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HOW INVESTMENT BANKS CAN DRIVE CLIENT EXPERIENCE STRATEGIES

JULY 2021 // WWW.SEFAS.CO.UK

TRADITIONAL REVENUE STREAMS ARE UNDER THREAT AND COST PRESSURES ARE MOUNTING IN INVESTMENT BANKING. KNOWING YOUR CLIENTS, AND TARGETING THEM WITH HIGHLY RELEVANT, PERSONALISED COMMUNICATIONS STRATEGIES IS BECOMING INCREASINGLY CRITICAL FOR DELIVERING REVENUE GROWTH AND PROFITABILITY.

There is a sea-change going on in wealth and investment management right now. In the current digital marketplace, HNWIs (High Net Worth Individuals) are becoming increasingly demanding, with more investors now hooked on the intuitiveness, personalisation and proactive interactions they have with the so-called “BigTechs” - Google, Amazon, Facebook and Apple (GAFA).

Wealthy clients now expect similar intuitive interactions and solutions at their fingertips – they expect something that is as easy as placing an order with Amazon. Perhaps most concerning for incumbent banks is that, according to Capgemini’s World Wealth Report, more than 80% of HNWIs are willing to begin a relationship with BigTechs within one year (assuming that they offer wealth management services).

Given these shifting dynamics, investment managers are having to step into their clients’ shoes to analyse what new-generation investors are actually looking for. Clients, it seems, now want to be presented with new investment options and information “at their fingertips” - in this scenario, firms that fail to embrace client experience as a strategic driver for growth are likely be left in the slipstream.

A DIFFERENT SET OF CHALLENGES

Of course, compared with retail banks, investment banks have a very different set of challenges when it comes to managing client experience. They tend to offer a significantly more specialised and sophisticated service and therefore target a niche clientele that is both experienced and knowledgeable.

It is only when banks have the most complete, immediate and accurate understanding of their clients that they can leverage effective, data-activated marketing. According to McKinsey, this can boost total sales by 15% to 20%.

But while it is still important for them to be market-driven and competitive, investment banks don't need to focus on "frills" and quick wins. In delivering the best client experience, the focus needs to be on speed, accuracy and efficiency.
Many investment banks have yet to wake up to the idea of client experience transformation – but there is a significant opportunity for those that do, to get a larger slice of the pie.

A PERSONALISED JOURNEY AT EVERY TOUCHPOINT

Many investment banks are now prioritising client experience and seeking innovative approaches to mitigate BigTech threats through a variety of tactics. Fundamentally, it is about embracing a 360-degree view of clients, understanding their needs, behaviour, life stage and investment patterns and trying to deliver a personalised journey at every touchpoint.

Of course, the path to better client experience requires a commitment by financial firms to provide their wealth and asset managers with solutions that are more client-centric. Ultimately, the key to enhancing client experience is meeting their expectations through providing relevant, tailored, and future-proofed tools and services. This ecosystem of new tools, including AI and data analytics, can empower investors as well as wealth managers.

HOW INVESTMENT BANKS CAN BOLSTER CLIENT CENTRICITY

A client-centric focus has the potential to not only help investment banks improve profitability, but also unlock growth opportunities for new services in the future. According to a report by Accenture, investment banks can bolster client centricity by:

- pursuing better client intelligence
- Tailoring client services
- simplifying operations

Industry insights indicate that, on average, 10 percent of clients usually generate more than 80 percent of an investment bank's revenue. Client intelligence enables banks to segment clients into different categories based on their value to the organisation and understand who is boosting profitability – and act accordingly.

Based on segmentation exercises, banks can take a different approach with each client group to enhance profitability – for example, deliver personalised and bespoke services to high-value cli-ents, while delivering different service offerings to lower value clients.

Identifying and deepening valuable client relationships can require organisational changes in key areas, such as client onboarding and aligning resources to client value.

In the end, it's about establishing genuine connections with clients—one at a time

CLIENT COMMUNICATION MANAGEMENT - NOT A "ONE SIZE FITS ALL" APPROACH

There is no doubt that the challenge to investment banks is to "find the right level" in terms of creating personalised, engaging communications for each client. There is absolutely no value in a "one size fits all" approach.

Communication preferences vary between investors. As you can see in the table below, baby boomers often prefer printed statements, research reports and other related communications and a more formal tone of voice. Younger investors who have grown up in the digital age expect to interact with financial firms via smartphones, when and where they want. Millennials are 4x more likely than boomers to switch providers because of poor quality of communications.

The key form of communication for all surveyed age groups is via the means of telephone. Even though Gen-Z and Millennials embrace technology far easier than Gen-X and Baby Boomers, talking to a human still is the most important form of bi-directional communication for them.

Email, Web/Mobile Chat and Mobile Messaging all vary between ages brought up on the technology at the time, however the adoption of Voice Activated communication is still far from being acceptable by all ages.

YOUNGER GENERATIONS WANT BI-DIRECTIONAL COMMUNICATIONS

Telephone	Email	Web/Mobile Chat	Mobile Messaging	Voice Activated	Generation
1 42%	4 8%	2 12%	3 11%	5 7%	Gen-Z (18-24)
1 34%	4 11%	3 16%	2 17%	5 5%	Millennials (25-39)
1 44%	2 12%	4 11%	3 13%	5 4%	Gen-X (40-55)
1 60%	2 16%	3 7%	4 2%	5 1%	Boomers (56 or older)

N = 2,000 consumers in the U.S and Canada

Source: Understanding the New Digital Reality, 2020

Delivering a personalised experience means being able to leverage both print and the appropriate digital formats to match investors requirements as part of an overall client communications management strategy. It is about providing clients with whatever they want, wherever and however they want it.

THE VALUE OF DATA

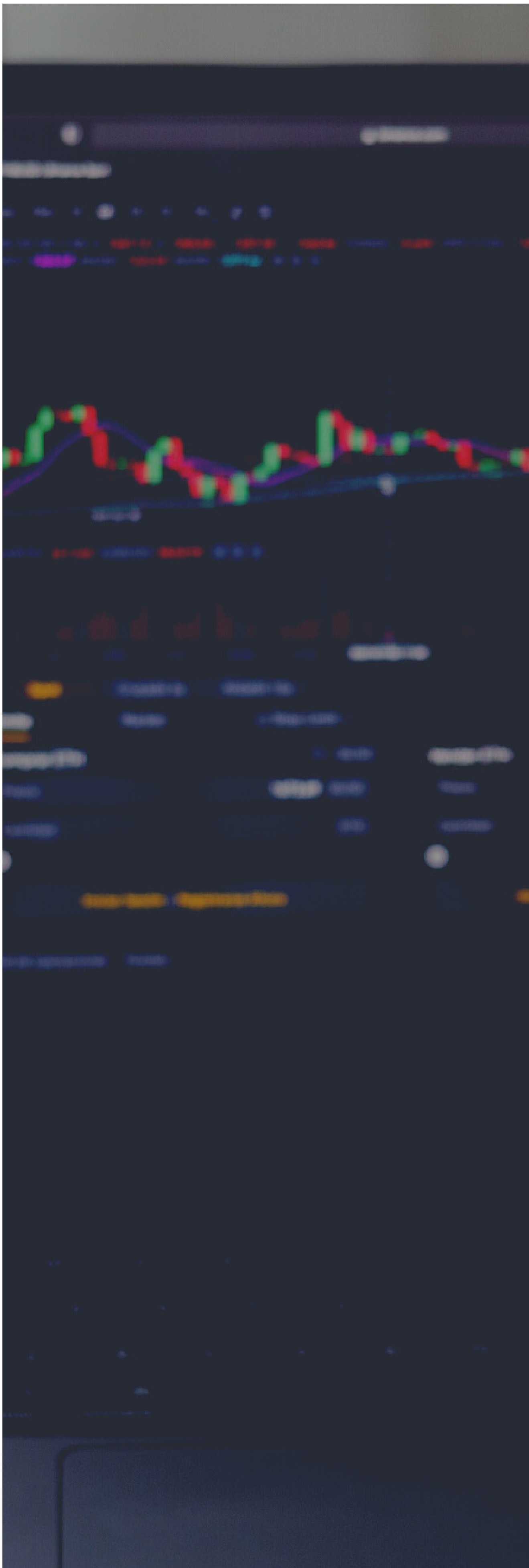
Personalisation has to be data driven - by using client data, a bank can develop new services proactively, or personalise client journeys with targeted marketing activities.

The BigTechs have become extremely adept at offering highly personalised customer interactions and are willing to trade data if it leads to a better experience. Although many financial firms have long adopted hyper-personalisation as a response to meeting client expectations, many still fail to understand what it involves.

Hyper-personalisation means delivering the right individual experience at the right time and through the right channel. In other words, banks must provide truly relevant, end-to-end client experiences by anticipating their needs.

With competing banks offering competing products and services, differentiation is a key factor for creating competitive advantage. This can be achieved by adopting a client-centric view, which means anticipating their needs and creating real-time offerings.

ADOPTING AN OMNI-CHANNEL APPROACH



Creating a more client-oriented experience means financial firms need to rethink their way of working, break down product silos and adopt an omnichannel strategy. With the emergence of BigTechs and neobanks, the introduction of Open Banking Standards and changing client expectations – which have been accelerated by the effects of the COVID-19 pandemic – financial firms now need to laser-focus on personal client relationships in order to differentiate themselves from the competition.

In fact, there has never been a better time to start a hyper-personalisation journey. Those banks that can provide true end-to-end personalisation in a rapid manner will establish significant and long-lasting competitive advantage.

While many have developed multichannel offerings in order to satisfy clients' personalisation needs, only a few have managed to integrate these channels seamlessly to ensure a smooth customer journey. They need to provide information and products through various channels, including apps, websites and customer call centres.

The problem is that these channels are not always connected.

Clients often have to explain which website pages they have browsed, which form they filled in, who they called with an enquiry, and so on. Any disconnect in the journey can cause clients to experience lengthy and complicated banking processes, leaving them frustrated by too many administrative and repetitive tasks. Of course any disconnect between the client and the bank could also have compliance issues too.

The ideal scenario is when a banking app on a client's phone already knows what he or she was trying to find on the website, or the mortgage process that takes into account the data entered into a loan application tool.
It's banking connected.

THREE KEY TRENDS:

To maximise the benefits from hyper-personalisation, banks need to take three key things into consideration:

Omni-channel Communication

Interactions in digital banking should be personalised and needs-oriented. With a comprehensive omnichannel communications roadmap, control of the flow of information digitally and automatically is possible

Personalised Data Analytics

Gaining the trust of clients is possible with an understanding of their needs. Contact with the right offers at the right time is essential. Key to this is a technology-based evaluation of existing data and personalised and context-specific offers

Client Engagement

Digital channels enable advisers to support their clients proactively, providing them with information and engaging in ongoing dialogue to create trust

Having an outdated, inflexible physical infrastructure can restrict movement and growth in the current digital age. The traditional infrastructure of banks (both physical and technical) has proven to be inflexible to change and this renders their ability to survive “as is” in a disruptive marketplace extremely challenging.
The solution is a CCM (Customer Communications Management) digital delivery suite combined with a Robotic Process Automation (RPA) solution to extract and automate data from multiple sources.

There is increased pressure on banks to both historically clean up their adherence to Anti-Money Laundering (AML) and Know Your Customer (KYC) and remediate and streamline their current procedures. The cost of compliance continues to rise with higher capital requirements, resulting in the review of existing business models both geographically and by client segments.
The solution is a CCM digital delivery suite combined with an RPA solution to ensure third-party validation, the capture of data from multiple sources, and the use of digital signatures.

Investment bank companies are finding it difficult to meet these changing client demands and expectations. They can begin by assessing and mapping out the client experience standards they want to deliver to identify necessary changes that could be made to their delivery channels and monitoring mechanisms.

The solution is a CCM delivery suite to enable digital transformation.

HOW PERSONALISED DOES IT NEED TO BE?

Client expectations are undoubtedly changing. Competing on the quality of products and services alone is no longer enough. Investment banks must go above and beyond to win new clients and delight and retain existing ones.

Research from Accenture found that:

78%

of users now expect tailored solutions

76%

of users want a self-directed experience

76%

of users also monitor and evaluate vendor performance

A SINGLE VIEW FOR CLIENTS

It is more important than ever for financial institutions to work towards a single client view. Key reasons for doing so include:

- Identifying valuable clients and building relationships. This allows the movement from individual campaign performance to client relationship value growth.
- Creating personalised content. Because of the bar set by GAFA, consumers' expectations are that all marketing communications will be relevant, timely and specific to their needs.
- Developing proactive communications. Having a single client view allows investment banks to be proactive when advising consumers regarding their current and needs.
- Improving regulatory compliance. It is crucial for marketers when formulating a single client view to keep identity permissions in place.

HOW SEFAS CAN HELP

Sefas's customer communications management (CCM) software, Harmonie Communications Suite, enables investment banks to meet these challenges and enhance client experience. Through our software we enable new account opening, account management, statements and personalised correspondence delivered via clients' channels of choice.

We can help:

- Cut operating costs
- Reduce the risks associated with high volume, on-demand customer communications
- Eliminate errors in forms and other documents
- Avoid error-prone entry of critical data
- Implement review and approval workflows for documents
- Ensure compliance with corporate branding and regulatory standards

Overall, our software can enable investment banks to enhance client experience through well-targeted, omnichannel communications.

Find out more about Sefas and our services at: www.sefas.co.uk