FIS

ELEVATING CUSTOMER EXPERIENCES IN THE DIGITAL ERA

The bar for customer experience is higher than ever.
How can you compete?

A new standard for customer experience

The customer experience is king; that's no surprise. The past few years have represented a drastic leap forward in the digitalization of financial services, and this advancement has put stiff pressure on banks to evolve. But with the proliferation of embedded financial services in a variety of industries, consumers are no longer comparing one bank's experience to the next bank's experience – they're comparing it to the wider market, including tech giants like Amazon and Walmart, and fintechs such as Venmo, PayPal and Robinhood.

These companies have invested heavily into building a frictionless customer experience, raising the bar for all financial services providers. Put simply: there's a new standard for customer experience, and you'll have to prioritize digital transformation to compete. It all starts with creating a solid business case for a digital transformation. Read on to visualize the system architecture for your next-gen digital banking experience. You'll also learn the must-haves for optimal digital banking experiences and why data is the key to continual transformation.

So, are you ready to accomplish a true digital transformation?

77% of retail banks name improving the digital experience for consumers as one of their top strategic priorities in 2023 and beyond.
Source: Digital Banking Report, Retail Banking Trends and Priorities 2023

Banks that consistently optimize the customer experience grow 3.2x faster than competitors that don't.
Source: Kameleoon & Forrester

The triggers for digital transformation

Financial institutions need to undergo digital transformation – or further their digital journey – to make their customers' banking experience even better and more seamless than ever before. Digital transformation encapsulates every touchpoint for the client, including online banking systems, emails, call centers, in-person interactions, online advertising and more. Here are four reasons that digital transformation has become one of the most critical priorities for financial institutions:

Acceleration of digitalization

Though the acceleration of digitalization sounds like old news, financial institutions – even large, sophisticated banks – are still weighed down by manual, paper-based processes that haven't been automated. These manual processes result in a slower, more disjointed customer experience, as banks are unable to capture a 360-degree of their customer and reach them with the right messaging, products and services at the moment of need. Now more than ever, banks need to be listening to their customers to identify areas that are a top priority for digitalization.

Threat of challenger banks

The new wave of "challenger banks" are not so much brand-new entrants who are building a bank from the ground up; they are existing institutions that are building a direct bank on a cloud-native core with modern APIs and orchestration layers, with modern digital channels to either build the next generation of their own institution from a tech stack standpoint or to reach out to a new segment in the market. But these institutions already have the technology, resources, experience, access and distribution channels to go to market faster.

Legacy systems limiting ability to compete

The ecosystems in many financial institutions can be disconnected or disparate, especially if they've been acquired over decades. It can be a challenge to integrate those experiences, both from a banker standpoint, but especially from a customer front-end perspective (i.e., data sharing and targeting) to create a more seamless and efficient experience.

Shift in customer expectations

Over the past several years, consumers adopted technology at an unprecedented rate – think scanning QR codes to view the menu at restaurants. That rapid adoption has set a new, higher bar in terms of digital experiences, and consumers are comparing their financial institutions to peers in other industries, like media and consumer goods companies.

How do banks compare to top brands?

	FAVORITE BRAND	PRIMARY BANK
They make it easy for me to use their products and services	**73%**	**60%**
They "wow me" with the quality of their products and services	**70%**	**45%**
They routinely look for ways to improve my experience or deliver greater value	**67%**	**48%**
They know me and what I need	**60%**	**48%**

Source: Deloitte

What does digital transformation look like?

What does a next-gen system look like behind the scenes? Connecting the dots isn't a matter of substituting one channel or application – it's about many different systems working together. For this reason, financial institutions are increasingly moving:

- From monolithic frameworks and on-premises hosting infrastructure to cloud-native installations and open microservice-based API architectures that allow for more efficient access to data.

- From siloed data and batch processing to real-time data, which is exposed and externalized to the institution or third parties.

- From complex integrations with little customization to modular-based deployments using technologies like low-code development to create independent components that allow you to quickly scale your front-end experiences.

- From required code changes and release approvals to continuous improvement/continuous delivery (CI/CD).

- From one-time perpetuity models to systems that run on longer-term subscription fees to drive out budget forecasting and budget consistency.

While building a seamless, competitive customer experience may be complicated, the principles behind it aren't. Digital transformation will help to create systems and processes that are:

Simple
Create simple, intuitive, data-driven experiences.

Digitally native
Allow your services to be consumed and/or embedded through mobile, web and APIs.

Interoperable
Help banks to seamlessly operate across channels (online, in-store, on mobile, in your branch, online with your contact center, etc.) using modular platforms.

Comprehensive
Curate a "one-stop-shop" ecosystem of capabilities for your customers to plug into.

Fast
Ensure the speed of your releases matches your customers' appetite for innovation.

What are the top trends for retail banking?

48%	Removing friction from customer journey
39%	Expansion of digital products and payments capabilities
37%	Use of APIs and open banking
24%	Improvement of integrated multichannel delivery
17%	Investment in innovation initiatives
13%	Exploring advanced technologies

Source: Digital Banking Report, Retail Banking Trends and Priorities 2023

Three keys to a top-tier customer experience

What are the keys to providing digitally transformed customer experiences? One is speed to market – the extent to which you either are enabled internally or with your third-party partner to deliver a new experience, as well as how fast you can respond to customer needs. How quickly can you take the data that's telling you what the customer needs, and effectively communicate it to either resolve an issue or give them a new product or service that meets their needs?

Third-party integrations are critical to this process. When you take on a third-party partner, you must look at your institution's full ecosystem to gauge the interoperability and compatibility of the third party to avoid complications down the line. Some ecosystems may be heavily partner-dependent, while some are more independent. Institutions with partner-independent ecosystems are better able to build strong, intentional orchestration layers and can own and stitch together dozens of endpoints to create a seamless customer experience. But a key first step is understanding your ecosystem strategy, how you leverage your partners and, ultimately, who will own orchestration.

Another important element is system customization – the extent to which your toolsets allow you to create a personalized or customized experience. For example, you may have a solution that allows you to communicate with your customers in real time, but if it's dependent on a batch system, your business case won't be realized.

Client story

Seacoast Bank, a community bank located in Florida, achieved outsized growth – nearly doubling its total assets – by searching for ways to leverage the data it collected to better serve and grow customer accounts.

72% of customers want immediate service

70% expect anyone they interact with to have full context

62% think experiences should flow naturally between both physical and digital spaces

62% agree that personalized recommendations are better than general ones

Source: Zendesk Customer Experience Trends Report 2023

> "We love data. We love analytics. We love modeling. We love digital and all the things that can be done with it – but that's never been the story. The story is how you use these things to serve a customer better than they've ever been served before and ultimately win more of their business."
>
> - Jeff Lee, Chief Marketing Office, Seacoast Bank

Digital transformation relies on data

What has made the world's biggest corporations, like Amazon, masters of customer experience? The key is data – gathering it, connecting it and using it to build an easy, personalized journey for each customer.

To compete, banks similarly need to get their data under control. While there are tons of benefits to driving digital transformation, such as reducing operating costs and digitizing the back office, you need to focus your transformation initiatives on connecting with consumers and businesses while accommodating their specific needs within the digital banking experience.

From that perspective, the job of automating is never "done." Ask yourself – can you take the account origination experience down to just a few minutes? Can you anticipate what a customer is contacting you about, as opposed to starting fresh each time you talk to them? Providing such a fast, seamless experience requires you to understand what products, services or advice the customer may need by collecting the appropriate data, turning it into insights, getting those insights as actions to your bankers, and then communicating the right products or rates to your customers at the right time. As you can imagine, that's no easy feat.

Client story

Citizens Bank launched a new direct bank, Citizens Access, with the goal of making opening and servicing accounts painless and easy. They created an online account opening process that could be completed in less than five minutes. The result? Citizens Access garnered more than $1 billion in new deposits within its first 90 days, with an average account size of more than $70,000.

94%

of customers who have a low-effort customer service experience report an intention to repurchase, compared to 4% of customers who reported a high-effort experience.

Source: Gartner

Freeing siloed data

From account origination to servicing, the customer experience can easily become disjointed. The cornerstone of a consistent customer experience is data, but most institutions still have a massive amount of siloed data that is not exposed to all interested parties. This makes it difficult to understand customer behaviors, locate opportunities to reduce friction and proactively address common issues, and make adjustments for continuous improvement.

Opening up data allows you to maximize customer value and reduce friction across your business, even if you have multiple products within multiple lines of business. You may have different ecosystem providers delivering your core systems, digital experience platforms and other front-, middle- and back-office systems. While the front end typically gets the most focus, you must focus on the experience all the way through each interaction, including scenarios where the customer is dissatisfied. Imagine, for example, the end-to-end automation of returning a product to Amazon.

Creating digital alternatives across the different types of touchpoints you have with your customer is critical. Only 12% of customer experience leaders say they have their customer communications fully integrated into their CRM. This creates blind spots that make it difficult to have visibility over the customer's entire journey in one place. Top financial institutions look at how to integrate their core systems and the customer communications that come out of those experiences, such as an alert about a low balance from your core system or funding a new account in your digital experience platform.

Back-office communications from ancillary systems such as ticketing, complaints, call center interactions, bill pay, remote deposit capture and fund transfers also create a host of fragmented experiences that undermine the consistent digital experiences that banks are striving to reach. There may be organizational alignment issues, as different communications are owned by different teams – for example, alerts owned by the Digital team, documents owned by Operations and the Call Center owning their own communications environment. Customers can often tell that communications coming from different systems have a different look and feel.

Best-in-class organizations succeed by having a consolidated, integrated experience platform with a modern communication environment, low-code and no-code capabilities, speed to market, centralized control and economies of scale. These modernized organizations have much more flexibility in getting the right content at the right time via the right channel to their customers.
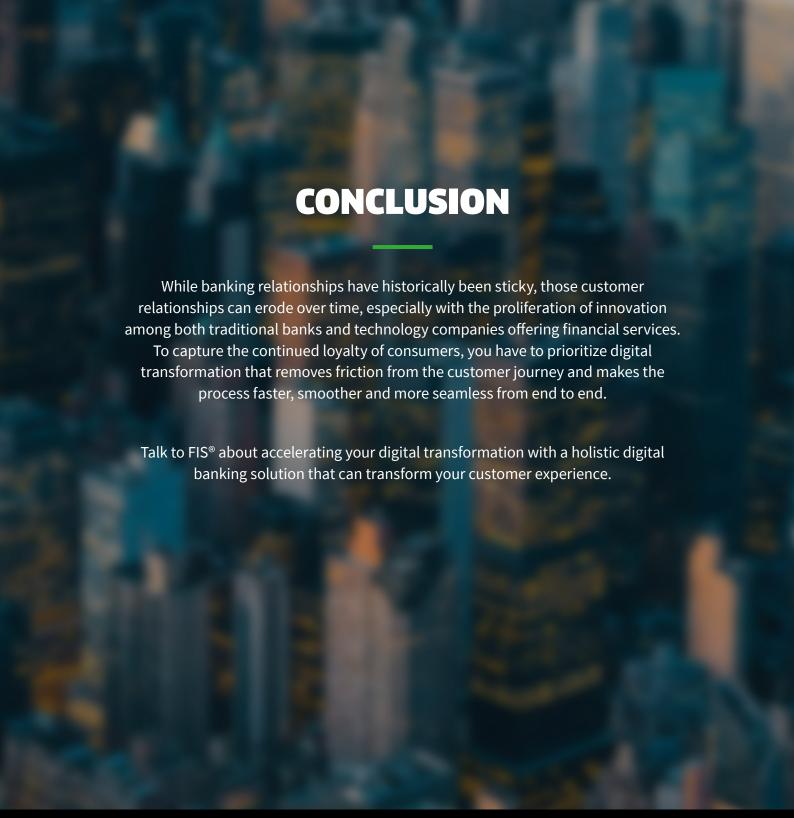
Client story

Washington-based Kitsap Bank realized that by analyzing customer data for behavioral patterns and interests, they could promote product offerings to customers based on specific priorities. Online customers were grouped by key lifestyle indicators so they could see products based on their needs, such as home equity loans. A 360-degree view of their customers allowed them to trigger real-time, relevant offers. After engaging just 11% of online banking customers, the bank saw a 28% increase in new product sales.

94%

of CX leaders report that the biggest challenge when creating data-driven customer experiences is data accessibility.

56%

agree or strongly agree that siloed, uncoordinated communications are preventing their company from delivering seamless digital customer experiences.

Source: Corinium Survey and report on 100 CX Leaders 2022

CONCLUSION

While banking relationships have historically been sticky, those customer relationships can erode over time, especially with the proliferation of innovation among both traditional banks and technology companies offering financial services. To capture the continued loyalty of consumers, you have to prioritize digital transformation that removes friction from the customer journey and makes the process faster, smoother and more seamless from end to end.

Talk to FIS® about accelerating your digital transformation with a holistic digital banking solution that can transform your customer experience.

About FIS

FIS is a leading provider of technology solutions for merchants, banks and capital markets firms globally. Our more than 55,000 people are dedicated to advancing the way the world pays, banks and invests by applying our scale, deep expertise and data-driven insights. We help our clients use technology in innovative ways to solve business-critical challenges and deliver superior experiences for their customers. Headquartered in Jacksonville, Florida, FIS is a Fortune 500® company and is a member of Standard & Poor's 500® Index.

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