

Growing trust whilst moving online

Prioritising digital enablement in
financial services

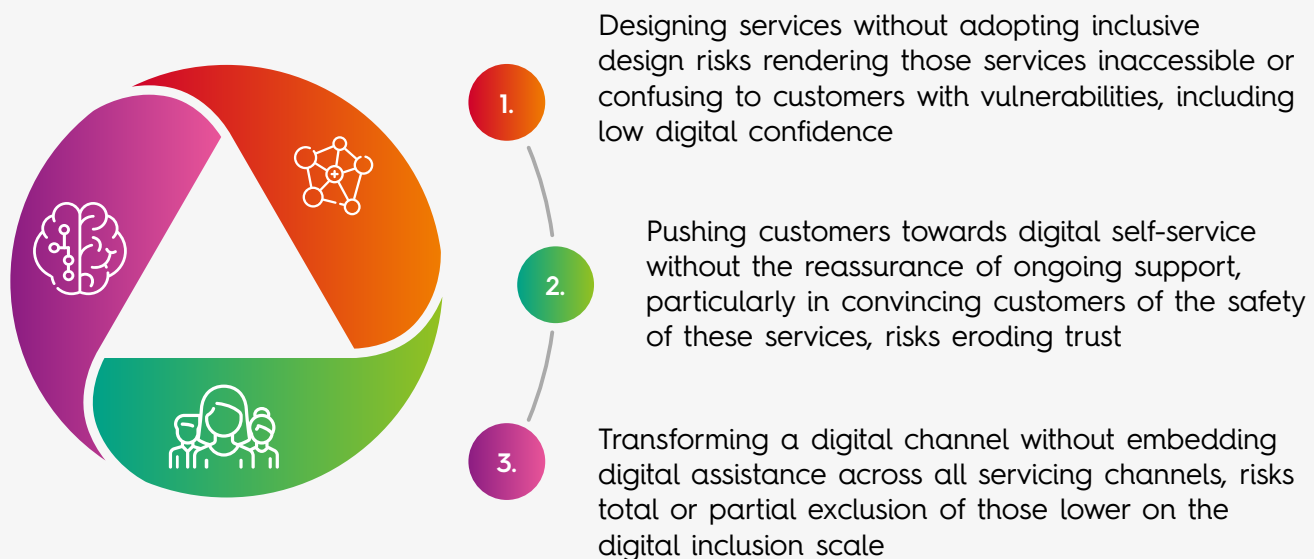


Enabling digital inclusion in financial services

While financial services continue to digitise services at pace, it's important that they are intentional about including customers at risk of being left behind.

Accelerated by the lack of face-to-face services during the pandemic, the majority of customers now expect safe, slick and convenient online services. To satisfy this demand and retain loyal customers while attracting new ones, financial services providers are understandably investing in their online channels.

However, there are three major risks of forcing consumers to adopt digital channels:



Let's be clear. Financial services providers need to run cost-efficient operations that can compete for customers in a very price-driven market. It's perfectly justified to create digital self-service options that customers choose to use and come to prefer. But we mustn't kid ourselves that digital adoption will happen instantly, nor without investing in relevant, targeted support alongside the shiny new services.

How big is the problem of digital exclusion?

Estimates suggest that total digital exclusion is 6% (Ofcom, 2022). These are people with no device and no connection at home (broadband or mobile data). However, many more will have digital access, without having the capability or confidence – or desire – to adopt digital self-service. Without support to overcome the practical and perceptual barriers to gaining that confidence, these ‘partially excluded’ customers are also at risk of being left behind.

Lloyds Bank's Consumer Digital Index (2022) reports that 10.2m (20%) UK adults lack some or all of the foundational digital skills such as changing a password, connecting to Wi-Fi or adjusting display settings. So some of the 84% adults who say they can manage money online, will still be held back from doing so confidently.

Moreover, 1 in 5 adults access the internet exclusively via smartphone (Ofcom, Digital Exclusion review 2022) and may be partially excluded from digital services due to the poorer on-screen experience. For example, they may have difficulty filling in forms that haven't been designed for their screen size, or because reduced vision or dexterity makes such tasks challenging due to multiple fields to select and populate.

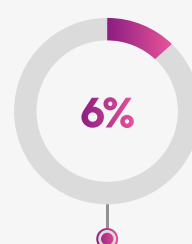
There is also a segment in society who simply don't want to engage online. In fact, Ofcom (2022) reports that ‘there remains a group more resistant to going online who saw little added motivation to get connected [and] 69% of those without home internet access said that nothing would

prompt them to go online in the next 12 months. The most common reason given was that they were not interested or felt no need to go online (47%)’.

And finally, digital options don't always feel easy and don't always feel safe. Sometimes, when the stakes are high we want the reassurance of speaking to a person. This is why people are more likely to adopt digital services for information finding before they're willing to use them for more complex, transactional services. Online banking is often one of the last to be fully adopted.

The ONS reported that, in the year to March 2022, 61% of reported frauds were cyber-related, and 50% of respondents had been targeted with phishing in the previous month. **UK Finance reported that £609.8 million was stolen by criminals through fraud and scams in H1 2022, costing customers and firms dearly in funds lost, let alone the victims' emotional toll.** So, it's easy to see why some customers are reluctant or even fearful of managing their money online.

People with no device and no connection



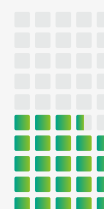
Digital exclusion
(Ofcom, 2022)

69%



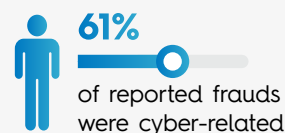
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Why is digital inclusion important?

Firstly, let's consider it purely from a customer perspective. Those completely or partially excluded from online services could feel confused, alienated or disregarded as customers. Without digital access, everything from booking GP appointments to flights, and buying insurance to mattresses, is not only harder but can also be more expensive.

This additional cost for essential services like utilities and insurance, is known as a Poverty Premium - when people end up paying more for the same service due to how they access it. Digital enablement is a key driver for ensuring equitable access to services. Digital enablement - a human-centred approach to helping customers adopt digital services - can ensure equitable access to financial services.

Secondly, let's bear in mind that low confidence with

digital services falls within the Financial Conduct Authority's (FCA's) definition of a vulnerable customer. Due to the lower cost-to-serve, some of the better deals on financial products such as savings and insurance are reserved for those who buy online.

Many of the great tools created to help people make informed decisions about borrowing or investments are only available to those with an internet-enabled device. Complex IVRs and long queues can make it seem increasingly difficult to speak to a human. So, it's easy to see how firms who neglect to offer digital enablement support could be seen to cause, or at least knowingly allow customers to experience a financial or practical detriment.

But perhaps an overlooked reason why digital inclusion is important is

that, without inclusion, you don't have trust. Trust is the cornerstone of any customer relationship - especially given the intangible yet vital nature of financial services.

For customers to trust an organisation with their hard-earned money, they need to be able to rely on their provider to keep their money and data safe, and support them when they need it. With trust comes loyalty. With loyalty comes retention.

When a customer trusts in their financial services provider, they're more likely to reward them with a greater share of wallet, and increased consideration for other products. As Forrester (FS Customer Trust Index, 2022) summarise, trust drives revenue.

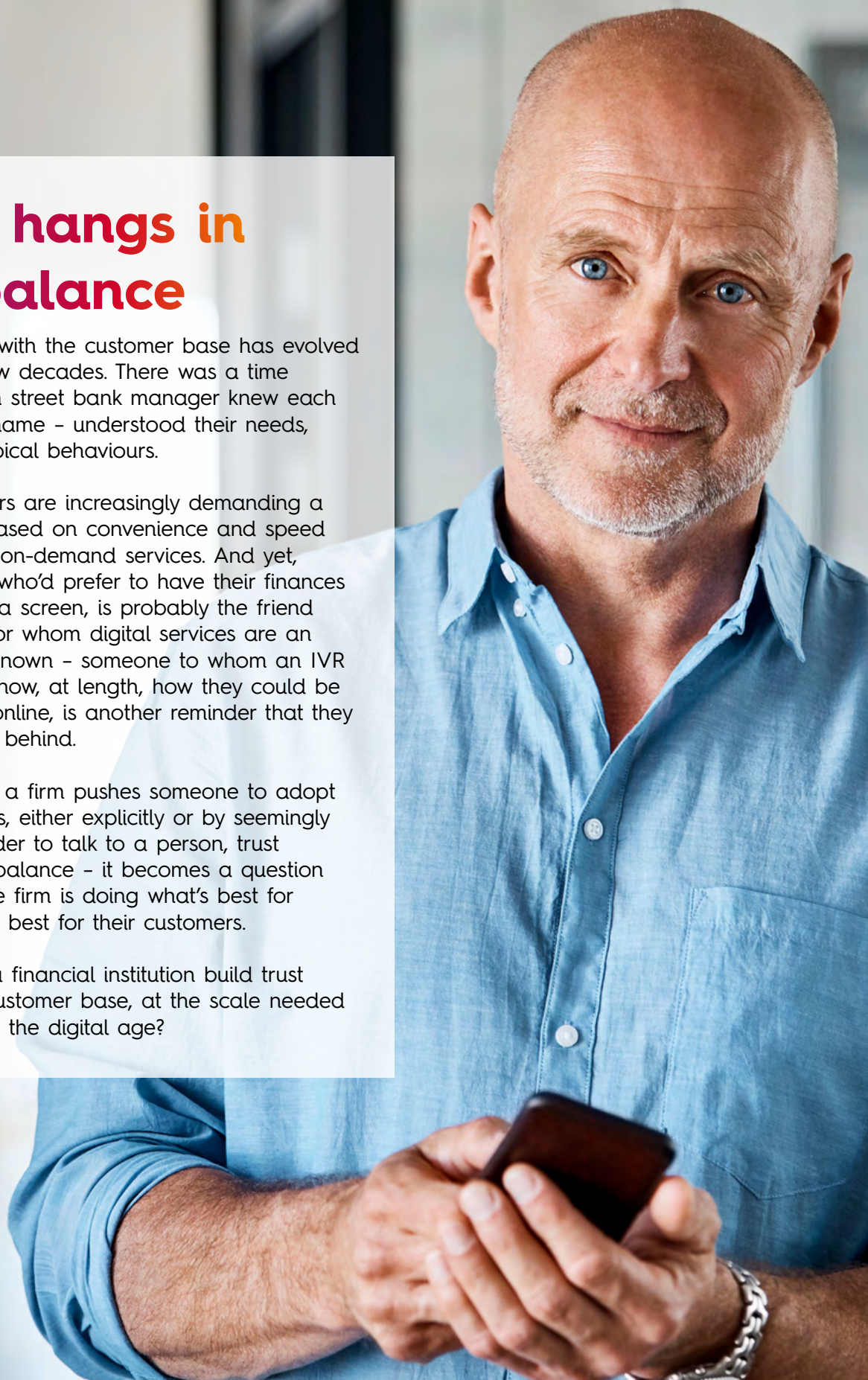
Trust hangs in the balance

Building trust with the customer base has evolved in the past few decades. There was a time when the high street bank manager knew each customer by name – understood their needs, wants and typical behaviours.

Now, customers are increasingly demanding a relationship based on convenience and speed in the age of on-demand services. And yet, every person who'd prefer to have their finances at the tap of a screen, is probably the friend of someone for whom digital services are an alienating unknown – someone to whom an IVR letting them know, at length, how they could be doing things online, is another reminder that they are being left behind.

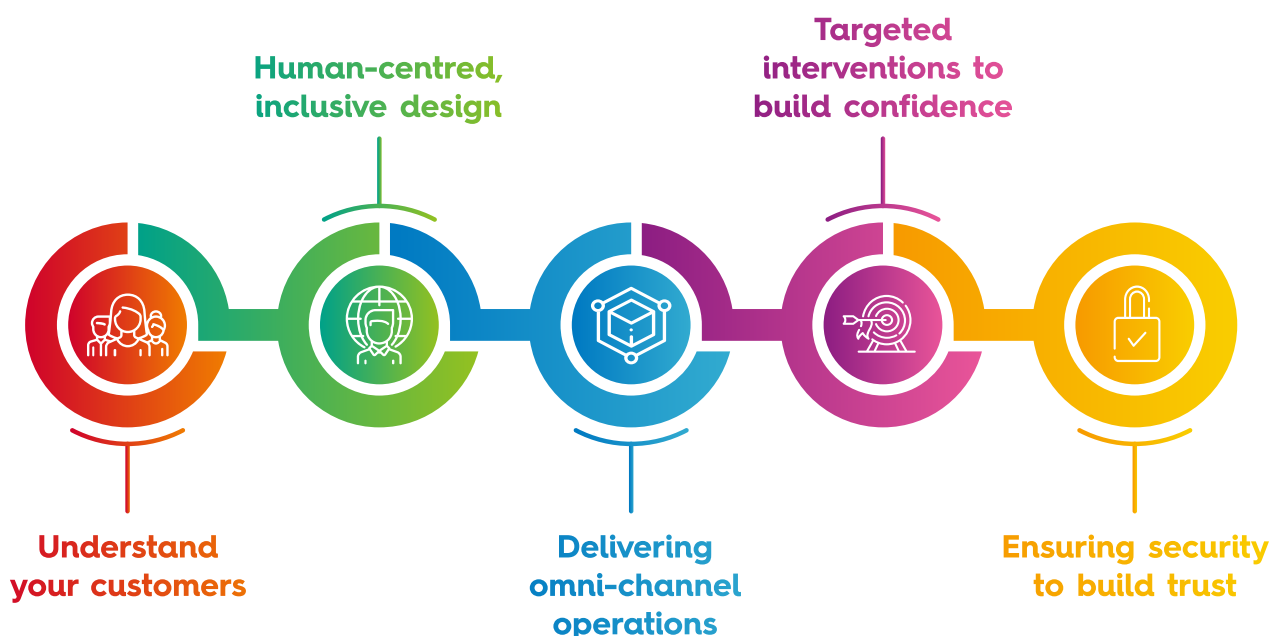
So every time a firm pushes someone to adopt digital services, either explicitly or by seemingly making it harder to talk to a person, trust hangs in the balance – it becomes a question of whether the firm is doing what's best for themselves, or best for their customers.

So how can a financial institution build trust amongst its customer base, at the scale needed to compete in the digital age?



Where do we start?

We see a lot of emotive language and imagery from financial services companies about trust. But to build trust with customers requires evidence and action, not just emotion. It requires facts, not feelings. Here are five key actions that lenders and investors can take now to build trust, inclusion and digital adoption:



1. Understand your customers

As we've established, it's not possible to achieve a 1-2-1 human interaction with every customer – as was the case in the high street banks of the 20th century. Neither is it necessary. For firms to be inclusive of all customer needs, they first need to understand their customers.

The first step in building a Digital Enablement Strategy is to create personas to represent customer segments' current channel behaviours along with their perceptions of digital services and their own ability to adopt them – that is, their

motivation to engage with the migration to digital. Using machine learning and AI technology, firms can successfully scale up their analysis and accurately identify and predict customers' propensity for digital adoption and responsiveness to support interventions. Such analysis can ably support not only customer engagement and retention campaigns, but also upselling and cross-selling to drive much-needed growth.

Taking time to listen to understand customers' perspectives, through qualitative

and quantitative methods, avoids the common pitfalls of personas being biased by our own misconceptions.

It also helps avoid missing the subtleties in how customer behaviour is driven by their own experiences, attitudes and beliefs.

This is essential to understanding the 'why' behind your data on customers' channel behaviours, and unlocks their potential to embrace self-service more in future.

2. Human-centred, inclusive design

To build a truly inclusive service and grow rather than erode customer loyalty, firms should be adopting human-centred design from initial concept to rigorous testing of their services. Inclusive design, involving a representative sample of customers with a variety of capabilities, is a solid way to design quality services that create equitable outcomes.

In 2023, we'll see the broadest ever range of people in the financial services marketplace. With five generations in play, customers with a whole spectrum of experiences in the UK and overseas will have expectations and capabilities in relation to digital services. The challenge is on for firms to provide a service that is usable and attractive for all; to design for real customers' needs and wants, not for perfect customers or 'people like you'.

Segmenting a customer base by current and potential digital inclusion, and developing personas, is just the starting point. These are a useful

enabler for conversations but the true value comes from involving persona-representative customers throughout the design of digital services. Or, if it's too late for that, fuelling their continuous improvement with insights from customers and the frontline colleagues who hear their frustrations, fears, confusion and curiosity each day. Listening to this feedback is critical.

Valuing the lived experience of people who struggle with digital services is the only way to design inclusively - to create more equitable outcomes, reduce frustration for customers and colleagues, and free up servicing capacity for those who genuinely want human support.

Human-centred design isn't just reserved for the digital services, however. True inclusivity needs an omni-channel approach. Customers who are unwilling or unable to use digital services still need to feel valued and not face unreasonable barriers to accessing human help. Too

often, over-zealous, untargeted campaigns to encourage digital adoption, risk making offline customers feel like they are being left behind; unvalued.

Taking a data-led, human-centric approach avoids this by targeting such encouragement only at customers likely to respond positively. Also, those channels must seamlessly integrate for those who need human support within a digital journey - because the notion that customers are either 'online' or 'offline' is another misguided myth.

Customers are on a continuum so some will be more likely to need help to continue on their digital journey, but whether due to circumstance, context or complexity of task, anyone could reach out for support. The challenge is to make it quick and easy to access this within a digital journey. Your human-centred design approach must therefore be holistic of all customers and all channels.

3. Delivering omni-channel operations

People will naturally need to use different channels depending on not only their personal preference, but also where they are in their customer journey. They may be a digital native and very comfortable in using a portal for nearly all of their activity. But when they move house or purchase a new product, they might want a little advice or reassurance from speaking to a human.

They might be in a circumstance that forces them to use a channel they wouldn't usually prefer, from misplacing their phone to losing their vision. Delivering an omni-channel experience, customers can seamlessly move between channels, without any loss in service, and without having to repeat conversations or transactions.

Also, those who fall nearer the middle of the digital inclusion spectrum might feel comfortable checking a balance using an app, but when it comes transactions or product applications, they might want to speak to a person.

The key is offering a choice. One that enables customers to do as much as they want themselves, with the promise of support when they need it. By delivering that choice, you're giving all customers the same quality of service, regardless of their preference or capability.

Crucially, you're also giving customers the reassurance that support won't be withdrawn if they choose to take the next step in digital adoption – which may be what encourages them to take that step.

One key step towards this omni-channel offering is to embed digital assistance into frontline operations. Signposting self-help resources, verbally guiding customers – doing it with instead of for them – or even using screen-sharing to accelerate problem-solving when they get stuck, can transform your contact centre into 'road-side assistance' for digital journeys.

The same people can continue to provide traditional service for those who remain offline, but their primary role shifts to align with your digital migration ambitions – which means your operations are consistent with the experience you intend for customers. Digital-first, but always human-centric.



4. Targeted interventions to build confidence

Having invested time and resources in understanding your customers, designing or enhancing digital services to their true needs, and transformed your traditional service model to transcend the boundary between online and offline, you will be gearing up for supporting more customers in shifting towards self-service. And this is where your personas really come to life.

By adopting inclusive design, firms have the opportunity to develop communications and support interventions that resonate with customers' current beliefs about digital, acknowledge their reservations and offer relevant help to overcome the practical and perceptual barriers they face.

Perhaps the two biggest mistakes firms make are firstly, to dismiss safety concerns or expect customers to believe communications about safety and fraud prevention, without first acknowledging their existing beliefs about scams and data breaches - which are, after all, not unjustified.

A human-centered approach forces us to walk in worried customers' shoes and respond with empathy. If their concerns have been heard, customers are more likely to trust the reassurance offered, and have the capacity for further digital adoption.

Secondly and similarly, it's a mistake to dismiss customers' potential to adopt self-service,

with the right support. This may be video tutorials, step-by-step guides, webinars or in-person sessions about online safety or app functionality. Don't assume everyone wants or needs a lot of hand-holding from your team! In designing these support interventions, it's helpful to bear in mind that Lloyds Bank (2022) found that 4 in 5 adults prefer to self-teach new digital skills and over two thirds receive support from friends and family.

And once again, tailoring your communications by segment, to target these interventions where they are likely to be most relevant, will maximise their potential impact.



5. Ensuring security to build trust

Customers have long memories, especially for things that matter deeply to them: like their money. If they experience or hear of a security breach, or even an alert at their bank, trust in their provider could wane. As data security hits the headlines, customers are looking for more and more reassurance that their data and their money is safe. And they're not just going to take your word for it.

Recent research by [NetApp](#) has reiterated that customers need evidence-based assurance that their data is safe. Two thirds of consumers cite data security as a concern, whereas a fifth are concerned about the safety of their money.

An unintended consequence of helping more and more customers overcome the barriers to digital adoption could be that this new-found confidence is vulnerable to targeting by fraudsters. Someone who is enjoying the convenience of managing money on-the-go and the novelty of getting help using online chat may readily accept an incoming request to share their screen 'for a safety check'.

So it's vital that you invest in your customers' fraud awareness in balance with digital skills. For those motivated by quick wins, the perk is that NetApp found that 48% consumers would be more willing to adopt digital

self-service if they knew more about the safety of online banking.

Earning trust requires robust security measures within your digital channels. But it also requires a proactive approach to building customers' confidence through awareness of what you are doing, and what they can do, to keep their money and data safe - and some customers may be more likely to believe peer-advocacy or the assurance of an impartial third-party. Asking some customers what would be effective could really pay off.



Summary

Customer trust hangs in the balance – if it's nurtured, it's a great catalyst to change. If it's compromised, it's a going to fuel customers' resistance to change. Nurturing trust amongst the customer base is achievable by delivering inclusive and accessible services, across both digital and analogue channels; by showing that all customers are valued and supported regardless of their abilities or preferences. A Digital Enablement approach to digital migration can ensure that no-one feels left behind, and firms can enjoy levels of loyalty and growth that only comes with true inclusivity.



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