

Confidence & perception of customers in banks and in the Albanian banking sector

October-November 2022



Study Objectives

1 Usage and attitudes of banks.

2 Perception and satisfaction with the banking system

3 Comparison with the previous waves.

Content

- Methodology
- Study background
- Executive summary
- Survey results

Results are presented:

- in aggregate level and then they are further analyzed by breaking down according to the following parameters: gender, urbanity, age, region, level of education, and experience with the main bank.
- In addition, the current findings are compared with previous waves

Methodology

Sample details and timeframe

- This study summarizes 1,000 interviews with individuals aged 18 and over, collected from all over Albania with a representative distribution.
- 767 interviews were conducted through IDRApoll (www.idrapoll.com) and the other part, 233 interviews, through CATI (Computer Assisted Telephone Interviewing).
- Results are nationally representative, and interviews were carried out through random selection.
- Data collection time frame:
 - Current wave: October 2022 (N1000)
 - Second wave: December 2019 (N400)
 - First wave: June 2019 (N600)
- Margin of Error (N1000): $\pm 3.1\%$

Region	Interviews (Sample)		
	<i>Total</i>	<i>Urban</i>	<i>Rural</i>
Berat	55	20	35
Diber	36	10	26
Durres	90	70	20
Elbasan	103	43	60
Fier	113	53	60
Gjirokaster	30	20	10
Korce	75	30	45
Kukes	30	13	17
Lezhe	45	25	20
Shkoder	75	45	30
Tirane	291	205	86
Vlore	57	44	13
Total	1000	578	422

Background of Banking System 2019-2022 (I/I)

- The summary of recent financial system developments in Albania, aims to deepen our understanding of the changes that have affected people's perceptions of second-level banks.
- Due to the health crisis of COVID-19, the unprecedented situations in the last two years have marked a historic shock on the worldwide economies, obliging governments to undertake extreme measures and disrupt a range of public and private activities.
- The Albanian government declared a state of emergency in March 2020, which impacted several economic activities.
- The reduced demand and international prices **increased the inflation rate**, which has been reflected in an expectation of **higher interest rates** and higher yields in international markets.
- As a result of the monetary policy actions by the Bank of Albania and other financial institutions, BoA claims that the contraction of the Albanian economy was followed by **decreased uncertainty** and faster domestic and foreign demand.
- Besides the health crises that impacted the overall economy, the financial system in Western Balkans is reported to have operated steadily, entering this crisis with strong capital and liquidity aggregates.
- Bank mergers and license revocations in Albania have strengthened the system through consolidation.
- While in Montenegro, two banks with insufficient capitalization were subject to the liquidation process.
- In Kosovo, bringing private enforcement agents in and out of the balance of problem loans has led to their reduction, marking the lowest historical level of 2 percent to total loans at the end of 2019.
- Even though the loans have decreased in all countries, they remain at high levels in Albania and BH. It was anticipated that people would seem more drawn to major investments like the acquisition of real estate given the declining levels of national productivity and employment. According to Bank of Albania statistics, 215 million euros worth of house loans were given to Albanian families last year, totaling 26.5 billion ALL.
- Even more so when this investment is backed by taking out sizable, long-term loans, like mortgages.
- In 2021 and 2022, several **cyber-attacks** occurred in Albania including the collapse of the e-Albania system, TIMS, and the leak of personal data from both the public and private sectors paralyzed many public services and transactions.
- These events have influenced the planned technological improvements in public and private institutions.
- Even though the Albanian banking institutions are consolidated and highly professional, the banking system is inconsistently ranked with the lowest rate for E-commerce in the region.
- However, according to the Bank of Albania Report, debit card usage increased in 2021.
- In October 2021, the operationalization of the interbank scheme for "Direct Debit" was realized, and in January 2022, the AIPS EURO system for settling payments in euros within the country for bank customers started operating.

Executive summary

Confidence & perception of customers in banks and
in the banking sector



Executive Summary (I/VI)

Product Usage

- Results show that **debit card is the most used** banking product with 52% of the bank users who declared that they currently use them. The second most used product is a credit card with 21% of the bank users and the next is a saving account with 17% of the bank users.
- Men, bank users from Tirana, older people, bank users with more experience with their main bank, and bank users who use digital banking products are those who currently use more banking products than others.
- When comparing the results with the previous waves, there is an increase in the usage of debit cards (52% in the 2022 study, versus 44% in the second wave and 46% in the first wave) but experienced a decrease in other banking products.

Confidence in Industries

- Survey findings show that the **banking system is the most trusted industry**, compared to other industries (34% of the bank users trust “completely” or “somewhat”). There is no significant change from the second-wave study.
- Women, bank users living in rural areas, older people, bank users with high school or lower level of education, and bank users who do not live in Tirana have higher confidence in most of the industries, like the banking system, Bank of Albania, Educational institutions, etc.
- When asked about the level of trust in their main bank, data show that there is a high level of trust (5.6 out of 7). There is no significant change with the data from the second wave study.
- Bank users living in rural areas, with high school or lower level of education, and those who live outside of Tirana tend to trust their main bank more.

Executive Summary (II/VI)

Bank's Transparency

- Most of the bank users agree about the **transparency of their bank**. About 79% of the bank users “completely agree” or “somewhat agree” that *“The information from the bank is clearly legible and understandable”*.
- The statement that the bank users agree the least with is *“The bank provides the access to the information needed to find out if it is financially sound”* (56% “completely agree” and “somewhat agree”).
- There is no considerable change in the level of agreement about the bank's transparency, compared to the second wave study.
- Bank users living in rural areas, those with high school or lower level of education, and bank users living outside of Tirana tend to agree more about the bank's transparency.

Evaluation of Banking System

- Bank users were presented with some statements to evaluate their experience with their main bank. Almost all (93% “completely agree” or “somehow agree”) bank users agree that their main bank “is **easily accessible online** (mobile/online banking) or by phone”.
- Second most agreed statement (54% “completely agree” or “somehow agree”) about their main bank is “It communicates in a language I understand”.
- The lowest level of agreement (54% “completely agree” or “somehow agree”) is on the statement “It helps me make financial decisions”. No significant change is seen compared to the second wave (only that their bank now is easier to access online).
- Bank users living in rural areas and outside of Tirana tend to give a higher level of evaluation about the banking system.

Executive Summary (III/VI)

Contact with the bank

- Survey findings show that still, as in the previous waves, most of the people (74%) **contact the bank directly** by going to the branch.
- Almost half of the bank users (46%) contact the bank through the **mobile banking app**.
- Other ways that bank users contact their bank are by call/SMS (17%), on the homepage of the bank (13%), etc.
- More bank users living in urban areas, outside of Tirana, young bank users (less than 44 years old), with university or higher level of education, bank users with longer experience with their main bank, than other citizens, contact the bank through mobile banking app (smartphone, tablet).

Bank's Honesty

- Bank users were presented with some statements about the bank's honesty. Results from the survey show that the statement that respondents agree with the most is "With the bank I can be sure I will get the service I pay for" (75% "completely agree" or "somewhat agree").
- The least evaluated is "The bank contributes by investing in projects and sponsorships for the benefit of the whole community" (42% "completely agree" or "somewhat agree"), meaning that respondents do not think that this is the case of their main bank. There is no significant difference when compared to the data from the second wave study.
- Bank users living in rural areas, with high school or lower level of education, and bank users living outside of Tirana tend to give a higher evaluation for the statements related to the bank's honesty.

Executive Summary (IV/VI)

Frequency of Contact

- Even though the most used way of contact is by going to the branch, the frequency of this contact is the lowest when compared to **digital contact**. Only 27% of those who contact their bank by going to the branch, do so at least several times a month; compared to 84% of those who contact their bank through a mobile banking app, who do so at least several times a month; and 76% of those who contact the bank through online banking do so at least several times a month.
- Compared to the first wave study, there is a lower frequency of contacting the bank by going to the branch and through mobile banking, while it is an increase in the frequency of contacting through online banking.

Complains

- About 9% of the bank users have delivered a complaint to their bank.
- On the other hand, 80% had no complaints in the 2022 wave of the study, compared to 78% in the second wave and 68% in the first wave study. According to a 2022 study, around 33% of the bank users who have delivered a complaint to their bank, are “very disappointed” or “disappointed” with the way their most recent complaint has been resolved, compared to 44% in the first wave study.
- When asked about the preferred ways to complain to their bank, if they want to complain, 63% of the bank users would prefer to complain directly by going to the bank.
- Fewer respondents from Tirana, with high university or higher level of education, bank users living in urban areas, and men, prefer to go physically to the bank, than others.

Executive Summary (V/VI)

Digital Usage

- About half of the bank users (50%), use **digital banking products**, where 39% use only mobile banking, 4% only online banking, and 7% use both of them.
 - Of those who use both, 73% apply more often mobile banking, while 27% online banking.
 - It is observed no significant differences among waves about the proportion of the usage of digital banking, except that more respondents use mobile banking and less online banking.
 - Older bank users, with high school or lower level of education, living in rural areas and outside of Tirana use way fewer digital banking products, compared to others.
- Most digital banking users are satisfied when using mobile/online banking (84% of mobile banking users are “very satisfied” or “satisfied” when using mobile banking and 83% of online users are “very satisfied” or “satisfied” when using online banking.
 - Almost all digital banking users, use the mobile/online banking application for checking the balance of their account /debit or credit card (98%).
 - Half of the digital product users (51%), use the mobile/online banking application for bank transfers.
 - About 42% of digital banking products users, use them for utility payments and/or payment of fines.

Executive Summary (VI/VI)

NPS – Net Promoter Score

- When calculating the Net Promoter Score, results show that the evaluation for the Banking sector in Albania is 28.
 - There is a **noticeable improvement** from previous waves (NPS equal to 28 in the 2022 study, compared to 24 in the second wave and 9 in the first wave study).
 - Bank users living outside of Tirana, with more experience with their main bank as well as women, older people (older than 44 years old), bank users living in rural areas, and bank users with high school or lower level of education are more prone to promote their main bank than others (they have a higher evaluation of NPS, compared to other groups).
- About half of the bank users (49%) are prone to promote their main bank, while 21% would not recommend their main bank to their colleagues or acquaintances.
 - The main reason to promote their main bank, according to the survey findings, is its safety and reliability (34% of the bank users are prone to promote their main bank).
 - The second most mentioned reason is the correctness and quality of the banking services (26%).
 - On the other hand, the main reason that 12% of the detractors would not recommend their main bank is that it has different banking costs and high commissions.
 - The other reasons mentioned detracting are lack of correctness/poor quality of banking services (11%) and lack of technology/innovation (11%).

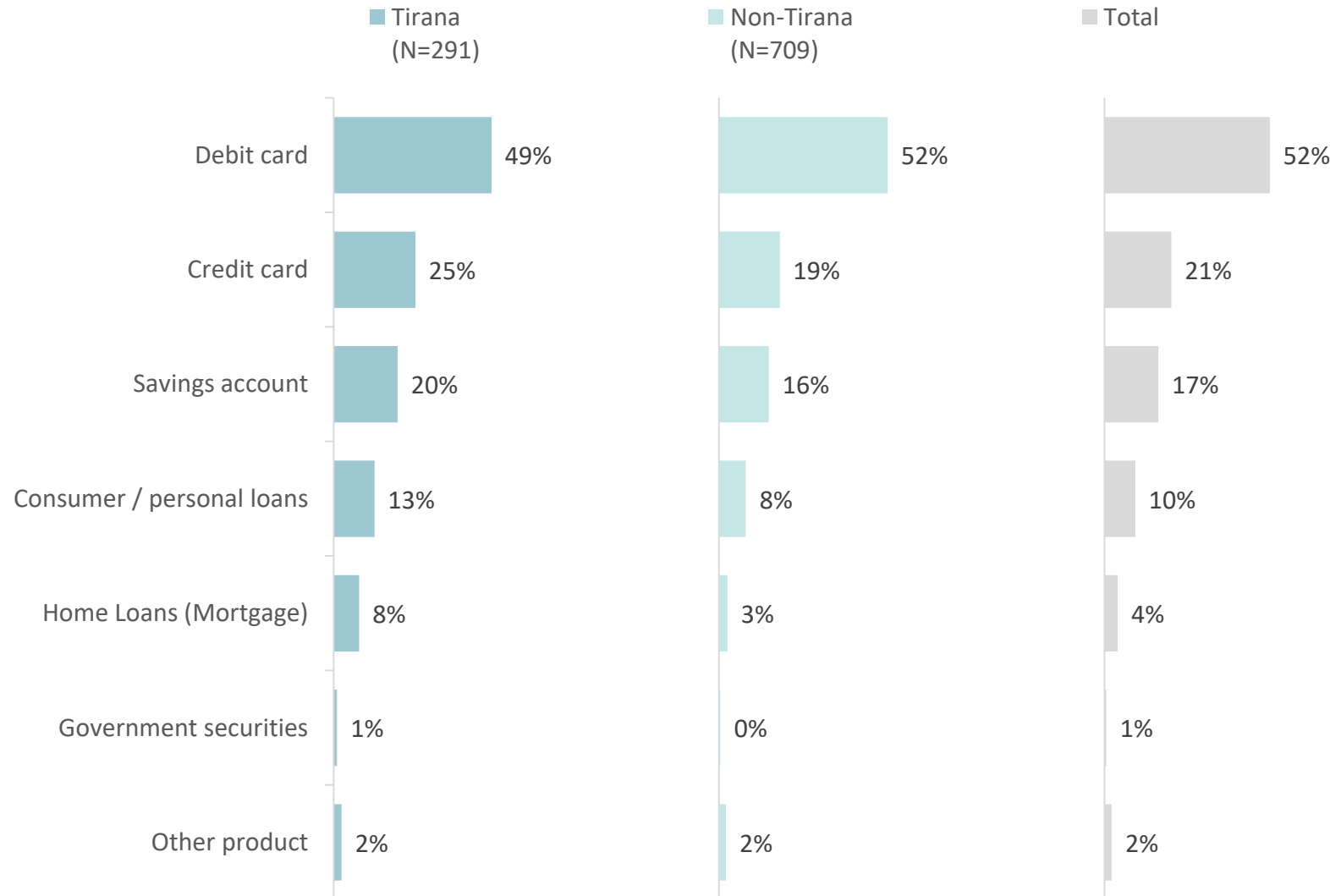
Survey Results

1. Product Usage
2. Confidence in industries
3. Evaluation of Banking system in Albania
4. Contact with the Bank
5. Usage of digital banking products
6. Complains
7. NPS



Product Usage

By region



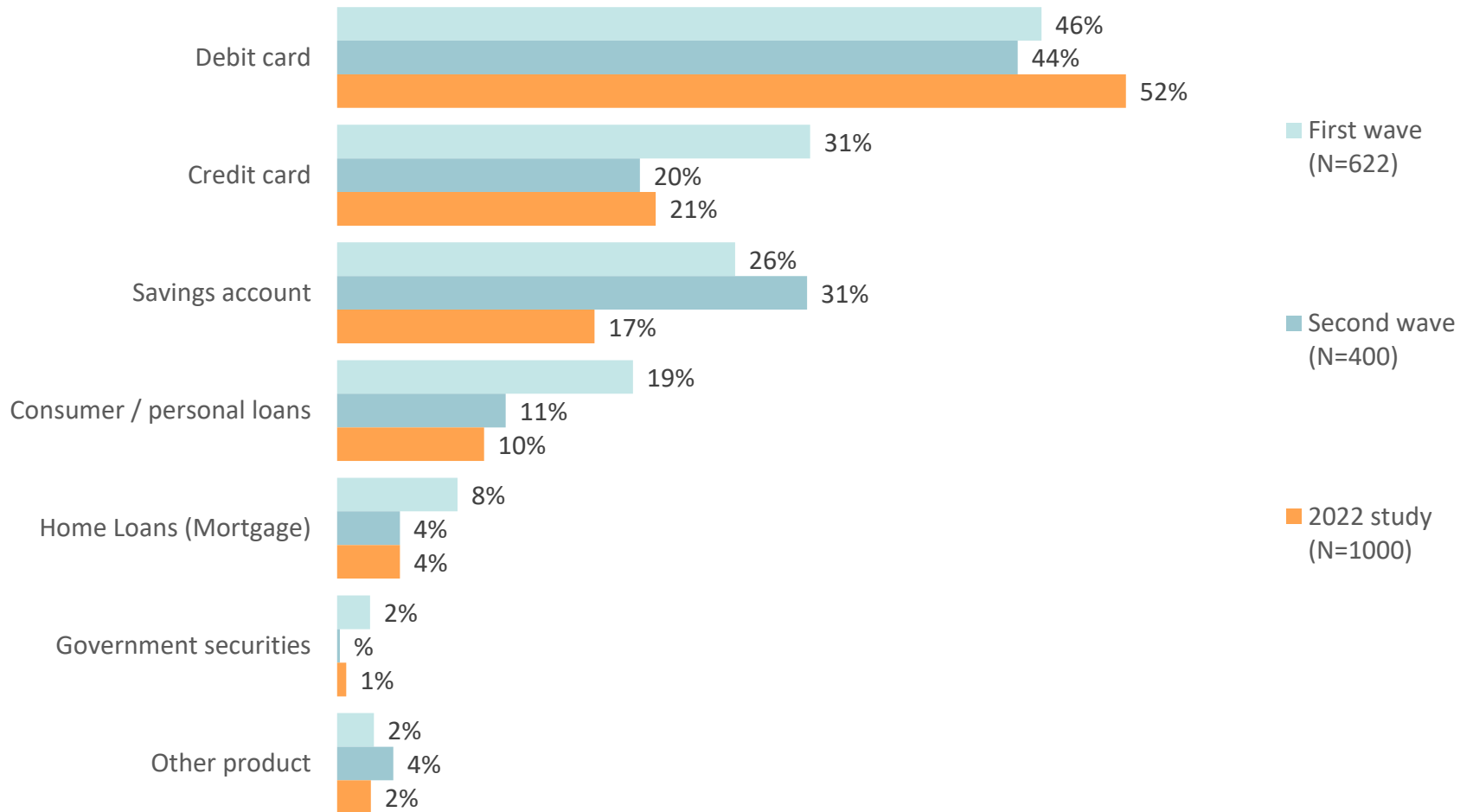
Which of the following bank products do you currently use?

- According to survey findings, **debit card** is the most used product (52% of the bank users declare that they currently use it).
- Data show that the second most used product is **credit card** (21%), while the third is **savings account** (17%).
- Still Albanians use way less **debit cards**, when it is expected that most of the people who are bank users to use debit card.
- Analyzing the data disaggregated by region, it stands out that bank users from Tirana are more likely to use **credit card** than respondents from other regions, respectively 25% in Tirana versus 19% in other regions.
- The same goes for the usage of **saving accounts, consumer or personal loans, home loans** and **government securities**.
- On the other hand, respondents from other regions (not Tirana) are more likely to use the **debit card** (49% in Tirana, versus 52% in other regions).

Product Usage

Comparison with previous waves

Which of the following bank products do you currently use?

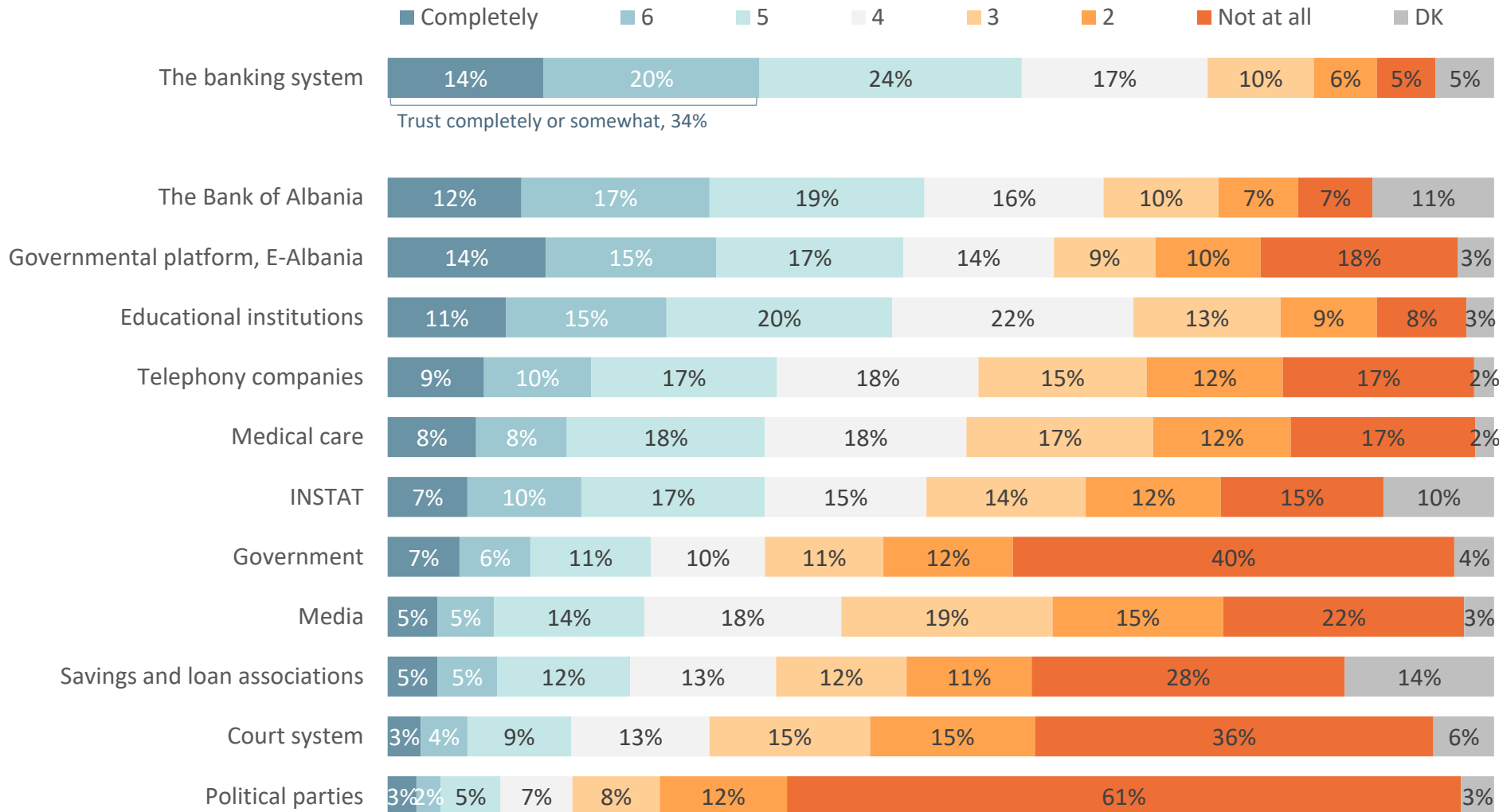


- According to survey finding, there is an increase in the number of people who use **debit card**, compared to the data from the previous waves (52% of the bank users currently use debit card in 2022, compared to 44% in second wave and 46% in first wave).
- On the other hand, there is a decrease in the number of people who currently use other products apart from debit card, as credit card, saving accounts, consumer/personal loans and on home loans.

Confidence in industries

How much do you trust the following industries:

On a scale from 1=Not at all to 7=Completely

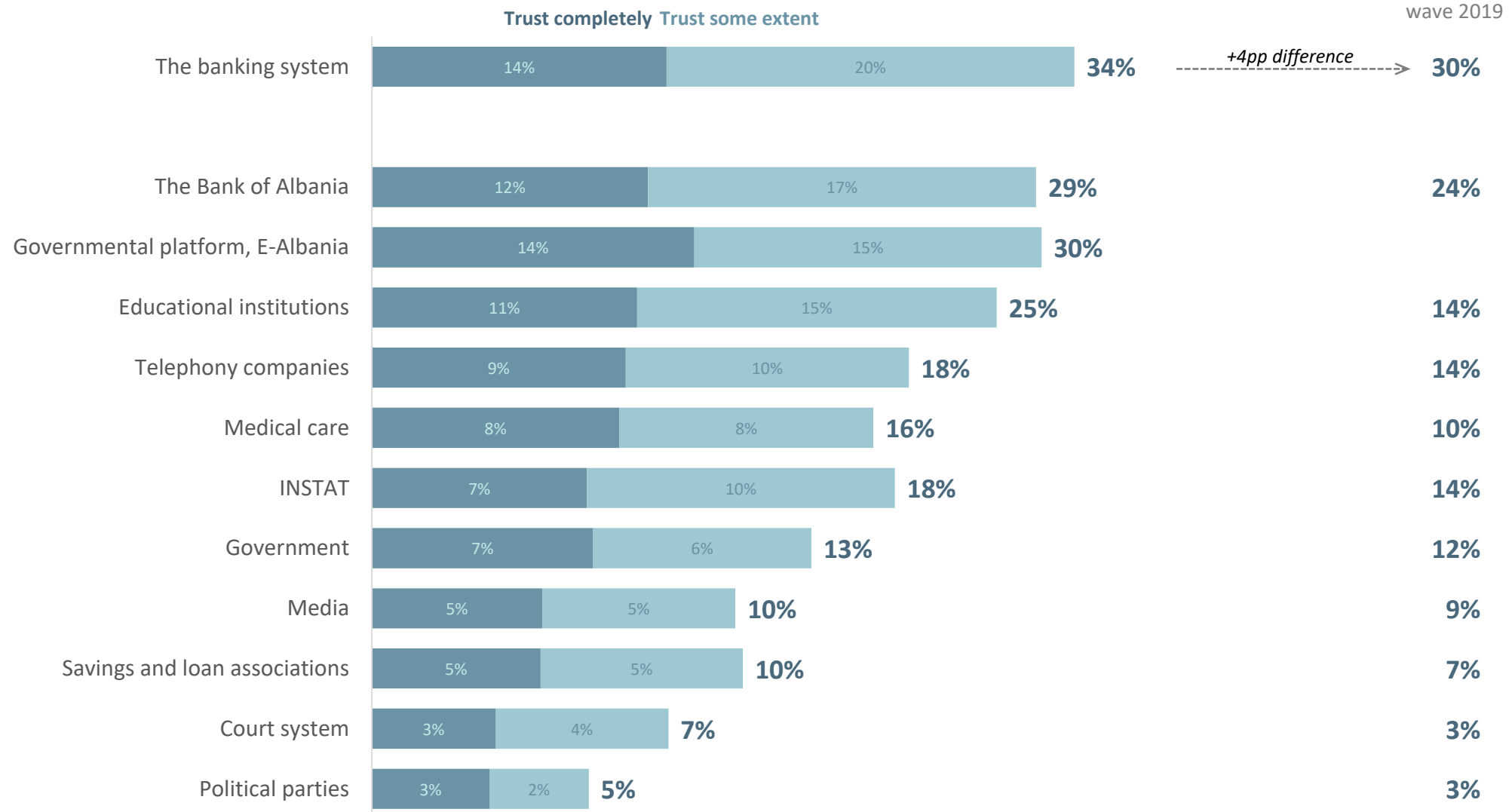


- The data show that the **banking system** as in the previous waves is the most trusted industry compared to other industries (34% of the respondents trust with 6 and 7 on a scale from one to seven, where seven is completely and one is not at all).
- Second most trusted industry is the **Bank of Albania**, with 29% who declare they trust “completely” or “somewhat”.
- **Political parties** is the least trusted industry (only 5% declare to “completely” or “somewhat” trust).

Confidence in industries

How much do you trust the following industries:

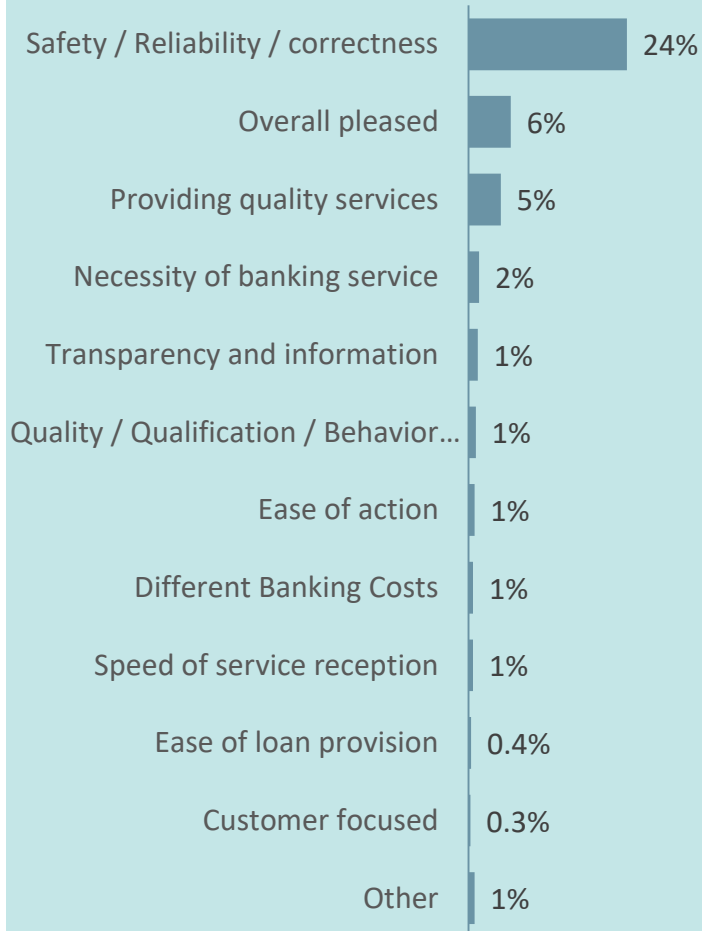
On a scale from 1=Not at all to 7=Completely



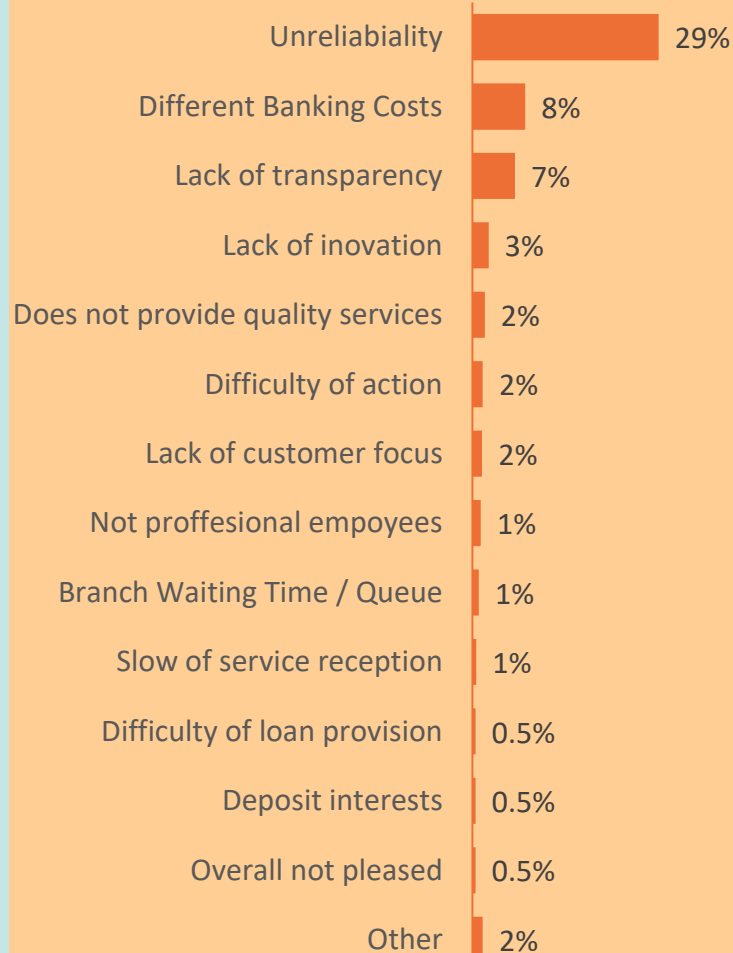
Confidence in industries

You expressed an evaluation for the banking system. Can you explain the reason that determines the degree of your trust in the banks in Albania?

Positive Drivers



Negative Drivers



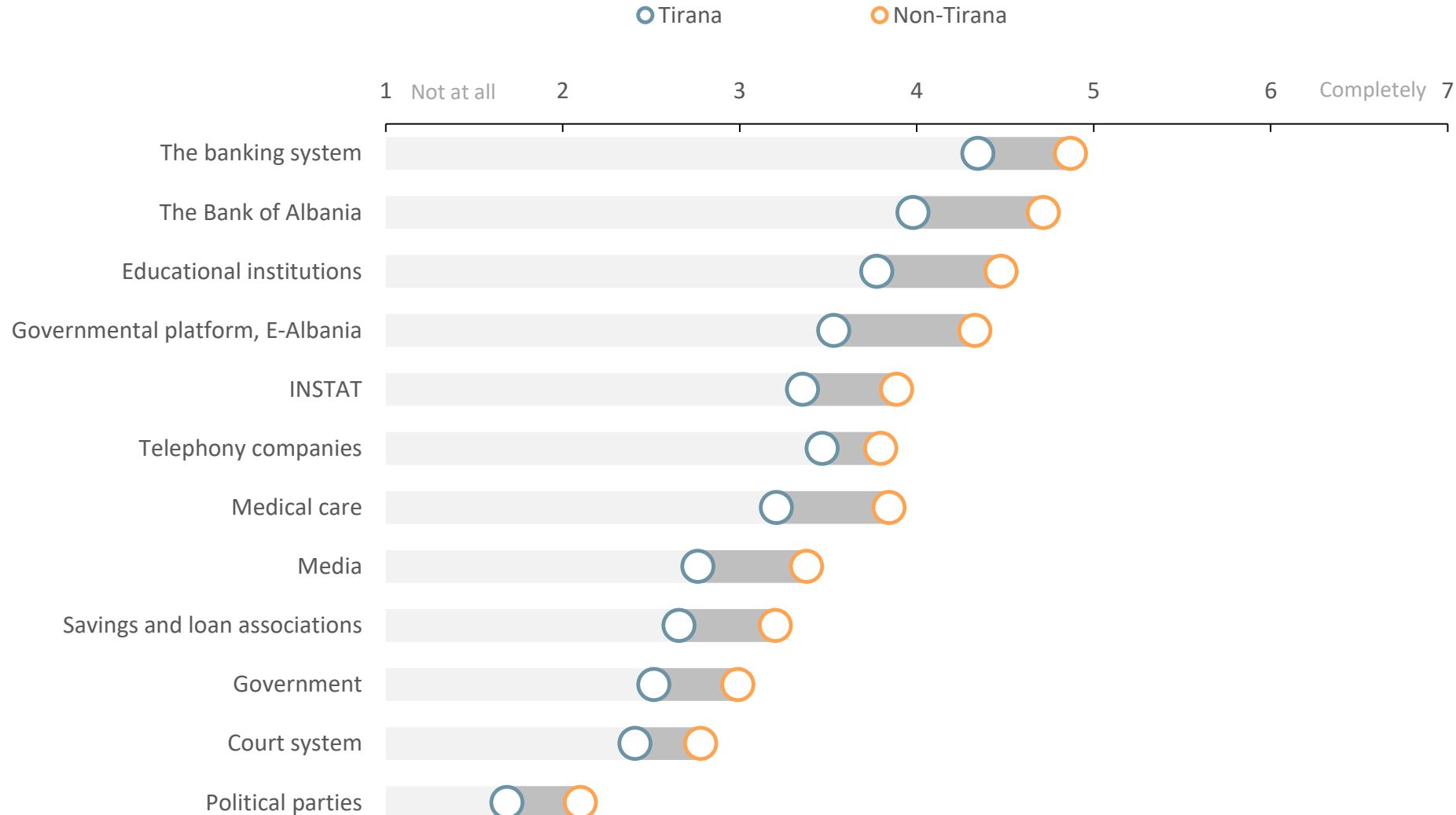
- The main reason that makes bank users to trust banks in Albania is the reliability (***Safety/reliability/correctness***).
- Around 6% mention being ***overall pleased*** as a positive driver and about 5% mention ***providing quality services***.
- Among the most mentioned negative drivers for not trusting banks in Albania are ***unreliability*** (29%), ***different banking costs*** (8%) and ***lack of transparency*** (7%).

Confidence in industries

By region

How much do you trust the following industries:

On a scale from 1=Not at all to 7=Completely

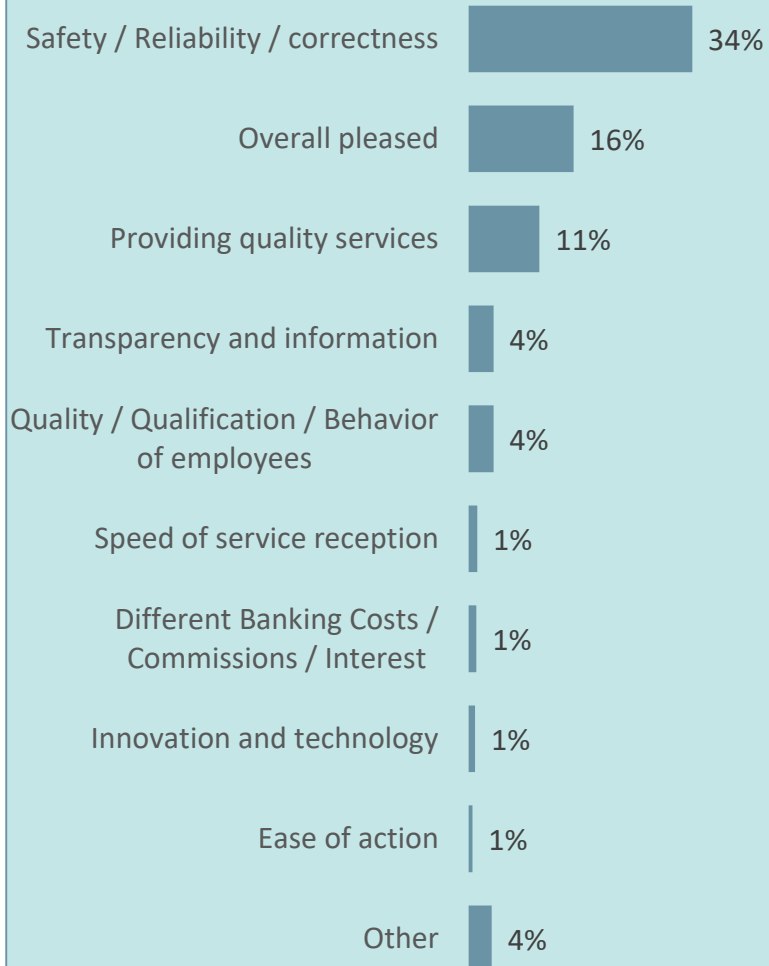


- Survey findings show that there is a significant difference between regions in the level of trust in different industries.
- In general, respondents living in Tirana have a lower confidence/trust in each of the industries listed in the questionnaire, compared to respondents living in other regions.
- When comparing the data with second wave, there is no significant difference in the level of confidence in the **banking system** (an improvement of 2%).

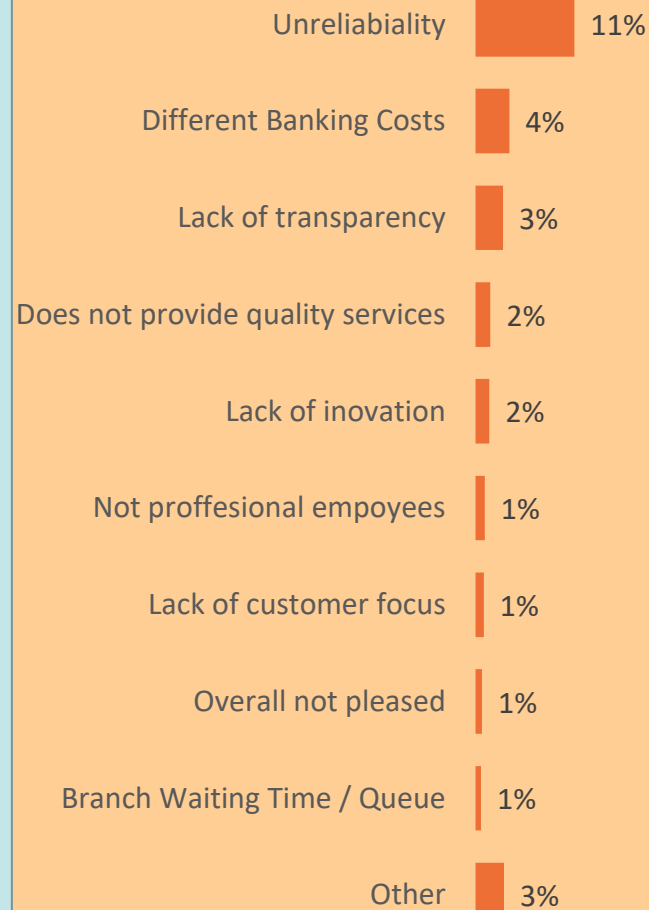
Bank's trust

Can you explain the reason that determines the degree of trust in your main bank?

Positive Drivers



Negative Drivers

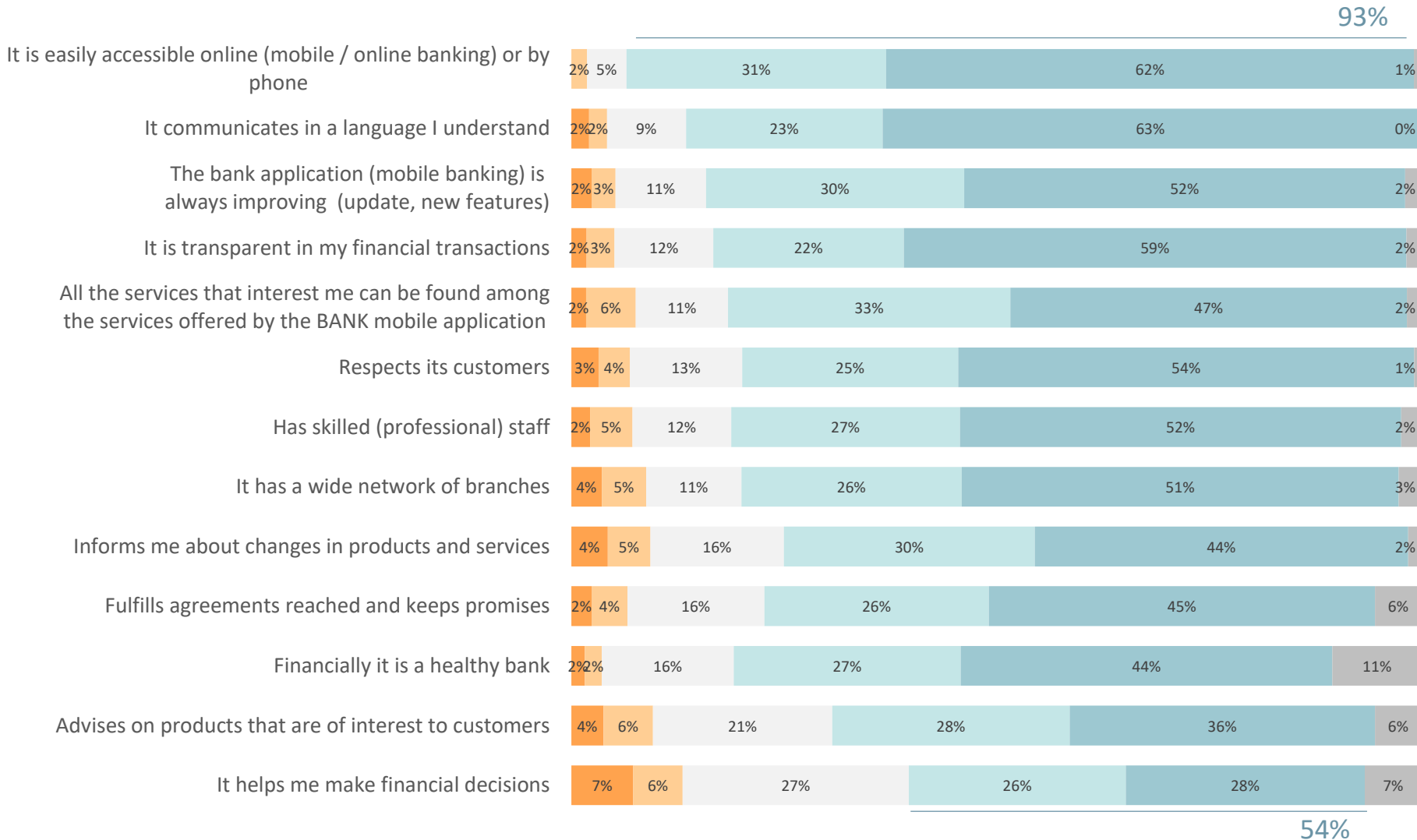


- When asked how much the respondents trust their main bank, data show that in total the evaluation for the main bank is above average (5.6 out of 7).
- When asked about the main reason that determines the degree of trust in their main bank, 34% mention **safety/reliability/correctness**.
- Around 16% mention being **overall pleased** as a positive driver and about 11% mentioned **providing quality services**.
- Among the most mentioned negative drivers for not trusting their main bank are **unreliability** (11%), **different banking costs** (4%) and **lack of transparency** (3%).

Evaluation of Banking System

To what extent do you agree or disagree with these statements about your main bank?

Do not agree at all Somehow disagree Neutral Somehow agree Completely agree DK

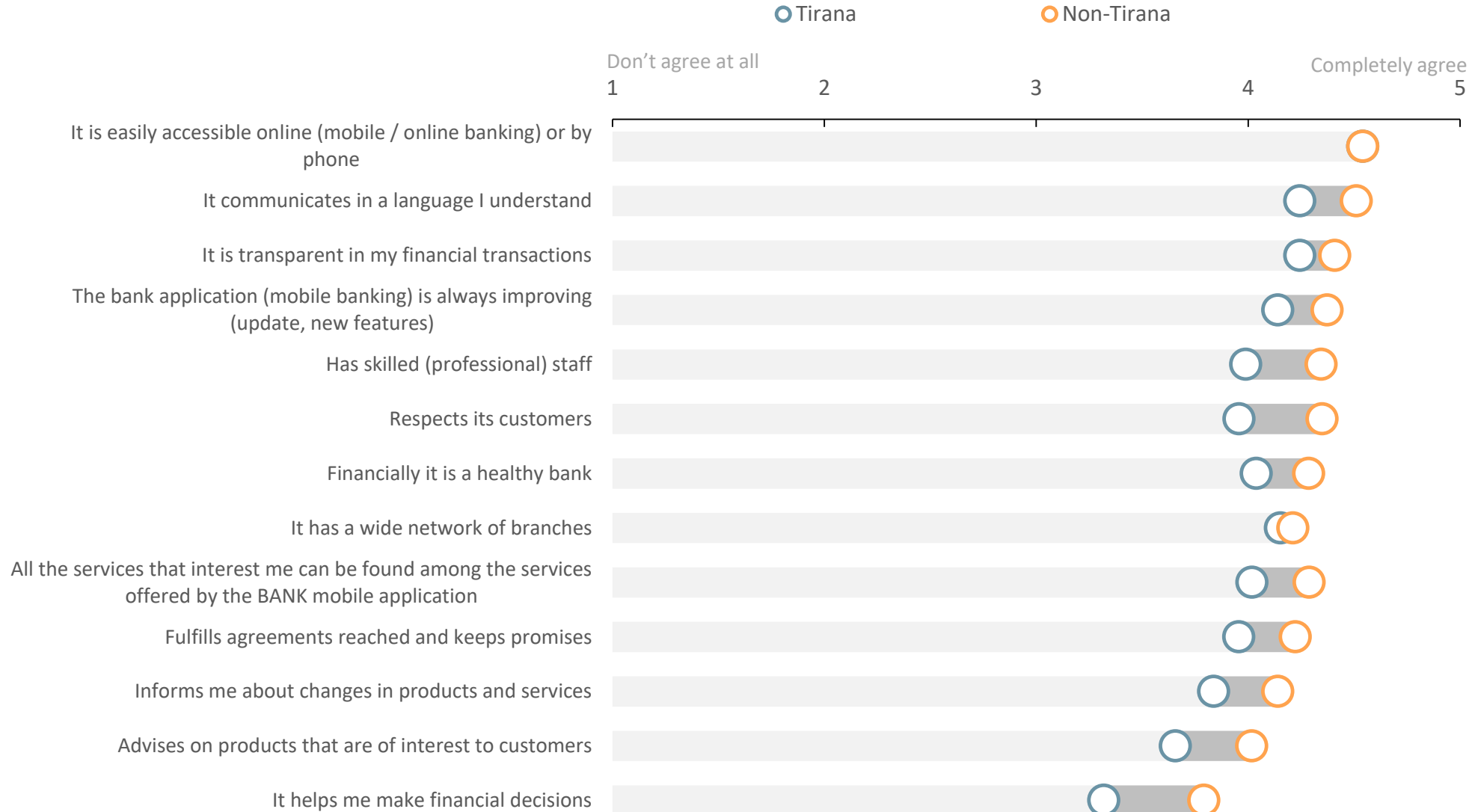


- Respondents were presented with a list of statements about their main bank and asked whether they agree or not.
- Survey findings show that the statement that respondents agree the most is “It is easily accessible online (mobile/online banking) or by phone” (93%, “completely agree” or “somehow agree”).
- The second most agreed statement is “It communicates in a language I understand” (86% “completely agree” or somehow agree”).
- The least agreeable statement is “It helps me make financial decisions” (only 54% “completely agree” or somehow agree”).
- It should be noted that more than half of the respondents agree with all the statements listed in the questionnaire.

Evaluation of Banking System

By region

To what extent do you agree or disagree with these statements about your main bank?

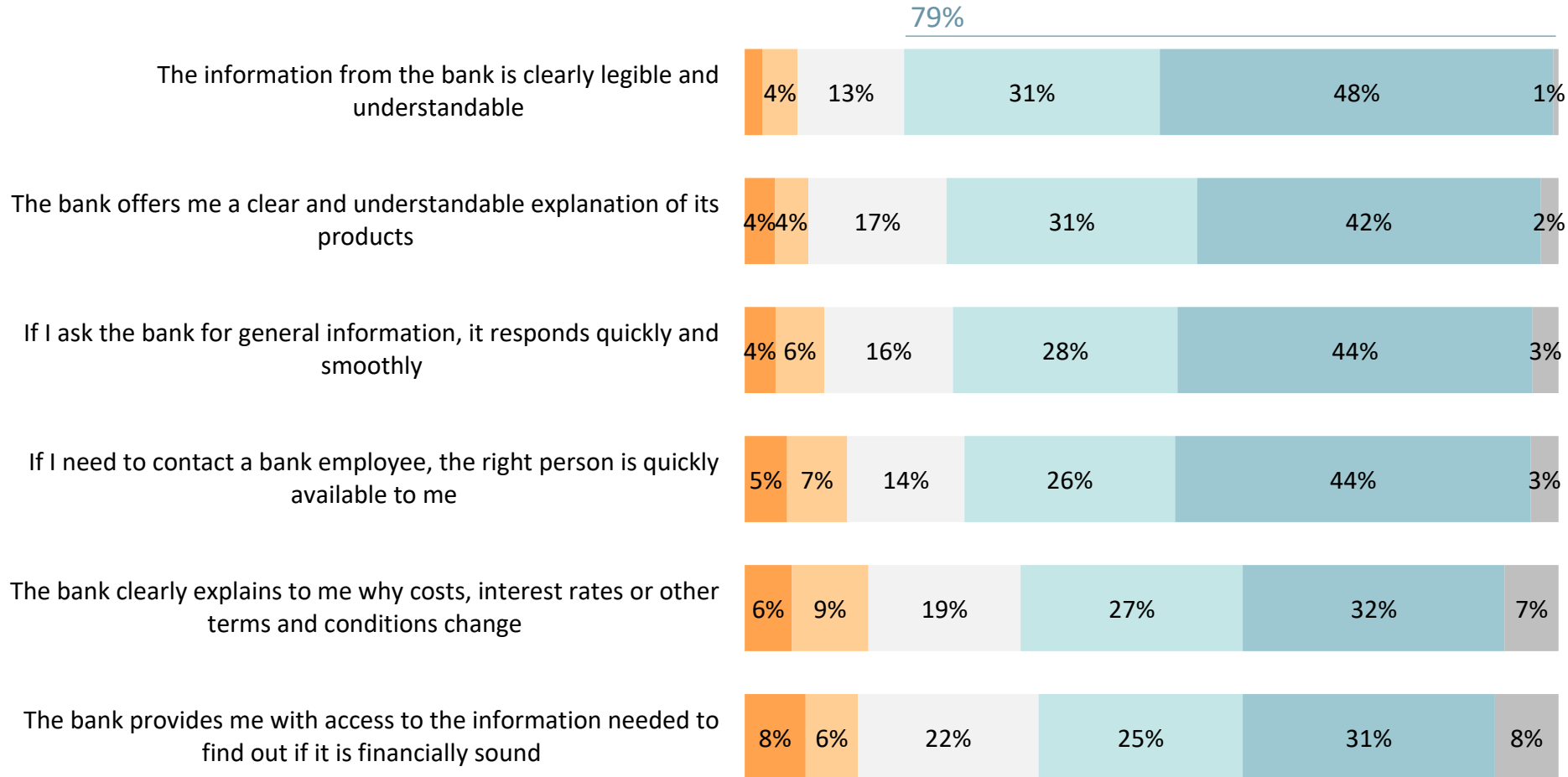


- Disaggregating the data by region shows that respondents from other regions (not from Tirana) tend to agree more than those living in Tirana.
- The largest difference is noticed in the statement “It helps me make financial decisions”, where respondents living in Tirana give an evaluation of 3.3 out of 5, compared to 3.8 out of 5 for respondents living other regions.
- When comparing the data with the second wave, there is an increase in the level of agreement about the statement “It is easily accessible online (mobile banking) or by phone” (an increase with 0.21/5 points or 4.2%).

Bank's transparency

To what extent do you agree or disagree with these statements about your bank?

Do not agree at all Somehow disagree Neutral Somehow agree Completely agree DK



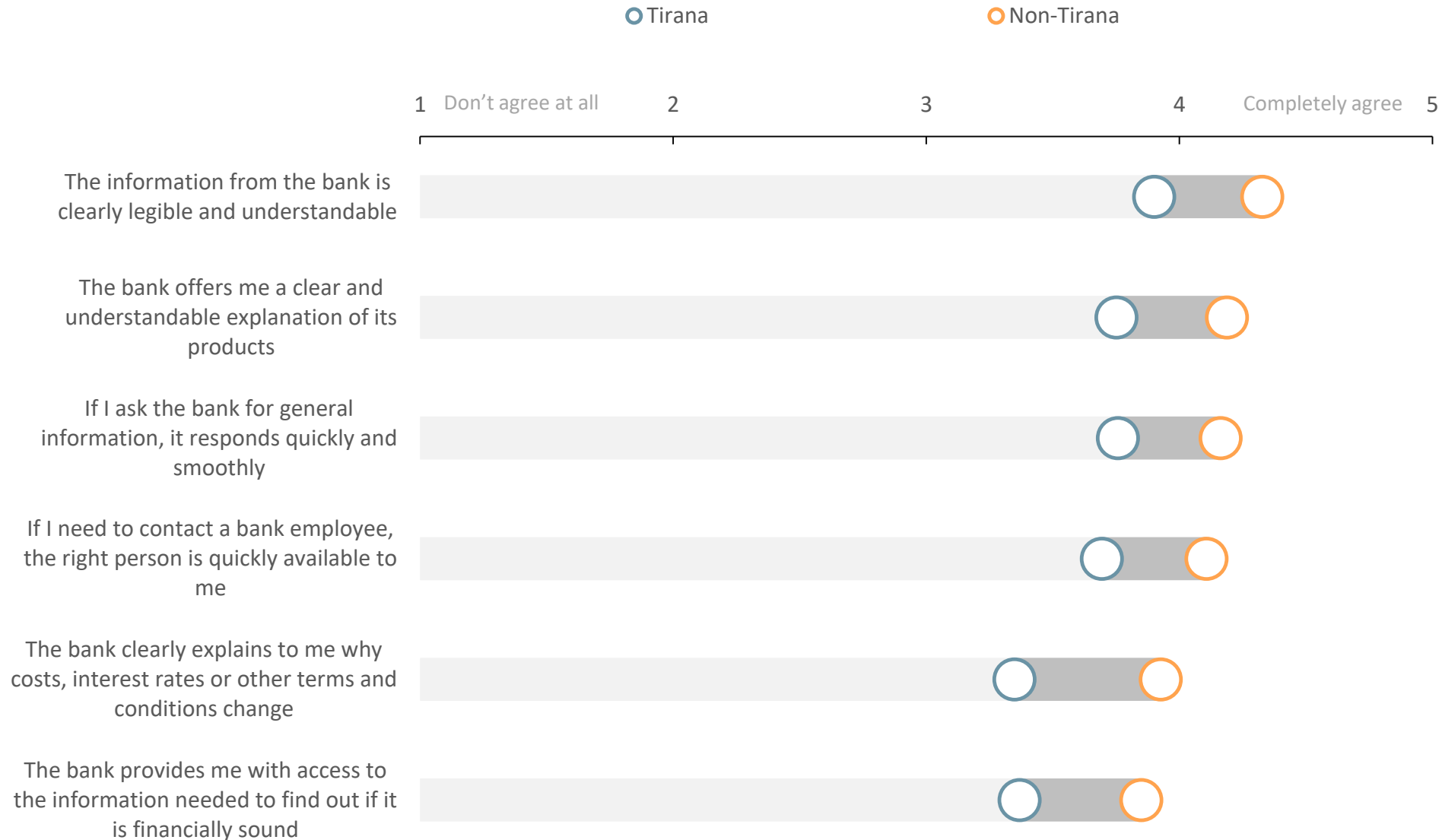
- Survey findings show that the bank's transparency statement for which respondents agree the most about their bank is "The information from the bank is clearly legible and understandable" (79% "completely agree" and "somewhat agree").
- The second most agreed statement for Bank's transparency is "The bank offers me a clear and understandable explanation of it's products" (73% "completely agree" and "somewhat agree").
- The statement the bank users agree the least with is "The bank provides the access to the information needed to find out if it is financially sound" (56% "completely agree" and "somewhat agree").

56%

Bank's transparency

By region

To what extent do you agree or disagree with these statements about your bank?

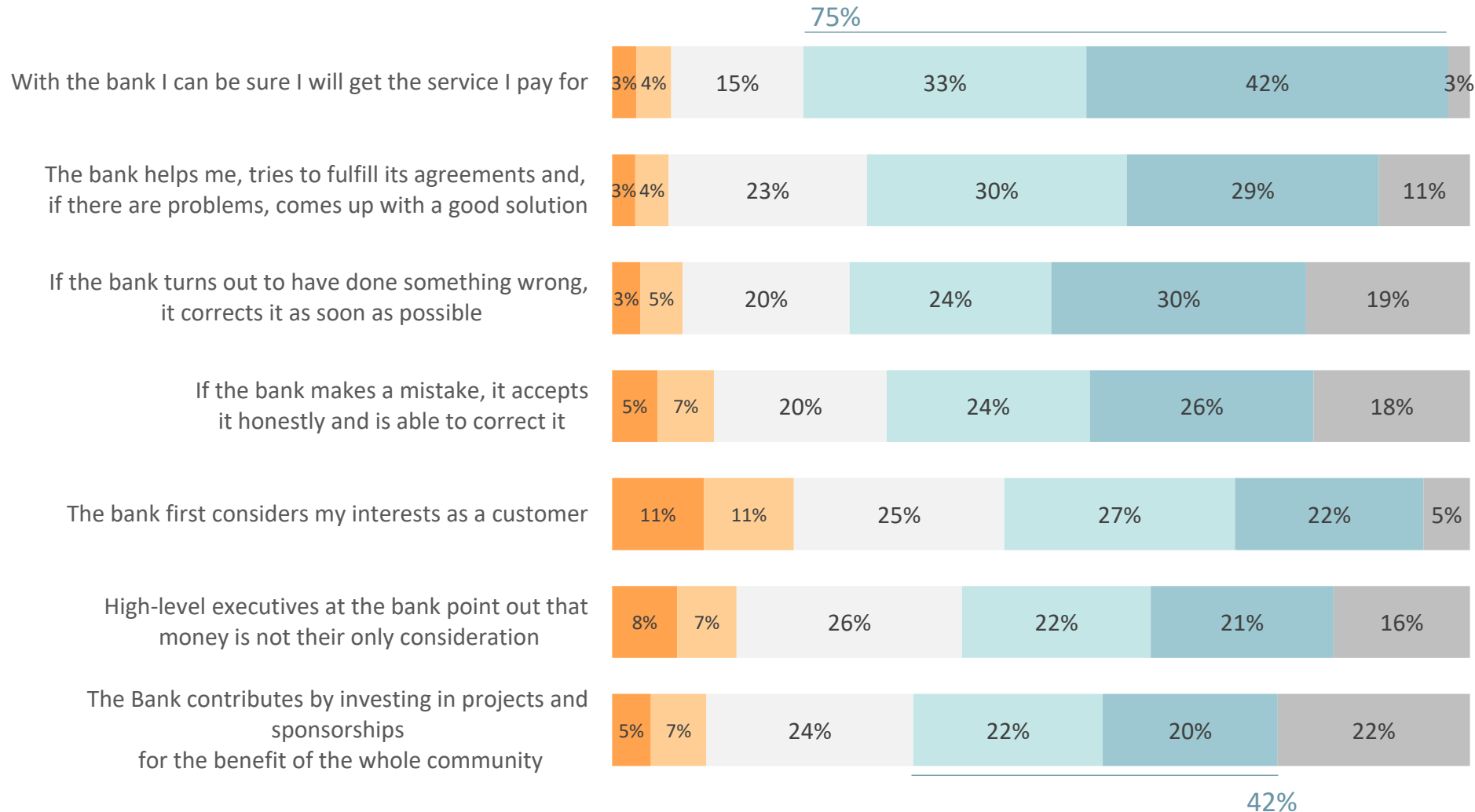


- Survey findings show a significant difference between respondents living in Tirana and those who live in other regions.
- Respondents living in other regions apart from Tirana agree significantly more with the statements about the bank's transparency, compared to respondents who live in Tirana.
- There is, however, no significant difference in the results about the bank's transparency compared to the second wave.

Bank's honesty

To what extent do you agree or disagree with these statements about your bank?

■ Do not agree at all
 ■ Somehow disagree
 ■ Neutral
 ■ Somehow agree
 ■ Completely agree
 ■ DK

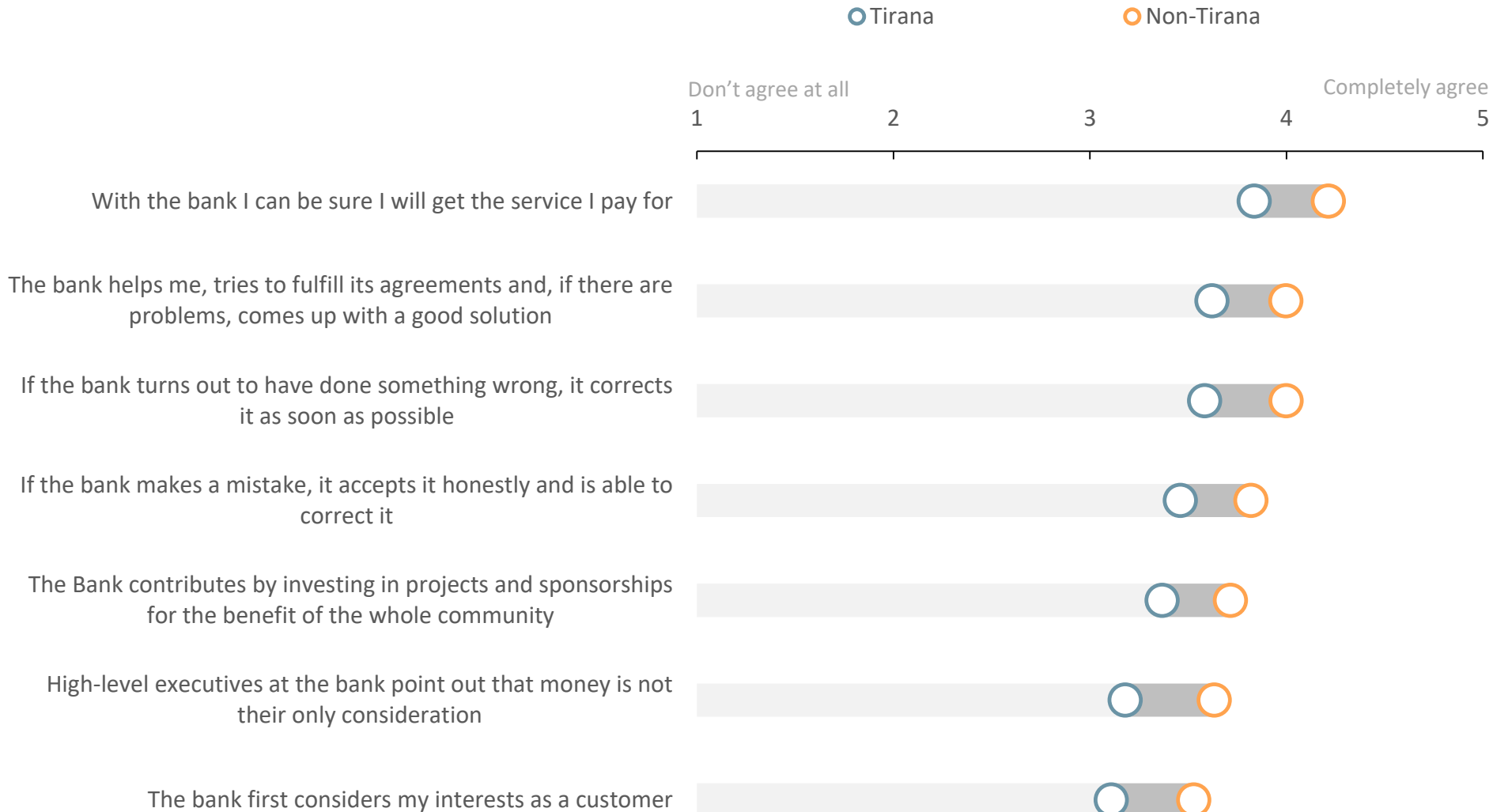


- Respondents were presented with some statements about the bank's honesty.
- Survey findings show that the bank's honesty statement for which respondents agree the most is "With the bank I can be sure I will get the service I pay for" (75% "completely agree" or "somewhat agree").
- The last of the listed statement, regarding which respondents agree the least is "The bank contributes by investing in projects and sponsorships for the benefit of the whole community" (42% "completely agree" or "somewhat agree").
- To be noted is the high percentage of the respondents who choose "don't know".

Bank's honesty

By region

To what extent do you agree or disagree with these statements about your bank?

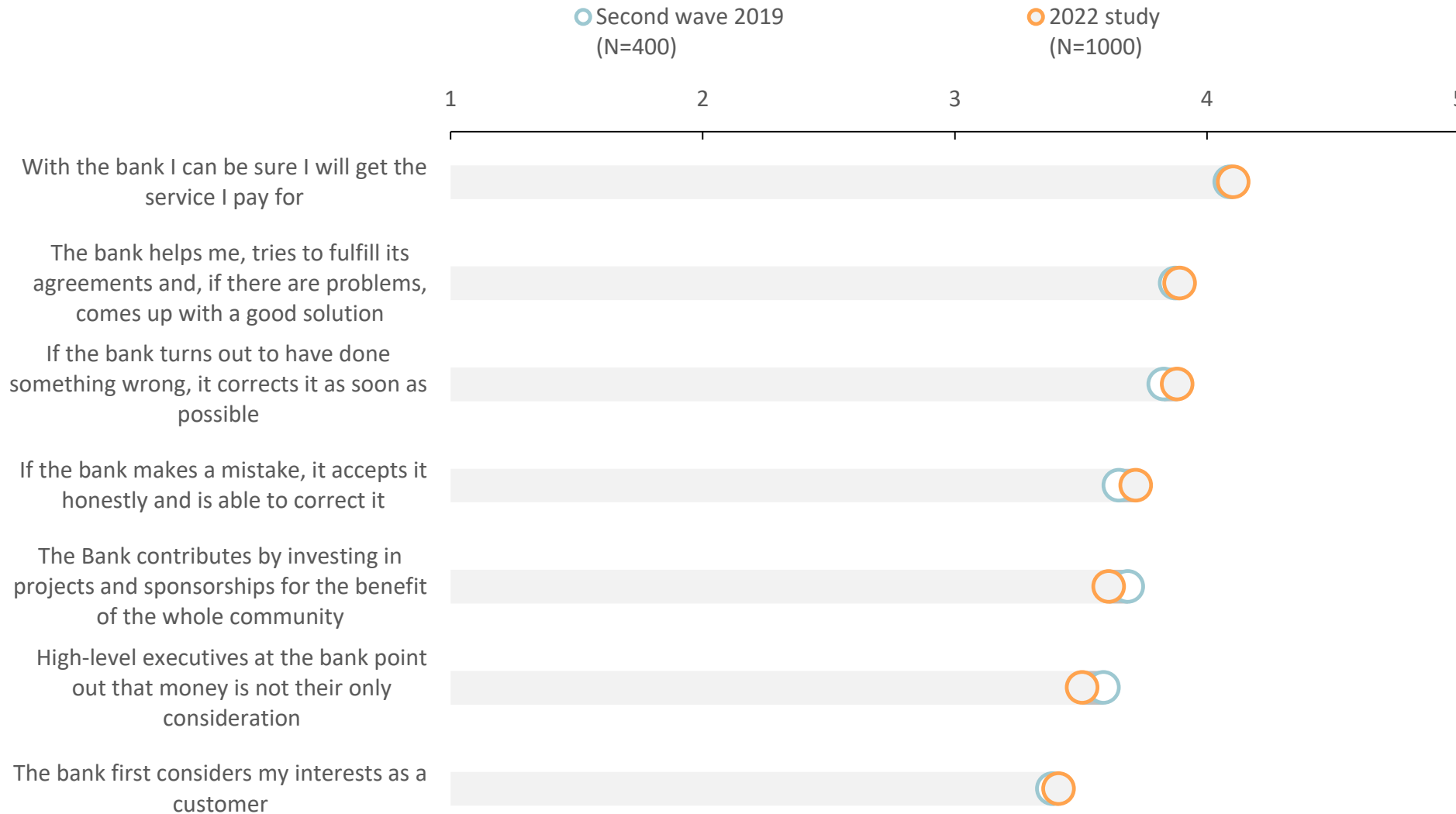


- Disaggregating data by region, shows that respondents from Tirana tend to disagree more regarding the statements about bank's honesty.
- There is a significant difference in the level of agreement for each of the statements regarding the bank's transparency among respondents from Tirana and from other regions.

Bank's honesty

Comparison with the previous waves

To what extent do you agree or disagree with these statements about your bank?



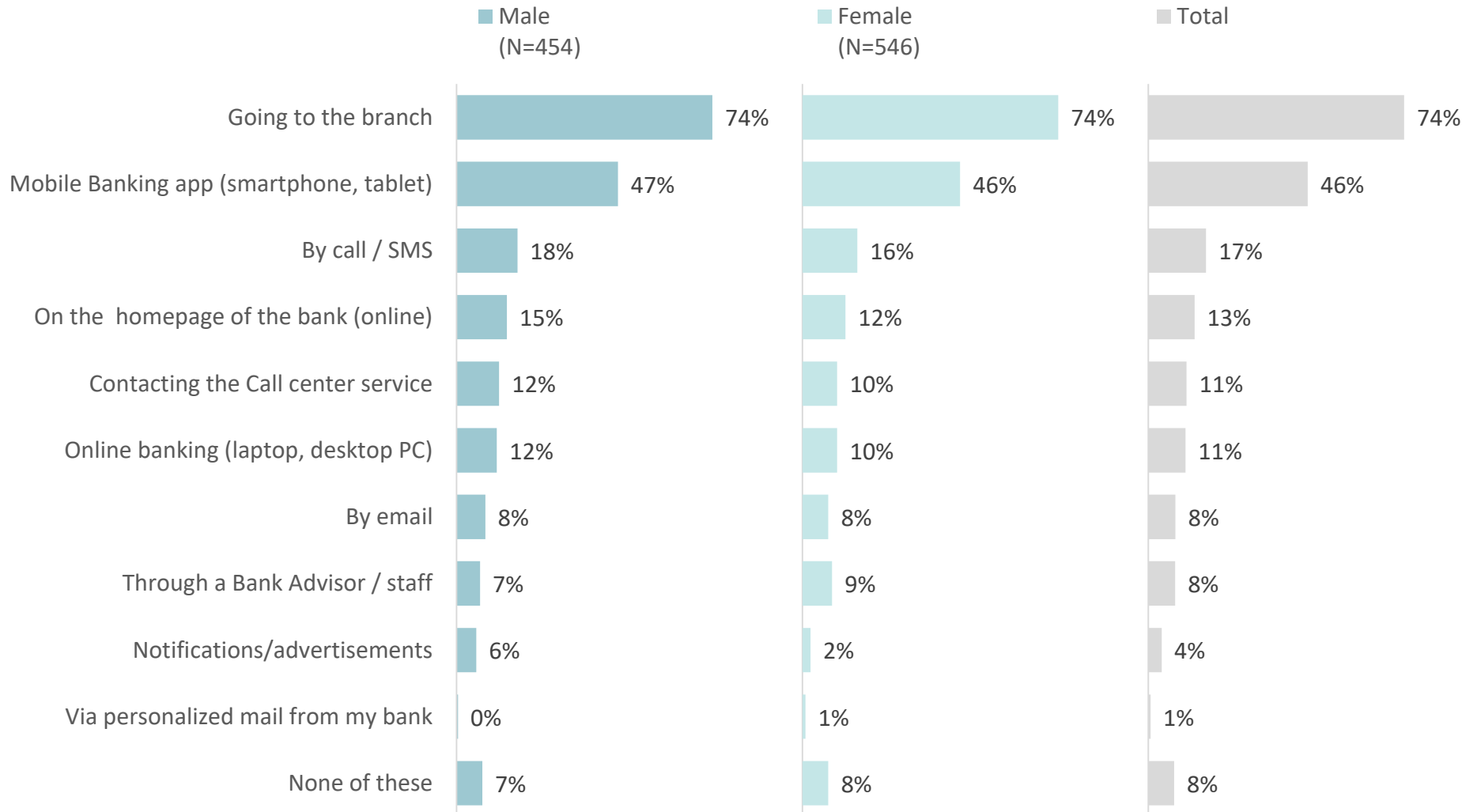
○ There is no considerable difference about the bank's honesty compared to the second wave data.

Note: This question was not part of the first wave study.

Contact with the bank

Total and by gender

Through which of the following ways (touching points) did you contact the bank this last 6 months?

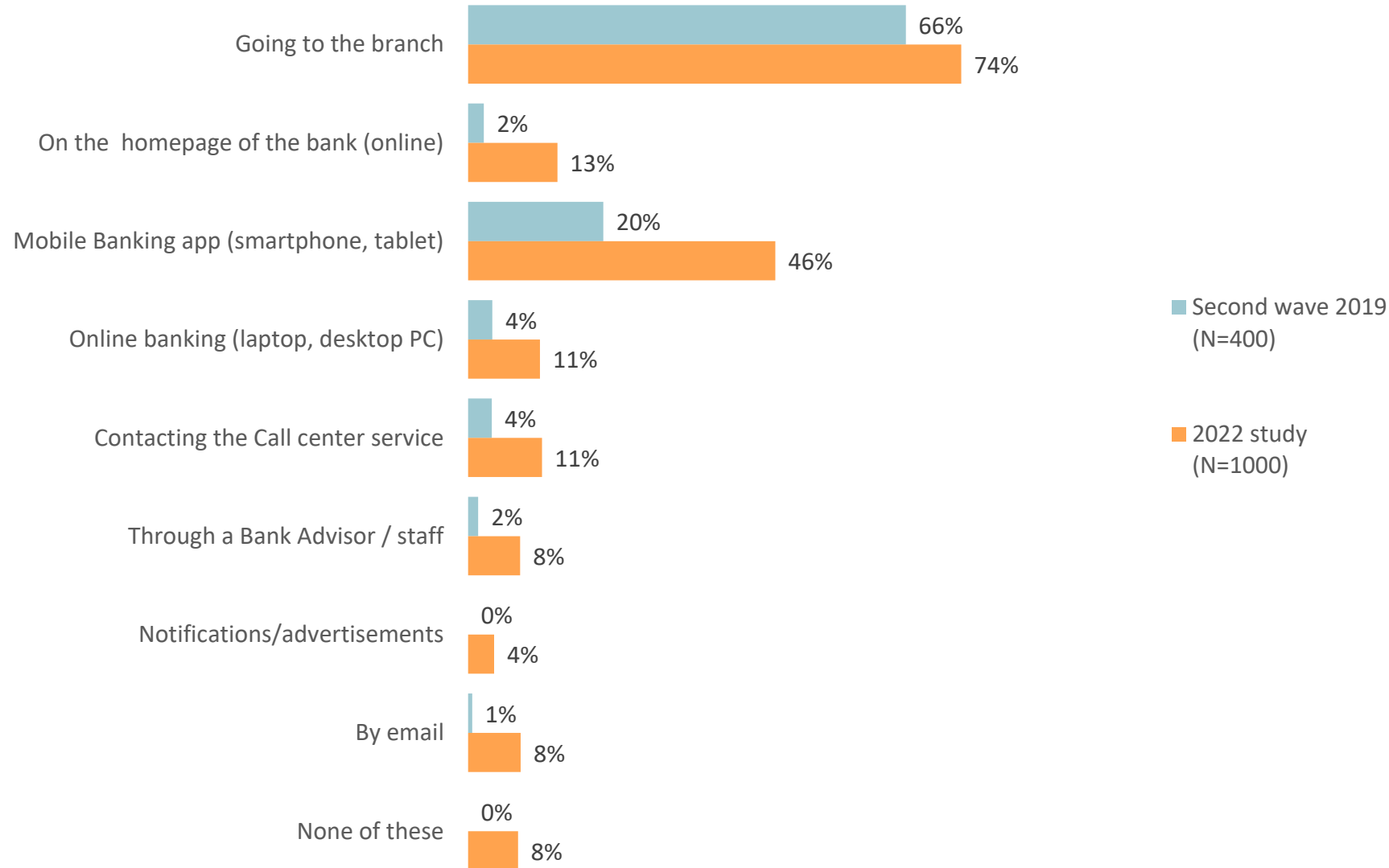


- Still, most of the people (74%) contact the bank directly by going to the branch.
- Almost half of the respondents (46%) contact the bank through mobile banking app.
- There is no significant difference among men and women regarding the ways to contact the bank.
- Furthermore, data show that respondents living in Tirana have contacted the bank through mobile banking more than in the other regions (56% in Tirana, versus 42% in other regions), through the Call center services (21% in Tirana, versus 7% in other regions).

Contact with the bank

Comparison with the previous waves

Through which of the following ways (touching points) did you contact the bank this last 6 months?

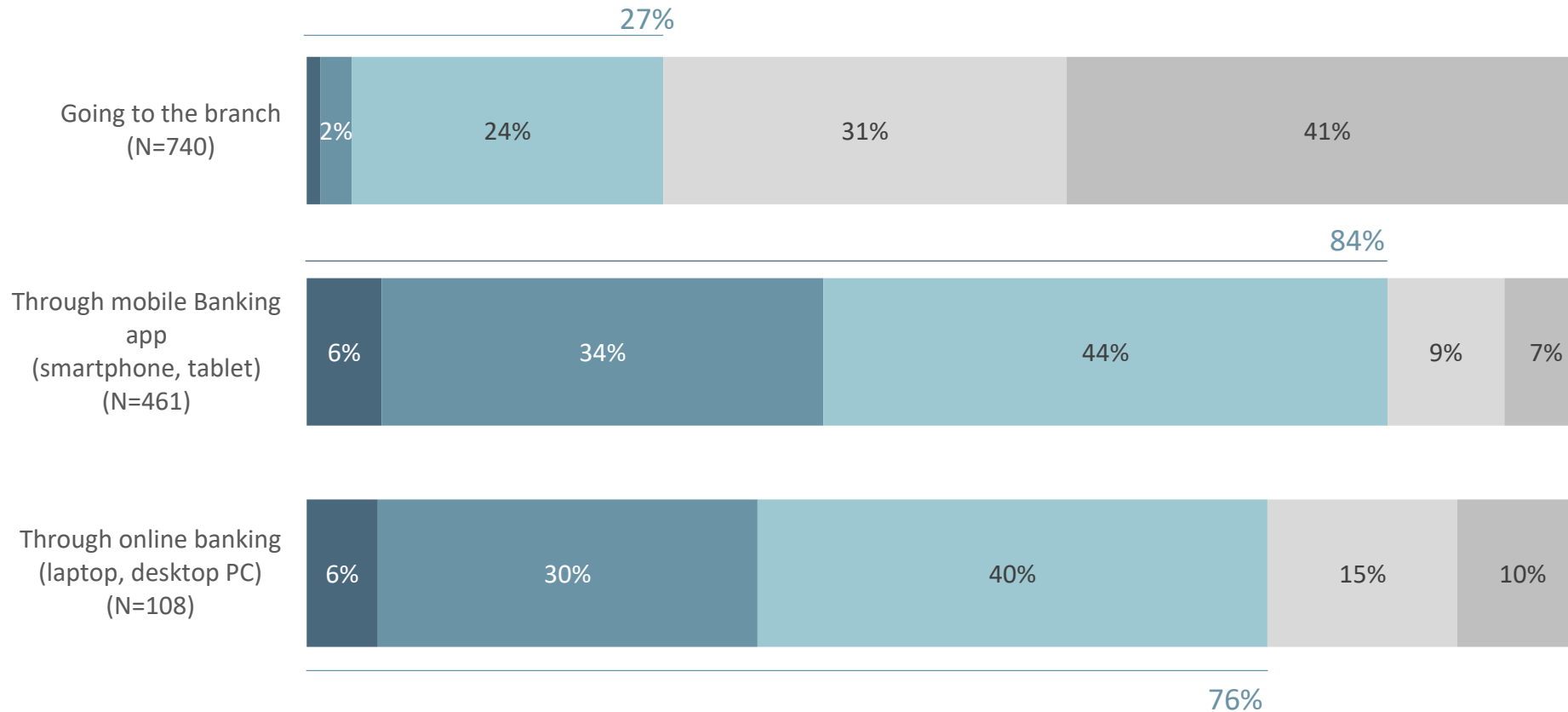


- When compared to the data from the second wave, survey findings show that there is an increase in the contact with the bank.
- The largest increase is noticed in contact through mobile banking (20% in 2019, versus 46% in 2022).

Frequency of contact

Could you please tell us how often you use these methods?

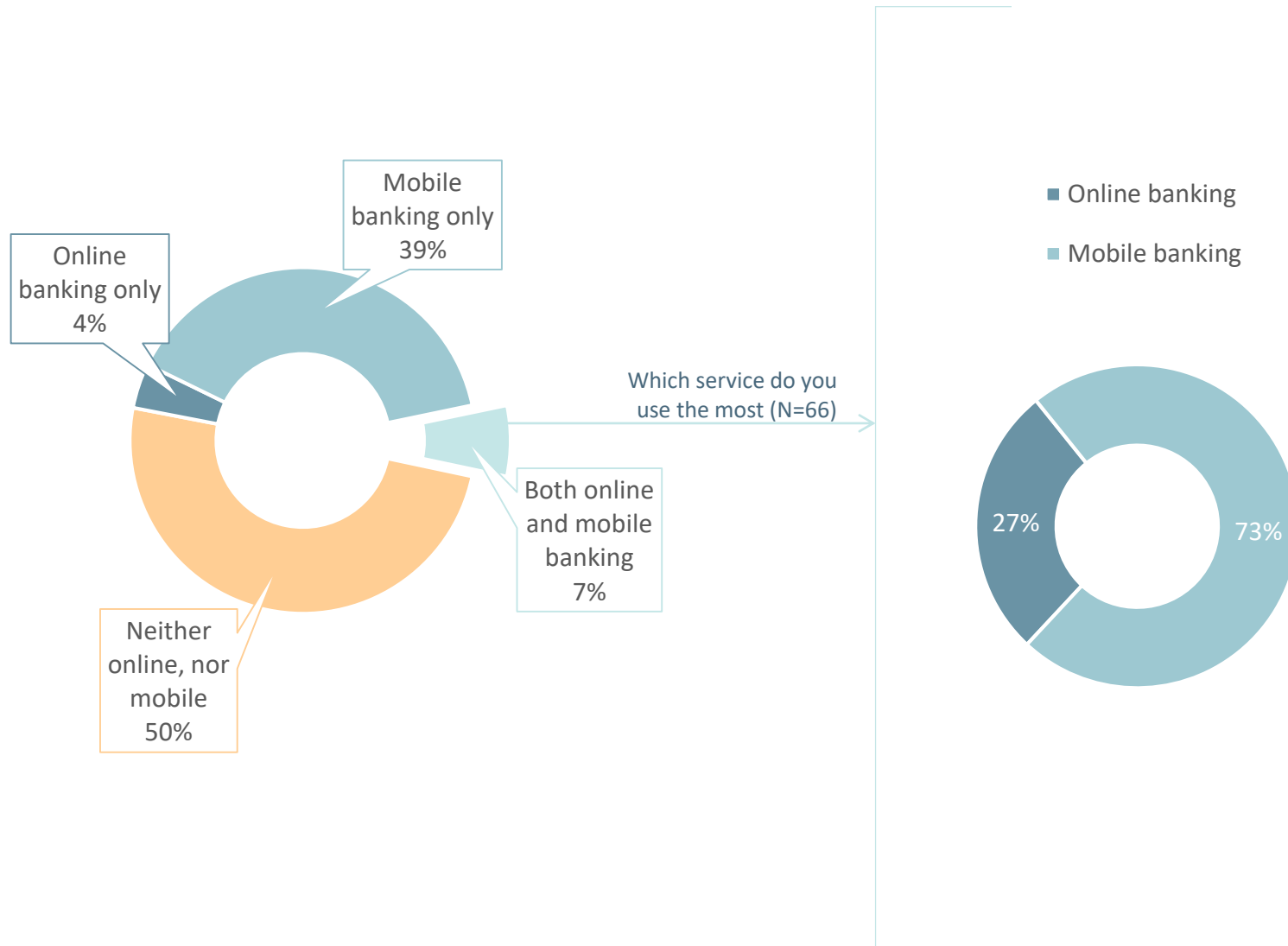
■ Several times a day ■ Several times a week ■ Several times a month ■ Several times in 2-3 months ■ Less often



- Even though the most used way of contact is by “going to the branch”, the frequency of this contact is lower compared to digital contact.
- Only 27% of the respondents who have contacted the bank by going to the branch during the last 6 months, do so at least several times a month.
- On the other hand, 76% of those who contacted the bank through online banking do so at least several times a month, while 84% of those who have contacted the bank during the last 6 months through mobile banking do so at least several times a month.

Usage of digital banking products

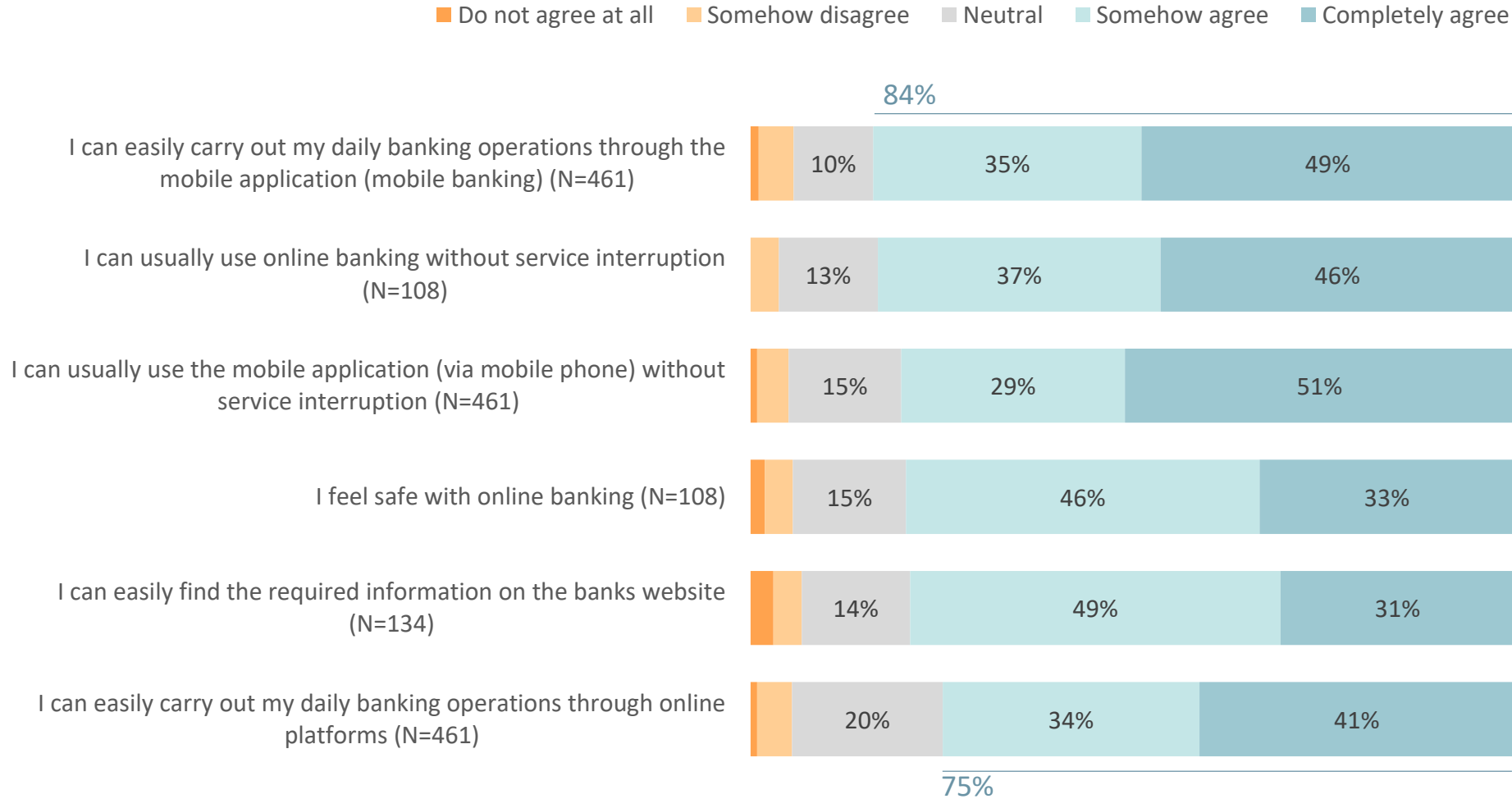
The usage of digital banking products.



- Half of the respondents declare to not use online or mobile banking. The other half (50%) use at least online or mobile banking.
- Four in ten (39%) respondents declared that they use only mobile banking, while 4% declared that they use only online banking.
- Of those who use both online and mobile banking (7%), most of them (73%) use mobile banking the most .
- Data shows that older people (more than 44 years old), bank users with high school or lower, those that are not living in Tirana and those living in rural areas use less than others mobile or online banking.
- Bank users from Tirana, use significantly more mobile banking compared to bank users from other regions, respectively 46% versus 37%.
- Of those who use mobile banking, 84% are “very satisfied” or “satisfied” with the use of it.
- Of those who use online banking, 83% are “very satisfied” or “satisfied” with the use of it.
- Digital banking users who do not live in Tirana are more satisfied than those who live in Tirana.

Usage of digital banking products

To what extent do you agree or disagree with these statements:

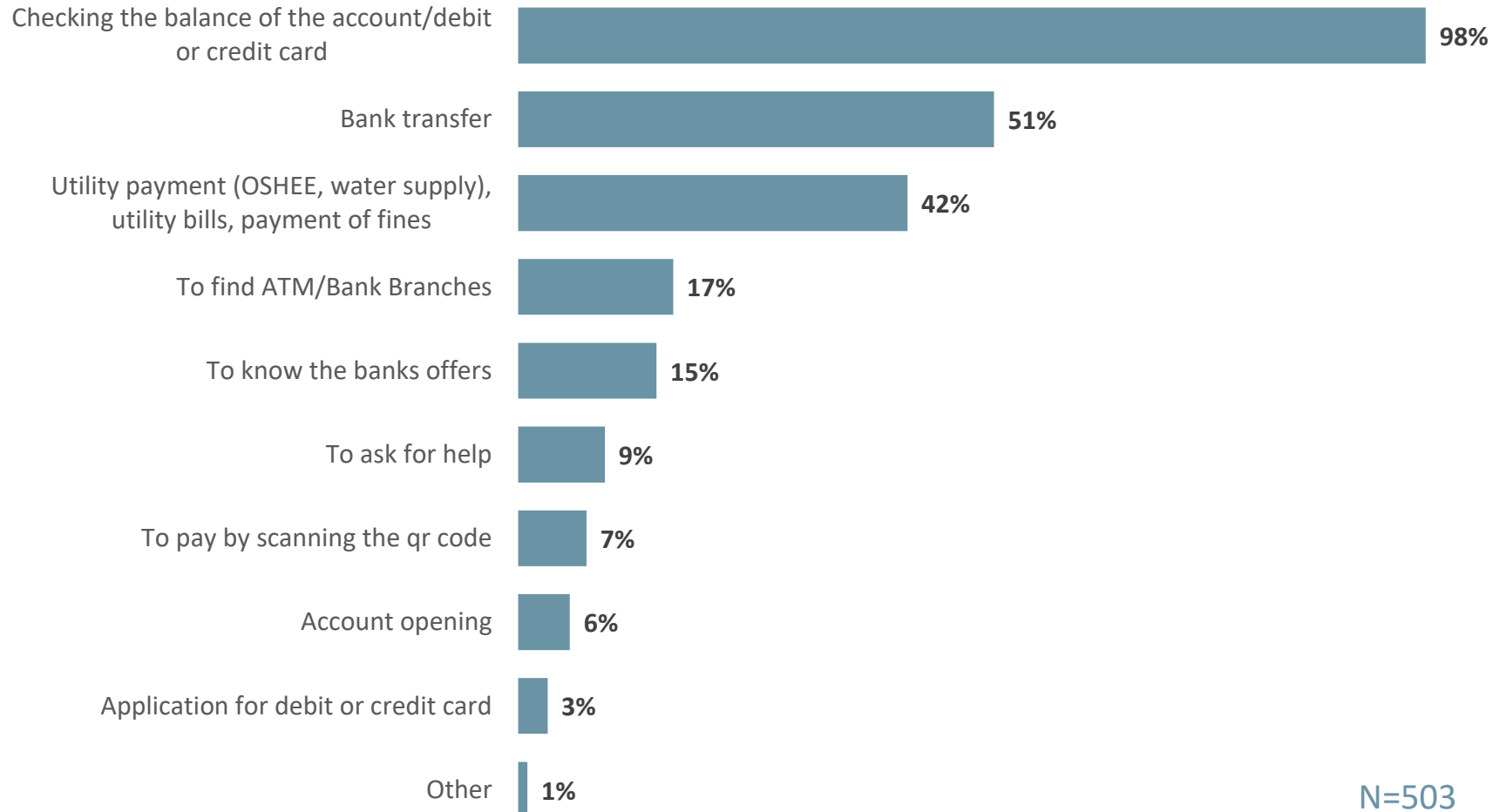


- Between the digital banking product users, 84% “somehow agree” or “completely agree” that *they can easily carry out their daily banking operations through mobile application.*
- On the other hand, fewer people (75%) “somewhat agree” or “completely agree” that *they can easily carry out their daily banking operations through online platforms.*

Usage of digital banking products

What do you use the mobile/online banking application for?

**Only those who use mobile/online banking*

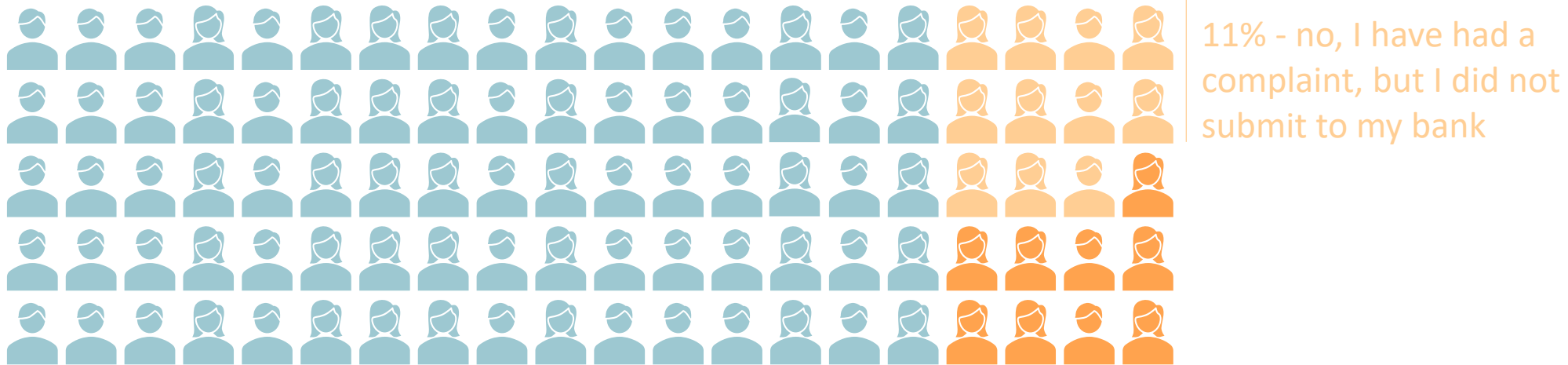


- Data show that almost all the respondents (98%) who use mobile/online banking application use it for **checking the balance of the account/debit or credit card**.
- Also, most of the users of digital banking, use it for **bank transfers** (51%); for **utility payments, utility bills, payment of fines** (42%).
- Survey findings show that digital banking users who live in Tirana, compared to other regions, use more mobile/online banking products for **bank transfers** (61% in Tirana, versus 46% in other regions), and **utility payment, utility bills, payment of fines** (55% in Tirana, versus 34% in other regions).

N=503

Complains

Have you filed a complaint with your bank in the last 12 months?



80% - no complaints

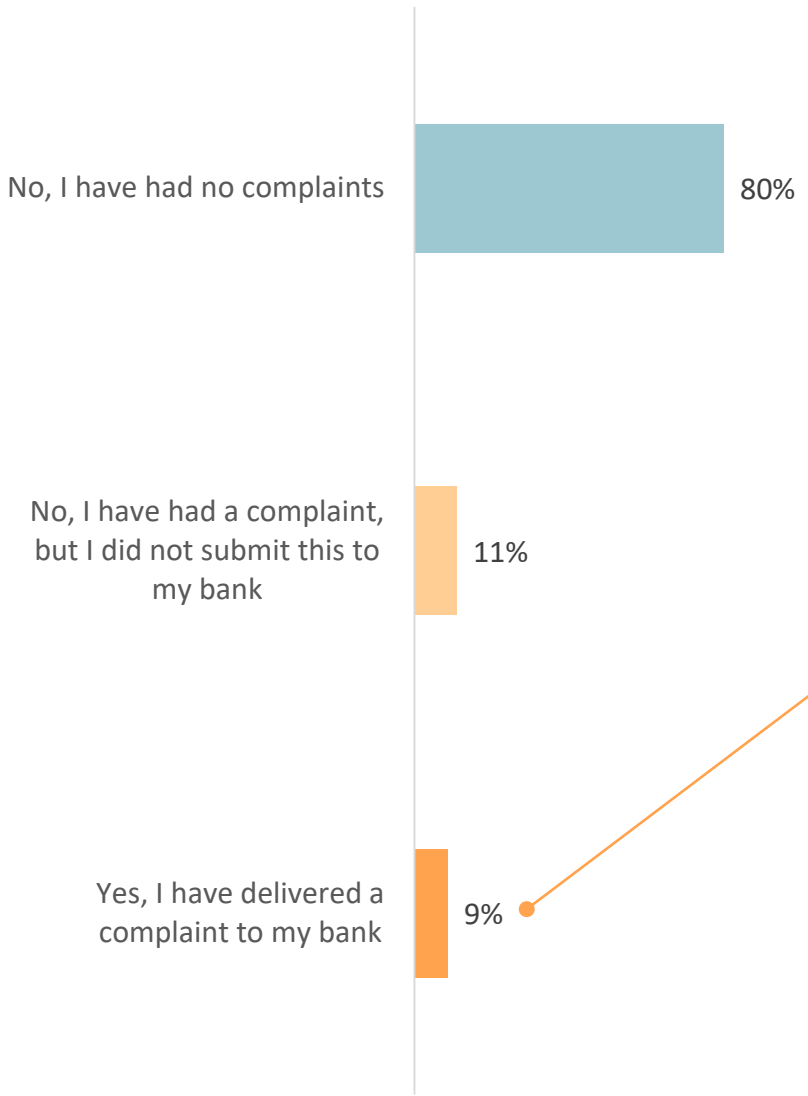
9% - yes, I have delivered a complaint to my bank

Results show that more respondents living outside Tirana than those living in Tirana (68% versus 53%) and more respondents with high school or lower than those with university or higher (78% versus 58%), would prefer to go physically to the bank, if they have a complaint towards their bank.

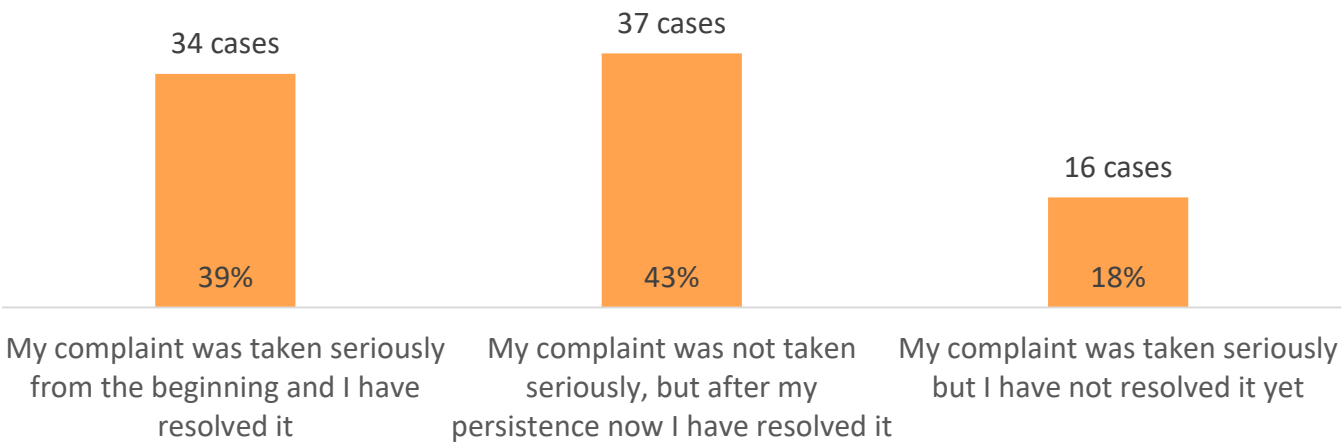
On the other hand, more respondents living in Tirana than others (24% versus 13%) and with university or higher than others (18% versus 10%) would prefer to complain through the call center.

Complaint handling

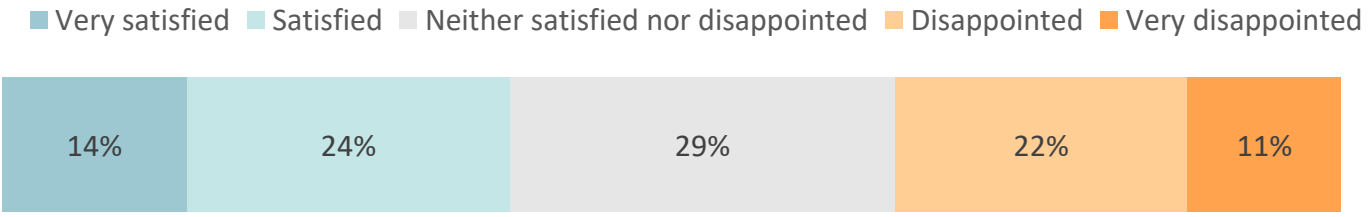
Have you filed a complaint with your bank in the last 12 months?



Complaint handling (N=87)



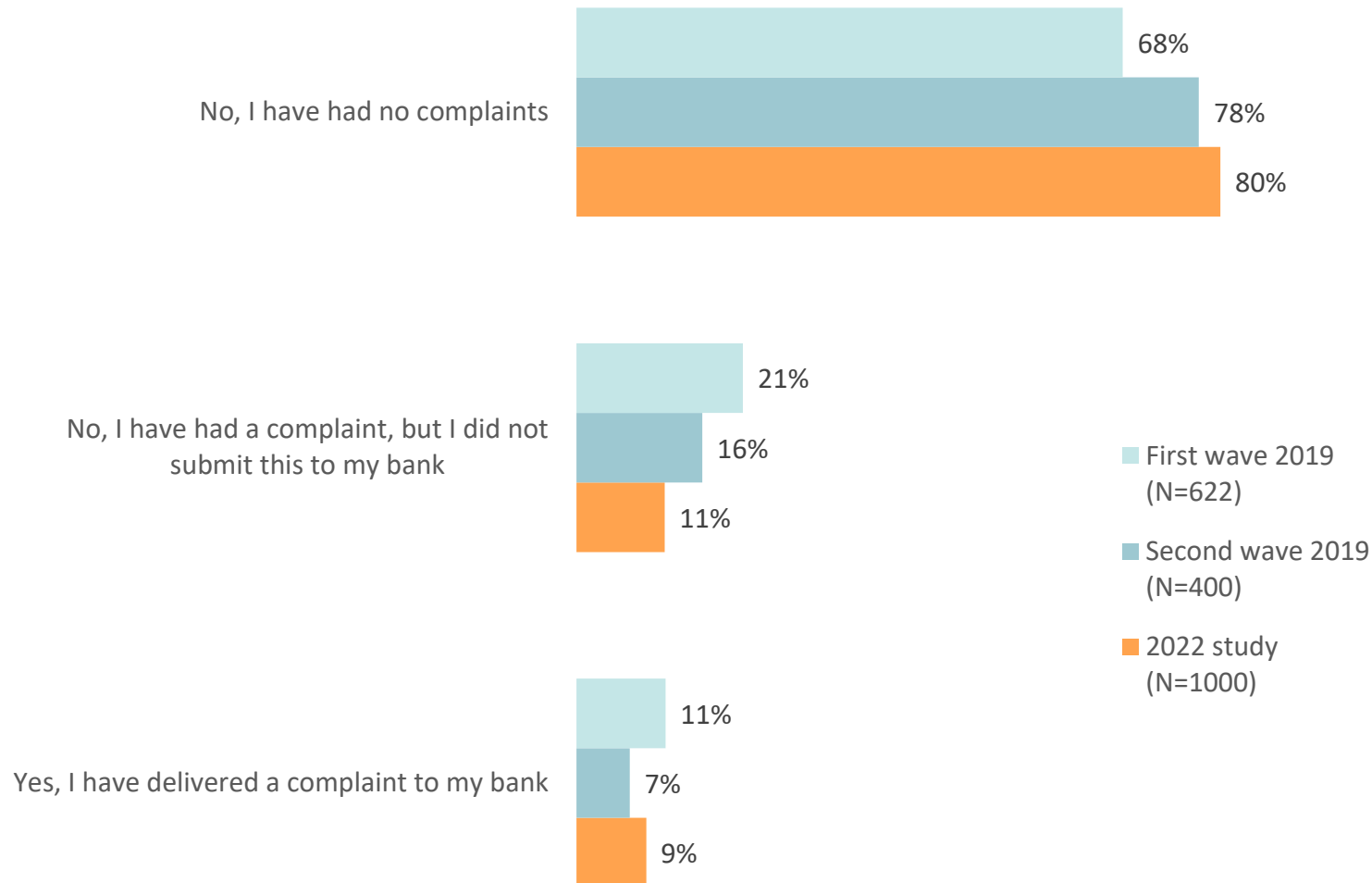
How satisfied are you with the way your most recent complaint has been resolved? (N=87)



Complaint handling

Comparison with the previous waves

Have you filed a complaint with your bank in the last 12 months?



- More bank users in the 2022 study declare that they have **had no complaints with their bank** (80% in the 2022 study, versus 78% in the second wave and 68% in the first wave).
- Fewer bank users declared that **they have had complaints, but they have not submitted to their bank** (11% in 2022 study, versus 16% in second wave and 21% in first wave).
- In addition, compared to the data from the first wave, data show that bank users are slightly more satisfied in the 2022 study with the way their most recent complaint was resolved, (35% in the first wave, versus 38% in the 2022 study).
- Furthermore, data show that most of the respondents (63%) would prefer **to physically go to the bank** if they have a complaint.
- About 16% would prefer to complain **through the call center**, 11% **through the application**, 6% by **calling their banker**.

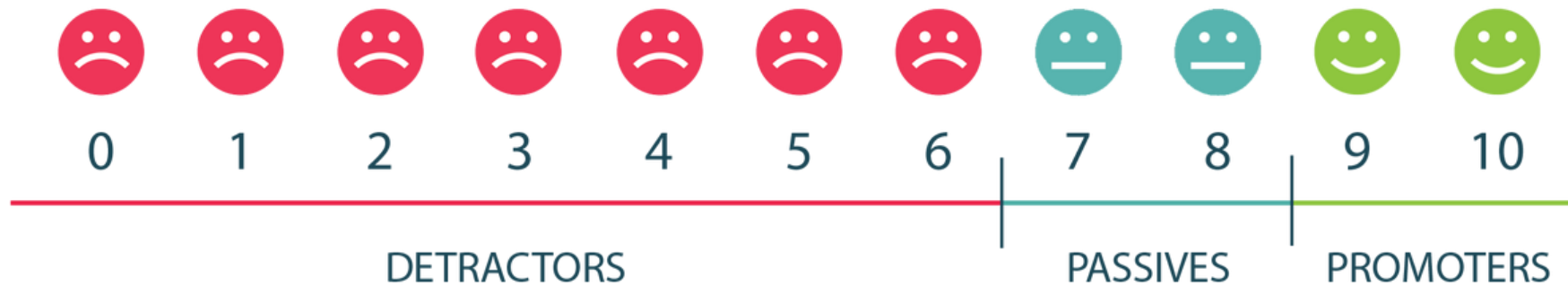
NPS Calculation

Considering all the experiences you have had with your main bank, would you recommend it?

- NPS is calculated from the question:

How likely are you to recommend your main bank to a friend or relative? On a scale from 0 to 10, where 0="definitely would not recommend it" and 10="definitely would recommend it".

- The evaluation for their respective main bank will serve as an indicator of their evaluation for the whole banking system.
- To be followed by an open-ended request for elaboration on the respondents respective evaluation.

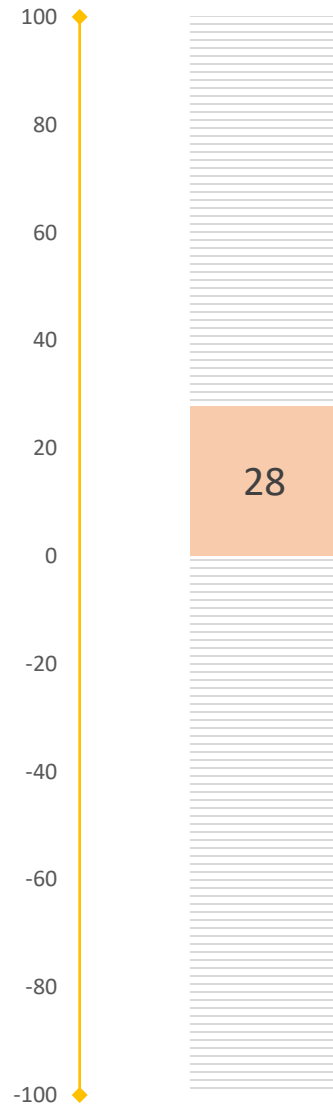
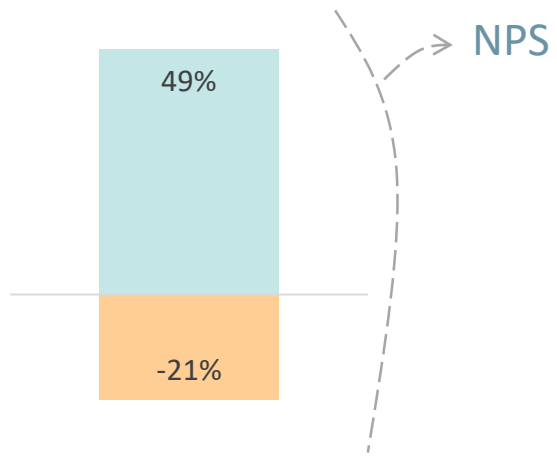


$$\text{😊 \%} - \text{😞 \%} = \text{NET PROMOTER SCORE}$$

NPS

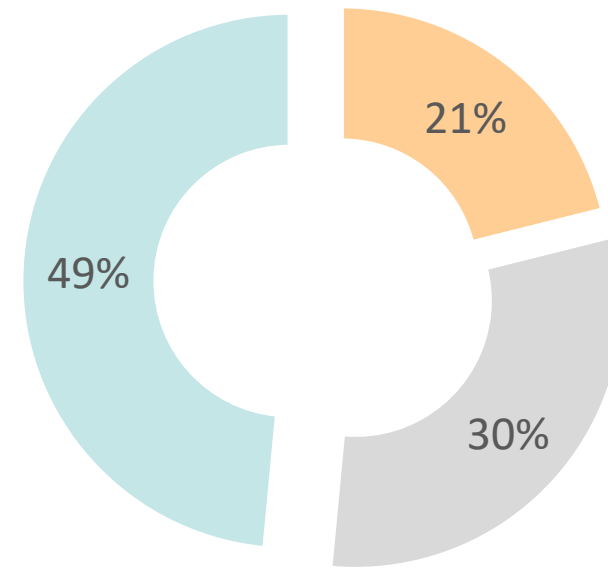
Considering all the experiences you have had with your main bank; would you recommend it?

Detractors Promoters



- The Net Promoting Score for the Banking sector in Albania is evaluated **28 points**.
- Data show that 49% of bank users promote their main bank, while 21% would not recommend it (30% are neutral/passive).

Detractors Passives Promoters



NPS

Reasons to promote

Considering all the experiences you have had with your main bank, would you recommend it?

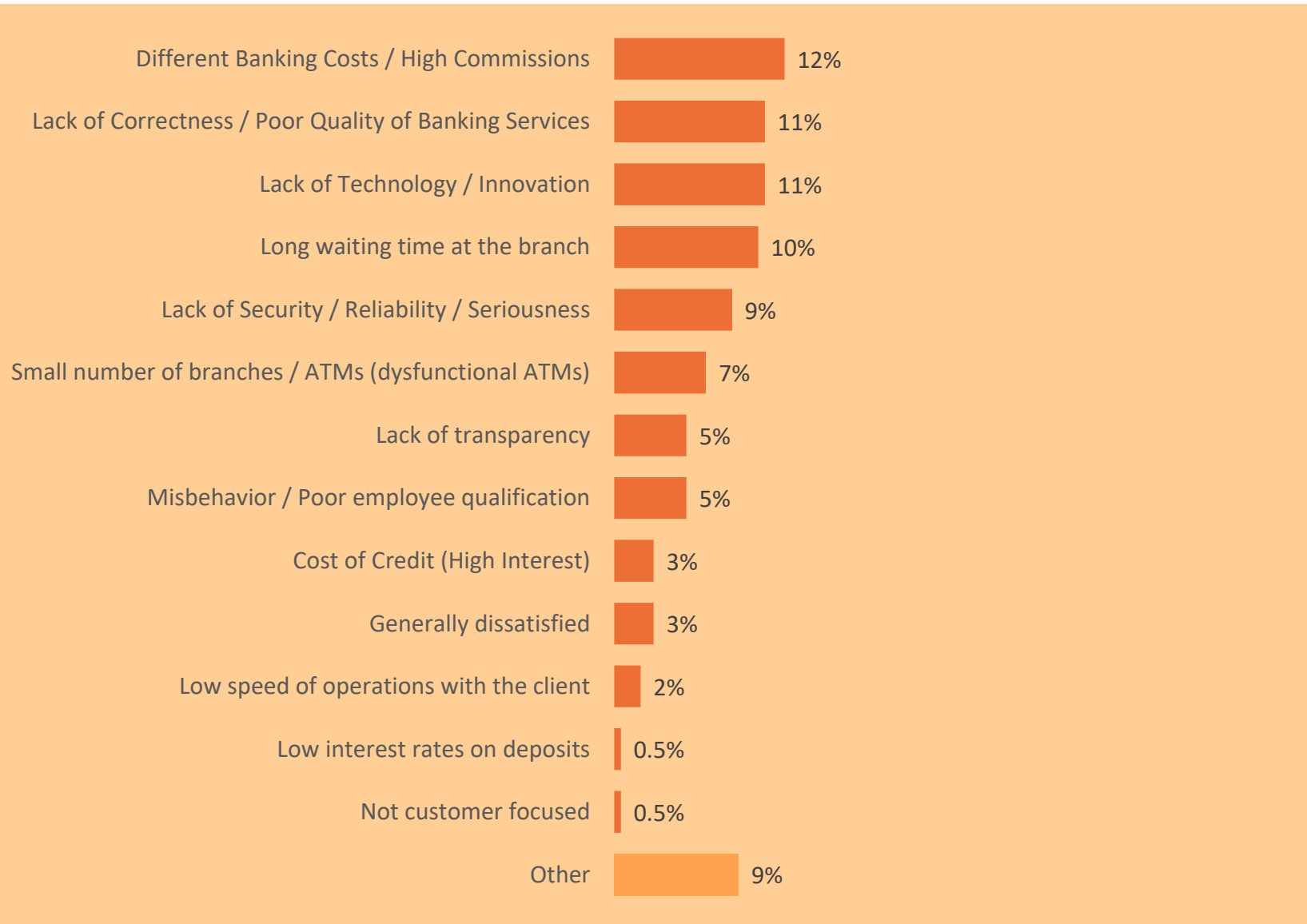


- When asked about the reasons to promote their main bank, most of the respondents (34%) stated the **safety/reliability** of the bank.
- About 26% of the respondents declared that the major reason for promoting their main bank is **correctness and quality of banking services**.
- Next mentioned reason for promoting is **behavior /qualification of employees** (12%).
- About 10% are **overall pleased** with their main bank as the reason to promote it.

NPS

Reasons to detract

Considering all the experiences you have had with your main bank, would you recommend it?

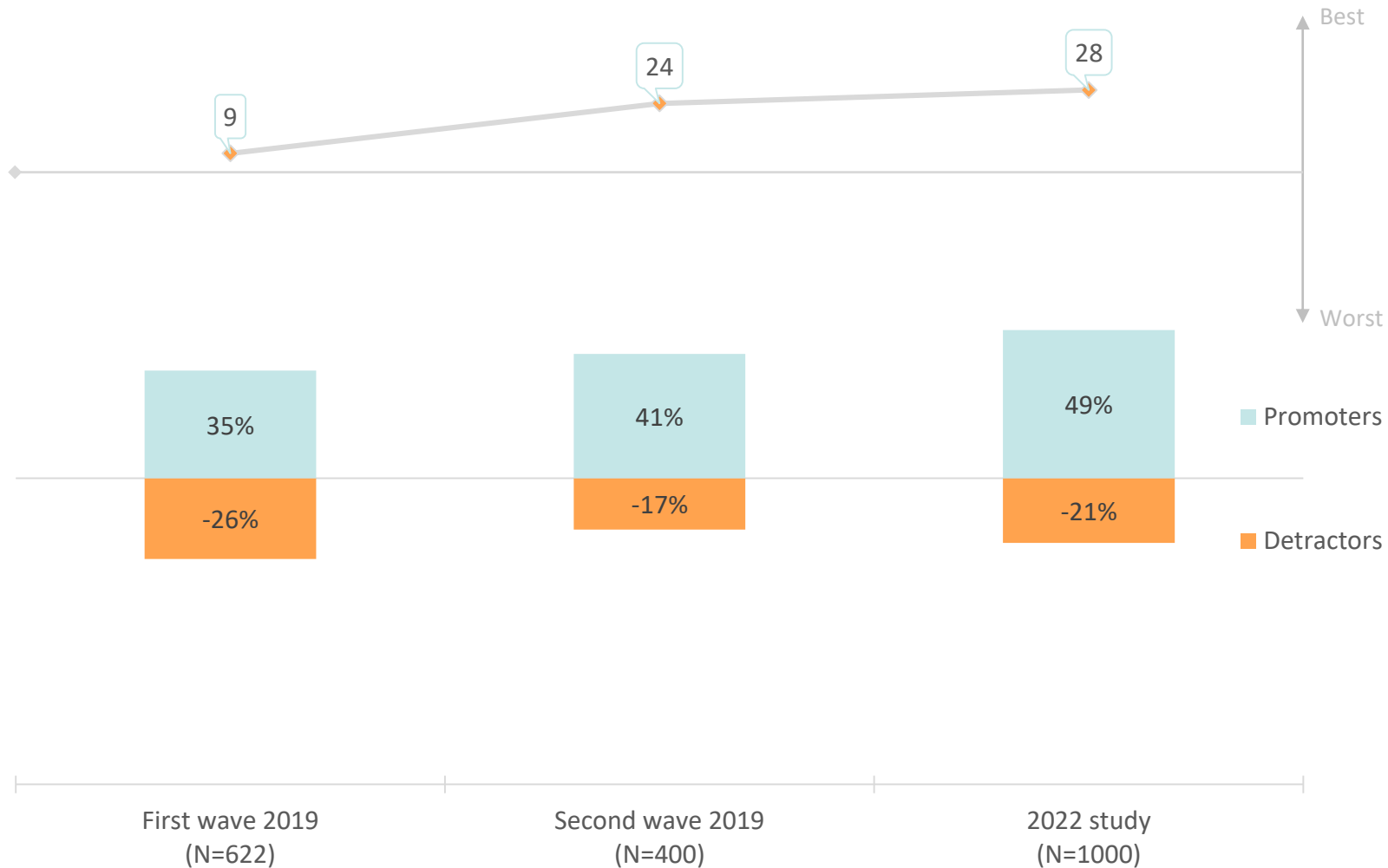


- The main reasons for banking users to detract from their main bank are **different banking costs/high commissions** (12%), **lack of correctness/poor quality of banking service** (11%), **lack of technology/innovation** (11%), **long waiting time at the branch** (10%).

NPS

Comparison with the previous waves

Considering all the experiences you have had with your main bank, would you recommend it?



- When comparing the data with the previous waves, stands out that there is an increase in the NPS evaluation for the banking system in Albania.
- There is an increase with 4 points in the 2022 study compared to second study and an increase with 19 points compared to the data from the first study.