



TRUST

BANKING ON

What the property industry can learn from Australia's banking crisis

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trust is indeed a dirty word these days. Media headlines are dominated with stories of its misuse by brands and leaders – and Australians are fed up. Just keeping up with technology alone means trust is now even harder to maintain than the integrity of the Australian cricket team and our politicians, while just seven per cent¹ of Aussies rank real estate agents highly for their ethics and honesty, and developers are in the firing line again due to sunset clause controversies.

And now the industry that every Australian engages with is under fire – our banks are amid their biggest crisis since the GFC. Industry-wide figures published earlier this year reveal only one in three people trust our banks² while the continual revelations of extensive breaches uncovered during the Banking Royal Commission means those finance institutions are now faced with their biggest battle yet – how to regain our trust. And the flow-on effect to industries like property cannot be underestimated.

As my colleague Anjali Puri, Kantar's Global Qualitative Director, says: "By treating people as equals, ceding control and inviting personal investment, brands can establish a feeling of kinship that begets trust."

So, what can the property industry learn from one that it is most intrinsically linked to – banking?

Banking is traditionally one of our most trusted industries, yet digitisation, the GFC and branch closures forever changed our relationships with banks – and banking is now evolving at a blistering pace. Even before the fall-out from the Royal Commission, over the last decade, banks went from trusted partner to service provider. At first, they focused on their most profitable segments and alienated younger customers – digital natives who felt neglected in their switch to smart and personalised digital services.

Banks then caught up by swiping into Tinder territory with a focus on quick sales. But, the lack of customer centricity damaged traditional

longer-term relationships reliant on personalised in-branch service and frustrated by disappointing telephone banking, and confusing online portals. They stopped the conversation by automating communications.

At the same time, Aussies became more connected but less trusting about how brands use their data

Connectivity is changing our lives fundamentally and swiftly as more and more activity moves online; but Australian consumers are increasingly aware of how much personal data they are sharing and are growing wary of how it is being used.

Our own *Connected Life* research shows over half of Aussies are concerned about the amount of personal data companies know about them and object to a connected device monitoring their activities – even if it makes life easier. This is most definitely a crisis of trust and could be a big problem when it comes to developing smarter homes.

"In an environment where there is a crisis of trust, it is important to have a proactive strategy to inspire

¹ Roy Morgan Image of Professions Survey 2017, <http://www.roymorgan.com/findings/7244-roy-morgan-image-of-professions-may-2017-201706051543>. ² 32%, https://www.ausbanking.org.au/images/uploads/Edelman_ConsumerStudy_wavetwo.pdf



BIG DATA

trust,” says Puri. “In particular, radical change requires strategies designed to inspire a leap of faith.”

She uses the example of Airbnb, which demands people go through a multi-step screening process before they are allowed to be a host or a guest.

“By creating some psychological entry costs, they heighten the value of inclusion in the community, and also signal other Airbnb members have gone through the same process and are therefore as trustworthy as you are. Being an Airbnb user requires that you invest something personal at every stage – from introducing yourself in an engaging manner to a prospective host to writing a review at the end.”

In this age of big data, arguably no-one should know their customers as well as a bank

Yet, as the Interim Report of the Financial Services Royal Commission states, “...the Banks, and all financial services entities recognised that they sold services and products. Selling became their focus of attention. Too often it became the sole focus of attention. Products and services multiplied. Banks searched for their ‘share of the customer’s wallet’. From the executive suite to the front line, staff were measured and rewarded by reference to profit and sales.”³

And to the “why did it happen?” question, the report says:

“Too often, the answer seems to be greed – the pursuit of short-term profit at the expense of basic standards of honesty. How else is charging continuing advice fees to the dead to be explained?”

Valuers and mortgage brokers especially should be looking to all this as a sign of what not to do – as property is one of the biggest and emotional life purchases there is. It is so much more than just about the ‘sale’. Trust holds way more value.

Also, learn from what the banks

haven’t seemed to capitalise on – the fact they have intimate access to the spending habits of their customers – this should tell them volumes about who their customers are and what support or products they need. And use the data you have access to wisely and don’t abuse it – aside from the breach of trust with the consumer; legislators and regulators will see these as a reason to no longer defer to ‘self-policing’ and instead come down hard to protect citizen privacy. The hothouse of intense competition may create some of the most interesting innovation to date.

So, how can the property industry capitalise?

1. FOCUS ON MOMENTS AND NEEDS

The wealth of customer data that banks hold is marketing intelligence, allowing the provision of sound financial advice at the right moment – something an app would struggle to do. But banks struggle to cross-sell well. Most customers fail to close accounts they no longer see value in simply to avoid life admin – yet they’re purchasing new products elsewhere. Building trust in the moment through real-time updates on spending could, for example, convert into longer-term relationships with brand-loyal older Australians who may be more likely to trust product advice in those significant life moments going forward.

In the smart future, property developers have access to the data that Aussies give freely. Using it smartly to personalise the offer can pay dividends, allowing prediction and response to personalised digital experiences.

2. OPTIMISE YOUR CUSTOMER’S JOURNEY BOTH ON AND OFFLINE

When you look at banks, digitisation and fintech is here to stay – even the most traditional banks must chip away

at market share through disruption with focus on customer experience, simplicity and value. But remember, apps cannot dispense financial advice. There is still a need for human, and often face-to-face contact.

IoT is changing products, services and systems in the home, from restocking the fridge to choosing paint colours – and it is experiences that define perceptions of your relationships. Identify the moments most important to your customer, remove moments of friction and build their experiences.

3. DEFINE AND LIVE YOUR PURPOSE

Traditionally, banks were trusted partners through all our life stages. Then came the GFC. Since then, many banks have battled to rebuild trust, struggling to define themselves and what they stand for – don’t forget, for many, buying property, especially a home, is one of the most emotional purchases there is – purpose is crucial.

Defining purpose is essential to carve out a competitive niche. We live in a world where people think businesses should have a purpose beyond shareholder accountability, and this will underpin brand equity and create positive moments – reconnect with your customers by understanding the moments that matter to them.

Digitisation can benefit trust through creating personalised moments

Technology has a strong role to play in the trust game. Tap into moments of tension, embrace big data, optimise your customer experience and differentiate in ways that benefit the purchaser.

A seamless, customer-centric approach with great products and services is nothing unless it is based on meaningful moments of interactions that build trust. ●

³ <https://financialservices.royalcommission.gov.au/Documents/interim-report/interim-report-exec-summary.pdf>