



360-degree digital account management and automated next best actions

Why great digital experience doesn't always mean great customer experience—and how to excel at both



Your digital app is an entry point to bigger things

Since the pandemic, banks, credit unions, and insurance companies have necessarily sped up digital transformation (DX). Facing a torrent of applicants for digital accounts, and with branches shut down or at reduced capacity, every financial institution (FI) must now have the means to onboard new customers via web or mobile and provide great apps for banking, payments, financial management and more.

DX has suddenly become urgent. Yet if responding to new market imperatives causes your organization to focus exclusively on building digital channels, products, and services, you're setting your sights too narrowly.

Take this approach, and you could end up continuing to play digital catch-up, while disappointing both customer expectations and DX ROI targets. Worse, the narrow focus will constrict your ability to profit from today's super-bloom of digital business growth opportunities—just the beginning of what's ahead as new business models and dynamics, such as Open Banking, fully take root across markets.

It's not just the app, but what you know about the consumer using the app

It's possible—even quite common—to simultaneously deliver a great digital experience and a poor customer experience. Well-designed financial apps make it easy for users to access various products and services the provider offers. But this single point of access doesn't necessarily mean these products and services are connected in any way or even sharing information about the user. As a result, FIs push offers the user has no interest in. They miss numerous transactional and behavioral clues to what the user really needs, values, and would appreciate knowing about. They're blind to the next best action they should take.

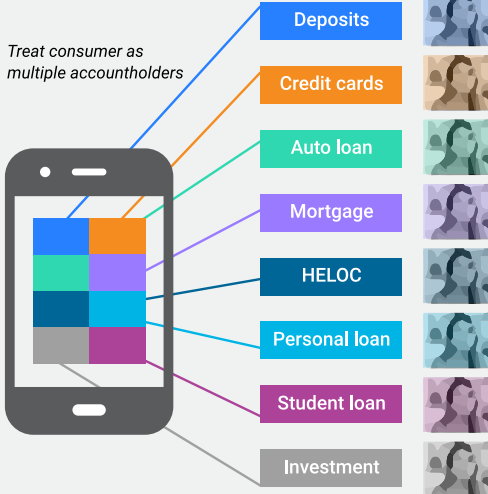
More popular than social media

In the UK, according to [Mastercard research](#), a higher percentage of people have banking apps than have social media apps!

Yet [FICO research](#) shows that months into the pandemic UK banks were still struggling with DX, with **29% unable to onboard new accounts through a fully digital process**.

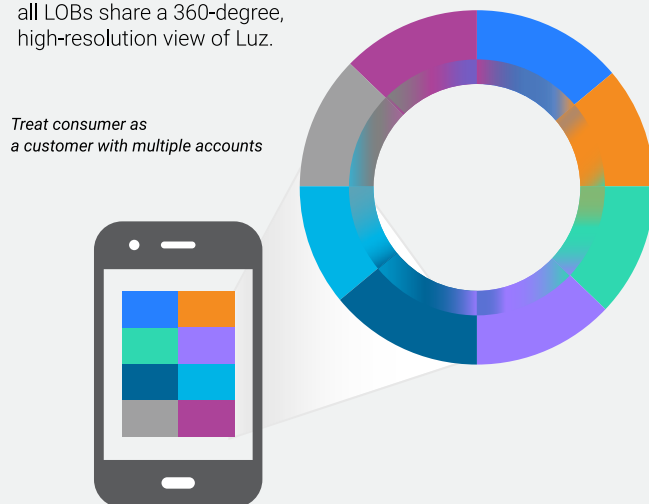
Great digital experience, poor customer experience

Bank app provides single point of access to multiple products and services, but these LOBs don't share information and each has an incomplete, low-resolution view of Luz.



Great digital experience, great customer experience

Bank app provides single point of access to connected products and services, and all LOBs share a 360-degree, high-resolution view of Luz.



Now is not the time to take your eye off of customer experience

This disparity between on-screen unity and the disjointed reality of how many FIs still make customer decisions and interact with app users is a key reason for user disappointment. In fact, a 2020 [JD Power](#) study found that “digital-only customers have the lowest levels of satisfaction,” with Millennials being the least satisfied.

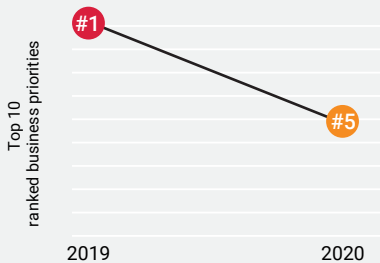
It’s unlikely this situation will get better in the near future. A [global survey of FI executives by Salesforce](#) found that while improving customer experience had been the #1 priority in 2019, once the pandemic hit, it fell to #5 in the space of less than a year. Many FIs have shifted their attention to implementing new technology, developing new digital products/services, automating processes, and building more customer trust through stronger security and data privacy measures—all essentials for DX.

But this trade-off between DX and CX is a false one. Only by putting customer experience at the center of operations can you build digital apps and products that align with the needs of individual users, anticipate emerging needs, and proactively spot opportunities to offer greater value.

Since the pandemic, consumers want that alignment more than ever. The Salesforce study found that 59% of consumers had raised their expectations for customer service during the pandemic year and 66% now say companies should understand their unique needs.

And there’s another reason to keep your eye on customer experience: It’s key to improving ROI from digital transformation initiatives.

“Financial Institutions Reshuffle Priorities at the Expense of CX”



“In the rush to stabilize operations, FSIs deprioritized customer experiences—and customers are noticing”

73%

do not agree that financial services provide great service and support or are fully customer-centric

[Trends in Financial Services](#)
[Salesforce industry research 2020](#)

CX is the engine of high-ROI DX

Return on investment from digital transformations hasn’t generally been impressive. [BCG research](#) shows that 70% of such initiatives fall short of their objectives. A [2019 survey of 100 mid-market FIs by BDO](#) found that the majority of companies reported ROI of only 1%–9%. Research by American Banker revealed that only 5% of banking executives consider their companies to be very successful in launching new analytics projects that mesh with existing businesses and applications.

Yet companies keeping customer experience at the center of their digital transformations are achieving significantly better results. [McKinsey](#) reports that some organizations have increased revenue by 30% or more by adopting “a needs-based approach and proactively reaching out to customers.” At the same time, knowing customers individually can enable companies to tailor solutions at a lower cost to the organization.

“Millions of banking relationships up for grabs”

14%

of consumers said they’re planning to switch their primary bank in the next six months

26%

of online/direct bank customers are looking to switch

[PwC research 2020](#)

These findings are borne out by the DX results of FICO clients (see case studies on page 6), including:

- A Southeast Asian bank now shares customer information from internal operations and alternative data sources as well as AI/ML learning across lines of business and customer lifecycle decision areas. They've **increased the number of applications processed by 10 times while increasing their approval rate by 40%**.
- A US regional auto insurer has created an "enterprise decision management framework" extending across its growing network of partners. The company went from zero to 99% automated underwriting while **expanding independent agents by 300% and number of applications processed by 35%**.
- A global digital banking and payment services company is taking a similar approach to build 360-degree customer visibility and extract insight from billions of automated decisions and transactions a month across all channels. They're on track to achieve ROI of 20:1.

Leaders like these aren't achieving impressive results through massive, costly, lengthy, all-at-once transformations. They're doing it by solving an immediate problem, improving one aspect of customer-centric operations at a time—then connecting these use cases to rapidly build additive value and multiplicative effect in both customer experience and DX ROI.

The first FICO client mentioned above started with improving digital operational capabilities and customer experience in collections, moving on to other use cases in credit line management and risk-based pricing. The second client initially focused on standardizing underwriting for its own agents, then developed a web-based quoting system for independents. The third client started with collections, then focused on deposit management. Over the next year, this bank plans to transform 30 more use cases.

Here are some other use case sequences from FICO clients:

- **European multinational bank:** customer data sharing across automotive lending > prescreen and originations for auto loans > originations for credit cards > originations across additional lines of business (LOBs) > line management for multiple LOBs > precollections for multiple LOBs
- **Canadian multinational bank:** originations across five LOBs > application fraud added to all implementations
- **South African health insurer:** claim adjudication decision service > pricing decision service > benefits and limits decision service
- **Regional US bank:** application fraud > payments fraud > debit card fraud > regulatory compliance
- **US financial services company:** collection strategies > deposit account onboarding > customer-level risk exposure
- **US online bank and credit card company:** originations > account management and customer-level risk exposure > fraud management





To take a similar low-risk, high-ROI approach, implement your own customer-centric use cases on a digital decisioning platform that:

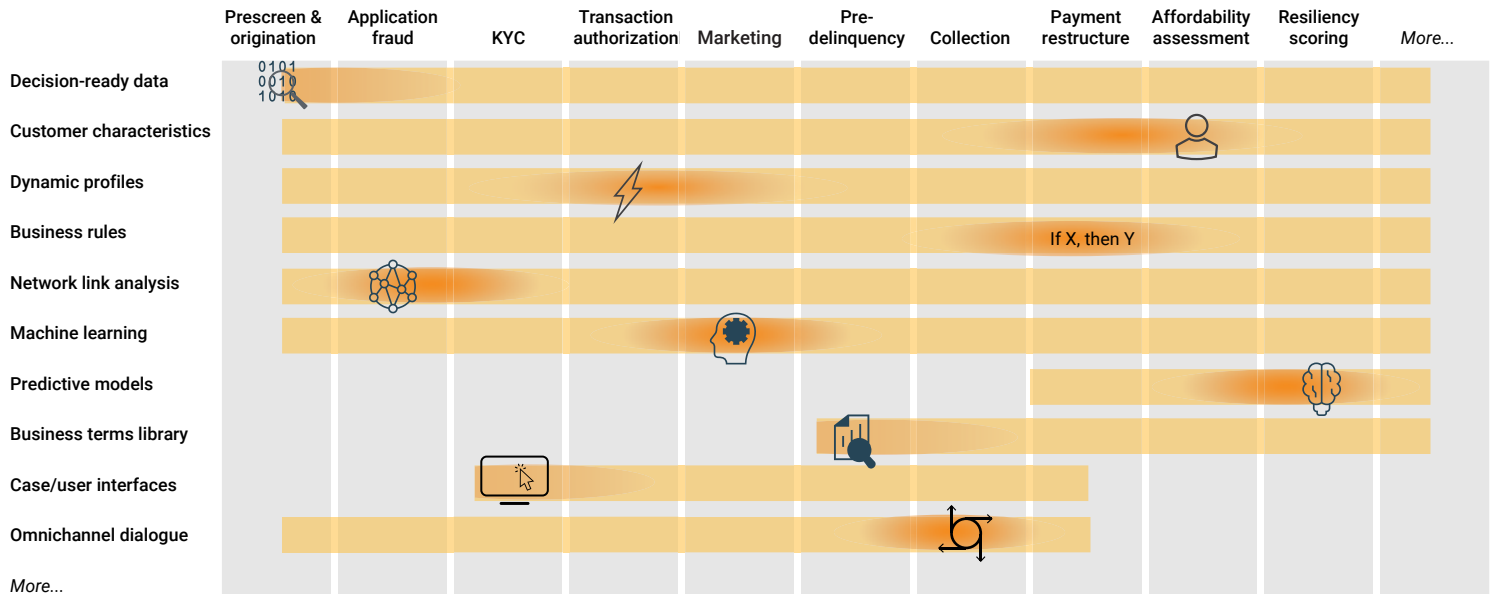
- **Facilitates sharing of data and enriched decision elements** (e.g., calculated variables, customer characteristics, modeled features, dynamic profiles, predictive scores, and other analytic insights) across lines of business, products, channels, and lifecycle functions (originations, fraud detection, marketing, account management, collections).
- **Enables the same microservices and solution components to address many customer needs**, minimizing cost, time, and effort for each successive use case. Multi-use leverage comes from platform capabilities (e.g., streaming engine, data integration, characteristics library, process orchestration, decision engine, simulation, model governance, case management, and API exposure) as well as platform-based collective intelligence (business rules, machine learning, predictive models, prescriptive models, network link analysis and so on).
- **Combines analytic intelligence with human expertise.** Best-in-class decision platforms give business users tools that unleash analytic power while hiding its complexity. They also provide ways to apply both human judgment and machine learning in decision strategies.
- **Connects customer dots in real time to operate in the digital world.** All relevant data and insights from the 360-degree customer view have to come together in an instant—when the individual applies for a new account, requests a credit line increase, or asks a question. When that’s happening behind the scenes, banking apps become enormously more effective at customer engagement and enormously more valuable to both user and bank.

Each use case you implement on the platform captures more valuable information, provides more ways to analyze it, generates more insights, and creates more opportunities to act in optimal ways by knowing and efficiently executing the next best action.

And while each use case addresses an immediate need, you’re simultaneously laying technical foundations and building organizational intelligence for meeting future needs you may not have even thought of yet. In a sense, each use case doubles as a “down payment” on subsequent ones. This is how you incrementally achieve complete DX with low risk and high ROI.



Decision assets and solution components implemented for one use case can be used in many others



Case studies: Building value through use cases

Company: Southeast Asian bank	Company: US regional auto insurer	Company: Global digital banking and payment services company
Challenge: Provide the agile, customer-centric digital decision management necessary to expand into new customer segments and support aggressive growth strategies	Challenge: Increase underwriting speed, precision, and consistency across both internal agents and growing network of independents	Challenge: Build the customer-powered company of the future—today
Solution: FICO® Centralized Decisioning, including FICO® Decision Modeler, FICO® Decision Management Platform Streaming, and custom AI/ML models ingesting data from new and alternative sources	Solution: FICO® Centralized Decisioning, including FICO® Blaze™ decision rules management system	Solution: FICO® Centralized Decisioning solution, built with the FICO® Decision Management Suite, including FICO® Decision Management Platform Streaming, FICO® Decision Modeler, FICO® Data Orchestrator and Solution Editor
Use case sequence: Strengthen collections digital operational capabilities and customer experience > enable credit line management to periodically assess all customers for right-sell and cross-sell opportunities > create risk-based pricing fitting customer-level behavior to product bundles	Use case sequence: Standardize and automate underwriting processes, freeing internal agents to focus on the most difficult applications > extend standardized processes to independent agents by building a web-based quoting system	Use case sequence: Improve collections strategies with visibility into current status of all customers, including not delinquent > improve deposits agility and drive down costs by decreasing time-to-market for analytics-driven strategies
Results: Full deployment in under six months. Knowledge transferred to upskill ML proficiency of bank's internal modeling team. Business teams empowered to experiment with and adjust analytics-driven strategies (monitoring and alerts provide visibility into how deployed models are working, where tweaks are needed)	Results: Enterprise decision management framework extends across growing network of independent agents as well as partners such as auto clubs. Business teams manage underwriting rules, speeding up competitive pricing changes, response to market trends, and compliance with new regulations. Rule templates enable company to save time and expense by building on and adapting existing processes to accommodate new states and partners as they're brought on board.	Results: Collections solution rolled out in just over six months and deposits solution in just under. Business users own and manage strategies. Multiple authentication systems replaced with a consistent enterprise-wide method of recognizing customers.
Success stats: 10x increase in number of applications processed daily; 40% increase in approval rate	Success stats: From zero to 99% automated underwriting while expanding independent agents by 300% and number of applications processed by 35%	Success stats: ROI for collections and deposits both exceeded estimates; 10x acceleration in delivery of new applications and strategies; on track to achieve overall automated decision management ROI of 20:1

Make the most of your competitive advantage now—or lose it forever

Achieving DX through connected customer-centric use cases is also a multidimensional competitive strategy.

Expanding threats from digital disruptors

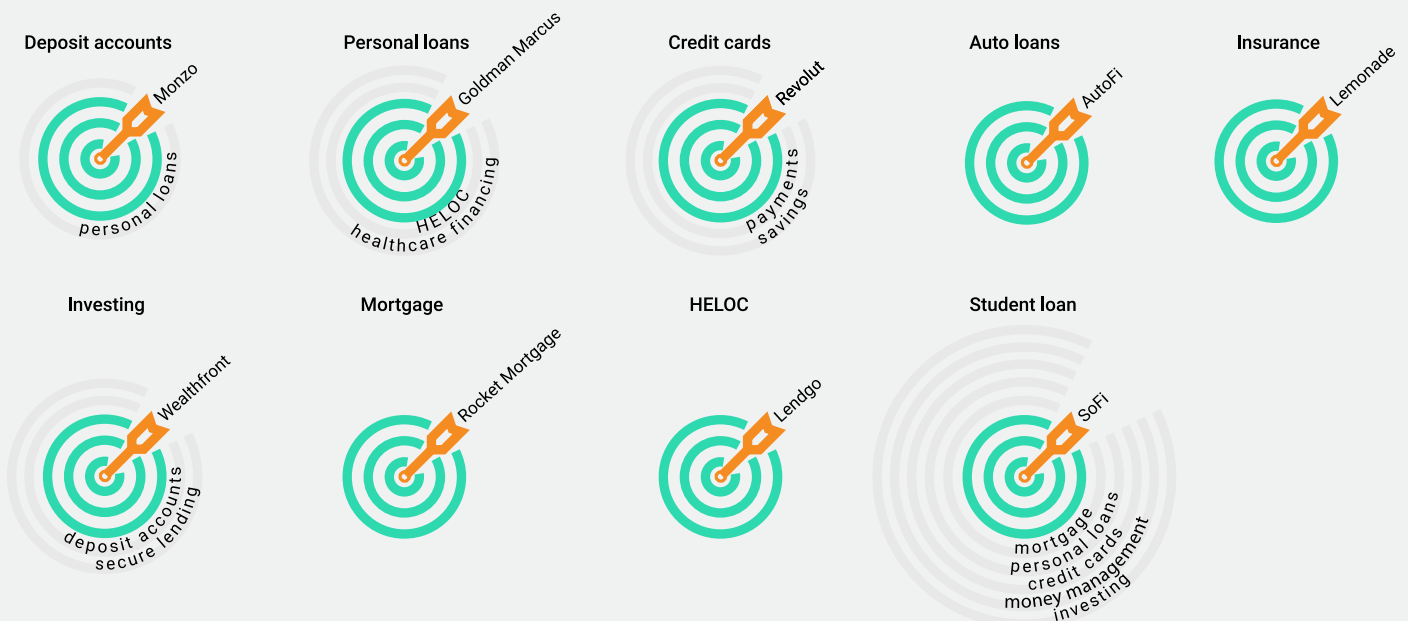
Traditional banks have long had the advantage of offering a wide range of products along with well-established incentive and reward programs. A recent [Economist Intelligence Unit](#) machine learning analysis of 10 million Reddit conversations about personal finance shows these qualities still resonate for consumers.

But this advantage may not hold for much longer.

Banks that don't have a 360-degree view of customers haven't ever really capitalized on the plentiful data and strategic advantages of multiple-product relationships. Also, disconnected LOBs have offered easy targets for fintechs and other challengers to bring on competitive niche applications. Many of these digital disruptors are now expanding outside their niches to encompass a wider range of financial products and services. They're collecting customer data at a rapid clip, analyzing it to understand consumers, and coming up with innovative perks to entice switchers. Because they're operating from digital platforms, these extended offerings are intrinsically integrated. Banks need to connect the dots before digital disruptors do.



Disconnected LOBs are targets for challengers and bases for expansion



Stepped-up peer pressure

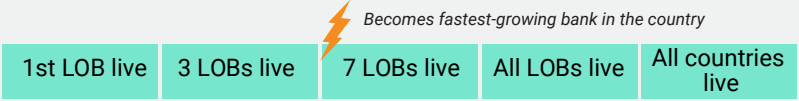
Every financial industry incumbent is going through digital transformation, but even before the pandemic, some FIs were moving faster than others—and putting pressure on their peers. As the next chart comparing the DX initiatives of three of the top five banks competing within a market shows, no enterprise can afford to be left behind.



Leaders and followers—a tale of three banks

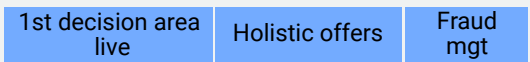
#5 Bank in the country begins transformation initiative

Staged objectives: Real-time customer insights and event-driven decisions



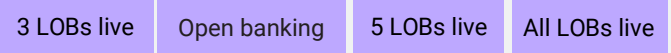
#3 Bank in the country compelled to respond

Staged objectives: Real-time customer insights and time-to-event across all LOBs and lifecycle decision areas



#1 Bank in the country reacts under pressure

Staged objectives: Holistic customer risk decisions, open banking, expanded services



Open horizons of open banking

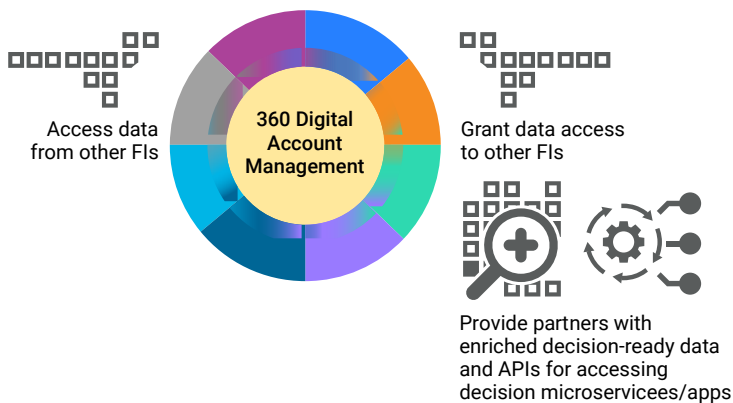
When open banking fully takes root, its seeds propagating across markets, having a lot of customer data will no longer be a competitive advantage for traditional banks. At that point, it's not about the data—which will be accessible, with consumer permission, to multiple providers—but about what you can do with it.

FIs that haven't succeeded in connecting the dots of their own customer data will struggle to further connect the dots with a greatly expanded range of customer data available from other FIs. They'll also be behind the curve as the real bonanza of Open Banking develops. Innovators at the head of the curve will offer APIs granting partners customer-permissioned access to decision elements (such as customer characteristics, analytic insights, and dynamic profiles) as well as microservices and apps for decision functions (such as identity verification, affordability and resiliency scoring, card transaction authorizations, and payment restructuring).

This expanded world of digital possibilities will offer consumers financial services of a range and value hardly imaginable today—and FIs vast new prospects for growth and profit.



360 will be table stakes in open banking



Learn more about 360-degree digital account management and automated next best actions at:

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