

Big 5 Banks under pressure to differentiate on customer satisfaction and experience

The customer-satisfaction gap between South Africa's banks is closing rapidly, with the digital acceleration brought about by the pandemic being a significant equaliser.



Source: iStock.

Banks are under significant pressure to reinvent their customer value propositions and differentiators at a time when technology and digitisation are making them increasingly invisible to their customers - until things go wrong.

These are just some of the findings of the 2021 South African Customer Satisfaction Index (SA-csi) for Banking conducted by Consultia, providing highly scientific insights into the overall level of satisfaction of customers of South Africa's top retail banks.

Consultia polled just on 12,000 customers from the lower-, middle-, and upper retail banking segments on their overall satisfaction with five of South Africa's participating retail banks during 2021 – Absa, African Bank, FNB, Nedbank and Standard Bank.

The SA-csi for Banking is one of the most robust surveys, given the sample size, making it the gold standard in scientific research into the banking sector. It utilises a causal model that links customer expectations, perceived quality and perceived value to customer satisfaction (the SA-csi score), which is linked to customer complaints (and recovery) and

customer loyalty intentions as outcomes.

"Banks and their customers have adapted to digital banking platforms in unprecedented circumstances and time frames. Every aspect of the customer journey has been fundamentally up-ended, with customers now engaging with many self-service channels such as Artificial Intelligence (AI), chatbots, apps, and contact centres opening up between banks and their customers.

These developments have significant consequences for customer experience, -expectations, and -satisfaction - and how customer complaints are handled and resolved in an environment where customers no longer make a distinction between their online and offline experiences.

Banks now need to maintain a complex hybrid structure of online and offline service platforms for diverse customer preferences – from contact centres, banking apps and webchats, to in-branch visits right through to social media. Banks are under pressure to ensure that every banking functionality is value-adding, seamless, simple, and provides the real-time assistance and first-time resolution for every customer enquiry, no matter the service channel," explains Abigail Boikhutso, CEO of Consulta.



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"Managing every experience touchpoint across such a diverse customer journey must be the absolute focus for banks as they seek to consolidate their positions by reconnecting with their customers across multiple service platforms.

Having a customer on the latest and greatest banking app is moot if they are forced to go into a branch to sort out issues with their app. In such a hybrid service model, where having the latest technology and app is no longer a differentiator given customers expect this as standard - customer experience is the ultimate battleground on which banks compete and where they can carve out a key point of differentiation with their customers," adds Angie.

It is pertinent to point out that South Africa's banking sector is world-class in terms of customer satisfaction. Customer expectations remain incredibly high at 83.8% in 2021, rising every consecutive year since 2017 when the par was 80.2%. The reality is that as banks progress in terms of the transformation of the customer journey, the higher the customer expectations are of their banks. Across all the SA-csi surveys done by Consulta, the banking sector remains the top performer when it comes to customer satisfaction.

Key take-outs from the SA-csi for Banking 2021:

Overall customer-satisfaction score

African Bank (87.5%), Nedbank (81.9%) and Standard Bank (81.1%) – are all in leader positions and above the industry par (79.7%). All three leader banks also show improvements in overall satisfaction scores compared with 2020.

African Bank improved from 84.4% in 2020, Nedbank improved from 81.1% in 2020, while Standard Bank improved from 77.7% in 2021. All three banks show consistent and marked improvements in customer-satisfaction scores over the last three indexes.

FNB (79.8%) is on par, while Absa (77.0%) is below par - both show marginal declines on their 2020 scores. Nedbank continues to make consistent year-on-year improvements and has for the third consecutive year outperformed FNB, achieving more than a 2-index point lead on FNB in 2021. Nedbank has shown consistent improvement in getting its positioning, pricing, messaging, customer-facing, and online channels right.

Both African Bank and Standard Bank have made marked improvements in overall customer satisfaction scores.

Customer expectations and perceived quality

Customer expectations within the banking industry continue to rise to new highs of 83.8% (compared with 83.1% in 2020 and 82.4% in 2019). Customer expectations have risen consistently for five years, up from 80.2% in 2017.

All banks performed above par (83.8%) on customer expectations, barring Absa (82.3%) which is below par.

In terms of perceived quality, African Bank (90.3%), Nedbank (85.1%) and Standard Bank (84.5%) are above par (83.7%). FNB (83.8%) is on par, while Absa (82.1%) is below par.

Nedbank has consistently been on an upward trajectory on perceived quality for five years and performed above the industry par each year. In terms of the gap between customer expectations and perceived quality in 2021, FNB has the largest negative gap (-0.7) with perceived quality falling short of customer expectations.

African Bank has the largest positive gap (3.5%), which means that perceived quality exceeds customer expectations.



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Perceived value

Perceived value is the most contested area in customer experience (CX) in Banking as consumers increasingly scrutinise the value they get for the bank charges they pay.

African Bank leads on perceived value (88.5) and is well above industry par (77.0%).

Nedbank (79.5%) and Standard Bank (78.6%) follow, both above par. Both Nedbank and Standard Bank have made consistent year-on-year improvements in perceived value scores.

Absa (73.4%) and FNB (76.0%) are below industry par.

Complaints incidence and resolution

Industry par on complaint incidence is high (20.9%) and complaint resolution (55.3%) is in line with global benchmarks.

African Bank has the lowest complaint incidence (9.9%) and a very high complaint resolution (77.3%) – more than 20-index points ahead of industry par. This means that African Bank customers have the least number of complaints, and the bank has a high success rate in resolving complaints to their customers' satisfaction.

Standard Bank (23.4%) and Nedbank (22.6%) have high complaint incidence rates, however they also have high complaint resolution rates at 59.5% and 56.8% respectively.

FNB (23.3%) has a high complaint incidence rate, and its complaint resolution rate is also below par at 52.2%.

Absa's complaint incidence rate (19.0%) is slightly better than industry par, however its complaint resolution rate is also below par at 53.3%.

Customer complaints mostly revolved around account queries, debit orders and payments, card issues, fees, and costs. Banks continue to be poor at preventing repeat causes of complaints and customer dissatisfaction once resolved, which directly correlates with customer loyalty.



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Customer loyalty

African Bank (80.7%), Nedbank (73.9%), Standard Bank (72.6%) and FNB (72.4%) have the most loyal customers and are above industry par (71.9%).

- Absa has the lowest customer-loyalty score at 69.7% and below par.
- African Bank, Nedbank and Standard Bank have all shown an improvement in customer-loyalty scores compared with 2020, with African Bank and Standard Bank improving by 3-index points and more.
- While still above industry par on loyalty, FNB does show a six-year decline in customer-loyalty scores, suggesting a level of complacency and lack of differentiation that warrants attention.
- African Bank and Nedbank show the most consistent improvement in loyalty scores over a four-year period.

Net promoter score

The Net Promoter Score (NPS) measures the likelihood of a person recommending a brand to friends, family, or colleagues.

- African Bank (67.7%) and Nedbank (46.7%) have the highest NPS, well above the industry average of 36.0%.
- FNB comes in at 41% and Standard Bank at 38.7% - also both above industry par.
- Both African Bank and Standard Bank have made substantial improvement in their 2021 NPS scores compared with 2020, improving by 16.9% and 14.3% respectively. Nedbank also improved by 5.9% compared with 2020.
- Both African Bank (77%) and Nedbank (63%) enjoy a high percentage of customers who actively promote the brands to friends and family, while having the lowest number of detractors at 9% and 17% respectively.
- FNB (59%) and Standard Bank (57%) follow in terms of the number of active promoters, with detractors at 18% and 19%, respectively.
- Absa is below par on NPS at 23.5% and also has the highest number of detractors at 23% and the lowest number of promoters at 47%.
- Nedbank is the only bank that has shown consistent and marked growth year-on-year in the NPS measure over a five-year period.
- Absa and FNB both show a five-year erosion in NPS scores, which increasingly talks to a lack of perceived differentiation.

Treating customers fairly

The degree to which customers feel they are being treated fairly by their banks is highest with African Bank (90.8%), Nedbank (84.7%) and Standard Bank (82.9%), and is above industry par (81.7%).

- FNB (80.9%) and Absa (79.5%) perform below par on TCF.
- Nedbank and Standard Bank have made consistent year-on-year improvement in their TCF measures over a three-year period.

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