

CUSTOMER- CENTRIC BANKING

**REEVALUATING THE RETAIL
BANKING EXPERIENCE**

THE SITUATION

Asif Khan

The retail banking industry—still reeling from the global economic crisis—is in need of serious reinvention. Banks and their customers know this to be true. But what needs to be reinvented, and how?

Let's start with the obvious: consumers don't trust banks. A 2011 study found that 46% of those surveyed had a lower level of trust in banks than they'd had a year before; 26% said their trust had declined because companies were "acting in a greedy manner" and 8% said the "industry itself has made the problems worse."

Those are some pretty harsh words. Against such negative consumer sentiment, how can banks go about regaining consumers' trust?

Here's one way: by putting customers first. By that I don't just mean echoing the words "customers come first," but rather creating a strong, well-structured and mutually beneficial user experience centered first and foremost around customers. I also mean "customers" in the broad "brand to everyone" sense as we use it at Jack Morton: you only have one brand living out there in the world, so you have to make sure it's as well represented as possible, no matter who's exposed to or interacting with it.



IN THE BANKING SPACE, A CUSTOMER-CENTRIC EXPERIENCE NEEDS TO REINVENT:

#1. Partnership

Educate your customers on good personal finance by providing them tools, insight into their personal finances and recommendations on money management. Even when those recommendations contravene short-term revenue streams, they will foster long-term trust.

#2. Customer Service

Train your front-line representatives on good customer service etiquette and be sure they have the information they need to respond to customers in a timely, effective and genuine manner.

#3. Employee Engagement

Invest in your employees through coaching, mentoring, listening and rewarding good behavior, and these internal investments will invariably start to surface externally in the form of improved customer service.

#4. Intuitive, User-Friendly Design

It's not just about providing 24/7 access—that's a given—but rather it's about having a well-designed, easy to use, intuitive and consistent interface for all of the various access points (whether it be at ATMs, on the telephone, online or on mobile apps)

#5. Integration

Bring the bank to the people. The banking experience should be seamless, integrating into and embracing the daily lives and activities of consumers.

So what does this all add up to?

To me, one of the most compelling—and much needed—ways that banks could tangibly improve the customer experience is through a complete re-conception of the brick-and-mortar branch network.

THE BANK OF THE FUTURE

Physical brick-and-mortar bank branches represent a significant investment in terms of real estate and human resources. And increasingly, the branch is becoming a less-chosen channel for consumers to access their money.

Mobile banking is already changing how consumers interact with their banks, and only stands to gain more ground. According to comScore research, in Q4 2010, 29.8 million Americans used mobile devices to access their financial accounts (bank, credit card or brokerage). Forrester predicts that number will rise to 50 million (or one in five US adults) by 2015. As a Wells Fargo executive recently commented, "Mobile devices are changing consumers' perceptions of how convenient financial transactions should be. Today, convenience means the PC is across the room, and I don't feel like booting it up."

Indeed, consumer behavioral data shows that bank branches are increasingly used only when customers have problems or for more complicated transactions such as account openings and small business servicing.

Given the sea change in mobile and how consumers are choosing to access their financials, combined with the lessening role of bank branches in consumers' day-to-day lives, this really begs the question: how can the brick-and-mortar banking model possibly keep up?



First and most obviously, banks need to beef up their in-branch customer service to deal with the more complex needs and difficult problems that consumers are now bringing to brick-and-mortar.

But banks also need to ask, how might the resources that go into supporting a physical bank location be better utilized to strengthen the customer experience, through increased investments in technology and improved, 24/7-customer service? How can they make their experience more customer-centric, even if there are fewer or even no branches through which to conduct face-to-face interactions and form relationships?

More important than simply putting a human face on a bank is actually focusing on the customer experience, and in the process strengthening perceptions. A real-life bank employee is certainly one way to strengthen perceptions, but it's not the only way (and not always the most efficient way). One just has to look to highly successful online-only ventures such as Amazon.com and Zappos.com—at this point nearly synonymous with superior customer service and offering a wonderful experience—to know that to be true.

Also noteworthy: direct banks like Ally and ING Direct are earning the industry's highest levels of customer advocacy. So much so that ING Direct claimed that 41% of its new customers were from word of mouth, much of it from social networking sites. And the recent acquisition of ING Direct by Capital One—and the outcry from ING Direct customers that followed—just serves to reinforce how strong that customer advocacy really was.

Some of the larger, more traditional banks, sensing a need for change, are already trying to keep up; Citibank late last year introduced a refined branch model in New York that's similar in look and feel to an Apple Store. At the same time that Bank of America is trimming its branch network, it's also hiring more branch specialists for mortgages, investments and small-business banking in its remaining locations, all based around the understanding that while consumers might be phasing out their daily transactions from local banks, branches are still the preferred destination for the more complicated transactions. In fact, by the end of 2011, Bank of America plans to actually double the number of financial advisers in its branch network.

But is the physical remodeling of a bank branch to emulate an Apple Store, or the addition of more financial advisers to a bank's staff, really going to be enough to adequately redefine the customer experience at a bank branch? Or are these simply nothing more than stopgap measures and speed bumps along the way to branch obsolescence?

Time will tell—but changes like these are certainly a move in the right direction. Keeping a pulse on consumer trends and remodeling the user experience to better integrate with those changing behaviors is really the best and only way to show you're serious about putting the customer first. And to shamelessly borrow from banking parlance, that'll pay some serious dividends in the end.

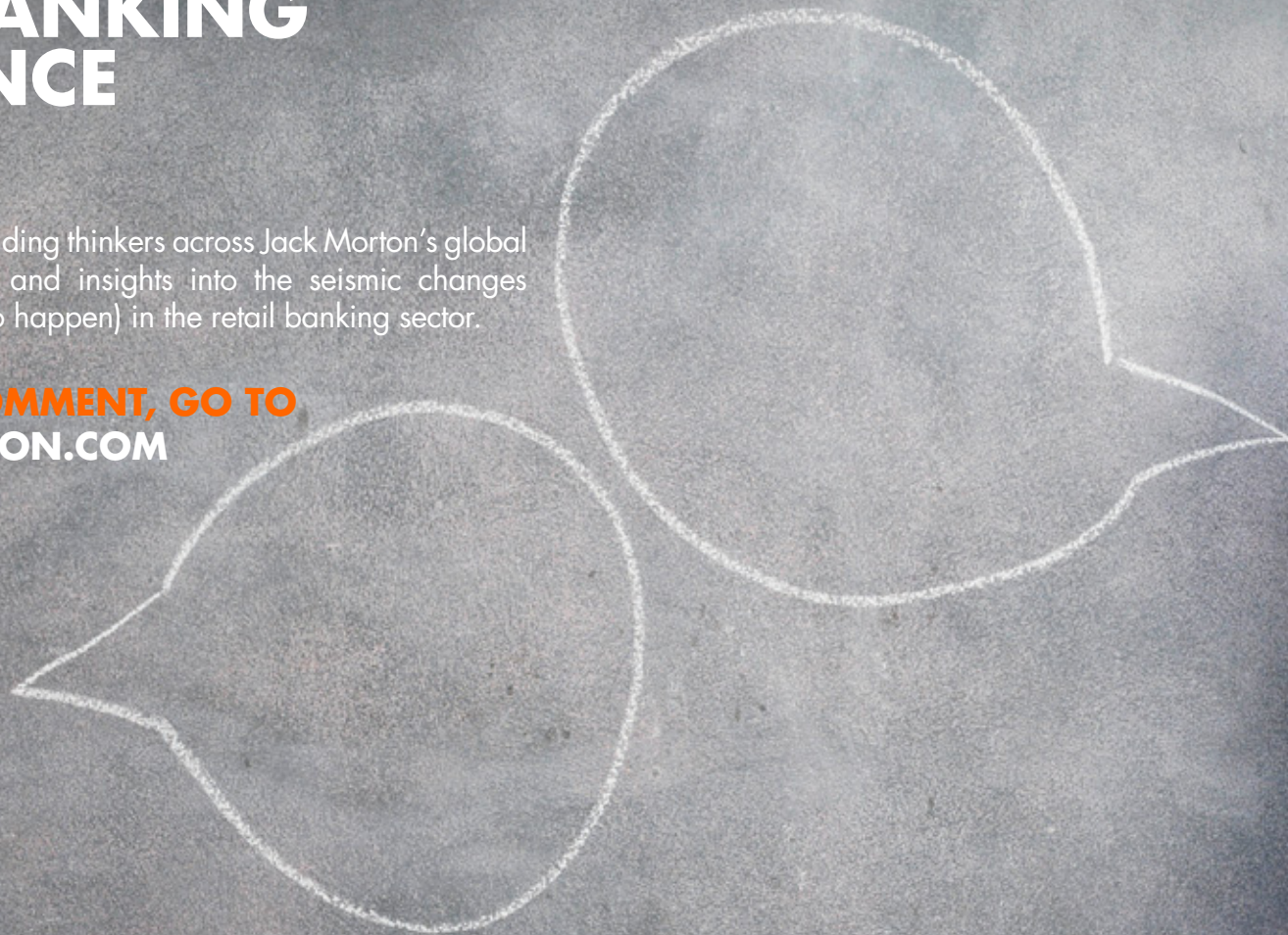


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In July 2011 we asked leading thinkers across Jack Morton's global network to share trends and insights into the seismic changes happening (or begging to happen) in the retail banking sector.

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