



# Deepening Banking Relationships

A Practical Guide for Improving CX



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## How to Improve CX and Deepen Banking Relationships in the Digital Age

Long before the days of digital platforms, financial institutions knew service defined a depositors' perception of their brand. The industry uses high levels of customer service to win new relationships, keep them long-term, and grow the number of products utilized by depositors.

As institutions have sought to extend their service to digital interactions at scale, they've begun to focus on how depositors are treated online, on an app, or over email. Most institutions know they want to continue providing a great experience in digital interactions with members or customers. They want to know how to design a culture of service at scale—aka customer experience (CX)—into processes delivered over digital platforms.

You can't hold the door for a customer or member online, but you can build the type of digital experience that cultivates longtime relationships. Two experts—Brittany Hodak, Keynote Speaker & Author of *Creating Superfans*, and former banker J.J. Slygh, Director, GTM Strategy at Total Expert—[recently provided BAI](#) with practical steps for that kind of digital experience.

## Winning Buy-In from Leaders and Staff

Leaders can use a wide range of benefits to articulate results that merit investment in CX.

For starters, institutions already know the benefits of preventing attrition. A [2% improvement in customer retention](#) has the same financial benefit as cutting costs by 10%. Acquiring new customers also can cost as much as 5x more than keeping existing customers, according to [Call Miner's Churn Index Report](#).

Preventing attrition, though, is only half the battle—and provides significantly lower returns compared to a mindset of keeping depositors. Research by [Deloitte and Touche](#), for example, found companies that focus on customercentric culture were 60% more profitable than those not focused on it.

The competitive landscape also is a piece of the puzzle. CX is increasingly a critical differentiator for financial institutions. “We live in the experience economy,” Hodak said. “Customers expect great experiences with all their partners, especially with those they entrust with their life savings or the biggest investment of their lifetime.”

Recent reports show more banking organizations are focusing on customer experience. “CX leaders earn twice as many recommendations and twice as much wallet share than those who fall behind,” Slygh said. The frontrunners are also changing: In 2016, [big banks edged out small and mid-sized banks](#) in customer satisfaction. In 2019, [retail banks outranked credit unions](#) for the first time.

Addressing competitive challenges, expanding relationships, reducing churn, and eliminating expense are all benefits of improved CX.



**CX is increasingly a critical differentiator for financial institutions.**



## Start with the Customer

Hodak recommended that financial institutions focus on creating SUPER fans: Customers who generate more customers.

**The path there is in the acronym:**

- **Start** with your story—understand what you do better than anyone else.
- **Understand** your customer stories.
- **Personalize** and connect.
- **Exceed** expectations.
- **Repeat**.

In addition, Slygh suggests adopting a mindset of “forever-boarding” (rather than onboarding). Experience is not the result of a single event or purchase; it’s something that happens throughout a relationship.

## Develop an Experience Gauge

Metrics are a crucial part of improving anything. Metrics also aid with organizational buy-in because they allow teams to communicate results, set new direction if needed, and build momentum on successes.

Defining metrics for customer experience starts with defining what a positive customer experience looks like, Hodak explained. She recommended starting with a “customer effort score” [because it’s 40% better at predicting loyalty](#) than customer satisfaction. Position short surveys throughout various processes to gauge customer effort.

Another metric to consider is product penetration. Trends across customers or members, such as a frequent decline in product penetration when rates decrease, are a place to focus. For example, more than 80% of people who refinanced a mortgage in Q4 2020 went to a new lender, according to data gathered by Total Expert. When an institution identifies a regular downward trend in product penetration in connection correlated rates, it can respond by increasing borrower awareness of their options and the impact of their financial decisions.

### Total Expert is purpose-built for situations like this:

1. An institution identifies that it is losing mortgage borrowers when rates are low.
2. It utilizes its technology to determine which borrowers are eligible for rate refinancing, cash-out refinancing, PMI refinancing, or likely to shop for a home soon.
3. Borrowers enter journeys that gauge their needs.
4. Based on borrower responses to the journeys, the institution can serve up education, provide calculators, or trigger a call from an employee.

Marketers can follow similar steps for wealth management, insurance, auto financing, and consumer lending.

**“Many people have zero training around issues that will affect their lives forever.”**

**Brittany Hodak**

Keynote Speaker & Author of Creating Superfans

## How to Get Interdepartmental Buy-In

Improvements need buy-in from the top, but the most effective approaches are not always top-down. Individual departments can often volunteer ideas for initiatives that best contribute to improved CX. The resulting plan, though a patchwork, can prove more productive in experience payoffs across the organization, Slygh said.

**When an institution did this for its lending process, that process changed dramatically:**

- The digital team [implemented DocuSign](#).
- IT optimized the secure email portal for [easier document transfer](#).
- Loan officers [eliminated duplicate information requests](#).
- [Marketing created an outreach campaign](#) for people who abandoned an application.

The institution improved CX because it directed efforts at projects that improved customer interactions with that brand in practical ways.



CX in banking is all about providing the best service to customers and members. **It's a journey, not a destination.**



## Setting a Budget

Since business models change from institution to institution, the formula used to set a budget for CX improvements isn't one-size-fits-all.

Hodak suggested starting with customer acquisition cost and attrition rates. Combining these provides a clearer sense of revenue gains that can pay for experience investments. Financial institutions should also assemble the information needed to calculate customer lifetime value (CLTV). In its simplest form, CLTV is the average revenue generated by products and services, multiplied by the average purchase frequency, then divided by average customer lifespan.

Hodak recommended institutions invest 5% of CLTV into tools and resources that frontline employees can use at their discretion to surprise and delight customers, and then build systems around that.

Since CX is about also doing better at serving customers, it is more of a journey than a destination. Once institutions take steps like these, they will create SUPER fans who generate more customers for an institution. The result can transform an organization's future, molding it into a brand loved by its depositors and borrowers.



## About Total Expert

Total Expert is a purpose-built customer engagement platform trusted by more than 200 financial enterprises. The platform unifies data, marketing, sales, and compliance solutions to deliver the perfect customer journey across every financial milestone, in any market. Total Expert turns customer insights into actions to increase loyalty and drive growth for banks, lenders, credit unions, and insurance companies, and is now available to purchase through the AWS Marketplace and Salesforce AppExchange.

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