



WHITE PAPER

CUSTOMER COMMUNICATIONS

**CRITICAL IMPORTANCE OF CUSTOMER COMMUNICATIONS
DURING DIGITAL TRANSFORMATION**

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YOU TALKIN' TO ME?

– Taxi Driver (1976)

This white paper addresses the critical importance of customer communications during Digital Banking Transformation, with supporting quotes courtesy of the American Film Institute's series celebrating a century of American cinema ("AFI's 100 Years... 100 Quotes").¹

The principles and attributes of great communication are discussed, along with how they pertain to banking today. Banks can leverage this information during their Digital Transformation Journey to examine and improve personalized and actionable communications with customers, an essential step to help win and retain a loyal customer base.

This white paper is part of a series of FIS™ white paper publications regarding core banking modernization trends and topics.

What we've got here is failure to communicate

– Cool Hand Luke (1967)

The famous line above serves as a warning in the current blitzkrieg of Digital Transformation for banks. To illustrate, think of your own banking experiences, from a customer's perspective. Do any stand out as being particularly positive or negative? Whether good or bad, it's highly likely that a major contributing factor to your more memorable banking experiences involves the quality – or perhaps lack thereof – of relevant, personal, timely, and informative communications.

As financial institutions are charging toward ever-increased growth in market share and maximized operational efficiency, through lofty and worthy aspirations of digital transformation and customer experience, banks must be careful to not lose sight of the fundamental value and critical need for timely and meaningful communications with customers. The criticality of this is illuminated in a recent survey which finds that **almost two-thirds (63%) of customers say they would consider switching banking providers if communications don't meet their expectations.**² While the bank's products, services, and fees are important, effective communications are clearly essential to promote customer retention and loyalty.

Houston, we have a problem

– Apollo 13 (1995)

According to the same survey, the top four communication criteria that could trigger a consumer's decision to change banking providers are:

1. Messages that contain errors (50%)
2. Messages that are not easy to understand (48%)
3. Messages not sent at the right time (37%)
4. Messages that are not relevant (29%)

Negative banking experiences, ranging from minor to major (e.g., statement issues, call wait times, service outages, data breaches, confusing criteria, missing transaction status updates) are exacerbated exponentially when there is a gap or void of timely, accurate and instructive communications from the bank. Consumers want to be informed, and they want to feel valued and respected – none of which happens when communications are absent or ineffective.

Conversely, effective communications serve as a strong antidote to "save" bad situations when they arise, and they also serve to amplify positive situations where your bank is doing things right for the customer, thereby reinforcing customer satisfaction and loyalty. Ideally the bank's activities, processes, and transactions are not only convenient and straightforward, but also fully transparent and provide guiding communications throughout. There is extreme value in today's world for consumers to know what, why, when, where and how something is supposed to transpire while it is actually happening.

Digital Transformation's push of technology and operating model changes may be a blessing or a curse in this regard. While modern platforms can promote effective communications, legacy environments often impede it. For example, legacy technology can pose significant challenges to financial institutions and industry providers due to IT ecosystems that span multiple systems of record, fragmented channel solutions, various payment and transaction engines, integration constraints, and other technological limitations. Disparate systems and silos producing events, triggers, data points, and activity points that are not easily or fully leveraged lead to incohesive end-customer communications. Banks grapple with workarounds, which need to traverse a myriad of processes and systems to achieve better communications, but the end customer does not want to wait and wallow; rather they have high expectations based on other industry real world delivery examples. Valued customers become frustrated with Financial Institutions that can't effectively communicate with them, and before long will seek other banking providers, with a point of view famously expressed by Rhett Butler in *Gone With the Wind* (1939): "Frankly, my dear, I don't give a damn ..."

¹ AFI'S 100 Years...100 Movie Quotes, <http://www.afi.com/100years/quotes.aspx>

² The Financial Brand, Banking Communications That Drive Consumers Up the Wall, <http://thefinancialbrand.com/74459/banking-communications-consumers/>

Principles of Great Customer Communication

Thus, the two primary questions to be addressed are:

- What constitutes great customer communications in the digital banking age?
- How can you start to get there?

Many attributes and adjectives could be appropriately extolled, but I believe the heart of great communications in financial services relies on meeting the three pillars of **quality, personable, and actionable guidance**, as shown in the image below.



Quality

Clarity
Consistency
Trustworthy



Personable

Unique
Relevant
Timely



Actionable

Guiding
Proactive
Innovative

Quality

Go ahead, make my day.

The #1 and #2 reasons cited earlier for consumers to consider leaving can be addressed in terms of the **quality** of customer communications. At a foundational level all customer communications must be remiss of errors – whether those be grammatical, misdirection (wrong or missing recipients), outdated or incorrect addresses, delivery issues, or invalid data. All customer communications must also hold **clarity** in both message content and intent. The communication should be **complete**, simple and purposeful in its message conveyance, so much so that the end customer is intuitively led toward actionable guidance.

There must be **consistency** in communications across all lines of business and areas of the bank. Providing the same high-quality exchanges across Deposits, Lending, Wealth, Retail and Commercial areas builds the quality value and enhances customer perceptions. Delivering consistent, clear and guiding information to customers in a bi-directional exchange, where post-receipt interaction is the expectation, will start to build and assist customer trust in the bank's information, processes, and reliability. In other words, the bank becomes a trusted advisor.

To achieve quality in customer communications, the entire value chain of the communications process and flow (i.e., from trigger point identification through creation, composition, enrichment, distribution, delivery, storage, tracking and governance) must be leveraged. Further, non-functional capabilities such as registration, change management, vetting, review and approval must be in place to achieve and sustain the highest quality of communications.

Personable

You talkin' to me?

– Taxi Driver (1976)

Robert De Niro's gritty utterance of this famous quote reminds us of the significant importance in making all customer communications **personable**. In fact, the #3 and #4 reasons cited earlier for changing banking providers due to bad communications center on this very aspect. Personal customer communication may seem common sense, but making it a reality between a financial entity and individual consumer, at a "market of one" unique level, requires focus.

As Capgemini's report on *The Evolution of Customer Communications Management* states, "The ability to change customer communications on the fly for each customer is the new reality. It's no longer about what you have to say and what channel you want to use; today banks need to adapt to whatever channel, message or frequency each customer wants."³

Ensuring customer communication is personable starts with providing your customers the opportunity to manage their **preferences** regarding what they want to be informed of (per relationship), where and how they want to be informed (including the specific medium(s) – SMS texts, email, print/direct mail, fax, phone, push notice alerts, etc.), and when they want to be informed (e.g., not necessarily at 3:00 a.m. when the last batch cycle performs).

Personable communication is **uniquely relevant in context to the individual/time/situation**, and uses "tone appropriate for the type of communication."² Each new customer communication needs to be cognizant of past and/or pending interactions, so that empathy is achieved and customer appreciation is gained.

I feel the need – the need for speed!

– Top Gun (1986)

To ensure relevance and value, personalized communications must be delivered in a timely fashion; today's banking customers have every expectation that this means nearly instantaneous. This requires systems, processes and data to be available in real time. In addition, the bank's communication solutions must be able to provision communications at a rapid pace, with performance tuned to address peak circumstances.

Actionable Guidance

I'm gonna make him an offer he can't refuse.

– The Godfather (1972)

As we have established, communication is no longer "one size fits all" nor can it be distributed universally by template, or even applied heavy-handedly lest you risk banner blindness⁴ or even worse risk active avoidance⁵ – where customers feel the pressure of message bombardment and not only don't respond but actively take steps/ measures to avoid further communications altogether. We all have more than enough communications to deal with daily, so how does great communication rise to the top and get the recipients to take notice? Aside from already being of the highest quality and uniquely personable, all great financial service communications must lead the customer to helpful, guiding and impactful action. The customer must perceive specific benefits from the communications in order to recognize the value in the exchange.



³ Capgemini, *The Evolution of Customer Communications Management*, https://www.capgemini.com/wp-content/uploads/2017/07/ccm_for_fs_2016.pdf

⁴ Finextra, *Effects of Banner Blindness on Digital Banking*, by Ahmed Khidhir, April 17, 2018, https://www.finextra.com/blogposting/15261/effects-of-banner-blindness-on-digital-banking?utm_medium=rss&utm_source=finextrafeed

⁵ The Drum, *57% of consumers actively avoid brands who bombard with marketing messages*, by Jennifer Faull, March 12, 2015, <https://www.thedrum.com/news/2015/03/12/57-consumers-actively-avoid-brands-who-bombard-marketing-messages>

Open the pod bay doors, HAL

– 2001: A Space Odyssey (1968)

Research shows that financial institutions must take all the necessary steps to get reactionary customer communications right; this has become table stakes in retaining digital-savvy clients. Artificial Intelligence (AI) and Machine Learning (ML) are quickly becoming market differentiators to empower proactive customer communications. Truly exciting work is being accomplished under the banner of AI and ML in efforts to leverage banking's invaluable asset of data. To shift from being reactive to proactive, banks can harness the power of modern computing to effectively communicate with customers, attaining algorithmically-derived results. In this manner, the bank helps its customers more intelligently and effectively – not only enabling them to progressively conduct their daily business, but ultimately to also achieve life goals.

Start at the beginning

...I think this is the beginning of a beautiful friendship.

– Casablanca (1942)

A recent industry study suggests that over half of all new accounts will be opened digitally by 2019.⁶ This means that the intersection point of opportunity to win a customer, impactfully engage with that customer, start to earn trust and build foundations of loyalty can best be achieved via effective and great communications from the very start – literally. In the self-service market there will be no personal face-to-face opportunity to “get it right” on the communications front. And with over \$13 billion USD at stake in the digital customer self-service area alone – financial institutions cannot afford to misstep.⁷ Further, this critical customer engagement point has already been noted to have communication and guidance issues in a majority of current US bank solutions.⁸ While this is a known problem, it is also an area of opportunity.

Continue through to the end

Round up the usual suspects

– Casablanca (1942)

Your bank's Digital Transformation Journey provides a prime opportunity to closely examine and improve all customer communication points and flows. Examples of banking communication touchpoints include Alerts, Notices, Statements, Consent Management, Letters, Origination Forms, Social Media Posts, Contact Center engagements, Customer Preference Management, Product and Service Offers, and Marketing. As the bank modernizes and transforms, ensure each customer interaction offers value by adhering to the essential attributes of providing quality, personable, and actionable guidance communications.

⁶ The Financial Brand, Banking's Digital Tipping Point: Clicks vs. Bricks In The Customer Journey, by Lisa Joyce, <https://thefinancialbrand.com/67085/banking-digital-strategy-branches/>

⁷ Research and Markets, Global Customer Self-Service Software Market - Growth, Trend And Forecasts (2018 - 2023), July 2018, <https://www.researchandmarkets.com/research/fp8cwd/customer?w=4>

⁸ Celent, The US Open: Looking at Mobile Account Opening Banks, by Stephen Greer and David Himmel, September 10, 2018, <https://www.celent.com/insights/990488367>



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