

# CGI

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# Understanding Financial Consumers in the Digital Era

A Survey and Perspective on Emerging Financial Consumer Trends



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## 1.0 Executive summary

Digital transformation is one of the top trends in the retail banking industry. Retail banks understand the power of digital and how essential it is to their success. They realize that “going digital” is more than a marketing strategy; it’s a fundamental change in how they learn about, interact with and satisfy their customers.

Although banks have been investing in digital channels and capabilities, many want to improve their return on investment. CGI has worked with retail banks and clients across a wide range of industries to guide their digital transformations. Based on our cross-industry experience, there is one common denominator for digital success—thinking from the outside in.

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**Digital transformation begins from the outside in. It starts with understanding your customers and leads to fundamental changes within your organization that revolutionize the customer experience. Learn from our survey what financial consumers are demanding in the digital era and steps you can take in response.**

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Successful digital transformation begins on the outside with an understanding of digital consumer behavior, preferences and choices. It then leads to major customer-centric changes within the enterprise. It is more than taking existing bank processes and presenting them in app form. It goes to the very heart of the business and requires deep digital adoption.

To support our retail banking clients in understanding digital consumer behavior and succeeding at digital transformation, CGI commissioned an independent online survey of financial consumers across North America and Europe to explore what they really want from banks and how satisfied they are with their current services. The survey reveals that consumers want services built around their spending and wealth-building desires. It demonstrates cross-generational adoption of

digital behavior and the importance of omni-channel service delivery. It also shows that digital banking is now and for everyone.

Our survey findings are intended to help guide clients in developing outcome-driven digital strategies. Through a better understanding of consumers and dynamic, interactive digital technology, banks can transform the customer experience and drive growth in today’s highly competitive retail banking industry.

### Our survey methodology

CGI commissioned a survey of 1,244 consumers across the U.S., Canada and four European countries (France, Germany, Sweden and the UK) to learn about their banking preferences. The survey was conducted by Research Now, one of the world’s leading digital data collection firms.

We surveyed respondents of different ages and income levels to assess whether preferences were influenced by either demographic factor. While we focused primarily on high-street and Internet banking financial consumers (80 percent of respondents), we also surveyed consumers whose primary financial relationships were with credit unions, savings banks and building societies (20 percent of respondents). See page 19 for more detailed demographic information.

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**The majority of financial consumers want omni-channel services, regardless of age or income.**

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Highlights of key survey results and our recommendations follow. In general, global results are provided, but in some cases, country-specific findings are shared to demonstrate significant cultural preferences.

## 2.0 Findings and analysis

### 2.1 Top financial consumer wants

#### Findings

Consumers want their banks to be a relevant part of their lives—more than just a repository for their money. Based on our survey findings, the five top consumer wants are the following:

- Reward me for my business (81%)
- Give me “anytime, anyplace” access to my balance (61%)
- See me as a person (58%)
- Provide me with wealth-building advice (55%)
- Tell me what I am spending money on and how I can save (52%)

Just below these top five services came three close runner-ups:

- Give me access to independent experts when I need them (50%)
- Allow me to borrow up to an agreed limit at any time (49%)
- Allow me to pay for goods and services instantly using whatever device (49%)

Other expressed wants include help in managing the peaks and troughs of spending, reduced fees (or no fees) for bank activities, no transaction delays and more attractive interest rates.

#### Analysis

Being rewarded for their business is by far the top service demanded by consumers. They expect to be valued for their total spending and rewarded for their loyalty. Reward programs are fast becoming mainstream, with loyalty cards, cashback offers, loyalty discounts, upgrades, and free nights and flights offered by retailers and credit card companies. Financial consumers are saying, “You see all my spending, so why can’t you reward me for all my spending?”

Financial consumers see no difference between buying with cash, debit card, credit card, mobile wallet, PayPal, etc. and want to be rewarded, irrespective of payment type or channel. However, they do not want to deal with multiple loyalty schemes. Knowing their bank sees all of their spending, consumers are looking for support in receiving rewards across all of their spending activities, whether from the bank’s own reward program or that of a third-party retailer.

Consumers also want to know how much money is available at any time, regardless of where they might be, as well as help in understanding their spending patterns and how they can save money. They want to be able to check at any time if money has been received, if payments have gone out, if they have sufficient funds, including drawing down lending, to make a purchase, and if there are better deals and offers available.

Providing information on consumer spending patterns, offering access to specialized discounts based on those patterns, forewarning of under- and overspending are services that financial consumers highly value from their banks. These services are not only time, location and device agnostic, they also depend on knowing the consumer. A seamless and consistent omni-channel experience is a business imperative in the digital era.

It is no surprise that being “seen as a person” is in the top five wants globally. In the digital era, consumers are increasingly expecting services to be offered based on what they have done before and what other consumers like them do. This survey highlights that consumers recognize that a bank knows more about them than any other retailer, and they are expecting personalized offers, treatment and schemes. It is no longer acceptable to maintain an anonymous banking relationship.

## A comparison of top financial consumer wants

### By geography

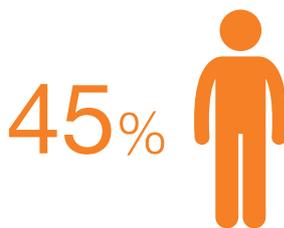


U.S. and Canada

Want to be **rewarded** for their business compared to



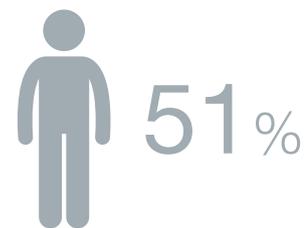
Western Europeans\*



U.S. and Canada

Interested in paying for goods instantly, whatever the device

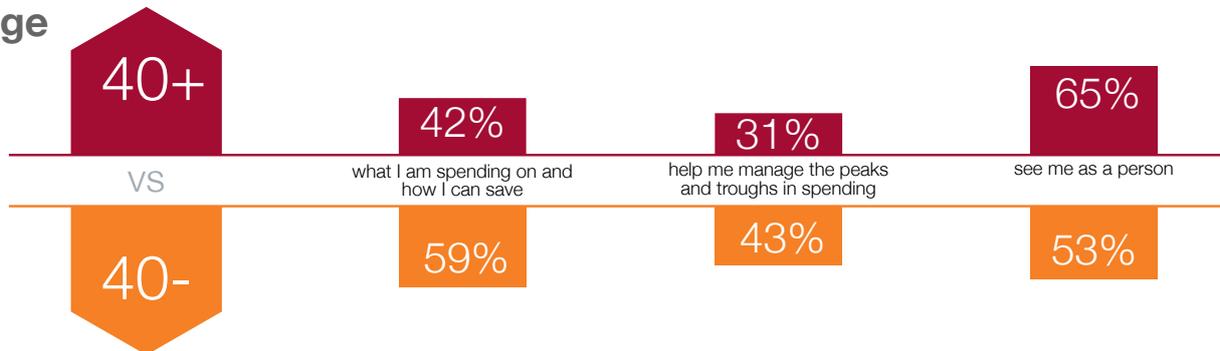
VS



Western Europeans\*

\*Western Europeans: France, Germany, Sweden and UK

### By age



### By income

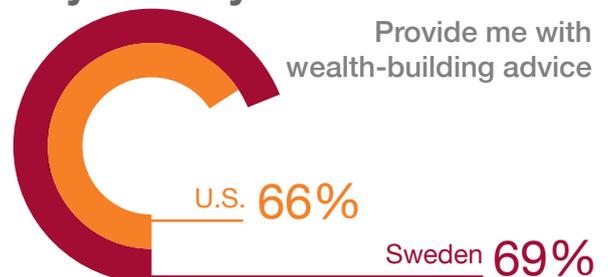
Give me access to independent experts



\*\*Over \$100,000 in annual income

### By country

Provide me with wealth-building advice



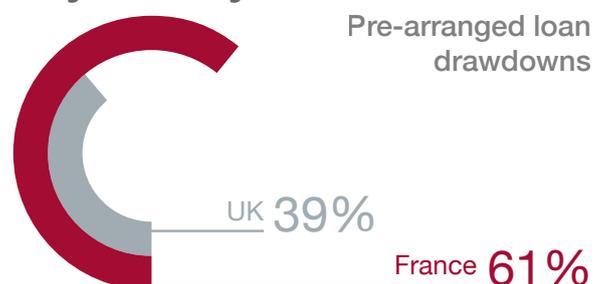
### By country

Interested in receiving balance information



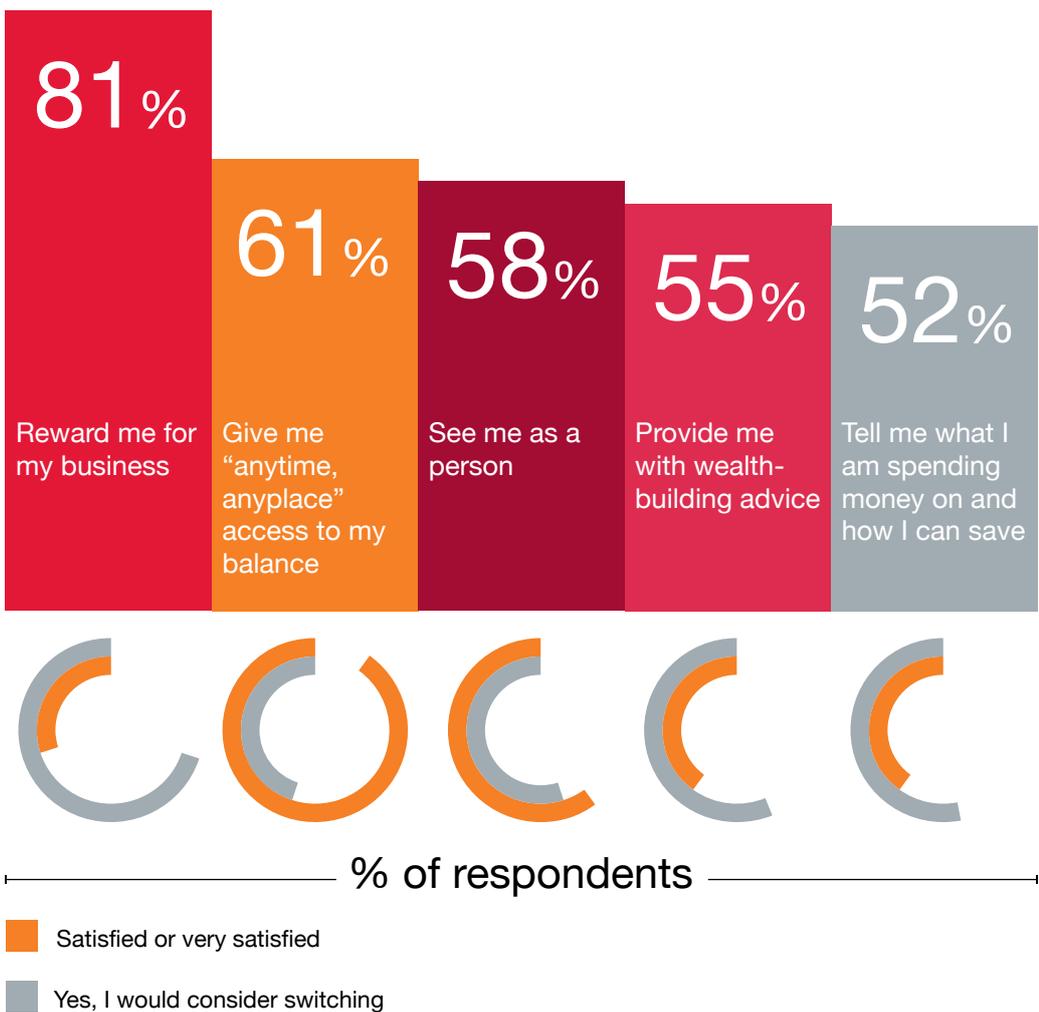
### By country

Pre-arranged loan drawdowns



The survey also highlights that advice on building wealth, whatever income or age bracket, is a key want. Consumers are demanding services that go beyond meeting basic needs to ones that enhance the quality of their lives, such as advice on building wealth, budgeting, saving and paying off debt.

What are the top five ways your bank could improve your lifestyle? Are you satisfied with your bank’s services? Would you consider switching to a bank that offered better services?



## 2.2 Financial consumer satisfaction levels

### Findings

On average, one out of two financial consumers are satisfied with their banking services (55% are ambivalent, dissatisfied or are highly dissatisfied). Satisfaction levels are consistent across generations, incomes and locations.

Satisfaction levels based on the top five consumer wants vary, as the following survey findings reflect:

Top five consumer wants	Satisfied with my bank
Reward me for my business	34%
Give me “anytime, anyplace” access to my balance	84%
See me as a person	55%
Provide me with wealth-building advice	37%
Tell me what I am spending money on and how I can save	34%

### Analysis

The level of dissatisfaction with respect to the top services wanted by financial consumers presents an opportunity for both new entrants and forward-thinking banks seeking to move ahead of the competition. Understanding consumers is critical and services are likely to evolve quickly.

As consumers find services they like and value, satisfaction with old services and products drops quickly, allowing competitors to capture market and wallet share. In other industries, the speed at which the market and wallet share are changing has transformed the valuation of brand names within these industries.

This is now happening in banking, and the satisfaction levels show the potential to switch. Conversely, banks that engage with consumers on a value-added and tailored basis can increase satisfaction and build loyalty. Banks are full of behavioral data and, with the right tools to analyze data and predict consumer demands, they can learn more about their customers and, in doing so, transform the consumer experience and drive satisfaction and loyalty.

## 2.3 Reasons why consumers switch banks

### Findings

The top three reasons why consumers switch banks include the following:

- Poor service (40%)
- Better rates elsewhere (39%)
- Lack of security (38%)

Based on survey findings, the percentage of consumers who would consider switching if another bank offered a better service is as follows:

Top five consumer wants	Yes, I'd consider switching
Reward me for my business	72%
Give me “anytime, anyplace” access to my balance	44%
See me as a person	52%
Provide me with wealth-building advice	56%
Tell me what I am spending money on and how I can save	53%

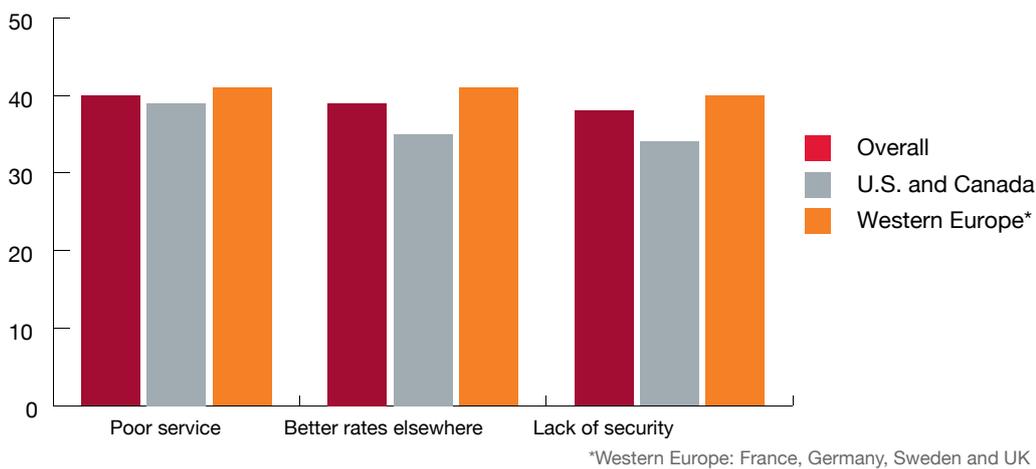
## Analysis

The propensity for financial consumers to switch due to poor service is recognized as significantly higher than in other industries. Banks need to rapidly design, test and deliver new services while developing their view of the consumer to protect market and wallet share. Survey results based on the top five service wants show a significant opportunity for fast movers and newcomers to gain substantial market share.

On average, nearly two out of three consumers would switch banks for better service. Because most banks have the capability to deliver the services consumers need, quality becomes a key differentiator. How banks treat customers and the manner in which they deliver their services are fundamental to customer loyalty.

Unsurprisingly, security is another top reason why people would change banks. Banks hold a great deal of personal and sensitive information about their customers, raising significant data protection and privacy concerns. Ensuring that appropriate security measures are in place to monitor and respond to threats quickly and effectively is critical in today's digital era.

## What are the key reasons you would leave your bank?



## Spotlight on savings bank, credit union and building society consumers

We surveyed 244 consumers whose main financial relationship is with a savings bank, credit union or building society. Generally, these consumers are happier than financial consumers overall (49% satisfaction rate for credit unions/savings institutions versus 45% rate for financial consumers overall) and are slightly less likely to switch (56% versus 55%).

In terms of what these consumers want, rewards and being “seen as a person” were the top two wants. These customers are also happier with current service levels for each of these services; in fact, they are 13 percent more satisfied in terms of being “seen as a person.”

## 2.4 Channel preferences for financial service delivery

### Findings

How do consumers want their top financial services to be delivered? Our survey revealed the following preferences:

- Digital channels (tablet, smart phone, laptop) (58%)
- Face-to-face (24%)
- Telephone banking (18%)

Consumers consider each of their top five services as capable of being delivered by digital channels and, while each service has some need for person-to-person or face-to-face interaction, each could be predominately delivered via digital channels. None of the five services had only one channel for service delivery. Financial consumers are seeking consistent, omni-channel delivery.

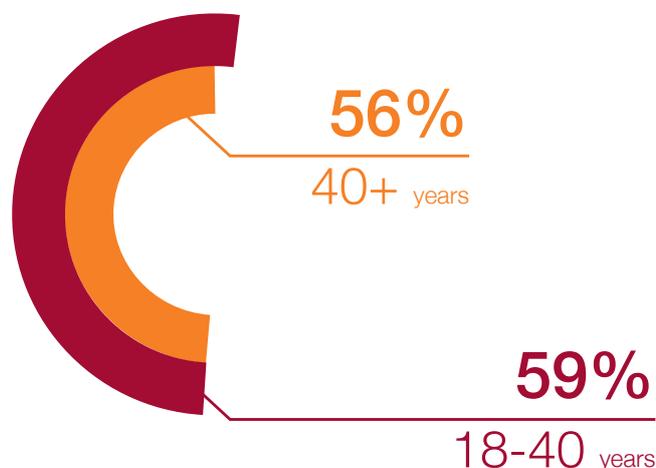
### Analysis

The survey highlights the breadth of digital consumerism where consumers are happy and confident to consume services via digital channels of their choice while perhaps starting, finishing or checking part of a transaction using other channels. No longer can banks have separate channel strategies or services. Services need to be implemented across all channels. Some banks are now releasing new services omni-channel every three months.

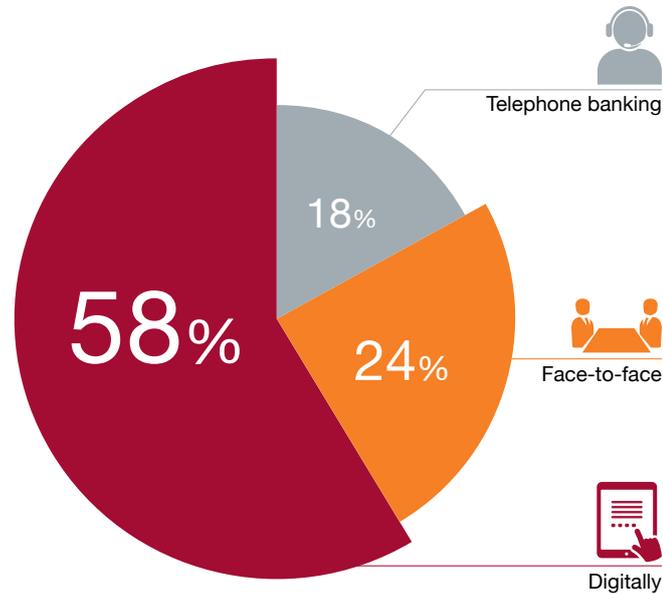
Digital consumer devices enable access to information and services, whenever and wherever, making digital the preferred channel. Although confidence in using digital channels to access and manage services was expected to vary, especially by age and income, this was not the case. The results are in fact very consistent. Use of digital consumer technology devices to access financial services is not a generational or income based preference; digital is now and for everyone. Only seven percent of respondents were not interested in accessing service offerings via digital channels.

Many banks have focused their digital strategies on Generation Y. However, instead of a generational break in behavior, we observe a more subtle shift in how all individuals think about the world and choose to interact within it.

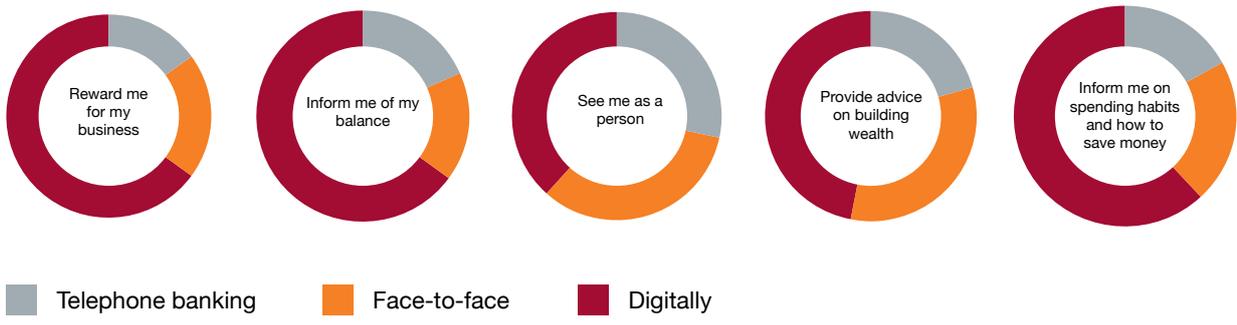
### Average percentage of respondents who are happy accessing services through a digital channel



## How would you like your services to be delivered?



## Top five consumer wants



### Spotlight on “see me as a person”

More than 700 respondents selected “see me as a person” as a top want. Evenly spread across age and income, financial consumers expect to be seen as the same person, irrespective of channel and especially in the branch. While the bank may know them online or in the call center, when the same consumers walk into the local branch, they are often not known.

What does this mean for banks? While the digital channel is very important, people are still interested in face-to-face interaction and phone service. Having an omni-channel strategy, therefore, is critical to providing a consistent customer experience. It ensures the customer’s actions are known whether he or she is online, on a call, or in the branch. It also ensures a seamless banking experience, regardless of financial product or service, and that the bank meets the consumer’s lifestyle, rather than forcing the consumer to adapt to its organizational ways.

## 2.5 How consumers make financial decisions

### Findings

Eighty-six percent of consumers make financial decisions at no specific time. Most financial decisions are made when needed, all the time and at no specific time. Only fourteen percent of consumers think about financial decisions on the weekend or during an allotted time slot (9% for those over 40, and 17% for those below).

Only seven percent of respondents consult their bank for financial advice. Fourteen percent seek financial advice online. Yet, 55 percent of respondents want wealth building advice, and 56 percent would switch to another bank that provided a better service.

Affluent consumers consult friends and family more about financial decisions compared to lower income respondents. Sixty-seven percent of less affluent consumers are making decisions on their own, but 54 percent of them would like help with cash management and saving money.

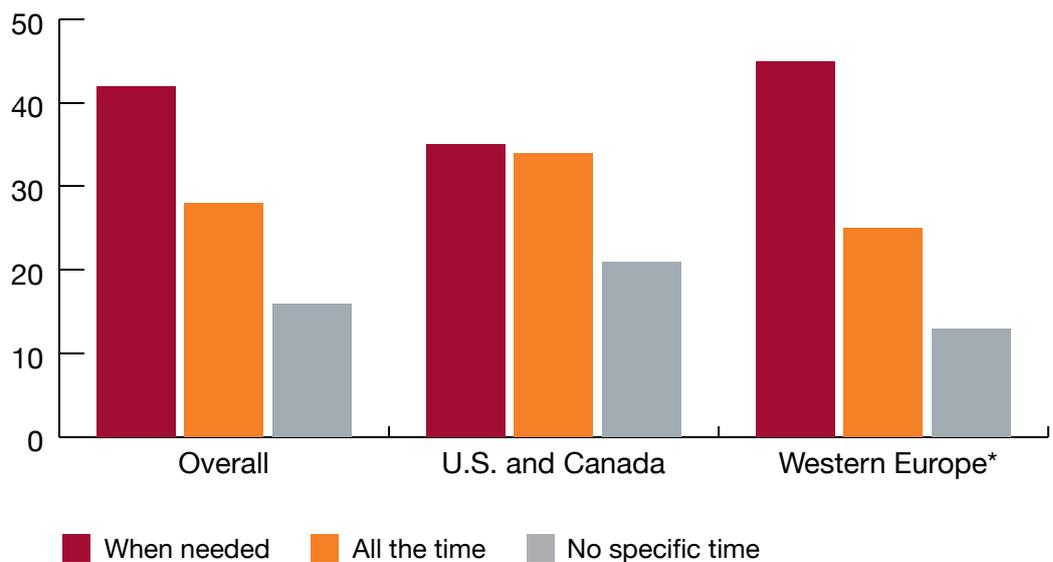
There are significant differences between individual countries; 18 percent of French respondents consult banks for advice but only 3 percent of UK respondents do.

### Analysis

Globally, only seven percent of people make a financial decision on how to create wealth after talking to their bank. Most retail banks focus on cross-selling products to existing customers. But, if these customers are not engaging with the bank in the first place, it is clear a different strategy is needed. With 93 percent of people looking elsewhere for financial advice, there is a huge untapped market for banks to provide advice using digital channels as consumers need it.

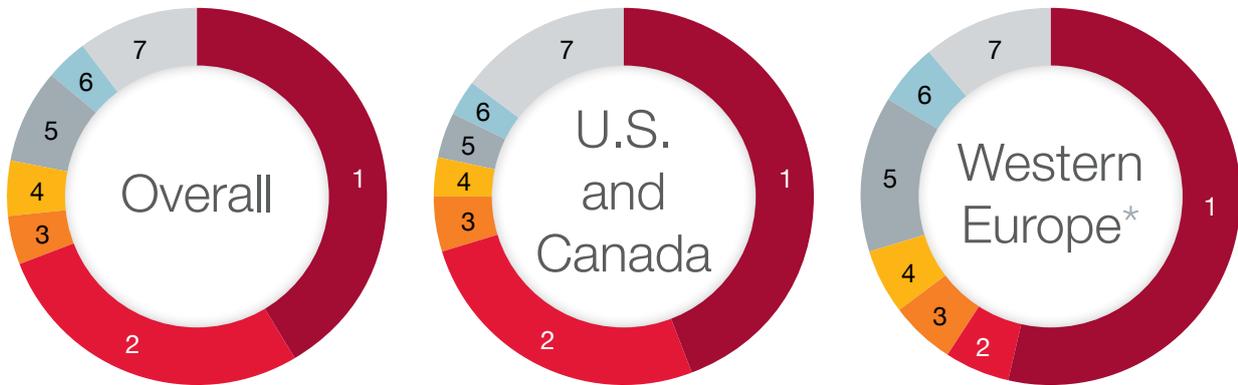
Behavioural prediction is key to identifying consumers who are at the point of wanting advice before they turn to self help. With digital consumerism, new opportunities are emerging for better understanding customers and launching new services, including financial advisory services, to draw additional business, build loyalty and improve margins.

### When do you think about your financial decisions?



\*Western Europe: France, Germany, Sweden and UK

## How do you make financial decisions?



- 1** By myself
- 2** After discussing with partner/relative/friend
- 3** After speaking to a financial advisor
- 4** After consultation with my bank
- 5** Consulting online advice
- 6** Consulting online forums
- 7** Other

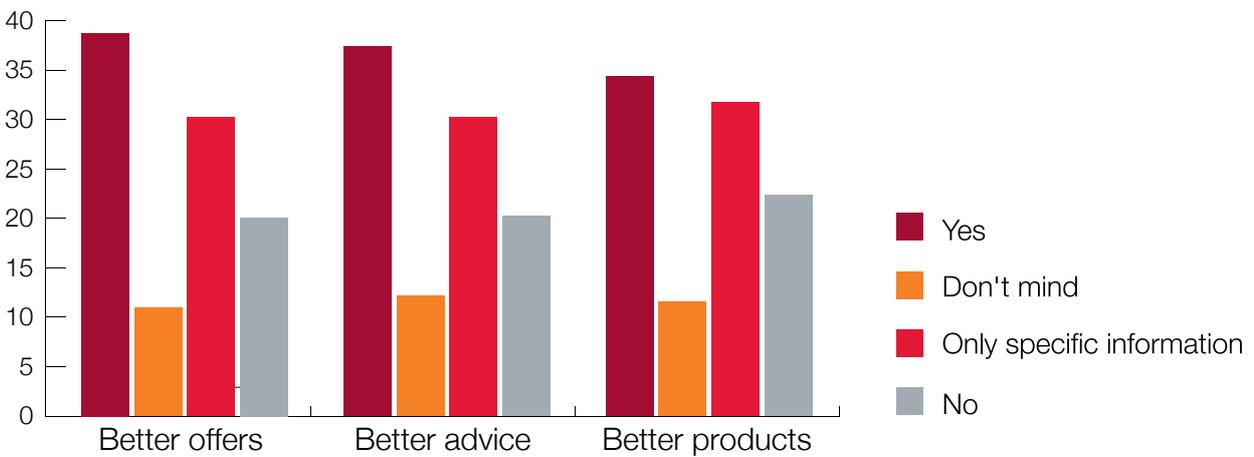
\*Western Europe: France, Germany, Sweden and UK

## 2.6 Using consumer data

### Findings

Do consumers mind if banks use their data? Interestingly, only 21 percent of survey respondents on average did not want banks to use their data to offer improved products, offers or advice. Again, the results were consistent across generations and income brackets. North Americans were more open to banks using their data (84%) than Europeans (77%).

## Can your bank use your data to tailor services?



## Analysis

Many might have predicted that a much larger percentage of respondents would feel uneasy with banks using their personal data. However, the results clearly indicate that consumers are happy for banks to use their data, providing it is used to offer improved products and services, as well as better advice. Business intelligence and analytics will play a pivotal role in separating market winners from the rest. Companies in other industries that are successful in leveraging data through business intelligence and analytics are outperforming their peers.

Trust, however, is still a key differentiator, and as guardians of people’s money, banks should be cautious in preserving trust. Twenty percent of consumers would switch banks due to incorrect data usage.

## 2.7 Security and consumer trust

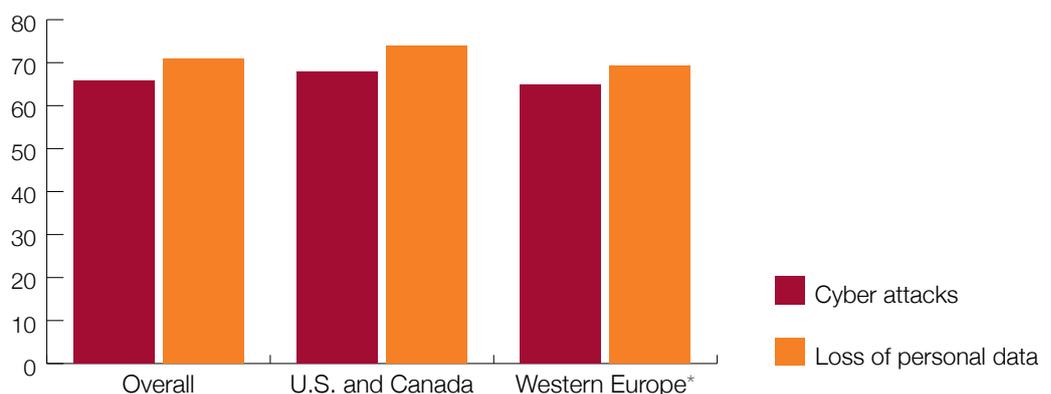
### Findings

Customer trust is a fundamental requisite for any brand, and especially for banks that manage customers’ money and personal information. This is evident in our survey findings as respondents indicate they were most worried about the following:

- Impact of cyber attacks (65%)
- Loss of personal data (70%)

Comparing geographic responses, those in the U.S. and Canada worry slightly more than Europeans, with the highest concern shown by French consumers. Seventy-five percent of French respondents are worried about both cyber attacks and loss of personal data.

### How worried are you about cyber attacks and the loss of personal data?



\*Western Europe: France, Germany, Sweden and UK

### Analysis

With such a high percentage of consumers worried about their data and cyber attacks, it is understandable that a lack of security is one of the top three reasons a consumer would consider switching banks. Security is a mandatory hygiene factor for banks today. High-profile news reports, data privacy concerns and security are on consumers’ minds. So while it seems that consumers are happy for their data to be used to improve services, it is imperative that banks ensure they have appropriate security in place to both monitor and respond to attacks quickly and effectively. They are guardians not only of their customers’ money, but also of their personal data.

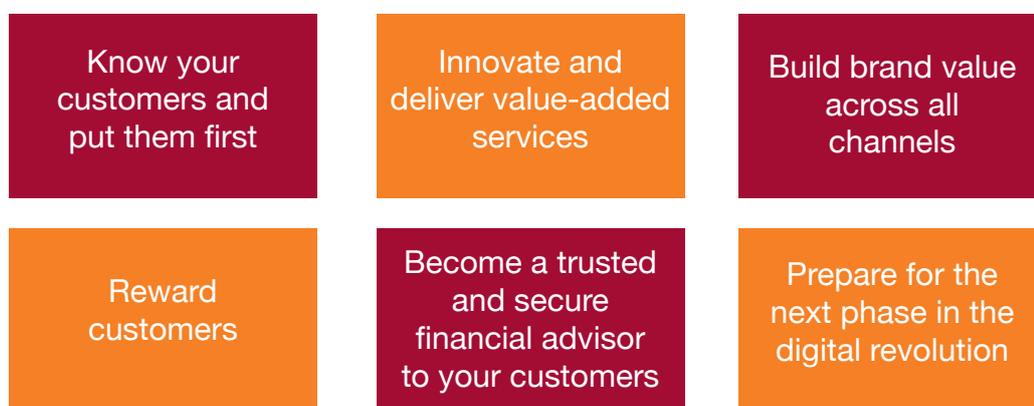
## 3.0 CGI recommendations

Financial consumers are sending a clear message about the importance of digital consumerism in banking. They are seeking tailored, value-added services that support their spending and wealth generation goals. These goals are thought about all of the time, so the importance of accessing preferred services through preferred digital channels is very high.

Consistent, omni-channel service is just as important as maintaining high levels of security for consumers' financial affairs and data. Fast movers have the opportunity to rapidly capture market share by exploiting high levels of consumer dissatisfaction and high switching propensity rates.

So, what can banks do? Merely digitizing existing processes is not enough. In the digital age, a successful bank will take an outside-in approach, analyzing customer behavior patterns and developing digital processes and services that respond to those patterns.

CGI recommends six actions based on the findings of this survey to help banks on their digital transformation journey:



### 1. Know your customers and put them first

Customer expectations today are being shaped by retail industries and customer-centric technologies. The collection, analysis and use of customer intelligence allows personalized and value-added products and services to be delivered. Other industries are investing in these capabilities and technologies and forward-thinking banks are following suit.

Through interactive digital channels, banks can access rich customer data and insight that can transform them into customer-intelligent organizations, better understanding their customers' choices and preferences. Customer data silos first need to be broken down and integrated so that banks can understand where, when and how their customers are engaging with them. Customer data then needs to be collected and analyzed to develop a "360 degree view" of each customer. With this level of customer knowledge, banks can transcend traditional banking to become relevant, valued financial partners to their customers.

## 2. Innovate and deliver value-added services

Banks today are challenged to provide consumers with more than traditional bank services and products. Many new entrants are competing for a share of the financial services market. It is becoming easier for consumers to switch to non-bank providers to manage payments, obtain a loan, and handle other financial services. Banks that take action to become more than a repository for their customers' money and manage other aspects of their financial lives are most likely to succeed against these new market entrants.

Some banks will not want to innovate with truly new services and will prefer to follow other market leaders. For these banks, it is critical to have omni-channel portals that enable them to deploy prebuilt services (known as apps and widgets) rapidly across digital, call center and branch channels at the same time. Feedback from new services needs to be gathered to hone customer segmentation and predictive capabilities, allowing these banks to improve margins while lowering the costs of acquisition and cross-selling.

For the market-leading innovators, it will be critical to not only have their own innovation labs, including sandboxes, but also to engage with the plethora of new startups and open software innovators to help speed up the innovation process.

## 3. Build brand value across all channels

While consumers are increasingly accessing bank services via digital channels, some still prefer face-to-face or phone interaction, and some banks are building their brand around this value. Community banking and supporting people, families and local businesses offer high-value opportunities to create strong brands and safeguard market share. What really matters is what your bank brand stands for and how you translate this across all your channels consistently. No matter which channels are used, consumers want more than an anonymous banking relationship. They want to be known and receive personalized attention, support and services.

Channel integration is key to providing a personalized and consistent customer experience that builds brand value.

## 4. Reward customers

Banks have more opportunities to understand and target their customers than almost any other industry because of the rich customer intelligence they hold. This data can support a wide range of partner and bank reward programs to build loyalty, such as preferred rates on car financing, discounts on various products from the bank and third parties, cashback offers and more. Loyalty-based programs can be offered more dynamically and interactively through digital channels and tied with just about any type of bank service. The payback is not only more loyal customers, but also new income streams and new sources for acquiring even more customer data.

Customers should be able to view their personal loyalty program from any channel and any device, and the program should be regularly updated to reflect changes in their financial status and habits. As in the retail and travel industries, bank loyalty programs can be based on earned points and tiering to attract increased loyalty. In return, the customer is offered enhanced services and benefits because of their loyalty with the bank.

## 5. Become a trusted and secure financial advisor to your customers

Consumers already trust banks with their money. The next step is to become a trusted partner in helping consumers to manage their spending and wealth creation. With rich consumer intelligence, banks can offer highly targeted financial services that are tied to personalized loyalty programs.

Video, geo-location, social engagement and other supporting technologies facilitate proactive, personalized interaction with bank experts that fosters trust, delivers what customers are looking for, and builds long-term relationships while remaining regulatory compliant.

Strong cybersecurity is also a key component of building trust with consumers, as well as protecting reputation and brand. Banks that raise their security and counter-fraud capabilities will ensure that they are trusted custodians of their customers' money and private data.

## 6. Prepare for the next phase in the digital revolution

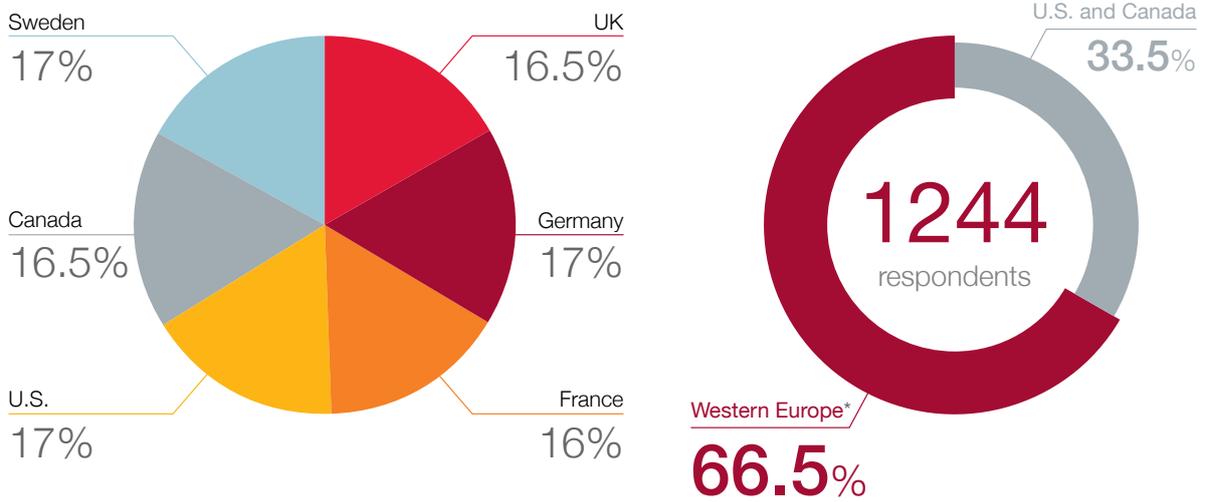
Our survey findings and analysis inform banks what needs to be done now. CGI, however, is already witnessing the next phase, which is characterized as "deep digital." Deep digital is the digital transformation of the bank's organization and processes. This has several objectives:

- Lowering costs by digitizing processes and using a less permanent workforce
- Responding to aging workforces by digitizing specialist knowledge and leveraging shared services in lower cost locations
- Removing paper through digital capture, data extraction and storage
- Using agile infrastructures and standard application components to move to pay-as-you-use
- Connecting everything as we move to the "Internet of Everything"



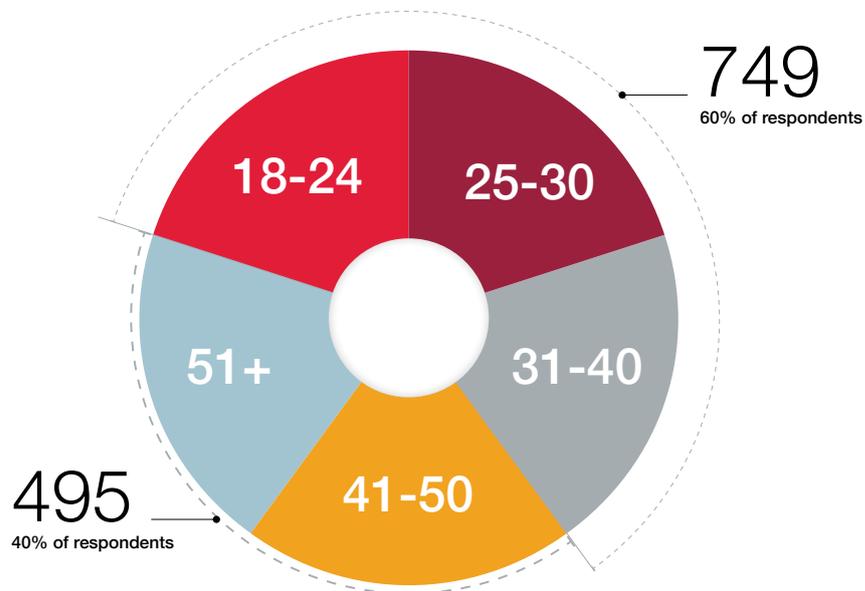
## 4.0 Survey demographics

### By country



\*Western Europe: France, Germany, Sweden and UK

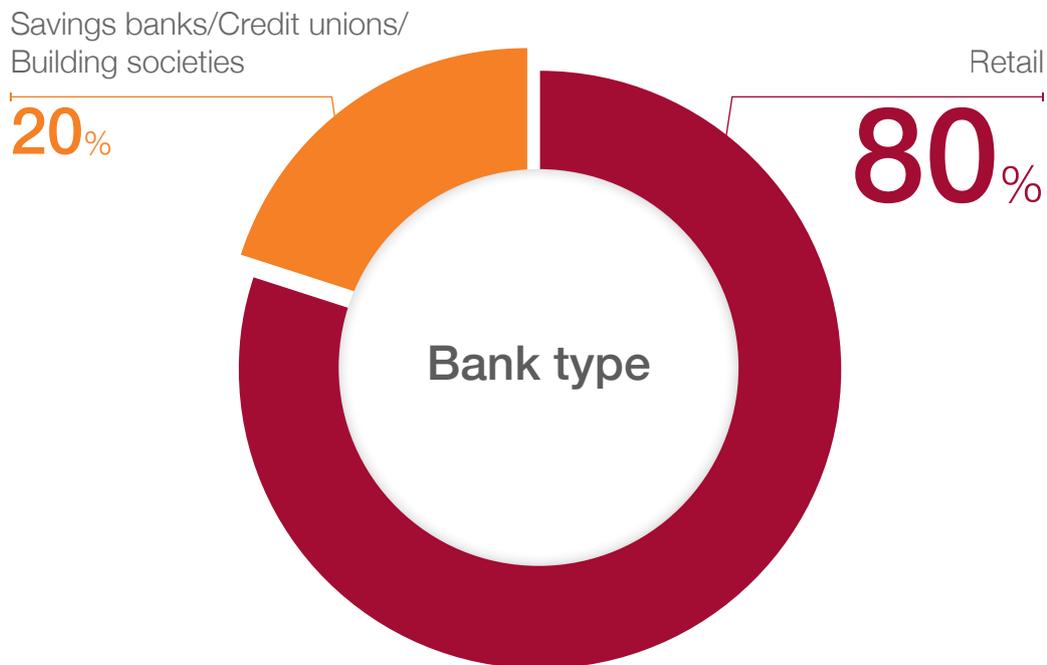
### By age



## By income

Annual income bands		Counts	
		1244	100%
UK	Under £10,000 to £75,999	106	9.5%
UK	Over £75,000	102	8%
US	Under \$10,000 to \$99,999	105	8%
US	\$100,000 and over	104	8%
Canada	Under \$10,000 to \$99,999	105	8%
Canada	\$100,000 and over	103	8%
France	Under €14,000 to € 60,999	106	9.5%
France	Over €61,000	96	8%
Germany	Under €14,000 to €60,999	104	8%
Germany	Over €61,000	104	8%
Sweden	Under SEK 60,000 to SEK 600,999	108	9%
Sweden	Over SEK 600,000	101	8%

## By bank type



## 5.0 About Research Now

CGI chose Research Now to conduct this survey because of its global experience and reputation in digital data collection and online sampling. The company has more than 1,200 research professionals and has ranked number one in customer satisfaction within its field for the past five consecutive years. It also offers one of the largest online panels of volunteer survey respondents, with 6 million panelists in various categories across 37 countries.

## 6.0 About CGI

Founded in 1976, CGI is a global IT and business process services provider delivering high-quality business consulting, systems integration and managed services. With 68,000 professionals in 40 countries, CGI has an industry-leading track record of delivering 95 percent of its projects on-time and on-budget, aligning our teams with clients' business strategies to achieve top-to-bottom line results.

CGI's 16,000+ finance professionals work with leading financial services companies across the globe, including 25 of the top 30 banks in the world, 20 of the top 25 banks in the Americas and 7 of the top 10 global insurers.

We help our clients reduce costs, achieve strategic objectives and drive competitive advantage. With 35+ years of experience and continued business growth, we offer industry knowledge and financial strength to the world's leading financial institutions.

To learn more, visit [www.cgi.com](http://www.cgi.com) or contact us at [banking.solutions@cgi.com](mailto:banking.solutions@cgi.com).





[www.cgi.com/consumer](http://www.cgi.com/consumer)



## cgi.com

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With 68,000 professionals operating in 400 offices in 40 countries, CGI fosters local accountability for client success while bringing global delivery capabilities to clients' front doors. Founded in 1976, CGI applies a disciplined delivery approach that has achieved an industry-leading track record of on-time, on-budget projects. Our high-quality business consulting, systems integration and outsourcing services help clients leverage current investments while adopting new technology and business strategies that achieve top and bottom line results.

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