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WORLD RETAIL BANKING REPORT 2012 FINDS CUSTOMER EXPERIENCES MUST IMPROVE, FORCING BANKS TO RE-EVALUATE THEIR BUSINESS MODELS

*Global Survey Shows Long Term Relationship between Banks and
Their Customers at a Crossroads*

India , April 30, 2012 – Today, Capgemini and Efma released the ninth annual World Retail Banking Report in India which found that while bank customers citing a “positive customer experience” increased modestly by seven percent globally from last year, customer retention is in flux. According to the Report’s Customer Experience Index (CEI)¹, which surveyed over 18,000 bank customers across 35 countries, nine percent of customers are likely to leave their banks in the next six months while 40 percent are unsure they’ll stay long term.

The report shows banks have a significant opportunity to close the customer sentiment gap and address the factors that matter most to them to increase loyalty. Quality of service (53 percent), fees, (50 percent), ease of use (49 percent) and interest rates (49 percent) represent the biggest impact areas to keep customers from leaving. The report also reveals that mobile banking services have yet to be fully leveraged.

The Globe Boasts a Mix of Customer Satisfaction

Banks are gradually closing the customer sentiment gap and improving their business and offerings to attain higher levels of customer satisfaction, however, the survey noted that some regions are slightly ahead of others. North American customers are most satisfied with their banks (80 percent), followed by Central Europe (71 percent), Latin America (69 percent), Western Europe (66 percent), and Asia Pacific at (53 percent).

“Banks should be applauded for taking the necessary, initial steps to sustain customer relationships,” said Jean Lassignardie, **Global Head of Sales and Marketing, Capgemini Financial Services**. *“However, as more non-bank competitors enter the market, banks must differentiate by building innovative products, improving channel management and service, and enhancing their mobile offerings.”*

Preventing Customer Loss Demands New Approaches to Traditional Strategies

The report found that banks that have opted to pursue a traditional strategy of “do-everything” to improve customer experience need to consider differentiating on only one or two dimensions, prioritizing their investments to strengthen core competencies that address their customers’ most pressing demands.

“Twenty-three percent of bankers identified their banks as offering end-to-end models, but in these uncertain times, sustaining this strategy is very challenging,” said **Patrick Desmarès, Secretary General, Efma**. *“Right now, banks need to focus on building holistic, prioritized, nimble, and future-proof strategies or risk losing more of their customer base.”*

The report offers three potential business models to help retail banks be successful:

1. **Product Leader:** Product leaders possess superior skills in developing, bundling, and pricing products, while also managing customer risk and are less concerned about the quantity of new customers acquired. They offer a mix of optimally priced products, taking into account product demand, as well as a customer’s risk profile, potential profitability and lifetime value.
2. **Utilities/Processor:** Utilities/processors excel in cost-effective transaction processing and operate their internal systems at optimum transaction speeds and capacity levels, allowing them to scale to meet future processing needs, locally, regionally or globally.
3. **Distributor:** Distributors specialize in channel management and have a strong customer relationship management infrastructure to support a consistent picture of clients across channels. In addition to having superior sales productivity, distributors are experts at optimizing a mix of channels and offer an unparalleled self-service experience.

Banks need to re-assess their core competencies and decide on one or two areas to focus on to differentiate themselves and evolve into one of these three new business models, either as a product leader, utility/processor or distributor. Following these steps will allow retail banks to achieve a more positive customer experience and cultivate stronger, long-term customer relationships.

Mobile Seen as Channel with Most Potential

While mobile banking is still in a relatively nascent state of maturity, it is a channel that will warrant more investment by banks to improve the customer experience. By 2015, more than 60 percent of customers worldwide will likely use mobile banking, according to the report. Although mobile is currently offering the least positive customer experience, it has also improved the most amongst all channels. To succeed in this market, banks will need to align their mobile strategies to better fit the size, profile and region of their targeted customer segments.

About the Capgemini Customer Experience Index (CEI)

The Capgemini Customer Experience Index (CEI), measures customers' banking experiences across 80 different touch points. The CEI addresses the disconnect between measures of customer confidence, loyalty, and satisfaction by identifying the factors that are most important to customers, and then measuring satisfaction specifically along three dimensions: products (including checking, savings and payments accounts; credit cards; loans and mortgages); channels (including branch; internet; mobile device; phone; and ATM), and lifecycle stage (including information gathering; transacting; problem resolution; and account status and history). It is based on over 18,000 customer survey responses across 35 countries.

About Capgemini India

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About Capgemini

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About Efma

Efma is a not-for-profit association specializing 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.