

A guide to financial services channel strategy success



Unlocking long-term digital success

A well-defined channel strategy offers an effective and coherent way to realise the full potential of digital innovations for your customers.

Banks and financial institutions have pulled off spectacular feats over the past 15 months, launching innovative functionality and services at-scale to help digitise customer experiences and maintain access to financial services during the pandemic.

All the major banks, and many other lenders set up online lending applications in a matter of days or weeks, when the government backed lending schemes (CBILS and BBLs) were launched in 2020, which facilitated lending volumes that were twice as high as any other year. Yorkshire Building Society rolled out an online mortgage calculator in just three months, which increased mortgage conversions by 54%. Meanwhile, the Co-operative Bank completed a major infrastructure update, which provided significant improvements for customers and established the foundation for the future development of SME propositions.

Customers were, at the same time, uniquely open to digital channels. Research from Mastercard saw surges in the use of online and digital banking services, including uptake among older generations. While only half of Britons are on social media, 59% have a banking app. Two thirds of over 65-year-olds say banking apps are simple to use; 58% say they have found it easier to use than they thought and 100% of users said they will continue to use banking apps when normal life resumes.

In a recent consumer research survey conducted by Baringa, 68% of respondents said they use digital channels (mobile app, website or chat), to contact their bank most often—they like its speed, convenience and security, and will always

choose the easiest option the bank has made available for the task they're trying to do. But they also want a person available if their requirements are unclear or more complex and when things go wrong.

But in a competitive market such as financial services, where customer expectations rapidly evolve and have, in many ways, already made digital the minimum requirement, what does success mean?

Winners will be those that combine the convenience of digital with the empathy of the human touch and sustain the shift to digital to unlock long term commercial value.

So how do you design and implement personalised and effortless customer experiences, that are available as and when your customers wish to engage? Through the development of a well considered channel strategy.

The power of channel strategies

Many organisations find that their vision for the future and the experiences they want to offer, are not supported by their organisational model, technology and architecture. It is easy to be overwhelmed with how to integrate digital features cohesively through the organisation. A channel strategy is a tool to unlock this path. The benefits realised will not only be the desired customer experience, but also a reduced cost to serve, improved revenue streams, greater customer retention and the ability to better understand your customers through data.

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Baringa Partners research 2021

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Baringa Partners research 2021

Key success factors for your channel strategy

1. Define your channel strategy



Understand who your customers are

This should include their wide ranging needs and a deep understanding of what the outcomes they need to achieve are. From the everyday transactional, to moments of truth and advisory. Where they want an instant response versus something richer with human interaction or proactive engagement.



Define your channel hierarchy

Design your customer experiences and journeys, outlining how you want to engage with them across their needs, with whom, where and when.



Understand the drivers of channel engagement and build in data from the start

Plan early on which metrics will be meaningful, and define the data you capture, both hard and behavioural, what it will tell you and how you will use it to build a rich picture of your customers to unlock behavioural analytics and granular segmentation.



Design for accessibility and vulnerability

A new type of customer is now engaging in digital channels and inclusive design is required and beneficial for all.



Define the benefits

These include reduced cost to serve with more self-serve, increased satisfaction, greater retention, increased advocacy and referrals and more time spent on value conversations for in person interactions.

2. Align your leadership



Actively engage leadership in channel strategy development

Ensure an understanding of the channel strategy and how it enables your vision. Buy-in and proactive championing from the top is essential to success.



Reflect on decision making

Leadership need to understand how the strategy can be implemented day-to-day and reflected in the decisions they make and be accountable for upholding it.



Embed within teams

Leaders need to ensure their teams are aligned around the channel strategy, that they understand what it means for their roles and work, and they should be measured against these outcomes.



Skills and capability assessments

Identify the specific people skills and organisational capabilities needed as well as any gaps and address these to ensure the organisation is able to meet the target vision.

3. Design a strategic enterprise architecture



Create a seamless customer experience, internally and externally

A streamlined architecture will ensure your channels integrate smoothly to create a cohesive journey, with a single customer view requiring minimal intervention and a reduced operating costs, with minimal room for error.



Ensure strategic investments

A well-formed strategic architecture enables you to consider your partner and vendor landscape, allows you to invest in those that are part of the future design, and supports optimum customer experience without inadvertently complicating the landscape or spending on interim solutions.



Implement the right technology

Map out and design the accompanying business-model to support this vision. For example, ensuring there is sufficient technical resources to make rapid, high-value small changes rapidly and identifying where client support personnel can scale down or repurpose.



Assess for infrastructure and resilience

Develop a blueprint on which to base forecasts for capacity to support the required performance and resilience as channel volumes flex and likely move towards digital.



Design your data architecture

Determine what to capture, how to store it, and how it flows to avoid multiple versions of the truth with data hierarchy and lineage issues, while making it accessible as needed throughout your organisation.

4. Implement the strategic roll-out of your channel strategy



Create a transition plan

Determine which channels to tackle first, how they fit into your existing model and where reductions of existing channels will be made in parallel. Define key transition states with specific plans to get there that include roll-out plans, and ensure business model changes align as you go.



Align to realise the benefits

Model which channels will be supplemented, cannibalised or decommissioned through the transition. Identify which changes drive cost reductions and customer satisfaction increases to enable you to prioritise and realise these earlier.



Delivery value

Establish a durable delivery model enabling continuous improvements and iterations in response to customer needs and business value.



Define trackable OKRs and KPIs

Design clear objectives and track constantly to measure progressive success. This is your guiding light to drive focus and desired outcomes. It should be used to motivate and empower teams to work in an agile manner.

Creating a meaningful channel strategy is a key component of an engagement model that drives growth, reduces cost and builds a sustainable business model that is fit for the future.





Baringa Partners

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