Treat customer loyalty like royalty with personalised CX:
Understanding the opportunities in Singapore's banking sector

This research report is based on a survey conducted in partnership with Omnipoll

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Introduction

As the APJ Industry Principal for Finance Services & Insurance at Pegasystems, I've found Singapore's banking sector to be a melting pot of opportunity. In a market dominated by POSB and DBS, banks not only compete with each other, but with massive non-bank brands such as WePay and AliPay. As a result, the industry is facing more disruption and challenge than ever before.

The sector is also facing the largest generational wealth transfer in history. Baby Boomers are in the process of passing their wealth onto the next generation, who are far more likely to spend their inheritance or invest it in the share market or non-traditional ventures. To prevent massive capital outflows – particularly given Singapore's large private banking sector, the pressure is on to ensure customers and their children choose to keep their wealth with your institution.

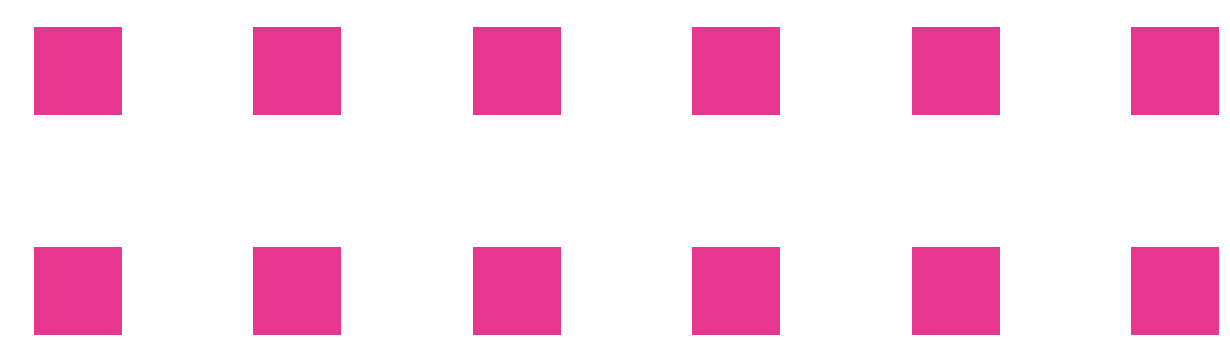**Introduction** Customer behaviours Customer priorities Underperformance Opportunity Research methodology Find out more

Introduction

Customer experience (CX) is also a high priority as Singaporeans conduct most of their day-to-day transactions on their smartphones. CX has the potential to be a key differentiator in a competitive sector, and Citibank currently leads the market in this respect, with a customer relationship index (CRI) score of 73.2. Standard Chartered follows closely with a CRI of 73.1.

Pega commissioned this report with Omnipoll to monitor the state of banking in Singapore, track the sector's relationship with customers and whether global trends are making an impact on industry behaviours. We found that the sector is failing to keep up with rising customer expectations, especially when it comes to rewarding loyalty. In the context of upcoming trends (such as generational wealth transfer) this is concerning, particularly when our findings suggest that most customers would switch banks if they found better loyalty rewards elsewhere.

But where there is a pain point, there is also opportunity. Here, it is to figure out how to drive a better CX that rewards loyalty and builds stronger relationships with customers. The brand that can provide a highly personalised CX, complete with tailored retail offers and a connected experience across channels, will prove the most effective at winning and retaining customers.

Jonathan Tanner
Senior Director, Industry Principal Financial Services & Insurance APJ, Pega

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Customer behaviours

Near 2 in 3 customers use either POSB or DBS as their main bank. Singaporeans' adoption of online payment solutions is high as they use smartphones to conduct most day-to-day transactions. Here's a snapshot of our findings regarding customer behaviours:

Almost 2 in 3 customers use mobile payments often or quite often

Nearly 8 in 10 customers use online banking often or quite often
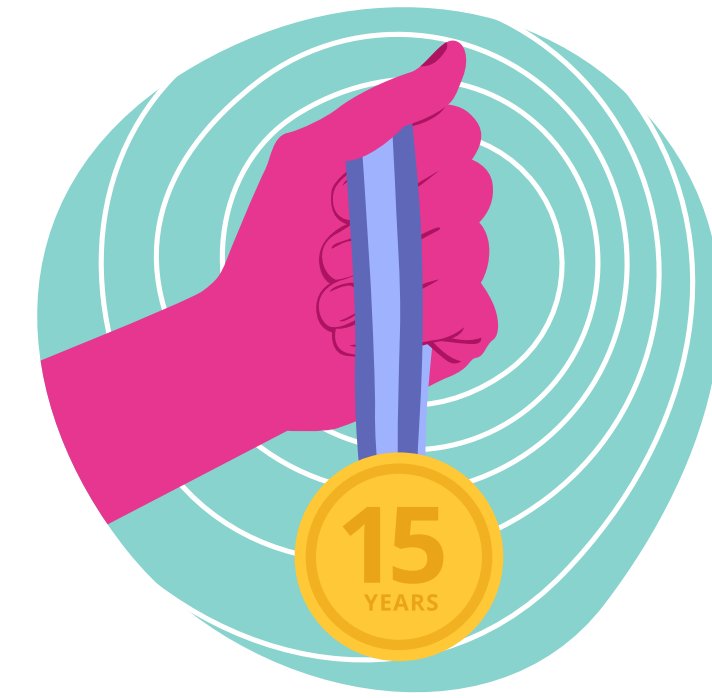
43% of Singaporeans have been with their main bank for over **15 years**, mostly driven by POSB and DBS customers

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Customer behaviours

Analysis

84% of respondents report being satisfied with their main bank, regardless of whether it was POSB, DBS or the rest of the market. And given how reliant Singaporeans are on their smartphones, providing an optimal experience is crucially important to customer satisfaction.

However, 68% of respondents agreed that their bank should stop trying to sell them new products and services and start rewarding their loyalty. Our findings suggest that a proactive, nurturing approach to recognising long-term customers is needed.

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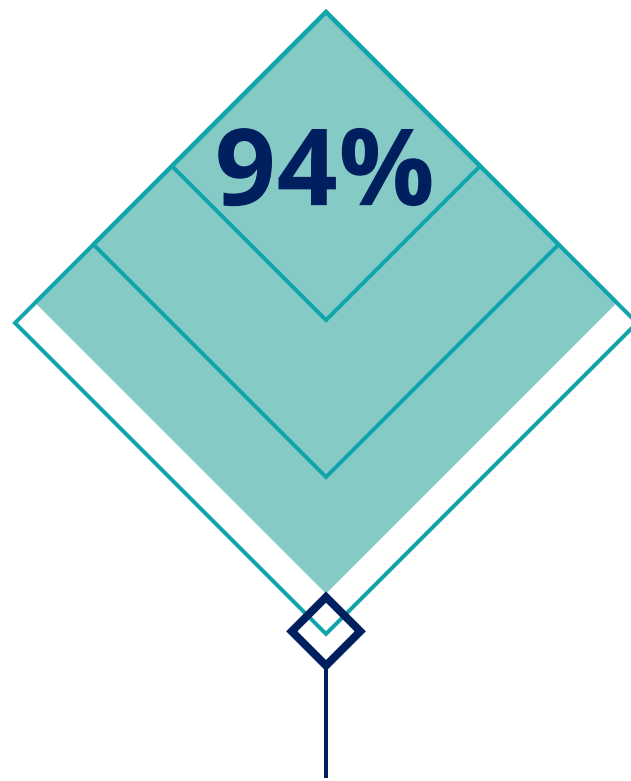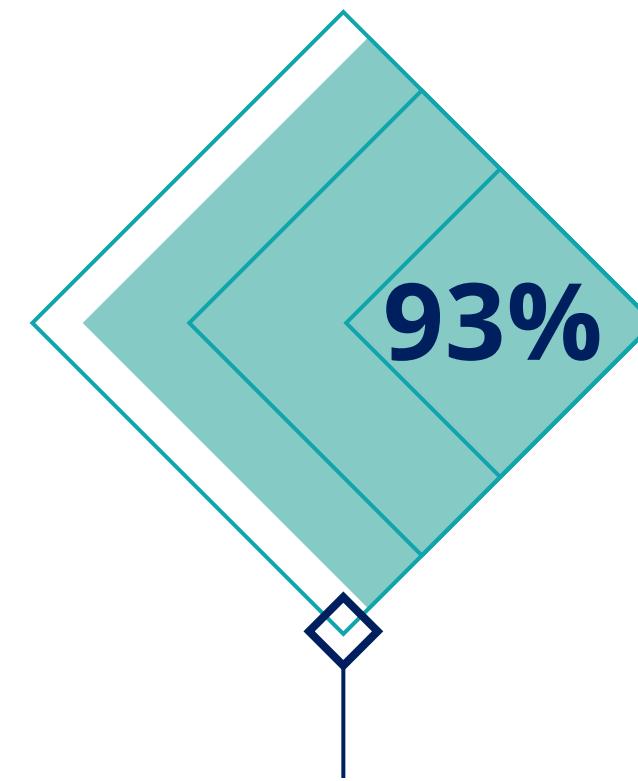
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Customer priorities

Singaporeans' expectations of their banking providers are high. Our research uncovered the top four customer priorities, and how well people thought their banks delivered on them:
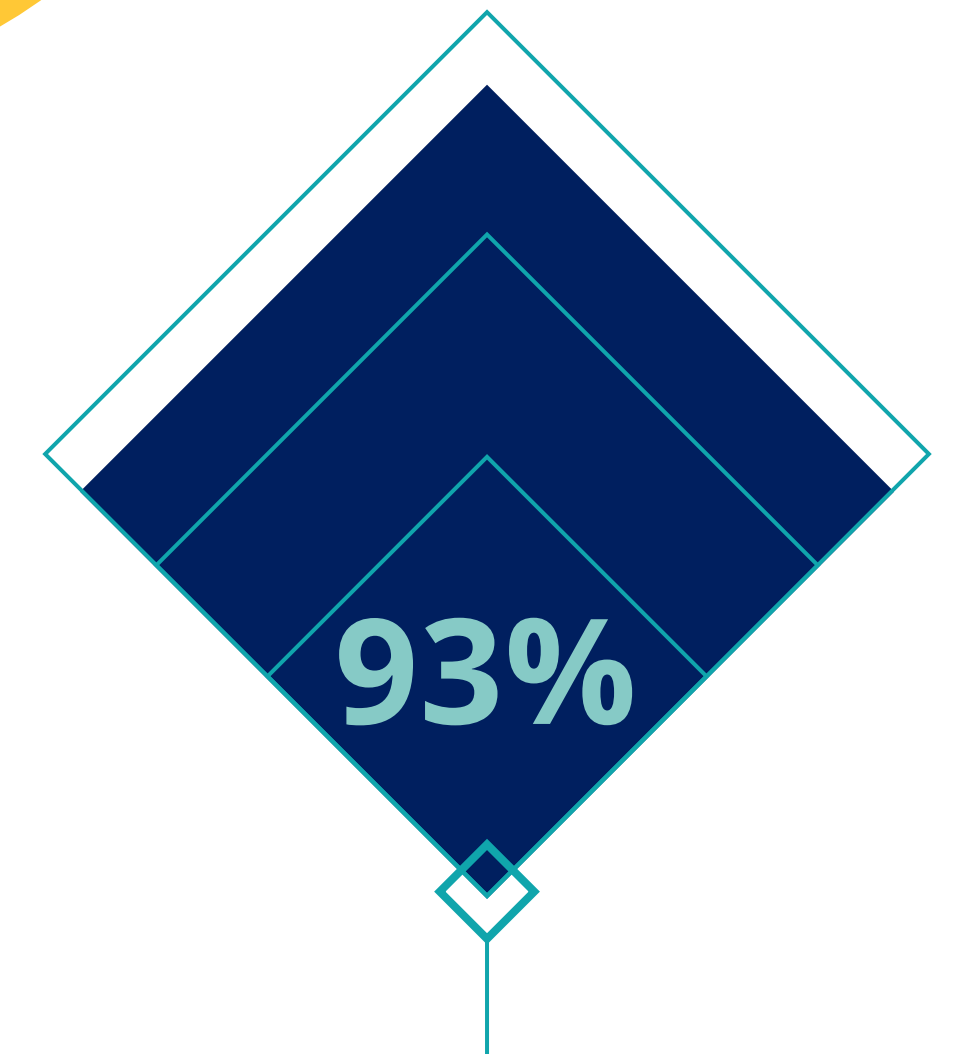
94%

want clear and transparent information around product and policies, but **only 86%** think their banks deliver

93%

want requests dealt with quickly and transparently, but **only 80% agree** their banks do this

90%
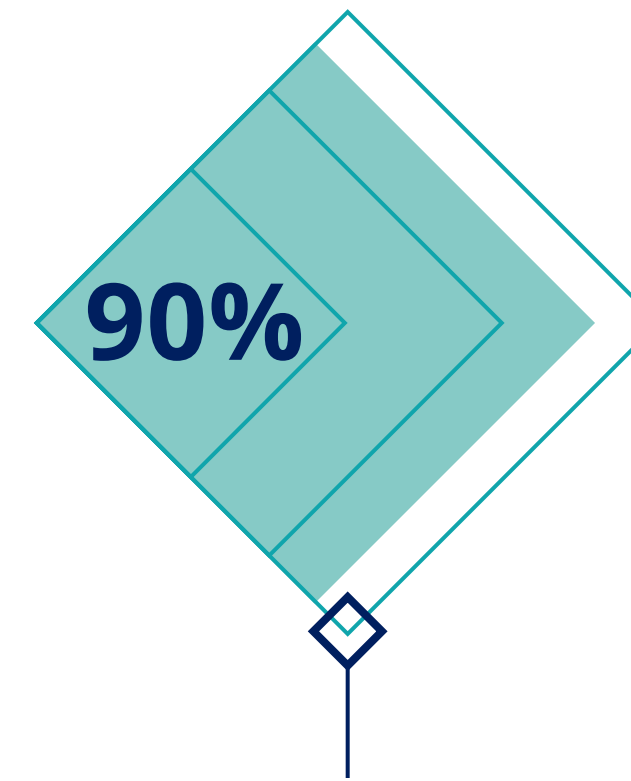
want multiple product and service offerings relevant to their needs, but **only 85%** think their banks provide this

93%

want to be offered the best rewards and rates for long-term loyalty, but **only 62% agree** their main bank delivers

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Customer priorities

Analysis

Although banks are staying close to expectations on some CX functions, like transparent communications and incident response, they are notably falling off the pace with loyalty rewards. Not being rewarded for loyalty is a clear area of dissatisfaction – our research uncovered a -31 point gap between expectation and delivery.

Therefore, not enough is being done to reward and incentivise long-term customers, and banks who recognise this can use it to stand out in a competitive market.
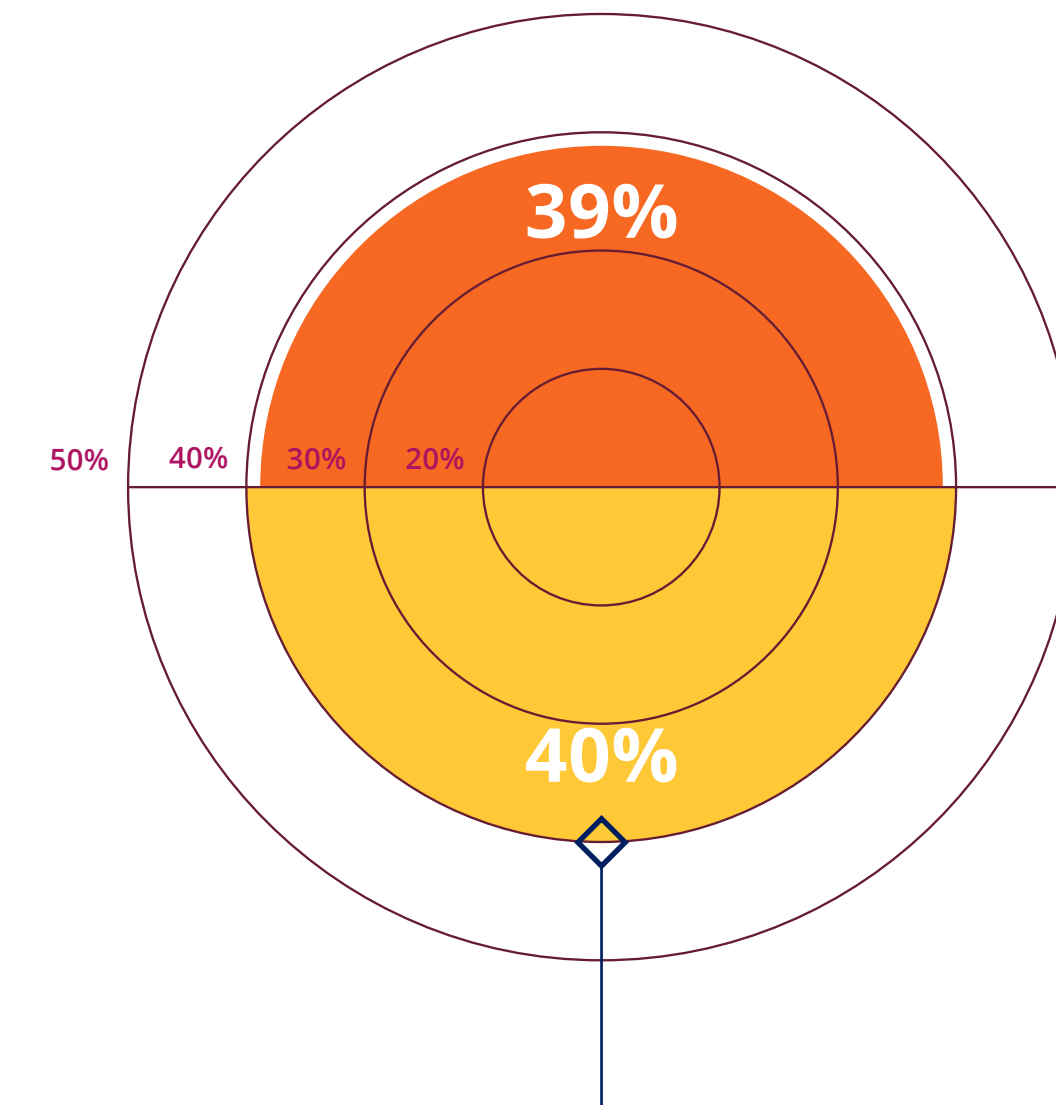
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Underperformance

As banking evolves, it is becoming easier to switch providers. We found that the two top reasons for churn are finding better interest rates or better loyalty rewards at a competitor. We also found that:

50%
40%
30%
20%

41%   **30%**
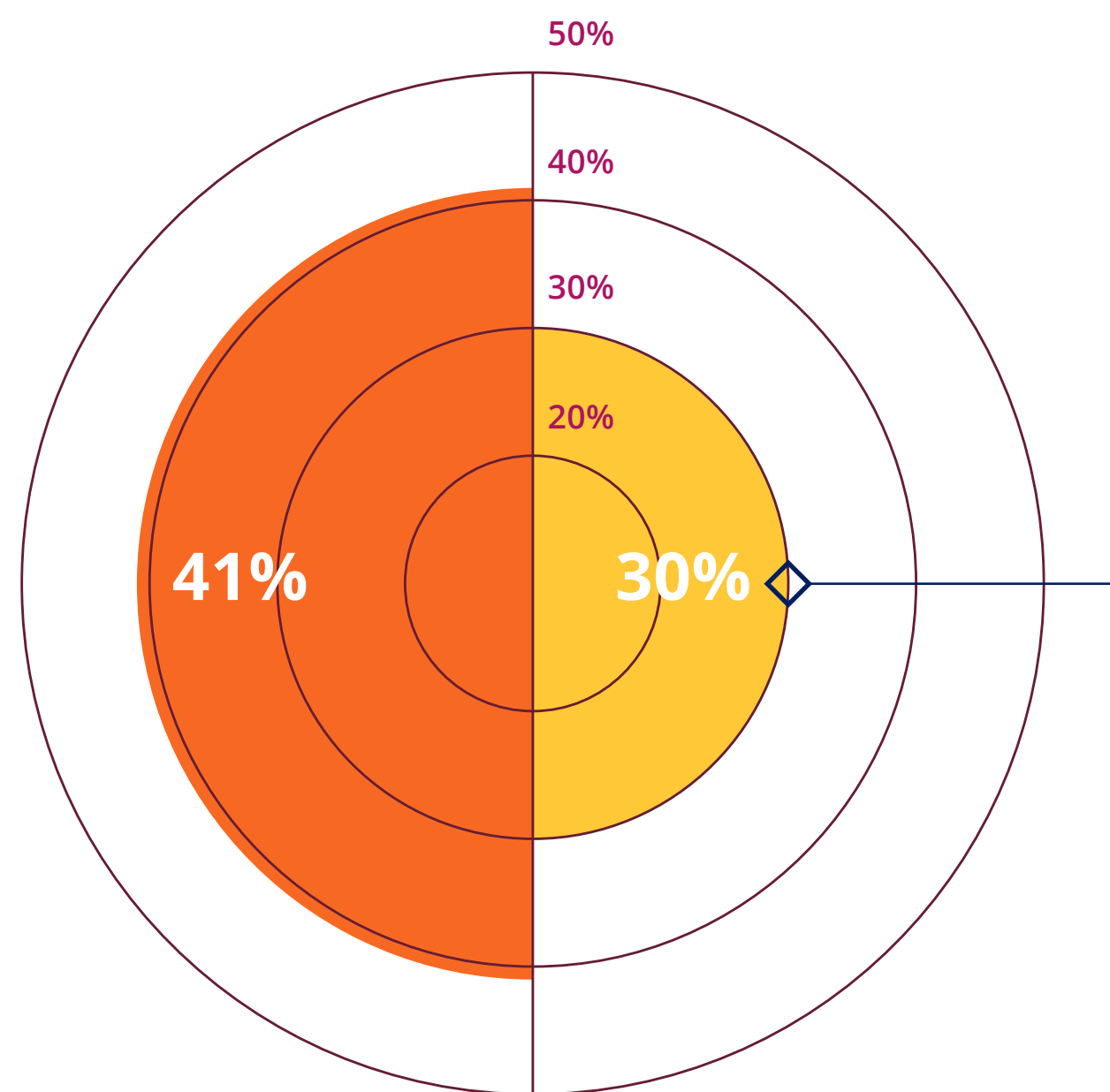
Only 30% of customers who have been with a bank for 15+ years said their bank was good at rewarding loyalty, compared with **41%** who had been with their bank for 3 years or less

50% 40% 30% 20%

39%

40%

40% of DBS/POSB customers don't like their bank, but think changing banks is too painful, compared with **39%** who use the rest of market.

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Underperformance

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Our research suggests that the longer people have been with their main bank, the more dissatisfied they are with their loyalty rewards. Banks need to prioritise long-term customers in their retention strategies to improve satisfaction levels and prevent churn. An effective way to address this would be to personalise offers for customers and send them offers or incentives to mark key milestones.

For example, a bank can analyse a customer's transaction history to identify where they prefer to shop. Using this insight, they can send the customer discounts or gift certificates for their favourite stores every year, rewarding the customer for staying with them.
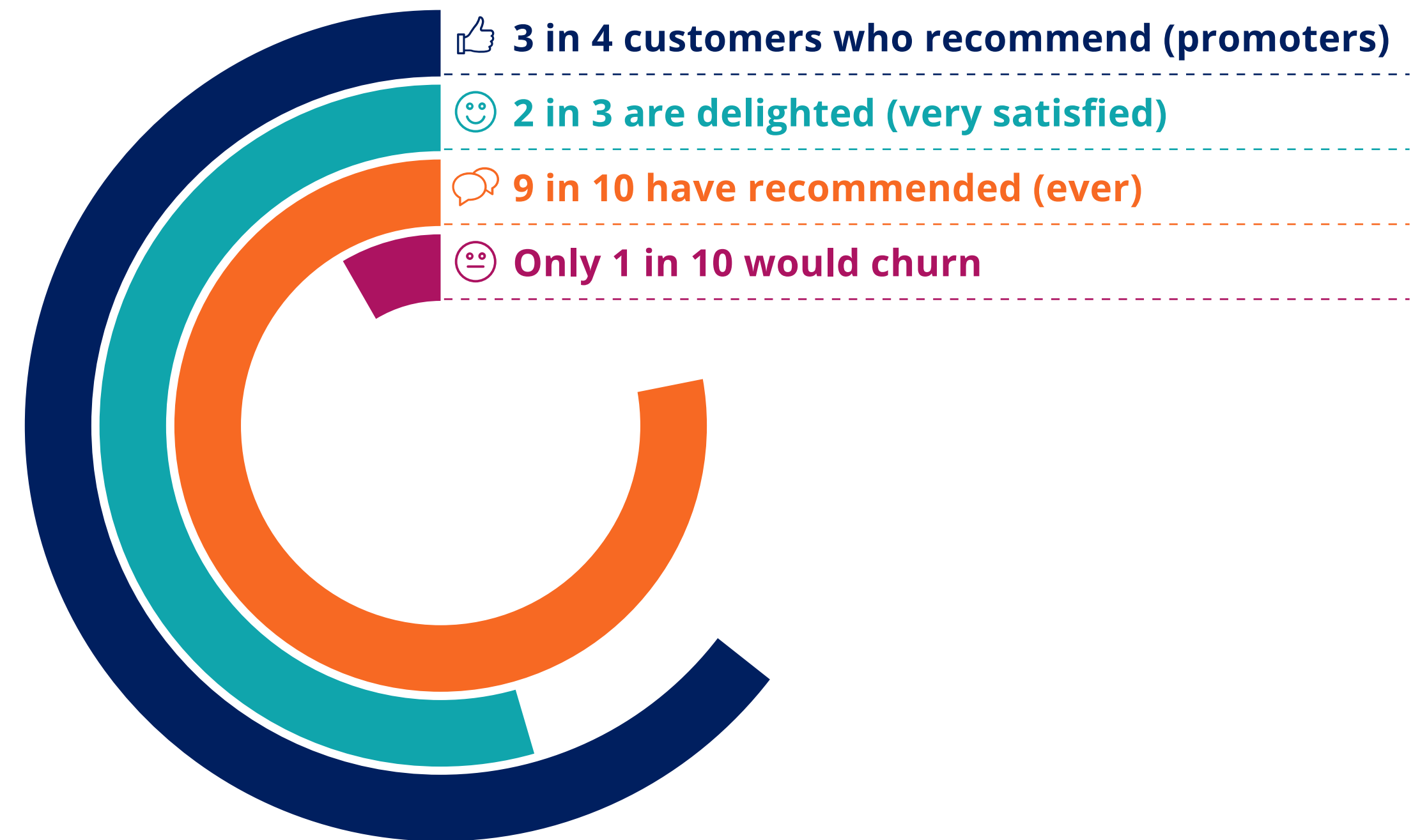
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Opportunity

Our research clearly suggests that banks need to re-consider how they view their long-term customers. We found that:

We also uncovered a strong correlation between customer relationship index (CRI) scores and outcomes such as satisfaction, recommendation, and churn. For banks that achieve a CRI of 80+, we found the following:

65%

would switch banks for better loyalty rewards

👍 **3 in 4 customers who recommend (promoters)**

🙂 **2 in 3 are delighted (very satisfied)**

💬 **9 in 10 have recommended (ever)**

🙁 **Only 1 in 10 would churn**

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Currently, no bank in Singapore achieves a CRI of 80 – the majority have a score of around 70.

Citibank recorded the highest CRI of 73.2, followed by Standard Chartered with a CRI of 73.1.

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Opportunity

Analysis

Banks need to take rewarding loyalty seriously and recognise it as a chance to strengthen relationships with their customer base. In a market where there is no clear leader in terms of satisfaction, but a desire for improvement in certain areas, the opportunity is clear. Our research has found that Singaporean customers are generally loyal, so rewarding that could pay substantial dividends in the long-term.

The right technology can help achieve this. AI, automated decisioning and real time data can analyse a customer's account history, and the insights can be used to send personalised communications that create life-time value for customers. This could mean supporting them through financial hardship, wishing them a happy birthday, or sending them tailored offers and discounts for their favourite stores.

To find out more on how you could improve customer loyalty and engagement in Financial Services, contact your **Pega account executive** or visit **pega.com/contact-us**.

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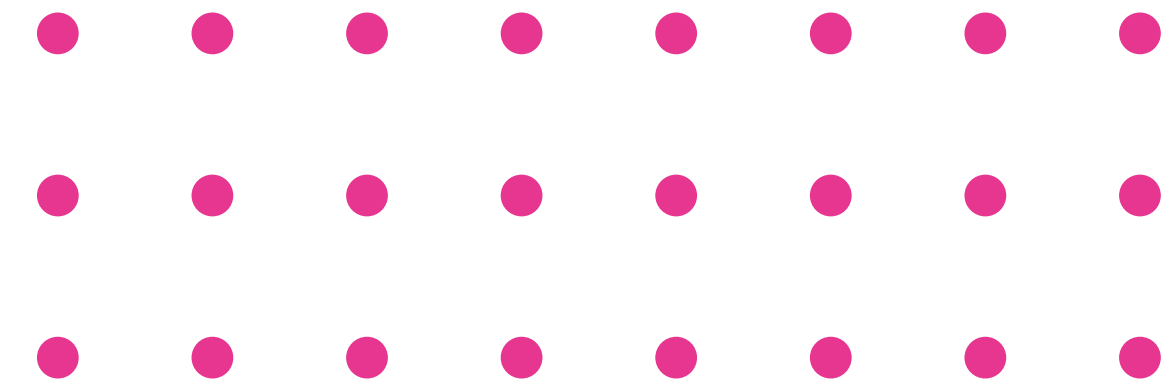
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Research methodology

Our research was conducted with 1,023 people aged 18+ from March 30 to April 3, 2022.

Sample quotas were set for each regional area, segmented by sex and age.

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