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BANKING

Africa Banking Industry Customer Satisfaction Survey

April 2013

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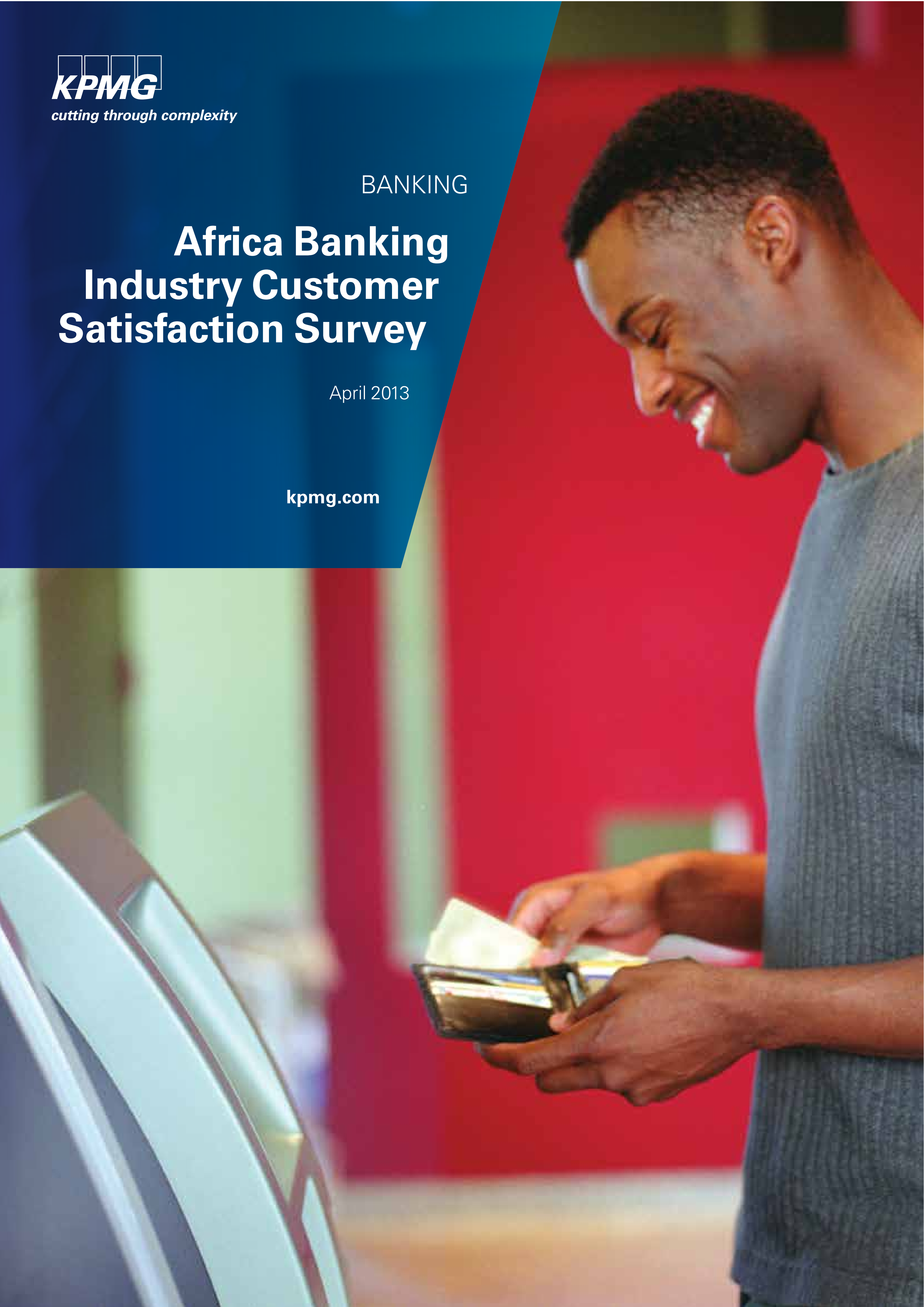


About this survey

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

1. This is a perception study

- This survey focuses on the perceived quality of customer service delivery by the banks from the retail banking customers' perspective across 14 countries in Africa.
- This survey does not represent the opinion of KPMG on the skills, capabilities or performance of any of the banks covered in the survey.
- KPMG conducts the survey, but findings represent the opinions of the customers of the banks.
- KPMG is responsible for defining the survey questionnaire administered to the respondents.

This survey does not seek to establish anything as an absolute fact, but to report on the feelings and broader perceptions of customers with respect to services provided by their banks. The rankings are solely based on the customers' feedback received from the survey.

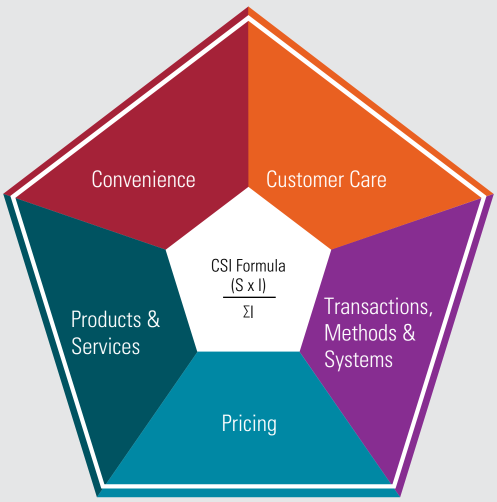
2. Perception is neither balanced nor fair, but the study always has a representative sample size

Perceptions are by definition subjective; as a result, they are neither balanced nor fair. Also, banks rated in the survey vary by size, service offerings and customer profile. However, the minimum number of respondents required for each bank in the survey guarantees that the result reflects the opinion of a representative customer group (see page 5 for the methodology).

Banking Industry Customer Satisfaction Survey Methodology

The Customer Satisfaction Index (CSI) was used in this survey to determine customer satisfaction. CSI is simply a weighted score that assigns importance ratings of service measures to the satisfaction ratings of those measures as provided by customers on the service delivery of their banks. Respondents in the survey were asked to rate their banks on the following customer service factors discussed in more details below:

Customer Satisfaction Index (CSI)



Customer Service Factors

Convenience
Measures accessibility and quality of service from delivery channels

Customer Care
Measures interaction of bank staff with customers

Transactions, Methods & Systems
Measures customer support processes/systems & turnaround time

Pricing
Measures customers' perception on fees, charges and rates on products

Products & Services
Measures product range and appropriateness to customers' needs

CSI = Customer Satisfaction Index; S = Satisfaction; I = Importance

Contents

Foreword

Bisi Lamikanra
Partner, KPMG Nigeria,
Team Lead,
Project Africa Banking

"More than one in two institutional investors see Africa as the most attractive region to invest in the next decade, with one in three expecting to put at least 5 percent of their portfolios into the continent by 2016". [1]

Amidst the global economic crisis, several African economies have continued to record significant economic growth driven by rising commodity prices and strong domestic demand. In the same vein, the financial services industry is continuing to experience huge growth as governments and regulators strive to meet financial inclusion targets. The banking sector in particular has benefited from the rapid penetration of mobile technology in recent years across the continent – a very good example being the success of mobile payments in Kenya. Such technological advancements are not just shaping how people interact with one another; they are also changing the behaviour and expectation of bank customers who are increasingly becoming used to the immediacy offered by technology.

We have also seen the influx of international players and pan-African expansion of African banks in different markets, a sign of the ongoing liberalization of many economies around the continent. As such, the banking industry is becoming even more competitive and this can only benefit the customer as banks strive to meet their demands through the development of various service initiatives to win their loyalty. However, in the race to maximize market share, and ultimately shareholder value, it becomes imperative for banks to keep the voice of the customer at the forefront of their strategies. Thus, the role of satisfied and loyal customers in attaining profitability cannot be overemphasized.

With this in mind, the KPMG Project Africa Banking team challenged itself on providing a platform to understand customer preferences, levels of satisfaction and expectations from their banks as well as how banks can rethink their business and operating models, where necessary, in order to remain competitive.

Thus, I am very pleased to introduce the inaugural edition of the KPMG Africa-wide Banking Industry Customer Satisfaction Survey in which we provide insights and results from our survey of over 25,000 retail banking customers from 14 countries across Africa including Angola, Botswana, Cameroon, Chad, Côte d'Ivoire, Ghana, Kenya, Nigeria, Senegal, Sierra Leone, Tanzania, Uganda, Zambia and Zimbabwe.

The survey results reveal the dominance of branches and the Automated Teller Machine (ATM) over other channels in Africa. However, we also see exciting trends for adoption of alternate payment channels, such as in Botswana where nearly half of respondents use the Point of Sale (POS) at least on a weekly basis, which may be partly attributable to the level of development of the country's banking sector.

Over 25,000 retail banking customers from 14 countries across Africa including Angola, Botswana, Cameroon, Chad, Côte d'Ivoire, Ghana, Kenya, Nigeria, Senegal, Sierra Leone, Tanzania, Uganda, Zambia and Zimbabwe.

[1] Reuters, based on a poll of institutional investors by EIU.

Whilst infrastructural challenges remain, many customers express willingness to carry out transactions, such as withdrawals, via the ATM.

Perhaps unsurprisingly, financial stability was the leading reason for maintaining banking relationships in 11 of the 14 countries surveyed. This is a reflection of the recent wave of regulatory interventions across the continent focused on the review of the new minimum capital for banks, thereby increasing the customer's awareness of the state of the industry. Respondents in many countries also expressed challenges with transaction turnaround times.

However, the feedback is clear that African banks have come a long way, but there is still much further to go to meet the expectations of customers.

I hope the insights in this report make a compelling read and, on behalf of the team, I would like to seize this opportunity to thank all those that offered their valuable time to complete the survey.

Executive summary

African banking customers have been fairly clear about what they expect from their banks. And they have been equally clear about what they are not yet getting.

Being strong yet approachable

According to our survey, banks in Africa will need to focus on maintaining their financial stability while simultaneously sharpening their customer service capabilities if they hope to capture and grow their markets.

Indeed, while more than one in five respondents said that their top criteria for selecting a bank was their ability to remain stable – an understandable requirement given the rash of banking collapses around the world recently – it was attention to customer service that seemed to separate the leaders from the rest of the pack.

Customer care factors were seen as being among the most important indicators for many respondents, leading almost half (43 percent) to say that they would change their banks as a result of poor service quality. Not surprisingly, therefore, customers were also quick to call for improvements in this area; around 16 percent said they wanted to see friendlier staff while 14 percent said they would like faster and more effective complaints resolution from their banks.

Improve it or lose it

The survey also highlights a number of other key areas where African banks could make improvements in order to gain market advantage. One in five respondents prioritized a reduction in wait times for transaction processing and requests as their top area for improvement while 17 percent said they wanted to see improvements in the way services are delivered through channels.

As our analysis in this report suggests, alternate banking channels are now starting to gain a foothold in many markets, creating another opportunity for banks to differentiate themselves and build loyalty among customers. Already, more than six percent of respondents said they would switch banks if they offered more innovative products and services versus eight percent who said they would switch because of the proximity of branches.

Ranking the banks

To gain a clear picture of customer satisfaction with Africa's banks, we asked respondents to judge their banks across five key areas that – in our experience – hold the greatest influence over customer satisfaction:

Customer care: African banking customers overwhelmingly (94 percent) voted 'staff friendliness' as the most important factor influencing their satisfaction with their bank. Yet while eight in ten expressed satisfaction with this element, results for other customer care elements were rather weak across the continent: just three in ten customers said they were very satisfied with their bank staff's knowledge of banking products and only ten percent indicated that they were extremely satisfied that their complaints were being promptly addressed.

Transaction methods & systems (TMS): When asked what part of transaction methods and systems were important to customers, interestingly turnaround time for transactions processing and accuracy of information provided by banks were of equal importance. However, the results revealed higher satisfaction with transaction turnaround time (81 percent) compared to 71 percent who were satisfied with the accuracy of information provided by their banks in account statements, advice slips and basis of bank charges.

Pricing: When it comes to value for money, almost one in five of Africa's banking customers expressed dissatisfaction with the cost of maintaining their accounts while 15 percent said they were indifferent. Respondents also said they would like their banks to be more proactive in notifying them of changes in interest rates, tariffs and terms and conditions. However, interest rates seemed to be the biggest pricing frustration for respondents in 12 of the 14 countries surveyed who said they were least satisfied with the rates they were offered for deposits and investments.

Products and services: Respondents across Africa were keen to see their banks improve their product and support offerings with the suitability of product offerings being cited as the top factor in this category in nine of the 14 countries surveyed. Seventy percent said that they did not feel that they received the assistance they needed to understand their bank's products and how to access them; less than 10 percent admitted being very satisfied with the way their banks delivered their products.

Convenience: It should come as no surprise that 99 percent of respondents said that they still use branches. However, it is clear that ATMs are becoming a vital part of Africa's banking system; 85 percent of respondents said they use ATMs, with half saying they use them on a weekly basis. And while other alternate channels have clearly demonstrated value in Africa (POS in Botswana enjoys 69 percent usage while mobile banking in Kenya has topped 50 percent usage), this report shows that adoption has been slow in most markets.

Analyzing the data

In the following analysis, our African banking professionals have deconstructed the results and emerging trends to deliver insights on many of the other key topics raised in this survey. Imran Moten, a professional with KPMG in South Africa, offers lessons from his country's banks; Goncalo Traquina with KPMG in Angola examines leading innovations and customer focused strategies; Jimmy Masinde explores the exploding success of mobile banking in his native Kenya.

Our report concludes with an in-depth market-by-market analysis of the data that lays out the key challenges and opportunities for banks operating in each of the 14 markets surveyed and identifies the leading banks in each category of customer satisfaction.

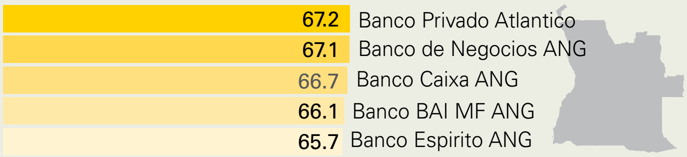
Top 5 most customer-focused banks

This survey was conducted between June and December of 2012 with the exception of Nigeria and Zambia where it was conducted earlier in 2012. Over 25,000 respondents were surveyed in person across 14 countries in Africa. A key consideration in selecting the sample size was the banking population of each country. The survey locations in each country were selected based on the level of commercial activity and density of bank branches.

A quick glance at the results reveals the dominance of banks with multi-country presence across the continent. Some of these banks have succeeded in replicating the high service delivery performance established in their home countries in other markets they play in. Their success can be partly attributed to strong knowledge of the local market and leverage on technology. GTBank, Zenith and United Bank for Africa (UBA) appear in top positions and seem to dominate the West African coast while Stanbic, Diamond Trust, Kenya Commercial and Equity Bank show a strong presence in East Africa.

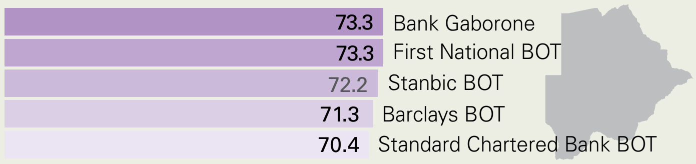
Angola

Respondents in Angola selected Banco Privado Atlantico as the most customer-focused bank closely followed by Banco de Negócios. Banco Caixa emerged in the third position.



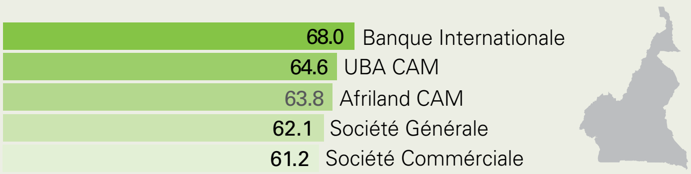
Botswana

Bank Gaborone and First National Bank were tied at the top as the most customer-focused bank, with Stanbic coming third. Bank Gaborone is a relatively new entrant into the market with only six years in operation while most of the other top banks are more established players in the industry.



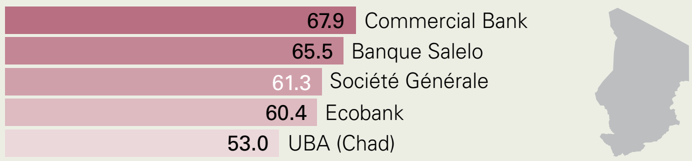
Cameroon

Banque Internationale du Cameroun is the most customer-focused bank, followed by UBA and Afriland First Bank in second and third position, respectively.



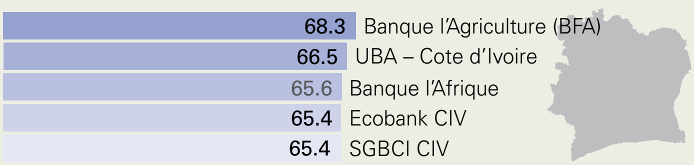
Chad

Commercial Bank Tchad emerged in the top position, followed by Banque Sahelo and Société Générale in second and third position, respectively.



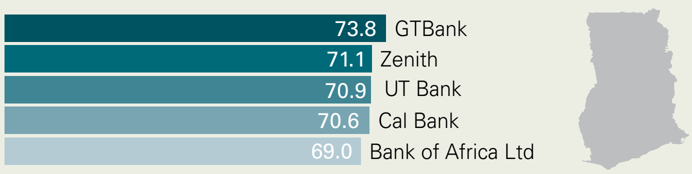
Côte d'Ivoire

Banque pour le Financement de l'Agriculture emerged in first position as the most customer-focused bank, with UBA and Banque internationale de l'Afrique de l'Ouest-Côte d'Ivoire coming in second and third, respectively. The appearance of Banque pour le Financement de l'Agriculture (a specialized bank) in the top position shows its capability as a strong player in the commercial banking space.



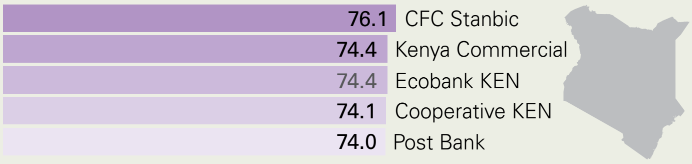
Ghana

GTBank emerged in first place, followed by Zenith Bank and UT Bank, respectively. In contrast to the top two banks, UT Bank is an indigenous bank that was previously a non-bank financial services provider until 2008 when it acquired a majority stake in another local player – BPI Bank. The top three banks are all relatively new to the market and thus have been working hard to win over customers from the older banks whilst also targeting the unbanked population.



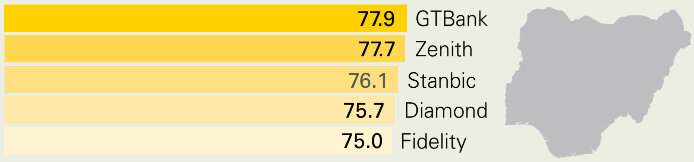
Kenya

Respondents chose CFC Stanbic as the most customer-focused bank followed by Kenya Commercial Bank and Ecobank, respectively.



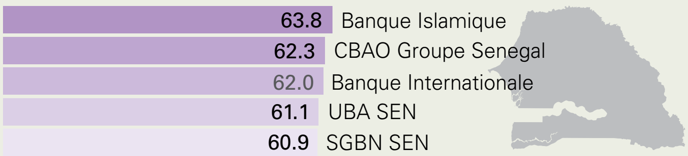
Nigeria

GTBank emerged as the most customer-focused bank, followed by Zenith and Stanbic IBTC in the second and third position, respectively.



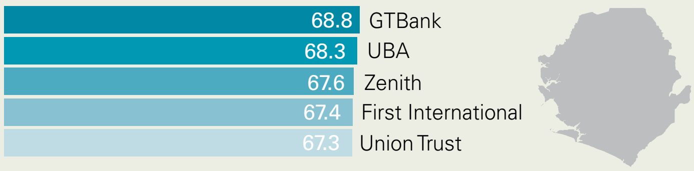
Senegal

Banque Islamique, a niche bank, emerged in first position while CBAO Groupe and Banque Internationale occupy second and third positions, respectively.



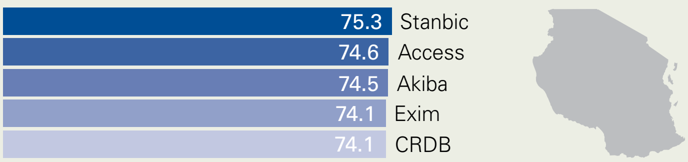
Sierra Leone

The results highlight vast changes experienced in the banking sector with the influx of sub-regional financial institutions due to liberalisation of the economy in the post-war era. Survey respondents chose GTBank as the most customer-focused bank while UBA and Zenith Bank occupy the second and third positions, respectively.



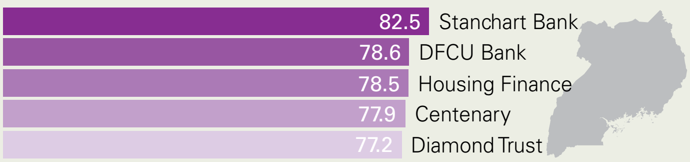
Tanzania

According to respondents in Tanzania, Stanbic is the most customer-focused bank followed by Access and Akiba whose CSI were very close with a percentage point difference of 0.1 percent.



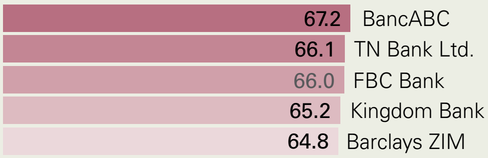
Uganda

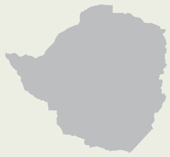
Standard Chartered emerged in the top position by a wide margin ahead of DFCU and Housing Finance.



Zimbabwe

BancABC is the most customer-focused bank with TN Bank and FBC Bank coming in second and third position, respectively.





Relationship **issues**

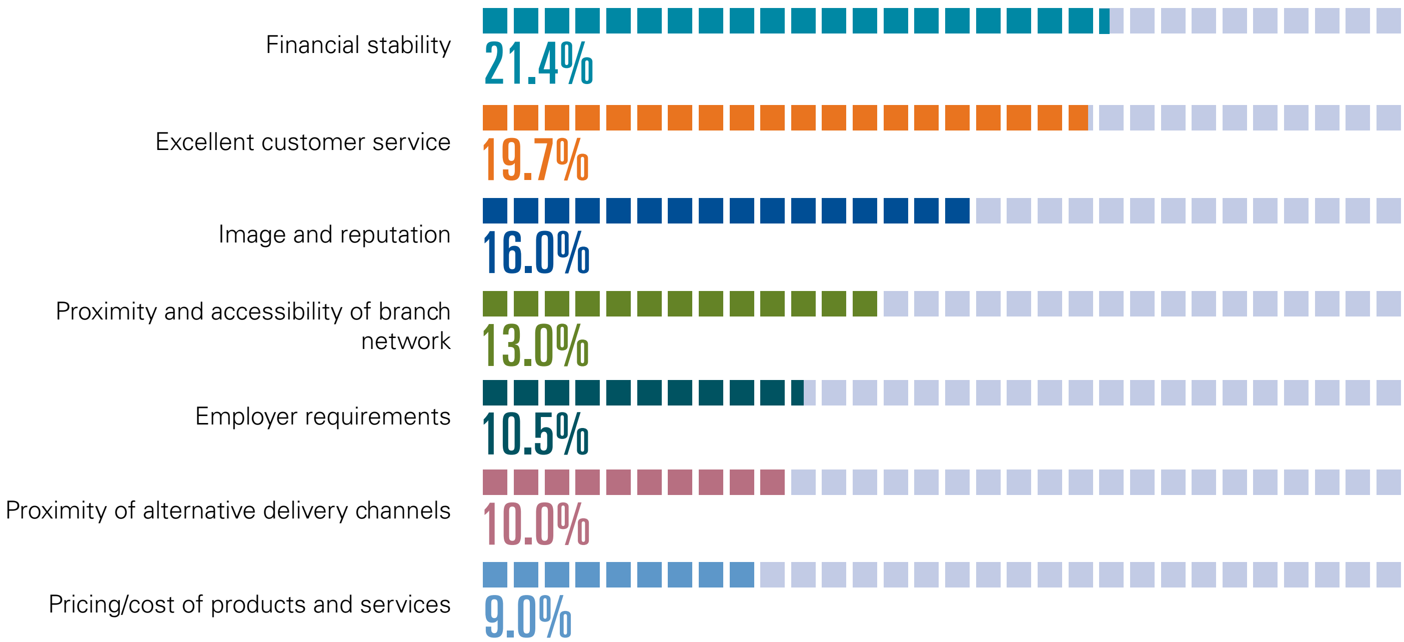
Financial stability – Still the top reason for maintaining banking relationships

The emergence of financial stability as the topmost reason for maintaining banking relationships is no surprise coming on the heels of the financial crisis that hit the world economy in 2008. Although the impact of the crisis was not as profound in Africa as in Europe and the US, the ripple effects were enough to shake customers' confidence in their banks. Despite the intervention of regulators, the survey results suggest that more needs to be done to restore customer confidence in the industry. Continuous collaboration between banks and regulators is essential in ensuring that customers are correctly informed about new regulatory provisions, as well as significant industry events.

Analysis of survey results revealed that 21.4 percent of respondents ranked **Financial Stability** as the most important reason for maintaining banking relationships, followed closely by **Excellent Customer Service** that had 19.7 percent. A difference of 1.7 percent points between the top two rationales for maintaining a banking relationship from the customer's perspective indicates the value placed on these choices. This presents an opportunity for banks to differentiate themselves in both areas to enable them to strengthen their customer base.

Despite the intervention of regulators, the survey results suggest that more needs to be done to restore customer confidence in the industry.

Africa-wide rationale for maintaining banking relationships

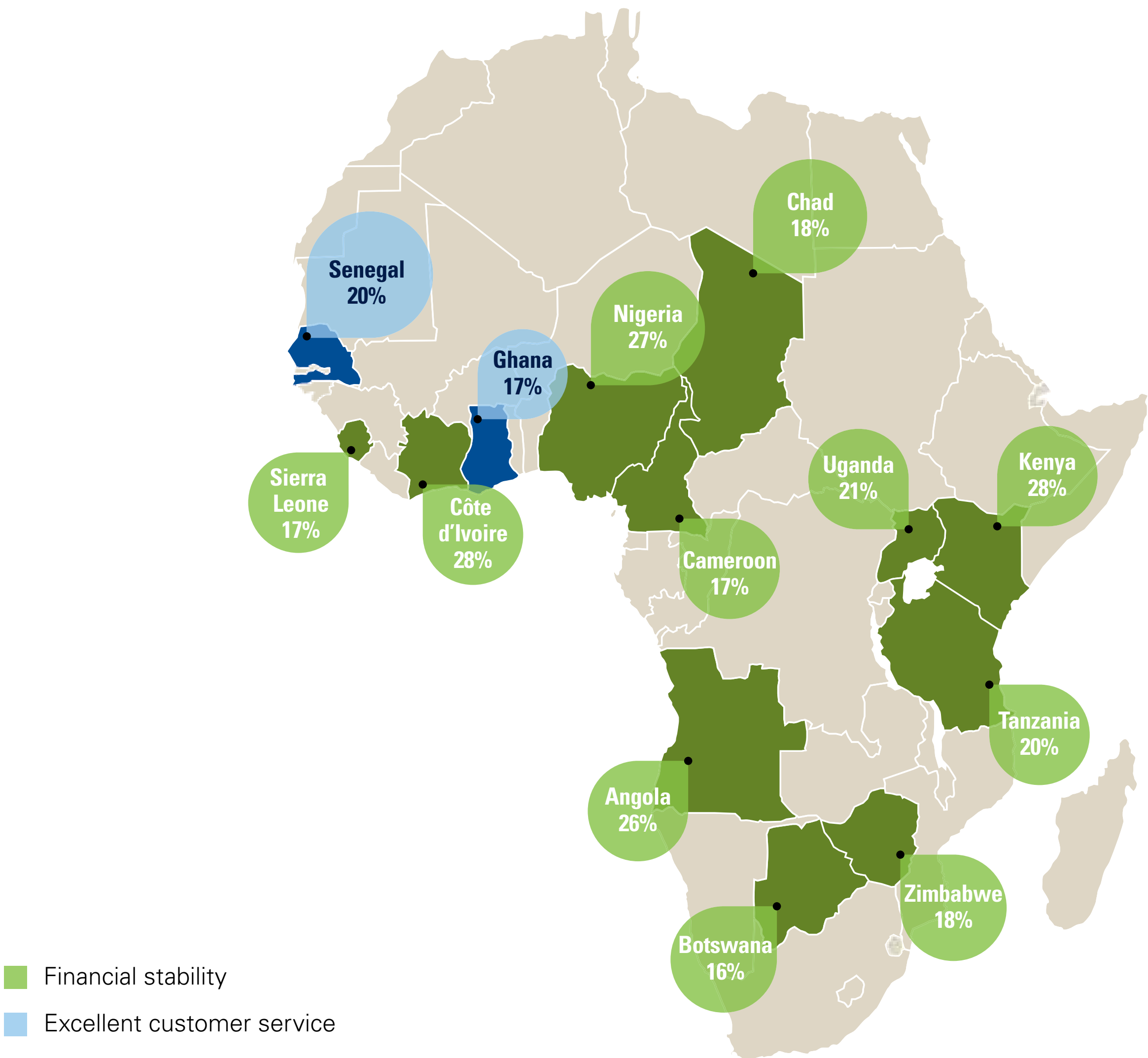


At the country level, customers from 11 out of 14 countries surveyed chose 'financial stability' as their top reason for maintaining banking relationships, while respondents from Ghana, Zambia and Senegal chose 'excellent customer service.' The banking industries in these countries have been relatively stable; as a result, a significant number of customers appear to be satisfied with the security of their funds with their banks. Of the countries with financial stability as the key reason for maintaining banking relationships, Kenya, Côte d'Ivoire and Nigeria had the highest percentage of total respondents. The results highlight customers' apprehension towards banks in Kenya, especially the second tier banks that are mostly family-owned, coupled with the fact that a major bank recently went under receivership.

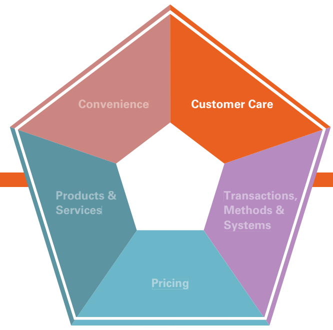
Top reason for –

Maintaining banking relationships: **11** out of **14** countries choose **financial stability.**

Reasons for maintaining banking relationships across Africa



Customer **care**



"Don't open a shop unless you like to smile"
Chinese proverb

Customer care is a very important factor in any service industry, more so in banking where customers constantly relate with staff. In 8 of the 14 countries respondents selected 'friendliness of staff and their willingness to assist' as the most important measure of customer care. This shows that beyond having pleasant and seamless experience via technological channels, customers also desire to have the same experience while interacting with bank staff. The result also follows from the reasons for maintaining banking relationship, where 'excellent customer service' was chosen as the second most important reason. Of all the customer care elements measured in this survey, 94 percent of respondents selected 'friendliness and politeness of staff and their willingness to assist' as the most important element to them; 8 in 10 respondents expressed satisfaction with this element. Staff knowledge of the bank's products was rated as very satisfactory by 3 in 10 customers, while only 1 in 10 are extremely satisfied with prompt attention to complaints.

Top reason for –

Customer care: **8** of the **14** countries choose **friendliness of staff**.

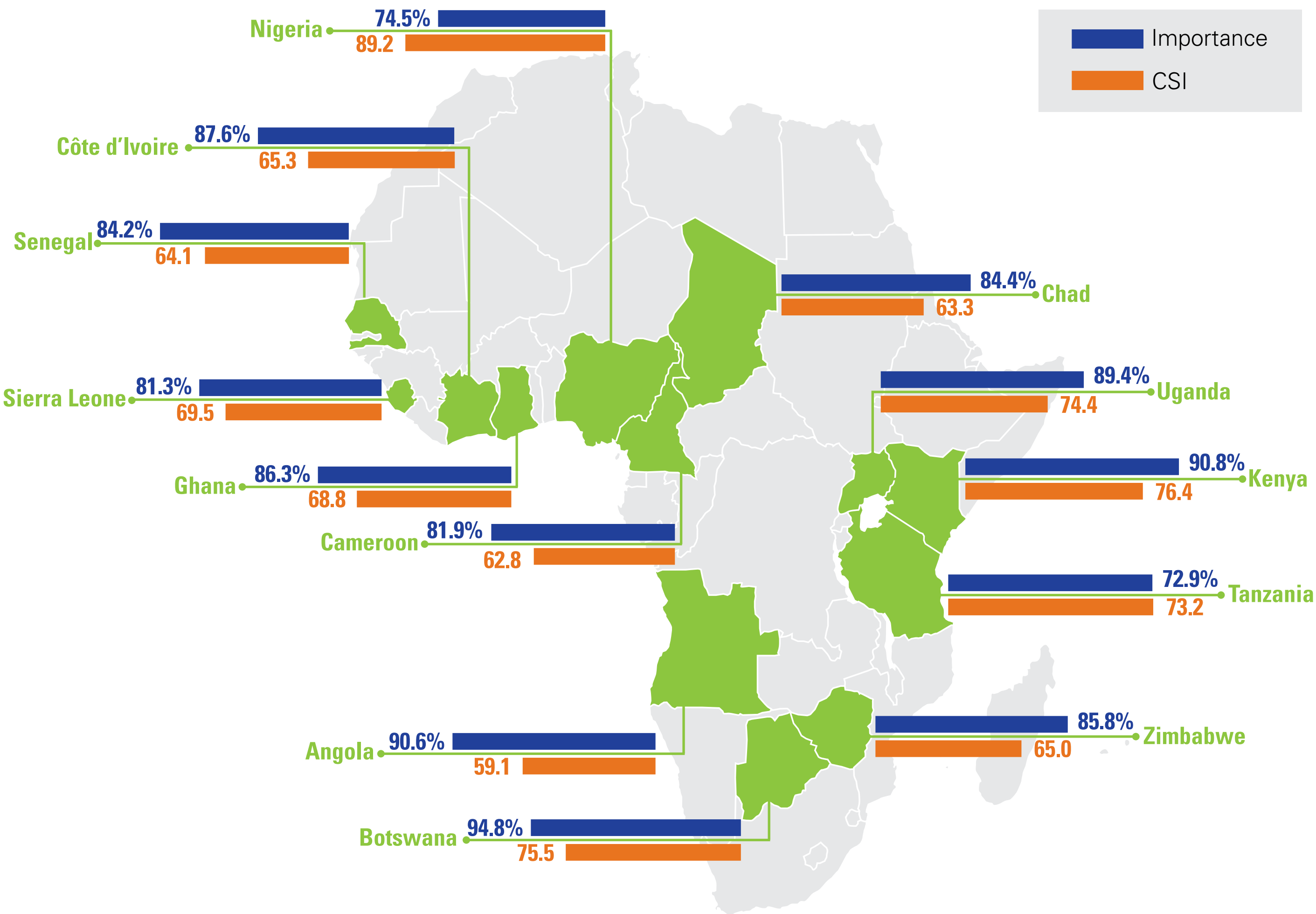
Providing excellent customer service from the time a customer steps onto the bank's premises until he/she leaves would go a long way in winning customers. The branch is currently the most widely used channel in Africa and also, the channel with most human contact. Banks need to ensure their customer-facing staff understand the banks customer care values. Customer-facing staff need to positively project the brand and act as ambassadors by delivering service with courtesy and respect to customers.

Excellent customer service should not be limited to branch visits alone, but must be carried out through to all other delivery channels such as call centres and internet banking. Ninety-one percent of respondents indicated that a bank's understanding of their needs and being proactive in presenting alternatives is important to them, which highlights the fact that banks need to constantly be steps ahead of the customer by developing various ways of resolving customer issues and problems efficiently and effectively.

Only 1 in 10 are extremely satisfied with prompt attention to complaints.

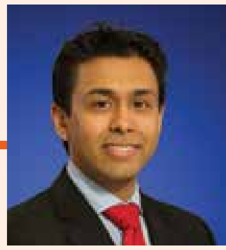
Developed economies such as Australia and the United Kingdom have established financial ombudsman services that independently settle complaints about individuals and businesses that provide financial services to customers. We are witnessing the same trajectory in the African banking landscape, with the most sophisticated banking sector in the continent – South Africa – already with a financial ombudsman. On the other hand, Nigeria has made progress by putting forward a bill in parliament for the establishment of a financial ombudsman by the Central Bank. Although the majority of the other countries covered in this survey have active ombudsman bodies, they have yet to establish one that is solely meant for the financial industries. This highlights that on the regulatory end, more needs to be done with customer care.

Customer satisfaction index and importance rating for customer care across Africa



View **point**

Customer 'moments of truth'



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The banking environment in South Africa remains extremely challenging. Competitive, economic and regulatory pressures have all combined to prevent banks from achieving the levels of revenue growth that was experienced before 2008. The relationships of some established banks with their customers have been adversely affected in South Africa, as in most parts of the world, due to product commoditisation and 'product push' strategies, inconsistent channel access and service levels, together with successful new entrants with fresh customer value propositions.

Connecting with customers in new, meaningful and consistent ways has remained elusive. Due to the high volume of customer choice, some banks are finding it increasingly difficult to engage with customers at an early stage of the buying process, in order to influence purchase behaviour. Also, customers are able to compare their bank's offering as they become much more financially astute, as through the use of online tools/comparators.

Winning banks must continually focus on transforming the customer experience to grow the top line. To achieve this, they must connect emotionally with target customer groups at key interactions – what we call 'customer moments of truth'.

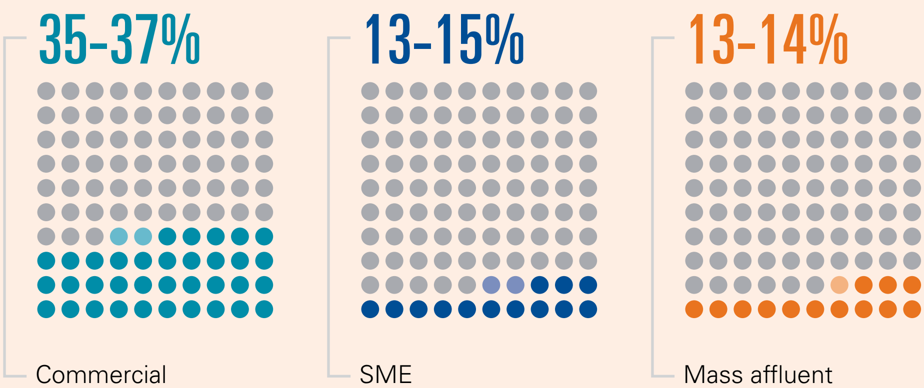
The result of this impression directly influences the nature of the customer's subsequent relationship with the bank. This relationship can influence the customer's decision to maintain their banking relationship (or take the relationship elsewhere) – let alone their willingness to grow their product/ service portfolio.

For example, through detailed investigation, a leading South African bank found pricing to be a sensitive topic for the affluent segment on two fronts. Firstly, when shopping for a bond, a specific moment of truth that irritated customers was the bank's inability to take into account the amount of existing business in determining what fees and interest to charge customers. The customers' second moment of truth came when the bank offered them the 'best deal' only after multiple rounds of negotiation. Customers considered both moments time-consuming and inconvenient. This realisation happened despite the bank's previous understanding that the affluent segment typically had limited time available.

Globally, leading banks have identified a direct link between customer moments of truth and service delivery, net promoter scores (NPSs) and revenue impact.

As illustrated in figure 1, estimates of the revenue difference between promoters and detractors in commercial banking are in the range of 35 percent to 37 percent. The estimated range for the SME and mass affluent segments is 13 to15 percent and 12 to14 percent respectively.

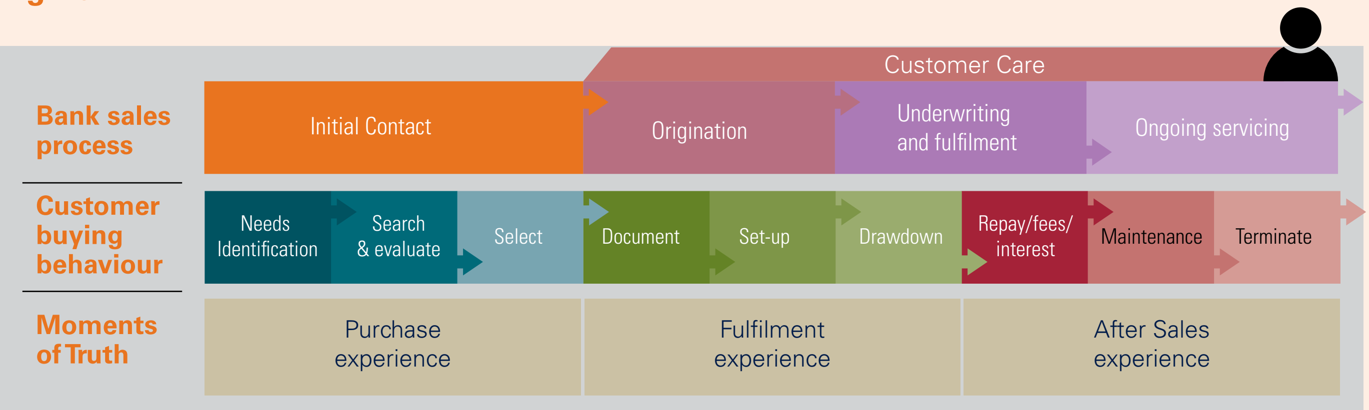
Figure 1: Revenue difference (%) between promoters relative to detractors



These figures suggest a business case to use moments of truth to enhance NPSs to deliver a sustainable net revenue uplift. The revenue uplift is achieved through higher balances and longer balance duration, new customer revenue streams, reduced cost to serve, and reduced customer acquisition costs.

The key to defining and addressing specific moments of truth is to clearly link the bank's sales process with the customer's buying behaviour (figure 2).

Figure 2



Our analysis allows for customer moments of truth to be identified across three broad categories. The categories include purchase experience, fulfilment experience and sales experience service. Deeper assessment of these 'pain points' will expose the levers that need to be addressed to enhance customer experience. Such levers encompass front-line staff empowered to reverse disputed charges, or technology improvements to better understand the customer's banking portfolio/history.

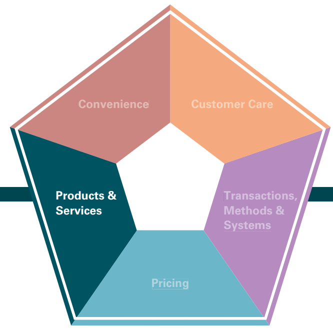
A 'Big Four' Australian bank, for example, estimated that 12 percent of bond applicants over a three-month period became frustrated with the time and effort taken to approve and fulfil a bond facility, and withdrew their application in favour of another financial institution. The bank identified the underlying business issues as convoluted application and fulfilment processes, and an ineffective process ownership model. These issues allowed staff to relinquish responsibility for activities in the bond process chain. Having understood the root cause of the problem, the bank overhauled its processes to become customer-friendly, reducing application processing times from an average of 10.3 to 2.1 working days. Furthermore, the bank introduced initiatives such as sending SMS progress updates to customers, to improve the customer experience.

For banks to achieve step-change success in their customers' banking experience, they must embark on a transformation journey ultimately leading to a heightened customer-centric mindset across the entire business – from customer-facing teams to back-office operations. Those banks that have begun this journey will testify to the need to rapidly 'stop the bleeding'. This can be achieved by initially focusing on high impact/ low-investment initiatives, while simultaneously building a long-term/ strategic solution to address deeper issues. Doing so is critical in winning over the hearts and minds of staff across the organisation, and aligning stakeholders to deliver the business case.

In summary, achieving a step-change in the customer experience is a matter of identifying and addressing key customer moments of truth through high-impact initiatives. Those banks in the lead in this space can consolidate their customer base and substantially uplift top-line growth through revenue from a greater source of promoters.

Simply put, a moment of truth is an interaction between a customer and their bank, that can leave a lasting positive or negative impression on the customer.

Products and **services**



Tailoring products to customer preferences…

How flexible are the banks' products and services? Do they add value to the customer? Do the banks communicate in clear terms what the customer stands to gain from such products and services?

Customers want less generic products and desire more bespoke products that meet their needs. An essential deduction from this is that banks need to properly identify their customers' needs based on their behaviours and thus create products that are flexible enough to meet their needs. Effective product innovation and management could be made possible with effective customer segmentation. With customer segmentation, banks divide their customer base into clusters with similar characteristics in order to provide value and sales propositions which are effective and unique to each segment.

Customer segmentation could take into consideration geo-demographic parameters such as age, profession, income, etc. Personal preferences such as access to channel, preferred payment method and channel preference could also help in customer segmentation. Another key insight is identifying financial potential of customers based on their transactions with the bank and developing products aimed at increasing business with such customers. This helps the customer feel special and creates the impression that the bank is forward thinking and also wants growth in his/her business.

For banks, it is no longer simply the range of products offered to customers but also a question of the suitability of the products. Only 1 in 10 respondents surveyed was very satisfied with their bank's delivery of products and services highlighting the need for better product delivery. Of these respondents, 7 in 10 indicated that they do not get the required assistance with understanding the products and how to access them. Also, 2 in 10 of these respondents indicate that the products are not 'easy-to-understand' highlighting customers' needs for simple and user-friendly products. This shows that, beyond offering tailored products, banks need to provide sufficient support to make product delivery successful.

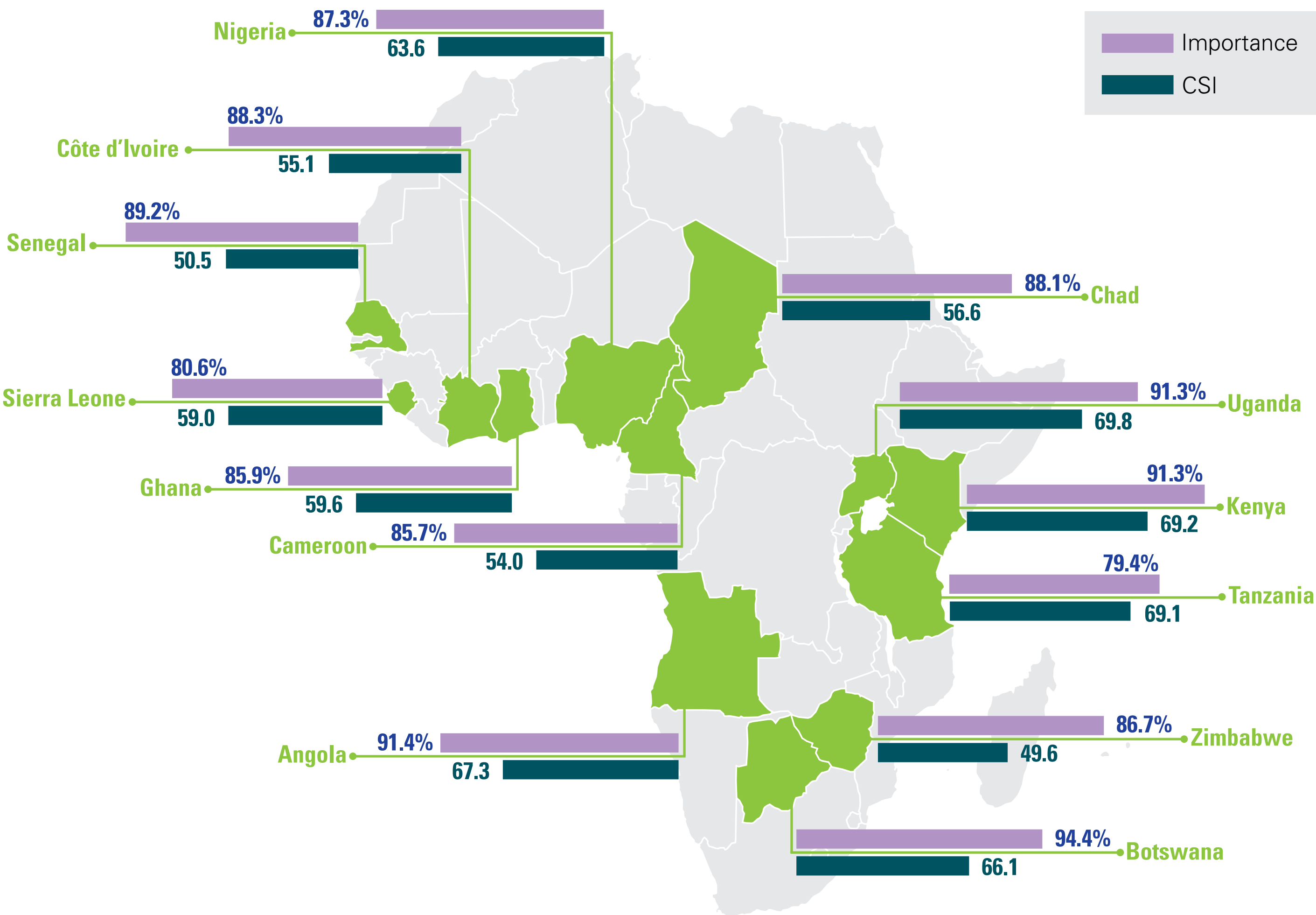
On the country level, customers from 9 of the 14 countries surveyed identified suitability of products and services as the most important measure under this customer service factor compared to those from Angola, Botswana and Côte d'Ivoire who indicated easy access to credit facilities as most important to them. On the other hand, customers from Ghana were most particular with the assistance they get from their banks in understanding the product and service offerings. These results reveal that beyond creating a great product that suits customer needs, banks also need to provide support with awareness, easy access and assistance to customers to ensure that they derive satisfaction from using the products.

Effective product innovation and management could be made possible with effective customer segmentation.

Top reason for –

Customer service factor: **9** of the **14** countries choose **suitability of products and services**.

Customer satisfaction index and importance rating for products and services across Africa



View **point**

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Innovative, customer-focused channel strategies

Goncalo Traquina is a Senior Manager, Management Consulting in Financial Services from KPMG in Angola

Over the last few years, financial institutions have adopted segmented customer models, to improve the customer experience, attract new clients and increase loyalty.

However, in order to achieve 'segmented and customer-focused' performance, one must define the relationship model in terms of two fundamental requirements:

1. An external vision of the relationship with customers, aligned with their preferences and needs;
2. An internal vision for the supporting infrastructure, linking the institution to the segmentation.

While it is important to develop a clear external vision, priority should be placed on establishing the internal vision, particularly in three main areas:

1. Value proposition

To optimize the value proposition, one must design product and service offers based on the value of the client relationship. For example, when developing individualized products for specific segments, in support of a specific commercial strategy, it is critical to satisfy a clear client need (e.g. savings, consumption, investing) at the right point in the client life cycle.

It is also vital to adequately reposition the function of each channel (e.g. transactional, relationship-building), as well as complementary customer communications, including publicity, advertising, correspondence, etc.

2. Distribution strategy

A distribution strategy is required that clearly reflects the value proposition established for each segment. It must also include tactics designed to maximize revenues, margins and efficiency.

In the present multi-channel context, and with the advent of new technologies, customers have become more sophisticated and demanding. This has forced institutions to reflect on their interaction strategies, and question their own business and supporting models in terms of efficiency and delivering the optimal customer experience.

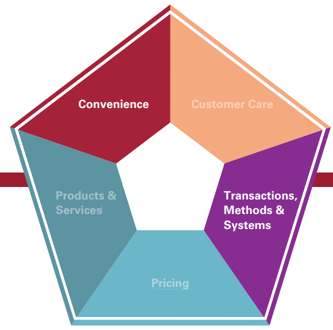
Consequently, the channel strategy must induce the desired customer behaviours for each segment. To do so, it may be necessary to refine or reorganize existing customer contact functions, or design new channels that are customized to each segment.

3. Commercial dynamics

To optimize sales force performance in a customer-focused strategy, it is necessary to plan and monitor commercial activity, periodically evaluate results, and adapt the initial plan as required. To achieve commercial efficiency, one must:

1. Standardize the sales process, with one that is centred on the customer and guided by segmentation;
2. Increase the time dedicated to sales, by planning managers' time and freeing them for sales and relationship-building activities;
3. Ensure quality in planning, execution and evaluation of the commercial cycles;
4. Materialize business opportunities that have been identified, and
5. Monitor the KPIs and develop a warning system to maximize performance.

Channels



Connecting with customers anytime, anywhere…

Technology is changing the way and manner we conduct our business. There has never been such a time in history, like now, when technology has transformed the finance world, especially banking, leaving customers yearning for more innovative products and services from their banks. For example, due to significant investments in ATMs and POS by banks operating in Angola, the country witnessed a sharp rise in transaction volume using the Multicaixa network – from 3.6 million in 2006 to 5.5 million in 2010, monthly.[2] Similarly, in Kenya, mobile technology helped increase access to financial services with the 'invisible bank', M-Pesa, having 40,000 service locations via local agents across the country[3] in 2010 compared to only 840 bank branches.[4] The increase in technological solutions available has brought about increase in payments via the Internet and mobile channels. Recently in China, which is fast becoming the epicenter of the payments industry, the government has granted almost 200 licenses to domestic non-bank third party payment service providers to effectively expand the payments ecosystem. This represents new competition for banks as these companies would develop payment solutions that could take out a sizeable chunk of the banks' margins. There is, therefore, a serious need for banks to innovate, in terms of products and services, to enable them to play in this dynamic and challenging market.

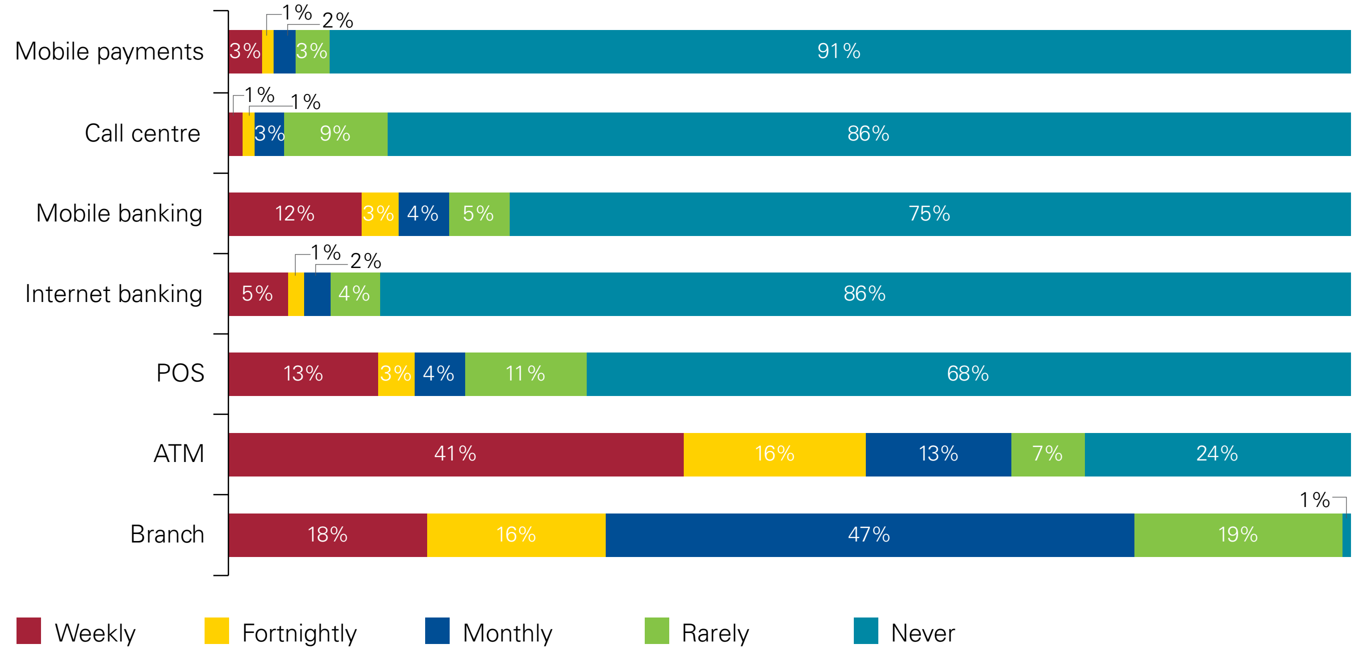
Globally, banking has changed radically with the advent of the Internet and smart phones. Banks have kept pace by delivering various alternate channels. Customers are empowered to serve themselves anytime, anywhere using these channels and convenience is at the heart of making the channels available to them. The Automated Teller Machine (ATM), in particular, has gained traction by establishing itself as the fastest growing channel in Africa while other channels lag behind in terms of usage by customers. Retail Banking Research predicts the number of ATMs in Africa will have grown at a rate above 90 percent by 2015 compared to only 12 percent in Western Europe and 4 percent in North America.

This survey highlights the dominance of ATMs and branches over other channels in Africa. Not surprisingly, branches remain the most used channel in Africa at 99 percent, followed by ATMs at 85 percent while all other channels lag behind with rates below 30 percent. ATM is the most frequently used channel with 5 in 10 customers using it on a weekly basis compared to only 2 in 10 customers for branches. Every 5 in 10 customers that use an ATM on a weekly basis are under the age of 30 and every 3 in 10 are private sector employees which suggests that the frequent ATM users are young professionals. On the other hand, frequent branch users come from the more mature population with every 5 in 10 customers that use the branch on a monthly basis belonging to the 31-55 age group.

Branches remain the most used channel in Africa at 99 percent, followed by ATMs at 85 percent while all other channels lag behind with rates below 30 percent.

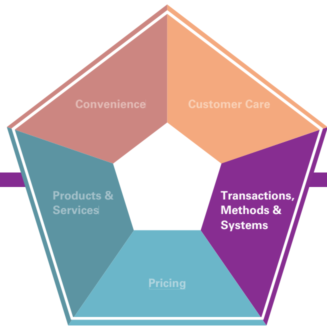
[2] KPMG: Angola Banking Survey (2011)
[3] Safaricom (2012)
[4] Economist (2012)

Africa-wide frequency of channel usage



Apart from the ATM, adoption of other alternate channels in Africa remains relatively low, reflecting their recent introduction or total absence in some of the surveyed markets. For example, ATMs often lack bill payments or funds transfer capabilities with the exception of countries like Nigeria and Botswana; in Sierra Leone, Internet banking is currently limited to balance enquiry. Even though ATMs enjoy the highest adoption for alternate channels in Africa, they still have their challenges – customers specifically expressed their dissatisfaction with cash availability at the machines, frequent down times and security of ATM locations. However, with success stories such as the strong adoption of ATMs in Nigeria (82 percent), POS in Botswana (69 percent) and mobile banking in Kenya (52 percent), it is clear that these alternate channels hold a lot of potential for African banks. As mobile penetration and access to technology continue to grow rapidly, the opportunity to provide services across these channels becomes even greater necessitating the need for banks to make customer migration to alternate channels a strategic priority. Many factors play a role in successful migration of customers – literacy rates, physical and online security, resistance to change and enabling infrastructure.

Mobile channel

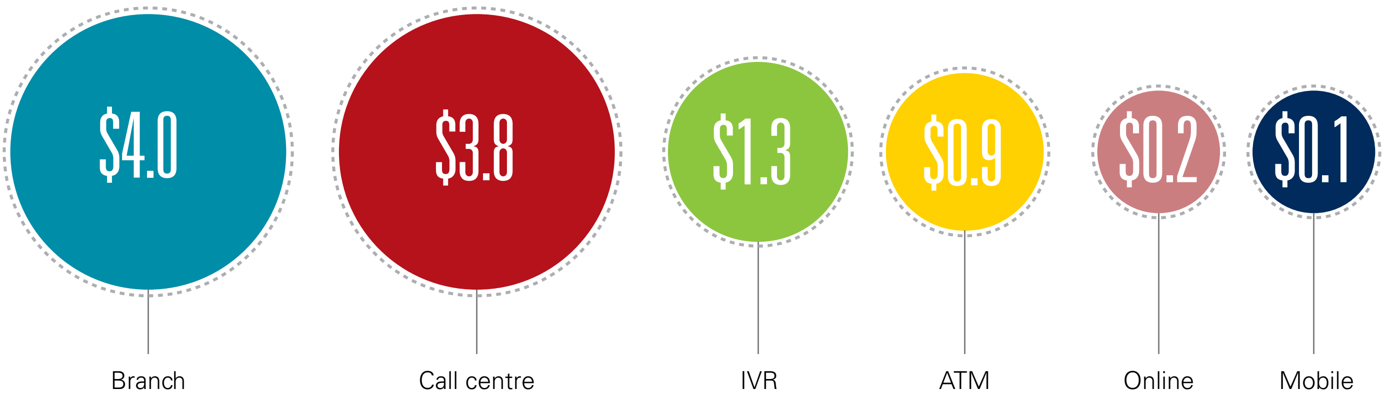


Mobile channel in Africa

Mobile penetration in Africa today is higher than that of the Internet and is expected to continue to rise for the foreseeable future. The cost to serve is unquestionably lower via mobile than any other channel. Africa has a young and vibrant population that tends to be the early embracers of new products and services and financial inclusion is a top agenda for African policymakers. Given that all the right market variables exist, banks need to consider how they should optimize the opportunities that the mobile channel presents. A recent study of banking channels in the US reveals that the cost to serve customers via mobile channel is cheaper than the dominant channels in Africa (branch and ATM) by wide margins.[5] It is 45 times more expensive to serve customers via branch than mobile and 10 times more expensive to serve customers via the ATM. Given these facts, banks need to rethink their strategy, surge forward by taking a bold step (not waiting for critical mass) to establish leading positions in the mobile banking and mobile payments space. Although high risks/uncertainties exist for services that could be offered through mobile channel (especially with technology), the reward surpasses such risks. Mobile banking is essential for banks that want to be identified as innovators and customer-focused. Mobile payment, on the other hand, is a sure way of entering untapped areas to gain market share and establish new revenue streams.

Kenya is a clear leader in mobile payments.

Transaction costs by service delivery channel



Source: Tower Group, Fiserve/M-Com Data (2009)

[5] Tower Group, Fiserve/M-com Data (2009)

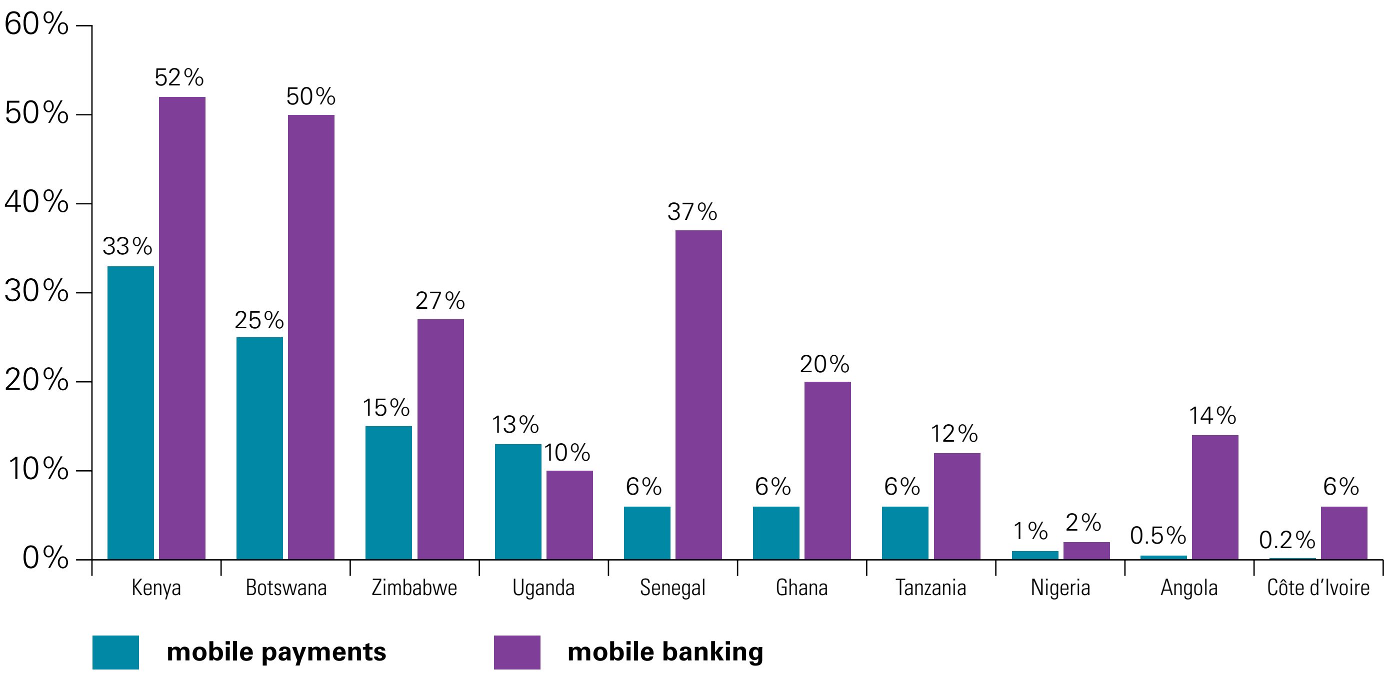
Different countries are using different models for mobile payments that are bank-led or Telco-led. Kenya is a country that uses the Telco-led model while Nigeria, on the other hand, recently adopted the bank-led as pioneered by the country's Central Bank. With the better of the two models still unclear, the best will be evident as time goes on. Currently, Kenya is a clear leader in mobile payments. Although closely tied with Botswana (which has one of the highest mobile penetration rates in Africa at 78 percent) on mobile banking, Kenya surpasses the rest of Africa by wide margins on mobile payments. This result backs the country's success stories with mobile payments, particularly M-Pesa, that present an opportunity for banks to study and extrapolate key learnings for promoting the mobile channel in markets in which they operate around the continent.

About 33 percent of respondents in Kenya indicated that they use mobile payments and 40 percent of these respondents, use this service once in every two weeks and the majority of these users are high-income earners, with every 3 in 10 respondents in this category using this channel several times a week. Surprisingly, 47 percent of respondents within the 21-30 age group only use mobile payments once a month compared to 37 percent of those within the 41-55 age group that use this service once every two weeks. Other countries, including Sierra Leone and Chad, have not yet introduced the mobile channel into their banking sectors.

Mobile banking in Africa lacks popularity for some basic transactions. For example, only 4 percent of respondents use mobile banking for balance enquiry as opposed to 60 percent that do this service via the branch. Also, only 5 percent of respondents prefer to transfer funds via the mobile channel as opposed to 86 percent that want to do so at the branch. Perplexingly, even Kenya that leads on the mobile channel in Africa enjoys a decent rate of 16 percent for balance enquiry compared to 50 percent that prefer doing so via the ATM. With Africa's large unbanked population and the significant penetration of mobile phones, mobile technology, combined with other channels, presents a huge opportunity to bank the unbanked.

Only 4 percent of respondents use mobile banking for balance enquiry as opposed to 60 percent that do this service via the branch.

Mobile payments and mobile banking adoption rates



View **point**

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Mobile payments in Kenya

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A large percentage of households in developing countries lack access to financial services, which impedes economic growth and development. A huge amount of evidence shows that access to financial services, and indeed overall financial development, is crucial to economic growth and poverty reduction. In spite of all the evidence, in sub-Saharan Africa, only a fifth of households have access to financial services. In 2007, over two-thirds (70 percent) of Kenyan households did not have bank accounts or relied on informal sources of finance. As a way to get around this hurdle, Africa has turned to technology, however rudimentary, to overcome the challenge of access to financial services.

Technological innovation has now made it possible to extend financial services to millions of poor people at a relatively low cost. A classical example is the mobile telephone money transfer services that allow mobile phone users to make financial transactions or transfers across the country conveniently and at low cost. Kenya's mobile payment service, known as M-PESA, an ingenious payment service targeting mainly the unbanked, provided by the main mobile phone company, Safaricom in conjunction with Vodafone, represents a good example of how low-cost approaches that use modern technology can effectively expand the financial services frontier. The word 'pesa' is the Swahili word for cash, while the 'M' is for mobile. Shortly after its launch, Safaricom had registered over 20,000 M-PESA customers, way beyond its initial targets. The speedy take-up was a clear sign that M-PESA filled a gap that had existed in the market. Here is a snapshot of M-PESA's customer growth:

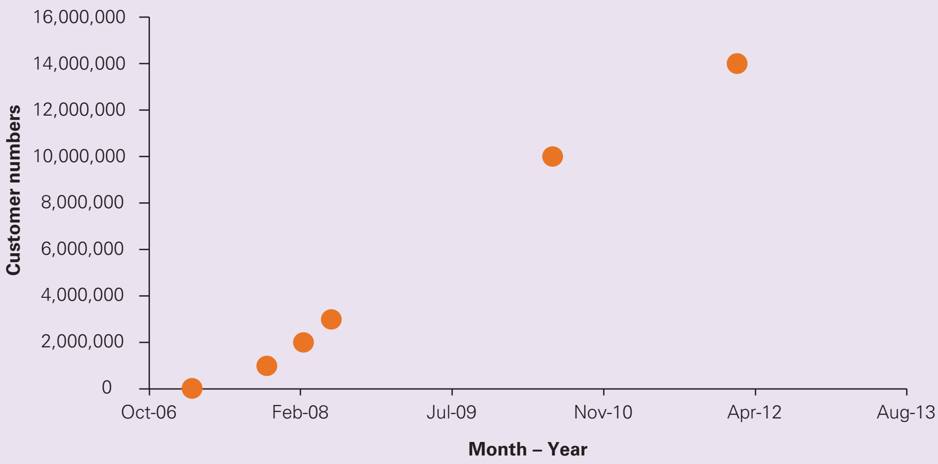
Currently, millions of Kenyans use M-PESA to make payments, send remittances and store funds for short periods. Many of those without bank accounts are able to use the service, at low risk and minimal cost. Evidently, Kenya's M-PESA is probably the most celebrated success story of mobile banking in a developing country, following Africa's 'mobile decade.'

The whole concept behind the M-PESA product is very straightforward: a customer can use his/her mobile phone to move money efficiently, that is, quickly, securely and across great distances, directly to another mobile phone user. The customer does not necessarily need to have a bank account, but registers with Safaricom – as the service provider for an M-PESA account. Customers turn cash into electronic money (e-money) at Safaricom dealers, and then follow simple instructions on their phones to make payments through their M-PESA accounts; the system provides money transfers as banks do in the developed world. The account is very secure, PIN-protected and supported with a 24/7 customer-care service provided by Safaricom.

The M-PESA concept has evolved and has been adopted by a majority of the banks in Kenya as one way through which customers can access their funds and pay bills, as well as transfer funds directly from their bank accounts. In the last quarter of 2012, Safaricom, in collaboration with Commercial Bank of Africa (CBA), adopted a banking platform where customers can borrow funds as well as deposit funds and earn interest on their funds through the mobile platform. In its short existence, M-PESA has won several accolades, both local and international. Key among these include Best Mobile Transfer Service Award – Global Mobile Awards, Africacom Awards, and World Business and Development Awards.

The M-PESA concept has dramatically changed the Kenyan financial landscape in the last five years. First, the stiff competition in funds transfer from M-PESA led commercial banks to recognize that lowering barriers to entry (no requirements of minimum balances

Customer growth numbers



The total number of bank accounts in Kenya has increased from 2.3 million in 2006 to well over 12 million in 2012.

in opening bank accounts) can increase retail accounts. Banks also realized that lowering costs of transacting across other bank accounts attracts more customers to open accounts. Due to these changes, the total number of bank accounts has increased from 2.3 million in 2006 to well over 12 million as of December 2012. This has also led to the fast growth in agency banking in Kenya, mainly supported by the mobile platform.

M-PESA is widely popular among the low middle- and low-income population. It is projected to continue its phenomenal growth as it powers Kenya's growth as the leading economy in East and Central Africa. Currently, it is estimated that 25 percent of Kenya's GDP flows through the service and this figure is expected to grow moving forward.

Loyalty

"Merely satisfying customers will not be enough to earn their loyalty. Instead, they must experience exceptional service worthy of their repeat business and referral. Understand the factors that drive this customer revolution."

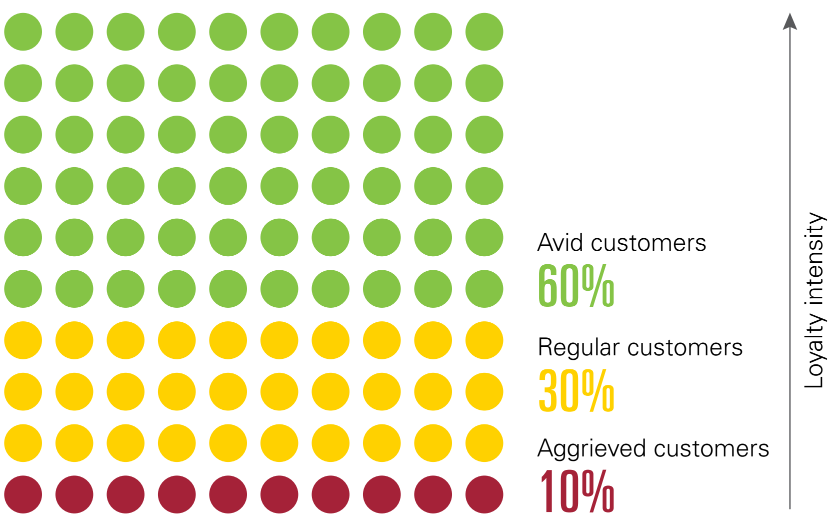
— Rick Tate

Banks are increasingly realizing that it is easier to retain than acquire customers. In a bid to retain customers, some banks now substantially invest in customer relationship management and complaints resolution management tools as opposed to more expensive marketing drives to acquire new ones. Existing customers promote business growth, present cross-selling opportunities and also cost less to serve. Customer loyalty now goes beyond retaining customers to making them advocates for the bank.

A recent study in the UK reveals 'huge disparity between bank's advertising expenditure and sources of information that people trust'.[6] Only 4 percent of the UK population says that they trust advertising as opposed to a whopping 90 percent of people that trust recommendations from their friends.[7] A clear demonstration of this has been witnessed in the evolution of social media which provides a platform for people to connect in real time, air their views and register their displeasure on any issue with a vast audience. This poses a challenge to banks because an unsatisfied customer could cause untold damage to the image of the bank, leading to customer attrition. Low switching costs is another key driver for customer attrition in the banking industry.

The results of this survey show relatively high loyalty among customers on an Africa-wide basis with 6 out of every 10 respondents willing to repeat business with their banks. Nine percent reported that they absolutely will not repeat business with the banks and 31 percent of the respondents said they 'sometimes will'. The results for customer advocacy are also similar to this as 60 percent said they would recommend their bank to others while 10 percent will absolutely not do the same. Banks should continually strive to move customers up the loyalty pyramid, thereby transforming them from mere clients into avid supporters and partners. This could be achieved by increasing the bank's responsiveness to customer needs.

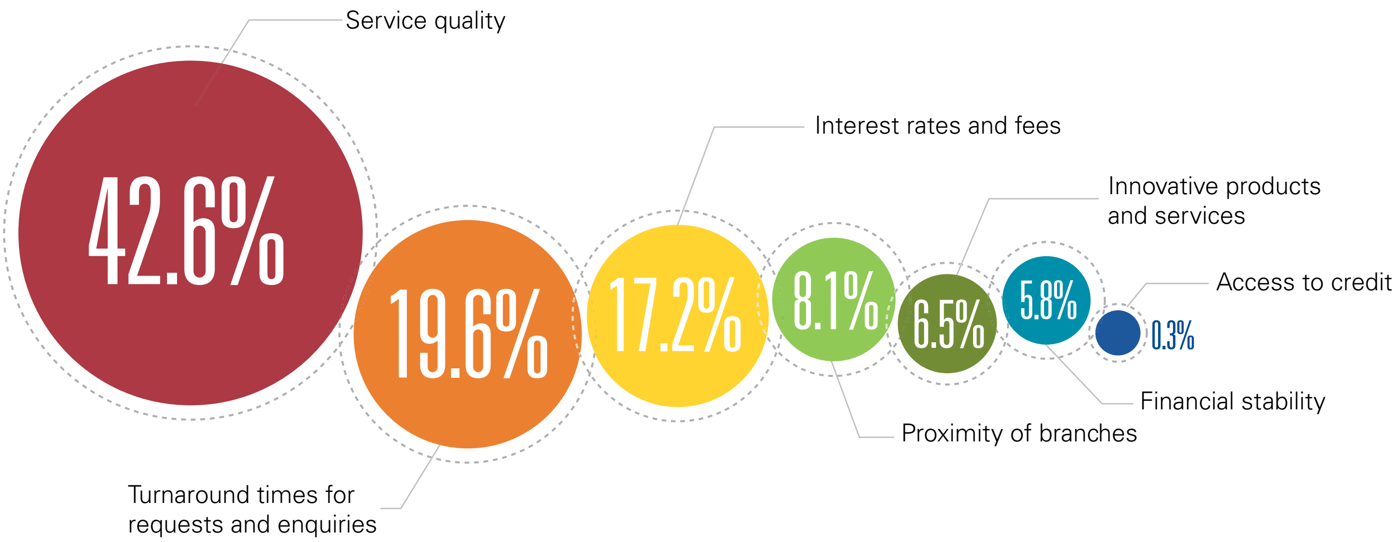
Would you recommend the bank to others?



[6] Customer charged: The KPMG Approach to Customer Experience
[7] Nielson, Alterian (2011)

When customers were asked to provide reasons for switching banks, they cited service quality as their primary reason, followed by turnaround time for transaction processing and interest rates, respectively. Respondents in 12 out of all the 14 countries surveyed selected service quality as their main reason for changing banks with Senegal as the exception with respondents citing interest rates and fees. The results reveal that African banks have to make quality service a top strategic focal point in order to sustain and increase the current loyalty levels they enjoy from their customers.

Customer switching: What is the primary reason for changing or planning to change your bank?



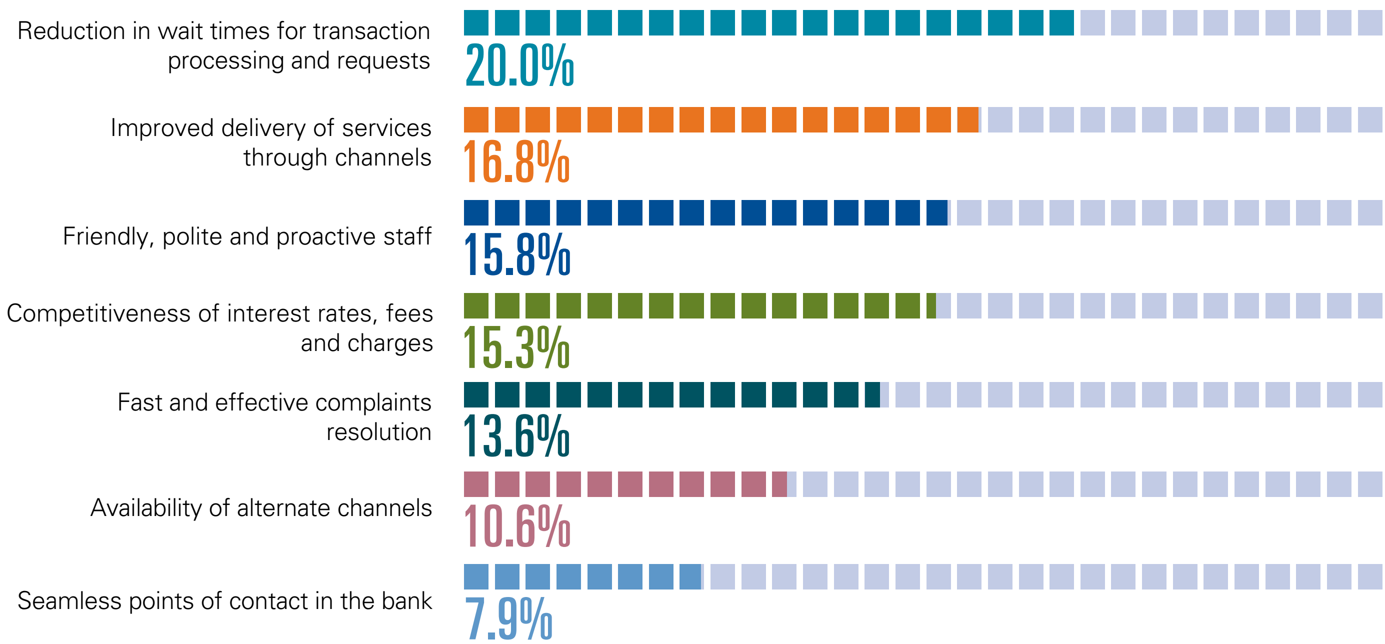
Service **expectations**

"The first step in exceeding your customer's expectations is to know those expectations."

— Roy H. Williams

Banks need to solicit feedback from customers to discover service improvement areas. Listening to customers and responding with rigour to their needs will be a key differentiator for banks in service delivery excellence. When asked to rank the most important area in which their banks can improve service delivery to them, respondents ranked 'reduction in wait times for transaction processing and requests' at the top. Given the dominance of branches and ATMs over other channels, this result comes as no surprise. Long wait time has been a pervasive problem in Africa, especially with the large banks that have a huge customer base. Banking halls are often crowded with long queues, and ATMS are now following suit. Diagnosing the service delivery bottlenecks that cause long queues at branches is vital to ensuring optimal turnaround time for transaction processing. Alternative channels are generally seen as a solution that is both long-term and sustainable. This calls for African banks to exert more efforts to encourage customers to migrate and embrace alternate channels.

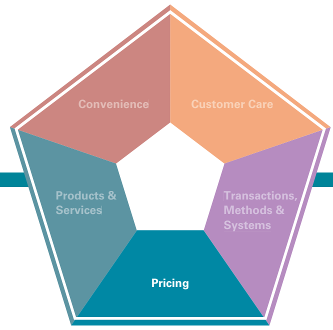
Africa-wide top service improvement area



Ten out of the 14 countries surveyed chose reduction in wait times as their most desired service improvement area with Uganda, Chad, Zambia and Cameroon emerging as the exceptions. Respondents in Uganda chose pricing in the form of lower interest rates, fees and charges as their top service improvement area. This has been a topical issue in the country's banking industry due to the hike in interest rates while Chad chose friendly, polite and proactive staff. While not a top reason in any particular country, it is worthy of note that the second most important Africa-wide reason – improved delivery of services through channels – pulls general consensus around the continent.

What do customers want?

Pricing



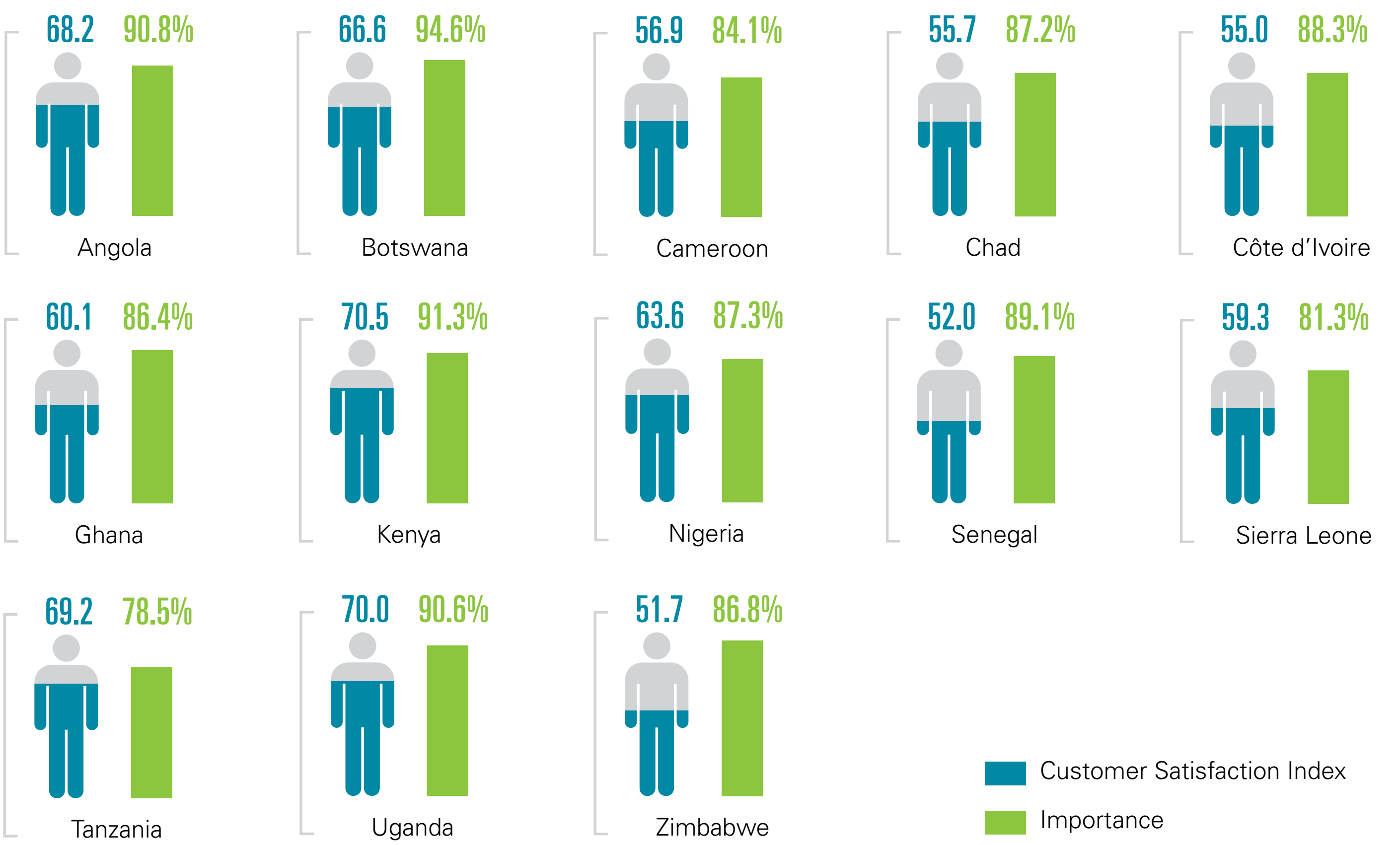
Customers want the best value for their money…

When asked the level of satisfaction on the cost of maintaining bank accounts, 19 percent of those who responded to this question expressed their dissatisfaction while 15 percent indicated their indifference. Not surprisingly, 70 percent of customers that expressed dissatisfaction with the cost of maintaining bank accounts also indicated the same with interest rates on deposits and investments products. While banks may be constrained by pressures to deliver shareholder results and market elements in their determination of rates offered to customers, they can help customers make smart choices in the form of advisory support and improve the overall customer experience. Transparency also emerged as a common theme in the results in the area of pricing. Respondents would like banks to be more proactive in notifying them of change in interest rates, tariffs and terms and conditions.

Indeed, transparency in the banking sector has come to the forefront in recent times. For example, the industry regulator in Nigeria has established a consumer protection division to provide a platform through which bank customers can seek redress. Similarly, the Ugandan regulator now publishes commercial bank charges to promote transparency and enhance competition in the industry. In the same vein, the regulator in Botswana undertakes a wide range of public education activities aimed at improving the understanding of customers on money and banking activities.

At the country level, respondents from 12 out of the 14 countries surveyed said they are least satisfied with the interest rates on deposits and investments, while respondents from Botswana and Nigeria expressed a high level of dissatisfaction with the charges and fees from their banks. Based on a cross-board analysis of all areas surveyed, Uganda appears to be the most price-sensitive country. Competitive interest rates and charges emerged as the top service improvement area for Ugandan respondents while product pricing emerged as the third most important reason for maintaining banking relationship. Also, respondents chose interest rates and fees after service quality as their second primary reason for changing banks.

Customer satisfaction index and importance rating for pricing across Africa



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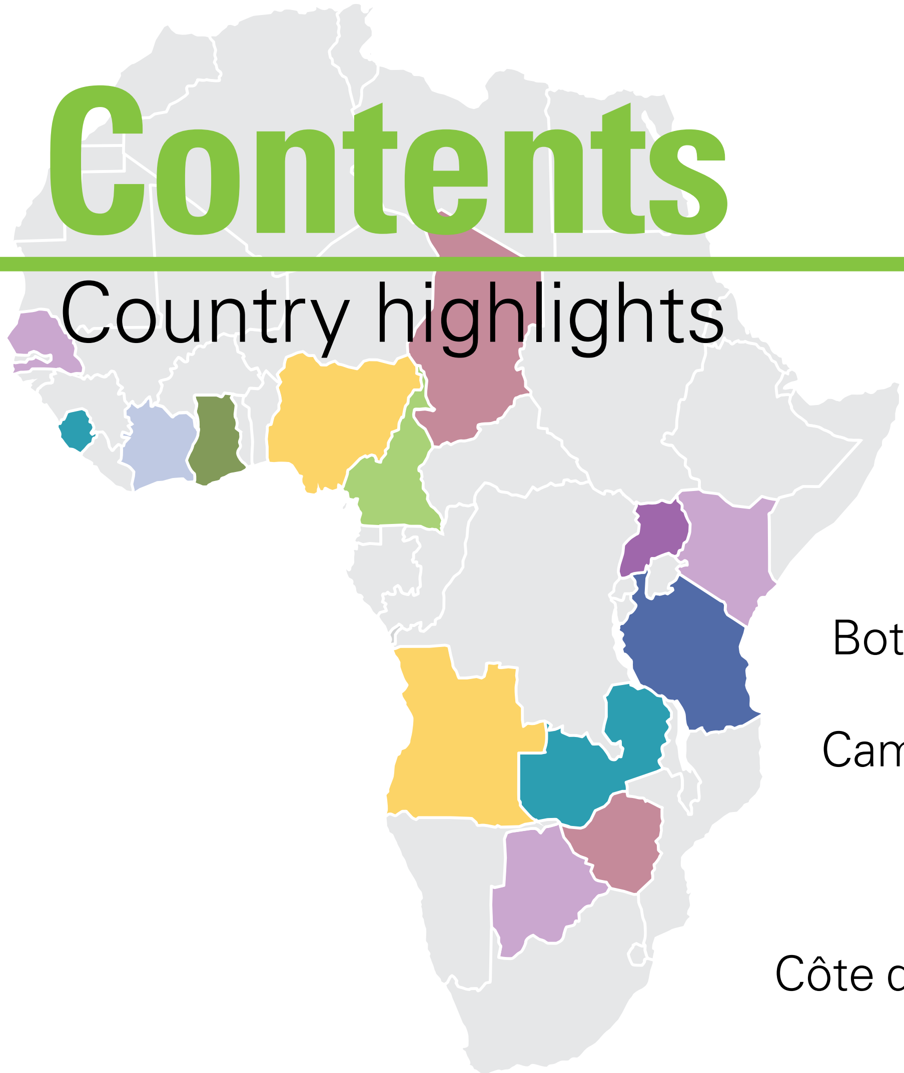
Country highlights



SPOTLIGHT ON Angola

We believe that Angola's economy should continue to present highly favorable growth rates in the coming years. The country has benefited from the ongoing diversification and trade investment. Future investments will also benefit the financial services sector in general and the banking industry in particular. This continued evolution has created new opportunities and better conditions for the banking sector, resulting in an increase in the number of financial institutions operating in the market, from 13 banks in 2005 to 23 in 2011. The sector is characterized however by a high concentration, in which five institutions represent 79 percent of total assets.

Regarding the profitability of the sector, the return on equity in aggregate terms, although high, decreased in comparison to 2010, standing at 23.2 percent in 2011.Following the same trend, the return on assets in aggregate terms also showed a slight decline compared to 2010 (2.5 percent in 2011) due in part to a decrease in the growth of bank revenue despite the improvement in the cost-to-income (49.7 percent in 2011) ratio.

Over the last few years, the number of branches has increased with their geographical dispersion throughout the Angolan provinces increasing significantly. Additionally, the availability of new electronic channels (e.g. ATMs, POS, mobile banking) for the distribution of products and services has increased the contact between customers and banking institutions, offering easier, quicker and more comfortable access to the bank.

For all these reasons, the Angolan banking penetration rate continues to evolve positively having, according to the Angolan Central Bank, evolved from 11 percent of the total population at the end of 2010 to 22 percent in 2012.

Major trends in the Angolan banking sector

The evolution of the sector, visible at the regulatory and supervisory levels, in alignment with international best practices, will continue to demand from the financial institutions a dynamic and articulated organizational model, guaranteeing timely and practicable responses in terms of risk management, internal control, the prevention of money laundering and the combat against terrorism financing. On the other hand, the institutions will likely continue to focus on the innovation and on the customer service quality, as well as the development of business opportunities resulting from the new legislation recently published.

In this context, and given the continuing evolution of the sector, there are some challenges that KPMG Angola has been sharing its understanding of with the Angolan financial services sector, amongst which the following stand out:

- Strengthening of the Corporate Governance and Operational Risk Management models;
- Improvement of the operational efficiency through the optimization of the distribution channels and the reinforcement of the efficiency of the back- and middle-offices;
- Reinforcement of the credit risk management through the implementation of customer risk management procedures in general, and credit portfolio risk in particular, proportional to the complexity of the issue and to the foreseeable evolution of the market;
- Implementation of a culture of innovation and customer orientation through segmented strategies on products and services, distribution channels and supporting infrastructure.

Banking institutions in Angola are beginning to implement a more customer-oriented banking approach like the ones found in countries with greater banking maturity.

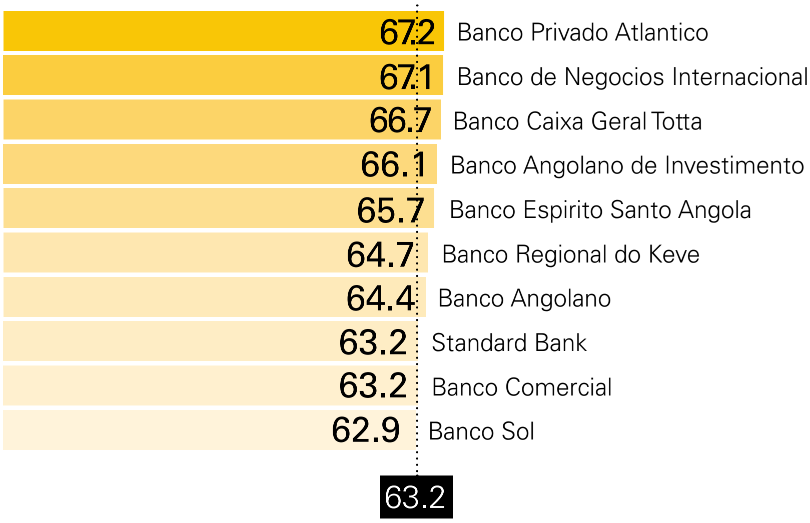
Customer orientation in the Angolan banks

The challenge of market share loss by the largest financial institutions in Angola, as a result of increased internal competition, requires continued investment in the customer support and services area, thus securing the customers' satisfaction and thereby increasing loyalty levels.

These institutions have been gradually implementing a more customer-oriented banking approach like the ones found in countries with greater banking maturity, where an effort is made to segment customers allowing an individualized and personalized management practice which takes into consideration their requirements, preferences and behaviours. Therefore, in order to improve loyalty levels, banks have made a significant effort to improve customer service/experience, to deliver customized products and services for each segment, to adapt processes and systems for a more effective customer experience, to allow greater access to the interaction channels, and to provide more transparent and competitive pricing models.

According to the analysis of the Customer Satisfaction Index (CSI) for the Angolan banking sector, it can be concluded that the efforts to improve customer service carried out by the financial institutions have gained visibility and have had an impact on the customers perception of the quality of the services rendered, but it is clear that there is still a long way to go in order to achieve a level that simultaneously optimizes the interests of the financial institutions and of the customers.

Customer Satisfaction Index – Top 10



(Number of respondents = 440)

Banco Privado Atlântico, Banco de Negócios Internacional and Banco Caixa Geral Totta are perceived to be the institutions with the highest 'Orientation to the customer', thus presenting the highest customer satisfaction rates (Figure 1 – Customer Satisfaction Index – Top 10).

Due to the low banking penetration levels and moderate financial sophistication of the Angolan customer, there is little difference between the importance of factors that contribute to customer satisfaction. Consequently, all the customer satisfaction factors are perceived by the customers as equally important. The survey identified some areas of improvement in the 'Customer care', 'Process and systems', 'Convenience' and 'Products and services'areas.

Customer care. The main drivers contributing to the customer care damage include the deficit in the technical and behavioural competencies of the employees of the institutions, both at the commercial attendance level (e.g. understanding the financial needs of the customer and presenting the appropriate solutions) as well as in customer service (e.g. management and treatment of claims). In this respect, Standard Bank, Banco de Negócios Internacional and Banco Privado Atlântico present the highest satisfaction rates among the analyzed institutions.

Despite the important investments made over the last few years in reinforcing 'Supporting processes and systems' to cater for the strong growth in the sector, there are still relevant inefficiencies areas with significant impact at the customer satisfaction level. At the 'Supporting processes and systems' level, respondents evidenced dissatisfaction, in particular, with the excessive time taken to execute transactions/orders, due to the existence of operational inefficiencies evidenced in the back-offices of the institutions analyzed. In this respect, Banco Privado Atlântico, Banco de Negócios Internacional and BES Angola present the highest levels of satisfaction.

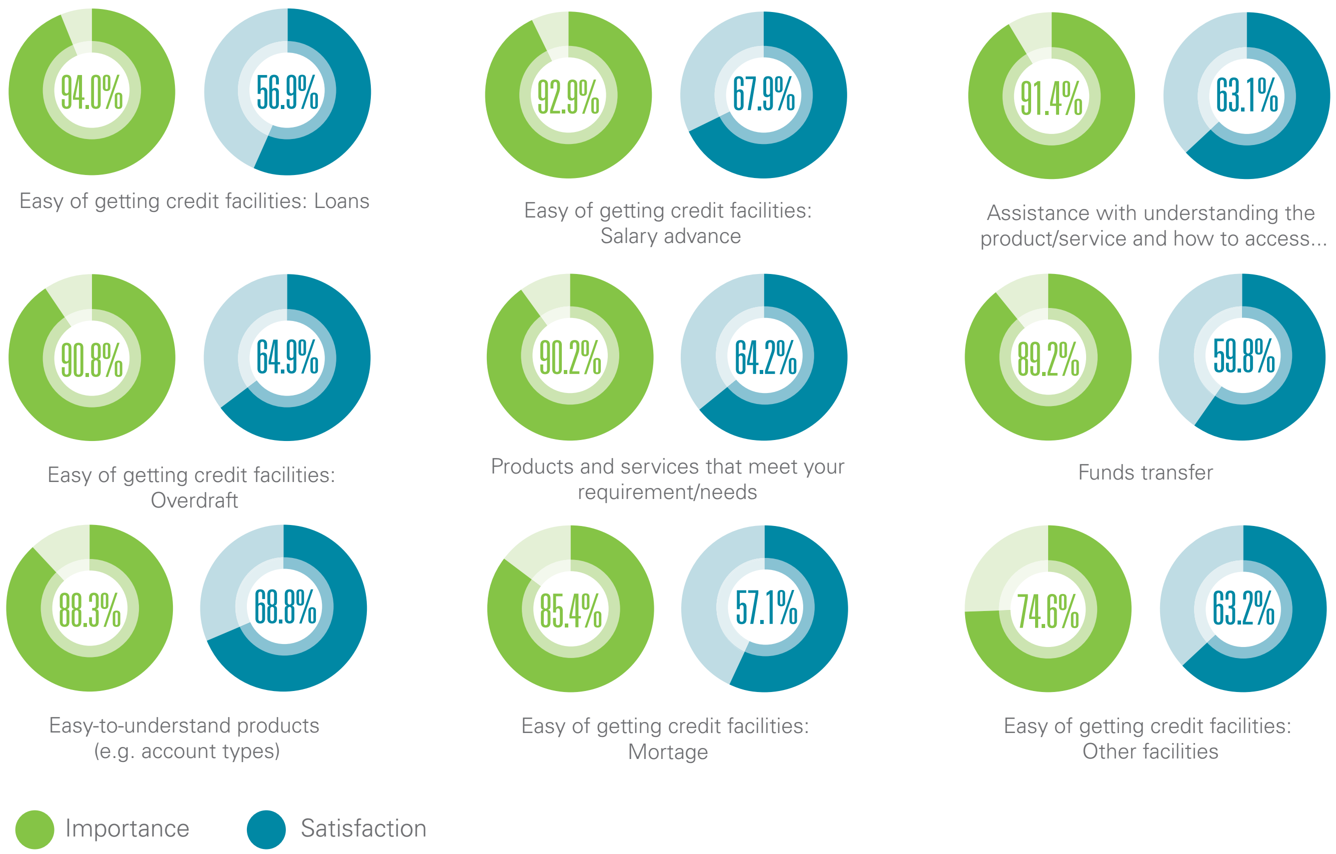
Convenience. The main dissatisfaction drivers stated (Figure 2 – Convenience satisfaction factor analysis) are the high waiting time of attendance at the branches (e.g. long queues) and the distance to the branch locations. Over the last few years, there has been an increase in the number of branches, with a significant increase in the geographical dispersion of the branches. Despite the improvement areas identified, Banco Privado Atlântico, Banco Caixa Geral Totta and Banco Angolano de Investimentos present the highest levels of satisfaction among the analyzed banks.

Convenience satisfaction factor analysis

Products and services The economic growth of the country has encouraged financial institutions to develop and deliver products and services that meet the savings, investment and consumption needs of the families and companies.

According to the respondents (Figure 3 – Products and services satisfaction factor analysis), despite the evidence of a strong evolution over the last few years at the financial product and services management level, the main challenges presented are the access to credit (e.g. consumption and housing) and ease in executing the transfer of funds.

Products and services satisfaction factor analysis



The branch is among the most preferred channel of the Angolan customers

The majority of the institutions operating in Angola offer their customers several channels similar to those offered in more mature African markets. According to the respondents (Figure 4 – Channel preference by customers), branch is the most widely used channel followed by ATM and little use of newer channels such as mobile or the Internet.

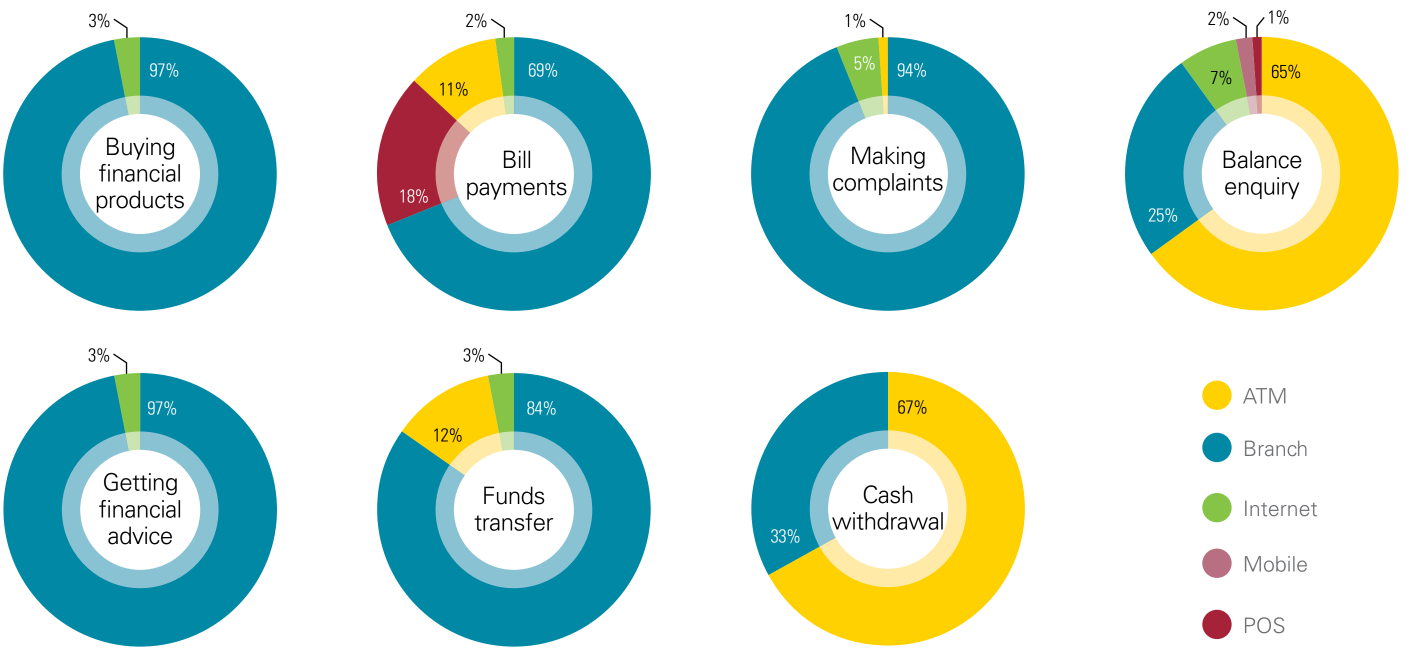
Despite the evolution in telecommunication infrastructure and the significant growth in the use/ availability of the Internet in Angola, the use of this channel for banking customers is still low. However, it is foreseen that, like in other African countries, this channel will gradually become one with the highest frequency of use, especially by the youth segment of the population.

With the increase in the number of Multicaixa (ATM) cards, both the number of ATM withdrawals and the number of POS payments have increased. This growth trend has been notorious over the last few years, with POS usage being ever more significant, reducing the use of cash.

As the usage of POS by the retailers increases, the citizen's level of confidence with regard thereto increases, leading to a change in the profile both of the transactions as well as of the banking customers themselves. This behaviour is confirmed through approximately 80 percent of the respondents identifying POS usage.

The branch and the ATM are the channels most used by the customers. The branch continues to be the channel that customers use most frequently and prefer for most financial services, except for 'Cash withdrawal' and 'Balance enquiry' for which Multicaixa (ATM) is preferred.

Channel preference by customers



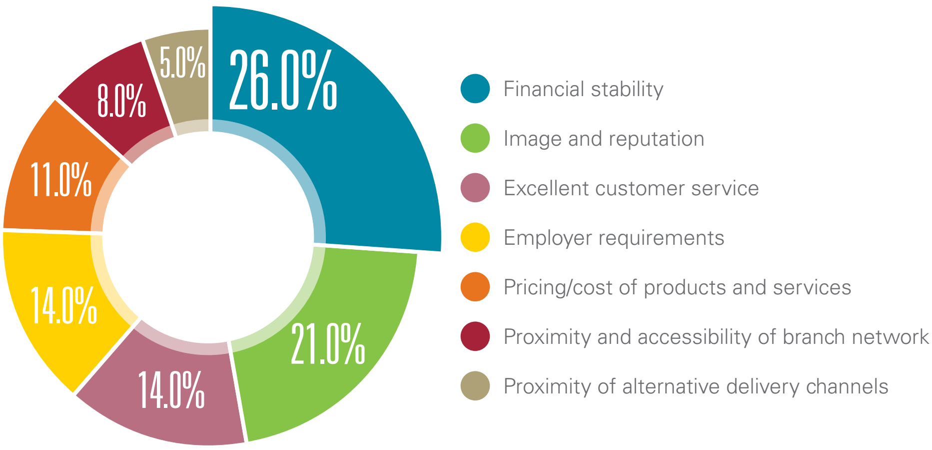
Customer loyalty: Future challenges

Despite the level of competition in the market and the stage of evolution of the sector, there is strong evidence for customer loyalty in the sector. The majority of the sample analyzed presents a high level of loyalty, with approximately 75 percent of the respondents planning to remain with their bank and would recommend it to others.

'Financial stability and solvability' and 'Image and reputation' are identified as the main reasons for maintaining the relationship with a financial institution (Figure 5 – Top reasons for maintaining banking relationship). However, a number of reasons are presented by the respondents as 'churn' drivers, namely 'Quality of service' and 'Time to execute requests'.

The respondents indicated a set of measures they consider critical for the improvement of customer services in the Angolan banking sector. The main areas for improvement are 'Reduction of waiting time', 'Claim resolution' and the deficit in 'Human capital competencies' on the commercial and back-office functions.

Top reasons for maintaining banking relationship



Areas for future action to optimize customer satisfaction in Angola

Despite the continued economic growth in Angola, the future sustainability of the financial institutions will inevitably require a customer-oriented approach that optimizes the value of the customer for the institution and vice versa. To this end, we believe that given the evidence presented at the level of satisfaction of the Angolan banking customer, institutions should act in three fundamental areas:

- Customer-oriented distribution strategy: understand the value levers of each segment (offer, channel, price) and reflect those on the interactions experiences made available through the various channels and question their own business and supporting processes, so as to strengthen efficiency and customer experience.
- Efficiency of the operating model: implement a 'segmented and customer-oriented' commercial strategy, supported by a back-office model that guarantees levels of service that optimize the customer's experience and the profitability and efficiency of the institution.
- Strengthening of human capital: implement an integrated Human Capital Management Model, capable of attracting, motivating, developing and retaining employees, equipping them technically and behaviourally to carry out their functions with the main objective of providing excellent customer service.

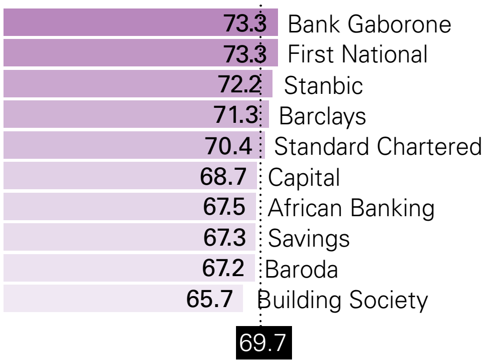
Botswana

Similar to other African countries, Botswana has shown notable resilience to the global financial crisis with all banks surviving the challenges that came with it. Although the relative position of the banking sector within Botswana's broader financial sector has not changed much over the past decade, banks have nevertheless been growing rapidly, supported by the liberalization measures undertaken during the 1990s. Over the decade from 1997 to 2007, the total assets of the banking system grew at an average annual rate of 21 percent, while (nominal) GDP grew by 14 percent per year (on average) over the same period. The sector is expected to nearly double over the next decade, with growth from economic expansion alone expected to lift the sector to about US$6.7 billion in nominal terms by 2020[1].

After a period of rapid expansion and consolidation, Botswana's banking industry consists of 11 commercial banks and three statutory banks as of 2012. There are 96 commercial bank branches spread across the country, with most concentrated in the capital, Gaborone. Of the approximately two million people counted in the 2011 national census, 38 percent are bankable, 24 percent are banked and 14 percent are available as an entirely untapped market.

Botswana's banking sector suffers from a few challenges including high bank charges and the overall lack of a credit reference system that allows banks to verify the amount of credit that individuals hold in each bank. There are also perceptions of a lack of competition, poor service and a lack of innovation. While some of these concerns are real, others may be misplaced. Indeed, there have been important positive developments in the banking sector in recent years, with enhanced competition, innovations in product and service delivery, and greater choices for customers (especially savers) both within and outside the country.

Top 10 most customer-focused banks



Five of the top 10 banks ranked above the country's industry average CSI score of 69.7.

[1] EIU: Banking in Sub-Saharan Africa 2020

Survey highlights – **Botswana**

Customer Care

>90% cite high importance on all the customer care service measures.

52% of customers were very satisfied with the staff's friendliness and politeness.

Convenience

97% rate cash availability at the ATM as important.

Many respondents expressed the need for lower denominations of currency in ATMs.

Transaction Methods & Systems

50% of customers were very satisfied with the accuracy of information.

40% were very satisfied with the turnaround time.

Products and Services

97% of customers said funds transfer was the most important product.

36% very satisfied with funds transfer service.

Pricing

36% of those planning to change banks said they were very dissatisfied with the interest rates and fees offered by their bank.

(Number of respondents = 1,960)

Customer service factors

Rank	Customer Care	Convenience	Transaction Methods & Systems	Products and Services	Pricing
1	Bank Gaborone (80.3)	First National (72.6)	First National (77.3)	First National (74.3)	Savings (76.7)
2	Savings (79.7)	Bank Gaborone (71.0)	Bank Gaborone (75.7)	Stanbic (73.5)	BancABC (73.2)
3	Capital (77.6)	Barclays (70.9)	Stanbic (75.3)	Bank Gaborone (73.1)	Capital (69.6)

Survey highlights – **Botswana**

For customer care, Bank Gaborone achieved the highest rating, followed by Savings Bank and Capital Bank. However, it should be noted that these banks are relatively small in terms of customer base and provide more personalized services compared to the bigger banks.

On convenience, customers placed First National Bank Botswana (FNBB) at the top, closely followed by Bank Gaborone, while Barclays and Stanbic tied in third place.

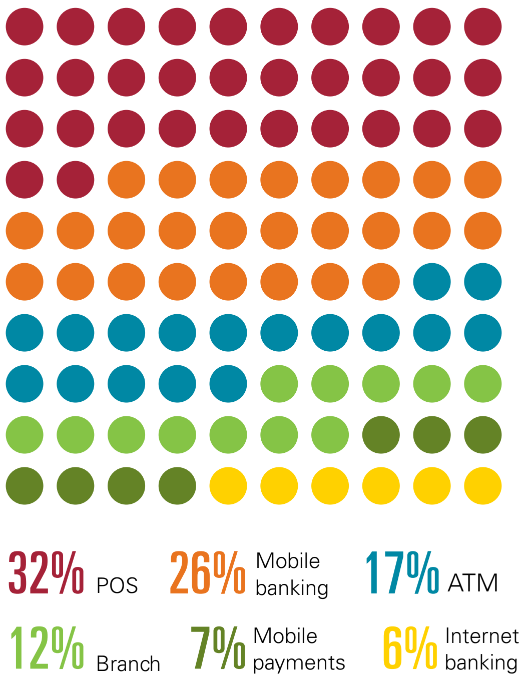
It's not surprising that FNBB scored the highest in the categories of convenience and transaction methods and systems. They are widely viewed as the most innovative bank in Botswana, with ingenuity that has been instrumental in attracting and retaining customers by providing a wide array of convenient products and services, and transaction methods and systems. Disappointingly, however, their customers feel that they do not measure up when it comes to pricing. FNBB received a rating of 65.5 percent versus Savings Bank's 76.8 percent rating for pricing. That being said, it is worth noting that Savings Banks regularly achieves high ratings in this regard due to the nature of their business and operation. They were established to meet particular national needs and are specialized in their operations with the purpose of providing avenues for saving by the small saver segment and to provide financial services for all the people of Botswana.

Channel usage and preference

Botswana had the highest alternate channel usage of all the countries surveyed. Of the respondents who use their bank weekly, 32 percent use POS versus only around 12 percent that use the branch. At the same time, use of telephone banking is very low with almost 80 percent of customers indicating that they do not use call centers for any transaction.

Of the preferred channels for performing various transactions, 69 percent of customers said that they prefer paying bills via POS, while 14 percent noted a preference for using the branch. For balance enquiry, 37percent prefer using the ATM and 27 percent prefer using mobile banking. Although 66 percent of customers prefer transferring funds at the branch, a modest 24 percent use mobile banking which is one of the highest figures amongst the countries surveyed.

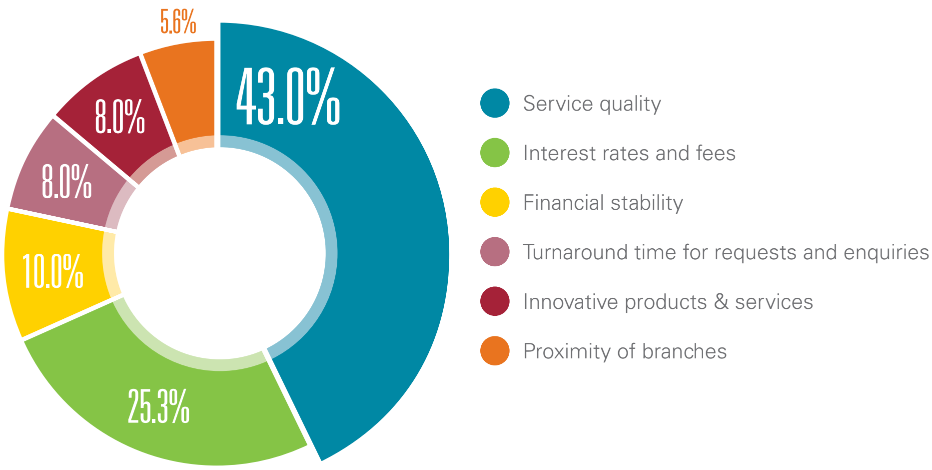
Weekly channel usage in Botswana



Customer loyalty

Customer loyalty and advocacy in Botswana is similar to the average of all countries surveyed (about 60 percent). Sixty percent of customers said they would absolutely repeat business with their bank, while the same number said they would recommend their bank to others. Customer attrition is also low with only one in every 10 customers indicating they might change banks, citing 'service quality' as the topmost reason for the change.

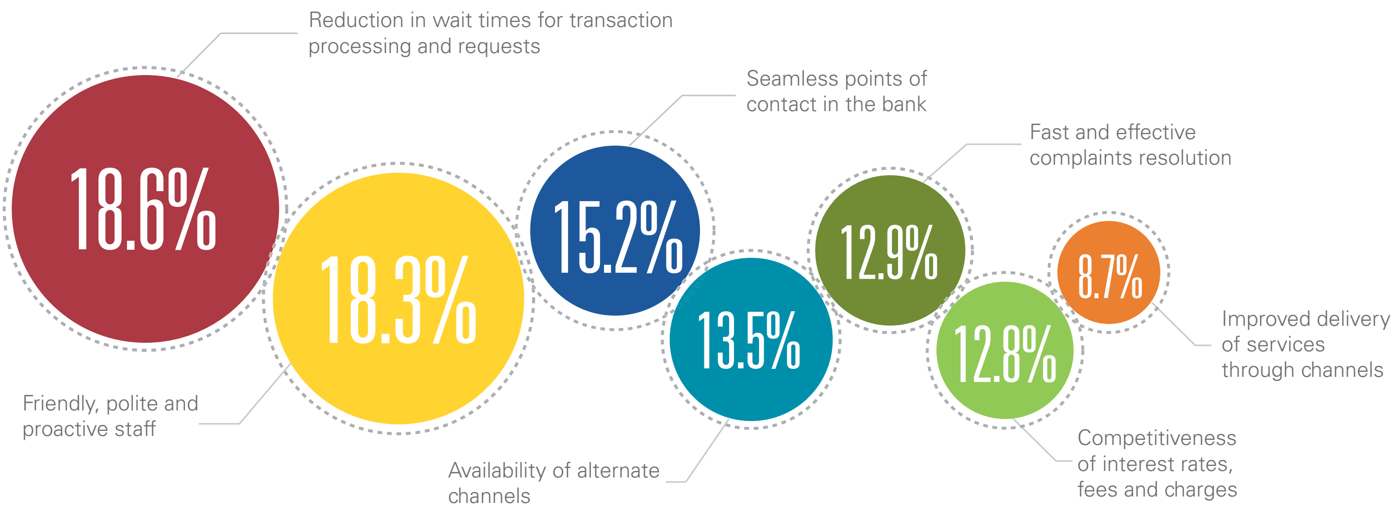
Top customer reasons for changing banks



Service improvement area

In Botswana, customers want service improvement in two main areas: wait times for transaction processing and requests, and more friendly, polite and proactive staff.

Customers' top service improvement area

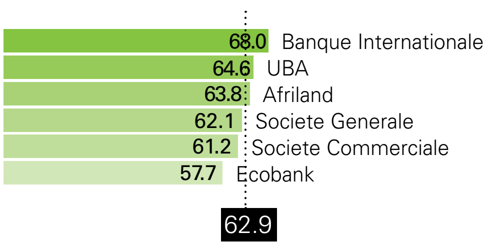


Cameroon

Cameroon's financial industry is characterized by high levels of excess liquidity and heavy concentrations of loans and deposits within private companies (accounting for some 65 percent of all lending[1]). With 15 banks currently active in the country, the sector's total assets are expected to grow at a CAGR of 13 percent (from about US$3.5 billion in 2011 to over $5.8 billion in 2015[2])

It is worth noting that recent banking initiatives, such as the compulsory payment of civil servants' salaries through bank accounts, have encouraged more Cameroonians to open accounts while the recent launch of a Deposit Insurance Fund should also improve confidence in the sector. Microfinance institutions are seen as a strong complement to the traditional banking sector and the government intends to strengthen them through consolidation, greater transparency and monetization. As is the case in most African countries, some analysts believe that mobile banking holds the key to banking Cameroon's unbanked.

Top 6 most customer-focused banks



Three of the top 6 banks ranked above the country's industry average CSI score of 62.9.

1 Africa Economic Outlook 2012
2 EIU: Banking in Sub-Saharan Africa 2020

Survey highlights – **Cameroon**

Customer Care

83% cite high importance to prompt attention to customers' enquiries and complaints.

Only **44%** satisfied with the promptness of attention and response to enquiries and complaints.

Convenience

89% cite high importance to accessibility of branches.

69% were satisfied with proximity of branches.

Transaction Methods & Systems

45% satisfied with the overall timeliness and turnaround time in processing transactions.

50% satisfied with the accuracy and completeness of information provided by their bank.

Products and Services

60% satisfied with the ease of understanding current products.

65% satisfied with their bank's ability to deliver products that meet their needs.

Pricing

Only **34%** satisfied with the cost of maintaining accounts with their banks.

25% satisfied with the interest rates offered on deposits and investment products.

(Number of respondents = 276)

Customer service factors

Rank	Customer Care	Convenience	Transaction Methods & Systems	Products and Services	Pricing
1	Afriland (65.3)	UBA (70.2)	UBA (66.5)	UBA (65.5)	UBA (59.2)
2	Société Commerciale (64.0)	BICEC (68.5)	Afriland (63.1)	SGBCI (65.1)	Afriland (56.8)
3	BICEC (63.7)	SGBCI (67.2)	Société Commerciale (62.8)	Afriland (64.9)	Ecobank (53.8)

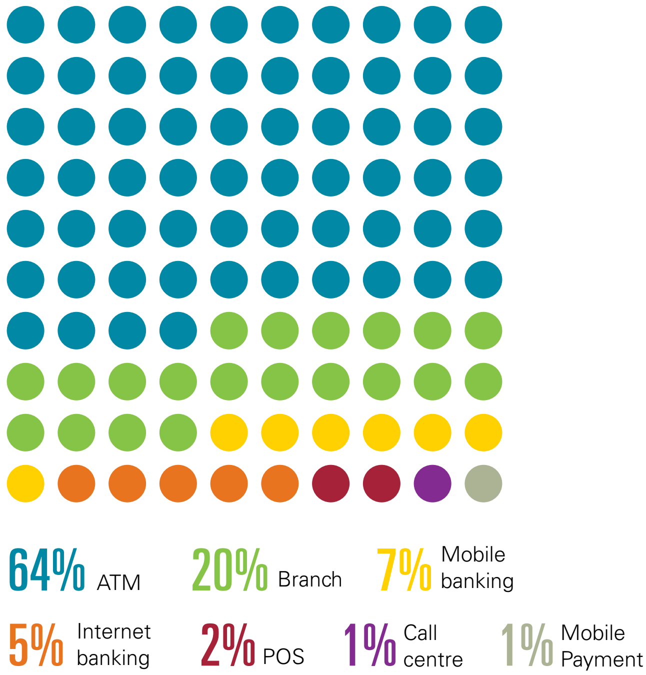
Survey highlights – **Cameroon**

Channel usage and preference

With less than one in 10 Cameroonians reporting the use of mobile banking, internet banking, POS or call centers, alternate channel adoption is clearly very low. A survey of customers who conduct transactions weekly revealed that 64 percent tend to use the ATM, 20 percent use the branch, and far fewer use mobile banking (7 percent), internet banking (5 percent), POS (2 percent), or mobile payments and call centers (1 percent each).

The branch largely dominates as the preferred channel for performing transactions, except for balance enquiry, where more people use the ATM. Despite the ATM being the most widely used channel in Cameroon, more customers prefer withdrawing cash from the branch (59 percent) compared with the ATM (41 percent).

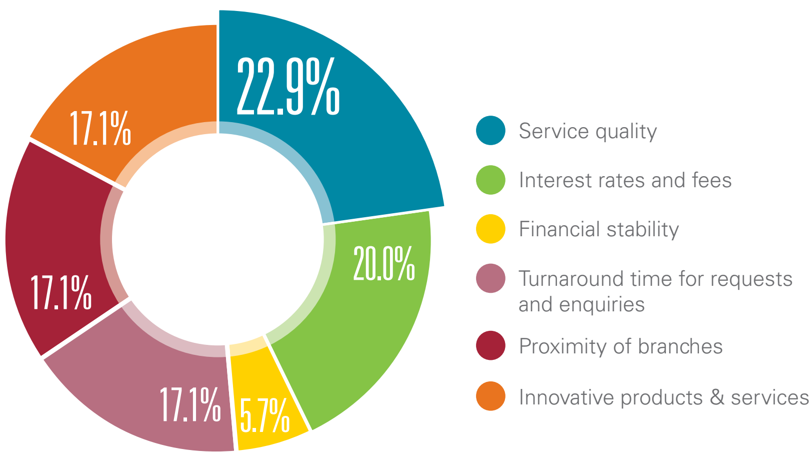
Weekly channel usage in Cameroon



Customer loyalty

Customer loyalty and advocacy appears low in Cameroon. While a large number of respondents indicated they were willing to repeat business with their bank and recommend it to others, only about 30 percent expressed this in absolute terms. Eleven percent of respondents indicated that they would change their bank, citing 'service quality' as the top reason for changing.

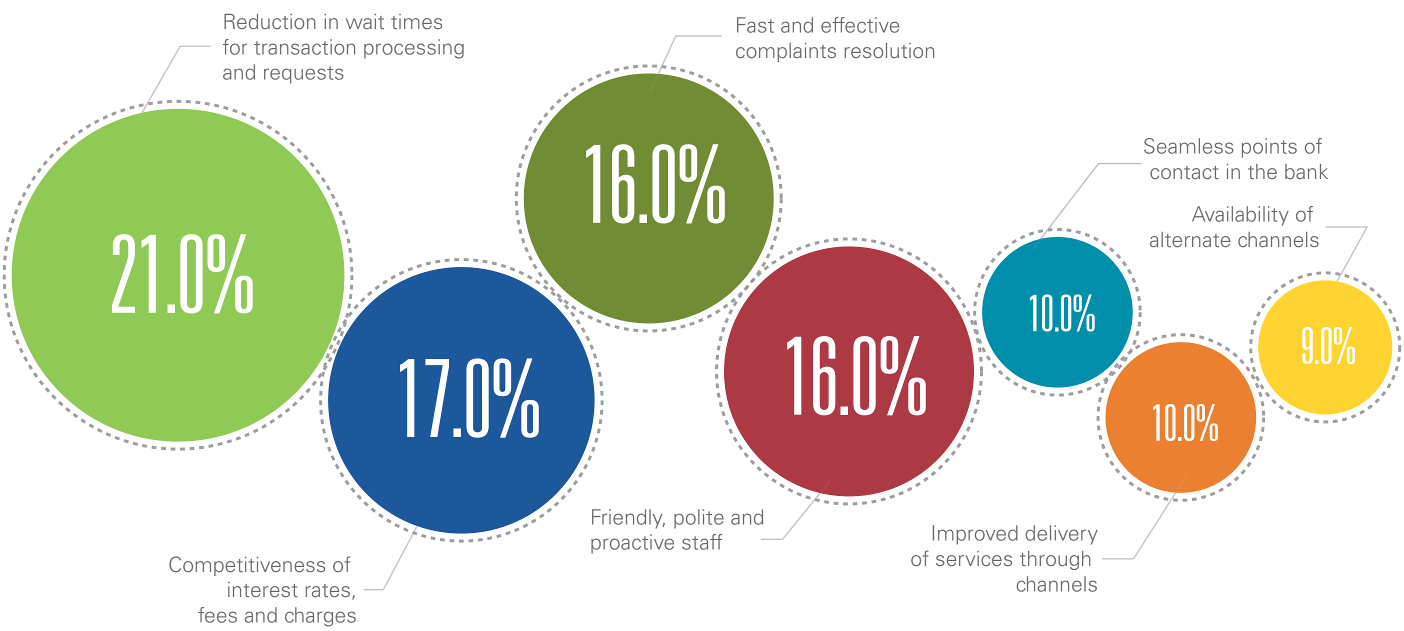
Top customer reasons for changing banks



Service improvement area

When asked which area banks needed to improve most, Cameroonian respondents said they wanted to see improvements in wait times for transaction processing and requests and more competitiveness in interest rates and fees.

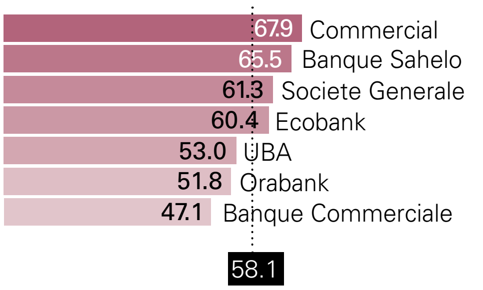
Customers' top service improvement area



Chad

As a member of the Economic and Monetary Community of Central Africa (CEMAC) monetary union, Chad's currency is pegged against the Euro. The banking system in Chad is made up of nine banks (most of which are foreign) and is characterized by both a high concentration of risk and an under-capitalization of banks. The sector's total balance sheet was estimated at US$1 billion at the end of 2011[1]. Interestingly, the country boasts more than 200 microfinance institutions and only 27 bank branches, highlighting the low branch spread of commercial banks within the country. As a result, significant opportunities exist in SME, housing, rural and microfinancing within the banking sector.

Top 7 most customer-focused banks



Four of the top 7 banks ranked above the country's industry average CSI score of 58.1.

[1] Africa Economic Outlook 2012

Survey highlights – **Chad**

Customer Care

89% consider staff attitude as most important customer care measure.

56% of customers indicated that they were satisfied with their bank's staff attitude.

Convenience

88% cite high importance to accessibility of ATMs.

43% satisfied with ATM availability uptime.

Transaction Methods & Systems

80% of customers consider accuracy and completeness of information provided by banks.

37% satisfied with the accuracy and completeness of information provided by their bank.

Products and Services

44% satisfied with assistance received around learning of bank's products and services.

22% satisfied with the access to overdraft facilities.

Pricing

21% were satisfied with the interest rates offered on deposits and investment products.

39% satisfied with the cost of maintaining bank accounts.

(Number of respondents = 147)

Customer service factors

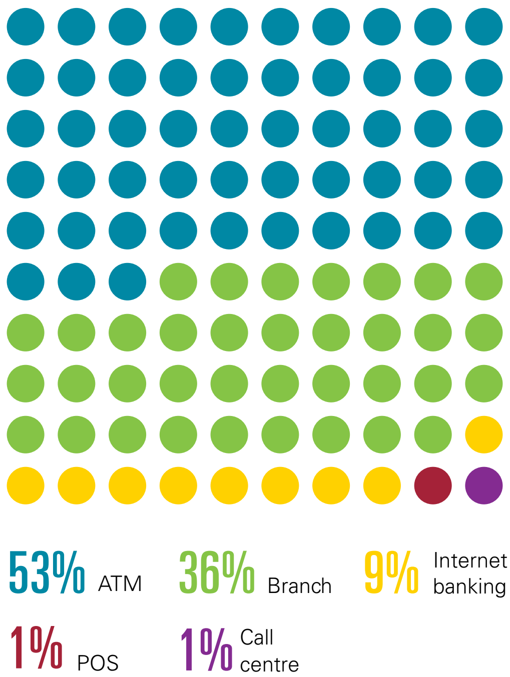
Rank	Customer Care	Convenience	Transaction Methods & Systems	Products and Services	Pricing
1	BSSIC (71.7)	Commercial Bank of Tchad (67.5)	Commercial Bank of Tchad (73.3)	Commercial Bank of Tchad (70.5)	Ecobank (65.9)
2	Ecobank (67.6)	BSSIC (63.2)	BSSIC (68.6)	BSSIC (64.2)	BSSIC (58.3)
3	Commercial Bank of Tchad (65.9)	SGBCI (60.8)	SGBCI (67.3)	SGBCI (61.2)	Commercial Bank of Tchad (54.8)

Survey highlights – **Chad**

Channel usage and preference

The ATM emerged as the most frequently used channel on a weekly basis, followed by the branch. Apart from the ATM, alternate channel adoption is quite low (fully 98 percent of customers indicated that they have never used POS, mobile banking or mobile payments). Over 90 percent of customers said they prefer the branch for all their transactions, which reinforces the fact that alternate channels have suffered from fairly low adoption rates in Chad.

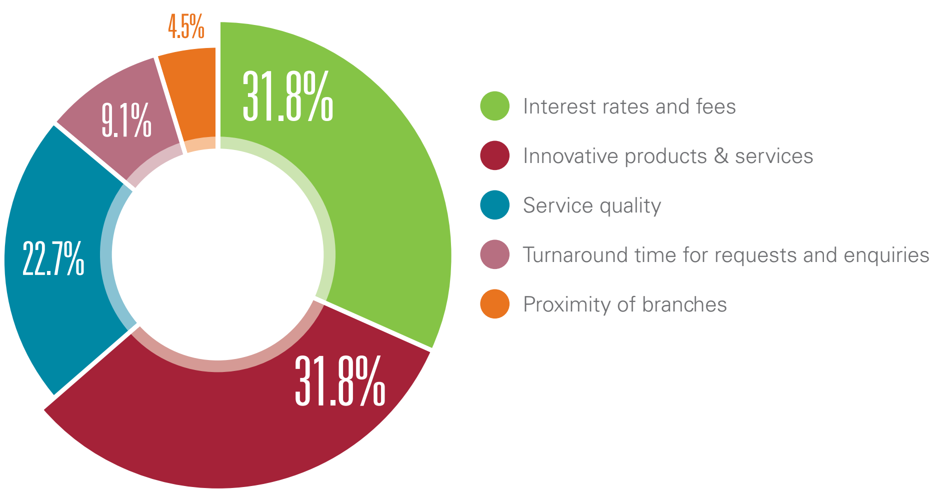
Weekly channel usage in Chad



Customer loyalty

Customers in Chad reported low customer loyalty and advocacy levels. Only about 15 percent of respondents were absolutely willing to repeat business with their bank and recommend it to others. 14 percent said that they are planning to change their bank, citing ‘interest rates and fees’ as well as ‘innovative products and services’ as the top reasons for change.

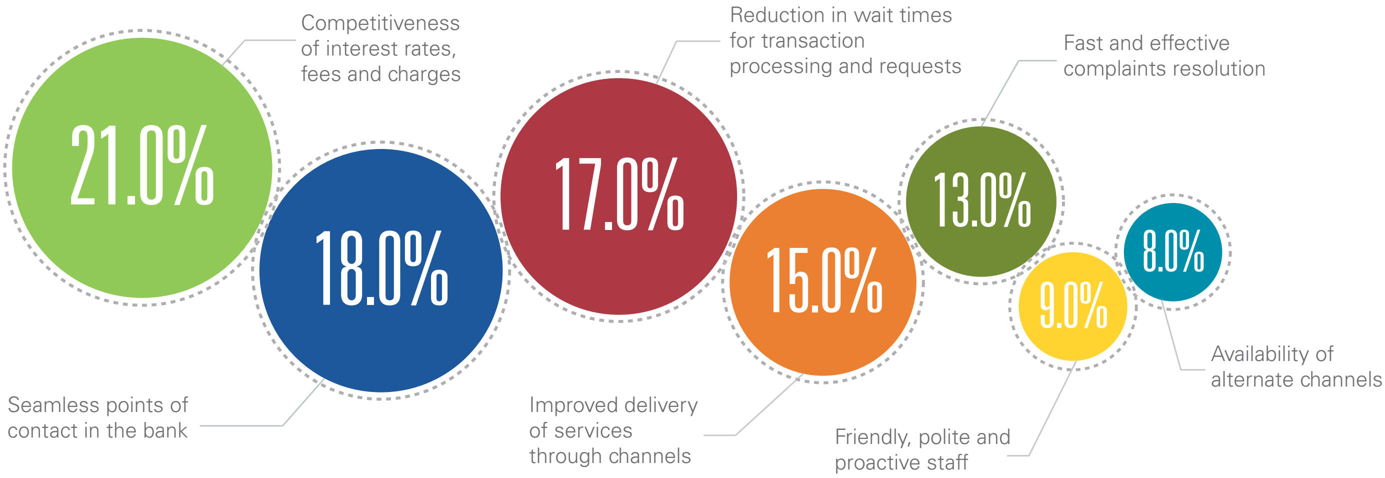
Top customer reasons for changing banks



Service improvement area

The survey finds that the competitiveness of interest rates, fees and charges is where customers want the most improvement, followed by seamless points of contact and a reduction in wait times.

Customers' top service improvement area



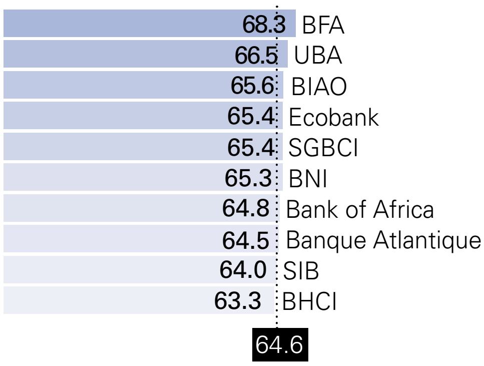
Côte d'Ivoire

In the wake of a post-election crisis in 2010, all banks in Côte d'Ivoire reported declines in year-over-year results and – to varying degrees (depending on their cash levels) – revenues and market share. Nevertheless, an overall return to normalcy across the country has resulted in an improved outlook for the future. Despite the harmful impact of the crisis, Ivorian banks held around CFAF4,000 billion (US$8 billion) in customer liabilities in 2011 compared to approximately CFAF3,000 billion in 2010 [1].

As a former French colony, Côte d'Ivoire enjoys strong participation from French banks. There are 23 banks in Côte d'Ivoire, including international banks, regional banks and private banks. Moreover, given that banking services penetration rates in Côte d'Ivoire and the West African Economic and Monetary Union (UEMOA) is only 8 percent, we see significant opportunity in the Ivorian market. And while the market is still largely dominated by cash transactions, the future trend is clearly leaning towards the adoption of electronic services.

Notwithstanding these challenges, the country has enjoyed a significant increase in the number of accounts from 879,478 in 2008 to 1,847,837 in 2011 (an increase of 110 percent). For the most part, this performance can be attributed to the positive growth outlook for 2012 and, likely, for 2013.

Top 10 most customer-focused banks



Seven of the top 10 banks ranked above the country's industry average CSI score of 64.6.

[1] National Banking Association

Survey highlights – **Côte d'Ivoire**

Customer Care

56% satisfied with the prompt attention given to enquiries and complaints.

79% satisfied with the staff's knowledge and their understanding of the bank's products.

Convenience

92% importance score for cash availability at ATMs by customers.

23% very satisfied with cash availability at ATMs despite its importance to customers.

Transaction Methods & Systems

90% of respondents rank turnaround time for transaction processing as the most important measure, however.

68% were satisfied with turnaround time for transaction processing.

Products and Services

51% satisfied with the ease of getting loans.

73% satisfied with the bank's ability to provide simple products that are easy to understand.

Pricing

37% satisfied with the interest rates offered on deposits and investment products.

43% satisfied with the bank's charges on maintaining accounts.

(Number of respondents = 1,253)

Customer service factors

Rank	Customer Care	Convenience	Transaction Methods & Systems	Products and Services	Pricing
1	BFA (68.8)	SGBCI (68.2)	BFA (73.3)	BIAO (66.6)	BFA (65.3)
2	UBA (68.2)	UBA (67.6)	UBA (68.1)	BFA (66.2)	UBA (60.7)
3	BNI (67.3)	BFA (67.5)	Bank of Africa (67.1)	SGBCI (65.4)	Bank of Africa (59.5)

Survey highlights – **Côte d'Ivoire**

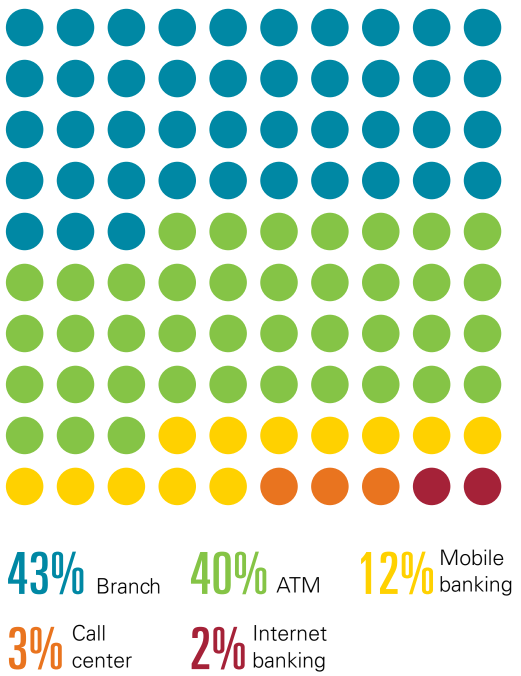
Channel usage and preference

Alternate channel usage is almost non-existent in Côte d'Ivoire. Indeed, around 90 percent of respondents indicated that they have never used an alternate channel (such as POS, Internet banking, call centers, mobile banking and mobile payments) except for ATMs. As a result, about fifty percent of customers say they use the branch once a month, and 28 percent use it every two weeks.

High use of branches and low online banking services may be explained, in part, by the fact that few households own a personal computer. However, safety and trust issues still remain. Simply put, many Ivoirians don't feel comfortable using a computer for banking operations for fear of compromising their security and privacy.

That being said, mobile banking is entering the Ivorian market at a promising rate. High mobile phone adoption rates (particularly among young adults) in Côte d'Ivoire seems to support the rise of this new distribution channel and may eventually change transactions methods for many consumers. Already, bill payment and money wires are easily done through a mobile phone. Three major banks, operating on a regional level, compete within this new segment. BIAO and BICICI have established a partnership with Orange, one of the leading mobile operators on the Ivorian market, which helped launch 'Orange Money'. Société Générale followed suit by partnering with MTN to offer 'MTN Mobile Money'.

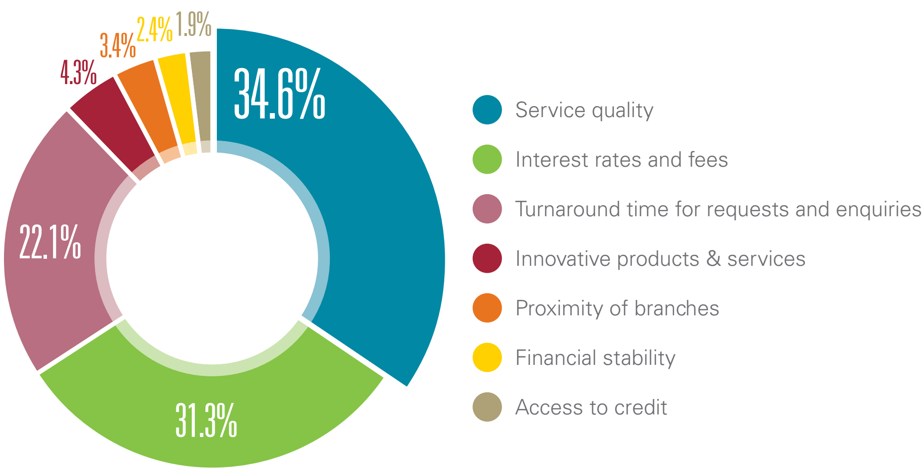
Weekly channel usage in Côte d'Ivoire



Customer loyalty

Customers demonstrated various degrees of loyalty and advocacy in Côte d'Ivoire, though rates still fall below the overall average of all countries surveyed (60 percent). Forty-five percent will absolutely repeat business with their bank, while 46 percent said they would absolutely recommend their bank to others. Fifteen percent of customers plan to change their bank, with service quality being the top reason for change.

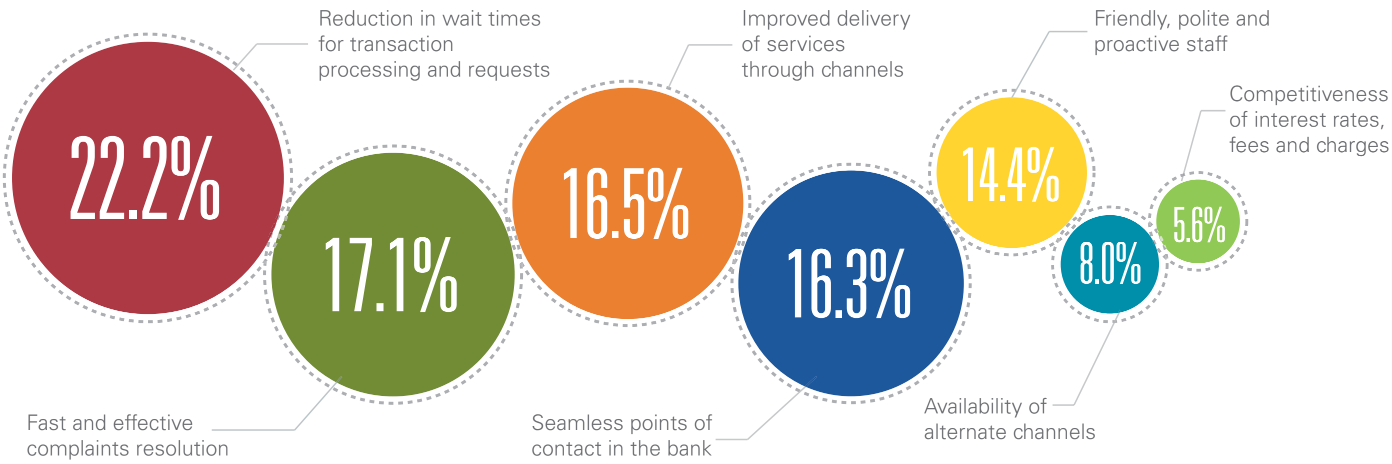
Top customer reasons for changing banks



Service improvement area

Respondents selected 'reduction in wait times for transaction processing' as their top service improvement area for Ivorian banks.

Customers' top service improvement area



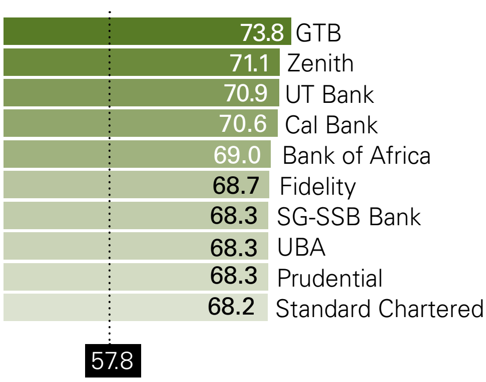
Ghana

Ghana's banking sector emerged from the uncertainty generated during the global financial crisis in a relatively strong position. However, some uncertainty arose from the fact that external borrowing by local banks had become low with heavy reliance on domestic deposits. The Ghanaian banking sector has a total asset base of about GHC25 billion (US$13 billion) as of 2012[1]. The sector also enjoys a positive outlook with its banking assets expected to grow at around 18 percent (CAGR) from approximately US$9.2 billion in 2011 to almost US$18 billion by 2015[2].

Following the financial structural adjustment program (launched as part of the economic recovery), competition within the Ghanaian banking industry has surged throughout the past decade. The industry has witnessed the entry of new banks – local and foreign – which has translated into enhanced product development by most players. Indeed, by the end of 2012, Ghana boasted 26 registered commercial banks and 889 bank branches. Banking penetration currently sits at about 30 percent of the Ghanaian population of about 25 million. The relatively low penetration is attributable to a myriad of reasons including the multiplicity of bank charges on customer accounts and the lack of products that directly meet the needs of the bulk of the population.

With rising demands in banking (due to the emergent upstream oil and gas industry) and the somewhat inadequate balance sheets of banks, we believe that the industry will soon see a recapitalization with an increase in the minimum capital held. It is also expected that growing competition among banks will gradually create a banking system that puts the needs of the population at the heart of product development. Superior customer experience will therefore be key to differentiating offerings in the marketplace.

Top 10 most customer-focused banks



All of the top 10 banks ranked above the country's industry average CSI score of 57.8.

[1] Bank of Ghana: Monetary Policy Committee Report (Q2, 2012)
[2] EIU: Banking in Sub-Saharan Africa 2020

Survey highlights – **Ghana**

Customer Care

76% satisfied with the attitude of staff at Ghana's banks.

69% satisfied with the ability of the bank's staff to provide useful financial advice.

Convenience

90% attached high importance to cash availability, security and uptime of the ATMs.

75% said they were satisfied with the availability of cash and the security of ATMs.

Transaction Methods & Systems

64% satisfied with the timeliness in transaction processing.

71% satisfied with the accuracy and completeness of information (such as bank statements and advice slips).

Products and Services

70% indicated that they were satisfied with the current products and services offered by their bank.

73% found banks' products to be easy to understand.

Pricing

57% said they were satisfied with the cost of maintaining bank accounts.

30% of customers that plan to change banks indicated that they were very dissatisfied with bank charges on their accounts.

(Number of respondents = 1,020)

Customer service factors

Rank	Customer Care	Convenience	Transaction Methods & Systems	Products and Services	Pricing
1	GTBank (77.8)	GTBank (74.1)	GTBank (78.5)	GTBank (78.5)	GTBank (68.5)
2	UT Bank (77.3)	UT Bank (71.0)	UT Bank (76.8)	Zenith (71.4)	Zenith (64.2)
3	Zenith (76.0)	Zenith (70.8)	Bank of Africa (74.9)	Cal Bank (70.9)	Bank of Africa (64.0)

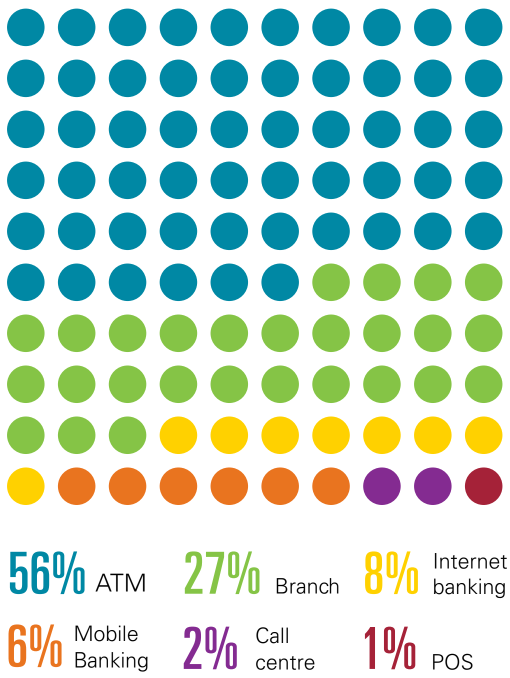
Survey highlights – **Ghana**

Channel usage and preference

Adoption of alternate channels is quite low in Ghana, although higher than some other African countries covered in this survey. Fifty-six percent of respondents said that they use the ATM weekly, making it the most widely used channel. Ten percent use internet banking weekly and 8 percent use POS terminals. Eight out of 10 customers said they never use mobile banking, while 74 percent admitted that they never use the Internet for any form of transaction.

Not surprisingly therefore, 85 percent of customers said that they conduct fund transfers through the branch, compared to only 8 percent that use the internet for the same purpose. Fifty-six percent of respondents check their balances at the branch, 38 percent use the ATM and only 3 percent use the mobile banking platform. Branch use remains high with six out of 10 respondents saying that they withdraw cash using the branch, and 83 percent saying that they also pay bills at the branch.

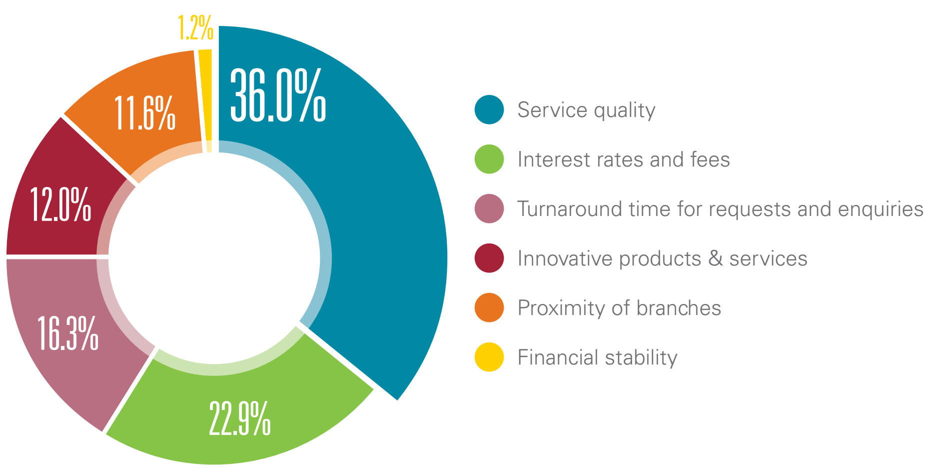
Weekly channel usage in Ghana



Customer loyalty

Customer loyalty and advocacy for Ghanaian banks is below the overall average of all countries surveyed. Forty-four percent of respondents agreed that they would absolutely repeat business with their bank, while a similar number said they would recommend their bank to others. Fifteen percent of the customers surveyed expressed the likelihood of changing their bank, citing service quality as the top reason for changing.

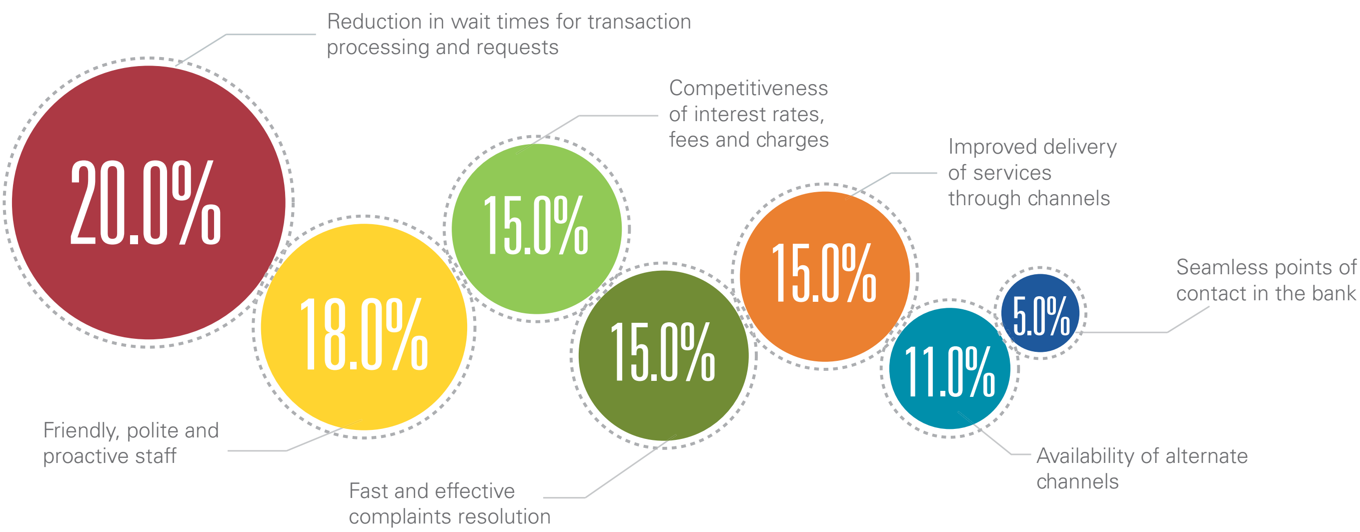
Top customer reasons for changing banks

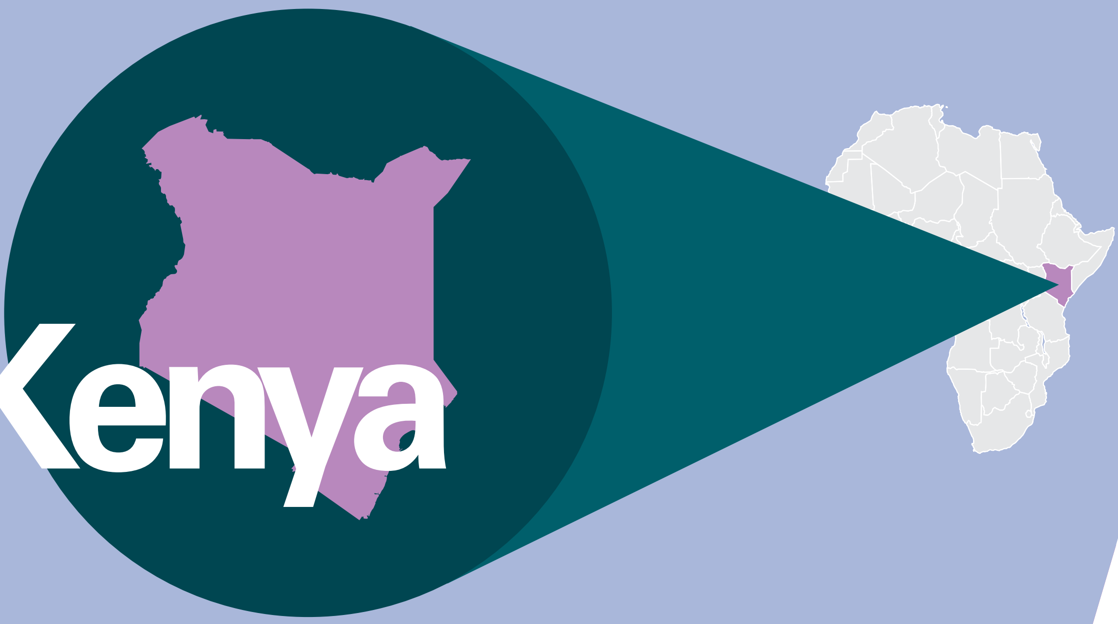


Service improvement area

Ghanaian survey respondents reported that the area where they most wanted to see improvement was the reduction in wait times for transaction processing and requests.

Customers' top service improvement area





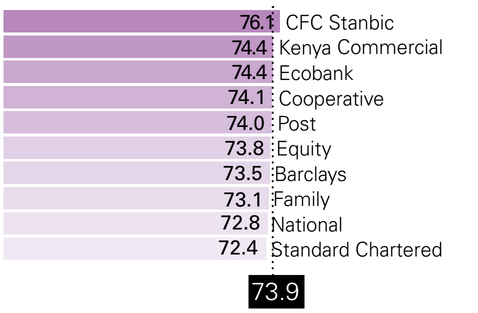
Kenya

Local banks in Kenya emerged relatively unscathed from the global financial crisis, and grew strongly as the economy rebounded. Sector pre-tax profits increased by 16.9 percent, from US$400 million in 2010 to US$462 million in 2011.

The sector is expected to double its assets in the next decade, largely from economic expansion driven by several interrelated forces including brisk growth in the wider economy, a rise in household income and consumer sophistication, and the spread of banking to a large proportion of the population (banking penetration rose to 35 percent in 2012). Economic expansion alone will lift the sector to about US$33 billion (in nominal terms) by 2020[1].

An emerging contributor to banks' profits is the increased use of the mobile platform to deliver financial services through partnerships with mobile service providers. Following the recent successful launch of M-Shwari – a mobile banking product offered through a strategic co-operation between Vodafone, Safaricom and the Commercial Bank of Africa (CBA) – more banks will have to rethink their mobile banking strategies. M-Shwari provides access to interest-bearing savings accounts as well as the ability to borrow.

Top 10 most customer-focused banks



Two pan-African banks (CFC Stanbic and Ecobank) emerged among the top three banks. CFC Stanbic was ranked as the most customer-focused bank, followed by Kenya Commercial Bank and Ecobank in second and third positions, respectively. Five banks ranked above the Kenyan industry average CSI score of 73.9.

[1] EIU: Banking in Sub-Saharan Africa 2020

Survey highlights – Kenya

Customer Care

88% satisfied with the staff's knowledge of bank products.

75% satisfied with how quickly the bank responded to their complaints and enquiries.

Convenience

77% satisfied with ATM availability and 84% said they were satisfied with cash availability at the ATM.

83% satisfied with the ease of balance enquiry using mobile payments.

Transaction Methods & Systems

85% of respondents reported being satisfied with the accuracy of information provided by banks.

77% satisfied with the overall timeliness in processing transactions.

Products and Services

87% are satisfied with the suitability of products and services to their needs.

84% satisfied with the assistance provided on how to access and use their bank's products.

Pricing

62% were satisfied with interest rates and deposits.

71% were satisfied with cost of maintaining accounts with their banks.

(Number of respondents = 1,190)

Customer service factors

Rank	Customer Care	Convenience	Transaction Methods & Systems	Products and Services	Pricing
1	CFC Stanbic (79.7)	Ecobank (75.9)	CFC Stanbic (81.3)	Post Bank (75.0)	National Bank (72.1)
2	Post Bank (77.8)	CFC Stanbic (75.7)	Standard Chartered (78.0)	Family Bank (73.7)	Post Bank (71.9)
3	Ecobank (77.5)	Kenya Comm. Bank (75.3)	Barclays (77.6)	Kenya Comm. Bank (73.1)	Equity Bank (70.7)

Survey highlights – **Kenya**

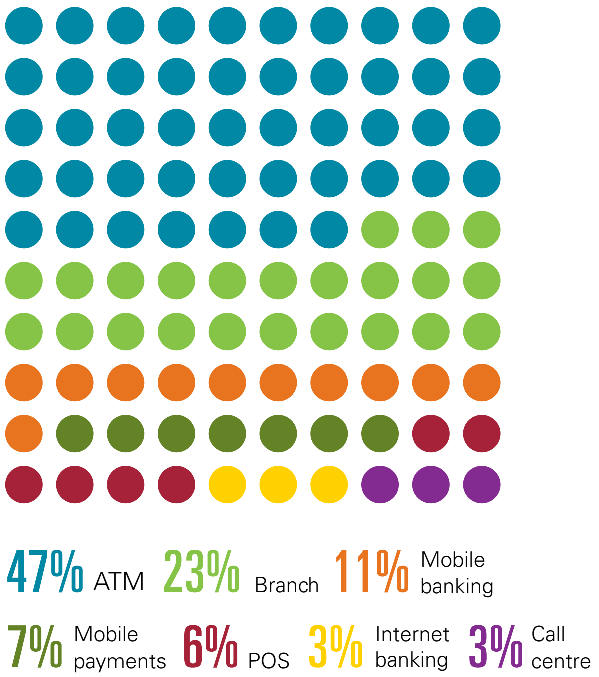
Channel usage and preference

Apart from cash withdrawal and balance enquiry (where the ATM has become the most preferred channel), Kenyan respondents indicated a high preference for using the branch. So while 75 percent of customers said they prefer the ATM for cash withdrawals, and 50 percent saying they also prefer the ATM for balance enquiry, more than eight in ten said they prefer to perform fund transfers, make complaints and pay their bills via the branch.

Banks have also rolled out 'agency banking' following the enactment of agency guidelines by the Central Bank of Kenya (CBK). Agency banking, which is considered a branch channel, saw huge expansion in 2011, and is projected to lead to increased customer base and transactions. Coupled with the increased adoption of bancassurance (a service that integrates banking and insurance), these factors seem to foreshadow strong branch usage in the foreseeable future.

The ATM also appeared as the most frequently used channel with over 47 percent of Kenyan respondents indicating usage on a weekly basis. Interestingly, mobile banking is the third most frequently used channel after the branch. Forty percent of customers that use mobile banking on a weekly basis are between the ages of 31-40. However, more than 70 percent of customers also admitted that they had never used internet banking or call centers for any transaction.

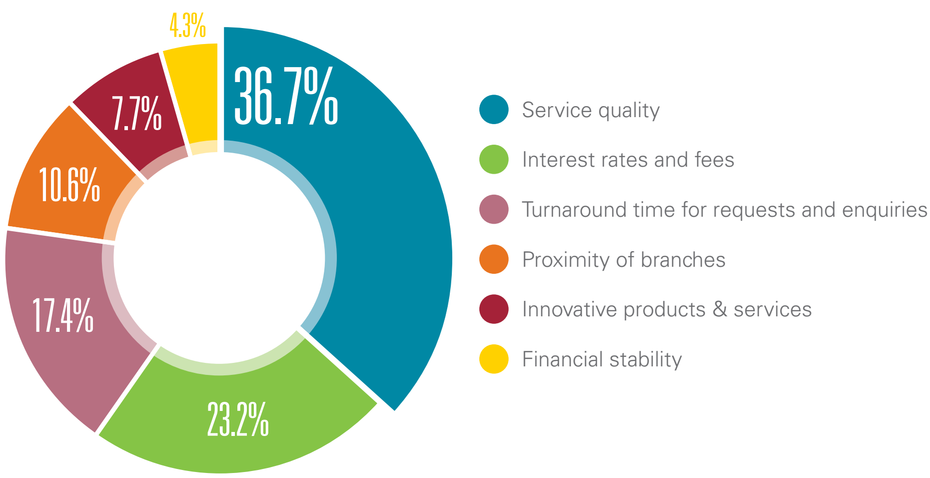
Weekly channel usage in Kenya



Customer loyalty

Customer loyalty and advocacy in Kenya is similar to the average from all the countries surveyed. Fifty-five percent of customers said they would absolutely repeat business with their bank, while 56 percent would absolutely recommend their bank to others. Eleven percent of customers surveyed indicated they might change their bank with service quality being the top reason for change.

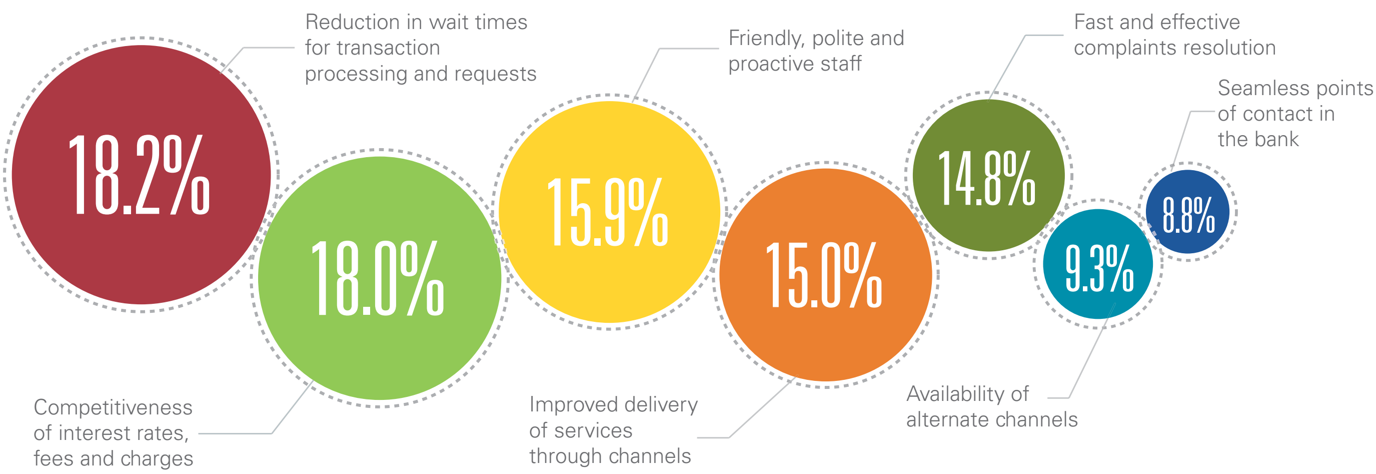
Top customer reasons for changing banks



Service improvement area

Kenyan customers want banks to improve service in two main areas: wait times for processing transactions, and offering more competitive interest rates, fees and charges.

Customers' top service improvement area

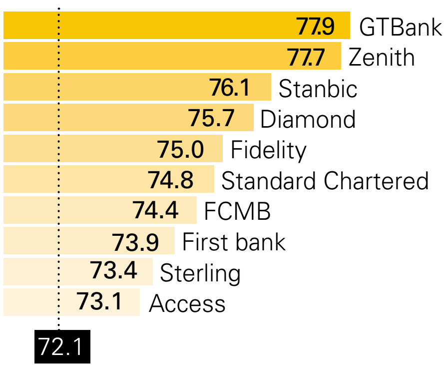


Nigeria

While Nigeria may be Africa's most populous country, only about 20 percent of the population is banked and two-thirds have never banked[1] at all before. The banking industry is made up of 20 banks with nearly 6,000 branches, most of which are concentrated in the urban areas (a fact that contributes to the low levels of banking penetration). Nigeria's banking sector is expected to grow from about US$117 billion in 2011 to more than US$168 billion in 2015[2] (a CAGR of around 10 percent).

The sector has recently experienced a number of regulatory changes including a repeal of universal banking licenses and the promulgation of more stringent regulations by the country's Central Bank which is aiming to reduce soaring books of non-performing loans and stamp out severe breaches of corporate governance. However, with the establishment of the Asset Management Company of Nigeria (AMCON) to purchase toxic assets of banks and recapitalize troubled banks, some stability has returned to the sector leading rating agency Standard & Poor's (S&P) to upgrade the sector in 2012 to a positive outlook due to the country's improved asset quality, capitalization and corporate governance.

Top 10 most customer-focused banks



All of the top 10 banks ranked above the country's industry average CSI score of 72.1.

[1] Efina 2010
[2] EIU: Banking in Sub-Saharan Africa to 2020

Survey highlights – Nigeria

Customer Care

85% satisfied with the staff's friendliness, politeness and willingness to assist customers.

79% satisfied with the prompt attention given to customer complaints and enquiries.

Convenience

87% were satisfied with cash availability at the ATMs.

Satisfaction levels with mobile banking, Internet banking and call center services were rated comparatively low – in the high 50s and low 60s.

Transaction Methods & Systems

87% satisfied with the accuracy and completeness of bank statements, advice slips, etc.

80% satisfied with the overall timeliness and turnaround time in processing transactions.

Products and Services

85% were satisfied with suitability of banks' products and services to their needs.

85% were satisfied with funds transfer services.

Pricing

67% satisfied with the cost of maintaining accounts with their bank.

54% satisfied with the interest rates offered on deposits and investment products.

(Number of respondents = 10,577)

Customer service factors

Rank	Customer Care	Convenience	Transaction Methods & Systems	Products and Services	Pricing
1	GTBank (80.6)	Zenith (79.0)	Zenith (79.5)	GTBank (78.3)	GTBank (71.2)
2	Standard Chartered (80.5)	GTBank (77.5)	GTBank (79.4)	Zenith (77.0)	Stanbic IBTC (67.5)
3	Zenith (79.6)	Diamond (76.3)	Stanbic IBTC (79.2)	Fidelity (75.3)	FCMB (67.3)

Survey highlights – **Nigeria**

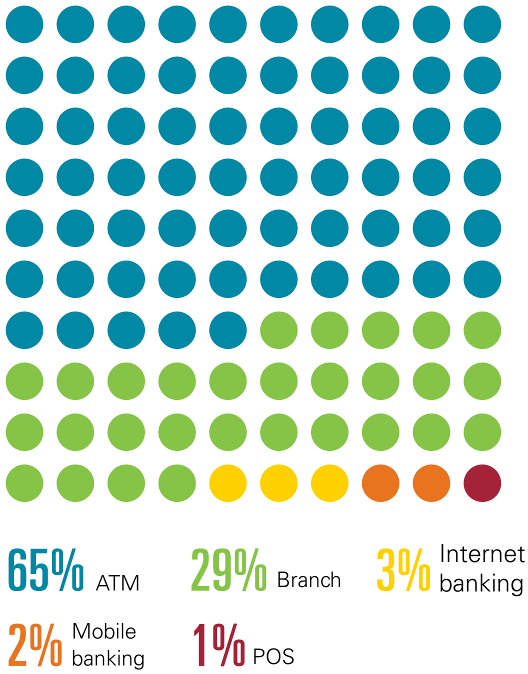
Channel usage and preference

With ATMs becoming almost ubiquitous in Nigerian cities, it is not surprising that it has been the fastest growing channel in recent years. Almost eight in 10 customers surveyed use the ATM and nearly two thirds of these people visit an ATM on a weekly basis with cash withdrawal and balance enquiry amongst the most common transactions customers perform via the ATM.

However, despite the proliferation of new channels in recent years, our findings show that adoption of other alternate channels is still comparatively low with very few respondents saying they use internet banking (7 percent), POS (6 percent), telephone banking (5 percent) and mobile payments (2 percent). Indeed, of the respondents that had used internet banking, a third were private sector employees and 15 percent were students. However, while customers say they would like to use some of these alternate channels for transactions such as bill payments and getting financial advice, uptake is still low with many consumers oblivious to the value proposition that these channels provide.

That being said, the significant and rapid adoption of the ATM suggests that – once internet banking and mobile payments take root – great potential could be realized.

Weekly channel usage in Nigeria

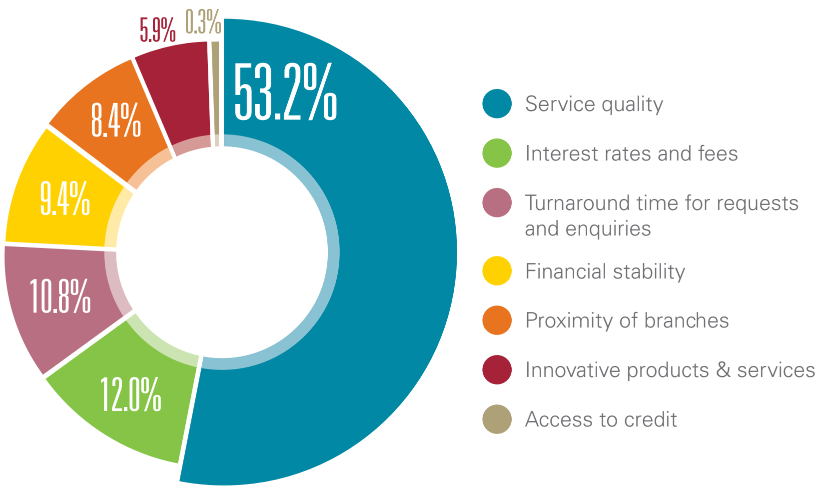


Customer loyalty

Nigeria's banking industry has experienced an extensive and ongoing shift in confidence which, in turn, has impacted loyalty. Customer awareness has increased, leading customers to demand higher levels of personalized services. Interestingly, while most customers expressed a willingness to continue with their bank, about half of those who would like to change their bank said they were remaining primarily because of their perception of the bank's stability. This means that, as customer confidence in the banking industry begins to rise, there is likely to be an increase in customer switching rates and the associated costs of acquiring and retaining customers.

More than 70 percent of Nigerian respondents indicated that they would repeat business with their bank and recommend it to others at different levels but only half expressed loyalty and advocacy in strong terms.

Top customer reasons for changing banks

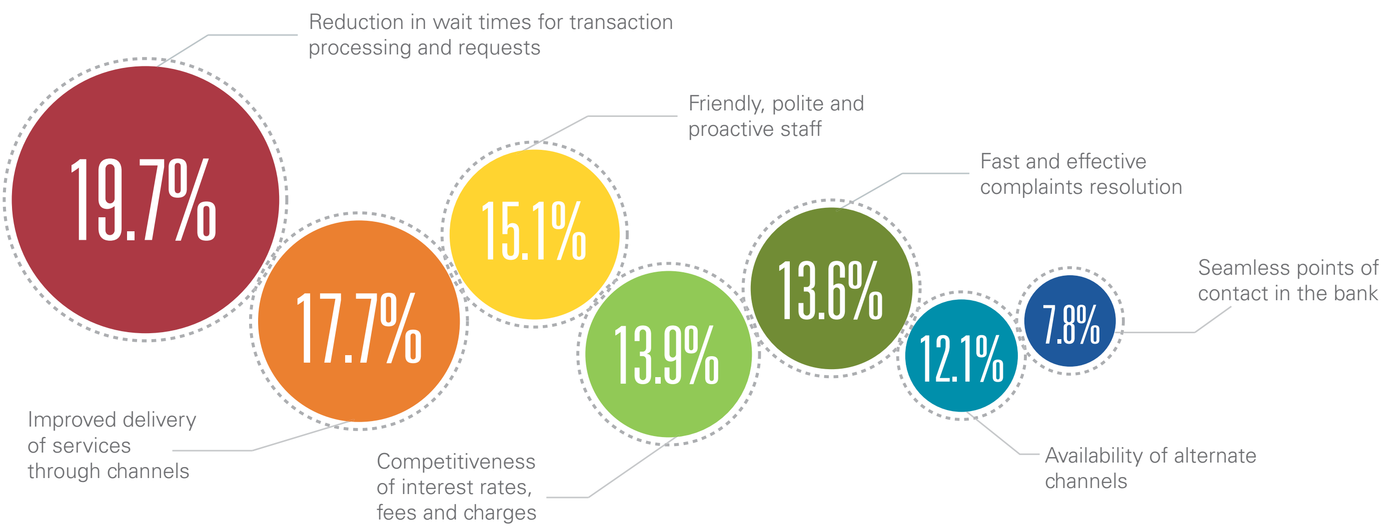


Service improvement area

When asked how their bank could improve its services, many Nigerian respondents identified a desire to see a reduction in wait times for transaction processing and requests as a primary area of improvement.

Customers would also like to see more friendly, polite and proactive staff within their banks.

Customers' top service improvement area



Senegal

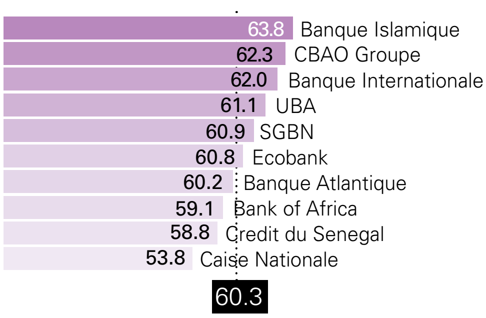
Senegalese banks were barely affected by the global financial crisis and, as a result, banking sector assets are expected to grow at a CAGR of 14 percent from US$4.6 billion in 2011 to approximately US$7.8 billion in 2015[1]. With this growth is expected to come greater diffusion of income and, thus, increased demand for both consumer and SME banking services.

As of the time of writing, the Senegalese banking sector had 19 banks in operation, broadly falling into two categories: historical players and new entrants. But while historical players such as Société Générale, CBAO Groupe Attijariwafa Bank, Ecobank, Banque de l'habitat and BICIS represent around three quarters of the market, new players are being attracted to the market by good prospects of economic growth, political stability, a housing boom and lower penetration of banking services.

While some consider that the market is now saturated, and suggest that a consolidation process is inevitable in the future, it must be noted that the banking penetration rate sits at around 20 percent (including microfinance institutions), providing much room for growth. Other encouraging signs also exist such as the approval of a new law requiring payment of salaries of more than XOF100,000 (US$202) by bank transfer.

The outlook for the Senegalese banking sector seems strong, buoyed by an anticipated increase in banking penetration rates, better adoption of banking products by customers, improved wealth management services, and so on.

Top 10 most customer-focused banks



Respondents in Senegal ranked Banque Islamique as the most customer-focused bank, with CBAO Groupe and Banque Internationale also achieving honorable mentions. Six out of the top 10 banks ranked above the average industry CSI score for Senegal of 60.3.

[1] EIU: Banking in Sub-Saharan Africa 2020

Survey highlights – **Senegal**

Customer Care

63% satisfied with the prompt response given to customers' enquiries/complaints.

78% satisfied with staff's attitude.

Convenience

39% satisfied with absence of queues at branches.

76% satisfied with cash availability at the ATM.

Transaction Methods & Systems

68% satisfied with the accuracy of information provided by their bank.

54% satisfied with the turnaround time for transactions processing.

Products and Services

Only 13% very satisfied that products and services met their needs.

10% very satisfied with the assistance provided in understanding the bank's products.

Pricing

26% of customers satisfied with the interest rates offered on deposits and investment products.

61% of customers who plan to change their bank were very dissatisfied with the cost of maintaining an account with their bank.

(Number of respondents = 1,174)

Customer service factors

Rank	Customer Care	Convenience	Transaction Methods & Systems	Products and Services	Pricing
1	Banque Islamique (67.7)	CBAO (63.6)	Banque Islamique (64.7)	Banque Islamique (66.5)	Banque Islamique (58.0) & UBA (58.0)
2	BICIS (66.0)	Crédit du Sénégal (62.1)	BICIS (64.6)	BICIS (62.8)	
3	SGBN (65.4)	Banque Islamique (62.0)	Crédit du Sénégal (64.5)	UBA (61.4)	Ecobank (53.4)

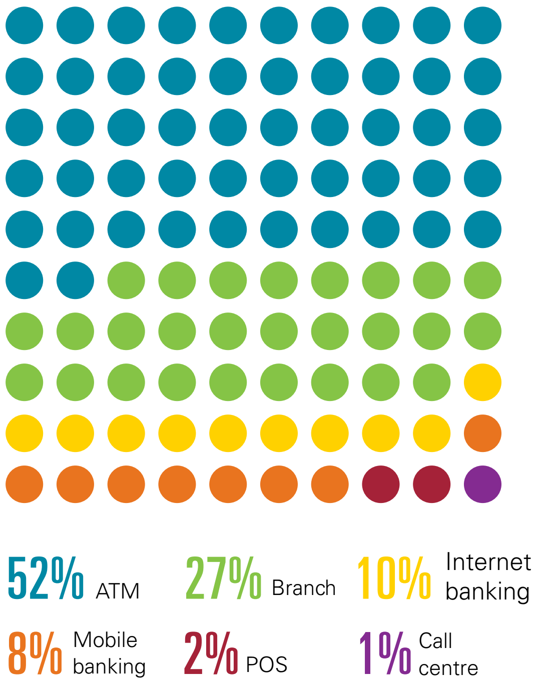
Survey highlights – **Senegal**

Channel usage and preference

Alternate channel usage in Senegal was reflective of the average results from all the countries surveyed. On a weekly basis, 52 percent of customers said they use the ATM, 27 percent use the branch and 10 percent use the internet. Nine in 10 respondents indicated that they have used neither call centers nor mobile payments.

For channel preference in conducting transactions, 52 percent indicated that they prefer cash withdrawal through the ATM, while 89 percent said they prefer to use the branch for funds transfer and 62 percent prefer to use the branch for balance enquiry.

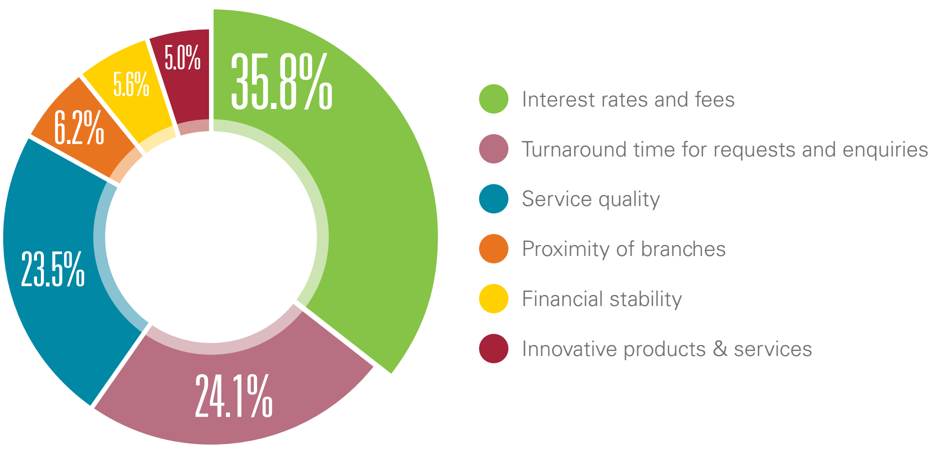
Weekly channel usage in Senegal



Customer loyalty

Customer loyalty and advocacy in Senegal was below the average of all countries surveyed with just 46 percent saying that they would be absolutely willing to repeat business with their bank. Forty percent said they would absolutely recommend their bank to others, while one in 10 respondents reported they might change their bank, with the top reason for changing being interest rates and fees.

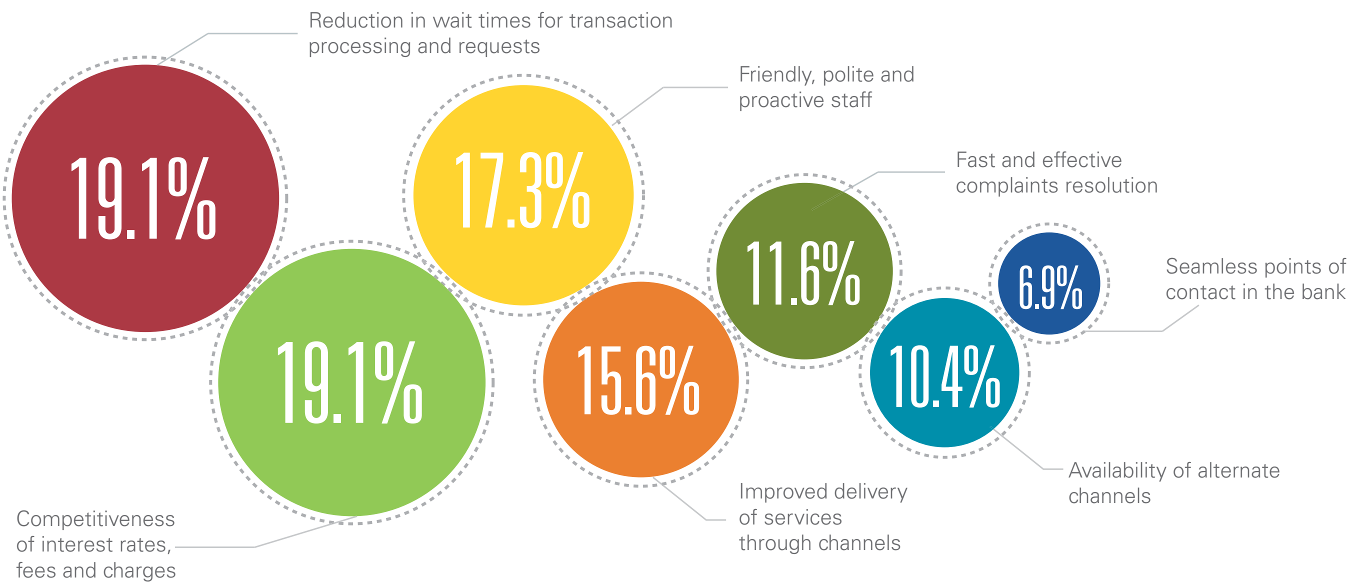
Top customer reasons for changing banks



Service improvement area

Respondents from Senegal were split on their top needs for service improvement with reductions in wait times and more competitive interest rates both garnering votes from around one fifth of customers.

Customers' top service improvement area



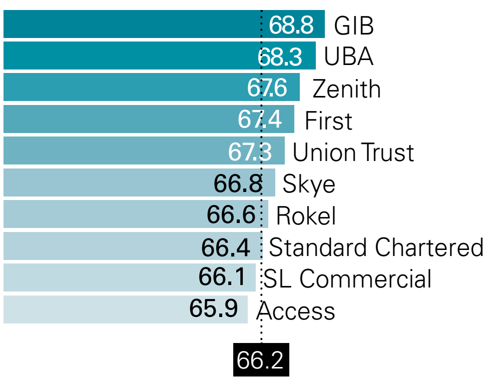
Sierra Leone

The Sierra Leonean banking sector has evolved quickly within the last decade, marked by a post-war influx of sub-regional financial institutions. Prior to the start of the civil war in the early 1990s, Sierra Leone depended heavily on three major commercial banks: the state-owned Sierra Leone Commercial Bank; Barclays Bank (which was replaced by Rokel Commercial Bank after it ceased operations); and Standard Chartered Bank. However, with the end of civil war came a liberalization of the national economy characterized by 'friendly' investment policies which attracted very credible sub-regional banking and financial institutions into the country's financial market.

The presence of these banks in the banking industry has increased capitalization and created stiff competition for market share. As a result, banking products have become very accessible and affordable while access to personal loan products has increased dramatically. Indeed, Sierra Leonean consumers are being bombarded on a daily basis with commercial advertisements encouraging them to save and to tap into the various loan products on the market.

That being said, the Sierra Leonean banking sector continues to face a number of challenges. The payment system is still in its infancy and largely under-developed; transactions within the country are mainly cash-based with limited use of alternate channels; and the country lacks an electronic payment system for large-value transactions. Despite these challenges, the capital-asset ratio of the banks is 17 percent, further reinforcing the potential for growth in the financial sector.

Top 10 most customer-focused banks



GTBank emerged as the most customer-focused bank followed by UBA and Zenith Bank, highlighting the rising influence of the regional banks in the top 10 rankings. Eight out of the top 10 banks ranked above the industry average CSI score for Sierra Leone of 66.2.

Survey highlights – **Sierra Leone**

Customer Care

80% satisfied with staff friendliness and politeness.

67% satisfied with the prompt attention given to their complaints.

Convenience

87% consider accessibility of branches as very important.

47% satisfied with the absence of long queues at branches.

Transaction Methods & Systems

82% cite high importance to transactions turnaround time.

58% satisfied with the overall timeliness and turnaround time in processing transactions.

Products and Services

80% satisfied that current products and services meet their needs with the current products.

73% satisfied with the assistance provided with understanding the bank's products.

Pricing

82% ranked interest rates on deposits and investments as very important.

40% of customers were satisfied with this measure.

(Number of respondents = 5,780)

Customer service factors

Rank	Customer Care	Convenience	Transaction Methods & Systems	Products and Services	Pricing
1	Standard Chartered (74.2)	GTBank (70.6)	GTBank (70.7)	Standard Chartered (68.6)	GTBank (61.9)
2	GTBank (72.2)	Zenith (68.7)	First (68.4)	Zenith (68.1)	Standard Chartered (61.4)
3	UBA (71.2)	First (68.6)	Skye (68.3)	UBA (67.5)	Zenith (61.3)

Survey highlights – **Sierra Leone**

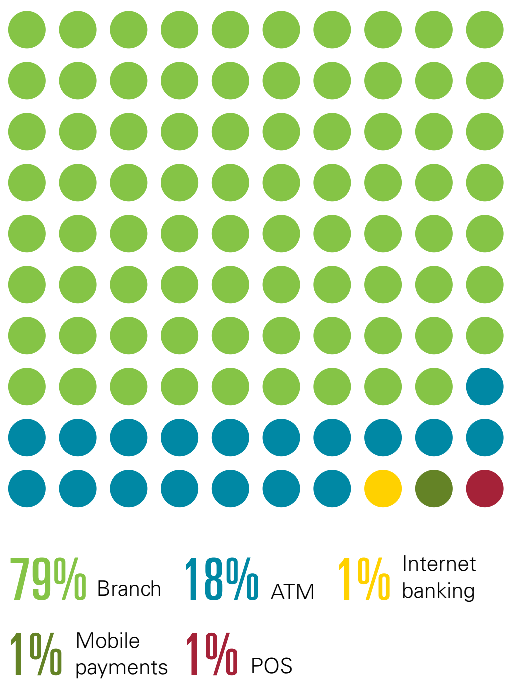
Channel usage and preference

Use of alternate channels in Sierra Leone appears to be non-existent as customers indicated that they never use POS, mobile payments, internet, mobile banking or call centers for any of their transactions. Not surprisingly, therefore, the branch emerged as the most widely and frequently used channel, with 58 percent of customers indicating that they use it once a month.

ATM usage was also comparatively low at just 7 percent weekly, although this must largely be attributed to the fact that ATMs were only recently introduced in the country and are often unavailable due to downtimes.

Nine in 10 Sierra Leoneans also reported a branch channel preference for performing transactions such as balance enquiries to bill payments, reflecting the low adoption of alternate channels. Again, availability impacts the results: in Sierra Leone, bills can only be paid through bank branches and the use of POS, mobile and call centers has yet to be incorporated into the banking system.

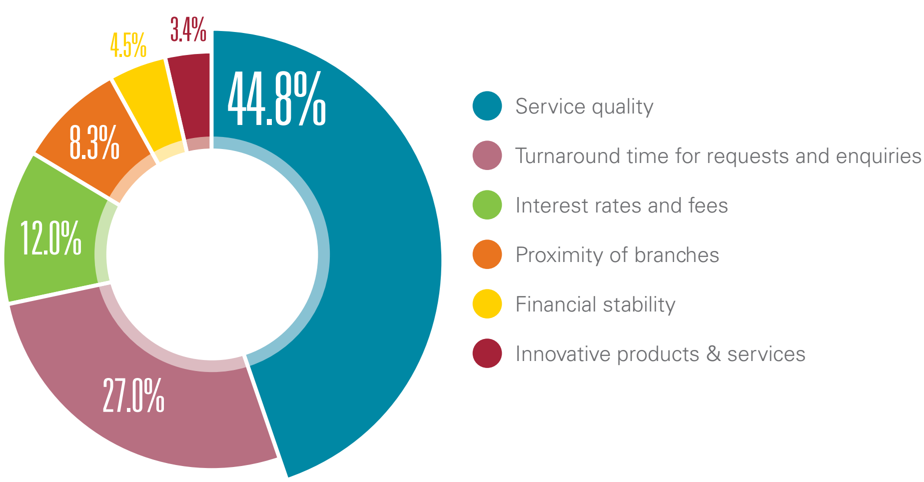
Weekly channel usage in Sierra Leone



Customer loyalty

Despite the challenges faced in terms of service delivery and alternate channel usage, customer loyalty in Sierra Leone is quite high. Sixty-five percent of customers said they would absolutely repeat business with their bank, while 64 percent indicated that they would absolutely recommend their bank to others. Ten percent of customers indicated that they might change or have recently changed their bank, citing 'service quality' as the top reason for change.

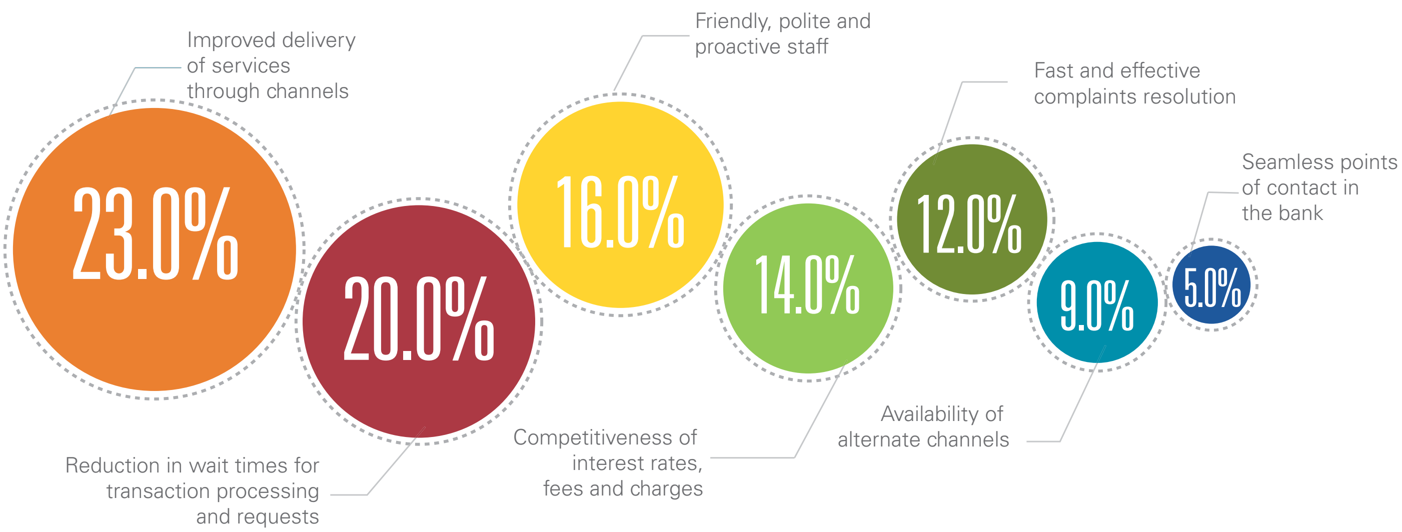
Top customer reasons for changing banks



Service improvement area

Customers in Sierra Leone are keen to see improvements in the way their banks deliver services through channels (not a surprising result considering the fact that almost all transactions are performed at the branch in Sierra Leone). Banks that are able to effectively and efficiently deploy alternate channels could achieve a significant difference in customer satisfaction.

Customers' top service improvement area



Tanzania

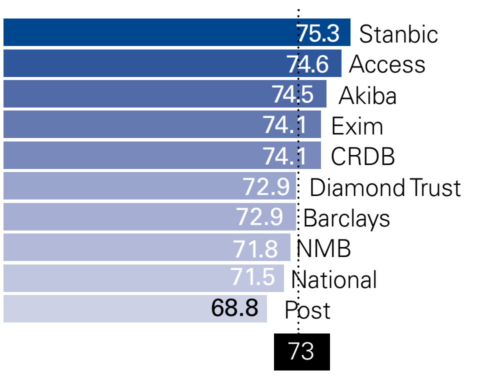
Like many other African countries, the overall performance of the banking sub-sector in Tanzania has been positive, as the sector effectively weathered the global financial crisis by showing strong positive year-on-year growth. The sector's balance sheet is expected to continue on this upward trajectory with total assets set to increase at a CAGR of 18 percent (from about US$6.3 billion in 2011 to over US$12 billion in 2015[1]).

There are 32 banks operating in Tanzania with CRDB Bank standing as the country's largest bank. Three banks (CRDB Bank, National Microfinance Bank Plc (NMB) and NBC Bank Limited) command the majority of banking business in Tanzania and, together, control nearly half of the sector's total assets, gross loans and deposits as well as 41 percent of the sector's total capital.

Notwithstanding a single bank collapse that was supervised by the Bank of Tanzania (BOT) some years back, the Tanzanian banking sector has been relatively stable and has enjoyed normal growth amidst some challenges. That being said, the sector is facing increased pressure from new mobile banking services (such as Tigo and M-PESA) being introduced by the major telecoms service providers. Similar to its East African peers, it has also suffered from exchange rate fluctuations for services such as cash delivery which has resulted in instances of liquidity problems.

Tanzania's banks may find major opportunities emerging from a much-expected banking sector consolidation, the expansion of services to underserved sections of the market through mobile banking (especially those in rural areas), and the wider participation of banks in the development of the energy and agriculture sectors.

Top 10 most customer-focused banks



Respondents in Tanzania ranked Stanbic as the most customer-focused bank, followed by Access and Akiba in second and third positions, respectively. Five banks ranked above the industry average CSI score for Tanzania of 73.

[1] EIU: Banking in Sub-Saharan Africa to 2020

Survey highlights – Tanzania

Customer Care

77% satisfied with the friendliness and politeness of the bank's staff.

55% satisfied with the time taken to respond to their requests and enquiries.

Convenience

81% satisfied with the accessibility of their bank's branches.

80% satisfied with the availability of cash at ATMs.

Transaction Methods & Systems

73% satisfied with the bank's precision at keeping information.

77% very satisfied with the turnaround time in processing transactions.

Products and Services

78% satisfied that products meet customers' needs.

88% rank suitability of banks' products and services as very important.

Pricing

17% dissatisfied with bank charges such as COT and other related charges.

20% dissatisfied with the interest rate on deposits and investment products.

(Number of respondents = 557)

Customer service factors

Rank	Customer Care	Convenience	Transaction Methods & Systems	Products and Services	Pricing
1	Exim (75.2)	Access (76.0)	Stanbic (80.9)	Stanbic (78.8)	Akiba (74.9)
2	Barclays (75.0)	CRDB (75.6)	Diamond Trust (79.2)	Diamond Trust (76.3)	Access (74.8)
3	Akiba (74.9)	Akiba (74.6)	Exim (77.6)	Exim (75.5)	Stanbic (72.5)

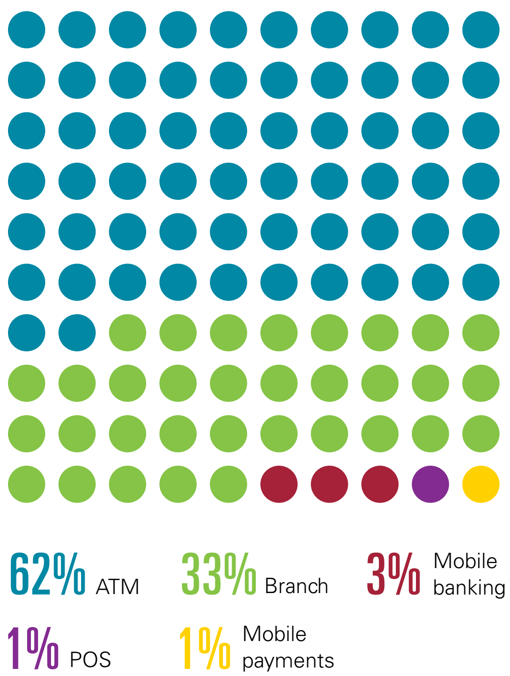
Survey highlights – **Tanzania**

Channel usage and preference

In Tanzania, branch and ATM channels dominate with 62 percent of respondents indicating that they use ATMs on a weekly basis and 33 percent saying they use the branch. However, apart from the ATM, Tanzania has one of the lowest alternate channel usages of the countries surveyed with 9 in 10 customers indicating that they have never used other alternate channels (including mobile banking, mobile payments, internet and POS).

For performing transactions, 47 percent of Tanzanian customers say they check their balances using the ATM, while only 7 percent say they prefer mobile banking for this task. Funds transfer is largely carried out in the branch, with 92 percent of customers reporting that they prefer it above other channels.

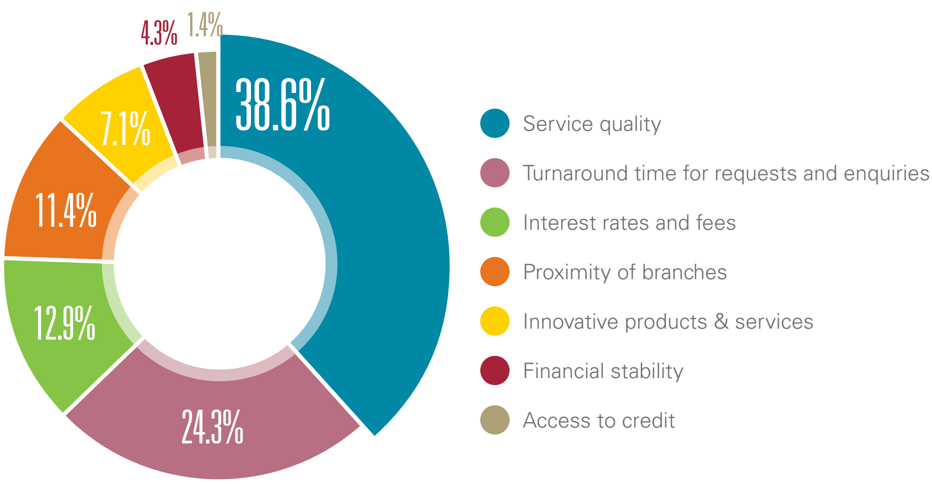
Weekly channel usage in Tanzania



Customer loyalty

While a large percentage of customers expressed varying levels of willingness to either increase business with their bank or recommend it to others, only 55 percent said they would absolutely do both. At the same time, twelve percent of customers indicated that they would change their bank, citing 'service quality' as the topmost reason for changing.

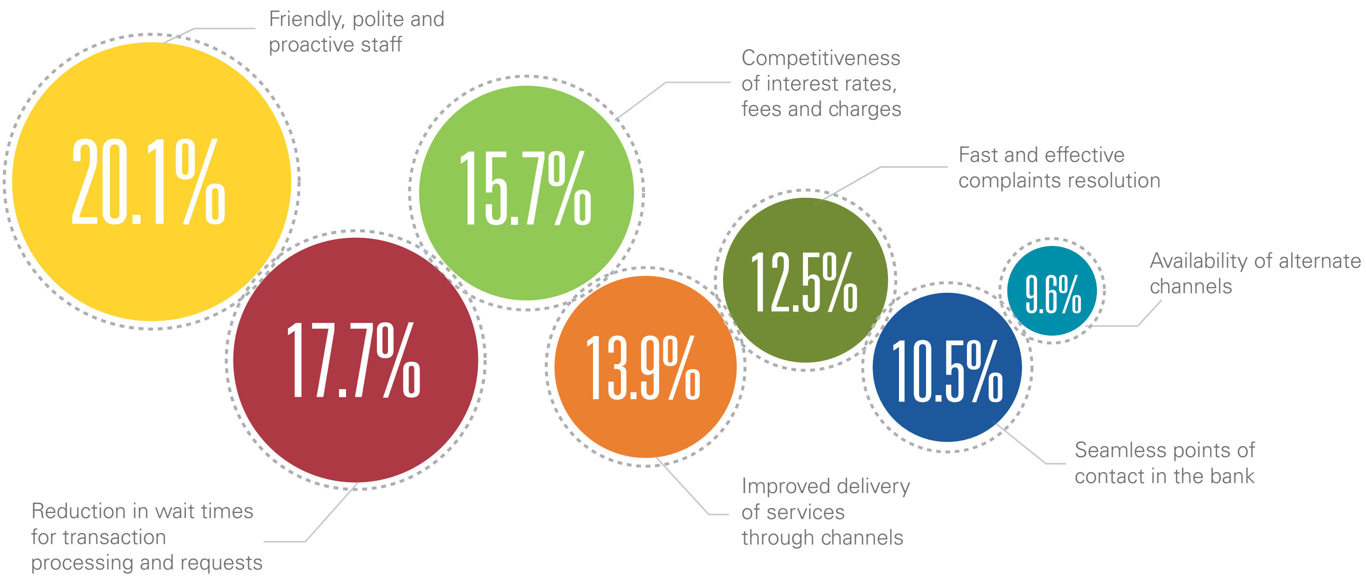
Top customer reasons for changing banks



Service improvement area

Respondents in Tanzania would like to see improvements in the attitude of staff, a reduction in wait times and more competitive interest rates from their banks.

Customers' top service improvement area



Uganda

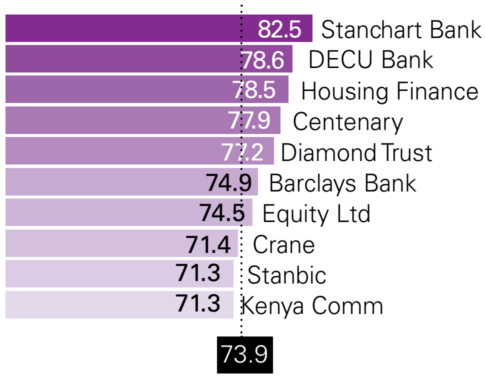
Uganda's banking industry has experienced a number of challenges over the past few years, largely caused by the withdrawal of donor funds and the increasing potential for political instability which, in turn, would have a significant impact on Foreign Direct Investment (FDI).

Facing a changing regulatory environment and a depreciating local currency (which hit an all-time low in September 2011), the Bank of Uganda stepped in to play a key role in stabilizing the sector by putting in place measures to both mitigate risks as well as improve service delivery. Interestingly, while the Central Bank's attempt to curb inflation through tighter monetary policy led to a rising cost of capital for the business community, many commercial banks still reported profits.

More than 70 percent of Uganda's population is unbanked with the country's 25 banks (as of 2012) offering services through 381 bank branches (as of 2010). Uganda has moved to implement the Credit Reference Bureau (CRB) as well as raise the minimum core capital for banks to US$4.34 million.

And while the country is still recovering from the high inflation rates that topped 38 percent last year, the sector's total assets are nonetheless expected to grow at a CAGR of 19 percent from US$3.9 billion in 2011 to almost US$7.9 billion in 2015[1].

Top 10 most customer-focused banks



Seven of the top 10 banks ranked above the country's industry average CSI score of 73.9.

[1] EIU: Banking in Sub-Saharan Africa to 2020

Survey highlights – **Uganda**

Customer Care

79% satisfied with the friendliness of their bank's staff.

73% satisfied with the prompt attention given to customer enquiries and complaints.

Convenience

58% very satisfied with cash availability at ATMs.

59% satisfied with absence of long queues at branches.

Transaction Methods & Systems

57% very satisfied with the accuracy and completeness of information provided by their bank.

44% very satisfied with the turnaround time for transaction processing.

Products and Services

79% satisfied with products and services meeting their needs.

83% satisfied with the ease of understanding their bank's products.

Pricing

53% very satisfied with the cost of maintaining accounts and other charges.

44% of customers who want to change banks were dissatisfied with the bank charges on maintaining accounts.

(Number of respondents = 541)

Customer service factors

Rank	Customer Care	Convenience	Transaction Methods & Systems	Products and Services	Pricing
1	Standard Chartered (84.5)	Standard Chartered (83.4)	Diamond Trust (84.1)	Standard Chartered (82.4)	Diamond Trust (78.5)
2	DFCU (81.0)	Housing Finance (79.1)	Standard Chartered (82.8)	Housing Finance (77.8)	DFCU (78.3)
3	Housing Finance (79.1)	Centenary (78.8)	Kenya Comm. Bank (81.1)	Centenary (77.4)	Centenary (77.4)

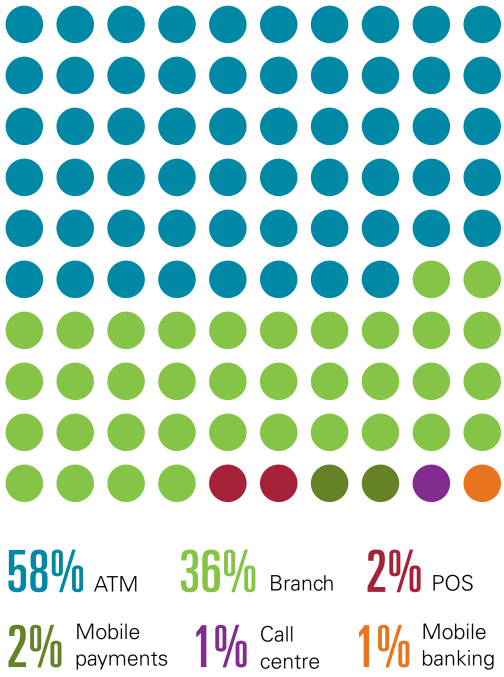
Survey highlights – **Uganda**

Channel usage and preference

Like most of the countries surveyed, usage of alternate channels in Uganda was low, in part because a large portion of the population seems to distrust the internet for banking. Ninety percent of customers indicated they had never used POS, internet banking, mobile banking, call centers or mobile payments for any transaction. On a weekly basis, 58 percent say they use the ATM, while 36 percent report using the branch.

Apart from cash withdrawal (for which 76 percent of customers say they use the ATM), the branch appears to be the most preferred channel for performing all other transactions, further reinforcing the low rate of e-channel adoption by Ugandan customers.

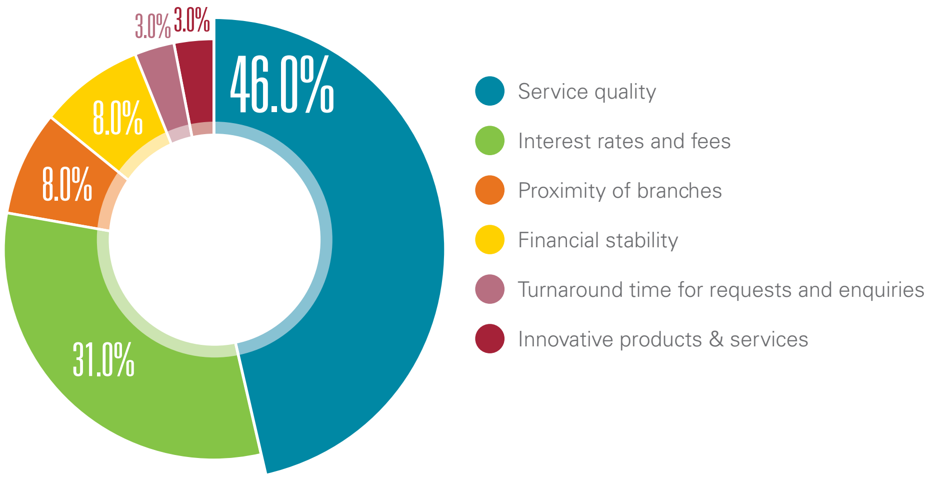
Weekly channel usage in Uganda



Customer loyalty

Customer loyalty and advocacy amongst Ugandan respondents sits a little above average with a large percentage of customers demonstrating various degrees of loyalty: 64 percent of customers said they would absolutely repeat business with their bank, while 66 percent said they would absolutely recommend their bank to others. Ten percent of customers surveyed indicated they want to change their bank.

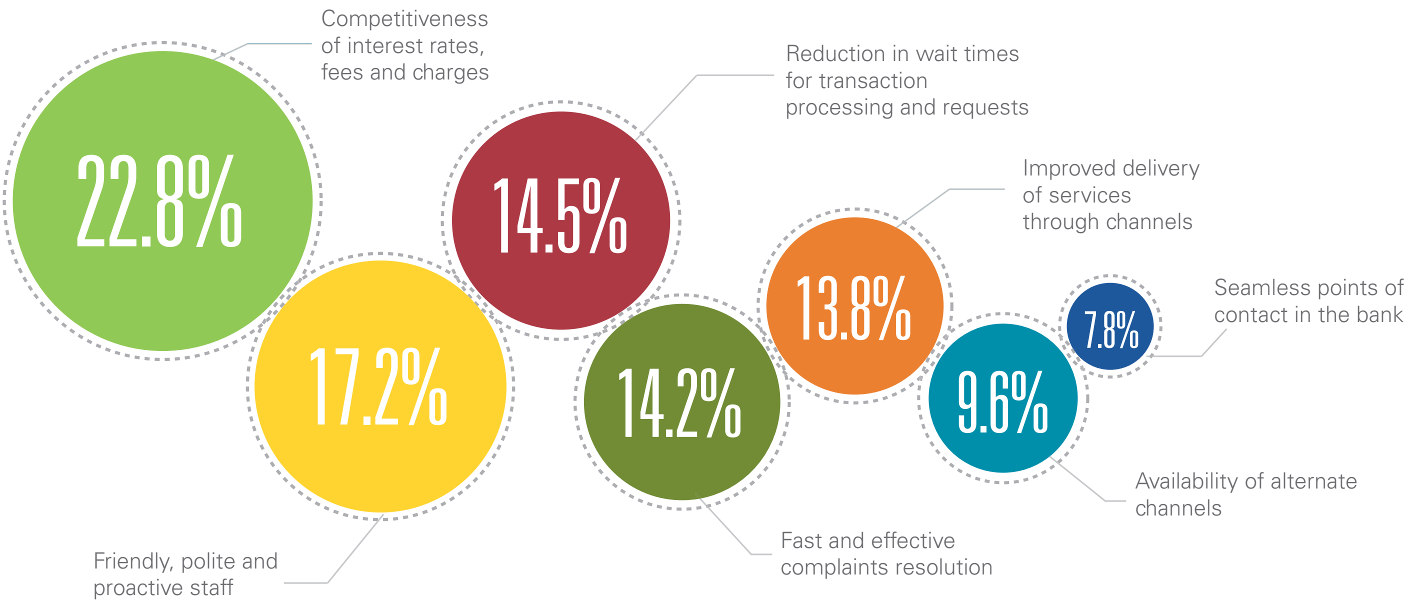
Top customer reasons for changing banks



Service improvement area

Ugandan customers would like to see banks improve on the competitiveness of their interest rates, fees and charges. This result is not surprising as the interest rate was also the element of pricing they were least satisfied with.

Customers' top service improvement area



Zambia

Up until the early 1990s, Zambia's government maintained extensive ownership and administrative controls over most markets, including financial and banking markets. However, following a major program of market-oriented economic and financial sector reforms, Zambia evolved towards a market-led banking sector under the strict supervision of the central bank, the Bank of Zambia. And while liberalization initially led to the proliferation of financial institutions in the financial sector, competition eventually brought about a number of bank failures, resulting in the closure of nine commercial banks since 1995.

While Zambia presently has 18 registered commercial banks, the majority operate mainly in the commercial districts, which effectively limits access to the formally employed. As a result, financial sector penetration is still very low with only about 15 percent of adults having a bank account[1].

In general, Zambian banks tend to quickly match their competitors' innovations and services making it increasingly difficult to sustain product, cost and distribution advantages. With this in mind, most banks have realized the importance of concentrating on service quality as a way to increase customer satisfaction and loyalty.

[1] Towards a strategy for microinsurance development in Zambia-A Market and Regulatory Analysis: 2009

Survey highlights – **Zambia**

Customer Care

84% satisfied with staff's friendliness, politeness and willingness to assist customers.

63% satisfied with the quick response to complaints and enquiries.

Convenience

67% satisfied with the proximity of branches.

65% satisfied with cash availability at ATMs.

Transaction Methods & Systems

54% satisfied with the overall timeliness and turnaround time in processing transactions.

68% satisfied with the accuracy and completeness of their bank's information.

Products and Services

79% satisfied with how products and services meet their needs.

73% satisfied with funds transfer services.

Pricing

74% satisfied with COT and other related charges.

51% satisfied with the interest rates offered on deposits and investment products.

(Number of respondents = 220)

Customer loyalty

Despite the challenges faced by customers with long queues at branches and extended turnaround times in transaction processing, a large percentage of customers still expressed a willingness to repeat business with their bank and recommend it to others at various degrees. However, only about half of respondents expressed loyalty and advocacy in strong terms.

Service improvement area

Not surprisingly, the most important improvement area for Zambian customers is the reduction in wait times for transaction processing and requests.

Survey highlights – **Zambia**

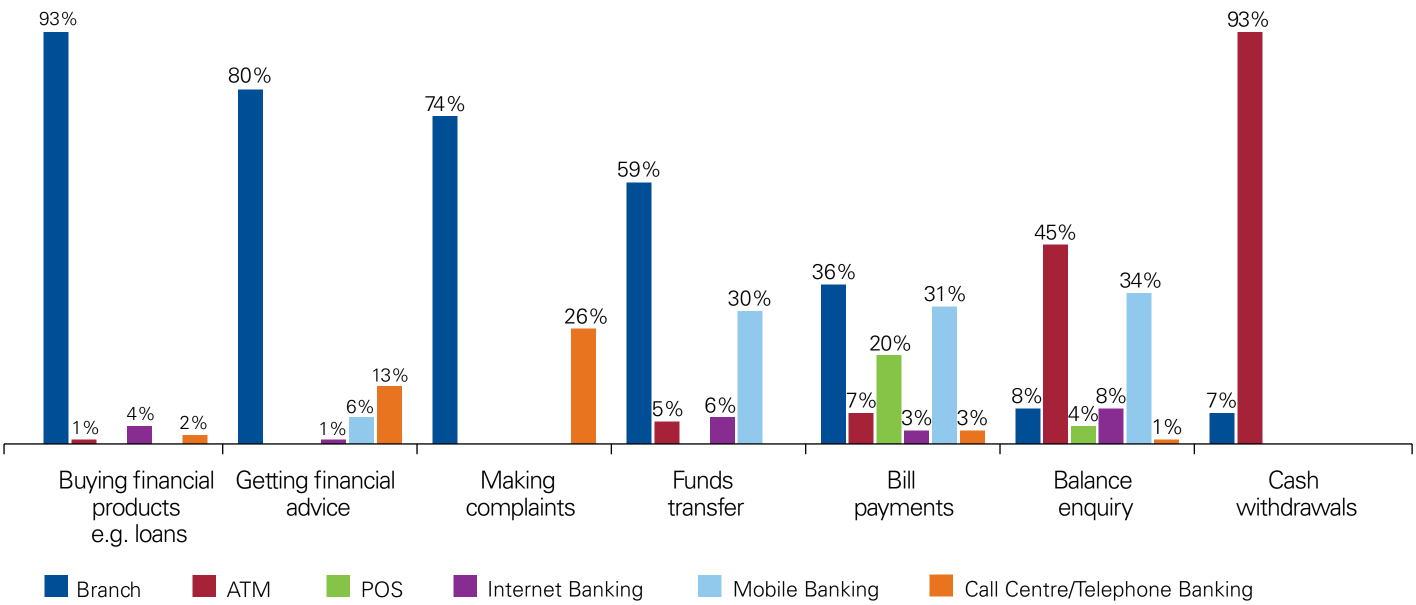
Channel usage and preference

Despite the recent gains made in the adoption of banking services, Zambia still falls behind in terms of financial services access, especially in more remote areas. Limited ATM infrastructure means that most banking services are accessed at banking halls through personal counter services with either a bank teller or a personal banker.

ATM penetration is also low. In December 2011, Zambia had a total of 537 ATMs across the country versus approximately 1.3 million customers with bank cards, meaning each ATM facility was expected to service an average of 2,530 customers.

Regardless, Zambian customers reported that their most preferred method of making cash withdrawals was through the use of ATM machines (93 percent), while the branch was preferred for buying financial products such as loans (93 percent), getting financial advice (80 percent) and making complaints (74 percent). ATMs and mobile banking were also cited as channels used for balance enquiry.

Preferred methods of conducting banking activities.

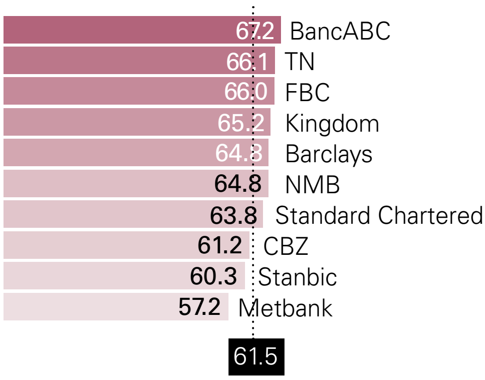


Zimbabwe

Over the last 10 years, Zimbabwe's financial services industry has been severely affected by the downturn in its economy which has been largely characterized by hyperinflation, low financial intermediation and shortages of cash in the local currency as well as other external factors beyond its control. The suspension of the local currency and the introduction of a multi-currency system in February 2009 helped to restore price stability and restart financial intermediation.

Moreover, the opportunities presented by the multi-currency system led to renewed interest in the banking sector by both the local and foreign investors. However, the Zimbabwean banking market is proving to be hard nut to crack with peculiar challenges such as low liquidity conditions, limited access to offshore lines of credit and the prevalence of cash-based transactions creating high competitive hurdles. It is worth noting that – as part of its economic recovery and development plan – Zimbabwe would need to integrate the informal sector which, given its significance to the economy, should help to expand growth. The banking sector in Zimbabwe is currently being serviced by 16 commercial banks, two merchant banks and four building societies with a banking penetration rate that stands at 60 percent[1] of the country's population.

Top 10 most customer-focused banks



Seven of the top 10 banks ranked above the country's industry average CSI score of 61.5.

[1] FinScope Consumer Survey 2012

Survey highlights – Zimbabwe

Customer Care

33% very satisfied with staff's friendliness and politeness.

26% very satisfied with the promptness of attention given to enquiries and requests.

Convenience

29% of customers very satisfied with availability of ATMs.

60% dissatisfied with ease of transaction tracking via internet banking.

Transaction Methods & Systems

22% very satisfied with the timeliness and turnaround time in processing transactions.

29% very satisfied with the accuracy of information provided.

Products and Services

28% very satisfied that their bank's products and services meet their needs.

Only 22% very satisfied with funds transfer services of their bank.

Pricing

45% satisfied with the cost of maintaining accounts.

23% satisfied with the interest rates offered on deposits and investment products.

(Number of respondents = 321)

Customer service factors

Rank	Customer Care	Convenience	Transaction Methods & Systems	Products and Services	Pricing
1	BancABC (76.9)	BancABC (69.1)	BancABC (74.0)	BancABC (62.3)	TN Bank (62.5)
2	TN Bank (71.3)	FBC (68.5)	TN Bank (72.2)	NMB (62.0)	Kingdom Bank (61.1)
3	Standard Chartered (70.2)	TN Bank (68.0)	NMB (71.5)	TN Bank (61.5)	Post Bank (56.1)

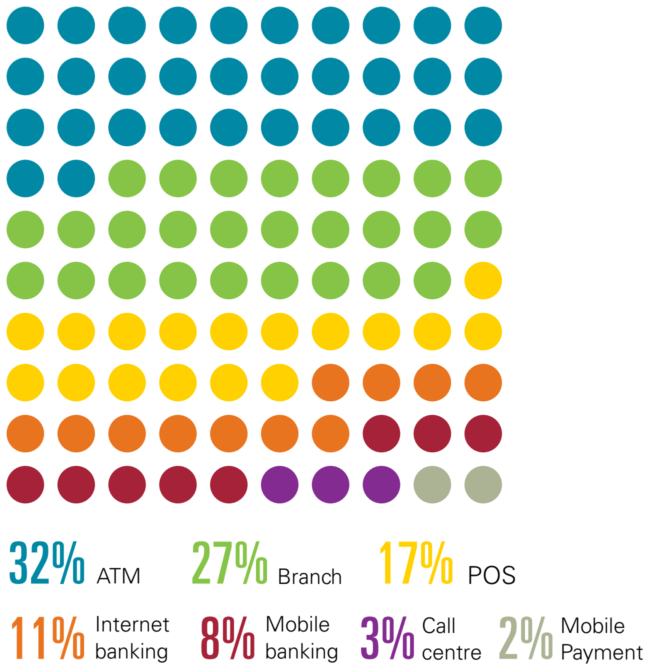
Survey highlights – **Zimbabwe**

Channel usage and preference

The ATM is the most widely used channel on a weekly basis (32 percent) followed by the branch (27 percent). Eleven percent use internet banking weekly and 2 percent use mobile banking while 17 percent use the POS.

In Zimbabwe, the branch clearly dominates as the most preferred channel for performing transactions ranging from cash withdrawals, balance enquiry, funds transfer and bill payments with more than 80 percent of respondents saying they prefer to use the branch for performing most transactions.

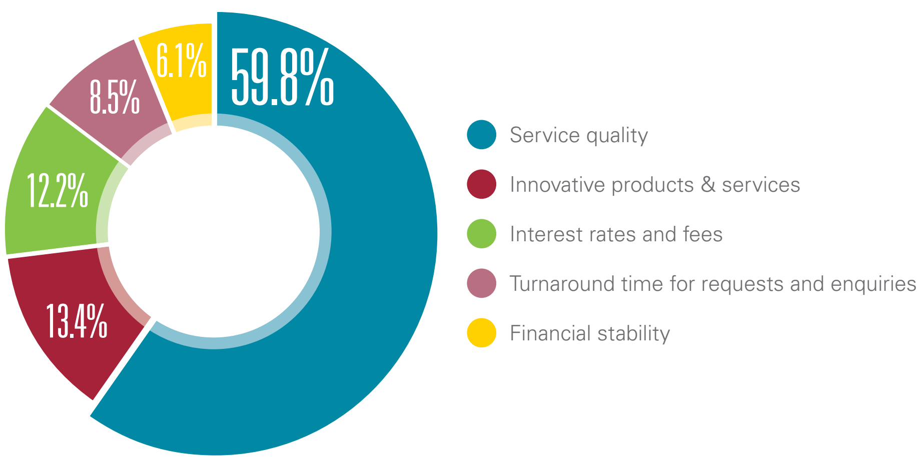
Weekly channel usage in Zimbabwe



Customer loyalty

With only a third of customers indicating that they would absolutely repeat business with their bank, and just 32 percent saying they would absolutely recommend their bank to others, customer loyalty and advocacy in Zimbabwe is rather low. Twenty-one percent of customers surveyed indicated they might change banks, citing 'service quality' as the top factor influencing their decision.

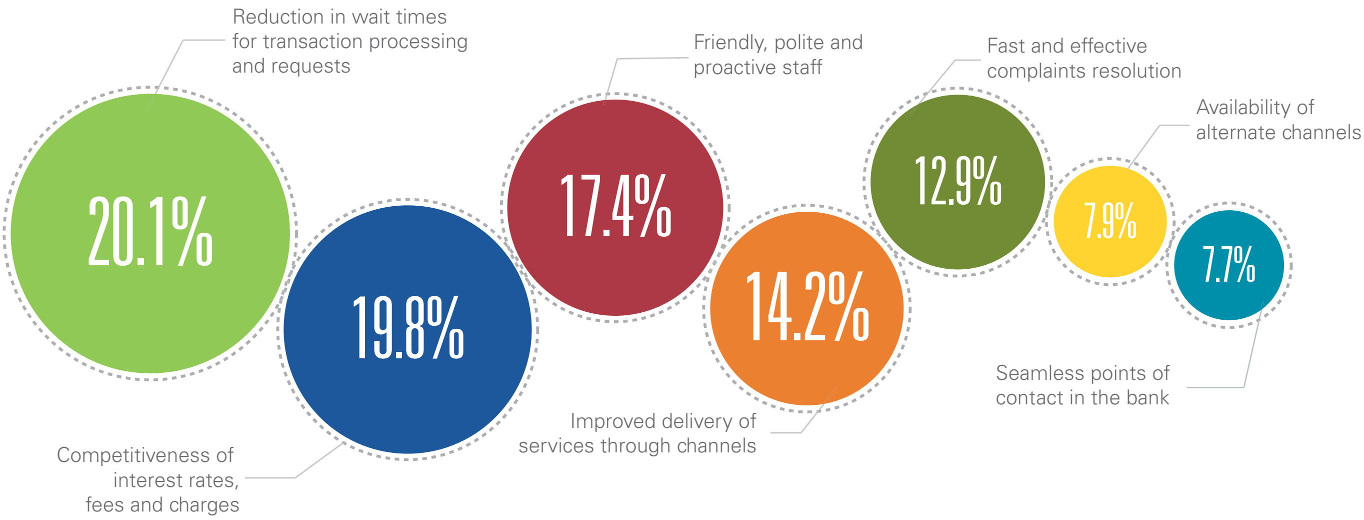
Top customer reasons for changing banks



Service improvement area

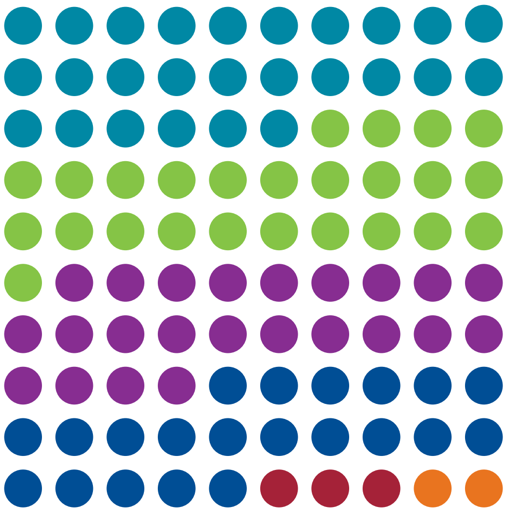
Customers in Zimbabwe want banks to reduce wait times for transaction processing and requests and improve the competitiveness of interest rates, fees and charges.

Customers' top service improvement area



Demographics

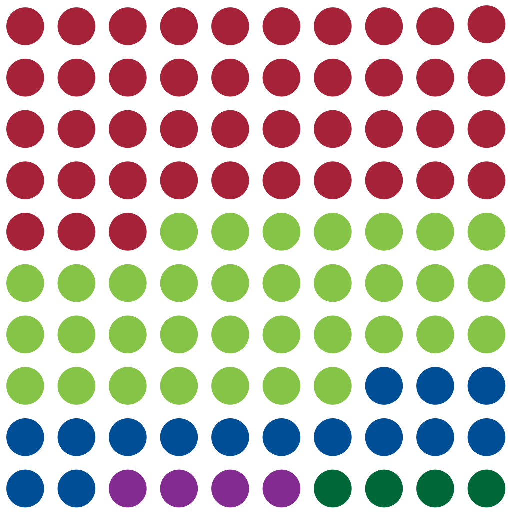
Employment status



Private 26%
Public 25%
Self-employed 23%
Student 21%
Others 3%
Retired 2%

(Number of respondents = 25,456)

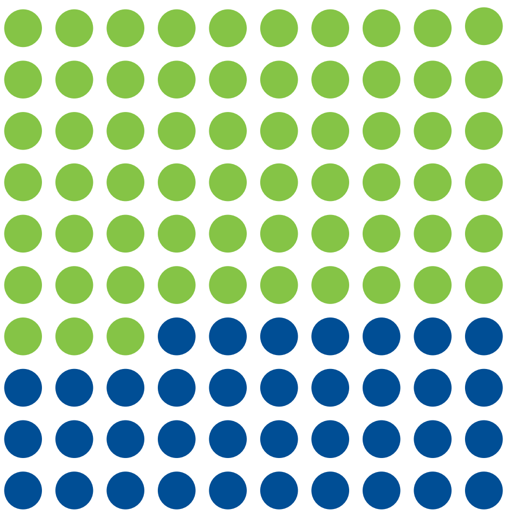
Age



21-30 years 43%
31-40 years 34%
41-55 years 15%
Above 55 years 4%
Under 20 years 4%

(Number of respondents = 25,456)

Gender



Male 63%
Female 37%

(Number of respondents = 25,456)

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