



# Self-service banking: The key to customer acquisition and retention

## Introduction – Changing expectations

The ways in which customers are interacting with their banks is undergoing a fundamental shift. Even prior to the COVID-19 pandemic providing an accelerant, consumers have drifted away from traditional banking touch points and towards more fluid digital channels. While necessitated by the closing of branches and the reduction in contact, it has exposed an unprecedented number of users to the potential of alternative methods of self-service banking.

Consumers have become reluctant to visit branches, with 26% saying they want to avoid face-to-face banking entirely going forward<sup>1</sup>. The average user is moving from bank branches to 24/7 access to their accounts – which means they expect branch-level instant personalised support and seamless solving of issues. The truth of the matter is that frequently they are not finding it.

“*The CX kings Netflix, Uber and Amazon have dramatically raised customers’ expectations, both those of consumers and businesses, for how we consume digital services. We now expect the same seamless, instant, and intuitive UX across all technology, and now we expect it in financial services. We call this the Instant Economy, where customers expect intuitive, responsive and instant experiences, underpinned by instant information and served up by instant services.*



Kuba Zmuda, chief strategy officer, Modulr



**70%**

of customers use self-service channels



**91%**

of customers end up speaking to an agent

Financial institutions have had to pivot quickly to provide the levels of service their customers expect. They are experiencing unprecedented levels of interaction, and that scramble shows that while 70% of consumers are using self-service channels to report problems, only 9% of users are managing to fully resolve their issues without being forced to speak to an agent<sup>2</sup>.

An enterprising financial institution may believe that adding as many interaction channels as possible will solve customer problems quickly. The truth sits more with adding value to the customer with a true omnichannel experience, knitted together and operating as an ecosystem. Financial services companies with the happiest customers are 2.6 times more likely to have invested in an omnichannel experience<sup>3</sup>.

<sup>1</sup> <https://www.lightico.com/blog/new-survey-shows-low-mid-income-families-ready-to-dump-inefficient-banks>

<sup>2</sup> <https://www.gartner.com/en/newsroom/press-releases/2019-09-25-gartner-says-only-9-of-customers-report-solving-thei>

<sup>3</sup> <https://www.zendesk.co.uk/customer-experience-trends/#get-the-report>

Firms should focus on adding customers' preferred communication channels that will ultimately help customer problems much quicker. It's not only about where you're connecting with your customers, but also how. Good CX requires meeting customers where they are. But where they are changes: 64% of users say they tried new channels in 2020<sup>3</sup>.

An ability to solve financial problems effectively and quickly should be the cornerstone of a bank's customer retention strategy. Turning customers away at the teller's desk would have been unthinkable a few decades ago, so the same must apply when that customer is connecting via a digital channel.

“Everyone has a mobile phone within reach. We see it all over, where more and more of us are communicating with friends, family, and business through our thumbs. That means the conversation with our banks is naturally different.”



**Mike Gamble**, head of customer service design and delivery, TSB

### Streamlined experience hits the bottom line

The benchmark for customer loyalty and retention is often rooted in customer satisfaction scores (CSAT). Yet, according to Gartner research, a new form of metric has emerged in the wake of the COVID-19 pandemic: customer effort<sup>4</sup>. It seeks to answer a single, simple question: was it easy for the user to handle their issue using your services?

Some 74% of modern consumers have used a self-service portal<sup>5</sup>, meaning that basic functions just don't cut it anymore when it comes to helping the average user. One thing remains constant across every metric for measuring a customer's happiness with their support process: speed.

Moving a user through the process in a timely manner can have real impact in the reduction of costs, escalations and the price of interactions on a per-contact basis. A low-effort journey can reduce repeat calls by 40%, while the average self-service journey costs £0.07 per instance, compared with £6 for phone, live chat or email<sup>6</sup>.

The most important thing customer service platforms have tried to do over the past 10 to 15 years is to solve problems before a customer needs to reach out to a real agent. Lightening that load extends to other functionalities across the back office, where data analytics and cross-channel collaboration can pull in different facets of a customer's interactions with the firm.

<sup>4</sup> <https://www.gartner.com/smarterwithgartner/unveiling-the-new-and-improved-customer-effort-score>

<sup>5</sup> <http://info.microsoft.com/rs/157-GQE-382/images/EN-CNTNT-Report-DynService-2017-global-state-customer-service-en-au.pdf>

<sup>6</sup> <https://www.gartner.com/smarterwithgartner/rethink-customer-service-strategy-drive-self-service>

Plugging in the right sources of data, connected across multiple silos across an institution, can arm a self-service solution with all the tools it needs to meet a customer's expectations. Payments and transactions data may show the customer is nearing the limit of their balance a few days prior to an expected payday.

A virtual assistant could proactively offer lending options or budgeting tips. Equally, if a system can tell that "Jane Smith the retail banking customer" is "Jane Smith the mortgage owner", it could proactively promote helpful products such as home insurance. The possibilities of connected service ecosystems are almost limitless.

**“***A streamlined experience is the ultimate goal. Provide that and the customer is happy and loyal to the brand. The technology that allows that to happen, that makes embedded finance possible, is available on truly digital platforms which are not tied to outdated, legacy systems.*

*“This is what will make a major difference to the bottom line of many businesses. Marketing departments can now make major steps into the hearts and minds of their customers, because for the first time for the majority of companies, the customer journey is complete.*



Louisa Murray, chief operating officer UK and Europe, Railsbank

## Providing compelling self-service

### Beyond the chatbot

For years, phone calls and face-to-face meetings have dominated interactions between customers and their banks. In the wake of the pandemic, the surge in on-demand messaging has shifted consumers' preferences when it comes to communication. As a result, more firms are looking at the integration of intelligence messaging services like chatbots.

The benefits of a chatbot system comes in an instant availability of answers, a consistent message, modularity, programmability and reduced cost-per-interaction. Yet the jury is still out for consumers, and the messaging is mixed. In some studies, 86% say they prefer to interact with human agents<sup>7</sup> and in others, 74% of users prefer chatbots when looking for answers to simple questions<sup>8</sup>.

What this data proves is that banks must look beyond the chatbot, and see it not as a means to an end but a platform from which a holistic and data-led customer interaction strategy can be formed. A customer querying a transaction in the front end, on the mobile app, can be connected with streams of data from the back office.

With the right system, a bank can leverage automation, self-service and AI to provide financial advice quickly and efficiently. Clients can find answers to their questions using a help centre to confidently make informed financial decisions. A deep knowledge base can then power chatbots and AI to deflect questions, while also gathering information to direct clients to the right representative if they need it.

<sup>7</sup> <https://www.cgsinc.com/en/resources/2019-CGS-Customer-Service-Chatbots-Channels-Survey>

<sup>8</sup> <https://www.psfk.com/report/enhanced-experience-seamless-support>

**An ecosystem of automation**

Every company, regardless of vertical, has a customer services team dealing with frontline, easy-to-solve issues that could be entirely redundant with the correct deployment of automation across the business. Automation could take over between 10% and 25% of all work across financial services functions in the near future<sup>9</sup>. The intelligent use of automated task management software can revamp the way a customer interacts with their bank.

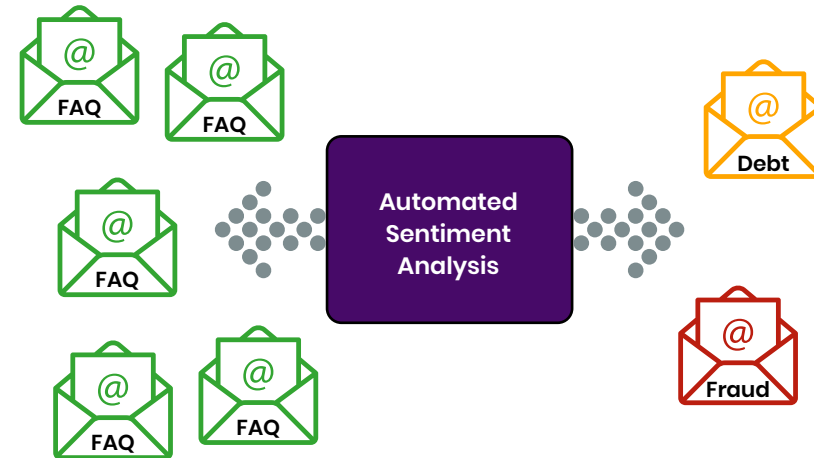
That automation doesn't need to conclude with the front-end interface the customer uses on a day-to-day basis. Arguably greater benefits can be found through integration with a financial institution's back office – for example, the integration of a system to analyse the priority and sentiment of incoming emails from customers.



*The next phase is chat and contextual service. A customer shouldn't have to decide between their phone, their computer, or walking to the branch. They should know they can chat to us now. When they go into that chat the data and the context should be there for them.*

*We can then keep the customer up to date on further actions through push notifications on their phone and let them know when issues are resolved. More importantly we can then check if the customer is okay, and whether there are any further services that could be offered. Using this, 90% of interactions with our TSB Smart Agent are contained within our bot. Just 10% escalate to human agents.*

**Mike Gamble, TSB**



If you ask a fintech or a bank what its most common questions focus on, it will likely revolve around things a customer can do themselves in their account: how I can change my name, address or password. Above that come questions that involve the balance and the account itself: “where is my money?”. Automation can step in and find that urgent needle in an FAQ haystack.

Automation thrives on data, and every financial institution – from the largest global banks to the smallest one or two-branch credit union – has reams of it ready to be used and analysed. A well-deployed task management system can knit together a financial institution's disparate functions and create customer service with personalised insights, deeper information and effective actions.

<sup>9</sup> <https://www.mckinsey.com/industries/financial-services/our-insights/banking-matters/how-digital-collaboration-helps-banks-serve-customers-better>

“

*To put it simply, to serve up a fast, digital, and future proofed CX, you need equally fast, digital and future proofed backend processes upon which to build it. Increasingly, more and more business departments – especially Tech and Operations – are sucked into the remit of the customer experience; so why not approach your tech and operational challenges in that way?*

Kuba Zmuda, Modulr

## The implementation question

The benefits in deploying a robust self-service ecosystem are plain to see, and financial institutions are recognising their potential and importance as part of the overall technology infrastructure.

Yet while financial services firms may be intrigued by the idea of the chatbot, surprisingly few of them have moved towards deployment. That lack is most keenly felt among mid-sized institutions, where just 13% have launched a chatbot service<sup>10</sup>. This suggests that while the benefits are known, the proper routes for deployment and integration are not.

Time-to-market and time-to-value have become the watchwords for banks aiming to keep up with new competitors. As customers demand greater digital services, an ability to deploy these in a timely and non-disruptive manner becomes crucial.

Many financial institutions are burdened by back-office systems and infrastructure, which can sometimes be decades old. This makes revamping customer engagement at scale a massive challenge at a time when three-quarters of bank operations leaders say that customer experience is their top priority<sup>11</sup>. As with many technology changes in the industry, it comes down to “build or buy”.



The ambitious chief technology officer (CTO) might look at the software engineers at their disposal, already well-versed with the ins and outs of the technology humming away in the back office and consider the possibilities of in-house development. Development from within the walls comes with the security of total cost of ownership, and total control of direction. Yet gone are the days of yearly development cycles, with consumer technology companies demonstrating that changes can be done in days, let alone months.

“

*When I speak to our partners – such as IBM – some of them have significantly more resources and experience with chat and AI. We have to learn from their experience, especially when their products have gone through multi millions of pounds worth of development. Why would we think we need to be different, and build something ourselves?*

Mike Gamble, TSB

<sup>10</sup> <https://hs.cmrstone.com/banking-2021>

<sup>11</sup> [https://www.accenture.com/t20180404T0344527\\_w\\_us-en/acnmedia/PDF-72/Accenture-2018-North-America-Banking-Operations-Survey.pdf](https://www.accenture.com/t20180404T0344527_w_us-en/acnmedia/PDF-72/Accenture-2018-North-America-Banking-Operations-Survey.pdf)

“

*Buy vs build has never really been a clear debate, mainly because it's now near impossible or impractical to 'go it alone' without enlisting partners for part of your solution. In the same way that using AWS or Azure doesn't negate 'building it in-house', neither should using infrastructural fintech.*

Kuba Zmuda, Modulr

Those not dealing with the mammoth budgets of a Tier 1 institution may look at the potential maintenance costs of a wholesale system and balk, and there is the ever-present concern that after a few months in development, you will launch a few months behind the competition.

It is always good for a technology leader to have more than one option to consider. Selecting the right technology partner can be the beginning of a process of digital transformation. Selecting a company with rapid integration options can give a bank a head start and a plethora of data around what customers are looking for in days.

“

*Put the customer first. That is the main strategy. It's that simple. Don't build systems for you, build systems that always put your customer first, that answers their needs and creates an engagement. Too many financial institutions use technology that is built for them and the customer's needs come last.*

Louisa Murray, Railsbank

## Conclusions

The benefits of implementing a superior self-service banking ecosystem touches upon all aspects of the bank. It can impact the bottom line in the boardroom and the satisfaction of frontline staff who interact with customers daily in challenging times.

By instigating a process through which they can understand their customer, embark on targeted technology improvements and invest in automated task management, banks can tap into the benefits of long-lasting competitive advantage. It can serve as a base through which to match and supersede pressures from new entrants and technology firms.

As the industry gets to grips with the ramifications of the COVID-19 pandemic, the fog has lifted on what is necessary to achieve lasting success. The digital future is laid out before financial institutions who must realign themselves to meet the upcoming needs of a digital workforce and customer base. It comes down to a matter of execution and selecting the right technology to use as a springboard into future innovation.

“

*There are probably 100 different journeys a person could have with their bank, from paying bills to moving house, to disputing payments and more. The way we think is that for everyday banking journeys everything is built there native in the app and ready. Anything else we move through our TSB Smart Agent or digital forms.*

*I have seen a lot of apps that have been heavily invested in over the last four or five years that are almost bloated in functionality, and customers don't know where to go. A successful, consumer-friendly app should be crisp and clean, especially when it comes to meeting those everyday banking needs. At the same time, it must link efficiently to the human side, as it can't be left to just the technology to solve all problems – which is the balance we continue to seek and deliver at TSB.*

Mike Gamble, TSB

## About Zendesk

Zendesk started the customer experience revolution in 2007 by enabling any business around the world to take their customer service online. Today, Zendesk is the champion of great service everywhere for everyone, and powers billions of conversations, connecting more than 100,000 brands with hundreds of millions of customers over telephony, chat, email, messaging, social channels, communities, review sites and help centres.

Zendesk products are built with love to be loved. The company was conceived in Copenhagen, Denmark, built and grown in California, taken public in New York City, and today employs more than 4,000 people around the world.

Learn more at [www.zendesk.co.uk](http://www.zendesk.co.uk)





## About FinTech Futures

FinTech Futures is a digital publishing platform for the worldwide fintech community – from the industry veterans to those just entering the space, and everyone in-between!

We provide daily news, in-depth analysis and expert commentary across a comprehensive range of areas.

Our broad readership and solid reputation, combined with in-depth coverage across fintech on a worldwide scale, makes us the leading resource for technology buyers, sellers, developers, integrators and other specialists across the sector.

Our website attracts nearly one million monthly page views and our daily newsletter is delivered to over 42,000 key decision-makers in the financial services and technology sectors. The brand is active across the key B2B social media platforms, with over 45,000 followers on Twitter @FinTech\_Futures and over 40,000 members in our LinkedIn groups.

FinTech Futures website: [www.fintechfutures.com](http://www.fintechfutures.com)

Twitter: [@FinTech\\_Futures](https://twitter.com/FinTech_Futures)

LinkedIn: [@fintechfutures](https://www.linkedin.com/company/fintechfutures)



### About the author:

Alex Hamilton is deputy editor at FinTech Futures. He has been reporting on the financial technology sector for more than six years across a variety of industry publications and has written extensively on digital transformation, cybersecurity, and enterprise technology. He holds a masters degree in ancient history from the University of Nottingham.

He can be contacted at: [alex.hamilton@fintechfutures.com](mailto:alex.hamilton@fintechfutures.com)

# Reports & Surveys



Sponsorship opportunities are available for our surveys and well-researched topic-specific reports.

Visit [fintechfutures.com/reports-calendar](http://fintechfutures.com/reports-calendar) for a full list of our reports

## TO REACH NEW PROSPECTS TALK TO:

**Jon Robson**  
Head of Sales

Email: [jon.robson@fintechfutures.com](mailto:jon.robson@fintechfutures.com)  
Tel: +44 (0)20 8052 0423

**Sam Hutton**  
Business Development Executive

Email: [sam.hutton@fintechfutures.com](mailto:sam.hutton@fintechfutures.com)  
Tel: +44 (0)20 8052 0434