

DIGITAL CHANNELS

Harnessing the power of the digital channel



David Albertazzi
Datos Insights

By David Albertazzi, director, retail banking and payments, Datos Insights

The retail banking industry continues to evolve, as does the technology that supports it. Today's retail banking customers demand real-time capabilities that enable them to efficiently manage their accounts, make deposits and payments, perform self-service activities and improve their overall financial health. For banks this means having automated onboarding for new products, digital guidance and actionable insights using customer data, rich reporting, robust digital capabilities, and seamless integration between the financial institution's systems and delivery channels. Furthermore, clients expect easy access to digital banking, customised experiences and views not only within retail banking but also across small business and corporate banking. A multitude of trends are moulding digital channels into something that is both versatile and powerful.

Omnichannel has become more important

While omnichannel has been a pipe dream for many organisations, digital banking solution providers have been actively working on bridging the physical and digital divide. For example, Datos Insights is starting to see more instances in which digital platform providers are repurposing customers' best-in-class digital channel experiences to create seamless user interfaces for employees in the branch or call centre. Banking platforms need to be able to hand off interactions to employees seamlessly as customers increasingly turn to digital channels as the starting point of their interaction with their financial institutions.

Creating a multi-product and multi-segment view

One of the main pain points for customers with both consumer and business/corporate banking relationships is that they are not able to see all their product and service information

in one place. Often the systems are different for retail versus business/corporate banking. As many consumers are also business owners or gig-economy professionals, the issue of having an all-encompassing view of finances is becoming more important. Vendors in this space are increasingly focusing on creating one product-agnostic experience for all segments.

Building an end-to-end customer experience

Given the organisational structure of many financial institutions, the customer experience is often viewed through the lens of the product group or even the type of activity that the customer is trying to perform. In other words, the digital experience has been built somewhat piecemeal; different teams make decisions without regard for how that impacts the complete customer life cycle from initial acquisition to ongoing customer management. Some banks are making a more concerted effort to address this by building an end-to-end experience with more sophisticated capabilities, such as marketing, account opening, onboarding, and portfolio management through cross-selling activities.

Maximising card issuance, activation and control capabilities

Financial institutions have many ways to differentiate themselves in the card issuing space. While part of the attractiveness for consumers may be driven by the card brand, product features or reward structure, issuers rely on card issuing strategies to help drive higher activation and utilisation. Instant issuance in branches has been an effective way to get cards activated and into customers' hands as soon as they open an account, so many banks are beginning to take advantage of a digital adoption surge to issue virtual cards that allow customers instant use and increase activation.

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Yet a successful activation rate is only partially driven by the issuing method; it is in fact also determined by ease of card activation and the customers' access to digital account management. These include checking balances, disputing fraud, setting up travel notifications, turning a card on/off, reporting a card as lost/stolen, and reviewing one's financial rating. Many consumers are already performing these activities in digital banking.

Financial wellness solutions are being optimised

Helping customers manage their finances is also an increasingly critical area for banks. According to research by Datos Insights, 67% percent of consumers are 'always' or 'sometimes' nervous when they get large bills. Over five in 10 worry about the amount of debt they have and their ability to pay it off, or are concerned about money and their monthly bills, or get anxious when they think about their financial situation. About seven in 10 young millennials, senior millennials, and Gen Xers, 40% of baby boomers, and one quarter of seniors believe that online tools which can help them improve their financial situation are 'very important' to 'important' when looking for a new banking relationship.

Recognising the demand for financial wellness solutions today, many institutions are seeking to provide tools that not only make consumers aware of their financial activity but also provide insight, actionable advice and intelligent engagement. The COVID-19 pandemic created a greater need for solutions that help customers understand their spending and how that may impact their ability to deal with the reduction or loss of income while staying on track with their short-term and long-term financial goals.

Streamlining digital account opening

Although many financial institutions may have had digital account-opening solutions for years, the conversion rate for consumers who start an application and complete it ranges from 30% to 69%. Datos Insights observed that the completion rate is driven by the financial institution's risk tolerance, the technology used, and its process for following up on incomplete applications. The lower conversion rates show that the digital account-opening process is still plagued with many pain points that make the channel less effective in turning applicants into customers. When asked why consumers did not complete an application digitally, many cite that they had questions which prompted visits to a branch, or that the application was confusing or complicated. This highlights the need for banks to optimise the experience by infusing human assistance into the process and reducing friction so that it is less confusing, easier and faster to apply.

Advanced data tools can drive the customer and banker experience

Banks have a vast amount of information about their customers which, when overlaid with data from third-parties with access to alternative data sources, can generate powerful insights into customer needs. Financial institutions can use such information to offer more personalised customer experiences by recommending the next best action or product, which is especially helpful for onboarding activities, setting up ancillary services and cross-selling products. In addition, some financial institutions are sending customer account usage insights to bank or call centre agents to help them quickly resolve issues or offer additional products and services. Banks are thus beginning to explore how to use AI to drive customer engagement. Overall, digital channels have tremendous power to enhance the bank-customer relationship, the potential of which is just beginning to be tapped. ■

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