questback

Customer Experience in the Banking Sector

Securing a competitive advantage

A whitepaper examining the need for improved integration of customer experience feedback systems in the banking sector and examples of best practice.



- *Customers are increasingly savvy and prepared to switch banks if unhappy with the service offered*
- *Listening to your customers makes business sense and can give a competitive advantage*
- *As new technology is changing the way customers interact, it offers new tools to help banks engage with customers*

This paper will look at how customer experience can provide competitive advantage in the banking sector.

QuestBack is a global leader in enterprise feedback management already working with 50 forward-thinking banks to bring tangible business benefits.

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"One positive effect of the crisis has been that the customer is in the spotlight more than ever before."

THE EUROPEAN BANKING FEDERATION

Why customers must be king

Across the world banking is a crucial part of the economy, providing a foundation for economic growth and social welfare. In the European Union, the sector contributes an estimated 3% of GDP and employs 1.5% of the total workforce[1].

Banking integration and cross-border consolidation have expanded the range and quality of bank services, on the back of fiercer competition. As financial markets have grown in sophistication, so have their clients, who increasingly shop around for the best deals. The European Banking Federation believes this can be harnessed to strengthen the sector:

"One positive effect of the crisis has been that the customer is in the spotlight more than ever before. There is a need to increase transparency and build confidence, notably in the field of credit intermediaries and information to consumers. The crisis has highlighted the importance of financial education." [2]

This focus comes at a time of growing recognition that understanding and improving customer experience needs to be an integral part of business strategy. Forrester surveyed 86 Customer Experience (CX) professionals and found 75% of respondents planned to improve cross-channel platforms to help give their business a competitive advantage.[3] The same survey found many important activities were missing:

- 33% of firms don't model the relationship between experience quality and business metrics, so can't make good strategy decisions because they don't know how customer experience affects business
- Only 22% said they consistently share customer insights with employees at all levels of the company
- 54% cited lack of a clear customer experience strategy as an obstacle to improvement.

Gathering data on customer experience has no value in itself, it is the insight that you gain and the actions that you take which bring value to your business.

Understanding how CX affects profitability, defining a strategy and managing it carefully are even more important at a time of continuing economic challenges. In such a climate the business maxim stands that retaining customers is far more economic than finding new ones.

1 European Banking Federation: Report on Integration of European Financial Services Markets, 2007

2 European Banking Federation: Principles for a Successful Future of Banking in Europe 2010

3 Forrester: The State Of Customer Experience, 2012

Banks are starting to adapt

Banks are adapting, with Michelle McEttrick of Barclays telling Future Banking,[4] customer relationship management is at the heart of online, mobile and telephone banking, and is driving a radical rethink of branch networks:

"The industry struggles against the product-dominant focus that is at the heart of banks' social utility. The focus has been on finding the right formula for a product and then looking for people who would take it up. Now, we are bringing in approaches from other industries to inform how we are serving our customers, and we are looking at their needs and desires first. We are not doing this for frivolous reasons. Customer-centricity is the best route to success."

Investing in a customer-centric approach is vital, but the banking industry is traditionally very risk averse when it comes to adopting new approaches and integrating new technology. However successfully making this shift towards a customer-focused business will ensure that banks are robust enough to embrace the challenges of globalisation and technological advance, and changes in the demand for banking services.

"I believe that many banks could have been better off today by taking customer experience more seriously much earlier. It has been the core of CRM strategy since the very beginning. The thinking has been there, it's more the definitions, the media landscape, and the tools to help out that have changed. All of this has resulted in the "Age of the customer". Businesses have to care about this now, otherwise they lose."
Ivar Kroghrud, QuestBack CEO

Expecting, sharing, switching

Globally banks are seeing old loyalties challenged as customers show greater willingness to diversify their banking, demand better service, share experiences and switch banks. McKinsey reported consumers far less loyal to existing banking relationships in Asia[5] and more open to internet and mobile banking. In Europe, recent developments in the area of bank account switching have created a common benchmark for increasing customer mobility in all EU member states.

In the UK, the consumer group Which? found 45% of banking customers had switched account and the introduction of the Payments Council switching service in September 2013 will make the process easier. The Independent Commission on Banking backs portable account numbers, and the UK Government has pledged to examine the issue after the impact of the new Payments Council can be assessed.

When it comes to customer service, banks have also traditionally invested in the lowest cost communication channel, with a resulting boom in customer call centres. However customer research by technology consultancy Portal[6] found:

- 40% said foreign call centres were the most frustrating element of customer service
- 52% preferred email interaction
- social media channels, and instant messaging were also favoured.

Portal also found banks ranked second from last in a survey of the worst firms for customer service, with only utility companies below them[7]. How can financial institutions listen to their customers and improve customer experience?

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4 Future Banking, Putting the Customer First, 3 May 2011. Interview with Michelle McEttrick, chief marketing officer for global retail banking at Barclays.

5 McKinsey Quarterly: The changing face of Asian personal financial services, September 2011

6 Portal: At Your Service Whitepaper. 2012

7 Portal: British Business – At Your Service?' Whitepaper 2012

"Banks ranked second from last in a survey of the worst firms for customer service, with only utility companies below them. "
PORTAL

What do customers think?

What did you think of us? Are you satisfied with the service you received? How can we improve? Questions like this have always been part of the tools for marketing, sales and customer service departments. Yet with the advent of price comparison and rating sites and smartphones that allow customers to upload and share experiences more quickly getting timely answers to these questions becomes far more important.

Each contact is an experience

A Customer Experience is a contact with a bank – no matter at which touchpoint it occurs. This could be at an ATM, an online transaction, advice at a branch or information provided over the phone.

It is not the transaction that matters, but how the customer experiences it.

The subjective customer experience influences future customer behaviour. Would they recommend your bank to their friends or colleagues? No matter what the answer is, the key to success for every financial institution is to "know" what the answer is, because measuring customer experience can enable a bank to deal proactively with future customer behaviour.

Customer experiences are subjective. If you want to understand them, you need to listen carefully. Annual customer satisfaction surveys are not enough. You need permanent real time customer feedback – or at least close to when the actual experience takes place. There are five important reasons for this:

- If a customer can see a good reason to give information, the willingness to provide it dramatically increases.
- The customer feels that their experience is being taken seriously and they can, if necessary, vent their feelings.
- The quality of the customer feedback is significantly better when it is gathered very shortly after a transaction, because the customer remembers the details more accurately.
- The company cannot react until it has become aware of the customer's experience. The sooner this happens, the better the chance of a positive effect on the customer.
- The permanent measurement of customer experience supports the company's quality assurance.

Through the use of a simple tool such as a survey sent to a customer's mobile phone after a problem with a card transaction, a bank can gain a timely insight into that customer's experience and respond appropriately. This information could trigger a follow-up call to find out more about the problem or the despatch of a voucher as compensation.

Any touchpoint with a bank, be it online, on the phone or at a branch, is part of customer experience and it's not the transaction that matters so much as how the customer perceives it. As research by the Temkin Group confirmed, there is a strong correlation between customer experience and loyalty. [8]

Learning from example

Other sectors have been experiencing the benefits of listening to their customers for some time. Leading international companies such as Bosch and Continental Germany have integrated customer feedback management systems into their decision making and are already making the most of the business potential hidden within customer experiences.

SWISS

SWISS, the national airline of Switzerland, emails business and first class passengers a questionnaire which is pre-loaded with personalised information that the airline already knows, making it quick and easy for the customer to answer. Customers can be emailed as soon as their flight touches down to ask about their experience. If they complain or ask SWISS to respond the company react directly.

Samuel Rodenhausen, Market Research Manager at SWISS, said: ***"I was very surprised by all the positive comments about the online survey, especially from our top customers."***

8 Temkin Group: The Customer Experience-Loyalty Connection, 2011

Monitoring ‘unsolicited’ feedback

Feedback has evolved considerably from the traditional structured feedback of online surveys, and expanded to include unsolicited feedback such as posts on social networks - where comments about your business are not directed necessarily at your business, but still need to be monitored.

The technology now exists to enable seamless conversation with customers within online communities such as Facebook and Twitter. This ability to intervene and capture customers’ comments and offer remedies in real-time ensures happier customers who are more likely to return, reduces calls to call centres, improves complaint resolution, increases customer retention, and can even turn them into enthusiastic brand ambassadors.

An immediate return on investment from listening to your customers.

Innovating through customer experience

The retail and fast moving consumer goods sectors have taken the potential of customer experience to the next level. This sector has understood the power of engaging customers in testing and forming existing and future products and service offerings through establishing an online community or customer panel. These sectors have found that customer needs can become a source of innovation.

Customer-centric banks invite their customers to co-create financial products such as credit card design, ATM functionality and mobile apps. The key is not to guess what your customers want but to listen and act on customer feedback to provide them with the products they ask for. This approach is already providing financial institutions with a source of brand differentiation and leading to increased customer loyalty.

Questback’s solution

A global leader in enterprise feedback management, QuestBack’s mission is to create the winners of the experience economy. QuestBack helps global businesses to monitor customer experience and feedback from a wide range of sources including surveys and social media, to inform better decision-making.

QuestBack’s powerful and secure technology is currently driving change in the world’s leading financial institutions and in use by more than 50 banks as they seek to harness technology to improve their understanding of customer experience and engage with customers on their terms.

The customer and employee engagement solutions provided by QuestBack are the catalyst to gather actionable insights and build stronger relationships between banks and their customers and banks’ internal brand custodians: their employees.

A simple and secure solution

QuestBack provides a selection of product components, from bespoke solutions to “ready to go” solutions. Unlike most CRM and ERP platforms, almost all QuestBack’s feedback and social engagement software is cloud-based. This software can be seamlessly integrated with existing enterprise software making implementation straight-forward.

Through a range of products and services QuestBack offers:

- A complete CX improvement service - Through a wide-range of products we enable organisations to monitor, interact with, gain insight, analyse and act upon insight from customer experiences.
- Clear, actionable insights - The volume of data generated by monitoring social media can be huge, so through tools such as our Facebook feedback platform, we help companies extract the data that is relevant in real time which they can translate into customer service improvements.
- Advanced interaction to drive future improvements - New technology can also be harnessed to allow advanced interaction with customers and communities through customer panels which can become a source of innovation, allowing customers to engage with product development and co-create products that better meet their needs. This in turn improves their loyalty and commitment.

QuestBack also invests extensively to maintain high security procedures that have been tested and approved by some of the largest and most conservative banks. We are used to working within rigorous security checks or having external consultants review our processes on behalf of the bank to test the platform and back up processes. We view this as a key part of the review process enabling you to optimise your feedback to deliver deep customer insights, cost effectively and with peace of mind that your customers’ data is secure.

Measuring Success

QuestBack offers a range of metrics to confirm progress, including:

- Increasing customer satisfaction
- Increasing “top of mind” brand/product recall
- Increasing brand ambassadors; customers referring other customers – building market share
- Greater knowledge and understanding of high value customers, resulting in improved targeting
- Revealing unsatisfied customers and acting on this insight

Such a systemic approach offers banks an opportunity to take control, gain greater insight and refine their services. It offers banks a proven way to engage and reap the business rewards with increased loyalty, investment, and even unsolicited recommendations.

What does the future look like?

Customer expectations are changing and the winners in the new experience economy will be those banks that embed customer experience in their DNA. With financial pressures continuing it is crucial that banks seize the opportunities to listen from their customers building financial institutions fit for the future, with customers at the heart of their operations.

Barclaycard CX program results*:

- 50% reduction in customer complaints
- 18% increase in likelihood to “recommend” & “continue”
- 40+ policies changes
- 75+ Customer Experience Initiatives implemented

* Lessons From Forrester’s 2012 Voice Of The Customer Award Winners, Adele Sage - November 15, 2012

More than 50 banks across the world have chosen QuestBack

» First class security and deliverability.

QuestBack invests considerably in maintaining high security. QuestBack uses superior technology and work processes, and has dedicated security resources. The services are regularly tested by external security providers to ensure a secure working environment for the users and their data.

» Financially stable and strategically viable.

QuestBack has more than 12 years experience, and has not only been an innovator and a thought leader in our industry, but also a financially robust vendor that enterprises choose for long term partnerships.

» Leading supplier with the largest geographical footprint in the industry.

QuestBack is a global leader with offices in 19 countries in Europe, North America, Africa, Asia and Australia. This allows us to serve enterprises of any size well both locally and globally.

» Innovative and user-friendly solutions.

QuestBack offers innovative and user-friendly solutions to collect, analyze and act on all sorts of feedback. QuestBack continuously invests substantial resources to further develop our products and services to provide the means to deliver increased value for our users.

» Accessible user support.

QuestBack Support is your primary source of help when you have a question related to the use of the QuestBack services. QuestBack emphasises high quality, short response time, and professional support management that give you precise and timely answers to your questions.



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QuestBack provides online survey, panel management and social CRM solutions - web-based services for relationship development through the collection, analysis, and follow-up of business critical information.