Digitalizing Client Lifecycle Management for Better Customer Experiences

A seamless experience delivers a competitive advantage

As FinTechs and BigTechs expand their reach into financial services, traditional firms must provide customer experiences that compete on a whole new level – and that means digitalizing the business.

In fact, the financial services industry has never seen competition like this.

In payments alone, the FinTech share of the global market is expected to reach $10.1 trillion by 2024, according to a recent report from Adapt Insights.[1] Most FinTechs already understand how to capitalize on digital trends and build customer relationships.

BigTech companies have the user data and existing networks that allow them to be competitive in many different industries. And they are finding it easy – and lucrative – to make inroads into financial services of all kinds, starting with payments but extending into money management, insurance, and lending.[2]

How can traditional financial services firms compete?

The answer lies at the heart of every transaction or trade, big or small: by enhancing the customer experience. FinTechs and BigTechs have long understood that a personalized, enjoyable customer experience is the secret to customer retention and growth. And although traditional financial institutions have a long history of providing high-quality customer experience, it's tough to compete with the faster, more flexible, more intuitive interactions that the digital disruptors offer.

To stay competitive, traditional firms must *digitalize* – transform their business model with digital technologies – to deliver an improved and seamless customer experience at every touch point across the customer lifecycle. Getting ahead and staying ahead in this competitive environment requires a new mindset and a new set of tools. In particular, efficient client lifecycle management (CLM) and onboarding technologies that digitalize and automate the customer journey are becoming critical as traditional financial services organizations look to improve their customers' experience across the lifecycle.

86% of customers are willing to pay more for a better customer experience. Furthermore, customer experience is expected to overtake price and product as the key brand differentiator among consumers by 2020.[3]

The pace of innovation is increasing

Globally, compared to other industries, financial institutions have been successful in providing a better customer experience. However, there is always an innovative competitor on the horizon. With the advent of open banking and its rapid progress outside of Europe, non-banking players are already beginning to disrupt the banking market by offering new levels of customer experience. Faced with new competition from neobanks, challengers and digital banks, financial services companies are under pressure to improve the customer experience to stay relevant, acquire new customers and retain existing ones. Digital transformation has been a key driver in helping them do so.

---

[1] Adapt Insights, "The Soaring Global FinTech Payments Market to Be Worth $10.1 Trillion by 2024," PR Newswire, Sept. 10, 2019, https://www.prnewswire.com/news-releases/the-soaring-global-fintech-payments-market-to-be-worth-10-1-trillion-by-2024--300915070.html

[2] BIS, "Annual Economic Report 2019," June 30, 2019, https://www.bis.org/publ/arpdf/ar2019e3.htm.

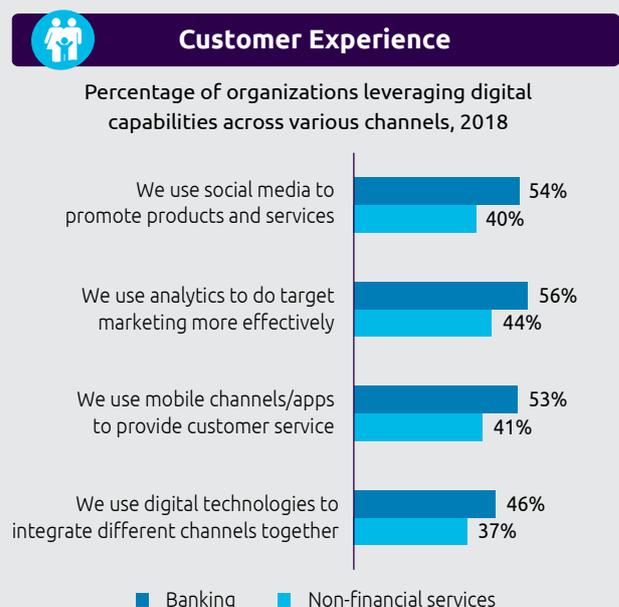[3] Super Office. "32 Customer Experience Statistics You Need to Know for 2018."
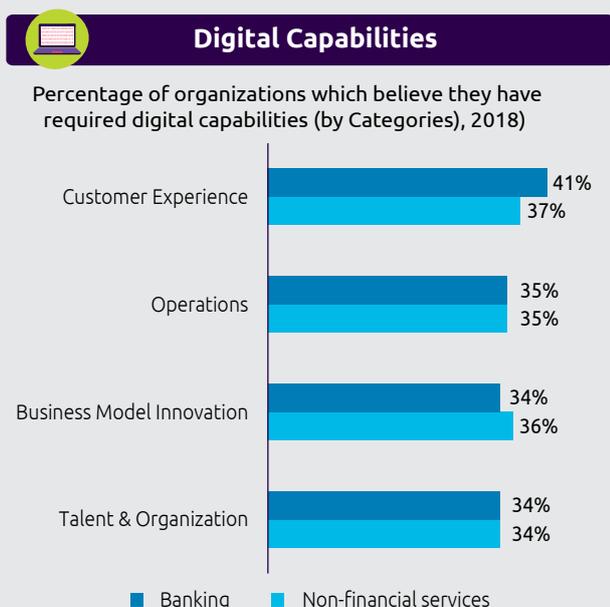
Digital technology is a critical component of customer experience initiatives. As per a Gartner study, 75% of organizations increased Customer Experience Technology Investments in 2018.[4] To deliver the highly personalized offers and solutions that today's consumers demand, financial services firms are focusing on developing real-time, event-driven applications. New technologies such as artificial intelligence (AI), multichannel customer engagement, and virtual customer assistants are expected to dramatically enhance the customer experience. These technologies can offer:

- **Real-time customer insights**, enabling financial institutions to better understand customer preferences and needs so they can proactively deliver personalized, customized service and advice.
- **Streamlined processes** that save customers time and effort, resulting in improved customer satisfaction, an enhanced customer experience, and fewer customer dropouts during onboarding and other interactions.
- **Multichannel experiences** that support interaction with customers when and where they want, through the most relevant channels. This lets financial institutions deliver a consistent, personalized experience to each customer – and also have the opportunity to remain engaged with them through multiple channels.
- **Greater engagement** enhanced by a personalized, customized, contextual customer experience, helping drive new customer acquisitions, enhance retention and maintain brand loyalty.

Financial institutions have taken a first step, but more work remains

Financial institutions understand the importance of the customer experience, and many have already made significant investments to improve their IT infrastructures and deliver a better experience (Exhibit 1). But plenty of opportunities to improve the customer experience remain.

Exhibit 1: Digital Capabilities and Customer Experience Assessment, 2018

Digital Capabilities

Percentage of organizations which believe they have required digital capabilities (by Categories), 2018

Category	Banking	Non-financial services
Customer Experience	41%	37%
Operations	35%	35%
Business Model Innovation	34%	36%
Talent & Organization	34%	34%

■ Banking ■ Non-financial services

Customer Experience

Percentage of organizations leveraging digital capabilities across various channels, 2018

Statement	Banking	Non-financial services
We use social media to promote products and services	54%	40%
We use analytics to do target marketing more effectively	56%	44%
We use mobile channels/apps to provide customer service	53%	41%
We use digital technologies to integrate different channels together	46%	37%

■ Banking ■ Non-financial services

Source: Capgemini: Digital Mastery in Financial Services, February 2019

4 Gartner, " Customer Experience Innovation Survey, 2019", https://www.gartner.com/en/newsroom/press-releases/2019-06-13-gartner-reveals-75--of-organizations-surveyed-increas
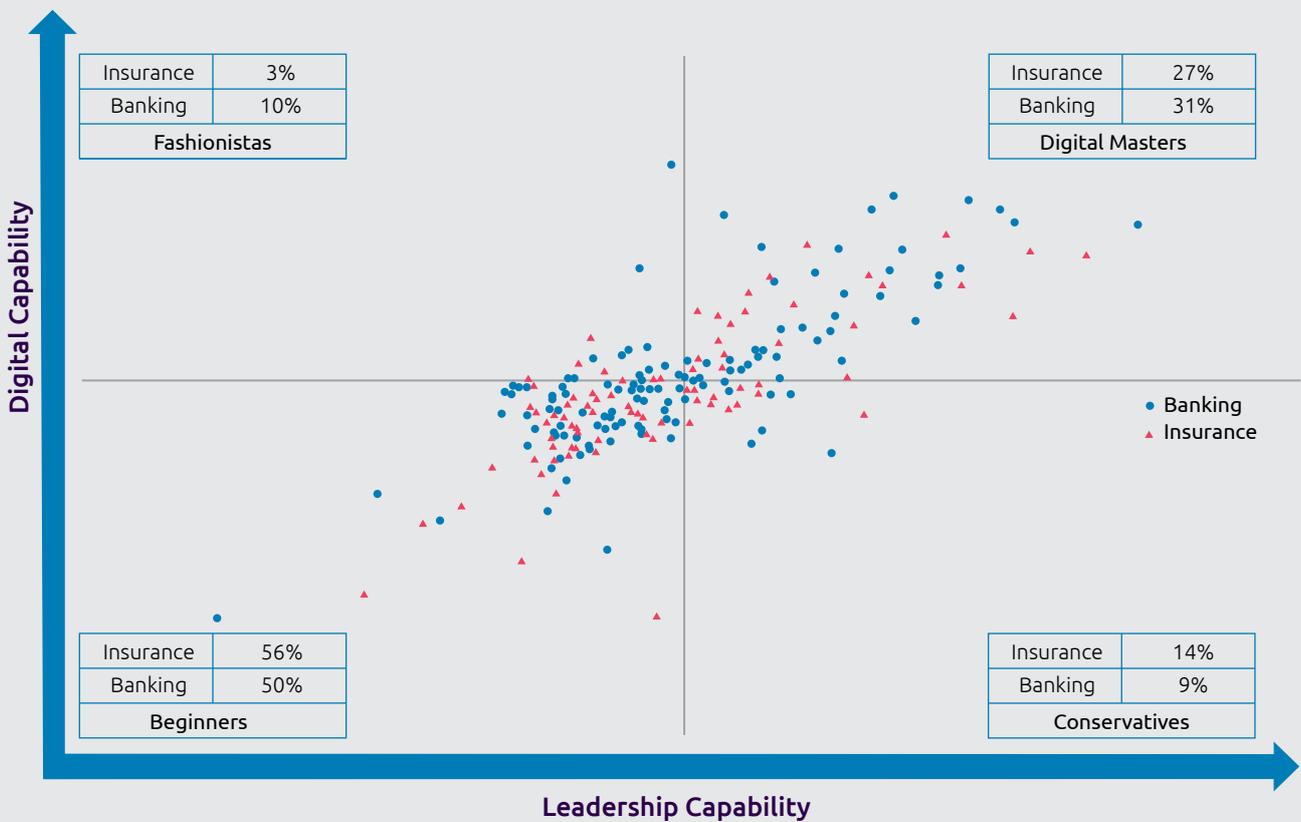
Overall, 38% of financial institutions believe that they have the digital capabilities they require. But financial institutions are only marginally better than those in other sectors, and there is significant room to improve their digital capabilities. For example, more financial institutions are leveraging social media, analytics and mobile channels to enhance the customer experience, but not as many are using digital technologies to integrate different channels. However, this may change in the near future as more financial institutions see a greater share of their income coming from digital channels.

The state of digital mastery in today's financial services industry

Based on Capgemini's research with the MIT Center for Digital Business, we established a digital mastery framework to analyze the digital and leadership capabilities of firms across sectors globally (Exhibit 2). These sectors are classified into a digital mastery matrix of four groups:

- **Beginners**, who do very little with advanced digital capabilities
- **Fashionistas**, who have experimented with many new digital applications, only some of which create value
- **Conservatives**, who favor prudence over innovation and are typically skeptical of the value brought by new digital trends
- **Digital masters**, who truly understand how to drive value with digital transformation and who combine a transformative vision, careful governance and engagement with sufficient investment in new opportunities.

Exhibit 2: Distribution of banking and insurance organizations by the four groups of digital mastery, 2018

Fashionistas	
Insurance	3%
Banking	10%

Digital Masters	
Insurance	27%
Banking	31%

Beginners	
Insurance	56%
Banking	50%

Conservatives	
Insurance	14%
Banking	9%

Digital Capability

Leadership Capability

- Banking
- Insurance

Digital masters outperformed their peers in every industry, based on their digital transformation capabilities. However, less than a third of financial institutions studied were digital masters. Half (50%) of financial institutions are still in the beginner stage. Many financial executives still think of digital transformation along specific touch points, rather than at a strategic level where it can be leveraged to deliver new sources of customer value and improve the customer experience.

Competition is fierce in banking and beyond

As traditional financial firms race to digitalize, BigTechs are taking steps into the financial services space, increasingly focusing on providing frictionless payment experiences and integrating them closely with other aspects of customers' lives. And FinTechs are investing in technology to better address customer needs that are not covered by traditional loan systems, such as quick or early access to funds.

Open banking is also introducing new competitive pressure. By using open APIs, third parties can control the user experience and touch points, potentially making financial institutions less relevant. Open banking could significantly reduce customers' dependency on banks for their banking needs.

At the same time, customer expectations are changing. Today's tech-savvy customers increasingly look for innovative digital tools to use when carrying out their banking transactions. Customer satisfaction is low across banking interactions and channels. If these demanding customers can't find the multichannel, frictionless digital capabilities they want, they may take their business elsewhere.

Client Lifecycle Management: The key to success for sustainable customer relationships

One of the most effective tools that financial services firms can use to improve the overall customer experience is a robust client lifecycle management (CLM) system. By enabling several key success factors, a good CLM tool can help organizations ensure sustainable client relationships and take a major step forward to maximize customer lifetime value and profitability.

A CLM system should provide:

- **An optimized client/relationship manager experience.** A CLM solution can ensure a consistent, personalized onboarding experience via preferred channels while providing the advisor with access to the right tools and data to serve client needs.

- **A modern, flexible platform.** A CLM system that includes robust integration capabilities can greatly enhance the management of key onboarding processes. The platform should provide support for data management, rules and workflow engine, analytics and reporting tools, document management, financial risk management, and other essential processes.

- **Automation of key onboarding processes.** By automating processes such as the evaluation of new clients, credit process compliance, and legal terms agreements, a CLM system can boost customer satisfaction throughout this challenging process.

- **Improved data structure and quality.** A CLM solution can define a "golden" source of client data and ensure information quality to facilitate clean data downstream. Data management is critical for financial institutions that seek to leverage AI.

- **Governance.** CLM systems make it easier for governance teams to define important principles underpinning the client onboarding process, such as key performance indicators, incentive structures, points of contact, service level agreements and escalation paths.

---

[5] Fenergo, "The Cost of Poor CX," 2019.

> *Digital disruption is occurring at every level within financial institutions. These organizations must adapt their business model to maintain their competitive advantage and thrive in the digital economy. By adopting best-in-class Client Lifecycle Management solutions, with straight-through processing, advanced APIs and real-time customer due diligence and know your customer capabilities, financial institutions can transform the end-to-end customer journey. This is achieved through the delivery of an efficient, multichannel onboarding experience, which ensures consistent regulatory compliance."*
>
> **-Greg Watson**
> *Global Head of Corporate & Institutional Banking, Fenergo*

Asset managers who digitally transformed their customer experience have reduced costs by 75%, and improved onboarding periods by 62%.[10]

A CLM solution enhances interaction between customers and financial services companies across a variety of touch points, including:

- **Onboarding requests**, when the customer approaches the financial institution to open an account through its various channels
- **Data collection**, in which the financial institution gathers information from the customer by having the customer fill out an application form
- **Customer due diligence**, in which the institution runs a know-your-customer (KYC) check to authenticate the customer's details and manage the customer relationship in a risk-based manner
- **Communication and relationship building**, in which the financial institution provides additional services to existing customers depending on their requirements

Industry research shows a need to improve the customer experience across every touch point. For example, customers report lower friction – but also a less positive experience – in the initial stages of the banking relationship, such as onboarding and data collection.[6] Failing to deliver a positive experience at these stages could lead to missed revenue opportunities for financial institutions. Implementing a CLM solution can provide a 360-degree holistic view of the customer and also ensure that the customer's journey with the institution is managed efficiently from the beginning.

A closer look at one of the most critical processes – onboarding – demonstrates the value of a CLM solution.

Onboarding sets the tone for the relationship

Client onboarding is the first touch point where customers interact with the financial institution, so it is essential to deliver a good experience to start the relationship on a positive note. The loss of customers during onboarding due to a bad customer experience has impacted banks' bottom lines by approximately $10 billion per year.[7] Despite the critical importance of onboarding, one-third of all financial institutions surveyed have not invested in technology to help improve the process.[8]

The onboarding challenges for corporate and institutional banks and asset management and wealth management firms are even more complex than for other banking sectors. These institutions must collect data not only from their clients, but also from numerous stakeholders, and the collection and management of this data can be challenging. Clients and their stakeholders may be operating from multiple jurisdictions, with continuously evolving regulations across all of them.

Adding to the problem, most financial institutions have very siloed functions for the onboarding process, with separate processes for the front office, KYC checks, compliance, credit and legal operations. These disparate processes can lead to duplicate requests and a lack of transparency and clarity for the customer. In a recent survey, 88% of chief data officers said that visibility and collaboration between the various internal teams can help reduce onboarding times for clients significantly.[9]

A robust CLM system works with an organization's other digital systems to help optimize the company's customer experience, starting with onboarding and extending throughout the customer journey. At the same time, the system makes it much easier for the firm to meet all of its regulatory obligations related to onboarding and the client lifecycle.

---

[6] World Retail Banking Report 2019, Capgemini and Efma.

[7] Ibid.

[8] Fenergo, "Disrupt the Disruptors," 2019.

[9] Fenergo, "Collaboration in a Digital Age," 2019.
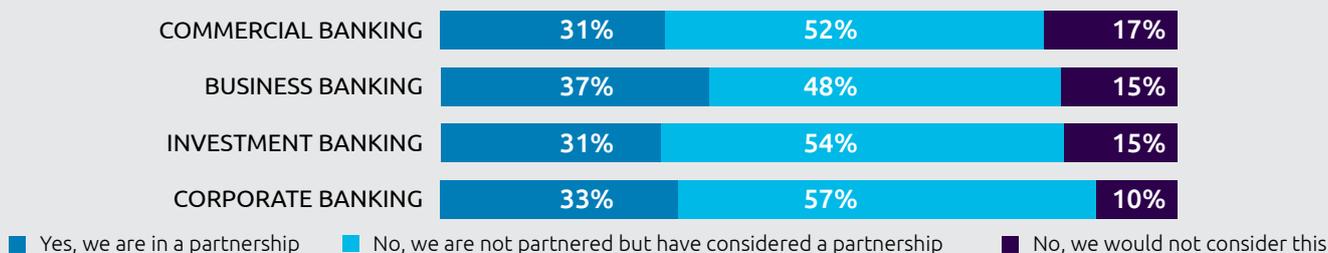
[10] Ibid.

A path forward: Partnering with FinTechs

Traditional financial institutions have the customer data they need, but they aren't necessarily using that data to its fullest. For a variety of reasons – including inflexible legacy systems – financial institutions often struggle to provide the highest levels of customer experience. To address this, some savvy institutions are turning to a new source for help: the very same innovative industry disruptors that are driving changes in the industry. With the FinTechs' customer experience strengths and frictionless, digital capabilities, some traditional financial institutions are partnering with them to improve their own customer experience offerings. It is an opportunity more traditional financial institutions should consider.

Nearly two-thirds of the financial institutions across all sectors have either not considered – or considered but not partnered with – FinTechs (Exhibit 3). Collaboration with third-party players can help financial institutions quickly enhance their portfolios of offerings to provide customers with innovative digital tools, without being constrained by legacy challenges.

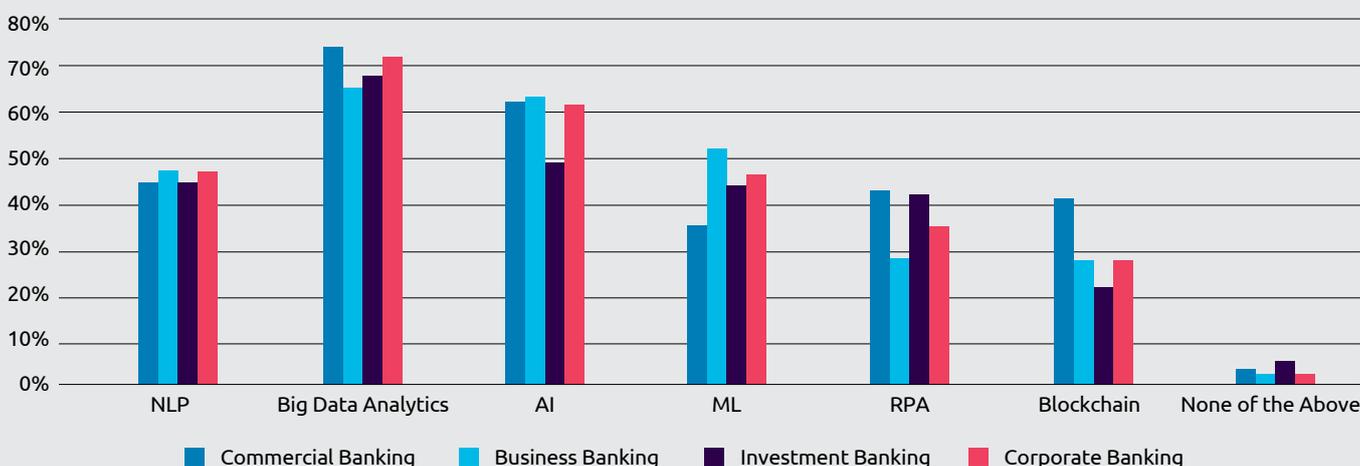**Exhibit 3: Partnerships With Fintech, Regtech and/or Datatech Companies**

	Yes, we are in a partnership	No, we are not partnered but have considered a partnership	No, we would not consider this
COMMERCIAL BANKING	31%	52%	17%
BUSINESS BANKING	37%	48%	15%
INVESTMENT BANKING	31%	54%	15%
CORPORATE BANKING	33%	57%	10%

Source: Fenergo: Disrupt the Disruptors, 2019

The impact of new technologies on the customer experience

Working with FinTechs naturally opens up opportunities for traditional firms to explore new technologies that can help drive the customer experience. Big data and AI are the two major areas where banks have been experimenting to improve CLM to drive the overall customer experience (Exhibit 4).

Exhibit 4: Experimentation with disruptive technologies to improve CLM

Commercial Banking ■ Business Banking ■ Investment Banking ■ Corporate Banking

Source: Fenergo: Disrupt the Disruptors, 2019

The opportunities offered by these new technologies include the following:

- **Big data** can be used to mine hidden patterns, market trends, and customer preferences. These insights allow financial firms to provide tailored and customized products aligned to customer needs.
- **AI** can help speed up customer document scanning. Optical character recognition (OCR) capabilities extract meaningful information from documents that can be combined with data from external sources to create an enhanced risk profile for each customer. AI can also be implemented for fraud detection.
- **A customer ecosystem** can collate customer data from various sources and combine it to create a single client view. API-first integration with other front-end systems and industry data providers can ensure a digital orchestration process for all data and documents from each system. This creates an end-to-end frictionless process, eliminating the financial institution's need to perform client outreach and the customer's need to submit and resubmit information.
- **Automation**, using digital technology, of the flow of data cuts down on process time and removes the risk and latency associated with manual processes. Decisions can be made more quickly and accurately, and feedback can be provided to the customer in real time. Intelligent Automation, leveraging technologies such as optical character recognition (OCR) and natural language processing, can be used to streamline data collection and digitalize KYC and AML compliance processes.

Conclusion: Digitalize for a seamless customer experience across the lifecycle

To stay competitive, financial institutions must digitalize their business to create a streamlined customer experience across the entire customer journey. They must improve the client onboarding process, increase operational efficiency, and deliver an optimized client experience across the client lifecycle. This requires a focus on improving the experience across every consumer touch point, and a redesign of existing business processes.

A streamlined client experience can enable frictionless client journeys, with efficient multichannel client onboarding and secure, convenient data and document exchange. An effective CLM solution can make this possible, enhancing operational efficiency while providing a single, 360-degree client view and total visibility from back office to front office.

Unsure where to start?
You are welcome to reach out to our experts:

Greg Watson, *Global Head of Corporate & Institutional Banking, Fenergo*

Greg leads Fenergo's global sales team. He previously worked in HSBC as Managing Director & Global Head of the Client Management Group for the Global Banking & Markets division, responsible for building out a client-facing organization to manage client onboarding and due diligence across 30+ countries.
Connect with Greg on LinkedIn **or write to him at** *info@fenergo.com*

Ferreol de Naurois, *Head, Global Capital Markets Practice, Capgemini Financial Services*

Ferreol de Naurois leads Capgemini Global Practice for Capital Markets and Wealth Management. He is a Transformation and Financial Services expert with 30 years of experience in technology services such as C-level advisory, digital transformation and execution of small to large projects for clients. He was the founder and managing director of a boutique consulting and technology startup, now merged into Capgemini. Prior to his startup, he was a senior executive with Murex in Paris, then Sydney and he worked in banking before this.
Connect with Ferreol on LinkedIn **or write to him at** *financialservices@capgemini.com*

About Fenergo

Fenergo is the digital enabler of client and regulatory technology for financial services. It provides digital Client Lifecycle Management (CLM) software solutions for Financial Institutions including; Corporate & Institutional Banking, Commercial & Retail Banking, Asset Management, Private Banking & Wealth Management. Counting 70+ global Financial Institutions as clients, its award-winning CLM suite digitally transforms how Financial Institutions manage clients; from initial onboarding to KYC/AML and regulatory compliance, to data management and ongoing lifecycle KYC reviews and refreshes. Fenergo CLM empowers financial institutions to deliver a faster, compliant and frictionless customer experience while achieving a single client view across channels, products, business lines and jurisdictions.

Fenergo's community-based approach to product development allows clients to collaborate on solution design on a global scale. Its rules-driven solution ensures compliance with multiple global and local regulatory frameworks including AML, KYC, SFTR, Tax (CRS, FATCA, 871M), OTC Derivatives (EMIR, Dodd-Frank, MiFID II, Margin Requirements) and data privacy rules (GDPR). It supports the collection, centralization and sharing of client and counterparty data and documentation across the institution and deploys an API-first approach to advanced integration with a host of external KYC, AML and entity data providers, KYC and industry utilities. The solution is underpinned by next generation Artificial Intelligence, Robotics Process Automation and Machine Learning technologies, using advanced OCR and NLP capabilities to extract information, expedite compliance and improve operational efficiencies.

Visit us at

www.fenergo.com

About Capgemini

A global leader in consulting, technology services and digital transformation, Capgemini is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms.

Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of over 200,000 team members in more than 40 countries. The Group reported 2018 global revenues of EUR 13.2 billion.

Visit us at

www.capgemini.com

People matter, results count.