KNOWSYS™
Substance Relevance Results

Customers First Digital Second
In the Canadian Financial Services Sector

EXECUTIVE BRIEF

The Challenge

Hundreds of millions of dollars are being invested in digital and yet money is left on the table every day with every customer.

Why? Because it seems like there is little evidence of an enterprise/integrated/repeatable client relationship management strategy or if it exists , it has not been institutionalized at a level that would reap the intended benefits.

How much could revenue be increased by with better relationship management practices?

Observation 1: Non-repeatable Customer Relationship Management by Individual Heroics

1. There are no evident, repeatable, formal, consistent client relationship management practices to deal with a variety of customers: entry-level customers, private client, commercial client, etc. If you get great service, it is because of the individual that you are lucky enough to deal with and not because there is corporate/cultural/repeatable practice of client relationship management.

2. Client relationship management is carried out on a best-effort basis by individuals who may or may not be suited at all for a relationship management role. If they do a great job or a sub-par job, the result is the same from a compensation/reward perspective. Accountability for client relationships is an esoteric term with very little meaning for the actual client.

Examples

1. Expensive and intrusive marketing surveys of customers with no actionable follow-up by relationship managers. Probably no metrics assigned to follow-up on these surveys-tied to compensation.

2. Other entities including BDC are providing proactive lending facilities and signing up new clients (small/mid-size business). What is the opportunity cost on this lost business for a bank?

3. Private Wealth-related services are dependent on the individual that sits in the Account Manager chair. If the Account Manager is not proactive or service oriented vs. transaction oriented, there is a huge opportunity cost on services that could be sold but are not.

4. Little to no leveraging of Canadian customers to uses products and services in the US market. Again this is dependent on the individual sitting in the chair.

Observation 2: Customer Relationship Management because of Complaining or Catastrophe

1. In order to get better products or services from your bank you have to seriously threaten to leave or actually leave.

Case in Point: Ironically, when one of my colleagues told one of their Bank IT clients of their struggles with their commercial bankers, the client contacted one of the most senior executives in the commercial banking business unit and asked them to intervene. They aske my colleague to meet with the senior executive team and when they found out what another bank was offering, offered to match their services. There was a lot of fuss about providing great service to our colleague's company, but once they were re-engaged and new financing vehicles set-up, things basically went back to normal which is that they are basically back to being ignored unless they complain or make a lot of noise. Unfortunately, this bank has set-up a toxic relationship where positive attention occurs when the customer complains, argues, and threatens to leave.

If these poor relationships describe some of the banks' highest value relationships, one wonders what is going on with the average customer?

Observation 3: Digital Only Service with no Human Account/Customer Relationship Possible

Case in Point: Canadian/US (private wealth in Canada) customer of same bank and had a mortgage with them in the US. When it came time to renew their mortgage, there was no Relationship Manager they could speak to, but instead were forced to call the bank's call centre to renew.

Customer told that they would have to re-apply for the mortgage again and complete all of the paperwork they did several years before when they got the mortgage.

After that bank saw a social media post about this problem, they contacted the customer and created a one-of process and assigned a relationship manager to speed these clients through the renewal process. In other words, if the customer had not screamed so loud, they probably would have moved their mortgage to another bank since they would have to go through the same process nonetheless.

On-going relationship management with this bank and their customer consists of letters from the bank, informing the customer of news or demanding some type of action. Relationships that are handled like this are doomed long-term.

Observation 4:
Certain Life Events Should not be Handled Digitally

Case in Point: When people are dealing with the grief of death, is it humane to have them call in to a call centre, be left on “death” hold (no pun intended), and then when they get a live human being, give them a long list of all the reasons why they can’t be helped unless they have all the right paperwork?

If the customer(s) are beneficiaries of large sums of money, do you think they will be inclined to invest or deposit those monies with a bank that basically treats them with zero humanity?

Possible Solutions?

1. Create relationship management processes for major customer interactions. Set goals associated with these processes. Train bank staff to follow these processes and best practices. Compensate and reward bank employees who provide consistent, repeatable customer relationship management. Analyse the outcomes of these practices by understanding how many new accounts, mortgages, revenue, investment income was generated by these individuals. Reward high performers accordingly.

   Tie the performance measures to customer-centric goals, and compensation. Get rid of marginal/bureaucratic performers who go through the motions but achieve “table stakes” results.

2. Cross reference digital data with customer relationship managers so that they can target the appropriate customers with the appropriate products/services. Chart all customer interactions/use cases from an enterprise perspective and ensure that the digital strategy supporting the interaction helps the bank to achieve increases in market share/revenue/profitability, etc.

Possible Solutions?

3. Ask your customers how your relationship managers are doing. If the feedback isn't good, do something about it and communicate this to your customer. If the feedback is good, reward your staff and your customers with additional incentives and services. **The key here is that every piece of customer feedback must be actionable** and there must be **governance/oversight to ensure that follow-up actually occurred and the loop was "closed".** Otherwise customers get frustrated and angry with feedback that appears to be a "token" instead of really for their benefit.

4. It doesn't take much to establish a special process for **special life events like death, marriage, birth.** A digital and human **concierge** can be assigned to help the customer navigate through all the bureaucracy and minutiae so that customers don't have to wait for hours on hold or be passed around like a hot potato from one channel to another. That same concierge can follow-up with the customer after that painful or happy process has been concluded and offer support and help in the form of financial advisory services to invest monies appropriately for the customer's needs.

Possible Solutions?

5. Always compliment or pair a digital channel with a human channel. This risk management and customer service delivery strategy ensures that no money is left on the table and that the bank doesn't lose a valuable customer because of poor communication or empathy for their particular situation.

6. Take a good hard look at the existing risk management frameworks for long-term, private wealth, and commercial customers and make adjustments, especially as they relate to borrowing/financing/mortgages. If new competitors are going to take away long-term customers from you, isn't it time that you re-evaluate how risky your customers really are and keep those that are a good bet? Do you really want to lose retail and commercial customers that have been with you for decades so that you can pick up anonymous digital deposits' customers that may give you limited sources of revenue?

Possible Solutions?

7. The question must be asked as to how are banks gathering the voice of the customer, other than through complaints or when a customers' hair is on fire? How are the banks benchmarking themselves against best in class, including the US banks who at some point will become true competitors.

8. Lastly, if an organization thinks they are doing all these things already, why not invest in an oversight role to ensure that a customer centric program is allowing nothing to fall between the cracks/gaps between organizations, and that customer feedback and actions are supporting the strategy. Where is the feedback and accountability loop and action plan for continuous improvement from an enterprise level crossing all channels and customer segments?
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