

What every bank wants to know: Retaining and attracting customers

An Ipsos House Research Study



Banking in the 21st century

Banks recognize that the mobility of money, convenience, trust and security are the most important services that they can offer their customers.

In recent years, banking has evolved a lot and it is now understood that the mobility of money is a fundamental service for customers. Banks offer the ability to manage money through mobile phones, computers, tablets, telephone, ATMs and branches; covering all possible options for their clients wherever they may be in the world.

Similarly, banks understand that time is one of the most

valuable resources in the world today, as people want to invest in quality experiences for themselves and their families. Technology, which almost all of us depend on to carry out a large part of our daily activities, is a fundamental tool to allow us to achieve these aspirations.

Trust and security are also basic and central attributes in selecting a provider to manage your money. Banks have therefore had to develop more complex security systems to protect their clients' money, keeping up with accelerating technological advances.

The current banking client is faced with a broad offer in terms of products and services that involve mobility, time

savings and security. The challenge for the customer is to select the bank that fits their needs, but how can they determine what the best option is if all of them have almost the same offering? The challenge for the bank is to discover and use these key points in their communication to current and future customers to increase the uptake of products and attract new clients.

Uncovering the truth at Ipsos House

To answer this question, we designed an experiment in Ipsos House that sought to identify which bank attributes generate the greatest emotional response and can contribute to the decision to either switch banking providers or stay with the same one.

To create the most natural possible context in order to simulate the realistic behavior of a client, in the research facility of Ipsos House, we set up a bank branch with a promotional stand and evaluated the products and services they offer to customers.

Every day we make thousands of decisions in either a conscious or an unconscious way.

Unconscious mode: we make decisions intuitively, quickly and based on previous experiences.

Conscious mode: we make decisions more slowly, based on logic and reasoning.

Our experiment combines both an understanding of what attracts a client and the critical attributes that motivate changing banking providers. This is because, to achieve total understanding, we have to know what motivates people's behavior as well as their verbal feedback on what they think or what they would do.

One of the biggest challenges in the experiment was to know if the responses of bank customers were genuine. So, to guarantee the validity of the information, we used the GSR (Galvanic Skin Response) tool. We know that the body reacts to certain stimuli in ways that are beyond our control, so we used this to measure electrical conductivity in the skin which controls the sweat glands. This physiological information indicates the participants' emotional response to products or services offered by each bank.

About Ipsos House

Ipsos House is a modular research facility with installations of different environments that reproduce common spaces in which people interact daily. This allows for contexts and scenarios to be recreated in the most realistic way possible. Ipsos House contains a bar, a doctor's office, a bank branch, a supermarket, a neighbourhood shop, and even a confessionary, where, without the need for a priest, participants can reveal their most secret thoughts. All these spaces are adaptable to the needs of research, considering the necessary psychographic characteristics.

The House is equipped with the latest technology in verbal and non-verbal techniques to bring the real context into a controlled environment. It has audio and video equipment in all areas, and neuroscience tools to record behaviour such as GSR (Galvanic Skin Response), Eye tracking, Facial Coding, EEG, and VR.

All these design features make the research space of Ipsos House an optimal arena for exploring - and ultimately better understanding - human behaviour.



What do customers care about?

We asked people whether they would change bank if they were offered services related to saving time, additional or alternative products, security and mobility of money.

But which are the most persuasive?

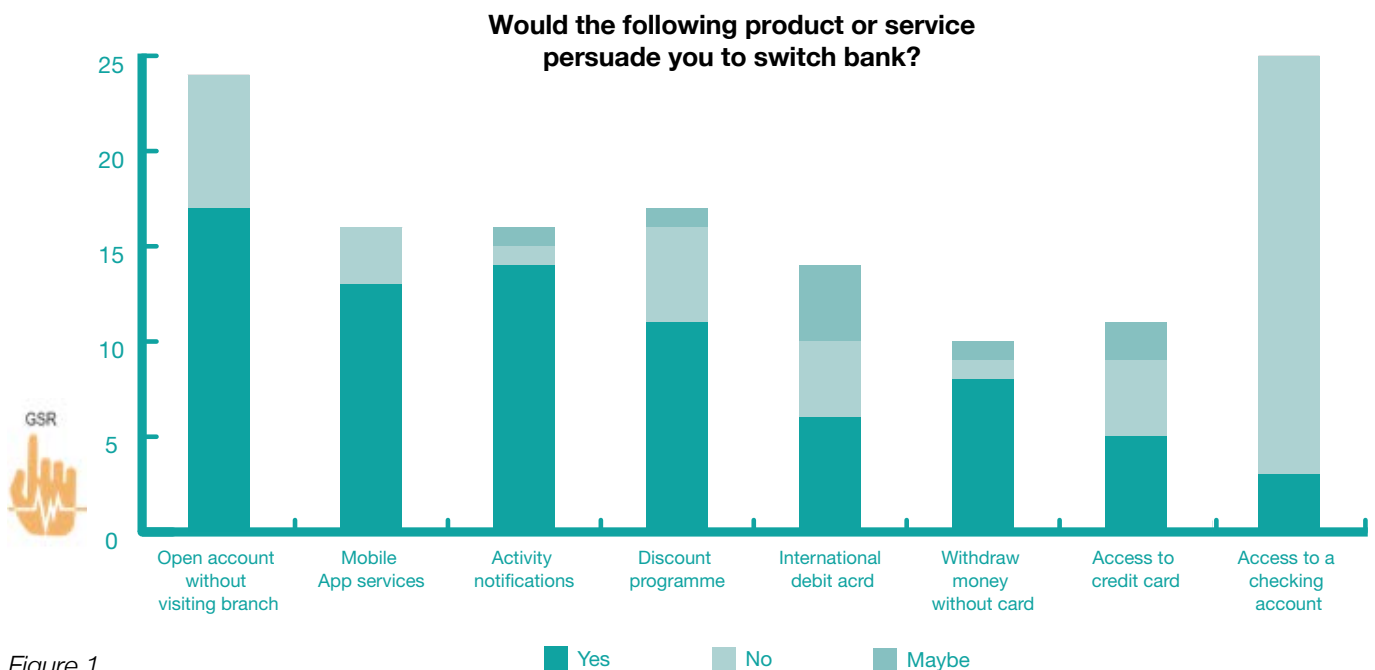


Figure 1

Figure 1 shows which offers registered the highest readings on the GSR, indicating emotional intensity. The results show that of the two most emotionally salient attributes for customers, one is related to products ('access to checking account'), and the other is related to services ('open account without visiting branch').

But we can find out more by noting whether these were positively or negatively charged emotions. Recording the verbal feedback of 'yes', 'no' or 'maybe' shows the nature of the emotional response as it indicates whether the respondents felt persuaded or not, or were neutral.

The attribute associated with products that generated the highest emotional intensity: 'access to a checking account' would not drive the change of bank because its impact was predominantly negative. However, the attribute associated with saving time was mainly a positive one and would motivate changing banking providers.

Looking at the host of offers in products and services by banks, it seems that because products are so little differentiated between banks and are considered as part of the minimum service that a bank must provide, these are less persuasive.

But, what would really drive movement from one bank to another are factors related to saving time, making life easier for the customer, offering security and access to account information through any means and in any place.

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**The current banking client is faced with a broad offer...
 but they know what they want.**

Leveraging the right messages

Banking clients know what they want and are clear about their needs:

- They would change their accounts if they could do it without having to go to a branch. For them, time is a very valuable resource.
- Typical bank products are not a hook anymore. Customers assume that they are provided by any financial institution, so offering them is not a differentiating element.
- The mobility of money is an important condition that would make a difference.
- They need to know that their money is safe, so activity notifications of their accounts are considered an important feature.

This study provides evidence that if a bank does not emphasise what they can offer in terms of saving time, mobility of money, and security in their communications with existing and future customers, they will be at risk of losing clients and empowering their competitors.

Gaining this information is vital, because it shows what exactly can cause the loss of customers, and which offers will result in indifference towards potential customers.

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Ipsos House is a research facility which uses the latest technologies in verbal and non-verbal techniques to answer business questions in a unique way. This first of its kind has been built in Mexico City.



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