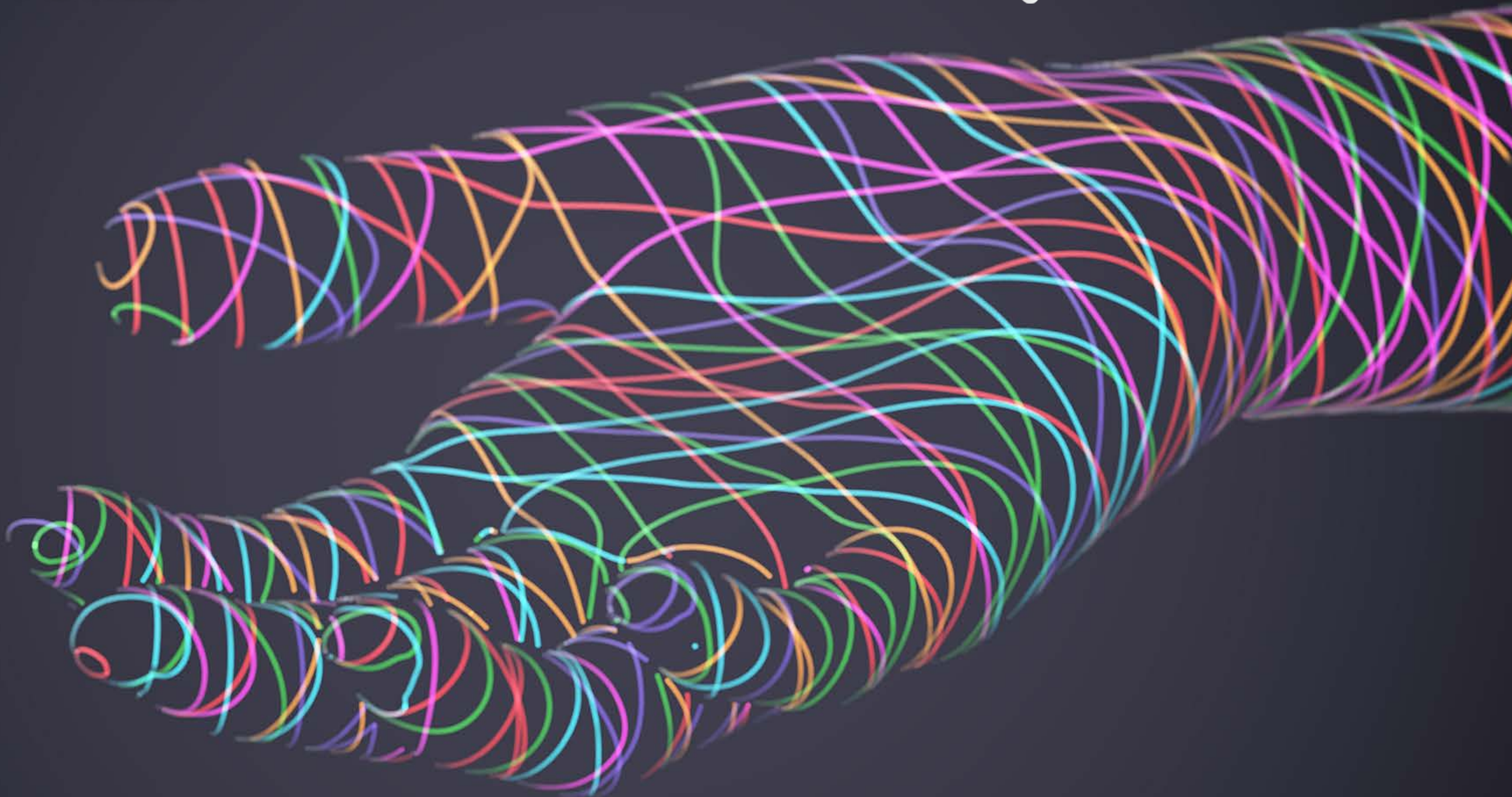
FINTECH FUTURES | REPORTS

FullCircl



How banks can blend digital and human for superior customer experience

Introduction

Digital banking capabilities have been steadily growing over the past decade. Indeed, what started with a website then extended to mobile, and today people use their smartphones as the norm. There is demand for robust and customer-centric user experiences that are omni and opti-channel as a standard part of the service.

What is omni and opti-channel?

Omni-channel is a model where customers receive the same level of service or experience no matter which channel, or method of contact (such as in-person, phone or mobile), they use.

Opti-channel is the optimal channel for a given customer and delivering the service and experience over that channel first.

Other channels are still available, but the idea is to primarily use the channel that the customer prefers and in doing so, enhance their experience.

Expectations are reflected in broader life! People enjoy personalised and tailored suggestions from Netflix and Amazon. They want to have a frictionless experience when they deal with products and services and have come to expect that they can deal with any given service provider over a channel of their choice and at a time of their choosing.

And that includes corporate banking.

Companies want to deal with their bank at the time and over the channel of their choosing. They want their relationship manager to have a good overall understanding of their company, where it is in its lifecycle, its risk profile, how it manages its finances and what other products and services it might need from its corporate banking relationship.

So, now that banks have access to these tools and capabilities, they need to use them to alter how they service their customers and create an efficient and value-added customer experience – including a face-to-face element.

Why now?

This has never been as important within corporate banking. Businesses large and small want to focus on growing their business rather than wrangling with getting hold of their bank. For them, the need is to have a bank that is efficient, takes care of regulation and other risk areas, will support them, be accessible and flexible when needed, and generally become a trusted partner.

Technology can help with that!

Indeed, digital transformation was massively accelerated by the Covid-19 pandemic when face-to-face was not possible and quick adaptation was needed.

Consequently, the market for digital technology market saw an exponential increase, with banks leveraging technology to provide their customers with their best attempt at a fast and frictionless service in the face of unprecedented circumstances.

Research by Economist Impact summarises the drivers of customer expectation: "Customer experience is driven by shock events like the Covid-19 pandemic, and the war in Ukraine has destabilised markets. The direct threat posed by both fintech and bigtech companies is growing. These forces of change are causing banks to evolve business models to meet new societal expectations and engage customers in highly dynamic digital environments."

What do corporate customers want?

What is certain is that banks – old and new and of all shapes and sizes – need to have a firm grasp of everything digital. They need to positively leverage technology to make sure their offering is differentiated and that they can keep and attract their corporate clients.

This is all the more so in a business environment that, at best, could be described as challenging. Lucy Huntley, banking success director at FullCircl, comments: "End customers are now face-to-face with other pressing concerns in the post-pandemic world; supply chain issues, inflation and interest rate rises, higher pricing and costs, and cashflow issues have combined with a customer base that is much less loyal and likely to shop around for a better deal.

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One key element lies in pre-screening to determine whether the client and the bank are a good match. Pre-screening determines the risk that the bank is taking on and helps the client in that it might throw a light on elements it could alter or improve on when it comes to the risk embedded within the business. Pre-screening also encompasses automated and perpetual KYC checks.

If the bank can leverage data and send it through checks and balances before the client is onboarded, it saves everyone time in terms of identifying where the sticking points might be and what the key focus points should be within the relationship, once onboarded.

KPMG, for one, says that confidence in AI's ability to detect financial fraud increased from 85% in 2020 to 93% in 2021.

Bringing together disparate sources of data and using them to form a 360-degree view on the client meanwhile allows the bank to see the whole picture and better understand the company, where it is in its development, its goals, its development areas and other things that might need attention. The idea is by better knowing the business, the bank can provide a much better level of service overall and thus exceed the client's expectations.

And being able to automate these processes makes them relatively pain free too, especially if data can then be redirected to the actual onboarding – thus preventing repetitive and time-consuming data input.

Neobanks – a competitive threat

A second driving force for digitisation is the impact of neobanks. As they have matured and gained assets and capital, they now seek to extend their reach and add new products and services to their offering. One of the ways they might put the assets and capital to good use is via business lending and credit.

Other players, such as accounting software providers, are seeking to move into the corporate sector, particularly the SME segment. They are either forming partnerships with neobanks or moving upstream to broaden their solutions and lock in their clients with financial and reporting products.

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This ecosystem approach, where banks serve as a platform for other products and services, has also driven digitisation. McKinsey reports: "As alternative banking and financing options multiply for business leaders – and as their other suppliers offer richer, holistic solutions supported by sophisticated real-time, always-on, digital solutions – the traditional banking proposition begins to seem very dated."

The human touch – still important

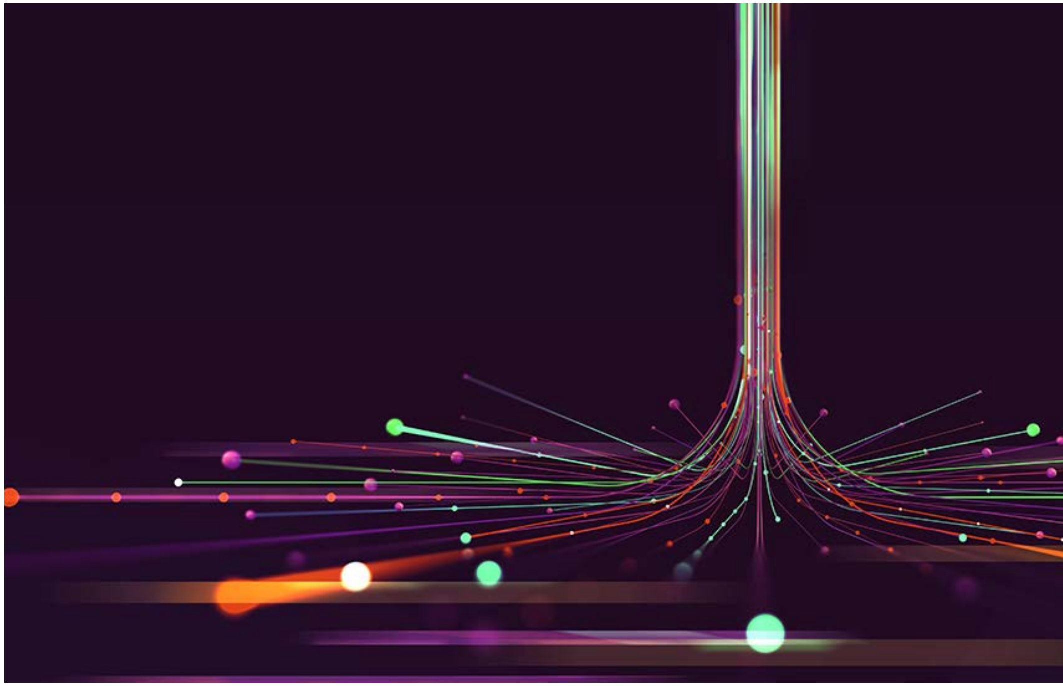
In the current environment, the importance of human interaction has come to the fore. Businesses and the people within them seek to retain the personal touch and to have the means to discuss their affairs in person and seek reassurance from a trusted adviser.

The challenge for banks is to deliver that but at scale, and in an environment where customers increasingly prefer digital experiences than face-to-face interactions, but still expect the same degree of personalisation.

Technology unlocks the ability to both scale and provide personalisation.

FullCircl's Huntley comments: "A great customer experience certainly has technology at its heart. Banks need to harness technologies like AI and ML for better decisioning and delivering a personalised service. Using technology for process efficiency and to master data is also important.

"But while digitisation and technology are a must, banks should not forget about the personal touch and the value that a relationship based on trust and expertise can bring to the customer."



McKinsey agrees, saying that while technology brings many benefits to customers and financial institutions, such as smoother onboarding and the reduction of risk, its growth has also highlighted the enduring value of embedding human interactions within the customer lifecycle.

McKinsey flags this as "particularly true when a customer has a more complex onboarding process or encounters an issue while leveraging the bank's digital channels".

Hybrid approach

A combination of the two is, thus, a winning proposition. Indeed, this hybrid approach is being used across all banking segments – even in wealth management, which has traditionally been founded based on the personal touch and deeply engaging relationships between advisers and clients.

But what does the ideal hybrid approach look like? Essentially a good hybrid offering should play to the relative strengths of the technology and the human, ultimately improving the experience for the customer while enabling banks to realise their commercial objectives.

The Economist Impact research says: "Banks can now make faster, data-driven decisions to deliver new levels of customer service while achieving a broad and positive social impact. Traverse from transactions to trusted relationships. Approve the much-needed loan faster. Make onboarding simpler. Serve the unbanked and underbanked. Keep fraudsters out. And personalise the experience, no matter where banking is done."

In practice, this means enabling customers to self-serve, access their accounts and other relevant information, and have a frictionless and easy experience when dealing with the bank online.

This could mean an end-to-end digital customer experience where legacy systems are replaced or enhanced by newer technologies to allow for the free flow of data over open APIs. It could also include a customer portal with secure document storage and messaging.

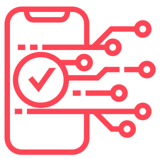
Mobile banking apps, in particular, need care and attention and should be at the centre of any digital strategy, making it easier for consumers to remotely access a banking advisor in real time, open a new banking account, any other number of functions. As they rapidly overtake call centres as the go-to place for help and everyday functionality, so too do they need to work properly, be easy to navigate and visually attractive and generally be useful enough to be worth the time of the end customer.

So, where does the human touch come in?

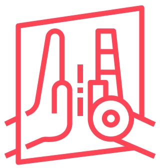
The human touch comes in the form of the relationship manager being available to the customer quickly and then truly knowing the customer (fed by insights) to deliver a personalised and empathetic experience that is engaging and trust-based.

Indeed, research by Cynergy Bank showed that, "although SMEs acknowledge the benefits of the digital revolution, with 68% agreeing that it has vastly improved their banking experience and the ease with which they can manage their finances, there is an overwhelming desire for a blend of digital functionality and human interaction."

It says: "78% of SMEs agree that digital transformation of banking needs to be balanced with a human element, with those in the over-55 age group agreeing most strongly at 81% compared with 78% in the 18-34 age group and 76% in the 35-54 age group.



68%
of SMEs acknowledge the benefits of the digital revolution



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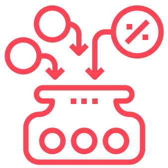

58%
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"58% of SMEs believe the digital transformation of banking has resulted in cost savings for banks, but the customer experience has suffered as a result."

Thus, the role of technology in facilitating a high-quality human touch is critical. The idea is that if the relationship manager can leverage digital tools then they have the right information, at the right time and in the right place to help the customer at their time of need.

The technology can send notifications and alerts to the relationship manager to send out timely and relevant information, research and suggestions to the customer – all over the channel of the customer's choosing.

This gives rise to a proactive approach where the relationship manager can see that a business might need help with, say, cash management or that a negative media event is about to occur, and so on. They can intervene and help out before something becomes an issue.

This approach is far less costly for the bank than intervening after the event and it also promotes deeper engagement levels and promotes customer retention.

This means that when the relationship manager is needed, they are supercharged with information and ahead of the game! Indeed, PwC says that 72% of business decision-makers say AI can enable humans to concentrate on more meaningful work.

The combination of the right information at the right time in the right place is powerful, making customers feel that their relationship manager truly understands them and keeping the adviser one step ahead of the client.

This technology can also be used in face-to-face or virtual meetings. The idea is that client and relationship manager co-browse. The system serves up instantaneous "next best actions" to the relationship manager to maximise the time spent with the client and avoid the need to "come back to someone on something that needs urgent attention or that they feel very strongly about".

The use of technology has two impacts here. It provides the bank with operational efficiency and automation so that the relationship manager is freed up to better use their time – by servicing more customers more effectively. It also creates an enhanced and differentiated customer experience that attracts and retains customers. If they know they are going to be well looked after, they are much less likely to look elsewhere!

Bizarrely, the strides made in technology generally, advances in banking systems, data analytics and customer relationship management capabilities mean that a digitally-led service proposition can be significantly more personal and engaging than an old-school personal approach that could be infrequent, reliant on big paper reports and generally not very agile!

Digital banking plays a key role in personalisation and in making day-to-day interactions easy and seamless. It also appeals to digital natives who expect their banking partners to have the right tools and resources to give to them online.

But the human touch too, remains so important, especially when navigating choppy waters. So, making sure that relationship managers are available and empathetic when it comes to making hard decisions, helping with complex issues and generally acting as a guide is paramount to the customer.

The human touch, meanwhile, provides a sense of community and connectivity is more suited to complex discussions and decisioning.

Balancing tech and humans

In practice, this means business customers using digital channels for the every-day and the routine. Convenience is vital, and an opti-channel offering works well in this context. But for anything more complex where human inference and empathy are involved, then in-person works better.

Indeed, combining the two successfully, giving customers a choice over how and when to use online and face-to-face, and having consistency in the interaction quality will attract and retain customers. All the more so in an era where customer stickiness is at the heart of all banks' minds. Indeed, providing excellent customer service can be a key differentiator in a highly competitive market.

Leveraging an omni-channel strategy that merges digital and human-assisted channels results in a shift from a "transaction-first" to a "customer-first" approach. This blended and customer-centric strategy results in improved customer experience and satisfaction, thereby resulting in increased brand loyalty and driving banking success.

Tech for customer experience – what do we need technology to do, and what technologies are involved?

In a nutshell, technology needs to be able to handle masses of data, aggregate and normalise it and then turn it into something useful. Customers of these technologies don't care for the specific data itself, rather what you can do with it and the impact that creates for the business. The main technology here is deeply analytical and increasingly involves the use of AI.

IDC says that global spending on cognitive and AI systems will reach more than $204 billion in 2025. It also says that banking will be one of the two industries that will spend the most on AI solutions by 2025.

The AI industry could be worth more than $15 trillion by 2030, according to PwC.

AI is also leveraged in a business banking context by being used to interpret unstructured data (e.g. news articles and websites), understand the who (company entity) and the what (article context) in order to surface useful insights to the relationship manager relevant to their customer relationship. Doing this means the relationship manager has a better overall knowledge and understanding of the customer's needs, goals and requirements, present and future.

Along with this, AI is used for the purpose of data analysis and management, data security and enhancing customer experience. By serving up actionable insights for relationship managers and other users and by implementing more data analytics practices to analyse and monitor customer patterns, it helps relationship managers to be relevant and timely when they interact with their customers.

ML is an extension of AI, another companion for banks that has the potential to gather, store and compare user data in real-time. It is the next stage in big data analytics, and the idea is to piece together data to provide an overall picture, identify patterns and otherwise make sense of large volumes of data.

One of the biggest advantages of using ML in the banking sector is in fraud detection as it can piece together lots of fragmented information and come up with a pattern.

In the same vein, it can provide a 360-degree view of the customer and suggest a personalised course of action for onboarding professionals to take. In this context AI and ML work →

to supercharge onboarding while delivering a value-added customer experience – the technology streamlines onboarding while ensuring a human touch to enhance the overall experience.

Processes

Data then needs the processes that it runs over to be smooth and for its journey to be automated and mapped consistently. An omni-opti-channel strategy, breaking data silos from every channel to renovate the customer experience is now a must!

Indeed, there is a real need for integrated banking experiences, which seamlessly flow customer information from first engagement, through onboarding checks and perpetually during the life of the customer.

Cloud computing has much to add when it comes to handling data and processes. A cloud-driven service results in improved operations, better productivity and instant delivery of products and services. With the integration of the cloud, banks are now more open to using banking APIs and web-based applications, to promote data sharing and enhance the overall experience.

However, those data sets being shared still need efficient rails to run over internally, and this is usually where rules-based engines or robotic process automation (RPA) or digital workers come in. They can be programmed manually, and they can also be supported by AI and ML to help them make their own decisions.

The goal is to automate process and use the efficiency that a digital worker brings to a process that can be mapped out. Onboarding is a great example with a number of standard steps that need to be completed such as pre-screening for risk, automated KYC/KYB checks, adverse media and the like.

But all of this relies on infrastructure and process automation and modernisation.

Today, the digital transformation in financial services relies heavily on a modern underlying infrastructure that facilitates data to the front-end operations.

Having a modern tech stack that has the right data analytics and the right process means that banks can serve up a personalised experience that is omni and opti-channel. This means that the customer can access the bank over the channel of their choosing and at a time of their choosing. They have recourse to human help when required and they can also self-serve.

More than that though, the front-end experience empowers the front-line teams in commercial banking to provide better levels of service and to make the human contact meaningful and rich. And this is what ultimately promotes trust and engagement and keeps a customer loyal.

By investing in technology to provide a differentiated digital experience while leveraging human experience, banks prepare themselves for the future.

Case studies: Good tech in action

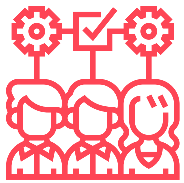
Onboarding – removing manual processes for a smoother customer experience

Metro Bank wanted to improve its onboarding process and introduce efficiency, efficacy and consistency of frontline and middle office teams – a particular focus was automating risk assessments and the goal was to free up the relationship managers to focus on the customer.

The technology used a low-code decision engine based on specific rules and policies set by the bank to bring risk automation to its business and commercial banking function. The aim was to onboard business customers faster with automated KYC, AML and credit checks.

By using an open API to ingest millions of structured and unstructured data points, aggregate them and then map the bank's own risk appetite, the idea is to have a robust framework to flag issues immediately. The idea is to quickly deliver impactful insights and risk intelligence needed for next-generation prospecting, customer monitoring and engagement, advanced onboarding, and ongoing assessment of portfolio risks and opportunities.

Frontline process automation resulted in 94% accelerated onboarding while still delivering superior levels of personal service because the technology freed up the relationship managers to focus their attention on the more complex customers and issues flagged by the system.



94% accelerated onboarding as a result of frontline process automation

There was also a 14% increase in critical risk issues identified, as well as a reduction in the average-case time from 200 minutes to eight minutes (a 94% improvement).

Santander shared many of the same goals. It wanted to move to an automated, efficient and accurate process that is operationally efficient as well as cost-effective and, of course, frees up its relationship managers to focus on building the relationship.

Santander leveraged technology to reduce time to onboard 75% of complex customers from an average of 14-21 days to five days. It created a fully digital onboarding process that takes in third-party data using an open API to rapidly streamline customer experience while ensuring all the necessary KYB checks are performed.

Specifically, the onboarding team uses live KYB information to pre-populate digital forms with full entity information for registered companies. There are links to APIs, and the whole process is fuelled by RPA – a digital workforce to ensure that the correct information goes where it needs to, flags what is missing and sends out reminders to rectify that.

Live data can be transferred seamlessly to where it needs to go when a customer decides to switch to a different account or product.

Like Metro Bank, Santander leverages technology to analyse several disparate data sets to come up with risk profile rules to ensure consistent application of compliance and risk policies – with less manual intervention.

A business information graph (B.I.G.) applies those rules. It visualises them so the bank can get a more holistic view of risk, connecting the dots across real-time financial and credit information.

> *"Live data can be transferred seamlessly to where it needs to go when a customer decides to switch to a different account or product."*

For example, key events such as CCJs or Gazette notices can be immediately flagged by checking potential customers against global PEP and sanctions lists. And the technology also shows detailed financial and historical company documents and identifies connections between directors, shareholders and group companies up to the ultimate beneficial owner beneficial, to ensure nothing is missed at any stage of the onboarding.

In terms of customer centricity and experience, customers have a seamless onboarding process where they do not have endless and repetitive paper forms to fill out, and they are not waiting weeks to be onboarded. Once the process is complete, the bank has a single point of truth regarding customer data. It can use that to inform customer service and conversations that follow onboarding a new customer.

Supercharging the relationship manager for better customer experience

Lombard and **Metro Bank** both wanted to strengthen customer relationships and used technology to support the relationship manager in delivering proactive and targeted customer outreach to deliver the right message, via the right channel, at the right time.

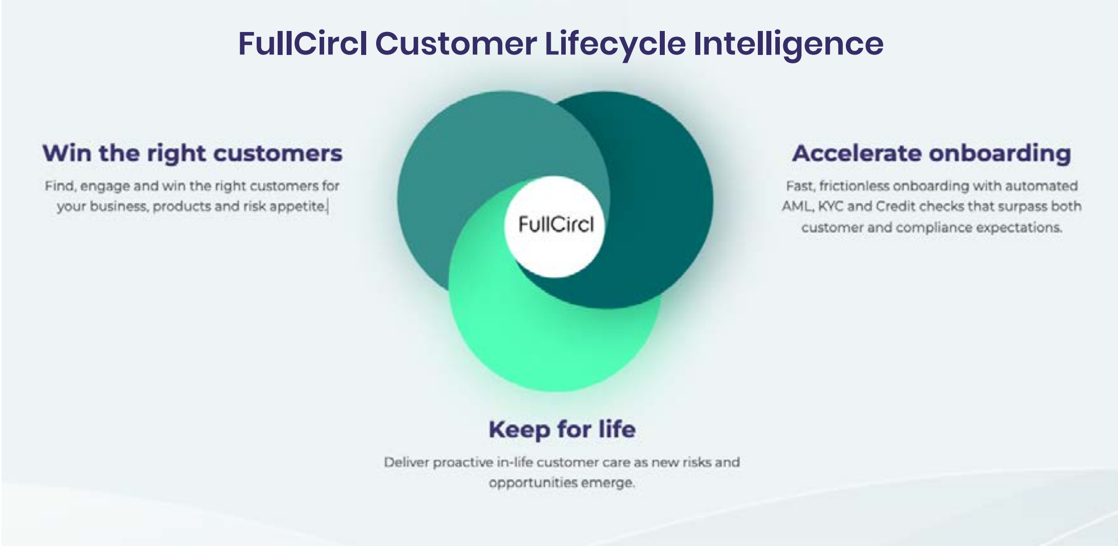
Lombard, in particular, wanted to supercharge its 400 relationship managers by giving them intelligent insights to better nurture existing customer relationships and unlock new opportunities.

Metro Bank wanted to drive better levels of customer service for its 120 relationship managers. Like Lombard, its focus was on getting quicker and greater insight to its customers and equipping their relationship managers to have value-added, insight-driven conversations about their business, demonstrating that they know them, understand their needs and that they care.

Unlocking this insight would not only enable better preparation and real-time conversation but also drive better anticipation levels in terms of "next best action" and making actionable suggestions to the customer.

By leveraging technology, both banks were able to empower their relationship managers to deliver better levels of service. The technology provided the insights and information directly to the relationship manager, making them more informed and available to their customers – because they did not have to spend time conducting research themselves and collating data from several different sources.

By better knowing their customers, relationship managers can now leverage better pipeline visibility, which means new opportunities can be identified far more easily and at less expense. Overall, the technology has delivered better service, which has built trust and loyalty and helped to anticipate and identify new needs and opportunities, which extends and deepens the relationship with the client.



About FullCircl

FullCircl is a Customer Lifecycle Intelligence (CLI) platform that helps B2B companies in financially regulated industries do better business, faster. Its solutions allow front and middle office teams to win the right customers, accelerate onboarding and keep them for life.

Best-in-class data enrichment provides a comprehensive customer view and a powerful, low-code rules engine reduces the regulatory burden and drives greater automation. Through its web application and API, FullCircl drastically reduces the cost to acquire and serve the right business customers.

FullCircl was formed following the merger of Artesian Solutions and DueDil. Backed by top-tier investors including Octopus Investments, Notion Capital, Augmentum Fintech and notable angel investors, FullCircl brings together decades of combined experience serving UK financial institutions. Today, it serves more than 600 customers and 15,000 users.

Visit fullcircl.com to find out more.

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