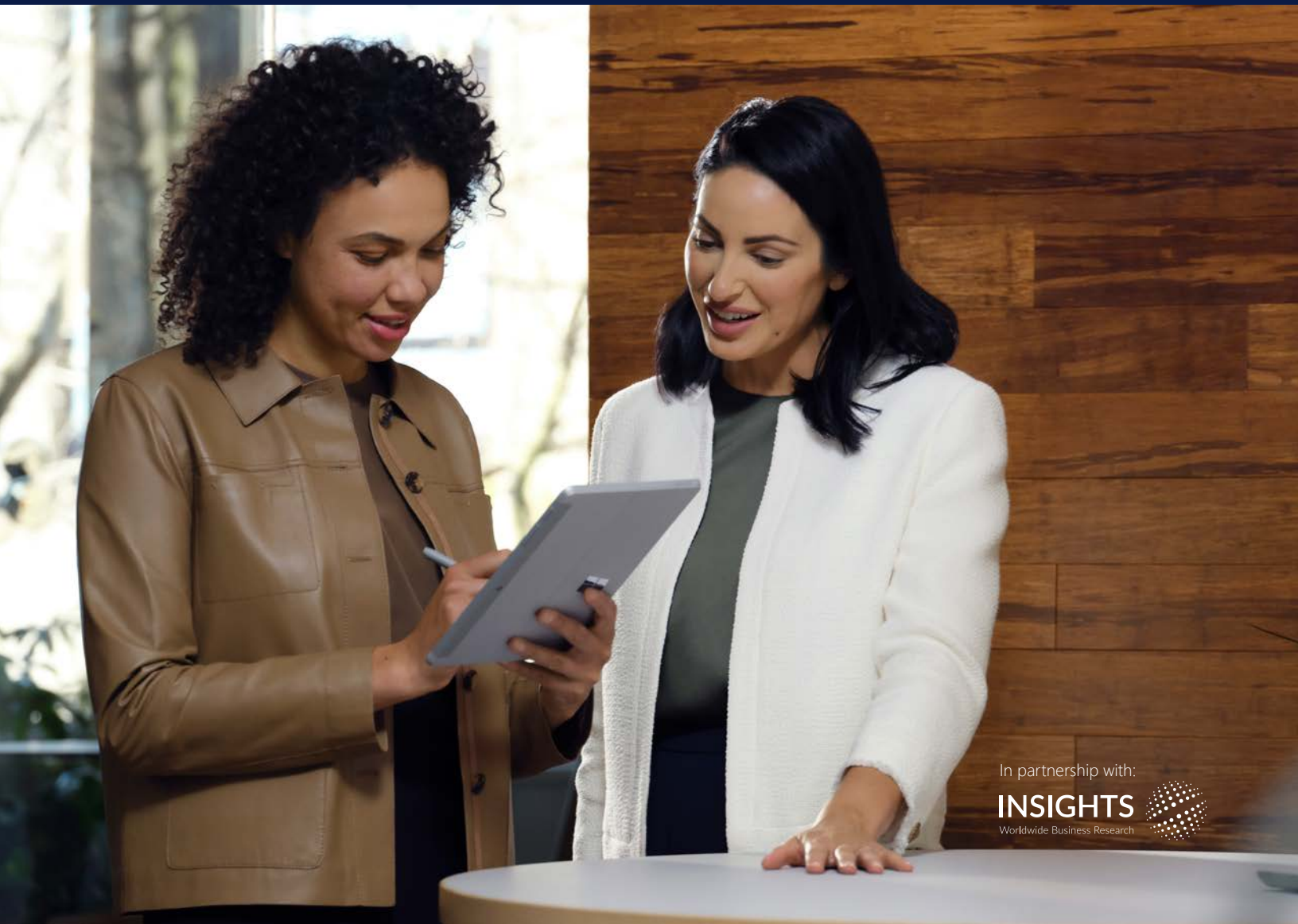


Customer experience in the 2023 financial services market

An analysis of ongoing CX strategies as financial services organizations pursue more connected relationships with customers



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03 /
Executive summary

04 /
About the respondents

06 /
Key insights

07 /
Self-service continues
to define the customer
experience in the industry

12 /
Multiple challenges stand
between firms and a
truly omnichannel
customer experience

16 /
Financial firms will create
a consistent call center
experience across channels

19 /
Conclusion: the most
competitive CX innovations in
the financial services industry

21 /
Key suggestions

22 /
About the authors



Executive summary

Customers of banking, insurance, and capital markets firms have increasingly adopted digital as a means of conducting transactions and engaging with their service providers. This trend has been ongoing for years, but it was accelerated at the start of the pandemic when many physical branches closed their doors.

Now, companies have had time to perfect their digital and in-person customer experience initiatives and identify challenges. There are now more opportunities to deploy omnichannel solutions that could create a consistent, unified experience for customers, regardless of which channel they prefer.

This report explores how financial services firms have adapted their CX strategies over the past year. It provides comparisons to results from last year's study to identify key trends in budget allocation, technology prioritization, and more.

For more insights, please access our other recent reports:

[2022 Customer Experience Trends in Financial Services](#)

[2021 Customer Experience Trends in Financial Services](#)

About the respondents

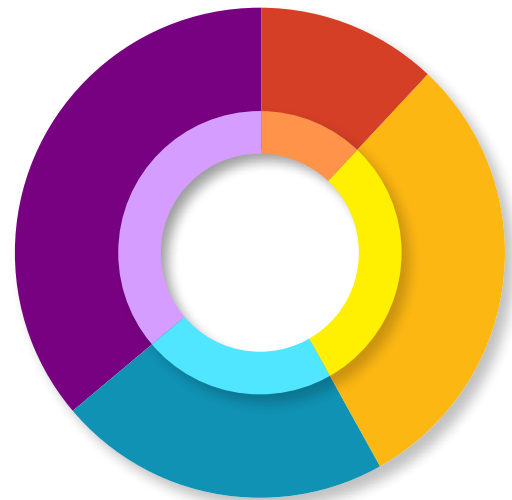
Microsoft and the WBR Insights research team surveyed 100 leaders from financial services organizations in the U.S. to generate the results featured in this report.



What is your role?

- 24% Customer Experience (CX)
- 25% Customer Service
- 51% Marketing

About half of the respondents (51%) occupy marketing roles. The remaining respondents occupy roles in customer service (25%) and customer experience (24%).



What is your seniority?

- 12% C-Suite Executive
- 22% Department Head
- 30% Vice President
- 36% Director

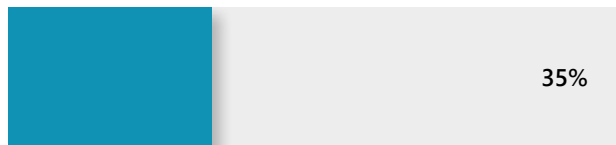
The respondents are C-suite executives (12%), vice presidents (30%), department heads (22%), and directors (36%).

What is your company's annual revenue?

\$1 billion - \$10 billion



More than \$10 billion



Most of the respondents (65%) represent companies that make \$1 billion to \$10 billion in annual revenue. The remaining respondents (35%) represent companies that make more than \$10 billion in annual revenue.



What type of financial services company do you represent?

- 34% Insurance Company
- 33% Commercial Bank
- 33% Capital Markets Group

The companies represented in the report are about evenly split in terms of type. In each case, about one-third of the companies are insurance companies (34%), capital markets groups (33%), and commercial banks (33%).



Key insights

Among the respondents:

- 37% currently dedicate 25% to 50% of their budgets to CX, a significant decline compared to last year.
- 46% say their organizations' CX budgets will increase in the next 12 months
 - 59% of these respondents will most likely invest in digital self-service options for customers.
 - 50% will most likely invest in leveraging customer data for more real-time personalization.
- 49% say their organization's CX is only somewhat consistent across channels while 18% say it is somewhat inconsistent.
- 88% struggle at least somewhat to increase resolution rates regardless of channel.
- 81% struggle at least somewhat to reduce call times at call centers.
- 53% struggle to track customer cases across channels as part of delivering consistent, high-quality CX, while 50% struggle to build meaningful customer relationships.
- To improve customer call handling:
 - 62% have integrated a CRM into their call center resources.
 - 61% have improved agent training.
 - 55% use automated call distribution technologies.
 - 51% use call scoring or other evaluation methods.
- 51% believe their customers will embrace digital financial tools over physical branch services in the next 12 months.

Self-service continues to define the customer experience in the industry

Financial services firms have weathered a series of disruptions over the past few years. In 2020 and 2021, much of their decision-making regarding budget allocation was based on shifts in consumer behavior.

At the time, consumers were adopting digital channels and self-service options to safely conduct business with financial firms. Much of this behavior was a direct result of branch locations shutting their doors. However, now that branches are open again, consumers' interest in digital is showing no signs of slowing down, and financial institutions are still dedicating considerable resources to digital CX.

Over one-third of the respondents (37%) currently dedicate 25% to 50% of their overall budgets to CX, while 43% dedicate 11% to 24% of their overall budgets to CX.

This represents a decline compared to last year. In 2021, most of the respondents (62%) said they dedicated at least 25% of their budgets to CX.

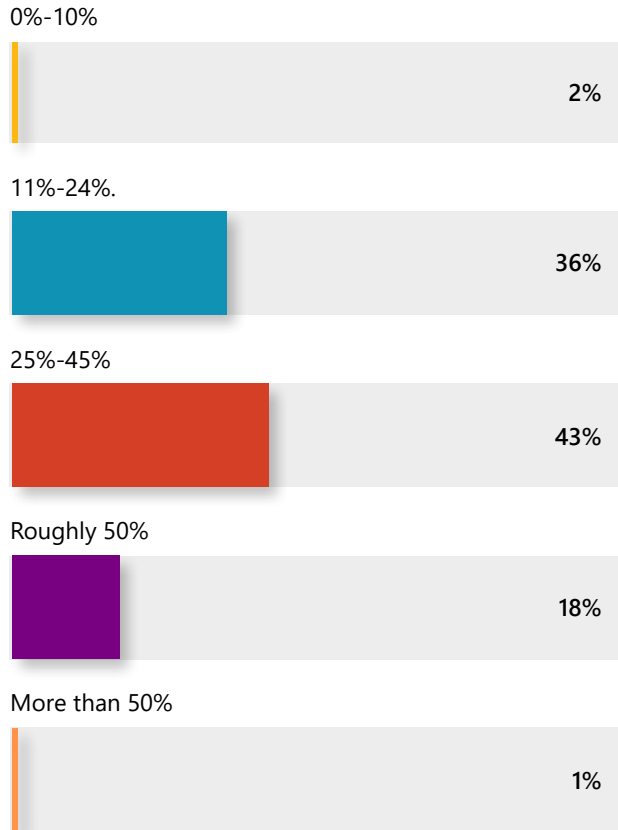
This change also occurred despite some indications last year that CX budgets would increase. In 2021, 44% of the respondents said their CX budgets would increase at least somewhat.

The shift could be attributed to multiple factors.

None of the respondents could have predicted at the end of 2021 what events would transpire in 2022. At the time, many organizations were still heavily focused on recovering from the COVID-19 pandemic and were eager to re-open branches. They were also investing heavily in digital initiatives as consumers' adoption of digital channels was increasing and showed no signs of dissipating.

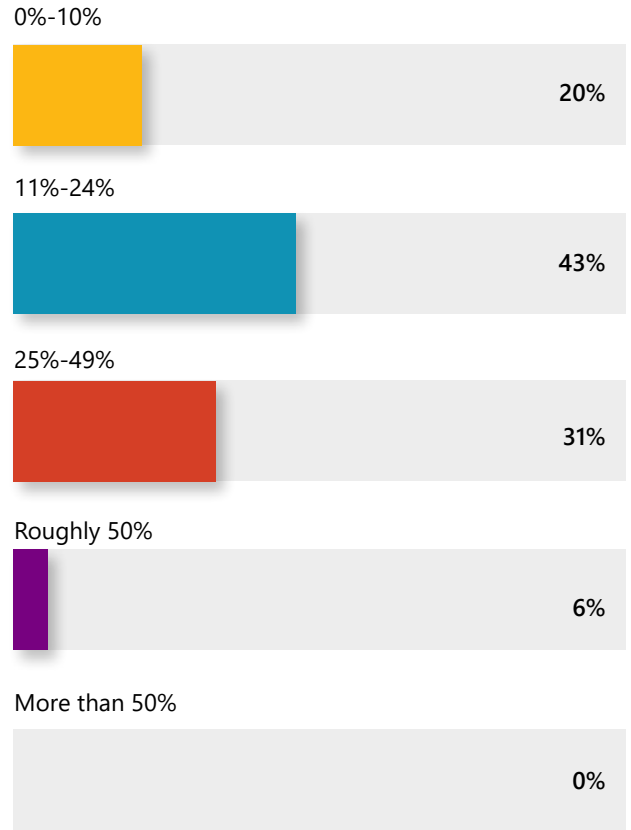
Like other companies, financial services firms are facing increased costs due to inflation. They are also working to manage disruptions caused by recent global and economic events. These issues are likely contributing directly to the size of their spending budgets as well as their allocation decisions.

What percentage of your company's overall budget is currently dedicated to customer experience (CX)?



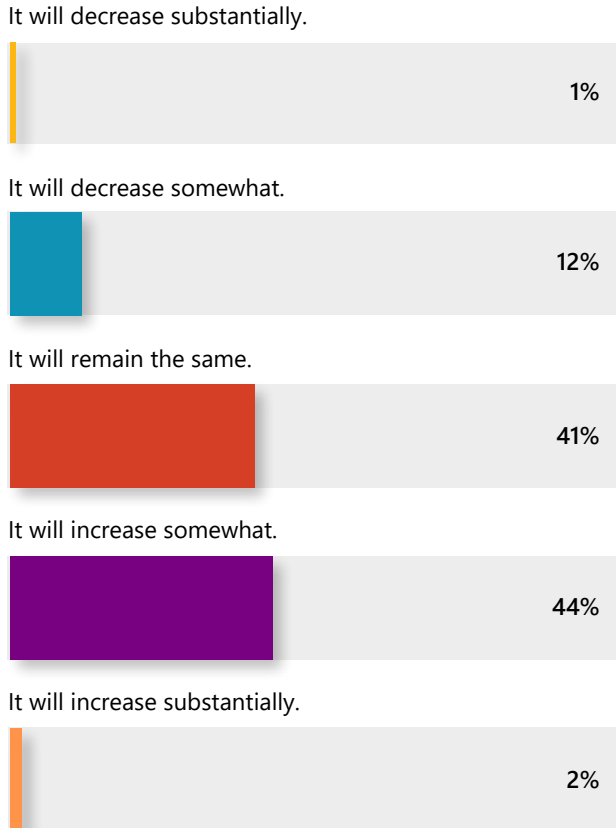
*2021

What percentage of your company's overall budget is currently dedicated to customer experience (CX)?



*2022

How do you expect your organization's CX budget to change in the next 12 months?



*2022

Nonetheless, the customer experience remains an important focus for most of the organizations surveyed. Like last year, almost half of the respondents (46%) say their CX budgets will increase over the next 12 months.

Interestingly, the results this year are almost identical to the results of this study from two years prior (2020) when 46% of the respondents said their budgets would increase. CX is consistently an essential area of investment year over year.

Much of organizations' CX budgets will continue to flow into projects that put more resources into the hands of customers and help to unify the customer experience across channels. However, there are some slight shifts in where those budgets will be allocated.

Respondents from both 2021 and 2022 showed or show interest in creating more digital self-service options for customers. The 2021 report revealed that the future of CX in the financial services industry is channel-agnostic and that firms are interested in solutions that could empower their customers.

Consumers continue to show interest in self-service solutions as means to conduct both small and large transactions without having to speak to a representative. Firms will likely continue to invest in more advanced solutions, such as digital assistants and AI-powered recommendation engines.

However, significantly more respondents this year (50%) are interested in leveraging customer data for real-time personalization compared to last year (36%). This could relate directly to the COVID-19 pandemic.

At the end of 2021, the pandemic was still significantly impacting foot traffic in branch locations. This year, it's likely that foot traffic has resumed, and although many customers are still gravitating toward digital interactions with financial firms, those firms have an incentive to create an omnichannel customer environment that delivers personalization both online and in-person.

Indeed, although it represents a significant drop from 2021, 37% of the respondents this year plan to invest in creating a unified customer experience across physical and digital channels.

Since you say your budget will increase, which two (2) CX initiatives are you most likely to invest in over the next 12 months?

Creating more digital self-service options for customers



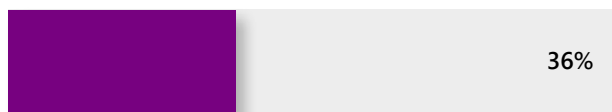
Creating a unified customer experience across physical and digital channels



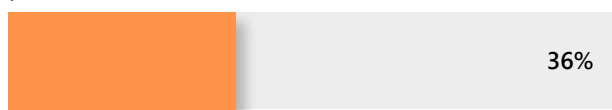
Expanding our call center and/or remote customer service programs



Modernizing physical branches with new technologies and amenities



Leveraging customer data for more real-time personalization



*2021

Since you say your budget will increase, which two (2) CX initiatives are you most likely to invest in over the next 12 months?

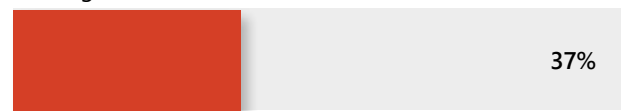
Creating more digital self-service options for customers



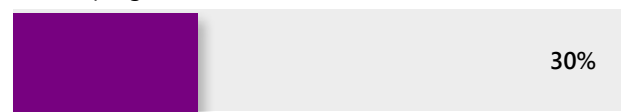
Leveraging customer data for more real-time personalization



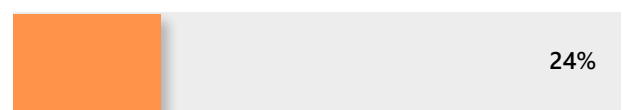
Creating a unified customer experience across physical and digital channels



Expanding our call center and/or remote customer service programs



Modernizing physical branches with new technologies and amenities



*2022

Multiple challenges stand between firms and a truly omnichannel customer experience

Customers expect to be able to obtain the same quality of services from their financial institutions, regardless of whether they reach out on the phone, online, or in person.

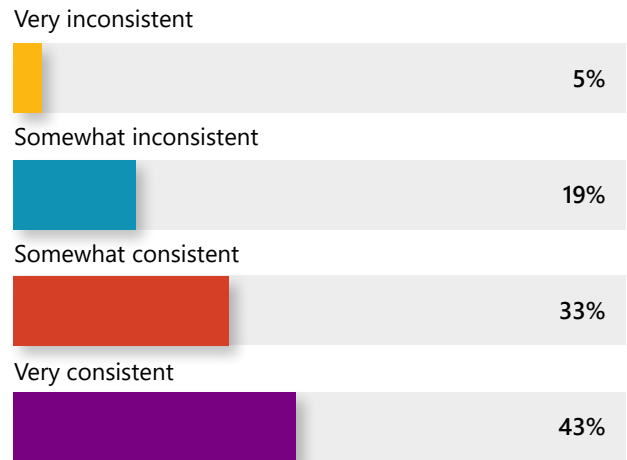
Despite being a clear objective for years, creating a truly omnichannel customer experience has been challenging.

At 49%, about half of the respondents this year say their organizations' CX is somewhat consistent across channels. Over one-quarter (29%) say their CX is very consistent across channels.

Although these results are promising, they also represent a decrease compared to responses in 2021. That year, almost half of the respondents (43%) said their CX was very consistent across channels, while 33% said it was somewhat consistent.

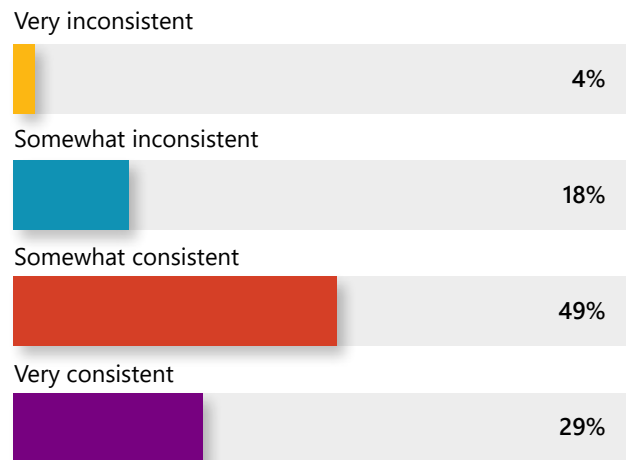
This could indicate that organizations were overly optimistic about their CX capabilities in 2021, especially considering consumers' rapid adoption of digital channels. It could also indicate that companies' touchpoints weren't as unified as they believed, or that some of their CX initiatives have stalled due to recent disruptions.

How consistent is your organization's CX across channels?



*2021

How consistent is your organization's CX across channels?



*2022

What challenges do you face in delivering consistent, high-quality CX?

Tracking customer cases across channels



Building meaningful customer relationships through personalization



Providing enough self-service options for customers



Building trust and being transparent in how we use customer data



Leveraging customer data quickly and effectively



*2022

The respondents face similar challenges compared to last year. For example, 50% of the respondents last year said providing enough self-service options for customers was a challenge, compared to 49% this year.

However, there are some notable differences. Most of the respondents (53%) say tracking customer cases across channels is a challenge to delivering consistent, high-quality CX. This could be the most significant contributor to the decrease in CX consistency noted in the previous question.

Last year, only 41% of the respondents said “creating a unified experience across both physical and digital channels” was a challenge. This question wasn’t asked in such terms in this year’s study, but it is directly related to tracking customer cases across channels.

Does your organization struggle with either of the following challenges?

- Yes, significantly
- Yes, somewhat
- No

Increasing case resolution rates (regardless of channel)



Reducing call times at call centers



*2022

Furthermore, most of the respondents struggle at least somewhat to increase case resolution rates and reduce call times at call centers. Only 12% of the respondents say increasing case resolution rates is not a challenge, while only 19% say reducing call times is not a challenge.

Improving outcomes in these areas may require the introduction of new tools and processes. It may also require expansions of call center resources, especially if consumers continue to adopt trends like mobile and app-based financial management.

Thankfully, the respondents demonstrate that they are committed to making CX investments, even if they are less so than last year. This continuing commitment should result in new, more advanced solutions rolling out across the industry, as well as a more connected customer program that can track customer cases across channels.

Overall, financial organizations need to deploy platforms that give them a consistent view of their customers, regardless of which channel they use to engage the organization. They also need specialized systems powered by AI to provide enhanced levels of personalization and self-service.

Financial firms will create a consistent call center experience across channels

The respondents say they have already taken multiple steps to improve customer call handling times at their organizations, and most of those who have not are planning to make improvements soon.

For example, in each case, most of the respondents have integrated a CRM into their call center resources, improved agent training, and implemented interactive voice response (IVR) and automated call distribution (ACD) technologies into their call-handling operations.

About half of the respondents are also using call scoring or other evaluation methods to identify areas of improvement in their customer calls (51%). Furthermore, exactly half of the respondents are using call center integrations to streamline customer calls, regardless of which channel the customer uses.

Fewer respondents have already created knowledge bases that agents can leverage during calls, but 28% say they plan to take this step in the future. A knowledge base could be useful for agents who need to fill in knowledge gaps quickly, even while they are speaking with a customer. They could also be used for training purposes.

Which of the following steps have you taken, or do you plan to take, to improve customer call handling times at your organization?

- We have already taken this step or are taking it currently.
- We haven't taken this step, but plan to do so.
- We haven't taken this step and have no plans to do so.

Integrating a CRM into our call center resources



Improving agent training



Implementing interactive voice response (IVR) and automated call distribution (ACD) technologies



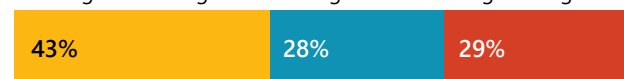
Using call scoring or other evaluation methods



Using omnichannel call center integrations (e.g., phone, digital, and video call technologies)



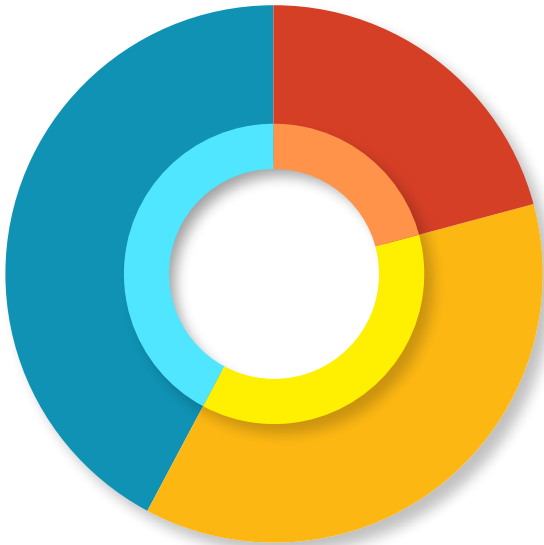
Creating a knowledge base that agents can leverage during calls



Hiring more agents or expanding call centers



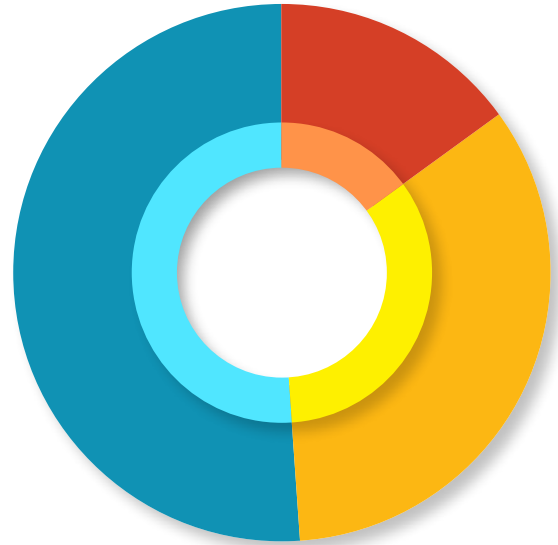
*2022



*2021

How do you expect your customers' habits to change in the next 12 months?

- 21% Customers will embrace physical branch services over digital financial tools in 2022.
- 37% Customers' habits will remain consistent with their habits developed throughout 2021.
- 42% Customers will embrace digital financial tools over physical branch services in 2022.



*2022

How do you expect your customers' habits to change in the next 12 months?

- 15% Customers will embrace physical branch services over digital financial tools.
- 34% Customers will stay consistent with their current habits regarding digital and physical branch services.
- 51% Customers will embrace digital financial tools over physical branch services.

Notably, most of the respondents (55%) say they are planning to hire more agents or expand their call centers. This suggests that remote customer engagement is becoming much more prominent in the industry.

These steps will likely result in significant improvements in call handling. CRM integration enables agents to obtain a complete view of the customer the moment they call in. This prevents them from having to ask the customer redundant questions to determine who they are and what their history with the company looks like.

Omnichannel call center integrations are particularly important as companies work to create an omnichannel customer experience. Ideally, customers should be able to contact the financial institution over whichever channel they prefer but get a consistent experience each time.

In verbal responses, many marketing and CX leaders at financial firms say they are creating universal customer profiles by assigning each customer a specific designation, such as a number. This enables them to track the customer's activity across channels and departments.

"Customers are given a beneficiary number that is also registered in our back-end data master," says a customer service VP at an insurance company. "This makes it easier to track all customer-related activities across the channels customers are active on."

These designations can be used in conjunction with CRM solutions and other tools to inform customer interactions.

Other respondents say they are relying heavily on the analysis of customer conversions across channels to generate customer profiles.

"This makes it easier to track all customer-related activities across all the channels customers are active on," says another marketing VP.

The C-level executives surveyed in the report say multiple high-level functions are supporting these capabilities. They include automation and cloud analytics as well as some proprietary capabilities that have been developed internally.

These deployments are growing increasingly necessary as customers continue to embrace digital financial tools, and the respondents believe that shift is accelerating.

This year, 51% of the respondents say customers will embrace digital financial tools over physical branch services in 2023. That's compared to just 42% who predicted the same thing in the 2021 study about customer behavior throughout 2022.



Conclusion: the most competitive CX innovations in the financial services industry

Consistency, visibility, and continuous improvement have been hallmarks of financial services companies' CX initiatives for some time now. Although improvements are often driven by changes to processes, technological innovations also play a central role. As we've learned, solutions like AI and automation are now a core component of many CX programs.

In their final line of questioning, researchers asked the respondents to identify the most competitive CX innovations being rolled out in the industry today. An overwhelming number of respondents believe AI is essential, going so far as to call it "the most important technology" in the industry and "the most popular CX tool that will change the future."

In this context, AI can be used for direct customer interaction through chatbots. However, it can also be used for data analysis, enabling companies to deliver more enhanced levels of personalization—what some respondents call "hyper-personalization."

However, financial firms are also interested in other innovations. Multiple respondents note that virtual financial services will become more important moving forward, especially when combined with personalization.



According to one C-suite executive at a commercial bank, “Personalization of virtual interactions with customers is the most competitive CX innovation in the financial industry.”

Virtual solutions piqued firms’ interest at the height of the pandemic as an alternative to in-person banking. Many firms began offering virtual conferencing services, enabling customers to speak with an agent live from the comfort of their homes. Likely, this strategy will continue to grow in popularity, especially if firms consider reducing their physical footprint and shifting more resources toward digital.

Underpinning all these technology deployments must be a core set of processes that facilitate a consistent customer experience across channels and departments. The results of this study indicate that, although funding has somewhat diminished, achieving this reality is now closer than ever before. Several companies have already taken steps to improve their call-handling services, while others are already implementing digital solutions that will support customers in the future.



Key suggestions

- **Prioritize self-service as part of your digital CX program.** Self-service has been a consistent priority for most of the respondents year over year.
- **Implement solutions that will help you track customer cases across channels.** This will help you improve visibility into customer activities and allow your teams to deliver a faster, more personalized experience during customer interactions.
- **Use omnichannel call center integrations to synchronize and bridge incoming channel communications.** This will help with CX consistency. Most of the respondents have either already implemented this or plan to do so.
- **Consider hiring more agents or expanding your call centers to handle more customer volume.** More and more customers are choosing remote services over in-person appointments. Most of the respondents are also planning to expand their call centers.
- **Leverage AI** for customer interactions, analysis, and personalization. An overwhelming number of financial services leaders believe AI is the most important technology for the future of CX in the industry.



About the authors



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