



Why should anyone bank with you?

From increased complexity in compliance to intensified competition, banks face numerous challenges. None is more pressing than achieving excellence in the client experience. Bankers, says **Andrew MacDonald**, need to revisit a simple but far reaching question: why should anyone bank with you?

For over a decade I have worked with private and commercial banks across the globe. My research found that banks work hard at differentiating themselves from their competitors by developing client value propositions that articulate their brand, core values and market knowledge. The articulation of the value proposition is delivered by bankers during client meetings, pitches, presentations, events and seminars. Banks rely heavily on their bankers, who have ongoing relationships with clients, to not only deliver the value proposition but to deliver it in a way that enables the client or prospective client to attribute significant value to what is being said.

Unfortunately for the banks, this is rarely done in a compelling way for the client. Why? First, bankers lack the skill to confidently pitch the proposition. More often than not bankers provide clients with broad generic statements that could easily be made by a competing bank. For example, a banker might say that we at Bank XYZ have over 50 years' experience in wealth management. But if the competition is UBS, Credit Suisse or J.P. Morgan then the 50 years will count for very little.

Second, bankers often lack the ability to determine how their proposition differs from those of their competitors, as very few have reliable competitor knowledge. The aim is not to talk down the other bank's capabilities but rather to talk up the strengths of their own bank. By way of example, Standard Chartered Bank has a strong presence in Africa, Asia and the Middle East. Many of its competitors have similar capabilities (think HSBC) but if the competition is a local retail bank it might not have the global reach that SCB can offer. Conversely the banker at the local bank can play to her advantage by talking about its local presence, local market knowledge and extensive in-country retail network.

Most senior executives at banks agree that bankers need excellent listening skills, technical

capability and commercial acumen. But I've discovered that the highest performing bankers have the following qualities:

- **They are problem finders not problem solvers.** They have an ability to think deeply about solutions beyond the current transaction and to consider options for future client needs.
- **They understand the client's mindset in order to map the client's decision-making process.** They empathise with their clients and truly understand their journey (professional and personal).
- **They can connect with and convince the client using visualisation and storytelling.** They are great storytellers and draw on case studies, examples, experiences and stories to convince the client about the appropriateness of the proposed solution.

The highest performing bankers need all three qualities to be successful over the longer term. Success can be achieved with one or two qualities but it rarely lasts.

The highest performing bankers also recognise the importance of remaining flexible in order to deliver a unique client experience. For example, a private banker with a large US bank recently met with a twentysomething >

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ultra-high-net-worth entrepreneur to discuss his wealth management needs. When the prospective client arrived at the meeting on a skateboard, dressed in an Hawaiian shirt and shorts, it became obvious to the banker that discussing the client's risk profile and asset allocation preferences would be fruitless at the first meeting. By first taking time to understand the client's mindset and journey, the banker was better able to position the subsequent discussion of risk and investment experience within the context of the client's own business interests.

This approach is particularly difficult when you consider the increased complexity surrounding regulations and compliance. Without such an approach, it could be argued, that the client would have been far less willing to engage in a broader discussion regarding his personal and business interests or to take the time to understand why the banker required such detailed information.

Problem finding over problem solving

Many senior executives at banks are looking to improve the client relationship management skills of their bankers as a source of competitive advantage. They would do well to incorporate problem finding into all phases of the sales or advice process. Problem finding has its origins in design thinking, a discipline that uses the designer's sensibility and methods to match people's needs with what is technologically feasible and what a viable business strategy can convert into client value and market opportunity. Designers recognise that true innovation comes from finding problems that consumers haven't recognised even exist and then providing solutions to deal with these issues. To achieve this, designers make use of an iterative approach to solving problems.

Rather than looking for one single correct answer designers continually prototype along the way. Prototyping allows for incremental improvements as opposed to a linear approach to problem solving. By way of example, I have facilitated hundreds of client experience workshops with bankers using a technique known as the Marshmallow Challenge, a team-based collaborative task aimed at finding problems. When completing the challenge, most corporate bankers tend to organise themselves into project teams, divide the task (one member for design and the other two for construction) and then move towards building the 'final' structure. More often than not the structure collapses under the weight of the marshmallow so the bankers move into crisis mode. They then attempt to reinforce their structure as they quickly realise that there isn't enough time to build a new one. Sound familiar?



I have also facilitated this session with strategy and marketing teams at private banks and have found that they are much more willing to prototype and refine their approach. They learn from both what works and what has failed along the way. They quickly realise that the 'problem' is the weight of the marshmallow rather than the task itself. Rather than looking for one single correct answer they recognise the need to prototype and build on small wins. The result is usually a taller and more interesting structure that has had numerous improvements during the challenge.

At present, most sales programmes advise/teach bankers to follow the following process:

1. Build rapport and position your client value proposition.
2. Ask questions to gain understanding of the client's needs.
3. Determine the appropriate solution.
4. Pitch the solution to the client.
5. Close the sale.

In other words, the process is a linear progression, which is why so much pressure is put on bankers to pitch effectively to the client during the final phase of the process.

Clients are rarely excited by what they see and hear in banker presentations and are frequently frustrated as these presentations are often crowded with bank jargon, pricing and terms and conditions.

The most effective solutions are co-developed with the client. Co-development is simply another form of prototyping. By thinking about the client, their unique circumstances and the potential solutions on offer, bankers can employ an iterative rather than a linear approach. The iterative approach is cyclical, moves in small steps and looks for connections between the client's mindset, the client's explicit and implicit needs and the potential solutions.

Bankers are typically trained to ask clients a series of questions that will uncover their needs. They know how to conduct discovery sessions with clients to better understand or validate a known problem. However, bankers rarely know how to conduct a discovery session that will provide them with information leading to innovative ideas for their clients, or a deeper understanding of their client's end customers.

In a commercial context, asking basic open-ended questions can make the banker seem



naïve and put others on the defensive. But by encouraging people to step back and reconsider old problems or entrenched practices, the banker can begin to reframe the challenge – which can then steer thinking in new directions. For business in today's volatile marketplace, the ability to question and rethink basic fundamentals has never been more important.

Simply asking the right questions is a great start. But in order to do that, we need to understand what questions to ask. In order to do this, bankers need to think like clients. They need to map and understand the whole journey of the customer experience to gain a true understanding of all of the touchpoints. Very few bankers take the time to step back and view the process from the client's perspective.

Understanding the client's mindset

Designers have long known that the route to success in innovation comes from connecting with the client visually and emotionally. To achieve this outcome, designers look for connections between three interrelated issues. These are consumers' pain points and touchpoints as well as their moments of truth:



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- Pain points are the instances in the client's journey in interacting with the bank that cause the most difficulty.
- Touchpoints are where the client comes into contact, directly or indirectly, with the bank's brand. The channels through which the client experiences the bank, these can range from meeting directly with a relationship manager to visiting the bank's website to discussing the bank's reputation on social media.
- Moments of truth are when critical decisions must be made. Decisions can range from proceeding or not proceeding with the proposed solution to seeking additional advice from a trusted advisor or discussing terms and conditions with a business partner.

By taking the time to understand these three

issues, bankers can significantly enhance the client's overall experience while simultaneously developing a much more compelling solution.

During a recent client experience programme with a group of senior private bankers, I was playing the role of a high net worth individual who had just sold his business for \$60m. I provided the private bankers with a briefing that stated that I had sold the business to a competitor and that it was a "difficult transaction". The bankers moved into the role play and quickly moved to a discussion of my plans for the \$60m, my previous investment experience and my needs around liquidity. Of course, the bankers were keen to assist and were very positive about the meeting. What they failed to realise was that I was actually quite upset about the whole affair as it was a third generation family business that had to be sold due to a breakdown in the relationships between the three owners. The final sale price was significantly less than I had been expecting and I had lost contact with the other members of my family in the last few years. Far from being positive about meeting with the bankers, I was actually finding it hard to adjust to life without the company and was bitter about how and why it had been sold. In other words, the bankers failed to understand my mindset as they had made too many assumptions. By focusing on uncovering my needs, the bankers missed a great opportunity to discuss the sale process with me, my future plans and to uncover why investing the proceeds of the sale would be a difficult journey for me.

The ideal framework for understanding how the client is thinking and feeling is through customer journey mapping. Customer journey mapping enables bankers to place themselves in the client's shoes by following a process which mirrors the client's own journey.

A customer journey map is a very simple idea: a diagram that illustrates the steps your customer goes through in engaging with your company, whether it is a product, a solution, an online experience, a retail experience, a service, or any combination. In private banking, customer journey maps can take a cradle to grave approach and, in agricultural banking, paddock to plate (the possible scenarios are endless) looking at the entire arc of engagement.

Customer journey maps become even more insightful when you start to map the customer's customer. In other words, you seek to understand what your customer is seeking to achieve with their customer and how your products/solutions might be able to assist with a higher value outcome. By way of example, I led a customer journey mapping session with a Hong Kong bank looking at the relationship between a team of commercial bankers and >

their property development clients. The bankers had never really considered how the relationship between the developer and their clients worked. By mapping the relationship between the developer and their client the bankers gained significant insight into how and why the developer's clients made decisions. By further understanding the journey of the developer's clients the bankers were able to create an insight-led presentation which demonstrated that they could assist in helping prospective buyers with making faster more confident offers for the apartments in the development. The outcome was a win for the bank as it gave them access to a new client base and also for the developer as they were able to market the apartments with the bank's support. The bank lowered the required level of pre-sales and the developer provided the bank with floor-space on the ground floor of the development to set up a pop-up branch.

Customer journey maps visually illustrate the touchpoints by showing the series of events that make up a customer's interactions with a company over time. The maps help companies find problems that occur in the "white space" as a customer passes from one phase to another.

Connect with and convince the client

Bankers rely heavily on rational processes and systems to build solutions for clients. In corporate banking relationship managers must follow strict credit and risk guidelines when submitting client requests for lending. In private banking, bankers must ensure that clients complete an investment questionnaire as well as numerous other documents that relate to knowing your client, client due diligence and suitability. The processes employed are designed to protect the bank, banker and client. So the challenge then is how to embrace this new world of regulatory complexity while simultaneously delivering a unique client experience.

Not surprisingly, most clients find bank processes tedious, intrusive and overly complicated. From a client's perspective they understand why the banker needs the information but not necessarily how this will lead to a better outcome. More importantly for the banks, clients cannot see and feel what the relationship with the bankers will look like once all of the process has been completed.

The insight that the client receives as part of the advice experience itself – such as problem finding and education on issues and outcomes – are among the most important drivers of the client experience. I have termed this the customer experience proposition. This uses the client's own language to engage them in a way they have not experienced before to help

them recognise needs they did not realise they had. In other words, the aim is to reframe how the client assigns value and to create a pull through into areas where you can differentiate your solutions.

The client experience proposition must create urgency and help the client to think differently about the proposition on offer. To achieve this, the proposition must have three interrelated qualities:

- Authenticity – they must lead with their unique capabilities.
- Visualisation – the ability to help clients see what the relationship might look like.
- Storytelling – sharing examples of how other clients and they themselves have achieved successful outcomes.

All too often bankers provide clients with a generic overview of their role and tenure in banking. This may be something like: "I am John Lee and I have been with the bank for the past 15 years". While there is nothing wrong with this statement the banker has missed a great opportunity to reveal something that is

Banks must evolve from pitching products and solutions to providing unique client experiences



unique about what they do, how they do it and with whom they have enjoyed success (while maintaining complete client confidentiality). Bankers must learn to capitalise on what's unique about them. They need to be more authentic about who they are.

As part of my research, I recently interviewed a wealthy investor in Singapore to ask him about his experience of looking for a private bank relationship for the first time. While we covered many aspects of what he encountered at all banks, such as high class offices, and generic investment questionnaires, one issue dominated our discussion: the inability of many private bankers to take the time to connect with the investor in an authentic manner. The investor felt as if he was talking with a "red carpet retail banker", who was simply going through a step-by-step advisory process, rather than a private banker who was genuinely interested in building a relationship with him.

Authenticity is not something that can be taught, but it can be coached. Like many leaders who have blind spots that impact on their leadership styles and behaviours, many bankers have convinced themselves that they have nothing unique to offer the client and that they operate in a commoditised environment which is dominated by conversations on fees and returns. In relationship banking, clients are looking for bankers that they can trust, can educate them on financial markets without making them feel ignorant and who keep them informed during changing market conditions. As the wealthy individual I interviewed said: "Banks are all similar. It comes down to the private banker, how he or she handles you, what insights they offer you and how genuine they are in wanting to have you as a client."

Another aspect of the customer experience proposition is the ability of the banker to help the client visualise what the relationship will look like. There has been a lot of research done which looks at the way people receive or take-in information from a pitch or presentation. The responses break down into three categories: visual, tone of voice (or attitude) and verbal articulation. Recent studies have highlighted that, in pitch or presentation situations, clients attribute 55 per cent of their decision on what they have seen rather than from what they have heard. In other words, visualisation is a critical component of connecting and convincing clients about your pitch. Importantly visualisation doesn't just refer to the presentation format that is being used but also to physical appearance and body language.

We were recently approached by a bank in Hong Kong that had conducted research indicating that their clients were holding significant amounts of cash, thereby missing



out on opportunities to benefit from a more diversified investment strategy. I asked the client to arrange a meeting with one of their client managers so that I could “go through” the process of becoming more fully invested, much like a real client would. The banker took me through the bank’s investment principles, advisory process and in-house views on various investment opportunities. While the presentation was slick and well-rehearsed it lacked one critical ingredient. Having gone through all of the steps required to become more fully invested I still had no idea of what the relationship with the banker would look like. In other words, we needed to develop a tool that would assist clients with understanding how the relationship would work, what it would look like and why it made sense for them.

Another important aspect of delivering a customer experience proposition is the ability of bankers to present case studies, examples and insights. This is best achieved through storytelling. It is an essential skill as they create ‘sticky’ memories by attaching emotions to things that happen. Stories are not only a good way to present data, they also work as a means of packaging information and knowledge in a way that is easily understood by another person.

At a time when trust in financial institutions is at an historical low, bankers must find new ways to connect and convince clients to believe in their propositions beyond numbers and processes. Every banker faces this humbling

truth, before clients will be convinced of their proposition, they must first be motivated to listen to, and experience, it. Bludgeoning them with facts and figures doesn’t help, nor will numbing them with corporate credentials or endless PowerPoint presentations. By authentically helping clients visualise the future relationship with the bank and banker as well as providing tangible examples of how they have dealt with similar situations in the past, bankers will be better able to connect with and convince clients that their proposition is the most suitable.

Customer experience banking in action

My research has revealed that all of the three qualities outlined here are exhibited by the highest performing private and commercial bankers globally. Importantly the bankers that exhibit these do so with authenticity. They have found their own way with the techniques rather than by following a prescribed sales process. This is why banks must evolve from pitching products and solutions to providing unique client experiences. That can be done by helping bankers become more aware of the three qualities of problem finding, understanding the client’s mindset and connecting and convincing the client using storytelling and visualisation.

It is time for banks to stop the philosophical debate about whether investing in the experience of their customers is the right

business decision. This isn’t a question of beliefs – it’s about the attitudes and behaviour of their customers. The old mantra of placing yourself in the client’s shoes is being rapidly replaced by placing yourself in the client’s mindset. How would you think, feel and behave given the same set of circumstances?

Finding problems for clients, understanding their mindset and connecting with them visually and through storytelling will enable bankers to once and for all answer that most difficult of questions: why should anyone bank with you? ■

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Resources

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