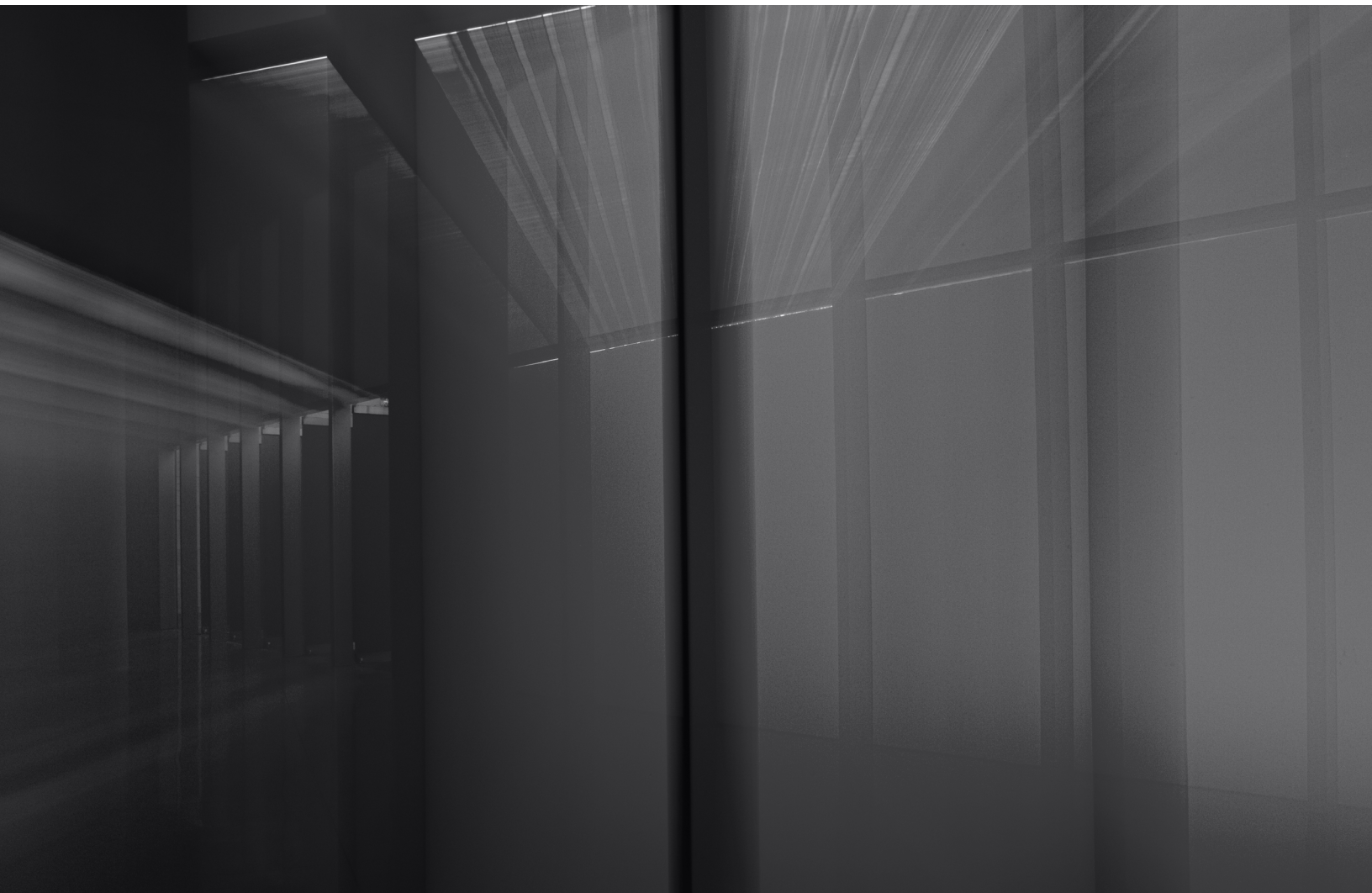


# CAPCO

**ACKNOWLEDGING THE COMPLEXITIES  
OF OMNICHANNEL AND RE-INVENTING  
YOUR CX STRATEGY**

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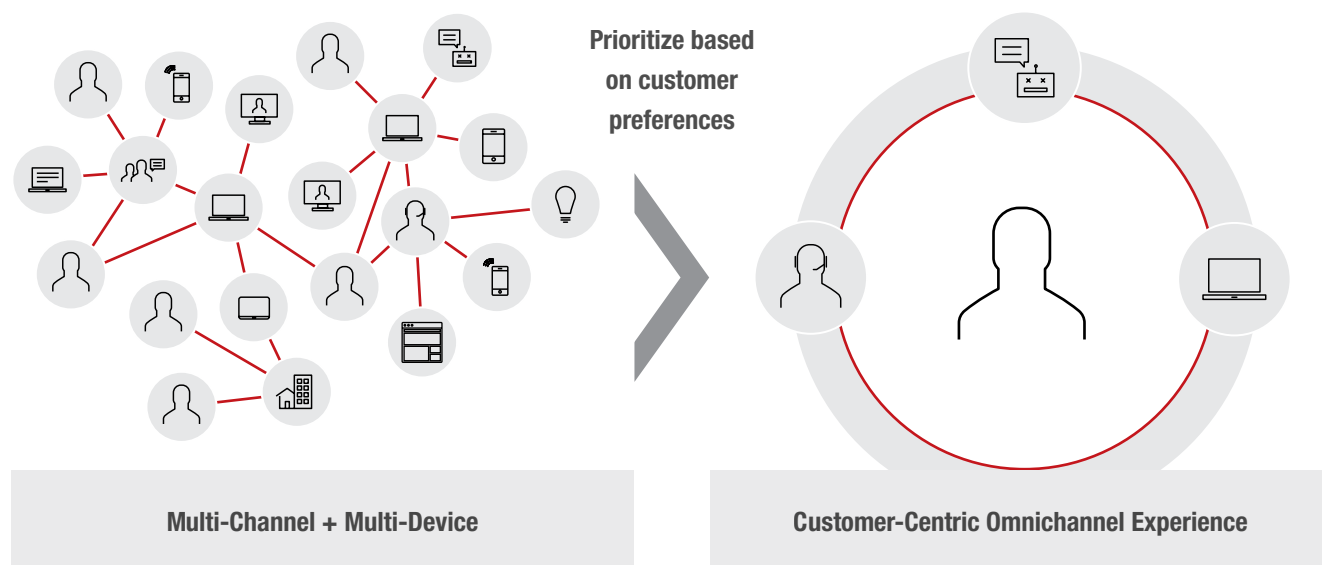
# MISSING THE MARK ON OMNICHANNEL

Omnichannel is a fundamental component required to provide improved customer experience (CX). Its importance has steadily increased due to the continued growth in technology (e.g., innovation in the diversity and types of channels and devices). Financial institutions (FIs) that do not address their omnichannel experience will be at a disadvantage, further applying downward pressure on revenue. This was best illustrated in 2019 when a Canadian bank calculated a total value of \$1 billion of lost revenue stemming from abandoned applications in their digital channels.<sup>1</sup>

FIs worldwide have been attempting omnichannel for many years but continue to struggle to meet their customers' expectations. The results are not for lack of trying, but stem from the confusion between what constitutes omnichannel versus multi-channel/digital channel. Both are components but do not represent omnichannel in its entirety.

A winning omnichannel strategy will optimize the right channels, as defined by customers, and allow them to transition between channels seamlessly. This targeted strategy is critical to optimizing capital allocation and designing a customer-centric omnichannel experience. FIs that attempt to develop every channel possible rather than prioritizing the development of appropriate channels will overcomplicate their omnichannel strategy and, more importantly, not address customer expectations.

FIs can only embark on their journey to integrate physical and digital worlds once they thoroughly understand customer preferences. This complex integration is no small feat but is required to enable your target state CX strategy and deliver meaningful change. We have identified three omnichannel-driven considerations foundational to your omnichannel strategy to reduce complexity.



1. <https://www.customercontactweekdigital.com/performance-metrics/articles/omnichannel-strategy-td-bank>

## 1. Let Customers Control the Experience

It is relatively uncommon for customers to complete an end-to-end journey in one sitting. An enhanced CX and omnichannel experience must be flexible and designed for control by the customer. For example, the ability to start, pause, and resume interactions while leveraging multiple form factors is critical in improving the customer experience.

In order to better understand the consequences of rigid experiences, it is helpful to analyze a portion of the end-to-end journey, such as the onboarding experience. Customers often decide what products and services best fit their needs and prior to completing their application. These interruptions can be as short as a few minutes but can also be as long as a few weeks. If customer information and progress do not save, customers are forced to repeat their journey, leading to high application abandonment rates. In fact, Forrester found that abandonment rates for online banking applications were at an all-time high of 97.5 percent.<sup>2</sup> As such, FIs cannot overlook the importance of designing a customer-led experience that works with every expected interruption.

## 2. Provide the Customer with a Continuous Experience

A major pain point in the customer experience is asking customers to repeat themselves. Considering that customer journeys stretch across multiple channels, devices, agents, and technology platforms, the number of connection points that can create repetition for the customer is high. Repetition typically occurs when data is not shared across back-end operations and systems. Customer servicing at FIs is an example of where frequent repetition causes a disruptive and disconnected journey. Typically, customers must re-authenticate or repeat themselves multiple times when their journey stretches across channels,

business lines, and agents, as customer context is not sufficiently captured or shared.

Taking a step in the right direction, a few FIs have adopted the concept of warm transfers to address this problem. For example, Tangerine, a Scotiabank subsidiary, captures contextual information about the customer and their specific request when they transition from the mobile app to the contact center.<sup>3</sup> By leveraging warm transfers, Tangerine can offer customers a painless transition by avoiding re-authentication and repetitive prompts for the same information. FIs must leverage this concept for all channels, devices, and agent transitions. A modernized CX and omnichannel experience will require FIs to share customer data across the back-end seamlessly.

## 3. Capture and Leverage Data across the Interaction Lifecycle

FIs must continuously optimize the customer journey by routinely monitoring and analyzing customer data. Quality customer data that captures the end-to-end experience, including channel, device, and agent transitions, will inform decision-makers on where to dedicate resources to enhance the customer journey.

Newer players are especially vocal about their analytic capabilities and data-enabled solutions. For example, Coverfox, an Indian Insurance aggregator, built a cross-channel acquisition strategy using prospect data collected at the quote stage. Enabled by a robust data set and rigorous analysis, Coverfox drove down user acquisition costs by 75 percent.<sup>4</sup> Following these promising results, Coverfox continues to drive toward providing customers with consistent and synchronized interactions across all channels. FIs must develop a thorough understanding of the customer journey by capturing the right data to generate valuable insights.

These features are designed to simplify omnichannel's complexity by highlighting the priorities for FIs looking to integrate physical and digital worlds. FIs that embrace these features as part of their approach will be best positioned to meet evolving customer expectations with their omnichannel offering.

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2. [https://thefinancialbrand.com/56792/bank\\_account-opening-application-improvement-scoring/](https://thefinancialbrand.com/56792/bank_account-opening-application-improvement-scoring/)

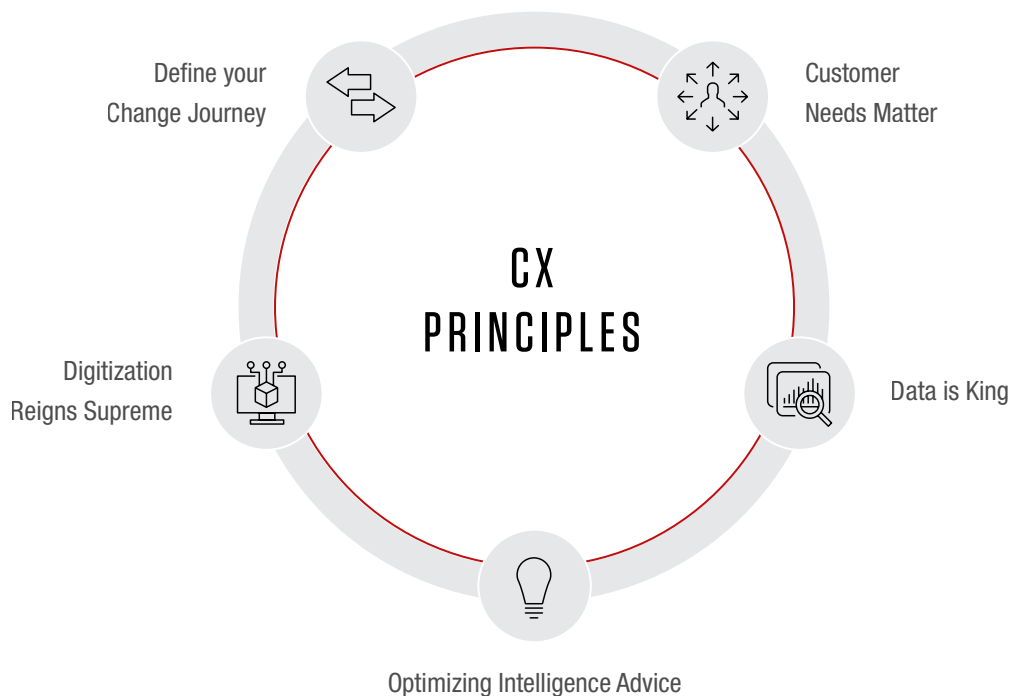
3. <https://www.tangerine.ca/en/ways-to-bank/online-and-mobile-banking>

4. <https://www.prnewswire.com/news-releases/coverfox-and-vizury-innovate-on-quote-level-personalization-to-drive-down-user-acquisition-cost-by-75-640856953.html>

# FIVE PRINCIPLES TO BUILD A COMMON UNDERSTANDING OF CX AND REDUCE COMPLEXITY

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We have outlined the complexities of re-inventing your CX by discussing omnichannel's challenges, which is just one of the many complexities that FIs must overcome. In our experience, five key principles will help FIs start down the right path when undergoing their CX transformation.



## 1. DEFINING YOUR CHANGE JOURNEY

Successful CX transformations are not a product of luck and do not happen overnight. Instead, they require rigorous planning and analysis. CX initiatives are prone to failure during execution when there is a lack of a clearly defined strategy.<sup>5</sup> In order to avoid disaster, FIs must have a target state vision and strategy, alignment across the organization, and an agreed path forward (e.g., roadmap). FIs looking to embark on their change journeys need to be able to answer the following questions:

- What are we trying to solve for?
- How does the current state intersect with the vision?
- What is the path to enable the vision?
- What are the enabling capabilities?  
(e.g., buy vs. build vs. partner)
- Who are the core contributors?

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5. <https://www.westmonroepartners.com/perspectives/signature-research/adapt-or-fail-the-new-business-imperative>

Businesses often embark on a journey to overhaul their digital offerings without clearly defining a strategy, even though a digital transformation is considered a strategic priority within the organization. In fact, a recent study found that 70 percent of these initiatives fail during execution.<sup>6</sup> Quite often, this results from a

lack of commitment across all levels of the organization and an ill-defined or no strategy to reach the target state. A survey of 2,000 business leaders in the United Kingdom found that only 33 percent of businesses had a well-defined strategy, and an additional 11 percent still had no plans to create one.<sup>7</sup>

## 2. CUSTOMER NEEDS MATTER

The one-size-fits-all approach to CX is inadequate and leaves customers feeling unsatisfied. It also becomes difficult to define a compelling value proposition when designing products, services, and experiences across all customers. Instead, FIs that aspire to create a holistic CX must tailor their offerings and capabilities to their customers' varying needs.

In order to bridge the gap between customer expectations and the service they receive, TD Bank has established a 'Design Centre

of Excellence' devoted to the creation of customer-centric digital services. The core mandate is to "utilize data-driven design in which personalization is key," according to Imran Khan, TD's VP of Digital Customer Experience.<sup>8</sup> Through a strategic partnership with Microsoft, TD Bank hopes to utilize AI to receive 'digital feedback' in a timely manner and better understand their customers' needs to create personalized customer experiences for their target customer segments.

## 3. DATA IS KING

Understanding customers and their unique preferences are fundamental to creating a customer-centric experience. Generating these insights will require FIs to leverage all appropriate data points to create personalized experiences and offerings. This data stretches beyond just customer data and includes data enabled by the Internet of Things (IoT) devices such as asset information, health data, geolocation, etc. An enhanced CX will anticipate customers' needs and leverage real-time data to deliver a tailored experience to customers. For example, Direct Assurance's YouDrive program analyzes their customers' driving behaviors by leveraging

telematics and, in return, provides customers with dynamic premium pricing, weekly driving reports, and personalized driving advice.<sup>9</sup> By utilizing data effectively, Direct Assurance has improved risk assessment for pricing, and customers have benefited from personalized pricing and experiences. In addition to the wealth of data that FIs have access to, data generated and collected from new and growing technologies, such as IoT, will allow FIs to enhance their understanding of their customers. As FIs embark on their change journey, they must use a data-driven approach to lead the creation of their holistic CX offering.

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6. <https://www.hbr.org/2019/03/digital-transformation-is-not-about-technology>

7. <https://bordercrossingux.com/digital-transformations-fail>

8. <https://insightaas.com/aligning-cx-and-ethical-ai/>

9. <https://www.direct-assurance.fr/nos-assurances/assurance-auto-connectee>

## 4. OPTIMIZING INTELLIGENT ADVICE TOOLS

In combination with a digital offering, FIs must allow their customers to own and manage their individual journeys and leverage intelligent advice tools to assist clients with decision-making. An improved CX should provide customers with a smooth experience regardless of channel (e.g., virtual vs. physical) and type of support (e.g., AI-enabled robot vs. human). The wealth services industry has experimented with intelligent advice tools such as robo-advisors, and the adoption of these services continues to proliferate. For example, assets under management (AUM) for robo-advisors are expected to reach approximately USD 8.8 billion by 2020 in Canada, representing a 19 percent year-over-year growth.<sup>10</sup> AUM's growth suggests that customers are becoming more comfortable with concepts such as digital,

automation, and AI-enabled servicing. Each of these concepts helps to personalize the experience for customers and make them feel like an individual. For instance, Wealthfront is an automated investment service that provides customers with wealth and banking products on a self-service platform. Enabled by customer data aggregation and analysis, Wealthfront strategically collects data to personalize customers' experiences and provides them with tailored investment advice.<sup>11</sup> Intelligent advice tools, such as robo-advisors, are quickly becoming normalized. FIs that leverage these tools will realize cost efficiencies by redistributing human efforts toward more value-add tasks and assigning non-complex tasks to AI. This servicing model will help FIs to design a holistic CX offering and maximize profitability.

## 5. DIGITIZATION REIGNS SUPREME

In one of our latest thought pieces, [Defining and Preparing for the New Norm](#), we discussed the importance of front-to-back automation and digitization. FIs must strive for zero back-office, a key element required to execute against a holistic CX offering. By removing inefficiencies, such as paper-based and manual processing, operations is no longer a bottleneck for providing customers with an improved experience. Canadian FIs are still in the early stages of automation and digitization; for example, bank

employees are responsible for processing mortgage applications, account openings, withdrawals, transfers, and beneficiary designations. In addition to causing unnecessary delays to the customer journey, these manual processes also result in higher NIGO (Not in Good Order) rates. These low value-add processes must be identified and removed. FIs that streamline these processes will be able to design a holistic CX offering free of back-office inefficiencies.

These five CX principles should be used as 'guideposts' to assist with planning and objective decision-making during the CX transformation. In combination with the broader business strategy, our clients have utilized these principles to successfully transform their CX offering.

In our next content piece, 'Applying Discipline to your Re-invention Journey,' we will share a four-step approach that we use with our clients when re-envisioning, designing, and implementing the target CX.

For more information on how you can provide your customers with a robust omnichannel experience and redesign your CX offering, contact us at [solutions@capco.com](mailto:solutions@capco.com).

10. <https://www.statista.com/outlook/337/108/robo-advisors/canada>

11. <https://www.wealthfront.com/>

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## ABOUT CAPCO

Capco is a global technology and management consultancy dedicated to the financial services industry. Our professionals combine innovative thinking with unrivalled industry knowledge to offer our clients consulting expertise, complex technology and package integration, transformation delivery, and managed services, to move their organizations forward.

Through our collaborative and efficient approach, we help our clients successfully innovate, increase revenue, manage risk and regulatory change, reduce costs, and enhance controls. We specialize primarily in banking, capital markets, wealth and asset management and insurance. We also have an energy consulting practice in the US. We serve our clients from offices in leading financial centers across the Americas, Europe, and Asia Pacific.

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