

BANKING INSIGHTS SURVEY

Insights From Bank Customers in Asia Pacific

Why personalised solutions are at the heart of
perfecting customer experience

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EXECUTIVE OVERVIEW & RESEARCH METHODOLOGY

EXECUTIVE OVERVIEW

Bank customers today have so many options regarding how, where and when they bank – from mobile apps and websites to ATMs and branches, they're spoilt for choice. For banks, perfecting their end-to-end customer journeys is now critical for both attracting and retaining customers. This involves delivering services in new ways, streamlining interactions to save customers time and effort, and using methods that boost security and compliance without compromising the customer experience.

There is a variety of maturity across the Asia Pacific banking sector. Some markets are highly developed and regulated with widespread adoption of digital banking, while others are fragmented with limited adoption of online channels.

As customer expectations across the region grow, understanding each market's priorities and constraints is critical to creating a gold-standard customer experience.

Although banks in emerging markets, such as Malaysia, the Philippines and Taiwan, offer a range of digital channels, they have not yet attained a compelling experience for bank customers, who prefer to use the branch. Even in developed markets such as Australia, Hong Kong, New Zealand and Singapore, customers prefer to go to branches for origination transactions such as applying for a home loan or opening an account.

Unisys research shows a positive banking experience is driven by the desire for a seamless and personal interaction – whether online or in person. There is also growing expectation from consumers that banks will safeguard their sensitive data and protect them from financial crime, but do so without disturbing their customer experience. Failure to meet these demands means banks risk losing more than just data and money, but trust, reputation, and ultimately, share of wallet.

The Unisys Asia Pacific Banking Insights Survey is a study that has been run nationally in Australia, Hong Kong, Malaysia, New Zealand, the Philippines, Singapore and Taiwan, to provide insights into customers' attitudes towards bank interactions. The survey is aimed at examining how customers engage with banks to unveil their preferences and key frustrations. It also provides some interesting insights into customer expectations when it comes to security and fraud prevention.

Although there are several challenges to overcome to achieve gold-star customer engagement, there is a tremendous opportunity in Asia Pacific for banks to differentiate themselves by using digital banking platforms and an over arching omnichannel strategy to gain a greater share of the market by focusing on the customer experience.

RESEARCH METHODOLOGY

The online survey was fielded during September 2016 in Australia, Hong Kong, Malaysia, New Zealand, the Philippines, Singapore and Taiwan, to nationally representative samples aged 18+ years.

Sample sizes were:

Australia: 1,237

Hong Kong: 1,000

Malaysia: 1,000

New Zealand: 1,000

Philippines: 1,000

Singapore: 1,000

Taiwan: 1,000

The study was conducted by OmniPoll.

KEY FINDINGS ACROSS ALL SEVEN COUNTRIES SURVEYED



EMERGING BANKING MARKET

DEVELOPED BANKING MARKET

BACKGROUND: BANKING IN ASIA PACIFIC

The variety of maturity and digital connectivity across the banking sector in Asia Pacific brings a mixture of customer preferences and expectations. Some countries such as Australia, New Zealand and Singapore are making greater use of digital technologies and therefore have a higher expectation of security and efficiency when it comes to online banking. Other markets maintain a heavier reliance on physical bank branches.

The countries surveyed in this report can be categorised into two groups: Developed (Australia, Hong Kong, New Zealand and Singapore) and Emerging (Malaysia, the Philippines and Taiwan).

Mobile internet in Asia Pacific countries continues to be mostly used for information and communication purposes and less are using it for actions that are more closely associated with professional services, such as digital banking¹.

However, that's changing and digital banking is rapidly expanding across emerging Asia Pacific markets, with customers turning to computers and smart phones more often. Online banking is now near universal in developed Asia Pacific markets and smartphone banking has grown more than threefold since 2011².

In all countries surveyed, the number of mobile cellular subscriptions exceeds 100 percent, meaning that consumers often use more than one mobile device to access the internet and potentially online services³.

Australia

Australia's banking sector is dominated by the "big four" banks, which account for 80 per cent of the market⁴. It is a mature and profitable market where banks face a demanding regulatory agenda. As with New Zealand, the banks are heavily reliant on housing mortgages, but increasing competition for share of wallet means product and service innovations are on the rise. Australians have rapidly adopted mobile banking.

Hong Kong

Hong Kong's banking sector is highly developed, with foreign banks making up more than 85 percent of the market. The country is a private wealth hub for Asia Pacific, especially in serving clients from mainland China and North Asia. Of the countries surveyed, Hong Kong has the highest number of mobile cellular subscriptions per 100 people – averaging more than two per person.

COUNTRY	INTERNET USERS (per 100 people)	MOBILE INTERNET (cellular subscriptions per 100 people)
Australia	84.6	133
Hong Kong SARS, China	84.9	229
Malaysia	71.1	144
New Zealand	88.2	122
Philippines	40.7	118
Singapore	82.1	146

Malaysia

A highly competitive emerging market, Malaysia is dominated by local banks. However, a slowing economy and moderate credit growth means Malaysian banks are facing weaker earnings. Malaysia has one of the highest levels of financial inclusion in the world (92 percent) and is investing in digital channels to expand access .

New Zealand

A mature and profitable market, New Zealand has 21 banks including five major banks. All are heavily reliant on housing mortgages and competition for customers is fierce. Evolving technology is expected to drive better customer experiences and outcomes in the banking sector.

Philippines

The Philippines has a highly fragmented banking market including 70 thrift banks and 561 rural and cooperative banks. A new regulatory body has been established to improve risk management and governance, and address systemic risks such as shadow banking. The sector is experiencing rapid catch-up growth as banks expand credit to the traditionally under-banked economy and build trust in the banking system to draw greater volumes of savings . While internet penetration in the Philippines is relatively low (40.1 percent), it has a much higher penetration of mobile internet (118 mobile data subscriptions per 100 people) suggesting a ready environment for mobile-based solutions.

Singapore

Singapore is considered a leading financial centre in Asia Pacific, with three local bank groups and 122 foreign banks. Singapore was also recently ranked the most digitally savvy country in the world , so customers expect a richer digital experience from their banks.

Taiwan

Taiwan has a highly competitive, overcrowded and fragmented banking sector, featuring a wide variety of private, semi-private, and state-owned banks. To address the overcrowding, the government is promoting bank mergers and encouraging the international expansion of Taiwanese banks¹³.

¹Mobile Internet Usage Trends in Asia Pacific – A 2016 report by Internet Society

²Digital Banking in Asia: What do consumers really want? – report by McKinsey & Company

³The World Bank – Mobile cellular subscriptions (per 100 people)

⁴Banking in Asia Pacific – report by Ernst & Young

⁵Adobe Digital Insights: ADI: U.S. Banks Shortchange Users In Mobile Experience, 2016 (http://www.cmo.com/adobe-digital-insights/articles/2016/4/26/adi-us-banks-lag-in-mobile-experience.html#gs.CXt_wdc) The World Bank – Mobile cellular subscriptions (per 100 people)

⁶The World Bank – Mobile cellular subscriptions (per 100 people)

⁷The financial sector is part of Malaysia's success – World Bank (<http://www.worldbank.org/en/news/opinion/2013/06/04/The-financial-sector-part-of-malysias-success>)

⁸New Zealand Banking Perspectives: August 2015 – report by PWC

⁹Banking in Asia Pacific – report by Ernst & Young

¹⁰The Report: Philippines 2016 – Oxford Business Group (<https://www.oxfordbusinessgroup.com/philippines-2016/banking>)

¹¹Banking in Asia Pacific – report by Ernst & Young

¹²Global Information Technology Report: Networked Readiness Index 2016

¹³Fixing Taiwan's Crowded Banking Sector – Federal Reserve Bank of San Francisco (<http://www.frbsf.org/banking/asia-program/pacific-exchange-blog/taiwan-banking-sector-reform/>)

HOW DO CUSTOMERS PREFER TO ENGAGE WITH THEIR BANK?

A digital future

As the penetration of digital services increases across Asia Pacific, banks and financial institutions are moving rapidly to embrace innovations that will improve customer experience.

The survey shows a clear upsurge in digital banking with the majority of consumers in all seven countries (except the Philippines) preferring to interact with a bank online via its website to make payments. On average, 62 percent of customers also prefer to go online to research banking products while an average 56 percent go online to check account balances.

However, the survey shows consumers (58 percent) prefer to go into a bank branch for origination transactions such as applying for a home loan or opening a deposit account (62 percent). Hong Kong, Taiwan, Malaysia and the Philippines are the most reliant on branches for opening accounts, while in Australia, New Zealand and Singapore, more than one third of customers are likely to go online for this service.

Despite the rapid uptake of smart phones, fewer than 10 percent of consumers surveyed are using mobile banking apps to apply for loans and credit cards. New Zealand is the most progressive market when it comes to using mobile banking apps for payments under \$1,000 (32 percent) and opening accounts (10 percent).

Overall, Hong Kong, Malaysia, the Philippines and Taiwan were less likely to use online and mobile services, possibly due to access, functionality and security concerns around internet fraud.

The role of the branch

Despite the growing use of digital channels, physical branches continue to be the cornerstone of banking experiences across Asia Pacific, particularly in emerging markets – but their role is evolving.

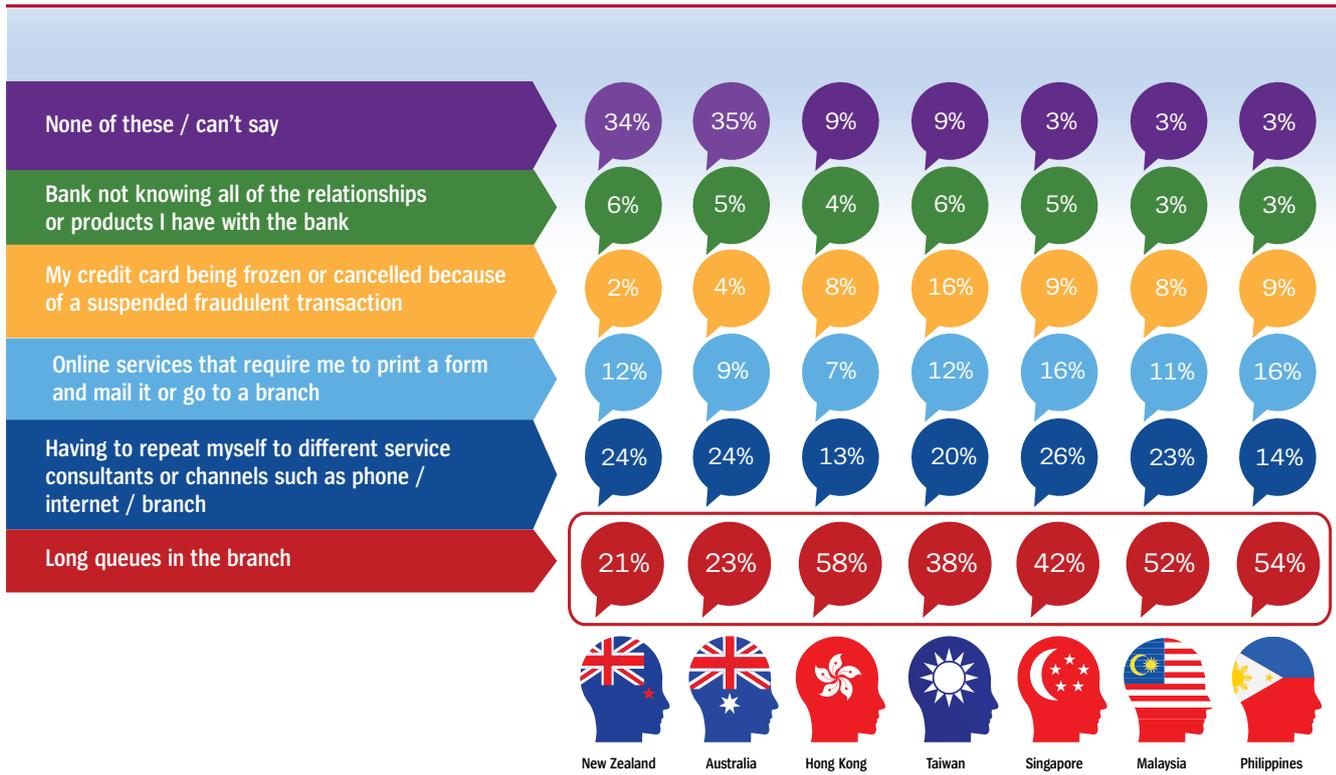
In Asian markets, customers are looking for a more efficient banking experience and are most frustrated about having to wait in long queues at the branch (49 percent). Despite this desire for quicker interactions, customers in Taiwan and the Philippines still prefer to make everyday transactions, such as payments under \$1,000, in a branch rather than online.

Customers in Australia, New Zealand and Singapore want a seamless and personalised experience as about a quarter say having to repeat themselves to different people across channels (i.e. phone, internet, or in branch) is the most annoying thing about their bank. This suggests they have a higher expectation of an omnichannel approach that includes the branch.

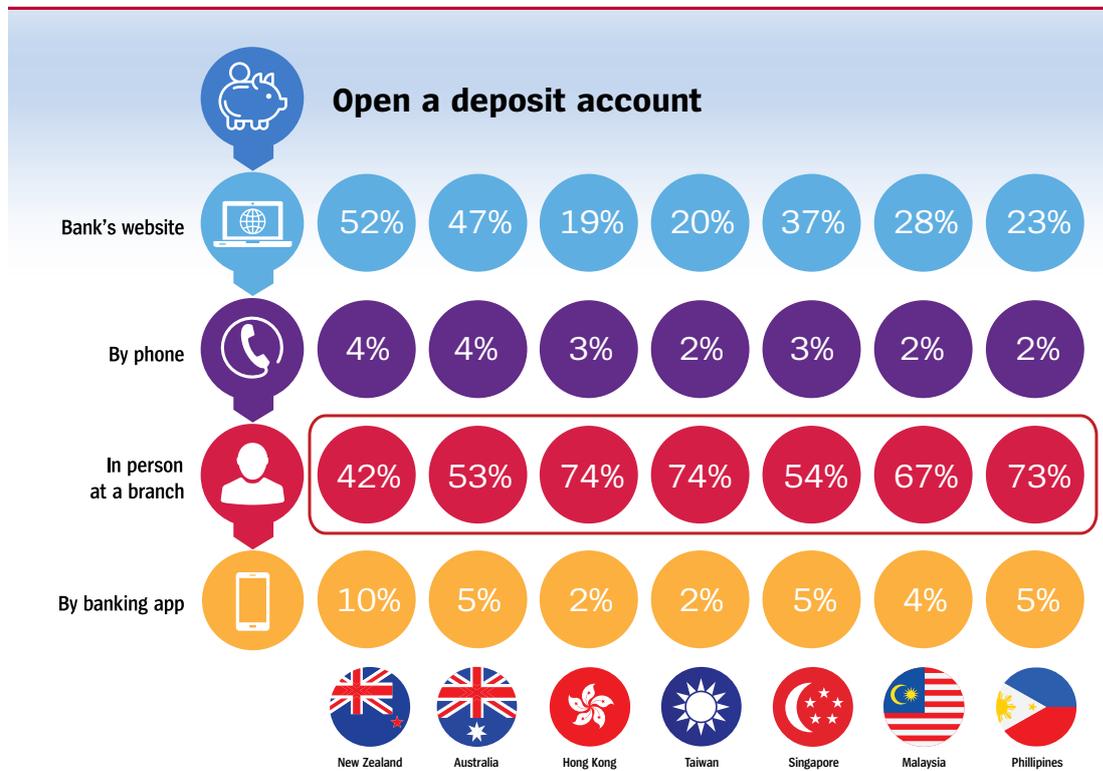
There is still a high preference for branches, although almost half (49%) of customers in Asia are annoyed most by long queues.



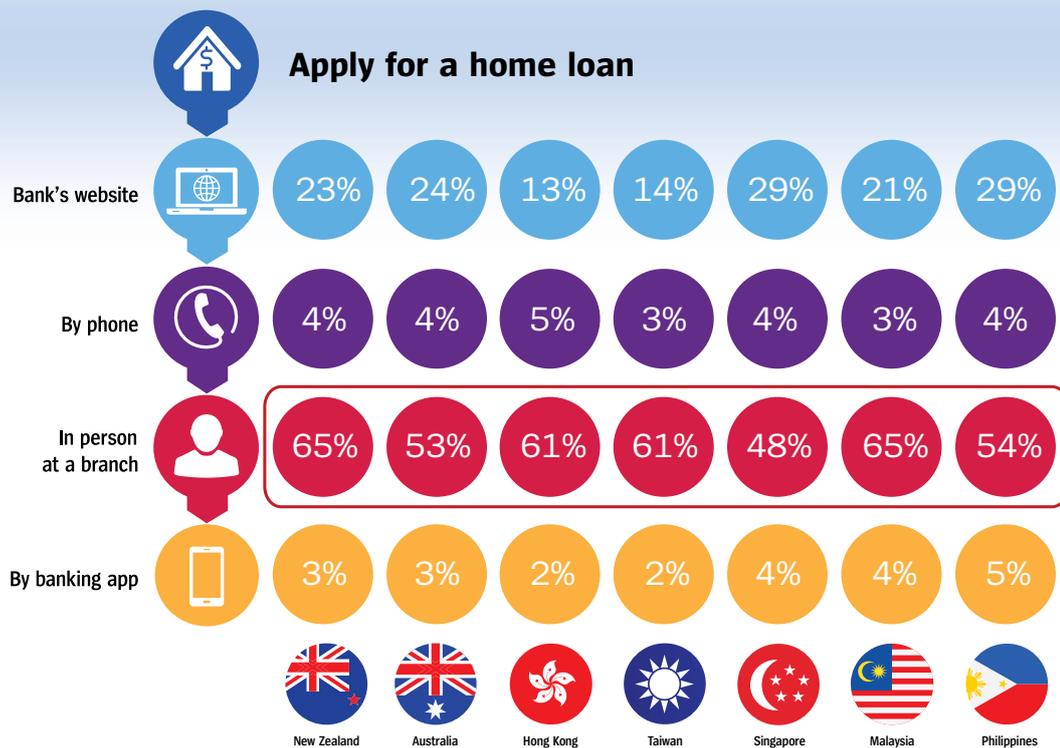
Most annoying thing when engaging with a bank



Preferred channel by transaction type: open a deposit account

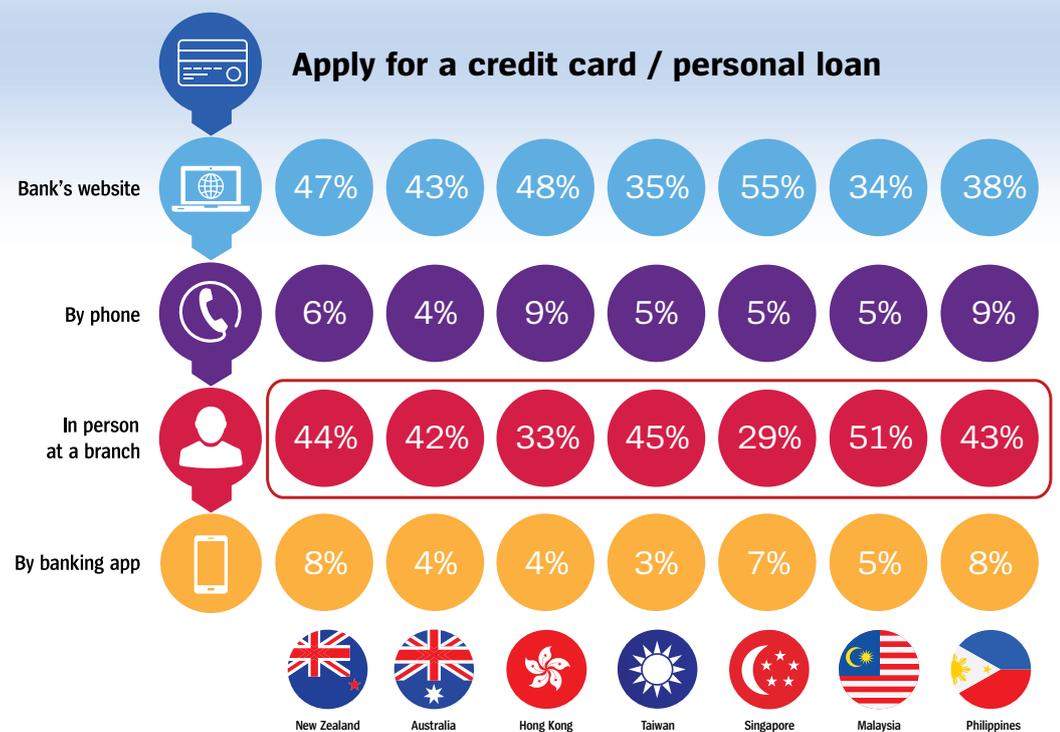


Preferred channel by transaction type: To apply for a home loan

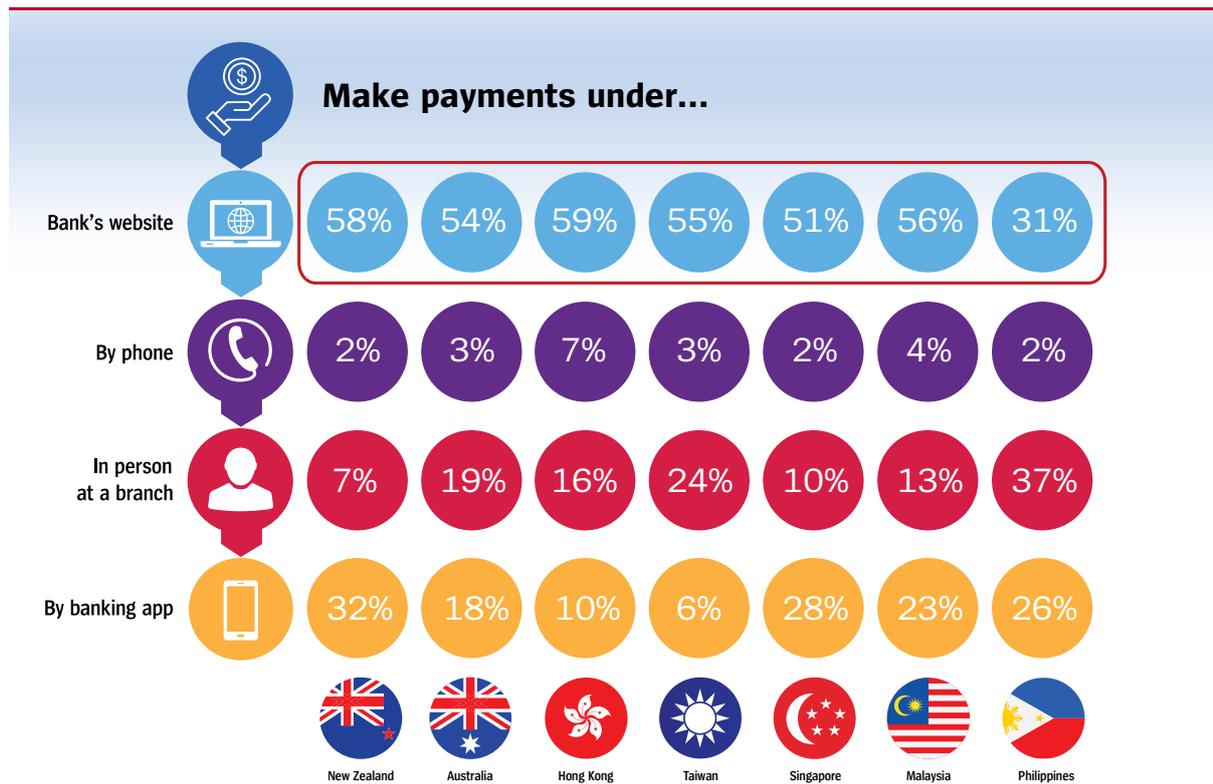


Purpose determines channel. In most countries, customers prefer to open a deposit account or apply for a home loan in person at the branch.

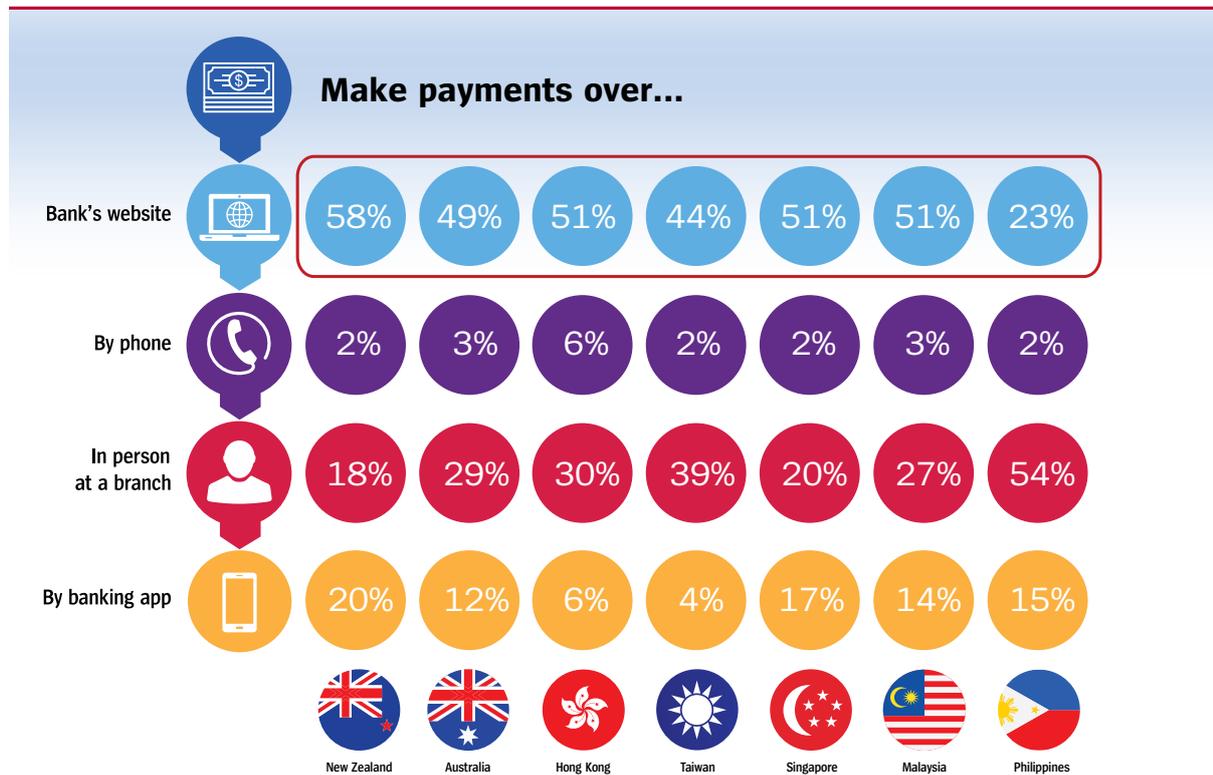
Preferred channel by transaction type: To apply for a credit card / personal loan



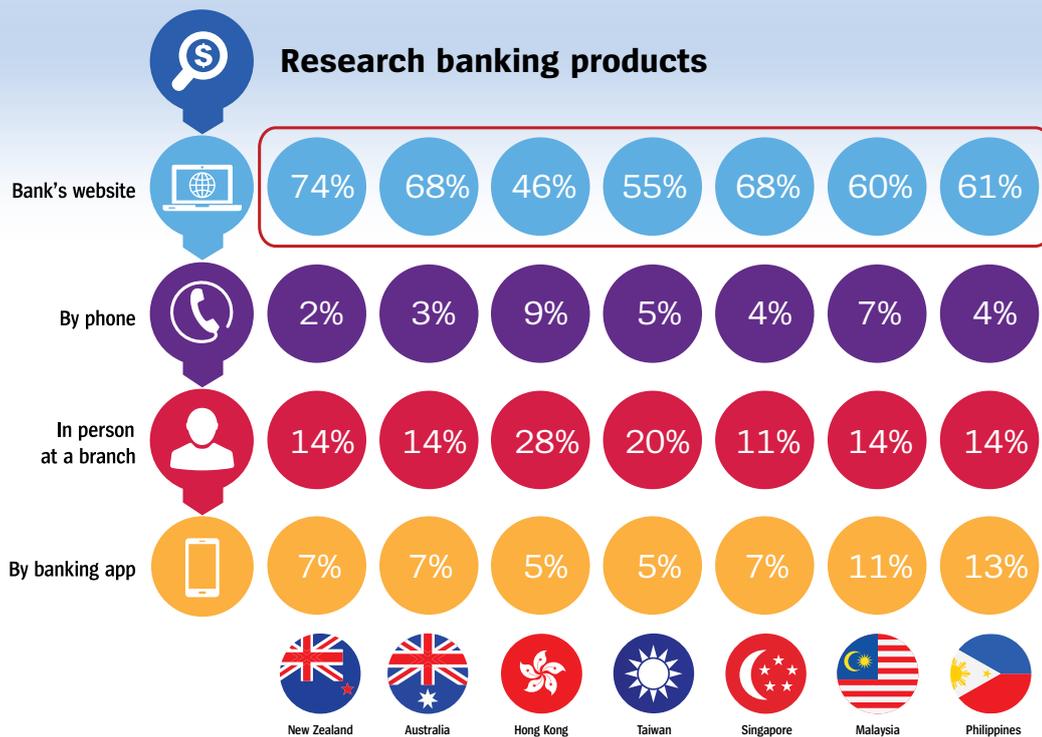
Preferred channel by transaction type: To make payments under \$1000 AUD (or local currency equivalent)



Preferred channel by transaction type: To make payments over \$1000 AUD (or local currency equivalent)

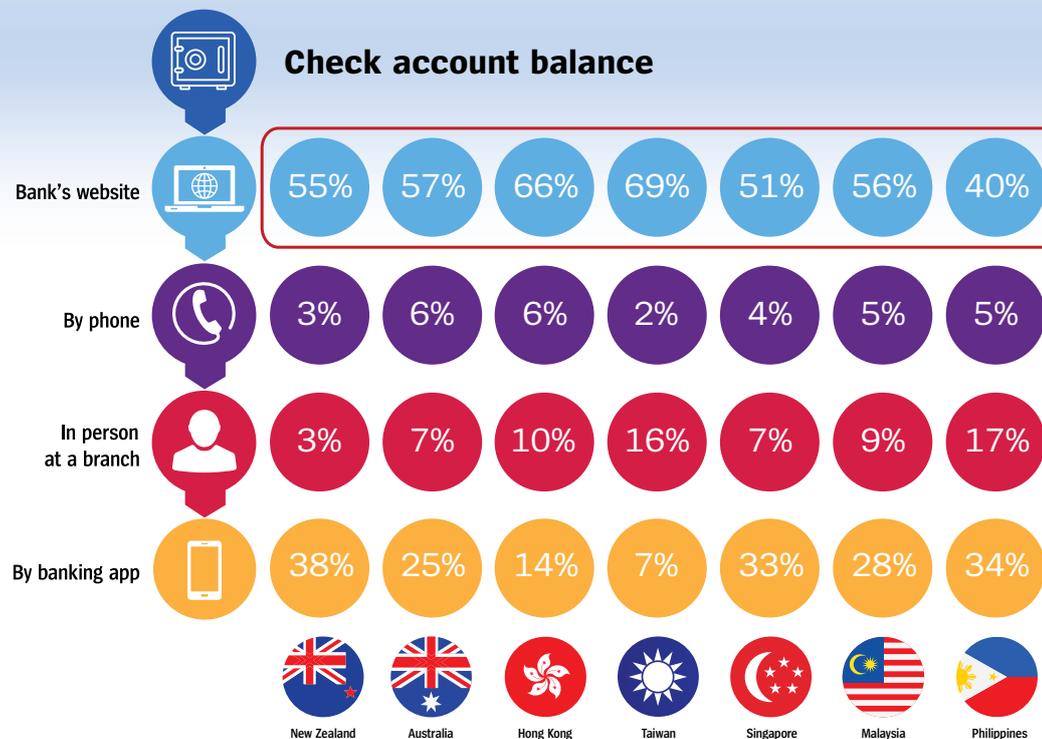


Preferred channel by transaction type: To research banking products



In all countries customers prefer to research banking products using the bank's website.

Preferred channel by transaction type: To check account balance



ATTITUDES TO BANKING SECURITY

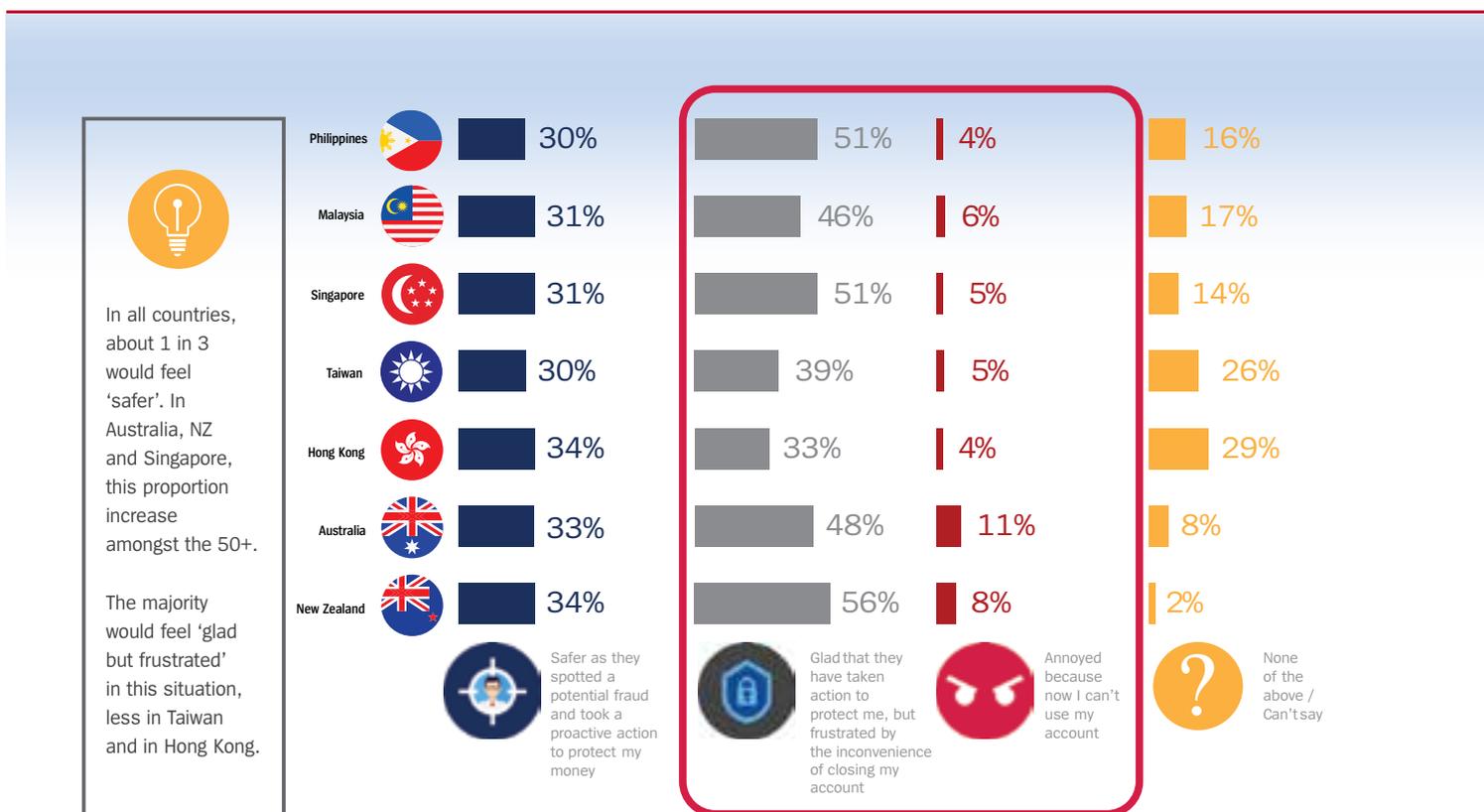
As Asia Pacific accounts for nearly a third of the 150 largest credit card issuers in the world, there is a clear need for sophisticated security and fraud measures such as advanced analytics to prevent losses and inconvenience to customers.

About one-third of all customers surveyed across the seven countries say they would feel “safer” if their bank blocked their credit card because of a suspected fraudulent transaction. In Australia, New Zealand and Singapore, this proportion increases to more than 40 percent among those aged over 50 years.

However, in all but Hong Kong, more people felt frustrated at the inconvenience of having their card blocked than felt safe – showing consumers have high expectations for banks when it comes to fraud protection.

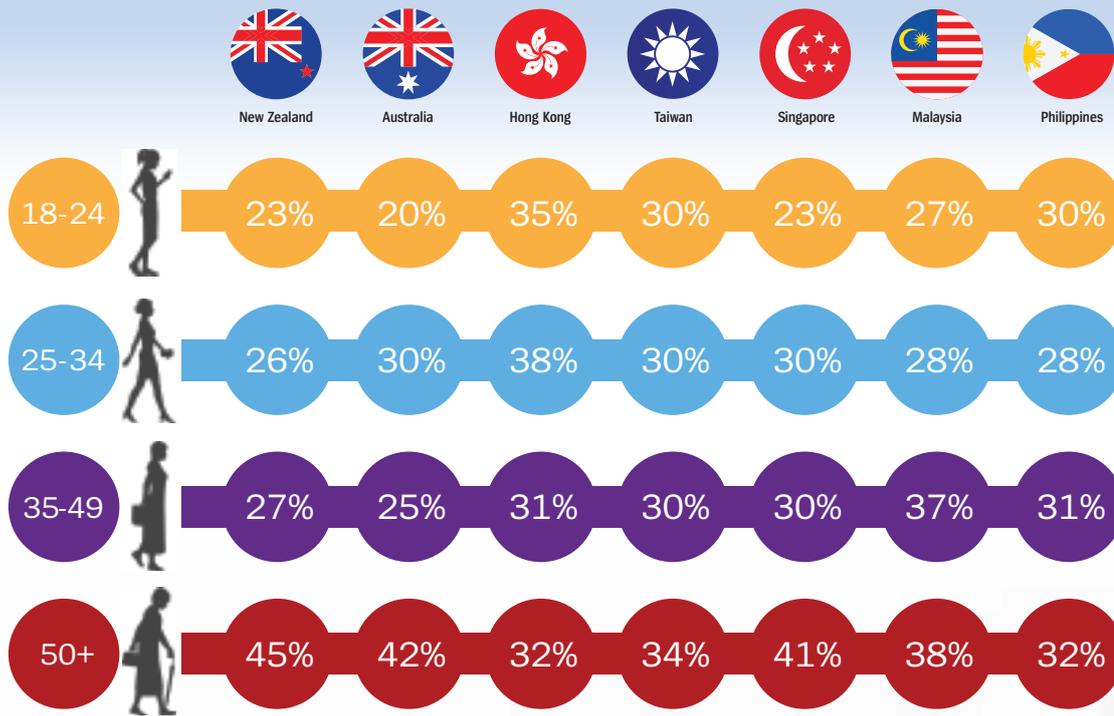
When it comes to fraud protection, in most countries surveyed, people felt more frustrated about their card being blocked than feeling safer

Percentage of who would feel safer/annoyed/frustrated by country



Base: all respondents (N=1237 in Australia, N=1000 in NZ, Hong Kong, Taiwan, Singapore, Malaysia and in The Philippines)

Percentage of who would feel safer by age and country



WHAT DOES THIS MEAN FOR CUSTOMER EXPERIENCE?

These results provide significant insights to improve banking experiences across Asia Pacific.

The survey shows that branches still play a key role in assisting customers to make and fulfil their financial decisions, especially for complex products, but banks – particularly in emerging markets – can begin to capitalise on the advantages provided by self-service, analytics and advanced financial technology.

Meanwhile, developed markets must implement an omnichannel approach to deliver a frictionless customer experience across all touch points with the banks.



PUTTING THE CUSTOMER FIRST

Customer experience will soon overtake price and product as a key brand differentiator as globally, companies lose over \$300 billion USD each year due to poor client experiences.

The Unisys Asia Pacific Banking Insights Survey confirms that contact, convenience and personalisation are keys to a strong customer banking experience.

Contact and personalisation create lasting customer relationships

The survey shows that while digital banking across Asia Pacific is on the rise, online and mobile innovations cannot be pursued at the expense of in-branch interactions. In almost all of the countries surveyed, customers prefer to use the branch for origination transactions, showing that face-to-face contact remains critical to customer experience, especially for complex financial products and services.

However, multi-channel banking has brought customers a plethora of touch points in which to interact with banks, making the customer experience harder to track and manage.

With customers in more developed banking markets expressing frustration at having to repeat themselves when using different channels, the reality is that many current systems rarely capture or unite every touch point or customer interaction in end-to-end customer journeys.

Omnichannel banking uses data analytics to transform the customer experience, allowing banks to unify all platforms and deliver a single view of the customer. This ensures customers receive a personal and connected experience at any point in their interaction, regardless of the service or platform.

Whether customers are using banking services on mobile devices, in a browser or at a branch, banks must make sure they have efficient, integrated and unified delivery systems to create an easy and enjoyable experience that will retain customers throughout different life stages. This creates the opportunity for a bank to assist customers in their life journeys, not just in individual product deliveries. This can maximize the relevance of a bank to its customers and hence create value for the customers and the bank.

Balancing security with convenience

From fraud to money laundering schemes, banks have no option but to be on high alert for illegal activity, as the evolution of technology continues to enable criminal activity to occur faster and easier than ever anticipated.

However, the survey shows consumers in more developed banking markets have high expectations when it comes to fraud protection and are more likely to feel inconvenienced by banks closing their accounts due to a suspicious transaction.

The good news is advanced analytics tools with built-in artificial intelligence and machine learning technologies can help banks improve the detection of fraud more accurately to prevent losses and unnecessarily inconveniencing customers in real-time.

As banks compete with each other domestically and internationally, those which see analytics and integrated digital platforms as a way to grow their business have the opportunity to fast track the roll-out of models that provide consistent, personalised and secure customer experiences across the full range of digital, mobile, social, ATM and branch touch points.

FIVE STEPS TO CREATE A QUALITY BANKING EXPERIENCE

	<p>Customer-centric approach</p> <p>Design offerings from the customer's point of view, address their concerns and provide solutions for the conveniences are they seeking</p>
	<p>Understand what drives the personal focus of some transactions</p> <p>Face-to-face contact remains critical for complex financial products and services</p>
	<p>Use analytics to decrease security/fraud risks</p> <p>Self-learning analytic technologies help banks to actively monitor all transactions at all times</p>
	<p>Stay relevant and use omnichannel to offer a personalised solution</p> <p>Customers are frustrated at having to repeat themselves and have high expectations that the bank will know what they want/need</p>
	<p>Embrace digital but don't forget about the branch</p> <p>Digital presents the most opportunities, but it is important to include the branch in a holistic omnichannel approach</p>



Simplify Your Journey

As financial service institutions try and keep pace with customer demands, it cannot come at the expense of the customer relationship. Organisations must embrace the evolution of the digital enterprise, while balancing security with agile customer delivery and real-time service insights.

Financial service institutions in Asia Pacific can no longer view the customer experience in isolation. Integrated and personalised customer experiences will define the banks of tomorrow.

For more information on how to plan, protect and prepare for the future of banking, contact your Unisys representative or email: unisysAPAC@unisys.com.