CONTACTBABEL

US Contact Center Verticals:

Finance

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US Contact Center Vertical Markets: Financial Services

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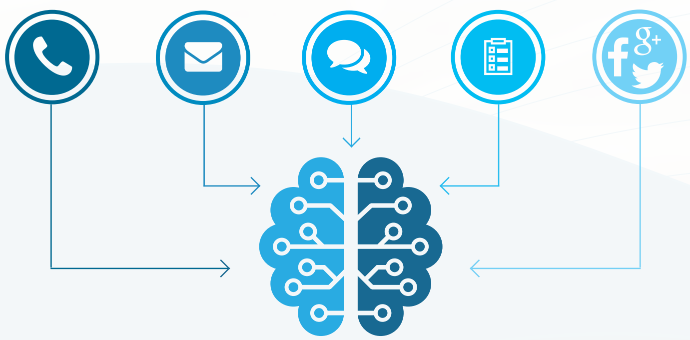

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CallMiner is a speech analytics platform that drives business improvement by connecting insight to tangible action. We use the power of A.I. to scale human understanding, analyze interactions at the deepest levels, identify patterns and root causes, and reveal opportunities.

We believe that business improvement starts with a deep interest and curiosity in people. How do we detect a customer's true emotion, and how do we act on it to shift a business's culture and steer it on the most successful path? We aim to close these gaps through innovation, but the heart of our work lies in humanity: understanding, followed by action. We apply this same principle within our culture, promoting an attitude of kindness, compassion, genuine interest, and respect for one another.

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The decline in financial services (finance and insurance) contact center jobs seen in 2009 and 2010 turned itself around, with increasing levels of investment in these sectors. However, more generally, consolidation and cost-cutting across the industry has seen the number of contact center operations decline, although primary research with those that remain has reported significant levels of increase in headcount, meaning a very gentle overall increase in agent positions and jobs since 2016.

Since 2011, there have been significant new entrants to the financial services market: often smaller, more specialized operations, rather than major brand names, which have opened smaller contact centers, but this is more than matched by the consolidation of multiple operations into fewer, larger contact centers. With the steady uptake of online self-service by banking customers, the number of overall contact center jobs in the sector looks to have peaked at close to 900,000.

Due to the nature of many financial services interactions requiring privacy, compliance and confidentiality, this sector had been slower than average to move large volumes of interactions to digital channels such as email and web chat. Telephony self-service levels continue to be a very significant part of the customer contact mix. Recent years have seen some movement away from telephony to digital channels, as technology solutions have become more sophisticated and customers more comfortable with their use, but the finance sector is still heavily voice-oriented.

Outbound telephony had been an important part of the financial services industry, accounting for around 20% of all interactions in 2016, but this has dropped to only 10% in 2019, with the majority of outbound interactions being call-backs.

While financial services has been relatively slow to embrace digital communication over voice, this has started to change very quickly in recent years and expectations are high for solutions such as web chat to be implemented in the near future. There is considerable expectation amongst financial services contact centers that speech analytics and AI will be implemented in the near future.

In recent years, financial services agents are more likely to earn a little less than the industry average, with most recent figures showing that finance agents will earn around $500 per year less than a typical US contact center agent.

Finance agent attrition rates are roughly similar to the wider industry average (25-30%), and absence rates have historically been very similar to those seen US-wide.

In line with the contact center industry as a whole, finance has seen average call duration increase since 2012. Average speed to answer has been considerably higher than the industry average for the past five years.

Looking to the future, while the demand for financial services products is increasing, businesses will look to implement consolidation and cost-cutting exercises in order to maintain profitability in a hyper-competitive industry and increasing levels of self-service, automation and digital communication will slow any growth in headcount and operations.

Recent rises in self-service, mobile banking, online financial product quotes, comparison sites and online banking mean that the typical call dealt with by the finance sector will become more complicated and require greater skills from the agent. Recent announcements by banks show some interest in video agents too, especially for high net-worth customers.

It is also likely that voice biometrics and other customer identity verification techniques will make their way into the mainstream, which will have an impact upon reducing call lengths and therefore require fewer agents to handle the same number of calls. For the financial services industry, average call duration is consistently below the industry average, suggesting that there are a high proportion of calls which are of short duration and which could in theory be handled by self-service rather than with a live agent, which places longer-term pressure on agent numbers.

However, there is little danger as things stand that the financial services contact center industry will experience a significant decline in overall agent numbers, as contact centers are still a far more cost-effective way of provide services than the local branch network model. The sensitive and confidential nature of many financial services interactions will mean that customers will still have a strong demand for the voice channel, and it is likely that the salaries of contact center agents within the financial services industry will increase both absolutely and relatively as the complexity and expertise required to handle the average finance voice interaction will continue to rise.

Generally, there are increasing levels of technological investment being seen in this sector, and the complex nature of some of the work may be less suited to online self-service, with a large proportion of financial services customers wanting to speak with banks for reassurance and compliance. There is a need for personalized communication within this sector, which can include cross-selling and upselling on inbound service calls (a subset of call which will witness longer call lengths as a result), with finance organizations that implement this model seeing significant revenue accruing from this.

INTRODUCTION

"US Contact Center Verticals: Financial Services" looks at the structure, growth, technology, HR and commercial issues found in contact centers within the US financial services sector, which includes banks, credit card companies, loan companies, stockbrokers, financial services advisors and debt collection agencies.

It contains data from multiple large-scale surveys of hundreds of contact centers carried out since 2010, and is the definitive study of this vertical market's customer contact operations.

Please note that statistics within this report refer to the US industry, unless stated otherwise. There is a version of this report available for download from www.contactbabel.com with equivalent UK statistics.

To comply with the usual protocol of market analysis, years are reported as year-end (i.e. the 2019 figures refer to the end of 2019) unless stated otherwise.

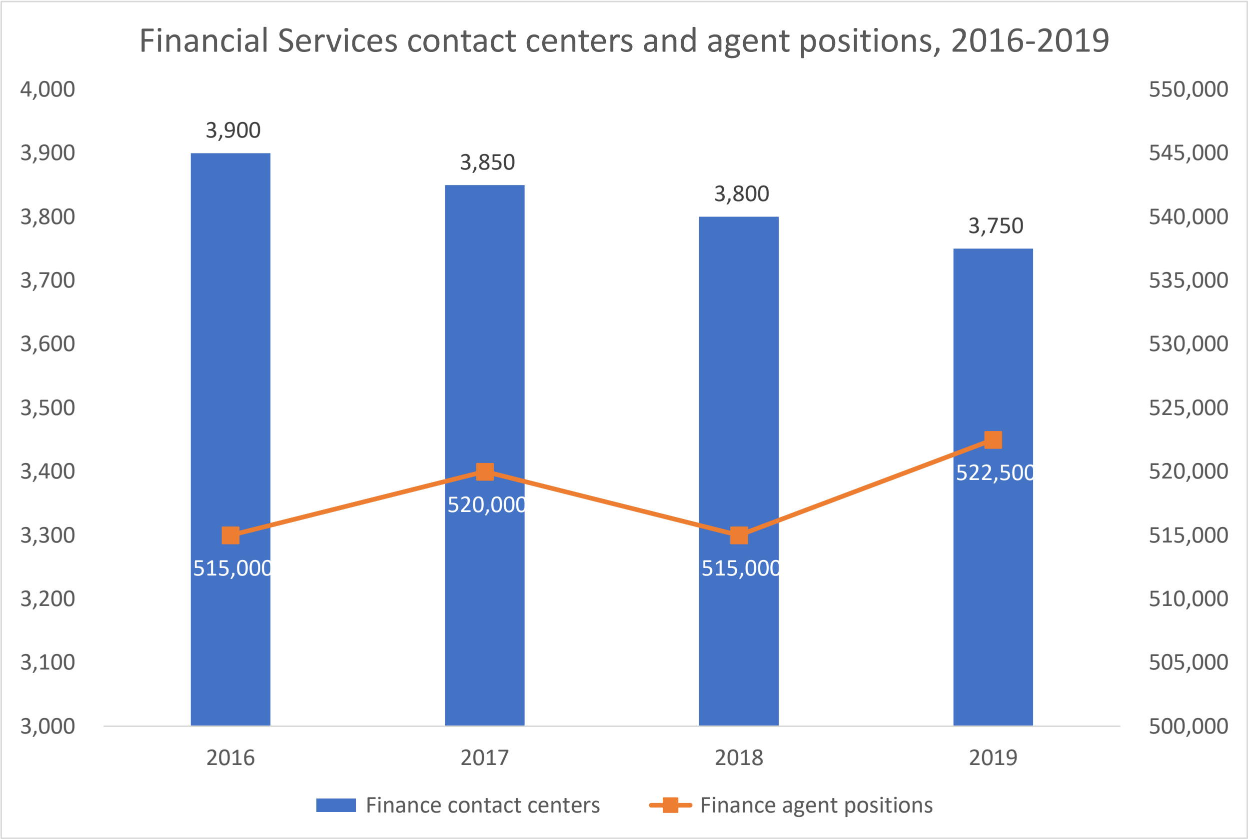
MARKET SIZING

STRUCTURE

The decline in financial services (finance and insurance) contact center jobs seen in 2009 and 2010 turned itself around, with increasing levels of investment in these sectors. It is noticeable that there have been some announcements of new very large banking operations in the last 3-4 years.

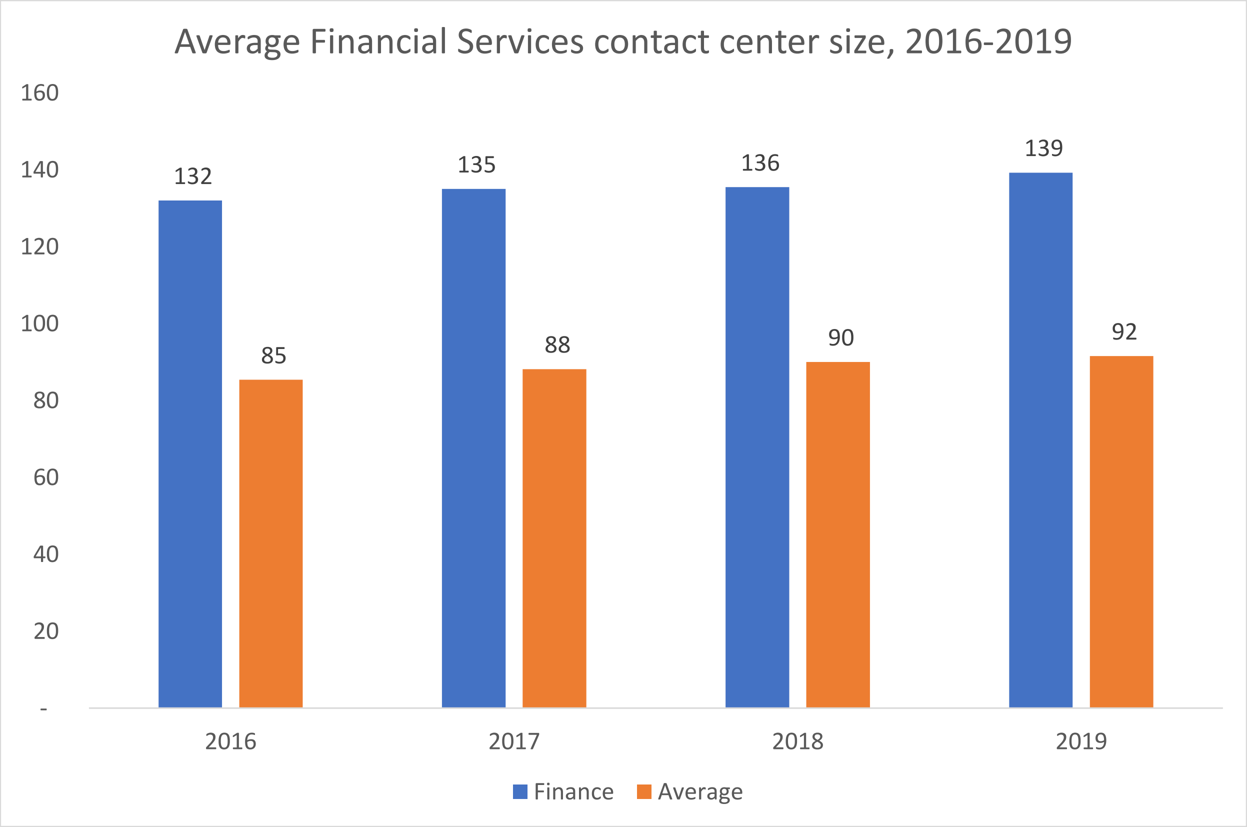
However, more generally, consolidation and cost-cutting across the industry has seen the number of contact center operations decline, although primary research with those that remain has reported significant levels of increase in headcount, meaning a very gentle overall increase in agent positions and jobs since 2016.

Figure 1: Financial Services contact centers and agent positions, 2016-2019



Financial services contact centers tend to be around 50% larger than the US average, and have remained fairly steady at around 130-140 agent positions for the past few years.

Figure 2: Average Financial Services contact center size, 2016-2019



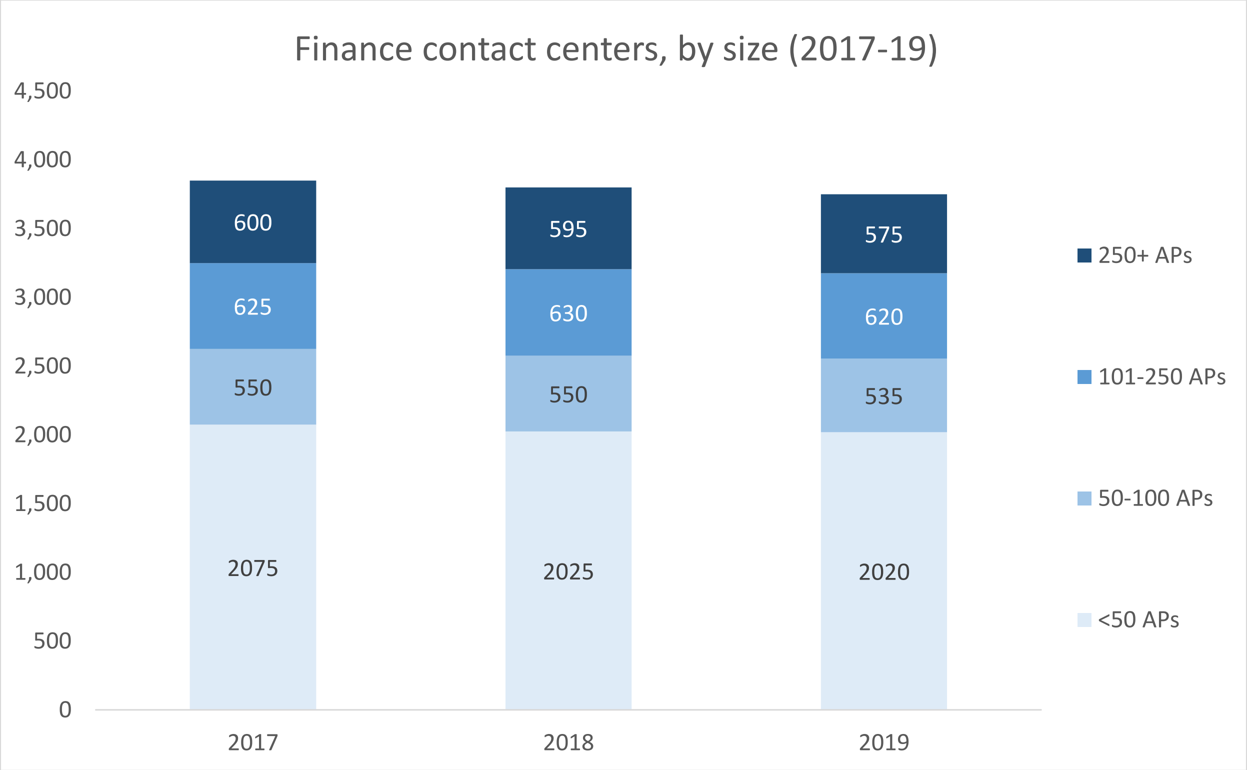
The finance sector has always been a major player in the US contact center industry, both as a result of the number of operations within the sector as well as the relatively large average size of typical finance contact centers.

Contact centers of over 250 seats are relatively rare in the US (there are around 2,300 out of around 40,000 contact centers in total), so it can be seen that the finance sector accounts for a significant proportion of these operations.

As time has passed, the number of finance contact centers has declined in most size bands although the mid-sized operations have held up better.

Since 2011, there have been significant new entrants to the financial services market: often smaller, more specialized operations, rather than major brand names, which have opened smaller contact centers, but this is more than matched by the consolidation of multiple operations into fewer, larger contact centers.

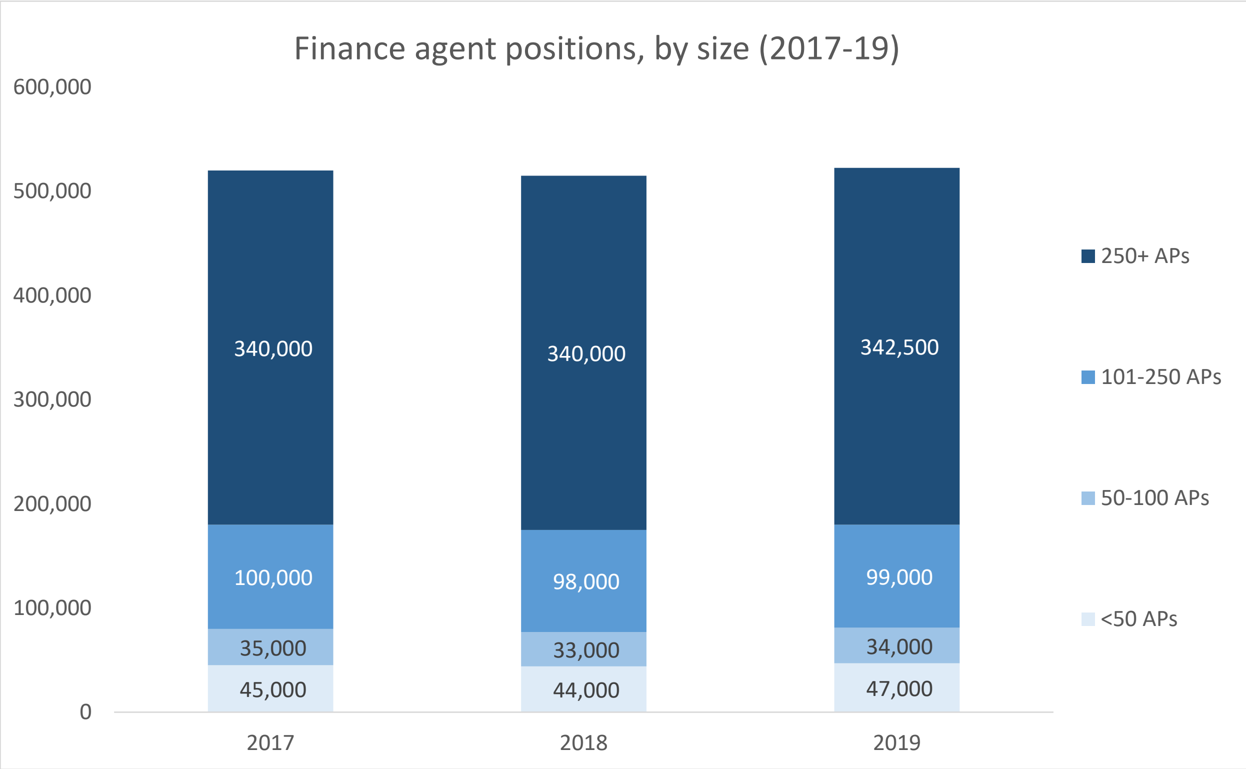
Figure 3: Financial Services contact centers by size, 2017-19



The importance of the financial services sector to the US contact center industry can be seen in the chart below, which shows the number of agent positions in each size band.

There are 1.65m agent positions in the US's 250+ seat category, and the finance sector accounts for over 20% of these, and are often amongst the largest contact centers in the country. Major banks may have multiple 500+ or 1,000+ seat individual contact centers, and credit card companies also have a very significant headcount.

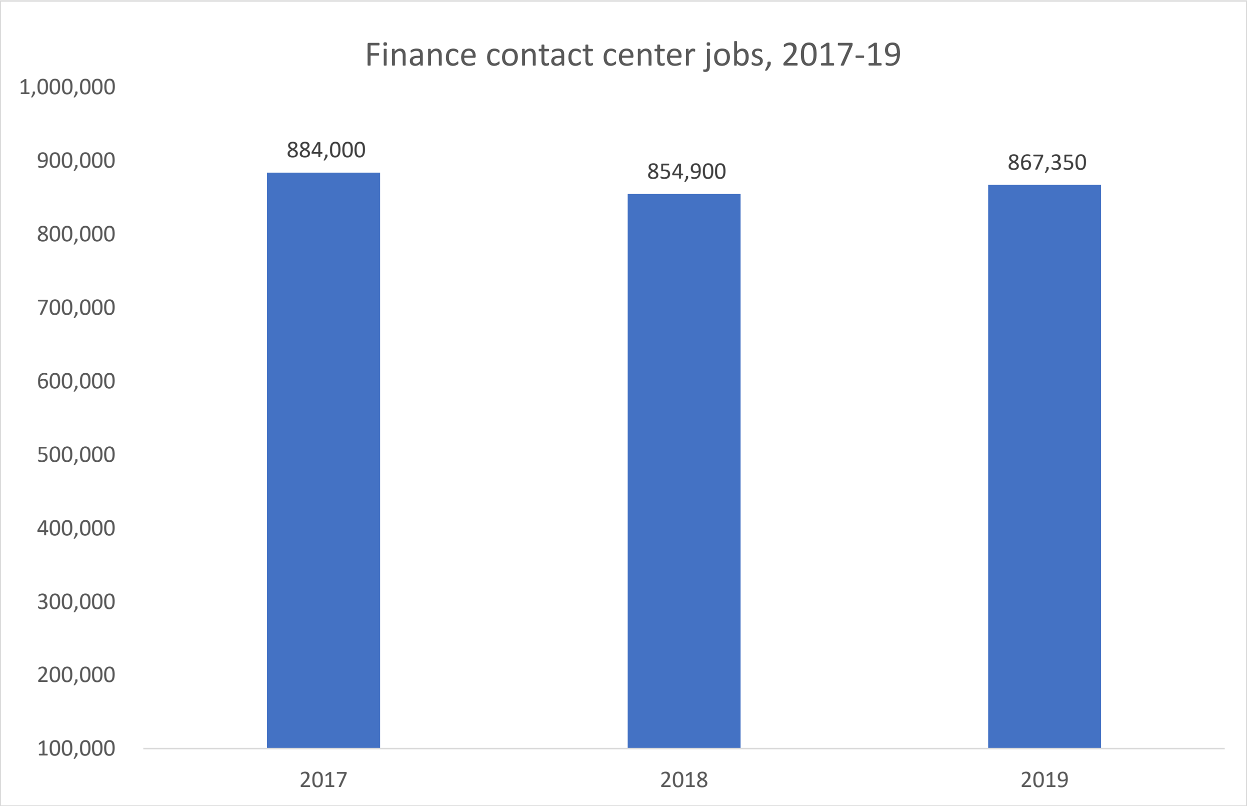
Figure 4: Financial Services agent positions by size, 2017-19



There was major growth in jobs associated with financial services contact centers since 2011, after a drop in 2008 and 2009.

However, with the steady uptake of online self-service by banking customers, the number of overall contact center jobs in the sector looks to have peaked, although 2019's rise in employment means that this is not definite.

Figure 5: Financial Services contact center jobs by size, 2017-19



GROWTH

Despite the increased uptake of self-service and automated service (such as AI-enabled web chat), our surveys with finance contact centers have been broadly positive in terms of headcount, and we expect a slightly positive effect on agent position figures until 2023.

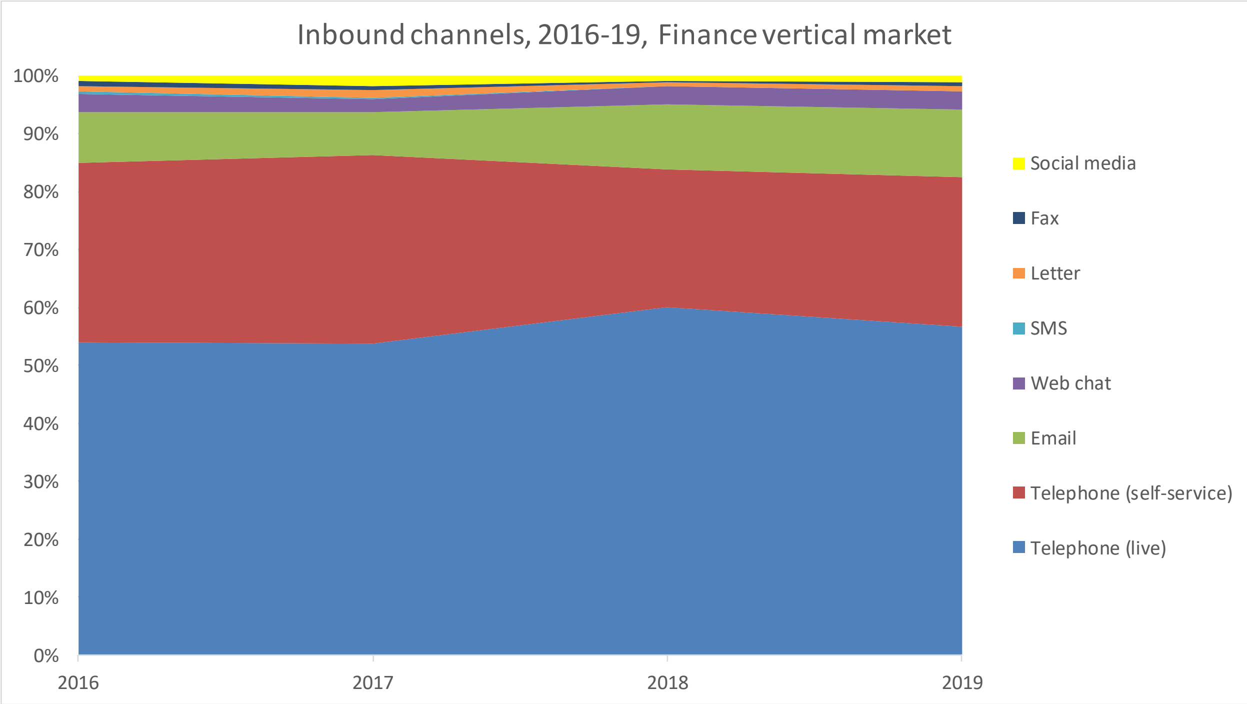
There is likely to be a continued slight decline in the number of physical contact center operations, mainly due to consolidation into larger existing facilities.

Figure 6: Financial services – agent positions and contact center forecasts, 2019-23

	2019	2023	Finance CAGR	Average CAGR
Agent positions	522,500	535,000	0.6%	0.3%
Contact centers	3,750	3,700	-0.3%	-0.5%

The finance industry is weighted towards telephony contact. Going against the prevailing industry norm, there seems to be a slight movement away from self-service towards live telephony although self-service figures for this sector are far above the norm. Digital channels are currently under-served although this has changed somewhat recently. (NB – a data point of 0% does not indicate that there are no interactions at all in this channel, only that survey responses come to less than 0.5% for that channel).

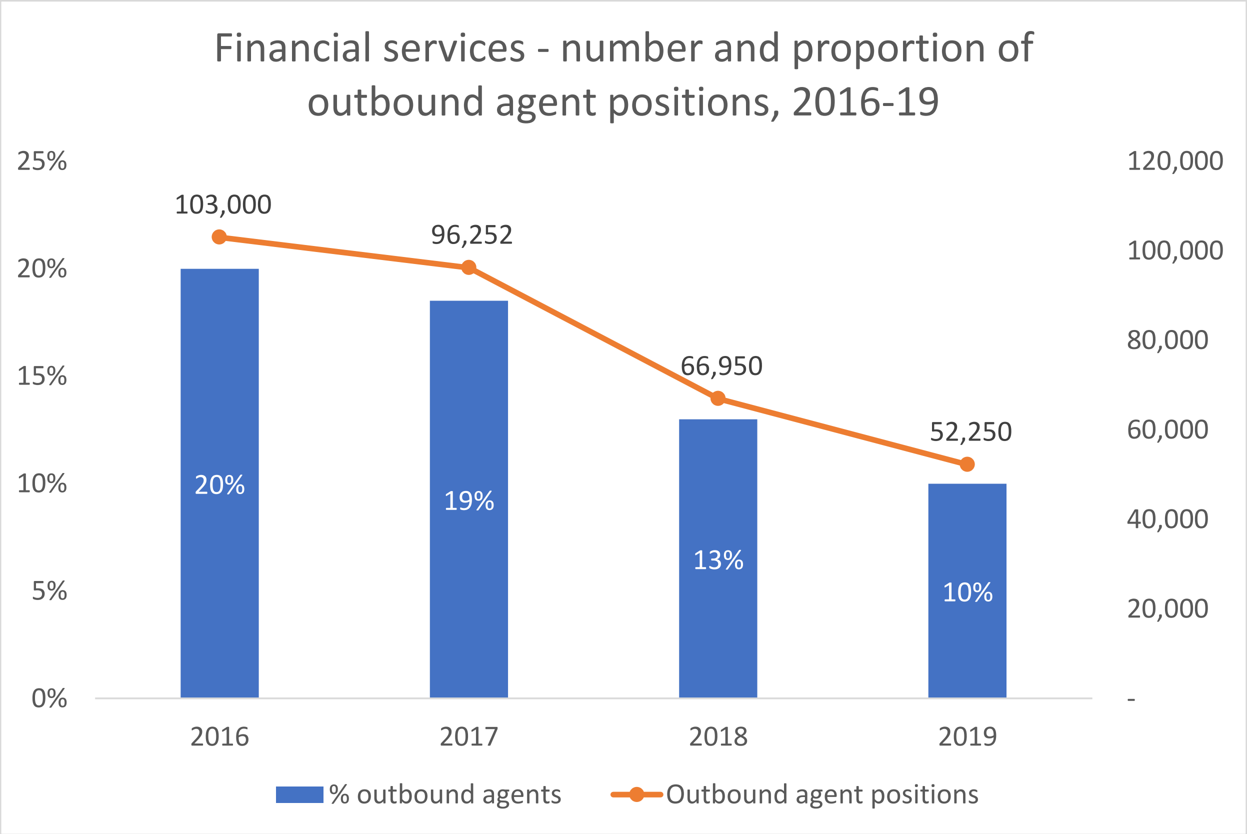
Figure 7: Contact center inbound interactions by channel, 2016-2019 - Finance



Channel	2016	2017	2018	2019
Telephone (live)	54%	54%	60%	57%
Telephone (self-service)	31%	33%	24%	26%
Email	9%	7%	11%	12%
Web chat	3%	2%	3%	3%
SMS	0%	0%	0%	0%
Letter	1%	1%	1%	1%
Fax	1%	0%	0%	1%
Social media	1%	2%	1%	1%

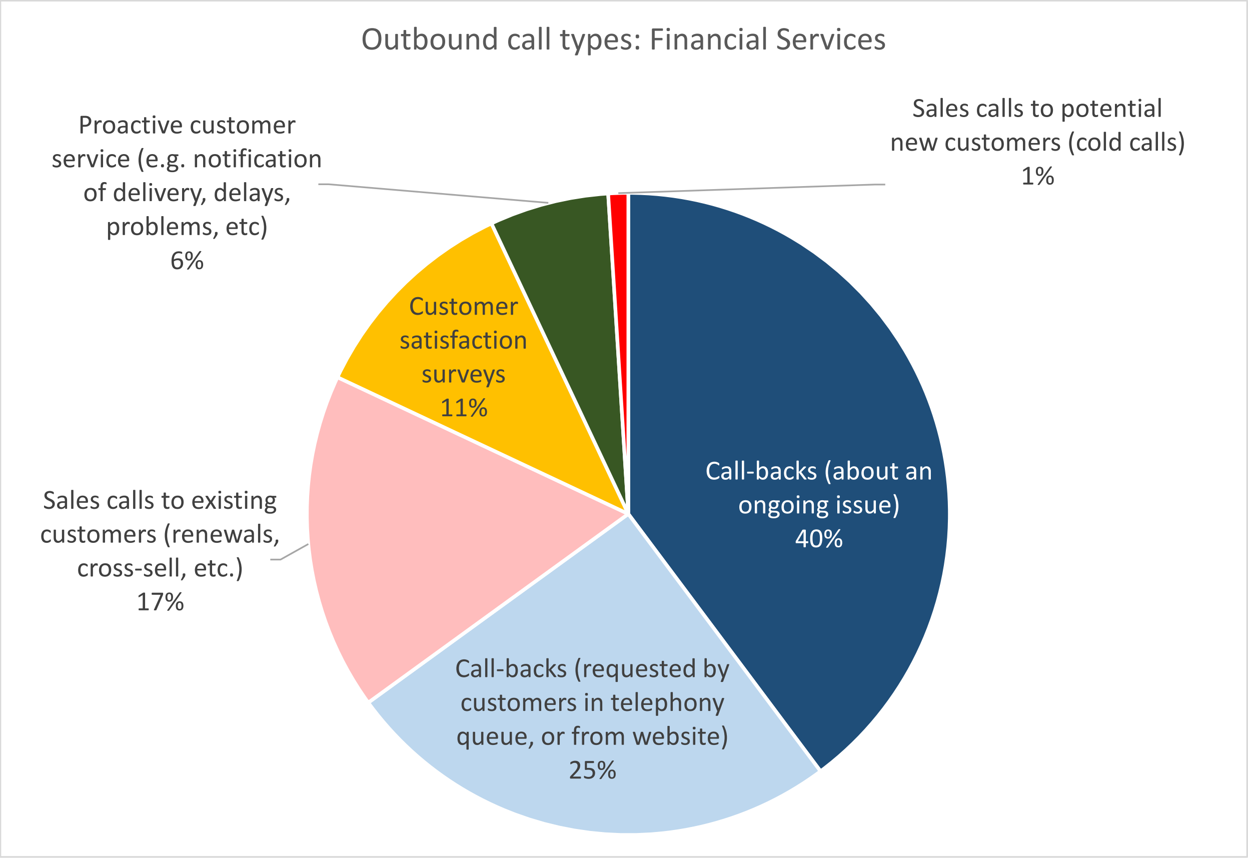
Financial services outbound activity has dropped considerably since 2016, being equivalent today to around 52,500 agent positions.

Figure 8: Financial services - number and proportion of outbound agent positions, 2016-19



There has been a definite movement away from sales-focused calls, towards call-backs from requests made within the telephony queue or from the website. There are very few cold calls for most financial services companies.

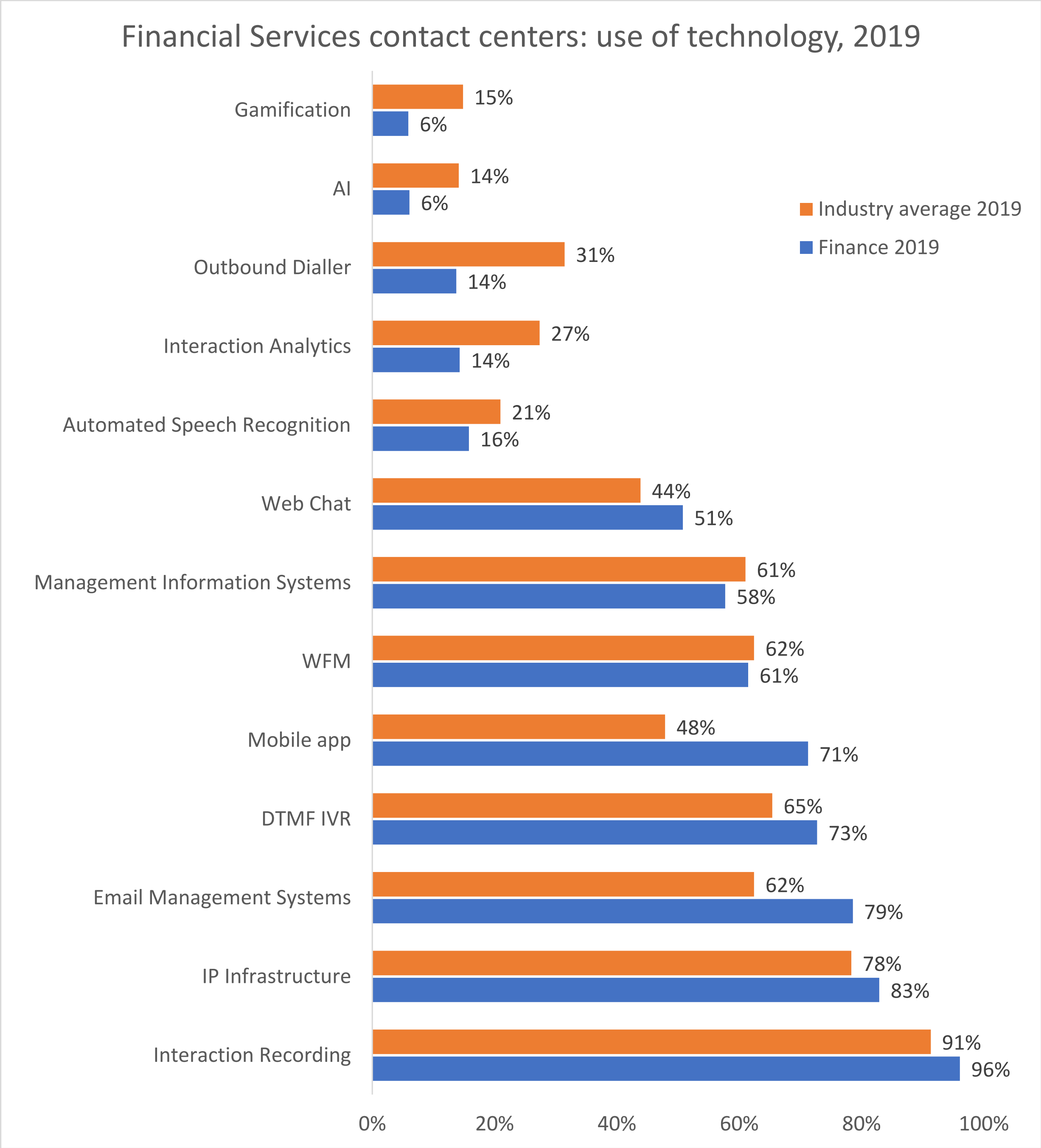
Figure 9: Outbound call types: Financial Services



TECHNOLOGY

As expected in a heavily-regulated industry, interaction recording is used by the vast majority of the financial services survey respondents in 2019, with IP infrastructure, email management, DTMF IVR and mobile customer service apps also popular. Cloud-based solutions are used by 43% of respondents.

Figure 10: Financial Services contact centers: use of technology, 2019



CallMiner Intelligence from Customer Interactions

For Better Customer Experience, Look Closer at Context in Your Contact Center

Banking and financial services contact centers contain a plethora of data that can drastically impact customer experience and your customer's overall relationship with you. It's the place where the voice of the employee, voice of the customer and the overall brand perception is conveyed. With all the interactions and words being exchanged and the importance of the insights that can be derived, it's essential to consider the context of every conversation to ensure your products, employees and data is working for you.

Understanding context is crucial for call recordings and transcriptions to become more than just conversations captured for compliance or quality purposes. The right technology elevates recordings with contextual information so that they are no longer just unstructured data – they transform into a data package with invaluable insights that enterprises can act on.

Speech analytics unlocks the door to conversational insights

Speech analytics is key to unlocking the context of every conversation. Through AI-fueled technology, it takes insights to another level by uncovering the critical insights that are otherwise invisible. Through a combination of contextual and sentiment analysis, calls become far more than words—they become feelings, emotions, situations – a real exchange with actionable data that helps a company understand its customers better and in turn, improve its CX and brand reputation.

Without speech analytics, companies are holding back on their true potential. Many enterprises limit themselves to the walls of traditional call recording for quality assurance (QA) purposes and compliance regulations, only really listening to 1 – 3% of their customer interactions. With an estimated nine million calls to U.S. contact centers daily, these companies are doing an injustice to themselves by not capturing and analyzing 100% of these interactions, which is made possible only through technology.

Contextual information fuels better outcomes

There are many strategies for better customer experiences—but it'd be impossible to compare the different approaches by only manually listening to a random selection of calls. With speech and text analytics, companies are able to compile the relationships between words, categories, acoustics and semantics—as well as the standard KPIs that your agents are already being measured against—to provide a 360-degree view of the exchange.

Add AI and machine learning (ML) into the mix to unlock even more features such as automated performance and sentiment scoring. Through scoring, the words spoken by the agent and customer are combined with how they're conveyed – and then the interaction is automatically scored through speech analytics to show a comprehensive view of performance and outcome.

Don't miss out on a world of insights that lead to action

Many companies already have a post engagement survey or NPS system already implemented, but these assessments are seriously lacking – you're missing out on 85 – 95% of the conversation because you're not able to ask the "how" or "why" behind it. In other words, you're without the context. Speech analytics allows for businesses to have a full view into both sides of the conversation—why the customer was calling, their frustration (or lack thereof) throughout the call, their overall satisfaction of the outcome, and more. It's also possible to tell whether the agent followed a script to avoid compliance violations, how knowledgeable they were about solving the customer's problem for training purposes, as well as whether they delivered a positive experience for customer satisfaction—all without having to wait days – all without having to wait days (or weeks) to capture and analyze solicited survey feedback.

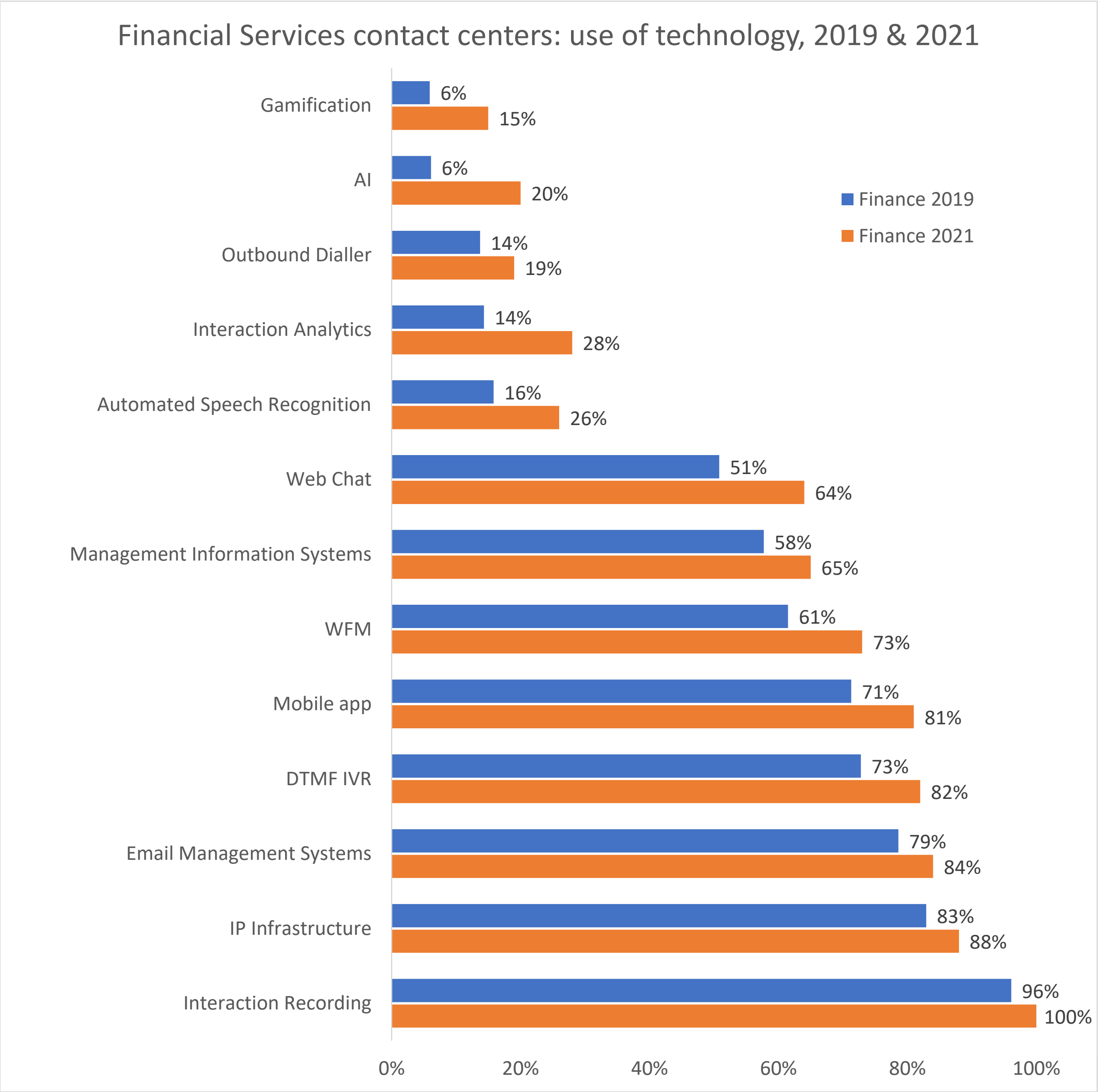
This empowers organizations to track agent and customer behaviors to identify trends, problems and successes. From a customer perspective, this effectively manages risks by measuring how likely they are to commit fraud and avoids customer churn by estimating brand loyalty. Companies are also able to efficiently monitor agent performance over time to make actionable recommendations for improvement.

The results are in, and enterprises are missing out on a world of opportunity by letting their call recordings sit on a server, collecting dust. It's time to unlock a world of opportunity for business and operational intelligence with speech analytics, which will be your right-hand tool for uncovering the truth behind each customer interaction.

Financial services contact centers are ahead of the industry average with their use of web chat, despite this only being used very recently by some of the larger banks due to concerns over its suitability in a secure environment. FS operations have of course been very high users of call recording for many years, yet have noticeably lower implementation rates for analytics than most other sectors despite the large volumes of customers and recorded data that are available to many finance companies.

The greatest expectation of technology growth – and expectation should not be confused with what the reality is likely to be – comes from AI, speech recognition, gamification and interaction analytics.

Figure 11: Financial Services contact centers: use of technology, 2019 & 2021



The latter is useful for compliance – key to finance operations – as well as providing potential business and operational benefits, with analytics being generally more useful in larger operations with many customers and interactions, which is the case for many finance companies.

Automated speech recognition is being implemented in an increasing number of finance operations, for voice biometric / customer identity purposes rather than just simple auto-attendant/routing.

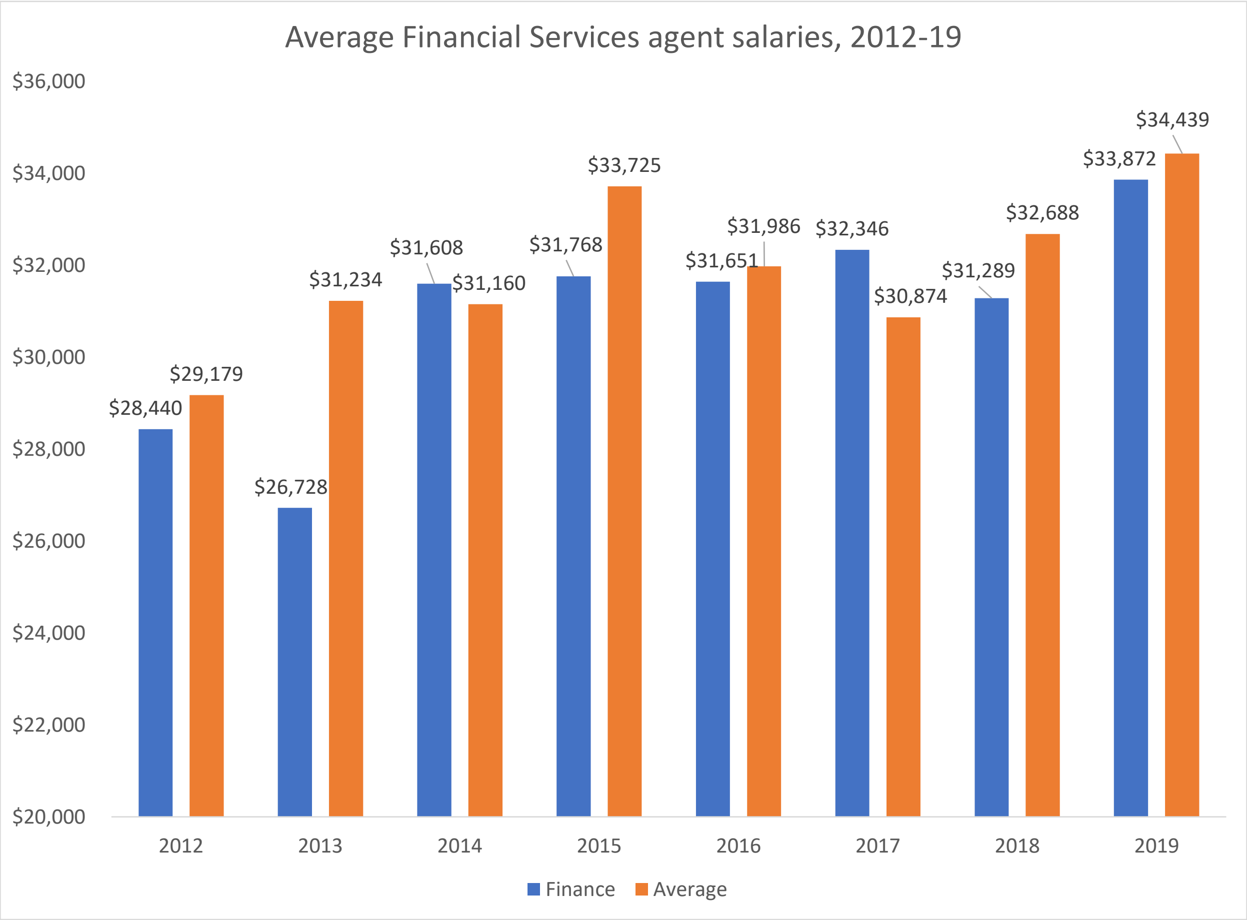
SALARIES

The salary figures below are calculated by adding together the average salary paid to new agents and to experienced agents, and dividing by two.

In the past eight years, financial services agents have been paid more than the industry average only twice, with the current gap between the average finance salary and the average annual industry salary around $500.

Due to the easier customer requests being handled by self-service, calls generally are getting longer and more complex, meaning that agents require greater skills and knowledge (supported by technology), which will place upward pressure on salaries in the future.

Figure 12: Average Financial Services agent salaries, 2012-19

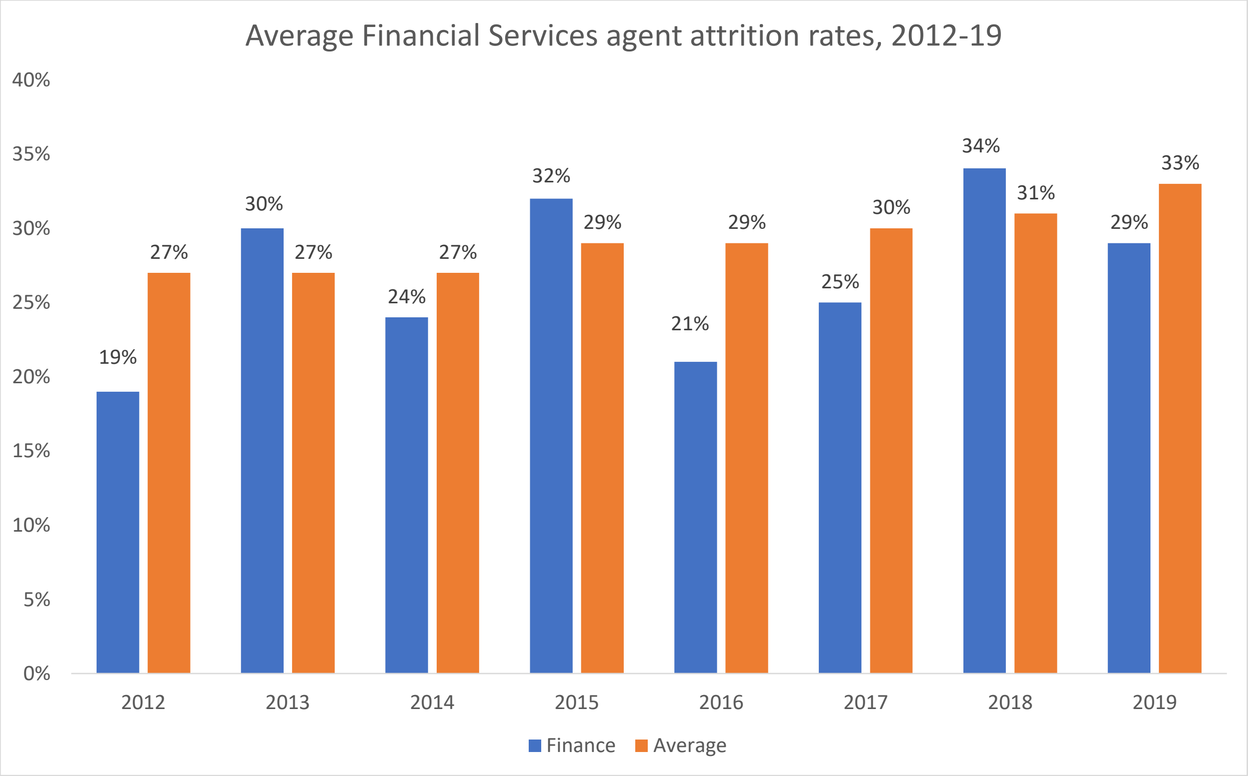


AGENT ATTRITION

Financial services agent attrition rates show little recent pattern, dropping to 21% in 2016 but jumping to 34% in 2018, more likely as a result of the specific respondents answering the survey in each year, rather then any structural changes in this sector of the contact center industry.

Most years have seen financial services agent attrition at around the 25-30% mark, being fairly similar to the industry average.

Figure 13: Average Financial Services annual agent attrition rates, 2012-19

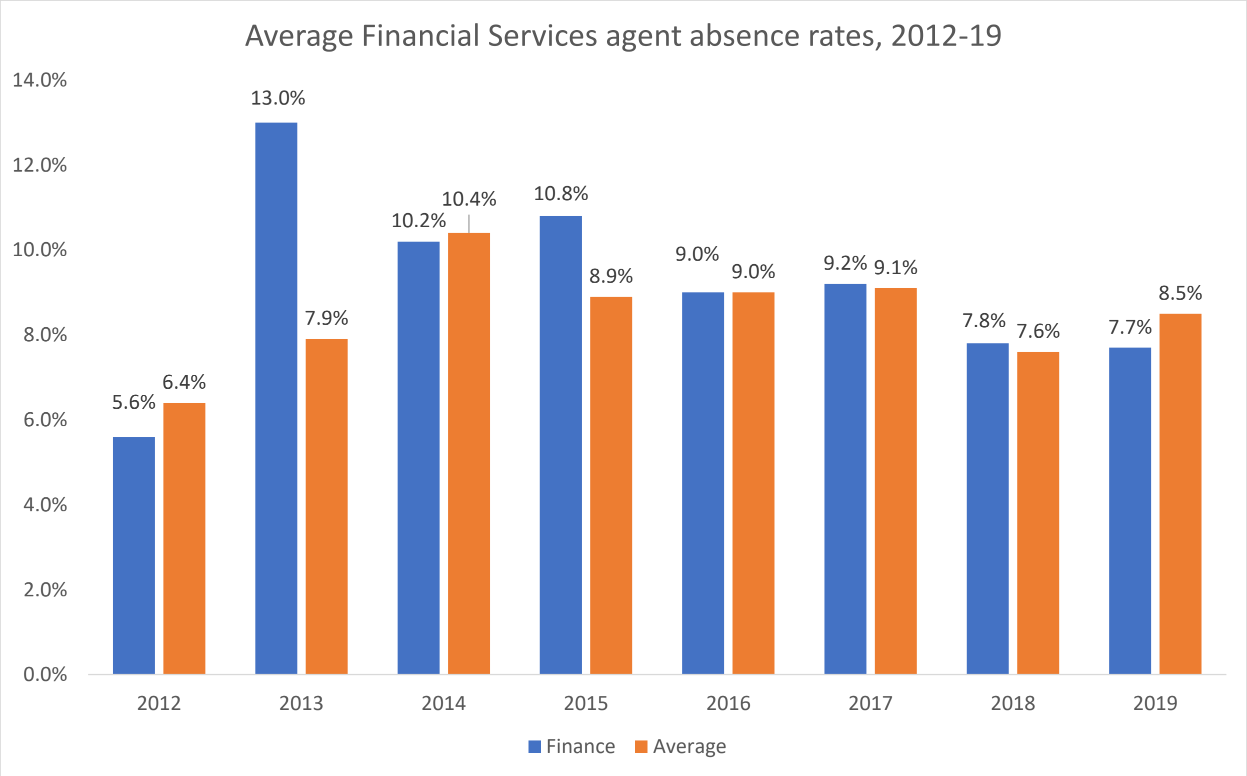


AGENT ABSENCE

For the past four years, financial services agent absence rates have been very close to the industry average, i.e. around 8-9%.

The current financial services agent attrition rate is the lowest on record since 2012.

Figure 14: Average Financial Services agent absence rates, 2012-19



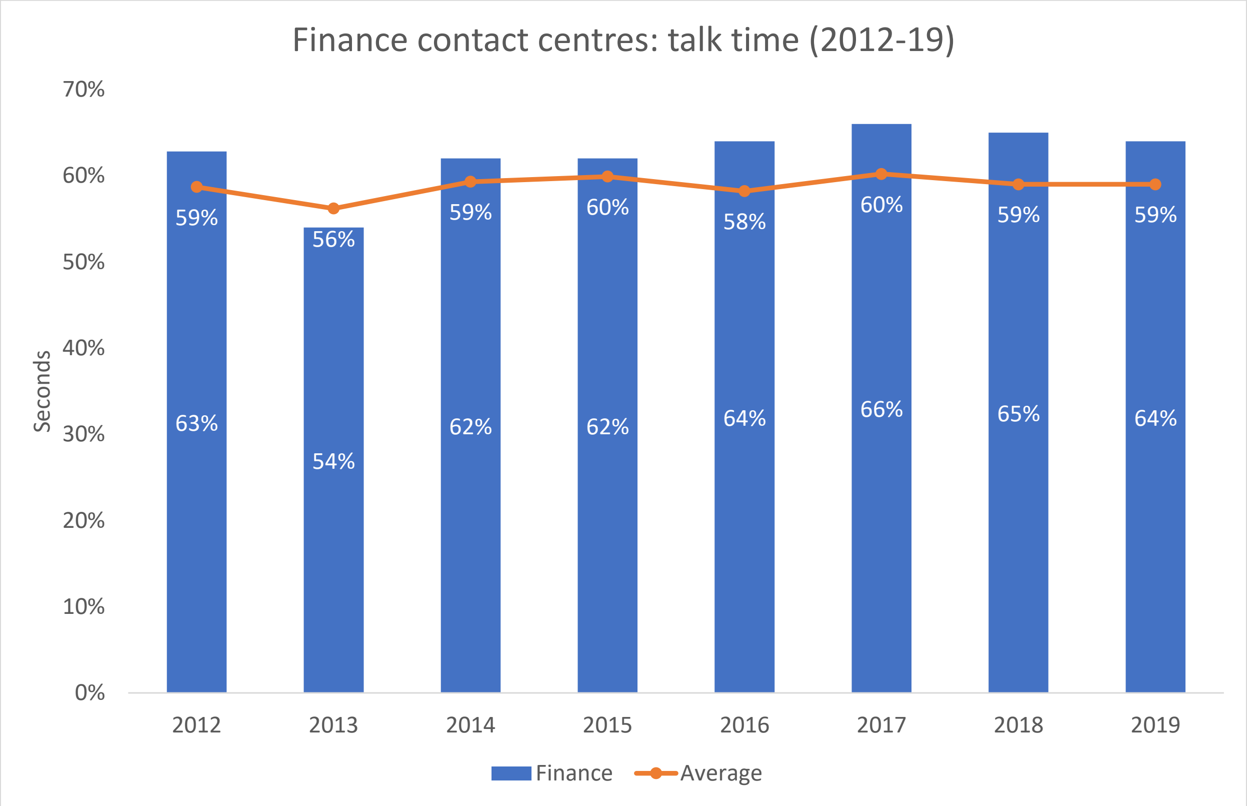
OPERATIONAL BENCHMARKING

AGENT ACTIVITY

The proportion of agent time spent talking to customers has remained fairly steady at an industry-wide level since 2012, staying between 55% and 60%.

Financial services contact centers' talk times are generally higher than the industry average and have perhaps increased slightly over time, being at least 64% in each of the past four years.

Figure 15: Financial Services contact centers: talk time, 2012-19

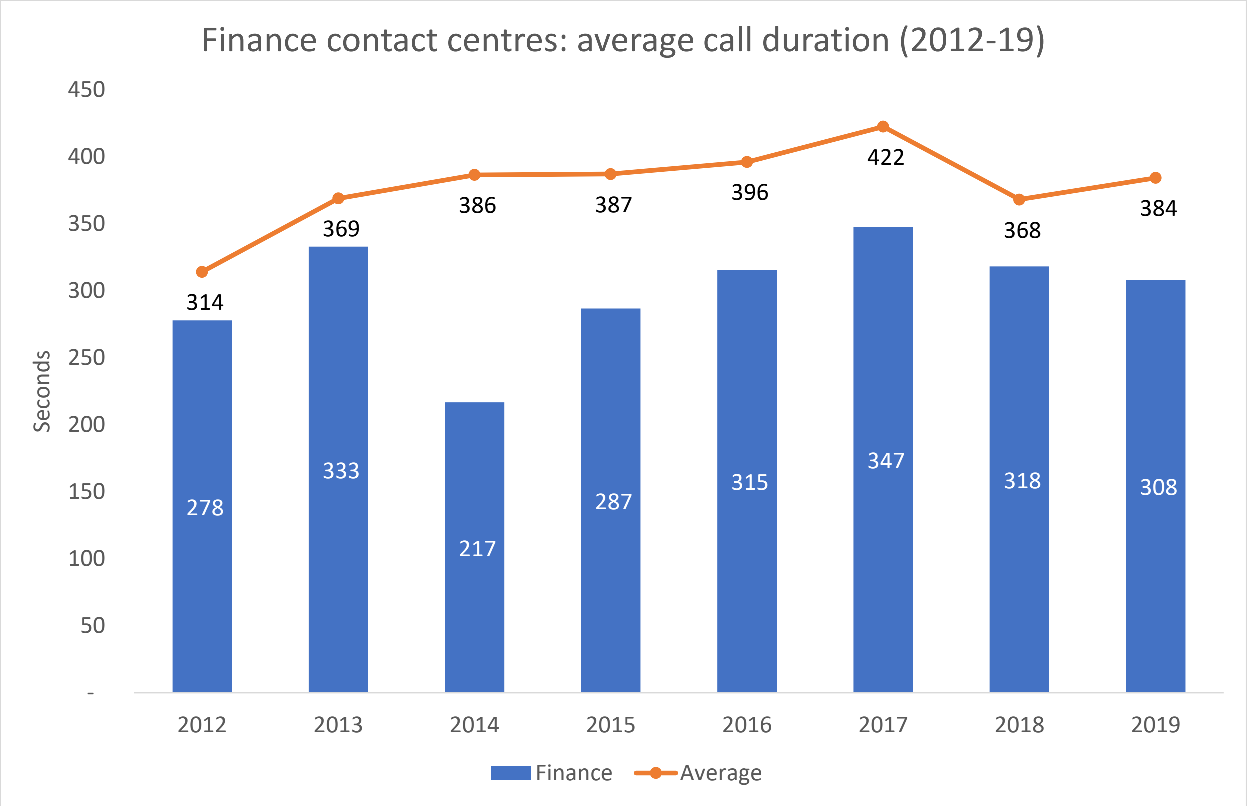


CALL DURATION

The length of financial services calls across the industry has risen fairly steadily since 2012, and although the pattern is uneven, it can be seen that the overall trend is definitely upwards. This is caused in large part by the greater use of self-service to handle simple queries or interactions, leaving live voice calls to more complex issues, and also for customers who are less comfortable with automation and self-service, and who may also take longer on a call.

For the financial services industry, average call duration is consistently below the industry average, suggesting that there are a high proportion of calls which are of short duration and which could in theory be handled by self-service rather than with a live agent. It may also be the case that a significant proportion of customers calling about financial issues prefer the certainty and security of actually speaking with an agent about a topic which may be very important to them.

Figure 16: Financial Services contact center: call duration, 2012-19



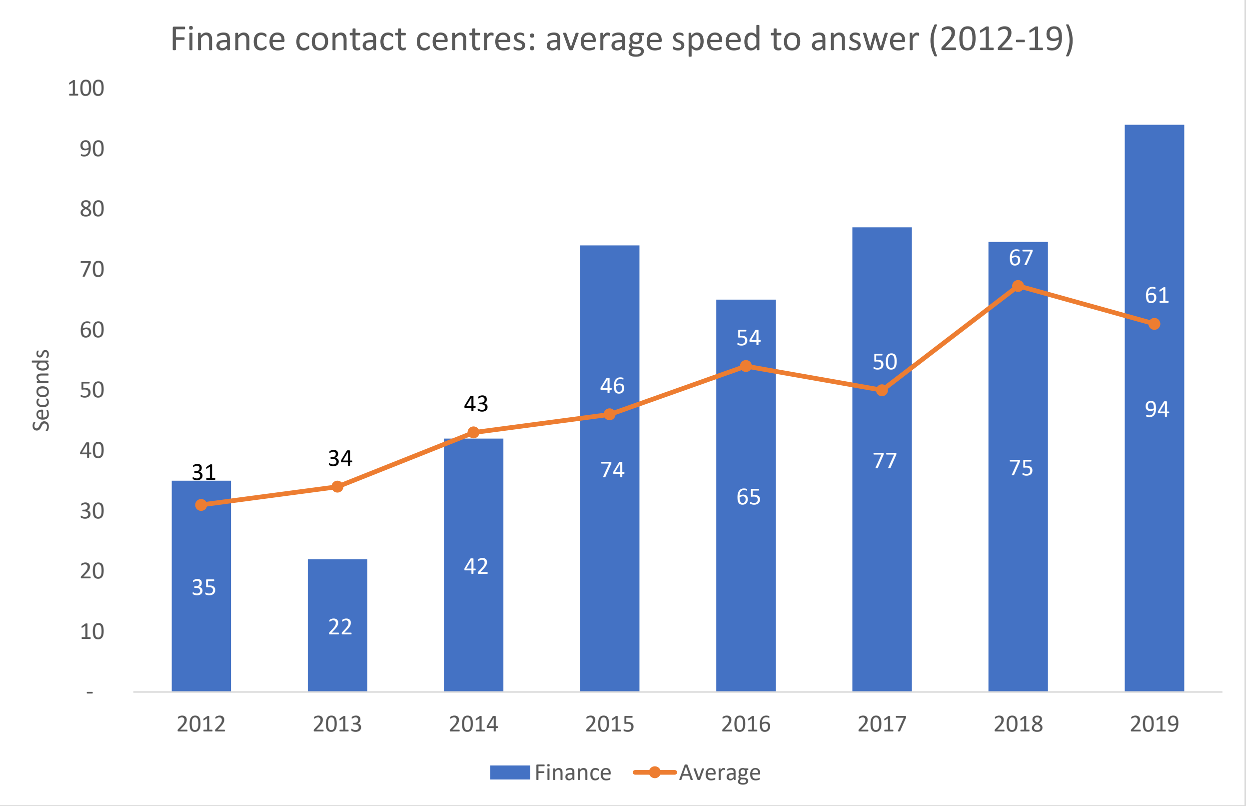
SPEED TO ANSWER

Financial services contact centers can generally be seen to have a considerably higher average speed to answer than the US contact center industry as a whole, being higher than the overall average for all of the past five years.

Speed to answer is still one of the most important factors to customers calling a contact center, so this is negative for the customer experience as a whole.

It should also be noted that average speed to answer has risen in finance operations from 22 seconds in 2013 to 94 seconds in 2019, a rate of increase that is much higher than the industry average.

Figure 17: Financial Services contact center: average speed to answer, 2012-19



ABOUT CONTACTBABEL

ContactBabel is the contact center industry expert. If you have a question about how the industry works, or where it's heading, the chances are we have the answer.

The coverage provided by our massive and ongoing primary research projects is matched by our experience analyzing the contact center industry. We understand how technology, people and process best fit together, and how they will work collectively in the future.

We help the biggest and most successful vendors develop their contact center strategies and talk to the right prospects. We have shown the UK government how the global contact center industry will develop and change. We help contact centers compare themselves to their closest competitors so they can understand what they are doing well and what needs to improve.

If you have a question about your company's place in the contact center industry, perhaps we can help you.

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Sources (all ContactBabel reports):

- The US Contact Center Decision-Makers' Guides
- US Contact Centers: The State of the Industry 2020-24
- The US Contact Center HR & Operational Benchmarking Reports