INTEGRATE, INNOVATE & ACCELERATE

MANAGING CLIENT EXPERIENCE DURING INTEGRATIONS

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INTRODUCTION

Sophisticated, high quality client experiences are key to long-term commercial success, but their integrity can all too easily become eroded during integrations and acquisitions. In this paper we consider how best to minimize disruptions to client service in M&A scenarios.

An integration journey always starts with the announcement of a merger or acquisition. This is when clients are typically worried about their assets, their access to the bank, the continuity of their current coverage model, potential impacts on products and services they use and like, the stability of fees, the continuation of existing discounts, and other factors relating to future service levels and the overall operational and reputational integrity of the bank.

Once clients are informed about the integration plan and journey, they are typically worried in the short term about continuity of service during the integration period. They fear that the bank will be absorbed with integration tasks and will not have sufficient time or resources to effectively focus on client matters, and are also uncertain if their existing interactions and history with their current relationship manager or client advisor will be maintained.

1. CLIENT EXPERIENCE IN BANKING

Client experience is always critical as it drives long-term commercial success. Positive experiences mean clients are more likely to remain longer with the bank, even across generations. They tend to spend more money, selecting higher-value products and using products and services more comprehensively and broadly (cross-purchasing). Moreover, clients who have had a positive experience will in turn speak positively about the bank and refer the bank to others.

Client experience is primarily shaped by frontline employees – i.e. client-facing staff – yet there are several other elements and touchpoints that also influence it. While not all of the factors influencing client experience can be controlled by the bank, most of them can.

In banking, and in particular in private banking, the perception of client experience is largely influenced by the factors listed below, though the importance of those factors will differ depending on the expectations and needs of each individual client:

- the client's understanding and knowledge of financial and non-financial matters
- mutual trust between the client and client facing staff
- quality of client interactions and service excellence
- consistency and seamlessness of interactions across all client touchpoints (whether human or digital)
- ease of interactions and avoidance of administrative burdens
- response time and responsiveness of banking staff in the event of inquiries and/or issues
- availability and quality of products and services
- perceived and achieved value
- personal relationship and fit between client and bankers/ client facing staff
- continuous innovation and modernization of offerings
- a continuous improvement mindset and openness for feedback on the part of bank employees.

All are important to a greater or lesser degree, based on individual client expectations, and falling short on just one of them can significantly impact the overall client experience – and how a client thinks and talks about the bank.

On a general note, it cannot be ignored that many customers will inevitably see interactions with their bank as an administrative burden they are reluctant to spend time on them, even though these are usually important matters. Only a very few banks have succeeded in elevating interactions between bank and customer to a level where they are viewed as more than just a chore.

Many customers spend a lot of time tracking their securities portfolio via online banking or brokerage platforms or by following company news and market developments – and consider this an enjoyable and worthwhile use of their time.

However, meetings or conversations with bankers are often associated with administrative tasks.

Similarly, a significant number of retail customers are also unhappy about the trend towards 'faceless' interactions, such as telephone banking, digital solutions and chatbots, which are seen as falling short, especially in the context of non-standard situations or requests.

2. CLIENT EXPERIENCE CHALLENGES DURING INTEGRATIONS

Bank integrations pose a significant further challenge to the quality of client experience. While almost all banks have looked to improve and/or actively manage client experiences over the last two decades, the personal and emotional connection between banks and their clients is still not the strongest.

Nevertheless, clients are mostly very sticky, at least regarding their main banking relationship. Customers typically shy away from the hassle of switching banks, which would entail an onboarding process, new account details, new pin codes, new credit cards, and also potential switching costs if portfolios or loans are transferred.

Even when banks take a proactive stance by offering to take care of these burdens and costs, many clients are still reluctant to move. This is somewhat different in private banking, where upper high net worth (HNW) and ultra-high net worth (UHNW) clients will typically have multiple bank relationships already, and so can more easily move assets from one bank to another should they not be satisfied with client service, product offerings, fee or interest rate levels, their interactions with relationship managers, or investment performance.

In a post-merger integration scenario, the reluctance to move is much reduced – uncertainty about the future of their banking relationship means they are much more open to switching. This is true even if both the acquiring bank and the acquired bank are repeatedly sending clear messages that service continuity and quality, price continuity, accessibility etc. are guaranteed not to change either during and after the integration process.

During migrations and integrations clients very carefully observe what is happening – and what is not happening. They are evaluating and judging their own experiences more critically and consciously than at other times. Large banking integrations attract a high degree of wider public interest, and this is reflected in media coverage and in conversations in both public and private spaces.

It is therefore critical during post-merger integrations that banks prioritize clear and specific communications and demonstrate a high degree of empathy in their interactions with clients. Considered and clear-sighted decision making, robust processes and technology and a reliable implementation plan are also all key.

More specifically clients expect:

- to be well informed about things that matter to them
- to receive clear explanations about the future of their banking relationship in terms of channels, coverage, products, pricing, etc.
- to be informed about changes and anticipated disruptions that directly impact their banking relationships
- to be offered support channels in case of integration related questions
- that service levels to remain unchanged
- that re-documentation or re-papering is avoided
- that transfers to new online channels and any new e-banking solution will happen seamlessly.

While this list is not comprehensive, it underlines that clients expect an undisrupted service and proactive handling of any upcoming changes that might impact them as a customer. At a minimum, it is critical for banks to acknowledge the fact that the delivered client experience is on the watch list during bank integrations and that the defection risk (client and asset defection risk) is clearly elevated.

3. ACTIVE MANAGEMENT OF CLIENT EXPERIENCE DURING INTEGRATION JOURNEYS

The above-mentioned challenges – and the client expectations regarding client service, client interactions, transitions into the future set-up, and client communication – must be recognized and actively managed during bank integrations.

Typically, banks (like companies in other industries) are very focused on themselves during integration phases. Of course, the 'client' is talked about a lot, given that many integration tasks are linked to client migrations, client segmentation, client coverage, client data, client allocation, client risk management, client profitability, client documentation and so on.

However, these activities are being viewed through an internal lens – and banks consequently need to ask themselves whether they are truly thinking about what their clients expect, and how they can be best served and supported during a period of change and perceived uncertainty.

Importantly, even if a robust client experience was being delivered prior to the integration, clients are focused on the here and now, and tend to quickly forget what worked well in the past when faced by perceived shortcomings during an integration phase. Hence it is critical that banks focus on a number of key things to keep clients informed and to retain their loyalty.

Banks should particularly focus on clear communication, empathy in client interactions and uninterrupted and undisrupted client service. More specifically banks should look to achieve the following:

- provide transparent and clear communications
- regularly assess client satisfaction by collecting feedback and asking for input
- listen to complaints and concerns, and address them promptly
- make sure internal changes are not impacting client interactions
- continue client interactions through the established client facing team for as long as possible
- in case of changes of the coverage model and coverage team, proactively explain the future model, highlight the benefits, and introduce new contact persons
- focus on maintaining service quality and responsiveness throughout all phases of the integration
- explain product migrations and ensure new solutions are equal to or better those they replace
- avoid administrative burdens such as repapering
- avoid hidden costs and financial disadvantages for clients
- ensure technical client migrations are not impacting client service and accessibility (e.g. account access, online banking, credit cards, etc.).

Not all of the above can be guaranteed at all times, but a mindset of true client centricity must be the starting point, and that needs to be maintained throughout an integration. When it comes to "putting yourself in the clients' shoes", banks must deliver action, not just words.

To deliver against the above-mentioned points, a bank needs to define and implement concrete measures and actions. These measures will typically center around communication, training/e-learning, leadership messages, and role model behaviors that will influence the day-to-day behaviors not only of client-facing staff but employees across the entire organization, given that high quality client experience needs to be the mantra for everybody.

In addition, further levers and considerations need to be addressed – for example, by establishing a dedicated unit to handle integration related queries and complaints, leveraging Gen AI in smart ways to shorten response times, developing technical ways to limit client pain when clients and accounts are migrated (account numbers, online banking access, e-bill-solutions, debit and credit cards, etc.), and ensuring product migrations are supported by clear, easy-to-understand communications that highlight the benefits to clients.

4. PROPOSED ACTIONS TO STRENGTHEN THE CLIENT EXPERIENCE DURING MERGER SCENARIOS

Bank acquisitions and bank integrations should be value accretive. Very often this is not achieved, and client attrition is a key reason. Therefore, the importance of dedicating significant attention to the quality of client experience during and after an integration period cannot be overestimated.

In summary, client experience during an integration phase can be protected and even strengthened by:

- keeping clients informed about changes
- preparing a compelling welcome package
- listening and addressing concerns promptly
- providing robust support channels for clients
- mobilizing teams to maintain service levels and quality despite integration-related changes
- anticipating and managing potential disruptions
- regularly assessing client satisfaction and adjusting accordingly.

Banks should launch initiatives and projects to address these topics well ahead of time, allowing them to protect the client experience from the very outset of any integration programme at all times during the integration journey as far as possible.

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