BANKING ON EXPERIENCE:

A Seamless Approach to Improved Employee and Customer Experiences

The banking industry is undergoing significant **digital transformation as financial institutions** try to solve for heightened customer expectations.

Add to that an ever-evolving regulatory landscape, increased cybersecurity threats, hybrid work scenarios, a talent shortage, and a rapidly changing market economy.

Amid this complexity, where should emphasis be placed?

Financial services leaders say that it should start with the employee experience, which can have dramatic and far-reaching effects, according to a recent IDC survey[1]:

- **90%** agreed that engaged employees translate to a better customer experience, higher customer satisfaction, and higher revenues.

- **67%** said that by improving the employee experience, they have achieved a large or significant — and measurable — impact on the customer experience.

A digital experience management approach, one that provides measurable results for continuous improvements, offers multiple benefits for financial institutions. By providing a consumer-like seamless experience for employees, banks can simultaneously meet other business

[1] IDC, "Future Enterprise Resiliency and Spending" survey, July 2021

objectives such as increased productivity, an improved customer experience, and higher revenues.

This e-book explores:

- The similarities between employee and customer expectations

- The need for seamless and personalized experiences

- Why compliance and cybersecurity are essential — and must be invisible

- The path to minimizing legacy technology while also modernizing IT

- How digital experience management (DEM) works

- The Kyndryl approach to digital experience management

- Why experience-level agreements are just as important as service-level agreements

- A bank's successful journey to improved experiences

EMPLOYEES AND CUSTOMERS:
Seeking to Reduce Frustration

# Employees and customers have a **great deal in common.**

Both have expectations shaped by the consumerization of technology, including the ability to use any device — or even multiple devices — to perform their tasks. As the pace of technological innovation and connectivity has accelerated, so too have consumer expectations for rapid response to their demands. Leading-edge online retailers and services have capitalized on these trends, delivering seamless experiences that are driven by data.

Employees have not seen the same improvements in experience. Even though their workplaces are increasingly digital, many are using multiple unconnected solutions and/or legacy tools that are slow, complex, and a drag on productivity. Only

30% of employees say that their experience with their company's technology exceeds their expectations. Most workplaces aren't tailored to drive employee engagement as well as productivity.

"The employee experience has a dramatic impact on the customer experience," says Dennis Perpetua, global CTO of the Digital Workplace Services Practice and distinguished engineer at Kyndryl. "Especially in banking, employees must be responsive and fast — they need data at their fingertips — to facilitate their work and please customers."

Consider, for example, the frustration levels for both a bank employee and a customer as the employee navigates through multiple
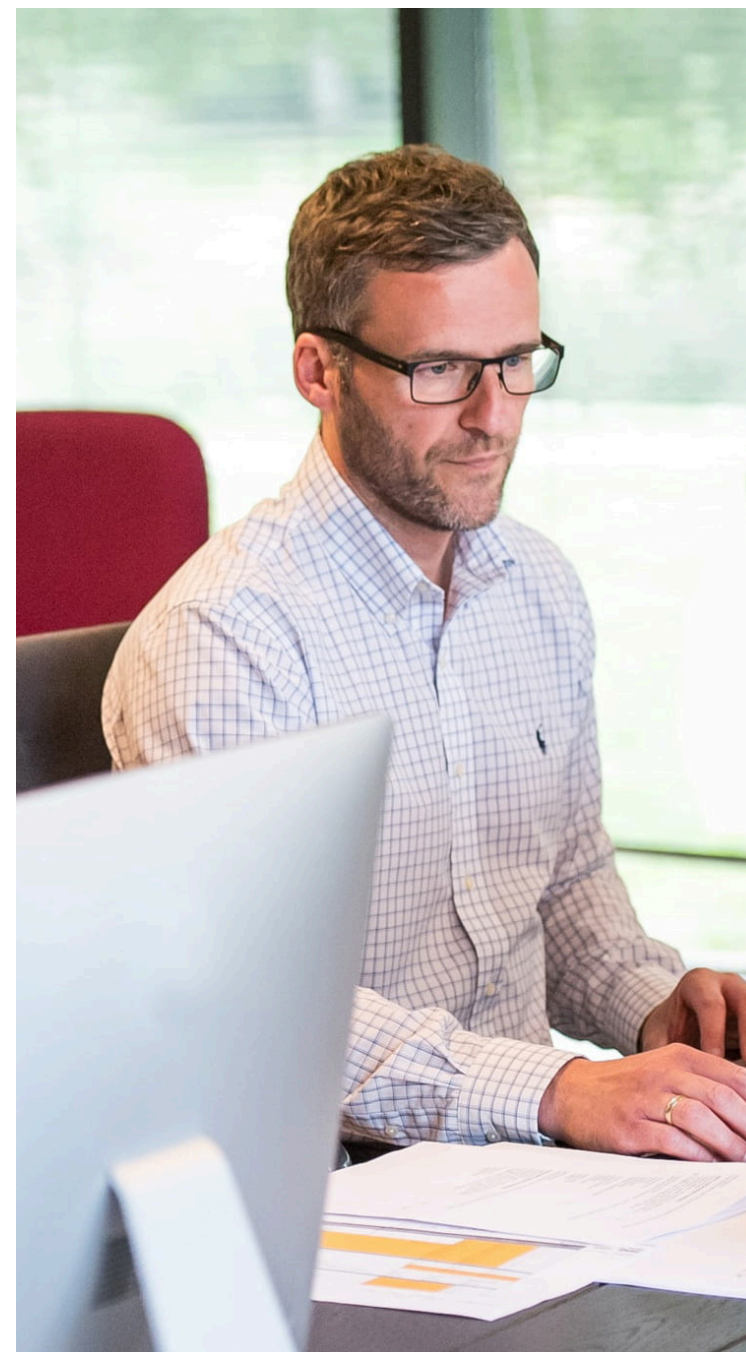
applications in order to locate relevant or requested information.

"You can probably envision the client's foot tapping the floor with impatience," says Dana Isaacs, CTO, U.S. Financial Services Sector at Kyndryl. "And as a result, the teller's anxiety increases. Neither individual wants that type of experience."

Furthermore, no one wins in such a scenario. The frustrated bank employee may quit, and the customer may move to another financial institution. The organization stands to lose hard-to-replace staff amid a talent shortage that is already affecting all aspects of banking — from investment managers to IT staff with digital skills. And if the bank loses the customer, revenue will suffer.Customers as well as employees want seamless, personalized experiences.

The COVID-19 pandemic has changed how banking business can get done, providing an opportunity for financial institutions to capitalize on both the hybrid workforce and customer expectations.

For example, the need for on-site facilities is changing. There is less foot traffic in bank branches. Some employees don't want or need to return to an office, yet others are frontline workers whose physical presence is necessary.

Most employees simply want an equitable, seamless experience regardless of where they work or their job title. Bank salespeople want the same digital work space and tools on the road as when they're in the office.

Meanwhile, customers want banking on their own terms. Some prefer in-person transactions at a branch or an office. Others like the convenience of anywhere/anytime digital banking yet have a limit on how much self-service functionality they're willing to accept. Only **32%** of Canadian banking consumers, for instance, said they would be comfortable talking to a chatbot or a virtual agent for product advice.[2]

There's a balance to be struck. Banks need to incorporate automated tools and self-service functionality with the right blend of human touch. That equilibrium requires control and proactive management as well as the right DEM tools.

[2] IDC Financial Insights, "Canada Consumer Channel Preference Survey," September 2021

Compliance and Cybersecurity Tactics Are Table Stakes

Customers want a frictionless banking transaction — but they expect robust security and privacy protection for their data.

A nd employees want a seamless work experience without having to jump through security hoops every time they log in. Not only is the cost of maintenance high but the hit to productivity and innovation is real.

Yet, sensitive personally identifiable information — both customer and bank intellectual property — must be protected. The regulatory landscape has become stricter, and it's becoming more costly to keep up. For example, the American Bankers Association has said[3] a new anticorruption rule proposed by the U.S. Treasury will "be a major undertaking that will divert resources from other efforts."

The regulatory landscape has also become more complex, given hybrid work. The IT and management overhead to support compliance has increased to ensure that the appropriate controls are in place for remote workers. In addition, there are multiple different layers of controls — for branch cashiers, traders, analysts, project managers, senior executives, call center representatives, and others. Managers must be careful; if controls are too strict, employees may seek workarounds or customers may get frustrated waiting while service personnel dig through the layers.

Meanwhile, phishing, hacking, and malware incidents targeting financial institutions have increased. Denial-of-service attacks now account for **58%** of incidents in the banking industry,[4] almost twice the percentage in any other sector.

Also, security has become more complicated during hybrid work. An IDC report[5] found that financial institutions face challenges in securing personal devices and home networks. It also revealed that especially in terms of remote access and hybrid workers, banks' top challenge is trusting that employees will keep resources and information secure.

At the end of the day, compliance and cybersecurity measures must be invisible while effective.

"Employees should have a simplified experience," Isaacs says. "It's not their job to understand the parameters of security or access controls, and yet financial institutions cannot run the risk of their staff seeking workarounds to get their jobs done."

Similarly, customers want assurances that their data is private and secure without having to do extra work to get that protection. Compliance and cybersecurity attributes must be designed into the employee and customer experiences.

Minimizing legacy IT systems while modernizing

No employee or customer should ever feel the drawbacks of legacy IT systems or manual processes. Like banking executives, they want speed and agility.

CIOs recognize the need to modernize legacy systems; it's driving their IT investments and ranks among their top technology initiatives, according to the "State of the CIO Study 2022" from Foundry.[6]
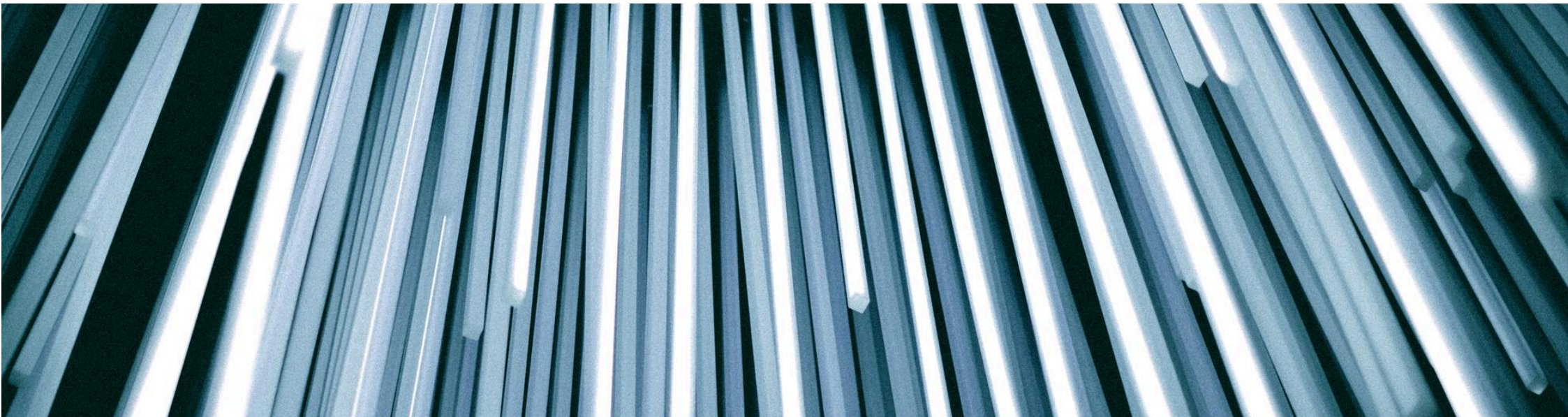
It's challenging to manage and support older applications and systems. IT teams have enough on their hands supporting today's hybrid workforce; 50% of financial services institutions say IT support for remote workers is their top challenge, according to IDC.[7]

"IT management has become increasingly complex in the past few years, considering hybrid work, sophisticated cyberattacks, new regulations around data protection, and digital transformation efforts," Isaacs says. "So financial institutions must keep all of these factors in mind as they drive their modernization agenda."

Innovating the employee experience — and, by extension, the customer experience —

doesn't require a wholesale rip-and-replace effort. A managed digital experience enables banks to leverage what they have while modernizing existing systems at their own pace. That includes incorporating workflow automation, cognitive capabilities for proactive remediation, and analytics as well as taking a balanced approach to self-service functionality.

The ultimate goal is to deliver seamless, equitable employee experiences that benefit the bottom line — and that are measurable and aligned with business outcome objectives.

[3] Compliance Week, February 9, 2022, https://www.complianceweek.com/regulatory-policy/banks-small-firms-wary-of-compliance-costs-of-fincen-beneficial-ownership-rule/31342.article
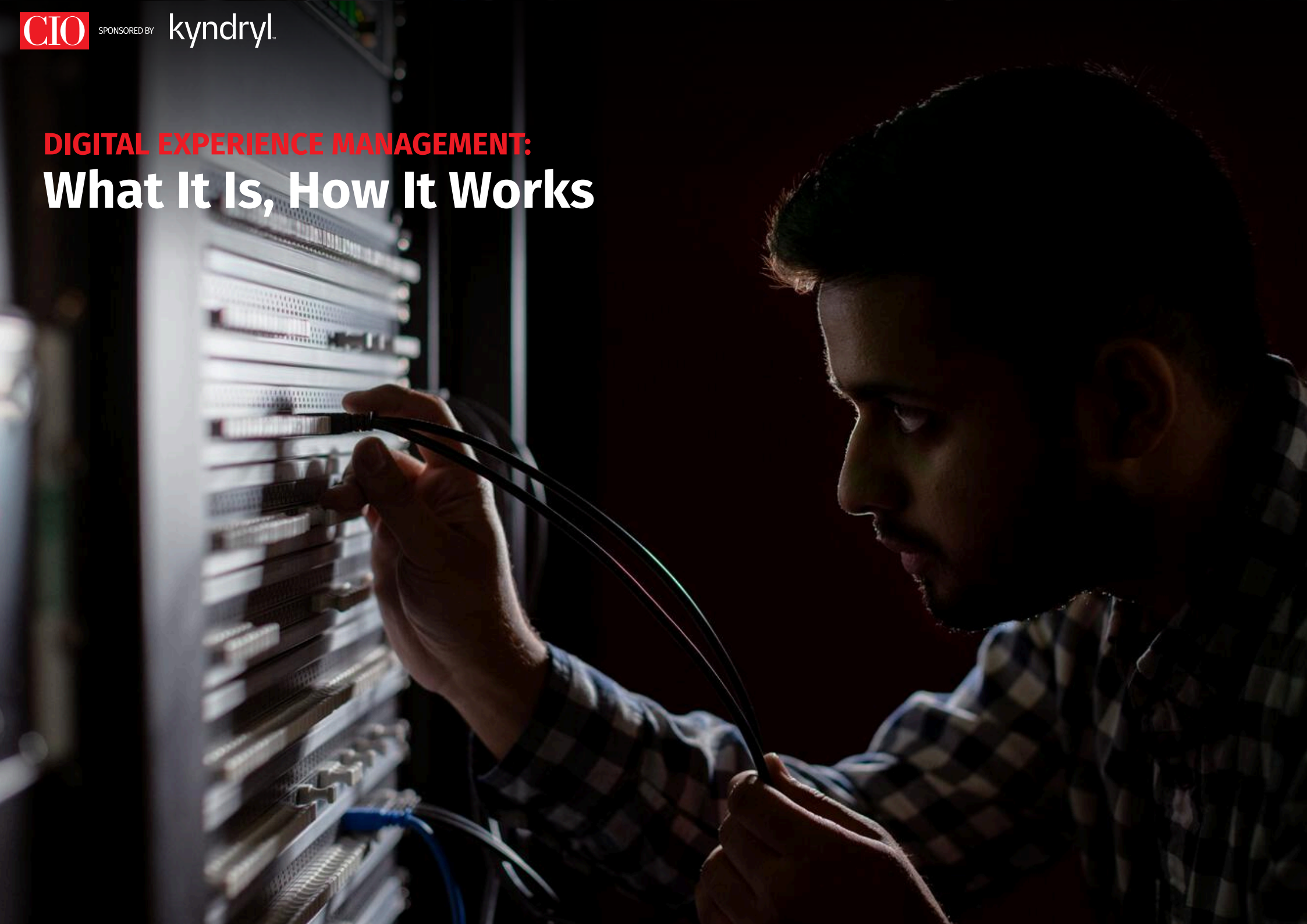
[4] Verizon, "2022 Data Breach Investigations Report," https://www.verizon.com/business/resources/reports/dbir/

[5] IDC, "Global Future of Work Survey," April 2022

[6] Foundry, "State of the CIO Study 2022," https://foundryco.com/tools-for-marketers/research-state-of-the-cio/

[7] IDC, "Global Future of Work Survey," April 2022

DIGITAL EXPERIENCE MANAGEMENT:

What It Is, How It Works

At the most basic level, a focus on employee experience is about leveraging all the data that organizations tend to already have about their employees to tailor their digital work spaces.

**T**he main objective is to study and then design around individuals' attributes, says Perpetua.

"Let's take an example of a bank employee who sets up microloans," he says. "At a basic level, this individual is on the road, requires data sent to their mobile device, and will need access to applications and potentially sensitive information. To personalize their experience, we would also look at their sales territory, reimbursement plan, travel hours, their location, and other attributes to tailor their work space more accurately and granularly."

That microlevel view would also include applying a balanced level of security and access controls based on personas. Rather than placing all bank employees into one compliance bucket, the experience would be personalized to each individual's requirements and behaviors.

This attribute-based approach is how DEM-based personalization works. It is layered with predictive capabilities and integrates automation, analytics, and cognitive intelligence such as natural-language
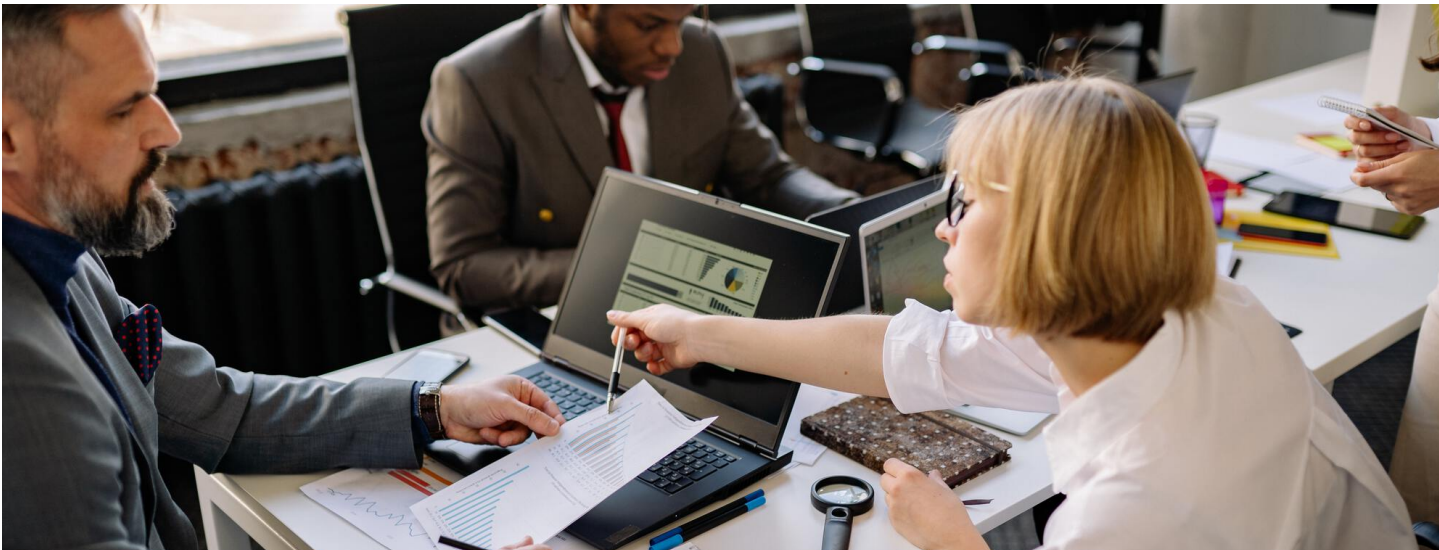
processing (NLP) and virtual agents. Kyndryl also takes into account nuanced security controls to improve data-loss-prevention (DLP) practices. It addresses common questions, including:

- Are employees opening numerous tabs on their browser?

- Are they turning virtual private network (VPN) services off?

- Which apps and data are they accessing most?

- Which tools and technologies are they adopting?

- Are they downloading data via plug-ins?

In other words, DEM proactively identifies issues that take up employee time — which typically do not make it into traditional support channels. It starts with the collection and analysis of user behavior data as well as device and application telemetry data. In turn, these insights can be used to make iterative changes to optimize devices and provide a personalized support experience.

For example, a well-designed digital experience can subtly nudge users toward more efficient and secure practices, such as determining if a virtual-desktop-infrastructure (VDI) user is stepping outside of DLP practices by attempting to use a USB flash drive. The work space would suggest an alternative, safer method of data sharing, through allowed channels, to avoid inadvertent leakage.

"DEM brings balance in terms of the employee and customer experiences," Perpetua says. "Think of it like a fabric that weaves them together to increase satisfaction and engagement. No more foot tapping by clients as mentioned by Dana Isaacs as they wait for bank tellers to find relevant information."

DIGITAL EXPERIENCE MANAGEMENT:
The Kyndryl Experience

Kyndryl has **expertise in delivering measurable results** for banks and financial institutions.

"There is an opportunity for financial institutions to approach both the employee and customer experiences in a similar way," Perpetua says. "At Kyndryl we do that by focusing on the user journey: mapping, monitoring, understanding, and improving it."

Kyndryl has expertise in delivering measurable results for banks and financial institutions. The company recognizes that each bank's digital experience is different, depending on the maturity of its user experiences, regulatory controls management, data infrastructure, and more.

That's why Kyndryl takes a personalized approach to persona attributes and roles, the devices and applications they use, and the bank's strategy for hybrid work.

For example, Kyndryl can establish and automate controls based on which individuals work on-premises, at home, on the road, or a combination of these. It can also guide VDI services based on the organization's needs for central management or with specific application controls for given parameters, such as the need to print documents or stream apps. In addition, Kyndryl can assist with bring-your-own-device (BYOD) policies to obfuscate user log-ins or add controls for screen scraping.
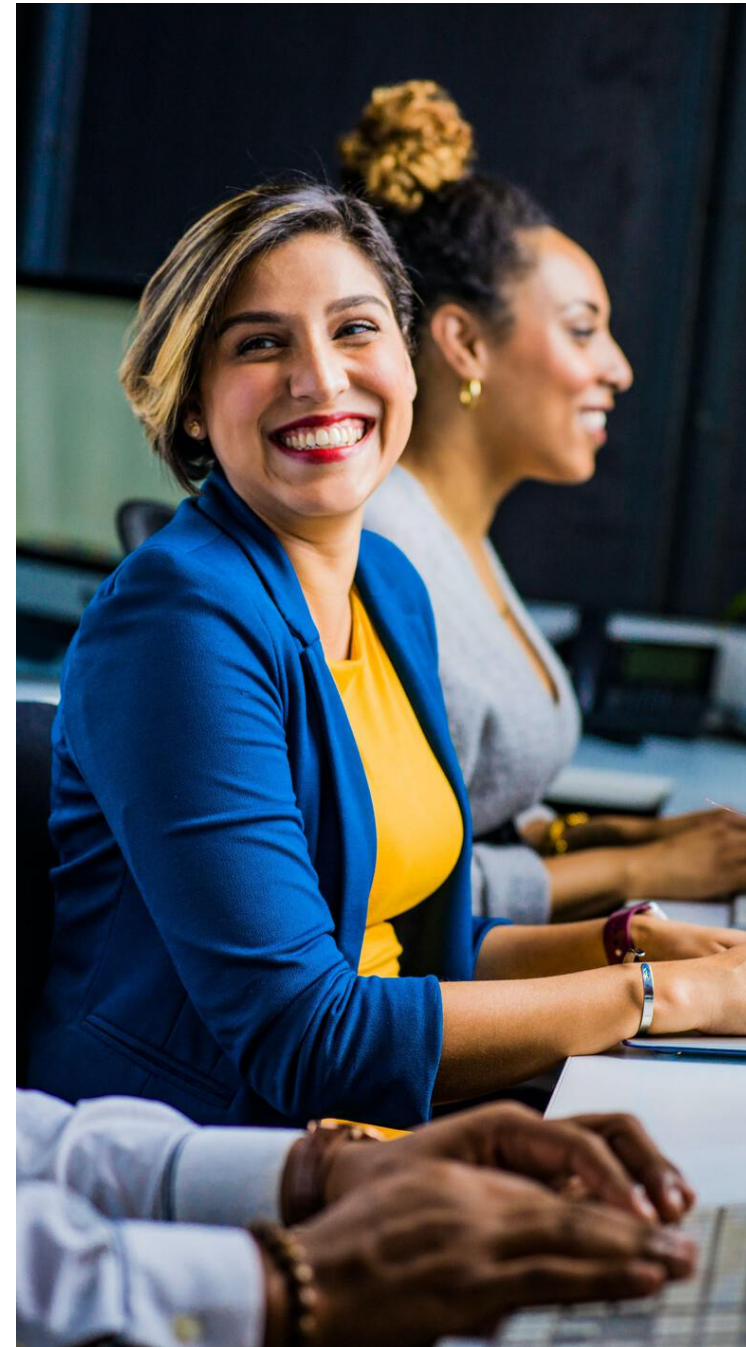
Kyndryl's approach is based on four pillars, with the premise that by starting with the employee experience, financial institutions can ultimately deliver seamless customer experiences, improved security, and a modern on-ramp for the future of banking.

1. Employee experiences

- Identify the skills and tech experience necessary to achieve the organization's IT mission and business objectives
- Measure and improve the employee experience across each IT touchpoint to create an integrated, secure hybrid workplace
- Provide a holistic, data-driven approach to integrating apps, simplifying workflows, and enhancing employee experiences

2. Customer experiences

- Use customer-centric data modeling with artificial intelligence (AI) to deliver differentiated customer experiences

- Enable the secure adoption of cloud-native services to improve access to data and decrease time to market
- Drive continuous modernization of existing environments to meet customer needs

3. Secure, resilient operations and compliance

- Keep vital systems and data secure, compliant, available, and recoverable regardless of size and complexity
- Integrate disparate operations to align for cohesive strategy with greater observability
- Deliver strategic, architectural, and operational capabilities to deploy and manage cloud services at enterprise scale
- Provide the ability to lower operational costs and increase reliability

## 4. Innovation and modernization

- Simplify the on-ramp to the right cloud and cloud-native services
- Improve asset efficiency by extending the capabilities of the modern mainframe

- Enable the realization of new revenue streams through better data management and modernization

Kyndryl also provides managed services to bolster IT support teams. For example, it can help with device management, including proactive health diagnostics of equipment such as ATMs, money counters, and credit card readers to prevent business disruptions. Kyndryl can help IT accelerate cloud adoption with guardrails for efficient, cost-effective, and secure use of private and public clouds. In addition, the company offers managed services that help optimize network costs, including telecom expenses, and provides general IT support for the remote workforce.

MEASURING SUCCESS:

The Value of Experience-Level Agreements
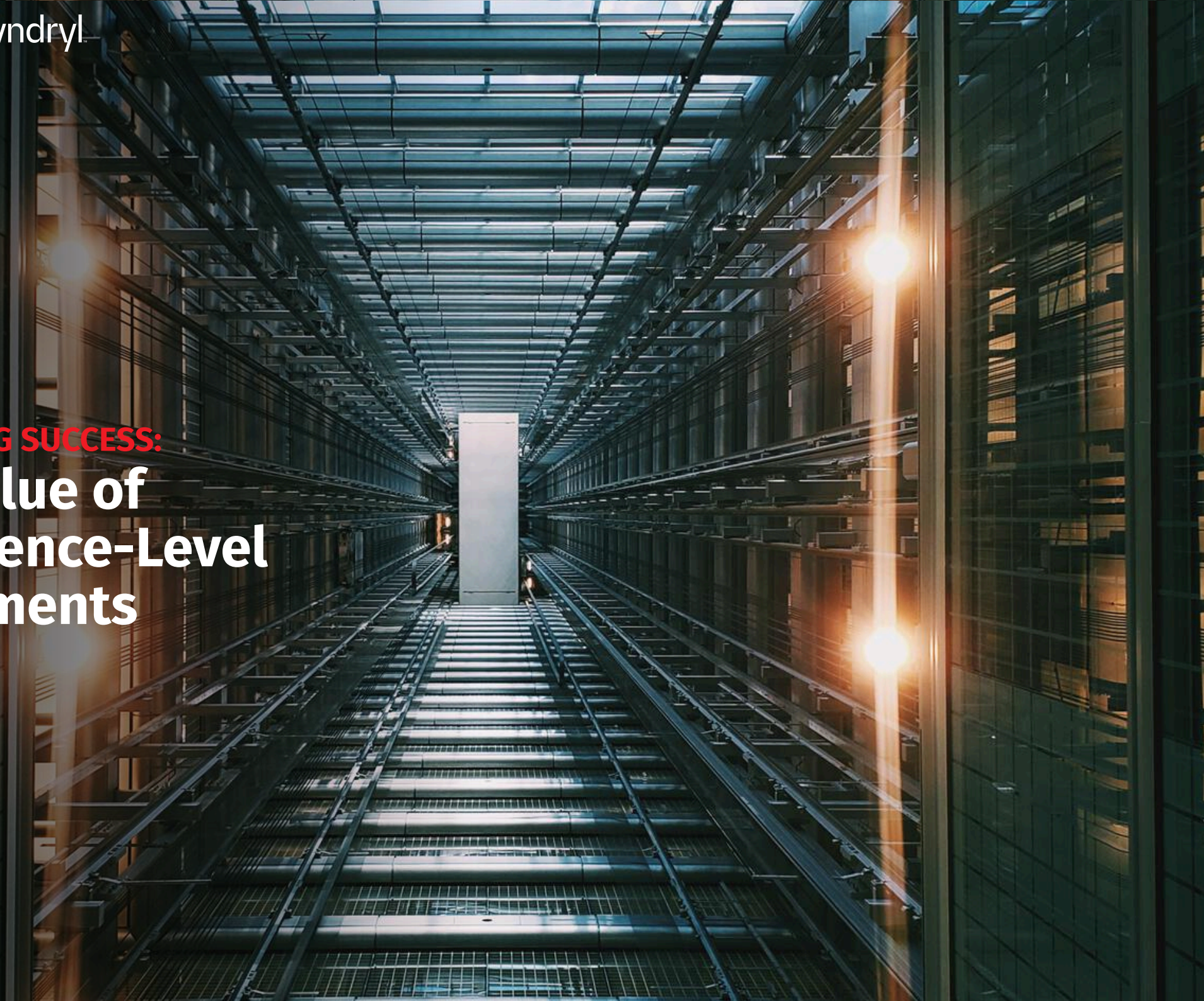
Most organizations are familiar with and use service-level agreements (SLAs) to set out the expectations of a project and measure the effectiveness of its implementation.

"An SLA is great for tactical and day-to-day management," Perpetua says, "but it does not speak to the sustainability or the amount of continuous improvement that occurs. If your SLA reaches 96% achievement, what does that leave you? Four percentage points equals perfection, and you're done?"

Kyndryl takes a broader view. In addition to traditional SLAs, it uses a set of parameters to understand employee productivity within a continuous improvement model. To this end, the company has introduced experience-level agreements (XLAs).

"The XLA takes a more holistic and long-term view and makes sure we're truly focused on improving business outcomes over time," Perpetua says.

For example, key experience performance indicators (XPIs) might include telemetry data from devices, IT tickets submitted, and employee use of different channels, along with sentiment analysis and surveys correlated with their business process. Analysis of this data can pinpoint service breakdowns and employee adoption of services to help make course corrections or find opportunities for improvements.

Case Study: Modernizing and Making Room for Growth

Sometimes, improving the employee and customer experiences starts with having the right resources on hand. That was the case for a large U.S. commercial bank that provides personal, private, and business banking as well as wealth management, brokerage, and leasing solutions.

The bank sought to address several issues that many financial institutions are facing:

- Attract and retain top talent
- Improve customer trust
- Modernize infrastructure and securely shift to the cloud
- Free up resources to pursue growth opportunities

It had already made progress in its aggressive modernization strategy by moving critical applications, including many that are customer-facing, to the cloud. However, the bank needed much-sought-after technical talent, including cloud and network architects and site reliability engineers.

Working with Kyndryl, the bank gained access to the tech talent it needed for its modernization efforts. As a result, the institution has achieved its goals faster and has been able to close security and resilience gaps. In addition, the bank improved its customer experience and increased trust by reducing the potential impact of any outage.

Finally, by leaning on Kyndryl for tech support, the bank could focus its internal resources on strategic initiatives to drive its growth initiatives.

The bottom line

"Traditionally, the employee experience and the customer experience are two separate conversations," Perpetua says. "However, there is an opportunity to address both in a similar way."

In other words, ensuring that employees are equipped based on their attributes and roles means that they will be more engaged, productive, and innovative. It also gives them the fluidity and space to anticipate customer needs and proactively address those expectations.
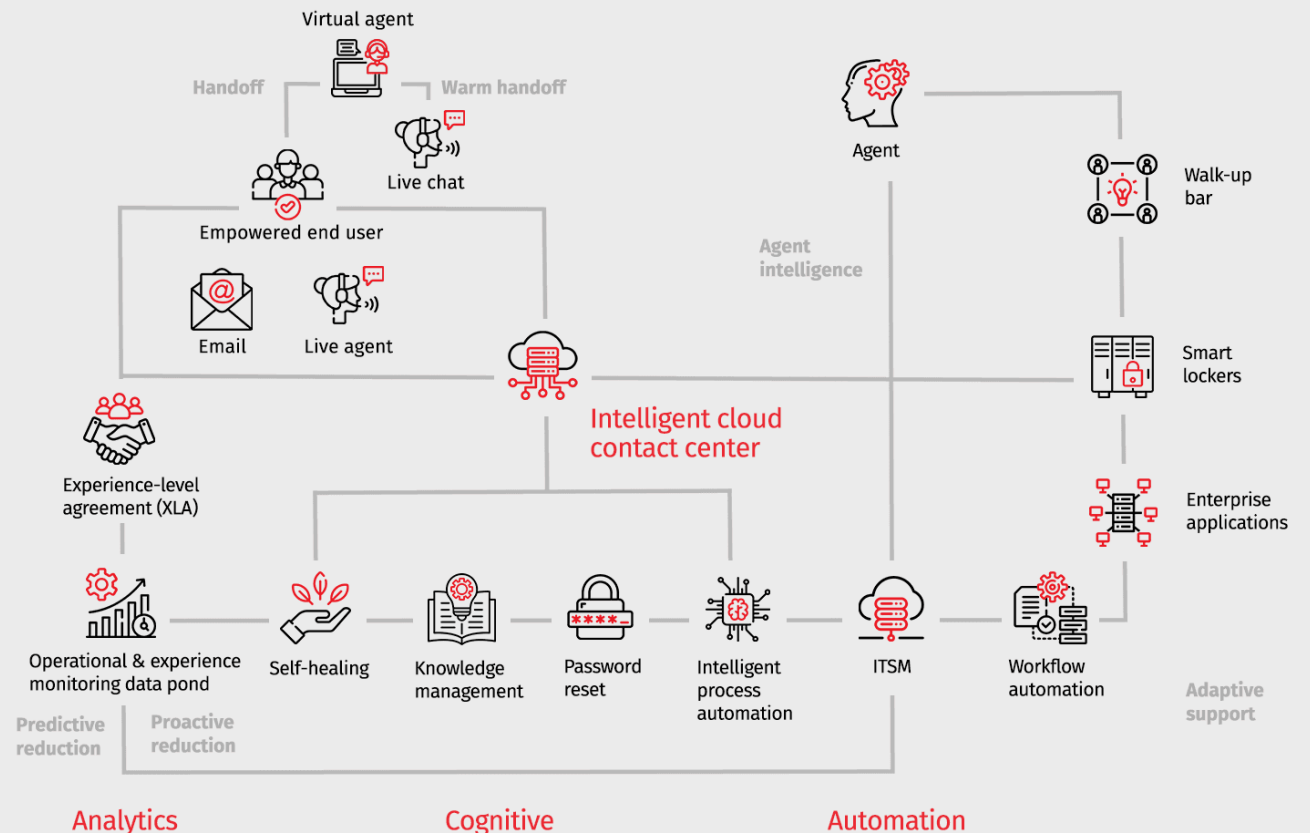
Both outcomes help meet business objectives and have a positive impact on the institution's bottom line. Also consider this: If your bank doesn't provide a good employee experience, it will risk losing not only talent but also customers.

Discover how digital experience management can improve your organization's bottom line.

Visit Kyndryl.

The Kyndryl Strategy for Digital Experience Management

A Proactive Approach

Virtual agent

Handoff · Warm handoff

Live chat

Empowered end user

Email · Live agent

Experience-level agreement (XLA)

Intelligent cloud contact center

Agent

Agent intelligence

Walk-up bar

Smart lockers

Enterprise applications

Operational & experience monitoring data pond · Self-healing · Knowledge management · Password reset · Intelligent process automation · ITSM · Workflow automation

Predictive reduction · Proactive reduction

Adaptive support

Analytics · Cognitive · Automation

Thank you for reading.