

P E R S P E C T I V E

Online Customer Experience: What Works



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Targeting Customer Experience Enhancement

About 75 percent of American banking customers surveyed during an October 2008 study reported using online banking to keep track of their expenses. Not surprisingly, a similar number confirmed that they were watching their finances more closely during the current economic downturn. Online banking reported the strongest growth among all channels – customers wanted to watch their finances more closely, at least cost, and online banking served both ends.

This means that although business volumes may be down, customers are paying more attention to their banking activities. Importantly, this opens up opportunities for banks to intensify their customer relationships, albeit in ways that are not immediately measurable in dollar terms. To do so, banks must maximise the impact of every customer interaction, delivering a unique and memorable experience.

This is not to say that banks have not focused their efforts on enhancing customer experience in the past. Banking institutions have shown their commitment to improve customer experience through several initiatives designed to raise service levels, increase customer satisfaction and deepen client engagement, and continue to do so. However, customer experience improvement is now both an imperative and an opportunity for banks that plan on surging ahead once the economic gloom lifts.

Measuring Customer Experience

Typically, the quality of customer experience is measured with the help of a Customer Experience Index. Although precise definitions may vary, experts have identified the following elements as being the principal contributors to the Customer Experience Index:

Advertising and communication

Does the branding and marketing strategy create a favourable image of the bank in the eyes of its customers, and a clear positioning of its various offerings and their multiple benefits? Customer communication must not merely spur action, it should trigger positive emotions on the way to long-term relationship building.

Delivery

Are all channels comparable in terms of ease of

use and accessibility? Are the various tools required for decision-making available across all types of touch points? Is the layout pleasing, intuitive and convenient everywhere?

Offering

Are the products and services in keeping with customer expectations? Do the processes maximise convenience for bank staff as well as customers? How are customers motivated to buy?

Orientation

How willingly does the bank listen to its customers? The attitude, approachability and responsiveness of staff, particularly in difficult situations, are important indicators of how the bank wants its customers to feel.

Empathy in Customer Experience

However, that is not all. Banks are assuming a more sympathetic persona as they fortify their attempts to provide the best experience possible to their customers. This is perhaps in recognition of the fact that a show of support could yield rich dividends in terms of customer loyalty in future. There is greater emphasis on understanding each customer qualitatively and individually, and not viewing him/her as an undifferentiated constituent of a broad consumer segment.

For example, a home loan customer with a clean track record who is forced to default on account of a job loss must be treated with greater lenience versus a habitual defaulter. If the bank were to propose a temporary waiver or a restructuring of the loan, it would not only secure the customer's loyalty but also reduce the risk of future non-payment.

An executive at Bank of America makes an important point when she says that customers 'want to trust' their banks. She goes on to add that customers expect banks to 'get it right, every time' as they go about fulfilling the responsibility vested in them.

Banks must therefore demonstrate to their customers that they will not only fulfil their expectations when the going is good, but continue to stand by them in their hour of need. This solidarity will elevate a positive experience to one that is truly memorable in the eyes of the customer.

The Importance of Online Customer Experience Improvement

A study of customer satisfaction among American banking customers conducted a few years ago threw up some interesting results. Satisfaction (as measured in terms of the American Customer Satisfaction Index) with online banking was higher than that with the overall banking experience. Also, those customers who used online banking intensively were more satisfied and likely to purchase additional products.

This strongly suggests that online banking is central to the delivery of customer satisfaction and consequently, a positive experience. Hence, all initiatives to improve customer experience must encompass all modes of banking, from the fully assisted to the unassisted.

The Need for Consistency and Uniformity

Messaging regarding the bank being a caring entity must be transmitted consistently and effectively across all channels, even when there is no human interface. Also, given the rising importance of internet and mobile banking, it is imperative that the quality of customer experience delivered online is as good as in a branch environment. Typically, customers enjoy a more productive relationship with their Relationship Managers with whom they share a personal rapport, whereas their interaction with other channels is mainly for transaction fulfilment. By not providing the same visibility of the customer across all channels, banks are missing out on an opportunity to deepen customer relationships and engagement. If banks wish to create a memorable experience online, customer insight, available to Relationship Managers, must be made accessible across the enterprise. The customer must be made to feel that he is personally recognised across all touch points, and not merely acquainted with a few employees of the bank. The good news is that the right technology can ably support banks in this objective.

Personalisation in Online Customer Experience

Moreover, technology can now enable banks to provide personalised interaction on partly assisted or even unassisted channels. Powered by Web 2.0 technology, internet banking is moving towards greater personalisation and interactivity. Banks are creating online communities wherein customers

are encouraged to voice their feelings. They are being viewed as partners in idea generation and product co-creation. Some banks provide a differentiated internet banking offering, depending on the customer segment. Banks can therefore forge an intimacy with their customers to provide a more 'caring' experience, even in the absence of direct personal contact.

One outcome of a customer experience strategy built on a deeper, more personalised understanding of the customer could be the rollout of a segmented approach to experience. The customers of today are more aware of and demanding of their financial relationships. By understanding the expectations of each customer segment, banks can upfront commit to fulfilling as many of them as possible. In this way, customers feel more wanted and are also made aware that the bank is making the effort to consider their specific needs. Simultaneously, cross-sales can be tailor-made for each of these segments, thereby increasing their relevance and effectiveness.

Empowerment in Online Customer Experience

Not everyone shares the same degree of comfort when it comes to using technology - an important reason underlying any resistance to online banking. Yet, banks are trying to move more and more customers towards unassisted channels. If users are to experience the same comfort online as they have come to enjoy in branch banking, they must be given a feeling of empowerment and assurance in their ability to use the medium successfully.

By training customers in the use of online banking, banks can greatly improve their confidence and ability to act independently. Further support in the form of Push-To-Talk activated kiosks, and online help desks can help reassure customers that help is at hand, should they need it.

This is underscored by the findings of an online banking survey of 2,500 customers in the United States which revealed that one in four people were interested in chatting online with a bank representative. Hence, by providing such support, banks can elevate online customer experience to the next level.

Some smart banks have already taken the initiative. They have leveraged Web 2.0 technology to create widgets using which their customers can easily

connect with them anytime, anywhere. The spectacular growth of Web 2.0 powered social applications is a well known fact. Customers, now used to enjoying better social interaction using such tools, have similar expectations from their other key relationships, of which banking is one.

Other Aspects

Analysts pay special attention to usefulness, usability and enjoyment when evaluating the customer experience associated with a particular offering. It is believed that mobile banking has not fulfilled its promise owing to cumbersome navigation and unfriendly interfaces. The use of widgets on smart phones is expected to alleviate this problem and further aid the unification of online and mobile banking.

There is scope for improvement in internet banking interfaces as well. Banks have improved the usability of their sites by enabling page resizing, advanced search and clearer error communication.

Going forward, they must also adopt best practices from other industries that are known for the experience they provide, for example, hospitality or retail.

Online Customer Experience as a Competitive Advantage

Increasingly, banks are deploying their online channels to drive business growth. Potentially, this approach has several advantages; however, it also makes banks vulnerable to churn. A User Experience Strategist at an American consulting firm states that over 90 percent of customers who have a bad online experience do not return.

That said, those banks that successfully deliver a memorable and unique customer experience, consistently across their offline and online channels, can hope to steal a march over their competitors.

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