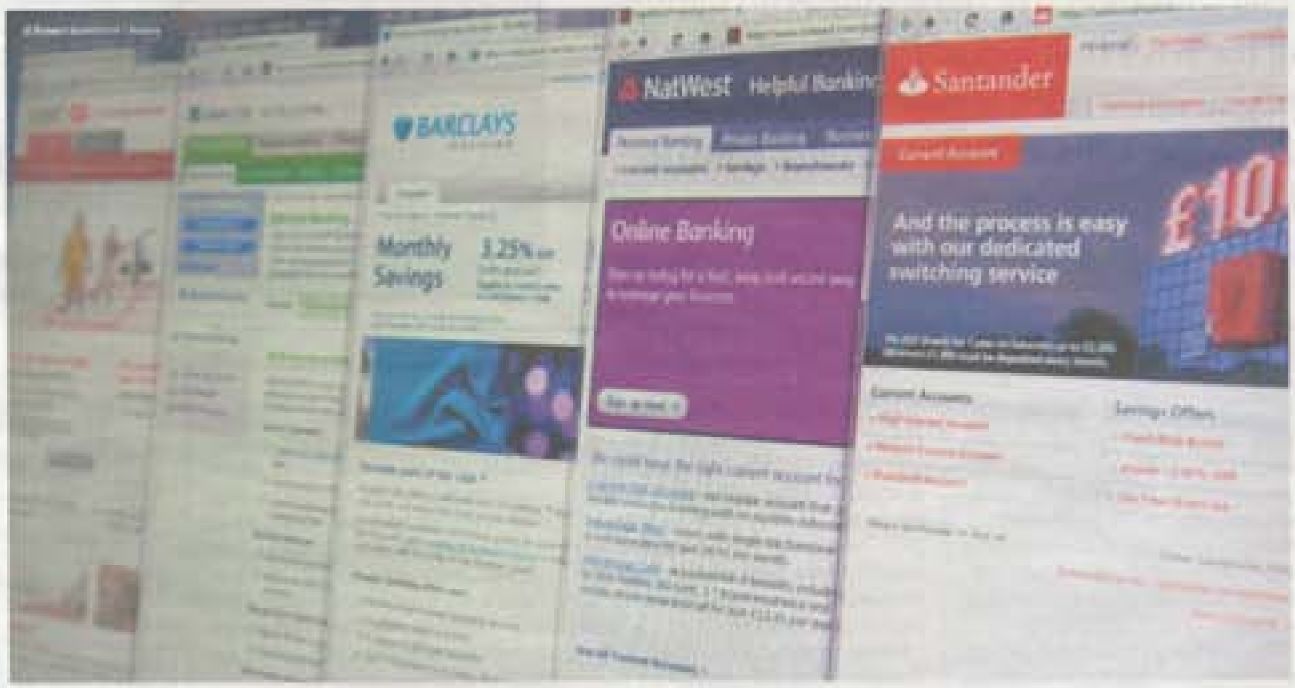
TECHNOLOGY CAN HELP RECONNECT WITH CUSTOMERS AND REBUILD TRUST

It offers a "dream ticket" to boost business, cut costs and repair damaged customer experience. **Rod Newing** reports on the central role technology has to play in rebuilding reputations and relationships



CUSTOMER EXPERIENCE

Technology is critical if banks are to reconnect with customers in the wake of scandals which have left the financial sector in a mire of apparent incompetence, dishonesty and profiteering. More than ever, technology is the means to make doing business transparent and demonstrate awareness of customers' needs.

"The sector is characterised by lack of competition and limited customer movement between providers," says Igor Sarenac, vice president of financial services at Convergys, a customer management specialist. "This makes it difficult for banks to steal market share from competitors, but also means that many of their customers, while reluctant to switch, are dissatisfied, inactive or indifferent."

In September this year, the Payments Council will make switching a current account faster and easier. Research conducted by YouGov, on behalf of SAS, the business intelligence company, found that 29 per cent of consumers are likely to switch. "This equates to some 14 million account holders," says Barrie Neill, retail banking consultant at SAS UK & Ireland.

It is, therefore, vital that institutions retain customers. The Direct Marketing Association (DMA) and Affinion International's *Financial services tracking report 2013* found that the two most important factors in building trust are technology-related. These are an easy-to-use-website and views expressed on social networks, which were more important than a high-street presence, rates, previous experience or advertising.

Institutions need to offer customers an easy-to-use personalised service that is consistent across multiple channels, including call centres, e-mail, interactive voice response, instant messaging, mobile, websites, social media, post and branches. It must have a complete customer record available at all contact points and customers must be able to initiate a transaction through one channel, pause and seamlessly resume through another.

This is a major challenge requiring integration of disparate back and front-office systems, including those acquired through recent acquisitions. Paul Clark, chief executive of Charter UK, an enterprise feedback management company, warns that the main challenges are lack of customer insight, lack of co-ordination and poor management attitudes.

Another issue is that achieving customer satisfaction is not enough. The sixth annual *World Insurance Report* from IT services company Capgemini and Efma, a global membership organisation of retail financial services companies, points out that it is just a one-time measure of how products and services meet or surpass customer expectations. Instead, institutions must improve "customer experience", which reflects the entire customer life cycle.

This means that institutions must provide a tailored offering that is relevant at that particular time in the customer relationship. To do this they have already built data warehouses to create a single view of customers by integrating all structured transactional data. They have also installed powerful business intelligence software to segment customers and analyse their behaviour.

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Source: YouGov-SAS

of people using online banking feel significantly at risk

Source: YouGov-Kaspersky Lab

of customers think sharing card details with a human agent is secure

Source: Avaya-Sabio

of executives say delivering great customer experience is critical

Source: Oracle

However, their latest challenge is to integrate this with all the unstructured data about each customer, both internally from website visits, call-centre records, e-mails and so on, and external data from social networks. This requires a different set of tools and techniques, referred to as "big data" technology.

"Creating extremely targeted and personalised customer experiences requires an ideal combination of technology, analytics and people," says Mr Sarenac. "Institutions need to process more and better data."

Data equity: Unlocking the value of big data, from the Centre of Economic and Business Research, on behalf of SAS, estimates that big data could create a cumulative economic benefit, 2012-17, of more than £6.4 billion for retail banking, £5.2 billion for investment banking and £4.6 billion for insurance.

However, data raises the fear of cybercrime. Research from Avaya, an enterprise communications systems vendor, and Sabio, a contact-centre specialist, found that six million people in the UK cut ties with organisations because of security concerns and financial services providers presented the highest risk, with 46 per cent suspecting breaches.

Similarly, recent research by YouGov, on behalf of IT security vendor Kaspersky Lab, found that of the 84 per cent who use online banking, 34 per cent feel significantly at risk, 80 per cent rely on the banks' security systems, but only 39 per cent have confidence in them.

"Financial service organisations have put a lot of time, effort and money into protecting both their systems and customers' data," says David Emm, senior security researcher at Kaspersky Lab. "The best way to confront public fear is by educating customers and providing them with protection measures. Cybercriminals follow the path of least resistance, so stealing direct from the customer, the weakest link in the chain, is much easier than going through the institution."

Managing risk with advanced technology

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Fortunately, the Avaya-Sabio research found that respondents are willing to embrace technology to tackle the problem. They are reassured by automation and anonymity, and regard humans as the weakest security link. Only 5 per cent think that sharing card details with a human agent is secure, yet 81 per cent feel more comfortable entering a password.

Technology is increasingly becoming a differentiator, with a better customer experience growing the relationship. The DMA-Affinion report reveals that customers average only two financial products, typically current and savings accounts. There is potential to extend this to more profitable insurance-based products or investments.

Martin Scovell, chief executive of MatsSoft BPM, which provides business process management services, says that technology can be the "dream ticket" that improves market share and reduces costs. Happier and better-informed customers have reduced chase calls by 65 per cent and complaints 90 per cent.

"Instead of using 'clunky' legacy systems or a supertanker of rules to herd customers around, you can deliver satisfaction with streamlined technology that supplies transparent information," he says. "Never before has the service delivery of institutions been so polarised. The complacent risk dinosaur-like extinction, while adopters will unlock enormous potential."

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