Banking on Banks 2024

THE CUSTOMER EXPERIENCE:
Making digital financial services more personal

CRIF
Together to the next level

Foreword

The digital age has profoundly transformed all aspects of our lives. Now more than ever, convenience, speed, and personalization are paramount in the services we receive, and in many sectors it has become a key battleground for attracting and retaining customers.

This is particularly true in the financial sector, where customer service quality is an essential competitive factor. But many financial providers are feeling the increasing pressure to adapt to these new digital-first expectations while simultaneously maintaining more traditional and human-centered support.

Our latest report, part of CRIF's 2024 Banking on Banks series, provides an in-depth exploration of these trends across Europe and the US, revealing vital insights into what today's customers expect from a more personalized experience. These exact expectations vary by region and age group, underscoring the complexity of now serving a broad demographic that includes both tech-savvy consumers and those who still value in-person interactions.

To remain competitive, financial providers must embrace digital transformation without losing the personal touch. Those who can provide fast, efficient digital experiences while retaining skilled, accessible staff for in-person support will put themselves in the best position for success. This balance is critical, as consumers increasingly expect near-instant decisions for products and services like loans or credit but want to retain the ability to speak to real people when making major financial decisions.

> **"Financial providers must embrace digital transformation without losing the personal touch**

Meeting these demands requires robust, agile systems capable of quickly assessing eligibility with minimal customer input.

CRIF's digital transformation solutions are helping providers offer the full digital customer journey by increasing customer conversion rates and reducing operational costs by 35%. We also utilize over 200 different KPIs, indicators and scores in credit assessments, identity verification, fraud checks, cashflow and affordability, helping providers to meet the demand for fast, accessible, and convenient decision-making on products and services.

Financial providers that take a multifaceted approach to customer services, addressing both digital and personal preferences, can better distinguish themselves from the competition in this evolving landscape. By leveraging the right partnerships, these providers can establish a fully integrated digital customer experience while maintaining high standards of human support when needed.

Sara Costantini
Regional Director for the UK and Ireland, CRIF

Introduction
Widening consumer expectations

Customer service quality has become a critical factor in consumer decision-making, especially in the financial sector.

Consumers want faster, more convenient, and highly personalized experiences, leaving traditional banks under increasing pressure to keep up with changing customer expectations.

A high-quality customer experience is now indispensable for traditional banks aiming to stay competitive in this evolving market, as reported by EY.[1] This shift is evident across all demographics, with consumers expecting better and more tailored support.

However, with fintechs and other digital-first providers setting new standards in these areas, traditional banks are increasingly being challenged to offer a higher quality of service and multi-channel communications to retain the trust and loyalty of their customer base.

The latest report from CRIF offers an in-depth look at the trends around customer service in Europe and the US. Analyzing sentiment from 7,000 consumers across six countries — Austria, France, Germany, Italy, the UK, and the US — the report provides valuable insights into the types of customer services expected from their financial provider.

Notably, the research reveals distinct preferences across age groups and regions, outlining the key challenges facing financial providers, as they balance increasingly diverse customer needs.

This includes meeting the needs of younger customers that may prioritize digital solutions, while balancing traditional in-person services that are preferred by older groups, requiring financial providers to understand the differences that exist between ages and markets, especially where more developed digital financial services exist.

> **“When customer services fall short, consumers are willing to abandon their applications and potentially choose another provider**

Moreover, the immediate services available in other parts of consumers' lives – such as food delivery and shopping – have raised expectations for near-immediate decisions around products and services for many. When customer services fall short, consumers are willing to abandon their applications and potentially choose another provider.

To effectively compete, more traditional banks, insurers and financial providers must refine their approach by embracing digital transformation without sacrificing the human support that differentiates them from newer market players.

In an era of heightened consumer expectations, banks and insurers that succeed in delivering both efficient digital experiences and reliable, human-centered support are more likely to retain their customers and stand out from competition.

Adopting a flexible and tailored approach to customer services can enable financial providers to address the challenges posed by a diverse, evolving customer base and foster lasting loyalty.

1 How can banks generate greater value through improved customer service | EY

Chapter One: The importance of good customer service

For consumers across Europe and the US, the quality of customer services is key.

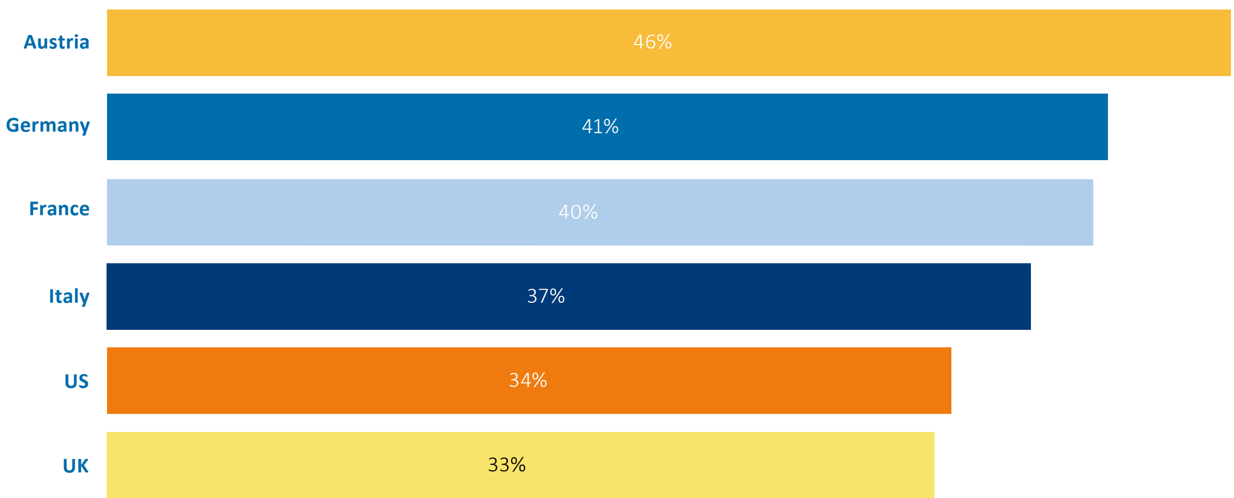
CRIF's research finds nearly four in ten (38%) consumers factor in customer service when selecting a bank, insurer, or financial provider, making it the second most significant factor in choosing a provider after having products tailored to their needs (44%).

The importance placed on good customer service (via phone, online and in-person) is especially pronounced in Austria (46%) and Germany (41%), where the proportion of consumers is significantly above the average across the rest of Europe and the US.

Alongside having good customer service, 32% of consumers check whether a provider has a branch or physical presence near where they live, highlighting that many still value in-person interactions. Similarly, 31% look for established brands and check that providers have ethical practices, particularly those that demonstrate a commitment to customer protection.

Not only do consumers expect a good standard of customer service from their financial provider but critically, a considerable proportion will switch from their current provider if they fail to meet these expectations.

Proportion that considers customer service quality when choosing a provider



Nearly a quarter (23%) of European and US consumers would change banks or insurers if customer services do not meet their needs. This sentiment is especially pronounced among younger generations, with many having already moved providers for this reason.

In the past year, 17% of consumers aged 18-24 and 12% of those aged 25-34 have switched providers to get better, more personalized customer services. This is most evident in the US, where across all age groups, 11% of Americans have already switched providers in the last year due to perceived poor customer service.

It is undeniable that consumers today place significant value in a financial provider they feel has their best interests at heart. This is particularly true concerning debt management. Most (82%) respondents believe financial providers should actively work to help customers avoid falling into debt by offering products suited to their needs. A similar number (81%) agree that banks should conduct credit checks before offering certain products to prevent potential unmanageable debt, an opinion that is particularly strong in France (88%) and Italy (86%).

23%

would change financial provider if customer services didn't meet their needs

Overall, consumers want financial providers to put their interests first and deliver this in part through high-quality customer service during the entire journey. Providers who fail to meet these expectations risk losing customers to those who offer more personalized, seamless, and robust services, something already evident in the US and younger European consumers.

Top factors negatively impacting customer retention	% YES
Personal data was not felt to be secure	**62%**
The provider shared customer data with unapproved third parties	**54%**
No option to speak to real people through their customer service	**38%**
If the provider fell afoul of fraud	**34%**

Chapter Two: Growing demand for digital communication

More traditional methods of interacting with financial providers, such as via phone or visiting a physical bank branch, are steadily declining as more consumers default to digital solutions.

In the UK for example, digital-only banks top the list for levels of customer satisfaction.[2] While the shift is more prominent among younger consumers, the trend towards digital banking is now clear across all age groups and markets.

Reflecting the move away from traditional forms of communication, four in ten (42%) consumers in Europe and the US say they would now only call their bank or financial provider as a last resort. This tendency is strongest in the UK, where nearly half (47%) of consumers now avoid phone calls, compared to 33% in Austria, where this sentiment was the lowest.

49%

dislike filling out paper forms or submitting documents by post

For many, physical interactions are now viewed as inconvenient. Half (49%) of consumers dislike filling out paper forms or submitting documents by post, rising to 60% among Americans.

The growing preference for digital communications is the clearest in the US, where 45% of consumers would rather use a chat function than engage over the phone or in person. This preference is strongest among the younger generation; 48% of 18-34 year olds favor chat-based interactions, compared to 17% of those aged 55 and over.

> **"While consumers expect access to clear, digital communications with their provider, one size does not fit all**

Despite the desire for digital services, many financial providers are failing to meet their customers' expectations. Three in ten (29%) consumers feel the current levels of online service they receive are inadequate. This issue is most important to Americans and Italians, where 37% of consumers in both markets express dissatisfaction with their current providers' digital services.

While consumers expect access to clear, digital communications with their provider, one size does not fit all. Offering a single method of communication, no matter how effective it is, is simply not good enough. Consumers prefer an omnichannel approach and methods of communication that adapt to their needs.

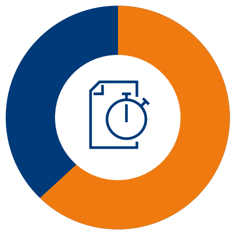
This is most evident in younger generations. Nearly three fifths (59%) of 25–34-year-olds would initially be prepared to engage with a financial provider through a chatbot but would not want this to be the only option to speak to their provider.

As the digital transformation of banking and other forms of financial services continues, providers need to not only enhance their digital customer services but also ensure they are flexible enough to meet a diverse set of demands.

2 Latest banking satisfaction survey results | CMA

Chapter Three: Speed, ease, and convenience

As services across people's lives become increasingly instant, they expect digital interactions with financial providers to be as fast and convenient, with minimal delays in processing applications and decisions on products and services.



65%

would abandon an application if it was too difficult or time-consuming

This demand for speed was reiterated by recent changes in the EU, where the European Parliament voted to require payment providers within the Single Euro Payments Area (SEPA) to enable instant transactions in 10 seconds or under.[3]

Beyond the speed of payments, consumers now hold extremely high expectations for the speed of decision-making in accessing and using financial products and services. A clear majority now expect their applications to be completed quickly - ideally, within the same day or at most a week.

For example, three-quarters (74%) of consumers now want same-day processing for savings accounts. Two-thirds (67%) expect this level of speed for insurance applications, while around half expect this for loan applications (49%) and opening an investment account (55%).

Consumers have even higher expectations for processing applications within a week: 90% want decisions on savings accounts to be finalized within this time and 89% say the same for insurance. Similarly, 81% of individuals also expect decisions for loans to be made in this time, 79% for investment accounts, and 70% for mortgages.

Crucially, if these processing times are not met, or the application process becomes too burdensome, consumers will ultimately abandon the process. Around two-thirds (65%) of consumers report that they would abandon signing up for a product or service online if it became too difficult or time-consuming. This is most pronounced in France, where 72% of consumers would give up a slow or complicated application process.

Consumers in the UK were found to be the most demanding in terms of decision-making, requiring significantly faster processing times than their European neighbors. The UK has the highest proportion of consumers that expect loan applications to be processed within minutes (14%) or an hour (16%), above the European averages (9% and 11% respectively).

This trend continues for other financial products, with 30% of UK consumers expecting savings accounts to be processed within minutes, and 18% expecting investment accounts to be processed in the same timeframe – higher than the European average of 21%, and 12%, respectively.

American consumers show similar levels of urgency concerning mortgages – 11% want them to be processed within minutes, 18% within an hour, and 23% within the same day.

It is clear that the demand for quick, seamless decisions on products and services is growing. Providers must utilize efficient ways to swiftly assess the eligibility of their customers while minimizing the effort and time required.

Those financial providers that succeed in delivering quick outcomes on products and services are likely to retain and attract new consumers against a highly demanding backdrop.

	Loan	Mortgage	Insurance	Savings account	Investment account
Customers that expect a decision on the same day	**49%**	**36%**	**67%**	**74%**	**55%**
Consumers that expect a decision in the same week	**81%**	**70%**	**89%**	**90%**	**79%**

3 Instant payments to become 'ubiquitous' after European vote | The Banker

Chapter Four: Meeting the varied needs of all customer groups

Despite the growing demand for digital services, this will not be everyone's preference. There are some consumers who still value real human interaction in financial management.

For instance, in the UK, Lloyds Bank reported that 8% of its customers rely solely on physical branches to manage their finances.[4] This is a helpful reminder of the growing challenges for financial providers having to balance digital and in-person solutions to create an inclusive set of customer services that work for individuals.

For many, when making a major financial decision, more traditional forms of communication remain valuable and preferable. Despite the growing demand for digital financial services and journeys, it is still important to manage key touch points with real-person interactions.

In fact, 78% of consumers prefer to speak with a real person when making decisions around taking out a loan, mortgage, or insurance policy. This preference for in-person interactions is higher in some European countries, with 85% of consumers in Austria and 84% in France and Germany valuing human interaction for important financial decisions.

However, some countries and age groups are shifting away from this. In the UK, for instance, only 67% of consumers now prefer human interaction for major financial decisions, well below the European average.

The biggest shift is among younger consumers, with only 59% of those aged 18-34 in the UK valuing in-person interactions. Even British consumers aged over 55 place slightly less emphasis on human interaction (75%) than the European average across all age groups (77%).

Those who find visiting a bank branch inconvenient

- **48%** of 25-34 year olds
- **24%** of 55 and over

The growing preference for digital banking is unsurprisingly strongest among younger generations, who tend to view in-person interactions as time-consuming. Half (48%) of consumers aged 25-34 find visiting a bank branch inconvenient, in contrast to only 24% of those aged 55 and older. This trend is particularly evident in the US (41%), UK (39%), and Italy (39%), while Germany is the lowest (25%) across all ages.

> "These evolving preferences highlight the importance of creating a seamless experience that incorporates both digital and in-person services

For financial providers, these evolving preferences highlight the importance of creating a seamless experience that incorporates both digital and in-person services. As digital services become more sophisticated, many consumers expect their banks to keep up with these developments, without sacrificing the option for personal support when making larger, more important financial decisions.

4 How are people banking now? | Lloyds Bank

Conclusion
A multifaceted approach to customer service

In today's competitive financial landscape, meeting the diverse needs of customers across different age groups and regions demands a multifaceted approach to customer service.

Financial providers face the unique challenge of catering to both digital-first customers who prioritize convenience and accessibility, as well as those who still value in-person interactions, especially when making significant financial decisions. This is particularly relevant in an era where customer expectations are shifting rapidly, driven by technological advancements and increased options for accessing services.

Digital solutions have undeniably transformed the financial sector, offering customers the convenience of managing their finances remotely, accessing services around the clock, and quickly completing transactions.

For younger and often more tech-savvy generations, this seamless experience aligns well with their preferences. Mobile apps, online platforms, and automated chat services allow these users to complete a variety of tasks without requiring face-to-face interactions, providing a level of speed and efficiency that has become an expectation rather than a luxury.

Most notably, the need for quick decisions on major products and services such as loans or credit is growing, and for many, these services need to be accessed within hours or even minutes. Providers can adopt robust methods to rapidly analyze and determine eligibility while requiring minimal consumer input.

However, there remains a significant segment of customers who still strongly value or even require personal interaction, particularly when navigating complex financial products and services like mortgages, investments, or support with major life decisions like retirement planning. These consumers find reassurance in having a professional advisor guide them through important decisions.

> **"Financial providers must adopt a flexible strategy that enhances digital offerings without neglecting personal interaction**

To effectively serve this wide array of customer needs, financial providers must adopt a flexible strategy that enhances digital offerings without neglecting personal interaction. This includes investing in the latest digital-first customer services and ensuring staff can still provide informed, direct, and top-tier support to customers - should they need it.

Offering services that meet this evolving demand is a challenge for many banks and insurers. By working with partners such as CRIF, providers can access the solutions they need to set up a full digital customer journey – from on-boarding, to decisioning, customer management, and even collections for credit products. Those that deliver services that accommodate the individual preferences of consumers will gain a competitive edge.

To succeed in retaining and attracting new customers, financial providers should not only offer products and services suited to changing consumer needs but also deliver them in a timely and personal way.

About CRIF

CRIF is the leading provider in continental Europe of consumer and business credit information, with over 30 years of experience in credit reporting.

A key global player in integrated decisioning solutions, we support over 10,500 financial institutions, 600 insurance companies, 90,000 business and 1,000,000 consumers across 50 countries.

AISP certified in 31 countries, CRIF enables banks and other financial institutions – including insurers and alternative lenders – to take their digital services to the next level, helping them harness open banking data, advanced analytics and ESG compliance.

Through its connections to over 3,000 banks and analytics based on over 200 KPIs, CRIF is helping providers to understand their retail and business customers in more detail than ever before, and with unprecedented speed and accuracy.

Combining global experience in financial services with the agility and innovation of a fintech, CRIF provides financial organizations with the solutions to offer their customers a full and seamless digital journey.

Among CRIF's priorities is our commitment to helping financial institutions to:

- Leverage a customer-centric approach to increasing long-term value: unlocking a better and deeper knowledge of the customer base to establish a new paradigm of relationship.
- Provide a new financial model that is open, modular & data driven: by taking advantage of the enabling power of technology (big data, mobile experience, open APIs) we provide financial institutions and their customers with innovative services.
- Unlock the potential of the customers' digital journey: we help consumers who want to consciously manage their finances and have a smart, safe and personalized relationship with their financial providers.

CRIF's holistic approach to the credit journey

- New Customer Acquisition
- Customer Onboarding
- Loan Origination
- Customer Management
- Collection

CRIF provides the full digital journey through its suite of solutions, including:

- Digital Onboarding & Identity Verification
- Open Banking Suite
- Transaction Categorization & Advanced Analytics
- Decision Engine
- ESG Data & Analytics
- Budgeting, Account Aggregation & Cashflow Management Functionalities For Consumers And Businesses
- End-To-End Digital Insurance Platform

Survey methodology

Opinium Research, on behalf of CRIF, surveyed 7,000 consumers across the United States and European countries (Austria, France, Germany, Italy, and the United Kingdom) between 18th and 26th April 2024.

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