



# Customer First

## Podcast transcript



## Changing expectations: Healthcare and Financial Services

*"What's top of the mind for the coming two years? It's all about the digital transformation, but it is about moving care to the community, helping the community. It is about consumer empowerment and consumer-centricity and really developing the tools to make that happen."*

**Voiceover:** Welcome to the Customer First Podcast, from KPMG's Global Customer Center of Excellence. We work alongside the network of KPMG firms to help clients deliver profitable growth, by putting their customers at the heart of their business.

The Customer First podcast brings you the latest thoughts and market examples from KPMG professionals and guests on how today's businesses are becoming more and more customer-centric.

Today, we hear from our sector leads across Financial Services and Healthcare.

**Julio:** Hello, and welcome to another episode of Customer First. Today, we're having a roundtable with two of KPMG's global sector leads to talk about trends that we're seeing in the marketplace around customers and consumers, and really trying to understand what the trends and themes are out there, to start to pick up on some noteworthy signals of change and understand how they're playing out and how companies are interacting and engaging with their customers, and how they're trying to stay ahead of disruption. As companies get to grips with inflation, cost of living crises, supply chain issues, and geopolitical conflicts, meeting customers' expectations has never been so challenging.

Today, I'm joined by Anna van Poucke, Global Sector for Healthcare, and Judd Caplain, Global Sector Lead for Financial Services, and today we'd like to talk a little bit about consumers.

So, Judd, Anna, thank you for joining me today. As we think about the last couple of years and we think about some of the challenges we've seen, starting off with the healthcare crisis over the last 26 months, and now, in the context of inflation and the context of supply chains, what are some of the biggest trends that you're seeing, disruptions you're seeing, to your clients' customer bases?

Anna, maybe we could start with you?

**Anna:** Yeah, thanks a lot, Julio, and great to be a with you here. COVID has changed the face of healthcare. So, what are we seeing there? Huge acceleration. We did a CEO survey, we asked 200 CEOs 'What's changing in your world?' And 97% said that COVID-19 had accelerated their transformation efforts. 79% thinking that, the next three years, all aspects of healthcare will

be transformed. That transformation is going to be mainly front office, front door.

And what are we seeing? Three things. Evolution of digital care. In COVID-19, we saw an incredible uptake of digital care. And, in the US, telemedicine visits through Medicare increased by 63 times, pre-COVID / post-COVID. That's a very big change. What we see is shifting care out of hospitals in the community.

And the last one is that COVID-19 has made us very aware of the need for personalized healthcare. Social determinants of health—population, health management—and how can we make healthcare much more personalized and really deliver it on a personalized basis. And that's both by the use of apps, that's by primary care doctors use the speech to text, so that they can really focus on their patients, but also about precision medicine and much more effort that we do in combining data on patients. And by doing that, that we can give them a much more personalized treatment.

So, digitization, community care and personalization in care for me are the biggest trends that we see happening at this moment.

**Julio:** Judd, when I think about your sector, you've had all these challenges that came with COVID: what to do in the workplace, etc. But now also the financial services industry is facing this accelerated cost structure, this accelerated inflation, and a workforce that's a little bit hesitant to necessarily go back to the ways of working in the past. So, what are you seeing there pivot and what are you seeing from the consumer?

**Judd:** Yeah. Hey, Julio. So, first of all, the last couple points you just made are very valid and top of mind and all kinds of things going on in financial services just around impact of inflation—which, by the way, is not always necessarily bad for financial services companies—and return to work and what that means, and probably similar to other industries. But the first point that Anna made just around digitization has also been a very key area of focus in financial services as well, also prompted by COVID.

So, COVID came along. One, we all got used to doing things online, became much more technologically adept, as did financial services clients. So, to bring that down to a level, what that means is, particularly in banking, one, a restructuring of the branches, number one, and a big move to digital. So, what does 'restructuring the branches' mean? One, it does not mean reducing the number of branches (in fact, in some cases, banks are increasing the number of branches) but the purpose of the branch is not to conduct transactions, but to sell additional services, cross sell. So, things like wealth management, mortgage, credit cards, business banking.

So, when many of us walk into a branch, you see the teller, which used to be front-and-center in the back of the room, in the back of the branch, and you see the sales offices for mortgage, wealth management, business banking upfront. Then when we talk about digitization, many of the transactions that were conducted in branches have now been added to the digital channel.

Now, in some cases, they existed and, as a result of COVID, they have just increased significantly and, in other cases, banks have added new functionality. So, everything for things around self-service, conducting of transactions, right through wealth management and other additional capabilities, that now sits on the digital channel.

**Julio:** So, Judd and Anna, one of the things that struck me with your answers is some similarities with different words.

So, Anna, you talked about one of the top-three priorities is this idea of community health and being the hub for community health. And I kind of view that as almost being a catchment area: 'I'm going to serve the needs of a community'.

And, Judd, you talked about the branch almost being 'this is where I'm going to catch customers, they are going to come in to me, I'm going to expand the relationship' versus 'just do the transaction' piece of it. And this interaction basically being a hub.

When you think about digital and this idea of having a hub, how do they complement each other and how are the consumers, what are they expecting, right? What do they expect from the physical, as well as the digital, interaction and how they play together? Maybe we could start with you, Judd?

**Judd:** Yeah. So, a downside of moving customers out of the branch into digital channels is you don't have that relationship opportunity, the one-to-one relationship, the ability to develop the rapport, to identify cross sell opportunities. So, what's happening is in the digital channel, there's a much greater trend toward personalization, and we all use that word 'personalization' quite a bit. Let me give you two examples.

One is simply being much more targeted in what's sold to the customer. So, a really good example is with mobile apps, large companies know where the customers are for the most part. And if someone is sitting at a baseball game or a soccer match or anything like that, the bank or the financial institution may do a promotion such as 'Have a free drink on us', or 'Buy a souvenir on us', or 'Here's a \$10 coupon to buy a t-shirt at the game'.

In addition, there's much more targeted marketing. So, if someone travels extensively, the bank knows that through all the transactions and maybe much more targeted in selling their travel capabilities, which I'll talk more about in a few minutes. Another example might be if someone goes out to restaurants, they'll be much more targeted in offering their reservation capabilities and promotions that go with it.

So, long way of saying yes, the downside of moving out of the branches is less personal as in-person personalization, but banks are making a big shift to create greater personalization in the digital channels.

**Anna:** Yeah, I think one of the main trends that is taking place in healthcare, so hospitals will be hospitals, but they will be preserved for very complex, 24/7, acute complex care, so they will really have a different focus. Due to digitization, but also due to the fact that we have much more data, it will be much easier for GPs, community nurses to take a real responsibility for a community and take a real responsibility around patients.

Now, that is going to be strengthened by all the digital means. And just imagine what we expect and the phrase that we are already using is 'hospital at home', which means that you can be ill, but you will stay at home. And because we're developing such strong remote monitoring techniques, using data, using artificial intelligence, and machine learning, what we saw, for example, in COVID-19 is hospitals were so full that they had to find a system where they could only have the most severe patients in the hospitals and have less severe patients at home. That's one part of the story.

The other part of the story is what we are seeing, is that due to digitization of healthcare and wearables and all these devices, patients and customers are becoming much more empowered and they will use tools and they will use wearables to really take responsibility for their own health and healthcare in their own hands, being much more empowered, being much more the ones that direct how they want to consume healthcare, what they want to do.

So, we are really reversing the healthcare systems from what I would say, the doctor has maybe, got, half got, or at least a hero where you listen to now the move to what, you know, through the health of true patients being much more the owners of their own health, of their own health delivery, and their own goals in healthcare.

**Julio:** So, Anna, I heard a couple things there. First of all, building on both the themes that you and Judd talked about, there's this acceleration of digitization for engagement, the consumerization of that experience, so it feels much more intuitive, natural, the interface is great.

And, Judd, when I think about financial services, for years financial advisors have been sitting down and saying, 'What's your goal?' Could be a banker, could be someone from the asset management industry, could be somebody from the insurance industry. How are they incorporating this, call it objective planning or goal planning into the interactions? And we talked a lot about banking, but I suspect the same thing's happening in insurance and asset management.

**Judd:** Yeah, Julio. Really good question. When I think of financial services and all the sectors, the fact of the matter is that banking has been the most mature pre-COVID and since COVID in the whole digitization, but we're seeing a greater acceleration in insurance and asset management as well.

So, you think of insurance, and I think most of us when we buy life insurance or homeowners, it's generally through a salesperson as opposed to a digital channel, and COVID came around and all of a sudden you couldn't have that in-person interaction. So, insurance is quickly catching up and accelerating to more self-serve, self-service models to purchase insurance. So, a long way of saying yes to that.

Wealth management is interesting. In some ways less mature, in other ways more mature. Retirees tend to be a little more mature when it comes to digital capabilities and the ability to see investments online, make decisions online.

And I think in the case of asset management and wealth management the answer might be a hybrid. So, we'll continue to see people do, individuals do, more online than they did previously as a wealth management client, but I still think that people crave the, not sure if crave, but have a desire to meet with people individually. When they have big assets, they don't want to just do it through a computer screen.

So, I think once again, in the case of asset management and wealth management, it's probably more of a hybrid of more online capabilities, but also working with a wealth management advisor.

**Julio:** It's interesting, and we see it both from the customer side and we see it from the employee side. We've never had as many generations serving as many generations as we are today, nor have we had as many generations in the workforce as we've had today.

And each of them has gotten different experiences. And, as you go through this time, you're starting to see more and more digital native folks be in the workforce. And you're also seeing them be more and more customers. So, it's really interesting.

I'd be very curious, when you think about your clients and trying to change the customer experiences delivered and embracing digital, a lot of these organizations are still run by older folks who grew up in a certain mindset. How are they getting the voice of the customer to inside their own organizations, to understand that a consumer who's 22 years' old and starting their financial journey or someone who's having their first child and really embracing healthcare in a way that's probably more immersive and historically anything they've done before, how are they getting that voice into the systems to make the change?

**Anna:** That's a very good question. And that's a huge problem for healthcare because of the status that caregivers used to have. And, by definition, when you are in a situation when you demand healthcare, when you need healthcare, there's a difference in position. And, yes, it's definitely hard for the workforce to get used to it.

And we have to keep in mind that when you need healthcare, very often you're either elderly or you're in a more vulnerable situation. So, saying, 'Oh, we are going to digitize 100% or 80% of healthcare', it's not going to be that way.

I think by the way, I totally agree with what Judd was just saying about hybrid models. What we see in some nations that are really ahead in digitizing of healthcare, they come up with hybrid models. So, part of your personalized care delivery is being done via chatbots and via platforms; however, the physical component is still very much there in healthcare, because vulnerable people will need coaching, sometimes the doctor or the nurse really wants to see you or needs to touch your body, so they need to be close to you.

So, one reason for change is the workforce problem that we are having in healthcare (and, actually, it's a workforce crisis). The second one is what we see at this moment is that new providers are getting into the market and they're totally disrupting the market.

Now, what we see if healthcare doesn't change quickly enough, we expect that customers will start voting with their feet and they will start using platforms and apps that are being brought in by non-traditional providers. I think, actually, that's one of the challenges for healthcare, how they're going to deal with that, because they want to move in that direction of consumer centricity. At the same time, however, if we have only new providers and they take the sort of more healthy part of the population, traditional providers will have to focus on the really vulnerable groups, which will make it financially very difficult. So, my view is the crisis is big. We see new parties coming into the market. Healthcare will need to transform itself otherwise they

will get a huge problem. So, that's my goal and that consumer centricity, they need to adapt to it.

**Julio:** So, Judd, Anna talked about not only the external view of the customer or the consumer, she also talked about competitive forces. So, in your industry, you've got FinTechs in banking. You've got Insurtech in insurance. You've got new players in the asset management space. They're also pushing this outside-in perspective, as well as the customer.

So, how are you seeing that manifest itself and maybe also in the pace of change, for instance, maybe things could be more thoughtful in the past, but maybe there's a different approach to learning and changing. What are you seeing?

**Judd:** I mean, really good points. That's number one. You had mentioned something a few minutes ago just around voice of customer, and financial services companies take voice of customer very seriously. I happen to know first-hand it's reviewed by senior management, and it's acted on. That's point number one.

Point number two is you think of financial services companies, very well-established, and they have legacy systems also referred to as 'technology-debt' and sometimes difficult to adjust to what the new market needs are.

To your last point or question just around FinTechs and other startups, financial services companies take that extremely seriously. They realize it's a threat. They potentially can become disintermediated. They're doing a couple things. Everything ranging from creating some of these startups themselves. And, by the way, when I talk about startups, financial services companies often separate that from the established institution, meaning they take a very innovative team, have them physically sit somewhere else, sometimes in Silicon Valley or Hudson Yards in Manhattan, and really think out of the box and not be bound by a legacy debt.

But, back to your point, just around FinTechs and other startups, so financial services companies do everything from innovate themselves, acquire or partner with. And I think the more advanced institutions with much larger levels of capital are able to make those investments and stay competitive, and in some ways able even to leapfrog some of these FinTechs that do have limited spending capabilities. So, yes, the FinTechs have niches, but in my experience the large financial services companies embed that and sometimes move ahead from what the FinTechs themselves have.

**Julio:** You know, one of the things with both of your industries, I think it's pretty safe to say they're very regulated industries as a general rule. At the same time, we were talking about personalization and adjustment to your personal circumstances. That requires data. That requires insights.

As we think about the marketplace, listening to both of you, you guys talked a lot about this outside-in perspective, taking the voice of the customer, understanding the competitive set. You also talked about engaging the consumer in a very different way with insights. That really requires data and information and bringing it to the forefront and acting on it. But you both work and live within industries that are highly regulated.

So, just for a minute or two, how are you seeing your clients address this need to harness that data, but also give their consumers, their customers, some peace of mind that their data's being used in the right way?

**Anna:** I think, actually, this is one of the dilemmas that healthcare is really struggling with. I think, to my perspective, that's also one of the reasons why we need to be so careful about who, as a new entrant, is stepping into the market? And how trusted are they? Because consumers will be wanting to work with these new entrants, but as soon as they discover that their data is being used for different uses, they will step out of that immediately.

So, that's why I think that we need to go towards much more public-private partnerships, and we will need to keep that regulatory framework around healthcare. So, that's one element. So, we need to have that combination of traditional and new entrants and transform healthcare from within. Regulators need to be very quickly in thinking, 'What does it mean? What are we collecting in terms of data? What's the regulatory framework that we're going to put around it?'

But I also think that this is where new trends like blockchain technology, but also DAOs—so, DAOs are the decentralized autonomous organizations where consumers actually together create a trust, create an organization, where they're bringing their data and where they can ask research institute or pharma to do research on their data—and I think the sector will definitely need to think about these new vehicles that can combine the combination of data, the matter increase of data that we're seeing and, at the same time, put it in a governance framework, being underpinned by blockchain and bio transactions that are secure but, at the same time, putting the governance and the trust in the hand of a group of people that is heavily regulated and that they can keep control of.

**Julio:** And, Judd, we're talking about people's livelihoods. So, in Anna's world, we're talking about their lives and their health, and in your life, in your world, talking about their livelihoods. So, how are banks and insurance companies and other financial institutions really thinking about the fuel of data for personalization and protecting it and regulating it?

**Judd:** So, going back to what you said a few minutes ago, Julio, you are correct. Financial services companies are particularly regulated. Then there are regulations that are agnostic to industries, so I'm thinking of something like GDPR in Europe. Having said that, banks, it's really a treasure trove of information for banks to use. They need to be extremely careful how that is shared (and, in most cases, not shared) outside the institution. They can use it and really to the benefit of their customer, just around things they sell or things they target or communicate to the customer. But it's interesting, even within the financial institution, they need to be careful about sharing data with other parts of the bank as well.

Final comment is many financial services companies have data compliance officers now that watch this very issue we're talking about. Once again, it's not just financial services companies, but all industries have exposure if data is shared outside the institution (once again, thinking of something like GDPR, where there's big liability) but if banks manage it, not just banks but financial services companies, manage it, I'll use the words again, treasure trove of information, to serve their customers more effectively.

**Julio:** That's excellent. So, as you guys are in the marketplace talking to CEOs and C-level executives on a regular basis as your clients and across the sector, I'm just curious what are the top-three things that you're talking to them about today and how does that set in the context of the customer as well?

So, Judd, let's start with you.

**Judd:** Yeah. So, I'm going to make an overarching comment, Julio, and then drill down to three points.

So, one, the overarching comment is financial services companies are trying to have technology that puts the consumer or the customer in control. And what that means is around the customer journey and specifically 100% digital onboarding, which previously was a very paper-intensive, cumbersome process for any financial services company.

Two, speaking of FinTechs, we're seeing (and this is my word) 're-aggregation'. So, with FinTechs, there was disaggregation, meaning I may have a core relationship with a financial services company, but this FinTech can do something very unique and special. And then a second FinTech came around. And I, as a consumer, might have ended up with five different apps or five different financial services companies. The large financial services companies are now re-aggregating those capabilities. So, that's point number two.

And, final point is, I would say, in financial services creating more of a platform. So, in addition to providing some of the core financial services capabilities—whether it be insurance or asset management, wealth management—to provide ancillary services. And I'm referring to things like travel services and restaurant reservations that used to be a guide that was paper-intensive. Banks now, not just banks, but financial services companies, have this on their platform. And, really, the objective of this is one to provide greater value to their customer (more than a FinTech can do, by the way); and two, it creates stickiness for their customer to stay with the institution.

**Julio:** Excellent. Anna?

**Anna:** Yeah, I think the biggest subject that is still top of the agenda for all the CEOs is how to get back from the COVID-19 situation. And that was such a destructive force in healthcare that, actually, healthcare organizations are still trying to be resilient and move back from that.

In that respect, when you talk about that workforce shortages, burnout, attrition is a very big subject for everybody. So many people left the sector due to COVID, due to burnout, due to disease, due to a lot of reasons. So, getting back again and trying to get as many people onboard, trying to address the backlog is a very big thing.

But, on the back of that, you see that discussion about the digital transformation. And I always say that maybe the digital transformation that we saw in the decades past in financial services, in banking, is the digital transformation that we will see in healthcare in the next decade.

So, that digital transformation and the 'how to' is a very big issue for CEOs and how are they going to do with them? What's the agenda on it? And what are the investments that they need to make? And what are the new business models that they're going to run? And how are they going to use the data? And who will they be partnering with? So, those will be very big subjects as well.

That new ecosystem, community care, what's the hospital going to do? What is the community going to do? How are we going to serve communities? Changing from patients to consumers, and changing from cure to prevention, and changing from treating patients to predictive medicine and personalized medicine?

A last point, and I see that more with government regulators, is that based on COVID-19, the whole issue of social determinants of health, under-served communities, vulnerable groups, population health management, that's also a very big theme and that's actually where they're all asking us for help.

So, how can we set up control towers? How do we have a system that serves it?

**Julio:** It's interesting that there's not a 100% overlap in both, Anna, your answers, and Judd's answers.

There are some similarities when I think about it. One is how do we bring friction out of the system? How do we get rid of the bad friction? The friction of onboarding that took a long time, very paper-based, the friction of admitting someone into the hospital. So, how can we use digital means, digital information, digital records to basically be able to do that?

I also heard of a thematic of how do we make it more convenient? How do we make sure that this fragmentation that occurred with some of the FinTechs and insurtechs and other health tech companies actually starts to consolidate so that it's convenient for a consumer to be able to engage with someone who's providing services, be it on the financial side or on the health side?

A third thing I heard was, how do we get the power of the community or the power of the network working together so that it actually builds on itself?

One of the things I wanted to talk a little bit about was innovation and how you see the world changing over the next 6 to 24 months. And, for instance, I'll tell you a sector outside of your sector: companies are experimenting with the metaverse, trying to get closer to their consumer, trying to really understand what's going on there. They're looking at AR and VR in a very different way, thinking about how they engage with the consumer, how they educate their workforce with these tools.

I'm just curious, what do you think is going to happen over the next 24 months in your industry, Anna? Is it just going to accelerate what they're doing right now or are there going to be some additional thoughts?

**Anna:** I think there are going to be some additional thoughts. And, if I look back at the interviews that we had, the survey that we had with the 200 CEOs, and you know, what's top of the mind for the coming two years? It's all about the digital transformation, but it is about moving lower complex care to the community, helping the community. It is about consumer empowerment and consumer-centricity and really developing the tools to make that happen.

And I think last but certainly not least, is the fact that what I see healthcare organizations do is tapping much more into the public-private partnerships. And this is what we see, the change that they have to make is so fundamental, it's so encompassing, the sector can't do it by itself because it's quite fragmentally

organized. So, they're asking governments to be stepping in to help them with the frameworks and help them with investment.

But what I see happening more and more is the collaboration between healthcare and life sciences, MedTech, but also pharmaceutical healthcare and tech companies and telcos to be really working together and to create a whole new public-private provider system to help the sector to transform.

So, those are some of the issues that I think we will see at least a start of it in the coming 24 months.

**Judd:** So, on the topic of metaverse, financial services companies are paying attention to it. In my own view, I don't think the metaverse is coming to financial services in the short term, meaning in the next 6 to 24 months, but it's something everyone needs to be paying attention to and investing and developing capabilities.

Perhaps the two or three that you will see in the short term, so we've talked about just digital channels, but in addition, cloud. So, in financial services companies there's a big acceleration to cloud. And that has benefit for customers as well, just in terms of new functionality and quicker functionality, number one.

Then the other, which is putting aside the, I call it the 'devaluation' of digital currencies. Just the whole topic of digital currencies. And there's something called central bank currencies in a few smaller countries and that's something I think we all need to be paying attention to and could be accelerated over the next 12 to 24 months.

**Julio:** It's fascinating to listen to both of you.

You clearly come from different ends of the spectrum in terms of your sectors, but at the core of it is a common group of customers, some who are healthy, some who are unhealthy. That could be financially or not financially, that could be physically or not physically, but they're all also being buffeted by these waves of change and expectations that are set by every sector and how they engage with the businesses they choose to, the institutions they choose to. And I think your insights today and your perspectives are highly valuable.

So, Judd and Anna, thank you for taking time today. Thank you for investing time with us to share your thoughts. I think our listeners will really appreciate to hear what you are seeing and what you think is going to transpire.

And, to our listeners, thank you for joining us again. It was our pleasure to be able to share some perspectives of what's happening in financial services and healthcare.

Please take the opportunity to visit our website around more customer insights and other episodes of our series. You can just search under KPMG Customer First.

So, until we talk again, thank you very much, Anna and Judd. Have a great day. Bye-bye.



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