

Putting customers at the core of your digital strategy is key for success

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The financial services sector has seen a large amount of flux and change over the last few years. With the growth of online aggregators, the pressure has been on Insurers and other services providers to look for ways to reduce churn and improve customer relationships. Today, people are increasingly used to shopping around for insurance and the best mortgage rate and there are now signs that even in banking customers have become more willing to move accounts. In both 2016 and 2017 c.1m people in the UK switched bank accounts¹ with 4.5m switches taking place over the past 5 years – as switching gets easier with the introduction of the Current Account Switching Service, keeping customers loyal is going to be harder than ever before for the traditional banks.

Customers are now more demanding and less willing to remain loyal than at any time in this history of modern financial services and yet, strangely, in many other aspects of their lives customer experience is given far more focus than in financial services. New entrants are creating further disruption in the market. This fast-growing group of companies are in a position to challenge the established incumbents who, on the whole, seem to be less able to be flexible in their approach.

Many of the new entrants are established with a first-rate customer experience at the centre of their offering. They do not have to worry about legacy systems and well-established, inefficient procedures and organisational shackles that impede incumbents.

In an attempt to keep up with these new entrants there is an increasing amount of budget being spent on digital solutions by more established companies. However, on the most part this investment is done with little consideration towards the end-result. ROI is still being measured in terms of cost reduction not what impact it will have on the customer and the lifetime value that comes from a relationship based on loyalty.

Customer first approach

From the first online touch point customers are looking for a frictionless and efficient customer experience. Unfortunately, our work in this sector has shown that as customers land on their websites most providers fail to talk to them, regardless of whether they are current or potential customers. In reality, many initial engagements are poorly executed whether they are trying to communicate to both or not. Virtually every major player across the sector talks about themselves in their first interaction with customers. In our experience, customers, generally speaking, want to know you understand them before they will engage further with you.

Most of the 2018 predictive trend data for the sector suggests that removal of friction from the customer journey is a priority for many providers. However, current and future customers are looking for very different things from their experience, and some providers are failing to recognise and act on this differentiation.

Our experience has shown that if organisations in this sector focus on a few key points when considering changes to their websites they can achieve real success, keep current customers happy, reduce churn and encourage new customers to join.

Current customers

Current customers want ease of transaction, simplicity and security that works for them, not against them. Too often customers come up against bureaucracy, obstacles and challenges that put many off.

If you are going to up-sell to existing customers then do it intelligently. Too many providers have little grasp on what services a customer is already using. For example, our bank recently tried to sell us professional indemnity insurance before letting us manage our account. This was particularly infuriating as we had already purchased the insurance through them, and they should have known that.

In an attempt to offset rising costs providers have for some time offered a self-service facility. Pushing customers to self-serve saves call centre costs and should, ideally provide them with the opportunity of managing their affairs at their own convenience. However, although there has been heavy investment in this, from a customer perspective much of it is a tangle of bureaucracy, muddled terminology and obscure rules. Many providers have built these systems to save themselves costs, not save customers time and effort.

Here's a banking example: most banks, it seems, do not allow you to set up a DD or SO online. Indeed, some banks make you wait ages to talk to an adviser who promptly forces you to go through 20 security questions before they will talk to you for the two minutes it takes to complete the action. For SME accounts this can be even more complicated as the 20 questions are often unanswerable as the responsible director may not know what the last three payments made by the company were.

When it comes to current customers it is almost a case of going back to basics – ensuring that they can complete the basic day-to-day tasks that would previously been completed in a branch or via a telephone banking sector. Whilst this may be obvious to those of us who are customers, we have seen too many in this sector rush in with new websites and overly complicated digital strategies, that seem to have left the customer behind.

Future customers

If a customer is shopping for say, home insurance, sell them home insurance rather than anything else. Just as importantly, start by helping the customer make the right choice, not by flogging them the product associated with this month's incentive scheme. Treat the customer as an intelligent partner in the process and if they are finding it difficult to understand offer them quick and simple escape routes to speak to a human being.

Unless it is easy to find out more details and complete the transaction online, potential customers are going to be put off, no matter how good or appealing a product is unless there are simple, easy and accessible routes to purchase. People value human interaction, especially when they are making important financial choices,

Whether it can be transacted on line in full or in part, ensuring that there is enough detail about the product and that it is communicated effectively through the website and other digital channels is crucial. In our experience, providers are not brave enough with the details on products and customers want to make considered choices when it comes to big commitments and are willing to engage with it, so long as the communication is effective. Too many in this sector also rely on endless online FAQs to explain the details and benefits of products. These are simply ineffective, turning prospects away rather than converting them into customers.

How do you make this happen?

You focus on the customer and this requires you to understand why current customers fail to transact and why potential customers fail to buy. When you understand this you can then test alternative executions simply and cheaply to find the one that generates better performance. For one customer looking to sell car insurance, following this simple mantra generated a 170% increase in leads. To do this required some bravery – including being willing to break brand guidelines such that customer understood what was on offer. After all, whilst a focus promotion of the brand may please internal stakeholders, if doesn't engage the potential customer then you need to be willing to change how you talk about and present your brand.

It's not just financial services companies who will find the shift to a 'customer-first' mind-set a difficult cultural challenge. Whilst many talk about the customer, far fewer deliver to their customers' expectations (the first half of 2017 saw 3.32 million complaints to Financial Services companies, 38% of which were related to general administration and customer service²). To do this effectively requires an organisation that is aligned to a goal of delivering the best customer experience and, if it fails, to recover from this failure brilliantly. Even the most established organisations struggle to get this right, as demonstrated by RBS, Lloyds and Barclays' presence in the top three in terms of complaints made in the same period.³

This doesn't need more compliance and risk management, it needs end-to-end processes that support getting the voice of the customer into the heart of decision-making on products and services and the service standards that come with them. It needs a leadership who demand the insight to justify changes and the introduction of new products and services and a marketing/customer function who see their role as listening and responding to customers not telling them. Most of all it needs digital teams who are experts in getting insight from customers and testing to find what works for them, not teams who are experts in digital. After all without customers, you won't have a business and whilst challengers are just that today, they may not be so tomorrow.

¹ https://www.bacs.co.uk/DocumentLibrary/CASS_dashboard_-_published_24_Jan_18.pdf

² <https://www.fca.org.uk/news/press-releases/new-fca-complaints-data-3-32-million-complaints-about-financial-services-first-six-months-2017>

³ <http://www.ombudsman-complaints-data.org.uk/>