An Ipsos Perspective Edition:
The Role of Customer Experience in Shaping Success in the Retail Banking Sector
Banking in JORDAN

Introduction
A NOTE ON THE STUDY: BANK PULSE

The banking industry globally is dynamically changing. These changes are both a factor of the technological infiltration as well as the evolving end consumer. The penetration of new financial technology (Fintech) startups and payment gateways has shaken the sector up. Other hot topics, such as dealing with millennials and creating a solid digital experience, are reshaping banking strategies worldwide.

To better understand where the Jordanian banking sector sits amongst all this change, Ipsos in Jordan completed another wave of the Bank*Pulse™ study. This syndicated effort, provided an in-depth banking examination which comprehensively studied the banking sector in terms of market share, key products penetration levels, awareness of different banking institutions, perceptions regarding the best bank in Jordan, mobile banking usage, along with other emerging trends.

Most importantly, the study underscores customer experience on an overall sector level, while examining the needs of today’s customers within the current banking journey. The following highlights some of the key findings and themes uncovered in this effort, coupled with other internal and external sources that are used to solidify the Ipsos POV.
Banking in JORDAN

Key Insights
Jordanians Struggle To Meet Their Daily Financial Obligations

According to Ipsos’s Jordan Consumer Sentiment Index report for Q1 2019, the majority believe that their current financial situation is weak, lacking the financial means to spend as much as they need to.

Ability to spend on leisure (clothes, activities, entertainment) has decreased by 32% over the past year, while spend on necessities has increased by at least 60% for Food, Transportation, and Utilities.

57% of Jordanians rate their personal financial situation as WEAK*

*JCSI Q1 2019 REPORT

Expenditure Over Past 12 Months

- Utility Bills (Ex. Electricity bills, Water bills): 84.2% Increased, 3.4% Decreased
- Transportation: 70.3% Increased, 3.4% Decreased
- Food & Beverages (Groceries): 57.3% Increased, 18.8% Decreased
- Household Products (Household Hygienics): 40.9% Increased, 6.9% Decreased
- Entertainment & Leisure Activities: 35.3% Increased, 31.0% Decreased
- Fashion Products: 34.6% Increased, 32.4% Decreased
- Telecommunication Bills: 33.2% Increased, 4.9% Decreased
- Personal Care (Ex. Lotion, Makeup… etc.): 27.8% Increased, 13.7% Decreased
And Many Report A Lower Ability To Spend On Major Purchases...

The mainstream sentiment amongst Jordanians over the past year has not changed, and the challenge of spending on major purchases has not been alleviated. Many are abstaining from major purchases such as large household items or other investments like cars and houses.

**Ability to Make a Major Purchase**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>89.5%</td>
<td>88%</td>
</tr>
<tr>
<td>Q2</td>
<td>91.5%</td>
<td>92.5%</td>
</tr>
<tr>
<td>Q3</td>
<td>89.2%</td>
<td>88.5%</td>
</tr>
<tr>
<td>Q4</td>
<td>87%</td>
<td>86.5%</td>
</tr>
</tbody>
</table>

**Ability to Buy Household Durables**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>82.9%</td>
<td>81.2%</td>
</tr>
<tr>
<td>Q2</td>
<td>91.5%</td>
<td>90.7%</td>
</tr>
<tr>
<td>Q3</td>
<td>89%</td>
<td>88.5%</td>
</tr>
<tr>
<td>Q4</td>
<td>87%</td>
<td>86.5%</td>
</tr>
</tbody>
</table>

*JCSI Q1 2019 REPORT*
A Situation That Is Driving The Need For More Loans, Even Amongst Those Who Have Bank Accounts..

Loan Ownership % Amongst those who are Banked

- 2014: 25%
- 2018: 36%

% Type of Loans Owned

- **House Loan**
  - 2014: 23.4%
  - 2018: 23.6%

- **Car Loan**
  - 2014: 19.2%
  - 2018: 27.1%

- **Personal Loan**
  - 2014: 55.2%
  - 2018: 52.7%

- **Other Loans**
  - 2014: 4.8%
  - 2018: 2%

34% Of those who are banked intend to take a new loan in the next 6 months
Yet, the Majority are Unhappy with the Variety of Banking Products/Services Out There...

Despite a Rich & Advanced Banking Portfolio...

- Installment Facilities
- Lifestyle Loans
- Deposits & Saving Accounts
- Salary Accounts
- Banc-assurance
- Rewards Programs
- Segment Programs
- Credit & Prepaid Cards
- Portfolio Management
- Smart Branches
- Self Service Kiosks
- Education Support
- Mobile Wallet
- Online banking
- ATMs
- Call Center
- Mobile Banking
- SME Starter Kits

2/3 of those who are banked are dissatisfied with the variety of products and services at their main bank
Jordan ranks amongst the **bottom 10 countries** (of those surveyed globally) when it comes to financial knowledge.

There is clear correlation between financial literacy and financial engagement; **one cannot be improved without the other.**

Financial literacy score for adults with a bank account is **10% higher** than for those without an account.

The satisfaction of **savvy bankers** (who own credit cards & use digital channels) with the variety of banking products and services is **25% higher** than that of the average banker.

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*OECD INTERNATIONAL SURVEY ON FINANCIAL LITERACY
GIZ & CBJ 2017 Financial Inclusion report*
Several Efforts Have Been Set In Motion To Improve Financial Education & Usage Across Jordan.

CBJ to launch financial awareness campaign for women Saturday

Amman, Mar. 4 (Petra) — The Central Bank of Jordan (CBJ) will on Saturday launch an awareness campaign titled “Be the Change” on the occasion of International Women’s Day to disseminate and enhance financial literacy among women.

According to a statement the CBJ released Monday, the campaign aims to raise financial capabilities across all strata of society and highlight the importance of enabling some 3 million women in the Kingdom to access financial and banking services responsibly.

This will have a significant impact on promoting financial inclusion for women and bridging the gender gap in access to financial and banking services, it added.

INJAZ, Brookings Institution launch financial education lab

AMMAN — INJAZ and the Centre for Universal Education at the Brookings Institution on Monday launched a development and expansion laboratory in Jordan. The lab aims to help develop tools and instructions for policymakers on how to expand the scope of a financial education programme in schools.

The initiative was the result of a partnership between the Education Ministry, the Central Bank of Jordan (CBJ) and INJAZ, the Jordanian News Agency, Petra, reported.

CBJ launches financial awareness campaign for youth

Amman, Apr. 21 (Petra) — The Central Bank of Jordan (CBJ) on Sunday launched an awareness campaign titled “Towards A Financially Literate Youth 2” on the occasion of the Arab Financial Inclusion Day, in cooperation with several banks and financial institutions subject to CBJ’s supervision.

The campaign comes within the bank’s efforts to raise financial capabilities across all strata of society, enhance societal financial literacy, and continuing the awareness campaigns targeting university students which began last year, a statement CBJ released said.

Financial education added to curricula at 3,387 private, public schools

Move aimed at creating financially savvy generation

AMMAN — New financial literacy is seen as a prerequisite for comprehensive development and economic growth, students from the 6th to the 10th grades are now being introduced to financial education.

Money management, saving and other basic financial skills are being taught as part of the Financial Education Programme, introduced in more than 3,387 students nationwide as part of the curricula.

Money managerial review was the initial launch of the programme, which is initiated by the Socio-Financial National Committee in cooperation with the Education Ministry and INJAZ.

The initiative, led in part by the Central Bank of Jordan (CBJ) strategy for financial inclusion, is designed to improve financial awareness, protect savers’ interests and support online payments.

“The financial educational material introduced to students helps bridge the gap between financial knowledge and behaviours, while acquainting students with basic economic and financial concepts, such as financial planning and investments,” said CBI Governor Jad Fareh.
Yet, Even Amongst Those Who Are Banked, There is Clear Need for Simplification...

Many of those who are banked report detachment from product-centric messages, and 40% believe that they do not get the required financial advice from bank representatives, who tend to focus more on sales and improving the bank’s bottom line.

1 in 3 millennials find it difficult to manage their finances**

** Ipsos Jordan Millennials Study 2017
The Convenience of Emerging Non-Banking Financial Solutions is Attracting a Large Portion of Unbanked Segments...

A movement that is mainly driven by e-commerce activity.

16% Conducted an e-commerce activity in past 6 months

67% of e-commerce users, pay through Cash on Delivery

Profile of Cash on Delivery Users

64% are women
74% are below 30

Ipsos Jordan 2019 Tech Tracker
And This Convenience/Simplicity is Also Translating into the Bank Selection Process

Today we are witnessing a shift toward choosing banks for good customer care as well as easy and swift procedures, rather than passive banking based solely on salary transfer or bank reputation.

Revisiting back-end procedures, working on digital touchpoints and empowering front liners, is more important than ever to keep up with the continuously evolving customer.
Simplicity is Also Reshaping How Customers Choose to Interact With Banks Today...

The growth in digital banking over the past four years is crystal clear.

This finding is in line with the fact that smartphone penetration is at 90%* in Jordan and that 63% of bankers are unhappy with waiting times at branches.

Today, digital banking growth is driven by younger customers (70% of users are aged between 18 and 39 years) and higher income customers (40% earn over 800 JOD per month).

<table>
<thead>
<tr>
<th>Methods of Interaction With the Bank</th>
<th>% Growth between 2014 &amp; 2018</th>
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<tbody>
<tr>
<td>Call Centre</td>
<td>+75%</td>
</tr>
<tr>
<td>Visiting the Branch</td>
<td>+1.4%</td>
</tr>
<tr>
<td>ATM</td>
<td>+13%</td>
</tr>
<tr>
<td>Internet Banking Service</td>
<td>+237%</td>
</tr>
<tr>
<td>Through Social Media</td>
<td>+580%</td>
</tr>
<tr>
<td>The Bank’s Official Website</td>
<td>+109%</td>
</tr>
<tr>
<td>Mobile Banking Application</td>
<td>+700%</td>
</tr>
</tbody>
</table>

*Ipsos Tech Tracker Report 2018
Customers Today are Seeking an End to End Effortless Experience...

4 in 10 Banking Customers in Jordan Believe They Put Forth More Effort Than Their Banks

During the customer journey mapping process, providers need to ensure the right balance between customer and company effort. When customers believe that their bank puts more effort than they do, loyalty is directly improved. Presently, around 40% of bankers in Jordan believe they put more effort than their bank, something that needs to be addressed. Globally, the provision of a seamless banking experience has become the number-one priority for bankers.
Something More Evident for Digital Touchpoints Than Traditional Ones...

Despite the advancements in the banking industry over the past years, overall customer satisfaction scores have been immobile.

Yet, those who bank online generally have higher satisfaction with their bank than those who exclusively interact with banks through branches.

Mobile banking application users are extremely favorable of banking fully online if the right capabilities are provided.

Seeing as lack of knowledge on how to use these channels is the primary reason for not banking through them, banks need to make the digital user experience as easy as possible, and direct more efforts towards educating and engaging clients regarding digital channels.

Over 80% of customers who use mobile banking are likely to bank completely online if provided with the required digital platform.

Overall Satisfaction With Main Bank

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2014</th>
<th>2018</th>
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<tbody>
<tr>
<td>7.5/10</td>
<td>7.8/10</td>
<td>7.7/10</td>
<td></td>
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</table>

% Customers Delighted With Main Bank – By Type of Banking Channel Used

<table>
<thead>
<tr>
<th>Channel</th>
<th>2010</th>
<th>2014</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online Banking</td>
<td>53%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Branches</td>
<td>39%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Customers Delighted With Main Bank – By Type of Banking Channel Used

- 7.5/10 for 2010
- 7.8/10 for 2014
- 7.7/10 for 2018
To Succeed, Banks Need to Position the Customer at the Heart of the Operation

Based on Ipsos’s global benchmarks, strengthening the relationship with customers drives positive business outcomes.

This is particularly important given that 25% of those who are banked in Jordan deal with more than one bank. Committed customers tend to give brands a far greater percentage of their spend. Factoring CX metrics into annual reviews is vital to stay ahead of the game!

Share of Spend by Relationship Strength

- Low Relationship Strength
- Medium
- High Relationship Strength

Source: Ipsos Benchmark Database - Banks
Final Thoughts

1. Banks should assume a more prominent role in facilitating the dissemination of financial knowledge. This should translate into the communication with the general market as well as into providing the right financial advice to their own customers.

2. Creating new innovative products as well as simplifying current ones, will allow banks to match the evolving customer needs, unlocking traditionally dormant unbanked segments and improving financial inclusion across the country.

3. Simplification should become a key strategic pillar, factored into banking products, communication as well as procedures, which will lead to a stronger relationship with clients and increase loyalty and share of spend.

4. Success in the coming period will only be secured through providing the right digital toolkit that will allow for an effortless banking journey and serve as the gateway towards better financial engagement.
A Note on the APPROACH

Methodology

The study was conducted through Computer Aided Telephone Interviews

Results were captured in Q4 2018

Sample

The sample achieved is 3000 retail banking customers across Jordan. This sample is representative of the Jordanian banking population*, with the following criteria controlled in the selection process:

- Main Bank
- Geographical Area
- Age
- Gender

*Representation of the banking population is based on the results of the Ipsos national media analysis and in comparison to previous similar efforts done by Ipsos – Bank pulse 2014/2015 as well as Bankscape 2016
For more information about this study, please contact

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