Corporate Banking Excellence in an Evolving Landscape

Staying Resilient

Elevating customer experiences amid changing realities

Introduction

The following article is the third in a series of excerpts from KPMG's 2024 West Africa Banking Industry Survey Report, highlighting banking customer behaviour and expectations across retail, corporate, and SME industry segments. The first article explored the difficulties corporate entities face in Ghana's economic landscape and how these conditions affect their banking behaviours and expectations. The second article highlighted corporate customers' limited access to trade finance, along with the potential for banks to improve customer experience with evolving regional trends.

> **We have had to adapt our banking relationship to navigate these changes. We have seen a shift in our trade finance requirements, with a greater emphasis on managing foreign exchange risks and seeking more competitive pricing. Our credits needs have also evolved, with a focus on securing more flexible repayment terms and exploring alternative funding options.**
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> Corporate Survey Respondent, Education

In our recent 2024 Africa CEO Outlook, 57% of West African CEOs indicated that economic uncertainty was of top concern to them.[1] For corporate customers in particular, these uncertainties have translated into some difficulty in accessing credit, managing foreign exchange (FX) fluctuations, and delivering shareholder value.

Many respondents cited a dual challenge in the last year – rising operational costs and weaker demand driven by declining purchasing power. In response to these macroeconomic pressures, some corporates in Nigeria and Ghana reported temporary shutdowns and layoffs in specific regions. Others streamlined operations to focus solely on essential priorities including cutting discretionary spending to preserve cash flow.

In the light of economic headwinds, banks adopted a more cautious lending posture, tightened credit criteria and required corporates to maintain stronger financial profiles to access or maintain credit facilities. In Ghana, 13% of corporates surveyed reported a reduction in their credit requests, citing high and unpredictable interest rates as a major deterrent. Many have begun exploring alternative financing options, including equity raises, asset sales and strategic partnerships to ensure business continuity.

For corporates with international operations or foreign parent companies, currency fluctuations have further complicated the operating environment with respect to repatriating funds or financing imports. One customer complained, "currency fluctuations have negatively affected the volume and frequency at which the company is able to import items." These businesses are actively seeking ways to adapt and enhance their operational flexibility, such as the use of the delivered duty paid approach to minimise exposures.

Many corporate clients expect their banking relationships to evolve in line with the broader economic context. They seek closer collaboration with their banks, particularly in managing foreign exchange risks and meeting elevated credit standards. Some corporates are expanding their banking relationships to include smaller banks, contrary to the expectation that they would consolidate relationships to streamline costs and minimise disruptions.

These new relationships are strategically aimed at spreading risks and accessing specialised products such as trade finance, often at more competitive rates. This has introduced another dimension to competition in the banking sector, with the smaller banks potentially intensifying their race for market share and customer loyalty.

Some banks in the region have seized the opportunity to enhance customer experience and their efforts are paying off. Average customer experience scores among corporate respondents saw a slight uptick compared to 2023, driven by banks that exceeded expectations by focusing on critical areas of support.

In Nigeria, banks such as Zenith Bank and Access Bank stood out for their proactive assistance, offering market insights and advice to help clients navigate economic pressures. Key support measures included customised rates, extended terms, FX hedging products and access to FX liquidity for businesses involved in foreign trade.

> **The volatile exchange rate has increased the cost of running our business and reduced our profits margins. High interest rates have also made borrowing more expensive for us and it is affecting our cash flow and profitability**
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> Corporate Survey Respondent,
> Real Estate

These initiatives have provided much-needed stability and reassurance to clients in a volatile market.

Likewise, Stanbic Bank and Zenith Bank Ghana distinguished themselves from the pack. Their noteworthy performance in this year's survey can be attributed to their user-friendly digital platforms, quick turnaround times for processing transactions, professionalism of staff and their ability to display an understanding of clients' businesses. In addition, many banks in Nigeria have strengthened communication with their corporate clients. The proportion of companies engaging with their relationship managers at least once a week rose to 65% in 2024, up from 40% in 2023, with over 30% requesting even more frequent interactions.

Similarly, in Ghana, one in five corporate banking customers indicated a preference for increased interaction with their relationship manager. This enhanced engagement is enabling a deeper understanding of mutual needs and challenges, enabling more effective collaboration and support.

Corporate customers also provided positive feedback for banks that actively promoted awareness and encouraged the use of digital platforms for banking services, making it easier for clients to manage their financial needs efficiently. These combined efforts have positioned proactive banks as trusted partners in a demanding environment.

This year's customer experience leaders have set a benchmark in critical areas, particularly through robust relationship management and innovative partnerships that meet the evolving needs of their corporate clients. Nonetheless, there remain ample opportunities for growth and innovation.

Feedback from over 700 corporates across Nigeria and

Ghana highlights areas where banks can consolidate gains and further elevate their service offerings. As the digital transformation continues to reshape the industry, the corporate segment demands more proactive and strategic responses. The reliability of digital platforms emerged as a pivotal priority this year, ranking higher on client importance across both Nigeria and Ghana. While banks have made strides in launching digital solutions, persistent issues – such as downtimes, transaction delays, inadequate relationship manager accessibility and slow response to queries – reinforce the need for better integrated and customer-focused approaches.

As banks begin overhauling their core banking systems to address these reliability gaps and meet increasing digital demands, significant improvements in service delivery are anticipated. These changes are expected to align more closely with the evolving needs of clients in an increasingly digital-first world. For banks lagging in digital capabilities, simply launching new platforms will not suffice. They must focus on designing seamless customer journeys that proactively address pain points specific to corporate clients. Additionally, aligning internal processes to support these journeys is crucial to delivering the target customer experience and building trust in their digital offerings.

Across Nigeria and Ghana, most banks' performance lagged in the personalisation pillar. This was largely due to customers' inability to access loans and a lack of dialogue with customers from some banks altogether. In this year's survey, the willingness of banks to offer customised services ranked low in customer satisfaction.

> **Some of our banks have offered flexible and competitive trade finance solutions, including hedging options [to manage currency risks] and customised credit limits, to help mitigate the impact of increasing import costs.**
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> Corporate Survey Respondent, Manufacturing

To remain competitive and exceed expectations, banks must go beyond surface-level improvements; here are key themes to focus on.

Real time Intelligence
Accessibility has improved, but four in ten corporate clients in Nigeria and five in ten in Ghana report that the quality and timeliness of information still lags. Banks must prioritise delivering real-time business intelligence, actionable insights and timely updates to support their clients' decision-making processes.

Financial Advisory Services
As both economies recover, banks are positioned to play a more strategic role. Over 95% of corporates seek advisory services that address economic challenges, provide regulatory guidance and recommend risk management and operational optimisation strategies.

FX Liquidity Solutions
Currency management remains a top challenge, with 44% of clients in Nigeria and 53% in Ghana citing limited access to foreign exchange. Banks should innovate by offering dynamic hedging tools, forward contracts and other FX solutions to meet this critical need.

Market Analysis and Scenario Tools
About 40% of respondents have expressed the need for actionable market insights. In today's volatile environment, Banks can differentiate by providing advanced analysis tools, scenario modelling and risk assessments to strengthen client decision-making.

Technology-Driven Business Tools
Only 24% of corporates currently feel extremely satisfied with their banking platforms' ability to address operational needs. Leveraging AI and data analytics to offer predictive cash flow tools, integrated liquidity management and enhanced security features can deliver the efficiency clients expect.

Addressing the Trade Finance Gap and Opportunity

While global trade in Africa contracted by 6.3% in 2023, intra-African trade showed more resilience expanding by 3.2% in the same period.[2] We expect that the African Continental Free Trade Area (AfCFTA) will begin to fulfil its potential to reduce trade barriers, increase economic integration, develop regional value chains, and drive the innovation of trade-enabling infrastructure.

These trade dynamics and recent market developments have renewed the urgency for intra-African expansion. Companies across the sub-region see trade as an area with significant potential and are increasingly looking to capitalise on the emerging opportunities to compete. Their success, however, depends significantly on the support provided by financial institutions.

Ninety percent of corporates surveyed this year highlighted the importance of trade finance to their business. While the market is currently dominated by traditional products e.g. letters of credit and confirmations, the landscape is shifting as there is now a growing demand for alternative offerings such as supply chain finance and structured trade finance products, driven by increased interest in commodity trading and exports. This is affirmed by feedback from corporates emphasising the need for banks to broaden their trade finance services and extend coverage to more countries and currencies.

Despite these clear opportunities, accessing trade finance remains a challenge for both SMEs and large corporates in Nigeria and Ghana where the annual trade finance gap is estimated at $7 billion and $3 billion respectively.[3]
An International Finance Corporation (IFC) survey of financial institutions in West Africa found that trade finance only supports one in four goods traded – an indication of the limited coverage being offered by banks. The survey estimates that up to 21% of trade finance applications are rejected by banks in the region.[4]

9 in 10 Corporate clients say that accessing trade finance is important to their business, up from eight in ten last year

From our survey, demonstrating creditworthiness is a key barrier for borrowers with perceived risks alongside the hurdles of meeting banks' collateral and documentation requirements, particularly with respect to foreign correspondent banks, which are often burdensome and complex. Corporate customers also expressed their frustration with excessive paperwork requiring multiple interactions and slow processing times which erodes trust with their business partners and vendors.

Corporate customers emphasised the need for streamlined and simplified verification and application processes that reduce administrative burden and improve turnaround time. They also expressed the need for capabilities such as electronic document submission and verification, real-time tracking of trade finance transactions and timely notifications throughout the financing process. As corporates seek convenience, they are increasingly drawn to bundled solutions that integrate logistics and financing into a single, seamless offering.

Globally, banks partner with companies such as Tradeshift or Bolero for digital document management and logistics visibility. For example, Standard Chartered Group created a joint venture, Olea, with Chinese supply chain finance platform LinkLogis, which uses blockchain to offer trade finance investments as an alternative asset class.[5]

HSBC has a joint venture with Tradeshift to create "SemFi by HSBC," focusing on embedding financial services like payments and invoice financing into e-commerce platforms.[6] In Africa, platforms such as Lori Systems and Kobo360 are already supporting corporates by integrating logistics with financing solutions. Over time, this could lead to competition between these platforms and traditional banking products in the trade finance space.

> **It can be stressful importing commodities in Nigeria. There tends to be many complications and a lot of paperwork which often require visits to the bank to sign documents. The process needs to be streamlined to deliver a better experience.**
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> Corporate Survey Respondent, Professional Services

Beyond digitisation, banks should focus on delivering insights to customers. These could include updates on regulatory changes, peer benchmarking, analyses of geopolitical risks impacting trade flows and insights into trade corridors. Nigerian and Ghanaian banks with international networks can leverage their ecosystems to offer valuable perspectives on intracontinental trade, enabling customers to better understand trade dynamics and capitalise on emerging opportunities.

In addition to bank-led efforts across the continent, there are completed and ongoing use cases of public-sector-led trade digitisation projects such as Kenya Revenue Authority's integrated customs management systems (ICMS)[7] and East Africa's regional electronic cargo tracking systems (RECTS)[8] aimed at facilitating trade. Earlier in 2024, Nigeria launched its National Single Window project to streamline trade processes and enhance efficiency within Nigeria's maritime sector. Such initiatives must be complemented by the readiness of digital capabilities in the private sector, particularly financial institutions to integrate the digital business solutions and offer end-to-end digital experience.

Closing the gap requires a collaborative effort across the public and private sectors. While banks evolve to meet the needs of their clients by leveraging technology, expanding geographic reach and enhancing the suite of products, the public sector should focus on creating an enabling environment i.e. infrastructure, policies etc. to unlock the full potential of trade finance to drive regional and international trade.

> Banks should streamline and review the requirements for letters of credit and import financing, ensuring they are flexible and adapted to meet the specific needs of each customer. Additionally, a simplified KYC process should be implemented for clients who have already submitted their information.
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> Corporate Survey Respondent, Automotive

Endnotes

1 KPMG 2024 Africa CEO Outlook
2 https://media.afreximbank.com/afrexim/Afreximbank-African-Trade-and-Economic-Outlook-2024_compressed-1.pdf
3 https://www.ifc.org/content/dam/ifc/doc/2022/report-trade-finance-in-westafrica.pdf
4 Ibid.
5 https://www.sc.com/en/press-release/weve-partnered-with-linklogis-to-rallyinvestors-to-drive-sustainable-trade-finance/
6 https://www.hsbc.com/news-andviews/news/media-releases/2024/hsbc-launches-new-embedded-finance-venture
7 https://kra.go.ke/news-center/news/374-icms%2C-a-milestone-to-trade-facilitation
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