

WHITEPAPER

HOW INTELLIGENT  
SELF-SERVICE CAN HELP  
**BANKS**  
BUILD BETTER  
RELATIONSHIPS WITH  
**YOUNGER**  
CUSTOMERS

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# A LITTLE MORE CONVERSATION AND A LITTLE MORE ACTION

The phrase “digital transformation” has long been bandied about the banking sector, but the reality is, **progress has been far too slow.**

Despite efforts to increase the availability of digital, easy-to-use services and the fast processing of important documents physical bank branches are disappearing from the UK high street at an alarming rate, with everyone from Lloyds to M&S closing branches – a trend the coronavirus pandemic has only accelerated.



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# SHOW ME THE MONEY

On the flipside, this once dry, impenetrable sector, has never been more buzzing and vibrant.

Whilst legacy banks were still grappling with voice technology, sexy start-ups like Monzo, Starling and Revolut, have usurped them with their digital-first offerings, winning over millennials and Gen Z-ers in no time with their brightly coloured debit cards and no-frills apps.

Why is this important? Well, there are currently over [12 million millennials](#) in the UK compared to [14.28 million Baby Boomers](#).

An [average of more than 50%](#) are now choosing to attend university, making them the most educated generation in our history and, consequentially, a lot wealthier than previous generations.

People across the millennial and Gen Z categories are also some of the most entrepreneurial, setting up 58% of new businesses since July 2020, according to cloud accounting company Ember.

They're even making money from their money. Apps like Freetrade, Nutmeg and Moneybox are making it easier to invest, meaning it can literally be done at the click of a button.

More than a third of millennial millionaires have at least half their money in digital currency, including Crypto, according to CNBC's recent Millionaire Survey, showing a clear openness to risk taking.

So, despite what the more traditional banks might think, for challengers, it's never about making fancy interfaces for fun.

**It's about heading where the money is.**



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# NOT SIMPLY TECH FOR TECH'S SAKE

So, what's made them so successful in this endeavour? Well, it's not just about tech for tech's sake.

Rather than blindly jumping on the digital transformation bandwagon, challenger banks have really taken their time to understand the cultural and behavioural habits of their target demographics.

Going out with friends? Let's make it easier for you to split the bill. Too busy to ring the bank? Just slide into our DMs. Want to invest in green energy? We'll take care of that with the tap of a screen.

Challenger banks don't just know what their customers are using their money for – which is what most banks prioritise – **but how they want to access their money and interact with the organisations looking after it.**

This has clearly worked in their favour, with at least 1 in 4 under 37s using them according to a 2019 survey from digital banking solutions provider CREALOGIX.



# THE FOUR Cs

Due to their size and scale, it's naturally more challenging for traditional banks to peel back their many layers of processes already in place to provide simpler experiences for customers.

But there are some pivotal lessons they can learn from, and embrace, in order to win favour with younger generations.

It's all about the four Cs:





# 1 COMMUNITY

**People like to feel that they're part of a community – that's never been clearer than in the last year.**

But this is even more so the case with the younger generations, that have grown up with social media.

Equally, interaction, feedback and advice from people who share your specific goals and challenges is a big factor in driving decisions. Banks should tap into this mindset by creating environments where social validation can thrive.

Membership forums that you can actually own, where you can demonstrate that you are listening and responding to your consumers, are a great place to start.

That way, when people flag specific pain points to their peers, you can use the

insights to provide solutions, pre-empt concerns and enable more seamless experiences.

This doesn't just mean relying on digital forums.

An always-on community could include "live" experiences, such as virtual events, networking opportunities and education webinars, to ensure a constant supply of information and enable a virtuous circle of trust and partnership with your customer set.

It's all about creating a space for resources to live so young customers can understand the impact of their wealth.



## 2 CONSULTANCY

**If there's one thing that traditional banks know all about, it's how to spend money.**

So, as well as having access to a trusted network of peers, younger customers will really benefit from direct access to banking support staff, particularly when it comes to complex financial issues that they may have no experience of.

This is one area particularly where traditional banks have the edge over fintechs.

Most of them aren't going to go into a physical branch, however, when they're so used to accessing help and information in other areas of their lives almost instantaneously.

So, to bridge this gap, banks need to start cutting back on the red tape, and creating

channels through which people can access personalised, but convenient, support services with real people when necessary.

That might be as simple as a video chat function, so people can interact with a financial advisor.

Knowledge bases – which are essentially self-service libraries of information about a product, service, department, or topic – are also helpful in that they provide one version of the truth, so both customers and bank staff can access the same information.

These knowledge bases can also power chatbots to provide predefined responses, which makes accessing information a lot easier for all parties.



## 3 CONVENIENCE

**Most consumers today are time poor and want a convenient solution.**

From something as simple as checking your balance, to accessing urgent security information or speaking to your peers in that aforementioned community context, the aim of the game must be to make things as easy as possible for your customer.

That doesn't just mean being in a position to provide the information, but being able to do so quickly and with minimal friction.

When it comes to customer service, many sectors are pivoting toward a socially driven approach now, where they put community experiences front and centre.

If that's how people like to access information, why create more layers of complexity and formality for the sake of it?

Moneysmart, for instance, (part of ADIB) targets the Generation Y market. Because it knows its target set prefers to access their money remotely, its products are only available via mobile devices or online.

As a result, the [Moneysmart Community](#) is particularly strong and is part of the company's core USP, enabling members to exchange ideas and financial advice.





## 4 CONTEXT

**Established banks, such as NatWest and First Direct, are recognised as providing great customer service.**

But while they're great at providing knowledgebases (via FAQs), what they don't do well is facilitate "channel hopping" from say knowledge bases to other self-service channels, such as a chat function.

This means the context of a customer's request can often be lost, causing a headache for the consumer.

Let's say you've lost a credit card. A knowledge base might have the answer to how to order a replacement. But if they don't have the answer, you then have to ring customer service.

It soon becomes a long complex procedure.

But with an intelligent self-service proposition (i.e contextual understanding of the issue) you can build a picture of what they're doing and at each stage you simplify the process.

It could be as simple as a chat bot recognising that your customer has flagged a certain issue in a specific forum, and offering solutions based on this information.

It's all about combining context and artificial intelligence to shorten the customer journey and make things more efficient for them.



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## KEEPING FUTURE GENERATIONS ON SIDE

While challenger banks are gaining popularity amongst all age groups, one area in which they're still behind is trust.

In fact, [research](#) last year from payment card company Curve suggests that traditional banks are still used for four out of five purchases.

Not only that, but at the start of lockdown, use of challenger banks fell by around 90%, compared to just 60% for traditional ones.

But whether interest in challenger banks grows or wanes over the next few years, the demand for more personalised, efficient banking experiences will remain.

It's vital that incumbent firms recognise this and embrace new ways of providing services, particularly if they want to ensure longevity with future generations.

# CONTINUE THE CONVERSATION...

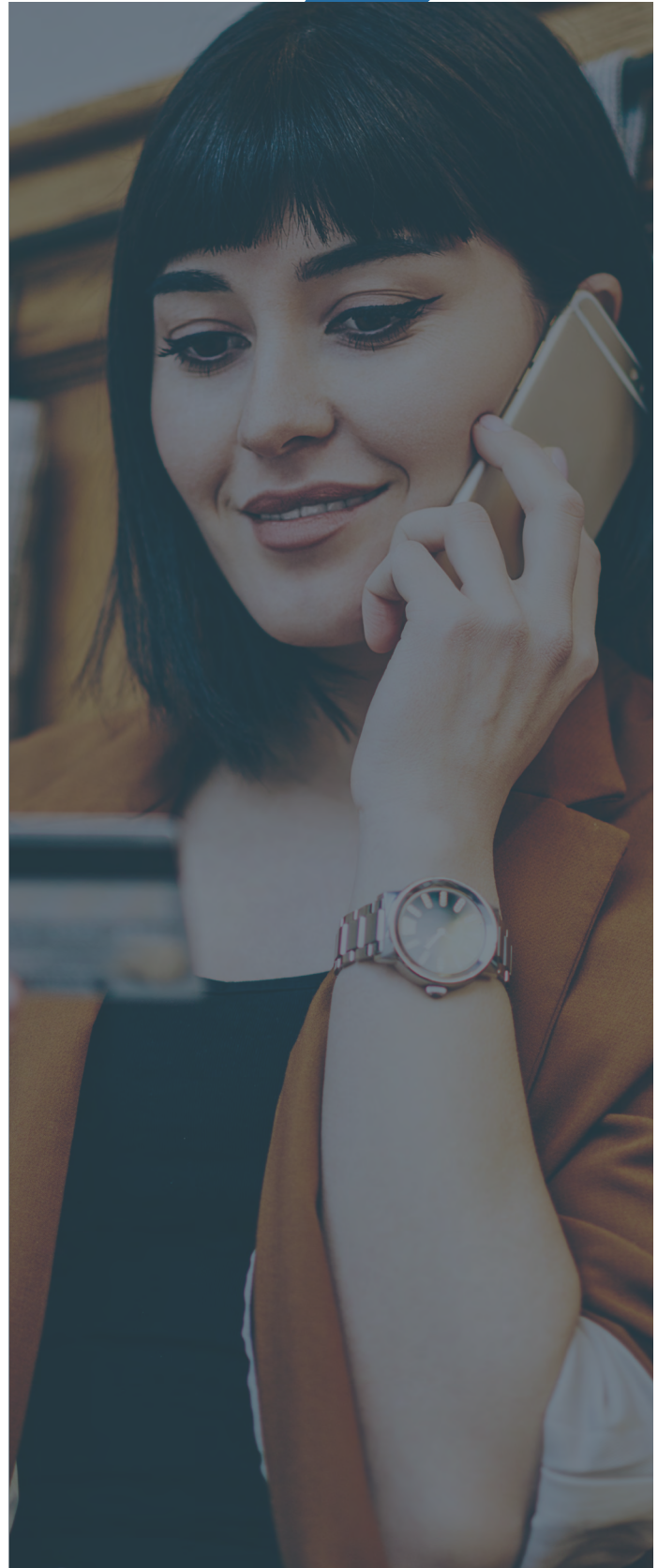
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Built around an ethos of empowering clients and their customers, an approach we describe as Intelligent Self Service, our deep understanding of the digital landscape allows us to leverage established and emerging technology to help banks create seamless customer experiences.

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