Transforming the customer conversation in Financial Services
Methodology

Unless otherwise indicated, all data is based on Accenture’s most recent online survey of more than 4,500 financial services customers in the UK, for which the fieldwork was carried out between November and December 2017.
EXECUTIVE SUMMARY

Financial services (FS) providers have made significant advances in their digital capabilities when it comes to interacting with their customers. These new—and more efficient—methods have been well received by customers and, as a result, people are feeling more positive about their banks and insurers than they used to.

However, a large proportion of customers still want a ‘human touch’ in their financial services experience. And many remain concerned about the amount of personal data insurers and banks require in order to communicate through digital channels and offer innovative propositions.

For UK banks and insurance companies, the key to overcoming these challenges is to offer personalised, hyper-relevant offerings and interactions, and to engage the customer through the medium of natural conversation—rather than through impersonal transactions. Counterintuitively, it is machines and data that have the potential to put this human element back into the conversation.
CUSTOMERS ARE BENEFITTING FROM DIGITISATION

In the decade since the global financial crisis, banks and insurers have made huge strides in using digital capabilities and channels to interact with their customers. Spearheaded first by online and then mobile banking and insurance services, these new—and more efficient—methods have been well received by customers.

The outcome today is that digital experiences and journeys are rapidly becoming the norm across the industry, with mobile services in particular having seen rapid growth. The resulting increase in the speed and convenience of everyday transactions has contributed to people feeling more positive than they used to about their banks and insurers. The shifts shine through clearly in our UK Financial Services Customer Survey 2018, which finds that—for the most part—customers’ levels of trust, satisfaction and recommendation are on the up.

The proportion of respondents who rate banks as trustworthy rose to 40% in 2017, up from just 29% in 2015. For insurers the equivalent figure was 29% in 2017, up from 20% two years earlier. Perhaps even more significantly,
Financial services firms are steadily rising up the trust rankings versus other customer-facing industries, and are now challenging retailers for the top places, as shown in Figure 1. This is great news for the industry—and a far cry from the position it occupied post-crisis, when trust was in critically short supply.

The trust turnaround is all the more important since trust still really matters to customers—especially for the big decisions in their lives. ‘Knowing or trusting the brand’ remains the single biggest buying trigger for life insurance, pensions and investment products, with 45% of customers ranking this as the top factor in their purchasing decisions. And 47% of current account holders rate ‘a high level of trust that my bank will act in my best interests’ as one of the top three criteria they look for in a bank.

Customers’ overall satisfaction with their existing financial services providers is also heading broadly upwards—not least for current accounts and life insurance/pension products. Interestingly, the past two years have seen a big spike in the proportion of people recommending their life insurer or pension provider, perhaps reflecting the rising interest around pensions in the wake of the Pension Freedoms legislation, and the growing tendency for people to share and seek advice on social media.

In parallel with the shifts in sentiment illustrated in Figures 2 and 3, the customer experience across the industry has continued to become increasingly frictionless, helped by strong usage of mobile banking. And on top of the advances to date, newer technologies—the likes of robo-advice, natural voice processing and biometrics-based security—are starting to drive further improvements.

70% of current account holders are satisfied with their provider

Figure 2: % of respondents who are satisfied with their provider

<table>
<thead>
<tr>
<th>Provider</th>
<th>2015</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main current account provider</td>
<td>65</td>
<td>70</td>
</tr>
<tr>
<td>Main life insurer or pension provider</td>
<td>58</td>
<td>66</td>
</tr>
<tr>
<td>Current motor insurer</td>
<td>71</td>
<td>70</td>
</tr>
<tr>
<td>Current home insurer</td>
<td>n/a</td>
<td>70</td>
</tr>
</tbody>
</table>

The level of recommendations around life insurance / pension providers has soared

Figure 3: % of respondents who have recommended their provider to friends and family during the last 12 months

<table>
<thead>
<tr>
<th>Provider</th>
<th>2015</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Main current account provider</td>
<td>37</td>
<td>36</td>
</tr>
<tr>
<td>Main life insurer or pension provider</td>
<td>20</td>
<td>32</td>
</tr>
<tr>
<td>Current motor insurer</td>
<td>32</td>
<td>38</td>
</tr>
<tr>
<td>Current home insurer</td>
<td>n/a</td>
<td>23</td>
</tr>
</tbody>
</table>

Note: Home insurance was not included in the survey prior to 2017
As previously described, the convenience of digital services is helping to increase customers’ satisfaction with the industry. But this doesn’t mean firms can rest on their laurels. In fact, our study reveals growing indications that, as financial services become progressively digitised, they’re also becoming dehumanised.

The result? The customer-provider relationship is shifting away from a foundation of engagement to something more transactional—widening the gap between customers and the financial institutions they do business with.

This concern is underlined by several of our findings. For example, the proportion of customers using a bank branch at least once a month fell from 52% in 2015 to 32% in 2017, probably reflecting branch closures. But—as we highlight in Figure 4—for those customers who continue to use branches, they remain vitally important. Regular cash machine usage is also down over the same period, from 82% to 62%, as mobile/contactless payments grow. Meanwhile, the percentage using mobile banking regularly has remained static at 34%—but the customers that use it are doing so more frequently, meaning mobile transactions are still rising.

These figures point to the potential for rising disengagement, as people’s interactions with their banks become increasingly remote and transactional. Yet this widening distance isn’t necessarily what customers want. Many of the respondents to our survey say they still want a human touch from their financial services providers, especially for the big ‘moments that matter’ in their lives, when they crave advice and reassurance. This is why banking customers still want their needs at these times to be met in-branch, as shown in Figure 4. It’s also why we continue to see physical channels being used for many advice-based services—albeit less frequently than was once the case.
The customer-provider relationship is shifting from a foundation of engagement to something more transactional—widening the gap between customers and financial institutions.

Banking customers still value the human touch at difficult moments—and when making big decisions

Figure 4: How important is it to you that each of the following services is offered in your main bank’s branches in future?

<table>
<thead>
<tr>
<th>Service</th>
<th>Important</th>
<th>Neutral</th>
<th>Not important</th>
<th>I no longer use branches</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to raise a complaint with a human advisor</td>
<td>71%</td>
<td>18%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>Ability to open an account with a human advisor</td>
<td>63%</td>
<td>23%</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>Human advisors on hand to give advice about products such as mortgages</td>
<td>59%</td>
<td>23%</td>
<td>12%</td>
<td>6%</td>
</tr>
<tr>
<td>Human advisors on hand to show me how to use the bank’s mobile and online services</td>
<td>48%</td>
<td>29%</td>
<td>17%</td>
<td>6%</td>
</tr>
<tr>
<td>Access to remote specialist advisors using video conferencing</td>
<td>22%</td>
<td>34%</td>
<td>38%</td>
<td>6%</td>
</tr>
</tbody>
</table>
DIGITISED EXPERIENCES NEED TO BE FRICTIONLESS AND PERSONALISED

Taken together, what do these findings tell us? Essentially that the creation of efficient, frictionless journeys—while improving convenience and speed—has made the overall customer experience more transactional. And that there’s a sense among customers that this has, to an extent, removed the human feel from their interactions with their bank or insurer.

Other findings underline these shifts. For example, when customers are asked why they’ve switched to a new current account provider, their most common response is ‘lack of personalised services’, with 26% putting this in their top three factors. Among Millennials the effect is even stronger, at 30%. Similarly, the survey found that insurers are also falling short of customers’ expectations when it comes to delivering personalised, tailored products and services.

Customers’ expectations of their financial services providers are being further influenced by the increasing popularity and usage of instant messaging (IM) services such as WhatsApp. These are resulting in more customers—especially younger demographics like Generation Z and Millennials—wanting to use IM-type digital channels to have natural-language conversations with their bank, as shown in Figure 5.

There is healthy demand for new types of digital interaction among younger current account holders

Figure 5: Would you consider interacting with your main bank using any of the following methods? (% who want to interact with bank in this way but currently do not)

- Social media
- Instant messaging
- Video chat
- Video kiosk
- Wearable device

- Generation Z
- Millennials
- Generation X
- Baby boomers
- Pensioners
CUSTOMERS KNOW THEIR DATA IS VALUABLE

Our research also points to emerging customer concerns around the amount of personal data insurers and banks require in order to communicate through digital channels and offer innovative propositions.

Customers accept that the frictionless experiences they’re demanding rely heavily on providers having access to new types of personal data, and being able to extract and apply insights from it.

However, customers are also increasingly aware that their data has a monetary value, and are only willing to share it in return for specific benefits. What’s more, they’re suspicious of banks and insurers who might ‘monetise’ their data or even use it against them. Tellingly, only 14% of all UK financial services customers are comfortable with providers monetising their personal data.

And, while the readiness to share data is higher among younger customers, it’s interesting that Generation Z are actually less relaxed about this than Millennials, as shown in Figure 7.

The majority of customers perceive their personal data as a valuable commodity

Figure 6: % of FS customers who agree that ‘My personal data is a valuable commodity (e.g. to Financial Services companies and other third parties who may wish to use it), and its value appears to be increasing over time.’

| Overall UK | 55 |
| Generation Z | 33 |
| Millennials | 48 |
| Generation X | 56 |
| Baby Boomers | 59 |
| Pensioners | 62 |

Only 14% of customers are comfortable with FS providers monetising their personal data

Figure 7: % of FS customers who are ‘comfortable’ with the idea of banks and insurers monetising their personal data

| Overall UK | 14 |
| Generation Z | 24 |
| Millennials | 26 |
| Generation X | 18 |
| Baby Boomers | 6 |
| Pensioners | 4 |
What’s clear is that, in collecting and using customers’ data to personalise offerings and experiences, banks and insurers need to be keenly aware of the fine dividing line between ‘cool’ and ‘creepy’—and be careful not to cross it. This is made more challenging by the fact that this line varies not just between different customer groups, but from individual to individual. So the way in which the personalised approach is delivered must itself be tailored to match the individual customer’s preferences.

The importance of striking the right balance when it comes to using personal data—and avoiding appearing ‘creepy’—is underlined by the fact that 58% of customers (and 73% of baby boomers) fundamentally dislike having companies track their everyday online behaviour and preferences, as illustrated in Figure 8.

Customers’ underlying concern about how financial services providers use personal data is reflected in a number of our findings—including the 66% of current account holders who say it is important or highly important that their bank uses their personal data to provide them with advice that is more relevant to their personal circumstances. And when banking customers are asked why they feel reluctant to part with more personal data, their main reason by a wide margin is that they find it ‘too intrusive’—even when they would receive some added benefits in return.

Insurance customers are equally suspicious of providers’ motivations. For example, 51% of non-life insurance customers think that insurers would use the additional personal data to increase premiums or help refuse a claim, rather than using it to improve products or offer personalised discounts.

### Very few customers like it when companies track their online behaviour

**Figure 8: How do you feel about companies tracking your online and everyday behaviour and preferences?**

<table>
<thead>
<tr>
<th>Segment</th>
<th>I like it</th>
<th>I neither like it nor dislike it</th>
<th>I don’t like it</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall UK</td>
<td>15%</td>
<td>27%</td>
<td>58%</td>
</tr>
<tr>
<td>Generation Z</td>
<td>26%</td>
<td>39%</td>
<td>35%</td>
</tr>
<tr>
<td>Millennials</td>
<td>31%</td>
<td>33%</td>
<td>36%</td>
</tr>
<tr>
<td>Generation X</td>
<td>18%</td>
<td>31%</td>
<td>51%</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>3%</td>
<td>24%</td>
<td>73%</td>
</tr>
<tr>
<td>Pensioners</td>
<td>2%</td>
<td>17%</td>
<td>81%</td>
</tr>
</tbody>
</table>
Looking across customers’ evolving attitudes towards the privacy of their personal data, it’s possible that the introduction of the General Data Protection Regulation (GDPR) in May 2018 will add further fuel to the fire. Questions might arise particularly around whether customers are happy for their bank or insurer to hold non-financial information on them. The GDPR also gives customers new rights to ask companies to delete some or all of their personal information. Our research finds that roughly two-thirds of customers would consider asking their financial services providers to delete substantial amounts of personal data.

However, banks and insurers who get their approach to the GDPR right could actually capitalise on the new rules as an opportunity to rebuild trust, by demonstrating they’re using customers’ personal data in a way that’s not just compliant, but also responsible, trustworthy and beneficial to customers. This could also open up the way for them to engage their customers in new types of conversation around data, ethics and value-added opportunities. In seeking to do this, they’ll be pushing on an open door: Figure 9 reveals that the majority of customers are willing to share personal information with their financial services providers in return for added benefits and a more personalised service.

In collecting and using customers’ data to personalise offerings and experiences, banks and insurers need to be keenly aware of the fine dividing line between ‘cool’ and ‘creepy’ —and be careful not to cross it.

**Customers are happy to share personal data in return for deeper personalisation and more relevant products**

**Figure 9: % of respondents who, in principle, are willing to share personal information with each type of FS provider in return for certain added benefits and a more personalised, relevant service**

- **74%** Motor/home insurer
- **65%** Life insurer/pension provider
- **54%** Bank

**In principle, customers are willing to share personal data to get deeper personalisation and more relevant products:**

- **Motor/home insurer:** 74%
- **Life insurer/pension provider:** 65%
- **Bank:** 54%
FOUR ACTIONS TO TRANSFORM THE CUSTOMER CONVERSATION

Based on our survey findings, we’ve identified four actions that we believe banks and insurers should take to reintroduce the human touch into their customer conversations and relationships. Across all these actions, the key to overcoming the challenges highlighted by our study is to offer personalised, hyper-relevant offerings and interactions, and to engage the customer through the medium of natural conversation—rather than through impersonal or unemotional transactions. Counterintuitively, it is machines and data that have the potential to put this human element back into the conversation.

- **Personalise to reverse disengagement**
- **Blend physical and digital for a frictionless experience**
- **Use data to create an integrated end-to-end approach**
- **Know where you are in the customer conversation**
Digital does not have to equal impersonal—quite the opposite. So there’s no need to stop the move towards digital channels and services. But, while continuing to digitise, banks and insurers must ensure that they don’t rob the customer of the human touch.

Technology has the answer: artificial intelligence (AI) opens up the potential to enable highly tailored conversations that are personalised to the level of the individual customer. This applies whether it’s the AI itself doing the talking/chatting, or the algorithm helping the human representative to offer a better quality of service. And, equally, it applies whether the conversation is taking place via a digital channel or face-to-face.

Financial services customers are willing to engage with virtual agents and chatbots. More than half of the respondents to our survey would be willing to receive advice about which type of insurance and banking products to purchase in a way that was entirely computer-generated, without any intervention from a human advisor. And, perhaps more significantly, many perceive these virtual conversations as having distinct advantages over human interactions, as shown in Figure 10.

Many customers perceive virtual agents and chatbots as having specific advantages over human advisors

Figure 10: Most common reasons cited for being willing to receive advice and services in a way that was entirely computer-generated (% who included each reason within their selection)

- **46%** I think it will be faster and more convenient than human advice
- **34%** I think it will be cheaper than getting human advice
- **21%** Computers/artificial intelligence are more impartial/analytical than humans
- **21%** I think computers/artificial intelligence are less likely to make a mistake than human advisors
- **17%** I think computers/artificial intelligence will give me better advice as they can draw on more sources of information
- **5%** I think my personal financial data would be more secure with a computer/artificial intelligence than with a human
Customers—especially Millennials—want frictionless interactions that blend physical and digital into a consistent ‘phygital’ experience. To provide this, banks and insurers need to focus on integrating the full range of human, human-simulation and other digital channels into a frictionless experience that suits the individual customer. Useful elements here could include augmented reality (AR) and extended reality (XR), which mean companies may not need to be physically present with customers to offer ‘human’ interaction on a one-to-one basis.

For banks in particular, while branch usage has decreased, customers’ appetite for face-to-face interaction is very much still present during the critical moments in their lives. The branch is—and will remain—a vital element in the blended, frictionless physical-digital experience that customers expect. This concept of phygital services is well-established in other industries such as leisure and travel, and there’s a big opportunity for financial services firms to strengthen their relationships with customers by following suit.

Banking customers want a frictionless blend of physical and digital interactions

Figure 11: % of current account holders who ‘would like their bank to blend physical branches and digital services, allowing them to interact with their bank in the way that best suits them, and which gives a frictionless experience’

43% of all current account holders
With customers now accustomed to benefiting from advances in integration and reductions in friction, there will be no let-up in the pressure to innovate around the most valued customer journeys. This remains the battle-ground, with several financial services providers announcing multibillion-dollar programmes to improve customer experience. They’re right to do so: for example, 55% of current account holders rate ‘a high quality of customer service’ as one of the top three criteria they look for in a bank.

Furthermore, the advent of Open Banking and rising use of open application programming interfaces (APIs) within insurance will enable financial services providers to design new offerings and deliver them in more relevant—and more conversational—ways. And Figure 12 shows how most customers are relaxed about their insurers and banks gaining access to personal data already shared with other companies to boost personalisation and relevance, opening the way to broader and more varied interactions.

Some banks and insurers might even look to take the conversation to entirely new places, collaborating with other sectors to interact with customers beyond ‘pure’ financial services. Options include tapping into broader concepts and ecosystems like the connected home or car, or engaging with groups of customers in new ways, such as at the level of the whole household or through peer-to-peer or social networks. In any event, the availability of wider data will allow the nature of those conversations—and their outcomes—to expand and evolve.

Customers want their banks and insurers to leverage data already shared with third parties

Figure 12: % of respondents who would like each type of FS provider to also have direct access to personal information they have shared with other companies so they can use it to present more suitable/relevant product and services

| 71% | Bank |
| 63% | Motor/home insurer |
| 52% | Life insurer/pension provider |
To build closer and more profitable relationships with their customers, financial services providers need to be perceived as caring, everyday companions rather than faceless, distant organisations. Personalised products and high-frequency interactions will help them play this role, especially at key moments in customers’ lives, such as when they’re buying a house or at any time of financial stress.

This means financial services providers need to understand precisely where they are—or, more importantly, where the customer is—at every stage of the ongoing two-way conversation with them. Again, this need shines through in our research. Almost three-quarters (74%) of Millennials would find it useful if their bank sent them information about services exactly when they need to see it. And a similar proportion of Millennials would like their bank to assist them during major purchases by sending them relevant information and recommendations.

The same opportunity to provide timely, relevant advice applies within insurance. Some 61% of the insurance customers we surveyed would like their insurers to help them lead a safer life with fewer incidents—meaning assisting them in understanding and proactively managing their risks, rather than simply taking their premiums and waiting for them to submit a claim. And 84% of the 61% mentioned above would consider switching to an insurer that offered such services.
Accenture Leading in the New

Following the rapid advances of recent years, banking and insurance customers now take the speed and convenience of digital services as a given. To revitalise growth through improved customer engagement, trust and loyalty, firms now need to ‘change the conversation’ with their customers. The way to do this is by interacting with customers in a way that blends the best of the digital and physical experience. Accenture has been leading this revolution:

Digital + AI = Experience

- Investing in the business uses of AI with real and practical experience of making these services work in FS to enable highly tailored conversations, personalised to individual customers (e.g. our ‘Converse’ platform for Natural Language management).
- Incorporating the latest research, including our work under our alliance with The Alan Turing Institute, to drive the adoption of AI in customer care.
- Using our in-house agencies including Fjord and Karmarama to give the digital experience the human touch.

Phygital

- Driving the re-invention of digital channels and branch and contact centre networks to take on their changing roles in the new digitised economy (including re-inventing the branch network to provide places where customers can seek education, guidance and advice around their wider financial wellbeing).
- Enabling connected customer experiences, both physical and digital, via our agency, Allen International.
- Optimising interactions for customers by blending the best of the digital and physical experience.

Data-Driven Experiences

- Accenture Analytics services—fast tracking the sensible and appropriate use of customer data to help improve experiences (such as not filling out the same form repeatedly) to create an integrated end-to-end approach.
- Using our Finance & Risk expertise to ensure a full understanding of the regulatory aspects of the GDPR.
- Investing in new ways to help manage ‘customer wellbeing’ (including our Life Cloud assets) to help financial services organisations move away from passive measures such as ‘satisfaction’.
- Applying our open banking and API expertise and experience to help providers design new offerings that customers find compelling and deliver them in more relevant ways.

Integrated and Transparent Interactions

- Assessing and understanding the ‘moments that matter’ when only a human will do, to help providers deliver offerings in a timely and hyper-personalised way.
- Accenture is at the heart of the end-to-end re-invention of customer interactions which blend the best of fintech (for example our development of Accenture Mortgage Cloud), process simplification, regulatory compliance and digital de-coupling—getting the best from legacy and new systems by running them together in smart ways.

To hear more about how we can help change the conversation with financial services customers, please contact Peter Kirk at peter.kirk@accenture.com.
ABOUT ACCENTURE

Accenture is a leading global professional services company, providing a broad range of services and solutions in strategy, consulting, digital, technology and operations. Combining unmatched experience and specialized skills across more than 40 industries and all business functions—underpinned by the world’s largest delivery network—Accenture works at the intersection of business and technology to help clients improve their performance and create sustainable value for their stakeholders. With approximately 442,000 people serving clients in more than 120 countries, Accenture drives innovation to improve the way the world works and lives. Visit us at www.accenture.com.

ABOUT ACCENTURE RESEARCH

Accenture Research shapes trends and creates data-driven insights about the most pressing issues global organizations face. Combining the power of innovative research techniques with a deep understanding of our clients’ industries, our team of 250 researchers and analysts spans 23 countries and publishes hundreds of reports, articles and points of view every year. Our thought-provoking research—supported by proprietary data and partnerships with leading organizations such as MIT and Singularity—guides our innovations and allows us to transform theories and fresh ideas into real-world solutions for our clients. Visit us at www.accenture.com/research.

STAY CONNECTED

www.linkedin.com/company/accenture_distribution_and_marketing_fs/
www.twitter.com/BankingInsights
www.twitter.com/AccentureIns
distributionmarketingblog.accenture.com
www.accenture.com/UKFSCustomerSurvey

CONTACT THE AUTHORS

Dr Peter Kirk
Managing Director,
Distribution & Marketing Services
Accenture Financial Services
peter.kirk@accenture.com

Simon Tottman
Financial Services
Research Lead, UK & Ireland
Accenture Research
s.tottman@accenture.com