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Customer Centricity: Mission or Mirage?

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CUSTOMER CENTRICITY: MISSION OR MIRAGE?

One of the top stated priorities for bankers today is to become more customer-centric in all their delivery channels, especially in the branch where the most complex and profitable sales still take place. However, defining what customer centricity really means is a bit of a challenge and sustaining these types of initiatives has been equally problematic.

A recent research report published by Misys and Efma states that 48 percent of bankers surveyed believe the term 'customer centricity' is overused, and that efforts by banks to improve the customer experience have fallen short of the mark stating, "fatigue is setting in before banks can justifiably claim they have achieved a customer-centric approach."ⁱ

So the question becomes, is customer centricity a mission for banks or has it become more of a mirage?

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Measuring Success

We also need to be reminded that, ultimately the level of success achieved in the area of customer centricity can only be properly measured in the customer realm, by what the customer thinks and not what the bank thinks! Studies have shown that bankers will likely over-estimate their success. According to a report published by the IBM Institute for Business Value, "...bankers surveyed seem overly confident they are meeting customers' expectations. While 62 percent of retail banking executives indicate their organizations are able to deliver an excellent customer experience, only 35 percent of retail customers share their view, a 27-percentage -point difference."ⁱⁱ

Planning and Customer Focus

To state the obvious, customer centricity starts with the customer at the center of a financial institution's planning and decision-making processes. Consequently, bankers need to understand the markets they are trying to serve. Market demographics including age, affluence, and ethnicity are important and will vary by branch.

As stated in BAI Banking Strategies, "When banks stop thinking in terms of products, processes and channels and start thinking about the customers in totality, they have reached a major pivot point."ⁱⁱⁱ

Bankers must also segment and clearly identify their targeted markets. Specific strategies and customer experience mapping should be completed for customers in targeted market segments such as millennials, high net worth individuals, and the unbanked or under-banked as might be identified by an individual institution.

According to Deloitte's 2015 Report entitled Getting Real About Branch Transformation, "An important factor in reinvigorating branch strategy is a clear understanding of customer needs and expectations. This allows banks to articulate the customer journey – essentially a depiction of the targeted customer experience – and further help drive decisions to invest in technology, processes, and talent."^{iv}

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Advanced Data Analytics

Centricity eventually must get down to the individual because that is where success and failure is determined. Here, bankers can learn from the retail world, where advanced analytics are used to learn customer traffic patterns, preferences, and behavior patterns.

According to Jim Marous, co-publisher of the Digital Banking Report, “Capturing and using consumer insight will be an important differentiator for organizations hoping to build new relationships and solidify those relationships already in place. Consumers will expect their financial institution partners to be able to provide real-time recommendations based on changes in their financial profile.”^v

PWC agrees stating, “Banks that cultivate a deep knowledge of their customers – their financial-services preferences, economic demographics, and consumer behavior – can tailor offers to individuals in a timely manner based on activity in their accounts and lifestyle changes or choices.”^{vi}

The Pay-Off

When these learnings are applied effectively at the customer level, the result is hardly a mirage. Rather, the outcome is fully engaged customers who feel they are known by the financial institution. Customers become loyal to the brand and even advocate for it with others!

Perspectives

Continuing the Conversation

Customer centricity involves more than simply implementing a CRM system, employing advanced data analytics or developing a talk-track. Success of a customer centricity mission depends on an institution’s ability to execute effectively across multiple channels, including the branch, to the delight of its customers.

Glory does not supply the types of data analytics tools or CRM systems mentioned earlier. So what is our stake in the customer-centricity mission? Glory is a recognized market leader in providing branch technology solutions that support efficient, customer-focused engagements when customers visit your branches and enable a banking environment that is safer and more secure. We also remove the obstacles and complexities associated with processing cash transactions.

These outcomes are fundamental to the delivery of an outstanding customer branch experience and act as a gateway for staff to effectively engage with clients on other, more significant topics. To discuss how our technologies can be put to work in your branches as a part of your customer centricity mission, please contact your Glory Account Manager.

- i Sales or customer focused? Banks' evolution to customer-driven sales, Burke, Kwiatkowski, Yarmin-Ali, and Bastid, Misys and Efma, 2015. P.8.
- ii Banking Redefined: Disruption, transformation and the next generation bank, IBM Institute for Business value, J. Brill, N. Drury, A. Lipp, 2015, p 2.
- iii BAI Banking Strategies, Becoming the Bank Your Customers Love, A. Morris, February 1, 2016
- iv Getting Real About Branch Transformation, How to Reinvigorate Branch Strategy, Deloitte, 2015, Page 3.
- v Digital Banking Report: 2016 Retail Banking Trends and Predictions, Article in The Financial Times, Jim Marous, January 14, 2016.
- vi Strategy& Industry Perspectives: 2015 Retail Banking Trends, PwC, A. Jain and S. Shanker, February 2016

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