



The Role of CX Management in Transforming the Banking, Finance & Insurance Landscape

Driving meaningful CX outcomes through customer-oriented
& result-driven practices



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Introduction

The Banking, Financial Services & Insurance (BFSI) sector has transformed significantly in recent times, moving from traditional in-person transactions to digital, omnichannel, and other internet-based transactions. This has, in turn, increased the significance of seamless and personalized customer services, even among major players that once enjoyed a monopoly in the industry. This has also intensified the competition among all parties involved, further impacting customer preferences and decision making, ranging from their transaction methods to the management of their finances. As a result, BFSI service providers have been forced to shift their focus from a product-centric approach to a customer-centric approach.

This paper explores how CX management has become the most critical aspect of business practices for BFSI service providers with respect to:

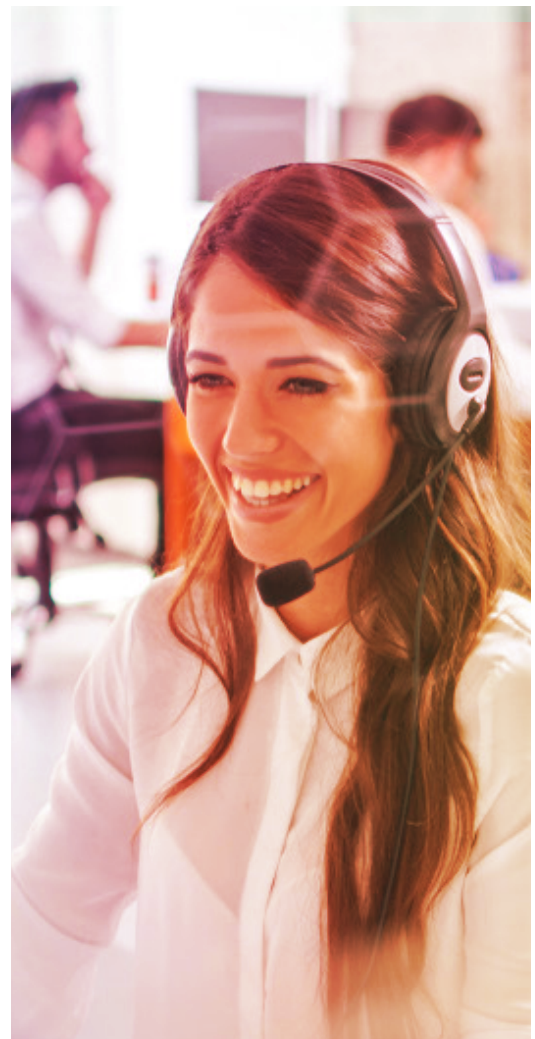
- **The role of CX in redefining customer relationships and brand identity in the BFSI industry**
- **Key components that contribute to successful CX management**
- **Current CX trends that can help BFSI service providers ensure sustainable business models in a highly competitive marketplace**
- **CX priorities for the future**



Redefining customer relationships in the Banking, Finance & Insurance sector through technology-driven CX management

As the rest of the world continues to adopt a digital-first mindset, banks & financial service providers are also leaning on digital transformation, undergoing a paradigm shift to incorporate advanced technologies like Artificial Intelligence (AI), Machine Learning (ML), and the Internet of Things (IoT) to elevate the quality of customer engagements on all fronts. These transformational changes have been influenced by rapidly changing customer experiences and preferences. Indeed, in today's hyper-digital age, customers consider ease of transacting, speed, and convenience over attractive financial terms, and will not hesitate to switch loyalties in case their needs are not met.

In addition, the BFSI sector has witnessed a steady decline in branch visits and a rise in virtual interactions. And while this dynamic shift towards web-based transactions was driven by necessity (primarily due to the recent global pandemic), the ease and convenience have contributed to its continued utilization. It has accelerated the pace of the ongoing adoption of digitization and reinforced the focus on fast, secure, and straightforward access to funds. Banks and Financial service providers have also leveraged the innovative solutions offered by major FinTech companies in this aspect, delivering superior customer solutions, including:



Account & user verification

Accelerated customer onboarding, KYC process, customer credit verification & loan approval

A2A payments

Direct money transfer between user accounts & seller accounts

Account aggregation

Account data availability from multiple banks on universal third-party applications

ML-enabled insights & recommendations

Deeper data-driven insights into customer behavior and transaction history for new products and services

Key components that contribute to successful CX management

Improving CX delivery continues to be the prime objective for many organizations in the BFSI sector, eventually leading to sustainable growth, profitability, and long-term brand health. Key components that massively help BFSI businesses ensure competent CX management include:

End-to-end customer engagement

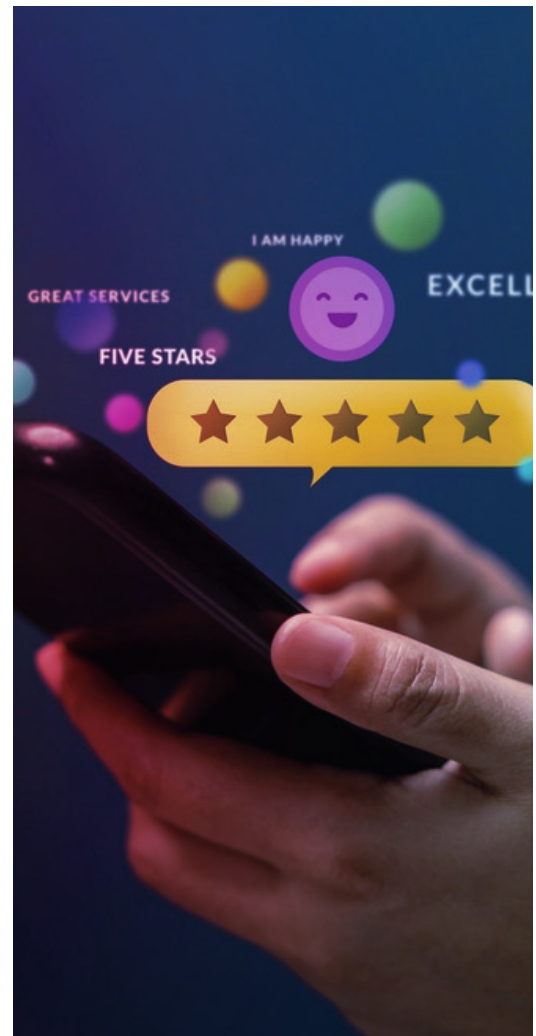
Some businesses only focus on customer journeys up until the path of purchase or the sales funnel, often ignoring the critical stages that follow. Ensuring end-to-end CX management can make valuable contributions to other aspects of a company's business operations, such as increasing inbound traffic and sales, improving brand awareness and reputation, increasing customer satisfaction, brand loyalty, etc.

Customer persona development

Developing customer personas is an iterative process and must be improved and updated regularly and consistently to ensure that key data points are conveyed. Customer behaviors and patterns, preferences, purchase decision drivers, etc., are all incredibly valuable to a BFSI organization in molding their business models to ensure customer-oriented products and services.

Personalized CX deliveries

Using data-driven insights to determine customer expectations and delivering targeted solutions and relevant experiences is the key to building positive customer relationships by offering specific products/services that resonate with them. Personalization can be (and must be) applied across various touchpoints in the customer journey, including marketing, sales, customer service, and support.



The 6 Pillars of CX Excellence

Personalisation

Using individualised attention to drive an emotional connection



Time & Effort

Minimising customer effort and creating frictionless processes



Resolution

Transforming disappointing experiences into great ones



Integrity

Being trustworthy and engendering trust



Expectations

Managing, meeting & exceeding customer expectations



Empathy

Understanding customer circumstances to ensure deep rapport

Key drivers that influence customer decisions

Low-cost offerings	70%
Ease-of-use	68%
Accelerated services	54%
Feature-heavy offerings	39%
Personalized products/services	39%

Current CX trends in the BFSI sector

CX is the key focus area for any business that seeks to sustain itself over the long term in a highly competitive environment. The following are some of the key customer trends in the BFSI sector:

The Omnichannel Experience:

Digitally savvy customers prefer a unified experience across different channels such as email, phone, live chat, social media, in-app chats and chatbots. Omnichannel presence makes it possible to deliver services through various endpoints and is imperative to customer satisfaction. Additionally, when customers reach out from multiple channels with the same concern, having visibility of past interactions across channels can aid speed of resolution.

Personalized Engagements & Services:

Modern customers want real-time and personalized services. Deploying advanced analytics and machine learning capabilities will help businesses deliver precisely that. Most financial service providers are trying to attract customers digitally, redefining CX can help forge deeper ties with them by effectively utilizing available data and artificial intelligence (AI) technology. Using AI-enabled chatbots, banks can have personalized touchless interactions with clients. AI-driven predictive analytics can help banks recognize patterns in customers' spending behavior, which in turn can help them develop more personalized products and services.

Self-service Portal:

Self-service support portals can be deployed to answer routine queries and address complex problems, thereby offering quick solutions on a real-time basis at any time. Banks and financial service providers can integrate AI-enabled technologies to design self-service portals to help customers with account balance inquiries, fund transfers, bill payments, loan applications, and more. This will help financial service providers reduce wait times and associated costs for customer support operations while boosting customer satisfaction.

AR and VR Applications for Customer Support:

Augmented reality (AR)-based mobile applications are being used by financial companies to help customers locate the nearest ATMs and book appointments. Likewise, Virtual Reality (VR) support through chatbots and virtual assistants is also being offered. These help to create immersive and personalized experiences for customers.

Customer Experience priorities for BFSI enterprises in the near future

Emerging technologies and new modes of engagement have transformed the way customers interact with their financial institutions. Going forward, some key CX priorities for BFSI enterprises include:

- Continuous & consistent personalization of digital experiences
- Seamless banking & financial transactions
- Automation of redundant activities for prompt service deliveries
- Being future ready through proper risk management
- Building brand reputation & customer loyalty with rewards
- Empowering employees for reduced attrition

Final Thoughts

The post-pandemic world has become vastly challenging for BFSI enterprises with customers switching brands in the face of extreme economic pressures. In the current business landscape, customer retention is key to business growth, raising the importance of customer engagements and experiences, exponentially. Digital transformation in customer service has paved the way for safe and contactless engagements, while BFSI enterprises have also enabled web-based transactions for customers. It is now up to individual players in the BFSI sector to take advantage of the vast opportunities presented by creating a customer-oriented and future-proof CX delivery system.