SIX PRACTICES RETAIL BANKS CAN APPLY TO RESPOND TO SHIFTING CLIENT PREFERENCES AND BEHAVIORS

By Tracey Varnell and Evan Pliskin

It is unlikely that the retail and business banking value chain will return to a pre-COVID paradigm; the ways in which banks attract and service customers will likely continue to move towards meeting customers on their terms. Even the most branch-favoring customers have been forced to learn new paths to manage both their day-to-day transactions and major decision around their financial relationships. In the long-term, those same customers (and new ones) will continue to have higher expectations for their financial relationship, across a variety of dimensions, including convenience, transparency, and capability. Financial institutions should deliver frictionless digital experiences and move towards normalizing these types of interactions in a way that benefits themselves and their customers, persisting after the restrictions of the COVID pandemic lift.

Our teams at Capco work with community, regional and global banks around the world, enabling us to understand the unique complexities of responding to this shifting business environment from the ground up. We have found that leveraging customer-centered value frameworks in the context of business-driven transformation initiatives allow banks to target opportunities and prioritize them appropriately with the intent of improving their customer experience.

HERE ARE SIX STRATEGIC TOOLS YOUR INSTITUTION CAN USE IMMEDIATELY TO REACT TO SHIFTING CUSTOMER NEEDS AND FOCUS ON IMPROVING CUSTOMER OUTCOMES:

1. SET GUIDING PRINCIPLES

Each day, dozens of small decisions are made across your delivery teams that affect your customer experience. The impact of small decisions not optimized for business/technology architecture or processes supporting sustainable experience improvement may be amplified over time.

If you haven't already, establish a set of foundational guiding principles to influence your teams' daily decisions. Guiding principles are inspirational values or goal statements which, in this context, should be intended to represent how the customer wants to feel when they are interacting with your associates, digital platforms, or other channels. Ideally, these principles are created from customer research or deep knowledge of customer needs.

For example, 'Know Me' is a common principle applied by many organizations. Our customers want to feel known by their bank, just as they once were at neighborhood branches. An example of this principle in practice may be as simple as implementing technologies that prevent users from having to sign-in to multiple servicing websites or re-enter information that is known across the bank from their customer records.

Create routines such that delivery teams should know and be continuously reminded of these guiding principles, so their decisions align with customer goals.

2. REFRESH YOUR CUSTOMER JOURNEYS AND DIAGNOSE PAIN POINTS

Many experience design teams (and executive leadership groups) rely too heavily on assumptions about their customers and build solutions on false notions. The most effective method for identifying where assumptions may be wrong is to engage with customers deeply. Throughout 2020, customers adapted their day-to-day activities around pandemic related restrictions. Whatever you thought you knew about their behavior before has undoubtedly changed. There's an opportunity right now to understand their new situation and document their current state journeys. Make sure to diagnose the largest friction points and focus your efforts there.

For example, a Capco client, a bank, recently revisited their customer journeys and identified friction points experienced by their small business banking customers involving a process requiring all signers' physical presence in a branch to originate an account. They focused their attention on this pain point and have since started a project to collect and verify business account signatory information remotely, helping branch associates meet originations targets and resolve a major inconvenience for customers.

3. FIND ROOT CAUSES AND IDEATE WITH MULTI-DISCIPLINARY TEAMS

It's common to mistake the real cause of a customer pain point without a full understanding infrastructure that supports a business or customer process. Your team can use data to learn as much as you can about where issues happen but talking to customers is the only way to understand why.

Additionally, there may be several underlying issues that contribute to one customer's pain point. Is it the design of a form causing your customers to exit the funnel? Or is it unnecessary business requirements or outdated processes causing them to enter information they're not ready to provide yet? These behind-the-scenes causes are unknown to the customer and sometimes not known to decision-makers at the bank.

Our teams use 'service blueprinting' as a cross-functional team activity to analyze the current state and help our clients find the root causes of customer friction points. Service blueprints can also help you model potential future states and understand what people, touchpoints, processes, and technology it would take to make that future state a reality.

For example, a bank recently discovered their employees were spending too much time on manual LIBOR contract reviews. Our teams analyzed the process and found a hybrid approach to combine manual reviews with automated OCR tools that increased reviewer productivity by 41 percent —a big success!

Focus on the pain point and work with your team to imagine a solution that remediates or removes the step altogether. Question everything, and don't shy away from process automation!

4. MAKE YOUR VISION TANGIBLE

As in many aspects of experience leadership, clarity and focus are critical in directing transformation teams. Building consensus and alignment on what should be built and avoiding miscommunications frequently consumes precious time and resources. Well-meaning leaders frequently create visions that are not well defined. A bulleted list of goals and features leaves a lot of room for misinterpretation spanning cross-functional teams and vendors.

Tactically, Capco recommends identifying a couple of creatives on your team to create a narrative describing the vision from your customer's point of view—how they will interact with your future sales or service capabilities and its differentiating value proposition. A storyboard is a cheap but effective way to communicate a vision. Use low-fidelity visuals like sketches or stock photos to bring it to life. Or, if you want even

greater engagement, make a video. Capco helped explain a new data management framework by creating an animation about making a pizza (ingredients = data, oven = technology, pizza = output, etc.).

Additionally, you can use this new tangible vision experience to solicit and iterative upon feedback provided by customers immediately.

5. ERASE YOUR SILOS

A customer's financial life exists outside of bank and product constructs. For example, if someone is saving money, it's usually centered around a specific goal or target. Customers think about their money in terms of purpose, not in terms of (deposit or loan) products. Many banks are starting to blend savings and demand deposit account experiences and even integrate pre-qualified lending offers using goal information and other characterizations already known about a customer.

Additionally, although the term omnichannel has been widely overused in the last ten years, the original concept remains incredibly valuable. Customers remain frustrated, for example, when they call to get an issue resolved, and a branch associate is not privy to the results of the previous call center conversation. Most banks can still do more to make channel switching seamless and build the sustainable architecture that supports it.

6. USE A CUSTOMER LENS WHEN PRIORITIZING BACKLOGS

Prioritizing backlogs to maximize team velocity and customer outcomes is no easy task. Some might even call it an art!

Many groups have adopted weighted formulas that empower them to make decisions faster with less influence from personal investment by decision-makers. Some agile teams weigh the business value against the level of effort. Customer value should have an equal weight in story prioritization to ensure that the most important customer issues are addressed and items that benefit the business or solve technical debt. You've already talked to your customers, don't ignore their lens.

To go a step further, many teams place a greater priority coefficient on stories related to the 'Moments That Matter' most to the customer when they create journeys or when issues reoccur across multiple journeys. Businesses can maximize returns on their investment by focusing time and energy on their customers' most meaningful moments.

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Pick one or more of the methods above and use it today to match customer expectations and close digital gaps.