

Egypt

“Current accounts”, “ATMs” and “savings passbooks” are the top banking products that attract Egyptians!

GfK Egypt – one of the leading marketing research agencies and the 4th global market player worldwide – expects that the majority of the retail banking pie is going to be in the hands of the banks that respond to global trends and adopt change quickly from being product-centred to being customer-centred.

“Over the last few years the Egyptian banking sector has witnessed a true revolution in the retail banking segment”, says Dr. Mansour El Ganady – the managing partner of GfK Egypt. He elaborates: this change is more than just a mere indication, it is manifested, firstly, as a big increase in the numbers of those who deal with banks and, secondly, in the diversified, newly introduced banking services recently provided by banks in order to cope with this demand. All this change is a by-product of the attempts that many banks have made to pump in more investment capital in order to enhance their banking infrastructure in a growing sector.

This whole change in strategy formulation requires a change in the nature of three important aspects of banking, he says:

First of all, changes in employee empowerment and extensive training programs that target human resources in general and marketing personnel specifically. Secondly, a placing of emphasis on and promotion of the “marketing culture” rather than the “sales culture” within a bank and, thirdly, formulating any fundamental strategy on a fact-based foundation.

Dr. El Ganady draws this picture: “The retail banking sector in Egypt is like a growing child. It still has years to come to learn to walk and, eventually, to run.”

The majority of adult Egyptians still do not have a banking provider, he explains. Moreover, the number of branches per bank per 1000 capita is still under-represented compared to the Egyptian national economy, and this is the factor which forms a true opportunity for the banks who are able to enhance their infrastructure relative to others first.

According to GfK Egypt’s “Retail Insight” – a retail banking study which is considered to be one of the main references in the banking industry from the customer’s point of view - Egyptians are not really aware of what banks can offer them in terms of services.

“Why do you deal with the bank you are dealing with?” is one of the questions in the study and the majority respond “I use it for the deposit and/or withdrawal of money”. This indicates that a bank is often used as a “big wallet”, a place for storing and withdrawing money and no more.

This attitude is further emphasized by the average number of banking products and services that are used by an Egyptian customer. The study shows that this is not more than one product/service compared to the three to five banking products/services which are used by his/her counterparts in other, more developed countries.

The study also looks at the demographics of banking customers in Egypt in terms of age groups, income level and social class so as to provide information which will aid banks in tailoring their offers and services better to be more appealing to their target market.

The study findings show clearly that bank customers in Egypt are mainly in the age group 21 to 35 years of age, a young audience that is inclined to make more use of internet banking and credit cards, whilst, on the other hand, the older age groups mainly make use of the services such as loans and/or insurance.

Furthermore, with regard to the income levels of bank users, for a large percentage of the bank users segment the monthly income ranges between 1,500 EGP and 4,000 EGP. One of the contributing factors behind such an income profile within the banking industry is represented by the corporate deals that banks have with many multi-national and local companies for transferring employees' pay to a specific bank which, in turn, is a means of acquiring new customers for the existing database of this bank.

In terms of the main banking products that have a potential to attract new customers to the banking industry in the near future, it is "current accounts" which are at the top of the list, followed by the "ATMs" and, in third place, the "savings passbook".

The study makes a deep and thorough examination of each bank in Egypt to offer better support for their research requirements. Below is an indication of the areas of information covered:

- Awareness level of each bank?
- What are the banks you deal with?
- Do you deal with more than one bank? If yes, what are these banks?
- Which is your main bank? Which are your secondary banks?
- What are the banking products/services that you use from each bank you deal with?
- What is your satisfaction level with regards to these services you use from these banks you deal with?
- Loyalty levels for banks you deal with?
- Perceptions of main and secondary banking providers compared to other banks of which you are aware
- Advertising effectiveness of the bank you deal with?
- Branch network assessment, in terms of distribution, telephone services, internet banking and ATMs



- Demographical and psycho-graphical comparative analysis of different bank users
- Banks' market shares in the total banking pie, and market share for each service provided compared to other banks' market shares per service
- What are the products/services that banks should provide and which are most likely to be a potential success in the near future

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