



The Future of Customer Experience in the **BFSI & FinTech Sector**

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Introduction

The financial services industry has undergone a significant transformation from traditional in-person transactions to internet-based transactions; finally moving towards digital omnichannel transactions. The tech-enabled processes in this sector have further intensified the competition among all the parties involved, with players who once enjoyed a monopoly realizing the significance of offering seamless and customized services to customers. These new technologies have had a huge impact on customers' preferences and decisions, ranging from how they transact to how they manage their money. Financial service providers have also shifted from a product-centric approach to a customer-centric approach. The COVID-19 pandemic has accelerated the pace of digitization in this

space and has highlighted how important it is for the BFSI (Banking, Financial Services & Insurance) sector and FinTechs to join hands and take advantage of opportunities for growth amid the pandemic and beyond. This report delves into the following aspects:

- An opportune time for collaboration between BFSI & FinTech players amid the changing financial service landscape and evolving customer's needs.
- A list of current CX (customer experience) trends in the BFSI & FinTech industry that will aid businesses in sustaining themselves in this highly competitive market.
- Steps to be undertaken by businesses in the future for long-term growth.

BFSI & FinTech Collaboration – **Redefining Customer Experience** in Financial Services



Financial Services in Uncharted Waters

In recent years, the BFSI sector, pegged to be US\$ 25 trillion in size in 2020, has been undergoing a paradigm shift, with advanced technologies like Artificial Intelligence (AI), Machine Learning (ML), Blockchain and the Internet of Things (IoT) being leveraged to deliver services. These transformational changes have been influenced by rapidly-changing customer experiences and preferences. Indeed, in today's hyper-digital age, customers consider ease of transacting, speed and convenience over attractive financial terms, and will not hesitate to switch loyalties in case their needs are not met.

Amid the pandemic, a decline in branch visits has led to a rise in virtual interactions among financial services companies and customers. It has accelerated the pace of ongoing adoption of

digitization and reinforced focus on fast, secure, and straightforward access to funds. The ongoing pandemic situation has made digitalization a critical priority for incumbent financial institutions, and most importantly, for consumers.

With the level of competition within the sector having risen by several notches in a short span of time, the collaboration between traditional financial service providers and FinTechs has proved to be a win-win for both sides.

FinTech companies are known for introducing innovative solutions. They enjoy the following advantages as compared to incumbent financial service providers:

- Comparatively less regulated and bound to fewer rules and compliance norms

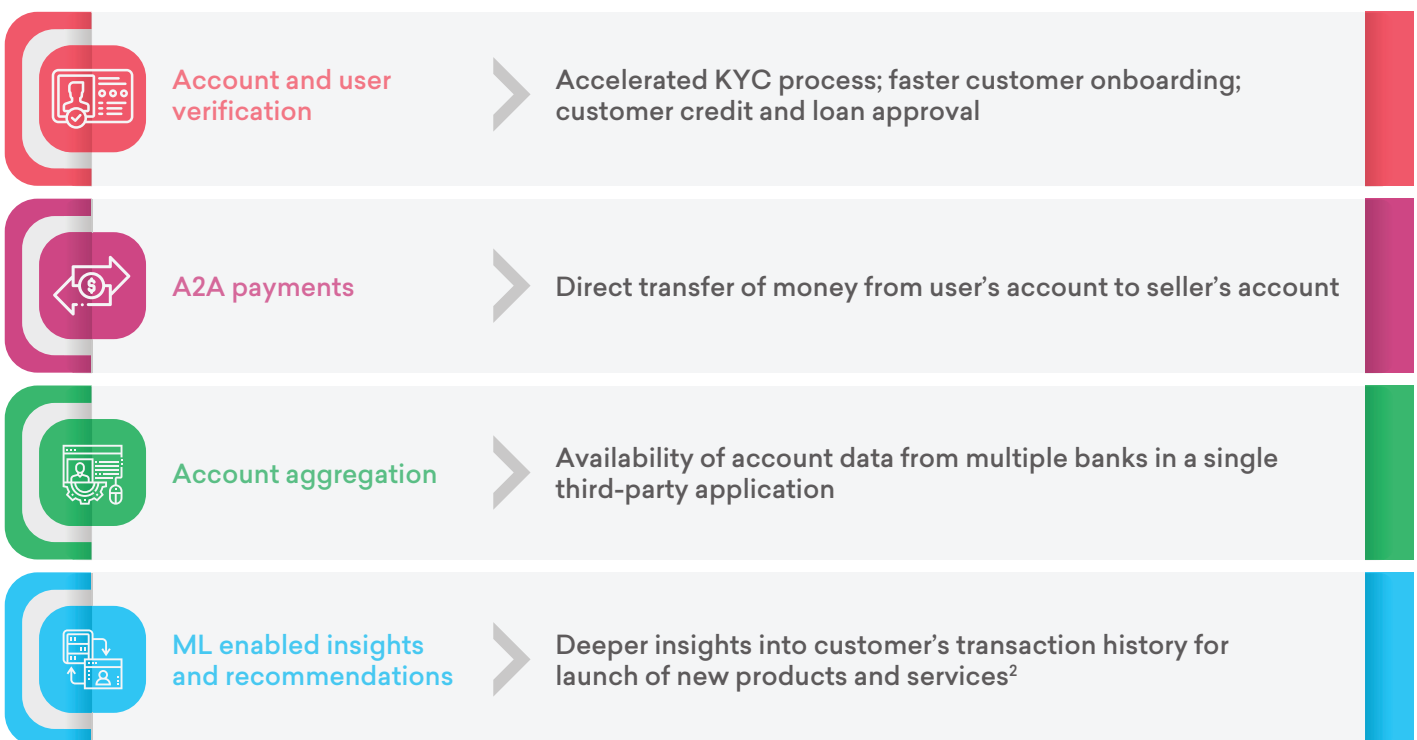
- Lower operating costs
- Better involvement of customers in the center of operations
- More value creation from innovations and technology¹

BFSI and FinTechs: A Win-Win Collaboration

A collaboration between financial service providers and FinTech companies can be a great win-win for both sides for the following reasons: -

- Technology is not the primary business of financial companies; partnering with FinTechs makes technology the purview of FinTechs, helping financial companies **focus on core activities**
- Partnering with FinTechs **helps reduce the time and costs involved**, without compromising on the quality and range of services
- Helps both sides **expand their market reach**
- Helps both sides **regularly engage with customers and stay ahead** of customer and market needs

As per research conducted by [paymnts.com](https://www.paymnts.com), FinTech companies can help financial service providers in the following ways:



According to the World FinTech Report, the reasons why FinTechs find it beneficial to partner with financial services are as under: -

Fig 1: FinTech perspective on collaboration with BFSI (in %) ³

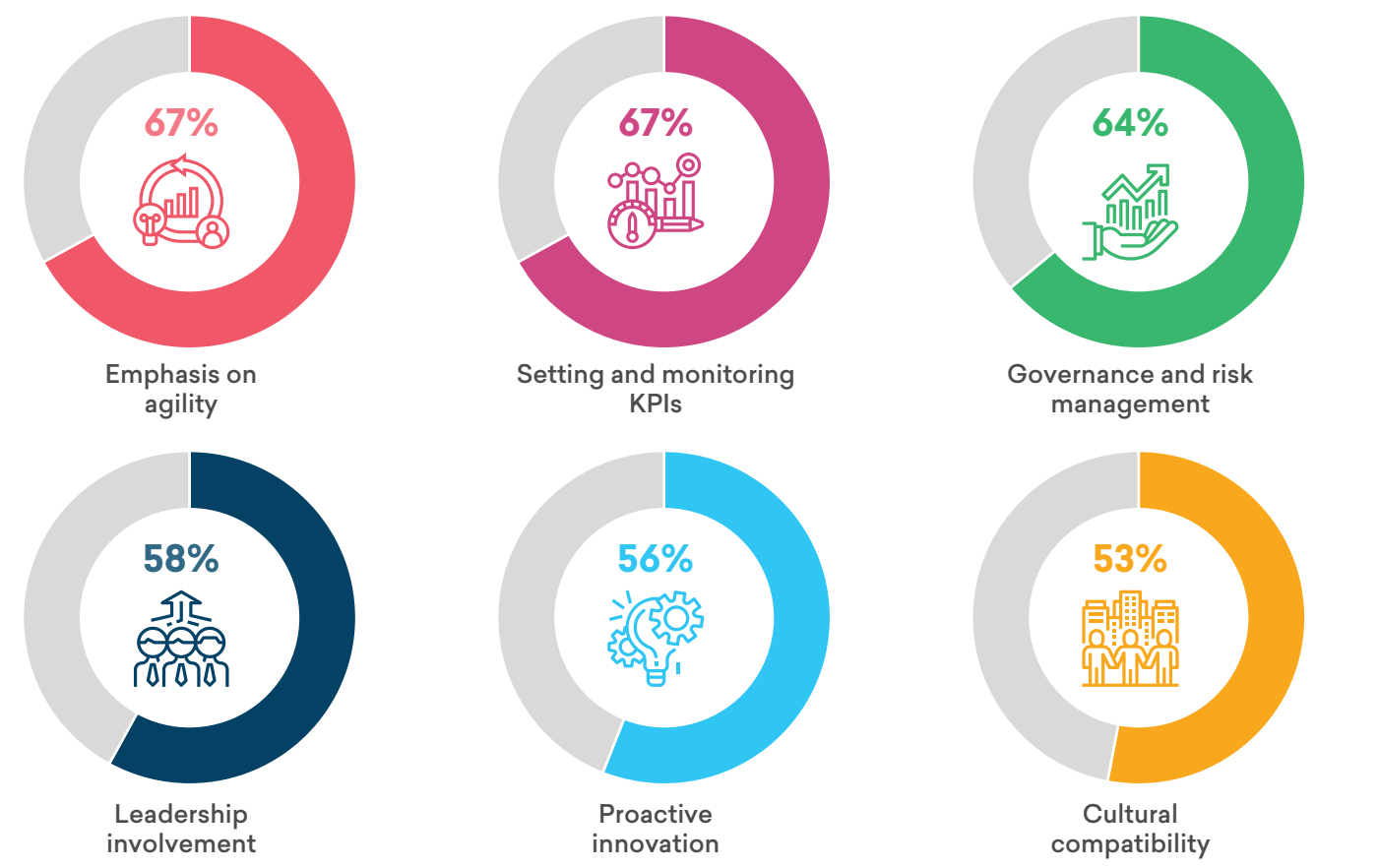
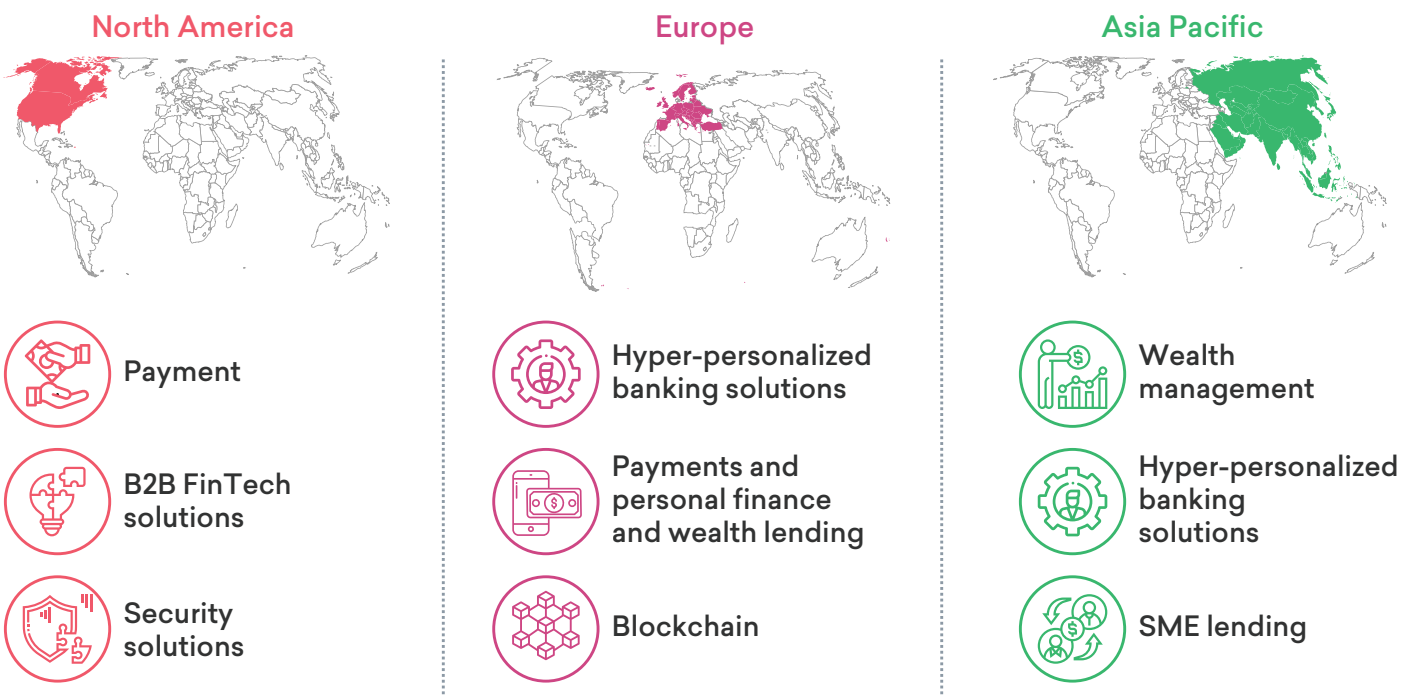


Fig 2: FinTech Deployment: Regional Overview⁴



Customer Behavior and CX in the **Current Landscape**



Today's customers not only want affordable services, but also personalized services with enhanced capabilities; this is what leads them to consider non-traditional players in the financial services space. Non-traditional players are leveraging technology to offer an intuitive and seamless experience to the customers.

Considering the fact that we are living in a hyper-digital age, today's customers have the following expectations from their financial service providers:

- They want **attractive low-cost offerings**, no matter who provides them
- They want **ease of transaction**, which includes apps with better user experience
- They want to be able to transact through the **convenience of their own devices**
- They want to be able to **avail services and transact quickly**, almost in real-time
- They want **24x7 access** to finance and post-transaction services
- They want their time to be valued and expect **speedy interactions**
- They want **personalized services**

Fig 3: Top Reasons Customers Adopt Banking Services from Non-traditional Players⁵

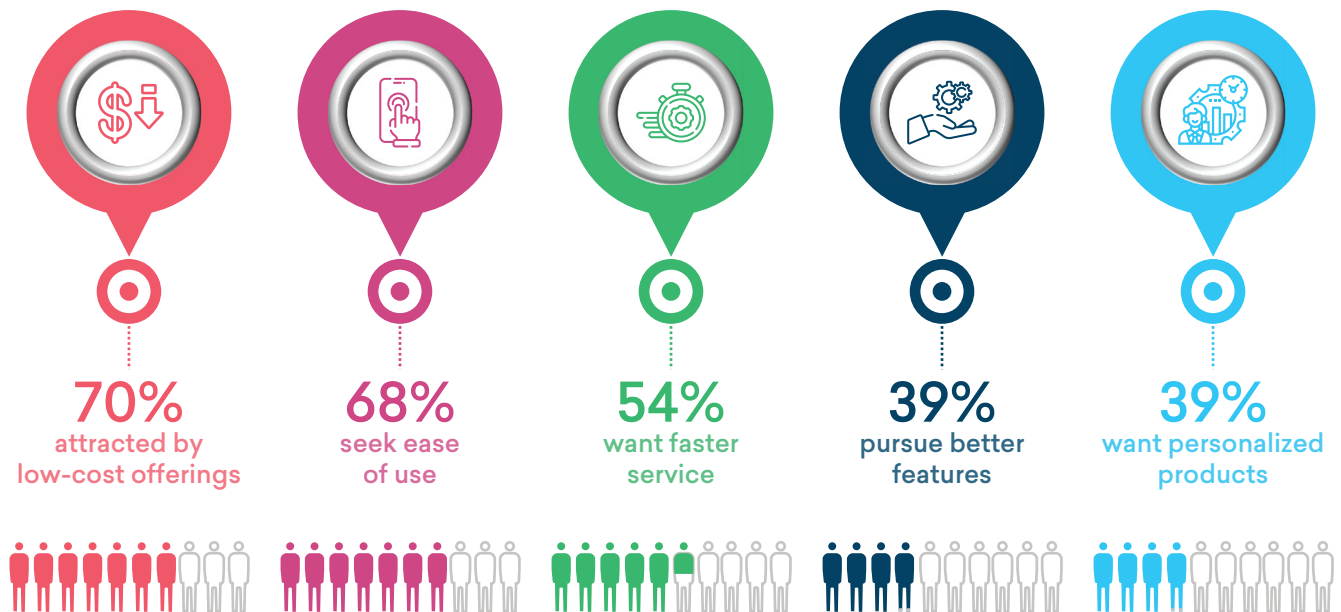
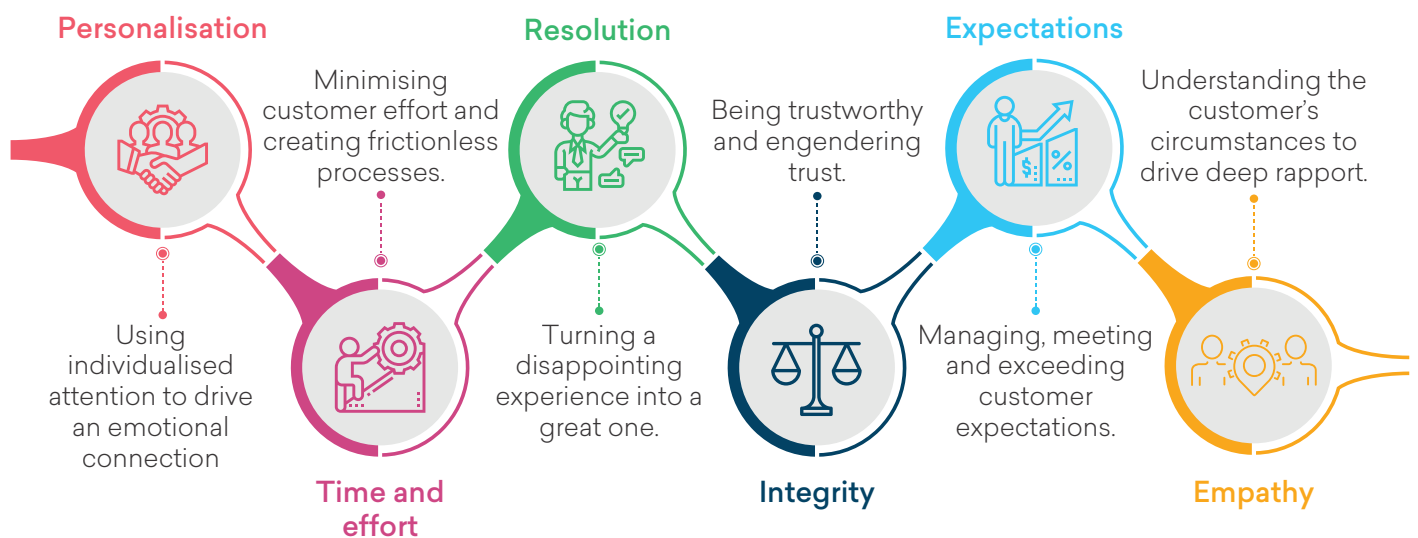


Fig 4: The Six Pillars of Customer Experience Excellence⁶



Here are a few more interesting facts about customer's behavior in the BFSI-FinTech space. These will give you an idea about the extent of transformation being witnessed in customer interactions and delivery of services in recent times:

- According to a blog by Microsoft, globally the average person has up to **17 interactions a month** with their bank, mostly online or on mobile⁷
- An Accenture survey revealed that **40%** of banking customers in North America were willing to switch financial institutions for more personalized services⁸
- A study by CACI suggests that by the year 2022, globally mobile transactions are projected to grow by **121%**, which will eventually comprise as much as **88%** of all banking transactions⁹
- A recent global study by Oracle shows that **67%** of consumers and business leaders trusted robots more than humans when it came to managing finances¹⁰
- According to Google, **62%** of people use digital banking, and **46%** of people managing their finances switch devices before completing an activity¹¹
- Only **27%** of consumers in North America think their bank's branch, online and mobile channels are seamless¹²
- As per eMarketer, by 2022 almost **78%** of the United States' millennial population will become digital banking users¹³
- The use of cash at all point of sales has dropped by **42%** since 2019 and is projected to be the least-used payment method within four years¹⁴



Freshworks Perspective

Customers are focused on a safety-first approach, and wherever possible, they're looking to benefit from 'contactless customer service'. This trend is set to continue through 2021. To prepare for this eventuality, CX leaders in the BFSI industry need to keep the following points in mind:

- **The rise of Chat-First interactions:** The reason this channel is gaining popularity and effectiveness is that it provides benefits to customers in the form of a familiar, easy-to-use channel as well as to contact centers, by increasing agent productivity exponentially.
- **With volatile staffing, automation becomes key:** Global CX leaders are investing more in self-service and AI-chatbots & automation. Operating with reduced staff is one of the biggest challenges faced by customer service teams. Technology and automation are the key to tackling rising contact volumes with constrained staff.
- **The future is hybrid:** Remote or hybrid work models that allow for work-from-home and working from office are here to stay. Identifying and implementing the right remote-ready technology stack for your customer service operations will enable your team to react to any situation while working from anywhere.



Top BFSI- FinTech Trends for **Exceptional CX**



CX is the key focus area for any business that seeks to sustain itself for the long term in a highly competitive environment. The following are some of the key customer trends in the BFSI and FinTech space: -

The Omnichannel Experience: Digitally savvy customers prefer a unified experience across different channels such as email, phone, live chat, social media, in-app chats and chatbots. Omnichannel presence makes it possible to deliver services through various endpoints and is imperative to customer satisfaction. It also strengthens sales by converting satisfied customers into brand evangelists.¹⁵ The ability to solve a problem in a customer's channel of choice gives brands the ability to reach an outcome without making customers switch between touchpoints, which means faster results. Alternatively, when customers reach out from multiple channels for the same instance, having

visibility of past interactions across channels can aid speed of resolution.

Enhance Customer Engagement by Offering Personalized Services: Today's customers want real-time and personalized services. The deployment of advanced analytics and machine learning can help your business deliver precisely that. These can help retain existing customers as well as attract new ones. In today's crowded digital space, where everyone in the financial services space is trying to attract customers digitally, redefining CX can help forge deeper ties with them by effectively utilizing available data and artificial intelligence (AI) technology. Using AI-enabled chatbots, banks can have personalized touchless interactions with clients. AI-driven predictive analytics can help banks recognize patterns in customers' spending behavior, which in turn can help them develop more personalized products and services.^{16,17}

Resolving Customers' Queries with Speed: In today's age, timely responses rank higher than quality service. Resolving customer queries and processing their claims quickly helps keep them happy and upholds a brand's image.¹⁸ It is also possible to maintain engagement with customers even after the end of business hours by integrating AI-powered bots – voicebots or chatbots – which can help customers schedule a callback for the resolution of their queries. Agents can then get back to customers during business hours, if required.¹⁹

Deliver Unique Products: To stay ahead of your competitors, focus on delivering unique and valuable products to your customers. Dashboards and data visualization can assist your business in deriving insights from customers' data and delivering a pleasant experience to your customers. This will also help you in driving customer loyalty, as your business will be able to address customers' needs at a deeper level.^{20, 21} For better engagement, companies are educating customers about mobile and other digital payment solutions and making it easier for users to adopt them. Since today's customers are time-strapped and highly value user-friendliness and convenience, robo-advisory services, gamification and support through chatbots are being extended to them.²² Innovative products such as digital loans, biometric-based payments, spend management and personal finance management apps, etc., are being introduced for tech-savvy customers.

Transparency to Deepen Ties: Trust is paramount in the financial services sector, since companies are dealing with the personal finances of customers. Therefore, it goes without saying that there needs to be a certain degree of transparency at every level of every transaction. This is especially true when it comes to collecting and using customer data. Customers should be able to know what kind of data is being collected, how it is being used and whether it is being shared with a third party. Their consent should be sought, and they should also be able to revoke consent. Transparency in such aspects will only help deepen ties and reinforce trust.²³

Allow Customers to Seamlessly Switch from One Bank to Another: Trust is critical for customers, especially when it comes to financial services. Allowing customers to switch from one bank to another to carry out transactions amounts to offering personalized services at affordable rates. Provision of a seamless banking experience through the adoption of banking as a service model (BaaS) can help boost customer satisfaction.

Co-browsing: Assisting customers in filling their forms through remote navigation helps banks in reducing the number of abandoned applications and saving their time. When your customer feels that you truly value their time and interests, they will reward you with their loyalty.²⁴

Self-service portal: Self-service support portals can be deployed to answer routine queries and address con-complex problems, thereby offering quick solutions on a real-time basis at any time.

AR and VR Applications for Customer Support: Augmented reality (AR) based mobile applications are being used by financial companies to help customers locate the nearest ATMs and in booking appointments. Likewise, Virtual reality (VR) support through chatbots and virtual assistants is also being offered. These help to create immersive and personalized experiences for customers.²⁵

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Freshworks Perspective

With the rise in contact volumes, customer service leaders are looking for ways to enable customers to help themselves. You can guide customers towards self-service with a support portal, an extensive knowledge base, AI-powered chatbots that are able to answer routine queries, etc. Identifying and automating time-consuming tasks allow support agents to focus on the customer.

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Customer Experience Priorities for the Near Future



Emerging technologies and new modes of engagement have transformed the way customers interact with their financial institutions. Customer satisfaction is highly dependent on the quality of engagement rather than product

differentiation, through a focus on factors such as insights derived over time, continuous personalization, trust and security, and context of engagement.

Factors affecting customer's behavior towards a financial services company



30%

Consumers switched bank providers due to factors such as competitive pricing, customer service quality or value for money

61%

Consumers expect to have access to online interactions in their entire customer lifecycle

Some of the key Customer Experience priorities for the BFSI-FinTech sector going forward will be:-

Continuous Personalization of Digital Experiences: It is possible to offer highly-personalized digital experiences to customers by leveraging technologies such as AI, ML & Analytics. Amid the pandemic, the need for proactive personalization has increased further. To gain an edge over competitors, it is important to generate insights from past interactions with customers and to proactively address their needs for the future.

Focusing on EQ: There is a need to analyze the ongoing flow of customer feedback and try to recognize any pain points or experience gaps. Natural language processing can help in understanding the intent behind a client's call and in connecting them to the appropriate agent for the resolution of their queries.

Offering Seamless Banking Experience: Companies should be able to provide a seamless banking experience to customers. This can be achieved through collaboration with a third party. For instance, an insurance company can collaborate with its treasury bank to offer payout options to its customers. In this situation, the FinTech firm, powering the bank, can act as an invisible disbursements' engine. This will enable the treasury bank in pushing new payout options to its corporate customers and enable other banking services to engage with those customers.²⁶

Automation of Redundant Tasks: It is possible to reach out to more customers and extend

your footprint by doing away with redundant tasks through automation. Automation can help save costs and time and reduce errors, thereby strengthening your first call resolution rates and enhancing customer satisfaction.²⁷

Prioritizing Speedy Service: In today's crowded marketplace, customers are spoilt for choice and do not hesitate to shift loyalties in case their needs are not met on a real-time basis. Therefore, it is worthwhile to invest in technologies that help deliver quick and real-time solutions to customers.



Freshworks Perspective

Today, customer service should be at the center of your growth strategy.

According to McKinsey research, more than 60% of consumers across the UK, EU, US, and APAC are trying new brands due to economic pressures, store closings, and changing priorities. With these consumers going online in their search for better and safer ways to transact with businesses, the lines between sales and service are blurring. Companies cannot treat customer service reactively anymore.

Freshworks analyzed 107 million support interactions and it emerged that speed is the most important factor to improve customer satisfaction.



Being Future-Ready: It is worthwhile to reimagine what the banks of the future will look like and act accordingly. Some banks have begun experimenting with a showroom-style design like Apple Stores, wherein customers can witness the working of applications through rows of smartphones and other mobile devices. Some banks are transforming their physical branches into customer training venues to offer consultative services. The branch of the future will comprise both these functionalities including self-service options, community space, and advanced technology to cater to the unique needs of the customers.²⁸

Building Customer Trust: The customer trusts you with his private information, therefore, you need to ensure that you uphold that trust. Companies can leverage technologies such as blockchain to ensure secure transactions and enhance transparency. The focus in 2021 will be on collaborative and connected banking. Companies need to stay in constant touch with customers and educate them about the changing financial services landscape.²⁹

Empowering Employees: There needs to be a focus on enhancing employee productivity and empowering employees to deal with the needs of modern customers through smart tools. Remove any friction in the customer journey by enabling them to interact with agents whenever and

wherever they want. In addition, offer robust, omni channel dashboards to provide a unified overview of the entire customer journey so that the agent is able to solve the customer's query on a real-time basis.³⁰

Rewarding Loyal Customers: If you want to win over your customers, you need to reward them for their loyalty. Besides offering cashbacks and loyalty points, providing enhanced offerings in terms of customized and frictionless experiences are also valuable. You should engage with customers throughout their lifecycle and follow up with them through different channels. Traditional players are increasingly partnering with technology players to offer innovative solutions to their customers. Differentiated customer experience and competitive propositions can help you extend your market share.^{31,32}



Freshworks Perspective

Customers favour brands that respond to them first, fastest and with the greatest understanding of their needs. You need to focus technology investments towards enabling teams to deliver exactly that. Develop a strategic framework for near term investment, with a focus on customer feedback, automation and chatbots.



Customer Success Stories



Freshworks Helps NIC ASIA Bank To Support Its 1.8 Million Customers



After NIC Bank and Bank of Asia Nepal merged on June 30, 2013, the bank was renamed NIC ASIA Bank. NIC ASIA has since grown to become one of Nepal's most profitable commercial banks.



Challenges

NIC ASIA used to rely heavily on manual, time-consuming processes for customer queries and grievances. Shifting through multiple interfaces and applications to complete a single task was becoming a big problem, and the majority of the bank's customers gravitated toward email as the only mode of communication.



Solution

Freshdesk, an online cloud-based customer service software from Freshworks, was implemented by NIC ASIA Bank to enable an integrated, single window platform to support all customer queries and grievances. With the help of Freshdesk's reporting, the bank is now able to track metrics such as Customer Satisfaction Index, Net Promoter Score, Customer Reporting Index, Employee Satisfaction Index, etc.

The bank introduced **Freshchat** on their website and saw a significant shift in traffic towards the chat facility from email. Now, the bank has chat agents dedicated to handling Freshchat queries which number over 400 conversations a day.



Result

82%

First contact
resolution by chat

99%

First Response SLA

98%

Resolution SLA

“

We've implemented all the new features launched on both Freshdesk and Freshchat. We are now looking at integrating Freshchat with our existing Bot program.

Suman Thapa – Manager - Experience Enrichment, NIC ASIA Bank

”

Klarna Wows Its 80 Million Customers Using Freshchat

Klarna®

Klarna is a Swedish FinTech company with headquarters in Stockholm, Sweden, and provides online financial services such as payments for online storefronts, direct payments, and post purchase payments. The company is one of Europe's highest valued private FinTech companies and the second highest worldwide.



Challenges

Klarna had a lot of ground to cover for its vast client base, which executed over 1 million transactions every day, and its chat solution could not keep up. They had to deal with the manual assignment of chat conversations and authenticate a customer during every service interaction which impacted both handling times as well as the overall customer experience.



Solution

Klarna deployed **Freshchat**, the modern messaging platform from Freshworks across 7 countries. Freshchat helped the company to transform its operations behind-the-scenes, by automatically assigning the chats to the right team for quick resolution and helping to focus on customers that require immediate attention. Freshchat's Marketplace feature also helped the chat agents to have an informed chat conversation by fetching data from all Klarna's third-party apps and CRM.



Result

3x

Increase in
chat query

60s

First response time

1M

No. of daily transaction

“

We needed a partner that would iterate fast with us, listen to the feedback, deliver the features that we need and constantly improve. Freshworks has proven to be such a partner.

Tien - Product Manager, Klarna

”

Freshdesk Helps Finsure To Enhance Communication With Over 1550 Brokers



Finsure is one of the largest and fastest growing mortgage aggregators in Australia with headquarters in Sydney. The company has a network of over 1550 brokers and a loan book of over USD 34 billion.



Challenges

Finsure used multiple shared inboxes to respond to brokers' queries and requests. The large volumes of incoming queries had made the email server extremely slow and often impacted employee performance. The team needed a helpdesk solution that could hold agents and brokers accountable and could provide the conversation history, which was difficult with a shared mailbox.



Solution

Finsure replaced its shared mailboxes and previous helpdesk supplier with Freshdesk. The new system made the employees more accountable and efficient in how they respond to the brokers in a timely manner. It also made the employees collaborate easily with other teams and made them more productive than before.



Result

81%

First call resolution

94%

SLA

“

Freshdesk has eliminated the downtime associated with overloaded email inboxes. Agents now respond in real-time to incoming requests for assistance as opposed to waiting on bloated, shared inboxes.

Tristan Delany - IT Manager, Finsure

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Final Thoughts

Customer loyalty has been severely affected in a post pandemic world. Economic pressures are driving customers to change brands. Now that the new normal has set in, customer retention has taken centerstage over growth. Customers are taking to digital channels for safe, contact-less experiences, blurring the lines between sales and service. This has placed customer service at the center of opportunity. Capitalizing on this opportunity means shifting from an ad-hoc reactive approach to proactively keeping up with changing customer needs. Now more than ever, the key to a future-proof business is putting the customer first.

About Freshworks

Freshworks provides innovative customer engagement software for businesses of all sizes, making it easy for teams to acquire, close, and keep their customers for life. Freshworks SaaS products provide a 360-degree view of the customer, are ready to go, easy to use, and offer a quick return on investment. Headquartered in San Mateo, California, Freshworks has 3,100+ dedicated team members serving our customers throughout the world.

For more information visit <https://www.freshworks.com/>.

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