

Omnichannel: More Than a Buzzword for Banks

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Omnichannel Banking Has Arrived

Banks are turning to increasingly personalized and omnichannel experiences for customers. No longer just a buzzword, omnichannel refers to providing a seamless customer experience across channels, whether in-branch, a mobile device, desktop, or any channel. In order to attract and retain customers today, banks must be able to marry omnichannel experiences with customer experience best practices. Not only must the experiences be available via any touchpoint, they must be continuous and unfragmented.

Retail has been embracing omnichannel for years, but the shift is beginning to take place in the banking industry with two key factors leading this growing trend:

The Need to Increase Revenue

With high fixed costs in terms of branches and personnel, banks need to maximize digital channels and utilize customer data to increase conversions and grow. Companies with strong omnichannel customer engagement see a 9.5% year-over-year increase in annual revenue, compared to a 3.4% increase for weak omnichannel companies.¹ Another driver is a low interest rate environment, which makes growing revenue challenging. Because banks cannot charge higher rates, they are looking to new ways to make more income. Maximizing profitability of channels through smarter marketing and selling should result in higher conversions.

Consumers Are Already Omnichannel

The average customer will encounter 15 to 20 brand touchpoints before that brand or product becomes relevant in his or her mind. This number is higher than it has been in recent years and we can only expect this number to rise in coming years due to IoT and other new emerging channels.²

If banks do not offer a seamless experience in the way customers want to be able to access and manage their personal finances, they will lose customers and slow new customer growth. Studies show companies with strong omnichannel customer engagement retain on average 89% of their customers, compared to 33%

¹ 25 Amazing Omnichannel Statistics Every Marketer Should Know

² How Many Brand Touchpoints Do You Need with an Audience Before They Purchase?

for companies with weak omnichannel customer engagement (Fig. 1).³ In the retail industry, a recent study showed the opportunity cost of not being omnichannel results in 10% in lost revenue.⁴ These findings are too alarming to ignore.

Omnichannel gives banks the ability to operate in a customer-centric way, providing a consistent experience across all channels, and delivering offers that they are more likely to accept. It allows banks to reach customers anywhere, anytime at the moment of need and personalize on all fronts.

Customer Retention Based on Omnichannel Engagement

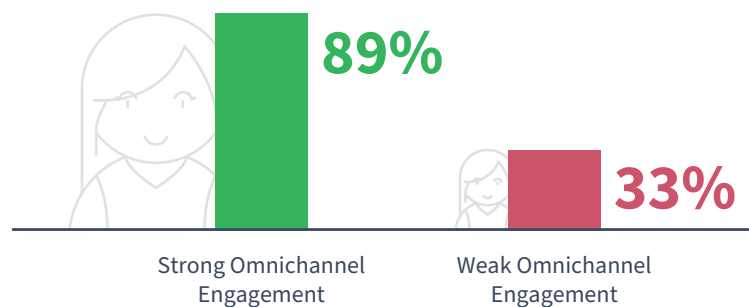


Fig. 1

What Is Omnichannel?

Making the move to omnichannel is complex, but inevitable. It requires not only a technology shift, but also a change in the traditional bank approach — moving from product-focused operations to customer centric. Each banking arm will require access to centralized customer data. Marketing and banking information will need to be consistent across all channels — mobile-based, web, in-branch, phone/call center, ATM, even a watch.

Many use the terms cross channel, multichannel, and omnichannel interchangeably; however, they each are distinct.

³ 25 Amazing Omnichannel Statistics Every Marketer Should Know

⁴ 25 Amazing Omnichannel Statistics Every Marketer Should Know

Cross channel means a customer can use two channels to accomplish an objective. For example, looking up a rate for a car loan and then going into a branch to apply.

Multichannel refers to the customer using various channels to engage with the bank. These multiple channels are disjointed and do not share information about the customer with each other. For example, a bank may have a mobile app, an online portal, and in-branch, but the teller does not have access to what a customer would see online and the mobile app may not offer the same services as the web portal. This fragmented approach is a step towards omnichannel, but can be frustrating to a customer if expectations are not met.

Omnichannel delivers a seamless user experience integrated across all channels. Omnichannel banking offers customers access to financial services across channels and allows for more consistent interactions with the bank (Fig. 2). In this approach, a customer can apply for a home mortgage over the phone and the bank would send him targeted refinancing or home equity line offers through email or the customer portal.

Three Elements of an Omnichannel Experience

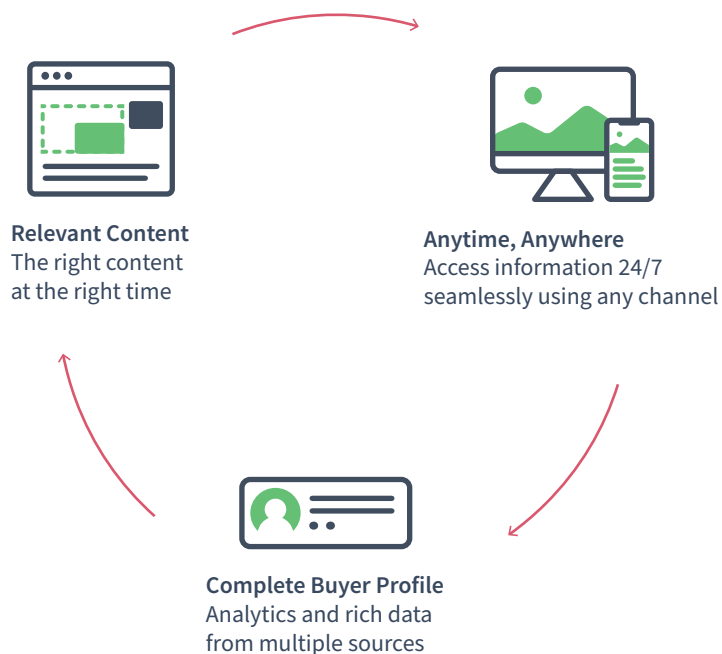


Fig. 2

The Right Investment for Banks

The Potential of Omnichannel

While the move to omnichannel is not a simple one, it presents many opportunities for banks and offers a competitive advantage. It gives banks the abilities to analyze channel information, adjust customer experiences, and serve content based on buyer data. The bank will be able to analyze the information being fed in from different channels so that it can build up a detailed and accurate picture of the customer's preferences and behavior. In this way, the banks and their staff have a clearer picture of the customer and a full customer view. This leads to greater engagement resulting in increased sales.

An example would be a customer walking into her local branch where a bank loan officer can look up the customer's last online activity. If the customer was looking up college loan information the officer could suggest resources and information on saving for college as well as show products available. Without omnichannel, a bank associate may have suggested the product the bank was focused on, perhaps a mortgage, which may have been of no interest to the customer.

While it is clear that banks need to make the move to omnichannel, there are obstacles. It takes capital expenditure in terms of technology, resources and retraining employees. Banks will operate differently and need to overcome operational and organizational silos. It will require ongoing employee education throughout the banking institution to transition away from a product-centered way of thinking.

Customer Loyalty and Retention

Omnichannel may not be quick and easy to adopt, but if banks do not offer a personalized, seamless experience, customers will switch banks. In fact, millennials switch banks around three times more often than baby boomers.⁵

An Ernst & Young study showed customers trusted the banks who delivered the most consistent experiences 30% more.

Excellent customer experiences play a significant role in increasing retention and loyalty. Banks must assess every experience at each touchpoint and determine whether or not these interactions are both engaging on their own and consistent throughout the entire customer journey. Special attention needs to be given to online and mobile channels. According to a recent Econsultancy report, 51% of leaders say that sales are influenced by the digital channels they provide to customers.⁶ Especially for banks that want to serve millennials, over 90% of millennials will want to use online and mobile channels.

⁵ 4 Ways Banks can Keep and Win Millennial Customers

⁶ Quality Customer Experiences Build Trust

Millennials and Traditional Banking



92%
use both online and
mobile channels



66%
visit a physical branch
regularly compared to
81% of baby boomers



2.5 times
more likely to switch
banks when compared
to baby boomers.

Source: 4 Ways Banks can Keep and Win Millennial Customers

Understanding the Connected Customer

Today, many banks operate in a multichannel way. It is fragmented and can be frustrating to customers. Here is an example: Using a large banking institution's website a customer can wire up to \$50,000 USD, but at a branch the customer can go up to \$100,000 USD. From a mobile app, they cannot do a wire transfer at all. With omnichannel, the customer would be able to wire the same dollar amount regardless of channel.

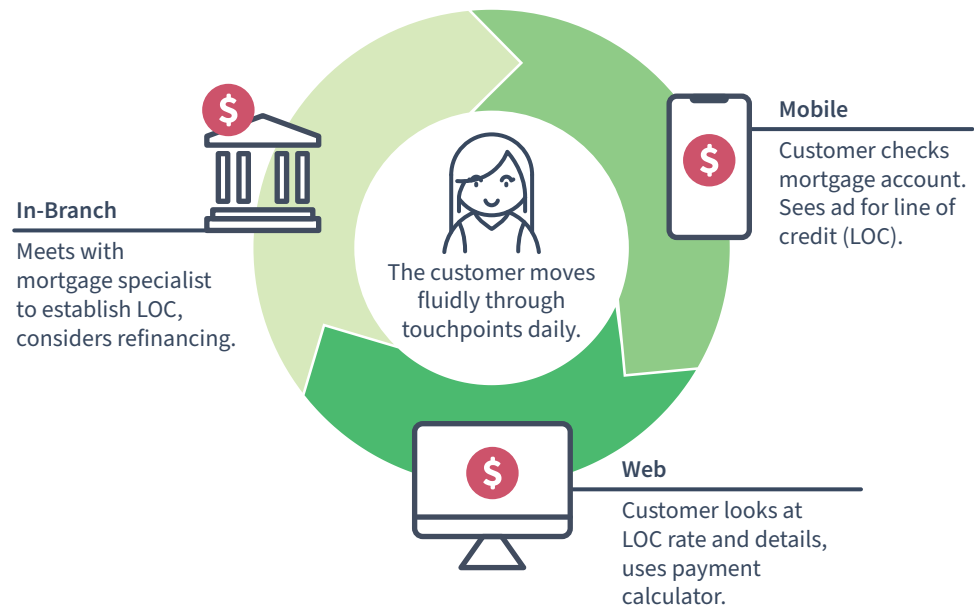
Customers want their experiences to be consistent and they want to be empowered to do what they want when they want (Fig. 3). They expect aggregated account access and the ability to move seamlessly between channels. To illustrate, according to research from Google, 90% of multiple device owners switch between screens to complete tasks, using an average of three different combinations every day.⁷ Knowing that the customer moves fluidly between touchpoints daily, it is imperative to understand who the customer is and what his or her buyer journey looks like. Questions to ask are:

- Do customers combine online, mobile and in-branch to access accounts and make decisions?
- Which channel do they use first?
- Which channel converts more?
- How frequently do they access each channel?

Answers to these questions can be achieved through consolidated data and benefit both customer and bank. It can drive marketing messages and create value for the customer.

⁷ The Shift to Constant Connectivity

The Omnichannel Experience



Here's how omnichannel will look to the customer via the three main channels:

Mobile

A mobile-based user will have access to all account information. The customer will possess not only the ability to access checking and savings accounts, but also investments and other accounts. Mobile apps will contain dashboards where users can customize and see what is important to them. In addition, they will have the ability to use tools, such as budgeting tools, mortgage rate trackers and mobile alerts. While much can be accomplished via the app, if a user wants to meet with a banker, they can schedule an in-person banking appointment with ease.

Web Experience

Web and mobile experiences are similar; however, mobile data must be optimized for the smaller screen. A website will allow account access to multiple accounts, dashboard, tools, appointment scheduling and more. Users will be able to view credit card rewards, access mortgage rate tracker, budgeting tools, IRA and more. Here, a user may begin his or her activity on a phone and then move to the web to complete the action. It is important that messages and content are consistent.

In-Branch

Omnichannel allows banks to optimize the in-branch experience. Where mobile and web have been married, in-branch continues to be a siloed experience. Omnichannel will provide the opportunity to integrate the in-person experience by arming the bank staff with access to the full buyer profile. Instead of relying on picking up cues from the context of conversations, tellers/associates can provide a personal touch, tailoring the conversation based on customer data rather than product offerings, resulting in greater profitability.

Technology's Role in Achieving the Omnichannel Goal

Technology drives the omnichannel experience. To provide personalized, custom experiences with consistent purchasing suggestions requires significant technical changes. The IT team will be heavily involved, integrating back-end systems to present personalized information across channels, while delivering advanced analytics capabilities to core teams.

Omnichannel is about integrating disparate channels into a single, unified experience. Banks have fragmented sources of information; often times each entity operates independently. For example, the mortgage arm of a bank may have a different system from other sides of the bank.

By integrating channels the bank can operate more efficiently with a clearer picture of the customer. Think about how important it is for each entity to understand a user's credit worthiness. As an example, when barriers between banking arms are removed, the mortgage side would be able to see the credit worthiness of a user's credit card or auto loan helping reduce credit risk in a home equity loan.

In addition, integrating systems improves the customer experience and leads to more closed business. A customer could begin an auto loan application from Edmunds.com on a laptop and complete the application at the dealership where she is making the final purchase.

Using core technology such as an omnichannel platform, the bank can unite information from multiple sources and use the data to provide a rich customer experience (Fig. 4). One important strength of a platform is its ability to deliver highly personalized experiences across channels to a targeted audience, leading to a cohesive, consistent user experience. The platform used in this

way acts as an integration framework so all channels can talk to each other. This ensures that users encounter consistent data and processes — such as registration, login, activity history, or documents — depending on who they are regardless of which interfaces they use to interact with the company. The underlying platform in your solution provides the ability to make digital content dynamic based on customer profiles. For example, a company may present suggestions for what “customers like you” have purchased. Platforms can also include workflow and business process management tools to define multi-step procedures or stages in a customer journey. When an account is opened, timed triggers can be set up to facilitate account servicing. In addition, triggers can be set based on customer action or criteria met. This can initiate content delivery or a personal call from an account representative to engage with a customer when there is a greater opportunity for conversion. This is essential for customer retention and loyalty.

Technology Stack for an Omnichannel Experience

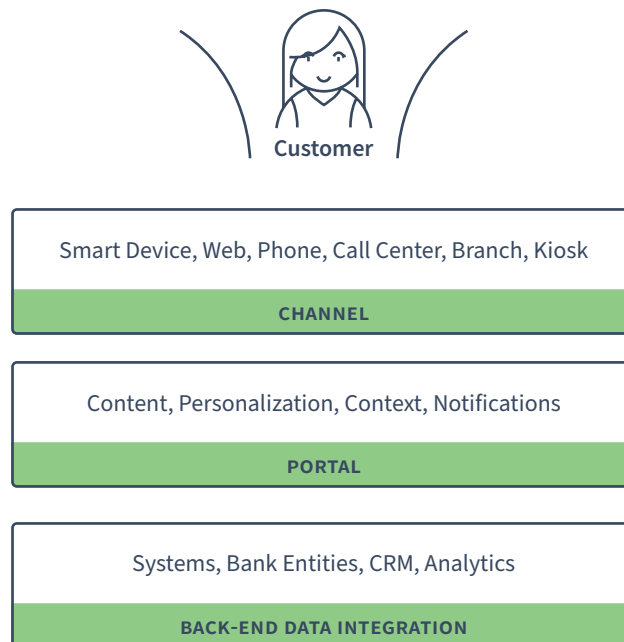


Fig. 4

As described earlier, customers expect to use various channels in a consistent way, each offering rich functionality. Omnichannel lets banks remove siloed information and integrate data to use effectively regardless of touchpoint. It is a complex undertaking.

Success Story: Desjardins

With over 7 million members and multiple subsidiaries in retail banking, insurance, real estate, and brokerage, the Desjardins Group serves a large range of both personal and business customers.

These customers' expectations and needs are being shaped by the constantly changing digital landscape. Desjardins saw how their limited IT systems were unable to deliver the seamless, omnichannel experiences that customers desired for, and this triggered a need for a more coherent digital strategy and modern technology that would eliminate informational and organizational silos, which lead them to implement a digital experience platform.

What is a DXP?

Learn more about how a platform designed to bring together disparate systems, deliver personalized experiences, and streamline internal processes can **bring success for financial organizations.** >

With this user-centric digital platform, Desjardins is able to unify disjointed experiences to improve customer experience and better meet the complex needs of today's customers.

[Get the Full Story >](#)

Make Omnichannel a Reality

To achieve the omnichannel goal, there are three strategies that can help:

1. Focus on Using a Single Unifying Platform

Merge the marketing presence of the bank and online banking, the transactional portion of the bank. This will help with being able to better control the user experience and will provide the context for engagement.

2. Learn How Customers Want to Engage

Rather than reacting to customer expectations, get ahead of them. To do so, banks must first understand their customers and their preferences.

Focusing on digital channels is very critical, not only because customers are expecting excellent digital experiences from their banks but it is also a great place to start delivering immediate results.

However, it is important to go beyond mobile ensuring that all channels are optimized based on user wants and needs. If the in-branch or call center experience is poor, customers may look elsewhere even if they love the mobile app. Additionally, banks should consider new channels that they can begin to add, such as IoT, smart devices, kiosks, etc.

3. Look at Increasing Sales Efficiency

Greater efficiencies for your business can happen through an awareness and understanding of customers' experiences across all channels — online, mobile, call center, ATM, and in-branch. A holistic view of the customer and targeted messaging can lead to better margins. For example, if a customer owns a home, a customer service operator can offer a line of credit rather than reciting a laundry list of all ongoing offers. If a customer has been in his house for five years and has a high rate, offer a refinancing option with a better rate.



Summary

Customer behavior is changing and utilizing multiple channels to make a single purchase is fast becoming the norm. Banks need to innovate in order to meet these customer demands. Utilizing a unifying platform as the foundation for omnichannel customer experiences will enable banks to remain competitive, retain customers, and facilitate growth.

Moving Forward

Learn how Liferay equips financial services to execute an omnichannel strategy to meet customer demands at liferay.com/banking.



Liferay makes software that helps companies create digital experiences on web, mobile and connected devices. Our platform is open source, which makes it more reliable, innovative and secure. We try to leave a positive mark on the world through business and technology. Hundreds of organizations in financial services, healthcare, government, insurance, retail, manufacturing and multiple other industries use Liferay. Visit us at liferay.com.

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