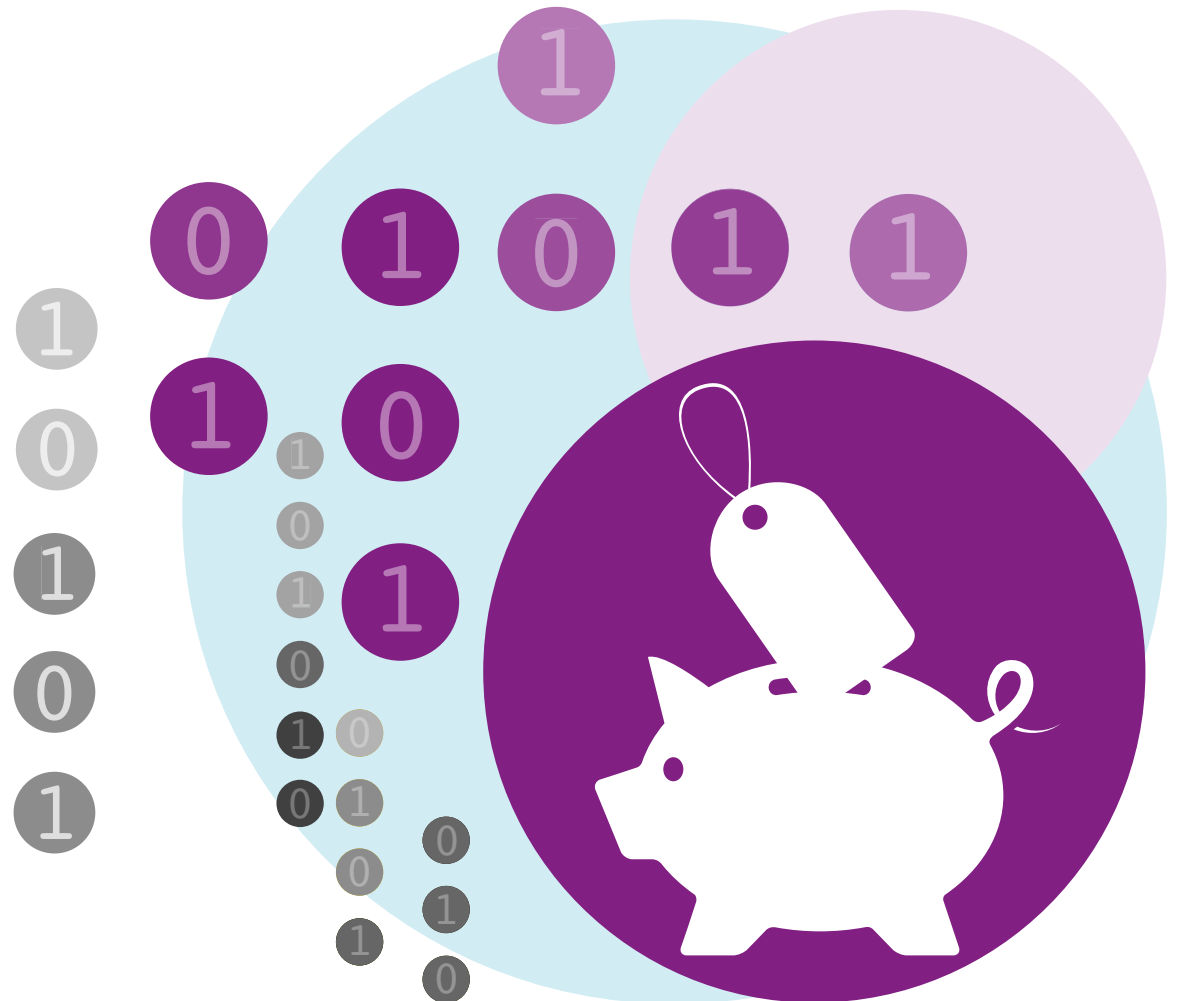


# Putting the Retail into Retail Banking

## Delivering Growth through Customer-Centricity



# Changing Consumer Environment

Consumers' rapid adoption of online and mobile banking is now dominating strategy.

According to the banking trade body the BBA, digital banking transactions are now worth almost £1bn a day, with almost 40 million mobile and internet banking transactions every week.<sup>1</sup>

However, interacting across multiple channels is only one aspect of the change in consumer behaviour and attitudes:

- Brand loyalty has reduced – consumers are happy to shop around for the best deal, and that includes comparing multiple financial services providers.
- Expectations have risen – consumers expect brands to offer personalisation and a consistent experience across multiple touch points – web, mobile, apps, call centre, social media and in branch.
- Consumers are willing to share information in return for a better experience.

- Switching banks is getting easier: one bank for life and all financial needs is no longer a given.
- Social media gives consumers much louder voices if they suffer customer service issues.



**CONSUMERS ARE DEMANDING THE SAME LEVEL OF EXPERIENCE AND INTERACTIONS FROM RETAIL BANKS THAT IS NOW STANDARD ACROSS OTHER MARKETS SUCH AS RETAIL AND TRAVEL.**

Source: <sup>1</sup> <http://www.bbc.co.uk/news/business-29734598>

# More than Relationship Marketing

Retail banks have traditionally relied heavily on relationship marketing at key life stages:

- Parents setting up savings accounts for children.
- Students embarking upon life away from home.
- Marriage, children and retirement are all key life events that prompt proactive marketing.

However, an increasingly competitive market with a number of innovative and agile new entrants is changing the game.



- Comparison sites make it far easier for consumers to shop around.
- The current account provider is no longer the first port of call for a credit card, loan or savings product.
- Confidence in account switching is growing – customers will not necessarily stay with the retail bank that provided a great student offer.

**RETAIL BANKS NEED TO WORK MUCH HARDER NOT ONLY TO ATTAIN AND RETAIN CUSTOMERS BUT ALSO TO CROSS- AND UP-SELL TO IMPROVE AVERAGE CUSTOMER LIFETIME VALUE AND PROFIT PER CUSTOMER.**

# Evolving Retail Banking Challenges

From legislation to legacy systems, making the move to an omni-channel model is extremely difficult.

- **Regulation** - An increasingly tight legislative landscape, including Anti-Money Laundering and Know Your Customer - places significant restrictions on retail banks when it comes to customer acquisition and the sales process.
- **Account Switching** - While numbers are still low, the introduction of the Switching Service in the UK has seen a 22% increase in the first year, figures which will only grow in line with consumer confidence.<sup>2</sup>
- **Legacy Systems** - Business expansion, often by acquisition, has created operational silos. Credit card, loans, savings and current accounts are all run by different divisions, with their own information resources. As a result:
  - There is no Single Customer View (SCV).
  - Opportunities to cross- and up-sell are limited.
  - No single, consistent customer experience exists across all product areas.
  - Customer service issues can go unspotted until they become critical.

**BANKS CONTINUE TO INVEST TIME AND EFFORT IN DIGITAL BOTH ONLINE AND IN BRANCH – BUT IS THE OMNI-CHANNEL MODEL DELIVERING THE QUALITY OF CUSTOMER EXPERIENCE REQUIRED?**

Source: <sup>2</sup> Payments Council <https://www.bacs.co.uk/resources/pages/factsandfigures.aspx>



# Experience is Everything

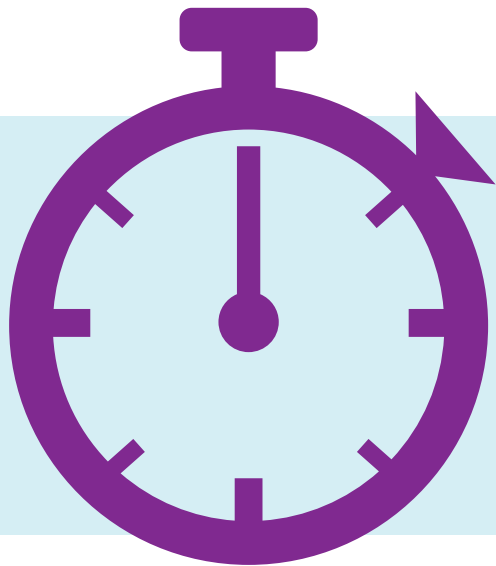
Consumers are time poor – and they rarely spend time browsing banking sites for pleasure.

They want:

- Easy access to up-to-date, highly consumable information.
- The ability to rapidly assess and compare different product options.
- Minimal clicks to make an application or purchase.
- The same experience irrespective of device/channel – and a personal, fast response.

Yet as recent research undertaken by Celebrus Technologies reveals, that simply is not being offered by the retail banking sector – especially in the UK.

- Just four out of the ten surveyed UK retail banks offer a basic online savings calculator.
- Only three offer a help chat service.
- Opening a savings account is a complex, time consuming process – and in one case, a consumer has to visit a branch to complete the process.



# Capturing Customers - Data Collection

Retail banks on both sides of the Atlantic have very poor data collection models. While most companies across retail and travel actively offer customers a simple incentive in order to capture an email address at least, retail banks are simply not following this practice.

Instead, banks are making consumers jump through significant, time consuming hoops in order to attain any information at all, even if they are just making an initial enquiry. The Celebrus research included the use of online savings calculators, where they existed, and found that:

- To simply receive a savings quote via email, an individual either had to be an existing customer, visit in branch or provide very extensive personal information.
- Banks are not distinguishing between customers applying to open savings accounts and those undertaking research: to prompt any communication from the bank via email, our researcher had to provide in depth personal information:
  - In the US: social security number – which provides all demographic, geographic and wealth information to enable segmentation.
  - In the UK: address for the past five years, phone number, previous accounts and marital status.
- Whilst there are regulatory requirements regarding data collection, they do not require that complete personal details are captured up front. Banks could reconsider their approach to strike a balance between asking enough to make communications relevant and not asking so much that they put people off.

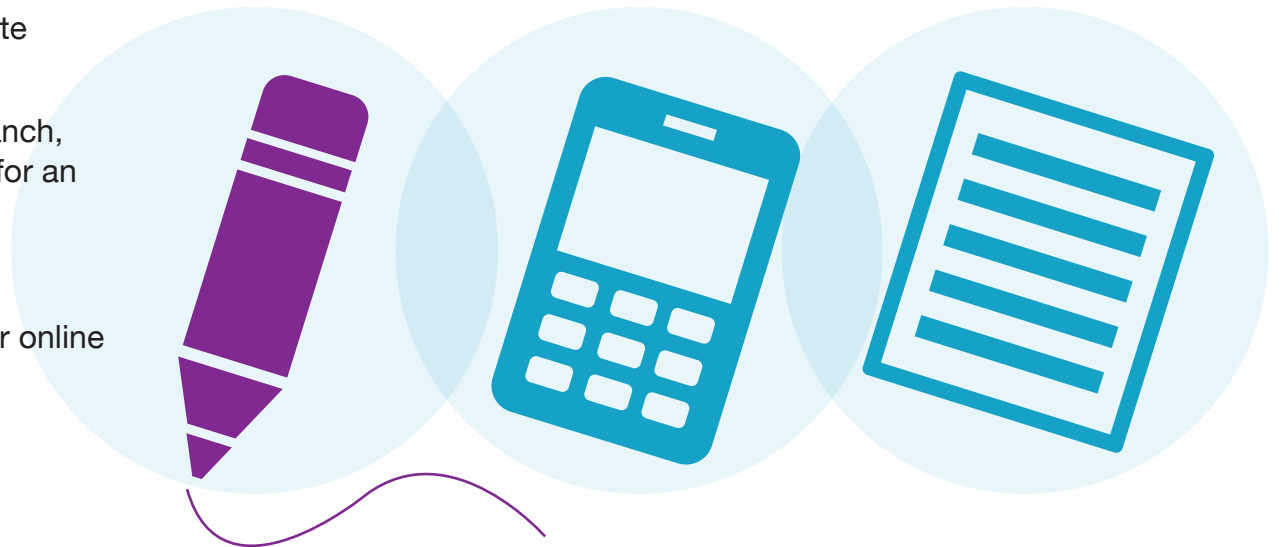
**THIS CLEARLY CREATES A BIG BARRIER FOR CONSUMERS WHO ARE JUST SHOPPING AROUND AND LOOKING FOR INFORMATION.**

# Engaging Customers – Email Marketing

While there is no doubt that retail banks need to collect deep information to comply with regulatory requirements before a product sale – does that information all need to be collected at once? Can data collection be staged instead, so that additional data is gathered as people move through the sales cycle?

There are a number of techniques used by organisations in other sectors to engage people who have shown an initial interest in their products or services and encourage them through to purchase. Consumers can be offered:

- A chance to sign up for newsletters or interest rate updates.
- Educational pamphlets - they are available in branch, so why not make them available online in return for an email address?
- A personalised savings calculation.
- The ability to email themselves the results of their online savings calculator use.



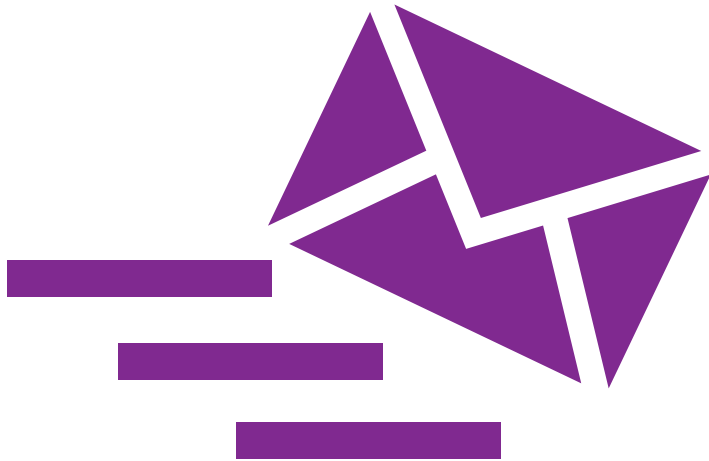
**OFFERING THESE SIMPLE INCENTIVES TO GAIN A CUSTOMER'S EMAIL ADDRESS WOULD ENABLE RETAIL BANKS TO EMBARK UPON FAR MORE TARGETED EMAIL MARKETING, BASED ON THAT INDIVIDUAL'S KNOWN INTERESTS AND REQUIREMENTS.**

# Where's the Personalisation?

When compared with retailers and travel providers, retail banks are offering very little personalised content.

US retail banks are providing a component of personalisation through:

- The provision of a savings calculator (50%).
- Brief questions to take the consumer to relevant products and offers.



However, 40% of UK banks do not offer any personalisation – requiring the completion of an in depth form instead, which is not attractive for the browser or information seeker.

Even if a customer uses a savings calculator, there is no recognition of this fact when they return to the website.

In contrast, techniques used by other sectors to engage prospects which could be adapted for use in retail banking to meet the regulatory requirements include:

- Displaying banners or other content which reflects the types of products previously browsed.
- Providing the results of their previous online savings calculation.
- Promoting the virtues of their mobile app to visitors using tablets or smartphones.
- Showing quotes from happy customers about their experiences or their Net Promoter Score.
- Offering to have the call centre ring the customer to help them if they give a phone number.

**RETAIL BANKS NEED TO CREATE A MORE PERSONAL EXPERIENCE THAT REFLECTS AN INDIVIDUAL'S PREVIOUS INTERACTIONS – AND THE EXPERIENCE ON OFFER IN OTHER INDUSTRIES.**



# Mobilising the Experience

Mobile has revolutionised the way consumers and brands interact. Indeed, the UK's five biggest retail banks' customers used their mobile phones for 18.6 million transactions a week in 2013 (up from 9.1 million in 2012), according to the BBA.

One area in which US retail banks are streets ahead of the UK market is in the quality of the mobile experience.

- 100% of US banks offer a mobile app – and all instantly draw the consumer's attention to the availability of the mobile app on their home page.
- 100% of US banks promote both Android and iOS apps, including the new iPay facility for the new iPhone 6.

In contrast:

- Only eight out of ten UK banks offer mobile banking apps.
- Just 20% of UK banks promote a mobile app on the home page.



**MOBILE IS NOT AN OPTION – IT IS A FUNDAMENTAL REQUIREMENT. PROMOTING THE MOBILE APP FROM THE HOME PAGE SHOULD BE A GIVEN.**

# Taking the Next Steps

Given the challenges facing retail banking in both the US and UK, the pace of change is clearly an issue. Each organisation will have different priorities, depending upon its business mix and existing position, and each will face different technical and cultural challenges.

However, the one fundamental issue that has to be addressed by all retail banking organisations is the creation of a Single Customer View. This enables an organisation to:

- Build complete profiles of each individual.
- Use this information to drive insight and actions that truly engage customers and enhance their experience during every interaction and across every channel.
- Exploit this insight to deliver business efficiencies that improve processes and reduce customer service issues.
- Optimise cross-selling in order to maximise profit per customer



**WITH A SINGLE DATA PLATFORM, A RETAIL BANK CAN BEGIN TO REFINE STRATEGY AND RESPOND MORE EFFECTIVELY TO CONSUMER CHANGE.**

# Reinvigorating the Retail in Retail Banking

This research by Celebrus reveals, however, that retail banking has many lessons it could learn from other sectors - such as retail and travel. Those sectors have forged ahead in delivering a highly personal customer experience that both generates new customers and increases the product mix sold to existing ones. Banks have a limited product set and therefore less opportunity to cross-sell and engage customer and prospects...so every interaction must count.

Retail banks in both the US and the UK need to invest in the right data platforms in order to:

- Enhance the customer experience and minimise customer service problems.
- Maximise business efficiencies and optimise spend.
- Increase customer engagement and engender loyalty.



**BY HARNESSING THIS INFORMATION, RETAIL BANKS CAN IMPROVE THE LEVEL OF PERSONALISATION AND OMNI-CHANNEL EXPERIENCE TO TRANSFORM CUSTOMER ENGAGEMENT AND DRIVE THE CROSS- AND UP-SELLING REQUIRED TO IMPROVE LIFETIME CUSTOMER VALUE.**

# Celebrus Technologies

To read how highly granular, contextualised digital channel data is helping major retail banks across the globe increase customer engagement, enhance the customer experience and optimise business efficiencies, download our Celebrus for Retail Banking document [here](#).

## About Celebrus

Celebrus Technologies ([www.celebrus.com](http://www.celebrus.com)), a division of D4t4 Solutions Plc, enables organisations to understand individual customers' interactions and experiences across their digital channels including websites, mobile apps and social media, as well as card payment systems. Celebrus' award winning digital big data software feeds this data into a wide variety of technologies in real-time to power customer analytics, digital intelligence and real-time personalisation programmes that maximise revenue, marketing effectiveness and brand loyalty.

D4t4 Solutions Plc ([www.d4t4solutions.com](http://www.d4t4solutions.com)) provides comprehensive products and services, from data collection through to management and analytics, that enable organisations to drive advantage from their information assets.

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