

P E R S P E C T I V E

## Online Retail Banking Customer Experience: The Road Ahead



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## Customer experience is a key differentiator in banking

In recent years, customer experience has caught the imagination of banking, as it reinvents itself from a utility business to one that is based on service and enduring relationships. This is a far cry from the banking scenario of 15 to 20 years ago, when the branch was the only available channel and pricing, the sole plank of differentiation. With products, prices and even channels becoming uniform, the only way that one bank can differentiate itself from the others while trying to woo customers and retain them is by offering superior and innovative service – which forms the backbone of positive customer experience.

There are several definitions of customer experience, and as many dimensions. Academic, consulting and business organizations including banks have evolved frameworks to formalize the process of improving customer experience. Line managers tasked with implementing the same have added their insights, gathered over years of experience. The objective of this paper is not to revisit or add to those excellent frameworks, but rather to explore where the banking industry is headed in its attempt to enhance customer experience.

## Customers value the human element of the branch experience

Internet banking has been around for quite some time now and there is no doubt that it has made banking a lot more efficient and simple. Adoption of internet banking continues to grow day by day. Research shows that the number of transactions happening through the internet is expected to cross 33 billion by 2012. The number of online transactions is growing at a rate of nearly 13%, much higher than that for any other channel. By 2013, banks expect nearly 20% of sales to be made through this channel. Banking through the internet is definitely more affordable and there is a segment of customers who prefer the convenience and easy accessibility that it offers. Personal financial management tools have empowered customers and taught them to handle their finances themselves. While all this is true, there is one

other channel whose importance cannot be understated, and that is the branch.

In a recent global study of retail banking, respondents ranked the branch and the Internet as the most important channels. Over the years, banks have tried to move customers away from the branch towards a number of self-service channels, even offering them incentives to do so. Despite these attempts, the branch remains the channel of choice for a significant proportion of customers. There are several reasons for this, not the least of which is psychological comfort. The physical environs of the branch and the availability of staff and advisors inspire trust and confidence in banking customers. When they walk into a branch, they are sure of finding someone to attend to their queries; they take service for granted. This feeling of reassurance is so important to them that they don't mind taking the trouble of visiting the branch or waiting in line to be served.

Not surprisingly, another recent study showed that customer engagement in retail banking – a major determinant of quality of experience – was driven more by emotional, rather than functional factors. At the top of this list was customers' need to be valued, followed by their perception of the engagement level of bank employees. Simply put, customers wanted bank employees to show them that they valued their business, and when required, go the extra mile to fulfill their expectations.

Another analysis said that retail banking brands must be emotionally aligned with their customers to win them over. This means that banks must try to understand their customers' needs better by asking relevant questions, listening carefully and offering a sympathetic ear to genuine problems.

Moving from the subject of drivers to barriers, past studies have repeatedly indicated that concern regarding security is one of the biggest obstacles to Internet banking adoption. While this has certainly come down in recent years with security systems becoming more robust, the fact remains that people – even Internet banking users – are not at ease sharing sensitive financial information over a website, and

therefore restrict their activity to basic transactions. Another reason why customers don't do more through Internet banking is that most banks don't offer advisory services over this channel, further limiting its role. On the other hand, the branch has always been the go-to option for customers seeking to make a key financial decision requiring advisory input, such as availing a mortgage or planning an investment portfolio.

These facts explain why, despite the convenience and accessibility of Internet banking and other online channels, many customers still prefer the branch as a channel for banking. And so, it would seem that replicating the branch experience through other channels such as the Internet, is a good strategy that would go a long way in providing positive customer experience. The good news is that banks can, with some effort, replicate the branch experience – which has been successful so far, and continues to sustain – in other channels, including the Internet.

### Bringing the branch banking experience to other channels

But how is it possible to infuse the human element into channels that are self-service by definition? Also, how can banks recreate the experience of banking in the physical world, in the virtual one? And where should they start, given that customer experience has so many dimensions?

Let us clarify. When we talk of replicating a branch-like experience, what we're really focusing on, is its one key principle, which is, that a customer facing a problem must not be left to cope on his own. There are no dead-ends in branch interaction to leave a customer feeling lost and helpless. Help is but a window away. It must be the same online.

The ready availability of support, preferably in the form of human assistance, is common to every customer's definition of good experience, whereas most other elements are personal preferences, unique to the individual. Obviously, it is futile for banks to try to deliver the perfect experience to each and every customer. Instead, they must aim to create an experience that will be received favorably by the most number.

### There are many ways that banks can improve online customer experience

Owing to the progress in information and communication technology, it is now possible to bridge the gap between the branch experience and that provided online, easily. Banks can bring interactivity to their online channel by setting up a video, audio or text chat facility to support Internet banking; they can also put expert financial advisors within the reach of customers, anywhere, anytime, and thereby increase their confidence in the channel. Banks can apply analytics and set rules to provide contextual help to customers who are facing difficulty with product applications and also proactively offer chat services to customers who are likely to abandon the product applications. Co-browsing, where the customer can share his screen with a bank representative is one step further in interactivity and goes a long way in providing quick help to customers. Blogs and online communities are becoming increasingly common on most banking sites. These enable customers to interact with each other and share their opinion and concerns.

That's not all. Banks can leverage social media to make Internet banking and other online channels even more interactive and personal. Some have already started out on this path by assigning an identifiable person to represent their institution on popular social networking sites, participate in various banking-related discussions, resolve queries and gather feedback firsthand. In a recent survey conducted among executives from top retail banks in EMEA, only 37% of the respondents said that they did not have any presence in the social media.

There are several examples of innovative steps taken by banks to encourage customers to move to the online channel and to improve the online customer experience. A leading bank has launched an 'Assisted Internet Service' wherein the bank first asks the customers what activity they want to carry out in the branch and offers the help of trained staff to assist them to carry it out through internet banking instead. Many banks incorporate scenario based video demos of products in their banking pages to make it easily comprehensible for customers. Even the

process of applying for products has been made a lot simpler by intelligent systems which pull out the customers' data, prefill application forms and provide instant quotes to customers. There are also banks which provide personal web portals which allow the customers to access account information and to get queries answered by sales and service personnel via a personal web portal.

A point to note is that it isn't enough to create memorable 'islands of experience' on different channels. Today, a significant proportion of customers bank over multiple channels, at times even use more than one channel to fulfill a single transaction; it is quite frustrating for them to encounter different service levels, lead times, processes, choice or complexity on each. Hence, banks must pursue a unified multi-channel strategy to ensure that customers enjoy a uniform and seamless experience across all touch points.

But while recreating the branch experience online by adding interactivity and social media elements is a good start, is it enough? Or is there an ultimate customer experience, beyond this, which we can envision?

### Online customer experience is set to become bigger and better

Banks have come a long way from brick and mortar structures to the realms of the Internet. So what's next in their journey?

Advances in online gaming and virtual reality have opened up unimaginable possibilities for other sectors seeking to create a more impactful and lifelike experience outside the physical world. From where banks stand today, it's not a big leap to a future in which the entire branch is replicated in the virtual realm to create the ultimate customer experience. This means that some day, not too far away, a customer should be able to log in to his bank's portal to enter a virtual environment replete with tellers, sales people, managers and advisors, just like in a physical branch, 'walk through' its halls, ask for assistance and complete a transaction, without missing out on any of the advantages of the 'real thing'. Maybe this is where online banking customer experience is headed.

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