

The logo consists of the letters 'MX' in a bold, white, sans-serif font. A registered trademark symbol (®) is located at the bottom right of the 'X'.

MX®



4 Disconnects

Between Financial
Institutions and Customer
Expectations



The Banking Experience Gap:

4 Disconnects Between Financial Institutions and Customer Expectations

The findings from The Future of Banking Diagnostic: Results from over 1000 individuals from banks and credit unions

As digital transformation increasingly grows in the financial services industry, creating exceptional customer experiences through the use of data is essential for continued growth and success.

The combination of less friction and more choice has made consumers more selective than ever before when it comes to their banking provider. And although banks and credit unions continue to be profitable, it's no time to be complacent. Both competition and customer expectations are growing fast, and there's no indication that either will slow down any time soon.

MX Findings

In the Future of Banking Diagnostic, MX surveyed over 1000 individuals from banks and credit unions to learn how they rank against five critical metrics of success—Customer Experience, Data-Driven Marketing, Data Strategy, Culture and Leadership, and Operational Effectiveness—to see how prepared they are for digital transformation. Here are some of the key highlights and findings from the report:



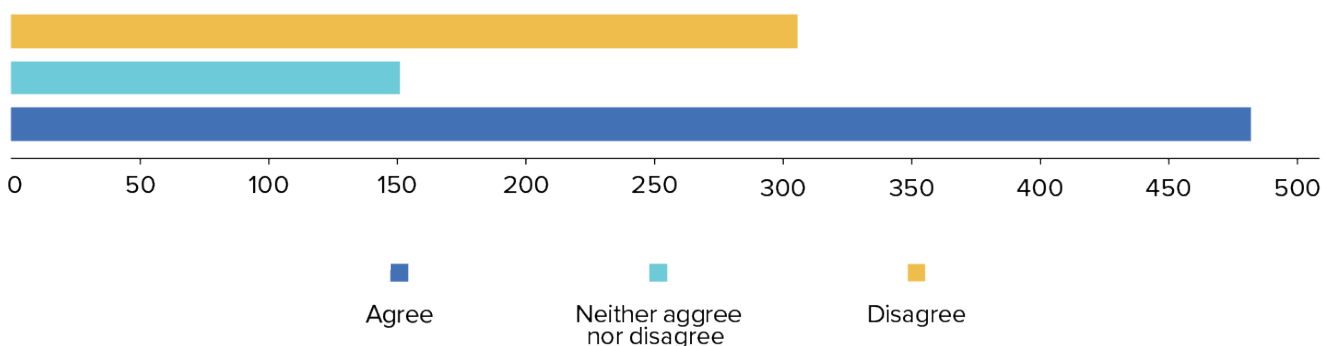
Customer-Centric Advocacy Is Key to Success

Gap 1 - The tools, alerts, and notifications aimed at helping consumers improve their financial well-being.

The rate and amount of information consumers are able to take in has dramatically increased. They can get answers to their questions instantly, purchase items with the click of a button, and access hundreds of movies by simply scrolling through categories. This new level of access to information has raised the bar for financial institutions. Consumers now expect the same speed and availability when it comes to their financial information.

The digital world has made it so consumers are now thinking about banking products and financial guidance as part of the digital experience as a whole. Our findings show that 51% of financial institutions surveyed believe that they give customers self-guided financial tools that send proactive alerts and notifications, ensuring they're always on top of their financial lives. Which sounds like great news, because according to a [J.D. Power report](#), 78% [of respondents say] that they were interested in receiving financial advice or guidance from their bank. However, only 28% answered that they receive that financial advice. What's more, the annual analysis from [Market Force](#) show that 37% of consumers cited lack of help to improve their financial well being as a reason to switch providers.²

We give customers self guided financial tools that send proactive alerts and notifications, ensuring they're always on top of their financial lives



Gap 2 - The mobile experience of most financial institutions doesn't meet the expectation of consumers.

When we asked financial institutions if they believed that their mobile app experience is simple, intuitive, and highly engaging among customers. An incredible 63% of respondents agreed that they do in fact provide an above average mobile app experience. However, most banking apps on average are around a 3-star rating—far from what would be considered an exceptional app experience. Furthermore, the J.D. Power report shows that a full 58% of consumers responded they want to receive advice through their bank's website and mobile app, yet only 12% said they received it in this manner.² Overall, our findings indicate that there seems to be a notable gap between what financial institutions believe their providing their customers, and what those customers feel like they're actually receiving.



63%

of respondents agreed that they do in fact provide an above average mobile app experience



■ Agree

■ Neither agree nor disagree

■ Disagree

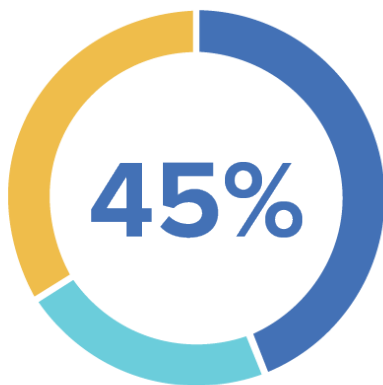
Data-Driven Marketing and Strategic Data Utilization

Gap 3 - Timeliness, relevance, usefulness of communications matching customer expectations and needs.

To achieve a truly customer-centric advocacy mindset, you have to start by utilizing enhanced data in all of your marketing and product decisions. According to our findings, 45% of respondents said they believe that their institution provides a variety of relevant, timely, and useful messages to customers—beyond just product sales. Another 44% of respondents said that they use analytics to understand customer behavior trends. However, the same report from Market Force found that some of the main reasons people switch bank providers are: seeking lower fees (42%), general unhappiness with service (39%), or to get a better return on deposits (34%). It seems that although financial institutions are putting great effort into providing products and financial wellness programs, many customers still feel that their banking experience isn't as relevant or personalized as they'd like.

Financial institutions that want to adopt a data-first mindset need to think about how their institution is serving customers in a different form. Technology is not a “nice-to-have” solution—it's imperative. But without a true end-goal in mind, even data-driven projects will ultimately fail.

With innovation happening at such a rapid pace, it's critical for financial institutions to proactively set the standard on how they interact with customers. Even something as simple as swiping a credit card is much more than a transaction, it becomes part of a larger experience, inevitably impacting customers' expectations.

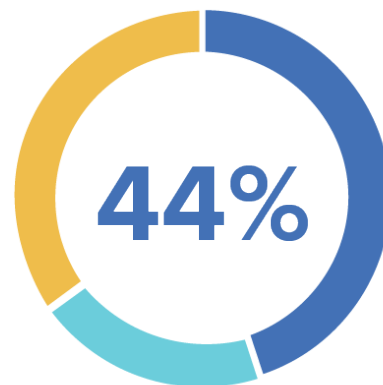


45% of respondents said they believe that their institution provides a variety of relevant, timely, and useful messages to customers—beyond just product sales.

■ Agree

■ Neither agree nor disagree

■ Disagree



44% of respondents said that they use analytics to understand customer behavior trends

■ Agree

■ Neither agree nor disagree

■ Disagree

Data-Driven Mindset Starts with Culture

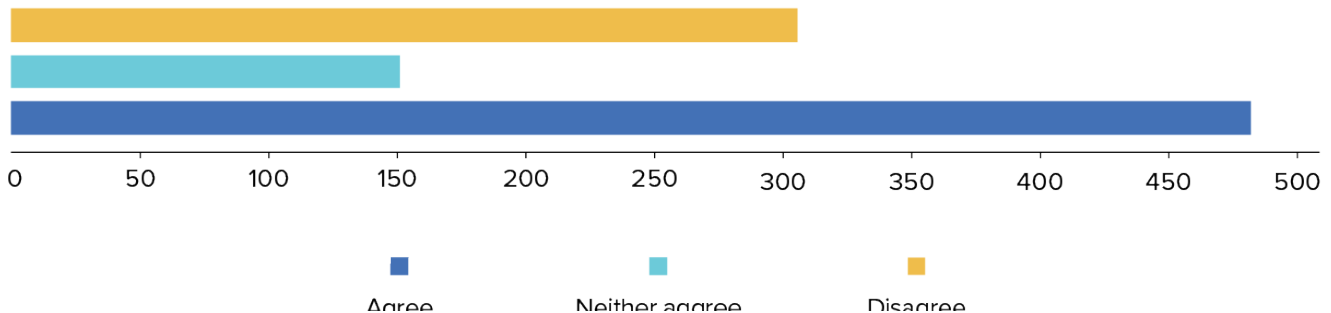
Gap 4 - Organizational silos prevent effective use of data to improve customer experiences.

The financial services industry has been generally conservative in the face of change—holding on to legacy systems, traditions, and leadership that might have been put in place before the rise of digital. And that's exactly why culture is perhaps one of the biggest hurdles to a true digital transformation.

Another main factor as to why financial institutions lag behind in innovation and [digital transformation](#) might be because the response and decision times are so slow that they leave gaping holes for disruption in the industry.

In our findings, we saw that 54% of financial institutions believe that their teams collaborate across business silos to enhance customer and employee experiences. However, 39% believe that their core operating systems and programs don't support and encourage iterative and innovative thinking. And 38% don't believe that their institution has implemented programs that develop current employees' competency around understanding and acting on customer data. These findings indicate that although financial institutions are actively working to break down silos within their organization in an effort to work more collaboratively together, a large number are not equipped to support innovative and data-driven strategies to understanding their customers.

We give customers self guided financial tools that send proactive alerts and notifications, ensuring they're always on top of their financial lives



39%

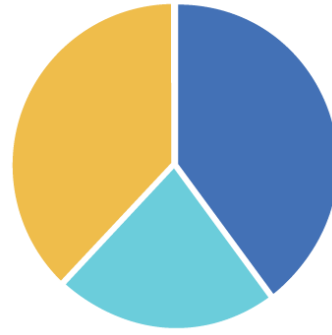
believe that their core operating systems and programs don't support and encourage iterative and innovative thinking.



■ Agree ■ Neither agree nor disagree ■ Disagree

38%

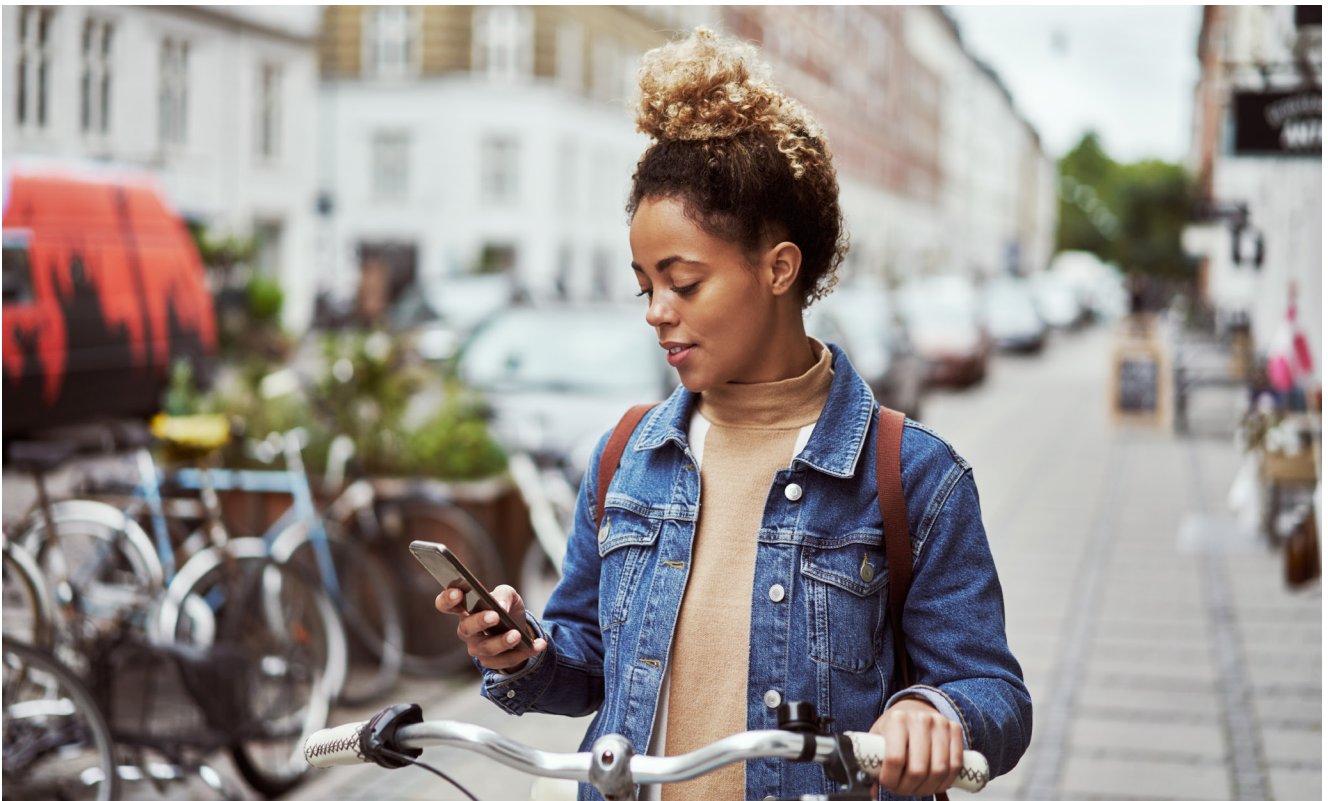
of respondents agreed that they do in fact provide an above average mobile app experience



■ Agree ■ Neither agree nor disagree ■ Disagree

And these findings are not a surprise. With new technologies and innovations emerging at a rapid pace, financial institutions must implement a culture of learning where employees are encouraged to develop their aptitude for understanding data and critical and analytics. Using data effectively allows financial institutions to make well-informed decisions faster than ever before.

According to Boston Consulting Group, “digital transformation must be a clearly articulated strategic priority, supported by appropriate funding, talent recruitment, openness to new agile ways of working, and a willingness to take risks.” When it comes down to it, there’s a fundamental difference between digital-first and more traditional financial institutions, including rapid innovation, testing, segmentation, and having a more holistic customer journey view.



The Recipe for Success

Digital transformation will continue to play a critical role in the financial services industry as customer expectations along with new technologies and innovations evolve. To succeed in this new and disruptive landscape, you need to win customer engagement and loyalty, use data-driven marketing strategies for faster and more relevant decision making, and help your employees develop their data literacy and analytics knowledge. Once all these things are aligned, you can create a state of the art digital transformation strategy that humanizes the banking experience and prepare you for the future of banking.

MX can help you eliminate experience gaps in your banking experience as you work to become a disruptive force in the financial services industry.



Ready to learn more?
Let's talk.

[Take the Diagnostic](#)

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