

## What does amazing service mean in digital banking for the 2020s?



**John James**  
Head of Digital Product  
first direct

# Introduction

**When first direct launched in 1989,  
we challenged the status quo in UK banking.**

On a mission to 'deliver amazing service', **first direct** offered customers 24-hour branchless banking and intelligent, proactive customer service. Strongly differentiated in every way, the bank attracted customers who wanted banking to be accessible and fit around their lives.

Over the intervening years, the banking landscape has become more diverse and customer expectations have changed dramatically. There's a strong parallel with 1989 at the moment, as once again the banking system today is not working for large parts of the population. **first direct** is now reinterpreting customer service for the next generation.

**'In terms of customer experience,  
what customers value hasn't really changed  
very much in over 30 years, but what  
more they expect from their bank has.'**

**there's  
no right way  
to money.**

**first direct**



**#money  
wellness**



**‘first direct is the most highly rated organisation for customer satisfaction out of 271 companies - across 13 sectors and industries.’**

**When we first established the business, our mission meant being available to serve customers directly 24/7. To deliver this we invested heavily in our people, training, tools and culture to deliver amazing service.**

As a challenger bank, **first direct** stood out to those who wanted to do things their own way; people who saw themselves as pioneers. And we generated fierce brand loyalty. Since then, we’ve built a base of 1.5m customers, and many of those who joined in the beginning are still customers today. The bank continues to rank incredibly well for customer service – not just compared to other banks but against consumer brands in general. In the latest UK Customer Satisfaction Index from the Institute of Customer Service, **first direct** is the most highly rated organisation for customer satisfaction out of 271 companies – across 13 sectors and industries. With a score of 85.1 (out of 100) the bank sits well above the national average of 76.8.

The bank has maintained this reputation as it has grown and offered a full suite of retail banking products and services.

By 1994 – just five years after launch – it was the fastest growing bank in the UK, and in 2002 market research firm BMRB found **first direct** to be the world’s most recommended bank. Since then, it has continued to win accolades for its service from the likes of the MoneySavingExpert and even the Competition and Markets Authority.



## New habits, norms and expectations

Of course, the world has changed a lot in the last 30 years. Yes, the long-established banks still talk about 'available balances' and 'next-day balances' and of processing transactions between 9am and 3.30pm.

Online and mobile banking have created new habits and norms, though, especially for younger people. For anyone born since 1995, there was no time 'before the internet' and there is little understanding of why your balance doesn't update until the next day when you make a payment after 3.30pm.

What's more, their expectations aren't set only by their experiences with banks.

Their interaction and relationship with Amazon, Uber and Paypal are the norm, giving them control, convenience and real-time access.

For **first direct**, the risk is that its position as a challenger is under threat from a new generation of challengers.

The migration of activity from branch to telephone has now moved to online banking and mobile app. Today telephony accounts for less than 1 in 30 customer interactions. 97% of **first direct**'s transactions are digital. In the last five years, it has been the growth of banking via mobile app that has powered forward. Mobile now accounts for around 84% of overall customer transactions.

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## Creating amazing experiences

When creating exceptional experiences in personal banking, the first principle is that it has to be personal. Functionality and features are important, of course. However, our goal is to assist each individual with exactly what they need when they need it. We want to give them relevant and appropriate options for their exact situation and anticipate what matters to each customer. Service means proactively spotting a problem and making it easy to deal with it, rather than just sending you a text to say you have been – or will be – charged unless you do something. In essence, we want to embed our traditional customer service culture and humanity in our digital experience.

We believe there's an opportunity to remove friction and reduce financial stress, supporting and rewarding customer loyalty. Our industry seems to have become preoccupied with acquiring new customers, with little attention to serving customers over the long term or helping them along their financial journey. We're taking a holistic view of each customer's finances and want to anticipate which products and services matter to them at any time.

Open Banking's maturity means that this holistic view can extend beyond the product, services, and balances they hold with **first direct** to their whole financial portfolio.

Ultimately, we want customers to choose **first direct** – and stay with us – because they have confidence in our approach. We want them to see that we use what we know about them intelligently and proactively to guide, assist and even nudge. Our vision is to help customers with their financial wellness, learn about them, and take action to make banking as stress-free as possible.

The technical infrastructure is in place. The challenge is taking what we know about customers and their behaviour to make dealing with routine requirements straightforward and anticipating likely needs a real-time reality. In some ways, we want what we're doing to be invisible. It isn't about pushing promotions and offers at groups of customers and seeing what sticks. Great experiences are about context, relevance and timing. We want to present something that people want and need and ensure that help is at hand when things get more complicated.

**'We're taking a holistic view of each customer's finances and want to anticipate which products and services matter to them at any time.'**





Delivering this data-driven service means leveraging large amounts of high-velocity data to inform actions in real-time.

It means learning from every interaction - or lack of action - and engineering completely relevant and personalised experiences.

A key partner in delivering our vision has been Zuhlke.

They have helped us break down legacy blockers to change, find ways to address the status quo, and facilitate cross-silo thinking and collaboration.



## Delivering our vision

They have helped us break down legacy blockers to change, find ways to address the status quo, and facilitate cross-silo thinking and collaboration.

In some ways, we're building a new bank, and, of course, that's hard. The data pipelines we've established with Zuhlke's help have effectively created a new bank and are the foundations of this new approach.

It doesn't just capture every interaction; it learns from it by creating powerful feedback loops that are fundamental to pre-empting what matters to the customer at any given moment. For example, when a customer is presented with an option or something happens in one of their accounts, what happens and when?





**Zuhlke showed us where there were gaps in our toolset and made suggestions about how we could join things up. They help us to keep the customer at the heart of what we do in implementation discussions.**

We have to keep 'working back from the customer' in the same way that Amazon or Uber do. Customers don't see their bank as a collection of related but separate functions, products or teams. They expect it to act as a single entity and use everything it knows about them to deliver personalised service.

We're learning from everything and deriving meaning from all customer interactions.

We're able to create a personalised experience driven by actual behaviour, not hypothetical segments or clusters.

I see our role in digital as being to experiment and analyse at scale. We need to keep the customer at the heart of our service rather than designing features and pushing offers at them.

**'We're able to create a personalised experience driven by actual behaviour, not hypothetical segments or clusters.'**



## The journey to autonomous banking

**Ultimately, we think our commitment to service and reducing financial stress is best served by using our digital service to take on more of the burden of managing customers' financial life.**

As a model, it's similar to the development of autonomous vehicles. With all the self-service, transactional capabilities in place, the whole sector is largely at Level 0 of autonomous banking. There's no automation. It'll take you where you need to go, but you have to drive and know what you want.

We're convinced that customers value assistance. Not just with transactions but with what matters to them financially through their life. Increasing autonomy in their banking will help them make the most of their money and reduce friction and stress. With their permission, our 'Autopilot' model is at the heart of a digital banking service that is entirely personal and relevant.

- **Level 1** of autonomous banking offers customers some basic reminders and prompts that a payment or action is due.
- **Level 2** delivers intelligence around checking available balances to suggest payments to cover upcoming debits.
- **Level 3** pushes on to monitoring bills and expenditure and making automatic payments where funds are available in the customer's current account and escalating to the customer as appropriate.
- **Level 4** offers full 'self-driving' under certain conditions, making budgeting decisions and moving money between accounts to make payments.
- **Level 5** offers full 'self-driving' under certain conditions, making budgeting decisions and moving money between accounts to make payments.



## A new customer experience

Much as in the car industry, fully autonomous banking is likely to remain ‘a few years away’ for the foreseeable future. However, the initial results of **first direct**’s work with Zühlke will see us reach Level 3 by the end of 2021.

I’m often asked what it might look like in terms of customer experience. It’s a natural question, but I don’t want customers to notice anything different in terms of what they see when they use online banking or their mobile app. I do want them to experience something different as a result of the data we’re capturing and the learning we’re now making.

This will lead us to change not just what we offer but also how we do things like credit scoring to reflect long-term potential, not just current income.

Our mission to deliver amazing customer service hasn’t changed all that much in thirty years. However, it’s inspiring to realise that our job is to evolve and improve our customer service and experience continuously – every day, not just from time-to-time.

### About the author

**John James**

**Head of Digital Product, first direct**

As a member of the **first direct** leadership team and HSBC UK Retail Banking Digital team, John is the business product owner for **first direct**’s digital products and secure access.

He is also responsible for related developments, including defining strategy and overseeing delivery into the channel aligned to the overall omni-channel approach.



‘To borrow Arthur C. Clarke’s adage, we want to use technology so that, from a customer perspective, it feels like a ‘magical’ service - it just happens for them.’





# Zuhlke: helping to create data-driven organisations

Zuhlke is a global innovation service provider, delivering new business models, through engineering change at scale. We develop services and products, from initial vision through to deployment, production and operation.

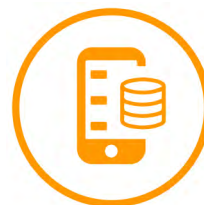
We deliver benefit by driving increased profit through innovation, saving you money through automation or moving you to the cloud. We offer a range of services and approaches that address your challenges, including delivery, data engineering and data science. Our teams are focused on outcomes before technology, prioritising action and delivery over strategising. Successful data transformation is founded on moving quickly, delivering value early, and taking the view that shows the same disrespect for the status quo as your customers and most disruptive competitors.



Data  
pipeline



Cloud  
infrastructure



Data-driven  
mobile apps



Cloud security  
and governance

## Further information

To learn more about the dual challenges of legacy systems and culture - and how Zuhlke has helped other companies escape from this deadlock please contact Myles Davidson at Zuhlke.

*'As an experienced leader for the digital transformation of companies and product innovation I drive business initiatives on a local and international level in a complex and rapidly changing environment. I act as trusted advisor for clients at C- and board-level for strategic questions around business innovation and technology.'*



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