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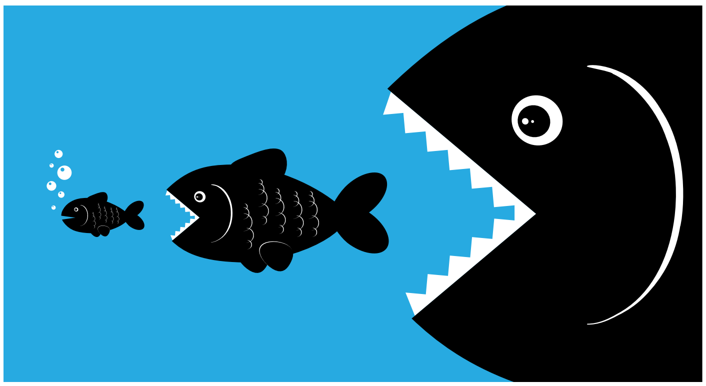
Five Ways To Significantly Improve Your User Experience

CPG's Senior Consulting Associate, Mark Gibson, shares what happened when his bank merged with a larger bank.



We all know that bank mergers can create problems. But most of us also know that customer satisfaction and retention hinges on how those problems are handled. Let me illustrate using a recent personal experience.

My bank recently merged with a much larger bank. The pre-conversion communication seemed well written and designed. The branch staff were (warily) positive about the whole thing. And, after conversion, the web site worked, the mobile banking app was at least as good as before, and our money was still in our account!

Then the surprises started. We got a notice of cancellation from our home owners insurance provider. We were contacted by our energy company for nonpayment. And finally, we received more than $200 in late fees and interest charges from our credit card company. Apparently, the new bank's bill payment timing was much slower than that of our old bank.

After three lengthy phone calls to Customer Service, we were able to begin our "dispute process", whereby the bank determines whether our claim is worthy of a refund. We were told it would take "at least 10 business days" before we would hear anything.

At this point, I called the national credit card company to let them know my bank would be contacting them about this matter. I waited less than 30 seconds for a representative, and within one minute of explaining the situation, he apologized (for what?!) and offered to waive the $200+ of fees and interest charges, even though I had not asked for a refund.

There are many lessons to learn from this example, but let me offer five:

1. You absolutely MUST live the processes that you ask your customers to comply with. I suggest that EVERY Executive or Senior Manager attempt to "dispute" a charge and find out what happens. Then "live" the other Top 10 processes your customers are subjected to and find out what happens.
2. Use a Process Designer to fix the processes that are broken, with user experience being at least as important as compliance and fraud prevention.

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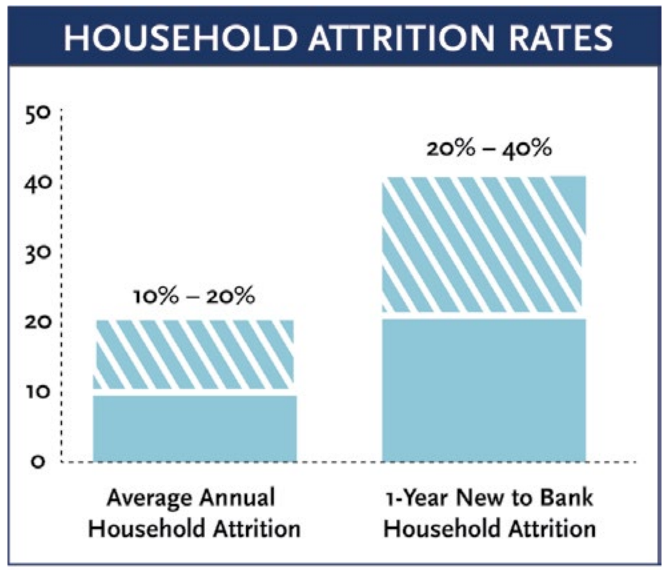
Statshot: Attrition Rates

Time for a Customer Experience Audit!

Dissatisfaction with a bank in terms of its service quality, fees, rates, products and convenience are consistently named as the controllable drivers of attrition. When was the last time your bank conducted a customer experience audit to specify customer pain points throughout your organization? For most banks, the answer is "never". We often see banks are making process and compliance-driven decisions at the expense of the customer experience, customer relationship, and customer profitability.



Source: CPG analysis of industry data.

If your bank is experiencing higher than average attrition rates or an increase in attrition rates, it's time to take a closer look at what is driving attrition – and retention – at your institution. In CPG's experience, attrition risk is often created in three key process areas: new account opening, problem resolution, and account mapping/transition during major product line changes and/or merger integration. Consumers today have less tolerance for pain, and, while there remain barriers to switching banks, those barriers are lower today.

CPG has conducted numerous engagements helping clients identify, document and change processes, procedures and mindsets that can lead to poor retention rates. We work with your team to create solutions that make sense for your customers and your bank. While there is no silver bullet or 'one size fits all' solution to decreasing attrition rates, your bank could be surprised to learn that some simple changes could achieve best-in-class retention rates and improved profitability.

Call (202-337-7870) or email us today to discuss in more detail.

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Five Ways (continued)

3. Provide your front line people with the INFORMATION and AUTHORITY to understand a customer's relationship and do everything within their means to save it.
4. When making systems or policy changes, have your customer advocate sitting at the table so the project team intimately understands any positive or negative impact on customer experience. Over-communicate the change to customers using multiple media, in a clear, visible way.
5. And finally, think about how your best customers have access to information, advice, and problem resolution. Who are they intended to call when they need help? Do processes and systems support the request being fulfilled quickly and with a single inquiry? Is it their responsibility or yours to follow up until the problem is resolved? (Hint – its YOUR responsibility, but most organizations get that wrong).

Remember, we are living in the age of customer experience and word of mouth, not advertising. You win or lose customers based on how you treat them every day at every touch point.

Announcements

Top 100 Influencer to Follow

Mary Beth Sullivan, Managing Partner, has been named a **"Top 100 Financial Services Influencer to Follow"** for 2017 by Jim Marous and The Financial Brand. Influencers on the list are leaders in the world of banking, digital technology, marketing, customer experience, innovation and fintech. According to Jim Marous, "Influencers on the list are usually ahead of the curve and are willing to share insights not always found through traditional sources – because these people usually march to the beat of a different drummer. These would be people I would recommend for others to follow if they are interested in the future of banking."

Follow what Mary Beth and CPG have to say about the future of banking on social media on Twitter @mbsulllivanusa and on LinkedIn.

Barlow Monarch Awards

For the second year, Mary Beth Sullivan is serving as a judge for The Monarch Innovation Awards. Presented by Barlow Research Associates, Inc., the Monarch Awards recognize B2B innovations within the financial services industry. Awards are presented to financial institutions and industry partners that provide the most innovative solutions to business customers as well as recognize risk takers who create/promote innovation within their organizations. The judges quantitatively score each submission based on uniqueness, stickiness, dependability, ease of use, value, and WOW factor.

Recent & Upcoming Speaking Engagements

Deluxe Exchange 2017, February 7 in Phoenix, AZ. Mark Gibson presented "How to Use Measurement & ROI to Increase Your Marketing Budget".

ABA National Conference for Community Bankers, February 20 in Orlando, FL. Rolland Johannsen facilitated the CEO Peer Exchange for Banks with assets of $1B+.

Pennsylvania Bankers Branch Transformation Conference, March 14 in Summerdale, PA. Kevin Halsey and Ben Ringwood to present "Building Customer Relationships in the Branch".

ABA Payments Forum, June 22-23, in Washington, DC. CPG's Mary Beth Sullivan and Rolland Johannsen will present the results of ABA's Payments Survey 2017. We hope to see you there!

The Rise of Reputational Risk

Excerpted from the American Banker, Feb. 22, 2017, by Rolland Johannsen.

Of all the risks facing banks, reputational risk is the most difficult to anticipate, measure, and manage. However, failure to do so can cause more significant long term damage than any other risk. It takes years and constant attention to build and maintain a reputation that instills trust and confidence. However, it only takes a day for that trust to vanish. The Wells Fargo fake account opening scandal is the most recent example of a total management breakdown that resulted in severe negative consequences to a bank's image and brand. While the monetary fines were significant, it is a good assumption that the costs associated with lost business and trying to rebuild customer confidence far exceeds the actual regulatory fines. Evidence suggests that it could take years to repair the company's brand.

There is a new threat that requires thoughtful attention, and which has nothing to do with whether or not a bank is violating regulatory requirements or ethical norms. This risk arises out of the polarization throughout the country and the increase in political and social activism. Unfortunately, Wells Fargo also provides a recent example of this emerging reputational threat.

When Wells made the decision to participate in the financing for the Dakota Access pipeline, we can assume that they did so after a thorough evaluation of the typical risks and an understanding of the political controversy surrounding the project. We can also assume that they made a rational decision after balancing the financial returns with the risk of losing any business from parties opposed to the pipeline. However, it's probably a good bet that they did not factor in the possibility that the Seattle City Council, which has no discernible stake in the project, would vote 9 to 0 to not renew its contract with Wells to provide banking services, nor the attendant publicity it would receive. It is unknown how significant the loss of the Seattle business will be to the overall performance of the company. The more significant risk is that large numbers of Seattle consumers and businesses, as well as those around the country who share their views, will follow the city's lead and discontinue their relationships with the bank as well.

This heated political environment adds another level of complexity to assessing and managing potential reputational risk. We do not believe that banks should make economically-based decisions solely on whether they may or may not be politically popular. However, it is incumbent on management and boards of directors to understand the potential reputational risks of seemingly normal business decisions at a deeper level than previously considered. Issues such as immigration, gender identity and equality, healthcare, and many others are creating significant divisions among the populace. Decisions that have the potential to touch any one of these issues, no matter how obtuse the connection might be, can create significant reputational risk. A more thorough, up front assessment of a broader range of potential consequences will help management make more informed decisions and identify possible risks and ways to mitigate any potential damage to the bank's reputation and brand.

To read the full article, please visit americanbanker.com (subcription required).