

# Banking: a human experience

Four in five bankers believe customer experience rather than products and services will be what financial institutions seek to differentiate themselves going forward.



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A new report by the Economist Intelligence Unit published by Temenos, the banking software company, showed 81% of bankers believe this will happen in the next four years.

The report, titled *Demanding More*, is based on a recent global survey of 305 senior banking executives conducted by the Economist Intelligence Unit (EIU).

The report underscores the importance of customer experience, as changes to customer banking behaviour triggered by the pandemic create long-term structural change.

“This report showcases what should have already been obvious: banking is about the people, and the products need to reflect that,” says Joaquin de Valenzuela Muley, SVP & business line director – Temenos Infinity.

“Banks are moving their customers from physical into digital channels and the winners will be those who can inject intimacy into those channels,” he adds.

## Shift to online

The report highlights how financial institutions have been forced to adapt to the sudden movement of customers managing their finances online, which has proved beneficial to digital-only banks.

As an example, as of January 2021, 14 million British citizens (27% of UK adults) had a digital-only bank account, representing a 16% growth from January 2020 and an increase of 3X compared to January 2019.

Almost three in four (71%) global respondents expect cash to represent less than 5% of all retail transactions globally by 2025.

The shift towards online banking has highlighted the evolution of how financial institutions manage relationships and the demise of the traditional branch.

Global banking executives' top strategic priorities are all customer-focused.

Improving customer experience and engagement, including personalisation and intimacy, was viewed as the top strategic priority by 30%.

"Banks will need to provide a digitally-driven customer experience in assisted channels and online – offering advice, value-added services, and 'always on' banking, helping individuals, families, and businesses to meet their dreams and aspirations," says de Valenzuela Muley.

## Millennials and Gen Z

The report further reveals that consumers, particularly Millennials and Gen Z, are increasingly demanding that companies follow responsible business practices.

This is leading to business engagement with issues that are important to consumers, such as combating climate change and promoting diversity and financial inclusion.

Additionally, banking executives are prioritising the financial empowerment of their customers.

Findings show that around one in three financial institutions are considering growing microfinance for entrepreneurs (34%), deposits for unbanked populations (33%) and responsible lending to under-banked populations (32%) in the next one to three years.

"Banking is a very human experience, and yet for so many, banking doesn't happen the way we live our lives. In today's world, the relationship financial institutions have with members or customers is more critical than ever," says de Valenzuela Muley.

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