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listening247

BANKING CUSTOMER SERVICE IN TRANSITION

SOCIAL INTELLIGENCE INSIGHTS INTO ONLINE vs IN-BRANCH BANKING IN SOUTH AFRICA

June 2024

Banking customer service in transition

Banking in Africa is undergoing significant shifts, especially in South Africa, where technological advancements have rapidly transformed the industry. The country's biggest banks have seen a growing surge in digital transactions as clients increasingly look to manage their banking activities online, minimising the need for physical branch visits. This trend was accelerated by the COVID-19 pandemic, which fundamentally changed consumer behaviour, driving them to become more self-sufficient through (among other things) digital solutions.

Amid this digital revolution, several new digitally-focused players have entered South Africa's banking industry, such as Discovery Bank, TymeBank and Bank Zero. TymeBank's impressive growth since its launch in 2019 is a testament to the value and priority South African customers are placing on digital banking. Earlier in 2024, the branchless bank announced it had surpassed 8.5 million customers – more than 20% of the country's banked population.[1]

Various consumer research conducted by IOA over the past few years has consistently highlighted a growing preference for digital banks, as well as a heightened prioritisation of digital banking. The quality of a bank's digital service offerings has become a crucial factor for individuals when selecting and remaining with their primary bank, often surpassing traditional considerations like branch location and cost. For these customers, the ability to perform banking activities seamlessly and efficiently online is paramount.

Convenience and efficiency through digital innovation

The innovative landscape of South Africa's banking industry showcases the ongoing shift towards digitalisation. Customers now have the convenience of executing transactions via WhatsApp and handling cash services at local grocery stores. Mobile banking apps have evolved to offer features such as biometric authentication, budget management tools, and AI-driven financial advice. Additionally, digital platforms provide easy access to credit, investment opportunities, and insurance products.

This wave of digitalisation has significantly enhanced financial inclusion by lowering access barriers. The introduction of low or zero-cost banking options, supported by cutting-edge technology, has broadened the reach of banking services, particularly benefiting those who were previously underserved.

Key innovations impacting customer experience (CX) in South Africa's banking industry

24/7 virtual assistants/chatbots	Advanced fraud detection systems	AI-driven financial advice	Biometric authentication
Digital-only banks	Enhanced user interface (UI) and user experience (UX) design	Expanded mobile wallet services	Integration with local retailers
Proactive customer service notifications	Seamless omni-channel experience	Solar-powered branches	WhatsApp banking

[1] *According to the World Bank, more than 40 million South Africans have a bank account.*

A shift towards digital, but clients still value in-person contact

While the trend towards digitalised banking is clear, IOA's research has also found that customers still value access to physical touchpoints and face-to-face engagement. Many customers who move away from digital-only banks regularly cite the lack of branches or in-person support as a reason for their decision to switch.

Recognising this, some of the country's top banks are merging digital innovation with in-branch service. There appears to be a consensus amongst most of the country's big banking players that, while digital banking is the future, in-branch banking is still going to be with us for some time. This important aspect of banking service therefore needs to evolve alongside new and innovative digital banking strategies.

For example:

Absa has rolled out smart branches equipped with advanced ATMs that handle a wide range of transactions, minimising the need for teller assistance.
Capitec Bank has focused on creating simplified, tech-enabled branches where customers can quickly open accounts and access services using digital interfaces.
FNB is equipping its branches with solar power, ensuring uninterrupted service during loadshedding and demonstrating a commitment to sustainability.
Nedbank's 'New Ways of Banking' branches offer a blend of digital self-service options and in-person assistance to cater to diverse customer needs.
Standard Bank has introduced digital branches that feature self-service kiosks and video banking services, allowing customers to interact with consultants via video calls for more complex inquiries.

Social media – the new normal in customer feedback

Within this new banking industry dynamic, there has also been a significant shift in how customers engage with their banks, share feedback, and raise concerns. Social media has emerged as a crucial platform in the banking industry, not only for customer engagement but also to provide banks with valuable social intelligence.

By monitoring and analysing social media interactions, banks can generate insights and data based on the views and experiences of their customers online. This social intelligence is becoming an essential tool for banks to understand customer experience (CX)[3], assess customer sentiment, improve digital services, and maintain a strong brand reputation in an increasingly digital world.

Moreover, the integration of AI-driven social listening has become a pivotal aspect of CX research in the banking sector. AI enables the efficient processing of vast amounts of data from social media and other online sources (review websites, news articles etc.), identifying trends and patterns that might be missed through traditional methods. This technology allows banks to quickly respond to customer needs and preferences, optimise their services, and anticipate market shifts.

As South Africa's banking landscape continues to evolve, it is clear that the integration of digital and in-person banking services, along with the strategic use of social media and AI-driven social listening, will be crucial for banks aiming to meet the diverse needs of their customers. The ability to harness these technologies effectively will determine the leaders in customer-centric banking in the years to come.

[2] *Customer experience (CX) is the overall perception and satisfaction a customer has with a company or brand across all interactions and touchpoints, from initial contact through to purchase and post-sale service.*

In the context of this evolving CX landscape in South Africa's banking sector, IOA endeavoured to assess the recent sentiment of customers of the country's top banks in terms of the service that they have recently received online compared to the service that they have received within bank branches.

IOA is the exclusive African research partner of the AI social listening platform, listening247, with a specific focus on Africa's banking sector. Through this partnership, our team has analysed nearly 370,000 social media posts relating to South Africa's biggest banks from the past 6 months (December 2023 through to the end of May 2024).[3]

Our primary research question for this piece of analysis was:

Are South African banks currently performing better on online banking customer experience compared to in-branch customer experience?

As summarised below, we assessed customer opinions through social media, blogs, forums, reviews and news websites, covering eleven of South Africa's most popular banks.

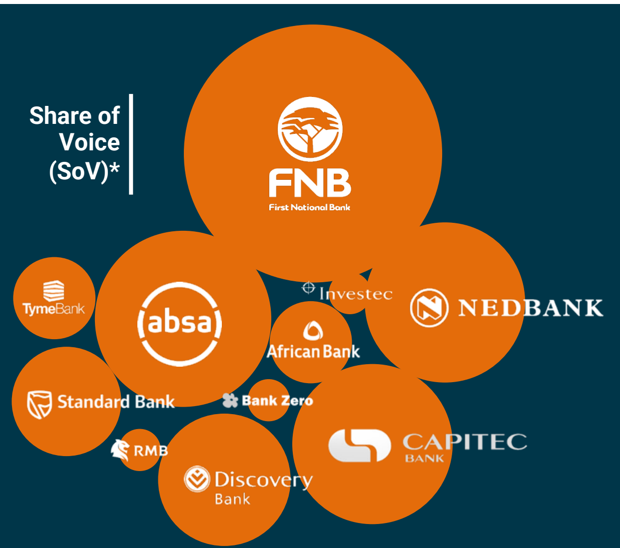
Summary of Our Methodology

Total number of posts analysed:	Social listening platform used:
368,733	listening247

Keywords used	Sources
Brand names of 11 SA Banks	X, Facebook, Instagram, YouTube, TikTok, Blogs, Forums, Reviews, News

Period covered	December 2023 – May 2024
Post Language	English
Country	South Africa

Share of Voice (SoV)*



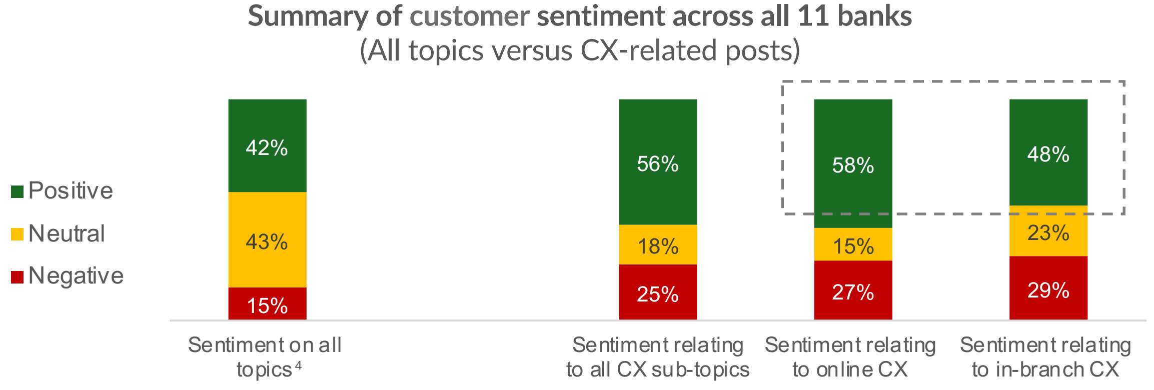
*Bubble sizes represent estimated 'Share of Voice' (SoV) relating to the number of brand mentions within our sample of 370k analysed posts.

Our Social Listening Process

1. **Creation of search queries** in line with research objectives
2. **Gathering of data** from specified online sources
3. **Data quality checks** and noise elimination
4. **Creation of custom sentiment and topic models** (accuracy >80%)
5. **Data processing** with sentiment and topic models
6. **Data tagging** with brands
7. **Accuracy checks** of sentiment and topic models based on the data sample

[3] *These 368,733 posts from December 2023 to May 2024 do not represent 100% of all posts that mention the target banks but provides an ample sample of posts for the purposes of our analysis.*

Across the 11 banks that were assessed, it is clear that customer sentiment is notably more positive towards online CX (58%) compared to CX within bank branches (48%). Although negative sentiment was relatively similar between online and in-branch CX, customers tended to be more neutral when discussing in-branch customer service (23% compared to 15%). From the outset, this may suggest that banks are placing a higher emphasis on online customer service and thus receiving a lower proportion of negative feedback from customers compared to feedback relating to customer experiences at branches.

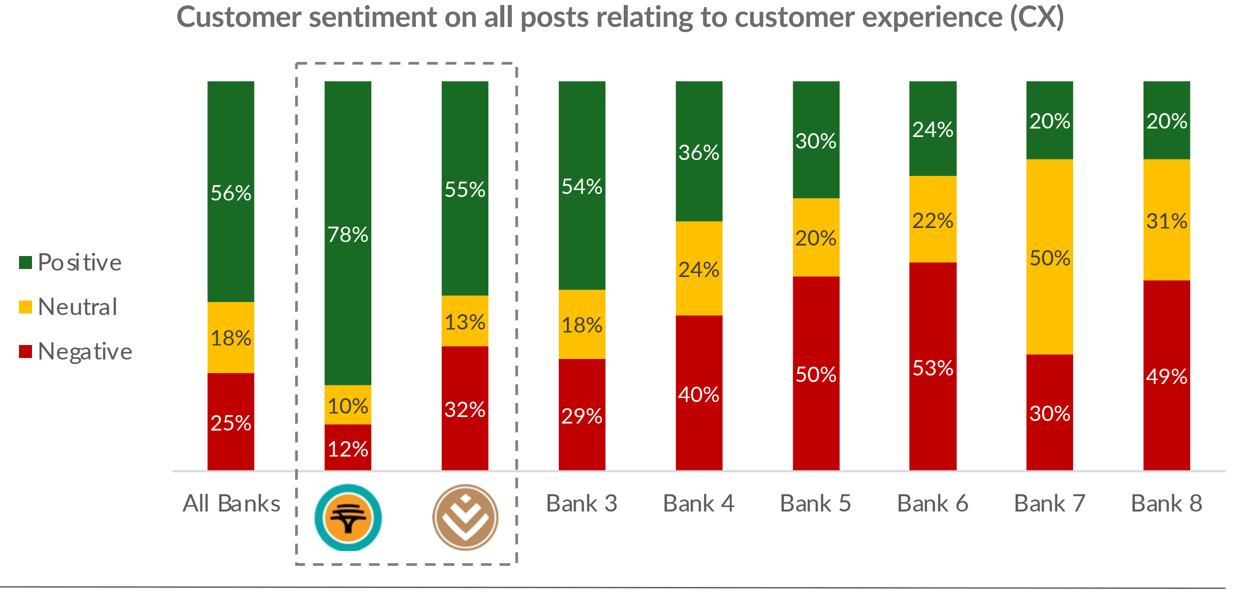


At a bank level, sentiment towards all CX-related sub-topics varies substantially, **with FNB and Discovery Bank** leading the way in terms of positive overall CX sentiment. Three-quarters (75%) of all CX-related posts about FNB over the past 6 months were positive, and just 12% were negative. Discovery Bank has received a notably higher proportion of negative sentiment than FNB on CX-related posts but still leads the rest of the pack with 55% positive sentiment.

Exclusion of bank names

For the purposes of the bank comparisons, we have omitted the names of banks aside from the two top performers (**Discovery Bank** topping online CX sentiment and **FNB** for in-branch CX sentiment). The remaining banks are numbered as banks 3-8.

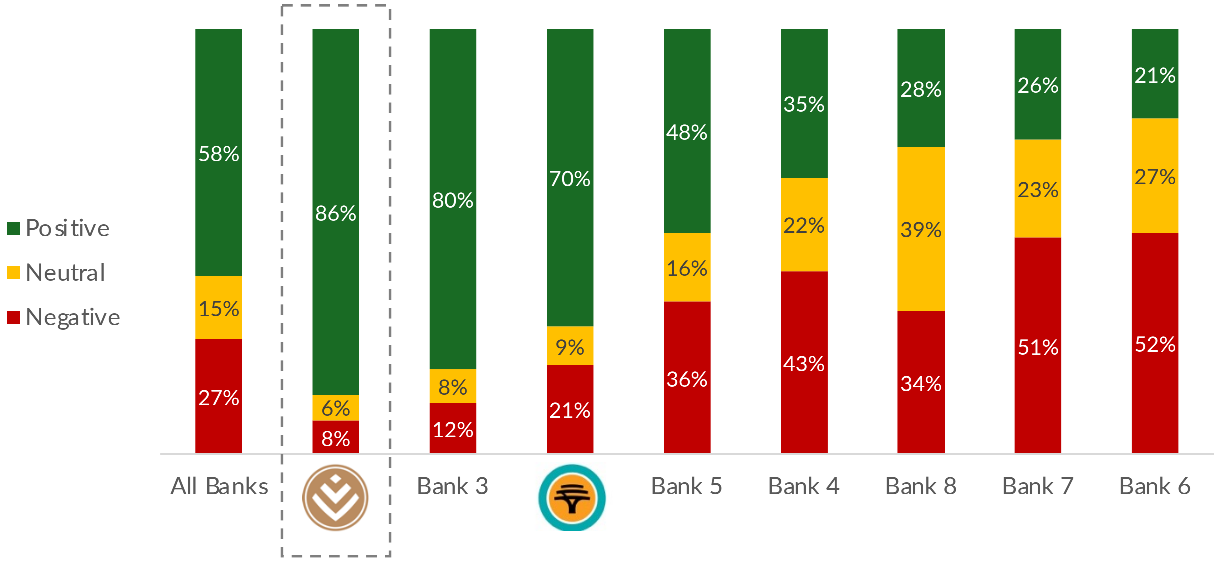
Bank Zero, Investec and RMB are included in the "All banks" analysis but excluded from bank-specific analysis due to their relative low number of CX-related posts during the period analysed (Dec 2023 – May 2024).



[4] *The topics identified by the **listening247**™ AI are diverse, and span customer experience and online banking through to posts about bank marketing, fraud and SMEs. Conversation drivers are categorised into hierarchies i.e. topics, sub-topics and attributes.*

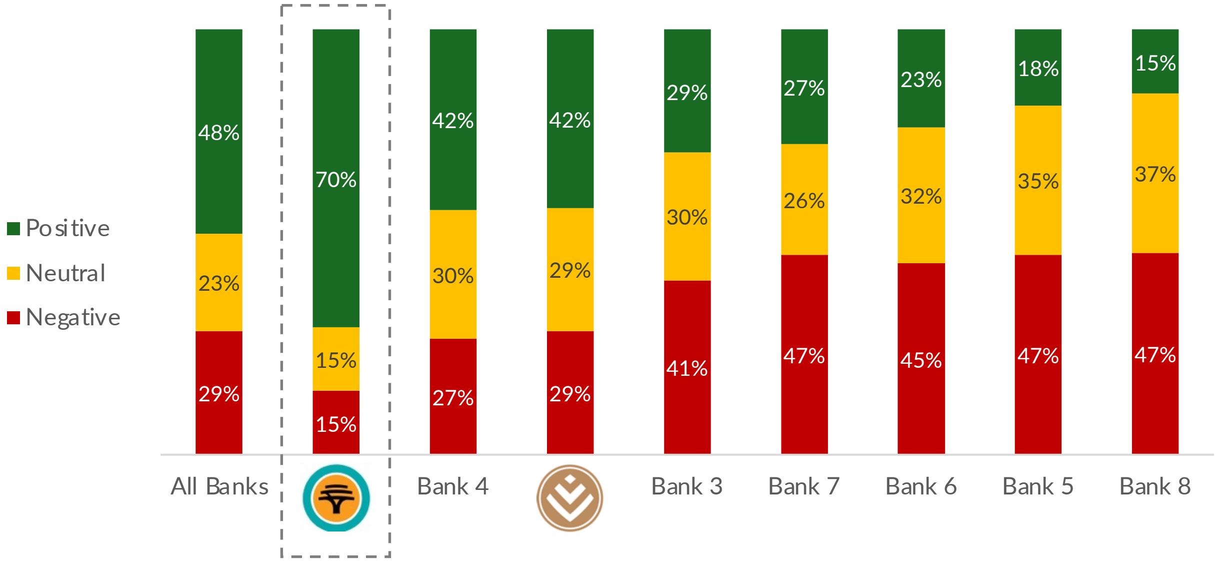
When comparing recent customer sentiment towards online banking services across South Africa's top banks, **Discovery Bank** is the dominant force, with an impressive 86% positive sentiment and just 8% negative sentiment. They are followed by 'Bank 3' (80% positive sentiment) and then FNB (70% positive sentiment). Although a relatively new player in the industry, Discovery Bank has made world-class digital banking a top priority and this push is filtering through to customer experiences online.

Customer sentiment on all posts relating to online customer experience (CX)



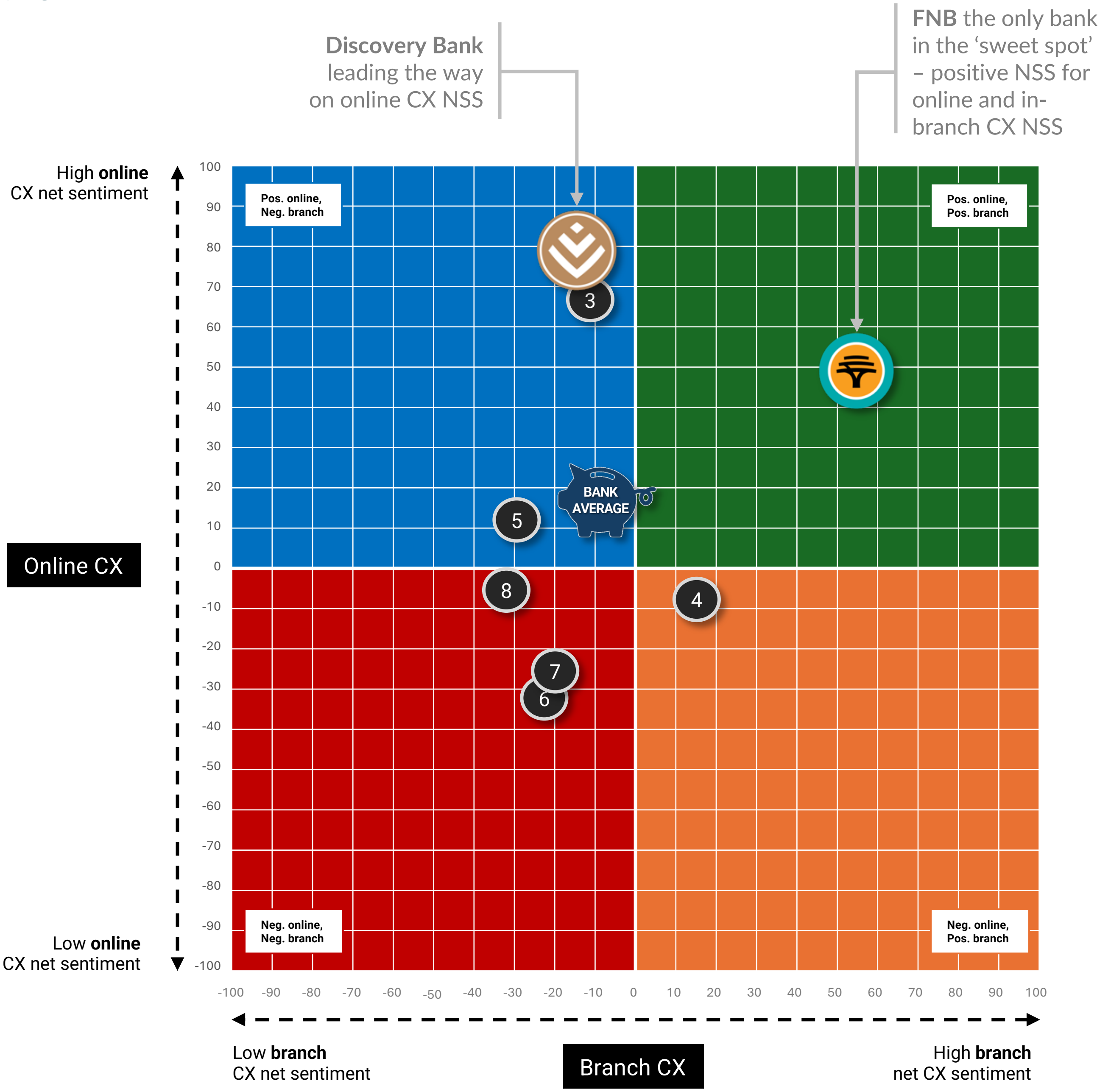
On in-branch customer sentiment, however, **FNB** has been the top performer over the past six months, with 70% of posts about in-branch service being positive, compared to just 15% negative. In conjunction with its efforts to be a leader in banking digitalisation, FNB has also continued to invest heavily in the improvement of its branches and strategic expansion of its branch network. The bank's efforts appear to be paying dividends with a significantly higher ratio of positive sentiment compared to its competition.

Customer sentiment on posts relating to in-branch customer experience (CX)



Based on the results of our analysis, FNB appears to be outperforming its competitors in efforts to balance the need for quality customer experience online and in-branch. FNB is the only bank that scores positive net sentiment scores (NSS)[5] on both online and in-branch CX, and this result is unsurprising when you track the bank's continued prioritisation of its branch services while also being one of the market leaders in digitalised banking.

Coupled with its dominant performance on in-branch CX sentiment, FNB is also one of the top performers in our analysis of online banking CX (in second position behind Discovery Bank). Discovery Bank, however, is the clear leader in this arena and is consistently being ranked as one of the top players in digital innovation, particularly in terms of its mobile app, cardless transactions and rewards programme.

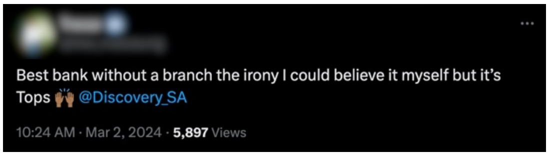


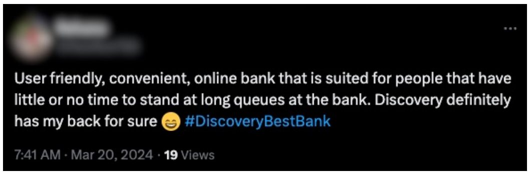
[5] Net Sentiment Score (NSS) is a metric that measures the overall feeling or sentiment about a specific brand or topic. It's calculated by subtracting the percentage of negative sentiment from the percentage of positive sentiment. NSS is a mirror of the Net Promoter Score (NPS), which is regularly used in CX interviews. NSS and NPS can be integrated for deeper insight into customer sentiment trends.

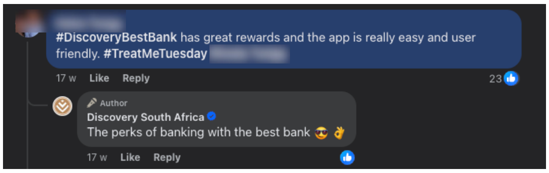
The top performers in our analysis have received a wide array of positive posts from happy customers over the past 6 months. Below are just a few of these posts, drawn directly from the **listening247** platform:[6]

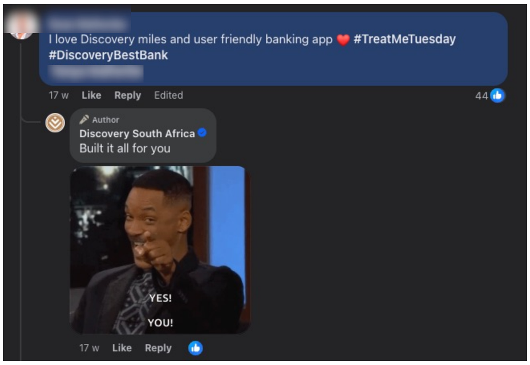
Top performer on online CX sentiment, Dec 2023 – May 2024

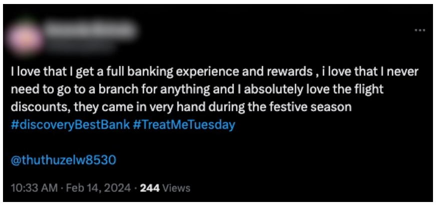
Discovery Bank





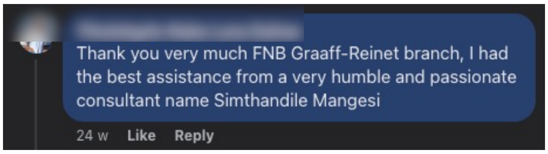


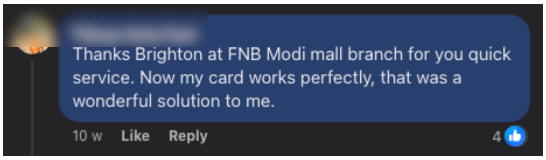


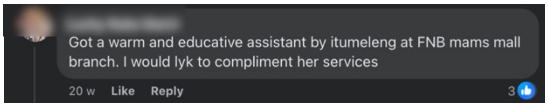


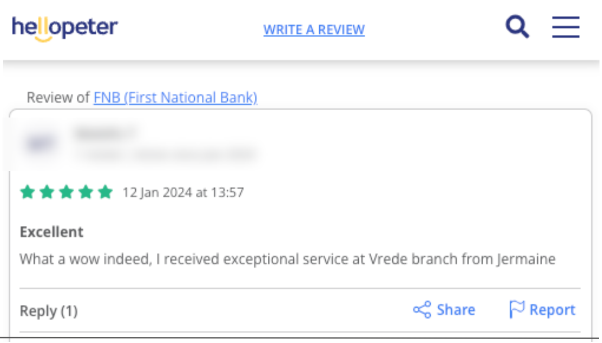
Top performer on in-branch CX sentiment, Dec 2023 – May 2024

FNB









[6] *The **listening247** platform allows a user to drill down from main topics, through to sub-topics and attributes, and then through a click of a button, immediately access the related posts through the respective online channels e.g. social media, review sites etc.*

IOA was established in South Africa in 2007 to become the definitive source of expert research and analysis in Africa that is focused on Africa. We are driven by the mission of guiding clients through data-driven decision-making in accelerating development in Africa. Our motto encapsulates the need to connect quality research and analysis with guided and informed decision-making in facilitating development on the continent.

In 2023, IOA partnered with DMR and its proprietary AI technology to expand our offerings to clients in need of world-class social intelligence.

DMR is a global remote-first tech company with offices in London and team members around the world. DMR own more than 100 proprietary AI models developed through years of R&D, that add accurate, actionable and timely intelligence to unstructured data from any source and language, to produce invaluable insights and solve business problems.

listening247 is a social intelligence and text analytics solution that uses AI to accurately annotate unstructured data in any language with sentiment and topics of conversation, making it possible to understand large volumes of data. Listening247 commits to over 90% post relevance and over 80% sentiment and topic tagging.

This publication was developed by IOA with data drawn from, listening247, which is proprietary AI technology owned by our partner, DMR. For more information about this or other IOA research and analytics, please get in touch with us through the contact details listed below.

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