

Youbiquity Finance 2014

Consumers, Channels and Changing Behaviours in Retail Financial Services

In just two years, the average number of channels used by consumers to contact their financial service providers has grown from 4.3 to 6.2, an astounding 44% increase. There has rarely been a better time for banks, credit card and insurance companies to use omni-channel strategies to engage with their customers.

This growth has partly been driven by the rapid expansion in mobile banking and apps. But the data show an increase in consumers using website FAQs, branch self-service machines, web chat, social media and other channels to communicate with banks.

These results are taken from new consumer research conducted by BT Global Services and Avaya, which updates and extends the Youbiquity Finance insight first created in 2012. In 2014, 2,017 consumers were interviewed online across France, Spain and the UK.

Financial sales success

Youbiquity Finance 2012 showed that consumers mainly relied on the internet when undertaking research before buying a new financial product. But the latest research shows that a mix of face-to-face meetings, phone calls and online communication plays an important role in the sale. In fact, the face-to-face channel is still the most popular for all purchases (except general insurance) across the three markets, although UK consumers are less reliant on meetings than those in France and Spain.

Ease and elaboration: two modes of consumer behaviour

For financial services providers, it is no longer about choosing between full service or self-service, this channel or that channel, but rather, it is about meeting consumers' needs at two fundamental levels:

1. **Ease** – Making everyday interactions fast and simple
2. **Elaboration** – Creating content, insight and answers that help customers make the right decisions

The benefit of doing so will be to drive **emotional connection** for consumers. Connecting with consumers at a human level, to support their decision-making, and build personalised relationships.

More than fast service

Financial services providers need to offer more than just fast service, with 55% of consumers in France, Spain and the UK

saying banks have focused too much on self-service. Being efficient and automated means providers run the risk of becoming forgotten by customers. In short, the need for elaboration – to make financial services more interesting, engaging and relevant – is important for consumers today.

The Financial Conduct Authority (FCA) has begun to ask providers to use Behavioural Economics to ensure that consumers make the best decisions when selecting new products and services. This requires allowing for consumer biases in decision-making and inevitably means supporting choices with access to better information and communication.

Providers have made a good start: already, 34% of consumers in France, Spain and the UK use online personal financial management tools.

The Youbiquity Finance research showed that 1 in 10 consumers are following their bank using social media. This highlights the opportunity to provide interesting and elaborated content through Facebook, Twitter, etc.

The growing range of mobile-friendly social media is increasingly consuming people's time. Since 2012, the dominant social media of YouTube, Facebook and Twitter have been joined by Google Plus, Pinterest, Snapchat, Tumblr and others.

Spain has the highest number of consumers following their banks online, compared with France and the UK. However, only 30% say the updates they receive from financial services providers are interesting and relevant.

Preferred channels for complex issues

The phone and branch are still the preferred channels for consumers to resolve complex financial issues, and this has resulted in a slight rise in the percentage of consumers across Spain and the UK using these two channels in the past year.

- 62% say my bank should have one easy-to-remember phone number
- 77% say it is important to have a phone number on every page of their financial services provider’s website/app to make business easier
- 2 in 3 want voice biometrics which recognise your voice and identify you when you call a bank.

Bank branches need enlivening

More than two-thirds of consumers describe their bank branch as being ‘cold and unwelcoming’, with a larger number saying it is ‘dull and boring’.

Overall, there is good interest in a range of improvements to the bank branch. Top improvements are:

Free access to Wi-Fi	53%
More knowledgeable staff	40%
Self-service machines	38%
PC/tablets for research	37%
Bookable appointments	32%
More comfortable environment	27%

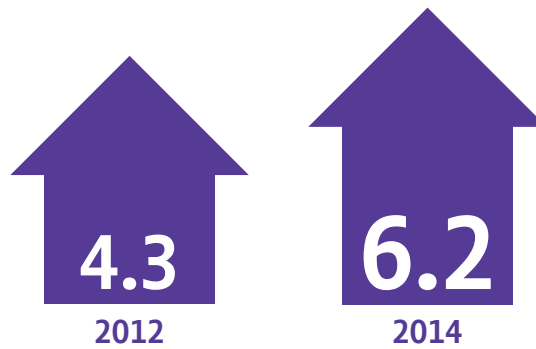
Offices worldwide

The telecommunications services described in this publication are subject to availability and may be modified from time to time. Services and equipment are provided subject to British Telecommunications plc’s respective standard conditions of contract. Nothing in this publication forms any part of any contract.

© British Telecommunications plc 2014
 Registered office: 81 Newgate Street, London EC1A 7AJ
 Registered in England No: 1800000
 Designed by Westhill.co.uk

PHME 70208

bt.com/globalservices



The average number of channels used by UK consumers to contact financial service providers in the past 12 months

Drive ease of use with supported self-service

In terms of frequency of contact, for many consumers online and mobile banking apps are the top channels in banking. 69% say they use the internet for simple transactions, only going to the branch or phoning to resolve more complicated issues.

However, more than 4 in 5 want human help on every web or app page, which shows the value of supported self-service as a key driver of customer ease. Providing ‘supported self-service’ is vital to both providers and consumers for three reasons:

- to help consumers when they have a problem with self-service or need further information
- to convert a sale or assist consumers in making choices about products
- to extend the capability of the self-service channels, so more tasks can be completed by customers.

When consumers are on a financial services provider’s web-site, the most popular forms of help are...

Branch	82%
Phone	81%
E-mail	81%
FAQs on website	66%
Webchat	53%
Co-browse	52%
Click to call	48%
1 way video chat	41%
Video	38%

Three 3 channels for the future

1. Web chat – 6% of consumers have used web chat to communicate with an insurance provider, and 12% with banks. Although only 41% are confident about sharing their personal details in this way, around two-thirds in France, Spain and the UK liked web chat because:

- there is a record of the conversation
- they have been satisfied with the outcome of web chat conversations
- they found it more valuable than phone calls, as you can look at things on the screen.

2. Video chat – More and more consumers are using video to communicate every day, with a 100% increase over the past two years. In financial services, consumers see the benefits of video in terms of:

- 61% would not need to make an appointment
- 60% would be served straight away
- 59% could have complex issues explained more easily
- 59% easier to see documentation or information
- 50% better relationship with financial service provider
- 49% trust improved.

3. Social media – 1 in 4 consumers would like to communicate with their financial services providers using social media platforms like Twitter, Facebook, Google Plus, Snapchat, Instagram and Pinterest.

What does all this mean for financial services providers?

BT Global Services and Avaya’s Youbiquity research in 2014 shows that in the UK alone, the number of people who say they would turn to sources other than their bank for financial information and advice (not necessarily regulated) has increased from 43% in 2012 to 54%.

Financial services providers often lead other business sectors when it comes to improving customer service standards. But they need to take advantage of this opportunity to use the explosion in the number of channels consumers are using to improve ease of use and provide more engaging and elaborated services.