



KENYA BANKERS
ASSOCIATION

THE BANKING INDUSTRY
CUSTOMER
SATISFACTION
SURVEY (2020)

FRESH FRONTIERS

The COVID-19 disruption redefined customer service. The unprecedented impact of the health crisis on the banking industry demonstrated the importance of leveraging on tech-led innovation to ensure business continuity – even in adversity.

The immediate challenge for Kenyan banks in 2020 was to ensure a seamless cut-over in services from the pre- to the post-pandemic period.



Dr. Habil Olaka
CEO, Kenya Bankers Association

The year 2020 was an unprecedented period for global commerce. Kenyan banks and their customers – both businesses and individuals – were not spared the ravages of a global pandemic.

Against the backdrop of a rampaging and contagious virus, and government-imposed restrictions on travel and human contact to contain its spread, the first casualties were individual and business incomes as jobs and supply chains were disrupted. The novel Coronavirus (COVID-19) pandemic soon morphed from a remote, foreign crisis into a real, existential threat, not just for Kenyan lives, but livelihoods.

In the absence of pandemic playbooks and any precedent in living memory, the first few days were trying, with countries, businesses and families, virtually flying blind.

The immediate challenge for Kenyan banks was to ensure a seamless cut-over in services from the pre to the post-pandemic period. The results of this Survey indicate that this was largely achieved across the sector, with a significant 92 percent of respondents acknowledging that the industry made an effort to maintain and improve service standards, despite the backdrop of COVID-19.

Equally important, banks had to re-orient and re-frame their customer offerings in line with the requirements of the new COVID-19 context or what has become known as the “new normal.” Investment in Digital Banking services across the sector was a game changer.

Besides making banking premises safe for customers, banks had to consciously encourage other, contactless forms of interaction, as much as possible. What had hitherto been touted as options became an absolute necessity. Most importantly, banks, under the leadership of the Central Bank of Kenya and the Kenya Bankers Association, instituted a number of measures to cushion customers against the adverse effects of the pandemic. These included restructuring of loans in excess of KSh1 trillion and removal of charges on transactions, besides heightening surveillance against fraud. To support the COVID-19 mitigation measures, the banking industry made both cash and in-kind contributions amounting to KSh1.8 billion to the Kenya COVID-19 Fund.



Nuru Mugambi, FKIB
*Director of Communications & Public Affairs,
Kenya Bankers Association*

We present the results of the Kenya Bankers Association (KBA) Customer Satisfaction Survey for 2020, a year that will, in strategic terms, remain a case study on how businesses can operate optimally in the face of a dynamic and unpredictable environment.

We thank the KBA Customer Service Working Group for steering the process, and all the 15,000 plus respondents for taking time to share their views. The results, on the whole, show that Kenyan banks did a commendable job in maintaining and improving their customer service antecedents, as measured by various variables, despite the disruptive and unprecedented COVID-19 effects, which are likely to manifest into 2021 and possibly 2022 (based on trends of past global pandemics).

I am pleased that this year, we included in the question set a segment on Persons with Disabilities (PWDs). This is significant, since real Financial Inclusion can only be achieved when Clients living with disabilities have independent access to banking services, on all available platforms.

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We release this report during the week that the world celebrates Dr. Martin Luther King Jnr. for his contribution to racial and economic equality. One of Dr. King's many quotes that I like is: "the time is always right to do what is right." And indeed, the time is right – albeit later than Clients with Disabilities (CWD) would have preferred – to relook at our financial practices and the clients' lived experience to ensure that dignity for PWDs is realized. This was the motivation behind a number of initiatives by KBA in the year 2020 to deepen Financial Inclusion -- in spite of COVID.

The PWD Pilot Project Report, launched by the CBK Governor on December 2, 2020, is one such initiative aimed at enhanced Financial Inclusion for CWDs. A partnership of three organizations - KBA, Financial Sector Deepening Trust-Kenya and non-profit InABLE - the project aims to have banks develop PWD Accessibility Roadmaps by the end of Q1, 2021. As such, COVID has opened a window of opportunity, a COVID Kairos, for the sector to further promote Financial Inclusion and enhance user experience for all.

Ahead of this milestone for the Kenyan banking industry, this Survey reports some level of success on PWD Accessibility front, already. Out of the three percent universe of respondents or 450 plus people who are living with a disability, a significant 81 percent were able to use banking services independently (unaided) while 19 percent needed assistance, denoting the fact that there is still work to be done to make banking services more accessible. The good news is, the journey has started and by the end of 2021, we expect to see even better results!

CONTENTS

I. Background	1
Banking in a COVID-19 Context	1
Methodology	2
Survey Demographics	2
II. Findings	4
Adoption of Digital Banking	4
Digital Banking is Size-Agnostic	5
Top Features	6
Multi-Banking Levels Among Customers	7
Adaptation to COVID-19 Impact	7
Channel Utilization	8
Channel Experience vs. Age	9
Channel Preference	9
Channel Preference vs. Age	10
COVID-19 Preparedness	10
Banking Service Accessibility for People with Disabilities (PWDs)	11
Responsiveness to Queries	11
Referral Rates	12
III. Summary	13
IV. Acknowledgement	13

01

BACKGROUND

Banking in a COVID-19 Context

The advent of COVID-19 has had a disruptive effect on how commerce is conducted globally, and by extension consumer experience. It has also adversely affected the performance of businesses, across all sectors. Banking in Kenya has not been spared the effects of the novel Coronavirus.

Kenya's experience with COVID-19 started in mid-March, 2020 when the country announced its first case. The Survey was conducted in the course of this year's edition of the globally celebrated Customer Service Week. It ran for eight weeks from August 21, 2020 to October 16, 2020.

To illustrate the gradient of ascendancy, Kenya recorded 22 new COVID cases on the first day of the Customer Service Week. On the last day of the celebration, the number of new cases were at 442, as the country grappled with a second wave of the virus. This, despite a series of measures by the Government to stem the tide: restrictions on travel and physical interaction and curfews and lockdowns in certain, heavily hit parts of the country. As at December 8, 2020, Kenya's caseload stood at 89,100, with recoveries at 69,839 and 1,545 unfortunately having lost their lives.

If there is something COVID-19 has demonstrated, it is the fact that a business' performance is intrinsically tied to that of its customers. No business can prosper while its clients are underperforming financially. While the epicenter of the pandemic were the businesses that traditionally rely on human interaction such as Manufacturing, Real Estate, Travel, Leisure, Hospitality, Tourism, Education and Entertainment, the aftershocks were felt far and wide, including in the banking sector.

With the unprecedented disruptions in business and supply chains, individual and corporate incomes took a direct hit. For the former, the pandemic brought in an unfamiliar era of job cuts, pay cuts and furloughs across most sectors of the Kenyan economy. Data from the Kenya National Bureau of Statistics (KNBS) shows that in the three months to June, when Kenya imposed a lockdown to check the rise in new COVID-19 infections, over 1.72 million workers lost their jobs.

On March 18, 2020, the Kenyan banking sector, through the Central Bank of Kenya (CBK) and in consultation with KBA, announced a raft of measures to cushion customers against the ravages of the pandemic. These included making bank branches safe from COVID-19, in line with Ministry of Health protocols for workspaces and business premises; relief on loan repayments; use of digital banking channels and heightened surveillance and awareness creation against fraud.

Over 1.72
million workers
lost their jobs

With the restrictions on physical interaction and travel, banks had to rethink their entire Customer Experience and Client Proposition. The branch as the focal point of interface between Customer and Bank lost its primacy as most transactions migrated to digital spaces: Mobile and Internet Banking. Banks had to reorient and re-adjust their systems in tandem with the demands of the new COVID-19 backdrop.

01 Methodology

Sampling

A simple random sampling technique was used in this Survey, with banks sharing the SurveyMonkey Survey tool link to their customers across channels to participate.

This sampling technique has several advantages, which improve the efficacy of its findings. It reduces the possibility of systematic errors and minimizes sampling biases. This approach also produces a better, representative sample and ensures that inferences drawn from the sample are generalizable to the entire population.

A historic total of 15,179 respondents, including 455 persons living with a disability (PWDs), drawn from all the 47 Counties that make up Kenya, participated in the Survey.

Data collection and analysis

The Survey was administered through *SurveyMonkey*. This is a proprietary online Survey tool with a unique URL that allows only one entry per respondent, further enhancing data integrity.

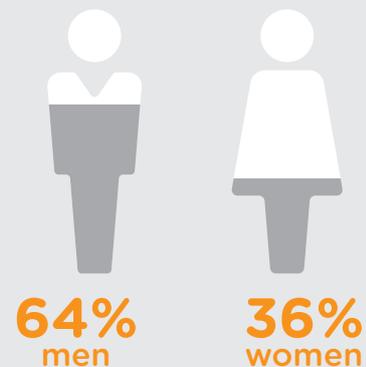
Both quantitative and qualitative techniques were used in the data collection through a structured questionnaire that was developed by the KBA Customer Service Working Group in consultation with the KBA Secretariat. Data collation, processing and analysis was done using various analysis software such as MS Excel and SPSS. Qualitative data was analyzed for relevant content such as the most recurring themes and the results presented in the form of graphs and tables.

02 Survey Demographics

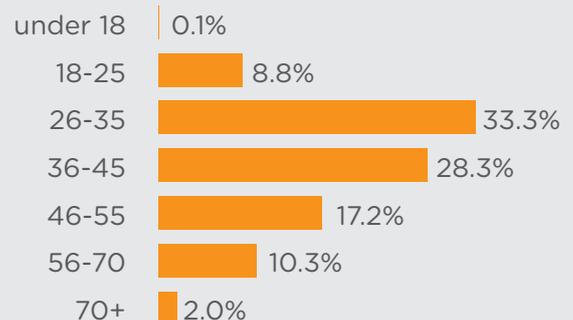
From the Survey data, 64 percent of the respondents were male while 36 percent were female. This implies that despite the efforts by the industry to reach a national audience with support from the KBA member banks, a disproportionately higher number of men participated in the survey, as compared to women. This is especially evident when one overlays this data with the extant gender ratio in Kenya's population, which, based on the last (2019) census by the Kenya National Bureau of Statistics (KNBS), is at 50.54 percent male and 49.68 percent female.

In terms of age data, the young and middle-aged population, between 26-45 years, accounted for the highest share of bank customers who participated in the Survey. This is attributable to the fact that they are the most active working population in both formal and self-employment. The male respondents dominated across all the age groups, compared to their female counterparts.

Gender Breakdown



Age Breakdown



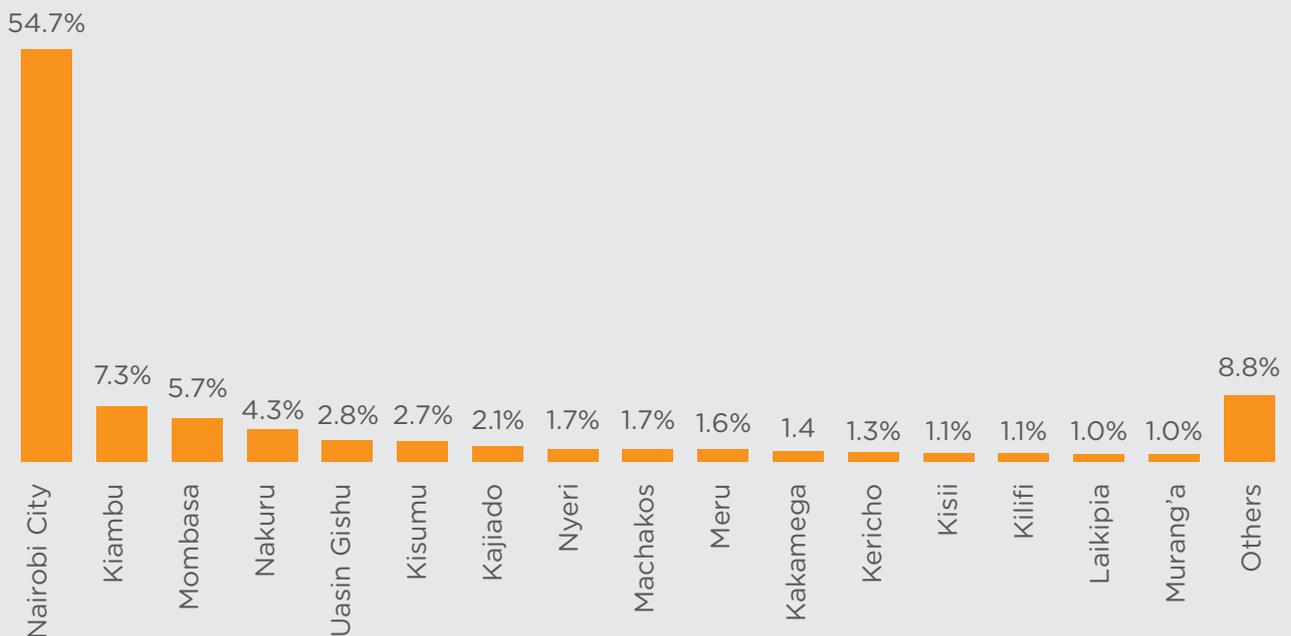
No. of respondents

15,179

As already indicated, participants in the Survey were drawn from all the 47 counties countrywide. More than half of the Survey respondents were from Nairobi County. This was largely due to the high banking penetration in the capital city and its wider metropolitan area, and its status as the country's economic hub.

Kiambu and Mombasa counties came in second and third, with a 7.3 percent and 5.7 percent share of the respondents, respectively. KBA therefore notes the need to work with the member banks to promote this Survey beyond urban centers.

Respondents Distribution



02

FINDINGS

01 Adoption of Digital Banking

A total of 13,774 respondents ranked the various banks based on the quality of their Digital Banking offering (Mobile and Internet Banking) and overall innovativeness in this realm. The results are as follows.

Performance in Digital Experience is Size-Agnostic

Best Overall



In overall terms, Standard Chartered Bank topped this ranking, denoting that it presents the best Digital Banking offering based on customer feedback. Some 88 percent of the respondents that ranked Standard Chartered first, indicated they prefer Mobile/Internet Banking as opposed to other channels of service delivery like ATMs (Automated Teller Machines), branch visits and others.

The findings of the Survey indicate that the adoption of digital banking is not hinged on size. While the top ranked bank is a Tier I bank, the second position was taken by Family Bank, a Tier II bank, ahead of a number of Tier I banks, with most respondents singling out its Mobile Banking solution as their preferred channel. Diamond Trust Bank (DTB), a Tier I bank, came out third overall.

02 Digital Banking - Tier Performance

Based on further analysis of the digital user experience, the report was able to segment the Tiers. At the Tier I level, Standard Chartered was once again top, followed by Diamond Trust Bank (DTB) and then Equity Bank. At the Tier II level, Family Bank was followed by EcoBank, while the third slot went to Prime Bank. Among Tier III banks, Credit Bank was ranked by the respondents as offering the best Digital Banking experience, followed by Sidian Bank and Bank of Africa, respectively.

Tier 1



Tier 2



Tier 3



03 Top Features

Most respondents indicated having had a good experience with Mobile Banking applications, singling out effective aesthetics. Some 73 percent of the respondents that mentioned feature characteristics cited **Convenience** and **Efficiency** as their main features of interest, with **Ease of Usage** and **Friendliness of User Interface** being the other critical factors.

Respondents also based their preference on **Security**, citing log-in security as a major feature that influenced their usage of these platforms.



Several respondents cited Convenience of transactions as a major factor influencing usage of digital platforms, which they itemized as limitless account access and ease of account management, among others. There was high positivity towards the digital experience, with several respondents citing linkage with M-PESA accounts as an influencer, especially the money transfer service from bank account to the mobile money wallet and vice versa.

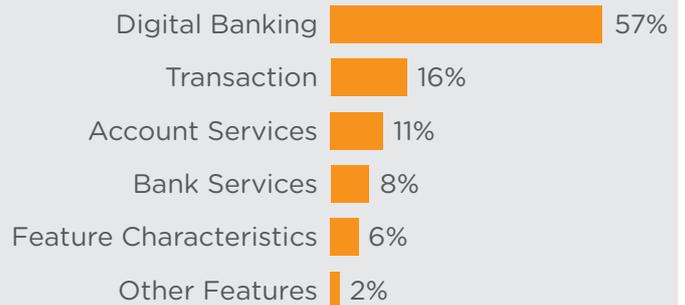
Features Preference

Customers surveyed decided on what Digital Banking solution to use, based on a number of factors. Most respondents mentioned the quality of Digital Banking

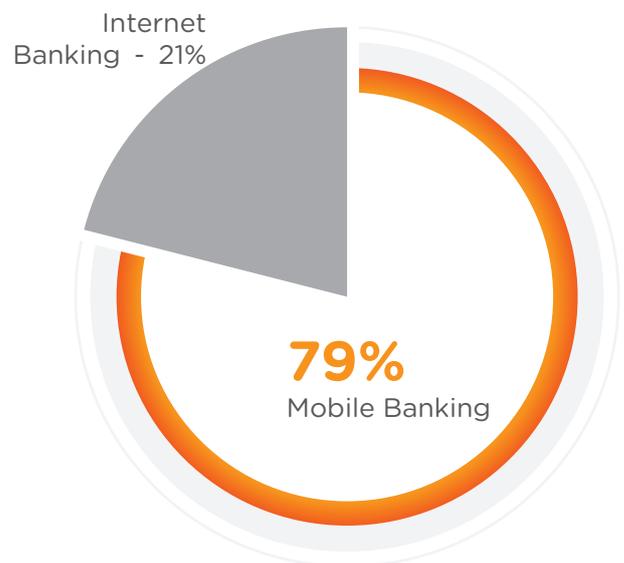
(57 percent), Transactions (16 percent), Account Services (11 percent), Bank Services (eight percent), Feature Characteristics (six percent) and Other Features (two percent)

An overwhelming majority of the respondents surveyed also voiced their preference for Mobile Banking (79 percent), as opposed to Internet Banking. This is most likely reflective of the high mobile penetration as opposed to internet penetration, in the Kenyan market.

Factors Determining Choice of Digital Banking Solution



Top Digital Banking Service Preference

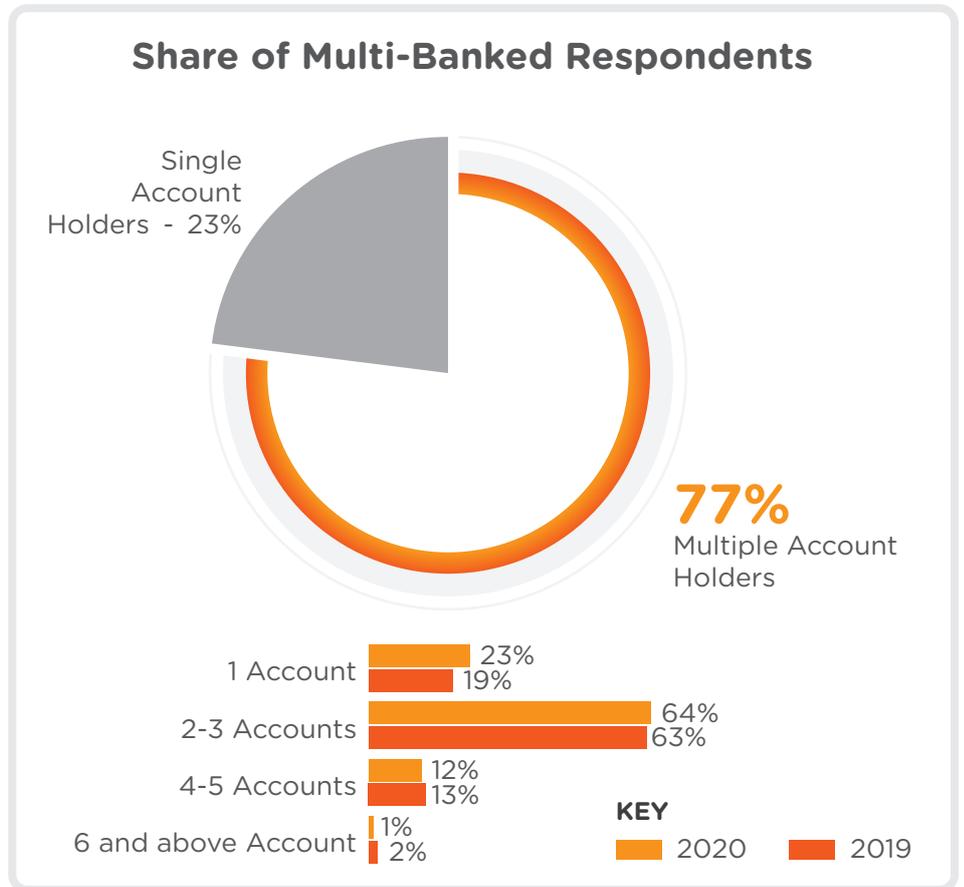


04 Multi-Banking Levels Among Customers

More than three out of every four respondents interviewed (77 percent) indicated that they have more than one bank account. This presents a growth in the multi-banked, compared to 63 percent in 2019.

Most of these multi-banked customers had between two to three bank accounts (64 percent), which is almost the same level recorded for a similar survey in 2019 (63 percent). Only 12 percent of the respondents had four to five bank accounts, compared to 13 percent in 2019.

This multi-banking trend was observed across most counties, with a majority of the respondents from 45 out of the 47 counties reporting more than one bank account.



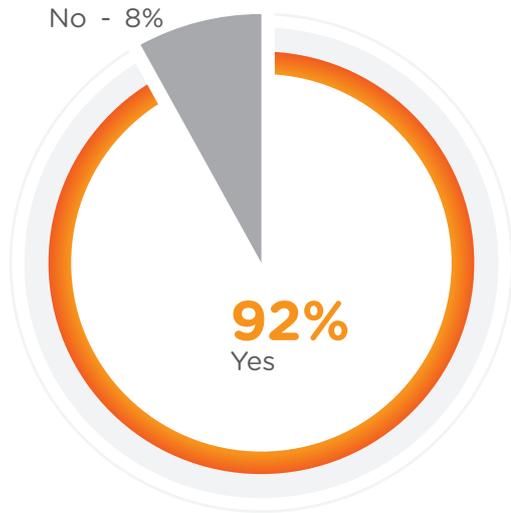
05 Adaptation to COVID-19 Impact

Following the outbreak of COVID-19 globally and in Kenya, banks have had to reorient their customer experience to meet their clients' heightened primary needs such as safety, security and convenience, against the backdrop of Government-imposed restrictions on travel and physical interaction.

While hitherto, Digital Banking channels were an option for accessing banking services, existing among others such as branch visits and ATMs, the pandemic has underlined their significance as the preferred, and for some customers, the only option.

Higher provisioning for a higher non-performing loans portfolio, triggered by job losses, pay cuts, furloughs and loss of business income as a result of the pandemic, has affected bank performance. Ditto restructuring of existing loans and removal of charges on some services, such as mobile money transactions below KSh1,000, in line with the industry's **Go Cashless** mantra.

Have banks made an effort to improve their service standards despite COVID-19?



IN 2020
92% OF
*customers appreciated efforts taken by banks in improving their service standards despite the advent of COVID-19; a significant improvement from **82.7%** IN 2019*

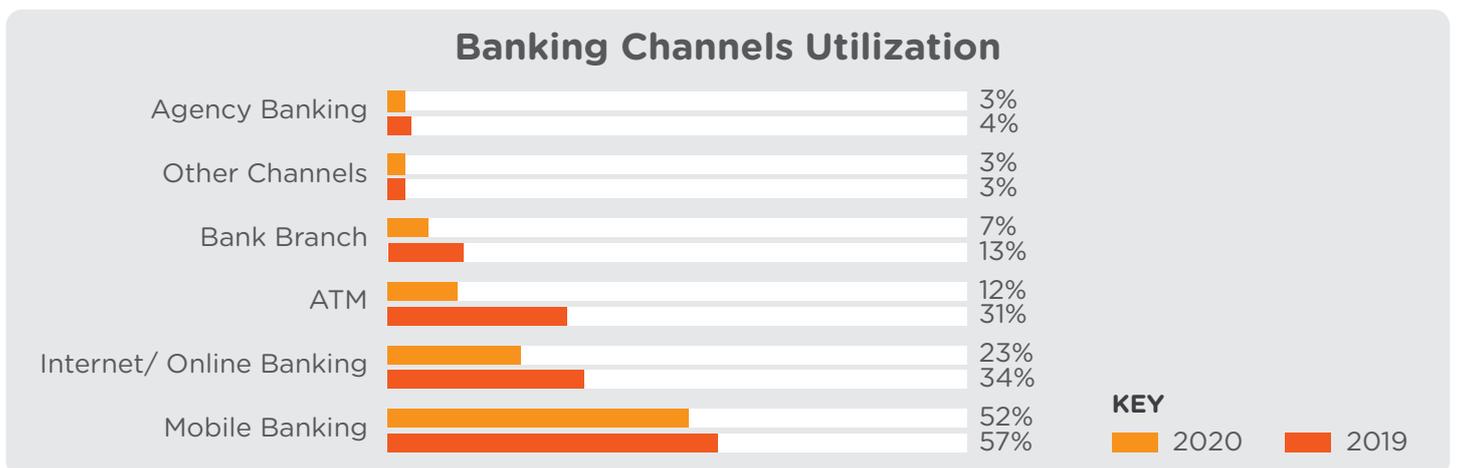
Customers have generally appreciated and endorsed these measures, with 92 percent of the respondents Surveyed indicating that banks have made an effort to maintain and improve their service standards, despite the advent of COVID-19. This is a significant improvement on the 82.7 percent of the respondents who, in 2019, agreed that banks had made an effort in improving their service standards.

This denotes validation and endorsement of the measures banks have taken to tweak their offerings and Customer Experience, especially given that this sentiment was achieved within a COVID-19 context.

06 Channel Utilization

Digital Banking channels (Mobile and Internet Banking) recorded the highest usage among customers, especially in the wake of COVID-19, as more Kenyans adopted contact-less banking solutions, to reduce the possibility of infection and comply with Government guidelines.

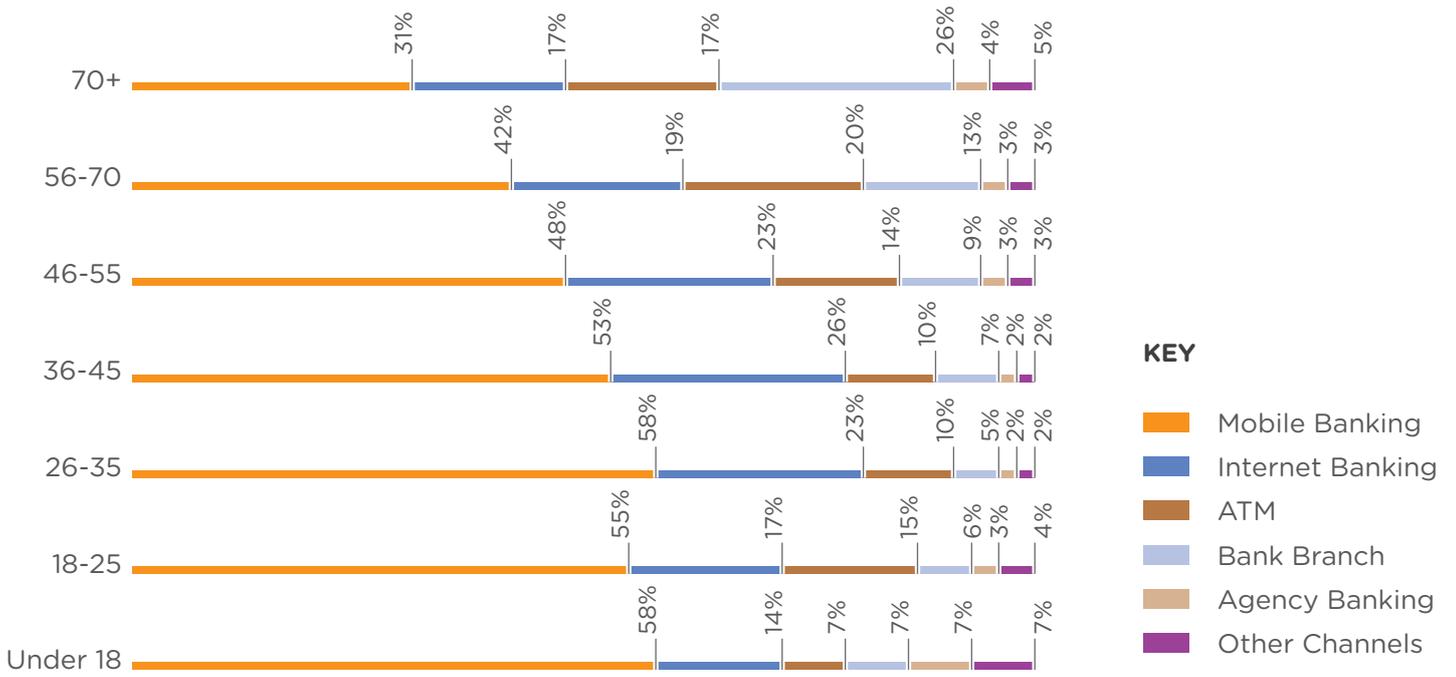
Utilization of Mobile Banking channels was at 52 percent, against 57 percent in 2019. Internet Banking utilization reached 23 percent, compared to 34 percent in 2019.



07 Channel Experience vs Age

Mobile Banking was the most preferred Digital Banking channel across all ages, especially among the younger age bracket of 18 to 35 years. Older customers, aged 56 years and above, have the highest share of ATM and Bank Branch users. In a separate study by KBA, PWDs also prefer the use of Bank Branches followed by ATMs.

Banking Channel Utilization by Age Group

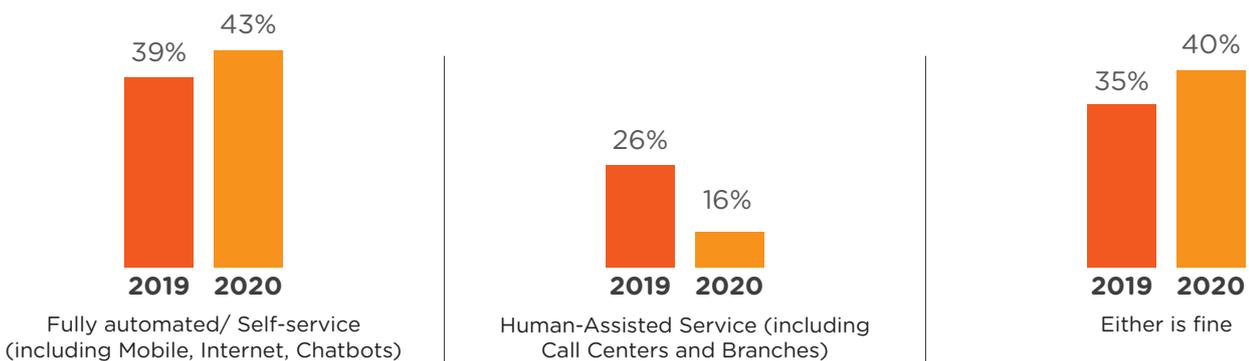


08 Channel Preference

The need for human interface in customer service was shown to have diminished significantly, but it was not fully discounted. Only 16 percent of the respondents reported the need to visit their bank branches or contact call centers.

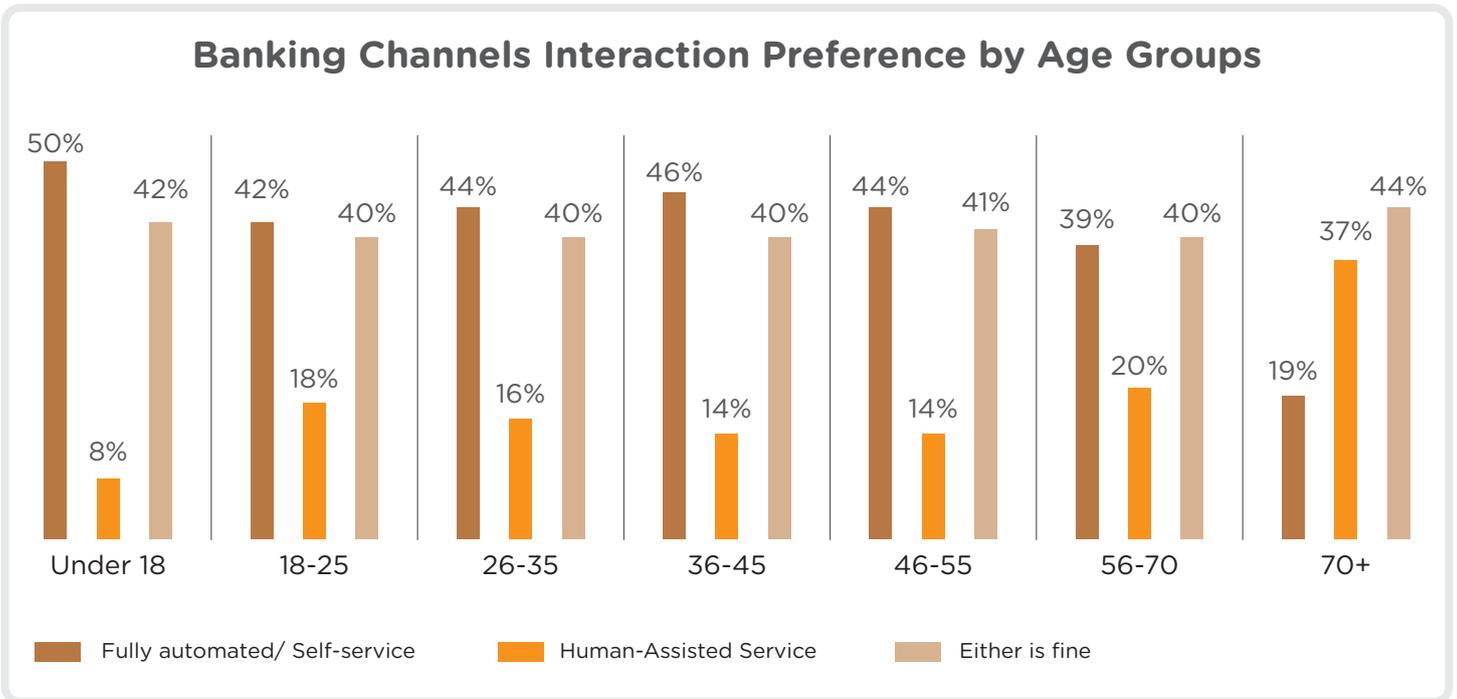
At least 43 percent of the respondents interviewed indicated that they prefer interacting with digital channels such as Mobile and Internet banking.

Mode of Interaction with Banking Services



09 Channel Preference vs. Age

Most age groups interviewed reported preference for automated services while interfacing with banks, with the exception of respondents above 70 years, who indicated their preference for human-assisted services to access banking solutions. Banks therefore will need to configure their user experience based on the demographics of their client base to enhance suitability of service delivery.

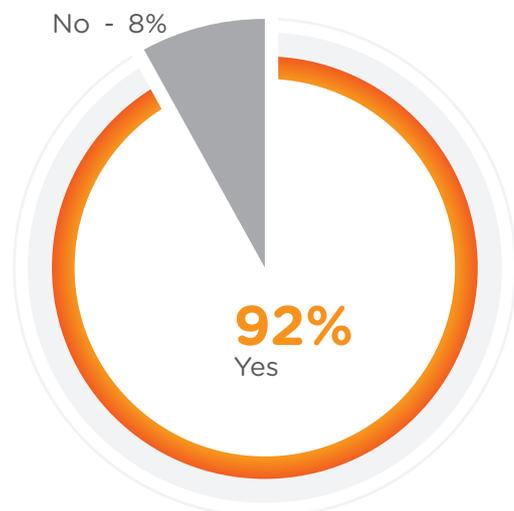


10 COVID-19 Preparedness

From the Survey, banks have complied with the Ministry of Health protocols on COVID-19, especially in their branches. Regular fumigation of banking halls, a work-from-home policy for non-essential staff and the provision of and insistence on the use of face masks for both employees and customers, are some of the measures that have been implemented by banks to curb the spread of the novel Coronavirus and minimize the risk of infection in their business premises.

A majority of the respondents (92 percent) expressed comfort with and confidence in the COVID-19 mitigation actions implemented by their respective banks. This implies a very high level of endorsement and validation among customers of the measures that banks through KBA have taken to ensure seamless and safe provision of services, in the wake of the COVID-19 pandemic.

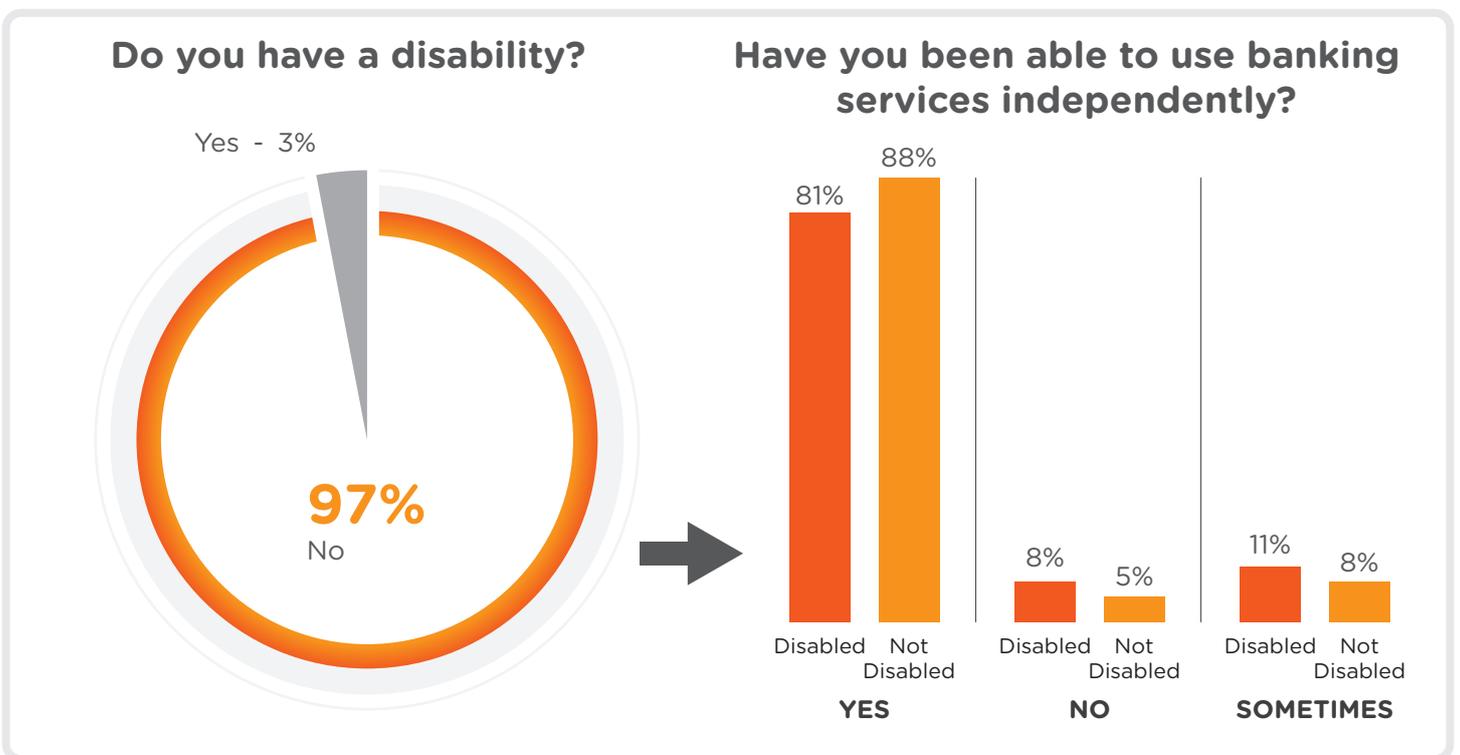
Do you feel comfortable transacting at your bank branch with regard to safety measures implemented in the wake of COVID-19?



11 Banking Service Accessibility for Persons with Disabilities (PWDs)

The ability of Persons with Disabilities (PWDs) to independently access banking services, in tandem with other customers, is a key measure of the quality of service being offered by banks. It is out of this realization that the banking industry is executing a number of initiatives to deepen Financial Inclusion among PWDs.

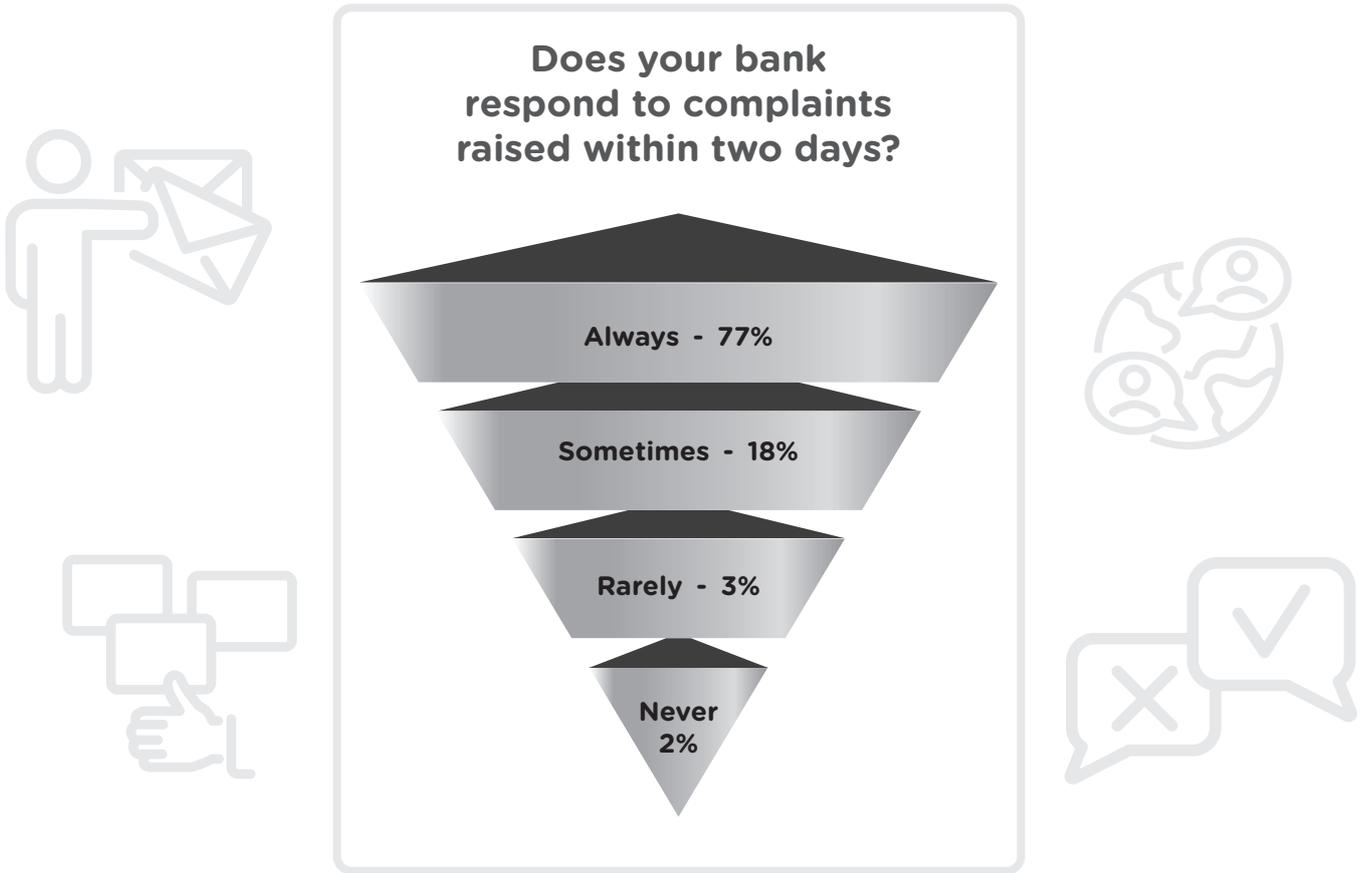
From the 2020 Customer Service Survey results, three percent of all the respondents or approximately 455 people were PWDs. Significantly, the PWD respondents were largely able to use banking services, independently (unaided), at 81 percent while 19 percent needed support. For the non-PWDs, the ratios were 88 percent and 13 percent, respectively.



12 Responsiveness to Queries

The ability to respond to customer queries expeditiously is a great measure of customer service, in an increasingly digitized and highly competitive industry.

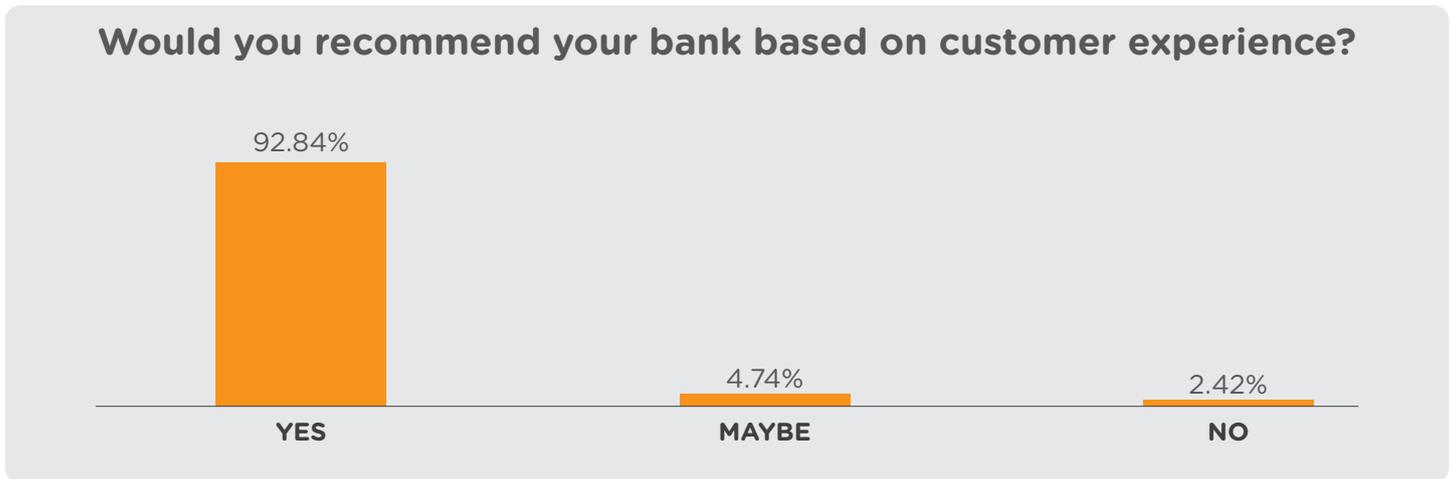
A majority of the respondents reported that their queries are addressed within two days of lodging the same. This shows that banks have entrenched a culture of responsiveness to customer queries and have formulated clear SLAs (Service Level Agreements), which they largely adhere to. Through the KBA Customer Service Working Group, the Association will undertake to promote training and capacity building within the industry to ensure optimal responsiveness.



13 Referral Rates

The highest form of endorsement and validation for any Customer Experience is the willingness by a client to recommend the same service to one’s social circle, as a pathway to conversion of new customers. It shows that the customer is not just a user of the service in question, but has graduated to the level of being an unofficial ambassador and influencer, sometimes unconsciously.

A significant 93 percent of the respondents indicated they would recommend their bank based on their customer experience. This is certainly a glowing endorsement of the efforts and investments banks have made to better serve the banking public.



03

SUMMARY

This report is unique in three ways. The first is that the survey upon which it is based was conducted at the height of the Coronavirus pandemic, which affected almost all sectors of the economy. Secondly, it features — for the first time — an analysis of how accessible bank services are to Persons With Disabilities (PWDs), building on the industry's ongoing efforts to promote financial inclusion for all. With more than 15,000 respondents, it is also the highest response rate to be achieved since the inaugural edition of the report in 2018.

In light of the COVID-19 pandemic, the banking industry was not spared from the challenges customer service teams across all sectors faced in realigning their solutions in the wake of an unprecedented business environment. As highlighted

in the report's findings, banks demonstrated resilience and ensured customers continued to receive excellent services. This resilience was largely supported by the timely deployment and shift to digital platforms (Mobile and Internet Banking) to ensure business continuity. The quick transition played a huge role in sustaining bank services and transactions despite the drastic COVID-19 containment measures imposed by the government.

As noted, the report features an important segment of the banking public: Persons With Disabilities. From the survey findings, three percent of the more than 15,000 respondents who provided feedback are Persons With Disabilities. Notably, 81 percent (three percent of the total sample) of banks' clients with disabilities were able to access services independently. The remaining 21 percent is a challenge to the industry to identify and resolve the challenges for full inclusion.

The increase in the number of respondents denotes increased desire by the banking public to participate in improving the services offered by the industry. The insights highlighted in this report and indeed previous editions will without doubt continue to inform service standards in line with the industry's mantra of Responsiveness.

04

ACKNOWLEDGEMENTS

The Kenya Bankers Association gratefully acknowledges the invaluable support provided by the KBA Customer Service Working Group in developing the research tool for the survey, and banks for sharing the survey link across their platforms. We would also like to thank the thousands of bank customers across the 47 Counties in the country who responded to the survey. We recognize the support received from the Consumer Grassroots Association in facilitating the participation of its members in the survey. The analysis and compilation of the report was led by Washington Akumu (Gravitas Outcomes - GO!), supported by Josea Kiplangat, Samuel Tiriongo and Hesborn Nyakundi from the KBA Secretariat.





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