Creating winning customer experiences in banking

How to mix digital and offline channels for competitive advantage
Banking customers are satisfied but not loyal

Blend digital channels and human interaction for exceptional customer experiences

To explore the expectations of banking consumers and help banks increase competitive advantage, we asked 6,287 consumers from the US, UK, and Australia about their experiences and opinions.

The findings show that while banks are investing in digital technology, many customers have not yet fully embraced it, preferring face-to-face or phone interactions. This trend, however, is set to shift. More than one in four respondents already say they would open a bank account with a digital assistant, such as Alexa or Siri. This shows consumers have increasing trust in artificial intelligence, but still want the personal touch.

The younger generation’s ease with digital means it is already embedded in the future for banks. But their high satisfaction with digital doesn’t make them more likely to stay: they are among the least loyal and most willing to switch to an online-only bank. So traditional banks must play to the advantages they hold over their digital rivals. They have deep knowledge of their customers’ “moments of truth” and consumers trust that they offer the best protection against fraud.

Banks are faced with a challenge: How can they acquire and retain customers by making digital channels more human and improving offline interactions with digital? How can they build on their strengths to increase loyalty in a digital world?

In the following pages, we debunk myths based on our survey findings, and offer practical takeaways to help you create experiences that rival the seamless, personalized interactions customers are used to in their daily lives.
MYTH 1

Digital channels are the be all and end all
The **personal touch still counts**, established channels work

But newer forms of communication are catching up

- 9 out of 10 customers who have visited a branch say they were satisfied with the experience, and over half say they were very satisfied
- The personal touch is important to consumers: They are most satisfied with in-branch and phone interactions. When opening a new account, 57% say speaking with someone in branch makes it easier
- But levels of consumer satisfaction with online and digital channels are not far behind
- In fact, 27% of respondents would be comfortable setting up a new account with a digital assistant, such as Siri or Alexa

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**Takeaway**

*As digital channels are on the rise, banks need to think about how these channels are delivered to keep the personal touch*
Digital investments are already paying off with younger customers

But banks must offer a channel mix that satisfies all customers

- Generation Z and millennials (18-34 year olds) report higher levels of satisfaction with the ease and simplicity of day-to-day digital banking than baby boomers (55+)

- They are much more at ease with technology and are open - even eager - to explore digital channels. But with lower take-up among older customers, banks must accommodate all preferences

- Younger consumers are more likely to be willing to consider switching their daily banking to online-only alternatives

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**Takeaway**

Consumers want the convenience of digital balanced with the personal service they get in branches and on the phone

**Preferred channels for queries** (% respondents, n=6287)
How to deliver a truly omnichannel experience

Why are digital channels lagging?

- Consumers still prefer traditional channels for banking support because it’s where they get the best support and advice.
- If the same quality of service were available through digital channels, consumers wouldn’t choose to travel to a branch or phone a customer service center.

What can banks do?

- Banks need to personalize each customer interaction.
- Digital channels can’t replace the human touch, but AI, predictive analytics, and machine learning can help bank staff make smarter, data-driven decisions for a personalized service.
- And by automating low-value transactions, banks can enable employees to focus on what matters.
- For customers to transition to digital channels, banks must embrace human-machine collaboration for a truly omnichannel experience.
- People can humanize the digital experience, and digital in turn enhances offline interactions.
MYTH 2

Satisfied customers are loyal customers
Brand loyalty is elusive in consumer banking

Happy customers aren’t necessarily loyal customers

- While most customers report generally positive interactions with their bank, only one in four say they don’t know what could make them switch. Everyone else is ready to be convinced to move.
- Despite high customer satisfaction, most banks are betting that their customers won’t move – not due to loyalty, but inertia.
- As agile digital alternatives gain market share – and onboarding becomes nearly effortless – that’s a bet the banks might lose.
- Poorly handled fraud incidents are most likely to push people to switch.

### Factors that could make consumers leave their bank

(% respondents excluding “not applicable” and “don’t know”, n=4698)

- If fraud incidents weren't handled properly and dealt with: 55%
- If there were good financial incentives from another bank for joining as a new member: 42%
- If there were no local branches: 40%
- If I didn't feel product offering from the bank where the right fit for me: 35%
- If they didn't have a good enough digital service: 31%
- If they didn't have enough local branches: 22%
Younger customers are most likely to bolt

They are satisfied with their current banks - but willing to switch anyway

- Almost two-thirds of younger customers say they felt happy or satisfied the last time they applied for an additional product from their bank - a higher proportion than among those aged 35-54.
- Yet younger customers are the most willing to switch from their current to other banks, including online-only platforms.

![Bar chart showing willingness to switch to an online-only bank]

Willingness to switch to an online-only bank (% respondents excluding “not applicable”, n=5,855)
First impressions matter

Many banks fail this initial and crucial test: the onboarding experience

- According to analysis by Boston Consulting Group, banks invest $25-$35 billion in onboarding each year, but it still remains a pain point for many customers.
- More than one in four customers either don’t remember what their onboarding experience was – or they do remember it, and it made them frustrated or angry.
- The ability to open an account more easily would entice as many as 28% of consumers to switch to an online-only bank.

*How customers feel about the process of opening a new account (% respondents excluding “not applicable”, n=6,136)*
How to earn loyalty among fickle customers

Identify what really matters and build lifelong customer loyalty

**Find the moments of truth**

- Blend your knowledge of what customers need during their lives with digital technology to personalize your service
- For example, when a loan needs to be underwritten manually due to a possible breach of underwriting criteria, the bank offers the customer a seamless video chat rather than redirecting them to a phone number
- Use design thinking and lean processes to re-shape those interactions and measure the complete customer experience

**Create peerless onboarding**

An excellent digital onboarding experience is crucial to starting on the right foot and getting better pull-through with customers:

- Streamline the application process by requesting fewer documents from customers and reducing exceptions
- Provide effective customer support across channels and in the customer’s choice of format

**Provide post-onboarding support**

Customers who don’t get the support they need during the post-origination period are unlikely to become the engaged, active customers banks are looking for:

- Targeted activation support helps customers get the most from their product and guides their journey to becoming active (and profitable)
- Using AI and machine learning with agile processes and customer journey design helps banks provide this support and gain long-term loyalty
MYTH 3

Trust in banks is falling
Customers trust traditional banks to fight fraud

Banks must double down on trust and security

- Traditional banks have the advantage of institutional trust – most consumers are confident that brick-and-mortar banks are the best defense against fraud
- More than half the customers who are prepared to change banks say they would consider leaving if they felt a fraud incident wasn’t properly handled
- This is more urgent than ever as the risk of bank fraud swells: online bank fraud shot up 226% and telephone fraud 178% in the last year alone1
- More than 36% of respondents have been victims of fraud – so banks must improve fraud prevention or risk losing to the competition

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Customer confidence in fraud protection provided by different platforms that offer (or could offer) financial transactions

(% respondents, n = 6,287)

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<th>Platform</th>
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1. Annual Fraud Indicator 2017, Experian, November 2017
How to build on **consumer trust**

To maintain trust, banks need to focus on fraud prevention and customer experience.

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**Enhance customer experience**

Reduce the amount of incorrectly identified fraudulent activities by cutting misclassification errors to reduce transaction-fee loss and improve the overall customer experience. This will support and foster long-term loyalty.

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**Reduce fraud loss**

Using AI, machine learning, and robotic process automation, advanced analytics can enable improved fraud detection, reduced misclassification error, better case prioritization, and higher recovery rate, resulting in overall fraud loss reduction.

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**Improve operational efficiency**

Automate tasks and use intelligent fraud operations to lower overall operational costs and improve operational efficiency.
The takeaways
Five lessons to help keep customers - and attract more

**Know what makes your customers tick**
Banks must foster a customer-first culture from the start. Focus on key customer interactions and how digital supports them. Don’t get distracted by the latest shiny technologies – focus on what makes a difference to customers.

**Stay a step ahead – predict customer needs**
Leveraging advanced analytics with data and insights, banks can anticipate customers’ needs and provide better customer experiences. Without these insights, they’re in the dark.

**Use human-centric design**
Apply design thinking, lean processes, and digital interventions to redesign processes that guarantee customers a more consistent, quality experience.

**Maintain and build on institutional trust**
Consumers still trust traditional banks with their money over new digital innovators. They have the in-depth knowledge of what customers want and need at different points in their lives. To keep this trust, banks must double down on fraud prevention.

**Offer the best of both human and machine interaction**
Give customers the speed and convenience that digital provides, but also the personal interactions that humans provide.
Customers need financial services, they don’t necessarily need banks. Banks know delivering exceptional customer experience is a must. But do you know how to get there? Are you ready to take new steps? Consider how to:

- Deliver the go-to platform for all your customers’ financial needs and beyond. Offer them other relevant services that improve their experience with new, even non-banking, opportunities for growth.

- Enable personal, instant, relevant, and seamless experiences for customers by integrating appropriate offers and services at appropriate points in the customer journey. For example, offer a credit card during a loan application so that customers can complete both applications in parallel.

Banks face competition from all sides. Ensuring people have access to the channels they prefer – whether digital or traditional – is key as they must retain Generation X and baby boomer customers while also attracting the younger generations: tomorrow’s most profitable customers.

**What’s next?**
To learn more about how your bank can improve customer experiences, reimagine customer journeys, and make best use of the latest digital technology, get in touch.

**Want to read more on AI insights and retail banking?**
Read our three-part research on artificial intelligence at [www.genpact.com/lp/ai-research](http://www.genpact.com/lp/ai-research) and visit [www.genpact.com/ocas](http://www.genpact.com/ocas).
Genpact worked with research firm YouGov to survey 6,287 consumers from the US, the UK, and Australia to learn more about their views on retail banking, with an emphasis on the trend toward online, mobile, and other non-traditional banking methods.

Just over one-quarter represent Generation Z and millennials (18–34 years old), 34% are from Generation X (35–54) and the remaining 40% are baby boomers (55+).

The research phase was conducted by YouGov from 6–18 December, 2017.
We are Genpact

We’re a global professional services firm that makes transformation real.

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