



cutting through complexity

CUSTOMER EXPERIENCE OPTIMIZATION: A ROAD TO DIGITAL TRANSFORMATION IN BANKING

Conferência Internacional APCC

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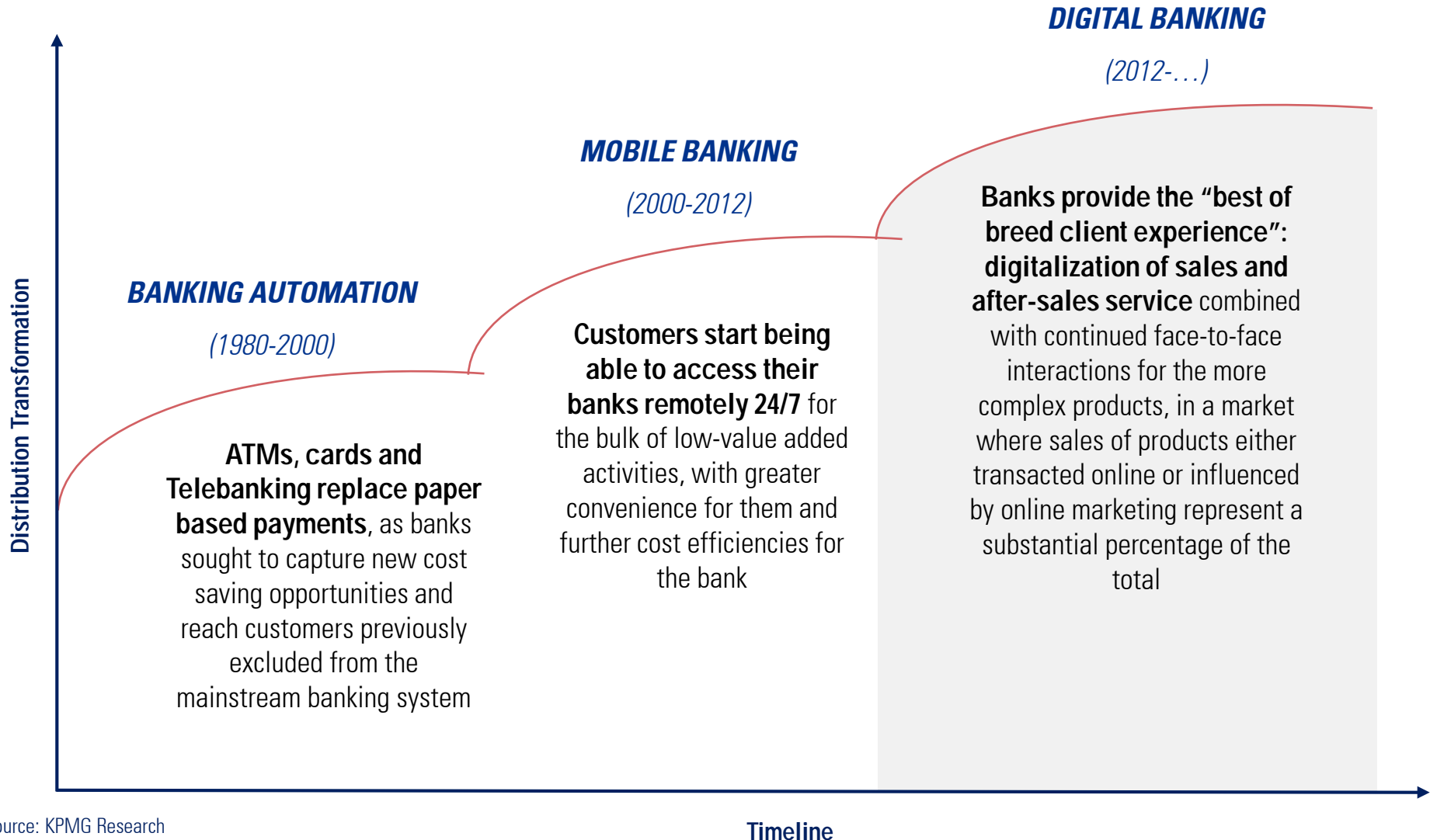
Agenda



- The Customer Experience Opportunity
- Customer experience Analytics

BANKING DISTRIBUTION

Banking Distribution has **changed dramatically** in the last 30 years

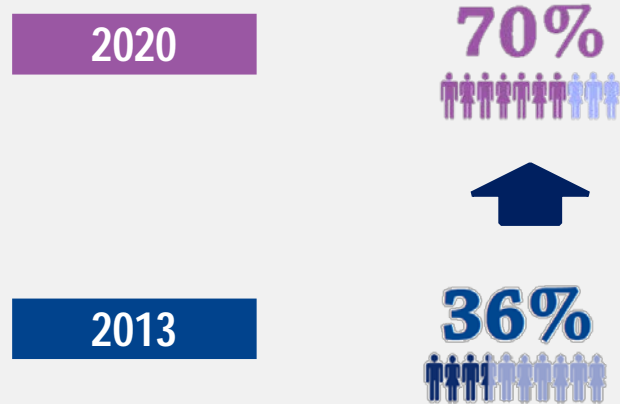


Source: KPMG Research

BANKING OPPORTUNITY

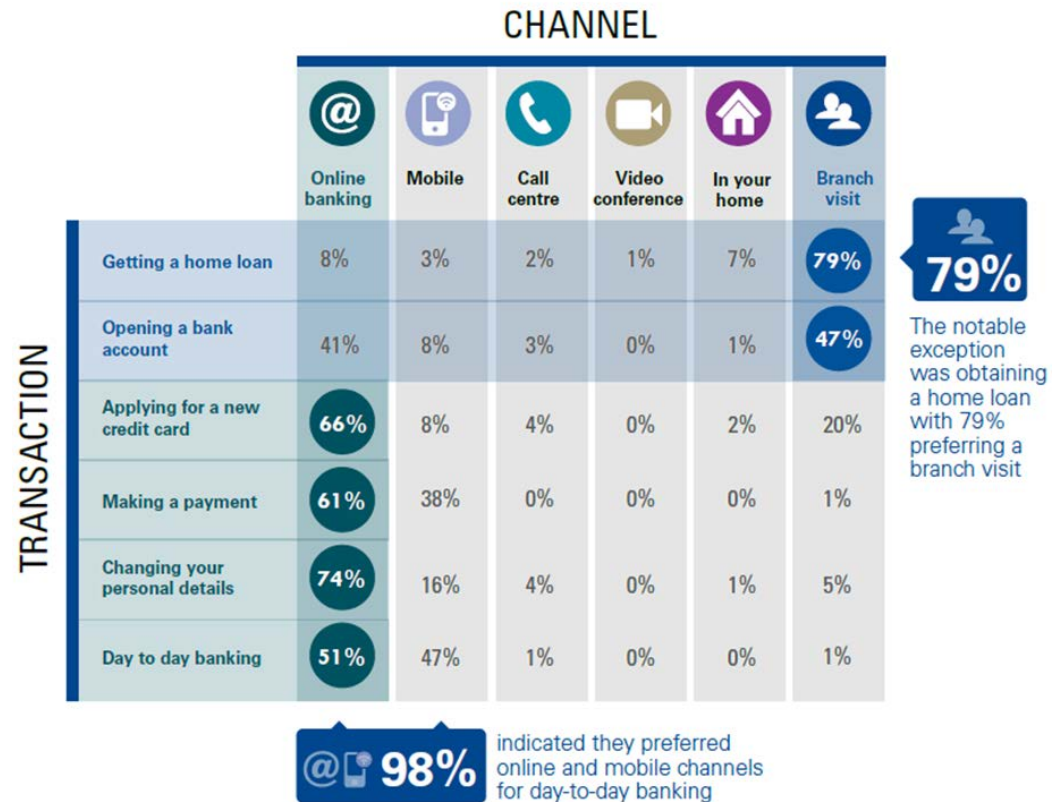
Multichannel and related “digital” distribution transformation represents an **opportunity to extract value from customers**

Gen Y \$ Y's share of financial assets



Today's young professional will be significant drivers of retail revenues tomorrow

Gen Y \$ Y's preferred channel by banking activity



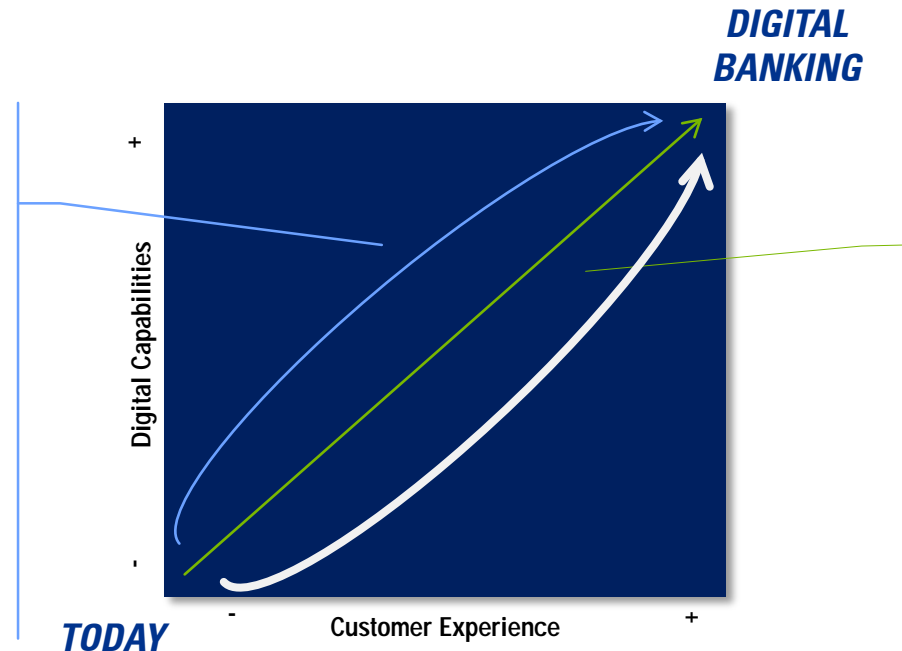
Source: KPMG Research

DIGITAL TRANSFORMATION

There are several ways to start a digital transformation but building **solid multichannel foundations** is a **critical success driver**

Digitization approach to redesign Core Processes

- Identify critical end-to-end processes (e.g., onboarding, credit management)
- Redesign the process with a fully digital approach
- Implement the digital end-to end Solution
- + Achieves market leading time to-market on selected processes (e.g., brand new "digital" mortgage request process)
- + Builds "digital capabilities" on an initial small team and then scale up quickly across processes



Build a state-of-the-art IT platform for digital

- Enable the digital transformation through state of art IT platform
- + Transforms the back-end operating model to reflect best practices adopted by top digital players
- + Setups the long-term and future-proof transformation of Bank's IT system while supporting the development of a digital value proposition for clients

Improve Customer Experience reinforcing Multichannel

- Analyze clients' customer journeys across different channels through C-COMPASS
- Identify key issues in current multichannel processes that reduce customer experience and causes service leakage
- Redesign customer journeys and develop multi-channel capabilities

- + Improves customer experience by removing pain points, while optimizing cost
- + Uncovers insights which are not commonly understood in traditional "touch point" analysis"
- + Leverages "digital" as part of a broader multichannel strategy (e.g. branch, call center, mobile, internet, ATM, etc)



Source: KPMG Research

CUSTOMER EXPERIENCE AS A REVENUE ENHANCEMENT DRIVER

Customer Experience optimization leads to **higher levels of revenue through improvement in cross-selling, sales and less churn.**

Sector Revenue growth rate – TOP 100 FTSE

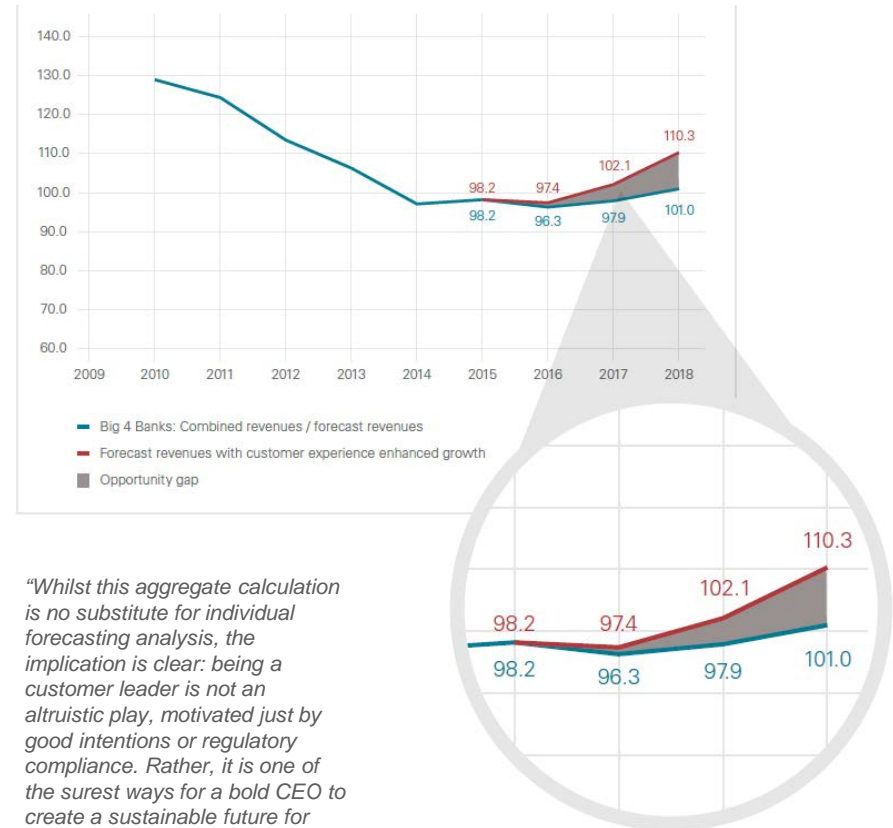


Source: A New Era of Experience Branding: Customer Experience Excellence Centre 2015 / UK Analysis

“ Financial institutions that achieve a top 100 customer experience ranking outperform their FTSE peers. Those that delight customers have average revenue growth of 14.2% - 163% higher than the sector average for the FTSE 100”

Source: KPMG Research - Banking the Customer Experience Dividend 2016

Rapid growth trajectory – Big 4 Banks



“Whilst this aggregate calculation is no substitute for individual forecasting analysis, the implication is clear: being a customer leader is not an altruistic play, motivated just by good intentions or regulatory compliance. Rather, it is one of the surest ways for a bold CEO to create a sustainable future for their bank.

CUSTOMER EXPERIENCE IN A MULTICHANNEL ENVIRONMENT

Banks need to **redefine the channel roles** and **related multichannel customer journeys** as an **ignition for operational excellence and commercial effectiveness**

I. Redefine Channel Roles

Redefine role of channel having in consideration complexity of products and services and type of activity performed (e.g. advisory, transactional)

II. Enable Multi Channel Customer Journey

Enable multichannel journeys, aligned with customer's preferences, for selected priority products by integrating all channels

**What CE
is all
about?**

Fully exploit all touch points between the Bank and Clients and all available data to increase commercial opportunities and lead generations – Service to Sales

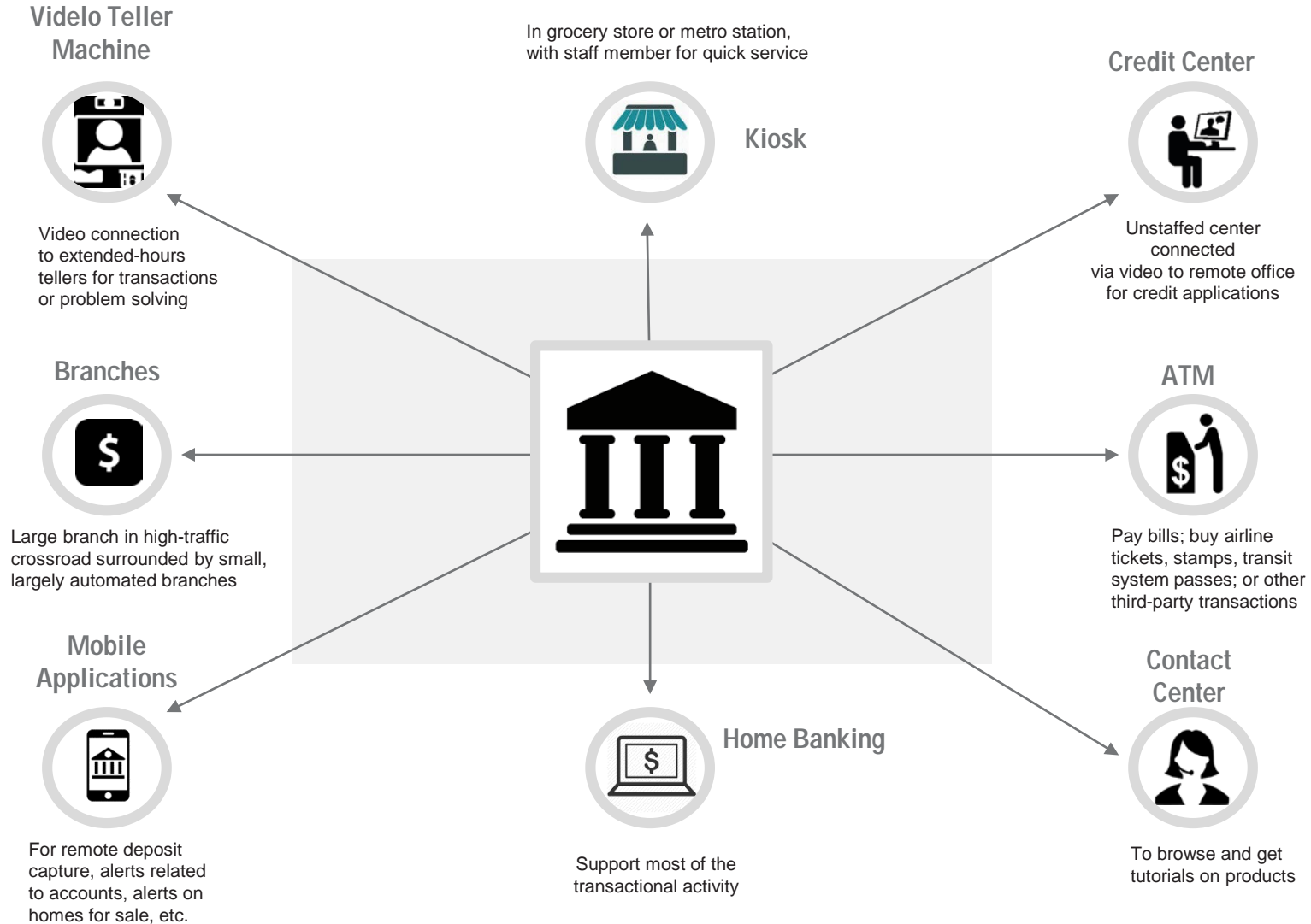
Allocate resources according to the moment of truth importance and cost-to-serve

III. Ignite Commercial Effectiveness

IV. Improve Operational Excellence

CHANNEL ROLES

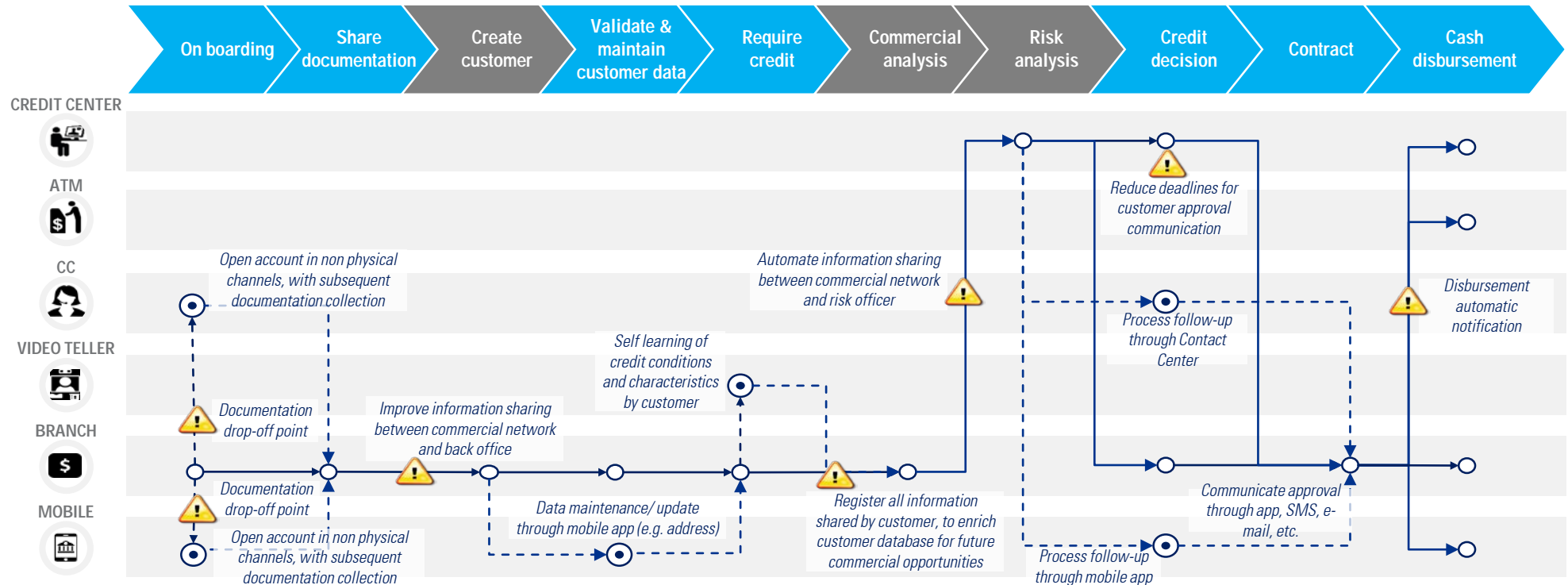
Banks are **redefining channel roles** to meet with Customer preferences and behaviors in a **Omni channel world**



MULTI-CHANNEL INTEGRATION

Banks need to support **multichannel** sale and service experience in order to **minimize service leakage**.

Commercial Onboarding / Loans Example



Case studies



Automatic counters to encourage self service



Fully online bank



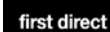
Video booths with 24h access, to improve self-service



Form automatically filled through QR code picture



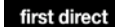
Live chat in Facebook to interact with customer



Platform for customers and non customers advise on new products & services



SMS and e-mail alerts customization



24h customer service line



cutting through complexity

Source: KPMG Analysis

Legend: ○ - As-Is

● - To-Be

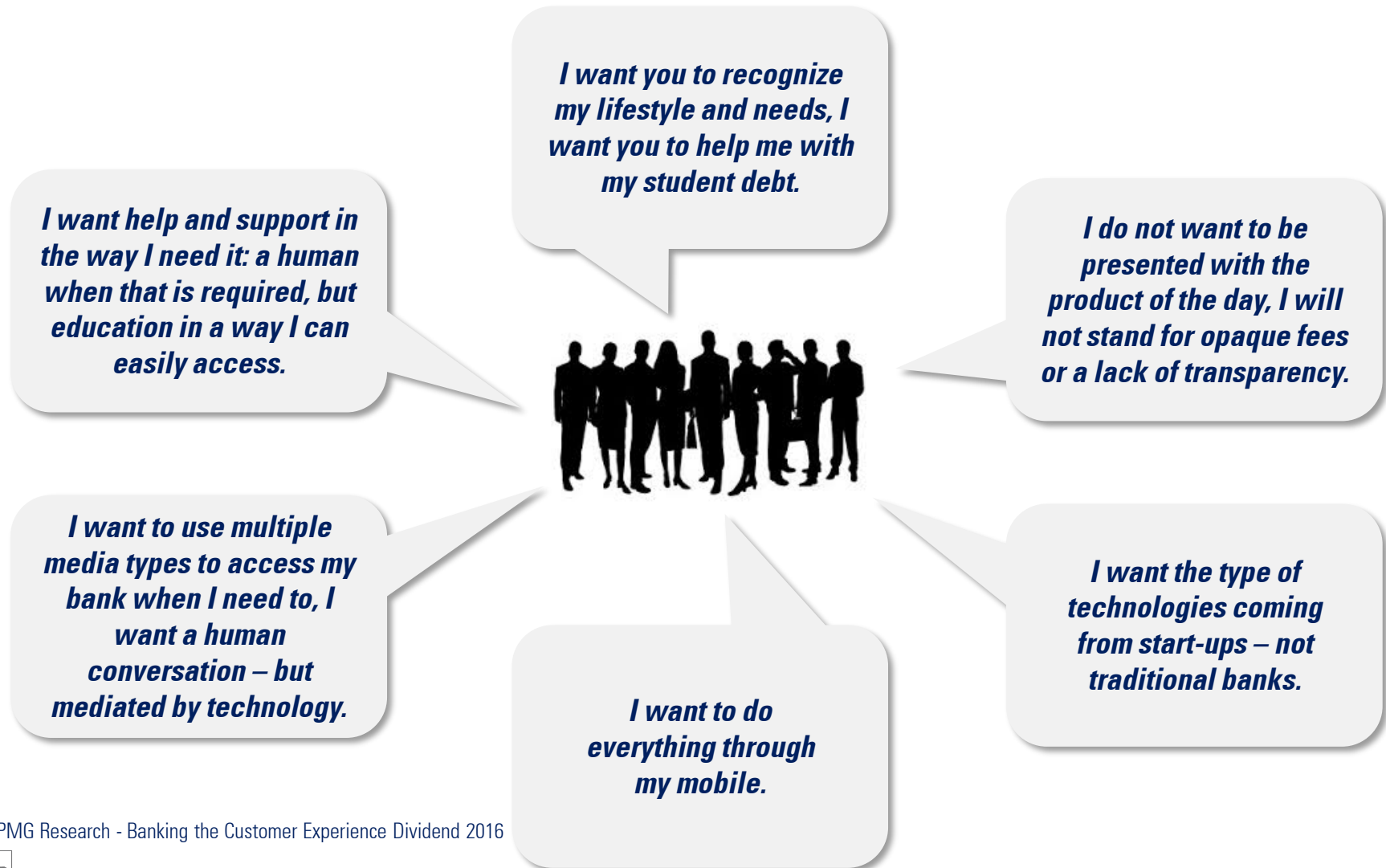
⚠ - Opportunity

■ - Customer interactions with bank

■ - Internal processes

WHAT WE HAVE HEAR FROM THE CUSTOMERS

Banks need to understand that **millennial** still want human interactions – they just want them mediated through digital



Source: KPMG Research - Banking the Customer Experience Dividend 2016

CALL FOR ACTION IS NEEDED

Banks need to **adapt their attitude towards multichannel.**

What we hear from Banks ...



What Clients are shouting for ...



Agenda

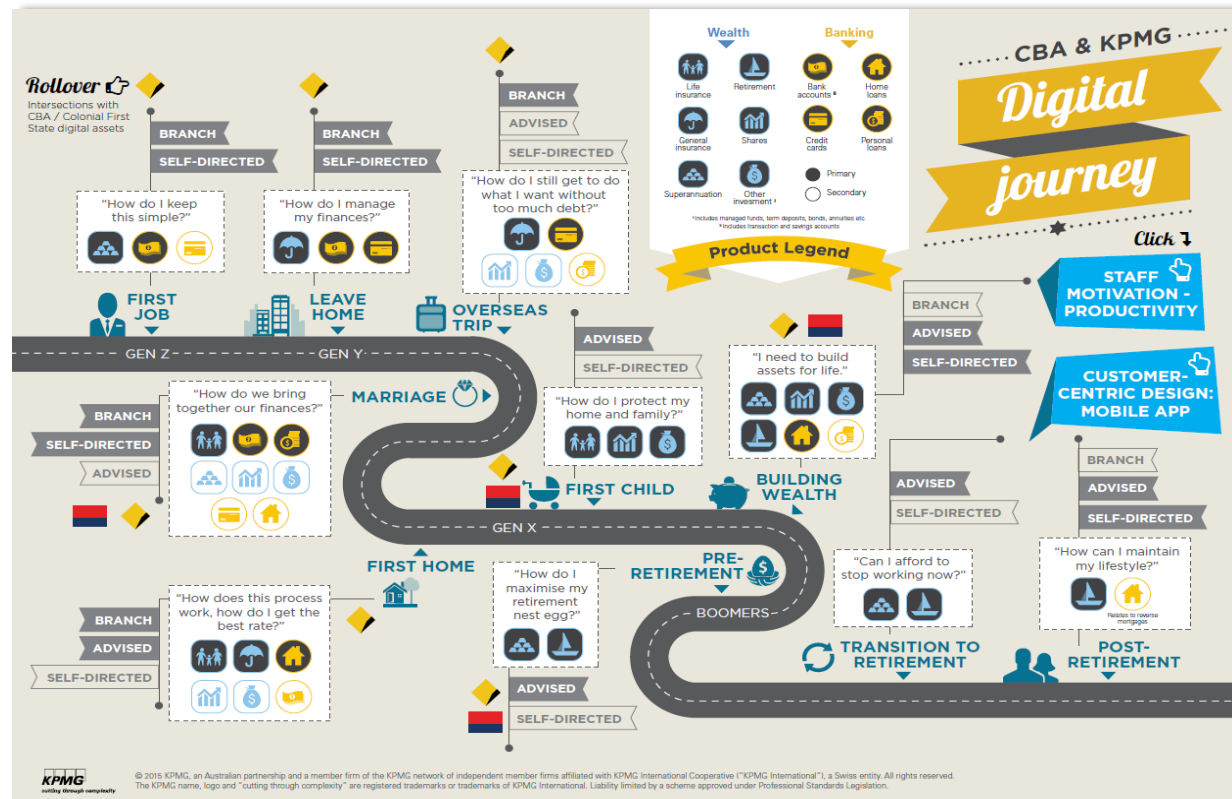


- The Customer Experience Opportunity
- **Customer experience Analytics**

CUSTOMER JOURNEY MAPPING CHALLENGE

Banks are moving very fast into a customer journey mapping culture but have difficulties in “taking out from the paper” into customer focused improvements and business transformation initiatives.

Example of Customer Journey



DATA CHALLENGE

The amount of customer **information** available nowadays from the several channels is enormous, for that reason many marketers have **difficulties** in transforming it into actionable insights

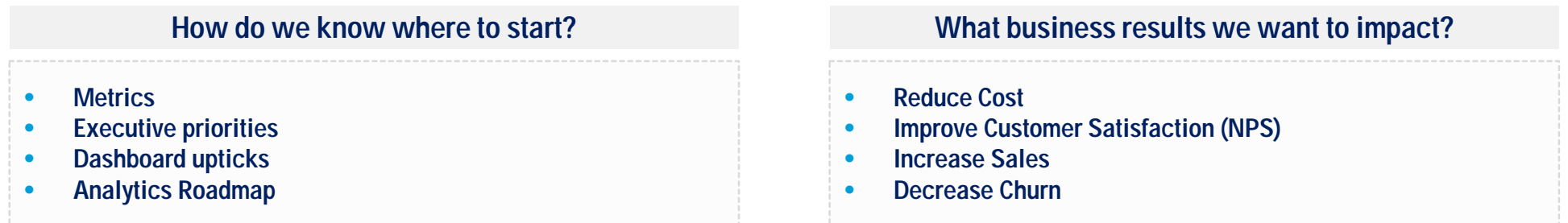


51% of all marketers said the lack of sharing customer data across their organization is an obstacle to effectively measuring their ROI

51,8% percent of marketers said their biggest hurdle in data-driven marketing was building reports that delivered insights

39% of all marketers said that they can't turn their data into actionable insight

Customer experience analytics transforms “big data” in order to enable a Multichannel assessment of the customer journey



CURRENT LIMITATIONS

However, there are **limitations within the traditional methodologies** and in the organization that **impact the performance of fast, efficient and accurate analysis**

Traditional methodologies limitations

Examples of methodologies

Metrics

Call Listening

Lean/6 Sigma

Surveys
(NPS/CSAT)

Web / Customer
Analytics

Limitations

Transversally between Channels

- **Data and metrics not integrated**
- **Focused on one channel** when customer experience are multichannel
- Problems resolution should consider the E2E process of the customer journey
- **Organizations and its KPIs are not integrated** among channels, impacting the focus in the customer experience

Solutions feasibility

- The majority of the organizations terminate its analysis in the step "**Finding**". Analysis are not leveraged to mobilize and promote business change



Lack of Applicability to all customers

- **Surveys:** Typically, reach around 5% to 20% of the customers
- **Call Listening:** Typically, are performed **in less than 2% of the calls**
- **Manual:** even the statistical significant samples lose their value when used in multiple channels

Organizational limitations

1. LACK OF KNOWLEDGE

- Lack of Knowledge on the customer end-to-end available information (Information Extraction vs. Content)

2. COMPLEXITY OF ACCESSES & DATA

- Difficulty accessing to information by business areas (data complexity). Information spread across multiple data bases

3. SLOW DATA EXTRACTION PROCESS

- Information extraction and analysis is time consuming for the business. There is the need to solve problems and quickly identify opportunities in the market

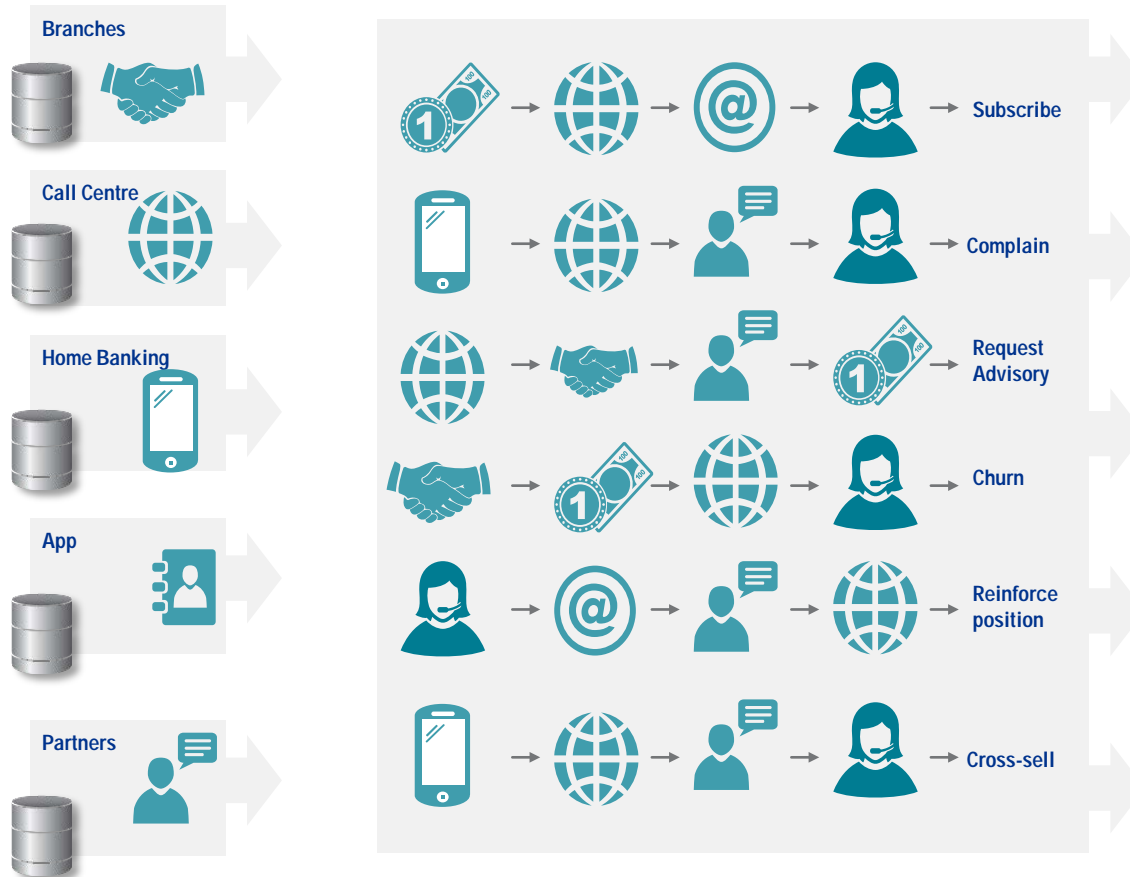
KPMG CUSTOMER EXPERIENCE ANALYTICS





KPMG uses a Customer Experience Analytics framework that **centralizes all customer journey information** making it **readily available for business**

KPMG import raw data from across multiple channel ...

... enabling to connect and visualize customer journeys ...

... and transform data into knowledge to support management decisions

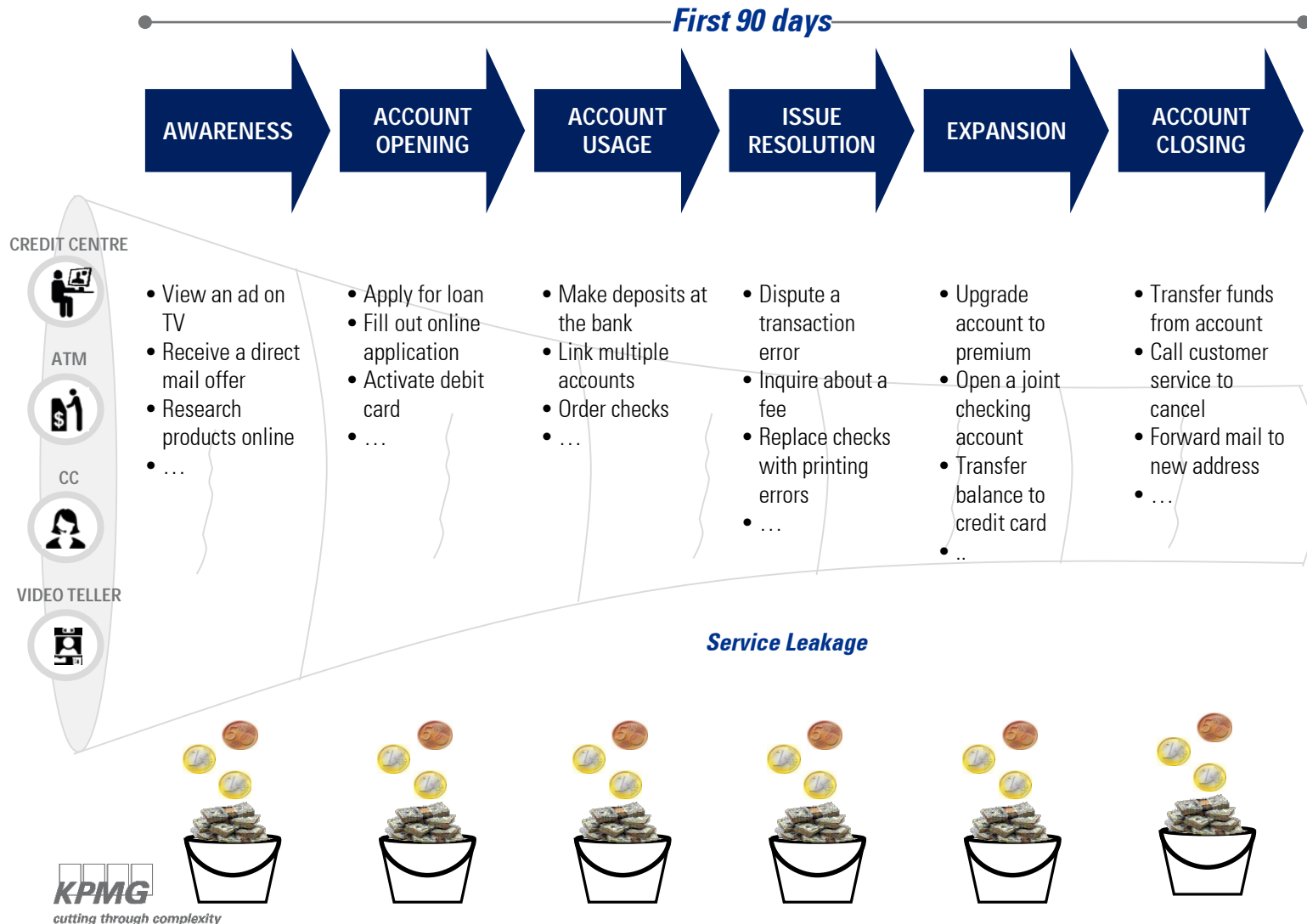


- **1. Customer Compass Analytics**
 - Support Continuous Customer Experience Analytics
- **2. BI Tools**
 - Support Advanced Analytics and BI analysis and reporting
- **3. CRM Solutions**
 - Optimize Sales and Service Approach
- **4. Channels Solutions**
 - Ignite Multichannel / Omni channel Strategy

CUSTOMER JOURNEY ANALYTICS EXAMPLE

With CEA we are able to **swim lane** the Customer Journeys and **identify** revenue, customer experience and efficiency improvement opportunities

?



How do our customers **interact across channels**?

How can we **drive customers to digital** without hurting NPS?

What are **customer pain and delight points**?

How can we leverage all channels to **boost conversion**?

How do we optimize services to **improve cost-to-serve**?

When should we trigger action to **avoid churn**?

How can we **improve our complex back-office** interaction processes?

ATTRITION IN AFFLUENT CLIENTS - EXAMPLE

Mapping Customer Journeys **uncovers critical insights** that cannot be discovered in a the traditional way...

SITUATION:

Affluent Clients are showing attrition behaviors ...



- Low CSAT
- Reduction in the assets portfolio

Customer Journey #	Customer Journey Mapping						Count	%
		CALL	BRANCH VISIT	MORTGAGE APPLICATION	FINANCIAL POSITION	REDUCED FP	5,463	22.9%
		BRANCH VISIT	CREDIT CARD APPLICATION	OUTBOUND CAMPAIGN	FINANCIAL POSITION	REDUCED FP	5,344	22.4%
		BRANCH VISIT	CALL	CALL	FINANCIAL POSITION	REDUCED FP	2,123	8.9%
		BRANCH VISIT	COMPLAINT	BRANCH VISIT	FINANCIAL POSITION	REDUCED FP	1,932	8.1%
		BRANCH VISIT	TRANSACTION ACCOUNT APPLICATION	PERSONAL LOAN APPLICATION	FINANCIAL POSITION	REDUCED FP	1,622	6.8%
		COMPLAINT	CALL	CALL	FINANCIAL POSITION	REDUCED FP	1,384	5.8%
		CALL	BRANCH VISIT	CALL	FINANCIAL POSITION	REDUCED FP	1,145	4.8%

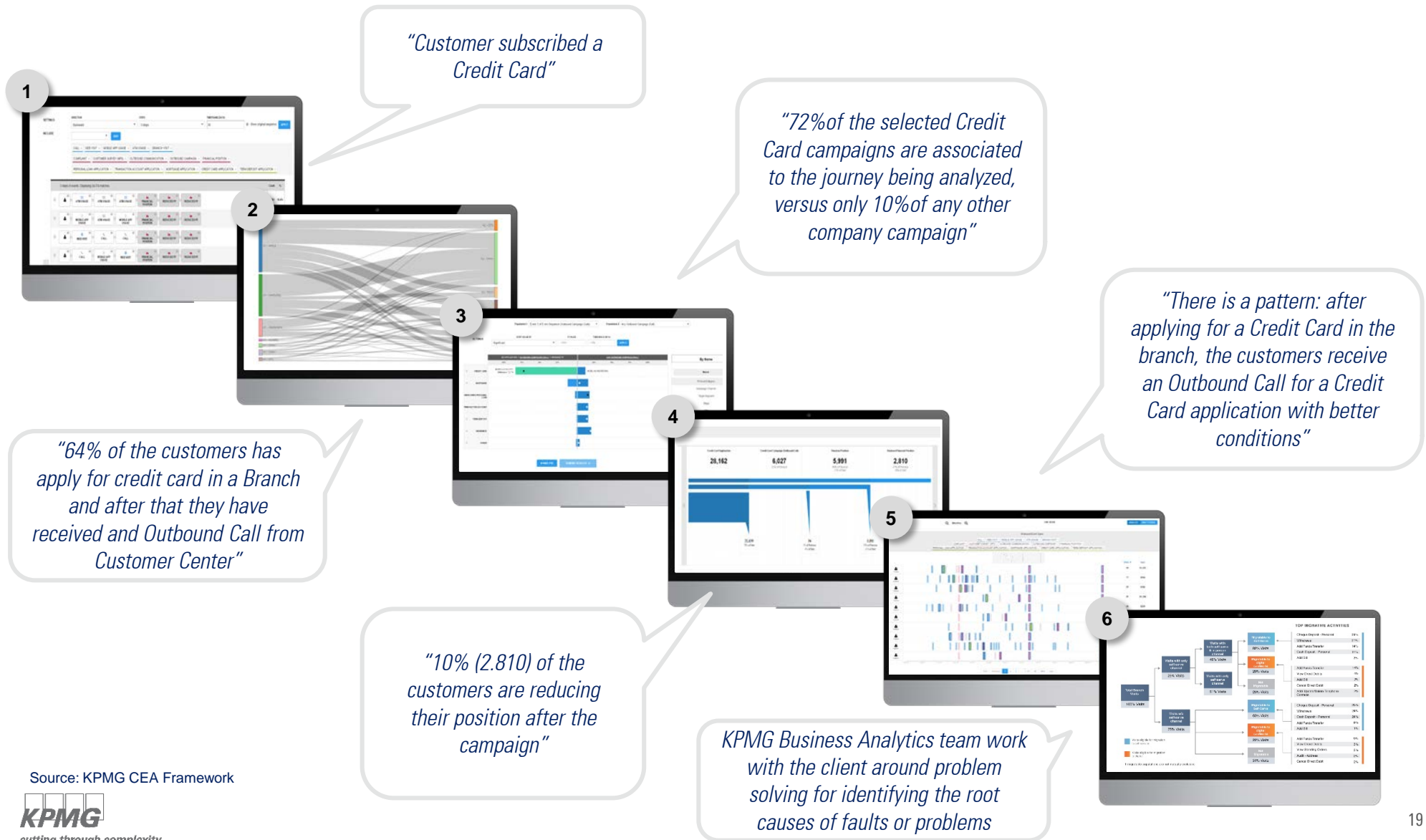
"It looks ok... Clients are investing in real state"

"hum! It looks suspicious. Lets analyze it..."

Source: KPMG CEA Framework

ATTRITION IN AFFLUENT CLIENTS - EXAMPLE

... allowing to go through an analytical and business journey to find the CE leakage root cause



MAIN BUSINESS BENEFITS

Our extensive experience on Customer Experience Optimization initiatives **assures that CEA delivers the needed capabilities to reach the “best practices” maximum benefits.**



Reduce customer service cost by 10-25% across channels

- Reducing calls/repeat calls/transfers/call length
- Increasing web/IVR/ATM/mobile self-service rates
- Reducing failure/errors at retail or in the field
- Fraud detection
- Consolidation and rationalization of back-office



Drive up customer satisfaction/NPS by 5-10% points across journeys

- Contextual, anytime, anywhere self-service
- Seamless across channels, fewer errors
- Straight-through fulfilment
- Improving NPS/CSAT survey scores
- Reducing complaints
- Improving/simplifying customer account onboarding



Revenue enhancement:

- *Reduce churn 10-25 bps*
- *Increase up-sell/cross-sell by 10%-20%*

- Reducing churn
- Increasing cross-sell/upsell
- Transforming customer touch point behaviour data into useful inputs for traditional propensity/predictive models, segmentation, next-best-offer, etc.)



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Contacts

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