

# customer care solutions from Nuance

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white paper ::

## Proactive Notifications for the Retail Banking Industry

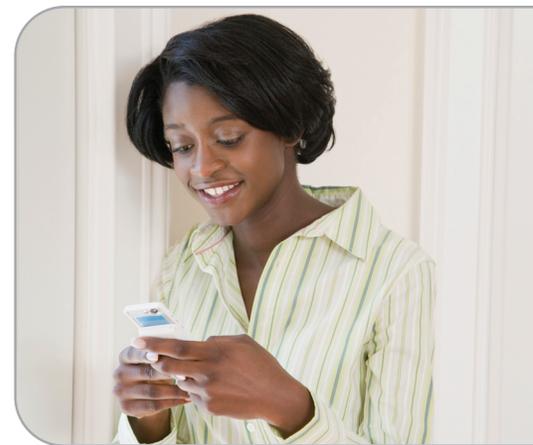
A Nuance Customer Care White Paper

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### introduction

The recent economic downturn has created some formidable challenges for the retail banking industry. Fraud and identity theft are on the rise<sup>1</sup>, costing banks big money and raising customer concerns about security. More customers are falling behind on loan and credit card payments, putting their credit ratings at risk and forcing banks to spend more on collections. And as competition stemming from globalization, adjacent market expansion and new technology upstarts intensifies, it's more important than ever that retail banks retain and expand relationships with existing customers.

Given these challenging market dynamics, it's not surprising that retail banks are placing greater emphasis on delivering a positive customer experience. It's no longer enough to simply satisfy customers — especially when it's so easy for them to switch to another bank or lender. To ensure long-term competitiveness and profitability, today's financial institutions need to deliver an exceptional customer service experience that builds loyalty and 'locks in' consumers with multiple products. Scaling agent populations to handle all customer service interactions is simply not feasible for large retail banks and financial service providers. Fortunately there's an alternative. Proactive notifications — also known as automated outbound care applications — provide an effective way to increase customer satisfaction and loyalty while improving contact center efficiency and mitigating costly risk.



<sup>1</sup> Javelin Strategy and Research, February 2009 *Identity Fraud Survey Report*.

### Proactive Notifications: An Accepted Method of Customer Contact

Proactive notifications are becoming a widely accepted component of corporate customer care strategies. Need proof? Consider these research findings:\*

- Almost three quarters of respondents have experienced a proactive email communication in the past six months
- Respondents have received more automated customer care calls than live customer care calls
- Just over a third of respondents are receiving proactive messaging by SMS or text message

\* Source: Harris Interactive Consumer Research, 2008

## proactive notifications: a key ingredient for exceptional customer care

Automated outbound care presents enormous cost savings and revenue generation opportunities for the retail banking market. Analysts unanimously cite financial services as the top vertical contributor to outbound revenue — representing a third to a half of total projections — in the coming years. Why? A strategic investment in outbound care enables retail banks to provide cost-effective fraud protection services, minimize account delinquency, and deliver the exceptional service experience that builds customer loyalty and increases retention rates.

Automated outbound notifications go a step beyond the telemarketing or predictive dialer calls of the past to proactively deliver content that is relevant and useful

to a specific customer. As a result, they enable retail banks to enhance customer relationships, while reducing both the cost of customer outreach and the number of inbound calls to the contact center. What's more, because customers can "opt in" to receive proactive notifications how and when they want them, banks can avoid customer complaints about unwanted communications.

Outbound campaigns proactively communicate and interact with customers — whether by SMS, email, or voice channels. They displace inbound call volume by anticipating the reasons a customer would call the contact center. They provide requested event-triggered information — like personalized alerts, card activation reminders, and payment confirmations — that boosts customer satisfaction. And they drive increased revenue by reducing account delinquency, minimizing losses due to fraud, and facilitating cost-effective cross-selling and up-selling.

**88% of consumers surveyed were very interested in receiving proactive notifications from financial services institutions.\***

\*Source: Forrester Custom Research Study, Q3, 2008

For maximum return on their investment, retail banks are best served by outbound campaigns that know when and how to reach out to qualifying customers — all while navigating the complexities of FCC and MMA regulatory requirements and customer care best practices.

Nuance Notification Hub from Nuance Communications is a complete solution for the design, development, launch, management, and analysis of multichannel outbound notification campaigns. The solution integrates with a retail bank's existing contact center infrastructure and CRM system to execute campaigns that drive customer loyalty, reduce inbound call volumes, and generate additional revenue — automatically and cost effectively—making it a smart strategic investment.

## converging market dynamics: creating ideal opportunities for proactive notifications

In the retail banking industry, three key market dynamics are converging to create ideal opportunities for employing proactive notifications as part of an effective customer care strategy:

### Increased Fraud and Identify Theft

Twenty percent of all customer complaints are fraud related and more than 75% of consumers are willing to switch banks for the promise of better protection of their identities, sensitive personal information, and money. Since the success of retail banks is highly dependent on retaining and expanding their customer base, it's not surprising fraud protection services have become a top priority. Proactive notifications can help by providing an automatic, cost-effective way to contact the customer and check on suspicious charges. This automated outbound approach not only helps prevent losses due to theft, but it makes customers feel like the bank is looking out for their best interests. While live agents could call customers to validate fraudulent activity, this approach is simply too costly and time consuming for most financial institutions. It's far more efficient and cost effective for customers to set up proactive alerts — via their preferred communication channel — to warn them of suspicious activity on their accounts or to verify a change to their personal account information.



### More Frequent Account Delinquency

Faced with economic hardship, more and more consumers are falling behind on their credit card and loan payments. In addition to causing stress and embarrassment, account delinquency can have a long-lasting impact on a customer's credit rating. At the same time, the process of chasing down late payments represents a significant cost to retail banks. Therefore, it's in everyone's best interest to prevent a customer account from becoming delinquent and going into collections. Using proactive notifications, retail banks can notify customers that a payment is due and warn them of associated late fees or impending account suspension. This type of outreach builds customer good will and loyalty by presenting the opportunity to bring accounts up to date before more serious action is taken. It also saves banks time and money by allowing live agents to focus on helping other customers.

### Growing Competition for Customers

Competition continues to intensify for retail banks of all sizes. Globalization has led non-U.S. banks to enter the US market. Adjacent markets have expanded into the retail banking space, creating competition from companies such as H&R Block, GE Money, and Walmart. And the emergence of online banks like ING Direct and social lending sites like Zopa is giving consumers more choices than ever before. To hold onto their existing customer base, retail banks need to find new, personalized ways to nurture and grow customer relationships. Experience has shown that the more products consumers have with a given bank, the less likely they are to switch to another institution. What's more, customer retention is far more cost effective than customer acquisition. Just consider the numbers: a bank spends approximately \$4,000 to acquire a new customer, while every dollar spent on customer retention returns three dollars in revenue.

## outbound application examples for the retail banking industry

Retail banks can use proactive notifications to achieve service differentiation and gain a competitive edge in an increasingly crowded financial services market. Banks can earn loyalty, grow existing relationships, and reduce inbound call volumes by using outbound interactions to enhance the customer service experience. By anticipating questions and issues and proactively sending relevant information and alerts via the customer's preferred communication channel — landline, mobile phone, email, or SMS — retail banks can dramatically reduce contact center costs, increase collections, and better capitalize on revenue opportunities. The following are examples of outbound applications that are well suited to the retail banking industry:

<b>Personalized Alerts:</b>	<ul style="list-style-type: none"> <li>Allow customers to set their own personalized alerts — low account balance notifications, confirmation of deposit, changes in interest rate, and more - to be sent via their preferred communication channel</li> </ul>
<b>Payment or Transfer Confirmations:</b>	<ul style="list-style-type: none"> <li>Often a large driver of inbound calls, providing proactive notifications about payments and transfers could decrease inbound call volumes and provide a service customers would appreciate</li> </ul>
<b>Fraud Alerts:</b>	<ul style="list-style-type: none"> <li>Alert of suspicious activity on an account. Often interactive, asking for confirmation that a specific charge was made</li> </ul>
<b>Payment Reminder:</b>	<ul style="list-style-type: none"> <li>Remind customers of upcoming or late payment</li> <li>Provide interactive options to pay to avoid late fees</li> </ul>
<b>Contact information/ Address Change:</b>	<ul style="list-style-type: none"> <li>Confirm changes to customer contact information, such as address or phone number</li> </ul>
<b>Card Activation Reminder:</b>	<ul style="list-style-type: none"> <li>Reminder to activate the new/replacement card that has been mailed to them</li> <li>Can be an interactive call; if the card is in-hand, offer to activate it</li> <li>One large retail bank increased activation of new credit cards by 35 percent using automated outbound reminders.</li> </ul>
<b>Dispute Resolution:</b>	<ul style="list-style-type: none"> <li>Streamline and accelerate dispute resolutions by sending automated outbound notifications when a copy of the bill in question is available for online review by the customer</li> </ul>
<b>Customer Satisfaction Surveys:</b>	<ul style="list-style-type: none"> <li>Gather feedback from customers after a branch visit, IVR interaction, or conversation with a live agent</li> <li>Build-in interactivity to collect valuable satisfaction information that can be used to continually enhance the overall customer service experience</li> </ul>
<b>Welcome Greetings:</b>	<ul style="list-style-type: none"> <li>Welcome new customers, thank them for their business, and make them aware of programs like auto payment and personalized alerts</li> <li>Acclimate customers to outbound notifications and reinforce the company's brand and its commitment to service</li> </ul>
<b>Staff Communications:</b>	<ul style="list-style-type: none"> <li>More and more businesses are using proactive notifications for internal communications to drive higher efficiency, preparedness, and cost savings. Outbound notifications can be used to:                             <ul style="list-style-type: none"> <li>Alert staff of emergency situations or pandemic protocols and provide relevant, actionable information to ensure safety and responsiveness</li> <li>Inform key IT staff of incidences, such as outages and viruses, to ensure business continuity</li> </ul> </li> </ul>

## Success Story :: Nuance Helps North American Bank Gain a Competitive Advantage with Customized Email/SMS Alerts

### CUSTOMER EXPERIENCE SOLUTION:

A leading North American financial institution is using Nuance Notification Hub and the add-on Subscription Manager module to send customized security, account management, and account information alerts via SMS or email to interested customers. Nuance applied its deep customer care expertise to develop and code custom business rules and to create a GUI interface for a branded customer-facing subscription web site.

For a small monthly fee, customers can sign up on line to receive up to 15 alerts about their account — from credit card usage and account overdraft notifications to minimum payment reminders and current account balance information.

### BENEFITS FOR THE BANK:

- Service differentiation
- Competitive advantage
- Additional revenue stream

## nuance notification hub: a complete solution for multichannel outbound notification campaigns

Leading retail banks recognize that outbound interactions are an increasingly critical part of an effective customer care strategy. Nuance draws upon our extensive contact center systems integration and interaction design expertise to deliver a seamless and customized inbound and outbound service experience that aligns with a bank's overall customer care vision and strategy.

This expertise is reflected in Nuance Notification Hub (NNH), our complete solution for multichannel outbound notification campaigns. NNH enables retail banks to proactively communicate relevant, timely and actionable notifications to customers based on their personal profiles, account usage, and contact preferences. Unlike other outbound solutions, NNH supports more sophisticated proactive notifications that utilize speech technologies, integrate with customer databases in real time, and offer interactivity to connect end users to inbound self-service applications. NNH enables fully automated, personalized notifications over SMS, email or voice that can:

- Increase customer satisfaction by delivering meaningful, account-specific information and other relevant content
- Reduce inbound call volumes by proactively contacting customers about matters that might otherwise prompt a call to the contact center
- Free live agents to focus on more complex customer issues and interactions
- Generate additional revenue through payment reminders, collections, and up-selling and cross-selling promotions



With NNH, banking contact centers can successfully design, develop, launch, manage, and analyze multichannel outbound notification campaigns. The flexible NNH solution may be deployed on premise, as a managed service, or in a SaaS model. Because NNH hosted and on-premise solutions are built on the same technology platform, system management and reporting are seamless and transportable. As banks grow and evolve, they have the option to switch deployment platforms without having to invest more money in development and intellectual capital. What's more, NNH can be easily extended to integrate within an organization's existing contact center infrastructure, receiving real-time data or batch files from the customer relationship management (CRM) system or other enterprise applications.

With add-on modules such as Nuance Subscription Manager, retail banks can empower customers to choose what notifications they receive and how they receive them. Subscription Manager enables customers to set personal preferences, including notification type (payment reminders, low account balance, interest rate changes, and more), communication channel (landline, mobile, SMS, or email), timing (quiet periods), and even alternative contacts. When necessary, these automated proactive notifications may be easily and intelligently transferred to the inbound IVR or to agents to provide a more complete and satisfying customer care experience.

## about Nuance Communications, Inc.

Nuance is in the business of helping companies better support, communicate with and understand their customers while maintaining operational efficiency goals. Nuance currently supports over 8 billion care interactions around the world. No other company has as much experience as Nuance in understanding how customers interface with a care operation. Our vision is to make every customer interaction a winning experience. For more information about our customer interaction solutions, business consulting and professional services, please visit <http://www.nuance.com/care/solutions/outbound.asp>.

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