



“DIGI CUSTOMER AND DIGI BANK EMPLOYEE” CREATING BETTER EXPERIENCES FOR CUSTOMERS AND EMPLOYEES

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It is timely and significant to write on a topic which underlies one of the most frequently asked questions on retail banking today: how does the rapid rise of digital technology change the customer experience and how should it be defined not only in terms of banking customers, but of retail banking and bank employees.

Digital innovation and adoption are increasing. No industry can escape digital disruption and banking is in the thick of it. Every digital activity has a direct impact on customer experience. The changes are providing consumers and businesses with more options and choices in interacting with their bank, conducting financial transactions and seeking financial solutions. The industry's biggest challenge is satisfying the demands of better-informed and less-loyal customers.

As a general practice, banks at all times focus on customers, but now, more than ever, banks show a greater enthusiasm in recognizing the different banking habits of customers and responding accordingly. In an era when we are moving towards a touch centric world with the technological advancements the future of banking business is rooted in shared experience and the banks seem to be focusing on delivering a smart banking experience – one that is easy, personal and supportive.

It is in this context that the “Connected Customer” concept comes in to light. This involves moving from managing individual interactions to developing an ongoing dialogue with customers on the matters concerned. The Connected World allows banks not only to connect with their customers, but also to help the bank's customers (both business and consumer) to connect with each other.

Banks at present, are increasingly embracing technology, using it in personal ways for their customers. Banks refer to this as a connected customer experience enabled by digitalization, but delivered in both physical and digital forms. Retail banking is now fairly and squarely centered on the customer and as a result is increasing its focus on providing a “Connected Customer Experience”.



The increasing level of digital technology and the banking options and customer expectations that are brought forth with an increasing customer centric approach to business imply that the traditional view of retail banking is fundamentally changing.

Today the consumer experience is almost endless and it is the sum of all touch points. Therefore individual experiences could be looked at across digital touch points and interactions. Connected customer experience basically has two main elements:

1. Channels connected in increasingly seamless ways which enables customers to have an anywhere anytime banking experience
2. Experiences that are increasingly personal or human centered

These elements in customers' life cycle are worth considering. Present day customers are in possession of increasingly integrated digital channels to make a choice. He can commence a transaction in one channel and close the same in another and that integration enables the concept of anywhere, anytime banking. Most successful bankers have cottoned onto the idea that the connected customer experience needs to be multi channel and have the ability to be carried out across the available platforms. The customers can check the progress of their requirements using internet banking facilities at home.

In the late 1990's, the phrase the "Experience Economy" was first coined to describe how the economy was shifting from providing "services" to "Customer Experiences". At the time it was a revelation. Now it has become natural for the customers to expect 'an experience' rather than a 'service'. Not surprisingly, global brands including Amazon and Google have built their companies around providing great customer experiences.

What is the difference between a customer experience and a service? A customer experience underlies an intangible element: a wholesome and memorable feeling wrapped in a sense of satisfaction. "The best experience" contains a sort of 'personal' or human element. Although personal experiences are not traditionally associated with banks, customers expect more or less the same even at a bank. Even though the banks can make digital interactions more human centered to accomplish this purpose it is the employees of a bank that are uniquely placed to assure a 'personal' connection with customers and provide great customer experiences. The forces that drive such changes to a connected customer experience could be identified as digital technology, the liquid expectation of customers and the psychology of customers. Let's look at the catalysts in detail.

We are living in a world where Digital Technology is becoming increasingly pervasive and integrated into our lives. It is worth reflecting on our own digital habits. Today, most customers carry out transactions by contactless payments via connected devices while downloading the applications (Apps) and browsing internet banking facilities via mobile phones. Therefore Digital



Technology functions as both the means and the end with its contribution to ensure a more connected customer experience by driving its components towards the same and as an experience itself.

The second driving force is the consumers' so called liquid expectation – what a customer experience in one industry or organization merges with their expectations of an entirely different industry or organization. Today the customers' expectations are no longer set by our competitors in the banking industry, but by any business that delivers a great customer experience.

The third factor that involves a connected customer experience is the changing consumer psychology. In this scenario, three critical customer concerns come in to play, which requires to be addressed effectively.

The modern day banks' customers have grown more anxious than ever. Figures from the various banks and the consumer anxiety index show that the average consumer has an anxiety level around 50- 60 on a scale of 0 to 100. Secondly with more information and choices at hand people are often overwhelmed by the amount of information available and paradoxically anxious about making a decision. They want someone to guide them and give them confidence that they are making the right decision. From the banking perspective, people need an increasing control over their everyday finances opting for the use of self service options when available.

Third concern in the consumer's psychology is digital addiction. Digital technology has been designed with the purpose of guaranteeing a more convenient life style while many of us feel addicted to our digital devices. To address their needs we should assist the customers to cut through the clutter of information and bank jargon, ensuring that guidance and advice is personal and relevant for them and in doing so give them the confidence that they are making right decisions. A banker's job is to help them in making good financial decisions. Thus we need to ensure that our digital solutions and technology are truly making the life easier for bank customers.

Despite the developing tendency of reducing, reshaping and transforming the branch experience, banks still are in possession of large investments in the physical foot print. According to the Central Bank statistics **40 new branches** were opened during the last year. In this context, we still believe that branches are vital in delivering a greater customer experience. However, we need to invest in technology to simplify, enable and connect branches to be digitally capable to deliver a connected customer experience. Banks still have a long way to go in transitioning their customers from branches to digital channels.

Some banks are more conscious that branch formats play an essential role in customer experiences. Based on this assumption the banks make an effort to create branches that are engaging, brighter, more spacious, and inviting with a green outfit.



Despite seeing a continued decline in over the counter transactions in branches for a complex or large transaction, customers still prefer to use bank branches. This is the case even with the most technology advanced age groups.

In a way digitalization appears to be country specific. For instance, in countries like India there may be thousands of people who do not have access to internet and IT technology. Even if such facilities are available they may not choose internet or online banking. Similarly, in developed countries like Germany there could be people who still prefer to use cash when they carry out transactions. Even in Sri Lanka it is a common sight to see people browsing internet or social media websites, etc. via their smart phones while waiting at the queue at the bank. Interestingly, even such high tech and computer savvy new generation still prefers a traditional banking experience by visiting the branch to obtain services.

The sense of security and trust often associated with money and all financial matters seem to play a role in this preference and choice made by people and being largely aware of the fact that modern-day technology provides unlimited room for all types of frauds, rackets and mishaps people tend to visit the Bank as a safety precaution. Product push approach and sometimes performance based remuneration adopted by banks too lead to product mis-selling.

In a connected customer experience world-wide, the branch experience is incorporating digital technology and increasing the expectations of customers for an advanced customer experience. There is a wide range of applications and tools that our bankers use to educate customers and enable them to make better financial decisions. The intelligent technology will allow customers to be in control of their transactions, right up to the point where they need a help with a problem. At this point, a bank staff member will be available to provide assistance, guidance and advice.

Today banks make a significant investment to simplify their technology platforms, removing complexities and deliver a quick and simple digital experience for their customers. This facilitates the customers to execute many activities themselves on line: e.g. to receive, log and accept loan documents etc. Such activities performed by the customers lead towards an increased sense of confidence in customers that things are progressing as they should.

Digital technology is freeing up for employee to spend with customers, enabling them to deepen their skills and knowledge, helping customers to make better decisions using digital tools and have better conversations using improved customer insights.

In this age of digital enactment the banks can leverage to help employee skills and knowledge in addition to providing facilities to customers. Using digital technology and undertaking digital prospecting enables the bank staff to closely identify their customers and their needs and thereby facilitate them to guide the customers to construct a more productive conversation and provide more meaningful advice to increase their confidence and reduce their anxiety.



In this connection, the digital employee experience is a concept emerging as Human Resources mega trend. Employee engagement is the extent to which employees feel passionate about their jobs, are committed to the bank and make discretionary efforts in terms of their work. It is also important to create a digital culture as a philosophy which runs through the bank. Unfortunately many banks struggle to create holistic employee engagement strategies. Most banks lack a coherent strategic approach to digital employee engagement. Digital technology deployments suffer from lack of business focus on platform fatigue and the measurement and evidence of business value remains anecdotal. The benefit and outcomes of digital tools must be communicated to employees on a consistent basis and rewards and recognition work well to increase engagement. When done right, the tools improve productivity, moral and overall engagement.

At present, the banks implement a range of on line training, video self guide simulation and other digital learning tools to enable employees to develop their skills and knowledge. Further, when financial institutions develop their strategic goals they are keen to relate the same to digital information. The business significance of digital information and processes could be utilized and when doing so digitalization should be outcome based rather than technology based.

To better serve the bank customers, banks could employ a human-centered methodology to design and develop products and services. This process enables banks to keep ahead of changing market conditions, technical innovation and the resultant emerging needs of bank customers. The future will be digital and this is why we are investing in product development that brings new and innovative solutions to bank customers.

Many banks believe that an additional value can be generated by using technology as a facilitator for differentiation and also to increase ROE by ensuring increase in top line.

Digitalization also has the ability to offer decision making support through analytics, governance, risk, regulatory compliance and security features. Digital economy competitors require the banks to radically rethink that customer offering. There is a huge amount of pressure on the relationship of costs to revenue. While the cost saving opportunity for banks comes in many forms and touches every area of the bank driving a value focused digital transformation could control costs.

In this new world of connected customer experiences, banks need to embrace digital technology simultaneously and become increasingly personal. However, this is not an easy task to the bankers and they need to embrace digital innovation as a key element of their customer centricity.

However, still people tend to prefer a traditional banking experience by visiting the branch and not choosing to use internet and online banking due to lack of trust on such channels as safe though convenient and efficient.



Therefore, a segmental digitalized banking service which limits the same to a particular customer segment, i.e. affluent young employees while continuing to facilitate other customers via branches could be deemed as the best solution available.

Customer experiences outside the banking sector in the digital world have increased their expectations and banks have to accelerate their transformation efforts accordingly. Otherwise the competition will be coming from all directions, may be from unexpected quarters, to take the share of banks. In this context, the banks most real digitalization appears to be a never ending process.

According to the recent McKenzie's Asia Pacific Review 2016, banks in Asia Pacific Region face three formidable challenges which make the banks to sustain the status quo profitably. One such major challenge across Asia Pacific is attackers from outside the industry disrupting financial services. FinTechs- start -up technology companies offering financial products such as payment systems and lending platforms- and established companies from outside the industry, such as Alibaba, Tencent are encroaching into traditional banking territory. Worldwide seven billion francs are being invested in these Fintecnos' annually.

However, digitalization needs to be used as a blue ocean strategy: consider the entire business from the customer's perspective and revisiting the bank's existing legacy business model. Resultantly, the Banks need to contemplate on how they could use digitalization to achieve financial and social inclusion.

In this backdrop a single trend comes in to light: the borders and boundaries of financial industry continue to blur with the gradual and increasing integration of banking with digitalization.