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Banks Are No Longer In The Driving Seat When It Comes To Customer Service



Trust in financial institutions is at an all time low whilst, at the same time, customer expectations are on the up. The control banks are able to exert over their public perception has been slowly worn away over the past decade by a combination of increasingly empowered consumers and technologies like social media which give “the little guy” a much bigger voice.

Natalie Ceeney, the former chief ombudsman of the Financial Ombudsman Service summed up this change recently, saying that “consumers have changes forever”. But what are the implications of this change in consumer attitudes on the industry, and what part will technology have to play in shaping the firms that dominate it?

As an industry, financial services has seen a string of major consumer scandals – most notably the mis-selling of Payment Protection Insurance – which has opened the eyes of consumers to the possibility of success in a quarrel with a big corporation. At the same time complaints handling companies have sprung up in their hundreds, promising to secure compensation without the consumer taking on the hassle of a legal dispute.

To further complicate the outlook, social media has grown rapidly, providing the perfect vehicle to publicise a grievance and cause reputational damage to a brand guilty of poor customer service. Never before have consumers had so much power over corporations, and never have they been so aware of the power available to them.

For financial services firms the problem is twofold, from one side they face increasingly militant consumers, and on the other side, a regulator with a renewed commitment to proactively challenging the banks and ensuring the fair treatment of consumers.

Complaints are no longer open to dismissal or apathy from the banking sector, power has shifted firmly into the hands of the consumer and the FCA has centred compliance within this relationship. The responsibility has now been placed on the banks to ensure that behaviours are fair towards the consumer at all times. The question that remains is, how can the big banks adapt to demanding customers, whilst keeping up with regulation and maintaining pace in a market littered with smaller, more agile competitors?

Data & Technology

The first major obstacle for the larger banks is technology. There are often generations of legacy systems that rely on one another to maintain basic services and replacing these can be costly and complex. Institutions must remember that “familiar” isn’t necessarily “good”, in order to successfully change the perspective and the culture of an organisation, it will need the right tools. Many of the customer service disasters of the past can be partly attributed to a technological failing because organisations didn’t have the ability to assess the information and act preventatively.

The requirement here is for a fundamentally different approach to information. The tools must allow access to not only structured, but unstructured data. The full spectrum of data, when effectively collated, can provide a holistic view of an organisation.

This has the dual benefits of aiding transparent regulatory oversight and providing effective Management Information (MI) which can be used to review and amend company processes, particularly customer facing ones. By proactively avoiding regulatory recriminations, companies can create very successful customer services teams, almost as a by-product.

A Proactive Approach

The customer needs to be at the heart of compliance. Currently, organisations are not producing the quality of Management Information that is needed to create a customer centred approach, and to effectively prove that this is taking place. The future of the industry is shifting from reactive to proactive. Financial institutions need systems that identify patterns in customer behaviour and use this data to shape their approach.

Customers know the information that brands are collecting and expect them to use it. Companies need to collate customer information to prove that they are providing customers with products that are in their best interests, for example if customers want a low risk product, but mistakenly tries to buy into a high risk one.

Customer Centricity

On one side, the quality of the interactions between banks and their customers is becoming a more and more important in the eyes of those customers, whilst at the same time the tools available to measure and compare the service they receive are rapidly increasing in quality and quantity. The obvious result of these changes is that customer service is becoming an important differentiator, especially when viewed in the context of new legislation such as the seven day account switching service from the Payments Council.

In the not-too-distant past, customer services was a shield against aggrieved customers. In the not-too-distant future, its function may more closely resemble that of the marketing department. Data will be the key to this change. The development of a better approach to customer information and services will not only have the advantage of helping a firm find its competitive edge in a threatening market, it will also unlock the operational advantages that come from a meaningful understanding of customer data.



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