Banking on Digital
Building trust and innovation in Financial Services

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The digital era could not have come at a better time for the banking industry. With bank customer loyalty and trust at a low point, following the recent financial fallout and the economic downturn, banks are in need of a fresh start. Rising to the challenge of reconnecting with customers, rebuilding trust and renewing the banking experience, banks are starting to explore digital technologies and solutions. But is that enough?

Forward-looking financial services providers are seeing a silver lining in today’s challenging market—they are rapidly capitalizing on the digital wave to re-establish themselves as the bank of choice with existing and new customers. Recent Accenture research\(^1\) has identified three business models for progressive banks, and digital is at the heart of them all:

1. **Intelligent Multichannel Bank**—builds on enhanced multichannel experiences using strategic analytics solutions to engage customers and meet their financial needs effectively.

2. **Socially Engaging Bank**—leverages social media interactions to increase customer intimacy.

3. **Financial/Non-Financial Digital Ecosystem**—leverages in particular the power of mobile technology to put the bank at the center of an ecosystem selling financial and non-financial services.

Taking a cue from the retail sector where the likes of Amazon, eBay and Starbucks have transformed digital customer experiences, financial institutions are beginning to rise to the occasion. There is a growing realization that if they fail to respond now, non-banking organizations will step in to own the customer experience layer and provide alternate means of distribution. This concern is not unfounded. Innovative players such as Movenbank, Square, Google and Simple (formerly BankSimple) have already started offering financial services.

Customer intimacy
Adopting a ‘Digital First’ mindset—putting digital at the heart of the business—is an effective way for banks to redefine their relationship with customers. By having a truly digital business, banks can move away from reactive, transaction-based customer relationships, towards a more intimate, proactive and personalized experience across multiple channels, products and services. In the digital era, banks can mine a wealth of information about their customers across multiple touchpoints to make connections and draw insights that previously remained in silos or were unknown. Analytics technologies can be used to capture and analyze vast, continuous data streams to develop an intimate experience that will keep existing customers coming back and attract new ones.

Customer intimacy is critical to building a strong relationship. Knowing and anticipating the kind of relationship customers want from their bank is key to providing the right level of service.

Establishing the relative importance of buyer values will be critical as banks identify with customer feelings:

- “My bank recognizes me and always provides relevant information. It provides me with tailored experiences based on my interaction history.”

- “My bank understands what I am looking for on its website and fetches that information in the quickest way possible.”

- “My bank values my loyalty and rewards me for it.”

- “My bank has made it very simple for me to access the services I need, taking into account my choices, preferences and cross-channel interactions with it.”

Creating a trusting and emotional bond with every customer is the ultimate goal of a ‘Digital First’ strategy.

‘Digital First’—Five Golden Rules

There are five guiding principles of a ‘Digital First’ strategy.

1. **Be Attentive**—Anticipate customer needs and guide them to the relevant product or offers quickly. The design of this experience should be able to sense the mood of customers (learn, evaluate, action) and serve appropriate content. For example, the landing page should be able to recognize if a particular user is a new visitor or returning customer before serving content.

2. **Be Insightful**—Leverage analytics, data mining and other technologies to understand customer preferences as well as needs, guiding them and increasing the value of each customer interaction.

3. **Be Connected**—Provide a seamless experience (one interaction leading to another without interruption) across channels and devices so customers will feel positive about their digital experience with their respective banks. For instance, if a customer submits a mortgage application to his bank, all his subsequent interactions with the bank—contact with the call centre, a visit to the bank’s website or an SMS on his phone informing him about the approval of his mortgage application—should be in sync with each other.

4. **Be Relevant**—Deliver improved service to customers by developing digital applications that recognize contextual signals and engage customers within that context. For instance, if a customer goes abroad, the bank’s locator application on his mobile device can recognize that fact and provide contextually relevant information such as the nearest ATM machines in the vicinity.

5. **Be Available**—Deepen the relationship with customers by giving them access to virtual relationship managers and other digital tools and services all day, every day, across all channels and devices.
Enablers of 'Digital First'

A 'Digital First' mindset needs the backing of an integrated, innovative technology strategy to drive customer intimacy. There are a number of enabling technologies that will make a 'Digital First' strategy meaningful, robust and seamless.

Digital Intelligence

Data-driven insights are an ever increasing priority for financial services organizations. On the digital front, analytics has evolved from just Web analytics to digital analytics encompassing customer interactions across online, mobile and social channels. This is giving marketers the opportunity to understand how customers use their digital properties and integrate those insights to deliver compelling digital experiences. Leading organizations are already integrating their digital analytics data with existing traditional data sets from existing customer relationship management (CRM) systems to create a completely new layer of digital intelligence and deliver even more personalized experiences to customers.

For example, U.K. customers with an American Express (AmEx) card can now sync their card account with their Foursquare account and take advantage of personalized offers, based on location and their spend patterns. This intelligence is fundamentally enabled by insights AmEx has from a richer profile of the customer and it helps deliver an experience that is contextual as well as relevant to customers.

Integrated Experience Design

A 'Digital First' mindset allows the customer experience to be developed holistically across channels. Since customers are accessing content across multiple devices and from multiple destinations, an integrated approach (creating digital design principles that work across Web, social, mobile and other channels) has become imperative. This not only enhances consistency when engaging with customers but also reduces overhead in creating content to publish across multiple channels. It also helps marketers focus on the relevant media (bought, earned, owned) and customer experience to improve engagement.

For instance, realizing the significance of integrated experience design in delivering a seamless multichannel customer experience, Citi invested in developing an in-depth understanding of the digital design principles and the role each device and channel plays in providing customers with a compelling experience.
Post-login Customer Experience

Experience has shown that over 90 percent of customers use their bank website to check their account balance or carry out specific transactions, and then they log off. The average interaction a customer has through online banking is at best functional and transactional. But there is a great opportunity to transform the post-login experience into a dialog.

The 'customer dialog engine' uses context, relevance and data to create a conversation between the customer and the bank. By monitoring customer transactions and behavior, the dialog engine can suggest tools for financial planning and budgeting, act as a virtual advisor, offer peer comparison on selected products or services, and much more. In effect, the customer dialog engine gives banks valuable insights about a customer's financial life to enrich the experience the bank can provide. Needless to say, the post-login experience becomes immensely powerful when banks can integrate customer experiences and journeys across both public and secure banking websites in a seamless manner.

In a move towards providing a compelling post-login experience to customers, Bank of America has developed BankAmeriDeals—an application that allows online customers to select a series of cash back deals at shops and restaurants in a secure environment. This added value service uses transaction history coupled with their partner ecosystem to attract the attention of customers and reward them for their loyalty.

Digital Relationship Management

With a 'Digital First' mindset banks can extend the traditional relationship management/teller model to provide superior service—key to driving deeper customer intimacy.

For example, Banco Bilbao Vizcaya Argentaria (BBVA)—one of Spain's largest banks—is breaking new ground by offering customers superior service through LOLA, a virtual assistant application that guides BBVA's internet banking customers. LOLA builds customer intimacy by making personalized recommendations, much as a real bank assistant would, leading the customer through customized pages where the structure and displayed information is tailored to suit the customer needs.

The ability to enhance advisory services, engage customers in a context-based journey and create a new type of conversation (fusing human contact, digital services and tools seamlessly into a single coherent interaction) are all differentiating capabilities for banks.

Digital Operating Model

Developing a culture of innovation and experimentation, as well as the relevant digital capabilities will be critical to realizing the benefits of enabling technologies. Digital provides a truly transformational way to engage with customers and needs to be embraced as such throughout the organization. This is precisely the path some leading financial institutions are taking with a strong focus on customer intimacy.

As part of its 'Digital First' journey, Citi has overhauled its digital and customer experience capabilities. Using an agile development environment, Citi has changed the way it measures and thinks about data, and how it listens and responds to the needs of customers in real time.

Socially Engaging Banking

Customers are increasingly using social to share, connect and learn more about brands and their offerings. Banks have a great opportunity to use this channel for gathering insights, demonstrating transparency, engaging customers and for new product development. Leading organizations are already going beyond using social to merely gather insights; they are making it part of an integrated customer experience strategy across channels.

Take New York City-based Movenbank, which is launching next generation banking services with social at its core. Combining traditional credit data with behavioral data and social influence the bank creates a customer credibility (CRED) score. Based on that score, the bank provides feedback to customers on their financial performance and options they can consider. Although still in pilot phase, Movenbank has created quite a buzz in the world of mobile finance.

Everywhere Banking

Mobile is one of the fastest growing channels among banks as it enables customers to have instant control of their finances, from transferring money, to taking advantage of geo location-driven offers and mobile wallet services. Increasingly, banks are integrating mobile banking services with other channel offerings to provide a multichannel customer experience and gain a competitive edge.

For instance, Barclays has launched an innovative mobile payment service—Pingit—for customers on the go. It allows customers to use their mobile phone to send and receive money using just a phone number. Other niche players are using mobile as a service channel to initiate financial offers, especially for certain products such as loans.
Serving digital customers
A ‘Digital First’ mindset is fundamental for financial services providers focused on significantly enhancing customer satisfaction, building customer loyalty and deepening share of wallet. A crucial step in this direction is to create, or refresh, ‘customer experience maps.’ These maps assist in identifying customer needs in a multichannel context—the foundation for identifying which digital capabilities banks need to invest in to engage and strengthen relationships with customers at various stages of their journey. At a time when tech-savvy customers are increasingly demanding about how, where and when they want services from their banks, becoming a truly integrated digital business is essential for growth. Only by adopting a ‘Digital First’ mindset can banks hope to deliver reliable, relevant and innovative financial services which build a strong and loyal customer base.

To learn more about building digital capabilities in banking, contact:
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