MAVERIC

VIEWPOINT

Customer Experience in Banking

Table of Contents

Introduction

The banking industry has gone through myriad transformations ever since the financial crisis concluded over a decade ago. Banks have since staved off traditional strategies where consumers relied on a singular bank in one geographical location for all their transactions. Today, the biggest differentiating factor that banks are looking to leverage is how they can provide differentiating experiences that can make them stand apart from competition.

Banks have been testing the waters to see what works in terms of personalization as well as cross-selling and up-selling at different stages of the customer journey. Enticing consumers on a macro level but with a micro level of personalization has aided several financial institutions in making better decisions.

Importance of customer experience in banking

Financial companies have realized the importance of delivering a great customer experience. A superior customer experience drives better brand loyalty and customer retention. These tenets are interdependent. Both traditional banks and FinTech companies are vying for superior digital customer experiences throughout the customer journey.

A study by (Gartner, 2018) revealed that 81% of companies would be competing for the top spot in terms of customer experience.

If anything, this proves that customer experience is an important differentiator today and promises to be a key driver going into the future as well. Customers no longer base their perceptions purely on the price point or convenience. Instead, they want to feel enticed. Expectations will be based on how customers feel about receiving a product or service of their fancy. Swift, contextual transactions will instantly help customers decide whether a website or mobile application is ideal for them. Tech giants like Amazon, Netflix, Google and other FinTechs have proven how a personalized, superlative customer experience is the benchmark that must be breached to drive better retention and loyalty. Very often, when a customer becomes disenchanted with a finance provider's services, they switch to another provider without formal disclosure of their current relationship. This often leads to higher attrition which may very well be both invisible and non-negotiable.

Current trends

The pandemic has left banking institutions reeling especially the branch-centric ones. Banks have had to deal with significant volatility and delve further into digitized methods to engage with their customers. This has led several banks to reassess their position and evaluate the upsides of adopting cloud technologies for better customer experiences across their roster of services.

A (PricewaterhouseCoopers, n.d.) study said that 32% of consumers would walk away from a brand they love after just one bad experience. If anything, this proves how quickly a consumer can go from being a brand loyalist to an irked consumer after just one terrible transaction. The study goes on to say that better customer experiences have bigger payoffs for brands too. In other words, consumers yearn for the 'Netflix experience' in banking ease of access and subscription, seamless continuity across devices and locations, greater options, and data-driven recommendations.

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How banks are revamping the customer experience

Banks understand that fighting FinTechs, regulatory startups, or financial institutions for new customers is not the ploy that would work. Onboarding a customer, familiarizing them with the bank, and retaining them is largely dependent on the bank's ability to create superior experiences by leveraging the ecosystem. Let's look at some of the approaches that banks are adopting to engineer better experiences.

Mobile-first approach

Mobile apps are integrated with much of the digital spaces or platforms preferred by customers so that their persona can be constructed using data and analytics on these platforms. A mobile-first approach with superior mobile experiences is being incorporated by industry leaders to redesign their banking platforms at a greater frequency than websites.

Hyper contextualizing customer journeys

Relevance and timeliness are pivotal to entice customers. Showcasing the customer's preferred options and services on their dashboard with the relevant icons, buttons, and information in a easily-understandable format is key. This way the banks are aligned with the customer persona and the journey is made quick and easy by leveraging data from internal or accredited external sources through connectivity to the right ecosystems.

Hybrid channel experience

The 'human touch' is at the forefront of personalized experiences these days. When this is combined with a high level of automation using technology solutions such as chat, humanoid bots, artificial intelligence, and video conferencing, a seamless experience can be achieved. This switch happens based on context and historical behavior without the customer having to engineer that.

Open data platform

Leading countries such as the US, Australia, and the UK have embraced open banking and put in place open data platforms that banks can readily access. This platform aids in easier onboarding of customers while also giving them the leverage to add better value-added services and cherry pick specific cohorts of customers they wish to onboard.

Security

The baseline for great customer experiences continues to be security. Government regulations like GDPR and increasingly complex data privacy conundrums have made customers wary. Customers want to be enticed by banks about investments into data security and how their transactions and data are being protected.

Checks and balances adopted by banks by domain

Wealth management emergence of family office demands

- Group conversations as opposed to one-on-ones mandate the prevalence of a secure infrastructure given that families are geographically distributed.
- Satisfying millennials with digitally sound platforms and tools as they can play the role of influencers if not the decision makers.
- Engagement across multiple digital modes—social media, email, chat as well as the judicious usage of automated collaboration and analysis.

Retail banking

- **Customer centricity**—this is the age of open banking and big data. It is now a question of how banks can leverage this efficiently to make better decisions and personalize portfolios to suit customers. The demographics may appear to be a massive task in terms of complexity. However, targeting millennials requires razor-sharp focus which can prove to be a daunting task without the new age tools and platforms at the banks' disposal.
- **Open systems**—banks recognize that they need to open their systems up, both for partnering with FinTech firms as well as lifestyle partners. In many cases, building an ecosystem that includes these tenets is emerg ing as a key business unit alongside managing their products.
- **Human touch**—customers drive business, and they sit at the fore of all transaction-related decisions. To remain relevant, banks need to humanize across channels. There are technologies available that can make this possible across sporadic demo graphics and linguistic segments.

Corporate banking

- **360° view**—the SWIFT GPI provides a platform to bring together all the stakeholders involved in domestic and international trade & payment. This provides an opportunity to bring the cashflow management and liquidity information to customers by building an integration platform on top of this. This has been an unresolved customer ask especially among those with high international exposure.
- **Open data and ecosystem connect**—banks must build connec tivity and the tools that can do the necessary analysis to help them derive better data-driven insights. These insights can then be integrated across the entire system of products.
- **Hybrid interface**—banks must straddle both digitally-savvy and non-savvy institutions as a short-term goal. Humanize transactional touch points wherever necessary. This would require the customer access systems to be able to switch between virtual and human touchpoints based on a given situation. This requires integra tion with capable AI systems.

A ‘one-size-fits-all’ approach -> a personalized solution depending on the domain.

Wealth Management—when we look at wealth management there are four major technology factors affecting customer experience:

- **Platform approach:** If banks create a platform that allows advisors to access numerous capabilities and products through a single user interface, this can result in greater advisor outreach, adoption, and client retention. Wealth management organizations might offer different membership levels for their platform if they create a marketplace ecosystem of distinct competency goods. Some businesses choose vendor products, but extensive modification frequently results in a lengthier upgrade cycle time, depriving end-users of timely benefits from product updates and innovations. The design of the next-generation platform should strike a balance between using a vendor's product "as is" and changing it.

- **Modern architecture**: For a bank, building a modern, open, and extensible technological architecture that can quickly reconfigure and integrate new technologies aids in the rapid deployment of new business capabilities. Architectural patterns like event-driven, plug-and-play, microservices, embedded analytics, and real-time insights—all hosted on a scalable cloud infrastructure can benefit platforms. A model wealth management platform must provide a rich user experience that is both scalable and supported by a solid architectural base that allows for easy integration with a variety of products. As a result, the primary focus should be on implementing a middleware solution that acts as an interoperability layer for integrating multiple products (in-house or vendor) into a unified product ecosystem that is fronted by a consolidated user experience layer and prioritizes security and compliance.

- **Data foundation:** Vendor product dependencies in a bank can be reduced by creating a consolidated data store that adheres to a business taxonomy and uses a canonical structure. It enables cross-product business activities, resulting in more effective client-service workflows. To accommodate expanding data capabilities, consolidated datastores require not just scalable cloud-based infrastructure, but also effective governance policies and security procedures. Advisors may use a flexible and scalable data architecture to import alternative data sources or third-party datasets and generate smart insights for prospects to boost client conversion rates.

- **Data consolidation:** Artificial intelligence (AI), machine learning (ML), and natural language processing (NLP) are likely to offer significant benefits to wealth management firms. Automated data analysis enabled by AI can assist wealth managers in analysing massive datasets more quickly. To improve the client experience, wealth managers can use NLP-based digital assistants. Digital assistants can comprehend and respond to queries about markets and the present outlook for investors, as well as employ graphs and visual aids to draw on historical data and the most recent studies.

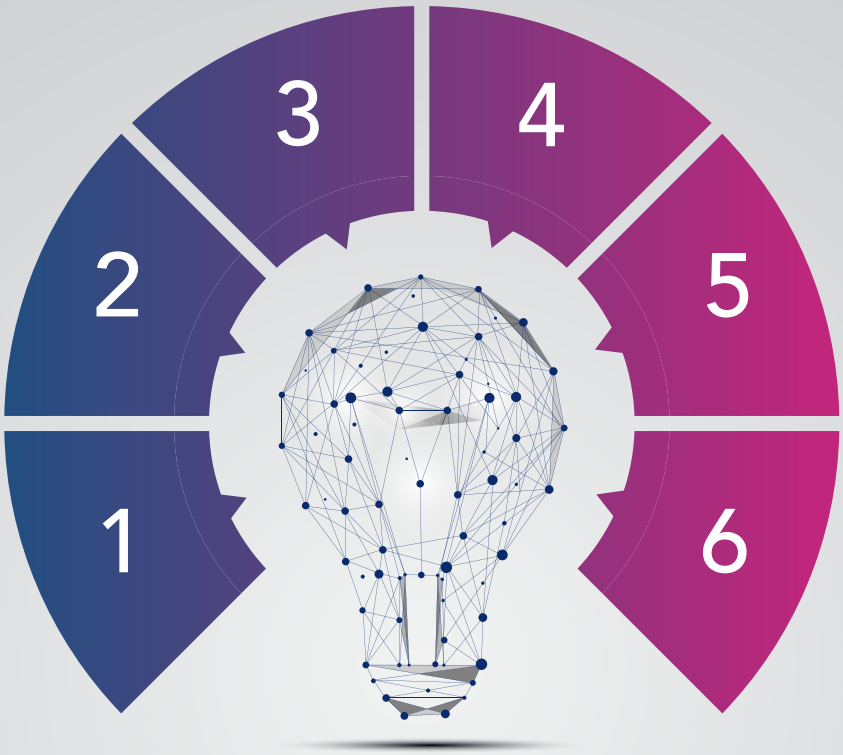
Corporate & Retail Banking

Corporate Banking: Corporate customers seek solutions that mirror the digital offerings of their personal banks, such as digitized customer journeys, increased security (including biometrics), and real-time intelligent data integration. Banks must adapt to changes in client behavior, focusing more on being mobile, social, and analytical, as well as being open to a broad picture of what their customers anticipate. As stand-alone products, FinTech companies provide low-cost international transfers and supply-chain financing solutions. Innovative solutions such as peer-to-peer lending, robotic process automation (RPA) in credit applications and fraud detection; and Blockchain technology are reshaping the traditional corporate banking industry.

Retail Banking: There are seven major trends which are shaping the customer experience response in retail banking:

- **Improved financial management through proactive engagement:** Financial institutions have been able to broaden their means of engaging clients, developing better relationships through real-time help, thanks to innovations in data gathering, analytics, and channel strategies.
- **Real time assistance**, better turnaround time: With advanced features like co-browsing and video chat, banks may provide live assistance based on customer issues. This helps bank improve customer resolution time, reduce sales cycle and, number of touchpoints.
- **Chatbots**: A chatbot is the perfect channel for banks to employ to automate simple and routine actions (such as checking account balances, credit card balances, changing addresses, and so on) that do not require human intervention.
- **Omnichannel customer experience**: The ideal omnichannel banking platform will enable real-time data synchronization across several channels. Customers can, for example, begin the onboarding process with one channel and end it with another without having to supply the same information multiple times.
- **Big data and analytics**: Big data and analytics is a critical proponent in improving financial services and making critical business decisions. The importance of employing big data analytics to acquire deep insights into changing customer needs has never been greater. Banks can use analytics to categorize clients, analyze prospects, and predict models to improve engagement and the customer experience of digitalized financial services.
- **Personalization**: To provide banking services and financial advice to their consumers in the most convenient way, banks will have to employ both physical and virtual channels. They need to use a hybrid approach that is both cost-effective and improves the banking experience.
- **Transparency, security, trust**: Forbes says, “customers want to feel valued, appreciated, and confident, and 90% of customers who feel valued will advocate for the brand.” Maintaining clarity about the bank’s service standards, terms & conditions, and offering security to financial details, among other customer experience tools, cultivates deep trust and loyalty in customers.

Approaches taken by leading banks



1 TD bank relies heavily on data analytics to enhance its digital offerings and omnichannel experience (destination—goals that customers are planning to achieve, design—think about how customer would like to interact with a product, data-analytics to drive insights thereby modifying understanding of customer). (MX, 2016)

2 Capital One focuses on digital portfolio expansion—digital wallet, contactless payments, NLP to AI assistant etc. (One, n.d.)

3 Ally bank relies on usage of analytics to enrich customer experience, 360-degree view for customer hyper personalization. Ally Assist The voice or text-based assistant takes customer profiles into consideration when suggesting solutions. (Business of Data, 2020)

4 Citibank has invested in intuitive payment flow design, real-time validation and simplified the customer journey during payments. (Citibank, n.d.)

5 Wells Fargo implemented live chat and saw a double-digit hike in conversions and improved customer satisfaction rates. (Moengage, 2021)

6 Some of key leaders also focus on Performance metrics from customer experience across these stages—research to purchase, purchase to consumption, consumption to feedback.

Roadmap to the future

The future belongs to banks that partner with solution technology experts that can thread together deep domain, emerging technology, advanced analytics, and science of UX seamlessly, adequately supported by a 360-degree view of the customer. This calls for banks to reimagine the way customers experience banking digitally.

Learn more about customer experience in banking.
https://maveric-systems.com/customer-experience-solutions-in-banking

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Started in 2000, our global presence spans across 15 countries with regional delivery capabilities in Bangalore, Chennai, Dubai, London, Mexico, Poland, Riyadh and Singapore. Our deep focus in banking combined with specialized competencies across Digital, Data, Core and Quality Engineering, make us the preferred transformation partner for customers worldwide

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