

Banking survey (Part VI)

Lebanon's banks are not transparent, say half of respondents

A look at the different products that have been reviewed by *iMonthly* in its banking survey shows that the most popular services among bank clients are plastic cards, followed by fee domiciliation services and bank loans. Following a global trend toward more convenient products, bank clients in Lebanon are also looking for more convenience in their banking transactions, and as part of a successful retail banking strategy, financial institutions will need to incorporate and focus on products that make life easier for the client.

However, as shown in Issue 22 of *iMonthly*, newly introduced technologies that don't involve face-to-face interaction are still less trusted by bank clients, so banks need to make a concerted effort to build awareness and educate clients, while at the same time tackling issues of security and trust toward those kinds of banking products.

Quality and number of services

A little over half of bank clients (52.7%) consider the quality of services offered by their banks to be good, while almost one third considered them to be pretty good and another third said they were satisfactory. A mere 2.7% evaluated quality of services as bad and 6% felt they were less than average.

Waiting time was also evaluated as very positive by 70.6% of those who deal with banks, who stated that they don't wait at all or barely wait, while 16.3% rated waiting time as satisfactory and 12.4% felt it was less than satisfactory or too long.

In terms of the number of services, the majority of clients (76.8%) were also positive and felt that banks provide a satisfactory number of services and facilities to the community, compared to 22.6% who did not feel services and facilities were adequate. The largest proportion of those clients (55.3%) felt that procedures needed to be simplified, while 16% said that getting a loan should be easier.

Transparency and security

A little less than half (49.3%) of Greater Beirut residents feel that banks in Lebanon are transparent, compared with an almost equal number (48.3%) who disagree with that assessment.

In terms of the security of Lebanon's banking sector, 9.2% of respondents felt that it was 'not at all secure', while 15.2% said it was 'very secure'. The remaining responses were somewhere in between.

Factors in choice of a bank

A bank's reputation is the most important factor considered when choosing a bank, according to the survey. Rankings by weighted average reached 4.8 out of 5 for reputation, followed

by good service with a rank of 4.79. The strength of a bank was the next most important, at 4.7, with the types of banking products offered by the institution ranking at 4.67, and the geographic location also playing an important role, at the rank of 4.48. The number of ATM machines was ranked at 4.39, followed by the people working for the bank at 4.31. Knowing people who deal with the bank also helped, according to some respondents, ranking this factor at 4.1, while banking hours were considered by others at 4.05. The least important factors when choosing a bank were phone banking at 3.9 and online banking at 3.89.

Advantages

Products or services that would give one institution an edge over another were also ranked by respondents, with the availability of many ATM machines considered the most important at 4.33. Lending products followed, with housing loans topping the list at 4.28, followed by personal loans (4.22), car loans (4.2) and educational loans (4.19). A relatively new product in Lebanon's retail banking industry, which has been well received, is bancassurance, ranked sixth at 4.05.

Delivery services are also a new and creative method introduced by banks to provide more convenience to clients who might not have the time to drop by their branch for money withdrawal, for example, and this service ranked seventh at 3.98. Extended banking hours were considered a plus, ranking 3.83, and phone and online banking ranked ninth and tenth in terms of perceived advantages.

However, a look at the composition of age groups in the above responses showed that, while online banking was not considered as important, respondents in the younger age brackets gave this service much more weight than their older counterparts. Such a trend could play an important long-term role in terms of the importance banks give to developing such a newly emerging product.

Please note that some percentages add up to more than 100% because respondents can give multiple answers or may have more than one bank. ■

Sample and methodology

The survey was based on a stratified random sample of 600 respondents derived from the number of residents across different areas of Greater Beirut. In each area, respondents were randomly selected in line with gender specifications and some age restrictions. In addition, the timing of interviews was administered in a way to avoid any bias that might occur in the sample selection. Respondents were interviewed in their homes, and the survey's margin of error is $\pm 1.8\%$.