



# How digital banking challengers **can scale great CX**

You built your company to improve the customer experience in financial services, and you can't afford to let growth undermine your differentiation as a customer-first brand. That means making your millionth customer feel as special as your first.





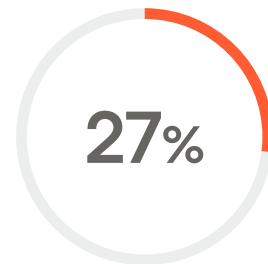
# Executive Summary

**Digital banks have gained significant momentum over the past decade.** About 27% of U.S. consumers use an online-only bank,<sup>1</sup> compared with just 6% of U.S. adults with a checking account who considered a digital bank as their primary account in 2020.<sup>2</sup> Meanwhile more than 50% of customers worldwide will quit transacting with a company after a single poor customer service experience.<sup>3</sup> For digital banking challengers to continue to gain market share and increase retention—a necessity in the current economic and funding environment—scaling and sustaining exceptional customer experience (CX) will be vital. Your CX strategy must be:

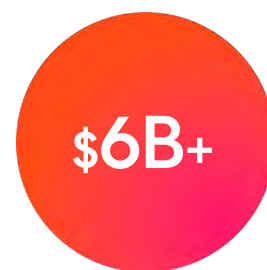
- Customer-centric
- Optimized for efficiency and risk management
- Agile enough to adapt quickly

Without a CX strategy that ticks all those boxes, you're at risk of losing customers, undermining growth, and being overwhelmed by fraud losses. By implementing CX that's customer-centric, data-driven, and reliant on customer feedback loops, you can scale without fear of failing your customers at any stage of their journey.





of U.S. consumers use digital-only banking services, and 60% say they're interested in trying a digital-only bank in the next year.<sup>1</sup>



Funding challengers in the U.K. and Europe have collectively attracted since 2014, along with more than 37 million customers.<sup>4</sup>



# To Outsource or Not to Outsource




**To continue your momentum** and ensure long-term profitability—measured by strong customer retention and lower servicing costs per customer—high-quality customer service is vital. You may have created a best-in-class product, but if your customer service can't keep up with your expanding customer base your entire business is at risk.

Although a customer service partner can bring significant benefits, it's possible to build a robust infrastructure in-house as long as you have:

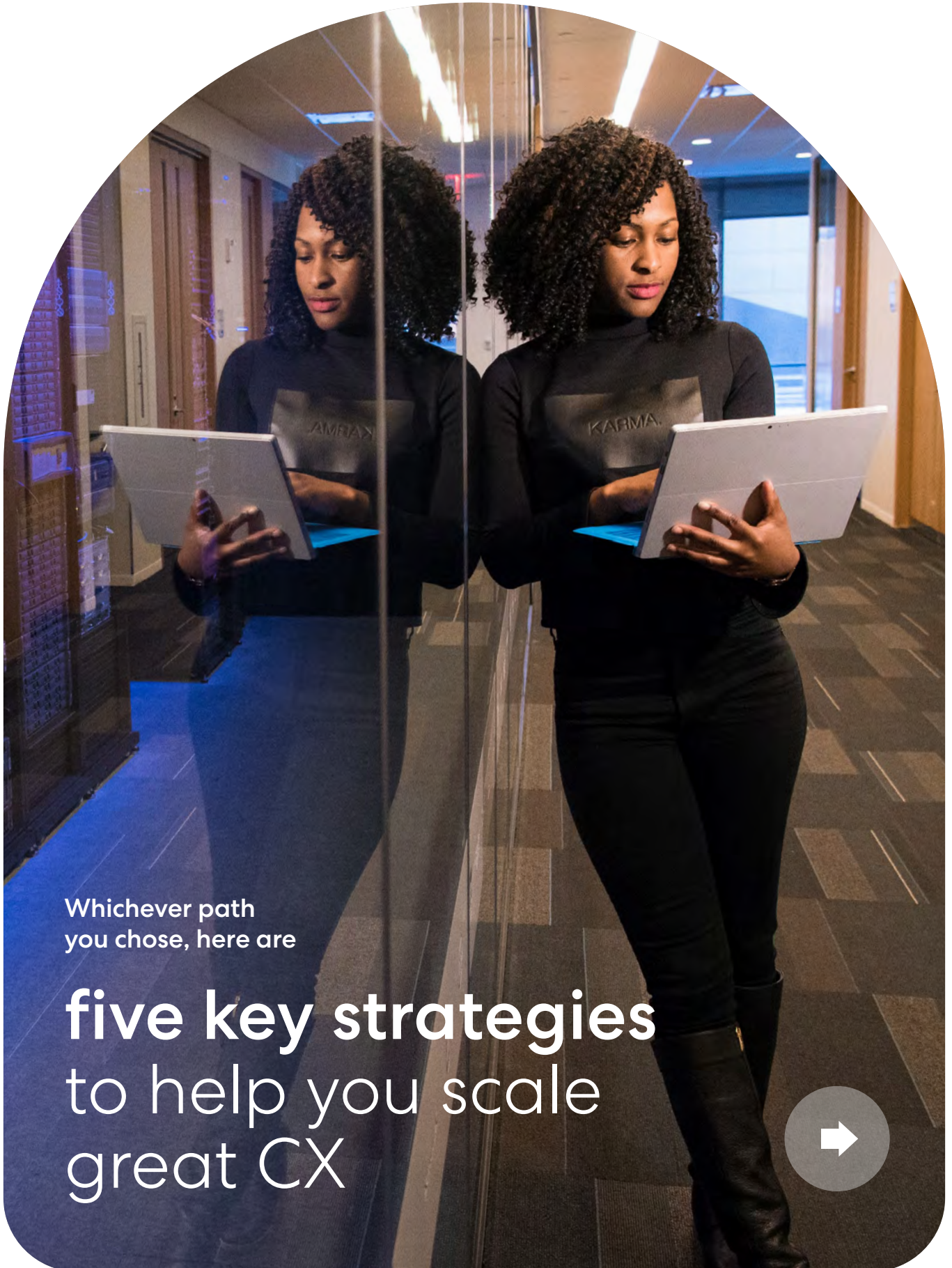
- The necessary capital
- Expertise, and
- Ability to execute your mission

The urge to handle customer service without a partner is understandable. It's natural to be protective of the brand you've built, and initial volumes might not warrant outside support. However, as you grow, the resources and time required for hiring, training, and managing an expanding customer support staff can overwhelm your operations and siphon investments from other departments. This is where a customer service partner can help, preferably one with experience in supporting financial services customers and high-growth companies.



**“We needed a partner we could trust not only with our customers but also with our growing business. Ubiquity’s financial services and compliance knowledge, along with their commitment to collaboration and providing actionable business insights have made them an invaluable partner.”**


Shachar Bialick,  
Founder &  
CEO, Curve



Whichever path  
you chose, here are

# five key strategies to help you scale great CX





# #1 Stop silos from obstructing your customer feedback

**Differentiating your CX from your competitors' will be key to nurturing long-term loyalty in your customer base:** Customers who feel heard and helped are more likely to stay. But silos naturally form in any growing organization, as communication and strategy stretch across operations, marketing, sales, compliance, and development teams. Structural barriers like silos are just part of the issue; procedural and cultural barriers can also impede your company's ability to work together.<sup>5</sup>

As your company grows from a small, nimble organization to a large, multifaceted one, maintaining a consistent experience for customers can quickly become a disorderly task.

When businesses are siloed, CX touchpoints can be inconsistent and disjointed, so making sure data is collected and shared is essential. Companies with high-performing CX platforms are 7.9 times more likely to unify their data across their organization in order to get a single, unified view of customers' journeys.<sup>6</sup>

While culling and analyzing the data from your thousands or millions of customer interactions, and then acting on that data, may seem like a monumental task, it is critical to optimizing your CX.



## Measuring what matters and sharing it

With a huge trove of data, how can you determine which parts of it are essential to driving forward your strategic initiatives and achieving what's most important to your customers?

If your primary goal, for example, is to reduce servicing costs per account or cardholder, you might focus on call containment within the interactive voice response (IVR) system. How can you solve the easiest customer problems through an intuitive IVR and use the technology to route more complicated calls to the right agents more quickly? A/B testing different customer flows, prompts, and menu options can be valuable in streamlining the customer experience, which can benefit you financially (not as many live calls) and increase customer satisfaction at the same time. An IVR, when fully integrated with your CRM,

can passively identify callers, which reduces the need for them to identify themselves multiple times. IVRs can also use the data from previous customer interactions to predict the intent of the caller and switch audio or chat scripts to better suit the situation.

Whatever actions you take based on your data, communicating changes across your operations and other departments will help ensure silos don't form. Transparency and communication across departments needs to flow into and out of CX operations. Minor wording changes in your app or changes to your fraud rules can have unintended consequences. To deliver great CX, all facets of your business must be working together—compliance, product, R&D, marketing, fraud—they all have a role in optimizing CX.

# Build customer loyalty by focusing on CX agents

**No matter how effective your self-service tools are, some customers will always try to go directly to live agents.** This is where experienced agents who can quickly diagnose and solve problems are invaluable. A focus on CX should be baked into every part of your business, but if you don't onboard and empower the right agents to problem solve, then all your thoughtfulness won't translate to actually helping customers when they need it. Each customer service agent should be not only a problem solver, but also a brand ambassador who can deliver consistent brand experiences.

## Brand ambassadors at work

Agents not only have to know your products and services inside and out, they also need to understand your company's overall mission and goals. If you're launching a marketing push to drive customers toward a new feature like P2P or instant payments, for example, your CX team should be made aware of the push early, so they understand the new feature, know why it benefits customers, and know how to steer customers toward using it.

This is, again, a reason to break down siloed communication, because agents who are brand ambassadors can drive customer behavior that's beneficial to the customer and improves the overall economics of the portfolio.



**\$75B**  
a year are lost due to poor customer service.<sup>10</sup>







Agents must also be empowered to act. Agents who are confident in their skills and their knowledge of your company will be empowered to address difficult customer issues directly rather than relying on managers to step in. Part of your training process likely includes examining call drivers and CX data to make sure agents have everything at their fingertips they need to resolve calls, but you should also consider giving your agents more authority. If a process requires escalation to a manager, that could prolong the resolution. In some cases this is warranted because of risk, but in others it might make sense for you and the customer to empower the Tier 1 agent to solve the issue themselves.

Proper onboarding—including connecting new hires with key stakeholders, coaching them for success, and giving them early wins—can bring new employees up to speed as much as 50% faster.<sup>8</sup>

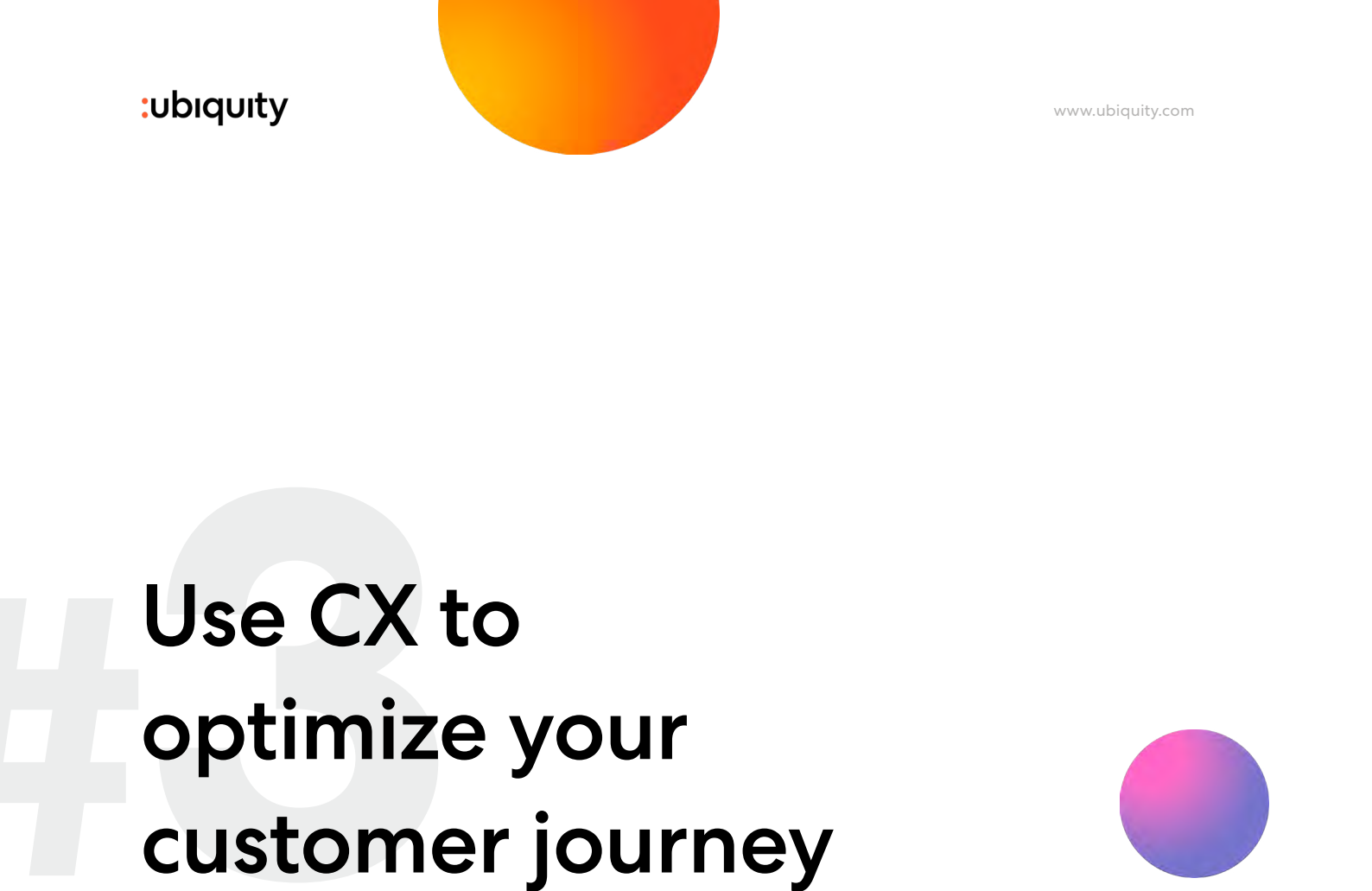
Artificial intelligence technology that boosts agent performance can also help new and seasonal agents get up to speed faster and avoid common mistakes.<sup>9</sup> Depending on the technology, AI that focuses on agent performance can reduce average handle time and improve

customer satisfaction. When incorporating such technology into your operations, however, it's also important to evaluate the agent experience. If the technology is distracting or frustrating, it could cause more problems than it solves.

## The right talent and tools to thrive

When you work with a partner who manages your CX and the necessary staffing, not only should they recruit and hire skilled agents, they should also have technology tools, such as an AI solution and a performance management platform, to help those agents perform at the highest levels.

Look for CX partners with dedicated HR and workforce management teams with proven tactics for scaling up and down quickly, which can take the strain off of your internal HR department so you can focus on other departments. The employees hired by an outside partner should go through robust training programs and should be measured against customizable quality assurance and coaching standards that are modified to accurately reflect your brand voice.



# Use CX to optimize your customer journey

**You already know that mapping out your customer journey is essential, but are you optimizing it as best you can?** According to one attitudinal study, customer loyalty stems from the “details and feelings” that customers retain about your company at least three months after their most recent touch point. There are many factors that can affect what customers retain, including price, brand perception, and the experience they have with the product, but CX is a major factor. Each customer judges the interaction experience in five major ways, the study found: by its quality, convenience, personalization, and uniqueness, and whether they learned anything.<sup>11</sup> Keep these factors in mind as you streamline your self-service CX tools.

## Self-service done right

To be effective, self-service tools must be easy to find and navigate, and actually be equipped to solve your customers’ most common problems. Optimizing your self-service channels can not only reduce the volume of more expensive live voice calls, but also can contribute to faster, better customer experiences. Your IVR must be optimized and tested on a regular basis to adjust to new customer needs and concerns. If your IVR feels like a maze, where customers must repeatedly authenticate themselves or explain the problem from scratch once they finally get to an agent or to



66%

**of customer loyalty is attributed to CX, holding more influence than brand or price.** <sup>11</sup>



the right department, you risk frustrating them or losing them altogether.<sup>12</sup> IVR design and the customer experience within it are critical to ensuring that you can contain and direct calls effectively. Ideally, your IVR system also should provide rich data to drive further refinements. A predictive IVR system can yield better results. For example, suppose a customer transaction is declined. When the customer calls the customer service line, a standard IVR system will ask the customer to navigate a series of menu prompts before talking to someone about their decline. Predictive IVR, however, can determine the likely purpose of the call—a declined transaction—and direct the customer to the right department quickly.

Anticipating your customers' needs can go a long way in terms of overall satisfaction and loyalty, especially when you're dealing with something as sensitive as a declined card. Focus on fast resolution times, consistency of service, and personalization.<sup>13</sup> The same principles apply to other self-service tools, like chatbots, which can

be helpful for dealing with basic inquiries but can struggle with more complex tasks.

## Customer-centric by design

When Oxygen decided to launch a banking and credit app, they wanted to build a customer support infrastructure to fit the busy, tech-forward freelancers in their target demographic. One of the things they developed with their outsourcing partner was a live chat function that worked like a text message conversation, so customers could pick up the conversation at any point.

Although more labor-intensive on the back end initially, having a complete chat history, rather than discrete, standalone messages gives customers flexibility while providing agents with maximum data to drive speedy resolution. Starting with great CX and continuing to act on customer feedback has helped Oxygen grow their customer base exponentially. And despite the challenging investment market, the company raised \$20 million in February 2023.

For many companies, the ultimate goal would be to solve customer issues without any live agents at all. Using a mix of AI and self-guided technologies to resolve customer issues can help reduce servicing costs associated with live agents, but achieving zero-contact resolution may be a lofty goal when you're dealing with people's money.

Prioritize both intuitive self-service for simple inquiries and first-call resolution for customers who need extra support from a person. The more you understand the root causes of calls, the better you can quickly resolve them through technical optimizations and agent readiness.

# Deliver great CX while also reducing fraud

**Great customer experience sometimes seems at odds with security.** It's a balancing act, and your potential losses grow with your expanding customer base. Financial risk multiplies as the cost to manage fraud skyrockets. For every dollar lost to fraud, financial services providers spend another \$4.23 to manage it.<sup>14</sup>

Account takeover losses were up 90% in 2021. Traditional ID theft combined with scams resulted in \$52 billion in losses and affected 42 million U.S. adults.<sup>15</sup>

At the same time, customers want greater ease when signing into their accounts. Research shows that 72% of consumers would be willing to give more personal information for easier access.<sup>16</sup> Leveraging data to authenticate customers with less friction can help. One way to do that is by creating micro-moments along a customer journey, where apps and websites collect passive data to authenticate customers, making it faster and easier for customers and agents.<sup>17</sup>

Tracking information like device configuration and location data will help show the "normal" patterns of a customer's interactions with your app or website, and they are harder to fake than a PIN, which can be captured by cybercriminals in a number of ways. This type of identity and access management can help personalize the CX, and it also can cut down on the amount of verbal authentication that a customer needs to provide when they call in.<sup>18</sup>



**For every dollar lost to fraud, financial services providers incur another \$4.23 in associated costs.<sup>14</sup>**

Although more consumers are reporting fraud through their mobile banking app compared with previous years, more than twice as many turn to customer service agents, according to the 2021 Fraud Report from payments technology company Marqeta.<sup>19</sup> The company surveyed 1,000 consumers in the United States and another 1,000 in the U.K. and found:

**50%**

**Called a customer helpline to report fraudulent charges**

**23%**

**Reported fraud in their banking app**

**57%**

**Said fraud should not be a cost of living in an increasingly digital economy**

Because the process of resolving a dispute claim in the U.S. can take up to 90 calendar days, depending on the type of transaction, you're likely to encounter multiple calls, messages, or emails from customers who are checking on their claim status. Setting expectations regarding the time frame from the beginning can help.

It's also important to resolve as many claims as you can before you're required to issue provisional credit for the disputed debit amount, which is 10 days for existing customers and 20 days for new accounts. Many organizations also have an escalations team that handles high-dollar disputes to help minimize unnecessary losses and ensure that a more experienced agent or supervisor reviews the claim prior to the issuance of any provisional credit. What constitutes "high-dollar" is going to vary greatly by institution but is usually based on the program, customers and appetite for risk.

## Specialized teams required

One of the biggest challenges when dealing with unauthorized transactions and other types of disputes is being able to recruit, train, and retain enough talent with the right skill set to handle this specialized work, which happens to be a regulatory minefield if you get it wrong.

Robust and regular security training on potential fraud, evolving fraud threats, and the importance of security protocols, particularly around customer authentication, is critical. It's natural for agents, who are trained to please customers, to want to make exceptions, especially for a customer who is convincing or upset. However, those may be the most important times for agents to stick with the rules. You need to consider multiple scenarios and weigh whether following processes or pleasing customers is more important to your business, and make sure agents understand the reasons behind the policies and how fraudsters will try to trick them into giving out information they shouldn't.

An outsourcing partner with dispute and chargeback experience can offer tremendous scale benefits, efficiencies, and subject-matter expertise. But if you're determined to handle it in-house, recruiting subject-matter experts to design your dispute and chargeback processes and accompanying training materials is a must. You also need to keep a close eye on fraud trends and examine your primary dispute types, write-off thresholds and losses to determine if any changes are needed.

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**By developing your CX platform with fraud in mind, fraud-reducing tactics can be baked into your customer support operations, including permissions controls and access, as well as new hire and refresher training. As your CX platform scales up, those tactics will scale with it.**



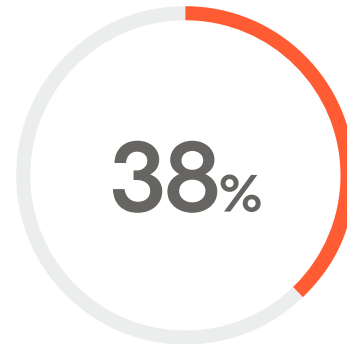
# Drive better outcomes with data-focused CX

**Customers expect the service you provide to be unified across your website, your app, your contact center, email, and any additional touch points.** Aligning the omni-channel CX strategy of your organization to the needs of your customers is essential to growth, and customer feedback and sentiment are invaluable. Digging deeper into the data that CX interactions provide—including agent performance, training, and coaching efficacy—is key to developing a more efficient and effective customer support operation, which ultimately drives superior customer experiences.



## Real-time data fuels performance

Technologies can help with the gathering and parsing of customer feedback. Some performance management platforms allow for real-time collection and analysis of customer feedback. Because the data is received in real time, managers can focus on coaching agents who need extra guidance, reviewing performance against business goals and rapidly addressing any issues that pop up. Solutions like this can often provide alerts and reports via tablets, so managers can spend time with their teams instead of being tied to a desk waiting for reports to compile. Such platforms also



**of consumers will abandon a brand if they don't resolve their problem in one call.<sup>15</sup>**

can incentivize agents with real-time feedback and award medals to high performers. This type of gamification has been shown to increase motivation and productivity.<sup>20</sup>

Besides the data you collect directly from customers, you should also track data others are collecting about your CX and service. Typical benchmarks for data include Net Promoter Score; ratings on third-party sites; weekly, monthly, or quarterly usage patterns; and customer-retention percentages. The metrics are just a starting point. You need to look behind the numbers to figure out where to make improvements.

Take, for example, the customer effort score, which measures how much effort a customer thinks they put into getting a question answered or a problem resolved. It's typically a simple question—such as “Did we solve your problem today?”—that's asked in a post-transaction survey and measured on a scale of 1-7.

Investigate high-effort experiences to identify the causes and correct them. Did the customer have technical difficulties with a chat? Was the issue too complex for an agent to resolve? Did the customer have to wait too long for assistance?<sup>21</sup>

About 60% of U.S. consumers say they are very or somewhat interested in using a digital bank in the next year.<sup>1</sup> As challenger banks grow, so will the amount of data produced by their CX programs. That means quality reporting to identify strengths and areas of opportunity becomes even more critical. Is quality being maintained as you scale up? Are customer concerns being addressed and used to improve processes? Rather than just making sure call containment rates are high, are you accessing the rich data that can help you identify where there might be unnecessary friction in the IVR?

In order to promote a culture where customer insights are valued, you will need to be intentional, and company-wide decisions must be made with the mindset of how they will generate the most value for customers. That includes product development and marketing to compliance and risk management, and everything in between.

A partner accustomed to designing processes to meet those demands for traditional banks as well as digital challengers can be a huge boon, either as a consulting partner, an outsourcer, or both.

# Conclusion

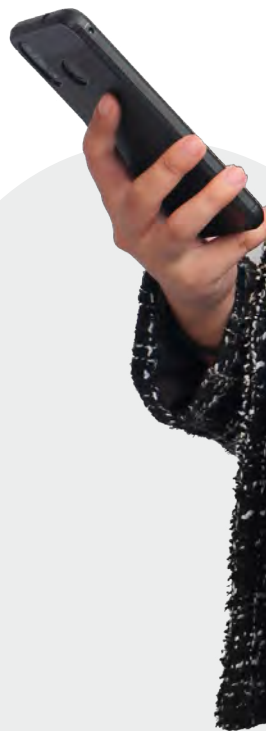
**Ensuring that your customers feel valued, appreciated, and understood is critical to the long-term competitiveness, profitability, and success of your business.** When it comes to customer loyalty, CX has more sway than both brand and price—it accounts for two-thirds of customer loyalty.<sup>11</sup>

Whether you decide to outsource customer service or invest in building a more robust captive center, the experience must be thoughtful and proactive. Delivering consistent, high-quality customer service to a larger customer base is vital to longevity.

As digital banks and new market entrants gain market share in personal and business financial services, their customer experience and support infrastructure will play a major role in their customer retention. As you scale up, you may consider a customer service partner who can facilitate fast and effective employee onboarding that protects your brand voice and customer experience. And, if their core business is customer support for digital banking, they can also consult on refining all aspects of your customer journey while helping you avoid missteps.

In the long term, partners can help you exceed KPIs, reduce servicing costs per customer, and strengthen customer loyalty. If you're going to outsource something as important as your customer support, you need an advisory partner agile enough to adapt and grow with you.

Remember that all outsourcing is not equal. Choose a partner with deep expertise in financial services and metrics-driven success, so you can invest in the most important thing: Building your business and keeping customers for the long term.







# About Ubiquity

Recognized as the #1 CX provider for disruptors and innovators across financial services and fintech, Ubiquity was founded on the belief that our clients and their customers deserve better. Better expertise. Better ideas. Better scale. Better results. Headquartered in New York City with delivery locations in Europe, Asia, and the Americas, Ubiquity provides multilingual, end-to-end solutions for customer experience management, back-office operations, and business transformation, and is proudly certified as a Great Place to Work®. Visit us at [ubiquity.com](https://ubiquity.com) and connect on [LinkedIn](#) or [Twitter](#).



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