Guide

Delivering More with Less:

FIVE FUNDAMENTALS OF A DIGITAL BANKING EXPERIENCE

SEISMIC

Denial and Disconnect: An Introduction

The evolution of banking is at a major inflection point, with incumbent institutions competing not only with each other for market share, but also fintech challengers who are disrupting the entire financial services sector. Additionally, heavy regulation, ultra-low interest rates, and weak trust combined with strong expectations among customers have forced banks to rethink and rebuild their value proposition and revenue channels. Because of this hyper-dynamic environment, the ability to operate a traditional banking model has become more difficult than even some banks are willing to admit.

As customer behaviors become more innovation-inspired and digitally honed, banks are slow to grasp how wide the disconnect has become, believing that their strategic priorities and revenue forecasts are appropriate considering their industry's intensifying competitive factors. However, a recent KPMG report suggests otherwise. Sixty percent of surveyed executives within larger banks predicted zero to five percent revenue growth in 2016, with 74 percent of them believing that their digital capabilities are above average, even with the existence of fintech companies. To this latter point, 60 percent of those surveyed did not see fintech as a threat or were unsure of it as one.

Contrast this with the fact that 73 percent of Millennials cited within the report would consider banking with tech companies like Google or Apple, and 53 percent of them saw their current banks' offerings as identical to those of peers. A reason for this lack of legitimate differentiation could be that 57 percent of banking respondents said their institutions were only either in the evaluation or planning stage of upgrading or replacing their legacy IT systems. Since such an investment and process can take upwards of three years, the technological divide between customers and banks should only worsen, potentially creating a vacuum for new entrants and a mass exodus of customers.

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With the groundwork for diminishing future returns in play, it's imperative for banking institutions to consider new technologies and digital pathways that will allow them to compete in an age of low rates and, more critically, provide current customers with an efficient, omni-channel experience. Such an adoption will help prevent an increase in customer attrition and attract new ones from banks that lag behind the industry benchmark for 21st century banking. Predicated on a Boston Consulting Group article, this whitepaper will highlight five ways a bank can not only improve its marketing ROI but also transform the customer experience overall.

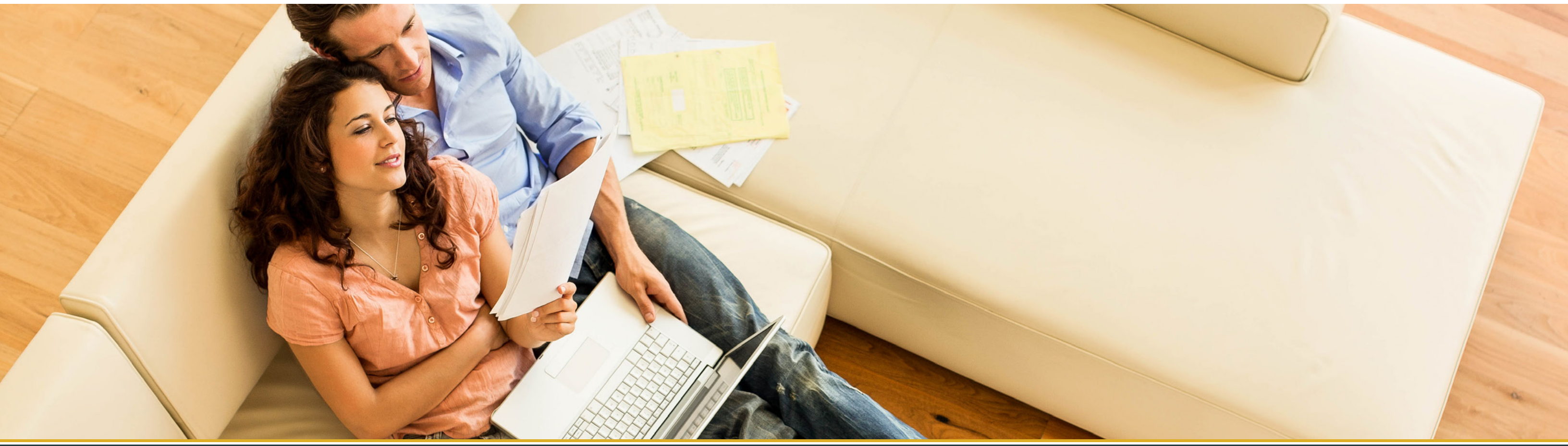
A Flawed Philosophy

Because traditional banks purposefully control the arduous process of moving from one institution to another, the barriers to switching are high, preventing even the unhappiest of customers—retail, commercial, or otherwise—from closing their account; individuals are figuratively held captive to whatever fees or usage requirements banks mandate in order to remain profitable. This is probably why so many of the prior mentioned executives feel that their revenues will continue to climb and services remain competitive—a rather myopic assertion some may say. As more fintech alternatives enter the market, one of their core characteristics—ease of adoption and use—will eventually show customers that banking and borrowing don't necessarily need to be complicated nor rigid. If the onboarding process and all interactions and transactions are as simple as they are personalized, then why would one even consider leaving?

In a piece from The Financial Brand, Dan Latimore, SVP at Celent, said, "There's been a longstanding hypothesis that consumers stay with their current banking provider because it's too inconvenient to switch. A related hypothesis is that if it were only easier to switch, more customers would do it. Both hypotheses are wrong." So when customers actually do switch, what galvanizes the move? Credio found that customer service correlates the strongest to a departure. "Consumers are tired of feeling like a number," said Jim Dellavilla, Chief Client Officer at Catalyst. "They are fed up with paying fees on their checking accounts and gaining little to no interest on their money. They want access to consumer-friendly technology and are looking to be rewarded for their business."

Digitally Transforming the Customer Experience

Because of shrinking budgets and the high costs of maintaining outdated tech stacks and disparate processes, banks have been delivering less with less. To avoid a severe depletion of interest income and customers, banks can look to dramatically improve how borrowers interact with their finances by implementing the following five pathways of a digital banking experience, thereby delivering more with less. While integrating one component is certainly better than none, a collective approach not only creates a seamless, holistic customer experience, but also means the organizational commitment to implementation only needs to occur once.



5 Keys to a Digital Banking Experience

Imagine and Create

The days of generic, uninspired marketing collateral will soon fade into the abyss, as customers are now looking for content that effectively speaks to their individual financial needs. Banks need to exercise their imaginations when it comes to digitally engaging current and prospective customers. The concept of delight shouldn't be confined to clothing designers and chocolatiers. Customers want a humanized, tailored, and effortless banking experience that instills a sense of pride for their capital and relationship manager. Marketing and compliance teams now have technology to help them automate and collaborate on collateral, which allows for a streamlined approach to delivering the products and services that matter most to the prospects being targeted.

Design for the "Park Bench" Interaction

The time-intensive, oak-desk dialogue over savings accounts, business loans, and credit lines has been replaced with a side-by-side, dynamically mobile, "park bench" interaction. Borrowers, especially millennial small business owners, don't want to endure a multi-day, multi-form approval process anymore. Part of the negative perception of banks after the Great Recession is that they negotiate from a distant position of power and are uninterested in having a balanced conversation about lending. Because of the advent of mass personalization, customers want to feel that their time and specific borrowing conditions are not only understood, but also valued. Content delivery platforms that facilitate this new person-to-person, park bench interaction are quickly becoming a functional necessity within banking.

Improve Processes

An inherent trait of the digital customer experience is efficiency—the elimination of technological redundancies, streamlining of operational workflows, and reduction in service response times. One can't expect to execute an effective park bench interaction without improving backend processes; there's nothing convenient nor cost efficient about completing application forms or reviewing loan terms for 45 minutes three days in a row, regardless of where those meetings physically occur. A pillar of the digital customer experience is the technological ability and operational agility of banks to accomplish more with fewer resources and roadblocks. Leveraging SaaS solutions that organize, store, and distribute collateral in and from centralized repositories allow relationship managers to spend less time on manual processes and more on customers and their particular lending needs.

Analyze and Learn

Knowing which content is the most impactful in customer interactions is imperative to achieving a successful outcome. But quite often, learning which content isn't working can yield a greater long-term benefit, as adjustments to collateral and the overall interaction allow for a more pronounced customer experience. Collecting data on how current and potential customers engage with content is vital to the aforementioned processes, enabling marketing teams to pivot and respond in a timeframe appropriate for today's immediate-results environment. A core attribute of a comprehensive content delivery platform is the ability to run user analytics. This is the easiest and fastest method for learning the behaviors, needs, and wants of customers—thereby shedding the stigma that banks don't pay attention to people, only numbers.

Encourage Interdepartmental Communication

Operating within individual silos is a sure way for product or customer information and data to be missed, lost, or incorrectly represented. Additionally, cross-functional success necessitates the removal of interdepartmental barriers. In the banking industry, such lapses can be detrimental to an institution's reputation and compliance status. The term transparency is rightfully used with exception in banking, but it is synonymous with all experiences digital. Due to this standard, customers presume that while complete transparency may not be feasible externally, it should exist among teams internally. These open channels of communication mean that fewer points of contact are needed to complete a process, answer a question, or solve an issue. In the digital experience, technologies that keep workflows open and accounted for make any customer introduction and interaction undemanding and seamless while still meeting compliance.

Conclusion

Certainly the introduction of these fundamentals may seem somewhat academic to an industry that has collectively practiced a tried-and-true model for decades, but despite what several banking executives believe will happen to their balance sheets in 2016 and beyond, the model is in fact being upended by regulatory policies, customer behaviors, and external threats. The externally favorable and internally directed forces that once afforded banks the advantages of high profit margins, low attrition, and a seemingly impenetrable market are yielding to dynamics more commonly associated with consumer goods. The fastest and most cost-effective way for banks to succeed in delivering more with less in such a fluid and competitive environment is to proactively establish themselves within the digital customer experience, by adopting automated, responsive technology platforms to showcase their services, people, and brand.

Take Action | *6 Financial Services Stories of Success with Seismic*

About Seismic

Seismic's leading end-to-end sales enablement solution for enterprises increases sales efficiency and marketing effectiveness by delivering the right content at the right time. Seismic is the only sales enablement platform anchored by the award-winning LiveDoc® technology, which automates the creation of personalized sales materials within seconds, achieving personalization at scale and dramatically improving time spent selling and win rates. Seismic customers are customizing more than a million pieces of sales collateral per year, and real-time analytics provide unprecedented insight for marketing teams looking to gauge which content helps closes deals. Headquartered in San Diego and with 150 employees across the globe, Seismic is privately held by its executive team and investment firms General Atlantic, JMI Equity, and Jackson Square Ventures.

For more information about Seismic's end-to-end sales enablement solution, please visit www.seismic.com.