Connecting with customers... and keeping them
COVID-19 boosts digital’s role in acquiring customers

While the novel coronavirus has disrupted the financial world in many and profound ways, the most basic business objective for banks and credit unions remains unchanged: finding new customers, and then keeping them amid an ultra-competitive environment.

This not to suggest that COVID-19 hasn’t shuffled the deck when it comes to acquisition and retention. The closure of bank branches for the most part took away the face-to-face connection so important in building the initial relationship and growing as a trusted advisor. The pandemic also revealed which institutions had made the most progress in shifting to digital banking and which were lagging the field.

Regardless of where any given bank stood in its digital transformation at the start of 2020, it feels safe to say that bank is likely much farther down that road by now. In our lead story for this Executive Report, Ed Lawler writes about several institutions that have successfully stepped up their efforts to boost their online account openings.

As an example, a regional bank in the Northeast is now opening 40 percent of its new accounts digitally—that’s up 50 percent over the pre-pandemic pace. The transition started with thorough planning as COVID-19 was accelerating and then continued with a follow-through that included training employees, engaging customers with the available tools and even creating how-to videos on mobile deposits and more.

Data shows a direct correlation between the ability to acquire new customers and bank profitability metrics, writes Sean Payant of the consulting firm Haberfeld. During the 2008 recession, growth-oriented institutions fared considerably better than the average bank in terms of return on equity and return on assets.

So how does a bank position itself as a grower? Payant boils things down to a handful of key do’s and don’ts: do allocate enough resources to effectively market your products, do commit to ongoing training so your staff fully understands those products and don’t levy excessive fees because “people hate fees.”

Another potential growth area is finding small businesses that are banking on consumer platforms and moving them over to commercial accounts that feature a broader range of digital services, including cash-management services and payroll options.

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In her article, Jessica Cheney from Bottomline Technologies writes that small businesses are willing to pay for the extra level of efficiency and convenience. And, she says, the better job a bank does in understanding and meeting the needs of small businesses, the less likely that customer takes its business to a competing bank or fintech firm.

And let’s not overlook the competitive benefits of strong customer service in keeping both consumer and business accountholders happy and in the fold. Financial contact centers are in the midst of a dramatic change—there are more channels and processes to master, and time-pressed customers expect ever-faster resolutions to their issues.

Terri Panhans from Harland Clarke writes that the growth in self-service makes the contact center one of the few remaining opportunities for a bank to provide a personal touch. Her view is that many financial institutions don’t place enough emphasis on building a team that really cares about supporting and delighting customers. This requires attracting the right talent and rewarding team members for their successes.

We also offer a couple of articles in this issue that focus on marketing challenges for banks and credit unions during COVID-19.

What’s the value of an expensive sponsorship deal with a sports team or stadium when most contests are canceled and few if any fans are allowed for the games that are actually played?

James A. Anderson writes that U.S. banks now have $750 million in sponsorship commitments in sports, entertainment and arts, and that they are likely to seek concessions due to empty seats caused by COVID-19.

The pandemic is nudging banks toward other ways to extract value from the sponsorship deals, such as teaming up with star players on brand-enhancing philanthropic programs. And with so much uncertainty about what 2021 will look like for games and other public events, the prices for naming rights and other signage may be soft.

The virus-related disruption to travel and entertainment is also extending to loyalty programs—what is an air mile worth, for instance, when so many people are so wary about boarding a plane?

Traditional bank loyalty programs were already under examination when the coronavirus arrived, Karen Epner Hoffman writes, because the offerings were looking too much alike. But, she adds, “loyalty programs serve a purpose—perhaps now more than ever” as rising competition tempts customers with sweeter deals. The challenge for banks is not only to hook customers, but to do so in a cost-effective way.

Terry Badger, CFA, is the managing editor at BAI.
COVID-19 accelerates pace of customer acquisition

BY EDMUND LAWLER

These banks are meeting the rush to digital with personal attention to drive new account openings and keep existing depositors happy.
The COVID-19 pandemic will eventually disappear, but its impact on customers’ digital banking behavior may be here to stay.

“It was truly was an inflection point,” says Mary Kate Loftus, head of digital banking for M&T Bank, a $124.6-billion-asset regional bank based in Buffalo, New York. “We are seeing a sustained customer behavioral change.”

Online account openings at the bank have jumped 50 percent over the pre-pandemic pace. Now up to 40 percent of new accounts are opened digitally, with the rest being done at its 780 branches in the Northeast and Washington, D.C. “We had already been positioning ourselves and putting a lot of time and effort into our transition to more digital banking,” Loftus says. “(Customer acquisition) is significantly higher than it was pre-pandemic because so many more customers enrolled in the mobile app and then became more mobile-engaged.”

As the pandemic tightened its grip in March, M&T rolled out a comprehensive customer engagement plan. Loftus says letters were mailed to customers, with those who had never enrolled in digital services getting detailed brochures. Contact center agents were trained to walk people through online enrollments and transactions, while drive-thru tellers gave customers buck slips with step-by-step instructions on how to make a mobile deposit. The bank also produced online demos about its digital banking services.

The bank’s digital growth has also boosted retention. “As customers become more digitally engaged, they have lower attrition rates and higher customer satisfaction. They have better customer experiences and higher Net Promoter Scores,” she says.

There have been indications consumers may be seeking what they perceive to be the safe haven of a traditional bank during the pandemic’s tumult.

“On the contrary, we’ve seen a concerted flight to digital,” says Tom Greuling, senior director of consumer analytics for Detroit-based Ally Bank, one of the nation’s largest digital banks with about $180 billion in assets.

Greuling says Ally’s deposit activity is up significantly during the pandemic, which he attributes to several reasons, including limited access to physical banks during the initial lockdown and more saving due to economic uncertainties.

“Whichever banks help consumers manage their money in the easiest and most effective way that fits with how they live their lives will win the day,” he says. “People want digital tools that do the hard work for them by taking time-consuming tasks and putting them on auto-pilot so they can reach their savings goals.”

Good timing worked to the advantage of First Foundation Bank in Irvine, Calif.—the $6.5 billion-asset organization with 20 branches in California, Nevada...
and Hawaii launched an online bank under its own name in late October 2019.

Within a matter of months, and in part due to the coronavirus, “online banking has become our largest channel for new client acquisition,” says Lindsay Lawrence, chief operating officer.

“We had just built the infrastructure for new acquisitions, so going digital was not as much of a challenge as it was for some banks,” Lawrence says. “The heavy lifting was done. Our existing clients also could open checking accounts through our digital bank or through our traditional bank channel.”

The bank had opened more than 1,700 new digital bank accounts as of the end of 2019, according to Lawrence. By the end of the first quarter of 2020—which corresponds with the pandemic’s early days—the count was about 55 percent higher.

To grease the skids for digital banking, First Foundation built a data warehouse and a Celent Award–winning employee intranet to keep everyone connected and in sync.

To streamline the acquisition of new online customers, the bank partnered with a fintech, Digital Onboarding. It provided a digital platform to engage customers from the start of the relationship and onward through the entire customer lifecycle.

“In a way, the pandemic helped drive new account activity because people were home and wanted to catch up on some long-delayed tasks like opening that savings account,” Lawrence says. “It was great to be able to have that channel for our clients.”

Among the bank’s newly acquired customers amid the pandemic were small businesses seeking Paycheck Protection Program (PPP) loans. Some tried to arrange the loans through digital-only banks, where they had their operational accounts. But, according to Lawrence, the digital banks said they did not handle PPP loans.

“These new clients were so appreciative to have a bank where they could talk to a human being and ask them about how to get through the PPP process,” she says. “There were a lot of displaced clients who did not know where to go. That drove home the importance of having a relationship with a traditional bank.”

A former senior journalism instructor and communications manager at DePaul University, Edmund Lawler is a BAI Banking Strategies contributing writer who lives in New Buffalo, Michigan.
Effective customer acquisition strategies for any environment

Data and history show that banks focused on growing their core clientele post superior profitability metrics.

BY DR. SEAN PAYANT
In times of uncertainty, organizations have a tendency to put the brakes on, and in doing so, they can lose sight of long-term strategic initiatives and established growth goals. History, however, has taught us the decisions your bank makes today will have lasting implications. Business as usual will return and your strategic initiatives and growth goals will still be there. The key is to stay focused on growing core customers, regardless of the economic environment.

**MORE CUSTOMERS, MORE PROFIT CUSHION**

Having more customers is one of the best ways to guarantee strong performance in all economies. Banks executing a consistent growth strategy average about 2,200 retail and business checking customers per branch, roughly double that of the average bank branch.

To get a picture of how customers impact bank performance, consider data compiled during the Great Recession of 2008.

While the entire banking industry was challenged, the charts below show growth-oriented banks fared much better. Return on assets (ROA) declined significantly less than the industry average (a 26 percent dip for growth-focused vs. 56 percent for the industry), and return on equity (ROE) followed the same trend. Just as important, those banks that stayed the course through the crisis also came back stronger on the recovery side.

**HOW DO CUSTOMERS CUSHION PROFITABILITY?**

**Non-Interest Income:** Banks executing a growth strategy simply have more non-interest income. As the customer base increases, non-interest income also increases—not because of regular service charges, but rather through more customers using income-producing services, such as interchange income (average $60 per account per year) and valuing overdraft services (average $90 p/a/p/y).

The second set of charts on this page illustrate the impact that focusing on growth and having significantly more customers has on non-interest income.

**More low-cost funding:** The first product typically purchased at a bank is a checking account—this happens 70 percent of the time for households and 55 percent of the time for businesses. Checking deposits are the lowest-cost funding available, with business checking deposits having a cost of funds less than .01 percent. This translates into improved net interest margins.

**Relational intensity:** Checking customers buy additional products and services. Growing retail and business checking customers affords your bank first right of refusal on other products and services 73 percent of the time. On average, the result is 5.64 retail and 5.86 business product and service relationships.

Loans from local markets: Having more customers also allows your bank to lend more money to more people in your local communities. These loans tend to have less risk.
Recent research on the criteria consumers use when selecting a banking provider showed that fees and branch locations had the greatest impact.

**KEYS TO ACCELERATING CUSTOMER GROWTH**

**Get product right:** People hate fees. Compressed margins and decreased profitability can lead to the discussion of increasing monthly service fees or adding minimum balance requirements. Recent research on the criteria consumers use when selecting a banking provider showed that fees and branch locations had the greatest impact (Market Street Research, January 2020). Interestingly, comparing consumers of all ages with consumers under 40 years of age produces very little difference as it relates to what people desire. Compression in bank earnings will have little impact on what consumers want from their banking partner. Your retail and business products must be compelling if you want to have the greatest opportunity to grow core customers.

**Invest in training:** Too often our industry treats training as an event rather than a way of life. Employees who do not understand your products and services will never be able to recognize opportunities with customers, let alone speak in terms of benefits. It is crucial that your institution commit to ongoing training initiatives regarding all of your products and services.

**Marketing to grow:** Increase your spending on strategic marketing.

- **Proactive:** According to Novantas, 65 percent of consumers only consider two other banks when moving their checking account, meaning 65 percent of your current customers already know where they would bank if not with you. You must be top-of-mind before consumers and businesses know they want to switch. Your marketing must create the opportunity for them to pick you.

- **Targeted:** You need to use data and analytics to help you understand where to market before you market. Your marketing resources must be allocated to target consumers and businesses who haven’t chosen your bank yet, but could and should.

- **ROI-focused:** You must define what and how you will measure success before you market, not after. Make sure your marketing investment is working to create tangible, measurable results.

The past informs the present—banks that stay focused on growth reap the greatest rewards. While it may not be intuitive, now is the perfect time to make sure you have all of the right strategies in place to capitalize on the growth opportunities that present themselves in any economic environment.

**Grow Non-Interest Income without Raising Fees**

Banks partner with Haberfeld to increase non-interest income, core deposits, loans and improve COF. We help our clients align ROI-focused marketing and effective execution to maximize growth and profitability.

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**Dr. Sean Payant** is chief consulting officer at Haberfeld, a data-driven consulting firm specializing in core relationships and profitability growth for community-based financial institutions.
Small businesses want and need more digital solutions

How to evolve and tailor your offerings for commercial customers who might be hiding on your consumer platforms.

BY JESSICA CHENEY
of service to these clients. What’s historically been advantageous for banks—geography-based scale, physical distribution, people-based delivery—was put to the test in the first half of 2020. Pressure applied by the pandemic showed those advantages as potential liabilities in a disrupted world.

For U.S. small businesses, forced shuttering and lost revenue raised concerns about cash and liquidity. Those concerns were heightened in many cases by the lack of physical access to financial institutions, even as federal stimulus efforts were ramped up seemingly overnight. While initial demand for small-business emergency loan origination services may have subsided, there’s a deeper awareness that more sophisticated access and delivery is required to serve the demands of these customers, whose needs now closely mirror those of larger commercial clients.

A substantial percentage of small businesses are believed to be camouflaged on consumer banking platforms. However, for many small businesses, this arrangement is no longer effective. To preserve, sustain and enable their customer bases and avoid customer loss to other providers and fintechs, banks serving small-business clients must evolve their digital banking services offerings.

MORE DIGITAL-FIRST SERVICES FOR SMALL BUSINESS CUSTOMERS

So, how can banks find success in supporting small-business customers? How can they be perceived as trusted, technology-led advisors? The simple answer to those questions is that banks must offer valuable tools to help them overcome their key challenges and operate more efficiently. Simply put, banks today must engage small business customers in more meaningful, digital-first ways that focus on helping them grow their business and maintain a healthy cash flow.

In the COVID-19 economic environment, in which most businesses are struggling with significantly lower-than-normal revenue, the ability to get paid faster is critical to a small business’s financial longevity. However, while small businesses can make the most basic of payments in a consumer banking solution, they cannot do anything to facilitate getting paid on a consumer solution. Nor are typical consumer platforms able to support the requirements of specialized cash management, lending or liquidity needs among businesses when funds are tight. If a business is working on funds from a federal loan, for example, these tasks become essential to its survival.

A July 2019 survey of small businesses by Aite Group found these enterprises are interested in, but not yet using, a number of online business banking services—among them, positive pay, employee expense tracking, entitlements and additional payment capabilities. They also need more sophisticated solutions than their consumer applications provide, all delivered through the same simple, smart and secure solutions they experience in their daily lives.

Essential small business functions not available on consumer solutions include:

- **Collection services** such as ACH debits and real-time request for payment
- **Payment options** that include payroll payments, employee reimbursement, child support payments, tax payments, and domestic and international wires
- **Cash and liquidity management services** like mobile remote deposit with multi-check capture, scheduled and/or recurring transfers, real-time payments for business and detailed remittance information on incoming transactions for streamlined cash allocation
- **Fraud reduction and control services** that cover dual-approval options, positive pay, stop payment and user transaction limits

D igital transformation trends have been guiding banks for some time, driven in part by significant changes in consumer expectations. Amplified and accelerated by the current coronavirus environment, those transformation requirements have now urgently focused on the need for digital access, enablement and experiences among commercial customers, including small and mid-sized businesses.

Economic, competitive and regulatory challenges aren’t new to banks. But pressure points on delivery channels to commercial customers, especially smaller businesses, have taken center stage over the last few months and further challenged successful models of service to these clients. What’s historically been advantageous for banks—geography-based scale, physical distribution, people-based delivery—was put to the test in the first half of 2020. Pressure applied by the pandemic showed those advantages as potential liabilities in a disrupted world.
So how can a bank identify customers that might be underserved within a consumer solution? Here are some key behaviors and criteria to look for:

**DEPOSIT ACTIVITY**
- High volume of deposits (5+ a month)
- High volume of checks in deposits (4+ per deposit)
- Large or frequent sums of cash deposited
- 3+ “checking” accounts associated to the same customer

**TRANSACTIONAL ACTIVITY**
- High volume of checks paid (>12 a month)
- High number of incoming electronic credits (> 6 a month)
- Recurring high-dollar ACH debit, which may indicate a third-party payroll service associated with this account
- Regular cash purchases at a branch
- Regular wire payments via a branch
- International activity, both incoming and outgoing

The migration of small and mid-sized business customers from retail platforms to commercial digital banking services provides significant value to banks as well—the benefits include improved competitive offerings in the face of functionality provided by neobanks and other fintechs. Digitally transformed experiences for business also create the opportunity for increased visibility into business transactional data. Richer customer data provides a level of detail that relationship managers need to understand their customers’ businesses better.

Better data can also provide early indicators of business risks associated with customers’ financial stability. The more understood and fully served small businesses feel, the less likely they are to turn to a fintech or another financial institution. Service offerings focused on small businesses also stand to help banks achieve trusted advisor status, which not only lessens the potential for customer flight, but increases likelihood of a financial institution’s aim to achieve primary bank status.

Small businesses increasingly want, need and are willing to pay for additional capability and digital access that drives efficiency and convenience for them. During challenging times, a bank’s ability to provide value-added services fuels positive experiences that loyal customers remember in the future. The current COVID-19 reality is further pushing financial institutions to aggressively and urgently enhance the digital capabilities and integrations they offer to support small businesses in succeeding through even the most tenuous environments.

Jessica Cheney is vice president of product management and strategic solutions at Bottomline Technologies.
A view from the not-so-cheap seats

As banks scramble to change messaging, how do they salvage value from costly sponsorships with no one in the stands?

BY JAMES A. ANDERSON
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20 is so far being defined by a perfect storm of health, wellbeing and societal crises—the COVID-19 pandemic, the resulting recession and unrest over inequality—that have forced marketers at financial institutions to rethink and revise their best-laid plans.

Banks and credit unions have had to nimbly address two formidable challenges on the fly: First, there’s the question of content and tone to strike the right balance between empathy and brand. Second is the issue of salvaging value from sunken marketing costs, the biggest being expensive sponsorship deals with sports teams and cultural venues.

Take Trust Financial of Charlotte, which is locked into a long-term naming-rights deal for the home field of the Atlanta Braves inked by predecessor bank SunTrust. Major League Baseball has sharply truncated its season in 2020 due to the coronavirus, and it remains unclear how many, if any, fans will be allowed to attend games.

But Demitra Wilson, group vice president for brand and teammate communications at Trust, says the bank is standing by its naming commitment, valued at $10 million annually. It has also granted $250,000 to a Braves’ relief fund to help hourly ballpark workers out of work.

“The single most important thing we did from the start of the pandemic was communicate—early, often and to everyone,” says Wilson. “We quickly shifted our marketing approach to focus on comfort and guidance, and to finding new, innovative ways to connect with clients and communities.”

Even before COVID-19 and the ensuing economic freefall began, there were indications that 2020 would see the industry tempering its marketing outlook, says Campbell Edlund, president of the Boston financial marketing firm EMI. “Before the pandemic, most banks were shifting their focus to gathering deposits and strengthening assets,” she notes.

Fast forward six months, and the industry has divided into two camps. Credit card companies and banks whose primary business centers on lending money have pulled back on marketing outlays. At the same time, there’s evidence that larger, more diversified banks have held off making drastic cuts. Bank of America, for one, launched a $1 billion campaign directed at addressing economic and racial inequalities.

“Our advice to clients has been to see this as a moment to strengthen relationships with customers while building their presence with thoughtful messaging,” says Edlund. “It’s not a time when active promotion feels quite right—instead, it makes more sense to pivot toward messaging about how a bank or credit union can support customers and community.”

STRIKING THE RIGHT TONE

Marketing experts say the goal is to express the right amount of concern, while recognizing the pain and uncertainty clients and customers feel—and at the same time, not over dramatizing the fallout of current events.

One starting point is drawing on the reputation of being a bedrock institution in their communities, a conscientious and genuine message, Martha Bartlett Piland, chief executive of the Topeka, Kansas marketing firm Banktastic, says that’s particularly effective for smaller banks and credit unions that may be on first-name terms with clients.

“I love to see institutions in social media and advertising showcasing and uplifting local businesses and nonprofits—people who are known within communities which have taken steps to confront tough times,” she adds.

EMI’s Edlund says banks can also draw on their expertise to provide guidance in an advisory capacity.

“Instead of print and digital ads, it’s a time when creating content to support clients, consumers and small businesses is particularly effective and comforting,” she says. “That includes a variety of topics—showing small businesses how to rebuild, get employees off furlough, keep their supply chains going or showing consumers who have used up their savings ways to stretch their budgets.”
Some 20,000 sporting or entertainment events have been canceled or postponed by the COVID-19 pandemic, impacting 120,000 agreements.

Salvaging Sponsorship Value

Meanwhile, the financial industry is face-to-face with a nine-figure marketing mammoth that the health crisis has upended: sponsorships. According to IEG, a Chicago consultancy that tracks sponsorships, U.S. banks currently have $750 million in sponsorship commitments and over 75 naming rights deals in sports, entertainment and arts, more than three times the nearest brand category.

By IEG’s estimation, the damage has been staggering. Some 20,000 sporting or entertainment events have been canceled or postponed by the COVID-19 pandemic, impacting 120,000 agreements. Some $10 billion of sponsorship value will have to be addressed.

IEG’s managing director Peter Laatz says the widening divide between money pledged and value delivered will have to be addressed by the parties on opposing sides of the deals—brands and properties.

Brands traditionally have had negotiating leverage, since they could always instead direct dollars toward television, social media or digital platforms. Expect this group of spenders to press the properties—teams, artists, and venues such as stadiums and museums—for concessions.

Laatz says most branding deals have been in a state of suspended animation, with both contractual parties hesitant to make a first move to negotiate settlements. Reparations could include cash back, forbearance, longer terms or, in worst-case scenarios, the breaking of contracts.

Banks still have options to make the most of sponsorship commitments. Should leagues come back to play, Banktastic’s Piland says creative gatherings of socially distanced fans—say drive-in screenings of live games in bank parking lots—might offer one answer. A longer-term option is to move away from specific signage plastered on venues or game-day promotions. Working instead with teams and star athletes to promote philanthropic drives could underscore a bank’s commitment to surrounding communities.

Laatz suggests brands think in terms of thematic assets—one being a home-court advantage series on social media where fans could highlight things like tailgating rituals, their fan gear and face paint or special recipes.

What’s clear is that 2020 is setting a precedent, and the future of sponsorship will look considerably different going forward. Prices are likely to come down since supply of properties and events is iffy and demand is likely to soften as a result.

“I don’t know contract lawyers who put ‘force majeure’ wording in the first pages of a deal,” says Laatz. “But for a price scheme which previously was selling on metrics such as scale and ratings, I think there will be a big value reset.”

James A. Anderson is an English professor at the City University of New York. His writing has appeared in Barron’s magazine, Black Enterprise and other publications.
Use these three essential strategies to foster customer centricity while also building a winning team.
Creating a winning culture must go beyond onboarding to investing in ongoing development to ensure retention.

The contact center has changed dramatically for every industry, not just financial services. With so many technologies, channels and processes to manage, contact centers are expected to deliver more, often with less time and fewer resources.

Continually improving operations. Streamlining processes. Staying ahead of the technology curve. Those are important, certainly. But our most important asset is our people. Keeping pace requires going back to the basics of employee engagement—attracting rich talent, encouraging growth and maintaining momentum through reward and recognition.

Bottom line: Employee satisfaction and customer satisfaction are inextricably linked. Satisfied customers help build your reputation and grow your business.

ATTRACTING RICH TALENT: COMMIT TO CUSTOMER CENTRICITY

The goal in talent acquisition is to build a team where every member wakes up every day really caring about supporting and delighting customers. Recruiting talent is very different than it used to be—the bar has been raised. It’s not just about customer satisfaction, it’s about customer delight. Now, first and foremost, the agent has to care. She or he has to be someone who is going to listen and be present in the conversation. Human connection is fueled by empathy and can transform a wary customer into a strong and committed brand follower.

Many financial institutions make the mistake of overinvesting in day-to-day transactions and fail to differentiate themselves in the customer experience opportunities that matter. Superb handling of these moments requires an instinctive frontline response that puts the customer’s human needs at the top of the agenda.

Today, 89 percent of companies compete primarily on the basis of customer experience. Soft skills—things like compassion, understanding, and active listening—have always been important. But now, decision-making, critical thinking and using good judgment are equally necessary. Being mentally nimble. Thinking on your feet. Those skills are becoming more important because calls are more complex than they used to be, and the urgency of the customer request is heightened.

Critical thinking goes beyond just remembering facts to understanding, applying, analyzing, evaluating and problem-solving. After learning the issue, an agent must know how to determine next steps to resolution, especially when a customer’s issue is especially unique. The ability to think quickly and confidently to resolve an issue is all-important when interacting with customers.

ENCOURAGING GROWTH: CULTIVATE A PATH TO PERFORMANCE

The nature of customer care is changing. Customers are becoming increasingly comfortable with self-service tools. The remaining live calls to contact centers are often more complicated to resolve, so providing consistent, high-quality customer service depends on experienced, knowledgeable agents with proper training and support. Failure to retain these talented employees can have significant repercussions: Employee attrition can erode customer satisfaction while increasing operating costs.

A high-performance culture flows from an intentional, team approach to employee engagement, planning and management. Working together as a team means being accountable to a standard, but more importantly, being accountable to each other as team members and to customers. A team approach is grounded in a culture of setting of clear and intentional expectations around targets and goals. Open communication ensures everyone understands not only what the goals are, but why the goals have been set.

Creating a winning culture must go beyond onboarding to investing in ongoing development to ensure retention. Employees often look for a place where they can grow and make a difference. Career-pathing begins with an individual development plan and career progression initiatives. A best practice is to build goals around...
ers and members. In fact, recognition is the No. 1 thing employees say their manager could give them to inspire them to produce great work.

Whether it’s a “wow call” award for an outstanding customer experience, an “employee of the month” award or even team performance awards, all help to foster a culture of commitment, fun and focus.

A CULTURE-FIRST APPROACH TO WINNING CUSTOMER EXPERIENCES

According to 2018 data from J.D. Power, 76 percent of consumers use online banking and 52 percent use mobile banking. With the shift to self-service, the contact center remains one of the few opportunities for a personal touch. It is essential to optimize that touchpoint by making sure your accountholder hangs up feeling even better about your financial institution than before.

Consumers expect simple transactions to be done right every time, and exceeding their expectations—by creating positive customer experiences during moments of truth—provides precious opportunities to build brand affinity, deepen relationships and strengthen loyalty.

Once viewed as a transactional cost center, today’s contact center is now the pulse of the organization and the emotional component of a brand. Through the interactions your contact center employees are having with consumers, financial institutions are better able to gather valuable customer insight and use it to grow richer relationships, and to grow as an organization.

Each development initiative, so when an opportunity becomes available, the specialist is prepared for the challenge. The contact center can be a great training ground for other areas in the organization.

RECOGNITION AND REWARD: CREATE A COMMUNITY OF CARING

Everyone owns recognition. It’s not just leaders that help create a community. The contact center is a community, and how the community supports each other, recognizes each other and celebrates each other is crucial to keeping up everyone focused on what is important.

Key to retaining rich talent is rewarding specialists who are committed to your values, performance excellence, thriving in a team environment and delighting custom-

Terri Panhans is vice president, contact center solutions at Harland Clarke, a San Antonio, Texas-based provider of integrated payment solutions and integrated marketing services.
In the wake of the pandemic, banks are retooling their loyalty programs to fit the ‘new normal’
Even before COVID-19, the typical U.S. bank customer had arguably been tiring of the run-of-the-mill loyalty program.

Customers are inundated by such incentive schemes—not just by their financial providers, but increasingly by retailers, coffee shops, gyms and others. As a result, Raj says, a typical U.S. consumer participates in roughly a dozen loyalty programs.

“Most of these programs are very transactional, and... transactional benefits are not enough when they all start to look alike,” Raj says.

But loyalty programs serve a purpose—perhaps now more than ever, as banks face stiff competition, economic recession and customers who might otherwise not hesitate to seek out better deals.

Loyalty programs are ideally “meant to encourage behavior, as well as usage,” according to David Shipper, senior research analyst for debit, credit and prepaid at Aite Group.

In the wake of COVID-19, bigger, savvier banks are already shifting their programs to appeal to customers facing this “new normal”—offering rewards in the form of groceries, food delivery service or cash back instead of flights, hotel rooms or fancy restaurant options.

“Banks need to pay attention to what’s going on now,” Shipper says, adding that until this year, most financial institutions could count on travel rewards to appeal in the summer and higher purchasing on payment cards at the holidays. Not so since the pandemic hit.

Amber Foucault, vice president of product for Sensibill, a financial technology company that works on loyalty and personalization programs with banks, agrees that staying relevant is key to engaging customers and encouraging desired behavior.

“And these are not the same behaviors as six months ago,” she says. “This is a very strange moment in time... but that’s all the more reason to stay relevant with the right messaging, offers and outreach. It really starts with the small stuff.”

For example, consider President’s Choice Financial (also known as PC Financial), the Toronto-based banking subsidiary of a popular Canadian grocery chain. With a parent company that already sells basics like food, clothes and pharmaceuticals, Foucault points out the Canadian bank was well-positioned to offer loyalty perks that appeal to house-bound, cash-strapped customers. But the bank has also been gathering shopping information from customers’ payment accounts to offer more customized rewards—including the option to donate at local food banks—that engage customers emotionally as well as financially.

“We’re seeing programs like [this] couple loyalty with personal beliefs...or goals, like saving for a house,” she adds. “That helps boost the hero message for financial institutions and personalize relationships.”

Even digital financial providers, who typically steered clear of loyalty programs, are seeing the opportunity to build on the momentum that lockdowns have
Digital-first banks see the value in loyalty programs as “an important tool for both customer acquisition and retention.”

MALCOLM COHRON
BDO DIGITAL

Like other institutions, digital-first banks see the value in loyalty programs as “an important tool for both customer acquisition and retention,” Cohron adds. “They can help open opportunities for cross-selling and upselling banking products. Customers who are highly satisfied with their digital experience are much more likely to open new accounts with their existing bank.”

The challenge for banks lies not only in what rewards and messaging will hook customers, but how to make these programs cost-effective in today’s market, where, as Shipper points out, “the per-transaction net revenue is usually the same, but fixed costs are up.”

Some banks are opting to set the bar higher on their reward redemption terms or even on the expiration of points or rewards to lower costs and reduce liabilities. Also gaining traction are rewards that tie into financial management and budgeting tools—starting a dialogue about financial life goals and setting rewards based on meeting accomplishments. Programs that once relied heavily on travel or entertainment rewards are expanding to give grounded customers the option of using their accrued points on other products and services, including groceries, take-out meals or streaming entertainment.

Raj says that U.S. banks may take a page from counterparts in the Asia-Pacific region that are shifting from more monolithic, all-or-nothing loyalty programs to ones that incorporate multiple delivery channels, a more varied range of rewards and provide more frequent perks. “This immediacy is relative and geographical,” he says, adding that Bank of America’s loyalty program collects zip codes to serve up nearby reward options. “This is customer-led, instant gratification. Non-cash and experiential rewards bolster the program.”

Karen Epper Hoffman has been writing about banking and technology issues for nearly a quarter of a century for publications including American Banker, Bloomberg Businessweek and Financial Times’ The Banker. She has also spoken and moderated panels at industry conferences.
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