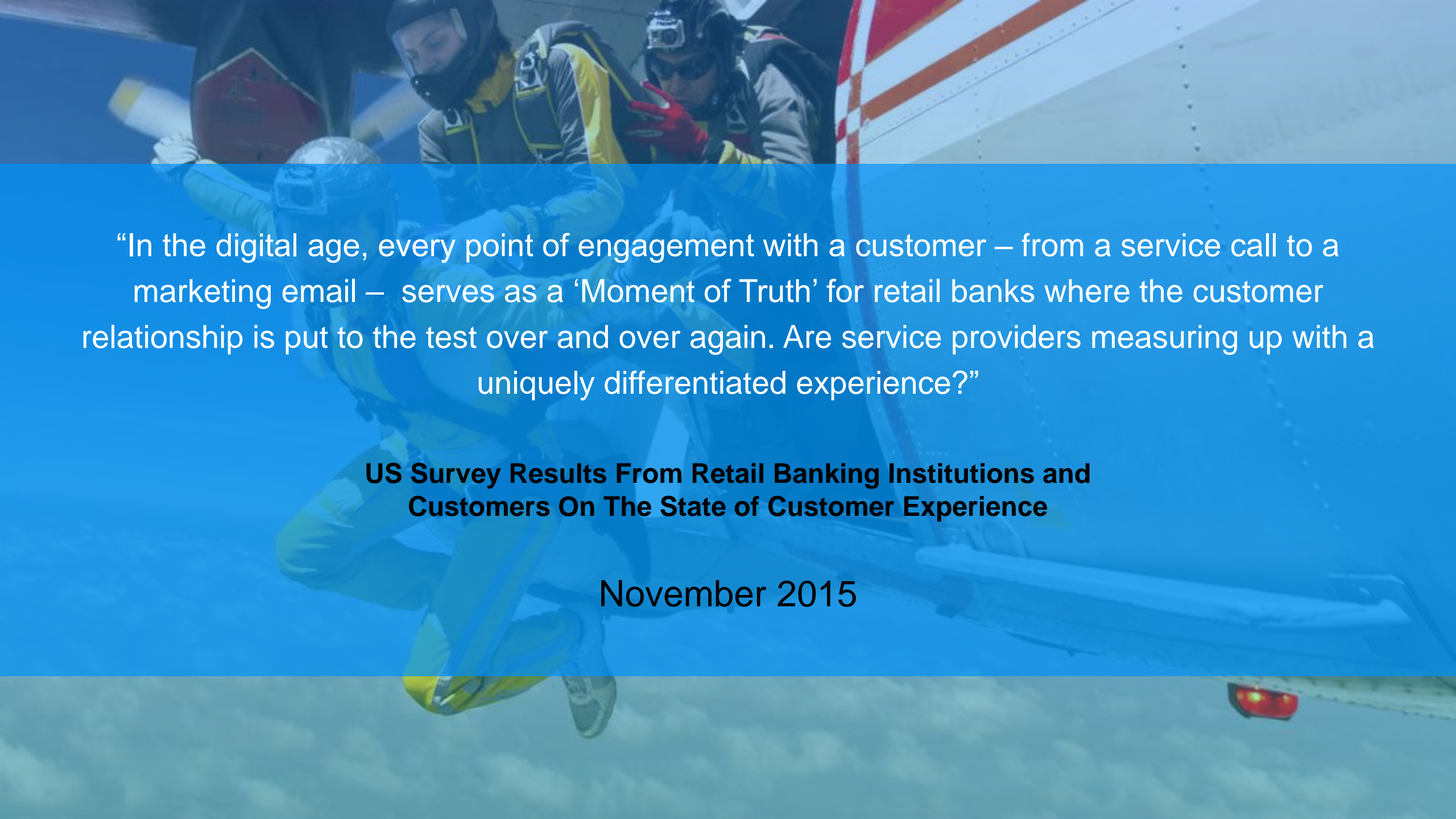




MOMENTS
OF
TRUTH
IN RETAIL
BANKING



“In the digital age, every point of engagement with a customer – from a service call to a marketing email – serves as a ‘Moment of Truth’ for retail banks where the customer relationship is put to the test over and over again. Are service providers measuring up with a uniquely differentiated experience?”

**US Survey Results From Retail Banking Institutions and
Customers On The State of Customer Experience**

November 2015

Overall Takeaways

1

Missed opportunities – While banks are delivering satisfactory customer service to their clients, they are missing key opportunities to provide deeper personalization that can solidify their customer base and stave off the continuous threat of customer churn.

2

Need to be understood as individuals – Consumers have a want and need to be understood as a individuals, which is not always being met by the banks.

3

Threat of disruptors – Bank decision makers are underestimating new, innovative providers that are gaining the attention of consumers.

Key Data Points

- **Business recognizes the impact** – 90% of banking decision makers say customer service is an important or critical differentiator for their business.
- **Up close and personalized?** – Only 14% of consumers felt banks excel at delivering a personalized service, and even banks agree, with 34% saying their main problem area is delivering a generic customer service.
- **You don't even know me!** – 68% of banks think they understand their customers extremely well, but less than half of banking consumers feel the same way, which highlights a major disconnect between them.
- **What channel is best?** – Banks may be focusing on the wrong channels when trying to deliver customer service. The majority of consumers say that face-to-face service is best for them, but 70% of banking decision makers think that the ability to dedicate more resources to online chat would provide a better customer experience. This is despite just 7% of consumers saying online chat provides them with the best service.
- **No time to relax** – Banks are potentially underestimating the impact that digital disruptors could have on their business. One in three consumers would consider moving to a new, innovative provider in the future, but the majority of banking decision makers still see their main competition as traditional banking institutions.

Methodology



CONSUMER SURVEY

1001 consumers with a bank account were interviewed



B2B SURVEY

50 business decision makers (BDMs) were interviewed in banking sector

*This survey was conducted by Redshift Research www.redshiftresearch.co.uk

Notes on Reading the Slides



- Throughout the deck the **consumer** results are depicted in **green**
- The **banking** business decision maker results are depicted in **yellow**
- The questions can be found in a **dark blue bar** towards the top of the slides.
- Business Decision Makers will be referred to as 'BDMs' on all applicable slides.

An aerial photograph of a skydiver in a red suit and helmet, suspended by a yellow rope, floating over a large, clear blue lake. The surrounding landscape features rugged, brown mountains and green valleys. The sky is a clear, bright blue.

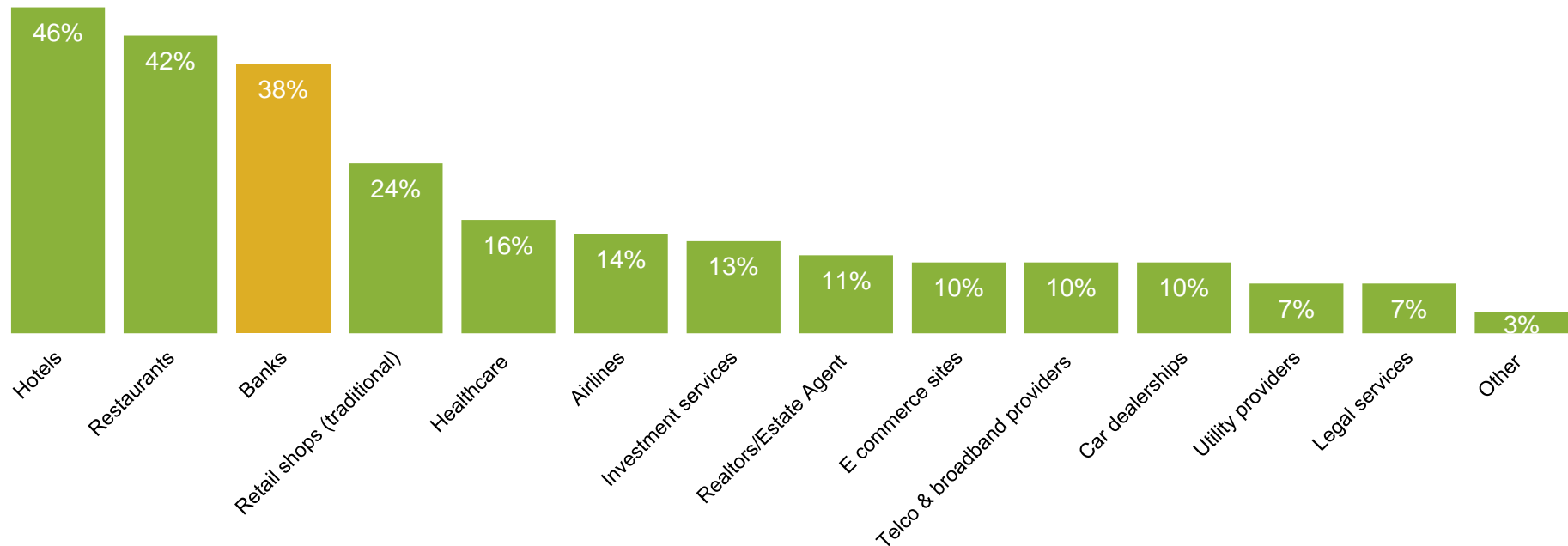
THE FULL RESULTS



Best Level of Customer Service

Hotels and restaurants take the top spots for the best level of customer service by industry as rated by consumers. Banks fare well in their place as 38% of consumers rank them in their top three for customer service.

Q. Generally speaking which of the following sectors do you think offers the best level of customer service? (Please select your top three)



What Matters Most for Customer Service?

Banking customers and banking BDMs both rank 'a courteous, patient and/or friendly attitude' in their top two most important customer service factors.

Q. When it comes to customer service which of the following matter most to you? (Consumer)

Q. When it comes to customer service which of the following is most important to provide to your customers? (B2B)

CONSUMERS

1st Listening to and understanding my needs (40%)

2nd A representative with a courteous, patient and/or friendly attitude (38%)

3rd Responding to inquiries in a timely/responsive fashion (32%)

BANKING BUSINESS DECISION MAKERS

1st A representative with a courteous, patient and/or friendly attitude (34%)

2nd Showing that customer needs are important to the company (26%) and Personalized service that knows customer's buying history and activities (26%)

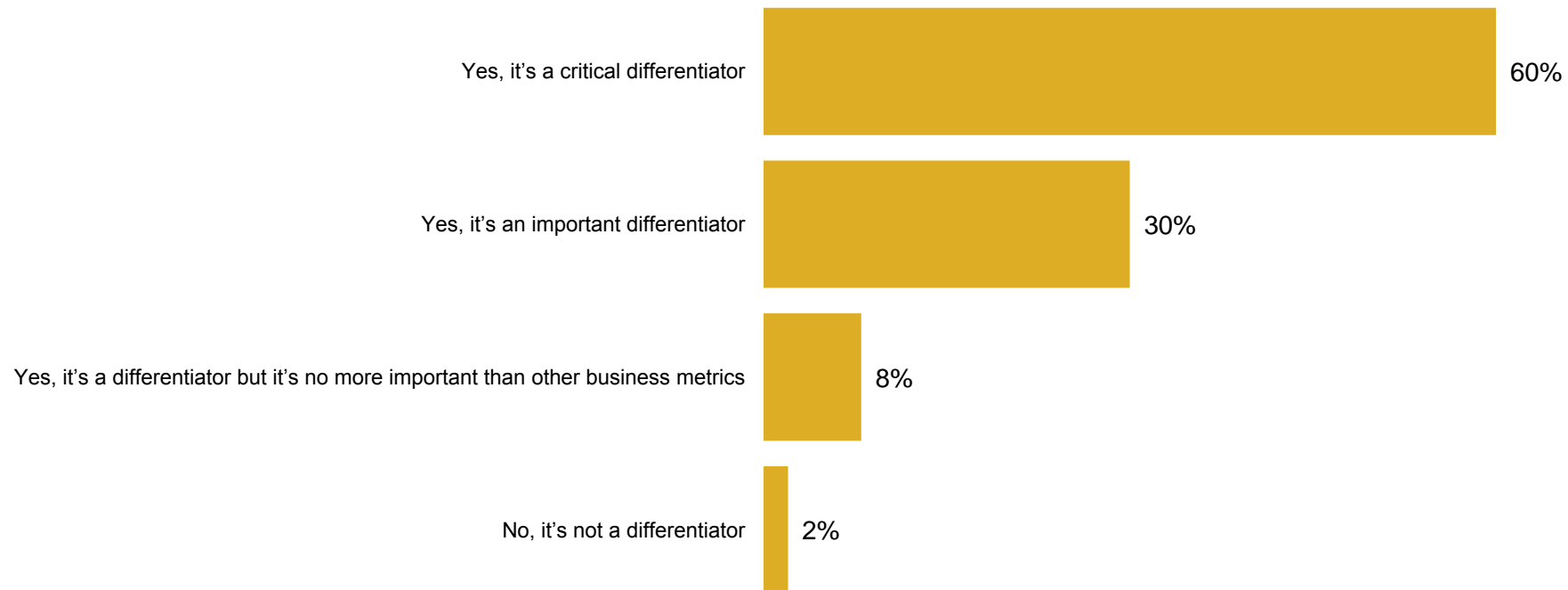
3rd Listening to and understanding customer needs (24%) and Responding to inquiries in a timely/responsive fashion (24%)

*Respondents were asked to select their top three from a range of options. Full results can be found in the Appendix section.

Customer Service as a Differentiator

For more than half of banking BDMs (60%), customer experience is a critical differentiator for their brand, with a further 30% saying it is an important differentiator. However, just 38% of respondents placed banks in their top three for providing the best customer service.

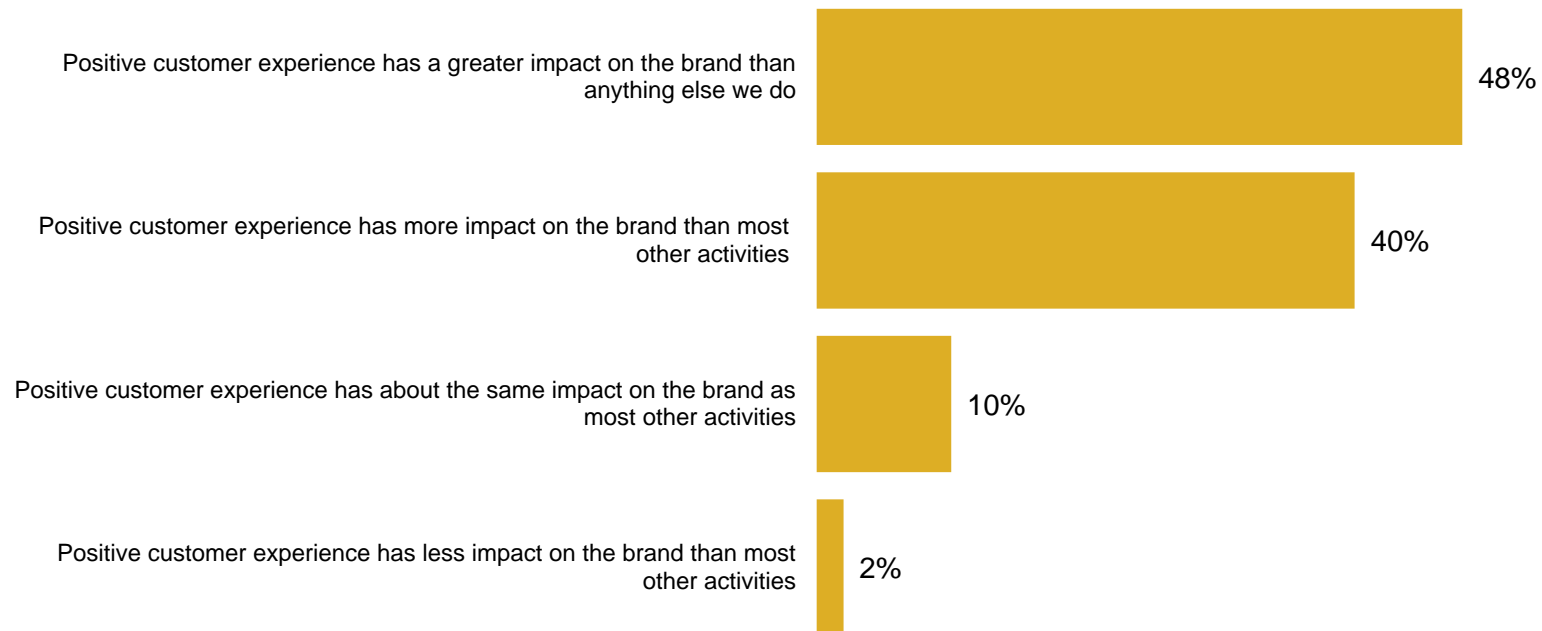
Q. Do you think that customer experience is a differentiator for your brand?



Impact of Customer Service on the Brand

A positive customer experience is clearly important to banks with half of BDMs saying it has a greater impact on their brand than anything else they do. A further 40% say it has more impact than most other activities. This indicates delivering positive customer experience should be at the forefront of almost all decisions.

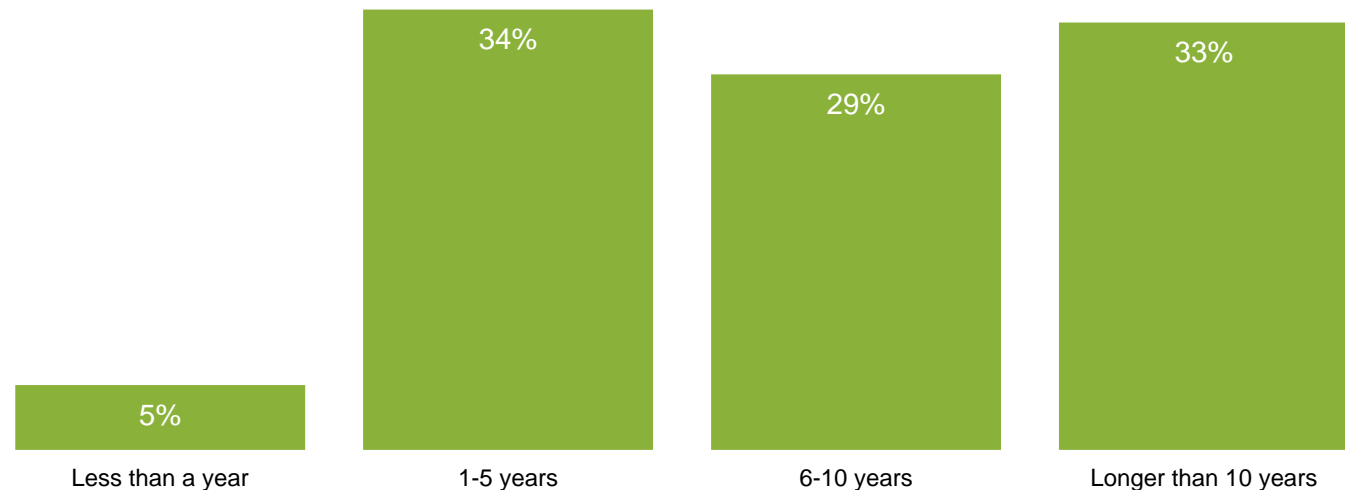
Q. To what extent do you think customer service has an impact on your brand?



Loyalty to Banks

There are clearly high levels of loyalty to banks to date, with a third of respondents having been with their primary bank for longer than 10 years. Another third have remained with their banks for one to five years.

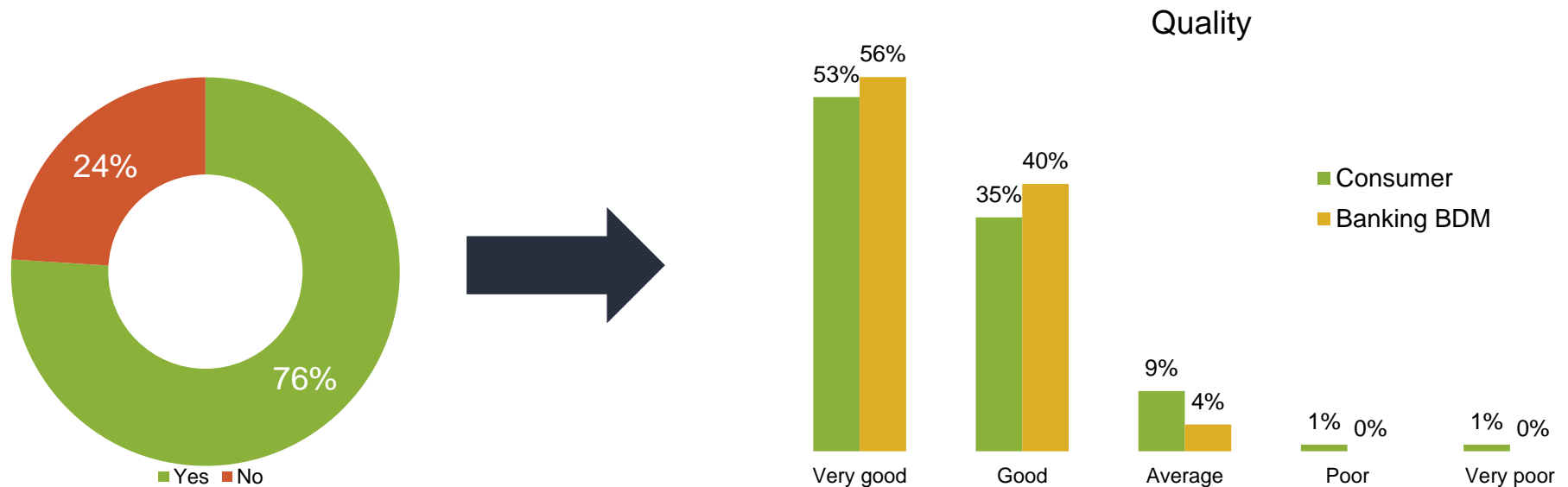
Q. How long have you been with your primary, day-to-day bank?



Quality of Customer Service

Of the 76% who have interacted with their bank's customer service team in the last 12 months, the vast majority are happy with the quality of service provided. There is no significant difference between how BDMs and consumers rate the quality of customer service.

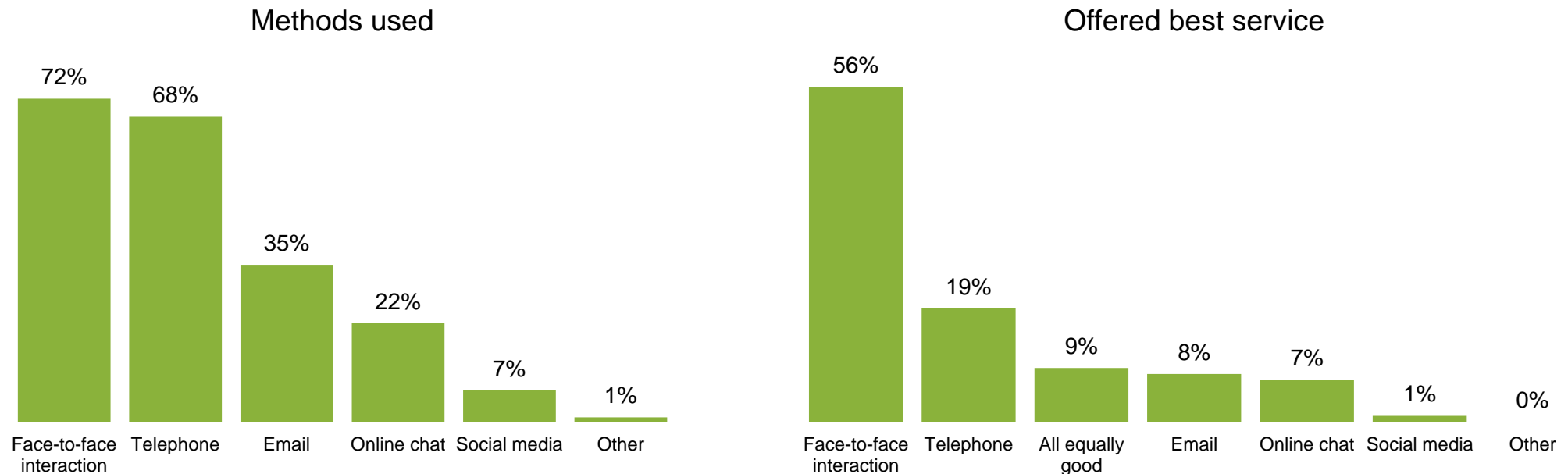
- Q. Have you interacted with your bank's customer service team at any point over the last 12 months? (Consumer)
- Q. How would you rate the quality of customer service currently provided by your bank? (Consumer)
- Q. How would you rate the quality of customer service your organization currently provides? (B2B)



Methods of Interaction

The vast majority (72%) of banking consumers have interacted with their bank in person and 56% of respondents feel this offered the best service. Although telephone is used by more than half of respondents (68%), just 19% feel this offered the best service.

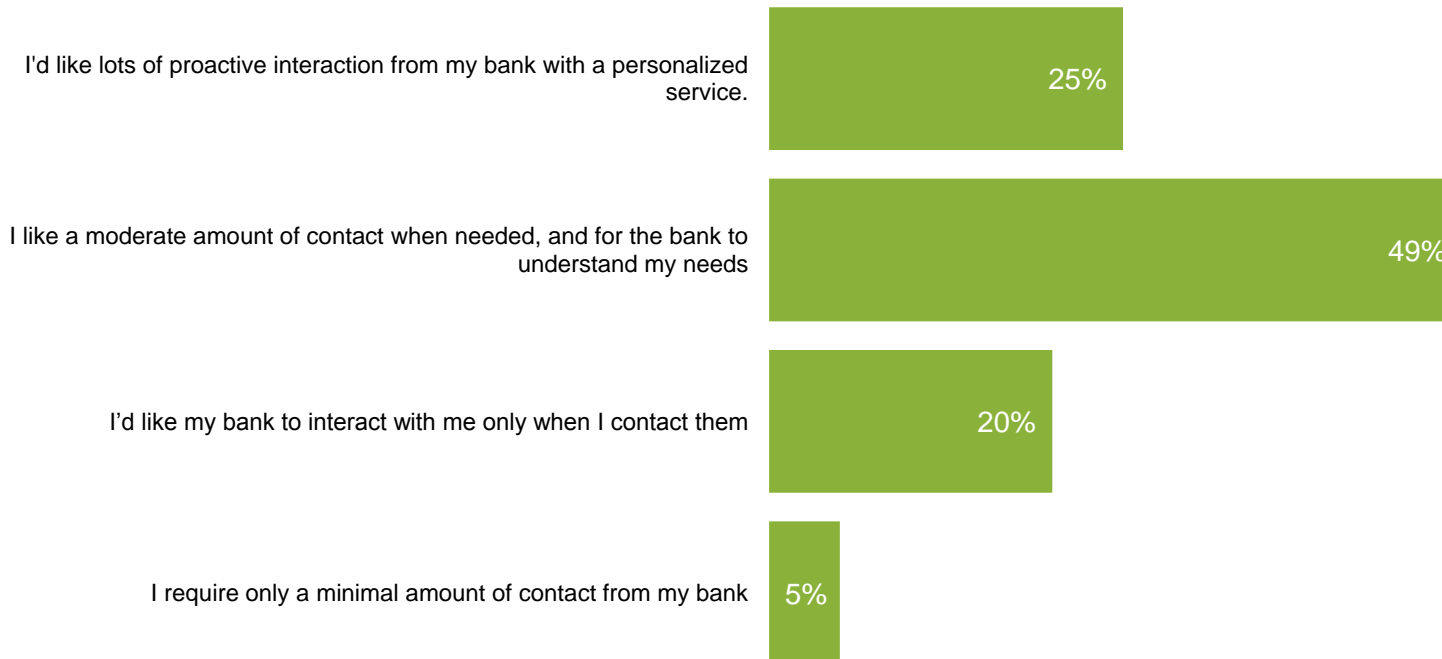
Q. Which of the following methods have you used to interact with your bank? (Please select all that apply)
Q. Which of the following methods do you feel offered you the best service when dealing with a bank? (Select one)



Level of Interaction

Approximately half of consumers would prefer a moderate amount of contact from their bank when needed. A quarter would like a lot of proactive interaction from their bank.

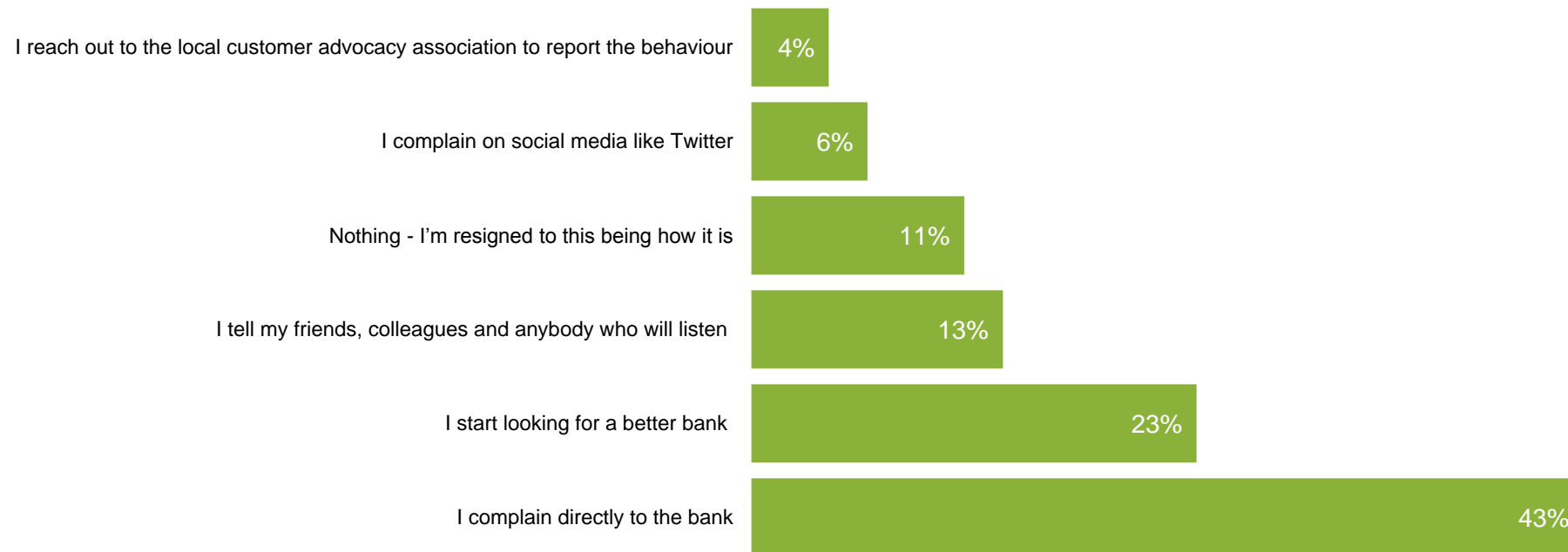
Q. How much interaction do you want from your bank?



Reaction to Poor Customer Service

Almost a quarter of respondents said their first reaction when receiving poor customer service from their bank would be to start looking for a better bank, while just 43% complain directly to the bank. This indicates there may be much more dissatisfaction below the surface which banks themselves are not necessarily aware of.

Q. What's your first reaction when you receive poor customer service from your bank? Select one.



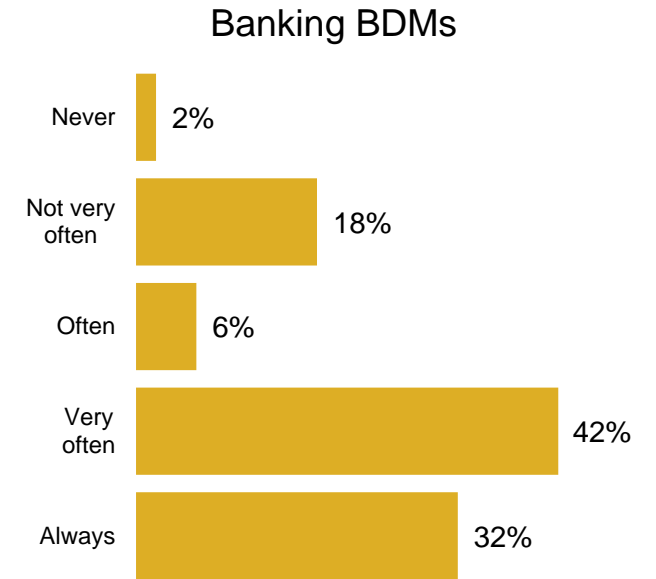
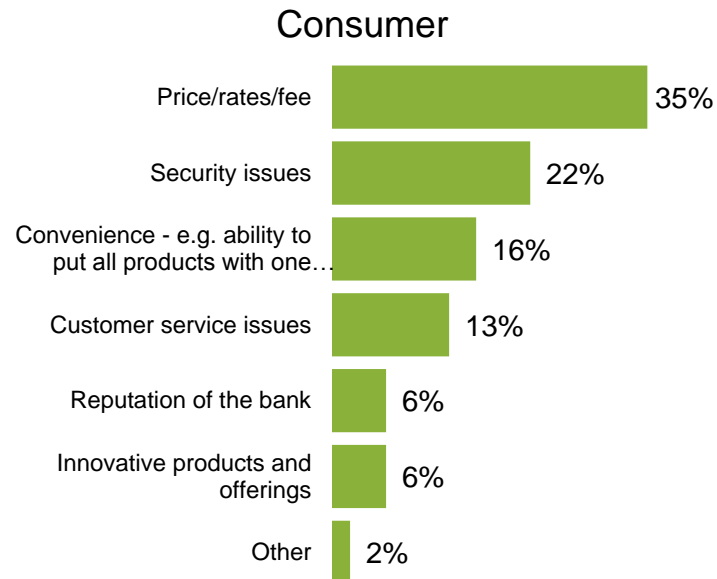
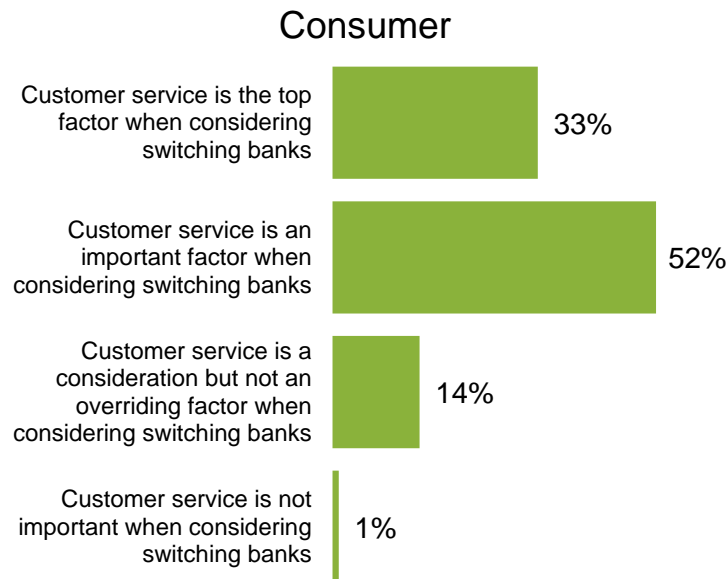
Customer Service as a Factor When Switching Banks

Although customer service issues are not the most likely cause to switch banks when compared to other factors, such as price and security issues, it is clear it plays a significant role. A third of consumers say customer service is the top factor when considering switching banks, and another 52% say it is an important factor. Banks know the importance of customer service, as 32% feel it is the primary reason customers terminate their relationships with them.

Q. How big a factor is customer service when considering switching banks? Select one (Consumer)

Q. What would be most likely to cause you to move your bank account to a different provider? Select one (Consumer)

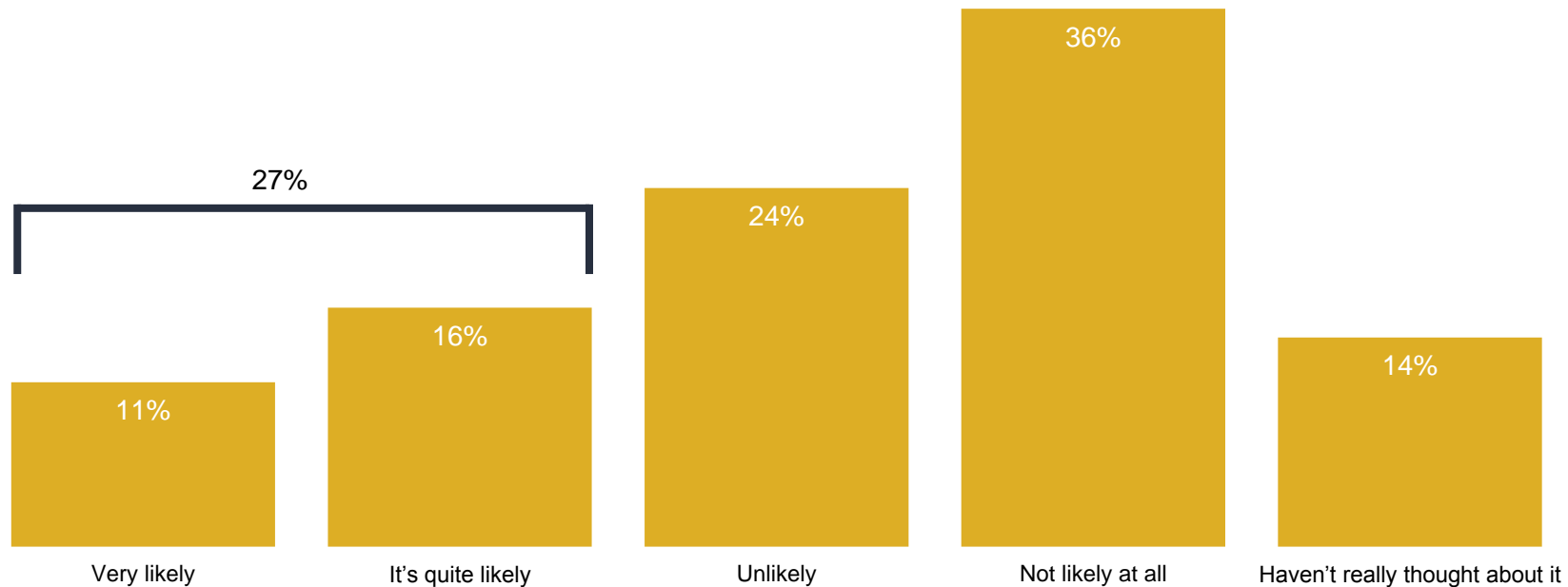
Q. How often is customer service a primary reason that customers end their relationship with your organization? (B2B)



To Switch or Not to Switch?

Twenty-seven percent of banking customers say that they are likely to switch banks in the next 12 months, which is a slightly higher churn rate than what most banks expect (see next slide).

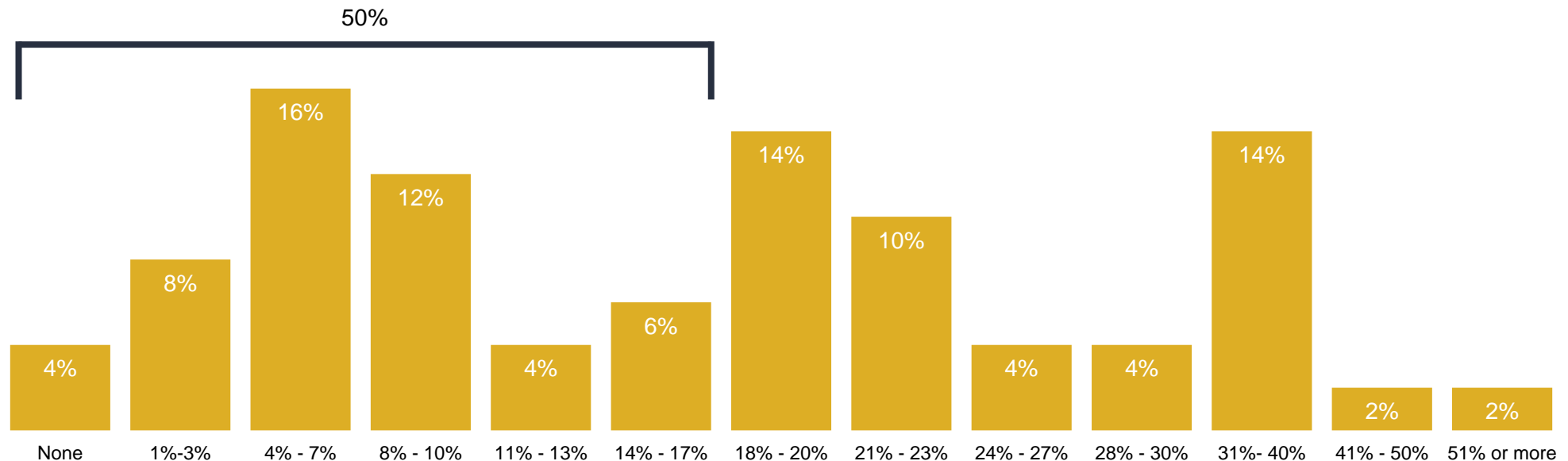
Q. How likely are you to switch banks in the next 12 months?



Switch Rate in the Next 12 Months

Half of respondents expect 0-17% of customers to switch from their service to another provider in the next 12 months.

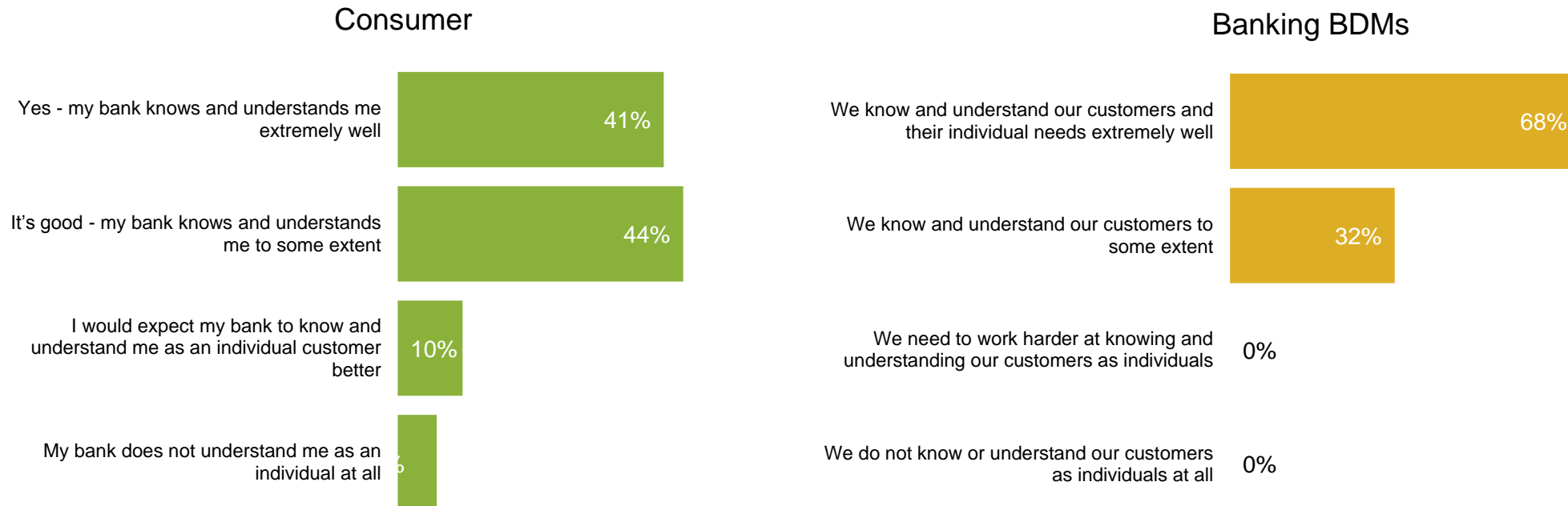
Q. What percentage of your customers do you think will switch from your service to another provider in the next 12 months?



Understanding the Customer as an Individual

There are some marked differences between how well consumers think banks understand them and what banks think. Eighty-five percent of consumers feel their bank knows and understands them well, but the main difference lies in the extent that they know them. While 68% of banks feel they excel in knowing their customers, only 41% of consumers agree.

Q. Do you feel that your bank understands you as an individual? (Select One) (Consumer)
Q. How well do you feel that you understand your customers as individuals? (B2B)



Speed of Response

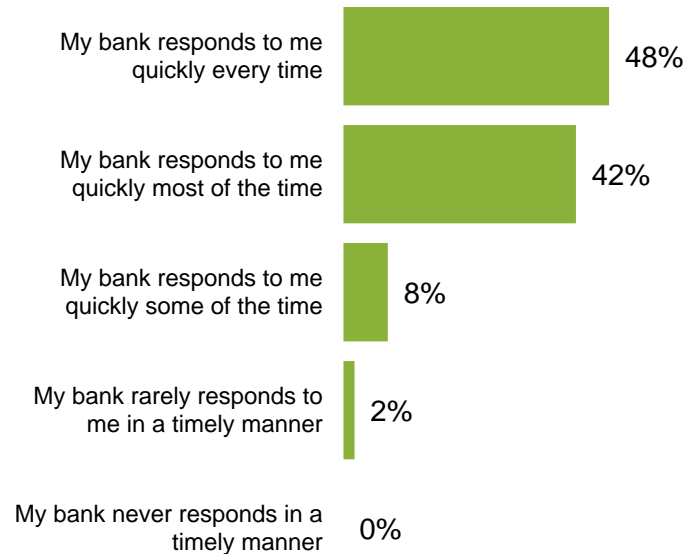
The majority of customers say their bank responds quickly to them most of the time, but just 48% say they respond quickly every time, compared to 62% of banking BDMs who feel their brand responds quickly every time. If banks are happy with 'most of the time,' then there is little improvement to be made, but given the importance of customer experience, it would be surprising if banks did not aim for 'every time.'

Q. How quickly does your bank respond to you when you need service? (Consumer)

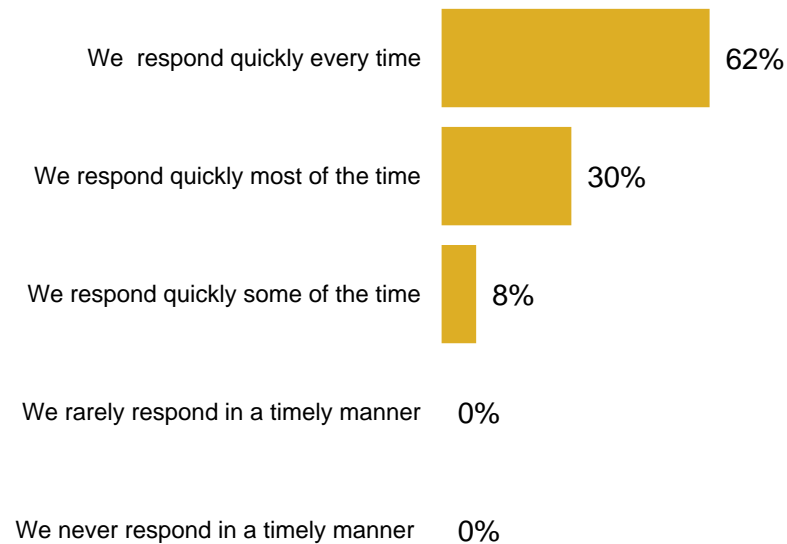
Q. How quickly do you respond to your customers when they require your service? (B2B)

Q. Do you have key performance indicators in place that you use to measure how quickly you respond to customers? If yes, how often do you meet your targets?

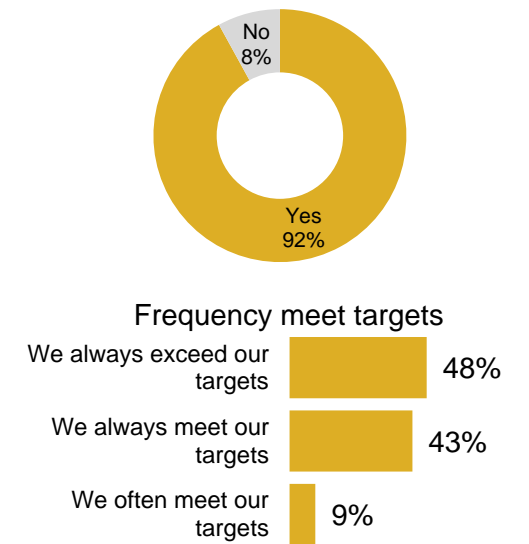
Consumer



Banking BDMs



KPI?

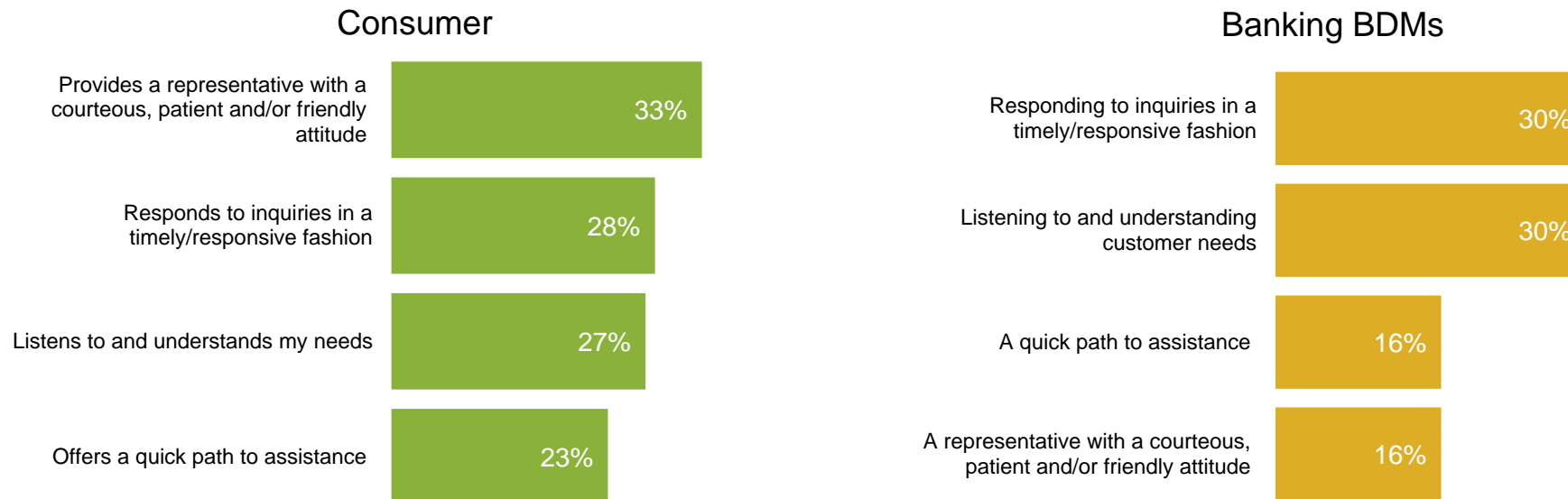


Areas of Excellence

Just 16% of banks felt they provide representatives with a courteous, patient, and/or friendly attitude – something which a third of customers felt that they excelled in.

Q. Which of the following aspects of customer services do you think your bank currently excels in? (Consumer)

Q. Which of the following does your organization excel at in regards to customer service? (B2B)



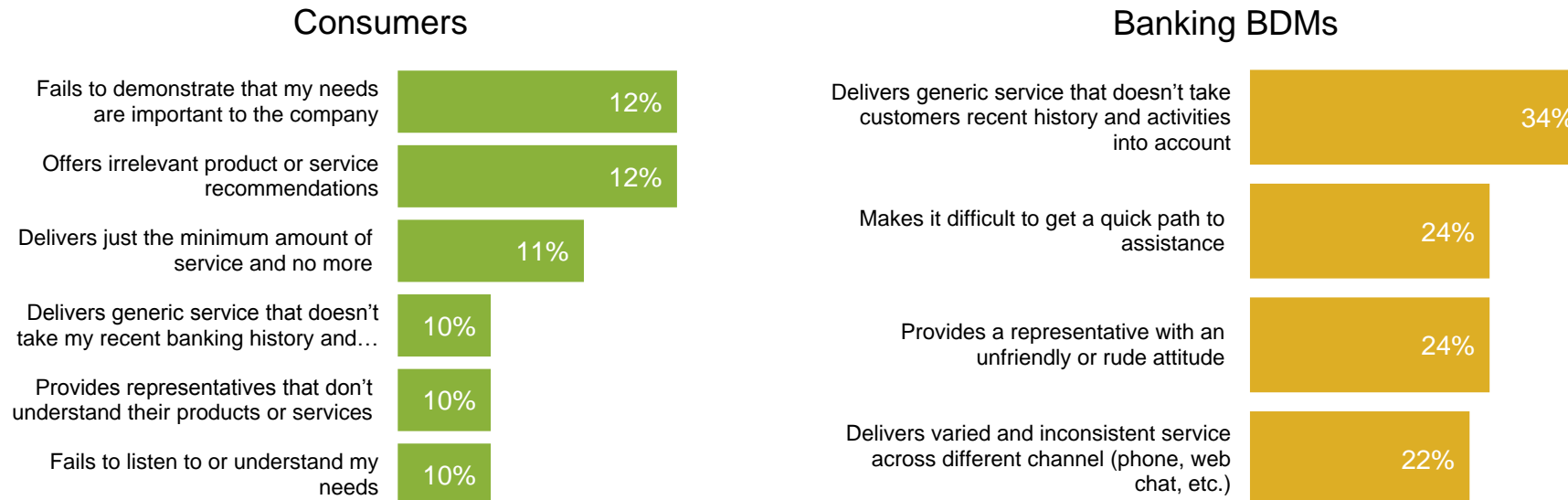
Respondents were asked to select their top three from a range of options. Please see Appendix for full results.

Problem Areas

When it comes to problem areas in customer service, banking BDMs are perhaps more critical of themselves than consumers. Irrelevant product or service recommendations were an annoyance for 12% of customers and the same percentage of consumers felt their bank fails to demonstrate that customers' needs are important to the company. A third of banking BDMs felt they deliver generic service that doesn't take recent history and activities into account.

Q. What annoys you the most about your bank's customer service? Please select your top three. (Consumer)

Q. What do you think are the main problems (if any) with the standard of customer service your organization is able to provide customers at present? (Select your top three) (B2B)

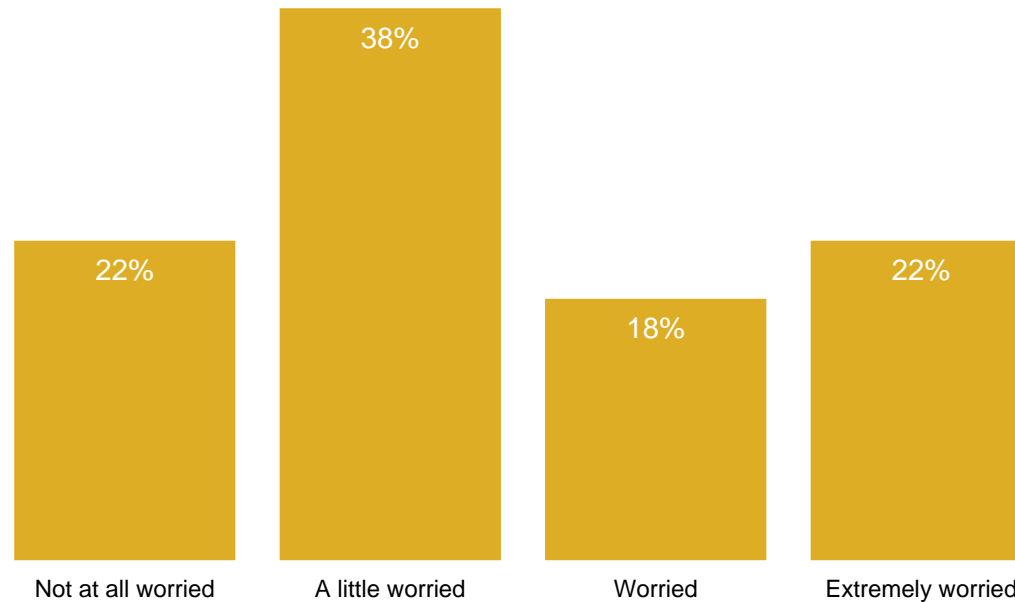


*Respondents were asked to select their top three from a range of options. Please see Appendix for full results.

Threat of Disruption

Sixty percent of banking BDMs are only a little worried or not at all worried about newer, disruptive brands entering the banking industry and offering a better customer experience. However, 40 percent are moderately worried, and for 22 percent of that group, the worry is extreme.

Q. Are you worried about newer, disruptive brands entering your industry and offering a better customer experience?

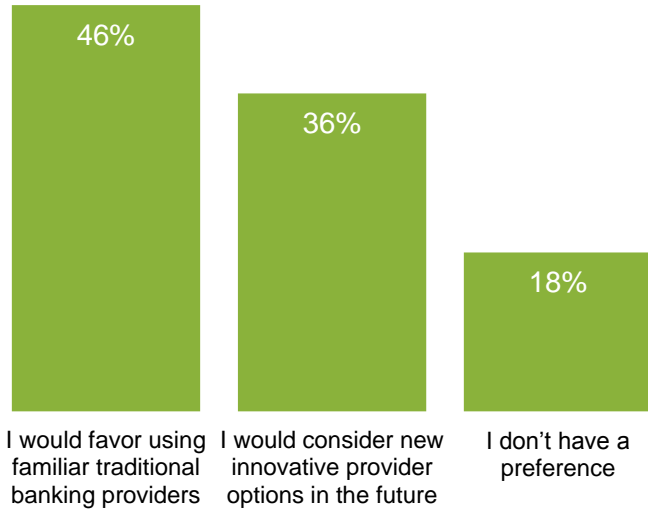


Looking to the Future

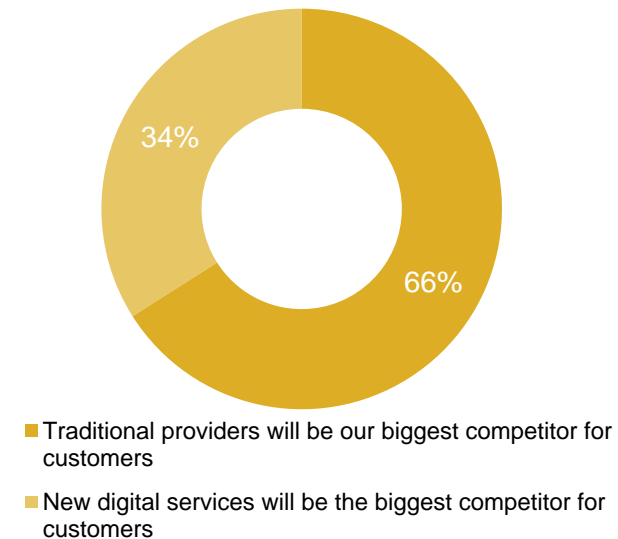
The majority of banks may be underestimating the threat of newer, innovative companies in the future. Sixty-six percent of banks say traditional providers will be the biggest competitor for customers. However, less than half of consumers say they would favor using familiar, traditional banking providers in the future.

Q. In the future, do you think you will continue to use traditional banks, or do you think you might choose to bank with a non-traditional digital company? (Consumer)
Q. In the future, do you think your biggest competition for customers will come from traditional providers or newer digital services?

Consumer



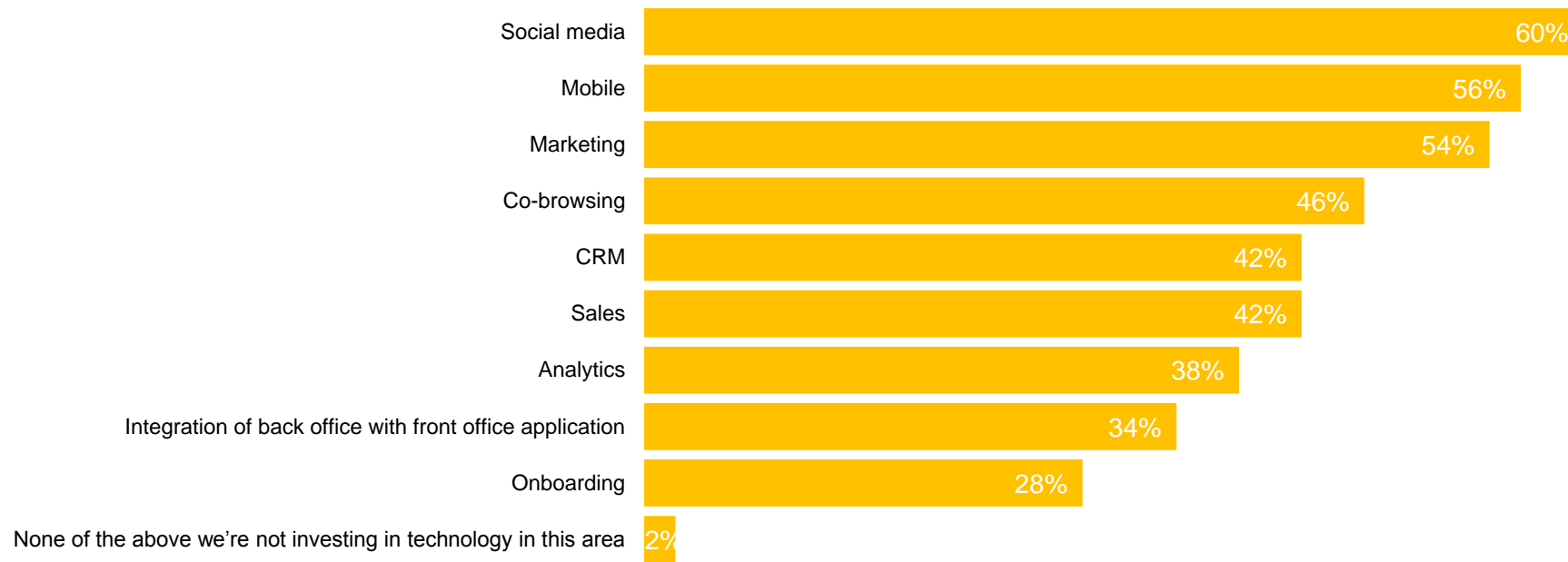
Banking BDMs



Improve Customer Service Operations

There is clearly a range of technology areas that banks are likely to focus their investments on, with social media and mobile being the top two.

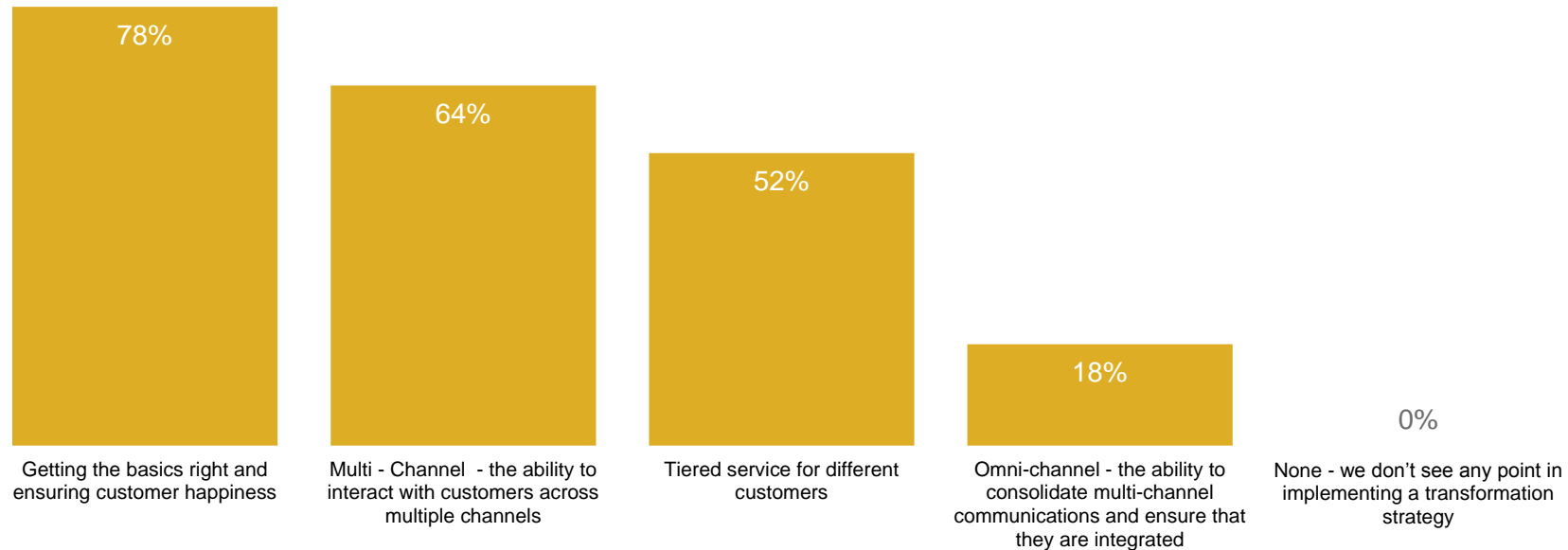
Q. When you think about great customer experience, what technology areas are you most likely to focus your investment on to improve your operations in the next 12-24 months?



Customer Experience Focus

Although it is important to get the basics right to ensure customer happiness (as 78% of banks are doing), banks must finish mastering these basics and invest in more sophisticated customer experiences in the face of newer and innovative brands attracting consumer attention. Notably, only 18% of banks are focused on integrating omni-channel communication.

Q. Over the last two years, which of the following has your customer experience focus centred on?

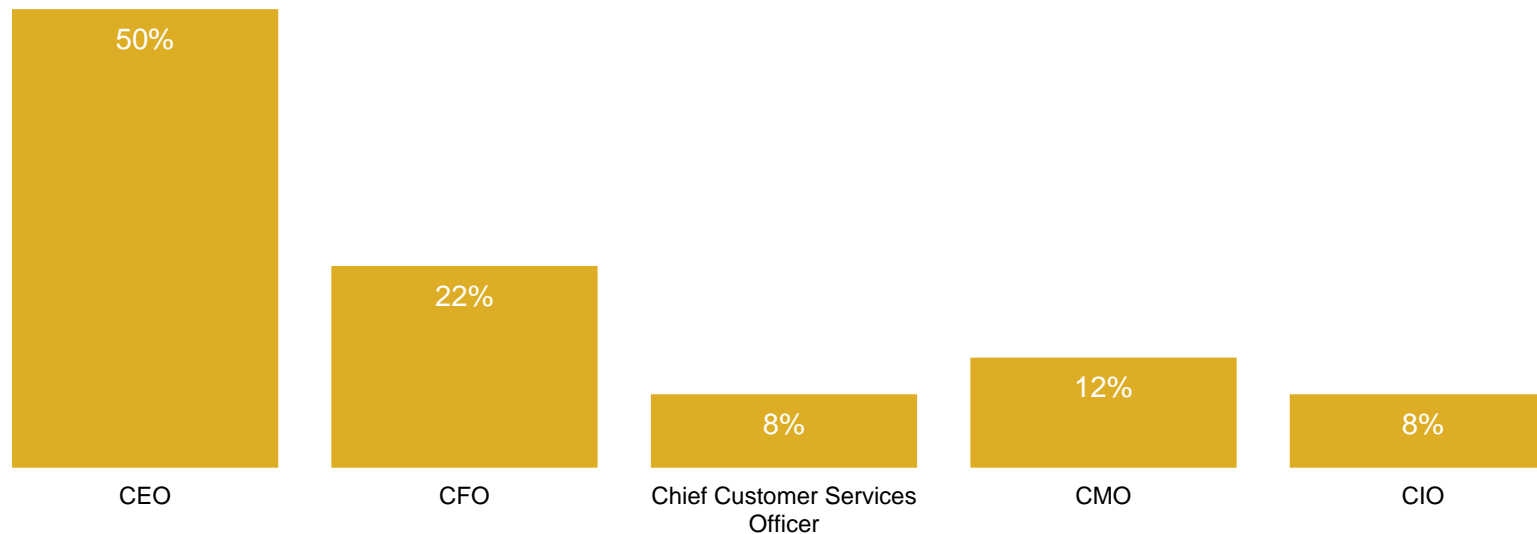


Responsible for Customer Experience Strategy



For the majority, the CEO is ultimately responsible for customer experience strategy.

Q. Who in your organization is ultimately responsible for your customer experience strategy?

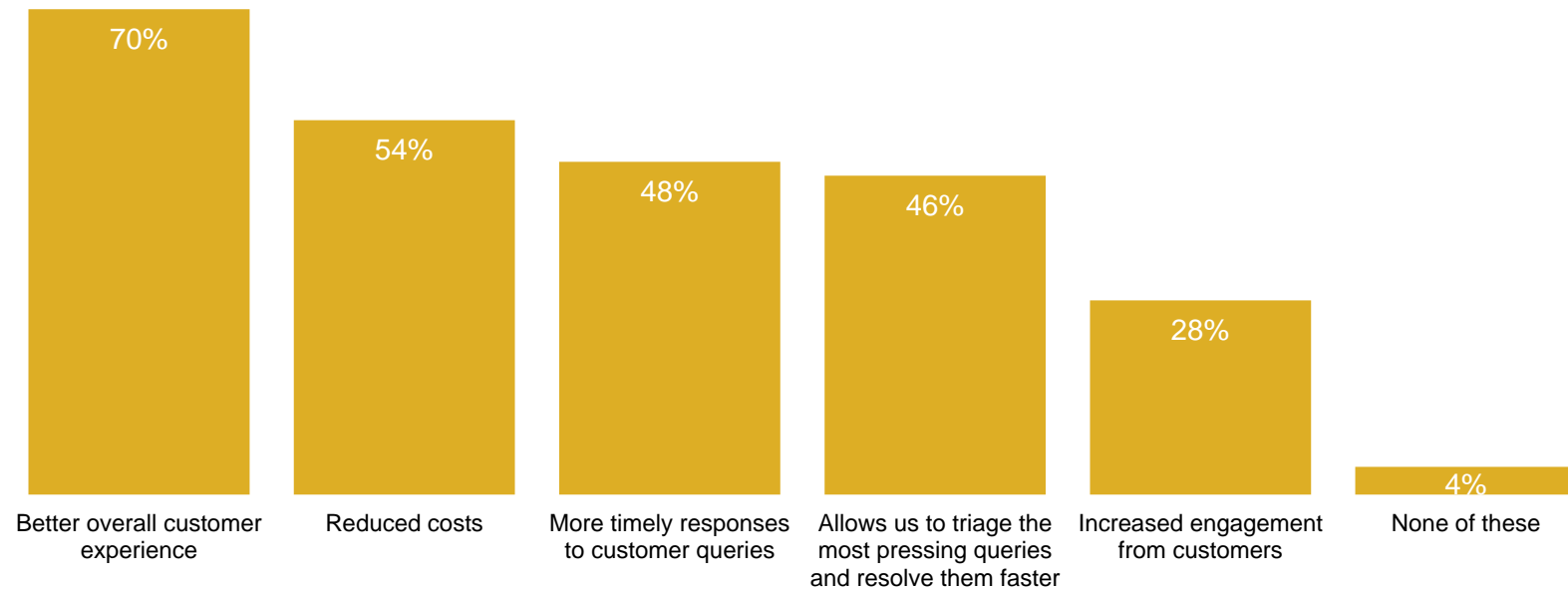


Benefits of Online vs. Telephone Customer Service



Seventy percent of banking BDMs think better overall customer experience would be the main benefit of having fewer customer service agents handling queries via telephone, while shifting to having more online agents.

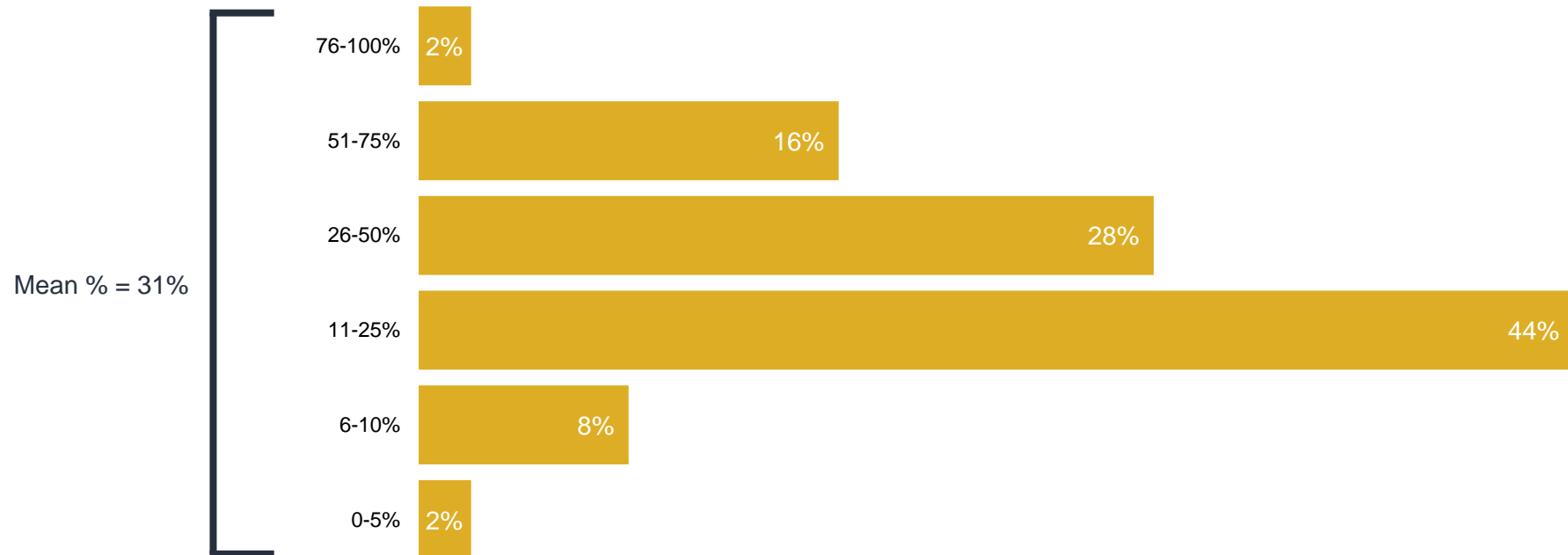
Q. What do you see as the main benefits of having fewer customer service agents handling queries via telephone and having more online agents instead?



Savings to Customer Service Budget

On average, banking BDMs think they could save 24% of their customer service budget by moving the majority of their interactions with customers online.

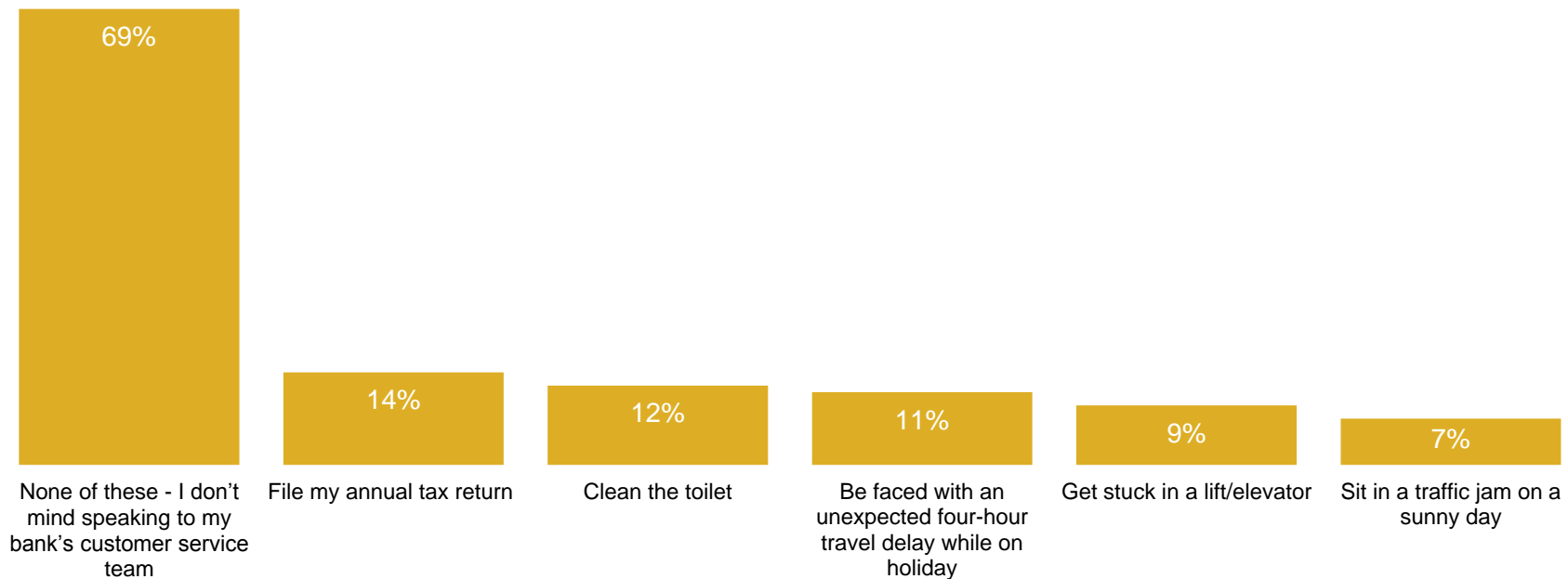
Q. What percentage of your customer service budget do you think you might be able to save by moving the majority of your interactions with customers online?



Would You Rather...

More than 1 in 10 customers would rather file their annual tax return than interact with their bank's customer service team and another 1 in 10 would rather clean the toilet.

Q. Which of the following would you rather do than interact with your bank's customer service team? Please select all that apply?





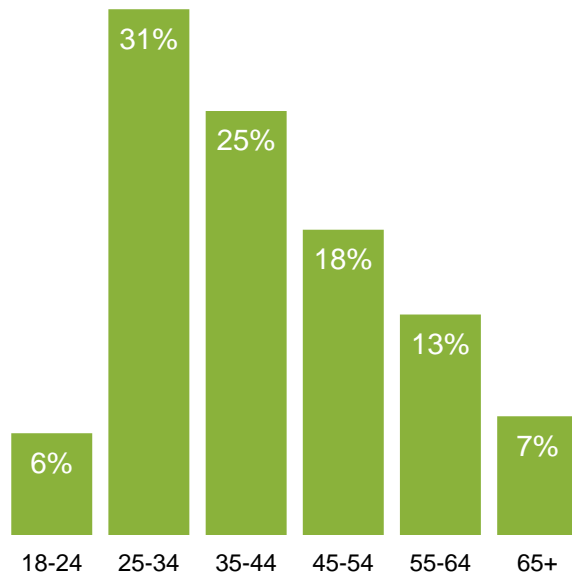
CONSUMER DEMOGRAPHICS



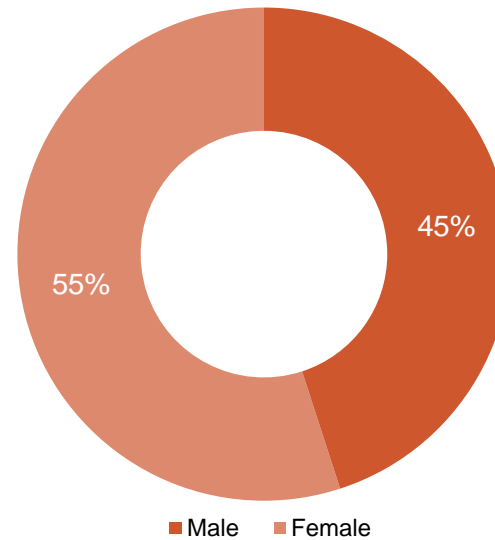
Age, Gender, and Children

Consumer Demographics

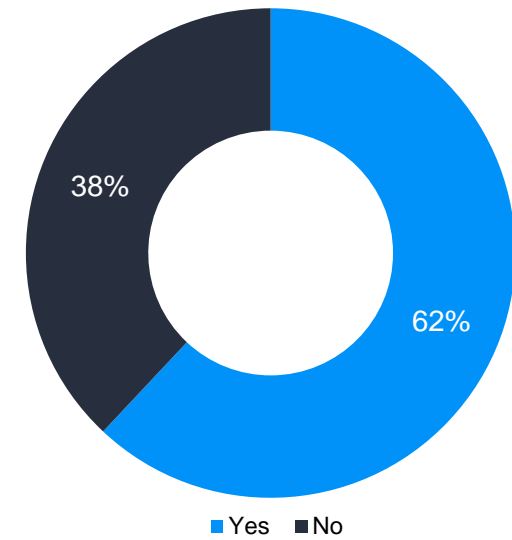
Age



Gender



Do you have children?



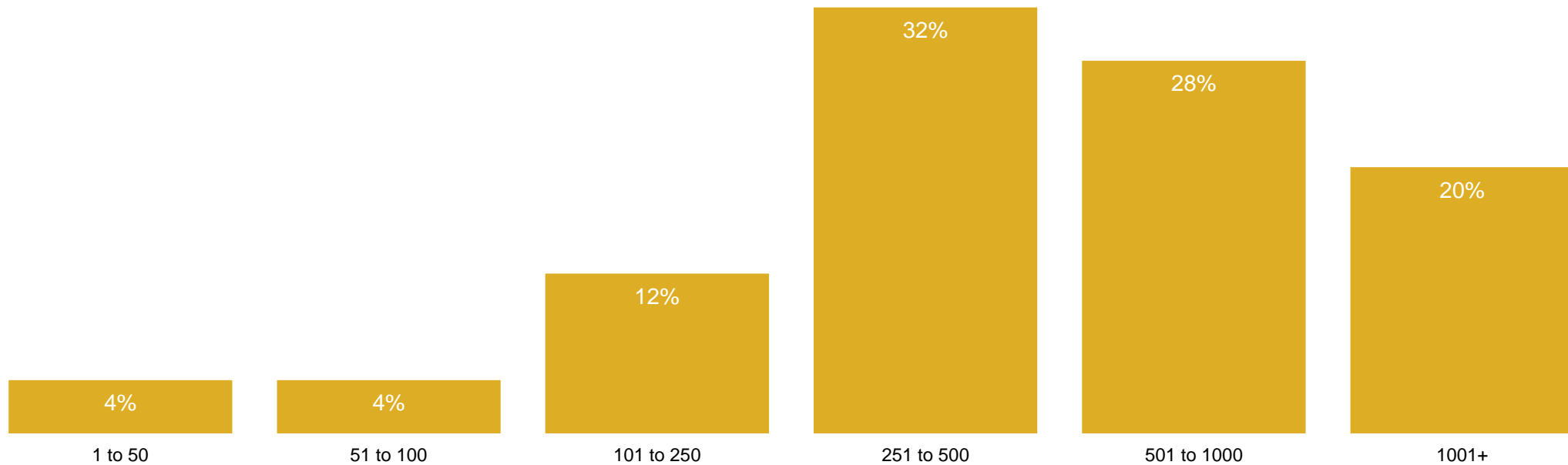
BDM DEMOGRAPHICS



Number of Employees

Business Decision Maker Demographics

Number of employees



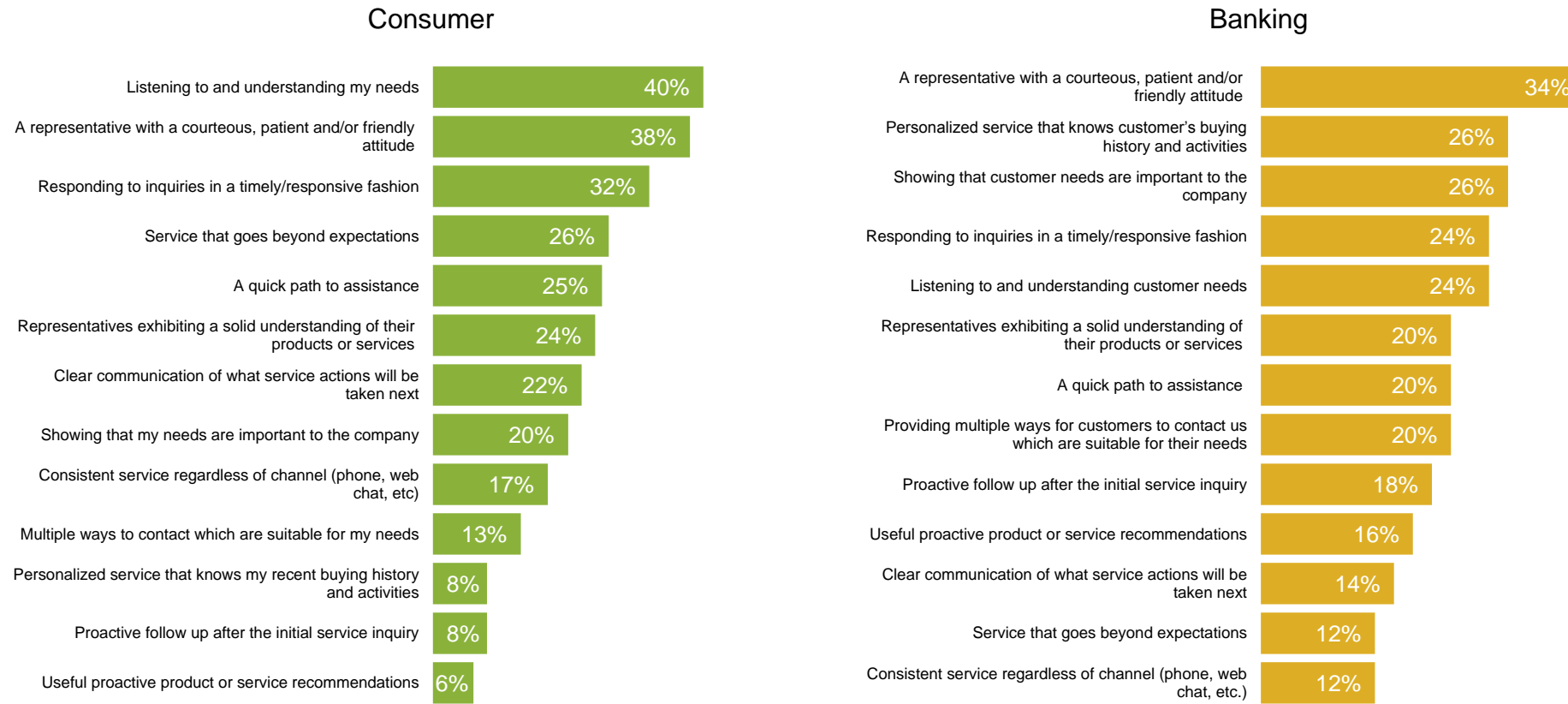
APPENDIX



What Matters Most for Customer Service?

Banking (full results)

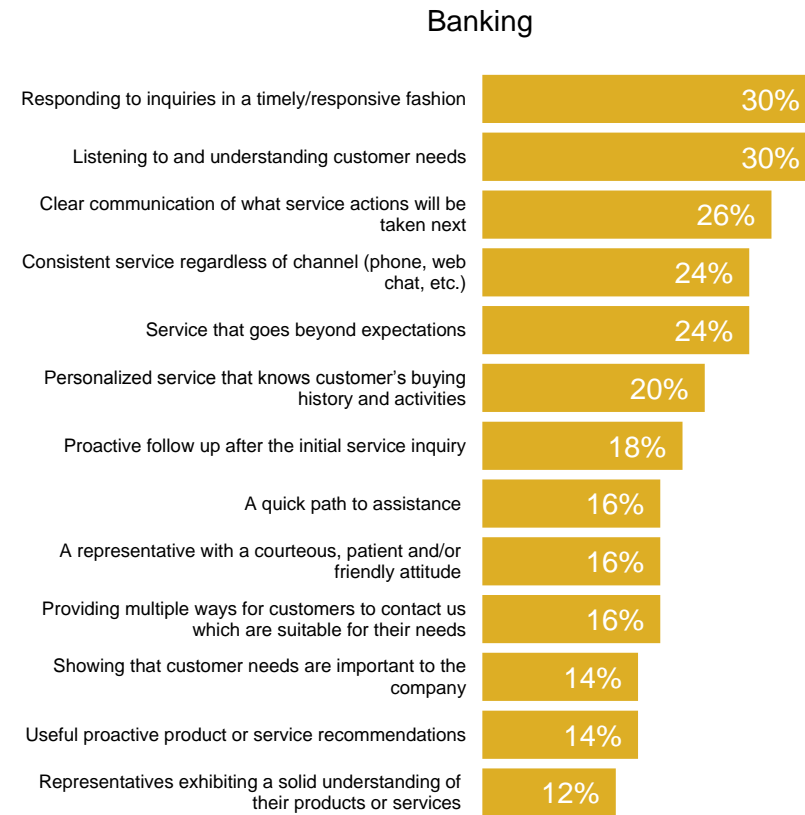
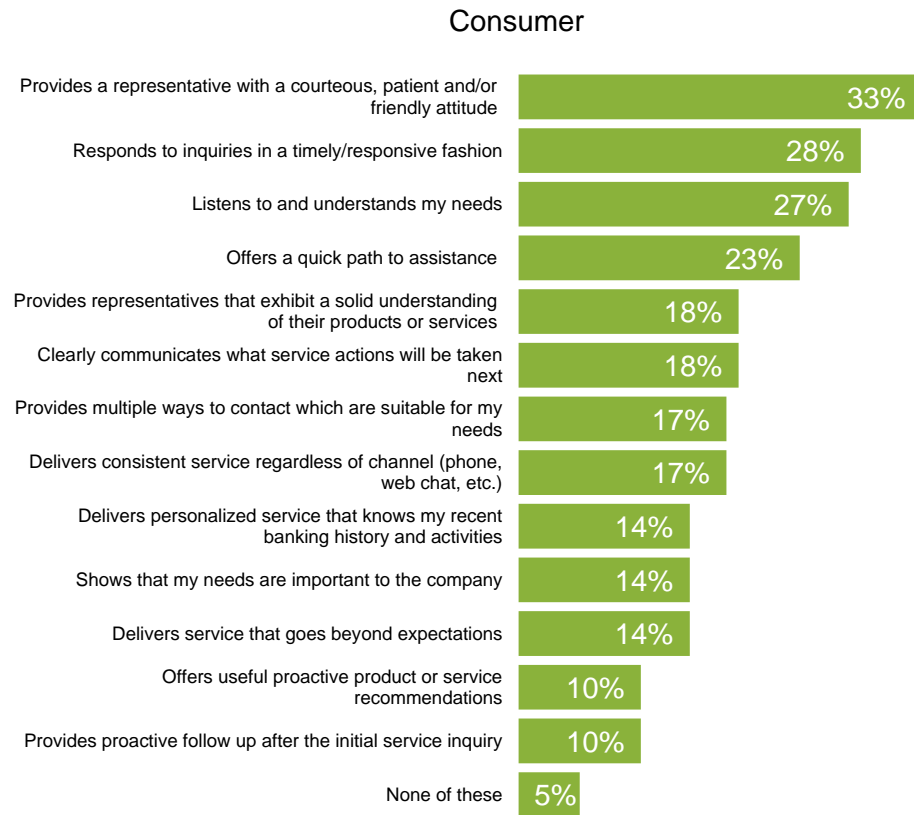
Q. When it comes to customer service which of the following matter most to you? (Please select your top three)
 Q. When it comes to customer service which of the following is most important to provide to your customers? (B2B)



Areas of Excellence

Banking (full results)

Q. Which of the following aspects of customer services do you think your bank currently excels in? (Consumer)?
 Q. Which of the following does your organization excel at in regards to customer service? (B2B)?



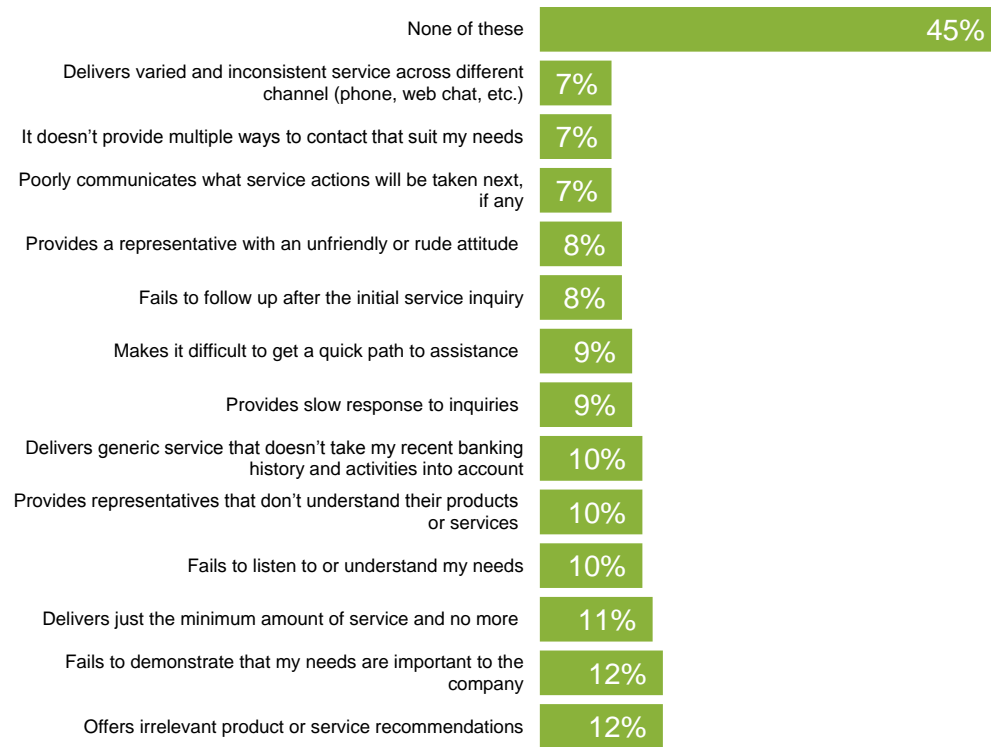
Problem Areas

Banking (full results)

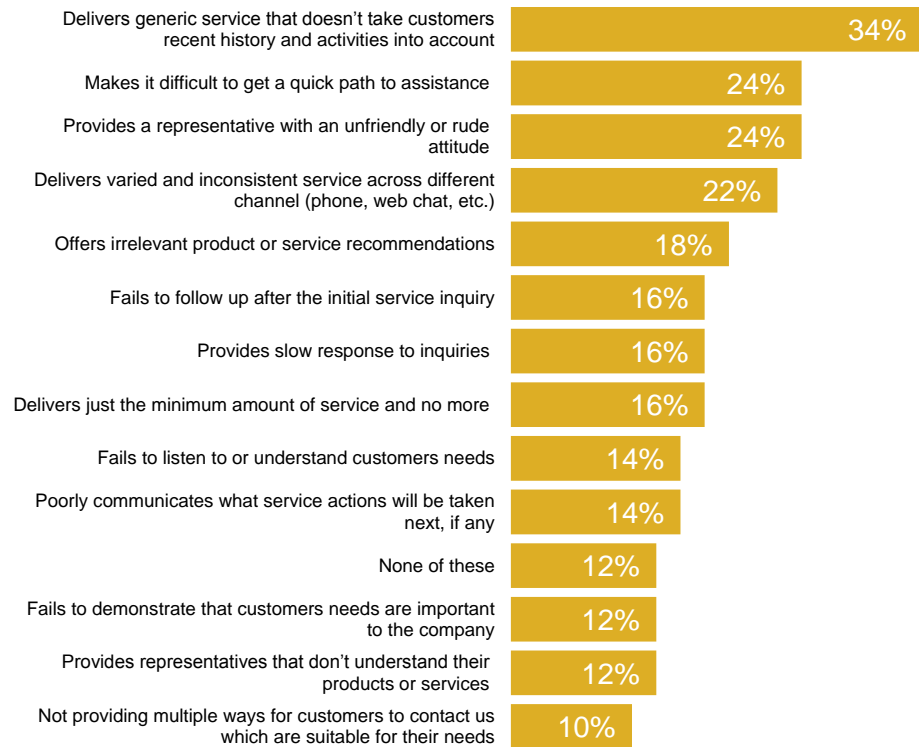
Q. What annoys you the most about your bank's customer service? Please select your top three (Consumer)

Q. What, do you think, are the main problems (if any) with the standard of customer service your organization is able to provide customers at present?(Select your top three) (B2B)

Consumers



Banking



CONTACT

Sean Audet
Director, Corporate Communications
sean.audet@pega.com

