Bank Contact Centers: Dial 'T' for Transformation

These phone-centric operations, reimagined and reenergized, can hold the key to retail banking's digital future.

By Nikola Glusac, Corrie Carrigan and Michael Withers

BAIN & COMPANY

As retail banks try to make themselves nimble and more digitally adept, many overlook the contact center. These operations, known for their long rows of employees wearing headsets, have long been thought of as a cost of doing business, not as a key pillar of the retail bank of the future. Although bank contact centers now interact with customers across multiple channels, they still handle most transactions with customers by telephone, a technology invented in the 19th century.

But contact centers can become a powerful tool in digital transformation. As banks close their physical branches, they can revitalize their contact centers and establish them as a new omnichannel hub for customer interactions. A contact center can also become a listening post, a place where banks can learn quickly what works for customers—and what doesn't.

Contact centers are uniquely positioned to identify friction and failure points in the digital experience, as tens of thousands of customer interactions may flow through the centers each day, providing a wealth of data. Often, customers try to resolve their issues digitally and call only after they've been unable to do so. These callers can provide valuable insights into how banks can improve the digital experience.

Banks can also use contact centers to help drive digital adoption by prompting customers, especially those deemed to be frequent users of the center, to do more of their routine transactions digitally. Customers who call in for help on a relatively simple transaction can be coached on how to do it on their own. As customers do more of their everyday banking digitally, contact center agents can devote more of their time to supporting customers with more complex transactions and advising them on higher-value products, such as home mortgages.

Helping clients migrate to digital self-service is not just about reducing call volumes and costs; the key objective should be improving the customer experience. When 115,000 banking customers were asked in a Bain & Company survey to evaluate their experiences interacting with their bank through various channels, they ranked contact centers dead last. They had significantly better experiences in digital channels, especially mobile.

Still, some issues are best handled by phone, and some customers simply prefer to speak to a live person. It's critical for banks to get these interactions right. Although contact centers account for less than 10% of customer interactions at most banks, they represent nearly 30% of the so-called moment-of-truth encounters—those that inherently have higher emotional stakes for the customers, such as a customer calling to report a stolen credit card. These moments can be key to maintaining—or losing—customer loyalty, and the contact center plays a critical role in these encounters.

As banks close their physical branches, they can revitalize their contact centers and establish them as a new omnichannel hub for customer interactions.

So, how can these negatively perceived contact centers be transformed into a mission-critical core of a bank's future operating model? Banks managing this transition face both strategic and operational imperatives.

Create an omnichannel hub. Banks can start by thinking of the contact center not as a burdensome necessity but as a critical element (perhaps the most critical element) in their overall distribution strategy.

Consider the end-to-end customer experience. Banks should break down the walls between channels and look instead at end-to-end customer episodes. When a customer transfers funds, for example, that transaction can involve more than one channel—some combination of online, mobile, voice, chat and email. Customers' perceptions of just one of those channels can affect their feelings about their whole experience. A customer having trouble digitally transferring funds from one account to another may call the contact center, where she reaches a very capable agent and gets her problem resolved. Although she had a positive experience on the phone, she may still come away with a poor impression of her interaction with the bank, due to the fact that she was forced to switch channels to resolve her issue.

Actively manage customers' migration to digital. As many as 70% of calls to present-day bank contact centers are avoidable and better handled by digital channels. Helping customers migrate to digital will improve their overall experience and drive loyalty to the bank.

A study at a major financial institution showed that more than 40% of customers were in front of a screen or had easy access to a device when they called the contact center about an issue, making it relatively easy for agents to coach them on how to use the bank's digital apps. The agents may have spent extra time working with customers on those initial calls, but their efforts were repaid in future productivity gains in calls avoided, not to mention improvements in customer experience and retention.

Train and reward agents. As more customers migrate to digital for routine transactions, properly trained contact center agents can concentrate on selling and supporting more complex products. A new kind of contact center may require a new type of employee. As the channel and product mix evolves, banks should rethink their sourcing and location strategies to ensure they are able to tap into skilled labor pools. In some cases, it may make sense to insource or re-shore operations that were previously outsourced or offshored.

These newly skilled contact center agents should be measured and rewarded according to a new set of metrics. While it will still matter how rapidly agents answer the phone or how many calls they handle per hour, of greater importance will be these questions:

- Was the customer's issue thoroughly resolved?
- Did the agent help the customer migrate to digital?
- Have callbacks from the same customer for a related issue been avoided?

Agent scorecards should be less oriented around internal metrics and more aligned with customer outcomes such as call interaction or Net Promoter Score®.

Take advantage of technology. Banks can use technology to give customers more choices for interactions. Leading-edge banks go beyond phone, email, chat and social media to offer video and co-browsing, providing a richer experience for customers, although banks should recognize which technologies are most appropriate to which interactions. Banks can also take advantage of advanced tools such as speech analytics and episode analytics to help them understand why customers contact them and which channels they've used in a given episode.

Leading-edge banks go beyond phone, email, chat and social media to offer video and co-browsing, providing a richer experience for customers.

Be Agile. As banks reimagine their contact centers, they should engage frontline workers in designing and introducing new products using Agile test-and-learn techniques. Banks have an opportunity to spread change beyond the contact center to the branches and other channels.

It may take considerable investment over a period of years to build a dynamic, customer-focused contact center, but it can be well worth the effort. The long-neglected and underappreciated contact center can become the central pillar of the retail bank of the future, crucial to an improved customer experience and critical to promoting the migration to digital for both the bank and its many customers.

Nikola Glusac is a partner with Bain & Company in the Munich office, Corrie Carrigan is a Bain partner based in Chicago and Michael Withers is a Bain partner based in Melbourne.

Shared Ambition, True Results

Bain & Company is the management consulting firm that the world's business leaders come to when they want results.

Bain advises clients on strategy, operations, technology, organization, private equity and mergers and acquisitions. We develop practical, customized insights that clients act on and transfer skills that make change stick. Founded in 1973, Bain has 53 offices in 34 countries, and our deep expertise and client roster cross every industry and economic sector. Our clients have outperformed the stock market 4 to 1.

What sets us apart

We believe a consulting firm should be more than an adviser. So we put ourselves in our clients' shoes, selling outcomes, not projects. We align our incentives with our clients' by linking our fees to their results and collaborate to unlock the full potential of their business. Our Results Delivery® process builds our clients' capabilities, and our True North values mean we do the right thing for our clients, people and communities—always.

Key contacts in Bain's Financial Services practice

Americas	**Corrie Carrigan** in Chicago *(corrie.carrigan@bain.com)*
Asia-Pacific	**Michael Withers** in Melbourne *(michael.withers@bain.com)*
Europe, Middle East and Africa	**Nikola Glusac** in Munich *(nikola.glusac@bain.com)*

For more information, visit **www.bain.com**