

Making CX Your Competitive Edge in **Modern Banking**



About the author



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Aaron is an experienced product leader with 15 years in the BFSI (Banking, Financial Services, and Insurance) vertical, having held roles such as Product Director and CPO across banking, insurance, and payments.

He is passionate about delivering exceptional experiences to market and supporting banks in innovating and embarking on their transformation journeys. Aaron has joined Ciklum to lead the UK customer experience function and oversees several strategic engagements.

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Introduction

At a time of great change in the banking and financial services industry, traditional banks and financial institutions aren’t only competing with each other. They’re also competing with tech giants and digital-first challengers offering seamless, personalized experiences that appeal to changing customer expectations.

This change is being driven by the convergence of three different factors.



customer expectations



legacy technology limitations



market competition

Evolving Customer Expectations

The first is the evolution of customer expectations: consumers have become more aware, more tech-savvy, and increasingly expect instant gratification and self-service capabilities. This is particularly true for younger generations, who expect banking to happen within a single, comprehensive platform. The impact of fragmented experiences is significant: [51% of millennials and 48% of Gen Z customers](#) will abandon transactions when their preferred payment method is unavailable.

Today’s consumers want banking platforms that are easy to navigate, efficient to use, and in tune with their specific needs and preferences. But more than that, they expect their banking apps to be comprehensive financial hubs, seamlessly handling everything from everyday payments and overseas transactions to budgeting tools and spend analytics. What was once considered innovative is now baseline functionality.

Legacy Technology Limitations

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The second is the limitations of legacy technology, where traditional infrastructure is struggling to meet modern demands, and to integrate with modern technologies. IDC says spending on outdated payment systems is expected to cost the industry [over \\$57 billion](#) by 2028, in no small part due to huge and ever-increasing data volumes, and the demand to process them in real-time.

Increased Competitive Pressures

And the third is increasing competition in the marketplace, where digital-native challenges with intuitive experiences and purpose-built tech stacks are pressuring traditional players to modernize or risk obsolescence. FinTechs and digital banks, [according to Pymnts](#), picked up 47% of new account openings in the US in the first half of 2023; furthermore, they have proved to be resilient, agile and adaptable in a turbulent landscape.

The key battleground where these three factors meet, and where all banking and financial services firms therefore need to compete, is customer experience. And with [80% of organizations](#) expecting to compete on the strength of their customer experience, this means there's a shake-up in how CX is approached, supported by technologies including AI, cloud computing, and automation.



Understanding the Customer Experience Imperative

As is the case in many other consumer-facing sectors, customer experience (CX) matters more today in financial services than it ever has before. [PWC has found](#) that 73% of customers place CX as their top priority when making purchasing decisions. Superior experiences will drive customer retention, accelerate product adoption through word-of-mouth advocacy, and increase wallet share as satisfied customers consolidate more of their financial activities with trusted providers. Conversely, negative experiences can spread rapidly, meaning that poor CX can significantly damage brand reputation and trust.

This is particularly the case in a digital-first world where it’s never been easier to shop around and switch to a competitor. Younger consumers are also more likely to switch if they feel the experiences they have received are lacking.

Looking at banking and financial services specifically, the customer experience stakes are higher, because of the value and sensitivity of transactions like mortgages and loans. Delivering personalized service, clear communication and strong support can help build trust, reduce stress and disruption, and ultimately maximize client satisfaction and cooperation.

Getting customer experience right can also make a real difference to the bottom line by positively influencing:



Customer retention and loyalty: when consumers feel more confident with a brand, they’re more likely to make repeat purchases, spend on extra services, and build a positive long-term relationship that drives regular revenue.



Product adoption: customers who feel empowered to use a product and are positive about it will be more likely to spread the word to others, and drive wider adoption.



Wallet share: tailored experiences that value individual customers can maximize revenue by encouraging more purchases, more often, for longer.

4 Ways Technology Is Transforming Banking Customer Experience

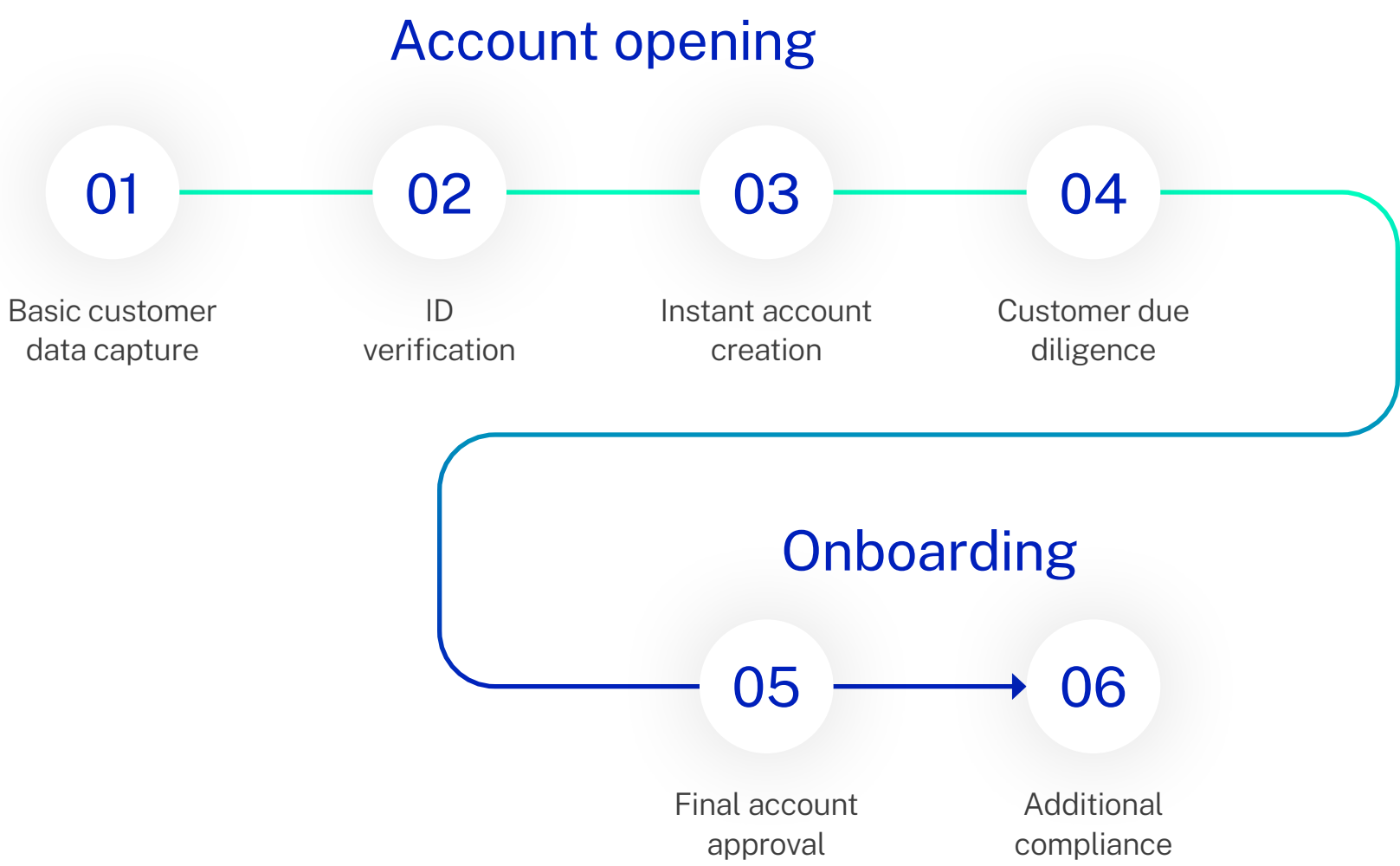
Technology is already having a major influence in many of the key touchpoints that financial services firms provide for their customers every day. As digital trends rapidly evolve across sectors, banks must innovate quickly to meet and exceed customer expectations.

With Ciklum’s expertise in developing products that delight customers, embracing the latest technologies and innovations, including AI-powered instant customer support, banks can create memorable, stand-out experiences that transform their customer relationships.

01

Account opening and onboarding

Key processes like onboarding, payments and customer verification have all been sped up, and made more secure, by [Open Banking](#) and embedded finance technologies. Indeed, bank accounts can now be opened and activated in real time, using biometrics and Know Your Customer (KYC) data to automate account creation and approval.



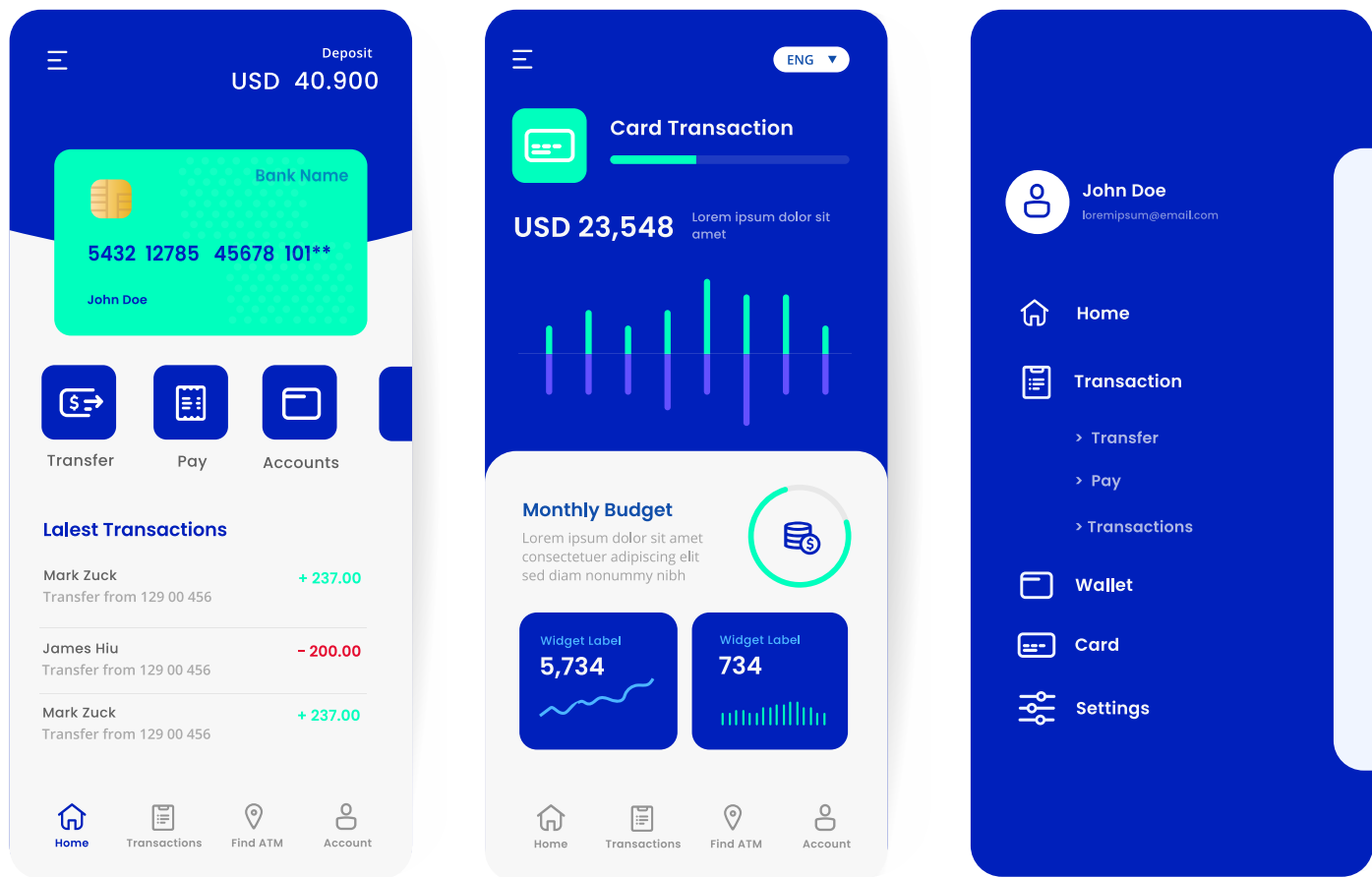
02

Day-to-day banking

Mobile-first interfaces have proven to be a game-changer in customer experience, to the point that they are now essential. [The American Bankers Association found](#) that 80% of consumers rated their mobile app experience as ‘excellent’ or ‘very good’, making it harder than ever to stand out from the crowd.

Artificial intelligence is proving key to driving that all-important edge. Not only can it enable seamless experiences in mobile apps, but it can also support personalized content and recommendations, to maximize satisfaction.

At the same time, AI can also accelerate payment processing through improved security. Being able to analyze transaction data in real time can proactively identify suspicious activity, which supports anti-fraud and compliance measures.

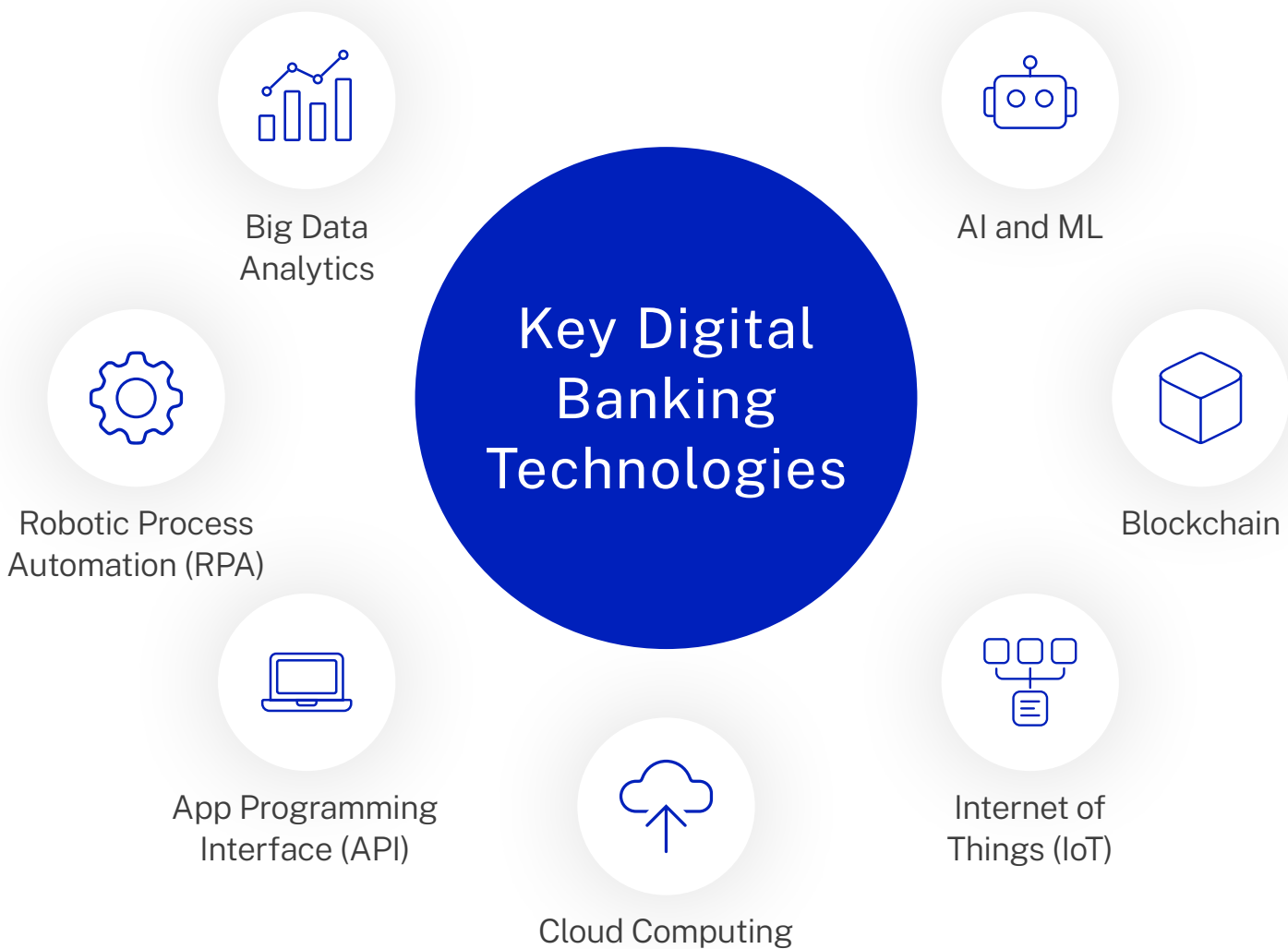


03

Complex product delivery

Digital application processes can be streamlined with the help of AI, automation and algorithms. These can add consistency and accuracy to repeatable activities like data and document processing, analytics, status tracking and transparency, customer interactions and onboarding.

However, complex banking products like mortgages typically involve fragmented experiences across multiple touchpoints and data sources. Banks can address this by leveraging API integrations, BaaS solutions, and microservice-based architectures to create seamless, interconnected customer experiences.



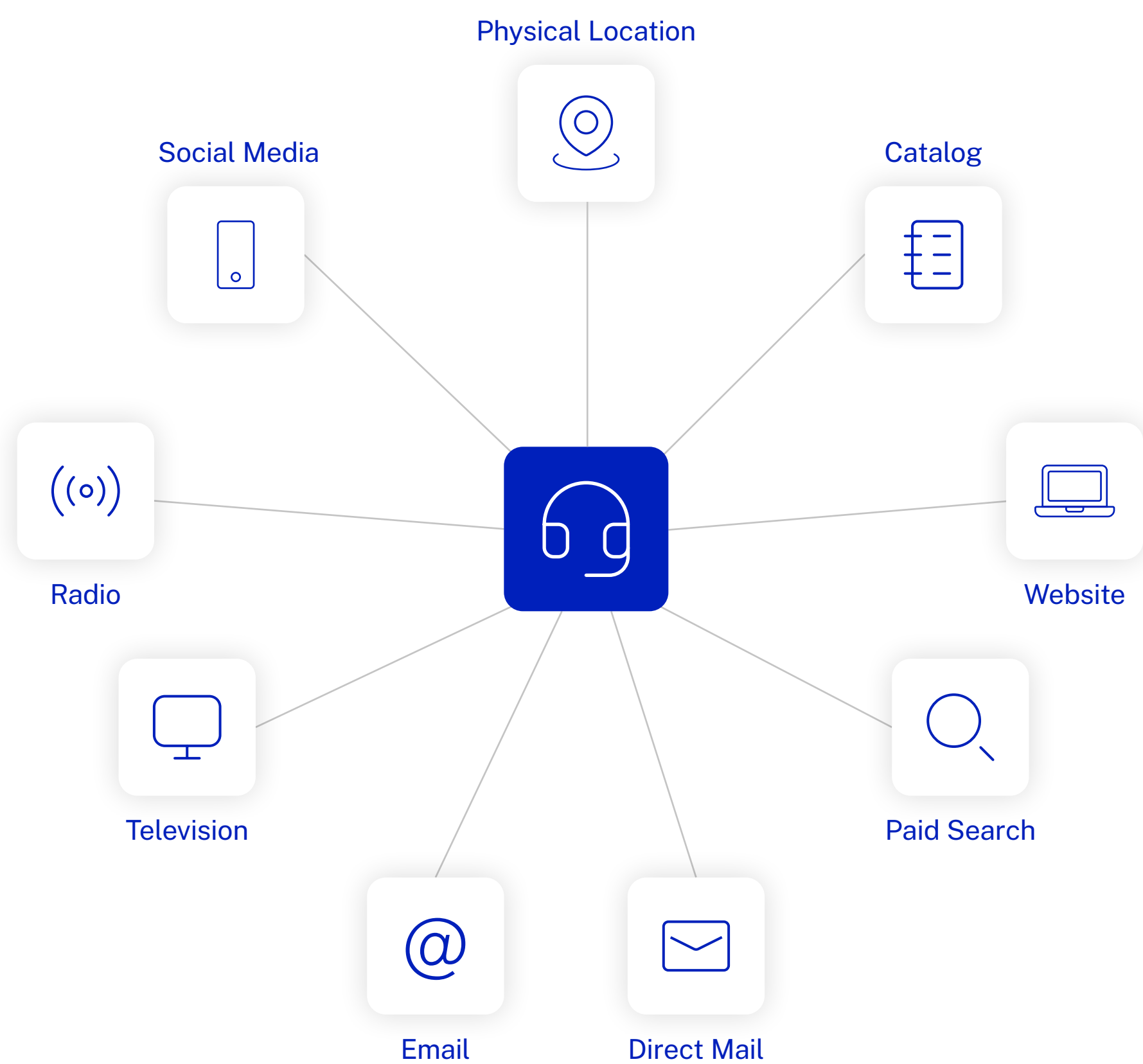
04

Customer service and support

Customer service is a common pain point for customers, which is where AI in particular can make such a difference. [According to Technology Review](#), 80% of executives say conversational AI has driven major improvements in customer satisfaction and service delivery. The key to these improvements lies in creating seamless journeys that naturally delight customers through enhanced services.

For example, chatbots can allow customers to easily set up regular payments, such as for subscriptions and utility bills. The same chatbots can be used to alert users to expiring subscriptions, and to provide status updates and transaction information in real time.

Additionally, AI and chatbots can enable omnichannel support and advanced customer services by bringing together different technologies and data. In turn, this drives proactive issue resolution that’s faster and more self-service for customers, and delivers greater predictability and consistency in outcomes.



What Are the Barriers to Great Customer Experience?

All of the innovations and possibilities in the previous sections form the foundation of successful banking customer experience in the future. However, a number of key challenges are still hindering progress for many organizations in the sector:



Legacy technology

[Pymnts has found](#) that three-quarters of banks struggle to implement new technology because their outdated systems aren’t suitable. This is a major impediment to expanding into new areas, and supporting the integrated digital experiences consumers are looking for.

Another common challenge exists in fragmented customer data, where data sets reside in different places and can’t be procured and managed easily. This makes it more difficult to ensure investment strategies and day-to-day decision-making are properly informed.



Regulatory compliance

Rapid innovation has to be balanced with strong security, especially in the current climate of rising cybercrime. All too often, new technologies and features are rushed into the marketplace without being properly tested for security vulnerabilities.

Data protection requirements are also a vital part of any finance-related technology, due to the value of customer funds and the sensitivity of their data. In 2023, around 1.1 million people had their [information compromised through a breach](#) at American debt collection agency NCB Management Services; this underlines the scale of the damage that can be done.

And increasingly, the [responsible and ethical use of AI](#) by banks and finance firms is coming under scrutiny. They are expected to implement and demonstrate that AI platforms are being used without any bias that leads to discriminatory outcomes.

Organizational culture

Enabling good customer experiences needs more than technology: it needs a shift in culture that is less focused on transactions and more on customers. Only when customers are the center of attention will they feel that their banking provider is going the extra mile to meet their needs and deliver personalization.

Achieving this means building digital-first mindsets, starting with assessing customer priorities and putting in place the technology that is required to seamlessly address those priorities. This should come hand-in-hand with change management (particularly in large organizations), and a focus on sustainability to meet greater customer expectations around environmental responsibility.



Key Priorities for Customer-Centric Transformation

So how can those barriers be broken down, and how can the technology be put in place to deliver on those customer experience expectations? From our experience, it means bringing together three vital initiatives:

Modernizing core infrastructure

Having an up-to-date technology infrastructure in place is essential for enabling strategic innovation, and responding to digital-first challengers. In particular, this transformation should encompass:



Cloud migration: greater flexibility, scalability, cost efficiency and innovation can be enabled by migrating key systems to the cloud, including core banking, data centers and critical infrastructure.



API-first architecture: an API-led approach enables interconnected systems to be easily constructed and integrated, supporting adaptation to new FinTech-based solutions and the development of holistic customer experiences.

Leveraging data and AI

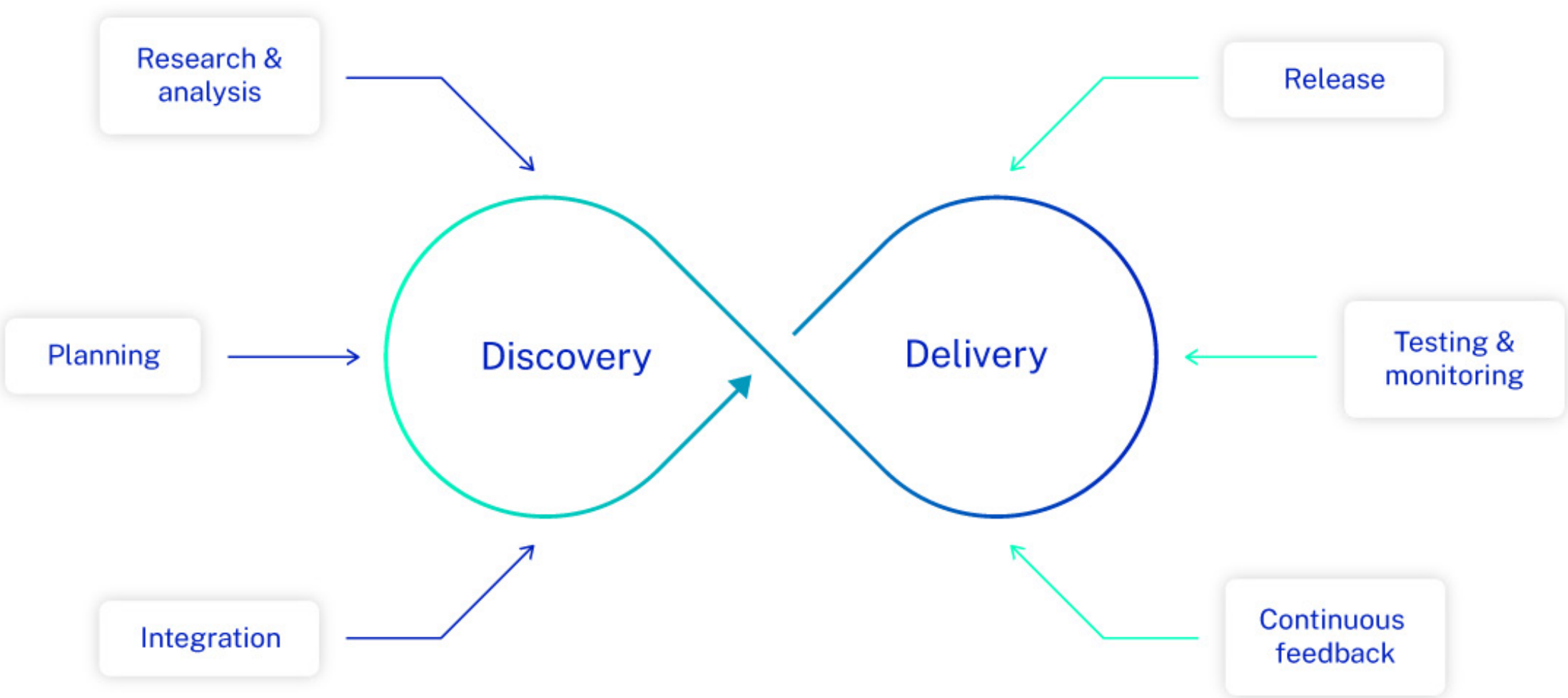
Making the most of the insights within consumer data using AI is a key part of delivering personalization. This can be enabled through:

A single customer view	Predictive analytics	Personalization at scale
A deeper understanding of customer needs can be gained by consolidating data from a range of sources. This builds a foundation for personalization that resonates with individual customers.	Advanced AI and analytical models can be applied to that data to generate insights around customer needs, opportunities to respond to them, and how to proactively respond to potential pain points.	Both of those, combined with AI-powered personalization engines, support the creation of highly customized products and services, which can be evolved as individual customer demands change.

Embedding Experience Engineering

Every forward-thinking finance firm will be addressing the two areas above, so something extra is needed to stand out from the crowd. The challenge is that banks often find themselves too far removed from their customers’ needs and pain points. This is where we believe our [proven methodology in Experience Engineering](#) is vital for designing, testing, and iterating on customer-centric experiences.

This process starts with product discovery, leveraging Ciklum’s Experience Engineering and research methodology to ensure a tight feedback loop between customers and bank product teams. Our approach encompasses customer experience, engineering excellence, advanced AI integration (which can even help combat fraud), and continuous discovery and delivery. Collectively, this enables seamless and efficient digital interactions, solving complex business problems and attuned to the demands of the modern consumer.



In Summary

The banking and finance institutions that will have the most success in the future will be the ones that meet customer expectations, especially those of today’s younger consumers such as Millennials and Generation Z. [According to Forrester](#), customer-obsessed businesses are four times more likely to drive significant growth in their revenue.

In practice, this means:

- 01

Prioritizing customer experience throughout digital transformation
- 02

Making strategic decisions based on customer data and insights
- 03

Striking a balance between security, compliance and user experience
- 04

Seeking expert advice around investing in the right technologies to enable agility and innovation

The financial services landscape will continue to evolve. AI and automation will become the cornerstone of personalized experiences; responsible innovation will become a basic expectation; and customer expectations for seamless, digital-first, integrated experiences will keep rising.

Your partner in Experience Engineering

At Ciklum, we believe our unique approach to Experience Engineering can help finance firms like yours deliver on these pressing challenges, thanks to:





CIKLUM

With Ciklum's Experience Engineering expertise, banks and financial institutions can navigate this transformation successfully. With a bigger customer base, stronger market share, operational efficiency, customer loyalty and sustainable competitive advantage, you'll be perfectly placed to deliver exceptional customer experiences that drive business growth.

[Get in touch](#)