

# Winning in the customer era

An executive summary for Banking and Financial Services

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# Unlock the value

## Right now, CEOs across the globe regard customer insight as the top business imperative for unlocking value

While it is clearly a priority, it's also evident that these CEOs are feeling the increasing pressure on their "traditional" business models as more and more customers move to digital as their preferred channel. But many organisations are still struggling to put meaningful strategies in place and overhaul existing, or outdated ways of operating.

A growing number of "always-on" and virtually-connected consumers which has only ever known the digital world continues to emerge - and as a result, they're now among the most empowered customers ever. Their position on service, loyalty and trust hinges simply on consistent, reliable accessibility, immediacy and seamless ease of use – in other words, customer experience.

But to win, retain and best serve them, three winning strategies must be adopted to address key challenges around data, digital, and fraud. They are ensuring a 360° view of the customer, adopting a balanced approach to fraud and optimising the digital experience across online interactions.

These three winning strategies are all underpinned by the same combination of five core capabilities. They consist

of industry-specific best practice, adoption of complex and broad data sources, advanced analytics, automated decision-making and the very latest best-of-breed technology.

Experian commissioned Forrester Consulting to gauge opinion among nearly 400 CEOs and senior business leaders, of which around half worked in the banking and financial services sector across Europe, the Middle East, and Africa. Many said the same things as they face up to critical gaps in their ability to best win, retain and serve customers.

It emerged, more than four out of five (81%) of respondents firmly see improved customer insight as their top business imperative during the next 12 months, with improved capabilities in data and analytics critical to improved customer insight. But the evidence shows for many it's still very far from becoming a business reality.

The clear majority also predict "traditional" business models are likely to be obsolete within the next five years. We explain why and the steps these organisations are taking to prevent this from happening.



# Why

The clear majority of CEOs also predict “traditional” business models are likely to be obsolete within the next five years

Many businesses continue to rely on a siloed approach to customer life cycle management. As a result, they continue to be constrained by traditional ways of working.

In many instances investment continues to be concentrated on acquisition and collections stages – the beginning and the end of the life cycle – with the most important customer management stage in between, where the customer is most active and most likely to be spending money often being overlooked.

Maintaining siloed approaches simply means lucrative opportunities may be missed. Similarly, early warning signals flagging when a customer is going into distress may not be spotted, resulting in potentially higher levels of bad debt and collections costs.

By breaking the siloes around data, while adopting a combination of insight and analytics to create an accurate 360° view of the customer, organisations are better able to anticipate their customer needs, expectations and habits.

At the same time, it also enables organisations to adopt a more balanced approach to fraud by putting smarter authentication in place to help create a seamless, friction-free on-boarding process that removes unnecessary barriers.

Ultimately, investment in these areas will also help improve customer experience and reputation while lowering costs to the business.

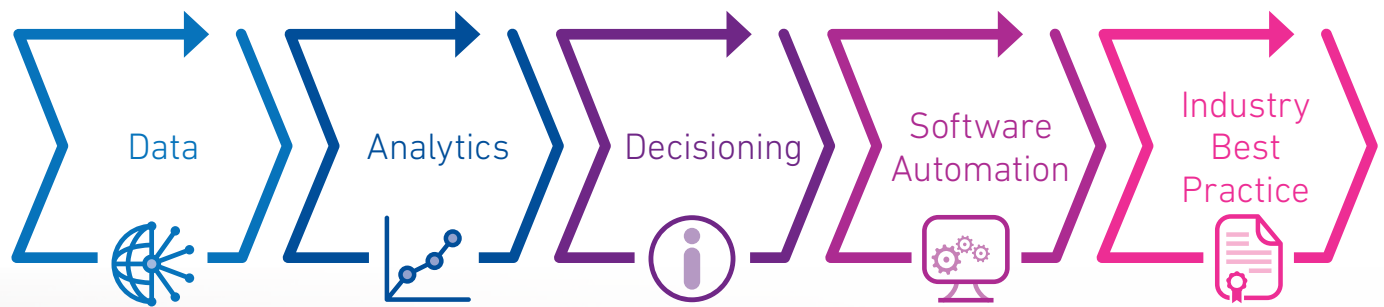


# The steps needed to win

## Five core capabilities point to where investments go

The research highlighted five key core capabilities clearly indicating where organisations must invest, along with the areas that need to be fully embraced in order to successfully implement recommended best practice.

They also act as the enablers to power customer engagement, acquisition and management. Using them effectively enables businesses to become far more insight-driven.



### Best practice

Customer experience now clearly hinges on actionable insight extracted from very large amounts of frequently disjointed and disparate data sources which will help drive commercial strategies. Only then can businesses accurately anticipate their customers' needs, consistently meet their expectations and demands in real-time – and every time.

By building an accurate 360° view of customers you will be able to positively transform their experiences and interactions with you, to increase your profitability and enable you to win in the customer era.



# Case studies

## Alfa Bank: streamlining customer acquisition with a 90% reduction in loan approval times

Alfa Bank Kazakhstan is part of the international Alfa Bank group operating in Russia, Ukraine, Belarus and the Netherlands. Alfa Bank was the first Russian bank in independent Kazakhstan and has operated in the Republic since 1994.

### Challenge

The bank wanted to grow its retail lending portfolio but was held back by its current originations system that lacked sophistication and ease of use. It embarked on a project to replace its decisioning system with a best-practice platform to help meet its key priorities of embracing leading technology, while ensuring excellent customer service. The bank also had set strict risk targets, along with a key objective to reduce the time taken to approve a loan and thus improve the customer experience.

### Results

Alfa Bank in Kazakhstan implemented PowerCurve Strategy Management after it had successfully been adopted by Alfa Bank in Russia. The new platform enabled the bank to make smarter, faster and more consistent decisions to win and acquire profitable customers and increase market share and drive sustainable growth, while efficiently and cost-effectively managing its lending portfolio. Other benefits included a reduction in the approval time of individual loan applications by up to 90%, errors minimised to less than 1% and improved operational efficiency with significant cost savings.

## Balancing fraud with customer experience

Fraud is now rated as a key threat to business growth for the first time ever. Research shows many boardrooms simply don't understand the critical balance that needs to be struck between fraud prevention and ensuring a

smooth customer experience, which can ultimately lead to significant lost sales and lost customers. At the same time, the clear majority of businesses don't believe their current fraud processes are effective or "balanced".

## Major online bank reduces new account opening fraud by US\$2.3 million

As an online-only bank our client needed to maintain a lower cost structure compared to more traditional banking competitors, while delivering the speed and convenience of an online business.

### Challenge

Online fraud is increasingly complex, sophisticated and getting harder to detect. At the same time, customers rightly expect a seamless online experience from the outset with the ability to easily and quickly open new online accounts. But with an average loss per fraudulent account opening of US\$1,500, an effective solution was critical. The bank needed technology to immediately detect and prevent fraud losses without hindering the quality of service its customers expected.

### Results

The bank implemented FraudNet to screen new account opening applications from PCs, tablets, mobile phones and all other devices. A key capability of the solution came from measuring the velocity of applications originating from the same device and also flagging geo-location inconsistencies between device and application data points, all of which indicate a high probability of fraud. By using FraudNet, investigators could analyse and link seemingly unrelated applications in a single click to uncover fraud that may otherwise have been missed. Within one quarter alone, the bank identified and eliminated more than US\$2.3 million in potential fraud. It also delivered an out-sort rate of 3% and a 2:1 false positives, helping create a more effective and efficient workforce. Since deploying FraudNet, the bank continues to experience a significant return on investment.

# We can help you



## Build a 360° view of your customers

Build a 360° view of your customer to maximise customer experience and revenues across the life cycle



## A balanced approach to fraud

Take a balanced approach to fraud so you can take control of your fraud risks and costs without damaging the customer experience



## Optimising your digital approach

Develop optimised approaches to better serve the aspirations of today's customer

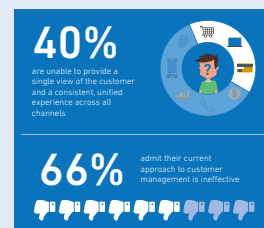
## Why Experian?

In a faster, more complex world, where millions of interactions take place every minute of every day, our expertise, access to vast global data sets and analytics, helps you protect your customers and safeguard your business, to create better outcomes and build stronger relationships.

We harness the power of data, analytics and technology to help you:

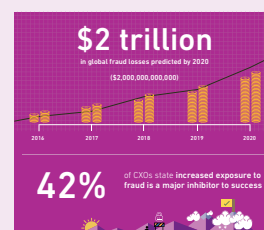
- Cement customer retention and drive more long-term value
- Analyse opportunities to better serve customers and key segments ideal for cross-selling and up-selling
- Devise and source more customers
- Safeguard your business and its customers by constantly working to reduce risk, fraud and bad debt

- Combine and rationalise data from multiple sources to accurately segment and create a single view of the customer
- Make faster, more accurate, better informed and predictive decisions
- Rethink internal processes aligned around customer satisfaction metrics
- Consistently adopt customer journey mapping
- Help you improve satisfaction scores by better serving customers throughout their life cycle



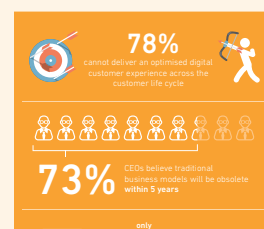
[Download the Infographic](#)

- Offer best-of-breed non-invasive technology to safeguard your customers, your business and reduce online friction
- Enhance fraud analytics capabilities to predict when fraud will occur
- Adopt advanced statistical models for early fraud detection



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- Enhance on-boarding processes for new customers.
- Leverage advanced analytics on non-traditional data to gain deep insights on customers
- Help ensure you consistently offer the right deals to the right customers
- Help reduce bad debt to an absolute minimum



[Download the Infographic](#)

To find out more about the critical areas of data-driven insight, fraud and digital optimisation, read our full report “Winning in the customer era”. Simply [click here](#).



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## About Experian

Experian unlocks the power of data to create opportunities for consumers, businesses and society. At life's big moments – from buying a home or car, to sending a child to college, to growing a business exponentially by connecting it with new customers – we empower consumers and our clients to manage their data with confidence so they can maximise every opportunity. We gather, analyse and process data in ways others can't. We help individuals take financial control and access financial services, businesses make smarter decisions and thrive, lenders lend more responsibly, and organisations prevent identity fraud and crime.

For more than 125 years, we've helped consumers and clients prosper, and economies and communities flourish – and we're not done.

Our 17,000 people in 37 countries believe the possibilities for you, and our world, are growing. We're investing in new technologies, talented people and innovation so we can help create a better tomorrow. Learn more at [www.experianplc.com](http://www.experianplc.com).