



## Riding the crest of the CX wave in Financial Services

A 'good' experience is no longer good enough. And a mediocre experience is the new bad.

As customer expectations escalate, and behaviours evolve, individuals no longer accept customer experiences that are merely 'okay'. To succeed in meeting customers' increasing demands, brands must truly commit to improving the customer experience and this needs to be an organisation-wide strategy. Brands who fall short of consistently and continuously delivering fresh and engaging experiences are set to lose out big time.

But the tough question here is the 'how?'. How do brands craft and elevate fresh, relevant and timely experiences to keep customers committed?

### The psychology behind customer experience

Understanding the psychological influences and theories that drive people's behaviours and attitudes is important in building exceptional customer experiences.

First, it helps to understand how our brains create memories. Nobel Prize-winning economist Daniel Kahneman discovered that our brains can't remember everything, so they use mental shortcuts (called heuristics) to pick out what's important. One of the most important heuristics is emotion - the more intense and more recent the feelings, the more memorable the experience.



### Fintech unicorn Revolut transforms negative press into an opportunity for customer dialogue

Revolut might be close to becoming the biggest fintech company in Europe, but it hasn't all been smooth sailing.

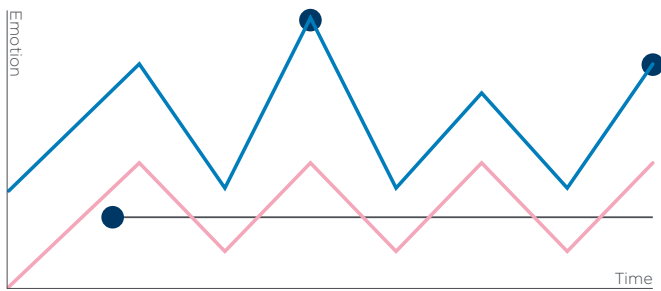
They became part of a number of controversies in the past year, including having to admit that a decision to switch off an automated system for flagging potential money-laundering for several months in 2018 had been "erroneous" and being investigated by the FCA after it admitted that it had misrepresented statistics in a poorly-judged Valentine's Day advert; and in July a number of customers were charged twice for their transactions, with some customers not refunded for several days.



Revolut used their website and blog to communicate openly and directly with their customers about these issues, what actually happened and importantly, clearly outlined their solutions.

No brand is ever immune to errors so even a negative experience, if handled properly, can become an opportunity to create positive emotional responses with customers. In Revolut's case, their approach even helps underline their core brand values of transparency and promise to never settle.

These findings are the foundation of the psychology principle known as the peak-end rule.<sup>1</sup>

### The peak-end rule and what it means for brands



-  We judge our past experiences almost entirely on how they made us feel at their peak and end.
-  Net pleasantness or unpleasantness, or the length of the experience is almost entirely disregarded



## BBVA to offer digital onboarding to all customers by the end of 2019

BBVA is one of the largest banks in Europe and widely recognised as one of the most technologically advanced in the world and were recently named by **The Forrester Banking Wave™: Global Mobile Apps Summary, 2019** as the global mobile banking leader.

BBVA has worked tirelessly over the past 5+ years to transform the way it acquires customers, and how it personalises every interaction in an omni-channel approach to deliver relevance and impact that builds customer loyalty.

BBVA's latest goal is to allow everyone in its global footprint to become a BBVA customer securely and over their preferred channel, a vital peak experience in the banking sector. The bank is also working to develop technical solutions that allow current customers to sign up for products – new payment cards, loans, or mortgages, for example – entirely online without having to visit a branch.

The peak-end rule is like the 80/20 shortcut of customer experience. Just 20% of your experience can drive 80% of people's memories of the experience. Therefore, for a quick win you can focus on delivering just two perfect moments – at the peak and at the end. Identifying the biggest pain point in your customer journey can help you focus on perfecting that moment and in turn enhancing the entire customer experience.

Forrester's CX Index also highlights that how an experience makes a customer feel has the biggest influence on their loyalty to a brand, no matter the industry. But it's not just about making your customers feel happy – feelings of being appreciated and valued are equally important.<sup>2</sup> Our brains are wired to experience emotions as a way of informing our decisions and are the drivers of action.

Secondly, uncomplicated CX is very appealing as humans have a bias towards simplicity and are predisposed to favour experiences where they don't have to think too hard. This is known as the Simplicity Theory. One of the most identifiable brands using this theory right now? Google. People love that it delivers a clean, simple and rewarding experience.

Putting this theory into practice however, is not always as simple as it sounds. Complex procedures and tools, senior management, and organisational strategies can all be contributing blockers to creating these simple experiences. But those that get it right are meeting customer expectations and ultimately winning loyalty, affinity and sales. The Simplicity Index found 64% of consumers are more likely to recommend a brand because it provides simpler experiences and communications.<sup>3</sup>

## What the most successful organisations do

Successful brands winning the CX race are often those that get the basics right. Firstly, focusing on collecting and analysing customer feedback – whether that's on the phone, monitoring social media or looking at comments they leave on digital channels – is key to understanding what customers truly want (and expect).

McKinsey<sup>4</sup> found that the most successful organisations also do three things exceptionally well and consistently:

1. **They put themselves in the shoes of their customers.**  
When you understand your customers it allows you to focus on what really matters to them.
2. **They understand their end-to-end customer journeys.**  
A journey-centric approach can help brands prioritise where to focus their efforts.

<sup>1</sup>Positive Psychology – Peak-end Theory

<sup>2</sup>The US Customer Experience Index, 2019, Forrester

<sup>3</sup>Simplicity Index

<sup>4</sup>McKinsey – Understanding the Customer Experience

3. **They look to isolate the moments.** Both positive and negative, that can disproportionately shape the overall customer experience i.e. the peak-end moments.

Another game changer that will set organisations apart, and help to deliver those fresh experiences, is the adoption and successful use of the expansive world of technologies. The emergence of customer-designed ecosystems fronted by personal digital twins (PDTs); the impact of automation, AI, and robotics; and the adoption of neurosciences are just a few of the forces that will alter the way companies design and deliver effective customer experiences.<sup>5</sup>

Ultimately, successful brands know that improving their customer experience isn't something that's ever finished. You need to continuously evolve to stay on top of exceeding your customers' expectations with those fresh, relevant and engaging experiences.



### Monzo, the digital bank that 'gets' its customers

Monzo, one of the UK's leading mobile-only banks, takes its commitment to customer service seriously. While they don't have physical branches, customers can still talk to real, friendly humans around the clock. And Monzo's commitment to openness and transparency underpins its Monzo Community - where customer's own ideas and feedback help to build the bank they want.

And their hard work has paid off. In Which's most recent survey Monzo customers gave 5 stars for Customer Service and Communication and they were also voted as the UK's Best Bank for Customer Service in Money Saving Expert's annual poll.

This focus on providing the very best customer service is setting Monzo apart in the competitive banking sector and winning the hearts of their 3+ million customers.

### The results speak for themselves

Investing in creating and implementing an effective CX strategy can do more than just delight your customers, it adds real returns to your bottom line as shown by Forrester research commissioned by Adobe<sup>6</sup>:



### Bank of America's Erica helps make banking easier than ever

In 2018, Bank of America introduced Erica, its artificial intelligence (AI)-driven virtual financial assistant, into its award-winning mobile app. By early 2019, 6 million users had completed more than 35 million requests. Many customers have reported that Erica helped them save a significant amount of money, for example, alerting them to unwanted subscription charges they didn't know about.

Consistent with their high-tech, high-touch strategy, Bank of America continue to evolve best-in-class digital banking capabilities, including Erica, to provide their clients relevant, timely guidance and help make managing their finances easier all while delivering a great customer experience.

<sup>5</sup>Forrester - The Future of CX

<sup>6</sup>The Business Impact of Investing in Experience, a commissioned study conducted by Forrester Consulting on behalf of Adobe, April 2018

## How Collinson can help

Given today's fast changing landscape, the acceleration of new technologies and the social, political, economic and environmental issues that we're all facing, it's no wonder we are feeling slightly overwhelmed and have almost become immune to good experiences. Consumers expect and seek those truly stand-out experiences. Yet, psychology supports the fact that we may only have the capacity to remember just two with any given brand – the peak and end. If those two experiences are say, a unique VR experience in-flight and a personalised, refreshing response to a dreaded flight delay, then every brand has to constantly review the customer experiences across the whole journey. Not an easy feat.

Regardless of your industry, the importance of customer experience cannot be ignored. Even a minor improvement to a brand's customer experience quality can drive top-line growth by reducing churn and increasing share of wallet. But often brands need a helping hand to assess their strategies (or lack of) and develop unique CX roadmaps.

At Collinson we've been working closely with our clients to power brilliant customer experiences for more than 30 years – whether that be through strategic services, data, innovation and insights or technology (or often a combination of these).

Ultimately, we aim to enable our clients to deliver smoother, safer and richer, more memorable experiences to their customers. Helping them to not only adapt to meet the changing needs and demands of their customers but keep pace with these changes to enjoy a significant and sustained differentiator over their competitors.



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**2,000** talented individuals



**800+** clients

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