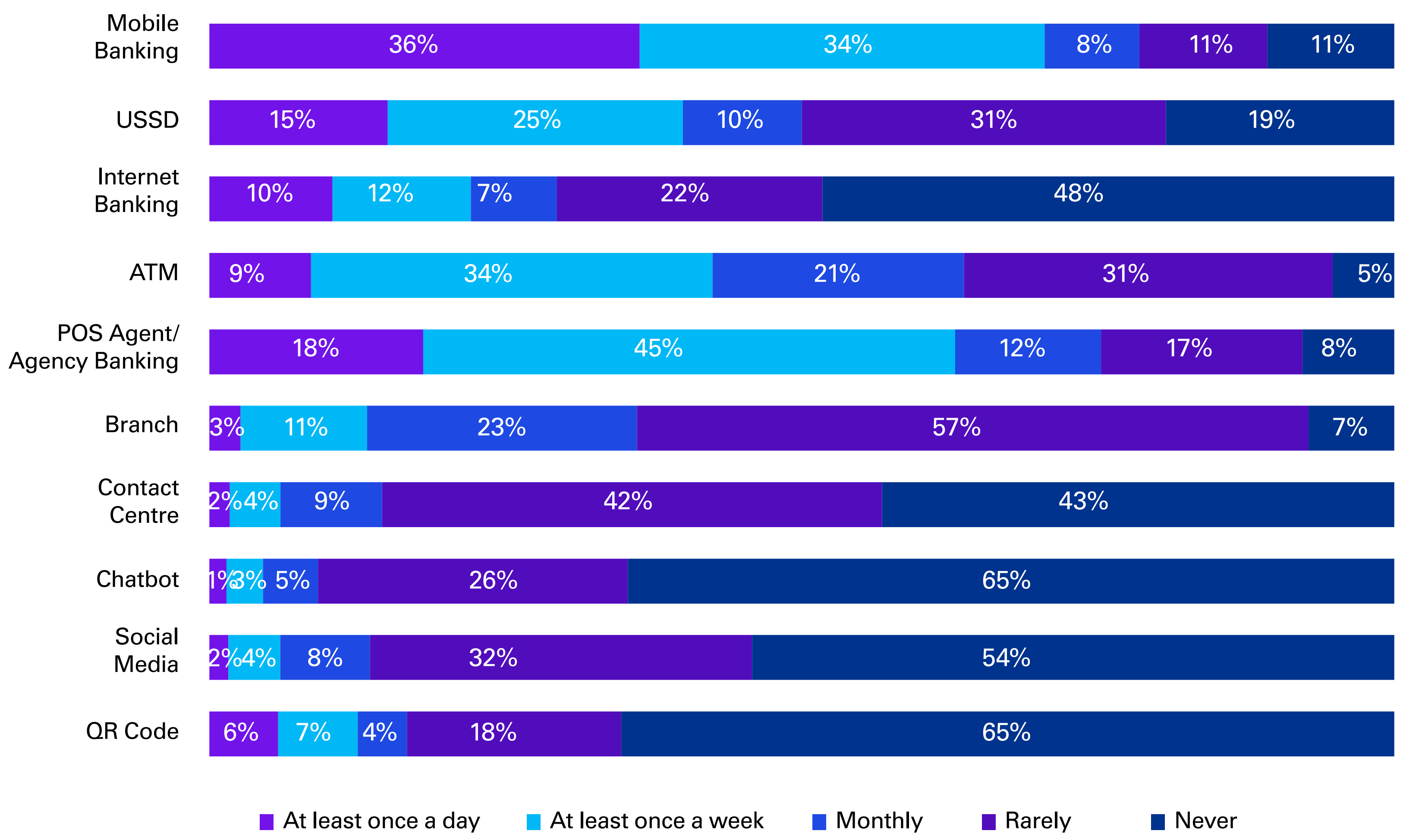
52% Decreased

34% Increased

14% No change

Source: 2023 KPMG Payments Survey (Nigeria)

Overall Channel Usage (Nigeria)



Note: Figures may not sum to 100%, due to rounding

Source: 2023 KPMG West Africa Banking Industry Customer Experience Survey

> **Moniepoint has been outstanding, from provision of swift payment solutions, to providing me with easy-to-pay-back loan and ability for my [staff] to confirm payments without having to call me for every transaction.**
> SME Survey Respondent

> **Opay and PalmPay provide easy and successful transactions. They really saved my business during the cash crunch.**
> SME Survey Respondent

For Small and Medium Enterprises (SMEs), the payment experience also plays a key role in determining success and business sustainability. Among SME customers, the reliability of payment services consistently ranks as one of the top experience metrics. However, SMEs encounter hurdles while navigating the payment landscape and striving to identify the optimal solution that effectively manages transaction costs, minimises risks, and enhances customer experience. Entrepreneurs and business owners carefully assess factors when choosing a payment service provider including transaction fees, processing time, and compatibility with their existing systems. This decision-making process is crucial as it directly impacts the efficiency and effectiveness of their operations.

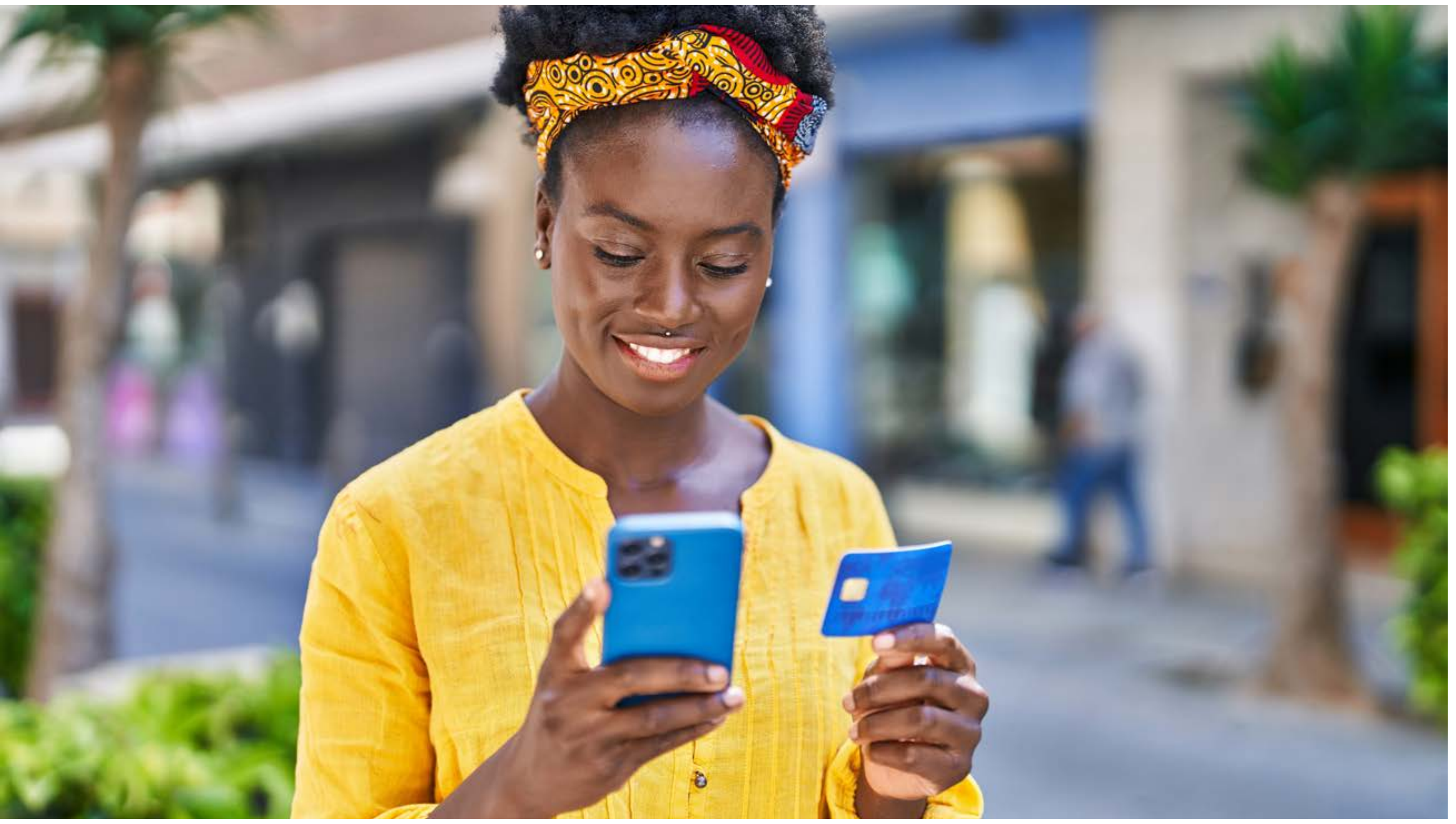
Three out of ten SMEs who changed their banking institutions opted to make a fintech their primary financial service provider. Fintech companies such as Moniepoint, Opay, PalmPay, amongst others are transforming the merchant acquiring sphere by introducing innovative capabilities. These include features such as instant settlement and confirmation for both online and offline POS transactions, omnichannel payment collection, and tailored payment solutions. Their advancements are reshaping how businesses manage their transactions, offering streamlined and customisable solutions that cater to diverse merchant needs.

As technological advancements continue, the payment industry's success hinges on its ability to adapt to change, foster innovation, and prioritise customer satisfaction. Financial service providers need to have a strategic focus towards developing solutions for capturing low-value payments, driving alternative and cheaper modes of payments beyond debit/credit cards and merchants' point-of-sale.

In India, UPI (Unified Payment Interface) was launched to cater to the bottom of the pyramid, allowing petty business-persons to accept digital payments without the need for a POS machine. UPI eliminated the need for transacting parties to know the complicated payment details, hence, making payments convenient and transparent for all parties involved. UPI has been a major facilitator of financial inclusion in India enabling a large portion of the population to engage in the digital economy. It operates on a simplified payment mechanism that enables the use of mobile phones to "pay" (push) and "collect" (pull).[11]

Prompt resolution of payment-related issues also remains crucial to the overall payment experience. Establishing effective customer engagement mechanisms by successfully integrating core personalisation elements that allow for quick and personalised responses to payment concerns is vital. Leveraging various communication channels to proactively communicate with customers and a customer-centric approach toward dispute resolution will contribute to building lasting customer relationships based on trust and responsiveness.

Overall, improving the payment experience in the Nigerian financial services industry can be achieved by effective customer engagement, personalised responses, and a proactive dispute resolution strategy.



Ghana digital trends

Ghana's payments landscape has evolved significantly due to technological advancements, regulatory requirements, and a focus on financial inclusion. The Payment Systems and Services Act of 2019 and the implementation of the National Payment Systems Strategic Plan (2019-2024) by the Bank of Ghana (BoG) have contributed to the growth of payment systems in the country. BoG's commitment to innovation and financial inclusion is evident through initiatives such as the Regulatory Sandbox, the pilot consumer complaint chatbot on its website, and the Central Bank Digital Currency (CBDC).

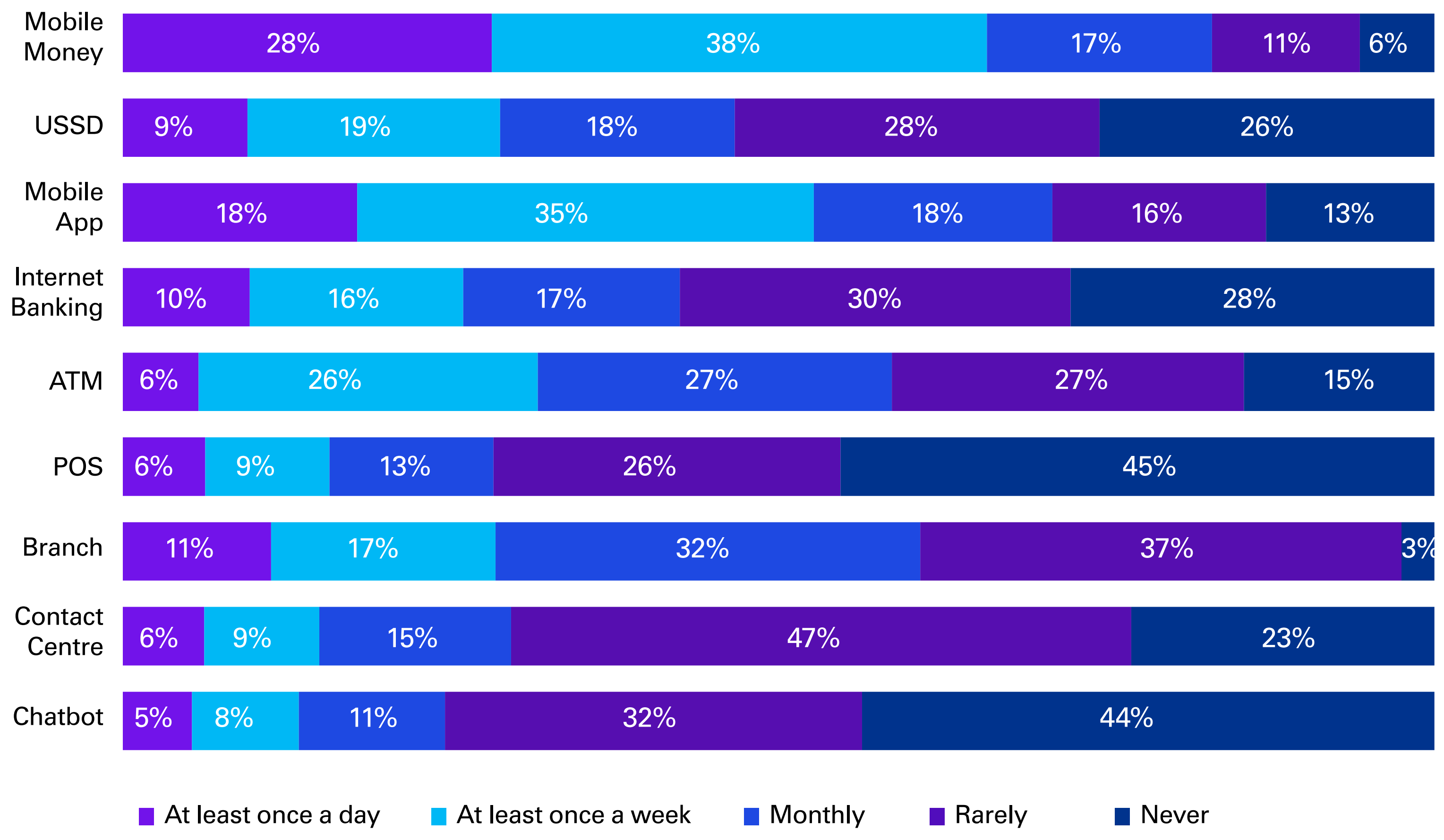
The Ghana Interbank Payment and Settlement Systems (GhIPSS) has played a pivotal role in advancing payments system modernisation. In August 2023, GhIPSS Instant Pay (GIP) witnessed a substantial surge with a transaction value of GHS 10.17 billion, a remarkable 114% increase from August 2022.[12] This growth has been driven by the country's high mobile penetration rate - Ghana's mobile connection penetration rate currently stands at 129.8% of the population,[13] fostering an environment conducive to utilising mobile devices for financial transactions.

Mobile money stands out as the predominant channel in Ghana's payment landscape, with 66% of respondents reporting weekly usage. As of August 2023, the total value of mobile money transactions grew to GHS 161.8 billion, representing an 85% increase from the previous year. This growth is mirrored in the transaction volume, which grew by 34%, totalling 601 million transactions.[14]

The government's introduction of the Electronic Transfer Levy (E-Levy) (a 1.5% tax on digital transactions above GHS 100 per day) in 2022 appeared to cause a dip in the value and volume of mobile money transactions but there was a trend reversal upon the announcement of a reduction of the tax to 1% at the beginning of 2023. This rebound highlights mobile money's value and convenience outweighing the associated cost.

Similarly, the total mobile money balance at float increased from GHS 9.1 billion in August 2022 to 13.8 billion in August 2023, representing a 52% year-on-year growth. Despite this growth, the total mobile money balance at float only accounted for 7% of total bank deposits as at August 2023,[15] suggesting untapped potential for this channel, particularly in reaching the unbanked population.

Overall Channel Usage (Ghana)



Source: 2023 KPMG West Africa Banking Industry Customer Experience Survey

The ease of transferring money between account and mobile wallet emerged as the most important experience metric for retail customers. Notably, certain banks refrain from imposing fees on their customers for transferring funds between their mobile money wallet and bank account, fostering convenience. Additionally, we note an uptick in customers utilising fintech platforms: 16% of respondents now report using fintech platforms weekly, up from 10% reported last year.

Fifty-three percent of respondents reported using their bank's mobile app at least once a week, a 3-percentage point increase from last year. These users primarily utilise mobile apps for activities such as funds transfer, bill payment, and balance inquiries. However, there is minimal evidence to suggest that customers have fully embraced banks' efforts to enhance their apps with additional features. They grapple with the day-to-day challenge of mobile app uptime, which consistently ranks among the top five experience metrics for customers.

The USSD platform's penetration continues its upward trajectory, evidenced by a growth in weekly customer usage. Presently, 28% of respondents use their bank's USSD platform weekly, a notable increase from 23% last year.

Preferred channels for banking activities

Bill payment

28% Mobile app | 24% Mobile money | 18% Branch

Funds transfer

28% Mobile app | 27% Mobile money | 22% Branch

Airtime purchase

43% Mobile money | 30% Mobile app | 8% USSD

Despite customers valuing the platform's convenience, feedback remains mixed due to reported reliability issues such as service downtimes and transaction failures. Banks can significantly elevate the USSD banking experience by focusing on simplicity, speed, security, and personalisation. Continuous refinement of USSD services aligned with customer needs and technological advancements will be pivotal in delivering a seamless and user-friendly banking experience.

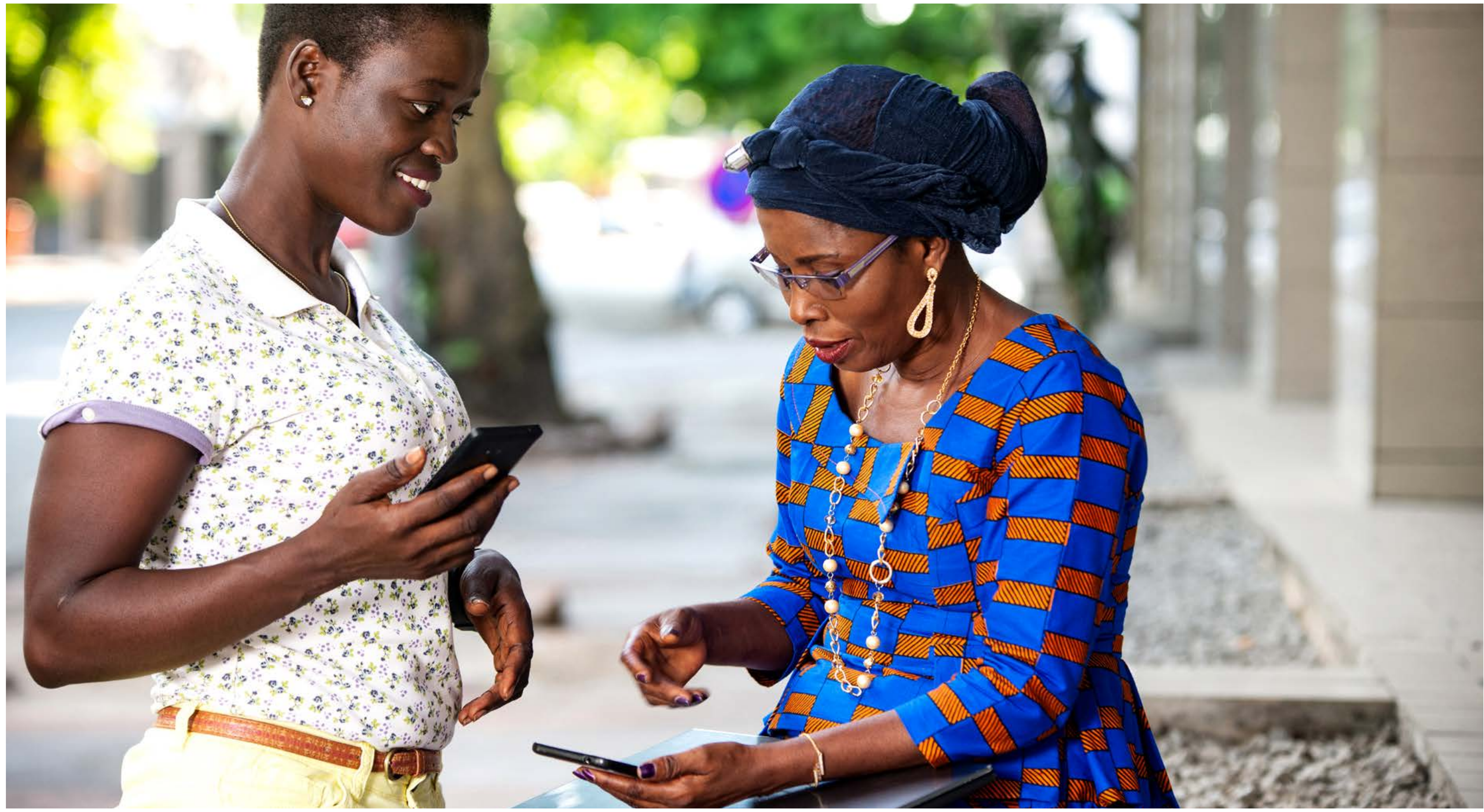
Although there has been a moderate increase in internet banking usage this year, it remains less popular than other channels. Specifically, 26% of retail respondents utilise internet banking weekly, up from 25% reported last year.

Conversely, among corporates, the trend differs significantly — seven in ten corporate customers indicated daily usage of internet banking. This presents an opportunity for stronger engagement and delivery of innovative capabilities such as bulk payments, seamless corporate-to-bank connectivity amongst others.

The utilisation of Point of Sale (POS) systems has shown a slight yet noticeable increase over recent years. This year, 28% of respondents reported using POS monthly, up from 23% last year. This is consistent with the 13% growth in the number of POS devices in circulation, increasing from 12,725 in August 2022 to 14,404 in August 2023. Concurrently, the issuance of debit cards also surged by 23% during the same period.[16]

Despite a substantial move towards digital channels, Ghana remains predominantly a cash-based economy. A significant 32% of respondents indicated weekly ATM usage, emphasising the importance of 24/7 cash availability at these machines which ranks as the second most crucial metric for retail respondents. With 36% of respondents favouring the ATM for cash withdrawals and 22% preferring mobile money, the cultural preference for cash persists due to its perceived security and widespread acceptance, particularly in traditional markets and informal sectors. Despite advancements in digital security, there persists a prevailing mistrust and reluctance toward the security of digital platforms.

The heavy reliance on interconnected digital channels exposes both banks and customers to various risks, including data breaches, phishing, ransomware, and identity theft.



In 2022, Bank of Ghana assessments highlighted concerns such as non-compliance with payment card rules at ATMs and the misplacement of surveillance cameras at certain ATM sites.[17] Fraud attempts surged by 28%, from 2,347 cases in 2021 to 2,988 in 2023, with prevalent fraud types including cash theft, cyber-email fraud, fraudulent withdrawals, impersonation, and e-money fraud in the banking and Specialised Deposit-Taking Institutions (SDI) sectors.[18]

Opinions from this year's survey regarding cyberattacks varied. While some customers expressed dissatisfaction with their bank's response to cyber threats, others commended their banks for swift action in addressing potential fraudulent activities.

In summary, the ongoing journey of digital adoption is gaining momentum. albeit moderately. Thus, the Ghanaian payment sphere presents a fertile ground, ripe with opportunities for substantial disruption and transformative change.

Country comparisons

Most frequently used channels (weekly)

NIGERIA

70% of customers use their **mobile banking app** at least once a week compared to 55% in 2022

63% of customers visit **agency banking** locations at least once a week to carry out their transactions

43% of customers use ATMs weekly, a decline from 52% in 2022

40% of customers use **USSD** weekly

GHANA

66% of customers use **mobile money** at least once a week compared to 69% in 2022

53% of customers use their **mobile banking app** at least once a week compared to 50% in 2022

32% of customers use ATMs weekly, a one percentage point increase from last year

28% of customers use **USSD** weekly

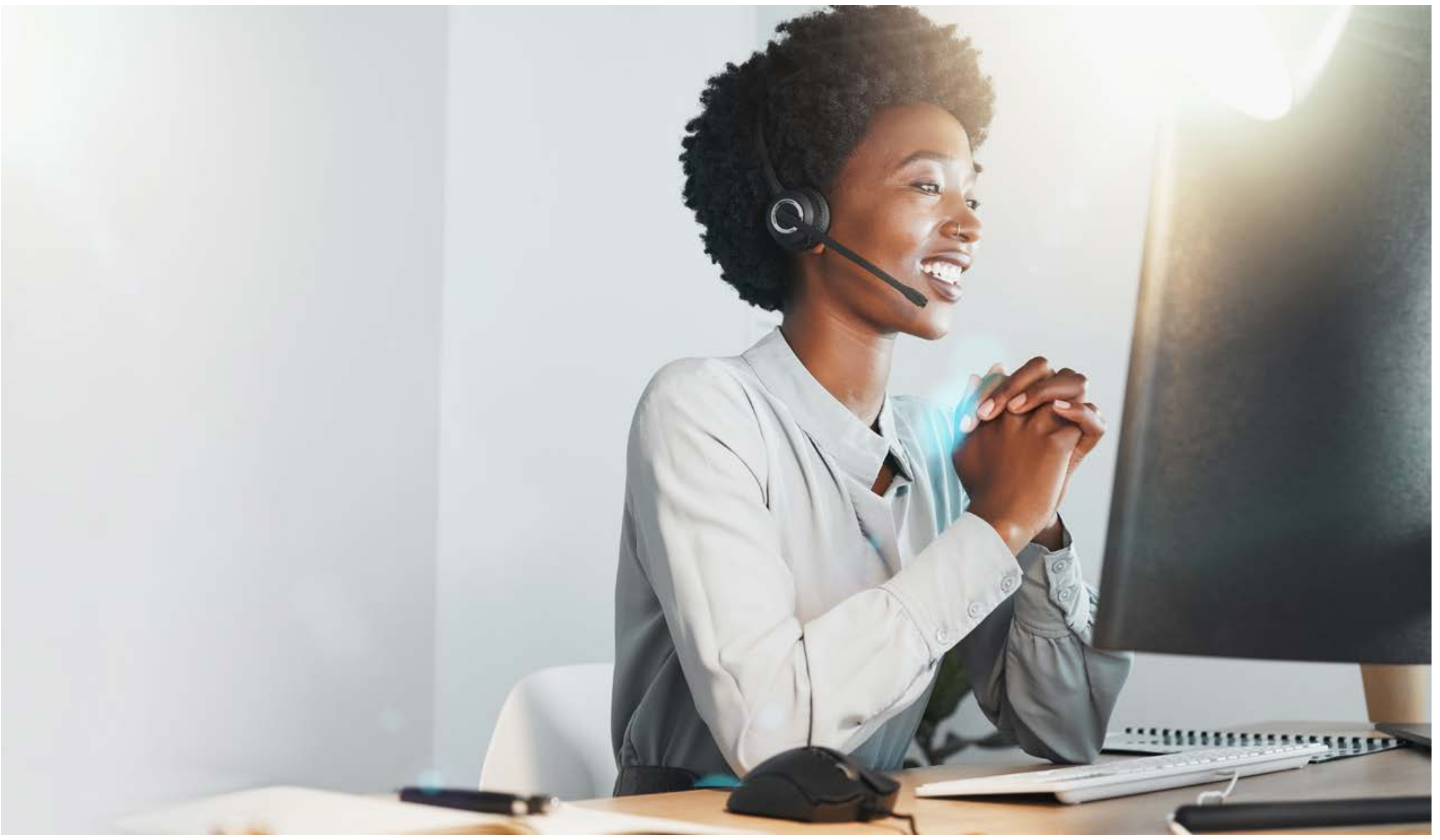
Online banking importance

Nigeria: **78%** Corporates | **52%** SMEs

say that the ease of use and variety of features of their bank's online platform is very important to them

Ghana: **61%** Corporates | **44%** SMEs

say that the ease of use and variety of features of their bank's online platform is very important to them



Transforming customer engagement with AI

The past year has been characterised by a surge in artificial intelligence (AI) adoption, propelled by the widespread embrace of large language models such as ChatGPT. This surge is democratising access to AI, for businesses and individuals alike. While AI's potential is still nascent, several organisations have already showcased successful integrations, illustrating its promise. Yet, as with other emerging technologies, AI presents peculiar hurdles, necessitating a strategic approach for success and value realisation.

The sheer scope of this transformation and its associated risks is gaining the interest of C-suite executives, prompting them to assume direct accountability for navigating these challenges safely. KPMG's 2023 Global CEO Outlook survey found that 70% of global CEOs are prioritising generative AI as a top investment for securing a competitive edge in the future.[19]

For banks in Nigeria and Ghana, AI can have a transformative impact on service levels that have recently been challenged due to the strain of high attrition and customer complaint volumes associated with the rapid adoption of digital channels by customers. With many banks in the region now serving millions of customers, scaling the potential of the workforce with technology has become a strong imperative.

By thinking about AI as a new, game-changing type of virtual colleague – one with unique management challenges, integration risks and strategic advantages – banks can take pole position in the race to future leadership. For their staff, this can often be thought of as having your best and brightest intern working

alongside, helping free up administrative tasks to empower existing colleagues to focus on relationship building, high complexity jobs and creating lasting human connections.

Use Cases

Leveraging AI staffing, banks can elevate various aspects of the employee and customer experience, and drive efficiency in business operations and value creation.

Enabling relationship managers: Implementing AI to handle repetitive/routine tasks and rule-based tasks within business processes will reduce employee effort, creating more time for complex and strategic aspects of their roles leading to higher employee productivity.

Axis Bank uses an AI-driven app, Siddhi, to enhance the service delivery of its relationship managers. Relationship managers can access a 360° customer view, acquire insights on the customer's account performance and obtain real-time feedback on how to improve the experience of Axis customers. The bank reported a 15% increase in leads generated daily and a 35% increase in leads conversion in 2022.[20]

Improving efficiency in business operations: The sheer volume and complexity of available data continues to raise numerous challenges in collecting, collating, real-time processing and synthesis of insights. AI can collate and query large pools of data efficiently enabling businesses to gain superior insights to deploy data-driven decisions in operations.

US bank, JPMorgan Chase explores over 300 applications of AI in its operations including payments processing, risk management & fraud prevention, marketing, and customer experience etc. The bank reported AI-generated revenue impact of over $320 million in 2022 from product personalisation and enhanced customer engagement.[21]

Customer targeting and engagement: AI-driven models in understanding customer behaviour can drive needs prediction, delivery of targeted interactions and curated services that drive engagement, satisfaction, conversion, and retention. AI can also help to create written, visual and audio content efficiently, aiding in marketing and content production.

DBS executes an intelligent banking model with more than 100 artificial intelligence and machine learning algorithms to support its customer-centric design. Analysing customer data, the Bank ethically gains quality insights into customer needs and hyper-personalises communication, in form of nudges, to drive ease in banking.[22]

Customer resolution: AI-driven chatbots and virtual assistants can transform customer query resolution and problem solving by providing instant support, customer answers and streamlined interactions, leading to faster issue resolution and improved customer service. Resolution teams can also benefit from analysis and categorisation of customer support queries via AI, directing them to the appropriate department or agent faster, resulting in quicker resolution times.

ICICI Bank India leverages AI, machine learning and natural language processing powered voice bots to transcribe customer calls, process the information and provide instant resolutions or responses to queries. The bank reported a reduction in its Interactive Voice Response wait time by 60%.[23]

Preparing for AI in Banking

As West African banks gear towards adopting AI in their operations on a large scale, certain preparations towards AI readiness must precede the integration supported by key stakeholder buy-ins to cushion the impact of risk. A critical consideration is that banks must have a clear approach.

One successful approach to AI integration is the adoption of the concept of **value streams** which considers the entire lifecycle of a product or service as a value-creation line.

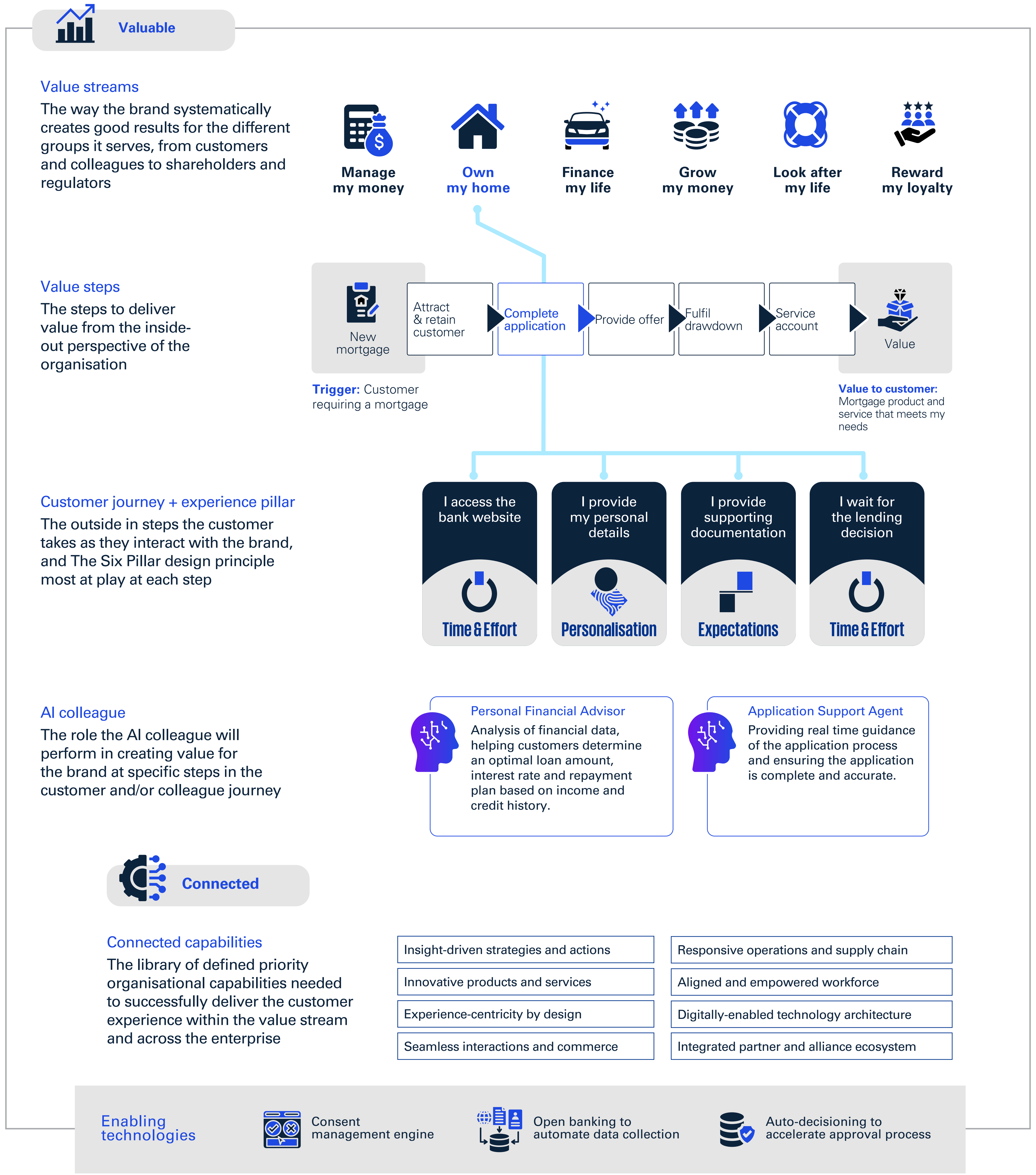
With a clear view of the entire customer journey, banks can identify inefficiencies where AI integration would be most beneficial to all its stakeholders. In this case, banks assimilate AI into key areas of the current processes rather than creating entirely new lines. Approaching AI integration with the focus of enabling the customer journey to create value will ensure that each step is streamlined including only activities that have an operational value and offer the highest quality of service.

Consider the integration of AI into the onboarding phase of the loan application process. Through this process, AI could act as a personal financial advisor analysing customer data which enables banks to personalise loan recommendations to a customer even before they start the application. AI could also be the application assistant interacting with the customer for clarification of the forms reducing communication wait time between the bank and customer. AI can also execute document validation to provide instant feedback to the customer, improving the customer's experience.

Finally, AI could be a tool to speed up loan approval processes. AI-driven credit decisioning technologies would assist banking staff in fraud detection, automatic processing and approvals of loan applications within a shorter period.

AI continues to establish itself as an enabler, supporting businesses to create the experiences that drive satisfaction, loyalty and advocacy. Banks that will thrive in the competitive landscape with the odds in their favour, must embrace and leverage this change.

Example mortgage value stream



Source: KPMG Customer Experience Excellence UK Report 2023

AI and The Six Pillars of experience

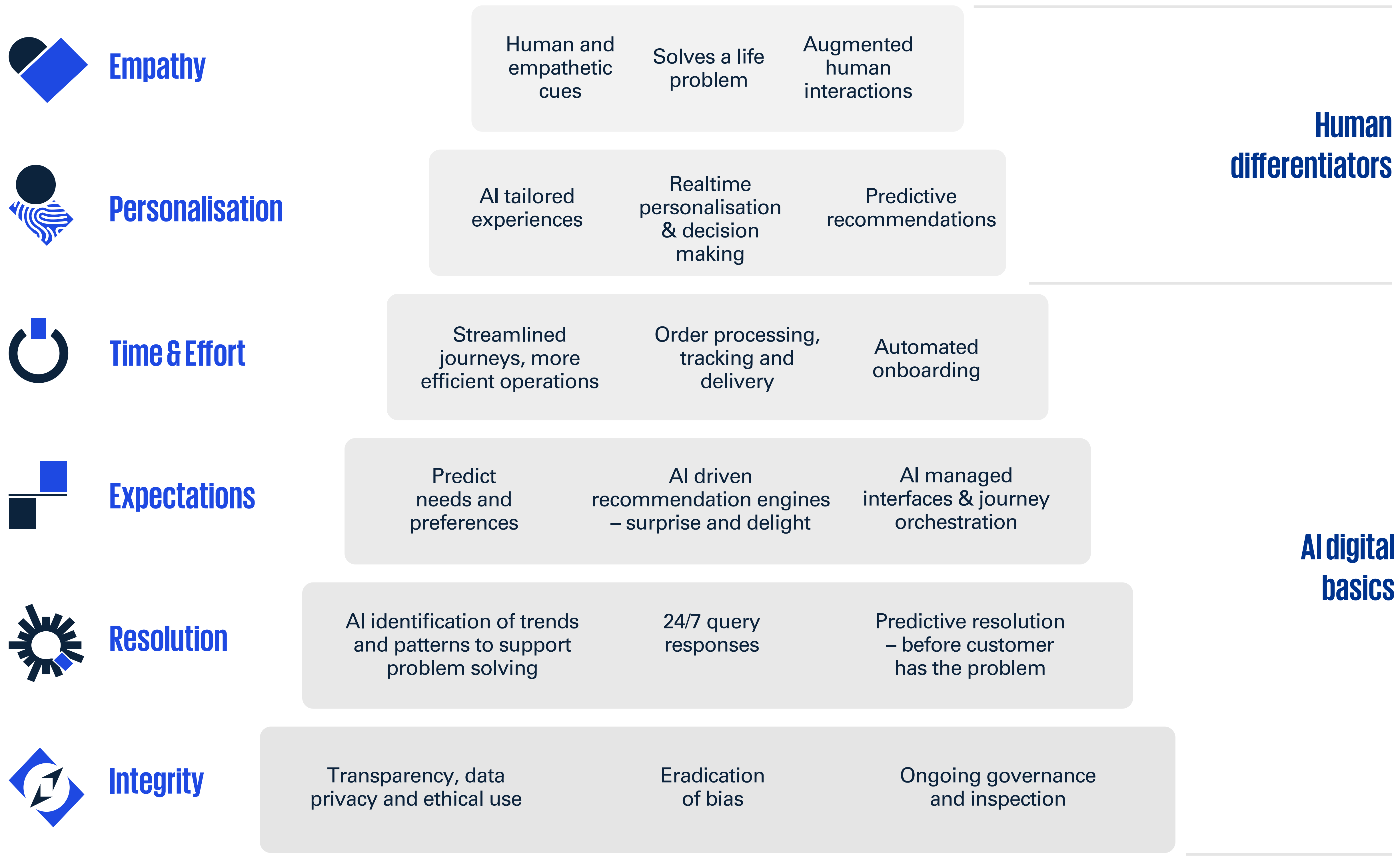
AI is rewriting the rules of customer experience excellence. This is present across each of The Six Pillars of experience, improving outcomes for both customer and businesses.

The Six Pillars, when applied together, provide a powerful mechanism to help organisations understand how well their customer experience is delivered across channels, industries and organisation types. The leading organisations demonstrate mastery of these pillars and are outstanding at all of them.

In this new age of AI, they are not only relevant but indeed essential considerations if organisations are to maximise the opportunities and minimise the risks.

The reasons for customer dissatisfaction with an experience are different to the reasons that promote advocacy and loyalty – consequently there is a Maslovian hierarchy to take into account when focusing on the pillars. There is little value in focusing on developing Personalisation or Empathy if there is poor lower order performance that undermines trust and causes dissatisfaction and negative comment.

The hierarchy spotlights where, when implementing AI, organisational efforts can be best expended. Removing the causes of mistrust, unresolved issues and miss-set expectations fixes the basics. Advocacy is driven when the customer finds the organisation easy to use, suited to their personal circumstances and feels the organisation cares about them. AI has a role to play in each of these.



Integrity

Implementing AI responsibly and thoughtfully, with a focus on transparency, data privacy and ethical use, will positively impact customer trust. Organisations that demonstrate a commitment to customer wellbeing and empowerment through AI technologies are more likely to build long-term trust and loyalty.

Resolution

AI can transform customer query resolution and problem solving, improve efficiency, and enhance the overall customer experience. This is because AI algorithms can process vast amounts of data and information quickly and accurately. AI systems can also learn from past interactions and custom feedback, continually improving their problem-solving abilities over time.

Expectations

AI can play a crucial role in helping organisations meet or exceed customer expectations. It can use predictive analytics to anticipate customer needs and preferences. By understanding customer behaviour patterns, organisations can proactively offer relevant products and services and exceed expectations by providing solutions before customers even ask.

Time & Effort

AI can significantly reduce the time and effort customers spend when dealing with organisations by streamlining processes, automating tasks, and providing personalised assistance. AI can index and analyse vast amounts of information, making it easier to find specific details or solutions quickly.

Personalisation

AI can significantly improve personalisation by analysing large volumes of customer data and behaviour patterns including past customer interactions, purchase history, preferences, and demographics, to create tailored experiences. Segmenting customers based on this data helps an organisation deliver tailored and relevant content.

Empathy

AI has the potential to promote empathy in organisations and their people by assisting in ways that foster understanding, connection, and emotional intelligence. While AI can contribute to increasing empathy, it should complement and not replace genuine human interactions. Organisations must strike the right balance between AI-driven automation and maintaining a human touch to create an empathetic and compassionate work environment.

About this research

Since 2007, KPMG in West Africa has been asking customers across segments about their individual experiences with their banks.

The research for this report was completed across Q3 and Q4 2023. To participate in the research and to be able to respond to questions on a specific bank, respondents must have interacted with that bank in the last six months.

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

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

2023 Survey Coverage

Nigeria

25,915 Retail Banking Customers

4,410 SME Banking Customers

443 Corporate Banking Customers

37 Cities

Ghana

4,207 Retail Banking Customers

462 SME Banking Customers

200 Corporate Banking Customers

16 Regions

How KPMG can help

To help you with your transformation journey, we have brought together insights, tools and solutions that provide detailed paths to agility, resilience and profitable growth.

In every sector, companies have a real opportunity to define a different future through digital transformation, unlocking new opportunities for growth, agility, innovation and resilience. Starting from wherever you are in the journey, KPMG combines deep business and industry knowledge, technical expertise and collaboration with shoulder-to-shoulder working to help you build a future-ready business.

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

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

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

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

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

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

Transformation never stops. Neither do we.

At KPMG we believe that business transformation is too good an opportunity to miss. Combining the right tech and the best processes with people whose insight is as broad as it is deep, are essential ingredients to successfully transform. KPMG has worked at the heart of global businesses for many decades, helping our clients realise the full potential of their people and technology and working together to achieve real-world outcomes. Because when people and technology are in harmony great things happen.

Making a world of difference

KPMG people can make all the difference on your transformation journey. Together we can help you to orient your business around the customer, optimise functions for a new era, manage enterprise risk and regulation for a safer future, rise to a new level of value creation, and create an environment for managing ongoing change.

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