

Empowering banking customers' signature moments

How financial institutions can support key life events



In brief

- There's a disconnect in banking – what customers want often differs from what their retail financial institutions provide.
- Understanding the significance of life events and using this knowledge effectively opens a door to new opportunities.
- In multiple ways, big and small, retail financial institutions can earn trust and loyalty.

Retail financial institutions (FIs) today recognize the need for an approach that centers customer's needs and interests. It's increasingly evident that there's much to be gained by switching from a product-centric strategy to one that puts the customers first.

But embracing customer centricity is just the start. The big question is *how*. Customers' pain points and preferred channels (like smartphone apps) are now given greater priority than in the past, but not as much as customers have come to expect. The fact is, customers today are not just comparing your service with your competitors – they're thinking of the best service they've seen anywhere, in any industry, and making that their benchmark.

To learn more about how retail FIs can better embrace customer centricity, [we surveyed just under 1,000 banking customers and 100 banking executives](#) in the US, UK, and Canada. The results highlight potential areas of improvement when it comes to customer expectations and what retail FIs are delivering. Customers value seamless service, personalized experiences, quality interactions, and clear communication. These insights offer financial leaders a guide to enhancing customer experiences, building loyalty, and driving business growth.



How retail FIs can better embrace customer centricity

When introducing customer focused solutions, we found three challenges that banks need to overcome.

1. Easy-to-understand communication

According to our research, more than half of customers are unsatisfied with how their retail FI handles communication, with more than 52% reporting dissatisfaction with current communication practices. They desire honest information that empowers them to make informed decisions, without any hidden fees, and with clear language and explanations of account changes. Any lack of transparency can make them feel sidelined rather than supported in managing their finances effectively.

Additionally, customers prefer more supportive sales tactics, without the feeling of being pressured into purchasing products that don't align with their needs. They want to feel that their advisors are prioritizing their well-being over profits, recommending services that align with their financial goals. When this is missing, customers may reassess the commitment of their financial institutions to prioritize their interests, potentially impacting trust and confidence.

2. High quality customer service

When customers reach out to their financial institutions, they seek quick, accessible, and responsive support from someone capable of promptly resolving their issues. However, many need clearer answers during these crucial service interactions. Nearly 48% of surveyed customers reported subpar experiences, often finding it difficult to access the assistance they need. Reduced branch locations and limited operating hours have further limited opportunities for personalized support, leaving customers feeling underserved.

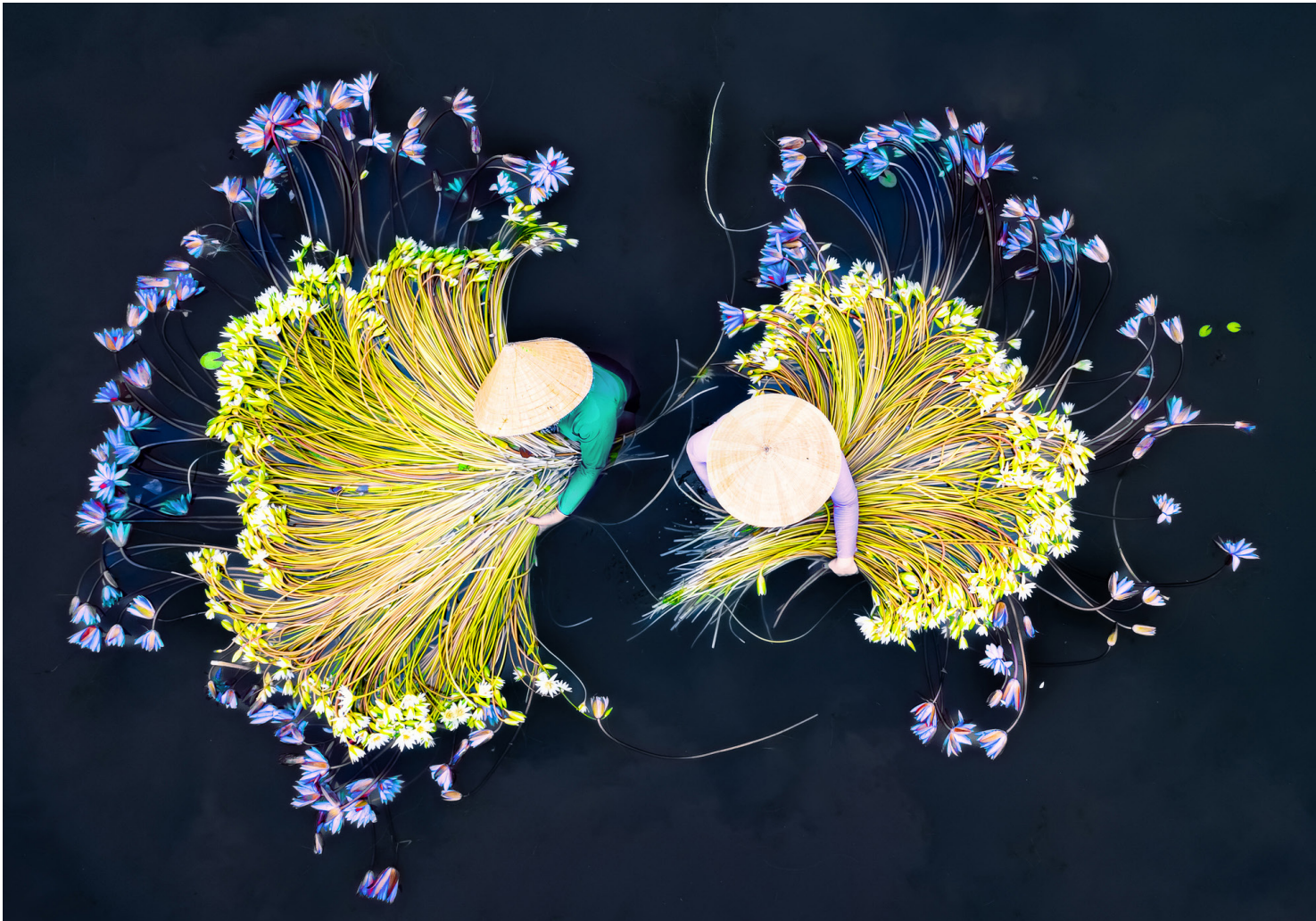
In urgent situations, customers often encounter automated systems or face lengthy wait times before connecting with a representative. This can increase frustration due to the perceived lack of immediate support, making customers feel neglected and undervalued, which may diminish their loyalty to the institution.

3. Consistent and connected digital experiences

Customers find outdated technology and personal digital experiences disappointing, as these do not adequately meet their needs. Despite the increasing reliance on digital banking, nearly 44% of customers face challenges with unreliable mobile apps, frequent crashes, and websites that are difficult to navigate. These issues make interactions frustrating and inconvenient, lacking personalization and user-friendly design.

In an era where digital experiences define customer relationships, these technical shortcomings reflect poorly on the institution's ability to keep pace with innovation. Customers expect more than just basic functionality – they want a seamless, intuitive experience that feels customized to them. Ignoring this area not only erodes satisfaction but also challenges their ability to build lasting, profitable relationships with their digital-savvy clients.

Here we see some of the ways that retail FIs are struggling to connect with their customers. Let's now turn to one solution that enables retail FIs to connect with customers when and where their support matters most.



The importance of life events for retail FIs

Life events – whether buying a home to start a family, pursuing higher education, or planning for retirement – profoundly influence our financial decisions and strategies. And not only that – these are the times when people take stock of the friends, family and institutions around them, and seek to understand who among them they can count on. For financial institutions to land on the right side of that ledger, understanding the intricacies of these life events is crucial.

Being present in the journey of peoples' key life events presents a significant opportunity to build trust and loyalty for retail FIs. Moreover, as each life event

represents a unique journey for each customer, and has its own, distinctive characteristics, it is extremely important for retail FIs to build flexible customer journeys that allow for personalized paths.

The various events in an individual's life have been visually represented below. As you can see, this wide range of events provides numerous opportunities for retail FIs and financial institutions to build deeper, more personal connections with their customers, ultimately fostering trust and loyalty.

Figure 1: Life events for a typical customer



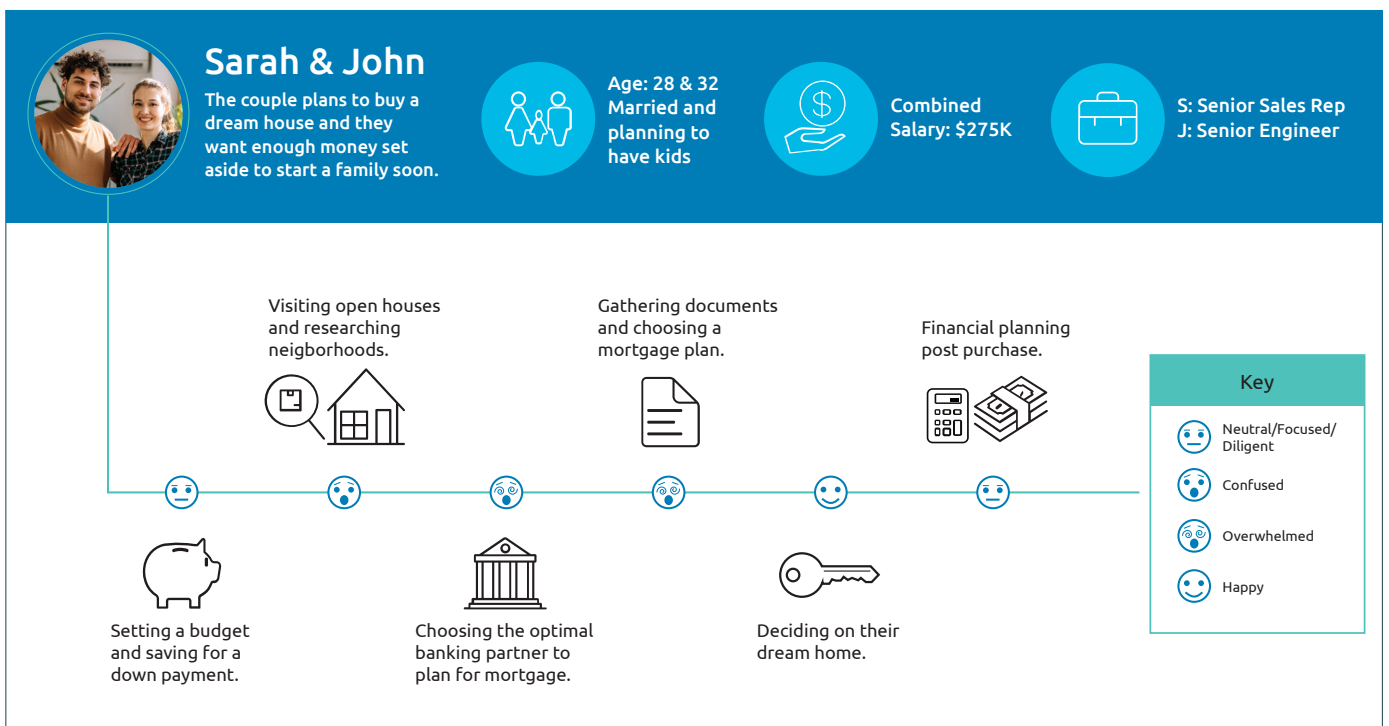
Example: A first home

Let's look at a typical case. Consider the story of Sarah and John, a young couple in their early thirties who recently decided to buy their first house. This decision is motivated by their desire to start a family and provide a stable, nurturing environment for their future children. Sarah and John embark on their journey with excitement and determination. They set a budget and diligently save for a down payment, despite the challenge of rising property prices. Their disciplined saving requires forgoing luxuries and carefully managing their expenses, yet the goal often seems just out of reach. After many months, they begin searching for their dream home, spending weekends at open houses, researching neighborhoods, and grappling with the complexities of mortgage options and fluctuating interest rates. Despite their motivation, they're feeling overwhelmed.

Even before choosing a mortgage lender, gathering documents and shortlisting potential banking partners is a tedious process for the couple. Since this is their first time being involved in such a process, they also need to choose the best banking partner based on the mortgage options available. During their research, they learn that some lenders offer pre-qualification, simplifying the home-buying process. Once they decide on a banking partner, they start the home-hunting process, searching for the perfect place to call home.

Finally, after finding their dream home, they face the daunting task of securing a mortgage, which involves extensive paperwork, credit checks, and financial assessments. This makes them anxious about making the right, long-term financial decision.

Figure 2: Journey to buying your first home



Opportunities for their financial institutions

At each stage of Sarah and John's journey, their financial institution has the opportunity to provide support through personalized services that enhance their overall customer experience. As each customer's needs and requirements evolve throughout their

journey, retail FIs can step in at different points and offer tailored solutions to meet individual needs. Here's how they can make meaningful impact during these moments, offering both quick wins (low hanging fruit) and fostering long-term financial wellbeing:



Personalized financial planning:

From the moment Sarah and John express interest in buying a home, their mortgage lender can offer personalized financial planning services. By analyzing their income, expenses, and savings goals, the lender can provide tailored advice on the best strategies to save for a down payment. This support might include setting up automatic transfers to a dedicated savings account, providing budgeting tools, and offering financial literacy resources to help them make well-informed decisions.

Transparent and accessible information:

During the home search phase, financial institutions can offer clear and accessible information about mortgage options, interest rates, and the real estate market. This can be achieved through user-friendly online platforms, interactive tools, and educational seminars. Along with this, acknowledging the emotional and psychological aspects of life events is also essential. FIs can offer workshops, webinars, and counselling services to help customers navigate the indecisiveness associated with major life changes. By addressing these non-financial aspects, FIs can demonstrate empathy and build stronger personal connections with their customers.



Streamlined application process and continuous support:

FIs can streamline the mortgage application process by offering digital solutions that simplify paperwork, reduce processing times, and provide real-time updates. By leveraging technology, they can make the process less intimidating and more efficient, ensuring a smoother experience for customers. To enhance this process, financial institutions should focus on identifying customer archetypes—groupings of customers based on their behaviors, motivations, and attitudes during the mortgage journey.

Each archetype presents specific “jobs to be done,” which represent the tasks that customers expect the FI to help them achieve. For instance, first-time homebuyers often feel overwhelmed by the complexity of the mortgage process, so a key “job” for this archetype would be reducing uncertainty. Some customer-centric FIs facilitate the process by getting their customers pre-qualified – an easy step that helps estimate affordability and potential monthly payments before applying for a mortgage.

Furthermore, FIs can continue to support customers even after securing a mortgage by offering advice on managing payments, refinancing options, and financial planning for future goals. Regular check-ins, personalized financial reviews, and proactive

communication help customers stay on track and adapt to changes in their financial situation. These ongoing interactions can be designed to meet the evolving “jobs to be done” by FIs at various stages of a customer’s financial life cycle, such as planning for home renovations or paying off the mortgage early.

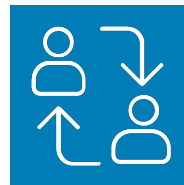
While it’s important to make changes from the customer-facing front, it is equally crucial for firms to improve their back-end operations from an operating model standpoint. This involves making changes in how financial institutions function.

Financial Institutions can guide customers in the following ways:



Life event trigger alert:

Financial institutions can develop systems to detect and respond to life event triggers, such as marriage, childbirth, or job changes. By integrating data analytics and customer relationship management tools, FIs can proactively offer relevant financial products and services when these events occur. For example, if a customer receives a significant salary increase, the FI could suggest investment opportunities or retirement planning services.



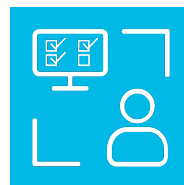
Continuous feedback loop:

Establishing a continuous feedback loop with customers enables FIs to refine their services and better meet customer needs. Regular surveys, focus groups, and feedback platforms provide valuable insights into the customer experience. By actively listening and responding to their feedback, FIs can continuously improve their offerings and stay attuned to evolving customer expectations.



Collaborative ecosystem:

FIs can establish partnerships with real estate agents, insurance companies, and other service providers to create a collaborative ecosystem that supports all aspects of a customer’s life event journey. By offering bundled services and seamless referrals, financial institutions can provide a holistic and convenient experience for their customers. Such collaborative ecosystems can accommodate the diverse timelines and needs of individuals. While some may be well-advanced in their home-buying process, others may need additional time and assistance in choosing the right mortgage lender.



Technology and skills:

Additionally, financial institutions must be equipped with the right technology and skills to seamlessly map and enhance the customer journey. For instance, if a customer contacts their bank to inquire about a home renovation loan, the bank should have a comprehensive view of their profile to suggest personalized and timely offers – such as integrating their partner into a joint account plan or recommending relevant financial products that align with their upcoming life event.

In conclusion

Trust is earned

Being present in the moments that matter goes beyond offering financial products and services; it's about building deeper, more personal connections with your customers. By understanding and supporting customers through their most important life events, financial institutions can foster trust, loyalty, and long-term relationships. This customer-centric approach not only addresses immediate financial needs but also emphasizes empathy and proactive engagement.

The example use cases discussed in this article illustrate the challenges and needs that arise during significant life milestones, highlighting the vital role FIs play in guiding and supporting their customers.

Ultimately, financial institutions that recognize the significance of life events can use those opportunities to provide value. By doing so, they create lasting impressions that build loyalty, strengthen their reputation, and create exceptional customer experiences and enduring trust.



Meet our experts



Chandramouli Venkatesan

Head of Digital Front Office Transformations,
Banking and Capital Markets

chandramouli.a.venkatesan@capgemini.com



Andrew Lee

Manager, Banking & Capital Markets

andrew.b.lee@capgemini.com



Preethi Allampalli

Digital Marketing GTM Lead, Continental Europe

preethi.a.allampalli@capgemini.com



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