Adding SPICE to Internet Banking

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Abstract

Most of the internet banks today provide services and features which can largely be termed as standardized in nature. One of the key differentiators lies in providing a richer customer experience. To deliver best-in-class online customer experience, banks are embracing various ways, like enhancements to online portal (primarily customization & personalization), creating micro-sites, using social media tools and engaging customers through online chats, customer surveys & demo’s on their websites. To achieve this objective, banks can adopt the SPICE framework i.e., go Social, make it Personal and be Interactive for enhanced Customer Experience (SPICE). Adopting this framework will help banks to engage with the customers better, understand their preferences, market new products & services, enhance the brand image and improve the customer service.
Internet banking is mainstream and is here to stay. Today, majority of the banks have joined the internet banking bandwagon. With the adoption of internet banking on the rise, it's highly imperative for banks to differentiate themselves. Online customer experience can be a key differentiator, which can help a bank to differentiate itself. By providing a best-in-class online experience, banks can effectively engage its customers. Customers today are not satisfied with mere static web sites - an uninspiring web experience can be a real dampener for customers. Customers today are looking for online banking experiences which are more engaging (social), personalized and interactive. Banks who are looking to retain their existing customers and attract the next generation of customers needs to deliver a richer online customer experience. To deliver the next level of online customer experiences, banks should adopt strategies that leverage the 3 key elements of the SPICE framework (Refer Figure 1).

The first element of the framework – Social emphasizes that banks should integrate social media into their online banking and in their website. For instance, bank’s blogs, wikis and twitter should be integrated to the bank’s website and should be an integral part of online banking.

The second element of the framework – Personalization, recommends banks to go personal, in order to maintain the personal touch even in an online environment. Servicing customers based on customer preferences will lead to enhanced online customer experience as customers get content relevant to them.

The third element of the framework – Interactive, is important for banks as customers are always looking for immediate help or answers. By offering interactive services, banks can augment the online banking experience of their customers.

To have a strong foundation for richer customer experience, it’s highly recommended for banks to adopt the SPICE framework (Social, Personalization and Interactive). In the subsequent sections, we have provided detail explanation of each of the elements of this framework and also substantiated the framework by presenting a real-time example.

Go Social

With the growth in the usage of social media, banks have started to provide the same experience on their internet banking websites. Today banks are embracing social networking sites (Facebook, LinkedIn), blogging sites (WordPress) micro blogging sites (Twitter) etc., not only to provide a rich customer experience; but also to improve customer service, develop products, enhance the brand image and market products & services. Banks harness the power of social media tools through the following:

Creating their own online communities
Providing online tools to customers
Availability of content online
Gaining insights from social media activity
To facilitate next generation online customer experience, one of the key elements available to banks is personalization. Gone are the days of ‘one-product fits all’, today banks are moving towards ‘give customers what they want’. Banks are targeting to offer customers more personalized online services and also are allowing customers to customize their offerings. Personalization helps banks to tailor the content or web experience in accordance to each individual customer’s interests and choices. As a result of providing personalized content, customers spend more time on the banks website, return more frequently and are also inclined to use the internet banking services much often. This provides additional opportunities to the bank for cross-sell, thereby growing their wallet share. Personalization can be done, based on the information shared by customers, or as observed by the system, based on customer interaction, or pushed by the banks to the customer, who may belong to a particular category of customer (for instance, all retirees may receive information about pension plans).
The major types of personalization available to banks can be broadly classified as:

**Explicit Personalization**
- Here, customer makes the choice and sees relevant content every time he visits the website, based on the requirements or choice he has made
- Gives the customer explicit user control as the customer makes the choice
- For instance, BBVA through its “Tú Cuentas” next-generation online portal lets customers design their own personal experience, so that they can view information and functionality based on their choice. Using widgets, end users can customize their layout as well.

**Implicit Personalization**
- Here, banks monitors customers interests, based on the user behavior – as they navigate a website and provide the appropriate content
- For instance, today most banks have personalized home pages - which greet a customer by their name, furnishes summary of accounts and promotes marketing offers that are relevant to customers.

Banks offer different types of personalization services to their customers. Few of the prominent personalization services provided are: personalization of login home page, account alerts, event reminders, personalized marketing offers, personalized banners, e-Statement options, quick links, secure email, personalized pre-approved loans, etc.,

Banks stand to reap a host of benefits by taking the personalization route. Few of the benefits are:
- **Loyal customers** – Better personalized services which are tuned to the customers preferences, customers would remain more loyal with the banks
- **Increased trust** – Offering what the customer personally needs will increase the trust
- **More selling opportunities** – By targeting personalized products/services to customers, banks get more opportunities to cross sell or up-sell their services
- **Competitive differentiator** – Engaging customers based on their preferences will be a key competitive differentiator for banks

Providing personalized services or offering customized products to online customers helps banks to build customer intimacy. By personalizing websites, banks can offer its online customers a persuasive experience that differentiates itself from any other internet banking websites.
Be interactive

To provide a richer online banking experience, banks have been focusing on providing interactive features and capabilities to its customers. The customers too want to conduct all their banking transactions via internet banking websites, which not only includes checking balances or transferring funds but, interacting with personal advisors and watching videos for gaining more information on specific products and services provided by the bank. This consumer behavior highlights the need for instant solutions and the convenience of banking anywhere anytime.

Currently, banks are embracing Web 2.0 technologies—social applications, podcasts, widgets and mashups. Web 2.0 applications enable banks and their customers to interact with each other in a personalized manner. The current focus of the banks is to engage the customers through interactive applications and the underlying objectives are to:

- **Provide immediate answers**
- **Provide offline and new products online**
- **Provide another service channel instead of the customer visiting the branch**
- **Provide convenience to customers**
- **Cross-sell products**
- **Educate customers through videos and web conferences**
- **Understand the user preferences of the customers and customize products based on such preferences**

With the help of Web 2.0, banks provide a variety of Interactive services which include:

a. **Live chat** – It allows customers to interact with relationship managers for all their financial queries. This helps in increased conversions of existing and potential customers, leading to more completed applications and start of new relationships. Banks like, Bank of America and National City; have significantly increased their sales volume because of live chat feature on their banking websites

b. **Online TV services** – Banks deploy online TV services to share information about financial and business events so as to continuously engage with their customers. As a case in point, 1st Mariner Bank has placed a video version of its annual report and often uploads interviews and viewpoints of its finance officers on YouTube

c. **Service requests** – Through the bank’s internet website, customers can change/generate passwords, apply for new products and services, order a new cheque book, add/modify their communication address, track their service requests, etc. This not only helps in saving cost to the bank (if a customer visits a branch) but also results in saving time and providing convenience to the customer

d. **Online appointment reservation** – With the help of this service, the customers can book their appointments at the branch well in advance

e. **ATM and branch locators** – Most of the banks today, display information like ATM locators, branch locators using google maps and satellite tracking along with details like branch opening information on their internet banking websites. For example, HSBC provides an interactive branch locator based on google maps technology

f. **Social computing** - Banks are also leveraging the Web 2.0 features to continuously track changing online customer behavior patterns and are leveraging social communities like Facebook, Orkut, Digg etc, along with micro blogging websites like Twitter and other social forums. For example, Wells Fargo launched Stagecoach Island, an online virtual world, in which the users can connect with their friends and at the same time learn to manage money

g. **Webcasts and podcasts sessions** are being used by banks to share important information

h. **Online banking Widgets** – Essential widgets like calendar and calculator are provided with the option of adding more interactive widgets based on the preferences of the customers

i. **Search toolbar** – Banks provide a search option so that if the customers are not able to find a particular product, service or need more information, searching through keywords will help them in finding the information efficiently
Putting the framework into practice

Almost all the leading banks of the world today constantly endeavor to provide the best of the internet banking features for creating a rich online customer experience. Standard Chartered Bank has launched a consumer online banking platform – Breeze, targeted towards the next generation customers. Standard Chartered’s Breeze is a rich online banking, easy to use platform; that embraces Web 2.0 applications and helps its customers to view, transfer and manage money. Standard Chartered Breeze uses plain and simple language in its entire online banking platform. In this section, we have used our SPICE framework to map the internet banking features introduced by Standard Chartered Bank in creating the next generation customer experience.

The Standard Chartered Bank’s Breeze platform has created a buzz among the next generation customers. Customers view it as a comprehensive banking platform that enables customers to personalize how they see, move and manage their money with incredible ease.
Banks have been investing in their internet banking capabilities to augment the online experience of their customers. In fact, their investments are reaping benefits in terms of increased customer migration and retention, cost savings, process improvements, etc. With the help of SPICE framework, the banks can understand the preferences of their customers proactively, customize and market products based on such preferences and also provide another service delivery channel. To conclude, with the increase in broadband penetration, technological advances and changing financial needs and preferences of the next generation, the banks will continue their efforts in creating a great online branch experience for their customers.

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