

Getting personal

Reshaping the banking experience

A graphic in the top right corner consisting of the words 'ONE STEP AHEAD' in a stylized, 3D font. The letters are colored in a gradient from purple to pink, and the text is tilted diagonally upwards to the right.

The future will be dominated by banks that go beyond 'skin deep' personalization to embed themselves into the daily lives of their customers.

In a world of mass personalization, banks are getting quite good at convincing their customers they know them. New tools and technologies are enabling unprecedented customization. New segmentation approaches are improving targeting. Automation and digital technologies are dishing up 'personal' experiences — using the customer's name when they enter a banking channel, for example, or sending an e-card on their birthday.

Yet our view suggests that today's level of personalization is only skin deep. And the future will be dominated by banks that are able to go much, much deeper. They will be the ones that know how to make their customers feel individually valued and important. They will use the familiarity they gained through a shared history to deliver meaningful experiences to their customers. They will know more than just account details and demographics; they will know exactly what makes their customers tick.

Getting to know you

It is already very clear that customers place a high value on a bank's ability to embed themselves into their personal lives. In a recent survey of more than 275,000 consumers conducted by KPMG International, we found overwhelming evidence that a company's ability to deliver a personalized experience is directly related to their brand loyalty.¹ Customers consistently ranked banks with great personalization capabilities as best in class.

The leaders in our survey were those that recognized that personalization isn't just about driving increased sales to existing customers. It's about building relationships and becoming embedded into the lives of your customers. It's about knowing what your customers need and finding ways to solve their problems (often before they know they even have a problem). It's about being there for your customers — regardless of whether that interaction results in the sale of a product or defined service.

Solve their life problems

That is why a handful of the world's leading banks are starting to shift their focus towards understanding customer 'life events' or 'life stages'. In some cases, these may be the purchase of a new car or house, the birth of a new baby or the start of a new job. In other cases, they may simply be life stages — entry into retirement, for example.

The point is that — if you really think about it — financial services underpin everything we aspire for as individuals. Each life event or life stage brings different challenges, opportunities and financial needs. Those banks that are able to predict these life events and then deliver solutions that demonstrate a deep understanding of the individual customer will be the most successful in the future — not those still blindly selling products to demographic segments.

Don't blame the tech

So what is holding banks back from achieving true personalization at scale? Many banking executives will tell you it's their siloed data and legacy systems that are stopping them from taking a more holistic view of their customers. And that, in turn, is holding them back from delivering true personalization.

While legacy systems and data can certainly be an inhibitor to personalization, there is strong evidence to suggest they need not be barriers. Consider, for example, how some 'newco' banks are winning customers and delivering personalized experiences despite the fact they use their parent's legacy systems (First Direct, a UK challenger bank, is frequently ranked as best in class ahead of its parent HSBC even though they use largely the same technology stack²).

Put the customer first

Our view suggests that, more often than not, it's legacy culture (not legacy systems) that is stopping banks from making real progress on their

¹ *Customer First. Customer Obsessed.* KPMG International, 2019

² <https://www.telegraph.co.uk/business/2016/08/17/first-direct-named-best-bank-but-its-owner-hsbc-is-the-worst/>

personalization journey. The reality is that most banks are still tightly structured around products and services. In most banks, it's the product teams that drive most decision-making, not the customer teams. And this is making it nearly impossible for banks to get a truly holistic view of their customers.

Reorganizing the bank around the customer will take leadership. It will require a dramatic shift in organizational culture and structure. And it will require banks to think carefully about what activities are empowering the customer view and what activities are not. In some cases, this may mean shifting the balance of power within the organization. For example, we recently worked with one bank where, time and again, efforts to improve personalization were being slowed by the compliance function; the organization placed compliance under their chief customer officer and have seen dramatic improvements in their customer experience scores ever since (without increasing their compliance risk).

Yet getting a holistic view of customers will take more than just strong desire and better organization structures. It will also require banks to take different approaches to understanding their customers — mining data for new signals, for example, or partnering with tech players who can broaden their appeal and data reach. As [this recent article](#) by our colleagues at KPMG International suggests, the shift towards regulated open data and open banking will create significant opportunities for banks to become better acquainted with their customers.

Banks will also need to get better at using the data they uncover to truly understand the circumstances and life events of their customers. That will take more agile platforms, better analytics and better collaboration over data so that products and solutions can be quickly modified and adapted as customer needs and desires evolve.

Going beyond financial services

Perhaps most importantly, bank executives will need to think much more holistically about what role they plan on playing in the lives of their customers. How can they use their insight, capabilities and knowledge to help customers live their best lives? Can they predict which products and services customers will need through their journey? And do they know enough about their customers to properly understand their unique life events?

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The leading banks have already answered these questions and are making clear progress towards a very different type of personalization. When USAA, a US-based financial services firm, noted that their customers (largely made up of US military and family) were becoming frustrated with the amount of time required to purchase a new car, they developed an entire service area focused on helping speed up the process.

One UK-based bank, offers customers courses to improve their computer literacy which, in turn, is helping improve digital engagement. Some banks in the emerging markets are starting to act as consumer-goods distributors, allowing them to solve customer pain points and provide peripheral products such as insurance and loans.

Get personal

The point is that there is a big difference between personalizing a communication channel and becoming embedded in the personal lives of your customers. The former is only skin deep; the latter requires fundamental changes to the way the bank operates.

Our view suggests that the most successful banks of the future (indeed, the most successful banks today) are those that are investing in creating a truly personal relationship with their customers.

For more trends reshaping the banking experience, visit [kpmg.com/reshapebanking](#)

To learn more about how banks are delivering customer experience excellence, please read [Investing into relationships](#), from our recent Customer Experience Excellence report.

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