

Keep your customer satisfied

Allen Quaye wonders why customer service only gets better when it's probably too late.

It's blindingly obvious that in tough financial times, a recession or an ongoing financial crisis, there is a real necessity to re-focus on the customer. Surely, it's simply common sense to make sure that the customers you already have are looked after properly.

When it comes to banks – which have had a battering of late, shall we say – levels of customer service are constantly highlighted as the differentiating factor among them. But to what extent is it true that this is really the case? Ask yourself: "Are you satisfied? Do you really feel as though your bank offers you the level of service that you'd like or have the right to expect?"

It's understandable that the financial industry is pretty quiet at the moment. We seem to be hearing little from banks these days and it's clear that the recovery (from the battering they've received) will take some more time. However, the recent Ethos Consultancy bank benchmarking study of retail banks would appear to back up the argument that banks are probably trying harder to satisfy customers now than, perhaps, a couple of years ago. In the UAE, at least.

This year, according to Barry Judge, marketing director of Ethos Consultancy, the focus of most banks has taken on "a dramatic shift from customer acquisition to customer retention". No surprise there.

As a publication, we've followed this annual survey for some years. Respondents have consistently noted that they feel banking service has, and always will be, poor. However, it's interesting that this year customer satisfaction has risen by 10 per cent – historically, it's been somewhere between two and four per cent. That's a big shift and it's obvious that banks really have been working to improve.

It's also interesting that the best overall bank has just been voted at the top spot for the fourth time in a row. Surely there's a lesson to be learned here.

It wouldn't be an exaggeration to say that, as a personal finance magazine, well over 50 per cent of any letters we get are from disgruntled bank customers, outlining a gripe against a particular institution. And of these, it's service levels that come under fire the most. We all, quite rightly, expect a lot from our chosen bank. It's very often the case that it's a lifelong relationship and anything that lasts that long is going to take some effort. Plus, it's a relationship that deals with our finances, our security and our financial wellbeing. Clearly, it's likely to be an emotive partnership at times. Then there's the fact that we pay for a service that, judging by the letters we receive, is often not as good as it might be. So it's easy to see why the expectations are so high.

Banks across the world have had to scramble to make sure they're keeping their customers happy. The ongoing financial crisis has ensured that this is the case. A case of closing the gate after the horse has bolted? Certainly. Why shouldn't we, as bank customers, expect a consistent level of service all the time, no matter how tough things are?

But let's take the positive for a moment. This is something that we can really be thankful to the financial crisis for. How ironic it is that in times of excessive financial risk taking, huge banking bonuses, lax regulation and a PR and financial maelstrom that, finally, banking service improves. Just imagine if these lessons were learned and remembered. Wouldn't that be great?

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Capinnova strengthens investments in Islamic finance

Capinnova Investment Bank has acquired a 50 per cent stake in Sakana Holistic Housing Solutions. Bahrain-based Sakana was earlier a 50-50 joint venture between BBK and Shamil Bank.

BBK took the decision to transfer the ownership of Sakana to Capinnova to strengthen and diversify the bank's investments in the Islamic financial sector. After the approval of the Bahrain central bank, Capinnova's issued and paid-up capital has increased to US\$151.5 million.

Islamic mortgage finance provider Sakana has been in commercial operations for three years. Its asset base as of November 30, 2009 was approximately US\$100 million.

"We aim to scale new heights and set a new benchmark for the industry in the years to come," said Jamal Hijres, CEO of Capinnova.



Jamal Hijres

Negative credit outlook for Kuwaiti banking system

The fundamental credit outlook for the Kuwaiti banking system remains negative, although implementation of the government's four-year development plan could stimulate the weakened operating environment of the small and undiversified non-oil private sector, said Moody's Investors Service in a report last month.

The Kuwaiti state remains affluent, but Moody's cautions that the emirate's economy is undiversified and relies heavily on the performance of its oil sector.

The short- to medium-term performance of Kuwaiti banks will likely remain pressurised by elevated non-performing loans, said the report. Moody's expects that increased provisioning charges will adversely affect profitability in the 2009 results and that such charges will continue to weigh on the performance of some banks into 2010.

Emirates Steel to launch project finance transaction

Emirates Steel is finalising plans to consolidate its debt financing and intends to launch its first major project finance transaction for the year in the first quarter of 2010. Emirates Steel is looking to raise approximately US\$1.5 billion through limited recourse financing to cover the financing needs of its phase one and phase two expansion projects.

Emirates Steel will now focus on arranging funding on a long-term stand-alone basis. The cornerstone of this funding will be limited-recourse project financing that is planned to close in the first half of 2010.