



# The Lost Decade of Client Centricity

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Implications and opportunities for European financial services

**Financial services firms that seize the opportunity to successfully execute client centric strategy will generate outstanding returns.**

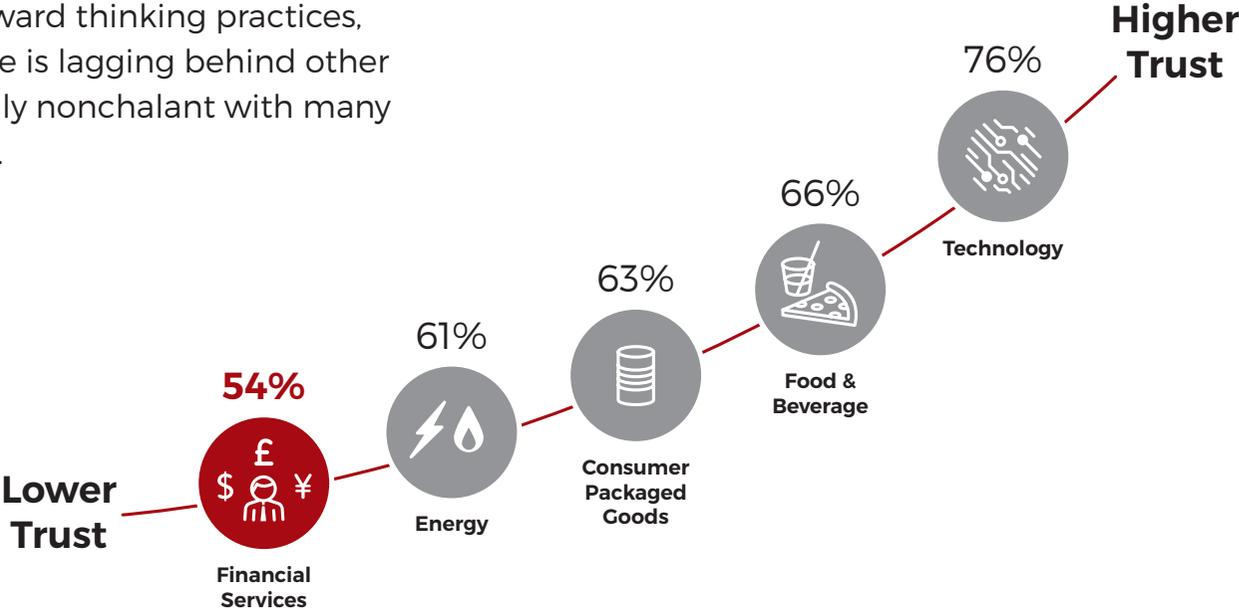
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Financial services firms suffer from a lack of trust by their clients and lag far behind other sectors in terms of being client centric.

### 1. Lack of Trust

Financial services firms are suffering from a lack of trust among their client base. Multiple research reports show that financial firms are not perceived to champion the interests of their clients, they lack innovation and forward thinking practices, their technology and user experience is lagging behind other industries, and clients are increasingly nonchalant with many prepared to readily switch providers.



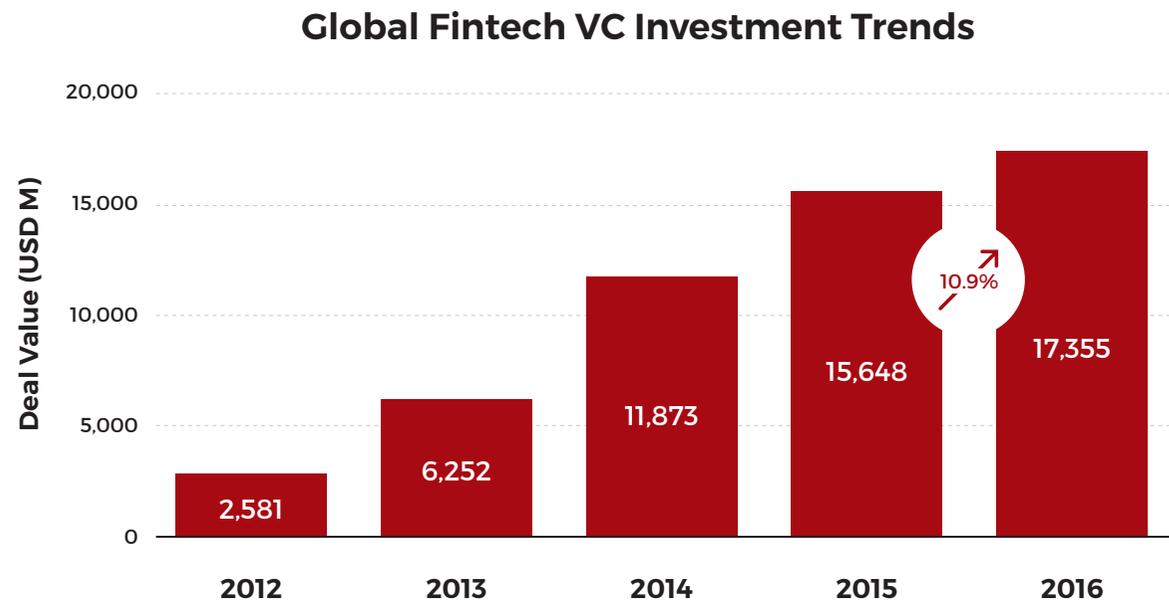
Source: 2017 Edelman Trust Barometer

New entrants, both start-ups and well capitalised technology firms, are focused on disrupting the financial services sector and are attracting increasingly significant capital investment.

## 2. Threat of New Entrants

If incumbent financial services firms do not repair the damage and build trust with their client base, then new entrants will ultimately fill this gap. New entrants include not just start-up firms, but significant and well-capitalised technology sector firms with trusted brands and reputations for being exceptionally client centric.

There is a striking increase in recent levels of investment flowing into FinTech ventures.



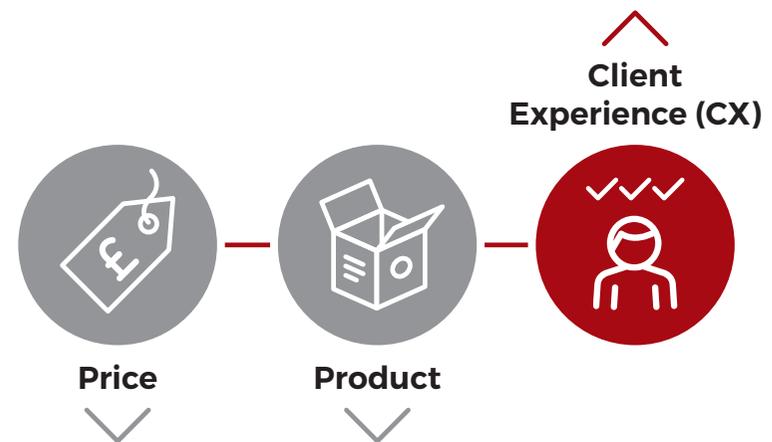
Source: Pitchbook (as of 31/1/17)

Progressive financial services firms will recognise that client experience will soon become the main differentiator to gain advantage, nurture a trusting and loyal client base, and generate significant value for their firms.

### 3. Opportunity to Gain Advantage

Many financial services firms do not compete on the basis of client centricity, which is a missed opportunity. For the last 10 plus years, financial services firms have focused on regulatory issues, compliance, risk management and trimming their costs in line with flat or reduced profitability. Client centric strategy offers a real and significant opportunity for leading financial services firms to gain a competitive advantage, develop a major point of differentiation, and add significant value to their businesses.

*By 2020, client experience will surpass both price and product as key differentiators.*



Source: Walker - Customers 2020

# Stratevolve's Client Sight™ Framework draws on genuine client insights to inform the many elements required for a firm to become truly client centric and capture significant value.

## Stratevolve's Client Sight™ Framework:

### Structure, Capabilities and Technology

Optimise the firm's assets to deliver against the firm's aspiration and goals. Position the firm to deliver the client value proposition, provide client centric products and services, engage clients to exceed expectations, and deliver overall superior financial returns.

### Client Economics

Translate the client experience into an assessment of the relative value delivered to clients, expected revenue and associated costs. Model, analyse and refine the financial returns generated by client segment.

### Client Engagement Model

Re-design the client experience to identify and prioritise key touch points and targeted interactions to deliver the value proposition.



### Aspirations & Goals

Gain commitment to becoming client centric with related clarity on aspirations, firm positioning, and specific client centric and value creation goals.

### Client Value Proposition

Segment clients based on in-depth needs and expectations and so develop a compelling segment specific proposition. Contrast and assess this value proposition against competitors and substitute offerings.

### Products / Services

Re-engineer product and service attributes to align with the client value proposition, for each client segment.



# Incumbent financial services firms have a window of opportunity to seize the initiative to become leading client centric firms and capture significant value.

In a climate of open markets and lowering barriers, where capital is increasingly available for challenger business models and entrepreneurial endeavours, it is only a matter of time before the financial services sector comes under increasing competitive pressure from new challenger client centric businesses and models.

Incumbent firms have a window of opportunity to embrace best client centric practices from other sectors, gain an advantage over traditional rivals, and position themselves to withstand challenges from new entrants.

Stratevolve works with progressive financial services firms to define client centric strategies, assess and develop client centric capabilities, and make strategic investments that add help create and capture greater value.

The economic returns of properly designed and executed client centric strategy offer outstanding returns for financial services firms who recognise the potential and are prepared to seize the opportunity.

## About Stratevolve

Stratevolve is a niche strategy consulting firm that specialises in client centric strategy development and implementation. Our insights in this area trace back to leading edge research conducted by Stratevolve founders Professor Cliff Bowman and Dr Paul Raspin at Cranfield School of Management over the last 15 years.



Contact Stratevolve to discuss how Stratevolve's Client Sight™ Framework can accelerate your firm's thinking on how to become client centric.

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