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WHILE MAJORITY OF BANKING CUSTOMERS SATISFIED WITH THEIR RETAIL BANKS, A RENEWED FOCUS STILL NEEDED ON CUSTOMER EXPERIENCE ACCORDING TO 2011 WORLD RETAIL BANKING REPORT

Milan and Paris – May 10, 2011 – Despite low levels of confidence in the banking industry, the majority (59 percent) of customers are satisfied with their banks, according to the eighth annual World Retail Banking Report released today by Capgemini, UniCredit and Efma. New to this year’s report is the introduction of the Capgemini Retail Banking Customer Experience Index (CEI), which gauges how customers perceive the quality of their interactions with their banks across three dimensions: products, channels and customer transactions¹. Among the key findings of the CEI is that the retail branch remains an important channel for consumers despite the growing popularity of internet banking; however, the branch’s role must evolve to meet changing customer needs.

The CEI was developed based on a survey of nearly 14,000 bank customers across 25 countries, as well as nearly 50 in-depth interviews with senior banking executives worldwide². It reveals that receiving superior service is far more important to customers than their bank’s reputation. Globally, only 27 percent of customers said brand image is a major contributor to leaving a bank, whereas 55 percent cited service quality. As previous factors – including low prices and innovative products – are quickly losing their ability to provide a competitive edge, delivering a positive customer experience is one of the few differentiators banks can use to stand out in today’s market.

According to the CEI, banks’ success overall in delivering positive customer experiences is high, with an average rating of 72.2 out of 100. In North America, U.S. banks were rated the highest with a score of 78.0;

¹ This covers information gathering, transacting, problem resolution, account status and history updates.

² Capgemini’s Voice of the Customer survey was fielded in early 2011. The survey findings provided the underlying input for the Customer Experience Index.

Switzerland led Europe with 76.2 and India ranked highest in Asia-Pacific with 77.0. However, banks have been much less successful when it comes to delivering positive experiences on the products, channels and banking interactions that are most important to customers. Overall, only 35.8% of customers had a positive experience on factors they highlighted as most important to their banking experience.

“Capgemini’s CEI was built with the understanding that a gap exists between what banks perceive as important to customers and what customers say is most important,” said Jean Lassignardie, Global Head of Sales and Marketing, Capgemini Financial Services. *“The CEI seeks to align the product, life cycle, and delivery channel capabilities of banks with the values and standards of their customers, providing banks with additional insights to set better business and channel strategies.”*

Banks need to focus on customer experience across banking channels

According to the CEI, banks are seeing the largest gap in meeting customers’ needs in the area of banking channels. Customers in different regions have varying perceptions of the importance of different channels. Local factors, such as a country’s technological infrastructure, and customer comfort and experience with technology are important variables. Banks need to identify the channels that are most important to their customers and offer the most positive experiences for those specific channels.

The CEI shows that customers in every region perceive the branch and the internet as the most important channels. However, with the exception of customers in North America, less than half of customers report having positive experiences through either one of those channels. In addition, mobile was considered the least important channel in all the regions, though Latin Americans valued it much more highly than customers in other regions.

“The industry can be commended for maintaining overall sound satisfaction levels, but indeed banks need to move towards providing more positive experiences in the areas that matter most to customers ,said Alessandro Decio, Senior Executive Vice President, Head of Family and SME Division, UniCredit. “Overall, the goal for any bank is to direct the right product to the right customer through the right channel, assuring ease-of-use, transparency and flawless execution. This can only be achieved through careful analysis of customer needs, expectations and channel usage patterns, and requires complete dedication to process excellence and efficiency in every client interaction.”

The role of the branch must evolve to meet changing customer needs

According to the CEI, the branch remains one of the premier channels for delivering high-quality services. However, attitudes toward the branch and usage patterns are shifting among customer segments. Today, customers view the branch as providing more advisory and relationship management services and customers plan to expand their use of the branch for such services from 28 percent in 2010 to 31 percent in 2015. They also rely on the branch to handle more complicated issues, such as resolving problems and applying for complex products like mortgages and loans. At the same time, as customers expand their use of direct or non-branch channels, basic financial transactions occurring in the branch are expected to decline, from 37 percent in 2010 to 34 percent in 2015.

“Though the branch remains a favored channel, it cannot persist in its current form due to high costs and changing customer preferences. To be profitable and remain relevant, banks need to reevaluate their current branch channel strategies,” said Patrick Desmarès, Secretary General, Efma. *“In order for the branch to play a new, more valued role in an overall delivery strategy, banks need to consider changes to some key areas within their branches, such as branch layout, technology, staffing and sales and services.”*

Banks need to consider the following themes in identifying the role branches will play in their overall business strategy:

- 1. The Branch at the Core of a Multi-Channel Network** is a full-service branch that manages customer relationships, providing a full array of advisory and day-to-day transactional services.
- 2. The Branch as a Trusted Advisor** recognizes the branch is moving toward providing advisory services and building trusted relationships, as day-to-day transactions move to direct channels.
- 3. The Branch as an Independent Network** optimizes the branch’s role by putting branches in places where customers already visit, such as grocery stores, supermarkets or post offices.
- 4. The Branchless Bank** delivers banking products and services strictly through direct channels, including the internet, phone, mobile device, ATM, and even social networks.
- 5. The Branch as Part of a Seamless Multi-Channel Network** makes the branch an equal partner with direct channels in managing customers, recognizing that direct channels have become essential in the customer experience and are cost effective for low margin transactions.
- 6. The Branch as a Physical Space for Virtual Interactions** serves as an anchor for customers executing virtual transactions, such as through self-service machines or devices that use videoconferencing to connect to centrally located product specialists.

Clearly, branches still play a major role in a multi-product, multi-channel retail banking environment. But exactly how that role should evolve will differ bank to bank, depending on careful analysis of each bank's customer base, including demographic shifts, regional expectations, and channel preferences. Only by redefining the branch to meet the specific needs of their customers will banks reach the critical goal of enhancing the customer experience.

About Capgemini

Capgemini, one of the world's foremost providers of consulting, technology and outsourcing services, enables its clients to transform and perform through technologies. Capgemini provides its clients with insights and capabilities that boost their freedom to achieve superior results through a unique way of working, the Collaborative Business Experience™. The Group relies on its global delivery model called Rightshore®, which aims to get the right balance of the best talent from multiple locations, working as one team to create and deliver the optimum solution for clients. Present in 40 countries, Capgemini reported 2010 global revenues of EUR 8.7 billion and employs over 112,000 people worldwide.

Capgemini's Financial Services unit brings deep industry experience, innovative service offerings and next generation global delivery to serve the financial services industry. With a network of 17,000 professionals serving over 900 clients worldwide, Capgemini collaborates with leading banks, insurers and capital market companies to deliver business and IT solutions and thought leadership which create tangible value.

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About Capgemini India

Capgemini in India is more than 33,000 people strong across 7 cities (Mumbai, Bangalore, Hyderabad, Kolkata, Chennai, Pune and Delhi). A pioneer in the IT industry, Capgemini has over 43 years of global expertise collaborating with leading corporations and now brings the Consulting, Technology and Outsourcing experience to India. With dedicated teams to service the local markets, Capgemini has strong domain experience to assist clients across the Government and Public Sector, Energy and Utilities, Manufacturing, Telecom and Financial Services sectors and help them advance in their respective industries. Please visit www.in.capgemini.com for more details.

About UniCredit

UniCredit is a major international financial institution with strong roots in 22 European countries and an overall international network present in approximately 50 markets, over 9,600 branches and 162,000 employees as of 31 December 2010.

In the CEE region, UniCredit operates the largest international banking network with nearly 3,900 branches.

The Group operates in the following countries: Austria, Azerbaijan, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Germany, Hungary, Italy, Latvia, Lithuania, Kazakhstan, Kyrgyzstan, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine.

For more information: www.unicredit.eu

About Efma

Efma is a not-for-profit association specialising in retail financial marketing, formed in 1971 by bankers and insurers. Today, over 3,000 brands in 130 countries are Efma members and these include over 80% of Europe's largest retail financial institutions. Efma provides a professional forum that enables members to share experiences; promote best practices; and collaborate through alliances and partnerships. This is complemented by regular events, councils, online communities, detailed studies, a journal and a website with extensive information and news.

For more information: www.efma.com