
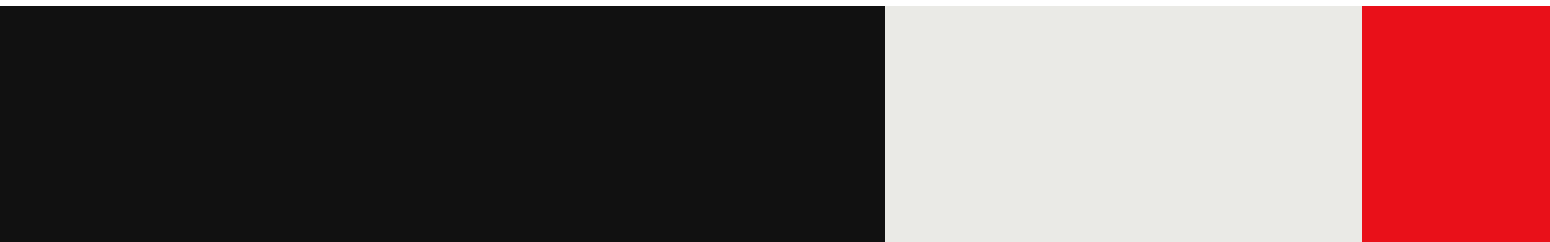


What is the customer-centric banking model?

Article



Consumer finance is fragmenting as consumers increasingly build relationships with multiple providers. But their desire for choice is competing with their expectation of convenience: 86% of consumers prefer to manage all their banking activities in one app, per a December 2023 Chase survey.



Providers that help consumers streamline their financial lives can fill a valuable niche. Right now, there are few players unifying consumers' financial relationships—but that's about to change. Over the next six years, the banking industry will focus on consolidating and

streamlining consumers' financial lives—especially as the US gets a formalized open banking system. The result will be an entirely new industry model: customer-centric banking.

Banks typically present their products, services, and support as standalone offerings in their apps. Customers must find, apply for, and pay for them individually. But in customer-centric banking, the app will be built around the customer's life stage and personalized to their individual needs. It will present the products and services relevant to that life stage in a single, streamlined flow.

Here's how the customer-centric banking model changes the customer experience (CX) based on the life stage-linked goal of homeownership:

- In **product-based banking**, the consumer must seek out a mortgage, home insurance, and home improvement loans separately (and sometimes from different providers when the need arises). For nonfinancial services that support homeownership, they must seek out another set of providers outside of financial services. The customer journey is disjointed and siloed.
- In **customer-centric banking**, the customer can find and buy all products and services necessary for their goal at once within a single hub, such as a banking app. Services can be proactively offered to the consumer at the right moment in their journey.

The opportunity: The customer-centric model offers banks constant touchpoints plus cross-selling and upselling opportunities across the consumer life cycle. Banks will use data analytics and predictive modeling to identify a customer's specific life stage and then personalize the experience accordingly. Increasingly, banks will seek to start the customer journey even earlier with kid- and teen-focused financial apps, converting younger users into customers as they reach adulthood.