

How Financial Institutions are Driving Online Conversions & Building Customer Loyalty with Live Chat



With the advent of Internet banking, financial institutions actively moved their customers online – a powerful change, but one that rendered them anonymous. The loss of personal relationships weakened customer retention, and as a result, institutions now strive to restore a human element online. This paper asserts that live chat is the next step in online customer services, and a competitive necessity: driving conversions, cutting costs and boosting satisfaction scores.

INTRODUCTION

The move to the Internet was a positive one, overall: when banks and credit unions moved their customers online, they transcended geography, expanded their customer base and shrank operating costs. However, in the transition from face-to-face to self-service, something important was lost. Personal interaction used to be a kind of glue: it kept customers connected to the people they banked with and emotionally attached to the building and the name. With the advent of online banking, that glue weakened. Customers today have less stake in staying with their financial institution. When a new proposition comes along, they're more likely to move.

The result is a new vulnerability around retention and attraction, losing the ability to bring in new customers and seeing one's existing customer base erode. Other concerns, equally pressing, fill out the landscape. Online security is crucial. So is the constant effort to improve utilization, finding new ways to accomplish more with the same (or fewer) resources. The technology itself has to be close enough to the cutting edge to advance, but non-disruptive enough to make customers comfortable. Pleasing one's customers is important in its own right. Pleasing them in a measurable way is even better.

This translates to a challenge. How can banks and credit unions reinsert themselves in ways that are meaningful for the customer and profitable for the institution?

Live chat presents an opportunity that ties these elements together, positioning an organization at the front of the next great transition in online banking. In today's online landscape, live chat isn't just a competitive advantage. It's a competitive necessity.

Online banking was an experiment in the 1980s. In the midnineties, it became an alternative. Now, a financial institution without an online channel is about as competitive as VHS.

WHAT IS LIVE CHAT?

Throughout this paper, we refer to Netop Live Guide Chat for our example.

How It Works

A customer who's interacting with a financial institution online – browsing their website, reading an email or visiting their social network – sees a button (or with proactive chat, a pop-up window) with a customized message: "Question? Chat with us."

They click to chat. A form may open, asking them to fill in some information. Or they may be able to start chatting straight away. The customer service department uses this to route the inquiry to the right person; simultaneously, the customer's history loads on the representative's end, putting their question in context.

When the representative takes the chat, a window pops up on the customer's screen, and a real-time dialogue begins.

The Next Logical Step in Online Banking

Live chat combines approachability and human interaction in a remarkably implementable way: with very little technical setup (solutions like Live Guide Chat from Netop don't even require a download), it creates a real-time, contextual dialogue between two people, easily initiated by either party. Because it records conversations for later analysis, chat also provides insight into the needs and problems that impact online customer banking relationships.

Put differently, it gives banks and credit unions the ability to address an individual in a way that takes into account his or her unique response. Today interactive marketing is a major focus for banks and credit unions – and not without cause. Customers expect financial websites to offer the same level of service as do shopping and booking sites. This is a huge but unavoidable challenge for financial institutions because the online channel was designed for transactions, not communications and sales. Live chat accomplishes those needs.

Furthermore, customers are coming to expect their bank to have chat. Research shows that for customers who had chatted before, live chat was their number one choice across the board. More than four out of five agree it should be made available on every page. One in four actually left a website because it didn't offer live chat.

ADDED FUNCTIONALITY

- Representatives can stock a response library with pre-written answers to common questions
- If a customer needs help finding the right page, their representative can guide them there
- Text-only chats can transition to audio or video as needed
- Video chat can be initiated at the outset
- Proactive chat lets a representative invite a customer to chat if they seem to be struggling

The Importance of Video

While text-based chat is central to today's CRM strategies, video chat is still emerging. Most customers are unlikely to have encountered it. As such, online video chat is the leading edge of customer service.

From the aesthetics of representatives' workspaces to the equipment required (directional microphones, lighting, etc.), video chat requires more preparation to launch; if an organization isn't set up to meet these demands, this is a channel to move toward rather than adopt immediately. Still, while video isn't in the immediate future for some, it is the future: the next iteration of online banking is face-to-face online banking, and as important as text-based chat is today, video chat will be tomorrow.

Organizations that value being ahead of the curve are already moving in this direction to bridge the gap between face-to-face and online customer service.

"Customers have varying needs and varying wishes as to how they want to be served," said Thomas Egede Kragh, assistant director for digital channels at Nykredit, Denmark's fifth largest bank. Where it comes to "personally sensitive issues" such as finance, "personal contact and trust are crucial." In his words, Nykredit implemented video chat "both as an independent advice channel and as a first step toward a traditional, face-to-face meeting: with the help of video chat, it is easy to determine whether the customer's problem can be solved online or whether it would be better to get together in person".

Even for financial institutions that aren't prepared to launch a video channel immediately, the capability is important. As this solution moves from cutting edge to mainstream, more customers will come to expect it.

Financial institutions, then, should choose a solution that broadens, rather than limits, future possibilities. For example, Live Guide Chat is an expansive option because it supports text, audio and video chat across a variety of channels: websites, emails, social media and electronic invoices. A technology such as this meets today's needs appropriately, while also ensuring that when a financial institution needs to expand its services, there will be room to do so.

To connect with customers, banks and credit unions have to be reachable. To keep customers from moving, they have to be personal and trustworthy in a way that rings true.

LIVE CHAT BOLSTERS PROFITABILITY

The value of live chat is known and measurable. Far from being merely popular, it brings tangible benefits as well.

Conversions

Companies across industries tell the same story of experiencing high rises in conversions as well as a reduction in average sales cycle length.

When a customer runs into a problem online, their first reaction is to back out. To put it bluntly, leaving customers with questions unanswered when they're in the middle of a transaction is like giving them a link to your competitor's site. Live chat breaks this cycle. It reduces the number of abandoners significantly across industries from retail to financial, where chat is reducing abandonment, improving conversions, and driving customer satisfaction.

LIVE CHAT PRUNES COSTS

On the other side of the coin, live chat shrinks operation costs.

Service Efficiency

A phone operator can take only one call at a time. However, a good chat agent can handle several conversations at once. How many, of course depends on the complexity of your business. It is not unusual for the more simple and highly repetitive customer interactions that an agent is able to handle five-six chats in the time it takes to complete one phone call.

With a good interface, a live chat solution can push efficiency even further letting the representatives effortlessly toggle between other duties" while answering chat requests. Indeed, service efficiency is one of the main reasons that companies invest in live chat. It increases sales and retention rates while simultaneously decreasing the cost of customer interactions.

Shifting somewhere between 25-40% of the contact volume away from telephone and email to live chat, constitutes serious savings in the operation.

20%

Businesses that use live chat report a 20% increase in online conversions

Business Development, Customer Efficiency

Live chat can help the customers themselves become more efficient too, ultimately resulting in fewer support requests.

When customers have questions that can be answered on the website, chat reps help them navigate to the appropriate page as well as paste links that take the customer directly to the answer. This not only provides answers in context but also teaches customers where to find the answers the next time they need them.

Moreover, an institution's chat history represents a cumulative bank of information that can be harnessed to design customer service training initiatives, website developments, business improvements and so on.

RETENTION AND ATTRACTION

The success of a financial institution depends on its customer base. To continuously broaden and strengthen that base is, to put it gently, a necessity.

Live chat attracts:

- People preparing to switch financial institutions
- Web visitors who have questions, but aren't ready to act
- Young people setting up their first account

The Decision-making Process

When a person is choosing a financial services provider, their decision is steered by a number of forces. Which institution do their friends and colleagues use? What stories do they tell? Personal forces like these are some of the most powerful and persuasive.

However, most people do some research of their own too, going to the source – the institution's website – to get details. The window of time that a visitor spends on the website, then, is an invaluable opportunity for a bank or credit union to build its case, differentiate itself and create a connection. In fact, it may be its only chance to do so.

This opportunity becomes all the more important considering how little time most viewers spend on a site: minutes at best. If they can't find what they want immediately, they bounce.

To put it bluntly, leaving customers with questions unanswered when they're in the middle of a transaction is like giving them a link to your competitor's site.

However, given the option to get a direct answer from another human being, visitors are more likely to stay until their questions are answered.

How Chat Impacts the Decision

Even if a prospective customer's live chat experience is not their first impression, it has the potential to be their strongest. Of the forces that influence a decision, personal experience is the greatest, outweighing even word of mouth.

People are more likely to visit a company's website again after having chatted once and even the trust in the website is higher if it offers live chat and increasing the likelihood that customers will recommend it to others.

This is the landscape of online decision-making, whether the decision is to buy a pair of shoes or open an account.

Furthermore, to begin a dialogue is to begin a relationship. People are more likely to invest in what they've already begun rather than wandering forth in search of the unknown. By addressing a customer's need through human interaction, live chat helps draw even a casual web visitor in the direction of the institution it represents.

The Importance of Being Personal

As powerful as personal relationships are, it's important to understand what they are not. Personal relationships, in themselves, are not what customers are after. Their fundamental desire is for efficacy, not interaction. Customers want to get their banking done; they want to do so in the fastest and most convenient way, with the fewest expenses and the greatest returns.

However, people respond to relationships even when they don't have an explicit desire for them. Human interaction makes a measurable impact on customer behavior, as does the lack of it.

While self-service channels do work for many customers in many circumstances, they don't erase the need for live interaction. Personal relationships create a bond between customer and institution, building loyalty and keeping people rooted. For financial organizations, which deal in services that are effectively intangible, this is critical: human interaction makes these institutions real to the customer, differentiating them from their competitors in a meaningful way. Without it, customers move.

44%

of online consumers say that live interaction during an online purchase is one of the most important features a site can offer

**Maximize Your Website by
Humanizing it with Live Chat**

CUSTOMER SATISFACTION

Customer satisfaction can be altogether too abstract: easy to talk about, yet hard to accomplish in a meaningful way. Still, the concept is simple.

Customer satisfaction depends on three questions:

- What does the customer want?
- What gets in the way?
- What would it take to resolve that?

Meet the Customer at their Need

Perhaps the customer approaches the bank's website with a question in mind. They're not sure where to find the answer on the website. The longer they look, the less convinced they are that the information exists. Even if it does, how much work will it take to unearth it?

They could visit the bank in person, but that's an inconvenience. They could call, but they don't know if they'll get a person or a robot, or have to wait on hold. They could email, but the reply would take a day, maybe several; they want an answer now.

According to online consumers, having questions answered by a real person during an online purchase is one of the most important features a website can offer.

When asked why, consumers name several reasons, most frequent were:

- "I get my questions answered immediately"
- "It is the most efficient communication method"
- "I prefer live chat because it lets me multi-task"
- "Once I used live chat I realized how well it works"

Multi-tasking is one of the biggest reasons that chat works for "the 'no-I-don't-want-to-talk-to-you' crowd". In the words of theFinancialBrand.com, "someone could sit at home wearing their comfies pingponging between Seinfeld reruns and their Facebook page while waiting for a service rep to respond to their question. It sure beats driving to the branch to stand in a line."

Put differently, live chat allows website visitors to stay in their channel of choice. They don't have to go to a branch or pick up the phone. They are already at your website, so they don't have to remember to do it later. This gives people the feeling of convenience and immediacy.

THE LIVE CHAT ALTERNATIVE

Live chat gives the customer a *fourth* option to interact with you:

- They don't have to research
- They don't have to drive
- They don't have to wait on the phone
- They can ask their question of a human being, not a robot
- They don't have to wait for an email
- They can do other things while chatting
- They can end the conversation when they need to

Most people know what it's like to go to a website and not feel comfortable talking to a representative over the phone. As a low-impact alternative to phone service live chat is less invasive than a phone conversation and has a better response time than forms. It is a way to enhanced your website visitor's experience with the power of choice.

Go Beyond the Immediate Need

Live chat doesn't just meet the customer's need; it does so in a way that makes everything else easier for them, too.

For instance, chat lets customers discuss sensitive information at work or in public without being overheard.

Customers can also scroll back through the chat, or print a transcript – especially useful with information-dense financial questions. It is convenient to be able to review what their service rep said by simply scrolling the screen. At the end, they have a written transcript of the entire conversation, complete with addresses, phone numbers and hotlinks to specific web pages on your website.

Live Chat Proves the Story

Chat provides instant gratification, efficacy, privacy, convenience and a sense of control. It lets customers skip the annoyances and check something off their list. Because they interacted with a person, they feel personally taken care of. Most importantly, they get their banking done – their fundamental priority.

Live chat is less invasive than a phone conversation and has a better response time than forms

CHOOSE A PROVIDER CAREFULLY

Each live chat solution has its particular strengths and features. Whichever one a financial institution selects, the decision will influence future possibilities on many levels – from branding, to security, to usability.

Features to Select for

The need for security is non-negotiable, especially for financial websites. For example, Live Guide provides strong data encryption, and its IT infrastructure is managed and monitored remotely to safeguard network integrity for customers; its provider, Netop, states, “Security is our DNA.” Because the demand for security can be a burden for some vendors, it’s important to confirm that one’s provider will rise to the challenge.

Video chat is indispensable, even for those institutions not yet ready to implement it: a live chat provider should be able to transition a bank or credit union from text to video as soon as they decide to do so.

A live chat solution must also be non-disruptive. Here, the choice of technology can make or break the success of the online channel. For example, proactive chat can achieve remarkable results if the invitation is well timed and non-intrusive; if not, it’s detrimental.

The software should present the customer’s question to the representative in context, especially when crossing from one channel to another. This leads to better routing of chat requests to appropriate reps, avoids the need for customers to begin the process of accomplishing their goal again (because the rep can see their context on the service screen), and results in higher satisfaction. It also rewards customers for the self-service work they have already done (e.g., navigating to the right claim), teaching them that their online efforts won’t leave them stranded or starting from scratch if they need help.

It should include robust data-tracking technology. Live chat achieves the strongest results when the online team is continuously analyzing the results and responding to them; the software should support their ability to do so.

Beyond these essentials, a live chat solution should provide convenience, cost effectiveness, ease of use and fast implementation.

The need for security is non-negotiable.

Beyond these essentials, a live chat solutions should provide convenience, cost-effectiveness, ease of use and fast implementation.

CONCLUSION

At a time when customer retention is more important than ever, the value of quick answers and personal, human interaction is crucial – not only to achieve customer satisfaction, but to bolster the banking relationships upon which financial institutions are built.

Live chat does that – while also driving conversions, lowering operating costs and streamlining efficiency.

Financial institutions are well aware of these realities, which is why current trend points with force of necessity to strategies like website personalization, CRM development and interactive marketing. In no uncertain terms, it points to live chat as a competitive necessity in the world of online finance. As a competitive advantage, it points to video chat. In the trajectory of online banking, live chat is the next logical step.

Briefly put, live chat is essential to the success of the online channel for today's banks and credit unions. Its importance simply cannot be overstated.

LIVE GUIDE CHAT

Our example throughout this paper, Live Guide Chat, is the only live chat solution currently providing secure audio and video chat as well as textbased chat. It also provides a robust feature set, including every feature indispensable to a successful live chat implementation.

The provider, Netop, has been a leader in creating secure enterprise solutions for years; Live Guide is easily launched, and the interface is simple to use.

For more information on Live Guide Chat as a live chat solution, see www.liveguidechat.com

LIVE GUIDE CHAT

Live Guide Chat from Netop is easy to use for both agents and administrator. It is a SaaS (Software-as-a-Service) solution hosted and maintained by Netop. The solution is therefore completely hardware independent and requires only a very limited implementation and education effort.

A subscription-based delivery model makes it possible to minimize the initial investment, predict the current cost level and scale the capacity of the solution needed.

Live Guide is SSL encrypted, complies with all applicable industry safety standards and rules for using cookies and storing data. It is also based on an open API, which makes it easy to extract statistics and customer information.

