Hyper Personalize the Banking Customer Experience

Using data to support the customer journey and a 360 Degree view in a time of transition for banking and financial services

Your customers are on a journey – A journey called life

The financial services industry is unique. Unlike most other industries, customers often stay with same financial institution for life.

Banks, however, cannot rest on their laurels. Emerging technologies, changing demographics, and increasing customer expectations are driving a need for new value propositions and better customer service.

In a 2019 U.S. Retail Banking Satisfaction Study, JD Powers reported that the banking industry has improved convenience and efficiency at the expense of easy interactions, providing advice, and strengthening customer relationships. Growth in customer satisfaction (CSAT) has been hampered by deteriorating phone and online-assisted customer service. JD Powers also points out that, in the near future, personalization of important customer journeys –transactional, advisory and solving problems – will emerge as ways of elevating customer trust.

Similarly, in Canada, JD Power revealed that "Banks have invested heavily in convenience, in digitizing transactions, and in making products easier to use. Service quality, however, is not keeping pace in omnichannel interactions. Banks that don't address the gaps in service expectations are at an increased risk of client departures." Satisfaction with bank problem resolution is declining due to the knowledge of bank representatives, increases in "on holds," and fewer personalized greetings.

Banks must now – more than ever – make a conscious effort to delight during each exchange and each phase of the customer journey.

Banks are sticky

According to a Bankrate and Money Magazine survey, the average U.S. adult has used the same primary checking account for ~16 years. Seniors 65 and older have stuck with checking accounts the longest: 26 years, on average. Over 26% have held onto a checking account for more than 20 years.

In the U.S., only 4% of customers switched banks in the past year (2018-19).

In Canada, younger customers (under age 40) are three times more likely to switch banks (9%) than older customers (3%).

Data presents customer experience opportunities

Despite a siloed hodgepodge of technologies and a complicated regulatory landscape, the lifelong transaction, website, app, contact center, and banking data available about customers represents an untapped opportunity.

Successfully connecting those data dots can create a personalized 360-degree view of each customers' needs, habits, and preferences. With a holistic customer data platform, you can truly anticipate, respond, and support customers. You can provide tailor-made services and products. You can help customers fulfil their dreams.

Are you using all your data to create a meaningful, differentiated customer experience (CX)?

With AI, automation, a customer data platform, analytics, and other digital solutions as well an exceptional omnichannel customer experience, HGS can help you support customers on their highly personal customer journeys and keep them as customers for life.

Gaining a competitive edge throughout the customer journey

As customers navigate life, they're looking for financial services to support their needs and goals. Someone in their teens or early 20s may be starting their first full-time job, saving for college or a car, or looking for their first credit card. Someone in their late 20s or 30s may be planning a wedding, starting a business, or purchasing a condo, while people in their 40s and 50s may be supporting families or saving for retirement. Seniors may be embarking on the trip of a lifetime.

Customers need varying financial products and services to match their phases of life, but the need for excellent customer service is constant. As consumers search for, buy, and use banking products and services, they will progress through a usually predictable customer lifecycle. These lifecycle steps are often managed by different departments and by different customer service teams. However, banks can find growth by taking a 360-degree of their customers, supporting customers holistically, and personalizing service as they traverse the brand pathway.

Typical customer journey in financial services –
A basic 360-degree CX map

Engage	Buy	Bill	Care	Repair	Retain
• Conduct research • Visit website • Ask friends • Connect with branch or contact center	• Open an account • Apply for a loan • Get and confirm access	Pay for the products or services, either through one-time billing, user fees, monthly fees, interest	• Use the product or service • Turn to the bank with questions, changes, or support	• Resolve disputes and issues with fees • Rely on the bank for fraud detection and risk management	• Review and renew the product or service • Share experiences with friends • Seek perks for loyalty

Having a better sense of which phase each customer is in can provide unparalleled loyalty and competitive differentiation for your brand. It can also identify the "moment of truth" – the crux, the crisis, or drivers behind decision-making – that often serves as the best times to provide solutions.

Has your team examined your customers' journey with each of your products and services? Do you know when/what their moments of truth are? Are your customer service teams ready to work together to support customers at each phase?

With a well-rounded view, you can better anticipate customer needs and present the most appropriate solutions at the right time.

Different ages, different priorities

CNBC reports that the typical American household has an average of $8,863 in an account at a bank or credit union, according to a recent report from Bankrate. People aged 35–44, who have children have the most in savings: an average of $10,399…. And among those aged 45–54, couples with children also have the highest average savings account balances of their age group, with $15,589. Meanwhile, other research has found that 60% of millennials don't have enough money to cover a $1,000 emergency.

The American Banker's Association reports (October 2019) that different age groups bank differently:

- 62% of 18–29 year olds prefer to bank using mobile app, followed by online banking at 13%

- 53% of 30–44 year olds prefer mobile apps, followed by online banking at 29%

- 38% of 45–54 year olds prefer online banking, followed by mobile apps at 35%

- 44% of 55–64 year olds prefer online banking, followed by mobile app at 22%

- 57% of 65+ prefer online banking, followed by branches at 26%

Let's support customers at each phase of life.

Starting out – Supporting new ventures

Younger and digital-centric customers are vital to future business growth. Yet, it's increasingly difficult to capture their attention and interest. It's even harder to earn their trust.

Your online brand reputation among this 20-something generation is critical. When someone starts a big, new venture – whether that's enrolling in school, buying a car, or getting married – they are likely to turn to friends, family, websites, or social media for financial advice.

In these moments of truth – during the engage and buy phases – it is critical that:

- Your website is ready for research, online chats, and self-service.
- Your customer service teams (in-branch and otherwise) are ready to favorably compare your features to other banks.
- Your social media accounts are brimming with positive mentions, likes, and shares.
- Your social media teams are equipped to respond and educate.

To provide an effortless, frictionless experience for younger customers and to *humanize* your brand, it's essential that these teams are coordinated. Younger customers, historically, are more likely to receive inconsistent service levels from banks, so providing an utterly seamless, personalized conversation will delight to the extent that you can attract a customer for life.

Digital banking requires HGS EPIC™ Social Care

Social customer care is gaining importance in financial services, as it offers a big return on a modest investment. From the American Bankers Association:

- 84% of banks believe social media is important and 87% are active on social.
- 40% of banks have used social media for 5+ years, but 6% do not currently use it at all.
- Banks' most preferred platforms are Facebook (97%), LinkedIn (76%) and Twitter (59%), followed by Instagram (48%), YouTube (45%) and blogs (21%).
- +60% of banks plan to increase social spending (2019).

Social media participation is an essential part of the customer journey

Social media customer service has been around for longer than a decade, but what it takes to succeed has changed. Today, a new generation of digital natives – Gen Z – is turning to social media for help and expecting more than just a response. They expect a mind-blowing CX. In addition, consumers are writing reviews, which are having a huge impact on customer acquisition strategies. Many brands have mastered the basics of simply responding to customers, but now brands are starting to take social care to the next level by leveraging a powerful combination of AI, automation, bots, analytics, and the human touch.

Many brands are seeing a growth in social volume year over year, and yet staffing levels remain the same due to limited budget and resources. These constrained resources spend a lot of time and effort sifting through posts, determining what's actionable, and tagging the posts for reporting. This reduces response rates and times, ultimately causing bad experiences.

Leveraging the power of data and technology are key. AI can filter large volumes of online mentions and questions and then dynamically route them to the best social care agent humanizes the brand and enables banks to identify and participate in the customer journey, quickly. Combining excellent customer service with modern technology is a powerful way to connect with this generation.

Customer for life example: Credit card moment of truth

Amelia is a serious, second-year student attending college away from home. She has over $20k in the bank account that her parents set up for her when she was a child. She has heard from friends that it's beneficial to get a student credit card to build up her credit score before she graduates. She Googles "best U.S. student credit card" and turns to Twitter and Instagram stories to see what people are saying about the #1 card and the card offered by her bank. She reads the question-and-answer exchanges between her bank and its customers and sees that her bank takes a long time to respond to online questions. Her parents' bank, in fact, seems to avoid answering questions online. The more modern bank with the #1 card responds quickly, directly, clearly, and takes student questions seriously. She decides to go with the #1 card; the traditional bank has just lost a new card customer.

The messy middle – Reaching your full potential

With caregiving costs, retirement savings, home ownership, entrepreneurship, vehicle maintenance, and even more big ticket purchases, the sandwich generation – people in their 30s, 40s, and 50s – often has money coming in as quickly as it goes out.

Generation Xers (born between 1965 and 1980) and GenYers (born between early 1980s and mid-1990s) are among the highest earning demographics, with 25% of household incomes topping $150,000. Generation Xers, according to research by The Financial Brand magazine, have a lot in common with small business owners, even if they're not. Hallmarks of GenX and small business owners include DIY and self-service tendencies, price sensitivity (will switch for lower fees), spread of wallet (multiple banks), time pressure, and preference for online and mobile banking (vs in-branch).

Earning more of your middle-aged customers' business – and trust – during this busy phase of life requires keeping their existing assets safe and growing and exposing customers to the right product at the right moment.

Mortgages = Big business, especially if you can deliver online

The mortgage industry of 2019 was characterized by disruption and change on a large scale. Non-bank lenders and digital services delivered faster, better service more in line with customer speed and ease-of-use expectations.

More than 6 million home sales occur in the U.S. every year. In 2018, over 85% of American home buyers aged 28 and younger bought their first home, whereas only 50% of home buyers between 29 and 38 bought their first home.

The average down payment for a house in the U.S. is 6%. About 63% of homeowners in the U.S. have mortgages, and the average new mortgage balance is $260,000.

66% of homebuyers would prefer to handle mortgages entirely online. 92% of new mortgage borrowers do online research before speaking to a lender.

Fintech lending has grown annually by 30%, as these organizations allow home buyers to process applications online.

Processing speed is the most important factor when applying for a loan, and fintech lenders can reduce processing time by 10 days, or 20%. Only 7% of banks can handle loan products digitally from end to end.

Serving customers well at times of transition creates customers for life

The attention of people in their 30s, 40s, and 50s is highly divided, and customer care for this generation is essential. Providing high quality, personalized service while they are carving out time to think about financial matters can open doors to upselling and cross-selling. Ensuring smooth transitions to mobile apps, for example, may be a perfect time to remind customers – with inbound and outbound marketing, via voice, chatbots, text, social media, and web portals – of mortgages, investment, credit cards, and other products and services that can help them meet their goals.

Supporting the sandwich generation doesn't stop at extending products at the right time, though. When a customer takes up an offer, using automation to accelerate the processing of those new applications respects their time sensitivities and shows you care. Processing cancellations and requests quickly and accurately in the front- and back-office can convey a sense of trust and recognize that you think the customer is reliable, familiar, and important.

Serving customers well on their terms, in their time of need should be constant. Using technology and data to identify and respond appropriately at their moments of truth ensures that customers won't take their business elsewhere.

Customer for life example: Mobile app moment of truth

Alex is a 47-year-old who purchased his current home at age 36. His 18 year old just left the nest, and he and his wife are thinking of moving to capitalize on recent home value increases and a nearing mortgage renewal date. Alex has relationships with several banks – one for his small business; one for his main checking and savings accounts, retirement savings, and mortgage (he's had the account and been paying the monthly fees since he was a kid); a joint, largely virtual checking account with his wife for groceries; and one for his most-often used credit card (it has the lowest interest rate). Alex uses ATMs and likes to bank online but he's wondering about the security and usefulness of switching to his main bank's mobile app. He visits the bank website hoping to find answers or to initiate a chat – but sees no agents available. He calls the bank. The contact center puts him on hold, transfers him, asks him twice for his account information, and ultimately provides the same information on the website. Frustrated, he wonders what he gets for all the fees he's paying, gives up the search, and ponders whether he should move his next mortgage to the online bank that he and his wife both use...

The golden years – Making the most of it

All too often businesses focus on the young for revenue generation. In banking, this is often – or should be – reversed. Senior citizens often have greater wealth, more sophisticated financial needs, and a better understanding of financial service options than any other generation.

The number of Americans ages 65 and older is projected to nearly double from 52 million in 2018 to 95 million by 2060. This growth is having a transformative impact, economically and socially, helping to fuel economic growth for an extended period of time. The financial needs of seniors and retirees are evolving, and the way financial services organizations serve these customers should, too.

In financial planner Michael Stein's "The Prosperous Retirement: Guide to the New Reality" book, he describes three stages of retirement – the go-go, the slow-go, and the no-go years – and surmises that spending dwindles as people age. In the go-go years, retirees may spend money on a trip or past-time (e.g. antique cars, yachts, art, etc). In the slow-go years, they may down-size their homes or start to sell off unused assets. In the no-go years, they may move to a care facility or refit their homes, finances, or lives due to failing health.

The New York Times verified Stein's theories – "Data from the Bureau of Labor Statistics suggests the decline is true. The mean spending for households headed by 55–64 year olds was $65,000 in 2017, according to its Consumer Expenditure Survey. Spending dropped to $55,000 for those aged 65–74, and after that it fell to $42,000."

Seniors are important to banks

The U.S. Census Bureau and the Population Reference Bureau (PRB.org) report that the levels of people 65+ in the workforce are projected to rise 2% by 2026 to 26% for men and 18% for women.

The American Associations of Retired Persons (AARP) in conjunction with Oxford Economics reports that, "...the 30 years added to lifespans in the 20th century have resulted in a longer middle age – extending the period when workers are at their most productive and creative...."

AARP also notes that 83% of U.S. household wealth is held by people 50+, the 50+ cohort is responsible for 42% of total U.S. GDP, and those in their golden years are the most active spenders. Not only do those 50+ spend more, they account for a majority of the spending in financial services.

Rewarding loyalty can retain customers for life

Anticipating and acknowledging customer needs and delivering exceptionally high value shows respect and appreciation. From a customer relationship management (CRM) perspective, personalizing the experience, providing unbiased advice, reviewing the effectiveness of the products they currently have, and making them a service priority deepens loyalty even further.

Listening to the voice of the customer (VoC) is critical to retention. Mining the VoC data from surveys, social media, CRM systems, agent focus groups, offer uptake, etc. can paint a more complete picture of why your customers stay, leave, and behave the way they do. A holistic data set cannot only show you when to upsell or cross-sell – it can show you when to express appreciation.

Senior citizens have often relied on and supported the same financial institution(s) for decades. For any organization with customers for decades, rewarding loyalty should become a priority, even if their use of your services naturally declines. After all, these customers have likely paid thousands of dollars in fees and can influence the banking choices of their younger family members.

Customer for life example: Relocation moment of truth

Tony and Maria live in the Midwest, mortgage-free, and hope to spend their first winter of retirement in Key West, not too far from their son and granddaughter. They've rented a little place on the beach and want to wire some money to their friend and short-term landlord. They want to cancel their separate accounts to create one joint account, as they think it will make accessing their funds easier "if anything should happen." They also want to open a line of credit (LoC) in case a sweet little yacht beckons. A few weeks ago, they received a loyalty letter from their bank offering really great LoC interest rates. A visit to their friendly local teller crosses several to-do items off the list but, because it's busy when they visit the bank, they decide to call the toll-free number to set up the LoC. The phone call for the LoC takes ages, and Tony and Maria wonder whether the application will be processed in time, before they depart for Florida in two weeks. They decide to ask their son where he banks just in case their financial institution doesn't come through but they still want to take that big financial leap...

Why not outsource to modernize your CX?

Anticipating customer needs and differentiating your bank from others' has never been more difficult. Financial-technology (fintech) startups do nothing but add to this pressure.

Many banks want to replicate the nimbleness and customer responsiveness of financial tech startups. Companies such as Venmo, Best Egg, Lemonade, Better, etc. are specializing and offering sound alternatives to customers who need specific services and want the conveniences that technology can provide.

And, yet, simultaneously, fintechs want to be like banks. In an article entitled "Every Tech Company Wants to be a Bank – Someday, At Least" *Wired Magazine* posits that Apple, Google, Amazon, Facebook, and Uber are all eyeing financial services as the next frontier. Tech firms like these know about your recent breakup, your money pit house, your baby's due date, and the college your kid is starting. They know their customers' moments of truth and are combining customer data points to deliver and refine financial services when and where they are needed! To some extent, you can, too, with a customer data platform powered by a CX leader like HGS.

With exposure to dozens of other financial services institutions and the powerful knowledge of what customers want, there are distinct advantages of outsourcing the CX, including but not limited to –

- Access to modern technology
- Easy to execute pilot projects; quick ramps and launches (60–90 days)
- Multi-channel, omnichannel offerings
- Ability to deliver a mix of bots (virtual assistants) and agents
- Deep experience with social customer care
- Analytics across departments and databases
- Customer service leadership and advocacy across product and departmental silos

CX providers can also identify CX trends. HGS has identified a number of BFSI trends for 2020 that may help to differentiate your business. Based on our experience, we believe that, in 2020, BFSI organizations will....

- **Increasingly take a 360-customer view of their customers** using data to personalize and predict customer needs.

- **Start to use the customer journey to adapt processes, media, and customer response** to improve customer satisfaction and stay more competitive.

- **Begin to close the gap between their customer service approaches and those of other industries** (e.g., retail and travel); banks will begin to mimic the CX successes of other industries.

- **Invest in data and usability to create "effortless experiences"** like digital disrupters and fintechs are offering. Banks will leverage partner services to gather, parse, analyze, and apply customer data from a multitude of modern and legacy sources.

- **Offer additional customer self-help options** on their apps and websites to increase convenience and reduce in-branch and contact center volumes.

- **Infuse social media into the CX** by offering customer care in-channel.

- **Use robotics and automation more in the back-office and the front-office.** Automation will become a means to advocate and demonstrate respect for the customer by increasing speed and accuracy.

- **Invest in AI and machine learning to drive self-help, virtual assistants, fraud detection, and other aspects of the CX.**

... and we are ready to support you in following these trends.

What can you do to support the customer journey?

People choose banks based on convenient locations and hours; familiarity and word of mouth (via family and friends); fees, interest rates, and rewards; positive reputations; innovative or specialized services; and more.

People leave banks because they are relocating; dissatisfied with fees and interest rates; received bad customer service; changing jobs or marital status; changing banking channels (e.g., ATMs vs. mobile banking); and more.

The old business adage that it's easier to keep a customer than to win a new one holds especially true in today's digital age.

How can you win and retain customers?

Step back from your day-to-day routine and look at the data you likely already have. Support the customer journey and create customers for life with these tips:

Create customer profiles and build out customer personas – What are the ages, genders, languages, geographies, etc. of your customers? What assets and accounts do they have? How long have they been customers? Are there any sources of third-party data that you could cross-reference to find out where your customers are in their lives? Create groups of similar customers and then create personas so you can envision actual people while you're reengineering processes, building new products, pricing, promoting, and positioning.

Map the customer journey for each of the demographics you serve and the products you offer – Why and when do they choose your product or service? What technologies and channels do they use to research? How do they pay for the service? Is it easy to buy and pay? Document and map out each step, each choice, each type of customer in great detail. Compare these maps. Where are the gaps? How can you make any of the steps better, clearer, faster, cheaper, or easier?

Identify moments of truth – A moment of truth is a time when a person is tested, a decision has to be made, or a crisis has to be faced – it's when a customer changes their impression of your brand. What are your moments of truth? What was going on in your customers' lives when they finally took a leap to buy, enroll, contribute, switch, or cancel? What do they say about you at these times? Look for moments to be proactive.

Examine the channels and technologies you're using to service customers – What are they? Are they effective? Are they integrated? Could you blend digital delivery (bots) with a human touch? How long will your customers wait for a response? How many clicks, visits, or phone calls does it take for them to get questions answered? Find ways to reduce customer effort. Find ways to streamline front- and back-end processes to meet needs faster. Find ways to break down silos and create a frictionless experience.

Determine the key drivers behind customer contacts – Why do they call, email, or chat? What are the top 10 contact types? What do they search for online? When and why do they post on social? Are you giving the same answers across channels? Ensure answers are easy to find, in multiple places.

Research competitors for each product and service you offer – Are they pursuing share of wallet from the same groups of customers that you are? What do their customer journeys look like? What features do they offer now? Which ones do you think they'll offer in the future? What are their strengths and weaknesses?

Actively monitor the voice of the customer (VoC) – Use analytics to see what customers are saying on social. Are the sentiments positive? Examine CSAT and NPS data. Talk to your customer service agents – across channels. Create reports from CRM, mobile app, and website data. Compare sentiment over time, across products, and across channels. Review media coverage, ratings sites, and analyst reports.

Understand and *own* your brand – Is your organization known for fast service? Low rates? Simplicity? What brand impression do you want to make? How can you change those impressions? Identify ways that you can deliver the same CX online, in person, and over the phone.

Connect the data points to generate new ideas on how to better service customers – Look at all the data holistically. Engage a cross-functional team to look at the data from multiple perspectives. Put yourself in your customers' shoes – what could you do to improve the CX? Even the smallest change could have a big, positive impact.

Want more CX ideas to improve the customer journey?

HGS is a leader in optimizing the customer experience and helping our clients to become more competitive. We combine technology-powered services in automation, analytics, and digital with domain expertise focusing on back-office processing, contact centers, and HRO solutions to deliver transformational impact to clients. By mapping the customer journey, identifying moments of truth, using data to provide the right solution at the right time, and applying omnichannel interaction expertise to deliver innovation and thought leadership, we increase revenue, improve operating efficiency, and help retain valuable customers – for life.

HGS can augment and extend your customer service and digital teams to give you a competitive edge through:

Acquisition and sales	Service and support	Bill payment and collections
Customer retention and loyalty programs	Fee and dispute management	Fraud, waste, and abuse
Analytics and product insights	Online, mobile, and ATM support	Credit and debit card activations and servicing

Part of the multi-billion dollar conglomerate Hinduja Group, HGS takes a "globally local" approach, with over 44,000 employees across 71 delivery centers (as on 30th September 2019) in seven countries making a difference to some of the world's leading brands across nine key verticals.

The HGS team is accustomed and ready to brainstorming with clients and prospective clients on how to modernize the CX and achieve transformative customer service goals. We regularly participate in conferences, hold free webinars, and publish blog posts related to BFSI and the customer journey. Follow our social media channels, subscribe to receive fresh ideas regularly in your inbox, or contact us to arrange a one-to-one session.

About HGS

A global leader in business process management (BPM) and optimizing the customer experience lifecycle, HGS is helping make its clients more competitive every day. HGS combines technology-powered services in automation, analytics and digital with domain expertise focusing on back office processing, contact centers and HRO solutions to deliver transformational impact to clients.

Visit www.teamhgs.com to learn how HGS can help make your business more competitive.