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other findings from

A question of trust: the business impact of customer service in the finance sector

The full report includes data and analysis on a number of measures:

- the relationship between customer satisfaction and reputation
- customer satisfaction and recommendation
- how customer satisfaction in the finance sector compares to other sectors
- strengths and weaknesses of the sector in terms of customer service
- the relative importance customers attach to price and service

The headline findings are presented overleaf.

Customer service offers an opportunity to address and improve corporate reputation.

Customer service is a reputation lever

Individual organisations can only do so much to counteract the continuing reputational repercussions of the financial crisis. However, the good news for banks and others in the finance sector is that, despite all the other influences at play, customer service offers an opportunity to address and improve corporate reputation. This is because, as the analysis in *A question of trust: the business impact of customer service in the finance sector* reveals, there is a correlation between customers' perception of an organisation's reputation and their opinion of the customer experience provided by that organisation.

Raising the standard of the customer experience is therefore a wise move for any finance organisation seeking to raise its reputation and build trust. And, in an age of growing social and viral communications, the potential for influencing reputation and trust beyond the immediate customer will only increase, as will the reputational risks of providing poor or inconsistent service.

Customer service builds trust and earns recommendations

Banks and insurers with better UKCSI scores get better scores for recommendation. The message from this analysis is clear: for any financial services firm, increasing the likelihood of recommendations should be considered among the business benefits of investment and innovation in the customer experience. Or to put it another way, if you want to turn more of your customers into advocates, look at your customer experience and set about finding ways to improve it.

Customer satisfaction in finance is behind the best performing sectors

Of the 13 sectors tracked in UKCSI, banking is positioned 8th with an average score of 77.9 (out of a maximum of 100). Insurance, with an average UKCSI score of 79.5, ranks one place higher in 7th. The UKCSI for the economy as a whole is 77.9.

These positions put the finance sector “mid-table” on measures of customer satisfaction. That said, they also highlight how the banking and insurance sectors lag behind the rest of the private sector.

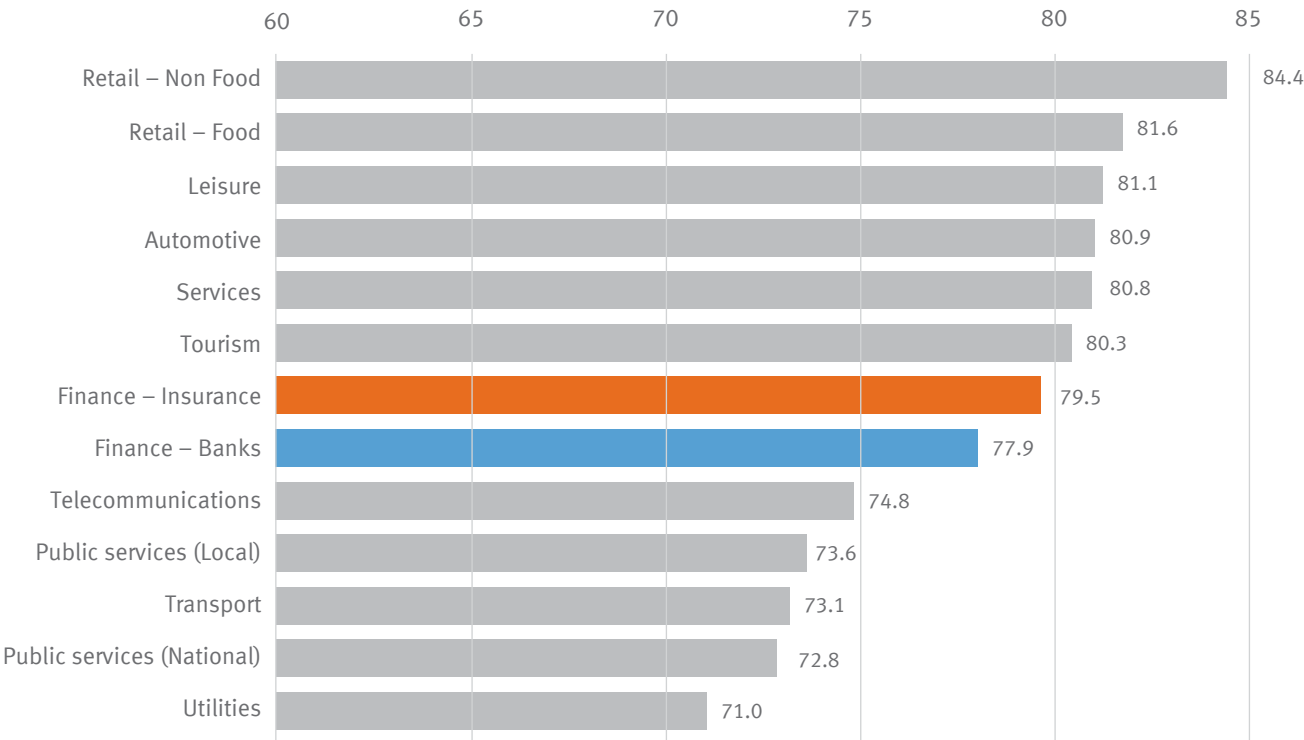
Consumers tell us that, on average, they get a better standard of service in most other areas of the private sector – retail (both non-food and food), leisure, automotive, services and tourism – than in banking and insurance.





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UKCSI by industry sector



Source: Institute of Customer Service, July 2013

The standards set by one sector are increasingly expected in other sectors too

Customer satisfaction performance is improving

All 13 of the sectors tracked in UKCSI have improved their average customer satisfaction performance in the past four years. Insurance and banking are no exception.

Banks and insurers should be aware, however, that these improvements are not as strong as those seen in the overall customer satisfaction index across all sectors. In other words, although customer satisfaction has improved in the finance sector since 2009, this improvement has not kept pace with overall improvements across the UK.

The gaps between the finance sector and the best performing sectors for customer service – notably retail non-food – are significant. This is not least because consumers' expectations around customer service are far from sector-specific. The standards set by one sector are increasingly expected in other sectors too. So, to take one example, the service provided by a UKCSI high-flyer like Amazon should be seen as a benchmark for the online banking experience or for the online purchase of insurance policies.

Any organisation that wishes to drive sustainable improvements in customer service needs to embed customer-centricity into its corporate strategy and culture



Most customers want a balance of price and service

Key areas for driving improvement in customer service

The finance sector needs to build on its strengths in order to drive excellence across the customer experience. Analysis of the detailed metrics in UKCSI shows that a relevant area of focus, for banks in particular, would be to seek ways of speeding up the processes that underpin customer service. Such improvement can be achieved not only by aligning relevant people and systems more closely across different departments and channels, but also by giving staff the flexibility and appropriate authority to respond more rapidly to customers.

Meanwhile, insurers should raise their game online. A smart approach here would be to look beyond immediate competitors and at the standards being set in multi-channel service by leading providers in the retail non-food sector. Similarly, insurers could benefit from looking at the way other sectors – including retail non-food and even banking – manage customers' complaints and the attitude displayed by staff during complaints handling.

Nobody should conclude, however, that customer service excellence can be achieved with quick fixes. Any organisation that wishes to drive sustainable improvements in customer service needs to embed customer-centricity into its corporate strategy and culture. This starts with an unambiguous commitment to service from the organisation's leadership, an increased focus on customer experience in the design of operational processes and consistent delivery of the right behaviours by employees across the organisation.



Customer service: attractive and worth paying for

The Institute of Customer Service's UKCSI survey asks consumers to score the balance of price and service they would be happy to accept in different sectors, where 1 is "no-frills service and low price" and 10 is "excellent service and high price". Analysis of the results shows that most consumers are not simply seeking the cheapest deal possible. Most customers want a balance of price and service. But there is also a substantial minority – almost a quarter – who will consider paying a premium price for premium service.