



Research, Credit Ratings, Credit Risk Management

2018 Agusto & Co. Consumer Digital Banking Satisfaction Index



The 2018 Agusto & Co. Consumer Digital Banking Satisfaction Index, comprising a survey and a scorecard, examines customers' preferences and attitude towards digital banking platforms hosted by their respective Banks.

A focus group of respondents were 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-East, South-South, North-Central and North-West regions. Respondents were also a combination of 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 of 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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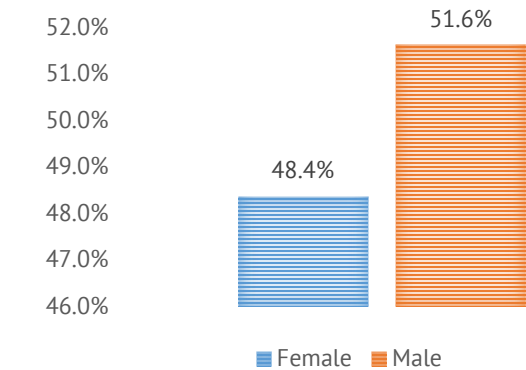
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Section One: Profile of Respondents

Question 1: Please state your gender

Figure 1: Gender distribution of respondents



Source: Agosto & Co.

The age distribution of respondents, is consistent with Nigeria's demography, which has over 70% of its population below the age of 40, which represents the youthful and active group of individuals. An increasing proportion of millennials are also captured within the 18-25 and 26-40 age brackets.

Question 2: Please select age category

Figure 2: Age distribution of respondents

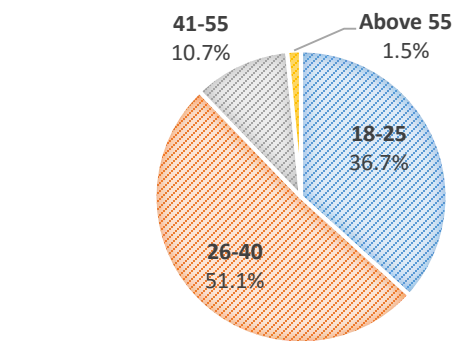
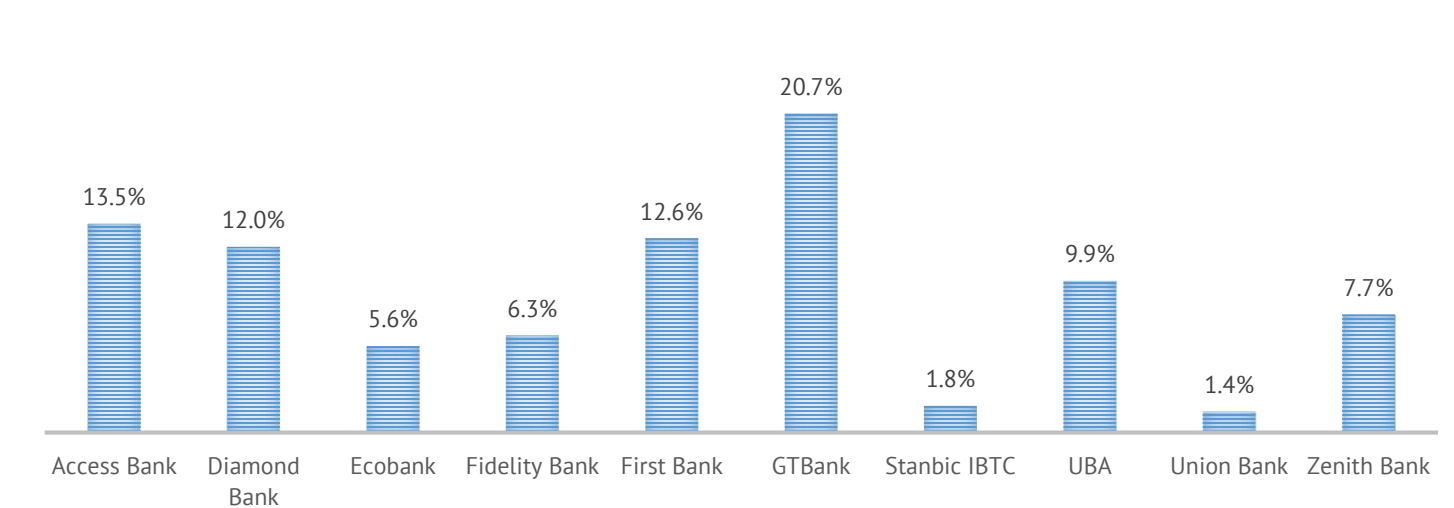


Figure 3: Distribution of Respondents

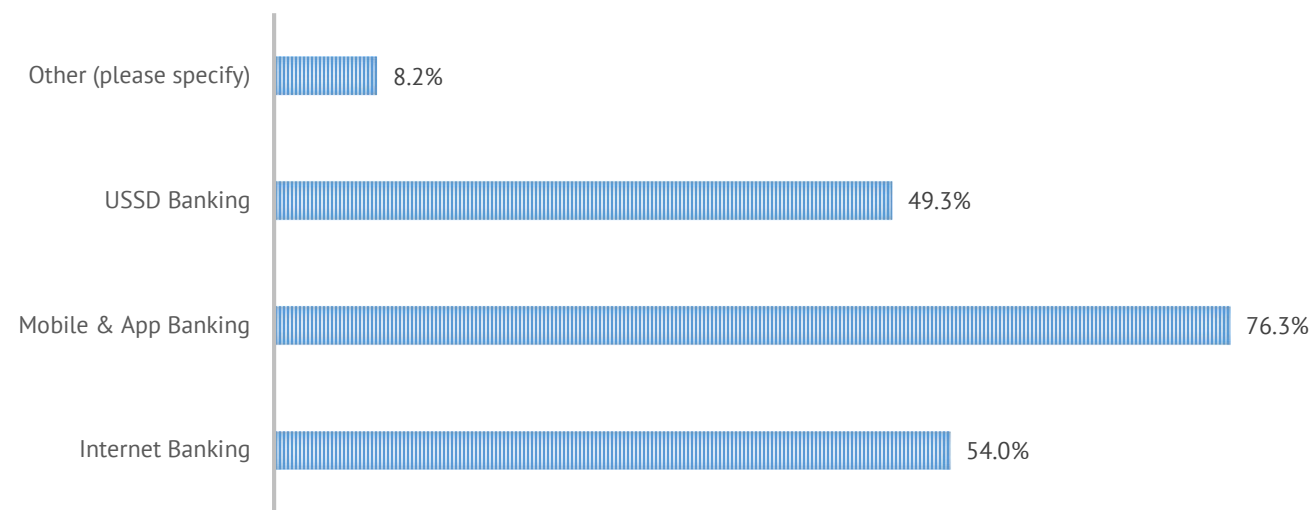


Source: Agosto & Co.

Deductions: The survey respondents cut across 19 Banks, out of a total of 22 commercial banks operating in Nigeria. We however primarily focused on the top ten banks (by total assets) for the maiden edition of the index. Merchant banks have also been excluded in this survey on account of their wholesale banking nature. We however recognize that these banks are increasingly investing in technology to facilitate transactions for both High Net Worth customers and corporates. Customers of the top 5 largest commercial banks Zenith Bank Plc, First Bank of Nigeria Limited, United Bank for Africa Plc, Access Bank Plc, and Guaranty Trust Bank Plc, dominated 64.3% of survey respondents.

Question 3: What online/digital banking platforms are you aware of for your Bank?

Figure 4: Digital Banking awareness responses



Source: Agosto & Co. Research

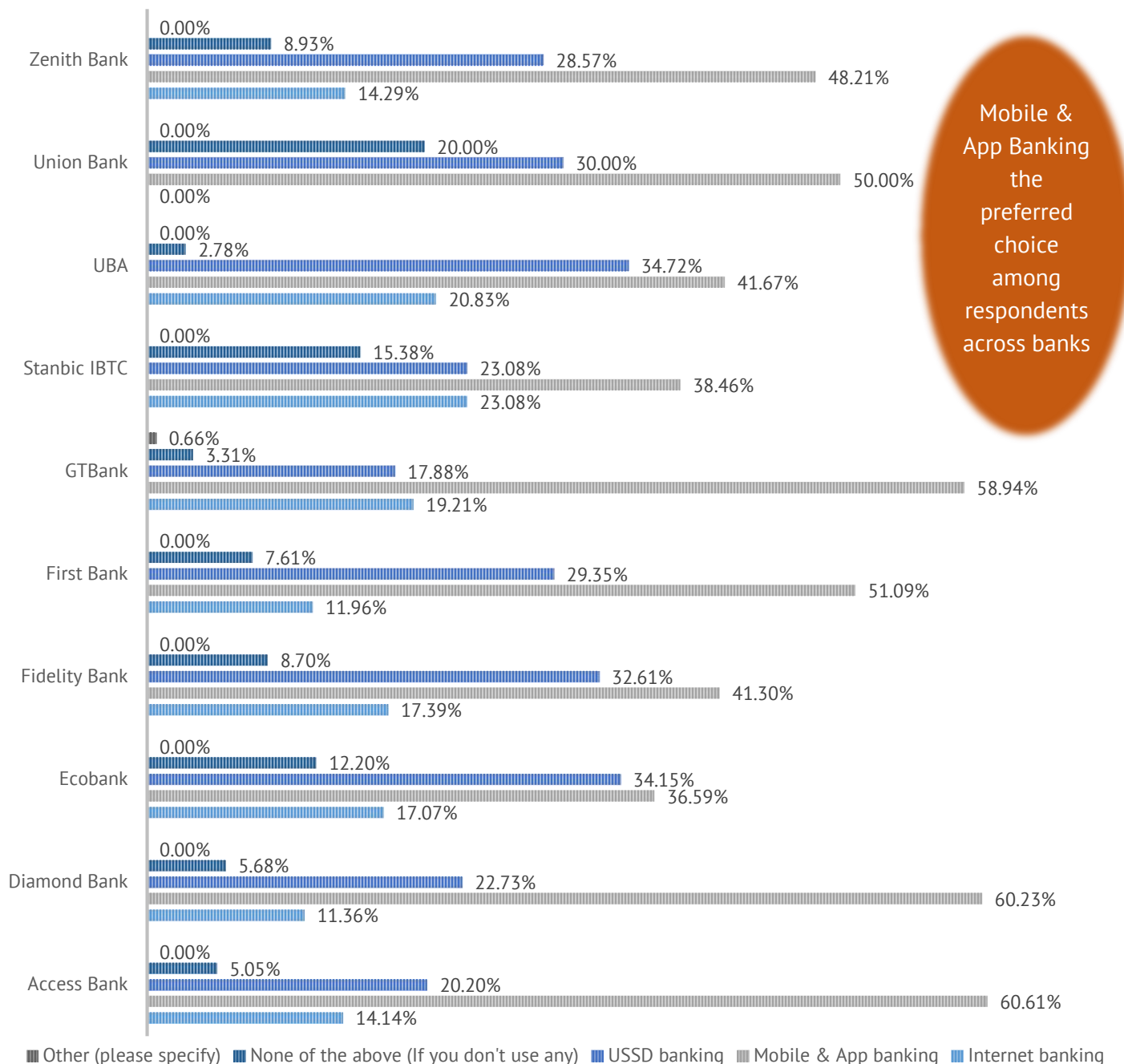
Overall findings for the exercise indicate that over 50% of respondents are aware of the three major banking platforms - mobile & App, internet and Unstructured Supplementary Service Data (USSD) platforms provided by banks. Furthermore, customers are also aware of other digital banking platforms particularly the new wave of Chat banking (Leo by UBA, Tamara by Access Bank, Ada by Diamond Bank, etc). Services such as EmailMoni, PayWithCapture, ALAT digital bank by WEMA Bank and GAPS, all hosted by various banks have also been identified by respondents.

Section Two: Comparative Findings

We consider the top 10 largest banks by total assets and analyze the survey results according to responses from customers who use the respective digital banking platforms.

Primary platforms used

Figure 5: Primary Platforms used per Bank



Source: Augusto & Co. Research

A significant number of respondents use mobile app platforms most frequently, across all banks, followed by USSD banking.

Ease of navigating through the primarily platform used

Figure 6: Excellent rating on navigation

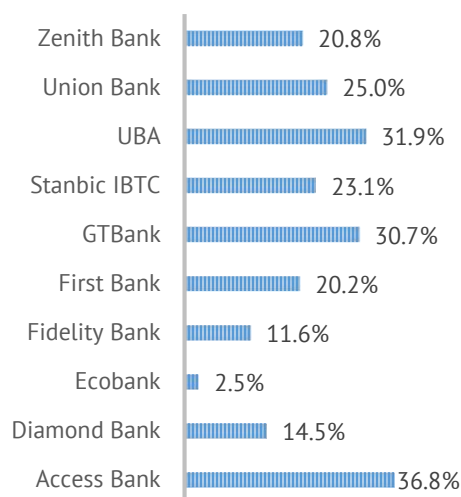


Figure 7: Good rating on navigation

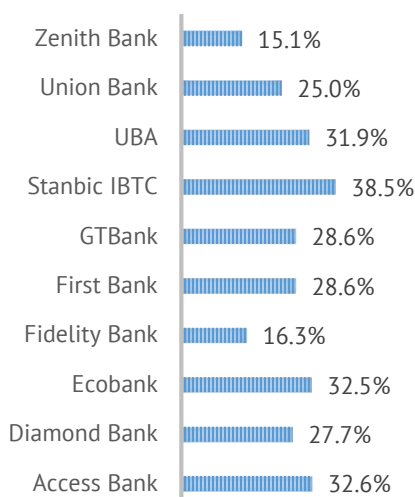


Figure 8: Average rating on navigation

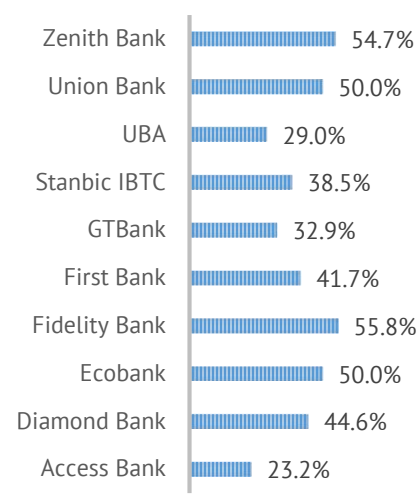
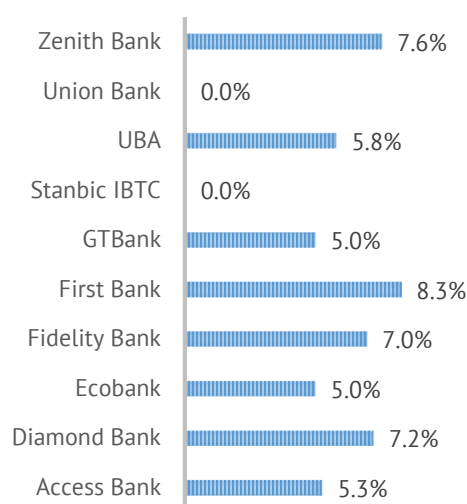
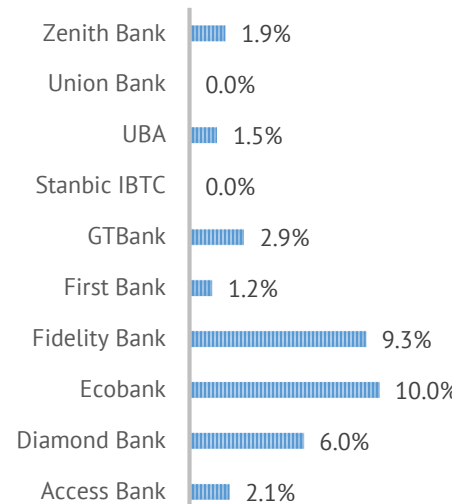


Figure 9: Subpar rating on navigation



Ease of navigation remains an essential factor cutting across varying age brackets and literacy levels

Figure 10: Poor rating on navigation



Source: Agosto & Co. Research

Some highlights include:

- Access Bank and UBA respondents largely felt ease of navigation was excellent
- 8.3% of First Bank respondents gave 2/5 for subpar ease of navigation compared to 7.6% of Zenith Bank respondents.
- However, while other Banks respondents gave a poor rating for ease of navigation, no respondent of Union Bank and Stanbic IBTC affirmed such.

Perceived security when initiating transactions

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

Figure 11: Excellent rating on perceived security

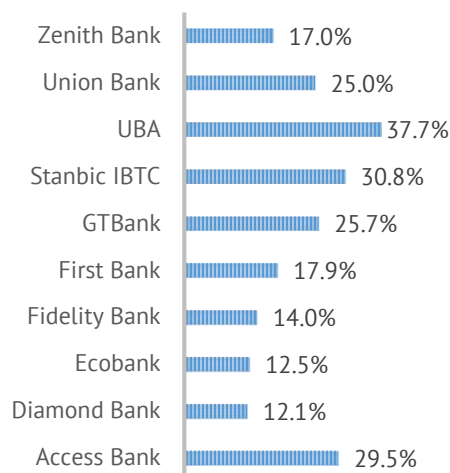


Figure 12: Good rating on perceived security

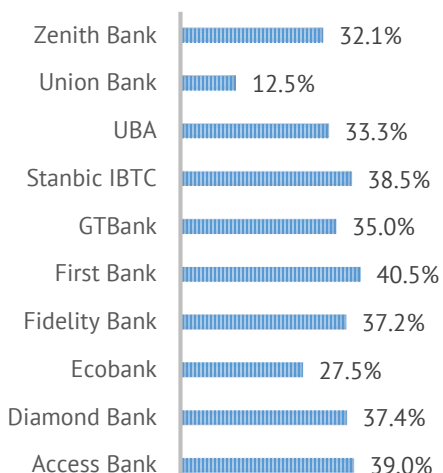


Figure 13: Average rating on perceived security

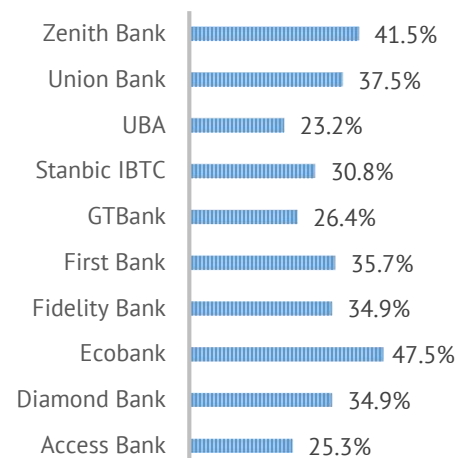
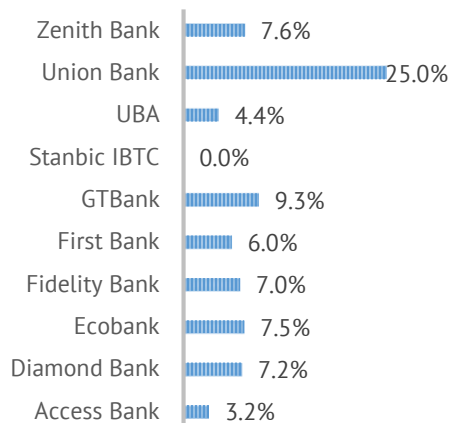
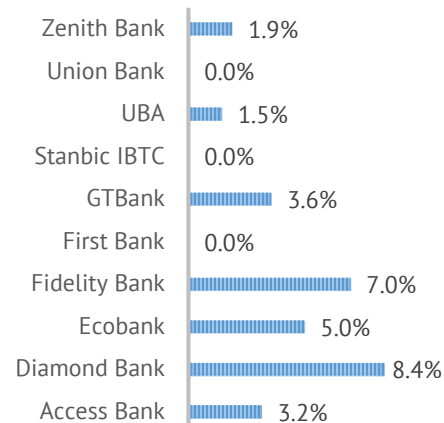


Figure 14: Subpar rating on perceived security



Ability to ensure users
feel secure is key to
attracting and retaining
digital banking customers

Figure 15: Poor rating on perceived security



Source: Agosto & Co. Research

Some highlights include:

- 37.7% of respondents who bank with UBA as well as 30.8% of Stanbic IBTC gave an excellent rating on perceived security when initiating transactions, much higher than ratings of peers.
- 25% of Union Bank respondents did not feel secure giving an indication of subpar perceived security compared alongside 3.2% of Access Bank respondents.
- 8.4% of Diamond Bank, 7% of Fidelity Bank and 3.6% of GTBank respondents, feel very unsecure using the Banks' digital banking platform according to responses.

Resolution of IT issues encountered

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

Figure 16: Excellent rating on issue resolution

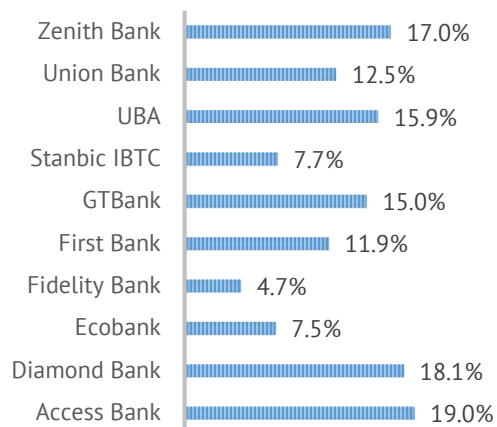


Figure 17: Good rating on issue resolution

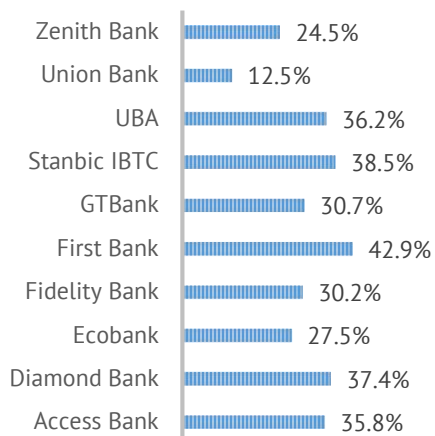


Figure 18: Average rating on issue resolution

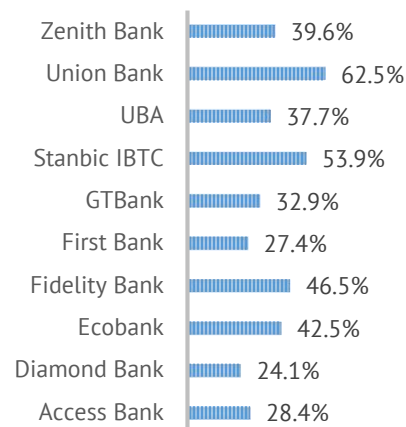
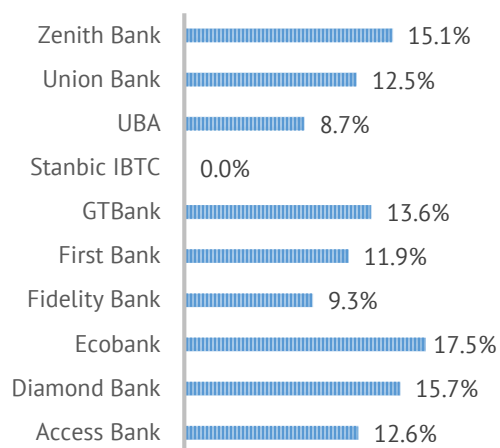
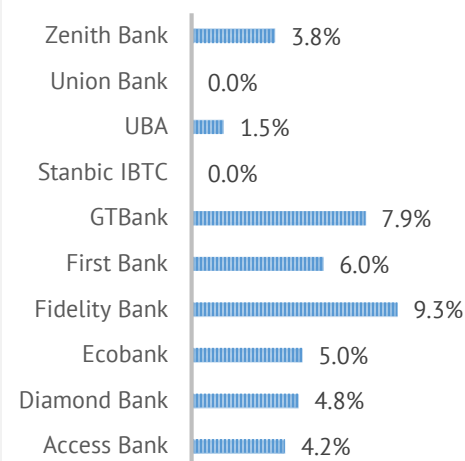


Figure 19: Subpar rating on issue resolution



In addition to availability of service personnel to address issues encountered on digital platforms, timely and efficient resolution of issues must be tracked and continually improved on.

Figure 20: Poor rating on issue resolution



Source: Agosto & Co. Research

Some highlights include:

- 19% of Access Bank, 18.1% of Diamond Bank and 17% of Zenith Bank respondents felt issue resolution stood excellent for their respective bank platforms.
- 9.3% of Fidelity Bank respondents however indicated complete dissatisfied with resolution of issues encountered while using the Bank's digital platform giving a poor rating alongside 7.9% of GTBank respondents, 6% of First Bank and 5% of Ecobank respondents.

Phishing Activity

Figure 21: Very Frequent Phishing Activity Noted

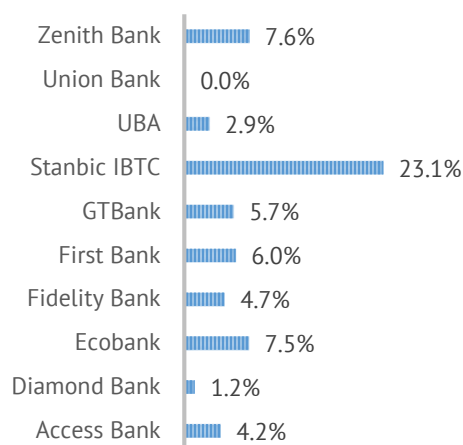


Figure 22: Frequent Phishing Activity Noted

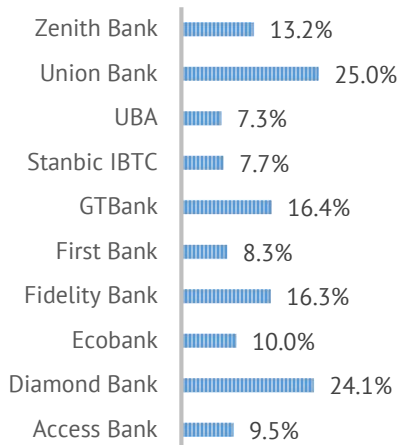


Figure 23: Occasional Phishing Activity Noted

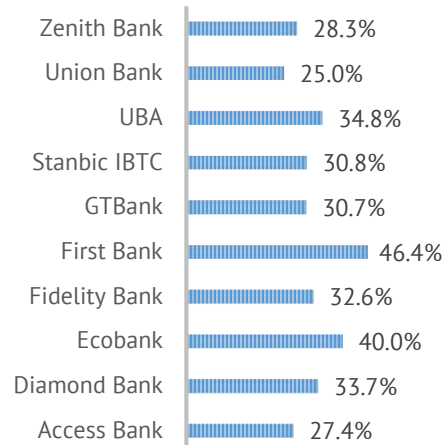
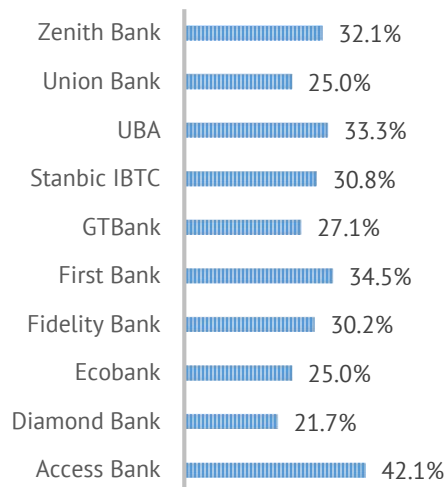
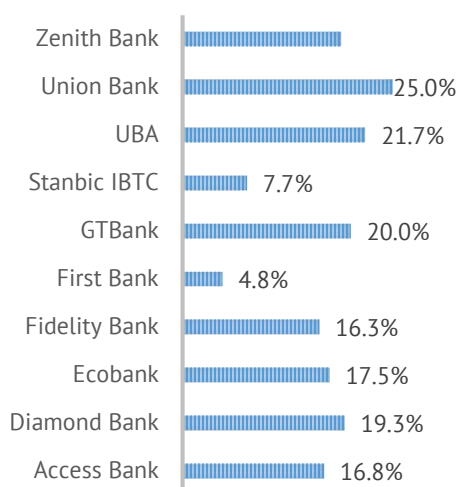


Figure 24: Rare Phishing Activity Noted



Bogus emails and other phishing activity has been noted as an inevitable global trend on the back of technological strides. Filters and multiple layers of firewalls are some of the mitigants typically adopted.

Figure 25: No Phishing Activity Noted



Source: Agosto & Co. Research

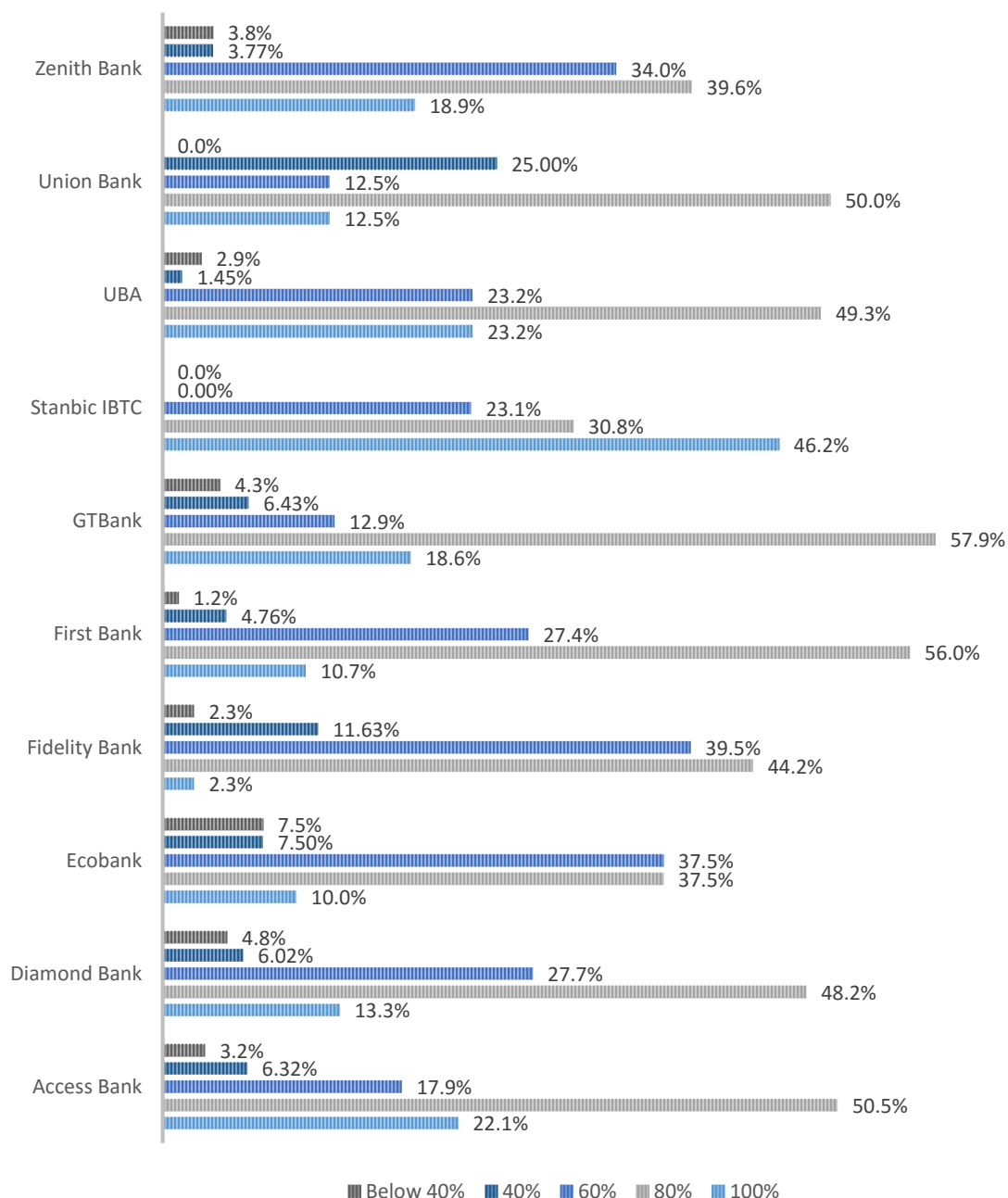
Some highlights include:

- The bulk of responses lay in occasional and rare phishing activity noted via emails and text messages.
- A significant 23.1% of Stanbic IBTC respondents as well as 7.6% and 7.5% of Zenith and Ecobank respondents respectively receive such very frequently.
- Commendably, 25% of Union Bank 20% of GTBank have not noted any phishing activity higher than peers.

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 when transacting on digital platforms

Source: Agosto & Co. Research

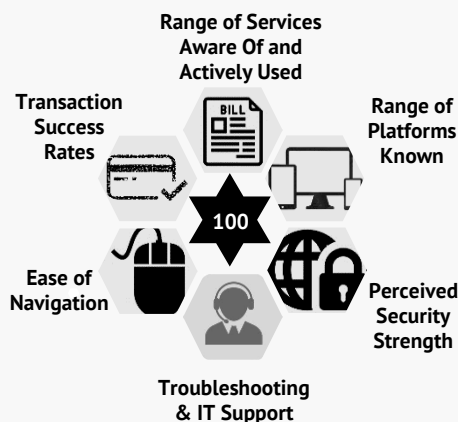
Some highlights include:

- The highest transaction success rates (100%) were noted by Stanbic IBTC, UBA and Access Bank respondents.
- 7.5% of Ecobank respondents disclosed low success rates of about 40% and below for transactions initiated alongside 4.8% of Diamond Bank respondents, 4.3% of GTBank's respondents and 3.8% of Zenith Bank's respondents.

Consumer Digital Banking Satisfaction Index

Agusto & Co.'s 2018 Consumer Digital Banking Satisfaction Index for Nigerian banks takes into account a number of factors. These include ease of navigation, range of services customers are aware of, range of platforms known by customers, perceived security strength and transaction success rates, aggregated using various weightings. These factors were embedded in the survey questions administered, and then aggregated, 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	★	Sup-par
< 30		Weak

Parameter	Definition
<i>Range of Platforms Known</i>	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.
<i>Range of Services Aware Of and Actively Used</i>	Here, awareness of various features available to users and how closely their electronic banking service needs are met in real-time are measured.
<i>Perceived Security Strength</i>	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.
<i>Troubleshooting & IT Support</i>	Internet and Mobile banking platforms are scored on immediate and effective IT support based on user experiences.
<i>Ease of Navigation</i>	This parameter focuses on the functionality of platforms, and to what extent users are able to understand key features and use comfortably.
<i>Transaction Success Rates</i>	An estimated rate of successful online transactions is compared to failed ones as indicated by users.

Figure 28: Index Performance – Top 10 Largest Banks

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	5.5/10	12.8/15	17/20	9.3/15	19/20	19/20	82.5 
Diamond Bank Plc	4.8/10	12.5/15	12.5/20	8.4/15	15.9/20	14.6/20	68.6 
Ecobank Nigeria Plc	4.1/10	12.5/15	10.3/20	4.6/15	13/20	10.6/20	55.0 
Fidelity Bank Plc	4.9/10	12.5/15	13.1/20	5.5/15	10.2/20	10.3/20	56.4 
First Bank of Nigeria Ltd	5.9/10	12.5/15	16.4/20	9.3/15	18.5/20	18/20	80.6 
Guaranty Trust Bank Plc	5.9/10	11.5/15	16/20	6.6/15	19/20	17/20	76.0 
Stanbic IBTC Bank Limited	6.8/10	12.5/15	19/20	8.7/15	20/20	19/20	86.0 
United Bank for Africa Plc	6.2/10	14/15	17/20	8.8/15	19/20	19/20	84.0 
Union Bank of Nigeria Plc	5.9/10	12.5/15	9.5/20	3.7/15	20/20	14.9/20	66.4 
Zenith Bank Plc	5.3/10	12.5/15	12.4/20	6.8/15	13.3/20	15.7/20	66.0 

*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

Augusto & Co.'s premiere Consumer Digital Banking Satisfaction Index has provided key insights of Bank customers across key markets in Nigeria. The results of the survey administered affirm 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 pace of evolution of digital banking. These include security concerns, customer service and timely transaction success rates. Furthermore, as revealed by the survey, a significant portion of respondents receive

phishing/bogus emails portraying to be their Banks. In our opinion, Nigerian Banks must further augment customer awareness campaigns on identifying phishing emails/SMS and how to avert being victims of same. Marked strides in deepening customers' use of digital platforms is critically contingent on improved perceived security, and indeed actual safety when performing transactions.

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

Access Bank Plc

- USSD Banking should have better security and be made more reliable
- Improve reversals and resolving refunds on incomplete transactions
- Providing user guides

Diamond Bank Plc

- More reliable transactions.
- Reduction in service charges.
- More user friendly

Ecobank Nig Ltd

- More security measures
- Mobile app should be easier to use
- Improve speed of transactions.

Fidelity Bank Plc

- Improve on the user interface and make the enrollment procedure less cumbersome
- An improvement in the speed of processing transactions

First Bank of Nig Ltd

- Integrate a transaction failure complaint option
- An improvement in inter-bank transfer services
- Improved security against scams.

GTBank Plc

- Improve customer service or make resolution of issues easier via a more interactive platform
- Enhance notification process particularly for receiving alerts ontime
- Reduce the cumbersome processes of transactions
- Reduce the rate/level of system down time

Stanbic IBTC

- Improve Encryption and firewall
- Improve customer service

Union Bank Plc

- Improve efficiency and security
- Voice recognition option for security
- Improve user interface

UBA Plc

- The bank should give more instructions on mobile banking
- Improve the speed of processing transactions
- Train their support staff to bridge the IT knowledge gap

Zenith Bank Plc

- Reduction in service charges
- An effective or improved customer service.
- Speed of transactions.