KPMG

Digital Channels Scorecard

Leveraging Superior UX on Digital Channels to drive Retail Banking Growth in Nigeria

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About the KPMG Digital Channels Scorecard

The stakes have never been higher when it comes to businesses delivering their promise to customers. As consumers become more attuned to using apps for everyday life events from social connection to social networking, online news, shopping online and working online, they are expecting nothing less from businesses with which they are associated. These businesses need to reimagine how user experience (UX) design principles are factored into every aspect of the interaction with customers on their digital platforms.

The KPMG Digital Channels Scorecard unveils in-depth sector and domain insights from our user journey-centred assessments. It includes a benchmark of Digital Channels for retail banks in Nigeria using the proprietary KPMG Digital Channels UX Assessment Framework which employs the "mystery shopper" review approach. This edition of the publication covers the 17 commercial banks that have a strong focus on retail banking. These banks have international or national banking licenses and retail banking operations across the country. The 17 banks are listed in alphabetical order below:

1. Access Bank Plc
2. Ecobank Nigeria Plc
3. Fidelity Bank Plc
4. First Bank of Nigeria Ltd
5. First City Monument Bank Ltd
6. Guaranty Trust Bank Plc
7. Heritage Banking Company Ltd
8. Keystone Bank Ltd
9. Polaris Bank Ltd
10. Stanbic IBTC Bank Plc
11. Standard Chartered Nigeria
12. Sterling Bank Plc
13. Union Bank of Nigeria Plc
14. United Bank for Africa Plc
15. Unity Bank Plc
16. Wema Bank Plc
17. Zenith Bank Plc

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1.0 Foreword

Digital Channels Scorecard for retail banks in Nigeria

We are in unprecedented times. The COVID-19 pandemic has thrown the global socio-economic environment into turmoil. The turbulence continues to rage as the spread and fatality of the virus are yet to be contained. Social distancing and significant restrictions to movement have hampered social and economic activities at a scale not previously seen in modern times. It is now certain that the world, post-COVID19, will be markedly different.

One of the enduring responses to the COVID-19 pandemic is digital. In simple terms, businesses need to improve digital capabilities in order to deliver products and services via digital channels. It is in this light that KPMG has performed a Digital Channels Scorecard for retail banks in Nigeria. The Scorecard provides an industry perspective of how effective banks are in delivering products and services to customers via digital channels. It measures the quality of UX as customers traverse a range of journeys to access products and services on 4 distinct digital channels – Mobile banking, Internet banking, USSD, and Chatbot. The Scorecard covers 13 anchor journeys grouped into 5 thematic areas, viz:

Digital Onboarding – includes journeys spanning account opening and customer profile creation on any channel of choice.

Payments & Transfers – spans all types of payments and transfers, including bill payments, fund transfers and cardless withdrawal.

Digital Lending – includes all types of lending to retail customers via digital channels.

Self-Service – includes journeys spanning debit & virtual card request, card block, profile unlock, token request and statement request.

Customer Care – journeys related to customer engagement and issue resolution

Based on our user journey-centred assessment of retail banks' digital channels, we have categorised banks into 4 distinct categories: Leaders, Challengers, Followers or Late Starters.

Leaders can onboard customers digitally end-to-end without the need to visit branches or agents; are delivering innovative products to enrich payment & transfer offerings; have embarked on an aggressive play to accelerate the Self-Service agenda for customers and are able to engage and resolve customer complaints on the channels.

Challengers performed well on the user journeys, but lack some of the key ingredients that should place them in the leaders' tier. While they are able to offer effective user journeys on their channels, they fall behind the leaders on the array of capabilities and quality of user experience. These banks can become leaders in the near future if they are able to leverage design thinking principles to resolve user experience issues and deploy innovative capabilities that will deliver an engaging digital experience on their channels.

Followers are unable to onboard customers digitally without requiring them to visit the branch, have several disjointed user journeys, limited self-service offerings and struggle with responding to and resolving customer complaints in a timely manner.

Late starters either do not have several important user journeys or offer several broken journeys. Late starters are unable to onboard customers digitally, have unwieldy user journeys, lack Self-Service offerings and struggle with respect to customer care.

The Scorecard provides a view of the competitive positioning of each bank with a two (2) dimensional view. The first dimension is based on user journeys, while the second dimension is based on the channels.

From an industry perspective, we note that banks need to build capacity to transform user journeys by embracing design thinking principles, onboard customers digitally, articulate a pragmatic self-service agenda that will further reduce traffic at branches, reduce cost-to-serve and operational risks, embrace digital lending and digitize contact centres to cope with scale. The availability of products and services on some channels while absent on others portends a need to re-architect backend systems with a focus on APIs. Front-end systems (channels) should generally call services through APIs provisioned at the backend. The resilience of backend systems is still a primary concern affecting the availability of digital channels. Banks may need to relook backend systems to ascertain that the systems are adequately architected and sufficiently resilient to support the ambition to scale. Chatbot implementation is nascent but has the potential to improve customer engagement and complaints resolution if delivered across all channels as a service. Talent development and processes are imperatives for transforming digital channels and may well be the root cause of some of the shortcomings on the digital channels. We observed that personalization is still in its infancy at most banks and consider that there is a significant opportunity for differentiation by banks who can potentially leverage analytics to provide contextual offerings and experiences to customers.

We trust that you will find our Digital Channels Scorecard for retail banks in Nigeria insightful and look forward to your feedback.

Boye Ademola
Partner & Lead
Digital Transformation
KPMG in Africa

Scorecard at a Glance

Digital onboarding scorecard

	Mobile Banking	Internet Banking	USSD	Chatbot
Leaders	Standard Chartered Bank	None	Zenith Bank Stanbic IBTC Bank	None
Challengers	Wema Bank Access Bank GTBank	Wema Bank	Access Bank UBA	Fidelty Bank
Followers	Zenith Bank FirstBank Sterling Bank Keystone Bank Stanbic IBTC Bank Unity Bank	Unity Bank UBA FCMB Sterling Bank Standard Chartered Bank	FirstBank Sterling Bank Heritage Bank FCMB	UBA Stanbic IBTC Bank FCMB Sterling Bank Access Bank Ecobank
Late Starters	Ecobank Fidelity Bank FCMB Heritage Bank Polaris Bank Union Bank UBA	Keystone Bank Fidelity Bank Access Bank Heritage Bank Ecobank Union Bank Stanbic IBTC Bank GTBank FirstBank Zenith Bank Polaris Bank	Unity Bank GTBank Keystone Bank Wema Bank Ecobank Standard Chartered Bank Polaris Bank Fidelity Bank Union Bank	FirstBank GTBank Heritage Bank Keystone Bank Polaris Bank Standard Chartered Bank Union Bank Unity Bank Wema Bank Zenith Bank

Banks are arranged in alphabetical order in Late Starter tier for the Chatbot channel

Figure 1: Scorecard for digital onboarding across digital channels

Note: Digital channel assessments were conducted between 10 May 2020 and 15 July, 2020.
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited.

Payments & transfers scorecard

	Mobile Banking	Internet Banking	USSD	Chatbot
Leaders	Wema Bank GTBank	Wema Bank	GTBank	None
Challengers	UBA Standard Chartered Bank Ecobank	GTBank	UBA	Sterling Bank
Followers	Access Bank Keystone Bank Fidelity Bank Unity Bank FirstBank Union Bank Zenith Bank Stanbic IBTC Bank Heritage Bank	FCMB UBA Keystone Bank Fidelity Bank Stanbic IBTC Bank Polaris Bank Heritage Bank Access Bank Unity Bank FirstBank Zenith Bank Standard Chartered Bank	Access Bank FirstBank Union Bank Standard Chartered Bank Stanbic IBTC Bank Fidelity Bank Unity bank Keystone Bank Ecobank	Fidelity Bank Stanbic IBTC Bank UBA Ecobank Access Bank FCMB
Late Starters	FCMB Polaris Bank Sterling Bank	Ecobank Sterling Bank Union Bank	Wema Bank Polaris Bank Zenith Bank Heritage Bank FCMB Sterling Bank	FirstBank GTBank Heritage Bank Keystone Bank Polaris Bank Standard Chartered Bank Union Bank Unity Bank Wema Bank Zenith Bank

Banks are arranged in alphabetical order in Late Starter tier for the Chatbot channel

Figure 2: Scorecard for payments and transfers across digital channels

Note: Digital channel assessments were conducted between 10 May 2020 and 15 July, 2020.
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited.

Digital lending scorecard

	Mobile Banking	Internet Banking	USSD	Chatbot
Leaders	None	None	None	None
Challengers	Fidelity Bank	Access Bank GTBank	Fidelity Bank GTBank FirstBank Access Bank Polaris Bank	None
Followers	GTBank FirstBank Access Bank Wema Bank Standard Chartered Bank FCMB UBA Bank Keystone Bank Sterling Bank	Standard Chartered Bank Zenith Bank Wema Bank Union Bank FCMB UBA Polaris Bank	FCMB UBA Ecobank Stanbic IBTC Bank	Access Bank UBA
Late Starters	Ecobank Heritage Bank Polaris Bank Stanbic IBTC Bank Union Bank Unity Bank Zenith Bank	Ecobank Fidelity Bank FirstBank Heritage Bank Keystone Bank Stanbic IBTC Bank Sterling Bank Unity Bank	Heritage Bank Keystone Bank Standard Chartered Bank Sterling Bank Union Bank Unity Bank Wema Bank Zenith Bank	Ecobank FCMB Fidelity Bank FirstBank GTBank Heritage Bank Keystone Bank Polaris Bank Stanbic IBTC Bank Standard Chartered Bank Sterling Bank Union Bank Unity Bank Wema Bank Zenith Bank

Figure 3: Scorecard for digital lending across digital channels

Note: Digital channel assessments were conducted between 10 May 2020 and 15 July, 2020.
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited.

Self-service scorecard

	Mobile Banking	Internet Banking	USSD	Chatbot
Leaders	Wema Bank Access Bank Standard Chartered Bank	None	None	Fidelity Bank
Challengers	GTBank	Standard Chartered Bank Access Bank UBA Wema Bank	Fidelity Bank Stanbic IBTC Bank	Stanbic IBTC Bank Access Bank UBA
Followers	FirstBank Stanbic IBTC Bank Sterling Bank UBA Union Bank Unity Bank	FirstBank Polaris Bank GTBank Stanbic IBTC Bank FCMB Unity Bank	UBA Polaris Bank Keystone Bank GTBank Access Bank Zenith Bank First Bank Wema Bank Union Bank	FCMB Sterling Bank
Late Starters	Ecobank FCMB Zenith Bank Fidelity Bank Polaris Bank Keystone Bank Heritage Bank	Sterling Bank Ecobank Zenith Bank Keystone Bank Union Bank Fidelity Bank Heritage Bank	Ecobank FCMB Heritage Bank Standard Chartered Bank Sterling Bank Unity Bank	Ecobank First Bank GTBank Heritage Bank Keystone Bank Polaris Bank Standard Chartered Bank Union Bank Unity Bank Wema Bank Zenith Bank

Banks are arranged in alphabetical order in Late Starter tier for the Chatbot channel

Figure 4: Scorecard for digital self-service across digital channels

Note: Digital channel assessments were conducted between 10 May 2020 and 15 July, 2020.
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited.

Customer care scorecard

	Mobile Banking	Internet Banking	USSD	Chatbot
Leaders	Wema Bank	None	Not Applicable	Fidelity Bank
Challengers	GTBank	GTBank	Not Applicable	None
Followers	Stanbic IBTC Bank Polaris Bank FCMB Ecobank UBA Keystone Bank Access Bank FirstBank Sterling Bank	Stanbic IBTC Bank Heritage Bank Access Bank UBA Ecobank Sterling Bank FCMB	Not Applicable	FCMB Stanbic IBTC Bank Ecobank UBA Access Bank
Late Starters	Fidelity Bank Heritage Bank Standard Chartered Bank Union Bank Unity Bank Zenith Bank	Fidelity Bank First Bank Keystone Bank Polaris Bank Standard Chartered Bank Union Bank Unity Bank Wema Bank Zenith Bank	Not Applicable	First Bank GTBank Heritage Bank Keystone Bank Polaris Bank Standard Chartered Bank Union Bank Unity Bank Wema Bank Zenith Bank

Banks are arranged in alphabetical order within the late starters tier

Figure 5: Scorecard for customer care across digital channels

Note: Digital channel assessments were conducted between 10 May 2020 and 15 July, 2020.
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited.

Mobile Banking Scorecard

Figure 6: Relative positioning of banks on Mobile Banking Scorecard

Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited.

USSD Scorecard

Figure 7: Relative positioning of banks on USSD Scorecard

Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited.

Internet Banking Scorecard

Figure 8: Relative positioning of banks on Internet Banking Scorecard

Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited.

Chatbot Scorecard

Figure 9: Relative positioning of banks on Chatbot Scorecard

Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited.

Why Digital Channels Matter

As evidenced by the growth in mobile subscriber numbers and internet penetration in Nigeria, it is not surprising that the customer demography is rapidly changing. The new customer is becoming more accustomed to using mobile devices for access to services, including shopping, travel, entertainment, social interactions, news, financial services etc. With over 82 million Nigerians accessing the internet through mobile phones and accounting for more than 73% of the country's internet traffic[1], it is evident that there is increasing adoption of mobile by customers. The NIBSS 2018 payment report[2] showed that more than 79% of instant payment transactions were performed on mobile phones - i.e. 44% via mobile apps and 35% via USSD. This represented a growth of over 10% from 2017. Similarly, in a recent BICSS report by KPMG, respondents indicated higher daily and weekly usage of mobile (37%) and USSD (43%) channels than the bank branch (25%). With the increasing adoption of digital services, customers are beginning to expect similar end-to-end digital experiences they get on other platforms from their banks. For instance, customers can self-onboard, transact and address service issues digitally on some platforms and therefore expect the same from digital banking platforms. While the change in customer behaviour is driving increased focus and investments in expanding the scope of services and capabilities of digital banking channels, there is still a heavy reliance on physical channels for completion of a number of essential user journeys and banking services; examples are digital onboarding, digital lending and service requests.

Overall Channel Usage

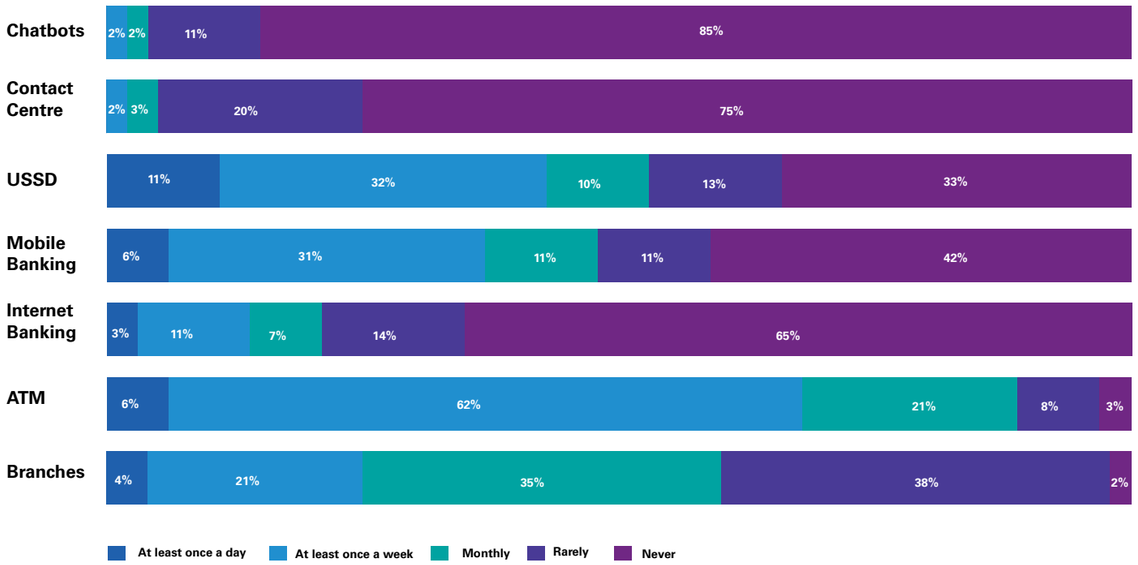


Figure 10: Overall Banking Channel Usage
Source: 2019 KPMG Nigeria Banking Industry Customer Experience Survey

The recent COVID-19 pandemic lockdown further reinforces the need for banks to ensure that customers can access all services digitally as the restriction of movement meant that branches were unavailable to serve customers. However, banks that had developed strong digital capabilities provided their customers with sufficient digital alternatives during the lockdown period. Thus, ensuring their ability to sustain service delivery, attract new customers and grow revenue despite the pandemic situation. Although restrictions are beginning to ease, the effects of the pandemic continue to be felt locally and globally, the changes we are seeing are likely not short-term as customer adoption of technology has been heightened. This presents a new reality for businesses to grapple with, thus, surmounting the challenges of this new reality will require banks to anticipate and prepare for the changes in their consumers' needs, behaviours and preferences.

As we shift from short-term responses to the COVID-19 challenge to a new way of life, Financial Services providers must continue to provide essential services to customers digitally while protecting the well-being of their employees. Banks can leverage this pandemic as an opportunity to benchmark and identify gaps in their digital channels capabilities. The approach of starting journeys digitally and requiring the customer to visit a branch, contact centre or other physical location for completion fails to deliver holistic digital experiences. Proactively addressing the identified gaps will help to accelerate the transition to being more digital. Transitioning to a digital-first business will, however, require a complete rethink and redesign of the entire user journeys to deliver the right digital experiences consistently regardless of the customer's touchpoint.

Delivering a customer-centric, digitally-enabled business requires banks to evolve a more connected operating model that seamlessly integrates a customer-centric service experience at the digital front office to back-office operations enabled by people, digitized processes, and modern technology architecture. This includes re-envisioning the user journeys that are currently not supported on the digital channels with a view to migrating them to the digital channels as well as enhancing the user experience of those already deployed on the digital channels. Banks that can successfully make this transition will be positioned to compete more favourably in the future.

This report evaluates the extent to which Nigerian banks are able to provide their customers with end-to-end digital experiences across a selection of user journeys on relevant digital channels, with a specific focus on the robustness of functionalities as well as the user experience delivered. The review was done from the perspective of a customer to ascertain the adequacy of the digital channels to meet customer needs without visiting a branch.

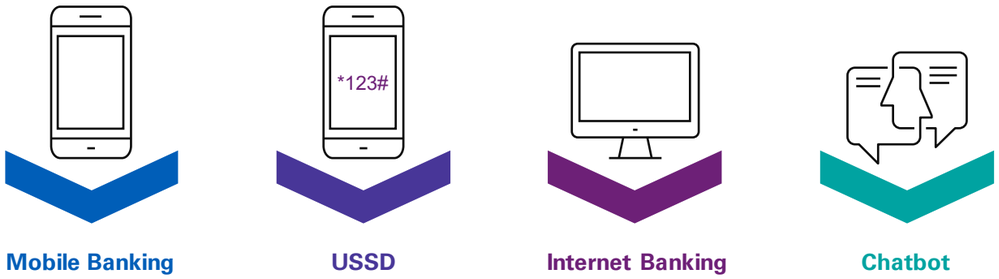
[1] Hootsuite 2020
[2] https://nibss-plc.com.ng/wp-content/uploads/2019/02/InstantPayments2018-New.pdf

Detailed Scorecard

Overview of the digital channels scorecard

The COVID-19 pandemic has necessitated a change in the way consumers live and transact with their product and service providers. These changes are compelling banks to refurbish their digital channels and rethink their digital transformation strategies as interactions via digital channels become preferred for customers. There is a need for banks to accelerate the transition to digital with an unflinching focus on delivering delightful end-to-end digital experiences on key user journeys relating to product discovery, purchase, use, renewal and support. Banks will also need to maintain a high level of flexibility and agility in adjusting their legacy business models, processes and technologies to meet emerging demands of our rapidly and drastically changing world.

To understand the maturity of the existing digital channels in serving the needs of the prospect and customers, KPMG assessed relevant digital channels of 17 commercial banks offering retail banking products and services in Nigeria. The review covered 13 user journeys grouped into 5 broad thematic areas as depicted in the figure below. The data and insights generated from this review enabled us to create a benchmark of the user journeys on these digital channels to provide pertinent insights for the Nigerian Banking Industry at large.



User Journeys				
Digital Onboarding	**Payment & Transfers**	**Digital Lending**	**Self-service**	**Customer Care**
– Account Opening – Digital Channel Onboarding	– Funds Transfer – Bill Payment – Cardless Withdrawal	– Loan Services	– Debit Card Request – Card Block – Statement Request – Profile Unlock – Virtual Card Request – Token Request	– Issue Resolution

Figure 11: Scope of the digital channels and journeys reviewed

Figure 12: Snapshot of Commercial Banks Reviewed Listed in Alphabetical Order

Digital channels UX assessment framework

The Digital Channels Scorecard is based on the proprietary **KPMG Digital Channels UX Assessment Framework** (see Figures 13 and 14) used to assess the experiences of users on 4 distinct digital channels (Mobile, Internet, USSD and Chatbot). The scorecard covered a total of 17 commercial banks in Nigeria and was executed through a user-centered assessment approach based on the "mystery shopping/banking" approach to assess and form an "outside-in" perspective of retail banking customer experiences from using the 4 digital channels. Our UX assessment methodology has four steps:

Set the expectations

We leveraged KPMG's rich portfolio of research data regarding the evolving customer and their expectations of today's digital channels to identify representative customers (personas) and scenarios (user stories). We used these personas and user stories to conduct journey-based UX assessments across 13 high-level user stories. We identified the goals of the customer scenario and assessed the user journeys on relevant digital channels. The goals reflect the range of expectations (capabilities and experience) that customers have come to expect from the digital channels they use.

Assess UX of a variety of user journeys (end-to-end) across relevant digital channels

To evaluate the user experience on different journeys, we developed a user journey map that broke down the qualitative experience of a user into a series of logical steps to form a visual representation of the user's experience on that journey. Each step of the user journey was evaluated and rated based on the different levels of the UX Pyramid. Each UX Pyramid level has a potential rating of 0 to 4, where 0 = Frustrated and 4 = Excited. The rating measures how well a bank has implemented the components of a particular UX Pyramid level on a digital channel to meet customers' expectations and help them achieve their journey-specific goals.

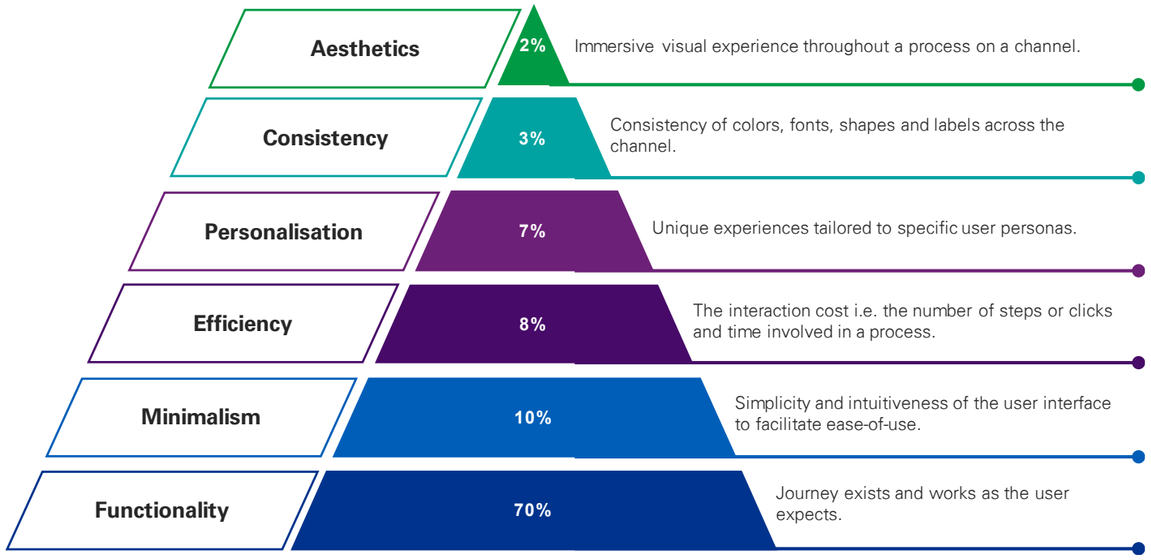


Figure 13: KPMG Digital Channels UX Assessment Framework – UX Pyramid

Generate the scorecard for all user journeys across relevant digital channels

We weighted all the UX Pyramid levels to ensure that, in general, those that are most important to customers have the most impact on a bank's overall score (see Figure 14). The combination of weightings and scores for each level of the UX Pyramid generates an overall score for each user journey and the bank's digital channel as a whole. The final scores are based on a 100-point scale.

Classify each bank.

Based on the outcome of the UX assessment of all scoped user journeys across relevant digital channels, we classified all 17 commercial banks into different categories, i.e. Leaders, Challengers, Followers and Late-starters in each thematic area (collection of similar user journeys) across relevant digital channels.

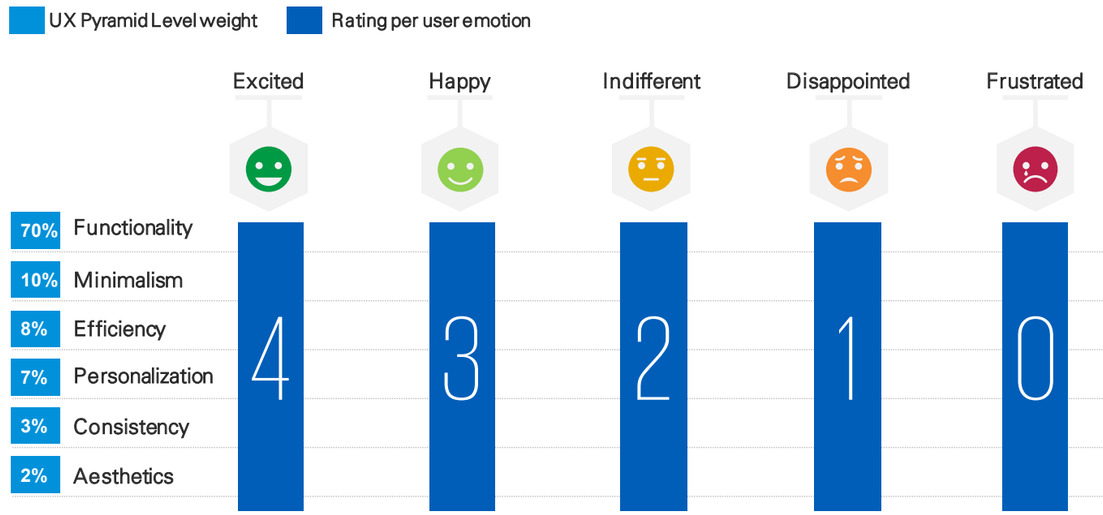


Figure 14: KPMG Digital Channels UX Assessment Framework – UX component weight, rating & sentiments

Each UX component asks critical questions in a bid to objectively assess the overall UX on a variety of user journeys across relevant digital channels.

Functionality

Does the digital channel support the particular user journey being evaluated and what is the overall effectiveness of that journey on the digital channel?

Minimalism

Is the experience intuitive and straightforward (simple) to minimize the users' effort, and allow rapid achievement of users' objectives going through that journey on that digital channel?

Efficiency

How much does it cost a user to navigate a specific user journey on a particular digital channel in terms of the number of steps/clicks and time it takes to complete the entire journey? This is also known as "interaction cost" or "cost of interaction."

Personalisation

Is the experience on the digital channel tailored to the persona of the specific user?

Consistency

Are the colours, fonts, shapes and labels across user journeys supported on the digital channel consistent?

Aesthetics

Is the user interface of the digital channel visually appealing and in line with globally acceptable design guidelines?

Scorecard Ranking Categories

Based on our review of the capabilities demonstrated by the banks across the 5 thematic areas (groups of user journeys) on their respective digital channels, we have categorized the banks into 4 distinct tiers both at the user journey and channels level. The categories are as follows:

Leaders

Banks in this category have clarity on their digital strategy and the capacity to execute. They are able to deliver critical capabilities on their digital channels such as end-to-end digital onboarding of customers without the need to visit a physical branch; delivery of innovative products to enrich payment & transfer offerings; have embarked on an aggressive play to accelerate the Self-Service agenda for customers and can engage and resolve customer complaints on the channels. Also, they have gone beyond just delivering basic functionalities on the user journeys assessed to enhance user experience so that customers are delighted as they embark on those journeys.

Challengers

Banks in this category have a digital ambition but fall behind the Leaders on execution. While they are able to offer effective user journeys on their channels, they fall behind the leaders on the array of capabilities and quality of user experience. These banks have the potential to be in the Leaders tier in the near future if they can execute on their strategy, leverage design thinking principles to resolve user experience issues and accelerate the Self-Service agenda for customers.

Followers

Banks in this category appear to have a digital agenda but are unable to execute. Followers have several digital initiatives but are unable to deliver these in time for the benefit of users. We note that Followers are unable to onboard customers digitally without requiring them to visit the branch, have several disjointed user journeys resulting in poor user experience, limited Self-Service offerings and perform poorly with respect to responding to and/or resolving customer complaints.

Late Starters

Banks in this category appear to lack a digital agenda for the user journey or channel in question. Late starters are unable to onboard customers digitally, have unwieldy user journeys resulting in painful user experience, lack Self-Service offerings and perform poorly with respect to customer care in an increasingly digital world.

Figure 15: KPMG Digital Channels UX Assessment Framework – Scorecard ranking categories

Digital Onboarding

The COVID-19 pandemic has triggered the implementation of full to partial lock-down tactics by many governments across the globe, including Nigeria. It has also seen businesses, including banks, enforce social distancing guidelines from government to protect their customers and workforce from the virus. This situation is no doubt accelerating the move by many banks to digitize their banking processes, including how they acquire and onboard new customers on their digital channels.

Digital onboarding (which includes account opening and digital channel onboarding journeys) enables banks to acquire new customers in a wholly digital manner. This capability has gained significance as technology and customers' expectations continue to evolve.

As we evaluated the UX of digital onboarding journeys across a variety of digital channels, we developed a user journey map, breaking down the qualitative experience within these journeys into a series of logical steps to form a visual representation of customers' experience. Each step in the journeys was assessed based on the elements of the KPMG UX Assessment Framework. The outcome produced journey maps that identify friction points, users' sentiments, and opportunities to delight and elevate the user experience.

Mobile App

Representative digital onboarding journey map - best-in-class

Customer goals

Jeff, a private sector employee who earns N1.2million monthly, wants to open an account and onboard on the mobile banking app of a leading digital banking brand in Nigeria following his prolonged frustrations on quality of service from his current provider. He wants to complete this journey digitally following a transparent and straightforward process with sufficient assistance and guidance throughout the journey but without the need to visit a bank branch.

	Discovery	Data Capture	KYC Document Upload	Account Setup	Platform Registration	Transaction Authorization Method Setup
Journey Stages						
Customer Expectations	• Quick and easy access to account opening menu on the mobile app. • Precise details on requirements for account opening and information on different account types.	• Supports account opening with or without BVN • Simple data forms with adequate input validation. • Only basic information should be mandatory. • Clear indicators on mandatory fields.	• Support upload of required KYC documents. • Liveliness check on selfie upload • Real-time validation of KYC documents uploaded. • Option to skip document upload and complete at a later time.	• Notification to customers after account number generation • Successful generation of account number. • Account number should be enabled for both debit and credit transactions.	• Seamless transition from account opening. • Ease of customer authentication during onboarding process • Ability to select preferred username	• Successfully setup a transaction PIN for transaction authorization • Enable biometrics authentication by attaching the transaction PIN to device biometric.
Summary of UX	• Easy to spot account opening menu with thorough FAQs on account opening requirements, transaction limits and benefits per account type.	• Jeff had to switch to message application to copy OTP. • Short and straightforward data capture process with excellent leverage on BVN information to auto-populate relevant fields • Only the necessary information (personal and contact details) required for opening an account are mandatory.	• Easy to use KYC document upload functionality with liveness check during selfie shots. • Jeff can skip the document upload stage and is informed of the implications. • Unable to upload documents already available on the user device. User could only scan to capture KYC documents. • Uploaded KYC documents are not validated online and in real-time. Consequently, validation was not as swift as expected.	• The account was successfully created • Prompt email and SMS notification with the new account number specified • The new account is able to perform both debit and credit transactions. • User can upgrade the account to a higher tier digitally by uploading relevant KYC document and updating customer information.	• Automatically redirects the user to the registration menu after completing the account opening journey. • Options to use either debit card or unique code sent to email and registered phone number to complete the process. • Same credentials can be used on Internet banking.	• Jeff is able to create a transaction PIN successfully, and the PIN can be used on a different channel, for example, Internet banking or USSD.
User Emotion						
Opportunities to delight	• Restrict the required information for the account opening data capture process to only fields necessary for account creation. Any other essential data can be obtained from the user at the point where they are required. • Enhance the KYC upload feature to support uploading of files from the mobile device. • Leverage emerging technologies like AI and machine learning to perform real-time KYC document validation. This will improve operational efficiency and avoid issues such upload of ineligible documents that will further delay customers access to the newly opened account for transactions due to prolonged offline document validation.			• Auto-fill OTP where applicable to eliminate the need to switch to SMS application to copy OTP.		

Figure 16: Best-in-class UX on digital onboarding journey on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Mobile App

Representative digital onboarding journey map - followers/late starters

Customer goals

Rita, a makeup artist with monthly income ranging from N700k to N1million, wants to open an account and onboard on the mobile banking app of a leading bank in Nigeria following her frustrations on quality of service from her current provider. She wants to complete this journey digitally following a transparent and straightforward process with sufficient assistance and guidance throughout the journey but without the need to visit a bank branch.

	Discovery	Data Capture	KYC Document Upload	Account Setup	Platform Registration	Transaction Authorization Method Setup
Journey Stages						
Customer Expectations	• Quick and easy access to account opening menu on the mobile app. • Precise details on requirements for account opening and information on different account types. .	• Supports account opening with or without BVN • Simple data forms with adequate input validation. • Only basic information should be mandatory. • Clear indicators on mandatory fields.	• Support upload of required KYC documents. • Liveliness check on selfie upload • Real-time validation of KYC documents uploaded. • Option to skip document upload and complete at a later time.	• Notification to customers after account number generation • Successful generation of account number. • Account number should be enabled for both debit and credit transactions.	• Seamless transition from account opening. • Ease of customer authentication during onboarding process • Ability to select preferred username	• Successfully setup a transaction PIN for transaction authorization • Enable biometrics authentication by attaching the transaction PIN to device biometric.
Summary of UX	• Easy to spot account opening menu. • Information on account opening requirements are not presented to the customer	• Cumbersome and time-consuming data capture process • The data capture process mandatorily requires capturing of information/fields that are typically optional e.g. middle name • User has to provide information that can be retrieved from BVN details.	• The app does not support KYC document upload. The customer had to visit the bank branch to provide KYC documents.	• Several failed attempts before account number was successfully generated. • Delayed email and SMS notification of new account number • Customer not able to upgrade account to a higher tier on the channel. • Account number is not enabled for debit transactions.	• Customer is not redirected to the channel onboarding screen, had to self-discover the channel onboarding menu • Customer had to comply with a stringent requirement of using a debit card to authorise the channel onboarding process. Hence, she had to visit a branch to obtain a debit card before she could complete the channel onboarding process. • Credentials created on mobile cannot be used on Internet banking.	• Customer had to switch to SMS application to copy OTP. • Customer is able to create a transaction PIN successfully. However, the PIN cannot be utilised on other digital channels. It is only applicable to mobile banking application.
User Emotion						
Opportunities to delight	• Implement feature to support upload of KYC document online. • Restrict the required information for the account opening data capture process to only fields necessary for account creation. Any other necessary data can be obtained from the user at the point where it is required. • Auto-fill OTP where applicable to eliminate the need to switch to SMS application to copy OTP. • Implement a more intuitive, short and efficient account opening journey that allows customers achieve their objective rapidly.			• Ensure prompt notification to customers on successful completion of account opening and digital channel onboarding journeys. • Enable account for both debit and credit transactions. • Implement feature to support upgrade of account within the application when relevant information and documents are provided.		

Figure 17: Example of a poor user experience on digital onboarding journey on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

USSD

Representative digital onboarding journey map - best-in-class

Customer goals

David, a final year student of sports psychology, wants to open an account with a particular bank. Since he does not have a smartphone, he uses the bank's USSD short code to initiate this journey. His goal is to follow a set of simple and clear steps to open an account, onboard on this channel, and begin to transact on the account.

Journey Stages

Discovery → **Data Capture** → **Account Setup** → **Platform Registration**

Customer Expectations

Discovery

- Quick and easy access to account opening menu on the mobile app.
- Precise details on requirements for account opening and information on different account types.

Data Capture

- Supports account opening with or without BVN
- Simple data forms with adequate input validation.
- Only basic information should be mandatory.

Account Setup

- Notification to customers after account number generation
- Successful generation of account number.
- Account number should be enabled for both debit and credit transactions.
- Information on how to upgrade the account to remove caps and restrictions on transactions and operations.

Platform Registration

- Seamless transition from account opening.
- Ease of onboarding
- Ability to setup a transaction PIN seamlessly

Summary of UX

Discovery

- On dialing the bank's USSD short code, the system automatically recognised that the phone number is not attached to any account and prompts the prospective customer to open an account.

Data Capture

- Short and straightforward data capture process with excellent leverage on relevant information from BVN data.
- Only 3 steps required to complete data capture step

Account Setup

- The account successfully created
- Prompt email and SMS notification with the new account number specified
- The new account is able to perform both debit and credit transactions.
- No information to the customer on how to provide required KYC documents online as this is not a capability that can be delivered on USSD.

Platform Registration

- Customer is transitioned seamlessly to register on USSD and setup a transaction PIN.

User Emotion

Opportunities to delight

- Inform customers the nature of the accounts opened on USSD and precise details on the transaction limits of such accounts to manage expectations better.
- Inform customers how KYC documents can be submitted to upgrade account to a higher tier. The implementation should be such that it can be completed online (mobile or web) to eliminate the need to visit a physical branch to complete the process

Figure 18: Best-in-class UX on digital onboarding journey on USSD
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

USSD

Representative digital onboarding journey map - followers/late starters

Customer goals

Bala, a tomato farmer based in Kano, wants to open an account with a particular bank. Since he does not have a smartphone, he uses the bank's USSD short code to initiate this journey. His goal is to follow a set of simple and clear steps to open an account, onboard on this channel, and begin to transact on the account.

	Discovery	Data Capture	Account Setup	Platform Registration
Journey Stages				
Customer Expectations	• Quick and easy access to account opening menu on the mobile app. • Precise details on requirements for account opening and information on different account types. .	• Supports account opening with or without BVN • Simple data forms with adequate input validation. • Only basic information should be mandatory.	• Notification to customers after account number generation • Successful generation of account number. • Account number should be enabled for both debit and credit transactions.	• Seamless transition from account opening. • Ease of onboarding • Ability to setup a transaction PIN seamlessly
Summary of UX	• The USSD application does not detect that the phone number is not linked to any account in the bank, and the prospective customer had to navigate to the account opening menu manually. • No information on the transactions cap and operation restrictions for an account opened on USSD.	• The customer had to provide necessary information such as personal and contact details even after submitting BVN. • Too many steps involved.	• Several failed attempts before account number was successfully generated. • Delayed email and SMS notification of new account number • The customer was not able to upgrade account to a higher tier on any digital channel. Also, no information was provided to the customer in this regard. • The customer could not perform any debit related transactions (e.g. payment and transfers) on the account until KYC documents were provided requiring the customer to visit a bank branch.	• The customer was not routed to register and create a transaction PIN. Platform registration has to be manually initiated by the customer.
User Emotion				

Opportunities to delight

- Inform customers the nature of the accounts opened on USSD and precise details on the transaction limits of such accounts to better manage expectations.
- Implement logic to auto-detect a mobile number that is not linked to any account in the bank's core banking application and auto-prompt to open an account.
- Leverage the data from BVN to enhance the efficiency of the data capture stage
- Inform customers how KYC documents can be submitted. The implementation should be such that it can be completed online to eliminate the need to visit a physical branch to complete the process
- Accounts should be enabled for both debit and credit transactions.

Figure 19: Example of a poor user experience on digital onboarding journey on USSD
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

State of play on digital onboarding

Based on our UX assessment of Digital Onboarding journeys, we generated a scorecard that shows how each bank's digital channel performed against our 6 UX criteria. The scores were ranked and the banks clustered into four ranked categories: Leaders, Challengers, Followers, and Late-starters to showcase the current state of play in digital onboarding.

	Mobile Banking	Internet Banking	USSD	Chatbot
Leaders	Standard Chartered Bank	None	Zenith Bank Stanbic IBTC Bank	None
Challengers	Wema Bank Access Bank GTBank	Wema Bank	Access Bank UBA	Fidelty Bank
Followers	Zenith Bank FirstBank Sterling Bank Keystone Bank Stanbic IBTC Bank Unity Bank	Unity Bank UBA FCMB Sterling Bank Standard Chartered Bank	FirstBank Sterling Bank Heritage Bank FCMB	UBA Stanbic IBTC Bank FCMB Sterling Bank Access Bank Ecobank
Late Starters	Ecobank Fidelity Bank FCMB Heritage Bank Polaris Bank Union Bank UBA	Keystone Bank Fidelity Bank Access Bank Heritage Bank Ecobank Union Bank Stanbic IBTC Bank GTBank FirstBank Zenith Bank Polaris Bank	Unity Bank GTBank Keystone Bank Wema Bank Ecobank Standard Chartered Bank Polaris Bank Fidelity Bank Union Bank	FirstBank GTBank Heritage Bank Keystone Bank Polaris Bank Standard Chartered Bank Union Bank Unity Bank Wema Bank Zenith Bank

Banks are arranged in alphabetical order in Late Starter tier for the Chatbot channel

Figure 20: Scorecard for digital onboarding across channels

Note:
Digital channel assessments were conducted between 10 May 2020 and 15 July, 2020.
Source: KPMG 2020 Digital Channels Assessment

Unveiling the digital onboarding scorecard

Leaders

Mobile banking: Standard Chartered Bank (SCB) pulled ahead of its peers to emerge the leader in digital onboarding. The bank allows prospective customers to initiate and complete the account opening and digital channel onboarding via its mobile banking channel without having to visit a branch. Amongst others, Standard Chartered bank offers the following functionalities on the digital onboarding journey on its mobile banking channel:

- Comprehensive information on KYC documents required per account type, benefits per account type, and details of applicable transaction limits based on the level of documentation on the account.
- Supports upload of relevant KYC documents during the account opening journey.
- Liveliness detection during selfie capture.
- Auto-scanning of documents.
- Support for account upgrade. Customers can initiate this by simply uploading the relevant documents in-app and completing customer information update to meet the requirements for the preferred account type.
- Ability to track completed and outstanding steps in the account opening journey.

Beyond delivering a wholly digital experience on account opening, SCB also offers top-notch user experience on the digital channel onboarding journey. New and existing account holders can complete the digital channel onboarding journey seamlessly as the channel is intuitive and efficient. This is evident in the flexibility of customer authentication method used to initiate digital channels onboarding and the support for a single sign-on credential across mobile and Internet banking channels.

Internet banking and Chatbot: No bank made it to the Leaders' category since digital onboarding could not be completed end-to-end on any banks' Internet banking or Chatbot channel.

USSD: Zenith and Stanbic IBTC banks led the pack on digital onboarding on USSD channel. These banks delivered a delightful digital onboarding experience to prospective customers who were able to achieve their goals rapidly and efficiently. Amongst others, these banks offer the following on the digital onboarding journey on USSD Channel.

- Easy discovery of account opening menu - placed on the first menu screen.
- Reduced user input by leveraging data from BVN data set to complete the data capture stage, which makes the journey efficient.
- Instant activation of accounts opened on USSD for both debit and credit transactions.

Spotlight:

Standard Chartered Bank's Mobile Banking App (SC Mobile)

Standard Chartered Bank delivers a well-rounded digital account opening journey on its mobile banking app.

The platform supports upload of KYC documents online as well as the option to skip upload of certain documents. Accordingly, comprehensive information on account types, applicable limit and documentation requirements are provided to aid customers during the onboarding journey.

One key differentiator of SC Mobile amongst its peers is its liveness check feature which validates that actual human faces are captured during selfie shots. Also, Standard Chartered has designed the digital onboarding journey to ensure both prospective customers and existing account holders can open an account and onboard on its mobile banking app seamlessly without the need to visit a branch.

Challengers

Banks in the Challenger category deliver digital onboarding 'just right' on their digital channels. They support end-to-end account opening and easy onboarding on relevant digital channels. However, they are yet to deploy some capabilities that will ensure that customers can start and finish the process without having to visit a bank branch. Absence of any of the following capabilities on the digital channels has hindered these banks from achieving the digital differentiation and leadership they seek:

- Initiation of account upgrade directly on digital channels
- Enabling users to select the type of account they want to open based on the KYC documents they have available
- Liveliness checks during selfie shots.
- Ability to track and complete outstanding steps within the onboarding journey.
- Comprehensive information on the key features of the different account types that can be opened digitally and relevant KYC documentation requirements.

Challengers need to augment the capabilities deployed on their digital channels to ensure they can meet the expectations of customers consistently.

Followers

Banks in this category deliver the basics of account opening on respective digital channels. However, the user experience falls below peers indicating they are yet to deploy what is needed to achieve a genuinely digital onboarding experience. Most digital channels in this tier are missing the essential functionalities that will enable a prospect to open an account, onboard on a digital channel and transact with that account without having to visit a physical branch. This is prevalent on mobile and Internet banking channels. For example, there is a stringent requirement to use a debit card to initiate digital channel onboarding with no alternative authentication method. Thus customers have to visit a branch to obtain a debit card before they can complete the channel onboarding process.

Late Starters

Finally, the Late-starters do not support the account opening journey or the journeys are defective on the respective digital channels. Accordingly, prospects cannot use these banks' digital channels to onboard, which indicates that intentional or not; the Late-starters are still living in a non-digital world.

Key insights from our digital onboarding UX assessment

Our UX assessment of onboarding journeys across a variety of digital channels revealed the following key insights:

Digital account opening is a "must-have" for retail banks. Implementing an end-to-end digital account opening is essential and mutually beneficial to customers and banks. Digital account opening can enable banks to acquire new customers at scale while offering convenience to prospects. It will also allow banks to repurpose their workforce — previously saddled with account opening responsibilities. Now, a significant number of bank staff can focus on higher-value business activities.
Our UX assessments revealed that most banks offer this capability on their mobile banking channel (see figure 21). Given the nonlinear paths of customer engagement, banks must implement this capability on other digital channels as well with high-quality user experience to meet customers' expectations. Furthermore, they have to be intentional on how they imagine and deliver the digital onboarding experience on their digital channels as this journey is the customers' first impression of how they will interact with the bank.

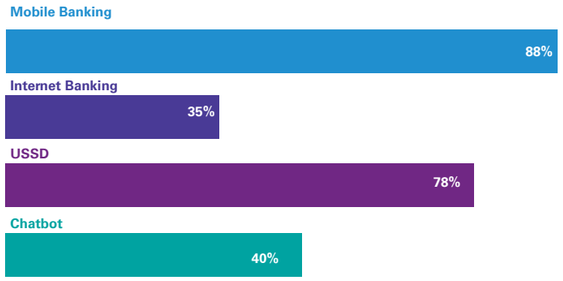


Figure 21: Comparison of availability of online account opening feature across banks' digital channels
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

AI-powered KYC document validation is a significant opportunity that will drive improved UX, operational efficiency and risk mitigation. Online validation of uploaded KYC documents is nonexistent across all digital channels assessed. What is obtainable is a scenario where prospects upload required documents with bank staff performing offline reviews. From our assessment, KYC document validation took between 18 - 24 hours on the average (for Leaders and Challengers), indicating significant inefficiencies within the journey. To enhance UX and reduce the cost-to-serve on account opening, banks need to deploy innovative solutions that will transform the KYC documents upload and validation process by leveraging emerging technologies such as AI, machine learning and cloud computing. Besides delivering better UX, this functionality will mitigate the risk of prospects uploading ineligible documents and thereby help better manage compliance and fraud risks from the source.

Flexible customer authentication options for onboarding will reduce the number of abandoners. While banks cannot afford to compromise on security, the process of digital channel onboarding should be designed to be as painless as possible, to reduce the number of abandoners. This will come from delivering top-notch UX to new and existing account holders with the right balance on security that engenders trust. We noted that most banks rely on the use of debit or credit cards to initiate or complete digital onboarding journeys. While this ensures the security of the entire process, it can become a bottleneck in cases where the account holder is yet to receive his/her card. To deliver a painless and frictionless end-to-end digital onboarding journey, banks have to remove the sole reliance on debit or credit cards and implement other flexible but equally secure options for user authentication such as remote biometric validation.

Most banks enable seamless transition between digital channels. However, a lot more can be done to make the digital channels work in tandem. One major attribute of today's customers is their non-linear path of engagement - moving from one channel to the next to execute different transactions and requests. Enabled by technology, customers now expect a frictionless user experience as they traverse a variety of digital channels. Meeting this expectation requires banks to facilitate omnichannel interactions. Our assessment revealed that over 70% of the banks support this experience on their digital channels (mostly between mobile and Internet banking). However, the focus is on login credentials with only 20% of the banks enabling the use of the same transaction authorization method on Mobile and Internet banking.

Efficient digital onboarding journeys is critical to achieving the customer acquisition agenda. Most banks' digital onboarding journeys are digitized versions of legacy face-to-face processes, which have only one route (the 'happy path') to successful completion. From our assessments, these journeys are often long, requiring the prospect to complete every step at a go before eventually getting access to the digital channel. Also, prospective customers with data gaps, such as missing emails or middle names in their retrieved BVN data are often unable to complete these journeys as some banks do not allow them to provide any missing mandatory information. These inefficiencies can lead to the eventual abandonment of the digital onboarding journey by a significant number of prospective customers.
Delivering an effective and efficient digital onboarding experience requires banks to be more intentional about embedding simplicity and immediacy in the heart of the user journey. Accordingly, banks have to augment the capabilities of their digital channels to reduce the customers' interaction cost viz:

- Integrate digital channels to relevant data sources such as NIMC, to reduce the level of data input by the prospect without compromising on the data sufficiency both from the bank and regulatory compliance perspectives.
- Steer customers to the path of least resistance by deploying and promoting features that make the experience more straightforward and delightful. Examples include photo ID capture and data prefill to minimize key press.
- Include a "save and return" option in the user journey to ensure prospects can save their progress and pick it up later if distraction occurs. From our assessment, only 2 banks enabled this feature on their mobile banking application.
- Leverage existing KYC documents from a bank that the prospect already has a relationship with through open APIs and relevant transformational techs like blockchain to eliminate the repetitive provisioning and verification of KYC documents.

These and many more are ways banks can make the digital onboarding experience much more efficient to increase the conversion rate and drive customer acquisition.

Personalization, an opportunity overlooked on digital onboarding. From our assessment, we found that across all the banks' digital channels, the focus is on delivering the basics of account opening and digital onboarding. We strongly believe there is an opportunity to kickstart personalization at this early stage of interacting with the customer. None of the banks appears to be effectively employing personalization and thereby resulting in a sub-optimal understanding of the customer's preferences and objectives.
To deliver a truly delightful digital banking experience, banks need to redesign their digital onboarding journeys such that they capture information that goes beyond the aim of KYC compliance to one that genuinely aims to **know the customer** and understand his or her immediate needs and accurately predict the medium to long-term objectives of establishing the banking relationship. This will form a sound basis through which banks can create compelling banking experiences that align with customers' goals and objectives. At the point of onboarding, customers typically have one of the following goals:

- Want a product, and know what they want
- Want a product, but still researching for best fit
- Want a whole-of-bank relationship

To fulfil customer needs, banks need to develop an early understanding of these needs. This will go beyond collecting the typical information required for KYC compliance to asking relevant questions aimed at understanding customers' needs. This understanding will enable banks to deliver contextual digital onboarding journeys that will help customers achieve their goals rapidly and create delightful banking experiences further down the line.

Case Study: Digital Onboarding

DBS "Digibank"

Product Overview: Digibank is DBS Bank's internet banking and mobile banking channel, affording customers access to account creation, funds transfers, e-payment services, card requisition, loans, funds management services etc.

General Features:
- Biometric login
- Personalized Profile
- Peek Balance services
- Scan to Pay (QR code enabled) services
- Quick links to frequently used services

Requirements
Mobile - Apple iPhone with iOS8.0 or higher, or an Android device running v6 or higher.

Standout digital Onboarding capability;
- eKYC Experience.

Digibank's account opening service affords customers a 100% electronic onboarding experience, within a four (4) step process that can be completed in less than ten (10) minutes.

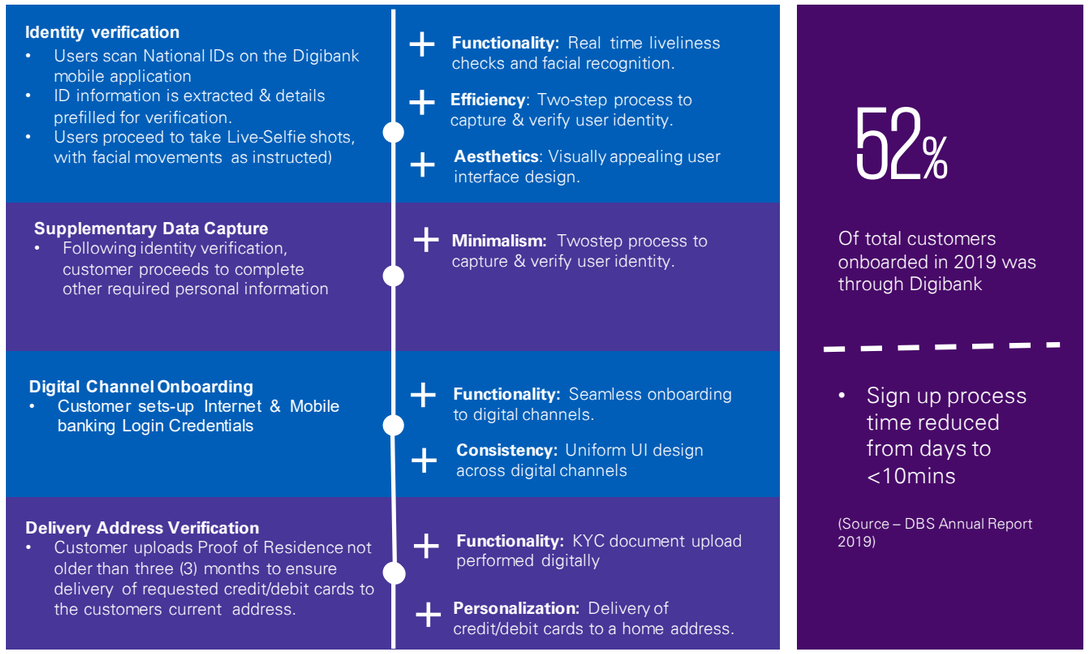


Figure 22: Capabilities list of DBS Digibank

Viewpoint

Shared KYC: A case for improving digital onboarding experience

Know Your Customer (KYC) processes provide the backbone of financial institutions' anti-money laundering (AML) efforts to combat the financing of terrorism (CFT), helping to detect and prevent criminal behaviours over the world. However, despite the importance of these processes, KYC at many financial institutions is extremely inefficient, mired with time-consuming and labour-intensive manual processes, duplication of effort and risk of error. The Know Your Customer (KYC) initiative from CBN mandates all banks to conduct comprehensive due diligence while onboarding new customers, and periodically checking customer details while managing ongoing relationships.

The challenge

There are 3 key issues with the current KYC process that lead to excessive financial burden and long customer onboarding time:

Diminished customer experience. Due to the siloed documentation process, each bank has to collect customer KYC documents and perform validation checks separately for every prospective customer that wants to establish a relationship. This repetitive task for both banks and customers puts a strain on customer onboarding processes and diminishes customer experience.

Operational inefficiencies. With each bank having to conduct its own KYC checks for each customer, the process is mired by the time-consuming and labour-intensive manual processes, duplication of effort and risk of error. Thus preventing bank's staff in-charge of onboarding from focusing on higher-value tasks of risk evaluation and decision making; Also, due to the lengthy and time-consuming process, there is a significant impact on user experience during onboarding as customers have to submit application forms for each bank and undergo this protracted onboarding process.

No single source of truth. Inconsistent and outdated customer information across banks may lead to issues in identifying potential threats. Consequently, customers need to report their updated information to each bank periodically.

Addressing the challenge with Shared KYC platform

Shared KYC platform provides a secure, decentralised, and efficient mechanism for banks to collect, validate, store, share, and refresh trusted KYC information of customers. Banks will be able to use such a platform to enhance the customer experience, automate mandatory processes and eliminate duplication through harmonizing and sharing KYC information resulting in operational savings and, over time, reduced operational risk. Technologies such as Distributed Ledger Technology (Blockchain) can be leveraged to build this platform. A blockchain-based shared KYC platform would not only eliminate the duplication of effort in KYC information gathering, but the ledger would also enable encrypted updates to customer details to be distributed to all banks in near real-time. Also, the ledger would provide an immutable audit trail of all read/write/access activity on each customer's record.

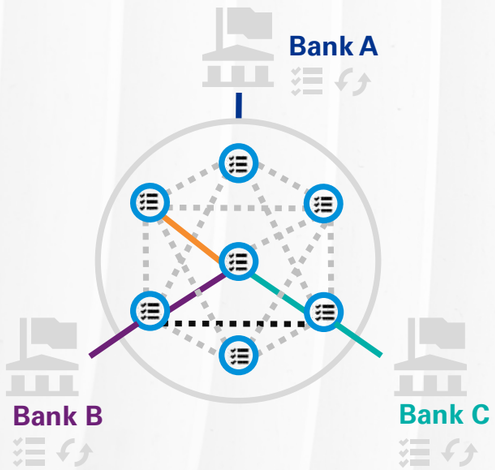


Figure 23: Illustrative model of shared KYC platform

This audit trail could be used to provide evidence that a bank has acted by the requirements placed upon it should regulators ask for clarification. One of the critical aspects of Blockchain that fits well with this is its ability to allow the customer to dictate with whom they want to share information and for what purpose. This customer consent approach to KYC sharing addresses concerns on data privacy while saving valuable time and cutting down operational expenses. Also, the complexity of the KYC process and operational load of customer onboarding is minimised, enabling the business relationship to flourish.

Benefits

Shared KYC platform can offer significant benefits to customers, banks and regulators. Some of which include:

For customers
- Shorter customer onboarding time
- Enhanced customer experience as customers do not have to submit KYC documents and undergo the lengthy process each time they want to establish a relationship with a new bank.
- Control over private data shared across banks through a user-controlled consent model.

For banks
- Eliminate repetition of mundane documentary tasks through collaboration and privacy-preserving sharing while shifting focus of human intervention to the higher-value tasks of risk evaluation and decision making;
- Create a sharing economy environment (where the whole is greater than the sum of the parts) that is an inclusive ecosystem open to all banks, customers, third party service providers, and regulators;
- Digitize customer KYC information to preserve authenticity and accuracy, and provide greater flexibility for query and analysis of data

For regulators
- Better understanding of customer activity across banks
- Auditable customer as well as bank KYC activities
- A single source for customer data reduces potential for fraud by inhibiting data ambiguity

Not just theory

Blockchain-powered shared KYC platform is a concept that is being explored elsewhere. For instance, UAE recently launched a blockchain KYC platform that will facilitate secure digital customer onboarding, instant bank account functionality and sharing of verified KYC data between licensing authorities and financial institutions via advanced distributed blockchain technology[3]. The platform works as follows:

- The customer creates their digital KYC file through an online portal and shares it with any approved organisation.
- Compliance officers at the reviewing organisation verify the digital KYC file using automated public data checks; once validated, the digital KYC file is placed on a shared blockchain-based platform
- The verified digital KYC file becomes single version of truth on blockchain and is available for sharing and the customer consents to propagate any validated updates to all accredited ecosystem organisations.
- Organisations accessing an existing digital KYC file can track who validated the data and when it is due for renewal; compliance teams manage renewals through a comprehensive dashboard with full audit log.

The blockchain KYC shared platform offers significant advantages to its participating members and customers including:

- High availability by distributing data pieces of digital KYC files across member Organizations, to achieve efficient data storage and high availability at all times.
- Security as all customer KYC data and metadata are shared and stored in the upmost secure encrypted manner.
- Greater efficiency during onboarding as customers can provide and share KYC documentation in a permissioned manner using the platform, replacing the legacy paper based processes to speed up the customer onboarding journey.

[3]https://www.norbloc.com/uae-blockchain-kyc-platform/ Accessed on 21 August 2020 11:58:45 PM

Viewpoint

Digital onboarding without a Bank Verification Number

Due to the prevalence of identity theft, cybercrime, ATM fraud, etc., the need for greater security for access to sensitive personal information in the banking system arose. To meet this need, the Central Bank of Nigeria (CBN) through the Bankers' Committee and in collaboration with all banks in Nigeria on February 14, 2014, launched a centralized biometric identification system for the banking industry tagged Bank Verification Number (BVN)[4]. The establishment of a centralized biometric database has proven successful in assisting Nigeria to overcome identity barriers to financial inclusion. It alleviates much of the due diligence burden for existing customers when using accounts or opening new ones, and facilitated digital onboarding.

However, the BVN requirement for physical enrolment limits coverage to predominantly urban regions and inhibits the effectiveness of the use of BVN as it imposes a costly barrier for individuals living in a remote or rural location. Furthermore, the mandatory requirement to have a BVN linked to an account before it can be operational has led to a lot of variations on how banks allow prospective customers to initiate account opening on the digital channels.

Our assessment revealed that some banks only allow prospective customers that already have BVN to initiate the account opening journey on the digital channel. This implies that a new customer should already be in the banking system before enjoying the digital onboarding experience of another bank. This type of setup does not cater to the needs of the unserved population. Conversely, some other banks allow account opening with or without BVN. However, when the journey is initiated without BVN, such account is typically not enabled for debit transactions until a BVN is linked to it. Thus preventing these customers from enjoying a truly digital onboarding experience as they have to visit a bank branch at some point to enroll and link BVN to the account.

Addressing these challenges will require a rethink of regulations, as well as embracing innovative solutions to eliminate this fragmented digital onboarding experience. Some strides have been made towards this, such as the recent announcement by the CBN Governor introducing BVN 2.0 which will bring about the segmentation of BVN into two categories; BVN Lite and BVN Premium[5]. The BVN Premium will be the current BVN with full requirements for enrollment. While the BVN Lite would require less information to enroll customers that hitherto were excluded because of certain stringent requirements. This and other measures have been put in place to address these challenges. However, there is still much more to do. Banks and regulators have to come together to tackle this issue head-on, and leverage innovative digital solutions to achieve the desired state of financial inclusion.

[4] Circular on the Regulatory Framework for BVN Watchlist for Nigerian Financial System
[5] https://businessday.ng/financial-inclusion/article/cbn-bankers-committee-to-spur-rural-inclusion-with-new-bvn-lite/ Accessed on 23 August 2020 18:19:34

Looking ahead

The onboarding journey is the customer's first impression of how they will interact with the bank once an account is opened. To win in the digital banking era, banks have to ensure a smooth, friendly, and frictionless onboarding experience on the digital channels by:

- Setting the expectations early so that prospects can know precisely what they will be getting from the onboarding journey.
- Enabling seamless data capture and document validation by leveraging technologies such as OCR (Optical Character Recognition) technology for auto-filling of data from the scanned documents as well as AI and ML technologies for document validation.
- Streamlining the end-to-end digital onboarding process by personalized digital onboarding journey for customers, thereby reducing customer lead time and drop-out rate.
- Offering a comprehensive onboarding journey that can enable a prospect, open an account, onboard on a digital channel and transact on that account without the need to visit any bank branch.

Delivering a seamless digital onboarding experience will not only better position banks to reach growth targets, but will also enhance how customer relationships are expanded with new products and services

Payments & Transfers

Customers have become accustomed to using digital channels to complete everyday payments and fund transfers. It has become an area where customers expect banks to deliver effectively with compelling user experience.

We are seeing many banks deploy a variety of payment and funds transfer features on their digital channels to meet emerging customer needs. From enabling a one-time transfer to a beneficiary and allowing customers to set up future dated payments to allowing customers to pay a variety of bills directly from digital channels, the race to deliver superior user experience on these journeys is fierce.

For this UX assessment, we focused on evaluating user experience on the following journeys:

- Electronic funds transfer to beneficiaries within the same bank and beneficiaries in other local banks.
- Payment of the following bills: utility, entertainment, and toll bill.
- Cardless withdrawal.

Mobile App

Representative funds transfer journey map. - best-in-class

Customer goals

Jeff completed the onboarding journey via the mobile banking channel. He has received some funds. He now wants to send N600,000 and set up a recurring transfer to ensure the action of transferring to his Mom every month is automated.

	Discovery	Transfer Details Capture	Transaction Authorisation	Completion
Journey Stages				
Customer Expectations	• Not more than 2 clicks to access the funds transfer menu • Display details of transaction limit to the customer	• Efficient transfer details capture process • Simple and intuitive user interface • Only fields required for a transfer should be mandatory, e.g. "Narration" should be an optional field. • Automatically suggest bank name after beneficiary account number is inputted. • Suggest frequent transfer beneficiaries.	• The transaction authorisation should be a 1 step process • Secure and flexible transfer authorization options, e.g. PIN, Biometrics	• Successful transfer to the specified beneficiary • Support the setup of a recurring transfer • Generate receipts directly from transaction success screen • Prompt feedback on the status of the transfer • Instant notification for the debit on customer's account
Summary of UX	• Easily located transfer and payment options • Information on the transaction limit is displayed. Also, his single transaction and cumulative daily limit as well as limit utilization are conspicuously displayed.	• Jeff completes the transfer details capture stage seamlessly. • The UI is simple and intuitive with features that facilitate efficiency. For instance, Jeff can search for the bank to which he wants to transfer and since he only has one account, he does not have to select source account again. That account is automatically selected. • A list of frequent transfer beneficiaries is displayed to allow Jeff select one of his frequent beneficiaries quickly.	• Jeff has the option to use either his transaction PIN or his device biometrics reader to authorise the transfer. • The transfer authorization process is seamless and is a straightforward 1 step process.	• After submitting the transfer request, it is processed successfully, with instant notification sent to Jeff's registered mobile number and email address. • Also, Jeff can set up the transfer as a recurring transfer or a future dated transfer and can share the receipt of the transfer directly from the payment success screen.
User Emotion	☺	☺	☺	☺
Opportunities to delight	• Implement feature to suggest bank name based on account number entered automatically. This way, the steps where customers have to search for a particular bank or scroll to it is eliminated. • Improved efficiency for transactions by recommending frequent beneficiaries and transfers			

Figure 24: Best-in-class UX on funds transfer on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Mobile App

Representative funds transfer journey map. - Follower/Late starters

Customer goals

Victor completed the onboarding journey via the mobile banking channel. He has received some funds in it. He now wants to send N600,000 to his mom and setup a recurring transfer to ensure the action of transferring to his mom every month is automated.

	Discovery	Transfer Details Capture	Transaction Authorisation	Completion
Journey Stages				
Customer Expectations	• Not more than 2 clicks to access the funds transfer menu • Display details of transaction limit to the customer	• Efficient transfer details capture process • Simple and intuitive user interface • Only fields required for a transfer should be mandatory, e.g. "Narration" should be an optional field. • Automatically suggest bank name after beneficiary account number is inputted. • Suggest frequent transfer beneficiaries.	• The authorisation should be a 1 step process • Secure and flexible transfer authorization options, e.g. PIN, Biometrics	• Successful transfer to the specified beneficiary • Support the setup of a recurring transfer • Generate receipts directly from transaction success screen • Prompt feedback on the status of the transfer • Instant notification for the debit on customer's account
Summary of UX	• Easily located transfer and payment options on the app • Transaction limit details not displayed on the app. As such, Victor cannot ascertain how much he can transfer at once or cumulatively in a day.	• Transfer details capture stage is not seamless. For instance, there is no bank name search feature making it time-consuming to find and select the correct beneficiary bank. • Transaction narration field is marked and treated as mandatory • Victor is also required to select the beneficiary bank country for a local transfer. • A list of frequent transfer beneficiaries is not displayed to allow Victor to quickly select one of his frequent beneficiaries should he want to transfer to such a beneficiary	• After authorizing the funds transfer with his transaction PIN, Victor is informed that he will need to input an OTP generated from a hardware token before he can complete the journey as the transfer amount exceeds the amount that can be authorised with a transaction PIN. • Since Victor does not have a token, the journey terminates at this point.	• Victor could not complete the transfer of NGN600,000 from the mobile banking app.
User Emotion				
Opportunities to delight	• Include transaction limit view in the UI of the funds transfer menu. • Implement feature to suggest bank name based on account number entered automatically. This way, the steps where customers have to search for a particular bank or scroll to it is eliminated. • Implement a search feature on bank list. • Review the transfer details form to ensure optional fields are removed or marked and treated as optional. For example, the narration field should be optional.		• Improved efficiency for transactions by recommending frequent beneficiaries and transfers • During transfer details capture, notify customers that hardware token is required if the transfer amount inputted exceeds the amount that one can authorise with a transaction PIN.	

Figure 25: Example of a poor user experience on funds transfer on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Mobile App

Representative bill payment journey map. - Best-in-class

Customer goals

Sara's LCC account balance is low, and she wants to top-up the account directly from her mobile banking application so that she can continue using the E-tag lane.

	Discovery	Payment Details Capture	Transaction Authorisation	Completion
Journey Stages				
Customer Expectations	• Not more than 2 clicks to access the bill payment menu • Smart grouping of related billers using an intuitive interface & naming convention to facilitate quick payments • Display details of transaction limit to the customer • Availability of a search feature to enable easy search for a particular biller.	• Name lookup for the supplied payment reference • Auto filling of personal payment information where possible • Adequate validation on data input field	• The transaction authorisation should be a 1 step process • Secure and flexible transfer authorization options, e.g. PIN, Biometrics	• Real-time and successful payment • Support the setup of the payment as a recurring payment or a future dated payment • Generate receipts directly from the payment success screen • Prompt feedback on the status of payment • Instant notification for the debit on customer's account
Summary of UX	• Easily located bill payment options on the app. • LCC biller is intuitively grouped under transport and toll biller category. • There is a search feature that allows her search by biller category and biller type. As such it is an effortless discovery. • Information on the transaction limit is displayed. Also, her single transaction and cumulative daily limit as well as limit utilization are conspicuously displayed.	• Sara is able to complete the payment details capture stage seamlessly. • A list of the last 5 payment transactions is displayed so she can easily pick any and authorise. • After entering her LCC toll account number, a name lookup is performed and Sara can validate before proceeding.	• Sara has the option to use either her transaction PIN or her device biometric reader to authorise the payment, thus offering additional convenience. • The payment authorisation process is a seamless and straightforward 1 step process.	• After submitting the payment request, it is processed successfully, with instant notification sent to Sara's registered mobile number and email address. • Sara can set up the payment as a recurring payment or a future dated payment and can share the receipt of the payment directly from the payment success screen.
User Emotion				
Opportunities to delight	• Perform balance enquiry on behalf of the customer and prompt the customer to top-up LCC account when balance is below customer's set threshold.			

Figure 26: Best-in-class UX on bill payment on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Mobile App

Representative bill payment journey map. - Followers/Late starters

Customer goals

Rita follows a popular TV series on DSTV. However, her DSTV premium subscription has expired and she wants to renew it. Her goal is to complete her DSTV premium package renewal via her mobile banking application following simple and clear steps and also automate the payment so that it can be done when due.

	Discovery	Payment Details Capture	Transaction Authorisation	Completion
Journey Stages				
Customer Expectations	• Not more than 2 clicks to access the bill payment menu • Smart grouping of related billers using an intuitive interface & naming convention to facilitate quick payments • Availability of a search feature to enable easy search for a particular biller. • Display details of transaction limit to the customer	• Name lookup for the supplied payment reference • Auto filling of their personal payment information where possible • Adequate validation on data input field	• The transaction authorisation should be a 1 step process • Secure and flexible transfer authorization options, e.g. PIN, Biometrics	• Real-time and successful payment • Support the setup of the payment as a recurring payment or a future dated payment • Generate receipts directly from the payment success screen • Prompt feedback on the status of payment • Instant notification for the debit on customer's account
Summary of UX	• Easily located transfer and payment options on the app • Transaction limit details not displayed on the app. As such, Rita cannot ascertain her payment transaction limit • Billers are not grouped into biller categories, and there is no search field to facilitate biller search	• Rita's experience while completing the payment details capture stage is not seamless. For instance, she finds it challenging to select the biller from the long list of billers. • There is no name lookup, which implies Rita cannot validate the payment reference. • The mobile app does not allow Rita to save the payment details as a payment beneficiary.	• Rita has the option to use either her transaction PIN or her device biometric reader to authorise the payment, thus offering additional convenience. • The payment authorisation process is a seamless and straightforward 1 step process.	• Whilst the payment was processed successfully, the following features are not available: share receipt from success screen and set up a payment as a recurring or a future dated payment.
User Emotion				
Opportunities to delight	• Categorise billers and products smartly with intuitive names to facilitate quick navigation. • Enhance the user journey for bills payment on the Mobile app to eliminate redundant steps and ensure users can filter/search for biller/products. • Implement name lookup to enable users validate the payment reference before payment is made. • Add functionality that will enable users save a particular payment information for use in the future.		• Add the functionality that will enable a customer set up a payment as a recurring or future dated payment	

Figure 27: Example of a poor user experience on bill payment on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Mobile App

Representative cardless withdrawal journey map. Best-in-class

Customer goals

Jeff went for an evening run with his mobile phone, on his way home, he wants to buy some fruit. Given that he does not have his wallet with him and needs cash for this purchase, he attempts to use his mobile banking application to initiate a cardless withdrawal on a nearby ATM

	Discovery	Request Details Capture	Access Code Generation	Cash Withdrawal
Journey Stages	Discovery	Request Details Capture	Access Code Generation	Cash Withdrawal
Customer Expectations	• Mobile banking application should support the initiation of cardless withdrawal • Information on withdrawal limit and applicable fees (if any) should be displayed. • History of the last set of codes generated and status.	• Enter amount in denomination acceptable by ATMs e.g. multiples of 500 or 1000. • Real-time validation of amount entered against the balance in the account. • List of frequently selected amounts should be shown for quick selection	• Secure and flexible transfer authorization options, e.g. Transaction PIN, Biometrics • Jeff expects the access code should be generated successfully. • Information on access code validity	• Completed cash withdrawal in not more than 3 steps. • Generated code should work and rendered invalid after use. Also, the customer should be notified when code has been used. • Only the amount specified during code generation should be withdrawable.
Summary of UX	• On login to Jeff is excited as he can easily locate cardless withdrawal menu on his mobile banking application.	• Jeff is able to specify the amount he wants to withdraw and also has the option to select one of the amounts he provided in the past. • Also the application validates that the balance in Jeff's account is enough for the amount specified.	• The access code for the withdrawal is generated successfully and Jeff is informed that the code is valid for 30mins.	• On getting to the ATM, Jeff can see the menu to complete cardless withdrawal on the ATM's home screen. • All he has to do is provide the access code and his cash withdrawal request is processed. • Jeff is not notified when the access code has been used. However, he can check the status of the code via his mobile banking application.
User Emotion	😐	😐	😐	🙂
Opportunities to delight			• Implement notification to customers such as push notification to the mobile banking application when the access code has been successfully used on an ATM.	

Figure 28: Best-in-class UX on cardless withdrawal journey on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Mobile App

Representative cardless withdrawal journey map. - Follower/Late starter

Customer goals

Victor went for an evening run with his mobile phone, on his way home, he wants to buy some fruit. Given that he does not have his wallet with him and needs cash for this purchase, he attempts to use his mobile banking application to initiate a cardless withdrawal on a nearby ATM

Journey Stages

Discovery → **Request Details Capture** → **Access Code Generation** → **Cash Withdrawal**

Customer Expectations

Discovery

- Mobile banking application should support the initiation of cardless withdrawal
- Information on withdrawal limit and applicable fees (if any) should be displayed.
- History of the last set of codes generated and status.

Request Details Capture

- Enter amount in denomination acceptable by ATMs e.g. multiples of 500 or 1000.
- Real-time validation of amount entered against the balance in the account.
- List of frequently selected amounts should be shown for quick selection

Access Code Generation

- Secure and flexible transfer authorization options, e.g. Transaction PIN, Biometrics
- Access code should be generated successfully.
- Information on access code validity

Cash Withdrawal

- Completed cash withdrawal in not more than 3 steps.
- Generated code should work and rendered invalid after use. Also, the customer should be notified when code has been used.
- Only the amount specified during code generation should be withdrawable.

Summary of UX

Discovery

- On login to Jeff is excited as he can easily locate cardless withdrawal menu on his mobile banking application. However, information such as withdrawal limit and list of last used codes are not shown.

Request Details Capture

- There is no option to select frequently inputted amount or select from a list of predefined common amounts. Nonetheless, Victor is able to specify the amount he wants to withdraw.
- The application does not validate the balance in Victor's account is enough for the withdrawal amount specified.

Access Code Generation

- Victor is able to authorise the transaction using fingerprint. However, after submitting the request, he receives a feedback that the access code generation request failed. He attempts this several times, but the feedback remains the same.
- As a result, Victor is unhappy and the journey terminates at this point.

Cash Withdrawal

- Since Victor cannot generate an access code, he cannot achieve his goal via the mobile banking application of this bank.

User Emotion

Opportunities to delight

- Include information such as withdrawal limit and applicable fees on the landing page of the cardless withdrawal feature.
- Use customer data to personalise the experience by automatically suggesting the withdrawal amount.
- Review and fix the issue impacting the effectiveness of the cardless withdrawal journey

Figure 29: Example of a poor user experience on cardless withdrawal journey on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

State of play on payments & transfers

Based on our assessment, we generated a scorecard showing how the banks performed against the 6 elements of our Digital Channels UX Assessment Framework. We then clustered the banks into 4 ranked categories: Leaders, Challengers, Followers, and Late-starters to showcase the current state of play on payments & transfers across the digital channels.

	Mobile Banking	Internet Banking	USSD	Chatbot
Leaders	Wema Bank GTBank	Wema Bank	GTBank	None
Challengers	UBA Standard Chartered Bank Ecobank	GTBank	UBA	Sterling Bank
Followers	Access Bank Keystone Bank Fidelity Bank Unity Bank FirstBank Union Bank Zenith Bank Stanbic IBTC Bank Heritage Bank	FCMB UBA Keystone Bank Fidelity Bank Stanbic IBTC Bank Polaris Bank Heritage Bank Access Bank Unity Bank FirstBank Zenith Bank Standard Chartered Bank	Access Bank FirstBank Union Bank Standard Chartered Bank Stanbic IBTC Bank Fidelity Bank Unity bank Keystone Bank Ecobank	Fidelity Bank Stanbic IBTC Bank UBA Ecobank Access Bank FCMB
Late Starters	FCMB Polaris Bank Sterling Bank	Ecobank Sterling Bank Union Bank	Wema Bank Polaris Bank Zenith Bank Heritage Bank FCMB Sterling Bank	FirstBank GTBank Heritage Bank Keystone Bank Polaris Bank Standard Chartered Bank Union Bank Unity Bank Wema Bank Zenith Bank

Banks are arranged in alphabetical order in Late Starter tier for the Chatbot channel

Figure 30: Scorecard for payments & transfers across channels

Note:
Digital channel assessments were conducted between 10 May 2020 and 15 July, 2020.
Source: KPMG 2020 Digital Channels Assessment

Unveiling the payments & transfers scorecard

The prevalence of payments and transfers journeys across digital channels has made the competition between banks in this particular thematic area to be more fierce. As customers go on this journey daily (sometimes multiple times daily), an experience that is enjoyable, easy and effective is a differentiating factor for banks.

Leaders

Banks in the Leaders tier pulled ahead of their peers by offering an exceptional user experience with a wide range of functionalities on the fund transfer, bill payment, and cardless withdrawal journeys on their digital channels. Furthermore, these banks understand that time and effort are of vital importance to user experience on the digital channels and the relevant journeys are designed intuitively and efficiently to enable customers to achieve their objectives rapidly.
Some of the exciting features and capabilities these banks offer on their channels include the following:

- Payment history that allows users to select any past payment and complete it in less than three clicks.
- Biller list search with enhanced search criteria that enables a user search by biller category or biller product.
- Transfer and payment scheduling feature.
- Minimal UI design
- Efficient transaction details capture process with data input validation.
- Efficient USSD screen flow which allows users to complete a payment or transfer with minimal interaction cost.
- Support for the use of mobile banking application transaction PIN on Internet Banking.

These banks show that they have the essential ingredients for digital success on payments and transfers, have learned to scale their channel capabilities, and have the knowledge and technology infrastructure to deliver a high-quality user experience.

Spotlight

ALAT by Wema Bank

ALAT emerged as a Leader in mobile banking for payments and transfers category. The application supports the three journeys within this category effectively, thereby meeting customers' expectations. Besides supporting these journeys, the user interface is simple, and only relevant information is visible on the screen, thus keeping design minimal, user friendly, and removing the possibilities for user errors or confusion. Also, the application offers a wide range of exciting features along these journeys including:

- Transfers and payments automation via standing instructions
- Display of past payment so that customers can easily select it and authorise.
- Cardless withdrawal access code sharing directly from the application.

The presence of these features enhances the overall user experience along these journeys and helps customers achieve their objectives rapidly.

Challengers

The respective digital channels of the banks in the challenger tier support the three journeys under the payment and transfers category and the delivery of functionalities is largely effective. However, the suboptimal level of intuitiveness and efficiency of these journeys on their digital channels impact the quality of the user experience and prevents them from achieving the leadership they desire.

Our assessment of the digital channels of these banks revealed the following user experience gaps:

- Unintuitive grouping of billers thereby impacting the ease of discoverability.
- Cumbersome transaction details capture process. Too many fields to be populated by the user which are often unnecessary such as beneficiary country for a local transfer, phone number for utility payment, etc.
- User interface cluttered with too many fields that often distract the user. This was mainly prevalent on Internet banking
- Customers cannot easily search for a biller as the search feature is not available. As such customers have to navigate to the specific biller being paid.

To achieve leadership, these banks have to review their digital channels and make necessary adjustments to improve the overall experience on the respective digital channels.

Followers

The banks in the Followers tier performed reasonably well on fund transfer and bill payment journeys on mobile banking, USSD, and internet banking channels. One of the major setbacks for these banks is the missing or defective cardless withdrawal feature on the respective digital channels. Other gaps impacting their overall performance include:

- Missing capabilities such as receipt sharing feature, transfer or payment scheduling feature
- Strong reliance on OTP generated from a token for transaction authorisation on Internet banking of which customers have to visit a branch to obtain one.
- Unintuitive transaction details capture process. Inefficiencies such as mandating the input of narration, or having to still select account even when the customer has just one account was noted.

While these banks offer a good user experience on specific steps of the payments and transfers journey, they have to augment the capabilities of their digital channel first to be able to compete in the top tier.

Late starters

The Late starters consist of banks that are yet to deliver payments & transfers on their digital channel effectively when benchmarked against their peers. From our assessment, we noted that on mobile banking, USSD, and internet banking, these banks struggle to deliver the basics of funds transfer and bill payment seamlessly. While on chatbot, these banks do not have a transactional chatbot as one of their digital channels. As such, these banks are yet to catch up with the latest trends on digital banking channels. Also, across the mobile banking, USSD, and internet banking channels of these banks, cardless withdrawal is either nonexistent or defective.

Key insights from payments & transfers UX assessment

Our UX assessment of payments and transfers journeys across a variety of digital channels revealed the following key insights:

Most banks deliver the basics of funds transfer and bill payment just right, but with a shortfall in UX. Fund transfer and bill payment are primary bill offerings of any retail bank. Banks have generally delivered these journeys effectively on their digital channels. However, some banks still fall short in terms of the range of capabilities they offer on these journeys including scheduling of payment and transfers, download and sharing of receipts, search field on bank list, and a host of other features. These banks need to enhance the capabilities on these journeys to take the user experience to the next level. Figure 31 below shows the average UX score for each digital channel across funds transfer and payment journeys. These scores are the average of the UX score for 17 banks.

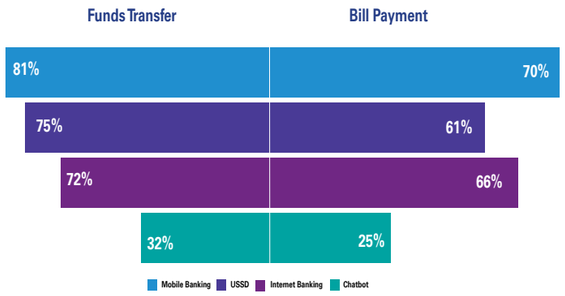


Figure 31: Comparison of UX score for funds transfer and bills payment across digital channels.
Source: KPMG 2020 Digital Channels Assessment.

Payment and transfer journeys should meet customer expectations on efficiency. Since customers are increasingly using digital channels, giving them a chance to complete their tasks efficiently and without unnecessary friction is imperative for banks.

This implies removing unnecessary fields and simplifying navigation as much as possible to minimise the overall interaction cost for any journey. Some banks such as GTBank, Access Bank and Wema Bank understand this principle of immediacy and have embedded it in the design of the transfers and payments journeys.

Transaction authorization on most banks' internet banking channel is not seamless. Predominantly, customers have to generate a one-time passcode on a hardware or software token and use it to authorize transactions on internet banking applications. However, banks such as Wema Bank and Keystone Bank have distinguished themselves by allowing customers to use their mobile banking applications transaction PIN to authorize transactions on internet banking. They are eliminating the need to carry an additional device (a hardware token) or having to generate an OTP from another application before authorizing a transaction and thereby delivering better UX to customers on this channel.

Transfers and payments engines are so critical that they should be 'Always On'. A recurring theme that emerged from our research was the importance of resilience on the digital channel. More customers have transitioned to the use of digital channels to complete everyday transfers and bill payments. Ensuring that these channels are always available and performing effectively will have a significant impact on the overall satisfaction level of the banks' customers. Banks have to deliver the engines powering these journeys in such a way that they are 'always on' by:

- Re-engineering the backend technologies and processes for scale.
- Implementing monitoring tools to be more proactive in identifying issues.
- Having alternatives for critical services to ensure 24/7 availability.

Ineffective to nonexistent cardless withdrawal feature on most digital channels. Given the growth of mobile in banking and payments in Nigeria, it is no surprise that the mobile phone is finding its way into the cash withdrawal space as well. Customers can access ATMs by merely generating a one-time access code on any of the digital channels available to them, and using this code on an ATM to withdraw cash without a physical card. This type of service is vital and provides additional convenience to customers.
Our assessment revealed that most banks' are either yet to offer the cardless withdrawal feature on their digital

channels or the feature is ineffective. Figure 32 shows the number of banks that offer this feature effectively on the respective digital channels.

Figure 32: Comparison of availability of cardless withdrawal across digital channels
Source: KPMG 2020 Digital Channels Assessment

USSD, where speed matters. In Nigeria, USSD is fast becoming the go-to channel for quick transactions such as airtime top-up, funds transfer, etc. According to the NIBSS 20191 half-year report, over 36% of interbank transfers are completed using USSD just behind mobile, which was at 43%. By simply dialing a predefined shortcode from a customer's registered mobile number, the customer can easily buy airtime, transfer money or make payment.

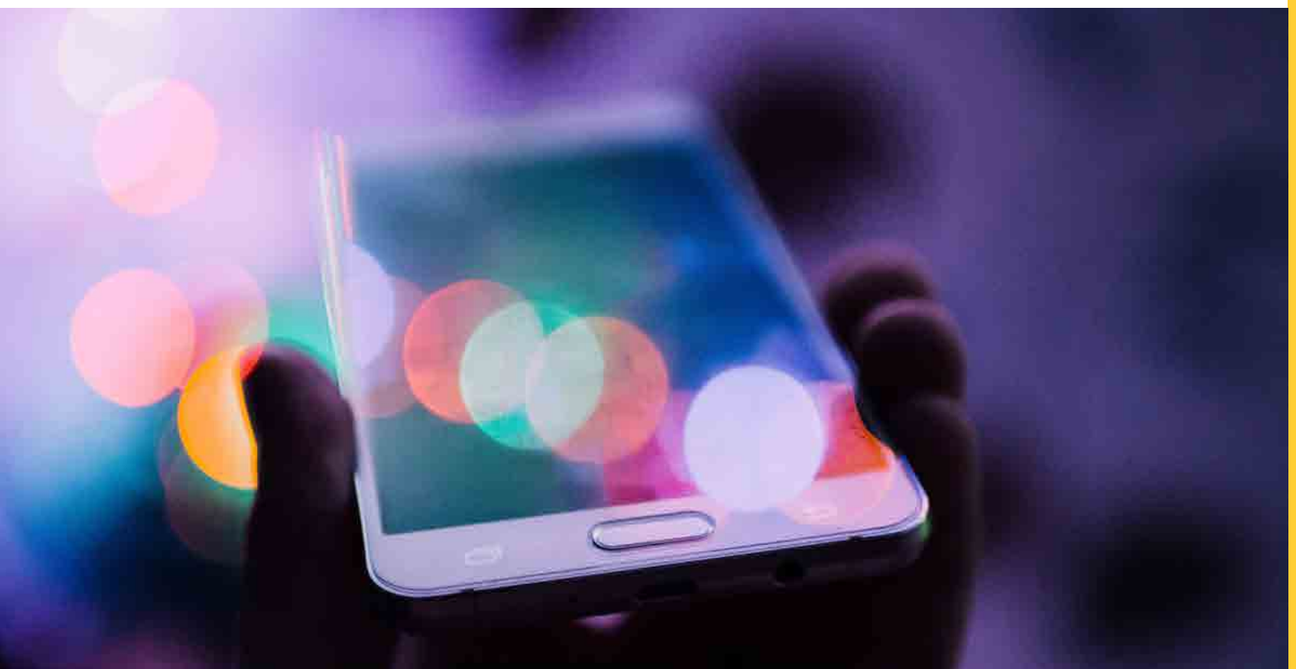
From our review, we see some banks outperforming others when it comes to the number of steps (screens) customers have to go through to complete a transaction on USSD. Given the form factor of USSD, immediacy should be at the heart of its journey designs, and banks have to be intentional when designing the menu flow for their USSD applications.

Personalisation, a way of providing delightful UX. Customers are already growing accustomed to companies anticipating their needs and offering what they're looking for — sometimes before they even know what that is. Retailers and travel companies are using predictive tools and algorithms to exceed expectations with highly personalized experiences. With the vast customer data banks have, our assessment revealed that they are yet to exploit this data to understand customer-specific behaviour and deliver a more personalized, contextual and timely customer experience digitally.

Infusing insights from customer data into the payments and transfers journeys on the digital channels can elevate user experience. Some specific application areas are:

- Improved journey efficiencies from recommendations of frequent beneficiaries, payment, transfers, billers, etc.
- Fraud prevention by identifying and stopping transactions that deviate from the customer's usual pattern in terms of amount, location, etc.
- Digital money management to help customers better understand their finances

Delivering such a tailored experience on the digital channel will help banks provide differentiated customer experience, which will drive business growth and profitability.



Case Study: The CommBank App

The CommBank mobile banking app is one banking application leading the way in not only giving customers the ability to manage their finances while on the go, but helping users in making it a usable, seamless, easy and quick process.

- **Usability and overall user experience.** As users have limited time and generally be on-the-go, CommsBank have considered this context on its mobile app by placing the most common tasks performed by users are visible with a clear call to action on the launch screen.
- **Optional Transfers** Customers have the option to make payments to a friend via Facebook, mobile number or their friend's email address through the CommBank app. All the recipient needs is an Australian BSB and account number. Existing Commonwealth Bank customers will receive the funds directly into their account. Ensuring no-one is left out, anyone who is not a Commonwealth Bank customer will receive a text notification and a code from the sender to retrieve funds.
- **On-the-Go payments using NFC or PayTag.** CommBank has been one of the fastest movers on allowing customers to pay on-the-go using either NFC (near field communication) or their recently introduced PayTag technology.
- **Transfer between accounts** Vertical scrolling wheel to select accounts for transfer ensuring there is minimal user input to complete the task. Only relevant information is visible on screen keeping design minimal, user friendly and removing the possibilities for user errors or confusion.
- **Smart Alerts.** By deploying cutting edge machine learning technology, deep data analytics, CommsBank draws insights from customer data, and uses to personalize the experience for its customers. For example, customers are notified of upcoming payments, and when there is a change in the amount to be paid so customers can stay on top of your money.
- **Spend Analytics.** With visibility of their cash flow, including real-time insights into their spending behaviour, customers can manage their money better with a month-on-month view of their spending, saving, and income, helping them achieve their goals and improve their financial wellbeing,

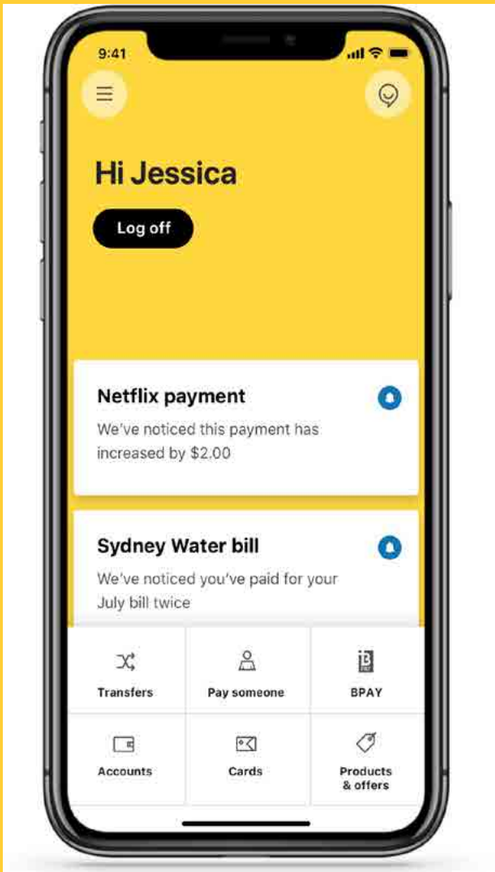


Figure 33: CommBank Mobile App – Dashboard with actionable alerts[6]

7m users

[6]https://www.commbank.com.au/content/dam/caas/newsroom/images/Actionable-alerts-Commbank-app.jpg

Looking ahead

Delivering an engaging digital payment experience with adaptive banking

New technology is reshaping the way people work, live, and play. Innovations developed by incumbents and FinTech players alike are reshaping the payments landscape, boosting customer expectations, and intensifying competition globally. While the customer needs of today, such as paying bills, will still be relevant in the future, banks will need to adapt to the individual customer preferences to deliver an engaging digital experience on the transfers and payment journeys.

As customer's expectations continue to evolve, banks have to ensure that they are meeting those expectations without compromising on the basics of these journeys:

- **Simple:** Help me clear clutter and defragment my life.
- **Smart:** Know me as well as the data you have about me.
- **Secure:** In an increasingly untrusted world, protect my money, identity, and data.

Furthermore, with banks having complete visibility around customers transactions, it provides an opportunity for them to leverage these insights into customers transaction to build new context and deliver new forms of value to customers by:

- Overlaying AI and ML to derive insights from transaction data to provide a more personalized and smarter payment and transfer experience. For example, digital money management.
- Embedding banking within customers' everyday needs, lifestyles, and life-stage.
- Leveraging insights into customers transaction pattern to deliver better security and seamless customer authentication

Embracing this in-depth knowledge and insights into customers' transactional data, adapting to customers' unique preferences, and offering a simple, smart, and secure transfer and payment experience will uniquely position some banks ahead of others

Digital Lending

The process of lending in the traditional banking environment stretches from identifying prospective borrowers to sanctioning or rejecting loan or credit requests to managing the disbursed loans (if sanctioned) to full repayment, all carried out manually. This can be time-consuming and cumbersome for borrowers. However, advancement in emerging technologies, particularly AI, machine learning, big data analytics and cloud computing, has created new opportunities to reimagine the lending business.

Digital lending enables lenders like retail banks to extend loans to borrowers through digital platforms covering the full journey from loan application, disbursement, and management to renewal during which lenders use digitized data to inform credit decisions and build intelligent customer engagement. The proposition has gained momentum over the past years, primarily due to changing customer preferences and the emergence of new technologies, enabling lenders to design innovative and customer-centric lending products. Retail banks are responding to these changes by making loans easily accessible to customers via relevant digital touchpoints. Our evaluation of this capability across the banks' digital channels covered relevant user journeys related to digital lending - origination, disbursement, enquiry and repayment.

Representative digital lending journey map - (hypothetical case)

Mobile App

Customer goals

Ivie is a fashion designer and part-time student of Fashion Styling & Communication in a leading fashion school in Nigeria. She also has a first degree in Marketing and Communications. Ivie's rent is due, and she needs to take a loan to pay her house rent immediately. She only realized the situation following a "rent due notice" she got from her house agent via SMS. Ivie plans to repay the loan when her customers pay her at the end of the month.

	Discovery	Loan Request & Disbursement	Loan Enquiry	Loan Liquidation
Journey Stages				
Customer Expectations	• Not more than 2 clicks to access the loan services menu • Display details of transaction limit to the customer	• Ability to view available loan offers based on her eligibility status. • Ability to select her preferred loan product and credited with the desired loan amount	• Ability to make inquiries about loan balance, repayment schedule and due date • Ability to simulate monthly repayments on loan based on the loan amount, term and interest rate	• Seamless initiation and completion of loan repayments via the mobile banking channel • Smooth restructuring of loans if needed
Summary of UX	• Easy to spot loan services menu. • Accurate information on requirements for accessing loans is available to the customer	• Customer can view all loan products accessible via digital channels. • Customer selects one of the loan product displayed with the most favourable repayment structure, interest rate and related terms and receives an offer. • Customer accepts the loan offer and receives a success message • Customer's account is credited within 2 minutes.	• Customer can view loan balance, loan history and next repayment date. • Customer can simulate monthly payments on a variety of loan product based on loan amount, term and interest rate.	• Customer can successfully repay the loan. • when the customer had some cash flow issues, she was able to request for loan restructuring via the mobile banking channel
User Emotion				
Opportunities to delight				

Figure 34: Example of a good UX on digital lending journey on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Representative digital lending journey map - (Best-in-Class)

Mobile App

Customer goals

Cheta, 29, Single, private sector employee earns N350k monthly. Cheta works as a business analyst in a financial institution where he has been for four years. He is the first child out of seven children and works hard to help out with every day running of the house and assisting his siblings financially. He is in urgent need of a loan of 500k to support his parent in paying the school fees of 2 of his siblings in high school. He plans to pay back the loan over a period of 3 months from his monthly salary.

	Discovery	Loan Request & Disbursement	Loan Enquiry	Loan Liquidation
Journey Stages				
Customer Expectations	• Not more than 2 clicks to access the loan services menu • Display details of transaction limit to the customer	• Ability to view available loan offers based on eligibility status. • Ability to select preferred loan product and credited with the desired loan amount	• Ability to make inquiries about loan balance, repayment schedule and the due date • Ability to simulate monthly repayments on loan based on the loan amount, term and interest rate	• Seamless initiation and completion of loan repayments via the mobile banking channel • Smooth restructuring of loans if needed
Summary of UX	• Easy to spot loan services menu. • Information on requirements for accessing loans is not available to customer	• Customer is able to view loan products he is eligible for • Customer selects a loan product and receives multiple loan offers. However, the loan amounts are quite small - just 5% of the amount he wished to access. • The customer makes a loan request for a specific offer and receives a success message. • Customer's account is credited within 2 minutes.	• Customer can view loan balance, loan history and next repayment date. • However, the customer is unable to make loan simulations for monthly payments on any loan product	• Customer can successfully repay the loan. • However, customer is unable to request for loan restructuring via the mobile banking channel
User Emotion				
Opportunities to delight	• Review the digital loan product portfolio and design a variety of loan products that are suited and personalised to the needs of different customer segments within the bank powered by AI credit scoring models • Leverage internal and external data sources as well as AI/ ML algorithms to predict the most suitable offers for customers • Implement a loan simulation functionality to enable customers make informed borrowing decisions • Digitize the loan restructuring journey			

Figure 35: Best-in-class UX on digital lending journey on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Mobile App

Representative digital lending journey map - followers/late starters

Customer goals

Victor, a self-employed web designer, has identified a niche market in real estate and fashion content design. Victor is in urgent need of cash for his daily upkeep as some of his clients who he recently worked for are yet to pay him for his service. Victor intends to take a N50k loan from his bank and then payback when his customers pay him at the end of the month.

	Discovery	Loan Request & Disbursement	Loan Enquiry	Loan Liquidation
Journey Stages				
Customer Expectations	• Not more than 2 clicks to access the loan services menu • Display details of transaction limit to the customer	• Ability to view available loan offers based on her eligibility status. • Ability to select her preferred loan product and credited with the desired loan amount	• Ability to make inquiries about loan balance, repayment schedule and due date • Ability to simulate monthly repayments on loan based on the loan amount, term and interest rate	• Seamless initiation and completion of loan repayments via the mobile banking channel • Smooth restructuring of loans if needed
Summary of UX	• Easy to spot loan services menu. • Information on requirements for accessing loans is not available to customer	• Customer is able to view loan products but is unable to receive loan offers. • Customer is informed that a branch visit is required to make a loan request. • No information is provided on how to get loan offers on the mobile banking channel. • Hence, the customer is unable to initiate a loan request remotely.	• Customer did not receive a loan, hence was unable to view loan balance, loan history and next repayment date. • The customer is unable to make loan simulations for monthly payments on any loan product	• Customer did not receive the loan hence was unable to initiate repayment • Customer is unable to complete his loan request remotely as he had to visit his bank to process the loan
User Emotion				
Opportunities to delight	• Review the digital loan product portfolio and design a variety of loan products that are suited and personalised to the needs of different customer segments within the bank powered by AI credit scoring models • Leverage internal and external data sources as well as AI/ ML algorithms to predict the most suitable offers for customers • Implement a loan simulation functionality to enable customers to make informed lending decisions • Enhance the Loan Services capability provided on the mobile banking channel such that users can view only loan products for which they are eligible.			

Figure 36: Example of a poor user experience on digital lending journey on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Chatbot

Digital Lending : Best-in-Class journey

Customer goals

Ivie is a fashion designer and part time fashion student. She has a first degree in Communications.
Ivie's rent is due and she needs to take a loan to make the payment quickly. She plans to repay the loan when her customers pay her at the end of the month

	Discovery	Loan Request & Disbursement	Loan Enquiry	Loan Liquidation
Journey Stages				
Customer Expectations	• Not more than 2 clicks to access the loan services menu • Display details of transaction limit to the customer	• Ability to view available loan offers based on eligibility status. • Ability to select preferred loan product and credited with the desired loan amount	• Ability to make inquiries about loan balance, repayment schedule and the due date • Ability to simulate monthly repayments on loan based on the loan amount, term and interest rate	• Seamless initiation and completion of loan repayments via the mobile banking channel • Smooth restructuring of loans if needed
Summary of UX	• Easy to spot loan services menu. • However information on requirements for accessing loans is not available to customer	• Customer can view only one loan product • User selects the loan but receives no loan offer • Customer receives a message indicating that he is not eligible for a loan	• Customer did not receive loan, hence was unable to view loan balance, loan history and next repayment date. • Customer is unable to simulate monthly payments on a potential loan based on the loan amount, term and interest rate	• Customer did not receive the loan hence was unable to repay loan.
User Emotion				
	• Review the digital loan product portfolio and create different loan products that are suited and personalised to the needs of different customer segments within the Bank • Enhance the Loan Services capability provided on the Chatbot such that users can view only loan products that they are eligible for • Leverage internal and external data sources as well as AI/ ML algorithms to predict most suitable offers for customers			

Figure 37: Best-in-class UX on digital lending journey on chatbot
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

State of play on digital lending

We have clustered the banks into 4 tiers i.e. Leaders, Challengers, Followers, and Late-starters based on our UX assessment of the digital lending journey (see Figure 38 below).

We expect **Leaders** to deliver best in class UX on their lending journeys with end-to-end digital experiences that support online loan application, data/document capture, credit analysis, loan pricing, credit decision, and loan administration. Leaders are also expected to provide a rich set of loan products, including low-cost credit products that can be easily assessed by the large unaddressed market segment and provide a rich set of capabilities that supports them before and during the lending process leveraging features such as loan simulators, loan rescheduling, loan repayment, etc. The **challengers** follow the Leaders closely, albeit with UX issues such as lengthy processes and limitations on the spectrum of loans that can be accessed digitally. The **Followers** support the digital lending journey but the capability is defective and non - functional. For the **Late-starters,** the capability is simply non-existent.

	Mobile Banking	Internet Banking	USSD	Chatbot
Leaders	None	None	None	None
Challengers	Fidelity Bank	Access Bank GTBank	Fidelity Bank GTBank FirstBank Access Bank Polaris Bank	None
Followers	GTBank FirstBank Access Bank Wema Bank Standard Chartered Bank FCMB UBA Bank Keystone Bank Sterling Bank	Standard Chartered Bank Zenith Bank Wema Bank Union Bank FCMB UBA Polaris Bank	FCMB UBA Ecobank Stanbic IBTC Bank	Access Bank UBA
Late Starters	Ecobank Heritage Bank Polaris Bank Stanbic IBTC Bank Union Bank Unity Bank Zenith Bank	Ecobank Fidelity Bank FirstBank Heritage Bank Keystone Bank Stanbic IBTC Bank Sterling Bank Unity Bank	Heritage Bank Keystone Bank Standard Chartered Bank Sterling Bank Union Bank Unity Bank Wema Bank Zenith Bank	Ecobank FCMB Fidelity Bank FirstBank GTBank Heritage Bank Keystone Bank Polaris Bank Stanbic IBTC Bank Standard Chartered Bank Sterling Bank Union Bank Unity Bank Wema Bank Zenith Bank

Figure 38: Scorecard for digital lending across digital channels

Note:
Digital channel assessments were conducted between 10 May 2020 and 15 July, 2020.
Source: KPMG 2020 Digital Channels Assessment

Unveiling the digital lending scorecard

Leaders

Digital lending is desperately begging for a Leader in the Nigerian retail banking sector. No Leader emerged from the retail banks across all digital channels assessed, primarily due to the banks' inability to digitize the end-to-end lending journey for all relevant retail loan products. Specifically, banks generally struggle with delivering capabilities such as loan restructuring, loan simulation, digital document upload, near real-time document verification and data-driven credit decision support.

Challengers

Banks within this tier can deliver a relatively seamless UX on their digital lending journey as they have implemented the following features:

- Ease of discovering the loan services feature on the mobile app.
- Generation of loan offers for customers (i.e. salary and/or non-salary account holders).
- Seamless initiation and completion of loan requests.
- Timely loan disbursements – typically within 2 minutes.
- Seamless execution of loan enquiries such as loan balance, repayment history and next repayment date.
- Effortless repayment of loans.

A summary of our findings for banks within the Challengers tier is detailed below:

Mobile Banking: Fidelity Bank leads the pack within the digital lending space in Nigeria on the mobile as the bank provides the best-in-class UX - allowing a large segment of its customer base (including non-salary account holders) to access and manage loans via a dedicated mobile app eliminating the need for paperwork or for customers to visit a bank branch for lending. However, our mystery shopper was only able to access a micro-loan which was not in line with his needs at the time.

Internet banking: Access Bank ranks ahead of its peers with functional digital lending capabilities such as loan request and disbursement enquiry and repayment. However, the digital loans available via the internet banking channel are only available to salary account holders, leaving a large segment unserved.

USSD: Fidelity Bank leads again on the USSD channel as it efficiently delivers a functional digital lending journey - allowing customers to complete loan initiation and management actions in the shortest time with a minimal number of steps. However, our review revealed that a separate USSD short code is required to access digital loans which impacted the UX within the lending journey on Fidelity Bank's USSD platform.

Chatbot: No bank has implemented any part of the digital lending journey well enough on the chatbot to dominate retail digital lending market as key features such as loan offer generation, loan balance enquiry and loan repayment are either non-existent or defective thereby resulting in a warped UX

Followers

Banks within this tier have implemented digital lending capabilities on the relevant digital channels. However, these capabilities are defective and break the lending journey for a new customer before the loan disbursement stage is reached. From our assessment, the break in the journeys across the different channels is due to several factors including:

- Lack of additional information on how customers can become eligible for a loan offer.
- Defective or non-existent loan enquiry features such as loan balance enquiry, repayment history.
- Delayed response to initiated loan request for a prolonged period (up to one (1) week).

A summary of our findings for banks within the Followers cluster of the Digital Lending journey UX assessment is detailed below:

Mobile Banking: GTBank leads the banks in this cluster as it has implemented digital lending capabilities on its mobile banking platform. Specifically, GTBank has implemented three (3) digital loan products – Quick Credit, Payday Loan and Salary Advance available to only salary earners.

However, from our review, we noted the following:However, from our review, we noted the following:

- Our mystery shopper (profiled as a new customer) was unable to access a loan on GTBank's mobile banking platform.
- Our mystery shopper (profiled as a salary earner) was able to access a Payday loan but experienced some delay in viewing the updated loan balance.
- Loan enquiry features such as loan balance enquiry, loan repayment history, next repayment date are not supported.
- The loan liquidation/repayment feature is defective.

Internet banking & Chatbot: Standard Chartered Bank ranks ahead of its peers with digital lending capabilities such as loan request, disbursement and enquiry. However, our mystery shopper received no response to loan requests made up to a week after the application.

USSD Channel : FCMB ranks top within the Followers tier, however, our mystery shopper was unable to access a FastCash loan due to eligibility restrictions. Furthermore, he was directed to a webpage outside the USSD platform to obtain more information on the eligibility criteria. However, the webpage did not provide the required information which broke the digital lending journey at this point.

Late Starters

Banks within this cluster are yet to implement digital lending capabilities on relevant channels. Hence, they are unable to provide customers with digital loan origination and management services.

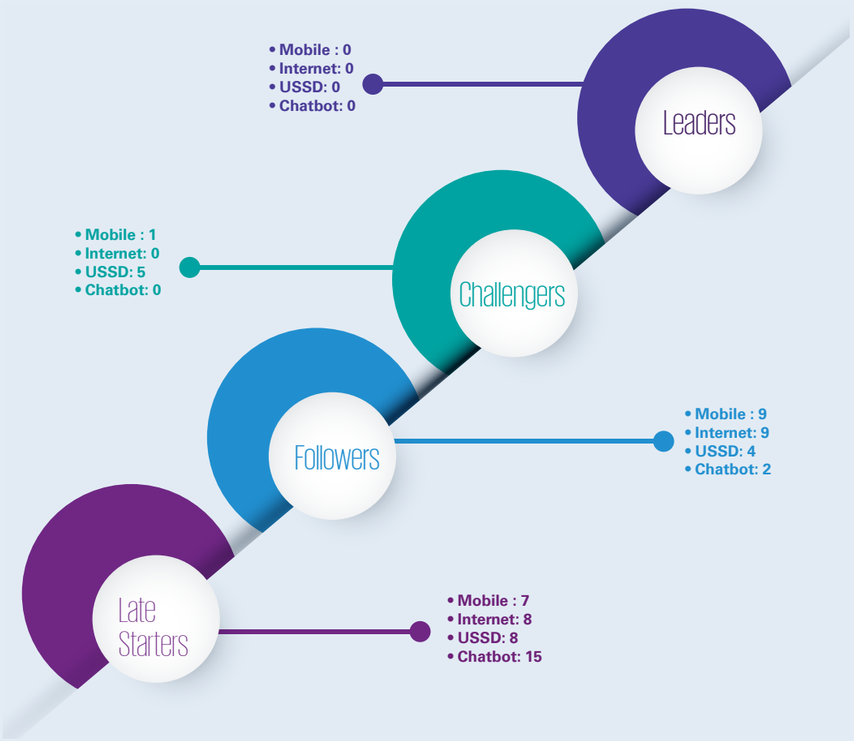


Figure 39: Summary of the Digital Lending state of play
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Key insights from digital lending UX assessment

Our UX assessment while navigating the digital lending journeys across a variety of digital channels revealed that the current maturity level for this journey is relatively low, particularly as it relates to product richness, variety and reach.

Over the past years, consumer lending has evolved but significant opportunities exist for growth. Banks are under pressure from their customers and FinTechs to innovate and deliver more efficient and digitally-enabled lending services. At the same time, banks need to comply with a myriad of regulations geared at ensuring that lenders maintain a healthy portfolio of consumer loans. These regulations include capital to risk-weighted assets ratio, single obligor limits, loan-deposit-ratio, money lender laws (varying from state to state) amongst others. From our digital channels UX assessment, we noted that several banks recognize the importance of digital lending. They are digitizing aspects of their lending-related user journeys for some or all of their consumer lending products, albeit sub-optimally executed. However, the evolution and maturity of digital lending globally mean there are immense opportunities to deliver the benefits of improved borrower experience, reduced credit risks, reduced cost to serve and increased profitability. In developed economies like the United Kingdom, Singapore, China, Australia and Dubai, government and regulators have developed rules for online lending and created regulatory sandboxes to encourage, support and hasten digital lending innovation.
This has enabled lenders to use digital identity and data to accelerate consumer acquisition for underwriting, further boosting the growth of the digital lending market.

Mobile and USSD are the channels of choice to deliver a seamless digital lending experience and broader reach. The ever increasing penetration of smartphones, as well as the proliferation of internet access, has placed a high priority on mobile banking as "the channel of choice" from the customer's perspective. The number of smartphone users in Nigeria, Africa's biggest economy and most populous country, is forecast to grow to more than 140 million by 2025[7]. While smartphone adoption is on the rise, the first phone used by most Africans is likely to be a feature phone, as low-cost manufacturers dominate the continent's landscape

Figure 40: A tale of two countries – The Nigerian Story

[7] Statista - https://www.statista.com/statistics/467187/forecast-of-smartphone-users-in-nigeria/ accessed on 8 August 2020 at 12:08pm

The fact that USSD works on every phone that support the GSM standard, as well as the associated convenience and ease of use, has made USSD a preferred channel in the banking industry.
In Nigeria, 30% of banks reviewed seem to have taken advantage of their mobile banking channel to extend functional loan origination services to customers (see Figure 41). However, only 5% of banks reviewed have functional loan management capabilities (such as loan enquiry and liquidation features) on their mobile channels. On the other hand, 40% are yet to leverage their mobile banking channels to tap into the opportunities inherent in digital lending as they do not have any trace of lending capabilities on their mobile banking channels. Startlingly, 70% of banks do not have functional loan origination and management capabilities on their USSD channels. In as much as mobile and USSD are the channels of choice, the need to leverage other digital channels cannot be overemphasized. Customers can decide to interact with the bank through more than one channel based on circumstances and preferences, and the channels selected have a substantial impact on the bank's revenue as well as customer satisfaction. 90% of banks have implemented lending capabilities on at least one digital channel, however, the user experience within the most of the lending journeys, particularly at the loan application stage, is quite poor mainly due to unavailability of viable loan offers, ineligibility of the customer for available loan products or defects in underlying functionalities of the user journeys. The key for banks is to determine the optimal lending channel mix for each customer that will maximize revenue (or reduce costs) without significantly reducing customer satisfaction or engagement and then channel efforts towards ensuring that the journeys on those channels are seamless

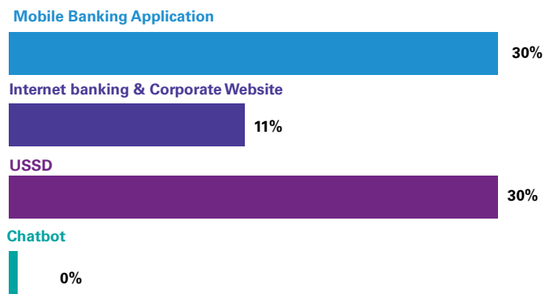


Figure 41: Availability of a functional digital lending capability across banks' digital channels
Source: KPMG 2020 Digital Channels Assessment

Any lending product can be digital. However, most banks have digitized only a limited set of loan products accessible to only a small proportion of the customer base. The few banks that have implemented some form of digital lending have done that only for a limited range of products, typically the salary-backed loan products such as Salary Advance and Payday Loan. These products are available only to a small section of customers usually salary earners who are mostly individuals in the formal sectors of the economy, disqualifying individuals who are in the informal sectors. The majority of people are within or below the mid-class segments and require access to credit to grow their businesses or meet a personal need.
Secured consumer lending products such as personal loans, auto loans and student loans are not offered on any of the digital channels as banks struggle with how to digitize the underwriting of these non-salary based loan products while complying with regulatory requirements, leading them to maintain manual loan origination and disbursement processes for these categories of loan products.
The ideal digital lending vision is one that fully supports online loan application and management while delivering highly personalized loan offers to customers at the exact time of need and enabling timely completion of loan processing in just a few minutes rather than days or months. This ideal vision requires a mesh of data-driven credit decision support, digital document capture and automated document verification, particularly for secured loans that require documentation and approval. Banks need to look beyond the immediate restrictions and find innovative ways of digitizing critical elements of the secured lending journeys, especially documentation, credit underwriting & approval and disbursement to expand their reach to new customer segments. By establishing a seamless end-to-end digitized journey for other consumer loan products, a deep understanding of customer needs and a comprehensive risk profile achievable through the use of advanced analytics, banks can extend data available within and outside their boundaries in building artificially intelligent algorithms that can make sound credit decisions to put credit in the hands of every creditworthy customer applying for it in near real-time.

Majority of the digital lending offerings only provide basic loan management capabilities. Implementing top-notch digital lending capabilities is key to delivering superior borrower experience and growing market share. The delivery of elementary loan management capabilities such as loan request, balance enquiry, loan history and repayment has now become a norm in developed economies like the United Kingdom and Singapore and is no longer a differentiating factor to keep any customer.

Digital lending challengers provide functionalities for loan requests, loan balance enquiry, payment history retrieval and loan repayment from accounts domiciled within the bank. However, they struggle with enabling customers to perform sophisticated lending-related services such as loan transfer, loan restructuring and loan repayment from alternate bank accounts. In addition, no bank offers a loan simulation feature that can provide an accurate contextual prediction of loan parameters such as interest rates, repayment amount and repayment duration to enable prospective borrowers to make better borrowing decisions. This presents a significant opportunity for banks to increase customer reach by enriching the bouquet of features offered on digital channels to support loan origination and proactive loan management.

Banks are wary of digitizing unsecured loans due to historical struggles with non-performing loans (NPL). The protracted struggle by regulators and banks to keep NPL at an economically reasonable level has caused banks to remain cautious about the value and volume of loans extended to customers via digital platforms, especially for unsecured loans.

Before 2011, there was a significant drop in the asset quality held by most Nigerian banks as NPLs skyrocketed and came with attendant economic consequences.

To avoid a systemic meltdown, the Asset Management Corporation of Nigeria (AMCON) was established in 2011 to take over toxic assets through the issuance of bonds. Banks were restrained from granting further credit to potential borrowers with un-serviced facilities exceeding a certain amount or any amount of delinquent facility that was taken over by AMCON[8].
Banks were also categorized into regional, national and international with each category assigned an operational coverage and minimum level of capital requirement in terms of capital base and adequacy ratios. Fast forward to 2014, the oil price crisis and exchange rate volatility between 2014 to 2016 further undermined these measures as it resulted in an unprecedented increase in NPLs due to the inability of oil companies to pay back loans taken[8].

Poor lending decisions are a major cause of non-performing loans. Banks extended loans to non-credit worthy customers and also did not take critical factors such as inflation, exchange rate volatility and other economic uncertainties into consideration during the credit underwriting process. The process to reduce NPLs starts with good underwriting and sound credit policies at the point of origination. By leveraging artificially intelligent algorithms and models that feed on internal and external customer and macroeconomic data, banks can intelligently strengthen loan underwriting and pricing based on borrowers' risk profiles, gain insights on early-warning default signals, delinquency indicators, optimal collection strategies and relevant economic stability indicators to determine the viability of each loan in near real time. This will help to understand the borrower better and reduce NPLs —less portfolio deterioration, lower costs and speedier recovery time.

Global Standing Instruction (GSI) has the potential to accelerate retail lending. The recent GSI mandate by the Central Bank of Nigeria requires every borrower to execute an instruction authorizing the borrowing bank to recover defaulted loan obligations from any or all accounts maintained by that borrower in other banks through a direct set-off from deposits/investments held in those banks.

Although much progress has been achieved with NPLs dropping significantly in 2019, the GSI mandate will further alleviate the NPL problem as it leverages the BVN framework to assign a single identity to each borrower across all banks in Nigeria and allows recovery of defaulting loans from other bank accounts held by the borrower.
The GSI mandate presents a great potential to reduce the non-performing loans in the banking sector, especially for unsecured loans. Furthermore, it will encourage banks to address a pervasive customer pain point identified within the reviewed digital lending journeys - the extension of higher value unsecured loans via digital channels. This feat helped to accelerate the growth of retail lending in other markets and has the potential to do same in Nigeria.
er markets and has the potential to do same in Nigeria.

[8] N Journal of Applied Statistics Vol. 9 December 2018 - https://www.cbn.gov.ng/out/2019/std/pages%2043%20-%2074_a382_atoi_d.pdf accessed on 10 August 2020 at 4.37pm

> **The GSI mandate presents a great potential to reduce the non-performing loans in the banking sector, especially for unsecured loans. Furthermore, it will encourage banks to address a pervasive customer pain point identified within the reviewed digital lending journeys – the extension of higher value unsecured loans via their digital channels**

Spotlight:

Fidelity Fastloan Suite – by Fidelity Bank

Fidelity Bank makes loans instantly available to customers on a dedicated lending mobile app and the bank's USSD platform via its flagship digital lending product – the Fidelity Fastloan Suite.
Fidelity Fastloan Suite does not require collateral, guarantors or paperwork to extend loans to customers and delivers a relatively seamless experience within the lending journey covering loan request, disbursement and repayment

- ***Payday Loan:*** Salary backed short term loan designed to offer up to 50% of the customer's monthly net salary for attending to immediate needs.
- ***Personal Loan:*** Salary backed medium-term loan designed to provide up to 50% of the customer's quarterly net salary
- ***Microloan:*** Short term loan product provided by a 3rd party partner – Migo – and powered by Fidelity Bank which extends small-ticket loans to all customers and non-customers leveraging Migo's (kwikmoney) automated instant loan service.

One key differentiator for Fidelity Fastloan is the extension of loans to both salary earners and non-salary earners which enables the bank to serve a larger segment of customers than is obtainable in other banks in Nigeria. Furthermore, the product has been designed to efficiently leverage data from different sources including credit bureaus, telecoms operators and the bank's internal systems. These data are fed into AI-enabled algorithms and models for credit decisioning and recovery purposes.

Point of View

Generation of personalised & fit for need loan offers lies in the voice of the data.

The ability to adequately leverage the existing explosion of data and make sense of it all is critical to differentiation in the retail lending space, especially with the ever-changing customer demands and preferences.

A pervasive issue we noted from the assessment was the generation of small loan offers that do not align with the customers' needs at the point of request. For instance, customers profiled as "low risk" with a net annual income >N3m are being offered loans as low as N20,000 to pay rent.

A few banks have implemented analytics-enabled loan offer generation capabilities which provide some level comfort to the banks on the level of risk associated with each borrower by leveraging internal data sources as well as data from credit bureaus. However, this profiling and the resultant offer generated does not tie to the actual realities and needs of the customer.

This indicates a need for banks to go the extra mile and leverage previously untapped data sources to form a well-rounded view of each customer for comprehensive risk profiling and repayment capacity prediction. There's a wealth of data available from a large variety of sources including the tax authorities (e.g. FIRS), credit agencies (i.e. credit bureaus), alternate data providers, e-commerce companies/ marketplaces, utility companies (Eko Electricity Distribution Company, BuyPower.ng) etc.

Banks can cut through the noise by making investments in advanced analytics capabilities that efficiently combine and feed third-party data as well as their internal credit selection data into artificially intelligent algorithms that can accurately generate a highly personalised credit offer for each customer, drive higher customer engagement and improve customer experience.

> **The possibilities within the retail lending space are enormous and so are the challenges. Incumbents can get stuck with the challenges…or take calculated risks leveraging the power of analytics and related technologies. The payoff could be game changing for any bank (or Fintech) that is able to achieve retail lending at scale.**

> “.....however, the key is to identify a sustainable approach that helps to quickly fill the capability gaps and deliver a seamless digital lending experience in a stable, resilient and sustainable manner – be it through strategic partnerships or a core technology platform revamp”

Point of View

Strategic alliances are at the core of a speedy digital lending transformation

The Nigerian fintech industry continues to evolve on the back of technological advancement and demographic support as it consists of about 250 fintechs with revenue expected to reach US$543.3 million in 2022 from US$153.1 million in 2017[9].

Given the rapid evolution of the fintech industry as well as the complex and dynamic nature of the digital lending ecosystem, banks can only keep up with the trend by keenly executing the ecosystem agenda – leveraging collaborations for enhanced data insights, generation of tailored products and exploitation of new market segments. This requires a relentless focus on creating and capturing value through ecosystem partnerships to fill capability gaps, access external R&D and accelerate the speed of loan products to market.

Some ecosystem players offer end-to-end digital solutions, while others focus on specific parts of the lending journey and leverage partnerships to supplement other areas. A few of the partnership models available include:

- Alternative Credit Scoring: Focus is on making use of conventional credit rating from credit bureaus to determine the borrower's financial and repayment capacity. An example is the partnership between Kenya Commercial Bank for Africa (NCBA) and Safaricom which birthed M-Shwari, a suite of banking products that provides access to deposit and loan products via mobile in a convenient, reliable and cost-effective manner.
- Alternative Data Provisioning: Ingests data from non-conventional sources (such as utility payments, e-commerce purchases, tax remittances etc.) into advanced algorithms to provide a comprehensive view of the customer motivations and lifestyle in order to determine creditworthiness.
- Co-branding : Involves integration of the partner's solution into the bank's channels with the credit risk and funding borne by either the bank, Fintech or both e.g. Fidelity Partnership with Migo.
- White-labeling : Involves embedding and branding the end-to-end digital solution developed by a partnering fintech on bank's infrastructure – placing the responsibility of credit risk, data, distribution and funding on the bank.

[9] https://ww3.frost.com/files/9215/2871/4691/Digital_Market_Overview_FCO_Nigeria_25May18.pdf

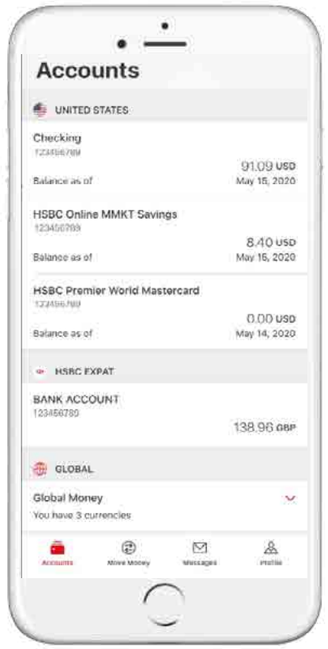
Case Study: HSBC

HSBC US leverages partnership with Amount

Product Overview
HSBC US, through its partnership with technology firm, Amount offers personal loans of up to $30,000 to customers within 24 hours. Customers are able to evaluate their loan options and complete a loan application end-to-end quickly through the mobile app

Differentiating Features
- Provision of unsecured loans (no collateral required)
- End-to-End digital lending experience
- Artificial Intelligent Credit Scoring engine
- Fast loan liquidation

HSBC's loan feature leverages big data and analytics capabilities provided by **Amount's** robust technology in determining loan offerings for customers, providing fixed monthly payments plans that start fifty (50) days after loan liquidation. Decisions on loan offerings are made within minutes, and if approved, borrowed funds are deposited in the customers' bank accounts within twenty-four (24) hours



Product Features
Loan approval time
• Loans are approved within a few minutes after application
Universality of offerings
• Customers of any commercial bank within US are eligible for loans
Ease of application
• No collateral required
• No guarantor required
Artificial Intelligence
• The app makes near-immediate loan decisions based on a customer's personal data such as name, contact information, data of birth, social security number, etc.

UX Features
Aesthetics
• Visually appealing interface
• Ease of navigation

As at 2019,

800,000
customers

$6b
disbursed (value)

Source: Business Insider - https://www.businessinsider.com/hsbc-launches-new-digital-lending-platform-2019-8?IR=T , accessed on 13 August 2020 at 9:48am

Case Study: Fuliza

Kenya Commercial Bank (KCB) & Commercial Bank for Africa (NCBA) partner with Safaricom to provide credit facilities via Fuliza

Product Overview

Safaricom, oone of the largest mobile network operators on the continent, provides overdraft facilities to users of its mobile money wallet platform (M-Pesa) via the Fuliza overdraft service. This was made possible by its collaboration with **Kenya Commercial Bank (KCB) & Commercial Bank of Africa (CBA).** M-Pesa customers are able to transfer money to both registered and non-registered M-Pesa customers

Differentiating Features

- Zero restrictions/limits on frequency of credit access
- End-to-End digital lending experience
- Instant access to credit facilities

Customers who opt-in to the Fuliza overdraft service can still transact with an empty wallet for an access fee of 1% on every transaction. This also attracts a maximum fee of Ksh 30 for every day the wallet account is overdrawn.

Product Features

Easy opt-in/out process

- Users can either opt-in/out of the overdraft service within a few steps on the M-Pesa mobile application.

Credit scoring

- Credit scoring is based on the rate of inflow into users' M-Pesa wallets as well as credit repayment history.

Eligibility

- Users only need to have an active M-Pesa wallet for at least six (6) months
- No collateral required
- No guarantor required

UX Features

Aesthetics

- Intuitive design
- Visually appealing interface

As at 2019,

10.7m

Opt-in customers

$270m

disbursed (value)

Source: Safaricom 2019 Sustainable Business Report - https://www.safaricom.co.ke/sustainabilityreport_2019/ebook/ - accessed on 13 August 2020 at 1:57pm

Digital self-service

Today's mobile-first consumers are unlikely to have the patience to stand in line at a branch, enter information repeatedly or wait days for a request to be fulfilled. Like consumer expectations, banking has also changed and continues to evolve. We have gone from having real face-to-face conversations with tellers in person at the local branch to calling into a call center to mobile banking, to chatting online with a chatbot. We now live in an on-demand, self-service world. However, do-it-yourself doesn't mean setting up a self-service portal and tossing it over to customers without explanation or support. The key is making sure that self-service capabilities supplement existing service capabilities, not supplant them.

Banks and financial institutions need to provide customers with as many transaction capabilities as possible so that they are fully involved in the banking process and complement that with appropriate support. Other than the obvious reasons (to improve customer experience, reduce call center volume, reduce support costs), enabling self-service with robust content allows banks to capture thousands of opportunities to engage more deeply with their customers. Questions aren't just queries; they are opportunities to capitalize on customers' intent and bring them further down the user journey.

Mobile App

Representative self service journey map - best-in-class

Customer goals

Sophia, an entrepreneur earning between N1,000,000 – N1,500,000 monthly wants to pay for a monthly subscription on an SME account software she uses for her business. She needs a debit card to complete this payment. She wants to request and receive a debit card without having to visit the branch or interact with a bank representative. She is also concerned about the security of her funds and would like the ability to deactivate and reactivate her card at her own convenience.

	Discovery	Debit Card Request Data Capture	Debit Card Delivery and activation	Card Block/control Request Details Capture	Card Status Update
Journey Stages					
Customer Expectations	• Seamless user login experience to the mobile banking application • Ease of locating the "Cards" feature on the home menu.	• Ability to select from the different card types (VISA, Verve, MasterCard) • Ability to request for the card to be delivered to the user's home address • Ability to select courier service as a pick up option	• Ability to complete process digitally without needing to physically visit a branch or contact the customer center • Successful card activation • Successful completion of a transaction with the newly activated card • Debit card delivery to preferred address	• Notification to customers after account number generation • Successful generation of account number. • Account number should be enabled for both debit and credit transactions.	• Seamless transition from account opening. • Ease of customer authentication during onboarding process • Ability to select preferred username
Summary of UX	• Easy to find and select "Cards" from the home menu. • Cards feature can be launched in one click.	• Users can choose from range of card schemes provided by the banks. • Users can select a preferred card delivery address. • Users are unable to select a preferred name to appear on requested cards.	• Seamless debit card request authorization. • Clear communication about card request status and timelines for card delivery • Delivery of cards to preferred location. • Tedious Card activation process requiring a visit to an ATM to complete card activation.	• Ability to successfully block a debit or credit card • Adequate guidance on the implications of completing the card block process. • Ability to bock cards across channels and geographical zones.	• Prompt notification of the card status update. • Inability to carry out transaction on blocked cards
User Emotion					

Opportunities to delight

- Enable users to enter the preferred name to appear on their card as is obtainable on ALAT Online
- Enhance card activation to make it possible for user from the comfort of their home.

Figure 42: Best-in-class UX on self-service journey on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Mobile App

Representative self service journey map - followers/late starters

Customer goals

Felix is well informed, confident and likes to make calculated decisions. He runs his family business of construction, which he has expanded to various states in Nigeria. He is on a business trip to another state and realizes he has misplaced his debit card. He wants to control access to the card temporarily and request for a new card while he is on his trip to ensure he can make purchases and conduct required transactions.

Journey Stages	Discovery	Debit Card Request Data Capture	Debit Card Delivery and activation	Card Block/control Request Details Capture	Card Status Update
Customer Expectations	• Seamless user login experience to the mobile banking application • Ease locating the "Cards" feature on the home menu.	• Ability to select from the different card types (VISA, Verve, MasterCard) • Ability to request for the card to be delivered to the user's home address • Ability to select courier service as a pick up option	• Ability to complete process digitally without needing to physically visit a branch or contact the customer center • Successful card activation • Successful completion of a transaction with the newly activated card • Debit card delivery to preferred address	• Notification to customers after account number generation • Successful generation of account number. • Account number should be enabled for both debit and credit transactions.	• Seamless transition from account opening. • Ease of customer authentication during onboarding process • Ability to select preferred username
Summary of UX	• Easy to find and select "Cards" from the home menu. • Cards feature can be launched in one click.	• Users can choose from range of card schemes provided by the banks. • Users are unable to select a preferred card delivery address and much chose from available bank branches • Users are unable to select a preferred name to appear on requested cards.	• Seamless debit card request authorization. • Communication about card request status and timelines for card delivery is unclear • Cards are not delivered to preferred locations • Users are unable to activate debit cards without visiting a bank branch	• There is inadequate guidance on the implications of completing the card block process. • The card block feature for some banks in this category does not exist or is not functional • Users are unable to block cards across channels and geographical zones.	• Prompt notification of the card status update. • Inability to carry out transaction on blocked cards
User Emotion	😊	😟	😟	☹	☹
Opportunities to delight	• Enable the card home delivery service for customers • Implement a process that enables the activation of new cards without visiting or calling the bank. • Ensure all users can apply for cards without the need to visit a bank branch.			• Enhance the card block process to enable users temporarily block and unblock their cards on the mobile app. • Enable card control features to enable users to block cards for predefined scenarios for example[le blocking cards on specific digital channels.	

Figure 43: Example of a poor user experience on self-service journey on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

State of play in Self-service

We have generated a scorecard below showing how each bank performed on self-service journeys:

	Mobile Banking	Internet Banking	USSD	Chatbot
Leaders	Wema Bank Access Bank Standard Chartered Bank	None	None	Fidelity Bank
Challengers	GTBank	Standard Chartered Bank Access Bank UBA Wema Bank	Fidelity Bank Stanbic IBTC Bank	Stanbic IBTC Bank Access Bank UBA
Followers	FirstBank Stanbic IBTC Bank Sterling Bank UBA Union Bank Unity Bank	FirstBank Polaris Bank GTBank Stanbic IBTC Bank FCMB Unity Bank	UBA Polaris Bank Keystone Bank GTBank Access Bank Zenith Bank First Bank Wema Bank Union Bank	FCMB Sterling Bank
Late Starters	Ecobank FCMB Zenith Bank Fidelity Bank Polaris Bank Keystone Bank Heritage Bank	Sterling Bank Ecobank Zenith Bank Keystone Bank Union Bank Fidelity Bank Heritage Bank	Ecobank FCMB Heritage Bank Standard Chartered Bank Sterling Bank Unity Bank	Ecobank First Bank GTBank Heritage Bank Keystone Bank Polaris Bank Standard Chartered Bank Union Bank Unity Bank Wema Bank Zenith Bank

Figure 44: Scorecard for digital self-service across digital channels

Note:
Digital channel assessments were conducted between 10 May 2020 and 15 July, 2020.
Source: KPMG 2020 Digital Channels Assessment

Unveiling the self-service scorecard

Leaders

Range of self-service journeys: Self services are generally at a nascent stage and reflective of the overall state of self-service journeys supported by Nigerian banks. Even Leaders have some way to go in delivering a wide range of self-service features to customers. Some notable areas for improvement include the ability to enable a customer to request for virtual cards and tokens as these are mostly not available to customers via self-service channels from Nigerian banks. Banks leading in the self-service category such as ALAT by Wema bank (mobile app) offer robust self-service features for key journeys such as statement requests, debit card requests and card control. Our review revealed that no bank has sufficiently delivered a robust range of self-service features on Internet banking and USSD.

Flexibility and convenience of self-service journeys: One key attribute of leading banks in the area of self-service is their ability to offer customers flexibility and convenience in the manner with which self-service requests are executed. For example, Leaders provide customers with a broad range of options to receive debit card requests. Traditionally, debit cards requests - even those initiated on digital channels require customers to visit branches for pickup. However, banks in this tier have expanded on this service, offering customers the flexibility and convenience of taking delivery at their homes or any preferred location.

Remote Activation of digital devices: For a self-service journey to be considered genuinely digital, banks need to ensure that the customers can control all phases of the user journey without requiring any intervention from their bank. This should include sensitive stages of any self-service journey, such as activation of banking products like debit cards and hardware tokens. The challenge for banks here is authenticating that the person who is requesting to activate the device is the valid customer. Most banks require that customers visit the branch for this stage of the user journey. However, Leaders have developed automated identity verification and remote authentication processes that enable a customer to execute card activations remotely. This can be extended to other request-types such as token requests.

End-to-end Chatbot-assisted user journeys: One channel that remains primarily underutilized by Nigerian banks for delivery of self-service is the Chatbot or virtual assistant. Fidelity Bank emerged the clear Leader in this regard offering users an end-to-end journey for self-service capability including profile unlock and card control

Challengers

The channels that allow the most flexibility, allowing consumers to get help quickly and effectively have the best chance of meeting customer expectations, reducing effort, driving satisfaction and loyalty. Challengers are just a step away from offering this sort of service to their customers. That extra mile effort required for banks in this tier includes; enabling customers more flexibility with options to deliver customer-requested devices such as tokens directly to their homes, improving the convenience of self-service features by ensuring users can activate devices remotely without intervention from bank representatives. Comparable to Leaders, Challengers have room for improvements in the variety of services available to customers.

Followers

Banks in the Followers' tier deliver the basics of self-service. However, the user experience on the self-service journeys are sometimes below par. Most digital channels in this tier are missing the essential functionalities that will enable a customer make requests without visiting the branch, control access to their debit or credit cards, amongst others.

Late Starters

Banks in this tier do not support self-service journeys on digital channels at all or have very limited options. Accordingly, there is significant room for these banks to explore delivering self-service offerings to the delight of their customers.

Key insights from digital self-service UX assessment

Our assessment of the user experience on self-service journeys across a variety of digital channels revealed the following key insights:

Only a few banks offer robust card control self-service feature to customers. For customers using payment cards, providing more control over the flow of card transactions is paramount. Unfortunately, many banks do not offer robust card control features – availing only the basic capability to deactivate and reactivate a credit or debit card. Cardholders should be empowered with greater security and spending controls that include allowing customers to define geographical areas where their card can be used, limit purchase costs / types, and restrict card usage on specific digital channels. Usage alerts should be prompt and clear, so customers know when, where and what is being charged to their cards.

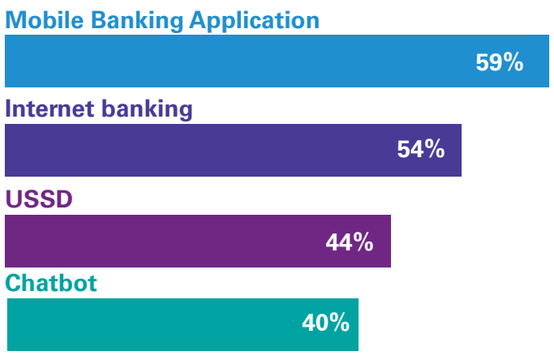


Figure 45: The average maturity of card control service offered by the 17 retail banks across various digital channels.

Banks are yet to explore virtual cards Identity theft and fraud related to the use of payment cards is a way of life for cybercriminals. Individuals and large corporations alike have been the victims of such crimes. With well-publicized breaches in online security at major corporations, consumers are forced to search for better ways to protect their sensitive financial information. Virtual cards remain an untapped opportunity for Nigerian banks to deliver a secure payment card alternative to customers and create opportunities for a new revenue stream. Ecobank is already taking advantage of this, offering this service to its customers at a reduced fee compared to regular embossed cards.

Most Nigerian banks are yet to figure out home delivery for customer requests. . ALAT by Wema and Standard Chartered Bank are leading the way with regards to home delivery for payment cards, allowing their customers the flexibility of selecting their preferred card delivery location within the card request journey - usually processed within 2 working days. Nigerian banks are yet to implement a home delivery feature for hardware token, cheque book etc., requiring customers to visit a branch for pick up and activation. Enabling customers to receive physical banking instruments such as debit cards, credit cards, cheque book, hardware tokens, and bank endorsed account statements is imperative for a compelling self-service experience on digital channels. Removing the need for customers to visit branches for such requests will be a game-changer for banks and an opportunity to delight customers.

Exploring the Self-service opportunity

What is self-service banking

These are features made available by banks to enable customers execute transactions by themselves, without physically interfacing with any bank staff. As the global coronavirus pandemic began, a poll from Lightico found 82% of respondents said they were concerned about going to their local bank, with 63% of customers not currently using digital banking saying they are more inclined to try a digital app or self-service kiosk than they were before the coronavirus pandemic. Those that were on the fence about online banking, or interactive teller machines that connect you via video to a teller instead of entering a branch, are now making the switch.
It is imperative that financial institutions expand self-service banking capabilities, and help their customers learn how to best use them. Banks can use digital to build trust and strengthen customer relationships, offering simple self-service banking options and tips.

A variety of self-service features are possible

At the core of self-service is the ability to digitize and automate services that would require customers to come to the branch or interface with a bank representative. When considering self-service, therefore, banks must create a roadmap to digitize new and existing services, giving the customer a truly self-service experience of banking. To articulate this roadmap, banks first need of wholistic view of services currently offered to customers requiring interacting with the bank to complete, be it visiting the bank branch or calling the contact centre for support.

Figure 46: Banking service categories for self-service consideration.

Source: Lightico COVID-19 & Consumers' New Remote Reality (March 2020)

A snapshot view of the indicative range of basic services available to customers across the banks in Nigeria reveals that there are numerous gaps and opportunities for banks to deliver robust self-service journeys to customers.

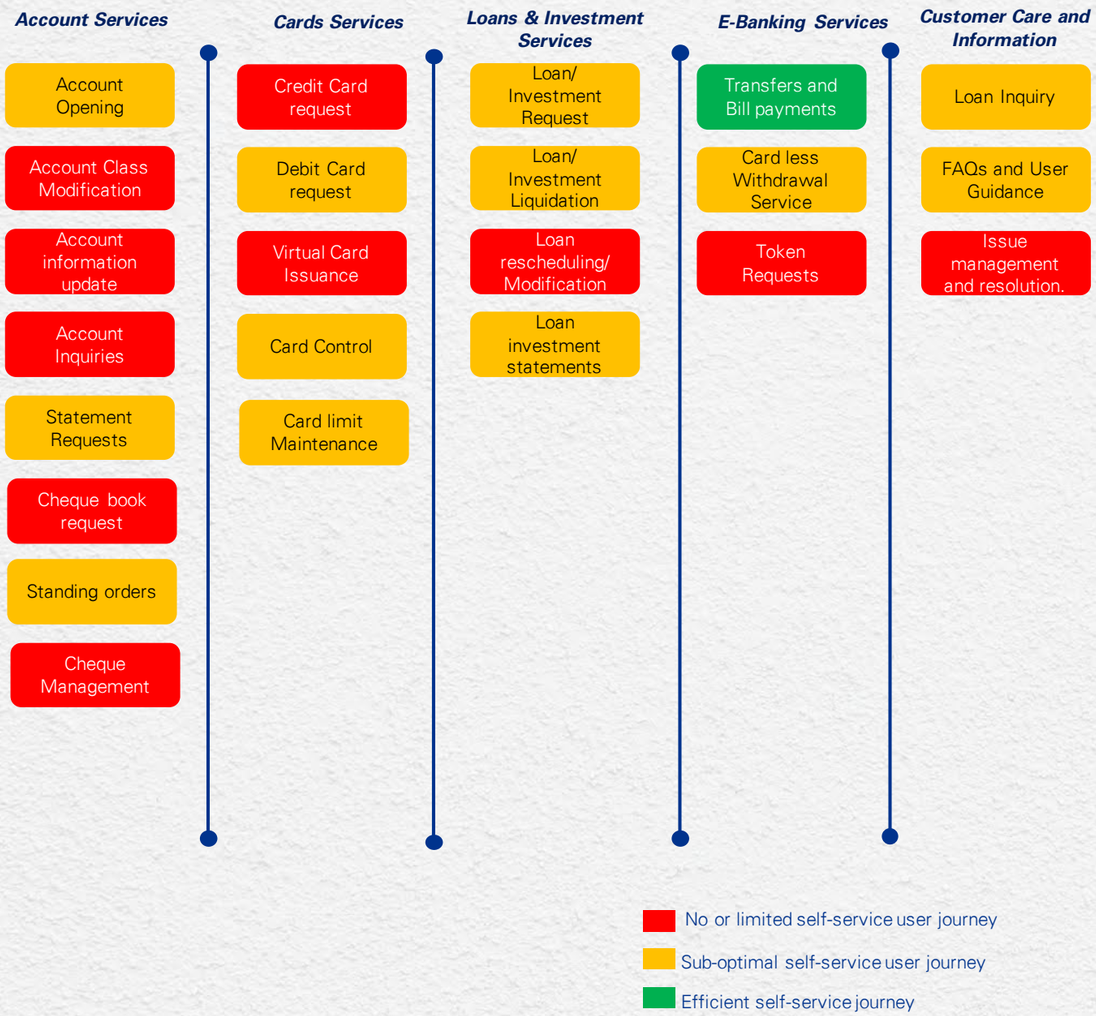


Figure 47: Indicative self-service maturity of key banking services

Banks need a structured approach for transitioning to self-service.

Adopting a structured process for identifying and prioritizing the delivery of self-service capabilities on the digital channels will be critical to any success that banks will record in this space. Steps to be adopted should broadly consider the following while evaluating the identified self-service opportunities with the context of customer demand and organizational value, as illustrated in the table below:

- Identify processes with opportunities for automation
- Prioritize opportunities to create a pipeline of automatable processes.
- Design and build the automated solutions.
- Deploy solutions on digital channels.

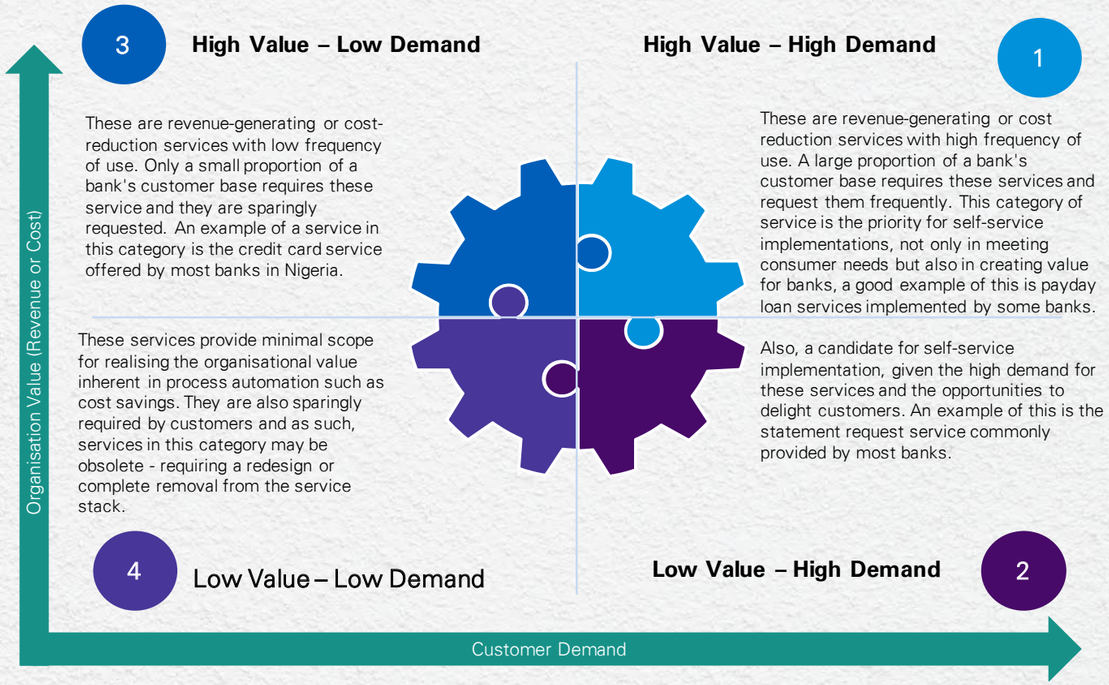


Figure 48: Framework for determining which banking services to convert to self service

Chatbots are fine, but AI-driven conversational virtual assistants are the future: Chatbots are generally used by customers as information acquisition interfaces, such as extracting product details from a bank. However, many Nigerian banks are yet to implement chatbot-based self-service journeys for customers. By infusing technologies such as Deep Learning, Natural Language Processing and Artificial Intelligence, chatbots can be enhanced further. They can evolve into virtual assistants capable of reminding users of pending payments, taking down instructions for future service requests and much more.

To make self-service journeys genuinely digital, customers need visibility into what is happening at the backend without physically interfacing with the bank's staff. Self-service should go beyond automating backend processes and enabling users to initiate and execute services without assistance from bank representatives. Users require greater visibility into the progress of the self-service requests. This feature is common with e-commerce apps. For instance, the Jumia Food app provides real-time updates to customers in-app for various stages of the food request and delivery journey, from merchant acceptance, to order confirmation, to order delivery and eventually arrival at preferred delivery location. This opportunity to delight customers is a consideration point for banks to enhance self-service features on their channels. Card request is an excellent example of a self-service feature that can be enhanced by the bank, providing real-time updates to the requesting customer on various stages of the card request journey.

Self-service features need to be implemented with the user journey in mind: Most customers attempt to use self-service. However, most of the time self-service features fail them and result in negative user experiences. About 70% of customers use self-service to get help for anything – from common questions and information updates to making payments and scouring transaction histories. The problem is, only about 10% of customers fully resolve their issues through self-service, according to a 2019 research from Gartner. More often, they need to search another channel and/or get in touch with a person via phone, email, messaging or social media. Customers who have to go through various channels end up frustrated and dissatisfied. Banks should focus on "providing better customer experience" with robust end-to-end self-service journeys, ensuring that journeys initiated digitally can be executed efficiently without interruptions from manual processes.

Suppose the customer does still need to transfer to a human advisor to resolve their issue, self-service enablers should be wholly integrated with all the customer's information gathered from historic self-service interactions so it is available instantly to the advisor. The advisor's ability to immediately take up and address the query is essential as there should be no gaps in service.

Point of View

RPA is an enabler for digital self-service.

Robotic process automation (RPA) is the technology that allows software or a "robot" to be configured to emulate the actions of a human interacting within digital systems to execute a business process. Infusing artificial intelligence (AI), machine learning and cognitive capabilities, however, enhance RPA and its capacity to enable robust self-service journeys.

AI and machine learning have enabled breakthroughs in several related "add-on" areas that are tangential to the core of RPA and critical for automating business processes to create efficient self-service journeys for customers. These include:

- OCR to recognize text, and intelligent character recognition (ICR) to interpret handwriting.
- Augmented content analytics using machine learning to identify the position of fields on documents such as customer invoices.
- Natural Language Processing (NLP) and Natural Language Generation (NLG), which can help support chatbot and virtual personal assistant (VPA) implementations.
- Automated business process/task discovery, which can help organizations identify processes and task patterns that could be automated by RPA or a Business Process Management Software (BPMS)
- RPA can help digitize the front, middle and back-offices of self-service journeys. The technology comes together with AI to create intelligent automation that can ease tedious and repetitive tasks.

Source: Gartner; Delivering on the digital promise

Case Study: Self Service

Wells Fargo Online and Wells Fargo Mobile

Product Overview: This product is Wells Fargo's Internet banking and mobile banking channels which allows customers manage accounts, activate and replace credit cards, make check deposits, transfer funds, and pay bills, amongst many other services and sub services.

General Features:
- Ability to Manage Accounts and Account Products
- Check Book Deposits
- Account Transfers and Bill Payments
- Sending and receiving money using a mobile number
- Monitor balances, holdings, account activity, and open orders in investment accounts

Mobile Requirements
Mobile - Apple iPhone with iOS11.0 or higher, or an Android device running v 5.0 or higher.

Standout Self service capability;

Digital guided demos.
- Wells Fargo online platform features interactive demos demonstrating how to access services available within its online and mobile banking platforms.

+ **Functionality:** Providing users with interactive guidance on how to use application features.

Debit Card Request
- Users select the "Replace Card" feature on the application.
- Users proceed to select the requested card details such as card type (e.g. Visa, Mastercard etc.) and provide the delivery address to receive the debit card
- The request is authorised by users

+ **Personalization:** Delivery of credit/debit cards to a home address.

Card activation
- Users log in to the Well Fargo Online banking platform
- users proceed to select the Card activation feature and provide required card details
- The activation request is authorized by the user

+ **Functionality:** Users are able to activate their debit cards without visiting a bank branch or calling the contact center.

Card Block
- Users logs into the Wells Fargo Mobile application and selects the account associated with the card.
- Users proceeds to the "More Services" menu and selects the "Turn Card On or Off" option
- Users receives a success notification via email and on the application.

+ **Functionality:**
- Temporary card lock system.
- Option to temporarily lock card from performing international transactions.

Key Statistics

4.7
Google Play store rating

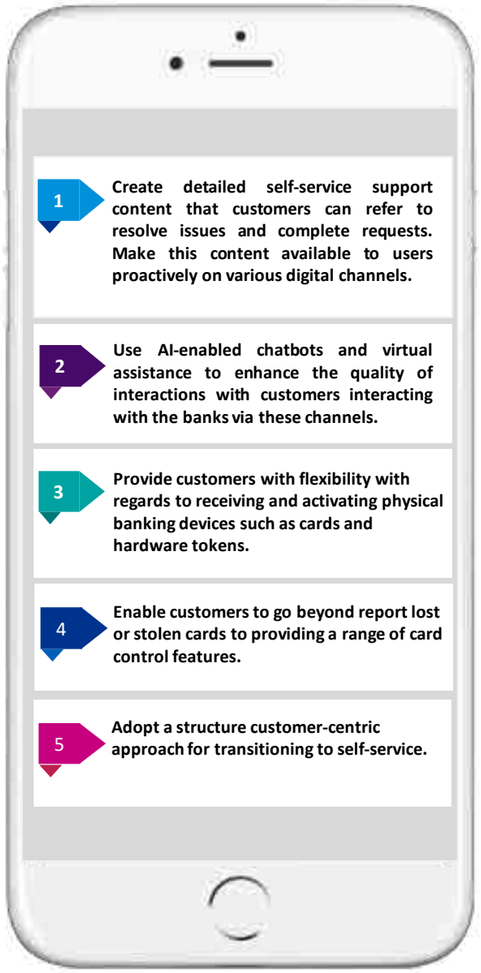
★★★★★

4.8
Apple App Store rating

Looking ahead

Improving on digital self service

Despite it being a clear competitive differentiator, banks have been slower than other sectors to implement self-service capabilities and best practices. As a result, many banks are missing out on valuable opportunities to reduce call center volume, provide 24/7 support, and improve overall customer service. How then can banks take advantage of this growing trend? The answer to that question lies in digital channels, particularly mobile banking apps. In a world in which everyone seems practically glued to their smartphone, the benefits of mobile banking aren't lost on banks. In fact, you would be hard-pressed to find a bank in Nigeria that hasn't developed its own branded mobile functionality. However, just because mobile banking has become ubiquitous doesn't mean that all banks are leveraging their applications as effectively as possible. There are a few things banks can do to take the self-service experience to the next level and turn digital channels into a one-stop self-service shop.



Customer Care

Today's customers demand consistent and timely services for all banking interactions. High customer expectations for quality service is now the norm and a bank's success in achieving customer-centricity and customer loyalty has become a matter of survival. More informed and skeptical customers are holding banks to increasingly higher standards as they demand consistent and timely services and support during all banking interactions and on all relevant channels. Banks that fail to meet these expectations are at risk because customers - especially in the financial services industry - can easily navigate to competitors offering better "customer centered" services and care.

As the race for the customer intensifies, front-runners will be those who demonstrate an understanding of the customer's circumstance, proactively offer relevant propositions and more importantly, offer a fast and seamless path to recovery in the event that issues occur during the customer's interactions with the bank across all available touchpoints – digital and otherwise.

The retail banking landscape in Nigeria has constantly been characterized by steep competition and banks are becoming increasing aware that offering customer care capabilities outside the digital channels no longer suffices. Customers demand quality support whenever and wherever they choose to transact – be it on the mobile banking app or on the chatbot. Our evaluation of this capability across the banks' digital channels covered relevant user journeys related to customer care including telephone/ email interactions, FAQs and complaint/ issue reporting.

Representative issue resolution journey map - (hypothetical case)

Mobile App

Customer goals

Nnamdi, 32, single, owns a store where he sells both male and female clothing. He is focused on growing his business and spends most of his time in his shop. He spends most of his income on his aged mother and siblings.
Electricity units have been exhausted in his mother's home and he quickly makes payment for electricity via the mobile app. His account is debited, however, the electricity meter balance is yet to reflect the credit after 2 hours. He then uses the contact form on his mobile app to reach out to the customer care center

	Initiation	Issue Details Capture	Resolution
Journey Stages	Initiation	Issue Details Capture	Resolution
Customer Expectations	• Quick and easy access to the customer care contact form on the application	• Ability to select the date of the transaction as well as the transaction type. • Ability to successfully submit the complaint • Receipt of a confirmation mail acknowledging submission of issue request	• Timely response to the issue submitted • Successful resolution of customer request
Summary of UX	• Easy to spot the 'Report an Error' option on the application • -Minimal number of steps required to access the complaint form	• Customer is able to select the date of the transaction as well as the transaction type • Customer successfully submits his report. • Customer receives an email from the bank the next day confirming that the transaction was successful on his end.	• Customer care responds to issue within a few hours and addresses the issue, contacting the customer via phone call to successfully resolve the issue
User Emotion			
Opportunities to delight			

Figure 49: Hypothetical UX within the digital issue resolution journey on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Representative issue resolution journey map - (Best-in-Class)

Mobile App

Customer goals

Yemisi, 45, married with two children, works at the local government office not very far from her home. She hopes to retain her job until she fully retires as it is flexible and allows her to have time for her family. When she is not at work, she socializes with friends, either via phone calls or through physical interactions.
She is having an enjoyable conversation with her childhood friend and her airtime gets exhausted. She attempts to purchase airtime three times and gets transaction success messages. However, she does not receive the airtime. She then uses the contact form on the mobile app to reach out to the customer care center

	Initiation	Issue Details Capture	Resolution
Journey Stages	Initiation	Issue Details Capture	Resolution
Customer Expectations	• Quick and easy access to the customer care contact form on the application	• Ability to select the date of the transaction as well as the transaction type. • Ability to successfully submit the complaint • Receipt of a confirmation mail acknowledging submission of issue request	• Timely response to the issue submitted • Successful resolution of customer request
Summary of UX	• Easy to spot the 'Report an Error' option on the application • -Minimal number of steps required to access the complaint form	• Customer is able to select the date of the transaction as well as the transaction type.. • Customer successfully submits his report. • Customer receives an email from the bank the next day confirming that the transaction was successful on his end.	• Customer does not receive a response from customer care on one attempt, however, the contact center reverts to the customer on a separate attempt.
User Emotion			
Opportunities to delight	• Optimize customer center responses to ensure that all customer complaints are received, reviewed and responded to relatively quickly.		

Figure 50: Best-in-class UX within the digital issue resolution journey on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Representative issue resolution journey map - (followers/late starters)

Mobile App

Customer goals

Pius, 40, married owns a large-scale grocery store and has been running the business for almost 10 years. He started the business as a small shop and has gradually built a well known brand which makes him feel fulfilled. He is constantly thinking of how to continuously grow his business. He is currently out of the country and made a transfer of N2 million to a business partner - Eze & sons. Pius received a debit notification, however, Eze & sons did not receive the transferred amount. Pius then uses the contact form on his mobile application to reach out to the customer care center

	Initiation	Issue Details Capture	Resolution
Journey Stages	Initiation	Issue Details Capture	Resolution
Customer Expectations	• Quick and easy access to the customer care contact form on the application	• Ability to select the date of the transaction as well as the transaction type. • Ability to successfully submit the complaint • Receipt of a confirmation mail acknowledging submission of issue request	• Timely response to the issue submitted • Successful resolution of customer request
Summary of UX	• Relatively Easy to spot the 'Report an Error' option on the application • -Minimal number of steps required to access the complaint form	• Customer is able to select the date of the transaction as well as the transaction type.. • Customer successfully submits his report. • Customer receives an email from the bank the next day confirming that the transaction was successful on his end.	• No response is received from customer care on the report after seventy-two (72) hours
User Emotion			
Opportunities to delight	• Optimize customer center responses to ensure that all customer complaints are received, reviewed and responded to relatively quickly.		

Figure 51: Poor UX within the digital issue resolution journey on mobile banking channel
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Representative issue resolution journey map - (hypothetical case)

Chatbot

Customer goals

Adamu, 19, is a student at Federal University of Technology Minna. He is the last of seven children and loves to try out new ways of doing things. He attempts to buy airtime via the "Airtime Recharge" option on the chatbot. Adamu inputs his phone number, recharge amount, and then proceeds to authenticate the transaction. However, the chatbot returns an error message indicating an unsuccessful recharge. He re-attempts the recharge twice, but receives the same error message. Adamu subsequently receives three debit alerts for the unsuccessful recharge attempts. Frustrated, he contacts customer care via the chatbot in order to receive a refund for the unsuccessful recharges.

	Initiation	Issue Details Capture	Resolution
Journey Stages	Initiation	Issue Details Capture	Resolution
Customer Expectations	• Quick and easy access to the customer care contact form on the chatbot	• Ability to select the date of the transaction as well as the transaction type. • Ability to enter the transaction amount • Ability to successfully submit the transaction request	• Successful resolution of customer request
Summary of UX	• Easy to spot the 'Complaints' option on the application • -Minimal number of steps required to access the complaint option	• Customer is able to enter the date of the transaction as well as locate the transaction type. • Customer successfully inputs the transaction amount • Customer successfully submits his request	• Customer is able to successfully submit complaint and receives a credit alert for the airtime amount within one (1) hour.
User Emotion			
Opportunities to delight			

Figure 52: Hypothetical UX within the digital issue resolution journey on the Chatbot
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Representative issue resolution journey map - (hypothetical case)

Chatbot

Customer goals

Mariam, 29, single, studied Theatre Arts and currently works as a model and social media influencer for top Nigerian brands. She spends most of her time on social media, in the gym close to her house and doing research on how to continuously improve her influencing skills. Mariam is using the Instagram app on her phone when she receives a debit alert via SMS. She opens the message and observes that she has been debited an amount of N10,000, which she cannot explain. She reads the narration, but still cannot deduce the reason for the debit. Confused, she raises a complaint via her banking chatbot for the transaction debit.

	Initiation	Issue Details Capture	Resolution
Journey Stages	Initiation	Issue Details Capture	Resolution
Customer Expectations	• Quick and easy access to the customer care contact form on the chatbot	• Ability to select the date of the transaction as well as the transaction type. • Ability to enter the transaction amount • Ability to successfully submit the transaction request	• Successful resolution of customer request
Summary of UX	• Relatively easy to spot the 'Complaints' option on the application • -Minimal number of steps required to access the complaint option	• Customer is able to enter the date of the transaction as well as locate the transaction type. • Customer successfully inputs the transaction amount • Customer successfully submits her request	• Customer is able to successfully submit complaint
User Emotion			
Opportunities to delight			

Figure 53: Best-in-class UX within the digital issue resolution journey on the chatbot
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

Representative issue resolution journey map - (followers/late starters)

Chatbot

Customer goals

Temi works in a digital advertising agency as an Editorial Assistant. She frequently uses social media channels like Facebook, Twitter and Instagram for personal and work-related activities. She needs to call a client and attempts to buy airtime via the "Airtime Recharge" option on the Chatbot. She could not successfully complete the airtime recharge, however, her account was debited. She then tries to contact customer care via the "Complaints" option on the chatbot.

	Initiation	Issue Details Capture	Resolution
Journey Stages	Initiation	Issue Details Capture	Resolution
Customer Expectations	• Quick and easy access to the customer care contact form on the chatbot	• Ability to select the date of the transaction as well as the transaction type. • Ability to enter the transaction amount • Ability to successfully submit the transaction request	• Successful resolution of customer request
Summary of UX	• Easy to spot the 'Complaints' option on the application • -Minimal number of steps required to access the complaint option	• Customer is not able to finalse the issue detail capture stage as the chatbot does not respond on input of transaction date	• As the transfer details capture stage is defective, customer cannot submit complaint for issue resolution
User Emotion			
Opportunities to delight			

Figure 54: Poor UX within the digital issue resolution journey on the chatbot
Source: KPMG 2020 Digital Channels Assessment. Unauthorized reproduction or distribution prohibited

State of play on Customer Care

We have clustered the banks into 4 tiers i.e. Leaders, Challengers, Followers and Late-starters as shown in Figure 55 based on our UX assessment of the customer care journeys.
We expect **Leaders** to deliver best in class UX on their customer care journeys with end-to-end digital experiences that support FAQs, live chat, telephone and email communication, enquiry/complaint/issue/ logging and resolution capabilities. The **Challengers** have implemented some of the capabilities expected of the Leaders, albeit with some UX issues bordering on occasional delayed responses to enquiries and complaints as well as limitations on the spectrum of customer care features available. The **Followers** support the customer care journeys, however, the capabilities implemented are defective and tinged with frequent and prolonged delays. For the **Late-starters,** the capability is simply non-existent.

	Mobile Banking	Internet Banking	USSD	Chatbot
Leaders	Wema Bank	None	Not Applicable	Fidelity Bank
Challengers	GTBank	GTBank	Not Applicable	None
Followers	Stanbic IBTC Bank Polaris Bank FCMB Ecobank UBA Keystone Bank Access Bank FirstBank Sterling Bank	Stanbic IBTC Bank Heritage Bank Access Bank UBA Ecobank Sterling Bank FCMB	Not Applicable	FCMB Stanbic IBTC Bank Ecobank UBA Access Bank
Late Starters	Fidelity Bank Heritage Bank Standard Chartered Bank Union Bank Unity Bank Zenith Bank	Fidelity Bank First Bank Keystone Bank Polaris Bank Standard Chartered Bank Union Bank Unity Bank Wema Bank Zenith Bank	Not Applicable	First Bank GTBank Heritage Bank Keystone Bank Polaris Bank Standard Chartered Bank Union Bank Unity Bank Wema Bank Zenith Bank

Figure 55: Scorecard for customer care across digital channels

Note:
Digital channel assessments were conducted between 10 May 2020 and 15 July, 2020.
Source: KPMG 2020 Digital Channels Assessment

Unveiling the customer care scorecard

Leaders

Banks within the Leaders tier deliver best in class UX within their customer care journeys with end-to-end digital experiences that provide adequate support to customers as they navigate and transact via the digital channels.

- Telephone and email interactions
- Frequently Asked Questions (FAQs)
- Live chat
- Complaint and Issue reporting (independent of the customer care emailing system)
- Log of most recent transactions for complaint/ issue reporting (up to 3 months)
- Immediate acknowledgement of reported issues
- Prompt feedback on complaints and enquiries

A summary of our findings for banks within the Leaders cluster of the customer care journey UX assessment is detailed below:

Mobile Banking: Wema Bank offers the best-in-class UX within the customer care journey on the mobile app. From our assessment, the bank provides a comprehensive "Report An Error" feature that allows users to conveniently log complaints/disputes in such a way that all details required for resolution of the issue are collected at the issue-reporting stage. Specifically, a list of previous transactions is presented from which the customer can select the culprit transaction. Also, the customer receives an acknowledgement email and prompt response to the issue logged.

Internet Banking: From our assessment, customer care is still begging for a leader in the Nigerian retail banking sector as no bank emerged as the top of the pack based on customer care services offered to customers.

Chatbot: Fidelity Bank offers the best-in-class UX within the customer care journey on its chatbot – Ivy. Our assessment revealed that the bank provides a well-rounded issue resolution feature on the Ivy chatbot that allows users to conveniently log complaints/disputes by presenting a list of possible issue categories (e.g. failed airtime recharge, dispense error etc.) and also a list of previous transactions from which the customer can select the culprit transaction.

Challengers

Banks within this tier deliver a relatively seamless UX within the customer care journey on the digital channels as they provide customer support through the implementation of the following features:

- Telephone and email interactions
- Frequently Asked Questions (FAQs)
- Complaint and Issue reporting
- Immediate acknowledgement of reported issues

However, the challengers occasionally struggle with providing timely responses to some customer enquiries and complaints.

A summary of our findings for banks within this tier is detailed below:

Mobile & Internet Banking: GTBank, the only bank within the challengers tier has implemented functional customer care capabilities on the mobile and internet banking channels via the "Enquiries/Complaints" feature. This functionality on both channels allows customers to map complaints and issues reported to predefined issue categories which are then sent via email to the customer care center. However, we experienced protracted delays in obtaining responses to the reported issues – which can be attributed to the inefficiencies within the email resolution process given that it leverages the standard customer care emailing system

Chatbot: From our findings, there is no bank within the Nigerian retail banking sector which qualifies to be categorized within the Challenger tier on the chatbot.

Followers

Banks within this tier have implemented some customer care capabilities on the relevant digital channels such as basic telephone and email interactions, live chat, complaint and issue reporting features. However, these banks have a number of snags to deal with, including:

- Prolonged delays in providing responses to customer's enquiries via emails and phone calls (up to 5 days)

- Defective issue reporting feature which returns non-descriptive error messages to the customer
- Lack of immediate issue acknowledgement notifications
- Lack of basic issue reporting functionalities on the digital channels which ride on the customer care emailing system

A summary of our findings for banks within this tier is detailed below:

Mobile & Internet Banking: Stanbic IBTC leads within the followers tier as customer care capabilities have been implemented on the mobile and internet channels. However, significant delays were experienced in obtaining feedback on enquiries and complaints (up to 3 days) during multiple attempts to receive support via the channe;s
Other banks within this tier, like FCMB and Ecobank, offer customer care capabilities via the Issue resolution feature that provide the capability to log and save issues directly on the channels. However, these capabilities are defective and provide an unsatisfactory experience. Specifically, we encountered OTP delivery issues and did not receive feedback on issues reported via Ecobank channels. The FCMB mobile and internet banking channels, on the other hand, returned unreadable errors.

Chatbot: FCMB and Stanbic IBTC rank ahead of other banks within the Followers tier on customer care on the chatbot. These banks have deployed customer care features which support issue reporting on their chatbot platforms. However, we did not receive feedback on all issues logged on the chatbots – i.e. Temi & SAMI. Other banks, like Ecobank and UBA, follow closely within the Followers tier from our assessment largely due to inability of the chatbots (Rafiki & UBA Leo) to intelligently respond to our queries while navigating to the customer care menu, significantly impacting the UX within the customer care journey.

Late Starters

Banks within this cluster have minimal or no customer care capabilities on the relevant digital channels. These banks have implemented the basic phone and email support capabilities outside the digital channels, however, they do not provide support to their customers through FAQs, issue reporting and resolution services on the digital channels.1`

Key insights from customer care UX assessment

Our assessment of UX on customer care journeys across a variety of digital channels revealed inadequacies around support via calls & email correspondences, frequently asked questions, video interactions, dispute logging and the dispute resolution process. We garnered insights on best practices and pitfalls within the journeys that impact UX on these digital channels.

Customers no longer have the bandwidth to handle half-baked customer care experiences in their banking relationships. Today's customers are more informed and know what great experiences feel like, often judging their experiences across industries. They are no longer comparing banks with their peers but rather against their best experiences regardless of the industry. Customers compare their mobile banking apps to gaming or shopping apps on their smartphones. With customers getting used to simplified experiences in other industries, banks are playing catch-up in removing friction from day-to-day banking experiences. Friction on digital channels is presented in the form of additional or repeated requests for information, call holds, long forms, extra (and possibly avoidable) security layers etc. Banks still struggle with enhancing digital channels with functional mechanisms to support customers when they experience friction in their daily banking experiences.

Figure 56: Top 3 reasons for maintaining banking relationships in Nigeria

Source: 2019 KPMG Nigeria Banking Industry Customer Experience Survey

From the 2019 KPMG Banking Industry Customer Satisfaction Survey, we noted that 53% of retail banking customers maintain banking relationships due to quality customer experience and care (see Figure 56) – which presents a strong case for the design of a robust resolution pathway for customers using digital channels for transactional purposes.
The COVID-19 pandemic has driven rapid innovation because customer problem solving has come to the fore. This mindset, in turn, has accelerated a focus on solutions rather than products and driven engagement. When customers encounter issues during interactions with the bank's touchpoints, they now expect banks to:

- Own the resolution of issues and fix with urgency
- Keep them informed of issue resolution progress
- Offer a warm and sincere apology
- Go the extra mile if required
- Provide a temporary solution while trying to solve the problem
- Demonstrate empathy throughout the process

As the race for the customer intensifies, front-runners will be those who demonstrate an understanding of the customer's specific circumstances and proactively engage, communicate and resolve the customer's challenges.

Most banks do not provide prompt feedback to customer complaints and enquiries. In Nigeria, the primary means of engagement is via the good old customer care touchpoints - calls and emails. We noted that all banks have implemented capabilities to allow customers to engage them via calls and emails. However, 70% of the banks reviewed do not provide customers with prompt feedback on issues experienced across the channels – customers experience significantly high wait times on calls to customer care center and also delayed responses to emails which severely impact the customer experience.

Currently, for most banks, emails sent to the customer care center generally go into a central pool where they are manually sorted and distributed to the various units responsible for the actual resolution of the issues within the bank. In some instances, the customer is only reengaged after several days to provide additional information required to resolve the issue.

Our assessment revealed that 14% of banks have implemented functional issue resolution capabilities on their digital channels to allow for easy logging and resolution of issues. For 86% of banks reviewed, these issue logging and resolution capabilities are either non-existent, defective or end up sending an email to the customer care center – adding to the pile of emails in the pool that need to be manually attended to.

These inefficiencies introduce a bottleneck in the customer care journey, raising a fundamental question – for how long can a customer put up with such delays before considering a move to another bank that provides a better customer care and experience? Banks need to develop efficient and structured mechanisms for collecting details of enquiries, complaints and issues experienced by customers such that all relevant information required for the correct routing and timely resolution are provided at the point of logging the issue. One way to do this is to implement a functional issue resolution capability on all digital channels that enable customers to log issues on the channels which the transactions are executed.

> In 86% of banks reviewed, issue logging and resolution capabilities are either non-existent, defective or end with an email to the customer care center - adding to the pile of emails in the pool that need to be manually attended to.

This functionality should be implemented in such a way that it mandates customers to select an issue category - which would determine the routing path and input all required details in the least possible number of steps. This approach will deliver a 4-fold impact on the customer care journey touching on 2 key digital transformation anchors - operational efficiency and customer experience:

- Reduce the volume of emails and calls made to the contact center
- Reduce volumes of email to be manually sorted thereby freeing up customer care staff and resources for other tasks
- Ensure that issues are received by the responsible unit in a timely manner
- Ensure that the issues are resolved promptly

Most banks underrate customer support and recovery as well as its impact on loyalty. The ability to remove bottlenecks within any journey and enable the customer to achieve their objectives quickly and easily has proven to increase customer loyalty. Even with the best processes and procedures, things can go wrong. Successful organizations have a process that not only puts the customer back in the position they should have been in as rapidly as possible but also makes the customer feel good about the experience. A sincere apology and acting with urgency are two crucial elements of a successful issue resolution.

A case in point, though in a different industry, is Amazon Video which monitors video playback to identify quality issues and when poor playback is detected, users are immediately notified. Amazon issues not only an apology but also an assurance of a refund.

From our assessment, some banks have tried to implement service recovery capabilities that help the customer resolve issues encountered within transactional journeys without recourse to the bank. One of such capabilities is the auto-reversal functionality which reverses certain failed transactions within minutes after the failure. Over the last few years, this functionality has improved the customer experience and also the number of complaints to the customer care center. However, the auto-reversal functionality is restricted to failed funds transfer and bill payment transactions in most banks. Furthermore, the auto-recovery experience is not delivered consistently as it appears to work for some transactions and not for others.

To deliver a superior and consistent customer experience across all digital channels, banks in Nigeria need to identify efficient means of being on the lookout for failed transactions, know when there is an issue and proactively engage the customer to resolve the issue. For example, in the case of dispute errors, the banks should be able to identify the failure, inform the customer about the issue, apologize, assure the customer of a timely resolution and ensure that the issue is resolved in a timely manner as promised.

> Successful organizations have a process that not only puts the customer back in the position they should have been in as rapidly as possible but also makes the customer feel good about the experience. A sincere apology and acting with urgency are two crucial elements of a successful issue resolution.

Keeping the customer in the loop is pivotal to superior customer experience and satisfaction. Customers have needs and they also have expectations about how these needs should be met. Customer satisfaction is the difference between expectation and actual delivery. Understanding, delivering and, if possible, exceeding expectations is a crucial skill of great organizations.

The ability to meet and exceed these expectations has become increasingly difficult in the face of the COVID-19 pandemic as customer expectations have become even more fluid. Proactively setting customer expectations and communicating with customers to manage those expectations is a vital component of designing the right experiences. From our assessment, banks are yet to fully understand these changing customer expectations and implement capabilities to meet them. Most banks are yet to recognize that the eventual resolution of an issue is not enough to keep a customer; as such, associated capabilities that keep customers abreast of the progress of interactions with the bank on an ongoing basis are not provided. Hence, the customer may be long gone before feedback on the resolution is provided. Most updates are done on an ad-hoc basis by relationship managers who decide to take it upon themselves to do so. A representative case is Jumia Food, an online Nigerian food delivery service that allows customers to order meals from a wide selection of menus from various restaurants and delivers them right at their doorsteps. Jumia has recognized that from the moment a customer places an order, the most pertinent question in the customer's mind is "when will my order get delivered?". The enthusiasm that comes with that question is next to none and time seems to pause and a minute feels like an hour. This realization prompted the introduction of the Jumia foods delivery update feature that provides customers with regular information about the progress of the order delivery process – right from when the order is made through to pick-up from the restaurant and to delivery at the customer's doorstep. Besides, the platform shows the distance between the customer's location and each listed restaurant to enable estimation of the time of delivery or prompt the customer to choose closer restaurants when ordering.

Banks can learn from the seamless experience provided by Jumia Food and display more empathy during the resolution of issues and complaints as they seek to improve the customer care journey. Issues can be resolved by adopting more efficient mechanisms and maximum customer satisfaction can be achieved by continually engaging and keeping the customer informed by way of regular updates throughout the issue resolution process. The more a bank can display an accurate understanding of the customer's experience and act accordingly, especially when the customer is right in the middle of a challenge, the stronger the relationship between that customer and the bank.

> .... in the wake of the COVID-19 pandemic, customer expectations have become even more fluid. Proactively influencing customer expectations and communicating with customers to manage those expectations is a vital component of designing the right experiences.

Spotlight

Wema Bank has implemented an end-to-end digital experience on its customer care capability – Issue Resolution. Customers can reach out to customer care representatives either by phone calls, emails, "Report an Error" feature on its mobile application (ALAT Mobile) or via any of ALAT's social media platforms.

The **"Report an Error"** feature enables customers to conveniently log complaints/ issues and specify all details required to resolve them, such as;

- **Transaction Date,**
- **Transaction Amount**
- **Transaction Type,**
- **Source of Transaction,**
- **Source Account and Beneficiary/Merchant Bank.**

The **"Report an Error"** feature on ALAT Mobile has been enhanced with features such as drop-down fields, radio buttons and text boxes to make the issue logging process easy, quick and intuitive for customers. In addition, all details required to log an issue are collected on one screen and can be completed within a few minutes – further emphasizing the efficiency of the process.

Upon completion of the Error Reporting process, the bank acknowledges receipt of the complaint by immediately sending an email to the customer with the details of the logged issue. Furthermore, the bank typically provides feedback to the customer within twenty-four (24) hours with either a notification of dispute resolution or further clarification. Customers are also encouraged to reach out via email or telephone in the event that further clarification is required.

Point of View

Peek into the mind of the customer with Sentiment Analytics

Demographic and economic shifts, coupled with game-changing advances in digital technologies are changing customer behaviour faster than many banks can respond. Banking engagements are now paced by the customer, who expects personal recognition, validation, enjoyable engagements, real-time transactions and prompt customer support.

Banks at the forefront are transforming into customer-centric, digitally enabled and connected enterprises capable of proactively responding to customer needs and creating new sources of customer value even before the customer makes a request by retrofitting customer data and feedback into their engagement and delivery strategies. However, banks in Nigeria currently utilize surveys to obtain customer feedback on services provided and then narrow down on general good/bad/ neutral responses which is a largely reactive approach. The ability to understand, deliver and exceed expectations – particularly unarticulated expectations - is central to establishing a strong banking relationship with today's customers.

So how can banks gain access to unarticulated customer expectations? There is a lot of unstructured data resulting from customers' comments, feedback and opinions on social media, websites, news, blogs etc. that remains untapped; though, these comments are typically shared in nuanced ways that need to be smartly decrypted.

This presents a strong case for automated social media listening capabilities also known as Sentiment Analytics to unravel customers' motivations, the forces behind their decision making and the experiences that can make or break their loyalty and advocacy. To deliver utmost value, this capability needs to employ advanced and intelligent algorithms that act on the unstructured data to gain an understanding of the tone of each statement, instead of simply attributing positive and negative sentiment indicators to specific words within a group of sentences. The sentiments obtained can be translated into meaningful insights that help to proactively offer relevant propositions to customers and provide adequate support in a real-time manner.

Sentiment Analytics has proven and widely applicable possibilities for improving customer satisfaction.

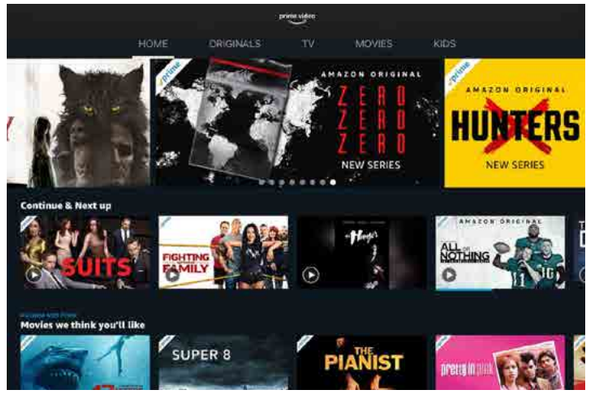
The KPMG sentiment analytics-enabled platform – Sentilytics – leverages deep learning models fed with unstructured data from social media platforms such as Twitter, Facebook and Instagram to give our clients a real-time peek into the mind of their customers and other stakeholders. With the use of creative dashboards, it provides everyone responsible for reputation management or customer experience with a view of the direction of social media sentiment without the need for manual checking the organization's social media platforms and other related channels.

Case Study: Amazon Video

Amazon Prime Video leverages anticipatory strategy to create positive customer experiences

Product Overview

Amazon continues to set the standard as a leader in customer experience with its Amazon Video rental service. As users watch from several thousands of hours of available video content, the quality of their viewing experience is automatically monitored. On detection of poor video playback, it eventually issues an apology and offers the user a refund on their rental fee.



Differentiating Features

- Excellent video streaming experience
- Automatic quality control via real-time monitoring of streaming experience
- Immediate apology and notification of poor video playback
- Immediate assurance of a 100% refund in the event of sub-par experience
- Customers need not take any action

Anticipating the need for a refund achieves multiple positive outcomes for both the customer and the company. For the customer, this saves the time and effort of reaching out to express a complaint while strengthening their relationship with Amazon. Meanwhile, Amazon recognised that servicing calls typically cost more than a refund. Its choice resulted in creating an improved customer experience at a lower cost

Product Features

Seamless Video Streaming experience

- A seamless video streaming experience is ensured for customers around the world with servers located in different strategic geographical regions.

Automated Quality Control Monitoring of Video Experience

- Amazon Video automatically monitors the video playback to detect sub-par video quality

100% Instant Refund

- Users are granted a full refund as compensation for low quality service without needing to request for one.

UX Features

Aesthetics

- Visually appealing interface
- Ease of navigation

As at 2019,

19,000

Hours of video content available for rent

150 million

Amazon Prime subscribers globally

(Source – Reuters)

Mobile Banking Scorecard

The mobile banking channel is arguably the digital channel of choice for most bank customers. This is evident by the significant adoption of this channel being recorded by most banks when compared to the other digital channels. Per our assessment, only one (1) bank made it into the "Leaders" tier while thirteen (13) banks (76% of the banks assessed) remained in the "Followers" and "Late Starters" tiers. Given that the mobile banking channel has had time to mature over the years, most banks are able to deliver the basic functionalities. However, the major differentiator amongst the Banks is the quality of experience being delivered on the channel. As seen by the distribution of banks within the tiers, there is still a lot of work to be done by most banks in ensuring they deliver best-in-class experience to customers.

Figure 57: Relative positioning of banks on Mobile Banking Scorecard

Source: KPMG 2020 Digital Channels Assessment
Note: Digital channel assessments were conducted between 10 May 2020 and 15 July, 2020.

Mobile Banking Channel Leader - ALAT by Wema

ALAT by Wema mobile banking application emerged as the mobile banking channel leader. This comes as no surprise as the application was conceived as a fully digital bank app. In addition to offering basic banking functionalities, such as digital onboarding, transfers and bills payment, through a clean user friendly interface, what has earned ALAT the leadership position is the exciting user experience delivered across different functionalities.

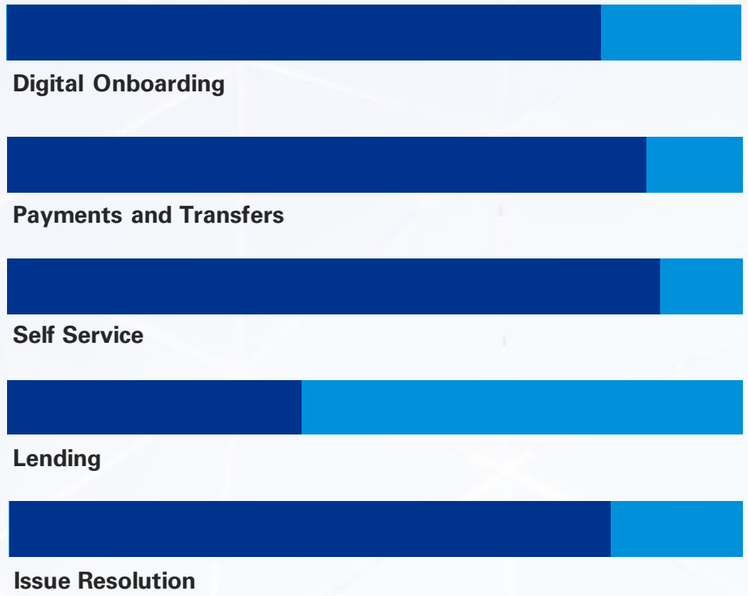


Figure 58: Performance of ALAT by Wema Bank across the 5 thematic journeys
Source: KPMG 2020 Digital Channels Assessment

Key drivers

- Intuitiveness of the user onboarding process.
- Effective KYC document upload feature.
- Delivery of debit card to user's preferred location.
- Ability to share transaction receipt on completion of transaction.
- Range of self-service options available.
- Fine-grained card control allowing users to control card usage and limits across channels, regions and date ranges.
- Seamless remote card activation process.
- Responsiveness of the customer care representatives when issues are encountered

While there are still improvement opportunities within the app – such as improving reliability and resilience of the app; expanding the lending options; and including more self-service options - it remains to be seen what enhancements and exciting new features the bank will deliver on the app with subsequent updates.

USSD Scorecard

Adoption of the USSD channel has grown significantly over the last 2 years. This growth is driven by the large population of feature phone users, especially in the rural areas, as well as CBNs continuous drive for financial inclusion. Despite this growth, the services offered by the different banks on their USSD channel is generally not impressive. This is evident by the large proportion of banks (over 60% of banks assessed) within the "Followers" and "Late Starters" tiers. While this poor performance may have been due to limitations posed by the underlining technology supporting the USSD platform as well as the form factor of the channel itself, there is significant opportunity for banks to innovate around these limitations in order to delight customers.

Figure 59: Relative positioning of banks on USSD Scorecard

Source: KPMG 2020 Digital Channels Assessment
Note: Digital channel assessments were conducted between 10 May 2020 and 15 July, 2020.

Internet Banking Scorecard

For most banks, the adoption of the internet banking channel has seen a steady decline in growth rate over the past few years. This is as a result of customers' preference for the convenience and ubiquity of mobile as well as the general shift in the mindset of the average consumer to mobile-first. The steady decline has inadvertently resulted in the unconscious neglect of this channel by the banks. This is noticeable in the performance of the banks on our assessment as over 94% of banks assessed are within the "Follower" and "Late Starters" tiers. However, despite this decline, there is a need for banks to ensure that their internet banking channel is functional as it still remains the channel of choice for certain users such as small enterprises.

Figure 60: Relative positioning of banks on Internet Banking Scorecard

Source: KPMG 2020 Digital Channels Assessment
Note: Digital channel assessments were conducted between 10 May 2020 and 15 July, 2020.

Chatbot Scorecard

In recent times, there has been a significant increase in the adoption of chatbots by banks in automating communication and creating personalized customer experience at scale. About 60% of the banks reviewed are yet to deploy a chatbot. For the banks that have implemented a chatbot, the focus has been on accomplishing enquiry-type goals similar to what a customer care agent would achieve. Given the advances in chatbot technology, the opportunity exists for banks to evolve their chatbots into a fully functional digital channel that addresses typical customer needs such as account creation, payments and transfers, as well as service requests. When this happens, it will be amazing to see our personal devices transform into a digital banking assistant, always on and ready.

Figure 61: Relative positioning of banks on Chatbot Scorecard

Source: KPMG 2020 Digital Channels Assessment
Note: Digital channel assessments were conducted between 10 May 2020 and 15 July, 2020.

Chatbot Leader - Ivy by Fidelity Bank

Fidelity Bank's Ivy emerged as the clear Leader for chatbot banking. In addition to providing an interactive interface for digital onboarding, bills payments, intra-and-inter-bank transfers and self-services, Ivy distinguishes herself as the model chatbot for issue resolution. Users can log complaints on specific issues encountered across banking channels, including failed airtime recharge, ATM/POS dispense errors and failed funds transfer.

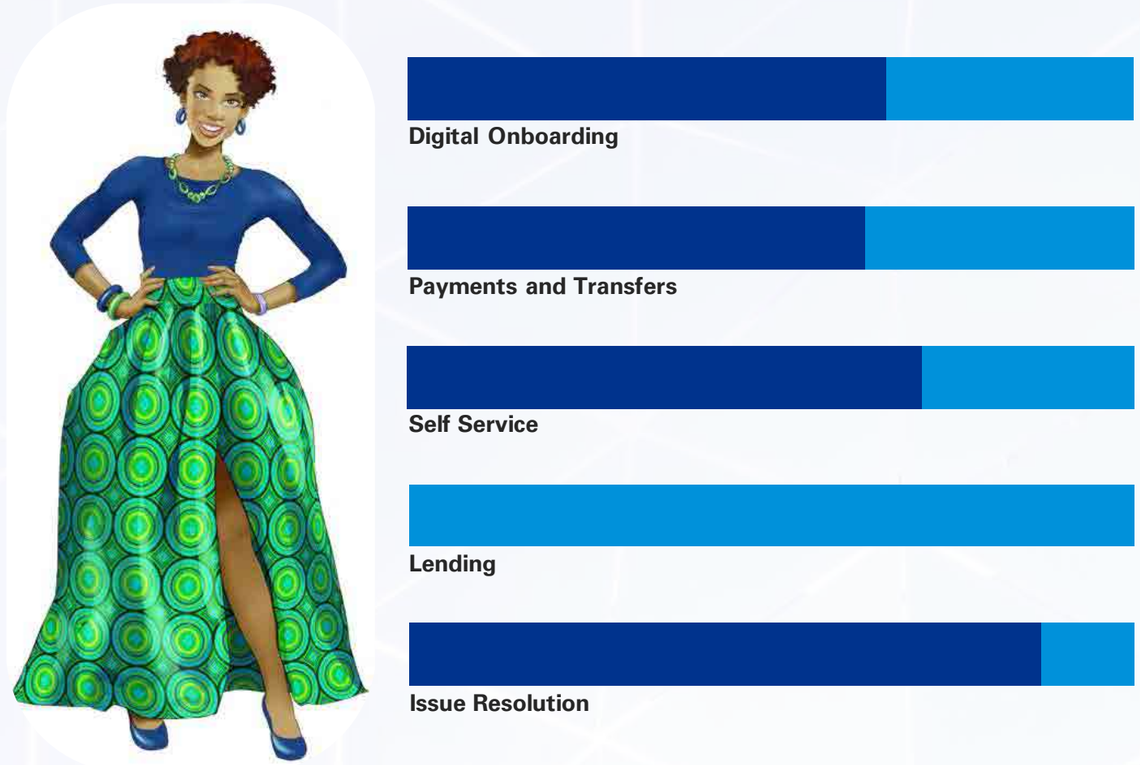


Figure 62: Performance of leading banking chatbot across the five thematic journeys
Source: KPMG 2020 Digital Channels Assessment

Key drivers

- Ability to open accounts with/without Bank Verification Number (BVN).
- Support for funds transfer and bills payment for services such as toll, DSTV and airtime recharge.
- Ability to transfer user to a live agent.
- Range of available self-service options such as card block, profile unlock, and internet banking PIN reset

Although Fidelity's Ivy emerged as the Leader when compared to other chatbots, there are still opportunities for enhancement. Examples are the ability of the chatbot to better understand user context and inclusion of additional self-service options like debit/virtual card requests, cardless withdrawals and bank statement requests.

Next Frontier

Next Frontier

Our Scorecard reveals that banks have developed strong capabilities in payments and transfers. Over the last decade, we have witnessed innovations on the national instant payment platform, exponential growth of transactions on the USSD platform and a variety of options for customers to make bill payments. On the back of our fast evolving payments ecosystem, Banks have been involved in birthing one of the few Fintech Unicorns (Interswitch) on the continent and continue to play a major role with the next generation of Fintechs.

Our evolution, though distinctly Nigerian, is really no different from other climes where the payments space has led the digital play in financial services. Banks, regulators and other stakeholders have laid a solid foundation to build on without question.

Our point of view on the next frontier is that digital leaders need to focus and compete successfully on the following imperatives:

User-Centred Journeys
We opine that Banks need to pay more attention to 4 user-centred journeys: Digital onboarding, Self Service, Lending and Customer Care. The banks that are able to deliver these journeys at scale could well become dominant players in the near future. Each bank is at different levels of maturity but will find that these journeys are universal for customers and could be the anchor for more sophisticated offerings.

The fact that only 44 million Nigerians have bank accounts provides sufficient business case to digitize the onboarding process and accelerate the financial inclusion agenda.
We consider the Self Service agenda a strategic issue for several reasons. If well articulated, it has the potential to reduce traffic at branches and thereby reduce cost to serve; generate revenue from fee income as a result of value added services; and empower customers to engage with banks ubiquitously. One of the strategic responses to Challenger Banks (or Digital Banks) from an incumbent's perspective is a robust Self Service agenda.

Digital lending is the 3rd user-centred journey. The proliferation of data, emergence of artificial intelligence (AI) and implementation of the Global Standing Instruction (GSI) mean that we may be at the inflexion point on retail lending. The Fuliza experience in Kenya silenced the critics of retail lending by the scale that Kenya Commercial Bank, NCBA and Safaricom where able to achieve within the first year of launch. Our 4th user-centred journey is Customer Care and this needs to be re-imagined in our view. We encountered contact centres that were not responsive, journeys that had no opportunity for engaging with the bank and processes that led nowhere in certain instances.

Omnichannel
We noted that the performance of banks across different channels for the same user journey was generally not consistent. In other words, customer experience varied depending on the channel of choice. For instance, we noted banks that delivered functionalities on mobile but not on Internet banking on several occasions.
The Omnichannel paradigm seeks to deliver superior experience to customers regardless of the channel they seek to use. It embraces the need to relocate functionalities away from the channels to a 'channel manager' layer, which ensures that these services can be delivered to all customer touchpoints as required. Put in a different way, we expect that future leaders will be banks who are able to deliver superior experience on user-centred journeys across the different channels.

Personalisation
Personalisation is the capability that enables the delivery of products and services to customers within their specific context. Our assessment revealed that this capability is nascent and not well exploited by banks in general. We see opportunities to leverage AI to personalize offerings and experiences for customers across the various anchor journeys.

List of Abbreviations

01 AI
Artificial Intelligence

02 AML
Anti-Money Laundering

03 ATM
Automated Teller Machine

04 BICSS
Banking Industry Customer Satisfaction Survey

05 BPMS
Business Process Management Software

06 BVN
Bank Verification Number

07 CBN
Central Bank of Nigeria

08 FAQ
Frequently Asked Questions

09 KYC
Know Your Customer

10 LCC
Lekki Concession Company

11 ML
Machine Learning

12 NIBBS
Nigeria Inter-Bank Settlement System

13 NFC
Near Field Communication

14 OCR
Optical Character Recognition

15 OTP
One-time Password

16 PIN
Personal Identification Number

17 RPA
Robotic Process Automation

18 SME
Small and Medium Sized Enterprise

19 SMS
Short Message Service

20 USSD
Unstructured Supplementary Service Data

21 UX
User Experience

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