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# DIGITAL TRANSFORMATION:

How to win tomorrow's customers

# THE CHALLENGE

**No company wants to deliver a bad customer experience. And no business wants to be a laggard. But many financial services firms are guilty of both.**

Budget and operational constraints mean some are delaying digital transformation. Others are settling for a “bare minimum” digital experience. They’ve surrendered to the constraints of their legacy systems. But at what cost?

Today, FS firms must engage digitally. Nearly 40% of Americans have not been into a bank or credit union branch in at least the past six months. The same number of the investors would consider switching wealth manager if they did not offer sufficient digital services.

FS firms must work to provide an awesome digital customer experience – not a mediocre one. They must also attract the next generation of customers now. Not later.

## WHO ARE TOMORROW'S CUSTOMERS?

For investment managers (with an older client base), tomorrow's customers are millennials. Those who don't yet fall into the high net worth bracket but stand to earn well and inherit wealth too. They'll want real-time, digital access to their investments, a transparent fee structure and the ability to execute transactions without human interaction.

For retail banks, millennials are already customers. They might switch banks, but there are newer cohorts to focus on – like Gen Alphas, the children of millennials. Growing up with Netflix on demand 24/7 and the ability to completely customise their digital experiences, Gen Alphas won't stand for anything clunky. And they'll want added value at every turn.

Corporate banks meanwhile, must prepare for more demanding (and increasingly youthful) C-suite execs. They won't be satisfied with proprietary technology that isn't plug and play. And any tech must work in a multi-bank environment, integrating seamlessly with all other systems and offering a single source of truth.

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# THE SOLUTION

## HOW CAN FIRMS WIN NEXT GEN CUSTOMERS?

This is precisely why FS firms cannot afford to ignore or delay digital transformation. A shift in thinking – and speed – is needed.

Wealth managers need to lose the notion of their relationships being a differentiator. A USP isn't unique if everyone has it. Key people considered as “client attractions” can leave any time. Technology will always be around – just in different guises. Plus, tech can be made into a differentiator. Especially when so many wealth firms offer a bad, or even no, digital experience.

Deploying artificial intelligence (AI) is one way leading firms are changing. They are buying or launching robo-advisors. They are also using smart features such as natural language processing (NLP) and chat bots. These make the digital experience just as good as the human one, but without the restrictions of working hours or long telephone waits.

Retail banks also need to play catch up. Millennials' kids are on their way to opening bank accounts. They won't want to manually analyse their spend. They'll want Google-style search functionality that uses NLP to enable them to see instantly how much they've spent on groceries in the past month.

They'll want geolocations on transactions and the ability to attach receipts. They'll want customized alerts delivered to all their smart devices – phones, watches, cufflinks – you name it. And in the future, they'll want to apply for a home loan just by sending the bank a photo of their dream house.

Gen Alphas will also look for banks to pre-empt their next move, using analytical tech. When they make a payment to a holiday firm, tech should automatically suggest travel insurance to them, or a short-term loan to help them enjoy their trip to the max. This is the art of the digital cross-sell.

In short, to win next-gen customers, retail banks need to significantly raise their digital sights. As Ben Perham, Head of Personal Banking for Macquarie's Banking and Financial Services Group, said when announcing the institution's ambitious digital transformation, “We see our competition as the last app a customer used. That's the bar we've set ourselves in terms of customer experience.”

Corporate banks, meanwhile, need to work out how to use digital transformation to differentiate themselves in a multi-bank world. Open banking is coming.

Application programming interfaces (APIs) are being seen as the answer, helping banks become more agile around launching digital solutions. Leading banks are also seeking to create connectivity building blocks using APIs to join together systems or data that have traditionally been separate.

They're also leveraging APIs to change the way corporate customers consume data, improving the experience by allowing tech such as Treasury Management Systems to talk directly to the bank and vice versa.

Take Bank of America Merrill Lynch, which is linking up its online cash positioning tool with Microsoft's Office 365 – since finance functions still love to use Excel. A neat way to please existing customers and win new ones.

## WHAT DOES THIS MEAN?

All these digital engagements minimize the need for human interaction with the customer. That might seem scary, but it's a great thing. Relationships will still be needed. The key is to make them more valuable. And to turn buzzwords and emerging tech into profits.

So, as part of their digital transformation journeys, FS firms must also up their marketing game. This means joining the digital and physical worlds. Creating touchpoints that spur the customer into human interaction.

While smarter ads are one weapon, next-gen customers will demand more. Societal expectations dictate that all organisations – especially FS firms – must help their customers

to build better futures. Sharing advice and intellectual capital through content marketing will be vital.

What's more, great content marketing will build a solid bridge between digital and human interaction, leading to a seamless customer journey. By setting out their intellectual stall through a channel of the customer's choosing, an FS firm can demonstrate that they truly understand customer needs. And that they have cutting-edge solutions to address them.

# READY TO ENGAGE?



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