

An eGain
White Paper

Customer Service Challenges and Innovations in the Financial Services and Insurance Sectors



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Brokerage firms, banks, credit unions, lenders, asset management firms, and insurance companies are typically grouped together and referred to as financial institutions or the financial services sector. The sector is **UNDERGOING A SEA CHANGE** as it attempts to deal with an array of challenges that includes:

- Hypercompetition, driven by reduced switching barriers, product proliferation, and product commoditization
- M&As and ever-changing product portfolios
- Generational shift in customer behavior
- Revenue generation in marketing-hostile environment
- Maximizing operating margins under price pressure
- Managing compliance in the post-scandal era
- Business continuity and security
- Mitigating offshoring risks

These high-level business challenges, in turn, have created function-specific **CHALLENGES** and associated **IMPERATIVES** for contact centers and customer service organizations in this service-intensive sector. While other companies continue to struggle in this harsh environment, some of eGain's financial services clients are consolidating and extending their market leadership with **INNOVATION** in their **CONTACT CENTERS**.

MULTICHANNEL CUSTOMER ENGAGEMENT HUBS allow these businesses to provide **STANDOUT CUSTOMER EXPERIENCES**, while not only addressing contact center challenges and imperatives but also turning them into opportunities for market leadership. This paper describes the innovation and best practices they have deployed across technologies, processes, and people.

Customer interactions make a game-changing difference in business performance in the financial services sector

INTERACTIONS ARE THE NEW BATTLEGROUND. According to research by McKinsey Inc., business performance varied the most in industries with high levels of interaction “intensity” (Figure 1). As the figure shows, the financial services sector is at the high end of interactions, presenting a great opportunity for companies to differentiate themselves by improving their ability to interact with customers and prospects in a way that maximizes value for the business and the customer.

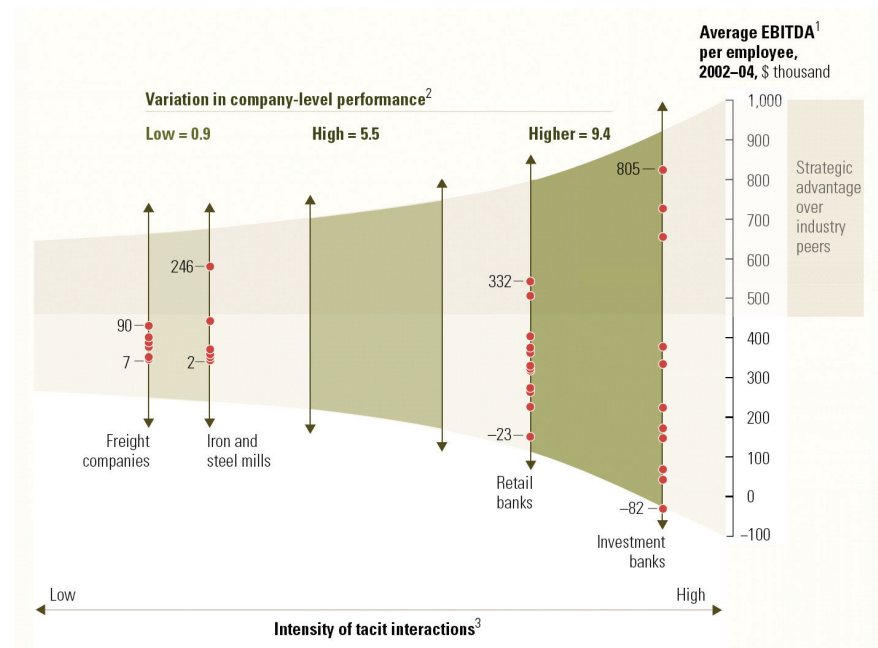


Figure 1: Business performance variability and interaction intensity (Source: “Competitive advantage from better interactions,” The McKinsey Quarterly, 2006 Number)

To win, leaders innovate in customer interactions

This section of the paper includes case studies from the eGain client base, highlighting contact center and customer service imperatives and related innovations.

Innovation: Compliance automation

Client

Premier brokerage firm

Challenge

- Managing compliance

Contact center imperatives

- Enforce compliance without losing efficiency

The financial services industry is one of the most monitored industries, where government regulations can cut across people (including contact center and customer service agents), content, customer interactions, and even information transport and archival. For example, SEC regulations in the US require contact center agents or advisers in brokerage firms to undergo certification training to be able to advise customers on certain topics or to perform certain transactions. Other regulations include archival of customer communications through traditional and electronic channels, supervisory quality control for new agents, and regulations around the kinds of questions that can be asked in the context of a particular transaction. Businesses with a global presence have to additionally deal with the regulations of that region.

A **PREMIER BROKERAGE FIRM** in the US uses eGain's **EMAIL MANAGEMENT SOLUTION** (eGain Mail™) and best-practice workflows embedded in eGain CEH—eGain's Customer Engagement Hub (CEH) Platform—to provide effective and efficient email customer service that is also compliant with SEC regulations. The system intelligently routes incoming customer emails to the right adviser or agent, based on certifications and expertise, and a knowledge base “auto-suggests” best answers that agents can quickly drag-and-drop into their response emails. Moreover, the system routes outgoing emails from new agents to supervisors for an additional layer of quality control required by regulations.

Innovations: In-process customer interaction guidance, service level and compliance automation

Client

Premier international bank

Challenges

- Revenue generation in marketing-hostile environment
- Managing compliance

Contact center imperatives

- Generate revenue at point of service
- Enforce service levels and regulations without losing efficiency

A **PREMIER INTERNATIONAL BANK** serves small businesses as part of its client portfolio. Processes such as new account opening required agents to conduct adaptive conversations with customers based on their answers to questions posed during the dialog. Some of these questions are dictated by the bank's best practices and the context of the conversation, while others are dictated by government regulations.

With **eGain Adviser™**, a patented solution for **IN-PROCESS CUSTOMER INTERACTION GUIDANCE**, contact center agents with just one year of experience are now able to handle questions and transactions that previously required seven years of experience. In addition to walking customers through their transactions, these agents generate revenue for

the bank by making contextual upsell and cross-sell offers suggested by eGain Adviser. Moreover, the eGain solution triggers appropriate workflows during the interaction to handle **POST-DIALOG SERVICE FULFILLMENT** in compliance with service levels dictated by the bank as well as government regulations. The use of eGain solutions played a key role in enabling this organization to win the European Call Centre of the Year Award in 2005.

Innovation: Multichannel, multilingual customer engagement hub

The use of electronic channels continues to increase dramatically. In particular, late-stage baby boomers and subsequent generations continue to adopt both "traditional" (e.g. email, chat) and "emerging" e-channels (e.g. SMS and web collaboration). As consumers increasingly embrace new and alternative interaction channels such as email, chat,

Client

Premier international bank

Challenges

- Hypercompetition
- Generational customer service shifts

Contact center imperatives

- Support new channels
- Offer distinctive multichannel customer service experiences

web collaboration, web self-service, social, and SMS, they demand seamless, high-quality customer service within (multichannel) and across those channels (cross-channel). One of the main sources of customer frustration and eventual defection is disjointed customer service across interaction channels, and between self-service and agent-assisted service. Financial services companies, like their counterparts in other industry sectors, have built up these silos over the years and are trying to figure out how to integrate them, as customers continue to clamor for better experiences.

Some of our leading clients in this sector have addressed this issue by implementing eGain-powered

MULTICHANNEL CUSTOMER ENGAGEMENT HUBS. A concept advocated by Gartner, the Customer Engagement Hub (CIH) consolidates all interactions, business rules, knowledge bases, workflow, integrations, and analytics in one platform. This approach enables a “joined up” customer service experience across interaction channels by ensuring consistency and context retention across channels, while curbing customer service costs and TCO.

As an example, a **LEADING BANK** implemented an eGain-enabled CEH to provide “stand out” customer service to over 9000 treasury management clients. The CEH includes unified interactions across social, mobile, web self-service, fax, email, chat, and cobrowse interactions. Furthermore, the web self-service capability even includes distinctive eGain-powered chatbots that support natural language interfaces and enable memorable customer experiences! The bank’s website was rated the #1 online banking website for cash management in Greenwich Associates’ website benchmarking study. The deployment was also recognized as a top 10 CRM implementation by Aberdeen Research, the most innovative web self-service implementation in wholesale banking by Tower Group, and as one of the top 100 corporate innovations by InfoWorld for the creative use of technology to generate business value.

Impressed with the business value generated by CEH innovation in the US, the bank implemented a multilingual, eGain-powered CEH in Europe, to provide customer service in multiple languages to customers across the continent. The bank was able to keep its TCO down by providing multilingual service from one single deployment, while leveraging customer interfaces that come with out-of-the-box localization.

Innovation: In-process customer interaction guidance

Client

Leading European brokerage firm and international bank

Challenge

- M&As and business consolidation

Contact center imperatives

- Offer distinctive customer service during M&As

The financial services industry has seen many mergers and acquisitions recently and customer contact centers have borne the brunt of some these consolidations, struggling to answer customer questions on products and services within and across merged entities and helping them complete transactions. However, market leaders have been able to sustain the quality of service during and after these business combinations by empowering contact center agents with in-process customer interaction guidance with **CONTENT, PROCESS, AND CONTEXTUAL OFFERS**.

The merger of **TWO LEADING EUROPEAN BROKERAGE FIRMS** brought about the challenge of coping with a considerably larger customer base, different expectations of customer service, and different operating procedures. eGain's contact center knowledge management solution empowered agents with in-process customer interaction guidance to help them effectively and efficiently navigate processes and find answers and content, helping them sustain customer service quality and brand loyalty during and after the merger.

Innovations: Service level automation and knowledge-powered customer service

Client

Premier credit card and diversified financial services company

Challenge

- Hypercompetition

Contact center imperatives

- Offer distinctive customer service experience
- Season-proof customer service
- Deliver on brand promise

As companies increasingly rely on customer service for branding and business differentiation, fulfilling the customer service brand promise has become business-critical. Fail-safe fulfillment entails proactively setting new industry standards in service levels, setting customer expectations based on those standards and delivering on the service levels amidst seasonal or event-driven spikes in service demand.

A **LEADING CREDIT CARD COMPANY** experiences a relatively high volume of emails, with incoming inquiries rising by as much as 800% during the holiday season. Moreover, the company has to curb average handle time (AHT) and keep response times to within

regulatory limits. With the **KNOWLEDGE BASE** and **WORKFLOW** in eGain Mail and the eGain CEH platform, the company was able to reduce email response time from 24 hours to 8 hours for second-tier customers and down to four hours for the best customers and prospects. Moreover, the customer service organization is now able to handle 20% more customer inquiries with the same number of staff members. The knowledge base embedded in eGain Mail and the eGain CIH platform enables even seasonal agents to be highly effective and efficient, and meet promised service levels.

Innovation: Web collaboration for improved online conversion

As consumers and business customers increasingly move to online channels driven by increasing internet adoption and generational preferences, real-time web assistance has become a critical requirement for improved pre-sales as well as post-sales customer service.

Client

Premier asset management company

Challenges

- Hypercompetition
- Revenue generation in marketing-hostile environment
- Generational customer service shifts

Contact center imperatives

- Offer distinctive customer service
- Generate revenue at point of service

Some of the **PREMIER ASSET MANAGEMENT COMPANIES** in the US are using eGain software for chat and web collaboration (eGain Chat™ and eGain Cobrowse™) to help customers fill out forms online, get questions answered, and complete transactions. Moreover, these companies use web collaboration, also called cobrowsing, to train customers on how to use web self-service, thereby reducing service costs over the long term, while enhancing customer service access and experience.

One such firm, a client of eGain, was finding that prospective, high net-worth clients were abandoning online applications due to difficulties in filling out forms. With an innovative combination of **PHONE, CHAT, AND FAIL-SAFE COBROWSING**, the company has been able to achieve a 12% increase in online transaction conversion in the form of completed applications.

Innovation: Branded chatbot customer service

Clients

Premier insurance firm and leading banks

Challenge

- Hypercompetition

Contact center imperatives

- Offer distinctive customer service experience

Financial services firms are realizing that me-too web self-service is no longer enough if they want to deliver memorable self-service experiences, while maximizing self-service adoption, website “stickiness,” online conversion, and brand loyalty.

A **PREMIER INSURANCE FIRM** in the US uses **VIRTUAL AGENT** technology from eGain (eGain Chatbot™), which allows consumers to converse in natural language with a life-like, online “avatar” to learn about new products and get answers to questions about their account, including bill payment and claims.

A **PREMIER INTERNATIONAL BANK** uses eGain-powered chatbots to provide distinctive web self-service to business clients, deflecting 30% of phone calls to the website. When the chatbot is unable to resolve

an issue, it escalates the interaction seamlessly to agents, preserving the context and content of the interaction. The chatbot supports over 35,000 corporate clients using the firm's cash management applications. Among the benefits:

- The organization was able to handle a 220% increase in contacts with no additional staffing
- Customers receive 24x7 service and the chatbot offloads 30% of phone calls at a 96% success rate
- A second chatbot deflects additional calls by providing guided tours and helping customers locate product documents and how-to guides
- The organization has exceeded performance goals in virtually every area, including response times and customer inquiries handled per agent

A leading bank in Japan uses eGain Chatbot to not only provide self-service but also embellish and reinforce its brand across channels by modeling the chatbot around the appearance and personality of an actor, who appears in its TV ads!

Innovation area: Integrating branch and paper interactions into the multichannel CEH

Branch-level and paper (fax and postal mail) communications and with customers will continue to be important, especially for certain interactions in the financial services sector. Many financial institutions, while making some progress in integrating non-paper customer communications, have yet to eliminate paper and branch silos. This leads to operational inefficiencies and less-than-optimal customer experience.

A **LEADING INTERNATIONAL BANK** has integrated fax communications into its **MULTICHANNEL CEH**, using eGain Mail and eGain CEH platform. This not only enables a 360-degree view of

Client

A leading international bank

Challenges

- Hypercompetition
- Maximizing operating margins

Contact center imperatives

- Integrate paper with e-channels
- Propagate interaction best practices to branches
- Optimize agent utilization across the branches and channels

all customer interactions but also ensures that robust service levels are attached to all communication channels, including fax, and managed through the eGain CEH workflow.

Likewise, there is a compelling business need to integrate and optimize branches (and associated workforce) with the contact center investment through multichannel interaction hubs. This will require presence management and VoIP infrastructure to work closely with the CEH implementation. The business benefit of optimizing work allocation across a huge branch workforce as well as empowering branch customer service personnel with best-practice interactions from the contact center is significant. Leading financial services are addressing this need through tight

eService and VoIP communication interactions. The OEM agreement between Cisco and eGain enables such an integrated VoIP-eService solution.

Innovation: Tiered service

Client

Premier brokerage, asset management, and credit card firm

Challenge

- Maximizing operating margins

Contact center imperatives

- Provide tiered service
- Right-channel interactions

While customer service is important, financial institutions need to make sure that they do not compromise their operating margins by providing the same level of service to all customers. Savvy companies segment their clientele by strategic and tactical factors such as the customer's current net worth, future value, size of a given transaction etc. and provide tiered service levels. For instance, they may nudge low-value customers to use self-service or give them low priority for agent-assisted service. By the same token, they should provide premium service to high-value clients. For example, a leading

brokerage firm uses robust workflows within eGain CEH to route inquiries from high-value clients directly to preferred agents instead of the “standard” contact center queues.

A leading **ASSET MANAGEMENT FIRM** makes sure that outbound emails to **HIGH-VALUE CLIENTS** undergo supervisory quality control. A leading credit card company responds to high-value customers twice as fast as other customers.

Innovations: Pull-based secure customer communication and distributed CEH architecture

Client

Leading bank and premier asset management US firms

Challenge

- Business continuity and security

Contact center imperatives

- Provide secure, mission-critical service

Financial services information is especially sensitive and requires secure transmission of information between the business and the client to prevent security violations such as phishing attacks. Many of our clients are addressing or plan to address this issue through **PULL-BASED COMMUNICATION** models enabled by eGain MessageCenter™. For example, a **PREMIER BANK** uses it to enable customers to go to a secure website, and authenticate themselves to view account information, check the status of service requests, and communicate with the business in a secure manner. eGain also supports

push-based secure communication through an integration with Adobe® Lifecycle™ Policy Server, where users can simply view secure documents with Adobe® Reader™ without having to download proprietary software to their desktop.

eGain’s CEH platform is based on a highly scalable J2EE platform that supports distributed architectures. A **PREMIER ASSET MANAGEMENT** company has reinforced the **RELIABILITY, AVAILABILITY, AND SCALABILITY** of its CEH by setting up a distributed-server installation. Moreover, the company uses eGain’s advanced proxy-based cobrowsing technology to eliminate issues such as frame-breaking and double-submissions.

Innovation: Process and knowledge empowerment of outsourced agents

Client

Leading bank

Challenge

- Maximizing operating margins

Contact center imperatives

- Provide distinctive customer service while “right-shoring”

Maintaining customer service responsiveness and quality becomes even more of a challenge when **OUTSOURCING** pressure comes from the executive suite. Now that advantages from labor arbitrage are starting to fade, businesses are figuring out how to improve customer service quality in outsourced models. At the same time, outsourcers are attempting to move towards quality and innovation-based differentiation, and away from low-cost value propositions.

A **LEADING US BANK** uses a **PREMIER BPO** in India to process customer service requests coming in through email, in conjunction with US agents. The bank’s contact center in the US and the BPO in India are using eGain’s **EMAIL RESPONSE MANAGEMENT** solution to intelligently classify and route the emails, as well as answer them quickly, leveraging the knowledge-base and auto-suggesting capabilities of the eGain solution. Moreover, the answers are made available to the bank’s customers through their secure web portal, which requires authentication.

eGain solutions for the financial services sector

For more than a decade, blue-chip financial services companies across banking, brokerage, asset management, lending, insurance and diversified financial services have relied on eGain to implement multichannel customer engagement hubs. Based on the **POWER OF ONE™**, the concept of one unified platform for multichannel customer engagement and knowledge management, these hubs enable financial institutions to provide distinctive and innovative customer service experience, improve contact center productivity and service process efficiencies, curb costs, generate revenue at the point of service, acquire clients, and expand wallet share.

eGain provides the following applications for the financial services sector. Available on-premise or in-cloud, these integrated, award-winning applications are built on a common customer engagement hub platform—eGain CEH™.

Marketing and sales

eGain Chat™, **eGain Cobrowse™**, and **eGain ClickToCall™**: Web collaboration tools to help complete online transactions

eGain Sales Advisor™: Sales support tool with interactive process compliance and fulfillment workflow

eGain Offers™: Serve online customers with proactive, personalized offers on company websites and Facebook pages

Customer communications

eGain Notify™: One-to-one customer messaging driven by time and lifecycle triggers and profiles

eGain Secure Message™: Secure Customer Portal for personalized communication and self-service

Customer Care

eGain Virtual Assistant™: Interactive natural language bot to provide intuitive, branded website assistance

eGain SelfService™: Multiple self-service access methods: dynamic FAQ, Browse, Search, Guided Help

eGain Mail™: Secure, compliant customer email (fax and letter) management with quality assurance

eGain CallTrack™: Call-tracking tool for rapidly resolving all inbound inquiries

eGain Social™: One-of-a-kind tool for social customer service, knowledge harvesting, and reputation management

eGain SMS™: Manage SMS interactions

Product support and knowledge management

eGain Chat™ and eGain Cobrowse™: Chat and cobrowsing tool for web-based product support

eGain Knowledge + AI™: Knowledge tool for agents to improve consistency, compliance, and one-and-done interactions

Next Steps

As a solution provider committed to helping businesses differentiate themselves through best-in-class customer interactions, eGain offers a complimentary, no-risk, no-obligation assessment of your current customer service and support operation in the form of a Best Practice Assessment Study (BPAS). Based on your priorities, the BPAS can be focused on the specific topic of this document or your broader contact center and customer service operation. If you found the content of this document to be useful, we are confident you will benefit from a BPAS engagement with us. To qualify, send us an email at info@egain.com. We will contact you to set up a mutually convenient time to conduct a BPAS.

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eGain is a pioneer and innovator in customer service and knowledge management software with an array of industry-first innovations. Our white papers reflect the expertise we have gained from hundreds of successful contact center and customer service software deployments at blue-chip companies around the world. You can view our best practice white papers and innovation briefs at www.egain.com/resources/white-papers/.

About eGain

eGain (NASDAQ: EGAN) is a leading provider of cloud customer engagement solutions. Trusted by leading brands, eGain solutions help design and deliver smart, connected customer journeys across social, mobile, web, and contact centers.

Headquartered in Sunnyvale, California, eGain has operating presence in North America, EMEA, and APAC. To learn more about us, visit www.eGain.com or call the company's offices: +1-800-821-4358 (US), +44-(0)-1735-800087 (EMEA), or +91-(0)-20-6608-9200 (APAC).

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