Raising the customer experience bar

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For serving customers, experience necessary

Think back 50 years ago when three major television networks, newspapers, magazines and AM radio represented the lion’s share of all consumable media. Now, ask your friendly neighborhood teenager to tick off the staggering number of options in streaming, online video, cable, social media, texting, 24/7 music streaming—and catch your breath. It’s through this noise floor the size of a shaky tectonic plate that you’re supposed to get a message through about superior customer experience and make good on it.

Good luck with that … or get smart and proactive by grasping how today’s leaders provide experiences that show as well as tell. For in truth, nothing snaps that noise floor into tiny little pieces quite like happy, effortless occurrences that keep people coming back for more.

The word so often used is “seamless.” But too much fixation on that concept (laudable as it is) can short circuit some creative solutions. Award-winning BAI contributor Jeanne Pinder covers how institutions such as SoFi and Umpqua Bank have embraced parties, yoga sessions and much more to snag loyal customers in “Promotions in motion: New ways for financial institutions to win customers.”

Often, the race to customer experience victory necessitates some basic driver’s ed. That’s the focus of contributor Greg Beaubien’s piece, “Keep your mobile-moving, customers clued in.” In it, he examines how the constant addition of new bells and whistles to mobile channels simply isn’t enough: “Don’t be surprised to learn that in 2018, customers might be—in fact, will be—reluctant to try new mobile-banking technologies they don’t trust or understand.”

And when customers use their smartphones to seek help, banks must stand ready to serve. Harland Clarke’s Janet Sthele tackles this challenge in “You make the call: Your contact center’s impact on successful online conversion.” Sometimes that will necessitate extra help; “Suppose you’ve prepared your internal staff for the online conversion. What if you need increased capacity? …This is why we recommend outsourcing your contact center to a trusted, experienced supplier.”

Yet contact centers must tackle many touchpoints in a world of seemingly limitless high-tech tumult. The first step involves ratcheting up customer experience via robust integration of channels. So writes Keith Pearce of Genesys in “Effortless is more: Five critical requirements for customer experience in an ultra-connected era.” He contends: “If your contact center began as voice-only, you’ve probably added email, web chat, video and other channels. These often independent, siloed solutions now form obstacles to efficiency and growth.”

Meanwhile, the traditional service-with-a-smile and free-cup-of-coffee notion of customer service requires rethinking and expansion. That’s especially true in an era of ecommerce, self-checkout and depositing checks by phone. Here’s the bracing truth, via BAI contributor Patrick Sanders: “Customer service today means knowing when your customer really needs your help—and when to back off.”

Finally, customer experience equals a null set when prospects fail to appear on your radar. These widowers, recent college grads and more have scant or no credit files: Call them “credit invisibles.” As Zoot Solutions notes in “File under ‘opportunity’: Attracting customers who lack credit records,” that adds up to an untapped market of some 45 million Americans.

Customer experience matters? That’s a no-brainer. But the heart of the matter makes for a different story entirely. I’m proud that this executive report transcends the usual clichés to deliver sharp insights. May absorbing and executing its intelligence serve as a seamless experience.

Lou Carlozo is the managing editor of BAI and host of the BAI Banking Strategies podcast.
Once upon a toaster, banks wooed customers with kitchen gadgets, piggy banks and points rewards on credit cards. Some still do it. But the FinTechs? Not so much, if at all.

Toast itself is more like it.

SoFi, for example, holds “payoff celebrations,” where members celebrate their debt payoff. And Final Four parties. And wine tastings. Other promotions include free beer for a month. And finally, they’ll send avocado toast to customers—for all we know, courtesy of some other bank’s toaster.

SoFi doesn’t do weddings and bar mitzvahs (yet). But remarkably, it’s sponsored matchmaking events in Manhattan and in 2016 mulled over creating a dating-finance app (an idea since scrapped).

While all of this might smack of gimmickry, traditional banks will want to note the calculus. A new generation of creative thinkers and marketers has stretched the definition of promotion from tchotchkes to gathering affinity groups based on their tastes, whether for food, fun or good old-fashioned community.

Yet in SoFi’s case the clever marketing can only go so far, especially in the face of mistakes that have hurt its reputation. That leaves the door open to traditional institutions such as Washington-based Umpqua Bank.

Umpqua epitomizes this feel-good marketing approach to attract and keep customers. As their voicemail greeting cheerily explains, “From seminars to soirees, business meetings to book clubs, Umpqua stores are community hubs.” Want to host your own event? The message invites you to “ask us how you can, too.”

By Jeanne Pinder

Promotions in motion:
New ways for financial institutions to win customers

Passive gift giving has given way to interactivity, with parties, yoga classes and hotlines to the CEO as part of the new wave.

Perks 2.0

Pleasing customers with perks isn’t new, of course. “Loyalty programs are established concepts crucial to the success of financial institutions,” says Ciaran Chu, principal product manager at ACI Worldwide.

But the twist for 2018 lies in how much the right program attracts clients for keeps, “especially with consumers now much savvier to money-saving tactics,” Chu says. “They’ll engage with multiple products to get the best deal.”

He adds: “Retaining a spending client is between six and 25 times cheaper than recruiting a new one.”

Equating the lifetime dollar value of that to, say, blenders per customer is possible in theory. But the point is that no amount of appliance abracadabra is going to do the trick with today’s bank customers, who find such promotions just plain stale.

And not very interactive, either.

SoFi: Looking for HENRY, finding trouble

SoFi’s chirpy Twitter feed—now closing in on 55,000 followers—has done a particularly good job on an oft-overlooked front: telegraphing a message about customer values as opposed to customer value.

The bank’s feed is alive with Tweets hashtagged #WhySoFi. One says: “Networking events—not bank branches.” Another: “Overheard at the #BigEastTourney: SoFi understands my priorities—they understand that I don’t want to have a transactional relationship with my financial company.”

This tunes into and resonates with SoFi’s HENRY customer: High Earner, Not Rich Yet. Famously,
SoFi calls its borrowers “members” and its Twitter feed gives the impression of a cross between a bank and an events company.

This not only speaks to customer affinity, but also to offering financial options—and a message of “you matter”—to potential clients who would otherwise have neither of those things.

So a SoFi borrower might not have or need a great FICO score if she has a startup job with a blazing paycheck that argues for her ability to repay. Finding these HENRY customers and keeping them happy clearly ranks at the top of SoFi’s priorities.

And here is where financial institutions too often fall short: They fail to give the customers they covet a voice that isn’t airbrushed by a slick marketing campaign. SoFi’s “debt parties” last September in Denver and Philadelphia inspired tweets like this: “Having an amazing night at the #SoFiDebtParty! Food, drinks and prizes fuh [sic] days! My student debt finally came in handy!”

A community bank wedded to its customers

Umpqua Bank, a community bank founded in 1953 by business leaders in Canyonville, Oregon, has grown throughout Oregon, California, Nevada, Washington and Idaho.

In December, the bank promoted a “Freeze Day” at its branches, urging employees and customers to join in freezing their credit after the Experian data breach. After a chapel next door to a Vancouver, Washington, branch burned down, employees hung decorations to make an impromptu chapel so a planned wedding could go on.

The bank opened a branch in West Roseburg, Oregon in 1998 that had a computer café with free internet access and a customer phone with a direct line to the CEO’s desk.

Calling it a store and not a branch, Umpqua opened it to community groups for business meetings, book clubs and yoga classes—and soon had a number of imitators. The bank also invites local businesses to sell their wares in bank branches.

A toast to creative marketing

There are many ways to play the newfangled perks game, and a certain agility is welcome. For example, last year Australian real estate mogul Tim Gurner famously opined that millennials are not buying houses because they spend all their money on avocado toast.

Umpqua’s response: A post on its blog written by a loan officer, titled “Have your avocado toast and eat it too 5 steps to buying a home.”

SoFi quickly fired back too, with an offer that anybody who bought a home with a SoFi mortgage during July would receive a month’s worth of avocado toast, delivered to their door.

“Pundits have unfairly besmirched avocado toast as the reason younger Americans aren’t buying homes. We know that’s wrong—it’s because the traditional mortgage product hasn’t evolved,” said Joanne Bradford, chief marketing officer at SoFi.

Recipients, of course, will still need to toast the bread themselves.

Jeanne Pinder is the founder of ClearHealthCosts.com, an award-winning startup bringing transparency to the health care marketplace. She was an editor, reporter and human resources executive at The New York Times for close to 25 years, and has also worked at the Des Moines Register, Associated Press and Grinnell Herald-Register.

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Outstanding mobile banking tools are key to attracting and keeping customers. Just don’t leave your customers in the dark.

By Greg Beaubien

In just a generation or so, banking by phone has gone from punching square keys on a handset device to tapping the glass screen of a wafer-thin gadget. And for those who enjoy banking via swiping (not the bank theft kind), the curve has progressed at rocket speed since the birth of the iPhone in 2007.

Acting as though it’s always been a financial fact of life, people now use their smartphones to check account balances, pay bills, send money through Zelle or Venmo, or deposit checks just by taking pictures of them. Imagine forecasting all this at the turn of the millennium, with the asterisk that you’ll be able to listen to music on the same device at the same time.

And yet, it’s easy to forget that all of this involved a cultural learning curve as well as dispelling fears about high tech run amok. (“Depositing a check by taking a picture? Is that safe? What if the bank loses my photo?”) So don’t be surprised to learn that in 2018, customers might be—in fact, will be—reluctant to try new mobile banking technologies they don’t trust or understand.

Some might not even know such options exist—and clearly, banks understand they have much at stake. The BAI Banking Outlook survey found that “improving the omnichannel experience” for customers ranked in the top five priorities for financial institutions. Part of that involves making sure customers not only get the help they need to adapt but also hear the bank’s message that help is available.

To rise above the noise, fear and knowledge gaps, “find people where they are,” says Robert K. Elder, president and publisher of Blockchain News, and former executive director of digital product development and innovation for Crain Communications.

“Educate people at a level where they’re comfortable and come to the channels that they’re most likely to use,” Elder says. “For example, someone might not want to sit and watch a [YouTube] video, or they might skip past it. And for some people, a text or an email or a traditional TV commercial might be the most effective.”

Banks can launch campaigns to announce new mobile banking features through methods high tech (direct messaging, social media ads, Facebook pages, web videos) and low (billboards, bank branch signs, radio spots).

But with so many different kinds of customers receiving information across multiple media, “you can’t just do one campaign on one platform,” Elder says. “You’re not going to have penetration.”

At Chase branches, floor-to-ceiling signs communicate with clarity and economy that consumers can send one another money through their smartphones. “Gina paid Rachel for a cab with a tap,” the large-lettered copy says next to a photo of two young women laughing together in the back of a taxi. At lower right is an image of the Chase banking app on a smartphone screen, showing that $20 for the cab ride is being sent to Rachel via Zelle, a P2P payments network that includes more than 100 banks and is a part of many of the banks’ mobile apps.

“Customers are looking for banking experiences that are integrated into how they live their lives, which is often online and on their phones,” says Elizabeth Seymour, executive director of external communications for JPMorgan Chase and Co. in New York City. “We’re continually making updates to the customer experience on Chase.com and our mobile app, and regularly communicate those enhancements to customers through e-mail, on our website, in the branch, and through social media, including online videos, demos and step-by-step guides.”

Even on the websites of some top banks, information about mobile apps and how they work can be hard to find. For all the times the late Steve Jobs lectured about the “three-click rule,” banks too often bury the vital content that teaches customers how to use the latest mobile innovations. And when customers do track the information down, it’s too often vague.

‘A hard sell’

To communicate with customers about new mobile tools, “make it personal, make it timely and make it relevant,” says Anne Marie Mitchell, associate chair of the communication department at Columbia College Chicago.

Mitchell, who teaches public relations writing and has worked with banking-solutions providers as clients, suggests that banks try this: When customers check their online accounts and a new feature might apply to them, send a personal message or have a chat pop up.

“The question is, if I’m going to have a digital chat with a bank representative, will it be useful to me?” Mitchell points out. “Banks have a hard sell in helping the consumer believe that. But if they can convince me it’s a new day and they’re about convenience and improved...
services to my benefit, maybe I'll take the time for an online chat or to actually read the ad that flashes at the ATM before I withdraw my cash.”

Mitchell also advises that banks run ads before the content their audiences consume. “Or when the consumer comes into the bank for a meaningful event, there could be a printed ‘Did you know?’ communication on these new tools,” she says.

The motion of emotional connection

With new technology in general, financial institutions might fall prey to the assumed knowledge trap—acting as though everyone already knows (or will figure out) the latest features and how they work. For their part, consumers might be embarrassed to admit they don’t know, or get aggravated when they can’t find something as simple as the right instructions.

“You want to be informative, but you don’t want to insult their intelligence,” Elder says. “Show them the benefit rather than tell them what the benefit is. They need to see how this is going to improve their lives. Otherwise, they’ll find another bank or another service that fits their life better.”

But a fine line exists between drumming up new information for your customer and hammering them with incessant advertising, he says.

“Adoption rates are tough, especially when you’re educating a public that’s already bombarded with all of these different products and services and digital assets,” Elder says. “But once it reaches a cultural saturation point, then it’s much easier.”

Employees can help banks reach that critical mass, through becoming trusted “brand ambassadors” for the bank.

When they share information with peers, friends, family and social networks, “it quickly cuts through the clutter with authenticity, because it’s coming from people they know,” says Adam Keats, a digital marketer and vice president of Dynamic Signal.

“Customers only visit a bank’s website when they have a specific, rational need,” Keats says. “A friend or former colleague who works at that bank and shares information on Facebook, LinkedIn or Twitter has the chance to connect with that customer emotionally—and that’s often more powerful.”

Banks can also communicate more effectively about new digital tools in these three ways:

• Regardless of the communication channel used to inform customers, “always tell a story,” Elder says.

• Banks should “find a way to humanize themselves and not make people feel like every interaction is about selling a new product or service,” Mitchell says. “When the customer comes to you with a need it’s always the best time.”

• Most important: Develop mobile tools that are useful for customers in the first place, Mitchell notes. “If you build it and it matters,” she says, “they will come.”

To be sure, banking isn’t about to move back to the touchtone era. Yet for banks to hang on to customers through the next tech leap forward, it’s going to take just the right touch, and just the right tone.
With all the moving parts that make an online conversion successful—marketing, sales, service, technology, security, etc.—one can easily overlook the contact center. After all, it’s a self-running machine, right?

Don’t get caught in this trap. Doing so could put your conversion project at risk. Just because your contact center works well now doesn’t mean it will continue to operate smoothly when a new enterprise initiative such as a conversion launches.

Did you know that up to 30 percent of your online banking users will call during a conversion? Or that depending on the number of online users your financial institution has, your call volumes and handle times could double?

When planning a conversion, take the time to ensure you have the necessary resources to handle call volume spikes and address other sales and servicing deliverables. With that in mind, there are four contact center-specific functions you should focus on during an online conversion.

1) Prepare for a contact center activity increase

In the event of an online conversion, your account holders will obviously have pressing questions that a simple form letter can’t answer. Bringing in an external supplier to augment your existing contact center resources will guarantee coverage. However, many suppliers lack the flexibility to scale up or down in a timely fashion, and thus match peaks and valleys in your call volume.

2) Meet customer service expectations

More eyes will watch your financial institution during a conversion. This attention and awareness spike can prove very positive, but it also heightens scrutiny and speculation. Account holders want to know:

You make the call:
Your contact center’s impact on successful online conversion

For all its parts and departments, online conversion depends on skilled people on the call center front lines.
You make the call: Your contact center’s impact on successful online conversion

Can you answer my questions? Can you fix my issues? How long will it take? Am I speaking to the right person?

Prepare your contact center team with thorough knowledge of your branding and the expertise to educate and empower your account holders during times of change.

3) Train and prepare internally
Suppose you’ve prepared your internal staff for the online conversion. What if you need increased capacity? Adding personnel in an effective way represents common challenge. This is why we recommend outsourcing your contact center to a trusted, experienced supplier. By leaning on a supplier with whom you already enjoy a good relationship, extension of your training and internal preparation can be seamless.

4) Monitor contact center impact on an online conversion
Outsourcing can be especially valuable when you need extra staffing and expertise. During or after online conversions or other significant change events, those doubled call volumes and handle times can put an extra burden on your contact center team. You need to manage activity surges without having to hire a large number of people for a small window of time—or sacrificing the quality service that your account holders expect.

From quick fix to clear facts
A strong outsourcing supplier can provide benefits beyond just staffing, such as:

- **project planning and management support** to ensure rapid deployment, operational efficiency and go-live success,
- **quick issue resolution and customer satisfaction** with an experienced, dedicated frontline team that anticipates account holder questions, and
- **ongoing quality assurance** to ensure best practices are followed and key learnings continuously incorporated to meet performance standards.

As more financial institutions outsource to manage strategic functions, service providers will be evaluated on their ability to deliver on the account holder journey and add value to overall customer experience. Strategic outsourcing can drive transformational change and help your financial institution grow and retain account holders.

Maybe it’s time to consider outsourcing to enable your organization to continue to provide great service. It’s the one call to make in-house to make sure your call center, appropriately enough, stays out front.

As sales engineer of Harland Clarke Contact Center Solutions, Janet Stiehe is responsible for understanding the needs of clients, aligning them to Harland Clarke solutions as applicable, and sharing best practices to ensure successful programs and maintain customer satisfaction.

Is Your Contact Center Ready?
Call on Harland Clarke BURST.

Acquisitions. Account changes. Conversions. When you need to add short-term, scalable capacity, call on BURST from Harland Clarke. From inbound and outbound campaigns to quick-turn projects, BURST provides the support you need to deliver a positive customer experience, increase customer satisfaction and grow your business.
Giving customers cross-channel consistency is challenging. But updated infrastructure creates the right foundation for today, and the future.

Effortless is more:

**Five critical requirements for customer experience in an ultra-connected era**

By Keith Pearce

By the time customers call contact centers today, most of them have been or are on the website. When they call, they want the agent to know the relevant information and expect a personalized experience—with details of previous interactions readily available.

But there’s a catch: Many contact centers struggle to link all these customer touchpoints and offer a consistent experience across all channels. That’s only possible when the agent has full visibility into the customer journey.

Think about it: Does your infrastructure have the flexibility to support new paths of customer engagement? Can you easily add new channels such as video, social media or text?

If not, your infrastructure may depend on older technology best suited to customer contact based on phone calls. Adding new technologies and channels thus requires complex integrations among multiple systems and applications that fail to deliver as one.

Let’s look at how you can resolve these problems and lay a foundation capable enough to handle next-generation challenges.

**A customer journey seamless as it seems**

If your contact center began as voice-only, you’ve probably added email, web chat, video and other channels. These often independent, siloed solutions now form obstacles to efficiency and growth. But you’re not alone.

Today’s customer journeys often begin on chat, social media or a messaging application. This makes it even more difficult to deliver seamless experiences across all self- and assisted-service channels, while maintaining context throughout the customer’s journey.

Still, a journey-focused approach is critical. It puts the customer at the center of your business strategy which, in turn, drives loyalty and revenue. Companies with a mature approach to customer experience can assess and optimize customer journeys as a core practice. True omnichannel engagement as the foundational technology holds the key to creating effortless customer journeys.

**Getting to the heart of the customer engagement hub**

“To offer an end-to-end customer experience across channels and departments, IT leaders must build a customer engagement hub (CEH),” defined as an integrated network of systems from multiple vendors, says Olive Huang, research director at Gartner, in “Ten Steps to Plan a Next Generation Customer Engagement Hub.”

At their foundation, customer engagement hubs require flexible omnichannel capabilities that support future tech innovations, an unknown number of new channels, plus third-party data sources. Are you prepared for such complex interactions?

This omnichannel model of engagement—where data is shared in real time—often forces a cultural shift within a company. Ease of use can help facilitate and differentiate your business from an employee engagement perspective. Is your infrastructure up to the task?
Effortless is more: Five critical requirements for customer experience in an ultra-connected era

The right route: True omnichannel routing and analytics
Managing continually changing workloads and conflicting needs represents a never-ending balancing act. Routing is foundational to personalized, omnichannel customer experiences and can often solve the problem. But despite the dramatic increase in mobile and digital engagement, most enterprises still use queue-based routing among siloed channels.

True omnichannel routing is far more effective and efficient. This rules-based approach dynamically matches each customer interaction, from any touchpoint over any channel, with a properly skilled agent at the optimal proficiency level. It also supports the pre-routing decision-making process via machine learning, which includes guiding users to self-service and prompting post-routing actions.

It also gives you a single, consistent source for reporting and analytics, as well as related business decisions, by drilling into any skill or skill set across your virtual resource pool, for example.

Bot and sold: Self-service and chatbots transforming customer engagement
While self-service historically focused on call defection, today’s reality shows that customers prefer it as the first place to seek information. Increased self-service is a good thing: an effortless customer experience at reduced cost.

Changes in how customers communicate drives artificial intelligence and increases use of self-service bots that can personalize the customer experience. Via data, context and natural language technologies such as bots, businesses can grasp intent and make instant decisions throughout the interaction.

Bot benefits are strong because they:
- facilitate interactions, enabling agents to handle more simultaneous chats,
- identify friction points with customers, and react to them faster by offering easy menu-based options for next steps, and
- deliver on their promise as advanced technologies.

Bring on the next big thing
It’s an understatement to say the way we communicate is changing. Bring Your Own Device (BYOD), the proliferation of messaging and video apps, and the ubiquitous internet make customer engagement easier yet extremely complex.

Add to that an explosion in the sheer number of devices on the Internet of Things (IoT) and social channels now leveraged for customer engagement, and it boils down to a seismic reshaping of how we perceive customer experience and map its related journeys.

From a workforce perspective, this spills over into the continued adoption of cloud and virtualized resources, collaboration tools and on-demand, freelance “Uber-style” employment. And without crystal balls to predict the next big thing, it’s more important than ever to select technologies that empower you to flex as business requires—and at the speed your customers demand.

Focused channels: How do we get there?
Perhaps it’s time to ask whether your current customer engagement strategy is flexible enough to deliver the end-to-end experience your customers demand. Do you ever feel like you’re dealing with a tangle of point solutions, cobbled together with duct tape and chicken wire?

Force-fitting more channels into an aging infrastructure only creates a short-term fix.

Customer engagement in a modern organization should rest on modern technology, not dated hardware that blocks improved business results. Using an open, standards-based contact center solution, you can dramatically reduce architectural complexity and establish a foundation for innovation.

Keep in mind that digital interactions account for 92 percent of all communications, with web, mobile and social as top channel choices—and exceptional growth expected this year.

By addressing the critical requirements outlined above, you can establish new customer engagement paths and provide next-generation customer experience. This will enable you to meet your customers’ demands, today and tomorrow.

Give the people who fuel your bottom line the same stellar treatment you want for yourself. Because outside of your workplace, keep this in mind: You’re a customer too.

Keith Pearce is the senior vice president, corporate marketing at Genesys.
Give the customers what they want: Less and more

Customers want face-to-face help with vexing problems and to be left alone to tackle simple tasks. But oddly, some banks can’t tell the difference.

By Patrick Sanders

It used to be that as the competition goes, Bank X was across town. Or a few blocks away. Or down the street. Now the agile, quick competitor that badly wants your customer is even closer. Much closer. Just a few mouse clicks or taps away, in fact.

More than ever, traditional banks must redefine what customer service means and execute a frank analysis of their businesses. Are you set up to offer service that customers in 2018 expect? Are you meeting or hopefully exceeding their expectations? Do you know when to offer help to your customers—and when to step back and let them do it themselves? If so, you’re probably in good shape in today’s consumer-oriented marketplace.

Of course, how you greet and chat up customers still matters. But not as much as you might think.

“When banks and credit unions talk about service, what I hear them referring to is a very traditional, specific sense of service, meaning, ‘I’m going to have someone friendly in a branch smiling at customers when they come in. I’m going to have coffee. I’m going support local charities,’ that sort of thing,” says David Eads, CEO of Gro Solutions. “And it’s not occurring to them that technology is a form of service.”

BAI Banking Outlook statistics bear this out in bracing fashion. When asked if they would switch banks merely for a better mobile app, more than half of millennials (51 percent) said yes. Among Gen Xers, the numbers were lower (two in five), but still cause for alarm.

So much for all that smiling.

“Having a user-friendly experience is a form of service and helping customers,” Eads says. “And really, it’s the most important type because ultimately the customer is working with the bank to try to get banking done. And if the banking experience is not good, the bank is not providing great service.”

Nor is a paper cup of joe going to do the trick. “They’re not there to drink the coffee in the branch or to read the newspaper,” Eads contends. “They’re there to get a loan or to have a bank account and transact, and so on.”

Why clients leave without a word

If you aren’t doing a good job with customer service, some of your clients will let you know—loudly. It’s second nature for a lot of today’s customers to complain on Facebook, Twitter, Yelp and other social media channels, knowing their banks are watching.

But many more will voice disapproval silently by switching banks, something increasingly common and easier to do, says Jeffery Kendall, senior vice president and general manager of North America and Latin America for Kony Inc.

“The risk to credit unions, regional banks and community banks not providing great customer service is that customers will leave them,” Kendall says. “When we talk to [those institutions], they’re worried about things as dramatic as annihilation and being put out of business if it becomes easier and easier for customers to migrate. That’s the lifeblood of any financial institution and what’s really at stake here.”

With more than 12,000 banks and credit unions in the United States, and a growing number of FinTechs and companies such as Amazon exploring banking options, customer service is a secret sauce to help today’s financial institution prosper—or, if missing, allow it to wither.

“The days are gone when someone stays with a bank for life because they live in a certain community and know the banker,” Eads says. “It’s relatively easy to switch an account; most people have relationships with multiple institutions, and the products and services most banks and credit unions offer are relatively similar. Price is often the only differentiation.”
Three ways to find banking balance

So, if your institution struggles with customer service, it may be time to stow the coffee machine and brew up something new. Here are three ways to get started:

1) Recognize that sometimes your customers don’t want to talk to you.

It’s nothing personal. Today’s customers prefer an ATM to a bank teller; they’re more willing to use self-checkout at the grocery store than wait for a cashier; and they’re more comfortable shopping online than at brick-and-mortar retail stores. Customer service today means knowing when your customer really needs your help—and when to back off.

“One of the things that’s interesting about self-service transformation in general—whether you’re in banking, e-commerce or any other industry—is this mindset people have that great customer service means high touch,” Kendall says. “But I would challenge that: Customers don’t want high touch everywhere.”

So what do they want instead? That depends.

“If I’m calling a customer service line and I have a big, complex problem, the last thing I want is to go through a phone tree,” Kendall says. “I want someone on the phone as quickly as possible. The flip side is that if I have a really simple transaction and just need access to a point of data or to check my account balance, I don’t want high touch. I want something that’s efficient and gets me in and out without having to talk to a person.”

2) Let artificial intelligence make your job easier.

A chatbot powering the business side of the interaction can handle everyday transactions. The key is whether that chatbot can answer questions in a natural language so a customer gets her answers without repeating herself, says Leo Loomie, senior vice president of client services at Digital Risk LLC.

“And that applies in a call center, too, which has pretty cool stuff happening,” Loomie says. “If you call, it recognizes you so you don’t have to retype a 19-digit account number. The financial companies ahead of the game can recognize who’s calling and find them an answer relatively quickly using data they have on them.”

3) Focus on new accounts.

Eads believes banks that focus on existing customers don’t put enough priority on expanding their businesses. “We’re in a world where any product or service can be bought electronically from a mobile device or a browser,” he says. “Let’s face it. Banking products are virtual products. They should be the easiest thing to sell on a mobile phone or via a web browser. But banks are really far behind compared to a Zappos or Amazon.”

He poses this question: “If I can buy a refrigerator while I’m across the country and have it shipped, delivered and installed with one click, then why on Earth can I not buy a bank account, or at least start the lending process? All of that information is in the computer in the first place.”

As opposed to, say, the coffee pot.

Based in Maryland, Patrick Sanders is an assistant managing editor for U.S. News & World Report and formerly worked as an editor for The Associated Press and at newspapers in West Virginia, Connecticut, Pennsylvania and Indiana.
According to Consumer Financial Protection Bureau data (CFPB), roughly 45 million people in the U.S. eligible for credit products aren’t able to get them. Of this number, 26 million are credit invisible; they lack any credit history with one of major credit reporting agencies, Equifax, Experian and TransUnion. The other 19 million have insufficient data on file to generate a score through the majority of scoring models. The CFPB also reports:

“This problem disproportionately impacts consumers who are Black or Hispanic, and people who live in low-income neighborhoods. It also impacts some recent immigrants, young people just getting started or people who are recently widowed or divorced who don’t have enough credit history on their own.”

These groups need the same products as credit consumers across the scoring spectrum. How can financial institutions pull back the curtain, learn enough about these people and provide appropriate credit while managing risk?

Alternative data: A deciding factor

Making a credit decision for a population without a traditional credit file or sufficient history is no easy task. Without historical context, creditors risk delinquencies and defaults. How can financial institutions know whether to extend a credit offer to an individual they’ve never met?

Alternative data can help make credit available for “credit invisibles.”

This alternative data can include payment histories on a consumer’s mobile phone, rent and utilities, along with electronic deposit and withdrawal transactions. With instant access to this data, issuers can build decision logic that takes into account non-traditional factors—and provide credit to individuals who need it.

By factoring these new elements into the decision process, financial institutions can assume a leading edge as they discover and capture new-to-credit consumers. Credit cards used within a chain or single store, or with low limits, often represent one of the first credit products for younger people or those with thin credit history.

For those populations, credit access (even at a higher interest rate) may prove appealing as a way to access items they need while they build their credit history.

File under ‘opportunity’:

Attracting customers who lack credit records

Yes, there are risks to working with people with thin (or no) credit histories. Enter alternative data.

By Eric Hathaway
An overview of the underserved

Besides alternative data, financial institutions can use artificial Intelligence (AI) to help underbanked/unbanked customers, or those with thin credit files. In cases where traditional bureau data is lacking or absent, AI-enabled business processes can track down the details an organization needs to effectively evaluate and engage with those customers.

Access to alternative data can address one element of thin and no-file customers. Putting that information in context and making a profitable, risk-averse lending decision shows how AI applications can benefit both the consumer and financial institution.

AI presents a particular opportunity for FIs to reach more thin-file customers in the case of auto loans. Because approximately three in four cars on the road today are financed, financial institutions have a significant opportunity to make offers that may be more favorable to the consumer than their current loans.

FIs could use AI to evaluate customers with subprime or deep subprime auto loans and locate patterns that indicate lower likelihood of defaulting, again such as rental payment history or check cashing. Coupled with decision logic and attributes that represent the best alternative identifiers/attributes, this data allows FIs to take advantage of the “significant opportunity to address unmet demand for lower-rate auto loans to these lower-risk consumers.”

Billions in the balance

For FIs, billions of dollars are at stake. According to a report by the Center for Financial Services Innovation, “underserved consumers spent $140.7 billion on fees and interest” in 2015. This money went to short- and long-term credit products, payment and deposit accounts, single payment credit products, and other products and services that banks and FIs can easily provide to consumers.

Institutions willing to invest in alternative data could tap into a significant market, develop new customers and enhance experiences for millions of underbanked Americans.

For many financial institutions and would-be creditors, the time is ripe to reconsider credit decisioning logic. For decades, credit scores have served as a reliable, solid metric. But today’s age of rich data analytics and technologies empower us to dig deeper and call for an additive or alternative approach. Thus comes the potential to put a new twist on an old saying, and give credit where credit is due.

Eric Hathaway, VP of Marketing at Zoot Enterprises, Inc., has 20+ years of global executive level experience in financial services, technology and telecommunications with companies including Credit Suisse, Standard & Poor’s, Microsoft and T-Mobile.

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