CHANNEL EFFECTIVENESS FOR FINANCIAL SERVICES
One of the major reasons customers close an account or service is because of a poor customer experience. According to the Q4 2015 Nielsen Financial Track Survey, only 60% of customers said they would be very likely to positively recommend their primary financial service provider — leaving 40% of your customers at risk of switching to a competitor. This makes understanding your customers’ experience and interactions with your financial organization critical to your customer acquisition and retention strategy.

**TOP 3 REASONS FOR SWITCHING PROVIDERS**

1. **COSTS/FEES**
2. **MOVED TO ANOTHER AREA**
3. **CUSTOMER SERVICE**

Source: Nielsen Financial Channel Track Q4-2015.
In the financial industry, migrating lower-value activities to lower-cost channels in order to improve profit margins remains a key operational trend. The basics of retrieving account information, transferring funds, and paying bills are all banking interactions moving towards digital channels (not in-person). That's because they don't require the physical exchange of money and/or the confidence of a personal interaction.

In an ever-advancing digital world, it makes sense that customers would choose more convenient channels to accomplish certain activities and maintain their finances. From April 2014 to March 2015, major financial institutions (not including credit unions) opened 1,023 new locations and closed 2,464 locations, for a net decrease of 1,441, according to SNL Financial. Does this mean that traditional brick and mortar locations are becoming obsolete?

Source: Nielsen Financial Channel Track Q4-2015. Respondents can select all channels that apply, thus percentages can add up to over 100%.
Research shows that physical locations are still critical points of distribution for many financial interactions. Therefore, understanding the consumers and trends in each trade area is critical— for evaluating locations (open, close, or update), the products/services offered at each location, and the type of support provided at each location— to be successful.

Physical locations, and the personal interaction they offer, provide the comfort that consumers need and help build loyalty for the brand/financial institution. Activities such as opening deposit accounts, cashing and depositing checks, seeking financial advice, and even resolving problems/asking questions, are still heavily reliant on in-person interactions.

Source: Nielsen Financial Channel Track Q4-2015. Respondents can select all channels that apply, thus percentages can add up to over 100%.

*Note: Survey respondents physically wrote ATM as another optional category.
WINNING THROUGH CUSTOMER EXPERIENCE

Why do consumers continue to visit physical locations for these activities? Understanding the drivers of the behavior is the first step to creating a migration plan to lead customers to use the desired channel. For some interactions, financial services providers may be able to change consumer behaviors simply by changing their communications to them. For other institutions, technology upgrades may be required to deliver the channel services customers want. Unfortunately in some cases, specific activities can be deeper rooted (i.e., opposed doing banking transactions online due to privacy concerns) and may require consumers to change their attitudes before the majority would consider activities using certain channels.

Let’s take a closer look at individuals who opened a new deposit account. Consumers have had multiple alternatives for opening a new deposit account for several years, yet according to Q4-2015 Nielsen Financial Channel Track Survey, 73% of consumers opening a new deposit account still do so in-person at a physical location. Why have consumers been less willing to move to alternative channels? Among those examined in the Q4-2015 study, the leading reasons for using a physical location were attributed to the desire for personal service and convenience.

CONSUMER SENTIMENTS FOR WANTING A PHYSICAL LOCATION

Source: Nielsen Financial Channel Track Q4-2015.
LOOKING AHEAD

One way financial institutions are attempting to migrate consumers away from opening new accounts in-person is by engaging with them via video chat. This technology allows consumers to visually connect with a financial service specialist at their convenience, making the online customer experience more personal and convenient — and thus more satisfying for the customer.

A number of companies are testing this technology, while others have already launched this innovative service. Video chat appeals to younger consumers who have grown up with face-to-face video chat. It will also appeal to rural consumers and seniors who may have more difficulty getting to a branch. Over the next few years, video chat will emerge as a primary channel; however consumer adoption will be slow until this technology is perfected.
CONCLUSION

Acquiring new customers is expensive. Financial institutions need to innovate in order to address client needs and maintain their existing customer relationships. Knowing what they want and what is important to them is essential to compete in today’s environment.

Whether it’s who or why, it’s imperative to know about the channels consumers use. Nielsen offers a new view of consumer financial interactions, channel usage and usage reason for more informed, strategic and tactical decisions to help you elevate your customers’ experience. Nielsen Financial Channel Track provides you with the insights needed to better serve customers, improve satisfaction levels and reduce attrition.

ABOUT THE DATA

The Nielsen Financial Channel Track is a survey designed to help our clients understand the differences in behaviors and preferences for the Financial and Insurance industries across various channels. Nielsen Financial Channel Track is an online survey that is fielded semi-annually. Each wave of the survey includes approximately 7,500 respondents. The survey provides information including, but not limited to:

- Satisfaction with each channel interaction
- Primary reasoning for selecting each channel for each interaction
- Cross-channel behaviors
- Types of interactions by channel in the last 30 days

Additionally, the survey allows clients to better understand which channels are delivering the best results so they can optimize their channel interactions.

By using Nielsen Financial Channel Track survey data, clients can gain insights into the behaviors of their customers and prospects in the marketplace. This data can also be used as inputs into custom projects and models for a deeper understanding of channel behaviors and preferences to inform more effective channel strategies.

For more information about this survey, please contact your Nielsen representative.
ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers watch and buy. Nielsen’s Watch segment provides media and advertising clients with Total Audience measurement services for all devices on which content — video, audio and text — is consumed. The Buy segment offers consumer packaged goods manufacturers and retailers the industry’s only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen also provides its clients with analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries, covering more than 90% of the world’s population.

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