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banking transformed

white paper

by: Jim Marous

Transforming the Digital Customer Journey

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> *Transforming customer experiences must recognize the entire customer journey, across all channels, responding to the end-to-end nature of customer needs and preferred ways to engage.*

— Jim Marous

Owner and CEO, Digital Banking Report
Host, Banking Transformed Podcast

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Letter from the Author

Jim Marous

The impact of the pandemic on consumer expectations highlighted the importance of digital channels, easy engagement, personalized content, and proactive recommendations. In 2021, 'being digital' will not be enough. Consumers will choose their financial institution partner of choice based on the experiences provided.

The challenge for banks and credit unions will be to simplify digital functionality across the entire customer journey, providing personalized, contextual and scalable communication in real time. Investment in digital transformation and customer experiences will need to occur at a time of razor-thin margins and heightened competition.

Customer experiences will need a foundation of data and advanced analytics, deployed across the organization with a uniform view of the customer. Knowing the customer will no longer be adequate. Going forward, the customer will expect ongoing proof that you not only know them, but understand their needs and are willing to invest in their relationship and loyalty.

Transforming the customer journey begins with top level commitment to both an improved data and analytic maturity as well as an overarching focus on the customer experience. Just as importantly, there must be a commitment to deploying insights across the organization with key performance indicators (KPIs) and the measurement of results. At the center of these efforts will be a focus on a customer's end-to-end experience instead of transactional touch-points in the relationship.

The rush to transform the digital customer experience can result in a bias for technological solutions. As found during the COVID crisis, consumers do not want to relinquish humanization for some interactions. Especially when interactions are new or complex, the personal touch is still viewed as an important differentiator.

Letter from the Author (continued)

Consumers must be provided the option of how to engage.

Improving customer experiences across the relationship journey is not a linear process. Banks and credit unions should work on those engagements with the most friction that also have a scale to provide a significant value to the customer and financial institution when transformed. In other words, focus on the areas that the consumer will value the most.

Increasing the value of the transformation over time will require regularly going back to the drawing board and maintaining patience and a mind-set of always pushing for more in the interest of the customer. This is why top-level support is needed. Not every initiative will succeed or bring the value projected.

According to **McKinsey**, "A continuous-improvement regimen can help foster a superior customer-experience mind-set. One way is at the front line, with employees closing the loop with customers on direct feedback, then using those insights to change the way the process is designed. A second benefit accrues from continuously improving service design."

Constantly creating feedback loops and actions, rather than simply reporting metrics, reinforces the ongoing commitment to the customer. By transforming customer experience journeys, financial institutions can achieve an ongoing competitive advantage.

I want to thank **OpenText** for their sponsorship of our research and of this white paper. It sets the foundation for what is needed from banks and credit unions to compete in the future, and provides a glimpse of the amazing customer journeys possible in the future.

Jim Marous
Owner & CEO, Digital Banking Report
Host, Banking Transformed Podcast

Digital Experiences Must Be Fast and Seamless

The pandemic has highlighted the importance of a fast and seamless digital experience in banking. Consumers are increasingly willing to use big and small technology firms for simpler banking products if a traditional provider makes it difficult to research, purchase, or use products on a mobile device or online.

Digital banking alternatives from the largest traditional banks, smaller fintech firms and big tech companies are increasingly making loyalty at most banks and credit unions tenuous. While an entire relationship may not be lost initially, the risk of loss of individual accounts within an existing relationship is increasing, as better digital options become available. This disintermediation of accounts and/or balances makes the overall relationship less profitable.

Unless legacy banks and credit unions respond with greatly improved digital experiences, the 'hidden defection' will only get worse. "*Developing a seamless digital experience, without the need for a phone call or branch visit, is key for banks or credit unions looking to build relationships and retain customers,"* said Monica Hovsepian – Global Senior Industry Strategist, Financial Services at OpenText.

Even before the pandemic, consumers were willing to research and buy services using digital channels according to a **Bain & Company study.** COVID has greatly expanded the demographic diversity of digital banking users, with the greatest increase of digital channels being from senior consumers. Use of digital is especially prevalent for less complex services, such as checking accounts, saving accounts and credit cards.

Consumer segments more likely to be willing to test tech companies and fintech alternatives have also expanded beyond just the youngest demographic profiles. In fact, while 75% of consumers between 18 and 24 said they would use a banking product offered by an 'established' tech company, the numbers do not drop significantly for Baby Boomers.

CHART 1:
CONSUMERS INCREASINGLY USING DIGITAL TOOLS FOR BUYING BANKING PRODUCTS

Source: Bain © December 2020 Digital Banking Report

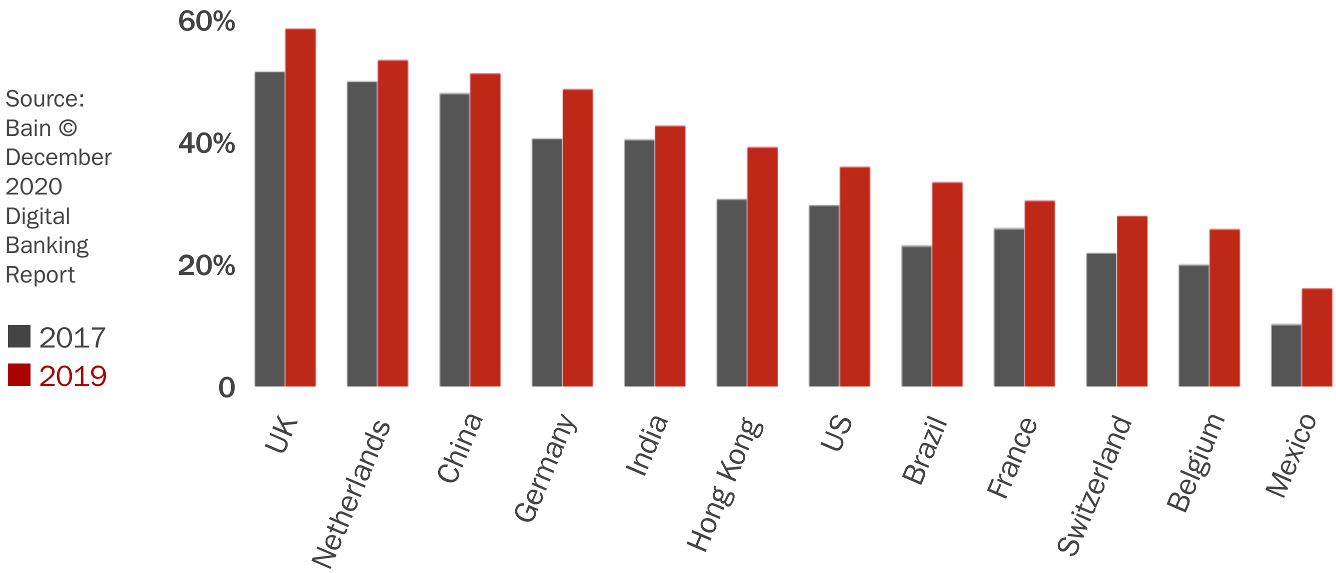
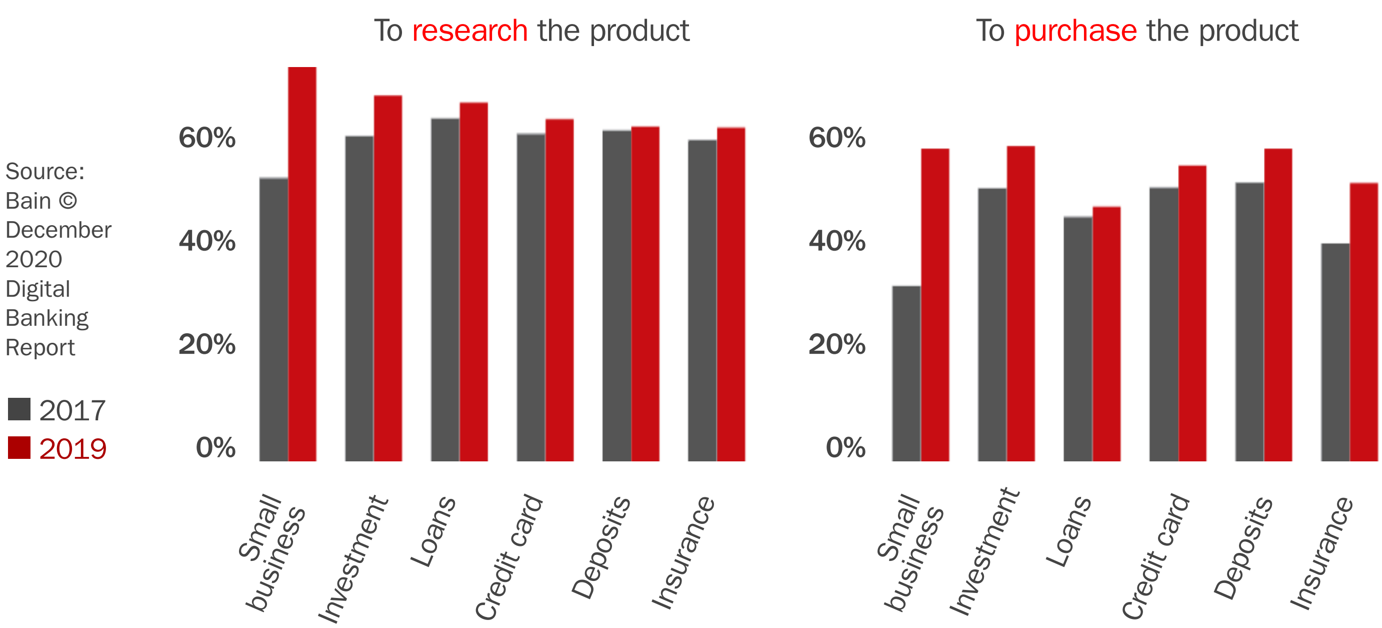


CHART 2:
CONSUMERS RESEARCHING & BUYING ALL CATEGORIES OF PRODUCTS USING DIGITAL

Source: Bain © December 2020 Digital Banking Report



‘Hidden Defection’: The Invisible Threat

Digital alternatives to almost any traditional financial product and service are now being offered by non-traditional financial services providers. From person-to-person payments, to automated savings tools, to consumer loan and mortgage lending options, new digital services are available that can improve the experience for anyone with a computer or a mobile device.

As consumers try different digital alternatives, they may not close their checking account with their primary bank, either because of inertia or because of the perceived difficulty of switching providers. But, as many of these digital offerings from non-traditional firms gain customers and become more prevalent in the marketplace — because of customer satisfaction — the defections will only increase.

“Banks are faced with the challenge of reinventing the customer experience, while going through operational changes. Acquiring and retaining the younger generations has been a concern for traditional banks long before the pandemic. We see three key areas of focus for our customers: increasing omnichannel capabilities, personalizing experiences, and listening to customers at scale. The pandemic has only accelerated these needs.”

Christian Barckhahn - Head of Digital Experience Product Marketing, OpenText

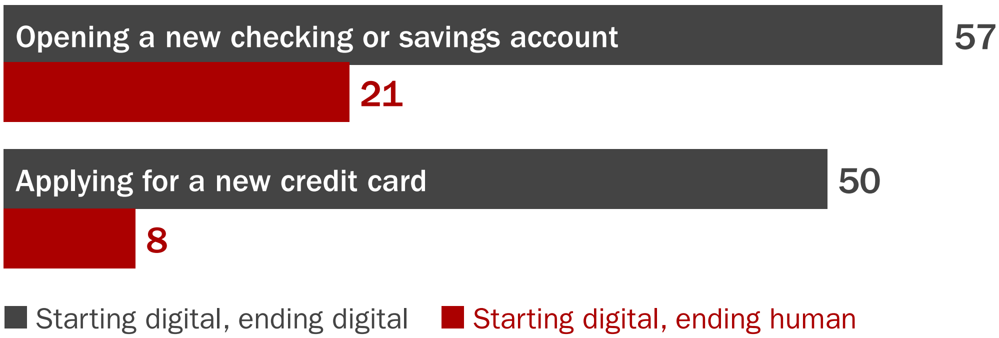
Halting Attrition Not Easy – But Rewards Are Significant

Stopping the ‘hidden defection’ requires much more than a flashy mobile banking app. Digital processes must be changed from within to provide a seamless experience across the consumer lifecycle. Consumers can’t be expected to use multiple channels to conduct product/service research, open a basic account or complete a rudimentary transaction. Consumers know their bank and credit union can do better.

If a consumer is forced to complete a digital channel engagement in a branch or via a phone call, satisfaction goes down (at best) or the consumer disengages altogether (at worst). Also, if multiple channels are required, the cost to the bank or credit union increases exponentially. The outflow [of customers] will only get worse for banks unless they significantly improve and digitalize the customer experience and supporting back office operational processes to drive down cost.

CHART 3:
LOYALTY DROPS IF CONSUMER IS FORCED TO SWITCH CHANNELS

A major US bank's episode Net Promoter Score®, by starting and ending channel



Source: Bain, NPS Prism © December 2020 Digital Banking Report

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If a seamless digital experience is provided, customers become promoters of the organization. They also spend more on their primary credit card, are more likely to buy their next product from the institution and are less likely to defect to alternative solution providers. Promoters also recommend their bank to others nearly two to six times as much as detractors.

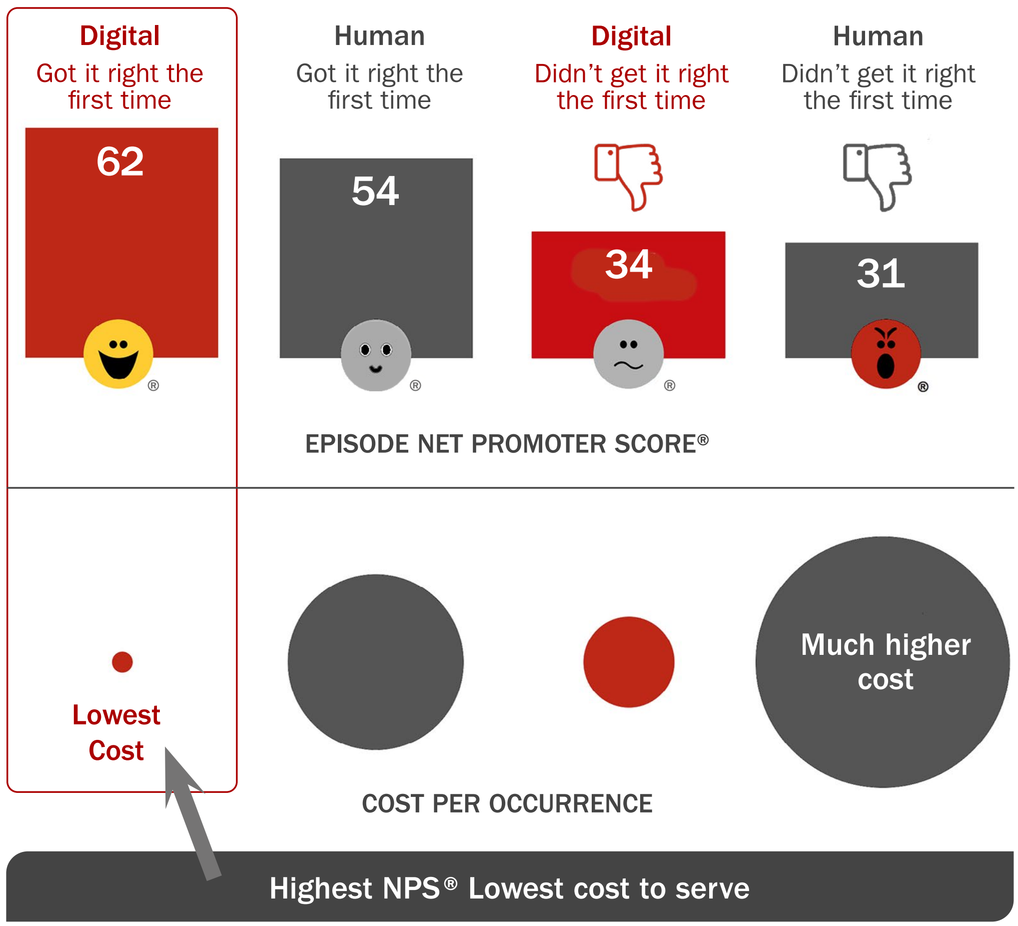
Human Intervention Still Desired … Sometimes

Over time, consumers may trust digital engagement for all service interactions, but currently, consumers still prefer human intervention and advice when they want to purchase more complex services, such as mortgages, investment products, insurance, etc. Often, this preference is a result of perceived ease of engagement, 'broken' processes and lack of knowledge that a digital option is available or perceived safe.

As could be expected, if a consumer is forced to change channels for a 'simple' engagement, the satisfaction drops by close to two-thirds (checking or savings account opening) or by a factor of six (credit card opening).

CHART 4:
DIGITAL CAN PROVIDE HIGHEST SATISFACTION WITH LOWEST COST

Episodes of opening a new checking account at 20 major traditional US banks



Source: Bain © December 2020 Digital Banking Report

Tech Firms Present Ongoing Threat

As consumers search out banking product solution providers that can save them time and money, the willingness to purchase financial services from large technology companies continues to increase, especially among younger consumers.

Of bigger concern for legacy banks and credit unions is that many of these big tech disruptors receive higher satisfaction ratings than traditional banks. This is particularly true in emerging markets. As fintech firms, big tech alternatives, and other non-traditional providers gain more acceptance, it will be harder for legacy retail banking firms to catch up … either from an internal process basis or from a brand preference perspective.

"As a new open banking ecosystem emerges, with new products, services, providers and collaborations, there will be an opportunity for both traditional and non-traditional organizations to leverage data, technology, analytics and digital process transformation to retain and grow customer relationships. This will require a contextual customer journey perspective."

Simon Masterman
Global Sales Consulting Lead, Financial Services
OpenText

Customer Experience Trends for 2021

For over five years, customer experience has been a top priority for financial institutions globally. The importance of delivering a exceptional experience has increased as a result of the pandemic, with the criteria for what is expected from consumers changing because of the role of digital in people's lives.

Customer experience has always been defined as the consumers' perception of how your organization treats them. These perceptions are based on each individual's personal priorities, and they impact their level of engagement with your firm and their future buying decisions and loyalty.

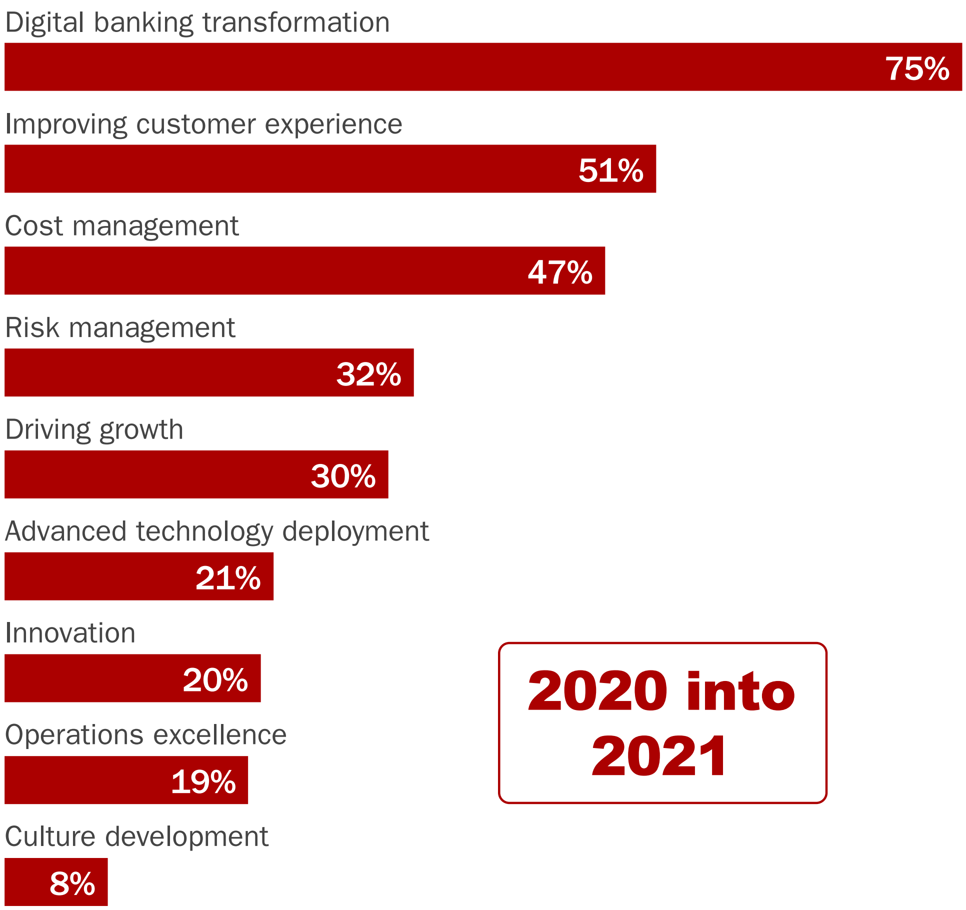
In other words, if they receive positive experiences, they will continue to do business with you, increase the scope of their relationship, and recommend you to others. Beyond simply resulting in more transactions, positive experiences translate to trust and the potential exclusion of competitors in the consumer's consideration set.

When financial institutions globally were asked about their top strategic priorities through 2021, improving the customer experience was second only to focusing on digital transformation. This is understandable, given the almost immediate shift to digital channels caused by the pandemic.

CHART 5:

TOP BANKING PRIORITIES THROUGH 2021

Many organizations have adjusted their corporate priorities as a result of the pandemic. Which are your top 3 areas of focus for the rest of 2020 and into 2021?



Source: Digital Banking Report Research © December 2020 Digital Banking Report

At the foundation of an improved customer experience is the need to know your customers, understand their behavior and needs, and reward them for their relationship. This 'reward' is often not in points or special offers, as much as is it in the ability to provide contextual guidance and financial recommendations based on real-time needs and opportunities.

The key is to use data and advanced analytics not just to know the customer within the organization, but to continually illustrate to the customer that you understand their customer journey. Without the deployment of insights for communication to the customer, the most important component of customer experience is missed.

The good news is that when you improve the experience from your customers' perspective, there is proof that your organization will improve satisfaction, increase sales, expand depth of relationships, increase retention, and positively impact your organization's bottom line.

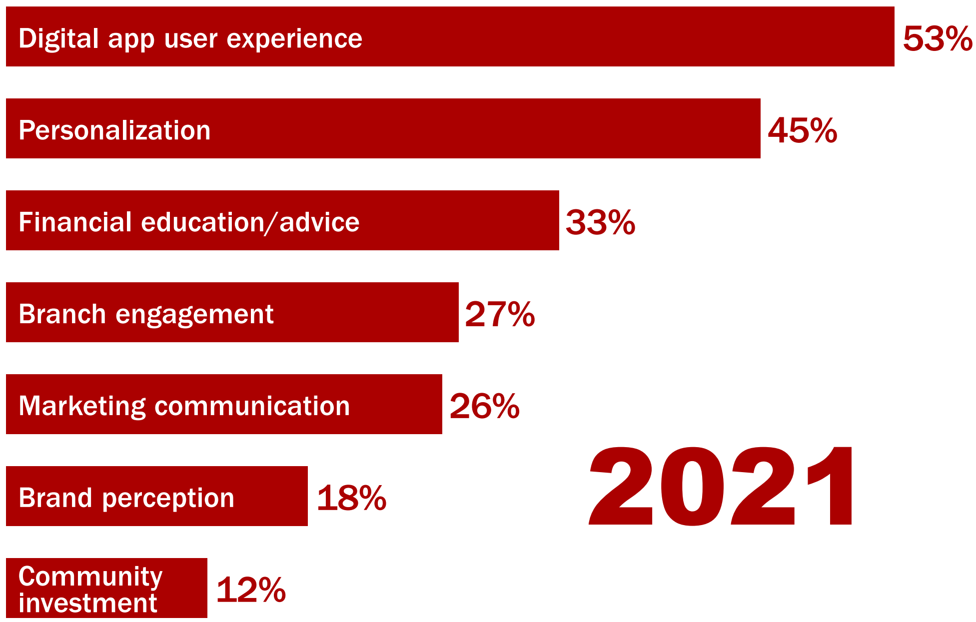
When we look at the major customer experience trends for 2021, it is clear that the pandemic impacted expectations. It is also clear that the importance of positive customer experiences has never been greater. While some of the trends for 2021 are extensions of what we have seen in the past, others are new expectations caused by the combination of digital, economic and social changes we have seen in the past 12 months.

- **Speed and Simplicity Rule.**
  Customers will no longer base their experience perceptions solely on price, product or convenience. Instead, expectations will be based on digital speed, simplicity and contextuality.
- **Channel Uniformity Assumed.**
  More than ever, consumers will expect a consistent experience across all channels and platforms, in real-time.
- **Design Matters.**
  Consumers will make a decision whether a website or mobile app is right for them in milliseconds based on the design alone.
- **Proactive Personalization Required.**
  The importance of personalization and proactive recommendations has increased significantly as consumers have become used to the experiences of digital tech firms like Amazon, Netflix, Google, and numerous new fintech players.
- **Sustainability Increases in Importance.**
  Consumers will expand their evaluation of experience with financial institutions to include social components that include community investment, gender and racial equality and other sustainability issues.
- **Technology as an Enabler.** While consumers want the impact of what advanced digital technology can provide, they will mostly want things to work … quickly and without friction.
- **Customer Impatience Grows.** The impact of a poor customer experience will be faster and more dramatic than ever … and often undetectable initially.

CHART 6:

WHAT WILL HAVE THE MOST POSITIVE IMPACT ON CLIENT EXPERIENCE IN 2021?

Select top three.

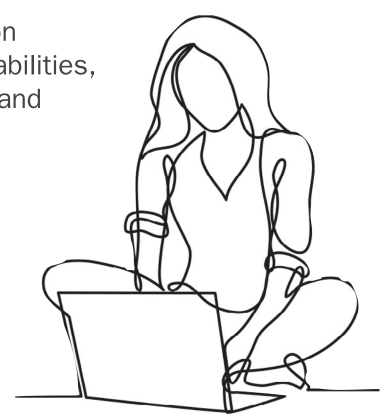


Source: Digital Banking Report Research © December 2020 Digital Banking Report

Speed and Simplicity Rule

When we look to a pandemic impacted customer experience criteria set, digital simplicity, speed of engagement and expanded product options will drive trust, loyalty and retention. In the future, simpler experiences will be viewed as more valuable to consumers, with the majority of consumers willing to pay a premium for it.

Google, Netflix, Apple and Amazon are all brands built on services that are highly complex in terms of digital capabilities, but ultimately offer solutions that are tailored to users and make their lives easier via simplicity. That is where competitive differentiation will be achieved in the future. But, while clarity will be a point of competitive differentiation, financial institutions will still need to simplify products, redefine back-office processes, and provide straightforward customer communication.



At a time when people have less free time and increased decision-making responsibility, an ethos of simplicity demonstrates customer centricity. When simplicity and clarity are the primary objective for an organization, the customer

will feel in control, bolstering their confidence and providing peace of mind.

Channel Uniformity Assumed

Today's consumer no longer distinguishes between online or offline engagement, and interacts with their financial institution through different touchpoints. These touchpoints will change over time based on where a customer is and what else they may be doing.

The same transaction may be done online, using a mobile channel, in a branch, with a call center representative, on a voice device, or even using a video channel. Whatever option the consumer selects, they will expect to have the same brand experience — in real time — every time. In a digitally enabled world, banks and credit unions must adapt to this expectation of uniformity of the buying, and contact experience.

When we add the need to personalize the experience in real time, financial institutions will be dealing with a new approach to the customer which requires a significant transformation of current internal processes. Part of this transformation will be the monitoring and measurement of the customer experience across the entire customer journey.

Design Matters

A bad online or mobile experience can do significant damage to your brand and the potential for sales and future engagement. For example, 57% of customers won't recommend a business with a poorly designed website or mobile app. And if a website isn't mobile-friendly, 50% of customers will stop visiting it, even if they like the business.

What is amazing is that it takes about 50 milliseconds for your customers and prospects to form an opinion of your website — that determines whether they like it or not, whether they'll stay or leave. That opinion is developed even faster for a mobile app.

Remember, for any given search query, there are dozens or more search results that fit the needs of the user. With the consumer scrolling for the best fit for any inquiry, they will determine which firm to do business with based on first impressions. And these impressions are usually being made from a mobile device. **So, if you can focus on the redesign of any of your platforms, start with the mobile app.** Our research has shown that the biggest banks are redesigning their mobile platform at a much greater frequency than their websites.

Proactive Personalization Required

Just knowing who your customer is, is no longer adequate. As a result of the many new digital interactions consumers have experienced since COVID, customers now want you to be in a position to help them manage their money like a GPS system manages direction to a destination.

Banks and credit unions will take information from past interactions, combined with internal and external insights to use it to instantaneously customize the customer's experience. Amazon's recommendation engine and Netflix's intelligent viewing algorithm are excellent examples of this.

"The customer experience needs to be designed from the outside in and built from the inside out. This means that technology is determined once the customer provides input and processes are reset for digital. "

While remembering what a customer did in the past is a good start, the proactive personalization capability will also need to optimize the customer's journey on their behalf. This includes building new customized solution sets that will optimize financial outcomes, similar to how a GPS system changes the recommended route due to real-time changes in traffic patterns.

Part of the proactive personalization process will include focusing on how an investment in journey mapping improves the economics of delivering products and services to a customer segment — and how powerfully it reinforces engagement – as opposed to just how it drives sales or reduces costs.

Sustainability Increases in Importance

The global health challenges and social justice protests over the summer highlighted the importance of creating a customer experience that reflects the broader scope of sustainability. Globally, consumers will expect banks and credit unions to operate in a way that supports community investment, social and gender equality and even environmental issues.

As more consumers seek out firms that meet their own personal values on social, economic and environmental issues, financial institutions will need to put words into action that customers see as part of the organization's brand and culture.

According to a 2020 survey, customers are most likely to return to a brand for the product's quality, but sustainable business practices come a close second. In fact, 68% of consumers say they're motivated to be loyal to a brand by knowing that they share the same values.

Sustainability isn't just about switching your own organization's practices to become more socially aware, environmentally friendly or ethical. Going forward, consumers want you to help them behave more sustainably, too.

Technology as an Enabler

While technology will be an important component of the overall customer experience, it will not be what consumers look to when assessing how well an organization is doing. The technology that drives an experience will be invisible.

According to **PWC**, "Customers expect technology to always work (and are unlikely to take note of new technology unless it malfunctions or interrupts the seamless, friendly experience). They want the design of websites and mobile apps to be elegant and user-friendly; they want automation to ease the experience. But these advances are not meaningful if speed, convenience and the right information at the right time are lacking."

Investing in the next shiny object is not a winning strategy. Financial institutions need to decide which digital tools to use after business objectives are established and leadership commits to integrating the technology, people, process and culture to support the consumer experience.

The customer experience needs to be designed from the outside in and built from the inside out. This means that technology is determined once the customer provides input and processes are reset for digital.

Customer Impatience Grows

The impact of a negative experience will be faster than ever before, possibly without the opportunity to get it right once a customer becomes upset. According to **PWC**, one in three consumers (32%) say they will walk away from a brand they love after just one bad experience.

Adding to this impatience is the countless options consumers have at their fingertips. If your bank or credit union doesn't immediately appeal to them, another brand certainly will. According to recent research, 29 percent of mobile users will switch to another app or website if they fail to find what they are looking for within three seconds. With so many new products and services available, once a consumer starts shopping, they already know the experience they want.

An additional warning. When a current customer becomes disenchanted, they may not tell you, and they may switch providers without formally closing their current relationship. In other words, attrition in a digital world may be both invisible and non-negotiable.

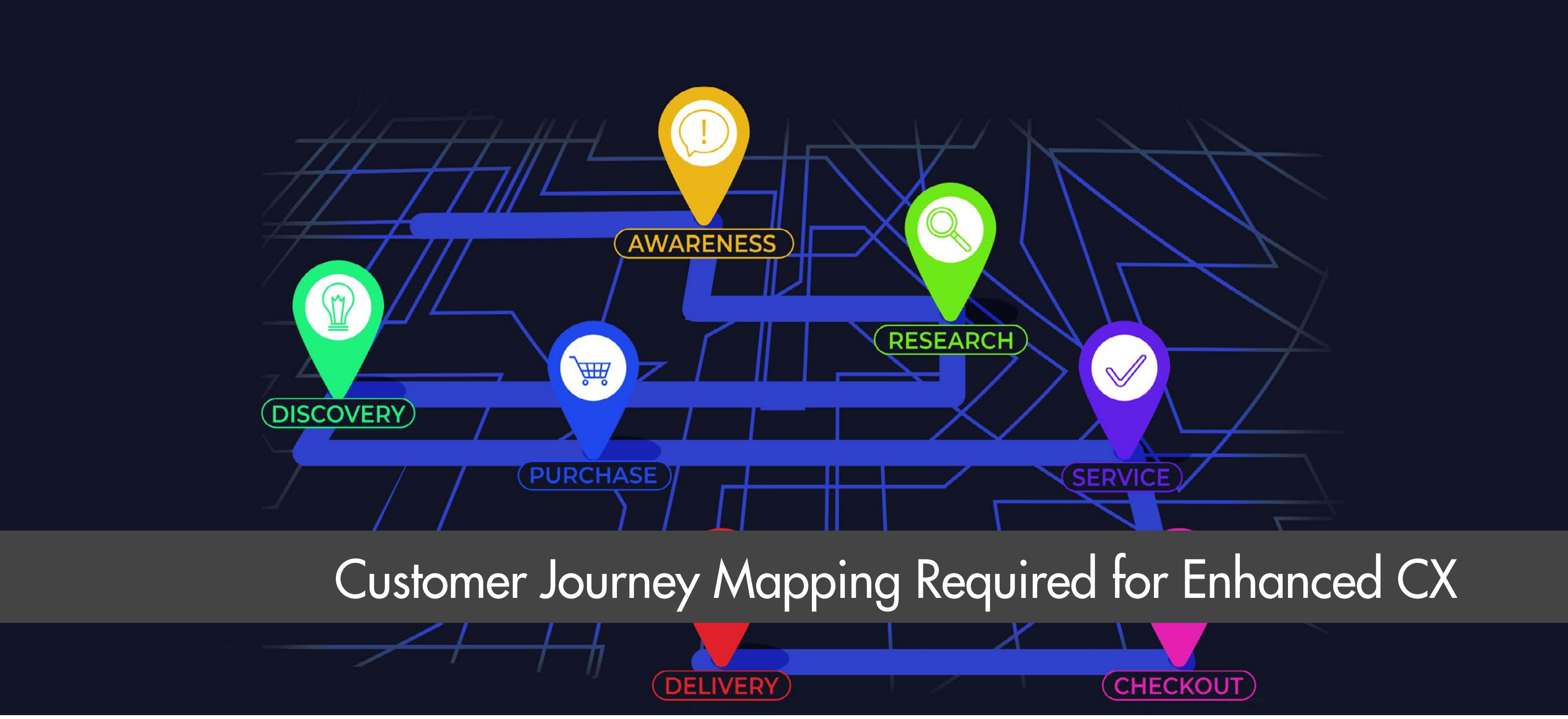
Where Should Financial Institutions Start?

No financial institution can achieve digital banking transformation or improve all the components of customer experience overnight. The best strategy is to start with looking at what your customers expect from you in a pandemic-impacted world.

While they may have been satisfied with the almost instantaneous digital transformation you did when the physical world shut down in early 2020, new, much more elevated expectations lie ahead. Find the best opportunities to create fast, simple and customized digital experiences, that enhance the overall customer journey.

Use the same level of urgency and crisis management to create differentiated experiences that provide a competitive advantage in 2021.

While much about the future remains unknown, it is clear that financial institutions that prioritize the integration of digital and CX will be best positioned for the future.



Customer Journey Mapping Required for Enhanced CX

Customer journey mapping is an important tool for visualizing the consumer's experience as they shop, research, purchase and use financial products and services. Personalizing this experience can be the key to long lasting loyalty in banking.

Before there were so many online and digital options available, the path consumers took to open a new account or service was relatively consistent. People would walk into a branch, ask some questions, take brochures to do additional research, and open an account with the 'winning' financial institution.

Even before the pandemic, the "journey" had become more and more digital, taking place from the comfort of a desk or home or even while walking down the street on a mobile device.

Since COVID, the shift to digital has accelerated exponentially, for all demographic groups. In many cases, however, the branch becomes the default option since many digital account opening and loan application processes remain cumbersome and take very long to complete.

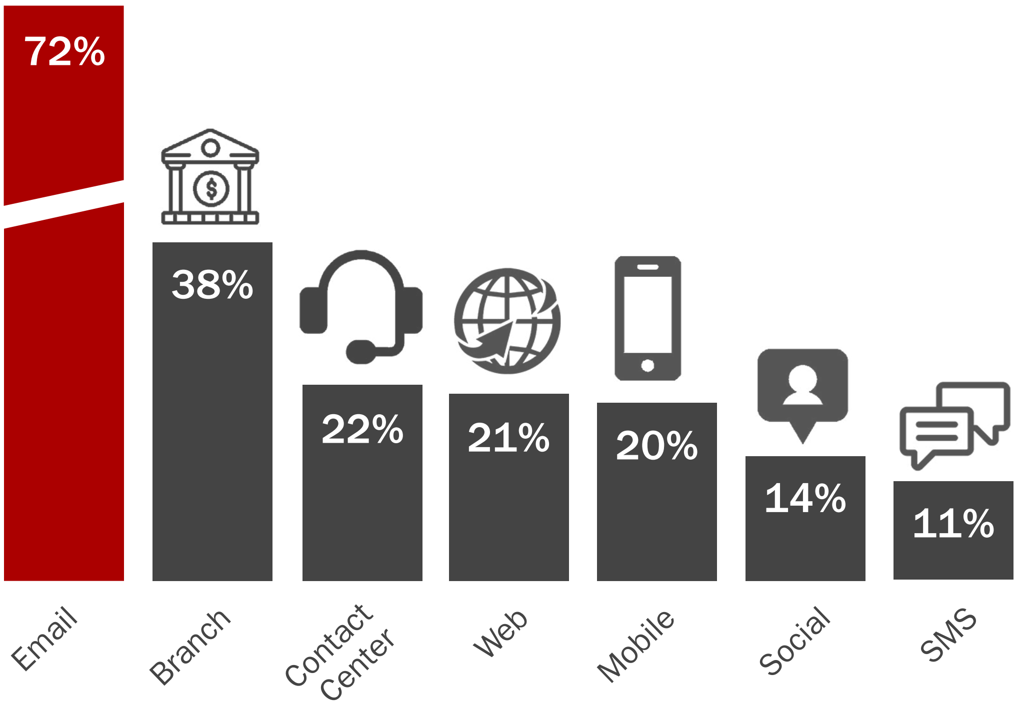
The chart on the next page shows that the branch is still often used as a primary acquisition channel, with email and the web being mentioned second and third respectively. The actual account openings are roughly 50/50 between branch openings and openings done online. Research done by the **Digital Banking Report** shows that there is a continued shift to digital account openings.

Whether the consumer decides to open an account digitally, in a branch, or a combination of channels, multiple channels often are used during the shopping and account opening process as the consumer determines which brand to use and which account to open. Along each step of the digital journey, banks and credit unions need to convince people to pick them and not a competitor.

CHART 7:

CROSS-SELL CHANNELS THAT ARE MOST EFFECTIVE

Please select top three.



Source: Digital Banking Report Research © December 2020 Digital Banking Report

"Understanding the customer journey is the foundation of this improved communications process, helping to reinforce an overall cultural change."

When we asked financial institutions globally which channels were most effective for cross-selling services, email was deemed one of the top three most effective channels by 72% of respondents, with branches (38%) and contact centers (22%) being the next most effective channels. Again, across the industry, the effectiveness of online and even mobile in cross-selling services is increasing in importance.

Winning at each step of this journey is not easy, but mapping the consumer's journey can help banks and credit unions get more than their share of potential new business. At each stage, the experience provided is a primary differentiator — price and product are no longer the sole consumer considerations. Customer journey mapping provides a better understanding of how consumers interact and engage with your brand, and how to be the right channel at the right time.

With research finding that more than 50% of customer experience is based on the message and content received, it is clear why organizations need to focus on their consumer communication. Understanding the customer journey is the foundation of this improved communications process, helping to reinforce an overall cultural change.

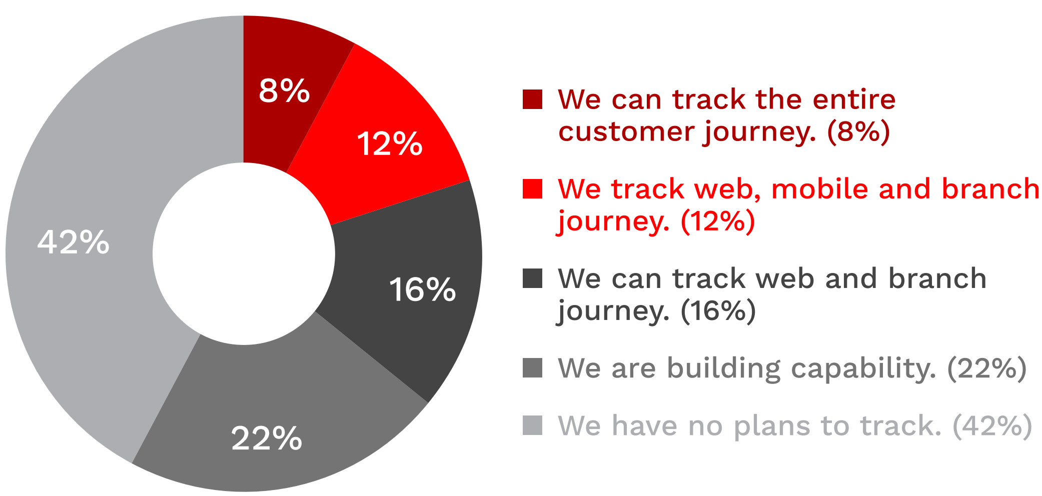
Reason to Use Journey Mapping? Improved CX

While customer journey mapping is not a new concept, most organizations, including financial institutions, are relative newcomers to the process. According to our research, 36% of financial organizations currently use customer journey mapping to some extent. However, less than 25% of those who have employed customer journey mapping are tracking all channels, with 42% not having customer journey mapping in their plans.

CHART 8:

ABILITY TO TRACK CUSTOMER JOURNEY ACROSS MULTIPLE CHANNELS

Does your organization track the customer journey across multiple channels?



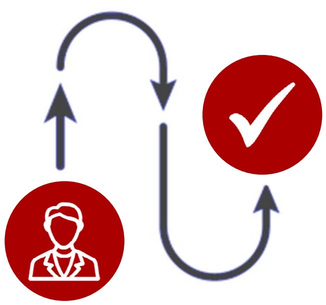
Source: Digital Banking Report Research © December 2020 Digital Banking Report

"The reason for use of customer journey mapping is because it works. Those who use customer journey mapping report a positive or very positive impact on their customer experience. In addition, users state that the mapping projects resulted in improved customer satisfaction, a drop in complaints, and reduced churn."

Christian Barckhahn, OpenText

Despite the benefits of customer journey mapping, an opportunity exists in trying to combine improved communication with a reduction of effort needed to complete a process. As many financial institutions have only recently allowed processes to be done digitally, many digital processes still take an excessive amount of time to complete.

How to Implement Customer Journey Mapping



While everyone agrees that personalizing the communication is more important than ever, just knowing who you're talking to isn't enough. You need to align what the consumer wants to accomplish when they come to your website, and how they want to proceed from there. Mapping out the customer journey from the first interaction to the last will show if the consumer is accomplishing their goals in the most preferred manner. This takes consumer data.

No two journey maps are exactly the same. Different customer journey experts will design the journey differently, and the journey is different based on the product/service being mapped. Most will include the following steps:

Build consumer personas: Use research to determine the process used as consumers first visit your site — through research, purchase, and ongoing engagement.

Align consumer goals with the journey: The consumer comes to your site to solve a problem or answer a question. Determine the path they take (or should take) to find what they want.

Categorize touchpoints: Match the touchpoints your customer visits with the relevant stage of their journey. This may include multiple touchpoints to complete a process (account opening). The key is to simplify each stage as much as possible to eliminate abandonment.

Measure results: Where do potential customers diverge from the path you had intended? Where do they leave the process altogether? What is the rate of goal completion compared to the number of consumers who started a process?

Repair and replace: Determine where friction occurs and prioritize solutions to avoid abandonment, long processes, etc.

How consumers engage with your brand isn't a linear process. Unfortunately, getting people from point A to point B without abandonment or requiring help doesn't always happen. Consumers may even skip steps to improve ease of engagement. But understanding the engagement positives and negatives will improve the consumer experience and increase revenues.

What Stands in Your Way

Despite the benefits of customer journey mapping, not every financial institution has a program in place, while other organizations may not have a program that is delivering results. Some of the hurdles for organizations include a lack of understanding and awareness of the benefits of journey mapping. In addition, there is often a lack of senior management buy-in and a lack of technology/tools or appropriate skills.

More and more consumers are shifting from offline to online, using digital tools to help them with their purchasing decisions. As online interactions and digital purchases grow in importance, consumers are likely to use search, online review sites and social networks as a first step in their purchase decision.

"With more touchpoints comes more complexity in addressing banking customer needs successfully. Journey mapping helps highlight where technology can help deliver a better experience. By optimizing and improving the experiences along each step of the journey, better relationships are built and loyalty is created."

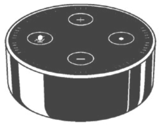
Monica Hovsepian, Global Senior Industry Strategist, Financial Services, OpenText

Analyzing and Measuring Customer Experience

Measuring the impact of your customer experience efforts needs to expand well beyond satisfaction surveys. It is more important than ever to determine how your customers feel across the entire customer journey, and determine the business impact of your CX strategies and investment.

When the pandemic hit, financial institutions that already had invested in digital transformation had a foundation that allowed them to adjust quickly to market opportunities and challenges. Those banks and credit unions that had access to real-time customer data, were able to integrate personalization tools into their marketing platforms, and scale new digital products and experiences had a competitive edge.

As mentioned earlier, consumers are loyal to financial institutions that know them, understand them, and reward them with positive interactions. This is more important now than ever before. Banks and credit unions that offer a frictionless, personalized user experience that helps consumers get the products, services, or answers they need in real time will become more engaged and more loyal.



Beyond supporting customer transactions, leading financial institutions are using new digital tools to engage customers online. This includes, but is not limited to creating new content for customers and expanding the digital channels they use to interact (voice devices and video capabilities).

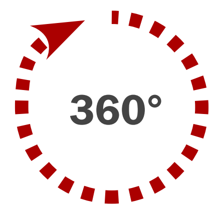
Organizations are also investing in new technologies and platforms to facilitate the customer experiences that consumers expect. These include:

- **Marketing automation platforms.** Used to automate personalized communications across digital channels.

"Another challenge is that fewer customers are responding to surveys. As consumers change their digital channel usage, the accuracy of many of these tools can come under scrutiny."

- **Customer data platforms.** Used to create a single, trusted customer record.
- **AI and machine learning.** Beyond creating great internal views of customers, these tools provide ways for customers to know you know them.
- **Personalization tools.** Used to build customer and prospect profiles that can deliver tailored website and mobile content and a hyper-targeted omni-channel experience.
- **Content management systems.** Support customized financial education and insights throughout the customer journey.

Analysis Beyond Satisfaction

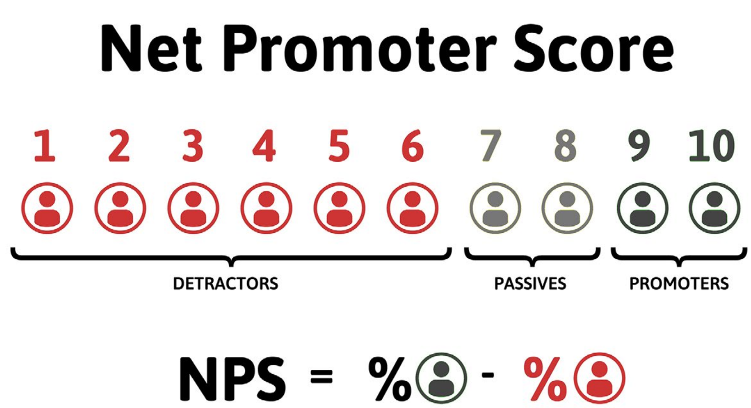


Once you have committed to improving the customer experience, it is necessary to understand your customer's experience and interactions from a 360-degree perspective. This should include a new perspective on changing consumer buying behaviors, web and mobile banking effort scores, purchase behavior across the customer journey, size of deposits, loans and engagement, desired communication, product purchase channels and sentiment analysis.

Measuring customer experience using internal surveys as well as popular external sentiment analysis such as Net Promoter Score (NPS), is considered a great first step for financial institutions, yet organizations should not stop there.

Usually, voice of customer or satisfaction surveys only measure aggregate results, segment results or transactions at specific touchpoints. These tools fail to measure individual customer perspectives or satisfaction across the entire customer journey.

Another challenge is that fewer customers are responding to surveys. As consumers change their digital channel usage, the accuracy of many of these measurement tools can come under scrutiny. That said, satisfaction surveys like NPS are good snapshots and point-in-time tracking tools, but a deeper dive is needed.

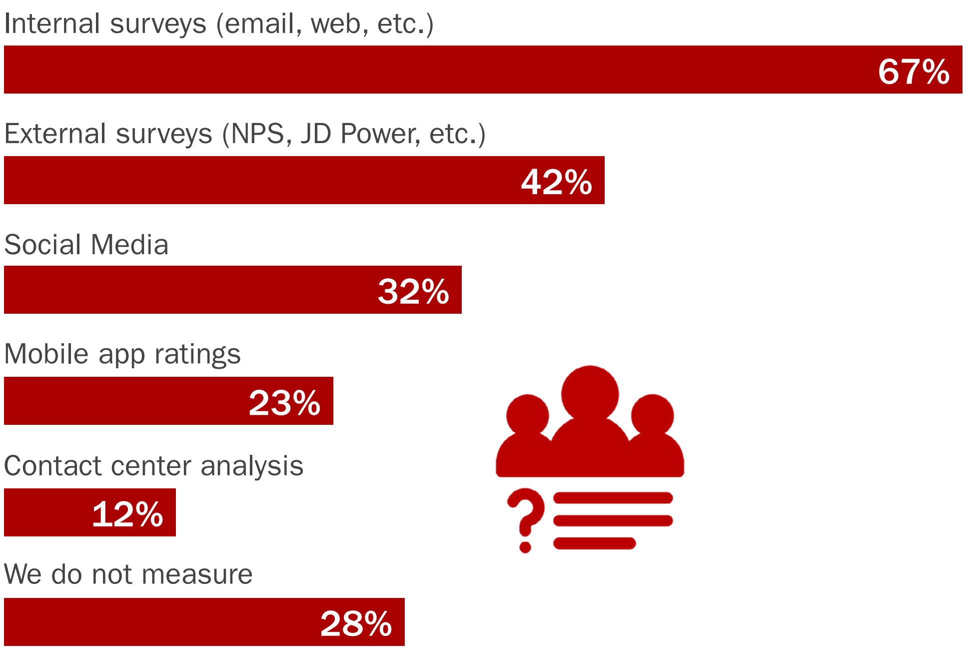


“When a customer is happy, they will be willing to do more with their primary (or secondary) financial institution.”

CHART 9:

MEASUREMENT OF CONSUMER SENTIMENT IN BANKING

Select all that apply.



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Engagement as a Metric

A strong customer experience is important, but engagement is the way a strong experience pays off for an organization. When a customer is happy, they will be willing to do more with their primary (or secondary) financial institution.

When we asked financial institutions globally whether they measured customer engagement, 68% of organizations said they used some form of customer engagement tracking. In 28% of organizations, there was tracking of deposits and withdrawals, with roughly one in five organizations tracking either withdrawals (22%) or deposits (18%).

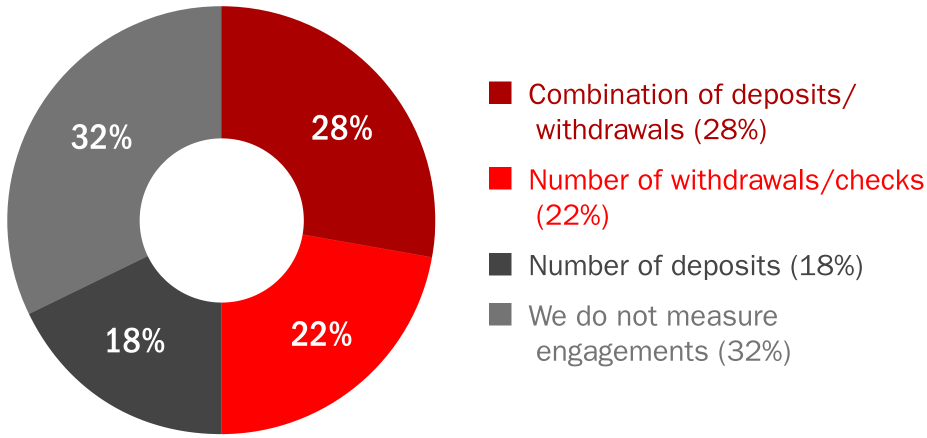
The benefit of this tracking should go beyond the traditional view of inactivity, to include trend analysis over time on a customer level and should include ancillary services, such as payments, transfers, digital engagement, etc.

"Finally, beyond satisfaction, there should be a focus on retention that allows a bank or credit union to keep their profitable customers, improve customer loyalty, reduce churn, increase cross-sell and upsell, and increase customer lifetime value."

CHART 10:

MEASUREMENT OF CONSUMER ENGAGEMENT IN BANKING

How does your firm measure customer engagement?



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Customer Experience Across the Entire Journey

Especially in a digital banking environment, customers have different experiences and different needs at each stage of the customer journey. Understanding this cross-channel reality, banks and credit unions can't use just a single satisfaction metric at each of these different stages.

Beyond NPS, financial institutions should use customer journey analytics to discover micro journeys from within macro journeys. This is not just a single measurement, but several measurements that look at friction, channel use, abandonment of processes, etc.

A strong customer journey analytics platform can measure engagement and satisfaction at any point in the customer journey using your existing customer experience tech stack. With the entire process automated, customers can easily provide feedback (overtly and/or through actions) and marketing professionals can gauge engagement and satisfaction at will. Using customer journey analytics, organizations can determine the most important points for interaction and engage customers for opinions at that point.

Another important component of customer journey analytics beyond determining if there is friction and engagement is to determine your most valuable segments so that you can replicate and grow other segments of your customers.

Finally, beyond satisfaction, there should be a focus on retention that allows a bank or credit union to keep their profitable customers, improve customer loyalty, reduce churn, increase cross-sell and upsell, and increase customer lifetime value. Ways to monitor retention can be through traditional satisfaction research, churn metrics, customer effort scores, and average resolution time.

"Bottom line, to meet the increased expectations and divergent behavior of audiences today, financial institutions need to provide the right content, at the right time, regardless of the device or channels used."

The Power of Digital Customer Experience Platforms (DXP)

According to **Gartner**, digital customer experience platform (DXP) is "an integrated and cohesive piece of technology designed to enable the composition, management, delivery and optimization of contextualized digital experiences across multi-experience customer journeys." Just the definition itself can give organizations pause before embracing. But the technology is a requisite for those firms committed to improving customer experiences.

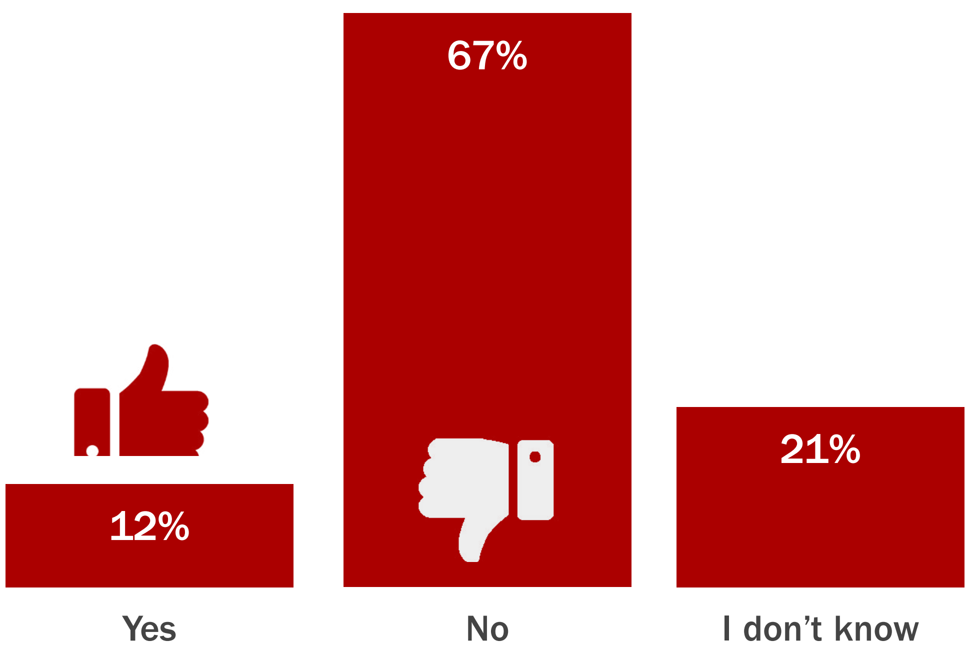
What sets digital experience platforms apart from other tools is that it helps to manage content delivered to customers across channels. Since most people use multiple devices on their path to purchase — the delivery of a consistent, connected, and continuous experience across channels is imperative to drive positive outcomes.

Bottom line, to meet the increased expectations and divergent behavior of audiences today, financial institutions need to provide the right content, at the right time, regardless of the device or channels used. Digital experience platforms can assist by aligning teams, streamlining processes, connecting systems, and transforming workflows to provide the customer experiences that are expected.

CHART 11:

USE OF OMNICHANNEL CUSTOMER EXPERIENCE PLATFORM ACROSS CUSTOMER JOURNEY

Does your firm use an omnichannel customer experience platform to measure satisfaction?



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TRANSFORMING THE DIGITAL CUSTOMER JOURNEY

Despite the importance of digital experience platforms, relatively few financial institutions currently use this technology. Part of this is because very few organizations have a mature data/analytics positioning and most organizations we have surveyed still consider themselves to lack CX maturity.

For some organizations, a strong customer content management system (CMS) may be adequate. If this is the case, your organization must make sure that the CMS can scale easily, can be deployed on the cloud, and that it can be integrated into a DXP at a later time. As your digital transformation and CX capabilities mature, you can eventually move your learnings into a DXP platform.

We expect the investment in digital experience platforms to increase significantly as organizations double down on digital transformation, improving the digital customer experience and expand the use of content in the engagement of customers and prospects.

"Digital has transformed every part of financial services, especially since COVID shut physical channels down. The shift to digital creates both risk and opportunity for financial institutions of all sizes. Digital experience platforms provide a solution that reflects the evolution of the digital banking consumer."

Monica Hovsepian, Global Senior Industry Strategist, Financial Services, OpenText

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Moving Beyond Digital

Being a ‘digital bank’ is no longer adequate. Today’s consumer not only expects you to provide digital banking capabilities, but to provide an easy-to-use, seamless, cross-channel integration that makes the entire customer journey experience exceptional.

Your customer’s interactions with your bank or credit union are part of a long journey, across multiple channels, leading up to and following their first purchase. The customer’s behavior has changed over time, as their world has been impacted by COVID.

Your commitment to making their journey as positive as possible is often defined by the weakest moment. A negative experience on any channel, at any time can result in a lost customer. And in a digital world, your customer may break off their relationship with you, without ever closing their account. Or they can move future purchases and engagements to one of your competitors.

The customer has quickly become impatient and intolerant of cumbersome or broken processes. They understand more than ever what is possible. The tech firms they already engage with have been their teacher … and potentially a competitive threat to your business.

To improve the customer experience, you need to understand the entire customer journey from the customer’s perspective. From how they shopped for your services, to how they engaged and used your service(s). You need to monitor, measure and manage every touchpoint and engagement to positively impact your company’s growth, your brand perception, loyalty and trust.

More than talking about being customer-centric, you must make it part of your internal culture and the communication to your customers. You must start with your customer’s best interest in mind when developing processes, products or services and measure and manage your progress in a continually digital banking ecosystem.

Most importantly, you need to understand that the customer experience in a "pandemic impacted world" includes sustainability components that impact your brand, including your commitment to social issues, community investment and economic support of your customers who are under economic strain caused by COVID.

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About the Author

Named as a top 5 influencer in banking, Jim Marous is an internationally recognized financial industry strategist, co-publisher of **The Financial Brand**, owner and publisher of the **Digital Banking Report** and host of the **Banking Transformed podcast**. The Digital Banking Report is a subscription-based publication that provides deep insights into the digitization of banking, with over 200 reports that can be accessed in its digital archive.

The Banking Transformed podcast features weekly interviews with global leaders who provide insights into the impact of digital disruption across all industries.

As a sought after keynote speaker, author and recognized authority on disruption in the financial services industry, Marous has been featured by CNBC, CNN, Cheddar, The Wall Street Journal, New York Times, The Financial Times, The Economist, The American Banker and numerous other global publications. He has spoken to audiences worldwide on the impact of change to the banking industry. Jim has also advised the White House on banking policy and is a regular contributor and guest host for the Breaking Banks podcast.

You can follow Jim Marous on **Twitter** and **LinkedIn** or visit his professional website.

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