



Customer
Advisory

Problem-solving will distinguish outperformers in B2B financial services

2024

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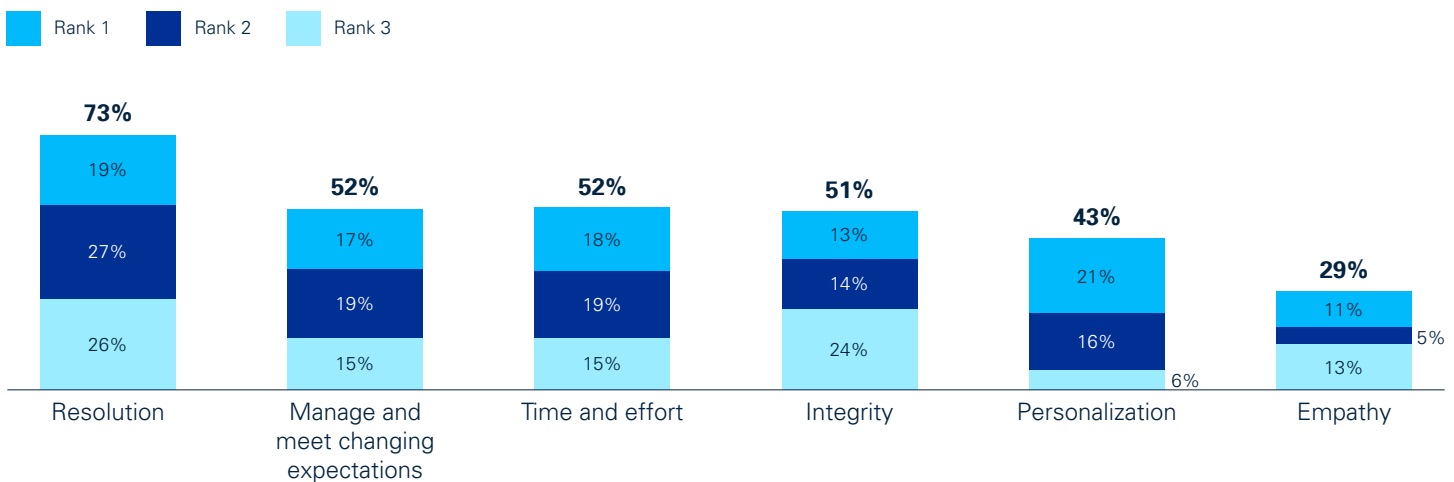
Introduction

As competition rises in financial services, firms will need to do more to maintain customer loyalty. Retention will continue to depend heavily on customer experience, but what matters to consumers and business customers varies widely. Most consumers seek banks, insurers, and wealth managers that deliver services with empathy and personalization, for example, while our new research shows that more than 70 percent of business-to-business (B2B) buyers rank problem resolution as their top consideration (Exhibit 1). These decision makers also tend to prefer financial service providers who manage and meet changing expectations and offer experiences that require less time and effort.

The stakes are high. Our survey shows that a third of commercial banking buyers, a quarter of retirement and financial wellness buyers, and a fifth of commercial insurance and voluntary benefits buyers are dissatisfied with their providers or ready to switch. Overall, 95 percent consider poor customer experience an important factor in a decision to switch.

In this report, we explain the key drivers of experience—and the risks and opportunities—in B2B financial services.

Exhibit 1: Business customers rank problem resolution as their top consideration in choosing a financial service provider.



Source: KPMG US. B2B customer experience excellence in financial services. 2024.



Understanding what business customers want from B2B financial service providers

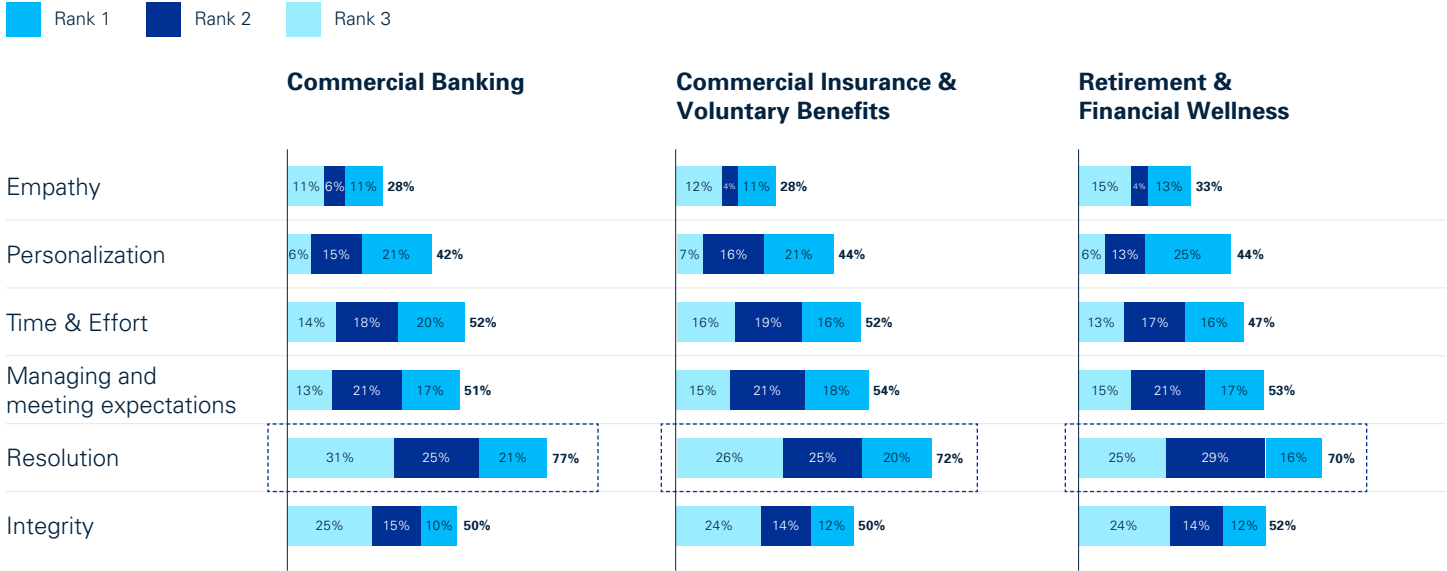
The six pillars of the KPMG Customer Experience Excellence framework—empathy, personalization, time and effort, expectations management, issue resolution, and integrity—serve as the foundation of a robust customer experience strategy. For more than a decade, KPMG has applied this framework to evaluate consumers' experience with brands. In new research, we set out to better understand the framework's application and the nuances among customer experience drivers in the B2B landscape.

We surveyed over 150 financial services decision makers—customers who purchase business financial services—including CEOs, corporate board members, and other C-suite-level leaders to better understand the extent to which client experience influences buying decisions

and shapes product purchasing and service experiences. Our research focused on three financial services products: commercial banking services including treasury, cash management, and credit cards; commercial insurance and voluntary benefits solutions including commercial liability and supplemental benefits; and retirement and financial wellness offerings including 401(k).

In contrast to their consumer counterparts, B2B customers prioritize efficient problem resolution above all other pillars (Exhibit 2). This distinction underscores a fundamental gap in the B2B market: providers must do more to resolve customers' issues to gain and retain their trust—to prevent them from looking for other providers.

Exhibit 2: Issue resolution is the most important element in customer experience across financial services.



Source: KPMG US. B2B customer experience excellence in financial services. 2024.

Digging deeper, we asked respondents to rank approaches to improving issue resolution. They cited three critical areas. Almost half cited a dedicated customer support team as a top priority or multiple support channels such as email, chat, phone, and social media; 42 percent identified the need for providers to conduct regular reviews and improve client issue-handling processes (Exhibit 3).

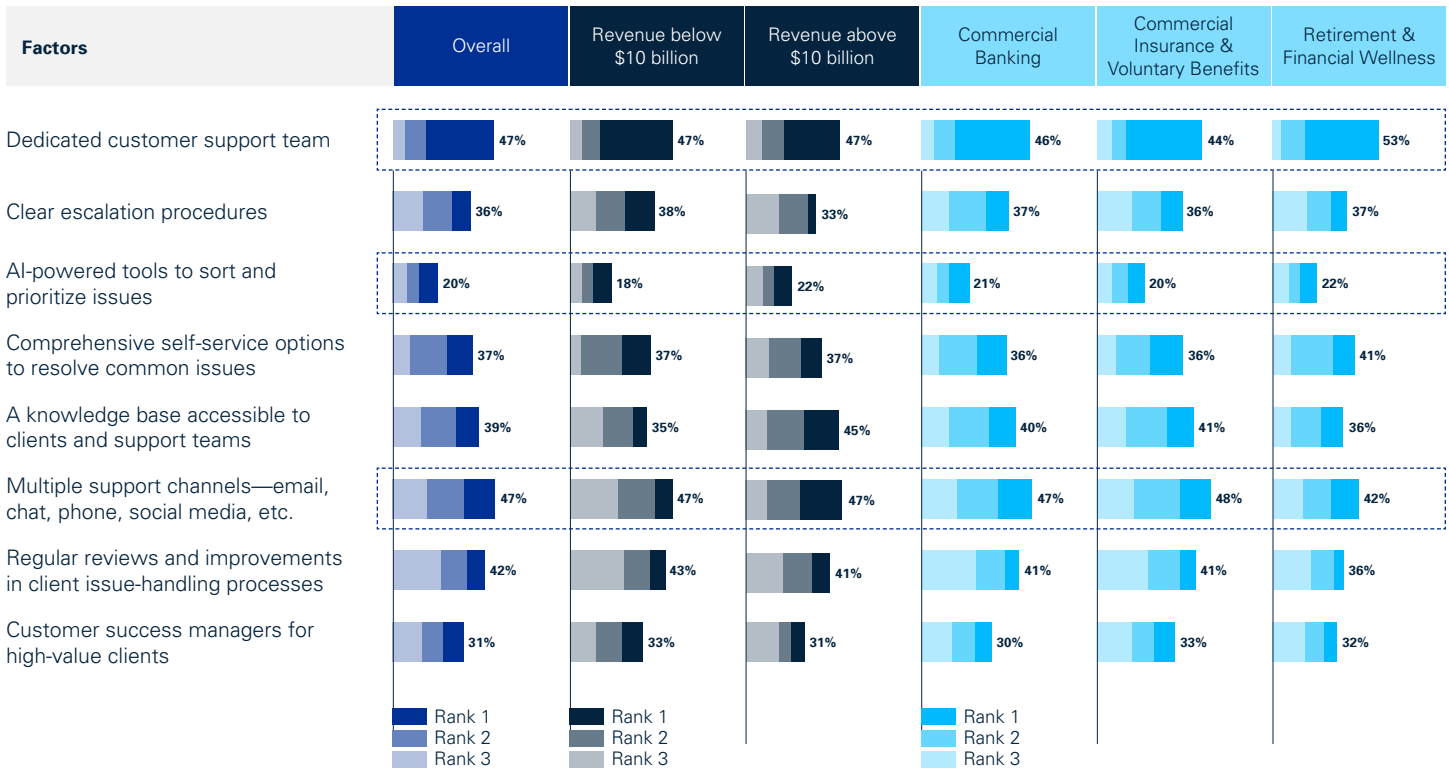
Over half of respondents seek more proactive communications and managing expectations to avoid disappointment and build mutually beneficial relationships. Many want financial

services providers to show empathy with more active listening, acknowledge customers' needs and concerns, and demonstrate understanding through action.

More than 75 percent called for personalization of the service experience, including individualized account management and support.




Not surprisingly, in saving time and effort, more than 60 percent flagged fast response times and issue resolution, followed closely by streamlined processes and procedures.

Exhibit 3: Key to improving issue resolution for B2B customers of all sizes



Source: KPMG US. B2B customer experience excellence in financial services. 2024.

Respondents ranked financial services providers in terms of satisfaction. The top firms outperformed in three main areas of customer experience:

-  Clear and effective communication throughout the service process
-  Speed and efficiency of service delivery
-  Strong relationships and trust with customers

Having a strong product offering is still an important foundational requirement—more than 40 percent of respondents continue to see high-quality, cost-effective products and services as essential, followed by ease of doing business and integration with customers’ existing systems.



Challenges and opportunities in an increasingly competitive marketplace

First-rate expertise, execution, and partnerships will become increasingly important given product and service commoditization.

In our experience, B2B leaders share some common strengths. They have clear strategic visions and enterprise-wide perspectives, for example, and field cross-functional B2B teams with end-to-end capabilities.

Across industries, B2B outperformers maintain a deep and up-to-date understanding of what target customers want, track what competitors offer in terms of products, services, and customer experience, and are innovative and flexible enough to make fundamental changes or create new channels or business models quickly to keep pace with customers' changing needs.

Execution is enormously important. For example, a good customer experience requires excellent data handling, identification, management,

curation, and presentation. Inefficient data management can delay progress and create challenges in creating and providing products and services.

And while providers constantly seek the latest technologies to improve compliance and the customer experience, people are at least as important as tech. Customer support teams need the right talent, training, and standard operating procedures. Half of respondents cited inadequate training or capacity of the provider's customer-facing staff as a key challenge during onboarding (Exhibit 4).

The survey results suggest that buyers consider a customer-centric strategy to be crucial in onboarding, especially in commercial banking and insurance. They also highlight the need to invest in new technologies and to tailor experiences to an organization's needs, especially in retirement and employee benefits services.

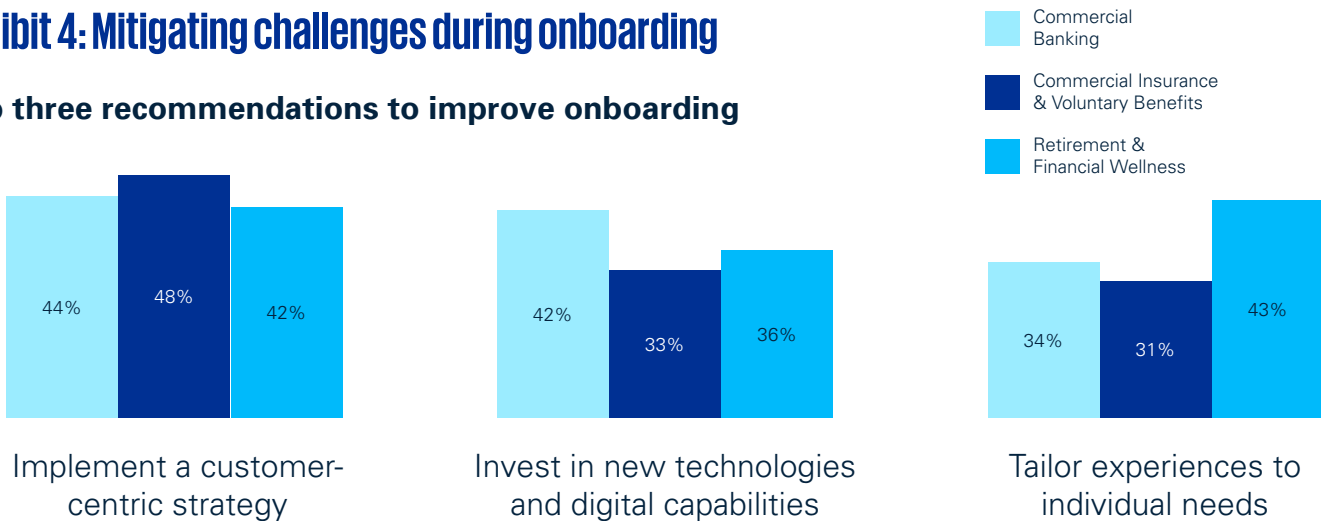
Asked what they found most challenging during onboarding, about 60 percent of respondents across financial service industries cited difficulties in navigating complex products and services.

Well over half of commercial banking buyers also cited a complex customer journey, limited tech enablement, and ineffective communication channels as stumbling blocks. More than half of insurance retirement buyers cited limited access to support or service.

In one of the most striking findings, majorities of retirement and financial wellness buyers—56 percent of those with revenues over \$10 billion and 62 percent of respondents at smaller firms—cited inadequate training or capacity of providers’ customer-facing staff. This shortfall suggests major opportunities for competitors who can hire, train, and retain better customer service teams.

Exhibit 4: Mitigating challenges during onboarding

Top three recommendations to improve onboarding



Other significant ways to mitigate challenges in each financial services category

Commercial Banking	Commercial Insurance & Voluntary Benefits	Retirement & Financial Wellness
Ongoing employee training and education (~37%)	Gathering and analyzing feedback and insights (~43%)	Collaborating across departments to align customer service initiatives (~38%)
Streamlining processes and expediting service delivery (35%)	Improving communication and messaging across touchpoints (~35%)	Improving communication and messaging across touchpoints (32%)
Prioritizing relationship-building (35%)	Streamlining processes and expediting service delivery (34%)	Gathering and analyzing feedback and insights (32%)

Case study

A global commercial bank aimed to improve B2B marketing processes to accelerate speed to market, boost revenues, and find new insights. The company needed an integrated process that aligned its marketing and sales function with uniform measures of success, more efficient workflows, and clearer decision rights across stakeholders.

The bank worked with KPMG to identify several improvement opportunities. KPMG helped the bank clarify responsibilities, accountabilities, and decision rights to define new ways of working, beginning with “quick wins” and assessing their value-creation impact.

Strategic alignment improved across marketing and sales. The bank used what it learned in pilots to infuse learnings into processes, removing unnecessary steps and accelerating speed to market.

Steps to winning in B2B financial services

Based on our research and experience, we have developed recommendations for attracting and retaining B2B customers while driving profitable growth:



1. Establish a strategy to differentiate with a focus on how customer experience can be an integral part of the differentiation.

Companies should consider competitors and other business service providers who may offer innovative experiences to the same clients in different categories. For example, a provider of commercial banking services to the pharmaceutical industry might consider how technology partners are serving that industry's customers—and possibly raising their expectations. A deep understanding of other providers and their offerings may reveal new ways to set commercial banking products apart and better serve those customers' needs.



2. Conduct a rigorous diagnostic of what aspects of the customer experience are the biggest detractors.

Key questions to consider:

- How well does the onboarding experience accommodate customers' business processes?
- How well are account management and service associates versed in the products and customers' circumstances?
- How do data and technology help customers and employees solve problems?
- How does the company identify issues and how well does it resolve them?



3. Tailor an operating model to the needs of each customer segment.

The vast majority of today's B2B experiences are highly customized—and many are overly complex. We encourage financial service providers to tailor operations to suit different customer segments but also simplify the customer experience across people, process, and technology, and create common components to serve multiple customers.



4. Be intentional about how data and AI enable a human experience.

B2B experiences are grounded in data. Leaders should develop a rigorous approach to applying data to develop insights into both the breakpoints as well as areas of opportunity for technology innovation. The most obvious use cases may not be those that drive the most value for the firm or its customers. Early exploration and testing will yield higher-impact use cases that could provide unique differentiation.



5. Build products with service built in.

Leaders should consider the servicing aspects of products as part of the product development lifecycle. Determining the experience and servicing model as part of the design process will help to alleviate challenges during implementation and misalignment of expectations.



Leaders who recognize that customer experience is a critical factor in winning and retaining B2B relationships can more clearly differentiate their offerings. Further, leaders who develop strategies and solutions that improve service, with a focus on improving responsiveness, are more likely to meet and exceed the high expectations of B2B financial services buyers.

Taking steps to understand the landscape, tailoring the operating model, being intentional about deploying technology, applying data and AI, and building products with service built in, can all contribute to outperformance.



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Scott Lieberman

Principal
US Customer Advisory Leader
KPMG LLP
E: scottlieberman@kpmg.com



Melanie Dallavalle

Managing Director
US Customer Advisory
KPMG LLP
E: mdallavalle@kpmg.com



Chelsea Mene

Manager
US Customer Advisory
KPMG LLP
E: cmene@kpmg.com

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