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State of Digital Customer Experience

Focus on Financial Services



Offer development

Measurement and analytics

Archive and audit



Legal, risk, and compliance approval



Audience segmentation

Introduction

Customer expectations for more personalized financial experiences are continuing to grow at a rapid pace. At the same time, new technologies like generative AI are gaining popularity across industries, creating clear opportunities for companies to meet—and even exceed—these rising expectations without significant increases in effort. But for the financial services and insurance (FSI) industry, where customer confidence is crucial for acquisition and retention, these efforts must not come at the cost of security, privacy, and transparency.

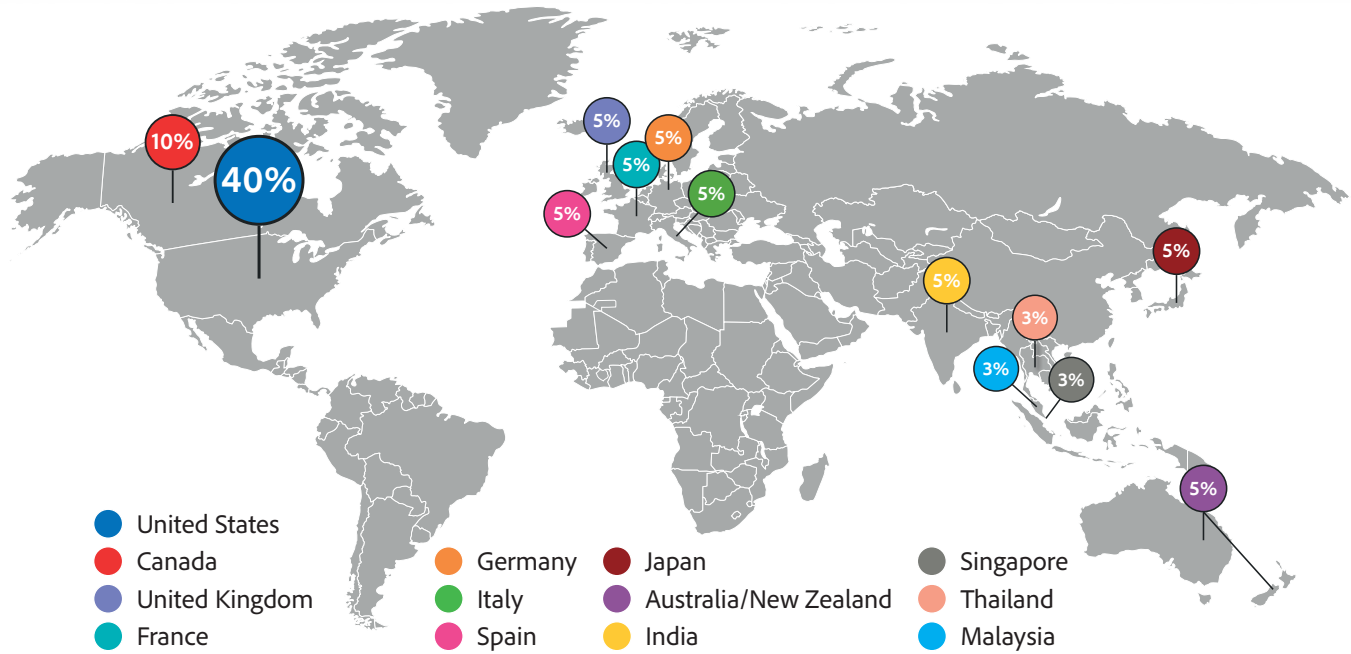
Our State of Digital Customer Experience research finds that FSI firms are striving to further personalize their digital experiences, but they struggle to establish effective, safe methods of disseminating data across their organizations to improve customer insights—an undertaking that requires upgrading systems and deepening customer trust.

Methodology: Reaching FSI executives and their customers

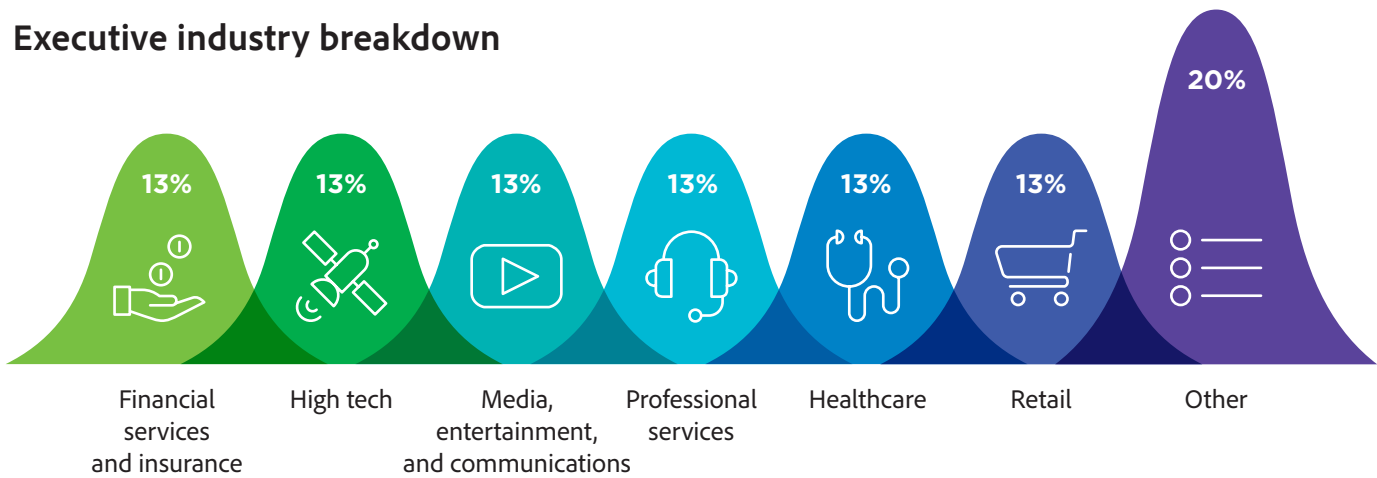
In partnership with Adobe, Oxford Economics surveyed 1,500 executives and 4,000 customers around the world to better understand the current state of customer experience. Our executive survey targeted 200 C-suite executives and their direct reports from FSI firms, and our customer survey asked about experiences specific to the FSI industry. To augment our survey findings, we conducted several in-depth interviews with FSI executives who are responsible for customer experience strategies at their organizations.

Our findings primarily reflect the perspectives of top-level C-suite members, including CEOs, CFOs, COOs, and CTOs—but our sample includes those directly involved in their organization's customer experience strategies, like Chief Experience/Customer Officers, Chief Marketing Officers, and Chief Product Officers.

Executive and customer demographics

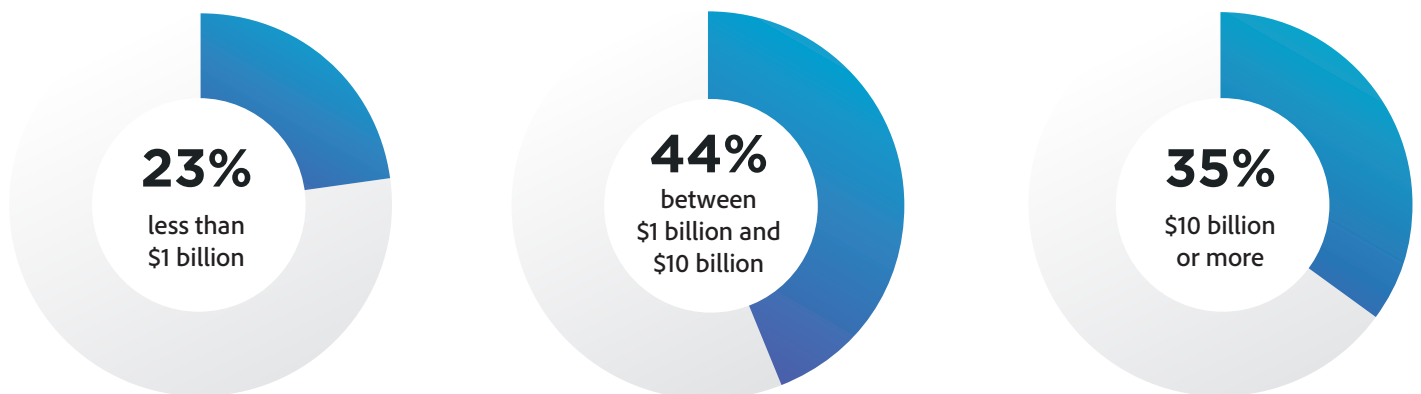


Executive industry breakdown



Other industries include energy, manufacturing, consumer goods and services, and more. Percentages might not add to 100% due to rounding.

FSI company sizes: Global revenue (USD)



The current digital CX landscape for FSI

More than ever, customers expect a wide array of digitally supported financial services that are tailored to their unique needs and preferences. It should come as no surprise, then, that 44% of FSI executives consider customer experience their top priority, compared to just 30% of the survey average.

This new reality is hard to overlook for firms in this space. Sundeep Kumar, executive director of credit risk technology at Morgan Stanley, is already strategizing around it: “Things have changed a lot for the industry, partly because of the pandemic, and partly because we now have a clientele that has become a little more technical and tech-savvy.” One of the company’s priorities, he says, is to use new technologies that elevate the entire customer experience journey—from onboarding clients in person to maintaining their engagement over digital channels.

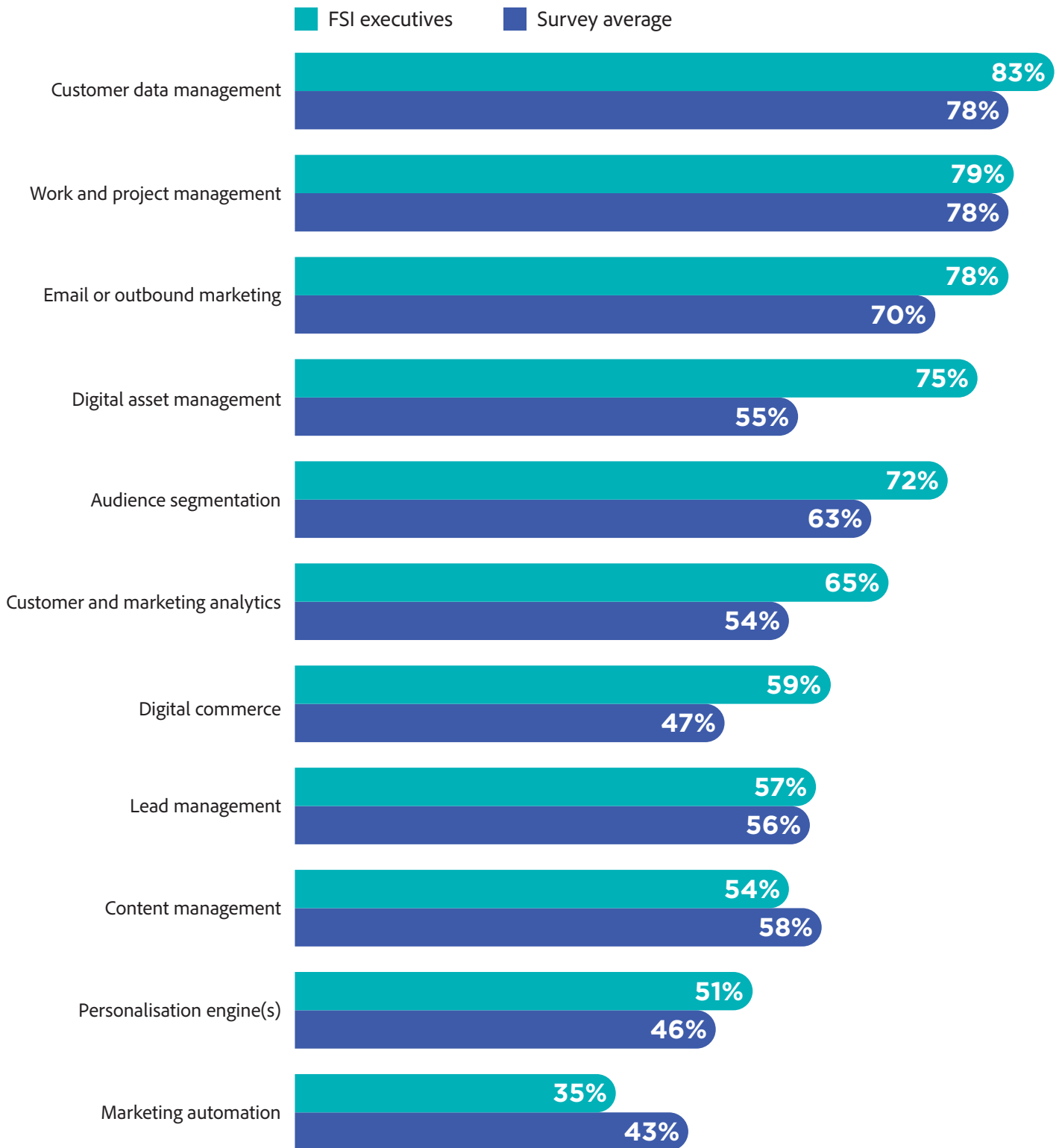
FSI is not necessarily lacking in its technology—in fact, the industry leads others in the deployment of machine learning and predictive analytics. But some critical gaps remain, like the industry’s fragmented adoption of customer support tools and difficulties sunseting legacy technologies. This may be why 64% of FSI executives say compatibility with existing systems holds them back from implementing new technologies like generative AI. “Where I see an inability or hesitation to take risks is in the insurance industry’s reliance on very old systems,” says one veteran executive of the insurance industry. “To go from there to rearchitecting a new set of systems is a big, big challenge.”

While most FSI firms have the fundamentals in place (e.g., customer data management, outbound marketing, digital asset management, and audience segmentation), one-third admit that their technology stack is not sufficiently interconnected, creating significant challenges for personalization efforts. This may explain why 46% of those looking to improve their CX tech stack integration are making it a primary focus for their firm. Without connectivity across capabilities and technology infrastructures, the industry will continue to struggle to deliver the positive, secure experiences customers demand.

The acceleration of digital financial services means it will become increasingly important for FSI firms to have a strong and cohesive customer experience framework. While most have well-established customer experience goals and targets that are communicated to their employees (77%), fewer have a designated officer to lead customer experience initiatives (40%); train their employees on emerging customer experience technologies (52%); apply distinct approaches to different customer subgroups (55%); or have dedicated customer experience budgets (56%).

Figure 1. FSI firms have the fundamentals of their customer experience tech stacks in place.

Q. Which of the following tech stack elements does your organization have in place to support the customer experience today? *Select all that apply* responses from FSI executives compared to the survey average.



Delivering better experiences using data and technology

To make the most of their technology investments, FSI firms will need to optimize their data. Currently, 36% cite the collection of inaccurate data as prohibitive to their personalization efforts, and 27% say their application stack does not aggregate data effectively.

For Mr. Kumar from Morgan Stanley, problems are often exacerbated by regulatory complexities that limit organizational unity. “A lot of the challenges with personalization have to do with regulations around what we are able to collect and how we can make use of that information,” he says. “How can we share that information within the company to help our clients? There’s a lot of risk associated with who can see that data.”

These data challenges could be the reason behind the industry’s struggle to bring their customer experiences to the cutting edge. The majority of FSI firms say it is a challenge to personalize their marketing content to customer needs and preferences (70%). Another 63% express difficulty in maintaining personalized experiences across digital and in-person channels (compared to 50% of the survey average).

Customers are feeling the effects of these struggles: nearly half report having only one positive memorable experience with FSI firms in the past six months, or none at all; and roughly one-third say the industry needs to improve its personalization of recommendations and communications. Compared to other industries, FSI is also among the least trusted by customers to enforce ethical practices around data privacy and sharing. This is a major hurdle for an industry that relies on the trust of its customers to deliver services—and one that executives might be underestimating: 95% believe they effectively collect the data they need to personalize experiences while respecting customer privacy expectations.

FSI executives must do more to communicate their privacy and security efforts to their customers—more than half of whom say they would stop interacting with a firm due to a lack of transparency around how it collects and uses data. Improving customer trust will be an essential step for businesses to deliver better experiences, especially because 38% of FSI executives say a lack of customer willingness to share data is prohibitive to their personalization efforts.

95% of FSI executives say they effectively collect the data they need to personalize experiences while respecting customer privacy expectations, but only **40% of customers** trust FSI companies to enforce ethical practices around data privacy and sharing.

Stellar customer support can turn a bad experience into a business opportunity.

Customer support is considered a challenge by 60% of FSI executives, but getting it right can help them retain even unsatisfied customers. While most FSI customers see support as the most problematic stage in their experience journey, nearly half of them say they have changed their negative perception of an organization due to a good customer experience. In fact, the quick and satisfactory resolution of issues is the top reason behind positive memorable experiences for customers, followed closely by interactions with kind, empathetic, and patient service representatives.

Many executives admit that a negative customer service experience is the most likely scenario to lead to the loss of a customer (36%), but they still consider it a much lower priority than the earliest stages of the customer journey. This gap in understanding is particularly glaring as 37% of customers say support is among the most important aspects of their experience with FSI brands—on par with the security of their information and browsing habits. More than a third (38%) also identified support response times as most in need of improvement for the industry.

Preparedness for generative AI

Artificial intelligence has long been improving customer experiences in FSI, and many expect even more transformative benefits from generative AI. Nearly all FSI executives believe generative AI will positively impact initiatives such as audience segmentation, scaling content and experience creation, and measuring campaign performance in the next 12 months.

But generative AI is still in its early days. This reality, coupled with the industry's need to mitigate security risks, explains why just 14% of FSI firms are currently piloting or have ongoing deployment of the technology—placing them behind other industries like retail (25%), professional services (24%), and high tech (19%). Change is expected soon, though: 69% are planning their adoption of the technology.

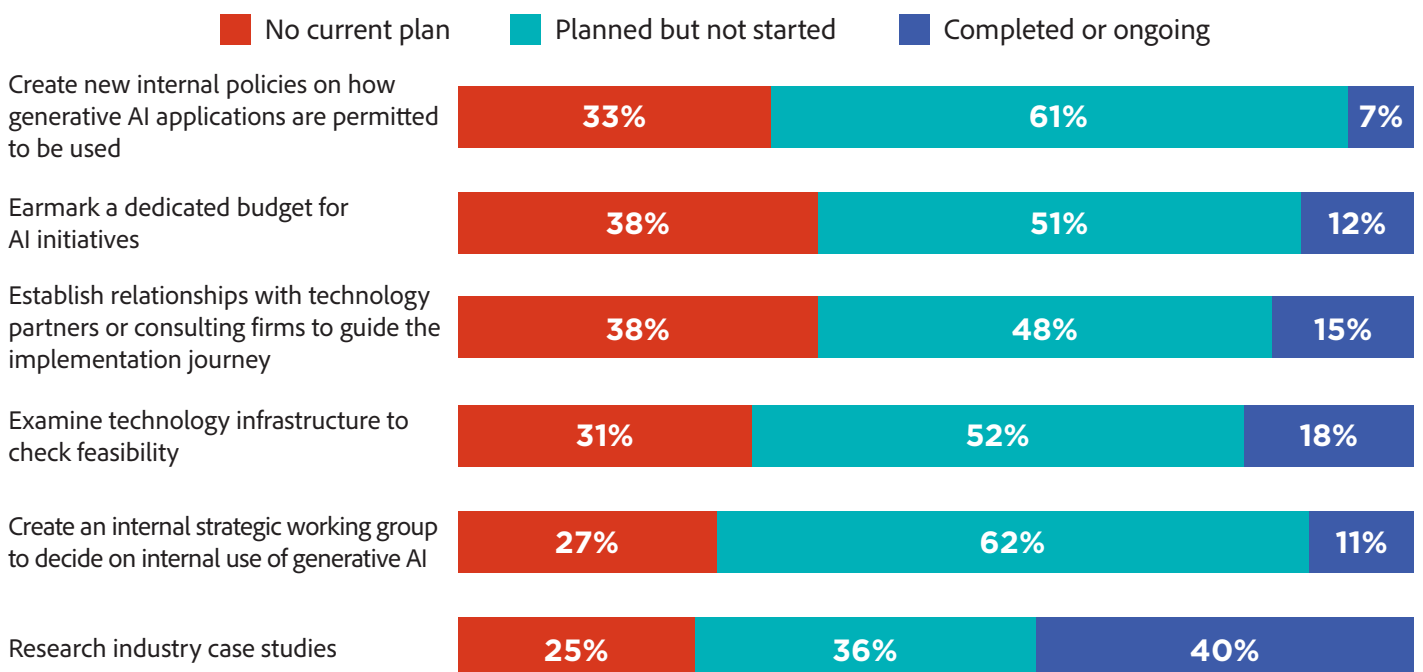
Many FSI firms have already started thinking about how to ensure a smooth rollout of generative AI tools—their plans include creating strategic working groups, establishing upskilling initiatives, and developing new internal policies.

These steps are essential for gaining the trust of customers, who are cautiously optimistic about generative AI. More than half believe the technology will enable more personalized digital experiences (56%) and quicker customer support (54%)—their biggest issues with FSI firms today.

FSI is more likely than other industries to say it is using or planning to use generative AI for customer support (86% vs. 75% overall). But firms must plan carefully to gain acceptance of this rollout, even if the technology is not directly customer-facing: 50% of customers prefer human-only interactions for support services, higher than any other stage of the experience journey. Many customers also worry that generative AI will lead to brands making decisions about data without consent (57%) or not taking the steps needed to build ethical AI tools (54%).

Figure 2. FSI firms are planning for a secure rollout of generative AI.

Q. Which of the following steps has your organization taken, or does it plan to take, to prepare for its adoption of generative AI? Responses from FSI executives.



Percentages might not add to 100% due to rounding.

Final perspective

FSI companies must take key steps to deliver the level of personalization, security, and support their customers expect:

- **Upgrade your technology stack to seamlessly deliver financial guidance across every channel.** Organizations across the financial services and insurance industry must prioritize the integration of advanced technologies such as AI and cloud computing. These technologies are pivotal for analyzing extensive financial datasets, enhancing credit risk evaluations in banking, enabling personalized investment strategies in wealth management, and streamlining claims processing and fraud detection in insurance. Not only are these capabilities critical for optimizing operational efficiency, but they also offer seamless and personalized digital experiences, which are key to retaining and attracting customers in today's digital-centric world.
- **Invest in robust frameworks and technology designed to automate compliance, reporting, and risk management.** Financial institutions are rightfully prioritizing compliance, cyber security, and data privacy in order to address an intricate regulatory environment, counteract cyber threats, and secure confidential client data. But they must upgrade their technological infrastructure to enable advanced security frameworks and privacy standards, both of which are essential for adhering to rigorous financial regulations. Such modernization ensures secure and reliable platforms for customer interactions, reducing vulnerabilities and fostering trust in their digital services. This strategy not only mitigates risk but also strengthens client confidence in the digital financial ecosystem.
- **Develop a clear AI strategy to improve marketing productivity and scale.** A wide array of applications—such as chatbots and virtual assistants for customer service and predictive analytics for risk assessment and personalized financial advice—are being used to reduce costs and drive growth. However, financial institutions still need to address the regulatory and ethical challenges posed by AI, as well as the strong customer preferences for live customer support. Strategic working groups will be key to understanding how AI can continue to bolster internal efficiencies while fortifying data safety protocols, ethical guidelines, and customer care.

Learn more about the [FSI industry](#) and how you can implement the personalization and generative AI strategies found throughout this report. For more information about our cross-industry findings, visit our [2023 State of Digital Experience](#) report.



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