



Research, Credit Ratings, Credit Risk Management

2019 AGUSTO & CO. CONSUMER DIGITAL BANKING SATISFACTION INDEX

The 2019 Agusto & Co. Consumer digital banking satisfaction index, comprising a survey and a scorecard, examines customers' preferences and attitude towards digital banking platforms hosted by the selected Banks. The survey focused on the eight largest commercial banks based on asset size as at 31 December 2018.

The survey was administered to a focus group of respondents drawn from the formal and informal sector segments of the economy. Respondents were sampled from various geopolitical regions within Nigeria including the South-West, South-South, North-Central and North-West regions. Respondents include students, self-employed and employed customers of various commercial banks in Nigeria. The data collection technique used was a questionnaire designed to gain insight into the behavioural pattern of the sample population. The survey focused on issues around service quality and ease of carrying out transactions.

The questionnaire comprised multiple-choice, closed and open-ended questions. The questionnaire was administered both electronically and physically, thus encouraging a wider pool of respondents across the country.

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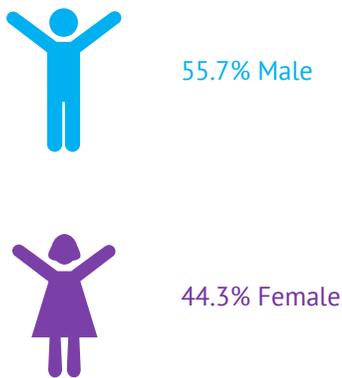
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Section One: Profile of respondents

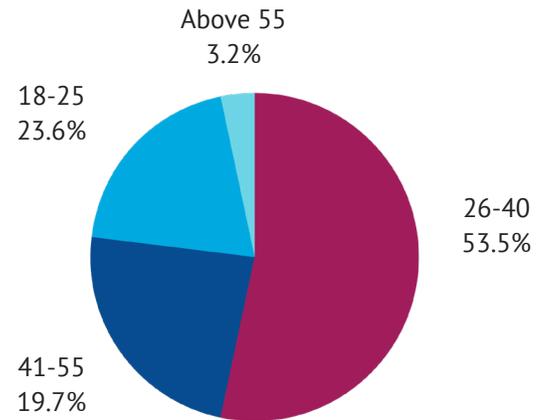
Gender

Figure 1: Gender distribution of respondents



Age

Figure 2: Age distribution of respondents

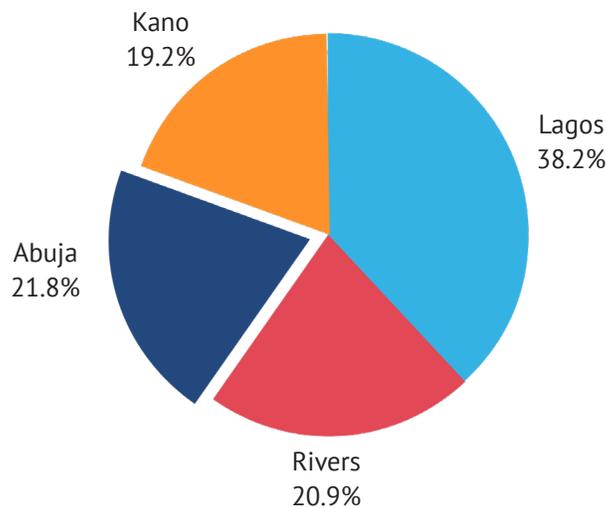


Source: Agusto & Co.

The survey had 44.3% female respondents while 55.7% are male. Compared to Nigeria’s gender distribution, there is a higher representation of male respondents relative to female respondents. The highest number of respondents (77.2%) are between the 18-25 and 26-40 age brackets. The age distribution is reflective of Nigeria’s large youth populace. However, consideration is not given to persons below 18 years as they have no capacity to enter into a binding contract.

Distribution of respondents by region

Figure 3: Distribution of respondents

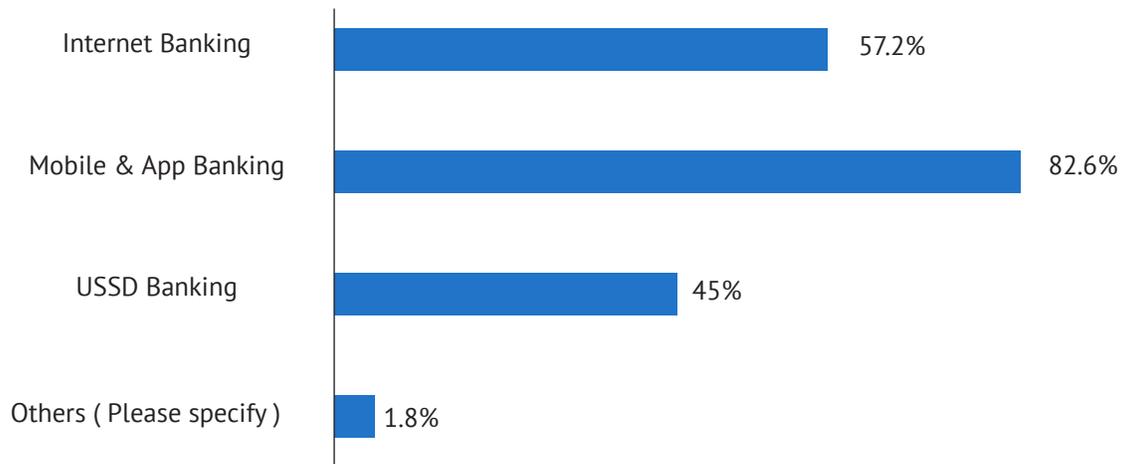


Source: Agusto & Co.

The survey focused on the eight largest commercial banks, out of a total of 18 commercial banks operating in Nigeria. These banks were selected based on asset size as at 31 December 2018. Respondents were drawn from four out of the six geopolitical zones in Nigeria. Respondents from the Federal capital territory represented the North-Central geopolitical zone, the North-West region was represented by respondents from Kano state while respondents in Rivers and Lagos states represents the South-South and South-West geopolitical zones respectively.

Online digital banking platforms that respondents were aware of

Figure 4: Digital banking awareness response



Source: Agusto & Co. Research

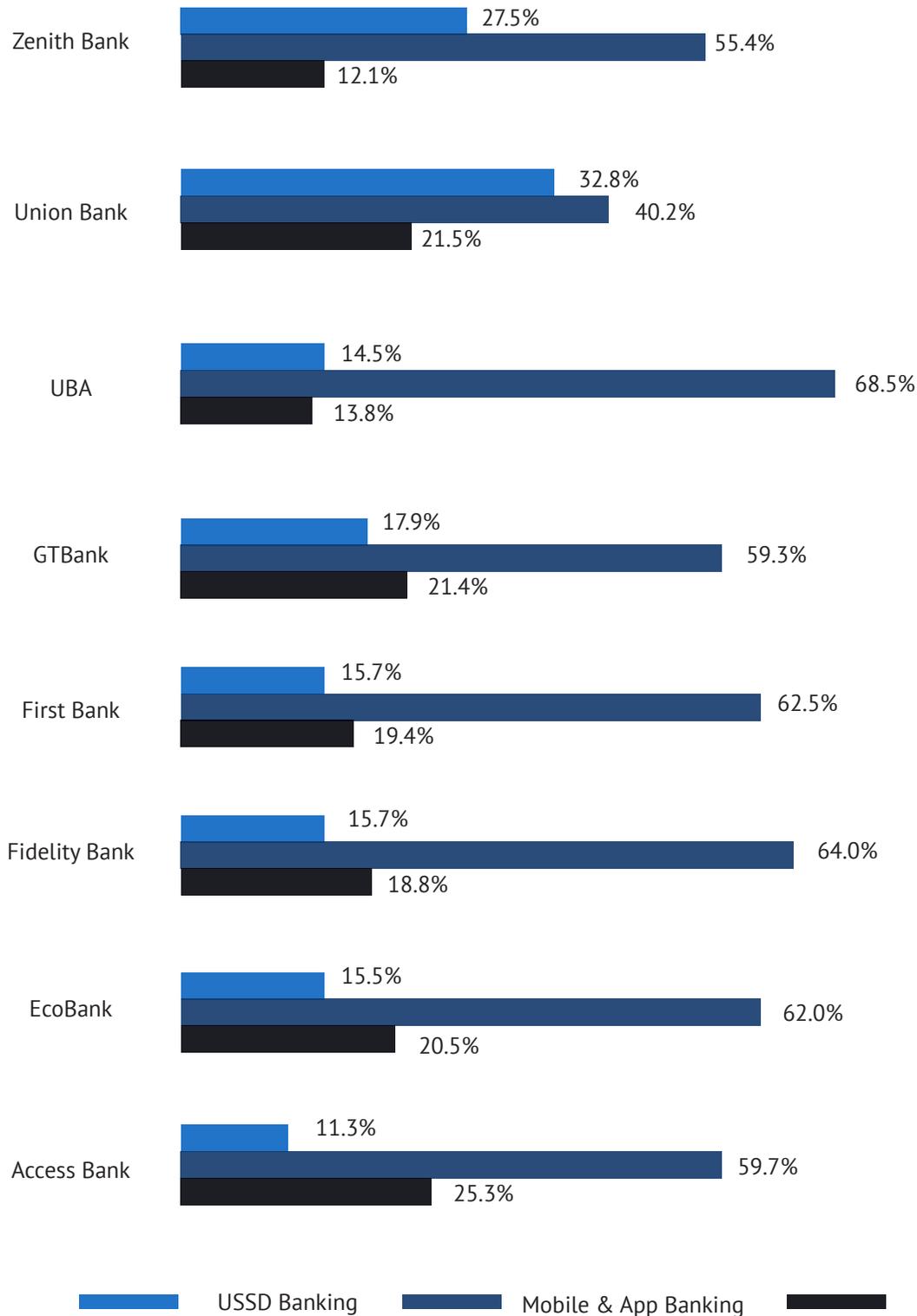
The Mobile & App banking platform that offers relatively easy and convenient access to banking services is the most popular digital banking platform among respondents as 82.6% are aware of the platform. About 57.2% of the respondents are aware of the internet banking platform while 45% are aware of the Unstructured Supplementary Service Data (USSD) platform. An average of 61.6% of respondents are aware of the three major banking platforms. Chatbot programs such as (Ecobank's Rafiki and Leo by UBA) that uses artificial intelligence to enable customers execute transactions and address enquiries were also identified by the respondents, albeit marginal.

Section Two: Comparative findings

We considered the eight largest banks by total assets and analysed the survey results according to responses from customers who use their respective digital banking platforms.

Primary platforms used

Figure 5: Primary platforms used per bank



Mobile & App Banking remains the preferred choice among respondents across banks

The cross-section of bank customers in Nigeria reveal that Mobile & App banking is the platform of choice, 60% of respondents use the platform as their primary digital platform. USSD is the primary platform for 19.2% of the respondents while 19.6% of the respondents use internet banking as their primary digital platform.

The advent of smartphones which are typically internet-enabled and allows customers to easily execute banking transactions explain why a larger percentage of respondents uses the Mobile & App banking as the primary platform. USSD banking which supports the financial inclusion objective of the CBN is the second most used platform by respondents as customers are able to carry out banking transactions without access to internet facilities. Internet banking platform requires more security details of customers when carrying out transactions as a result, the platform is mostly preferred by customers executing out larger value transactions.

Ease of navigating through the primarily platform used

Figure 6: Excellent rating on navigation

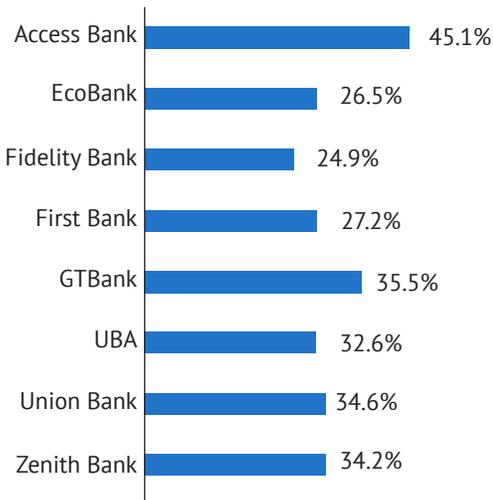


Figure 7: Good rating on navigation

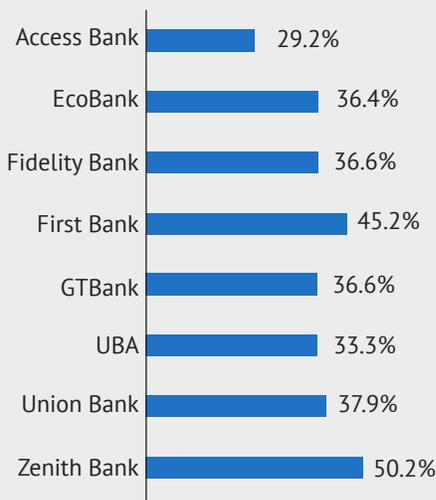


Figure 8: Average rating on navigation

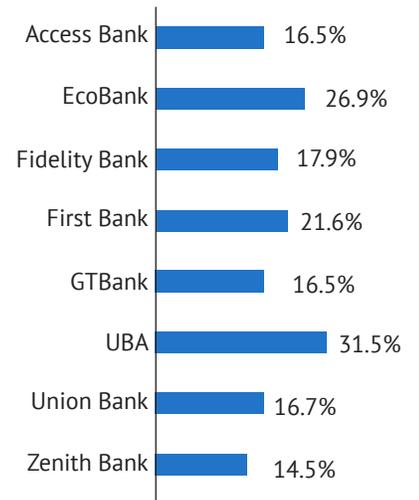
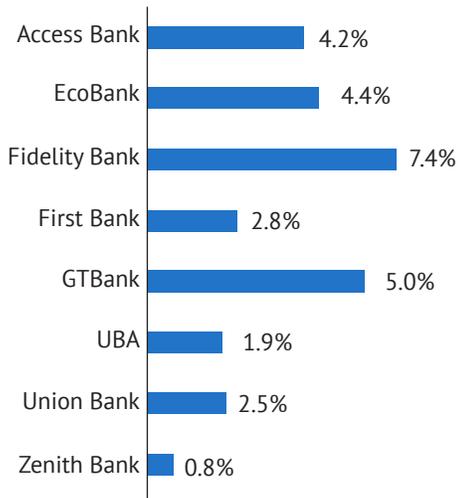
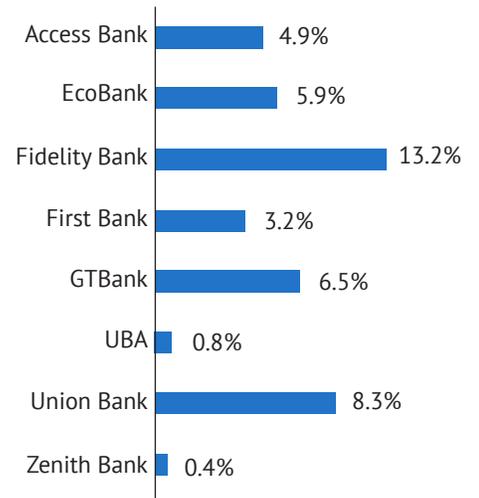


Figure 9: Subpar rating on navigation



Ease of navigation remains a major factor that attracts and retains customers on the digital banking platforms

Figure 10: Poor rating on navigation



Source: Agusto & Co. Research

Highlight:

- Forty-five percent of Access Bank’s respondents, thirty-five percent of GTBank’s respondents, thirty-four percent of respondents from Union Bank and Zenith Bank respectively rated the banks excellent on the ease of navigating on various digital platforms.

Perceived security when initiating transactions

Respondents were asked to rate how secure they felt when initiating transactions on their respective Bank's platforms.

Figure 11: Excellent rating on perceived security

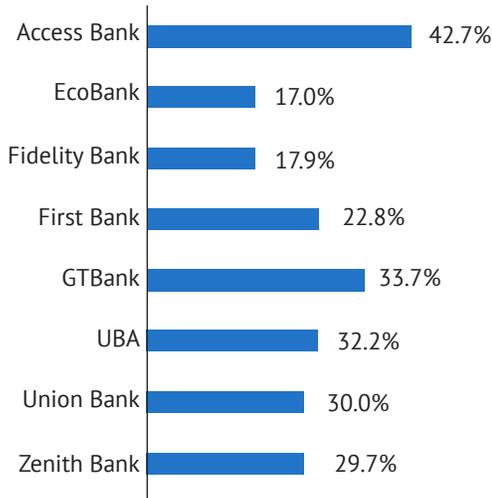


Figure 12: Good rating on perceived security

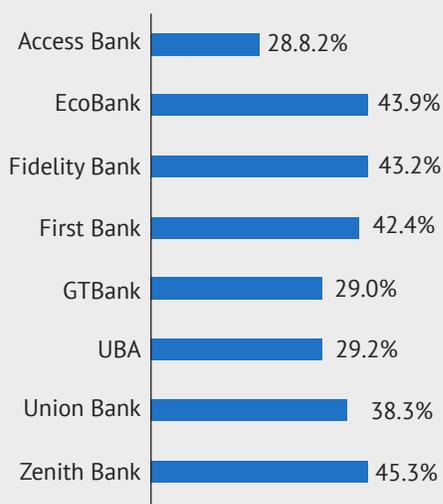


Figure 13: Average rating on perceived security

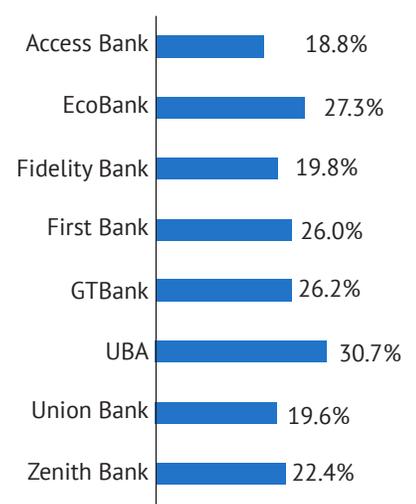
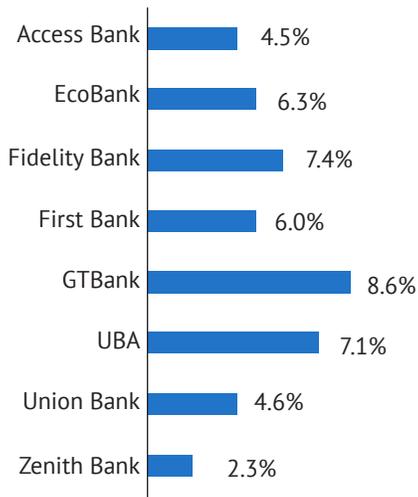
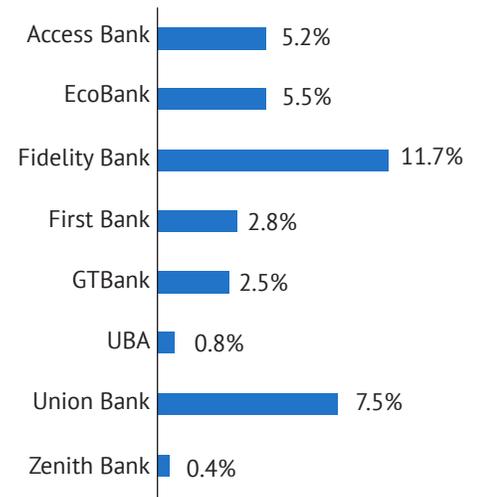


Figure 14: Subpar rating on perceived security



Banks should increase investment in technology to ensure protection of customers data. Banks should also educate the customers on the importance of protecting the security details on various digital platforms.

Figure 15: Poor rating on perceived security



Source: Agusto & Co. Research

Highlight:

- Forty-two percent of Access Bank customers rated the bank excellent while 33.7% of respondents from GTBank and 32.2% of UBA's respondents assigned an excellent rating to the banks based on perceived security on the various digital platforms.

Resolution of IT issues encountered

In terms of troubleshooting, respondents had a range of responses on how effective and timely technical issues are resolved.

Figure 16: Excellent rating on issue resolution

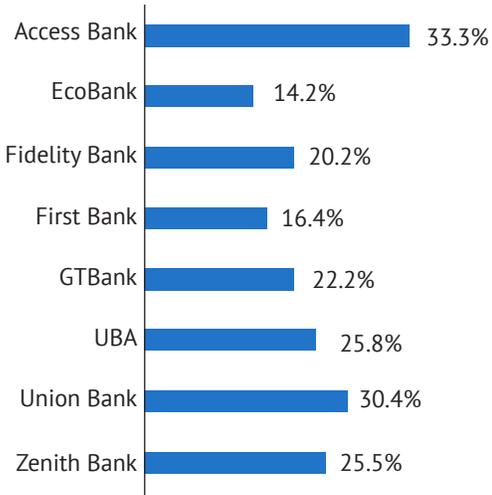


Figure 17: Good rating on issue resolution

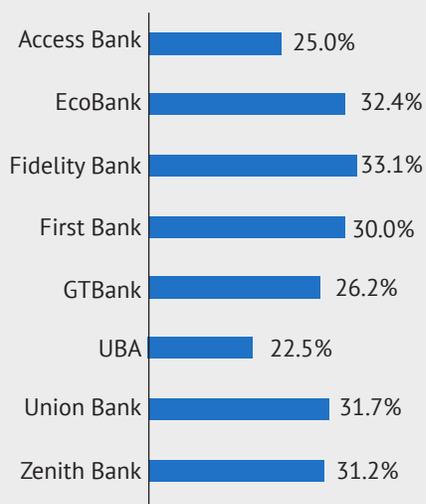


Figure 18: Average rating on issue resolution

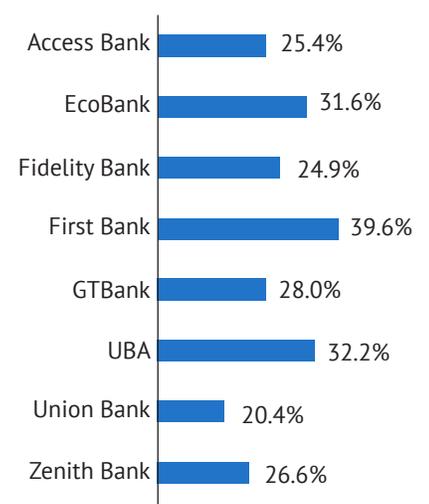
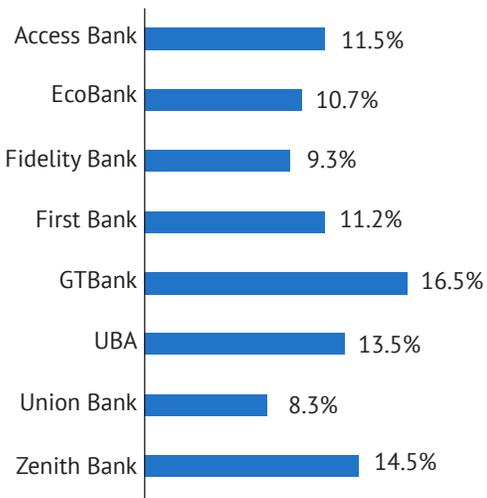
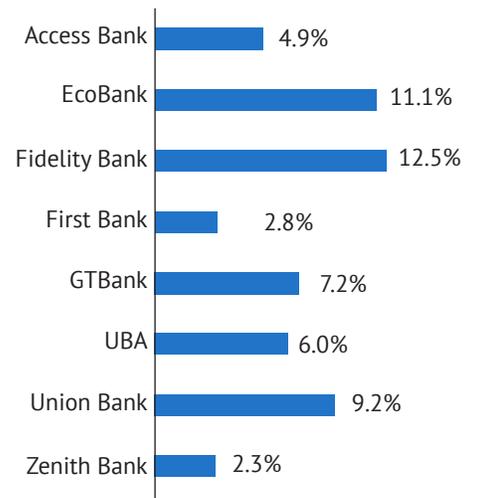


Figure 19: Subpar rating on issue resolution



Prompt resolution is one of the strategies employed by Nigerian banks to attract and retain customers

Figure 20: Poor rating on issue resolution



Source: Agusto & Co. Research

Highlight:

- Thirty-three percent of Access Bank’s respondents, 30.4% of Union Bank’s respondents and 25% of respondents from UBA and Zenith Bank respectively felt issue resolution is excellent for their respective platforms. Notably, all banks have shown significant improvement in issue resolution compared to the previous period. Increased competition on the digital platforms, as well as a growing quest for higher electronic banking income contributed to improvement in issue resolution.

Phishing activity

Figure 21: Very frequent phishing activity noted

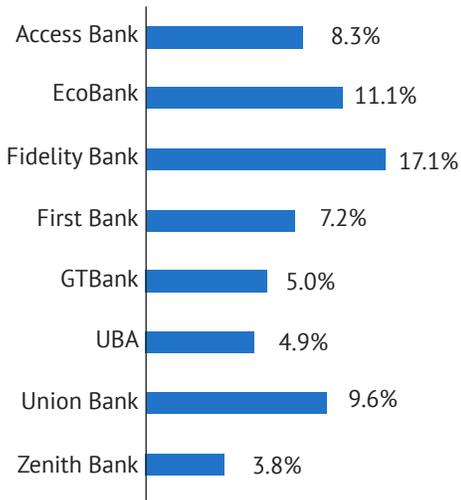


Figure 22: Frequent phishing activity noted

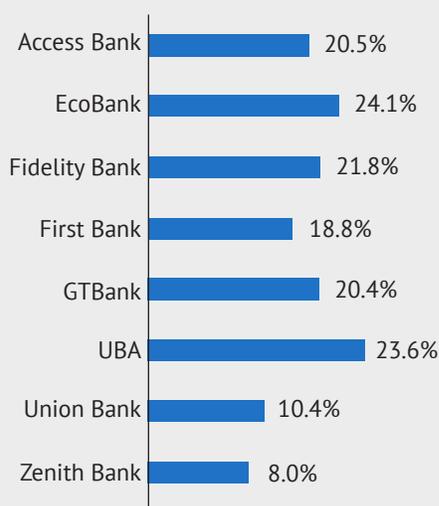


Figure 23: Occasional phishing activity noted

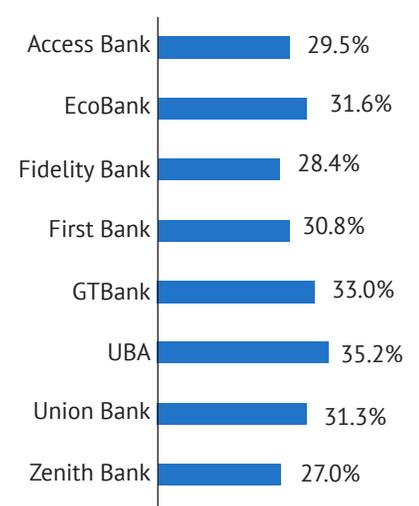
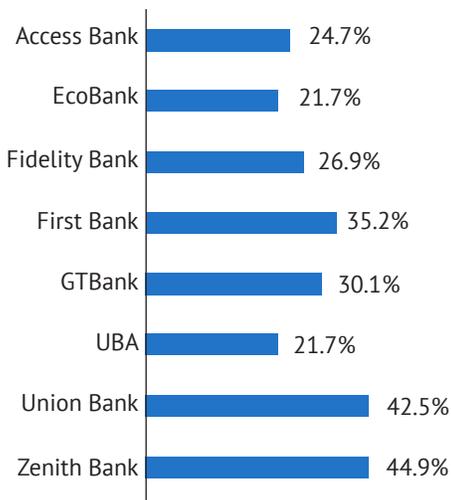
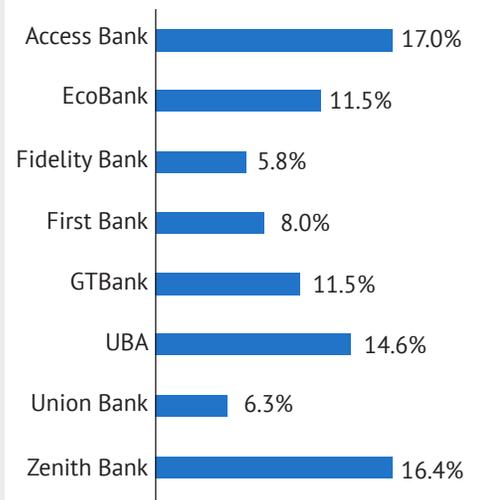


Figure 24: Rare phishing activity noted



As customers execute more transactions on banks digital platforms, there has been an increase in phishing incidents experienced by bank customers where customer details are requested by cybercriminals. We believe more stringent security measures should be introduced by banks to combat phishing. Customers should also be sensitised on the dangers of responding to such unsolicited SMS and emails.

Figure 25: No phishing activity noted



Source: Agusto & Co. Research

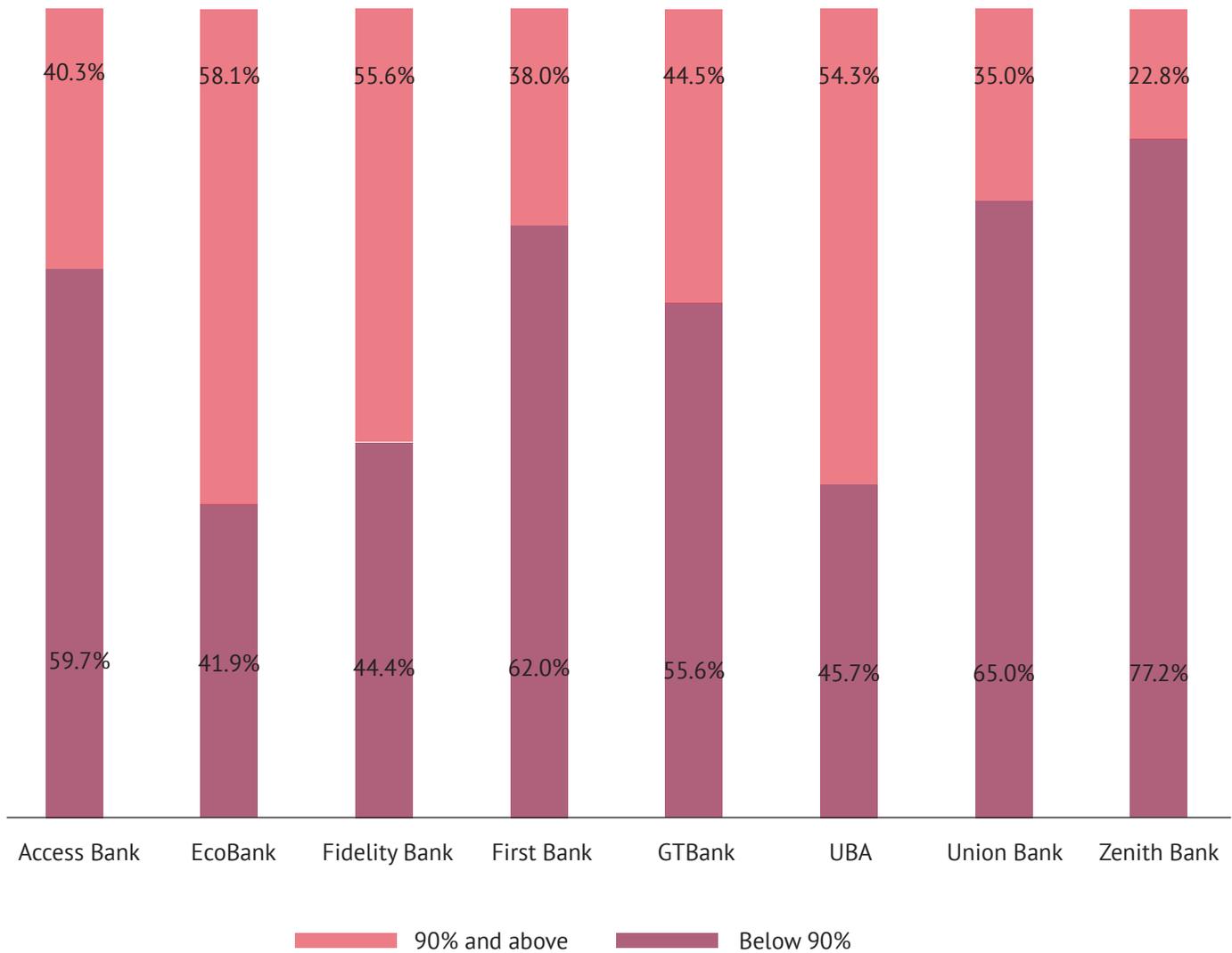
Some highlights include:

- Seventeen percent of Fidelity Bank's respondents and 11.1% of Ecobank's respondents observed phishing activities on their accounts very frequently.
- An average of 9% of the respondents across all banks in the survey observed phishing activities on their account very frequently.

Transaction success rates

Respondents gave an indication of the average success rates of transactions initiated on their respective banks' digital platforms.

Figure 26: Transaction success rates per bank



Transaction success rates have been linked to the level of investments in systems and processes limiting 'downtime' recorded on digital platforms

Source: Agusto & Co. Research

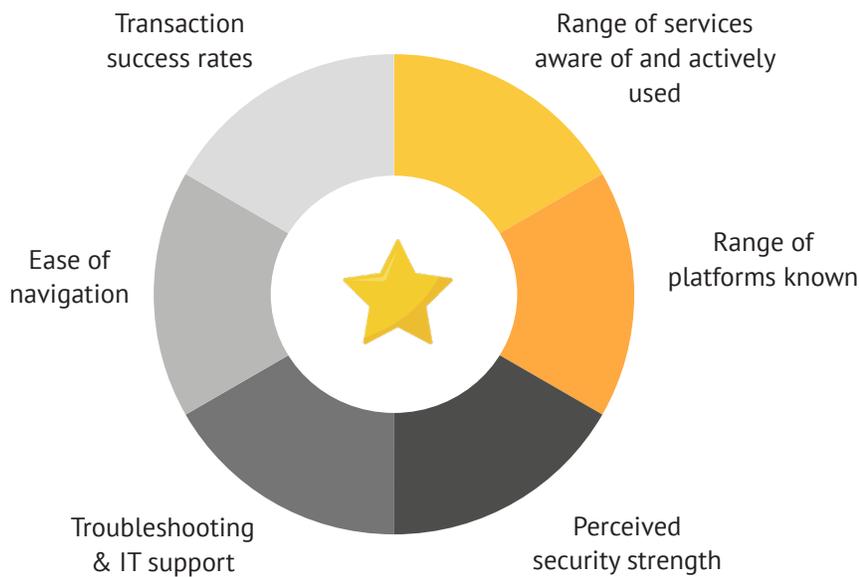
Highlight:

- Seventy-seven percent of Zenith Bank's respondents experienced a minimum transaction success rate of 90% while 65% of Union Bank's respondents and 62% of FirstBank's respondents have similar experience.

Section Three: Consumer digital banking satisfaction index

Agusto & Co.’s 2019 Consumer digital banking satisfaction index for Nigerian banks takes into account a number of factors. The factors considered include ease of navigation, range of services available on the platforms, range of platforms known by customers, perceived security strength and transaction success rates. These factors were embedded in the survey questions administered, and then aggregated using various weightings, with responses benchmarked to expected performance indicators developed by Agusto & Co. score categories are thus defined as follows:

Figure 27: Agusto & Co. Digitalisation & User Experience Score Parameters



Score (out of 100)	Star Rating	USER Experience
80-100	★★★★★	Excellent
70-79	★★★★	Very Good
60-69	★★★	Good
50-59	★★	Modest
40-49	★	Subpar
< 30	—	Weak

Parameter	Definition
Range of platforms known	To serve the Nigerian market and its diverse set of users, banks must offer a variety of electronic banking platforms and alternate banking channels to maximize customer experience, acquisition and retention. This parameter examines the depth of awareness of platforms offered.
Range of services aware of and actively used	Here, awareness of various features available to users and how closely their electronic banking service needs are met in real-time are measured.
Perceived security strength	This parameter looks at how secure transactions carried out are and how sensitive data is preserved/protected from fraud and other cyber-attacks. This parameter also takes into consideration security concerns that result in customers not using certain functions.
Troubleshooting & IT support	Internet and Mobile banking platforms are scored on immediate and effective IT support based on user experiences.
Ease of navigation	This parameter focuses on the functionality of platforms, and to what extent users are able to understand key features and use comfortably.
Transaction success rates	An estimated rate of successful online transactions is compared to failed ones as indicated by users.

Figure 28: Index performance –Top 8 largest banks by asset size

BANK	Range of platforms known	Range of services aware of & actively used	Perceived security strength	Troubleshooting & IT support	Ease of navigation	Transaction success rates	Overall user experience score* (100)
Access Bank Plc	5/10	15/15	15/15	9/15	15.5/20	12.8/25	72.4 ★★★★
Ecobank Nigeria Ltd	4.9/10	14.8/15	11.9/15	5.5/15	11.2/20	7.6/25	55.9 ★★
Fidelity Bank Plc	5/10	15/15	12/15	6.6/15	10.8/20	7.9/25	57.3 ★★
FirstBank of Nigeria Ltd	5.4/10	15/15	15/15	6.6/15	13.8/20	12.1/25	67.8 ★★★
Guaranty Trust Bank Plc	5.6/10	15/15	15/15	6.1/15	13.4/20	11.3/25	66.5 ★★★
Union Bank of Nigeria Plc	5.6/10	12.5/15	13/15	9.3/15	13.4/20	14.9/25	68.7 ★★★
United Bank for Africa Plc	6.2/10	15/15	15/15	7.3/15	13.2/20	9.4/25	66 ★★★
Zenith Bank Plc	6.7/10	15/15	15/15	8.3/15	16.2/20	18.1/25	79.4 ★★★★

*Marginal variances may be noted in the summation of parameter scores vis a vis the total score assigned. These variances are attributable to rounding up of components of the scorecard

Conclusion

Agusto & Co.'s Consumer digital banking satisfaction index provide key insights of Bank customers across key markets in Nigeria. The result of the survey administered affirms various customer satisfaction levels as rated on a number of subject matters. We note that commercial banks must pragmatically address customer concerns as highlighted in the survey, particularly in view of the fast pace of digital banking evolution.

These customers concerns include security, customer service and timely transaction success rates. In our opinion, Nigerian Banks must further create awareness campaigns on the banking services available on digital platforms. Deliberate efforts should also be made by banks to ensure an increase in the success rate of transactions carried out on digital platforms and in instances where challenges are encountered by customers, prompt issue resolution system should be in place to reduce the need for customers to physically visit the bank.

The following form a cross-section of customer responses on desired improvements to user experience, per bank.



- Prompt issue resolution
- Enable customers to book and liquidate investments on Mobile app
- Deployment of technologies that matches that of the defunct Diamond Bank



- Improve efficiency and security
- Platforms should be more user friendly. Consideration should be given to the older generation when designing platforms
- Increase transaction success rate on platforms



Guaranty Trust Bank

- Improvement on customer interface
- Internet banking platform should be more user friendly
- Customers want more personalized customer experience
- More responsive contact centre for issue resolutions



- Improve on feedback mechanism
- Platforms should be improved upon to prevent unintended repetition of transactions in money transfer
- Improve on the resolution of customer complains



- Reduction in the number of failed transactions
- Increase in the transfer limit on the USSD platform
- Increase on system uptime to improve customers reliance on the platform



- Improve on the number of self service options available and educate customers on the availability of these service
- Improve on security measures



- The Mobile app should be more user friendly
- More security measures
- Improve of transaction turnaround time



- More user friendly interface
- Increase in the success rate of transactions



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