



EMBRACING TECH IN FINANCIAL SERVICES EPISODE 14: HOW WELL DO YOU REALLY UNDERSTAND YOUR CONSUMER?

TRANSCRIPT

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Tim: The latest research on consumer behaviour has just been released by Accenture and it turns out that when it comes to spending, I'm a pragmatist. On today's episode, I'm joined by consumer behaviour experts, Alex Trot and Kieran White as they share insights on the latest data to impact financial services.

Presenter: Welcome to Embracing Technology in Financial Services, a podcast brought to you by Accenture. In this series we will hear from



experts to uncover the latest in technology and trends in financial services. Now, here's your host, Tim Broome.

Tim: Accenture has just [released a survey into consumer behaviour](#), and I'm really interested to find out a whole lot more about this. It's looking deeply into customer behaviours and what they look for from their institutions. So, I'm joined by two experts who really know this information inside out. Firstly, Alex Trott, Managing Director in our Banking Business. Alex, how are you doing?

Alex: Very well. Thank you, Tim. I'm pleased to be here today. Obviously, a lot going on in banking at the moment. It's been an exciting 18 months and I'm sure the next 18 will be just as exciting to.

Tim: And outside of banking, what's keeping you busy?

Alex: Definitely two kids moving from one sport season to another as we finish our winter sports and moving into summer sports. So big changes at home for that.

Tim: So, you're a very effective taxi driver?

Alex: Absolutely.

Tim: Okay, and Kieran White, Senior Manager from our Customer Insights and Growth Business. Kieran, I believe you've just flown in from somewhere far away...

Kieran: You've got me pretty jet lagged, but you've also got me on one of my favorite topics. I've had plenty of coffee and this is one of the things that is dear to my heart, so I'll keep my eyes open, my energy levels up throughout the chat.

Tim: Brilliant. So, where have you flown in from?

Kieran: From the UK. Back visiting some family and friends for the British summer and getting away from the Aussie cold. Although British

summer and Aussie winter are quite similar.

Tim: It's actually pretty warm in Sydney today.

Tim: All right, really looking forward to talking about this topic today. So, let's start off. Alex, why are we talking about a consumer survey? What happened?

Alex: So globally, this is the second time that we've done this. It's important to understand what consumers are thinking about financial services. And actually, the only way you can do that is at scale. So, it's nearly 50,000 consumers on a global basis, nearly 20,000 in Asia and 2000 specifically in Australia. Really asking them a broad set of questions around their preferences around financial services, about the products, around channels, around individual institutions as well that they may have products with. And then building up a picture of what behaviours and what their thoughts are around financial services to then create a number of personas and really then help organisations in the financial services industry then change what they're doing to represent more what consumers want.

Tim: Brilliant. Kieran, there was mention of different consumers and different types of consumer that we found. What's behind all of that? What have you found?

Kieran: Well, I guess one of the reasons I'm so enthusiastic about the consumer survey and the stuff that it gives us, is that it really moves above and beyond what some of our clients were able to get to with their own internal data, which is incredibly powerful stuff, but it tends to give them a view of behaviours and transactions that they can see in their own insights.

Kieran: What the consumer study does slightly differently is that it asks more emotional questions, it asks more attitudinal questions, so you really get a sense of not just what are people doing, but also why are they doing it. As Alex mentioned, we ran a similar survey a couple of years ago and one of the things that was most powerful from that was the ability to actually do that attitudinal extracts and we did it soon after



the fact actually, we didn't design that study to work that way.

Kieran: We pulled data together and then afterwards we actually realised that the best way to understand and interpret the results was to turn it into a persona led piece of analysis. This time around, we went into that right from the beginning. We knew that we wanted to do a persona led approach. We didn't determine what the personas would be because we didn't want to lead the respondent, but we designed the entire thing from start to finish with a view that would enable us to do the drill down that Alex was talking about, by country, by demographic, by specific clients in some cases, but we also design it right from the outset to be able to do some cluster analysis and pullouts, different attitudinal groupings, which we call the personas.

Tim: So, I want to find out what the personas are.

Kieran: I was going to say -

Tim: Go on, let's dive in -

Kieran: It going to say it's tantalising right, I've been keeping you waiting with the methodology stuff.

Kieran: There were four that kind of emerged and I just want to harp on for a minute if you'll let me about just the fact that they emerged from the data, they came organically out of what the data told us rather than being anything that we predefined or decided to come up with artificially.

Kieran: Four groups, we called them: traditionalists, pragmatists, sceptics and pioneers. These are relatively universal segments that we could see in differing quantities in all the countries that we've studied. I think the names kind of give away the clue for what they all represent and I can go into them and a huge amount of detail but in brief, traditionalists tend to enjoy the way that they interact with their banks and their insurance and

their other financial services providers the way that they do today or the way that they have done for the last 15, 20 years.

Kieran: They will accept new technologies, but they need them proven to them and they tend to be a little bit resistant to novelty. Novelty is not a good thing for these people necessarily. Pragmatists, probably similar in some ways, but they just want to get the job done. Actually, innovation is neither a good thing nor a bad thing to them. It's just something that if it helps me to get my task completed or achieve what I want to, then actually I'm pretty happy with that and if innovation is going to make that happen more easily, then fantastic, they're open to that one certainly.

Kieran: Sceptics, these are really tough crowd. So, innovation for them, quite often, is a negative. They are instinctively a little bit distrustful and you really need to work quite hard to win them over. They're also difficult because they're not highly engaged. So even having the opportunity to have a persuasive conversation can be quite a difficult one to do. Then finally the pioneers. The pioneers are a really interesting one. We see many, many pioneers across Asia Pacific, slightly fewer of them in Australia, but more of them across Asia Pacific in general. Pioneers I guess are what the closest to what you would consider to be classic millennials. So actually, traditionalism and the old ways of doing things, actually for them, is a massive turn off. They really are looking for new products, new services, new ways of interacting. So, I think those are a really exciting group.

Kieran: One of the points of caution that I like to put to the clients when we talk about the results of survey is not to have your head turn purely by the pioneer category because actually there are a subset of your customer group, they're not the entirety.

Tim: The way they're described, it almost sounds as though there's a linear track from one to the next, from a desire to take on technology or conversely the desire to spend time with people. Have I over simplified things there?

Kieran: I think it might be partly my story telling as I walked through them. I guess we built them up from a series of different attitudinal questions that we asked, which covered things about their use of social media, their use of different banking and insurance channels, a whole range of different sources. I am not convinced that we would see an evolution of people moving from one camp to the other and I wouldn't necessarily draw them as a linear spectrum, but there are definitely more similarities between say, the traditionalist and the sceptics than there are between the pioneers and the pragmatists, for example.

Tim: Alex, with this information what do we do next?

Alex: I think the interesting thing is a number of things. You may look at those personas for example, and you think, oh well all of the traditionalists are going to be older or all of the pioneers are going to be younger and the others somewhere in the middle. But actually what's interesting is some of the typical demographic segmentation angles that organisations use don't fit here. For example, what I said about age is not the case. So, you get a cross section of all of the different age groups, in all of the different personas, and therefore it is much more about attitudes and behaviours and wants rather than necessarily some of the traditional aspects that are actually very heavily featured in segmentation for many organisations.

Alex: The sort of short conclusion to that is, is that some of the segmentation will be missing the mark for a number of customers in a number of those organisations and really then it's about, well actually, what can we learn from this in terms of attitudinal based personas for organisations to look at in terms of how they interact with their customers, how they create new products, how they market to them as well. And I think that's the broad context of what you can do with it.

Alex: If you then take it into, well actually if I, as an organisation, I'm looking at my contact centre for example, and I want some very detailed information around, again, how people use it,

what they think about it, what they want from that channel. All of those sorts of things there's a real depth of information around those types of things. I think what we really like about this is to actually get some of the aspects out into the market as broad contexts are great, but actually it's a tool for us to use with our clients to really deep dive in sort of their problems and ways in which we can solve that too.

Tim: Have you decided which persona you are, Alex?

Alex: That's a great question.

Tim: I was just looking and deciding where I was.

Alex: Well aspirationally, I hope I will be one of those that, in many ways, probably a pragmatist. That's probably down to amount of time that I would spend on those types of things.

Tim: Absolutely, yes.

Alex: I think it's around fixing my problem as easily as possible and therefore things such as the digital channels, some of the new digital innovations are actually very handy for me and for that segment. But it's also interesting in terms of, if you take that to other types of interactions. So, for some of the segments... Some of the personas sorry, the importance of face to face conversations for certain type of interactions for example, is really, really important. So, just because, for example, one persona likes to interact digitally for some things, it doesn't mean that they always want to interact digitally as well. So, there's real nuances within those as well.

Tim: How about you Kieran?

Kieran: Definitely a pragmatist. Definitely. I think that's partly the nature of the job that we do and it's also reflective of Australia as a population overall. So we see far more traditionalist and pragmatists here than we see sceptics and pioneers, which I think is really interesting because actually when I talk to my clients around new technologies that they're considering experimenting with, quite often they tend to have



a fairly black and white view of how their existing customer base will respond to that, and they tend to think of them either as being wildly enthusiastic about it and they want to pitch to those, or as a die hard, I will never try that thing.

Kieran: Actually I think there's far more shades of grey than that and particularly in Australia where if you could make the business case for it, not that the consumers will think of it in those terms, but if you can make the case for it, then there's an awful lot of people in that pragmatic category that are very willing to experiment, try it, see, okay, that was better. I'll do that next time. And I think we've seen lots of examples of that in Australia.

Tim: To your earlier point, don't just focus on the pioneers because the stats are saying the roughly 25% in each category. Yes, there's some country variations, but very broadly we've got four groups roughly the same size.

Kieran: Yeah, I think that's absolutely right. I guess the other thing about an excessive focus on the pioneers is that it's very difficult to get things right for them. They're happy to try, they're happy to experiment, but if you don't get it right first time, they will quite often move on to a new supplier or a new gimmick, the next trend.

Tim: Right, yep. So, if we looked at another change that we've seen across the industry, the customer journeys that has been a significant part of how organisations have been viewing customers. The results of this survey change how you will consider a customer journey, Alex?

Alex: I think, absolutely. And as with all of these things, when you look at a specific journey, there's specific sort of insight into that. But in general, there was a real view of bundled and looking at propositions and financial services propositions that meet my needs. Those needs are a little bit broader than just a very specific financial product in some ways as well. So, I think it's really about the personas in some cases looking at a suite of financial products or a set number of items that can actually come together to actually meet a broader need.

Alex: So, you start to look at journeys in terms of a home buying journey. It's not a mortgage journey or home loan journey, it's actually buying a house and setting up a home journey. Those types of things where, actually if you think more broadly about these things, you can actually meet the needs. Not just through maybe a home loan in that case, but through insurance, through other financial products that you get across that whole aspect as well.

Tim: If we look at what we've discussed, it's quite strategic in terms of, here's some types of customer you can think about how to engage with that type of customer. What is there that we found that is probably a little bit more immediate? There's data here that says actually you need to act now. Kieran, what's your thoughts on that?

Kieran: I think that's one of the things that's most powerful about the survey is that it works at those two levels. So yes, it will give you the macro view of these are the different attitudinal groups and some of the things that they think might be quite surprising, but it also gives you the ability to drill down into their specific views on particular points. When I think about how we design a customer journey, something like their willingness to share data, for example, some of those results are really quite interesting and maybe even counter intuitive.

Kieran: I think a prevailing wisdom in the industry is that all customers are extremely reluctant to share data, they've lost all faith in big providers to look after their data safely... That is simply not what we found. What we found was a very, I'll use the word pragmatic again, but this wasn't just the pragmatist, this cut across the groups. We found that there was a willingness to share data. If there is a clear argument being made for it and they can see what they get.

Kieran: Actually consumers are in some ways, they've moved into quite a transactional mindset when it comes to data sharing, and if you can show them that there is value, that there is merit in sharing data with their financial provider, they're very open to that indeed. I think you can then unpack it a level further and say, "Okay, how much data would you be willing to share?"



And then you get more interesting insights again, where actually if you're asking me to share a lot, well then the argument you have to make in favour of that has to be correspondingly stronger.

Kieran: So, there's a whole level of drill down that we can do. That's just one example that I picked, but almost all of the questions within the survey enable you to do that peeling of the onion and that's one of the things I think is great about it.

Tim: I think broadly people are coming to terms with the view that there is value in my data and I'm willing to trade that in order to get a service.

Kieran: Absolutely.

Tim: We've all become relatively familiar with that across a number of new tech or tech which has become big over the last few years. I think the likes of the way we interact with Google, we know that there is a value that they extract from us and we get value in return, and it's become almost an accepted position.

Tim: One of the things that I'm a little bit conscious of is, I think people actually expect financial services institutions to be doing more with the data than they necessarily are. And there's a difficult balance between, "You know a lot about me," and yet at the same time, "this data is very valuable data to me or very personally important data to me, so what you do with it is also very, very important."

Alex: I think this is a... it's a really good point and, and one that again this is almost back to the trust point is how do I trust you as an organisation? How do I trust you with my data? I think there's some nuances with the financial organisations as well. I do think that consumers hold their bank to a higher standard because it's the institution that I trust with my money and it's the institution I trust with my data in a very similar sort of way. Therefore, I do expect them to keep it very secure because it's a lot of my financial data, which I consider to be some of my most personal. Therefore, I think that aspect

to it is very important and it's one that the banks, financial institutions, need to really bear in mind and one that again they can't afford to break the trust through any data issues.

Alex: That said, I think that that whole, as you start to unpack trust in that way is very interesting as well in terms of, well actually, do I trust my organisation to give me the best advice to always give me the best price, to help me secure my financial future. I think that's where there's the real debate and that's the one where consumers are less certain than they were before, that their financial institution is on their side. I think that's the trust that banks are really trying to rebuild.

Alex: But I think back to Kieran's point is there is a very substantial underlying trust mechanism between the consumer and the bank, which is driven from that initial, I trust the organisation to keep my money and I trust the organisation to hold my data as well, and for me that's a real advantage for the banks to build upon. It's not that trust is completely eroded, it's just in certain areas, and they need to build that back again over the next few years.

Tim: Okay. Are there any alarm bells in the survey and I'm looking at something here, 62% of Australians have a positive experience when visiting their bank branch. At the same time, we know that there is strategic directions on reducing the number of branches that would say that there's a significant customer population who will get alienated from that. Is this saying something that could potentially even change the direction of a strategy?

Kieran: I think it absolutely has to change the direction of the strategy, actually, I think when I looked through the results in Australia in particular, and it really does stand out compared to lots of the other Asia Pacific countries that we surveyed. There's that real desire for face to face advice and a real enjoyment of it when it's received.

Kieran: In general, I think if I were an Australian bank reading this, I would probably get myself in some ways a bit of a pat on the back because it



does seem that I'm offering my consumers a relatively good experience when they come into my bank branch. The challenge is you say to them is that actually there is still an economic pressure on branch estates to reduce and I think the challenge for banks is to figure out how they can continue to offer that humanity and personalisation of service and the equivalent of a physical face to face offering and find the ways to do that without the legacy estates that they've got right now, which are frankly unaffordable.

Alex: And I think part of that, again, it's about the drill down into that, which is to say there's probably a number of things that the, that consumers are particularly sort of happy with when they go into a branch. But there's other things that actually are probably very underused as well. So I think it's also about looking at the types of transactions, the types of interactions that you have face to face and whether there's other mechanisms, and therefore whether the shape of branches is the right shape for the future, and whether a different of looking at some of the same problem is out there.

Alex: For example, a number and probably a number of the personas are happier with face to face through video versus face to face in a branch environment as well. And I think starting to experiment with some of those at a more transaction by transaction or interaction by interaction is really the way to go. To help balance that cost and experienced point that you make about branches.

Tim: Just reflecting on some of my thoughts around the automation capabilities or potential around contact centres. I'm looking at some of this data, well actually there's almost two channels that you need to consider sending these groups down. There's the group that likes the human conversation and you need to recognise that or you will alienate them by sending them down a route, which could automate that conversation. But then say there's the pioneers and possibly the pragmatists who would be just as happy to have the automated response and a quick way to get to the answer. Now, understanding what type of customer that

is, it's probably also a jump that we need to figure out.

Kieran: I think it's also, I completely agree with that and I think you need to understand which category of request you're dealing with. I think almost every customer, depending on the interaction that they want to have, will sometimes want human advice. Whether that's physical face to face or whether that's something that can be serviced through a conversation on the phone or video chat, is debatable perhaps. But I think the customer that doesn't want to have any kind of human interaction with their bank is actually extremely rare.

Kieran: I think the challenge is absolutely what you say, it's about working out which way do we funnel them, but I think it's not about this customer always wants this interaction type and that other customer wants this other interaction type, it's about what do they want in this particular scenario.

Alex: As you take that forward, the interesting thing there is looking at the full service banks versus the new digital banks in terms of the business model and in terms of how much of a complete relationship can maybe some of the new digital banks actually have with customers. You can actually start to use this data to maybe test some of those business models as well to say, actually if I do have a digital only offering in this product and this product only, or if I want to actually build into a new set of relationship based banking, will that actually work?

Tim: Yeh, yep -

Alex: Will it, will it not? I think you can then sort of extrapolate forward in terms of business models based on some of the data as well.

Tim: So, we're saying that that type of business model could be explicitly limiting or cutting out a part of the population. Now that doesn't necessarily say it's the wrong decision but be conscious that is the decision you've taken.

Alex: Absolutely, absolutely.



Kieran: There's a danger that it cuts out part of the relationship. Even if I think about the most classic of millennial type customers that may be the obvious target market for a digital only bank, there are still likely to be circumstances under which they require what I guess a lot of us would require as a more traditional form of interaction. Actually quite often we find that the younger audience segment, which shows is interested in innovative ways of interacting with their provider, they're also by dint of being young, they are the ones that need the most guidance and support when it comes to a new category of products purchase, their first home mortgage purchase for example. At that point they are looking for very personalised human guidance. That's very difficult for some of these new business models to actually cater to.

Tim: Okay. And what are we suggesting people do? So, this is now publicly available, yeah?

Alex: Yeah, absolutely. So, we've published a number of different of dimensions to it as well. So there's obviously the overall survey, but there's drill downs by maybe [for insurance](#) or banking and really we found it fascinating to have the conversations or workshops with individual clients, either at a general level to talk about broad consumer trends but also, as I say, to solve specific challenges around segments or types of products or journeys that organisation may be looking at as well. I think it brings a fresh perspective to that.

Tim: I think that's a great way to wrap things up. Alex, really appreciate your time. Thank you very much.

Alex: Thank you.

Tim: And Kieran, you can maybe go and get some sleep now?

Kieran: That's the plan. Thanks Tim.

Tim: Thank you. So if anybody wants to hear any more or understand anything else about the consumer survey, it's available on the [Accenture website](#), so you can search for the consumer

survey there, or you can contact myself or Kieran or Alex, either on LinkedIn or you can find this through our emails and we'd love to continue the conversation. Thank you very much, goodbye.

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