

Trust - a competitive differentiator in retail banking

By [Mornay Roberts-Lombard](#)

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Trust is of utmost importance when banks want to build long-term relationships with their retail banking customer segment. This is because, first, trust reassures customers that the money they have invested is safeguarded by the bank. Second, trust develops a feeling of commitment to the bank, since processes are in place that protect the customers from opportunistic behaviour. Finally, trust reassures banking customers that the employees are experts and experienced, and that they are interested in the needs and expectations of their customer base.



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Over the past decade, South Africa has increasingly experienced a movement away from traditional financial service providers such as banks, largely owing to the lack of consumer trust in the banking system. This absence of trust is caused by factors such as low levels of service engagement, an inadequate knowledge of the target market being serviced, a lack of overall service quality addressing the customer segment's service needs, and a limited understanding of the banking product needs of customer segments in a diverse consumer market such as South Africa.

So, what can banks do to strengthen the trust level of their customer base, thereby ensuring their customers' future commitment and loyalty? Here are a few suggestions.

Bank customers require an aligned and multi-customer effort approach to strengthen their trust

The perceptions of bank customers are strengthened when employees are person-focused, engaging, and create a feeling of honesty and integrity through their communication with customers. Banking customers in South Africa want to feel acknowledged as individuals (e.g., be addressed by name), cared for, and respected.



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Banks should develop an enhanced understanding of customers' emotional needs

The service experiences of bank customers are influenced by their emotions when they engage with their banks. Banks should become increasingly aware that, as individual emotions can influence banking customers' service experiences, they will also influence their level of trust in the bank in the long term. As a result, retail banks in South Africa need to become increasingly customer-centric through a greater understanding of customers' in-house and online product and service banking needs, and by securing elevated levels of bank practice transparency and fast-track service recovery initiatives to enhance customers' trust in banks.

Customers' value perception of product and service offerings becomes increasingly critical for long-term customer relationship building



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Banks need to focus more on personalising the experience of retail bank customers. First, financial products and services need to be developed for customer segments to address the individual needs and expectations of these segments. Income level, gender, marital status, and social context are variables that could be used to develop product portfolios for different customer segments in the retail banking market. Second, banks should provide convenience to bank customers through multiple platform service offerings. Customers want convenience, and an omni-channel approach to the delivery of reliable and trustworthy bank services to customers through multiple platforms enhances not only convenience but also trust in the bank. Third, customers gain value through the benefits that they receive for paid services. Therefore banks should not charge customers for every bank product and service, thus creating the impression that they offer customers value for money.

Additionally, a revolving cost charge approach in which customers only pay for the services used, or in which the charges depend on the type of service provided, could be considered. Furthermore, banks must deliver on customer expectations to enhance value to customers. This could be secured through employees who are sensitive to customer needs, are culturally sensitive, are competent in conflict management, and are able to engage with customers

through a multilingual and customer-centric approach.

Banks should also realise that customers will strengthen their trust in a bank if their value perception of the benefits that they receive from it is strong. Bank customers in South Africa are constantly assessing the cost-benefit value ratio when assessing their relationship with their bank. These customers want to be consistently convinced that doing business with their bank is a right decision when price and other costs are considered. Furthermore, bank customers want to be able to select their bank app, to be assured that they can authenticate access to their bank, and to be able to aggregate all of their financial information in one place if they are to be positively persuaded of its convenience.



Retail banks need to beef up their offering or risk losing 15-25% of their revenue

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In respect of service delivery, customers require a customer-centric banking experience across the whole user journey. Through such an approach, the transactional experience should be made as effortless as possible, ensuring a customer-

centric approach that enhances satisfaction and ultimately delights the customer. Furthermore, banks should also understand that modern chatbots are tracking customer behaviours, thereby predicting their needs. Through a conversational banking approach, banks can enhance the overall customer service experience by implementing service support instruments such as chatbots.

Retail banks should rethink their role as financial service providers in their customers' financial journeys

Banks should operate as trusted advisors to their respective customer segments, thereby guiding them towards lifelong financial decision-making. This could include offering well-designed banking processes that would make the banking journey more appealing and convenient for customers, enabling them to engage more easily with the bank about their changing banking needs. This could be secured through mobile banking apps; WebRTC technology that secures customer interactions, including video chat VoIP calling, instant messaging, encrypted screen- and file-sharing, and virtual sessions with a chatbot if a call centre agent is not available; or service experiences in the bank that accommodate customer engagement to secure convenience.



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In the light of all that information, retail banks in South Africa need to understand that facilitating trust is a significant consideration, as it strengthens future relationship building. To facilitate trust, retail banks should become more aware that they need to develop bank products with the customer and not for the customer, and ensure that bank fees are transparent. If customers do not believe that the retail bank is customer-centric in developing its products nor that it is transparent in developing its fee structure, they will not consider the bank – or they will not remain with it for very long.

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