

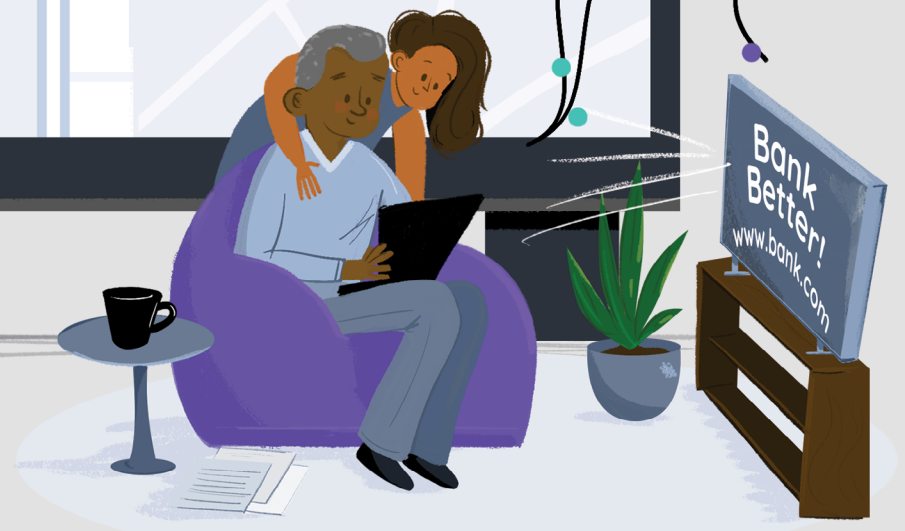


 YOU ARE HERE



MOMENTS THAT MATTER IN BANKING

Pivotal opportunities to differentiate
your brand and **enchant your customers**





Introduction

Today, customers expect every experience they have with a brand or provider to be fast, easy, and convenient. With the ability to communicate regardless of where they are, customers don't distinguish between online and offline. They don't think about brands as brick-and-mortar + phone + mobile + website, etc. To them, it's one brand/one channel. In other words—omnichannel. To provide an exceptional customer experience, brands must start thinking the same way, especially those in more traditional industries such as financial services, insurance, telecom, and utilities whose operations are throttled by regulations, legacy technology, and organizational/data silos.

While each of these industries has many touchpoints, the key is to identify the critical ones and execute consistent, relevant, and personalized experiences—every customer, every time.

What are 'moments of truth'?

Moments of truth are make-or-break instances along a customer's journey that present a decision point. If executed well, the customer continues on their journey doing business with the brand; if executed poorly, it's likely the customer will stop doing business with the brand. Each moment of truth is an opportunity for the brand to differentiate.

Research done by Richard Normann, who developed the concept of "moments of truth," uncovered that it takes 12 positive moments of truth to counter one failed moment. Given that, it's imperative to remove friction from the experience and ensure each moment of truth is executed with a positive outcome.



IT TAKES 12 POSITIVE MOMENTS OF TRUTH TO COUNTER ONE FAILED MOMENT.

Source: Richard Normann, Moments of Truth



15 YEARS AGO, THE AVERAGE CONSUMER TYPICALLY USED TWO TOUCHPOINTS WHEN BUYING AN ITEM AND ONLY 7% REGULARLY USED MORE THAN FOUR. TODAY CONSUMERS USE AN AVERAGE OF ALMOST SIX TOUCHPOINTS, WITH 50% REGULARLY USING MORE THAN FOUR.

Source: Marketing Week, "Why marketers are failing to target customers at key life events"

Moments that matter in Banking

Like Insurance and Healthcare, the ultra-competitive retail banking industry must accept the challenge and innovate to deliver a better experience for its customers. Customer obsession must drive the desire and the strategy, but data and technology must support and facilitate a more efficient and effortless experience for customers.



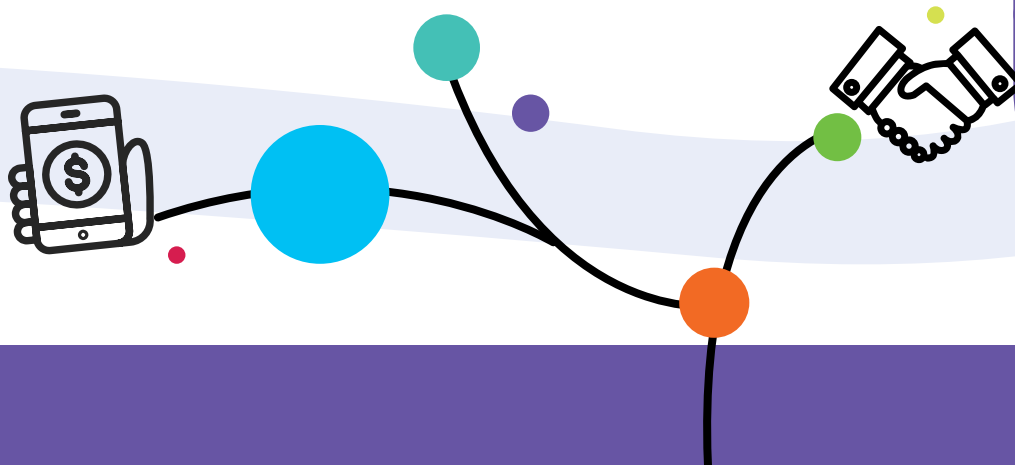


Digital transformation

The good news, according to McKinsey, is three out of four of the 50 largest global banks have pledged to transform their customer experiences. This has certainly proven to be worthwhile, as an example provided in the same report indicates that one of these banks found that lifetime profitability of an active promoter of the bank is five to eight times greater than a customer with a negative perception of the bank. Similarly, Forrester found that a single point improvement in a retail bank's CX Index score could result in \$124 million in increased revenue.

Banking is unique in that the face-to-face interactions and the handshakes of the past upon which banking relationships were built are still the basis for the trusted relationships customers build with banks today. After all, we trust these institutions with our hard-earned money. In other words, branches do still matter. However, there are plenty of customers who just want to manage funds and check assets via an app or a website. Digital matters, as well. Essentially: know your customers and deliver a great experience both online and offline.

Banking is unique in that the **face-to-face interactions and the handshakes** of the past upon which banking relationships were built are still the basis for the trusted relationships customers build with banks today. After all, we trust these institutions with our hard-earned money. In other words, branches do still matter. However, there are plenty of customers who just want to manage funds and check assets via an app or a website. Digital matters, as well. Essentially: know your customers and deliver a great experience both online and offline.





J.D. POWERS' ASSESSMENT OF THE MARKET SHOWS THAT **DIGITAL CHANNELS ARE NOT AS EFFECTIVE AS INSTITUTIONS HAD HOPED**, WITH DECLINING CUSTOMER SATISFACTION IN ONLINE CHAT, EMAIL, AND SOCIAL MEDIA CHANNELS, LEAVING CUSTOMERS RESORTING TO TELEPHONE CHANNELS TO RESOLVE ISSUES. IN FACT, OF ALL THE CUSTOMER INTERACTION CHANNELS MEASURED, ONLY THE ATM CHANNEL SHOWED IMPROVEMENT FROM THE PREVIOUS YEAR.

Source: J.D Power U.S. Retail Banking Satisfaction Study

Without a doubt, customers' expectations for a real-time, simpler, and more digital experience have been shaped by experiences with brands in other industries. If you haven't developed an app, engaged with customers on social media, and moved your data to the cloud -- you're not there yet. While each of those is a difficult 'ask' in an industry that lags in technology and digital experiences, brands that accomplish them operate more efficiently, are able to make better decisions, engage with their customers the way customers want to engage, and innovate at a faster pace than ever before. Those banks that rise to the challenge of becoming digital businesses—yet balance that with a great branch experience—will no doubt win the hearts and wallets of customers.

That's sound advice. Customers with higher expectations for interacting with brands may be easy pickings for a disruptor that enters the space and simplifies painful touchpoints along the value chain.

What's holding banks back? Factors both internal (legacy technology, operational inefficiencies, organizational inertia) and external (regulations, risk management, security threats, increasing competition from fintech) to the business impact the rate of change or the speed at which change can happen. Financial institutions have invested in building functionality that reduces their costs, such as offering self-service alternatives to branch service, but discovered that customers don't find all of this functionality beneficial, resulting in the expected revenue uplift not materializing.

“

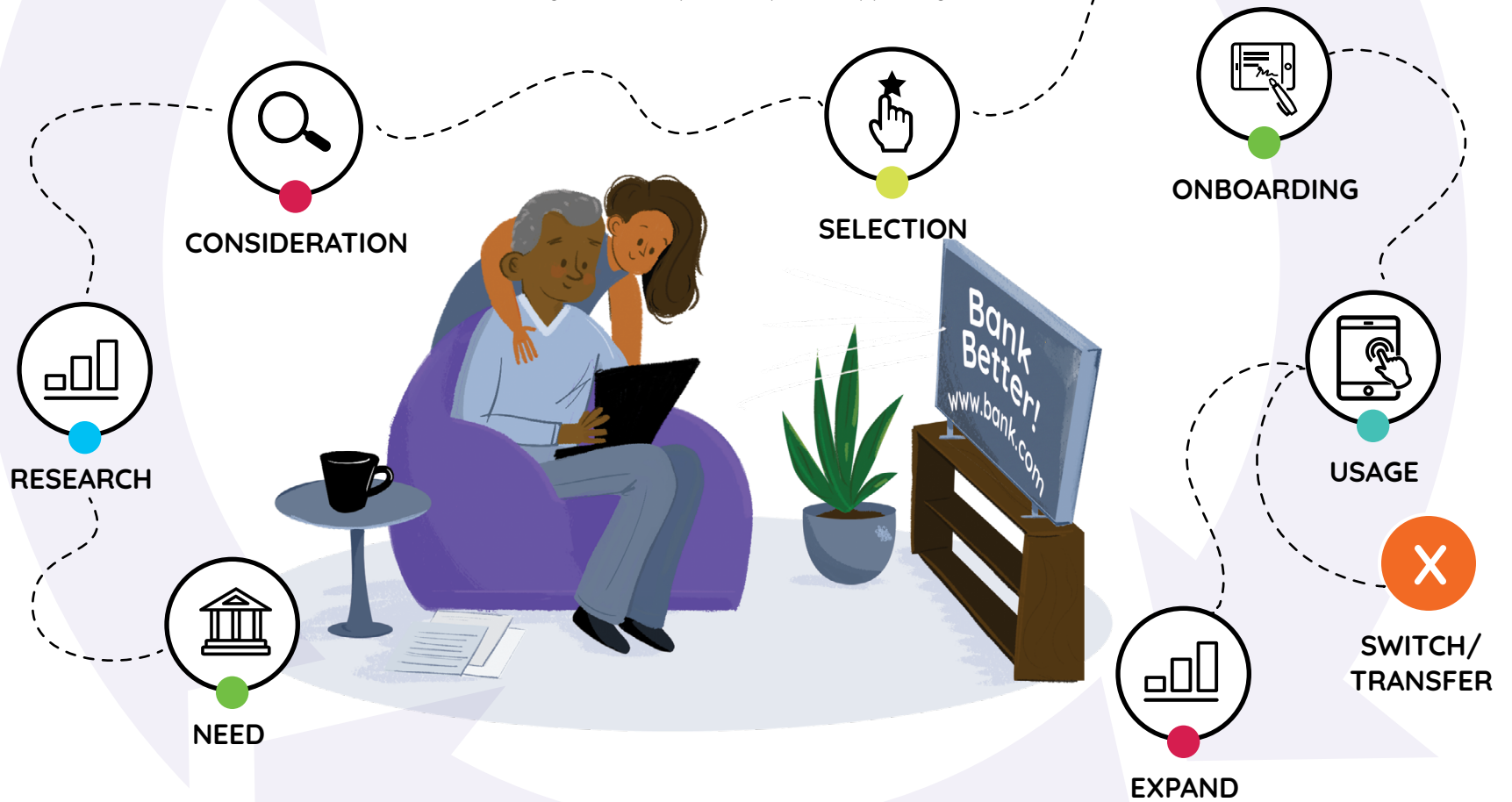
THE US \$1,000,000,000 THAT TRADITIONAL RETAIL AND COMMERCIAL BANKS HAVE INVESTED GLOBALLY OVER THE PAST THREE YEARS TO TRANSFORM THEIR IT OPERATIONS HAS NOT YET DELIVERED THE ANTICIPATED REVENUE GROWTH.

Source: Caterpillars, Butterflies, and Unicorns: Does Digital Leadership in Banking Really Matter? (June 2019 - Accenture)”



The customer lifecycle

The lifecycle for a banking customer looks like this, but it can involve complex journeys, depending on the purpose of the banking relationship or the product(s) being used:



The banking journey for customers can be complex and varies tremendously by customer. It depends on the customer's needs and the problems she is trying to solve, which translates to different products and channels used.

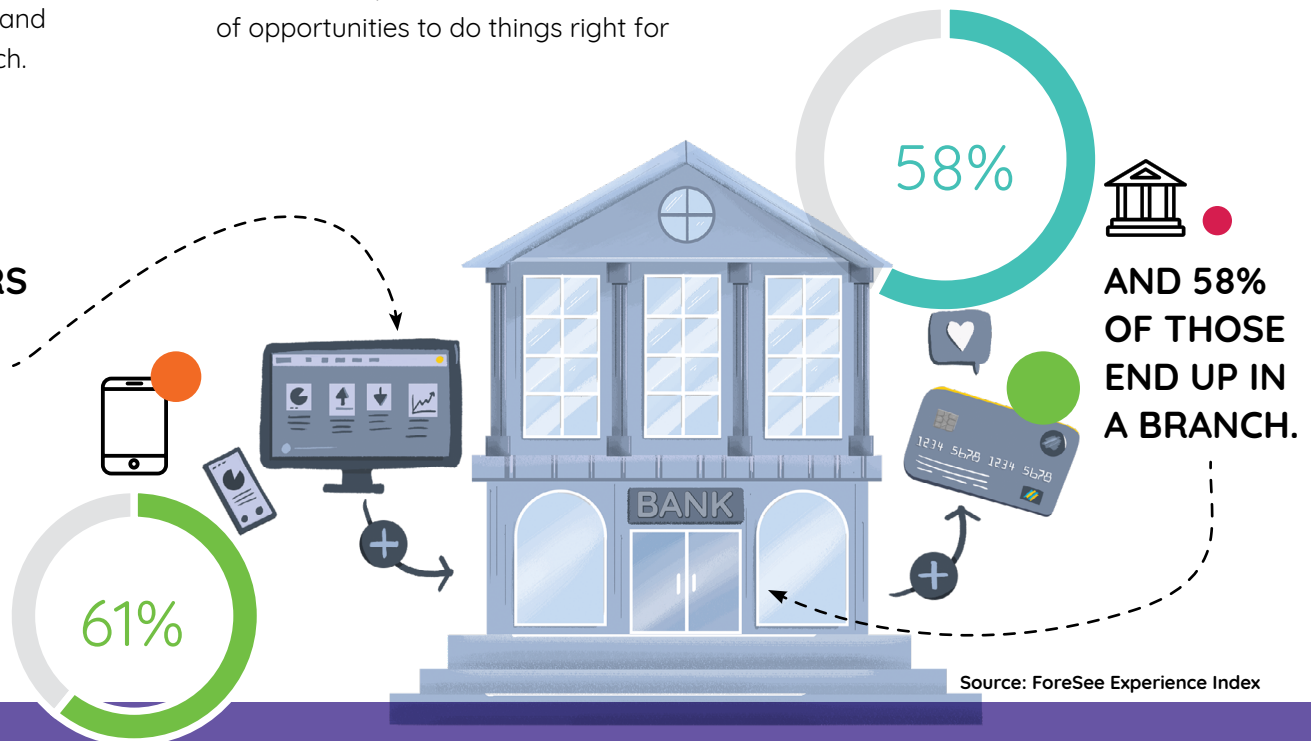
And customers aren't yet committed to completing entire transactions digitally. According to the ForeSee Experience Index, 61% of customers start their journeys in a digital channel when opening a new account, and 58% of those end up in a branch.

In the J.D. Power study mentioned earlier, it's revealed that banking relationships lack good communication. At the root of dissatisfied digital-only customers is poor performance by banks in communication and advice, products and fees, and new account opening.

There are a lot of places throughout that lifecycle where things can go wrong and where communications leave a lot to be desired, but there are also a lot of opportunities to do things right for

the customer to ensure that you retain them. Critical moments include the new account (e.g., checking, savings, credit card) opening process and the mortgage/loan process. How those go will impact the customers' decision to purchase other banking products and even to continue doing business with your brand.

61% OF CUSTOMERS START THEIR JOURNEYS IN A DIGITAL CHANNEL WHEN OPENING A NEW ACCOUNT



Critical touchpoints

You can't compete by focusing on all touchpoints; your job is to identify and to understand the moments that matter most to your customers and then to ensure they are delivered to their expectations. Focusing time and resources on those moments will be impactful for the customer and profitable for the business.

Data will be key. Banks are data rich and need to use that data to help customers make more-informed financial decisions, thereby becoming a trusted advisor. Remember the banking relationships built on handshakes mentioned earlier? This

becomes a more sophisticated version of that; the more customers trust their banks, the more likely they are to expand those relationships. Data-driven banks will have the right people in place to analyze the data, the right structure in place to break down silos and ensure the right data reaches the right people at the right time, and the proper technology in place to centralize and secure the data.

Data is also key to personalizing communications for banking customers. Often, we hear complaints about banks who send out credit card offers to

customers who are already cardholders (of the exact same card being offered). This frustrates customers who wonder, "Doesn't the bank know me? Don't they know which of their products I use?" Every time that happens, it erodes confidence and trust just a little bit more.



ANDIUS TEIJGELER

CX Expert (banking)

Customer Centricity Consulting

Twitter: @AndiusTeijgelet

LinkedIn <https://www.linkedin.com/in/andiusteijgeler/>

andiusteijgeler/



IN THE CASE OF MORE COMPLEX ADVISORY CUSTOMER JOURNEYS, THE MOMENTS OF TRUTH ARE THE MOMENTS THE CUSTOMER HAS TO WAIT FOR THE NEXT STEP. THOSE MOMENTS OF NO-CONTACT ARE INCREASING UNCERTAINTY AND POTENTIALLY LEAD TO DISAPPOINTMENT. CLARITY, TRANSPARENCY AND STICKING TO TIMELINES ARE VITAL TO MANAGE EXPECTATIONS.

Moment #1: new account opening

The new account opening, and onboarding process is a critical one for any financial institution. They've acquired a new customer (or expanded business with an existing customer), and it's time to properly welcome that customer into the fold. It's time to make a great first impression that will influence the customer for all of her banking in the future.

Unfortunately, the typical account opening process involves a visit to a bank branch and a dedicated hour of a customer's time to sign a stack of papers. This process is

far from simple or convenient. Customers don't want to kill trees and sign documents ad nauseum. They want to open accounts online or on the financial institution's mobile app.

Banks have an opportunity to simplify this process and allow customers to open accounts online or via the mobile app and to receive digital onboarding documents behind a secure login. Gone are the days of walking out of the bank with a two-inch thick welcome kit filled with brochures and documents that end up in the recycle bin.



GONE ARE THE DAYS OF WALKING OUT OF THE BANK WITH A TWO-INCH THICK WELCOME KIT FILLED WITH BROCHURES AND DOCUMENTS THAT END UP IN THE RECYCLE BIN.

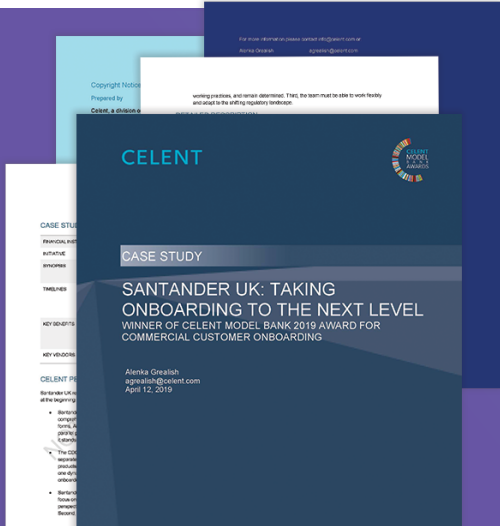


RELATED RESOURCE

Santander Bank UK: Taking Customer Onboarding to the Next Level

Santander UK wins 2019 Celent Model Bank Award for Commercial Customer Onboarding with Quadient Inspire

DOWNLOAD CASE STUDY



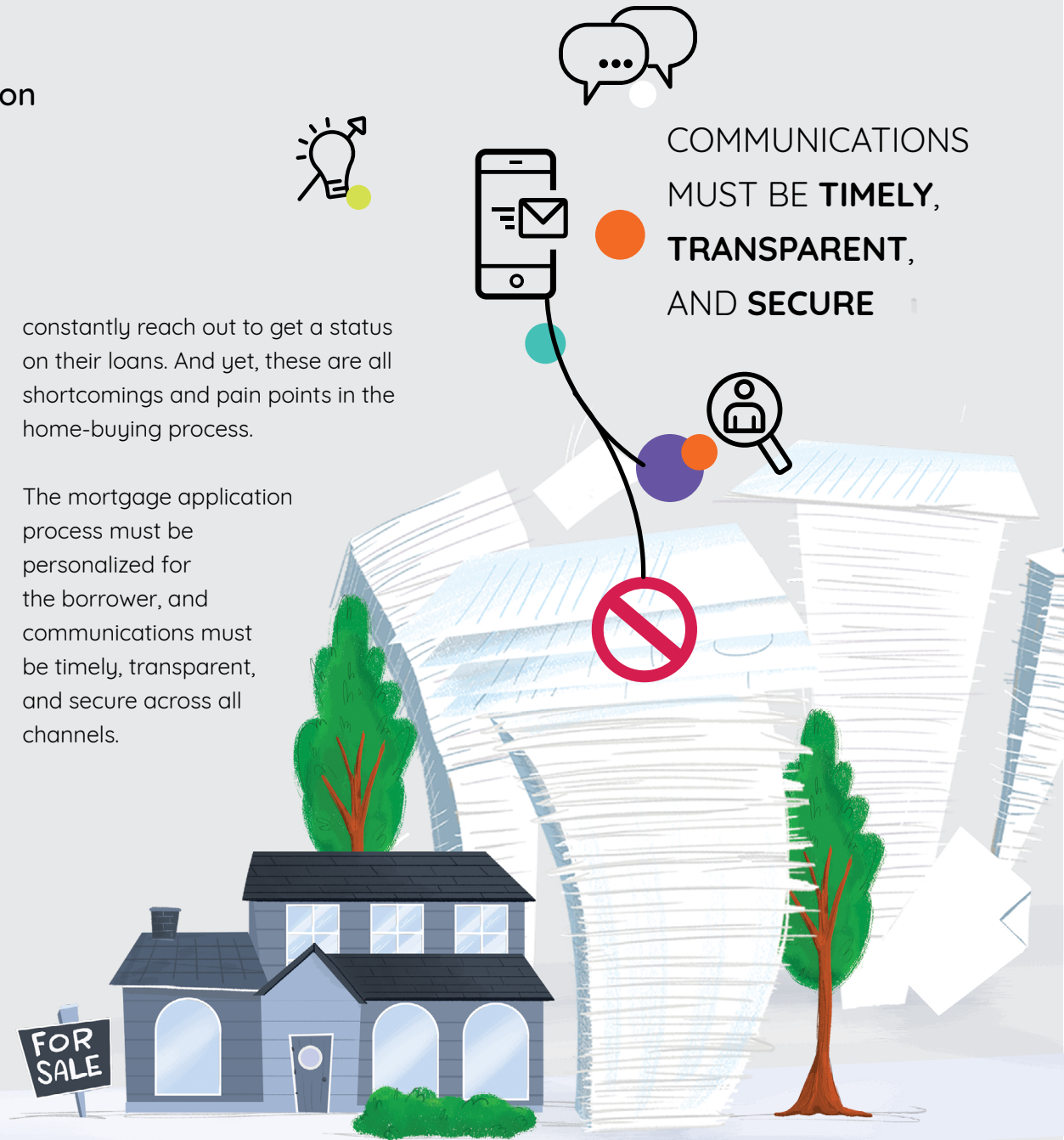
Moment #2: mortgage application

In 2018, Mortgage Cadence conducted research among homeowners; their findings showed that only 39% of them were satisfied with their mortgage lender. In a commoditized market where customers are mainly looking for the lowest interest rates and the lowest fees, the only true differentiator is a great experience. And yet, the documents the customer receives during the mortgage application process are voluminous, complex, confusing, and loaded with legalese.

Customers don't need to meet their lenders in person, but they do want to understand the process and the documents. They also want consistent and personalized communication from lenders to reassure them that their loans are on track to close as scheduled. They'd also like proactive communication so they don't have to

constantly reach out to get a status on their loans. And yet, these are all shortcomings and pain points in the home-buying process.

The mortgage application process must be personalized for the borrower, and communications must be timely, transparent, and secure across all channels.



COMMUNICATIONS
MUST BE **TIMELY,**
TRANSPARENT,
AND **SECURE**

Moment #3: financial difficulties



LEVERAGE INSTANT COMMUNICATION CHANNELS AND SEND THE CUSTOMER A MESSAGE

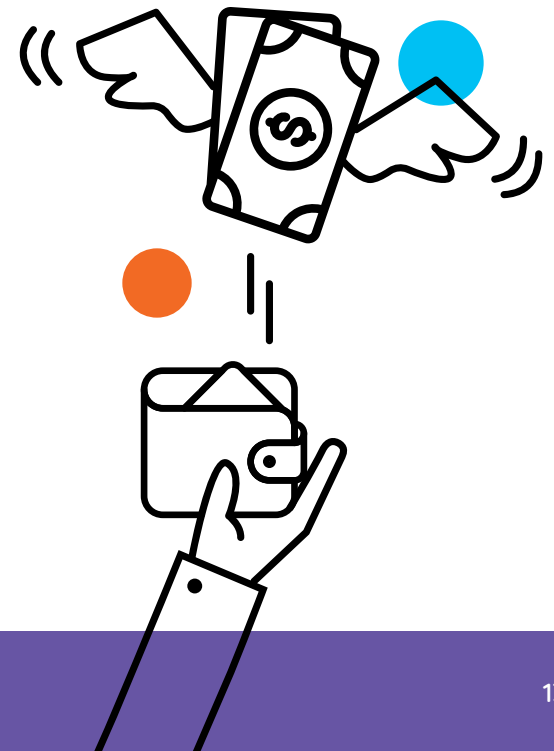
A critical touchpoint that creates anxiety for banking customers is when there is more money leaving their accounts than is coming in. This could be the result of overspending around holidays and special events, through a simple accident, i.e. a payment was made from the wrong account, or through financial difficulties arising from a redundancy. Regardless of the source, the result is likely to be an anxious customer and some form of debt.

Banks have a huge opportunity in this area. Accounts can be monitored in real-time, and yet many institutions simply resort to telling the customer that they went into arrears or were overdrawn

after the event. Leveraging instant communication channels and sending the customer a message saying “You are currently overdrawn, please repair your position before 10pm tonight or you may be charged” may seem counter-intuitive because it reduces the banks immediate revenue, but the improvement in the relationship with the customer will positively impact the bottom line from the loyalty generated in the longer term.

It’s a lot of work, but it pays to do it. BCG notes that banks that improved the customer experience increased their revenues by 25% and their productivity by 20%-40%. The banks adopted customer-

centric design practices, redesigned processes from end-to-end, applied digitization and process robotics in order to be more efficient and responsive, and transcended organizational silos to internalize customer-centricity across the business.



Conclusion

Identifying the moments that matter most to your customers is an important part of the work you'll do to understand how to improve the current customer experience. It's critical that those moments are executed properly to ensure that the customer continues the journey. It's imperative that communications are top of mind for everyone when it comes to those moments: communications that are clear, relevant, timely, personalized, and proactive, and delivered via the channel customers prefer.



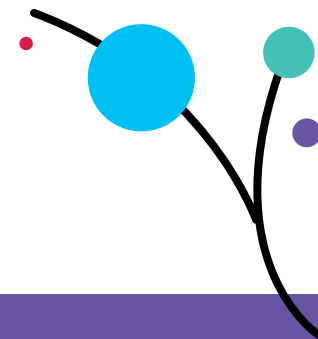
Know this: successful brands will invest aggressively in the touchpoints they know will have the greatest impact on the customer and, hence, on growth and profitability.

How do you identify those critical touchpoints? You're going to start with mapping the customer journey, so that you can see all the steps that the customer must take to complete a task or to solve a problem. But know that the maps themselves don't identify moments of truth; data will do that for you. You've got tons of data—feedback, transaction, interaction, and more—that you can use to identify what matters and how well you're executing.

As you've now learned, some of the most critical touchpoints along the customer journey involve communications, whether as the touchpoint itself, or to mitigate a critical touchpoint fail. The key is to get those communications right. In order to do so, you can't have uncoordinated communications systems throughout the organization causing customers to receive irrelevant or ill-timed communications. Instead, coordinate communication designs, collaborate on messaging, and deliver messaging confidently through multiple channels. Brands are able to unify their communications via a next-generation CCM platform that allows them to do that and view

their communication portfolio as a whole, increase consistency, minimize bad experiences, and reduce operational costs.

When you can save money for the business and improve the experience for the customer, it's a win-win.





quadi^{ent}
Because connections matter.

About Quadient

Quadient is the driving force behind the world's most meaningful customer experiences. By focusing on four key solution areas including Customer Experience Management, Business Process Automation, Mail-related Solutions, and Parcel Locker Solutions, Quadient helps simplify the connection between people and what matters. Quadient supports hundreds of thousands of customers worldwide in their quest to create relevant, personalized connections and achieve customer experience excellence. Quadient is listed in compartment B of Euronext Paris (QDT) and belongs to the SBF 120 index.

For more information about Quadient, visit [quadient.com](https://www.quadient.com).

Quadient® and the Quadient logo are registered trademarks of Quadient group AG. All other company and product names may be trademarks and are the property of their respective owners. All information in this document, including descriptions of features, functions, performance and specifications is subject to change without written notice at any time. www.quadient.com