



# Getting personal

**2019 Nigeria Banking Industry  
Customer Experience Survey**



2019

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# Contents

Foreword	03
About this research	04
The Six Pillars of experience excellence	06
State of play	08
The 2019 Customer Experience Leaders	09
Banking on loyalty	10
Getting personal	12
The golden rules of personalisation	14
Overcoming the data challenge	20
The insight ecosystem	21
Matching digital adoption and experience	22
Improving customer journeys	26
Activating the customer experience	28

# Foreword

**Banks have never been under such pressure to perform. While the Nigerian banking landscape has constantly been characterised by steep competition, the stakes have been raised even higher and performing well on customer experience is the new minimum standard. As the race for the customer intensifies, front-runners will be those who demonstrate an understanding of the customer’s specific circumstances to consistently deliver a personalised experience.**

Our 13th consecutive year of the Banking Industry Customer Experience Survey reveals that more than ever before, there is lower differentiation and lower satisfaction scores as the gap narrows between rated banks. This indicates a higher level of customer expectation than the experience being delivered.

A key approach to realise differentiation in a sea of homogenous players is through personalised experiences. As one of the Six Pillars of experience excellence, we see Personalisation as the most valuable component. Individualised attention makes customers feel valued and drives an emotional connection to the brand.

Our survey however reveals a lag in performance with Nigerian banks on Personalisation. In our report, we explore how Personalisation can be achieved amidst challenges with the use of data, machine learning and AI. Ultimately, banks must harness the customer data to deliver a personalised customer experience in order to build long-term loyalty.

We hope this report offers a better understanding of the Nigerian customer and provides fresh insights on delivering outstanding customer experiences.

To find out more about the information contained in this report, we encourage you to contact us.



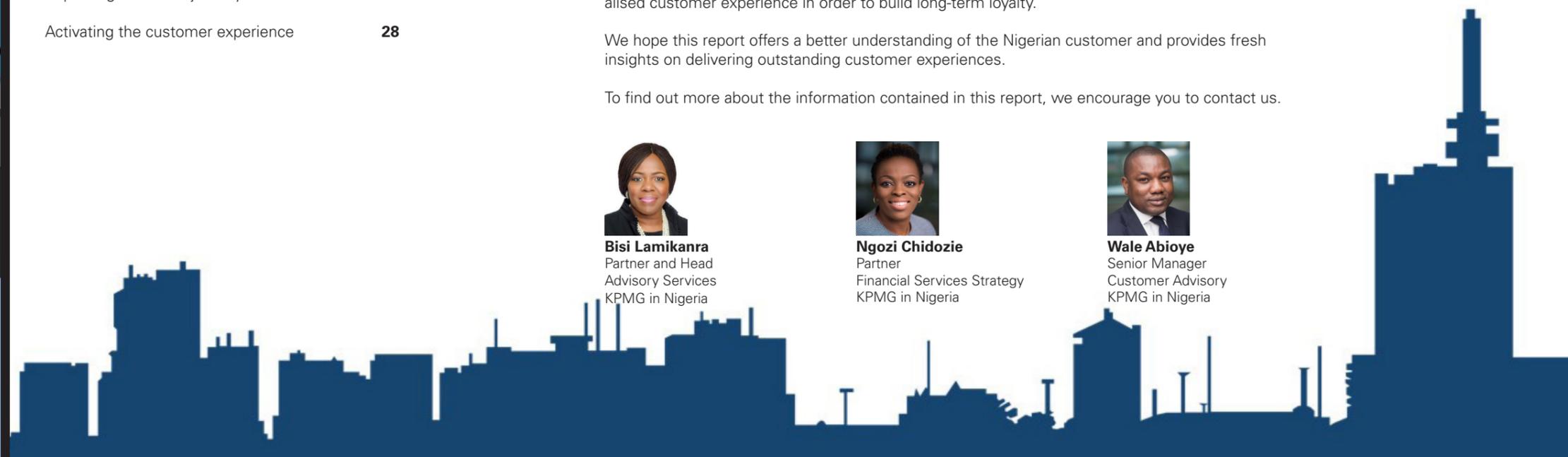
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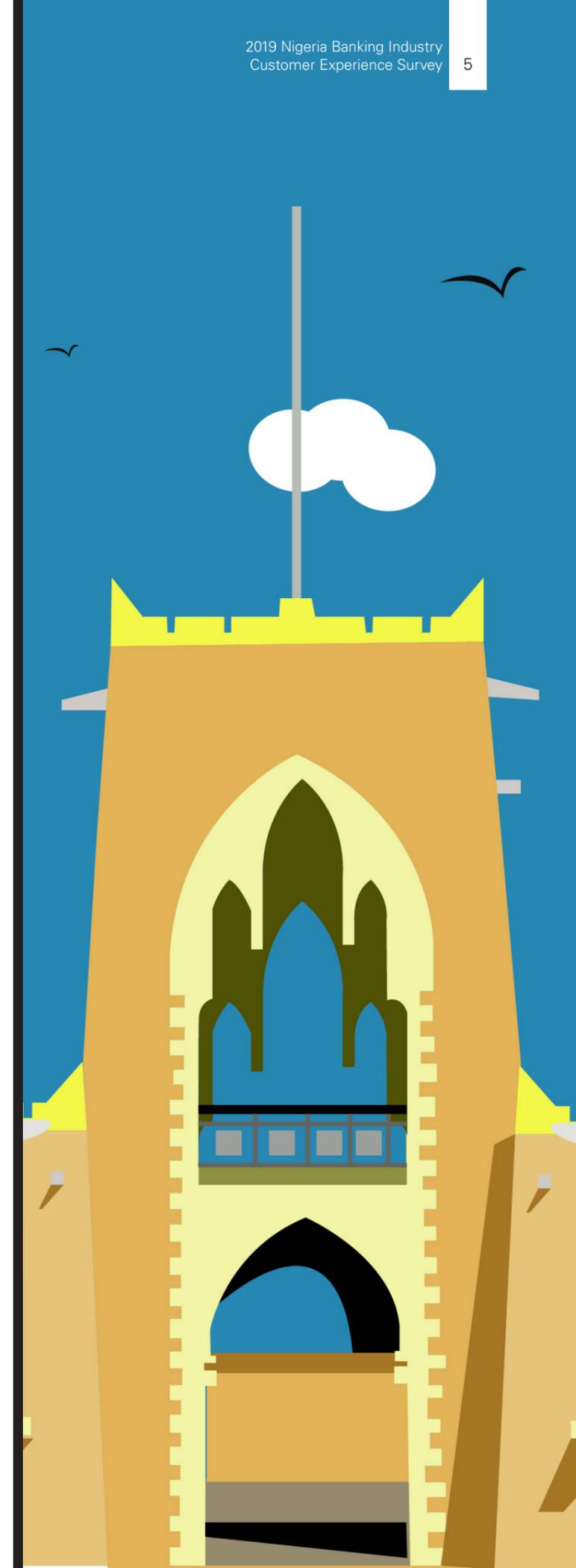
# About this research

**Since 2007, KPMG in Nigeria has been asking customers across segments about their individual experiences with their banks. Over this period, more than 200,000 customers have been interviewed across the country.**

The research for this 2019 report was collected via face-to-face and online survey methodology, completed across Q2 and Q3 2019.

The survey covered 25,466 retail customers, 3,045 SMEs and 369 commercial/corporate organisations.

To participate in the research and to be able to respond to questions on a specific bank, respondents must have interacted with that bank in the last six months.



# The Six Pillars of experience excellence

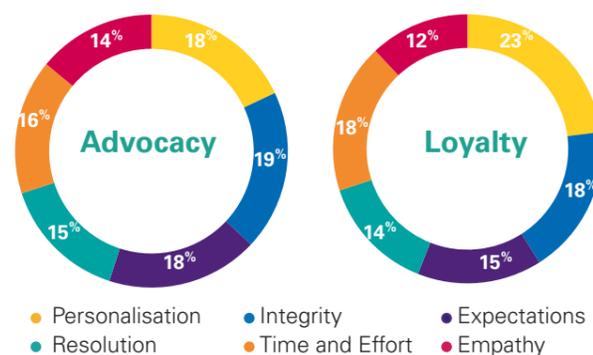
**A decade of research by the KPMG Customer Experience Excellence Centre has shown that every outstanding customer relationship has a universal set of qualities – they are The Six Pillars of experience excellence.**

Based on over 3 million detailed consumer evaluations, the Six Pillars have been validated in 20 markets and modelled against the commercial outcomes of retention and recommendation.

The Six Pillars are inextricably intertwined and, in combination, provide a powerful mechanism to help organisations understand how well their customer experience is delivered across channels, industries and company types. The leading firms demonstrate mastery of these pillars and are outstanding at all of them.

## Pillar impact on loyalty and advocacy

Each of the Six Pillars are weighted based on their statistical correlation to advocacy and customer loyalty. The below illustration highlights their respective links to commercial outcomes.



### Personalisation

**Using individualised attention to drive emotional connection.**

Personalisation is the most valuable component of most experiences. It involves demonstrating that you understand the customer's specific circumstances and will adapt the experience accordingly. Use of name, individualised attention, knowledge of preferences and past interactions all add up to an experience that feels personal.



### Integrity

**Being trustworthy and engendering trust.**

Integrity comes from consistent organisational behaviour that demonstrates trustworthiness. There are trust-building events where organisations have the need to publicly react to a difficult situation, and trust-building moments where individual actions by staff add up to create trust in the organisation as a whole. For all customers, it is the degree to which the organisation delivers on its promises that is consistently top of mind.



### Expectations

**Managing, meeting and exceeding customer expectations.**

Customers have expectations about how their needs will be met, and these are increasingly being set by the best brands they have encountered. Great organisations understand, deliver and – if appropriate – exceed expectations. Some are able to make statements of clear intent that set expectations ("never knowingly undersold") while others set the expectation accurately ("delivery in 48 hours") and then delight the customer when they exceed it.



### Resolution

**Turning a poor experience into a great one.**

Customer recovery is highly important. Even with the best processes and procedures, things will go wrong. Great companies have a process that not only puts the customer back in the position they should have been in as rapidly as possible, but also make the customer feel really good about the experience. A sincere apology and acting with urgency are two crucial elements of successful resolution.



### Time and Effort

**Minimising customer effort and creating frictionless processes.**

Customers are time-poor and increasingly looking for instant gratification. Removing unnecessary obstacles, impediments and bureaucracy to enable the customer to achieve their objectives quickly and easily have been shown to increase loyalty. Many companies are discovering how to use time as a source of competitive advantage. Equally, there are clear cost advantages to saving time, as long as the other pillars are not compromised.



### Empathy

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

Empathy is the emotional capacity to show you understand someone else's experience. Empathy-creating behaviours are central to establishing a strong relationship and involve reflecting back to the customer that you know how they feel, then going that one extra step because you understand how they feel.

# State of play

After the 2017 peak, we have now seen two years of decline in overall customer experience (CX) performance in the retail segment with nearly half of the rated banks falling below the industry average.

The top two performers have remained the same for the fourth consecutive year although GTBank replaces Zenith Bank as the top-rated bank in this year's rankings.

Sterling Bank, First Bank and UBA are the biggest movers this year - coming in 3rd, 5th and 7th places respectively. Only two banks recorded actual increases in their CX scores - reflecting higher customer expectations and the imperative to respond to rapidly evolving customer expectations.

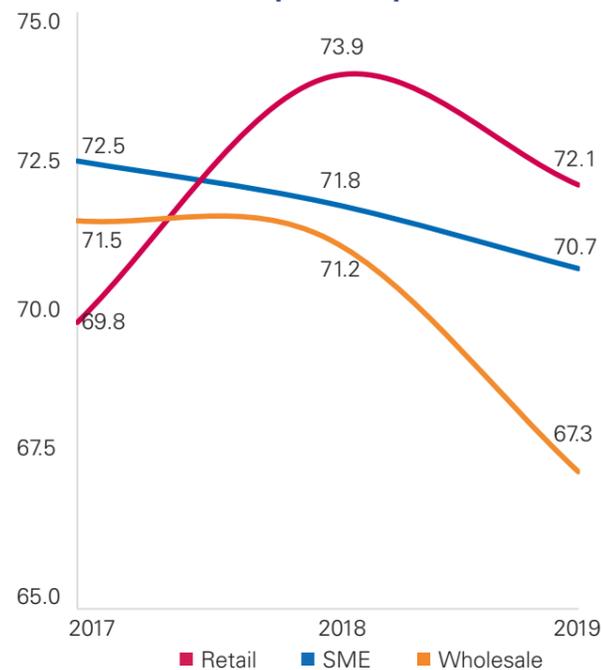
Analysis of performance in the SME segment reveals dynamism in this year's ranking. Despite lower levels of overall satisfaction for SMEs, Fidelity Bank and Ecobank make the greatest improvements with both banks moving up more than four places into the top five banks.

In the corporate segment, we also see a dip in overall CX scores compared to the previous year's performance. Citibank and GTBank maintain top spots from last year, with new entrants Standard Chartered and Access Bank making top five positions, at 3rd and 5th places respectively.

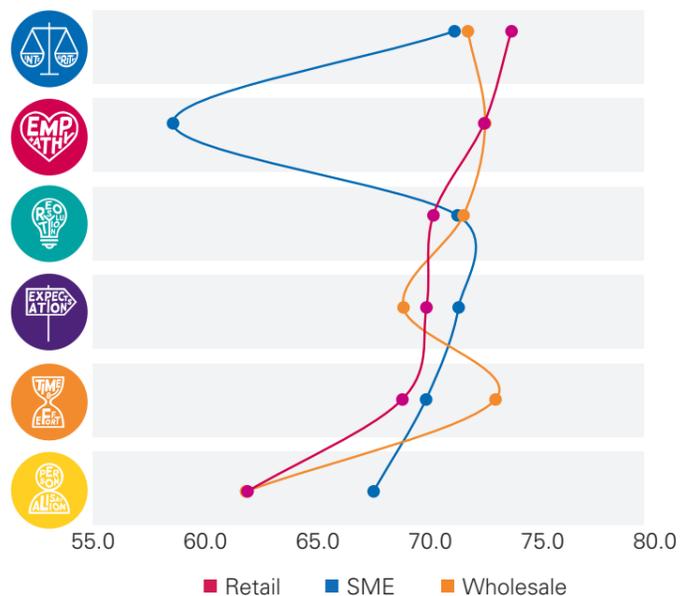
When assessed against the Six Pillars, integrity, defined as being trustworthy and engendering trust, is the Pillar where Nigerian banks perform the strongest. This is not unexpected given the role banks play in the lives of customers. Integrity is also fundamental to great customer experience - without it, the experience loses value. Personalisation, which is the bank's ability to use individualised attention to drive emotional connection with the customer, lags other pillars and we discuss this further in the document.

Ultimately, as more banks progress towards an average score, less differentiation is noted amongst them by customers. Performing well is the new minimum standard required and adapting to changing expectations is critical to success.

## Overall customer experience performance



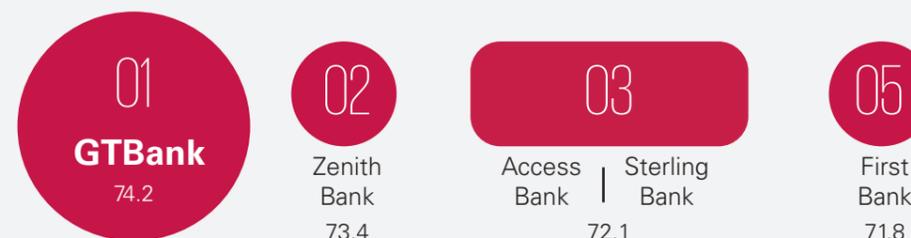
## Six Pillars performance across segments



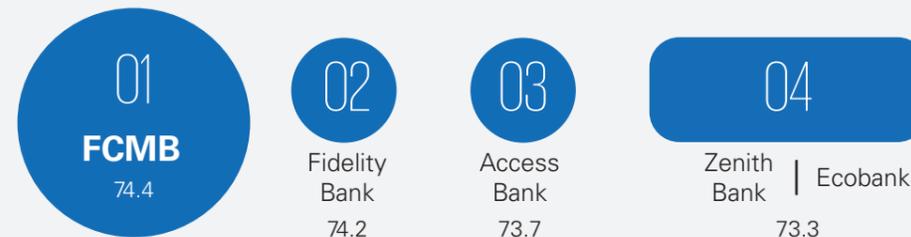
Source: 2019 KPMG Nigeria Banking Industry Customer Experience Survey

# The 2019 Customer Experience Leaders

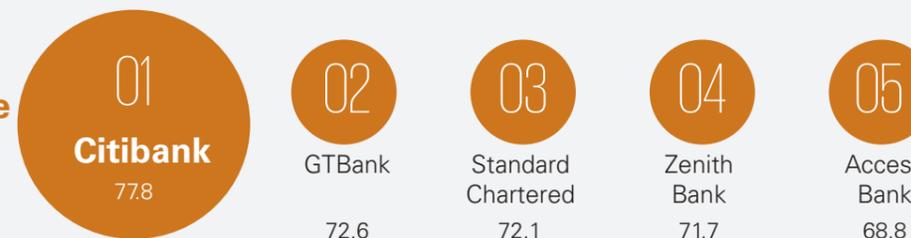
## Retail



## SME



## Wholesale



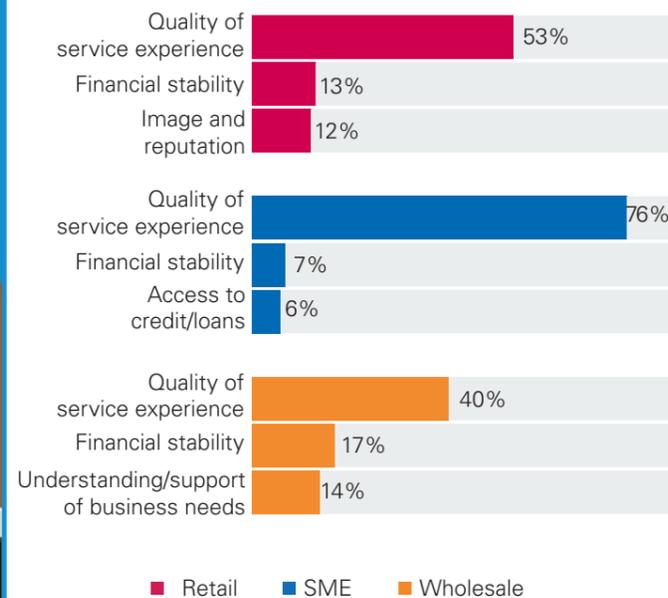
# Banking on loyalty

It is now more than 5 years since financial stability was the dominant reason for choosing banking relationships. 53% of retail banking customers today say they choose to maintain their banking relationships because of the quality of customer experience. Today's customers are more informed and know what great experiences feel like, often judging their experiences across industries. They are no longer comparing banks with their peers but rather against their best experiences regardless of the industry. Customers compare their banking mobile apps to the gaming or shopping apps on their smartphones.

Nigerian banks still enjoy high levels of trust; for the leaders in this year's research, only about 3% of their retail banking customers say they want to switch their main bank relationships. This is in comparison to an industry average of 6%.

Nevertheless, there is a growing trend of customers using services from a wide array of providers while keeping their main bank relationships.

### Top three reasons for maintaining banking relationships



Source: 2019 KPMG Nigeria Banking Industry Customer Experience Survey

Alternative lending<sup>1</sup> in Nigeria has grown significantly in the past few years in response to the country's low credit penetration (domestic credit to private sector as a percentage of GDP is estimated at 11%)<sup>2</sup>. More customers are also bypassing traditional banks to carry out payments transactions (such as peer to peer funds transfer and bill payments) with fintechs who at times offer lower pricing and better user experience. In the last 18 months, the size of investments in Nigerian fintechs has also risen remarkably - Opay and PalmPay, two prominent fintechs, have jointly received over \$200 million in funding; Paystack, Flutterwave and Branch have all received funding from global payments giants.

The implication is that banks must continue to do more to retain the loyalty of their customers across all segments.

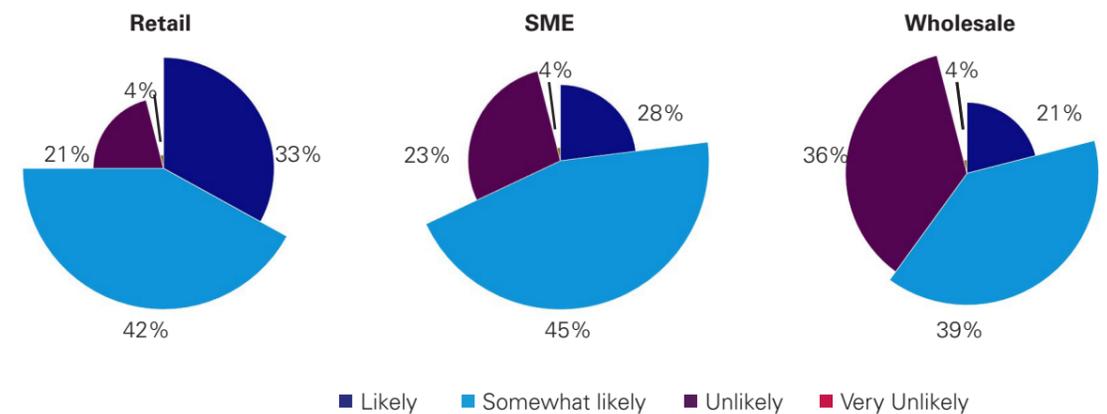
While many banks understand the need to build and maintain a steady and loyal customer base, few do this successfully. One-dimensional programmes such as

save-and-win promotions with predictable outcomes and points that are difficult to redeem only leave customers disinterested and unsatisfied meaning the loyalty programme could drive more cost than benefit.

In order to build long-term loyalty, banks must go beyond simple rewards to deliver a personalised customer experience aligned to customer value. Loyalty programmes need to work as a tool that allows banks to manage and reward customers as part of an ongoing relationship with the customer at the centre.

This requires banks to harness their customer data to deliver a personalised loyalty experience that is seamlessly accessed across channels, offers clear progression opportunities and allows tangible redemption opportunities for customers.

### Q. How likely are you to recommend your bank to others?



Source: 2019 KPMG Nigeria Banking Industry Customer Experience Survey

<sup>1</sup> Alternative lending refers to lending that takes place outside traditional bank loans which may include marketplace lending, peer to peer lending amongst others.  
<sup>2</sup> The World Bank, 2018

# Getting personal

In today's consumer-driven world where supply outstrips demand and experience-minded millennials are an increasingly important consumer group, personalisation has become an essential part of customer experience and is a key driver of customer loyalty. Understanding how to make this emotional connection to the customer is a crucial customer experience capability.

Personalisation demonstrates to customers that you understand their specific needs and circumstances and that you will adapt the experience accordingly. Using a customer's name, providing individualised attention, demonstrating a knowledge of their preferences and awareness of their past interactions all add up to a highly-personal experience. And this makes customers feel important and valued which, in turn, allows them to build an emotional connection.

Personalisation currently lags other pillars with Nigerian banks and this is where we also see the least differentiation between leaders and the lower ranked banks. Only 5 percentage points separates the highest ranked bank from the lowest compared to 9 percentage points on the Expectations pillar. A recent survey<sup>1</sup> conducted by KPMG in Nigeria suggests CEOs also recognise the challenge. Seventy-two percent of Nigerian CEOs said that improving their understanding of their customers is an improvement area. This lack of understanding appears to underpin the belief of almost 4 in 10 Nigerian CEOs that their investments to personalise their customers' experience have not delivered the expected growth benefits.

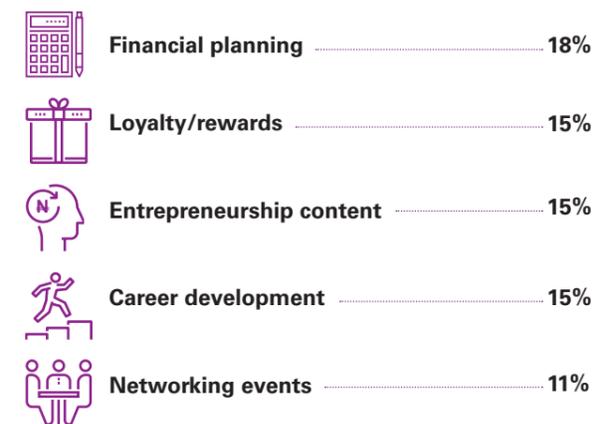
Yet, banks have a unique opportunity compared to other service providers in other industries given the data they have on each customer arising from many financial transactions. The data not only offers insight into financial value but also the behaviours and habits of customers which is a platform to enhance the quality of customer engagement.

Technology is significantly shaping the relationship between customers and organisations, not in the least, banks. For customers, there is a shifting expectation in the role of banks – not just as custodians of money but rather of financial wellbeing. 'Partnership' and 'value' are some of the key words we heard from businesses and individuals alike when discussing their relationships with banks. Customer focus on value from their banking relationships is a continuing trend given the shape of the economic landscape over the last few years. Double-digit inflation and rising consumer goods prices mean that customers remain conscious of their finances.

For banks, the focus going forward has to be on helping the customer to make the most of their finances, putting them in greater control of their financial wellbeing through information that is relevant, accurate and timely via reliable tools.

Personalisation is key to the delivery and realisation of value; value itself must be understood within the context of each customer's relationship with the bank. A starting point is to achieve a better understanding of customers within the retail and business segments. Traditional segmentation approaches - relying on only a few financial variables such as income or account turnover - no longer suffice; neither will categorising customers solely on demographic parameters such as age and gender. Even within the same segments, customers demonstrate vastly different behaviours. These linear approaches easily present deficiencies particularly with more affluent and younger customers who crave higher levels of personalisation that they are used to from other sectors particularly hospitality and airlines.

## Most important value-added services (Retail)



Source: 2019 KPMG Nigeria Banking Industry Customer Experience Survey

<sup>1</sup> 2019 KPMG Nigeria CEO Outlook



# The golden rules of personalisation



## Greet me

Make sure the customer feels welcome. A great start to a personalised experience is a smiling staff member welcoming the customer, willing to engage and help when necessary.



## Recognise our history together

Ensure a returning customer feels recognised and valued by showing you remember the history you share.



## Surprise me with something relevant

Offer the customer small kindnesses and/or unexpected gifts that key into their unique situation.



## Understand my needs and circumstances

Ask the right questions to make sure you understand the customer's need. By training your staff to give the right emotional response when it is needed, they'll be able to reflect on the customer's personal circumstances.



## Show me you know me

This is where technology can come in very handy. Use customers' names and other personal information stored in customer accounts to show you know them and recognise them, especially across channels.



## Make me competent

Make customers feel in control and empower them to make informed choices. At Apple Store they know how to make their customers feel important. Customers are greeted as soon as they walk into the store; staff show you around and answer all of your questions; they make it clear that they are only there to help you find the best suitable product. And then they walk to you to the door to make sure the experience ends as well as it started.



## Individualise what you do

Amazon is famous for its recommendation engine, which Jeff Bezos describes as a soulmate – "someone who seems to know you better than you know yourself". Amazon's webpages are specifically tailored for you, based on your preferences, and no one sees the exact same pages.

## The Five Mys

Through a multi-dimensional lens called The Five Mys, organisations can gain insights that navigate the complexity of consumer decision making. Each of the Five Mys in isolation tell only part of the story: together they can help provide companies with a clear picture of the collective influences on today's consumer and how those affect decisions, preferences, choices and spending.



### My motivation

Show me that you understand me, what drives me, what motivates me.

#### Business impacts

Knowing what customers really value in an experience and what's setting the benchmark can help eliminate wasted efforts and focus on the ones that make a difference.



### My attention

Break through the noise to build a relationship with me.

#### Business impacts

Knowing how to get customers' attention can help target investment at the moments that matter, maximising return on investment.



### My connection

Recognise how I interact digitally with others and help me off-load jobs to technology.

#### Business impacts

Getting smarter about customers through their connections contextualises big data and generates actionable insights.



### My watch

Help me balance the constraints of time and make the most of this resource.

#### Business impacts

Identifying the pockets before pivotal life events yields new opportunities to build customer loyalty and stickiness.



### My wallet

Understand how I make trade-offs between time and money.

#### Business impacts

Understanding the trade-offs customers make between time and money can identify the best future customers and expectations.

## Customer profiles and personas

Our research reveals different shades of customers with different needs, behaviours and underlying motivations described as personas. Personas are representative of various segments of your customer base and contain in-depth information such as demographics, values, motivations, influences, average income etc. This information is used to support customer targeting, engagement, proposition design and development. Some of these personas are shared in this report highlighting the need for a markedly different approach to engaging them.



### Sade, 63 year-old Philanthropist

Sade is a retired professor, accomplished author and publicly-recognised humanitarian. Born into an influential family, she is on the board of several organisations.

She currently participates in and funds a number of charity events as a way of giving back to the society. A number of years ago, she co-founded a non-profit organisation focused on gender equality and education. With her involvement in various impact initiatives, she hopes to leave a lasting legacy for her two daughters.

As she has grown older, she worries about her health. She has experienced a few health scares which required medical attention. Following her doctor's advice, she has become very disciplined with her diet and exercise.

Possible role of her bank:



#### Relevant

As she strives to maintain a healthy diet, her bank recommends healthy food restaurants through push notifications based on her spend history.



#### Personalised

Her bank is well informed about her interest in funding charity initiatives. Based on this knowledge about Sade and people like her, the bank organised a private network of philanthropists to facilitate donations and grants to various selected beneficiaries. She receives a special invitation to join and opts in to become a member.



#### Predictive

With a diversified portfolio of investments, her bank provides her with up-to-date financial news and analysis at-a-glance tailored to her investment needs. Using her product history of investments and loans, she has access to a dashboard which automatically evaluates potential market risks and predicts projected returns of financial products most suitable to her risk appetite.



### Ebuka, 38 year-old Entrepreneur

Ebuka started a bakery business five years ago and currently has an outlet in Enugu. He has gradually built a well-known brand in parts of the city and plans to further expand the business. He earns enough income to provide for his young family and invests the rest into building his own home.

He is constantly thinking of how to continuously grow his business. When he is not working, he spends time playing games with his sons and having conversations with his wife.

Although he is quite conservative about making risky investments with high returns, he knows he needs much more money to achieve his business expansion plans. As he keeps a keen eye on his business financials, he strives to maintain contact with people in his network as a way to stay connected to potential opportunities.

Possible role of his bank:



#### Relevant

Ebuka is part of his bank's SME community and is able to network with other businesses as well as connect to suppliers and distributors. He also receives business advice from his account manager and is happy to receive tips on how to improve experience and loyalty of his customers.



#### Personalised

He processes all customer payments through his bank. Reporting is easier for him as the bank's platform generates weekly reports on how much he's received and how much has been spent. The bank also analyses his customer payments and lets him know who his frequent customers are.



#### Predictive

Based on his transaction history, he relies on the bank to forecast his cashflow using AI. He is able to see when his property rent is due, when he needs to pay his staff, when he needs to buy new equipment and the impact of these payments on the cashflow of his business.



**Ahmed, 32 year-old Apprentice**

Ahmed is an apprentice mechanic who is understudying the lead mechanic at a local workshop. In a few years, he plans to complete his apprenticeship and move to an established workshop so he can have more money to provide for his elderly parents and younger siblings.

When he is not at the workshop, he spends time with his friends at a local bar to watch his favourite football club.

He is currently in a relationship and desires to get married as soon as he can afford to pay for a wedding. As a way to earn more money, he makes weekly bets at the local lottery house and hopes to win big some day. Due to his meagre income and numerous cash demands, he struggles to save.

Possible role of his bank:



**Relevant**

Through his bank's mobile wallet, he has access to social savings funds where his friends and well-off family members contribute to his savings goal for his wedding. The bank sends him weekly SMS on the progress of his set goals.



**Personalised**

He receives micro loans from his bank and authorises his monthly loan repayments to be deducted from his airtime balances when he is unable to repay when due. This allows him to provide for his immediate financial needs and meet up with his family obligations.



**Predictive**

An offline push notification on his phone informs him of his insufficient funds to pay for upcoming rent due for the apartment he shares with his three brothers. Short on cash, he takes a quick loan at affordable rate and with a convenient repayment plan through the bank's USSD shortcode.



**Itoro, 25 year-old Professional**

Itoro works in a financial institution as a business analyst. She was always at the top of her class in school and is very ambitious. Starting her professional career at a young age, she already has plans to start her own business by age 35. Her family and friendships are important to her but at this stage of her life, she places her personal success and career growth as the utmost priority. When she is not working, she stays home to catch up on her favourite television shows.

Although she enjoys going out, she experiences difficulties in moving around as she does not own a car. She relies on her brother or a friend to drive her to places and takes public transportation or hails a cab when no one is available. She is considering buying a car and is saving towards making this purchase as soon as she can afford it.

Possible role of her bank:



**Relevant**

She prefers to contact her bank virtually and avoids visits to the branch except when absolutely necessary. As she considers buying a car, she has a chat with the AI enabled virtual assistant to know her financing options. She knows she can get a loan through the chat if she's interested.



**Personalised**

To maintain her savings habit, she uses her bank's personal financial management tool to track her savings and expenses effortlessly. Once she surpasses her monthly spending limit, she is immediately notified so she can make adjustments.



**Predictive**

She sees pop-up alerts on the banking app a few weeks ahead to remind her of upcoming payments for her video subscriptions and her monthly family contributions on the banking app.

# Overcoming the data challenge

The ability to deliver personalised interactions, anticipate customer needs and adapt propositions is founded on the use of data, machine learning and AI to unearth the customer's needs before they ask for it. This provides the capabilities to go beyond basic financial services to truly enabling customers to do more than banking.

As seen with rapid rise of fintechs providing lending services over the last few years, customers are willing to share data with financial services providers if they are confident they will get value at the other end. As the banking industry becomes even more competitive, especially with the entry of new players, organisations that will win will be those that use data, as a strategic advantage, to provide value.

The underlying data that supports this can originate from within the bank or even third-party sources. Incomplete or inaccurate data is a common challenge that many Nigerian banks (and indeed global banks) face but this, too often, is permitted to be an excuse for inaction. Some of the leaders in this survey are beginning to take action and customers are recognising the initial signs of banks' use of analytics for example, in the form of targeted loan offers.

## Identify use cases and start

Banks already sit on large data sets and attempting to generate insights from ambitious big data projects can be slow and laborious. Simple use cases such as churn determination can provide early success and demonstrate the value of data to the business.

## Be agile

By starting with smaller data sets approached in an agile manner and with realistic reliability expectations, banks can quickly get to actionable insights which can subsequently be scaled. Using an agile approach, analytics teams take a hypothesis-driven approach, develop and test the model, review the results and test again until satisfactory results are achieved.

## Embed the use of data

The value of data and analytics is beyond the investment in tools and creation of models. It must drive day-to-day activities. Business teams should be positioned and encouraged to drive the selection of use cases and continually provide feedback on value to analytics teams.

## Continue to improve the quality of data

Data cleansing and refinement should remain an ongoing exercise but underpinned by well articulated and communicated data governance practices to improve the reliability and accuracy of analytics results.

# The insight ecosystem

**The most successful organisations proactively respond to and shape customer needs by using research, data and analytics to drive customer-centric decision-making across the entire business.**

The insight ecosystem captures the multiple elements that play a role in compiling, managing and activating insight. It illustrates the role of the insight department: increasingly as the facilitators of the insight into action process. In its totality, the insight ecosystem is a best practice set of structures, people and processes that translate empirical evidence into economic success.

The insight ecosystem is a logically designed set of connections and standards integrating each component in the insight value chain to meet stakeholder needs. In combination, it provides the orchestrated management of data, action and outcomes to address the challenges insights team often face.

The insight ecosystem operates on three levels:

**Integrates data:** Curating and organising data around defined business requirements.

This includes acquiring insights from internal and external sources, including traditional research, (e.g. feedback, surveys etc) and digital sources (behavioural, social, operational etc.) This describes how data is organised and stored in a consolidated way, combined to meet business requirements and efficiently accessed.

**Incites action:** Using prescriptive analytics and business understanding to focus activities.

The methodologies, analytical techniques and frameworks that are employed to guide the business to the right actions. Swelling stockpiles of data, advanced analytics and intelligent algorithms are providing organisations with powerful new inputs and methods for making all manner of decisions.

**Ignites growth:** A culture and environment where insights are used to guide activity.

From the right governance, through to 'closing the loop' operationally, to how change portfolios are strategically managed around customer requirements. This describes the organisational commitment to using insights in the right way.

## Tomorrow's insight driven organisations

Organisations will need to be able to manage and react to customer insight in real time, which requires new, more agile operating models. It requires insight departments that manage the insight ecosystem and the deployment of insight across the organisation and a new breed of insight professional: more extroverted, more challenging and more consultative.

The new technologies such as voice to text, real time sentiment analysis and intention prediction will demand a constant stream of customer data which needs to be organised, made sense of and acted upon.

Increasingly, the unit of analysis and the vehicle for implementation of insight-driven contact will be the customer journey. Firms will have to learn how to manage and utilise the insight generated and consumed by these innovations across the customer journey.

# Matching digital adoption and experience

ATM, USSD and mobile banking are the most frequently used channels by retail customers. USSD adoption increased to 67% from 59% in the previous year – the biggest rise by any channel. Internet banking is also becoming less popular as more customers rely on mobile based services. USSD penetration is particularly high outside the commercial hubs with six in ten customers in Sokoto, Jos and Akure amongst others reporting weekly usage. The dominant activity carried out via USSD is airtime purchase – 45% of customers say they use this channel compared to 18% of customers who use mobile banking for the same activity. Nigeria, with over 180 million active mobile lines and over 65 million broadband subscriptions<sup>1</sup>, should continue to see a rise in digital banking penetration.

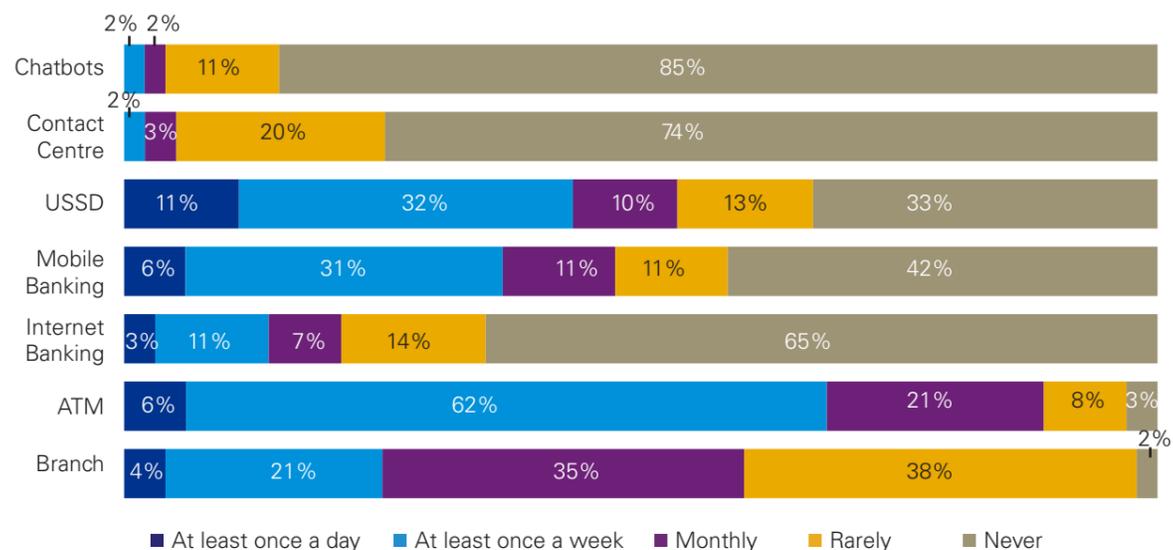
of the three highest CX scores which may reflect the heavy focus on younger customers and digital services over the last few years. Both groups are predominantly mobile users with very low and infrequent branch and internet banking usage. They are also least likely to use the contact centre as they are very sensitive to services that use their airtime or data.

Despite the similarities, it is important to distinguish Gen Z from Millennials; Gen Z is the first generation to be born into an era of smartphones and are considered as true digital natives because they have never experienced a time without digital technology. As this group enters the workforce over the next decade and become more significant economically, banks will need to pay more attention to their purchasing power and very strong opinions not just of banking services but the wider world around them. Of the customers who say they complain via social media, this group represents almost 40%.

The branch remains very relevant for many customers even amongst millennials and Gen Z customers. In a recent KPMG survey of young professionals, 40% say they will still use a branch in the future particularly for interactions such as complaints.

Millennials and Gen Z constitute about 40% of Nigeria's population and are by far the most active bank users. Despite their high expectations, these two groups had two

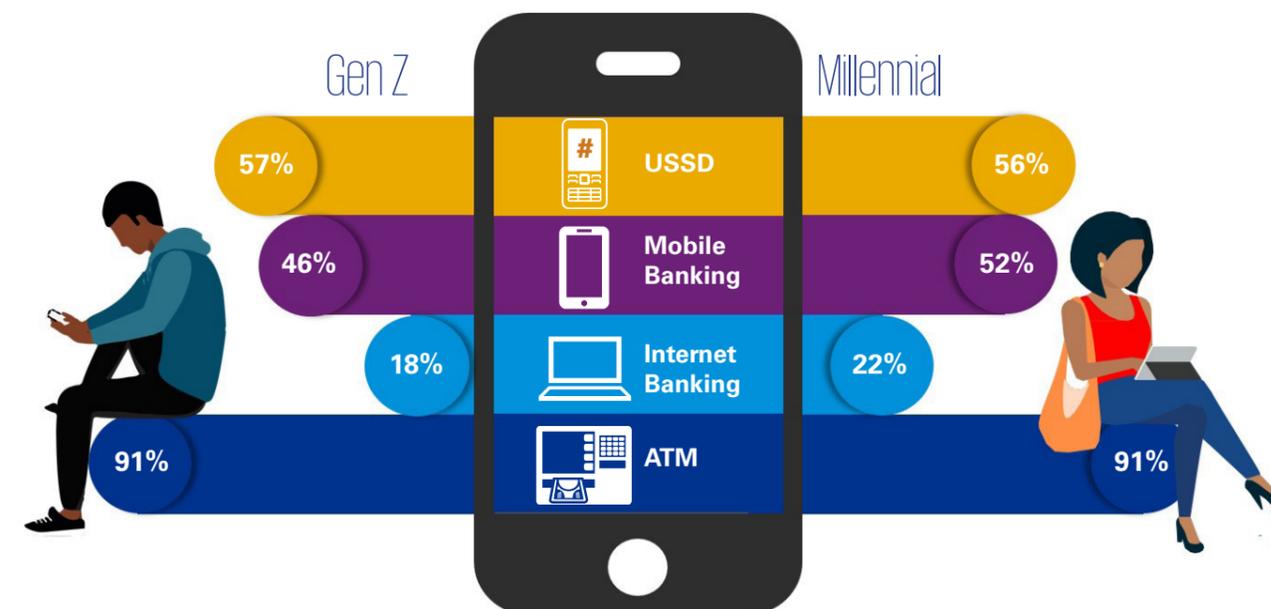
## Overall Channel Usage



Source: 2019 KPMG Nigeria Banking Industry Customer Experience Survey

<sup>1</sup> ncc.gov.ng, data accessed 29 November 2019

## Channel Usage (Gen Z and Millennials)



'Millennials' are broadly classified as individuals born from 1981 to the mid nineties and are expected to have reached adulthood around the turn of the 21st century. They are also commonly termed 'Generation Y', following their predecessors 'Generation X'. 'Generation Z' are those born between the mid 1990s and 2010.

## Channel Preference for Banking Activities



Source: 2019 KPMG Nigeria Banking Industry Customer Experience Survey

**Removing Friction**

The rapid penetration of digital banking over the last few years has clearly changed the experience and expectations of customers. Customers – retail and business alike – tell us that banks have made significant progress in the issuance of cards and peer-to-peer (P2P) payments. However, as banks migrate new services and transactions to digital channels, new customer journeys are created with consequent demands on banks which many are struggling to keep up with. This creates an imperative to design better resolution pathways for customers adopting digital channels.

With customers getting used to simplified experiences in other industries such as retail and telecommunications, banks are playing catch-up in removing friction from day-to-day banking experiences. Friction occurs in both physical and digital channels and is regularly presented in the form of queues, additional or repeated requests for information, call holds, long forms, extra (and possibly avoidable) security layers etc.

Customers want simple, fit-for-purpose and error-free processes that reduce time and effort spent and enable them to achieve their objectives quickly and easily. Only three in ten customers are satisfied with enrolment on digital channels and the experience when making bill payments.

These compare with almost half of customers who are very satisfied with P2P payments.

Today’s customers are seeking opportunities that provide them control over their own experiences. One critical consideration for banks is to evaluate the customer journeys and be clear with customers how these are intended to be delivered.

Truly digital experiences don’t end with the deployment of a feature on the app or a nice user interface but must take an end-to-end view of how the journey originates from the customer all the way to fulfilment. In one study of Nigerian banks by our team, we found that as low as 25% of customer journeys can be delivered end-to-end digitally today which implies that customers still have to make physical visits to either initiate or complete transactions which may cause some customers to outrightly abandon the transactions. The implication is often mismatched expectations and frustrations for customers and internal teams alike. Some transactions may need to be branch-based (due to regulatory or other considerations) but the underlying principle has to be that customer journeys are created intentionally with clear expectations set out to customers.

**Digital far ahead in retail than SME and corporate banking**

The pace of digital innovation that has shaped retail banking over the last few years is yet to hit home in corporate banking and less so with SMEs. Much of the disruption we have also witnessed locally by fintechs has largely focused on the retail segment with not much attention paid to the business segments.

Six in ten SMEs say that cash is still the most frequent mode of customer collections and payments while only two in ten use POS machines as their primary mode of customer collections.

A tough regulatory environment, stringent documentation requirements and complex products & services have constrained the penetration of digital and adoption of innovative processes by corporate banks and their clients.

Beyond the large multinationals who typically have well-established systems and processes, large SMEs and local corporates are also evolving, albeit slowly, and are requesting more dynamic processes, better control of their finances, single view of their accounts, more robust treasury functions and real time account management.

Opportunities abound according to the corporates we spoke with who are now accustomed to banking innovation as retail customers. Supply chain financing, invoicing and cash management are just some of the potential areas in need of digital innovation for corporates.

In addition to digital innovation with front-end services, banks can also leverage digital to drive operational excellence. Analytics-driven pricing delivered via mobile to relationship managers on-the-go, 360-degree view of clients and real-time benchmarking are some of the opportunities leading banks are implementing to enable their salesforces.

By also adopting customer journey design techniques, some banks are also transforming their approach to proposition design, customisation of solutions and driving operational excellence across internal teams.

Many Nigerian banks already collaborate with fintechs and other technology firms, these partnerships can also be explored to co-create solutions for corporate clients.

Customer journey stage	Points of interaction	Top rated banks
 <b>Discovery</b>	Touchpoints in this journey stage cover content viewed on social media and interactions with bank staff. Good indicators of success include ease of getting information about the bank as well as professional and friendly staff.	GTBank, Zenith Bank, Stanbic IBTC
 <b>Account opening</b>	Completing the account opening form, submitting supporting documents and getting new cards (if needed) establish a new banking relationship. Top performers provide digital-only options and strive for ease and speed of the onboarding process.	GTBank, Zenith Bank, Access Bank
 <b>Transacting</b>	Accessibility, timeliness and quality of service from physical and digital channels define ratings for banks.	GTBank, Zenith Bank, Access Bank
 <b>Product purchase</b>	Application for lending, investment and other product types describe this journey stage. Ease of documentation, timeliness of processing and flexibility of product rates offered are key measures of performance.	Zenith Bank, Stanbic IBTC, GTBank
 <b>Complaints</b>	Reporting an issue and getting the issue resolved are critical points of interaction at this stage. Customers rate banks on timeliness and quality of feedback on issues.	Stanbic IBTC, Heritage Bank, Zenith Bank
 <b>Account maintenance</b>	Servicing of account covers requests for account statements, general enquiries and updates to account information. Information provided is tested for its accuracy and completeness.	GTBank, Zenith Bank, FCMB



# Improving customer journeys

Journey mapping is a technique that breaks down a qualitative experience into a series of logical steps, usually in the form of a visual 'map'. It's not just a tool for marketing or the customer experience department. In our research and as practitioners, we've seen journey mapping and customer experience insights successfully applied in a number of ways, including:

- CEOs using customer journeys and insights to set strategy and future-proof
- Sales leaders using customer experience insights to improve customer retention and win rates
- CFOs using customer value mapping to optimise resource allocation
- Front-line staff using the Six Pillars as guide for daily customer interactions
- COOs using customer journeys to improve efficiency and realise cost savings
- CIOs building 'experience requirements' into new technology development
- CHROs mapping employee journeys to improve collaboration and culture.

Journey mapping can result in identifying hundreds or even thousands of pain points and opportunities, often leaving decision-makers overwhelmed and without a place to start. Organisations must maintain clearly defined objectives and utilise a methodical way to prioritise improvement opportunities and move them through to execution.

For an organisation to achieve success at scale, it requires a clear vision and a long-term commitment to customer experience from the entire organisation. When this happens, the organisation can design their operations around the customer and utilise technology and insights to provide the right differentiated experiences across the Six Pillars.

## Journey map considerations

### Customer steps

What steps does the customer go through within each stage of their customer journey?

### Operational processes

What must the organisation do to deliver for the customer at every step?

### Emotional map

What is the customer's emotional reaction and how does it impact their journey?

### Economics

Which parts of the journey provide value the most - and least - value to the customer and the organisation?

### The Six Pillars

What could be improved for each of the Six Pillars at every stage of the customer journey?

### The employee experience

It's not just customers who have journeys. Employees do as well. From micro-level onboarding journeys when they join an organisation and macro-level journeys that span years and careers. Understanding employee journeys enables organisations to provide the right tools, insight and training that employees need to deliver exceptional customer experiences.

## Customer journey



## Customer experience enablement

### Feedback Management

Customer journey analytics, customer experience economics

### CRM

Real time customer profile management, customer value management

### Event stream processing

Pattern recognition, predictive analytics, anticipatory service

### Core customer systems

End-to-end customer journey process support, knowledge base, digital and social media

### Macro and micro customer journeys

As part of a customer – organisation relationship, macro and micro journeys take place at many levels. The macro-level is the customer's journey that takes place across an entire experience or lifetime. This journey usually spans beyond a singular relationship and may include multiple organisations and individuals. Micro journeys are those that can happen in a singular moment within a human-to-human interaction. To understand the full influence on the customer, organisations should "zoom in and zoom out" on the journeys that exist within and beyond what is seen as typical customer experience.

# Activating the customer experience

**Faced with ever-changing customers and consumers, organisations need a fresh approach to help understand the complex, underlying and interconnected drivers of human decision-making.**



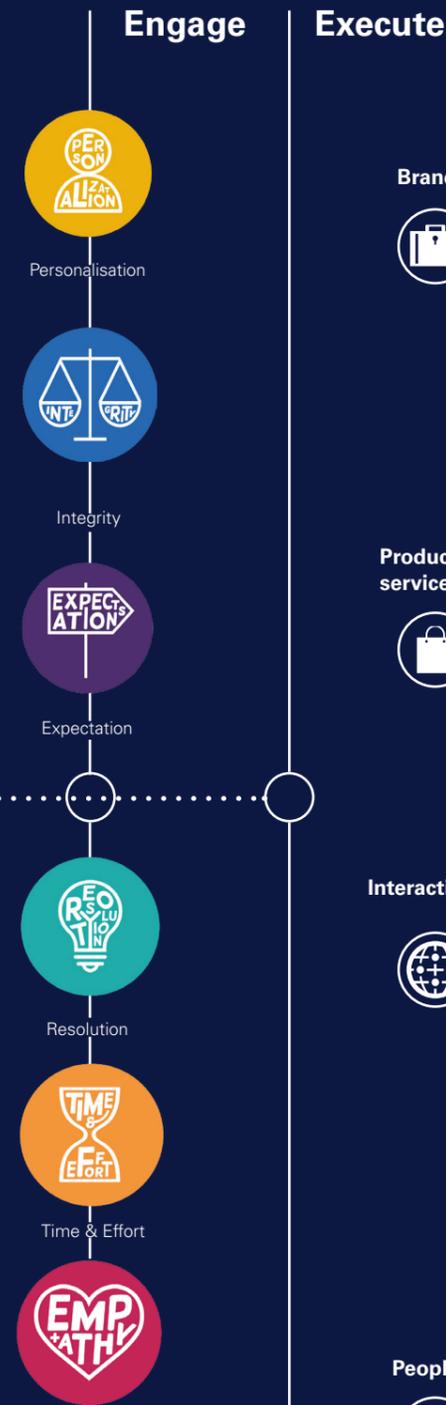
## The Five Mys

It is the combination of the Five Mys that generates richer stories, analysis and insight into consumer's unmet needs, the trade-offs they are making, and the totality of factors influencing their decisions across all aspects of their lives.

How these factors work in concert across the different life stages and life events of a consumer is the key to unlocking real insights, and understanding not just the consumer of today, but predicting what will drive the consumer of tomorrow.

## The Connected Enterprise

High-performing organisations recognise that to become truly customer-centric – and deliver experiences that create value for both the customer and the company – they need to connect their understanding of the customer right through to all their internal capabilities.



- The eight capabilities of a connected enterprise**
- Innovative products and services**  
The ability to deliver relevant, valuable and consistent products, services, experiences, pricing and offers that are targeted to their intended customer segments.
  - Experience centricity by design**  
The ability to design and deliver a seamless and personal customer experience that continually meets evolving expectations across all physical and digital touch points to drive engagement, satisfaction and loyalty. Experience centricity applies to prospects, customers, employees and partners.
  - Responsive operations and supply chain**  
The ability for a customer to select, receive and return products/services when, where and how it is convenient for them and in a way that is enabled through advanced, analytics-driven demand planning, inventory management distribution.
  - Integrated partner and alliance ecosystem**  
The ability to effectively leverage third-party entities to increase speed to market, reduce costs or supplement capacity gaps to deliver on the customer promise.
  - Insight-driven strategies and actions**  
The ability to harness and use data, analytics and insights to engage and execute in a thoughtful and orchestrated manner across all touch points while also protecting customer data integrity, privacy and security.
  - Digitally-enabled technology architecture**  
The ability to leverage technology systems and experience to effectively and efficiently deliver cross-channel experiences, provide employee with enabling tools and synchronise with partners and the broader digital ecosystem.
  - Seamless interactions and commerce**  
The ability to deliver a convenient, secure transaction experience that meets customer preferences while ensuring payment technologies are integrated and provide a consistent experience across channels.
  - Aligned and empowered workforce**  
The ability for an organisation to marry outside-in customer perspectives with inside-out experience management processes and capabilities, including top-down executive vision, cultural alignment, matrixed and agile organisational structure and integrated, aligned performance management.

Read more: Me, my life, my wallet, KPMG International, 2017, 2018 and KPMG Connected Enterprise

# How KPMG can help

## Connecting the enterprise to the customer

### Customer strategy

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

### Customer experience

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

### Marketing, sales and service transformation

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

### Customer-centric organisation

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

### Customer data, analytics and insights

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

### Digital transformation

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

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