

## On banking experience

In the age where FINTECHs, none- and near-banks are charming the customer, it still remains a mystery to me how the banking experience can remain so poor.

If the Millennial Disruption Index reports that more than 70% of Millennials would rather go to the dentist than a bank, something is terribly wrong. By the way, this is not only the perception of millennials. Let me tell you about my own recent banking experience here in Germany:



My intention was to open a bank account for my 8 year old daughter to get her acquainted to financial services, start first financial transactions with her own bank card and save pocket money for a rainy day. In a nutshell, I intended to educate her in financial literacy. So in Germany you often have a choice between two big banking groups, let's just name them Red Bank and Blue Bank.

After finding a timeslot in my calendar that matches the opening hours of the bank, I took my daughter with me to the nearest branch of Red Bank. Of course, we went prepared having our passports, ID cards and some spare time at hand.

At Red Bank there was no meet and greet, so I cautiously approached the nearest (and only) bank advisor. She seemed to be terribly annoyed when asked politely who could assist with the account opening for my underage daughter. Her response was that I should go to the waiting area and no further explanation was given. After a few minutes she came and briefly informed us about the current account options available, only to go on to tell me that she is booked for the next 2 hours and that her only other colleague at the front desk cannot support us as she might need to attend to other customers that could come in. She could also not offer any other solution to me and lamented that KYC requirements also mean that the account can only be opened if both parents are present at the same time. Needless to say, I didn't open an account at Red Bank.

At Blue Bank the experience was slightly better. Although we arrived shortly before the end of the branch opening hours, we received swift information about the different accounts available, the documentation needed and a suggestion to arrange a follow-up appointment the next day. The bank advisor informed us that she would prepare the necessary documentation as much as possible. Yes, KYC requirements also meant that both parents needed to sign, but she explained that this could be done at different times and thus helped us to proceed.

So what are my observations about this little story?

1. Customers still chose banks out of convenience. The nearest branch is in pole position and could use the potential customer base in its vicinity. Why not attract customers with special community offers?
2. Banks still haven't adjusted to new realities: 10 years after the financial crisis, arrogance should be a relic of the past. Still, many small-time bank advisors have a superiority and self-reflection that is exclusive to them. Instead of focusing on serving the customers, they avoid personal

contact and remain unapproachable. With increased competition, banks react with down-sizing and less personal services. It is not the branch concept that is failing, it is the unqualified personnel.

3. Banks fail to realize potential: It takes a certain lack of focus not to realize the potential of personal customer interaction. However, it is pure blindness not to understand the potential of a child account, with various statistics showing how low the probability of switching to another bank is. Besides, having a positive first experience with a bank would also pave the way to up- and cross-selling. This is a gold-mine in terms of meeting future needs such as credit cards, insurances, or student loans.
4. Banks need to wake up and actively approach customers. Why are we still seeing branch opening hours that do not reflect the customers' preferences? Why are banks reducing staff in areas of customer service, instead of branching out with mobile advisors, extra-long opening hours or home delivery of documents? Needless to say, all these services exist in numerous other industries.

In summary: If banks want to survive they need to utilize their strengths: a large customer base and customer knowledge which both cannot be matched by financial start-ups. Why haven't I been approached pro-actively with the option to open a child account for my daughter and maybe for my son, too? My bank knows these facts thanks to KYC ...and why don't I get birthday greetings and special offers from my bank just as other companies are doing that are interested in doing business?

Questions remain. Some answers are given: The account for my daughter was opened at Blue Bank.

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