

THE ART OF WINNING AND RETAINING CUSTOMERS IN THE DIGITAL ERA FOR BANKS



Today's business environment is highly competitive, and more so in the financial service sector. As conventional channels face saturation, financial institutions, regardless of their size, have no option but to explore new ways to engage with customers, in a bid to acquire and retain them.

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The success of improving customer

engagement depends on embracing digital in a big way. The dominant millennial now lives a life where digital touch points occupy a big chunk of time. They seek and demand to interact with brands and businesses digitally. To stay competitive, banks and other financial institutions need to facilitate such preferences and embark on digital transformation in a big way.



What is Digital Transformation?

The spread of technology has affected a paradigm change in the way business is run. Face-to-face or in-person engagement is on a continuous decline, being replaced by digital channels. Many basic banking activities, from opening new accounts to applying for loans, and from ordering new checks to transferring funds, are now done predominantly online.

At its core, digital transformation is the enterprise going digital to facilitate the customer. However, more than merely establishing digital channels, digital transformation is about enhancing customer experience and adapting to such changing customer preferences and expectations. It entails creating new ways for customers to engage with the business, at the time and medium of their choice, and also to improve the quality of such engagement.

The obvious digital transformation initiatives

are creating more digital avenues for customers to access services, establishing digitally-driven call centers, implementing delivery mechanisms for digital communications, leveraging omni-channel strategies to facilitate digital and also physical engagement, and more. However, successful digital transformation initiatives require much more than such basics. It requires:

- Establishing digital channels in a creative and coherent way
- Ensuring customers have seamless and disruption-free experience when invoking such digital channels
- Offering a plethora of choice so that customers can engage through the channels of their choice
- Ensuring precision in financial transactions
- A need for a cultural shift; ensuring the impersonal and anonymous nature of these digital channels do not result in the customer feeling isolated or unwanted.

Establishing Digital Channels in a Coherent Way

Banks and financial institutions seeking to improve customer engagement and enhance the overall customer experience would do well to create and offer digital channel in a coherent and structured way, providing customers with a multitude of options on two fronts.

Firstly, banks need to enable and empower their customers to access the necessary information on their own, through self-service channels such as net banking, mobility apps, SMS queries, and other options. Today's customers are highly knowledgeable and prefer self-service. The odds are that they would have to research everything they can on their own, before

reaching out to the company.

Secondly, banks and financial institutions need to offer a seamless channel to engage with customers on a one-to-one basis. Customers, not satisfied with these self-service options, unable to get what they require by themselves, or wanting to engage in matters not available in self-service mode would want to contact the customer service representative or any other point of contact, without fuss. Today's customers seek to be engaged on a personalized basis, with their queries redressed instantly. They have little time to waste, and base customer experience on the yardstick of how quickly and precisely the company engages with them. Likewise,

the company may want to engage with the customers proactively, to push services, issue timely reminders, and do more.

On the ground, banks and financial institutions have a long way to go in offering digital channels to their customers. Avoka's "State of Digital Sales in Banking" study, measuring the digital customer acquisition and account opening capabilities of the 32 largest banks in North America, Europe and Australia, reveals only one out of every three banks reach the "Digital Promised Land," or have a majority of their personal banking products available for digital account opening, lending applications, and onboarding. For more than half of the banks, the majority of their personal banking products cannot be applied for online.

To compound matters, the definition of "digital" continues to change rapidly, and enterprises struggle to "catch-up." As a case in

point, until recently "virtual banking" meant replicating the physical equivalent of banking transaction through online means. The emergence of new technologies such as Virtual Reality, Internet of Things and Artificial Intelligence means the demands of virtual banking now co-opts immersive environments and a high level of automation. For instance, the passive chat is now fast being replaced by highly engaging and proactive automated chatbots, which can ascertain and predict customer behavior and preferences.

The onus is on the banker to apply the emergent technology such as Machine Learning and Artificial Intelligence to understand and predict what clients may need, and provide it on a proactive basis.

Ensuring a Seamless and Disruption-Free Environment

Digital channel improves ease and convenience considerably. However, for such benefits to materialize, the onus is on the bank or financial institution to ensure the availability of a seamless and disruption-free ecosystem, which complements the digital products. For instance, the customer cannot access services from the comforts of his mobile phone if the bank does not have a mobile app or even a mobile-optimized website to facilitate the same. Even creating such channels is not enough. For instance, forcing customers to manually sign into each different channel every time they want to communicate doesn't enhance the customer experience in any way.

Even with the availability of the tool or facility,

lack of backbone infrastructure could still result in customer discontent rather than customer satisfaction. For instance, if the bank has not provisioned for adequate server space, the transaction is bound to be slow. Time-outs and website crawl lead to discontent, with customer satisfaction scores going downhill. This is in addition to the transaction slipping through the crack, resulting in real, quantifiable damages. Another important, yet often overlooked dimension is security. Banks have a great responsibility in protecting data when customers engage with them through digital means. Any security breach which compromises customer's personal data results in poor customer satisfaction, and also leads to fines and penalties.

Avoka's study reveals most banks do not leverage their investments in digital marketing and digital channels fully. Only about 66% of personal banking products are ready for online sales and fewer than 25% of wealth and business banking products have online apps. Overall, customers can apply for less than 30% of products using digital

channels, and only 43% of personal banking products are accessible through mobile devices. The study further reveals banks suffer from about 70% to 90% abandonment rates when potential customers try to open an online account. The reason is simply lack of easy, seamless and disruption-free digital set-up, even when the facility per se exists.

The Power of Choice

The bedrock of digital engagement is to offer more choice to the customer. However, doing away with the physical face-to-face option completely can be counterproductive. Not everyone is proficient or comfortable with digital channels. Even those who are proficient and eager to engage online may not always be able to do so, owing to a variety of circumstances. Again, some key processes are still done on-site, with no viable online alternatives yet. For example, a new customer signing with the bank, or taking out a large loan would still require a personal visit to the bank branch for documentation.

Sound digital transformation initiatives are grounded in reality, and factor in real-life situations. It does not assume everything will work perfectly, and in an ideal state, all the time. In the words of Professor and

entrepreneur Mark Sagar, "The application of the technology is vast but the essence is that it augments, rather than eliminates the need for, face-to-face services."

One way digital transformation initiatives can cater to contingencies, and even improve customer satisfaction in the process is by offering a wide range of digital channels. For instance, many banks offer a choice of mobile banking, net banking, and phone banking, allowing customers the power of choice. Customers who have forgotten their mobile phones home can access the bank through the office laptop through net banking. Customers who have forgotten their login credentials could access the same service through any nearby ATM or even by speaking through a customer service representative, over phone banking.



The Need for Precision

A key requirement for such multi-channel engagement strategy is ensuring a seamless and consistent experience across channels. The backbone which drives multichannel engagement is a strong CRM suite, which consolidates information from different channels in a single console, and updates in real-time.

Connecting the various data silos across the enterprise is equally critical. When customer-facing representatives seek information relevant to a customer, they need access to all interactions made by the customer, cutting across channels and locations. They also need the latest up-to-date information. For instance, a customer may be calling the

help-desk after being unable to make a transfer online. If the details of the transfer are not available to the representative, the customer ends up spending many agonizing minutes explaining things, and the customer care representative ends up with avoidable extra work verifying the customer's statements.

The need for precise and disruption-free digital service is more profound in the financial sector compared to any other sector. The financial sector survives on accuracy; even small errors or a few seconds of delay can have big implications. A customer unable to make a transfer at the required time may miss a deadline or a crucial opportunity, and lose millions as a result.



Factoring in the Cultural Shift

Digital transformation is hard work, and its biggest enabler is driving a cultural shift within the business to make it work. Two crucial requirements for success are teamwork, and a focus on the overall financial health of the customer.

It is not enough to connect data silos. Executive management silos also require aligning, around the goal of serving customers, and meeting their changing needs and requirements. Different employee stakeholders are responsible for different aspects. For instance, the CFO provides the budget for the transformation, the CDO and CIO identify new customers through data and the CMO creates the best customer experience. A high level of teamwork, where everyone works in concert, is essential for

success.

The Internet is an anonymous place. Banks and financial institutions driving digital transformation initiatives often focus on process optimization and ignore the actual experience factor. The onus is on the financial institution to be proactive in engaging with customers. Banks and financial institutions have several tricks up their sleeves, from sending thank you messages to promotional offers, and more. The centerpiece of the digital transformation exercise is, however, a shift in mindset, with the stakeholder employees taking a holistic view of their customer's financial health. Bankers need to rethink on how they engage with customers at every interaction, with the focus on pampering the customer.

Conclusion

As the adage goes, the first step towards realizing a problem is to accept it. Banks and financial institutions serious about their digital transformation initiatives need to conduct a thorough audit of the state of "digital" in their establishments, and compare it to the ideal state in terms of the possibilities enabled by technology today, benchmarking against peers, and what customers actually want.

There is no one best method to proceed from

the actual to the ideal state. The digital transformation journey depends on several factors, such as the nature of the business, the customer profile, level of transformation required, the emergent trends in the tech and financial landscape, and the overall corporate management strategy. In the middle of it all, banks also need to key an eye on their bottom-line, and ensure their digital transformation initiatives make financial sense, and generate a positive ROE.

About Suyati

Suyati provides marketing technology and integration services for companies that wish to combine the best breed of solutions and create a unified approach to customer acquisition. This unified digital marketing approach requires system integration between various CMS and CRM platforms, and a slew of eCommerce, Marketing Automation, Social Media Listening, email and social marketing, and customer service systems. Our specialized knowledge in Salesforce, open source and .Net based systems enables us to build effective custom integrated solutions for our clients. Suyati's custom technology solutions have been deployed in companies in the US, Western Europe and Australia, and have helped many enterprises leverage the web/cloud/mobile technologies to acquire customers through integrated digital marketing. Suyati is based in Chicago with product engineering capability out of the US and India.

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