

Customer Experience Maturity for Financial Institutions



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Introduction

Rarely is throwing money at a problem the best way to overcome it. And never is that truer than in developing a differentiating experience for customers or members of financial institutions.

With pandemic-driven changes in borrower and depositor behaviors, fluctuating market factors, and worrisome interest rates ahead, customer experience (CX) has emerged as a determining factor in whether a financial institution can secure — then retain and grow — relationships with depositors and borrowers better than its peers.

But an increasingly competitive market leaves little time for experimentation and guesswork. And that was the premise behind the questions we asked in our Customer Experience Maturity Model survey.

Our survey gathered inputs from over 200 financial institution leaders. We wanted to understand the maturity of their overall CX, then identify the specific customer engagement strategies that correspond to higher levels of maturity.

We wanted to know what makes a bank or credit union better at CX.

Here's what we found.

DEMOGRAPHICS:

Our Respondents

Our survey respondents spanned a range of financial institution types and sizes.

56% of the leaders work at banks and **41%** at credit unions. (SEE FIG. 1)

60% of respondents reported an asset size of more than \$1 billion while **18%** reported assets between \$1 billion and \$500 million. About **22%** reported assets of less than \$500 million. (SEE FIG. 2)

FIG. 1: INSTITUTION TYPE

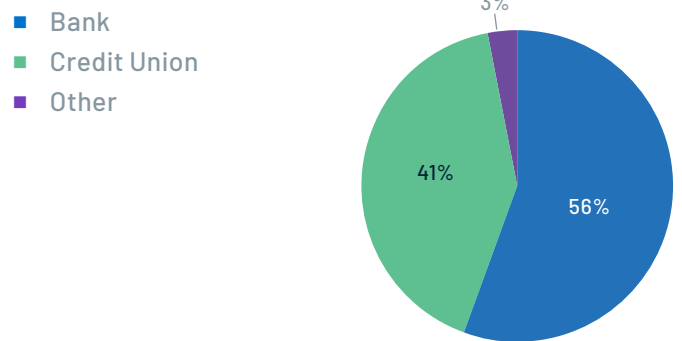
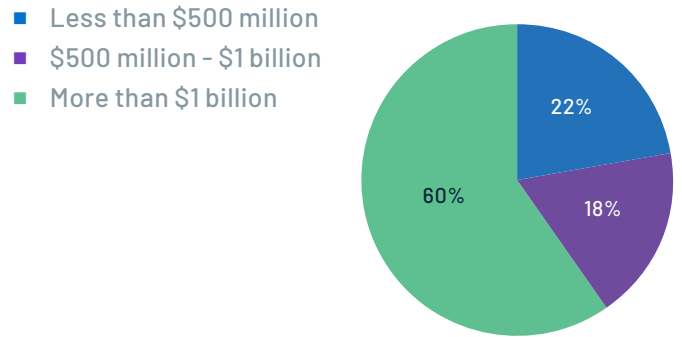


FIG. 2: ASSET SIZE



STAGES:

Customer Experience Maturity

Here are the segments financial institutions fell into according to Total Expert’s CX maturity model. (SEE FIG. 3)

FIG. 3: THE FIVE STAGES OF CUSTOMER EXPERIENCE MATURITY



Next, let’s see what stage institutions have reached based on their survey responses.

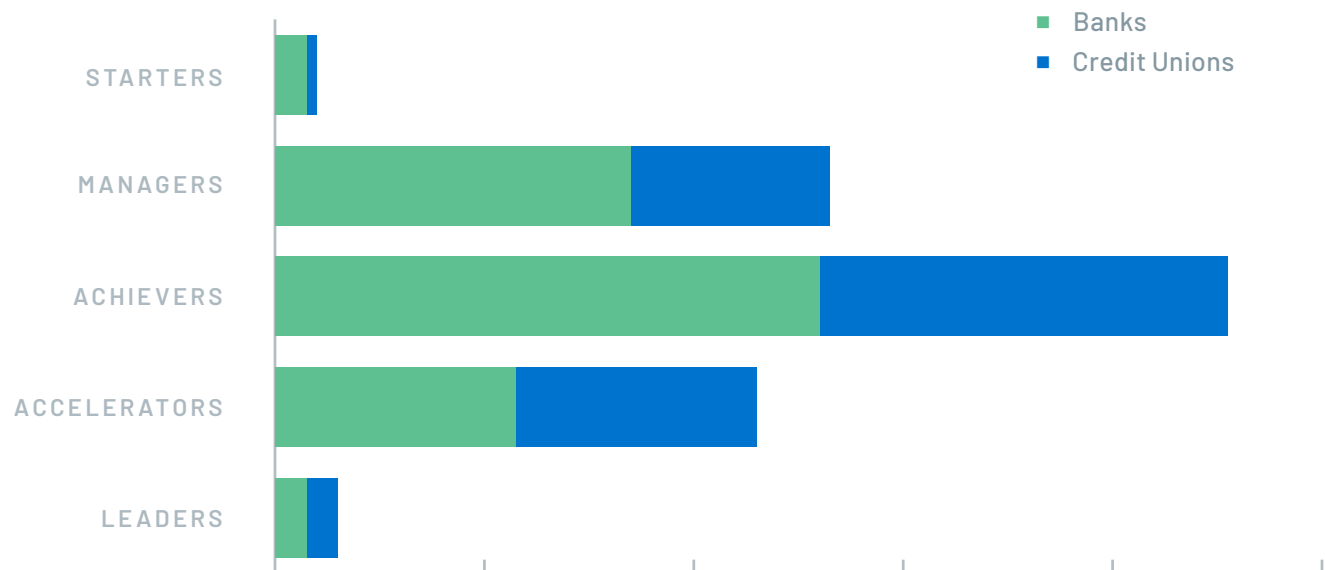


RESULTS:

What Stage Did Financial Institutions Fall Into?

Our aggregate survey results are certainly enlightening – and they correspond to the maturity framework we use at Total Expert to help our customers. The results, combined with our framework, tell a story of an industry seeking better engagement and of the practical challenges on the path to truly differentiating CX.

FIG. 4: CX MATURITY BY INSTITUTION TYPE



Our report shows, even institutions that have reached higher stages of CX maturity still face significant hurdles to their efficiency and growth. **Read further to see the breakdown by asset size.**

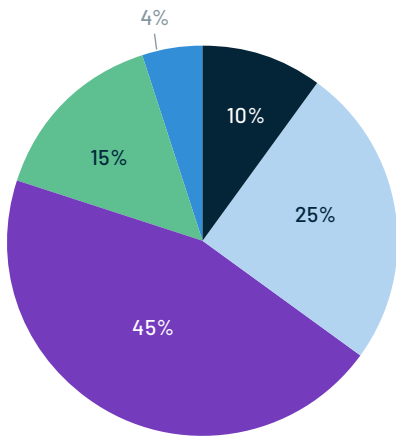
Here's the breakdown by asset size:

FIG. 5: CX MATURITY BY ASSET SIZE

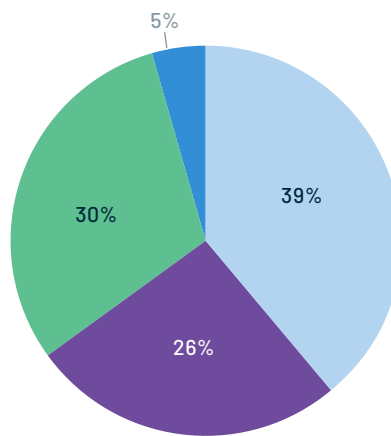
- Starters
- Accelerators
- Managers
- Leaders
- Achievers

Banks

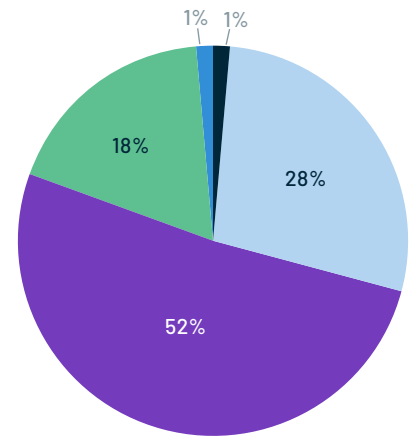
LESS THAN \$500 MILLION



\$500 MILLION TO \$1 BILLION

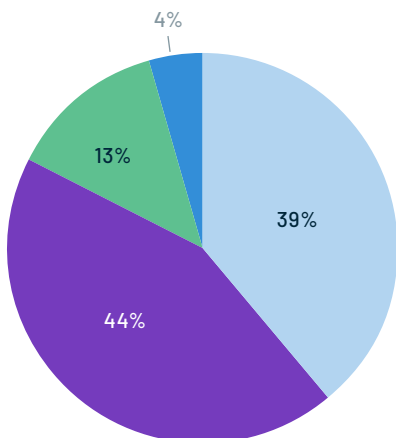


OVER \$1 BILLION

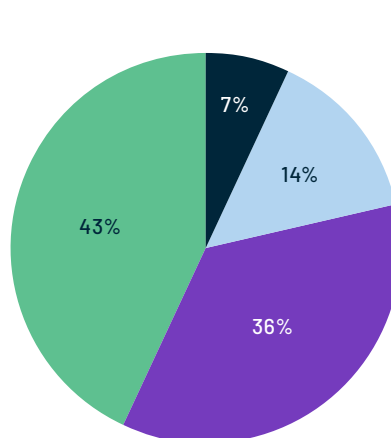


Credit Unions

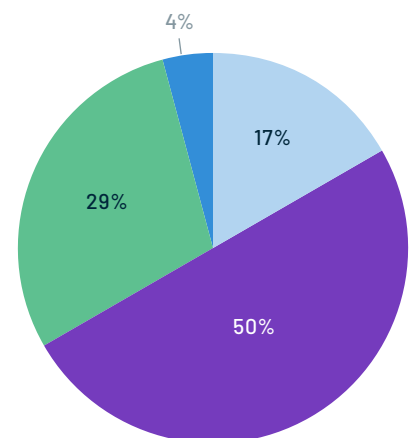
LESS THAN \$500 MILLION



\$500 MILLION TO \$1 BILLION



OVER \$1 BILLION



KEY FINDING:

Organizations Recognize the CX Imperative

It's clear financial institutions recognize the CX imperative. They realize customer-centric companies are more profitable, customer attrition is costly, and a little retention yields big returns. But are they moving fast enough?

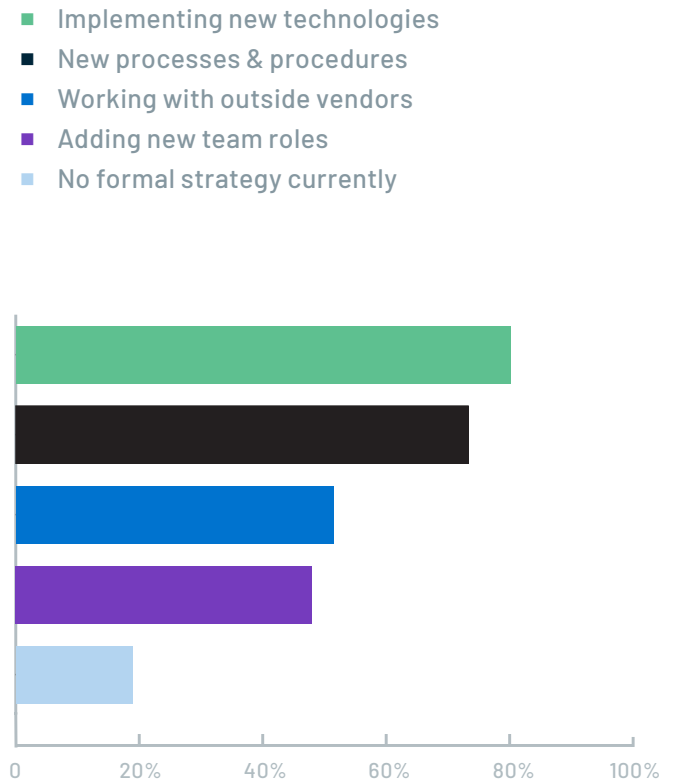
The statistics are compelling: a mere 2% increase in customer retention delivers the same financial benefit as a 10% cost reduction,¹ customer-centric companies are 60% more profitable,² and acquiring new customers can cost five times more than retaining existing ones.³

You can't deny CX can deliver big returns – or ruin customer and member relationships forever.

Financial institutions said they recognize the criticality of the CX. Results show multifaceted investment in the people, processes, and technology to support experience upgrades.

80% of respondents are implementing new technologies, 73% are adding new processes and procedures, 51% are working with outside vendors to improve their CX, and 48% are adding new team roles to support the CX function. (SEE FIG. 6)

FIG. 6: WAYS IN WHICH RESPONDENTS ARE IMPROVING THEIR CX



DIGGING DEEPER:

What Deeper Analysis Tells Us

When we segment survey responses according to CX maturity, a pattern reveals itself — one that shows the implementation of new technologies persists from lower to higher stages as the most common investment. The popularity of other methods wax and wane as the institution reaches greater CX maturity.



Starters are split evenly between implementing new technologies (25%), adding new processes and procedures (25%), and working with outside vendors (25%). None, however, are adding new team members at this point.



Managers focus on implementing new technology (62%), and they begin adding new team roles (21%).



Achievers maintain that focus on implementing new tech (86%), but rank implementing new processes/procedures (80%) and working with outside vendors (57%) higher than adding new team roles (53%).



Accelerators continue to focus on implementing new tech (93%) and adding new processes/procedures (87%), but rank adding new team members (67%) higher than working with outside vendors (59%).



100% of **Leaders** identified implementing new technology and new processes/procedures as the key ways they improve the CX, with most (83%) identifying the addition of new team members as a third method.

KEY FINDING:

Personalization Opportunity, Data Hurdles

Today's consumers expect financial institutions to deliver more than timely, relevant information to them. They want to feel special and confident their unique needs are understood and cared for by the bank or credit union they trust. But are these financial institutions really doing everything they can to meet consumers' personalization expectations?

Personalized financial communications rose to new prominence over the last year thanks to the fast-changing CX expectations of increasingly fickle, pandemic-weary consumers. But the personalization they demand stretches far beyond simple, personalized salutations.

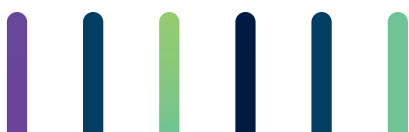
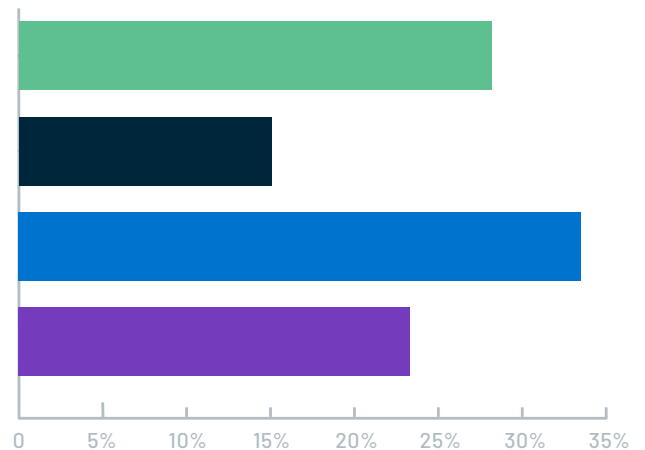
Today’s customers, for instance, expect to be proactively alerted about the products, services, and offers that meet their unique needs – without being inundated with marketing messages that bear no relevance to their personal profile or circumstance.

Unfortunately, our survey shows more than half of our respondents still don’t achieve this basic level of personalization.

28% of respondents send the same messaging to all customers, 23% have limited access to data but still work to provide relevant communications. The largest group (34%) manually leverages data for segmented messaging. Only 15% said they leverage connected data to send highly personalized communications. (SEE FIG. 7)

FIG. 7: WAYS IN WHICH RESPONDENTS USE DATA TO PERSONALIZE COMMUNICATIONS

- Often send the same message
- Leverage connected data to send highly personalized messages
- Leverage data from multiple sources manually to segment customer communications
- Limited access to data but still work to send relevant communication to customers



DIGGING DEEPER:

What Deeper Analysis Tells Us

After segmenting survey responses according to CX maturity, we see that — unsurprisingly — a prerequisite for membership in the “Leader” club appears to be leveraging connected data to send highly personalized communication to customers. Leaders have evolved beyond manually manipulating, analyzing, and taking action on their data.



Most **Starters** (75%) send the same messaging to all customers, while the rest (25%) work to send relevant communication to customers despite having limited access to data.



As respondents evolve into **Managers**, a small portion (10%) begins manually leveraging data from multiple sources to segment customer communications, while 52% continue sending the same messaging to all customers and 33% work to send relevant communication to customers despite limited access to data.



For institutions that have become **Achievers**, the portion sending the same messaging to all customers shrinks to 20%, and a few (9%) start leveraging connected data to send highly personalized communication to customers; 70%, however, still manually leverage data from multiple sources to segment customer communications or work to send relevant communication to customers despite limited access to data.



As **Accelerators**, the number leveraging connected data to send highly personalized communication to customers nearly triples (26%), while only 15% generally send the same messaging to all customers; 61%, however, still manually leverage data from multiple sources to segment customer communications or work to send relevant communication to customers despite limited access to data.



A whopping 83% of **Leaders** leverage connected data to send highly personalized communication to customers, with the rest (17%) manually leverage data from multiple sources to segment customer communications; none generally send the same messaging to all customers or work to send relevant communication to customers despite limited access to data.

Total Expert analysis shows that the single greatest challenge facing financial institutions upgrading member-customer experience is efficiently utilizing data. Even those in the highest maturity stages — those carrying out significant segmentation and personalization — are hampered by manual process for segmentation and data integration.

Institutions that overcome this challenge — freeing their staff to develop game-changing experiences rather than spending time manually manipulating data — will become the true frontrunners in the customer experience race.

KEY FINDING:

Higher Maturity Institutions Focused on Strategies that Generate Revenue

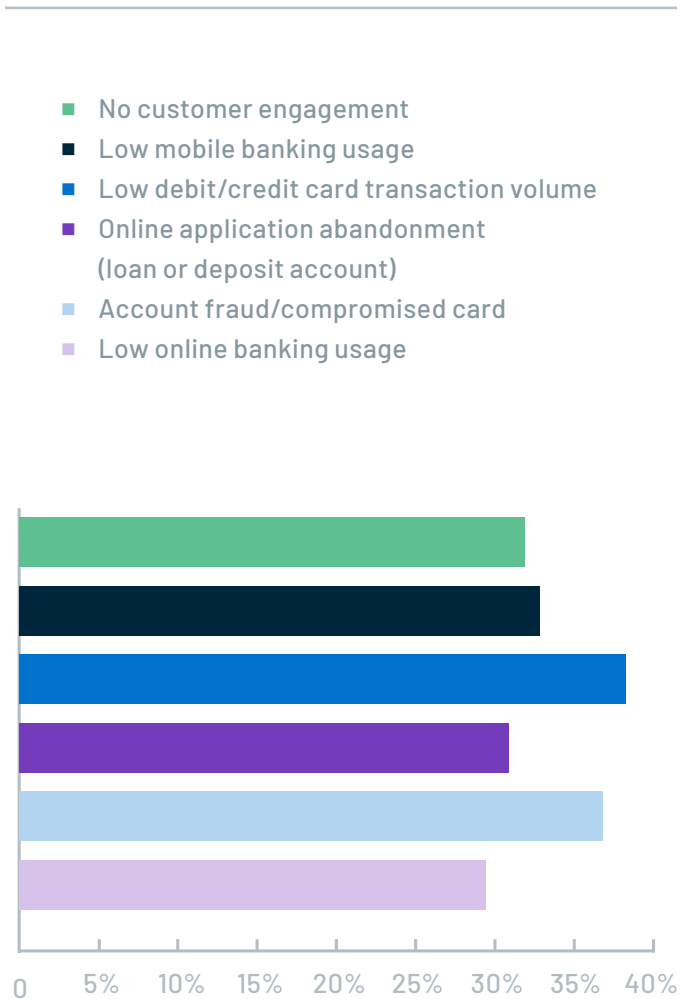
Banking institutions today have a wider array of customer engagement strategies they can deploy thanks to technology. Financial marketers need to be able to measure, monitor, and justify these customer engagement investments – and unsentimentally scuttle those that don't warrant continued funding. So, let's get down to the literal bottom dollar. Which customer engagement strategies do our survey respondents find most valuable?

At the surface level, financial institutions reported equal usage of customer engagement in the categories we provided.

Surprisingly, a large cohort said they did not use engagement for any of the key business objectives we identified:

32% of respondents don't engage customers. Of total responses for those who do engage customers - respondents could choose multiple answers - 38% focus on increasing debit and credit card transaction volume; 37% communicate about fraud or a compromised card, and 33% encourage mobile banking usage. (SEE FIG. 9)






FIG. 8: DOES YOUR FINANCIAL INSTITUTION HAVE CUSTOMER ENGAGEMENT STRATEGIES FOR THE FOLLOWING SCENARIOS?



DIGGING DEEPER:

What Deeper Analysis Tells Us

When we segment survey responses according to CX maturity, we see a correlation between financial institutions that reach higher levels of CX and engagement strategies that deliver revenue growth.

-  No **Starters** (0%) have customer engagement strategies in place for the business objectives listed in our survey.
-  Most **Managers** (56%) don't leverage customer engagement in support of the business objectives we listed. Those that have begun are split evenly across each of the four strategies included as options.
-  When institutions become **Achievers**, most use customer engagement strategies to drive one or more of the four business objectives. Creating more debit/credit transaction volume, though, begins to become a primary objective (36%), followed closely by account fraud/compromised card (32%).
-  As **Accelerators**, the number of respondents who utilize engagement to build debit/credit transaction volume doubles (72%); focus on account fraud/compromised card (63%) and low mobile banking usage (61%) also nearly doubles.
-  Those who are **Leaders** all (100%) use debit/credit card transaction volume, low mobile banking usage, low online banking usage, and online application abandonment as customer engagement strategies; only 67%, however, continue to use account fraud/compromised card.

Total Expert observed a correlation between success at CX upgrades and a focus on generating more interchange revenue and credit card borrowing. While there are clear connections between customer loyalty and usage of an institution's digital banking tools, interchange revenue and credit card borrowing have a one-to-one relationship between usage and revenue. Interchange and credit card debt also allow leaders to communicate a clear ROI to the organizations, and therefore obtain buy-in for continued investment in CX.

FINANCIAL MARKETERS:

3 Key Learnings

So, what are the key learnings we can take away from these survey findings? And how can you apply them to improve and advance customer experience at your institution?



Takeaway #1

Institutions are making organization-wide investments – staff, process, consultants, and technology - to improve CX. Time to deployment will define winners and losers because organizations that excel at experience tend to retain borrowers and depositors.

Building a CRM and customer engagement platform from scratch is not advisable when speed determines the value of upgrading CX capabilities.

When institutions utilize the right technology – Total Expert, for example, is molded to the banking industry – they save substantial time and money on outside vendors and consultants over time. Conversely, much more can go wrong when working with outside consultants to build out CRM and engagement platforms that only bring you the tools to customize their platform.

How to make it work:

Pick technology that is tailored to banking, and that contains both retail banking CRM and marketing automation within one platform. Ask providers questions like:

1. Does your platform already contain the structures to facilitate the onboarding of new checking account customers or share account members?
2. What ready-made triggers exist in your platform to support reengaging debit or credit card holders who stopped using their card or never activated it?
3. Does your platform already contain journeys to develop depositors' use of digital and/or mobile banking tools to run their financial lives?

Recommended Reading →

Takeaway #2

Improve at Data Utilization Ahead of Personalization

According to our survey, most respondents across all CX maturity levels still suffer some level of limited data access, manual data segmentation efforts, and an inability to send relevant, custom messages to customers.

Without the right technology, every new milestone reached in segmentation and personalization comes more manual work, especially when it comes to maintaining contact data.

How to make it work:

Identify tactics to reduce inefficiencies caused by the manual work - data manipulation, custom email drafting, compliance management - that bogs both retail personnel and marketing teams down. According to this report, technology is the best place to start:

1. Look for CRM platforms that can integrate depositor and borrower data into one place from banking cores, card programs, and mortgage servicing.
2. Identify engagement platforms with already-personalized messages for common marketing journeys tied to key moments in a consumer's life or in their banking relationship.
3. Choose a platform that assists in deepening your data through sources like zero-party data – i.e., data gathered from customers or members about their needs, preferences, and motivations, so you can engage them even more specifically.

Recommended Reading →





Takeaway #3

You can more easily measure, defend, and communicate an investment in growing debit and credit card usage.

Our survey shows that respondents in the Accelerator and Leader CX maturity stages prioritize customer engagement strategies that generate revenue. At the top of their list: growing debit and credit card usage.

How to make it work:

Focus on technology that works every angle of your combined CX and revenue opportunity. From our experience at Total Expert, we see depositories utilize:

1. Pre-built journeys encouraging new depositors to activate their debit or credit card;
2. Ready-made journey triggers tied to a newly opened deposit account and to interactions with onboarding journeys;
3. Reboarding triggers for depositors who received a new card but have not yet activated it.

Recommended Reading →





Conclusion

Total Expert's CX Maturity Model survey findings tell us a lot about where today's financial services firms are and where they're going.

Fortunately, institutions don't need big budgets like they would for full-customization platforms. Using purpose-built platforms like Total Expert, any financial institution can deliver personalized,

on-target messaging that resonates with the borrowers and depositors they want to reach – without needing a big budget, an army of technical experts, or complex coding knowledge.

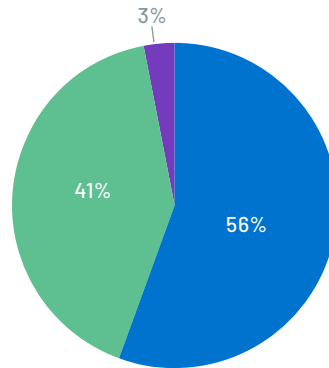
Ready to see where you fall on the Customer Maturity Model?

Take the free assessment now →

Appendix

QUESTION 1

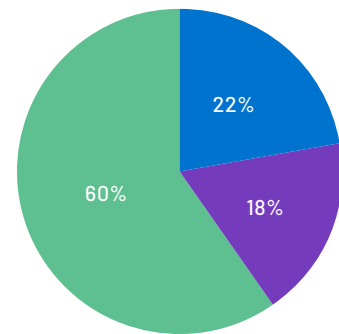
What type of financial institution do you work for?



- Bank
- Credit Union
- I don't work at either a bank or credit union

QUESTION 2

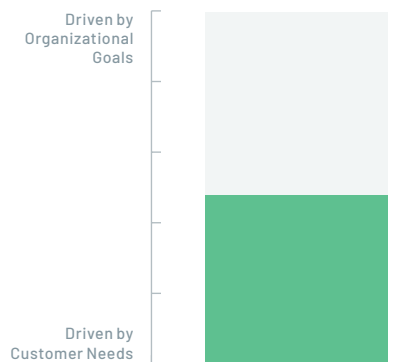
What is the asset size of your financial institution?



- Less than \$500 million
- \$500 million to \$1 billion
- Over \$1 billion

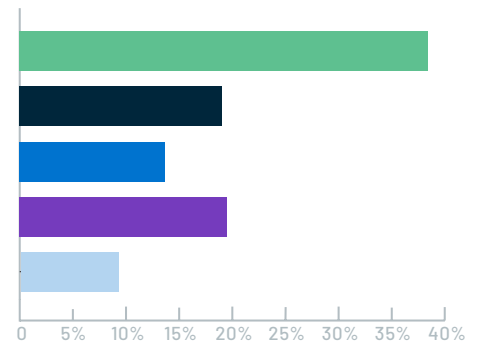
QUESTION 3

On the following scale, where would you put your financial institution?



QUESTION 4

Who is responsible for retail CX strategy and initiatives?

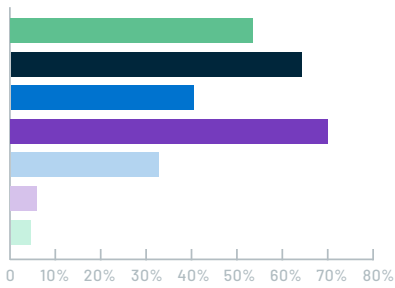


- Customer experience team
- Marketing team
- Head of digital channels
- Customer facing team(s)
- No one/not sure

APPENDIX

QUESTION 5

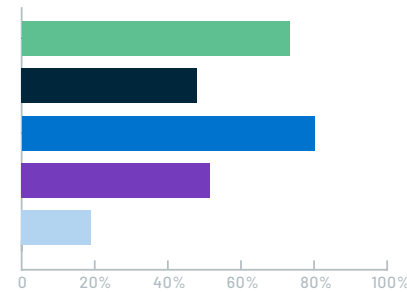
How does your organization measure customer satisfaction? (Check all that apply.)



- Voice of the customer
- Net promoter score
- Customer satisfaction score
- Surveys
- Account activity
- Other
- None of the above/not Sure

QUESTION 6

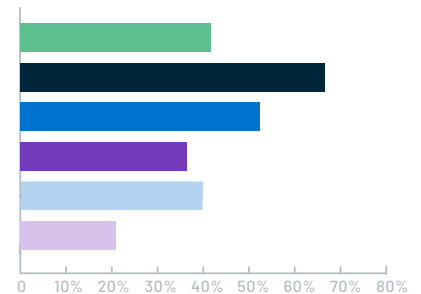
In what ways are you improving CX at your organization? (Check all that apply.)



- New processes and procedures
- Adding new team roles
- Implementing new technologies
- Working with outside vendors/ third parties
- We do not have any formal strategy

QUESTION 7

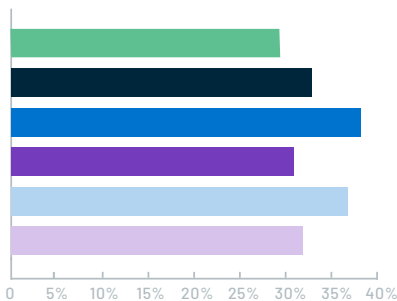
How do you leverage "customer journeys"? (Select all that apply.)



- During customer acquisition
- Customer onboarding
- Cross-selling/deepening relationships
- Retention efforts
- Issue resolution
- We do not leverage customer journeys

QUESTION 8

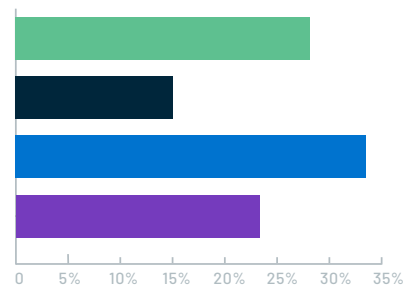
Does your financial institution have customer engagement strategies for the following scenarios? (Select all that apply.)



- Low online banking usage
- Low mobile banking usage
- Low debit/credit card transaction volume
- Online application abandonment (loan or deposit account)
- Account fraud/compromised card
- No customer engagement

QUESTION 9

How does your institution leverage data to personalize communications?



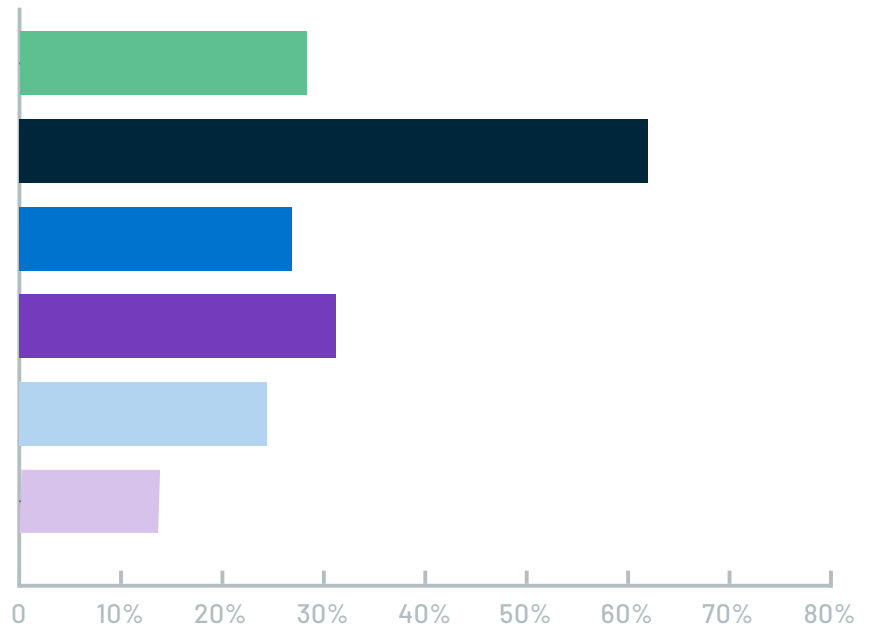
- We generally send the same messaging to all customers.
- We leverage connected data to send highly personalized communication to our customers.
- We leverage data from multiple sources manually to segment customer communication.
- We have limited access to data but still work to send relevant communication to our customer base.

APPENDIX

QUESTION 10

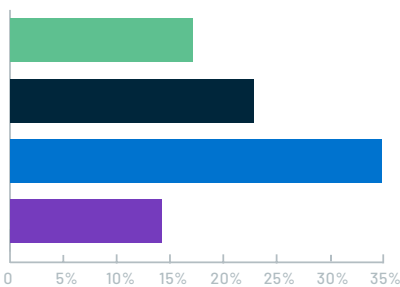
What email marketing strategies does your organization leverage? (Select all that apply.)

- Using customer data to provide specific, targeted messaging for customers' life stage
- Utilizing customer data to provide some targeted information
- A/B testing
- Emails sent on behalf of relationship managers
- Follow-up nurture sequence based on interactions with initial email
- None of the above



QUESTION 11

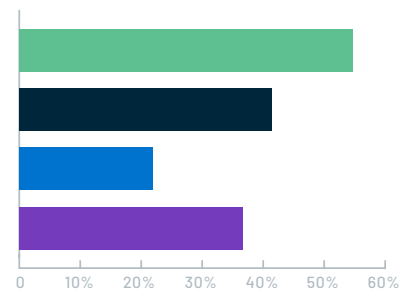
Which best describes how your financial institution measures the success of your email marketing?



- Open rate
- Click-through rate
- Conversions
- None of the above

QUESTION 12

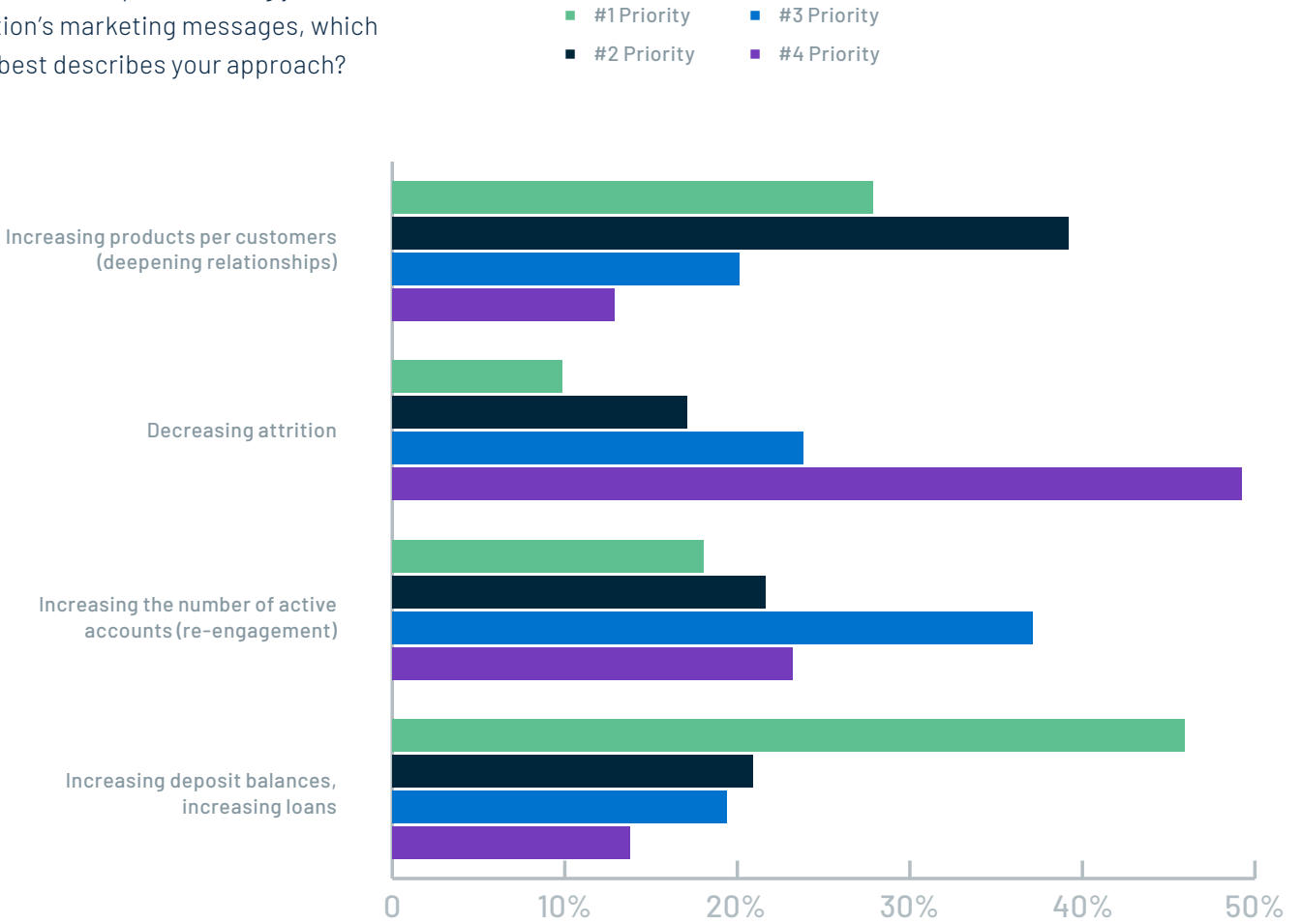
In what ways do you leverage text messaging for customer interactions? (Select all that apply.)



- Account alerts
- Service notifications
- Marketing messages
- We do not leverage text messaging

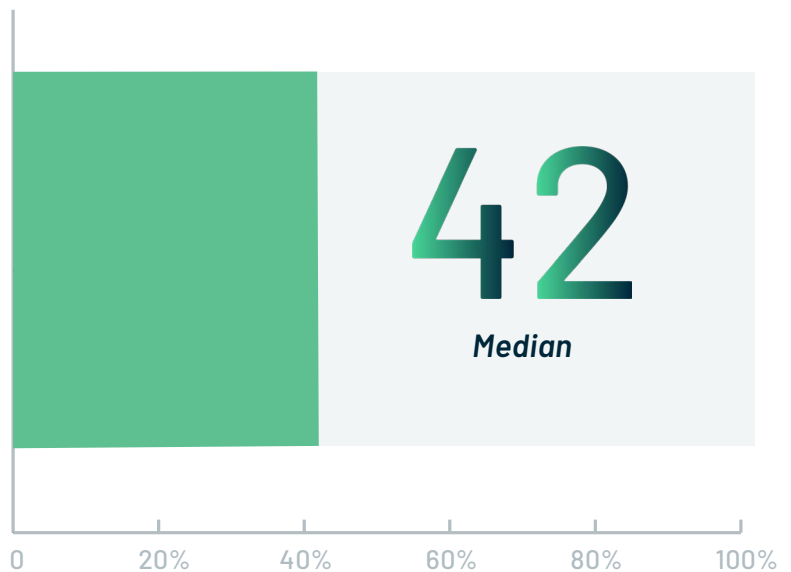
QUESTION 13

When it comes to personalizing your institution’s marketing messages, which option best describes your approach?



QUESTION 14

Using the following scale, how frequently does your organization leverage customer data and integrated systems to move customers along their journey and drive return on investment (ROI)?



Sources

1. SuperOffice, "How to Create a Customer-Centric Strategy for Your Business." May 4, 2021.
2. Deloitte, "Wealth Management Digitization Changes Client Advisory More than Ever Before." July 2017.
3. CallMiner, "2020 CallMiner Churn Index." 2020.



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