



The right technologies help
**IMPROVE CUSTOMER
EXPERIENCE AND TRUST.**

58% of customers say switching banks or insurers isn't difficult.

BASED ON
RESEARCH
FROM





Helping the financial industry
**SOLVE THE CUSTOMER
ENGAGEMENT EQUATION.**

Population trends and technology changes are redefining the way customers interact with their financial institutions. Rising consumer demand for engagement across a growing number of mobile and digital outlets has created a more complex customer-service environment. Improving the customer experience—and the technologies that enable it—has become a key priority for financial services institutions everywhere.

In an industry where service interactions are nearly four times more likely to decrease customer loyalty than increase it, providing a better experience can truly differentiate your company. That means delivering faster, more efficient service across the channels that serve your clients best—but also investing in technologies that enable internal collaboration and sharing.

CEB, a leading member-based advisory company, conducted independent research and analysis to explore how financial services institutions interact with customers—and what they can do to improve. The study highlights which drivers encourage the most disloyalty, and how key technologies can help you overcome them. The following white paper, sponsored by Verizon, is CEB's unaltered study in its entirety, "Solving the Customer Engagement Equation."



SOLVING THE CUSTOMER ENGAGEMENT EQUATION

The relationship between customers and their financial institutions is in a delicate state. In the aftermath of the global financial crisis, customer trust and confidence in financial services institutions (FSIs) has declined. In response, FSIs are prioritizing innovation and investment in technology and policies to improve the customer experience.

Over the past 5 years, the manner and method of connection between the FSI and the customer has changed significantly. FSIs have experienced significant growth in the volume of interactions through the mobile and online channels, creating a more complex environment for customer support. Customers are choosing a multichannel relationship with their institutions. As a result, the role of the branch and the approach to multichannel support is shifting.

For banks and insurers that understand and respond to the customer engagement challenge appropriately, there is enormous hidden opportunity. With the right investments and the right strategy for customer experience, FSIs can emerge with true competitive differentiation.

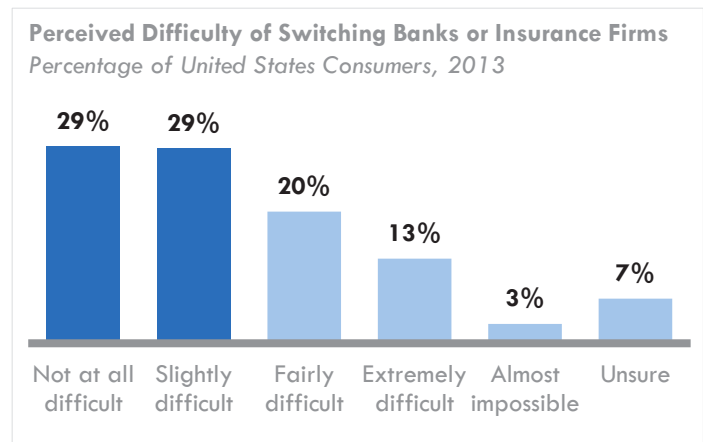
To capitalize on the current climate and build a differentiating customer experience, financial institutions should:

- 1. Reduce the drivers of disloyalty.** Service interactions are four times more likely to cause disloyalty than loyalty. Rather than trying to “wow” customers, focus on reducing factors that frustrate and annoy them to ensure longevity in the relationship.
- 2. Engineer multichannel customer engagement.** In order to simplify service interactions for customers, FSIs should assess which channels are best for each interaction and then guide customers to those paths. Instead of aiming to provide every service in every channel, FSIs need to focus on the ease of moving from a customer’s starting point to the channel or person that can serve them best.
- 3. Improve technology infrastructure.** Getting work done today requires more collaboration among a broader and more diverse set of people. Equip frontline staff to collaborate as their roles demand. Staff need much more information for their roles, but it is often hard to find or unusable. FSIs should create structures and invest in technology to better manage data accessibility.

SUPERIOR SERVICE ALONE DOESN'T IMPROVE LOYALTY

Customers are not afraid to leave their financial institutions. A startling fifty-eight percent of customers think it isn't difficult to switch banks or insurers. According to a recent CEB survey, 17% of banking customers and 45% of insurance customers are likely to switch to another provider in the next 6-12 months.

Most FSIs understand that the quality of their service has a direct impact on the loyalty of their customers. Contrary to conventional understanding, a superior experience does not greatly increase loyalty. In fact, service interactions are 3.97 times more likely to make customers more disloyal than more loyal.



n = 1,587.
Source: CEB 2013 Customer Experience Survey.

PRIORITIZE YOUR CUSTOMER'S SERVICE EXPECTATIONS

When considering how to improve customer interactions to reduce disloyalty, FSIs must understand what customers actually require. Customers overwhelmingly value fast and easy resolution to service interactions. 84% of customers indicate that where issues are resolved is not important, they simply want issues resolved quickly and accurately, preferably on first contact.

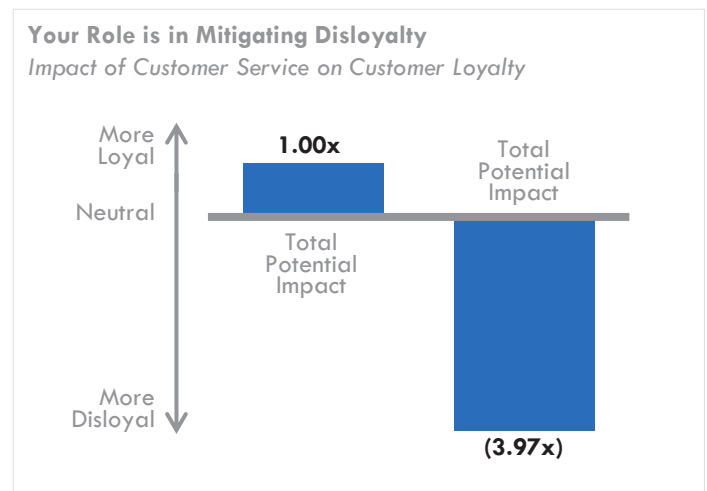
Yet 57% of inbound calls come from customers who visited the website first and after failing to find a solution, had to contact the institution through another channel. When service doesn't meet customer expectations of speed and ease of resolution, it results in disloyalty 96% of the time. By contrast, low effort service experiences results in loyalty in 91% of cases.

If exceeding expectations in the service channel yields little benefit to customer loyalty, what is the solution?

Institutions should seek to reduce drivers of disloyalty in service interactions. According to recent CEB research, the most common disloyalty drivers are: repeat contacts, channel switching, transfers, repeating information, and generic service.

These drivers lead to a high effort customer experience. Even a small reduction in these behaviors can significantly impact the number of disloyal customers at an institution.

While the conventional wisdom has been to deliver service beyond the customer's expectations, firms should focus instead on the fundamentals of service. Proactive communication, clear policies, understandable fee structures, and simple processes will be the primary drivers of loyalty for customers.



n = 97,176.
Source: CEB analysis.

CUSTOMERS PRIORITIZE GUIDANCE OVER CHOICE

Mobile and online device usage among consumers is becoming ubiquitous and offers a broad range of new interaction opportunities for FSIs. Across financial sectors, technology investment in all channels is increasing, with 54% and 45% of banks investing in mobile and online respectively. However, FSIs struggle to identify which services to offer across channels and how to maintain a high service level in a self-service environment.

According to recent CEB research, while organizations are typically hesitant to push customers to a given channel or solution, customers actually value and respond well to guidance from the company.

ENGINEER A MULTICHANNEL CUSTOMER ENGAGEMENT

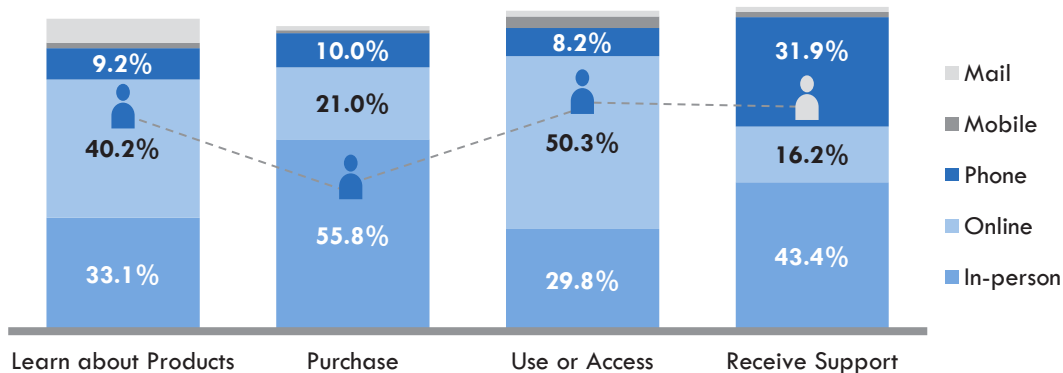
Understanding how customers approach financial interactions in a multichannel environment is the next step to determining what type of guidance to provide for each type of interaction. When reviewing channel preference across the customer journey, most customers pursue multichannel rather than purely single channel experiences.

A typical customer interacts with digital and personal channels throughout a product journey but displays channel preference for different interaction types. For instance, most customers use the online channel to research products, but prefer to purchase them in person.

The knowledge that customers will switch channels throughout the product cycle empowers FSIs to create a strategy that supports this journey. FSIs should try to create a seamless transition between channels and prioritize the technology investments that will support it.

Varying Channel Preference Across the Customer Journey

Percentage of North American Financial Institution Customers by Channel Preferences for Specific Activities, 2013

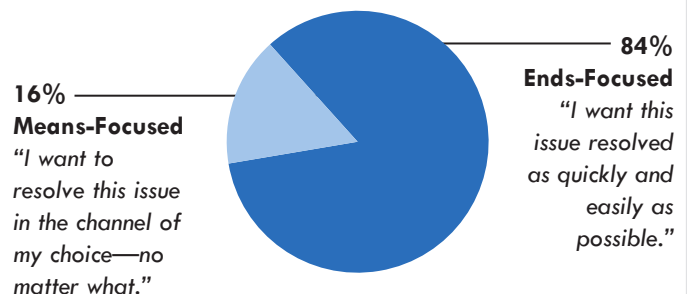


Understanding these nuances of customer preference allows institutions to better direct their resources toward a particular interaction. Eighty-four percent of customers are “ends-focused”, meaning they choose easy issue resolution over a specific channel.

Instead of aiming to provide every service in every channel, FSIs need to focus on the ease of moving from a customer’ starting point to the channel or person that can serve them best.

Success demands being able to responsively guide customers from any point of access to the entire institution.

Breakdown of Two Customer Types



n = 2,013; 996.
Source: CEB 2013 Customer Experience Survey; CEB analysis.

STAFF NEED NEW TECHNOLOGY TO BEST SERVE CUSTOMERS

To meet their ambitious goals for 2014, executives expect an average of 20% improvement in employee performance over current levels. This need for productivity improvement is complicated by information volumes, which are growing by 60% annually when over one-third of all work time is already devoted to information collection and analysis.

Firms face new pressures as the work environment requires more collaboration with a broader, more diverse network. In order to overcome these challenges, firms need to lay a strong foundation for collaboration and build the accessibility and usability of data assets.

BUILD COLLABORATION INFRASTRUCTURE

Supporting customer interactions naturally requires a large level of collaboration and coordination amongst staff. This challenge is compounded by the shifting nature of the work as FSIs expand services across channels and attempt to coordinate both inbound and outbound communications.

Sixty-seven percent of employees report an increase in work requiring active collaboration in the past 3 years. Fifty-seven percent of staff also report an increase in the amount of work with coworkers in another location.

New technology can improve employee productivity by providing tools to communicate easily and collaborate on customer service in real time and across geographies.

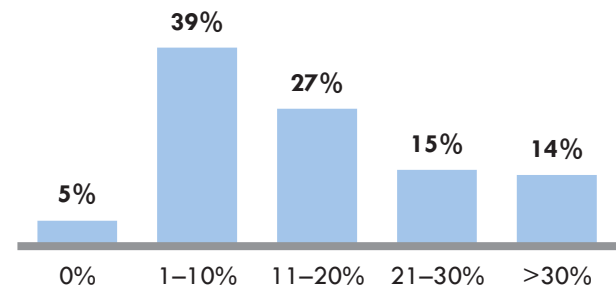
MAKE DATA ACCESSIBLE

While employees can access data readily, too much data is unusable or too hard to find. More than 50% of employees say information is in formats they cannot use.

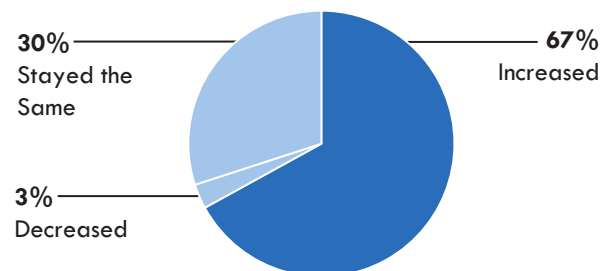
CEB research shows that nearly 1 in 2 retail banks use branch software, contact center, and ATM systems that are more than 6 years old. Similarly, 49% of insurers are held back by policy administration systems from 2007 or before. At many institutions, a single customer interaction can require the use of multiple legacy systems, severely impacting efficiency.

As a result, two-thirds of employees report spending time on unproductive analyses. Companies need to create structures and invest in technology to better help collect, define, prioritize, store, and disseminate information.

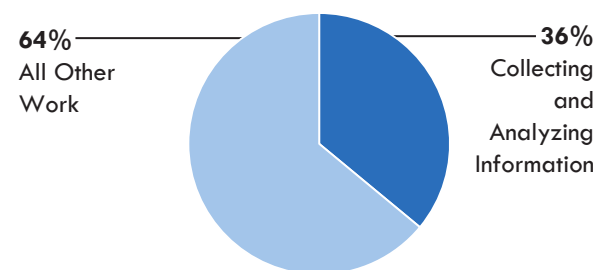
Executives Need More from Staff to Meet Current Goals
Percentage of Improvement Needed to Achieve Business Goals



Amount of Work that Requires Collaboration with Others
Change Experienced in the Past 3 Years, by % of Employees



Time Spent Collecting and Analyzing Information
Percentage of Total Knowledge Worker Work Time



n = 2,046; 23,339; 4,941.

Source: CEB 2013 Human Resources High Performance Survey; CEB Insight IQ Diagnostic.

While improving the customer experience is a considerable challenge, its benefits are immeasurable. Achieving these benefits is only possible when you have the right technologies and strategic vision in place. For financial services institutions, better customer engagement begins by deploying services and solutions that are more effective on a fundamental level.



Our solutions can help you improve customer engagement and succeed in a world of increasing cyber threats and intensifying competitive pressure. Don't settle for solutions that just meet challenges; get solutions that provide you with competitive advantages. With Verizon, you can learn to manage risk, understand your customers, and transform operations in ways that drive growth and increase performance.

Improve the Customer Experience	Drive Growth and Business Performance	Manage Risk
<ul style="list-style-type: none"> • Omni-channel strategy • Web/digital experiences • Customer intelligence 	<ul style="list-style-type: none"> • Expansion and innovation • Operational efficiency • Workforce productivity 	<ul style="list-style-type: none"> • Security • Compliance • Operational continuity

Verizon Solutions:

Customer Interaction Solutions	Secure Application Delivery	Risk Monitoring and Management
Digital Experience Optimization	Operational Transformation	Technology Compliance
Customer Analytics Enablement	Productivity and Collaboration	Defense and Continuity

Platforms

- Intelligent Networking
- Advanced Communications
- Cloud
- M2M Mobility
- Security

- Managed Services**
- Professional Services**

Verizon's expertise in Intelligent Networking, Cloud, Security, M2M, and Mobility, plus our Managed Services and Professional Services, allow us to offer solutions to address customer needs in these important areas.

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