The Nigerian banking landscape continues to face significant headwinds on its bottomline - both from the topline and costs. Our view is that the greatest opportunity to grow revenue will not come from just new markets or products but rather from the ability to deliver a high quality and differentiated customer experience.

Hence, we are pleased to present findings from the 2014 Nigeria Banking Industry Customer Satisfaction Survey, now in its eighth year. We have again expanded the scope of the survey to cover 28 cities in 27 states across Nigeria (up from 18 cities last year). In the process, we spoke to 20,770 retail banking customers, 3,500 SMEs and about 400 corporate/commercial organisations. The survey reflects the perspectives of customers on their preferences, levels of satisfaction and expectations from their banks.

Since the commencement of the survey, the gap between the top and lowest ranked banks in the retail segment has never been closer. This is a reflection of the very competitive environment banks in Nigeria now operate. Our findings also reveal continued progress in efforts to increase customer adoption of alternate channels. Increases were recorded in customer adoption across all alternate channels except the contact centre which experienced a decline in usage.

Convenience and consistency in service quality were the resounding themes across the segments. Corporate customers are also increasingly looking for a clear demonstration of value in product features and expect a commensurate reflection of pricing to value.

We hope our survey findings assist banks to better understand, serve and form valuable relationships with their customers. We welcome feedback for next year’s survey.

Bisi Lamikanra
Partner & Head
Management Consulting
About the 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 banks from the customer’s perspective across the Retail, Corporate/Commercial and Small & Medium Sized Enterprises (SME) segments.
   - This survey does not represent the opinion of KPMG on the skills, capabilities or performance of any of the banks covered.
   - KPMG is responsible for defining the survey questionnaire administered to the respondents.
   - KPMG conducts the survey, but findings represent the opinions of the customers of each bank.
   - This survey does not seek to establish any absolute facts, but it reports 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. 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 results reflect the opinion of a representative customer group in each segment.

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 detail below. More details about the survey can be found on page 32.

Customer Satisfaction Index (CSI) Customer Service Factors

<table>
<thead>
<tr>
<th>Customer Service Factors</th>
<th>Customer Care</th>
<th>Transactions, Methods &amp; Systems</th>
<th>Pricing</th>
<th>Products &amp; Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience</td>
<td>Measures accessibility and quality of service from delivery channels</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Care</td>
<td>Measures interaction of bank staff with customers</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Pricing</td>
<td>Measures customers’ perception on fees, charges and rates on products</td>
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<tr>
<td>Products &amp; Services</td>
<td>Measures product range and appropriateness to customers’ needs</td>
<td></td>
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</tr>
</tbody>
</table>

CSI Formula

\[
CSI = \frac{(S \times I)}{100}
\]

Where:
- \(S\) = Weight of the service measure
- \(I\) = Importance rating of the service measure
This year, there was an improvement in the CSI across the three major customer segments which reflects banks’ continued investments towards enhancing service quality and creating better customer experiences. Notably, the gap between the top and lowest ranked banks in the retail segment – at 7 percentage points – has never been closer. This is in comparison with 12 percentage points last year and nearly 19 percentage points in 2009.

All banks excluding last year’s top three (Zenith, GTBank and Stanbic IBTC) recorded varying levels of increases in their overall CSI values with a consequent rise in the industry satisfaction index value from 71.9% to 72.8%. The ATM continues to remain a key channel for retail customers with 86% of them highlighting cash availability as one of their most important service measures.

For the second consecutive year in the retail segment, Zenith Bank emerged as the most customer-focused bank closely followed by Diamond Bank who moved to second (from last year’s fourth place) with GTBank in third place.

In the SME segment, Zenith Bank moved from second position last year to become this year’s most customer focused bank, followed by Diamond Bank and Standard Chartered Bank in third place. There was a similar narrowing of the CSI gap - from 9.3 to 7.7 percentage points - in this segment.

Corporate banking customers also ranked Zenith Bank as the most customer-focused for this year with GTBank and Citibank coming second and third respectively. The biggest gains were in the area of convenience however the higher satisfaction levels recorded in this segment were driven more by the performance of the top five banks than for the industry as a whole. Completeness and accuracy of information provided topped the list of important issues for nearly all corporates surveyed while the biggest area requiring improvement remains knowledge of the customer’s business.

Top 10 most customer-focused banks

<table>
<thead>
<tr>
<th>Retail</th>
<th>#1 Zenith Bank 75.67</th>
<th>Diamond Bank 75.34</th>
<th>GTBank 75.32</th>
<th>Standard Chartered 74.55</th>
<th>Stanbic IBTC 74.20</th>
<th>Fidelity Bank 74.03</th>
<th>FCMB 73.48</th>
<th>FirstBank 72.58</th>
<th>Sterling Bank 72.50</th>
<th>Access Bank 72.11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small and Medium Scale Enterprises (SME)</td>
<td>#1 Zenith Bank 77.61</td>
<td>Diamond Bank 77.22</td>
<td>Standard Chartered 77.16</td>
<td>GTBank 76.61</td>
<td>Fidelity Bank 75.35</td>
<td>Stanbic IBTC 75.18</td>
<td>FirstBank 74.96</td>
<td>FCMB 74.93</td>
<td>Skye Bank 74.43</td>
<td>Access Bank 74.40</td>
</tr>
<tr>
<td>Corporate/ Commercial</td>
<td>#1 Zenith Bank 77.37</td>
<td>GTBank 75.94</td>
<td>Citibank 75.71</td>
<td>Diamond Bank 74.26</td>
<td>Stanbic IBTC 73.36</td>
<td>FirstBank 73.35</td>
<td>Fidelity Bank 72.42</td>
<td>UBA 72.52</td>
<td>Sterling Bank 72.23</td>
<td>Skye Bank 72.07</td>
</tr>
</tbody>
</table>

The primary reason for maintaining banking relationships for retail and corporate customers remains excellent customer service. For SMEs, financial stability remains prime as 32% of SMEs still choose to stay with their banks on this basis.

Whilst one might expect older retail customers to have a bias for financial stability, our findings show that excellent customer service and the quality of customer experience is the resounding factor across all age groups for why customers choose to stay with a bank.

An overwhelming majority (92%) of those who reported excellent customer service as their primary reason for maintaining banking relationships also rated staff attitude as being important to their banking relationships – more than any other service measure. With customers now having more choices than ever before, a positive personal experience or professional touch may often be the differentiator.

One customer who has operated a current account with his bank since the sixties still prefers to travel the 30km journey to his bank branch because of the quality of interaction he enjoys with the bank’s staff. In his words, “the relationships I have with some of the bank staff I’ve met here still endear me to the bank. The little personal touches I receive such as receiving a text message on my birthday is priceless.”

Service trends and innovations in other industries like Retail, IT and FMCG continue to raise customers’ expectations of service quality. Majority of the banks are rising up to this challenge, evidenced by the increase in the number of service improvement initiatives rolled out by banks. However, for these initiatives to record lasting successes, they must be part of the bank’s ongoing journey of transformation.

Of the four-in-ten customers who have multiple bank relationships, fewer customers (7% in 2014 compared to 10% last year) expressed the willingness to change their banking relationships. Over half of those who will switch banks will do so because of service quality issues.

Overall, we found a largely loyal banking population – 55% of customers will ‘absolutely’ recommend their banks to others. Interestingly, loyalty trends did not vary when viewed by the duration of the banking relationship. However, as expected, satisfied customers were more likely to recommend their banks.

Q. Will you recommend your bank?


Q. What is your primary reason for choosing to maintain your banking relationship?

Rewarding loyalty

From gifts during holiday seasons to frequent reward-themed promotions (promos), customers have a wide range of opinions on the manner and frequency of reward by their banks.

The problem with loyalty initiatives of this kind is that they often focus on customers whose attachment to the bank is no more than the latest save-and-win promo. For the save-and-win schemes in particular, these customers are typically able to move funds from bank to bank to meet the short term deposit raising objectives common to these giveaway schemes. To properly reward customer loyalty, banks need to be able to identify and focus on customers who present clear potential for long-term and mutually beneficial relationships. In the final analysis, this class of customers cost less to serve and are less likely to defect.
Opportunity awaits banks who claim PFM turf

To most companies in the financial services sector, Personal Financial Management (‘PFM’) is just another buzzword that offers little opportunity for profits. But pioneering banks who explore the frontiers of PFM may find potential they could tap, if they adopt the right app.

It is understandable that banks have not raced to launch PFM tools, since it is a completely foreign concept to the majority of consumers. However, many consumers perform basic PFM tasks on a regular basis, from tracking discretionary spending to paying bills. With the proliferation of digital technology, PFM now encompasses everything from categorizing card transactions to receiving low-balance alerts to prevent overdraft.

But older generations, unaccustomed to receiving such PFM services from banks, have kept to chequebooks and spreadsheets to manage their finances – tools ill-suited to support the increasingly digital web-based financial lives of modern-day consumers.

Of course, few of these financial activities are popular pastimes for the average consumer, making it difficult to market them to consumers. There is limited fun involved in managing one’s finances and many do just enough maintenance to ensure that they have spending money for the month. On the other end of the spectrum, even the most disciplined consumers are susceptible to abandoning good financial habits after one bad month of spending.

Financial technology (‘fintech’) companies have catered to those with PFM ambition through web and mobile apps (e.g. Mint, Personal Capital and BillGuard). These third-party apps sync with a consumer’s disparate financial accounts and provide personalized guidance related to spending and saving with minimal effort required by the user. As opposed to static, offline tools, third-party apps inform consumers of upcoming bills, offer spending comparisons and provide a snapshot of their overall financial health.

The independent nature of third parties has worked to their advantage in the PFM space. According to Javelin Strategy & Research, roughly 48% of consumers in a 2013 survey indicated the desire to aggregate financial activity across accounts provided by different financial institutions (FIs). This finding helps explain why only 8% of consumers leverage PFM products provided by banks, which are often restricted to only the bank’s portion of the customer’s larger financial picture.

However, FIs have clear advantages that could help them reclaim the PFM space. First, security concerns and lengthy configuration efforts associated with third-party apps often push potential users away. Second, FIs are already the primary owners of consumer financial data and traditionally viewed as centers of trust, making it possible to include sample PFM insights on monthly statements.

The product of such PFM opportunity and inherent advantages held by the financial services sector has been the introduction of a new class of FIs deemed ‘neobanks’. These banks – which include Moven, Simple and GoBank – operate on PFM-centric models that are designed to optimize consumer engagement. In their short existence in the marketplace, neobanks have gained traction by enabling users to source financial activity from external accounts and adding a social flavour to their platforms.

With their established customer bases, traditional banks can quickly step into the PFM mix by first making FI-agnostic tools better available to the uninformed, financially-responsible consumer. The ongoing transformation in the financial services sector and the proliferation of web and mobile technology has made it the right time for banks to leverage their position in the financial services sector to combat emerging apps and establish a footprint on the PFM turf.

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With their established customer bases, traditional banks can quickly step into the PFM mix by first making FI-agnostic tools better available to the uninformed, financially-responsible customer.
As banking services become ubiquitous and customers more sophisticated, convenience either via branches or ATMs will remain at the heart of customer interactions. In the last year, the proportion of retail customers using the ATM increased from 84% to 91%, while branch usage at 96% remained largely the same. Six-in-ten customers visit the ATM weekly compared to three-in-ten for the branch.

With the majority of everyday transactions still cash based, cash availability at the ATM was the most important service measure for retail customers. The frequency of cash dispense errors and downtime of ATMs were therefore areas where customers reported low satisfaction. Remarkably, only ten of the twenty-one banks surveyed had more than 30% of their customers reporting strong satisfaction with ATM uptime.

While banks continue to make significant investments in ATMs, spurred on by a huge uptake by customers, the role of the ATM is becoming more central in the bank-customer relationship equation, leading us to conclude that banks now need to reconsider their ATM strategies to achieve greater efficiency.

Since the last survey, there has also been a further rise in adoption of other channels – internet banking (13% to 18%), mobile banking (10% to 14%) and mobile payments (8% to 8%). 27% of retail customers also reported using the POS compared to 15% last year. We believe there is greater potential for further growth in the usage of alternate channels with better education of the customer population and resolution of current infrastructural challenges.

The branch and ATM are by far the most popular channels amongst retail customers.

Only ten of the twenty-one banks surveyed had more than 30% of their customers reporting strong satisfaction with ATM uptime.

Top three banks by CSI rating - Convenience

1. Zenith
2. Diamond
3. GTBank

Q. What is your preferred channel for carrying out the following?

Cash withdrawal
- 80% ATM
- 20% Branch

Buying financial products
- 96% Branch
- 3% Internet Banking
- 1% Contact Centre

Making complaints
- 95% Branch
- 3% Contact Centre
- 1% Internet Banking
- 1% Social Media

Financial advice
- 92% Branch
- 3% Contact Centre
- 2% Internet Banking
- 2% Mobile Banking
- 1% Social Media

Bill payment
- 79% Branch
- 9% ATM
- 6% Internet Banking
- 3% Mobile Banking
- 3% POS

Balance enquiry
- 60% ATM
- 31% Branch
- 4% Internet Banking
- 4% Mobile Banking
- 4% Contact Centre
- 1% POS


Q. How often do you use social media for personal purposes?

- Weekly
- Once every 2 weeks
- Once a month
- Rarely
- Never
- No response


Q. How often do you interact with your bank via social media?

- Weekly
- At least once every 2 weeks
- Once a month
- Rarely
- Never
- No response


Overall channel usage

Convenience also key to non-resident Nigerians

With an annual growth rate of 3% over the past five years and $21bn inflow of personal remittances in 2013, Nigeria is the fifth largest remittance receiver worldwide in terms of volume. Remittance to Nigeria accounts for 65.6% of total flows into Sub-Saharan Africa.

This presents some opportunity for banks who may want to tap into the opportunities created by this class of Nigerians who wish to transact banking business using their local bank accounts.

In an online survey of 127 Nigerians resident across 12 countries who maintain local banking relationships, convenience was the overwhelming driver of value. When asked for the most important factor in their banking relationships, 44% of the customers selected the accessibility of internet banking. In particular, customers identified the ease of use of the internet banking platform as the most important factor followed closely by the quality of customer service.

Interestingly, 77% of those surveyed transfer money through formal channels - banks (48%) or through other money transfer agencies (29%) - compared to 19% who said they typically send money home through less formal ways i.e. family and friends travelling home.

On the effectiveness of the contact centre, the ease of complaints resolution was cited as a major area of dissatisfaction. More than 50% of customers who have used their bank’s contact centre have been dissatisfied with the promptness of issues resolution and quality of feedback. For example, one bank’s response to a customer facing some debit card challenges was for the customer to wait until his next visit home, for his query to be resolved.

Q. What is the most important factor in your banking relationship?


Source: 2014 World Bank

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A few streets away from the Marina, David can’t seem to stop chatting on any of his two mobile phones as he waits in a winding queue to make a cash withdrawal at a nearby ATM. He happily talks about his latest tweets as he approaches the ATM. ‘I prefer not to hold a lot of cash, I would rather use an ATM or go to a branch to do my transactions’ he adds. On why he doesn’t perform his banking transaction using the internet banking portal, he responds ‘my friends tell me it’s not easy to use so I’ve never really bothered, besides there’s too much hassle to sign up’.

Meanwhile, as 27-year old lawyer Zainab waited outside the courtroom for her colleagues, her smartphone beeped with the familiar Facebook message alert. That was another reminder for her to send money for her friend’s wedding aso-ebi (fabric). ‘We’re not going to the market again after this’, the message advised. Zainab quickly logged into her internet banking account and sent N13,000. While she was at it, she thought it wise to quickly order the pair of silver wedge shoes she had seen on one of the online retail stores. A few years ago, Zainab could only have imagined being able to conduct her financial transactions online and with such ease.

Yet for every Zainab who is able and willing to leverage the internet for financial transactions, there are four Davids who are very active on social media but do not extend this activity to performing financial transactions using the internet banking portal.

The proliferation of mobile phones that are internet enabled as well as increasing broadband penetration would appear to suggest that the internet may present an opportunity to offer this channel to customers at a much cheaper cost. However, from our survey for customers aged 30 and below, eight-in-ten customers never use internet banking. In a cosmopolitan city like Lagos, the statistics are slightly better with about 50% of customers under 30 never using internet banking. When compared with customers aged 31 – 60, internet banking usage is surprisingly more frequent. Internet banking users are a potentially attractive customer group for banks and by increasing the rate of adoption of internet banking, banks may be able to tap into this potential with far more precision. However, to do so profitably, banks must stay true to three key principles.

Keep it simple
Some of the frustrations of internet banking users lie in the complexity of navigation and visual design of the internet banking portals. While 90% of internet banking users rated ease of navigation as being very important to user experience, only 38% reported strong satisfaction with the ease of use of the various portals available.

An overwhelming number of corporate customers (85%) rated security of their online corporate solution as their most important element of online banking, followed closely by the ease of use as well as the convenience offered by online banking. When questioned specifically on their level of comfort with the quality of online banking security, only 50% of customers reported strong satisfaction levels, others were of the opinion that there was room for further improvements. For Chief Financial Officers (CFOs) and Treasurers of corporate organizations, banks will need to focus on two priority areas to further improve user experience and meet the evolving needs of corporate users.

Reporting Capabilities
Corporate customers i.e. CFOs and Treasurers want banks to recognize the changing nature of their roles and therefore provide appropriate support especially in the area of reporting. This specific class of customers desire greater flexibility and options for customizing financial reports. Typical complaints centred around lack of sufficient detail in reporting of transactions as well as the inability to see at a glance, a consolidated view of all banking transactions and accounts across different banking relationships.

Integration and Real-time Data
Increasingly, real-time data is crucial to corporate planning, forecasting and decision-making. Thus, it is clear why corporate customers are demanding that banks provide reliable and accessible real-time data. A number of the corporate respondents suggested that more banks should build capabilities to support integration between ERP platforms and banks’ proprietary e-payment solutions, thereby minimizing the need for manual intervention and ultimately reducing the risk of errors.
Cybercrime: A growing challenge for banks

The increasing frequency and magnitude of cybercrime incidents globally make it apparent that cybercrime is here to stay. The Central Bank of Nigeria’s report for the first half of 2013 noted that there were 2,478 fraud and forgery cases involving Nigerian banks valued at over N20 billion. This represented an 8% increase over the previous year volume but a significant increase in value of over 200% from 2012. In this year’s survey, 2% of retail customers indicated that they had experienced a fraud incident in the last year, and while this number appears small today, it may signify the start of a potentially disturbing future trend.

While the adoption of electronic banking has provided some measure of convenience and ease to customers, it is difficult to ignore the resultant security risks that may face customers and financial institutions at large. The growing popularity and convenience of electronic banking has further presented enhanced opportunities for cybercrime. There is a far-reaching scope of threats that range from low degree crimes to high volume and value crimes, all with the potential to impact large corporations and individuals.

**Cybercrime is here to stay**

In a survey conducted by KPMG in the Netherlands, 80% of the respondents indicated that cybercrime is no hype and will continue to be a highly challenging topic. The survey showed that 49% of organisations have experienced some form of cybercrime activity during the past 12 months. That is not to say the rest have not experienced an attack; they may not have the proper detection measures in place. Among the 49% that have experienced an attack, 10% indicated that they have been attacked more than 100 times within the past year. Inadequate detection procedures may conceal the real number of cybercrime attacks. Only 50% of the respondents were able to detect attacks and only 44% of the organisations felt comfortable that they were able to respond.

**Awareness needs continuous efforts**

Security awareness and understanding of risks is crucial in cybercrime defence. As attackers understand the risks of people, processes and technology and how to exploit them, so should organisations. As a consequence, organisations should ask themselves whether they are aware and capable of handling a cybercrime attack. From our survey, we found that 39% do not agree that their organisation is sufficiently aware of cybercrime, although the financial sector respondents score significantly lower. This would imply that financial institutions are more aware of cybercrime than other typologies. As previously discussed, the full scale of cybercrime implications is often overlooked. The biggest loss companies perceive is disruption of business processes, but is this true or is it a lack of awareness?

**Understanding the motives is key**

Attacks may come by various methods and means. Organisations have experienced some form of ‘social engineering’ attack such as phishing and compromised web applications according to 33% of the respondents. The main motives for attacks found are that organisations are perceived as ‘low hanging fruit’ for organised crime. Contrary to previous trends, espionage is no longer a relevant motivation for attackers, according to 63% of the respondents. Since detective internal control measures are currently not widely used by organisations, the increased use of these internal control measures might change the perspective of organisations on the means and motives of attacks. The financial sector represents 67% of the attacks where the attacker’s motive was access to money.

When taking all sectors into account, consumer market companies are most concerned about disruption of business and production processes. Loss of money, disclosure of intellectual property and other data are so far only recognised as a cause of attack to a limited extent.

**Technical areas at risk**

Some of the major technical areas at high risk include email servers, web application servers, ERP systems, desktops, and unstructured data on file systems (file servers). Mostly mentioned are web application servers (58%), followed by file servers (16%) and email servers (17%). Less frequent are attacks that have penetrated ERP systems, desktops, and process control domains (<8%). Based on many reviews and security tests of web applications, we believe that many web applications and therefore websites are still insecure, and even contain ‘low hanging fruit’ weaknesses such as cross site scripting, etc. Many websites are not developed with secure programming in mind, nor are they sufficiently tested for security before going live.

Are we up to the challenge?

Fifty-five percent of respondents were unsure whether they can effectively respond to a cybercrime attack. Overall, organisations were undecided if hackers will always win, with responses varying across sectors. Most financial service companies believe that hackers will not be successful. On the other hand, respondents from the energy and natural resources sector believe that hackers are more likely to win in this sector compared to other industries. Additional, organisations in the public sector tend to be more undecided or believe that hackers will always win compared to other

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The battle against cybercrime is a typical example of a rat race that is difficult to win. The least one can do is to try to stay as up-to-date as possible.
The good news is that the survey reveals that cybercrime should not just focus on technology. Furthermore, 90% believe that cybercrime should be discussed at board level (65% strongly agree).

However, few organisations are well prepared. Only 20% say they can respond effectively to an attack, but do not have an attack response plan in place. Approximately 30% have forensic capabilities as a control and only 55% have central incident and event monitoring. This makes it very unlikely that organisations adequately respond to incidents. Even if organisations have the capability to appropriately respond to an attack, how do they ensure that the right information is shared with management to activate these response measures?

One of the findings of the survey is that in general – preventive controls are more emphasis on internal measures than on external measures. Procedural detection readiness. Lastly, actions such as end-point workstation protection and computer network segmentation can help prevent attacks via technology.

### An attacker’s perspective

**Understanding the perspective of an attacker is essential for everyone involved in fighting cybercrime. For that reason, we interviewed one of our professionals – an ‘ethical hacker’**. He relayed us an intriguing fictitious story. It is up to you to judge how realistic this threat would be to your organisation.

My employer insists on remaining anonymous, but I can assure you that I am quite resourceful. He approached me a few weeks ago with a job offer. The goal he set was quite ambitious: steal as many secrets from the government as you can. Let me tell you about the steps I took.

First, I sat down to think about what I knew about the government’s IT infrastructure. At a conference last fall, I had met an IT director of a ministry who had told me that all firewalls for the government were supplied by the same vendor, company Y. Hacking such a firewall was a formidable task – not something I was ready to do directly. Instead, I took a more indirect approach.

I logged in to LinkedIn and searched for employees of software development companies who mentioned company Y as one of their clients on their LinkedIn profile. Many professionals mention prestigious client names in their profile, even when company policy prohibits name dropping. Shortly after, I found multiple software vendors which make niche software and listed company Y as a client. I visited the vendors’ websites and scanned their externally reachable IP addresses until I found one which had unpatched vulnerabilities in their web server: company X. After a day’s work, I was inside their network.

Company X is a small organisation and they do not feel they need network segmentation, so I was able to reach all machines on their internal network through that web server. After some more work, I was able to elevate my privileges to domain administrator, which meant I had full access to all of their systems.

This was where I hit a bump. I intended to change the source code of their product in such a way that it would allow me to connect remotely to the system of anyone who installed it, but I had never done that before. Then I decided to log on to a hacker forum and posted a request for help. I offered 10,000 euros reward for a job well done. After a while, I was approached by someone who was willing to help me. I asked around to confirm his reputation in this field. I enlisted him in modifying the source code of the main product of company X.

The security policies of company Y were very strict: only the system administrators can install software on the workstations, and both incoming and outgoing traffic goes through a proxy server. Luckily, the virus which my associate hacker had written communicates through DNS, which was not actively monitored or filtered. The software from company X was updated on a regular basis, and after three weeks I received a message which indicated that I had access to their workstations.

I called on my associate hacker once more, but this time for a more advanced task: reprogramming the firmware of the firewalls which company Y produces. He indicated that he needed the help of a contact who installed a backdoor in all firewalls for another 20,000 euros. Now, all I needed to do was wait for the next update of the firmware. I posted some fake security vulnerabilities for the current version of this firmware, to ensure that the firmware would be upgraded timely. And slowly but surely, I gained access to all internal networks of the government.

I could then route any traffic which flows through any government network through my own computer. I can also read all emails which are sent between government employees internally. I can find vulnerable servers by scanning the networks. In almost all the internal networks, I have found at least one server which I can exploit. I installed backdoors on hundreds of workstations which allows me the ability to monitor email servers, so emails with interesting attachments can be forwarded to me. Additionally, I have obtained login credentials for almost all major government databases.

Every day, almost two hundred gigabytes of government secrets are sent to me automatically. This amount is only limited by the amount of bandwidth I can get, and the number of hard disk drives I install. I’m being paid 100 euros per gigabyte of information. I will leave it to you to calculate my hourly wage."

### Key controls

- **Developing controls and an effective framework for cybercrime defence is fundamental to helping organisations think like a criminal to understand the threat.** In this respect, three fields of action – prevention, detection and response – deserve proper attention.

### Prevention

Firstly, prevention schemes start with governance and organisation. Relevant questions are: Are responsibilities assigned relating to cybercrime? Are there awareness training programmes in place for key employees in high risk areas? Secondly, cybercrime response testing (simulation) and regular scanning and penetration testing are processes that are used to assess the organisation’s detection readiness. Lastly, actions such as end-point workstation protection and computer network segmentation can help prevent attacks via technology.

### Detection

Logging of critical events and monitoring central security incidents and events will strengthen the technology detection measures. Monitoring and data mining is an excellent tool to detect strange patterns in data traffic, identify where attacks converge and observe system performance. This way, information security becomes a continuous process and organisations are enabled to proactively anticipate instead of reactively act on incidents.

### Response

Most organisations are not prepared for an actual attack. The survey revealed that 25% have a cybercrime response plan, and 29% have performed cyber response testing. Organisations can sharpen their preparedness and risk measures by organising a 24x7 standby crisis strategy. In addition, procedures for follow-up on security events will be helpful in response to cybercrime. Response mechanisms can be refined to focus on having forensic capabilities ready and available in the event an attack occurs. The forensic team will need a cybercrime response plan to determine what actions to take. Once an attack occurs, the organisation should have the capability to promptly cut off all technology impacted. When developing a response and recovery plan, it is important to consider information security as a continuous process, and not a ‘one-off solution’. Incidents should be tracked and monitored at a regular pace of 70% of the time; this implies that detection and response are equally important, and this often is also the area with the biggest room for improvement. Measures to detect and respond to cyber attacks are not only important for the organisation itself, rather, pro-actively notifying chain partners of possible break-ins, along with information about the nature of the attack and possible motivation of the attacker, may prove crucial to breaking a chained attack before it reaches its ultimate goal.
Given that customers interact with their banks through a multiplicity of channels – 26% of customers use at least three channels – the quality of experience in one channel is bound to impact expectations on others. As a result, a poor experience with one channel can undermine overall customer experience. Thus, consistency is key as customers should have the same quality of experience no matter which channel they choose.

For channels that encourage physical interactions with customers e.g. branches, our survey findings reveal that one-in-four retail customers reported staff attitude as the single most important area of improvement for banks. Despite a marginal year-on-year increase (43% to 44%) in retail customers reporting strong satisfaction with staff attitude, there is yet a considerable gap of expectation – 94% of customers expect significantly improved customer service especially in branches. Overall, 70% of customers that were dissatisfied with staff attitude indicated their willingness to leave their banks.

While we acknowledge that there is no “silver bullet” to changing the culture of an organisation, organisations that succeed do so by identifying and aligning all organisational change levers to facilitate sustainable change. At the very least, banks looking to embed a strong service culture should have the following:

- Executive-level commitment: there has to be visible commitment and involvement at the highest levels to promote a culture shift to excellent service delivery. Banks and other financial institutions have a lot to learn from some other industries that have instituted a “Chief Service Officer” role that ensures service gets the right level of visibility in the organisation.
- A structured approach to managing people risk is talent risk part of the bank’s wider risk management framework? What are the critical functions and roles – the areas of the organisation with the biggest impact on service delivery?

No doubt, banks continue to face revenue pressures and an increasingly competitive marketplace but it is imperative to strike the right balance between the bank’s and the customer’s interests. More banks have to move away from a superficial view of customers where the relationship manager is perceived as only being interested in the next transaction. Indeed, relationship management needs to progress from being transaction-based to forming genuine partnerships with customers where real conversations about the customer’s needs are held and prioritized above all else.

Customer care: Consistency matters

Top three banks by CSI rating - Customer Care

<table>
<thead>
<tr>
<th>Retail</th>
<th>SME</th>
<th>Corporate</th>
</tr>
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<tbody>
<tr>
<td>1. Zenith</td>
<td>2. GTBank</td>
<td>3. Citibank</td>
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<tr>
<td>1. GTBank</td>
<td>2. Diamond</td>
<td>3. Zenith</td>
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</tbody>
</table>

Consistency is key as customers should have the same quality of experience no matter which channel they choose.
Corporate customers continue to complain that banks need to invest a lot more towards a deeper understanding of their businesses and industry. That way, they feel that banks will be able to support their needs in a more proactive and comprehensive manner.

Some improvements have been noted in this area i.e. more customers have rated banks higher this year than in previous years for satisfaction with the level of understanding of client’s business and industry. For example, a CFO commented, “The nature of our conversations with our key banking partners have changed. It appears they have gone ahead to recruit people from our industry, that actually understand our business cycles and funding requirements, to join their team.” Another corporate customer commented: “it is clear that their ability to leverage international expertise better prepares them to design solutions that meet our needs”.

However, when questioned on banks’ ability and responsiveness towards designing fit-for-need solutions, only 29% of corporate customers were very satisfied with their bank’s ability and willingness to tailor solutions to their needs. Indeed, across all three segments, product suitability was rated as one of the most important service measures for customer satisfaction.

Across the three customer segments, more customers reported higher satisfaction levels with banks’ turnaround time for processing transactions. In particular, speedy transactions processing was the most important service measure for SMEs and corporate clients with more than 96% of these customer segments describing it as critical to their banking relationships.

Access to credit facilities also continues to remain a significant challenge for retail and SME customers. Despite majority of customers in both segments expressing interest in accessing loans, only about two in ten customers are very pleased with the ease of access to credit facilities.

Long queues at branches and ATMs continue to remain a point of hassle for customers. A majority of customers surveyed were quite dissatisfied with the almost habitual queues in bank branches, even for performing transactions considered to be routine e.g. checking account balances and making deposits etc. Banks can alleviate these concerns especially where they are unavoidable by setting minimum wait time expectations for routine transactions.

Many leading practice examples abound in other service oriented industries such as telecoms. For example, telcos leveraging queuing systems, set wait time expectations and at the same time allow customers to browse products while waiting. For banks, reducing the number of screens and prompts at ATMs may reduce the average transaction time and improve overall user experience.

Top three banks by CSI rating - Products and Services

1. Diamond
2. GTBank
3. Standard Chartered

1. Standard Chartered
2. Diamond
3. GTBank

Top three banks by CSI rating - Transactions, Methods and Systems

1. Zenith
2. Diamond
3. GTBank

1. Zenith
2. GTBank
3. Citibank
Key takeaways

The quality of service and customer experience is clearly shaping the competitive landscape in the banking industry. While the gap has narrowed in the retail segment, a few banks are clearly ahead of the pack in the corporate segment.

Our thoughts on what banks can do better include:

• Target delivery of consistent customer experience across all channels by embedding a customer-centric culture across the bank.

• Continue educational initiatives to further drive adoption of alternate channels with particular attention to clarity of language and communication.

• Ensure data and systems can provide a single view of the customer across channels to aid understanding of what customers want, how they want to interact with the bank and how to deliver the service.

• Continue to invest in enhancing knowledge of their customers’ businesses, combining these insights with technology to improve the quality of solutions to corporate customers.
Demographics

Retail segment

**Age**

- Under 20: 7%
- 21-30: 14%
- 21-40: 32%
- 41-60: 32%
- Above 60: 14%

- Under 20: 7%
- 21-30: 14%
- 31-40: 32%
- 41-60: 32%
- Above 60: 14%

Employment status

- Self-Employed: 27%
- Private Sector Employee: 23%
- Student: 25%
- Civil/Public Servant: 17%
- Unemployed: 4%
- Retired: 3%
- Others: 1%

Gender

- Female: 45%
- Male: 55%

SME segment

**Industry**

- Education Institutions: 13%
- Beauty & Fashion: 11%
- Food, Beverage and Tobacco: 12%
- Healthcare: 9%
- Building, Construction & Real Estate: 7%
- ICT: 7%
- Hospitality: 6%
- Manufacturing: 5%
- Oil and Gas: 5%
- Transport and Logistics: 4%
- Agriculture: 4%
- Media, Advertising & Publishing: 3%
- Non-Governmental Organisation: 3%
- Other: 2%

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- Oil and Gas: 5%
- Transport and Logistics: 4%
- Agriculture: 4%
- Media, Advertising & Publishing: 3%
- Non-Governmental Organisation: 3%
- Other: 2%

Corporate/ Commercial segment

**Industry**

- Manufacturing: 21%
- Others: 15%
- Oil and Gas: 10%
- ICT: 9%
- Building, Construction & Real Estate: 6%
- Non-Bank Financial Services Institutions: 5%
- Food, Beverage and Tobacco: 4%
- Hospitality: 3%
- Transport and Logistics: 2%
- Media, Advertising & Publishing: 1%
- Education: 1%
- Aviation: 1%
- Healthcare: 1%
- Maritime: 1%
- Agriculture: 1%
- Conglomerates: 1%
The survey was conducted between February and April 2014. Majority of the interviews were conducted in person across twenty-eight major cities in Nigeria, targeting a minimum number of respondents for a representative sampling across the 21 banks.

Acknowledgements

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