



How to Outwit Challenger Tech in the Financial Services Market

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The technology that powers financial services changes at breakneck speeds. Customers can now use something as simple as an app to access a financial service that formerly required a lot of human expertise, which means that traditional banks have seen a lot of disruption in this marketplace. Couple that with the fact that these challenger brands have lower prices than a lot of banks can compete on, and the result is a disruptive force that these institutions need to consider as they plan business transformations.

If many banks can't compete against challengers on price and still rely on a lot of overhead and structure to serve customers, then how can they stand against competitors that may be smaller in scale but much more agile? The answer, as in all things business success, is Experience Improvement (XI). With that in mind, I'm going to take you through a few things your bank can do to not only keep

your head above water, but to actually take advantage of that continuous transformation to find ever greater success for yourself and your customers.

THE CHANGING FINANCIAL SERVICES CUSTOMER

In order to understand how to take advantage of the ongoing changes in financial services (finserv) tech, it's important to take a step back and consider how the finserv customer is changing. Customer needs, wants, and expectations shift constantly across all industries, and honing in on that change is vital to restructuring your business and experiences around it.

The first reality that banks need to reckon with is that customers are much harder to mature as long-term financial clients than they used to be. This is due in part to the new competition I mentioned earlier, but it's also due to the simple fact that, in this day and age, customers

are constantly comparing brands and experiences to find the best fit. This is one of the main reasons why traditional banks need to continuously improve experiences to stay competitive—and to create deeply connective relationships with customers. This is the only way to provide meaningful experiences while also retaining your book of business.

The other reason that banks need to work on customer experience (CX) if they aren't already is because a lot of these smaller institutions and financial apps haven't really considered the CX angle. This isn't because they don't care about providing a great experience—it's simply because a lot of them are still early in their maturity and in nailing down what makes them unique besides

simplicity. This makes now an optimal time for traditional banks to focus on delivering great customer experiences.

OUTWIT THE COMPETITION

There are a few other factors about these challenger brands that banks should bear in mind while planning, refreshing, or evolving a CX program. The first is that a lot of these challengers have to acquire or merge with one another in order to take on banks like yours. This implies that traditional banks still have the power to mount a response against the competition.

What form might such a response take? Well, in addition to competing on experience, I challenge banks to recognize that they can still provide something a lot of newer challengers are glossing over: a chance to build a relationship. Many financial apps, for example, provide only microsurveys to their customers. Microsurveys are fantastic for gauging individual transactions, but are less effective for evaluating overall relationships. That transaction-only mindset is also still something a lot of these young brands are stuck in. Everything ties back to building fundamental, connective relationships with your banking customers, which is at the heart of both Experience Improvement and your institution's path forward.



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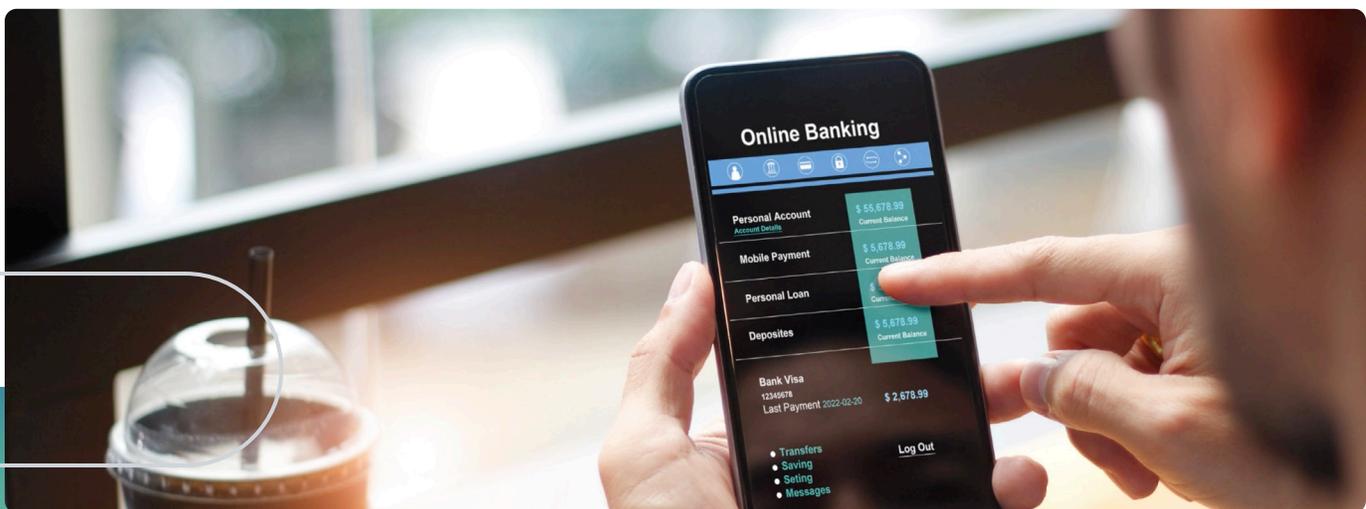
FIND CREATIVE WAYS TO BUILD A PERSONABLE BRAND IDENTITY

Achieving Experience Improvement means that banks need to change their mindsets from merely trying to sell a financial product to considering how the experiences they provide and the CX programs they have in place help answer customers' search for meaning. The beauty of this approach is that it allows you to design a program that strengthens both customer relationships (satisfaction, retention) and your own bottom line (cost reduction, process efficiency). Achieving that goal also means considering what you want your program to accomplish before you turn any listening posts on, then tying those goals to quantifiable objectives.

Building a more personable brand identity is crucial to success these days. One of my favorite examples of this idea in action is

Capital One's bank cafes; Capital One took the notion of what it means to be a bank and flipped it on its head in a very personable way. That doesn't necessarily mean you should train your tellers to become baristas, but it does mean you should think about how to make banking more human in ways your customers will appreciate.

Understanding how to be more human to your customers also ties back to understanding the shared values that bring them to your branch in the first place. One of the reasons smaller app-based competitors and brands are doing well is because, frankly, they've figured out how to build products that appeal to customers in a lifestyle sense, not just a banking one. What lifestyle values do you promote? Do your customers see them, and if so, are they what bring clientele in? Brand perceptions like being environmentally friendly may not directly affect most banking transactions, but they still affect customers' decisions to transact with you at all!



THRIVE IN AN AGE OF DISRUPTION

What else should traditional banks bear in mind when creating a more human experience and outmaneuvering smaller competitors? First, remember that creating a meaningful experience takes more than numbers. Scores like NPS and OSAT are important, but they can't provide the raw context that unstructured data can. So, tune your relationship surveys to let customers express themselves in their own words. Let them provide open-ended feedback about your brand and their idea of a more human experience.

Second, this unstructured feedback also allows you to build a complete profile of your customer. You can then put that profile up against financial and operational data to create a complete, holistic view of who your customers are and what a connective, human banking experience looks like to them. Gathering information from teams throughout your institution can only add additional customer intel.

Once you have that customer profile, you can improve your experiences to be more personable so that customers feel cared for and keep coming back to you even when a smaller app or institution might have more competitive pricing. Customers won't care about the competition if they feel you know and care about them as people, which, again, is at the heart of why financial institutions must move from 'merely' selling products to building connections with customers. This will allow finserv brands to thrive amid technological disruption, maintain their marketplace leadership, & create more meaningful experiences for customers.

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