

CUSTOMER SATISFACTION INDEX 2017

BANKING INDUSTRY

Executive Summary

- A Customer Satisfaction Index (CSI) Survey was conducted in 2017 to assess consumers' experiences with services provided by banks in Malaysia.
- The Malaysian banking sector scored an overall CSI of 74.3, an improvement of 4.3 points (or 6.1%) against the CSI score recorded for 2013 (70.0). While the result is satisfactory, the current level of customer satisfaction is still below 80.0, which is the global benchmark standard of excellence in services.
- Generally, survey respondents viewed that the banking sector's staff are courteous, knowledgeable and are able to complete banking transactions in a timely manner. However, transparency of product information and the ease of acquiring new/additional products and services provided via call centres and mobile banking were areas cited for further improvements by the banking sector.
- The banking sector will strive to take actions and implement initiatives to address the identified gaps and to deliver high quality services to consumers.

Overview of CSI

Customer satisfaction is broadly defined as a measure of how organisations meet or surpass customers' expectations. It indicates the customers' perception towards services provided by the organisation and is achievable by enhancing services and product offerings with service delivery systems that meet or exceed customers' expectations and needs. The leading outcomes of customer satisfaction are customers' loyalty and promotion of the organisation to family and friends, which will fuel the organisation's growth.

Against this backdrop and in line with Bank Negara Malaysia' initiatives formulated under the Financial Sector Blueprint 2011-2020, to promote and reinforce fair and responsible practices among financial service providers, the Association of Banks in Malaysia (ABM) and the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) together with their members, in collaboration with Bank Negara Malaysia, have embarked on initiatives to improve the quality and transparency of customer services. These include:

- 1) The enhancement and publication of the Customer Service Charter (the Charter) which sets measurable standards of customer service for the banking industry¹; and
- 2) Conducting a Customer Satisfaction Index (CSI) Survey (the Survey) to assess consumers' actual experience with banking services against the set standards in the Charter.

Eighteen member banks of ABM and AIBIM had jointly commissioned the Malaysia Productivity Corporation to conduct the Survey for the banking sector in 2017 using a newly developed Malaysian Customer Satisfaction Index (MyCSI) Framework (refer to Appendix I).

Objective

The main objective of the Survey is to assess consumers' expectation and actual experiences related to the quality of banking services as compared to the minimum industry standards set out in the Charter. It is envisaged to result in the following outcomes:

- 1) Establishment of a benchmark CSI for the banking sector against which the performance of individual banking institutions can be gauged, and
- 2) Enhanced quality of services provided by the banking institutions in Malaysia by promoting and fostering healthy competition amongst the banking institutions in delivering better services to their customers.

¹ The enhanced Customer Service Charter is available in ABM, AIBIM and their member's websites

Methodology

A total of 18 banks participated in the Survey. The participating banks are:

• Affin Bank Berhad & Affin Islamic Bank Berhad	• Bank Muamalat Malaysia Berhad	• Malayan Banking Berhad & Maybank Islamic Berhad
• Agrobank	• Bank Rakyat	• OCBC Bank (Malaysia) Berhad & OCBC Al-Amin Bank Berhad
• Alliance Bank Malaysia Berhad & Alliance Islamic Bank Berhad	• CIMB Bank Berhad & CIMB Islamic Bank Berhad	• Public Bank Berhad & Public Islamic Bank Berhad
• AmBank (M) Berhad & AmBank Islamic Berhad	• Citibank Berhad	• RHB Bank Berhad & RHB Islamic Bank Berhad
• Al Rajhi Banking and Investment Corporation (Malaysia) Berhad	• Hong Leong Bank Berhad & Hong Leong Islamic Bank Berhad	• Standard Chartered Bank Malaysia Berhad & Standard Chartered Saadiq Berhad
• Bank Islam Malaysia Berhad	• HSBC Bank Malaysia Berhad & HSBC Amanah Malaysia Berhad	• United Overseas Bank (Malaysia) Bhd

250 customers from each bank were randomly selected to participate in the Survey. A total of 4,750 respondents were interviewed, with responses from 4,500 respondents utilised for analysis. Interviewers were deployed in all the 14 states in Malaysia at pre-designated locations. The Survey was conducted through face-to-face interview via random street interception.

To qualify for the Survey, respondents must meet the following criteria:

- 1) Maintain at least one account – savings, current account, credit card, fixed deposits or loan / financing – with one of the participating banks in the Survey; and
- 2) Performed at least one transaction with the bank in the last one month.

Table 1: Breakdown of Respondents Profile

Gender		Age	
Male	52.2%	18-29	20.8%
Female	47.8%	30-39	29.3%
		40-49	23.8%
		50+	26.1%
Race		Region	
Malay	61.2%	North (Perak/ Penang/Kedah)	19.5%
Chinese	25.3%	Central (KL / Selangor)	38.8%
Indian	6.6%	South (Negeri Sembilan/ Malacca/Johor)	18.1%
Others	6.9%	East Coast (Pahang/ Kelantan/ Terengganu)	9.1%
		East (Sabah /Sarawak)	14.5%

Due to the participating banks' branch networks and customer base, the respondents' profile (Table 1) is inclined towards the Central Region (KL and Selangor) rather than the geographical distribution of the Malaysian population. The respondents profile reflected that of the 18 participating banks' retail customers.

Fieldwork for the Survey was conducted from 3 October 2017 to 5 November 2017

Findings

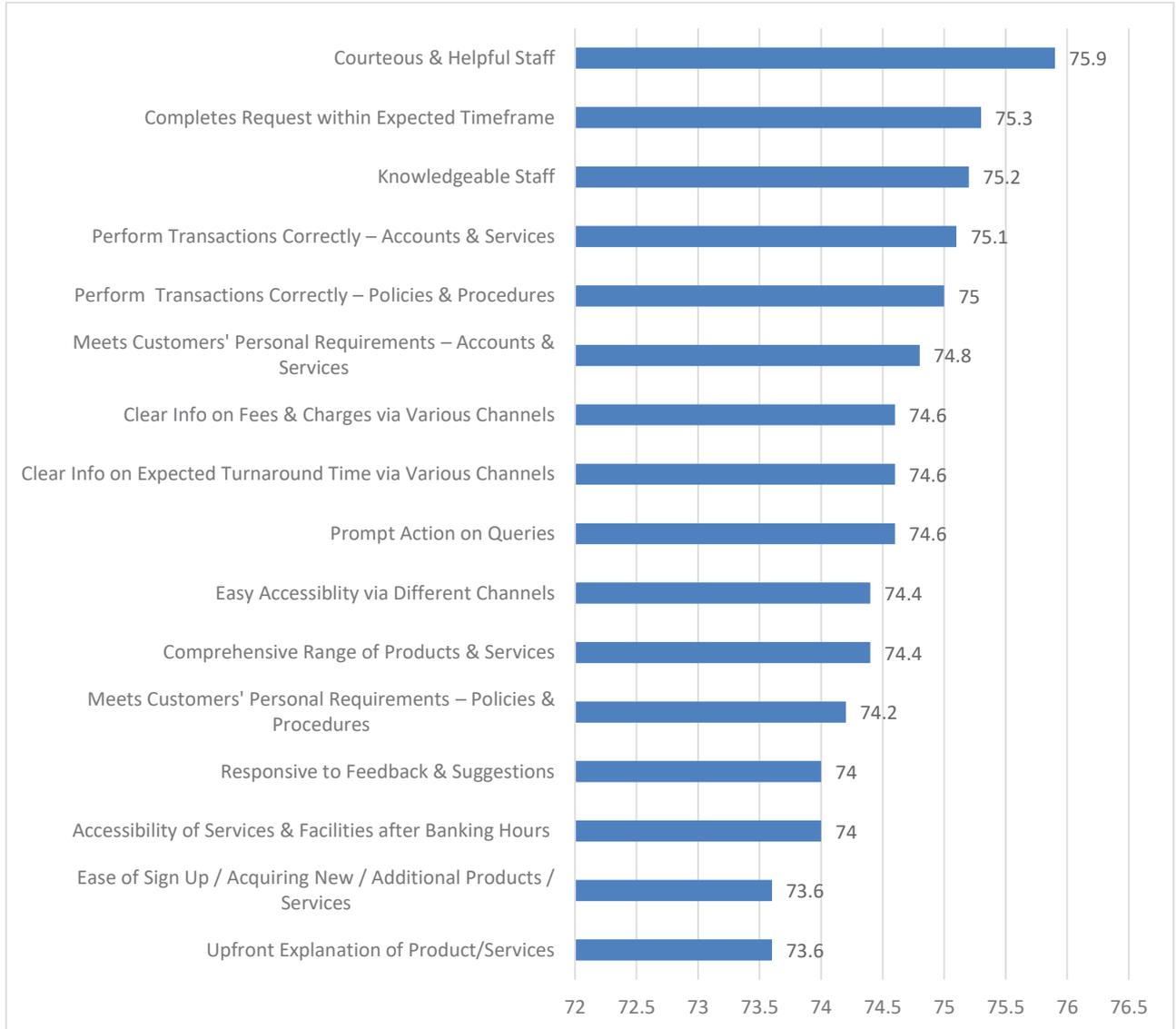
1. CSI of Malaysian banking sector 2017

The CSI for the banking sector scored an encouraging 74.3 points out of the maximum 100 points. Generally, a score of 75.0 points for Customer Satisfaction is considered Good, while a score of 80.0 points and above is considered EXCELLENT customer satisfaction. To be a global leader in the customer service front, the banking sector in Malaysia should aspire to achieve a CSI target of at least 80.0 points.

2. Strengths and weaknesses

Strengths and weaknesses of the Malaysian banking sector are identified according to the participating banks' performance on 16 indicators which were built upon four pillars of the Charter (refer to Appendix II). These indicators were rated on a scale of 1-10 by respondents, with 1-4 being Low, 5-7 being Average and 8-10 being Excellent Performance. The strengths and weaknesses are determined based on the Index Score of each indicator. The Performance Index score is calculated based on Mean Score of all 4,500 respondents ratings (refer to Figure 1) and indexed to 0 -100 for consistency in reporting.

Figure 1 – Performance Indicators on a 0 -100 Index Score with 0 - Lowest score & 100 Highest Index



Strengths

Top three indicators with the highest Performance Index are:

No.	Indicator	Pillars of the Charter	Performance Index
1)	Courteous and helpful staff	Pillar 3	75.9
2)	Completion of transactions within expected time frame	Pillar 2	75.3
3)	Knowledgeable staff	Pillar 3	75.2

The banking institutions must capitalise on these strengths to further elevate their customers' satisfaction. Efforts must be made to meet and surpass customers' expectations and achieve excellent service performance in the customers' eyes.

- Weaknesses

Based on the responses of the Survey, two indicators that rank lowest in the Performance Index are :

No.	Indicator	Pillars of the Charter	Performance Index
1)	Details shared upfront	Pillar 3	73.6
2)	Ease of signing up new/ additional products and services	Pillar 4	73.6

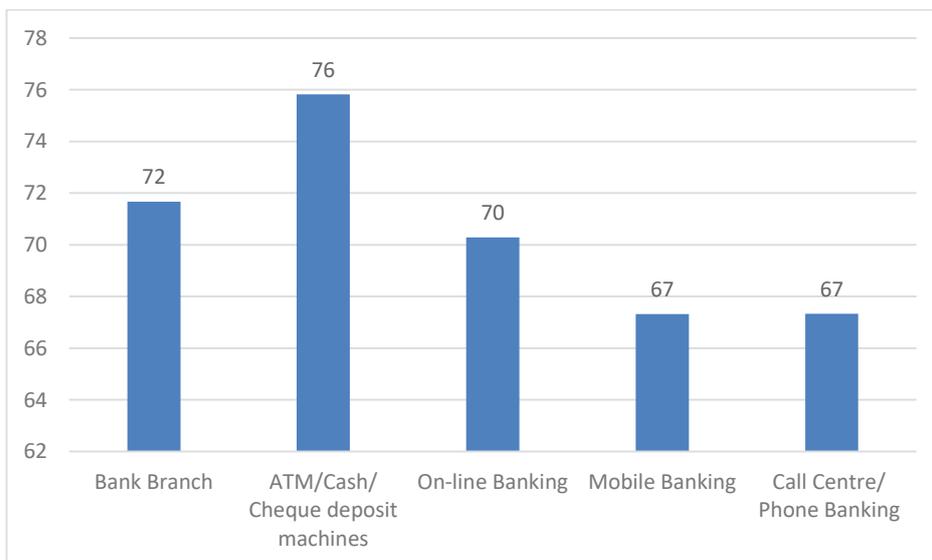
3. Other findings

Transaction channels

An evaluation on the different transaction channels showed that Malaysian banks are sufficiently equipped with self-service terminals (SSTs). However, there is a need to improve on-line banking, mobile banking/ mobile apps, and call centre/ phone banking (refer to Figure 2).

Although the SSTs topped the score, verbatim feedback received from the respondents indicated the need to improve on the services and accessibility of the SSTs as well.

Figure 2: Evaluation of Channel Index Score (0 -100, with 0 being Poor and 100 being Excellent)



4. Way forward

On a sectoral level, Malaysian banking institutions have met the expectations required of them with room for improvement. The banking institutions need to continuously enhance their service delivery to achieve service quality that is beyond customers' expectations. Some areas which banking institutions can work on to deliver beyond expectations are:

- a) Ensuring the uptime of the SSTs (i.e. at least 95% of the time in each month, per machine) are maintained and easily accessible by the public;
- b) To improve on the overall customer experience at bank branches and other channels provided; and
- c) To be transparent by providing information upfront concerning fees imposed by the banks for their products and services.

As mentioned earlier, one of the banking institutions' strengths lies in their knowledgeable, courteous and helpful staff. Banks should capitalise on this strength to further improve their service delivery. Continuous engagements with customers to gauge their expectations and obtain feedback on areas for further improvements, are crucial to being an excellent financial service provider. In the true spirit of being customer centric, delivering excellent customer experience should be made a priority by the banking institutions.

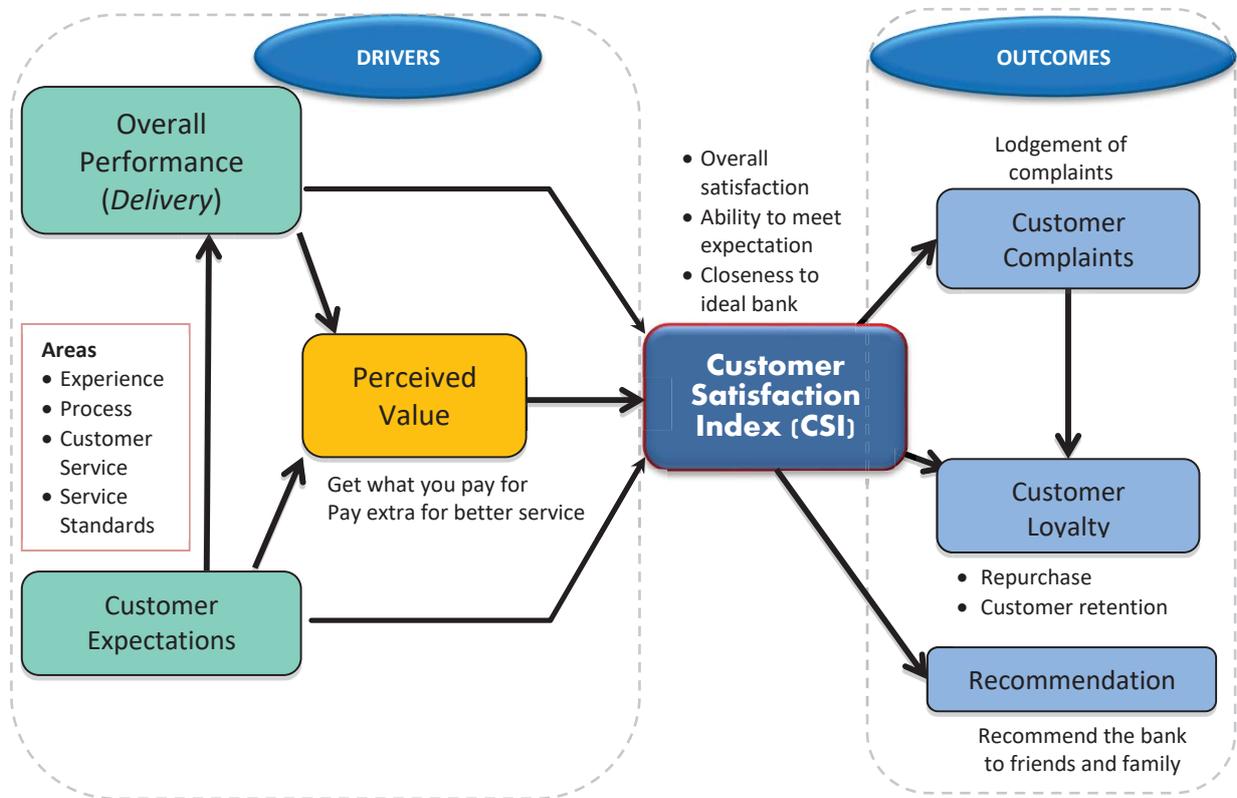
MyCSI Model

The Malaysian Customer Satisfaction Index (MyCSI) is based on customers' interviews as input to a multi equation econometric model. The model is a cause and effect model that calculates a customer satisfaction index (CSI) based broadly on three questions assessing: (i) overall customer satisfaction with the bank; (ii) ability of the bank to meet customer's expectations; and (iii) closeness of the bank to customer's ideal bank. The CSI is the mean of each question from the total number of responses along with the weights for each question calculated within the PLS-SEM framework. The index is calculated from 0-100 with higher number representing better performance.

The MyCSI model uses three main components as 'Drivers of Satisfaction' namely:

(i) Overall Performance (ii) Customer Expectations; and (iii) Perceived Value, and weighs the impact of these components on the CSI. The model also provides the impact of the CSI on 'Outcomes of Customers Satisfaction' namely: (i) Customer Complaints; (ii) Loyalty; and (iii) Recommendation, whereby customer is recommending the bank to others.

The components of Overall Performance and Customer Expectations under 'Drivers of Satisfaction' are measured based on several questions grouped into four areas namely Experience, Process, Customer Service and Service Standards. Meanwhile, the other components are measured based on questions on areas as shown in the following Diagram :-



For the Survey, the CSI of the banking sector sets the benchmark for the performance of each individual bank. Although the CSIs of individual banks are comparable by virtue of same methodology and measurement tool, it is not a comparative study to rank banks position as the CSI of each individual bank was based on their own customers' expectations and experiences.

16 Indicators of the Four Pillars of the Charter

Description	Indicators
Pillar 1 – Know Your Customer	
Understand the customer profile that enables the bank to offer products and services that meet customer's needs and preferences	<ol style="list-style-type: none"> 1) Personal requirements were met in relation to type of account & services 2) Personal requirements were met in relation to policies & procedures 3) The bank correctly performs the type of accounts & services 4) The bank correctly performs policies & procedures 5) The bank offers a comprehensive range of products & services to suit customer's financial needs
Pillar 2 – Timely & Efficient Service	
Deliver a seamless basic/ general banking services wherein the customer is aware of: <ul style="list-style-type: none"> • Time that will be taken; and • Broadly, the steps involved in executing customer's instructions 	<ol style="list-style-type: none"> 6) The bank attends to customer's queries/ complaints promptly 7) The bank provides clear information on the expected turnaround time for the transactions/ services offered via different channels (e.g. via its branches/ call centre/ on-line banking/ mobile banking) 8) Customer's banking transactions are completed within the expected time frame
Pillar 3 – Transparent & Personable Service	
Endeavour to deliver the customer experience wherein the customer: <ul style="list-style-type: none"> • Is given access to products and services related information; and • Is handled by competent and knowledgeable staff who will strive to provide good service 	<ol style="list-style-type: none"> 9) Information on fees & charges is clearly communicated through various channels (e.g. bank's branches, brochures or call centres / online banking / mobile banking) 10) Details of products and services are shared at point of sale – upfront 11) The staff is courteous & helpful when attending to customer's queries/request 12) Staff understands customer's financial needs & is equipped with adequate knowledge to offer suitable financial solutions
Pillar 4 – Banking Made Accessible	
Offer an engagement model wherein the customer is aware of: <ul style="list-style-type: none"> • Multi-channel options; and • Accessibility 	<ol style="list-style-type: none"> 13) The bank offerings/ services can be easily accessed through physical and virtual channels i.e. branches, call centres, online banking , mobile banking, websites, self-service machines 14) Services are functioning and readily available through different channels (website, on-line, mobile ATM, self-service machines) outside banking hours

	15) It is easy to sign up for new and/ or additional products 16) The bank is open and responsive to feedback/ suggestion on how it can serve the customers better
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