

Banking & Financial Services Industry



What does your bank think of you? Does it consider you at all during the course of a day, week, or year? Odds are, the answer to both questions is 'no,' as banks struggle to connect with their users amid a cloud of economic uncertainty. According to JD Power's most recent study of retail banking satisfaction, customers are looking for guidance in the storm and say they're not getting it.

The banking and financial services sector is among the remaining legacy industries that must be dragged into modernity. Several banks have gone under, others may, and the existing giants appear poised to grow even larger, which is typically not a prescription for high-touch customer service. Routine transactions are increasingly being done digitally, which may explain the service deficit for a line of business that has historically been built on face-to-face interactions and handshakes.



Did you know

- In one estimate, **97%** of millennial customers regularly use digital banking**
- Only **35%** of executives report progress with digital initiatives
- About **6%** have no plans at all

**The same also applies to other demographic groups but in smaller proportions. Whether one is a digital native or a digital immigrant is immaterial; it's how the industry is going, whether it is ready for the trip or not.



Industry challenges

First are the systemic issues, such as modernizing for a changing consumer base, bringing legacy technology into the current age, and the ability to cope with a volatile marketplace. Digitalization and decentralization are vital areas of innovation, the former to enhance efficiency and reduce costs, and the latter to allow for diversification and new business models.

There is also a need to overhaul what industry employees look like regarding their skill sets. Many institutions are caught between the traditional approach and attempts to digitize. Instead of degrees in subjects like economics, management, or finance, bank employees of the next generation may well be hybrid staffers who understand money but are also familiar with data and computing.

There is likely to be increased regulation, which is typical during economic downturns but also lingers after the recovery. This sector is already among the most heavily regulated industries, and so-called RegTech may be a necessary disruption. The emergence of the cloud, AI, Big Data, and blockchain are all deviations from business-as-usual and regulatory technology can be helpful in matters of compliance and risk management. What RegTech cannot do is guarantee competitiveness or a clear path toward continued growth.



Current trends

For an industry often seen as impersonal, the user experience is a big issue. Consumers expect personalized service from virtually every brand they patronize, so it's not unusual that they would expect the same from the financial world. This means catering to a multi-generation user base and understanding the specific needs of each group. The industry has more of a captive audience than other businesses in that switching banks is a bigger hassle than switching detergent brands, for instance. So, how can this happen?

As it happens, personalization and digitalization can co-exist. Banking-as-a-Service (BaaS) is emerging as a means of digital transformation that couples financial services with the products of non-banking businesses. Through APIs and partnerships, the user experience can be made quite personal by combining financial products with some, but not all, traditional banking services. Things like online loans, for example, are available outside of banks, while checking accounts are not.

At a high level, developments include:

- **The rise of AI:** chatbots and other digital assistants are on-call 24/7 to provide support and recommendations based on personal circumstances. This technology is also valuable for the persistent battle against account takeover and account fraud and for conducting credit risk analyses. AI represents the next step in the digital transformation process, integrating solutions across the enterprise to make daily operations more efficient and cost-effective while also touching on customer service.

- **The cloud:** this directly addresses the challenge of shifting from legacy technology and a location-based mentality. It might help to see the cloud as the entry point for new ideas and processes rather than as an end unto itself. The cloud makes data universally accessible and opens the door to no-contact, high-efficiency service.
- **Security:** cybercrime is a vast and growing business. Every technological advancement that can enhance organizational efficiency invariably creates potential exploits for bad actors. When the subject is other people's money, airtight security is an operational must-have. This includes stricter protocols for authorizing transactions and accessing accounts, whether through incorporating biometrics or using multi-factor authentication.

At a user level, banking and financial services are just one more part of a mobile, digital environment. Even without a genuine digital bank currency, consumers often behave as if one exists through the use of apps and other contactless means of payment. Add fin-tech startups and the integration of blockchain technology into payment systems, and an ecosystem of e-banking materializes, with ideas such as:

- Open banking refers to data shared by banks and other financial houses and includes products, transactions, and APIs made available to third parties. Retail and investment banks are supposed to be separate but do not always behave as such. As banks partner with fin-tech companies, this line will be increasingly blurred, with advanced services available to customers on a single platform.
- **Payments 4.X:** this concept involves using AI and blockchain technology to improve traditional payment methods like debit and credit cards. You are likely aware of mobile wallets, which are growing in popularity, with the number of cashless settlements expected to reach 200 billion transactions by 2025.
- **Low- or no-code platforms:** this combines speed with openness, using a simpler software development process that does not require extensive programming. Low-code solutions are not limited to the financial world; Gartner anticipates that up to 70% of new enterprise applications will be built on such platforms. For context, only 20% of apps were built that way in 2020.

While much of the focus is on customer-facing matters, the back office will also be affected. This is where legacy systems are especially prevalent, creating a Paleozoic perception of the industry. The back and front of the house must be aligned for digitalization to work. Updating will not be easy, but change typically includes discomfort. The back-office element is a reactive effort that involves resolving technical debt, discovering the cloud, and embracing a measure of RPA.



Where we fit

Financial institutions need customers and customers require service, whether that means technical support, account management, pre- or post-sales help, general care, or something else. Our background is deeply rooted in SaaS and technology, so we are where banks and other financial houses are going. If the idea is to shape the customer experience, having a partner whose expertise is just that's is a good idea. The following is just one example of our work within this sector.



The Opportunity

The client was struggling to provide customer care in a cost-efficient manner. The demand for service stretched the onshore in-house team beyond its limits. Customer calls were not being answered in a timely manner, creating frustration that negatively impacted the user experience. In turn, the effect on service levels posed a threat to customer retention.

The Solution

Our nearshore strategy immediately addressed the question of labor costs. We were able to put in place a bigger support team on a smaller budget. The approach entailed using agent groups who were dedicated to specific lines of business so that focused attention could be provided to each: customer care, order entry, and inbound sales calls. There was also a vetting process for agents since this program entails the private financial information of individuals and corporate entities.

The Results

The client's expectation was for an average quality score of 90%. Our team regularly hovers at the 98% mark. We have exceeded the second requirement of answering 80% of calls within 20 seconds, and the team has also met the mark on average handle time. The increased satisfaction level among customers not only benefits retention rates, it also opens the door to potential upsales and cross-selling opportunities.

As a provider of outsourcing services, our clients trust us with their most valuable asset, their customers. That means protecting their customers' data and privacy. We feature the key certifications that mark information security, data privacy, and related concerns. In short, keeping watch over client data is as integral to our service model as providing their customers with world-class support.

The ground is shifting beneath the industry's feet, but our familiarity with the growing complexity of technology and the customer issues it spawns means that digitalization plays to our strengths. We have a deep working knowledge of the customer care issues that companies worry about – scalability to handle growth, hearing the voice of the customer, labor arbitrage – and a track record of delivering consistent quality that results in "wow" experiences.

GlowTouch is privately held and is certified as an NMSDC Minority Business Enterprise (MBE) and a WBENC Women's Business Enterprise (WBE). Founded in 2002, we provide personalized, omnichannel contact center, business processing, and technology outsourcing solutions to clients worldwide. Our thousands of employees deliver operational excellence every day with high-touch engagement. Their work has earned recognition from independent bodies such as the Everest Group, International Association of Outsourcing Professionals, and the Stevie Awards. GlowTouch is headquartered in Louisville, KY, with a global footprint that includes onshore contact centers in Louisville, Miami, and San Antonio. There is also a nearshore presence in Santo Domingo, Dominican Republic; offshore locations in Mangalore, Bangalore, and Mysore, India; and Manila, Philippines. To learn more about GlowTouch, visit www.GlowTouch.com, or email Tammy Weinstein at Tammy.Weinstein@GlowTouch.com.