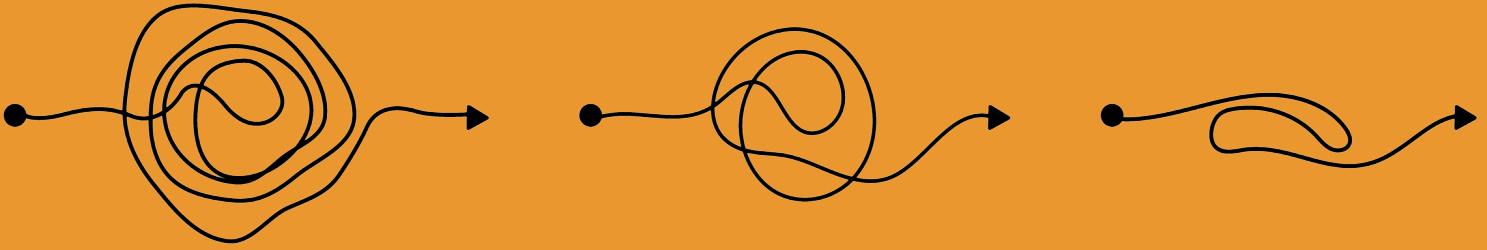


CUSTOMER EXPERIENCE 4.0

MASTER SERIES

NINE REQUIRED COURSES TO TRANSFORM THE FUTURE OF BANKING 4.0



ABOUT US

Shikatani Lacroix Design (SLD) harnesses the power of strategically led design to give brands confidence in the future of the ever-shifting retail space. With over three decades of experience, SLD is uniquely positioned to deliver transformational change for our clients, from packaging and environmental design to graphics and digital. Through the proven Blink Factor and Think Blink processes, SLD inspires the future of retail experiences.



ABOUT THE AUTHOR

Jean-Pierre Lacroix R.G.D., President and Founder of Shikatani Lacroix Design

When it comes to the design industry, President Jean-Pierre Lacroix is always one step ahead. A visionary design thinker, author and speaker, JP maintains an unwavering focus on the latest and emerging trends. Driven to produce measurable results through strategic insights, he is committed to helping brands own the consumers' "at-purchase moment."

JP's past industry involvement as a board member with the Packaging Association of Canada, Design Industry Advisory Committee, Retail Council of Canada, the Canadian Marketing Association, Signs Canada, the Society for Environmental Graphic Design and the Association of Registered Graphic Designers of Ontario has enabled him to assist clients in identifying the leading packaging, retail and digital trends that affect their branding initiatives.

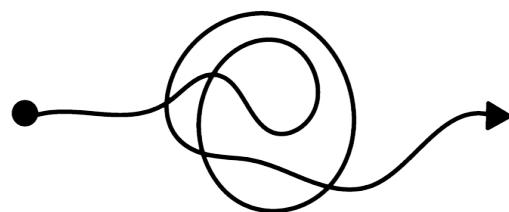
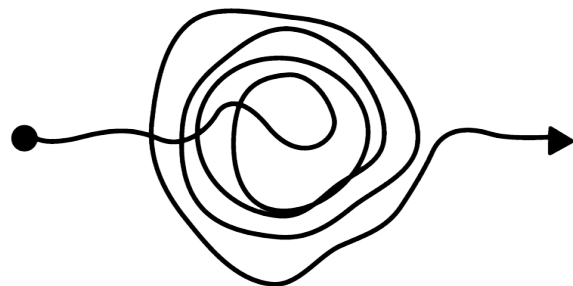
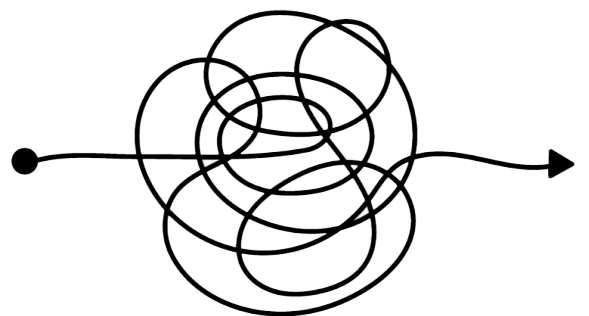
Since opening the Shikatani Lacroix Design doors more than 25 years ago, JP has grown this company into one of the most respected and sought-after multidisciplinary strategic design agencies in the world. Along the way, he has developed a reputation as a true innovator and first-rate problem-solver, with expertise in providing clients with unique, results-driven solutions for their product and service needs.

ACCELERATION AND MORE DISRUPTION

Banking is going through significant transformational changes due to a wide range of factors. How banks navigate these changes and transform their organization is pivotal to remaining relevant and driving growth. My name is Jean-Pierre Lacroix, and I am the President of SLD, a leading global brand consulting firm with extensive experience helping financial institutions navigate change and drive growth. I am proud to introduce you to The Customer Experience 4.0 Master Series, consisting of a set of dynamic and engaging sessions. Each is designed to help traditional transaction-focused banks effectively harnesses the power of transformation towards building an ideal Customer Experience 4.0 for their retail network.

The series of lectures and supporting exercises leverage our firm's 30 years of retail banking transformation experience. The sessions help banks avoid the risks inherent in change management, and move towards smart banking that provides a higher customer advice level. Ultimately winning your customers' desire for financial independence by appealing to customers' and employees' minds and hearts. The master series consists of nine courses, with the first session helping bring an understanding of the definition of Customer Experience 4.0 and the forces shaping the banking industry. The introductory presentation is followed by the eight individual 30-minute sessions to guide financial institutions on building a new banking experience 4.0 through theory and hands-on exercises.

We have provided a written version of the various training video in addition to the worksheets to facilitate a more thorough understanding of our principles and processes. Please note these workshop sessions were first developed for the China banking market and may contain a few statistics that are geared towards them. However the process and insights are globally applicable.



OVERVIEW AT A GLANCE

Each class is 30 minutes in duration with supporting video, and includes a workbook with related exercises and practice questions for use during each session. The combination of the nine courses will help build a strong understanding of how to avoid the pitfalls inherent in the transformation process.

Introduction Session - **Introduction to Banking 4.0 - Gaining Insights on Trends and the Channel Experience**

- The three significant forces impacting banking
- An explainer on Customer Experience 4.0
- How Fintech and new digital channels are changing customer experience
- Essential Customer Experience 4.0 factors
- Eight Steps to build a bank of the future
- Overview of the eight proceeding sessions

Course #1 - **The Foundational Logic and Methodology of the Customer Experience**

The first instructional course will lay the foundation of the different types of customer experiences and the underlining principles that fostering an ideal retail banking platform for growth.

This session will explore in great detail:

- Helping define the customer experience (broad and narrow)
- The definition and relevance of omni-channel experiences for customers
- How Fintech start-ups have impacted the customer experience
- Learning from examples of bad, good and great banking customer experiences
- Outlining the ideal customer experience model for banks

The session will conclude with some hands-on exercises that will leverage the ideal customer experience model.

Course #2 - Defining the Transformational Steps Towards an Ideal Customer Experience

The second course will provide a step-by-step process of how banks can transform their current customer experience towards greater relevancy. This session will explore the challenges facing banks in initiating a transformation program or for those that are currently in the implementation phases. The learning material will also cover the pitfalls and issues a bank may face as it reinvents their customer experience, taking into consideration the growth of the Fintech industry, the move towards digital banking, and the challenges facing the physical channel.

This session will cover in great detail:

- A detailed outline of the customer experience transformation process
- How to compete with Fintechs and other digital services
- Challenges and pitfalls to avoid
- The importance of internal alignment and collaboration

The session will conclude with the development of a charter document that serves as the foundation for the customer experience transformation process.

Course #3 - Responding to The Future Trends That Will Impact Customer Experience 4.0

The third course will build on the critical insights from the foundation session and explore the role of the brand in creating an ideal customer experience. The course leverages the Strategic Foresight process to foresee significant future forces that will impact the industry in addition to benchmarking and SWOT tools to evaluate potential vulnerabilities.

This session will cover in great detail:

- Exploring the Strategic Foresight STEEP process and how it helps identify potential future scenarios

- Exploring trends driving the ultimate customer experience
- How to benchmark and derive insights as a bank leader
- SWOT analysis and effectively mapping the current vulnerability of the organization in remaining relevant
- Explanation of the Trust Ladder

The session will conclude with a SWOT analysis and Strategic Foresight exercise to help assess the vulnerability of banks.

Course #4 – How to Leverage the Brand in Creating a Differentiated Customer Experience 4.0

The fourth course will build on the key insights emerging from the trends and Strategic Foresight session to explore the role of the brand in creating an ideal customer experience. The course explores critical ideas on driving more significant differentiation while enhancing the value of the retail network. The session includes hands-on exercises of developing a perceptual positioning map based on identifying the value proposition of competitors.

This session will cover in great detail:

- The importance of a brand as part of the customer experience
- Examples of good and bad examples of banks leveraging their brand
- Different brand strategies to improve the customer experience
- The role of a strong identity and coherent strategy

The session will conclude with hands-on exercises of how to create a competitive analysis and perceptual positioning map.

Session #5 – How to Create a Differentiated Position and Customer Experience

The fifth course will build on the importance of the brand positioning session to explore how to create a winning position supporting an ideal customer experience. With so many banks competing for the customer's attention, it's

important to have a clearly defined value proposition supporting the customer experience.

This session will cover in great detail:

- The different dimensions of a brand position
- The questions and steps to undertake in developing a differentiated position
- Linking the position to the customer experience

The session will conclude with some hands-on exercises for developing a differentiated brand position.

Course #6 - How to Bring Your Ideal Customer Experience to Life

The sixth course will bridge between strategy and exceptional execution through a robust design thinking process. We will explore how to turn the vision into reality while ensuring the process is smooth and gains strong internal support.

This session will cover in great detail:

- Staff participation and engagement
- Introduction of agile and nimble processes and their importance
- Visioning approaches
- The different stages of the creative and execution process
- Identifying the potential issues during the implementation process

The session will conclude with a review of a design process checklist.

Course #7 - Deeper Dive into the Branch Design Process

This session will take a closer look at the design process and how you need to consider the various branch layout facets, integration in technology, as well as overall design principles.

This session will cover in great detail:

- The right branch layout
- Where to locate digital and marketing material
- The role and design of the various zones

The session will conclude with a review of a design checklist to ensure you have covered all of the required areas of design.

Course #8 – How Future Banking Ecosystems Will Impact Customer Experience 4.0

The eighth course looks to the future of banking 4.0 and the role of new banking models bridging the conventional with new ways of delivering customer value. With the advancement in technology, Fintech start-ups and the need for banks to continue to deliver greater value to their customers, new banking models are emerging. This session will also leverage insights from the Strategic Foresight process in course #3 as a platform to where banks can evolve.

This session will cover in great detail:

- Different emerging banking ecosystem models
- The role of Fintech and third party companies as partners
- How these different business models will impact the customer experience

The session will conclude with participants completing a future readiness study and the assessment and report to their readiness to embrace future changes.

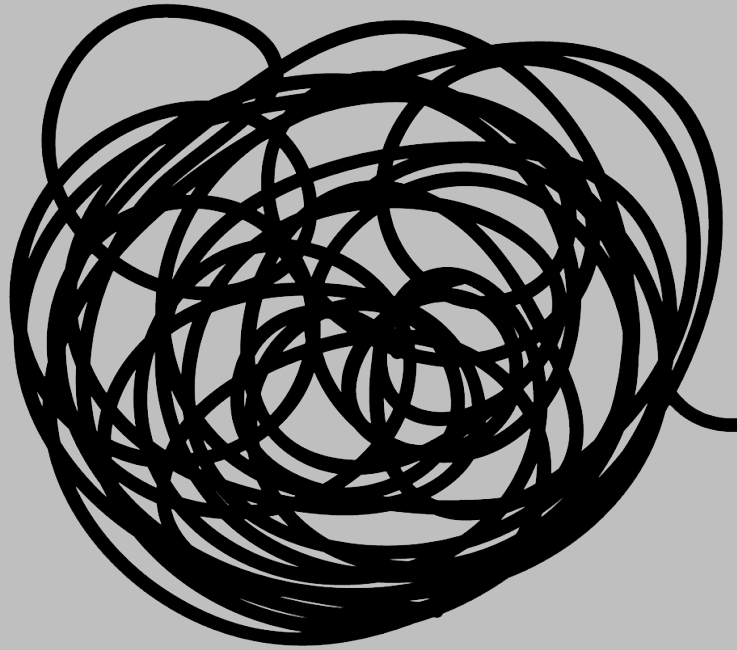
Course #9 – How to Leverage the Right Metrics to Ensure a Continuous Improvement of Customer Experience 4.0

The final session explores the role of measurement tools and metrics in the evaluation of the progress and direction of the customer experience transformation. Peter Drucker once said: “What gets measured gets accomplished. What gets rewarded gets repeated.” The session will cover different types of research and measurement tools and discuss how they impact the ideal customer experience.

This session will cover in great detail:

- Different types of research methodology and tools
- The pros and cons of each
- How to link metrics and insights to improve the customer experience
- How the measurements should be integrated as part of the organization

The session will conclude with a review of a potential customer experience dashboard.



COURSE #1

**THE FOUNDATIONAL LOGIC AND
METHODOLOGY OF THE CUSTOMER
EXPERIENCE**

BANKS ARE GOING THROUGH MASSIVE CHANGE



Although there are many market dynamics that provide a headwind for banks, we will share three crucial points of importance that serve as a robust platform for subsequent sessions. We will be discussing how to define Customer Experience 4.0, which is often confused with Banking 4.0. Although there are similarities between the two, embracing a new level of customer experience will truly define banking's future.

Technology remains a significant focus in banking, with the promise of driving greater convenience and removing many friction points. We will review the most prevalent trends and how banks have embraced the emergence of these new technologies. Once we have framed Customer Experience 4.0, we will share a very high-level view of our eight-step process to help you build your Banking 4.0. We will conclude with an overview and what to expect of the following eight proceeding sessions. Let's start with the current state of the banking industry.

We have all witnessed the massive changes occurring in the banking sector in China, Europe, and North America. Many different dynamic forces impact the banking sector, and we're going

to focus on three that have the most significant influence on the customer experience.

These forces consist of rapidly evolving consumer demands. Today's customers set the bar much higher on what they expect in customer experience and how it impacts their loyalty and the depth of relationship with a given institution. Many trends and forces reshape the banking and overall retail sector, many of which are already impacting industries. We're going to explore what we believe are the three primary forces driving change, starting with rapidly evolving customer demands, where they are elevating the benchmark for excellent customer experience.

Secondly, we will look at the disruptive, innovative solutions driven by emerging Fintech and digital platforms. Most banks have seen the significant opportunity that these platforms bring, while also recognizing them as the highest risk to remaining relevant. For traditional banks, the opportunity is to set a point of difference from their Fintech competitors and new start-ups by leveraging their channel to deliver and meet the unique consumer needs in a way that's emotionally meaningful to them.

Finally, the accelerating banking industry model redefinition serves as a healthy frame of reference for defining the differences and similarities between Banking and Customer Experience 4.0. This third force will be the foundation for a lot of what we're going to be discussing in the eight different sessions and specifically how this is influencing the current direction of Banking 4.0 and, ultimately, where we need to evolve the customer experience.

RAPIDLY EVOLVING CONSUMER DEMANDS

Let's start on force number one, namely the rapidly changing consumer demands. Customers today are very different from they were 10 or 15 years ago, and are more demanding of the brands that they support. They have a much more robust understanding of the different digital platforms available to them and tend to be early adopters of these technologies, some of which are currently disrupting the banking network. In most cases - and based on our [Stealth Attrition study](#) - they fully leverage a bank channel's full spectrum. With such a high level of digital banking adoption, a critical factor that banks need to consider is the fact that customers have a high degree of financial anxiety, with a 33 percent surge in the level of fear as consumers experience economic anxiety.

This is important to understand as we look at the banking sector, which traditionally has been well-positioned to instill trust. However, as we explore customers growing needs and view these through a banker's lens of services and experiences, the anxiety and unmet needs of customers reveal a significant vulnerability for banks. Banks' ability to fill the anxiety void is critical due to the Chinese market's considerable growth. The chart on the right identifies a substantial increase in affluent mainstream consumers growing by 20 percent.

These consumers have a significant amount of discretionary dollars. They're also in the wealth creation phase of their lives. More importantly, banks have an excellent opportunity to capitalize and build these profitable long-term relationships. Unfortunately, 70 percent of banking relationships are focused on transactions.

THREE FORCES DRIVING CHANGE

1. Rapidly evolving consumer demands
2. Innovation driven by emerging new fintech and digital platforms
3. Accelerating banking industry model redefinition

FORCE ONE: RAPIDLY EVOLVING CONSUMER DEMANDS

33% SURGE IN FEAR AS CONSUMERS EXPERIENCE FINANCIAL ANXIETY DRIVEN BY GROWING UNCERTAINTIES

20%+ GROWTH IN AFFLUENT AND MAINSTREAM CUSTOMERS PREDICTED

Rise of the mainstream consumer

Income Category	2000	2010	2020E	Change (%)
Affluent (more than \$34,000)	14	22	33	+47%
Mainstream (\$16,000 to \$34,000)	43	82	91	+20%
Mid (\$6,000 to \$16,000)	36	13	7	-32%
Floor (Less than \$6,000)	7	2	2	-33%

Source: McKinsey & Co. "Reimagining main-gate" (March 2017)

70% OF BANKING RELATIONSHIP FOCUSED ON THE WRONG TRANSACTION

Relationship Type	Percentage
I don't really think about it	15%
A way to manage day-to-day financial needs	17%
A good place to have a checking account	20%
A place I have to use to access my money	21%
A resource for professional financial insight and advice	3%
A trusted relationship that has long-term benefits	18%
I do not have a primary financial institution	2%
Don't know	4%

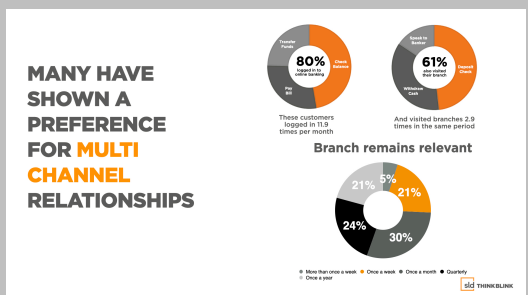
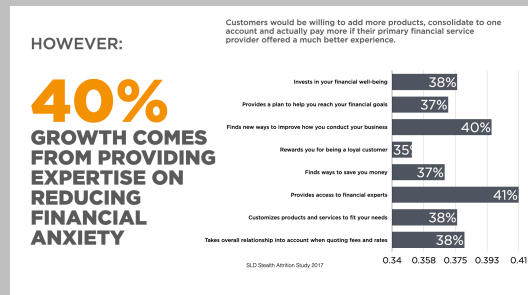
Source: SLD Smith Anthony Study 2017

Bank's investments today are concentrated on speeding up and removing the friction points in banking to provide customers with a higher degree of convenience and access to financial products. However, in reality, consumers are also looking for financial advice. And this is where banks have failed to leverage their trust equity and are vulnerable to new start-ups. Startlingly, only three percent of consumers view banks as a resource for professional financial insights and advice.

This is very concerning when you consider that the future of banking will consist of providing more significant insights to those affluent consumers that are looking to build their wealth and create relationships with institutions that can provide them with the right level of advice, such as providing access to financial experts. Customers are looking for financial expertise, not just more accessible ways of accessing their funds. Customers today are also demanding a high level of convenience. Many of the new mobile app and online banking platforms the financial institutions have leveraged to win the customer's attention and comfort and ward off competitors and Fintech platforms are great examples of this.

With so many choices available today, it's essential to understand that the bank's physical channel remains a critical tool for driving growth and acquiring new customers. Although the trends have shown a decline in branch visits, their importance in delivering knowledge and driving services remains exceptionally high.

Customers do leverage the full set of a bank's channel, and one of these remains the physical branch. Customers who visit the branch to withdraw cash or deposit checks provide an excellent opportunity to drive those visits into meaningful customer experiences, answering the need to help them solve their financial anxiety. Visiting a bank's branch remains an important factor in growth since 64 percent of consumers seek people's advice when making financial decisions. They are coming to the branch to gain knowledge and receive expert advice from their financial banker who, in the ideal customer experience, is empathetic and knowledgeable on how to relieve their economic anxiety and plan for their future.



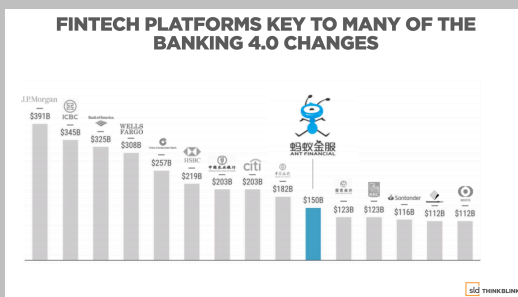
To help customers feel confident about their future, financial banks need to create customer experiences that build strong bonds of trust and expertise between the customer and the financial institution. The customer experience must reflect that each customer has unique needs throughout their life stages. Customer Experience 4.0 needs to support customers' needs at each of these life stages; understanding customers who are starting their career is a very different experience than those who are looking to retire. Accordingly, the customer experience must reflect each of these life stages with specialized experiences, services and products.

INNOVATION DRIVEN BY EMERGING DIGITAL PLATFORMS

Let's move on to the second force shaping the banking industry, namely the increase in innovative solutions driven by emerging digital platforms. The banking industry has been the most disrupted through the growth of Fintechs. Banks have started to embrace these technologies to drive greater convenience and eliminate the low-value friction points in the banking channel. Many of these emerging technologies, such as AI and AR, the Internet of Things, robotics, in addition to 5G mobile and biometric security, to name just a few, are already in planning stages or prototyping at most leading financial institutions.

In North America, many traditional banks have partnered with Fintech's, creating an opportunity to deliver a higher level of customer experience and drive more value in branch visits and interactions with their banker. The chart on the right identifies that banks can't be passive in building a more vital customer experience with the growth of Fintech, such as Ant Group (Formerly Ant Financial) in China, which is currently the world's highest valued Fintech.

Banks must respond to their customers' gravitation towards new technologies and platforms that make their banking life more manageable. Although many of these platforms solve the relationship's transaction side, similar to a Trojan Horse, they allow these organizations to build lasting relationships that will lead to more significant bank high margin services erosion.



However, there is a silver lining as these technologies may remove the friction points in the banking industry's transactional side, but they don't do much in creating an emotional connection with customers. Banks can play a more vital emotional role and win as part of their customer experience transformation.

Banks are responding in China and around the globe. For example, Construction Bank recently launched a 5G branch with new technologies, ushering in new biometric digital security platforms and removes the hassle of PINs and authentication processes. It's a place where we see the convergence of digital and physical. A place where consumers can learn about new apps and in an environment where they can engage in discovery. These new technology-driven experiences feature robots serving as greeters, replacing some of the low-value transaction services that branch staffs provide today.

REDEFINITION OF BANKING MODELS

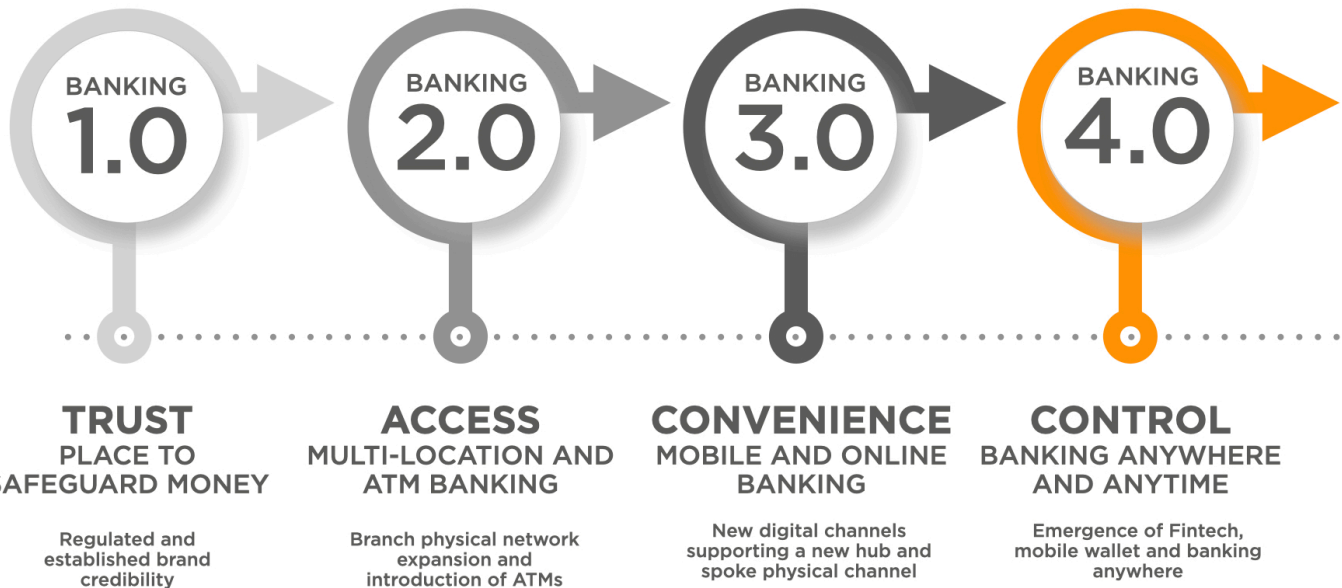
The last force shaping banking is how banks are accelerating their business models into two areas of growth. This factor is not just limited to China as we see banks worldwide focusing on the detachment side of the banking relationship, mainly removing the friction points for those low-value transactions. This is important as the bank's struggle to retain their customers, ensuring financial institutions remain relevant by providing a high level of convenience across the entire banking channel.

Although the importance of ensuring a high level of comfort remains critical, the reality is that this advantage for many banks has become table stakes. More importantly, banks need to shift their lopsided technology-focused investments towards creating a more immersive and advice driven side of the customer experience. This will help ensure banks appeal to the high-value customers in their wealth-generating life stages that are looking for financial advice and expertise.

Banks should position themselves to help remove or reduce the anxiety customers have around their financial future. Banks are addressing the low-value transaction side of the equation with the move towards digital transformation. On a global level, our banking clients are



A MOVE TO BANKING 4.0: LOW VALUE TRANSACTION EFFICIENCIES



already well along the digital transformation continuum, from moving towards a paperless environment and introducing new digital platforms for on-boarding customers to new apps and mobile digital platforms that help eliminate many of the transaction friction points.

A MOVE TO BANKING 4.0

As we explore the current banking transformation journey, these can be grouped into four major stages, starting with Banking 1.0. More than a century ago, financial institutions were created based on the premise of trust, a safe place where you could feel confident leaving your money. Once banks established the foundation of trust, they quickly evolved to Banking 2.0. This level of banking is best manifested by the rapidly growing network of branches, providing more significant access to financial services in addition to 24-hour

banking via conveniently located ATMs, leading us to the current industry status, Banking 3.0. This stage focuses on improving all facets of the customer experience through new online and mobile tools. This level is best exemplified by major branch redesigns, moving from one-size-fits-all to a hub and spoke model. With their massive investment in digital technologies and in response to Fintech firms' growth, many banks are starting to explore evolving their platform to a Banking 4.0 level. This new level promises consumers the ability of banking anywhere at any time. Banking 4.0 predicts the demise of the physical branch, where the reliance of the physical network becomes less important and where we see the rapid adoption of mobile wallets and the ability of consumers to access their funds anywhere in the world.

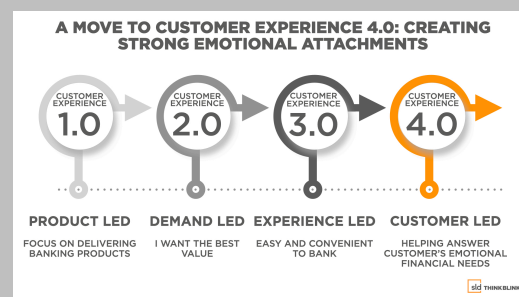
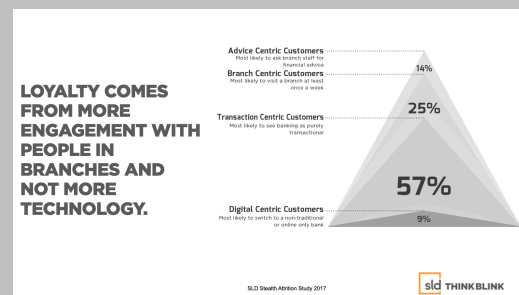
However, it's essential to understand that this race to replacing people with technology flies in the face of one crucial fact: consumers want better

relationships, not just better technology. As banks focus a lot on using technology, it's essential to understand that consumers want to retain their banker relationship. They visit a branch because they want access to banking experts for customized advice delivered by the interconnection between staff and the consumer, irrespective of visiting a branch and participating in its video conference or customer service line. And that's important because our Stealth Attrition study identified that as you move consumers to a single digital channel, you are creating stealth attrition rituals where you drive your customers out of your banking institution.

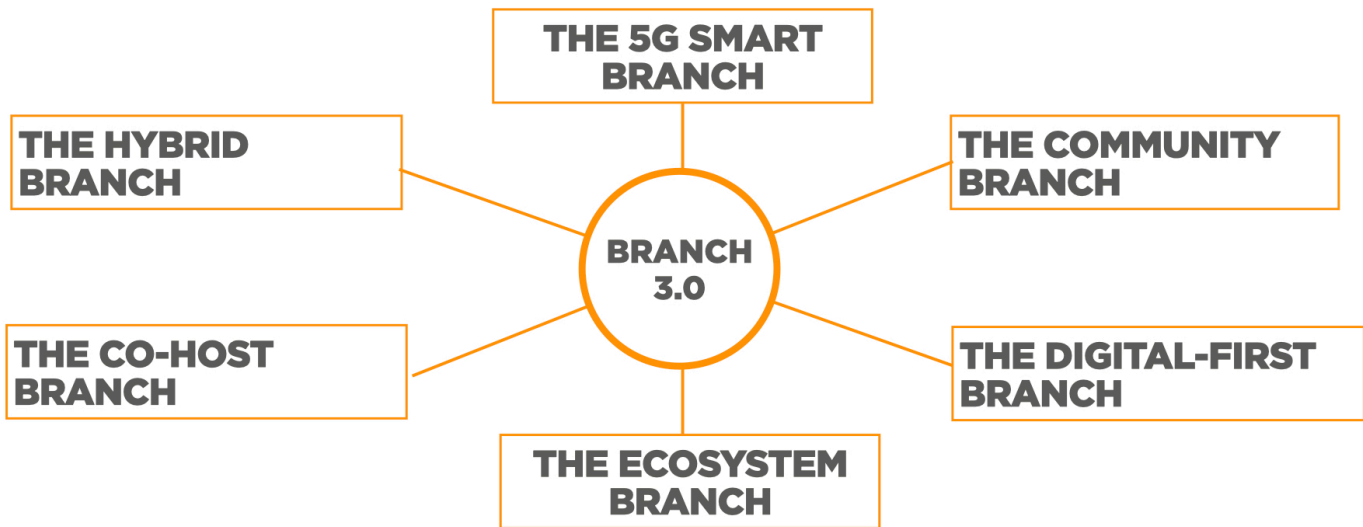
Our study noted it is much easier for customers to leave financial institutions if they are digital-only customers. However, those customers who use all channels within the banking network are the most loyal. Especially those who visit the branch and seek advice, as they are the least likely to switch accounts. This is important as banks embrace smart banking or new banking platforms that leverage new digital technologies. It's important to understand that as you force or promote digital, it's essential to balance that with attention to the branch's customer experience, leading us to the importance of Customer Experience 4.0. It started with new chequing and banking products and ultimately providing the right product and service conveniently to the market.

With a strong foundation, banks moved to Customer Experience 2.0 as more banks offered similar products, which led to a heightened need to differentiate. At this level of the continuum, customers wanted to find the best value for their banking needs. Banking 2.0 reflected a high competition level, forcing banks to create a differentiated experience beyond products, as seen in Customer Experience 3.0, a new customer engagement level with new service model approaches. The current Customer Experience 3.0 is where most banks are located as customers look for easy and convenient ways of banking.

Financial institutions have raised their services through mobile apps, intuitive and well-designed user interfaces and comfort-first branch designs. However, this level of the bank transformation journey has a limited impact, with this customer experience level becoming table stakes. To remain relevant with so many disruptive forces



NEW BRANCH ARCHETYPES ARE EMERGING



impacting their business, banks need to evolve towards Customer Experience 4.0, a new engagement level where people and technology converge in delivering a singular immersive experience. Our workshops will explore this new customer experience level in great detail, helping answer customers' emotional needs.

As we now look at the growth trajectory of Banking 4.0 and Customer Experience 4.0, it's important to note that most financial institutions programs fall within level 3.0. Banks have embraced the 3.0 level of transformation by reinventing their branch experience, moving from counters to engagement pods and from closed offices to new booth designs, enabling more comfortable engagements. Banks have all embraced using cash recyclers and Universal Bankers to remove many barriers inherent in old branch designs.

These have been created to deliver a better customer experience, increasing the value of when customers visit the branch. China's financial institutions are leading these new customer experiences, exploring a wide variety of innovative approaches, from the use of robotics to integrating new service stations, in addition to leveraging technology for conveniently onboarding customers. China is leading the digital transformation race within the banking industry. Through our work in China, we have witnessed banks leveraging many new and emerging technologies that most North American banks have yet to commercialize.

Through banks' efforts to develop and launch new customer experiences, we notice the emergence of a series of banking archetypes. From the community branch and the digital-first branch, to the ecosystem branch, the co-host branch, the hybrid branch and the 5G smart bank, banks have embraced many new types of customer

experiences. Each one of these archetypes provides a unique and different customer experience as part of the bank's channel strategy.

CREATING AN EMOTIONAL CONNECTION WITH CUSTOMERS

Now that we have covered the current state of affairs let's look to the future: creating an emotional connection with customers. It is about understanding and fulfilling the deep unmet needs of customers. It's creating an experience that delivers on those needs in a way that answers their emotional anxiety.

Why is creating a Customer Experience 4.0 so crucial for banks? Many studies reinforced the value and importance of excellent customer experience, as demonstrated by the numbers to the right. We know customers who have a positive experience within a financial institution are more loyal to that institution. They're less at risk of attrition (the silent movement towards a competing financial institution) and they're apt to buy more products from their primary bank.

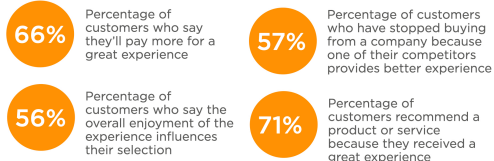
However, what's paramount is connecting on the customer's emotional level. Monista research identifies that customers are seven times more likely to stay loyal to their current bank and buy more products if they are emotionally connected. They also help drive up the trusted bank's net promoter score and are willing to pay higher rates. The study identified the risk of not emotionally connecting with customers is significantly increased, with a 52 percent potential revenue loss for those financial institutions who are not emotionally connected with their customers. This leads us to wonder why banks today are not winning at this emotional equation?

Banks current relationships with customers is based on transactions and not on answering deep emotional needs. It's back to the original chart, which is so important to reinforce. Only three percent of customers view their financial institution as a way of accessing financial expertise or gaining financial advice on how they can reduce their financial anxiety.

EXPERIENCE 4.0: CREATING EMOTIONAL CONNECTIONS WITH CUSTOMERS

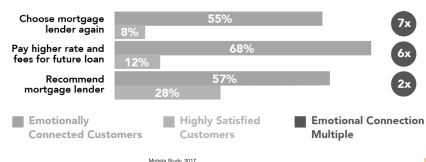
SLD THINKBLINK

EVOLVING THE CUSTOMER EXPERIENCE IS CRITICAL



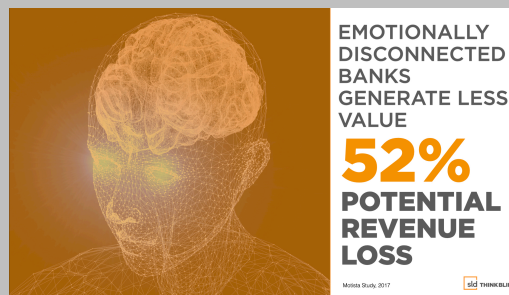
SLD THINKBLINK

HOWEVER, CONNECTING TO EMOTIONAL NEEDS DRIVES GREATER REVENUE



Monista Study, 2017

SLD THINKBLINK



Monista Study, 2017

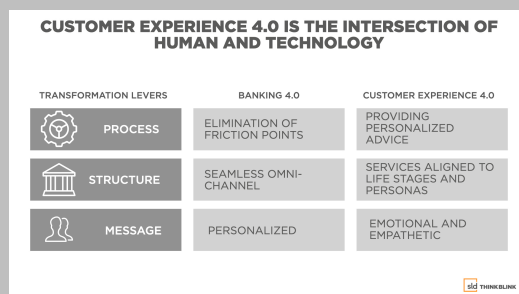
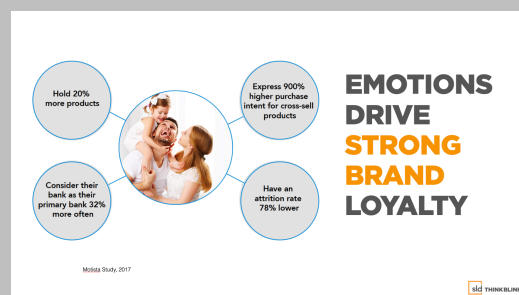
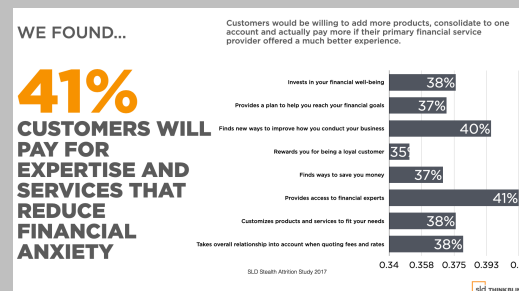
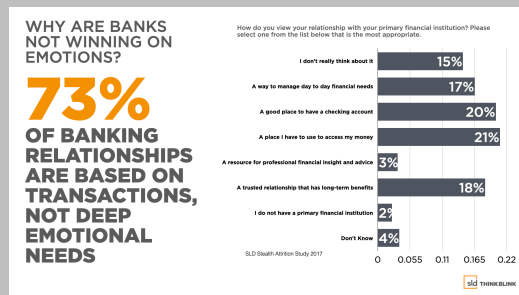
SLD THINKBLINK

If we shift the balance to providing financial advice, more than 40 percent of customers will pay more to have a more excellent range of products from a single bank. So although banks are not providing this expertise, our Stealth Attrition study identified that customers are willing to pay to access financial experts to answer their financial well-being needs. The range of conditions shown on the chart is an essential element customers seek from banks but are currently not being effectively provided, leading to the importance of creating strong emotional connections with consumers. The Motista study identified customers express 900 percent higher purchase intent for cross-selling products. They have an attrition rate of 78 percent or lower than standard banks, they hold 20 percent more products, and they consider their bank as their primary institution. These are significant numbers for banks that are looking to grow their revenue and build deeper relationships with their customers.

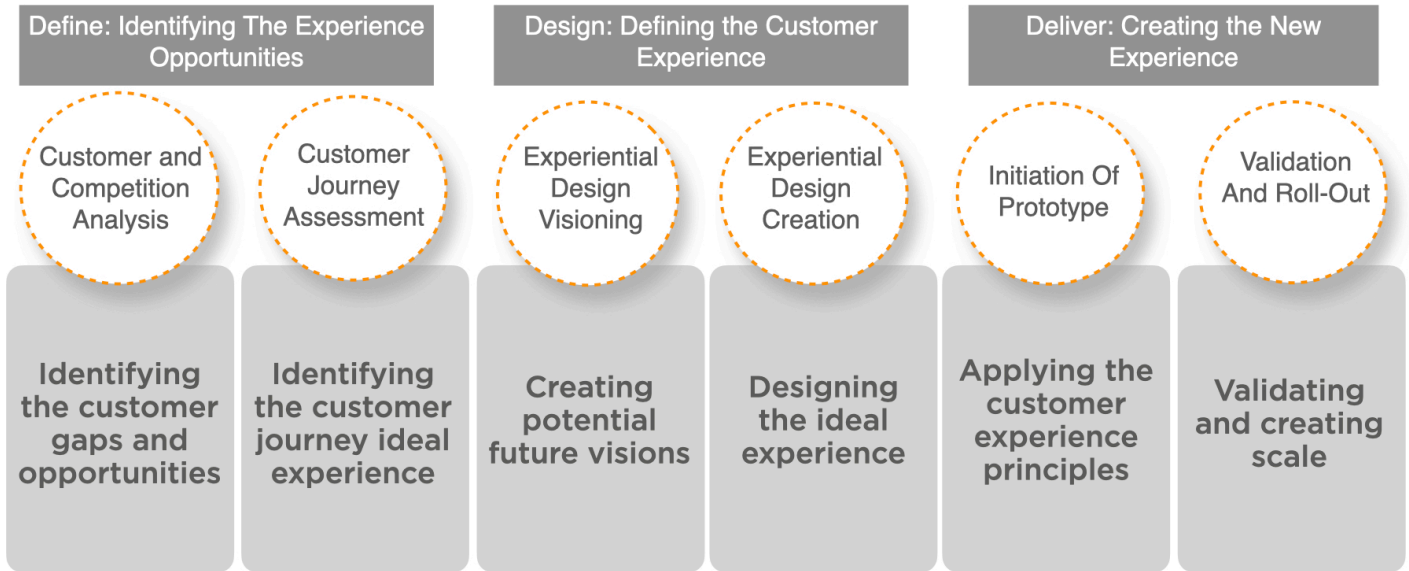
PROCESS, STRUCTURE, MESSAGE

When you look at the customer experience in the context of Banking 4.0, many similar elements overlap. We need to view these elements through our proprietary lens of the three levers of change, which helps move us towards a significant transformation. Starting with the Process lever (consisting of the various steps the customer takes and how the staff engage with customers) and leading to the ultimate customer journey. In Banking 4.0, the process is about eliminating friction points, whereas in Customer Experience 4.0, it provides personalized advice.

The second factor is to look at these banking models through the Structure lever of change, which ranges from branch size to the size of the network or even the different types of channels customers leverage. Banking 4.0 focuses on creating seamless omni-channel interactions, whereas in Customer Experience 4.0, it's about the importance of the services aligning to the customer's life stages and personas. By profoundly understanding these different customer life stages, it gives banks an excellent opportunity to customize products and services, solving their financial anxiety issues.



THE SIX CUSTOMER EXPERIENCE 4.0 TRANSFORMATION STEPS



The Message lever of change in Banking 4.0 is about personalization versus the same customer experience level for all, harnessing personalization towards strong emotive and empathetic communication. Although there are many similarities, what's important to understand is that every interaction is an opportunity to connect to a customer's emotional needs. Every interaction - whether it be online, mobile or in the branches - are opportunities as part of the Customer Experience 4.0 model to create a strong personal connection and solve the customer's financial anxiety, leading us to ask the question: how do you implement Customer Experience 4.0?

DEFINE, DESIGN, DELIVER

For the past 30 years, we have helped banks manage transformation, which has resulted in us developing a well-proven set of six steps we will cover in great detail as part of our eight courses. The above graphic provides a very high-level view of our process.

Our process starts with three overall phases, with the first helping define the experience opportunities which help lead us to the Design phases, bringing into greater focus the ideal customer experience. To validate these excellent customer experiences, we leverage the final Delivery phase. For each phase, we have two distinct and integrated stages. In the Define phase, we have two steps: the customer and competition analysis are where we look at the various stakeholders' needs that are not currently being met by other financial institutions. As part of this process, we explore the current emotional connection banks have with their customers. This stage also explores the emotional needs customers have and whether anyone is answering those needs in the marketplace. This ultimately helps determine to how banks stand out versus their competition.

In the second stage, we leverage those insights and align it to the customer's ideal journey, helping identify where those friction points are and, more importantly, those opportunities to engage with consumers in the different banking channels

emotionally. Based on these insights, we move onto the Design Phase, helping create experiential visions of bringing these opportunities to life. Do these include creating potential future scenarios, helping answer what a branch of the future is? It is pivotal to understand that the full physical channel's deployment will take numerous years to complete and that customer habits change and do not remain static due to the ever-changing market dynamics.

In the Experiential Design Creation stage, we developed different options of that customer experience. It could consist of a new digital ecosystem that monitors the customer's financial well-being through their life stages, or a new branch experience model that engages the customers through driving knowledge and access to different financial tools and platforms. We move on to the final Delivery phase from these other experiential design options, where we develop various prototypes through rapid testing and agile design development. This phase culminates in the final step where we validate these new ideas in the marketplace. These steps, which we will explore in greater detail as part of our eight sessions, allow banks to implement a customer experience successfully.

FOR MORE INFORMATION, CONTACT:

**Jean-Pierre Lacroix R.G.D., President and
Founder of SLD**

SLD (Shikatani Lacroix Design)
387 Richmond Street East
Toronto, Ontario
M5A 1P6
Telephone: 416-367-1999
Email: jplacroix@sld.com