

# Managing Customer Events in Financial Services, Not Just Transactions

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## Key Findings

1. Consumers in all age segments are well-aligned in their expectations of their financial services providers.
2. Financial institutions can effectively meet the day-to-day needs of their customers, but are challenged as the task becomes more complex and channel preferences push the boundaries of their ability to provide service through technology.
3. Organizations who manage customer relationships through events, not just transactions, can improve their service by considering all facets of their relationship with the customer and supporting the full context of the transaction.

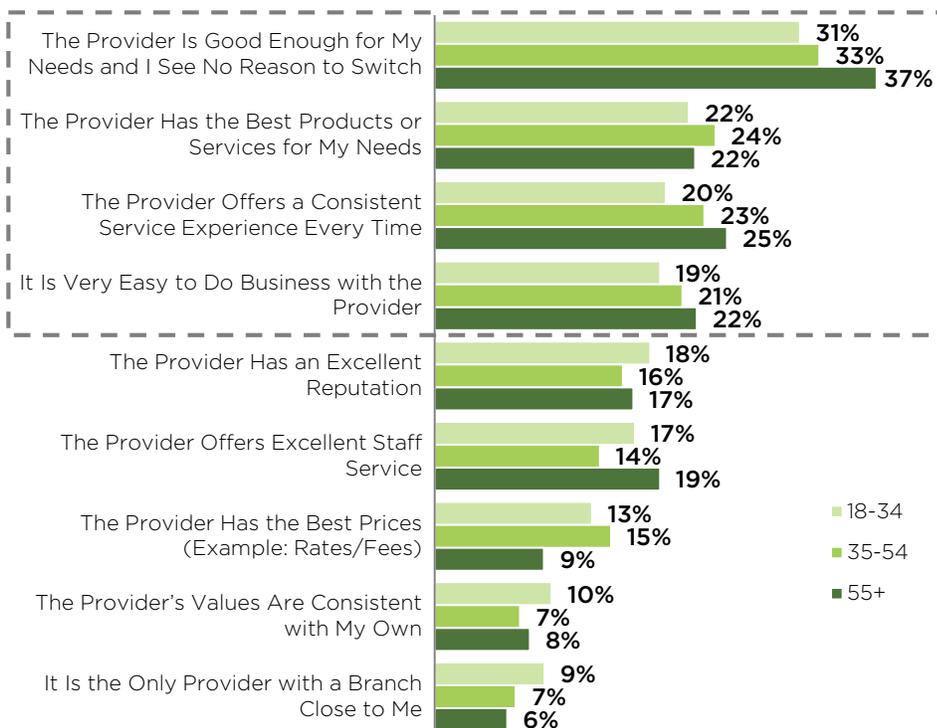
## Customers Prioritize Fast, Reliable Service

Three macro forces—technology innovation, changing customer behavior, and global economic trends—are transforming how financial services firms operate. A tough economic climate and stagnant IT budgets consumed by maintenance and regulatory spend are putting pressure on firms to become more efficient, and have left little room for innovation. Meanwhile, customer preferences for obtaining and managing information are changing, and advancing digital capabilities and analytics are enabling new ways for firms to engage with their customers, both from an operational standpoint and relationship management. These three forces are harmonizing firm and consumer preference for digital event management in financial services.

Despite all this change however, the need for firms to fulfill their customers' needs in the easiest and fastest manner still remains paramount to building loyal relationships. Consumers across all age segments are loyal to their financial institutions when their needs are met in the easiest and most consistent possible ways. When asked about which attributes of their bank are most valued, customers across all age segments rank consistent service and experience, and ease of doing business in the top five attributes (Figure 1). When it comes to loyalty and purchasing, customers don't think about their relationship with their bank in terms of their simple, everyday transactions, but in terms of how their bank helps them fulfill a financial need and solves their problems quickly.

Figure 1: Financial Service Provider Attributes Most Valued by Consumers

Respondents Selected Top Two Attributes



n = 5,405.

Source: CEB Financial Services 2015 Customer Experience Survey.

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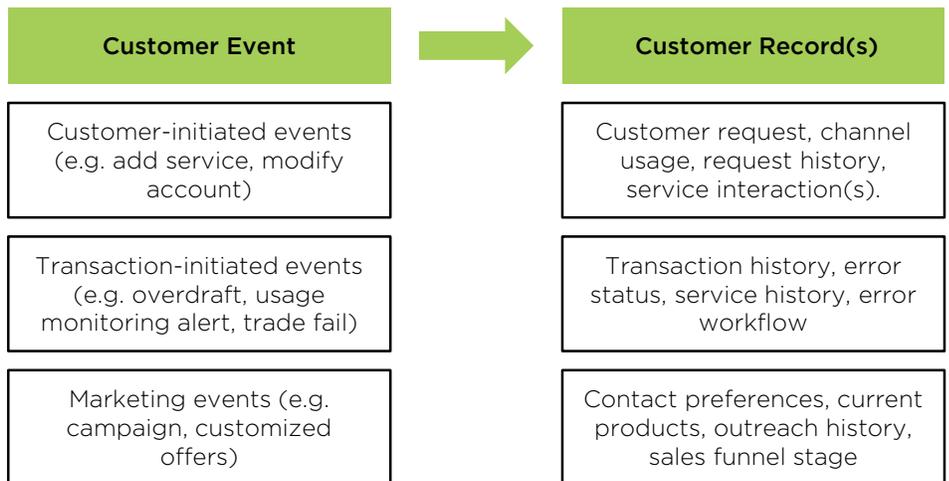
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## Customer Events Form the Foundation of the Relationship

Everyday financial transaction needs make up the foundation of a consumer's relationship with their financial institution. But beyond the day-to-day transactions, there are more complex engagements, such as signing up for a new account, whether a deposit account or a loan application. These defining moments, or "events" in the customer relationship, involve a series of actions to be taken to achieve the desired outcome, involving both the customer and the financial institution. For example, an account opening event may go through process stages such as initiated, under review, and approved, and the resulting data generated contributes to the customer's history, or record, with the financial institution (Figure 2). The complexity of process and dynamic nature of these engagements requires an additional level of focus and support from the bank to see them to the most efficient and satisfactory conclusion.

Figure 2: Customer Events Generate Valuable Records  
*Illustrative*

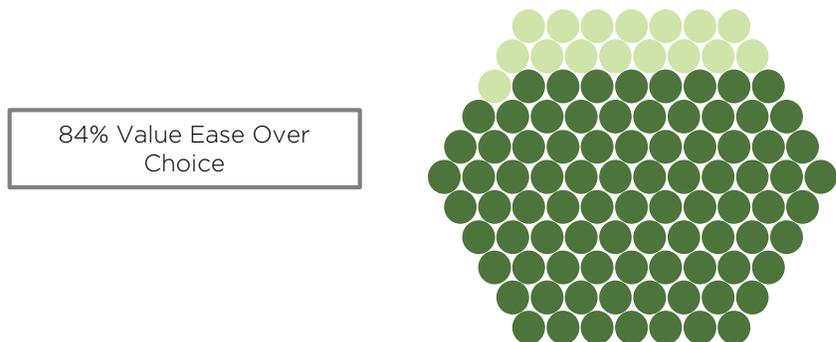


Source: CEB analysis.

## Customers Value Ease Over Choice

When it comes to problem resolution, 84% of customers prefer an easy experience over channel choice (Figure 3). These "ends-focused" customers prioritize resolving their issue quickly, preferably on first contact, without having to switch channels. If customers must switch channels, there needs to be an awareness of the history of actions taken, and consistency in service experience from one channel to the next. This channel awareness contributes to overall ease of experience, avoiding the cumbersome processes that can jeopardize loyal relationships.

Figure 3: Customer Preference for Ease Versus Channel Choice  
*Percentage of Customers*



$n = 996$ .

Source: CEB Customer Contact Leadership Council 2012 Customer Expectations Survey.

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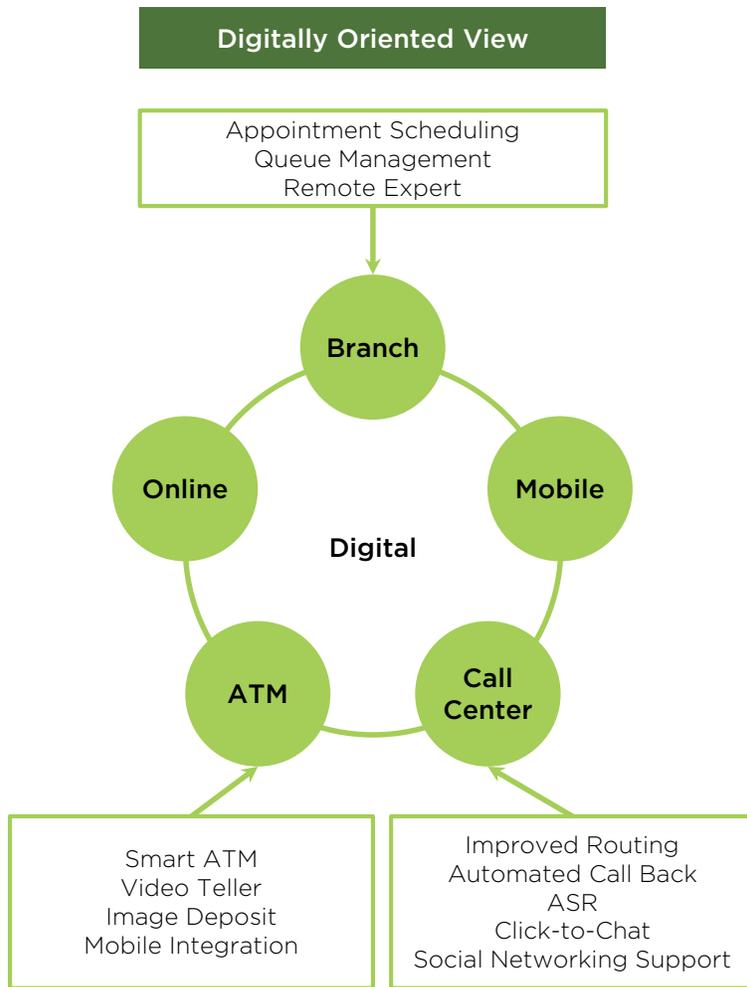
## Digital Creates Connections Among Channels

To streamline and improve end-to-end problem resolution, firms should take an event-based approach: one based on more than a single transaction, but not as unwieldy as trying to address the entire customer journey. Herein lies the benefit of digital: the opportunity to relate to a customer beyond just a single touchpoint, or a single channel.

While the traditional provider view puts the branch at the center of a bank's channel strategy, with other channels acting as distinct alternatives, the digitally oriented view takes a platform approach. In this view, rather than being a distinct channel, digital capabilities act as a gateway point to other access channels, informing customer interactions and providing a consistent and seamless experience throughout a customer event (Figure 4). When consumers interact with their bank, they see only one bank, regardless of how many channels they may use to meet a need, and the services and tools used to complete these processes must reflect that view.

Figure 4: Bank Channel Development and Usage

*Illustrative*



Source: CEB analysis.

## The Potential of Digital Hinges on Data Standardization

Digital channels are providing an abundance of new data; however, data management strategies are rarely aligned throughout the enterprise. Siloed data can hamper the effectiveness of business strategy by obscuring a holistic view of customer activity, making it difficult to improve service and sales (Figure 5). Customers engage with their bank across a diverse set of applications, leaving behind a trail of information that can inform future interactions, and when leveraged effectively, can help drive standardized expectations for service across channels.

In response, many organizations have embarked on an effort to consolidate customer information into a unified data architecture. While this effort is advisable for the long-term, the levels of effort and disruption involved are significant. Recognizing this technical reality, an effort to instead identify disparate data elements in their respective systems of record, and then combine these related data points into a virtual event record can yield the same benefit much sooner. While the information may physically reside in multiple legacy systems, as long as the data elements are logically associated and available to support actions and decisions taken in the context of a customer event, they present the potential to inform multiple business objectives.

Figure 5: Start with Capabilities, Not Data

*Illustrative*

| Business Capability         | Stakeholder                            | Data Target State  |
|-----------------------------|--|--|
| Manage Customer Identity    | Compliance, Audit, Fraud               | Single location of record for customer identification that is accessible throughout the enterprise       |
| Track Customer Usage        | Product, Marketing, Sales              | Clear, enterprise-wide view of the products, channels, access tools, and account usage for each customer |
| Improve Customer Experience | Frontline Staff and Tellers, Marketing | Cross-channel understanding of customer issues from direct and indirect channels                         |
| Boost Customer Sales        | Product, Marketing, Sales              | Consolidated history of sales outreach, with terms and features required to sell a product               |

Source: CEB analysis.

## Conclusion

The moments that define a customer's relationship or journey with a bank extend beyond the day-to-day transactions to the more complex events where a bank helps a customer fulfill a financial need. Customer events are cross-channel by nature, requiring a powerful digital platform to pull together the necessary processes and customer data to deliver a fast and consistent experience from beginning to end. Financial services institutions must position digital not as a distinct channel, but as the glue that holds all customer channels together, and as an opportunity to drive cross-channel standards for service and experience.

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