

Financial Services

Understanding customer switching behaviour in the banking environment to actively drive growth

BSG helped a leading South African bank to understand what motivates customers to switch from their primary bank to another. BSG developed insights and helped define the strategic direction for switching as part of the bank's overall customer onboarding experience.



Overview of the client's needs

- Grow the bank's customer base by both retaining existing customers and enticing new customers to switch their primary banking relationship to them
- Acquire a better understanding of customers and bank staff to identify factors which influence their relationship with their primary bank
- Define a strategic direction for enticing new customers to switch from their current bank to the leading South African bank
- Execution of this strategy and tracking its performance across several channels



Objectives of the engagement

- Utilise a combination of data science and customer insights to understand switching behaviour within the South African banking environment
- Perform external customer research across customers of all major South African banks to identify opportunities and improvements to the bank's switching programme
- Understand the bank's internal switching processes and identify the challenges experienced, focusing on the sales function
- Mobilise and support the implementation of prioritised action plans within the bank which capitalise on the identified opportunities and insights



Benefits of the change

- Heightened knowledge of customer needs which delivered actionable value adding opportunities and insights
- Improved, streamlined customer on-boarding journey as a result of simplified processes
- A marked decrease in customer complaints received when switching
- Improved sales effectiveness in the field of new customer acquisition
- Growth in the bank's customer base (primary bank customers)
- The ability to predict customer switching behaviour, allowing for proactive acquisition and retention strategies

BSG defined and implemented an effective strategy, informed by South African industry insights, to **enable a bank to grow its primary banked customer base.**

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Engagement Overview

A 2017 BusinessTech poll, which drew over 10 000 responses, indicated that 83% of South Africans would be willing to switch from their current primary bank to another bank. The poll data reflects recent trends in South Africa's banking sector which revealed aggressive strategies for new customer acquisition. Against this backdrop, an established, leading South African bank required actionable, value adding strategies to increase the conversion rate of new customers to primary banked relationships.

The bank needed to understand what motivated customers to switch between banks and use insights gleaned from this data to capitalise on opportunities. Central to this was the need to understand the gap between customer expectations and the reality of the switching experience. The bank required strategies to be implemented which simplify and streamline the customer on-boarding journey. The bank's sales function also needed to be equipped with strategies and processes which would increase their effectiveness.

The bank required a partner to assist them to effectively operationalise and accurately track the performance of initiatives across channels, including digital, branch, call centre and workplace banking channels.



Solution

BSG entered into partnership with the bank to enable them to deliver results through a multi-skilled team. BSG used a combination of advanced analytics and deep ethnographic customer research techniques to understand the fundamental drivers and blockers that determine primary banked behaviour in South African customers.

Customer Experience techniques were employed to conduct mystery shopper interviews at competitor banks, followed by ethnographic customer and staff interviews at the client bank. In total, over 130 hours of customer feedback was collected and analysed, with customer analytics applied to a sample of over 700 000 banked customer accounts.

BSG was able to build an understanding of customer drivers, blockers and inherent pains when switching to a competitor bank. The customer insights and data science were used to identify gaps and key initiatives required to improve switching across all banking channels.

These insights indicated that customers will only switch to a new bank if the benefits in doing so outweighs the effort required. Effective switching of income and debit orders emerged as critically important to attracting new customers and decreasing the drop-off rate of customers who attempt to switch, but did not complete the process.

After the research was completed, BSG partnered with the bank to identify gaps and key initiatives required to improve switching within each of their retail banking channels. Recommendations and practical next steps were defined and prioritised based on effort and business benefit, with implementations mobilised and tracked as early as the third iteration. These included initiatives from quick-wins through to more strategic changes in product-, segment-, marketing- and channel-based solutions. The project took an iterative approach, showing incremental value to a diverse stakeholder landscape every three weeks.



BSG making a difference

By accurately identifying and predicting switching drivers and deterrents, the bank is now better positioned to provide customers with a great on-boarding experience across the key enabling channels of digital, branch, call centre and workplace banking. Deep knowledge of customer needs delivered actionable, value adding opportunities and insights.

BSG equipped the bank with a clear and practical roadmap to drive efficiencies within sales and service initiatives, to enable and support their strategic goal of growing their primary banked customer base. The implementation delivered simplified processes, improving and streamlining the customer on-boarding journey. Resulting in a marked decrease in customer complaints received when switching and improved sales effectiveness.

Integral to the success of this project was BSG's agile and iterative approach. This allowed BSG and the client to collaboratively evolve recommendations and actions based on deeper levels of understanding and integration with new data insights.



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