

Keeping promises Putting customers at the heart of retail financial services



Contents

Introduction	1
The growth and profitability challenge	2
Redefining differentiation in retail financial services	3
Service-differentiated strategies win or lose on execution	5
Winning the hearts of customers requires a selective approach	7
Delivering on the customer promise: Seven disciplines	9
1. Make the customer an executive priority	9
2. Use insight to tailor the individual customer experience	10
3. Bring the brand to life	11
4. Use customer-centric measurement and reward	13
5. Build customer-centricity into operational processes	13
6. Embed customer-centricity in every team and individual	14
7. Use technology to bridge the gap with consumers	15

Introduction

Becoming more customer-centric should be a priority for all financial services providers. In the current challenging economic environment, it can be a driver for growth and profitability, help defend against competitors and ensure financial services institutions meet their regulatory obligations.

A number of recent shifts in the customer landscape have created the conditions for change:

- mature European markets are saturated in traditional product categories;
- consumers have become increasingly price sensitive, displaying low loyalty and trust;
- comparing and switching providers has never been easier;
- supervision of financial services providers is rising; and
- technology is radically reshaping customer channels.

As a result of the shifting dynamics, financial services providers are rethinking their strategies, taking steps to improve retention and resetting customer relationships. For many firms, this means differentiating on service, enhancing the experience and investing in regulatory compliance, particularly in relation to conduct risk.

There are a number of potential challenges. In a world where cost-to-serve is a key metric, it may not be feasible to make major improvements to the customer experience across all channels, segments and customer journeys. Wholesale change is time-consuming, costly and carries significant operational and reputational risk if it fails to deliver on the customer promise. In particular, financial services providers should be wary of service improvement strategies which aim to increase penetration across all channels and customer segments; these may dilute the customer experience.

Clearly financial services providers should offer a basic level of service to all customers. However, the conclusion must be that the aspiration to be all things to all people across all channels is no longer achievable.

A successful service improvement strategy requires providers to be selective, which means prioritising certain customer segments or journeys and maximising the channels supporting those choices. We propose four guiding principles:

1. Focus: target micro-segments

Shift from a mass-market approach to micro-segmentation, understanding which customer segments to serve as a priority and which clusters are most profitable.

2. Insight: make smarter decisions through granular insight

Make better use of customer data using analytics-based approaches. Evaluate processes through the eyes of the customer to gain an accurate understanding of what each micro-segment wants.

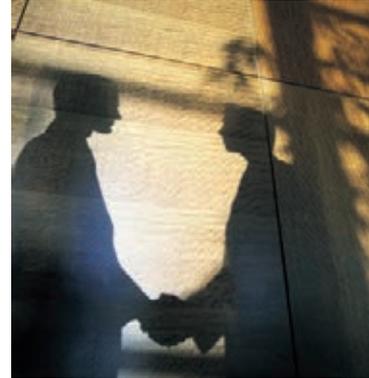
3. Action: execute on insights through meaningful customer interactions

Build propositions that use deep customer insight to offer the right message to the right customer through the right channel and at the right time. The outcome will be reduced churn and increased customer lifetime value.

4. Test and learn: deliver sustained returns through agile delivery

Break implementation into bite-sized chunks (e.g. a specific customer segment, channel or customer journey) and adopt an iterative approach to execution. Build the right leadership, culture, metric and technology to embed customer focus in the organisation.

Executing against these four principles will be crucial to achieving customer-centricity, and at the end of this report we offer seven practical steps to help financial services organisations deliver on the customer promise and create the right environment for profitable growth.



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The growth and profitability challenge

Unlocking profitable growth in a turbulent economic climate is at the top of the executive agenda in 2013, and was a key topic for discussion at the World Economic Forum.¹ In financial services, revenue growth and profitability are constrained in mature markets and there are challenges in terms of competition and costs.

Revenue growth is tough

Growing the bottom line is becoming more challenging, driven by three principal factors: the market is saturated and price sensitive, a series of crises and scandals have erupted, and new entrants are gaining market share.

The market is saturated

The market is increasingly saturated, price sensitive and commoditised, and growth in many countries is heavily dependent on retaining customers and expanding at competitors' expense. The proliferation of 'introductory offers', particularly in the banking sector, illustrates how fiercely providers are competing for customers, who are increasingly price sensitive.² The prevalence of price comparison websites means customers enjoy greater transparency and are more likely to switch providers. Our research indicates that 18 per cent of people moved one or more of their bank or building society relationships in 2010.³ Price comparison sites also dominate personal lines insurance and over a third of customers switch provider at renewal.⁴

A series of scandals

The industry has been hit by a series of crises and scandals, such as those related to Payment Protection Insurance (PPI) mis-selling and Libor rate fixing. As a result, most financial services organisations are perceived negatively by consumers and many are losing customers because of declining trust and loyalty. If the industry fails to address these issues, switching is likely to increase.

New entrants

New entrants are picking up the best customers. These companies are typically less constrained by unwieldy legacy systems, free from scandal and focus on specific (profitable) target segments or channels. Several supermarkets and retailers have increased their presence and technology companies have entered with products like Google Wallet. New entrants have yet to capture significant market share, but are targeting the most profitable customer segments, displaying greater agility in responding to consumer trends. More than 40 per cent of adults in the United Kingdom would consider buying insurance from a supermarket.⁵

Regulatory and other costs are rising

A shifting regulatory framework has elevated costs and undermined sales. Regulatory changes under Basel III and Solvency II have diverted capital away from investment. It is sometimes unfeasible to pass costs on to customers, and attracting new customers is expensive. Finally, digital disruption and the expansion of new channels have added complexity and cost to often over-burdened IT and operations functions.

In short, these factors combined mean that to attract, retain and compete for customers, financial services organisations are required to do more with less.

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Redefining differentiation in retail financial services

Financial services providers are re-examining business models

In an increasingly commoditised and competitive market, providers are reassessing where, and how, they should compete. In making choices, providers are seeking to understand how they should differentiate in three areas: operational excellence, product leadership and customer experience. Creating value through these three dimensions is typically seen as a trade-off between price, product relevance and customer service (see Value Disciplines Model below).⁶ The inherent tension between the three concepts means leading on more than one is complex.

Figure 1. Value Disciplines Model



Source: Based on *The Discipline of Market Leaders*, Michael Treacy & Fred Wiersema, 1996

1. **Operational excellence:** focuses on reducing costs, improving efficiency, sharing best practice across business units and reliable delivery. In terms of the customer proposition this often translates to a price-led strategy offering value for money.
2. **Product leadership:** focuses on product innovation and speed to market. In financial services this could mean targeting selected customer segments by offering differentiated products that take advantage of technological advances or changing consumer preferences, or focusing on retention by pursuing a 'values-based' strategy, which advocates an ideology or specific set of ethics through the brand (e.g. mutual organisations).
3. **Customer experience:** focuses on developing a better understanding of customer needs and preferences to increase customer satisfaction and retention. A service-led approach can support a strategy which aims to increase the value of existing customers through cross and up-sales.

In making choices, providers are seeking to understand how they should differentiate in three areas: operational excellence, product leadership and customer experience.

Few organisations have managed to become market leaders in two disciplines, but those that have succeeded in doing so often achieve leadership in one area while aiming for pre-eminence in the second. Many financial services organisations are focusing their business models on one of these qualities and refining their brand promise accordingly.

Providers should deliver on their brand promises; extend their brand positioning and set consumer expectations around what they can expect to receive in terms of products and services. If expectations and promises are not met then reputational and regulatory risks will be amplified.

Many will seek to differentiate on customer experience

For many organisations, differentiating on service represents the greatest opportunity for delivering on the customer promise and achieving growth. There are a number of reasons:

1. **Avoids a race to the bottom:** competing on price across all customer segments is likely to yield only one winner. The race to cut costs may lead to operational deficiencies which decouple the organisation from its brand promise. Customers may be willing to pay a higher price for substantially better quality service, or choose a service-oriented provider at the same price.
2. **Increases retention:** where market size is stable, developing existing customer relationships to increase retention and customer lifetime value becomes a more attractive alternative. Delivering outstanding customer experience is not only likely to increase customer loyalty, but also has the potential to create brand advocates.⁷
3. **Maximises regulatory investments:** as conduct regulation continues to evolve, providers will be forced to improve the quality of customer interactions.[†] The UK Financial Services Authority (FSA) introduced a requirement for retail banks to have the ability to provide a single customer view for compliance with the Financial Services Compensation Scheme (FSCS). Investing in this capability so that it can be used to generate customer insights gives providers the opportunity to increase customer value and improve retention.
4. **Responds to new entrants:** financial services providers may respond to the threat from new entrants by improving customer service cultures and acknowledging that building strong customer affinity can be a differentiator.
5. **Reduces costs:** providers should address customer needs by enhancing the online and mobile customer experience. This also provides an opportunity to gather customer insights whilst reducing operational costs.



[†] In September 2012, Martin Wheatley, CEO-designate of the Financial Conduct Authority (FCA), announced a programme of work to reduce the risks of consumer detriment associated with sales incentives. He said: "We, as the regulator, intend to change this culture of viewing consumers simply as sales targets and I am going to be personally involved in getting this right". (FSA, "FSA launches initiative to outlaw flawed sales bonuses that encourage mis-selling", <http://www.fsa.gov.uk/library/communication/pr/2012/084.shtml>, September 2012).

Service-differentiated strategies win or lose on execution

If a firm promises service differentiation then it must deliver a better customer experience than competitors – or risk breaking its brand promises relating to ‘improved service’.

While service-differentiated strategies may bring great benefits, they may also undermine the business if poorly executed. Equally, a higher level of service might increase costs without achieving the differentiation required to improve retention or customer value.

When service differentiation fails to deliver, it is usually because strategies are either too broad, leading to poor execution, or not sufficiently anchored in customer insights.

All-encompassing strategy and execution

Strategies which attempt to deliver service differentiation for all customers across all channels and customer journeys can bite off more than they can chew. In a world where cost-to-serve is a key metric, it is unfeasible to excel across an increasingly complex breadth of channels, or address the changing needs of all customers. In addition, wholesale change is time consuming, costly and carries significant risk if it fails to deliver on the customer promise. Getting it wrong can result in an unsustainable level of operational complexity and damage to reputation and brand.

Improving the quality of customer experience can be more complex in a multi-channel environment. Consumer expectations are increasing, with technologies allowing more freedom, capability and social connectivity.⁸ For providers, the explosion of channels means it is more difficult to offer a consistent experience, and for some it may mean an unsustainable rise in costs. Financial services providers can fall foul of service improvement strategies which aim to expand presence across channels but actually dilute the quality of customer experience.

Conduct regulation may empower financial services customers, but could also add to complexity in execution. There has been a tightening of consumer regulation including the Retail Distribution Review (RDR), the Mortgage Market Review (MMR) and the Markets in Financial Instruments Directive II (MiFID II), and there is already evidence of a more proactive approach by the FCA in its on-going monitoring of conduct risk. Providers must grasp the impact of regulatory change on their customer interactions. Poor execution may result in more complex sales processes and a higher cost customer interface.

Anchored in customer insight

Understanding changing customer preferences is critical in delivering service differentiation. Providers with a poor understanding of customers may fail to execute against expectations, and those focusing on attracting and retaining the wrong customers may not achieve expected retention and profitability.

Providers must consistently deliver on the fundamentals that relate to their business models. For a customer experience-led model, that means offering simple, integrated solutions through the most appropriate channel. Organisations need to offer tailored and relevant customer experiences based around convenience, value and service, and should use insight to monitor and interpret the impact of changing customer needs at a granular level.

Consumers are more powerful and discerning and can broadcast their views as a result of online channels. Social media has created a new way for customers to interact with organisations and others. Service differentiation strategies that do not take into account online interaction and insight are likely to miss out on a valuable source of feedback.

Traditionally there has been a high degree of customer inertia in financial services, but the balance is now shifting as ‘connected consumers’ assert more control over their experiences via online channels and social media.* These empower customers to make more informed purchasing decisions based on peer opinions. Some 72 per cent of UK consumers update and read content on social networking sites on a weekly basis, and 62 per cent write online reviews based on their experience of a product or service.⁹ In the UK non-life insurance market, 20 per cent of adults purchasing a policy online rely on online reviews to inform their decision.¹⁰

Social media also enables financial services organisations to gather insight into customer behaviours and preferences, and to gain feedback into how they fulfil brand promises.

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* In the United States, one major bank withdrew a debit-card fee one month after implementation, when a petition against the charge lodged by a customer was broadcast, and subsequently ‘went viral’.

Figure 2. Delivering on value, convenience and service



■ Offering tailored by customer ■ Fundamentals every organisation must deliver on

Source: Deloitte LLP

Traditionally there has been a high degree of customer inertia in financial services, but the balance is now shifting as 'connected consumers' assert more control over their experiences via online channels and social media.

In effect, social media has become a virtualised word of mouth, and gives a voice to consumers which can improve or destroy brand value.¹¹ Failing to live up to the customer promise may carry greater reputational risks than previously.¹²

The customer experience must resonate with target customers if a provider is to create buy-in, increase customer confidence and keep its promises.

Winning the hearts of customers requires a selective approach

A successful service differentiation strategy requires a selective approach to strategy and execution. To succeed, providers must determine what is important. That could mean working out which customer segments or customer journeys to focus on and maximising the effectiveness of the channels supporting those choices.

Building a capability that delivers relevant customer insight is fundamental to an organisation's ability to make the right strategic choices. It informs an understanding of the customer experience required to achieve a service-differentiated strategy.

Organisations should adopt four principles to develop a customer strategy that enables profitable growth. Throughout the process, organisations should review the promises their brand is creating from the perspective of the customer. In certain scenarios the brand promise may be adjusted, and if necessary tailored and differentiated by customer segment.

1. Focus: target micro-segments

A lack of knowledge and insight into the existing customer portfolio can limit or prevent growth. Deconstruct the challenge by asking specific questions around 'micro' customer segments, aiming to identify which activities will provide the biggest and fastest uplift:

- **Determine the levers:** focus on target customers, growth benchmarks and execution approach.
- **Build a growth portfolio:** identify options to support delivery of the growth target.
- **Operate at a micro-segment level:** identify profitable customer clusters and target individual customers. Get closer to customers to understand their needs.

2. Insight: make smarter decisions through granular insight

Often there is a wealth of customer data held in legacy systems. The challenge is to extract this information and use analytics to gain insight in a cost efficient manner:

- make better use of existing data;
- integrate data to build a more comprehensive picture;
- work at a granular level; and
- invest in data analytics.

Whilst the use of analytics is critical to developing insight, it is not the only consideration. It is equally important to work from an 'outside-in' perspective, by considering the existing and desired customer experience. Mapping current customer journeys and experiences can help firms understand sensitive or weak points in the customer lifecycle.

Building a capability that delivers relevant customer insight is fundamental to an organisation's ability to make the right strategic choices.



3. Action: execute on insights through meaningful customer interactions

Insight and analytics capabilities must increase the value of customer interactions. Firms should develop hypotheses based on customer segments and use needs-based propositions to test and refine. Implementation of each proposition should focus on delivery to a specific customer segment, clearly outlining the business benefits in terms of reducing churn and increasing customer lifetime value. Each campaign should focus on improving:

- **customer alignment:** to offer the right message, to the right customer, through the right channel, at the right time;
- **effectiveness:** by building multichannel capabilities and embedding new ways of working; and
- **transparency:** by defining clearly measurable outcomes that support the business benefits.

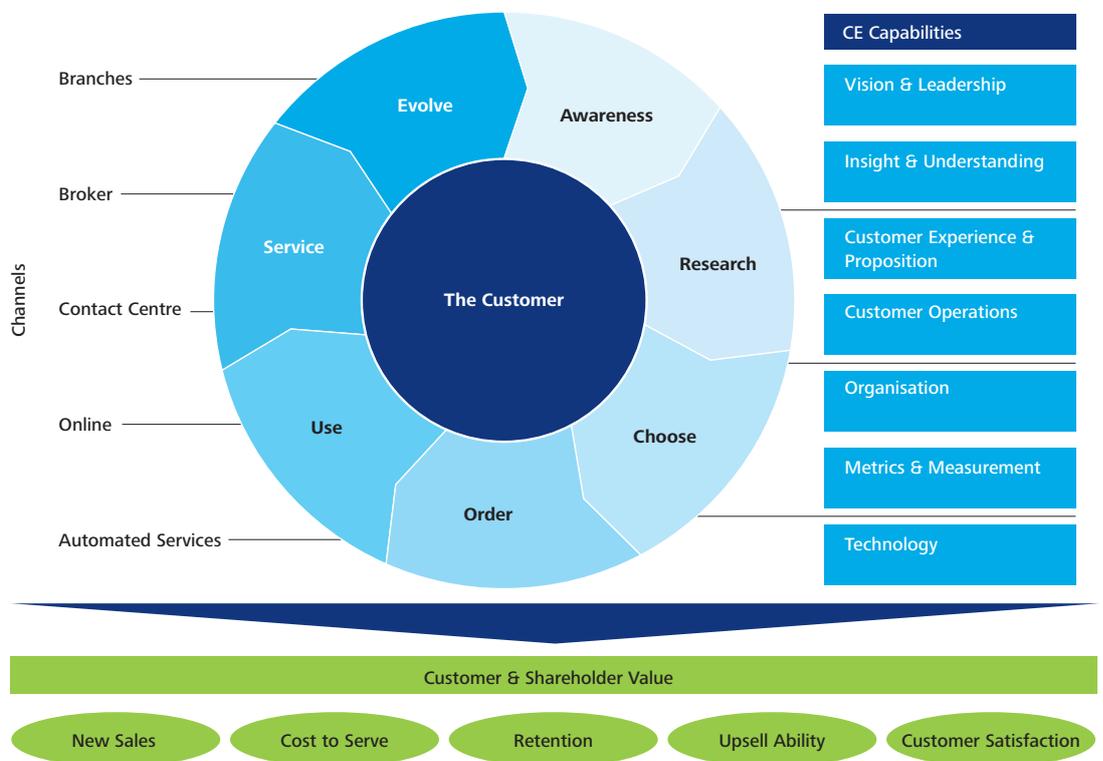
4. Test and learn: practical initiatives against a measurable plan

Organisations should break initiatives into pragmatic, measurable and specific growth programs or 'bite-sized chunks'. Adopting an iterative approach that relies on 'test and learn' can help providers deliver sustained value creation. There are three keys to success:

- **achieve faster 'time to value':** develop granular, measurable and time-bound (e.g. 90-day) execution plans;
- **embed an agile capability:** focusing on deploy, test and learn; and
- **engrain customer analytics:** align to the customer and boost analytics.

These measures will support delivery of tangible and sustainable returns in terms of increased retention, lower acquisition costs and increased share of wallet.

Figure 3. Delivering the Customer Experience



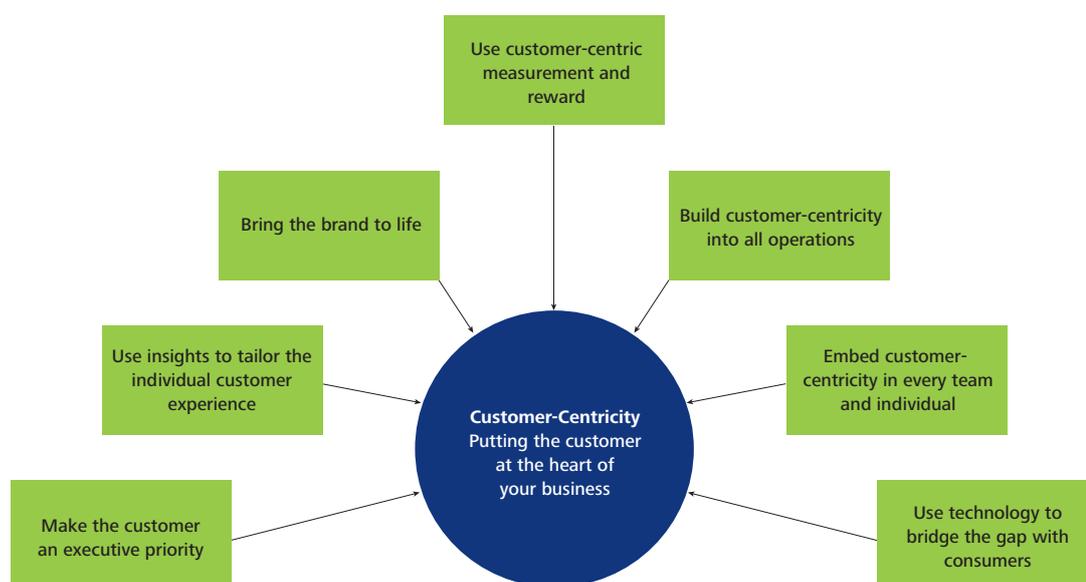
Source: Deloitte Customer Experience Framework

Delivering on the customer promise: Seven disciplines

Those financial services organisations that outperform and achieve profitable growth will successfully build their businesses around their customers.

To create the right strategy for profitable growth, there are seven disciplines that point to how organisations can become more customer-centric.

Figure 4. Seven disciplines to becoming customer-centric



Source: Deloitte LLP

1. Make the customer an executive priority

Embed customer-centricity into your vision and leadership

Only decision makers have the ability to set the vision, embed a culture of customer service and break down product and functional silos. Clear articulation at board level of what customer-centricity means and how it is relevant is critical. The FCA now requires evidence that senior management teams play a key role in leading and championing customer-focus as part of the firm's conduct risk strategy. The majority of financial products are sold, not bought, and it is particularly important that leadership actively engages in ensuring good customer outcomes. FCA chief Martin Wheatley has said that he expects those running firms to look at their incentive schemes: "Is it to get the best deal for the customer, or is it to get the best deal for the person or firm selling it?"¹³

Financial services organisations focused on building their business around customers are empowering top executives to own the customer experience and journey. A number of organisations have developed roles at the most senior level to help facilitate, drive and own the customer agenda. Such roles have been given various titles, including Customer Experience Officer, Client Experience Officer or Chief Customer Officer (CCO).

A number of financial services providers have made CCO appointments. CCOs should be given responsibility for leading the customer agenda across the firm and providing a single vision across business units both in the front and back office. Net Promoter Scores (NPS) and employee engagement scores should be central to their work. It is common for these roles to report to the CEO and in some instances they are members of the executive.

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From product-focused to customer-centric

The majority of financial services providers have traditionally structured themselves around products, viewing this as the optimum approach in an overwhelmingly commoditised market place. However, for organisations to reap the benefits of customer-centricity, they need to redesign operating models to focus on serving customers' needs. Aligning earnings to customer segments rather than products is key for financial services organisations wanting to deliver tailored offerings and more effectively address individual needs.

This fundamental change to business and structure needs to be driven from the top. However, refocusing the organisation around customers by making leadership accountable for customers instead of product lines will position providers to better meet customer needs and deliver profitable growth.

Best-in-class organisations display the following characteristics:

- customer represented at executive level;
- reporting aligned to customer segments not products;
- customer needs drive the strategy and planning process; and
- leadership focused on customer metrics and outcomes.

2. Use insight to tailor the individual customer experience

Single customer view

Customers want to be treated as individuals and a single customer view (SCV) supports this. The concept of a SCV is not new, but many financial organisations have struggled to realise its value.

Financial services firms can draw on a wealth of data about their customers, both internally and externally from social media platforms, geospatial analysis and third parties. Harnessing this data builds a picture of each customer, including the products or accounts they hold as well as their lifetime value.

The SCV can benefit financial services organisations and their customers in a number of ways:

- ensures better targeted marketing – retention interventions, cross-selling and up-selling;
- supports responsible lending in the instance of banks;
- ensures customers are managed in a fair and compliant way;
- presents the opportunity for decreased capital needs; and
- builds an understanding of customer lifetime value.

Whilst creating SCVs had previously been considered time-consuming, expensive and without defined benefits, newer tactical or externally hosted SCVs can provide an inexpensive alternative (delivered as a service) that can generate significant ROI.

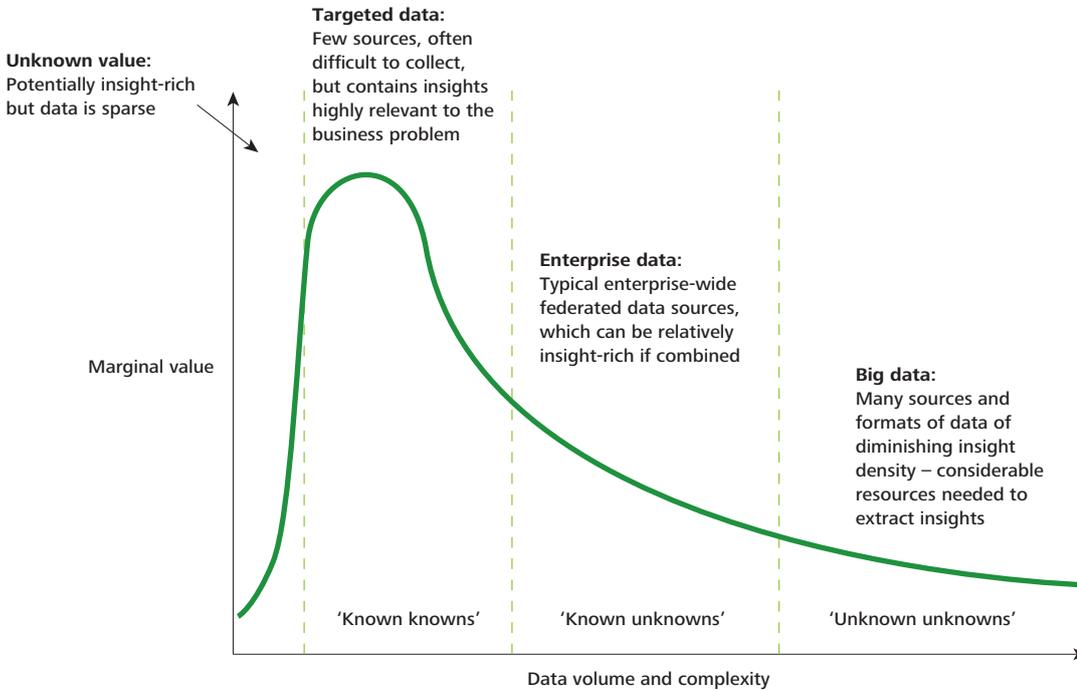
A lean approach to 'big data'

The proliferation of 'big data' provides an opportunity for companies to differentiate the services they offer their customers. A lean approach to 'big data' can help organisations identify and focus on data to drive specific business outcomes, leading to innovative interaction with customers.¹⁴ This places emphasis on intelligent, cost-efficient use of quality data rather than the quantity of data collected – 'big data' activities can all too easily focus on data which has the lowest potential to add value, wasting time, cost and effort.

Data is fundamentally changing the nature and structure of the provider-customer relationship. Firms that adopt an innovative and lean approach can engage customers across channels and differentiate customer experiences, whilst satisfying the need for cost-efficiency.

A lean approach to 'big data' can help organisations identify and focus on data to drive specific business outcomes, leading to innovative interaction with customers.

Figure 5. The relationship between data's value and its volume and complexity



Source: Deloitte LLP

Real-time action

Turning data into actionable knowledge can lead to real-time action. Real-time analytics enable instantaneous decision-making and execution. This type of approach is already being deployed by some of the most customer-centric financial services organisations to deliver a more efficient service to customers and differentiate from competition. In its most sophisticated guise, real-time action incorporates dynamic pricing, with customers offered products at a price that changes according to factors like demand, risk aggregation and customer type. This moves providers away from a 'one size fits all' approach to one that is more tailored.

3. Bring the brand to life

Designing the customer experience

Developing a defined end-to-end customer experience allows organisations to define how the brand will be brought to life in sales, marketing and service interactions, and enables identification and understanding of the key interaction touch points across channels. The brand is the distillation of an organisation and getting it right is essential to engaging effectively with the market and customers.

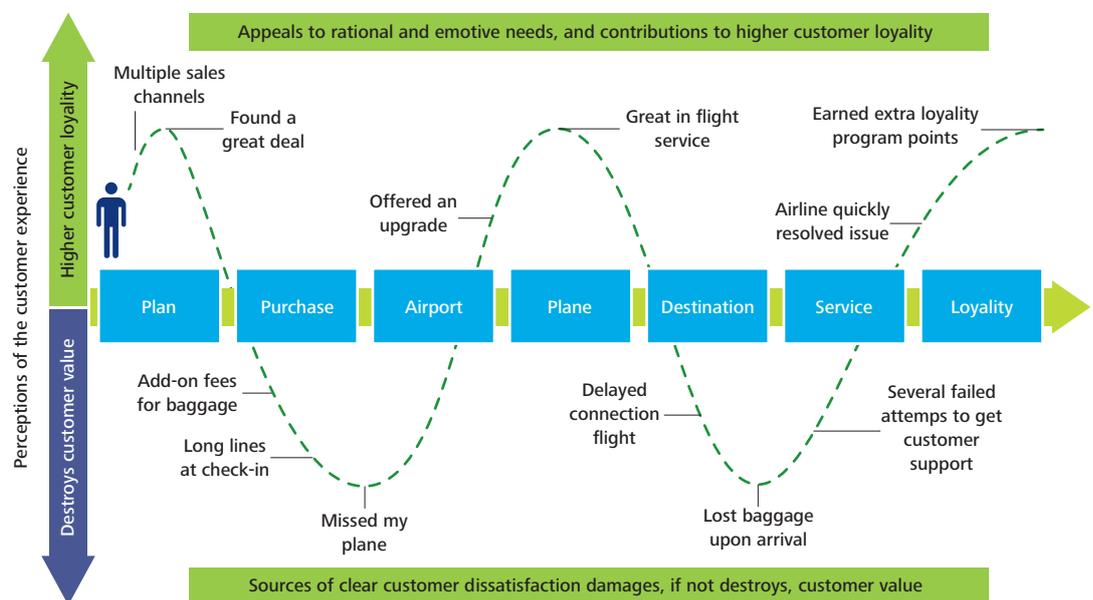
Real-time analytics enable instantaneous decision-making and execution.

Best-in-class organisations display the following characteristics:

- a single view of the customer;
- detailed understanding of customer lifetime value;
- use of social media and other 'out-of-house' sources to drive insight and customer affinity; and
- dynamic pricing and real-time action based on insight.

The customer perception of a brand is based on what is seen, heard and experienced. This perception needs to be supported by all business functions to reinforce a consistent brand image – with the right messages communicated through customer touch points. This is particularly important for service-based brands offering intangible products like financial services, where touch points must work harder to communicate brand messages and consumer benefit. Defining the key touch points or ‘moments of truth’ can be a differentiator in retaining or strengthening the customer relationship. Whilst the incremental improvement may seem small, replicating this performance in financial services could increase customer lifetime value and result in a significant reduction in acquisition costs.

Figure 6. Planning customer interaction across the lifecycle (an airline)



Source: Deloitte LLP

For many customers, it is more important to keep it simple than be offered a gold-plated service or cutting-edge products.

Service promises

Successful customer-centric organisations tend to have service promises or customer charters for each of their brands, outlining what customers can expect. Each promise needs a clear metric and senior executives must be accountable for delivery.

A seamless, straightforward and transparent experience

The pace of technological advancement means organisations need to adapt quickly to meet changing expectations. They must provide a seamless experience across channels, from traditional to digital, mobile and tablet. Consumers expect an integrated multi-channel experience which offers them the ability to switch channel without repetition of dialogue.

For many customers, it is more important to keep it simple than be offered a gold-plated service or cutting-edge products.

Customers expect transparent products and processes explained in a straightforward way. Information must be clear and accurate, and they should have visibility on why certain decisions are made and prices charged. The overall experience should be friendly and any enquiries should be promptly resolved.

Best-in-class organisations display the following characteristics:

- defined experience for customers across the lifecycle;
- simple products that are easy to understand and configurable;
- transparent processes; and
- integrated channel experience.

4. Use customer-centric measurement and reward

Metrics that matter

Financial services firms should deploy metrics which drive action and change, and support their customer goals. The right metrics need to be supported with an appropriate measurement framework. However, putting in place a robust measurement system alone is not sufficient; the key is to understand what the measurement is saying and to act upon it to change how the business operates. This will help foster a culture of continuous improvement and must be an on-going journey; one of listening, understanding and responding (where appropriate). Two key principles stand out.

1. **Headline customer metrics must be understood and used across the business**

This will depend on organisational priorities; for example, it may be net customer gain or loss, NPS, customer satisfaction metrics or headline complaint figures.

2. **Metrics need to be aligned to the customer lifecycle and key touch points**

This helps create experience-based accountability rather than product or business unit focus points, which often conflict with customer needs.

It is not just financial incentives that make the difference; smaller gestures can be just as effective. Internal social networking sites, such as Yammer, can allow employees to be recognised for effort or achievement, visible throughout the organisation. This can help foster a positive culture.

Best-in-class organisations display the following characteristics:

- focus on customer metrics;
- use appropriate sales targets or call handling metrics;
- respond to metrics with positive actions to drive continuous improvement; and
- review metrics in line with organisational changes.



5. Build customer-centricity into operational processes

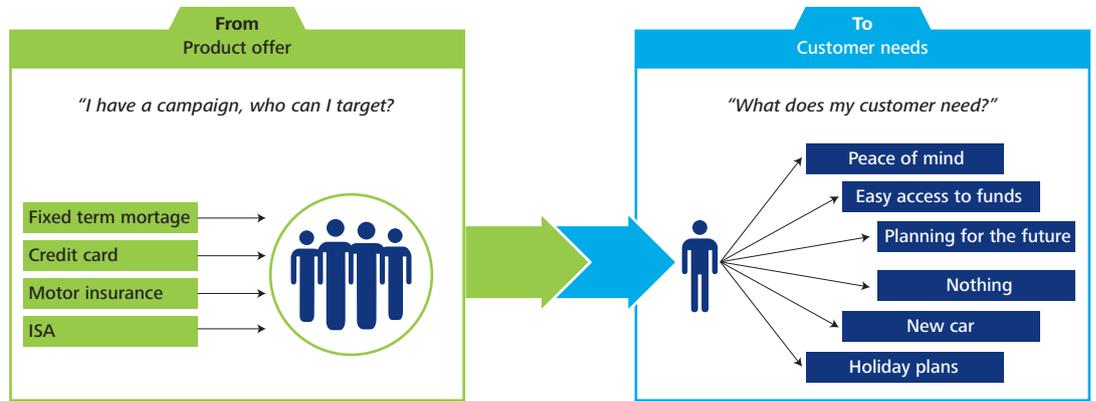
The right tools

Automating lower-value transactional processes frees up time for frontline staff to focus on customer service and brings efficiency benefits. In addition, empowering frontline staff to make 'on-the-fly' decisions and help resolve queries at first point of contact can improve customer satisfaction and support profitable growth. However, to be effective there must be a clear decision-making process supported by the right tools and information to help staff identify and meet customer needs.

Traditionally, processes have been built around scripts and measurement frameworks designed to deliver conformity, often leading to unhappy customers when their individual needs do not fit the script. Real-Time Decisioning (RTD), which uses advanced analytics technology to determine the Next Best Action (NBA), is successfully deployed by some customer-centric financial services organisations to deliver a tailored experience. It optimises dialogue-based interactions and event triggers and reduces the need for large scale and costly outbound marketing campaigns. It is therefore particularly relevant for providers marketing so-called push products.

Automating lower-value transactional processes frees up time for frontline staff to focus on customer service and brings efficiency benefits.

Figure 7. Changing focus from products to customers



Source: Deloitte LLP

In a customer-centric organisation, support functions should be aware of customer goals, brand promise and target experience.

Multichannel communications

Financial services organisations that wish to successfully engage with their customers must adopt a multi-channel approach to communications as standard practice. Embracing digital channels, particularly mobile, will increasingly be a differentiator in financial services. Consumers are 250 times more likely to interact with their bank via mobile than via a branch.¹⁵ An application such as Barclays' Pingit, which allows funds to be transferred from a mobile device, illustrates how the customer experience can be enhanced through an effective multi-channel strategy.

Best-in-class organisations display the following characteristics:

- dialogue based interactions – using next best action insight;
- high degree of automation for low value processes;
- operations act as 'customer consultants'; and
- multichannel engagement with customers.

6. Embed customer-centricity in every team and individual

Engaging the back office

Financial services organisations must take a more robust view of non-customer-facing business functions and provide them with the education, tools and awareness to inform individuals of what it means to be a customer or customer facing. In a customer-centric organisation, support functions should be aware of customer goals, brand promise and target experience. This will support the removal of barriers to delivering to customers and feed into better end-to-end processes within the organisation, such as product design.

An approach some organisations take is to use the customer lifecycle and mapping of the key customer touch points as a framework to educate and help drive customer-centric thinking and behaviours for back office functions:

- product and service proposition development teams must foster close working relationships with contact centres and multichannel teams to encourage effective input and feedback;

- HR policy changes such as allowing contact centre colleagues to 'bank' time they spend working after their shift has ended to resolve a customer enquiry can make a big difference to morale and focus; and
- encouraging other areas of the business and senior executives to spend time on the frontline to develop a clear understanding of the customer impact of decisions made in key functions.

Empowering the frontline

In a financial services environment, defined processes are critical. However, this has evolved in many cases into rigid frameworks that don't flex according to customer needs or reflect the brand promise. Further, they can sometimes result in a failure to meet the regulatory requirement to demonstrate that individual customer circumstances have been taken into account. Ensuring frontline staff feel like an important part of the organisation and are able to respond and solve problems can drive a step change in employee and customer engagement. Senior management must regularly show appreciation of the role of people on the frontline and acknowledge their feedback.

Best-in-class organisations display the following characteristics:

- understand the needs of customers and know how to fulfil them across the business;
- show greater business agility by empowering staff with a high degree of autonomy; and
- feature a common understanding of goals and objectives across functions and business units.

7. Use technology to bridge the gap with consumers

Reacting and flourishing in a climate of digital disruption

In an age of digital disruption, technology is charged with cementing the customer experience at the heart of business. Customers demanding a tailored service are pressing providers to leverage increasingly agile and low cost technology solutions.

New era, new rules

The age of the start-up and 'app' has shown us that speed and agility are imperative for a successful technology strategy. It is no longer desirable or effective to rely on heavy, antiquated legacy systems or large, cumbersome IT projects that are strictly controlled and defined. Financial businesses today must embrace an agile future-proof approach to technology, favouring light-touch solutions over heavy infrastructure and dynamic iteration over 'big idea' projects. Businesses must change their approach from 'inside out' to 'outside in', reacting to the needs of customers and designing their IT infrastructure to reflect that. This enables enhanced speed-to-market. The approach requires a CIO that can embrace change at pace and accept that some ideas will fail in an environment where it is imperative to react quickly. Finally, integrating new customer-centric platforms with legacy systems often presents a significant challenge, which should be addressed with rigour up front. Sometimes it can be more cost effective to set up a parallel organisation than integrate and enhance existing legacy systems.

Technology to make the firm more customer-centric

Advancement in mobile and web technologies have created a wealth of opportunities for financial services organisations to grow and put customers at the heart of the businesses. Technologies have enabled a true multi-channel proposition and allowed businesses to get closer to customers. The approach is centred on giving customers a better experience whenever and wherever they engage with the financial services provider. In turn the interactions can be leveraged to provide 'value-add' services such as cross and up-sell, as well as seamless straight-through-processing, one-click renewals and easy access to account information, documentation, quotes and help guides.



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Best-in-class organisations display the following characteristics:

- highly agile capability, from governance through delivery;
- create a culture of 'NewCo' instead of changing 'OldCo';
- mobile is a key channel; and
- intelligence push from analytics engine to front office.

Endnotes

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