

P E R S P E C T I V E

Enhancing Retail Banking
Customer Experience



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“Experience” can be defined as “an event or activity which leaves a lasting impression”. From a customer’s perspective, this lasting impression is usually the result of needs well fulfilled.

Organizations that deliver exemplary customer experience share a set of integrated business disciplines that drive their success. Their efforts are paid back in the form of higher customer loyalty.

In the service and relationship-driven business of banking, customer experience is an important competitive differentiator. It is also becoming a key driver of innovation, as the realization that experience will drive customer retention, growth and perhaps even future sustainability, sets in within banks. Technology integration is playing a key role in enabling differentiated customer experience through innovation.

Need for Enhancing Customer Experience

Starting from the time of the first contact and continuing until the association lasts, a bank may meet, exceed or belie a customer’s expectations.

Today, a customer planning to buy a product or service is confronted with a bewildering array of options. Faced with two or more similar products, the customer is more likely to choose the one offered by a company with a track record of sustained positive customer experience, even if it is priced at a premium. Clearly, customer engagement and experience is crucial to competitiveness and revenue realization.

Enriching the Retail Banking Customer Experience

Building great customer experience is a complex and strategic endeavor. A judicious mix of technology and human intervention by staff that is both courteous and competent is required to make any banking experience memorable.

Technology can create positive experience in many ways. Consider the example of a customer who withdraws a particular amount of cash from an ATM machine on a regular basis. The ATM can, by default, take the customer directly to this transaction to simplify his task.

Another area where technology could improve the quality of customer experience is phone

banking, which is currently riddled with tedious IVR menus and authentication procedures. If banks were to introduce voice verification technology to automatically confirm the caller’s identity, it would make phone banking hassle-free.

Broadly, the pursuit of better customer experience revolves around:

1. Improving speed, efficiency and personalization of service
2. Finding out other ways to retain customers

Here, it must be said that enriching customer experience does not mean acceding to every customer request. Rather, it involves understanding the needs and expectations of the customer, working out practical ways to meet them, institutionalizing this knowledge as official policy, and most importantly, ensuring that it is implemented.

Measures for Achieving Customer Satisfaction

Specifically, a bank needs to do the following to improve customer experience:

- **Communicate**

It should schedule regular team meetings with the branch office staff to reinforce desired attitudes and motivate them to deliver excellent service. It should also highlight the importance of the “customer first” policy in every internal communication.

- **Create Distinct Positioning**

The bank should aim to create not just good, but distinctive customer experience, resulting in a unique positioning for its brand.

- **Eliminate Roadblocks**

Each division of the bank should identify the obstacles that prevent it from enhancing customer service and implement steps to eliminate them.

- **Improve Organizational Culture**

The manner in which a bank serves its customers reflects its organizational culture.

Therefore, positive customer experience can only be delivered when the bank's culture is oriented towards it.

- **Innovate**

The bank should continuously look for new ways of satisfying the customer. Besides studying successful customer experience enhancement initiatives conducted by its competitors, the bank must leverage new technology tools, such as social media, to continuously engage with customers to ascertain market trends, take feedback and co-create towards new product development.

Focus on Perception

The processes to improve perceived service quality which will ultimately enable the delivery of a differentiated customer experience, should be designed after deliberating on three different aspects:

- **Perception of the customer**

- What are the factors that satisfy, delight and put off the customer?
- How does the customer rate the bank's service vis-à-vis that provided by others?
- How do the above differ across the various customer segments served by the bank?

- **Perception of the employee or service provider**

- How do bank employees perceive the bank's ability to deliver on critical drivers of customer value and address drawbacks, resolve customer problems, communicate effectively, etc.?
- How do employees themselves experience the bank? What drives their perception of exceptional experience?

- **Operational Perspective**

- Regardless of the above perceptions, does the bank actually deliver reliably, consistently and accurately on issues that matter to customers and employees?

The "Customer Experience Index"

A recent report on the state of global retail banking, by a leading consulting firm, has introduced a "Customer Experience Index" based on the most important factors that contribute to positive customer experience. Banks can gauge their position against this indicator and bring about improvement in the areas where they lag.

Going forward

Enhancement of retail banking customer experience will help improve customer acquisition, retention and contribution per customer – factors vital for organic growth and success. In the coming years, the banking sector will witness intense competition from traditional and non-banking sources. Banks will have to deal with rising consumer power and keep pace with innovation. In addition, they will have to ensure that their customer engagement programs – which could make or mar their fortunes – are robust and of high quality.

Banking channels will play a key role in the delivery of customer experience. The retail banking study mentioned earlier reinforces what we already know by observation – namely, that for a customer, experience is all about what transpires at the touch point.

Therefore, banks must not only provide high quality experience on every channel, but in this age of multi-channel banking, also ensure a unified and seamless one that enables customers to switch effortlessly between touch points.

Finally, although many banks have launched customer engagement programs, very few have been able to show tangible results. Re-launching a brand or revamping a channel or branch network is futile without a well-designed and perfectly executed plan for enhancing customer experience.

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