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Seeking Insights, Delivering CX:

A BFSI Perspective

BFSI, and the evolution of banking and insurance CX

To say that banks and other financial services are in the digital age is to not say much. It has been over 12 years since the internet reached our pockets and it has been well over a decade since banking functions also went online. One would be hard pressed to encounter a person under the age of 40 who has even visited their bank branch in the last 5 years. It is not uncommon for people to apply for a bank account, make deposits, payments, make complaints, get replacement cards, and maintain their finances without ever speaking to a bank employee.

If this is the way banking and other financial services function, how does Customer Experience (CX)work?

Through the multiple touchpoints that each account holder encounters. Banks are often seen pushing customers into a specific


touchpoint that is usually also the most cost-effective option. Coming into the branch is not possible or inconvenient for the customer, so they can call the bank, but the automated Interactive Voice Responses (IVR) might take too long and be too vague, some banks even have interactive portals at the ATM. Online banking was all the craze for a while, but bank websites now funnel people into using the official bank app, which is claimed to be more personal, user-friendly, and secure as it comes in-built with many layers of security, often including biometrics.

So the average customer has at least 5 ways to reach a bank (for the purposes of brevity, bank is used in place of financial institutions), and it is not uncommon for the account holder to try many of these options before finally working their way up to getting a rep on the phone by which time they've already reached peak frustration. One of the reasons for this level of communication breakdown can be attributed to the fact that most businesses, including banks, often push people into using a touchpoint that is considered to be the most cost-effective. In today's market, that is likely to be a chatbot, either on the app or the online banking portal.

It works in the other direction as well. Banks can reach customers through phone calls, text messages, socials, email, and snail mail. Sometimes all at once. While it may sound like a great idea to reach customers and let them know of their latest schemes and offers, it also tends to overreach and almost waterboard them with info. Insurance companies are especially guilty of this, to a point where it has become something of an internet meme where agents are shown to stalk and harass account holders into getting a better plan or updating their current plans. While it is good to keep customers informed and up to date, it becomes a point of frustration when the user is shown too much info. A lot of the time, users are forced into unsubscribing from emails and calls from their bank.
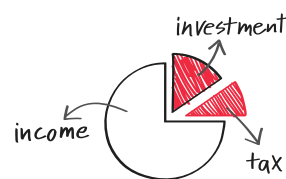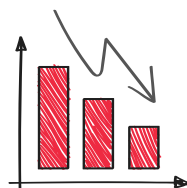
None of these are positive outcomes, each with their own unique issues and require complex solutions. However, these are usually the result of the bank, financial services or insurance provider using a multi-channel communications and grievance redressal system. Such a system has separate databases for each service within the company and this multichannel makes it difficult to offer great CX. When each team works independently in their own silos, it becomes almost impossible for the end customer to get resolutions quickly and escalations are commonplace.

Take for example a person trying to file a claim on their insurance policy. In most cases, people filing insurance claims are in duress, be it accidental, vehicle, or medical. They call the number provided on the policy document and the customer service exec puts them on hold, trying to get the case forwarded to the right person,meanwhile, the account holder is also trying to make the claim through the app. More often than not, this doesn't happen and the email team is different from the app team, who in turn is different from the team handling phone calls.

The next obvious step in this evolution will be to unify these services. While it is good to have multiple touchpoints for customers to reach the business, it makes little sense to not have all these channels merged into one. Enter the Omnichannel approach. As the name suggests, omnichannel systems combine all these independently operating silos into one large, easily accessible database. In an omni-channel system, all of those requests get sent to the same database and service execs are able to see the full extent of the claim and work with them in an organized manner that benefits both the caller and the company. Even if the customer entered the system through multiple channels, execs are able to easily navigate through them and offer exact responses and resolutions. All this is possible with shared databases, offering a consistent and seamless experience throughout the journey.

Why BFS&I CX is different from the other sectors

Customer experience is a major part of any business that deals directly with people, more so when this business is in the BFS&I sector. More than any other business, apart from medicine perhaps, banking is close and personal to every customer as it deals with money, savings, and livelihood.

While statistics show that people really do trust "The Bank" as an institution, over **70%** of adults still trust in banks.

The breakup is, however, pointing to a steady decline in trust over the generations—

78%
Baby Boomers

66%
GenX and Millennials

62%
GenZers

think positively toward banks. The report shows that only **23%** of adults do not trust banks, in general.

If people trust banks with their money, does this, in turn, mean that people are also happy with the services they receive?

The gap is more than significant when it comes to satisfaction with the everyday interactions they have with their banks or insurance providers.

Studies show that only 50% of users are "Very Satisfied" with their bank's services.

Considering the sheer numbers, over 2.5 Billion people worldwide are expected to use online banking services by the end of 2024. Approx half of their experiences will range from "Somewhat satisfied" to "Not at all Satisfied". Within the Banking, Financial Services and Insurance sector, there exists a lot of room for growth and improvement.

A recent trends report's key findings show exactly why CX in the BFS&I sector is vital. Customer expectations are clear and they are high. Customers want immediate service (72%), they also want any one they interact with in the bank to already have full context of their issue, so the ideal of "first call resolution" is strong. The report also points out that 62% of customers expect their experiences should be able to move seamlessly between mediums, be it from a chatbot on the app to an email, to phone call to the service centers.

Another study found that relative to the digital experiences that people get from services in their everyday lives like from Google or Amazon, their banking experiences are rather lagging behind. All this, they find, leads to people having a stronger emotional connection with these brands as opposed to their financial institutions. The BFS&I sector is in serious need of catching up to customer expectations.

Value of emotional connections

More than any other variable, the emotional connection that people have with their banks seems to have a bigger influence on the business of banking. An HBR study found that emotionally connected customers are 35% more valuable to banks than highly satisfied customers. Having said that, financial institutions are still far behind their favorite technology companies like Google or Netflix—the gap is at least 12%.

What comes as a surprise, though, is how willing people are to engage with their banks on a regular basis. The study found that 86% of people still use ATMs regularly, 84% are comfortable with online banking, and 72% prefer mobile apps. All over the world, digital banking in the form of online payments is used more than physical banking. It becomes immediately clear that brand engagement can be made better if the offerings are able to keep up with customer expectations.

How insights help banks and financial service providers

Now that the role of CX has been established, the next logical step would be to delve a bit deeper into how customer services can be made better. How can a bank learn more about their customers and serve them better? Insights help CX providers gain a strong 360 degree understanding of their customers and the services they provide. It also helps ascertain whether or not the CX measures in place are working as well as expected, and how users are responding to it.

Helps stay on track

Insights make it possible to keep the product customer-focussed. Products and services that don't have a net benefit for the end customer need review and have no place in any growth strategy. Microsoft reports that businesses that collect and make use of customer insights outperform the competition by up to 85%. When the data shows that certain services are working and people seem to be responding to it, while other services are effectively shunned by a majority of the users, it is time to take stock of what the business priorities are. Are they services or products that need more focus on, or should be removed? Most, if not all new features, or channels are created with the sole purpose of improving CX and we've learned that it has a direct and significant causal relationship with the overall performance and profitability of the business. It only makes sense to use customer insights as a way to light a clear path for the bank's CX providers.

Take the example of a chatbot on a bank's website. It comes at a not insignificant cost to the customer services team and the intention is to provide customers with quick and immediate resolutions. While the chatbot might not be able to solve complex problems, it is really useful in providing links, redirecting people to certain pages and pulling out any downloadable content, if any. These are all good-to-have features that can, in a perfect world, alleviate some of the load on those handling phone lines and monitoring emails. If, however, the chatbot is missing certain key features which makes it clunky, unhelpful, and not very good at doing what it was built for, or if it is a well made tool, but hard to find for the end user, it will not be used to its full potential, and that is something that needs to be addressed.

Helps improve performance

Understanding customers on a deeper level can help banks service and tailor experiences to each individual, while also using this model to attract and retain a whole new set of similar people. Persona-based marketing and lead generation is one of the best ways to gain new users. So collecting and collating insights helps fine-tune the search for the perfect customers. Looking for the right customers is almost as important as finding the right bank for them, it is a two-way relationship, and being the right bank is the first step

A McKinsey study shows how companies individually targeting the right potential customers see a revenue growth of **5%** to **15%** against companies that do not use a similar strategy.

Insights also help better the CX of people already in the ecosystem. People who receive personalized and relevant offers are 2.6 times more likely to purchase a product or service than those who are just bombarded with new offers and ads everyday, a study finds. Relevance trumps newness, say researchers. People receive a lot of offers everyday, over a Trillion dollars are spent every year in sales and marketing efforts—just in the US alone. Marketers send between 2 to 4 emails a day, on average. The only way to get people to open these emails, or respond to new product offers is to hyper-personalize, and this is where insights steps in.

Category	Percentage
Better customer service	40.5%
Better mobile Banking app experience	37.9%
Better Branch network in my area	32.9%
Lower Fees	31.3%
Higher interest rate on deposits	30.4%
Better hours	29.8%
Change in living situation (e.g., moved, got married/Divorced)	26.9%
Incentives offer	26.5%
Other (please specify)	5.4%
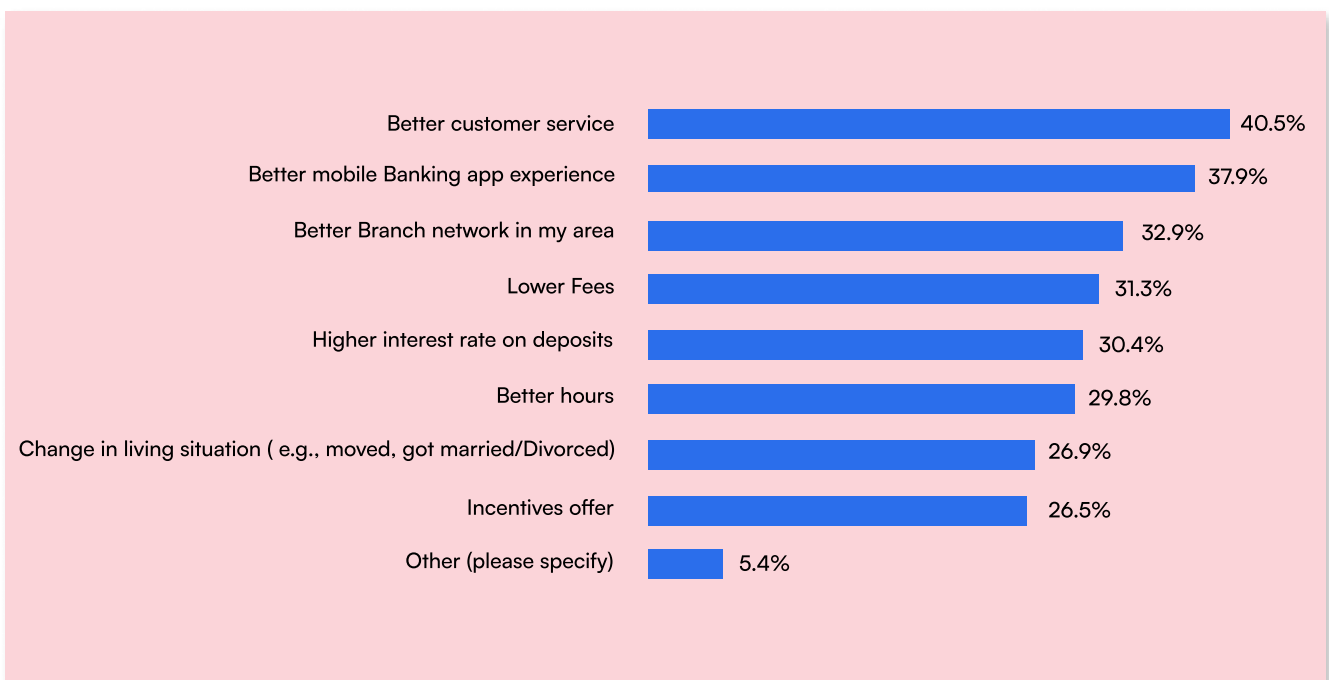
As is evident from the chart, better customer relationships and service trumps just about anything else a bank has to offer with

40.5% people switching banks just because of it.

The second most prevalent reason to switch banks at **37.9%** is a better online and app banking experience. The data is clearly telling.

However, market research also shows that people do not leave a bank for another, just on the basis of good CX and a great app. There are several other factors that go into an important decision like this.

A Forbes article points out that that only **4%** of people switch their primary accounts, this was recorded in **2018** and was at its lowest point ever.

What people do, in turn, is start new accounts. Nearly 50% of millennials have more than one bank account, the reason?

Some are used for specific purposes like loan payments, credit cards, international transfers, and the like. While banks take pride in being the "Primary Account" that label, the article declares, is pointless.

Getting to know the customer, using the data to gain insights, and using those insights to build strong relationships through exceptional CX, that is how a bank grows.

Case study: How customer insights helped U.S. Bank achieve holistic CX success

U.S. Bank, the fifth largest bank in the country, has a market capitalization of $63.67 billion(Feb 2024). Founded in 1929, it is an institution that has spread its services out from consumer banking to investment banking all the way to home, trust, and other financial services. Apart from being one of the largest financial services companies in the world, it also has the distinction of finding itself on the list of the World's Most Ethical Companies, by Ethisphere 2024 (it is a 9-time honoree).

The challenge

Among the many operations that the bank wanted to improve were—Customer satisfaction, Targeted coaching, Optimization of internal processes, and Overall performance improvement. According to a publication from the bank, it was looking for a way to gain a deeper understanding of every customer's experiences. A lot of this hinged on identifying pain points in every interaction that customers have with the bank. While there were several points where customers can leave reviews, they found that fewer than 25% of these interactions were covered, and even fewer reviews were being filled in. The Customer Analytics Leader of the bank described this process as akin to fishing with "large webbed nets", says the report. Getting actionable data filled with details was a challenge, deriving insights was the next step in that direction. Feedback from customers was another large "blind spot", the report says.

The critical need of the hour was to capture the remaining 80% of the interactions, this, in spite of the fact that the data already being collected was able to give them high-level insights on the processes and CX. What the bank was going after was deep insights, possible only through the analysis of a lot of data. Also, the bank realized that to analyze the data will be a difficult and laborious task as each interaction is recorded in different channels, some of them were calls, some were emails, and others were recorded phone conversations. Accurately combing through all of these was an impossible task, the bank noted.

The solution

U.S. Bank incorporated a comprehensive interaction capturing model that included both structured and unstructured data. The new omnichannel system has an improved capabilities that was able to offer "sentiment analysis" for text and speech-based data. They were able to make all of this incredibly easy to use for both service agents and the end customer. As a next step, the collection of analytical data was made easy, enabling the bank to handle even complex queries including, but not limited to root cause analysis, churn, and trends within.

The aftermath

The new omnichannel system was able to effectively bridge the gap between collecting data and gleaning insights, says the report

Within just **90** days, the bank through its dedicated analytical teams and business leadership cut down on **20** variables including Average Handle Time(AHT), dead air, call avoidance, and volume reduction.

Positive effects in savings and business costs were immediately obvious. In the first 90 days, the bank was able to save $83,000. Over the year, across the enterprise, that amounts to over $2.6 million in cost savings. One of the main lessons learned from this case is that this was possible only because of extensive, pre-launch training and preparedness. Having a whole team dedicated to analytics also helped immensely.

How insurance providers benefit from customer insights

Insurance as an industry is often clubbed with banking, it being a financial service as well. While there are many similarities between the two industries, there are also many differences that make them distinct enough to explore as its own sector. Insurance deals with people's money and is often called upon in times of distress, so the CX expectations are high and meeting them is absolutely vital.

A Forrester study paints a grim picture of CX in the insurance industry—insurance, specifically health insurance, scored the lowest when it comes to CX out of 19 categories closely followed by automobile, home and life. The study also reports that less than half the respondents feel like their interactions with the insurer is worth their time and effort and under two-thirds felt positive about their experiences.

What then, is the missing link?

Insurance providers across the board are offering more or less a similar product in terms of pricing; the difference, according to a Gartner study, comes down to CX.

A majority, up to **81%** of insurers compete for the young, tech-savvy crowd between the ages **18— 34**, solely based on a seamless, pain-free experience.

In the next few years, they say that this will be the only differentiator between insurance service providers.

CX leaders in this space are clearly outperforming their competition by a wide margin and as a result, insurance providers either create great experiences for their customers or they will most certainly leave. A McKinsey report urges insurance providers to become a lot more customer-centric, right now, as most CX efforts take a few months to fully come into place and start seeing results in this field.

Apart from making it easier for people to interact with the insurer, CX efforts also have stacked benefits, the report says. An all-new omnichannel approach, for example, improves a number of operational efficiencies which in turn, lead to streamlined processes—all of which are bottom line benefits.

An insurance provider who invests heavily in CX sees improvements in returns as well.

Total Shareholder Returns (TSR) for Life Insurance up by 20% and 65% for Property and Casualty Insurers. Revenue growth also goes up, on average by 4%, costs are lowered by 2%, the report says.

CX turns out also to be a major reason for attracting new customers. Low quality CX pushes people away from buying into a brand that has a bad reputation for customer interactions.

Considering the fact that the market for Life insurance has already dropped by 52% in 2021, CX measures are no longer an option.

Leveraging insights to create high-level and sustainable EX

The four main pain points that modern insurance providers face are:

Complexity:

The entirety of the customer journey is stooped in complexity. What plan to choose? What are the terms? How do I make a claim? Who do I contact? What is the coverage?
There are so many questions and a customer seeking insurance rarely, if ever gets all their questions answered, this could also be one of the reasons why people have a suspicious mistrust of the insurance industry.

Personalization:

Insurance remains one of the few industries which still do not, for the most part offer personalization based on the individual customer. The one-size-fits all still pervades the industry to an extent where many find it a sour experience that is done because they have to and are trapped into the insurance cycles.

Tradition:

Few industries rely so much on the "good old days" method of doing things like insurance. Paper-based transactions, having to speak to an agent for everything, lack of self-service, and the list goes on. A lot of the processes are going digital, but at a pace that can only be described as glacial.

Multi-channel:

interacting with an insurance agency at a rough time after an accident, surgery, or other life-altering incidents become burdensome and laborious for anyone who has to deal with it. Having to repeat an issue with an insurance provider over and over because no one on the service line has any idea what they are dealing with is poor CX.

Insurance companies and their customers rarely interact. Unlike banks, where account holders use apps, ATMs, or the site everyday. According to a McKinsey report, on average, insurance holders contact their insurers around twice a year and their bank transactions are up to **20x** more frequent. A majority of them only renew or buy new products once or twice a year, or when making claims. A situation like this means there are only limited times in the life cycle of the customer to interact with the brand and those interactions have to be great. If customers are not happy with the only time they call, email, or chat with the brand, they are likely to leave the next year.

How are Insurers supposed to make sure every touchpoint just works?
By gathering as much data as they can and gleaning insights about their services. It can start with an omnichannel ticketing system that is both pain free and seamless. Research shows that a customer that faces a fragmented experience, six out of 10 customers will simply switch. About one in six customers say that they do not get adequate information or callbacks, 40% of those who did get a callback say they speak with two people or more, all points at bad CX. The same report has found that customers are willing to move channels toward digital if they think it secure and reliable. While the willingness to go digital exists, the actual real-world experiences are left wanting. Over 30% insurance customers are unsatisfied with the current state of digital interactions. Only a mere 20% at this time say their preferred mode of communication with their insurer involves digital channels.

Case study: IndiaFirst life insurance infuses insights into an improved CX journey

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IndiaFirst, a life insurance company that differentiates itself in the market by being easy to approach, use, and has a number of plans made for those seeking fair-prices. The Indian insurance industry is under the stronghold of a few major providers who are not only legacy players, but also have a massive customer base on the older side. A few smaller companies are starting to make their presence felt mainly through excellent CX, powered by AI tools, omnichannel systems, and other efforts to simplify the insurance process for a young India.

Complexity:

To create a centralized CX system. While it seems straightforward, there were a few more on-priority items on the list.

- Build insights from all the customer data collected at various touch points
- Make use of insights to gain an understanding for outer loop prioritization
- Improve Net Promoter Score (NPS) which describes customer loyalty and likelihood of positive recommendations
- Construct solutions for CX roadblocks

The solution:

IndiaFirst with the help of a CX expert got to work setting up an omnichannel system as well as looking to collect as much customer feedback as possible. According to a report published by the insurer, a number of surveys were put in place at multiple touch points that are not only easy to locate and participate in, but also asked pointed questions that gave the CX teams a wealth of information regarding what works, what needs improvement and what needs to change.

As a second step, the entire customer journey was also mapped. It helped the business leaders understand the steps an average person had to take to navigate through the entire system. One of the company's main USPs was that the policies and plan structures were simple and easy to understand, but what about the customer journey through the various touchpoints? Once the mapping was completed, driver and comment analysis followed, this included the surveys as well as other places where comments from customers could be recorded, like the self-service and chatbot areas in the site.

Analysis revealed that there were a few problem areas to focus on right away, prime of them being the website because it had a high impact on NPS and it is often the first touch point for prospective customers. Another problem with the website emerged when they realized that the data showed how people would rather buy new products on the site than through physical means. All the data collected was immediately put to use.

The aftermath:

Using insights gathered, the insurance provider was able to make some real changes. The "Policy Documentation" process, they say, was revamped, leading to fewer complaints on the website as before. Customer journey mapping made it easy to bring about the changes that simplified the payments and renewal processes for premiums and purchasing new products. All of this led to the company starting off on a journey of becoming increasingly customer-centric and significantly improving CX.

Kapture Insights: a catalyst for CX transformation

In an ideal world, every step along a customer's journey through their life cycle within a BFS&I system would be highly streamlined and fine tuned to perfection. The only way to achieve that would be to get feedback from every customer about every single interaction. That is not possible, so getting as much data from using customers and using it to gain deep insights helps. Kapture Insights is a dedicated platform to help companies achieve just this. It is an all-in-one system which helps businesses capture in-the-moment feedback. Driven by an AI-powered Listening Engine, it can be tailored to almost any industry from E-commerce to Banking and Insurance.

What Kapture Insights can do for you

Businesses looking to transform their CX and become more competitive and customer-centric could greatly benefit from this platform. Here are a few key features that help gather, analyze, and glean outcome-driven actions.

Persona-based surveys

Every business has its specific target audience, Kapture Insights helps create different personas who are both part of the target audience, but also diverse within that group. That way, surveys can be aimed at people who are relevant, and can be customized by duration, design, and product or service to the groups they fall under.

Omnichannel experiences

While the importance of funneling down the touchpoints to an omnichannel system is well established as fact, Kapture Insights take it one step further. Not only will the service executives be able to service customers through an omnichannel system through their CX platform, the CX teams will also be able to collect feedback and surveys through a single dashboard system. So if there is a customer that has offered feedback through a social media DM, email, or answered a direct survey, they will be automatically placed into a persona and profile, so all the interactions from that specific person are available in one place.

Scoring models

Helping a bank or an insurance provider get a grip on root-cause analysis helps make the necessary steps to prevent churn—considered to be of prime importance when it comes to measuring success of any CX initiative. Using customizable scoring models and automated categorization of feedback, Kapture Insights simplifies feedback management, enabling scoring models on multiple key performance indicators (KPIs) and performance metrics, based on user demands and requirements.

AI recommendation engine

Employ a trained and user-specific recommendation engine that helps integrate historical data, receive personalized suggestions for each customer, and improve feedback responsiveness and engagement with every interaction. It ensures every bit of feedback is collected and collated, while also giving the end customer timely responses, making sure they feel heard.

Real-time dashboards

One of the best features that a system run on AI brings is how all processes are real-time and require little to no intervention from human executives.

Kapture Insights, being a platform whose main USP is customization and personalization, brings with it the capacity to create several dashboards, all of which are real time and packed with information.

Require a customer-centric dashboard? One that covers every persona? How about an overall dashboard that tracks feedback in real-time?

Done and done.

Get in touch with us at < https://www.kapture.cx/ebooks/> to learn more about how we can transform your CX with Kapture Insights, today.

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