

# Banking on Emotions

Many view the act of “banking” as being pretty dry, mundane and a necessary evil. Let’s face it, gaining product information and advice, developing a financial plan and completing the transactional tasks required for one’s daily financial wellbeing won’t ever be as emotionally gratifying as other aspects of our daily lives. ...or could it be? We talked to Alyson Clarke, Principal Analyst at Forrester and 2022 guest speaker at DN’s Intersect Vienna conference, and our own Scott Anderson and Anja Popp, to explore why financial institutions should consider design experiences that take consumers’ emotional and motivational needs into account.



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A lot of our work focuses on what makes a great customer experience. And from there we look at how brands can use customer experience to drive loyalty and revenue, and also reduce costs. We find that what makes a great experience is the three E’s: Ease, effectiveness, and emotion. And emotion has a far bigger impact on loyalty than the other two. Our research shows that banks typically don’t perform as well on emotion, compared to ease and effectiveness, so banks need to do more to deliver customer experiences that evoke positive emotions if they want to drive loyalty.

## DO CUSTOMERS’ EMOTIONS PLAY A PART IN THE BANKING EXPERIENCE?

We have been looking at this question from a technology perspective: What kind of emotions, or motivations, would impact technology-infused customer journeys? How would this drive or prohibit consumers’ acceptance? Digital solutions often start with the credo that human interactions can be 100% replaced. Not every customer wants that. And there’s also the question of differentiation. Simplification through technology is just what you’d want as a financial institution. Reflecting on clients’ inward motivations is necessary to see the thin line to becoming just mainstream.

We talk to customers of brands, and we ask them about their latest interactions, what they did and how they felt. And in banking, year after year, in many different countries, we find that customers want to feel valued, they want to feel respected, and they want to feel appreciated. Those are the emotions that have the biggest impact on driving loyalty in banking. Yet, they’re the ones that customers are often not feeling when they interact with their banks.

## WHAT EMOTIONS EVOKE THE STRONGEST POSITIVE RESPONSE?

We found five motivational clusters that also impact technology preferences: First, creating feelings of appreciation and safety. Second, simplifying to enable self-determination. Third, providing a bridge to human reassurance when needed. Fourth, designing a hyper-personalized experience. And last but not least, considering a consumers’ comfort zone based on long-standing habits. For certain consumer segments, one of these aspects is typically dominant.

Interestingly, the one issue that started to creep to the top is confidence. I think that’s a result of the pandemic and the changing economic conditions. Consumers are feeling less confident about their ability to be in control of their lives and their finances, so they are seeking out brands that help them regain that sense of confidence.

## HAVE YOU SEEN RECENT CHANGES IN CERTAIN CUSTOMER EMOTIONS?

We have just started to repeat our research in some of our core markets. And we indeed observed an increase in the need for human reassurance, accompanied by a decline in the demand for self-determination. Both strongly relate to consumer confidence, so at this point, our observations align with Alyson’s point of view.

A hybrid experience means an experience that combines physical and digital elements. What we’re finding is that banking customers prefer hybrid experiences, and when we dig into that, we see that’s because hybrid experiences are evoking more positive emotions than digital-only or physical-only experiences. Given that emotion drives loyalty, it’s really important to think about designing experiences that evoke positive emotions, and we know that’s more likely to come from a hybrid experience that combines physical and digital elements.

## WHAT ARE HYBRID EXPERIENCES AND WHY DO THEY MATTER?

Today, the barriers between touchpoints are increasingly blurring. We interact with humans through video, we withdraw cash from an ATM using a mobile app on our smartphone. The pandemic has finally torn down the barriers between in-person and digital interactions. Now, we know that 60% to over 90% of consumers visit the self-service channel every month. Quite often, ATMs remain as the only physical presence where financial institutions optimize branch locations. It’s a relevant question to think through how self-service can answer clients’ emotional needs as part of a hybrid experience.

I often think of hybrid experiences as the triple threat: You’ve got the digital part of the experience delivering the ease and effectiveness that people want and expect from their bank, but from the physical, or human element, you also get the emotion. Now positive emotional experiences can also come from digital interactions that offer great personalization. But those emotions definitely come through when banking customers have a human interaction, so banks should look to design customer experiences that combine the best of digital and physical (or human) interaction. For example, offering live chat to a customer browsing your website, enabling one- or two-way-video appointments for customers wanting to open an account or seeking advice, enabling a customer to engage interactively with a teller if they need it while self-serving at an ATM.

## HOW DO FINANCIAL INSTITUTIONS DESIGN EXPERIENCES THAT RESPOND TO EMOTIONS?

We recommend applying a consumer-centric perspective that’s going beyond observing what consumers do or who they are demographically. Self-service is well suited to deliver simplicity to everyday banking needs. Yet we should not underestimate the demand for appreciation, reassurance and safety, which can be increasingly empowered by technology or through the delivery of a hybrid approach. Sometimes it’s quite easy. Being aware of security measures is top of mind to most consumers when using an ATM. A bridge to human interactions, as simple as a “need help” button alerting bank staff on site through remote video agent integration, ensures you can be there whenever your clients seek human reassurance.

### THE TAKEAWAY

Tie emotions into how your financial institution supports banking journeys. Think about confidence and trust where high availability, high security and personalization would differentiate you from your competition – and build appeal and loyalty by enabling access to staff when needed, on the consumer’s terms. The key is to think holistically about what you are best at and take pressure out of the system by leveraging technology solutions and services partners to augment your team and your consumer journeys; you don’t need to take it all on your shoulders.

For more information on this topic, check out:

- [Blog: Getting Emotional Over Banking, by Scott Anderson](#)
- [Report: Motivation in Modern Banking, by Anja Popp](#)
- [Video: Panel discussion about the impact of consumer emotions on loyalty and satisfaction, featuring Alyson Clarke, Scott Anderson and Anja Popp](#)