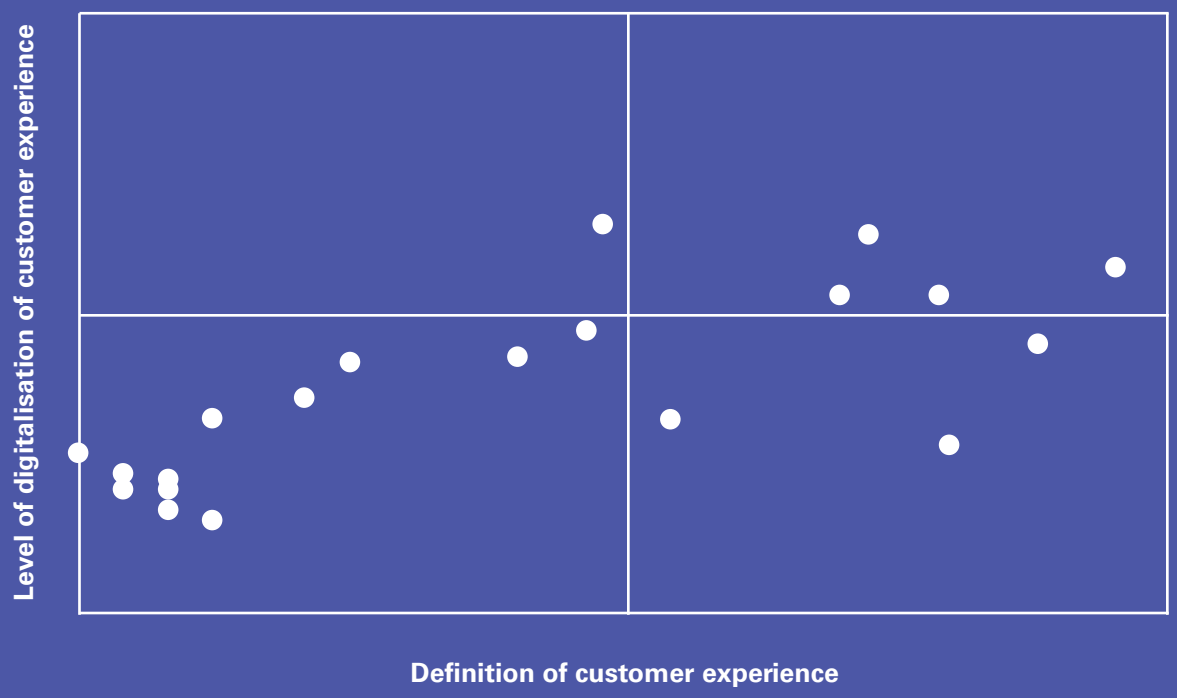
Customer experience

Only a limited number of private banks in Luxembourg have redefined and digitalised their customer experience — and fewer than a third have taken significant steps to implement new client journeys focusing on digital touchpoints. However, as seen earlier, this seemingly intransigent stance can sometimes be due to very consistent strategic positioning being maintained.

About half of private banks have formally defined their clients' customer journeys — although this will not necessarily translate into their offering a highly digital experience, since many banks insist that the very nature of private banking is "people business". Digital is — and is likely to remain — an enabler, and banks are carefully choosing which touchpoints within the customer experience they will or won't digitalise.

Interestingly, among the 43% of private banks that have not yet put significant effort into defining or improving their customer experience, two thirds are awaiting the roll-out of their parent group's digital initiatives in Luxembourg.

Figure 19. Relative positioning of banks in customer experience — level of digitalisation vs. definition



Champions in customer experience exhibit the following characteristics.

- Clients' digital expectations are canvassed and addressed effectively.
- Customer journeys are mapped out and touchpoints are digitalised according to digital strategy.
- Investments are made to improve apps and web experience.
- Communication channels are developed to maximise the bank's availability "anywhere, anytime".

Clients' digital expectations are not systematically sought

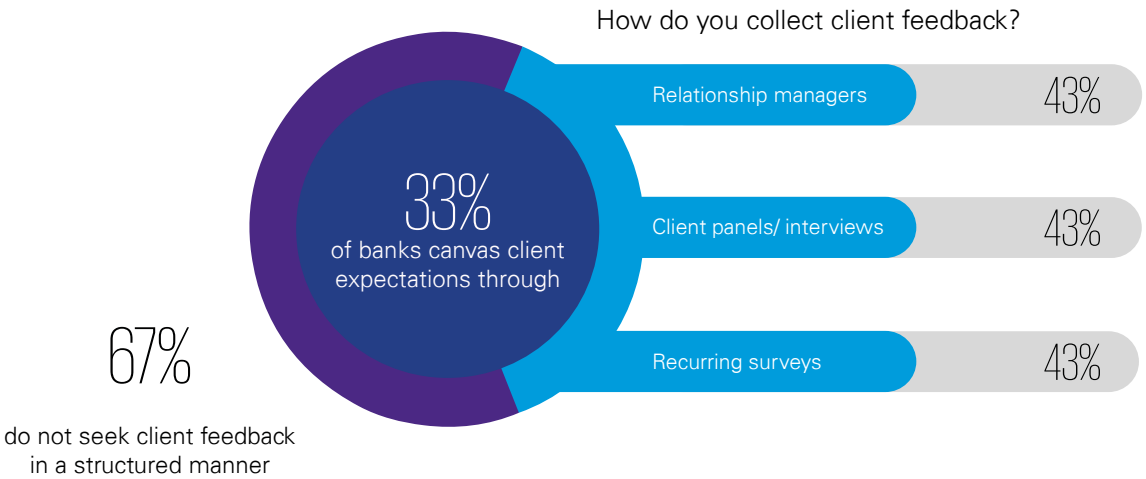
Several private banks in Luxembourg have a rather limited knowledge of their clients' digital expectations, with only a third collecting information on these views. But when these banks do canvas expectations, information sourced from relationship managers is used as much as direct feedback from clients — a practice that could well result in unconscious bias in the results.

Perhaps surprisingly, generation and age are not seen by the banks as key differentiators for client expectations, apart from for clients over 80 years of age.

Geographic origin and country of residence seem to have a bigger impact: Luxembourg-resident clients can seem to have fewer needs in terms of digital, while non-residents may find the ability to remotely manage their accounts very appealing. Non-residents may also have more basis for comparison, if they also use private banks located in their countries of residence. Asian and Nordic clients, for example, were cited several times as particularly keen on digitalisation, as the level of digital maturity in their countries of origin is already very high.

Factors such as profession and investment profile also heavily influence clients' appetite for digital. For instance, entrepreneurs and self-directed clients of all types are often likely to opt for advisory or execution-only services, and thus tend to expect greater access to financial markets via online transactional functionalities. This will, of course, not be the case with discretionary management clients, who might merely need portfolio consultation and reporting functionalities.

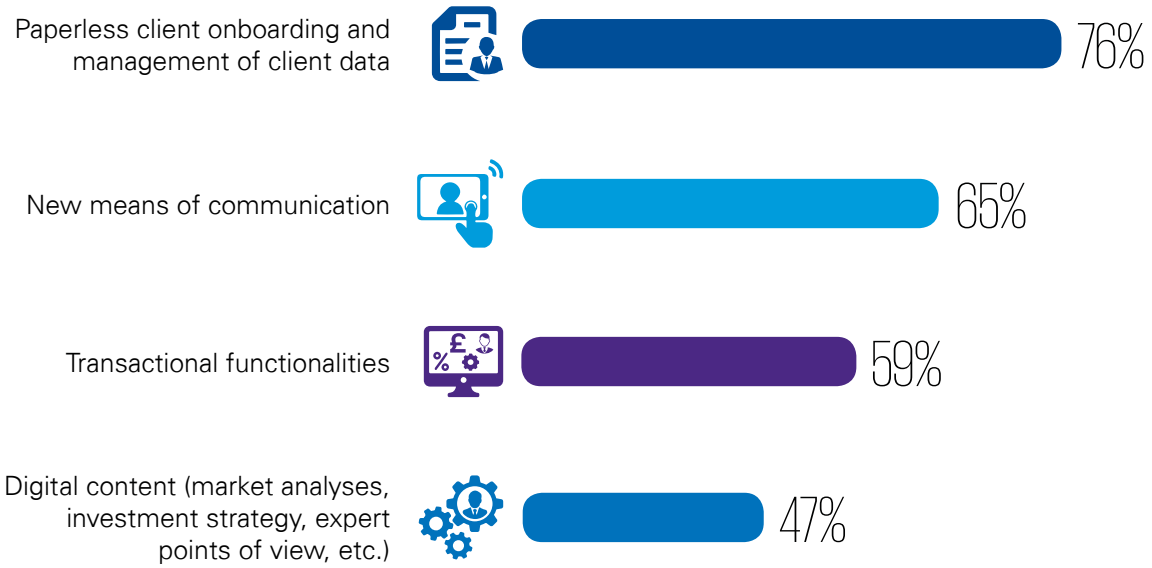
Figure 20. Collection of client expectations information



Only 24% of the banks that seek client feedback have observed an increase in the scope of the online services that their clients expect — these include:

- paperless client onboarding and management of client data
- availability of new means of communication, enabling the client to contact their bank "anytime, anywhere, anyhow".

Figure 21. Clients' expectations in terms of digitalisation



Client onboarding and the management of client information are the highest digital priorities for private banks

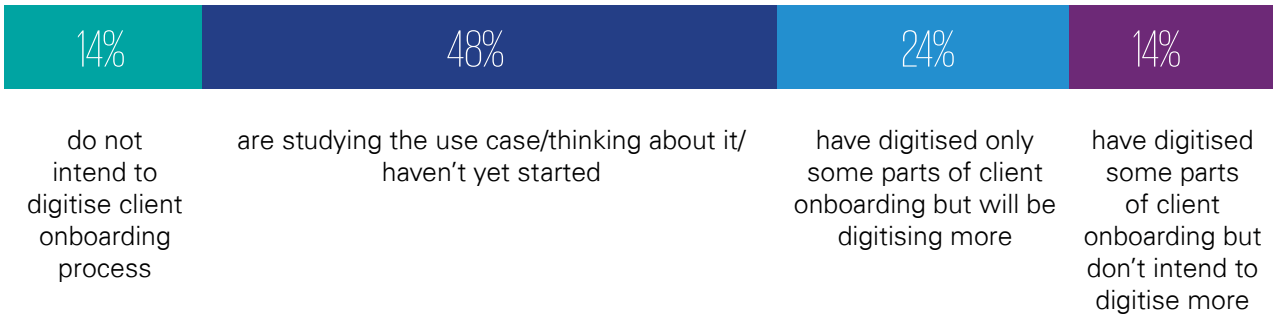
Even though client onboarding is seen as the most important journey to be digitalised for clients, roughly half of banks have not yet formalised an initiative for this — and only 14% have reached the level of digitalisation they aim at.

Contrary to the situation in retail banking, it is very clear for the vast majority of private banks that they will never fully digitalise the client onboarding process. With regulations imposing very strict "know your customer" (KYC) standards, and the complexity of the wealth structuring exercise, allowing HNWIs to open private banking accounts themselves, online, is simply not an option. The rare cases where it might be considered would be for very straightforward client situations (e.g. for resident clients with all their assets in a discretionary mandate) — but even then, private banks consider this would be losing a very privileged touchpoint with the client. However, banks can foresee the possibility of having a "remote" onboarding process by developing digital tools which will allow relationship managers to perform all related administrative tasks during client meetings held outside the bank.

Strict regulations — in particular MiFID II — have made the client onboarding process a highly complex exercise for both the relationship manager and the client. Onboarding is sometimes viewed by the client as a stressful experience — and the signing through a pack of dozens of pages, that few actually read, can seem unpleasant. This is why most private banks focus primarily on digitalising the gathering of client data and the MiFID questionnaire. They also aim at allowing document uploading and verification via digital channels.

Electronic signature is an element that is being considered by 57% of banks, in order to speed up administrative tasks. However, they point to the fact that "qualified" electronic signatures — the only type of e-signature that is legally equivalent to a hand-written signature — require a face-to-face verification of the person's identity, which hinders their implementation in "full digital" use cases. To support such use cases, certain institutions are now satisfying themselves with "advanced" electronic signatures, thanks to the recent entry into force of a harmonised European legal framework on electronic transactions (i.e. the EU's eIDAS regulation). Biometric-based identification is being contemplated by 40% of banks.

Figure 22. Banks' approaches to digitalisation of client onboarding



Communication channels require more attention from private banks

Private banks seem to have put little effort into developing new means of communication for clients so far, despite 65% of banks considering that their clients expect such developments.

Clients are increasingly contacting their relationship managers via tools such as iMessage, Messenger or WhatsApp, which can represent a significant compliance versus client experience issue. Most private banks' procedures still require orders to be placed on a fixed line or in writing, which necessitates making a phone call, or using secure email or a chat function accessible through either the bank's online banking platform or a dedicated banking app. But from a client experience viewpoint, using e.g. WhatsApp is of course far easier, more convenient and less time-consuming than connecting to a bank's token-based online banking platform.

Many private banks are still pondering the best way to tackle this issue, with the main solutions being to better educate the customer on the dangers of potential security issues or to design a more user-friendly secure communication channel.

The majority of private banks are investing in improving their mobile apps and web portals

For those striving to enhance digital customer experience, the collection and analysis of browsing data could be a very insightful source of information. Some banks are currently working on this, but it is considered a challenge, as it requires the development of dedicated capabilities which are not always seen as a priority. Nevertheless the value of these analyses is recognised, as they would allow banks to assess the true return on investment of their extensive existing digital content (the market analyses, investment strategies, etc that they publish on their websites).

Very few banks actually analyse the bounce rate of their website (i.e. the percentage of visits in which users click away from the website landing page without browsing any further), even though this sort of data could help in judging the quality of the site's content and how well they are targeting their communications.

Figure 23. Digital communication channels currently offered or planned to be offered to clients

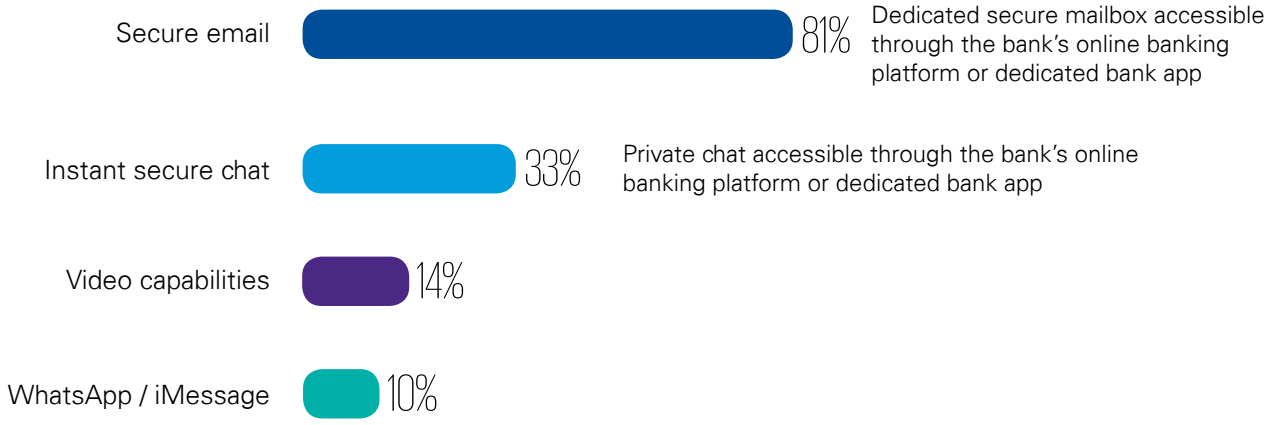


Figure 24. Extent to which client advisors can be reached anywhere, anytime via digital means

> Our customers are more and more using WhatsApp to communicate with their relationship managers. How can we manage this going forward?
>
> **Research participant**

Figure 25. Extent to which private banks invest in improving their mobile apps and internet banking portals

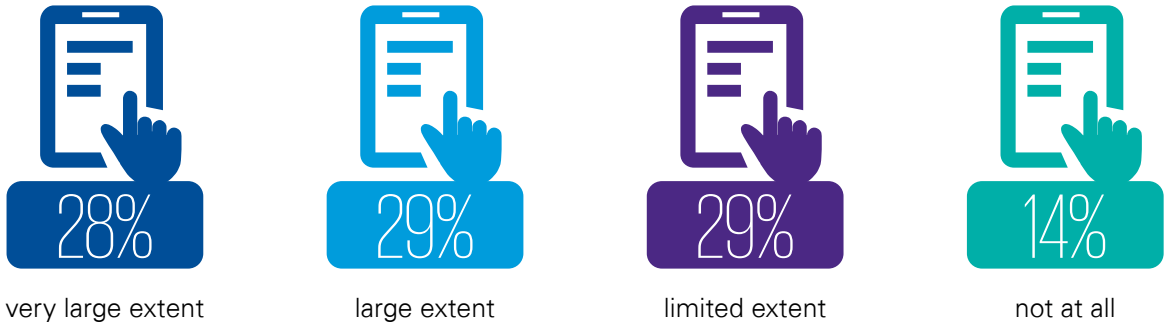


Figure 26. Availability of digital client administration and communication capabilities