

REPORT



The new place of financial advisors in customer experience

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WAVESTONE

 Efma

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Introduction

Financial services are still facing today the collateral effects of the financial crisis. Most of their efforts lately have been into responding to the new regulations, stabilizing their finances by making sure they are compliant with the financial requirements imposed on them and, finally, trying to regain customer trust.

Banks are deeply aware of the evolution of society and its impact on the way people are banking. They all know that they have to get ready in terms of offer as well as in terms of organization to match these digital changes and new expectations, but it's been hard for most of them to face all those challenges at the same time. Consequently, only a few have started their transformation, most online and mobile banks are a bit ahead in their customer approach knowing that they did not have to face a major question that traditional banks will have to face: how do I use my branches in the future? What is the new role of financial advisors? How can I ensure that advisors are still a key element in today's banking needs and that they are a fundamental added value in the customer relationship?

In collaboration with EFMA, Wavestone has aimed to point out:

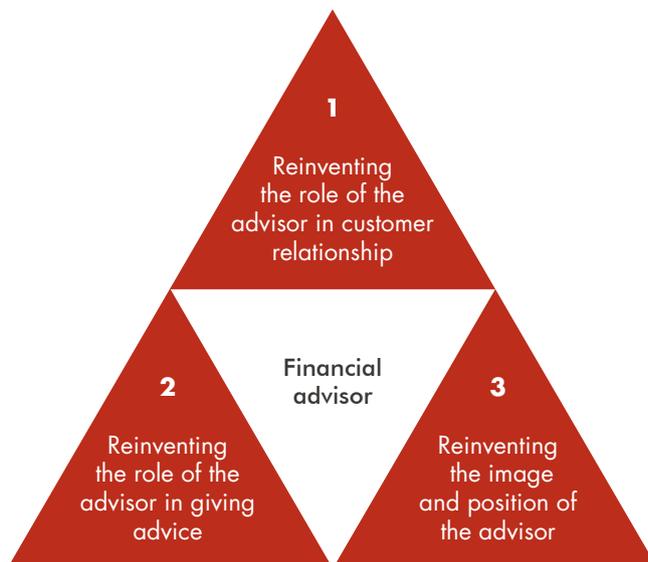
- What are the challenges faced by financial advisors?
- What is now expected from them?
- In this fast changing environment, what is their new role and position in the bank?

We strongly believe that banking in the future cannot survive without a financial advisor that has a clear position and role in front of customers in terms of relationship and personalized advice, and that his new role can only be reinvented if he plays a key part in the digital transformation of the bank.

As the guardian of the customer relationship, the advisor has to reinvent his role by making sure he properly knows his customers and can guide them in the long term, he is prepared to answer all requests, he is available and he has the right tools to carry out this key role.

The advisor also needs to focus on his primary role: giving financial advice. Not just advice based on personal objectives but truly personalized advice that take into account the customer's situation and expectations. The commercial approach clearly needs to be reviewed to win back customer trust.

Finally, the advisor needs to develop his image and position in front of the customer to have a bigger place in his day-to-day activities, to create a closer relationship and demonstrate he has all the abilities and tools to maintain the best service level.



In order to go further into understanding these changes of roles, we have interviewed start-ups working on those disruptive evolutions and opportunities. We asked them their point of view on where banks stand:

- How could banks initiate the change efficiently and integrate innovative ways of thinking, tools and customer's approaches?
- How could they enable their organization to be more flexible and trend adapted in order to offer the level of services aligned with what customers value the most?

1 Reinventing the role of the advisor in customer relationship

Today digital technologies completely transform habits and usages. It infuses more spontaneity and instantaneity in the client-advisor relationship, facilitating communication and exchange of information. Nowadays, information is everywhere. Thus, the more seasoned clients are, the more impatient and demanding they become. New generations of customers have flourished, they are hyper connected and willing to have access to the more efficient products or services immediately available. Therefore banks have to rebuild their business model and their relationship with the clients and redefine the role of the financial advisor within this new era.

A. Financial advisors should adapt their behavior, technology usage and agenda to customers' way of life

1. Technology and digital facilities will play a crucial role in the preparation and follow-up of interviews

There are more than 3 billion Internet users¹ in the world today. People are using Internet and tools such as smartphones or tablets because they want to be able to communicate and access information Anytime, Anywhere with Any Device (ATAWAD).

Tablets for instance, are currently known as useful tools to interact with friends and family, sending emails, searching for information, or even subscribing or purchasing.

As shipments of tablets have reached 206,8 million in 2015 (IDC, 2016), less than 50% of advisors use a tablet for work and only 25% use one for commercial purpose in the banking industry (Aite Group's financial advisor survey, 2015).

It has been revealed that the majority of advisors do not have a clear vision of how digital technologies can impact their day to day job (See Figure 1) and 30% of them do not see digital technology as an opportunity to find a new way to communicate with the clients.

Figure 1: In the coming years, the job of the financial advisor will be:



Source: Le Monde, « les conseillers bancaires mal connectés à leurs clients », 2016

Financial advisors have many communication tools such as chat, videoconferencing, emails and phones, but the relevancy of these tools for the future of their job is still not so obvious. These facts can be the reflection of a total lack of awareness of what could be the advantages of digital technologies and how these solutions could be implemented inside their organizations.

¹ Internet World Stat, June 2016

“We believe that the advisor of the future will have to be as connected as his customers to keep a relevant and useful relationship with them. He will have to leverage technology to improve the business.”

Adopting technology for both client's and advisor's use can be a real facilitator of their relationship. Advisors can provide more thorough planning and support when clients share their complete financial circumstances.

Therefore, we strongly believe that technology is a prerequisite for any successful relationship with the client especially when it comes to the preparation and the follow-up of interviews. Digital does not compete with the advisor, it must be his prime ally to build a strong relationship with the customer.

Indeed digital technology could have many purposes:

Digital will facilitate the organization and the conduct of the interviews

- The client can easily have access to the advisor's calendar and schedule an appointment with him
- On the internet portal, clients can frequently use the Web to call service or email messaging
- Both client and advisor can have access to the interview agenda
- The client can directly transmit the claims thanks to an instant messaging
- Thanks to tablets, the advisor can close a contract from start to finish, capture signatures on this device, show presentations directly during the interviews or make simulations related to the client projects

Digital will facilitate customer insight

Nowadays, customers use internet to get plenty of information related to their need and in this way they can sometimes be even more prepared than the advisors. In this case advisors could benefit from this use by asking for instance to customers to complete an online questionnaire about their expectations, their needs, and also complete their personal details (first name, last name, the property, estate...). Mostly, it will help advisors to gather as much information as possible so as to anticipate the needs and propose the best product or service during an interview.

Digital can be a productivity accelerator. Digital technology can make a subscription easier. Thanks to technology clients do not necessarily have to go to their branch to sign documents anymore for instance. The advisor can directly send the document by email and the customer could use the electronic signature to formalize the subscription. Thus he spends less time to open an account or complete the final document. Now clients can sign paperwork easily from Anywhere, Anytime on Any device. What could be done in hours or even minutes today, used to take weeks before.

Finally, the advisor will be less focused on basic tasks (bank transfer, liquidity management, planning, interview, preparation...). Indeed, he will be more focused on higher value operations as well as on the relationship he cultivates with his clients and the way to develop best offers and services for them.

The use of technology is symptomatic of a current “movement of simplicity”. A customer study completed in 2010 by an American survey agency to analyze the emotional and economic value of the notion of “simplicity” shows that 7 to 23% of consumers are ready to pay more for simpler products or simpler services. Since now everything is available 24/7 it seems unthinkable to keep asking clients to adapt to the banks' opening hours. The first thing a client is expecting from his bank is interactivity and continuous service. As banks must be more flexible, the financial advisor must therefore adapt the format of the interviews to clients' willingness and needs.

2. The financial advisor will have to adapt the format of interviews to the usage, the needs and the different operations of the customers

Today, face to face client service still represents the most important part of the interactions between the advisor and the clients. Indeed if you want to talk to your advisor you have to go into a branch most of the time.”

Over 50% of advisors work with clients face to face, at least half of the time, either because of their limited acceptance of digital tools or the inadequate tools available to digitally support them.

On the other hand however, clients go less and less to their branches for basic operations such as bank transfer. Therefore the financial advisor will have to rely less on the traditional work space and leverage more on technology so as to keep having a strong relationship with the customers: the workspace is evolving to become more and more a virtual space.

To survive, banks will have to follow clients’ journeys and help them go through their operations from end to end: “We will serve you whenever and wherever you prefer”.

As mentioned before, customers are nowadays more and more demanding, they know exactly what they want, they probably already have a clear vision of the product they want to subscribe before even going to see their advisor. Therefore, the financial advisor will have to adapt the format of interviews to the usage, the needs and the different operations of the customers.

Today all category of clients regularly use technology for all types of operations: to make some research, to check their bank account, to purchase products...

As a result, customers are expecting their advisor to be present, not to say omnipresent. They have reached the climax of their power since they can nowadays choose how to interact with their bank and particularly with their advisors (e.g. by face to face, by phone, by email, by videoconferencing, chat...). However, it also requires advisors and clients to share service tools that support a coordinated and evolving client’s experience.

In this context, digitally enabled banks should not limit their offer to a particular type or age group or to specific clients with a certain asset level. Instead, advisors should find a way to satisfy different categories of clients and offer a flexible approach that can be tailored to each customer with unique needs, preferences for how he or she wants to engage and how much of that engagement should include technology.

The use of a particular channel will be motivated by client’s usage. Some specific clients would need particular attention. For these types of clients the financial advisor could conduct interviews in their home for example.

Finally, the advisor should adapt his working environment regarding the different roles. The advisor should be flexible with schedules and be capable to change the location of an interview regarding his analysis of the situation. For instance, an interview initially scheduled at the office could be made at home if the client wants to talk about confidential and complex topics. The advisor can also decide to make a stand up sales to fit customer needs of example if he is in a hurry. It could also happen to organize a tripartite interview with an expert via videoconferencing to discuss specific topics. All these examples show how flexible and mobile the advisor needs to be in order to ensure client’s satisfaction.

Nowadays, as clients want flexibility and mobility from their bank and advisors, we can mainly see that through the development of many different types of tools.

According to Aite Group's survey, there are different types of tools with different types of purposes, and all of them answer the question of flexibility:

- Online tools (clients' secure portal) which help the clients knowing the movement of their account for example and give them plenty other information: these tools are educational tools,
- Mobile tools (tablet, co-browse) which are used for planning,
- Communication tools such as Skype, chat, messaging, videoconferencing that are used by advisor to interact with the clients.

This need of flexibility has clearly been taken into account by banks through the transformation of branches. Branches will have to evolve into omni-channel distribution so as to provide their customers an end to end banking experience; from the research to the subscription, online or with the advisor.

The client must have the choice to start the subscription online and to end it in the branch or to conclude it at home with a tablet for instance.

Banks massively use digital tools to help clients have access to services whenever they need them.

Many types of solutions have occurred in banks.

Advisors use digital services to work with clients virtually (often relying on the collaboration and self-service capabilities mentioned). They are able to build new client relationships outside the office.

So as to reinforce proximity, banks are changing the format of their branches. They want to:

- Present the innovation and digital technology
- Improve and personalize client relationship
- Bring a sufficient level of expertise
- Develop self-service

The format of the interview will also depend on customers' needs:

The service will be different whether the client needs to make a simple operation or if he or she wants to make complex transactions and have experts' advice. All the clients do not have the same level of expertise or the same expectations: the bank has to reflect this differentiation through the services.

Hence, we can find branches with flexible hours for "premium" clients with high level expectations.

We can also have "window" branches with extended hours, with experts that can communicate with customers through videoconferencing anytime. The advisor has to adapt to the customer's constraints and not the other way around. The bank will have to find a way to continuously follow customer's subscription path. If the customer wants the interview to be held in a coffee shop, in his place or at the branch, the advisor should always find a solution.

CASE EXAMPLES

Turkey, Ziraat Bankasi

Clients usually talk to their advisor through videoconferencing to realize important operations.

Australia, Westpac

Use of chat and also videoconferencing to establish a real time dialogue.



USA, City Bank

Develops innovative branches with interactive walls, with an ongoing access to cash machine and videoconferencing.

Canada, BMO Bank

BMO Harris Bank opened its first 'Smart Branch', which combines a various number of digital tools. The new branch features are:

- Video tellers equipped to provide customers with live on-demand interactions with bankers on the video screen
- Technology that offers customers options for Mobile Cash withdrawals without using a debit card
- Customers have instant on-demand access to a wide variety of expertise via video streaming, for mortgages, retirement planning...
- Advisors equipped with tablets to help customers with the devices available in the branch and provide assistance for all their financial needs.

FOCUS

Revolutionize an interview by using Virtual Reality

We also believe that the Virtual Reality (VR) technology will disrupt the customer relationship.

There is something paradoxical about clients: on one hand they are keen on personal relationships, but on the other hand they are reluctant to physically go to a branch to meet their financial advisor because it implies organization and time, especially for commuting. Virtual reality could solve this out, by letting the customer join the avatar of his advisor in his virtual office from home through a VR headset. This brings immediate proximity even though people are located thousands of kilometers from each other. BNP is currently experiencing this technology, to reinvent its link with its customers.

What brings value to this technology compared to a simple video call is that the virtual space would allow the financial advisor to display several products and services, videos or online documentation. As prices for the equipment will go down over the next years making it more accessible for the mass public, we believe banks should embrace this technology to connect better with their customers.

Digital revolution has brought many changes in customer's behavior, they are craving for information and they exactly know how to obtain them. The revolution is happening in all industries and obviously even in Banking. To embrace this new state of mind and build a strong relationship with customers, financial advisors will have to use digital technology that will help them to prepare their interviews efficiently, to follow up the relationship with the clients and simply be more productive.



Nowadays, customers are more and more demanding, they want everything and do not want to waste their time. Therefore, banks have to find ways to answer their requests. The use of digital tools like videoconferencing, chat or the change of branches into flexible and connected places seem to be a prerequisite.

Nevertheless, the issue of the customer is not only a timing problem, it is also linked to the fact that they need clear advice and information for complex situations for instance. Today clients can be more prepared than their advisor before an interview, and that is not acceptable if they want to keep their relationship. In order to anticipate clients' needs and find the most adapted products and services, advisors will have to know their clients; one way to do it is to use advanced technology such as artificial intelligence and robo-advisors.

B. Artificial intelligence (AI) technologies will reshape the future of financial advisors



Trends in customers' needs and expectations are tremendously influenced by the new intelligent facilities provided by giant tech companies and Fintechs (eg. in the retail sector, such as Apple, Google, Amazon, Uber, Airbnb, Blablacar...). This is even more accurate at a time native digital firms are moving into the financial space (Google Wallet App, Amazon Lending, Amazon Coins...)

When it comes to interacting with bank advisors (whether digital or not), customers are expecting quick and ultra-personalized service, including simple, ergonomic and digital assistance and combining human interaction whenever they need it.

Our findings showed that lack of benefits from bank interviews is driving more customers to entrust their money to non-financial players. Financial institutions are therefore considering the spectacular emergence of artificial intelligence (AI) technologies and their cross sectorial applications to reconquer their competitive edge over giants tech companies.

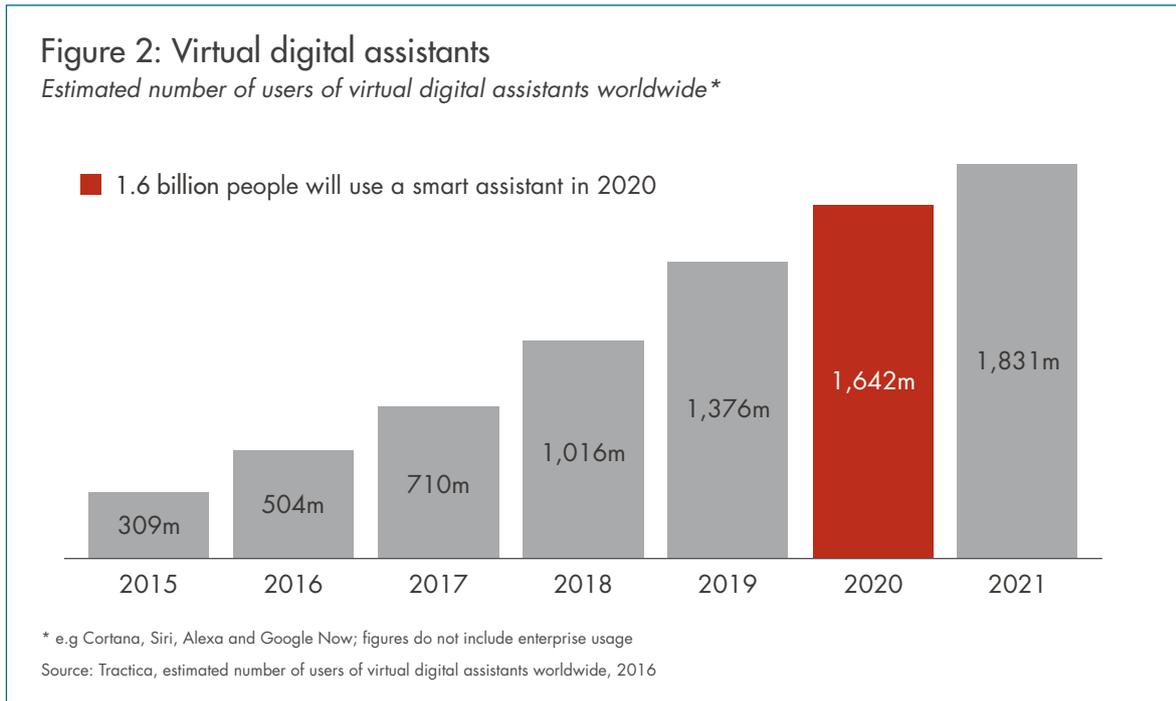
Regarding intelligent machines complementary capabilities vs human touch, we believe that banks can take full advantage of these smart technologies and be proactive in shaping the future competitive landscape. They could do so by activating the two following levers:

- Empowering customers and transforming everyone's experience towards a delightful and seamless journey on the web: virtual assistant and interaction, personalization...
- Empowering advisors' ability to anticipate the personal context of customers' needs and be ahead of the pack in winning customer's loyalty: applying AI to interview preparation and debrief for example.

1. Virtual assistants/advisors will empower customers and delight their journeys

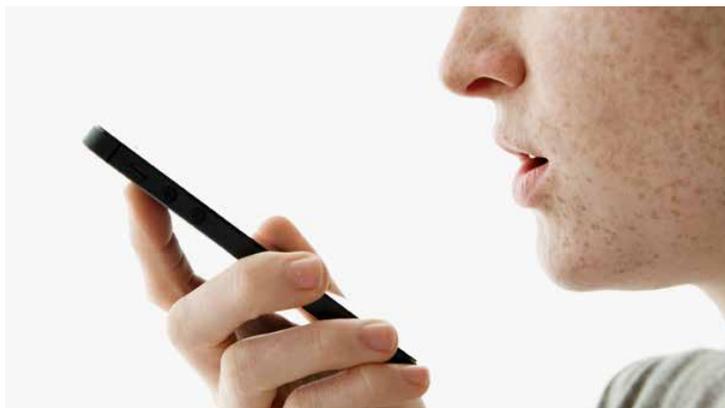
Digital assistants

Facing the rapid expansion of smartphone use in everyday life, banks are fully aware that digital assistant will represent a basic requirement of the near future (see figure 2).



Human advisor calls
to at-risk customers,
based on AI models
reduced attrition by
25% at one bank

Source: BCG, May 2016



Riding this digital wave, many banks are exploring these functionalities and providing virtual assistant services such as information requests on bank accounts, on banking deals, money transfers, customers' advice on savings offers or even more with stores localization near geolocation sites.

These functionalities are now fairly basic and should however become more complex in the future to address customers' needs better. It will provide a new generation of personalized services improved in immediacy, ergonomics and natural language processing. Likewise, digital assistant of the future will benefit from emotional intelligence, self-learning machines that can recognize and translate tone, emotions and expressions. For instance, employing sensing technology with tonal recognition would quickly identify and escalate a frustrated customer to a human advisor and initiate a call in order to pre-empt attrition.



This evolution has already started and we think that Spain's banking group BBVA is a good example of this ongoing transformation. They have realised that transformation starts with adapting banking services to people's real behaviors. BBVA is one of the most proactive players in digital transformation with an annual average of investment around €800m since 2011 (according to BBVA website).

The Contigo program is intended to take full advantage of their connected customers, who are 10 times more engaged than traditional ones (based on their number of transactions), without neglecting to provide "the human touch of empathy". It consists in assigning every customer a dedicated personal advisor that can be contacted to process transactions via multiple touchpoints: putting ahead a personalized virtual service from a real person without ever stepping inside the branch.

The benefit is clear since customers do not have to choose between self-service and face-to-face channel : they can select face to face, remote or digital banking according to their needs at any given time and in any given place.

Robo-advisors

Will the future of wealth advice be on the web?

In any case, many players in the financial industry seem to agree that a significant part of wealth management market share will transit through robo-advisors. Robo-advisors succeed, especially in retail banking for mass affluents being not wealthy and profitable enough to benefit from a private wealth advisor as in Private banking.

The new era of "robo-advisors" or virtual advisors has started in the United States due to a greater maturity related to virtual tools. 72% of Americans under 40 years old feel "pretty comfortable" with the idea of a virtual management.² However, this new vogue of innovation is winning the European continent.

Over 40% of US customers have turned to online models when changing their private bank accounts since 2013

Source: Publi-news, October 2015

² Source: McKinsey and Company, 2015

Robo-advisors facilities are mainly provided by FinTechs up to now, they aim to make financial management easier and accessible to everyone through automated algorithms. As customers have access to simple and ergonomic dashboards (see figure 3), they can benefit from online financial advice and interact with human advisors whenever they want.

Figure 3: Investor profile

Example of simple and ergonomic dashboard



Source: FundShop, French FinTech

Will robo-advisors threaten human added value?

We believe that real success will arise from the combination between human cognitive understanding of the complexity and robot effective technical solutions. Robo-advisors are not intended to replace the advisor but they can bring complementary capabilities to the future of retail banking and wealth management.

Moreover, regarding regulatory constraints, especially in the EU (e.g. the obligation to take into account the investor's profile and to monitor his situation), these robo-advisors can find their place in the toolbox of the human advisors and empower their actions to be in line with customers' expectations and fulfil regulation constrains.

START-UP POINT OF VIEW

Yseop

Yseop is a global enterprise software company with offices in the US, UK, and France, along with distributors in Australia and Latin America. Yseop works with some of the largest banks and financial services companies in Europe and in the US, like JP Morgan, Factset and Moody's on Wall Street. The software is also employed across the service sector at companies like The Walt Disney Co. and Publicis.

Yseop's software suite fixes a universal problem: too much data, too little time, and too few experts. Today, workers across the service sector are being asked to make use of huge amounts of data and are being given very little time to process it. At the same time, there is a shortage of data scientists and companies cannot afford to put a data scientist on every team.

Yseop automatically explains insights, summarizes data, offers diagnosis, and gives advice – all in non-robotic written language and in real time. Essentially, Yseop's software turns data into real-time actionable insights that everyone can understand in written English, French, German, and Spanish (with Japanese on the way). With Yseop, you can generate automatically high quality financial, risk analysis, compliance, and other personalized reports in just a few seconds. The solution not only saves time but more importantly it expands capacity and productivity.

In financial services, the overload of data and regulations, coupled with an ever growing and large customer base, have created a major problem for financial advisors. "Advisors manage hundreds of clients, have to remember hundreds of financial products, can't afford to forget hundreds of compliance rules, and are pressured to meet aggressive sales targets," said John Rauscher, CEO of Yseop.

Today, the customer experience is paramount as advisors work to maintain and build customer relationships. Data and analytics should be a tool to help the advisor, not a hindrance, but all too often the advisor either does not make use of the data or drowns in data, lowering his or her productivity. Yseop is a tool for the advisor, explaining data in the advisor's own language, guiding them through customer interactions to ensure compliance and the best possible advice for the customer.

From automating online diagnosis, phone script assistance, pre-sales preparation, and visit reports, to customer follow-up, Yseop's value added to the sales force is abundantly clear. For example, advisors using Yseop to prepare for customer meetings sold an average of 20% more products. That is a 20% boost in sales performance overnight with no additional training. With the repetitive and tedious work done by the machine, the advisor can then concentrate on the heart of his role: the customer relationship. Yseop's Artificial Intelligence software is a tool for advisors just like any other software, something that helps them to do their job and makes their lives easier.

The strength of the solution is as an articulate data-savvy guide that cannot forget critical regulations and leverages all customer data, highlighting important data or context, asking clever personalized questions, and providing recommendations or diagnostic advice in clear written language. For John Rauscher, "The future is the end of customer segmentation as each customer can be treated completely individually depending on all his data, his context, and behavior – and the future is available today."

2. Applying artificial intelligence (AI) to overall interview process will empower the advisor quality of response and strengthen customer loyalty

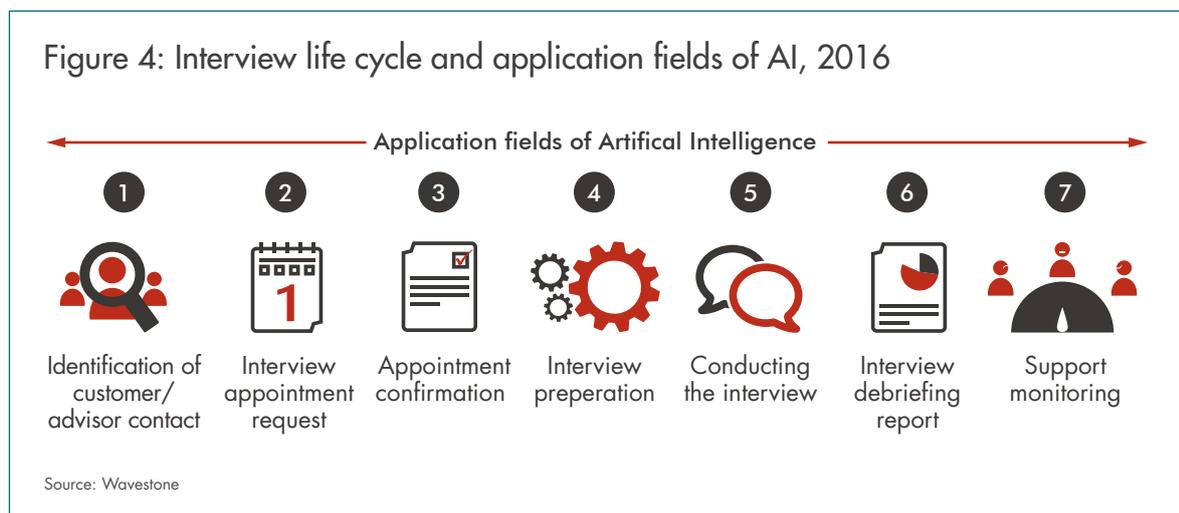
Financial professionals agree that human advisors need a range of skills to better entertain clients' interviews (e.g. problem solving, analytical thinking, sales and communications).

Applying artificial intelligence to overall interview process (see figure 4) will enhance advisor's ability to anticipate the personal context of customers and personalize solving problems by serving them as individuals. The expected objectives are intended to:

- Incorporate a human touch and empathy during the interview process, thanks to the development of sensors of "customers interaction needs".
- Reduce the workload of advisors on repetitive tasks, thanks to the assistance in decision making and guidance to improve the quality of response: freeing time of advisors in order to bring perceptible added-value and foster customer advocacy.

Financial advisors are busy as they have different roles. They are required to endorse responsibilities for hundreds of clients at the same time and they have to manage them differently depending on how urgent their needs are.

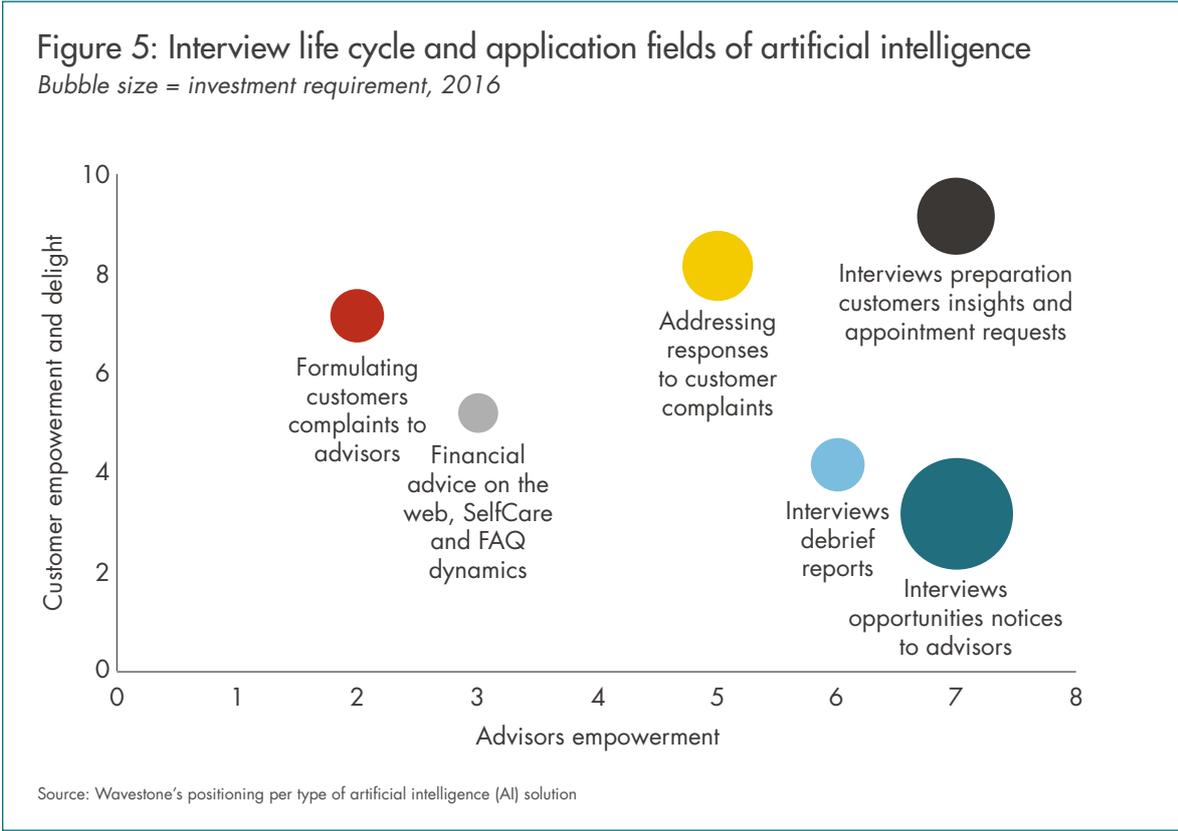
It requires the financial advisor to select requests and prioritize his actions, which is very time-consuming and subject to human error. As implemented by Le Crédit Mutuel with IBM Watson program, banks could use AI to analyze input from the client that will constantly grow over time.



Our recent researches showed conclusively that depending on interview lifecycle, artificial intelligence technical solutions may help:

- Noticing commercial opportunities to advisors, thanks to intelligent processing and analysis.
- Preparing interviews with customers' insights and requesting interviews appointments.
- Writing interview debrief report.
- Formulating customers' complaints to advisors.
- Responding to customer complaints (and even anticipating them).
- Monitoring Self-Care Web, financial advices and FAQs Dynamics.

A major challenge for financial players is now to identify the right priorities and roadmap. Wavestone's latest test and learn experiences, summarized below (see figure 5), point out the contribution of each solution to customer's empowerment and delight, and to advisor's empowerment, with the respective level of investments requirements.



C. Banks are lagging in unleashing the full potential of customers' insights and advisors must take full part in leveraging the new data-driven ecosystem

1. Customers insights are settling a new shift in financial business models and creating a leading edge of disruptive servicing innovation

New shift in business models

Despite the abundance of collected data, banks are miles away from a customer-centered culture based on personalization and leveraging data-mining. Yet, there is no doubt that customers' insights will reshape the P&L structure of financial players.

According to a recent study³ of the expected US retail banking profit pool in 2025, it appears clearly that Data analytics and all related servicing monetization, will represent the next big wave of innovations in customer experience and advocacy (see figure 6). Indeed, even though, traditional banking (deposit funding, fee incomes) share of profit will remain dominant (~40%), the new wave of revenue streams from customers insights will drive margins (~average of EBT margin around 22%) and create new sources of servicing delighting customer experience. And this proportion will probably be the same for European countries.

Figure 6: Next big wave of retail banking revenue streams, 2016



Source: Bain and Company

³ Source: According to a recent study of Bain and Company, 2016

We strongly believe that building competitive edge with customers insights will depend on two key issues:

- The way banks will eliminate all the constraints of collecting and sharing data. To do so, they can combine Big Data approach consisting in gathering customers' information somehow "against their will", and Small Data approach encouraging customers to voluntarily deliver relevant data in limited quantities (feedbacks, interviews...).
- The way banks enhance the use of data to delight customer's experience: as mentioned in the previous section, the widespread of artificial intelligence (AI) and machine learning is bringing a real competitive advantage that goes beyond cost-cutting. Indeed, they bring a "cognitive differentiation" enabling banks to detect customers' key life events and the associated needs (not only financial). Moreover, machine learning fosters the identification of individual preferences and personalize banks approaches.

Digital and Big Data innovations are a real opportunity to create tailor-made services:

We believe that leveraging all the potential of data analytics for customers' sake will enable banks to create leading edge of future servicing innovation. This new approach is intended to embrace the path to self-disruption and to settle an insurgency mindset and innovate "outside the box".

Successful models will be the ones able to generate disruptive services that go beyond duplicating existing facilities by incorporating technology in them (e.g. paperless account statement). They will be the ones striving to adapt banking to the new ways of living, and taking every choke point of the customer experience to the next level.

Some examples have started to emerge, confirming that financial services are predisposed to excel in developing "out of the box services":

- A smart bank statement: this dynamic eco-friendly paperless service could propose proactive budget recommendations according to the client payment history. This could be illustrated by pies and diagrams on both tablets and mobile devices. Thus, the client could have access to these proposals during everyday purchasing sessions called "I want to buy moments" when customers reflexively turn to mobile.
- A geo-located market place: the branch could be a community place, a kind of meeting point where professional and domestic market clients could share and give life to projects. Thus, by giving access to crowdfunding for customers who would like to promote local projects instead of savings products.
- A dedicated forum for the customers of banks and insurers: identification of specific customers' issues and relation with other customers having already faced the same problematics and ready to share their feedback.
- The advisor choice option: on the connecting path on the mobile app, we can imagine different real advisors represented by avatars. Customers could select the most appropriate advisor through their presentations and track record (résumé, diplomas, interests...) in order to get a better understanding of their projects and create a warmer moment.
- A more appropriate communication channel: according to communication channels need to be better targeted. To improve the customer experience, the best path would be to push market information news through the mobile app in the morning, on desktop during the working hours, and more on tablet in the evening.

Examples of services intended for advisors:

- A satisfaction survey: an online survey similar to Uber on the Bank app with stars and comments after a customer interview to improve the advisor skills and better meet the customer demand.
- A mobile alert notification push: the advisor will receive before the interview the most important information concerning his customer projects by a mobile notification push (example: the end of a mortgage loan, his child plans to study abroad...)

In their quest to manage their investments and identify actionable insights, banks should also begin with the elimination of silos, by settling a centralized data ecosystem across all business lines and departments. Hence, human advisors should contribute and benefit from the emergence of this new data-driven scheme.

2. To gain insights, banks should rely on all their resources and capabilities. Thus advisors must take full part in leveraging the new data-driven ecosystem

One of the main reasons explaining why banks lag in customers' insights is their investments on technical solutions, without truly capitalizing on their historical resources and capabilities, such as their widespread distribution channels and sales forces.

By doing so, traditional financial actors are competing against native digital companies and FinTechs in their home ground, which make it somehow impossible to build up a sustainable differentiation.

Gaining customers insights will depend on banks abilities to gather all their capabilities and resources in order to incorporate customer's perspective. Obviously, advisors are uniquely predisposed to enrich this ecosystem of insights and this could truly give them a valuable competitive edge over Tech Giants and FinTechs, thus by:

- Collecting a higher quality of feedbacks from human dialogues, which is essential to design new products, test prototypes and enhance complex solutions sales.
- Enrolling customers to voluntary share their relevant feedbacks by giving them a concrete meaning to how it will scale up banks' abilities to serve their interests (e.g. opt 'in enrollment)

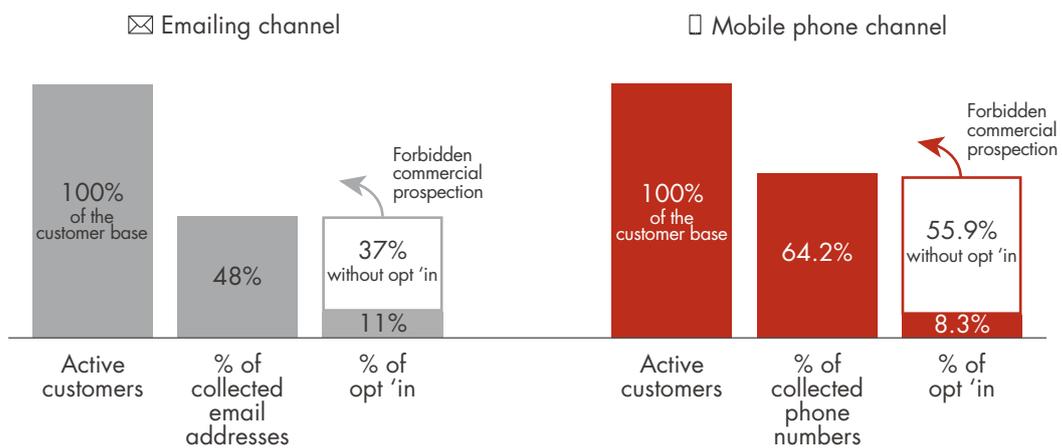
Example of the opt 'in enrollment

Most financial players have opt 'in issues when it comes to contact customers. As customers have lost trust in their bank or insurance to use their contact data and financial institutions are losing the ability to send emails to their customers. As it is showed in the figure 7, only 11% of the customer base could be reached with commercial contents via emails and 8.3% through mobile phones.

Therefore, all of the actors are now focusing on how to remediate this shift and win back the chance to communicate with their customers:

- Contact and reconnect with the 100% of its active customer base by integrating an emotional and an affective dimension.
- Bring more personalized advice and develop loyalty to the brand via feedback queries.
- Enhance online selling and make the customer relationship more autonomous through self-care

Figure 7: Opt 'in customers enrollment



Source: Wavestone, Opt 'in collected figures within a French major financial player, 2016

In order to increase opt 'in penetration rate, the most efficient way was to enroll customers through their personal advisors. This confirms clearly the crucial role of advisors in enhancing customers' insights. To do so, the first step consisted in empowering advisors to use the right approach in front of customers, and making sure that every information requested from them makes sense.

START-UP POINT OF VIEW

Sensego

Launched last year, Sensego is a French startup specialized in predictive marketing. Sensego has developed a “smart cookie for mobile apps”: an artificial intelligence solution to be integrated into mobile applications that collects, combines and analyzes customers’ data to enable enterprises to understand clients’ use of their mobile application and predict their behavior and needs at a given moment without compromising on privacy or user experience. Sensego has already been deployed over more than 2 million smartphones in France (Media Industry/ Quantified-self startup/Mobile Application). For example, Sensego is currently used by a media company to predict with an accuracy >80% when clients are going to watch videos on their digital devices, hence finding the perfect time to suggest content.

The main advantages of an artificial intelligence solution like Sensego are to strengthen client relationship by:

- Predicting client needs in real time thanks to smartphone data => Be there when your clients need you
- Finding the most suitable moment and channel to contact a client by analyzing his smartphone habits => Perfect timing for you calls/emails

Sensego truly believes that “tomorrow banks and insurances will be the ones which will benefit the more of their new technology because banking and insurance products are deeply connected with our daily lives, if we can predict your next project/life event, we can predict your next banking need” shared Ahmat Faki, CEO, but is also totally aware that transformations in those sectors are the longer and the more difficult to put in place today: “Banks and Insurance have to define and communicate how they handle privacy

and personal data but at the same time they need to embrace new AI technologies that respect privacy and add real value for the clients or they risk lagging behind industries that heavily rely on AI to delight their clients”.

Regarding privacy, Sensego’s solution is fully transparent for customers and highly respect their privacy as only the results of their analysis is communicated to enterprises without providing any personal information.

“AI solution like Sensego could help banks and insurances make customers’ relationship a lot more fluid and enhance financial advisors’ performance” says Ahmat Faki. Indeed, financial advisors will be able to contact each client, on the right subject, at the most suitable moment and through the most suitable channel, thanks to the real time context of the clients and not through a score updated each month. Financial advisors have to handle a lot of clients, and it’s sometimes difficult for them to know which one they should give attention to. With Sensego, they could be able to prioritize clients looking for immediate advice regarding a life event or quickly identify clients who are not satisfied with their current offering and are looking to the competition, and therefore reducing churn.

For the future, Ahmat Faki imagines that AI could even be used to create more communication between clients, by connecting those with a predicted question/ need with clients having happily used a product/service to answer the same needs. Sensego could put them in touch in 1 click, allowing them to share tips with other clients. In that scenario, financial advisors will be able to act more like community managers and subject matter experts, jumping from 1 chat room to another.



As technology has changed their relationship with clients, advisors must get more digital. Customers are more demanding and they want precision as well as simplicity. They want to be able to communicate with their advisor whenever they want and not the other way round. In the same time digital has clearly brought a “win-win” situation. Advisors are more challenged but their job is more “services oriented”, the new tools they use help them to save time and to focus more on the comprehension of their clients’ needs.

Finally, with these technological advances, we believe that paradoxically, the challenge for banks is to strengthen the human value in his relationship with his client. Indeed, bank offers are not classical consumer goods which are used and consumed instantly, thereby they can hardly be materialized in the sight of the client.

We see two steps of humanization:

- The first step explained in this chapter is to integrate technologies such as artificial intelligence, robo advisors, integrated chats on websites in the online customer path in order to show the client that human contact is still predominant in this digital era.
- The second step explained in the following chapter is the transformation of the current commercial approach by reinforcing human value during discussions between the customer and his advisor.

2 Reinventing the role of the advisor in giving advice

How many times have we heard that a new era of customer relationship has started? That people are more informed on new trends? That we are no more able to deal with this change of behavior before changing ourselves? Nowadays, banks are aware of these facts but surely not enough concerned or worried to launch radical changes in their commercial model.

We believe that starting from today, banks must initiate concrete changes in their advisory role by activating three main levers:

- Rethink their current commercial approach through new sales methods and techniques
- Enrich the traditional function of advisor
- Focus commercial steering on the quality of advice

A. Advisor's role cannot be successful without the transformation of sales method and approach

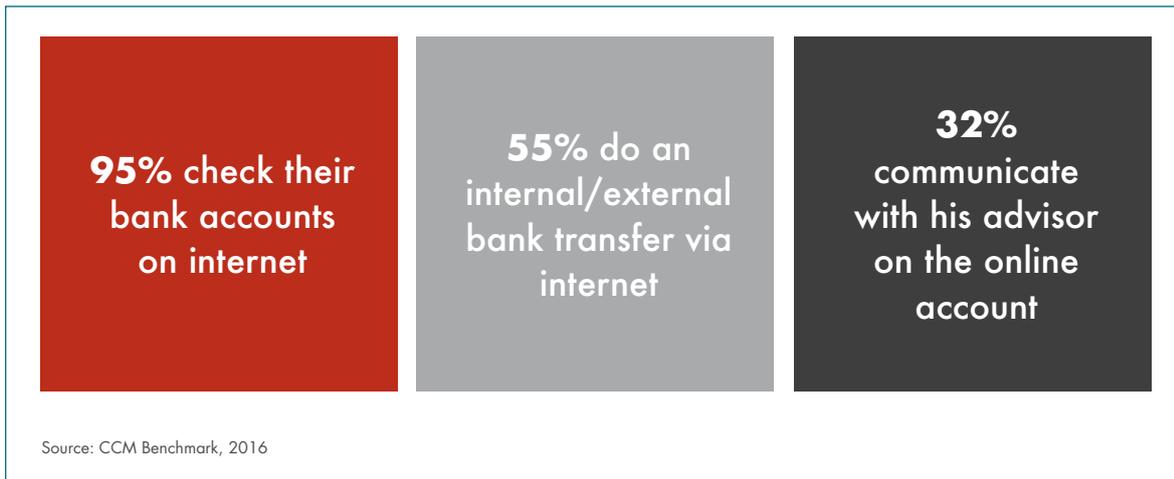
1. In this new digital era, customers' expectations towards the financial advisor become clearer

The rise of customers' self-management through technological innovation, leads us to believe that today customers have specific expectations from their financial advisors. Indeed, a customer requests:

1. Responsiveness: he wants simple requests to be processed quickly (increasing the account ceiling, making a deposit, cashing a cheque)
2. To be advised: he expects to be advised for his personal projects (giving the best financial solution)
3. That his needs and personal opinions to be taken into account: finally, the customer appreciates when his financial advisor really listens to his needs. According to a study on French customers (*Tns Sofres – Survey 2013*), more than 65% of respondents would appreciate that their bank asks their opinion before launching a new product.

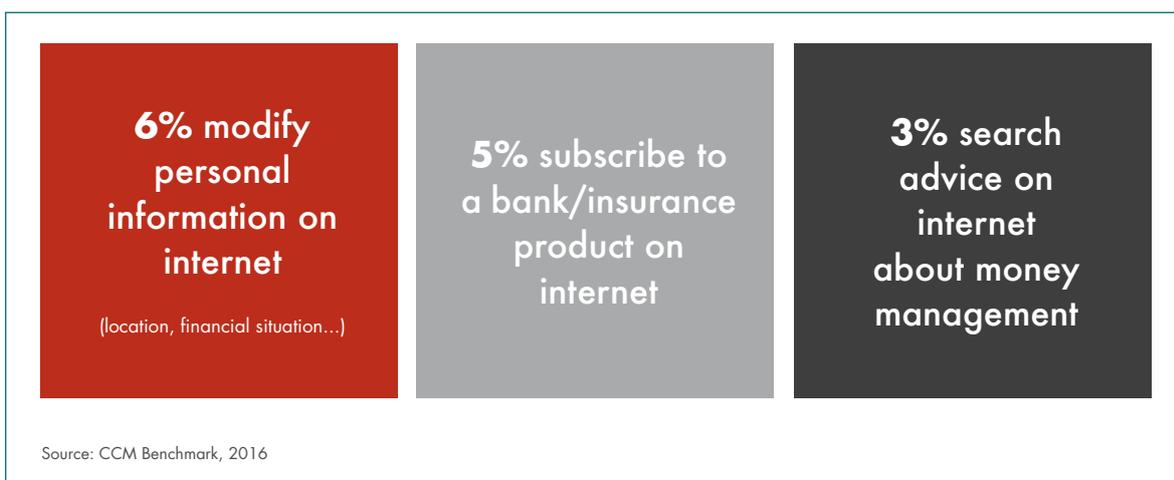
A recent survey conducted among banks' customers in France about their internet use for banking purposes makes us think that some of these needs are today partially or totally responded by digital technology available online for the customers. Conversely, some of them cannot be treated online and will need the support of a financial advisor.

Respondents' answers to that survey show that customers are empowered through the digital services for various operations:



This tendency on usage patterns shows that customers are autonomous for "simple" needs which do not need a call or an appointment in a branch for an operation such as programming a bank transfer, or checking the balance of his account(s). Moreover, contacting his advisor is also simplified thanks to the online accounts which give the opportunity to ask for help, or for a question on the chat module directly.

On the other hand, some operations remain poorly used on internet.



We notice that very few people update their profile online such as informing a change of address, or a financial situation. This kind of personal data is essential for the upgrade of customer knowledge. Furthermore, subscriptions to new products are poorly done online. This can be explained by technology reasons, regulations, or by the commercial policy. Finally, as for now, searching for advice, information about money management or savings options is not part of clients' habits in Europe.

We can see that customers like to be independent for operations related to the daily management of their account. While other types of operations rather related to specific needs such as financing an investment project, or search for tax optimization solutions couldn't be achieved by the customer himself, independently. In fact, the advisor has a key advisory role with his client on these kinds of needs.

2. Banks commercial approach no longer meets today's expectations

Considering customers' expectations, Banks need to admit that their commercial approach is not offering the most suitable solution to clients.

"Product oriented": every marketing campaign or commercial actions are built around a product launch. The objectives are essentially quantitative in order to increase the Net Banking Income on this defined period. Indeed, banks will use some accelerators such as free scheduled payments on saving accounts, free subscriptions of new products.

"Not always the best match between product/need": according to the periodic objectives given to financial advisors, the solution proposed to a customer could only partially fulfill the customer's need. For example, customers and advisors will not have the same objective on an investment project: the advisor will try to convince the client to make risky investments instead of investing on guaranteed capital funds more reassuring for a client who has moderate a risk profile.

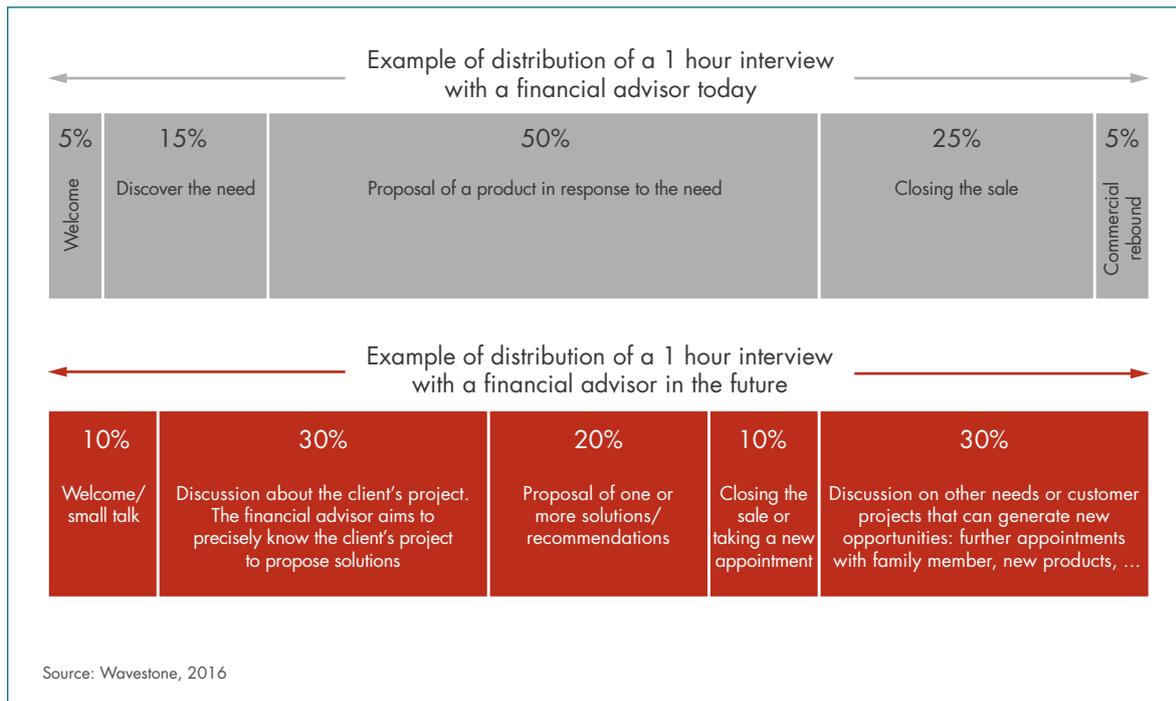
"Too intrusive and irrational in his approach": when an advisor calls his client to deliver on his commercial objectives, the client can perceive very badly this approach. In general he has neither time for that nor expressed any need for advice. On top of that, as explained previously, new technologies allow customers to be autonomous in a number of operations. Accordingly they decide when they want to switch from "self" to "care" by soliciting their advisor. This is the "pull" approach, which we believe will replace the traditional "push" method in the near future.



For example, the client can begin to search on his own for information, offers on the bank's website, then continue by making cost/gain simulations related to his projects still alone and finally subscribes online.

3. Tomorrow's commercial methods must take into account the client's personal project

In order to strengthen the advice dimension in the commercial methods, we consider that the different stages of an interview between the customer and his financial advisor have to be redefined to stick to customer expectations and could be as follows:



Welcome the client differently: the advisor should take time to accommodate his customer by offering him a coffee and briefly discuss lighter topics before the topic of the interview.

The goal: establish an atmosphere of trust between them before discussing about the main subject.

Discuss about the clients' project instead of discovering the need: the traditional step of discovering the client's need before talking about the products is not sufficient for the customer eye because it can show deficiencies in the interview preparation. In the new approach, by pushing the advisor to discuss in details with the client about his project will force him to prepare beforehand the interview.

The goal: by taking time to discuss about the personal project of his client, the customer will show that he's sincerely interested about his client's project and is not obsessed with the sale of his product(s).

Propose different options to the client: after having discussed about the client's project, by giving several options to meet the need, the advisor gives the opportunity to the client to make his own choice.

The goal: giving the choice to the client will strengthen the advisory approach to the detriment of a 100% sale approach.

Closing the sale is not mandatory: by giving sales objectives to an advisor, he will naturally try to end the interview through a sale even if the customer is not as convinced. The new approach gives the possibility to the advisor to propose a new interview to his client if he needs more time to think or has to talk to other stakeholders before deciding.

The goal: once again, this approach strengthens the fairness and the neutrality of the advisor and can build customer confidence.

Take more time discussing other topics: this new way of distributing an interview gives 30% of the overall time free for the customer and the advisor to discuss about various subjects. It can of course end earlier if the client cannot stay longer.

The goal: by encouraging this way of closing an interview, more commercial opportunities can be generated thanks to the virtues of the human approach throughout the interview.

B. The general advisor vs the specialist

1. New customers' expectations...

We have just established that banks need advisors that know their clients very well, to understand their needs and have a personalized relationship with them. The advisor needs to be a key point of contact between the client and the bank.

A recent survey on the French market showed that more than half of French clients still want to have a dedicated advisor in a branch, even though a majority of them are declaring visiting less and less often their branch thanks to the development of online services⁴.

But banks also need their advisors to bring advanced expertise on specific topics, to truly bring value to a more informed client.

As a matter of fact, clients have nowadays a much better understanding of banking products or they believe so. They are able to gather information much more easily than before, whether it is by comparing potential offers on price-comparator websites, or by asking peers opinions on social media and forums.

When clients come to their branches they expect something more than a couple of mortgage simulations that they could have done online by themselves anyway. They need to find somebody who truly understands their project, and is able to give them a tailor-fit response.

2. ...force branches to reorganize

As a consequence of this double expectation, we do not believe that it is still possible for a single advisor to cover all the needs of a client. An advisor has to know hundreds of products today which make him unable to master everything. One advisor cannot be at the same time an expert on mortgages, on retirement preparation and on financial savings.

⁴ Source: French Banking Federation and BVA study "Observatoire 2016 de l'image des banques" <http://www.fbf.fr/fr/files/ADHFPP/Observatoire-2016-pr%C3%A9sentation-presse.pdf>



Banks have to implement a dual model and start organizing themselves like doctors:

- Customers will go to their main advisor like patients go to their general practitioner, because he is the person that really knows them and has established a long term relationship
- Like the general practitioner, the main advisor can send his customer to a specialist when he has specific needs that require more expertise (mortgage, tax optimization, retirement preparation, financial savings, ...)

This requires more agility from the advisors, who will need to get comfortable with three-way sales.

In this organization, the main financial advisor becomes the conductor of the relationship, the problem solver of his customers. He is either able to answer their needs by himself, or sends them to experts on specific topics.

Banks have two main ways to implement this network organization:

- The most common setup that has been seen so far is to have separate positions for general advisors and specialists. In this organization specialists do not have a specific customer portfolio, they are only intervening at the request of a general advisor. Specialists are either located in a branch or can even be operating remotely only, from a service center.
- Another implementation is to give every financial advisor a specific specialty. This way the financial advisor is in charge not only of his portfolio but he also acts as a specialist.

If this model is already quite developed for mortgage advisors and for commercial segment, it is not yet generalized and we believe that it will expand in the following years.

How can technology help?

This new way of organization is supported by the development of technology. As we have seen in the first part of this study, technology has to have a big role in tomorrow's interactions between the advisor and the customer, especially for the interviews. In this particular case technology is necessary to deal with the complications induced by these interactions between three parties. The customer, his advisor and the specialists all need to be able to exchange between each other seamlessly, no matter where they are located or which channel of communication is being used.

In particular, the specialist will often be holding the interview remotely, as it is not possible for branches to have every type of specialist located on site. This creates the need to develop videoconferencing, because even from a distance, it is still important for the customer to be able to see the person he is talking to.

As the two illustrations hereafter show, enabling a customer and a specialist to interact remotely can be approached in different ways, either in the branch or directly through the customer's devices.

CASE EXAMPLES

Lloyds Bank online mortgage interviews



Launched as a pilot in 2015, Lloyds has now generalized video interviews with mortgage advisors. It lets customers discuss face to face

with an advisor about this important financial commitment, without forcing them to go all the way to a branch⁵.

Mbank's new videoconferencing corners

Polish bank mBank began in 2014 a complete overhaul of their branches network⁶. Instead of just reducing the size of their network, they decided to change the format of their branches, using a much smaller format located in higher traffic locations.

While these branches are mainly designed to create traffic and let customers help themselves thanks to technology, a private room is designed specifically to host videoconferencing sessions. From there, customers with specific needs like investment services or mortgages can interact with a specialist located remotely in another branch or in a service center.



⁵ Source: Computerweekly.com, March 2016

www.computerweekly.com/news/4500279757/Lloyds-launches-mortgage-advice-via-video-service

⁶ Source: Thefinancialbrand.com, February 2015

<https://thefinancialbrand.com/50198/mbank-digital-banking-branch/>

C. The necessary integration of qualitative elements business steering

1. The classical way of objectivizing advisors is becoming obsolete and potentially dangerous

We have just made the argument that the role of advisors has to change, whether it is their sales approach and methods or their specialization. They need to implement the changes that will make them more in line with their clients' expectations: availability, speed, and good advice.

Videoconferencing is shared by many banks, but it has not been translated into a clear roadmap explaining how advisors should be objectivized and compensated yet. In most banks, advisors are still mainly objectivized on quantitative indicators like the conquest of new clients, the number of customer interviews they have held, the assets under management, or even specific product pushes.

None of these indicators influence them to be more customer orientated. Instead, banks have the tendency to always put additional pressure on advisors, who are expected to produce higher and higher numbers, even though the frequency of customers' visits is getting lower every year.

The recent scandal at Wells Fargo⁷ is a good illustration of the limits of this type of management. Indeed, the bank had to lay off over five thousand employees who have created 1.5 million unauthorized deposit accounts. These phony accounts were created without the customers knowing it, and with the sole purpose of hitting sales targets and receiving their bonuses.

Even though the employees are primarily to blame, the scandal shows that putting too much sales pressure on advisors will lead them to behave in a way that harms the customer and eventually the bank itself.

Since then, the bank has announced that they will be reviewing not only their internal oversight, but also their sales practices.

Another argument for shifting business steering is that it is becoming increasingly difficult to identify whom to attribute the sales to:

- Firstly, the development of omni-channel and the democratization of online subscription create many new different paths. A customer can now start his journey getting valuable information from his advisor, only to finish it by himself and subscribe the product on his phone or computer. Conversely, a customer can get all the information he needs online, and go to his advisor already ready to subscribe a precise offer.
- Secondly, the generalization of specialists helping advisors in the sales process makes it impossible to attribute the sale to a specific person. Some elaborate ratios can be implemented to share the sale equally between different parties, but there is always a risk that these types of compensations will hinder colleagues from being real team players and putting the customer and the bank first.

2. Having a customer approach, even in advisors' objectives

To eliminate these biases, we believe that every advisor should mainly be objectivized on customer satisfaction indicators.

⁷ Source: CNN, September 2016

<http://money.cnn.com/2016/09/08/investing/wells-fargo-created-phony-accounts-bank-fees/>

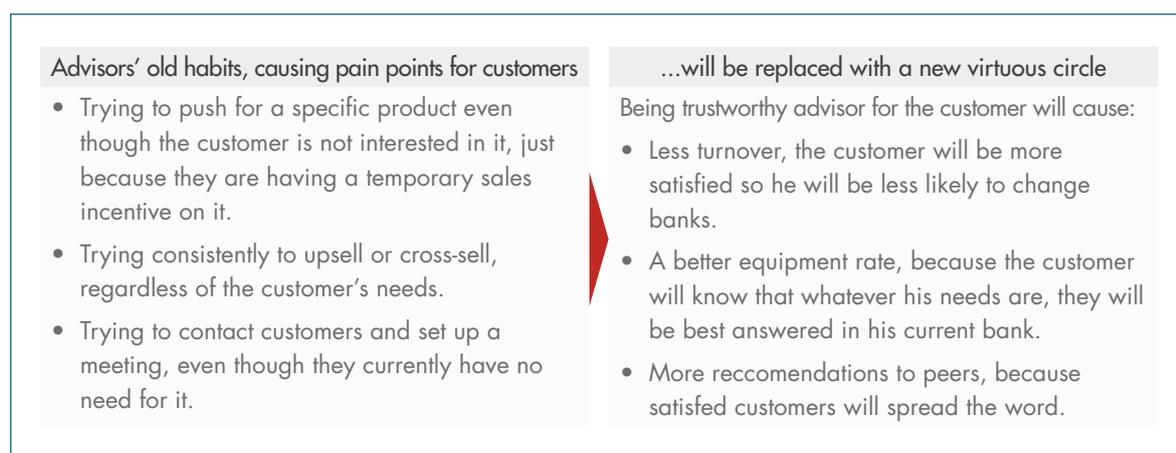
Objectives are the main trigger that banks have on their advisors, they are what defines their compensation so they strongly influence the advisors' behaviors.

Having advisors mainly being incentivized on customer satisfaction will ensure that they are always aligned with the needs of their customers.

The goal of this study is not to give an exhaustive list of indicators to follow, but here are a few common ones that can be used to evaluate advisors:

- Customer satisfaction: measures the percentage of total customers whose reported experience exceeded a defined goal.
- Net promoter score (NPS): gives a score of how many more promoters (customers likely to recommend you) than detractors (customers unlikely to recommend you) the company has.
- Retention rate: the ratio of retained customers over the total number of customers
- Customer lifetime value: a prediction of the net profit attributed to the entire future relationship with a customer

Being less focused on day-to-day sales and more on customer satisfaction will eliminate all the annoying habits we still observe today in advisors' behaviors:



How to convince everyone in the bank to adopt these metrics?

One of the main challenges of switching from traditional performance indicators to the new customer centric ones is that, contrary to sales numbers, it is not easy to prove the direct correlation between satisfied customers and additional revenues.

This makes it harder to convince collaborators in the bank to make the leap. It is true especially for sales forces, who usually have a hard time accepting that not focusing exclusively on sales numbers can still be good for business.

But the task is not insurmountable either, as we believe that with a proper change management strategy, it is possible to show everybody involved the benefits of this method.

Civiliz

Launched in May 2011, Civiliz is a French startup specialized in customer experience optimization. Civiliz has developed, mobile and tablet applications and an internet platform enabling companies to collect and exploit, in real time, customers' opinions at each step of the customer journey, especially in physical places. Civiliz therefore mainly works for restaurants, stores, museums, or bank branches.

Civiliz help companies meet four main objectives.

- enhance their service by capturing feedback at the point of experience and promptly responding to customers
- motivate and manage sales teams by gathering not only complaints but also positive feedbacks and improvement suggestions
- increase customer engagement and loyalty by fostering an open dialogue between clients and enterprise
- and finally build their e-reputation by sharing on line the reviews collected on Civiliz' digital visitors' books installed in local venues..

For Marion Blanc, Civiliz founder, companies now need to understand that they must put back their clients at the center of their activity by actively listening to them if they want to get long term business results. That's why she explains that the Civiliz solution "has been

developed to make it easy for any client – included illiterates – to express his immediate feelings and for companies to bring a solution almost instantaneously. Unlike traditional satisfaction barometers, the idea is not just to measure satisfaction but also to enhance customers' relationship by responding to immediate needs or issues."

To date, after few projects implemented in the retail banking sector, Marion Blanc concludes that "banks and insurances were not yet ready to fully exploit the possibilities and benefits of the Civiliz solution. Local managers didn't seem empowered to truly listen to their customer's opinions and act accordingly". In fact, banks and insurances mainly used the solution as a client satisfaction barometer, missing opportunities in the areas of real-time customer relationship and e-reputation.

Tomorrow, Civiliz could be used by banks and insurances as a continuous improvement tool for financial advisors, not only helping them to measure client satisfaction, but also giving them new keys to enhance their day-to-day activity. In fact, thanks to contextualized and really precise comments collected at the point of experience and smartly and instantly analyzed, each financial advisor may be able to adapt his behavior, his way to make business: the Civiliz solution could bring them a way to develop and sustain an individual, personalized and privileged relationship with all their customers.

FOCUS

MiFID2 impacts on bank advisor's role

How regulations binding at first sight can actually bring added value to the advisor

While the first MiFID should promote healthy competition between actors through better transparency of financial markets, MiFID 2 extends its scope to almost all asset classes. These increasing requirements are intended to better protect investors, reinforce the transparency of markets, and to improve products governance. This leads to redefine the relationship between the producer, the distributor, and the customer.

According to our convictions, these main impacts caused by the MIFID2 requirements can generate opportunities for improvements and change:

- Decrease in remuneration but rewarded through his advice: by offering an independent advice to the client, the advisor may lose commissions according to the traditional remuneration model. But with a new model which incorporates qualitative objectives, the advisor could be remunerated on his advisory services.

Indeed, such an evolution may allow the advisor to earn as much or even more than before. For example, providing quality advice to a customer can help generating good customer satisfaction ratings. We can imagine that this rating could be converted into a commission for the advisor.

- Gain financial expertise: with the duty to advice, the advisor has an opportunity to develop an expertise in financial savings or in wealth management. Gaining new skills can bring personal satisfaction and a progression in the advisor's career path. Moreover, it is more in line with today's expectations of customers in terms of advice and expertise.
- Building a trust relationship with the client: MIFID 2 requires a follow-up interview per year to evaluate the right match between the customer risk profile and his investment. This interview can be an opportunity to get news of his current or future projects for which he might advise or offer banking solutions.

Principal MiFID2 obligations towards the client

1. Inducement ban for independent advice and portfolio management
2. Free equity/securities research ban
3. Information requirements on costs and charges
4. New client communication policy
5. Client profile classification and appropriateness
6. Reinforce "Best Execution" for clients benefit
7. Remuneration policy refraining short term incentives

Main impacts on the financial advisor

- Potential decrease in remuneration by establishing independent advice
- Gain expertise on funds, UCITS (from subsidiaries or external)
- Increasing the number of follow-up interviews with clients

Source: Wavestone, 2016



We have shown that the whole sales approach of banks has to change, whether it is through new methods, new roles or a new way of objectivizing advisors.

All these changes on organization and processes represent a first mandatory step to ensure that new customer expectations of responsiveness, and tailor fit advices are taken into account.

Nevertheless, these changes are not sufficient in the long run. Beyond their sales methods, advisors have to shift their whole image and posture as detailed in the following chapter.

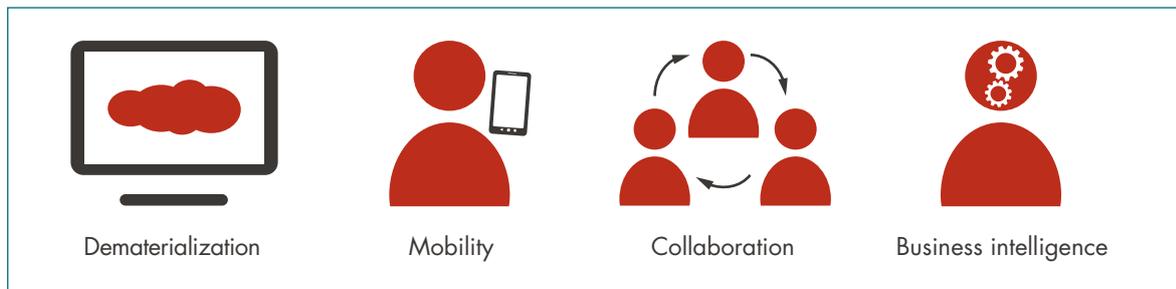
3 Reinventing the image and position of the advisor

Over the past years, financial services had to face structural evolutions, such as social, economic and technological changes, which forces them to transform their positioning to reach clients' needs. Reinforcing the commercial function by rethinking the advisor positioning was an important facilitator to approach the market.

A. Digital devices have significant potential for the financial advisor

1. Digital devices serving the new positioning of the financial advisor facing new clients' expectations

Four main leverages are structuring the technological capabilities that should be settled in financial services to support the activity of the advisor:



The consumer society has boomed with the constant development of new technologies in all areas. As a result, clients expect their banks or insurers to adapt their services to their usage, to have a simplified and coordinated client experience.

Dematerialization

Financial services were one of the early adopters of dematerialization process. At its simplest level, dematerialization provides electronic storage of data, making physical store copies no longer necessary. This provides electronic storage of data that can be easily found. Besides, it constitutes a cost reduction source for institutions.

Now, with the growing technology adoption, ongoing dematerialization efforts should be pushed forward to full dematerialization, also to optimize the client experience and the subscription process. Dematerialization of distribution process is the first way to reach the client. Taking advantage of dematerialization, financial services can offer fully digitalized subscription or transaction process. That means eliminating paper manipulation in the process, using digital solutions based on dematerialization:



Paperless client file that storage all the client data: Dematerialization of client files can decrease processing time and client management costs. With all the client papers that require moving from branch locations to the main office, duplication and storage, settling an electronical client fle can really simplify processing. The advisor will access more easily to client data and can easily process it. Besides, this solution can also be provided to the client as his digital safety deposit box, where he can easily access to his documents, and also update his data when necessary. This could also enhance customers experience.



Tablet tool: With the emergence of digital tools, one might wonder why is physical process still used. For example, using digital tablets during clients meeting could totally replace the printed paper. Besides, it could provide more interactivity and dynamism to the meeting.



E-signature: The digital signature can be integrated on the subscription process, eliminating the paper storage and manipulation.



E-wallet: This digital payment platform allows to store payment information in a secured environment, to purchase online without using another payment method. It's a digital device that is adapted to consumers digital habits. Proposing this type of solutions, financial services offers a simplified approach to complete transactions. Besides, the data collected through this platform constitutes a wealth of information, that could be used for enhancing clients profile.

Source: Wavestone, 2016

Full dematerialization process enables financial institutions to automate operational processes, while adapting to the mobility of clients and advisors. It also places the advisor at a strategic position, making the heavy subscription process much simpler.

Mobility

As more and more people use mobile devices, the potential of mobile technology in the advisor positioning is very significant.

Financial services are experiencing a transformation in the way they interact with their clients. As more and more people begin to use Internet, mobile and social media, financial services should adapt their approach to the market, taking part of the potential of mobile technology.

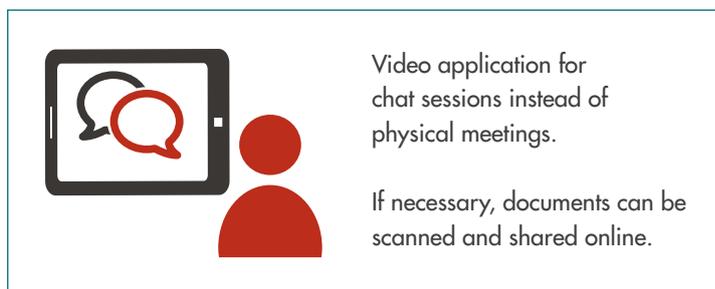
Consumer behavior has changed because of the integration of mobile connected devices in their life, reducing distances between people, and creating a virtualized world where you can communicate, learn and purchase.

In order to adapt to this behavior, financial services as service providers, need to base their proposal on the "ATAWAD" (Anywhere, Anytime, Any Device) approach. That means that they have to adapt their offers to the different devices used by consumers, and enable real time communication through social media or through their own platform. The emergence of online financial services (banking or insurance) shows these new trends.

Thus, traditional channels such as physical branches or phones are becoming time-consuming and less consumer-friendly.

In this transforming environment, the role of financial advisors remains important. This digital and mobile wave has to be seen as an opportunity for advisors' business.

Since, the model of physical distribution point is becoming less pertinent, regarding the frequentation branches decrease, financial institutions should adapt the advisor positioning. For example, financial advisor can be assigned to a geographical area instead of a simple point. The aim is to go looking for his clients, in locations that could be adapted to their professional schedule, to create more proximity with their clients, facilitating trust in client advisor relationships.



To do so, creating a convenient working environment for advisors could be a first step. Improving the mobility of the salesforce is certainly based on technological solutions potential. However, it does not mean plugging tools in a heterogeneous way that could make advisors work harder. Financial services must embrace a holistic approach to settle an unified platform with technological applications with a real added value for advisors. Equipping advisors taskforce with drawing tablet that will be used as a sale accessory is not sufficient. Digital and mobile devices should provide flexibility, speed, and efficiency to advisors in realizing their tasks, while creating opportunities to interact and collaborate with their clients or prospects. It should enhance customer and also advisor experience.

Collaboration

Social platforms are becoming part of customer's personal and professional lives. It enables real time communication and information. That is why social media is becoming a "must-have" for the financial advisor toolkit.



Apart from having a strong online presence on common social media such as Facebook, LinkedIn or Twitter, advisors must have personalized communications on dedicated social media. Many banks are proposing chat sessions on their online platform. When the customer is seeking information, he can use it but he will not be connected with his advisor. He will probably find the information he was looking for, but his customer experience will not be personalized. If advisors could be connected to social platforms, where they can be reached anytime in the day, advisor and client collaboration will be enhanced.

Therefore, financial institutions are aware of the importance of social platforms. With customers spending more time on social platforms, it seems that it is the easiest way to reach them. However the hardest thing to figure out with social media is how to use it. With the myriad of social platforms offered by technology (LinkedIn, Facebook, Instagram, Snapchat, Pinterest...), advisors need to have a structured guideline that would be fully integrated in their own activity, in order to get the best value added from it.

Business Intelligence

The transformation of the financial services ecosystem with the integration of new devices (social media, connected devices, mobile tools enabling geo-tracking) is contributing to create a powerful mass data. With all the information collected from clients' profiles and advisors interactions, financial services are becoming huge data banks. It implies that they need a strong data processing application to enhance their client knowledge, increase their performance and efficiency.

The application should collect, filter, storage and process the data to create an added value information to push it to the advisor. He would access to a 360 degree view of the client profile with his updated identity information, his last transaction, his investments, and the main interaction he had with the bank (e-mail, call centers, tracking on the bank website), and also his consuming behavior based on his purchase. All this data can be processed to settle predictive models that will give to the advisor the possibility to anticipate his client needs, and then strengthen the advisor positioning as "a real advisor". He would be able to propose personalized suitable offers to his clients.

And knowing that for 51% of the clients of banks, impersonalized offers could be a good reason to change their bank, it makes even more sense to be very careful.

Furthermore, improving his client knowledge will help the advisor to build a more personalized and trustworthy relationship with his client.

2. The challenge of creating a balance between human and digital dimension

Despite the promise of digital application for financial services, human dimension remains important in the advisor activity. Digital devices have to be considered as a way to leverage human interactions. That means that they should not replace the advisor but empowering him in front of his clients.

As a matter of fact, digital technologies should be included in the overall bank or insurance strategy. It should not be seen as a separate channel. Creating a homogeneous ecosystem from all the channels will strengthen the impact of technology, and will build one data storage that could be processed for advisors' usage.

Besides, it is important that advisors customize their approach depending on the client profile. Some clients are not so convinced that digital applications and dematerialized processes would deliver what they want. Sometimes indeed, for some clients, the human contact remains important to build trust, especially for some complex functionalities. As a consequence, advisors should create synergies between a digital and a physical approach.

Clients must be comfortable with simple applications before asking them to manipulate complex operations. That is why financial services should design a digital approach adapted with the different offers and activities, to optimize the advice quality that remains the core business of advisors.

Plus, it is important to think how back functions would be integrated with front end capabilities, in order to provide fluidity to the process machine. Digital applications are a good way to reach customers, but if the back end functions are not as efficient and performing as the front, the quality of service promised would be broken.

B. Today, advisors are expected to be active on social networks

Among digital devices, social networks seem to be one of the useful tools regarding the evolution of clients' uses. In fact, social network meets the increasingly connected client's expectations, matching with the new way advisors work, and responding to the banks objectives of strengthening their productivity and competitiveness.



New expectations

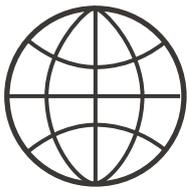


Consumers habits have changed significantly over the last past years. They are led by new technologies and search for immediacy and ubiquity in their relationship while maintaining their demand for a high degree of personalization and richer interactions with their banks.

In parallel, advisors are attending a real evolution of their function and their work environment, they have assimilated the digital culture and want at least a digital working environment close to what they have in their private sphere.

Social networks become a new way for institutions to distribute products and provide services with an after-sales services. Social networks are efficient since they allow to reach thousands of people with less effort and at lower cost.

Hyper-connected people



Most of the customers have assimilated digital culture, and wish to exchange with their advisor in the same digital environment they have at home.

Today's customers are hyper-connected and interact on multiple networks simultaneously.

A recent study shows that the time spent on social networks is not far from two hours on average per day and the main tool of consultation is mobile (whether to share a link, comment published or post a status).

New legitimacy



The successive economic and financial crisis have created a climate of suspicion in financial institutions

A new relationship of trust has been developed between people, they now build trust on the share of recommendations from peers based on personal experience.

Trust and legitimacy now take an identity and community dimension, "I think the one like me."

Social networks gather many groups and communities who share their points of view, experiences and tips.

Better knowledge and understanding of the financial world



Because of better access to information via the Internet and networks, the client is better informed before consulting his advisor so that he is increasingly challenged by customers who no longer come necessarily to get information but to negotiate.

This knowledge leads the customer to be more autonomous in particular for certain operations, which no longer requires the maintenance of the traditional infrastructures and banking systems in place.

In response to those market evolutions, the actors must change their “traditional” distribution and communication models. Today, banks must be connected where the customers are to remain competitive and not to be rejected by the competition, especially from disruptive new entrants.

This requires their presence on social networks.



The presence on social networks is not a goal itself but a new way to maintain a privileged relationship with the customer and offer them an added value, highlighting proximity, customer service and human contact (unrivaled particularly in relation to automated algorithms as robo-advisors entering the market).

C. The financial advisor will endorse the additional role of community manager

Through its presence on social networks, the role of advisor will evolve especially into one of community manager.

1. The key to maintain a privileged relationship

As community manager, the advisor will maintain and strengthen his privileged and personalized relationship with clients. By personally responding to the various demands of customers, he can adapt his commercial speech and develop a better understanding of the client.

New processes issued from the Big Data would help to track customer behaviors on social media and would bring the financial advisor at the frontline to watch new trends, identify customers' needs, and thus develop their offer in line with their expectations.

2. A solution for onboarding customers in the bank's universe

Advisors endorsing the new role of community managers can transmit positive energy, engage customers in the brand world and improve the customer experience with the bank (by seeking their opinion on certain issues, engaging them in the “life” of the bank, suggesting them to participate in contests, offering gifts etc.)

Smartworking Company

The Smartworking Company® is a start-up specialized in social media training and integration for multinationals, major corporations, and SME's and their managers. Smartworking's social media integration methods and blended learning solution help companies in the banking/ insurance and other sectors to integrate social media into everyday work practices in order to achieve sustainable business results. Over the last 9 years, Smartworking's 15 person team has worked with over 40 major corporations in 9 countries to integrate social media usage and has trained over 2000 managers.

The Smartworking Company helps corporations to implement social media usage guidelines and strategies for their teams and create Brand ambassador programs and internal social media education programs. In the corporate environment, all voices need to be aligned and a consistent message needs to be shared by all, so Smartworking usually begins by helping the management integrate social media and then together they focus on various populations, often starting with sales teams and financial advisors.

Financial advisors and sales teams learn Social Selling methods, which means they have real time conversations with prospects and customers, generate leads, open new conversations with prospects, create outreach with current customers, and bring added value. This helps them and the company brand to stay visible, gather business intelligence, drive sales, and reduce marketing, sales, and other costs. Most importantly, by being present and active on social media, financial advisors and sales teams stay close to their customers and business ecosystem.

While many banks and insurance companies are working on external digital solutions, many still have not realized the importance of helping their teams be present where their customers are, and provide them with the necessary social media skills and strategies they need to do so. Michelle Goldberger, CEO of The Smartworking

Company explains that in 2015, while 78% of sales people in the banking/insurance sectors stated that their future business was reliant on social media, almost one-third of them had had no social network training.

While some banks and insurance companies have begun to put in-house social media training, they often lack strategic learning and business vision and strategy. This can result in slow roll out, non-management driven projects, and non-fully amortized budgets. In order for companies to get sustainable and measurable results from social media training, social media integration and education needs to be driven by management and incorporated into business strategy.

"Client ROI is in our DNA. We focus on our clients' business strategy and help them to identify and measure business results achieved through social media integration and training" says Michelle Goldberger. With the appropriate tools, methodology and technology, the company, its management, HR and sales/ advisors team can now better understand the customer needs, have a different mindset, and put into place a useful dialogue with customers and therefore develop business opportunities.

To get sustainable business results, the company top management needs to be supportive and implement a team approach (training from COMEX to sales teams) and realize how much they are at stake to lose if they don't strategically integrate social media usage.

Once supported by the company and trained and aware of social media business opportunities, the role of the advisor becomes similar to the role of a community manager combined with strong sales skills. From a customer point of view, the advisor's image and positioning are now more aligned with customer expectations, allowing the advisor to have a more legitimate voice with clients.

3. A new way to offer customers a fun and pedagogical approach of the bank

A more informal and spontaneous approach from the advisors on networks would bring to the banks and the financial world in general a modern image, breaking with its austere and strict image. This new perception indirectly opens the door to democratization and extension of financial knowledge available to everybody.

4. The fruit of a specific training program

To play an effective role on social networks and generate business, the advisor should not be just present on social networks. The advisor has to learn new skills, get the ability to juggle between different social networks, within different communities, to identify and understand a multitude of different customer profiles and adapt its commercial message. The advisor will also have to learn how to generate sales on social networks, lead groups and communicate consistently in an instantaneous way to target a clientele. These new skills require specialized and regular trainings due to constant evolution of tools, customer expectations and habits.

5. The implementation of a structured and equipped device, consistent with the bank's overall strategy

Managing effectively a community requires:

- To build a social and dedicated marketing strategy in order to communicate, disseminate a consistent message, build a personalized relationship and proximity with its customers and prospects, while contributing to the knowledge of the client
- To separate institutional and commercial communication from customer relationship management (adapted content to bring added-value information to the client, which is not just in the form of commercial offers)
- To automatize while preserving a human dimension: providing generic messages but leave flexibility for advisors
- To make social selling through social networks without falling into the wave of advertising,
- To monitor, manage and measure the effectiveness of its business strategy: on forums, online surveys or email, real-time analysis of social data, satisfaction questionnaires...

Hearsay Social

Hearsay Social is the first digital platform provider for banks, Insurances and financial services companies. Created seven years ago in the United States, Hearsay Social objective is to empower insurance agents, financial advisors and financial services sales people to use digital to attract prospects, retain customers and grow business. Dedicated to the Financial Services industry, the enterprise-ready solution boosts productivity and incorporates best practices while ensuring brand integrity and compliance in these highly regulated industries

The invaluable relationship between an advisor and a client is being disrupted by digital, social and mobile innovation. Hearsay Social believes that the advisor needs to be digitally enabled to keep a central role in this new environment. Hearsay360 solution "enables efficient and compliant advisor/client engagement and dialogue across digital channels including social networks, text messaging, websites and email, empowering advisors to effectively use digital to build stronger relationships" says Olivier Maire, Sales Director France. There are multiple benefits of going digital for the advisor: he can leverage digital productivity for targeted client communications, and concentrate on more added value actions such as face to face interviews ; he has the opportunity to interact

with customers who have become unavailable through other traditional channels (such as phone); and finally he can create more trusted touchpoints and contacts (on banking or extra banking topics) that at some point will turn to more business opportunities.

Once passed the cultural reluctance of letting the advisor interact directly with customers online, companies can quickly measure the relationship and sales benefits: higher client satisfaction, better image and more constructive customer touchpoints and contacts.

Hearsay Social is mainly working with Insurance companies, because they have better understood the benefits of digital to improve the relationship and proximity between their agents/advisors and the client. They are more advanced in digitalizing their people on the field to be aligned with customer expectations and to help their distribution teams transition and grow in the digital world.

Banks are following, but are more hesitant about this advisor digital transformation. They will most probably soon have no choice but to enable their advisors digitally, so that he can reinvent his job and his relationship with customers.

Digital is an opportunity of transformation that reinforces the financial advisors position

Based on the synergies advisors can achieve through digital capabilities, added value should quickly be perceived in the daily working life of the advisor.

Digital capabilities such as process dematerialization enable advisors to automatize some of their administrative activity, in order to focus on his core business activity as a salesforce and "an advisor".

Clients are expecting their advisors to be omnipresent. Collaboration tools allow them to establish an instantaneous contact with their client, and improve their interactions. As a result the service quality delivered is performed (quick response to their needs).

Providing technological solutions that automates operational processes, should bring efficiency into advisor activity. Besides, online platforms and social media provide self-service capabilities with more autonomy to clients in order to perform some operations, instead of asking their advisor.

As a result, this should give free time for advisors, who can be dedicated to managing and enhancing client relationship, and extend his clients portfolio.

Furthermore, improving the advisor's way of working is also a direct way to meet the challenges of the financial institution:



- Customized offers through adapted approach
- More time dedicated to reach new customers



- Frequent and instantaneous interactions
- Confident collaboration based on solid client knowledge



- Active online presence
- Push of institutional and offering information

Conclusion

Digital transformation is at its premises and time has come for banks to integrate advisors in this in-depth revolution.

We have aimed to show that advisors have more than ever a key role to play in the transformation of the banking industry. Thus, banks have to position their advisors at the heart of their relationship with customers.

We believe that the future of banking and insurance industries and the success of their digital transformation go with the redefinition of the roles of their advisors.

Digital tools available to advisors need to be rethought to ensure a real usage, a concrete way to help in daily processes or to enhance communication. Being equipped with a tablet does not make you a digital user. Digital should be at the service of advisors to enable performance and efficiency.

The same way, advisors need to drastically change the way they are used to treat customers, by reconsidering all aspects of the commercial approach: the interview format, the advisor schedule availability, the speech and arguments, the approach to customer needs and the recommendations are just a few examples of what needs to be transformed to make the advisor meet customers' expectations and provide them the right answers. Moreover, we strongly believe that the objectives of advisors have to evolve to largely take into account qualitative elements, to meet commercial targets. Indeed, while customers are looking for personalized advice and solutions to their special needs, advisors have quantitative objectives on products subscription. From that point of view, aligning customers and advisors interests is a crucial and an unavoidable challenge in the coming years.

Finally, with the right digital tools, the right actions and the right objectives, the advisor will be able to reinvent his posture and regain customers' trust and respect. Mastering social networks will also enable him to ensure a modern image and facilitate actions and communication towards customers.

For years, bankers have been compared to the family doctor who knows his patient and is able to propose tailor-made cures. We believe that nowadays, the analogy works better with the pharmacist. Like the pharmacist, the advisor needs to know his client to provide the best recommendations. The pharmacist is the human contact that can help the patient understand their prescriptions, help them understand why, when and how they should take the medication. Patients trust his understanding of the instructions and his knowledge of illnesses.

For both of them, customers usually find a lot of information online but still need a professional opinion. As financial advisors are both shopkeepers and advisors, they need to find the right balance between commercial and customer interests to ensure the durability of their job.

We believe that the advisor is meant to play a key role, by giving a human experience, reassuring the customer, explaining him the different appropriate options and in the end, conveying a more human approach among financial products.

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Notes



Notes

About us



As a global not-for-profit organisation, Efma brings together more than 3,300 retail financial services companies from over 130 countries. With a membership base consisting of almost a third of all large retail banks worldwide, Efma has proven to be a valuable resource for the global industry, offering members exclusive access to a multitude of resources, databases, studies, articles, news feeds and publications. Efma also provides numerous networking opportunities through working groups, webinars and international meetings. True to its vocation, Efma has recently developed an Innovation portal which aims to identify and award the most innovative projects in the retail financial services arena.

For more information: www.efma.com

WAVESTONE

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The new place of financial advisors in customer experience

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