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Bank Customers Report a Decline in Positive Customer Experiences for First Time in Three Years, Largely Driven by Gen Y

***Evolving Customer Expectations Put Impetus on Banks to Transform Digital Capabilities,
Including Investments in Social Media***

Paris, New York - April 24, 2014 - Retail banking customers reported fewer positive customer experiences for the first time in three years, putting banks at risk of losing customers and profitability according to the eleventh annual World Retail Banking Report (WRBR) released today by [Capgemini](#), one of the world's foremost providers of consulting, technology and outsourcing services and Efma¹. This downshift underscores the challenges banks are facing in meeting the evolving demands and high expectations of digitally-savvy Generation Y² (Gen Y) customers. This new reality requires banks to digitally transform as well as leverage social media.

More than one-quarter of the countries in the WRBR's Voice of the Customer (VoC)³ survey reported a decrease of more than 10 percent in the share of customers with positive experiences, a major reversal from 2013 when increases of more than 20 percent were prevalent.

"The decrease in the percent of customers reporting positive experiences signals an early warning alert for the industry," said [Jean Lassignardie](#), Chief Sales and Marketing Officer, Capgemini Financial Services Global Business Unit. "To reverse the troubling decline in positive experiences, banks need to fully understand evolving customer preferences and the expectations of 'Gen Yers', who are driving current and future demands in banking and its digital transformation."

¹ As a global not-for-profit organization, Efma brings together more than 3,300 retail financial services companies from over 130 countries. With membership from almost a third of all large retail banks worldwide, Efma has proven to be a valuable resource for the global industry, offering members exclusive access to a multitude of resources, databases, studies, articles, news feeds and publications. Efma also provides numerous networking opportunities through work groups, online communities, and international meetings.

² Gen Y is the tech-savvy population born between 1980 and 2000

³ The WRBR's Voice of the Customer (VoC) of more than 17,000 customers in 32 countries forms the basis of the WRBR's Customer Experience Index (CEI), which reflects the sum total of all the positive, negative and neutral experiences customers have as they perform basic transactions with their banks. By identifying the factors most important to customers, then measuring satisfaction specifically along those dimensions, the CEI provides an in-depth view of customer experience that is uniquely aligned to customer values.

Positive Experiences Enhance Profitability

The industry's ability to reverse the drop in positive customer experiences is crucial given the powerful effect positive experiences have on various behaviors that drive profitability. This year, for the first time, the WRBR measured the impact of positive experiences on a number of behaviors linked to increased profits. Specifically, the report found that customers with positive experiences are more than three times more likely to stay with their bank than those who have negative ones. Customers with positive experiences are also three to five times more likely to refer others and purchase another product.

The Power of Gen Y Demands Will Shape the Future of Digital Banking

With Gen Y comprising one-quarter to one-third of the population in many markets, its attitudes and preferences are highly influential. This group's expectations of how banks should serve their customers, particularly via digital platforms, are significantly higher than those of the general population thanks to their prolific and sophisticated use of technology. Retail banks must pay attention to the needs and expectations of Gen Yers, as their influence is only expected to grow.

The growing prominence of Gen Y, the tech-savvy population born between 1980 and 2000, is an important reason behind the overall decline in this year's customer experience ratings, the WRBR found. Gen Yers are considerably less likely to have positive experiences with their banks. In North America, the difference is particularly stark, with only 41.7 percent of those between 18 and 34 years citing positive experiences, compared to 63.4 percent of those of other ages, a difference of 21.7 percent. In other regions, positive experiences for Gen Y lag those of other age groups by anywhere from 7 percent to nearly 10 percent.

Improving service delivery to Gen Y customers will also require banks to develop a social media strategy. The vast majority (89 percent) of bank customers today have a social media account, and more than 10 percent of customers say they already use social media at least once a week to interact with their bank. Yet most banks are still in the very early stages of developing a plan for social media. The WRBR found several gaps between the functionality banks make available on social media and what customers would like them to offer.

To carry out a strategic social media strategy, banks will need a multi-layered infrastructure to include:

- Appropriate platforms to develop and host apps
- Big data analytics to process customer data and generate insights
- Dedicated support staff to provide live customer care and address reputational issues
- Governance mechanism to be used for training and risk mitigation
- Enhanced safety and security of customer data.

The need to address the requirements of digitally-savvy customers must be balanced against the reality that traditional channels still play a role, the WRBR found:

“Banks are no longer a branch or a place where customers go, but a collection of services that take place, anywhere, anytime,” said Patrick Desmarès, Secretary General, Efma. *“Banks need to be prepared to respond to all customers, no matter how, when, and where they want to do their banking.”*

[Simon Short](#), Head of Capgemini’s recently launched Digital Customer Experience Global Service Line comments: *“We know that today’s end-users expect seamless interactions via multiple channels with faster, almost instantaneous responses. The findings in this year’s World Retail Banking Report demonstrate that retail banks need to be more agile, innovative, social, and mobile in order to create a more meaningful experience to engage their Generation Y customer base.”*

For more information, explore our new interactive website at www.worldretailbankingreport.com

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About Efma

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