



THE EXPERIENCE ADVANTAGE

2019 REPORT RETAIL BANKING
INDIA

KANTAR

WELCOME | वेलकम



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CX+ is an important innovation for Kantar and WPP: this is the first study of its kind, and we are excited to be sharing this report with you.

Over 20 years ago, B. Joseph Pine II and James Gilmore introduced the concept of the Experience Economy, on the premise that providing goods and services is no longer enough to satisfy the consumer. Indeed, BrandZ™ tells us that “leading brands have continued to raise the bar on expectations for customer experience at every customer touchpoint – online and offline”.

CX+ identifies the causal relationship between the way your brand is experienced and your financial performance. Turbo-charging shareholder returns is also going to become increasingly reliant on how you view and manage customer experience, and so customer experience must be one of your key priorities. It’s a board responsibility: the vision, leadership and momentum required for an organisation to become truly customer-centric need to come from the top. It’s this understanding and commitment which we call the Experience Advantage.

And this is where we want to help our clients. CX+ is backed by rigorous and validated customer research, shining a light on the cost of sub-optimal customer experiences – as well as the money being left on the table if you don’t meet or exceed your customers’ expectations.

As individuals, Indians are some of the most helpful and welcoming people one can ever meet. Customer service systems in India, however, still have some way to go. That said, organisations are beginning to appreciate the value of a satisfied customer as well as the damage that a disgruntled customer can do in this connected age. Online memory is long, has a snowball effect and can haunt you at the most unexpected times.

As organisations work towards bringing in process efficiency, they also need to work hard to build a more customer-friendly culture. The difference is not just semantic – it is the difference between building an organisation-centric culture vs. a customer-centric culture. The positive impact of this on brand and corporate reputation cannot be over-estimated. CX+ brings together brand reputation and the customer experience to drive customer value.

We hope that you find this report insightful and we would be delighted to continue the conversation with you.

Feel free to connect with us anytime.

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THE ONLY SECTOR-SPECIFIC
INDEX THAT MEASURES
THE GAP BETWEEN
BRAND PROMISE AND
CUSTOMER EXPERIENCE...
AND SHOWS YOU HOW
TO CLOSE THAT

GAP.

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Foreword

WINNING IN THE AGE OF EXPERIENCE

Not so long ago, the accumulation of possessions was seen as the way to happiness. With the increase in the availability of goods after World War II, people became more inclined to define themselves by what they possessed. But somewhere along the way there has been a change in priorities.

As incomes increased, and people realised the goods they were surrounding themselves with weren't necessarily leading to happiness, they started prioritising experiences and lifestyles. Now, we live in the age of experience.



Susanne O'Gorman
Global Head of
Customer Experience,
Insights Division,
Kantar

86%*

OF INDIAN
MILLENNIALS
WOULD RATHER
SPEND MONEY ON
EXPERIENCES THAN
MATERIAL THINGS.

Source: Kantar Customer Insights surveys 2018

WHEN
AMBITION
AND REALITY
DON'T
MATCH UP

Given the importance of experiences today, it comes as no surprise that most CEOs believe customer centricity is essential for driving business growth. However, there is a big gap between ambition and reality.

Compared to the 91% of CEOs who see the need to become customer-centric, only 29% of customers in India rate their banks as truly customer-centric.

91%*

OF CEOS SEE
THE NEED
TO BECOME
CUSTOMER-CENTRIC

Source: Kantar, Consulting Division

29%*

OF CUSTOMERS
IN INDIA RATE THEIR
BANKS AS TRULY
CUSTOMER-CENTRIC

Source: CX+ India



THE PATH TO
CUSTOMER
CENTRICITY
IS PAVED
WITH ROAD-
BLOCKS AND
CHALLENGES



The road to customer centricity is complex. Many companies have access to a wealth of information about their customers, yet they remain insight poor. They are often literally drowning in data, suffer from disjointed measurement systems, and work to numerous KPIs that don't really link up. And while there is senior level commitment, it is challenging to rally the organisation around a single, unifying vision of the type of customer experience they want to provide.

Or, companies generate lots of insights but actually achieve very little change. Maybe because the insights are not actionable enough, or they are not sure where to get started. Functional units are often not set up in a way that reflects customer journeys, and employees lack the sense of empowerment to put the customer at heart of the organisation, and deliver great experiences in the moments that matter most to them.

And last but not least, Chief Customer Officers and Chief Experience Officers struggle to determine the ROI – both behavioural and financial – of their activities. When linking CX to other KPIs (financial, operational, CRM), are the investments really paying off?

So despite putting in substantial efforts, many companies don't achieve the desired results from their programmes. Brands struggle at different levels to become customer-centric. Putting the customer first requires organisational excellence, and the drive to overcome functional siloes. Brands need to bring the voice of the customer into the organisation, and ensure employees at all levels have access to the relevant information when they need it.

Only then can organisations truly close the experience gap and deliver what their brand stands for.

FIVE KEY TAKEOUTS



Barbara Cadot
CX+ Global Lead

3

DIG DEEPER

With government backing and a customer base happy to share their data in exchange for personalised experiences, India's banks have a unique opportunity to turn customer data into value. That said, the combined forces of open banking and digital inclusion have also raised expectations among consumers, who increasingly favour banks that truly understand their needs.

5

GIVE POWER TO THE PEOPLE

India has entered the era of self-service. People prefer to do their banking how, when, and where they want – and expect the experience to be as convenient as possible. Banks have begun catering to this behavioural shift by empowering people to take their finances into their own hands – be it through mobile apps, robo-advisors, or other platforms.

1

GET PROACTIVE

The status quo will not keep customers engaged. Even online-only Fintechs can deliver basic banking services, often in a more convenient format. Indian retail banks must demonstrate where they add value beyond the basics, by proactively offering customers guidance and products that will help them meet their financial goals.



2

PLAY TO YOUR STRENGTHS

It may be tempting to fight disruptive Fintechs with competing digital services, and there is value in doing so, but established players cannot lose sight of what differentiates them: proven experience, consumer trust, and the ability to deliver end-to-end banking services. Their focus should be on preserving these advantages, while simultaneously adapting them for a digital audience.

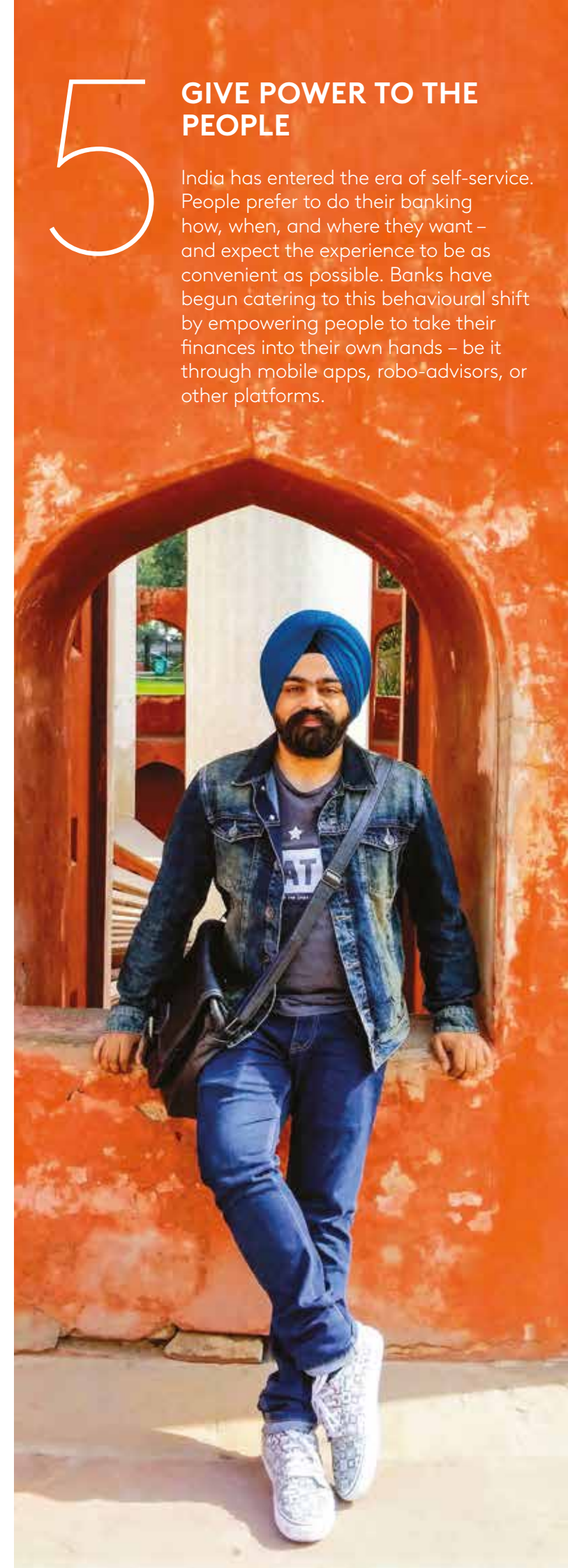


USE TECHNOLOGY TO DELIGHT

With the Indian middle class growing and mobile access spreading to remote parts the country, the potential customer base for Indian banks is quickly expanding. The race is on to delight this lucrative market segment with new technologies and digital experiences, from AI-driven personalisation to chatbot financial advisors.



4



GET THE EXPERIENCE ADVANTAGE

All businesses need meaningful ways of measuring how their brand performs against their competitors, and – crucially – against people's expectations.

We all know the importance of delivering an exceptional customer experience. But to be a truly customer-centric organisation, you must go further and consider how that experience aligns (or doesn't) with the promises you're making to your customers.

This means that customer experience and brand strategy can no longer sit in organisational silos. The magic happens only when brand promise and customer experience come together. CX+ builds a holistic perspective on what we call the Experience Advantage – the ability to forge strongly customer-centric relationships from brand promise through to actual experience delivery.

DELIVERING THE EXPERIENCE ADVANTAGE PAYS OFF
CUSTOMERS OF CX+ LEADERS ARE:

1.6×

MORE LIKELY TO
RECOMMEND THEIR SERVICE

1.6×

MORE WILLING TO
TAKE UP NEW PRODUCTS

1.8×

MORE LIKELY TO FEEL THEY ARE
GETTING VALUE FOR MONEY



FIRST, BE EXCELLENT...

Our CX+ model evaluates customer experience based on five key success factors, against which every brand is scored.



THEN

EXCEED EXPECTATIONS

By comparing the experience of current users with the perceptions and expectations of 'considerers', we can identify the size of the Experience Gap. This allows us to evaluate where potential over-delivery (a positive gap) and under-delivery (a negative gap) would arise, what causes this gap, and what associated risk or opportunity this gap represents.

BE A CX+ LEADER

WE BRING TOGETHER THESE TWO ASPECTS OF PERFORMANCE TO IDENTIFY OUR CX+ LEADERS:

Bank A is disappointing customers by not meeting expectations. This negative gap is **subtracted** from their CX Performance score.

Bank B is delighting customers with an experience that exceeds expectations. This positive gap is **added** to their CX Performance score.

However, over-delivering (or under-promising) is only good to a certain extent...

Bank C's very large positive gap represents a missed opportunity through its brand marketing and communications. Banks with a large positive gap will only have a **maximum of 5 points*** added to their CX Performance score.

BANK A		
CX PERFORMANCE	EXPERIENCE GAP	CX+ Index
106 ▶	-3	▶ 103

BANK B		
CX PERFORMANCE	EXPERIENCE GAP	CX+ Index
106 ▶	+4	▶ 110

BANK C		
CX PERFORMANCE	EXPERIENCE GAP	CX+ Index
101 ▶	+10 <small>(capped to +5*)</small>	▶ 106

*Our analysis demonstrates that a +5 gap is the point where the missed opportunity for the brand to attract new customers (as its marketing is under-promising) exceeds the positive effect of delighting current customers through exceeding their expectations.

WHO HAS THE EXPERIENCE ADVANTAGE?










INDIAN RETAIL BANKING



2019 CX+ RANKING: TOP 10 INDIAN RETAIL BANKS

We spoke to 7,280 retail banking customers in India to find out which banks have the Experience Advantage.

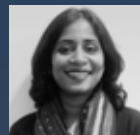
CX FACTOR

Ranking		CX PERFORMANCE	EXPERIENCE GAP	CX+ Index
1	 HSBC	117	9	122
2	Standard Chartered 	115	4	119
3	 citi	113	-3	110
4	 YES BANK	108	0	108
5	<i>IndusInd Bank</i>	101	16 <small>(capped to 5*)</small>	106
6	 ICICI Bank	105	-9	96
7	 kotak Kotak Mahindra Bank	97	-2	95
8	 HDFC BANK	102	-9	93
9	 सिंडिकेटबैंक Syndicate Bank <small>सर्वोपरि, सर्वोपरि, मित्रवत्। A Govt. of India Undertaking</small>	92	0	92
10	 AXIS BANK	97	-6	91

*Our analysis demonstrates that a +5 gap is the point where the missed opportunity for the brand to attract new customers (as its marketing is under-promising) exceeds the positive effect of delighting current customers through exceeding their expectations.



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A WORLD OF OPPORTUNITY

BANKING IN AN EMERGING POWERHOUSE

One point three billion people and counting: only China has a larger population. But while growth in East Asia's economic powerhouse has been shaky in recent years, India's economy continues to surge ahead, with GDP expected to grow more than seven per cent through 2020.*

*India Economic Times, 27.02.2019

"Mobile access has connected even the nation's most remote regions to the financial system, opening up new opportunities to engage with customers."

For India's banks, this growth represents just one piece of a massive untapped opportunity. The country has also reached an inflection point in its demographics, with a strong middle class now emerging and in need of financial services. By some estimates, 89 million households will be categorised as middle-class by 2025. This important segment is not only eager to bank, but also promises to be more discerning when choosing their banking partners, placing more emphasis on differentiated customer experiences than on heritage or legacy.

This leaves the half of India that remains unbanked, for now. Mobile access has connected even the nation's most remote regions to the financial system, opening up new opportunities for retail banks to engage with this large and willing customer base. Indeed, the Indian Bankers' association found that 80% of transactions are now made via digital channels, revealing the extent to which technology has democratised access for large portions of the public.

80%^x

OF TRANSACTIONS
IN INDIA ARE MADE VIA
DIGITAL CHANNELS

89m

OF HOUSEHOLDS
WILL BE CATEGORISED
AS MIDDLE-CLASS BY 2025

Source: *Mastering the new realities of India's banking sector*, McKinsey, 2017



A MANDATE FOR BETTER DIGITAL EXPERIENCES

Access to digital services is not enough for customers today. They expect exceptional digital experiences. Indeed, our CX+ research reveals that banks which deliver an excellent experience on digital channels are 2.5 times more likely to delight customers.

For its part, the Indian government has a clear mandate to improve financial services across the nation, and to support banks in digitising their customer experience. The recently launched UPI open money transfer network¹ has not just changed the way people transfer funds between themselves, it has set a standard that now serves as inspiration for governments and financial institutions around the world.

Further fuelling this transformative period is the introduction of IndiaStack – or Aadhaar Stack as it is more commonly known.

The technology was developed with the aim of achieving digital inclusion, and is expected to make open cashless service delivery accessible to everyone in the country. The shift to open banking will in turn present Indian banks with new opportunities to collaborate with partners, draw value from customer data, and improve their digital offering.

Aadhaar has of course run into some criticism, particularly as more questions arise around data privacy and security, but the initiative continues to gain traction and draw users. By some estimates, 270 million bank accounts have been opened using the Aadhaar payment app², a strong indication that financial transactions are moving in this direction.

¹ Quartz India, 2019
² pymnts.com, 2018

AN INVITATION TO ADD VALUE



India's fast-track towards open banking sets it apart from most developed markets, and makes it an ideal test-bed for innovation. The scene is set for banks to develop new forms of customer-centric services, and experiment with emerging technologies such as Artificial Intelligence (AI), which makes it possible to deliver more personalised experiences on a large scale. AI is also popular among consumers, with 62% of Indians enthusiastic about the technology being used more commonly in society.

For customers, the ideal banking partner must focus on three factors: more personalised experiences, smoother and more convenient digital services, and a human approach to technology.

"AI may be the missing piece of the puzzle that makes financial inclusion across this country a reality."

62%*

OF INDIANS ARE ENTHUSIASTIC ABOUT TECHNOLOGY BEING USED MORE COMMONLY

The onus is now on India's retail banks to answer the call. There remains a widespread perception among Indian citizens that both state-owned and private institutions are not doing enough to serve them, with only 29% saying their bank is truly customer-centric.

This is certainly the case when people compare these companies with foreign banks, or with the other digital services they interact with daily. These organisations are seen to fulfil their minimum requirements but rarely go beyond this level of service or anticipate their customers' future needs. This added layer of service is what sets successful brands apart in today's data-driven market, and the situation is no different for banks than it is for retailers or travel companies.

That is not to say India's financial sector is standing still. Many banks have already invested in analytics and AI to help inform and enhance how they engage with customers. One industry report found that 93% of Indian bankers find they increasingly use data to drive critical decision-making, and 83% believe AI and humans will be working alongside each other in the next two years.

Artificial Intelligence is also attractive to financial institutions as they compete to engage India's enormous unbanked population. AI may be the missing piece of the puzzle that makes financial inclusion across this country a reality. It has the potential to help banks manage enormous volumes of data, draw insights from that data, and quickly turn that insight into better customer experiences for hundreds of millions of people.

EARLY MOVERS MAKING THEIR MARK

As often happens in periods of digital disruption, early movers in India's banking sector have already begun to differentiate themselves with innovative digital services that reflect their customer-centric mind-set. For instance, HDFC Bank has partnered with Bangalore start-up Niki.ai to create OnChat*, a chatbot that allows users to pay via Facebook Messenger for utilities, entertainment, travel services and more. Since launching, the bot has experienced 160% month-on-month growth and users have sent each other more than 2.4 million messages.

HDFC is not the only bank partnering with Fintechs to boost its offering and appeal to a digital audience. Kochi's Federal Bank recently unveiled its open banking platform, inviting Fintechs to use it for the development and testing of new products. This forward-looking approach will see Federal Bank integrate innovative products and services directly within their wider offering, resulting in a win-win-win situation for itself, its partners, and its customers.

*Source: Silicon India Technology, 2019

93%*

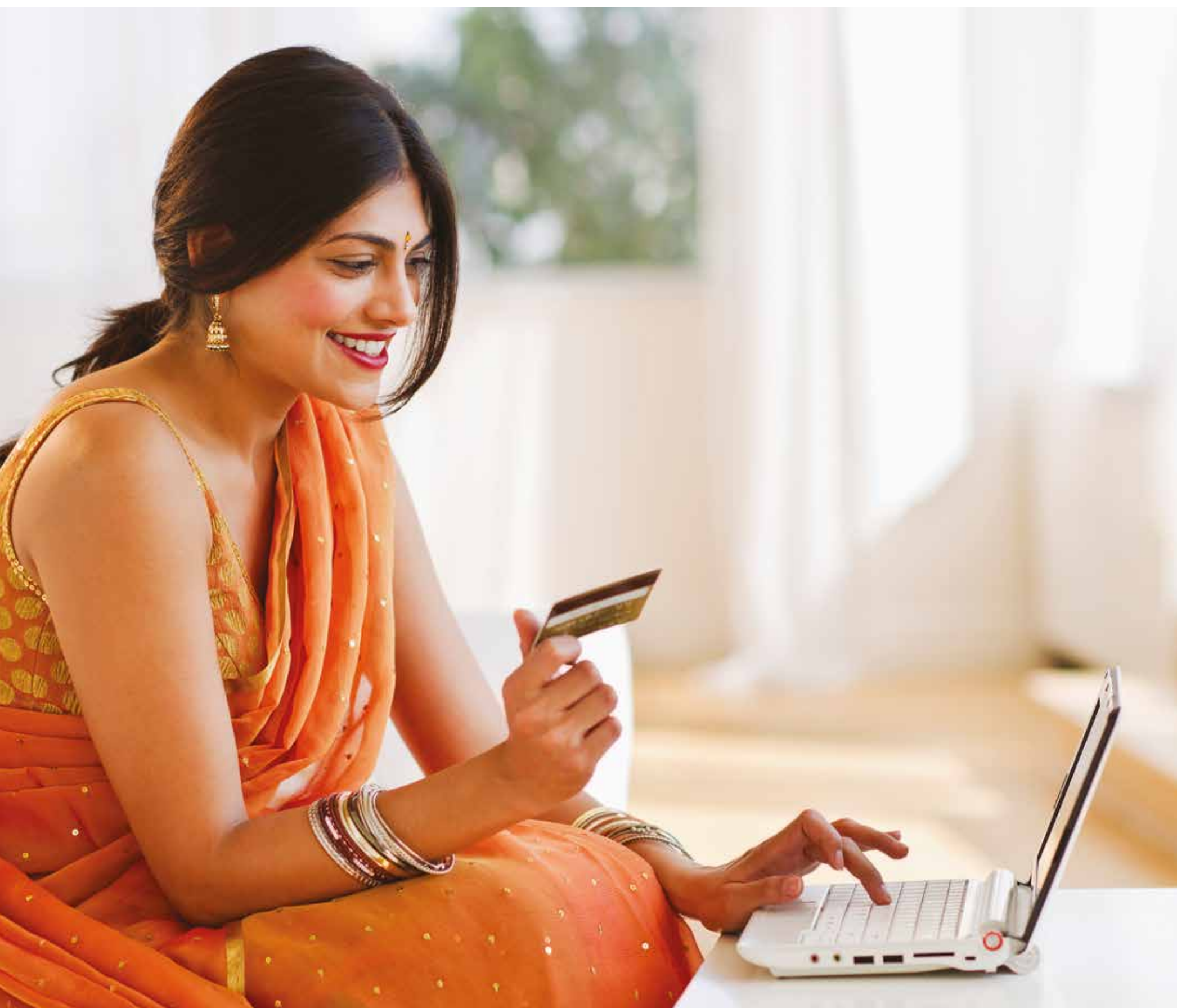
INDIAN BANKERS USE DATA TO DRIVE CRITICAL DECISION-MAKING

Source: Accenture LLP, 2018



“Whether you are judging the value of a hammer or of an advanced AI algorithm, it is the person wielding the tool who ultimately dictates how effective it is.”

Barbara Cador, Global Head of CX+, Kantar



ADAPTING PEOPLE TO NEW TECHNOLOGIES

The impact of open banking and AI will depend on people as much as on the technologies themselves. Without the right talent, processes and systems in place to master these innovations, banks have little hope of using them in a strategic way that adds value for their customers.

To quote Barbara Cador, Global Head of CX+ at Kantar, “Whether you are judging the value of a hammer or of an advanced AI algorithm, it is the person wielding the tool who ultimately dictates how effective it is. We can all agree a handyman will do a better job of assembling your shelves than a toddler will. When it comes to using AI, India’s banks are at various points along the spectrum between toddler and handyman, and those moving quickly are now beginning to distance themselves from the pack”.

What this means is that investing in new technologies is only half the battle. Financial institutions must also focus on developing the skills and cultural mindset required to use AI and open banking to their full potential. From cultural change among the leadership, to training for employees to transparency for customers, to technology systems, every piece of the corporate puzzle must be rearranged to support a more data-driven and customer-centric approach.

Encouragingly, this is happening across the public and private sectors. In 2017, the State Bank of India held its first Code for Bank Hackathon¹, inviting students, developers, and start-ups

explore new possibilities for retail banks, using technologies from AI to automation to predictive analytics. The organisation even implemented a piece of AI software called Chapdex, developed by the hackathon’s winners, which examines camera footage of SBI’s in-branch customers and analyses their facial expressions in real time. This provides the bank with valuable data on customer satisfaction levels, which it can then use to improve its in-branch experience.

This focus on customers is essential. Early implementations of AI have been heavily motivated by a desire for automation, data management, and rapid return on investment. Even now, just 21% of Indian banks say AI’s impact on the customer experience ranks highly in their decision to implement the technology².

The current push for efficiency and cost-cutting is understandable, but it is also short-sighted. A bank is nothing without its customers, and while it takes time to build trust and loyalty, this must be the long-term vision for any financial institution that wants to thrive in tomorrow’s market. Around the world, the most successful organisations view customer centricity as a parallel stream within their AI strategy, alongside streamlining and cost reduction.

¹ hackerearth.com, 2017
² capgemini.com, 2019

THE RESPONSIBLE ROAD TO SUCCESS

India's banking sector is steadily moving in the right direction, both in terms of digitising the customer experience and with regards to protecting their data. It would be naïve to say there is a clear road ahead, with the country's banks occasionally coming under scrutiny over questions of ethics and personal data protection. However, the entire industry now has a unique opportunity to put people at the centre of their operation, and bring greater transparency to the customer dynamic.

They will also be watched more closely from above. The Reserve Bank of India (RBI) has announced plans to establish a supervisory committee that will oversee all of India's financial institutions*. Details of the plan remain vague, but it is fair to assume that the banking sector is heading for a higher standard of reliability and integrity.

The announcement also sends a clear message from the government that while it is intent on making open banking and digital inclusion a reality, protecting customers comes first, and that it will hold companies accountable on this point.

This is a pivotal moment for retail banks in India. And while they have work to do, the industry as a whole is starting from a position of strength. According to Kantar's 2018 BrandZ™, banks make up four of India's 10 most valuable brands. Along with insurance companies, they have also seen the highest Compound Annual Growth Rate (CAGR) in their brand value over the past five years, at nearly 30%.

Above all, however, India's financial institutions have the luxury of a customer base that is hungry for innovation. Indian citizens are more willing than most to share their data with banks, as long as they receive value-adding services and more personalised banking experiences in return. Half of the customers expect their bank to use the data and information they share to provide them with personalised experiences.

This is a recipe for positive change across the industry, but only if banks can adapt quickly enough to capitalise on the opportunity before them. Those that do adapt will set themselves up for a windfall of epic proportions.

Indian consumers are more willing than most to share their data with banks, as long as they receive value-adding services and more personalised banking experiences in return.

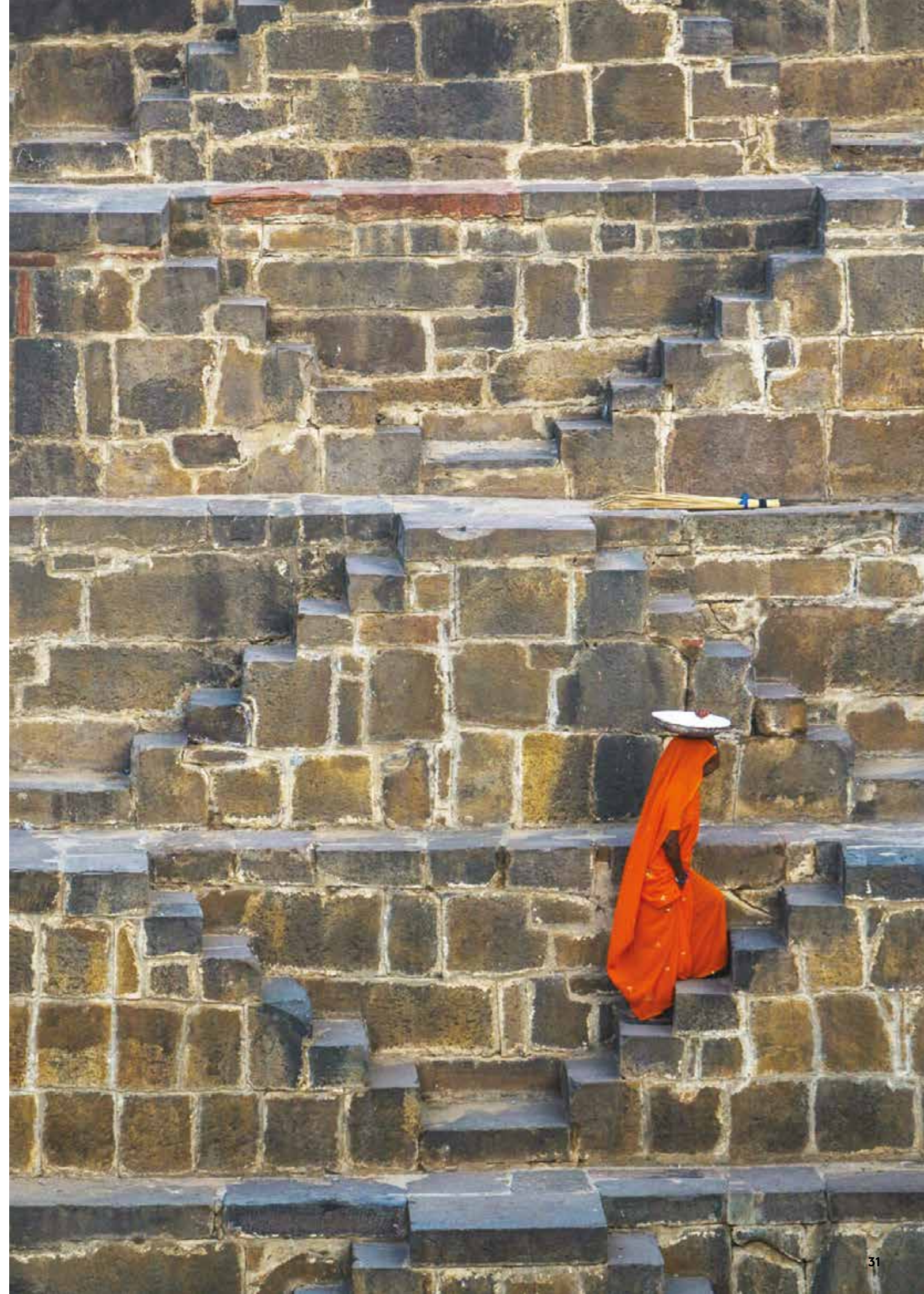
29%*

GROWTH (CAGR) IN THE VALUE OF INDIAN BANKS AND INSURANCE COMPANIES OVER THE PAST FIVE YEARS

47%*

CUSTOMERS EXPECT THEIR BANK TO USE THEIR DATA TO PROVIDE THEM WITH PERSONALISED EXPERIENCES

*Source: India Economic Times, 2019





EXPERT PERSPECTIVES

1

**LEADING
BY EXAMPLE**
MEASURING UP TO
MULTINATIONAL BANKS

2

**BUILDING TRUST THROUGH
EXPERT GUIDANCE**
USING TECHNOLOGY TO
GET CLOSER TO PEOPLE

3

**EXPERIENCING
THE POWER OF CHOICE**
HOW TO SERVE THE
SELF-SERVICE GENERATION

4

**MEETING INDIVIDUAL
EXPECTATIONS**
ONE SIZE DOES
NOT FIT ALL

5

**FIGHTING DISRUPTION
WITH EXPERIENCE**
WIN CUSTOMERS OVER BY
PLAYING TO YOUR ADVANTAGES



Vikram Budhraj
Vice President,
Insights Division,
Kantar

LEADING BY EXAMPLE MEASURING UP TO MULTINATIONAL BANKS

The relationship between Indian consumers and Indian banks is complicated. The country's financial institutions are generally seen as dependable, but slow-moving on innovation when compared to global banks in other economies.

This has created a vacuum in the market that is being filled by multinational banks. Boasting the latest technologies and streamlined operations, these organisations attract hordes of customers thanks to the quality and consistency of their offering.

Foreign companies like HSBC, Standard Chartered, and Citibank, have shown they have a unique understanding of customers' needs and can deliver tailored services that directly address those needs. Our CX+ ranking reveals that the best foreign-owned banks are seen as 1.9 times more customer-centric than slower moving competitors.

But while multinationals have raised the standard of banking

services in India, they are also seen as inaccessible by large portions of the population. Meanwhile, the country's fast-growing middle class and underbanked masses are gaining access to technology and economic strength, presenting a major opportunity for Indian banks who can engage this group.

That is why many organisations are now investing in new technologies to broaden their offering and improve their service delivery. This innovation is essential in a digital market, but real change also requires a cultural realignment from the inside out.

This is where Indian institutions can draw inspiration from foreign banks to differentiate themselves.

**MULTINATIONAL BANKS
ARE PERCEIVED AS**

1.9x

**MORE CUSTOMER-CENTRIC
THAN INDIAN COMPETITORS**

THREE LESSONS TO LEARN FROM THE SUCCESS OF MULTINATIONALS:

1

EMPOWERED EMPLOYEES PAY DIVIDENDS

Customers are 3.6 times more likely to be delighted by competent bank employees who can deliver prompt support in their times of need. The only way to deliver a high standard of service is to empower employees to do so. That means providing workers with access to the technologies and data they need to meet customers' expectations. It also requires a customer-centric culture from the top down so that everyone, from team leaders to call-centre representatives, feels compelled to positively influence each customer's journey.

2

SERVE THE INDIVIDUAL, NOT THE DEMOGRAPHIC

Behaviour is a better indicator of a customer's needs than their age, gender, or socio-economic background. Traditional demographic categories are becoming a thing of the past, as consumer needs become more nuanced across every segment. For instance, a 20 year-old start-up founder may be more financially literate than a 50 year-old homeowner with a mortgage. A deeper understanding of each customer is the key to building the right products and establishing long-term loyalty.

3

GO THE EXTRA MILE

Consumers are 3.5 times more likely to be delighted when they feel appreciated by their bank. Even a small gesture can have a major impact. For instance, if a customer's signature does not match the signature on a cheque they deposited, a bank employee should call them to resolve the matter. And yet, Our CX+ study reveals many banks just let the cheque bounce, leaving the customer guess why on their own. From the ambience of their branches to the smoothness of their web experience, it is these kinds of thoughtful touches that help build a strong customer relationship.



India's banks are among the most valuable brands in the country, according to Kantar's 2018 BrandZ™ Top 75 Most Valuable Indian Brands ranking. HDFC has retained its No. 1 spot for five years running, and SBI, Kotak and ICICI round out the top 10. This puts them in a strong starting position, but now they must set their sights higher and ensure more of this value is reflected in their customer offering.



Shailendra Gupta
Executive
Vice President,
Insights Division,
Kantar

BUILDING TRUST THROUGH EXPERT GUIDANCE USING TECHNOLOGY TO GET CLOSER TO PEOPLE

Trust is inherent to any company's success. Indeed, one-fifth of consumers say they use or want to try technology-enabled banking providers because they trust them more than traditional banks, according to our CX+ findings. This correlation is particularly important for retail banks because customers trust them to safeguard their finances and personal data. In addition to a transactional relationship between parties, this creates an emotional bond.

20[✕]/_✕

OF CONSUMERS USE
OR WANT TO TRY
TECH-ENABLED BANKING
PROVIDERS BECAUSE THEY
TRUST THEM MORE THAN
TRADITIONAL BANKS



Trust is governed by many factors, but trust in banks largely comes down to two considerations: security and dependability. Security can be managed with the right processes and data protection technologies, and we tend to give banks the benefit of the doubt until a breach occurs. Dependability is a different beast, however. Banks can only build a reputation for dependability over time by showing they have their customers' best interests at heart.

In India, this means showing more proactiveness. People want services that go beyond their basic expectations and improve their quality of life. Take HDFC Bank's 10-second personal loans, for instance, or ICICI Bank's paperless sanctioning of home and auto loans¹: these two services combine an innovative application of technology with a customer-first outcome.

This reality is also reflected in our ranking. The CX+ leaders in India score roughly as high on customer empowerment as they do on exceptional service delivery.

That said, customers only appreciate products and guidance that genuinely benefit them. They are open to cross-selling, but will quickly be turned off if they feel bombarded with irrelevant offers or heavy-handed sales pitches. To focus on selling products is short-sighted. Instead, the priority for banks must be to help customers throughout their financial journey, and to ensure they make the right services available to each customer at the right time.

For instance, instead of providing first-time car buyers with a simple car loan, HDFC's Autopodial service helps them throughout the buying process. The product facilitates vehicle research, test drives, vehicle selection and valuation, in addition to vehicle exchanges and loans. Elsewhere in Northern Europe, one bank has developed a mobile app that allows customers to search for new homes, book viewings, manage their budgets and transactions, and set up household bills such as utilities – all on the same platform.

Some banks are now using technologies like AI to make their cross-selling more effective by better matching products and services to each customer's requirement. Looking to the UK for inspiration, UBS SmartWealth is a robo-advisor that serves as an easy-to-use interface for UBS's investment business. In India, ICICI Bank makes it possible for customers to get financial advice directly from its own chatbot².

THIS IS ONLY THE BEGINNING

A bank's ability to build equity with consumers will be a major differentiator in an increasingly crowded market, especially as more Indians join the formal financial system and look for their ideal banking partner. To continue thriving, financial institutions must position themselves as both innovators and trusted advisors. To achieve this, they will need to bundle products and services around frictionless experiences and customers' genuine requirements, on top of what they have traditionally asked for.

✕ **To focus on selling products is short-sighted. Instead, the priority for banks must be to help customers throughout their financial journey.**

1. The Hindu Business Line, 2019

2. ETCIO.com, 2017

EXPERIENCING THE POWER OF CHOICE: HOW TO SERVE THE SELF-SERVICE GENERATION



Anand Parameswaran
Executive Vice President,
Insights Division, Kantar

The rise of self-service has completely disrupted the financial services industry. Consumers today want more control over their money, and prefer to manage it on their own terms when possible.

It is hardly surprising that when asked which channel they use most often to engage with banks, 69% of Indian respondents cited ATMs and 47% said their mobiles. This desire for greater choice and autonomy is also fuelling the growth of digital-only neo banks. Among their chief reasons for using these services, 45% of consumers are attracted by the prospect of not having to visit a branch in person.

Helpfully, the JAM Trinity (the government's program to join Jan Dhan, Aadhaar and mobile accounts) has paved the way for new digital banking services. A more secure and seamless digital payments infrastructure has made it possible for all Indians, including those who have not had access to banking until now, to enjoy mobile self-service at their fingertips. Couple this with a drop in the number of new branch openings and a drastic reduction in the number of ATMs available to Indian consumers¹, and it is clear the market will increasingly favour banks that can deliver on the promise of digital experiences.

MOST OFTEN USED CHANNELS
TO ENGAGE WITH BANKS

69%
ATM

47%
MOBILE

45%
OF CONSUMERS PREFER
NOT HAVING TO VISIT
A BRANCH IN PERSON

60%
OF CUSTOMERS STILL
RELY ON RELATIONSHIP
MANAGERS IN THEIR
LOCAL BRANCH

THE PROMISE OF BETTER DIGITAL EXPERIENCES

Tellingly, CX+ leaders deliver a distinctly superior mobile experience on their mobile apps than bottom-ranked banks (75% versus 58%). Meanwhile, some of India's most respected financial institutions, including HDFC, Kotak Mahindra, and DCB, have launched chatbots to enhance their self-service offering. To quote Prasanna Lohar², Innovation Head, DCB Bank, "Chatbots and conversational banking are definitely the way forward. They will make banking easy and frictionless".

No matter the platform, banks will need to expand these services beyond simple transactions. Whether they are engaging with a mobile app or a robo-advisor, people expect personalised guidance to help them manage their wealth and make crucial life decisions. They also want the experience to be user-friendly. Even the most innovative service will fall flat if its user interface is too complicated.

That is not to say service will go entirely digital anytime soon. More complex queries will always require human guidance and intuition, which no machine can replicate. A bricks-and-mortar presence also adds credibility, especially when things go wrong and customers want assurance that there is a real human being addressing the issue. That is why more than 60% of customers still rely on relationship managers in their local branch. The size of a bank's branch network also ranks among the top two drivers for consumers when choosing a financial institution.

However, 36% of respondents also rank mobile as their most important point of contact with banks, suggesting they would use their phones to engage more often if possible. The challenge will be to strike a balance between convenient digital services and exceptional in-branch experiences that complement these.

1. Zee Business, 2019
2. Entrepreneur India, 2018

✖ Self-service is fundamentally about choice, not technology. It may be tempting to roll-out new mobile apps or chatbots, but what will be most important for banks is to create a holistic experience that allows customers to choose the journey that is best for them.

MEETING INDIVIDUAL EXPECTATIONS

ONE SIZE DOES NOT FIT ALL

To stand out in an era of endless choice, companies need to do something different. For banks, this means drawing on data to better understand their audience and offer value-adding services.

Encouragingly, the combination of regulatory backing and a captive audience puts Indian banks at a distinct advantage. Europe has the General Data Protection Regulation (GDPR) and the U.S. are developing their own data privacy laws, but India's approach to data is more open. Through initiatives such as IndiaStack, the government had made clear its intent to support greater personalisation in the financial services sector through a more fluid exchange of information.

Meanwhile, more than 40% of Indian consumers trust banks to deliver relevant services based on their spending history, or to help them save money by analysing their spending habits. But they want more: 55% of consumers want their banks to go beyond products and offer them services that show empathy and support.

The onus is now on banks to use the wealth of data at their disposal to meet the needs of modern customers, by tailoring experiences at the individual level. The era of mass personalisation is over. This is the era of individual experience.

For instance, one private bank in India tracks its customers' spending activity to create specialised cards for frequent travellers and shoppers. The bank then offers these customers with twice the rewards points for their purchases, helping to build loyalty with this lucrative segment.

Some banks are focussing on greater efficiency at the operational level. One leading organisation has aligned its call centre experience with its in-branch service. When a customer walks into their local branch to finalise an address change after speaking with a service representative over the phone, they will be delighted to find all the necessary forms completed and ready for signing.

These companies succeed by using what they already have (their data) to better serve their customers' needs and their own. Personalisation is no longer limited to products. It needs to sit across the entire customer journey. From on-boarding, to day-to-day services, to value-adding experiences, holistic personalisation is the new name of the game.



Piyali Konar
Executive Vice President
& CX Domain Lead,
Insights Division, Kantar

INDIAN CONSUMERS EXPECT GREATER PERSONALISATION:

40%*

TRUST BANKS TO DELIVER RELEVANT SERVICES BASED ON THEIR SPENDING HISTORY

55%*

WANT THEIR BANKS TO GO BEYOND PRODUCTS AND OFFER THEM SERVICES THAT SHOW EMPATHY

THREE WAYS RETAIL BANKS IN INDIA CAN ENHANCE THEIR CUSTOMER EXPERIENCE THROUGH DATA:

1 OPEN UP THE FLOW OF DATA

The average customer uses three channels to interact with their bank, often for the same query. Opening up the exchange of data between these channels means issues are resolved more quickly and customers walk away happier. It also enables more seamless cross-selling based on each customer's real-time needs.

2 GET SOCIAL

Response times from Indian banks who serve customers on social media are too long, which is why only 10% of consumers use social channels to interact with their financial institutions. By adopting a robust CRM system and building the skills to use the technology, banks can gain even more data on customer trends and crowdsource solutions to common issues.

3 WELCOME TO THE MACHINE

Chatbots can go a long way delivering personalised recommendations to customers, from investment advice to issue resolution. The key, again, is to ensure chatbot systems are linked to all the relevant data a bank collects, both internally and from external sources.



Vanajar Iyer
Vice President,
Qualitative,
Insights Division,
Kantar

FIGHTING DISRUPTION WITH EXPERIENCE

WIN CUSTOMERS OVER BY PLAYING TO YOUR ADVANTAGES

Digital disruption has hit the Indian banking sector quickly. Neo banks* such as NiYo, Open, and Instant Pay are growing their customer base rapidly, and securing investment from powerful investors as they eye further growth. For established financial institutions, this should serve as a wake-up call that change is coming, and coming fast.

Our CX+ study reveals that 86% of Indians who bank already use at least one new technology-enabled banking provider, and that another 11% are open to doing so. Convenience and ease-of-use are the main drivers behind this trend, with 65% of respondents saying digital-only services save them time and 47% saying they fit more seamlessly into their lifestyle.

The video may have killed the radio star; so how can Indian banks avoid the same fate at the hands of disruptive Fintechs?

Banks hold four distinct advantages over digital-only players:

1 CONSUMERS TRUST THEM

Only 20% of customers put more trust in digital-only applications than in their banks. Longstanding financial institutions are acknowledged for the level of security and peace of mind they provide.

2 THEY UNDERSTAND THEIR AUDIENCE

Banks understand their customers' financial behaviour better than any start-up does – at least for the time-being! Now, they must use the data at their disposal to continue building that understanding.

3 THEY DELIVER AN END-TO-END EXPERIENCE

Digital players may be clocking up their market share in niche service areas, but banks still boast a larger share of transaction values. This puts them in a much better position to build genuine partnerships with their audience.

4 REAL-LIFE BRANCHES PROVIDE REAL-LIFE ENGAGEMENT

Customers will always want to know a real human being is taking care of their finances. For banks, the aim moving forward will be to align their in-branch experience with their digital channels.



This begs the question of how banks can leverage these advantages to better serve their customers.

Most importantly, people must sit at the centre of a company's decision-making. Instead of developing products first and then considering how to sell these, banks must begin by understanding what people want to achieve and then developing their products to deliver on those needs. Focusing on people's emotional requirements, on top of the usual transactional requirements, goes a long way in building loyalty and establishing the business as more than just a service provider.

A human touch will always be crucial, no matter the channel. The difference today is that customers expect in-branch experiences to feel as seamless as online ones. Banks must therefore empower in-branch employees, especially relationship managers,

with the autonomy and information they need to make each customer feel taken care of from the moment they walk through the door.

The grass is not necessarily greener on the other side when it comes to digital technology. It can be incredibly valuable for banks to look at what they already have and think of new ways to leverage their greatest assets. They can then complement this approach with new digital services so that customers can benefit on every channel they use.

It is easy to get blinded by the possibilities of digital technology and overlook the fundamental changes that can drastically improve the relationship with customers.

86%*

**OF INDIAN CONSUMERS
ALREADY USE TECHNOLOGY-
ENABLED BANKING SERVICES
FOR TWO MAIN REASONS...**

65%*

**'DIGITAL-ONLY SERVICES
HELP ME SAVE TIME'**

47%*

**'THESE SERVICES FIT INTO MY
LIFESTYLE MORE SEAMLESSLY'**

* Source: Entrepreneur India, 2019

DOES YOUR BRAND HAVE THE EXPERIENCE ADVANTAGE?



IS YOUR CX STRATEGY DELIVERING MAXIMUM IMPACT FOR YOUR BUSINESS?



DOES YOUR CUSTOMER EXPERIENCE LIVE UP TO YOUR BRAND PROMISE?



ARE YOU DELIVERING EXPERIENCES THAT GENUINELY MEET YOUR CUSTOMER NEEDS?



DO YOU HAVE A CLEAR STRATEGY FOR CREATING LOYAL CUSTOMERS FROM FUTURE GENERATIONS?



ARE YOU CREATING A CONSISTENT EXPERIENCE AT EVERY CUSTOMER TOUCHPOINT – ONLINE AND OFFLINE?

If you're not sure you can answer these questions with a proud 'yes', please get in touch by emailing us at cxplus.india@kantar.com

Our experts in customer, employee and brand experience can help you make the right strategic investment decisions to maximise the value of each and every customer relationship. And gain an all-important Experience Advantage.

THE EXPERTS

These individuals created this report providing research, modelling, analysis and insight, thought-leadership, editorial, design and marketing.



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CX METHODOLOGY

Our survey and analysis are based on Kantar's proprietary approach to customer relationships (TRI*M)

CX+ reflects our belief that providing excellent customer experiences is no longer enough. The most successful companies seek to positively surprise their customers – and most importantly, they don't disappoint by underdelivering on their brand promise.

SURVEY DETAILS

We surveyed a nationally representative sample of 7,280 retail banking customers in India during 2019. Respondents were asked both about their experiences with the bank(s) they use, and about their perceptions of banks they are considering but not currently using.

DATA ANALYSIS

Our large sample size gives us the unique opportunity to deep dive into customer experience for the main retail banking brands across the country.

To calculate the CX+ index for each brand, and determine its position in our ranking, we combine two core components:

- **its CX Performance score**

(based on the five key success factors as shown on page 14)

- **its Experience Gap**

(defined as the gap between the brand promise and the actual customer experience delivery)

As each of the five success factors is crucial for an outstanding customer experience, the CX Performance score is the simple mean across all five factors.

By comparing the experience of current users with the perceptions and expectations of 'considerers', we can identify the size of the Experience Gap. This allows us to evaluate where potential over-delivery (a positive gap) and under-delivery (a negative gap) would arise, what causes this gap, and what associated risk or opportunity this gap represents.

**THE CX+ EXPERIENCE ADVANTAGE =
CX+ PERFORMANCE + EXPERIENCE GAP**

ABOUT KANTAR

Kantar is the world's leading data, insights and consulting company. We understand more about how people think, feel, shop, share, vote and view than anyone else. Combining our expertise in human understanding with advanced technologies, Kantar's 30,000 people help the world's leading organisations succeed and grow.

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