barefoot
solutions

FROM FICKLE CUSTOMER TO LOYAL FAN

Transforming Customer Experience in Community and Regional Banking

Introduction

Futile or Fruitful; Competing on Customer Experience

Bankers do not need to be told (again!) that the industry is going through significant transformation, driven in large part by technological advancements and shifting consumer expectations. Community, regional banks and credit unions face unique challenges and opportunities in this environment. Unlike their larger counterparts, which benefit from vast resources and nationwide networks, smaller banks can offer more personalized services using their deep understanding of local markets and understanding customer demographics. They can use their size to be more agile and adaptable, defining strategy and executing tactics with a speed larger institutions envy.

However, community, regional banks and credit unions often struggle to translate this into customer experiences that result in competitive advantages. This is especially true when it comes to keeping pace with the rapid digitalization trends set by larger banks, neobanks and fintechs. Fintech companies and neobanks, with their agile operations, modern data platforms, and digital-first approach, introduce competitive pressures by offering innovative, convenient, and cost-effective banking solutions. These dynamic forces require that community and regional banks reassess their strategies and adopt new technologies to enhance customer experience (CX), streamline operations, and remain competitive.
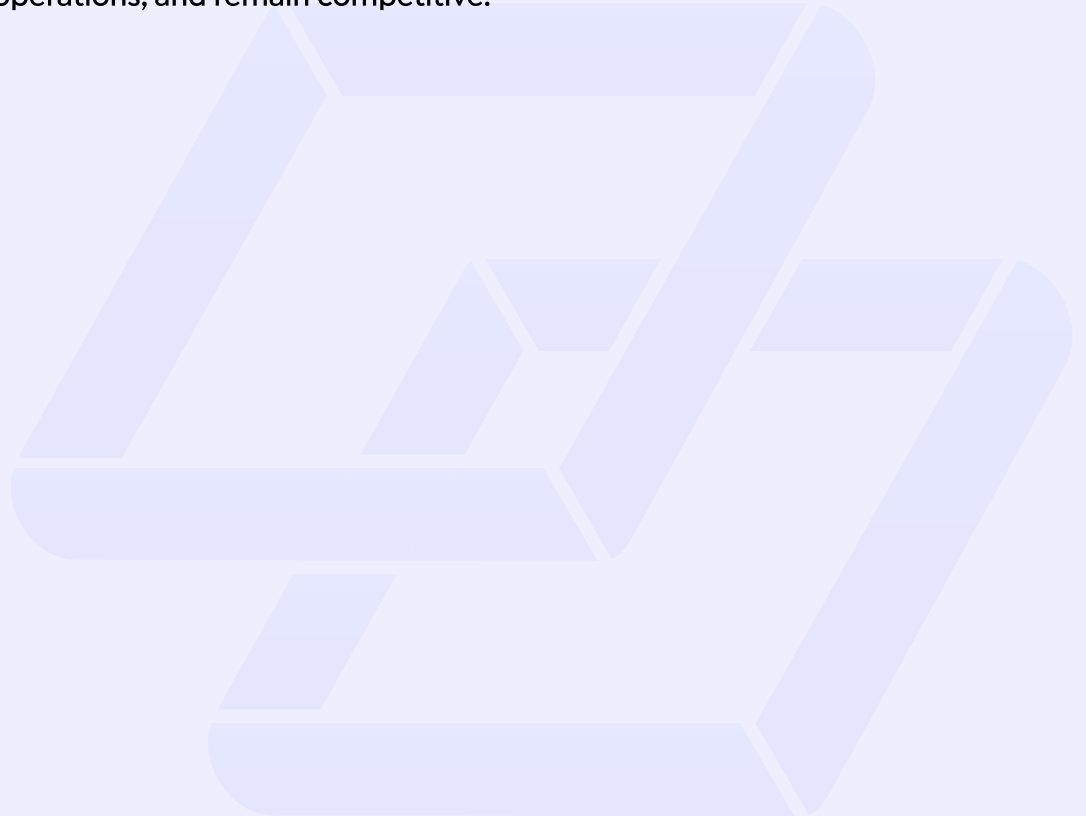
Does Size Matter? **Yes and No**

JP Morgan has utilized AI through their COiN platform, a machine learning program designed to automate and improve the efficiency of interpreting commercial loan agreements. This implementation drastically reduces the time spent on such tasks, from hundreds of thousands of hours to mere seconds, showcasing a significant leap in operational efficiency and accuracy. Using previous experience in AI, and by hiring some of the best data scientists in the business, JP Morgan was able to execute quickly and effectively.

HSBC, has embraced cloud technology using AWS to facilitate its digital transformation goals. The goal is to enhance automation, operational efficiency, and security across HSBC's retail and commercial financial offerings. The move to AWS supports HSBC's strategy for digital messaging, application modernization, and the creation of a more agile engineering environment. HSBC aims to deliver value at scale, improve customer interaction points, and foster continuous innovation in a secure and compliant manner.

Can smaller banks and credit unions keep the best data scientists as permanent FTEs? Probably not.

Can smaller banks and credit unions move more quickly to modernize their core and accelerate the ROI gained in CX improvements? Yes!

Salesforce
https:/www.salesforce.com/products/platform/what-is-digital-transformation
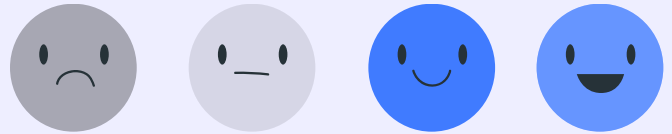
Customer experience in banking; Have we moved on?

Is CX a passing fad? Some pundits in the field would have you believe that it is time to move on from customer experience and perhaps focus on employee experience or some other initiatives as the "new way" to improve productivity. There is no question that CX has generated a lot of ink and consulting dollars. There is no question that Employee Experience, Product Strategy, Operational Excellence and other initiatives are important. There is also no reason to ignore the overwhelming evidence that CX is critical to success. A quick sampling of recent studies and surveys on the topic makes it clear; Effective CX leads to profit:

- A report by the Temkin Group reveals that companies that earn $1 billion annually can expect to earn, on average, an additional $700 million within three years of investing in customer experience.

- Research by Bain and Company states that increasing customer retention rates by just 5% can lead to a 25% to 95% increase in profits.

- JD Powers 2023 Retail Bank Satisfaction Survey found that customers who have received advice/ guidance from in the past twelve months are significantly more likely to have opened a new account with their primary bank, and the rate of new account openings grows even higher when the advice completely meets customer needs. Nearly half (47%) of those who received effective advice opened a new account.

- In a study by Harvard Business review, customers who had the best past experiences spend 140% more compared to those who had the poorest experience.

We can see that in the fiercely competitive financial services landscape, the importance of CX for smaller banks and credit unions as a competitive advantage cannot be overstated. They have the unique advantage of leveraging their closer community ties and more personalized service to differentiate themselves from larger competitors. For instance, a small bank or credit union might not have the same technological resources as a major bank, but it can excel in creating meaningful, personalized customer interactions, especially those that are related to advice and guidance in the moments that matter. A notable example includes community banks launching local financial literacy programs, providing value beyond transactions and deepening customer relationships by addressing specific community needs.

Furthermore, smaller banks often capitalize on their agility by reacting to customer feedback more swiftly, implementing changes that enhance the customer experience in real time. Credit unions, for example, have been known to quickly adapt their loan approval processes based on member feedback, streamlining applications, and making financing more accessible to members during critical times. This responsiveness not only improves the customer experience but also fosters a sense of loyalty and trust, which are invaluable assets in today's competitive market.

In essence, while smaller banks and credit unions might face some challenges in matching the technological advancements of larger banks, their strength lies in their ability to focus on the right CX technology initiatives and do so quickly using their deeper knowledge of their customer demographics and psychographics. By understanding and acting on the unique needs of their customers, these institutions can carve out a competitive advantage that is difficult for larger banks to replicate.

Where do we go from here?

 In this paper we will focus on the critical role that customer experience plays in the success of smaller banks and credit unions, turning perceived limitations into strengths and fostering deep, lasting customer relationships. We will discuss a journey-based methodology for CX investment. While not meant to be comprehensive, we will review some of the challenges smaller banks and credit unions have in executing CX initiatives. Finally, we will discuss some recent technology opportunities for banks to understand and plan on executing

CX Hierarchy
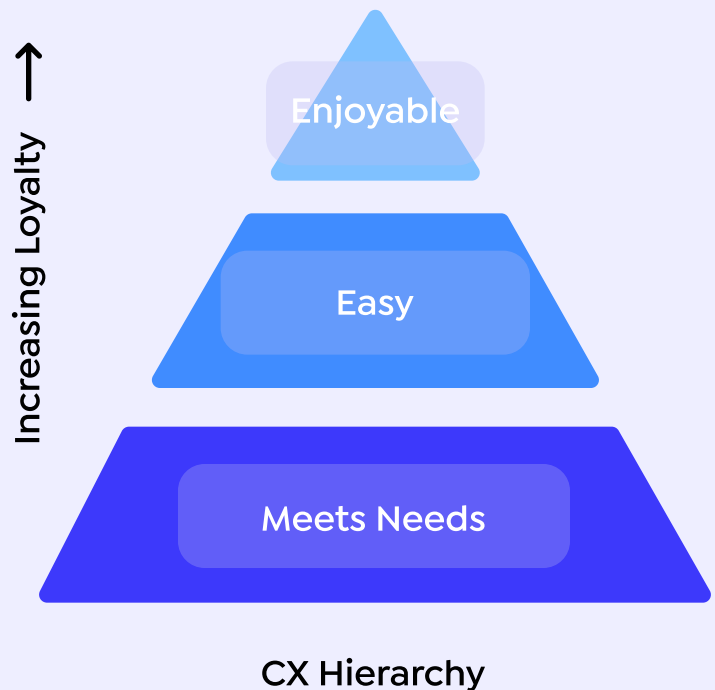
The Evolution of Customer Expectations

Digital Transformation And Customer Expectation

Digital transformation is an overworked phrase, one much like what the Supreme Court once said about pornography; "I can't define it, but I know it when I see it". We would agree with Salesforce (see sidebar). Perhaps as important as a clear definition is the broader opportunity to rethink processes, culture, and effectiveness through the lens of transformation.

Within the banking sector we find fundamental shifts in customer expectations, setting a new benchmark for what is considered standard service. Today's customers, empowered by technology, expect seamless, fast, and highly personalized banking experiences across all channels, be it online, through mobile apps, or in-branch. The proliferation of digital-first neobanks and fintech innovations has escalated these expectations, showcasing the art of the possible in terms of instantaneity, convenience, and customization. These entities have demonstrated how leveraging data analytics, artificial intelligence, and machine learning can craft experiences that not only meet but anticipate customer needs, thereby raising the bar for all players in the banking ecosystem. No amount of decrying the emphasis on digital transformation in the service of innovative customer experiences will change these realities.

Moreover, the digital era has introduced the expectation of 24/7 accessibility to banking services, without the confines of traditional banking hours or geographical limitations.

Customers now demand real-time updates on their financial status, immediate transaction processing, and the ability to interact with their bank however they choose. This shift requires a reevaluation of legacy systems and processes by community, regional banks, and credit unions. To remain competitive, these institutions must embrace digital transformation, not just as a means to enhance operational efficiencies, but as a strategic imperative to redefine the customer experience, aligning with the evolving expectations of today's tech-savvy consumers.

Digital Transformation Defined

Digital transformation is the process of using digital technologies to create new — or modify existing — business processes, culture, and customer experiences to meet changing business and market requirements. This reimagining of business in the digital age is digital transformation.

It transcends traditional roles like sales, marketing, and customer service. Instead, digital transformation begins and ends with how you think about, and engage with, customers. As we move from paper to spreadsheets to smart applications for managing our business, we have the chance to reimagine how we do business — how we engage our customers — with digital technology on our side.
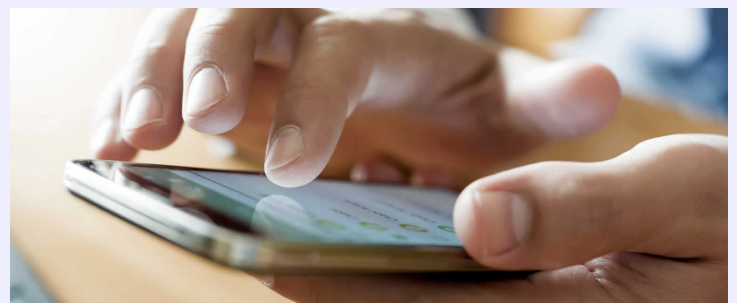
Basic Personalization and Convenience are Table Stakes

Personalization and convenience have emerged as pivotal elements shaping customer expectations. While 50 years or more ago a community banker may have greeted many customers by name, and known their financial status, that is rare and getting rarer. In its place comes a different kind of personalization—one that is perhaps even more effective. As technology evolves, it creates opportunities for banking experiences tailored to the individual needs and preferences of each customer. Consumers are no longer satisfied with one-size-fits-all solutions; they seek services that recognize their unique financial goals and challenges. Rapid advances in data science, especially AI and machine learning, will only accelerate this expectation and the ability to deliver it effectively. For instance, by analyzing spending habits and transaction data, banks can provide personalized budgeting advice or recommend specific saving products that align with the customer's predicted financial behavior.

Furthermore, convenience remains at the heart of customer expectations, with an increasing demand for services that integrate seamlessly into daily life. The digital age has accelerated the need for banking services that are accessible anytime, anywhere. Customers now expect the ability to perform a wide range of transactions from any device and while on the go, from simple account inquiries to applying for loans or managing investments. The proliferation of mobile banking apps and online platforms has set a new standard for convenience, enabling customers to manage their finances efficiently without the need for physical branch visits. This convenience not only enhances the banking experience but also empowers customers to take greater control over their financial well-being, further solidifying the role of personalization and convenience in the evolution of customer expectations.
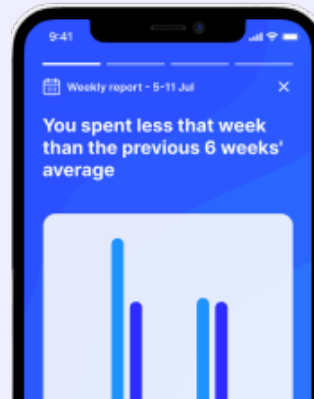
A Gen Z Story

Upon graduating from college and, securing a new job in her chosen profession, Claire realized she would need more than the simple savings account her parents had helped her set up when she was a pre-teen. A credit card might be nice, and long-term CD savings and a checking account would be necessities. She did what every 20 something would do instinctively; she started a vigorous and thorough search for "best banks for starting out" "best banks for XYZ". What she did not do was use a computer. She did it on her phone.

At the risk of stating the obvious, what mattered to her was the mobile apps the bank offered. She was particularly impressed by a local credit union who used facial recognition for account access. She was also swayed by the large neo-bank that offered automated personal advice on the type of accounts she should consider based on her goals. What sealed the deal was that this was backed up by a customer service number that she called—at 10:30 PM—got through to quickly and got answers to her final questions.

She will be making a home loan in a few years. It is a safe bet that she will want the loan approved and onboarded digitally from her phone. Simply, easily and 24X7.

Would Claire have been your customer?

The Importance of Customer Journey Mapping and Analysis in Banking

Using customer journey mapping is critical in crafting effective customer experiences because it allows banks to visualize every experience their customers have with them. This method identifies key interactions the customer has with the bank and highlights areas for improvement, enabling banks to understand pain points, moments of delight, and overall pathways that customers take from initial contact through various banking processes. Implementing journey mapping not only improves customer satisfaction but also drives revenue growth by fostering loyalty and enhancing service offerings. It is of critical importance that journey mapping is not confined to an LOB or product view, but rather is holistic in approach, looking for those opportunities where, for example, a commercial loan customer might be offered a wealth management product. Applying creativity through collaboration and brainstorming will result in differentiated experience that leads to competitive advantage.

Name: John Doe
Age: 30 years
Occupation: Working Professional

TECH	Onboarding and Personalization	Account Integration and Financial Overview	Goal Setting and Financial Planning	Proactive Alerts and Recommendations	Customer Support and Financial Advice	Feedback and Continuous Improvement
JOURNEY	Guide the user through a personalized onboarding process, asking questions about their financial goals, preferences, and habits	AI analyzes the user's financial data across accounts to provide a comprehensive financial overview, identifying spending patterns, upcoming bills, and potential savings opportunities.	Create personalized financial plans, suggesting monthly saving amounts and investment strategies.	Monitors the user's financial activity and market trends to send proactive alerts about unusual spending, bill payments, or investment opportunities	24/7 AI-powered customer support and financial advice, using natural language processing to understand queries and provide helpful responses.	Analyze feedback for patterns and sentiments, guiding the app's continuous improvement and personalization

Steps to Create Effective Customer Journey Maps

1 **Define Objectives**
Begin by identifying what you aim to achieve with the journey mapping. Is it to improve the account opening process, enhance digital banking experiences, or something else? Clear objectives guide the mapping process.

2 **Gather Data**
Collect data from various sources such as customer surveys, feedback forms, social media, and web analytics, and transaction data to gain insights into customer behaviors and preferences

3 **Identify Key Customer Personas**
Not all customers are the same. Define key customer segments or personas based on their banking needs, behaviors, and demographics to tailor the journey maps to different customer groups.

4 **Map the Journey:**
For each persona, outline the steps they take in their interaction with the bank, from becoming aware of your service to post-service feedback. Include touchpoints (where customers interact with your service), channels (how they interact), and emotions (what they're feeling) at each step.

5 **Identify Moments that Matter**
Highlight critical interactions that can make or break the customer's experience. These moments are opportunities to exceed expectations and foster loyalty.

6 **Implement Changes**
Use insights from the journey map to implement changes aimed at enhancing the customer experience. Prioritize actions based on impact and feasibility.

7 **Iterate and Refine**
Customer expectations evolve, so revisit and update journey maps regularly to reflect changes in customer behavior or feedback on implemented changes.

Tailoring Banking Products and Services Based on Journey Analysis

Personalized Product Recommendations: Use data from the journey analysis to understand customer needs and preferences, and offer personalized product recommendations. For example, if a customer frequently makes international transactions, suggest a checking account with low international fees.

Simplified Application Processes: Identify steps in the product application process where customers drop off or express frustration and simplify these steps. This might involve reducing the number of fields in an online application form or offering chat support during the application process.

Collecting and Analyzing Customer Feedback

Surveys and Questionnaires: Regularly distribute surveys through various channels (email, app, SMS) post-interaction to gather feedback on specific parts of the customer journey.

Social Media Listening: Monitor social media channels for mentions of your bank, capturing customer sentiment and feedback in real time.

Customer Interviews and Focus Groups: Conduct in-depth discussions with customers to understand their experiences, expectations, and how the bank can improve.
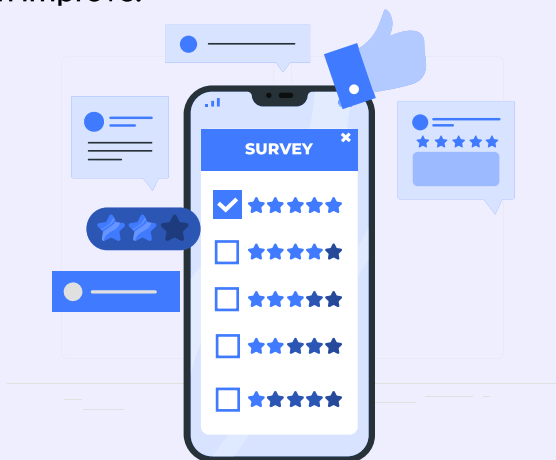
Data Science and Customer Behavior

Behavioral Analytics: Use data analytics to track how customers interact with your banking platforms, identifying common pathways and actions.

Segmentation Analysis: Segment customers based on their behavior, preferences, and demographics to tailor experiences and communications. Use personas to represent segments and embed them in your bank's culture to aid in creating a customer centric organization.

Predictive Analytics: Leverage predictive models to forecast future customer behavior based on historical data, allowing you to proactively address potential issues or opportunities.

By focusing on these aspects of the customer journey, banks can create a more engaging, personalized, and convenient experience for their customers, ultimately leading to increased satisfaction and loyalty.

Strategic Focus Areas for Improvement
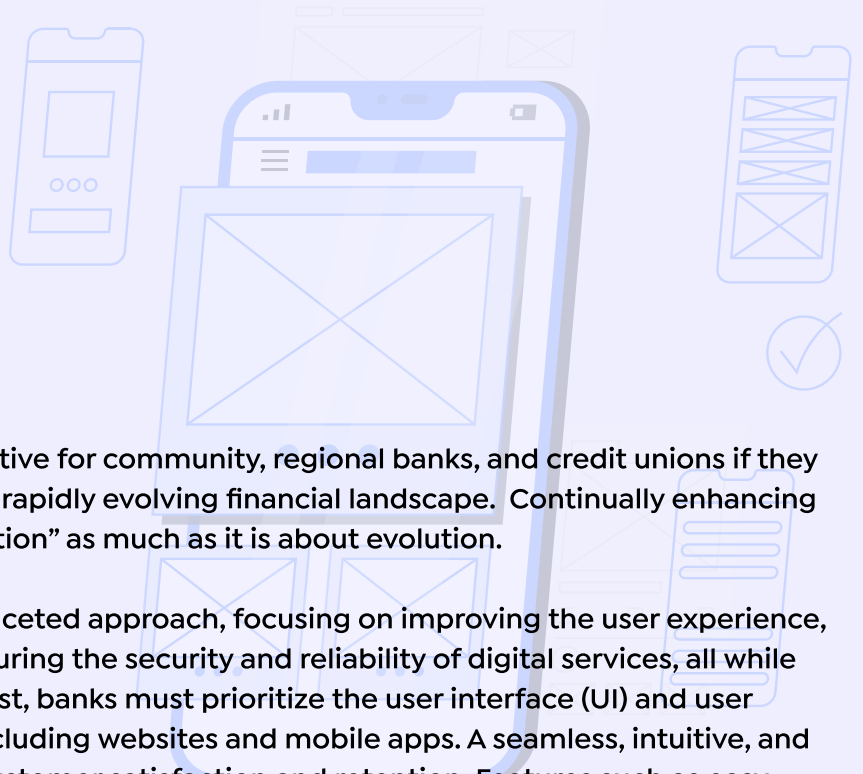
Evolving Digital Experiences

Enhancing digital banking services is imperative for community, regional banks, and credit unions if they want to stay relevant and competitive in the rapidly evolving financial landscape. Continually enhancing digital experiences is not about "transformation" as much as it is about evolution.

The enhancement process involves a multifaceted approach, focusing on improving the user experience, integrating advanced technologies, and ensuring the security and reliability of digital services, all while maintaining strict regulatory compliance. First, banks must prioritize the user interface (UI) and user experience (UX) of their digital platforms, including websites and mobile apps. A seamless, intuitive, and accessible design can significantly impact customer satisfaction and retention. Features such as easy navigation, quick access to account information, and simple transaction processes are fundamental to meeting customer expectations.

Next look for ways to integrate advanced technologies such as artificial intelligence (AI), machine learning, and blockchain that can revolutionize the way banks offer their services. AI and machine learning can be used to provide personalized financial advice, predict customer needs, and offer customized products. Blockchain technology, on the other hand, can be employed to secure transactions and increase transparency, fostering trust among users. Moreover blockchain can be a powerful analytics tool as compared with opaque core banking platforms.

A critical aspect of digital banking service enhancement is the implementation of robust cybersecurity measures. As digital banking involves handling sensitive financial information, ensuring the security of these transactions is paramount. Employing advanced encryption techniques, multi-factor authentication, and continuous monitoring for fraudulent activities are essential steps in safeguarding customer data. With creativity and effort, these measures need not hinder great customer experiences, and can enhance it. Biometric identification is one example where CX and security are improved. Additionally, banks should invest in educating their customers about cybersecurity best practices, further enhancing the overall security posture of their digital services. Transparency and proactive advice in this area increase trust and ultimately loyalty.
Effective evolution of digital banking services encompasses a holistic approach to improving the customer experience, leveraging cutting-edge technologies for personalized and secure banking solutions, and constantly adapting to the changing digital landscape. By focusing on these key areas, community, regional banks, and credit unions can not only meet but exceed customer expectations and help secure their place in the future of banking.

Integrating omnichannel communication strategies

Channels and touchpoints for bank customers will continue to evolve and multiply. Omnichannel communication refers to providing a seamless, consistent customer experience across these evolving channels, whether it's online, through a mobile app, over the phone, in-person, at a branch or some currently unknowable technology. This ensures that customers receive a unified experience, with each channel being fully integrated and providing a consistent level of service. A bank's fundamental brand promise should be consistently applied and reinforced across channels. An effective omnichannel experience for a banking customer might involve starting a loan application online, receiving personalized follow-up via email or text, and then finalizing the loan with an in-person appointment at their local branch, with each step being smoothly connected and information flowing seamlessly between channels.

To create these experiences, banks should follow several steps to ensure omnichannel effectiveness. As described above, everything in CX starts with a deep understanding of customer journeys. This will help identify all the potential touchpoints a customer might use throughout their banking experience. This includes digital channels like the bank's website and mobile app, as well as embedded but branded finance channels and traditional channels like call centers and physical branches.

Next, banks should invest in technology that enables the integration of these channels. This could involve deploying a customer data platform (CDP) or a unified customer view, or a customer relationship management (CRM) system that centralizes customer data from all channels, allowing for a unified view of each customer's interactions with the bank.

Such systems ensure that whether a customer calls in, visits in person, or logs into their mobile banking app, the bank's representatives have access to the same information and can provide consistent service. It is of critical importance once again to ensure that this information does not lean on an LOB or product perspective, but is holistic, comprehensive and customer centric.

Finally, training staff to operate effectively within an omnichannel environment and providing the tools to do so is essential. It is in this area that employee experience and customer experience meet, as no one knows better what enables great customer service than the people on the front lines providing it. Employees should be knowledgeable about the bank's digital tools and services and be prepared to provide consistent, high-quality service across all channels. They should understand the personas they will work with and on which the bank is focused. Finally, all bankers in every LOB or unit at the bank must be empowered to solve problems and offer meaningful remediation. This will no doubt require regular training sessions on new digital banking features, related security and compliance issues and cross-training staff members to understand better and support services offered through different channels.

To summarize, an effective omnichannel communication strategy involves:

Understanding Customer Journey	**Listening to the Front Lines**
Investing in the Right Technology	**Providing Consistent Service**

barefoot solutions

Technology That Will Create A Competitive Advantage

Great UI makes it easy and creates loyalty

Enhancing mobile banking apps and their user interfaces (UI) is critical for banks to provide superior user experiences, drive customer engagement, and stay competitive. An effective mobile banking app combines aesthetic appeal with functionality, ensuring that users can navigate smoothly and accomplish their banking needs effortlessly. Improvements such as simplified navigation, personalized dashboards that present users with relevant information and actions based on their banking habits, and seamless integration of advanced features like mobile check deposits and real-time notifications for transactions, exemplify a commitment to leveraging technology for a better customer experience.

A notable example of leveraging UI improvements for competitive advantage is a bank that implemented a feature allowing users to customize their app's home screen. This customization capability enabled users to prioritize features they use most frequently, such as quickly transferring funds, viewing account balances, or accessing bill pay functionality, right from the home screen. Such personalization not only enhances the user's experience by making it more relevant to their specific needs but also demonstrates the bank's flexibility and innovation in meeting customer demands. This approach to mobile app design not only sets a bank apart from its competitors but also deepens customer loyalty by providing a distinctly convenient and user-centric banking experience.
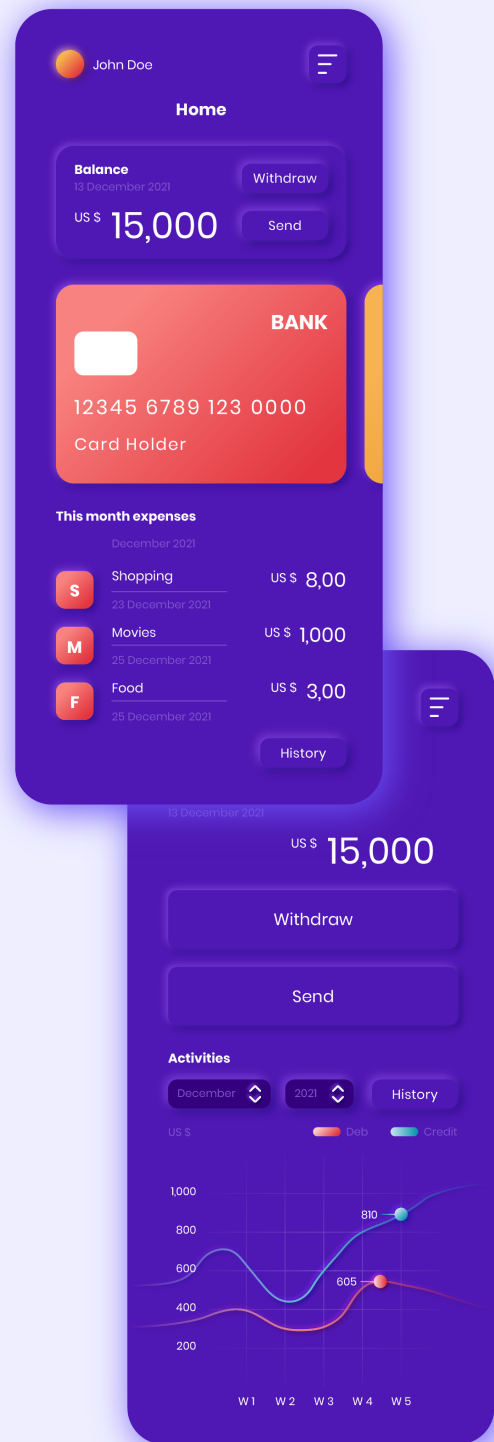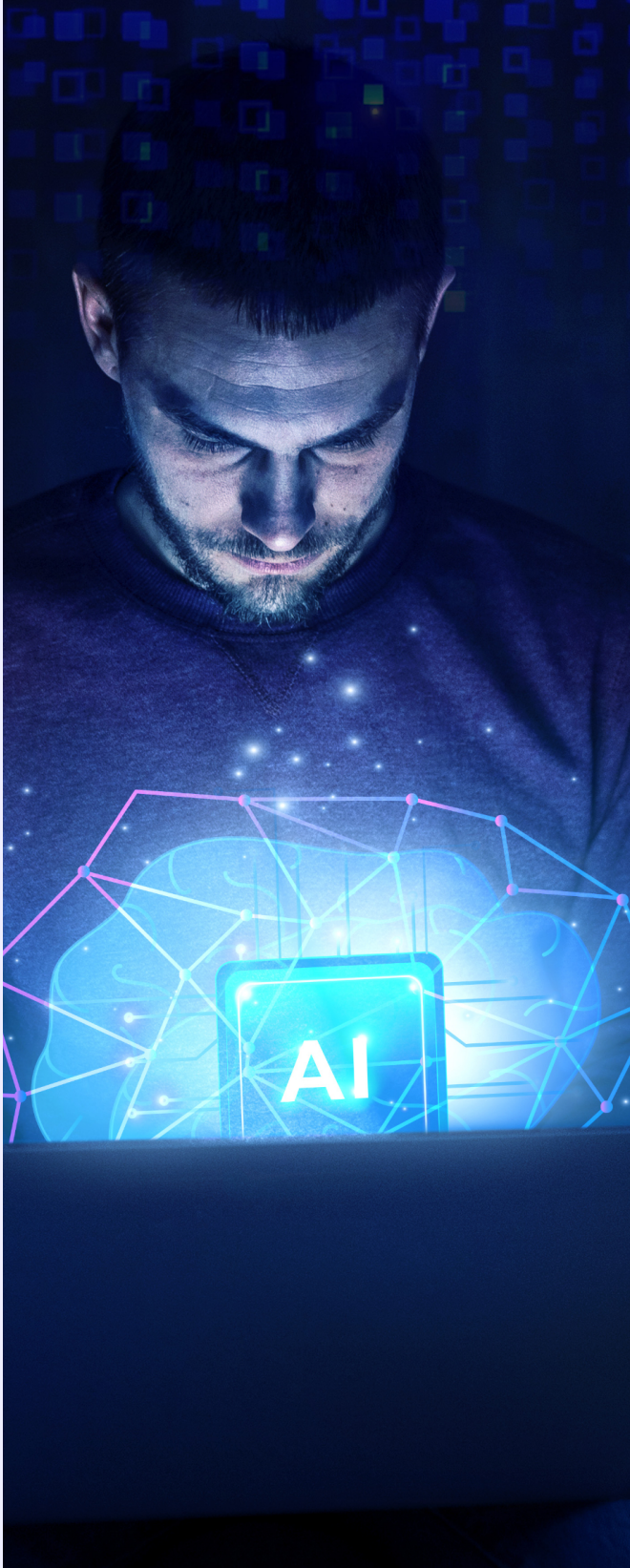
AI and Machine Learning; Know Me and Anticipate My Needs

AI and machine learning (ML) are transforming the way services are personalized across various industries, offering insights that could be significantly beneficial for the banking sector. A state-of-the-art ML best practice from the healthcare industry, for example, involves using predictive analytics to personalize patient care plans. By analyzing vast amounts of data from patient records, wearable devices, and genetic information, healthcare providers can predict health risks and tailor preventative or treatment plans to individual patients. This approach not only improves patient outcomes but also enhances the efficiency and personalization of healthcare services.

Applying a similar strategy, banks can leverage AI and ML to analyze customer financial behaviors, transaction patterns, and external economic indicators to offer personalized financial advice, product recommendations, and risk management strategies. This application requires mastery of relevant customer data and likely a customer data platform or CRM system in which a gold copy of customer data can reside.

From there, by identifying spending patterns, a bank's ML algorithm could anticipate a customer's cash flow needs and automatically suggest setting up an overdraft protection or a short-term savings plan for upcoming expenditures. Additionally, banks could use AI to provide real-time, personalized investment advice by analyzing market trends, the customer's financial portfolio, and their risk tolerance, akin to the personalized care plans in healthcare. This level of personalization not only enhances customer satisfaction but also positions the bank as a proactive, trusted advisor in the customer's financial wellbeing.

Blockchain Enhances Trust

Blockchain technology has the ability and capacity to enhance security and transparency across various sectors, with the supply chain industry being a prime example. Here, blockchain has revolutionized the way transactions and workflows are monitored and verified, offering an immutable ledger that tracks the journey of products from manufacturer to consumer. This ensures authenticity, reduces fraud, and improves efficiency. An application of this in banking could dramatically enhance the security and transparency of financial transactions. By leveraging blockchain, banks can create a decentralized and tamper-proof ledger for recording transactions, ensuring that each transaction is encrypted and linked to the previous one, thereby making fraud or alterations nearly impossible.

Incorporating blockchain into banking could also revolutionize customer trust and satisfaction. For instance, in international remittances, blockchain can provide both senders and receivers with real-time tracking information, reducing the uncertainty and wait times associated with these transactions. Moreover, by using smart contracts, banks can automate the execution of agreements once predetermined conditions are met, without the need for intermediary verification. This not only speeds up transactions but also adds a layer of transparency, as all parties have access to the terms and the status of the contract. Embracing blockchain, therefore, positions banks as forward-thinking, secure, and customer-focused institutions, capable of delivering next-generation financial services with unmatched security and transparency.

Modern Core Banking Systems and Customer Experience

Modernizing core banking systems is pivotal for financial institutions aiming to improve customer experience (CX) and operational efficiency. A contemporary core system enables banks to be more agile, allowing for the quicker introduction of new products, services, and enhancements that meet today's digital-first customer expectations. The transition to modern core systems facilitates better data management, integration capabilities, and real-time processing, which are essential for delivering personalized customer experiences.

One notable example of core system modernization is Santander UK, which embarked on a project to replace its legacy banking platform with a more modern infrastructure. This transformation aimed to streamline operations, reduce costs, and improve service delivery. As a result, Santander was able to offer its customers more reliable and faster services, including quicker account opening processes and real-time transactions. The move significantly enhanced the bank's ability to respond to customer needs swiftly and efficiently, demonstrating the direct impact of core system modernization on customer satisfaction and loyalty.

Similarly, DBS Bank in Singapore underwent a comprehensive digital transformation, which included overhauling its core banking system. This allowed DBS to innovate faster, launching digital products that catered to the evolving needs of its customers. The bank introduced a digital wallet, PayLah!, which quickly became popular for its convenience and ease of use. The success of DBS's digital initiatives, underpinned by its modern core banking system, has been recognized internationally, showcasing how such investments can enhance a bank's competitive edge and customer experience.

**Benefits of Modernizing the Core in Banking**
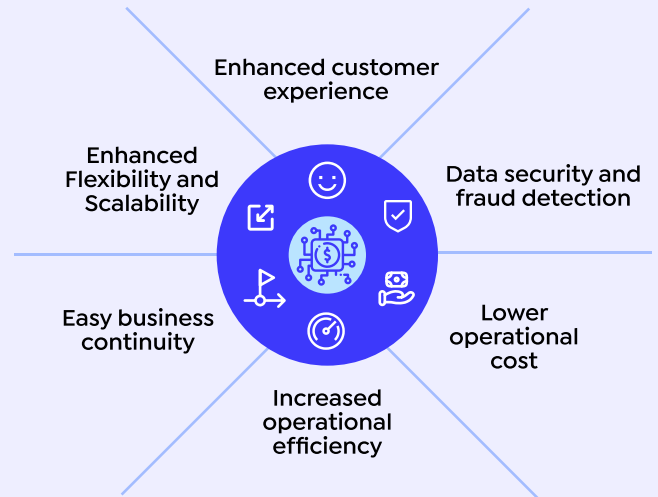
In the United States, Capital One is another prime example of a bank that has fully embraced technology to reimagine banking. By moving its core banking operations to the cloud, Capital One enhanced its ability to utilize data analytics and AI, offering customers personalized banking experiences and recommendations. This transition not only improved the bank's operational agility but also elevated the customer experience by providing more tailored and responsive services.

These case studies underscore the significance of modern core banking systems in transforming the customer experience. They have been executed by large banks, but we are seeing more and more smaller banks that have, or expect to soon, address the challenges of modernizing their core. In the next section we address some of these challenges and approaches.

Challenges and Approaches to Modernization

Replacing a core banking systems represents a significant challenge for smaller banks and credit unions, mainly due to the costs, operational disruptions, and the complexity of migration projects. These institutions often operate with limited budgets and IT resources, making a core system overhaul a daunting task. Acknowledging these challenges is the first step toward addressing them. Mitigating them, both through sound implementation strategies and effective transition tactics is equally difficult. Smaller banks and credit unions can explore phased approaches to modernization, starting with modular upgrades or adopting banking-as-a-service (BaaS) platforms that offer the flexibility to scale and add new functionalities without a complete system overhaul.

Another approach is partnering with fintech companies that specialize in providing modern banking solutions that can be integrated with existing systems. This collaboration can enable smaller banks to leverage advanced technologies like AI, blockchain, and cloud computing more swiftly and cost-effectively. Additionally, it's crucial for these institutions to conduct thorough cost-benefit analyses and seek specialized consulting services when considering such significant transformations. By carefully planning and leveraging external expertise, smaller banks and credit unions can navigate the complexities of modernizing their core systems, ultimately enhancing their competitive edge and ability to deliver superior customer experiences. The challenge here is that surrounding the core with fintech wrap-around and point solutions can be equally costly and ultimately result in less agility and flexibility than a modern cloud-based core system can provide. The key is having a coherent well thought out strategy and a defined roadmap based on that strategy.
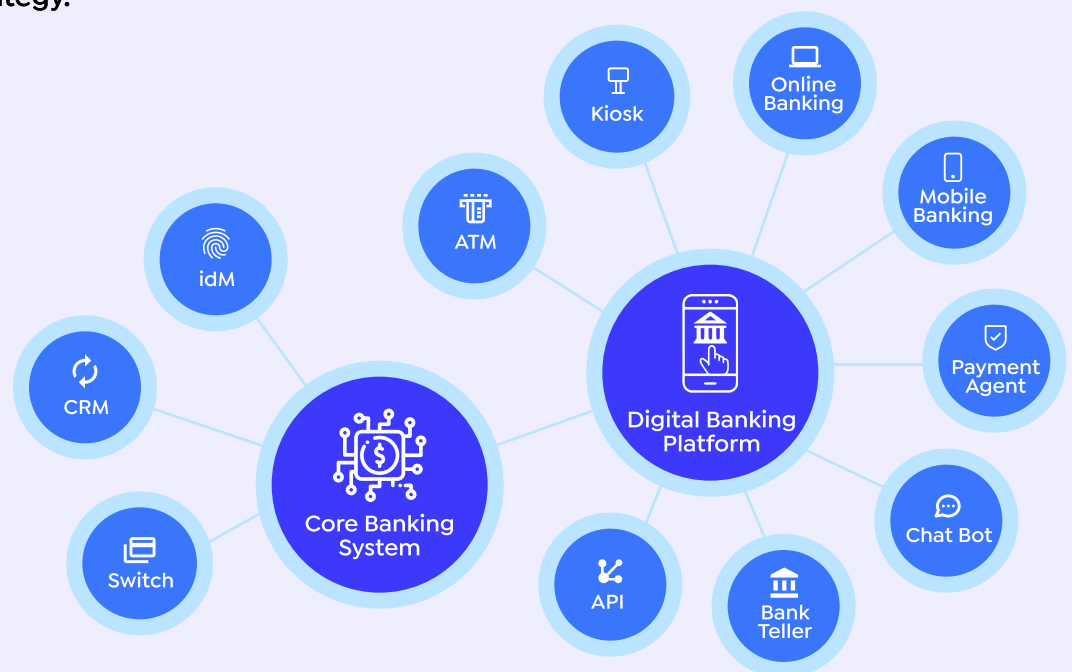
Practical Strategies for Enhancing Customer Experience

Creating a customer-centric culture

Culture eats strategy for breakfast, according to Peter Drucker, a man not known for hyperbole. This is truer nowhere more than when it comes to customer experience. An organization that prioritizes products, operations and business lines and sees opportunities and challenges through that lens will not be able to compete.

At its core, a customer-centric culture prioritizes understanding and fulfilling customer needs over internal goals or product quotas. According to research firm Gartner, customer centricity is the ability of people in an organization to understand customers' situations, perceptions, and expectations. A corollary to this understanding means that employees at all levels are empowered to advocate for the customer and design solutions that address their unique financial journeys. Fostering this shift requires a multi-pronged approach and continuous improvement.

Here are six key strategies to build a customer-centric culture within your community or regional bank:

1 **Metrics & Measurement**
Move beyond traditional internal metrics (products sold, loans originated) and prioritize customer-centric ones like Net Promoter Score (NPS), Customer Satisfaction Index (CSI), and Customer Effort Score (CES). Regularly track and analyze these metrics to identify areas for improvement and measure the impact of customer experience initiatives.

2 **Personas and Customer Journey Mapping**
As discussed, the creation of clear and well supported personas and detailed customer journey maps is crucial to enhancing customer experience. Both will go a long way in developing a customer-centric culture. Operationalize rich personas and detailed customer journeys throughout your organization.

3 **Employee Empowerment & Training**
Equip your employees with the knowledge, skills, and authority to resolve customer issues efficiently. This includes training in active listening, product knowledge, and problem-solving. Empower them to go the extra mile for customers and make decisions without needing constant constant managerial approval.

4

Embed customer empathy

Empathy is one of those buzzwords that sound good, but very few companies understand what it means, much less practice it. Customer empathy is the ability to identify more than a series of customer objectives or tasks. It requires sensitivity to a customer's emotional needs, and the ability to use active listening and other communication skills to and respond effectively. According to PwC, only 38% of U.S. consumers say the employees they interact with understand their needs. The creation of rich personas, and organizational understanding of journeys will help, as well effective use of machine learning and predictive analytics. At the end of the day there is no substitute for hiring for this quality, and conducting consistent ongoing training.

5

Feedback Mechanisms and Recognition

Create open channels for customer feedback through surveys, social media, and dedicated hotlines. Actively listen to customer concerns, address them promptly, and share positive feedback with teams to reinforce customer-centric behaviors.

6

Incentivize Customer-Centricity

Align employee incentives (bonuses, promotions) with customer-centric goals like high NPS scores or positive customer reviews. This reinforces the importance of customer satisfaction throughout the organization.

7

The Case for Customer-Centricity

Studies by Accenture have shown that companies that embrace customer-centricity can achieve up to an 80% increase in customer retention and a 25% increase in revenue. For example, USAA, a customer-owned financial services company consistently ranks at the top in customer satisfaction, demonstrating the tangible benefits of prioritizing customer needs.

By implementing these strategies and fostering a culture that prioritizes customer well-being, community and regional banks can differentiate themselves in a competitive market, build lasting customer relationships, and drive sustainable growth.

Wrapping Up

In "From Fickle Customer to Loyal Fan: Transforming Customer Experience in Community and Regional Banking," we've navigated through the evolution of customer expectations and the pivotal role of technological advancements in shaping customer-centric strategies for community and regional banks. Key strategies such as embracing digital transformation, personalization, omnichannel communication, and modernizing core banking systems have been underscored as essential in enhancing the customer experience (CX).

Looking ahead, the future of customer experience in banking is poised for further innovation, with AI, machine learning, and blockchain technologies offering new avenues for personalization and security. Banks that continue to prioritize customer-centric cultures and adapt to technological advancements will not only retain, but will also expand their customer base. Choosing the right partners who bring domain knowledge, fresh perspectives and unique viewpoints will ensure a bank's continued leadership in effective CX.

For regional and community banks, the call to action is clear: invest in understanding and implementing the customer journey, leverage technology for competitive advantage, find the right partners, and foster a culture that places the customer at the heart of every decision. By doing so, these institutions can transform the challenges of today into the successes of tomorrow, turning every fickle customer into a loyal fan.

Hunter Jensen is the Founder/CEO of Barefoot Solutions, a data science and customer experience consultancy based in San Diego, CA.

barefoot solutions

Founded in 2005, over the last decade Barefoot has grown into a full service interactive agency that creates and manages first class digital products across a wide range of industries. Featuring a diverse team of UI/UX designers, software engineers, system architects and project managers, at Barefoot we pride ourselves on hard work and innovative products that push the edges of emerging technology.

Learn more about us at **barefootsolutions.com**