# WORLD RETAIL BANKING REPORT 2013

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Efma

# Contents

# Preface

Capgemini and Efma are pleased to present the *2013 World Retail Banking Report*.

One of the biggest problems facing retail banks today is their inability to stand out in an increasingly commoditized and competitive marketplace. Few banks are forging innovation in developing new products. Nor are they connecting with customers in a personalized way as the role of the branch continues to diminish. And new delivery channels, while offering convenience, have created an inconsistent and disjointed experience for many customers.

More than ever, banks have a need to decipher the customer experience to better understand the drivers of positive outcomes. New channels have added complexity to this process, especially since customer preferences on banking channels may shift based on any one of a number of factors, such as how old customers are, what country they are in, or what type of products and services they are seeking. The *2013 World Retail Banking Report* seeks to address these nuances by establishing a detailed framework for identifying and measuring success in retail banking.

Our Customer Experience Index (CEI) improves upon traditional measures of customer attitudes by incorporating customers' standards and expectations, alongside their channel preferences, to shed light on whether customers are having positive experiences in the areas most important to them. Our findings show that channels have a greater potential to distinguish banks, compared to products and services. The mobile channel in particular is expected to emerge as a primary competitive differentiator that banks can use to attract new customers and retain existing ones.

We created the CEI by beginning with a large, in-depth investigation of the many voices and opinions around the world that make up the modern bank's retail customer base. Our Voice of the Customer surveys queried more than 18,000 customers in 35 countries across six geographic regions, making it one of the most detailed studies of its kind.

In this report we have identified five core elements that are essential to helping banks re-create the strong relationships they once enjoyed with customers. We also found that customer satisfaction levels in each core area are much lower than the level of importance customers ascribe to each factor. These results underscore the need for banks to improve satisfaction within each core area or risk losing customers.

Additionally, in this report, we have examined mobility's role in achieving customer-centric banking. We found that banks have done an effective job of developing mobile capabilities that improve the customer experience, but have yet to begin developing mobile capabilities that address the sales and marketing aspects of customer-centricity.

As always, it is a pleasure to provide you with our findings. We hope you continue to find value in the World Retail Banking Report's insights.

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Global Head of Sales and Marketing
Global Financial Services
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Secretary General
Efma

CHAPTER 1

# Achieving Differentiation in a Commoditized Market

**Bankers marginally improved Customer Experience in 2013.**

- The global CEI index average increased a modest 1.4% from 2012.
- In 11 of the 35 markets studied, a rise of over 20% occurred in the share of customers having a positive experience.
- Banks in almost every region improved the percentage of customers having a positive experience in 2013. Latin America witnessed the greatest increase at 11.9%, followed by Western Europe at 7.2%, and North America at 5.5%.
- The countries of U.S., Canada, the Philippines, and Australia led the world with each country having 50% or more customers having a positive experience with their banks.
- Italy, Saudi Arabia, China, and Brazil witnessed the greatest improvements in share of customers having a positive experience.

**Despite having more positive experiences than 2012, less than half of banking customers said they are likely to stay with their banks.**

- Globally, nearly 10% of customers say they are likely to switch banks in the next six months, while more than 40% are not sure if they will stay with their bank in the next six months.
- The quality of overall service is the primary factor that drives customers to leave their bank.
- Positive customer experiences are strongly correlated with the trust customers place in their banks and with the customers' belief that their banks have a good understanding of their needs.
- Customer satisfaction levels often overestimate customers' likelihood to stay with their bank, whereas positive experiences are more closely correlated with retention.

**Intelligent use of delivery channels can differentiate a bank.**

- With products and services turning into hygiene factors, channels offer one of the greatest opportunities for banks to stand out.
- The mobile channel is currently perceived as less important than traditional channels, but is rapidly gaining in customer usage, as well as in the importance and satisfaction that customers associate with it.
- In order to use channels as differentiators, banks need to focus on building capabilities to deliver the right products through the right channels, and to deliver a consistent multi-channel experience to customers.

# 2013 Customer Experience Index Findings

## COMMODITIZATION IS DILUTING THE CUSTOMER EXPERIENCE

Banks have historically had difficulty distinguishing their products from one another, and in recent years the problem has only intensified. The look and feel of basic banking products has remained largely the same, with very little innovation forged in terms of linking products or developing them outside their traditional silos. Attempts to differentiate on price too have been curtailed in recent years due to regulatory and cost pressures that are keeping rates universally low.

As new channels have become available, the industry has moved in lockstep to add them, creating an environment in which most banks have at least a presence in every one. The sole exception may be mobile, which the industry is currently in the process of broadly adopting. The retail delivery ideal has evolved into being able to make any product available through any channel at any time. However, banks often bolted on new channels instead of fully integrating them with existing ones.

While the branch offers banks the best opportunity to bring warmth and personality to the banking experience, many customers are beginning to prefer the ease and efficiency of remote channels. Banks are also increasingly encouraging customers to use the lower-cost internet and mobile channels. While banks have succeeded in expanding delivery options, the result has been a banking experience that is more remote and less personalized than it has ever been before.

Though the ability to differentiate purely on the basis of product, channel availability and price is limited, banks can still gain an advantage by creating an improved customer experience to attract and retain customers. The "any approach" -- delivering any product at any time through any channel – is no longer sufficient. Banks must strive to deliver the right product at the right time through the right channel. Succeeding at this imperative involves delivering personalized services to customers in exactly the manner that suits them, based on an understanding of what exactly the customers want. The more banks can delight customers by doing so, the better the chance they have of standing out from the crowd.

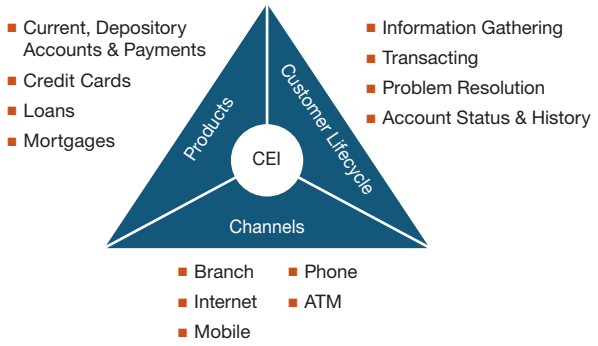
## DECIPHERING THE CUSTOMER EXPERIENCE

The complexity of the retail banking experience today brings a new level of difficulty in understanding the drivers of customer loyalty. The array of options available to customers for accessing the bank has expanded enormously from the possibilities of only a few years ago. In addition, customer preferences on banking channels may shift based on any one of a number of factors, such as location, the amount of time they have, or the type of product they are seeking. In effect, the drivers of the optimal customer experience will differ by individual, product, and channel. Understanding how these drivers interact is a multi-layered, multi-faceted process.

The Capgemini Customer Experience Index (CEI) encapsulates all the factors that drive customer decisions as they conduct banking transactions. We built the CEI using 'Voice of the Customer' data from more than 18,000 banking customer surveys in 35 countries across six major geographic regions.

The CEI measures customers' banking experiences across 80 different touch points, encompassing the full range of dimensions related to four different products, five distinct channels, and the four stages of the customer lifecycle. The resulting data allows for a granular understanding of what drives positive customer experience under a wide range of scenarios, making it one of the most scientific and accurate measures of customer experience available (See Figure 1).

**Figure 1 Dimensions of Capgemini's Customer Experience Index (CEI)**



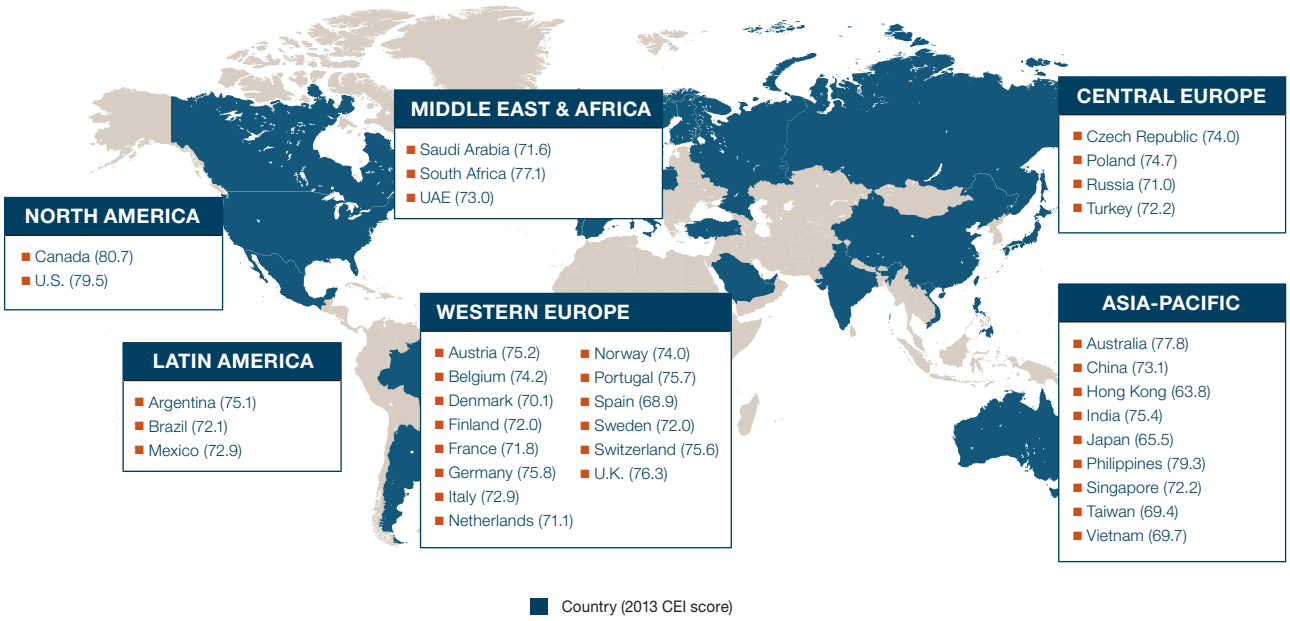

Source: Capgemini Analysis, 2013

## MODEST IMPROVEMENT IN CUSTOMER EXPERIENCES GLOBALLY

In most markets across the globe, the overall CEI increased slightly in 2013, reflecting banks' ongoing efforts to improve the customer experience and, to a lesser degree, the stabilizing global economy. The global CEI average edged up from 72.1 to 73.5, with Canada and the United States still residing in the top spots and Japan and Hong Kong still at the bottom. Philippines replaced India as the leader among the Asia-Pacific banks, the United Kingdom replaced Norway as the Western European leader, and Poland replaced the Czech Republic in Central Europe. Argentina remained the leader in Latin America and South Africa was the leader among the Middle Eastern & African nations (See Figure 2).

For the last three years, the Capgemini CEI has recorded a detailed measure of customer experience, which tracks positive experience along the dimensions most important to customers. Viewed from this in-depth perspective, banks' success in delivering positive customer experience increased in most regions between 2011 and 2013. The biggest increase, nearly 11.9%, occurred in Latin America, while Western Europe recorded an impressive increase of over 7.2%. North America, already high on the scale, improved its percentage by 5.5%. Even though the banking industry in Central Europe is going through a troubled phase, banks there managed to improve the customer experience in 2013 by 3.5% from 2011, despite a decrease compared to 2012.

**Figure 2 Customer Experience Index by Country, 2013**



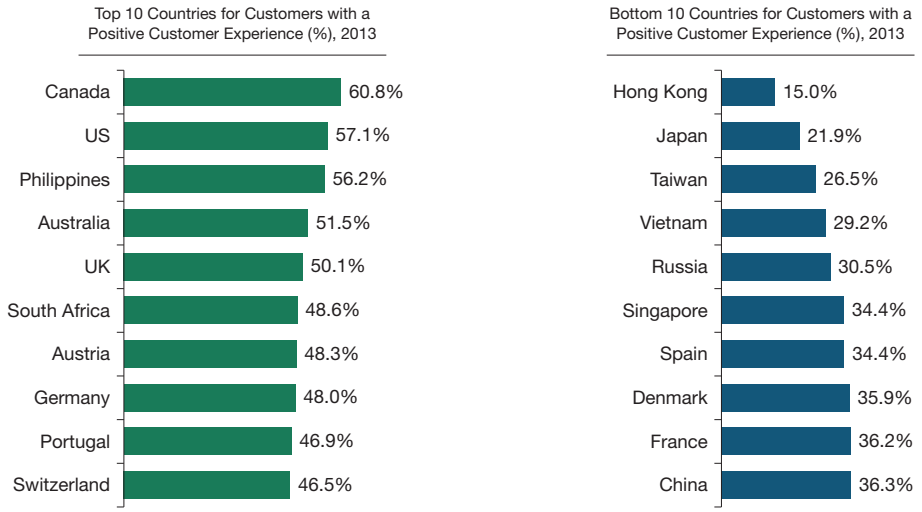

Country boundaries on diagram are approximate and representative only
Source: Capgemini Analysis, 2013; 2013 Retail Banking Voice of the Customer Survey, Capgemini

As in years past, the disparity between countries with the highest and lowest levels of positive customer experience is wide. North American banks have the highest levels of positive customer experience, with Canada taking the top spot at nearly 61% and the United States following with 57%. Asia Pacific banks occupy the other end of the spectrum, with Hong Kong having the lowest ranking at 15%. Other low-ranking Asia-Pacific countries include Japan (22%), Taiwan (26%) and Vietnam (29%). In these markets, more demanding customers may make it harder for banks to score high on positive experience (See Figure 3).

From the perspective of a relative increase in the share of customers with a positive experience, the results in some countries are impressive (See Figure 4). In eleven countries, the share of customers with a positive experience increased by more than 20% (with the base being the share of customers with a positive experience in the previous year). At a 60% increase, Italy had the most substantial improvement, perhaps reflecting the easing of its government crisis. With substantial increases in positive experiences associated with information-gathering through the branch, Italians were also much more pleased with their face-to-face banking services. Saudi Arabia was the next-best at improving the customer experience with a 56.4% relative increase. The increase in the share of customers with positive experience in China, which was the third-best gainer (with a 44% increase in relative terms), may likely be the result of recent efforts by the Chinese banking regulator to prevent banks from charging excessive fees, highlighting the role that regulators may sometimes play in determining the banking experience of customers in a particular market.

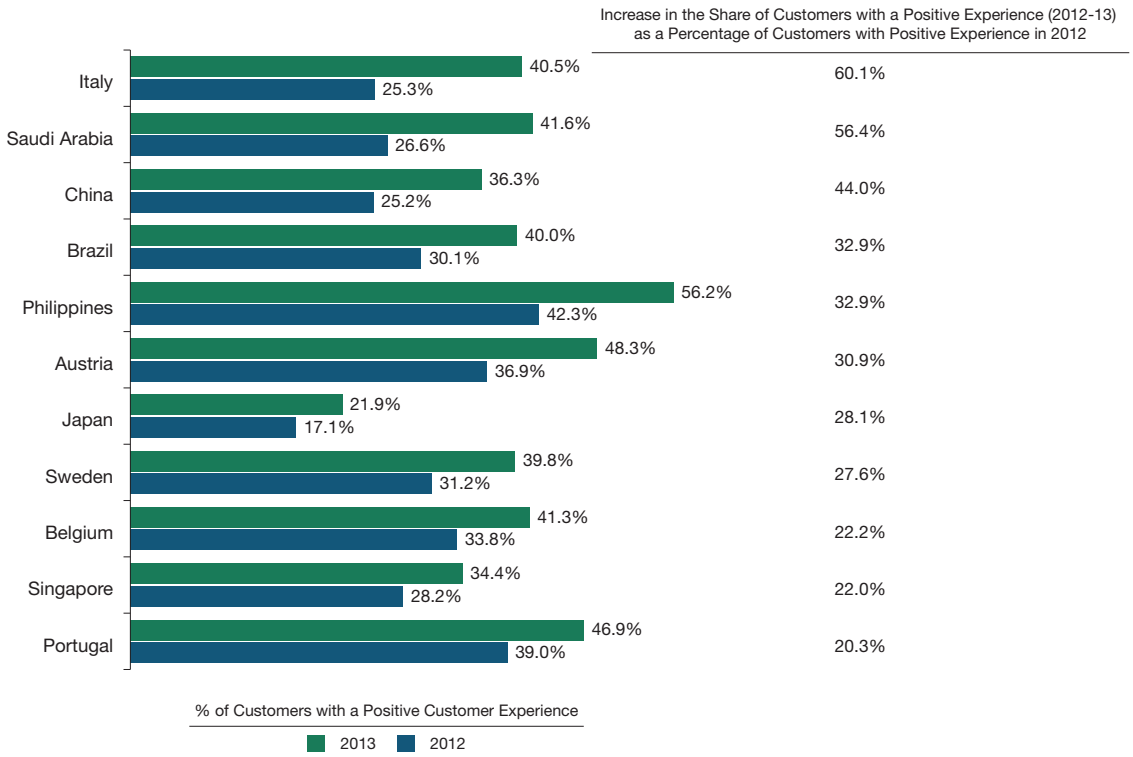
Banks in the Philippines were successful at improving specific areas of service, contributing to a roughly 33% relative increase in the share of customers with a positive experience in 2012. Customers cited the improved ability of banks to resolve problems through the phone and conduct transactions via mobile as primary contributors to this improvement. In Belgium, low interest rates and a banking stimulus package may have contributed to that country's increase in positive customer experience (22.2% in relative terms). Customers there also cited more positive experiences related to resolving problems and executing transactions via the phone. In Portugal where positive experience increased by roughly 20% in relative terms, customers were most pleased with the ability to gather loan-related information and solve loan problems via mobile.

**Figure 3 Top 10 and Bottom 10 Countries with a Positive Customer Experience (%), 2013**




Source: Capgemini Analysis, 2013; 2013 Retail Banking Voice of the Customer Survey, Capgemini

**Figure 4 Countries with the Highest Relative Increase in the Share of Customers with a Positive Experience, 2012–2013**




Note: The percentage increase is calculated by dividing the difference in the percentage of customers with positive experience between 2012 and 2013 by the percentage of customers with positive experience in 2012

Source: Capgemini Analysis, 2013; 2013 Retail Banking Voice of the Customer Survey, Capgemini

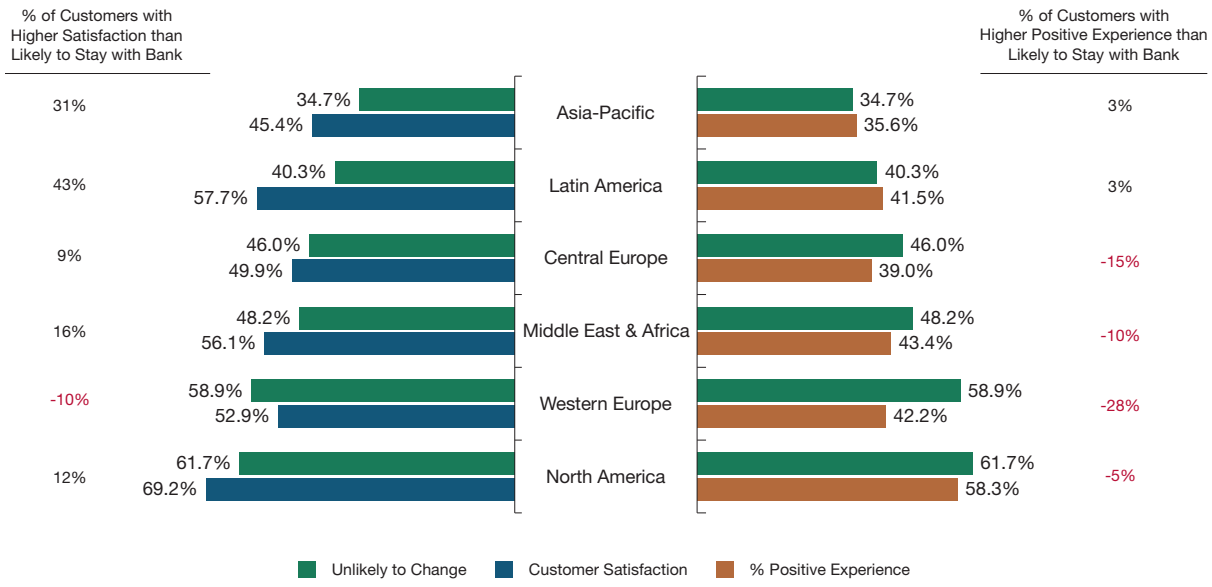
# Customer Retention Analysis

## POSITIVE EXPERIENCE PREDICTS LOYALTY

Despite the gains banks around the world have made in improving the customer experience, their efforts are not paying off in terms of inducing customer loyalty. Globally, nearly 10% of customers say they are likely to switch banks in the next six months. Another 41% are not sure if they will stay with their bank, indicating that less than half of all customers surveyed globally are confident they will stay with their bank in the immediate future. In keeping with the CEI findings related to customer experience, customers in North America — where positive experiences run higher — are much less likely to be unsure of their banking relationships or consider switching; only 38% have misgivings. Accordingly, in Asia Pacific where positive experiences are fewer, the likelihood of switching is higher, as is the level of uncertainty. There, only 35% are sure that they would not leave their primary bank within the next six months.

This link between positive customer experience and retention runs deep. Our analysis shows that positive customer experience is a much stronger predictor of retention than satisfaction as the former has a much better co-relation with the likelihood of a customer

**Figure 5 Customer Likelihood to Stay with Firm vs. Customer Satisfaction, and Customer Likelihood to Stay with Firm vs. Positive Customer Experience, 2013**




Note: The percentage of customers who are unlikely to change is calculated by dividing the sum of customer who said they are unlikely or very unlikely to change their banks by the total number of respondents for the region. Percentages denote the difference of customer satisfaction (or positive experience) and percentage of customer who are unlikely to change divided by the percentage of customers who are unlikely to change

Source: Capgemini Analysis, 2013; 2013 Retail Banking Voice of the Customer Survey, Capgemini

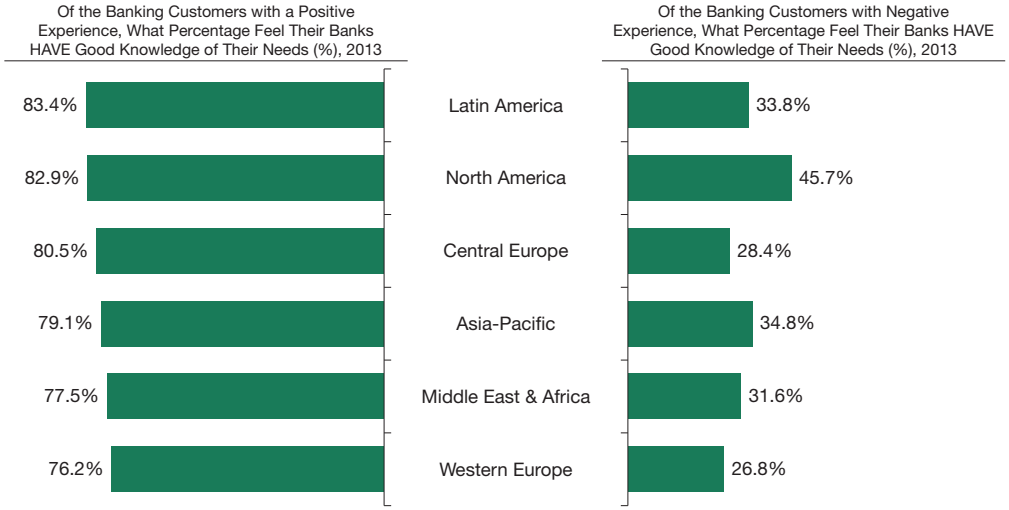
to stay with his bank, when compared to latter. In effect, banks that pay attention only to satisfaction may overestimate a customer's likelihood to stay. Only by zeroing in on customer experience can they gain greater insight into customer intentions (See Figure 5).

## MAKING EXPERIENCES MORE POSITIVE

With customer experience so important to retention, banks must strive to make those experiences as positive as possible. Our analysis revealed that quality of service is extremely important to creating a positive experience. In most regions, it is the top factor influencing the customer's decision to stay or leave. (The only exception is in North America, where quality of service is a very close second behind fees.) After quality of service, the other factors affecting customer decisions to stay or go vary greatly between regions, reflecting the complexity of the retail banking experience, as well as the importance of understanding customers in every market across multiple dimensions.

Beyond quality of service, our analysis found that banks need to work on understanding customers and their needs, as well as building trust. Perceptions of positive experience and customer knowledge are strongly correlated. Globally, an average of 78.8% of customers with positive experiences said they believe their banks are attuned to their needs. Conversely, only 31.0% of customers with negative experiences said they believe their banks are aware of their needs (See Figure 6). A similar strong correlation exists between perceptions of positive experience and trust. Globally, 89.4% of customers with positive experiences also trust their banks, while only 33.2% of those with negative experiences do (See Figure 7).

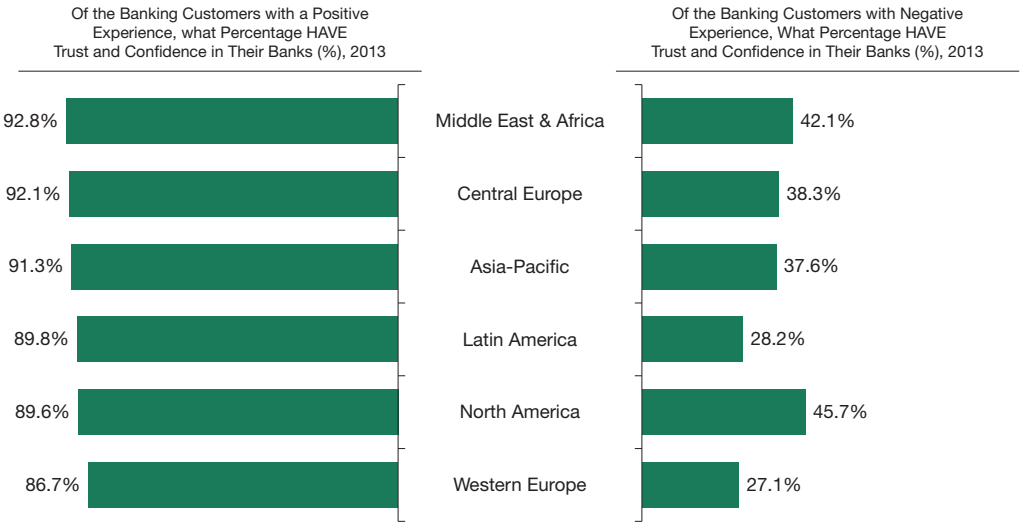
**Figure 6 Correlation between Banks' Knowledge of Their Customers' Needs and Customer Experience**




Note: Positive experience comprises of customers with CEI score greater than 79 and Negative experience comprises of customers with CEI score less than 40. Customers who feel their bank has knowledge of their need are those who somewhat agreed, agreed, or strongly agreed with the statement that their bank understands their needs

Source: Capgemini Analysis, 2013; 2013 Retail Banking Voice of the Customer Survey, Capgemini

**Figure 7 Correlation between Customer Experience and the Trust and Confidence that Customers Have in their Banks**




Note: Positive experience comprises of customers with CEI score greater than 79 and Negative experience comprises of customers with CEI score less than 40. Customers who feel they have trust and confidence in their banks are those who somewhat agreed, agreed, or strongly agreed with the statement that they have trust and confidence in their bank

Source: Capgemini Analysis, 2013; 2013 Retail Banking Voice of the Customer Survey, Capgemini

# Channels as Differentiators

## UNDERSTANDING THE LEVERS BEHIND POSITIVE EXPERIENCES

A customer experience is dynamic, involving distinct products, transactions, and channels. Our analysis shows that while products and transactions have become largely commoditized and offer little scope to differentiate, channels can still be leveraged by banks to distinguish themselves from the competition. While customers' perceived importance of products and services has remained relatively flat between 2011 and 2013, that of channels, especially the mobile, has seen a significant improvement.

In almost all the regions, customers express strong growth in positive customer experience across all channels. Banks in the Middle East & Africa registered the strongest overall positive experience growth across channels, most likely because banks in the region have made great strides in implementing more modern banking channels, and customers are rapidly adopting them. The only decline in positive experience by channel occurred in Central Europe where customers cited difficulties in carrying out more complex transactions, such as those with loans and mortgages, via various channels.

Of all the channels, mobile at first glance appears to be the least important. This could be in part because many customers are not yet familiar with its banking-related capabilities, and banks too have yet to fully discover the true potential of this channel. Even so, the percent of customers viewing mobile as important increased the most between 2012 and 2013 versus the other channels, reflecting mobile's growing prominence. By region, mobile's importance increased between 2012 and 2013 by 10% in Central Europe, 9% in Asia Pacific, and 6% in Western Europe. We believe the mobile channel in particular will emerge as a primary competitive differentiator that banks will use to attract new customers and retain existing ones.

Over time, the way customers use channels is expected to change. By 2017 fewer customers in most regions are expected to be using the branch and the ATM. Branch usage will decrease the most in Latin America (6.3%) and North America (3.5%). Meanwhile, as communications devices penetrate new markets, usage of the phone, internet, and mobile is expected to increase. The largest gains for mobile banking will come from Central Europe (9.4%) and North America (7.7%). Internet banking usage is expected to grow the most in the Middle East & Africa (7.2%) and Asia Pacific (5.8%).

## AGE IMPACTS THE CUSTOMER EXPERIENCE

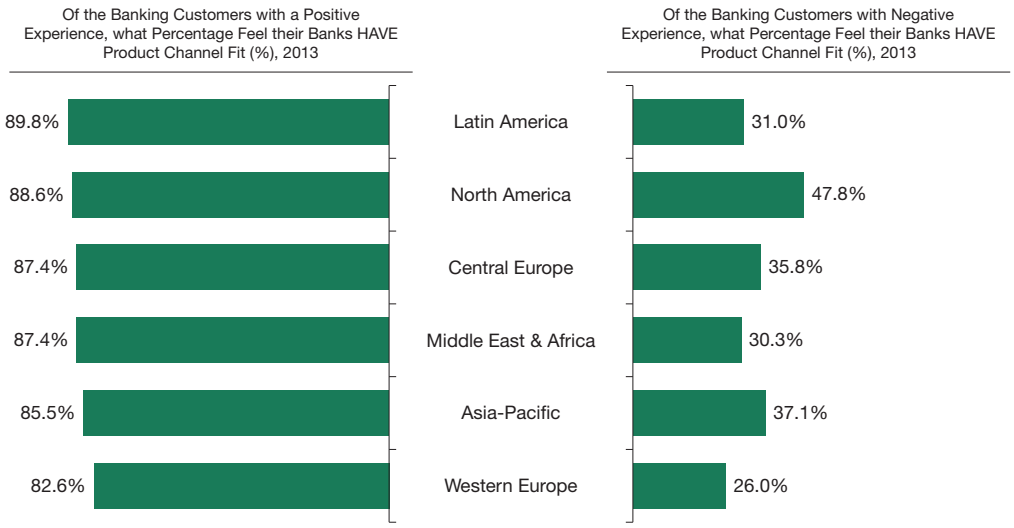
Another dynamic of the customer experience is age. Across all regions, older customers generally have more positive experiences with delivery channels than younger ones. In North America, for example, 78% of customers 65 years and older cite positive experiences with the branch and internet. That compares to 52% of customers 18 to 24 years old who cite positive experiences with the branch and 56% who do for the internet. This disparity between young and old is most likely due to the higher expectations younger customers have come to expect of their service providers and technology.

The correlation between age and positive experience seen for branch and internet banking does not hold true in the case of mobile banking. Because they are less familiar with the full array of mobile functionality, customers of all ages have a lower tendency of positive experience with mobile. In addition, increasing age appears to have little relation with more positive outcomes in mobile as in the other channels. In North America, for example, 34% of older customers have positive experiences with mobile, compared to 41% of younger ones. As banks continue to make investments in improving their mobile capabilities, the overall number of customers with positive experiences associated with the channel is expected to grow.

## CHANNEL MANAGEMENT IS CRITICAL

Our analysis shows that it is not enough for banks to offer the full range of delivery channels. They must ensure their channels perform well within a coordinated delivery strategy. For example, delivering the right products through the right channels is of utmost importance, and the channel strategy for any bank needs to treat this as a priority. Similarly, banks should ensure the experience that customers have across channels is consistent. Globally, an average of 85.5% of customers with positive experiences said their banks are doing a good job of matching products to the appropriate channels. On the contrary, only 31.7% of customers with negative experiences said so. Customers with positive experiences also think their banks do a good job of offering consistent experience across channels, as an average of 85.3% said so. Only 34.3% of customers with negative experiences said they think their banks provide consistent multi-channel experience (See Figures 8 and 9).

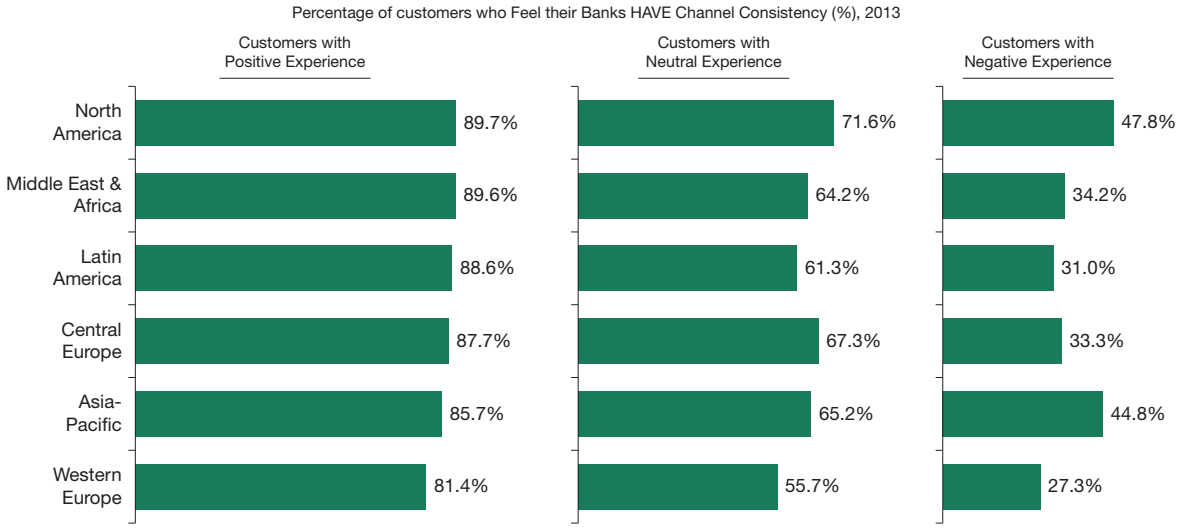
**Figure 8 Correlation between Customer Experience and Product Channel Fit**




Note: Positive experience comprises of customers with CEI score greater than 79 and Negative experience comprises of customers with CEI score less than 40. Customers who feel their bank has product channel fit are those who somewhat agreed, agreed, or strongly agreed with the statement that their bank has product-channel fit

Source: Capgemini Analysis, 2013; 2013 Retail Banking Voice of the Customer Survey, Capgemini

**Figure 9 Correlation between Customer Experience and Channel Consistency (Consistent Multi-Channel Experience)**




Note: Positive experience comprises of customers with CEI score greater than 79 and Negative experience comprises of customers with CEI score less than 40. Customers who feel their bank has channel consistency are those who somewhat agreed, agreed, or strongly agreed with the statement that their bank provides them a consistent multi-channel experience

Source: Capgemini Analysis, 2013; 2013 Retail Banking Voice of the Customer Survey, Capgemini


10%
10%
10%
10%
35%
10%

CHAPTER 2

# Unlocking the Potential of Mobility

**Mobile banking services are gaining in importance to customers.**

- Customers are evaluating the quality of mobile services in their decisions to choose a bank or leave it.
- Younger customers place greater importance on mobile banking than older ones.
- Younger customers are less satisfied with mobile banking than customers in other age groups.

**Developing advanced mobility capabilities is emerging as a strategic imperative for banks today.**

- Mobility in banking comprises a wide range of offerings that have the potential to enhance the customer experience, as well as drive sales.
- Banks have achieved some success in improving the customer experience by enhancing aspects of mobility, but need to put additional focus on top-line drivers such as mobile sales, agent interfaces, and mobile marketing to gain competitive advantage.

**Banks need to leverage a "provide-engage-excite-delight" maturity model to assess the current standing of their mobility capabilities and identify the path forward for becoming a customer-centric bank.**

- Using such a model can enhance the banks' competitive positioning by giving them insight into the mobile services they should be offering to meet customer needs.

# Acquiring The Digital Advantage

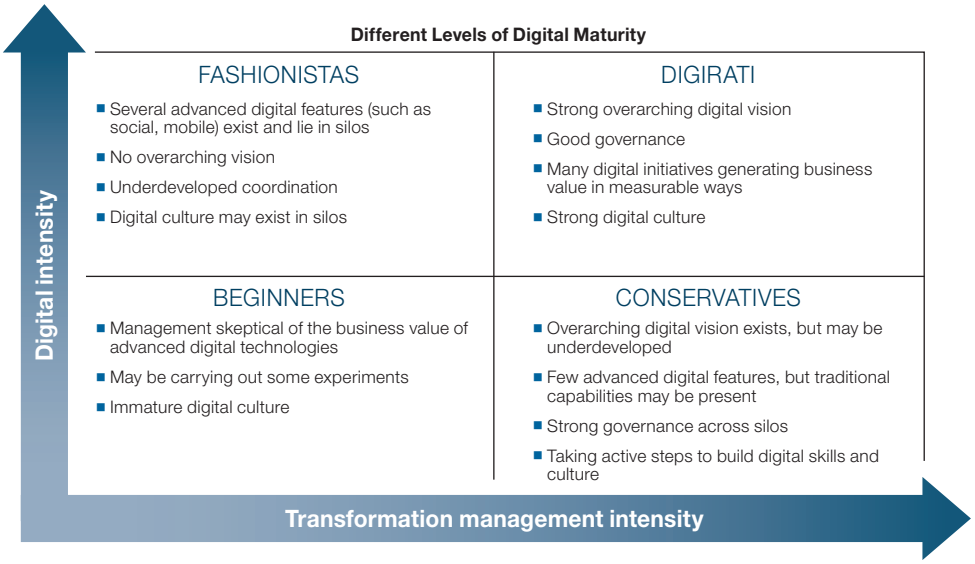
Managing a new and rapidly evolving technology-based channel requires a high level of digital maturity. Capgemini Consulting, in collaboration with the Massachusetts Institute of Technology (MIT), analyzed firms' digital maturity levels along two parameters: Digital Intensity and Transformation-Management Intensity. Digital intensity indicates a firm's level of expertise in using technology to enhance the customer experience and improve internal operations. Transformation-management intensity is a measure of a firm's leadership in four areas: having a vision, imposing strong governance, engaging all relevant stakeholders, and supporting solid relationships between the IT and business groups.

A firm's performance along these parameters helps to clarify its level of digital maturity. Great variation in digital maturity exists from firm to firm. The strongest, known as Digirati, have a solid digital strategy and vision, guided by good governance and a tech-savvy culture. These institutions already support several digital initiatives that are generating business value in measurable ways.

At the other end of the spectrum are Beginners, whose management remains skeptical of the business value of advanced digital technologies. These firms may be carrying out some small-scale experiments, but their digital culture is immature. In between are Fashionistas and Conservatives. Fashionistas embrace new technology, but lack the oversight, coordination and vision required to transform their efforts into practical business outcomes. Conservatives are strong in technology governance and management, but their digital efforts tend to be underdeveloped and lack advanced features (See Figure 10).

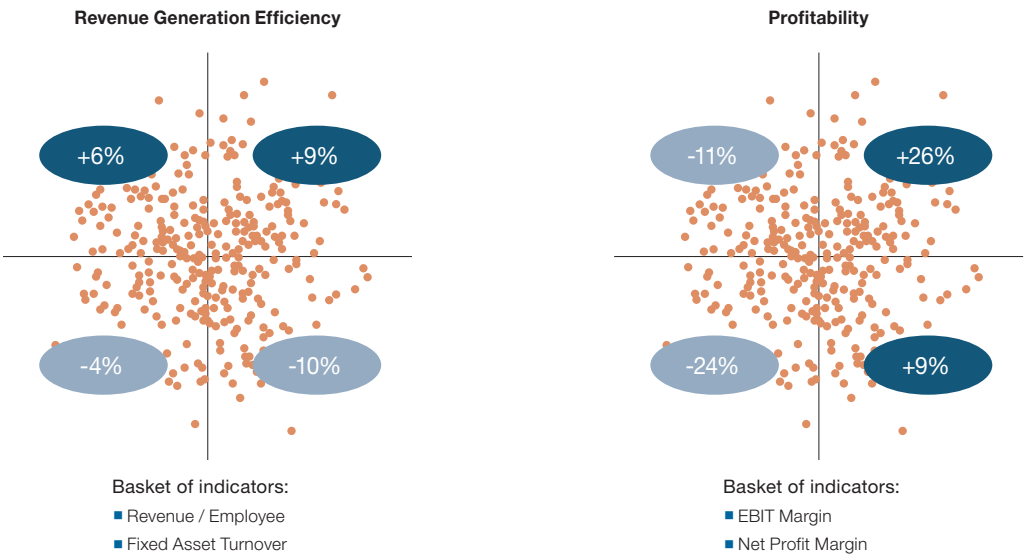
The study found that a firm's level of digital maturity is strongly correlated to its profitability and efficiency. Aided by their effective use of advanced technology, the Digirati were 26% more profitable and 9% more efficient than the average firm. Beginners were the worst performers, emerging as 24% less profitable and 4% less efficient than the average. Fashionistas and Conservatives had mixed results. Fashionistas were 6% more efficient than the average but 11% less profitable, while Conservatives were 9% more profitable but 10% less efficient. In effect, firms with higher digital

**Figure 10 Classification of Firms Based on the Maturity of Their Digital Capabilities**




Source: 'The Digital Advantage', Capgemini Consulting & The MIT Center for Digital Business, 2012

**Figure 11 Revenue Generation Efficiency and Profitability of Firms in Different Stages of Digital Maturity**




Note: The numbers in the quadrants indicate the average performance difference for firms in each quadrant versus the average performance of all large firms in the same industry for the 184 publicly-traded companies in the sample covered by the study
Source: 'The Digital Advantage', Capgemini Consulting & The MIT Center for Digital Business, 2012

intensity were found to be more efficient, while those with better transformation management were more profitable (See Figure 11).

Compared to other sectors, the banking industry is performing at a high level on the digital maturity scale. More than one-third (35%) of banks fall into the Digirati category, putting the industry behind only the high-tech industry, which has 38% of its firms in that category. Banks' strong performance is the result of focused investments they have made, usually in accordance with an overall digital strategy and under effective governance practices.

As an industry, banks compare favorably, for example, against insurers, which tend to have more risk-averse cultures. Meanwhile, manufacturers have remained at a disadvantage because of the lack of a clear impetus to drive toward digital maturity. And while telecommunications firms have been quick to move on digital initiatives, they tend to lack a coordinated strategy.

Banks need to maintain and further sharpen their capabilities in mobility, given the massive growth mobile communications is undergoing. By the end of this year, there will be more mobile devices in the world than people. Accordingly, mobile data traffic is on the rise. In 2012, such traffic grew 70% to 885 petabytes (1 petabyte = 1,000 terabytes) a month, compared to 520 petabytes a month in 2011. Its volume in 2012 was nearly twelve times greater than that of internet traffic in 2000, indicating its accelerated growth compared to the internet. Also during 2012, smart phone usage grew 81% and network connection speeds more than doubled. Emerging markets are expected to experience the steepest growth in mobile data traffic with increases in Middle East & Africa reaching 77% CAGR, followed by Asia Pacific at 76% and Latin America at 67%. Even so, North America and Asia-Pacific combined will likely account for almost two-thirds of global mobile traffic in 2017. With mobile communication becoming so prominent around the globe, focusing on it has emerged as a strategic imperative for banks.[1]

[1] Cisco Visual Networking Index: Global Mobile Data Traffic Forecast Update, 2012-2017, 6th Feb 2013

# Evolving Usage Of Mobility In Banking

Only a decade ago, mobile was a fledgling channel in the world of banking. To this day, it remains one of the newest channels for banks to reach their customers. Despite this, it has evolved and expanded to an impressive degree during its short life.

As mobile phones have become more functional, they have evolved from being tools to enhance customer service, to potentially boost revenues. In their earliest iterations as text-message based services, mobile provided a forum for customer inquiries, complaints and requests. Now, with smart phones proliferating, banks are moving to take advantage of the phones' ability to support a wide range of payment functionality. Smart phones have enabled advances like the ability to deposit checks remotely and make purchases by waving the phone over the check-out terminal. Advanced mobility today covers three areas, including mobile banking (balances, transactions, bill payments, service and sales); mobile person-to-person payments, and m-commerce payments, either remotely by credit card or direct debit, or in-store by near-field communications (NFC), quick-response (QR) code, or card.

The next frontier for mobility is to use the mobile platform to enhance marketing and sales. Banks already are using mobile messages to welcome customers and inform them of new products. Often, mobile videos or calls-to-action, such as the ability to download forms or learn more, are included. These mobile marketing messages are becoming increasingly localized. HDFC Bank in India, for example, presents messages in either Hindi or English, depending on language preferences.[2] One of the most advanced forms of mobile marketing in evidence today is location-based messaging. Bank of America, for example, is planning to deliver real-time deals and offers to its customers.[3]

Direct sales can also potentially benefit from the mobile channel. For example, agents in the field or branch can access customer data aimed at helping them formulate offers based on a customer's current financial situation and life stage.

## ENHANCING BOTH CUSTOMER EXPERIENCE AND SALES

As the mobile channel has evolved, it has brought greater convenience to customers and increased opportunity to banks. Recently, the development of near-field communications has made it possible for banks to deliver mobile payment solutions, while GPS technology has supported the development of location-based marketing on behalf of merchants. Banks have also started using mobile to reach out to the unbanked population. In the latest iteration, mobile access to social media sites has enabled banks to reinforce their brands by becoming part of the customer conversation. What began purely as a way to support customer service has evolved into a multi-faceted tool to support a full range of transactions, reach new markets, and build brand loyalty.

Because mobile is still at such a nascent stage, the full scope of what the technology offers can be easy to miss for banks as well as customers. Mobile supports simple transactions, such as alerts, as well as highly complex ones, such as securities trading through customizable, secure interfaces. In the area of sales and support, mobile devices can access workforce collaboration tools to generate and manage leads, communicate to customers, automate the sales force, and assist in pricing. In addition, mobile-based applications are now available to help in managing marketing campaigns and support relationship management dashboards, all of which lead to improved service and sales. Today's mobile channel encompasses a full range of capabilities that can both enhance the customer experience and enable sales growth.

Not every mobile banking capability has an equal impact on the outcome a bank is seeking. For example, mobile alerts bring big benefits to the customer experience, but are of less use in supporting sales. Similarly, mobile marketing software can boost sales growth, but is not necessarily intended to enhance the customer experience. Developing a mobile strategy that can both improve the customer experience and drive sales is one of the challenges facing banks today.

[2] http://www.medianama.com/2012/11/223-hdfc-bank-launches-hindi-mobile-banking-app-for-android/

[3] http://promotions.bankofamerica.com/deals/

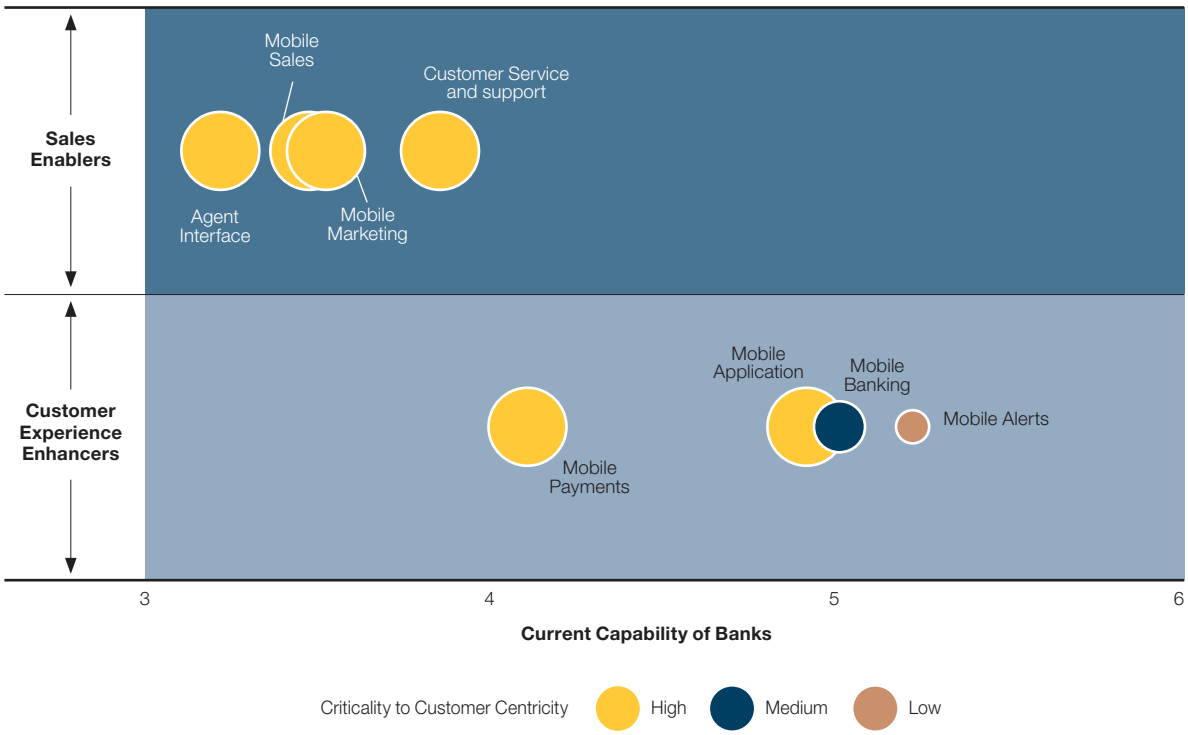
## CUSTOMER PREFERENCES SHOULD DRIVE STRATEGY

Through the Voice of the Customer survey, we found that the quality of mobile banking services has a greater influence on customer decisions to choose or leave their banks in developing than in mature markets. As a result, banks in those developing countries stand to gain a competitive advantage by improving their mobile services.

The same dynamic is at work when it comes to younger customers. As early and adept users of mobile, young customers are more likely to choose or leave a bank because of the quality of mobile services it offers. In contrast, older customers across all regions tend to rely more on the traditional channels, placing less importance on the quality of a bank's mobile offerings. Although younger customers cite mobile banking as important to their decision-making, they are less satisfied with it compared to other age groups. Across every dimension of mobile banking – balance inquiries, money transfers, alerts, bill payments, remote data capture, payments and mobile apps – younger customers said they were less satisfied, even though they placed higher importance on each function. In effect, by sharpening the quality of their mobile services, banks can better attract and retain younger customers, setting the stage for improved top-line growth.

While improving the customer experience is essential, mobility can also aid in enabling sales. Mobile sales force automation can help banks respond more quickly to customer requests, while also providing on-the-spot views into 360-degree customer data. And mobile marketing can improve the overall effectiveness of marketing campaigns by targeting high-potential customers via mobile devices. But banks are not prioritizing the sales aspects of mobile. Our interviews with banking executives found banks are more likely to emphasize advanced mobile features such as payments. By shifting their focus to include sales support, banks can increase revenues while differentiating themselves in the market (See Figure 12).

**Figure 12 Bank's Assessment of Current Capability, Future Potential and Criticality of Mobility Components**




Note 1: Size of the bubble indicates the future potential of the component of mobility to drive customer centricity
Note 2: The current capability of mobility components have been measured on a scale of 1-7 where 1 stands for "no capability" and and 7 stands for highest capability
Source: Capgemini Analysis, 2013; 2013 Retail Banking Voice of Customer Survey, Capgemini; 2013 Retail Banking Executive Interview Survey, Capgemini

# Embracing Mobility: A Move Towards Customer Centricity

For banks seeking to provide, engage, excite and delight their customers, a broad strategy of customer-centricity should be the goal. Success in customer-centricity is two-fold. It demands deep knowledge of individuals to enhance the customer experience. Just as important, this knowledge should be used to develop targeted, needs-driven sales and marketing dialogues.

To date, banks have done an effective job of developing mobile capabilities that improve the customer experience. At most banks, customers already enjoy the ease and convenience of basic mobile banking and alerts. Now banks must begin developing mobile capabilities that address the sales and marketing aspects of customer-centricity. By enabling more focused, real-time conversations with customers, mobile sales and marketing applications have high potential to move the banking industry toward greater customer-centricity.

Several banks are excelling in offering mobile conveniences to enhance the customer experience. Bank of America, for example, is testing a service that would let customers purchase and pay for items by simply scanning a QR code.[4] A group of Nordic banks has introduced a person-to-person mobile payment service,[5] while BNL Bank in Italy is testing NFC payments.[6]

Caixa Bank of Spain, which offers more than 60 smart-phone applications, has introduced one called 'Stock Music' to help users track stock-market performance through music. The volume of the music varies based on the performance of the stock market, allowing the user to keep general track of the markets without having to check any other applications.[7]

At ABN AMRO, which has been releasing new features in its mobile banking application with some regularity, customers can now give names to their accounts, as well as attach photographs to them to make their mobile banking experience more personal. Customers can personalize texts, e-mails or money transfers with their photo or an original design. The new application also offers a feature for customers to schedule their payments and add contacts to their internet banking address book.[8]

Commonwealth Bank of Australia in collaboration with realestate.com.au (the biggest property listing website in Australia) has launched the CommBank Property Guide, which provides details of properties, including monthly mortgage payments, sales histories and real-world views. The bank has also introduced Commbank Kaching, which lets users pay mobile and e-mail contacts, Facebook friends, or bills using their mobile phones. Users can also elect to add contactless technology, including Bump, which lets them pay friends by bumping handsets together, and PayPass, which supports "tap-and-go" payments at the check-out lane.[9]

All of these applications offer increased convenience to the customer and potentially lower costs to banks.

Banks are just beginning to use mobile in their sales and marketing efforts, with most applications geared toward in-branch sales support. At Turkish Economy Bank, for example, branch representatives use tablets to accept credit card applications.[10] iPads and tablets are also being used to support customer transactions at ICICI Bank in India, Barclays in the United Kingdom, and Huntington Bancshares in the United States.[11] Bank of America, meanwhile, has embraced full-scale mobile marketing by running advertising campaigns on smart phones.[12]

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[4] http://blogs.sybase.com/mtalbot/

[5] http://www.sebgroup.com/en/Press/Press-releases/2012/SEB-launches-new-mobile-payment-service-Swish/

[6] http://nfctimes.com/news/italian-bank-launches-nfc-trial-payment-plans-nfc-and-remote-payment-app

[7] Caixa Bank website (www.lacaixa.es) accessed on Feb 26, 2013

[8] https://itunes.apple.com/nl/app/mobiel-bankieren/id439728011?mt=8; https://appworld.blackberry.com/webstore/content/25566/?lang=fr

[9] Commonwealth Bank website (www.commbank.com.au) accessed on Feb 26, 2013

[10] http://www.pozitron.com/prodg-taps-into-android-tablets-with-teb-sales-force/

[11] http://bankinnovation.net/2012/07/huntington-to-expand-tablet-equipped-branch-bankers/; http://www.icicibank.com/aboutus/article/electronic_branches.html; http://www.techweekeurope.co.uk/news/barclays-ipad-bank-tablet-apple-100349

[12] http://www.mobilecommercedaily.com/bank-of-america-drives-app-downloads-via-iad-campaign

Many of the mobile applications being supported by banks lead to greater cost-efficiency, and not just because mobile is a lower-cost channel than the others. An increasingly popular application in the U.S. lets customers deposit checks by taking pictures of them with their smart phones and sending the electronic versions, resulting in reduced processing and transportation costs for banks. At Raiffeisen Bank International, a new mobile payment service is expected to significantly reduce the processing costs of small-value transactions.[13] Such applications underscore the reality that mobile can support reduced costs along multiple dimensions.

The mobile strategy of BNP Paribas (BNPP) in France illustrates the extent to which mobile can be elemental to both enhancing the customer experience and enabling sales. BNPP has embraced mobility, no doubt taking into account two significant market trends: mobility increases the number of interactions customers have with their banks, and 10% of transfers in France alone are now conducted via mobile. "Internet and mobile are not mere channels, but they are the new way of banking," said Virginie Fauvel, Head of BNP Paribas Online Banking for Europe.

To cater to these trends, BNPP has developed a comprehensive mobile banking service that lets users manage and view accounts, conduct mobile person-to-person and contactless payments, contact advisers online, and get the latest news. In addition, the bank uses social media platforms to gather feedback, which it uses to continually improve its mobile applications.

Digital is so fundamental to BNPP that its entire client-facing staff is trained accordingly, marking a departure from the mobility strategy of its competitors. All personnel connected to the bank's digital strategy, including social media experts, mobile application specialists, e-marketers, designers and IT coders, work collectively in the same location to drive the bank's digital strategy. Another differentiating element of the bank's mobility strategy is the close relationship between the mobile IT and mobile business functions, which helps the bank to be more responsive to market trends.

In the future, BNPP plans to use mobility as a tool for driving product subscriptions and for delivering personalized customer experiences based on the intelligence it gains on customers' usage and preferences.

[13] http://www.nfcworld.com/2012/09/24/318053/raiffeisen-bank-our-nfc-payments-service-could-cut-merchant-fees-by-70/

## MEASURING MOBILE MATURITY

To move toward more customer-centric banking, institutions must assess their capabilities in both enhancing the customer experience and supporting need-based sales and marketing within the mobile channel. Our mobility maturity roadmap can help banks identify where they fall on the scale, as well as the steps they need to take to reach full customer-centricity (See Figure 13). We define the most basic level of mobile maturity as being able to deliver mobile services that work in a coordinated fashion with the bank's other channels and are on par with the competition. At the next level -- engaging customers – banks must deliver expert advice to customers and use social media to understand their preferences and attitudes.

To reach the next level and excite customers, banks should seek to provide them with preferential treatment on service and pricing, based on the customer's value to the institution and expected loyalty. The highest level of mobility maturity – delighting customers – requires banks to use analytics to predict customer needs. Banks should proactively offer services, as well as develop new ones, based on those needs, along with empowering their staff to enhance the customer experience and develop a competitive advantage. Only by improving the customer experience as well as supporting need-based sales and marketing interactivity can banks achieve full customer-centric banking.

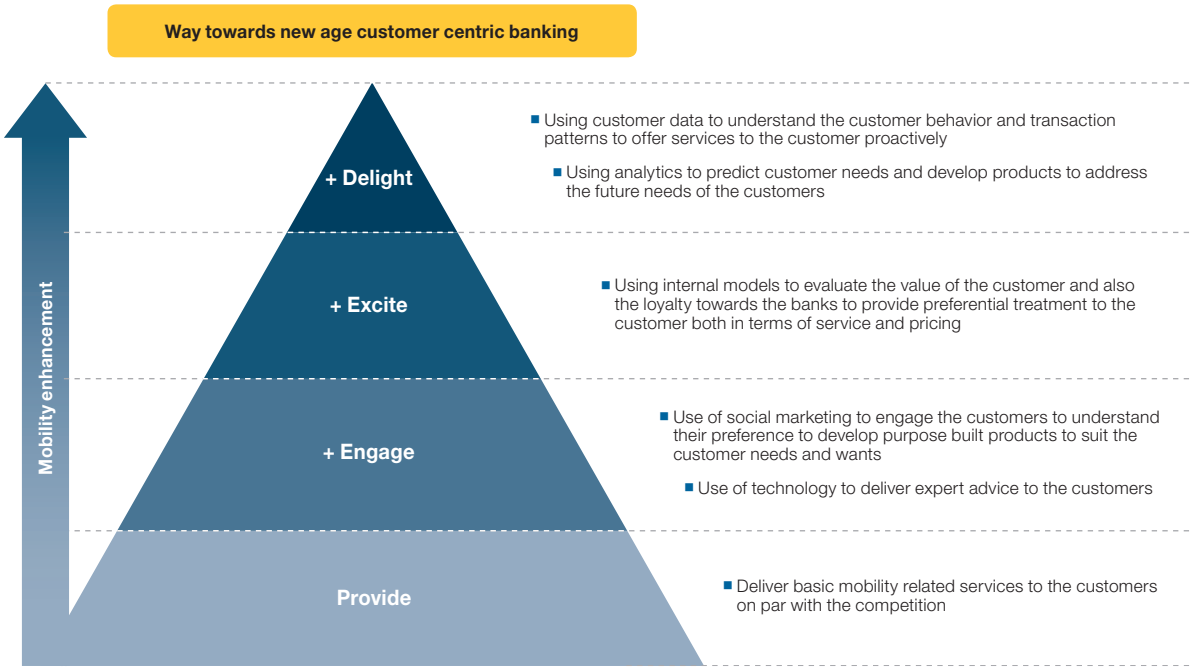
The path toward customer-centricity builds upon itself the more mobile a bank becomes. Mobility drives customer relationships into novel directions, by supporting an integrated experience across mobile, social, and online platforms. It also offers tracking and analytical tools that let banks analyze customer behavior and generate new insights in real time.

The desire for greater customer-centricity is not the only factor in the business case for mobility. From a product perspective, mobile offers the opportunity to introduce leading-edge digital products, such as product illustrators, simulators and mortgage tools. Plus, banks can win cachet by offering products via tablets and other high-end platforms.

Achieving mobility capabilities is not devoid of potential pitfalls. Mobile is vulnerable to the reality -- and the outsized customer perception -- that the channel is insecure. As a result, banks must build in robust security, and also make customers aware that it exists. According to Denis McGee, Chief Technology Officer of National Australia Bank, "Just launching mobile applications doesn't mean anything if there is no robust security capability, infrastructure, and appropriate capacity." Another trap is focusing on short-term customer adoption goals, rather than long-term improvements in the customer experience. Mobile also presents the particular risk that certain mobile operating systems or browsers held by customers could be incompatible with the bank's system. A comprehensive offering that supports a consistent experience regardless of the device used by customers is essential. Finally, banks must take care to avoid the traditional silo-based approach by designing an architecture in which mobile seamlessly integrates with the other channels.

As banks develop their mobile strategies, they should be aware that customer expectations will evolve. From simply expecting the application will be present; customers will come to expect applications that effectively leverage touch points to deliver an enhanced banking experience. Banks should devise their strategies to enable them to respond to customers' evolving expectations and deliver the desired applications to them.

**Figure 13 Mobility Maturity Roadmap**




Source: Capgemini Analysis, 2013

CHAPTER 3

# Going Back to Basics: Becoming a Customer-Centric Bank by Leveraging Data

**Bank-customer relationships have become more complex and less personal today.**

- Back in the 1950s, face-to-face interactions and simple, transparent products were the hallmarks of banking.
- Today, with the growth of delivery channels and increase in the number of banking products, the number of customer interactions has increased, but the level of personal connection has gone down.

**Banks have an urgent need to re-create the strong relationships they once enjoyed with customers.**

- Customer satisfaction is low in five core areas seen as critical to relationship-building: knowledge of customer needs and preferences; the trust and confidence that banks elicit in customers; the level of intimacy banks have with customers; product-channel fit of the bank's offerings, and the bank's ability to deliver a consistent multi-channel experience.
- The low satisfaction levels are a cause for concern as customers assign high importance to each of the five areas.

**Banks have access to more customer data than ever before and this must be more effectively utilized for relationship-building to succeed in the future.**

- Banks today have tremendous amounts of customer data available to them, but are able to successfully leverage only a small fraction of it for delivering actionable business insights.
- Extraction and cleaning of data is as important as analyzing it to gain customer insights.
- Before technology investments are made, firms need to be more successful at defining business objectives and aligning the necessary technology to support those goals.

# The Customer-Bank Relationship Has Become More Complex But Less Personal

The cornerstones of a strong customer-bank relationship have not changed in decades. As was true at the beginning of modern-day banking, institutions still earn trust and confidence by putting customers' interests first. However, trust in banks began deteriorating in the 1970s and 1980s with the consolidation of regional banks into larger, more impersonal institutions. The situation got further exacerbated when banks began emphasizing sales over service.

Back in the 1950s, when the branch was the only access point and banking products were simple, maintaining personal relationships was easy due to frequent face-to-face interactions between customers and the bank. However, relationships built by following a customer-centric approach later began to suffer as products became more commoditized, alternate channels replaced face-to-face contact, and banks became more profit-oriented in their outlook.

One of the most essential elements of a strong customer-bank relationship is the bank's understanding of customer needs and preferences. Back in the 1950s, banks demonstrated a greater understanding of customer needs and preferences by providing them products and services that directly addressed their financial needs. However, the expansion of banks' customer base (starting in the 1970s) and the subsequent exponential growth in the size of banks resulted in banks losing the personal understanding of their customers' needs and preferences.

With the emergence of alternate channels such as ATMs, internet, and now mobile technology, the number of banking channels has proliferated with time. Consequently, banks today not only have to ensure that they have a presence across multiple channels, but they also need to ensure that they are offering a consistent banking experience to their customers through all these channels. The prevalent use of numerous alternate channels has resulted in making the customer-bank relationship more complex and less intimate.

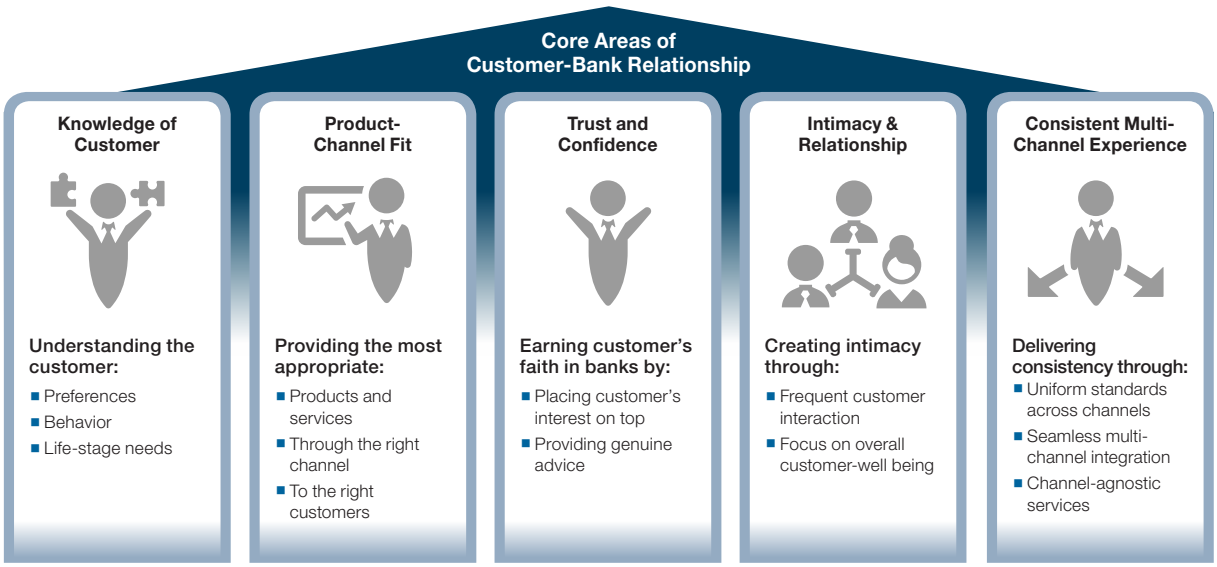
The advent of multiple channels has also introduced the challenge of achieving the right product-channel fit for banks. Banks today have to ensure that they are delivering the right products to their customers through the most preferred and appropriate channels. This challenge is elucidated by Adam Bennett, Executive General Manager of Enterprise Transformation at National Australian Bank, when he says that the bank can't chose the channel which will be used by customers, rather it's the customers who will self-select them, which has led the bank to design products which are channel/segment agnostic.

### BANKS MUST REENERGIZE CUSTOMER RELATIONS

Given the way bank-customer relationships have developed, banks have an urgent need to devise strategies that will help them re-create the strong relationships they once enjoyed with customers. We identified five core elements that are essential to establishing loyal relationships (see Figure 14), and measured the percentage of customers who are satisfied along each of those dimensions. The results underscored the need for banks to improve satisfaction within each core area or risk losing customers.

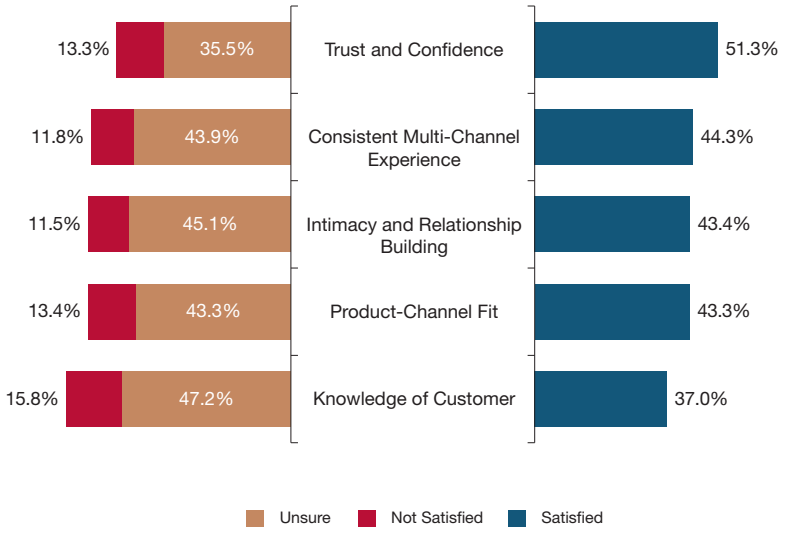
In four of the five areas we identified as critical to relationship-building, less than 50% of customers said they are satisfied. Trust and confidence is the only criteria that customers ranked above the 50% mark, and they did so only by a slim margin (51%). Customers are least satisfied (37%) with the understanding that banks have of their needs and preferences, and only 43% are satisfied with the intimacy of their bank interactions. Delivery channels also presented room for improvement. Only 43% of customers were satisfied with their bank's ability to offer the right products through the right channels and 44% with the consistency of the multi-channel experience being offered by their banks (See Figure 15).

**Figure 14 Five Core Areas of Customer-Bank Relationship**




Source: Capgemini Analysis, 2013

**Figure 15 Percentage of Customers Satisfied with Banks on the Five Core Areas of the Customer-Bank Relationship**




Source: Capgemini Analysis, 2013; 2013 Retail Banking Voice of the Customer Survey, Capgemini

These satisfaction levels contrast sharply with the higher level of importance customers ascribe to each factor. Fifty-eight percent say it is important for banks to have knowledge of customers, while 54% prioritize trust and confidence, and 53% cite the need for strong and intimate relationships. Customer priorities vis -à-vis channels indicate that banks may not be placing enough importance on this aspect of relationship-building. While 36% of banks said it is important to match the right product to the right channel, a much higher percentage (47%) of customers said so. Given this disparity, as well as increasing channel proliferation and product complexity, banks should be placing a higher priority on this core area (See Figure 16).

# Customer Data is Not Being Effectively Utilized For Generating Customer Insights

Over the years, channel growth has had enormous impact on the bank-customer relationship as customers began using alternate channels more frequently. This phenomenon has led to a steady increase in the overall number of customer interactions and consequently, in the volume and variety of data banks have about their customers. Today, banks have come to hold an unprecedented amount of data on their customers. The volume and variety of this data increases daily at a high rate as customers carry out interactions across a number of touch points.

Part of this data is structured data, which is available to the bank in an organized form and stored in the data warehouse. This data mainly includes customer-related information such as name, address, age, gender and the types of products held. However, unstructured and semi-structured data forms the bulk of customer data. This unstructured data, which mainly refers to free text, voice, and video data, may be generated outside of the banks' premises in the form of social media messages, voice calls, tweets, or customer e-mails, or may reside within the bank's premises in forms such as failed ATM transaction logs and customer complaints through the contact center. Data can also be loosely structured or semi-structured, such as in XML files and forms.

The three forms of data can be defined as follows:

- **Structured Data** refers to data that is identifiable because it is organized in a structure, such as a database or table
- **Semi-structured Data** is a form of structured data that does not conform to the formal structure of data models or data tables, but contains tags or other markers to separate semantic elements and enforce hierarchies of records and fields within the data, such as forms and xml files
- **Unstructured Data** refers to information that does not have a pre-defined data model and/or does not fit well into data tables – such as audio, video, images, documents, and text

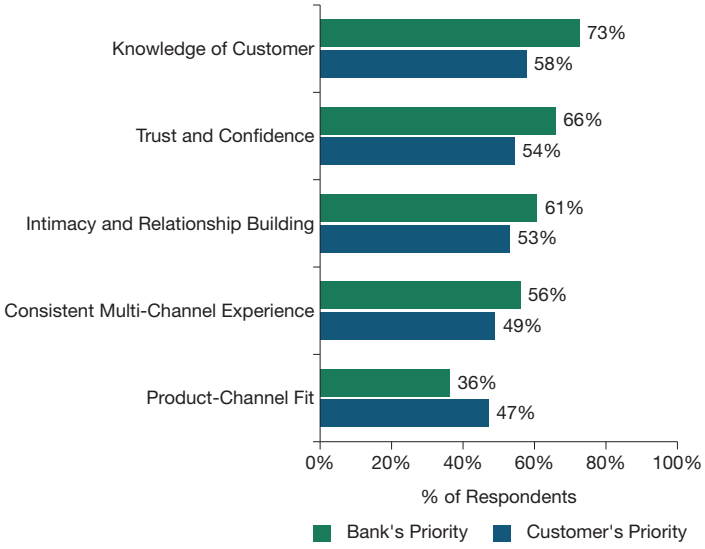
Although banks have an unprecedented amount of data on their customers at their disposal, much of it, particularly the semi- and unstructured data, remains uncaptured, and therefore unutilized (See Figure 17). Of the data that is captured, only some is accurate and relevant, and of this, only a small portion is used for generating insights. Of the insights generated, only some are actionable, and among these actionable insights, only a few result in successful outcomes that really add benefit to the business. In effect, only a small portion of the total data that banks have of their customers gets utilized for driving successful business outcomes. "Big data is useless, if it is not made small and relevant, whilst adding value to the employee and customer. If you are able to add value, this is significant," said a senior executive at National Australia Bank, highlighting the need for effective utilization of the data collected by banks.

### LEVERAGING DATA FOR ENHANCING CUSTOMER-BANK RELATIONSHIPS

Leveraging customer data to its fullest is essential to acquiring capabilities in the five core areas of bank-customer relationship building. To enhance knowledge of their customers, banks should effectively leverage customer data - structured and unstructured - for modeling and prediction to better understand customer needs and priorities, which will in turn will help them to develop customer-centric product and service offerings.

Social aggregator tools that leverage external unstructured data can help banks bolster trust. By adopting this approach, banks can potentially gain insights into customer attitudes and preferences as expressed freely on social media or during voice, chat, and e-mail conversations. In addition, there is an excellent opportunity for banks to use social media analytics as an aid in new product development and marketing activities, as they provide real-time insights into online customer behavior that are more accurate than off-line customer surveys. Banks' sales forces can also leverage data for customer segmentation and customer value analyses to identify customers who are

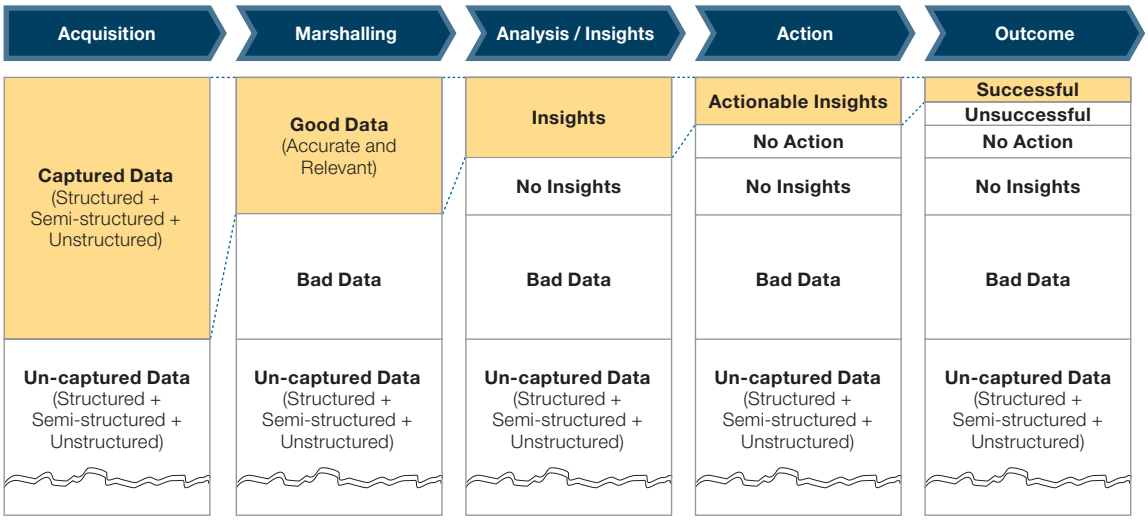
**Figure 16 Priority of Customers vs. Banks on the Five Core Areas of the Customer-Bank Relationship**




Note: The graph above is plotted based on the % of bank responses with priority above 5 on a seven point scale where 1 is the lowest priority and 7 is the highest

Source: Capgemini Analysis, 2013; 2013 Retail Banking Voice of Customer Survey, Capgemini; 2013 Retail Banking Executive Interview Survey, Capgemini

**Figure 17 Existing Approach of Leveraging Data**




Source: Capgemini Analysis, 2013; "Big Data: Next Generation Analytics With Dutch Case Studies", Capgemini, 2012

more likely to remain engaged, allowing the bank to build more personalized relationships with them. For example, ICICI bank in India is using the insights offered by CRM on customers' needs and preferences to make its services more personalized and customized.[14]

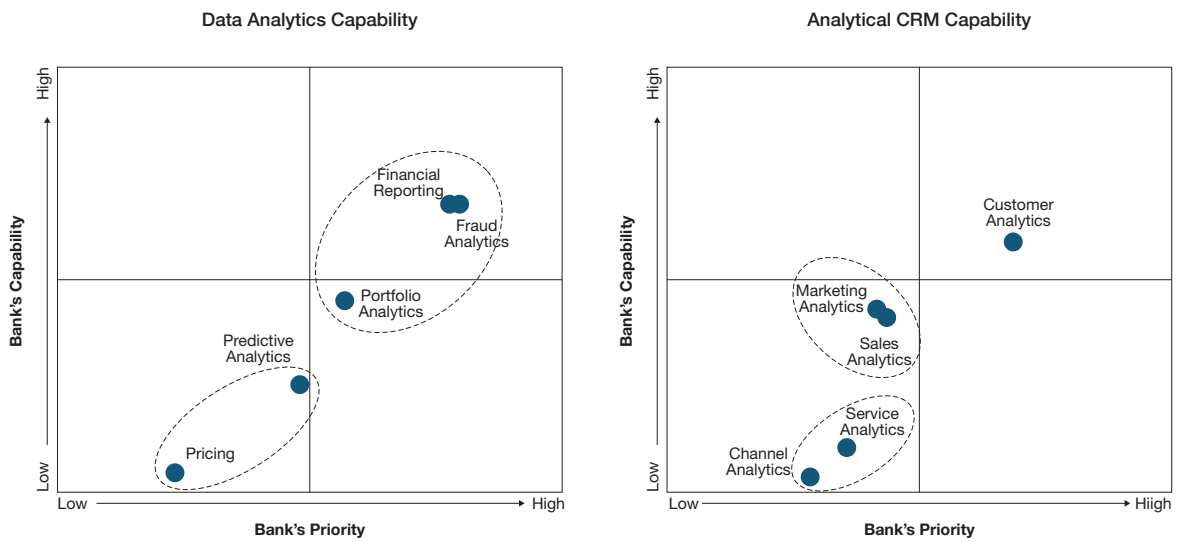
Application of channel analytics that leverage internal unstructured data, such as call center records, ATM logs, and customer complaint logs, provide banks with the opportunity to deliver a more consistent multi-channel experience by helping banks to better understand pain points experienced by customers during banking interactions.

## BANKS NEED TO INVEST IN BUILDING ANALYTICAL CAPABILITY

While banks have built strong data analytics capabilities around risk management (largely to comply with regulatory requirements), their ability to analyze data related to relationship-based aspects of banking is still evolving. Our survey of banking executives found that banks have built good capabilities in the areas of financial reporting, fraud analytics, and portfolio analytics, but they are not effectively leveraging data for improving product pricing and predictive analytics. Placing a higher priority on these capabilities could help banks improve customer trust and relationships by allowing them to align their strategies with the specific needs and demands of unsatisfied customers.

In CRM analytics, banks have ranked their capabilities as comparatively low in the areas of channel and service analytics, compared to customer analytics. This may be due to the low priority that banks ascribe to providing a consistent multi-channel experience to their customers (See Figure 18).

**Figure 18 Analytical Capability of Banks**




Source: Capgemini Analysis, 2013; 2013 Retail Banking Executive Interview Survey, Capgemini

[14] http://www.mbaknol.com/management-case-studies/customer-relationship-management-crm-in-banking-a-case-study-of-icici-bank/

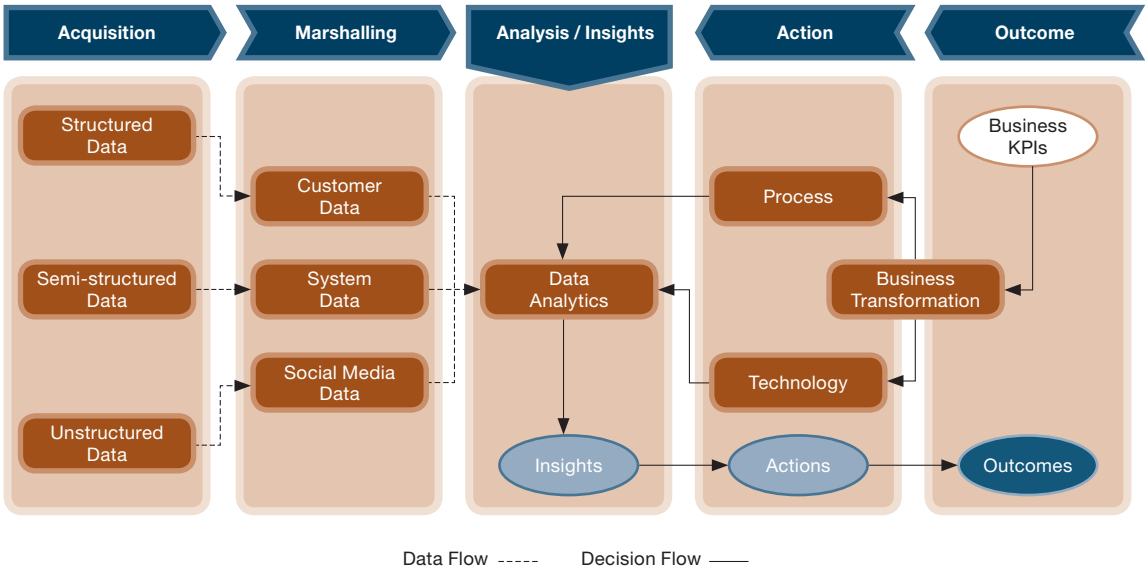
# The Way Forward: Deploy Data in Pursuit of Business Goals

The journey toward being able to use data to gain insights about customers is a challenging one, involving five distinct steps: acquiring the data, marshalling it, analyzing it, gaining actionable insights, and achieving successful outcomes.

At each stage, firms are faced with several pitfalls that may potentially derail their plans to put data to effective use. For example, improperly stored, improperly cleaned, or non-indexed data may obstruct the task of data acquisition. Similarly, improper categorization of data, not gathering data at the desired frequency and not being able to separate the good from the bad data can hamper the task of marshaling data. Banks may also not possess the required analytical tools or may have selected the wrong analytical tools (due to unclear business objectives), rendering extraction of insights from data virtually impossible. The insights generated might also be rendered non-actionable if there they are not in sync with business objectives. Finally, even in cases where insights are actionable, they might not provide the necessary results due to lack of proper project management, execution or planning. All the above pitfalls arise primarily because of a lack of congruence between business objectives and the data analytics approach. In effect, banks must follow a business-objective led approach for leveraging customer data (See Figure 19).

We have highlighted the ways in which five institutions have addressed each step of leveraging data for analytics in a series of mini-case studies. These case studies highlight how each bank overcame challenges during critical steps of the data acquisition process and successfully leveraged analytics to drive overall business objectives.

**Figure 19 Business Objective Led Approach to Leverage Customer Data**




Source: Capgemini Analysis, 2013

**Data Acquisition at National Australia Bank, Australia**
With customers increasingly using social media such as Facebook and Twitter to connect to the bank, National Australia Bank (NAB) faced the challenge of capturing and storing all that incoming information. As unstructured data, the wide range of social-media inputs proved difficult to cleanse, index and archive. NAB wanted to better inter-connect its back-end data engine with its supporting infrastructure and networks on the front end, as explained to us by Adam Bennett, Executive General Manager of Enterprise Transformation. The bank also wanted to observe all customer-privacy rules and ethics in the way it gathered and stored information from social media.

To address these issues, the bank set up a social media command center, staffed 24 hours a day, seven days a week, to monitor and respond to customer interactions. The centralized model supports more controlled communications, leading to a more consistent customer experience. More importantly, the bank is now set up to capture unstructured data about its customers. By analyzing this data, the bank can gain greater insights into emerging trends and provide more proactive customer care.

**Data Cleansing at Leading Brazilian Retail Bank**
This large bank was overwhelmed by the volume and breadth of its data. It was plagued by large and complex data sets that were improperly categorized, difficult to extract and analyze, and sometimes outdated. As a result, it was having trouble populating its warehouses and analytical tools with data that was useful in managing relationships or feeding into reports and executive dashboards. It wanted to better manage all the various data structures and formats, including historical and real-time data, in its fast-growing environment.

The bank elected to resolve its big-data problem with a big-analytics appliance. Such appliances are equipped with greater computational power and memory to handle the demanding analytical requirements of large amounts of data. The bank's appliance, still in testing, will let it integrate structured and unstructured data processed in both real-time and batch modes. Ultimately, it will help the bank capture, integrate and analyze a wide variety of data from various sources to generate a holistic view of customers.

**Analyzing Data at Yes Bank, India**[15]
Yes Bank of India had lots of data, but no good way to get it. To gather intelligence on anything from customers to risk management, it had to manually extract information from a variety of sources, such as applications, databases, spreadsheets and word documents. Often the data was inconsistent or irrelevant. And without the proper analytical tools, the bank was not able to derive insights from it.

To address these issues, Yes Bank developed its own business intelligence system, which is now used across the bank to aid in decision-making, forecasting, reporting and online analytical processing. The system has improved the quality and integrity of data by eliminating inconsistencies. Further, by integrating data from multiple sources into a single warehouse, the bank now has more in-depth views of customers, aiding in marketing and customer support. Automation has increased the productivity of associates and also cut down on internal e-mail traffic since data files can now be accessed internally, rather than sent as attachments.

[15] http://searchbusinessintelligence.techtarget.in/survey/Yes-Bank-gains-customer-insights-with-in-house-BI

**Deriving Actionable Insights at ICICI Bank, India**[16]
India's ICICI Bank wanted to improve its rates of debt collection without alienating customers. It also wanted to bring efficiencies to a process that traditionally had been carried out manually by agents in the field. By taking advantage of non-intrusive channels, such as e-mail, phone calls and letters, the bank hoped to improve collections from early delinquents while still maintaining strong relationships with them. The challenge was to match each case to the most appropriate collection channel, based on the level of delinquency.

The bank adopted an analytics system that captures the details of each delinquent case and assigns it to the appropriate channel or agent. The model factors in a wide range of parameters, including exposure, risk behavior, customer profile and even the efficiency of the collector, to identify the best method of collection. The new system has helped to substantially reduce credit losses and improve productivity. In the area of auto loans, for example, the bank increased debt collections by 50%. In some areas, it has reduced its manpower needs by 80%. And turnaround time on collections has been condensed from five to six days, to a matter of hours.

**Achieving Successful Outcomes at a Leading U.S. Retail Bank**
This bank collects massive amounts of data on customer behavior and channel interactions, but kept it stored in different data warehouses. The bank wanted to bring all the data together to analyze it and create a more holistic picture of customers. With the in-depth customer data it hoped to develop more targeted product offers as well as more appealing online content. The ultimate goal was to improve the overall customer experience.

The bank installed an analytics system that integrates data from online and offline channels, resulting in a more global understanding of customers and how they interact through all the bank's touch points. This integrated data feeds into the bank's customer relationship management platform, supplying the call center with more relevant leads. It also informs the bank's decisions on how to design its web site to optimize customer engagement.

Through the detailed insights it offers into customer behaviors and preferences, the analytics system is helping the bank deepen customer relationships and create more personalized experiences. Specifically, the bank has increased conversions from inbound and outbound calls by 100%. It also has executed three major website redesigns in a year and a half, using data-driven insights to optimize the content and increase customer engagement.

## SUMMARY

Bank-customer relationships have devolved over the years as banks have expanded geographically, added delivery channels, and emphasized product sales over relationship-building. Now customer satisfaction within key areas associated with strong bank-customer connections is low. Effective use of data can help banks repair their customer relationships and reclaim the benefits of a more customer-centric approach. To successfully leverage the huge amount of data at their disposal, banks need to adopt technology strategies that are led by business objectives.

[16] http://searchbusinessintelligence.techtarget.in/feature/Improved-debt-collection-with-BI-An-ICICI-Bank-story

# APPENDIX

**Figure 20 Customer Experience Index, by Country, 2012–2013**

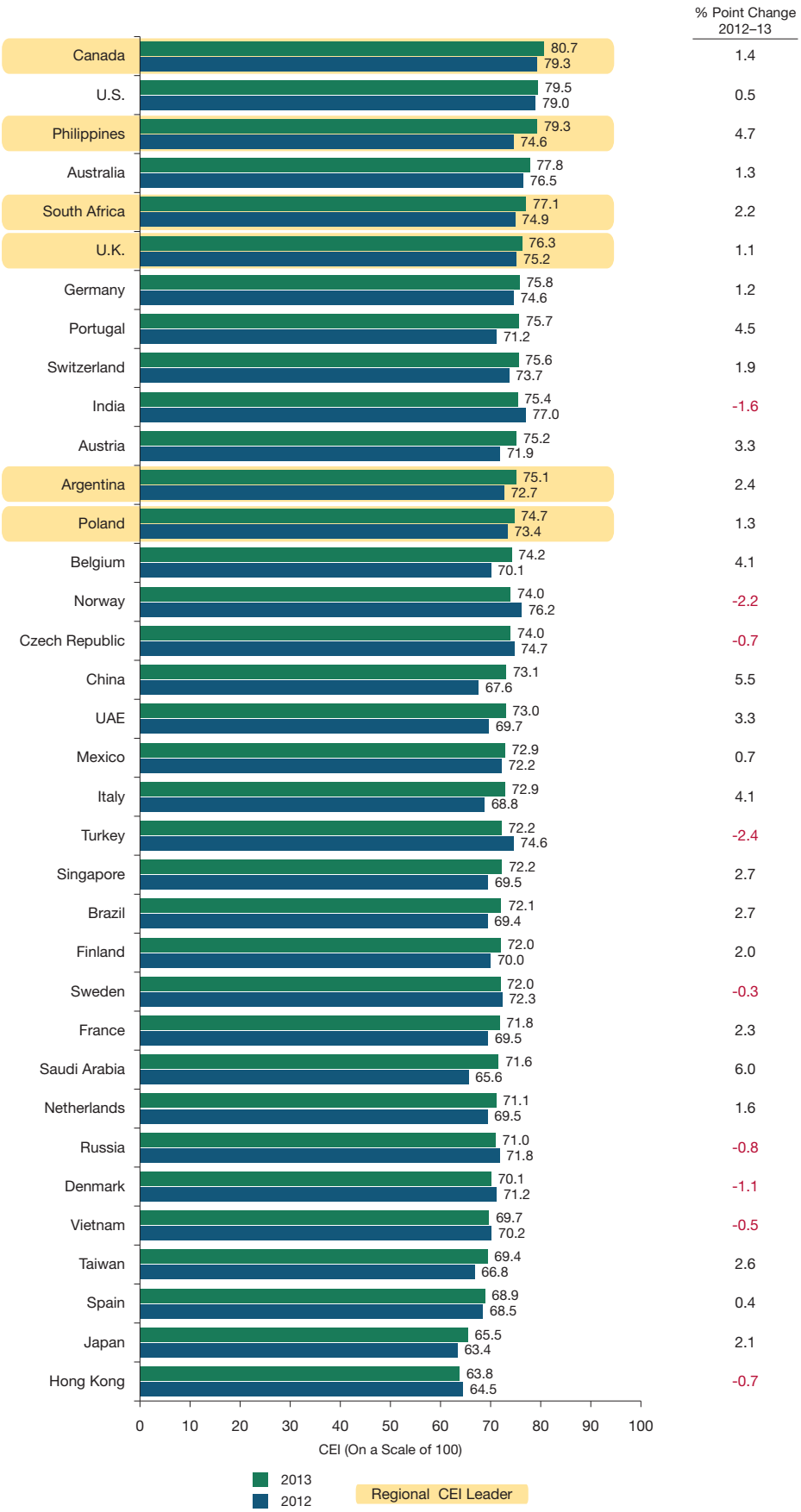
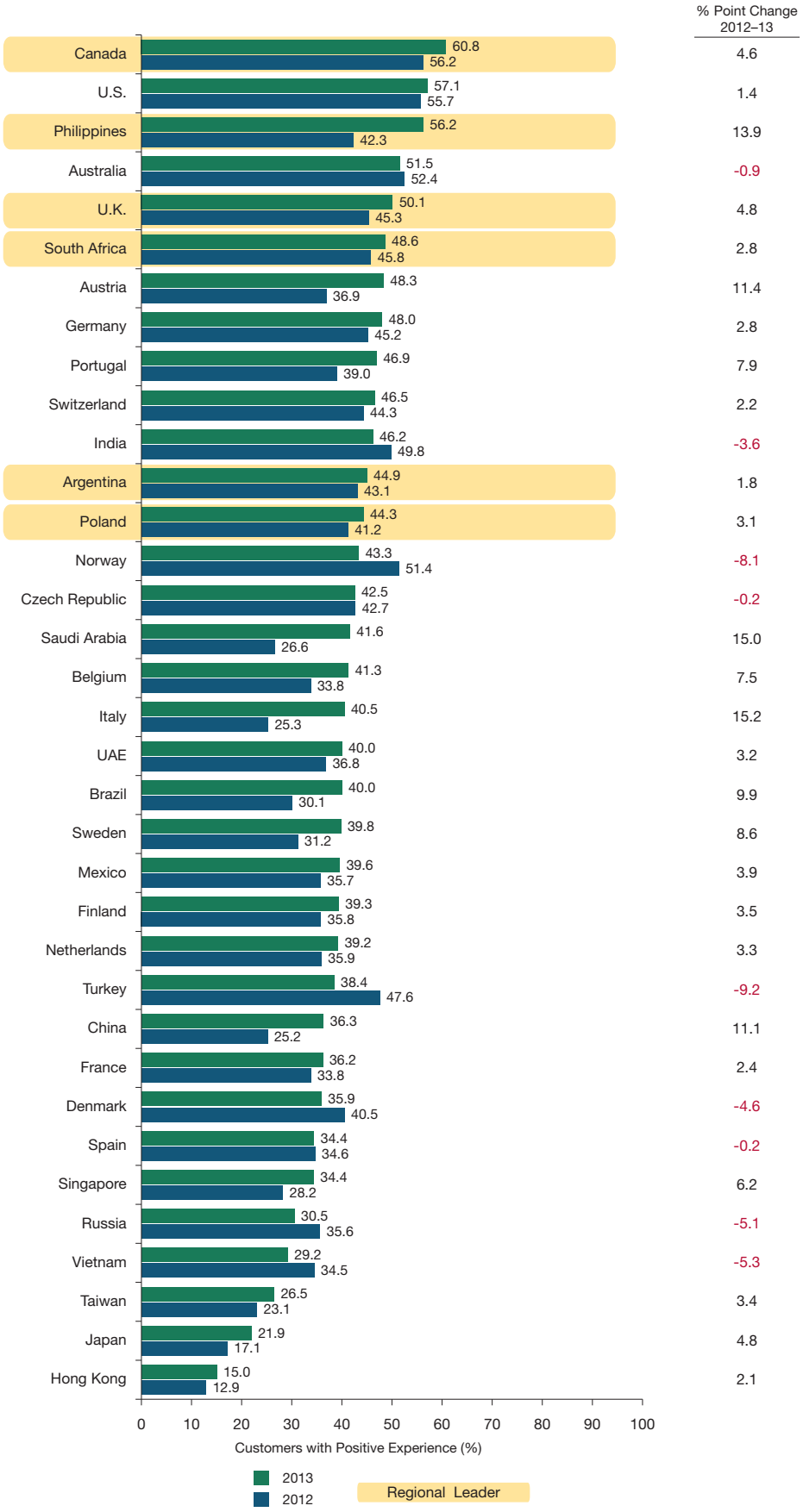


**Figure 21 Customers with Positive Experience (%), by Country, 2012–2013**



# Methodology

## 2013 Global Banking Voice of the Customer Survey

A global survey of customer attitudes toward retail banking forms the basis of the ninth annual *World Retail Banking Report*. Our comprehensive Voice of the Customer survey polled over 18,000 retail banking customers in 35 countries. The survey sought to gain deep insight into customer preferences, expectations and behaviors with respect to specific types of retail banking transactions. The survey questioned customers on their general satisfaction with their bank, the importance of specific channels for executing different types of transactions, and their satisfaction with those transactions, among other factors. The survey also questioned customers on their trust and confidence in their bank, their perception around the understanding that their bank has of their needs, the degree of product-channel fit and consistent multi-channel experience provided by their bank, why they choose to stay with/change their bank, their perceived importance of different services provided by their bank, and other issues. We supplemented these detailed findings with in-depth interviews with senior banking executives around the world.

## Capgemini's Customer Experience Index

The responses from the global Voice of the Customer survey, which analyzed customer experiences across 80 data points, provide the underlying input for our proprietary Customer Experience Index (CEI). The CEI calculates a customer experience score that can be analyzed across a number of variables. The scores provide insight on how customers perceive the quality of their bank interactions. They can be dissected by product, channel and lifecycle stage, as well as by demographic variables, such as country, age, investable assets and comfort level with technology. The result is an unparalleled view of how customers regard their banks, and the specific levers banks can push to increase the number of positive experiences for customers. The index provides a foundation for banks to develop an overall retail delivery strategy that will increase satisfaction in ways that are most meaningful to customers.

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