

Malaysian Retail Banking Industry Customer Satisfaction Survey 2023

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Executive Summary

A Malaysian Retail Banking Industry Customer Satisfaction Survey (CSS) was conducted in 2023 with the main objective of assessing and elevating the customer service standards provided by retail banks in Malaysia as set out in the banking industry's Customer Service Charter (Charter).

Net Promoter Score (NPS) and Overall Customer Satisfaction (CSAT) are used as the key measurements in the 2023 Survey. NPS measures customers' advocacy and future loyalty by inquiring about their likelihood to recommend a bank to their family and friends, while overall CSAT measures the level of customer satisfaction towards specific products, channels and interactions.

$$\text{NPS} = \% \text{ Promoters}^1 - \% \text{ Detractors}^2$$

The result of the Survey shows that the current Malaysian retail banking industry's NPS stands at +61 (2019: +41); with 69% Promoters, 23% Passives and 8% Detractors. The NPS records an improvement of 20 points compared to 2019. This improvement is consistent across all participating banks. The NPS of +61 outperforms the Global Ipsos NPS banking benchmark of +45, driven by a significantly higher Promoter base.

Customers' main reasons for recommending their respective banks were due to the quality of services provided by banks' staff, the banks' branding/image (e.g. trusted bank or well-known), as well as the products and services offered. Notwithstanding, banks need to ensure that the services rendered are delivered consistently across all touchpoints moving forward. Besides consistent service delivery, Digital Banking (assessed based on the convenience and reliability of online banking and mobile banking services) is another key area of focus for improvement.

Meanwhile, Malaysian retail banking customers' satisfaction on overall experience in their dealings with respective banks has also increased to 88% (2019: 81%). Similarly, higher satisfaction was registered across all channels³ and products⁴, with the lowest score recorded being 84% for Fixed Deposit.

The overall experience delivered to customers has been identified as the main driver for customer satisfaction, and it has gained higher importance in 2023. Hence, it is critical for banks to ensure that customers' satisfaction is continuously met.

¹ Promoters are loyal enthusiasts who will keep buying and refer others, fuelling growth.

² Detractors are unhappy customers who can damage a company's brand and impede growth through negative word-of-mouth.

³ Refers to self-service terminals, branch, mobile banking app, online banking, contact centre, social media and relationship manager.

⁴ Refers to current and savings account, debit card, fixed deposit, credit card, hire purchase, home loan/financing and personal loan/financing.

Banks can elevate their NPS further by fostering a stronger emotional connection with customers and enhancing engagement within the broader consumer base in the retail banking industry. This can be achieved by empowering customers to manage their own finances, being transparent, and providing financial education, among other strategies. Making customers feel valued, respected, and worthy of special treatment, will also help banks in strengthening the relationships with customers. These actions will assist retail banks in developing a deeper emotional connection with their customers, leading to increased loyalty and recommendations.

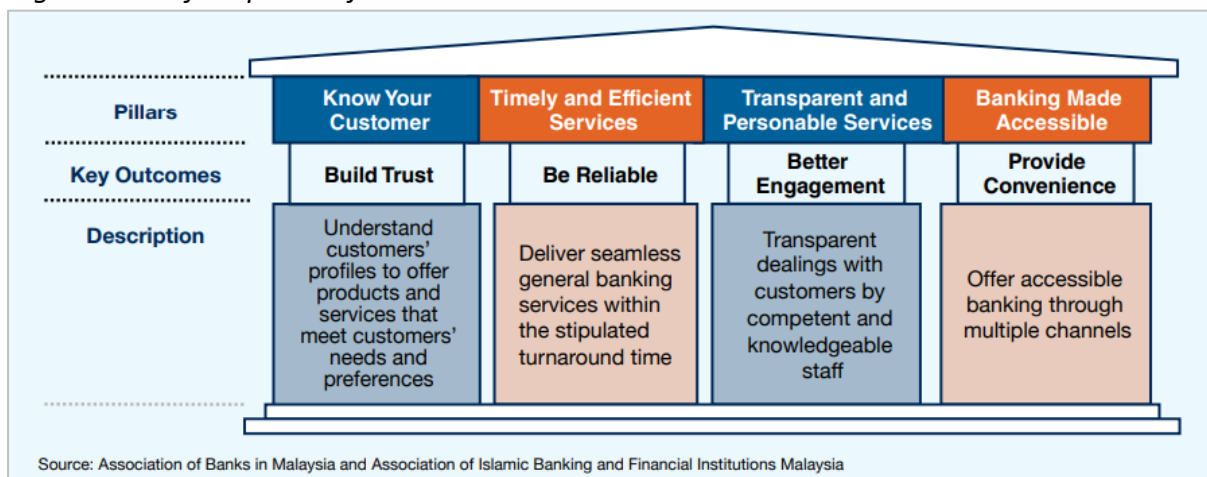
Overview

The delivery of high quality and transparent customer services by banks are key in preserving financial consumers' trust and confidence in the banking sector.

The CSS 2023 was conducted as a follow up to the CSS conducted in 2019, which established an industry benchmark for the Malaysian banking sector in terms of customer service. The results of the CSS 2019 have been used as a baseline to measure current performance and track improvements. Ipsos has been appointed to conduct the CSS 2023 to measure the current customer service level of all participating banks based on the four (4) pillars of the Charter as follows:

- Pillar 1: Know Your Customer
- Pillar 2: Timely and Efficient Services
- Pillar 3: Transparent and Personable Services
- Pillar 4: Banking Made Accessible

Figure 1: The four pillars of the Customer Service Charter



19 banks collectively agreed to participate in the CSS 2023.

Objective

The main objective of the CSS 2023 is to elevate customer service standards of the Malaysian retail banking industry. Other objectives of the CSS 2023 are to:

- Establish a common benchmark for retail banks in Malaysia to help customers select 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.

Methodology

The CSS 2023 was conducted face-to-face using a structured questionnaire via a Tablet Assisted Personal Interview. The interview length was approximately 20 minutes. Customers were randomly intercepted on the streets across all states in Malaysia. Customers' demographic and geographical areas have been predetermined and set based on the distribution of the Malaysian retail banking industry to ensure that the findings are representative of the broader customer base in the Malaysian retail banking industry.

The 19 participating banks are:

Banks that offer both Conventional and Islamic products and services		Banks that offer only Islamic products and services	
1	Affin Bank Berhad	14	Bank Pertanian Malaysia Berhad (Agrobank)
2	Alliance Bank Malaysia Berhad	15	Al Rajhi Banking & Investment Corporation (Malaysia) Bhd.
3	AmBank (M) Berhad	16	Bank Islam Malaysia Berhad
4	Bank Simpanan Nasional Berhad	17	Bank Muamalat Malaysia Berhad
5	CIMB Bank Berhad	18	Bank Kerjasama Rakyat Malaysia Berhad
6	Hong Leong Bank Berhad	19	MBSB Bank Berhad
7	HSBC Bank Malaysia Berhad		
8	Malayan Banking Berhad		
9	OCBC Bank (Malaysia) Berhad		
10	Public Bank Berhad		
11	RHB Bank Berhad		
12	Standard Chartered Bank Malaysia Berhad		
13	United Overseas Bank (Malaysia) Bhd.		

500 active customers from each bank were interviewed. A total of 9,500 customers completed the survey, who met the following criteria:

- 1) The customer was either the main or joint account holder. The banking product was either a savings account, current account, credit card, debit card, fixed deposit, home loan, hire purchase loan or personal loan.
- 2) The customer had performed at least one transaction with the bank in the last 3 months.
- 3) The transaction was conducted not only through a self-service terminal (SST).

The margin of error⁵ for both the bank level and the industry level is 4.39% and 1.01%, respectively, with a minimum confidence level of 95%.

Fieldwork period for the CSS 2023 was between 8th May 2023 to 3rd September 2023. The CSS 2023 results have been calibrated and adjusted to the demographic profile of Malaysian banking customers. This adjustment ensures that the data accurately mirrors the Malaysian retail banking industry, providing insights that are representative of the industry's landscape in Malaysia. The breakdown of respondents' profile is detailed as per Figure 2.

Figure 2: Breakdown of Respondents Profile

1	Gender	Male	51%
		Female	49%
2	Age	18 – 29 years old	25%
		30 – 39 years old	25%
		40 – 49 years old	20%
		50 years old and above	31%
3	Life Status	Single	32%
		Married	65%
		Divorced	3%
4	Monthly Household Income	RM1,000 and below	1%
		RM1,001 – RM3,000	16%
		RM3,001 – RM5,000	32%
		RM5,001 – RM10,000	34%
		Above RM10,000	13%
		Refused	4%
5	Region	North	23%
		Central	36%
		South	16%
		East Coast	12%
		East Malaysia	15%

⁵ The margin of error is a measure of a survey's precision. It provides a range within which we can confidently assert the true characteristics of the population. It also serves to illustrate the reliability of the collected data. A margin of error of between 4% to 5%, with a Confidence Interval of 95% is considered to be a good practice for statistical accuracy for any market research survey.

The key performance measures of the survey encompass the NPS and CSAT metrics, which include assessment at both product and channel levels. The survey also provides a comparative analysis of each bank's performance in relation to the service standards prescribed by the banking industry's Charter. These benchmarks serve as a comprehensive gauge of customer loyalty and service quality, reflecting the banks' adherence to industry-wide commitments to excellence in customer service.

Findings

1. General Banking Usage and Relationships

- a. The findings show that in 2023, on average, Malaysians use 1.8 banks to manage all their financial needs. The average is a decline from 2.1 banks in 2019, which could be contributed by either a higher loyalty (lesser bank used) or the increasing trend of consolidation of usage or alternate payment methods.
- b. In 2023, while ownership of conventional accounts remains dominant at 65%, it has decreased by 5% compared to 2019 (70%). Conversely, Islamic banking services have seen a 5% increase, reaching 33% from 28% in 2019. Only 3% of customers use both conventional and Islamic banking services.
- c. SST and bank branches appear to be the top two (2) most used channels in the past three (3) months, followed by digital platforms, i.e., Mobile Banking Application and Online Banking.

Figure 3: Incidence of channels interacted in the past 3 months.

1	SST	75%
2	Branch	65%
3	Mobile Banking Application	54%
4	Online Banking	52%
5	Contact Centre	9%
6	Relationship Manager/ Personal Banker/ Personal Financial Consultant/ Sales Executive	8%
7	Social media	4%

- d. The top two (2) products owned among banking customers are Current Account and Saving Account (CASA) and Debit Card.

Figure 4: Incidence of product ownerships.

1	CASA	95%
2	Debit Card	76%
3	Fixed Deposit	19%
4	Credit Card	17%
5	Hire Purchase	11%
6	Home Loan/ Financing	7%
7	Personal Loan/ Financing	3%

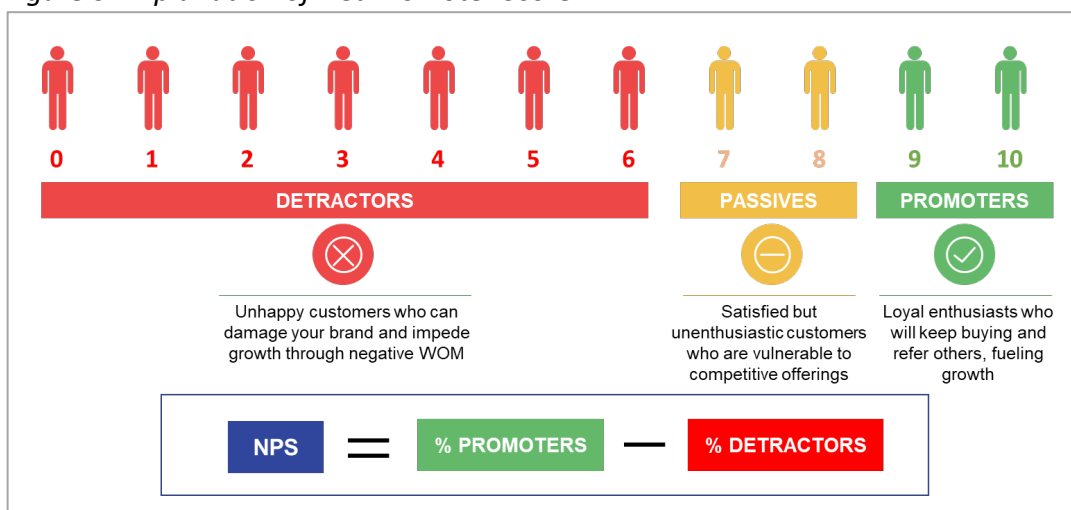
2. Net Promoter Score (NPS)

NPS measures customers' likelihood to recommend a company to a friend. Depending on the customer's response, customers will then be classified into three categories, which will later be used to establish an NPS. The three categories are:

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

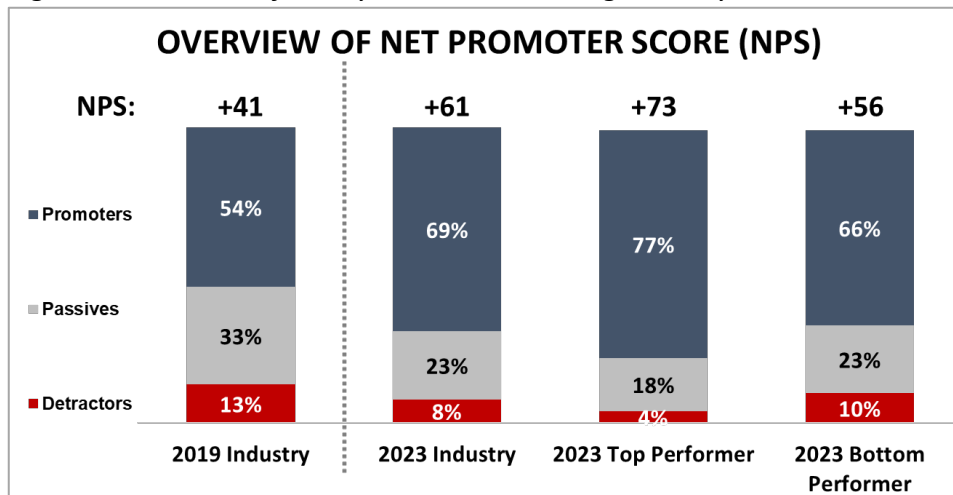
The NPS is derived by subtracting the percentage of Detractors from the percentage of Promoters.

Figure 5: Explanation of Net Promoter Score



The Malaysian retail banking industry's NPS currently stands at +61 and it is an improvement with 20 points higher than 2019. The improvement is consistent across all participating banks and the gap between the top performer (+73) and bottom performer (+56) is narrower with only 17 points difference as compared to 33 points in 2019. The NPS of +61 outperforms the Global Ipsos NPS banking benchmark of +45.

Figure 6: Overview of Malaysian Retail Banking Industry's NPS



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

a. Staff attitude and services provided

- i. Good service and attitude
- ii. Efficient, quick and prompt service
- iii. Friendly and approachable

b. Branding and Image

- i. A bank that is easy to deal with
- ii. A trusted and well-known bank

c. Products and Services

- i. Convenient, user-friendly, easy to use
- ii. Shariah friendly / compliant
- iii. Efficient loan transaction processing time and smooth transactions

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

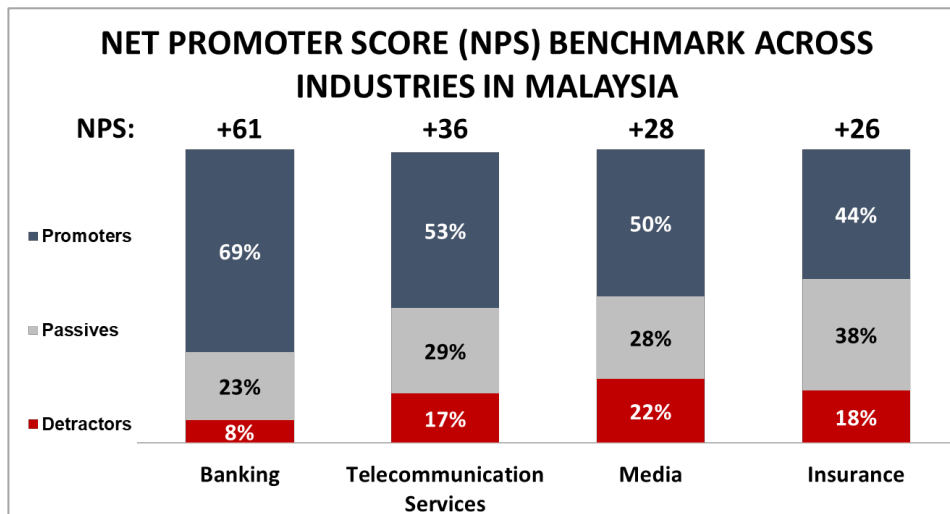
- a. Staff attitude and services provided**
 - i. Inefficient service
 - ii. Poor service attitude
 - iii. Unfriendly / Not approachable
- b. Digital Banking**
 - i. Internet Banking is slow / lagging (not stable)
 - ii. Unsatisfied with Mobile Banking features
 - iii. Mobile Banking is slow / lagging (not stable)
- c. Branch related**
 - i. Not many branches
 - ii. Long queue time

3. Malaysian Retail Banking Industry NPS Performance in Comparison with Others

The Malaysian banking industry’s NPS of +61 outperforms the Global Ipsos NPS banking benchmark of +45, for face-to-face fieldwork (driven by a significantly higher Promoter base). This indicates strong industry performance, with all the banks having achieved an NPS of over +50, which is classified as excellent.

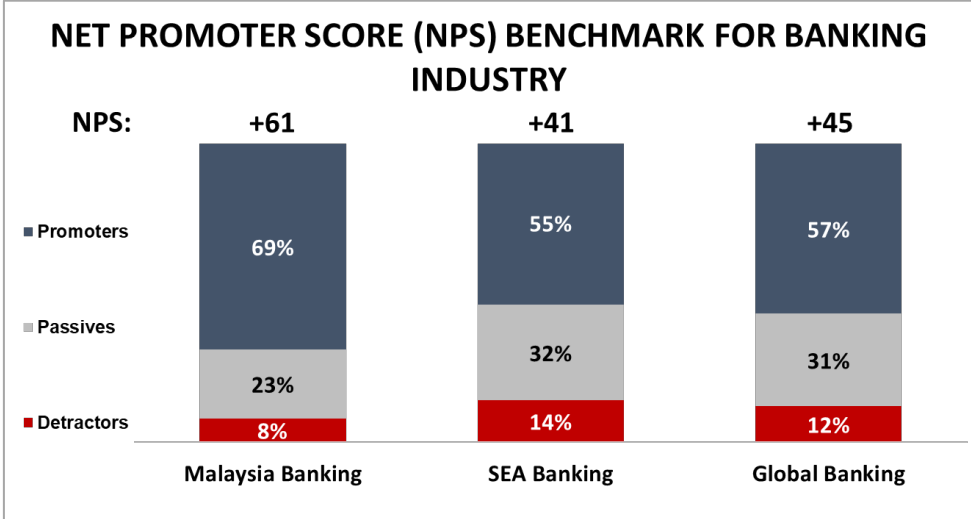
Compared to other industries in Malaysia, the banking industry’s NPS performed better than industries such as Telecommunications Services, Media and Insurance industries, where the current NPS of these industries stands at +36, +28 and +26 respectively.

Figure 7: Malaysian Banking Industry’s NPS in Comparison with Other Industries in Malaysia. Source – Ipsos Normative database



In comparison with two other banking industry benchmarks, i.e., Global and South East Asia; the Malaysian retail banking industry maintains its strong position against the Global banking's NPS (+45), exceeding it by 16 points. The Malaysian retail banking industry's performance is also stronger against the South East Asia banking's NPS (+41), exceeding it by 20 points.

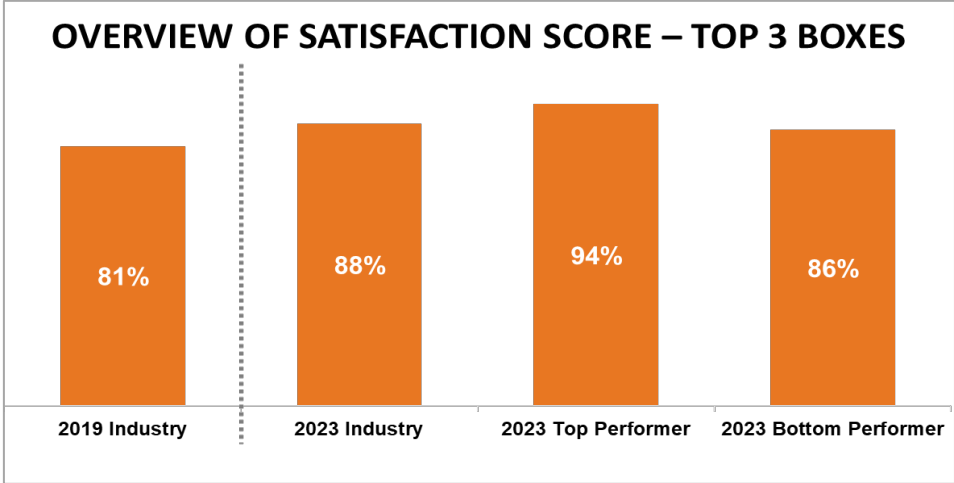
Figure 8: Malaysian Banking Industry's NPS in Comparison with Other Banking Benchmarks. Source – Ipsos Normative database



4. Level of Satisfaction Towards Products and Services Rendered

The CSS 2023 also included an assessment of the level of customer satisfaction towards specific products, channels, or interactions with a bank. For each of the satisfaction questions, customers rated based on a 10-point scale, where 10 indicated the customer is completely satisfied, while 1 indicated the customer is completely dissatisfied. The overview of the satisfaction score is based on the proportion of customers who gave a rating of between 8 to 10, i.e., also referred to as the top 3 boxes, similar to the approach adopted in the CSS 2019.

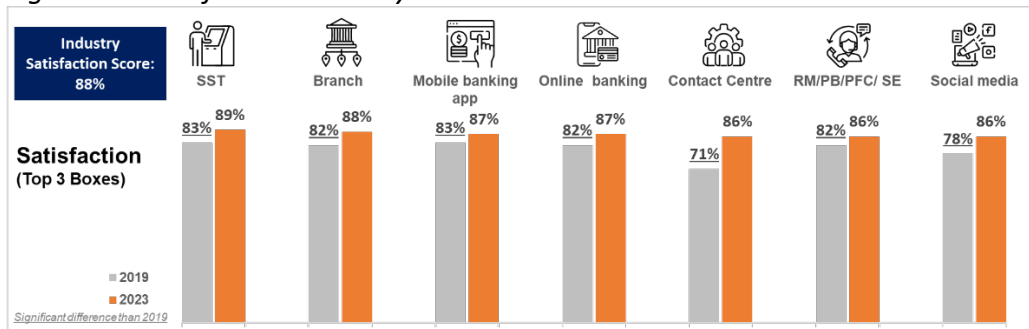
Figure 9: Overview of the Satisfaction Score.



Malaysian customers' (top 3-box) satisfaction towards their banks in 2023 increased to 88%, an improvement from the score of 81% in 2019. The gap between the top performer (94%) and bottom performer (86%) has also reduced with a difference of 8% compared to 20% in 2019. Staff behaviour is the key reason attributed to the higher customer satisfaction.

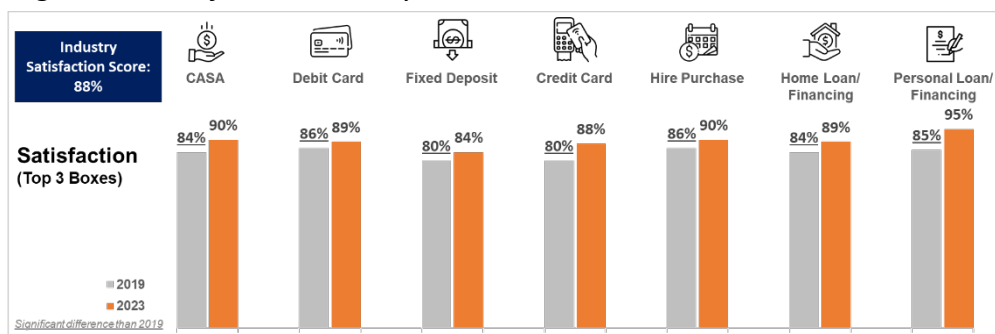
All channels which customers interacted with in the past three months also gained higher satisfaction scores in 2023 as compared to 2019, with all channels scoring above 80%.

Figure 10: Satisfaction Score by Channel



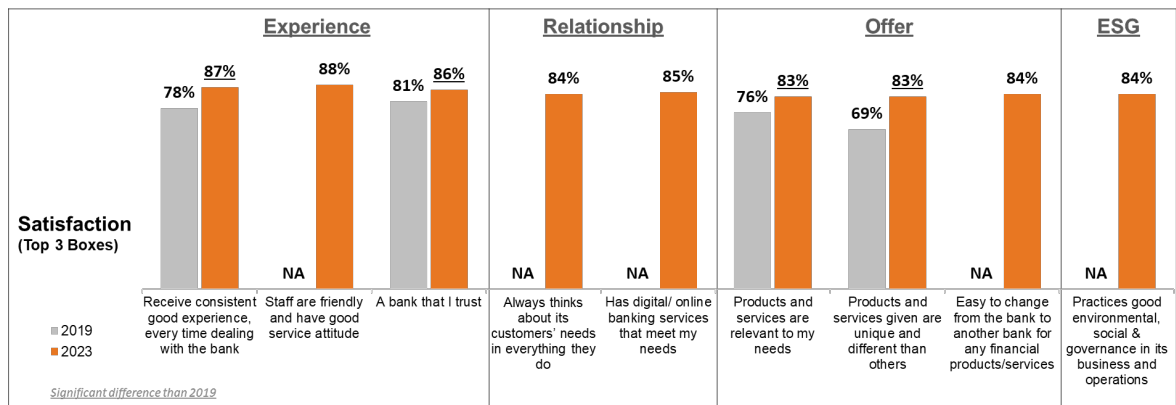
A similar pattern was observed across all products, with Personal Loan recording the highest satisfaction level at 95%, indicating stronger performance. On the other hand, Fixed Deposit had the lowest satisfaction level at 84%.

Figure 11: Satisfaction Score by Product



Satisfaction on Loyalty Drivers is also trending upward and performing well above 80%. Consistent good experience registered the highest score of 87% and is significantly higher than 2019 performance. Trust as the second-best performing driver also gained a significantly higher score of 86%.

Figure 12: Satisfaction on Loyalty Drivers



5. Customer Service Charter

The Charter, which was first introduced by the banking associations in 2011 and later revised in 2017, aims at underscoring 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: -

a. 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.

b. Pillar 2: Timely and Efficient Services

Being reliable by delivering seamless basic/general banking services within the stipulated timeframes.

c. Pillar 3: Transparent and Personable Services

Better engagement through open and transparent dealings to be handled by competent and knowledgeable staff.

d. 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 in 2023 increased to 41% from 35% in 2019. For customers who are aware of the Charter, the main source of awareness remains the same, i.e., during their visits to the bank's branches.

Further analysis on the Four Pillars of the Charter indicated that Pillar 2 (Timely and Efficient Services) is the main driver of customer satisfaction, with the Overall

Satisfaction score of Pillar 2 being 82%. This is closely followed by Pillar 3 (Transparent and Personable Services), Pillar 1 (Know Your Customer), and lastly Pillar 4 (Banking Made Accessible) with the scores of 83%, 83% and 82% respectively.

One of the areas identified for improvement is the loan application turnaround time under Pillar 2 (Timely and Efficient Services). This is the only parameter with a decline compared to CSS 2019, while the other parameters across all the Pillars either remained the same or have improved.

Based on the CSS 2023 results, we have identified banks that are delivering well on each of the pillars. It is important to highlight that there are marginal differences in the performances across all banks.

The list below sets out the banks under the Upper Quartile range⁶ for each category for the two (2) main components, namely Customer Service Charter Pillars and Channels.

The list is in alphabetical order and not by sequence of ranking.

1. Customer Service Charter Pillars:

a. Pillar 1: Know Your Customer

- Al Rajhi Bank
- Bank Islam
- Bank Muamalat
- Bank Simpanan Nasional
- HSBC Bank
- OCBC Bank

b. Pillar 2: Timely and Efficient Services

- Al Rajhi Bank
- Alliance Bank
- Bank Islam
- Bank Muamalat
- OCBC Bank

c. Pillar 3: Transparent and Personable Services

- Al Rajhi Bank
- Alliance Bank
- Bank Islam
- Bank Simpanan Nasional
- HSBC Bank

d. Pillar 4: Banking Made Accessible

- Affin Bank
- Al Rajhi Bank
- Bank Islam
- Bank Simpanan Nasional
- Public Bank

⁶ A quartile is a statistical term that describes a division of observations into four (4) defined intervals. Quartiles are referring to the following three (3) values that split sorted data into four (4) sections:

Lower Quartile (Q1) - the number halfway between the lowest number and the middle number.

Median (Q2) – the middle number halfway between the lowest number and the highest number.

Upper Quartile (Q3) – the number halfway between the middle number and the highest number.

2. Channels:

<p>a. Branch</p> <ul style="list-style-type: none">• Al Rajhi Bank• Bank Islam• Bank Muamalat• HSBC Bank• OCBC Bank• Public Bank	<p>b. Self Service Terminals (SST)</p> <ul style="list-style-type: none">• Al Rajhi Bank• Bank Islam• Bank Muamalat• Bank Simpanan Nasional• CIMB Bank• Standard Chartered Bank
<p>c. Online Banking</p> <ul style="list-style-type: none">• Affin Bank• Al Rajhi Bank• Maybank• OCBC Bank• Public Bank	<p>d. Mobile Banking</p> <ul style="list-style-type: none">• Al Rajhi Bank• HSBC Bank• MBSB Bank• OCBC Bank• Standard Chartered Bank

6. Other Findings

In 2023, additional assessments were included in the CSS to provide a better perspective of the current retail banking landscape in Malaysia. The following are the findings: -

a. Complaint Management

In 2023, the number of complaints lodged with banks within the past 12 months declined to 2% compared to 3% in 2019. Among customers who made a complaint, 89% indicated their complaint was resolved to their satisfaction. The top two reasons for customers lodging a complaint with their banks are due to loss of debit or ATM cards and interruptions faced when conducting digital transactions. Overall, customers' satisfaction towards services received for complaint resolution has increased from 63% in 2019 to 76% in 2023.

b. Fraud or Scams Related Communications

57% of consumers indicated receiving communication on awareness or advice from their banks on fraud/scams. Nearly all consumers who received such communication also practiced the safety-related advice they were given. Most consumers (70%) preferred receiving notifications via SMS, while the remaining (44%) preferred receiving notifications through push notifications via mobile applications.

c. Digital Channel Consumption

There has been a change in consumer behaviour, with more than half of consumers indicating that they are using SST, Mobile Banking Applications, and Online Banking channels more frequently after the pandemic. With the higher adoption of digital platforms, it is encouraging to see that consumer satisfaction

with regards to the support provided for these digital platforms is reflected in a high score of 90%.

d. Financial Inclusivity for Customers with Disabilities

To ensure individuals with disabilities have equal access to financial services and are not excluded from the financial system, questions related to individual disability was added. 98% of the consumers that were being interviewed claimed that they do not own any disability, while the remaining 2% of consumers refused to provide an answer.

Way Forward

Key points to focus on moving forward, based on the Malaysian Retail Banking Industry's CSS 2023 results:

1. Improving Consistency in Service Deliveries

Ensuring consistent service deliveries across all customer interaction points is vital to enhance the overall customer experience. Banks will continue to ensure all its channels, both physical and digital, are well equipped to manage all types of customers' requests and/or interaction. By implementing a real-time customer feedback mechanism, banks can promptly address issues and ensure optimal performance across all channels. Continuous development of frontline staff soft and hard skills is essential for further enhancing the customer experience.

2. Digital Banking Enhancement

Given the increasing adoption of digital platforms, it is crucial to prioritize the enhancement of online and mobile banking channels. Ensuring stability, speed, and user-friendliness will likely lead to increased customer satisfaction. Strengthening these digital platforms and providing a diverse range of digital offerings will enable banks to reach a wider customer base.

3. Emotional Engagement

Banks will continue to build a stronger emotional connection with its customers by focusing on key emotional drivers, i.e. making them feel valued, respected, and empowered to make own decisions, which can lead to increased loyalty and advocacy.

4. Awareness and Implementation of the Charter

Increasing awareness and adherence to the Charter's Four Pillars can help to ensure high standards of service and customer satisfaction. Banks must continue to focus on knowing their customers, providing timely and efficient services, being transparent and personable, and making banking accessible. To further enhance customer

experience, specific focus is needed to shorten the loan application turnaround time as it is the only parameter with a decline compared to the CSS 2019 results.

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

By addressing these areas, the Malaysian retail banking industry can continue to build on the positive trends identified in the 2023 survey and work towards even higher levels of customer satisfaction and industry performance.