

BEYOND DIGITAL:

**HOW CAN BANKS
MEET CUSTOMER
DEMANDS?**

**ACCENTURE FINANCIAL SERVICES
2017 GLOBAL DISTRIBUTION & MARKETING
CONSUMER STUDY: BANKING REPORT**

SHIFTING CONSUMER TRENDS CREATE NEW OPPORTUNITY FOR BANKS

Consumer behaviors and expectations are shifting in ways that are forcing banks to both redefine their priorities and transform their distribution models. To help map and describe these changes, Accenture's 2017 Financial Services Global Distribution & Marketing Consumer Study gathered the views of more than 32,000 banking customers across 18 markets.

The research provides valuable insights into how customers want to interact with their banks, and where innovation can play its part. One of the clearest conclusions from the research: To re-establish trust with customers and secure their loyalty, banks will need more than just a digital-first approach. As digital offerings mature, banks must define their value proposition to encompass both digital innovation and traditional values to meet their customers' needs.



OUR RESEARCH IDENTIFIED SIX EMERGING CUSTOMER TRENDS THAT HAVE PROFOUND IMPLICATIONS FOR THE BANKING SECTOR:



1. DATA AS A CURRENCY

Consumers are willing to share more of their personal data with their banks, but there is a clear trade-off—they understand the value of their data and expect to receive benefits for sharing it, in the form of offers, reduced interest rates, recognition and other rewards.

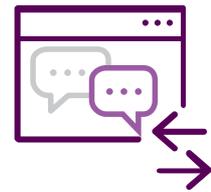
Globally, 67 percent will grant banks access to more personal data, but 63 percent want more tailored advice, and the same number demand priority services, such as expedited loan approvals, or a monetary benefit, such as more competitive pricing, in return for the information they share.



2. YOUNGER CONSUMERS DRAWN TO GAFA MODEL

Google, Apple, Facebook and Amazon (collectively known as GAFA) and other platforms are providing attractive alternatives to traditional banks, especially among younger generations. While 31 percent of consumers would consider purchasing banking services from an online provider, such as Google or Amazon, this rises to 41 percent among Gen Z respondents.¹ This underlines the attraction of the highly responsive, tailored service consumers have become accustomed to on these platforms.

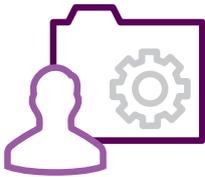
Further, younger customers increasingly want to engage via online platforms to help shape future banking products and services that cater to their needs. While only 8 percent of seniors want to participate in this type of co-creation via social media channels, this rises to 36 percent among Gen Y respondents.



3. AUTOMATED SUPPORT IS WELCOME

Banking customers are open to receiving entirely computer-generated support, provided it can deliver the tailored and personalized services they need. Nearly three-quarters (71 percent) of banking customers, for example, say they are willing to receive automated support regarding which type of bank account they should open.

This is clearly viewed as a route to greater control over their banking experience: The potential for improved speed and convenience is cited as the main reason consumers will turn to automated support, with 39 percent citing this as a motivation.



4. PERSONALIZATION THAT STRETCHES BEYOND BANKING

In return for sharing their data, consumers will demand more personalized banking advice. But the expectation of a fair trade does not stop there. Nearly half (48 percent) of customers want relevant advice and product information at their fingertips as they go about their daily lives. For example, they want banks to send them information about the best mortgage deals when they are in the process of buying a property, contextual information that many banks currently do not provide.

The same number want banks to play a supporting role in the purchasing process for non-banking products, such as a house or new car, or services related to the purchase of a new house or car (such as insurance or assistance with the sale and/or closing process). They say banks could assist with these important decisions by sending helpful information based on their location, price range and other personal preferences.



5. A NEW ROUTE TO TRUST

As consumers open up to increasingly data-driven services, personal relationships are no longer the main driver of trust. The biggest driver of loyalty for banking customers is the ability to trust their bank in protecting their personal data, with 43 percent citing this. Banks are more trusted than insurers as data custodians today, with only 57 percent of insurance customers willing to share more personal data, compared with 67 percent for banks. This topic is clearly important to customers, and is something banks could build on as they shift to a digital business model.

Data security is only one important pillar of trust, with customers also saying responsive customer service and brand integrity—as well as related elements such as conveniently located branches—are key to ensuring their loyalty.



6. BRANCHES THAT ADD MORE VALUE

Banking customers are not yet ready to forgo the branch. In fact, easy access to a branch was the third biggest driver of loyalty, with 40 percent citing this element. But as more bank services migrate online, customers are looking for a branch experience that blends the physical and digital in a seamless manner. One concern from the research is that true omni-channel banking still seems an aspiration, as customers are indicating that coordination across channels is deteriorating rather than improving.

Despite customers' stated interest in automated support, the ability to make a complaint (67 percent) or seek advice about complex products such as mortgages (61 percent) with a human advisor were seen as the most important features of branches in the future, but 59 percent also say advanced ATM machines are key, and 55 percent want devices on hand in branches to access their online banking.

EMERGING CONSUMER PERSONAS

Three distinct consumer personas emerged within our research findings. The personas are differentiated by their attitudes toward competitive pricing and low cost, and the level of their interest in high-quality, responsive service. Two important additional drivers of loyalty are trust (as measured by the bank's ability to protect personal data) and interest in an innovative digital model, reflected by the consumer's willingness to consider an online provider such as Amazon or Google for financial services.

The varying needs and priorities of these groups provide insight into how banks may need to reshape their proposition, both to increase the loyalty of existing customers and to reach out to new consumers.



NOMADS

A highly digitally active group, ready for a new model of delivery

- Not tied to traditional financial services providers, Nomads are happy to use Amazon or Google for financial services
- Nomads value digital innovation and want new ways of accessing service and advice
- Nomads are very open to the concept of computer-only advice



HUNTERS

Searching for the best deal on price

- Receiving value for money is the key driver of loyalty for Hunters
- Human advisors remain crucial to Hunters—they do not feel they can get what they need without human advice
- Hunters cannot live with computer-only advice
- Hunters want to use traditional banks and financial services firms



QUALITY SEEKERS

Looking for high quality, responsive service and data protection

- Quality Seekers want a financial services provider who will put their interests first; this is a key loyalty driver, as is confidence that their personal information will be kept secure
- Providers that offer high-quality, responsive service are essential to Quality Seekers
- Quality Seekers are driven by trust and the level of service rather than by cost

	NOMADS	HUNTERS	QUALITY SEEKERS
Searching for the best deal on price	32%	83%	11%
Loyalty is driven by trust their personal data will be protected	38%	26%	53%
Say high quality customer service is key in keeping loyal	36%	28%	49%
Consider using alternative banking providers	78%	0%	0%
Want brands with conveniently located branches	36%	35%	45%
Willing to share personal data with bank	78%	58%	61%
Willing to share data with a third party for relevant services	74%	47%	53%
Willing to use automated support on selecting accounts	85%	61%	64%
Would find location-based offers useful	54%	29%	32%
Want blend of physical and digital services	61%	49%	50%
Would like access to personal advice via mobile channel	53%	31%	37%
Would like new communication methods, e.g. wearables or virtual reality	45%	15%	20%

THE BANKING RESPONSE

The shifts in consumer behavior and expectations identified by our study have a host of implications for banks and how they serve their customers:

1. LET CUSTOMERS DEFINE THEIR EXPERIENCE

Consumers are seeking speed and convenience as well as tailored advice, and they want it all on their own terms. Advances in artificial intelligence and machine learning technologies are opening the door for banks to provide effective automated support as an additional route for customers to access personalized information and guidance.

While Nomads are keen to embrace these new channels, even Hunters—who are less motivated by digital innovation—are relatively open to the idea of automated support, provided it delivers practical benefits. And all three groups show willingness to share data to obtain better products and services or more competitive pricing.

Further, there is growing appetite for emerging mobile tools that put more power into customers' hands. For example, customers want to transfer money overseas or make a payment to a friend in simple and efficient ways, with minimal interaction with their bank. Teaming up with innovative financial technology (fintech) firms or setting up incubator programs will help banks deliver this capability to their customers more quickly.

2. RE-WRITE CUSTOMER PROCESSES FOR THE DIGITAL ERA

Banks will need to establish new customer processes to deliver the digital service customers want, and to enable effective digital distribution of their products.

For example, as banks get hold of more consumer data, they will want to offer real-time access to targeted products, such as loans or new accounts, on their own website or via third-party platforms. Potential customers will be turned off if, mid-way through the process, they are cut off until presenting formal ID at a branch, so enhanced digital identification techniques will need to be implemented.

There is also customer appetite to help shape future products, particularly among Nomads (43 percent). Banks will need to establish processes that enable co-creation, so they can involve customers in their research and product development processes.

3. GET API-ENABLED

As they seek to multiply their interactions with customers, banks will need to think about products or services delivered through application program interfaces (APIs) that can be accessed and sold outside of the bank's boundaries, but with the assurance provided by the bank's ability to validate the identity and creditworthiness of all parties involved. For example, customer appetite for banks' assistance with major purchases, such as a car or house, creates an opportunity to provide dedicated portals for these needs, with a suite of tailored products that could be offered to address them.

The increasing openness of certain customer demographics to a GAFAM model of banking indicates a need to develop a platform model for banking services. Whether integrating their products onto third-party platforms, or curating proprietary platforms, banks will need the right API infrastructure to succeed. They will also need to plug into the dominant social media and messaging platforms where customers are likely to want to transact on an everyday basis.

4. TAILOR BRANCHES TO ADD VALUE

The branch is still an important part of the banking experience for many consumers, but its role need not be the same for all customer groups. For instance, the majority of basic transactions can now be delivered online, without the need to visit a branch, and the Nomads would be perfectly comfortable with this. Nomads might be prepared to visit a branch to speak with a mortgage advisor, but would rather make a transfer on-the-go via their mobile device.

On the other hand, Quality Seekers may still require a whole suite of services to be provided in the branch. By offering face time to complete more complicated transactions, banks will continue to out-compete emerging virtual banking rivals in the battle for these customers.

As banks look to implement branch efficiencies and drive down costs to serve their customers, they can design branches for specialist functions that will add the most value based on the needs of the local population. Detailed tracking of branch activity will be important in informing these decisions. The ultimate objective is to provide value to customers in all age categories by re-thinking and reinventing branch functions.

5. WIN THE DATA GAME

Banks will need to access more customer data to offer more competitive prices and faster, easier services, and to offer products that are relevant to customers' financial needs. This is particularly important for Hunters, the most price-conscious persona; 83 percent of Hunters say they search for the best deal on price.

This emerging data-driven relationship between bank and customer can also open a fresh opportunity for the bank to deepen customer trust by acting as a trusted steward of security. For Quality Seekers, for instance, confidence their bank will keep personal data secure is the top driver of loyalty, with 53 percent citing this. There may even be a role for banks in assuring customers' online security more generally, with some traditional banks already taking tentative steps in this direction.

Banks will need to access more customer data to offer more competitive prices and faster, easier services, and to offer products that are relevant to customers' financial needs.



BANKING NOMAD ATTRIBUTES

SEEKING SELF-SERVICE

Want technologies that put power in their hands

VALUE NEW TOOLS THAT ENABLE SELF-SERVICE



61% say person-to-person payment tools would be useful



60% want contactless payment apps



57% want tools to transfer money abroad instantly and at low-cost



50% want tools providing direct access to digital money (e.g. Bitcoin)

Banks introducing services that cut out the middleman and make direct payments can meet a clearly stated need

SERVICE EXPECTATIONS

Want banks to match tech providers' digitally-driven service level

OPEN TO NON-TRADITIONAL PROVIDERS



78% would bank with a tech firm like Amazon or Google

Banks unwilling or unable to adopt digitally-based services may lose customers to non-bank competitors

WILLING DATA SHARERS BUT VIEW DATA AS A CURRENCY



78% happy to share personal data with their bank but **66%** demand faster, easier services in return

Banks may need to offer Nomads either improved services or compensation in the form of discounts or cash rewards

WANT SERVICES ADDING VALUE BEYOND BANKING



59% would like banks to help with purchases like buying a car/house

Banks are well-positioned to offer non-bank services as well as add-on services ranging from home security to roadside support

WANT TO CO-CREATE



43% want to help shape their bank's future products and services by giving input online

Banks should partner with their customers to help design and customize the products and services that add value to their lives

APPETITE FOR INNOVATION

Seek new ways of accessing banking product advice and services

READY FOR COMPUTER-ONLY ADVICE ON BANKING PRODUCTS



41% are very willing to use entirely computer-generated advice for banking

Nomads want advice on bank products but are indifferent as to whether the advice comes from a human or from a computer

WOULD LIKE INNOVATIVE COMMUNICATION TECHNOLOGIES



45% would like their bank to introduce new ways of communicating like wearables or virtual reality (VR)

Banks should be investigating the value proposition involved in these technologies

WILLING TO BANK MORE ON SOCIAL MEDIA



45% would use social media to communicate with banks if it was faster/more effective, but **63%** would worry about data security if banking via social media

Banks may need to improve data security on social media – to see a real uptick in the use of social media for banking transactions

WANT INSTANT ADVICE VIA MOBILE



53% would like instant access to face-to-face banking advice via mobile

First movers that provide face-to-face banking advice via mobile may have an edge in attracting new Nomad customers

PERSONALIZATION

Want banks to deliver data-driven real-time personalization

SEEKING ADDED VALUE IN THEIR DAILY LIVES



59% want tools helping them monitor their monthly budget, with real-time adjustments based on their spending



54% want specific real-time offers based on their location (e.g. retail offers based on location and credit card activity)

Banks' offers to Nomads should be both specific and timely; too-general outreach may be ignored



58% would like banks to send them information about services exactly when needed (e.g. information about mortgage deals when house-hunting)

NEW BRANCH EXPERIENCE

Want a more digital offering in branches

DEMANDING THE BRANCH GOES DIGITAL



64% say it's important to have devices that allow them to access their online banking in the branch

Nomads are looking for a different, more highly automated branch experience, with humans playing a backup role to online access and sophisticated ATMs



66% say it's important to have advanced ATM machines in the branch



BANKING HUNTER ATTRIBUTES

PREFER TRADITIONAL PROVIDERS

Not convinced by non-bank providers

TIED TO TRADITIONAL PROVIDERS



None are willing to bank with Amazon or Google

Banks' hold on Hunters is still strong, but banks offering a combination of quality and low price can gain share from other banks



Just **12%** would bank with a supermarket/retailer

ARE DUBIOUS ABOUT NEW MARKET ENTRANTS



Only **23%** think payments provider can deliver quality banking products

Banks working with Hunters should focus on the basics of cost and service



53% weren't sure if any non-bank provider was fit to do so

SERVICE EXPECTATIONS

Want banks to match tech providers' digitally-driven service level

DEMAND A HIGH SERVICE LEVEL FOR THEIR MONEY



44% say value for money is a top driver of loyalty

Banks' ability to provide quality and security can help in matching up with tech providers' established advantages in automation and scale

COST MATTERS TO THEM



They care most about low cost (**83%**) but it doesn't mean they will compromise on service

Banks may have to explore more differentiated offerings, with some of the more basic services offered on a low-cost basis

EXPECT PRICE GAINS FOR SHARING PERSONAL DATA



76% say lower prices are important in return for sharing data

Banks may need to offer more competitive pricing as a trade-off for data sharing



While only **40%** say the same about location-based offers

WANT BANKS TO PRIORITIZE BANK SERVICES



54% would prefer their bank to improve at the basics before expanding its offering

Basics such as quality and security must be in place before Hunters will consider buying more services

NEED THE HUMAN TOUCH

The human touch is important to them

HUNTERS VALUE HUMAN ADVICE



Only **19%** are very willing to accept automated support for banking

Computerized advice on banking products can supplement but cannot replace human advisors for banks dealing with Hunters



40% value the “more personalized” advice human advisors provide

THEY ARE ACTIVE ONLINE FOR NON-BANKING ACTIVITIES



46% browse the internet on their smartphone daily

Social media and other online channels are important for communications but not for banking transactions, at least at present



44% read social media posts daily

BUT NOT MIGRATING ONTO NEW CHANNELS TO BANK



70% use a smartphone less than once a week or never for banking

Hunters still see banking as a straightforward, specific set of business activities



Only **9%** would like their bank to communicate more via social media

OPEN TO NEW SERVICES

Seek practical added-value services

OPEN TO DIGITALLY-DRIVEN OFFERINGS WITH GREATEST PRACTICAL VALUE



38% would like their bank to help with major purchases by sending relevant information in real time



36% would like tools that help them manage their monthly budget

As is the case with Nomads, Hunters are very interested in tracking expenses and cutting costs



BANKING QUALITY SEEKER ATTRIBUTES

WANT TO STAY WITH BANKS

Trust banks over non-traditional providers

WANT TO BANK WITH SPECIALIST PROVIDERS



None would bank with Amazon or Google

As an industry, banks have advantages over non-banks with Quality Seekers, but competition among banks remains fierce



Only **13%** would consider banking with a supermarket or retailer

TRUST FIRMS WITH FINANCIAL EXPERTISE



26% think a payments provider could deliver high quality banking services

Banks marketing to Quality Seekers should emphasize the soundness and security of their banking services



Just **10%** think their mobile provider could do so

SEE TRUST AS VITAL

Are driven by service and trust

VALUE A HIGH QUALITY SERVICE



49% say a high quality customer service drives loyalty

Banks may need better training and motivation of branch and support people to attract and retain Quality Seekers

NEED TO FEEL THEIR BANK IS TRUSTWORTHY



53% say confidence their personal data will be secure makes them stay

Banks should stress data safeguards, alignment with customer interests in their marketing outreach



38% need to trust banks will act in their interests

A PRIORITY SERVICE IS KEY



61% say a priority service is an important return for sharing data

Quality Seekers welcome personalized service as a quid pro quo for sharing data; banks without a priority package of this type should develop one

WILL PAY FOR QUALITY



Only **11%** say cost is a top loyalty driver for them

The cost to Quality Seekers of poor service—in disruption and wasted time—is high, and they are willing to pay for a sound basic product

INTERESTED IN INNOVATION

Expect innovative and traditional services

HAVE SOME INTEREST IN DIGITAL INNOVATION



20% say banks being innovative with digital keeps them loyal



20% would like banks to use new communication channels such as wearables

Providing innovative new services may be one way to compensate Quality Seekers for sharing data

READY FOR PART-SHIFT TO MOBILE



37% want instant access to face-to-face advice via mobile



31% already checking account via mobile more than once a week

Mobile is an important adjunct service for Quality Seekers and may tip the balance in some relationships

BRANCH LOCATION IS CRUCIAL TOO



45% say convenient branch location is key



29% value in-person advice as it feels more secure

Quality Seekers value the physical presence of a bank as an indicator of quality service

OPEN TO AUTOMATION

Will accept a mix of human and computer advice

OPEN TO IF NOT FULLY-SOLD ON COMPUTER-ONLY ADVICE



21% are very willing to receive computer-only banking advice

For Quality Seekers, automated advice on banking services can be an add-on but it has not replaced human advice



43% are somewhat willing to do the same

WANT HUMAN ADVICE FOR MORE SPECIFIC BANKING NEEDS



35% value human advice most as it's personalized

Banks may find the need for human advice rises as the complexity of the transaction increases



59% want human advisors in branches for mortgage advice

ENHANCED EXPERIENCE

Will adopt new tools that enhance their experience

VALUE REAL-TIME DATA-DRIVEN ASSISTANCE



42% want banks to send them information about services exactly as their need arises, such as real-time mortgage deals when house hunting

Quality Seekers are also value seekers, but they want their information at the right time and through the right channel

NEW APPS APPEAL



43% want mobile apps for person-to-person payments

More and more customers in each persona want to cut out the middleman in transactions and to track and control expenses more closely



40% want tools to help them monitor their monthly budget

ABOUT THE CONSUMER STUDY

Accenture surveyed 32,715 respondents across 18 markets including Australia, Benelux, Brazil, Canada, Chile, China (Hong Kong), France, Germany, Indonesia, Ireland, Italy, Japan, Nordics (Finland, Norway, Sweden), Singapore, Spain, Thailand, the United Kingdom and the United States. Respondents were consumers of banking, insurance and investment advice services; they were required to have a bank account and an insurance policy and were asked if they used an independent financial advisor, wealth manager or asset manager (investment advisory responses totaled 9,987.) Respondents covered multiple generations and income levels. The fieldwork for the survey was conducted during May and June, 2016.

Visit www.accenture.com/FSCConsumerStudyBanking

Visit www.accenture.com/FSCConsumerStudy for more information on financial services results.

References

¹ Generational groups were specified as: Gen Z = 18-21;
Gen Y = 22-34; Gen X = 35-50; Baby Boomers = 51-64; Senior = 65+

About Distribution & Marketing Practice for Financial Services

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