The Future of Retail Banking:

Frictionless, Personalized, Cohesive

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Introduction

Following this year's extraordinary events, our retail bank partners have been asking to rapidly implement contactless solutions that minimize touch points for customers. Current circumstances aside, research indicates that contactless is just one part of the future retail banking landscape. In the long term, banks will grow their customer bases and portfolios by offering frictionless processes and personalization that are seamless, easy-to-use and hassle-free.

Historically, due to a lack of alternatives, the retail banking industry has gotten away with antiquated processes that are far from frictionless, such as sending and resending documents, and requiring in-person visits to close loans or perform financial health checks. Going forward, however, banks that cannot offer frictionless processes will lose customers to those that can.

We can track this in a McKinsey survey of German bank customers. The banks that scored highest for customer satisfaction were the "direct banks," which have no physical branches and conduct all business online. This doesn't mean that branches drive customer dissatisfaction — but rather that, out of necessity, direct banks have optimized their customer journeys. This has attracted customers who find value in frictionless, online processes over in-person interactions.

The traditional retail banking sector, with its range of mandatory in-person interactions, has had to step back and reevaluate its processes: cross-channel functions, document needs and storage, data governance and security, and above all, customer journeys.

Defining the Problem

The inherent challenge of frictionless banking is that "friction" – the extent to which one is burdened by a given process – is different for each individual. Each customer's tolerance for it varies as well – some move past the friction involved in their product/service journey with ease, while others give up halfway.

No single channel of interaction can please all customers. Wealthy older clients (as well as mortgage customers in the German bank survey) tend to prefer personal engagement, valuing consultations from competent employees. Younger generations are comfortable with mobile apps and searchable knowledge bases. Multitasking parents may prefer an online chat, with the ability to take all the information entered in a chat, into a call. Allowing clients to access the bank's services and knowledge over the channel of their choice is crucial, as it lets customers find their path of least resistance.

Solution: Adapt to the Customer

Today's technology enables both frictionless cross-channel interaction and automated, intelligent personalization. AI-based intelligent-dialogue frameworks enable chatbots to act as private bankers, answering questions and performing customer requests. As interaction and access become universalized for all customer demographics, retail-bank offerings will need to be particularized.

Predictive machine learning enables a multifaceted approach, with offers customized to a given customer's needs, and promoted in ways that match their attitudes and aspirations. Modern business process platforms and development methodologies enable an iterative, test-and-learn approach in marketing, product development and customer experience.

Upgrade for the Future

Working with organizations like DXC, banks can reduce friction with "Personalization in a Box" solutions, leveraging mobile apps to eliminate manual in-branch processes and to modernize call centers. Our call center modernization solutions enable customers to move, seamlessly, from chatting with a bot to speaking with an agent, all at the click of a mouse. All chat information is automatically transferred to the agent so the customer doesn't have to explain things from the beginning again. Agents can make video calls, control screens to help customers directly on their devices, pull in supervisors to take difficult calls and much more.

Your frictionless banking transformation begins with determining customer needs and stakeholder priorities. We recommend mapping customer journeys through your processes and recruiting change leaders from internal stakeholders. Once you have your finger on your customers' pulse and the stakeholders are on board, we can advise on the most efficient path to transformation and help you see it through to success.

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Lori Murray is responsible for developing the company's global strategy and product offerings for Microsoft applications in the financial services industry. She oversees a team of global consultants and solution architects, managing the strategic planning, design and execution of industry-specific solutions.

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