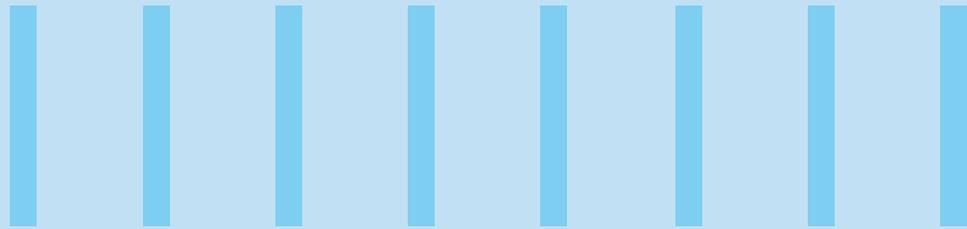


CUSTOMER EXPERIENCE IN FINANCIAL SERVICES: REDEFINING CX IN THE NEW NORMAL



Introduction

Customer Experience is how customers perceive the brand through all their interactions across the customer life cycle. It has different elements to it. It is an overall perception of the experience with the business or brand. A superlative customer experience

helps to sustain the growth of any business. A positive customer experience promotes loyalty and encourages brand advocacy. It is always better to retain a customer than acquire a new one as the cost of acquiring a new customer is almost 7 times more than maintaining an existing one.

Differentiated customer experience is always a key focus area for banks as they offer very similar products and services. In the current scenario where majority of people are forced to embrace digital banking due to Covid-19 restrictions, CX has become the core theme of many banks in their growth strategy.

How CX is becoming more relevant?

In today's uncertain environment, customer experience and customer service capture the maximum mindshare of companies and brands. Consumers also give utmost importance to the service quality which they receive in this crisis scenario. And if they receive a superlative customer service from any company, they make sure to spread the positive word amongst their family, friends and larger community, helping the company to build loyal customers for the future.

- **Trusted Relationships** are important in uncertain times. We shouldn't downplay the importance of customer experience and customer service in difficult times. For Businesses, this is not an option as the voice of the customer continues to get louder every day. Trust is an invaluable part of customer experience as it builds brand loyalty and drives future revenue growth. Based on several positive actions taken during COVID 19, the banks were able to regain the lost trust of the customers. UK banking customers revealed that around two thirds of the respondents were happy with their bank's response to the Pandemic. This was found in a survey carried out by Deloitte.
- **Personalized Content and Experiences** are key to any business success. Making each customer feel special and unique will send a positive message that they are cared for and important to the business. CX leaders like Amazon & Netflix have been creating hyper-personalized experiences by providing tailor made

recommendations and offerings, leveraging data analytics and artificial intelligence (AI). Now banks have also started driving on this path. For instance, In Nov 2020, Santander partnered with Personetics to deliver personalized AI-driven insights to increase customer engagement. The solution provides personalized financial data-driven insights, alerts, and tips to customers so that they could be well ahead in understanding their financial situation during uncertain times.

- **Higher CX benchmarks set by other Industries** - Experiences which customers are getting from other industries have raised the bar for banks and have compelled them to rethink their CX strategy. Banks have caught up a lot in recent years. According to recent study by Qualtrics XM Institute (XMI) banks have been delivering above average CX and have achieved third place out of the 20 industries included in the CX research.
- **Rise in Remote/Digital Banking** – During the pandemic the rise in remote/digital banking was enormous. The young and old embraced it. Many of the banks introduced or upgraded their AI based chatbots to ensure seamless and channel agnostic customer experience. For instance, Bank of America's Erica chatbot catered to millions of users during the pandemic and was able to handle multiple type of queries and services.

A superior experience becomes a valued and unique asset for any type of business, especially for banks and financial institutions, which thrive on personal relationships which branch managers and financial advisors build over a period. Customer experience has fast become a top priority for businesses and it will be no different in the coming years. It has become more prominent in the current times due to an influx of new players in the industry.

Further emphasizing the importance of CX in banking, in their 2020 report McKinsey revealed that from their study of 23 publicly traded US banks, half of the sample with higher customer-satisfaction scores delivered more than 50% higher returns to shareholders from 2009 to 2019.

According to KPMG's 'Global Customer Experience Excellence research 2020', the quality of customer experience has gone up across the world in 2020. It also noted that banks have started taking CX very seriously. Financial Services brands were CX leaders in 12 out of 27 markets under study.

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What is superlative CX?

A superlative CX provides the customer a feeling that they are valued by the brand and the company, every time they interact with them, irrespective of the channel (physical or digital). Many of the CX leaders across industries have inculcated a customer-centric mindset amongst their associates to ensure that every new product and process is designed keeping the customer at the center.

Some of the key factors and characteristics for any new products/service OR application/platform to score high on customer experience can be broadly classified into the following buckets:

<p>Real time</p>	<p>In the current digital world, contextualization is of great importance. Banks can analyze data in real-time leveraging advanced technology tools and provide customers the most relevant experiences at any point in time.</p> <p>For instance:</p> <ul style="list-style-type: none"> • Bank of Montreal helped their customers in identifying potential cash shortfalls through their AI feature in its PFM platform. • BMO introduced the CashTrack Insight feature. It uses AI and machine learning models to provide customers with financial insights real-time. If there is an upcoming cash shortfall it predicts it. • Virtual video booth facility for contactless onboarding of new customers was launched by DCB Bank (India). Here a resident Indian through video-based KYC without visiting the branch or meeting any DCB Bank representative could apply for the bank fixed deposit.
<p>Personalized</p>	<p>Creating personalized experiences increases the bond between the bank and their customers resulting in long-term association.</p> <ul style="list-style-type: none"> • PNC made a small change at their ATMs. It gave flexibility to their customers to receive cash according to their specific individual bills. This small change created an emotional connection with customers thereby further improving the customer experience. • The carer debit card was introduced by Barclays. This card can be used by a carer or trusted person of a vulnerable customer and support their close ones with physical & mental health conditions by paying bills, shopping etc. By doing this, their close ones need not be at risk and need not share their PIN numbers or online banking login details.
<p>Holistic</p>	<p>Nowadays many banks have 360-degree view of the customer in real sense, thanks to APIs which allows banks to aggregate customer's financial transaction data from various sources. Banks should utilize these invaluable inputs to anticipate and proactively support their customers which will help banks to increase their connection with customers.</p> <ul style="list-style-type: none"> • In Singapore, Standard Chartered Bank along with Moneythor launched its new data-driven SC Money Manager tool. It helps customers to manage their finances better by providing a host of personalized features including Holistic overview of historic trends and patterns, expense and income insights by category, customizable budgets, automated personalized alerts, contextual nudges etc
<p>Secure</p>	<p>There has been a multifold increase in cyber security incidents in the financial services world during the pandemic. Banks should ensure that their customers financial and personal data are always secured.</p> <ul style="list-style-type: none"> • OP Financial uses the biometric payment cards. Fingerprints are used, which are verified on-card using an integrated fingerprint sensor. It was a pilot project. There is no physical touching of the payment terminal.
<p>Channel Agnostic</p>	<p>Customers should get the same quality of customer experience irrespective of the channel, be at a branch, mobile app or at an ATM.</p> <ul style="list-style-type: none"> • Bank of America's 'Life plan' helps their customers to set and track their short and long term financial goals. A digital experience in which their goals are tracked in areas like finances, family, health, home, work, leisure and giving etc. Customers can understand better and take steps towards achieving them which is accessible through their mobile app and website. • Popular voice assistant apps from tech giants like Amazon & Google have been integrated into ICICI bank's AI powered chatbot, 'iPal'. This helps its retail banking customers to get a wide variety of services with just a simple voice command. This novel facility offered customers yet another way to connect with their Bank from home. It was a great experience for customers especially during COVID times when all were advised to stay indoors due to nationwide lockdown

Various banks are taking different measures to enhance the customer experience as mentioned above. Other CX initiatives undertaken to create a customer-centric banking experience includes Video KYCs, Digital Dashboards for customers, COVID-19 support microsite, Digital receipt management & Auto reconciliation, Contactless Payments, Payments holidays/Repayment deferrals, Drive through ATMs etc.

How banks can achieve superlative CX?

There have been significant shifts in consumers' expectations from their banking service providers. Banks have realized that digital solutions help them in a big way to re-imagine customer experience. However, customer experience does not mean only digital solutions to improve the customers' day to day interactions with the bank.

More and more customers demand humanized digital interaction. Customer experience in banking refers to the cumulation of all the interactions that a customer perceives along the entire customer journey when interacting with a bank or any financial institution. Banks should pay attention to all the elements which help them to drive Customer Experience including People, Systems, Processes, Culture (Trust and transparency), Overall Strategy and Leadership vision.

To provide superlative customer experience every time to the customer, banks should ensure that all the key elements mentioned above are working in tandem.



People/Employees –

A great employee experience is the first step to achieve great customer experience. Employees should be adequately equipped with latest technology and trained on operational skills to service customer's requirement meeting high industry benchmarks.

For example:

- a. Banks can implement device agnostic solutions which gives employees a 360° view of the customer at their fingertip, anytime, anywhere.
- b. Banks can implement a secure video interaction platform helping employees to assist customers in real-time, especially useful in financial advisory area.

Systems/Tech Solution –

Technological advancements are happening at a rapid pace and many banks have taken up huge technology transformational projects. Banks should be designing their technical infrastructure and other applications keeping the customer in mind, ensuring seamless and secure interactions across channels.

For example:

- a. An intuitive chatbot which can help customers with their query 24/7.
- b. Intelligent dashboards, self-help tools etc. to enhance customers' overall experience

Processes –

Banks should see to that business processes and procedures are robust, but at the same time they should ensure that these processes are simple and will not hinder the overall customer experience. These operational processes should be reimagined from time to time keeping in mind the customer journey.

For example:

- a. Reduction in the number of steps required to open an account or for applying for a loan

Culture –

Banks should promote a customer focused culture within the organization, to achieve a high level of customer satisfaction employees can be incentivized.

For example:

- a. Banks can implement reward programs for employees which are linked to customer satisfaction score of their respective branch or department

Strategy –

Business strategy of the bank should revolve around the customer, striving to provide superlative customer experience. Other goals and targets of the bank will fall in place accordingly if the customer is taken care of.

For example:

- a. Banks can adopt strategies followed by brands which are CX leaders, across industries

Leadership Vision –

Successful CXOs understand the core needs of the customer and they empathize with each customer's journey. Leadership should work towards inculcating customer centricity across the organization and this should be a core part of the bank's vision.

For example:

- a. Leadership at banks should be ahead of the curve in understanding the constantly changing customer requirements and this should be effectively communicated to the employees, especially the front-line staff.



Conclusion

There is a historic shift happening in the global financial services sector. The digitally native players continue to champion the customer experience and redefine long-held principles to gain significant wallet share. Banks that lack a customer-centric culture will suffer as customers will switch to their competitors who are willing to show their empathetic side of servicing.

According to many of the recent surveys, customers who boarded the digital bandwagon are not going back to traditional banking even if things become normal post the pandemic. Hence, it would be detrimental to banks' future growth if they fail to reinvent customer experience from time to time, especially when new age competitors continue to make innovations around customers' financial journey.

Many customers have moved their entire banking relationships during the pandemic. Though Covid-19 acted as an accelerator for digital banking and customer experience initiatives, even in a post-pandemic world, banks should be laser focused in continuously re-imagining customer journeys to sustain their competitive advantage over Fintechs and BigTechs.



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