



Customer experience as the new standard –
How can banks successfully realign?

New competitors present challenges	04
Overcoming obstacles to realignment	08
Your contacts	10

New competitors present challenges

In recent years, the banking market environment has changed radically: Low barriers to entry in the wake of new regulations, technological advances, and customers with digital affinity have attracted not only global service providers with digital DNA, but also FinTech companies. Their focus is on consumers who value simplicity and availability for making their daily tasks easier, as well as affirmation through personalization and customer service on demand. In this context, a broad spectrum of services plays a secondary role, since new customers see banks only as a means to an end. Deloitte's Digital Banking Maturity Study EMEA and Digital Leadership reports show that achieving a competitive advantage through product functionality is difficult - and this will drive the digital transformation in the near future, especially for financial service providers.

The primary way for competitors to differentiate themselves is by the customer experience along various touchpoints. Tech giant Apple has launched a credit card, erasing the line between digital and analog payments. The trust gained due to the intuitive usability of its existing hardware and software ecosystem promises consumers – otherwise potential customers of the traditional banks – a fully integrated payment experience.

The venture partners, Goldman Sachs and Mastercard, are rewarded as well: They receive direct access to a previously untapped group of customers. Apple is not, however, the only player to show an interest in the financial market. Amazon and Alibaba see business opportunities in granting credit, which bridges another gap in the customer journey and smooths the way for consumers to purchase more products. Meanwhile, Google wants to offer the world more than 'just' payment services and credit, dedicating itself to the vision of Open Banking. The goal here is not to provide specific banking services, but instead bundle them all and provide personalized services regardless of the device used, in line with Google's mission to "organize the world's information and make it universally accessible and useful".

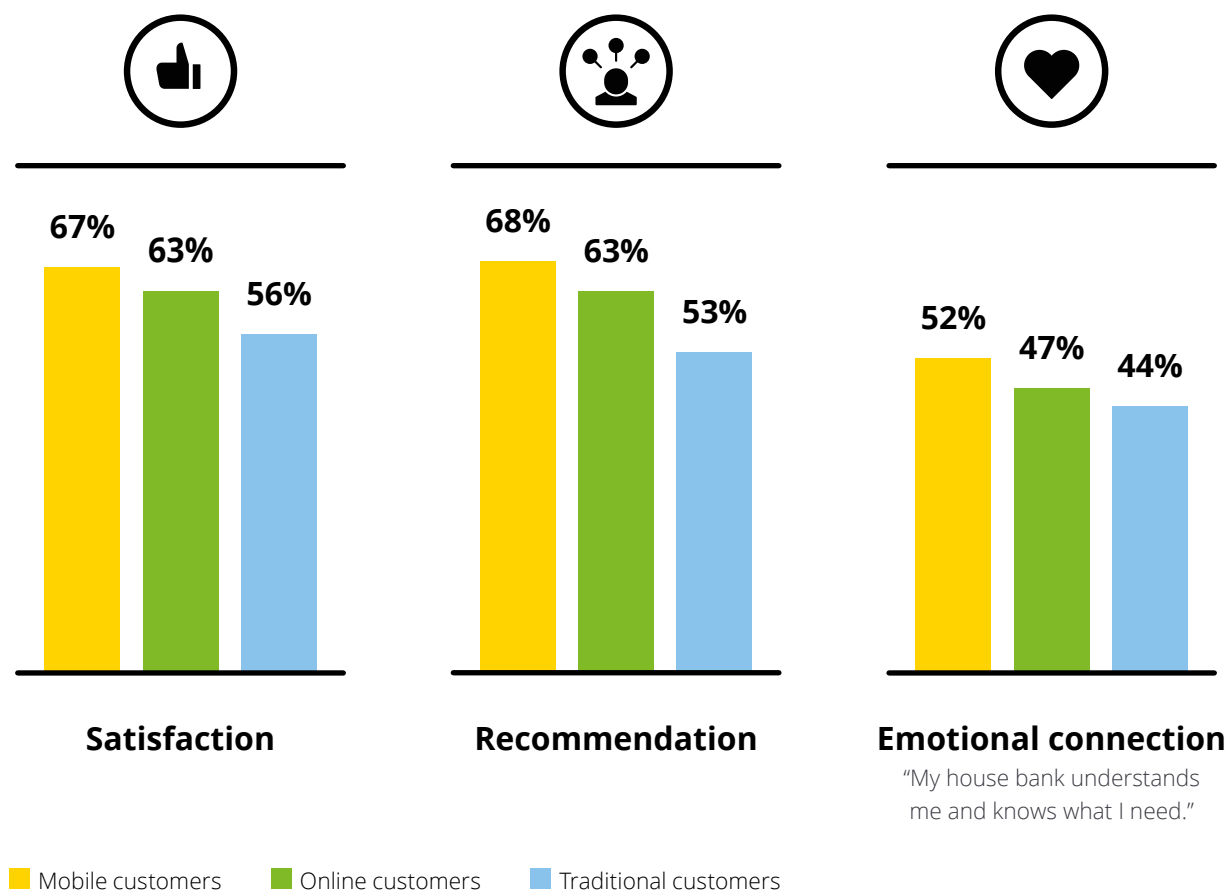
Digital Champions
offer a broad foundation
of customer-relevant
functionalities and a
compelling user experience.

In their assault on traditional banks, FinTech companies usually concentrate on improving and perfecting specific banking services. Thanks to customer-focused product development, they have managed to captivate a large group of customers within a very short time – not to mention investors. For example, Robinhood offers a commission-free micro trading app that is already valued at USD 5 billion.

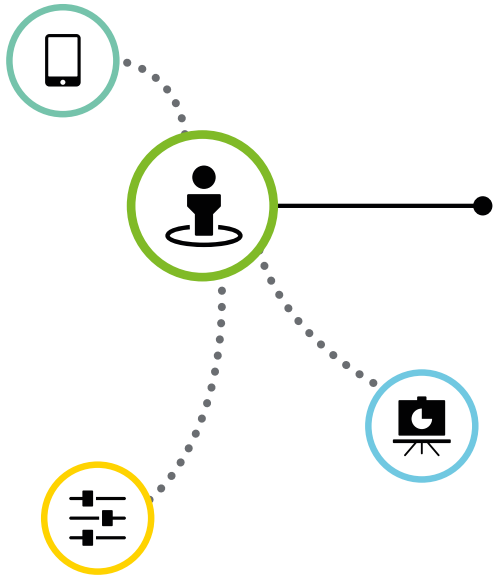
Its target group are customers with different experience levels who are accustomed to digital services from other providers that are simple and can be learned quickly. Rising average incomes for younger employees encourage FinTech companies in their efforts to increase customer independence in the area of personal finance. While Robinhood covers a niche market that accounts for (expected) annual growth of 29 percent in Europe by 2023, a German FinTech focuses more on everyday banking activities.

With its end-to-end solution, N26 appeals on an emotional level to customers who have had enough of complicated and protracted processes for opening new accounts. Customers feel very satisfied and enjoy using the system, which they communicate to their friends and family, at times causing up to 10,000 new accounts to be opened per day. This is one thing tech giants and FinTech companies have in common: They start from the customer perspective.

Fig. 1 – The degree of emotional connection with a house bank depends on the customer group¹



¹ Source: Deloitte Financial Services – Global Digital Banking Consumer Survey: Accelerating digital transformation in banking, 2018.



Realignment needed for customer proximity

In a rapidly transforming market, traditional banks currently have a hard time finding the right mix between core business and innovation. They understand their customers with their individual needs and expectations about the ideal user experience, and this is the foundation for a customer-focused strategy. In this sense, it is the market-leading banks who are challenged at the customer interface and who must succeed in realigning their thinking away from their previous product-driven marketing and sales strategies.

Many banks focus on optimizing the mobile and online banking frontends for user-friendliness without considering embedding banking systems in a platform that centers customers. Silo working often prevents an interdisciplinary exchange, which is needed to solve customer problems comprehensively. Narrow perspectives on customers lead to inconsistencies along the customer life cycle and to inefficiencies within the banks, although they already have access to all the elements required for success. New is not always better!



Identify potential, build on strengths

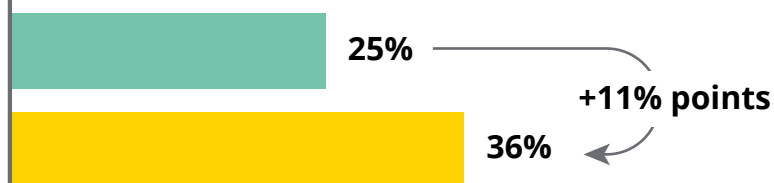
The competitive advantage of traditional banks lies in reorganizing their extensive product range to revolve around customers. They can score especially in the areas of lending, financing and personal financial advice. Even though customers now prefer to contact their bank as needed, rather than being approached, they still like to have a single point of contact in case of complaints and problems.

Established banks offer promptness, reliability and personal contact, putting them well ahead of the competition - and not just in terms of processing. Customer service provides a nearly inexhaustible source of customer wishes that are ideally suited to developing new services. Especially in the era of digitalization, it is important to continue cultivating and communicating these strengths and gain time elsewhere for customer-focused realignment.

Fig. 2 – Limited product ranges are a bottleneck for FinTech companies in reaching digital market maturity²

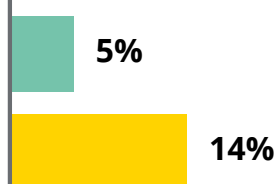
Total

In the overall view, FinTechs score worse than established banks in 826 functionalities tested, ...



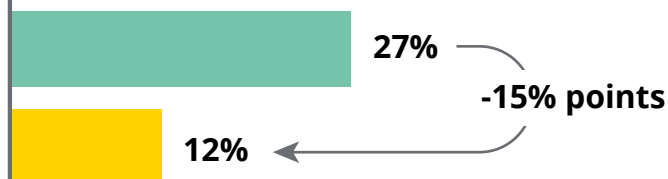
Number of banking products offered

... since the majority of FinTechs still offer only a selection of banking products and are unable to service complex customer requirements in their entirety, ...



Mobile availability of core products³

... although the situation looks different if we confine our view to the mobile channel, where FinTechs excel.



■ FinTechs ■ Established Banks

² Source: Deloitte Digital – EMEA Digital Banking Maturity, 2018.

³ Functionalities in reference to up-to-date account balance and debit card.

Overcoming obstacles to realignment

Deloitte has used its proven CX approach to help banks define, augment and optimize the services that are most useful to their customers.

WHY – WHAT – WHO – HOW are the four interlinking elements that can successfully manage the transition toward a customer-centric bank.



Why

Recognize customer needs

First, we listen: In-depth interviews help us get to know end customers and understand the explicit and implicit needs and expectations that different types of customers have of their bank. Our questions focus primarily on routines and unfulfilled customer wishes (explicit) with a view to integrating financial topics in everyday life. In combination with neuroscientific measurements, we also find out what they feel in critical situations, which are usually handled on autopilot (implicit). This method is unique in the market and aims for a value-free recording of key moments ('Moments that Matter') and use cases that are relevant to the customer experience. Only then can we begin to redesign or optimize existing services.



What

Identify and develop user-friendly services

Customer Journeys reveal the greatest potential for a seamless customer experience. In a first step, we develop the target vision here based on our research results, which can be compared in a second step with internal services and skills. This easily shows where there is potential for improvement, which interdisciplinary teams can then use to generate ideas. Subsequent rapid prototype testing with real customers means priorities can be set quickly, which ensures the efficient use of resources for implementation.



Who

Designate future tasks within the bank

Along with new tasks, the first few weeks of reorientation bring up unfamiliar processes and requirements for the teams. Deloitte is on hand to help clients develop a responsive working model. The focus here is on systematically closing the gaps identified between current and target states on the technology and staffing sides. Banks are not left to themselves during operationalization, but rather supported by experts from our Human Capital Advisory Service. Nothing is left to chance.

$$„CX = (\text{Brand} + \text{Service Design} + \text{UX/UI})^{\text{Data}}“$$



How

Create processes and tools for long-term success

The path is the goal, as they say, so our way of working is in closely interlinked and collaborative mixed teams with our clients. A Rapid Prototyping approach teaches teams to progress iteratively, which reduces both costs and risks. To give teams a running start, we identify beforehand whether agile project management and the use of team software would benefit the project. Our ambition is that the knowledge transfer prepares people optimally for their future tasks and brings about the desired realignment.

Every beginning is hard - especially when it comes to teaching whole departments about customer-focused thinking. Iterative approaches and early successes can introduce Customer Experience long-term as a guiding value in established banks.

Please do not hesitate to contact us if you have any feedback or questions:

Martin Schulze

Senior Manager | Customer Experience
Lead for Financial Services Accounts

Your contacts



Jürgen Lademann

Partner
Financial Services
Tel. +49 (0)172 668 3713
jlademann@deloitte.de



Martin Schulze

Senior Manager
Customer Experience – Lead for Financial Services Accounts
Tel. +49 (0)151 5800 0158
marschulze@deloitte.de



Henning Güldenstein

Manager
Communication & Stories
Tel. +49 (0)151 5807 0695
hgueldenstein@deloitte.de



Hannah Koller

Senior Consultant
Customer Experience & Service Design
Tel. +49 (0)151 5807 0897
hakoller@deloitte.de



Julia Ringlstetter

Senior Consultant
Customer Strategy
Tel. +49 (0)151 5807 1405
jringlstetter@deloitte.de

Deloitte.

Digital

Diese Veröffentlichung enthält ausschließlich allgemeine Informationen, die nicht geeignet sind, den besonderen Umständen des Einzelfalls gerecht zu werden, und ist nicht dazu bestimmt, Grundlage für wirtschaftliche oder sonstige Entscheidungen zu sein. Weder die Deloitte Consulting GmbH noch Deloitte Touche Tohmatsu Limited, noch ihre Mitgliedsunternehmen oder deren verbundene Unternehmen (insgesamt das „Deloitte Netzwerk“) erbringen mittels dieser Veröffentlichung professionelle Beratungs- oder Dienstleistungen. Keines der Mitgliedsunternehmen des Deloitte Netzwerks ist verantwortlich für Verluste jedweder Art, die irgendjemand im Vertrauen auf diese Veröffentlichung erlitten hat.

Deloitte bezieht sich auf Deloitte Touche Tohmatsu Limited („DTTL“), eine „private company limited by guarantee“ (Gesellschaft mit beschränkter Haftung nach britischem Recht), ihr Netzwerk von Mitgliedsunternehmen und ihre verbundenen Unternehmen. DTTL und jedes ihrer Mitgliedsunternehmen sind rechtlich selbstständig und unabhängig. DTTL (auch „Deloitte Global“ genannt) erbringt selbst keine Leistungen gegenüber Mandanten. Eine detailliertere Beschreibung von DTTL und ihren Mitgliedsunternehmen finden Sie auf www.deloitte.com/de/UeberUns.

Deloitte erbringt Dienstleistungen in den Bereichen Wirtschaftsprüfung, Risk Advisory, Steuerberatung, Financial Advisory und Consulting für Unternehmen und Institutionen aus allen Wirtschaftszweigen; Rechtsberatung wird in Deutschland von Deloitte Legal erbracht. Mit einem weltweiten Netzwerk von Mitgliedsgesellschaften in mehr als 150 Ländern verbindet Deloitte herausragende Kompetenz mit erstklassigen Leistungen und unterstützt Kunden bei der Lösung ihrer komplexen unternehmerischen Herausforderungen. Making an impact that matters – für rund 286.000 Mitarbeiter von Deloitte ist dies gemeinsames Leitbild und individueller Anspruch zugleich.