

Reassuring and serving customers during a crisis

With the current Covid-19 pandemic, financial services providers worldwide have come under unprecedented pressure.

Peter Wannemacher, principal analyst at Forrester, during a global virtual event, looked at 'How companies are reassuring and serving customers in this crisis and its aftermath'.



Peter Wannemacher, principal analyst at Forrester

Wannemacher identified five lessons that are not shocking, but whose implications are profound, moving forward, and beyond the pandemic. He highlighted that companies needed to not only focus on surviving the pandemic but growing beyond it.

Lessons

Peter Wannemacher highlights 5 lessons:

- Reassuring and supporting customers in the wake of Covid-19 is companies #1 job. Firms should provide clear, prominent content and guidance
- Dynamism and decentralization will drive sustained growth as companies and their customers emerge from this crisis
- Firms that support customers in the teeth of this pandemic- and thrive after- will have changed how they approach their relationship with customers and how they design and deliver new initiatives
- Nothing is more important than data, and the actions companies take now may well decide how willing people are to share and store data with them
- You do not need to see the future to win it: Your resilience today (and your growth tomorrow) will require systems of exploration and iteration.

The above lessons were concluded based on research that zoomed in on three main elements:

1. Resilience: How firms are responding to the Covid-19 pandemic
2. Dynamism: Why some companies will surge, and some will sputter – the most important attribute in achieving long term sustainable growth, surviving, and thriving beyond

3. Aftermath: Where everything is heading and what it means for you – how this will change the world, how you do things, customers, companies

1. Resilience

Research conducted by Forrester indicated that in the first-week branch visits were still being prioritized over digital self-service. Banks missed the mark early when it came to communication but were correcting this. With the numbers standing in week one standing at 84% and 16% respectively. The numbers shifted in the second week with communication prioritizing branch visits dropping to 32% from 84%.

A similar shift was identified in bank communication encompassing empathy. Bank communication that started by acknowledging customer anxiety increased from 45% in the first week to 59% in the second.

In South Africa, several actions were taken by different organisations to ease the burden of the pandemic. Some of which included: Wavering of Saswitch penalty fees; Payment freezes due services being unavailable; Encouraging online and ATM transactions vs branch visits by reducing staff and services available in branches; Developing specialised digital content; Offering crisis-based loans and credit line increases.

Wannemacher highlighted that if customers cannot consume information, even the best efforts will fall short. He emphasized that communication styles are crucial during this time as consumers are being bombarded with loads of information. Clear is crucial.

He identified that too few banks are using video or multimedia to guide and help customers during the pandemic. Which is unfortunate because at any given 30-40% customers in markets tend to prefer video to other media.

2. Dynamism

Dynamism is branded as the reason why some companies will surge, and some will sputter.

"Dynamism is a combination of speed + degree of change that a company can achieve".

Having said this, it is not about changing strategies frequently but rather having systems in place to accommodate change or a shift. This may be a new competitor rolling out a new product or a pandemic. Are you able to adjust accordingly? Research from Forrester dating back decades indicates that firms who are most dynamic are the ones who are ultimately successful.

How does one achieve dynamism?

Design thinking has been found to help you explore and iterate.

3. Aftermath

Banks need to understand that their role is not one of only managing customers' money rather enabling their financial well-being.

As it stands, South Africans have financial challenges. And because of this, they're constantly trying to find the best use for their money, such as looking at retirement, but people struggle with this.

According to the Association for Savings and Investment SA (ASISA), the average drawdown rate of retirees in living annuities is about 6.6%. This implies that more than half of living annuitants in South Africa are drawing more than 6.6% a year, thereby jeopardising their future pension. Although these are pre-Covid-19 stats it is evident that South Africans are struggling.

The current pandemic will only worsen this. Therefore there will be a greater need for additional tools, services, and content that helps people achieve and move towards financial well-being.

Innovation

This is a great time for innovation in financial services, such as a simple model for counterintuitive to push innovation

Note: The larger the bubble, the larger the risk

Ten initiatives that should see increased priority coming out of the crisis:

1. Machine learning algorithms and other AI technologies
2. Alerts and notifications
3. Secure messaging
4. Card and data management tool
5. Search functionality
6. Content
7. Navigation design
8. Contactless payments and mobile wallet integrations
9. Digital onboarding experiences
10. Digital product innovation

You do not need to see the future perfectly to win. Leading companies will use innovation- by-iteration, not innovation-by-prognostication to achieve sustained growth.

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