

SITUATION ANALYSIS

UNDERSTANDING THE PAST, PRESENT, AND FUTURE OF CUSTOMER EXPERIENCE

Customer experience (CX) is a fundamental concept that continues to garner attention across all types of financial institutions (FIs). Influenced by the growth, demand, and evolution of customer expectations, FIs are prioritizing their customer-centric investments at an increasing pace to adapt to a new normal. The majority of FI's investments in CX to date have been driven by the priorities of siloed, product-specific lines of business (LOB), leading to

inconsistent experiences. The rapid shift to digital and non-physical interactions during the COVID-19 pandemic has exposed the vulnerabilities of these early investment decisions as many FIs struggle to adapt their operations to the new reality. Going forward, meeting customer expectations will require FIs to adopt a product-agnostic (i.e., enterprise-wide) approach to addressing the end-to-end customer experience.

THE FRAGMENTED EXPERIENCES OF YESTERDAY

Historically, the development of CX offerings has been too narrowly focused and defined by the specific needs of a product or LOB. The product-LOB approach created inconsistent and often fragmented experiences. In the mid 2000s, large Canadian banks did not have the capabilities to open new accounts through online channels - they were only opened in person due to know your client (KYC) and regulation. Even as recent as 2019, some of the Canadian banks' digital and social chat channels continued to operate separately from voice channels, not allowing for a transition between channels

for escalations or when a client's problem could not be resolved. Not only did the siloed approach create inconsistent experiences for customers, but it also created internal inefficiencies, including duplication of efforts (e.g., asking a client for the same information multiple times) across products and LOBs. The results have a negative impact on a customer's end-to-end journey, as fragmented experiences required customers to interact across multiple channels.

THE WORLD WE LIVE IN TODAY

Before the pandemic, customers seeking digital offerings were already at an all-time high. As the world continues to practice social distancing, the demand for and rapid shift toward digital contact centers and other remote channels continues to increase. During this time, digital adoption has accelerated drastically.

- Statistics Canada found that e-commerce sales grew by 110.8 percent¹ compared with May 2019
- RBC and Scotiabank reported digital adoption increases of 19 percent²
- Active mobile users were up with CIBC leading with a 26 percent increase³
- Sun Life reported holding over 61,000⁴ virtual advisor-client meetings

This acceleration further magnified the impact of the product- and LOB-specific approach that FIs adopted for their CX investments. The last six months have challenged FIs to expedite their digital transformation to eliminate the reliance on costly brick and mortar fronts, address overloaded contact center volumes, and ineffective offshoring/outsourcing arrangements.

The ongoing pandemic is a wake-up call for FIs to re-prioritize their agendas and think about how to truly serve customers in a digital/digitized way. Successful FIs of the future will use this point in time to step back and prioritize investments in their end-to-end customer experience across the enterprise.

RE-INVENTING CX TO BETTER SERVE CUSTOMERS TOMORROW

The major disruptions to traditional FI channels and servicing caused by COVID-19 was an eye-opener for many and a call-to-action for all. In Q2 of 2020, a few FIs highlighted their continued commitment to expanding their digital capabilities and redefining their CX.

- Manulife continued to accelerate their digital capabilities to improve client experience, such that approximately 97 percent⁵ of their product shelf was accessible to customers virtually.

1. <https://www.cbc.ca/news/business/online-shopping-covid-19-1.5661818>

2. <https://www.capco.com/Intelligence/Capco-Intelligence/Big-5-Banks-Reported-Massive-Earnings-Reductions-For-Q2-What-Happens-Next>

3. <https://www.capco.com/Intelligence/Capco-Intelligence/Big-5-Banks-Reported-Massive-Earnings-Reductions-For-Q2-What-Happens-Next>

4. https://cdn.sunlife.com/static/Global/Investors/Financial%20results%20and%20reports/Quarterly%20reports/pa_e_Q220_investor_presentation.pdf

5. <https://www.manulife.com/en/investors/results-and-reports.html>

- IG Wealth Management is introducing⁶ a new best-in-class financial planning collaboration tool that is tailored to the client's unique needs in Q4 of 2020.
- TDI modernized their operations and is the only major insurer⁷ in Canada to offer customers full digital end-to-end sales with their latest platform release.

As customer expectations continue to increase and evolve, FIs are quickly reacting and putting out fires. It is important to take a step back and create a strategy that addresses the underlying issues at play. Whether you are well on your way in designing your CX offering or at the beginning of your CX journey, it is vital to incorporate five key elements when defining and executing your target state CX:

1. Adopt a customer-centric mentality from the outset to ensure that you are designing for the end-user
2. Use a product-agnostic approach to create a holistic solution across the enterprise
3. Digitize the end-to-end experience and leverage guided-OMNI to align to customer preferences and provide supported CX interactions
4. Automate front-to-back processes and aim for zero operations and back office to realize maximum operational efficiency
5. Be highly agile and configurable to establish a CX offering that is capable of ongoing adaptation and optimization

We will explore these key elements in more detail here in our next blog, 'Defining and Preparing for the New Norm'. For more information on how you can get started on your transformation journey and re-invent your CX, contact us at solutions@capco.com

6. <https://www.igmfinc.com/content/dam/igm/en/news/2020/2020Q2IGMAnalystCons-Distribution.pdf>

7. https://www.td.com/document/PDF/investor/2020/2020-Q2_Quarterly_Results_Presentation_F_EN.pdf

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