



Visa Consulting & Analytics (VCA)

Rethinking the digital customer experience

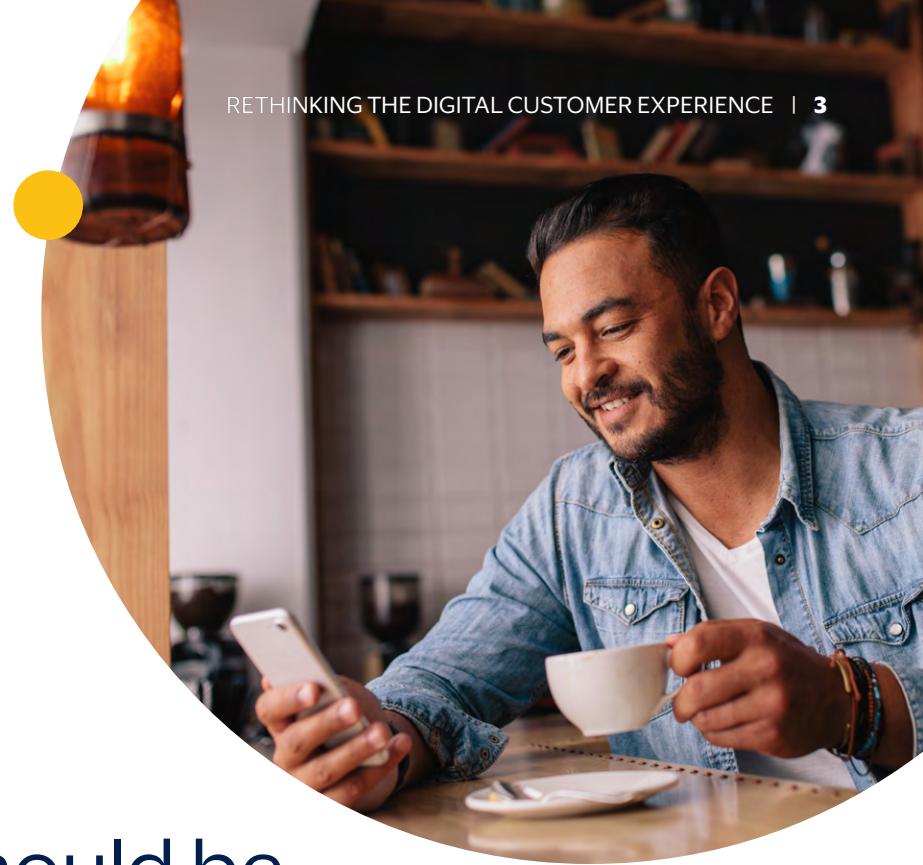


Each month, the experts at Visa Consulting & Analytics (VCA), Visa's advisory arm, deep-dive into one of the [10 key priorities for payments-industry stakeholders in 2024](#) using anonymized VisaNet insights, interviews, and data-driven research. This month, the focus is on emerging trends around the digital customer experience and the importance of delivering an exceptional experience across the entire customer lifecycle.

The digital customer experience (CX) refers to how a customer perceives, engages, and interacts with a business online via their digital channels. As digitization accelerates in all industries, including in financial services, customer expectations for compelling digital experiences continue to drive innovation across the customer lifecycle.

When designing an exceptional digital experience, many financial institutions (FIs) focus on how to reduce friction with a smooth and intuitive visual design. While this component is important, advanced analytics based on consumers' behavioral and spending habits are just as—if not more—critical to consider when creating an exceptional CX. Across the payments industry, from the instant digital issuance of payment cards and the hyper-personalization of sign-up offers to location-based merchant offers, endless opportunities exist for FIs aiming to customize digital journeys to drive higher engagement and improved loyalty scores.





Why digital CX should be top of mind for FIs

In every industry, CX matters. One CX research project showed customers are uncompromising when it comes to their expectations regarding their experience: More than 70 percent reported speed and convenience were “must haves,” more than 30 percent would no longer support the business after a single bad customer experience, and that an exceptional CX would warrant a 15-percent increase in price premium.¹ In other words, consumers are generally willing to pay more for frictionless experiences and, with heightened expectations, have little patience for service snafus.

For FIs, CX-related challenges—and business opportunities—can be magnified. The financial services industry is not typically renowned for prioritizing CX, nor for leading the implementation of the latest CX trends and innovations. Against this backdrop, FIs that do not meet the expectations of customers across their lifecycles risk losing their loyalties and may incur increased costs to acquire, engage, and retain customers. By contrast, FIs that have emerged as CX leaders achieved a 72 percentage-point differential in total shareholder gains over the past five years.²

Understanding the following program trends that underpin a great customer experience can help FIs adapt, strategize, and execute accordingly.



Consumers are generally willing to pay more for **frictionless** experiences.

1. PwC, Experience is everything, 2020: <https://www.pwc.com/us/en/advisory-services/publications/consumer-intelligence-series/pwc-consumer-intelligence-series-customer-experience.pdf>

2. McKinsey & Co, Five ways to drive experience-led growth in banking, 2023: <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/five-ways-to-drive-experience-led-growth-in-banking>



EMERGING TREND #1

Mobile-first mindsets

The global pandemic led to a dramatic shift in the way consumers interact with different products, services, and their environment. One notable shift has been with consumers using the mobile device – due to its ease and convenience – as the primary channel to access and manage their financial accounts. Therefore, FIs looking for opportunities to improve customer journeys should prioritize investing in a digital experience via mobile app.

Optimizing CX on mobile goes well beyond user-interface design. The process also includes evaluating how the products and services are functioning and drawing on the inherent attributes of mobile devices, like geolocation and authentication capabilities, which create countless opportunities for FIs to design and implement banking functionalities and experiential features. One example is the potential for instant digital issuance (IDI), which enables the real-time creation of an account and the delivery of a ready-to-use credential via a digital channel. IDI allows a consumer to start using their payment product immediately and seamlessly, which enhances their experience and typically leads to a five-percent increase in overall transaction volumes.³

Another example of the banking functionalities enabled by mobile devices is the shift to virtual cards (a type of digital payment method issued via a FI's website or app). Virtual cards have gained rapid traction in the corporate world, allowing businesses to distribute them to their employees via their mobile devices and enabling them to make secure and easily controlled payments on behalf of the organization.



EMERGING TREND #2

Accelerated online application journeys

With FIs competing for consumer attention and engagement, many have sped up and streamlined the online application process to open an account. Research shows that if a digital application takes more than three to five minutes to complete, the applicant-abandonment rate jumps above 50 percent. Additionally, the online account-opening process has shown to have a disproportionate impact on a company's Net Promoter Score (NPS).⁴

Against this background, innovation in application flows has increased significantly. Many FIs have drawn on the inherent potential of digital channels to bring more speed and less friction to the way consumers open their accounts—and to dissuade them from abandoning their digital applications.

One method FIs are streamlining this journey is by using pre-filled applications requiring consumers to manually enter only a few key pieces of information, while third-party data sources populate the remaining data fields. In the U.S., for example, some FIs simply ask their customers to provide their social security numbers or phone numbers, and the rest of their application is completed automatically. The Optical Character Recognition (OCR) technology is also deployed in some instances to populate the information. FIs are also deploying instant application approvals online, so consumers learn of the application outcome immediately, and, when approved, can begin using their new offerings immediately.

3. Visa, Instant Digital Issuance: Best Practices on Fraud Management: <https://corporate.visa.com/content/dam/VCOM/global/services/documents/instant-digital-issuance-best-practices-on-fraud-management.pdf>

4. The Financial Brand, How Credit Card Issuers Are Tackling Application Abandonment, 2023: <https://thefinancialbrand.com/news/bank-onboarding/3-ways-credit-card-issuers-are-tackling-online-application-abandonment-162266/>





EMERGING TREND #3

Non-financial perks and features

FIs are increasingly removing barriers between products and services and are integrating non-financial offerings, like complimentary travel-planning services with account sign-up, on their digital platforms. In doing so, FIs are leveraging their large and loyal customer bases to expand their offerings into adjacent markets and sectors. Access to valuable customer data gives FIs the ability to identify and meet customer needs and cross-sell and up-sell non-financial products and services.

Typically, shopping experiences, travel planning and booking, insurance and protection plans, charitable donations, and even SIM data plans have been added to complement core banking offers. Many FIs have seen new revenue streams and increased customer engagement and loyalty by serving as a portal to other relevant non-financial products and services.



EMERGING TREND #4

Financial wellbeing

Open banking, digitization, and automation have taken financial wellbeing programs to new heights.

FIs have unique access to a comprehensive view of customers' financial lives, allowing FIs to provide personalized financial wellbeing advice via automated digital solutions. These tools are empowering customers with greater opportunities to manage their financial health and, simultaneously, to enable FIs to establish strong customer engagement throughout the relationship by helping users achieve their financial goals.

Innovative solutions help customers better understand and control their everyday and suggest opportunities to save money, such as cancelling any unused subscriptions. For example, personal financial management (PFM) tools use technology to analyze spending and can encourage customers to establish automated savings and micro-savings routines to achieve their financial goals. Some FIs even deploy predictive PFM-algorithm-driven models to determine an amount deemed "safe to save" and transfer the funds to customers' savings accounts.





EMERGING TREND #5

Innovative rewards programs

Although traditional spend-based rewards continue to be a top motivator for consumers when choosing a new credit card, the rewards-program realm is ripe for innovation.⁵ Many FIs are currently overhauling how their products are designed and how their users are rewarded—both in how they earn and how they redeem rewards—as consumers want simple accessibility, seamless digital functionality, immediacy, and the choice of both transactional and experiential rewards options.

Here are four offerings that can help boost a customer-rewards program:

- 1 A gamified experience offering additional rewards for new customers who complete the onboarding process online
- 2 Graphical views of rewards earned across categories during certain time periods via digital channels
- 3 Instant rewards-redemption options via mobile app, enabling customers to redeem rewards on the go
- 4 Extension of redemption options to popular digital wallets, e-marketplaces, and investment vehicles (e.g., trading platforms or crypto exchanges)



EMERGING TREND #6

Hyper-personalization

With recent advancements in data analytics and artificial intelligence, hyper-personalization is elevating the entire customer experience, from the application and onboarding stages and throughout the entire duration of the customer relationship.

Hyper-personalization not only deepens the customer connection by strengthening loyalty but also helps to extend the overall relationship beyond the primary product. Some industry experts have predicted that some FIs are vying to become the next Netflix or Amazon in banking by anticipating and catering to customers' individualized needs and offering tailored products based on their life stages and behaviors.⁶

Hyper-personalization can make way for the following CX-related capabilities:

- 1 Pre-filled application steps with personalized offers in digital channels (e.g., higher sign-up incentives) for cross-selling and upgrading financial products
- 2 Tailored digital notifications during the early-month-on-book period (the first 60–90 days) to drive the initial engagement and complete onboarding steps (e.g., link direct deposit account, choose layout of landing site, suggest a payment date, etc.)
- 3 Preferential discounts and offers via mobile app (e.g., merchant-funded) based on recent purchases and geolocation analytics
- 4 Suggested options for personalized service (e.g., customer servicing channel) based on historical and contextual data
- 5 Dynamic CX of website/app based on customer usage

5. Experian, What to Consider When Choosing a New Credit Card, 2023: <https://www.experian.com/blogs/ask-experian/most-important-factors-to-consider-when-choosing-credit-card/>
6. Business Next, Revolutionizing Banking: Unleashing the Power of Hyper-Personalization for 8 Game-Changing Reasons, 2023: <https://www.businessnext.com/blogs/hyper-personalization-in-banking/>





EMERGING TREND #7

Security and protection

As the reliance on online and mobile-banking services continues to grow, many FIs are looking for new ways to enhance security and protection.

While most customers appear to trust and feel satisfied with the security measures FIs implement, data security is a constant worry—one bad experience can lead to a precipitous decline in customer satisfaction and experience.⁷ One enhancement method is the integration of biometric authentication into the CX, which presents an easier and more secure digital-identity verification process for new customers and enhances the security of existing accounts by reducing the risk of fraud, identity theft, or phishing attempts. Additionally, some FIs are trying to make the security process easier and more accessible to customers by housing all related features under one space in the digital experience, thereby providing continuous security health checks and expanding the suite of advanced alerts offered to keep customers informed of account activity.



EMERGING TREND #8

Streamlined customer service

Customers respond to and care deeply about the quality of service.

In one recent survey, 72 percent of U.S. consumers said that when they need help from customer service, they expect to receive it immediately.⁸ In another survey, 64 percent of respondents who sought help via their mobile-banking app reported they had been unable to solve their issues in a timely manner—if at all.⁹ This indicates there is room for FIs to close this service gap and better meet and exceed customer expectations.

In recent years, FIs have worked to expand the number of features and capabilities available to customers via their digital-banking platforms to ensure a more robust online digital experience. By investing in advanced chatbots and in interactive FAQs, FIs can help customers find answers and solve problems, smoothing over a potentially frustrating process and showing they value their customers and their time. Furthermore, FIs are investing in omnichannel servicing strategies that create a fluid and consistent experience across all communication channels. Omnichannel servicing preserves the context from prior conversations, allowing customer service agents to pick up where the last interaction left off and provide faster, more tailored support.

7. CX Dive, Customers trust their banks, but data security is a top worry, survey finds, 2024: <https://www.customerexperiencedive.com/news/customers-trust-satisfied-banks-data-security-concern-EPAM-survey/709669/>.
8. Zendesk, 5 digital banking customer experience trends to consider for 2024, 2024: <https://www.zendesk.co.uk/blog/customer-experience-in-banking/#>.
9. The Financial Brand, What Consumers Actually Want From Their Bank's Mobile App, 2021: <https://thefinancialbrand.com/news/digital-banking/mobile-banking-trends/what-consumers-actually-want-from-their-banks-mobile-app-120754/>.



How Visa can help

As a world leader in digital payments, Visa's mission is to connect the world through the most innovative, reliable, and secure payments network—enabling individuals, businesses, and economies to thrive.

With our deep experience and advanced offerings across disciplines like data analytics and benchmarking, portfolio/product strategy and optimization, product and digital experience design, fraud and risk management, and managed services, we help clients across the entire payment ecosystem realize their strategic goals while elevating customer experience.

Whether you are a fintech, an FI, or an ecosystem partner, Visa can help you identify, assess, design and implement the best digital experience for your customers. Our digital offerings include, but are not limited to, digital bank strategy, digital customer experience design, digital savviness customer assessment, digital top-of-wallet strategy and propensity modeling, digital prospecting, audience targeting, and channel strategy.





About Visa Consulting & Analytics

VCA is a team of 1,300+ payments consultants, digital marketing specialists, data scientists, and economists across six continents.

The combination of our deep payments consulting expertise, our economic intelligence and our breadth of data allows us to identify actionable insights and recommendations that drive better business decisions.

- Our consultants are experts in strategy, product, portfolio management, risk, digital, and more with decades of experience in the payments industry.
- Our data scientists are experts in statistics, advanced analytics, and machine learning and have exclusive access to insights from VisaNet, one of the largest payments networks in existence.
- Our economists understand economic conditions impacting consumer spending (and vice versa) and provide unique and timely insights into global spending trends

For more information, please contact your Visa Account Executive, email Visa Consulting & Analytics at VCA@Visa.com or visit us at Visa.com/VCA.



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