



The art of customer connection

How to create memorable experiences and drive growth for retail financial institutions

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Foreword

In the dynamic and challenging landscape of retail banking, the year 2024 presents a crucial opportunity for financial institutions to embrace customer centricity. As banks navigate inflationary pressures, potential rate cuts, and the rise of digital-native competitors, delivering personalized and seamless banking experiences becomes paramount.

This report delves into the essential strategies for enhancing customer centricity, offering insights and recommendations to guide banks through this transformative journey. Capgemini's extensive industry experience underscores the significant impact of a customer-focused approach on long-term growth and success. Our comprehensive study, conducted across financial institutions in the United States, United Kingdom, and Canada, sheds light on the persistent challenges organizations face in their efforts to prioritize customer needs. Despite a clear recognition of the importance of customer centricity, many institutions still encounter hurdles in executing this vision effectively. Through our extensive research, including the [Capgemini World Retail Banking Report 2024](#), and our experience in building, running, and operating transformations over the years, we have been able to delve deeper into the importance of crafting memorable experiences to drive customer centricity, and where retail financial institutions should prioritize their efforts.

We extend our gratitude to all participants in our study and hope this report serves as a valuable resource, providing actionable insights to help banks navigate the path toward a more customer-centric future. The potential benefits for both financial institutions and their customers are substantial, paving the way for a more innovative and customer-focused era in retail banking.

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Executive summary

In a business like retail banking which emphasizes on being more product oriented generally, the secret to differentiation and growth lies in building long-term customer relationships using data-driven insights that drive the deep understanding to help make the shift from transactional to emotional. Financial institutions (FIs) increasingly recognize the value of putting customer needs at the center of strategy but often struggle to execute on that vision. In our latest research, 71% of industry executives surveyed say understanding customer motivations and preferences is critical to growth, but 54% acknowledge they don't understand their customers well enough to embrace a truly customer-centric strategy.

In this report, we highlight key findings from our recent survey of nearly 1,000 FI customers and 100 industry executives and offer a path forward for FIs seeking to enhance customer-centric strategies. The first section explores the value of understanding customer life stages, attitudes and motivations, and the pain points that keep FIs from truly putting customer needs and interests first. We also discuss how key drivers, such as personalization, accessibility and convenience, and transparency, can be used to build the stronger bonds that lead to growth.

The second section focuses on executive priorities and some of the roadblocks that prevent FIs from realizing the promise of customer centricity. For example, about 60% of executives say they do not spend enough time with employees and customers to understand how decisions made in the boardroom play out on the

frontlines. They also struggle to use customer data to drive decision-making and position themselves effectively in the marketplace. The inability of FIs to align strategies with the needs and expectations of customers is a primary challenge.

The third section introduces a four-pronged framework for implementing a customer-centric strategy and provides direction on using advanced technologies like generative AI, modular content and the market-centric data layer to operationalize and accelerate the transition to customer centricity. Leveraging new technologies to better understand customers and align strategy with their needs is table stakes in the battle for loyalty and growth.

The ability to deliver hyper-personalized experiences at the times in a customer's journey when they are most needed lies at the heart of customer centricity. It requires leveraging customer data to anticipate those critical moments, investing in new technologies to help create consistent, compelling experiences, and embracing a culture that truly puts the customer's interest first in decision-making. Most FIs are not there yet. Those that can bridge the gap and align their strategies with customer desires will be positioned for long-term success.

What financial institutions must understand about their customers



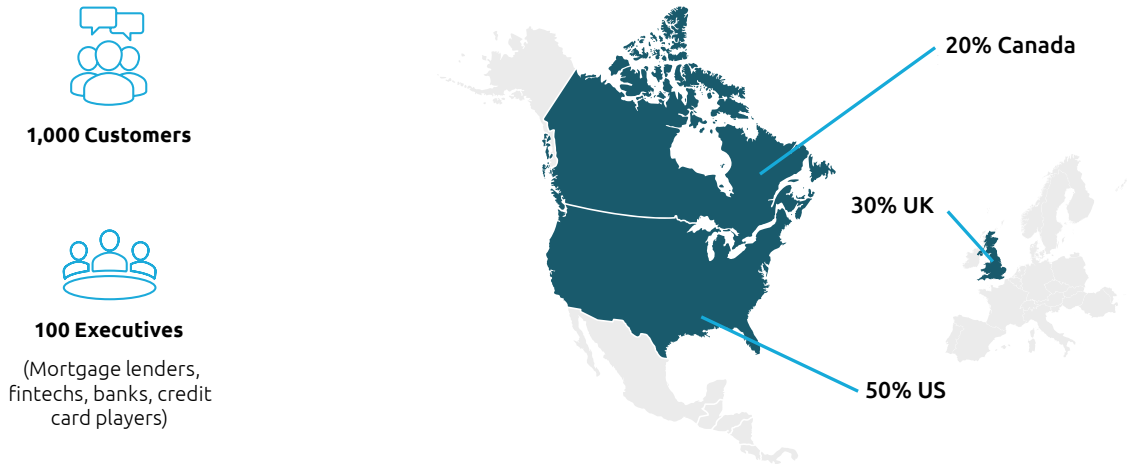
Today's financial institutions (FIs) understand the value of putting customer needs and interests at the center of strategy. However, the pathway to growth in the digital age is often colored by a focus on delivering the right product at the right time and place along the customer's journey. In an industry like retail banking, where products and services are mostly commodities, being there for those moments that matter with personalized solutions, seamlessly delivered via a customer's preferred channel, is recognized as critical for driving loyalty and growth.

Many FIs are pursuing these kinds of customer-centric strategies, but often their efforts are hampered by a lack of insight into customers' needs and pain

points. That can lead those institutions to deprioritize attributes and features that customers want most and overinvest in things that customers care relatively little about.

To better understand the disconnect between what customers want and what FIs attempt to deliver, we surveyed nearly 1,000 FI customers and 100 industry executives across the United States, United Kingdom and Canada. Our findings highlight the value customers place on clear communication, quality customer service, personalization and seamless delivery, and provide financial leaders with a roadmap for creating customer experiences that can inspire loyalty and drive growth. Key findings include:

1. Capgemini survey pool size



Ambiguous communications and engagement

About 52% of customers say they are frustrated by communications with their FIs. Customers want honest, transparent information that empowers them to make informed decisions about their finances, but say they often encounter hidden fees, jargon-filled terminology, unclear terms of financial incentives, poor communication about account changes and inconsistent information across channels. Many customers say they have been charged fees that were not clearly disclosed when they opened their accounts. They also express annoyance over pushy sales tactics and upselling of unnecessary products, and often believe that bank advisors market products and services that aren't the best fit for their current situations. Such encounters can leave customers feeling deceived and suspicious of claims that the customer is more important than the bank's profitability, eroding trust and confidence.

52%
of customers are frustrated by poor communications with their FIs

Poor customer service

Customers contact their FIs when they have a problem and value efficient, accessible and responsive support, and the ability to interact with someone who can address their concerns promptly. Yet at these key customer service moments, they often struggle to access the right answers. Nearly 48% of customers in our survey report having substandard customer-service experiences. A decline in branch locations and operating hours has made it more challenging for customers to obtain personalized assistance. When urgent issues arise, they often must navigate automated systems or endure long wait times to speak with a representative, leading to feelings of neglect that can damage customer loyalty.

48%
of customers report having substandard customer-service experiences

Inconsistent digital experiences

Customers expect seamless, intuitive, and personalized experiences across all digital channels, but are often met with underperforming technologies and impersonal features and interfaces. In an era dominated by digital interactions, about 44% of customers say they are frustrated by mobile applications that crash or websites that are hard to navigate and provide experiences that are neither user-friendly nor tailored to their needs. Such digital shortcomings inconvenience customers and reflect poorly on the bank's ability to innovate in an environment where the quality of the experience is critical to growing profitable relationships.

44%
are dissatisfied using
FI digital channels

Understanding customers and what they expect

Customers today are driven more by emotion and purpose than traditional factors like price or convenience. For example, the 2023 Edelman Trust Barometer¹ reported that customers are five times more likely to buy brands that commit to addressing climate change, and four times more likely to support

brands that promote gender equality or ending racism. Younger customers are especially concerned about values: 64% of Gen Z customers expect brands to make their values visible at the point of purchase. In today's environment, customers don't merely buy products; they align with brands that resonate with their values.

71%
of executives say
understanding customer
needs is important to
strategy, but 54%
say their FIs lack
those insights

Customer centricity is about instilling a customer-first mindset into the organization's culture and operational framework that's based on deep, intimate knowledge of individual customers' likes and dislikes, financial goals and life circumstances. This understanding, built largely on customer data they already possess, is perhaps the most powerful tool in most retail FIs' marketing arsenals and needs to be put to use across the organization and not just the marketing or digital teams. As customers become more empowered and enabled, an FI's ability to anticipate their changing needs and be there with personalized products, services, and interactions is table stakes in battle for customer loyalty and growth.

In this context, addressing customer frustrations around subpar service, inconsistent digital experiences, and ambiguous communications often requires a deeper understanding of what drives them than most FIs possess today. While 71% of executives in our survey say that understanding customer needs and preferences is critical to achieving their growth objectives, 54% cite poor understanding of those expectations as their biggest roadblock to putting the customer first.

"We want to become customer-centric, but we aren't quite there yet: there's no customer lifecycle strategy, contact management, customer service communications or single unified customer view"

**Senior Marketing Leader,
Leading UK Retail Bank**

¹ Edelman, *Edelman Trust Barometer – Navigating a Polarized World, 2023*

Aligning around the moments that matter

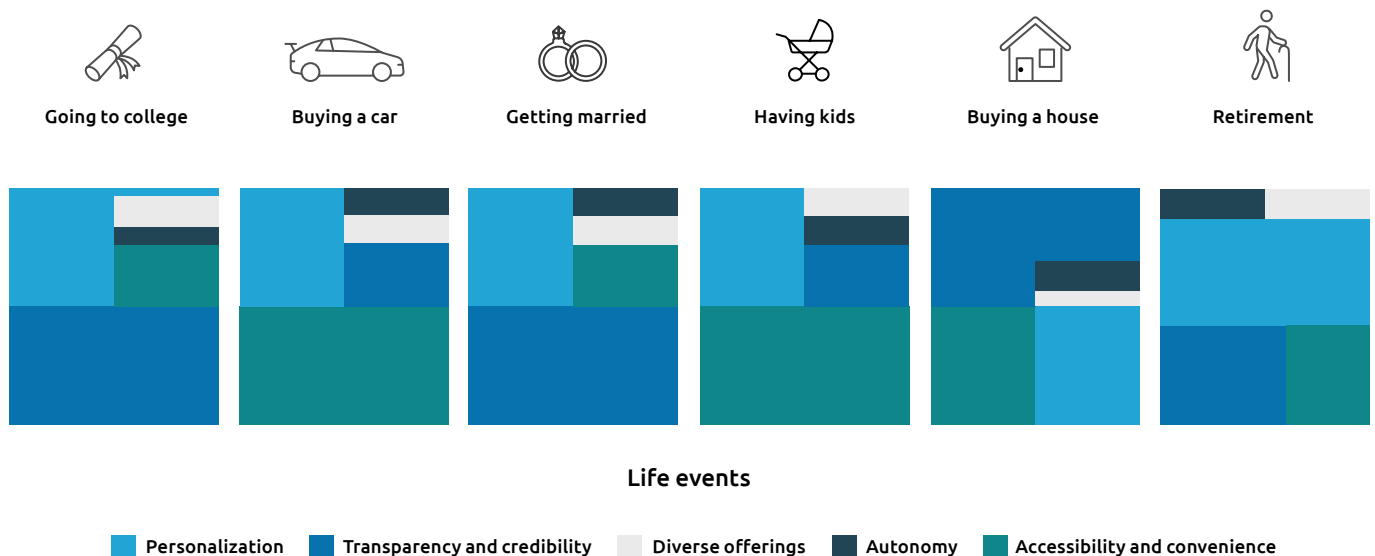
For FIs, designing more meaningful customer experiences can require centering on key customer-facing drivers, such as personalization, accessibility or diverse offerings, combined with a data-driven understanding of customer wants and needs based where they are at their journeys. For example, while customers value financial and non-financial incentives, what often drives long-term loyalty is an institution's ability to facilitate significant life events, such as a major purchase, or to help them achieve long-term financial goals. Our survey shows that these life events can significantly alter customer preferences and priorities in ways that can present opportunities for growth.

The ability to design tailored experiences that meet a customer's financial needs and aspirations in those milestone moments that matter can make all the difference in building long-term relationships. Helping customers achieve goals at those key moments and addressing their needs consistently at every touchpoint with tailored solutions can build emotional

connections that last a lifetime. Using data to enhance understanding and anticipate these pivotal moments can require a change in the organizational culture and mindset that recasts the FI from a seller of products to a customer partner. For example, viewing the customer journey as a series of "jobs to be done" – whether the job is buying a house or saving for retirement – and then tailoring solutions that help them meet those goals can be an effective way for FI marketing teams to approach driving engagement, deeper connections and trusted, purpose-driven relationships.

Below we offer three examples of how FIs that combine insights on customer emotions and attitudes at different life stages with key customer-facing drivers (as identified by Capgemini research and backed by Capgemini's client-centricity framework²) can align to encourage growth:

2. Importance of customer-centric drivers across life events



² Capgemini, *Getting Personal – Five drivers to power client-centric growth in Wealth Management, 2023*

- **Buying a car:** Our survey shows that 33% of customers rate accessibility and convenience as the most important drivers in the car-buying experience. The typical customer invests more than 12 hours³ researching a car's features, price, incentives and other information before making a commitment, and often is frustrated by inconsistencies in the process. FIs that can deliver *seamless tailored experiences* when it comes time to execute that purchase, whether via intuitive mobile or online platforms, and can provide real-time access to a variety of options, can satisfy the customer in ways that foster positive feelings and grow the relationship. For example, DBS Bank in Singapore has created a comprehensive marketplace for buying and selling cars, which includes budget calculators, evaluation forms, insurance, and accessories, positioning itself as a primary channel for facilitating the entire car-buying process.
- **Buying a house:** In our survey, customers that encounter significant life events, such as buying

a house, say *transparency* is a critical driver. In total, nearly 38% of homebuyers say they value transparent communication. Yet at these crucial junctures, many customers say they experience poor service or misleading communications – lost opportunities for FIs to strengthen relationships. Institutions that are transparent about fees, terms and conditions can build trust and credibility with current and prospective customers, fueling higher customer acquisition and retention rates.

- **Retirement planning:** In our survey, 30% of respondents planning for retirement say they prioritize *personalized* financial guidance and advice. With reports suggesting that many individuals are falling short of the retirement income needed to maintain pre-retirement living standards, FIs that leverage advanced data analytics and artificial intelligence to provide advice tailored to a customer's unique situation can deepen engagement levels and find new cross-selling opportunities to increase wallet shares.

Customer centricity starts with understanding what customers want and how they interact with the institutions

For FIs, customer centricity starts with understanding two things: what customers want and how they perceive their interactions with the institution. Leveraging data to be there for the moments that matter in a customer's life with the right product or service is the goal, but the emotional connection and quality of service provided is equally important. It's unlikely that customers who experience poor service, misleading communications or inconsistent digital experiences will be willing to enter into the sort of deep and trusting relationships that can drive growth.

Pulling the pieces together is an organization-wide effort that often requires a significant cultural shift, with all departments – from product designers and marketing teams to business lines, channels, and data teams – working in concert to anticipate customer needs and deliver seamless experiences. FIs that can align their drivers, enablers and offerings with customers' evolving priorities can significantly improve satisfaction, fostering the loyalty needed to achieve their growth objectives.

³ Google, Shopping tab data, 2022



The critical challenge: Aligning strategy with customer needs



In today's competitive environment, FIs are under pressure to enhance productivity and efficiency, elevate customer experiences, and accelerate time to market and value realization. While some FIs are good at creating memorable brands and experiences that can engage customers and inspire loyalty, many others struggle to identify and execute on customer-centric strategies.

Our research highlights the critical challenges that keep FIs from getting the most from customer centricity and presents a path forward. In many cases, the most

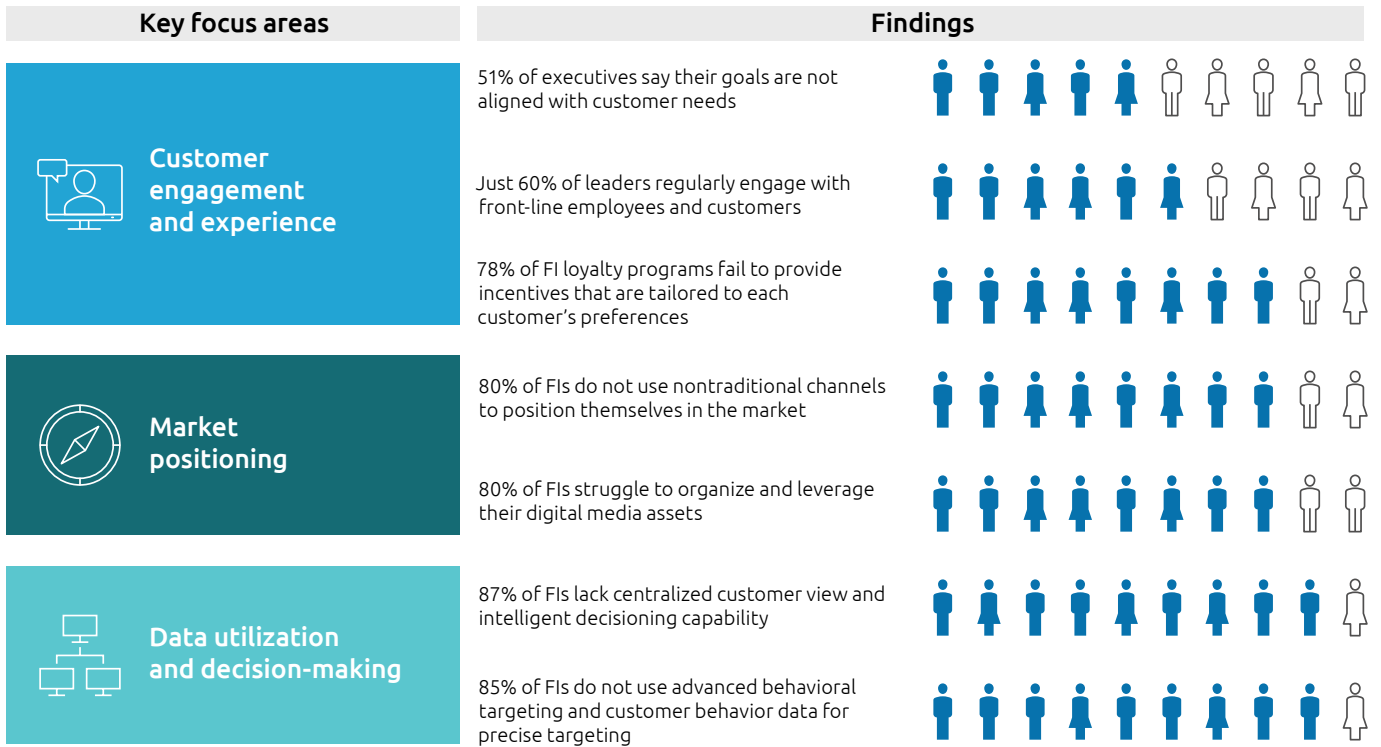
important factor – and the thing that FIs struggle with the most – is aligning strategy with the need to meet customer expectations. In our survey, 51% of FI executives say their goals often are not aligned with customer needs.

Creating one unified customer-centric vision that everyone in the organization can understand and embrace is critical to delivering consistent decision-making and customer experiences.

Putting the customer at the center of strategy often requires changes to the organization’s priorities, culture and their target operating model (TOM) – steps that are sometimes difficult to execute.

Our findings show three core areas where the struggles to align strategy with customers’ expectations are most acute: Customer engagement and experience, market positioning and the ability to use data to drive decision-making.

3. Challenges faced by executives in meeting customer needs



Addressing these priorities by focusing the organization’s energy and resources on three key customer-centric drivers – improved accessibility and convenience, enhanced transparency and credibility, and personalization – can help banks better align their goals with customer expectations and achieve sustainable growth.

Customer engagement and experience

Engaging customers with personalized experiences lies at the heart of any effort to build strong, lasting relationships. Our survey reveals several areas where organizational shortcomings often hinder FI efforts to create those experiences. They include:

Customer interactions: Just 60% of executives say they regularly engage with front-line employees and customers to enhance their understanding of customer needs, while the average FI employee spends only 29% of their time interacting directly with customers. Onboarding teams devote just 9% of their time to customer interactions, while spending most of their time on tasks like documentation, compliance and risk assessments and operational activities. Streamlining processes to free up employee time for more customer interactions can enhance customer understanding,

improve customer satisfaction, and inform better decision-making.

Customer rewards: 78% of executives say their FIs don’t personalize loyalty programs to meet individual customer preferences, with 40% using tiered rewards structures. Many also have yet to integrate rewards into the broader ecosystems where customers spend much of their time, relying instead on traditional programs. Tailoring incentives to individual tastes and building the capabilities to support customers on their digital journeys can create opportunities for innovative interactions and build credibility and stronger relationships.

Technology and AI: Nearly 70% of executives say leveraging AI and generative AI is critical to delivering real-time, tailored solutions. The problem is many are moving too slowly: 84% say their institutions are either still exploring or just beginning to integrate AI and generative AI into their processes and workflows. Using new technologies to enhance customer engagement and experiences is becoming a strategic imperative in the battle for market share.

"We are focusing our digital strategy on integrating with partner channels to create seamless onboarding experiences for customers acquired through those relationships."

**Chief Strategist,
US card services firm**

Market positioning

FIs that can position themselves with digital capabilities to conveniently address a wide range of customer needs can bolster their competitiveness and gain market share. Many FIs have seen their growth rate suffer because they moved too slowly to adapt to customers' changing preferences. Our survey shows some of those pain points where FIs are falling behind:

Embracing new channels: More than 80% of executives say their FIs rely too heavily on traditional channels to meet customers' life needs. In the digital age, embracing omnichannel solutions is essential to delivering the convenience and innovative products and services that customers' expect.

Managing digital technologies and content: About 80% of executives say their organizations struggle to efficiently organize and distribute their digital marketing assets, which makes it difficult to optimize content across channels. FIs that manage and coordinate their digital collateral can deliver more consistent, seamless and transparent experiences across customer touchpoints, building the trust and loyalty that lead to long-term relationships and growth.

Data utilization and decision-making

Optimizing the use of data in decision making is pivotal to delivering personalized and timely customer interactions. FIs that leverage centralized data systems and advanced analytics to create a unified view of customer information can better predict customer needs, tailor offerings and deliver transparent and

relevant experiences. FIs know this but most still lack all the capabilities they need to deliver on the promise of customer centricity. To better understand the challenges FIs face, consider the following insights from our survey:

"There's so much we don't understand about our customers. We don't know their values and drivers. Without that understanding, how can we be truly customer-focused?"

**Senior Marketing Leader,
UK Retail Bank**

Centralizing customer data to drive decision-making: 87% of executives in our survey say their FIs lack both a centralized view of the customer and intelligent decisioning capabilities. Leveraging all available data to create a unified view of the customer can allow an FI to better anticipate customer needs and be there along their journeys with the right offer at the right time and place. Using good data to drive decisions, customize products and services and enhance customers' trust in the institution.

70%

of executives say their FIs need to enhance the effectiveness and application of data driven strategies

Employing precision behavioral targeting: 85% of executives say their FIs don't use advanced behavioral targeting and customer behavior data to make their cross-selling and upselling activities more precise and effective. Blending segmentation and personalization strategies with advanced data analytics can enable compelling customer experiences that foster deeper relationships.

To summarize – our survey highlights the areas where FI strategies are failing to fully meet and support the expectations and needs of customers. For customer centricity to achieve its full potential, FIs need to embrace the technologies, capabilities and strategies that can help them anticipate customers' needs and be

Developing data-driven strategies:

70% of executives say their FIs could improve data-driven strategy development by embracing the appropriate tools and mindset. Leveraging advanced analytics and big data can significantly improve decision-making processes, while increasing transparency and credibility in the eyes of customers. FIs that can effectively design and implement data-driven strategies are better positioned to predict customer needs and deliver tailored solutions.

85%

of FIs still don't use advanced behavioral targeting for precise cross-selling and upselling

there to deliver the right products and services along their journeys.

Leveraging three key drivers – personalization, accessibility and convenience, and transparency – to build stronger customer connections can help drive long-lasting, profitable relationships and growth.

Drivers	Customers' expectation	FIs' current state
Personalization	Understand their unique needs, preferences and behavior and provide tailored products and services.	<ul style="list-style-type: none"> Limited use of customer information to create the personalized experiences that can inspire loyalty. Lack of centralized view and effective decision-making.
Accessibility and convenience	Seamless, omnichannel access to a wide range of banking services.	<ul style="list-style-type: none"> Focused primarily on digital channels and still in the early stages of deploying digital and omnichannel solutions. Struggling to manage digital marketing assets with effective digital asset management.
Transparency and credibility	Clear, consistent documentation, transparent communications and credible information to empower decision-making.	<ul style="list-style-type: none"> Inadequate engagement with front-line employees and customers. Aggressive selling, complex fee structures and inadequate disclosures erode transparency, credibility and customer trust.

FIs that focus on addressing the gaps between their own strategies and the expectations of customers can position themselves to capitalize on the benefits of customer centricity.

A roadmap for pursuing a customer-centric strategy



Our research highlights the disconnect between FI strategies and the need to deliver seamless, tailored experiences that meet customer expectations.

Achieving the right alignment is a two-fold process:

- First, define and commit to a strategy as well as the TOM that puts the customer at the center of the FI's culture and decision-making.
- Second, embrace advanced technologies and tools, including generative AI and modular content, to gain better understand what customers want and act quickly to win their trust.

In this section, we explore how FIs can approach both parts of the process and find the alignment needed for success. We also discuss how the power of generative AI and other advanced technologies can help accelerate the transformation to customer centricity.

Four pillars to help define customer centricity

As noted earlier in this report, 51% of executives report that their FIs' strategies and incentives aren't aligned with customer expectations. An effective strategy prioritizes understanding customer needs, preferences and behaviors well enough to ensure that all business decisions are centered around delivering exceptional experiences.

Forming a trusted bond with customers is the key to building profitable long-term relationships and sustainable growth, and it's not easy. It involves employee training and changes to processes, culture and organizational structure to reorient the FI. How best to proceed?

We suggest employing a customer-centric organizational strategy framework that focuses on the following four pillars.



Archetypes: Understanding different segments

Archetypes represent the fundamental personas and segments that make up an FI's customer base. The needs of each one are shaped by different desires and motivations. For example, a "savvy investor" customer archetype might focus on maximizing returns through diversified investments, while a "safety seeker" prioritizes stability and low-risk options. Understanding the unique traits, behaviors and needs of these archetypes can help FIs create strategies that are customized to meet the needs of targeted audiences.



Jobs to be done (JTBDs): Understanding the customer's goals

Viewing the customer journey as a series of "jobs to be done," or JTBD, shifts the focus from selling products to helping customers solve their problems. Understanding a customer's underlying motivations and objectives at a given moment in time can help FIs design experiences that help achieve those goals, enhancing satisfaction. For example, if a customer's current JTBD is to quickly increase his living space via a home renovation project, offering a home equity loan with flexible payment options or fast approvals could help win the business. An FI that understands a customer's underlying motivations for the project can better meet their needs and strengthen its bond with the customer.



Interactions: Building connections, optimizing encounters

Interactions are the touchpoints through which customers engage with an organization, including contact centers, digital interfaces, and in-person experiences. Optimizing those interactions by creating a strategic vision based on the archetype and JTBD findings can help FIs create seamless and positive customer journeys to build trust and loyalty.



Principles: Defining core values

Principles are the North Star of the framework – the core values and guidelines that drive organizational behavior and decision-making. Embedding a commitment to customer centricity, transparency, and ethical conduct into the organizational culture can provide the internal cohesion needed to prioritize delivering exceptional customer experiences.

This framework – archetypes, JTBDs, interactions and principles – can be used as a starting point for addressing the disconnect between FI strategies and customer expectations. Aligning these areas is critical to building trusted relationships that can foster loyalty and drive growth.

Leveraging advanced technologies to execute

The most effective customer-centric strategies are backed by cutting-edge technologies, including generative AI, that FIs can use to improve their content and data pipelines. The objective is to drive loyalty and growth by using data to design experiences that reflect a genuine commitment to meeting the customer’s emotional and ethical expectations.

Understanding how to best use generative AI and other advanced technologies to achieve those results can be challenging. We suggest leveraging a customer-centricity framework that focuses the organization’s attention on strengthening two critical areas:

- **Customer-facing drivers**, such as personalized service, consistent availability, transparent communications, diverse product offerings and

customer empowerment, that are pivotal to enhancing customer satisfaction; and

- **Backstage enablers**, including strategic alignment, robust data capabilities, advanced technologies, efficient operations and organizational culture, that customers don’t see but are critical to supporting and sustaining those drivers.

Generative AI, modular content and technologies that mesh internal and external data can play a pivotal role in helping FIs leveraging those enablers to accelerate the transformation to customer-centric strategies and achieve their growth objectives. Below, we address three key areas where advanced technologies can provide the accessibility, convenience and trust that are foundational to customer centricity.

The promise and potential pitfalls of generative AI

Generative AI is rapidly transforming retail financial services, with new use cases and applications regularly being introduced to boost operational efficiencies or enhance the ability of FIs to understand and meet customer needs. Most executives in our survey say it is a critical tool for managing and leveraging data and content to deliver hyper-personalized experiences at key moments in the customer journey. Consider:



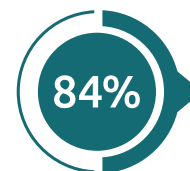
73% of executives say generative AI can help their FIs personalize services and offerings

- 73% of FI executives believe that generative AI will help them provide more personalized services and offerings to meet client needs.



61% say generative AI can improve content and data management

- 61% say generative AI can help them better manage content and data to more effectively serve customers.



84% think chatbots will be relevant to their strategies

- 84% believe chatbots will be relevant to their businesses in the future.

Client Story: Defining a generative AI strategy

A leading FI aimed to prepare for generative AI adoption

Capgemini provided data-driven insights to the Chief Data Officer and Head of AI to help define a generative AI-centric vision.

Developed a clear strategy and roadmap, paired with an assessment of current capability and maturity to maximize investments and beat the competition in the race to adopt generative AI for growth.

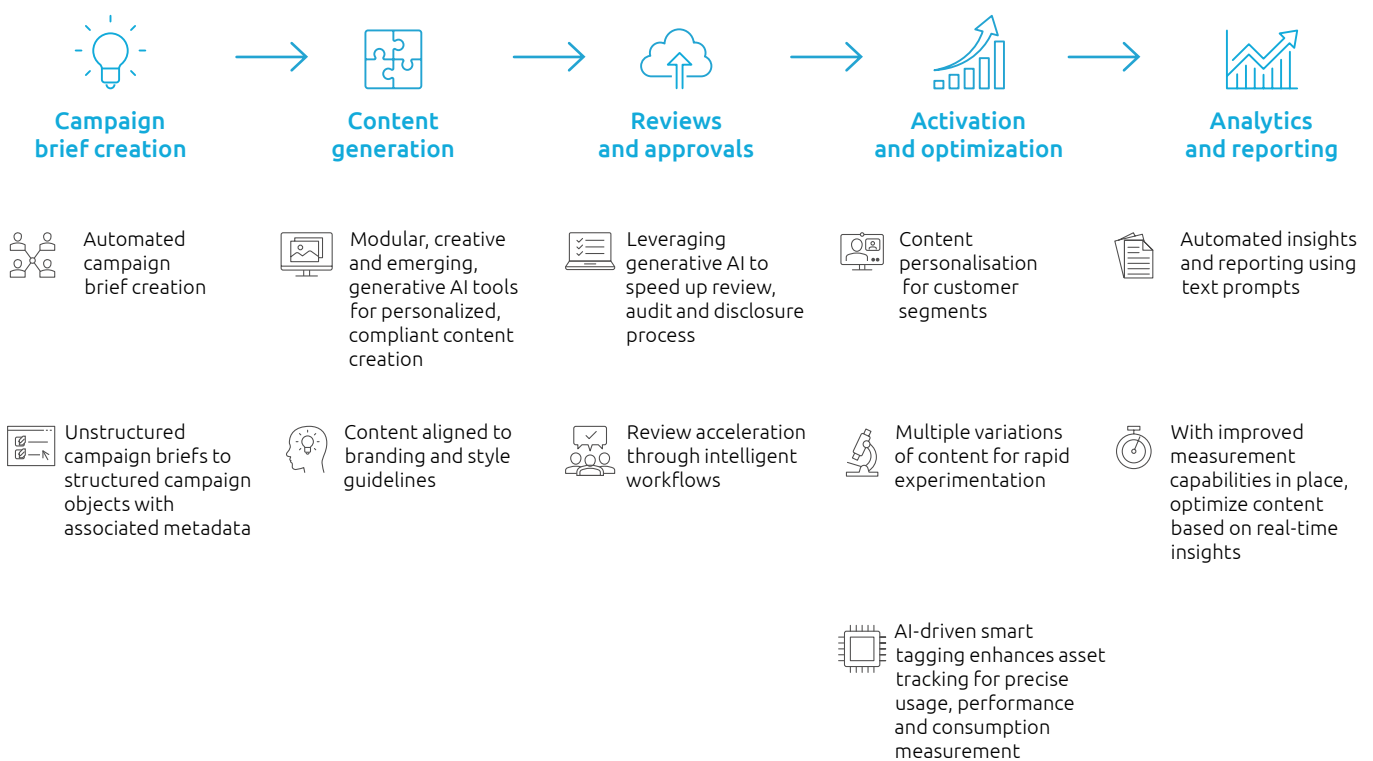
Key gains included a two-year generative AI vision, a structured 12-month roadmap, seven critical AI-to-generative AI transition recommendations, prioritized use cases, and a maturity assessment enabler.

Below are areas where generative AI can provide immediate and powerful results:

Strengthening the content supply chain

From ideation to optimization, integrating generative AI's ability to automate data collection and generate real-time insights into the content supply chain can lead to quick and powerful enhancements in the quality of customer experiences. Two key areas of the supply chain where FIs can leverage generative AI are content generation and predictive insights:

4. Opportunities



- **Content generation:** Generative AI can help FIs brainstorm and tailor content to create hyper-personalized advertising campaigns or product descriptions that are aligned with what is known about a customer’s needs and preferences.
- **Predictive insights:** Generative AI’s real-time analysis and automated sentiment analysis capabilities can provide predictive insights, enabling FIs to anticipate customer needs and rapidly adjust strategies. Using those advanced data capabilities to streamline processes and ensure that every piece of content is data-driven and strategically aligned can lead to more personalized customer experiences and improved retention rates.

“Content marketing is a major area of focus and with generative AI there is a lot of opportunity pertaining to written content creation and its scalability.”

**Senior Marketing Leader,
UK Retail Bank**

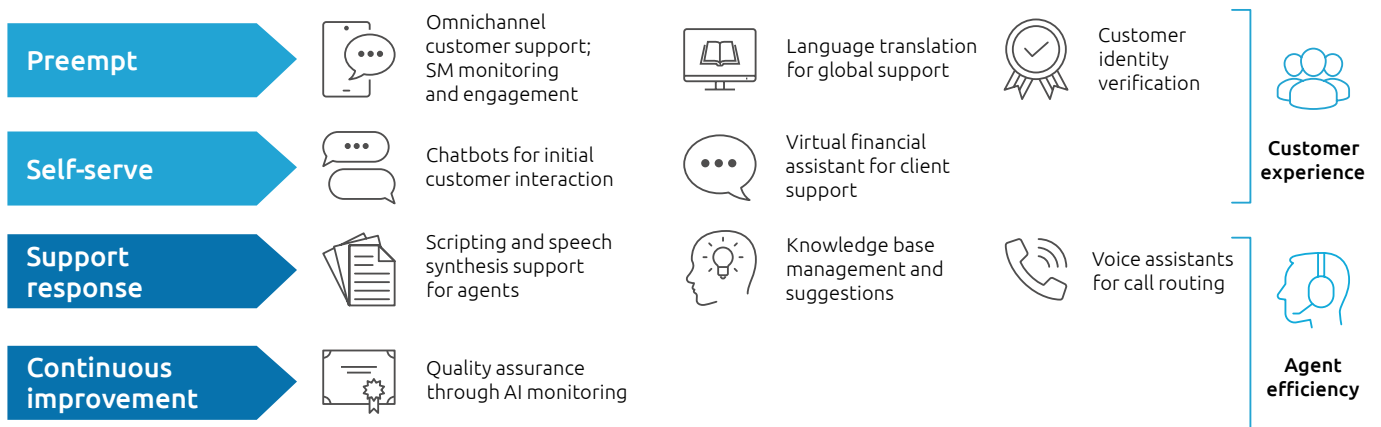
Bolstering contact center effectiveness

In today’s experience-driven economy, contact centers are the primary touchpoint for customers seeking assistance. Generative AI can enhance agent efficiency and the quality of the customer experience by leveraging advanced analytics to predict customer needs and respond quickly. The below chart illustrates how FIs can use generative AI to transform their contact centers into growth drivers.

- **Enhance customer engagement:** Generative AI can detect and predict customer sentiment and needs across different languages and proactively advise

contact centers on how to best address them in real-time. Models that can make self-service tools more conversational and accurate can help detect emerging issues and address them before they become serious.

- **Improve operational efficiencies:** Generative AI’s ability to streamline customer routing, support scripting and provide real-time recommendations can improve customer wait times and call center volumes while creating more opportunities for customer engagement.



The challenges and risks of generative AI

Generative AI can accelerate the transformation to customer centricity, but also carries unique challenges and risks. FI leaders should weigh the pros and cons thoughtfully before adopting the technology as part of their strategies. Key factors to consider include:

- Generative AI is still a new technology, prone to mistakes. It has been known to “hallucinate” and generate biased outputs, misleading information and data privacy leaks. Unless it is well-trained, the technology also poses risks in areas like infringing on

intellectual property. Regulatory agencies are still deciding what, if anything, to do about it.

- Customer wariness about how generative AI collects and uses their personal data is another potential challenge. In our survey, 78% of executives express no worries about generative AI’s data collection practices, while a staggering 84% of customers have at least some privacy concerns related to the technology.

- Outdated infrastructures or lack of organizational collaboration can make integrating generative AI into existing operations a challenge. FI leaders must prepare for these challenges before they start to implement the technology into their workflows.

5. Types of risks

Integrity	Legal Compliance	Operations
<p>Bias: Unintentional bias can filter into generative AI predictions, which could reinforce existing inequalities and damage the organization’s brand and reputation.</p>	<p>Intellectual property: Generative AI algorithms, trained on diverse data, may risk in infringing on intellectual property rights when generating content.</p>	<p>Sustainability: Generative AI models require a lot of energy to train and use, raising climate change concerns.</p>
<p>Hallucinations: Generative AI models can sometimes produce incorrect yet plausible information, which is particularly harmful in financial services.</p>	<p>Data leakage and privacy: Generative AI processes sensitive customer data to deliver personalized experiences and the risk that some of that data could leak is real.</p>	<p>Model risks: Language models are not knowledge models, and their outputs must be constantly monitored and validated by human agents.</p>
<p>Inherited risk: Generative AI models often function as “black boxes” making it challenging to understand their operations. Financial institutions must grasp these models to avoid risks in downstream applications.</p>	<p>Regulation: Using generative AI for personalized marketing or customer service raises legal issues, as data use regulations vary by jurisdiction.</p>	

“Crafting exceptional customer experiences requires a data-driven approach that leverages real-time insights to personalize and anticipate customer needs.”

Executive Vice President, Capgemini

The use of generative AI comes with a unique set of challenges, but in the quest for growth its ability to help FIs hurdle organizational roadblocks and deliver the clear communications, personalization and seamless delivery that customers expect makes it too compelling to ignore.

Enhance personalization with modular content

Modular content uses reusable components like text blocks, images, and videos to deliver personalized content with consistent brand messaging across channels. Its plug-and-play capabilities can enable FIs to quickly assemble hyper-personalized experiences, reducing time-to-market and operational costs, and

adapts seamlessly to different devices and accessibility needs, fostering trust. Using generative AI to power modular content strategies can enhance scalability, adaptability, and overall content effectiveness, helping drive sustainable growth and a competitive advantage.

Boost the contact center with market-centric data layers

As FIs embrace customer-centric strategies, they can reimagine their contact centers by leveraging market-centric data layers (MCDLs) to gain a holistic view of the customer. An MCDL blends an FI's internal data with insights from external sources to help make data-driven decisions that align with customer expectations. Imagine being able to listen to what customers are saying and doing online and offline.

Generative AI's ability to analyze massive amounts of data in real-time makes it a powerful tool for building and maintaining an MCDL. Here's how:

- **Collecting customer insights:** Understanding customer sentiment, preferences, and emerging trends.
- **Standardizing data:** Providing a consistent format, making it easier to analyze and use.
- **Analyzing customer feedback:** Continuous analysis of customer interactions and feedback helps build a richer picture of the customer within the MCDL.

FIs that are able to harness the power of an effective MCDL will have a richer, more-complete picture of the customer, allowing them to deliver the kind of personalized and responsive experiences that can drive customer satisfaction and loyalty.

Conclusion

In today's connected landscape, the most effective way for retail FIs to power growth is by providing customers with experiences that meet their needs and expectations at those critical moments that matter along their journeys. Our report findings highlight just how far FIs still must go to align their strategies with those customer needs.

We know that customers crave personalized experiences, clear communication, and seamless service across all touchpoints. Key customer-facing drivers, including accessibility, transparency and personalization, are critical to delivering those features. Our report adds to that understanding by showing how different life events, such as buying a home or planning for retirement, can trigger distinct customer needs. Those are the moments that matter, and they are opportunities for customer-centric institutions to build the connections that can drive loyalty and profitable, long-term relationships. Unfortunately, many FIs struggle to capitalize on those opportunities, hindered by poor understanding of their customer bases and technology infrastructures that remain ill-equipped to deliver on the promise of customer centricity.

To bridge the gap, we propose FIs embrace a two-pronged approach: first, use data and analytics to deepen their understanding of customer needs, preferences and pain points, and then use those insights to develop targeted strategies and offerings that resonate with individual customers. Second, embrace advanced technologies like generative AI to automate tasks, improve contact center efficiency and enhance accessibility and convenience to deliver hyper-personalized experiences and build trust with their customers.

The journey towards customer centricity is ongoing. FIs that prioritize customer understanding and embrace new technologies to deliver what customers truly want – not just what executives think those customers want – can transform customer interactions into vehicles for fostering deeper relationships, stronger loyalty, and growth.

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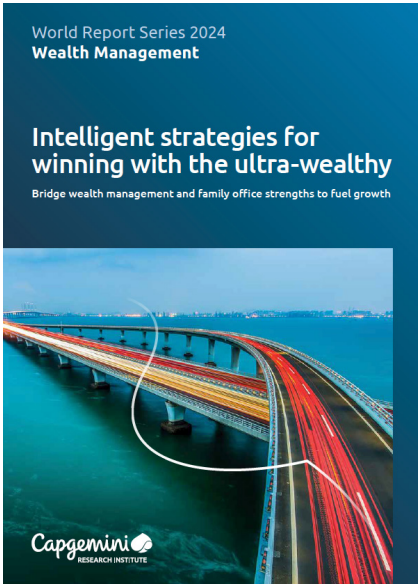
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