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Customer experience can be major differentiator for banks – report

Financial institutions may have invested heavily on brand image since the 2008 sector meltdown, but they are still in danger of falling behind other sectors in delivering satisfactory customer experience, according to a combined Forrester-Lithium research study.

While banks ranging from Lloyds to Goldman Sachs have remodelled themselves in recent months to strive for more positive consumer perceptions, very few are yet focused on providing an acceptable customer experience, which the study confirms is creating an opportunity for savvier institutions 'across channels'.

According to Forrester's Customer Experience Index, which benchmarks the quality of customer experience for US-based brands through varying industries, consumers rate their experiences with financial services companies (which includes investment firms, banks and credit card providers) as just 'OK' on average, with rankings ranging from 'very poor' to 'good', at best.

This places finance way behind more customer-centric industries such as retail and consumer electronics, which were consistently scored more positively by Index respondents.

"Knowing how to engage with customers is vital," the study declares.

"Not only does customer experience correlate highly to future business, it also impacts new business generation through peer recommendations."

Steve Edkins, chief executive for FusionExperience recently predicted 2014 could be "Year Zero for the banks" in terms of customer service, citing new legislation in the UK, such as the seven day account switching service from the Payments Council, as evidence that power could be set to shift away from banks and into the hands of the consumer.

And Forrester believe this places new emphasis on a bank's ability to provide a better experience for its customers, who were "moving past simply wanting to be recognised and heard", to expecting deeper engagement with the companies they attached themselves to.

Younger people (aged 18-24), in particular, expect businesses to engage with them over social channels, with 41% of Index respondents indicating they want companies to provide customer support via social media. In addition, 39% reported that they would like companies to listen and respond through social channels.

According to Rob Tarkoff, chief executive officer for social software provider and report commissioner Lithium, while many banking organisations increased their social network presence in 2013, those that actively engaged in discussions were the ones who built a more substantial and loyal customer.

“Visionary companies see increasing customer expectations as an opportunity,” he said.
“Not only are firms like Barclaycard gaining competitive advantage by building the kind of relationships customers expect today, they’re leading an entire industry by delivering a fully differentiated, disruptive customer experience.”