



## Customer Experience & Employee Compensation

by [Steve Brown](#) Topics: [employees](#), [customer experience](#)

**Summary:** Developing employee incentive plans around customer experience is definitely important. Is it time to reevaluate those plans?

A lot happens when people get engaged. Surveys find people spend about \$5,000 on an engagement ring, and 20% pick it out as a couple. Also interesting, 50% buy a ring from a brick and mortar store, and the same percentage buy it less than 2 months before proposing.

No matter what your financial institution (FI) offers as a proposal to customers, things are certainly hyper-competitive. As such, trying to offer the best customer experience is very difficult when looking to win over new customers and retain existing ones. Indeed, as customer experience becomes more of a call-to-action for FIs in general, bankers are recognizing that they must continually train employees to provide the best experience possible to customers.

However, customer experience can mean different things to different people. To properly encourage "customer-experience-boosting" behavior, FIs must first understand what experience they're trying to create. Talk to both customers and employees to get a good picture of this. Then, start to develop incentive plans for your staff that drive the right behavior. If you think you've already "got this", here are a few reasons to reevaluate perhaps.

**Greater deposit share.** This probably seems old-hat to many bankers, who would rightly argue that they have always prized providing customers with a terrific and personal experience. According to 2019 research from Kantar, banks can boost deposit share by up to ~17% with "clarity of brand promise, empowered employees, empowered customers, creating lasting memories and exceptional delivery."

**Potential opportunity and costs.** As digital-savvy, highly mobile customers become more prominent, you will definitely need to take a hard look at needs to meet expectations, or these customers will end up somewhere else. According to 2019 research from Resonate, 44mm US consumers plan to switch banks within 12 months. Make sure that those switching are not your customers.

**Importance of branch staff.** While more households are accessing accounts digitally each year, 73% of consumers surveyed by MX for The Financial Brand this year believe branches will continue as banking channels. While the roles of the branch staff have changed and will continue to evolve, their importance to bank customers is apparent. Make sure to train, mentor and incentivize your branch staff accordingly.

Once you have decided to get your incentive plan in alignment with your desired customer experience, you will need to think not only of salary to entice employees, but also bonuses, days off and other desired benefits. Bonuses or other compensation incentives usually represent less than 5% of a teller's overall salary, and yet they can improve morale and drive employees to focus on referrals and cross-selling. Making sure that you assess the customer experience with the compensation plan

regularly ensures you are rewarding those that deserve it most by enchanting your customers and enriching their experience.

## ECONOMY & RATES

Rates As Of: 02/26/2020 03:10PM (GMT-0800)

Treasury	Yields	MTD Chg	YTD Chg
3M	1.51	-0.03	-0.04
6M	1.41	-0.11	-0.17
1Y	1.25	-0.17	-0.31
2Y	1.16	-0.15	-0.40
5Y	1.16	-0.15	-0.53
10Y	1.34	-0.17	-0.58
30Y	1.82	-0.18	-0.57
FF Market	FF Target	Fed Disc	
1.58	1.75	2.25	
SOFR	Prime	Unemp	
1.59	4.75	3.60	

## BANK NEWS

### Job Cuts

British bank [HSBC said it plans to cut its workforce](#) by 35k and its assets by \$100B. The bank is restructuring to focus on faster growing regions where it does business (Asia and the Middle East) and away from highly competitive markets (US and Europe) where it has less opportunity. It is also reducing focus on its investment banking business.

### Insurance Costs

Even as revenues have increased, lower pretax operating income, primarily due to lower interest rates, has pushed insurance companies to boost the average price for commercial insurance premiums for US companies. Some insurers have also decreased maximum coverage. Watch your customers for reduced insurance coverage or less profitability as a result.

### Tight Jobs

Manpower Group research finds 69% of companies say they had a shortage in finding talent. This level is 300% greater than 10Ys ago and is the highest level ever recorded.

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