MALAYSIAN
RETAIL BANKING INDUSTRY
Customer Satisfaction Survey 2019

Executive Summary

A Malaysian Banking Industry Customer Satisfaction Survey (CSS) was conducted in 2019 with the main objective to assess and elevate the customer service standards provided by retail banks in Malaysia.

Net Promoter Score (NPS) is used as the main measurement for the Survey. NPS measures customers likelihood to recommend a company to a friend or family members. The results of the Survey show that the current Malaysian bankingindustry's NPS stands at +41; with 54% Promoters, 33% Passives and 13% Detractors. The NPS score is at a healthy level, with all participating members recording a positive NPS. The NPS score of +41 outperforms the Global Ipsos NPS banking benchmark of +30, driven by a significantly higher Promoter base. Marginal differences can be seen in the NPS scores between the Conventional banking and Islamic banking with each reported an NPS of +39 and +41 respectively.

Customers' main reasons to recommend their respective banks were Staff attitude and service, Products/ Procedures and Branch related experiences. For higher NPS score, banks need to ensure that services rendered are more consistent across all touchpoints as currently inconsistencies are observed. Besides consistent service deliveries; Online banking (especially user friendliness) is another key area of focus for improvement. Further heightened by the rising importance of digital due to the current Movement Control Order.

Malaysian bank customers' Overall Experience Satisfaction (top 3-box) towards their banks is high at 81%, and it is consistent across both Conventional and Islamic banking. Satisfaction remains high, above 80%; across many of the touchpoints with the least satisfied are the Contact Centre (71%) and the Social Media (78%). Satisfaction towards products are also high, with the lowest scores recorded is 80% for Credit Card and Fixed Deposit.

The overall experience delivered to the customers has been identified as the main driver for recommendation, hence, it is critical for the banks to ensure that the customers' satisfaction is met.

Banks can further elevate NPS by driving more of an emotional attachment with customers; and creating further engagement with the industry. This can be achieved by making customers feel valued, respected and worthy of special treatment which will help to strengthen relationships.

Overview of Malaysian Banking Industry Customer Satisfaction Survey 2019

In line with Bank Negara's Financial Sector Blueprints 2011-2020 that charts future direction of the Malaysia's financial system, The Association of Banks in Malaysia (ABM) in collaboration with the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM), and supported by Bank Negara Malaysia, have appointed Ipsos to conduct the Customer Satisfaction Survey for 2019.

The intention of the Survey was to establish an industry benchmark of the Malaysian banking sector, in terms of customer service, that can be used as a baseline to measure current performance and track future improvement.

Understanding the importance of the exercise in assessing the performance of the Retail Malaysian Banking Industry, 20 member banks collectively agreed to participate in the Survey.

Objective

The main objective of the 2019 Survey is to elevate customer service standards for the Malaysian banking industry. Other objectives of the 2019 Survey are to:

- Establish a common benchmark for banks in Malaysia to help customers decide on their preferred bank(s).
- Reinforce fair and responsible practices among financial service providers.
- Promote the quality and transparency of customer service in the banking sector. Identify strengths and opportunities for each bank against the minimum industry service standards.
- To identify strengths and opportunities for each bank against the minimum industry service standards.

Methodology

The 2019 Survey was conducted face to face using a structured questionnaire via a Tablet Assisted Personal Interview (TAPI). The interview length was approximately 20 minutes. Customers were randomly intercepted on the streets across all states in Malaysia, with quotas of the Malaysian retail banking industry.

The 20 participating banks are:

• Affin Bank Berhad & Affin Islamic Bank Berhad	• Hong Leong Bank Berhad & Hong Leong Islamic Bank Berhad
• Alliance Bank Malaysia Berhad & Alliance Islamic Bank Malaysia Berhad	• HSBC Bank Malaysia Berhad & HSBC Amanah Malaysia Berhad
• AmBank (M) Berhad & AmBank Islamic Berhad	• Kuwait Finance House (Malaysia) Berhad
• Bank Islam Malaysia Berhad	• Malayan Banking Berhad & Maybank Islamic Berhad
• Bank Kerjasama Rakyat Malaysia Berhad	• MBSB Bank Berhad
• Bank Muamalat Malaysia Berhad	• OCBC Bank (Malaysia) Berhad & OCBC Al-Amin Bank Berhad
• Bank Pertanian Malaysia Berhad (Agrobank)	• Public Bank Berhad & Public Islamic Bank Berhad
• Bank Simpanan Nasional Berhad	• RHB Bank Berhad & RHB Islamic Bank Berhad
• CIMB Bank Berhad & CIMB Islamic Bank Berhad	• Standard Chartered Bank Malaysia Berhad & Standard Chartered Saadiq Berhad
• Citibank Berhad	• United Overseas Bank (Malaysia) Bhd

The participating banks are categorised as:
1. Conventional banks, which also include:
   a. Islamic Subsidiary; and
   b. Islamic Window

2. Full-fledged Islamic banks

350 active customers from each bank were interviewed. A total of 7,000 customers completed the survey, who met the following criteria:
1) Either the main or joint account holder. The account can be either savings account, current account, credit card, debit card, fixed deposits, home loan/ home financing, hire purchase loan/ hire purchase financing or personal loan/ personal financing.
2) Performed at least one transaction with the bank in the last 3 months.
3) The transaction must not only be through self-service terminal (SST).

The margin of error for both the bank level and the industry level is 5.24% and 1.18%, respectively, with a minimum confidence level of 95%.

Fieldwork period for the 2019 Survey was between 12th November 2019 – 22nd January 2020. The survey results are weighted according to the banks' market share to reflect the actual Malaysian banking industry. The breakdown of respondents' profile is detailed as per Table 1.

*Figure 1: The breakdown of Respondents Profile*

Gender	-	Male	51%
		Female	49%
Age	-	21-29	23%
		30-39	26%
		40-49	21%
		50 and above	30%
Life Status	-	Single	26%
		Divorced	4%
		Married	69%
Monthly Household Income	-	RM1,000 and below	2%
		RM1,001-RM3,000	17%
		RM3,001-RM5,000	30%
		RM5,001-RM10,000	33%
		RM10,001 and above	12%
		Refused	6%
Region	-	North	22%
		Central	36%
		South	16%
		East Coast	14%
		East Malaysia	13%

The key assessment of the Survey is the Net Promoter Score (NPS) while Customer Satisfaction is to be used as the second level of measure, which include assessment at both the product and channel levels. Other measurements include the assessment of performance of each bank against the service standards as set out in the banking industry Customer Service Charter.
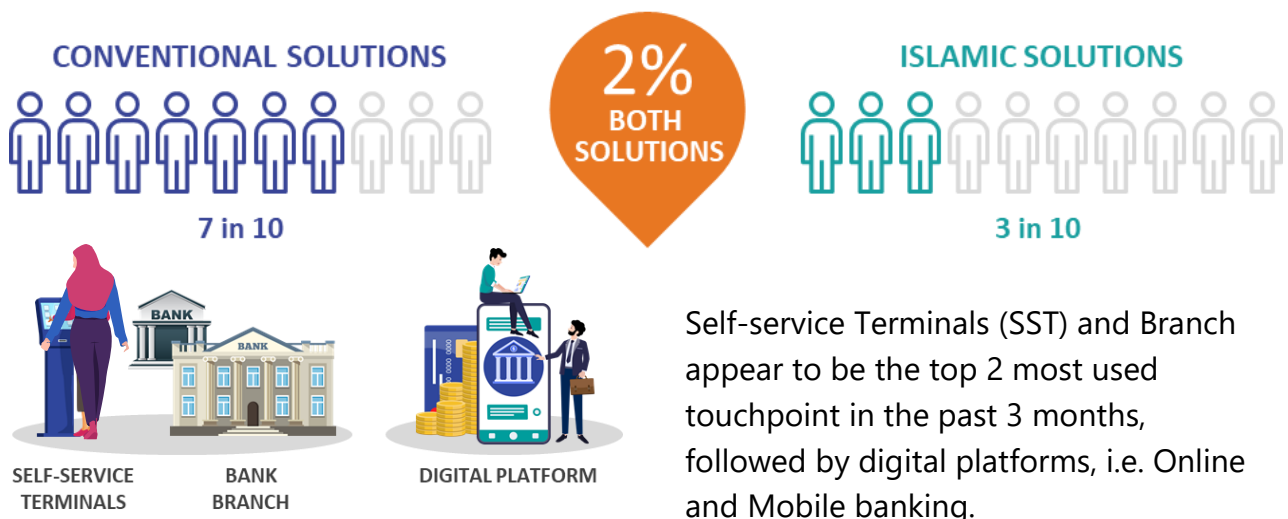
Findings

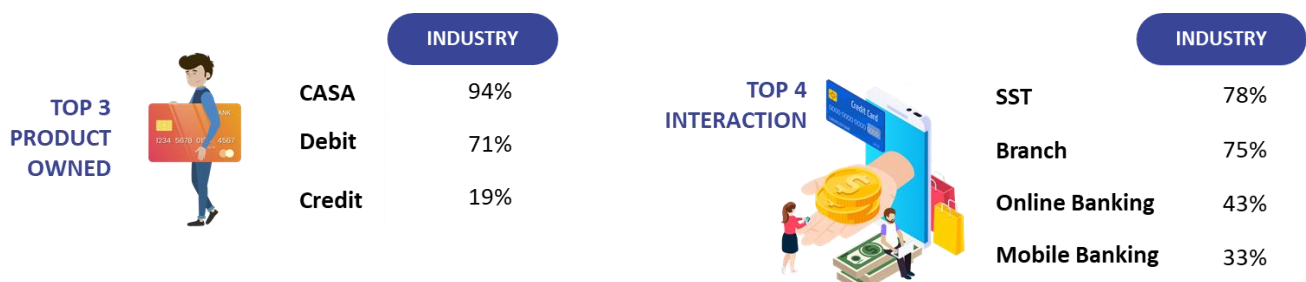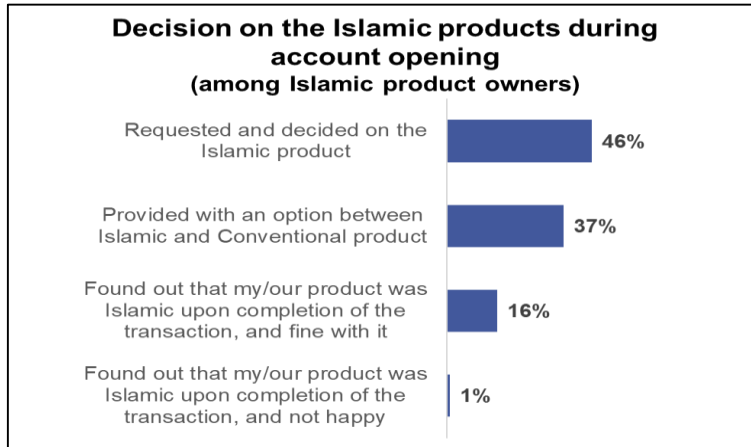## 1. General Banking Usage and Relationships
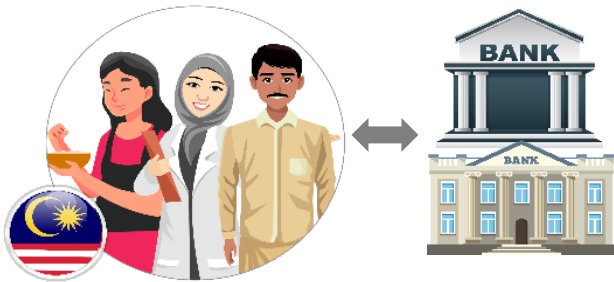
Findings show that on average, Malaysian use 2 banks to manage all their financial needs. The average number of banking relationships increases to more than 3 for higher income customers who hold a more diverse product portfolio.

Looking at the different type of solutions available in the market, conventional solutions are the most used banking services; with 7 in 10 using these, while 3 in 10 are using Islamic solutions. 2% claim to use both Conventional and Islamic solutions.
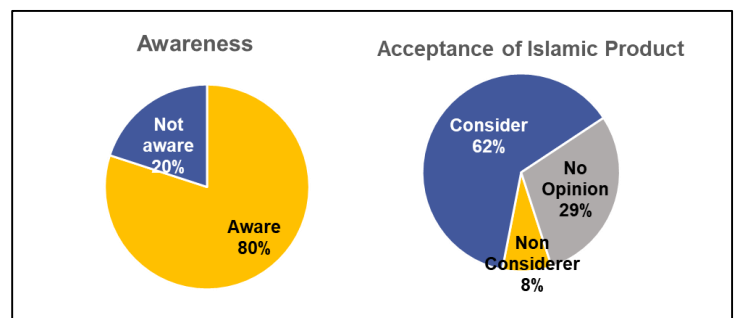
CONVENTIONAL SOLUTIONS
7 in 10

2% BOTH SOLUTIONS

ISLAMIC SOLUTIONS
3 in 10

SELF-SERVICE TERMINALS

BANK BRANCH

DIGITAL PLATFORM

Self-service Terminals (SST) and Branch appear to be the top 2 most used touchpoint in the past 3 months, followed by digital platforms, i.e. Online and Mobile banking.

The top products owned and touchpoints interacted among the banking customers are:

TOP 3 PRODUCT OWNED		INDUSTRY
	CASA	94%
	Debit	71%
	Credit	19%

TOP 4 INTERACTION		INDUSTRY
	SST	78%
	Branch	75%
	Online Banking	43%
	Mobile Banking	33%

Ipsos

Decision on the Islamic products during account opening
(among Islamic product owners)

Requested and decided on the Islamic product	46%
Provided with an option between Islamic and Conventional product	37%
Found out that my/our product was Islamic upon completion of the transaction, and fine with it	16%
Found out that my/our product was Islamic upon completion of the transaction, and not happy	1%

A high proportion of customers, i.e. 83%; are satisfied with the explanation and clarity given by the front line staff on Islamic banking products which has assisted them in making their decision.

80% aware of the existence of Islamic banking products, indicating that the awareness has been well delivered to customers

Awareness
- Not aware 20%
- Aware 80%

Acceptance of Islamic Product
- Consider 62%
- No Opinion 29%
- Non Considerer 8%

Findings

2. Net Promoter Score (NPS)

Net Promoter Score (NPS) measures customers likelihood to recommend a company to a friend. Depending on their answers, customers will then be classified into three categories that will later be used to establish an NPS score. The three categories are:

1) **Promoters**: customers who gave a rating of 9 or 10.
2) **Passives**: customers who gave a rating of 7 or 8.
3) **Detractors**: customers who gave a rating of between 0 to 6.

The NPS score is derived by subtracting the percentage of Detractors from the percentage of Promoters.

The Malaysian banking industry NPS currently stands at +41 and it is at a healthy level, all participating banks have recorded a positive NPS. Marginal differences can be seen in the NPS scores between the Conventional banking and Islamic banking with each reported an NPS of +39 and +41 respectively. However, significant differences are observed across banks; with a range from the market leader with an NPS of +53, to the bottom performing bank with an NPS of +20.
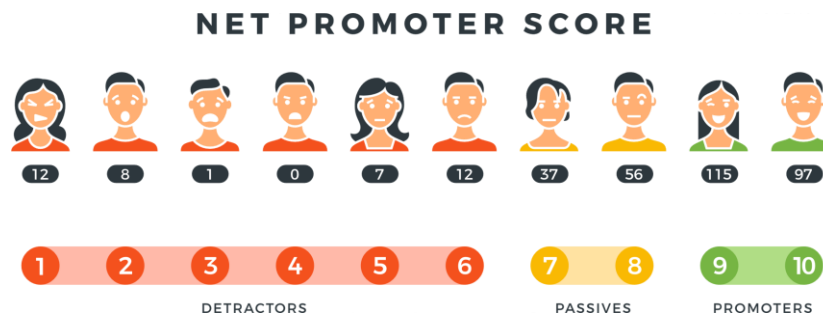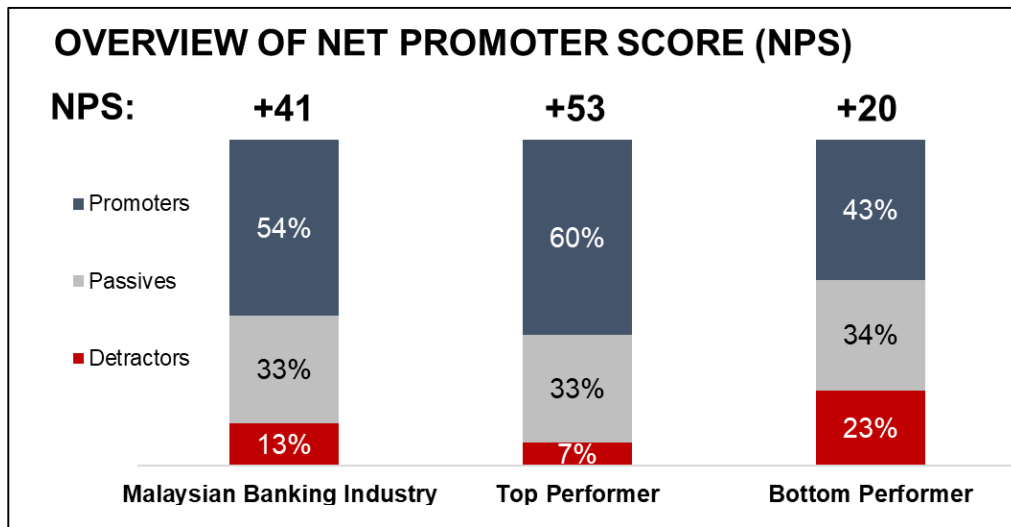
NET PROMOTER SCORE

Figure 2: Overview of Malaysian Banking Industry Net Promoter Score (NPS)

The top 3 reasons for customers to **recommend** their banks are attributed to the following:-

1) **Staff attitude and services**
   a. Good service and attitude
   b. Efficient, quick and prompt service
   c. Friendly and approachable

2) **Products and Processes**
   a. Convenient, user-friendly, easy to use
   b. Provide variety of products with good benefits
   c. Transaction Processing Time

3) **Branch experience**
   a. Convenient, wide branch network and easily available
   b. Good and sufficient facilities provided
   c. Short queue time

On the other hand, the top 3 reasons for customers **not recommending** their banks are attributed to the following:-

1) **Staff attitude and services**
   a. Inefficient service
   b. Poor service attitude
   c. Poor complaint/issue handling

2) **Branch related**
   a. To have wider branch network
   b. Long queue time

3) **Online Banking**
   a. Internet Banking and Mobile Banking are inconvenient, not useful, messy and unsatisfactory

Findings

3. Malaysian Banking Industry NPS Performance in Comparison with Others

The Malaysia banking industry NPS of +41 outperforms the Global Ipsos NPS banking benchmark of +30, for face-to-face fieldwork (driven by a significantly higher Promoter base). This indicates strong industry performance, with some banks having achieved an NPS of over +50, which is classified as excellent.
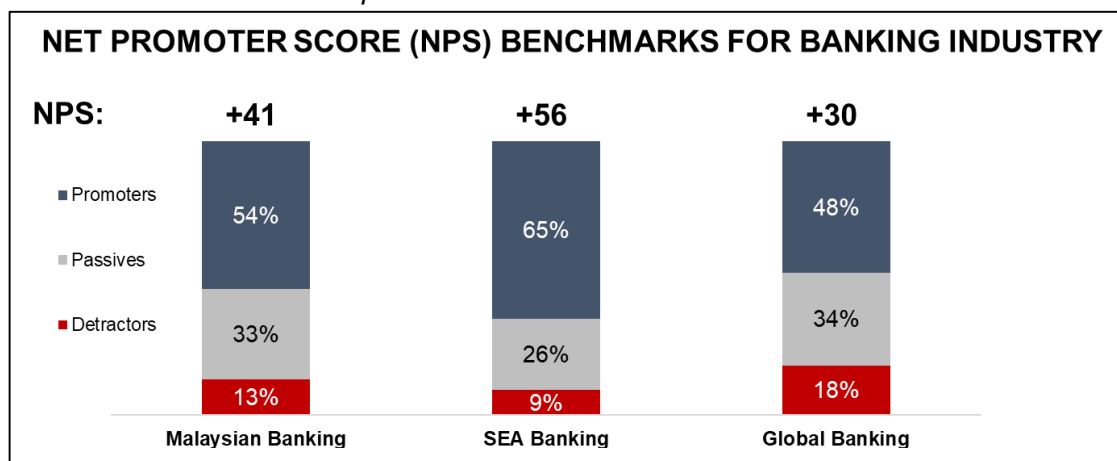
Comparing with the other industries in Malaysia, the banking industry NPS score is performing better than the rest of the industries, i.e. retail, insurance and media industries; where the current NPS score of these industries stands at +18, +13 and -27 respectively.

Figure 3: Malaysian Banking Industry Net Promoter Score (NPS) in Comparison with Other Industries in Malaysia. Source – Ipsos Normative database
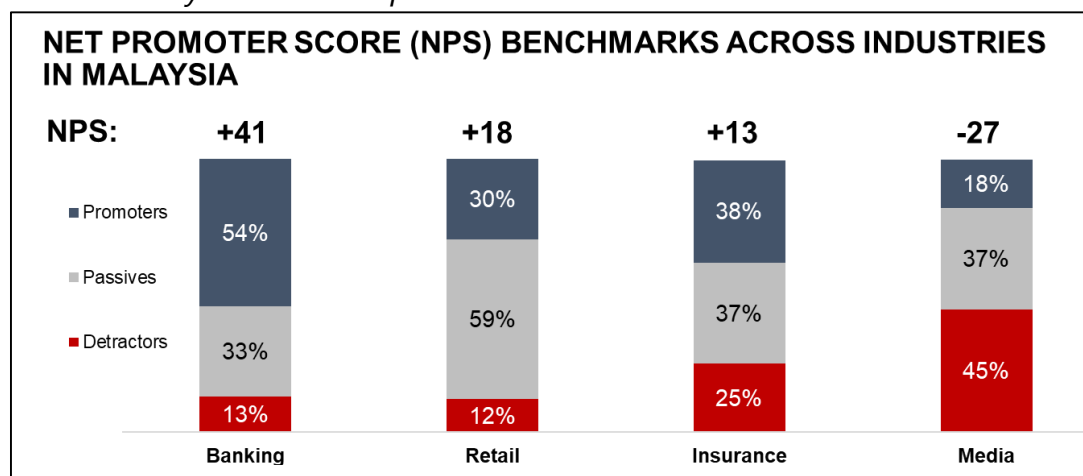
In comparison with the other banking industry benchmarks, i.e. Global and South East Asia (SEA); Malaysian banking industry maintains its strong position against the Global banking with a performance gap of 11 points higher than the Global banking. However, Malaysian banking performance is weaker against the South East Asia (SEA) banking.

Figure 4: Malaysian Banking Industry Net Promoter Score (NPS) in Comparison with Other Benchmarks. Source – Ipsos Normative database.

NET PROMOTER SCORE (NPS) BENCHMARKS FOR BANKING INDUSTRY

NPS:	**+41**	**+56**	**+30**

- Promoters
- Passives
- Detractors

	Malaysian Banking	SEA Banking	Global Banking
Promoters	54%	65%	48%
Passives	33%	26%	34%
Detractors	13%	9%	18%

Findings

4. Level of Satisfaction Towards Products and Services Rendered

Satisfaction is measured on the top 3 boxes, i.e. the number of customers who gave a rating of between 8 to 10, on a 10-point scale.

Figure 5: Overview of Satisfaction Score of All Participating banks

OVERVIEW OF SATISFACTION SCORE – TOP 3 BOXES

| Banking Industry	Top Performer	Bottom Performer
81%	88%	68%
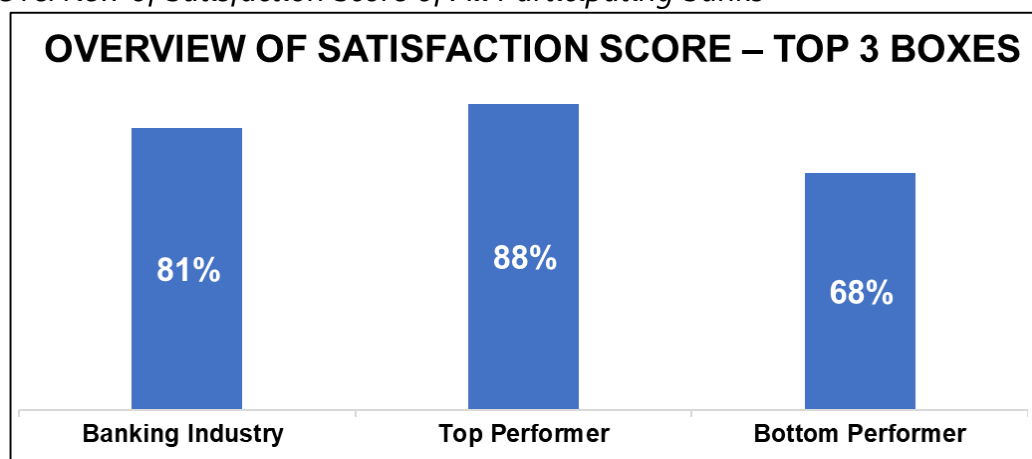
Malaysian bank customers' (top 3-box) satisfaction towards their banks is 81% and it is consistent across both Conventional and Islamic banking (both recorded a satisfaction score of 81%). Staff behaviour underpins the reason for satisfaction scores and is the key reason attributed to high satisfaction.

Satisfaction remains high across many of the touchpoints; Self-Service Terminal, Branch, Online Banking and Relationships Manager/ Personal Banker/ Personal Financial Consultant/ Sales Executive - with scores of 82% and 83%. Contact Centre, on the other hand, is the lowest performing touchpoint with a score of 71%.

Satisfaction towards products are high, with the lowest scores being 80% for Credit Card and Fixed Deposit.

Figure 6: Satisfaction Score by Product
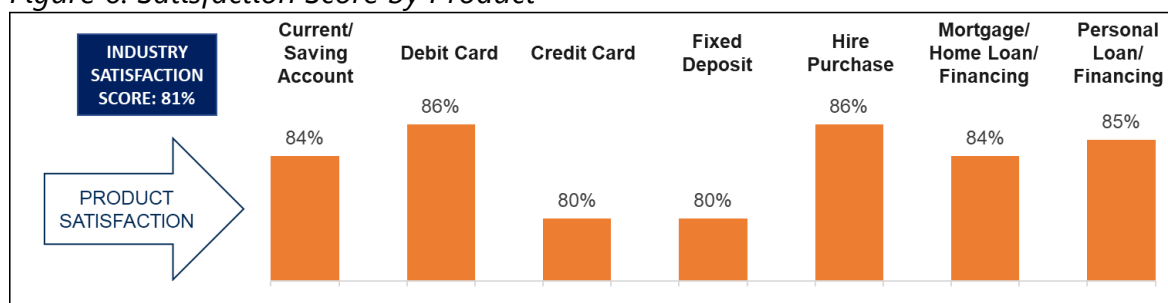
Findings

5. Customer Service Charter

Customer Service Charter ("Charter"), which was first introduced in 2011 and later revamped in 2017, aimed at underscoring the banks' continuous commitment to deliver a consistent high standard of customer service. It focuses on the Four Pillars of service standards with emphasis on the core values as set out below:-

✓ **Pillar 1: Know your customer** – building trust, through understanding the customer's profile to anticipate the customer's needs and preferences and offering products and services as per customer requirements.

✓ **Pillar 2: Timely and efficient service** – being reliable by delivering seamless basic/general banking services within the stipulated timeframes.

✓ **Pillar 3: Transparent and personable service** – better engagement through open and transparent dealings to be handled by competent and knowledgeable staff.

✓ **Pillar 4: Banking made accessible** – providing convenience of banking for customer's peace of mind.

At the Malaysian industry level, the awareness of the Charter is low with only one-third of customers being aware of it. For customers who are aware of the Charter, the main source of awareness is during their visits to the bank's branches.

Further analysis on the Four Pillars of the Charter indicated that Pillar 4 (Banking Made Accessible) as the main driver of satisfaction. The Malaysian banking industry average satisfaction performance for Pillar 4 is recorded at 70%. This is closely followed by Pillar 1 (Know your customer), Pillar 3 (Transparent and Personable Service) and lastly Pillar 2 (Timely & Efficient Service) with the scores of 72%, 70% and 69% respectively.

The satisfaction is high despite the low awareness of the Charter, indicating that there is no correlation between the two. The frontline staffs have been well equipped, and the Charter has been ingrained in their daily tasks.

One of the areas identified for improvement is the availability of information on physical channels under Pillar 4 (Banking Made Accessible). In view of the current Covid-19 situation, it's likely that the priority has shifted. With the enforcement of the Movement Control Order, virtual channels will have gained higher importance. Banks should leverage and further strengthen their presence in the digital space to better serve customers changing needs and expectations.

Way Forward

Going forward, at an industry level, the banks will endeavour to maintain and further enhance the current industry NPS levels by focusing on the key areas that have the most impact as below:-

1) **Frontline staff service delivery;**

    To take steps to enhance consistency in services rendered across all touchpoints Banks will continue to ensure that all frontline staff are competent and knowledgeable through continual training, empowerment and more frequent Customer Experience measurement. Among others, include real-time customer feedback across key channels and journeys which allows more frequent measurement of the frontline staff's performance and enabling the staff to close the loop with customers

2) **Digital offer;**
    To reduce friction, banks will continue their efforts to improve functionality and ensure stability in performance across all digital platforms. Banks will prioritise digital enhancement initiatives in existing roadmaps for the benefit of customers particularly given the current Covid-19 situation

3) **Emotional Attachment;**
    Banks will continue to drive stronger relationships with customers by driving more emotional attachment with their customers; especially by making customers feel valued and ensuring bank customers feel in better control of their finances.

    Banks will focus on key emotional drivers that can be enhanced within relevant customer journeys and segments to drive higher levels of loyalty

4) Customer Service Charter - Priority focus areas;

a) Pillar 1 (Know your customer)
Banks will provide information on fees and charges to be made available through a range of channels, and to collect constant feedback from customers.

b) Pillar 2 (Timely and efficient service)
Turnaround time for Forex transfer and Credit card application and closing of account and issue/ ccomplaint handling will be a focus area..

c) Pillar 3 (Transparent and personable service)
Banks will continue to equip staff with the relevant tools so as to make better informed recommendations, completeness of product details at point of purchase and make tailored solutions (suitable recommendations) to meet customer's banking needs.

d) Pillar 4 (Banking made accessible)
Banks will take steps to make available proactive updates on the availability of the physical channels

The industry will endeavour to further elevate awareness of the Charter and the benefits this brings to the industry; reassuring bank customers of the banks' commitment to enhance service delivery and to drive further engagement in the industry.