SOUTH AFRICAN BANKING SENTIMENT INDEX

2021



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FOREWORD

Over the past year, ample progress has been made in rolling out a comprehensive market conduct regulatory framework against which the Financial Sector Conduct Authority (FSCA) could monitor, assess, and manage conduct across the South African banking sector. Of noteworthy mention is the Conduct Standard for Banks, which was implemented in a piecemeal fashion, with the final sections having come into full effect on 3 July 2021.

The Conduct Standard is designed to roll out, in sequence, the six Treating Customers Fairly (TCF) outcomes throughout the typical lifecycle of a financial product in its entirety. This means South African banks have been challenged to prioritise the principles of TCF across multiple areas of market conduct and risk. This shift of focus to customer-driven outcomes is a strategic imperative of the Conduct Standard, having already started to address various gaps in the market, including:

- 1. The termination of accounts without proper reasons given to customers;
- 2. Lack of process in handling of dormant accounts;
- **3.** Management and handling complaints processes; and
- **4.** System downtime impacting on customers.

Among the final sections implemented from July 2021 is Section 8, which relates to the regulation of customer complaints. The Conduct Standard defines a complaint as "an expression of dissatisfaction relating to a financial product or service provided or offered by a bank" which alleges that the bank or its service provider has treated the person unfairly.

In line with South Africa's growing digital adoption, not least fuelled by the COVID-19 pandemic, these complaints are increasingly being lodged on social media platforms. In fact, according to DataEQ,

half (50.1%) of all sentiment-bearing consumer conversation in 2021 contained a conduct theme.

To ensure that the extent and nature of these social media complaints is accurately captured, the FSCA has adopted a data-driven strategy that includes the monitoring and identification of all TCF-related conversations on social media. In addition to gaining valuable insights on an industry-wide level, this strategy has proven useful in helping to highlight areas of concern among individual banks.

Considering DataEQ's Index finding that only 43% of priority tweets received a public response from banks, the FSCA is looking into this issue, while bringing it to the banking sector's attention. Along with its mystery shopping exercises, the FSCA now uses social media as a key supervisory instrument to determine whether products and services promote fair customer outcomes. Social media has also given the regulator and banks a platform to share consumer education that empowers banking customers.

No South African should be left behind or barred from the convenience and benefits of banking products or services due to lack of access to internet and digital platforms. Improved USSD/Distribution channels for such marginalised clients will go a long way in alleviating this challenge.

All banks are hereby urged to keep revisiting and reviewing their compliance processes to ensure that all possible complaints channels, including social media conversations, are monitored adequately as required by the Conduct Standard.

Kedibone Dikokwe
Divisional Executive – Conduct of Business Supervision
The Financial Sector Conduct Authority

↑ FSCA



KEY INSIGHTS

2 791 026 social media posts about banks

565 378 mentions analysed for sentiment by DataEQ's Crowd

389 061 mentions processed for **customer experience** themes

259 073 mentions processed for risk themes

83 249 mentions verified for market conduct

Highest

0.2%

Absa

Net Sentiment





Lowest

-18.4%

FNB

Operational Net Sentiment

-4.3%

African Bank

Top performer



Reputational Net Sentiment

14.5%

TymeBank

Best response rate

63.1%

Nedbank

Response rate



Worst response rate

28.0%

TymeBank



28.0%

increase in demand for social service in 2021



188 649

priority Twitter posts published by banking customers



50.1%

of sentiment-bearing conversation contained a conduct theme



INTRODUCTION

A second full year of the coronavirus pandemic saw South African banks grapple with many of the same challenges they'd faced in 2020. Having had time to adapt, however, COVID-19 was no longer an acceptable excuse for poor digital customer service in 2021.

As people settled into their new socially-distanced normal, the reliance on digital customer service channels continued to grow, with social media platforms fast becoming a preferred service channel for many. The banking industry was no exception. Over the past year, banking customers posted an estimated 188 649 priority Twitter posts, representing 28% growth in service conversations - 38% when including risk mentions.

This year's index saw significant movement in rankings - testament to the increasingly competitive nature of the industry. Based on over 2.7 million social media posts, the sixth annual South African Banking Sentiment Index continued to unpack consumer sentiment on social media towards the country's major retail banks and new digital entrants.

Furthermore, following on from the market conduct focus of last year's report, there is once again a dedicated analysis of the banks' adherence to the new outcomes-focused regulations, which came into full effect on 3 July 2021.

Having worked closely with the Financial Sector Conduct Authority (FSCA) over the past year to accurately define the categories of Treating Customers Fairly (TCF) outcomes, DataEQ believes that the efficient management of online service requests will become an increasingly important focus area for banks in the coming years.



INDUSTRY OVERVIEW



The power of campaign conversation

When looking at which events drove significant online conversation across the banking industry in 2021, it was observed that marketing campaigns featuring competitions and giveaways attracted widespread participation from social media users. Absa's #WeDoMoreWednesdays, #LoveFNB, and Standard Bank's #ItCanBe were the causes of the most prominent peaks in conversation over the whole period.

This can be seen on the below chart, which displays the monthly volume of non-enterprise conversation for each of the eight banks, with call outs of key events.

Banking industry conversation volumes

120 000 #LoveFNR Capitec's affordability was questioned in viral tweet 100 000 #WeDoMoreWednesdays **/olume of mentions** #ItCanBe 80 000 Double #NedbankMustPay trends off Standard Bank sees deductions impact rejected business insurance claim backlash over East banking industry 60 000 African Crude Oil Double deductions affect Standard Pipeline Bank clients 40 000 20 000 #Tyme3Million #YouthTvme Basani Maluleke resignation Sep 20 Oct 20 Nov 20 Dec 20 Feb 21 Mar 21 Apr 21 May 21 lul 21 Aug 21 Absa — African Bank — Capitec Bank — Discovery Bank FNB — Nedbank — Standard Bank — TymeBank

Absa and FNB successfully leveraged campaigns that incentivised consumers to give positive feedback or promote products in order to be entered into competitions. What was particularly interesting about these campaigns, is that they created mentions on social media that appear to be organic recommendations.

*Conversation excludes enterprise mentions

For example, a post requiring customers to answer the question, "How much life cover can one get on digital platforms?" attracted consumer mentions such as, "You can get R4 million life cover via the app!". This strategy allowed brands to target positive sentiment towards particular products by using ordinary consumers like brand ambassadors.

Another key conversation driver was the issue of double deductions. Capitec and Nedbank clients were most vocal about duplicate transactions in September 2020, and Standard Bank customers in March 2021.

Public backlash in response to actions by banks also caused large surges of conversation. Most notably, Standard Bank was condemned for its involvement in the East African Crude Oil Pipeline. Social media users also put pressure on Nedbank to explain themselves after rejecting a business insurance claim, while the public demanded to know more about the circumstances that led to African Bank CEO Basani Maluleke's resignation.

In terms of conversation volume, FNB held the most significant share of public social media conversation at 26.3% or 650 000 mentions, followed by Absa with 20.6% (just over 500 000 mentions). Discovery had the smallest share of conversation at 12 000 mentions, or roughly 0.5% of the total conversation.



Net Sentiment remains negative for the banking industry

In 2021, the banking industry experienced more negative conversation than positive, resulting in an industry Net Sentiment of -7.5%. That said, the industry seems to be on the right path, having shown an improvement in average Net Sentiment for the second consecutive year.

The below table shows the ranking of each bank according to Net Sentiment, split into public, operational, and reputational sentiment. Public Net Sentiment is the overall customer satisfaction metric, calculated by subtracting all negative sentiment from positive sentiment. Reputational conversation includes online press coverage, owned and earned PR and marketing efforts, and publicity generated by social responsibility efforts, whereas operational conversation refers specifically to feedback about the customer's experience of business operations.

Net Sentiment Rankings

	Net Sentiment Kankings	Net Schaller Rankings		
Public	(Operational	**** Reputational		
1 Absa	1 African Bank	1 TymeBank		
2 African Bank	2 Nedbank	2 Nedbank		
3 TymeBank	3 Absa	3 Capitec Bank		
4 Nedbank	4 TymeBank	4 Absa		
5 Capitec Bank	5 Capitec Bank	5 Discovery Bank		
6 Discovery Bank	6 Discovery Bank & FNB	6 African Bank		
7 Standard Bank	7 Standard Bank	7 Standard Bank		
8 FNB		8 FNB		

Rankings according to sampled Net Sentiment. Actual rankings may differ within margin of error where scores are similar.

Absa takes first place overall

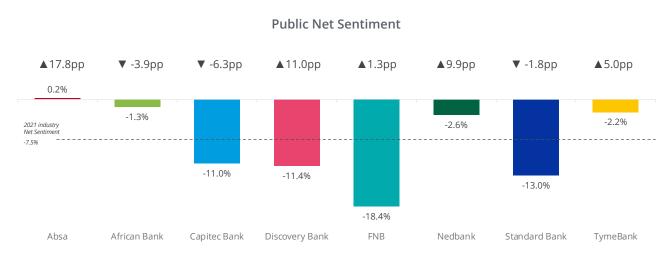
Seeing the greatest improvements overall this year was Absa, having climbed the ranks both operationally and reputationally to take first place in the index. However, testament to the aforementioned powerful impact of campaign conversation, Absa would have placed sixth rather than first if not for #WeDoMoreWednesdays.

The biggest improvement in terms of size was Discovery Bank's operational improvement of 23.9 percentage points, which saw it move up from eighth last year to sixth this year.



TymeBank leverages influencers to top reputational sentiment

In terms of reputational sentiment, TymeBank scored the most positively by a large margin. The digitally-focused bank used more than 20 social media influencers as brand ambassadors to drive positive content about its products. This strategy boosted reputational sentiment by 3.8 percentage points over the year and secured TymeBank third place overall in the 2021 index.



*Arrows indicate percentage point change from 2020

Despite an increase in Net Sentiment of 1.3 percentage points, FNB still found itself with the lowest Net Sentiment across the board at -18.4%. Discovery logged an 11 percentage point increase in public Net Sentiment compared to its 2020 figure to come in at –11.4% Net Sentiment overall.

Failure to improve sees Standard Bank fall behind

Standard Bank saw only a minor 1.4 percentage point decline in public Net Sentiment but was overtaken by competitors Absa, Nedbank, and Discovery Bank as a result. This speaks to the fact that advancing in the ranks was more difficult than declining this year. It took an average of a 5.1 percentage point Net Sentiment improvement to climb one rank, while on average a 3.4 percentage point decline was enough to drop a rank.

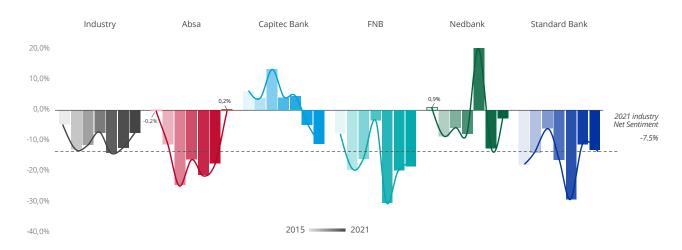
Coming in at fourth, Nedbank should be congratulated on a hard-won position - they showed a 9.9 percentage point improvement in overall Net Sentiment, but only advanced by one place as a result compared to last year's results.



Capitec's fall from grace

Capitec, on the other hand, saw a major drop in operational sentiment of 18.6 percentage points from 2020. From scoring a negative Net Sentiment for the first time last year, Capitec surpassed a new benchmark this year, scoring lower than the industry average for the first time.

Net Sentiment towards each of the big five banks: 2015-2021





-25%

The battle of the new entrants

African Bank

When analysing trends in sentiment towards the new entrants, a similar pattern was observed for Discovery Bank and TymeBank: both launched in 2019; became established in 2020; and saw significant improvement in 2021. This can be seen on the following graph, which displays Net Sentiment towards each of the three smaller or new entrant banks over the last three years.

2,6% 2,6% 2 2% -1.3% -2,2% -7.2% -10% -11,4% -15% -15,7% -20%

Net Sentiment for new entrant banks over time

*Historic figures based on figures report in 2019 and 2020 banking indices.

■2019 ■2020 ■2021

-22.3%

Discovery Bank

In 2019, Discovery's shareholder policies caused negativity prior to the bank's launch, while TymeBank was able to drive more positive anticipation. In 2020 both banks suffered declines in Net Sentiment brought on by likely hurdles in establishing new systems. Discovery's hurdles were considerably more negative than TymeBank's. In 2021, however, both banks have seen recoveries to their Net Sentiment scores. For Discovery, improvements were operationally driven, while TymeBank saw reputational gains.

African Bank, a long established bank in comparison to the new entrants, experienced stable sentiment scores in 2019 and 2020, but a decline in Net Sentiment in 2021. This resulted in African Bank experiencing the greatest drop in rankings this year, losing four places in reputational Net Sentiment, to sixth.



TvmeBank

12.5% of industry churn conversation compared banks

When it came to analysing industry churn conversation, 12.5% of all mentions contained a comparison between two or more banks. The below analysis shows what percentage of total industry churn conversation that mentioned at least two banks included cancellation intent towards the banks displayed on the left of the diagram, and purchase intent towards banks mentioned on the right of the diagram. The width of the chords connecting banks are indicative of the volume of conversation.

Banks customers are leaving Banks customers are joining African Bank Discovery Bank TymeBank FNB Standard Bank Capitec Bank Capitec Bank Standard Bank Nedbank Ahsa Nedbank TymeBank Discovery Bank African Bank

Intended movements of customers across the banking industry

*Percentage is of total industry churn conversation mentioning at least two different banks

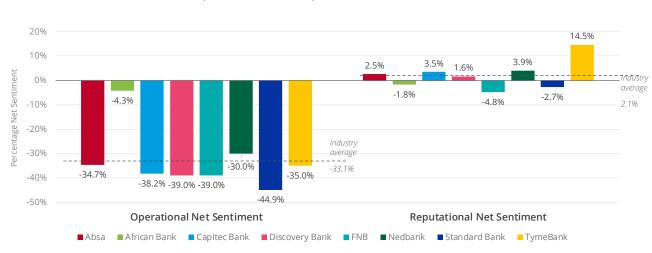
Customers looking to join Discovery, African Bank and TymeBank largely seemed to be looking for alternatives to large traditional banks. Customers considering signing up with TymeBank were most likely to come from Capitec. Conversely, Discovery Bank was mostly likely to see interested new customers coming from FNB.

Another interesting finding here was that customers talking about leaving Capitec and Standard Bank were most likely to speak about signing up with FNB. Historically, FNB has been a primary source of Capitec customers, but this has seemingly flipped, and FNB appears to be attracting customers from Capitec.



African Bank performs well operationally

Despite dropping down the ranks of overall Net Sentiment, African Bank performed well above industry average in operational sentiment, as can be seen on the below graph.



Operational and Reputational Net Sentiment

African Bank's high operational Net Sentiment score is as a result of customers looking to sign up for one of their products, which made up 23.6% of the bank's operational conversation. That is nearly four times higher than the rest of the industry, who had purchase queries consisting of around 7% of operational conversation.

Standard Bank faces operational challenges

Standard Bank experienced the most negative operational Net Sentiment at -44.9%, while Discovery was on par with FNB, scoring -39% for operational sentiment.

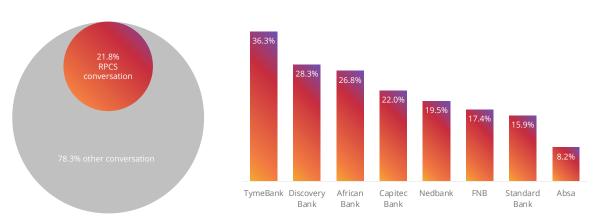
Scoring the best in reputational sentiment, TymeBank primarily leveraged brand ambassadors to drive positive content about the bank and its products. Influencers boosted reputational Net Sentiment by 3.8 pp over the entire year. 82% of the reputational conversation consisted of posts or engagement with one of twenty brand ambassadors.



PRIORITY CONVERSATION

Priority conversation is defined as mentions that either presented a risk to the bank, provided an acquisition opportunity, a chance to mitigate churn, or included a service query. Overall more than a fifth of banking industry conversation contained a priority theme. This means that the other four fifths of mentions, including reshares, represent noise in terms of customer experience. TymeBank received significantly higher than average levels of priority conversation at 36.3%.

Percentage of all verified conversation containing RPCS* themes



In comparison, Absa recorded markedly less than average at 8.2%. Considering the volume of priority conversation from this perspective highlights the impact of noise.

Mentions that presented a risk to banks comprised 15.4% of priority conversation on average. Absa and Standard Bank attracted the largest proportions of risk conversation at 27.0% and 21.0% respectively. African Bank, TymeBank, Nedbank, and Discovery Bank all enjoyed low-risk distributions.

An overwhelming 96.3% of priority conversation across the industry consisted of a service theme. This included customers providing feedback on their experience, or customers requesting service via a social media channel. Risk mentions also frequently featured a service request. This was most prominently in complaints about system downtime in which customers asked when services would be restored.

*RPCS: Risk, Purchase, Cancel and Service



3 7% of industry priority conversation comprised of cancellation threats

Service requests increased, while cancellation threats decreased

Evidently, banking customers have become more inclined to use social media as the first port of call for service. From 2020 to 2021, cancellation threats nearly halved their contribution to all priority conversations, comprising just 3.7% of industry priority conversation. Instead, customers asking for help to resolve their queries increased. African Bank experienced the fewest cancellation threats at 1.4%, while Discovery Bank experienced the most at 6.5%.

The increased service focus may indicate that authors posted on social media sooner in the customer journey, before matters escalated to cancellation threats. However, there was also less demand for new banking products across the industry. In 2020 7.5% of all priority conversation contained a purchase intent, while in 2021, this declined to 6.7%.

of industry priority conversation comprised of purchase queries

African Bank flooded with acquisition opportunities

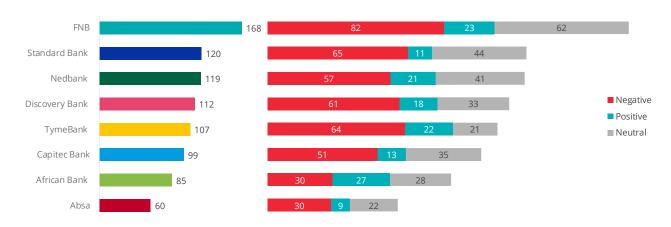
Purchase gueries comprised 6.7% of priority conversation across the industry. African Bank received an outstanding proportion of purchase requests at 23.6% of their priority conversation. This was also apparent when analysing African Bank's operational Net Sentiment scores. FNB experienced the smallest proportion of purchase requests at 2.8% of their priority conversation.





When analysing customer experience (CX) social media posts, it's important to remember that not all banks had the same levels of online activity. For every 10 000 FNB clients, 168 CX posts were published to social media over the last year. Comparatively, for every 10 000 Absa clients only 60 CX posts were published to social media. This suggests that an FNB client was 2.8 times more likely to post about their experience on social media than an Absa client.

Operational and reputational Net Sentiment



^{*}Mentions where the author has explicitly spoken about their customer experience. Numbers of CX mentions are extrapolated from a random sample. Customer base sizes from financial results publicly reported.

As can be seen in the charts above, the two digital banks - Discovery Bank and TymeBank - had high levels of customer activity on social media, but not as high as traditional banks FNB, Standard Bank, and Nedbank.

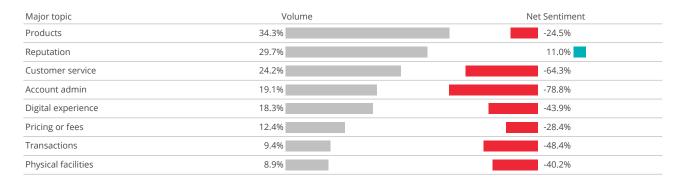
FNB, Standard Bank and TymeBank saw the most customer complaints per 10 000 customers, while African Bank received the most positive customer experience conversation from authors looking to sign up. Standard Bank and Nedbank received high volumes of neutral queries.



Product and reputational themes dominated CX conversation

Mentions about products were the most common theme in industry conversation, with debit cards proving to be the most mentioned product, followed by loans/credit solutions, and then home loans.

Major topics analysis



TymeBank had the most positive sentiment in this regard as customers expressed interest in taking out credit products from TymeBank. FNB, on the other hand, experienced the most negative sentiment towards its loans as authors reported that they were declined despite being FNB clients, while receiving offers from competing banks. Conversation prompted by accusations of racist costing and overcharging of black clients, driven in part by financial investigator and influential Twitter author, Emerald van Zyl, resulted in customers reporting difficulties managing their home loans.

The product which received the most positive conversation was business banking. This was due to high volumes of purchase interest. African Bank received the most positive Net Sentiment, while FNB scored most negatively in this area.

Reward programmes was another category achieving high levels of positive sentiment. A campaign which rewarded customers with points for tweeting #UCount saw Standard Bank achieve the most positive Net Sentiment. Capitec had the next most positive Net Sentiment towards reward programmes due to positioning benefits such as fuel rewards as less complicated than competing reward programmes through its End Hoops campaign.

Conversation that described reputational themes, including referrals and dissuasions, brand comparisons, charity or outreach programmes, business innovation and company financial performance, made up the second largest proportion of conversation across the industry, and was net positive. Due to large volumes of ambassador-originating content, the number of positive referrals from one consumer to another was the largest positive topic in reputational conversation. On the other hand, brand comparisons tended to be more negative. This included customers stating that "Bank X was the worst bank in the industry". Here, Capitec and TymeBank were the most positively spoken about banks, while Standard Bank saw the largest volumes of negative industry comparisons. Customer service was the third-largest and second-most negative topic across the industry. Standard Bank, TymeBank, and Absa saw the lowest Net Sentiment scores for customer service, while Nedbank scored 15% higher than the industry average.



Digital customer experience was a low point

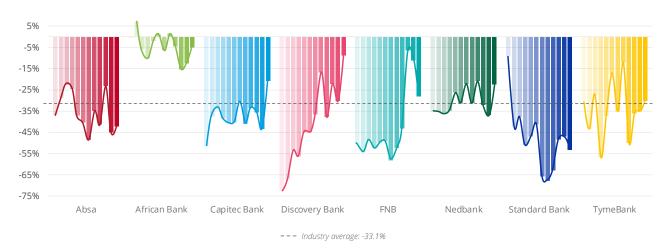
While the industry's operational score was -33.1%, digital experience - a part of the overall customer experience - came in at -43.9%. The 10% lower Net Sentiment score for digital experience than general customer experience suggests that digital banking was a low point of the customer experience. This was largely due to digital platforms, predominantly banking apps, which prevented customers from transacting. Capitec was the focus of the majority of digital experience conversation, but did not receive the lowest Net Sentiment. African Bank and Discovery both offered the worst digital experiences. Among large banks, Standard Bank saw the most negative digital experience, while Nedbank offered the most positive experience.

Account admin was a major pain point for customers

Account admin was the most negatively discussed topic, consisting of themes related to account irregularities, refunds or reversals, charge or fee disputes, outstanding debt or settlements, and required documentation. Customers that reported fraud or unexpected transactions also frequently complained of the associated fees. Further, customers attempting to change their contact details often expressed frustration at needing to go into the branch to do so.

Looking at monthly operational sentiment for each bank, some of the key factors that impacted customer service over the year can be further unpacked.

Monthly operational Net Sentiment



Standard Bank consistently below operational industry average

Standard Bank's operational sentiment remained well below the industry average for most of the year. Up until March 2021, Standard Bank's operational Net Sentiment showed a declining trend. In March, double deductions took place, and the following months saw instances of downtime occurring at increasing frequencies.



From April 2021, FNB's operational sentiment saw very rapid improvement. The #LoveFNB campaign encouraged clients to share positive experiences with FNB to enter competitions. When excluding conversation generated by this campaign, FNB's operational Net Sentiment does show improvement from December 2020 but remains below industry average throughout.

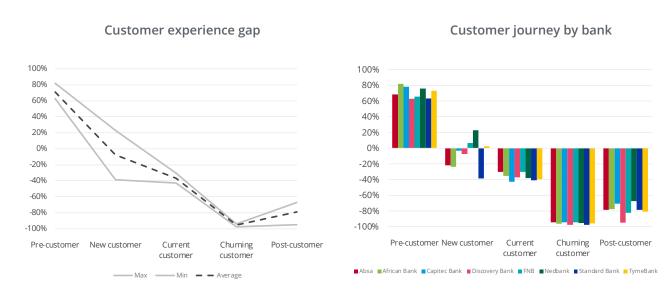
Discovery Bank shows operational growth and stabilisation

Discovery Bank recorded the lowest monthly operational sentiment in September 2020 due to a high prevalence of complaints about turnaround time, no response received, and customers having to engage with multiple contacts at the bank. The combination of these themes represented customers who got stuck in customer service loops and had to make numerous attempts to contact the bank via different channels.

These types of complaints, however, eased through the year, contributing to Discovery's operational sentiment improvement. Another contributor to this growth was an increase in positive comparisons to the rest of the industry brought on by the bank's first-in-industry introduction of ApplePay in April 2021.

New customers had the most variable experiences

Different stages of the customer journey held different experiences depending on the bank.



Current customers made up the majority of the conversation about banks, with FNB recording the highest existing customer Net Sentiment at -30.2%, while Capitec Bank saw the most negative at -42.7%.

However, this range of experiences is small in comparison to the new customer journey phase, which had some banks such as Nedbank score positive scores of 22.9%, and others such as Standard Bank see largely negative scores of -38.5%. Standard Bank received complaints about difficulties signing up. African Bank, who scored highly in the pre-customer phase, disappointed new customers who had just signed up.



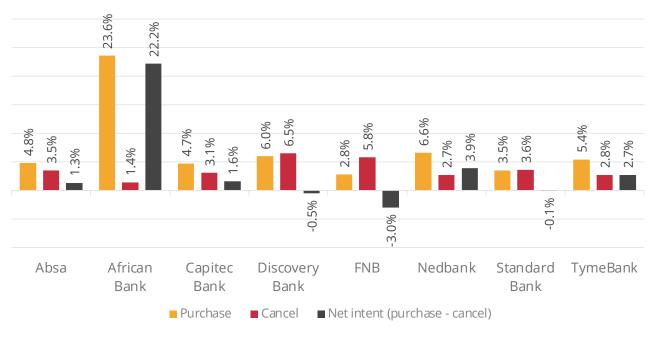
Some customers felt trapped by Discovery Bank

Discovery Bank customers who left the bank and reflected on their experience said that they had a hard time cancelling, and were glad to have left.

Unsurprisingly, Discovery Bank also had the highest volume of cancellation requests (6.5% of priority conversation). This can be seen on the below chart, which shows purchase, cancel and net intent for each bank. Net intent shows the volume of purchase queries, less the volume of cancellation threats. If a bank has a positive net intent it indicates that more customers are wanting to sign up with the bank than leave the bank.

Relative to the volume of conversation about products, credit cards received the most cancellation threats. Discovery Bank credit card holders were the least satisfied with their product. Customers attempting to cancel their cards reported long waiting periods to do so. Further, lingering issues from customers who were transferred across from FNB's managed Discovery Credit Card system to Discovery Bank's own system continued to experience issues with the administration of their accounts.

Monthly purchase and cancel conversation as a percentage of priority conversation



*Net intent is the volume of purchase interest less the volume of cancellation threats

Business banking in high demand

When analysing acquisition and churn across specific banking products, business products appear to be in high demand. TymeBank and Nedbank received the most queries from customers wanting to open a business account, while Standard Bank and FNB faced the most customers threatening to cancel their business banking account.

Loans and credit solutions were also in high demand across the industry. Receiving the most interest here was African Bank, followed by Capitec.





On average, just over 15% of priority conversations contained a risk theme. Accusations of unethical behaviour and downtime were the primary sources of risk for the banking industry, driving close to 5.5% of priority conversations each. Following this, fraud reports contributed to 1.9% of priority conversation, discrimination 1.4% and health, safety, and security 0.8%.

When considering this in terms of trends over time, it becomes apparent that aside from a base level of risk that occurs most months, acute instances caused spikes.



Percentages are of all priority conversation

Standard Bank

Standard Bank had lower levels of risk conversation than the industry average most months, but between April to June 2021 experienced the highest prevalence of risk for the whole industry. In April, risk spikes resulted from app downtime, while in May and June, the risk was driven by public backlash over the bank's intentions to finance the East African Crude Oil Pipeline. Standard Bank later announced it was suspending support of the project while it conducted an environmental and social impact study.



Absa

Comparatively, Absa experienced above-average levels of risk conversation most months, with two notable peaks in December and in April. Absa received consistent accusations of unethical behaviour, inflating the base levels of risk for the bank. Customers who were unable to resolve issues after long waiting periods and multiple attempts at contact accused the bank of negligence. In December, a data leak stemming from a criminal employee who allegedly sold the personal information of 200 000 Absa clients caused a spike in risk. In April, Absa was embroiled in the broader narrative of racism in the banking industry. The resignation of Daniel Mminele further impacted this.





Contributing to a poor reputational sentiment score, FNB also received a large portion of accusations of racism. In April, the publication of financial investigator Emerald van Zyl's book titled "FNB Discrimination Cover Up and Lies" painted the bank's conduct in a bad light.

Further contributing to the narrative of discrimination was the Black Business Chamber's condemnation of FNB's decision to close a transactional account belonging to AYO Technology solutions as an "attack on black businesses". This is evident in the risk towards FNB being at its highest in September 2020. Allegations that FNB had illegitimately closed the bank account of Democracy in Action, a group assisting the Public Protector with her legal fees, further spurred this spike.

Discovery Bank

Discovery Bank experienced one month with above-average volumes of risk in October 2020. However, this peak resulted from multiple posts by the same frustrated customer, who reported funds transferred to their account not reflecting and Discovery failing to assist. Charge and fee disputes drove accusations of unethical behaviour for the new entrant, with these complaints often coming from customers struggling to cancel their accounts yet continuing to be debited.

Capitec Bank

Most of Capitec's risk conversation was driven by system downtime, and 41% of downtime complaints made mention of the app specifically. Capitec experienced spikes in digital system downtime in September and then again in January and February. Customers lamented that the outages occurred days after payday when they were attempting to make monthly payments.

Nedbank

Nedbank also only experienced one month of above-average risk in April, although it also experienced peaks in June and July. All of these instances were a result of system outages that prevented customers from banking. Among the channels reported down were the app, ATMs, USSD banking, online banking, and systems in branches.





TymeBank

For TymeBank, downtime was the primary source of risk for the digital bank, as increased reliance on the app heightened the impact of downtime for customers. Risk was at its highest in December, as TymeBank reported a technical glitch that resulted in EFTs not processing on 15 December. Customers complained about the time it took to resolve the issue, particularly given that many were to receive their salaries on that day.

TymeBank customers also frequently reported having fallen victim to scams. These scams often came in the form of an SMS with a link, which led customers to question how their contact numbers landed in the hands of the parties carrying out the scam. Customers were also disappointed to find out TymeBank would not be able to reimburse their loss.



African Bank

African Bank received below industry average volumes of risk for every category. What risk African Bank had came from accusations of unethical behaviour. These accusations often revolved around its credit solutions, with customers reporting being unable to settle loans due to the high interest and fees charged by the bank. This led to some customers describing the bank as a loan shark. There were also some accusations that African Bank was providing customer information to scammers, which resulted in customers who'd recently taken out a loan having that amount stolen from their accounts.



MARKET CONDUCT



The Financial Sector Conduct Authority (FSCA) defines Treating Customers Fairly (TCF) as "an outcomes-based regulatory and supervisory approach designed to ensure that regulated financial institutions deliver specific, clearly defined fairness outcomes for financial customers". Banks must demonstrate to the regulator that they deliver on and report on these six TCF outcomes. This includes the banks' behaviour and interactions with their customers on social media.

TCF Outcomes	Outcome definition	Lab	el	Label definition
Outcome 1: Culture & governance	Customers can be confident they are dealing with firms where TCF is central to the corporate culture	1a	TCF perception	Customer feels they have been treated fairly/unfairly by the brand.
Outcome 2: Product suitability	Products & services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly	2a	Product design	The design of a product or related service, especially whether it fits the needs of the customer.
Outcome 3: Disclosure	Customers are provided with clear information and kept appropriately informed before, during and after point of sale	За	Information provided	Information provided e.g. through documentation for products or services (not advertising).
		3b	Advertising	Information provided e.g. through advertising of products or services – is it clear, accurate and complete?
Outcome 4: Suitable advice	Where advice is given, it is suitable and takes account of customer circumstance	4a	Advice	Advice given during the process of buying or changing a product.
Outcome 5: Performance & service	Products perform as firms have led customers to expect, and service is of an acceptable standard and as they have been led to expect	5a	Product performance	Product performance - is the financial product doing what the customer expected?
		5b	Customer service	Feedback on customer service e.g. how the brand deals with queries and resolves issues.
		5c	Channel performance	The quality/availability of self-service channels, such as mobile app, website etc.
Outcome 6: Claims, complaints & changes	Customers do not face unreasonable post-sale barriers imposed by firms to change products, switch providers, submit a claim or make a complaint	6а	Accessibility and claims	The experience of trying to access funds, or make a claim.
		6b	Complaint handling	Feedback on how a complaint was handled by the brand.
		6с	Switching	Feedback on the process of cancelling or switching between products or providers.

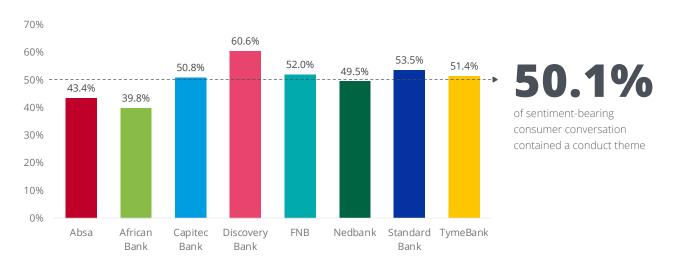
The growing preference of consumers to turn to digital channels with service queries means banks must ensure that they can deliver fair customer outcomes and adhere to regulatory reporting requirements on social media.



Half of the social media conversation contained a conduct theme

On average, around half of all consumer mentions about the banks that expressed either positive or negative sentiment contained one of the six TCF outcomes. Half of the banks in the index had between 49.5% and 52.0% of conversations speak to one of the outcomes - these included Capitec, FNB, Nedbank, and TymeBank.

Sentiment-bearing mentions containing a market conduct theme



Discovery Bank was an outlier in terms of TCF conversation. While one might think this is a result of the overlap in customer experiences between banking and insurance products, Discovery had a much higher volume of complaints about 5b, Customer service. Further, customers who reported being unable to cancel their products caused Discovery to have much higher than average complaints about outcome 6c Switching.

Standard Bank also saw slightly inflated volumes of conduct themes. Instances of system outages caused Standard Bank to have a high proportion of complaints related to 5c Channel performance. However, Standard Bank did not see as much conversation in this area as Capitec. Capitec was the only bank to experience more complaints about Channel performance than Customer service.

African Bank experienced a minor proportion of sentiment-bearing consumer mentions that contained a TCF outcome. Absa also has less than average proportions of TCF complaints. The large volumes of positive consumer conversation driven by campaigns inflated non-TCF volumes.



Affordability was pivotal to product design

Outcome five, Performance and service, was the most notable conduct theme across the banking industry. It contained conversations relating to Customer service, Channel performance, and Product performance. These themes also had strong relationships as around a fifth of mentions comprised at least two, if not all three, sub-categories.

Volume of conversation about each of the Treating Customers Fairly (TCF) outcomes

TCF 1: Culture & governance 6.8% 1a Fair treatment 6,8% 2a Product design TCF 2: Product suitability 14.1% 3b Advertising 0.2% TCF 3: Disclosure 0.6% 3a Information provided 0,3% TCF 4: Suitable advice 0.5% 5b & 5c 4a Advice 0.5% 5c Channel performance 5a Product 5a & 5b TCF 5: Performance & service 85.2% 5b Customer service 36,7% 6a Accessibility & Claims 2,8% 5c & 5a 6b Complaint handling 2,2% TCF 6: CCC* 6.9% 6c Switching 1.6% 6abc overlap 0,7%

*Claims, complaints and changes

While the majority of this conversation was negative, some customers also spoke about good experiences. Absa and Nedbank both received the most considerable amount of positive feedback from authors who said that staff helped to resolve their issues. TymeBank and Standard Bank did not fare as well, with customers complaining about long turnaround times and attempting to contact the bank multiple times.

Product suitability, which focused on Product design, was the next greatest conduct theme. Affordability was frequently discussed on social media and was a pivotal aspect of Product design. Customers who were let down by products or services criticised the value for money.

Outcome six, Claims, complaints and changes, was the third-largest conduct outcome. It comprised nearly equal parts of conversation about Accessibility and claims, Complaint handling, and Switching. There was a strong relationship between Accessibility and claims and Complaint handling. Customers who failed to access their funds or make an insurance claim found themselves in drawn-out complaint handling processes.

The first outcome, Culture and governance, spoke to general feelings of fair treatment and contained many themes related to loyalty. Customers who had been clients for many years or decades had high expectations.



10%

0%

5h Customer

service

Ahsa

5a Product

performance

African Bank

5c Channel

performance

Capitec Bank

Downtime presented a conduct risk for Capitec and Standard Bank

Discovery had outstanding complaints around Customer service, Complaint handling, and Switching. Discovery customers complained that they were never contacted by the bank after reporting issues. Complaints about Switching stemmed from customers who could not close their accounts and had to continue paying fees. A number of these customers were signed up for credit cards before the behavioural bank's launch.

50% 40% 30% 20%

Percentage volume by complaint category

Complaint categories 3a, 3b, and 4a excluded from analysis due to low conversation volumes

Discovery Bank

2a Product design 1a Fair treatment

FNB

6a Accessibility &

Claims

Nedbank

6b Complaint

Standard Bank

6c Switching

TymeBank

Nedbank received low volumes of TCF conversation compared to the rest of the industry. The complaints that Nedbank did receive focused on Customer service. Similarly, African Bank, who experienced low volumes of TCF conversation, had complaints centred on Customer service and Complaint handling.

TymeBank received nearly as many complaints about Product performance as Customer service and almost doubled the amount as the rest of the industry. The speed of transfers to and from other banks caused frustration among customers. Transferring money between Everyday and GoalSave accounts also presented a challenge. This also impacted Accessibility and claims.

Standard Bank had slightly elevated levels of conversation about Customer service. However, it received an exceptional amount of channel performance complaints, largely brought on by digital platform outages. Capitec's Channel performance complaints were even higher than Standard Bank's, with instances of downtime presenting a considerable conduct risk. Capitec's affordability was also questioned, with several authors saying that the bank's individual transactional fees added up, despite low monthly fees.

FNB and Absa were criticised for having high fees. This is reflected in their higher-than-average volumes of Product design conversation.

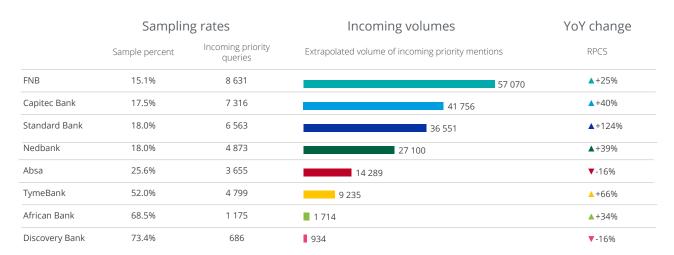
Accusations of racist business practices impacted FNB. This is visible in the bank's high volumes of complaint category 1a Fair treatment.



SOCIAL CUSTOMER SERVICE

Last year, in line with the increased adoption of online banking and banking apps, COVID-19 drove South African consumers to rely more heavily on digital customer service channels. This year even more customers chose to get help with their queries on social media. In 2021 banking customers posted an estimated 188 649 priority Twitter posts about their banks. This represents a 28% growth in service conversations, displaying the increased demand for social media customer service across the industry. When including risk mentions this growth is even higher at 38%.

Sample volume of incoming priority queries



This analysis considers public tweets only.

FNB received the highest volumes of priority posts on Twitter representing a 25% increase compared to 2020. This is to be expected considering the vocal nature of the bank's customer base.

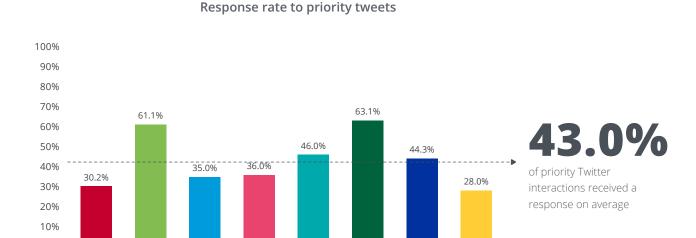
Standard Bank experienced the most remarkable increase of 124% in incoming priority queries. This was largely driven by customers asking about system downtime, or putting pressure on the bank to respond to accusations related to the East African Crude Oil Pipeline. When looking only at service queries Standard Bank saw a 44% increase.

Conversely, Absa experienced a 16% decline in all incoming priority queries as the bank dealt with high levels of risk conversation, and an 18% decline in queries that requested service specifically. It is possible that the bank's poor response rate, seen in the graph below, may have caused some customers to abandon social media as a service channel.



Less than half of priority tweets received a response

On average 43% of priority tweets received a public response, leaving the majority of customers without a response. Nedbank performed considerably better than that, however, responding to 63.1%. African Bank wasn't far behind, responding to 61.1% of priority queries.



This analysis considers public tweets only.

FNB

57 070

Discovery

Bank

Conversely, TymeBank was the least responsive bank in the industry, offering only 28% of priority tweets a response, followed by Absa with 30.2%. Capitec Bank and Discovery Bank responded to similar proportions of their priority queries, at 36.0% and 35.0% respectively, although Capitec's queue was significantly bigger than Discovery Bank's.

Nedbank

27 100

Standard TymeBank

9 235

Bank

36 551

In many cases customers chose to tag the bank's handle directly in their query, however this was not always the case. A large component of the 57% of priority tweets without a response were cases where customers only referred to the bank by name. This means that banks would not be notified of the post by Twitter's native functionality, making the mention more difficult to find.



0%

priority volume

Absa

14 289

African

Bank

1 714

Capitec

Bank

41 756

Absa

14 289

Estimated

priority volume

African

Bank

1714

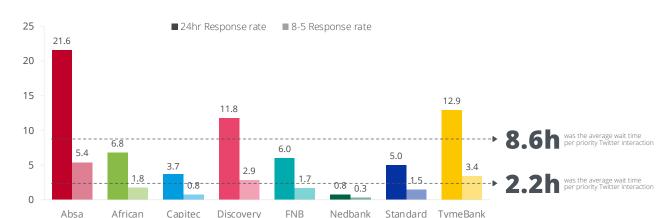
Capited

Bank

41 756

The average response time was 8.6 hours

Banking customers waited an average of 8.6 hours for a response from their banks. However, if the timeframe is shifted to working hours only (8am-5pm), this average lowers to 2.2 hours.



Nedbank

27 100

Bank

36 551

9 235

Response time to priority Twitter posts + replies (hours)

This analysis considers public tweets only

Absa customers waited the longest for a response

Discovery

Bank

934

Along with a low response rate, Absa had the longest wait times. Of the Absa customers that did receive a response, 30.2% would have waited nearly a full day for that response. TymeBank saw the second longest wait times. The customers who did receive a response from TymeBank waited nearly 13 hours in total, or 3.4 working hours for that response on average.

Nedbank had the best response times

Comparatively, Nedbank's customers only waited for 48 minutes on average, or 18 minutes during work hours.

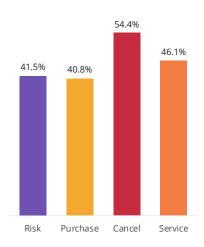
African Bank responded more quickly than industry averages both inside and outside of work hours. Customers waited 6.8 hours out of work hours, and 1.8 hours during work hours on average. Despite responding to fewer queries than competitors like FNB and Standard Bank, Capitec's response rate was quicker. FNB and Standard Bank took over 90 minutes to respond to customers during work hours, while Capitec was able to respond far more quickly in 48 minutes on average.



Cancellation threats prioritised

In order to identify the types of customer queries and complaints that were prioritised by each bank, response rates were distributed to conversation by priority. Despite a reduction in the prevalence of cancellation threats that we've seen in comparison to 2020, customers who threatened to cancel were the most likely to receive a response from the bank as a result.

Industry average



Response rate by priority category

	Risk	Purchase	Cancel	Service
Absa	37.7%	16.2%	55.7%	28.5%
African Bank	49.4%	56.3%	78.1%	65.3%
7 111 CG11 DG1111				
Capitec Bank	43.2%	49.5%	32.4%	32.6%
Discovery Bank	32.0%	24.5%	51.8%	36.7%
FNB	43.9%	55.5%	63.0%	63.0%
Nedbank	57.1%	76.2%	69.3%	63.4%
Standard Bank	32.1%	35.4%	52.6%	49.3%
TymeBank	36.9%	12.4%	31.9%	29.9%

This analysis considers public tweets only.

The graph above shows that most banks prioritised responding to cancellation threats - including Absa, African Bank, Discovery Bank, and Standard Bank - while FNB responded to equal proportions of cancellation and service conversations.

TymeBank was the only bank to prioritise responding to risk conversation. In fact, it responded to 7% more risk mentions than service queries. This speaks to the apparent lack of servicing on social media by the bank, and that PR-related themes were dealt with more frequently.

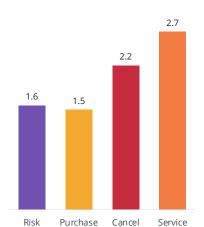
Only two banks prioritised responding to acquisition opportunities over mitigating churn, namely Capitec and Nedbank. Nedbank was able to respond to 76% of tweets containing a purchase interest.



Banks quick to respond to purchase queries

While cancellation threats were most likely to receive a response, the below graph shows that purchase queries were the most quickly responded to on average. Almost all of the banks in the industry also prioritised responding to purchase queries quickly. This is likely a result of acquisition opportunities driven by campaigns being easily accessible for quick responses.

Industry average (hours)



Response time by priority category (hours)

	Risk	Purchase	Cancel	Service
Absa	2.5	2	3.8	7.7
African Bank	1.9	1.7	2.9	1.9
Capitec Bank	0.9	0.7	0.9	0.8
Discovery Bank	0.6	1.9	2.3	3.5
FNB	1.7	0.7	2.2	1.7
Nedbank	0.4	0.2	0.4	0.3
Standard Bank	1.2	2.4	1.7	1.7
TymeBank	3.2	2.3	3	3.6

This analysis considers public tweets only.

Despite TymeBank's prioritisation of risk mentions, the bank took longer than competitors to respond to these mentions. Discovery Bank and Standard Bank, whose average response times to risk mentions were 36 minutes and 1.2 hours respectively, were the only two banks to have quicker turnaround times in responding to risk than purchase queries.

Absa's responses to service queries saw the longest wait times in the industry at 7.7 hours on average, while customers threatening to cancel their Absa accounts also waited the longest for a response in the industry at 3.8 hours.

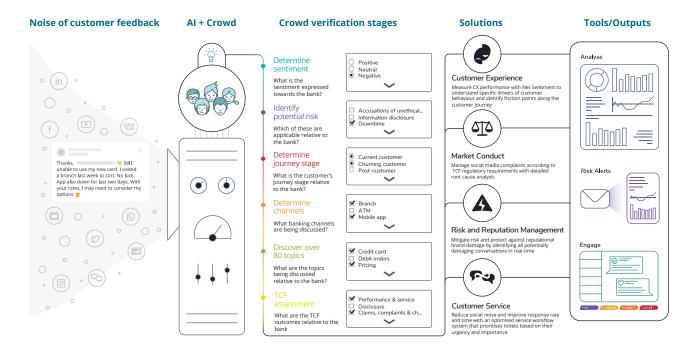
As one might expect, considering Nedbank's industry-leading overall response times, it was the quickest bank to respond across every priority category, including purchase queries.



METHODOLOGY



Crowd verification process



DataEQ collected over 2.7 million public non-enterprise posts for the period of 1 August 2020 to 30 September 2021 from the main social media platforms such as Facebook and Twitter, as well as news sites and other online platforms.

For this study, over 55 search phrases pertaining to South Africa's 8 major banks were used to collect data about the banking industry.

Key definitions

Glossary term	Definition				
Volume and mentions	Volume is the number of mentions. BrandsEye counts each tweet, Facebook post or comment, blog post, or article as an individual mention.				
Engagement	The engagement score consists of the total number of reshares and replies on a post.				
Source	The source of a mention is the domain it comes from. For example, a tweet's source is twitter.com, and an article's source might be iol.co.za.				
Net Sentiment	Negative sentiment is subtracted from positive sentiment. This results in a net value. This value is useful as the sentiment at a specific point in time can be understood as a whole value.				
Reputational Net Sentiment	This pertains to consumer or press conversation that does not directly relate to being in a customer journey with a brand. The includes sponsorship, campaign and other reputational content.				
Operational Net Sentiment	Refers to the sentiment score of a consumer's current relationship with the brand. Includes six stages: not a customer, precustomer, new customer, current customer, churning customer, and post-customer.				
Channels	Touchpoints through which a consumer can interact with the brand.				



Sentiment methodology

To achieve a 95% confidence level and a margin of error of 0.2%, a randomised sample of 565 278 mentions were sent through DataEQ's Crowd of human contributors for evaluation and verification. Each post was coded and verified by multiple Crowd members who assessed the sentiment in the post (positive, negative or neutral).

Priority conversation methodology

All verified mentions, except reshares, were then assessed to identify priority conversation, which includes mentions relating to *Reputational or operational risk (R); Acquisition opportunities (P); Retention improvement or churn risk reduction (C);* and *Customer service delivery (S).*

Customer experience Service Purchase Risk

DataEQ

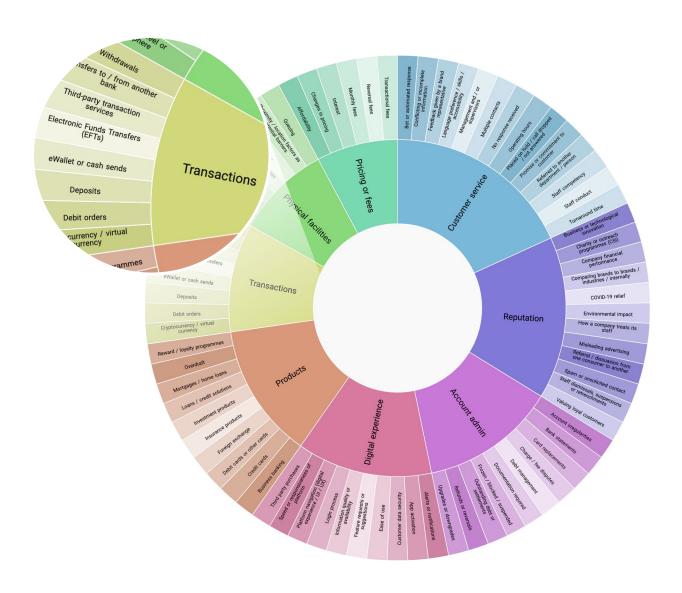
Topics methodology

Topic analysis enables a granular understanding of the specific themes driving consumer sentiment. A sample of 120 535 sentiment-bearing (i.e. positive and negative only) mentions was sent to the Crowd for topic assignment.

The Crowd identified which of the 86 pre-defined banking related topics were contained in each mention. Eight major topic themes encompass the 78 subtopics.

The broader themes are customer service, reputation, account admin, digital experience, products, transactions, physical facilities and pricing or fees.

Mentions can be assigned more than one topic, allowing for a more detailed analysis of issues influencing consumer sentiment. This means that totals on topic graphs can be larger than 100%.





Market conduct methodology

A random, representative sample of sentiment-bearing conversation was verified by the DataEQ Crowd to identify market conduct complaints. These complaints were segmented according to the six outcomes of the TCF regulatory framework, which governs the financial services industry. In order to segment the complaints into the six TCF outcomes, a total of ten possible labels were applied to the data.

Market conduct TCF outcomes

TCF Outcomes	Outcome definition	Lab	el	Label definition
Outcome 1: Culture & governance	Customers can be confident they are dealing with firms where TCF is central to the corporate culture	1a	TCF perception	Customer feels they have been treated fairly/unfairly by the brand.
Outcome 2: Product suitability	Products & services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly	2a	Product design	The design of a product or related service, especially whether it fits the needs of the customer.
Outcome 3: Disclosure	Customers are provided with clear information and kept appropriately informed before, during and after point of sale	За	Information provided	Information provided e.g. through documentation for products or services (not advertising).
		3b	Advertising	Information provided e.g. through advertising of products or services – is it clear, accurate and complete?
Outcome 4: Suitable advice	Where advice is given, it is suitable and takes account of customer circumstance	4a	Advice	Advice given during the process of buying or changing a product.
Outcome 5: Performance & service	Products perform as firms have led customers to expect, and service is of an acceptable standard and as they have been led to expect	5a	Product performance	Product performance - is the financial product doing what the customer expected?
		5b	Customer service	Feedback on customer service e.g. how the brand deals with queries and resolves issues.
		5c	Channel performance	The quality/availability of self-service channels, such as mobile app, website etc.
Outcome 6: Claims, complaints & changes	Customers do not face unreasonable post-sale barriers imposed by firms to change products, switch providers, submit a claim or make a complaint	6а	Accessibility and claims	The experience of trying to access funds, or make a claim.
		6b	Complaint handling	Feedback on how a complaint was handled by the brand.
		6c	Switching	Feedback on the process of cancelling or switching between products or providers.



SUMMARY OF KEY FINDINGS

Campaigns were a weighty contributor to industry conversation and sentiment

In many cases, marketing campaigns showed evidence of boosting product awareness. The combination of brand ambassadors and competitions which elicited complimentary feedback, had a positive influence on conversations. Both Absa and FNB leveraged competitions to incentivise positive feedback or promote products, which ostensibly appeared as organic consumer social media conversation.

Social media is increasingly becoming the first port of call for consumers

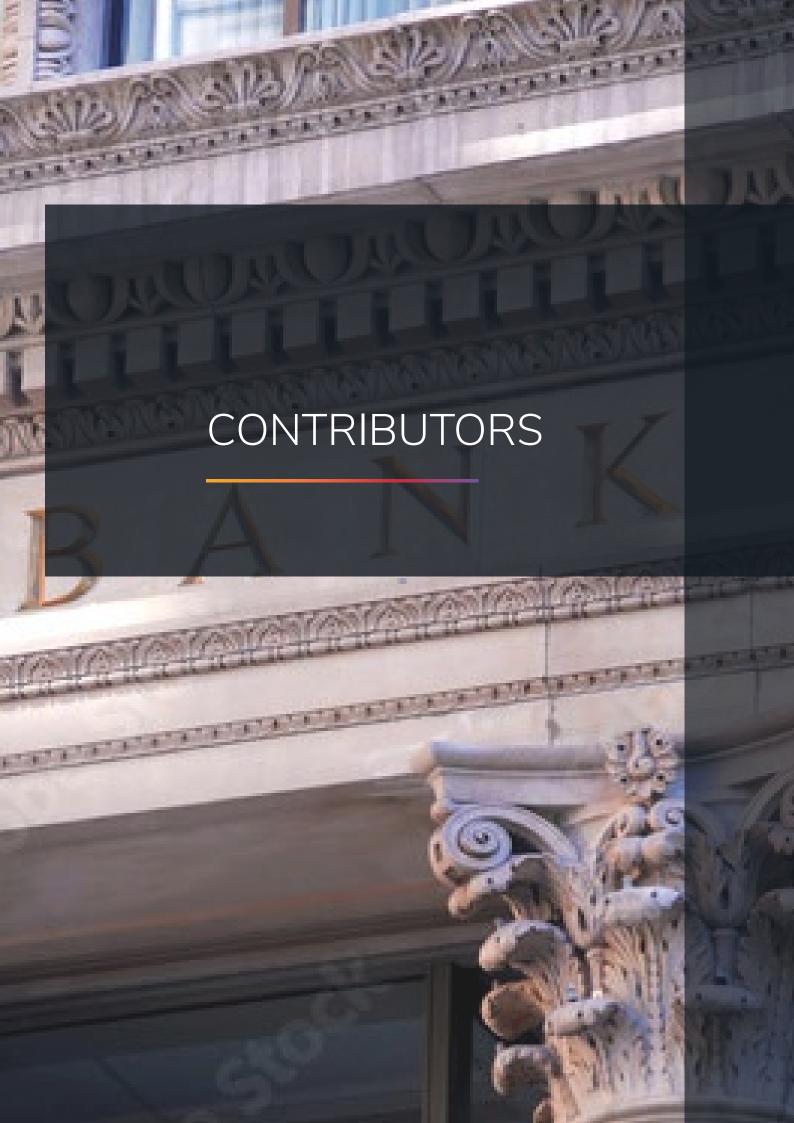
A trend that continued on from 2020 - and is expected to persist over the coming years - was the increasing demand for social media customer service, with service conversation experiencing growth of 28% in 2021. However, the bulk of these conversations went unanswered by banks, indicating a need for improved social media customer service across the industry. This is particularly pertinent because the FSCA considers social media a valid channel for customer complaints, introducing a regulatory compliance component to social customer service.

Digital experience was a low point for customers

COVID-19 has seen consumers move increasingly towards digital channels, and banks have responded by offering digital platforms such as apps and online banking. That said, customers were let down by the banks' offerings as digital experience brought down public consumer Net Sentiment this year, detracting from rather than adding to the overall banking experience. This happened as a result of unstable digital platforms, predominantly banking apps, which prevented customers from transacting.







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KEY POINTS: STANDARD BANK



Social customer service

Despite seeing demand for social customer service on Twitter increase by 124% from 2020, Standard Bank managed to respond to more queries than the industry average.



Operational performance

Standard Bank had the most negative operational score in the industry, primarily driven by system downtime.



Reputational performance

The East African Crude Oil Pipeline debacle caused reputational damage this year.



Dear XX,

It was a pleasure to present our 2021 South African Banking Sentiment Index to you. Thank you for taking the time to attend and engage in the session, we appreciate your involvement and hope that you found it of value. Following this morning's public index launch, please find attached the full written report, which covers everything that was discussed during our session.

For XX, we have summarised the following top three insights:

Should you have any further questions, or wish to set up a meeting, please reach out. Regards,

XX

Digital customer experience was a low point

The industry's operational score was -33.1%, while digital experience, a part of the customer experience, came in at -43.9%. The 10% lower Net Sentiment for digital experience than general customer experience suggests that digital banking was a low point of the customer experience. This was largely due to digital platforms, predominantly banking apps, which prevented customers from transacting. Capitec was the focus of the majority of digital experience conversation, but did not receive the lowest Net Sentiment. African Bank and Discovery both offered the worst digital experiences. Among large banks, Standard Bank saw the most negative digital experience, while Nedbank offered the most positive experience.

