

The Customer-Focused Bank

How to win over customers and enhance your bank's performance position

More to customer service rating/ranking

In today's Nigerian banking environment, customer service is critical in attracting, retaining and serving customers. Every bank has a customer service unit or person in each branch to attend to customers' needs like checking the account balance, opening a new account, closing an account, among other requests. Most banks have also gone as far as educating the security personnel to be customer-friendly and greet customers in a particular way when they enter or go out of the branch.

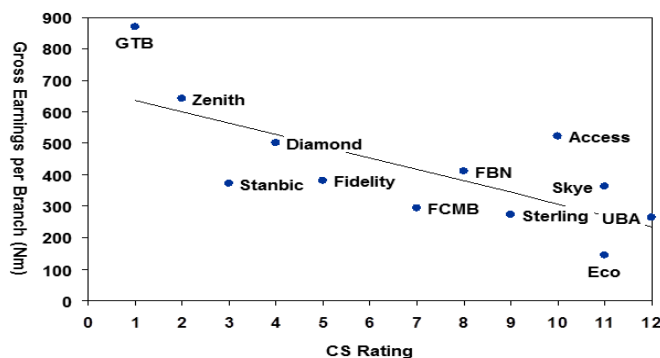
There is a flurry of information in most banks' annual report detailing the efforts and commitments to customer service. Some prominent organizations notably KPMG have developed methods to measure and communicate customer services rating of Nigerian banking institutions for the different customer categories – retail, commercial and corporate. Key to these rating and rankings is that some institutions have maintained leading positions and are seen as the pacesetters when it comes to customer service.

Most revealing in analyzing the aggregate performance of various banks in customer services is the linear relationship between customer service performance and financial performance.

Customer Service Rating Vs. Gross Earnings Per Branch

Financial institutions with better customer service not only have higher customer retention but also outperform peers in earnings and returns to shareholders.

Customer Service Rating Vs. Gross Earnings Per Branch



Leadership in customer service also translates to leadership in earnings per branch

Sources: Annual reports of selected Nigerian Banks and KPMG's 2012 Nigerian Banking Customer Satisfaction Industry Survey

Banks with better customer service ranking perform better than others.

Many banks have already learned that adopting a customer-focused approach can significantly enhance their ability to differentiate themselves, improve retention, and raise long-term revenues. Given the tall hurdles facing retail banks today, those institutions that do not explore ways to become more customer focused may find themselves losing ground to more proactive competitors as the race for market share heats up.

In essence, for a bank to do well, it must do well in customer service especially in today's business environment.

Customer service is therefore a strong non-financial indicator of future financial performance of a bank. There will always be outliers in correlation relationship like gross earnings per branch and customer service level. However a bank's financial performance can be anticipated based on its customer service performance.

The key question for any bank in Nigeria is: How can we use customer service to gain strategic advantage?

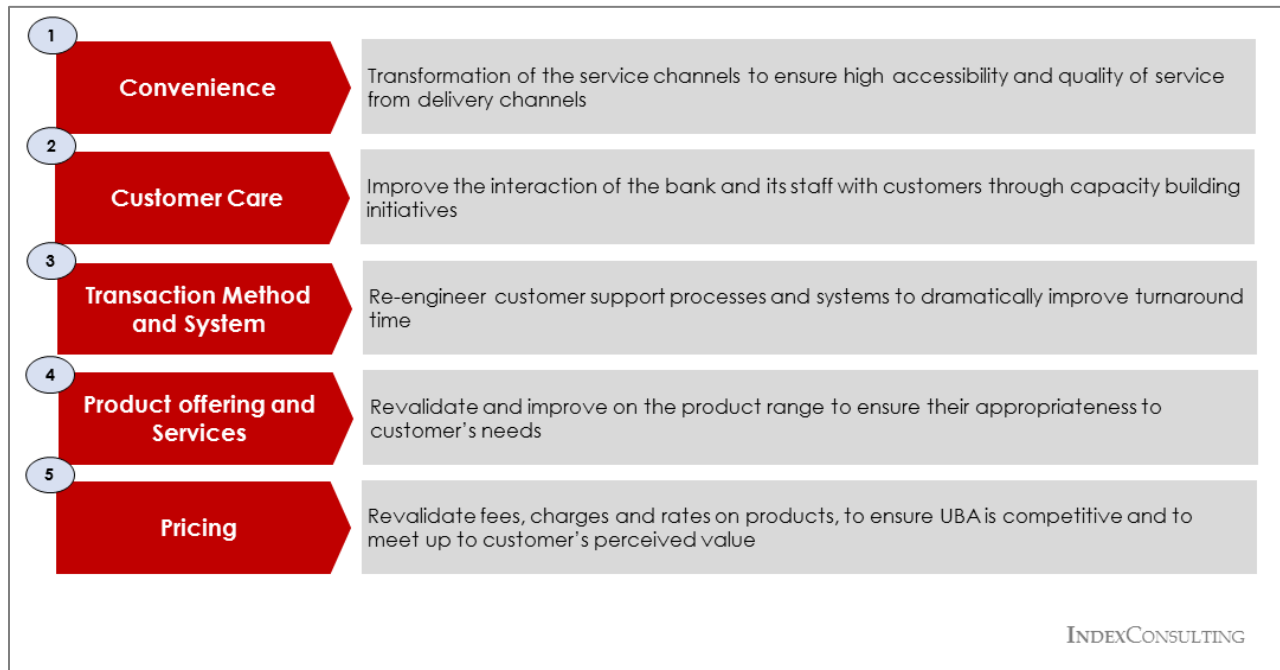
In answering this game-changing question a bank must redefine its abilities to better serve targeted customer segments while maximizing sales as well as minimizing costs. A bank must therefore make the conscious efforts to offer differentiated all-round customer experience, build supporting capabilities and platform as well as transform its organization and culture.

Building a Customer-focused Bank

Customer service involves a series of positive interactions goes beyond a "completely satisfied customer". Customer experience engages both sides of the brain. We human beings are emotional creatures as well as rational ones. We want good value and efficiency, but we also want to like and trust the companies we patronize.

In order to build a customer-focused institution, a bank has to meet the emotional and rational needs of its customers. Customers will intrinsically watch out for rational issue like: do they do the little things exceptionally well? Do they consistently exceed my expectations? Customers also have overarching emotional needs to feel connected to their bank as well as be a proud customer.

In order to excel in meeting customers' needs, a bank therefore has to address the following five critical components of their business to improve overall customer satisfaction index.



Banks that operate on the five components as part of their customer service architecture stand to reap enormous benefits that include:

- Enhanced Customer Satisfaction - Customers' s problems are resolved quicker and correctly
- Better Service—improved customer experience, call center optimization, IT architecture reviews
- Lower Cost of Customer Acquisition - Grossly reduced cost of recruiting new customers leading to significant savings in marketing.
- Higher customer retention and Loyalty – Customers stay longer, buy more and more frequently.
- Increased Customer Profitability – Increased up-selling, cross-selling and referrals
- Reduced Cost of Sales – more responsive customers, better knowledge of channels, more effective relationships and reduced marketing campaigns
- Improved Product Development – Customers' critical needs are well known and understood

Moving Ahead Towards a Customer-Focused Bank

The journey towards exceling in customer service takes top management commitment, drive and staying power. A bank must first ask itself how important this path is to its overall corporate strategy and objectives. It must also evaluate the availability of necessary resources to sustain the initiative over a period of years.

If the decision is to go ahead, a bank must answer some key questions including:

- What are our current strengths in building a customer-focused bank?
- What are our current capabilities and how can we best leverage them?
- What aspects of the customer service architecture are most important to our customers and clients?
- Where do we stand on customer service with our closest competitors and how could we differentiate ourselves?

If you need help or would like to discuss with us on your strategy, innovation and change management requirements, drop us an email at:

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