Your customers have trust issues.

How finserv loses trust
and how you can fix it.

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You may assume you have a solid relationship with your finserv customers. But that's not what they're telling researchers.

Only about a third of U.S. customers have a high level of trust in their financial services providers, according to consultants at Forrester.[1] That's not a good sign in such a competitive market. Brands that aren't continually building trust risk losing customers to the many options now available with a quick tap on the app store.

In this report, **we'll look at:**

What research is showing about consumer trust in the financial industry

What experiences influence customers' perceptions the most

What brands can do to build stronger relationships

The trust problem

Among U.S. finserv customers today, trust is weak. In fact, over half of customers indicated they had low trust in their provider, according to Forrester's 2022 Financial Services Customer Trust Index. The index, which measures customer trust in their banks, credit card issuers, investment firms, and insurance companies, also found that only a third ranked their trust levels as high.

Just a third of U.S. customers ranked their trust in finserv brands as high.

Digital finserv companies are further challenged by the collapse of Silicon Valley Bank (SVB) and other regional banks in early 2023. Now, digital bank customers are 13 percentage points less likely than national bank customers to trust banks to do what is right, according to Morning Consult.[2] Other research also shows a loss of confidence in financial institutions among key demographics following the SVB collapse.[3]

What's behind the distrust

Several factors are pushing customers' unease with financial institutions. For one thing, many are struggling. Inflation has pushed rent, gas, and groceries up faster than their paychecks, and they continue to hear worrying talk of a recession.

The percentage of customers with $10,000 or more in primary bank deposit balances dropped 16 points in the past year—from 44% to 28%—while the percentage categorized as financially unhealthy grew by 9 percentage points.[4]

The percentage of "financially unhealthy" customers grew by 9 percentage points in the past year.

Customers' financial power is also hampered by high interest rates, which they may blame on their individual bank, rather than the Federal Reserve Board—especially when they see some banks enjoying high profits.

The disconnect between banks and customers' perceptions

But the issue goes beyond the current financial climate. Banks and customers might as well be from different planets when you ask what makes a financial institution trustworthy.

Forrester researchers found that banks think factors like strong regulatory compliance, prudent risk management, and high solvency ratio—the elements that regulators look at—make them trustworthy.

Customers, though, base their trust on factors like empathy, transparency, integrity, and dependability. And only 54% of U.S. customers believe that their primary bank shows empathy.[1]

The disconnect may also be explained by a tendency of business leaders in all sectors to have unrealistic perceptions of customer trust. According to a PwC report, "84% of business executives think that customers highly trust the company, yet only 27% of customers say the same."[5]

About 84% of business executives think that customers highly trust the company. Just 27% of customers agree.[5]

Why trust matters

It's much harder to retain customers and grow a business if your customers don't trust you. This confidence is especially critical in an industry that relies on customers providing private financial data and bank deposits.

When trust is strong, Forrester found that customers are willing to support a brand as it expands to new markets, develops new offerings, or makes bold business moves. When trust is weak, those new ideas are a tougher sell.

Customer advocacy also increases when trust is high. Ninety-three percent of U.S. banking customers with high trust in their primary bank say they would recommend it to friends and family. Only 39% of customers with low trust would do the same.[1]

Business leaders see trust-damaging events as major headline-grabbing incidents. For customers, though, these are personal experiences, often related to customer service.

93% of customers who have high trust in their bank would recommend it to friends and family. Only 39% of customers with low trust would.

Trust is built over time, across multiple interactions and accumulated experiences. But just one poor experience can put it in jeopardy. Often it is the small interactions that matter—incidents that business leaders may be completely unaware of.

According to PwC, about half of consumers (50%) and employees (54%) report experiencing a trust-damaging event, but only 20% of business executives say their organization has been involved in such an incident.[5]

Why the difference? Because business leaders saw trust-damaging events as major headline-grabbing incidents. For customers and employees, though, these were personal experiences, and they were most commonly related to customer service or lack of transparency. The majority (63%) of customers surveyed ended the relationship after the trust-damaging experience.[5]

How finserv brands can build trust

The good news is that you can differentiate your brand by taking steps internally and externally to build trust. Here's what we recommend:

Customer-facing steps

1. Survey your customers. Find out how they view your brand, what they are experiencing with your services, where they feel friction or dissatisfaction, and what is important to them. And beyond post-interaction surveys that many customers won't bother with, consider having your customer experience (CX) agents occasionally ask for brief feedback during the call or chat. Then build a process for using that feedback to make changes as needed.

2. Remove barriers to customer support. Technology is critical, but don't use it to keep customers at bay. That's a trust killer. Even if you provide an impeccable digital user experience (UX), it's not always enough. If a customer is struggling to use an app or just wants to talk to a person, have an empathetic human ready to answer their chat or call.

3. Continuously improve the digital experience. Take your own customer journeys in every channel. Read and make sure every FAQ is actually helpful. If possible, have users who aren't immersed in your field test the experience too. Delighting customers requires a process of ongoing measurement, testing, and optimization of the user experience.

4. Engage customers with useful content. Your customers come with a variety of needs and levels of financial savvy. Some may need basic information about how to avoid fees, while others may appreciate more sophisticated content. Tailor your communications to their economic needs and build trust by providing information that helps them make better financial decisions.

5. Guard their data. Your fraud and data breach prevention measures must be best in class. Let customers know how you're protecting their data and how they can help prevent fraud.

6. Provide support, such as financial literacy programs or one-on-one consultations with financial advisers. If customers are struggling, consider flexible loan repayment options or other solutions that meet their needs. You'll build loyalty that pays off in the long run.

7. Show that you understand what matters to them. Use your customer data to provide personalized offers that make sense for their income and stage of life.

Internal steps

1. Start by hiring empathetic CX agents. Finding agents who have a natural sense of empathy will give you a head start to building effective teams that can connect with customers and nurture relationships.

2. Hiring right is just the beginning. Don't just give your agents scripts to follow; give them the deep knowledge and confidence to solve customer problems.

3. Reinforce what matters most. Educate agents on best practices and prioritize empathy, relationship building, and customer satisfaction through agent scorecard measurements.

4. Empower employees and build their loyalty by showing the impact of their work. Help them see how their interactions with customers directly impact the business, fellow employees, and the bottom line.

5. Optimize your employee experience. Work with employees to design processes, structures, leadership, and cultural practices that empower them to do their best work. Measure employee experience and work to continuously improve it.

6. Cultivate an open culture of ownership. Let employees know their ideas are welcomed and rewarded. Demonstrate that you support and respect them by empowering them to not just share ideas but also effect changes.

7. Make it safe for employees to report problems. According to PwC, almost half of employees whose company had experienced a trust-damaging event in the last 12 months had expected it.[5] Your employees know where the danger lies. Help them share it with you.

Ubiquity
can help.

Prompt, empathic, and knowledgeable CX is critical to fostering trust. Ubiquity can help you deliver that. We have decades of experience in the finserv industry, and our bespoke approach means we immerse ourselves in your world and create a CX program tailored to your needs. With well-trained, empathetic agents, backed by supportive technologies and innovations in analytics and automation, we deliver world-class customer experiences that build trust.

Find out how Ubiquity helps finserv brands deliver excellent customer experiences.

1 https://www.forrester.com/blogs/financial-services-firms-need-to-learn-how-to-earn-customers-trust/
2 https://pro.morningconsult.com/instant-intel/silicon-valley-bank-collapse-consumer-trust
3 https://www.nefe.org/news/2023/04/opinion-poll-explores-trust-in-financial-institutions.aspx
4 https://www.jdpower.com/business/press-releases/2023-us-retail-banking-satisfaction-study
5 https://www.pwc.com/us/en/library/trust-in-business-survey-2023.html

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