eBook

6 CX Trends Driving the Financial Services Industry

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Introduction

The financial services industry is under immense pressure to keep its customers happy, or risk losing them to competitors. From the abrupt pandemic shift to digital banking, to higher support expectations, to encroaching fintech disruptors, the banking customer experience (CX) has become mission critical.

In fact, more than half of global bank CIOs say that improving client experiences is their top priority. Add to that, with digital banking growing by leaps and bounds, research from a 2022 Forbes Insights and Glassbox survey echoed those looming concerns: 84% of banking and financial services respondents agreed that excellence in their digital CX is essential to their business survival.

In this eBook we explore six CX moves financial services firms are adopting to keep the customers they have, attract new ones and succeed in a fast-evolving landscape.

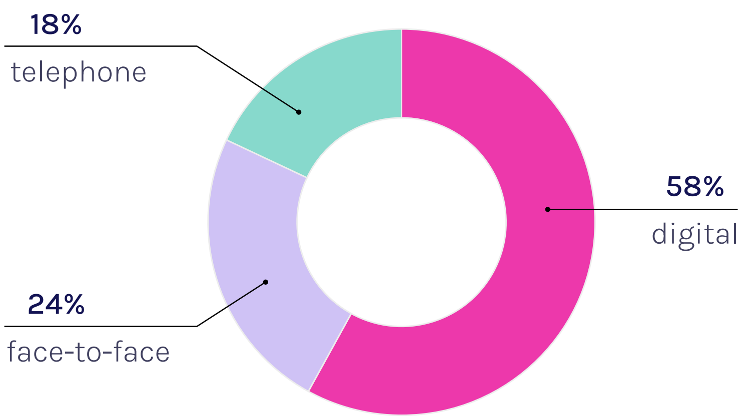
1. Create a seamless customer journey across banking channels

Over half of banking customers say they want an experience where they can easily switch between the physical and digital world, otherwise known as a“phygital” banking model. While 78% of consumers prefer digital banking on a bank's mobile app or website, almost 30% like to visit their local branch and 20% opt for ATM banking.

Unlike a linear retail shopping experience, banking customers have more complex interactions with their financial institutions, depending on what their goals are at that time, and adjust their channel preferences based on circumstances. Ultimately, consumer satisfaction rests on how the bank integrates those unique requirements.

Sometimes it's a low-touch transaction like online money transfer, or a high-touch interaction such as opening an IRA or applying for a home equity line – there's no one-size-fits-all approach for each banking customer.

Bank customers prefer



Source: The Digital Transformation People

To meet these demands, banks are moving away from the traditional multichannel, siloed approach that engages with customers around products and departments. With omnichannel banking, the focus is a holistic, customer-centric experience, operating as a single entity across multiple touchpoints and revolving around the consumer–not the bank.

Investing in omnichannel engagement provides the foundation for financial institutions to deliver a consistent brand impression, cross-channel analytics to optimize performance, collaboratively solve customer issues and develop new programs.

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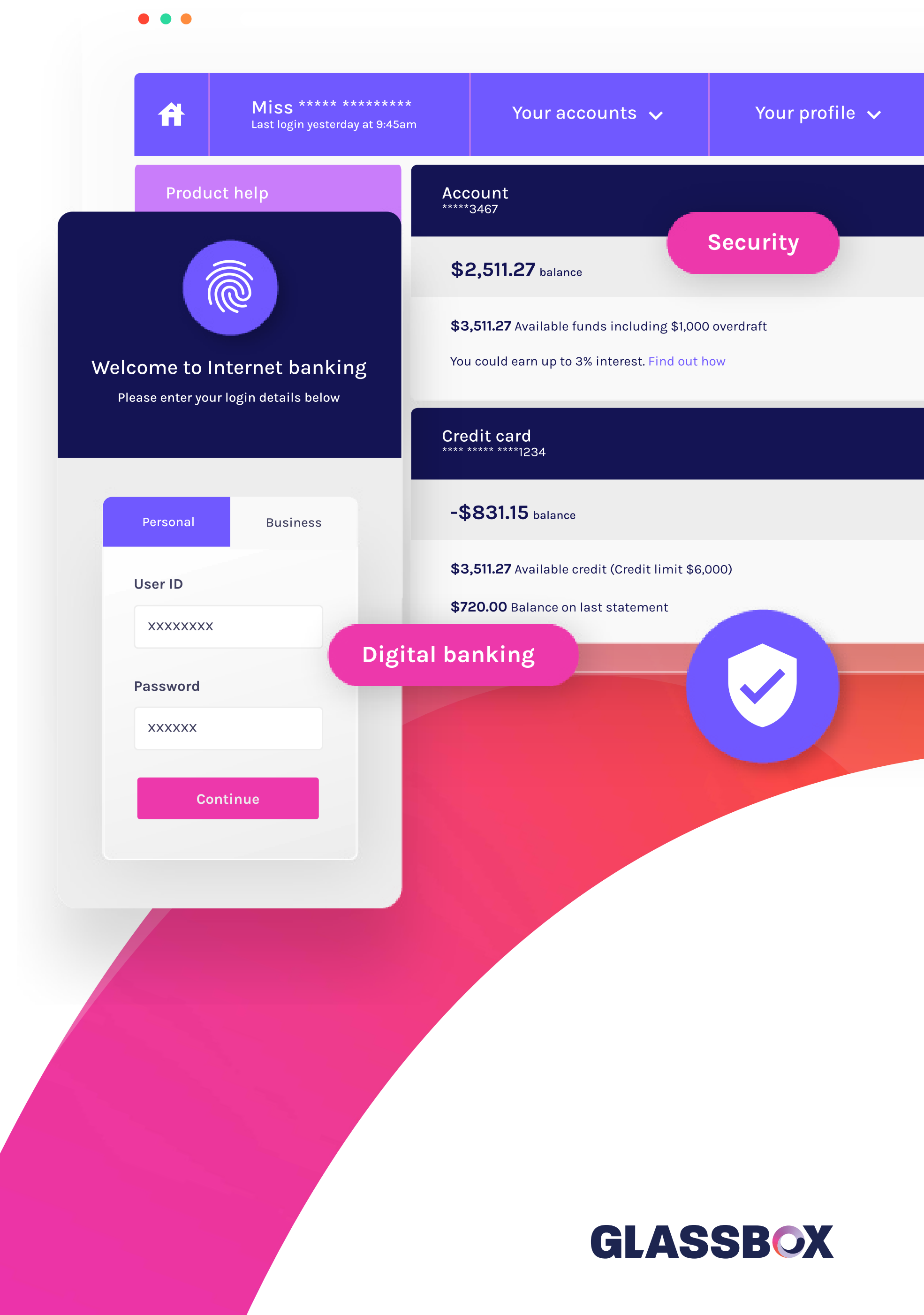
2. Provide more choices for live and self-service

Banking consumers have a low tolerance for glitches during their transactions. A Glassbox survey revealed that 34% of respondents are likely to change banks if they encounter technical issues during online banking. With this and other harsh reality checks, banks have turned to more customer-centric options, offering an intelligent mix of AI and human support options so customers can choose how to resolve support issues.

These alternatives represent a benefit both to the customer and the bank: Consumers that are comfortable with technology can leverage chatbots or help pages to resolve issues without being routed to a call center, while the banks gain efficiencies, using its live support resources for customers preferring to talk to a human or for more complex interactions.

To fortify support, contact center agents can also have a single view of the issue and steps the customer has already taken to resolve it, instead of rehashing the entire transaction, which will only further annoy the customer.

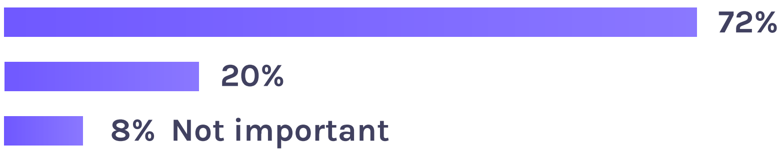
But customers also want to switch between live and digital support communications, depending on their banking needs at that moment. For example, if a customer wants to report a stolen ATM card, they will likely want to talk to a support rep immediately versus starting a chat session to resolve an error message when making a simple transaction. These nuanced, circumstance-based interactions require a flexible model that is both attentive and responsive to CX needs.



3. Offer high-value and proactive personalization

Importance of a Personalized Banking Experience According to US Banking Consumers, Jan 2021

% of responders



Source: Insider Intelligence

Personalization across many industries has grown by leaps and bounds, but customized banking communications and offers can have an even more powerful impact–engaging in higher-stakes, long-term financial relationships. Recognizing this, banks are relying on more sophisticated, customer-centric offers instead of untargeted, blanket offers of the past. When done right, personalization at scale can result in a 10% uplift in revenue.

In the digital age, as customers have become more accustomed to their personal data available to the bank, they are also willing to share that information if they get something back for it: A whopping 86% of retail bank customers will allow their data to be used if it means they get a more personalized banking experience.

The next frontier of personalization– hyper-personalization– means banks to offer even more customized offers: super-targeted, one-to-one campaigns that are both relevant and timely. As banks gain a deeper understanding of their clients' account types, transactions, behaviors and searches, communications can be offered to the right customer at the right time: from a home loan application, household budgeting tool or other customized financial products.

Even better, as banks get a more holistic view of the customer, they can be seen as their customer's partner in their financial well being and future, understanding customers' priorities and proactively offering financial advisory services and opportunities to grow their wealth.

Through smarter technology and interactions, the bank can also learn and track personal preferences on certain types of communications to make offers even more effective through in-person, phone, mobile app, email or other platforms.

4. Reimagine the customer-centric bank branch

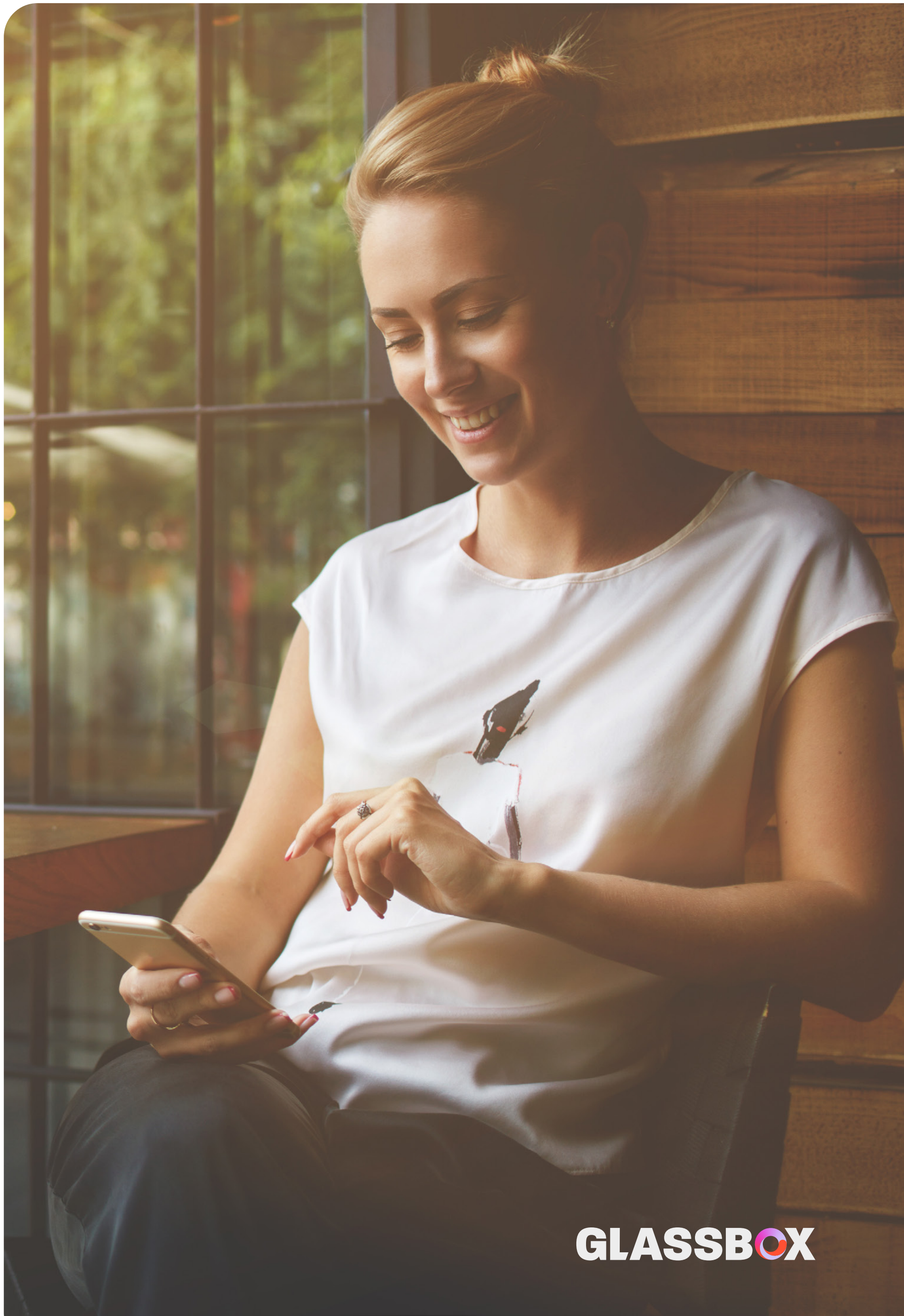
As long as banks have been around, local branches have been the hub of "relationship banking," offering that human touch to discuss financial concerns and services in-depth, along with the opportunity to upsell and cross-sell.

Despite Covid-19 branch closures and the abrupt move to digital banking, surveys show that customers still value in-person discussions for complex and high-stakes interactions like a mortgage and retirement planning. In fact, 66% of bank customers want to be 15 minutes or less from their bank.

But the traditional, over-the-counter style bank is a thing of the past. Branch banking now means bridging the gap between the digital and physical experience. In a banking executive survey, 97% agreed that the vision of the local branch will need to be redesigned to meet these new demands in the next few years.

These new banks can include a more "lounge environment" or showroom-style, offering opportunities to consult with a banker, technology self-service with tablets and mobile apps, community space and a more open environment so customers can create their own unique experience.

These new spaces can also present face-to-face consulting for customers to get education and training for financial wellness, growth and other topics.



5. Ensure higher levels of trust in data privacy

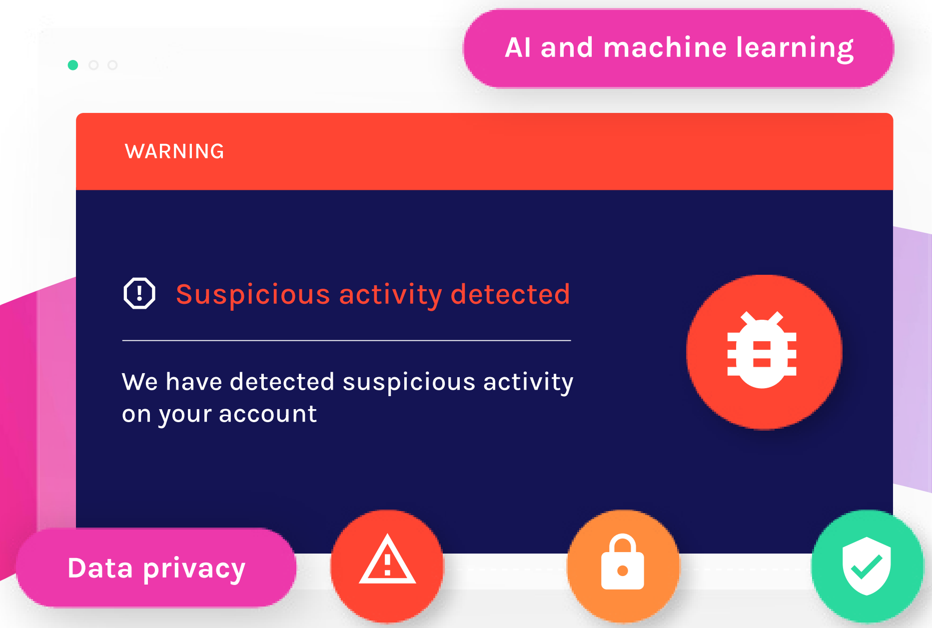
Consumer expectations to trust their bank with personal data are high, but less than half of banking customers have confidence in financial services providers to keep their data private. This is also reflected when consumers share personal data with their bank to get customized offers: 60% of customers aren't comfortable unless they are promised more privacy or reassurance.

On top of that, there's also the very real risk of a data breach outside the control of the bank. In a 2021 report, financial institutions ranked the 2nd highest industry to experience data hacks.

Of course, banks must comply with strict local and federal government regulations to protect consumers and communicate what and how information is tracked and used, but with mounds of sensitive data available, this process is constantly evolving.

An emerging CX strategy to create more dialog, trust and loyalty revolves around communicating with customers beyond the standard privacy policy security and compliance "check box." This includes ongoing, transparent communications from marketing and other departments that use this data, explaining policies in easy-to-understand terms instead of the typical legalese and jargon.

Implementing more transparency and proactive communication also means training bank staff to understand and clearly explain the bank's privacy stance and answer questions in real-world language.



6. Improve the online account onboarding

One of the biggest shifts from pre-pandemic life is the process of opening a bank account, but the results have been a mixed bag for financial institutions: Though 85% of customers complete an application in person at the bank, 60- 68% of potential customers abandon the online account process.

There are three main reasons consumers abandon the digital onboarding process: the amount of information needed (40%); too long to complete the application (34%); and sending or scanning ID documents (28%). Worse yet, more than half of consumers are less likely to use that bank provider ever again.

Despite these bleak numbers, when digital onboarding is made a CX priority and done right, it can have a positive effect on engagement, revenue and long-term loyalty, including additional account related services.

Better digital account onboarding isn't just for a great customer experience, it can make much more financial sense to banks. Banking client acquisition in a branch costs an average of $280, while digital onboarding is less than half, at $120 and only $19 for new clients in ongoing years.

In general, banks are stepping up efforts ondigital onboarding and it can help them gain a strong competitive advantage from the beginning of the customer relationship.

"Digital account opening services are now 'table stakes' for financial institutions to attract new customers or build more robust offerings for existing ones. The focus really should be on providing an engaging, educational and adaptive customer experience,"

-Nikhil Behl, chief marketing officer at FICO

One of the biggest areas of improvement is streamlining the onboarding process itself. This includes allowing consumers to sign up for accounts through different platforms with a similar experience, whether it's web, mobile or tablet.

It also involves more prepping for potential customers for "the work" required, such as informing them what they'll need before they start filling out forms to set expectations. Document requirements are particularly cumbersome with checking accounts to comply with government regulations and security requirements. Explaining the how and why goes a long way for customer goodwill and trust.

And because it's a lengthy process, automatically saving application data for returning later, as well as pre-populating sections with existing information, can save customers time and effort. To help support consumers through the onboarding process, more banks now also offer live customer support, which can increase completion rates by 15-20%.

Go further on the CX banking journey

With increasing competition and higher consumer expectations, banks are working to meet the moment and deliver a better experience for its customers. Frictionless digital banking. Superior customer service. Deeper levels of personalization. A strong sense of trust. Together they add up to more satisfied customers investing in a long-term relationship with their financial services provider.

To understand the digital experiences your customers are really having, and why, so that you can make them better, faster, visit glassbox.com.

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