Introduction

The financial services sector has to react in a fast and efficient manner to the many changes that are currently occurring in the market. The sector is facing challenges of many types: increased competition, digitization, new customer requirements, and the need to modernize and become client-centric.

The customer of the future

Customers are changing: expectations are increasing, preferences are shifting, and customers are doing their research from the comfort of their living rooms. How do financial services firms react?

The financial services sector is not early adopters of digital solutions. Most financial services organizations are not yet at the stage of offering digital products and services.

Customer expectations

Customers have become more demanding. They want value-added products and services, and they are not satisfied with just information. They want to have a consistent experience across all touchpoints. They want to be treated as equals. They are also more loyal to other industries, which makes financial services organizations work even harder to satisfy and retain customers.

Customer knowledge

Financial services organizations need to know their customers inside-out. They need an extensive understanding of their customers, their needs, their preferences, their behaviors, and their interests.

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Key messages

1. Understand the trust and reputation value of your brand

Customers are choosing from financial services options that are simple, easy to use, and easy to understand. Financial services organizations that have a good reputation can attract and retain customers.

2. Break the mold and offer demand-driven value

Financial services organizations need to understand what their customers want and need. They need to offer products and services that are tailored to the customer’s needs, not just the company’s needs.

3. Digital is a strategic imperative but not at the cost of personal interactions

Financial services organizations need to be digital, but they also need to maintain personal interactions. They need to maintain a balance between digital and personal interactions.

4. Enable customer-centric culture

Financial services organizations need to enable customer-centric culture. They need to train their employees to be customer-centric and to understand their customers.

5. Understand what customers value — keep the dialogue on the table

Financial services organizations need to understand what their customers value. They need to keep the dialogue on the table.

6. Take customers into a value-add innovation journey

Financial services organizations need to take their customers on a value-add innovation journey. They need to understand what their customers want and need and offer them products and services that are tailored to their needs.

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Customer base

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Organization

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5. Get ready for the customer of the future
1. Qualitative pre-analysis
The results of the qualitative pre-analysis are based on a survey of customers and qualitative surveys. In a web-based questionnaire, we analyzed customers’ behavior and willingness to pay for financial services. The results of the qualitative pre-analysis can be found on www.ey-customer.ch/qualitative-results.

2. Quantitative survey
In a survey of more than 1,000 customers, we identified the following key factors that determine financial customers’ behavior and willingness to pay.

Gender split

<table>
<thead>
<tr>
<th>Gender</th>
<th>Participation by target group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>3,000 (40%)</td>
</tr>
<tr>
<td>Female</td>
<td>2,000 (60%)</td>
</tr>
</tbody>
</table>

3. Conjoint analysis
The following factors were identified as key drivers of financial customers’ behavior and willingness to pay.

- **Product offerings**
  - Traditional life insurance
  - Term-life insurance
  - Mortgage with insurance protection

- **Product offering**
  - Finance further education
  - Finance other aspirations (e.g., travel)

- **Communication channels**
  - Mail and e-mail notification
  - Personal coach
  - Social media

- **Goal pursued per sector**
  - Maintain standard of living
  - Protection of the family
  - Inheritance planning

- **Asset accumulation**
  - Tax optimization
  - Self-employment
  - Property purchase
  - Other reasons

4. Reason to consider bank

- **Long-term relationship with bank**
- **Competency**
- **Attracting growth**
- **Branding capability**
- **Recommendation of family**
- **Personal interactions**

5. Reason to consider insurer

- **Long-term relationship with insurer**
- **Reputation**
- **Competency**
- **Attracting growth**
- **Branding capability**
- **Recommendation of family**
- **Personal interactions**

Overall product portfolio

Research, approach and methodology

Get ready for the customer of the future

Research, approach and methodology

Understanding the trust and reputation value of your brand

Financial customers choose their financial services providers based on trust and reputation value. However, the importance of these factors can vary depending on the customer’s type and age.

- **Trust**
  - High trust in the financial services provider
  - Shared values with the financial services provider

- **Reputation**
  - Positive reputation in the financial services sector
  - Positive reputation in the customer’s social network

6. Outputs

- **Geographic locations**
  - Younger generation
  - More mature generation

- **Investable assets**
  - CHF5k to CHF25k
  - CHF25k to CHF500k
  - CHF500k to CHF1M

7. Innovative services

- **Flexibility**
  - Ability to access services online
  - Ability to access services on mobile devices

- **Personalization**
  - Tailored services based on customer behavior
  - Individualized service plans

8. Customer journey

- **Understanding the customer journey**
  - Awareness of the product
  - Interest in the product
  - Decision to purchase
  - Post-purchase experience

9. Customer satisfaction

- **High satisfaction**
  - Positive interactions with the financial services provider
  - Positive experience with the product

- **Low satisfaction**
  - Negative interactions with the financial services provider
  - Negative experience with the product

10. Recommendation of friends

- **Positive recommendation**
  - Customers willing to recommend the financial services provider

- **Negative recommendation**
  - Customers not willing to recommend the financial services provider

11. Goal pursued per sector

- **Maintain standard of living**
  - Personal and family security
  - Retirement provisions

- **Protection of the family**
  - Financial protection against illness/disability
  - Financial protection against unemployment

- **Inheritance planning**
  - Estate planning
  - Tax optimization

- **Self-employment**
  - Tax optimization
  - Self-employment

12. Products

- **Traditional life insurance**
  - Term-life insurance
  - Mortgage with insurance protection

- **Funds**
  - Equity funds
  - Bond funds

- **Other reasons**
  - Finance further education
  - Finance other aspirations (e.g., travel)

13. Potential partners

- **Bank**
  - Traditional banks
  - Onshore and offshore banks

- **Insurer**
  - Life insurance companies
  - Health insurance companies

- **Asset manager**
  - Wealth managers
  - Investment managers

14. Break the mold and offer demand driven value

- **Innovative services**
  - Personalized services
  - On-demand services

- **Comprehensive set of attributes**
  - Holistic advice
  - Customized solutions

15. Understanding the trust and reputation value of your brand

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16. Understanding what customers value – there is still some value with the online channel

Customers are open for new digital channels, but not at cost of personal interactions.

- **Traditional channels**
  - Face-to-face meetings
  - Personal visits

- **Digital channels**
  - Online platforms
  - Mobile applications

17. Summary

Financial customers choose their financial services providers based on trust and reputation value. However, the importance of these factors can vary depending on the customer’s type and age. Financial customers are open for new digital channels, but not at cost of personal interactions.