CX in retail banking

**Digital transformation as a continuous driver
of customer experience practices in retail banking**

orange™ Business

Executive summary

Customer experience is a critical differentiator for retail banks wrestling with the ongoing impact of digital transformation. As regulations, new technologies, and digital disruptors continue to upend the established order, building deeper connections and greater loyalty through outstanding experiences is vital. However, knowing what a great CX can deliver and enabling it are very different. Harnessing the growing volumes of data is central to creating personalized interactions that keep customers returning.

Managing and using all that data is challenging; having a Customer Data Platform is critical. In this paper, we explore how retail banks are wrestling with the need to empower their CX efforts, and the role data, and CDPs, have in supporting those goals.

Contents

Why banks still need to digitally transform to empower their CX efforts

Digital transformation has been part of the retail banking CX conversation for many years. Yet despite advances, banks need to keep adapting to the new capabilities and expectations triggered by ongoing digital evolution. As a result, best practices for engaging customers are constantly evolving, driven by several factors.

First, there are changing expectations: customers continually interact with various businesses that aren't necessarily in financial services. This last-best interaction sets the bar for what other companies have to deliver.

Second, the availability and proliferation of technology continually pushes new functionality and opportunities. Banks are expected to invest in and incorporate front-end and back-office tech to support better experiences, from apps and cloud to data analytics and artificial intelligence (AI).

Third, regulatory and standards change. Both at an international (GDPR) and industry level (such as Consumer Duty in the UK), regulations and standards

50%

of new current accounts come via digital channels – McKinsey & Co

constantly influence what banks should be doing for their customers and how they should be doing it.
These have all contributed to shifting banks from "managing the customer" to "following the customer" practices.

What do we mean by following the customer?

Traditionally, push marketing tactics targeted customers by funneling them into contacting the bank via phone or in person (the branch). Now, customers can and will use multiple channels to perform what, in their mind, is a single transaction, and they expect banks to be able to keep up with them.

That means delivering relevant, hyper-personalized communication to support customers at the right moment. This requires enriching the customer dialogue, such as adding valuable insights, and moving away from pure selling at every opportunity. Every interaction must add value to the customer by acknowledging their past actions. This insight must then be combined with new engagement strategies based on the next best type of message: next best communication, next best offer, next best action, next best insight, next best feature, depending on the context of the interaction and intent.
So, a bank's communication with its customers must be tailored based on

57%

of consumers use mobile to meet their banking needs – McKinsey & Co

Evolution to effective engaging with customers in omnichannel ecosystem with increased digital focus.

2013   **2015**   **2018**

Branch reenforcement in a digital world

Omnichannel Engagement & Mobile App

- Large banking network
- PC transaction banking + less cash payments
- Customer visits decreasing
- Intensive & segmented bank "pushing"

- Push for accelerated digitization
- Push towards accelerating mobile apps
- More & more digital contacts
- Need to use digital channels intelligently

- Increased digital channel diversity & touch
- Accelerated decrease of number of branches
- Digital channels to attract attention
- Growing use of mobile app(s)
- Digital sales journey up to contracting

- Need for omnichannel consistency
- Attention for customer journeys
- From managing to following the customer
- Reduced push effectiveness
- From segment to journey management
- Nex best X strategies

their previous activities. That means suggesting a mortgage calculator if they've been browsing educational content on what a mortgage is or highlighting spending breakdown features within accounts if they've been engaging with budgeting content.

The strategy could also include creating ecosystems to offer more value: being able to unlock discounts and cashback on retailers and other providers via the banking app that are then automatically applied to transactions; secure integrations with comparison websites to make shopping around for products faster; partnering with healthcare providers to package insurance and services (such as access to doctors or gym memberships).

Not just about digital

However, it's important to remember that while this requires digital transformation, it is not solely about digital channels. The modern retail bank CX must follow

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Customers that believe their bank interacts with them based on knowing who they are had an average NPS of 81, compared with -42 for customers who strongly disagreed —Bain

2021

2025

Customer Journey optimization

- Renewed balance physical vs. digital contacting
- Increased importance of digital sales business
- Core banking renewal (End to end backend digitization)
- Revival of attention for data quality
- Attention on GDPR compliance
- Hyper personalized and relevant communication

Bringing data & analytics in the center

Move to Cloud solutions

- Banking moving to cloud platforms & solutions
- Traditional mass campaigning outphasing
- Increased importance of near real time decisioning
- Analytical modeling for intent capture & insight relevance
- Next best insight based on new types of analytical modeling / intelligence

- Review of (customer) data platforms / landscapes
- Cloud first market solutions
- Conversational digital assistance
- Real time MLOps
- In search for GenAI potential

- Interest in (GenAI) potential …
- Exploring new use cases
- …

the customer no matter their channel, whether it's a mobile app, a chatbot, telephone banking, or face-to-face. So, it's about harnessing omnichannel interactions and optimizing them to balance the need to reduce cost-to-serve while elevating CX.

At its heart are the customer's preferences: the channels they are most comfortable with, the services that are most relevant to them, and their favored methods of purchasing new products and services.

Understanding what the customer wants

How do you determine the customer intent and what they are looking for? With data that is captured and turned into actionable insights in near real time.

Data is the cornerstone of the new CX in retail banking

Customers expect that their bank recognizes them and knows their background from previous interactions.

No one is prepared to put up with having to repeat themselves multiple times in the same engagement or have to redo everything when completing a complex application (such as when opening an account or acquiring a product like a mortgage).
To (digitally) engage in a relevant and personalized way with customers, retail banks need to harness data from across their organization, including:

- Detailed customer profile data
- Interaction data from all channels (not just digital)
- Customer feedback (both direct via surveys and indirect, such as social media sentiment, analyzing tone and vocabulary during interactions)
- Transaction data
- Risk data
- Contact center and CRM data
- External, third party and partner data

This data is critical in building a complete view of the customer journey, which provides a foundation for interacting in a relevant, timely, and value-adding manner.

Acquiring trusted data

And the data needs to be trustworthy. If rubbish is put in, the insights will ultimately be incorrect and ineffective for optimizing and personalizing customer interactions.
That's why banks must embed data quality and governance from the start. Understanding sources and how data has been gathered, stored, processed, and analyzed must be tracked and regularly reviewed.
By establishing good data quality and governance practices, banks lay the groundwork for accelerating regulatory compliance. While GDPR is well established, there is likely to be more national and international legislation in the future emphasizing how data is used in tools, specifically artificial intelligence.

Role of AI

Using AI is another key element in delivering exceptional CX. Whether deployed to accelerate data processing and analysis or with Generative AI apps and tools

that support more front-end functions, AI is starting to influence retail banking. In particular, banks are deploying machine learning operations (MLOps) to build models that can be used in operational contexts, helping derive the insights they need in real-time to optimize and enrich their customer interactions. While GenAI is still being deployed primarily in exploratory projects and pilots, there is an awareness of the potential benefits it could bring to customer engagement. Examples include supporting content creation for customer communication, augmenting contact center agents by triaging queries via a chatbot, and reviewing transactional data to identify and flag fraud rapidly. But however it is used, the success of AI is predicated on the quality of the data it learns from and consumes. Rubbish in will only equal rubbish out, which once more underlines the importance of data quality management. Governance, guardrails and clear policies will be needed to safeguard against the risks of unconscious bias influencing

GenAI could add between $200 billion and $340 billion in value annually across the global banking sector –McKinsey
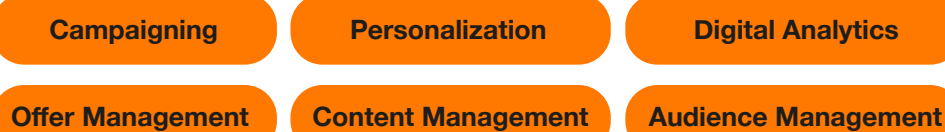
outputs. These can also help ensure that interaction data enriches customer intent and doesn't guide them down the wrong path, upsetting their experience. Deployed properly, AI can help make data available across multiple channels, accelerating the processing speed so anyone can draw insights from it. For instance, a contact center agent helping to answer a customer query could be supported by an AI tool that, in real time, analyzes the customer's responses and their interaction history to suggest the appropriate solution. What's critical here is that the data is presented to assist the employee rather than adding to their workload.
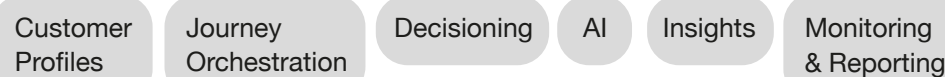
Digital – Customer Engagement Ecosystem

Channels

Email/Bankmail	Bank Web site	Call center/CRM
(Postal) mail	Partner Web site/ Ad Servers	Social
SMS		Branch network/CRM
Push notifications	Mobile	DSP

Engagement

Campaigning	Personalization	Digital Analytics
Offer Management	Content Management	Audience Management

Platform

Customer Profiles	Journey Orchestration	Decisioning	AI	Insights	Monitoring & Reporting

Potential CDP scope

Data

Customer profile data
- Socio-economic,
- Segmentation
- Risk profile
- AI derived customer insight

CRM
- Customer interaction data (digital and non digital, from all channels, incl. contact center)
- Customer transactions
- Customer feedback
- Risk data
- External and partner data

Customer consent

Of course, all this requires access to data, a key part of which is consent. Regulations do and will require the customer's active consent for data use. How do banks respond if the customer restricts consent to only the most essential information?

Firstly, they need to demonstrate value. Customers are open to sharing data if they understand why it is required and, most importantly, how they will benefit. That's about establishing trust and using every opportunity to demonstrate how banks can add value.

Related to this is ensuring that banks are being as specific and personalized as possible in their communication. Even if customers restrict consent, as we've highlighted previously, huge volumes of structured and unstructured data are still being generated that banks can draw on. However, to get the full value of it, banks need to be able to turn this data into actionable insights in near real time to power valuable customer interactions.

Customer Data Platform

How does anyone achieve that?
This is where a customer data platform (CDP) comes in.
CDPs identify customers from multiple data sources and stitch information together under a unique identifier to create a complete view of those individuals. They do this by centralizing data to enable omnichannel activation. They offer flexibility, have near real-time actionable capabilities, and the ability to configure customer engagement strategies.
As with many tools, multiple types of CDP are available on the market, each with different focuses, benefits, and disadvantages. They include:

Data

A data CDP focuses on collecting and processing customer data and creating a 360-degree customer profile. These solutions often provide a comprehensive set of connectors to other vendors.

Analytics

Typical use cases for an analytics-based CDP include customer journey analysis and attribution modeling. There is often overlap in capabilities with marketing technology, such as product analytics solutions.

Campaigns

A campaign CDP offers data consolidation, analysis, and customized customer engagement. These range from personalized messages and outbound marketing campaigns to real-time interactions and product or content recommendations. Campaign CDPs generally have a wide set of connectors to provide for the actual delivery of the content.

Orchestration

Orchestration-type CDPs not only offer the standard functionalities of other CDPs but also provide the ability to deliver content through various channels like email, web and mobile applications, CRM, and advertising platforms. Additionally, they include decision engines to enhance personalization and automation. Orchestration CDPs typically offer flexible licensing options, allowing organizations to select specific capabilities tailored to their needs. This makes them adaptable across the different CDP types mentioned above.

For a bank, a CDP might be deployed to help navigate regulatory challenges. For instance, having a centralized repository of customer data allows the information to be managed and appropriately categorized and controls access. This would allow relevant data to be shared with teams without exposing all the customer's details with functions that, from a regulatory perspective, shouldn't see it.
CDPs need to handle huge volumes of data: structured and unstructured, high velocity (real-time and operational), and more static and classic profile data.
If banks deploy the right CDP they can achieve that, but it requires an integrated ecosystem, architecture and infrastructure as well.
What is key is to choose the CDP solution that best complements and/or upgrades the existing IT infrastructure components, data and tooling landscapes. This connects the dots to create an effective CX ecosystem where data can be turned into actionable insights that help build effective customer journeys.

Want to know more?

About how a CDP can enhance your customer data management capabilities and support your customer engagement efforts?

Take a look at our CDP paper.

Building the supporting architecture **and technical ecosystems**

Whichever CDP a bank chooses, it must be supported by the right architecture, with a technical ecosystem that can continually evolve as business requirements shift. That foundation needs to deliver against a variety of requirements. These include scaling flexibly as workloads vary, flexible integration capabilities, supporting accelerated time to market, incorporating a CI/CD framework, enabling real-time action, and can support event-driven architectures. Ultimately, it's a foundation that needs to support CDPs that have to deliver consistently, irrespective of workload demands or request volumes.

Integrating the cloud

This all points to a cloud-based CDP, offering the flexibility, agility, and scalability needed. Most CDPs are cloud-first anyway, which means cloud-based CDPs and related infrastructure automatically enter the picture.
But what that does mean is that banks need to be able to integrate these cloud-based CDPs with their existing systems. This isn't a new challenge for retail bank CIOs. They have long had to balance keeping the lights on with delivering the innovation their institutions need. They're running existing systems and services while finding new technologies to enable future growth and integrate with their current tech stack.
Bringing cloud-based CDPs into those settings creates hybrid environments that can combine the best of both worlds. The challenge is ensuring they have the necessary competencies and skills to make that a success.
In that way, a CDP is no different from other new solutions being used alongside on-premises services and systems, such as mainframes.

Access to managed services

To help reduce the pressure on existing infrastructure teams, having a cloud-based CDP can bring opportunities to access managed services.
These advantages include establishing service level agreements around responsive, 24/7 support, advanced operational frameworks that support continuous improvement, and access to best practices and expertise from working with CDP vendors and cloud hyperscalers.
Access to managed services via a cloud agreement also means that the bank's IT team can focus on the areas that matter most to them. For instance, regulatory requirements might stipulate that certain data has to be hosted on a sovereign cloud. A managed services agreement might deal with everything up to the sovereign cloud requirements.

Five factors driving CX's success in retail banking

A cloud-based CDP provides you with a centralized way of managing the data that will power your omnichannel activities, in a way that meets the needs of digital business. But it is very much the technical enabler of what needs to be a firm-wide commitment to CX. While every bank is different, some broad themes must be considered when looking to drive CX success. They include:

01.

Align customer-centric business vision with IT strategy

As with any tech project, if you don't make sure that your business and IT priorities are aligned, you will end up with something that fails to meet the needs of the wider organization. Developing a roadmap that incorporates both gives you the framework to build a specific action plan. Underpinning it all needs to be a commitment to being customer-centric, with a clear strategy on how this will be achieved.

02.

Involve stakeholders at all levels of the business

Too often, tech initiatives are spearheaded by one part of the business without involving a broad cross-section of stakeholders. To drive CX in retail banking, many stakeholders need to be involved: digital channels, service center, branch network, marketing and communication, user experience designers, data science and data engineering teams, IT, risk and regulatory, right up to senior managers and executive sponsors.

03.

Focus on the ecosystem, not the tool

There is a danger that your CX project focus will be reduced to tool selection and implementation. While these technologies and applications are critical, they are only part of the overall CX initiative. It is more important to think about the ecosystem, and how people, processes, data, and technology

interact within it to see the full impact and understand how the tools need to be implemented and roll-out supported. Ultimately, your CX project should have much broader and far-reaching ambitions than simply selecting the best tool on the market.

04.

Identify early wins

As with other projects, it's important to generate results quickly to maintain momentum and convert any doubters. Identify the use cases that will drive quick wins, the so-called low-hanging fruit that can be rapidly implemented so that you can learn from these early projects, present back progress, and potentially unlock additional resources.

05.

Measure & Learn

This is not a one-off project but an ongoing process that will constantly evolve. It needs to be iterative and continually adjusting, but any changes have to be driven by facts and data as the basis for understanding customer expectations and impact. That is why constantly measuring progress and adjusting where appropriate is the most important factor in driving success. Business impact performance and attribution monitoring and analytics will help you see how changes are improving your CX practices (or not) and allow you to make informed, evidenced-backed decisions.

Why Orange Business

Orange Business is the world's leading management consultancy and system integrator for data intelligence and digital experience. We are data-native artists and take a four-step methodology to CDP planning and implementation, using an agile, use case-driven approach.

Thanks to our multidisciplinary digital and data capabilities, we ensure the analysis is conducted thoroughly and to the highest standards. We manage expectations from all stakeholders, from the team responsible for data governance to the content marketing designer. A CDP implementation is a prime example of requiring a combination of digital and data capabilities. Our data governance expertise empowers you to maximize control and usability of your data assets and put them at the center of your services and strategic projects. Together with our data science and AI expertise, our consultants provide you with state-

of-the-art solutions leveraging machine learning (ML), predictive analytics, statistics, deep learning, natural language processing (NLP), computer vision, and more to help you put your data into action open up a world of possibilities.

1. We have a proven track record of success working with data-rich banks and insurance providers for over 15 years.

2. Thanks to our consulting expertise, technical knowledge, and implementation skills for advanced customer experience (CX) ecosystems, our customers consistently rank among the top 5 digital players in their industry.

3. Our years of experience in CDPs mean we are specialists in building real-time customer profiles, using decision logic to trigger personalized offers and actions through various channels. We drive personalization of multiple aspects of customer data to deliver unique customer experiences. Customer Data Platform is just one area of marketing technology solutions that Orange Business has designed and worked with for many years.

4. Owing to our vendor-agnostic approach, we can integrate our own and partner channels to deliver tailor-made experiences, setting us apart from the competition.

Orange Business can help you make your CDP journey as smooth, efficient, and transformational as possible. For more information, please contact jens.peeters@bd-orange.com

Do you have any further **questions?**

Or if you would like to know more about our services and how we can support your business, do not hesitate to email us your query.

Digital Services

Digital Services is a business line within Orange Business, contributing to reliable and successful digital transformation for many organizations. Our joint mission is to help customers innovate and drive their business strategies in key digital domains, including Cloud, Customer Experience, Workspace, and Data & AI. We assist them on their digital journey by providing advisory, end-to-end solutions, managed services, and professional services to ensure our customers' success. We are digital natives, with innovation at the core of our business, which makes us a reliable partner close to our customers, leading them in their digital transformation challenges.

We support a wide range of industries in the private sector as well as the public sector. We have built a significant level of experience and understanding over the last 30 years in industries like Finance, Insurance, Life Sciences, Healthcare, Manufacturing, Travel & Transportation, Retail, and the Public Sector. As always with Orange Business, our customers trust us for delivering end-to-end, sovereign, and sustainable solutions to turn their Operational Experience, Employee Experience and Customer Experience into business value.

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digital.orange-business.com

**Orange Business
Digital Services**
Avenue du Bourget 3,
1140 Brussels
Belgium
marketing@bd-orange.com

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