

ENGAGEMENT BANKING

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If you were building a bank from scratch today to optimize customer experience and engagement, what would it look like?

Is there a set of benchmarks or best-practices that we could bundle together to create the world's best bank for customers?



Building the Best-Practice Engagement Bank

By Brett King (Author - Bank 2.0) and Alex Sion (Sapient Financial Services - Centre of Excellence)

Customers today are presented with a myriad of channel choices, their expectations of an institution's capability via mobile and social media are going through the roof as new capabilities come online, and customers increasingly are looking to bank whenever and wherever they are. Customers are focused on the tasks they need to get done, and look for the most efficient way of engaging with service providers to accomplish those tasks.

Banks, however, are still very focused on the destination. As Banks we constantly talk about the product or service we want you to buy or apply for, without

thinking about the context of the product in a customer's daily life or the journey a customer takes to get there.

How many times do you hear a bank say, "We are your one-stop shop for all your financial products and needs" or something similar? That sort of a statement says - we're your destination, but we don't care how you get here, why you need it or what you do with the product once you successfully apply, but if you need something we are the best bank for you to work with. Having the best product, rate, service or bundle, doesn't mean you are the best bank for your customer's needs today. For that you need to think about context and engagement.

What is the best practice in banking for engaging customers? If you could Frankenstein a bank together from the best banks that are getting aspects of customer engagement right today, would it be possible to construct a sort of best-practice bank?

The reality is that there are gaps in what is best-practice because by looking at other industries we find better examples of specific channels than in the banking space.

We realize this is somewhat arbitrary and there are probably some other great examples out there. If so, we'll try to add those as we find them.

Here we go...

The Best-Practice Engagement Branch

What identifies a best-in-class branch experience?

Well, the key here is not how sexy the branch looks but whether a branch redesign resulted in a net improvement in customer engagement and in resultant metrics – namely increase in acquisitions and in cross-sell or up-sell.

Recently Citi relaunched their “**Apple Store**” concept branches in both Shanghai and New York, but there is no evidence that plastering tech around your square footage is an immediate guarantee of success. Creating retail spaces that are hi-tech meccas works for Apple because they sell tech, not banking products and services. So what is the goal of the branch space?

Currently there are two goals for branches, the first is to effectively serve transaction or task-focused customers as rapidly and cost-effectively as possible, and the second is to engage the customer around their needs in a friendly and revenue-conducive manner. In respect to the first, it’s my belief that transactions in-branch are fast becoming problematic for most retail banks and the trend is toward strong sales and service over costly transaction handling. This is part of the reason for SNS in Utrecht, Netherlands deciding in 2009 to remove cash from their branches, and why others are focusing on strong service centres.

Metro Bank in the UK unquestionably has a very high quality ‘store’ experience (they don’t call their retail points of presence branches), as evidenced by their Net Promoter Score which is higher than any other retail bank in the UK.

We use Net Promoter and currently we have a Net Promoter score of 87% which I believe is among the highest anywhere in the UK – and eight out of 10 of our new customers come as recommendations from existing customers – 97% of our customers rate our service as being exceptional.

Anthony Thomson, Chairman and Co-Founder, Metro Bank (UK)

Deutsche Bank with their Q110 branch in Berlin and **Jyske Bank** in Denmark, have taken the retail concept to its ultimate with advisors strolling the store and products bundled in packaging you take off the shelf. The point is that the best branches remove the barriers to engagement with customers, and are not transaction points, but conversation hubs. Some other notable designs are **North Shore Credit Union** in Vancouver and **Che Banca** in Italy.

The key here is that the retail space is opened up, barriers to conversations are removed, and a warm space is more inviting, more engaging. Transactions which are a cost to the bank, and are redundant for most customers, are relegated to automated cash and check deposit machines or to digital channels.

Engaging Spaces

Deutsche Bank (Left) uses a clean open space with coffee to appeal to their customers. Che Banca (Right) meaning ‘What a bank!’ has won many design awards for their revolutionary use of the branch space to entice customers into interactions.



“Awards given by EuroMoney, FT and others for the ‘Best Internet Bank’ or similar, are frankly laughable. Compared with the best online experience in other industries, banks are years behind...”

Brett King

The Best in Online Banking Experience

This is a little tough. Firstly, we don't believe that public websites and personal internet banking sites should be two separate entities, but the fact is that is the reality for most banks today is that their basic online banking experience hasn't significantly changed in the last 10 years since the dot com. Awards given by EuroMoney, FT and others for the 'Best Internet Bank' or similar, are frankly laughable. Compared with the best online experience in other industries, banks are years behind.

Banks have to start thinking about the online channel as a dialog, as an engagement platform – not a transactional or functional platform. The most basic logic dictates that your secure Internet banking portal should be as much about engagement, service and sales, as it is about transactions. However, the level of complexity of selling and engagement behind the login as an industry is appalling.

So who's the best? At the moment there's only one bank I would put even close to living up to the promise of User Experience on this channel, which is **Fidor** in Germany, but even Fidor doesn't have the sales experience and

recommendation engine capability. **Mint, Geezeo, Meniga** and others are taking on the PFM battle, to transform the advisory space behind the login. Geezeo has recently launched a **referral engine** that will enable banks and credit unions to engage customers with smart engagement strategies within the secure internet banking space, but also extending this out to platforms like Facebook and Twitter.

In terms of banks...

It's very quiet. There's lots of talk about reinvigorating this space, but the only action on the horizon is our friends at BankSimple.

If you want best practice in online banking, there is not one bank that has this sorted. There is best practice in functionality, there's some best practice in transactional platforms, bill payment and the like – but there is no bank that provides a model that represents best practice of where banking should be online today from an engagement perspective.

Not one.

The Best in Mobile Engagement Banking

Here again we see the descent into mediocrity, because banks are mostly trying to shift their online banking experience onto a smaller screen. The only bank that has come close to capturing the true contextuality of banking in one mobile app today is Hana Bank of South Korea.

We do, however, see some pockets of brilliance emerging. [ANZ's GoMoney](#) is a great example of emerging capability in the payments arena, although as NFC (Near-Field Communications) enabled payments emerge on the scene, we're really going to see some interesting 'engagement' capability on the mobile.

OCBC recently launched a "scan and pay" capability built into their App so you can scan in an invoice number from a bill. If billing organizations use stacked-linear barcodes, QR Codes or similar, it is conceivable that an app could scan a bill and enable you to pay it without having to enter any additional information. That would be cooler than just a short cut invoice number capability. [Danske Bank has attacked this by using OCR](#) (Optical Character Recognition) to photograph the entire bill and work out whom and what you have to pay.

We've seen Citi, Standard Chartered and some others explore 'shopping' Apps – which are sort of



"Most banks are still stuck trying to figure out how to get as much of their internet banking screens and functionality on to a screen the size of an iPhone."

Brett King

Hana Bank, South Korea (Left) has one of the best mobile banking apps currently in use

loyalty programs built into the shopping experience, trying to capture the Groupon type benefit here. Hana Bank incorporated Coupons into their App with GeoLocation, and their implementation makes a lot more sense than having a separate 'bank' shopping app in my opinion. Commonwealth Bank has been experimenting with both GeoLocation and Augmented Reality engagement in some interesting ways too. Commonwealth's property valuation App is a great example of how taking banking to the customer

contextually is the future of the mobile interaction.

Most banks are still stuck trying to figure out how to get as much of their internet banking screens and functionality on to a screen the size of an iPhone. That's just the wrong approach. We're making all the same mistakes we made when the Internet came out – we're limiting development to what the bank wants from the channel (cost migration and competitive competency) rather than real engagement of customers.



BBVA ATM in conjunction with IDEO

In 2007 BBVA asked IDEO to re-think their self-service channel from scratch. The question was not how to further automate the teller, but rather how to humanize the machine...

ATM & Self-Service Opportunities to Engage

Although in recent times we've seen banks incorporating check deposit, bill payments and other functionality, legacy dominates the thinking here.

Bank of America has been recently pushing their **ATM check deposit capability** in advertising strongly. HSBC in Hong Kong launched Barcode scanning capable touchscreen ATMs in December so that you can simplify bill payment.

A number of banks are now incorporating NFC Contactless capability into their ATMs so that you'll be able to use your NFC phone or contactless card to withdraw cash.

BBVA have undoubtedly the best ATM design today out there, thanks to the design team at IDEO, and the collaboration of the team at NCR and

Fujitsu. This is a rethink of customer experience on the channel and it works fantastically. It is light-years ahead of most ATM machines out there in the market today. The most impressive thing about this is that someone actually asked the question about what do customers want from an ATM, and how do we humanize the experience. BBVA has made the experience of using an ATM desirable, highly usable and massively efficient at the same time.

The next big thing in ATM will be the utilization of the phone as the ATM interface, rather than an ATM screen. After all, you can do everything you can do on an ATM on your phone, except get cash out – so if the ATM just dispenses cash than that's fine. NCR has been working on this technology and [Fast Company profiled some of their imaginings in November last year.](#)



NCR is experimenting with different types of ATM hardware for different locations, circumstances and customers

IVR, Contact Centre & Customer Support

The best example of engagement in the customer service arena to-date is **First Data** in the UK, with a possible strong showing from Ally Bank in the US. BankSimple, is seeking to push the envelop here, however. Their blog explains their philosophy in respect to customer service. The challenge will be making this scalable as they grow, because undoubtedly their banking approach will be hot and result in much interest.

The biggest problem today is that the call centre is an island, and new channels like email (not so new), Twitter, Facebook, SMS and so forth are things that don't cleanly fit into the call centre infrastructure, especially if the call centre is outsourced. So as a result generally support through these new mechanisms are appalling. HSBC globally still doesn't have a Twitter presence that enables customers to submit queries through this channel – that is illustrative of the difficulty in integrating new points-of-presence that support the customer dialog with the bank.

So while we have some utilizing Twitter now to answer customer inquiries, you can't generally do really simple stuff like send your bank an SMS question, get fast responses to email, use Skype, and get service! We need to completely rethink the whole service approach here. We need to stop thinking about these channels as separate and

“The best example comes from outside the retail banking arena with Gatorade’s Mission Control. A real-time monitoring and listening post engaging customers across the brand, across channels from marketing, to social media to crowdsourcing.”

Engagement Banking Team

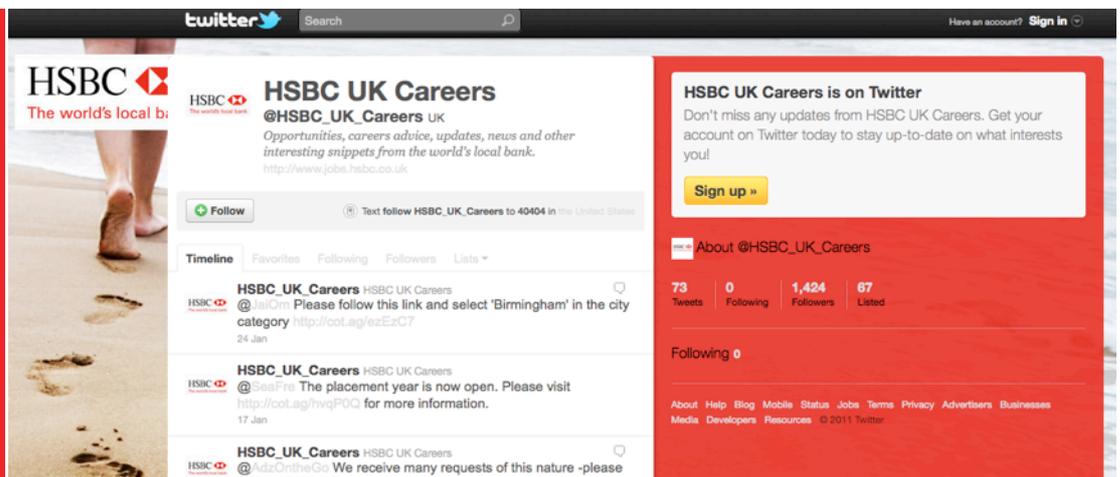
distinct channels we need to support and we need to simply think about a dialog with the customer occurring simultaneously across the digital landscape.

There are simple things that can be fixed today like customizing IVR menus to the call types a specific customer makes. If I've called you 10 times in the last year and I always hit '1' for English, why do you ask me that same question again when using CLID (Caller-Line-Identification) you already should know. Why do you present me with an option for a lost credit card, when you know the last 5 times I've called I've request my account balance?

A multi-channel dialog with customers is really critical moving forward and putting it in a 'telephone' box as the only mechanism for support is crazy. We need dialog in real-time, across every channel that makes sense.

Not part of the conversation

HSBC has a Twitter page for Careers, but no customer support via Twitter in the UK or Hong Kong - their biggest retail markets



The Conclusions Building a better bank...

The Best Practice Engagement Bank is one that focuses not on channel efficiency from a cost-perspective, but reducing friction between the customer and the institution through that channel. Interestingly, when you reduce friction, improve the customer experience, and make life easier for the customer – they interact more and they buy more. So everybody wins!

The key capabilities are not functional, not “Apps” or features – but experiences.

You want to create engagements, not advertise how fantastic your products and services are and hope that customers will come back to you when they need a product. Show them everyday how you can help. Go to them, don't wait for them to come to you.

You want to listen, and be ready to respond in real-time. If I send you an email or SMS, I should get the same or better responsiveness as from the call centre. You should already be supporting Twitter – in fact, you should have been on this channel for the last 3 years.

An engagement bank is about taking banking to the customers, when and where you need it, and doing so in a way that delights customers, not frustrates them with KYC, process and policy. You want fans not just customers.

That is engagement banking!

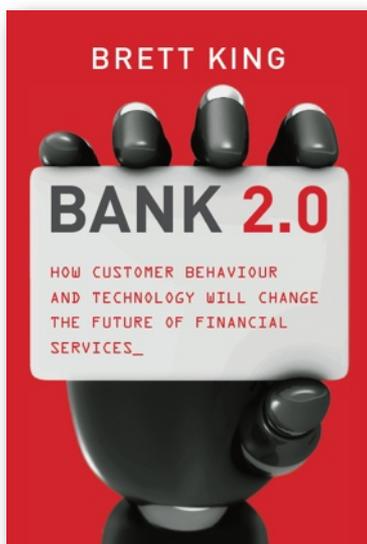


Apple Inc

Apple doesn't just have customers, they have "fans" willing to camp out to get their products.

When was the last time you saw customers camping outside of a bank to get their new credit card?

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Produced By:

Brett King
Author - BANK 2.0

Alex Sion
Vice President, Digital Strategy
Financial Services Centre of Excellence, Sapient

Michael Degnan
Engagement Banking Lead, Sapient