

5 Emerging Digital Age Challenges that Banks can Tackle with the Power of Financial UX

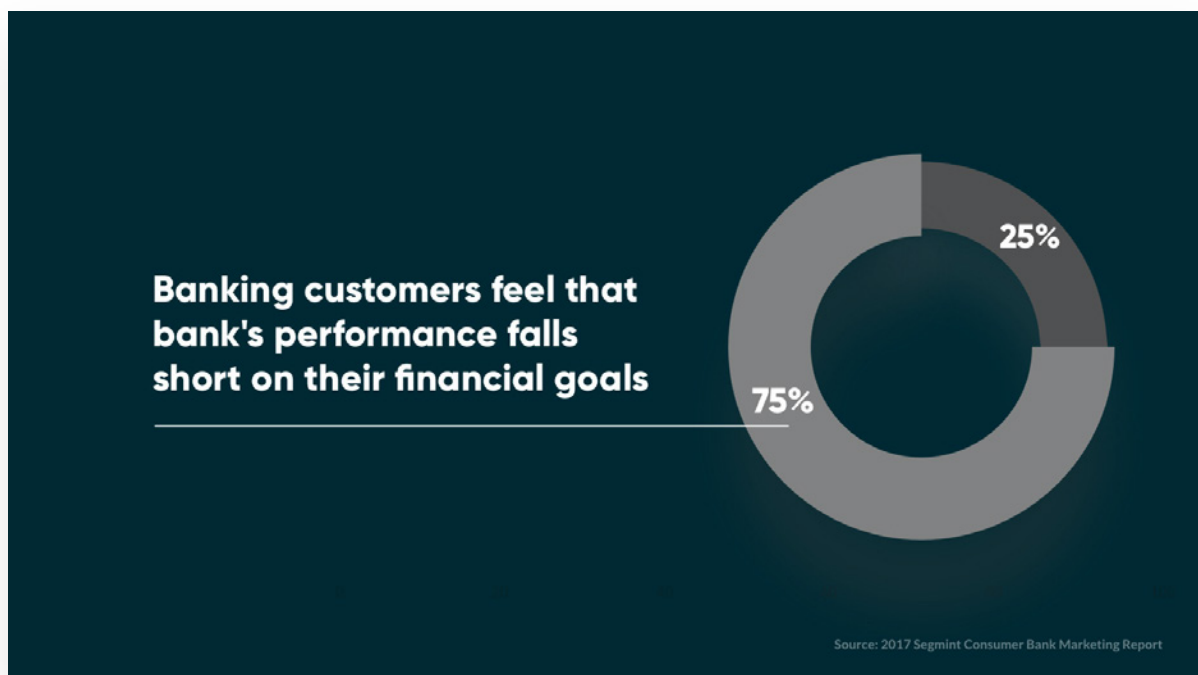
Whitepaper

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The digital age has opened more opportunities than ever before for development and growth. This challenges the banks to adopt a new mindset, business approach and innovative technologies to take their services to the next level. Success in tackling these challenges relies on customer trust and loyalty. How can you become a beloved digital brand that provides exceptional user experience and establishes emotional connection with your clients.

1. Customer expectations are constantly growing

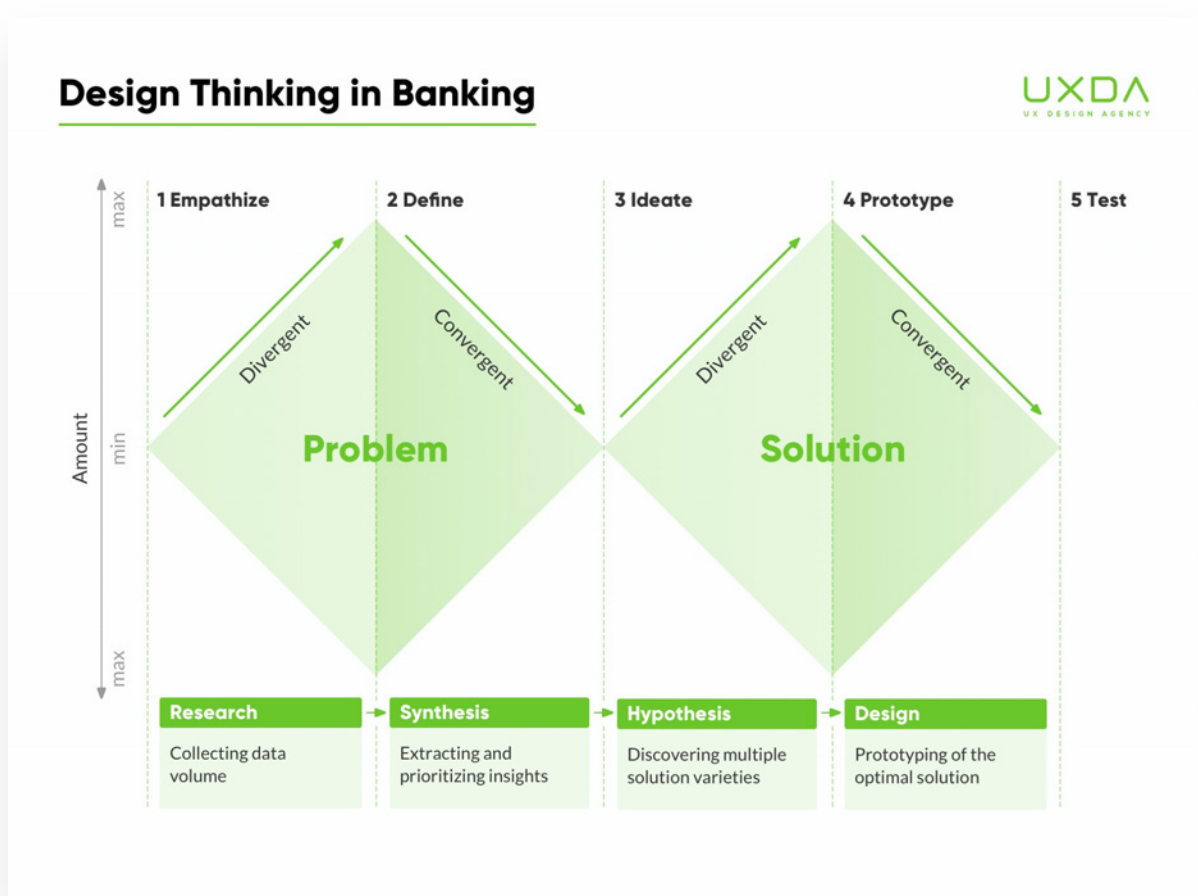
When it comes to banking, **75% of banking customers feel** that their bank's performance falls short on their financial goals, according to a study by Segmint. And according to Statista, the number of **complaints about banking services** in the UK alone exceeded 2 million in 2019, while according to **Esteban Kolsky research**, only 1 out of 26 unhappy customers complain and the rest churn. Customers expect digital banking products to solve their problems and ease their everyday lives in a pleasant and enjoyable way. Also, **63% of consumers** state that the best brands are the ones that exceed expectations throughout the customer journey, as conducted in a study by Wunderman.



Tackle it with Financial UX

Only **19% of companies** have a team of customer experience specialists that help to bridge the gap between customer expectations and the businesses. Meanwhile, 69% of customers who plan to leave their bank say it was due to poor service rather than poor products, according to study by **Temkin**. So, the first step to becoming a financial brand that can deliver what the customer desires is to develop a **strong team of either in-house or outsourced UX / CX specialists** who can become the user advocates within the organization. Their job is to integrate customer-centered values and mindsets throughout all levels of the organization, ensuring that the processes meet the customer needs. This can be greatly facilitated if the C-level executives are actively involved in increasing the brand's value through user-centered strategy and products.

The UX team will make sure to integrate the **design thinking approach** deep into the operational and strategic processes of the company, ensuring that the financial solutions match the user needs and expectations.



UXDA's Double Diamond model of Design Thinking in Banking

Financial UX action plan

In order to create truly outstanding financial solutions that would wow the customers, the product development should be based on the market need.

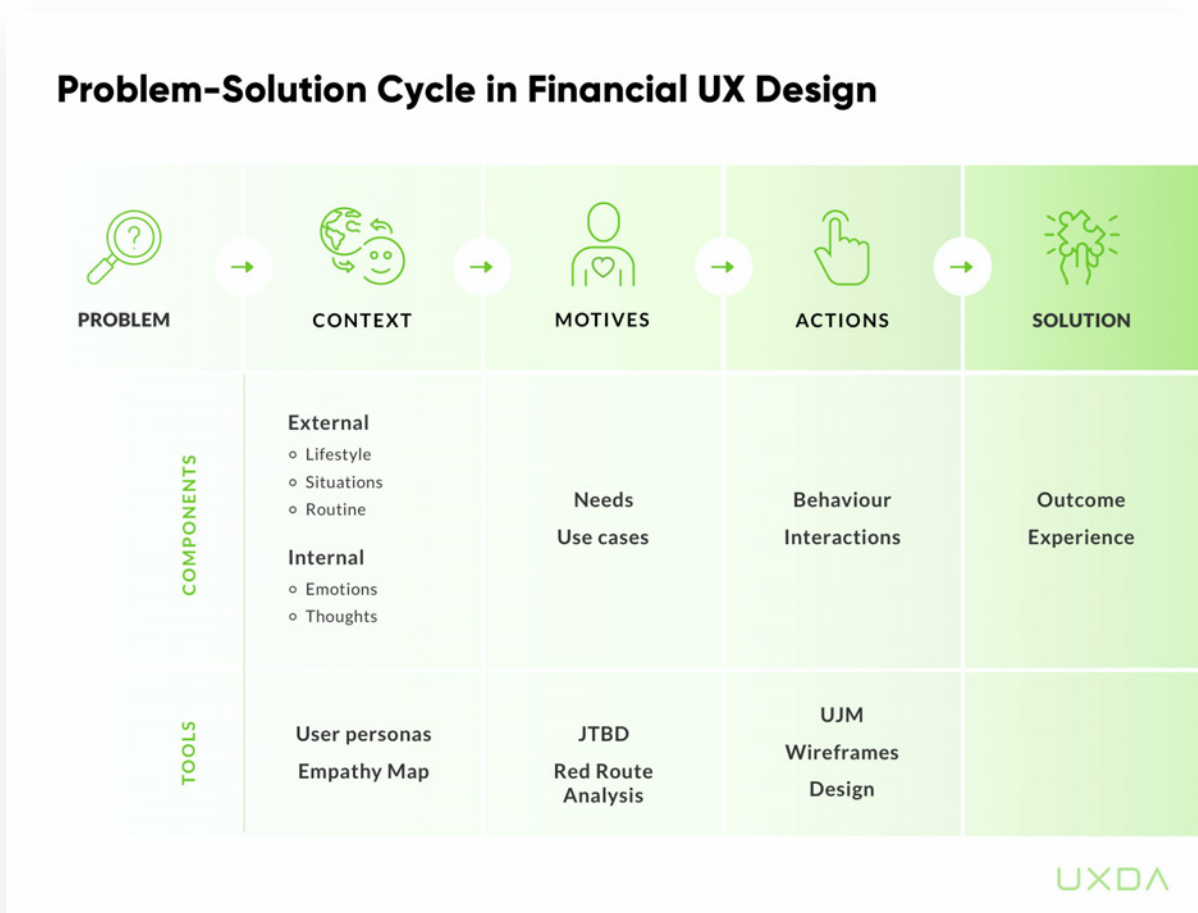
From our experience, creating a product with the main focus on its features, marketing goals and profitability results in customer rejection and failure. At the same time, many financial companies believe this is the right approach to creating digital products. As stats show, 80% of CEOs believe they deliver a superior experience, while only 8% of customers agree with that, according to **Bain & Company**.

To create a financial product that customers will demand, love and be loyal to in the long term, it's critical to start with exploring their needs and wants through the **human-centered Problem-Solution cycle**.

In fact, 76% of consumers already expect companies to understand their needs, expectations and deliver according to those.

It's important to find out what "job" the users hire the product for. This is what defines the motivation to choose a specific product over other alternatives. This is so the newly developed solution wouldn't become a blind try to succeed, but would be tailored specifically to solve the pains and struggles users face.

A user will choose a solution according to his/her lifestyle, so it's important to take into account the audience for your product. For example, the daily routines of millennials and seniors would vary and have a different impact on their expectations. According to an Oracle report, 86% of customers are ready to pay more for a better customer experience, so this is the most effective way for the business to take care of profit in the long term.



Problem-solution cycle in financial service design

Components of UX research such as User Personas, Empathy Map and a Jobs-to-be-Done approach allow you to develop a clear understanding of what the exact audience for your product expects—the specific problems they seek solutions to and what makes them disappointed in the products already available on the market. This provides your team with the ability to create a digital financial solution that would address all of the most important user scenarios and deliver an exceptional user experience, resulting in customer satisfaction with your financial brand.

2. Switching brands becomes the new normal

In the digital age, customers are harder to impress and less forgiving. One negative product experience is enough to damage the way a brand is viewed in the eyes of the customers, forcing them to switch to another one, as [33% of Americans have stated](#).

Given the fact that it takes [12 positive experiences to compensate for one unresolved negative experience](#), financial products have to be on the top of their game to be appreciated by their clients.

Customers choose those financial brands that are able to ease their lives and generate positive emotions rather than complex solutions that cause them headaches. Open banking makes switching easier than ever before, as the number of user-centered alternatives rises in the market.

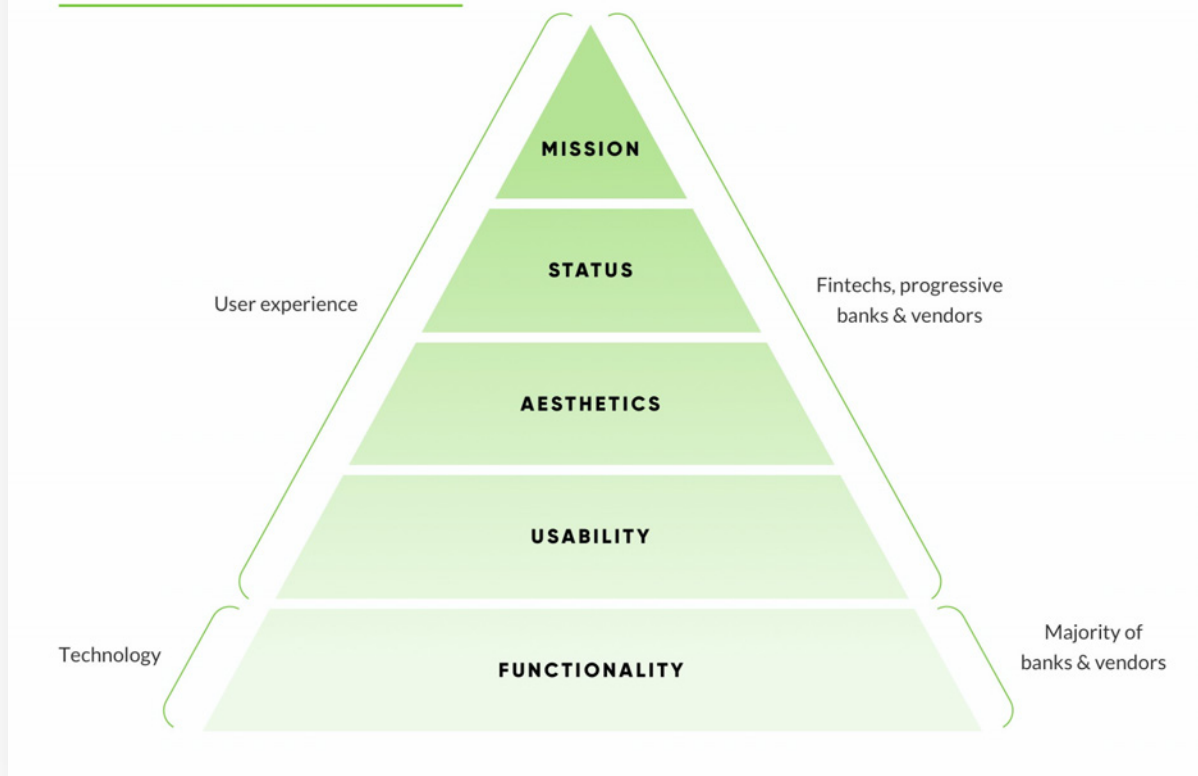
Tackle it with Financial UX

In the digital age, 89% of customers would switch to a competitor brand after receiving an unpleasant customer experience, [according to Oracle](#).

Here, the key differentiating factor between companies that customers so easily abandon and brands that they stay loyal to is the value they receive. The better the value matches the customer expectations, the higher the chance that the brand will be chosen in the long term over other alternatives. A genuine value realized through a great customer experience proves that the company cares about its customers and builds trust between the brand and its clients.

The unique value depends on [5 interconnected elements](#) that should be integrated into the company's inner processes and product development: functionality; usability; aesthetics; status; mission.

Product value pyramid



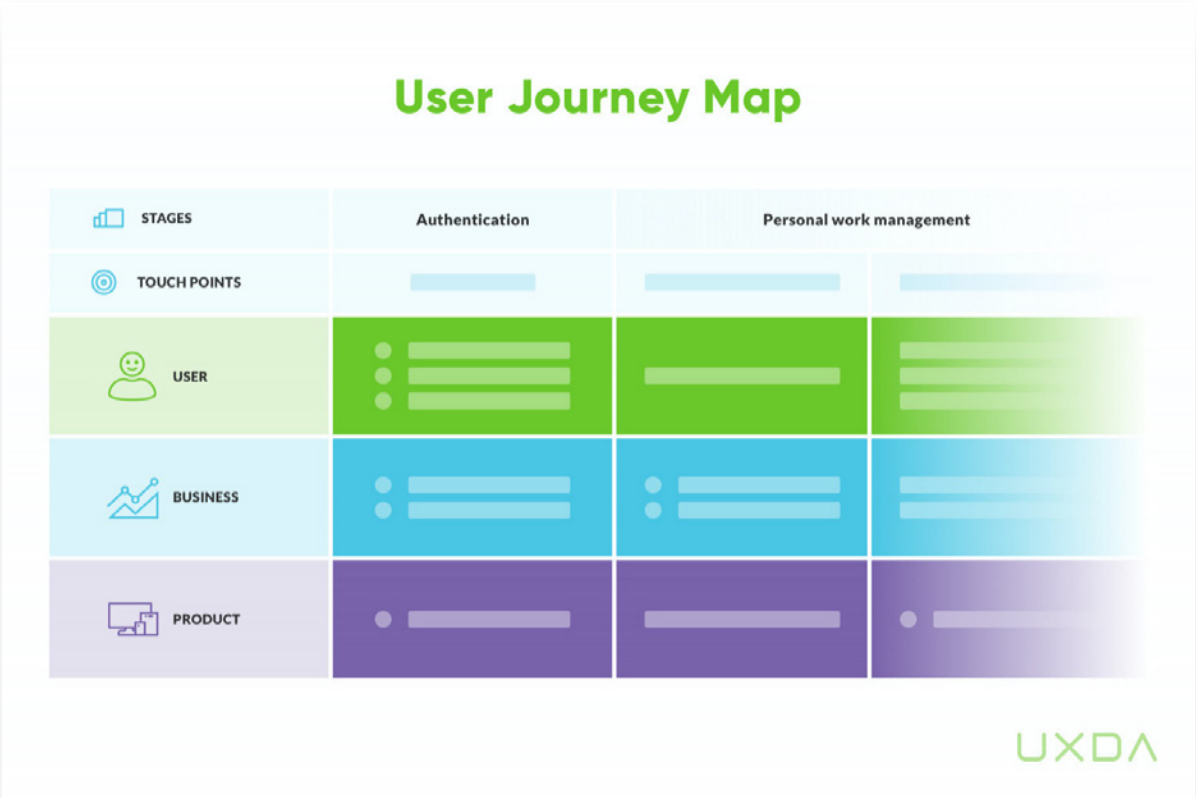
UXDA's Product Value Pyramid

If **functionality** is not enough to conquer the rising market competition, then provide great **usability**. If there are competitors that provide both functionality and good usability, **aesthetics** should be added to make the product stand out. To gain an advantage over other alternatives, personalize the product, connecting it to your customers' lifestyles, make it a symbol of their **status**. Finally, if all of the previous levels are completed, move to the highest one—providing a **mission** that your company embodies.

Financial UX action plan

Financial UX design approach has the ability to eliminate a “bad experience” as a reason for switching brands by transforming it into a delightful one.

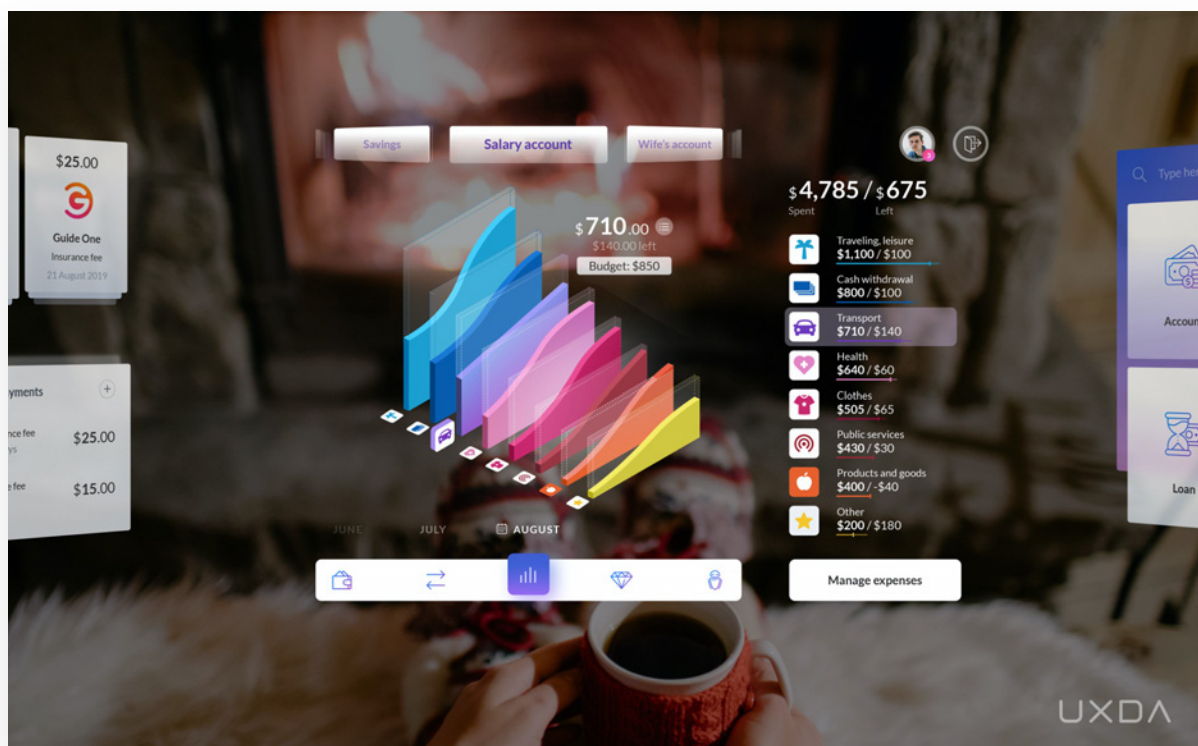
To create this outstanding experience, **start by mapping out your user journey and identifying emotional reactions at every touchpoint within your digital solution.** In this way you can find where you need to reduce friction that causes switching and transform pain points into “wow points.”



3. New digital platforms transform consumption

We are already accustomed to desktop, mobile and wearable (Apple Watch) products, but this is nothing compared to what the future holds.

Conversational services (e.g., Alexa and Google Home voice assistants), IoT (Internet of Things), VR/AR services (virtual and augmented reality, e.g. Oculus), Robots and Neuro services (neural interfaces, Neuralink currently developed by Elon Musk) are expected to become a part of our daily routines in the near future. According to the [Futurum Research](#), consumers are expecting to further embrace new technologies by 2030: 80% say they expect delivery by drone, 81% expect to engage with chatbots, and 78% expect to use an augmented, virtual, or mixed reality app to see how a product will look.

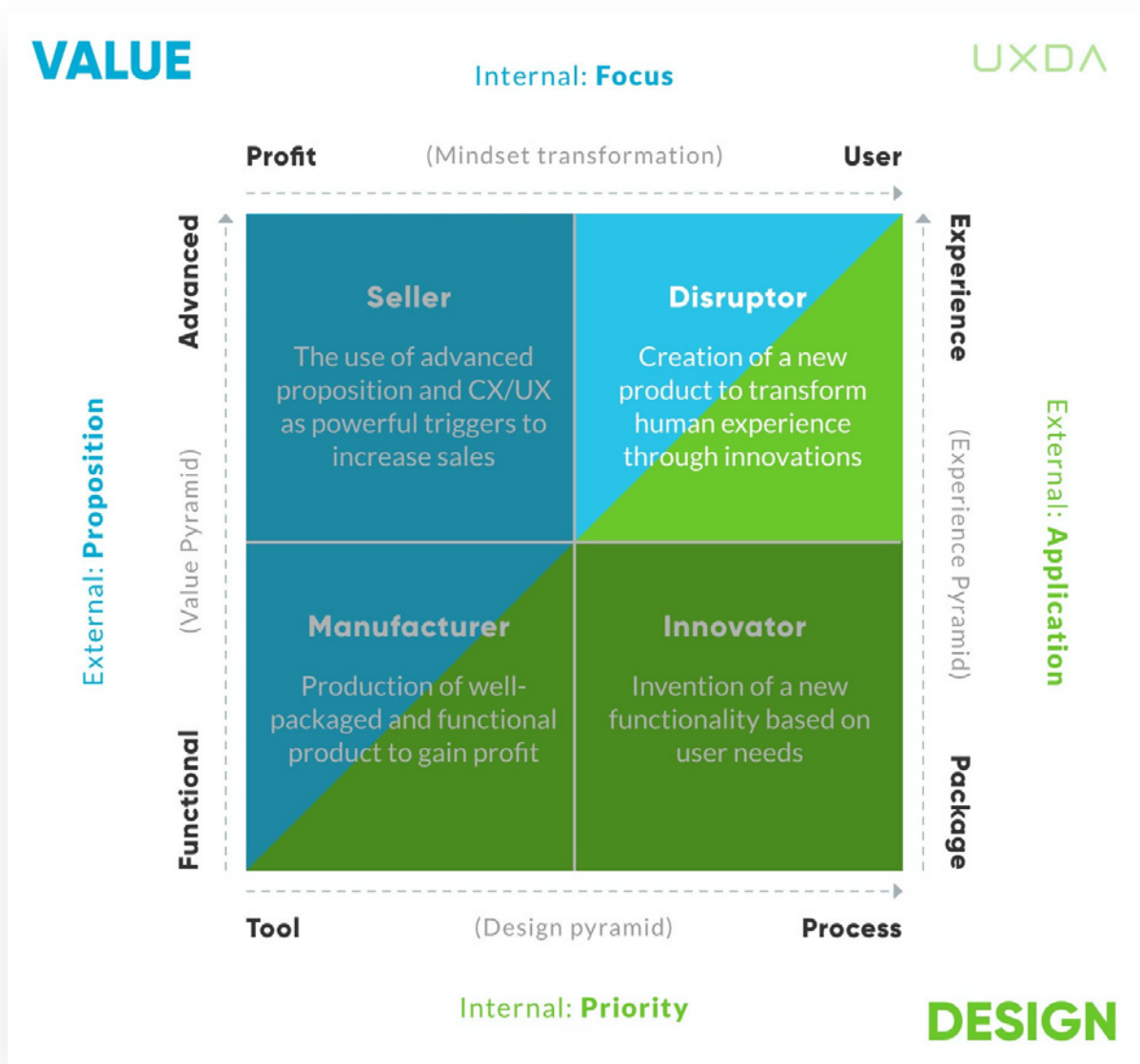


Mixed Reality VR/AR Banking Design Concept by UXDA that was nominated for one of the world's most prestigious design prizes—Red Dot Design Award 2020 final judging

Financial brands that will become the leaders of the future have already started to develop their digital competencies to be able to instantly adapt their service to any kind of digital platform. As Brett King, Founder of Moven, predicted: “The number one bank in the world will be a technology company.”

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A bank can be sure to keep up with the technological innovations if it adopts a **disruptive company culture**. This agile way of thinking and operating allows it to be flexible and adapt to any new technological and customer trends. Such a company culture aims to reinvent the customer experience, bringing it to a new level and offering a solution that's way more pleasant and enjoyable than any other alternative on the market. This kind of brand provides an exceptional experience that's easily accessible throughout all of the platforms that people integrate into their lifestyles. Experience-driven businesses see almost 2x higher YoY growth in customer retention, repeat purchase rates and customer lifetime value than other businesses, according to **Adobe and Forrester research**.



The Financial UX Matrix: Disruptor company culture

Progressive banks who will realize this and prepare such an experience working closely with financial UX experts will become the pioneers of the new digital banking reality.

Financial UX action plan

The aim of a financial UX action plan is to constantly monitor and detect any change in the digital behavior of their customers and have the technological resources to adapt to it quickly and efficiently.

By staying alert to rising changes in customers' needs, you will be able to prepare in advance and react in time, thereby expanding your digital solution to new platforms in a way that's enjoyable for your customers.

Practice an experience-centered mindset throughout the entire financial organization and have the courage to challenge your legacy. This will organically make your business maximally flexible to adapt to any digital innovations demanded by your customers.

4. "Digital-first" replaces traditional business strategy

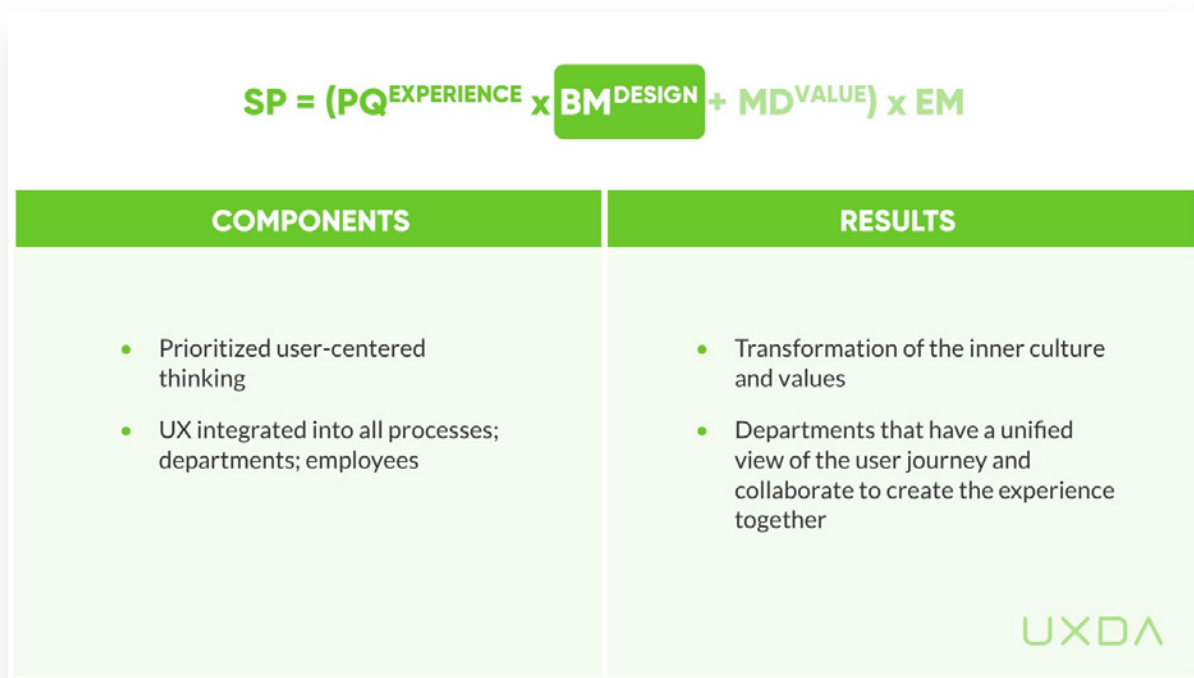
Brand marketing is rapidly substituted by digital channels. It means that users get the overall impression of a financial brand primarily from the interaction with its digital service. If the experience of the digital solution isn't satisfactory, the user's trust and sympathy toward a company can be ruined. This is why it's very important to start viewing digital products as a representation of the whole brand.

According to [IDG's Digital Business Research](#) establishing a digital business is top of mind, as 91% of organizations have adopted, or have plans to adopt, a "digital-first" business strategy.

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The digital age requires a brand new digital-first business strategy. IDG's study reveals that 67% of organizations mention better customer experience as the main objective for their digital business strategy.

Only a decade ago, a product, business model and market distribution strategy were enough to ensure success. But, the requirements have changed. In order to communicate the brand value through digital channels, components such as **experience, design, value and a user-oriented experience mindset** should be adopted.



Financial UX Design methodology formula

Creating a beloved brand requires a focus on the experience your product provides, not on its features. The better the experience, the higher the chances of becoming a trusted company that the customers will stay loyal to in the long term.

Design shouldn't be perceived as a package or marketing tool but an approach that puts the customer at the center of all business operations, allowing the approach to deliver up to expectations.

Marketing-motivated mass sales are becoming extinct. Everyone can now let the world know what hides under a pretty but empty product package through reviews and social networking. Currently, people choose those products that provide them value and ease their daily lives, not ones with a loud marketing campaign.

Finally, a beloved brand would always view its customers and all business processes through the prism of an **experience mindset**. It's a way of thinking that consists of serving the customers, providing an emotional experience, offering solutions instead of overfeaturing, disrupting the industry and ensuring a smooth flow throughout the customer journey.

The essence of it is that you as a business owner or employee treat your customers as family or friend and strive to help them in any way possible. And financial success will come as a result, because CX / UX leaders get 3 times greater return than CX / UX laggards, according to Watermark Consulting research.

Experience vs Marketing Mindset



Serving



Emotions



Solutions



Disruption



Flow



Selling



Information



Featuring



Protection



Fragmentation

Customer Experience in Banking - Mindset Change

Financial UX action plan

To create a unique digital product experience that would make your brand beloved by your customers, start with a small audit of your current product, asking yourself the following questions:

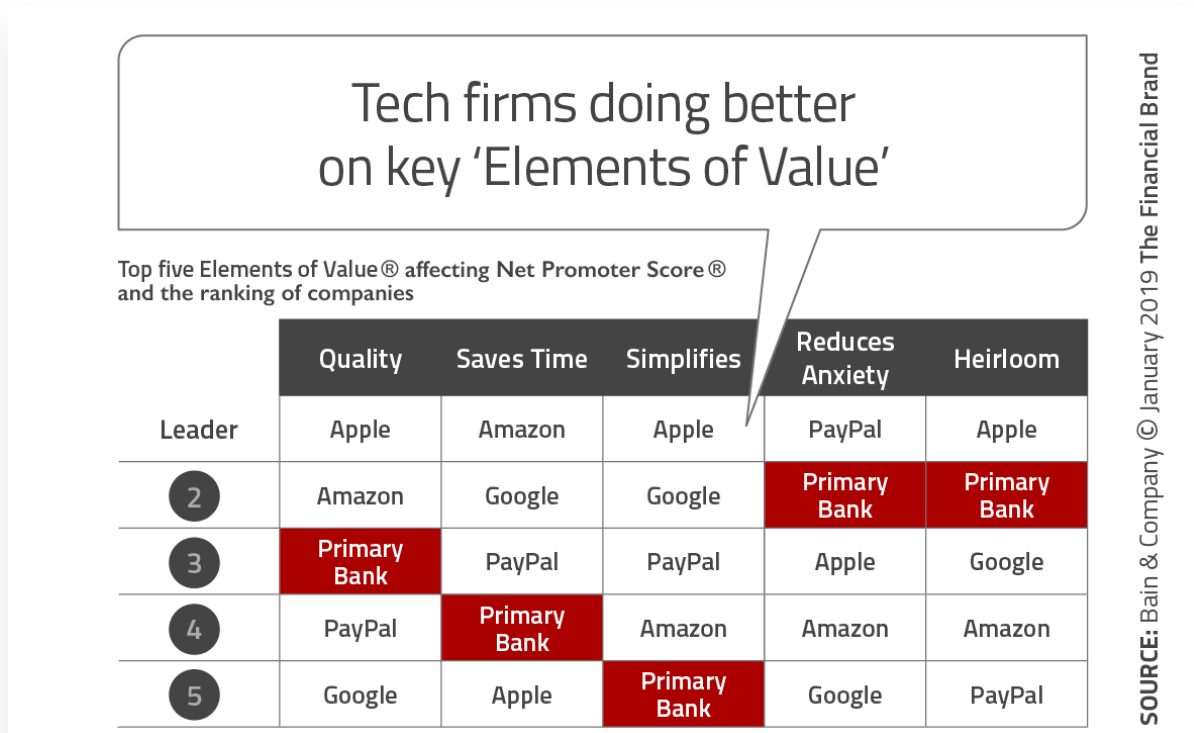
- What is the essence of your brand and how can your digital products convey it?
- What is your digital strategy, and how can your digital products realize it?
- What are the habits, needs and lifestyles of your customers, and does your product meet them?
- What other alternatives are available on the market, and does your product offer a better experience and value to your customers?
- Is your product modern and aesthetically pleasing, or does it look outdated?
- Is your product intuitive and easy for your customers to use?
- Is your product gray and boring, or does it create a “wow” effect?
- Are your users proud of the product and perceive it as part of their lifestyle, or do they view it negatively?

Replies to these questions should demonstrate how your digital products communicate the brand value to the customers and stimulate ideas on how to improve it.

5. Big Techs perform emotional disruption

We are living in a world that's ruled by Big Tech companies. GAFAs (Google, Amazon, Facebook, Apple) is already disrupting the financial industry in several ways, and we all know this is only the very beginning. Fifty-four percent of global respondents trust at least one big tech company more than banks in general, and 29% trust at least one tech company more than their own primary bank, according to a [Bain & Company global survey](#).

One of the reasons why these tech giants have the support of so many customers is their ability to provide value and form an emotional connection. This could become a blind spot that financial companies aren't aware of.



Source: The Financial Brand

In the digital age, customers expect to receive not only a tailored and convenient usability but also positive emotions. As stats show, [consumers](#) who have an emotional connection with a brand have a 306% higher lifetime value, stay with a brand for an average of 5.1 years vs. 3.4 years, and will recommend brands at a much higher rate (71% vs. 45%), according to Motista.

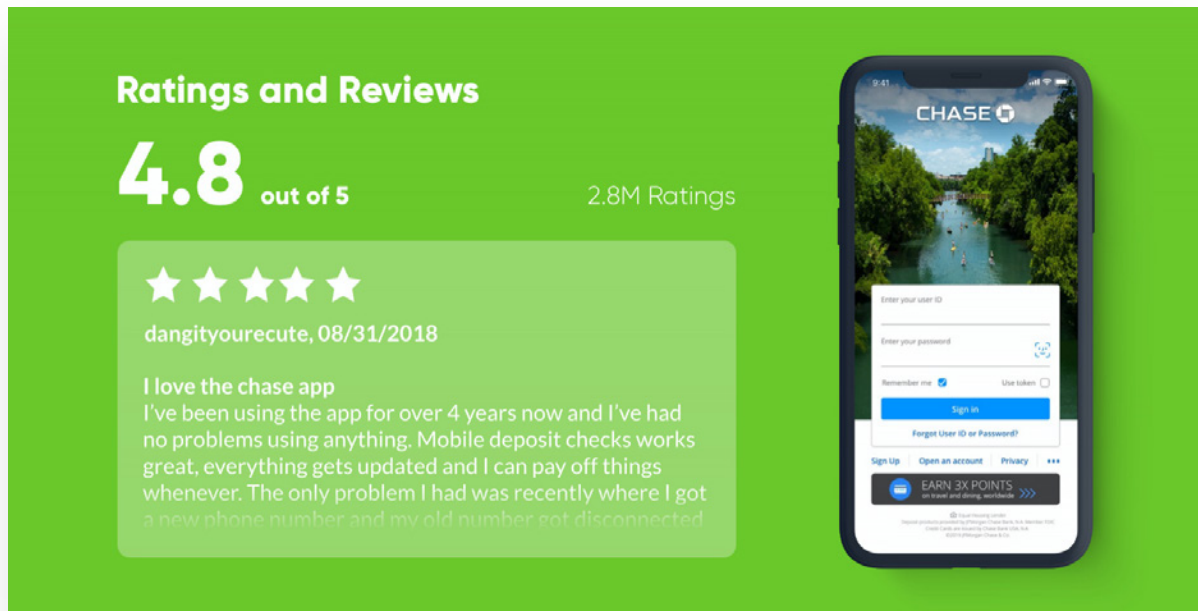
It has never before been so important that the services we use daily make our lives better and create joy in the process. Despite this, there is still a myriad of complex banking products that are difficult to use.

Why would any customer choose a banking product that constantly causes anxiety, frustration and stress over a solution that is just as secure but also makes managing finances fun and enjoyable?

When customers compare their digital experiences, there's often quite a big gap between the usability and experience of Facebook or Instagram and their banking app. This causes disappointment because they have become accustomed to the Big Tech products that are smooth and enjoyable. Seventy-three percent of

customers say that an extraordinary experience with one company raises their expectations of others, according to Salesforce. Why can't their banking experience be the same? This is the reason why the financial products developed by the Big Techs are predicted to dominate the solutions provided by the traditional players.

Meanwhile, there are finance companies that use this situation as an ideal growth opportunity and motivator in order to increase their digitization efforts. There are examples of well-known huge banks that have succeeded in creating a banking experience that surpasses the Fintech products in many ways and deliver exceptional service.



App Store rating of JPMorgan Chase & Co mobile app

We can read reviews on Google Play and the Apple Store that state the user's overall excitement about the huge transformation the bank has undergone. These customers will most likely stay loyal because they see that their bank really does care about them and has made a big effort to create this pleasant experience for its customers. In fact, **79% of U.S. consumers** state that brands have to show they care and understand their users in order to choose their services, according to Wunderman.

Tackle it with Financial UX

The human brain is not designed to budget. The **irrational, unconscious emotions drive 80%** of our behavior. This explains why it's difficult for many to manage their finances. Banks should take these stats into account and address people in a language that they understand—through emotions.

Enrich your digital banking products with a pleasant and enjoyable experience that not only delivers up to customer needs but also creates an emotional connection with your brand.

Often, the banking industry is afraid of emotions, but, truth be told, this is one of the main ingredients of creating a long-term relationship with your customers.

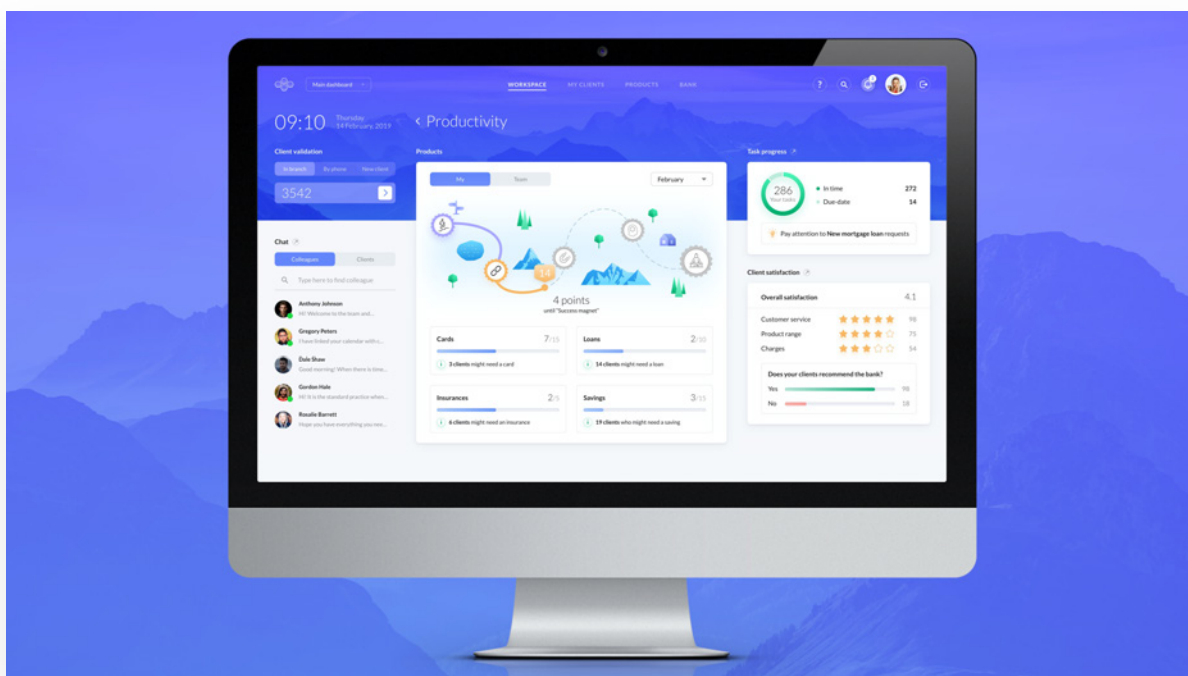
Financial UX action plan

Financial UX design is the most powerful and effective way to create an emotional connection between your brand and your customers through a digital product.

Beloved brands are built on positive customer experiences, and positive experiences are created through emotions.

Find out what users love about BigTech products and think about what you can use in your own product to make it more emotionally engaging. The goal isn't to copy the features of other products but rather get inspired by their "best practice" to stimulate ideas about how your solution could be improved.

One of the ways progressive financial companies establish an emotional connection with their customers is by adding gaming elements, which generates fun and brings positive emotions to the financial experience.



Example of the use of gaming elements in a [core banking solution designed by UXDA](#)

The key to financial brand success lies in the customer's hearts

Eighty-four percent of [customers state](#) they're more likely to stick with a brand that treats them like a person, not a number, according to Salesforce. It's extremely important not only to think about usability and UX but also about the integration of personalized, positive experiences that form emotional connections throughout the whole digital ecosystem of a brand. Ask yourself this: does your brand experience convey that the bank puts the customers first, cares about them, provides needed solutions and wants to help in any way possible?

It's not enough to create a nice banking app. It takes the integration of user centricity in the whole banking ecosystem—every product, every aspect of the business, every department and every employee—so that the

whole organization is united in serving the customers and caring about them. In the digital world, this is the way to communicate to the world that the financial brand really does care about its customers and receive their love and loyalty in exchange.

If you are willing to take the user experience of your financial business to the next level, contact UXDA - we will help you:

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