

NOUS
INFOSYSTEMS

LEVERAGING INTELLECT

CREATING **POSITIVE** CUSTOMER EXPERIENCE IN BANKING



Abstract

Understanding customer experience is the key in today's highly competitive and dynamic banking industry. Banking industry is highly dependent on customer centric activities as customers expect more than just profitable financial products. There is a huge demand for an outstanding customer experience which provides a superior value add while meeting basic user expectations. A positive customer experience stands as the primary reason behind opening and closing of accounts rather than banking fees, interest rates, branch locations and other conveniences.

Evolving Customer Behavior and Preferences

Omni channel banking has been a global choice and a growing trend among today's customers. Though low banking fees and service charges drive customer preferences, customers want seamless and consistent customer experience across channels and want anytime, anywhere banking.

Banks across the globe are adopting plethora of new technologies to give their customers an improved user experience and stand out from the crowd. How to gain customer's trust and transform them into passionate brand advocates for the bank? Trust brings about a positive customer experience. Social media and digital channels enable consumers to instantly share their experiences with the bank. Customers who trust their banking service provider, account for the highest number of referrals and be more willing to get associated with a single banking service provider.

It is imperative for banks to create powerful and differentiated customer experiences and consider it as a long term growth strategy rather than a mere operational level strategy. In this white paper, we have focused on some of the leading technology initiatives taken by top banking organizations to deliver delightful customer experiences.

Today, voice of the customer is stronger than ever and it directly influences and affects the marketplace. Driven by the high amount of information accessibility through various digital channels, customers are now empowered to voice their experiences and give feedback to banks on social channels, if their needs and expectations have been met or not. Thus, a happy customer is an invaluable possession and a growth engine for a bank.

As customer dynamics have changed radically in the last few years, banks need to think ahead and anticipate the changing customer needs and consequently offer products and services suiting their needs.

Nowadays customers expect their banking service providers to deliver personalized services, swiftly and efficiently. According to a study by a leading firm, nearly 70% of the customers would provide detailed personal information in exchange for personalized products and services, higher security against online identity theft and more. A customer-focused approach can assist bank in meeting key strategic objectives:

- 👍 Enable customer's preferred methods of payment
- 👍 Increase revenue and top-line growth by attracting new customers
- 👍 Reduce customer attrition and larger share of wallet of existing customers
- 👍 Increase customer loyalty and drive customer advocacy

As disruptive technologies are challenging the traditional banking models, digital technologies are constantly changing the way customers interact with the bank.

Mobile is the most sought after technology in the banking domain. Several research reports suggest mobile is already the largest adopted banking channel and it has reduced more than 50% of branch visits. As competition from non-banking Payment Service Providers (PSP) are increasing, banks are increasingly adopting a 'mobile first' approach to engage with the customers and reduce operational costs. Today, banks can leverage a holistic view of the customers provided by mobile platforms to deliver segment-based applications based on key drivers like age segments, income levels, behavior, location and total customer value. This fosters the bank to use targeted campaigns and offer the right set of products and services including rewards, loyalty points, gift coupons, e-vouchers and offers.

Key Mobile Banking features offered by banks

- 👍 Basic banking services including A/c balances, transaction history and fund transfer

- 👍 Find branch or ATM
- 👍 Mobile check deposit
- 👍 Mobile wallet, bill payments and recharges
- 👍 P2P payment, NFC
- 👍 Wearable technology
- 👍 Video Banking
- 👍 Social Media Banking (hashtag banking)
- 👍 Image based banking
- 👍 Biometric authentication
- 👍 Cross-selling and rewards programs
- 👍 Gamification

Social Media is one of the fastest growing banking channels. Furthermore, it has grown to become an effective medium to enhance customer engagement. With an increasing demand from the customers for their banks to have a social media presence, banks are seriously considering social media as the channel to engage and drive discussions with the customers. Many leading banks are already providing real-time money transfers and hashtag banking services on social networking sites like Facebook, Twitter and LinkedIn. Banks are integrating their mobile banking apps with social networking sites to engage in customer service requests and create 360-degree customer view to gather market knowledge and customer sentiments. By leveraging powerful text analytics and sentiment analytics solutions, banks can gain insights into customer behavior and discover the positive and negative drivers for the business.

Unleashing the power of social media to enhance customer experience

- 👍 Listen – Listen and monitor customer needs and how they actually feel about your services
- 👍 Analyze – Customer positive and negative sentiments

👉 Engage – Drive engagement with customers to build deeper relationships

👉 Promote – Create brand awareness through social media

👉 Report – Derive meaningful information from the data collected

👉 Advocacy – Transform customers into social media brand ambassadors for the bank

Growing business constraints

Traditional banking models are disappearing. To stay ahead of customer expectations, banking providers need to narrow the gap between customer needs and the actual services provided. Today's banks are facing multiple challenges of shrinking budgets, changing customer demands, complex compliance regulations and continuous demands to reduce costs. The increasing number of non-banking financial service providers competing for the same customers is adding additional pressure on banks. As technology is driving unprecedented change, online, mobile and social channels are making it easier for alternate providers to target dissatisfied customers. Numerous studies reported that 2 out of 5 customers leave their primary banking provider after a bad experience. The opportunity cost in such scenarios are extreme and banks have to adopt a holistic new approach to reinforce loyalty and drive revenues.

Most of the banks are still operating on legacy banking systems which are inflexible and cannot accommodate changing market needs. Banks need to modernize their aged legacy systems to reduce time-to-market and improve agility to respond faster to the changing market conditions.

Need for Customer-Centric Banking Business Model

40%

40% of the customers are more inclined to continue relationship with their primary bank if they are offered personalized products and services.

The cost of acquiring a new customer is 6-7 times more than retaining an existing customer. As banks find it hard to attract new customers through traditional channels, banks need to focus on retaining customers through better banking experience. Banking providers need to provide exceptional customer service across multiple channels to provide positive customer experience and gain long-term customer loyalty. Conventionally, banks have concentrated more on their financial products, making customers undergo multiple processes to complete a particular banking action. These processes have to be re-redesigned to suit the modern day customer requirements which should be user-friendly and customer-centric. Modern technologies like mobility, analytics and multi-channel platforms have to be completely leveraged by banks to deliver unified customer services which is both dynamic and personalized.

Elements to improve the banking customer experience

360° Customer View

Most of the banking organizations have progressed in profiling customers with a 360° view of their banking and credit card relationship, but advancements in the mortgage and investment areas are less. It is really hard to assist today's customers without a complete client profile. The top banking organizations also have invested in displaying customer history activities, loyalty matrix, segmentation and other relationship information in order to completely understand the customer and their needs.

Banks have to create differentiated and personalized experiences throughout the customer lifecycle. For eg: personalized video, flexi-credit cards, personalized deposits and more. Personalization will improve customer satisfaction and increase loyalty. Bank providers should be able to understand a single view of the customer which can be used by the staffs of front, middle and the back office. Technologies that offer collaboration as well as integration have to be adopted by banks. This can streamline the processes and improve user experience. Banks can deliver personalized and dynamic services by collecting and analyzing a humongous volume of customer data available. Data from social media and blogs help banks to obtain more comprehensive, personal view of individual customers.

Analytics for Customer Insights

Analytics produces customer insights that are used during customer interactions to create great value. Generally, an insight is valuable only when it's simple and easy to understand for sales and marketing employees as well as customers. The key to success is always the ease of use rather than the complexity of the insight. Information such as customers 'similar to you' using the analytics engine are appealing both for the customers and the employees to explain clearly why the product was recommended for the specific customer.

Synchronized Branch Operations

A strong and synchronized branch not only improves the branch growth, but also ensures that the right messages, products and service offers reach the customers. Major banking organizations streamline their operating processes to support the right content and visibility of the branch to drive sales and meet customer needs. Customer satisfaction is the primary goal and the branches with the highest scores are the ones which disseminated an excellent marketing message to the customers and coached the customer-facing employees.

Channel Integration

An effective channel integration facilitates multi-channel customers to be more satisfied and highly profitable. An improved multi-channel customer experience is about knowing the key customer activities in each of the channels and making an effective integration across all the channels. Nowadays' customers spend most of their quality time researching and comparing the financial products or services with competitors before going forward with the investment. This is one of the key customer activities and challenging for the banks to ensure a seamless customer experience from the online channels to the branch. Also, the Mobile channel has to be a primary self-service channel for the customers and there should be sufficient investment to install and educate customers to use the mobile functionality. The success of channel adoption and integration lies in prioritizing tasks in customer's journey and requires careful selection of the best channel.



Conclusion

Customers are gaining control of their banking relationships. Far-reaching changes in consumer behaviors are driving banks to research ways to bring new products and services to market quickly. Financial institutions are beginning to acknowledge the fact that they can't be responsive to consumer demands because their legacy front-end payments systems are stuck in the old methodologies. Building on these antiquated systems is simply too expensive, cumbersome and risky.

Developing a common vision and a strategic plan that is consistent with the brand promise is a first step towards providing data effortlessly and insights driven banking customer experience. The integration of customer data into unified platforms for a 360° customer view, forms the foundation for a customer-centric banking organization. Leveraging the information and analytic-based insights along with new technologies deliver multi-channel, digital and optimized customer experiences that can offer a competitive differentiation for the bank that are willing to compete and win in today's marketplace.

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