Are you customer centric?
A closer look at what’s trending in retail banking

Evolving customer expectations and leading practices
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The next level in customer experience has arrived

Access account
At 8:30 AM, Paula is on a commuter train and accesses her account using the bank’s mobile app.

Check balance
She checks her account balance and sees her ‘Safe to Spend’ limit. She also sees her savings performance against the goal she set three months ago and decides to make an additional transfer with just one swipe.

Make a payment
Paula then makes the first monthly payment to her new wireless provider by taking a picture of the invoice. At the same time she grabs a coffee and muffin, and pays for it with her phone.

Peer comparison
Curious about the bank’s peer comparison feature Paula sees that she is saving more than what 75% of her peers are.

“My bank provides actionable and intelligent information, when I need it.”

Real Time banking and word of mouth
At 5:00 pm, Paula makes a cash deposit at the ATM at the train station. As she boards her train she gets an SMS notification within 30 seconds saying the cash has been deposited. Paula shares her great bank experience with friends on Facebook on her way home.

Cardless cash and human touchpoint
At lunch Paula has forgotten her wallet so she uses her bank’s ATM to make a video call to a teller who sends her a code to her mobile so she can use their ‘Cardless Cash’ feature.

P2P money social transfer
During her work day she pays back a friend using the mobile banking app’s Facebook transfer option.

“Even with advancement in technology, I can talk to a real person to get help when needed.”

Imagining this as the future?
Not really. The experiences described here have arrived as leading banks are upping their game to create a seamless customer experience.
Customers’ expectations from their banks

Customers’ expectations are being influenced by their experiences outside of banking such as luxury retail, service industry and mobile technology.

Here’s an overview of what they expect from their banks today.
Digital is table stakes

Approximately 33%\(^1\) of customers said their use of in-branch banking has dropped. Younger customers for example are demanding access to mobile payments and are likely to switch if another card provider will offer the service if the current one doesn’t.

- 43% of customers between the ages of 18 and 34 use mobile banking
- 81% value banking from virtually anywhere
- 77% are happy to avoid the time travelling to the bank
- Young customers (18-32) are 2X as likely to adopt mobile payment and 3X as likely to use mobile account access compared to older demography

Faster, smoother, transparent

Being asked for information multiple times is the biggest source of frustration for customers, highlighting the need for a smoother process. For example with mortgages, customers expect faster closing, making it imperative for lenders to revisit their internal processes. In the US the average time it takes for lenders to complete mortgage paper work is 50 days. Our research shows that 46% of customers prefer to close within 2-4 weeks, while 36% want to close in less than two weeks and about 42% of customers would like to check the status of their application online.\(^2\)

Top five mortgage frustration points

- 36% Multiple asks for information
- 17% Restrictive underwriting requirements
- 14% Multiple points of contact
- 14% Confusing loan products
- 14% Unclear loan terms and conditions

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\(^2\) PwC. PwC’s Experience Radar. Lock in loyalty – Coming to terms with the new borrower’s needs. 2013
Relationships are still key

Although customers look for digital ease, human support and interactions have an influence on positive customer experience. For routine transactions, customers choose self-service channels but for other tasks they continue to rely on bank staff. The balance between digital efficiency and human support is crucial to drive efficiency and build strong relationships. Customers remember the bank’s representative more than any other factors, and expect a financial solution and experience that’s tailored to their needs.

The voices of customers captured for personalization include:
Solution – “The lender listened to what I wanted and gave a mortgage that best fit my needs.”
Service – “Lender came to my home for everything during the process. It was very convenient.”
Relationship – “Agent follows up with me from time to time, and sends a holiday card every year.”

The influence of bank staff for everyday banking

- 60% of great experiences involve bank staff
- 25% Research products
- 46% Select products
- 63% Resolve problems

Drivers of memorable experiences for mortgages

- 10% Fees & terms
- 12% Process speed
- 21% Application process
- 49% Loan officer

Breakdown of positive loan officer interaction

- Friendly attitude: 15%
- Knowledgeable: 18%
- Personalization: 41%
- Strong communication: 26%

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4 PwC. PwC’s Experience Radar. Lock in loyalty – Coming to terms with the new borrower’s needs. 2013.
Trends in customer experience

A global scan of leading customer experience practices reveals that retail banks and non-traditional players are offering better customer experience, not only by enabling technology, but also by empowering their employees.

We’ve identified 11 global trends in customer experience.
Trend #1

*Need for speed*

Banks are moving the dial faster to provide customers a quick application process, fast account switching, instant approval and immediate activation for products such as simple loans, chequing accounts, credit cards and mortgage pre-approvals.

**Commonwealth Bank**[^5] customers can instantly see transactions on all channels as soon as they occur. With real-time settlement 24x7, customers have immediate access to funds.

**Award winning US mortgage lender**[^6] customers can complete a mortgage pre-approval process in 15-25 minutes and get instant rates.

**Garanti Bank**[^7] offers loan approval within five minutes of completing an application for new and existing customers.

[^6]: Mystery shopping on US mortgage lender’s website and phone channel
**Trend #2**

**Go paperless**

E-signature and imaging capabilities are enabling online applications and customers aren’t required to walk into a branch. Lenders are shifting towards full digital fulfillment from advice to closing using remote capture.

**CapitalOne** features an integrated digital fulfilment platform (CapitalOne 360) covering mortgage, consumer lending, and deposits.

**US Bank** no longer needs to manually prepare paper document packages, making transactions easier, faster and more convenient.

**PNC Bank** offers a strong central mortgage customer portal enabling status transparency, document upload and online alerts.

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8 [http://home.capitalone360.com/about-us/?isBus=false&int=false&customerType=1](http://home.capitalone360.com/about-us/?isBus=false&int=false&customerType=1)


Trend #3

Tracking and transparency

With customers demanding to stay informed and asking for clarity on what they’re paying for, banks are offering application tracking capabilities for credit products and clarity on what features attract fees.

Commonwealth Bank\(^{11}\) customers can view their open and in-progress applications online and receive updates when the status changes.

Bank of America\(^{12}\) offers a central status portal that provides status updates and omni channel support options such as integrated branch scheduler and click to talk.

GoBank\(^{13}\) clearly specifies all fees and limits to customers in a simple and transparent fashion.

\(^{12}\) http://www.bankofamerica.com/onlinebanking/online-banking.go
\(^{13}\) http://m.gobank.com/welcome/
Trend #4

Segment of one

Banks are offering more control to customers to design their own experience and customize products, especially credit cards and chequing accounts with as many as 15 features to meet their individual needs.

**Union Bank** has provided a menu of 15 features for a client to choose from, including debit or ATM cards, expedited card delivery, text and email alerts.

**SNS Bank** customers can create a personalized/customized view of their account, such as creating a greeting, changing the order of accounts, etc.

**Garanti Bank** customers create their own personalized card since they have control of the credit card features including fees, card designs, APR and rewards systems.

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Trend #5

**Targeted segments**

Leading practitioners have targeted offerings for various segments ranging from demography to profession, and from life stage to immigration status, to make the products and solutions relevant.

**Bankamiz**,17 ‘our bank’ in Turkish, is an exclusive bank for Turkish-German residents, focused on community engagement.

**Banco Populare**18 has targeted the family segment with various chequing account and mortgage features such as parental controls and interest-only payments.

**FRANK**19 by OCBC is the bank’s targeted young adult bank offering, with simplified, customizable cards, accounts, deals and promotions.

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18 http://translate.googleusercontent.com/translate_c?depth=1&hl=en&prev=/search%3Fq%3Dbanco%2Bpopolare%2Bitaly%26biw%3D1366%26bih%3D673&hl=en&prev=search%3Fq%3Dbanco%2Bpopolare%2Bitaly%26biw%3D1366%26bih%3D673#&lr=lang Es&ie=UTF-8&prev=search%3Fq%3Dbanco%2Bpopolare%2Bitaly%26biw%3D1366%26bih%3D673
Trend #6

**Leveraging customer data**

Banks are leveraging existing client data to proactively provide customers relevant offers—products, practical insights on money management and issue resolution—at the right place and time.

**mBank**\(^{20}\) customers receive event driven promotions (e.g. if a customer’s account balance is running towards zero balance, they get a pre-approved cash loan).

**AMEX**\(^{21}\) leverages geolocation technology on smart phones to give card members access to deals and discounts at nearby merchants.

**PayPal**\(^{22}\) leverages merchants sales data to make quick credit decisions and is able to extend loans in a fast and efficient manner.

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Trend #7

The mobile ways

Banks and non-traditional players are using the mobile channel to perform daily account transactions, trades, account applications and beyond on the go. The functionalities of mobile apps are becoming powerful and are equivalent to using secure internet banking portals and ATMs.

**GoBank** accounts can be opened and operated on a mobile device. The account is built for the smartphone generation.

**USAA** customers can use the Virtual Assistant app to perform a variety of tasks such as simple navigation and money movement through voice command.

**WestPac** customers can use the Home Finder app to find properties for sale and start their mortgage application.

**Barclays** customers leverage its PingIt mobile app to pay a friend, split a restaurant bill, donate to charity, send a gift card and send payments abroad.

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26 http://www.barclays.co.uk/PersonalBanking/P12426035704467WT.mc_id=301RDpingit
Trend #8

Remote advice

Financial advice and mortgage counsel is being delivered anywhere and anytime. In addition to the mobile sales force, investment advice and mortgage counsel is being delivered through video calls on a website or a mobile phone, by centrally locating the specialized sales force and by secure document transfer capabilities.

**Nationwide**\(^{27}\) offers mortgage advice through video on demand without the need for an appointment and reduces waiting time to talk to a specialist.

**ASB**\(^{28}\) customers can pre-book an appointment with their financial advisor in advance by email, phone, or in-branch. Customers have the option to seek financial advice through video-conferencing utilizing their PCs, tablets or mobiles without installing software. They are able to share documents securely over video conference.

**Bankinter**\(^{29}\) business banking customers can talk to their advisor through video conference, instant messenger or VOIP phone just by clicking a button.

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Trend #9

**Omni channel**

By enhancing multichannel capabilities, banks can support product applications through various channels including mobile, website, branch and phone. Applications can be saved and fulfilled on a different channel. Banks leverage screen sharing from branches to customize the experience and improve resource usage.

**Garanti**\(^{20}\) channels (SMS, call centre, website, ATM, mobile and branch) are capable of accepting loan applications and deliver a fast experience.

**Nationwide**\(^{31}\) customers can save mortgage applications online and retrieve at any time. The application can be completed at a branch.

**Zion's Bank**\(^{32}\) leverages a combination of various channels such as branch, phone, mail, email, and online to onboard clients for account opening, welcome/thank you, courtesy call, encouraging product utilization and cross selling, providing a synchronized experience.

**Bank of America**\(^{33}\) customers can schedule an online or phone appointment with a specialist through website, mobile or Facebook.

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\(^{20}\) [Garanti](http://www.garanti.com.tr/en/personal_banking/loans/general_purpose_loan/5_minute_loan.page?)

\(^{31}\) [Nationwide](http://www.nationwide.co.uk/products/mortgages/our-mortgages/continue-existing-app)


\(^{33}\) [Bank of America](http://secure.bankofamerica.com/mycommunications/public/appointments/discussionsubtopic.go?topicSelected=A3000)
Trend #10

Community approach

Banks and non-traditional players are engaging their clients to provide financial solutions through a community approach using social media platforms, mobile branches etc.

NAB\textsuperscript{34} provides The Village—a space for collaboration, connecting with clients, working between meetings and learning from leaders to support small business owners.

Fifth Third Financial\textsuperscript{35} Empowerment Mobiles travel throughout the bank’s markets to reach individuals and neighborhoods in low and moderate income areas.

Umpqua Bank\textsuperscript{36} stores have a community atmosphere where customers can ‘hang out’ whether they need banking services or not. Umpqua associates are expected to be active members of the community.


Trend #11

**Employee empowerment**

Banks are empowering their employees to become problem solvers to drive better customer loyalty. Employees are being asked to find a way to resolve customer issues while staying within the bank’s policies.

**American Express**[^37] empowers its employees to resolve customer issues to earn loyalty, eliminating scripts and reducing average handling times.

**USAA**[^38] staff are trained to handle every conceivable customer issue or complaint by themselves. Employees seeking greater responsibility and empowerment are identified and mentored.

**BNZ**[^39] provides its store managers with a clear picture of branch profitability. Store managers are empowered to make business decisions and are held accountable for results.

Making your organization customer centric

We’ve identified ways in which banks can become more customer centric and improve customer experience.
Vision and focus

Customer experience is a journey, not a project. Direct the organization's focus on customer centricity and empowerment of employees to support the vision. Ongoing leadership support and the organization's culture is a critical factor in creating a customer-centric vision.

Prioritize for maximum impact

Understanding your customer base through segmentation is important in executing the vision you've created. You can segment by analyzing several factors about your customer base, including demography, assets, spending behaviours, income and investment behaviours. The outcome should help you prioritize the customers you want to enhance experience for.
Capabilities and operating model

After prioritizing, having the right capabilities and an effective operating model is the next step. To get there, you need deeper knowledge about your target segments’ banking and lifestyle preferences. Developing a conceptual customer journey for each segment for each product or transaction is valuable in understanding how they can interact across channels. This helps assess the current and future capabilities required to support the customer journey.

Then comes assessing whether capabilities need to be better utilized, built or outsourced in building the operating model. For the operating model, you could consider the organization structure that will govern and support the customer experience. Processes also have to be designed or reengineered to enable the customer experience.
Culture

While processes and capabilities may be robust to support the customer experience, employee culture can make or break the experience. Even in a digital age, customers still expect their bank staff to resolve issues and be able to empathize. Making your employees feel proud about their organization and sustaining a culture that instills consistently meeting or exceeding customer expectations should be on the leadership team’s mandate.

Deploy, measure and improve

Successful implementation of customer experience requires clarity on what success means, careful planning and having the right resources.

• Emphasize the art of the possible time and again during planning and implementation.

• Focus on how you’ll measure success during the planning phase. Building a great customer experience, but not being able to measure the results cannot help justify investments made or identify areas for improvement.

• Continuously monitor customer experience and identify areas for improvement since customers’ needs and preferences are evolving.
Who to call

John MacKinlay
National Financial Services Consulting & Deals Leader
416 815 5117
john.mackinlay@ca.pwc.com

Yair Weisblum
Partner, Consulting & Deals
416 814 5892
yair.weisblum@ca.pwc.com

Anthony Klick
Partner, Consulting & Deals
416 815 5257
anthony.m.klick@ca.pwc.com

Kiran Manjunath
Manager, Consulting & Deals
416 814 5857
kiran.manjunath@ca.pwc.com