evaluagent

The experience economy:

How finance firms can drive loyalty, trust, and ROI with CX insights

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CX is moving up the priority list

The importance of customer experience in today's economy is difficult to overstate. Consumers are more clued-up on their rights, the cost of living has shifted their priorities and online review platforms make it easier than ever to make informed decisions – not to mention 'outing' companies who fail to meet expectations.

It's fair to say, there's been a lot of change in a short space of time. Let's set the scene.

73% of customers now say CX is the number one thing they consider when deciding whether to purchase from a company. (PwC)

Customers are 2.4x more likely to stick with a brand when their problems are solved quickly. (Forrester)

80% of organizations expect to compete mainly based on CX. (Gartner)

That last statistic is very telling of where we find ourselves today. The days of a race to the bottom for pricing are over. Despite rising living costs, consumers ultimately want reliable, responsible service from companies.

All of this is set against a backdrop of far-reaching challenges that contact centers in the financial sector face. It goes without saying that the rapid advancement of technology, specifically AI, has caught many by surprise. Compliance requirements are becoming more stringent as regulators increasingly place more responsibility on firms. Consumers need more help navigating economic challenges that put them under pressure, which means agents need to be trained often and perform well in order to deliver.

In this ebook, we're going to provide advice on how you can manage the shift to a CX-first mindset – from how to navigate the challenges, to capitalizing on the opportunities.

The challenges of the financial CX landscape

Aside from macroeconomic and societal trends, CX leaders in the finance sector face two major challenges: higher expectations from regulators (and consumers!) and the rapid pace of technology.

Regulations are getting stricter

Across the world, financial regulators are increasingly putting emphasis on acting in the best interests of both consumers and employees. In the US, the Call Center Worker and Consumer Protection Act 2021 deems that businesses must give 120 days' notice before relocating a call center or outsourcing jobs overseas, giving teams more job security and paving the way to more stringent compliance requirements.

Meanwhile, in the UK, the Financial Conduct Authority's (FCA) recent Consumer Duty asks that firms:

1. Provide products and services that are fit for purpose and offer value

2. Give the customers the information they need at the right time, and presented in a way they understand
3. Prevent harm and mitigate potential risks of harm to all customers
4. Provide the necessary support customers need

Ultimately, the FCA wants to foster a culture of accountability, integrity, and fairness within the financial industry, enhancing consumer trust and confidence.

The consequences for non-compliance could be severe, as Sheldon Mills, an executive director at the FCA outlines: "Where we identify serious misconduct that breaches that duty, we will use our full range of powers to tackle that … issuing fines, removing permissions and securing redress for consumers," Mills said. "And we will hold firms, including senior managers and boards, to account for delivering these outcomes."

Consumer Duty represents a major overhaul of financial regulation in the UK. It's likely that other markets will start to follow suit – Europe namely, but the US could also be on its way to more rigorous customer standards. How regulations are enforced will certainly look different, but the themes of providing value and support to customers seem set to gain momentum.

Customers buy more from those they trust

Even if regulations don't yet affect you, consumer sentiment probably will.

A 2022 PwC survey revealed that trust is central to customer experience – and consumers are willing to spend and buy from companies they trust more.
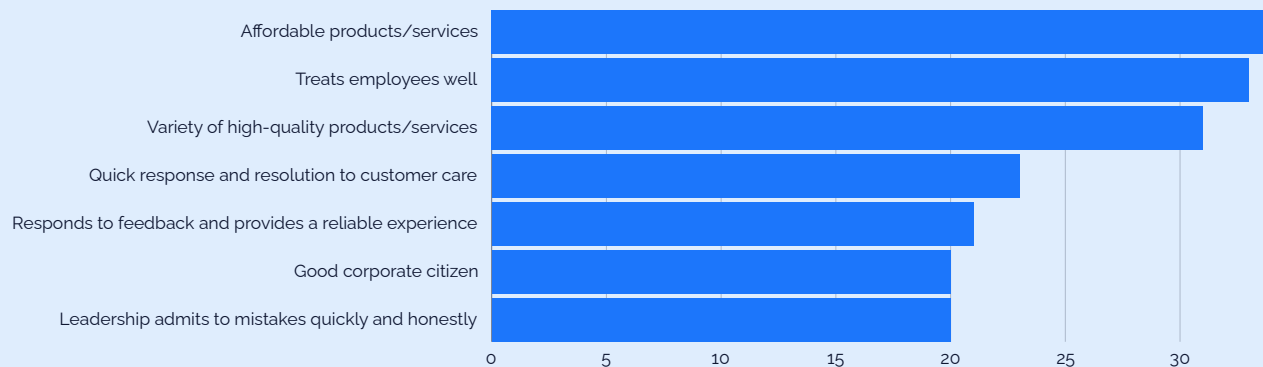
> **91% of customers say they would buy from a company that gained their trust. Of that group, 14% say they would buy significantly more.**

In today's macroeconomic landscape, affordability is not just appealing from a personal finance perspective, it's also a key indicator of trust for consumers in the US. In fact, previous PwC research indicates that 33% of customers have paid a premium for a company because they trust them.
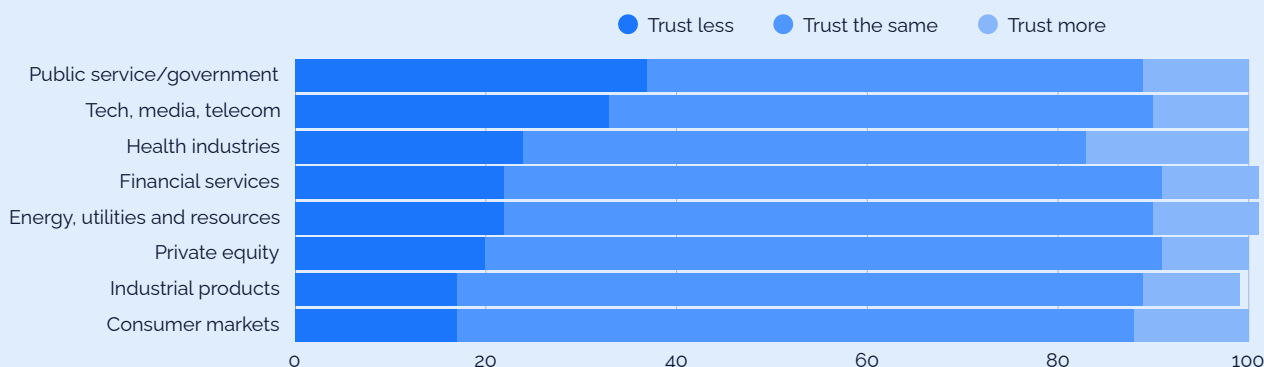
The first graph below builds on this, showing that even if your contact center is brilliant at responding quickly, this still lags behind other indicators of trust.

The finance sector has work to do, with 22% of customers trusting the sector less than they did the previous year. These days, the customer experience is more complex than ever – and those who get it right stand to profit.

Important steps to earn trust as a customer

Affordable products/services	
Treats employees well	
Variety of high-quality products/services	
Quick response and resolution to customer care	
Responds to feedback and provides a reliable experience	
Good corporate citizen	
Leadership admits to mistakes quickly and honestly	

0   5   10   15   20   25   30

Most industries have maintained trust with consumers

● Trust less   ● Trust the same   ● Trust more

Public service/government	
Tech, media, telecom	
Health industries	
Financial services	
Energy, utilities and resources	
Private equity	
Industrial products	
Consumer markets	

0   20   40   60   80   100

Technology is rapidly advancing

So much so that consumers and companies alike are struggling to keep up with the pace of change.

On the customer side, they've had to adapt to rapid digital transformation, going from brick-and-mortar to digital-first offerings as banks continue to close their branches and digital is seen by firms as a silver bullet to driving down overheads and costs. This naturally suits some customers, but certainly not all.

Still, customers also have access to far more information, from comparison engines and review platforms, to budgeting apps like Snoop and Emma, to reams of financial guidance in the form of newsletters, podcasts and more.

This digitization of finance means companies with poor CX, pricing or products have few places to hide. Deloitte goes even further to show just how far tech will impact the sector:

> **"The impact of generative AI, industry convergence, embedded finance, open data, digitization of money, decarbonization, digital identity, and fraud will grow in 2024."**
>
> 2024 banking and capital markets outlook

It's easy to get overwhelmed. Firms will need to choose wisely where and how widely they invest in keeping up – but it needs to be in the right way.

> **"Technology can be a force for good if it's designed with the customer in mind, rather than designed by the tech team to cut out costs,"**
>
> Jo Causon, Chief Executive, UK Institute of Customer Service (ICS).

And this begs the question: what does all this mean for contact centers?

Cashing in on customer experience

It's not just the finance sector that needs motivating to be more customer-centric – it's everyone. It's not difficult to find an array of statistics that denote just how impactful pivoting to a customer-first mindset can be:

- 73% of companies with above-average customer experience perform better financially than their competitors. (Forbes)
- 30% of people would pay more for a product or service if they received exceptional customer care (ICS)
- US consumers will pay 17% more to purchase from a company with a reputation for great service (American Express)
- Improving the customer experience can increase sales revenue by 2-7% and profitability by 1-2%." (McKinsey)

And yet, in the UK, customer satisfaction is at a nine-year low. Frustration, it seems, is at an all-time high.

Whereas in the USA, companies are faring much better, with ACSI (American Customer Satisfaction Index) scores across all sectors jumping from 73 to 77.8, and largely staying steady or improving across financial services.
Even so, this sudden leap has been attributed to customers having lower expectations from previous years – not necessarily because major CX changes have been made.

The American Customer Satisfaction Index (ACSI®) 1994–2024
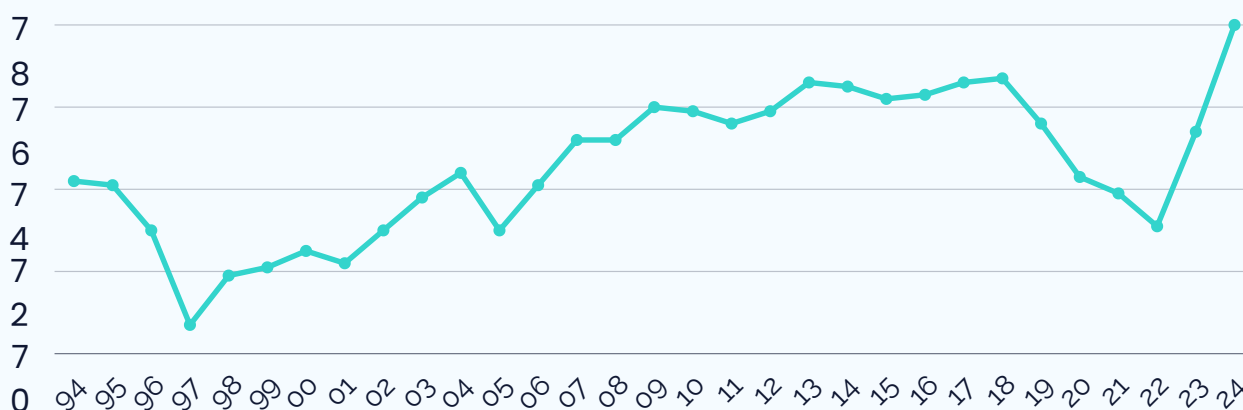
It comes as no surprise to learn that research shows that companies with high ACSI scores perform better in the stock market than those with lower scores, largely thanks to customer loyalty.

It's worth noting also that while great service can be an effective way to appeal to new and existing customers alike, the cost of poor CX is staggering.

- 72% of consumers leave after a negative experience (HiverHQ)
- 77% of consumers say inefficient customer experiences detract from their quality of life
- Globally, organizations are putting $3.7 trillion annually at risk due to bad customer experiences (Qualtrics XM Institute)

Worse still, many companies will never hear from customers after a negative experience. Esteban Kolsky, CEO of ThinkJar and former Gartner analyst, conducted a customer experience survey – one of his key findings was "Only 1 out of 26 unhappy customers complain. The rest churn."

And in amongst all this, there is another experience worth prioritizing alongside that of the customer: your agents'.

The CX-EX loop is powerful – as proven by The Temkin Group's Employee Engagement Benchmark study, which found 79% of employees who work at companies with "significantly above average" customer experience consider themselves "highly" or "moderately" engaged.

Engaged happy agents make for happier customers – both are well worth investing in, as we explore in the next chapter.

Building a customer-centric culture

According to legendary management consultant and writer Peter Drucker, "Culture eats strategy for breakfast".

Of course, this isn't to say your strategy doesn't matter, but an empowering culture where everyone is focused on the end goal is a proven route to success. Let's dive into how you can put customers at the very center of yours.

Enhance the agent experience

As mentioned before, the CX-EX feedback loop is significant. Agent experience is often overlooked, so this is a great place to start. Ask yourself the following:

- Do you have a high attrition rate? Do you know why?
- Do you have a robust approach to training and coaching – or do meetings frequently get cancelled?
- Do you have any engagement initiatives, like rewards or gamification?
- Do agents get the opportunity to provide their own feedback or requests?
- Do you know the signs of agent burnout and stress?

If you've answered 'No' to two or more of these, it's time to take corrective actions (we provide a detailed approach on how to go about this in our Agent Engagement ebook).

Agents have long been seen as dispensable resources in the contact center, but according to data from American Express, 68% of customers say the service representative is key to an overall positive service experience. This positions agents as some of your greatest brand ambassadors, and the people who can make the greatest difference to your customer experience.

Top tip

Leverage AI and automation in your workflows to free up valuable time in your contact center. The more you spend getting stuck in the menial tasks, the less time you spend coaching your agents and finding out what's happening on the frontlines.

Discover how to delight customers

With your agent experience on the up, it's time to get serious about your customers.

In this industry, you're subject to some of the most vulnerable customers. Rising inflation, the cost-of-living crisis and rocketing mortgage rates and insurance renewals have not made this an easy time for customers.

In fact, Insurance Data Labs research reveals overall customer experience has fallen one percentage point on 2023, down to 68%, despite some top insurers performing very well. In the UK, the Mortgage Lender Benchmark report shows overall satisfaction with lenders increased in 2023, up 4.0% to 83.4% on the previous six months, but dipped again before the end of the year to 82.9%.

In the US, The U.S. Mortgage Origination Satisfaction Study shows overall customer satisfaction with mortgage lenders is 730 (on a 1,000-point scale), up 14 points from a year ago. Even more interestingly, 69% of customers didn't choose lenders because they offered the lowest rates, but instead looked for personalized service and ability to help navigate the loan market.

This is particularly telling, and illustrates just how much further firms must go to reach customers and earn their loyalty.

Once again, this comes down to mastering the balance of technology with human oversight and interaction.

Conversation intelligence can help you leverage customer insights to drive innovation in your contact center. Find the must-monitor interactions, where your customers demonstrate positive sentiment, or are having less-than-happy experiences so you can make changes swiftly.

Customer journey mapping is vital to understanding the bigger picture, alongside individual interactions. How do customers typically join you? For what services or products? How long is your customer lifecycle? Why do customers typically leave? Once you have a full understanding of these insights, you can then reduce friction points and reach customers in their key decision-making moments.

Personalization and customization is now also a key differentiator. Tailoring experiences through technology, and recommending products, services and resources based on the customer's journey is now par for the course. Amazon, Netflix and Spotify have helped make this experience an expectation for all industries – finance is not an exception.

According to Blend's research, 50% of customers wish banks would be more proactive about giving financial information and advice, and 72% believe product offers are more valuable when they're tailored to their individual needs.

Arad Levertov, CEO and co-founder of Sunbit, sums all of this up in his article for Forbes:

> **Positive, human experiences in financial services shouldn't be the exception but the norm. Look for ways to make that a reality, whether by maximizing the flexibility and transparency of your financial product offerings, training your people to listen to customers more than telling them what they need, or thinking about how to simplify the customer experience to be as seamless and satisfying as possible.**

Companies with initiatives to improve their customer experience see employee engagement increase by 20% on average (McKinsey)

Master the multichannel mix

Nowadays, a multichannel experience is the norm for customers – and many expect this to be a seamless integration across both digital and physical touchpoints.

A McKinsey survey found more than 30% of insurance customers are not satisfied with the digital channels available, and only 20% of customers say that digital channels are their top choice for interacting with their insurer. This highlights quite the predicament for finance firms, as they struggle to find the balance between digital and physical touchpoints.

So how can you master your channel mix?

Analyze 100% of your interactions

You can't afford to miss out on vital insights across your channels. Since enlisting humans to do this would hardly be cost effective, the best way to achieve this is with, you guessed it, AI technology.

Platforms like evaluagent make it simple for you to get a snapshot view of performance and sentiment across 100% of your interactions. Now, you can see which channels perform best, and which need more investment to elevate them to new heights.

Invest in voice and video

Trying to remain cost-effective while still offering personalized experiences is proving difficult. Grace Alexander, a Market Research Analyst at Mintel explains:

"Although customer service satisfaction levels are fairly high, there is vulnerability as branch closures continue and the cost-of-living crisis drives the need for support. Many consumers still prefer human interaction, especially for more complex issues and advice. This will require the shift to digital communication to retain face-to-face

communications, with providers needing to expand video appointments and raise awareness of the service."

Some banks in the UK are even starting to market themselves based on their ability to maintain an in-person customer experience, demonstrating their organizational commitment to CX. Don't forget, your frontlines are your brand ambassadors, and this remains important to today's customers even as digital platforms become more adopted.

Keep learning

It's worth remembering that even if you're outperforming your direct competitors, customer expectations are influenced by experiences in other industries. So, while you should be tracking against your in-sector rivals, you should also identify how other businesses are faring – what can you learn from them?

European banks are not performing well when it comes to emotion. Forrester claims that, although 62% of European banking customers reported having an "effective" experience, and 63% found it "easy," only 48% described their experience as "emotionally positive."
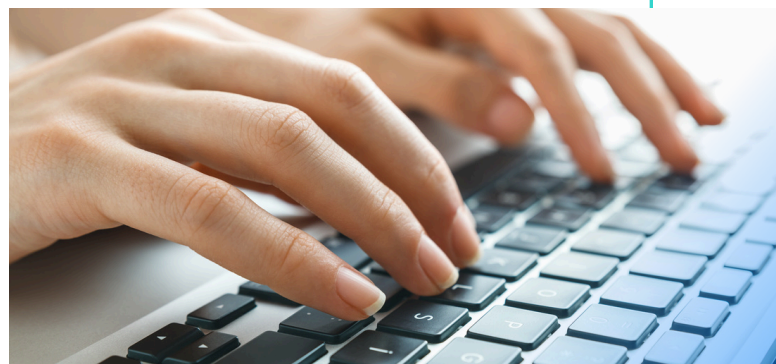
In summary

The financial services sector faces a perfect storm of stringent regulations, shifting customer expectations, and the rapid development of technology. Those who navigate this successfully will be in tune with what their customers and colleagues want, more than ever before.

It's true that the coming years definitely present challenges, but also opportunities.

Regulations may be seen as a necessary evil by some, but they ultimately represent an industry-wide need to build trust with customers. Getting on board and getting ahead is your best bet, not just from a compliance perspective, but because now you're competing on the basis of your reputation.

Evolving customer expectations means there's always room to innovate and improve. This can sometimes feel like the goalposts are shifting (especially around digital expectations), but just highlights the importance of knowing your specific customer, why they love you, and what they might want in the future – all within the wider context of the sector.

A great agent experience will also help you differentiate on a reputational level. Customers really value the opportunity to speak to a person, especially if they're empathetic and well-positioned to help solve their problems and answer their queries. Agents will enjoy working somewhere that values their input and ability to positively impact customers.

AI and automation signal a real step-change for contact centers. Used to its full potential, your QA team and Team Leaders can be freed up from manual tasks, leaving them more time for deeper exploration and coaching agents. This isn't about replacement, but rather augmentation – doing more with the time they have.

We've seen from the data and expert analysis that you can have the cheapest product or service, but if your customer experience doesn't meet expectations, you risk losing out.

About evaluagent

Created by experts with decades of experience in contact centers, evaluagent helps companies across the world dramatically improve their quality assurance (QA) capabilities.

Our platform, evaluagentCX, is the only platform to seamlessly connect out-of-the-box, customizable and AI-driven insights from 100% of conversations to automated quality assurance and agent improvement. That means busy contact center teams laser-focus QA efforts on the must-monitor interactions.

Acting as a QA co-pilot, evaluagentCX helps to deliver efficiencies and enable rapid, measurable agent performance improvements. Agents are supported too, with coaching, learning and gamification features that empower them to be an active participant in their own development.

Trusted by leading global organizations, evaluagent is positioned to help contact centers of all sizes elevate their QA, transforming both the customer and employee experience.

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