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2023 Global Customer Experience Report: The Financial Services Perspective
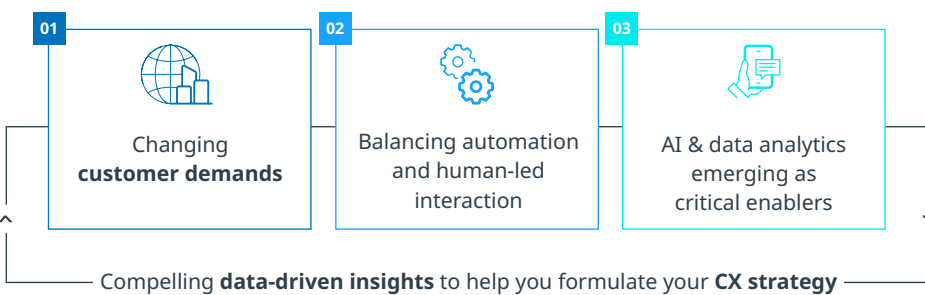
The digital revolution in business isn't just about innovation in the products and services that organizations offer. Customers are increasingly demanding digital interactions and a seamless and personalized experience across multiple channels, making it essential for organizations to understand and optimize customer journeys.

So, across industries, the focus is also on delivering high-quality customer experience (CX) to enhance customer satisfaction at every touchpoint – many of which are now digital.

Why CX is a priority for the C-suite

Great CX fosters long-term customer loyalty and has a measurable effect on the bottom line. This makes it a priority for C-suite executives, according to NTT's 2023 Global Customer Experience Report, and leads to investment in technologies such as cloud, AI and automation that support their organizations' CX strategies.

How improving CX performance drives business performance

01	02	03
Changing **customer demands**	Balancing automation and human-led interaction	AI & data analytics emerging as critical enablers

Compelling **data-driven insights** to help you formulate your **CX strategy**

These trends are also evident in the financial services industry: 92% of financial services institutions (FSIs) say that CX improvements will directly affect their net profit. This has elevated CX to board and C-suite level, as evidenced by the fact that 9 in 10 of these organizations now have a C-suite executive responsible for CX.

FSIs are investing in CX to make it easier for customers to resolve issues, to improve their brand advocacy and to grow their businesses – all key goals in a fast-evolving industry where agile and adaptable organizations can gain a competitive edge through technology.
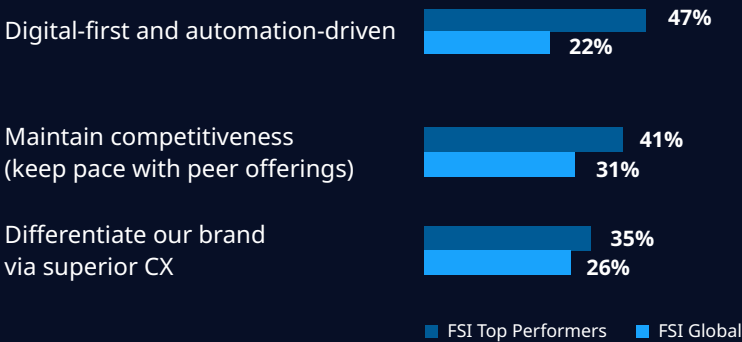
Those that have achieved promoter-level CX, as measured by their Net Promoter Score, say the impact of investment in new CX technologies on business agility, flexibility and speed is the number-one factor influencing their decision-making.

They also approach technology-enabled CX strategies with some urgency, as 9 in 10 FSIs report that legacy infrastructure is greatly affecting their business agility.

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What are the top performers doing?

Top-performing FSIs (those with revenue growth of more than 10% and an operating profit as a percentage of revenue of more than 15% in the past fiscal year) have recognized their customers' growing preference for digital interactions and are adapting their customer journeys accordingly.

Principles for customer journey design

Digital-first and automation-driven
47%
22%

Maintain competitiveness
(keep pace with peer offerings)
41%
31%

Differentiate our brand
via superior CX
35%
26%

■ FSI Top Performers   ■ FSI Global

To achieve this, they are already investing significantly in the infrastructure required to deliver seamless and secure customer journeys.

Top performers are nearly twice as likely as all other organizations to be in a state of advanced digitalization and to take a digital-first approach to customer journey design.

They also know the value of analytics that inform decision-making at all levels of the business. Top performers are:

- 88% more likely than other organizations to measure the speed of their customer service (such as average response times)
- 79% more likely than other organizations to measure customer effort
- Nearly three times more likely than other organizations to track the consumption of automated content

Looking ahead, in the next 12 months top performers will be prioritizing their CX operating model, systems integration, analytics and service personalization. In the next three years, they anticipate focusing more on analytics and proactive engagement.

In the next **12 months**

1 **Reinventing CX operating model** (introducing client success team, new structure, etc.)

2 **Systems integration** (i.e. connected customer journeys)

3 **Analytics** (incl. data management and visualization)

4 **Service personalization**

In the next **3 years**

1 **Analytics** (incl. data management and visualization)

2 **Proactive engagement/ automation**

3 **Reinventing CX operating model** (introducing client success team, new structure etc.)

4 **Predictive analytics**

Great EX leads to better CX

One of the main findings of the CX report is the rising importance of employee experience (EX) in fostering excellence in CX.

Globally, CEOs have voted hybrid and remote work flexibility as the number-one driver underpinning a successful EX strategy.

Empowering employees to work productively from anywhere is a pillar of talent retention – and employee satisfaction leads to customer satisfaction. Organizations that report being very satisfied with their level of EX are nearly a third more likely than others to achieve promoter-level CX performance in terms of their Net Promoter Score (NPS).

This is a key consideration as operating models continue to evolve. According to the CX report, only 43% of employees who interact with customers directly are now based in the office full-time, while the remaining 57% work remotely, either full-time (30%) or as part of a hybrid working arrangement (27%).

For 93% of FSIs, talent retention is a key motivator for improving EX, but only 49% strongly agree that their employees have access to the technology they need to do their jobs from anywhere.
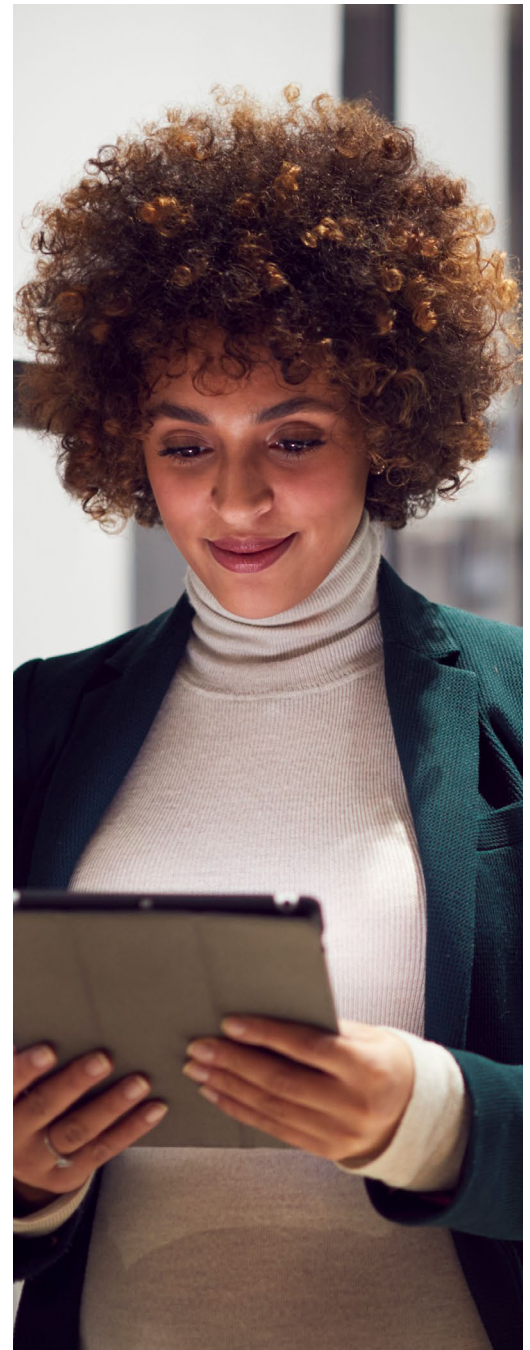
Humans still matter

Only 3 in 10 FSIs believe it's very easy or extremely easy for their customers to do business with them, and they agree that there is room for improvement.
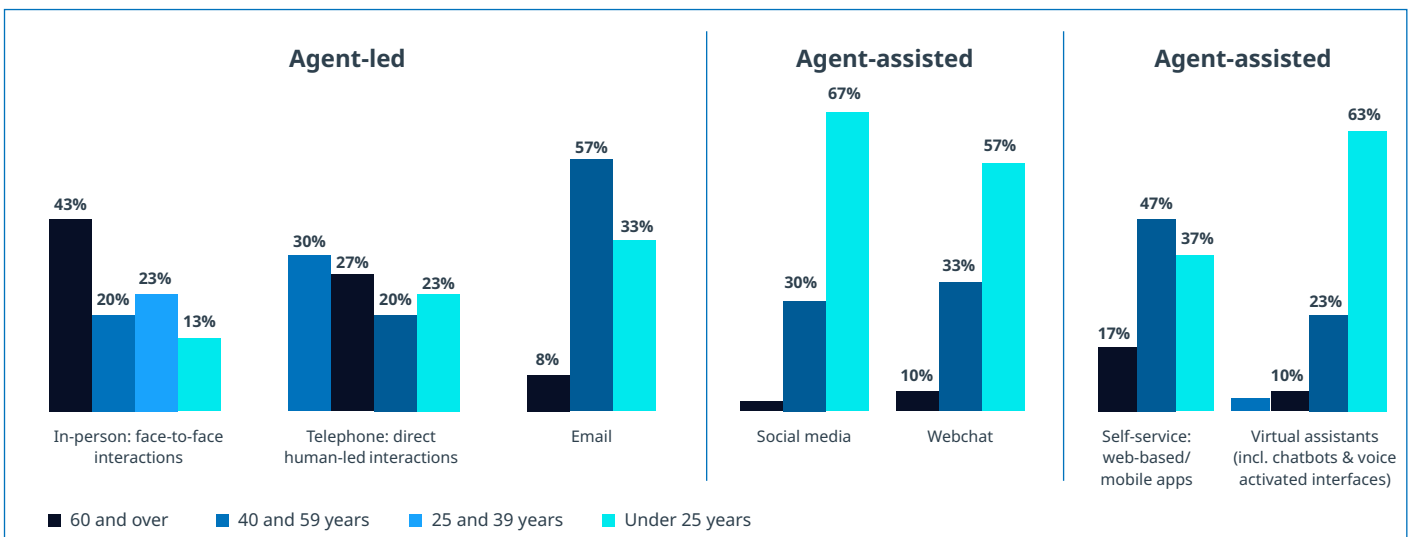
They list EX, service quality (depth of expertise), ease of resolution and personalized services as the main drivers of success in CX. New technologies such as AI and automation are making it easier to roll out hyperpersonalization, and 7 in 10 FSIs say these technologies are making a significant impact on removing drudgery from contact-center agent interactions.

Although the industry is digitalizing fast, FSIs recognize the need to balance automation with human-led interaction.

Among their customers, under-40s are open to an ever-growing range of contact channels. Those aged 40+ are becoming more accepting of digital channels, although human-led channels are still their main preference. In all age groups, there's a growing acceptance of virtual assistants and automated channels.
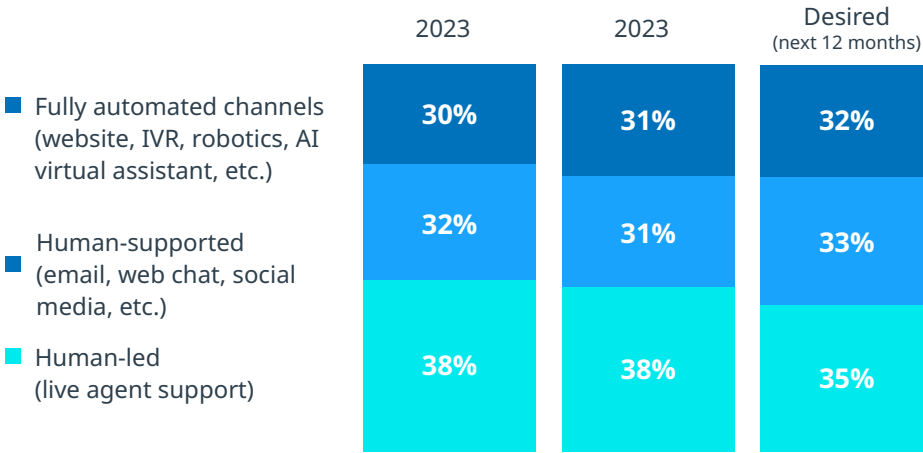
Customers embrace new channels but deploying them correctly is key

Agent-led

In-person: face-to-face interactions — 43%, 20%, 23%, 13%
Telephone: direct human-led interactions — 30%, 27%, 20%, 23%
Email — 8%, 57%, 33%

Agent-assisted

Social media — 30%, 67%
Webchat — 10%, 33%, 57%

Agent-assisted

Self-service: web-based/mobile apps — 17%, 47%, 37%
Virtual assistants (incl. chatbots & voice activated interfaces) — 10%, 23%, 63%

Legend: 60 and over | 40 and 59 years | 25 and 39 years | Under 25 years

Taking these insights into account, FSIs are now striving to balance fully automated, human-supported and human-led channels:

Average % of CX interactions via each channel

	2023	2023	Desired (next 12 months)
■ Fully automated channels (website, IVR, robotics, AI virtual assistant, etc.)	30%	31%	32%
■ Human-supported (email, web chat, social media, etc.)	32%	31%	33%
■ Human-led (live agent support)	38%	38%	35%

Limited systems integration is a challenge

FSIs consider limited systems integration across contact channels as their main challenge in optimizing their customer journeys. The primary reasons? Operational silos, channels that don't meet customers' needs, slow response times, poor user interfaces and, ultimately, a poor user experience.

Only 7% strongly agree that they regularly review their CX processes and how these processes affect evolving customer journeys, and only 4 in 10 strongly agree that their CX delivery is consistent and defined across customer journeys.
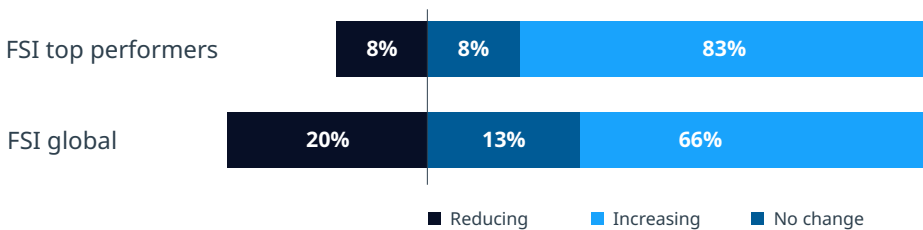
So, before organizations invest in technologies that help them improve their CX, they need to rethink their business structures and processes to pave the way for greater customer satisfaction.

Laying the foundation for great CX with technology

When it comes to underlying technologies, FSIs are investing in their networks and cloud to revolutionize their CX.

In this area, top-performing organizations are also setting the pace: they're 50% more likely than others to see digitalization and the greater adoption of innovation and new technologies as a key business objective.

Investment in IT infrastructure

	Reducing	No change	Increasing
FSI top performers	8%	8%	83%
FSI global	20%	13%	66%

■ Reducing ■ Increasing ■ No change

Although security concerns about customer data held in the cloud are listed by organizations as the number-one challenge in migrating to the cloud, 63% of CISOs at FSIs say that cloud technologies have improved their CX-related security and regulatory compliance.

For FSIs, the top four effects of cloud technologies on CX efforts are:

1. Improved productivity (better collaboration and communication)
2. Improved customization (user convenience)
3. Improved integration (access to a single, integrated customer platform)
4. Future-proofing technology infrastructure

Migrating to the cloud also gives organizations an edge when it comes to innovation: they can explore emerging technologies (including AI) more easily through "proof of value" projects with little upfront capital expenditure or operational expenditure, in the form of termed commitments.

Success lies in partnering with experts who can navigate the cloud transition, dispel myths and follow best practices.

Analytics: a critical enabler

CX is being rapidly reimagined by AI, machine learning and bots – which are ranked as the number-one enabler of CX capabilities in the next three years – and the volume of data generated by these technologies continues to grow.

FSIs are increasingly using analytics to make sense of this data and understand customer needs, deliver hyperpersonalized CX and pave the way for customer-centric financial services.

While 91% of FSIs say they capture voice of employee data to inform product, service and process improvement, only 1 in 3 use predictive analytics to collect and interpret customer and employee data, and just 1 in 4 say real-time customer feedback is a key input in designing customer journeys and tailored experiences.

It's clear there is plenty of room for improvement in this area – and FSIs know it: the uptake of predictive analytics in the banking industry is expected to rise by 53% in the next three years, while 96% of FSIs say predictive analytics is critical in gaining performance insights and anticipating operational needs.

AI leads the way

New AI tools are gaining a foothold in many industries, including financial services. In this industry, customer resistance to AI-led CX is declining: customers are now just as satisfied with AI-led interactions as they are with interactions led by humans.

AI is helping organizations improve the speed of their customer service, retain employees and streamline the user experience – the top three business outcomes in this area.

And, although the adoption of AI tools raises some cybersecurity concerns, more than half of IT security heads say AI-driven automation has improved compliance and process adherence – and, in turn, reduced business risks.

AI is also a key enabler of personalization, as customer data can be integrated with customer touchpoints in real time. Top-performing organizations say improved personalization is the top CX outcome achieved as a direct result of their investment in AI.

What comes next?

It takes specialized skills to manage the complexities of cloud, security and disruptive AI. Many FSIs are partnering with service providers to provide this expertise:

- 9 in 10 say the pandemic and other macroeconomic factors have forced in-house IT teams to focus on core business activities. Complex CX workloads are increasingly outsourced.

- Nearly 50% have increased their spending on vendor/third-party service providers as a result of macroeconomic factors affecting CX budgets.

When selecting a service provider, FSIs look at the contenders' ability to enhance their cybersecurity, to innovate with technologies such as AI and automation, and to improve their service delivery.

In this context, the as-a-service model is proving popular because it gives FSIs the flexibility to scale up and down based on business needs, and it provides a single consumable model that can incorporate a catalogue of services. This model also creates more supply-chain certainty – working with multiple vendors can be tricky when there is limited integration between their products, and it can prove expensive too.

Recommendations

The disruptive FSI landscape requires an agile, digital-first response:

Customers are going digital, and so should FSIs

Making CX quick and easy requires effective customer journey design across all channels and a digital omnichannel strategy based on customer demands.

Take action: Build a strong cloud-based foundation that can support the right channels and enable fast and efficient customer service that improves customer satisfaction.

Balance automation and human-led interaction

Striking the balance between human-led and automated functions is essential to keep pace with both customer and employee demands. While automation can remove drudgery, agents will have to navigate more complex engagements.

Take action: Automate tasks that enable and empower employees as they embrace hybrid work. This will lead to better talent retention and bottom-line performance. Equip agents to manage complex interactions.

Develop AI and data analytics capabilities

The AI revolution will shape the future of CX. Fears about its impact on security can be navigated when the right partners provide expert guidance.

Take action: Partner with experts to leverage AI to securely improve personalization and gain analytics insights

Security is the common factor underpinning these responses, while cloud enables future innovation. FSIs need to invest in scalable, flexible cloud solutions that give access to innovation and AI features.

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> NTT's 2023 Global Customer Experience Report is based on 1,442 interviews with decision-makers in organizations of all sizes in 25 countries and across 14 sectors, including financial services (17%), technology (12%), manufacturing (10%), healthcare (10%) and retail (8%).

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Take the next step

NTT can help you navigate the new era of digitally enabled CX. Our experience in migrating organizations to the cloud, combined with our proven CX and EX capabilities, will complement your existing infrastructure and services to give you a competitive edge.

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