Looking at the bank from the customer’s point of view

October 2014
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Executive summary

During the summer of 2014, EY was asked to contribute to four think tanks organised by Efma, the European association for retail financial services. The think tanks explored the theme Looking at the bank from the customer’s point of view.

Discussions were framed around the results of EY’s third annual Global Consumer Banking Survey: Winning through customer experience, which launched in spring 2014. The survey canvassed the views of more than 32,500 retail banking customers in 43 countries worldwide.1

This paper summarises the key areas of discussion, including contributions and insight from Efma members who participated in the think tanks. Each event examined a particular aspect of customer service in retail banking. Some of the key points were as follows:

• European banks’ customers are increasingly willing to switch. This is making long-term customer relationships more valuable. In response, banks are strengthening their acquisition and retention efforts. Transparency, simplicity and effective communication are particular areas of focus.

• Customer interactions with their banks are moving from a physical to remote-channel framework, and are increasingly split between self-served and intermediated. Personalised, human-based contact is still preferred for complex needs, but openness to remote counselling is growing. This requires banks to move from a silo multi-channel approach to an omni-channel model, supported by effective segmentation, to deliver a customer-centric experience.

• Customer complaints are growing in number and reputational importance. They also represent a golden opportunity to build stronger relationships. Banks are trying to improve their response, but face many structural obstacles. Transparency, employee empowerment and data analysis play a key role.

• Effective advice is a key driver of satisfaction, trust and advocacy. Though many customers prefer personal advice, there is scope to do more remotely. But this requires a difficult mix of technology and expertise. Regulation is also a hurdle. For banks that can use it to their advantage, social media has the potential to enhance levels of engagement with customers.

Reconciling these competing forces to achieve success will not be easy. There will be significant implications for banks’ business models. The overall strategic imperatives are to strengthen customer attraction and retention.

Making the required improvements will depend on developing a range of capabilities and overcoming a variety of obstacles. These will depend on each bank’s current business models and competitive positioning.

We hope readers will find this paper a useful and interesting starting point to explore some of the complex customer challenges facing European banks. We would be delighted to hear your views.

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1 Visit www.ey.com/gcbs to download a copy of EY’s Global Consumer Banking Survey 2014.
Looking at the bank from the customer’s point of view

The drivers behind customer choice

Retail banking customers in Europe continue to become less loyal and more nomadic. Our survey shows that they are increasingly willing to challenge existing financial relationships and look for alternatives. This means that long-term customer relationships are going to become less common than in the past, but more essential to banks’ profitability. In fact, growing acquisition costs mean that few customer relationships make a profit during their first two years. Instead, profitability strengthens over time as customers purchase more products and services, contact the bank less often and via less costly channels, and generate more referrals.

It is more important than ever for European banks to understand the drivers of customer attraction and retention. Our survey shows that three factors drive customer choice of new bank accounts:

1. Anticipated customer experience
2. The level of rates or fees
3. Convenience

In Eastern Europe, accessibility and branch location are also important factors.

Once they have joined a bank, customers’ strongest drivers of satisfaction are accessibility and transparency. And when it comes to closing bank accounts, the leading factors are dissatisfaction with rates and fees, or a disappointing customer experience.

This means that customers appear to leave banks over cost issues, but are more likely to choose new ones based on the promised customer experience. This pattern is especially common in markets such as Italy, Spain and Turkey. By contrast, customers in the UK are more likely to close a bank account based on their experience, and to open a new one based on attractive rates or fees.

### The drivers behind customers’ choice

**Reasons for opening and closing accounts**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Global</th>
<th>Western Europe</th>
<th>Eastern Europe</th>
<th>France</th>
<th>Germany</th>
<th>Italy</th>
<th>Spain</th>
<th>United Kingdom</th>
<th>Russia</th>
<th>Turkey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience with financial services providers</td>
<td>23%</td>
<td>25%</td>
<td>30%</td>
<td>25%</td>
<td>27%</td>
<td>34%</td>
<td>25%</td>
<td>25%</td>
<td>31%</td>
<td>37%</td>
</tr>
<tr>
<td>Rates/fees</td>
<td>41%</td>
<td>36%</td>
<td>38%</td>
<td>39%</td>
<td>32%</td>
<td>31%</td>
<td>36%</td>
<td>25%</td>
<td>25%</td>
<td>33%</td>
</tr>
<tr>
<td>More convenient to have everything in one place</td>
<td>28%</td>
<td>26%</td>
<td>31%</td>
<td>20%</td>
<td>24%</td>
<td>23%</td>
<td>22%</td>
<td>25%</td>
<td>28%</td>
<td>31%</td>
</tr>
<tr>
<td>Access to branches and banking services</td>
<td>17%</td>
<td>10%</td>
<td>24%</td>
<td>7%</td>
<td>13%</td>
<td>12%</td>
<td>8%</td>
<td>7%</td>
<td>24%</td>
<td>22%</td>
</tr>
<tr>
<td>Branch/office location</td>
<td>16%</td>
<td>10%</td>
<td>20%</td>
<td>7%</td>
<td>10%</td>
<td>15%</td>
<td>6%</td>
<td>13%</td>
<td>34%</td>
<td>7%</td>
</tr>
<tr>
<td>Information provided by friend or relative</td>
<td>7%</td>
<td>6%</td>
<td>6%</td>
<td>0%</td>
<td>3%</td>
<td>6%</td>
<td>3%</td>
<td>13%</td>
<td>6%</td>
<td>10%</td>
</tr>
<tr>
<td>Information provided by news or advertising</td>
<td>5%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>5%</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Their decision to open or close branches</td>
<td>6%</td>
<td>5%</td>
<td>4%</td>
<td>6%</td>
<td>2%</td>
<td>2%</td>
<td>5%</td>
<td>2%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
<td>3%</td>
<td>2%</td>
<td>2%</td>
<td>3%</td>
<td>3%</td>
<td>4%</td>
<td>5%</td>
<td>2%</td>
<td>4%</td>
</tr>
<tr>
<td>Not sure</td>
<td>8%</td>
<td>16%</td>
<td>6%</td>
<td>23%</td>
<td>8%</td>
<td>6%</td>
<td>15%</td>
<td>13%</td>
<td>4%</td>
<td>8%</td>
</tr>
<tr>
<td></td>
<td>7%</td>
<td>12%</td>
<td>6%</td>
<td>13%</td>
<td>7%</td>
<td>8%</td>
<td>14%</td>
<td>12%</td>
<td>3%</td>
<td>7%</td>
</tr>
</tbody>
</table>

**Close accounts**

- Italy: 33%
- Spain: 38%
- United Kingdom: 36%
- Russia: 34%
- Turkey: 28%

**Open accounts**

- Italy: 41%
- Spain: 36%
- United Kingdom: 32%
- Russia: 33%
- Turkey: 35%
The survey shows that consumers’ decisions about new banking providers are influenced by a wide range of opinion. The good news for banks is that the sources of information they control – such as their websites, branches and employees – typically remain the most important. This gives banks a springboard to communicate their attraction and retention efforts to actual and potential customers. However, the opinions of family and friends also carry a lot of weight with customers. In some European markets, third parties such as financial advisers in France, social networks in Turkey and comparison websites in the UK, play a significant role. Sources of information used when searching for a financial services provider

Faced with customers’ increasing willingness to open and close accounts, European banks are exploring new approaches to customer acquisition. These typically depend on each bank’s strategic situation and existing customer base. For example, smaller banks and new entrants might focus on opening new branches or product innovation. In contrast, larger incumbents might develop referral reward programmes or new mobile services.

Banks across Europe are also putting more emphasis than ever before on developing effective customer retention strategies. Our survey shows that many customers are not actively retained; they just remain. A large proportion of those customers not planning to switch are merely avoiding the inconvenience involved, or believe that no one bank is better than another. The survey also shows that customers can switch with little warning and that banks see non-bank challengers as an increasing threat in areas such as payments.
Some areas of focus for European banks are intended to meet the needs of both attraction and retention. One is a drive for simplicity, which customers from every segment value highly. Pricing simplicity is one vital aspect, and many banks are working to clarify their fee and rate structures in every area, from mass market to private banking. Banks are also finding that simpler product ranges not only increase satisfaction, but encourage customers to take quicker decisions. Some banks plan to combine transparency with a more tailored approach by letting customers configure their own service and pay only for the features they want.

Effective communication is another crucial theme for both attraction and retention of customers. This reflects the importance of transparency and communication for building customer trust.

Targeted, differentiated communication is highly valued by customers. To optimise retention, banks should focus on customers with multiple products and multiple banking relationships. This group is not only economically valuable to the banks, but also the most likely to be open to switching. Despite their investments in CRM technology, many banks are not yet harnessing the full potential of the transaction and interaction data they hold.
A brand new customer journey

Customers today expect the same fundamental services from their banks as in the past: namely, a secure, convenient environment for making deposits, obtaining credit and transferring money. However, in the areas of communication and interaction, customer expectations are changing rapidly.

More recently, European banks have encouraged customers to make less use of their branches and more use of remote channels. Although this was partly driven by customer service goals, cost reduction was also a major factor.

Analysis derived from our survey data shows that splitting customer interactions between branches and remote channels is misleading for banks and confusing for customers. It is more helpful to divide customers’ interactions between those that are intermediated by a bank professional, whether in-branch or remotely, and those that are managed through self-service. Customers are increasingly disintermediating simple transactions, enquiries and administration. Nonetheless, they would still prefer personal contact, preferably in branches, when seeking advice and new products, or when making a complaint.

Even so, this does not mean that customers are not willing to use remote channels for more complex enquiries. Some are becoming open to remote counselling – receiving advice by phone, online or via video chat. This is especially true in Eastern European markets such as Russia and Turkey.
Looking at the bank from the customer’s point of view

Some European banks are already offering customers access to a range of video content in the form of discussions by investment advisers and economic experts. For now, only a minority offer video chat as a customer contact option, but going forward many players are planning to do so soon. Video links exemplify the potential for banks to combine personalisation and human contact with the use of electronic, remote channels. With the right resources and safeguards, many banks’ contact centres could also combine more complex customer advice with the convenience of extended hours.

For most banks, offering a choice of contact points is nothing new. Yet customers’ increasing flexibility means that banks need to move from a multi-channel to an omni-channel model. This means developing the capability for customers to complete interactions seamlessly across several channels. For example, some banks allow customers to search online for individual advisers in nearby locations, while also giving them the option to get in touch electronically. This type of electronic and physical integration creates significant demands on banks’ technology and data. However, it is something that customers already receive from other industries, and increasingly expect from their banks.

As they adapt their distribution models, banks need to broaden their customer segmentation to include behavioural factors, not just economic criteria. This will help them to judge their customers’ value and loyalty, and to make their communication more effective. It will also show them that many of their most valuable customers are those that never come into a branch. In fact, many of the banks’ most profitable customers are now committed users of the multi-channel distribution models that banks engineered to deliver mass-market, low-cost service. This, in turn, means that banks should develop new ways to overcome the reluctance of some customers to use electronic channels, such as introducing online services to branches or offering free coaching.
Looking further forward, European banks will need to embrace more sophisticated customer interaction techniques such as network building, co-creation and personalisation. That means developing a brand new customer journey: a truly customer-centric experience. Banks need to understand what the customer wants – and what they can provide – at each point of contact. Where the two elements match, value will be created; where they do not, it will be eroded.

Customer-centricity creates fresh challenges for the banks. Measurement is one: satisfaction and performance metrics that work for branch interactions may not be adaptable to electronic channels. For international banks, local variations can also be problematic. For example, the needs and expectations of customers seeking a mortgage in the UK will be radically different to those in Spain or Italy.
Dealing with customer dissatisfaction

The survey shows that patterns of customer complaints – and customer satisfaction with banks’ complaint resolution – vary widely from market to market.

Practical problems with internet and mobile banking are the most common source of problems, although they are comparatively easy for banks to resolve. Fees generate the second highest level of complaints, and are the area where customers are most likely to be left feeling dissatisfied. Operational issues, such as lost or stolen cards, are more likely to be addressed to customers’ satisfaction.
As previously discussed, customer experience is vital to customer attraction and retention, playing a stronger role in account opening and closing than fees, rates, location or convenience. The fact that customers are more likely than ever to complain about unsatisfactory experiences, pass on their complaints to regulators, and publicise them via social media, means that complaint resolution should be a vital competency for European banks. There is also an upside to growing levels of complaint, namely, a growing appetite among customers for dialogue and conversation with their banks.

Dealing with problems effectively is a powerful way for banks to build trust and advocacy. There is a direct link between satisfaction with problem resolution and advocacy. Among customers with a problem, satisfaction with complaint handling is more likely to make them advocates of their bank, rather than satisfaction derived from many other aspects of their service.

### Complaints resolution satisfaction

*Problem resolution satisfaction by problem type (Western European data)*

<table>
<thead>
<tr>
<th>Problem Type</th>
<th>Very satisfied</th>
<th>Satisfied</th>
<th>Less than satisfied</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average</td>
<td>30%</td>
<td>34%</td>
<td>44%</td>
</tr>
<tr>
<td>Standard operations</td>
<td>24%</td>
<td>38%</td>
<td>40%</td>
</tr>
<tr>
<td>Dispute, lost or stolen card</td>
<td>32%</td>
<td>33%</td>
<td>35%</td>
</tr>
<tr>
<td>Fees</td>
<td>15%</td>
<td>29%</td>
<td>36%</td>
</tr>
<tr>
<td>Payment/deposit</td>
<td>16%</td>
<td>37%</td>
<td>47%</td>
</tr>
<tr>
<td>Processing</td>
<td>18%</td>
<td>39%</td>
<td>43%</td>
</tr>
<tr>
<td>Denial of charges for purchases and/or denial of credit/loan requests</td>
<td>17%</td>
<td>29%</td>
<td>54%</td>
</tr>
<tr>
<td>Other</td>
<td>22%</td>
<td>24%</td>
<td>44%</td>
</tr>
</tbody>
</table>

### Problem resolution and advocacy

*Percentage of customers very likely to recommend primary financial services provider (PFSP) based on satisfaction with problem resolution (Global data)*

![Graph showing the relationship between satisfaction with problem resolution and advocacy](image-url)
Inevitably, when a customer asks for help with a problem, it is a real moment of truth for banks. Good problem resolution presents significant opportunities; ineffective complaint handling presents substantial risks.

Despite this, several common institutional features make complaint management a challenging process for many European banks. These include:

• Silo-orientation – which makes centralised monitoring and integration difficult and can lead to inconsistencies, such as confusing a complaint with an enquiry

• Inadequate policies – or a tendency to focus on meeting policies and standards rather than creating a satisfactory outcome for the customer

• Lack of accountability – with no one owning the process or taking responsibility for referral, escalation or keeping the customer informed

• Inability to fix root causes – when banks lack the mechanisms to identify and implement coordinated solutions, thereby preventing problems from recurring

The overall effect of these types of features is that many European banks struggle to develop complaint handling processes that create value for themselves and for customers, let alone meet the increasingly demanding expectations of regulators.

In response, European banks are taking steps to improve their transparency around complaint handling. This includes giving customers guidance on how to complain and what response they should expect, publishing data on their problem-resolution performance, and sending out updates on any improvements they have made as a result of customer complaints.

Some banks seeking best practice in this area are learning from other industries, where complaint resolution generates high levels of customer satisfaction. That typically means creating coordinated programs to capture problems, centralise their management, track and analyse them, report on them, identify root causes and develop multi-channel solutions.

Employee empowerment is an important piece of the puzzle when it comes to generating customer satisfaction from complaints. It enables staff to have empathetic conversations with customers, and gives them the authority and responsibility to take ownership of problem resolution. However, it challenges some common features of banks’ current operating models, such as scripted, low-cost call centre service.

To overcome this problem, some banks are once again trying to emulate other industries. For example, best practice in the hospitality sector typically involves training staff to use information from the customer, together with their own initiative, to ensure a satisfactory outcome. Industry regulations may make this flexibility more of a challenge in banking – but not impossible. Smaller banks may find it easier to offer autonomy to staff whereas big banks have tools and systems that can give valuable support to empowerment.

Data analysis is another capability with the potential to assist in complaint resolution by helping to identify underlying faults and predict future problems. However, as in many other areas, European banks are only beginning to realise the value of the information they hold. This does not just mean financial data, but also the type of interaction-based metrics that technology companies are good at harnessing. For banks with the right technology and the right techniques, this data could allow them to build strong customer partnerships.
Advice for advocacy; a win-win approach

Our survey shows that customers see personal service and advice from their bank as the strongest driver of customer engagement. Customers attach a high value to banks that prioritise their wellbeing, understand their long-term goals, identify ways to achieve those goals, and work with customers to reach them together.

Advice and engagement

Percentage of customers who would pay a little more, add more accounts/services, or increase their balance in exchange for advisory-related services

<table>
<thead>
<tr>
<th>Top 10 regional engagement opportunities</th>
<th>Global</th>
<th>Western Europe</th>
<th>Eastern Europe</th>
<th>France</th>
<th>Germany</th>
<th>Italy</th>
<th>Spain</th>
<th>United Kingdom</th>
<th>Russia</th>
<th>Turkey</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provides a plan to help you reach your financial goals</td>
<td>72%</td>
<td>52%</td>
<td>68%</td>
<td>47%</td>
<td>42%</td>
<td>69%</td>
<td>38%</td>
<td>48%</td>
<td>64%</td>
<td>72%</td>
</tr>
<tr>
<td>Invests in your financial well being</td>
<td>73%</td>
<td>50%</td>
<td>73%</td>
<td>39%</td>
<td>38%</td>
<td>58%</td>
<td>47%</td>
<td>50%</td>
<td>72%</td>
<td>82%</td>
</tr>
<tr>
<td>Always finds new ways to improve how you conduct your business</td>
<td>71%</td>
<td>50%</td>
<td>71%</td>
<td>33%</td>
<td>34%</td>
<td>56%</td>
<td>41%</td>
<td>67%</td>
<td>70%</td>
<td>70%</td>
</tr>
<tr>
<td>Rewards you for being a loyal customer</td>
<td>65%</td>
<td>47%</td>
<td>67%</td>
<td>38%</td>
<td>29%</td>
<td>56%</td>
<td>46%</td>
<td>42%</td>
<td>70%</td>
<td>75%</td>
</tr>
<tr>
<td>Finds ways to save you money</td>
<td>64%</td>
<td>47%</td>
<td>66%</td>
<td>42%</td>
<td>39%</td>
<td>55%</td>
<td>38%</td>
<td>44%</td>
<td>71%</td>
<td>74%</td>
</tr>
<tr>
<td>Customises products and services to fit your needs</td>
<td>62%</td>
<td>40%</td>
<td>52%</td>
<td>30%</td>
<td>42%</td>
<td>44%</td>
<td>42%</td>
<td>33%</td>
<td>59%</td>
<td>61%</td>
</tr>
<tr>
<td>Takes overall relationship with them into account when quoting fees/rates</td>
<td>61%</td>
<td>40%</td>
<td>64%</td>
<td>25%</td>
<td>31%</td>
<td>56%</td>
<td>35%</td>
<td>41%</td>
<td>65%</td>
<td>68%</td>
</tr>
<tr>
<td>Proactively alerts you to products, services or sales/promotions/special rates that might be of interest</td>
<td>58%</td>
<td>39%</td>
<td>46%</td>
<td>31%</td>
<td>34%</td>
<td>66%</td>
<td>38%</td>
<td>33%</td>
<td>47%</td>
<td>62%</td>
</tr>
<tr>
<td>Respects your culture/religion</td>
<td>60%</td>
<td>39%</td>
<td>53%</td>
<td>39%</td>
<td>37%</td>
<td>41%</td>
<td>22%</td>
<td>55%</td>
<td>62%</td>
<td>60%</td>
</tr>
<tr>
<td>Allows you to choose from different pricing options</td>
<td>57%</td>
<td>39%</td>
<td>56%</td>
<td>28%</td>
<td>20%</td>
<td>53%</td>
<td>41%</td>
<td>26%</td>
<td>61%</td>
<td>66%</td>
</tr>
</tbody>
</table>

The most popular answer stated per region/country

Customers who receive professional help and advice of this kind are more likely to increase the number of accounts and the level of assets they hold with a bank. They are also more willing to pay a premium price for the service they receive. In Western Europe, the quality of advice that customers receive is also an important driver of trust in their bank.
As shown by the chart overleaf, trust has a powerful link to stronger customer advocacy.

This is useful information for European banks, but it may only confirm what they already suspected—that effective personal advice is a key driver of strong, positive customer relationships. It may come as more of a surprise that customers are increasingly willing to receive this type of service remotely and, to a smaller extent, even via self-service. The enthusiasm for new technology is particularly strong in Eastern Europe.
Advocacy and trust

Change in advocacy against change in trust in primary financial services provider

- Customers with complete trust in their bank show a much higher level of advocacy
- With greater advocacy comes additional business, so earning complete trust is key to growth

Advice channels

Percentage of customers who are somewhat or very interested in obtaining financial advice or assistance in different ways (Global data)

The two most popular answers per region/country
Contrary to some banks’ views, electronic channels are ideally suited to providing some valuable types of advice – such as making day-to-day recommendations on ways to create financial value. However, when it comes to more complex financial decisions, there is no doubt that remote channels present some challenges. Banks need to ensure they are providing enough professional support and striking the right balance between human skills versus automated tools. Delivering effective advice on an omni-channel basis is particularly difficult: it means getting the right advice to the right customer, in the right place, at the right time – ultimately ensuring a single view of the customer, ideally in real time, available across all channels.

Meeting the requirements of local and European regulation is also a challenge. Banks are already struggling to deal with the growing demands of conduct regulation, which in turn, is making their customer interactions more complex and tentative. The requirements of MiFID II in areas such as product documentation and recording customer conversations, pose an obvious hurdle for banks’ ability to deliver advice remotely. Set against that, by removing many potential conflicts of interest, MiFID II also provides an opportunity for those banks that can present themselves as true customer partners, with no interest other than providing the best recommendations whilst being remunerated for high-quality advice.

Despite these obstacles, European banks are exploring ways to combine remote channels with personalised advice. For example, some banks are giving affluent clients round-the-clock support from a dedicated adviser or relationship manager, via electronic channels rather than in a branch. For retail, and small and medium-size enterprise (SME) customers, an alternative could be to provide a centralised, expert advisory centre responsible for all their complex needs. This could be accessible seven days a week via phone, internet and mobile channels, as well as working in partnership with operational teams in branches as required.

Social networks represent a further potential step in banks’ ability to provide remote advice. At present, most European banks are using social networks for publicity and general external communication. Many are also monitoring social media to identify and respond to negative comments and other reputational threats. By contrast, few, if any, have yet mastered the art of using social networks for one-to-one relationship building.

Security of customer information is one obvious area of concern for banks keen to make greater use of social media as a personalised distribution channel. Even so, social networks offer the potential to be a useful relationship building tool. Banks that can develop a holistic, social media strategy – by analysing, responding to and shaping customer opinions and requests – should be able to deliver value to customers with every online contact. In time, social networks could not only offer European banks a customer advice channel, but also provide an ideal forum for other initiatives such as tailoring communication, building customer-centric experiences and turning complaints into opportunities.
Conclusion

EY’s Global Consumer Banking Survey 2014 and the Efma think tank discussions demonstrate how European banks are facing rapid changes in customer preferences. In this paper, we have only covered some of those changes including:

• An increasing willingness to switch, which is making long-term relationships more important – but harder to achieve

• Continuously changing channel behaviour, with increasing bias towards remote counselling

• A growing tendency to generate complaints and the increasing likelihood of sharing their dissatisfaction if they are unhappy with how complaints are resolved

• A growing interest in receiving effective personal advice through non-branch channels

These changes present some challenges to banks’ existing business models but also offer opportunities to those who can respond effectively and provide customers with an excellent experience.

In response, European banks are making some major changes to their own business models. The key strategic priority is to improve customer attraction and retention. That involves delivering attributes that customers identify as being of particular importance, such as transparency, simplicity, effective communication and useful advice.

To meet these goals, banks need to strengthen or develop a range of key capabilities, such as omni-channel banking, behavioural segmentation, complaint handling, data analysis, staff empowerment and the effective use of social media.

Of course, making these changes is not always easy. Traditional banks often struggle to achieve consistency across their large networks of branches, people and systems. Plus, they are constrained by the sheer volume and cost of regulatory-driven change. This can work in favour of smaller, nimbler players, but incumbents’ experience and deep pockets can also give them an advantage. International banks need to overcome significant variations in customer preferences, especially between Western and Eastern Europe, although this can provide the opportunity to compare best practices.

Working in a regulated industry can also create tension between the desire to deliver tailored customer service and the need to meet the growing demands of local and European conduct regulation. However, regulatory change could create an opportunity for those banks that are able to maximise its effects.

Banks that can reconcile these tensions better than their peers – while keeping an eye on the future and changing customer preferences – are likely to enjoy the greatest success.
Notes
### About us

**Efma**

As a global not-for-profit organisation, Efma brings together more than 3,300 retail financial services companies from over 130 countries. With a membership base consisting of almost a third of all large retail banks worldwide, Efma has proven to be a valuable resource for the global industry, offering members exclusive access to a multitude of resources, databases, studies, articles, news feeds and publications. Efma also provides numerous networking opportunities through working groups, online communities and international meetings.

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Looking at the bank from the customer’s point of view

October 2014