

EBOOK

# 3 Advantages of Analyzing Every Customer Communication



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# Intro

The voice of the customer has never been more important than it is today. Across every industry—from consumer goods to government, from financial services to healthcare—customers are increasingly empowered to voice their opinions and take action. Customer experience leaders – Amazon, Zappos, John Lewis, Southwest Airlines – have raised the bar and reset expectations not only within their verticals but universally.

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In financial organizations, these vocal customers are resulting in progressive customer-centric strategies. And pressure is mounting from shareholders, regulators, and the customers themselves.

Wealth management and capital market organizations are working hard to identify hidden trends and opportunities that can drive new revenue streams, uncover early signs of dissatisfaction, and mitigate the risk of regulatory fines and growth caps that can result from customer abuses and complaints.

The answer to these challenges is hidden in the communications that customers have with their financial institutions every day. However, many struggle to effectively analyze this data. Those that do often limit their analysis to only a handful of data points. Unfortunately, a partial analysis of customer information will only yield partial results. The successful wealth management and capital markets businesses of the future will be those able to capture, make sense of, and act on every customer communication—from structured data like transactions and churn rates to unstructured communication captured in phone calls, chat messages, and social media posts.

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*What do financial institutions stand to gain by uncovering the hidden knowledge in customer communications?*

1. Improve Customer Retention and Broker Rankings
2. Capitalize on New Opportunities
3. Impact the Bottom Line

**Read on to learn how to uncover these business benefits for your organization.**



# Part One

## The Unique Challenge of Unstructured Data

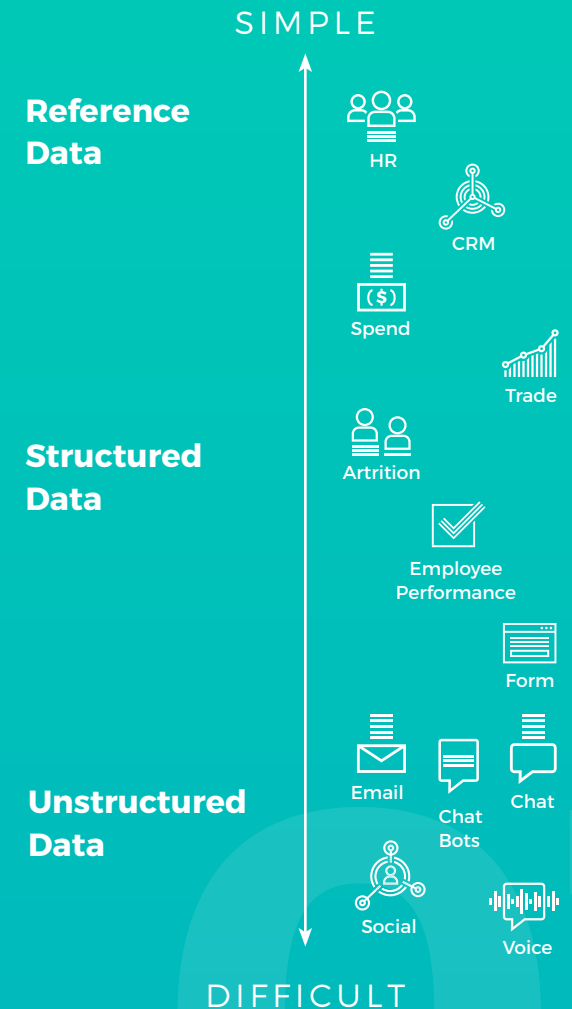
**Analysts at Gartner estimate that upwards of 80% of enterprise data is unstructured.**

The majority of this is made up of communication and, while proportions will vary, much of this communication will concern customers. Few businesses use more than just a small percentage of that data to reduce risk or increase opportunities for success. This opens up an immense opportunity for financial services organizations to solve the challenge of unlocking insights from every customer touch point.

Why are so many valuable customer insights left untapped? Data falls into three categories: reference, structured, and unstructured. Reference data and structured data points—including HR information and trade numbers—

are relatively easy to capture and analyze. But these sources account for only a fraction of customer data. Many other sources—including online chats, phone calls, social posts, and more—are much more difficult to capture, understand, and deliver in a way that makes them insightful and actionable for financial organizations.

Nearly every financial organization is able to capture and analyze information at the top of the spectrum shown here. But this information will only ever show a partial picture of the business. Relatively basic analyses may be able to show patterns and trends, giving insights into transactions or churn rates. New and more sophisticated analyses of structured data are capable of making predictions. However, structured data can't capture the reasons for client dissatisfaction or tell a manager what he or she can do to improve customer retention.



# Dealing With Unstructured Data

Every day, capital markets and wealth management businesses electronically capture thousands of conversations. This soon adds up to millions of emails, chat messages, social media posts, and phone calls. This unstructured data is the most valuable source of customer insights organizations have today.

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The financial services industry has been at the vanguard of applying AI-enabled communications analytics to communications data. The technology is being adopted by compliance and front office control organizations across the industry to better manage conduct risk. Now, the industry is expanding this analytics capability to customer communications.

Capital markets and wealth management are not alone. More and more organizations are looking to unstructured data to give their businesses an edge. According to Forrester's recent report *The State Of Customer Analytics 2017*, the use of unstructured customer communications data increased 5 percent over the past year. However, the same report points out that even with this gradual growth, unstructured data remains a largely untapped resource.



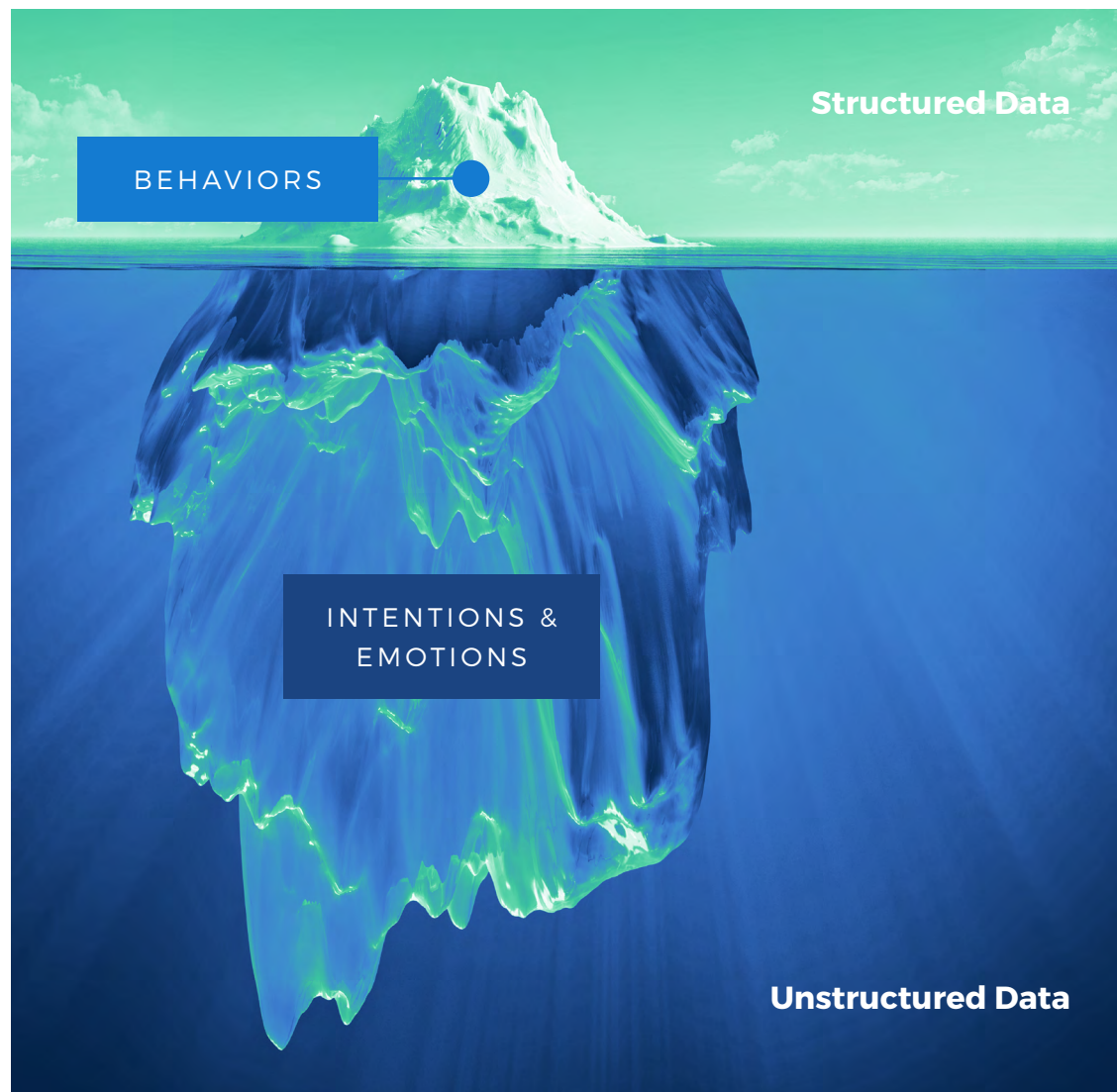




**“These types of sources can provide rich insight into customer pain points, attitudes, and motivations,” notes Forrester. “However, their unstructured nature has historically made them difficult to analyze. Traditional text analytics tools were limited in their accuracy and effectiveness, but this is changing due to advances in deep learning.”**

Only a handful of capital markets and wealth management businesses have adopted AI to analyze unstructured data. At present, the majority rely on manual processes. Customer-facing employees collect notes about customer questions, inquiries, opinions, complaints, and even moods, and enter it into a Customer Relationship Management (CRM) system. The challenge with this approach is that the

information is highly variable and incredibly nuanced. Manual entry leaves this valuable data at risk of human error. Even a highly skilled sales manager will eventually miss a salient point or skew his notes slightly to make himself look good at his job. The result is an incomplete and unreliable picture of customer satisfaction and employee performance.





# What is Your Customer Intelligence Level?

Companies that manage to turn unstructured data into discoverable, understandable, and actionable insights have a significant advantage in the market today. Ask these questions of your organization to gauge the maturity level of your customer insights today.



## Is your customer data:

### ...discoverable?

Financial institutions have gone to great pains to make lexicon search technology work for their compliance organizations, but what is essentially a sophisticated keyword search is very imprecise and requires a lot of human intervention to weed out the high volume of false positives. Driven by regulation, the costs of lexicon tools are too high to be cost effective for customer intelligence. However, the development of artificial intelligence (AI) tools is making it affordable to analyze customer communications data at scale and gain insights across a broad variety of customer touch points.

### ...understandable?

Once you capture every customer communication, you have to make sense of it all and mine it for insights. Historically, manual analysis by a team of people was the only way to gain insights from unstructured communications data. Until recently, analytics technology wasn't capable of learning and adapting to the natural variances and nuances of human communication. Fortunately, modern AI solutions can automatically ingest and analyze vast quantities of language data, eliminating the high costs of human resources and the risks of human error.

### ...actionable?

No data has value in a vacuum. To get a 360-degree picture of your customers and business, you have to combine the unstructured data with your structured and reference data. You must also put the information in a centrally located place, like a CRM system or management dashboard, to ensure that new insights can be easily assimilated into familiar working practices for both managers and customer-facing employees.

In today's competitive market, financial organizations that manage to solve the unstructured data problem are the ones that will come out on top. The trick to capitalizing on new opportunities and identifying dissatisfaction cues before they become a churn trend is early detection. If you're only tracking communications in your structured channels, you risk lagging behind – and missing out on a range of substantial business benefits.



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# Part Two

## Beyond Intuition: The Strategic Benefits of Customer Communications Data

**What are market-leading organizations gaining by discovering insights from every customer communication? There are three valuable opportunities of more complete customer insights.**

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## Benefit 1: Improve Customer Retention in Wealth Management and Broker Rankings in Capital Markets

Actions speak louder than words. But in financial services, words are a precursor to action—and if you wait for a customer or client to act, it's likely too late.

To prevent customer churn and improve broker rankings, financial companies must detect dissatisfaction early. A customer who files a complaint rarely starts there. By that point, they've likely expressed dissatisfaction in multiple channels, talked to multiple customer-facing employees, and given dozens of verbal or written communication cues to indicate their issues. Using an automated AI tool, companies can analyze broad communication patterns and identify cues across a specific customer's journey to catch and address issues before it's too late. They can stay ahead of complaints and keep clients happy.

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**From a big-picture level, modern customer communication tools also allow management to understand why customers churn.**

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A complete picture of customer satisfaction down to the sources of influence and language used can help wealth managers understand the reasons for churn and act early to retain customers. For capital markets managers, these tools allow them to identify the soft factors that may cause trades to fall through, increase profitability, and proactively manage their broker rankings by providing better service.



### SCENARIO:

#### *Improving Customer Satisfaction in Wealth Management*

##### **Customer Communication:**

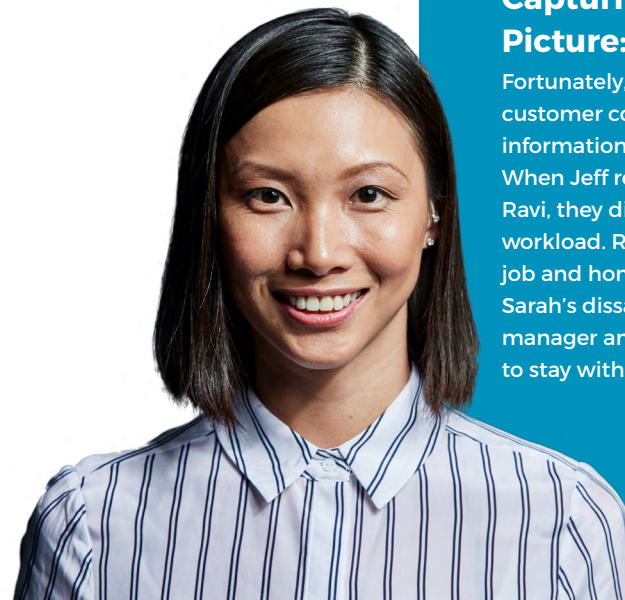
Sarah has been working with her wealth manager at her bank, Jeff, for several years, but lately she's seen a decline in his responsiveness. During their last call, Sarah mentioned she accepted a new job and will relocate to London. Two weeks later, Sarah sends Jeff an email expressing concern that she still hasn't received mortgage options from him. She notes that she's considering withdrawing some of her investments.

##### **Employee Reaction:**

Jeff notes in Sarah's CRM files that she's moving, but fails to include a reason why. He indicates her withdrawal request and question about mortgage options, but his notes don't capture her urgency or dissatisfaction.

##### **Capturing the Complete Picture:**

Fortunately, the company's AI-enabled customer communication solution captures this information and flags an alert on Sarah's account. When Jeff reviews his accounts with his manager, Ravi, they discuss the flags and Jim's increased workload. Ravi calls Sarah to discuss her new job and home move. Ravi is able to mitigate Sarah's dissatisfaction with a change of account manager and a great mortgage deal. She decides to stay with her bank.





## Benefit 2: Capitalize On New Opportunities

Financial organizations are competing in an increasingly cutthroat market with ever tighter margins. The difference between success and failure can sometimes come down to the ability to identify new opportunities quickly and act on them before your competition does.

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Automating the discovery and analysis of both structured and unstructured data gives financial institutions a more complete picture of their customers, which lets them identify valuable opportunities and capitalize on them quickly. Customer-employee relationships improve when employees have a complete view of their customer's journey with the entire organization, including every conversation, all in a central location in the CRM. Employees are able to build a rapport with their customers and gain a deep understanding of their interests and life events. Cross-sell and upsell initiatives feel less like a sales pitch and more like a natural evolution of their relationships.

Unstructured customer communications data can also help inform the entire network of a sales team. With an overarching view of the hidden relationships between every customer and employee, teams can leverage their colleague's networks to build a strong referral program. What's more, an aggregated view of customer communications data across channels and employee networks can help employees understand how to better nurture their customers.

For managers, this means they can discover hidden cues that indicate new cross-sell and upsell opportunities. They have the data they need to know which products are performing well or underperforming, determine which sales strategies are effective, and identify areas to improve their products, processes, and employee performance. These 360-degree insights help companies create winning sales strategies and inform company growth plans.



## SCENARIO:

### *Discovering New Product Opportunities in Capital Markets*

#### **Customer Communication:**

Lloyd, an investment manager for a pension plan, submits an inquiry with Claire on the Fixed Income Desk about a new type of bond. He's interested in a debt issuance bond. As it turns out, Lloyd is the seventh customer this month who's asked about debt issuance bonds.

#### **Employee Reaction:**

Claire tells Lloyd the bank doesn't offer a debt issuance bond. She enters the information in the CRM, but doesn't take the inquiry further.

#### **Capturing the Complete Picture:**

The company's AI-enabled communications solution catches these multiple inquiries and flags the opportunity to Claire's manager Dave, who oversees 23 client-facing employees. The AI has alerted Dave to other inquiries about debt issuance bonds and Dave sees the opportunity to offer a new product and, in just a couple of days, Claire is able to reach back out to Lloyd and offer him the new debt issuance bond product.



## Benefit 3: Impact the Bottom Line

The ability to improve customer satisfaction, reduce churn, and instantly discover and act on new opportunities all have significant impacts on the bottom line for wealth management and capital businesses. But this doesn't capture the whole picture. Companies can also gain a competitive edge by increasing efficiency and reducing risk.

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For customer-facing employees, automating the capture and analysis of customer communications means they can spend less time on data entry and more time doing what they do best: serving their customers. At the same time, the accuracy of AI solutions means the noise level in the CRM goes down. Unstructured communications data that was once out of reach is now integrated into the CRM, giving employees instant access to richer, more valuable customer insights they can use in their day-to-day work. Customer-facing employees become both more efficient and more effective at their jobs.

Managers see even greater benefits. With a complete picture of their processes in action, they can start to identify trends. Which employees see the best results? What are they

doing differently? What selling strategies are most effective? Is the messaging consistent? Managers are able to easily monitor data and improve operational efficiency to ensure their team's work is consistently leveling up to business objectives, eliminating redundancies, and improving inefficient workflows.

Increasingly, financial managers are realizing that regulatory risks can also impact their business's bottom lines. In the United States, the Consumer Financial Protection Bureau (CFPB) tracks consumer complaints in a public database, then uses these complaints to improve regulations. In Europe, the General Data Protection Regulation (GDPR) has established a culture of monitoring, reviewing, and assessing data processing procedures. Violations put companies at risk of large fines and rapid reporting of breaches is a requirement. By automating the analysis of customer communications, wealth management and capital markets are able to minimize customer complaints, identify issues early, and address complaints quickly. This helps them avoid complaints appearing on the CFPB public database and uncovers misuse of customer data before it results in GDPR censure.



## SCENARIO:

### *Optimizing Employee Performance across the Board*

#### **Customer Communication:**

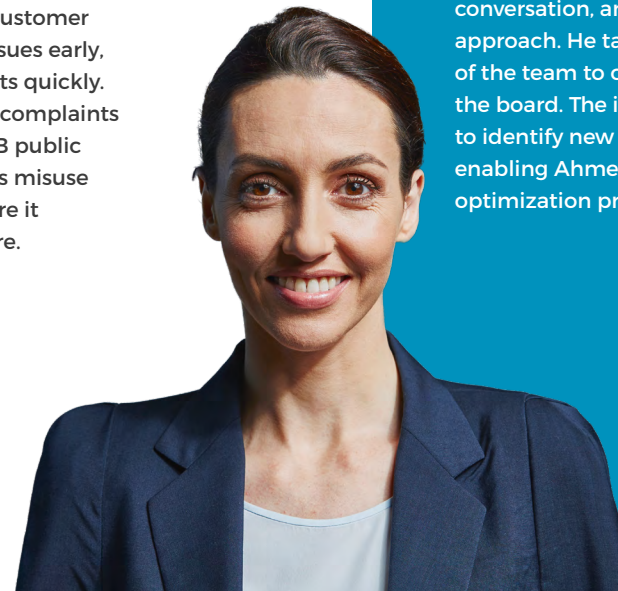
Holly is a trader at a capital markets business and is consistently rated higher than her colleagues.

#### **Employee Reaction:**

Holly's manager Ahmed looks at the CRM to see what she might be doing differently to help her customers. Holly's notes don't show any particular difference in her strategy, but Ahmed knows there must be more to the story.

#### **Capturing the Complete Picture:**

The AI-enabled communications system automatically logs Holly's client activities and communications. Ahmed is able to see an accurate snapshot analysis of every customer conversation, and quickly identifies her unique approach. He takes these lessons to the rest of the team to optimize performance across the board. The insights are used to train the AI to identify new key indicators for performance, enabling Ahmed to measure the impact of his optimization program across his team.





# Part Three

## Conclusion: Capitalizing on Customer Communications

### **Over half of financial industry leaders say customer experience is the new battleground for banking.**

Failure to listen to customers and serve their needs will result in losing business to competitors who introduce more sophisticated analytics capabilities. In financial markets, the impact of this can happen practically overnight.

Leading financial institutions know there is no better source of insight than the communications that take place with customers and about customers. What is increasingly understood, in the face of proliferating communications channels and ever-growing volumes of data, is that the only way to capitalize on every customer touch point—from transactions and HR information to phone calls and online chats—is with AI-enabled communications analytics.

Unlike manual data capture and analysis, AI tools automatically capture data, analyze it, and make it actionable for end users and management. They enrich the organization with critical customer insights while improving the efficiency and effectiveness of the organization. Managers get a single cohesive picture of customer intentions and emotions whenever they need it. Customer-facing employees are able to access valuable information while being freed to focus on improving their client relationships instead of manually entering data into the CRM.

Advanced AI technology is smarter than humans at specific tasks, and faster and more scalable than the average workforce. Solutions can be trained to automatically recognize the content of greatest interest, and can make sense of context and the natural nuances of human communications in order to filter value from excess and only provide what's relevant.

For the first time, capital markets and wealth management businesses have the opportunity to access richer, more accurate and timely customer data that ultimately equates to a competitive advantage.





## About Customer Insights: Digital Reasoning is a leading provider of AI solutions to the financial services industry.

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Customer-facing employees become more effective and efficient. Management can identify growing trends and new opportunities, while mitigating hidden risks.

Customer Insights integrates with established systems and existing processes to find risks and opportunities hidden in millions of emails, chat messages, social media posts, and phone calls. It finds insights in every customer communication, enriching CRM systems, CX programs, and management dashboards.

Multiple sources of data flow into Customer Insights, producing 360° profiles of employees, individual customers and customer groups. Insights also flow out to enrich existing knowledge platforms, such as CRM or HR systems.

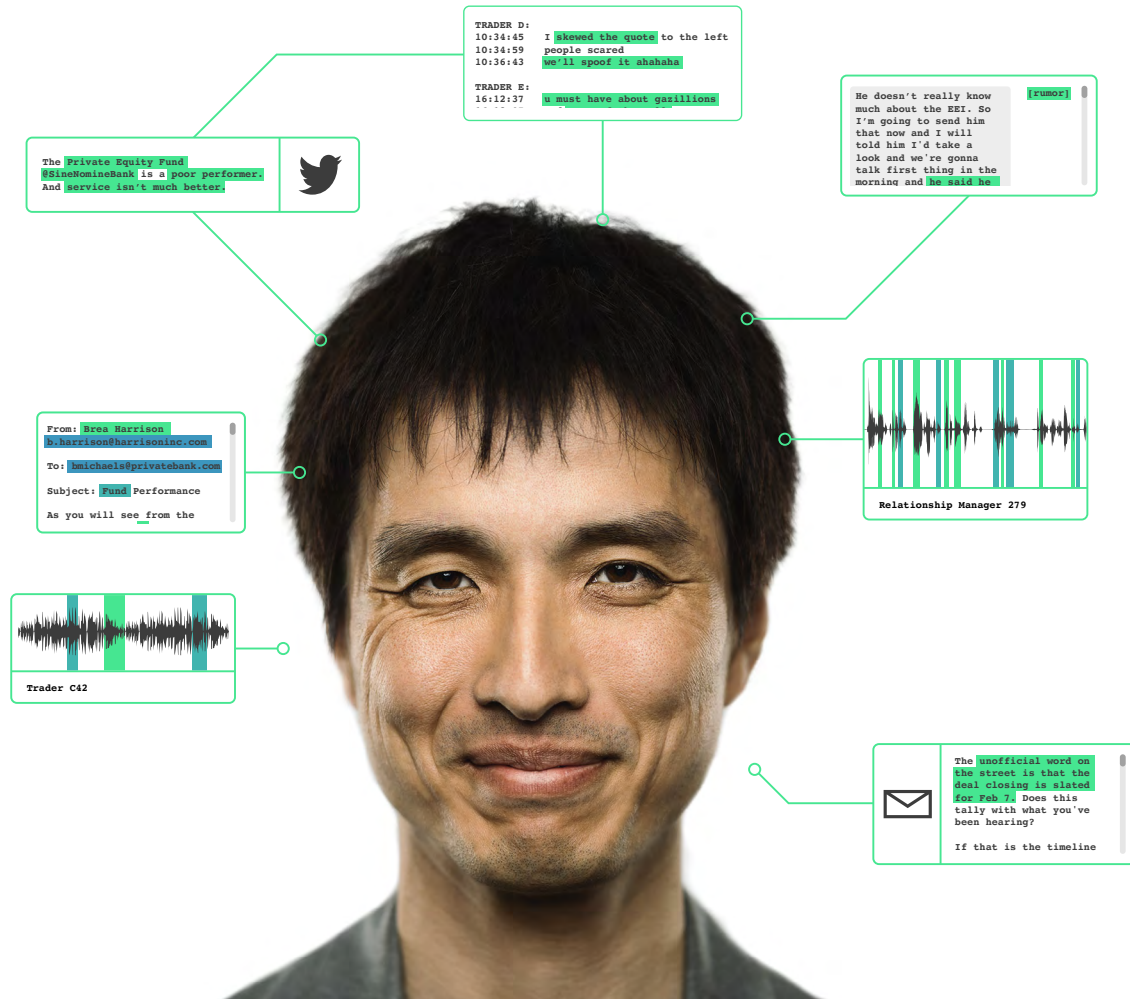




# About Digital Reasoning

“Digital Reasoning is a global leader in artificial intelligence that understands human intentions and behaviors.”

Digital Reasoning is a global leader in artificial intelligence that understands human intentions and behaviors. Our award-winning AI-enabled solutions automate key tasks and uncover transformative insights across vast amounts of human communications for many of the world's leading organizations and government agencies. Our Customer Insights solution is used by some of the world's biggest financial institutions to better understand risks and opportunities among their customers, to increase business efficiency, and to optimize the performance of those who serve them.



For more information about Customer Insights, contact us: [customerinsights@digitalreasoning.com](mailto:customerinsights@digitalreasoning.com)