



# Living in a Covid world: Adapting to a new era of remote working & consumer demand

## Highlights from the Smart Communications / FST Media Virtual Roundtable

**T**he onset of the global coronavirus pandemic has not only had a drastic impact on how people work, but also how consumers engage and are engaged by financial services institutions (FSIs).

In the midst of Covid lockdowns, the abrupt shift in consumer habits and workforce needs has birthed new challenges for FSIs – often with precious little time to adapt. Among these include the need to digitise vestigial manual processes, many of which are still present in front-end customer services (paper forms and wet signatures, for instance), the need to transition from legacy core systems that stymie innovation and, in the process, the need to ensure delivery of seamless customer experiences despite upgrades to the back-end.

In a jointly facilitated virtual roundtable session, **Smart Communications** and **FST Media** hosted several high-profile digital and technology thought leaders, representing FSIs from across Australia and New Zealand, to discuss operational and process challenges experienced both during the Covid-19 crisis and now into the post-pandemic transition.

Session participants spoke openly about rapid

changes in customer behaviours, their attempts to be digitally ready for employees' remote working needs, and a re-think in the way decision-makers approach digital transformation in the wake of the coronavirus pandemic.

### Building seamless omni-channel experiences

Legacy, a persistent bugbear for FSIs, stood as a key talking point through the course of the discussion. Roundtable participants revealed their concerns around legacy systems, with many noting their organisations' struggle to cope with the rapid shift to digital CX portals expeditiously launched during the Covid-19 lockdowns. Data siloing and lack of interoperability still plague FSIs' grand vision of true omni-channel ecosystems. In some instances, banks and insurers have been saddled with the task of updating an individual customer's details across multiple in-house systems, creating inefficiency and hindering customer requests and transaction processing.

“In the past, we checked all systems to see crossover for customers; due

to this new pace, that has gone by the wayside.”

Adapting to this ‘brave new world’ of digital everywhere (and anything) has also impacted FSIs’ ability to manage their corporate clients. Once stubbornly paper-only businesses are for the first time moving their operations online. A representative from a corporate banking institution noted that, though historically it had been better equipped to cater for ‘old economy’ businesses, these traditional traders – under the pressure of Covid lockdowns – are themselves now undergoing rapid digitisation. For FSIs, this has meant solutions that typically required a physical presence are no longer viable. APIs, it was reckoned, could prove the critical artery between banks and their newly digitised corporate clients.

The onset of the coronavirus pandemic has also cast a spotlight on issues surrounding single customer view (SCV) implementations. While participants acknowledged that SCV is generally not a back-end issue, problems are still being encountered in some operational contexts. Indeed, while discrete customer profile data is typically ‘matched’ in the backed, the legacy systems on which they are housed are often poorly integrated with newer front-end service channels that make use of this data.

A participant representing a major banking and insurance provider noted that linked customer data often remains inaccessible to the company’s front-line staff – this, despite back-end data already matched to indicate that a customer has multiple products with the institution.

“One thing most organisations suffer from is this plethora of legacy systems, and whether it’s this or a cohort of different brands you work with sitting on different systems, it affects single view of customer.”

Participants agreed that Covid has brought to light latent concerns around the implementation of SCV. Not only has it more clearly exposed the benefits and gaps in the process, but also better ways to prioritise SCV’s implementation moving forward.

The increasing push to personalise customer experiences has been a foremost goal for the industry – one notably in the thrall of bleeding-edge and user-savvy bigtechs such as Google, Uber and Spotify. Yet, consumer communication challenges have laid bare latent concerns that FSIs are not as customer-savvy or as digitally advanced in their services as is often claimed.

“If you send correspondence as four letters in four different ways to your customer, then you don’t know the customer.”

Forcing existing customers to continually supply their personal details adds a critical friction point to the customer journey, causing frustration and driving away potential further business. Indeed, as participants acknowledged, customers expect that any FSI they do business with should already have their personal information at-hand and, moreover, be able to leverage this data across all interaction channels. In the digital era, consumers have limited tolerance for repeatedly providing known details. In a post-Covid world, this intolerance may only grow stronger.

## Understanding customer behaviour changes

Millennials and Gen Z have, perhaps to a fault, been in the narrowed crosshairs of FSIs over the past decade. Yet, the sudden transition to digital triggered by the Covid lockdowns has, from necessity, resulted in a rapid uptake of ‘smart’ technologies and services by over-55 consumers (one participant noted that, even prior to the pandemic, this cohort was among its largest growth segments for digital adoption).

“We should be careful about writing off people and saying it’s too late to do digital work”

Change, if reluctantly embraced, is often forced by necessity. A representative from the insurance industry noted an increase in the use of digital channels by older customers following the closure of its branches, despite no extra effort on the company's part to encourage digital service uptake. In one organisation's case, up to one in five (20 per cent) users of its mobile app were in the over-55 cohort.

Participants agreed that all customers, including this cohort, were now increasingly accustomed to accessing financial services through their smart devices, a trend only accelerated by Covid-19 shutdowns.

Owing to widespread adoption of digital by consumers, participants also noted the potential for FSIs to draw real-time customer feedback from their service channels. Interactive polling, congruent with co-design principles, could help to inform new business models that meet changing preferences around digital channels, particularly when social trends augur a significant change in consumer habits.

## Reprioritisation of digital

The increasing adoption of digital under Covid restrictions has reprioritised, and even accelerated, business transformation initiatives. Some participants noted that their chief executives, as a direct result of mandated lockdowns, are now actively discussing and even prioritising digital innovation projects for back office staff. Digitisation of back office processes not only offers an immediately boost to process efficiencies, but, it was argued, has a positive trickle down impact on customer outcomes.

Participants, however, noted that the sudden digitisation of front-end processes, while providing considerable efficiencies for customers, could burden organisations that have yet to effectively modernise back-end operations. Representatives observed that, with fewer manual processes in place, customers are able to more efficiently conduct their business with their bank or insurer. However, without effective systems to handle these increased workloads, any efficiency gains made at the front-end are ultimately lost in the back.

“In the past, we pushed inefficiency out to the customer and made it their problem. Now that we've digitised a number of forms and receive them digitally, it's exposed the friction cost within – for instance, lodged forms now swamp us in one go, when they used to travel a slower path to get to us.”

Participants shared early digital successes achieved during Covid-19: one banking representative noted that, by digitising a paper-based 'hardship notification' form, they had significantly reduced the complexity, and thus time to completion, for vulnerable customers; another participant noted that an internal paperwork process that once took months to complete had been reduced to just four days.

The Hayne Royal Commission has been a major focal point for FSIs in recent years, often to the point of siphoning away resources from CX innovation programs. Prior to Covid-19, board-level conversations within FSIs had been singularly focused on improving and enforcing compliance processes in response to Commissioner Hayne's recommendations. Ultimately, this saw many non-regulatory digitisation initiatives fall by the wayside. The onset of the coronavirus pandemic, to some extent, has recalibrated FSIs' focus, (re)elevating CX digitisation initiatives (both front- and back-end) as top-line business priorities – an effort, no doubt, to address immediate consumer and employee pain points wrought by the pandemic.

## Covid a trigger for progressive digital change

The rapid uptake of digital in the midst of the Covid pandemic has forced a re-think in business leaders' approach to digital transformation initiatives.

Covid has triggered a surge in the uptake of digital devices and platforms – including some technologies that have been around for years. By illustrating their real-world benefits to board-level members and executive teams (many of whom are unlikely to

have realised their full potential until the Covid crisis), business leaders now have greater incentive to drive better, digitally empowered, and more balanced working arrangements for their employees – a realisation that is likely to also extend throughout the corporate hierarchy.

The Covid crisis has also triggered a rethink in FSI's back-end operations and the importance of interoperability across the business, with many inspired to stamp out data siloing and establish the long-sought enterprise-wide view.

This unprecedented period of physical stasis yet massive social change has also served to illuminate consumers' increasing demand for real-time, interactive and relevant contextual interactions with financial services – experiences that can support their whole-of-life consumer journey. The demand for flexible and adaptable digital solutions is undeniable and will continue to increase as consumers emerge at the other end of the Covid crisis.

## Final thoughts

The last four months have delivered a whirlwind of change and transition for Australian workforces. From an initially hasty – in some cases haphazard – pivot to remote working arrangements, to a new 'settled state' of work-from-home, and now piecemeal return to offices, some interesting dynamics have emerged.

At the C-suite and board level, we saw executives and directors being exposed first-hand to remote working experiences and new ways of using technology to support flexible working. Senior decision makers, through this process, have discovered operational efficiencies and, indeed, opportunities for greater work/life balance that were previously little acknowl-

edged or accepted. This, in turn, has generated better outcomes, not only for wider business operations but also for customers. This new understanding could spur senior decision-makers to utilise digital in more novel and innovative ways.

For heads of business, we have seen organisations relish a 'collaborate and get on with it' response to the Covid lockdowns, driven by their workforce's collective push to ensure business continuity. Business leaders, including heads of risk, are now working to embed this culture of shared purpose permanently – there is a real desire to avoid slipping back into organisation silos and differing definitions of success.

For customer-facing staff – whether branch, office, broker, call centre or other – there is a shared realisation that, with the right tools, they can be as effective as they were pre-Covid and even achieve better personal outcomes through flexible working arrangements. These individuals will also seek out employers who allow this. Cost savings achieved through flexible working can be reinvested into digital initiatives that improve efficiency and employee outcome. In one recent case, an organisation was able to fund a major digital transformation project – enabling a permanent WFH arrangement for 600 staff – simply by reducing rent paid for a physical call centre.

Finally, at the technology-enabling layer, it is clear that, to ensure both employee and customer service demands are being met, organisations must have a cloud-first, secure, compliant and easy-to-scale environment that links seamlessly into back-end systems. Adoption of cloud appears to have accelerated during Covid; those organisations that were able to service their customers without interruptions – with speed, at scale and in a highly personalised way – have already gained significant competitive advantage during this time.