



Digital Channels Scorecard

For leading retail banks in Africa

February 2022

home.kpmg

About the 2021 Digital Channels Scorecard

The KPMG Digital Channels Scorecard unveils in-depth insights into the state of user experience on retail banks' digital channels. This report is based on our review and benchmark of 12 retail user journeys (clustered into five (5) journey groups) across four (4) digital banking channels - mobile banking, internet banking, USSD banking, and chat banking.

This report offers perspectives on how well the featured banks deliver on customer preferences, user experience design principles, and the adoption of emerging digital technologies, such as AI & analytics, to drive better engagement and experience differentiation.

This study employs KPMG's Digital Channels UX Assessment Framework to evaluate and benchmark user experience across the selected banks. The evaluation leveraged the mystery shopper approach where evaluators accessed the banking channels and attempted to perform different activities along the selected journeys as any regular customer would.

This edition features a selection of 26 banks many of whom have Pan-African footprints across the continent. The banks featured are banks with a relatively large retail customer base in the respective countries and indeed across Africa.

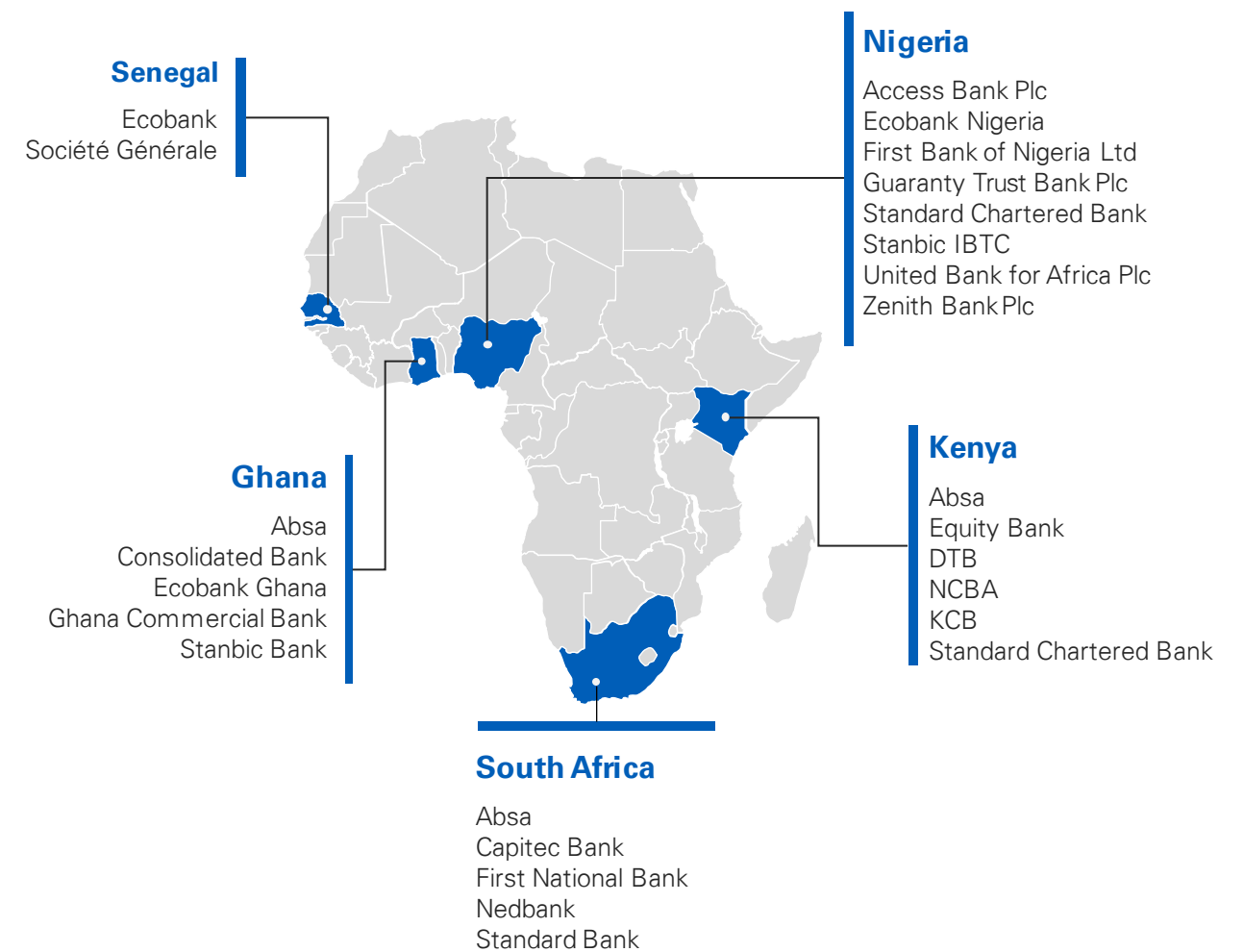


Figure 1: Retail banks assessed for the 2021 Digital Channel Scorecard

Content

1	Foreword	6
2	Why Digital Channels Matter	8
3	Methodology & Approach	12
4	Scorecard	18
5	The Next Frontier	88

1.0 Foreword

Digital Channels Scorecard for leading retail banks in Africa

This is the age of the consumer. Changing consumer expectations, increasing competition from Fintechs and non-bank players, emerging technologies, and an evolving political and regulatory landscape have all converged to form an inflection point that is redefining the future of enterprises.

As organisations respond, we discern patterns that delineate exemplars from others; patterns that take root in the experience consumers have across digital touchpoints they interact with. We notice acceleration of growth, enhanced engagement and stickiness with the players that have intentionally invested in user experience. This publication provides an industry perspective of how banks across the continent deliver the experience quotient demanded by the new age of consumers. It measures the quality of UX as customers traverse a range of journeys to access products and services on four (4) distinct digital channels – Mobile banking, Internet banking, USSD, and Chatbot. The Scorecard covers twelve (12) anchor journeys grouped into five (5) thematic areas, viz:

- **Digital Onboarding** – includes journeys spanning account opening and customer profile creation on any channel of choice
- **Payments & Transfers** – spans all types of payments and transfers, including bill payments, fund transfers and cardless withdrawals
- **Digital Lending** – includes all types of lending to retail customers via digital channels
- **Self-Service** – includes journeys spanning debit & virtual card request, card block, profile unlock, token request and statement requests
- **Customer Care** – journeys related to customer engagement and issue resolution

Based on our experience-centred assessment of retail banks' digital channels, we have segmented banks into four (4) distinct categories: **Leaders, Challengers, Followers and Late Starters.**

Leaders understand the expectations of today's customers and offer a wide range of capabilities across the various user journeys to facilitate a wholly digital interaction that meet these expectations.

Challengers understand what is desirable from a customer's perspective but fail to deliver a user experience that is engaging for the customers. While they offer effective and efficient user journeys on their digital channels, they lack key capabilities to meet user expectations and deliver superior user experience.

Followers have limited capabilities on their digital channels to deliver a wholly digital interaction. These limitations have resulted in several missing or disjointed user journeys that are time-consuming, effort-intensive and ultimately hinder users from achieving their goals rapidly.

Late starters are yet to deploy digital capabilities at scale for user journeys on one or more channels. Their channels have unwieldy user journeys and defective capabilities resulting in frustrating user experiences. The gaps in digital channels often culminate in a high user abandonment rate for impacted customer journeys.

Our assessment shows that only 1 bank (out of 26) consistently appeared in the Leaders category for the 5 anchor journeys; while another 5 banks appeared in the Leaders category for 2 or 3 anchor journeys. In other words, only 6 (approximately 25%) of the 26 banks are operating at the experience maturity levels demanded by the new generation of consumers. The remaining 75% have work to do particularly on digital onboarding, self-service and customer care.

While almost all the banks deliver basic payments and transfers, only 12 of the 26 banks have scheduled (or recurring) payment features on mobile and Internet banking. The number drops significantly when we consider those leveraging analytics to drive adoption of recurring payments. Furthermore, 50% of the 26 banks are yet to embrace the transparency paradigm for fees and charges on the digital channels. In the digital age where information is democratised, banks will need to be more deliberate and transparent in communicating transaction costs to users.

Less than 50% of banks have implemented lending capabilities on at least one digital channel and therefore passing up a significant opportunity to address financial inclusion issues specifically on retail lending. The user experience within many of the lending journeys is sub-optimal largely due to limited loan products, absence of analytics for credit scoring, delayed processing, document upload limitations and poor loan management features.

There is considerable opportunity on Self-service. For instance, only 34% of banks have implemented comprehensive card control functionalities on mobile. Even fewer banks provide card control on Internet banking and chatbot channels. Customer care revealed similar gaps. Nearly 60% of the banks do not provide customers with prompt feedback on issues experienced.

Customers expect banks to focus on creating experiences that are functional, responsive, intuitive, and delightful. As Fintechs and Neo-banks begin to scale on the continent, the window of opportunity to attain experience maturity levels demanded by today's customers may be closing faster than imagined for retail banks. To attain these experience maturity levels, retail banks will need to be more intentional with product design, journey optimization, leveraging analytics to provide more personalized offerings, and building resilient digital channels.

We trust that you will find our Digital Channels Scorecard for retail banks in Africa insightful and look forward to your feedback.



Boye Ademola
Partner & Lead
Digital Transformation
KPMG

2.0

Why Digital Channels Matter

Why digital channels matter

It is the age of digital transformation. Big tech companies, Fintechs, product companies, etc. have demonstrated how to deliver immersive and fulfilling digital experiences to consumers, achieving unprecedented growth, redefining user experience, and reshaping service delivery indices. Their mastery of this reimagined model reflects in the sentiments of the investing public – 80% of the world's most capitalized companies are Big techs or product companies¹. This transformational growth is a function of the scale these companies were able to achieve by meeting the needs of consumers and creating delightful experiences across digital touchpoints and channels of engagement.

As the market demographics radically shift from the baby boomers and Generation X to the millennials, Gen Z, and increasingly Gen Alpha consumers, all digital natives, there is also a radical shift in consumer behaviour and service expectations. These digital

natives were born into a connected world, a world where digital technologies are ubiquitous, readily available, and designed to deliver delightful user experiences. As a result, these consumers have high expectations shaped by their experiences on the digital channels of popular platforms that adopt more customer-centric interactions on their channels. They anticipate equally delightful experiences when they interact with their financial services channels. Fintechs, and other non-bank actors, have begun to capitalise on this knowledge to deliver more frictionless experiences on their digital channels. The looming erosion of market share has prompted banks to respond, starting from the touchpoints that matter most to the new generation of customers – the digital channels. A recent study by KPMG into usage of digital channels in Nigeria banking industry showcases an upsurge in channel adoption in 2020 compared to 2019 (see figure below).

2020 vs. 2019 Change in Overall Channel Adoption

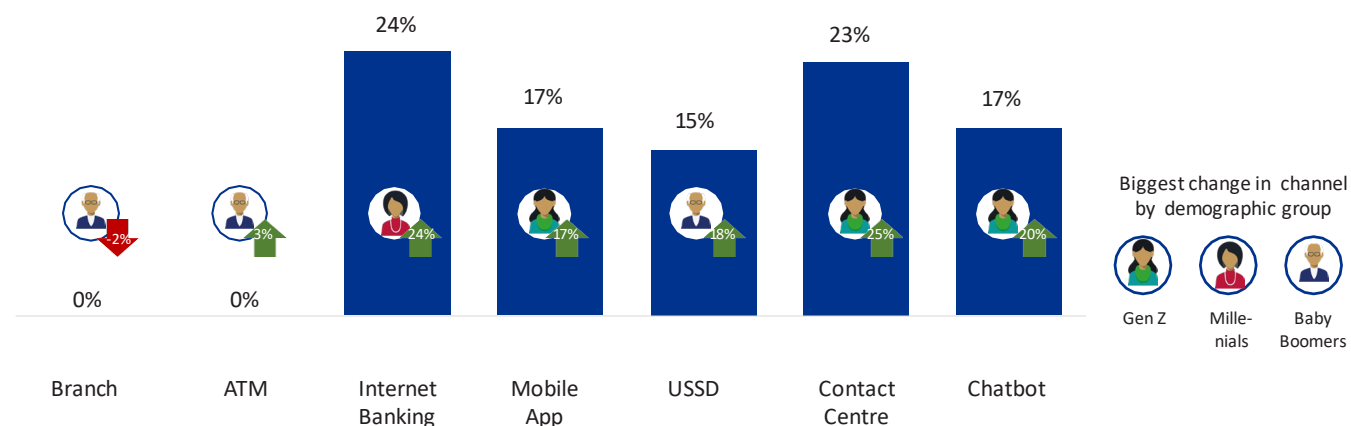


Figure 2: Overall channel adoption (2020 vs 2019)²

¹ <https://companiesmarketcap.com>

² 2020 Nigeria Banking Industry Customer Experience Survey

Customers no longer view their experiences in an industry silo. They expect their banks to focus on creating an experience paradigm that nurtures their needs, builds trust, and exceeds expectations. Key customer expectations when it comes to user experience include:

- **Easy accessibility:** Banks need to provide digital channels on platforms that are commonly used by the new generation of consumers. For instance, 60% of digital natives will rather leave their wallet at home instead of their phones² which shows that to reach the new generation of consumers, channels should be built and optimised for mobile.
- **Real-time/ near real-time care** – Big tech companies have redefined customer care – 70% of digital natives say instant support is key to building loyalty³. Banks need to create channels for quick resolution of customers' issues. Achieving the best experience in this regard transcends the channels and focuses more on connecting the front, middle, and back-office systems and processes.
- **Reliability** – Customers get onto digital platforms to achieve different goals – and an increasingly discriminating competency of platforms is service reliability. Customers will stick with platforms that allow them to achieve their goals all the time.
- **Personalised services** – The new customer expects products and services to be tailored to their specific needs. Thus, digital experiences that win are those that leverage data insights to deliver truly personalised experiences on the digital channels.

Delivering a customer-centric, digitally-enabled business requires banks to evolve a more connected operating model that seamlessly integrates service experience at the digital front office to back-office operations enabled by people, digitised processes, and modern technology architecture. Achieving this requires re-imagining user journeys that are currently manual or tedious with a view to migrating them to the digital channel as well as enhancing the user experience of those already deployed on the channel. Banks that can successfully make this transition will be positioned to compete more favourably. This report evaluates the extent to which retail banks across Africa provide their customers with intentional digital experiences across a selection of user journeys. The review was done from the perspective of a new generation customer to ascertain the robustness of the experience delivery via digital channels.

^{2,3} LivePerson Research

3.0

Methodology & Approach

Overview of the digital channel scorecard

The COVID-19 pandemic and lockdown necessitated a change in the way consumers live and transact with their product and service providers across industries. In response to the pandemic, businesses embraced digital ways of working and focused on delivering products and services to customers by leveraging digital channels. These changes compelled banks to rethink their digital channels strategy and seek ways to enhance or completely revamp channels to extend the scope of services delivered on them. Banks that had already adopted a digital-first approach to service delivery ahead of the pandemic were better able to respond to the new demands of the period. While banks that had not started or were still in the nascent stage came under significant pressure to respond to the fast changing landscape.

There has never been a greater need for banks to accelerate their digital transformation with a strong focus on delivering delightful experiences across all user journeys. Designing meaningful experiences requires taking an end-to-end perspective of the customer journey from discovery, enrollment, transaction, all the way to support. Banks will also need to maintain a high level of flexibility and agility in adjusting legacy business and operating models to meet the ever-dynamic needs of today's customers. To understand the maturity of the existing digital channels in serving the needs of the prospective customers and existing account holders, KPMG reviewed twelve (12) user journeys grouped into five (5) journey clusters as depicted in the figure below. The findings from this review enabled us to create a benchmark of the user journeys on these digital channels and ultimately provide pertinent insights for the African retail banking industry at large.

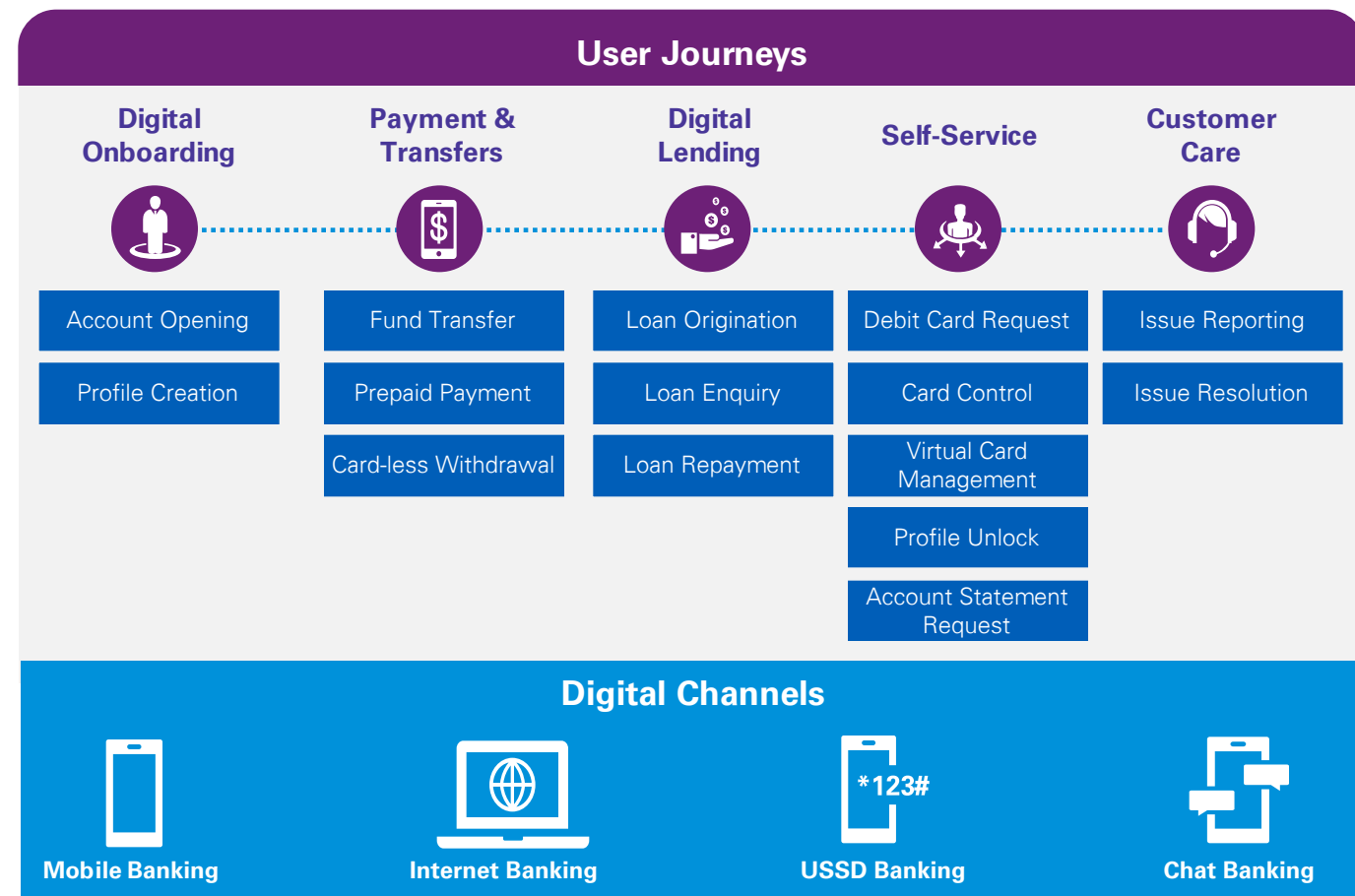


Figure 3: Scope of 2021 Digital Channel Scorecard

Defining the scorecard ranking categories

Based on our review of the capabilities demonstrated by the banks across five (5) journey clusters on their respective digital channels, we have segmented them into four (4) distinct categories both for the user journey and specific channel. The categories are as follows:

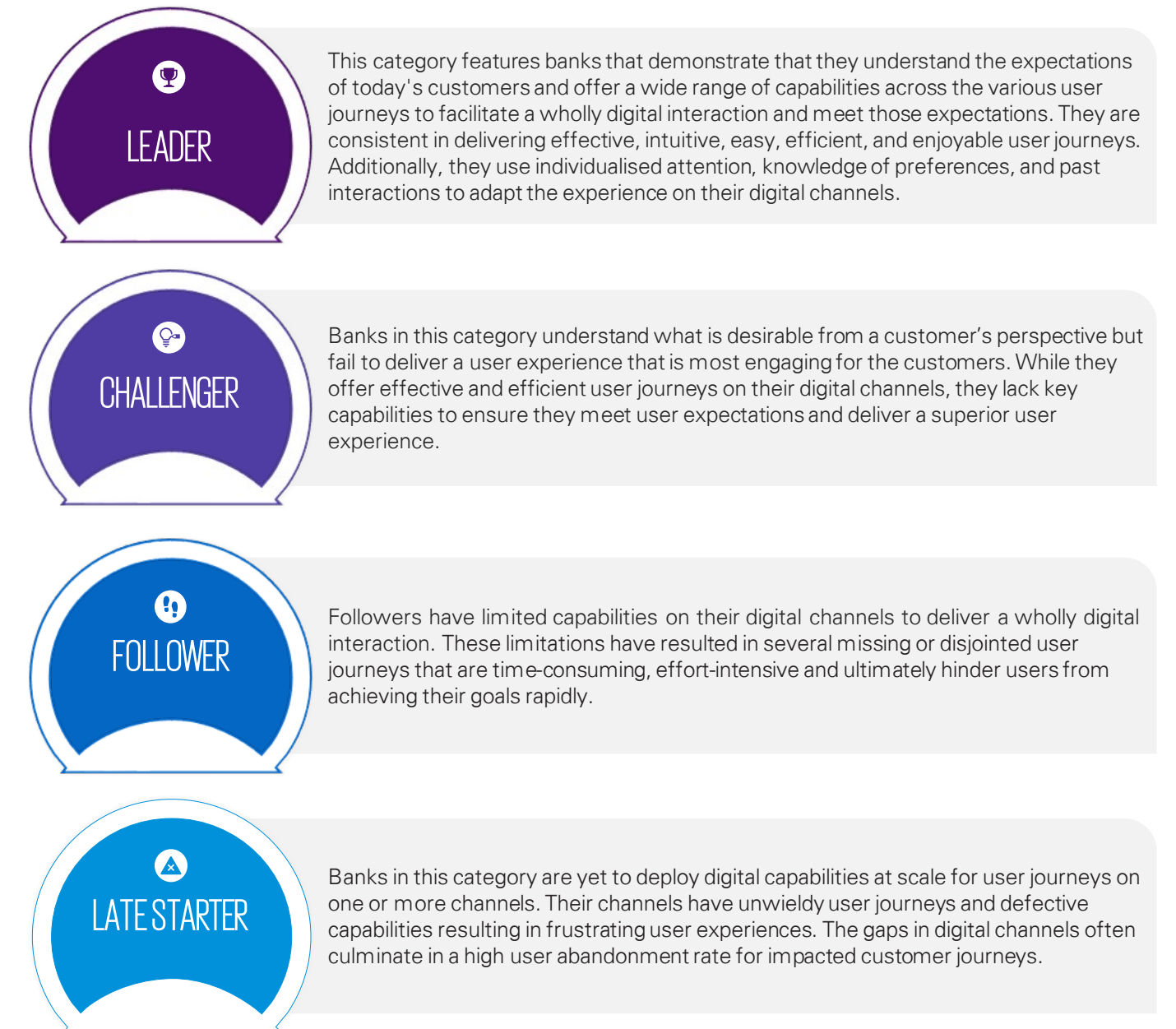


Figure 4: Digital channels scorecard ranking categories

Digital channels scorecard methodology

The Digital Channels Scorecard leverages KPMG's Digital Channels UX Assessment Framework that evaluates different aspects of user experience based on six (6) attributes on a layered pyramid. The attributes assessed are functionality, intuitiveness, efficiency, personalisation, consistency, and aesthetics. The assessment is executed through a "mystery shopping/banking" approach to form an "outside-in" perspective quite similar to how a customer will experience using the channels. The assessment methodology has four (4) steps as follows:

1. Set the expectations

We leveraged KPMG's Digital Channel User Experience Assessment Framework and insights on customer preferences from research and industry trends to distil key user expectations across the defined journeys. These expectations are linked to the six (6) attributes in the UX Assessment Pyramid and used to define a set of questions (assessment considerations) to assess any user journey. Each assessment consideration is weighted to ensure that they adequately reflect the range of capabilities and experience that customers have come to expect from the digital channels they use and the importance they place on those expectations.

2. Map the journey

We identified representative retail customer personas, user stories, and goals across the selected user journeys. Subsequently, we performed journey-based UX assessments across each channel. To evaluate the user experience on these journeys, we developed a user journey map that broke down the qualitative experience of the user into a series of logical steps to form a visual representation of the user's experience on that journey. In addition, the journey maps highlighted friction points, users' sentiments, and opportunities to delight and elevate the user experience.

3. Gather UX data

Each step of the user journey is assessed based on a set of questions linked to the UX pyramid attributes. These questions have standardised answer scales to guarantee objectivity and comparability across the evaluated banks. The questions examine how well the bank's channels deliver on the expected UX attributes from the pyramid and help users achieve their journey-specific goals. The combination of the weights assigned to each assessment question and the responses generate an overall score based on a 100-point scale.

4. Rank the banks

Based on the outcome of the UX assessment, the banks are ranked and grouped into different digital tiers – i.e., Leaders, Challengers, Followers, and Late-starters across the user journey clusters and digital banking channels.

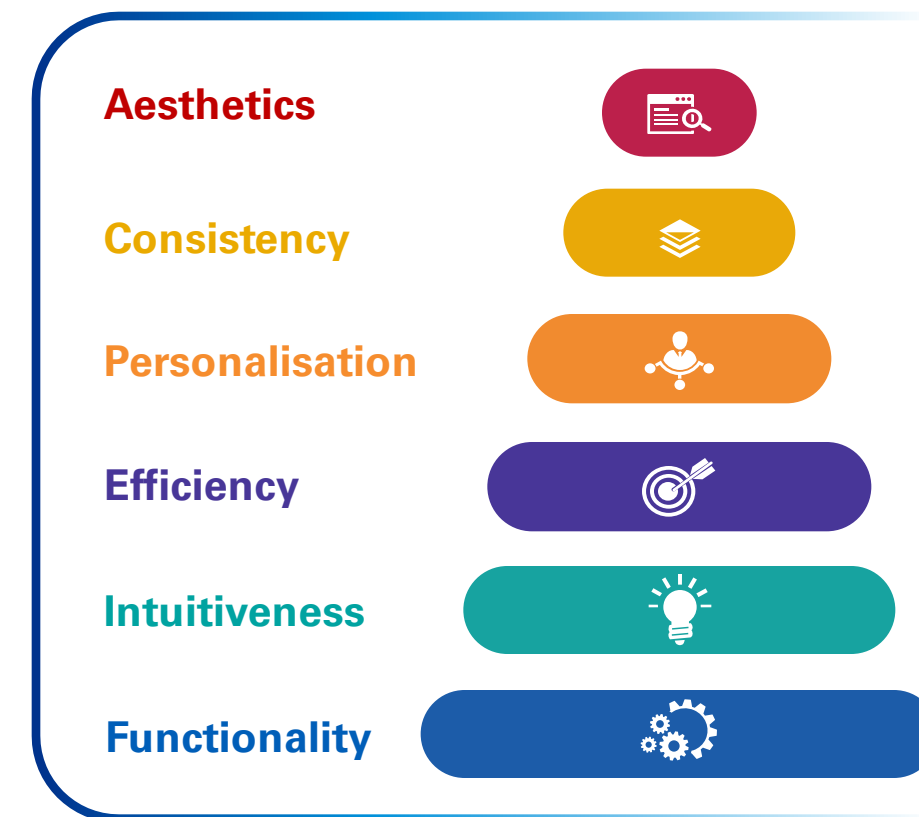


Figure 5: KPMG Digital Channels UX Assessment Pyramid

Key questions are asked across each of the attributes in the UX assessment pyramid in order to objectively assess the user experience for identified journeys on the digital channels

Functionality

Does the digital channel support the user journey being evaluated and what is the overall effectiveness of that journey on the digital channel?

Personalisation

Is the experience on the digital channel tailored to the persona of the user? Does the channel deliver relevant and individualised content and functionality that reflect the preferences and usage pattern of the user?

Intuitiveness

Is the experience logical and simple enough to minimise cognitive effort by the user? Does it allow rapid achievement of the user journey objectives by going through instinctive steps and actions on the chosen channel?

Consistency

Are the colour schemes, fonts, shapes, labels, layout configuration and navigation methods across supported journeys delivered in a uniform way to avoid user confusion and promote usability?

Efficiency

What is the interaction cost for a user to navigate a specific journey on the digital channel in terms of the number of steps/clicks and time it takes to complete the desired objective?

Aesthetics

Is the user interface of the digital channel visually appealing and in line with globally acceptable design guidelines?

4.0

Scorecard

Digital Onboarding

The nature of banking services continues to evolve, intensified by the pandemic, with offline and cumbersome offerings being replaced by customer friendly services that are available any time, any place. Customers are embracing a fully digital future and in banking that journey starts even before the customer is onboarded.

Digital onboarding enables banks to acquire new customers in a wholly digital manner. This capability has gained significance as technology and customer expectations continue to evolve.

For this journey cluster, we assessed the experience of prospective and existing customers across two (2) key user journeys:

- Account opening and onboarding on a digital channel for a prospective customer
- Self-onboarding on a digital channel by an existing account holder



Mobile Banking

Representative digital onboarding journey map - Best-in-class

User Emotion Key

- Excited
- Happy
- Indifferent
- Disappointed
- Frustrated



Customer goals

Jeff, a private sector employee, wants to open an account and onboard on the mobile banking app of a leading retail bank. After prolonged frustrations on quality of service from his current banking relationship, he wants to complete this journey digitally following a simple process with sufficient assistance and guidance throughout the process but without the need to visit the bank branch.

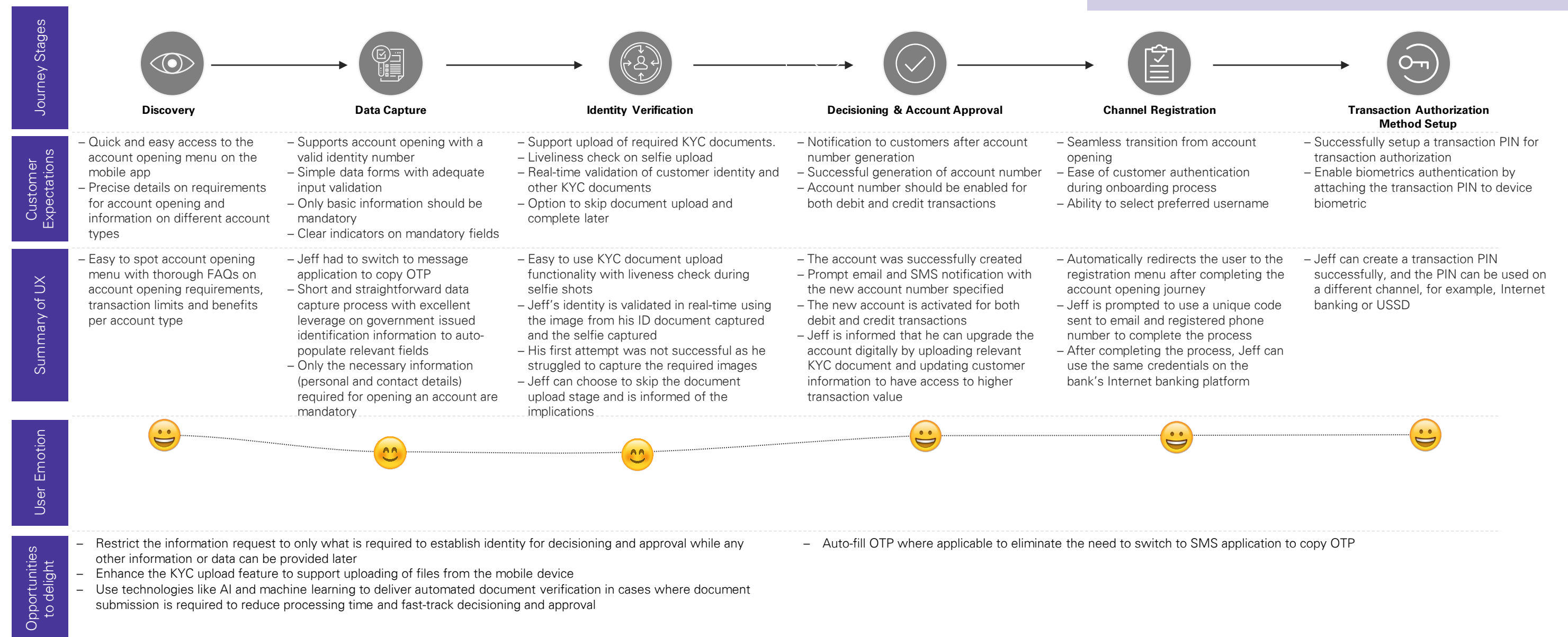


Figure 6: Best-in-class UX on digital onboarding user journey on mobile banking channel
 Source: KPMG 2021 digital channels user experience assessment. Unauthorised reproduction or distribution is prohibited.



Mobile Banking

Representative digital onboarding journey map - Followers/Late-starters

User Emotion Key

- Excited
- Happy
- Indifferent
- Disappointed
- Frustrated



Customer goals

Rita, a middle-class make-up artist, wants to open an account and onboard on the mobile banking app of a leading bank following her frustrations on quality of service from her current banking relationship. She wants to complete this journey digitally following a transparent and straightforward process with sufficient assistance and guidance throughout the process but without visiting a bank branch.

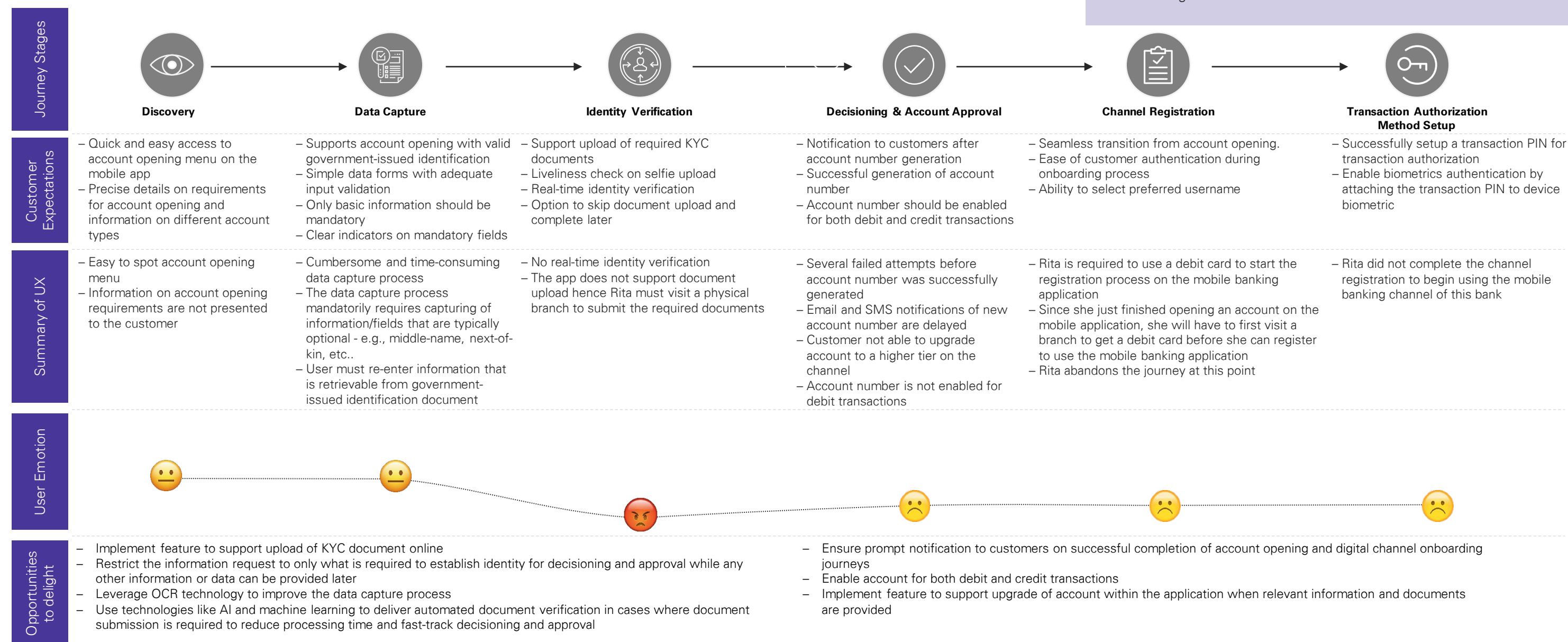


Figure 7: Example of a poor user experience on digital onboarding user journey on mobile banking channel
 Source: KPMG 2021 digital channels user experience assessment. Unauthorised reproduction or distribution is prohibited.

Digital onboarding journey scorecard

The digital onboarding journey cluster covers the processes for account opening and registration or profile creation on the bank's digital channels. The steps evaluated include - discovery, data capture, KYC validation, account setup, channel registration, and setting up transaction authorisation method.

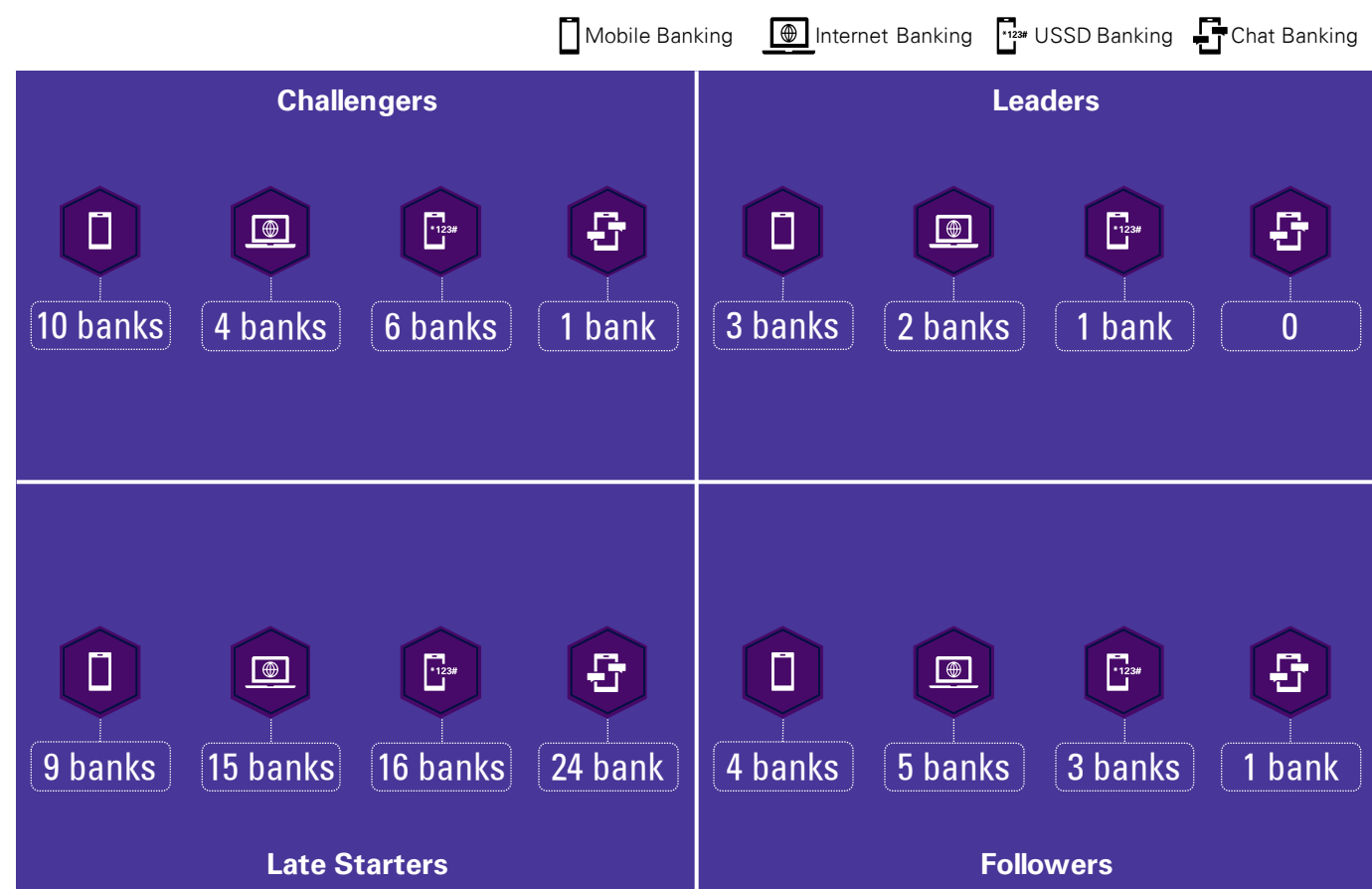


Figure 8: Scorecard for digital onboarding across channels

Note:
 Digital channel user experience assessments were conducted between April 2021 and September 2021.
 Source: KPMG 2021 digital channels user experience assessment.
 Unauthorised reproduction or distribution prohibited.

Unveiling the digital onboarding scorecard

Leaders

Banks in the Leaders quadrant have delivered an onboarding experience like social media platforms. They use smartphone cameras, artificial intelligence, and APIs alongside capabilities like optical character recognition (OCR) to make onboarding faster, friction-free and enjoyable.

Highlight of leading banks key offerings across the six UX attributes on digital onboarding journey:

Functionality

- End-to-end digital onboarding on the digital channels with no requirement to visit a physical branch for any step of the journey
- Real-time identity verification leveraging OCR, APIs, AI, and ML technologies
- Instant activation of account for both debit and credit transactions
- Paperless digital onboarding journey
- Single sign-on capabilities to allow users to enjoy an omnichannel experience as they traverse across digital channels
- Flexible and easily accessible customer authentication methods

Intuitiveness

- Comprehensive information on KYC documents required per account type, benefits per account type, and details of applicable transaction limits based on the level of documentation on the account
- Ability to track completed and outstanding steps in the account opening journey
- Error messages are expressed in a way to precisely indicate the problem and constructively suggest a solution
- Clear indicators on mandatory and optional input fields with appropriate data validation

Efficiency

- Easy discovery of account opening menu - placed on the landing screen or first menu screen of the channel
- Very efficient digital onboarding journey in terms of the number of steps, clicks, and duration
- Reduced user input by leveraging data from identity verification data/ documents to complete the data-capture stage, thus reducing the overall interaction cost

Personalisation

- Recommendation of products relevant to a prospective customer by using customer's provided attributes such as age and income class
- Supports customisation of a username based on customer's preference and not auto-generated usernames

Consistency

- Consistent look and feel across the various screens for digital onboarding (account opening and profile creation) on applicable digital channels
- The path to navigate forward or backward is established with the use of colour or relatable icons

Aesthetics

- UI design aligned to contemporary material design guidelines
- Leverage the principles of minimalism to deliver a visually appealing UI that is clean and non-distracting

Challengers

Banks in this category allow prospective customers to onboard digitally. The experience along this journey is good. They support end-to-end account opening, easy and seamless self-onboarding. However, they have yet to deploy specific capabilities across functionalities, intuitiveness, and personalisation levels that could position them as leaders. Some of the capabilities noted to be missing include:

- Support for the initiation of account tier upgrade directly on digital channel
- Real-time validation of uploaded documents such as ID document, proof of residence, etc.. on mobile and internet banking applications
- Product recommendation based on information provided by the user
- Ability to save and defer an ongoing application for later

Challengers need to augment the capabilities deployed on their digital channels to meet customers' expectations consistently.

Followers

While banks in this category allow customers to open an account digitally, customers only get a basic account with restrictions/ limits. The digital channels in this tier are missing the essential functionalities that can enable a prospect to open an account, onboard on a digital channel, and transact without visiting a physical branch. The noted gaps are prevalent on mobile and internet banking channels.

When compared to Leaders, these banks have significant gaps across the various levels of the UX pyramid. Some of which include:

- Lack of support for the creation of a higher tier account
- Limited information on product description, features, and benefits
- No support for submitting KYC documents (ID document, proof of residence)
- Inefficient onboarding journey: while customers can start the onboarding journey on the digital channel, a visit to the branch is required to activate the account/ channel or enable debit and credit transactions on the account

Late Starters

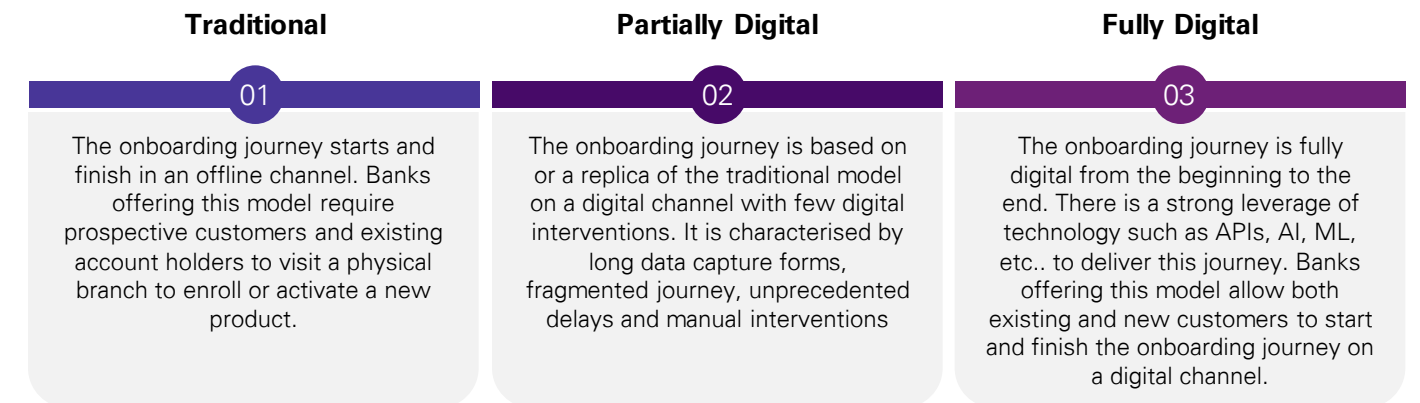
Banks in the 'Late Starters' category do not support the digital onboarding journey, and where they do, the journeys are often defective. Accordingly, prospective customers cannot use the channels to digitally establish a relationship with these banks without visiting a physical branch. Thus, indicating that the 'Late Starters' are yet to realise the importance of digital onboarding as a driver of customer acquisition and growth.



Key insights from our UX assessment of digital onboarding journey

End-to-end digital onboarding is an opportunity to achieve competitive advantage. Implementing an end-to-end digital onboarding journey is essential and mutually beneficial to customers and banks. It can enable banks to acquire new customers at scale while offering convenience to prospective customers. It will also allow banks to repurpose their workforce — previously saddled with account opening responsibilities. Now, a significant number of bank staff can focus on higher-value business activities.

Onboarding journey in retail banks can be grouped into these three (3) models:



Across the banks reviewed, examples of all three onboarding models were found with 'Partially digital' onboarding journey being the most common model.

The existence of digital onboarding differs across digital channels. Availability of onboarding journey on digital channels varies. Even within a single bank, we noted that this journey is not available on all online channels available to customers. As banks have no control over the online channel a customer will use to start the onboarding journey, enabling this capability on all touchpoints is crucial. Our assessment noted that the onboarding journey is prevalent on mobile banking, while very few banks offer it on chat banking channels, as shown in the figure below.

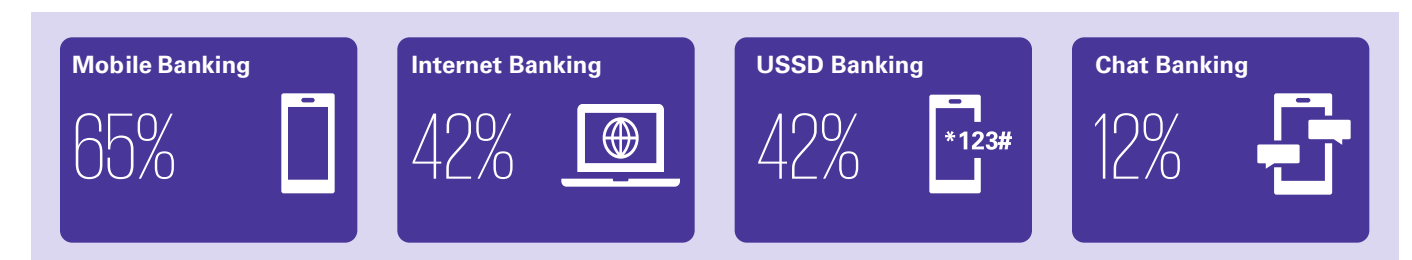
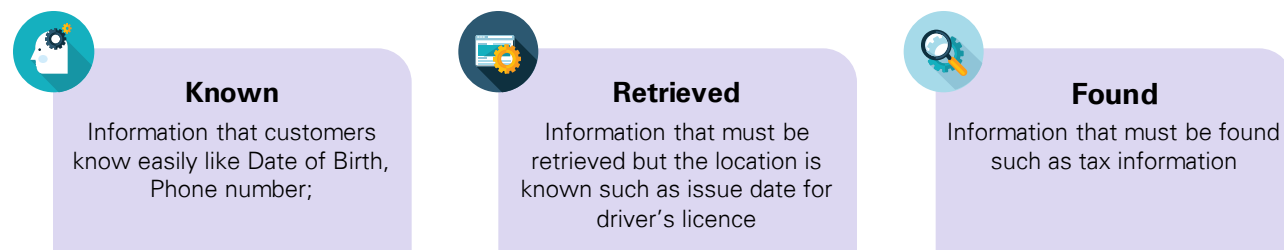


Figure 9: % of banks offering either partially digital or fully digital onboarding across the digital channels

Simply digitising traditional onboarding journey does not work and results in customer pain points throughout the customer journey. The traditional onboarding journey is a manual process, characterised by long and cumbersome account opening forms and lengthy information requests. Opening a bank account requires a prospective customer to provide certain information to the banks – some of it is for risk reasons, and some is for compliance reasons. Regardless of the reason, banks need that information. Providing that information takes time. Typing it in is reasonably slow, and while each data field is not an issue, in aggregate, it can take from 5 to 30 minutes to complete an application form. Customers have other things they would much rather be doing with that time. Therefore, banks must strive to strike a balance between how much data is requested and its importance

Classifying information into these three broad categories as shown below can help structure when to request information by asking for the more accessible information first and the one that requires effort to retrieve later. Also, investing in using APIs used to retrieve customer data and optical character recognition technologies to help streamline the process of information capture.



From our review, we see that leading banks are streamlining the information capture process with capabilities like

- ID document capture and prefill using OCR
- Google Maps API to speed up address capture
- APIs from civic registry to retrieve basic customer information

Banks could also consider structuring the onboarding journey to allow the prospective customers to provide only the most relevant information to establish the customer's identity. Later, as these customers—now users of that digital channel— expand their relationship by subscribing to other products and services, they can be prompted to provide any outstanding information or data.

Enabling immediate use of accounts can drive growth. Digital onboarding should be considered an opportunity to kickstart engagement, not just to acquire customers. Onboarded users who see immediate value in a bank's offering are most likely to stay engaged and build long-term brand loyalty. If they don't, there's a chance the customer will put it off or even forget about it altogether. Designing the digital onboarding journey to deliver what your customers want and enabling immediate access to services can help drive stickiness, reduce the chance for attrition, and ultimately increase your chances of success. The figure below indicates how banks assessed enabled this type of experience to customers.

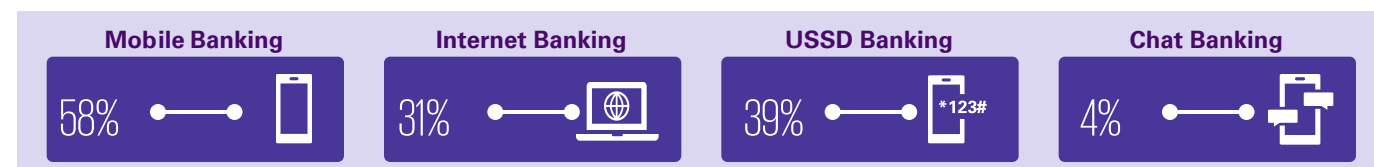


Figure 10: % of banks that enable immediate access to account after digital onboarding

Helping your customers know what to expect and providing adequate guidance is essential to creating good UX. The onboarding journey starts from the initial moment of customer interest in a particular bank's offering to when such customer establishes a relationship with that bank. This journey affects both prospective and existing customers as they sign-up for the bank's products. When customers begin an application for a banking product, they expect they'll have to provide information about their identity, income, and expenses. They probably have questions going through their heads.

What type of product do you offer?
What information will I need to complete my application
What if I am distracted, Can I continue from where I stopped?
What if I get stuck?

Helping customers understand how to navigate this journey is essential to creating a good first impression and reduce the number of drop-offs.

The figure below shows our observations of what banks offer on their digital channels (mobile and internet banking) to guide applicants and deliver a seamless onboarding experience.

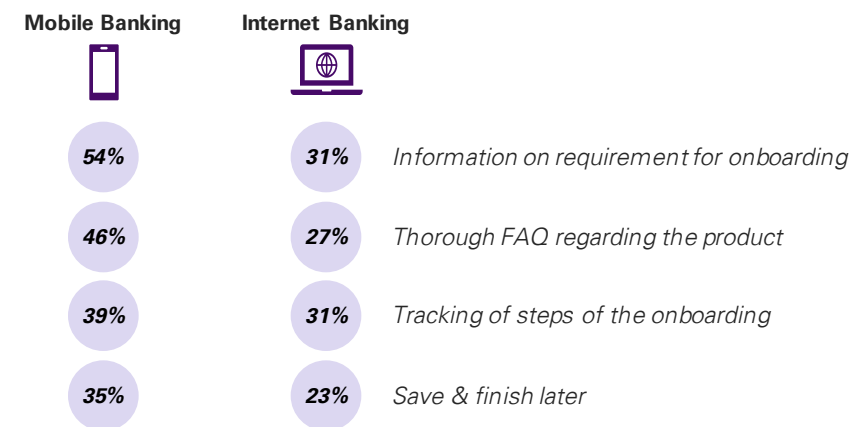


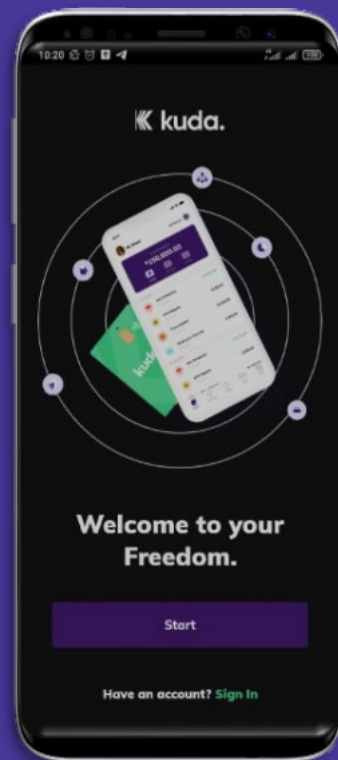
Figure 11: Selected capabilities to guide and manage customers' expectations: % of banks offering these capabilities

Customer not present ID verification is a significant obstacle to delivering a delightful digital onboarding experience while preventing fraud. Verification of customers' identity and is crucial in preventing fraud and complying with AML/CFT regulations. In the traditional onboarding process, this is typically a highly manual process that is time-consuming and costly. The current digital era presents enormous innovations that can be leveraged to deliver real-time customer identity verification. Banks are leveraging this innovation to drive a positive experience during the identity verification stage of the onboarding journey. For instance, on mobile banking, of the 17 banks that offer digital onboarding, nearly 50% percent allow prospective customers to submit required documents online, while 35% have deployed liveliness detection capabilities during the identity verification stage.

Case Study Kuda Mobile Banking App

Kuda is a digital bank in Nigeria that offers banking services such as account creation, account management, personal savings, and credit facilities wholly through its digital channels. From its launch in 2019 to date, it has acquired more than 1.4 million customers digitally, and its mobile banking application has over 1M+ downloads on Google Play Store.

Kuda offers a simple and intuitive digital model of the onboarding journey to its prospective customers. There is substantial leverage of technology such as APIs, AI, ML to deliver this journey. Kuda offers three types of accounts (Lite, Basic, and Premium) that allow flexibility on the level of documentation provided by new customers during onboarding. The design of the onboarding journey is such that it enables immediate use of the account to help drive engagement and growth. At the same time, any outstanding documents not provided during onboarding are requested later as customers opt-in for other products through the digital channel.



Highlight of Kuda's digital onboarding journey across the 6 UX attributes:

Functionality	<ul style="list-style-type: none"> End-to-end digital account opening Real-time validation of customer identity Flexibility in uploading outstanding KYC document Instant activation of account for immediate usage Single sign-on capabilities to allow users to enjoy an omnichannel experience as they traverse across digital channels Flexible and easily accessible customer authentication methods
Intuitiveness	<ul style="list-style-type: none"> Reduced rate of error messages through the provision of data validation on some input fields Comprehensive information on KYC documents required per account type, benefits per account type, and details of applicable transaction limits based on the level of documentation on the account Ability to track completed and outstanding steps in the account opening journey
Efficiency	<ul style="list-style-type: none"> Easy discovery of account opening menu - placed on the landing screen of the channel It takes approximately 3 minutes to complete the onboarding journey for a Basic account Convenient, secure and easily accessible customer authentication process Reduced user input by leveraging data from identity verification data/ documents to complete the data-capture stage, thus reducing the overall interaction cost
Personalisation	<ul style="list-style-type: none"> Optional request for customer data beyond KYC for more personalised interaction with customers
Consistency	<ul style="list-style-type: none"> Uniformity and coherence of elements, fonts, backgrounds and colours Predictable actions of user interface elements across the journey
Aesthetics	<ul style="list-style-type: none"> Very simple and minimal design of the user interface allowing the user to focus on completing a specific set of related tasks on each screen

Customer Reviews

4.3 out of 5.0
82k reviews

4.8 out of 5.0
31.5k reviews

App reviews as of 20 November 2021

Looking ahead

FinTechs pose a threat to traditional banks because they offer more convenience and better user experience. The onboarding experience is an essential element of the customer relationship and an ideal starting point for building a more resilient organization. Consequently, banks must offer an experience that is more customer-oriented and digital.

Beyond adopting innovative technologies, retail banks need to ensure full integration with back-office systems, functions, and processes. The current digital era offers enormous opportunities for innovation. Accordingly, retail banks must choose to:



Comply

Develop in-house processes and standards to a level that is compliant with jurisdictional needs and industry trends



Compete

Invest in strategic enablers both in-house and externally including internal data usage (e.g. unstructured, big data) and external (e.g., social media) to compete



Innovate

Build strategic partnerships including with non-FS related parties. Focusing on an onboarding model that prioritises customer centricity, data insights and agility while maintaining security and transparency



Payments & Transfers

The pandemic reinforced digital adoption in payments and transfers across payment types and demographics. As expected, this trend appears to be accelerating. The way consumers manage their finances has evolved significantly since the introduction of lockdown measures around the world. As we adjust to the new normal, customers seek reliable, secure, and convenient cross-channel access to their finances based on unique preferences and context. The end game is to accomplish their payment objectives.

As usage grows, convenience, ease of use, security, and availability are non-negotiable factors that will impact end-users seeking to make payment or transfer on a digital channel. Therefore, retail banks must meet this customers' demand by offering an 'always-on' payment experience across digital channels, leaving users in control of their finances.

For this journey cluster, we assessed user experience across the following journeys:

- Fund transfer to beneficiaries within the same bank and other local banks
- Bill payment
- Card-less withdrawal



Mobile Banking

Representative funds transfer journey map - Best-in-class

User Emotion Key

- Excited
- Happy
- Indifferent
- Disappointed
- Frustrated



Customer goals

Jeff completed the onboarding journey via the mobile banking channel. He has received some funds and now wants to send a relatively large sum of money. He also wants to schedule and automate this transfer for the future.

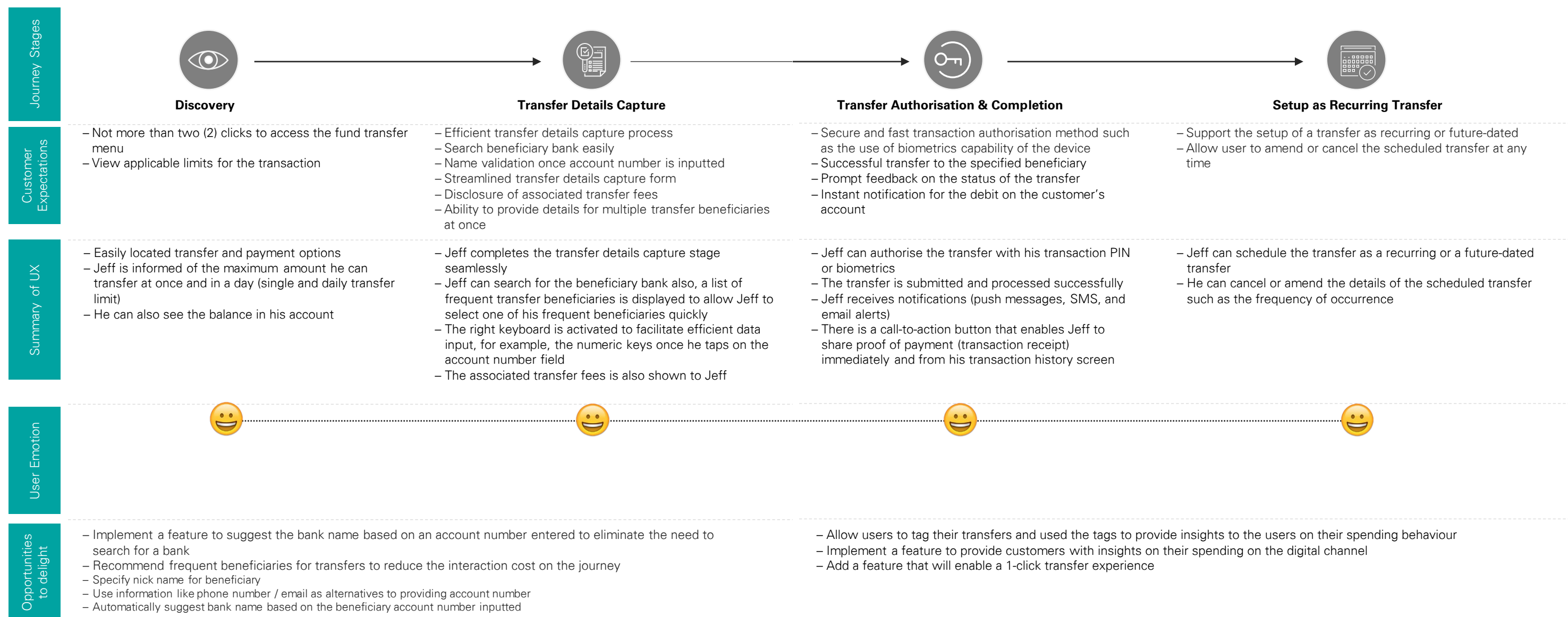


Figure 12: Best-in-class UX on funds transfer on mobile banking channel
 Source: KPMG 2021 digital channels user experience assessment. Unauthorised reproduction or distribution is prohibited.



Mobile Banking

Representative funds transfer journey map. Follower/Late starters

User Emotion Key

- Excited
- Happy
- Indifferent
- Disappointed
- Frustrated



Customer goals

Victor completed the onboarding journey via the mobile banking channel. He has received some funds and now wants to send a relatively large sum of money. He also wants to schedule and automate this transfer for the future..

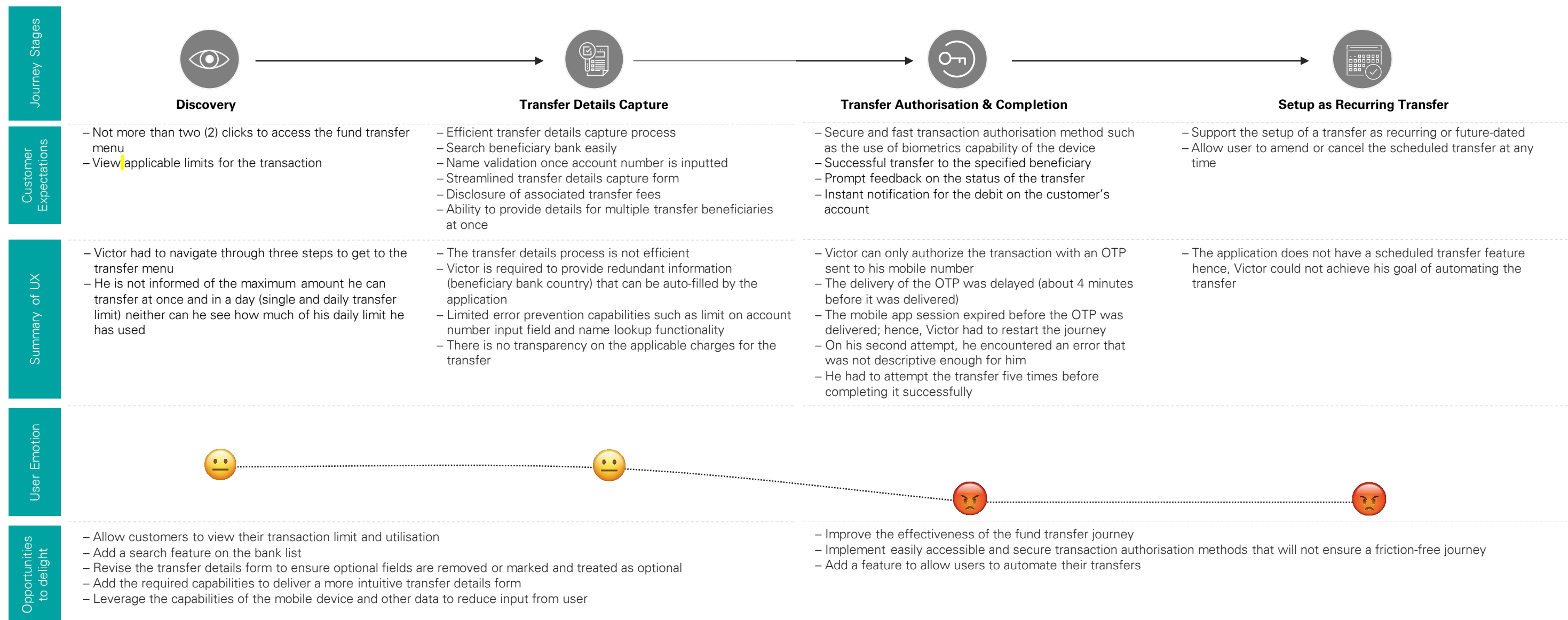


Figure 13: Example of a poor user experience on funds transfer on mobile banking channel
 Source: KPMG 2021 digital channels user experience assessment. Unauthorised reproduction or distribution is prohibited.

Payments & transfers journey scorecard

The payments and transfers journey cluster cover the processes for bills payment, funds transfer, and card-less withdrawals. Key steps evaluated along these journeys include making payment to a new / saved beneficiary, beneficiary management, setup and management of recurring payments, initiation and completion of card-less withdrawals via ATM.

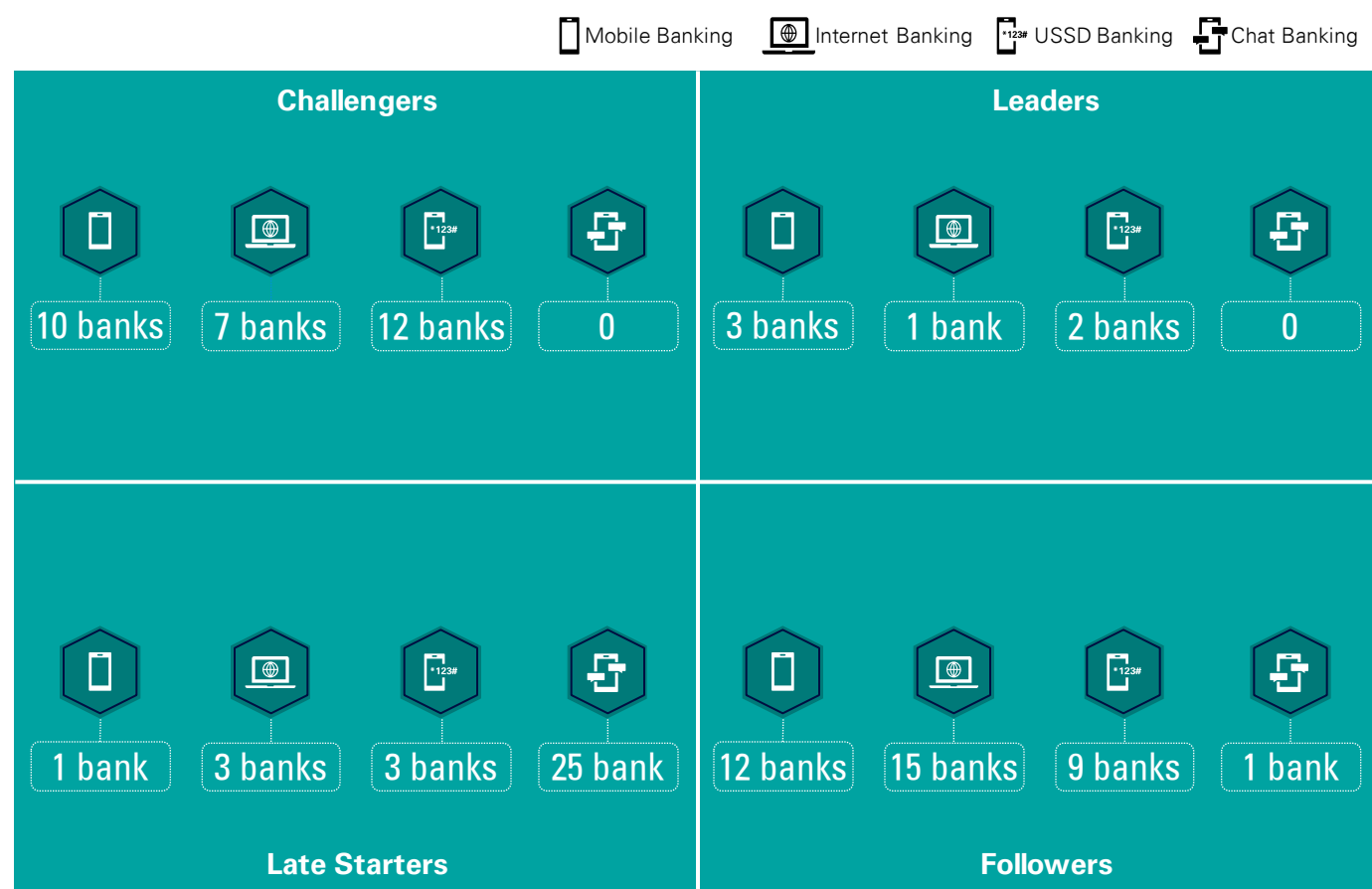


Figure 14: Scorecard for payments and transfers across channels

Note:
 Digital channel user experience assessments were conducted between April 2021 and September 2021.
 Source: KPMG 2021 digital channels user experience assessment.
 Unauthorised reproduction or distribution prohibited.

Unveiling the payments & transfers scorecard

Leaders

Banks in the Leaders quadrant offer superior user experience on the payments and transfers journeys. Users can accomplish their transactional goals on the digital channels offered by these banks because of the wide range of digital capabilities offered on individual payment and transfer journeys. These banks understand the importance of time and effort to today's customers and offer intuitive and efficient user journeys that ensure customers achieve their objectives rapidly.

Highlight of leading banks key offerings across the six UX attributes on payments and transfers journey:

Functionality

- Deliver an effective fund transfer, bill payment, and card-less withdrawal user journey
- Leverage the capabilities of the channel such as biometric reader on mobile devices for transaction authorization
- Allows users to set up, amend, and cancel a recurring payment or transfer
- Allows users to share a proof of payment (receipt) in various formats both on the transaction completion menu and from a transaction history menu

Intuitiveness

- Error messages are expressed in a way to precisely indicate the problem and constructively suggest a solution
- Clear indicators on mandatory and optional input fields with appropriate data validation
- Has feature to verify the validity of an account for transfer or reference for payment
- The keyboard displayed to users on touchscreen interfaces adapts to the data type of an input field
- Intuitive grouping of related billers by type of service for easy identification
- Clear indication of applicable transaction limits and charges

Efficiency

- Payments and transfers menu is accessible in just one click from the home screen or first menu list on USSD
- It takes not more than ten (10) clicks start to finish to complete a transfer or payment
- Suggestion of frequent transactions to facilitate quick actions

Personalisation

- Save and define a nickname for a beneficiary
- Uses customer's data on historical transactions made to suggest frequent beneficiaries from the list of existing beneficiaries

Consistency

- Consistent look and feel across the various screens for payment and transfer journeys on applicable digital channels
- The path to navigate forward or backward is established with the use of colour
- Call-to-action buttons across the payment and transfers journey have the same attribute

Aesthetics

- UI design aligned to contemporary material design guidelines
- Leverage the principles of minimalism to deliver a visually appealing UI that is clean and non-distracting

Challengers

Banks in the Challenger quadrant allow users to transfer funds, pay bills and initiate card-less withdrawal on their respective digital channels. The delivery of these journeys is effective with "just enough" capabilities. The implication is that some gaps in capabilities prevent them from meeting and exceeding users' expectations across the six UX attributes to deliver a high-quality user experience and become banks that are setting the trend.

Some of these gaps include the following:

- Non-intuitive transaction form that does not prevent error
- Poor discoverability of billers due to the unintuitive grouping of billers and lack of search feature
- Redundant data request such as beneficiary bank country for local transfer
- A relatively high interaction cost when benchmarked against leading banks
- Low adoption of the principles of minimalism in the design of the payments and transfer journeys on internet banking
- Minimal use of users' past interactions to adapt the payment and transfers experience

As consumers have a growing appetite for simple, easy-to-use, friction-free, secure payments consistently across channels, these banks must augment their digital capabilities to deliver a seamless experience irrespective of the digital channel used.

Followers

The banks in the Followers quadrant are focused on delivering only the basics of the payment and transfer journey. They have limited capabilities along the journey that would otherwise elevate the user experience if they were not present. Some of these limitations are:

- Fund transfer or bill payment journey that is not always on, thereby causing frictions along the journey
- Non-existent or defective card-less withdrawal journey
- Focus on delivering only the basics of the journey with limited capabilities along the journey
- Transaction authorisation method that is heavily dependent on a third-party infrastructure that is prone to the risk of unavailability
- Unintuitive transaction details capture forms that do not reduce or prevent unintended errors by users

Late Starters

The Late starters consist of banks that are yet to effectively deliver payments & transfers on their digital channel when benchmarked against their peers. Our assessment revealed that fund transfers and/or bill payments do not work effectively on mobile, internet, and USSD for Late Starters. Also, the banks do not offer card-less withdrawal as a journey on ATMs. Additionally, the banks featured in this quadrant do not have a transactional chat banking channel as one of their digital channels, implying that they are yet to catch up with the latest trends in digital banking.



Key insights from our UX assessment of payment & transfer journey

Most banks tend to perform well on funds transfer and bill payment.

Customers have become accustomed to using digital channels to complete everyday payments and fund transfers. It has become an area where customers expect banks to deliver effectively with compelling user experience. Our assessment revealed that 96 percent of the banks assessed deliver basic transfer and bill payment well enough on mobile and internet banking.

The chart below shows the average UX score for funds transfer & payments on Mobile and internet banking across the 26 banks assessed

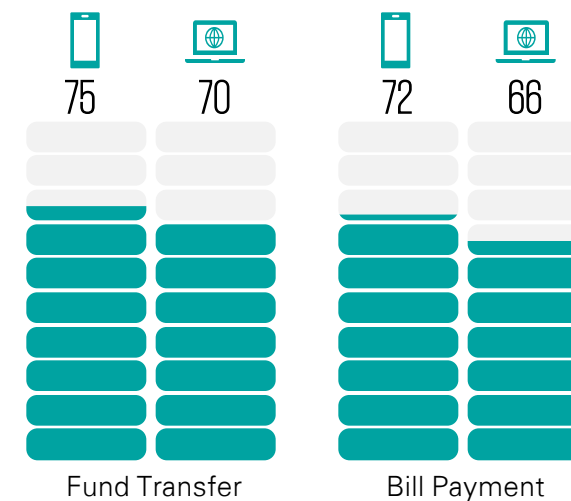


Figure 15: Average UX score for fund transfer and bill payment user journey

Automation and orchestration of payment of digital channels is limited.

Monthly and annual bills are recurring payments that take up time. Automating and providing management billing tools brings a new level of convenience to individuals and customers alike. By offering capabilities such as scheduled payments, frequent payments, and smart notifications on the digital channels, banks can let customers centralize and control their spending using manual or scheduled bill payments. Also, customers can have quick access to all

upcoming payments with a real-time overview, avoid unexpected charges, and provides customers with peace of mind. For example, less than 50 percent of the banks assessed have deployed a scheduled payment feature on mobile and internet banking.



Figure 16: Availability of scheduled payment feature on mobile and internet banking

Having a challenging transaction authorisation process can limit usage.

Customers want speed and convenience when interacting on a digital channel. From our assessment, some banks rely on OTP as the authentication method during transaction authorisation. While it is easily accessible for this purpose, there are certain risks associated with it, such as social engineering attacks and delays in delivery due to dependencies on other telecommunication infrastructure. Banks should deploy secure, trusted technologies and platforms for customers and service providers to have absolute trust and confidence that their privacy is protected, and transactions secured. Biometric and behavioral technologies, combined with real-time user identity validation and advanced behavioural profiling. We have seen few banks deploy biometric and AI technologies for user identity validation during digital onboarding. Banks can extend this capability to payment, transfers, and other user journeys to remove human elements entirely and do away with PINs and passwords.

Transparency matters, especially when it comes to transaction fees. In an age when information flows faster and more freely than ever, transparency is huge in the design of the funds transfer journey. Customers want to know the cost of a service and the cost information should be readily available. To put it simply, customers want insights. The savvy ones will do a lot of research before making a purchase, and if their searches for you do not turn up any information, they will move right along. Some banks understand the importance of transparency, especially when it comes to fees and charges for transactions.

The figure below indicates the banks that have embedded transparency in their fund transfer journey



Figure 17: Availability of transfer charges information across digital channels

Notifications are limited to transaction alerts. While the banks assessed notify customers when there is an activity on their accounts, the notifications deployed are limited to transaction alerts. Helping customers stay up-to-date with their finances is also an opportunity for banks to offer better products and services to their customers. Accordingly, banks should explore extending the coverage of notifications to include in-app alerts and notifications on upcoming or due payments based on customer transactional data, low balance warnings, unusual account activity, etc.. to let customers control their financial activities and protect against fraudulent withdrawals and transactions.



Case Study

M-Pesa App

M-Pesa is a mobile money service run by Vodafone and Safaricom that provides payment and financial services, even if a customer has no access to a bank account. Over the last five years, M-Pesa has seen a steady increase in transaction volume and customer base, processing over 15.2 billion transactions¹ as of March 2021 and a monthly active customer base of 50 million customers².

The M-Pesa Super App was recently launched across all its markets, giving its vast customer base access to various financial services through the mobile application. Customers can send and receive money, make and receive business payments, pay bills, make and receive international money transfers, save and access credit, all from the convenience of their smartphones. The M-Pesa mobile app offers its users a modern, intuitive, and secure way to transact and gain control of their finances anywhere and anytime on their smartphones.

Safaricom uses an incentive approach where customers get free data for transacting on the app to drive usage of the application.

Highlight of M-Pesa's offerings across the six UX attributes on its payment and transfer journey

- Functionality**
 - Substantial leverage of APIs from other service providers to extend its payment and transfer offerings across lifestyle, insurance, e-commerce, international money transfer, digital wallet, etc.
 - Allows users to transact on the application without an active internet connection
 - Provides users with real-time insights into a daily and month-on-month view of their spending behaviour to help them improve their financial wellbeing
 - Access to statement and transaction receipt
 - Supports bulk transfer
 - Ensures privacy by giving users the option to hide their balance

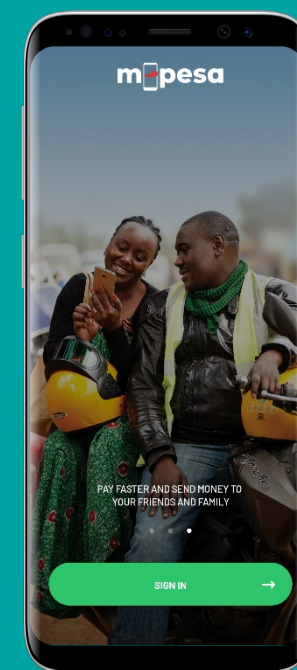
- Intuitiveness**
 - The app reveals the recipient's name and image before you can confirm the transaction minimising chances of sending money to the wrong person

- Efficiency**
 - Placement of the most common tasks performed by users on the home screen to facilitate seamless interaction
 - QR scan feature to facilitate quick payments
 - Fast transaction authorisation with biometrics

- Personalisation**
 - M-Pesa draws insights from customer data and uses that to personalise the experience with offerings such as Smart Alerts that notifies users of upcoming bills
 - Offers an automatic generated lists of people or businesses a user pays frequently
 - Users can customise the description of a transaction with either a text description or a by attaching a GIF



- Consistency**
 - Uniformity and coherence of elements, fonts, backgrounds and colours
 - Predictable actions of user interface elements across the journey

- Aesthetics**
 - Minimal user interface with big enough font to ensure adequate readability
 - Clear use of different visual colours to achieve visual cues
 - App colour theme aligns with Safaricom's brand colour



Customer Reviews

 
4.7 out of 5.0
 33,347 reviews

 
4.8 out of 5.0
 409 reviews

App reviews as of 20 November 2021

¹ <https://www.vodafone.com/news/press-release/m-pesa-celebrates-reaching-50-million-customers>

² <https://www.statista.com/statistics/1139181/m-pesa-transaction-volume/>

Digital Lending

The process of lending in the traditional banking environment stretches from identifying prospective borrowers to sanctioning or rejecting loan or credit requests to managing the disbursed loans (if sanctioned) to full repayment. This process often requires significant manual intervention and is nearly impossible to scale from a retail lending perspective. It is time-consuming and cumbersome for borrowers. However, advancement in emerging technologies, particularly AI, machine learning, big data analytics and cloud computing, has created new opportunities to reimagine the lending business.

Digital lending enables lenders like retail banks to extend loans to borrowers through digital platforms covering the full journey from loan application, disbursement, and management to renewal during which lenders use digitised data to inform credit decisions and build intelligent customer engagement. The proposition has gained momentum over the past years, primarily due to changing customer preferences and the emergence of new technologies, enabling lenders to design innovative and customer-centric lending products. Retail banks are responding to these changes by making loans easily accessible to customers via relevant digital touchpoints.

Our evaluation of this capability across the banks' digital channels covered relevant user journeys related to digital lending - origination, disbursement, enquiry and repayment.



Mobile Banking

Representative digital lending journey map - Best-in-class

User Emotion Key

- Excited
- Happy
- Indifferent
- Disappointed
- Frustrated



Customer goals

Gakuru is a 29-year old single, private sector employee with a high income. Gakuru works as a business analyst in a financial institution where he has been for four years. He is the first child out of seven children and works hard to help out with the everyday running of the house and assisting his siblings financially. He urgently needs a loan to support his parent in paying the school fees of 2 of his siblings in high school. He plans to pay back the loan over three (3) months from his monthly salary.

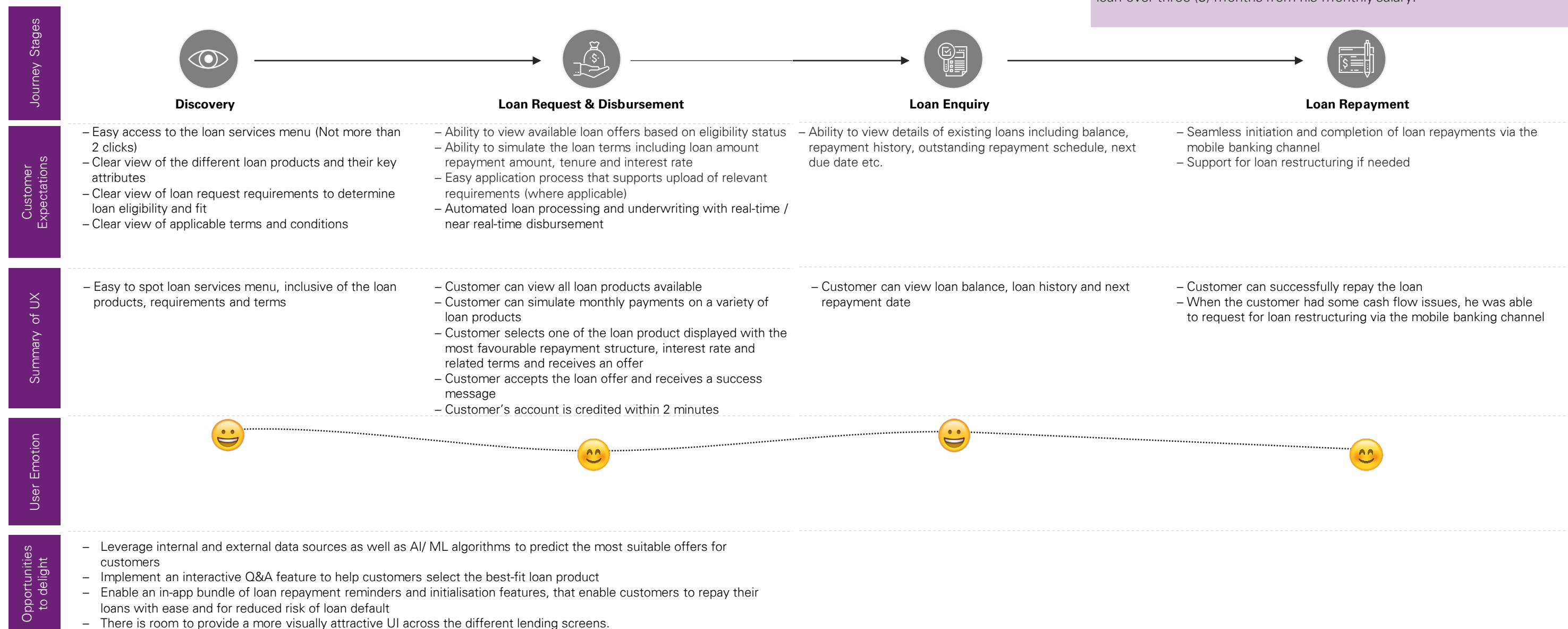


Figure 18: Best-in-class UX on digital lending journey on mobile banking channel
 Source: KPMG 2021 Digital Channels Assessment. Unauthorised reproduction or distribution prohibited

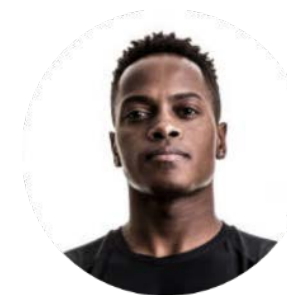


Mobile Banking

Representative digital lending journey map - Followers/Late-starters

User Emotion Key

- Excited
- Happy
- Indifferent
- Disappointed
- Frustrated



Customer goals

Yaw, a self-employed web designer, has identified a niche in real estate and fashion content design. Yaw urgently needs cash for his daily upkeep as some of the clients he recently worked for have not yet paid for his service. Yaw intends to take a loan and repay when his customers settle his invoices at the end of the month.

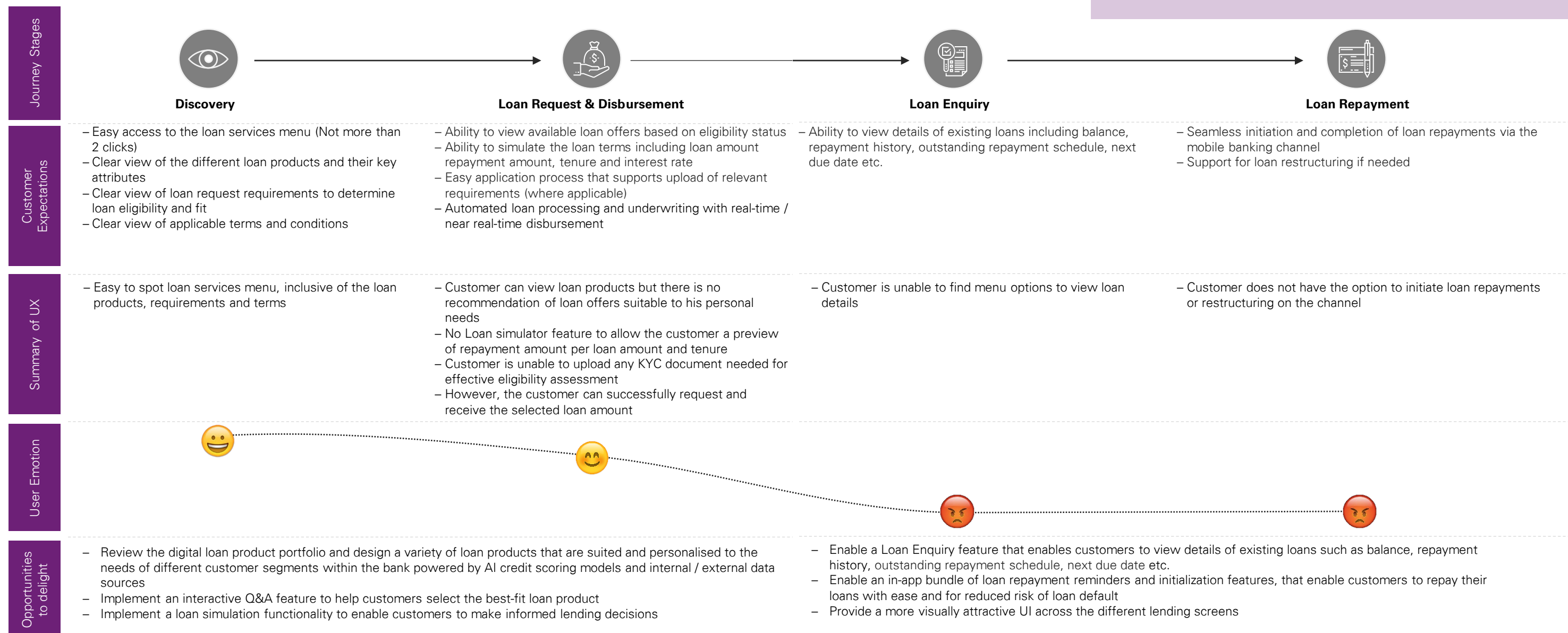


Figure 19: Example of a poor user experience on digital lending journey on mobile banking channel
 Source: KPMG 2021 Digital Channels Assessment. Unauthorised reproduction or distribution prohibited

Digital lending journey scorecard

The digital lending journey includes the processes undertaken by a customer to initiate a loan request and manage existing loans. Key steps evaluated along these journeys include loan simulation, loan application, viewing information and repayment schedule, and loan repayment.

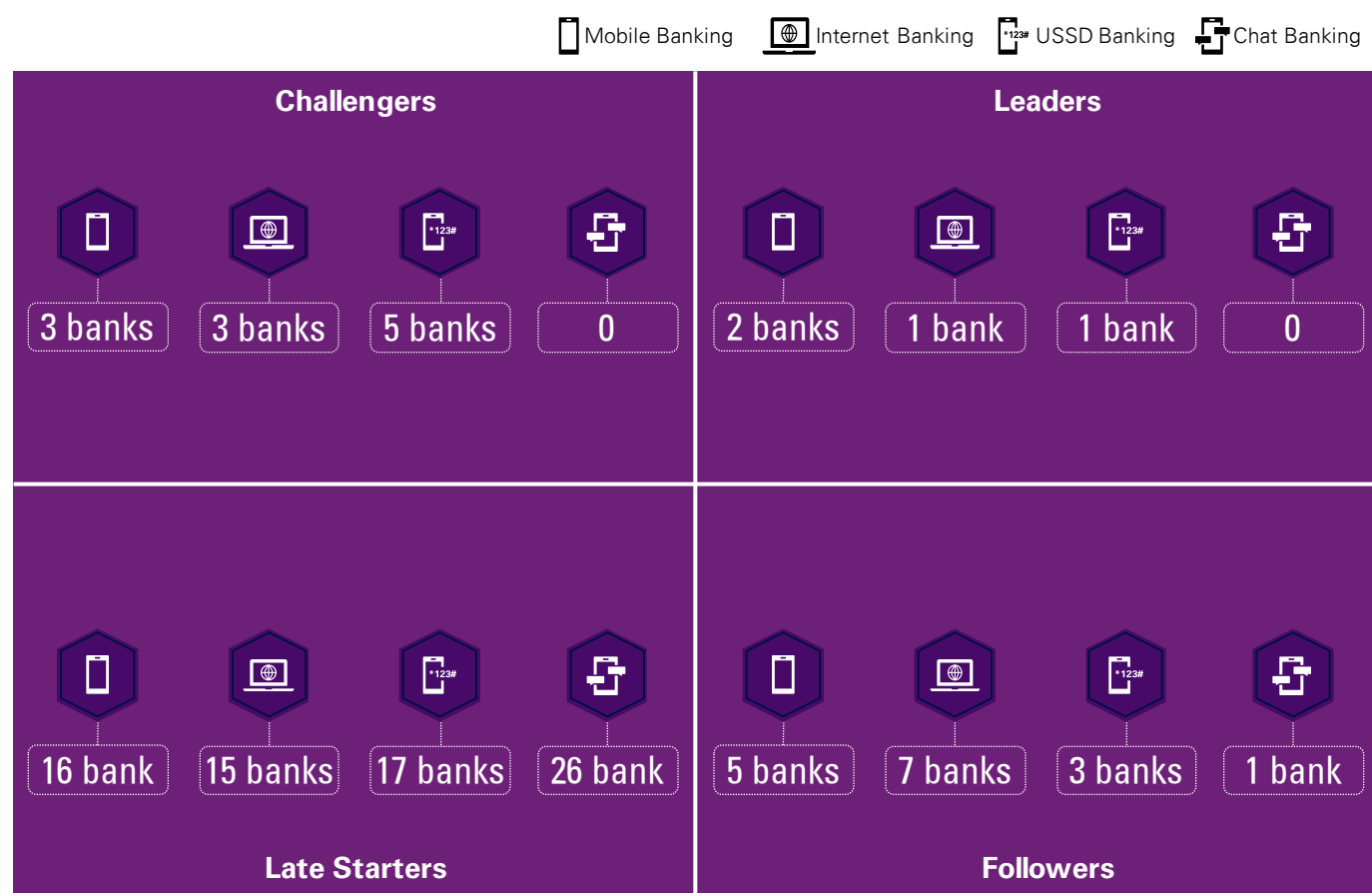


Figure 20: Scorecard for digital lending across channels

Note:
 Digital channel user experience assessments were conducted between April 2021 and September 2021.
 Source: KPMG 2021 digital channels user experience assessment.
 Unauthorised reproduction or distribution prohibited.

Unveiling the digital lending scorecard

Leaders

Banks in the Leaders quadrant offer the most comprehensive user experience on the digital lending journeys. They have enabled superior lending options on their digital channels; meeting a broader range of lending needs. These banks also recognise the role of efficiency in user-retention and have implemented intuitive digital lending journeys that aid customers in completing their goals quickly and seamlessly.

Highlight of leading banks key offerings across the six UX attributes on digital lending journey:

Functionality

- Inclusion of loan offers for customers other than salary-account holders
- Availability of multiple loan products, e.g., payday loans, device financing, vehicle loans, salary advance, etc.
- Support upload of required documents as required during the loan application process
- Functionality for customers to access their credit score on the channel
- A loan simulator feature that allows a preview of repayment amount per loan amount and tenor

Intuitiveness

- Prompt acknowledgment of the customer's loan application with estimated review and completion timeline
- Information provided to the customer on requirements for loan eligibility where the loan application is not successful
- Loan terms and conditions are available in simple language

Efficiency

- Timely disbursement of the loans, i.e., typically within 2 minutes for instant loans

Personalisation

- Recommendation of loan offers suitable to the customer's persona

Consistency

- Easily to understand and navigate the user interface
- Consistent UI elements - fonts, backgrounds and colours, button and labels - throughout the journey

Aesthetics

- UI design that adopts the principles of minimalism - only showing what is relevant for the current step of the process
- Attractive UI design makes the application process pleasant

Challengers

Banks within the challenger tier closely follow the Leaders as they have implemented relatively seamless UX on digital lending journeys but are missing some of the following critical differentiating features:

- Support for loan requests leveraging customer's bank statement from another bank
- Loan offers for non-salary account holders.
- Support for customers to repay or liquidate loans, whether partially or fully
- Ability to upload any required documents
- Loan simulator feature showing repayment amount per loan amount and tenor
- Recommendation of loan offers suitable to the customer's persona

Challengers need to augment the lending capabilities deployed on their digital channels to ensure they consistently meet customer expectations and achieve the digital differentiation and leadership they seek.

Followers

Banks within this tier have implemented digital lending capabilities on the relevant digital channels. However, these capabilities barely met defined UX criteria and had several issues, including:

- Limited Availability of multiple loan offers/types, e.g., payday loans, device financing, vehicle loans, salary advance, etc.
- Extended loan disbursements timeline
- Delayed processing of loan applications - applications remained pending up to a week after initiation
- No confirmation or acknowledgment of loan application
- Lack of clear information on eligibility requirements for loan offerings
- Defective or non-existent loan management features such as loan balance enquiry, outstanding tenor, pending balance, repayment history, etc.

Late Starters

For the Late-starters, the majority have not implemented the lending journey on their digital channels. For the few that have, the journeys are defective and break before the customer reaches the loan disbursement stage. Accordingly, prospective customers cannot use these banks' digital channels for digital loan origination and management services.



Key insights from our UX assessment of digital lending journey

Our UX assessment while navigating the digital lending journeys across various digital channels revealed that the current maturity level for this journey is relatively low across African banks, especially regarding the richness, diversity, and reach of the lending products.

Consumer lending has evolved in recent years, but there are compelling growth opportunities. Banks are under pressure to innovate as their customers demand more efficient and digitally-enabled lending services. At the same time, banks have to comply with multiple regulations to ensure that lenders maintain a healthy portfolio of consumer loans. These regulations include capital to risk-weighted assets ratio, single obligor limits, loan-deposit-ratio, money lender laws (varying from country to country), amongst others. Our digital channels UX assessment noted that some African banks recognise the importance of digital lending and are digitizing aspects of their lending user journeys, though most have not executed optimally. The evolution and maturity of digital lending globally, however, means there are:

- Vast opportunities to deliver the benefits of improved borrower experience
- Reduced credit risks
- Reduced cost-to-serve; and
- Increased profitability

In markets like the United Kingdom, Singapore, China, Australia, and Dubai, government and regulators have developed rules for online lending and created the right enablers such as digital identity, regulatory sandboxes to encourage, support, and hasten digital lending innovation. These have enabled lenders to leverage digital identity and data to expedite customer acquisition, credit underwriting, etc., which have boosted the growth of the digital lending market.

Mobile and USSD are the channels of choice to deliver a seamless digital lending experience and broader reach. The continually expanding penetration of smartphones, and the proliferation of internet access across Africa, have placed a high priority on mobile banking as "the channel of choice" from the customer's perspective. While smartphone adoption is rising, more Africans still use lower-priced feature phones. USSD works on every phone that supports the GSM standard and is associated with convenience and ease of use without internet access. USSD is therefore the preferred channel for reaching the under-served/ excluded segment of the market.



Figure 21: Side-by-side comparison of banking customer profiles

1. Statista - <https://www.statista.com/statistics/467187/forecast-of-smartphone-users-in-nigeria/> accessed on 8 August 2020 at 12:08pm

36% of the African banks reviewed seem to have taken advantage of their mobile banking channel to extend functional loan origination services to customers (see Figure 33). However, only 25% of banks reviewed have functional loan management capabilities like loan enquiry and liquidation /repayment features on their mobile banking channels. On the other hand, 64% are yet to leverage their mobile banking channels to tap into the opportunities inherent in digital lending as they either do not have any lending capabilities or offer defective journeys. 68% of banks do not have functional loan origination and management capabilities on their USSD channels, even though it seemingly caters to the lower-income customer segment. As much as mobile banking and USSD are the channels of choice, the need to leverage other digital channels cannot be overemphasised. Customers can decide to interact with the bank through more than one channel based on circumstances and preferences, and the channels selected have a substantial impact on the bank's revenue as well as customer satisfaction. Less than 50% of banks have implemented lending capabilities on at least one digital channel, and even for those, the user experience within many of the lending journeys is sub-optimal, particularly as loan enquiry and liquidation/repayment features are often unavailable. Banks need to determine the optimal lending channel mix to maximise their reach, revenue and deliver the right customer experience across the different segments they serve.

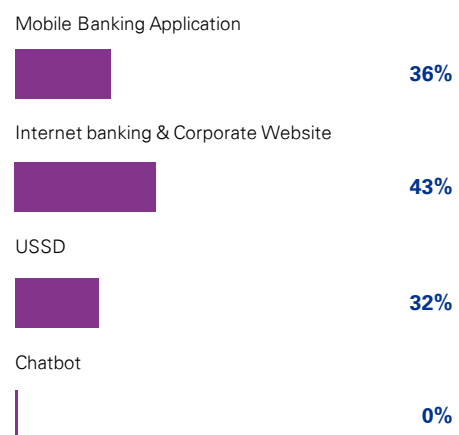


Figure 22: Availability of a functional digital lending capability across banks' digital channels
Source: KPMG 2021 Digital Channels Assessment

The majority of the digital lending offerings only provide basic loan management capabilities.

Implementing top-notch digital lending capabilities is key to delivering a superior experience for borrowers and growing market share. The delivery of basic loan management capabilities such as loan request, balance enquiry, loan history, and repayment has become a norm in developed markets and with some Fintech lending apps. Therefore, these features are often not considered to be differentiating factors for customer retention. However, their absence could be very limiting for customers and impact customer experience.

Digital lending Challengers and Followers provide functionalities for loan application and disbursement. However, most have not enabled customers to perform broader lending services such as loan restructuring, flexible/ customer-initiated repayment. Indeed, some do not have the more vital features such as loan balance enquiry, repayment history, and loan repayment from accounts domiciled within the bank.

Also, only the leading banks offer loan simulation features that can accurately present loan parameters such as interest rates, repayment amount, and repayment duration to enable prospective borrowers to make better borrowing decisions. These gaps present an essential opportunity for banks to increase customer reach by enriching the bouquet of features offered on digital channels to support loan origination and proactive loan management.

Most banks have digitised a limited set of loan products, catering to only a small proportion of the customer base.

Any lending product can be digital, but the few banks that have implemented digital lending do so for only salary-backed loan products such as salary advance and payday loans. These products are only available to salary earners - primarily individuals in the formal sectors and represent a small market segment.

Understandably so, considering that this segment represents a safer bet for loan repayment and probably has the sort of financial data and employer guarantee required for easier underwriting. However, the implication is that customers from the informal sector, such as small and micro-businesses, artisans, petty traders, etc., are systematically excluded from accessing credit from banks. Most people in the representative African countries are within this excluded segment. Lending products such as personal, auto, and student loans are not available on digital channels.

Banks struggle with digitizing the underwriting for these non-salary-based loan products while complying with regulatory requirements. Therefore, these categories of loan products have mainly remained manual. The ideal vision for digital lending is one where online loan applications and management are fully supported while delivering a variety of highly personalised loan offers to customers at the exact time of need. This vision requires a combination of data-driven credit decision support, digital document capture, and automated document verification, especially for secured loans which require documentation and approval. Banks need to look beyond the immediate restrictions and find innovative ways of digitalising critical elements of the secured lending journeys, especially documentation, credit underwriting, loan approval, and disbursement, to expand their reach to new customer segments. By establishing a seamless end-to-end digital journey for other consumer loan products, a deep understanding of customer needs and a comprehensive risk profile achievable using advanced analytics, banks can extend data available within and outside their boundaries in building AI algorithms that can facilitate support sound credit decisioning to put credit in the hands of every creditworthy customer.

Banks are wary of digitizing unsecured loans due to concerns about non-performing loans (NPLs).

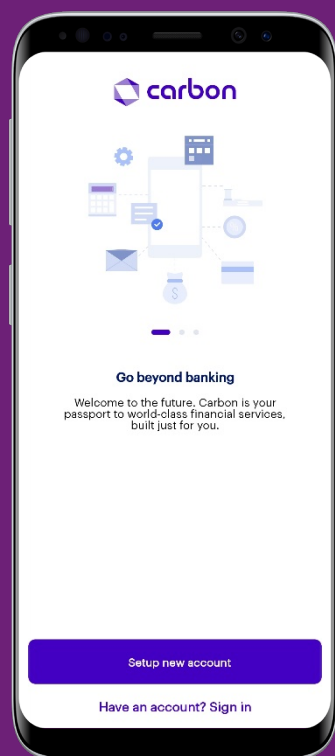
The struggle by banks to keep NPLs at an economically reasonable level has caused some caution about the value and volume of loans extended to customers via digital platforms, especially for unsecured loans. Poor lending decisions are a major cause of non-performing loans. Banks have, in the past, extended loans to non-credit worthy customers and did not take critical factors such as inflation, exchange rate volatility and other economic uncertainties into consideration during the credit underwriting process. The process to reduce NPLs starts with good underwriting and sound credit policies at the point of origination. By leveraging AI and machine learning models, banks can intelligently strengthen loan underwriting and pricing based on borrowers' risk profiles, gain insights on early-warning default signals, delinquency indicators, optimal collection strategies and relevant economic stability indicators to determine the viability of each loan in near real time. This will help to understand the borrower better and reduce NPLs, resulting in less portfolio deterioration, lower costs and speedier recovery time.

Case Study

Carbon

Launched in 2019, Carbon - in partnership with various payment aggregators - offers instant, collateral-free loans to customers across Nigeria, Ghana and Kenya for both personal and business needs. Customers can evaluate their loan options, decide their preferred loan amount and tenure and quickly complete a loan application through the mobile app. For customers who qualify, Carbon loans are disbursed within minutes into their Carbon wallet and can be transferred seamlessly to any domestic bank account.

Leveraging credit risk scoring tools powered by AI-driven customer data analysis, Carbon offers loans designed to fit customer needs as it provides loan offers based on the customer's lending habits. For example, return customers can access higher loan amounts and lower interest rates by repaying existing loans when due. Carbon also features an intuitive and efficient UI design, enabling seamless customer data entry through the loan request journey.



Highlight of Carbon's offerings across the six UX attributes on its digital lending journey:

Functionality	<ul style="list-style-type: none"> Provides unsecured loans Auto-generated credit reports Accessible by customers of any commercial bank within Nigeria Leverages customer's personal data - name, contact information, data of birth, etc.. – and data from credit bureaus for near-immediate loan decisions Fast loan liquidation
Intuitiveness	<ul style="list-style-type: none"> Input fields indicate mandatory and optional data requirements Error messages clearly indicate improperly entered data Clear acknowledgement of the customer's request upon completion
Efficiency	<ul style="list-style-type: none"> Smooth transition between screens for easy data entry Seamless upload of required documents Displays a bar that tracks user progress during the journey Loan approval and disbursement instantly after application
Personalisation	<ul style="list-style-type: none"> While not tailored to unique customer personas, the loan variety caters to a wider range of customers
Consistency	<ul style="list-style-type: none"> UI elements such as fonts and colours of buttons, labels, dialogue prompts and backgrounds are uniform through out the lending journeys
Aesthetics	<ul style="list-style-type: none"> Intuitive design Visually appealing interface

Customer Reviews

4.1 out of 5.0
99k reviews

4.4 out of 5.0
1.1k reviews

App reviews as of 29 November 2021

Looking ahead

Voice-of-the-data is key to unlocking and generating personalised loan offers

The ability to leverage the existing explosion of data and make sense of it is critical to differentiation in the retail lending space, especially with the ever-changing customer demands and preferences. A pervasive issue we noted from the assessment was the generation of small loan offers that do not align with the customers' needs at the point of request. For instance, customers profiled as "low risk" with reliable net annual incomes receive relatively low loan offers that are insufficient to meet their needs.

A few banks have implemented analytics-enabled loan offer generation capabilities that provide some comfort on the level of risk associated with each borrower by leveraging transactional data and credit bureaus. However, this profiling and the resultant offer generated does not tie to the actual realities and needs of the customer. This seeming gap suggests an opportunity for banks to leverage previously untapped data sources for more comprehensive credit risk profiling. There is a wealth of data available from various sources, including tax authorities, credit agencies (i.e., credit bureaus), mobile networks, e-commerce platforms, bills/ utility payment services, etc.. By using multi-dimensional data for credit risk evaluation, banks can generate more personalised and contextual loan offers to customers and ultimately drive better customer engagement and experience.

The possibilities within the retail lending space across Africa are enormous, as are the challenges to overcome. Incumbents can get stuck with these obstacles. We opine that scaling retail lending requires new business models, taking calculated risks and leveraging the power of AI and analytics to enhance credit scoring and risk management. The payoff could be game-changing for any bank (or Fintech) that can achieve retail lending at scale.





Self-service

Today, banking customers are mobile-first and no longer expect to queue at a branch, enter information repeatedly or wait for days to get a response. As such, banking itself has changed and continues to evolve. We have witnessed banking services, in a bid to meet new customer demands, transition from in-person conversations with tellers at the branch to calling into a call center to mobile banking, to chatting online with a chatbot. Now, we live in an on-demand, self-service world.

However, self-service does not mean setting up a portal and leaving it with customers without guidance or support. It is imperative that self-service capabilities supplement existing service capabilities, rather than supplant them.

Banks need to provide customers with as many transaction capabilities as possible such that they are fully involved in the banking process, while complementing that with appropriate support. Enabling robust self-service features on digital channels allows banks to improve customer experience, reduce call center volumes, reduce support costs, and capture myriads of opportunities to engage more deeply with customers. Customer inquiries present banks with opportunities to capitalise on customers' intent and bring them further down the user journey.





Representative self-service journey map - Best-in-class

User Emotion Key

- Excited
- Happy
- Indifferent
- Disappointed
- Frustrated



Customer goals

Siphesihle, an entrepreneur, wants to pay for a monthly subscription on an SME account software she uses for her business. She needs a debit card to complete this payment. She wants to request and receive a debit card without visiting the branch or interacting with a bank representative. She is also concerned about the security of her funds and would like the ability to deactivate and reactivate her card at her convenience.

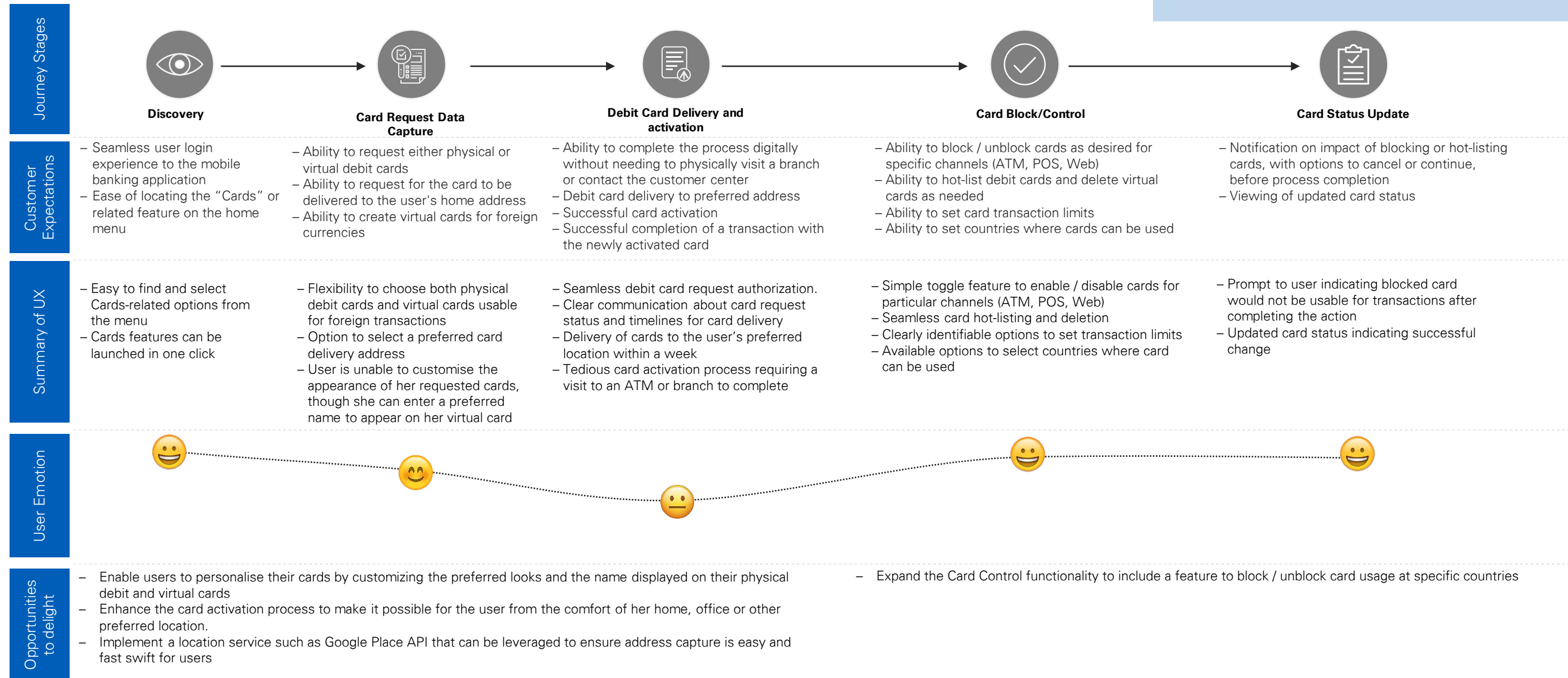


Figure 23: Best-in-class UX on self-service journey on mobile banking channel
 Source: KPMG 2021 Digital Channels Assessment. Unauthorised reproduction or distribution prohibited



Mobile Banking

Representative self-service journey map - Followers/Late-starters

User Emotion Key

- Excited
- Happy
- Indifferent
- Disappointed
- Frustrated



Customer goals

Garba runs his family's construction business, which he has expanded across his country. He is on a business trip to one of the regions and realises he has misplaced his debit card. He wants to temporarily control access to the card and request a new card while he is on his trip to ensure he can make purchases and conduct required transactions.

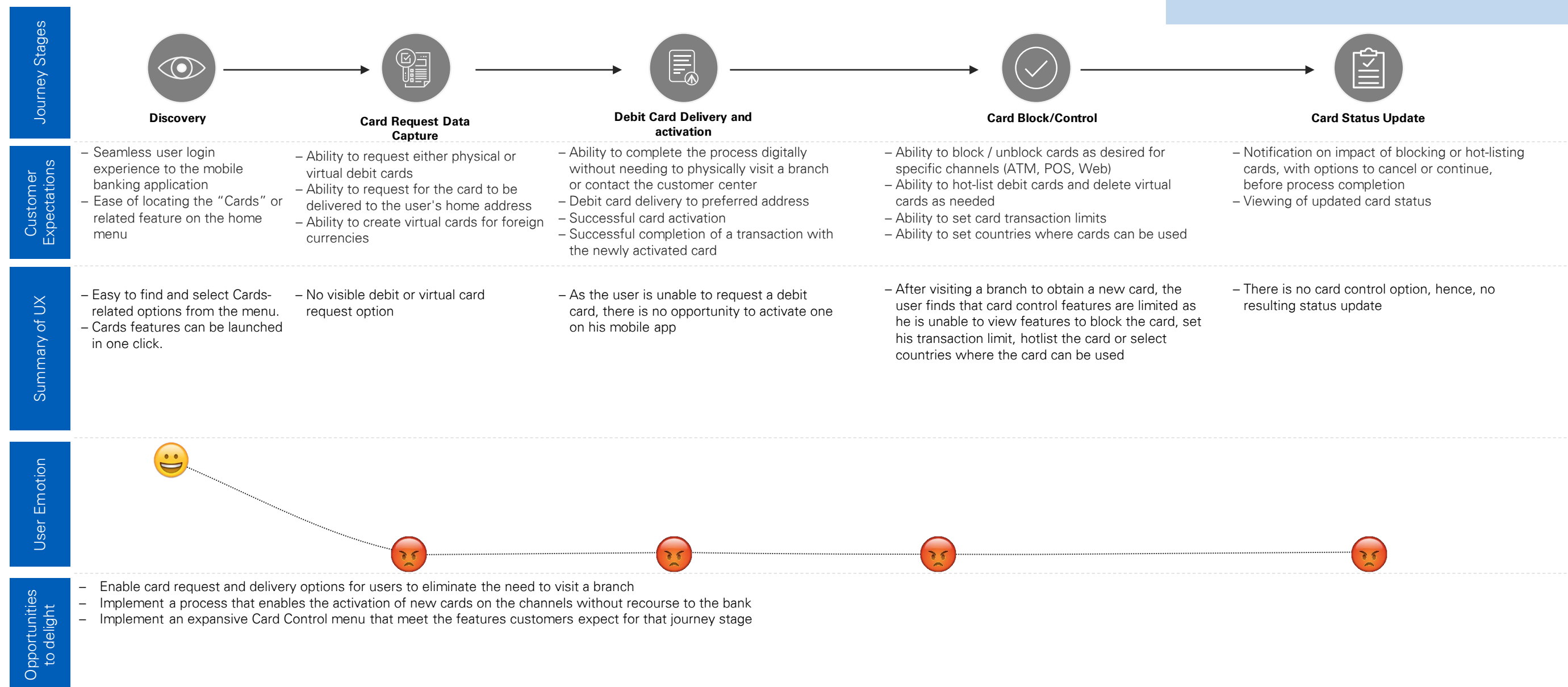


Figure 24: Example of a poor user experience on self-service journey on mobile banking channel
 Source: KPMG 2021 Digital Channels Assessment. Unauthorised reproduction or distribution prohibited

Self-service journey scorecard

The self-service journey cluster covers the processes through which customers request basic banking products and services such as debit cards, account statements, tokens, etc.. It also covers other functionalities that allow customers to manage their account(s) or products such as the ability to lock/unlock a debit card, change card spend limit, set geolocation control for cards, set channels where a card can be used, etc..

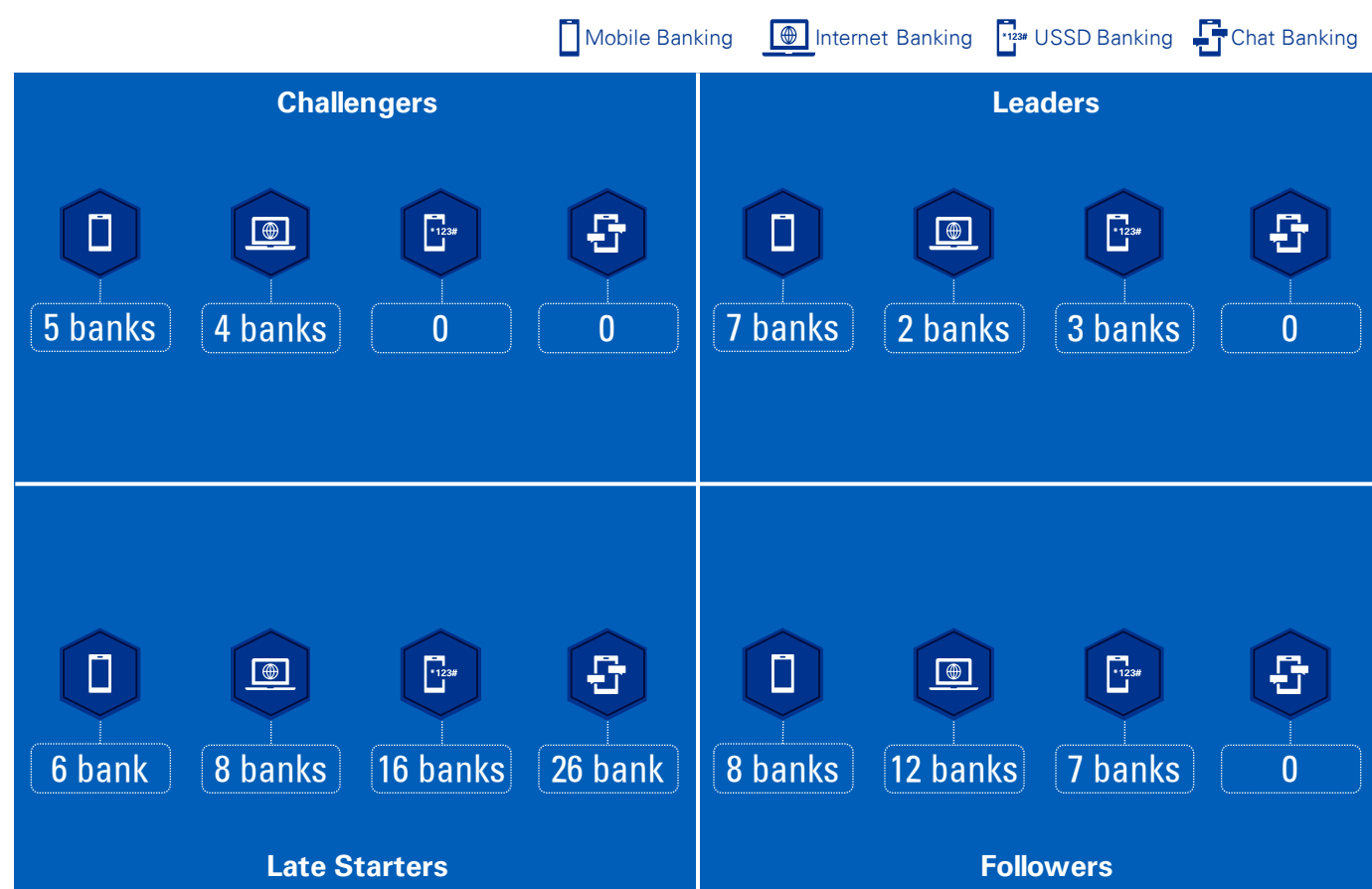


Figure 25: Scorecard for self service across digital channels

Note:
 Digital channel user experience assessments were conducted between April 2021 and September 2021.
 Source: KPMG 2021 digital channels user experience assessment.
 Unauthorised reproduction or distribution prohibited.

Unveiling the self-service scorecard

Leaders

Leading banks offer the best-in-class user experience on the self-service journeys. Users are empowered with a broad set of features that make it seamless to access banking services - such as requests for banking instruments (cards and tokens), selection of card control preferences and more - from their own locations and at their own discretions without the requirement to visit a branch or interact with a bank representative.

Highlight of leading banks key offerings across the six UX attributes on self-service journey:

Functionality

- In-app physical and virtual debit card requests
- Delivery of physical debit card to preferred address
- Support for virtual card.
- Temporarily block and unblock the physical and virtual debit cards
- Hotlist a debit card or delete a virtual card in the event of theft or other security concern

Intuitiveness

- Data validation to minimise errors during data entry
- Notification message on card request status
- Indicator showing current card status, e.g. Active, Blocked, etc.
- Clear error message presented to users on the channel, when a profile is disabled, indicating the problem and possible solution

Efficiency

- Card request and card block completed in no more than 5 steps or less
- Card block and unblock initiated using a simple switch toggle
- Swift card delivery (under one (1) week)
- Profile reactivation in under 30 minutes of successful unlock

Personalisation

- Set preferred name to be displayed on virtual cards

Consistency

- Easy to understand the user interface
- Uniform UI elements - fonts, backgrounds and colours, button and labels - through out the journey

Aesthetics

- UI design adopts the principles of minimalism - only showing what is relevant for the current step of the process
- Attractiveness of the UI for the different screens

Challengers

The banks in the Challenger tier do not offer some of the critical self-service features that would otherwise help them drive improved customer experience and satisfaction. A few of the opportunities for these banks to delight customers include to:

- Implement more configurable options that give users better control of product features - e.g., card control options to enable/disable cards, restrict card usage in specific countries or channel types etc..
- Enable users to create virtual cards on their mobile or internet banking channels or online transactions
- Enable users to digitally initiate and complete different service requests such as verified account statements, virtual tokens, PIN reset, etc..

These features will give users the desired flexibility and feeling of being in control sought after by today's banking customers while also enabling the bank to reduce their cost-to-serve.

Followers

The Follower tier features banks that often provide minimal self-service features. Although some of these banks may offer aesthetically-pleasing user interfaces, key functionalities are absent as users on most digital channels cannot initiate simple actions like debit card requests, card activation, profile unlock etc..

Late Starters

Banks in this tier offer no self-service feature. Hence, these banks have a tremendous opportunity to deliver self-service offerings to delight their users while potentially driving customer improved experience.

Key insights from our UX assessment of self-service journey

Exploring self-service banking

"Self-service" references the ability for customers to interact with banking services and access these independently without the traditional requirement to visit a branch or interface with a bank representative. This is only possible when banks have designed these services such that customers can initiate and complete the entire journey digitally. Banks seeking to acquire today's digitally-engaged customers must consider expanding self-service capabilities, leveraging them to increase customer interaction and even retention. These banks would need to create a roadmap for digitising new and existing services. However, a good starting point is to focus on the most frequent requests at the branch or contact centres.

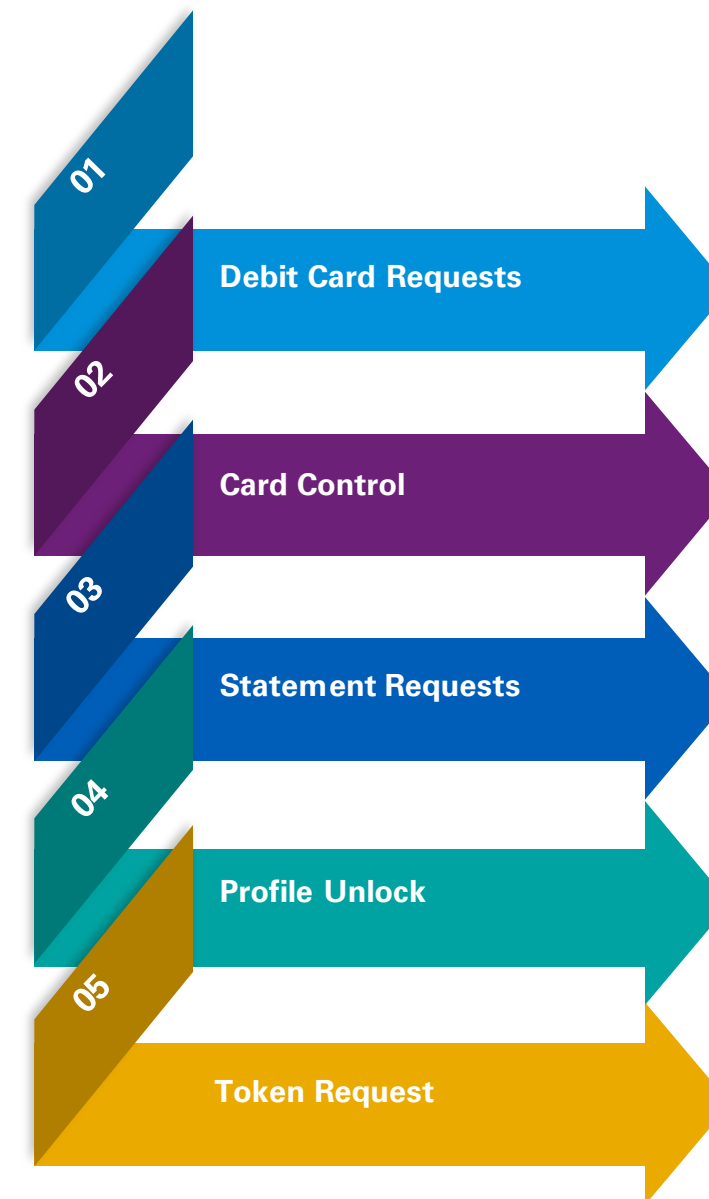


Figure 26: Banking service categories for self-service consideration.

Virtual cards are still at a nascent stage

Virtual cards present an opportunity for African banks to provide more secure payment alternatives to customers. The now-traditional physical payment instruments – cards and hardware tokens – have become liabilities for banking customers as fraud and identity theft cases rise. Along with the convenience associated with virtual cards, particularly on mobile channels, it provides an added layer of security as users no longer deal with the risks of carrying various physical cards and tokens. Furthermore, there is an opportunity for a new revenue stream for banks, as they can monetise the issuance and use of virtual cards and software tokens in the same way they do their physical counterparts.

Most banks have not implemented comprehensive customer-enabled card control functionalities

Banking customers in this digital age desire better security and controls that allow them to protect their funds in the event of a security breach. Therefore, they want functionalities that empower them to set transaction limits on their accounts/cards, restrict channels or locations to use their cards, etc.. Unfortunately, our assessment of digital channels reveals that only 34% of banks have implemented comprehensive card control functionalities on their mobile banking applications (see Figure 38). Even fewer banks provide card control on their internet banking and chatbot channels. The majority either feature just the basics of deactivating a debit card - often requiring a branch visit for a complete replacement or offer no self-service capabilities at all.

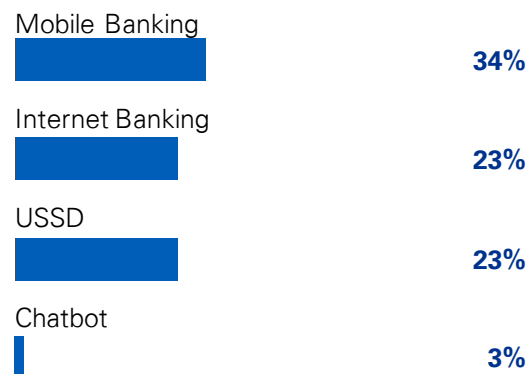


Figure 27. Availability of a robust self-service functionality across banks’ digital channels

Banks are yet to explore the delivery of banking instruments to customer locations fully

Only a handful of African banks have implemented a delivery feature for banking instruments/ devices such as debit/ credit cards, hardware tokens, cheque books, etc.. Most banks still require customers to visit a branch to obtain and activate these items where applicable. A few of the Leader banks have implemented features that allow customers the added flexibility of selecting their preferred card delivery location while requesting a new card and typically deliver the card in a few working days. Increasingly, the neo-banks/ fintechs in the region are providing home delivery of debit cards as a fundamental feature to enhance customer experience and drive customer acquisition.

Is conversational banking via AI-driven chatbots the next frontier?

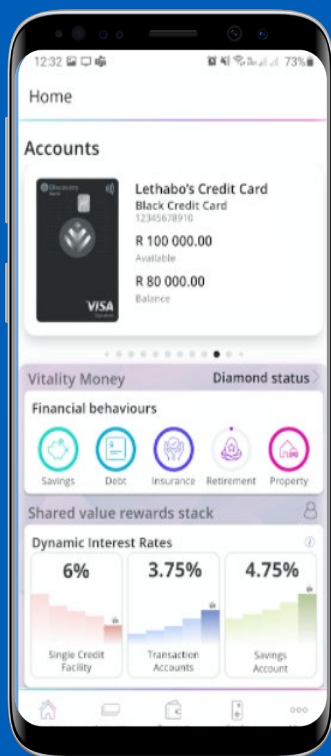
Most African banks are yet to implement AI-driven chatbots to enable conversational banking. Leveraging AI technologies such as Natural Language Processing (NLP), a few banks have deployed chatbots that deliver banking services with human-like interactions over text or voice. Common banking services provided via chatbot banking include card block, account freeze, mini-statement, PIN reset, account balance check, etc.. Local language support, smartphone dependency, and communication nuances remain prevalent challenges for the region's mass adoption of conversational banking..



Case Study Discovery Bank

Reckoned as the world's first behavioral bank, Discovery bank is a digital bank that focuses on mobile banking. It provides a complete experience that enables customers to establish an account in minutes and begin transacting right away.

Launched in March 2019, the bank focuses on seamless functionality, something not previously seen in South Africa. It leverages powerful AI and automation techniques to improve some of its mobile app's self-service capabilities. These capabilities include physical/virtual debit card request and activation, card management, transaction tracking, customized expenditure analysis, and a broad upgradable account classification based on clients' yearly earnings.



Highlight of Discovery bank's offerings across the six UX attributes on its self service journey:

Functionality	<ul style="list-style-type: none"> Physical debit card request feature Physical debit card delivery to a specified address Virtual debit and credit card creation and activation Card block feature in the case of a security breach Certified bank statement request Account upgrade functionality Spend limit control feature on virtual debit card
Intuitiveness	<ul style="list-style-type: none"> Self-help customer authentication method Card status indication
Efficiency	<ul style="list-style-type: none"> A 3-day delivery time of physical debit card Access a downloaded copy of certified bank statements in just 6 taps/clicks Creation of unlimited number virtual debit cards Upgrade to a higher account tier in few clicks
Personalisation	<ul style="list-style-type: none"> Intelligent insights and custom-made alerts from customer earnings and expenses Personalised expenditure limit on virtual cards Change card color
Consistency	<ul style="list-style-type: none"> UI elements such as button fonts and colours, labels, conversation prompt, and backgrounds are harmonious at every touchpoint of the application throughout the journey.
Aesthetics	<ul style="list-style-type: none"> Minimalistic design Visually pleasing interface User-friendly layout

Customer Reviews

4.3 out of 5.0
17k reviews

4.8 out of 5.0
1453 reviews

App reviews as of 2 December 2021

Looking ahead

A structured approach for transitioning to self-service

Adopting a structured process for identifying and prioritising the delivery of self-service capabilities on the digital channels will be critical to optimising value and delivering the right market impact. While evaluating the identified self-service opportunities, banks need to consider the context of customer demand and organisational value as illustrated in the table below:



Figure 28: Framework for determining which banking services to convert to self service



Customer care

Today's customers demand consistent and timely services for all banking interactions. High customer expectations for quality service is now the norm, and a bank's success in achieving customer-centricity and customer loyalty has become a matter of survival. More informed and skeptical customers hold banks to higher standards as they demand consistent and timely services and support during all banking interactions and on all relevant channels. Banks that fail to meet these expectations are at risk because customers can easily switch to competitors offering better customer-centric services.

According to the 2020 Banking Industry Customer Experience Survey conducted by KPMG in Nigeria, about 62% of retail customers rated complaints resolution (i.e. the ability of banks to resolve queries speedily) as an essential pillar of satisfaction. However, only 23% of the customers were satisfied with their bank's ability to resolve issues quickly and comprehensively. Generally, banks rated high in customer service also had higher ratings in overall customer experience rating.

As the race for the customer intensifies, leaders will be those who demonstrate an understanding of the customer's circumstance and offer a fast and seamless path to recovery when issues occur during the customer's interactions with the bank across all touchpoints – digital and otherwise.

Our evaluation of customer service capability across the banks' digital channels covers relevant user journeys related to customer care, including telephone, email and in-app interactions, FAQs, and complaint/ issue reporting.



Internet Banking

Representative customer care journey map - Best-in-class

User Emotion Key

- Excited
- Happy
- Indifferent
- Disappointed
- Frustrated



Customer goals

Jeff went out for dinner with some friends and attempted to pay with his bank's debit card. However, the transaction was not processed successfully but money was debited from his account. When he goes home, he now wants to report the issue to his bank using the bank's internet banking application.

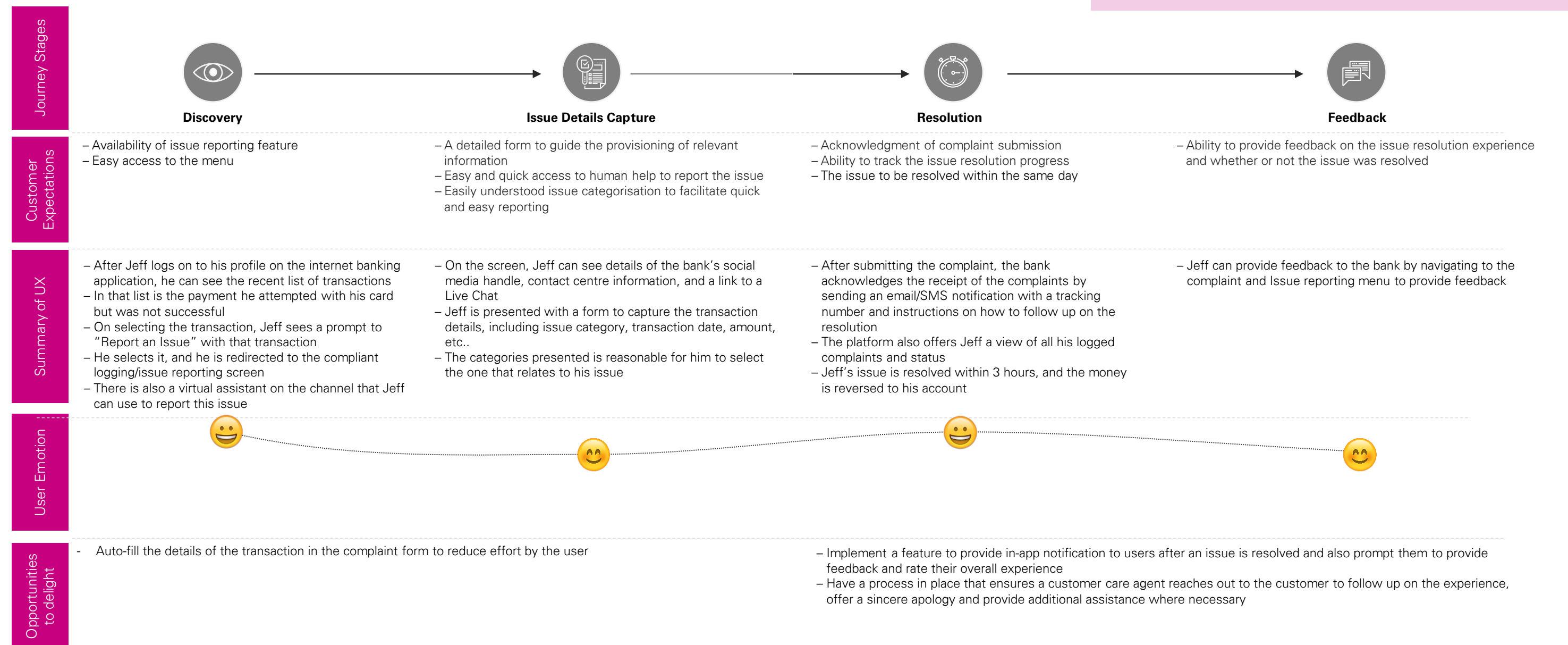


Figure 29: Best-in-class UX on customer care user journey on mobile banking channel
 Source: KPMG 2021 digital channels user experience assessment. Unauthorised reproduction or distribution is prohibited.



Internet Banking

Representative customer care journey map - Followers/Late-starters

User Emotion Key

- Excited
- Happy
- Indifferent
- Disappointed
- Frustrated



Customer goals

Rita used her bank's debit card to make payment on an eCommerce website. Though the payment was successful, she realized her account was debited twice. She wants to report this double debit issue to the bank via the internet banking channel. She expects the bank to resolve this issue within a very short period so that she can proceed to make other purchases.

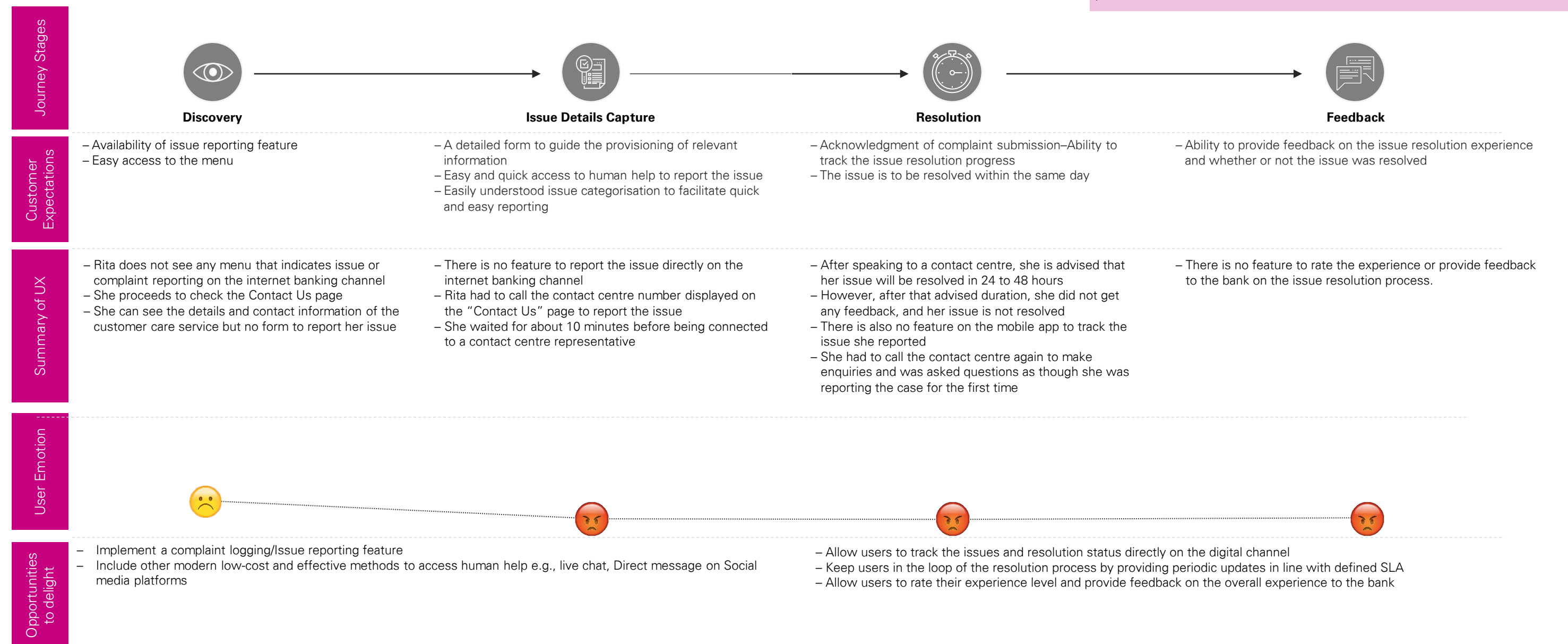


Figure 30: Example of a poor user experience on customer care user journey on mobile banking channel
 Source: KPMG 2021 digital channels user experience assessment. Unauthorised reproduction or distribution is prohibited.

Customer care journey scorecard

The customer care journey cluster covers the end-to-end process from reporting an issue to resolution, including other ancillary activities such as tracking and receiving updates on the resolution status. It also covers a review of the range of support options provided to customers on the channel, such as AI chatbot, live chat, FAQs, "how-to" demos, branch/ATM locator, etc..

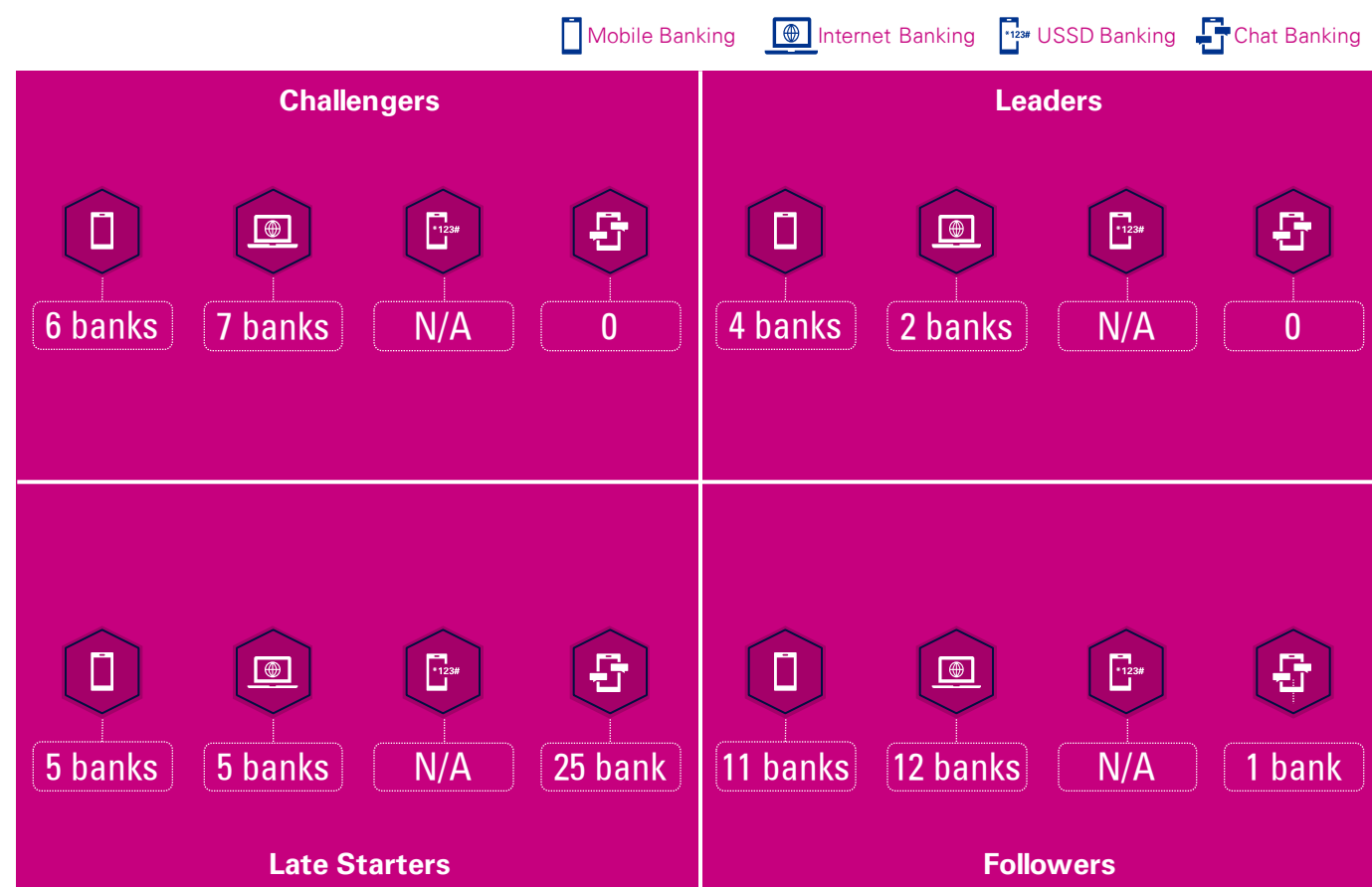


Figure 31: Scorecard for customer care across digital channels

Note:
 Digital channel user experience assessments were conducted between April 2021 and September 2021.
 Source: KPMG 2021 digital channels user experience assessment.
 Unauthorised reproduction or distribution prohibited.

Unveiling the customer care scorecard

Leaders

From the digital channel assessment, the following banks emerged as leaders on customer care journey across the digital channels reviewed:

Highlight of leading banks key offerings across the six UX attributes on customer care journey:

- Functionality**
 - Effective issue reporting feature that allows users to properly document the details of the issue
 - Users can successfully report an issue or log a complaint on the digital channel with the aid of a virtual assistant
 - Detailed FAQs for various products and journeys made available to users
 - Supports live chat with customers
 - Easy access to human help directly from the digital channels via a Live Chat
 - Availability of issue resolution status tracking feature
 - Availability of branch/ATM locator feature
- Intuitiveness**
 - Availability of clear content and tools such as quick guides, hints & tips that guides new users raising support ticket
 - Error messages expressed in a way to precisely indicate the problem and provide constructively suggest a solution
 - Users receive a prompt notification via email, push notification or SMS when a complaint is submitted and/or resolved
 - Availability of hints/demos and 'how-to' to guide users of the channel
- Efficiency**
 - Quick issue resolution typically within 3 hours from when the issue is reported
 - Easy discovery of customer support menu
 - Information to access the contact centre is made available and easily discoverable
 - Ability to report an issue with a particular transaction right from the transaction history list
- Personalisation**
 - This UX criteria is exempted on the customer care journey
- Consistency**
 - Consistent look and feel across the various screens for customer care journey on digital channels
- Aesthetics**
 - Leverage the principles of minimalism to deliver a visually appealing UI that is cleaned and allows the users to complete their task without distractions

Challengers

Banks in this quadrant deliver relatively seamless experience within the customer care journey on the digital channels as they provide customer support through the implementation of the following features:

- Telephone and email interactions
- Frequently Asked Questions (FAQs)
- Complaint and Issue reporting
- Immediate acknowledgment of reported issues
- Virtual assistant
- Live Chat

However, these banks occasionally struggle with providing timely responses to some customer enquiries and complaints and offering an intuitive categorisation of issues to allow users to map the problems they encounter efficiently.

Followers

Banks in this quadrant have implemented some customer care capabilities on the relevant digital channels, such as basic telephone and email interactions, complaint, and issue reporting features.

However, these banks have several snags to deal with:

- Prolonged delays in responding to customer’s enquiries via emails and phone calls (up to 5 days)
- Defective issue-reporting feature which returns non-descriptive error messages to the customer
- Lack of immediate issue acknowledgment notifications
- Lack of basic issue-reporting functionalities on the digital channels which ride on the customer care emailing system

Late Starters

Banks within this cluster have minimal or no customer care capabilities on the relevant digital channels. These banks have implemented the primary phone and email support capabilities outside the digital channels; however, they do not provide support to their customers through FAQs, complaint logging/issue reporting capabilities, or live chat capabilities on their digital channels. Users of these banks’ digital channels only rely on the regular call centre to make enquiries and report any issue they encounter. Additionally, the process is typically time-consuming and ineffective, often leaving the user dissatisfied with the quality of service received.

Key insights from our UX assessment of customer care journey

Our assessment of UX on customer care journeys across a variety of digital channels revealed inadequacies around support via calls & email correspondences, frequently asked questions, complaints logging and the resolution process. We garnered insights on best practices and pitfalls within the journeys that impact user experience on these digital channels.

Customers no longer have the bandwidth to handle half-baked customer care experiences in their banking relationships. Today’s customers are more informed and know what great experiences feel like, often judging their experiences across industries. They are no longer comparing banks with their peers but rather against their best experiences regardless of the industry. Customers compare their mobile banking apps to gaming or shopping apps on their smartphones. With customers getting used to simplified experiences in other industries, banks are playing catch-up in removing friction from day-to-day banking experiences. Friction on digital channels is presented in the form of additional or repeated requests for information, call holds, long forms, extra (and possibly avoidable) security layers etc.. Banks still struggle with enhancing digital channels with functional mechanisms to support customers when they experience friction while interacting with the bank via the various channels of engagements provided by the bank

Retail banking customers expect most of their banking interaction to revolve around effectiveness of the channels – which presents a strong case for the design of a robust resolution pathway for customers using digital channels for transactional purposes.

The COVID-19 pandemic has driven rapid innovation because customer problem solving has come to the fore. This mindset, in turn, has accelerated a focus on solutions rather than products and engagement. When customers encounter issues during interactions with the bank’s channels, they now expect banks to:

- ❖ Own the resolution of issues and fix with urgency
- ❖ Keep them informed of issue resolution progress
- ❖ Offer a warm and sincere apology
- ❖ Go the extra mile if required
- ❖ Provide a temporary solution while trying to solve the problem
- ❖ Demonstrate empathy throughout the process

As the race for the customer intensifies, front-runners will be those who demonstrate an understanding of the customer’s specific circumstances and proactively engage, communicate and resolve the customer’s challenges.

Most banks do not provide prompt feedback to customer complaints and enquiries. Across the banks reviewed, the primary means of engagement is via the good old phone calls and emails. We noted that all banks have implemented capabilities to allow customers to engage them via calls and emails. However, nearly 60% of the banks reviewed do not provide customers with prompt feedback on issues experienced across the channels – customers experience significantly high wait times on calls to customer care centers and delayed responses to emails which severely impact the overall experience.

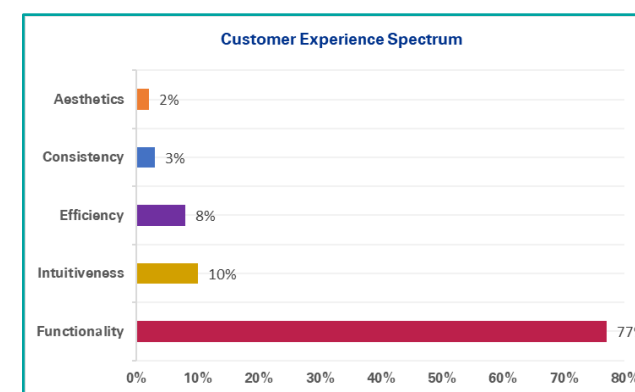


Figure 32: Customer experience spectrum

Source: KPMG 2021 Digital Channels Assessment



For most banks, emails sent to the customer care centre generally go into a central pool where they are sorted and distributed to various units responsible for resolution. In some instances, the customer is only re-engaged after several days to provide additional information required to resolve the issue.

Our assessment revealed that 21% of banks have implemented functional virtual assistant/detailed form issue resolution capabilities on their digital channels to allow for easy logging and resolution of issues. For 46% of banks reviewed, these issue logging and resolution capabilities are either non-existent, defective or end up sending an email to the customer care center – adding to the pile of emails in the pool that need to be manually attended to.

These inefficiencies introduce a bottleneck in the customer care journey, raising a fundamental question – for how long can a customer put up with such delays before considering a move to another bank?

Banks need to better leverage technology to manage the complaints and customer care process. One way to do this is to implement a functional issue resolution capability on all digital channels that enable customers to log issues on the channels which the transactions are executed.

“ In 46% of banks reviewed, issue logging and resolution capabilities are either non-existent, defective or end with an email to the customer care center - adding to the pile of emails in the pool that need to be manually attended to. ”

This functionality should be implemented in such a way that it mandates customers to select an issue category - which would determine the routing path and input all required details in the least possible number of steps. This approach will deliver a 4-fold impact on the customer care journey touching on 2 key digital transformation anchors - operational efficiency and customer experience vis:

- ❖ Reduce the volume of emails and calls made to the contact center
- ❖ Reduce the volume of emails to be manually sorted thereby freeing up customer care staff
- ❖ Ensure that issues are received by the responsible unit in a timely manner
- ❖ Ensure that issues are resolved promptly

Most banks underrate customer support and recovery as well as its impact on loyalty.

The ability to remove bottlenecks within any journey and enable the customer to achieve their objectives quickly and easily has proven to increase customer loyalty. Even with the best processes and procedures, things can go wrong. Successful organizations have a process that not only puts the customer back in the position they should have been in as rapidly as possible but also makes the customer feel good about the experience. A sincere apology and acting with urgency are two crucial elements of successful issue resolution.

A case in point is Amazon Shopping which renders seamless and intuitive customer experience. Amazon offers an omnichannel experience such that irrespective of whether it is the app or the website, customers can have access to their queries.

From our assessment, some banks have tried to implement service recovery capabilities that help the customer resolve issues encountered within transactional journeys without recourse to the bank. One of such capabilities is the auto-reversal functionality which reverses certain failed transactions within minutes after the failure. Over the last few years, this functionality has improved customer experience with attendant reduction in complaints to the customer care center. However, the auto-reversal functionality is restricted to failed funds transfer and bill payment transactions in most banks. Furthermore, the auto-recovery experience is not delivered consistently as it appears to work for some transactions and not for others.

To deliver superior and consistent customer experience across all digital channels, banks in Africa need to identify efficient means of tracking failed transactions, and proactively engage the customer to resolve these issues. For example, in the case of dispute errors, the banks should be able to identify the failure, inform the customer about the issue, apologise, assure the customer of timely resolution and ensure that the issue is resolved in a timely manner as promised.

“ Successful organizations have a process that not only puts the customer back in the position they should have been in as rapidly as possible but also makes the customer feel good about the experience. A sincere apology and acting with urgency are two crucial elements of successful issue resolution. ”

Keeping the customer in the loop is pivotal to superior customer experience and satisfaction.

Customers have needs and they also have expectations about how these needs should be met. Customer satisfaction is the difference between expectation and actual delivery. Understanding, delivering and, if possible, exceeding expectations is a crucial skill of great organizations. The ability to meet and exceed these expectations has become increasingly difficult in the face of the COVID-19 pandemic as customer expectations have become even more fluid. Proactively setting customer expectations and communicating with customers to manage those expectations is a vital component of designing the right experiences. From our assessment, banks are yet to fully understand these changing customer expectations and implement capabilities to meet them. Most banks are yet to recognise that the eventual resolution of an issue is not enough to keep a customer; as such, associated capabilities that keep customers abreast of the progress of interactions with the bank on an ongoing basis are not provided. Hence, the customer may be long gone before feedback on the resolution is provided. Most updates are done on an ad-hoc basis by relationship managers who decide to take it upon themselves to do so. A representative case is Jumia Food, an online Nigerian food delivery service that allows customers to order meals from a wide selection of menus from various restaurants and delivers them

right at their doorsteps. Jumia has recognised that from the moment a customer places an order, the most pertinent question in the customer’s mind is “when will my order get delivered?”. The enthusiasm that comes with that question is next to none and time seems to pause and a minute feels like an hour. This realization prompted the introduction of the Jumia foods delivery update feature that provides customers with regular information about the progress of the order delivery process – right from when the order is made through to pick-up from the restaurant and to delivery at the customer’s doorstep. Besides, the platform shows the distance between the customer’s location and each listed restaurant to enable estimation of the time of delivery or prompt the customer to choose closer restaurants when ordering. Banks can learn from the seamless experience provided by Jumia Food and display more empathy during the resolution of issues and complaints as they seek to improve the customer care journey. Issues can be resolved by adopting more efficient mechanisms and maximum customer satisfaction can be achieved by continually engaging and keeping the customer informed by way of regular updates throughout the issue resolution process. The more a bank can display an accurate understanding of the customer’s experience and act accordingly, especially when the customer is right in the middle of a challenge, the stronger the relationship between that customer and the bank.

“ ... in the wake of the COVID-19 pandemic, customer expectations have become even more fluid. Proactively influencing customer expectations and communicating with customers to manage expectations are vital to designing the right experiences. ”

Case Study

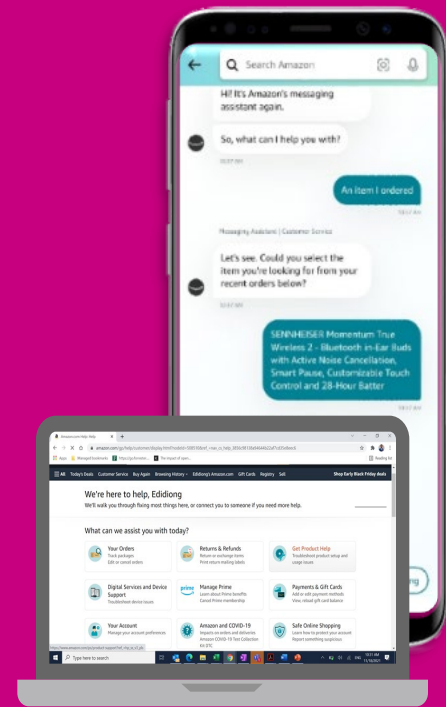
Amazon

Amazon is the world's largest eCommerce online marketplace, selling a wide range of products. With a market share of over 40.4% in the United States, a customer base of over 300 million, and a customer retention rate of approximately 93%, Amazon has grown to become a dominant force in the retail business.

Its eCommerce dominance is principally due to its early use of sophisticated AI, Machine Learning, Deep Learning, Natural Language Processing, and RPA technologies to offer and drive a customer-centric experience. One example is its human-like conversational bot, which provides customer assistance solutions for practically every raised inquiry, with the option to seamlessly connect the consumer to a live chat with a customer care professional for a more sophisticated query. It includes the ability to readily retrieve recently ordered products for simple reference in the event of a complaint or inquiry relating to a recent order. Simultaneously, its user interface is basic and straightforward, allowing for effortless navigation throughout the journey.

Highlight of Amazon's offerings across the six UX attributes on its customer care journey

- Functionality** – Omnichannel access to reported issues irrespective of the channel, ability to request for a call back, intelligent search-to-text, AI chatbots, virtual assistants, digital device management, etc.. are features available to users to make the customer care journey seamless and state of the art
- Intuitiveness** – Amazon Help site provides users with endless pages dedicated to intuitive troubleshooting
– Easily navigated interactive engagement with conversational bot
- Efficiency** – Few click points were required to successfully raise the enquiry ticket
– Real time issue resolution
– Minimum of 3 clicks required to access a customer service on web and mobile platforms
- Personalisation** – Leverages AI-enabled smart solutions to drive a range of distinctive and personalised customer satisfaction and engagement solutions
- Consistency** – Maintained uniform design across all UI elements
- Aesthetics** – Interaction points across the journey
– Application of minimalist whitespaces in UI design
– Standard design guidelines and principles



Customer Reviews

Play Store
★★★★★
4.4 out of 5.0
2.5M reviews

App Store
★★★★★
4.8 out of 5.0
5M reviews

App reviews as of 30 November 2021

Customer Satisfaction Rating

86.1
CSAT Score
Customer Satisfaction score on Amazon.

55.9
Net Promoter Score
The NPS is a standard metric used to measure customer experience.

Looking ahead

Leveraging Artificial Intelligence (AI) & analytics to transform customer care

In a perfect world, getting customer service right would not be difficult. We will demonstrate empathy, respond promptly, courteously, and efficiently. Every business will go the extra mile. The challenge is doing all of this consistently—and under a wide variety of circumstances. It's especially difficult in a world where even small companies can cater to a global customer base that expects and sometimes demands 24/7, personalised service. Many businesses will never have the budget to staff to that standard, at least under traditional customer service models..



With recent advances in data analytics, artificial intelligence, and robotic process automation, retail banks can deliver better customer care experience by embedding these technologies in customer care journeys. Retail banks can enhance customer service capabilities to provide a personalised and intelligent interaction that helps customers solve their problems and make them feel good about the experience. Furthermore, it can also automate lower-value customer service activities, freeing human agents to spend more time on higher value activities. Customers and employees can enjoy a better experience if implemented effectively.



5.0

The Next Frontier

Our point of view on the next frontier is centred around 3 thematic areas with significant potential for accelerating the growth agenda, creating competitive advantage and realizing value if executed effectively.

User-Centred Journeys

Banks need to pay more attention to five (5) key user-centred journeys: Digital Onboarding, Self-Service, Payments & Transfers, Digital Lending and Customer Care. Each bank is at different levels of maturity, but those that can deliver these journeys at scale could become dominant players in the near future as these journeys are universal for customers.

As only 34% of Africans have bank accounts, there is sufficient business case for banks to digitize the onboarding process and accelerate the financial inclusion agenda.

The Self Service agenda is a strategic issue for banks. If well articulated, it has the potential to reduce traffic at branches and in turn reduce the cost to serve. Self-service can drive revenue generation (fee income) from value added services and empower customers to engage with banks ubiquitously. For leading banks, a robust Self-Service agenda is one of the key strategic responses to challenger banks looking to position for greater customer acquisition and engagement.

As the payments space evolves across Africa, Banks will need to continuously invest and build on their capabilities. Digital leaders will be those that have enabled a robust array of options for customers to make payments and transfers.

The rapid and continuous increase in the volume of available customer data, combined with the emergence of artificial intelligence (AI) have provided today's banks with increased capabilities for digital lending. We expect that the leaders in the retail lending category will be banks, fintechs and neo-banks that offer a scalable model powered by AI and other emerging technologies.

Lastly, Customer Care needs to be re-imagined. During our assessment of Customer Care journeys across banks, we encountered contact centres that were unresponsive, journeys that had no opportunity for engaging with the bank and processes that led nowhere in some instances.

Personalisation

Personalisation is the capability that enables the delivery of products and services to customers within their specific context. Our assessment revealed that this capability is not well exploited by banks and that there are opportunities to leverage AI to personalize offerings and experiences for customers across the various journeys.

Personalisation has the potential to drive engagement, advocacy and a sizeable share of wallet if implemented in an agile and scalable manner.

Omnichannel

We noted that the performance of banks across different channels for the same user journey was generally inconsistent. The customers' experience varied depending on the channel of choice. For example, we noted banks that delivered functionalities on mobile but not on internet banking on several occasions.

The Omnichannel concept looks to deliver superior experience to customers regardless of the channel they use. It relocates functionalities away from the channels to a 'channel manager' layer, that ensures these services are delivered to all customer touchpoints as required. We expect that future leaders will be those banks that are able to deliver superior customer experience on user-centred journeys regardless of the channel the customer chooses to utilise.

Contributors

- Anastasia Kamande
- Martin Kimani
- Samuel Aluko
- Charles Ilo
- Greg Malize
- Edidiong Etudor
- Akinbiyi Ogunware
- Adbeel Omiunu
- Mabel Olusegun
- Chinaza Anyaegbunam
- William Andem
- Victor Ewere
- Francis Acquaah
- Philip Twum
- Benjamin Dzakpasu
- Ohemaa Akoto
- Ransford Nunoo
- Sydney Khumalo
- Ashlin Kullen
- Thakane Koneshe
- Lizzy Leotlela
- Maxina Molabe
- Precious Mwongera
- Obat, Lilian
- Sarah Njoroge
- Caroline Irungu
- Caroline Chege
- Kahia, Ernest
- Cyrus Wanjau
- Wreford Momanyi
- Victor Kemboi
- Mark Kinuthia
- Teresiah Alibalio
- Wesonga, Nelly
- Grace Ongaya
- Sandra Djuitchou
- Mohamed Massalatchi
- Aissata Kane

Get in touch

Gerald Kasimu

Partner & Head of Advisory
KPMG East Africa
E: gkasimu@kpmg.co.ke

Olumide Olayinka

Partner & Head, Banking & Innovation
KPMG Nigeria
E: olumide.olayinka@ng.kpmg.com

Riaz Muradmia

Partner & Head Banking
KPMG South Africa
E: riaz.muradmia@kpmg.co.za

Sharmlin Moodley

Partner, Digital Consulting
KPMG South Africa
E: sharmlin.moodley@kpmg.co.za

Ladi Asuni

Partner, Emerging Technology, Data & Analytics
KPMG Nigeria
E: ladi.asuni@ng.kpmg.com

Joseph Tegbe

Partner & Head of Advisory
KPMG Nigeria
E: joseph.tegbe@ng.kpmg.com

Joseph Kariuki

Partner & Head Banking
KPMG Kenya
E: jkariuki@kpmg.co.ke

Andrew Akoto

Partner & Head Risk Consulting
KPMG Ghana
E: aakoto@kpmg.com

Ngozi Chidozie

Partner Strategy and Customer Experience
KPMG Nigeria
E: ngozi.chidozie@ng.kpmg.com

Boye Ademola

Partner & Lead Digital Transformation
KPMG
E: boye.ademola@ng.kpmg.com

Follow us on:

home.kpmg/socialmedia



© 2022 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more details, please visit home.kpmg

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

Publication name: Digital Channels Scorecard for Leading Retail Banks in Africa (2021 edition)

Publication date: February 2022