

**Engageware**

# Member Engagement: What to Expect & How to Prepare for 2023

September 14, 2022

*An Engageware Webinar*

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# Slide Link

Today's slides can be found online at:  
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**Engageware**

# Member Engagement: What to Expect & How to Prepare for 2023

September 14, 2022

*An Engageware Webinar*

# Today's Speakers



**Caroline Platkiewicz**  
Sr. Insights Manager  
Engageware



**Christian Wright**  
VP Client Services  
Infosurv



**DJ Haskins**  
Sr. Director Marketing  
Engageware

Engageware customer engagement solutions help mid-tier banks and credit unions optimize their digital and employee-assisted channels

**Expertise**

**350+**

financial institution customers

**Insights**

**1.3B**

interactions

**Growth**

**222%**

higher loan growth

**Efficiency**

**15–50%**

Reduction in calls, and live chat

**Experience**

**2X**

higher NPS than industry average



# In partnership with Infosurv Research



Infosurv Research is an industry-leading market research firm specializing in quantitative methodologies. With hundreds of clients worldwide, Infosurv has deep expertise in research design, data collection, and analysis along with substantial experience in the financial services industry.

# Background / Objectives / Methodology

- Second annual Customer Engagement in Banking thought leadership survey conducted **Aug 10, 2022 – Aug 25, 2022**
- Exploring trends and perceptions of customer engagement in financial services among industry professionals
- Uncover the priorities and strategies for financial institutions in building customer engagement going into 2023
- Banking consumers were surveyed regarding their satisfaction and expectations

Target	Profile	Responses
Financial Services Professionals	US Bank or Credit Union Employee (Manager and higher)	114
Banking Consumers	U.S. banking customers (18-65) that use online banking for checking or savings	451

# Agenda

- 01 | Setting the Stage: (Then & Now)**
- 02 | Defining MX vs. Engagement**
- 03 | Survey Results: Banking Consumers**
- 04 | Survey Results: Financial Institutions**
- 05 | Preparing for 2023: Key Considerations**

# Quick Poll:



*Where is your CU in the strategic and budgetary planning process for 2023?*

# Where we've been and where we're headed in 2023

# First Annual Survey of Banking Professionals



**NEW Report coming  
soon: Q4 '22**

Inaugural survey: August 2021  
First annual: August 2022

## ***Differences:***

- 3rd party market research vendor
- Best practices in survey design
- Question refinement
- Introduced consumer banking POV

## ***Objectives:***

- Provide benchmarking
- YoY Trending
- Provide planning guidance

# What's Different?

## Last year...

<b>COVID</b>
Return to "normalcy" New variants Vaccination status
<b>LABOR AND WORK</b>
Great Resignation Hybrid work
<b>ECONOMIC</b>
Booming housing market Consumer skepticism

## Now...

<b>COVID</b>
OMICRON Endemic
<b>GEOPOLITICAL</b>
War in Europe Midterm elections Extreme weather
<b>ECONOMIC</b>
Inflation Rising interest rates Cooling housing market Recession...?

A woman with long brown hair, wearing a blue denim jacket, is sitting at a desk. She is looking at a laptop screen with a thoughtful expression, her hand resting on her chin. The background shows a blurred living room with a grey sofa and a bookshelf.

**What's different?**

**“It’s the economy, stupid.”**



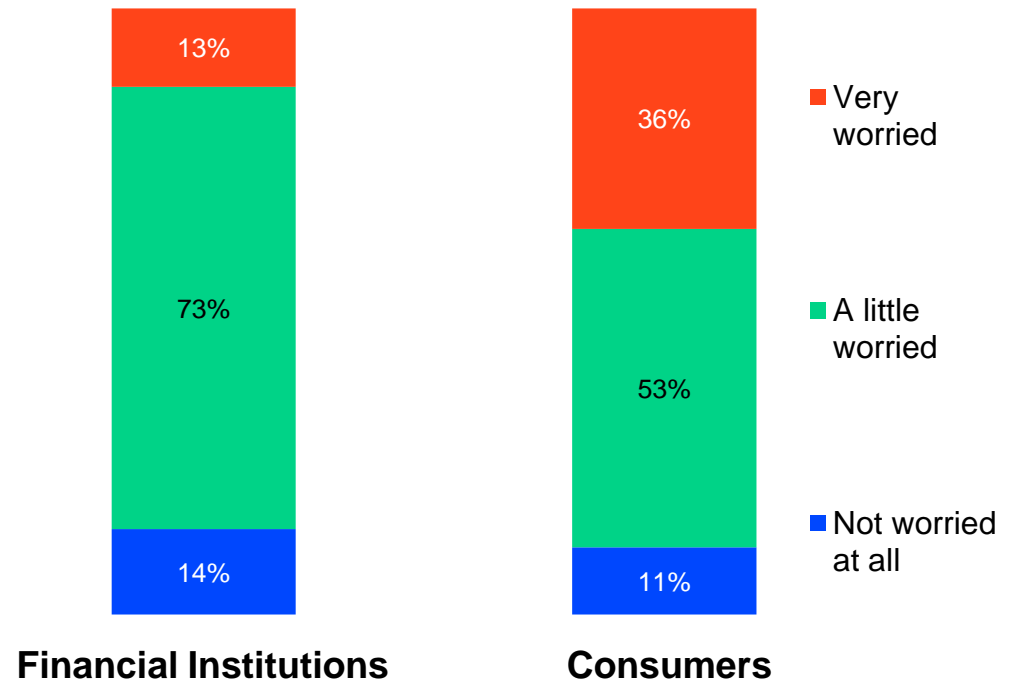
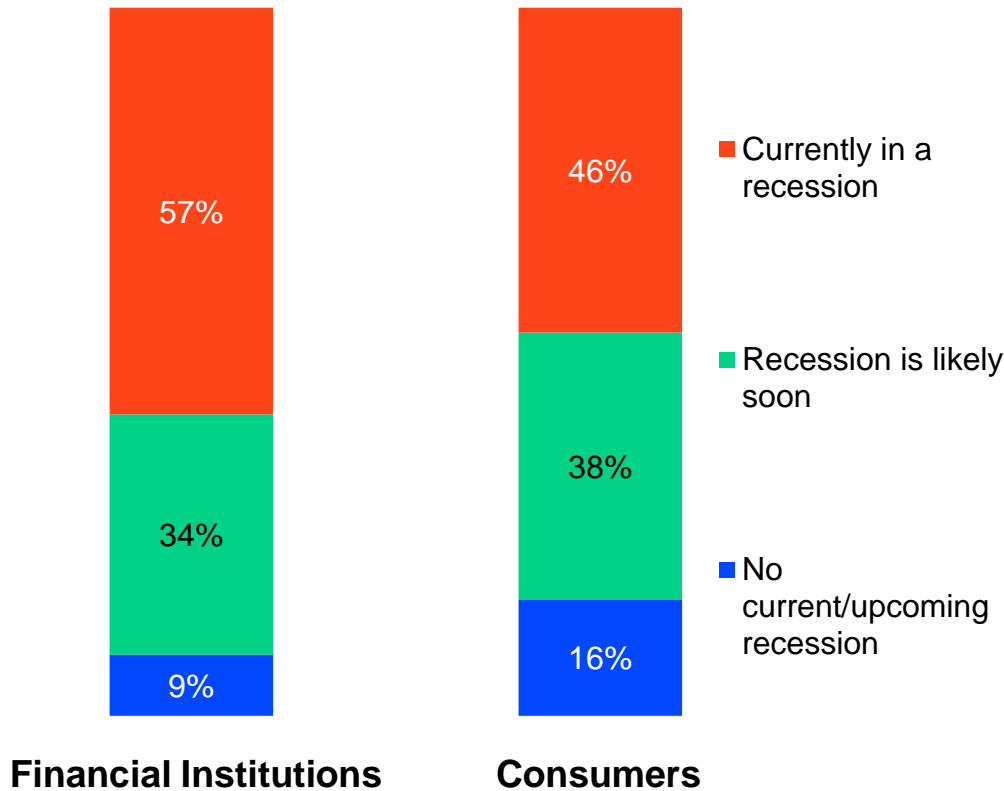
# Most worried US economy in recession (or soon to be)

Which best describes your opinion regarding the current US economy?

Are you worried that a recession may negatively impact...

...the value of your existing customer relationships or ability to gain new customers?

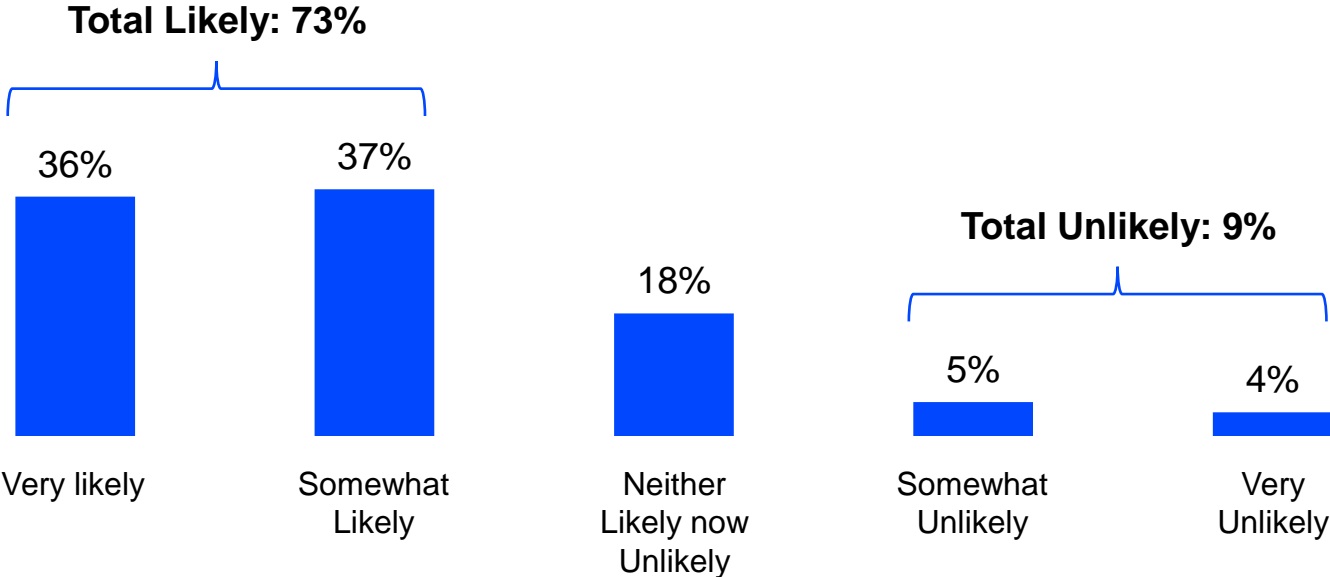
...your financial prospects and/or financial well-being?



# Consumers expect to scale back financially

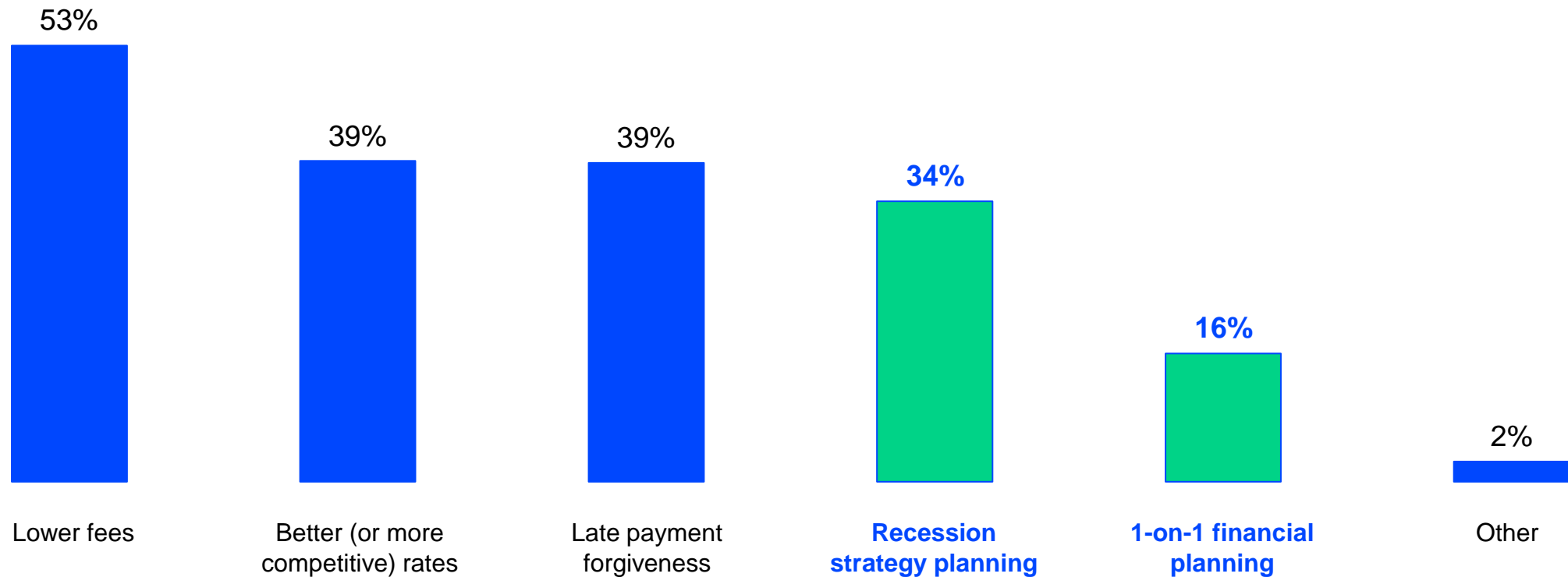
Nearly three quarters of consumers plan to scale back their planned financial activities in the event of a recession.

A recession would cause me to scale back on my planned financial activities, goals, and/or investments.



# Beyond the obvious, consumers expect additional support

In what ways would you expect your FI to support you during a recession?



# Why it matters: Challenging times call for stronger member engagement

***"U.S. Retail Banks Struggle to Differentiate, Deliver Meaningful Customer Experience as Economy Sours"***

**J.D. POWER**

Source: J.D. Power U.S. Retail Banking Satisfaction Survey, 2022

<b>1</b>	<b>Reality for CUs</b> As you look to differentiate, compete, and grow your membership
<b>2</b>	<b>Reality for your members</b> What they need in times like these
<b>3</b>	<b>Today's reality underscores need for engagement</b> CUs must utilize engaging methods to provide what members need most

# Human expertise is essential in these times

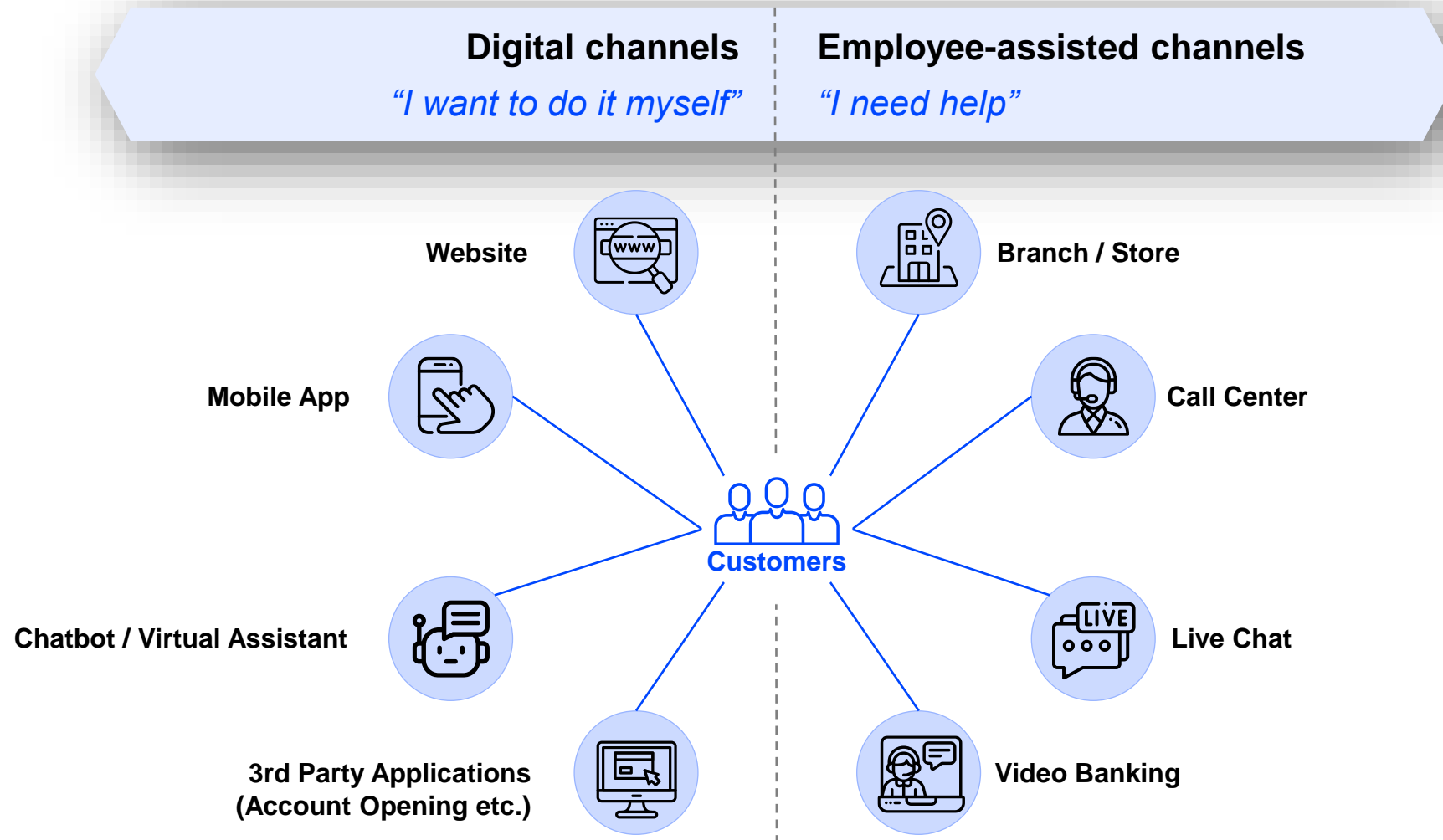
*“While the survey suggests that the pandemic has brought a rapid acceleration of the adoption of digital banking tools, **human expertise (whether in-person or virtual) remains essential for consumers when it comes to getting financial advice and for more complex transactions.**”*

2022 Citizens Bank Banking Experience Survey



# Every Interaction Matters

In the path to creating greater member engagement



# Defining Member Experience vs. Engagement

# Quick Poll:



*Does your credit union distinguish between member experience & engagement?*



# Great Relationships Are Built On Trust

Developing trust requires frictionless experiences.

This means every interaction must be:

**Easy**



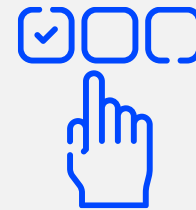
**Fast**



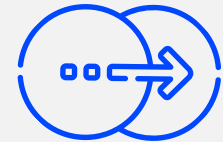
**Consistent**



**Convenient**



**Seamless**



# Member Engagement Is the Key

## Relationship to MX

**“Member Engagement is the sum of many different member experiences...”**

...Engagement is about how the CU works with its members across all channels, over a period of time. It's member engagement that builds and grows the relationship and translates to loyalty, retention and trust.”

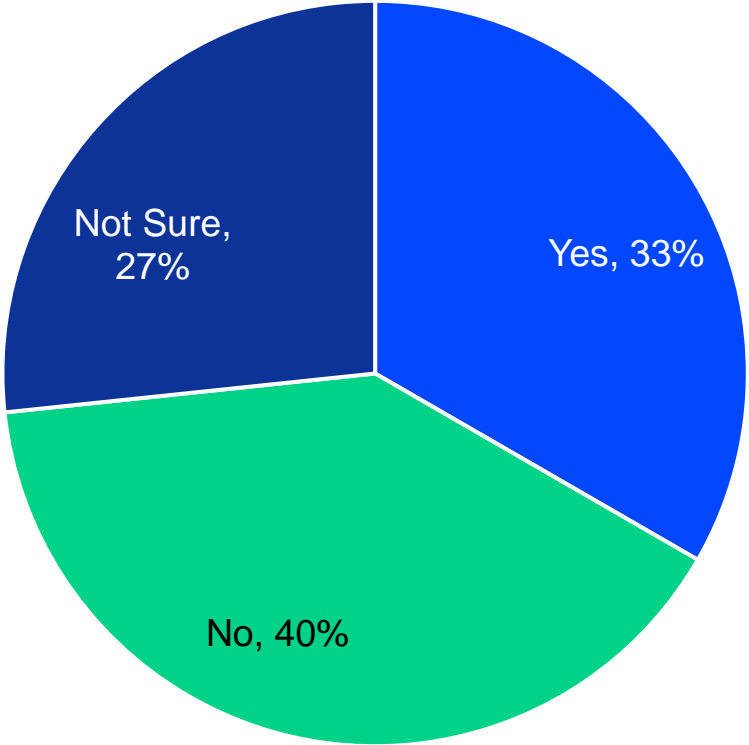
## Business outcomes

**“Member Engagement leads to trust, and trust leads to relationships...”**

...And relationships lead to more profitable business and member retention. Without quality member engagement, levels of trust are lower, relationships are weaker and member loyalty is at risk.”

# One third of FIs surveyed distinguish MX vs. ME

Does your institution distinguish customer/member engagement from customer/member experience?



# How FIs differentiate experience vs. engagement

## Member Experience

- A specific point / transaction or experience in time
- Measured by satisfaction surveys, NPS, feedback,
- Frequency of banking interactions (branch visits, online, mobile sessions)

## Member Engagement

- A ratio of products/services per member or household
- Depth of member's utilization of FI products/services (penetration?)
- Relationship with the FI...demonstrates a commitment on both ends; loyalty

*“Experience is defined by one point in time/transaction. The engagement is determined by a series of experiences and penetration of products and services with hopes of being the primary financial institution.”*

Operations Executive, Credit Union

*“We measure engagement by how many products/services the member utilizes. Experience is measured by how satisfied, or unsatisfied, the member was while obtaining the product/service.”*

VP of HR, Credit Union

# Survey Results: Consumers

# Survey of Banking Consumers

Target	Profile	Responses
Banking Consumers	U.S. banking customers (18-65) that use online banking for checking or savings	451

Gender	%
Female	69%
Male	31%
Non-binary	<1%

Marital Status	%
Married / Domestic Partnership	52%
Single	33%
Divorced	12%
Widowed	3%

Generation	%
Baby Boomers (born before 1965)	18%
Generation X (1965-1980)	34%
Millennials (1981-1996)	39%
Generation Z (1997+)	8%

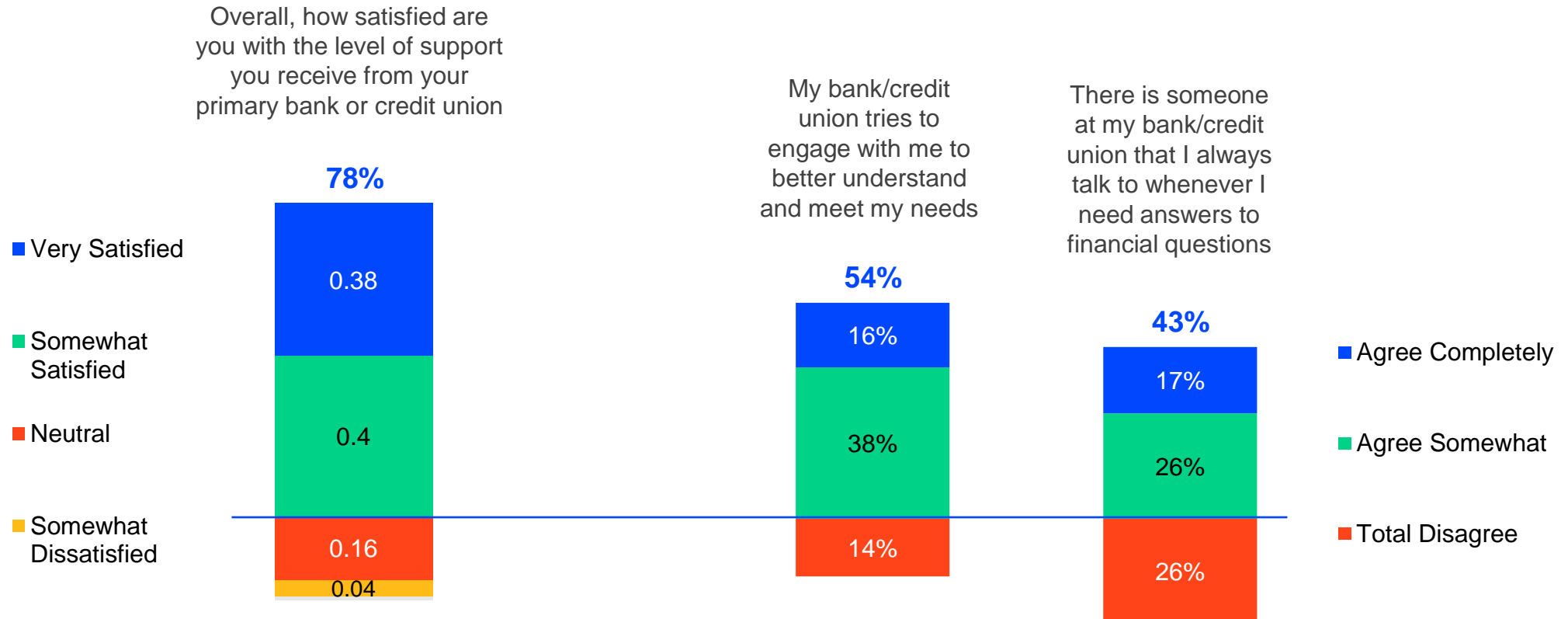
Ethnic Background	%
Caucasian (not Hispanic nor Latino)	73%
African American	14%
Hispanic or Latino	6%
Asian or Pacific Islander	6%
Other	1%

Household Income	%
< \$50K	42%
\$50K - \$75K	22%
\$75K - \$100K	12%
\$100K - \$150K	14%
\$150K - \$200K	7%
> \$250K	1%

# Most consumers are satisfied with support, but engagement could be stronger

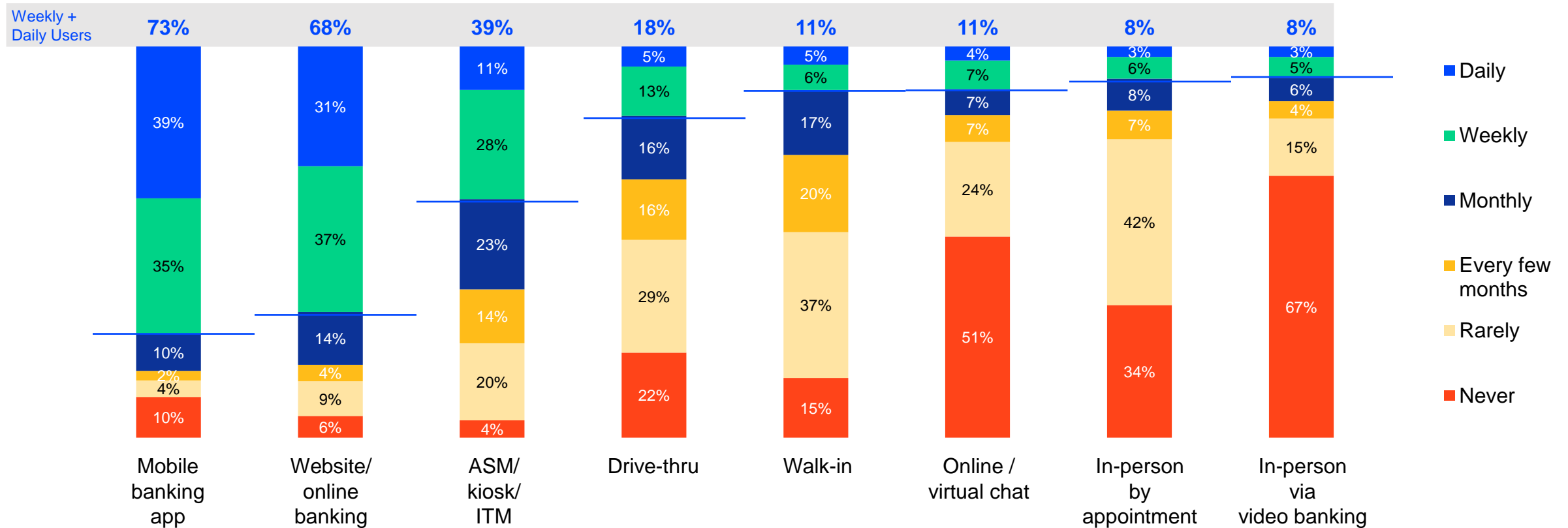
More than two thirds of consumers satisfied with their FI:

When asked specifically about engagement, responses are less positive:



# Digital is most frequently used channel by consumers

How often do you interact with your primary bank/credit union using the channels listed below?





# The Future of Branches is “Phygital”

## More guidance, less transactional

*“What happened during COVID is that we realized **these two channels [digital + physical] need each other...Customers want the best of both worlds.** They want the branch [as long as their design & employees] meet the customer’s needs.”*

– Stephen K Griffin, SVP & Director Retail Distribution Planning Group



## Branch network to be more strategic

- Will continue to close
- Universal Banker model
- Promote advice & guidance
- Empower associates to engage customers
- Continued investments in digital to allow for “phygital” experience

# What does this mean for your CU?



Majority of today's banking interactions take place digitally



Most consumers do not have a 1-to-1 relationship with PFI



Opportunity: Providing access to human assistance via digital channels (i.e. ITM, video banking, online appointments)

# Survey Results: Financial Institutions

# Survey of Financial Institutions

Target	Profile	Responses
Financial Services Professionals	US Bank or Credit Union Employee (Manager and above)	114

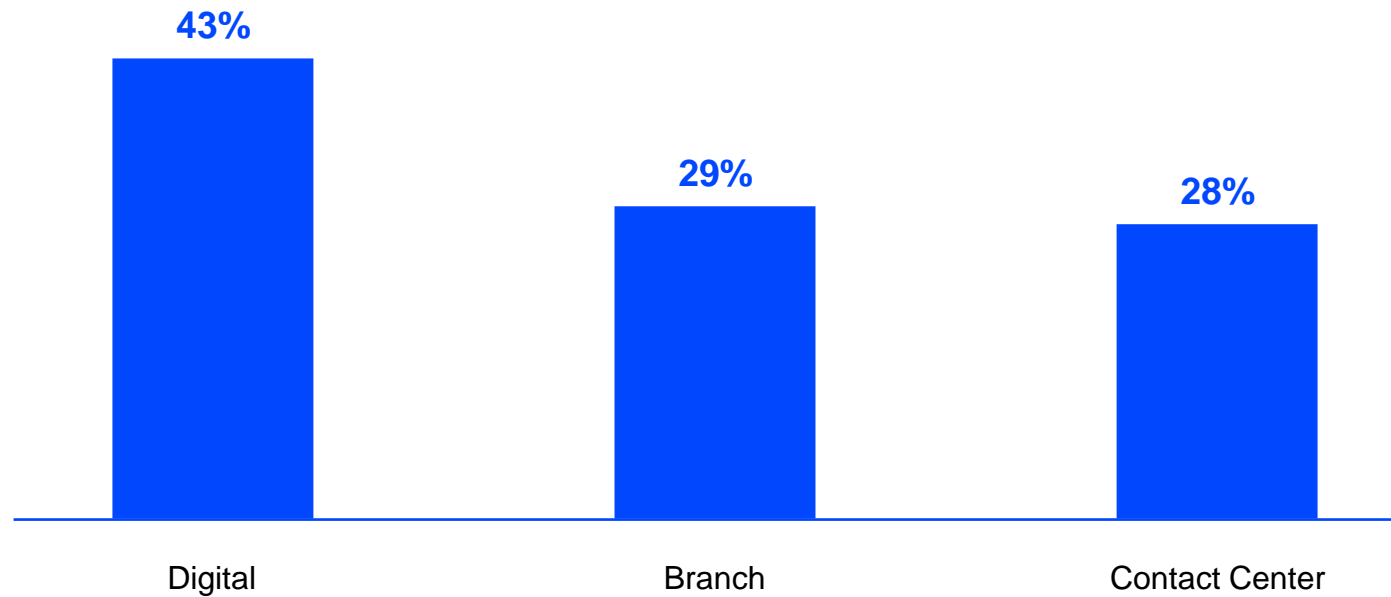
Asset Size	%
< \$250M	8%
\$250M - \$499.9M	15%
\$500M - \$999.9M	21%
\$1B - \$4.99B	35%
\$5B - \$9.99B	10%
\$10B - \$14.9B	2%
\$15B - \$19.9B	1%
> \$20B	8%

Job Title	%
Manager	36%
Vice President	26%
C-Suite	13%
Director	10%
Associate	10%
Other	4%

Type of Institution	%
Credit Union	65%
Retail Bank	35%
Primary Job Function	%
Branch / Retail Operations	17%
Human Resources / Training	16%
Marketing	12%
Contact / Call / Support Center	7%
Strategy	7%
Retail Banking	7%
Customer / Member Experience	6%
Tech / IT / Security	5%
Commercial Banking	4%
Digital / Ecommerce	3%
Finance	3%
Lending	3%
Compliance	1%
Other	10%

# Digital remains top channel priority, but not overwhelmingly

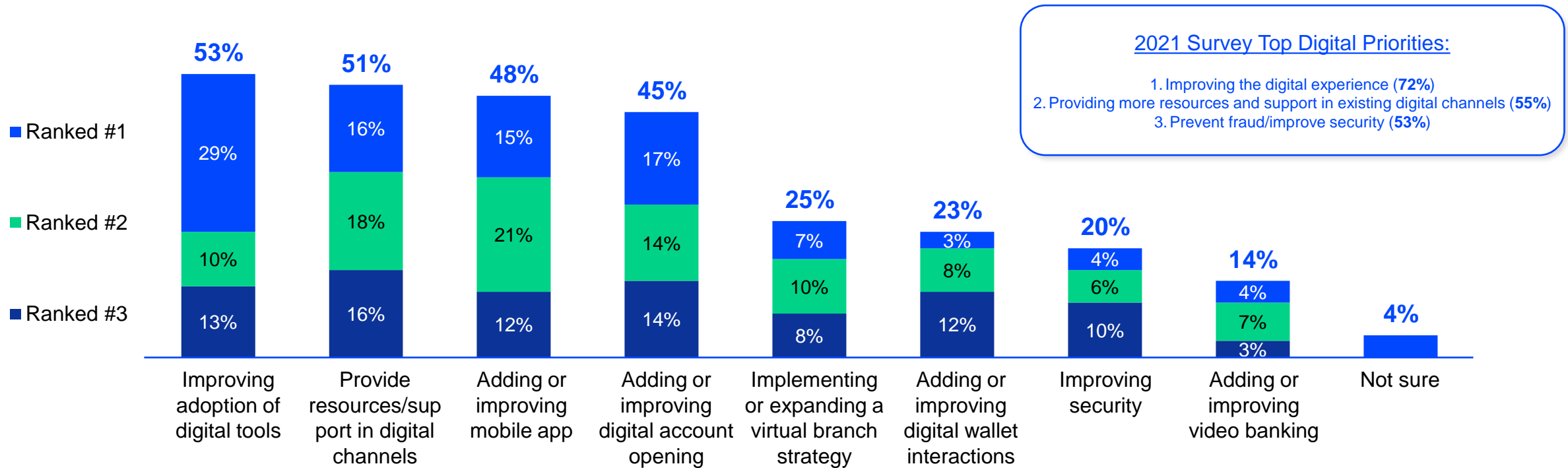
When it comes to customer engagement, which “channels” are your organization’s top priorities?



# Digital:

Improving adoption, providing support & mobile remain top digital engagement priorities

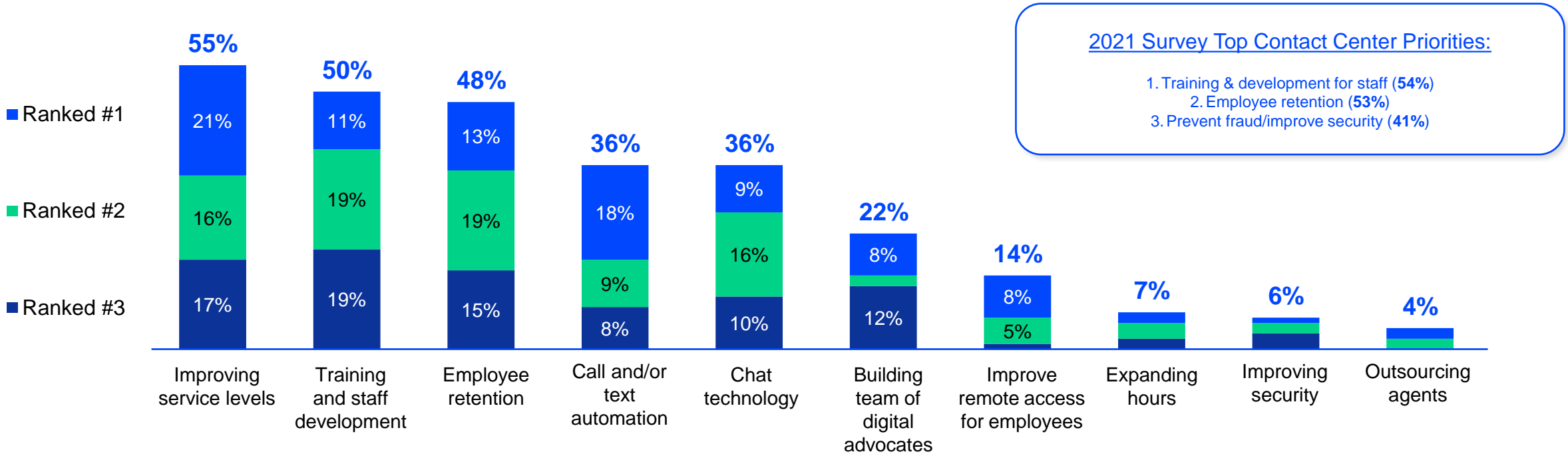
When it comes to building strong customer/member engagement through DIGITAL channels, what are your top 3 priorities for 2023?



# Contact Center:

Improving service levels, training, and employee retention are priorities for contact center

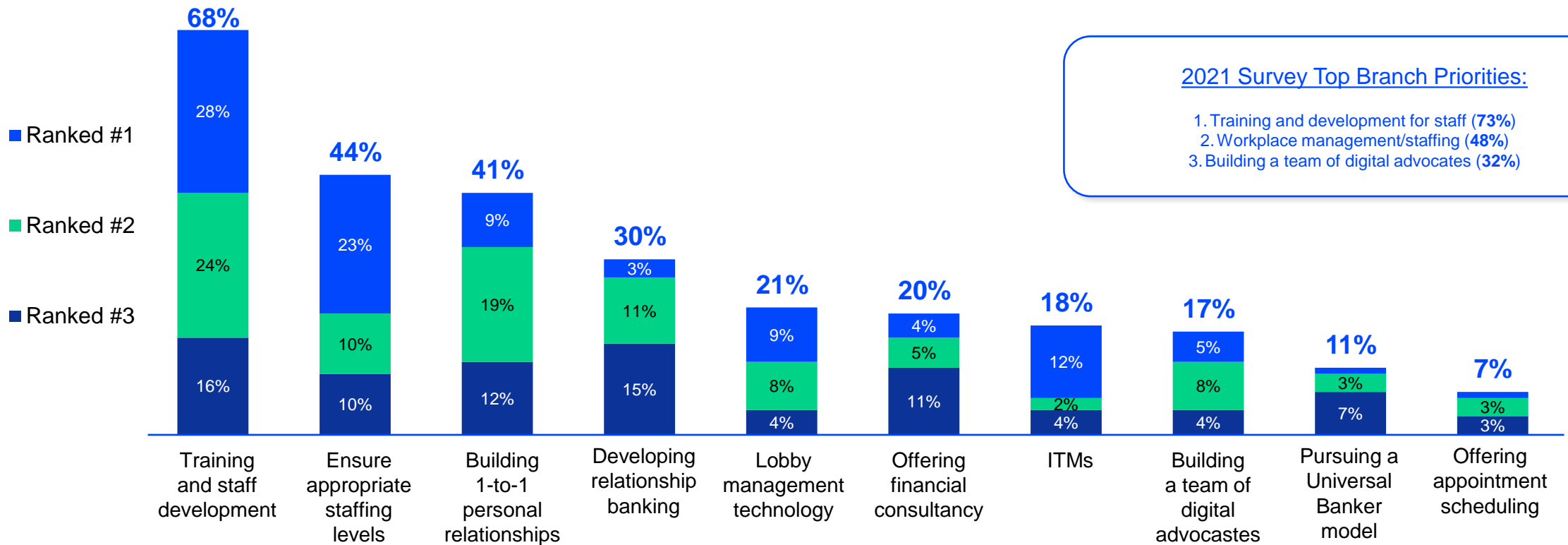
When it comes to building strong customer/member engagement through the CONTACT CENTER channel, what are your top 3 priorities for 2023?



# Physical Branches:

Training and staffing top priorities when it comes to physical branches

When it comes to building strong customer/member engagement through PHYSICAL BRANCHES, what are your top 3 priorities for 2023?





# Quick Poll:

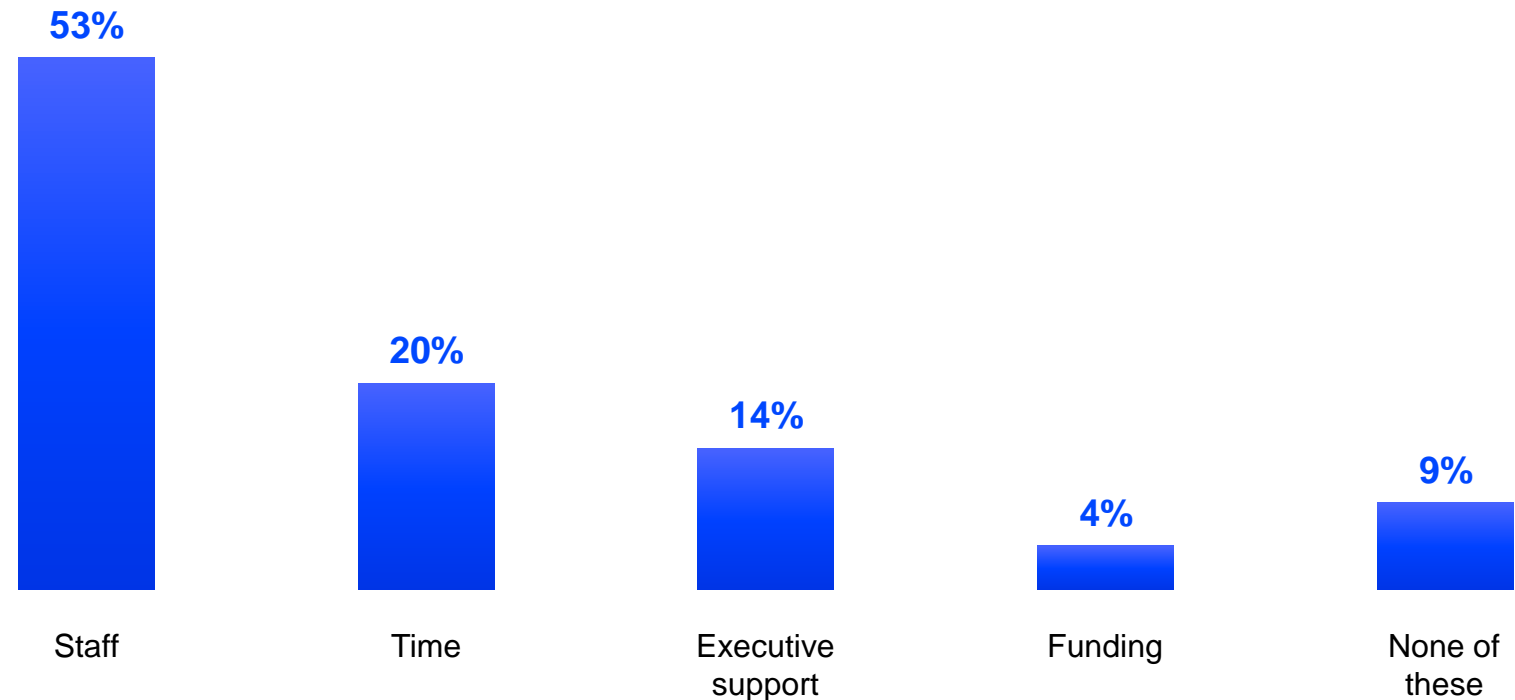


*How do current staffing issues compare to this time last year?*

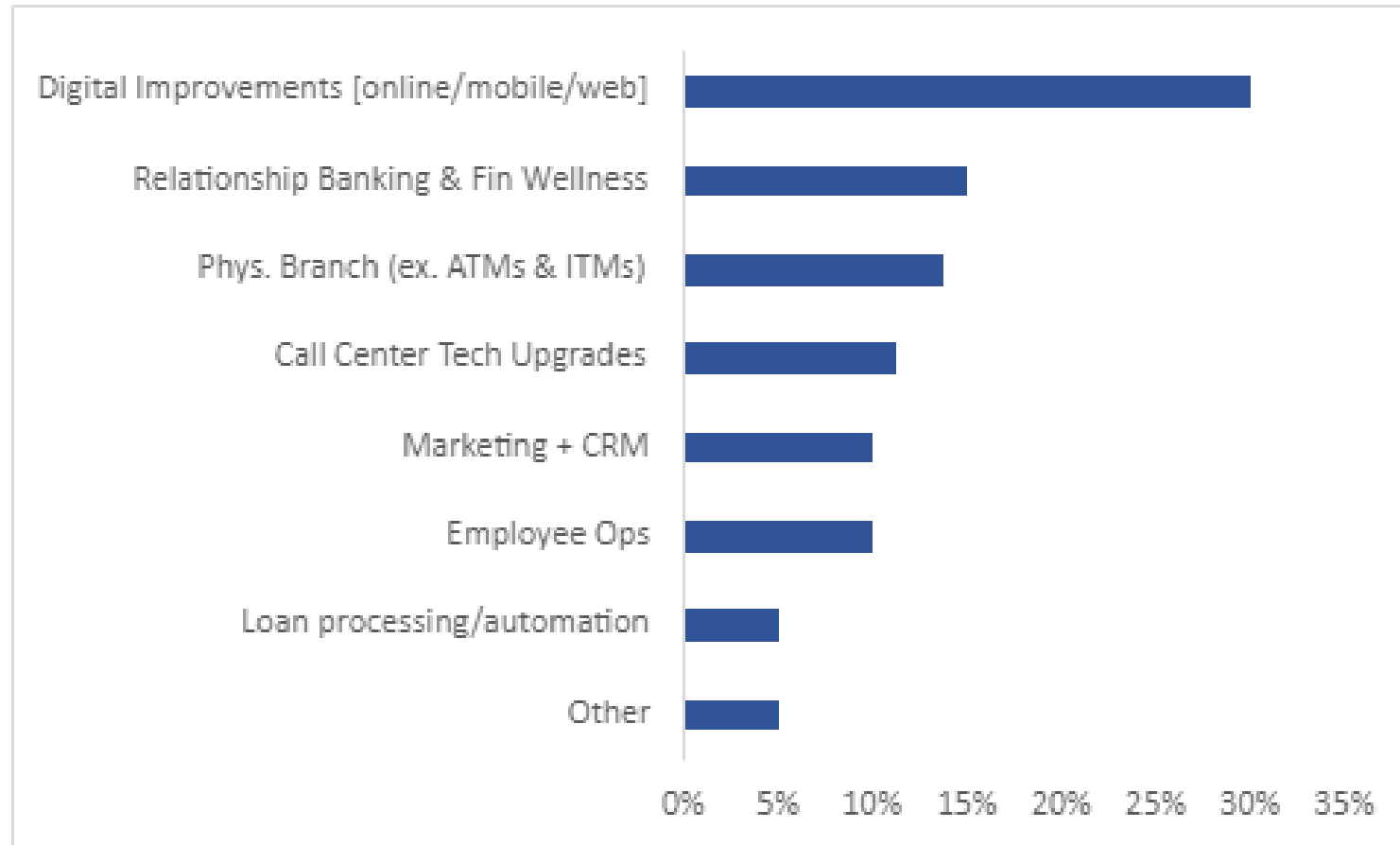
# Staffing is most important resource for strong engagement

More than half of FIs identify staff as the resource needed most; consistent with top priorities identified for contact centers and branches over the next year

When it comes to resources needed to deliver strong customer/member engagement, which is your institution most in need of?



# Where FIs plan to invest in 2023



# In Their Own Words

*“[We’re] rolling out a plan in branches for developing 1-to-1 relationships with customers...looking at the total relationship with customer.”*

– VP Branch/ Retail Ops  
at \$1-5B Credit Union

*“[Investing in] more training [to become] more consultative in branches.”*

– HR Executive at \$1-5B Retail Bank

*“[We plan to have] more unified/integrated technology solutions for our teams to better engage with our members.”*

– Manager of Branch/Retail Ops  
at \$1-5B Credit Union

*“Tools & technology to gather relevant data to help use engage with our members on a more personal level.”*

– VP of Strategy  
at \$250-500M Credit Union

# 2023 Annual Report

Stay tuned for more insights  
and analysis!

NEW Report coming this fall



# Preparing for 2023: Key Considerations

# The Realities of Recommendations

You all have unique priorities

**Digital  
Transformation**



**Goals &  
Initiatives**



**Internal  
Resources**



**Demographics &  
Geographies**



# The Credit Union Spirit

*Not for Profit  
Not for Charity  
But for Service*

“Currently moving from the mindset of member service to member experience - by taking an interaction and moving beyond just doing what the member requests to providing a level of service that exceeds expectations and creates a sense of loyalty on both sides of the interaction. Offering products/services and opportunities to educate the member to ensure their financial success...becomes important to provide this same level of commitment to our staff.”

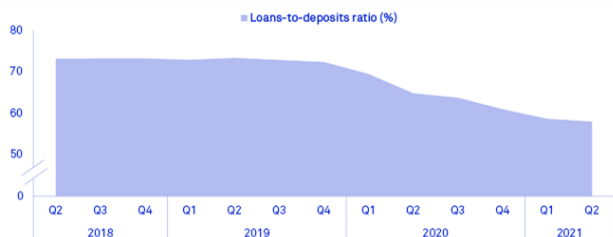
— Human Resources Manager, \$1-5B Credit Union



# But the challenge

## GROWTH challenged to grow

Declining Loan Growth



expansion w/out headcount

## SUPPORT eroding service levels



### ALL UP

call volumes  
wait times  
call handle times  
Abandonment



Too many handoffs

## EXPERIENCE Frustrated employees & customers



challenge finding and using info – inconsistent answers



hybrid work environments



hiring, training, retraining & turnover

# Key Observations for 2023

1

**Digital:** Digital is key, but adoption and digital support are critical for long-term success

2

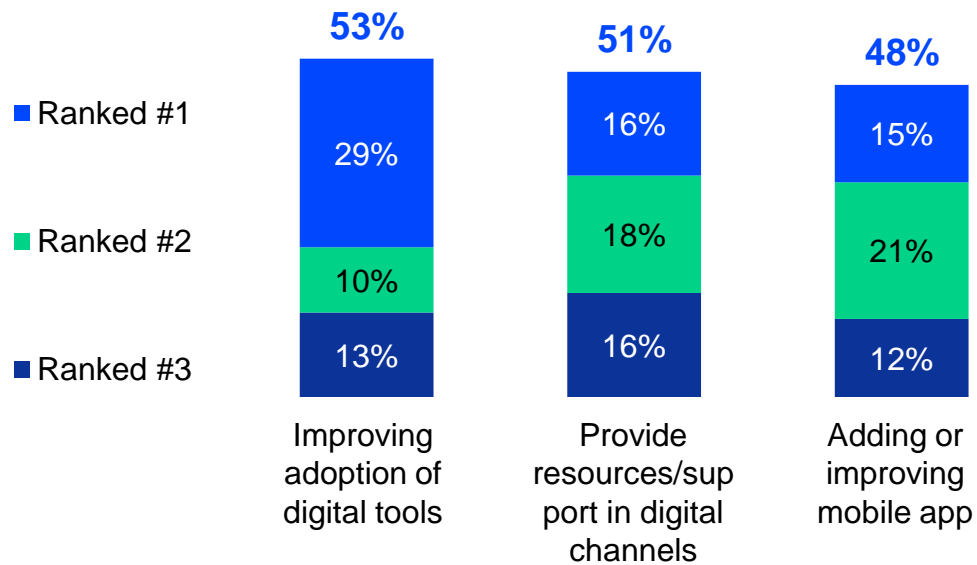
**Opti-Channel:** You need to be ready to support your members in the channel(s) of their choice

3

**Staffing:** Staffing challenges (hiring, retention, training) continue to impact the industry

# Digital Priorities for Member Engagement

## FI Top Priorities:



*“Member resistance to change and adoption of technology moving away from how services were traditionally previously delivered.”*

– Operations Executive, \$250-500M Credit Union

*“Our members prefer to come into the branch or call instead of self service, it's hard to overcome this problem when the members don't want to move with the times to make things easier on them and us.”*

– Contact Center Manager, \$500M - \$1B Credit Union

# Finding the Digital Balance

## Digital vs. Human Assisted

**62%** of consumers want to do common transactions (depositing a check, paying a bill, etc.) with digital banking (web or mobile)

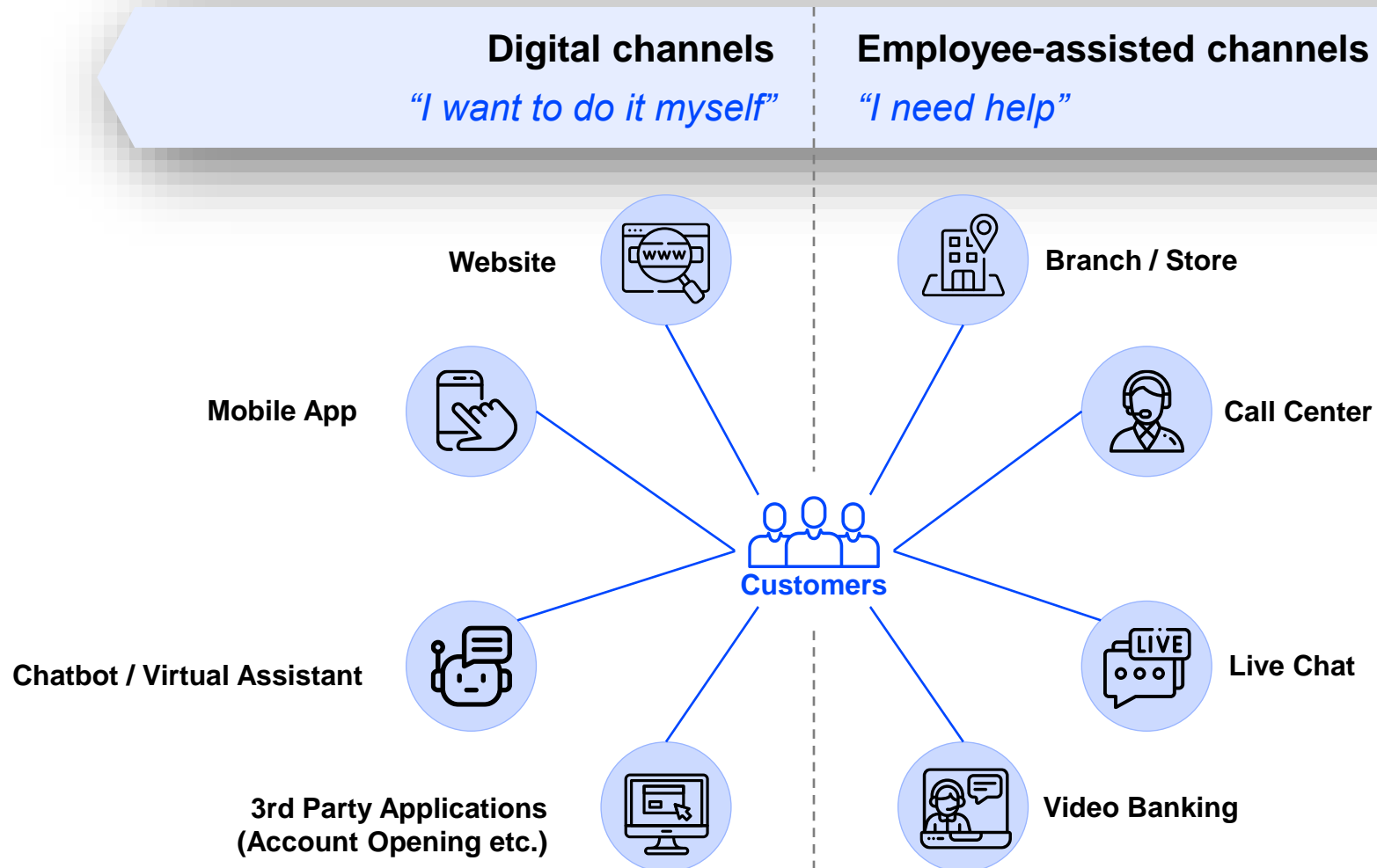
**57%** of consumers prefer human assistance for more important transactions (wire transfer, setting up a new account, etc.)

The Banking Benchmarks: Q2 2022 Findings



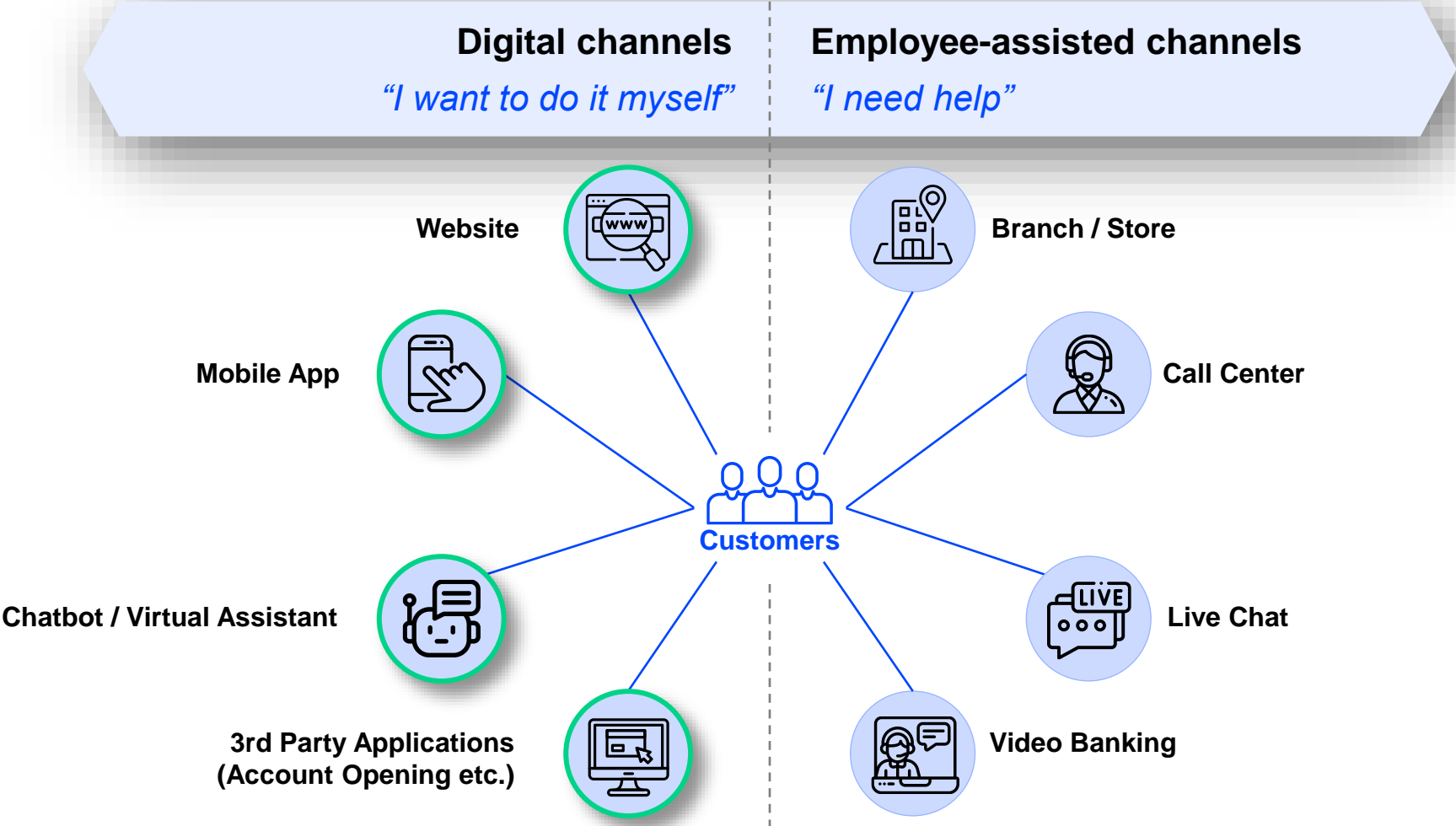
# Opti-Channel

You need to be ready to support your members in the channel(s) of their choice



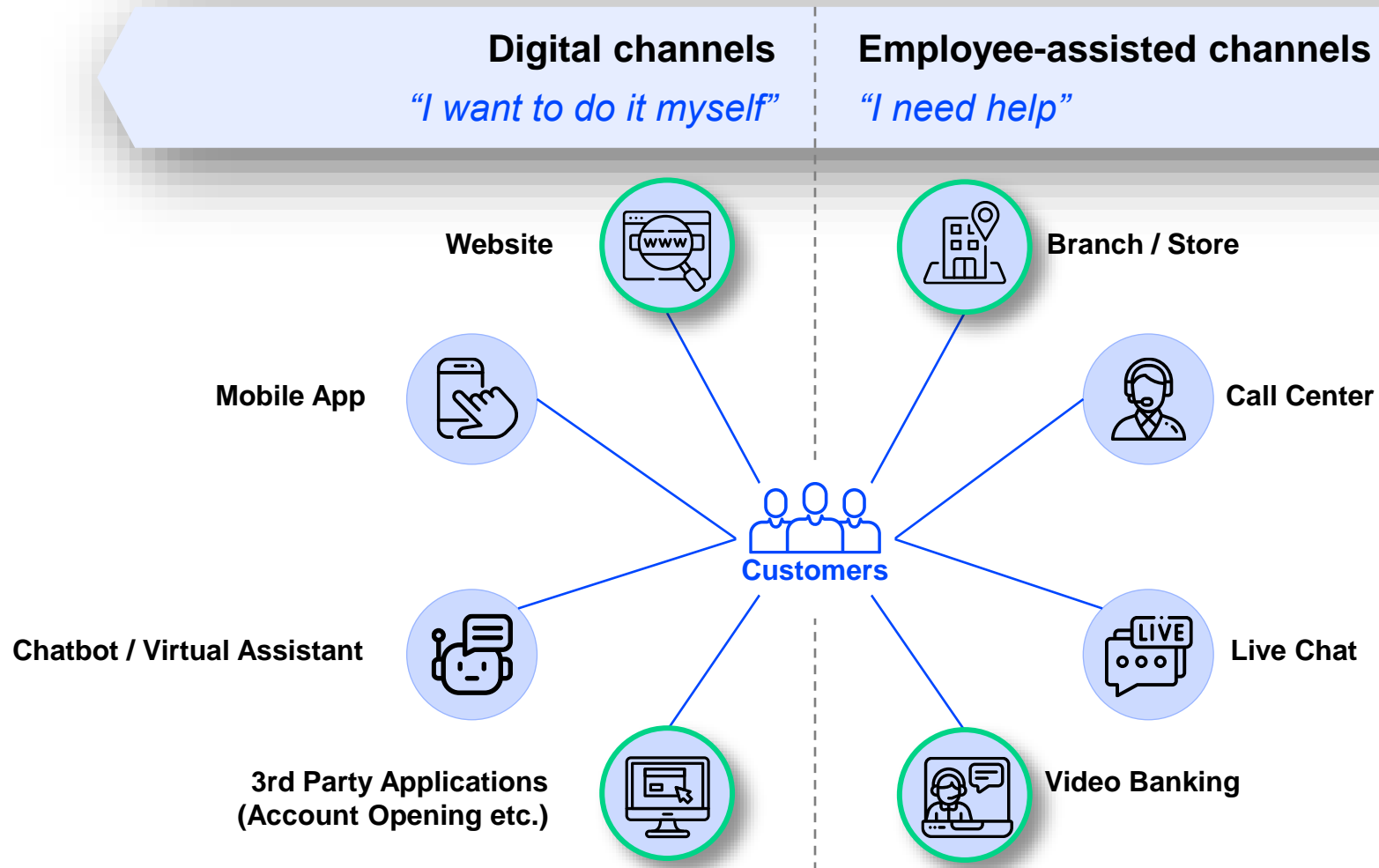
# Self-Service

Answer the high-volume, common interactions that can easily be handled digitally



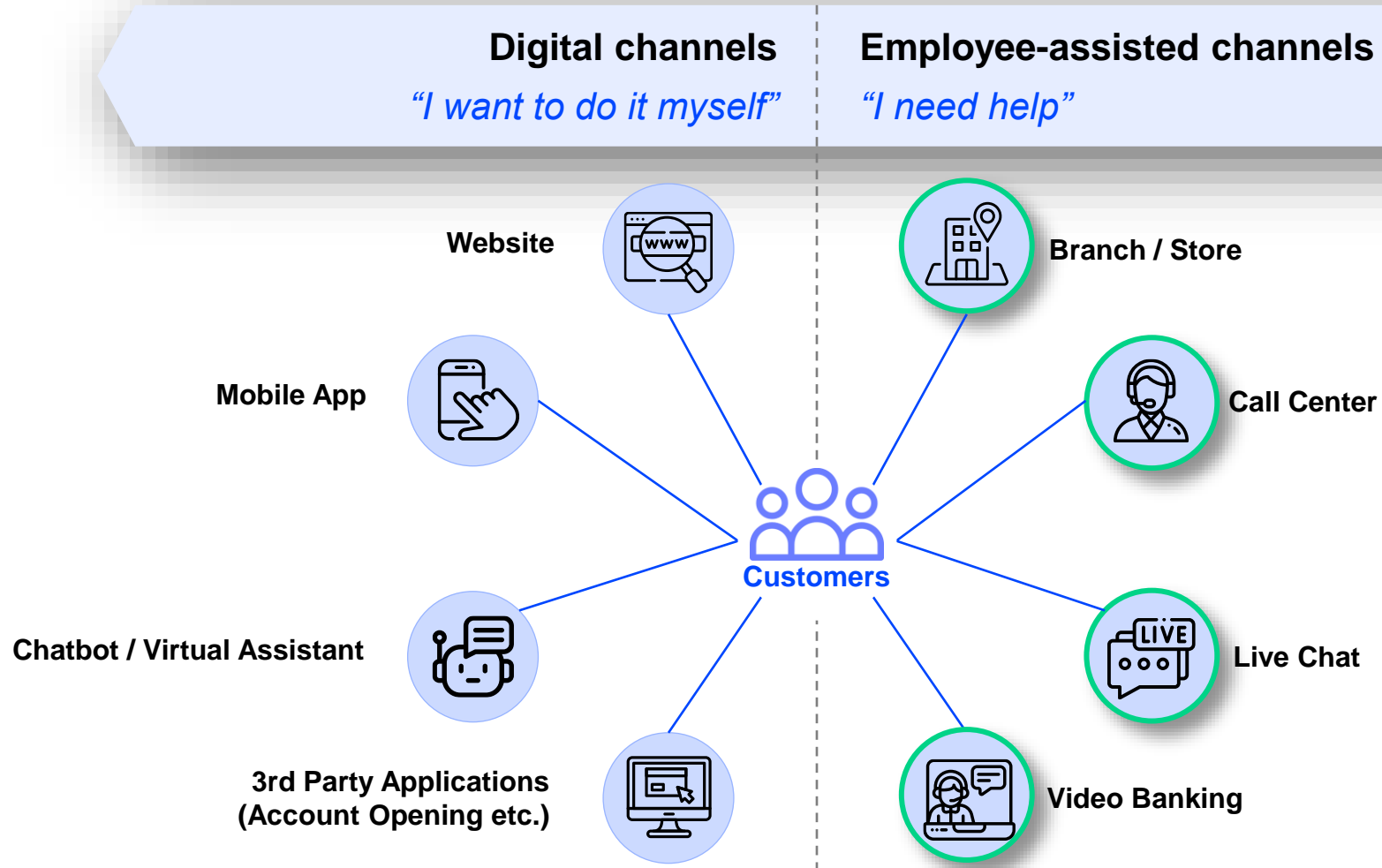
# Self-Service and / or Human Assistance

Provide easy access to digital or human assistance for the high-value interactions



# Human Assistance

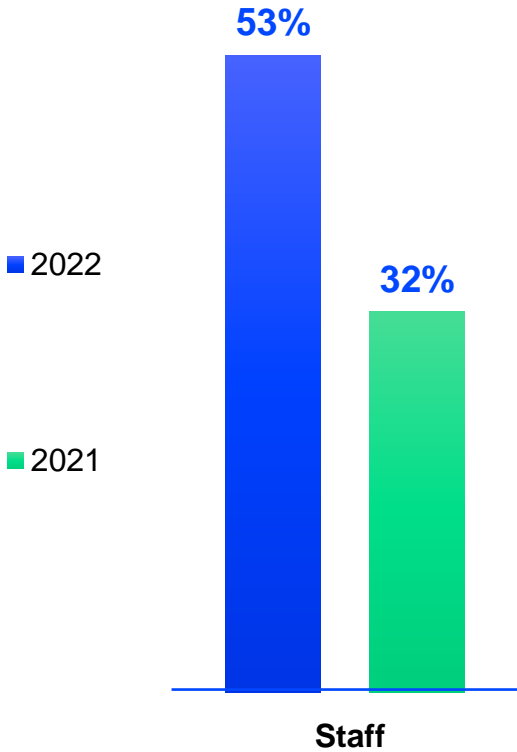
Ensure interactions with your staff are consistent and efficient





# Staffing Challenges

## Resources needed:



*“Employee retention. Finding the correct new hire consistent process across all branches.”*

– Project Manager Director, \$500M - \$1B Credit Union

*“Address the issues with staffing. Ideally, encourage our staff to create more banking relationships so members think of us first when making a financial decision.”*

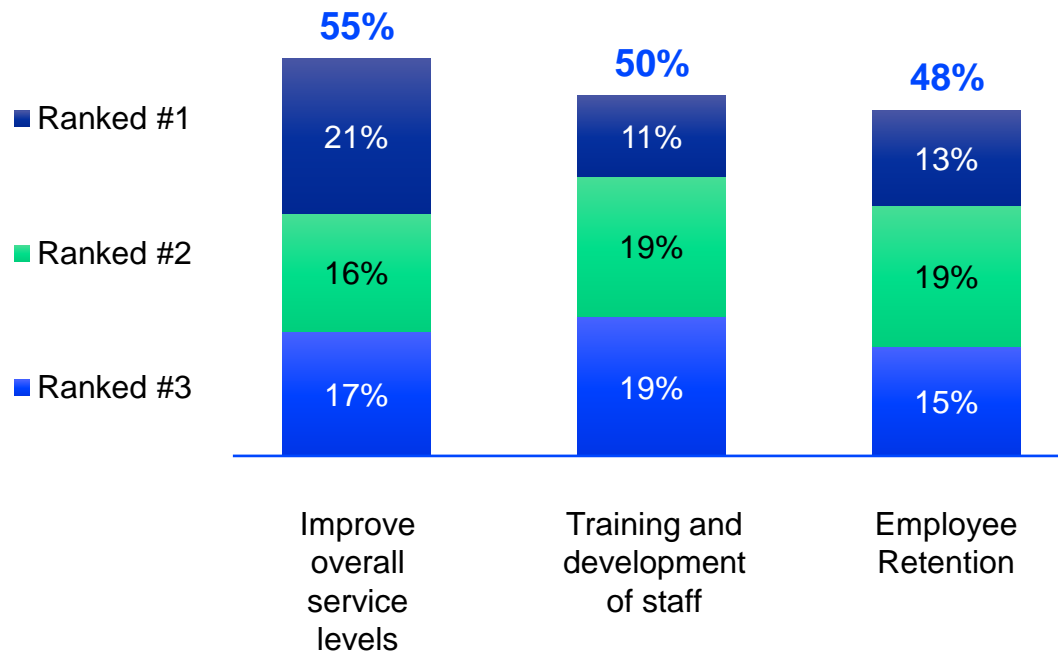
– VP of Marketing, \$500M - \$1B Credit Union

*“Keeping staff engaged and excited about helping members.”*

– MX Manager, \$250-500M Credit Union

# Staffing: Contact Center Challenges

## Contact Center Priorities:



*“Self Help Options for IVR”*

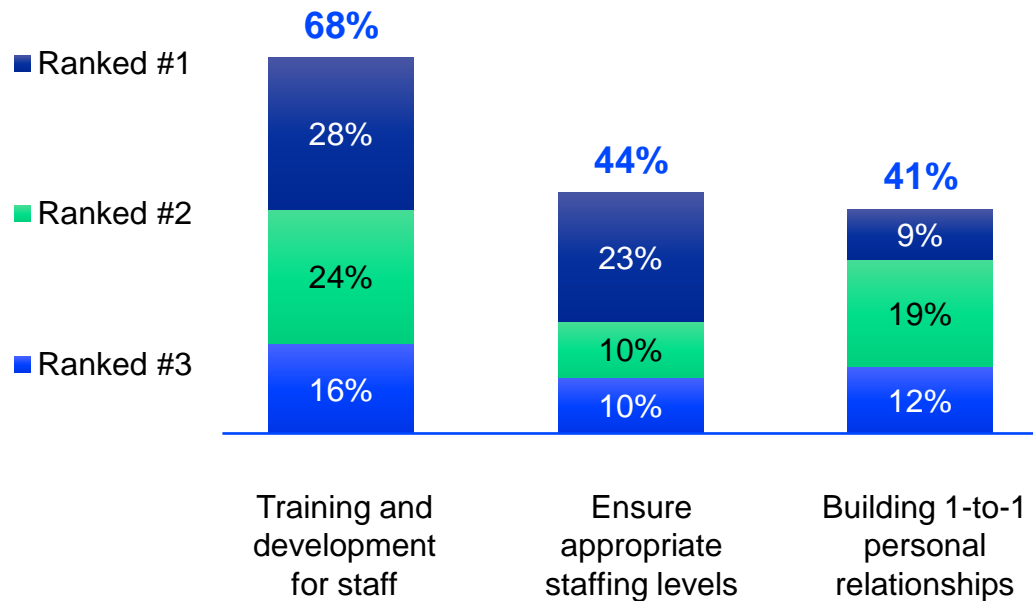
– CX Manager, \$500M - \$1B Retail Bank

*“Have a better solution for the 3000+ phone calls a month we get asking what the balance in their account is - currently being answered by a live person.”*

– VP Human Resources, \$500M - \$1B Credit Union

# Staffing: Branch Challenges

## Branch Priorities:



*“Reliance on branch banking for simple transactions that could be handled through self-service digital banking.”*

– Training Manager, \$5-10B Retail Bank

*“To remove back-office support functions from frontline employees so that they can focus on servicing our members at a much higher level.”*

– VP of Strategy, \$250-500M Credit Union

# When planning for 2023...

1

## **Surround members with access**

Access to technology support, product, and service information across your website and mobile is critical

2

## **Route members to the right channel**

Route members to the right channel when human assistance is needed

3

## **Empower staff to be digital advocates**

Your staff is key for improving digital adoption - both introducing and supporting digital tools and usage

4

## **Provide employees with easy access to information**

One of the top challenges we hear day in day out is information employees need is hard to find and use

# Why Member Engagement Matters

## GROWTH



**25–40%**

increase in loan appointments



**22%**

increase in new accounts



**47%**

more commercial appointments

## EFFICIENCY



**15–25%**

reduction in overall call volume



**63%**

reduction in technology-related call volumes



**50%**

reduction in email and live chat volume

## EXPERIENCE



**25-50%**

increase in self-service rates



**1-2**

minute reduction in handle time



**2X**

banking industry NPS scores

**Fls need solutions that build relationships and deliver the right outcomes**

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and analysis!

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**Engage**ware

# Take your customer engagement to the next level

Visit [engageware.com](https://www.engageware.com) to schedule time to speak to one of our banking specialists

# Questions?



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**Engageware**

**Thank you.**

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