# Digitalization and customer relations in the financial sector

*Creating Value for Customers and Companies in a Changing World*

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# Background

- The value proposition (as well as many activities/processes in the bank´s business models) are almost identical, but according to priorities, implementation and interpretation in practice (including the degree of digitalization) vary from bank to bank.
- The personal relationship is the absolute mainstay of the business – from an internally perspective within the banks. The question is then: how this harmonize with a higher and more widespread digitization?

## *Core business in commercial Banking*

*Six core products and services to create value in banks; lending, depositing, trading, payment and settlements, non-balance sheet activities (such as brokerage and asset management), and risk-taking*
(Lueg, Schmaltz & Tomkus 2019)

Lueg, Schmaltz & Tomkus 2019, Hryckiewicz and Kozłowski 2017, Durkin & O'Donnell 2005, Maiya, 2017, p. 339

## *Relationship marketing*

*The reason for focusing on the relationship is often to create ever-increasing loyalty*
(Payne 2003)

Durkin and O'Donnell 2005, Payne 2003

## *Digital banking*

*Being a truly digital bank "is not about enhancing the traditional banking model with new digital channels. It is not about giving legacy processes a new lease of life with a digital facelift. Truly digital banking is about changing a bank from the inside"*
(Maiya, 2017, p. 339)

Durkin et al. 2003, Golubić 2019, Chiou and Shen 2010, Durkin and O'Donnell 2005, Febo & Angelini 2019, Arvidsson and Holmström 2018, Maiya 2017, Thaichon et al. 2017, Jibril, Kwarteng, Chovancova and Denanyoh 2019

# Research focus

***"Banking-customer relationships in the era of digitalization: an internal, strategic perspective from commercial banks"***

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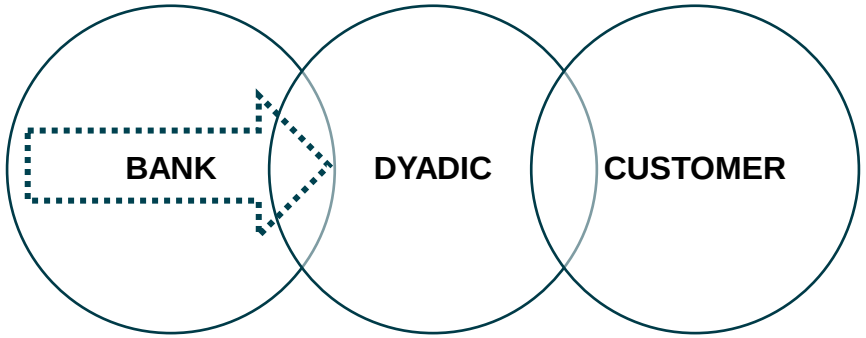
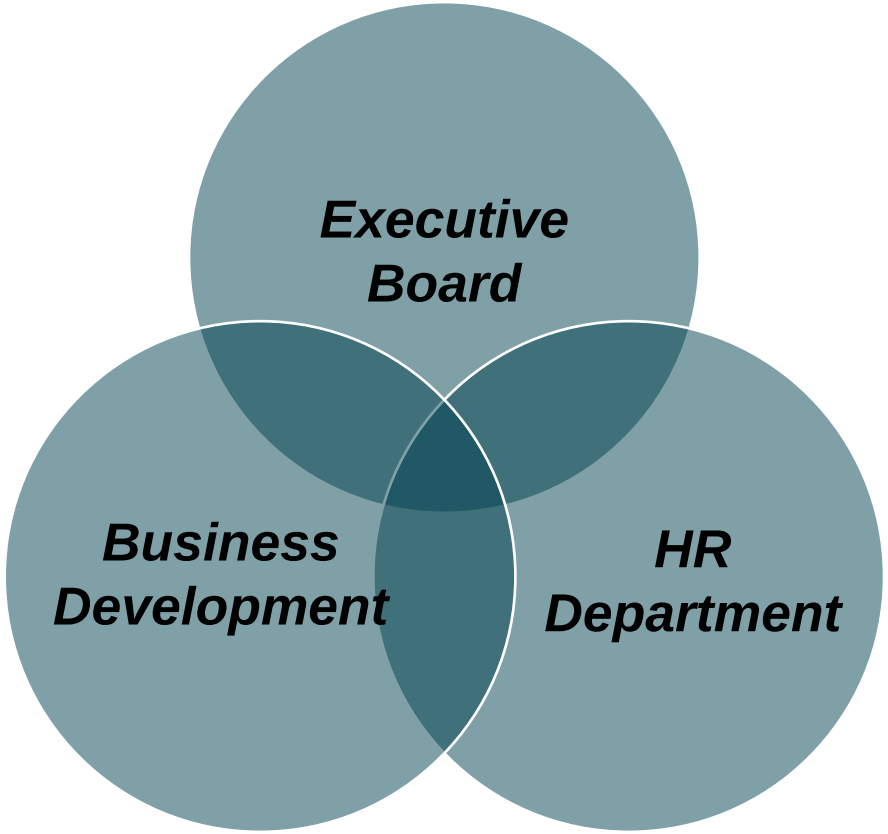
How different strategic choices for digital versus non-digital relationships affect and define relations with banking customers from and internal point of view focused on the Personal Advisor's perspective in a B2C context.

⇩

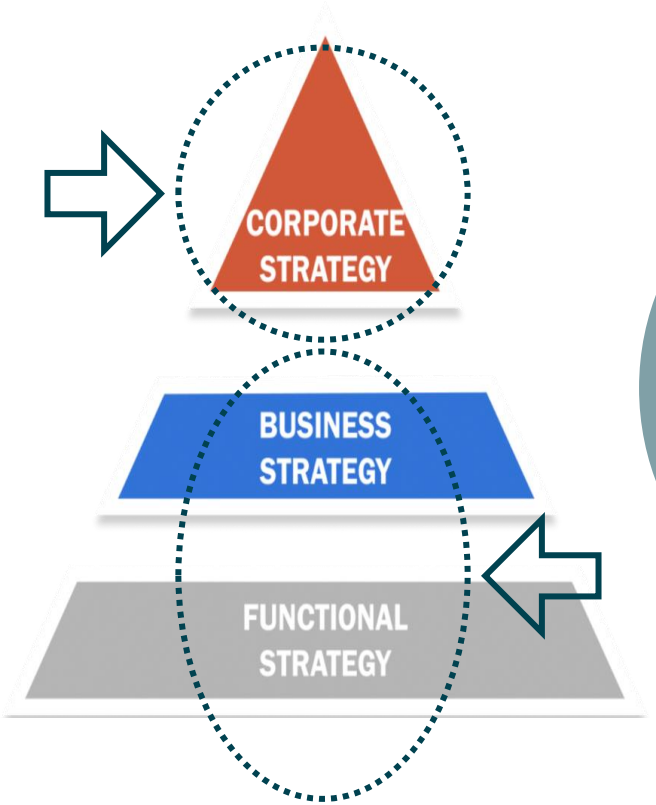
**Contributions** This study contributes to existing knowledge by connecting the **overall digitalization strategy** in commercial banks with **six themes** the banks should consider to determine what **possible challenges the strategy might create** and **how strategic choices affect the customer-bank interactions**.

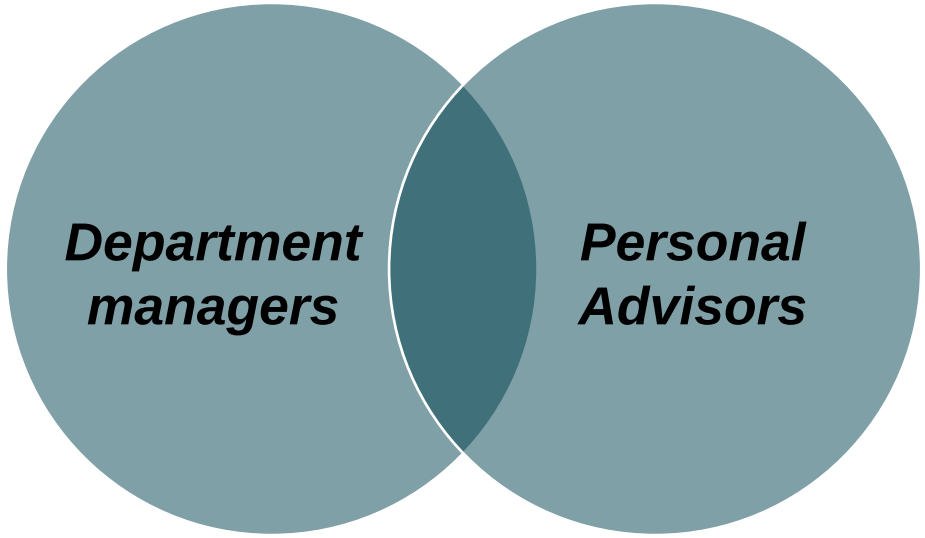


# Methodology




Qualitative Method:
**Semi-Structure in-depth Interviews**

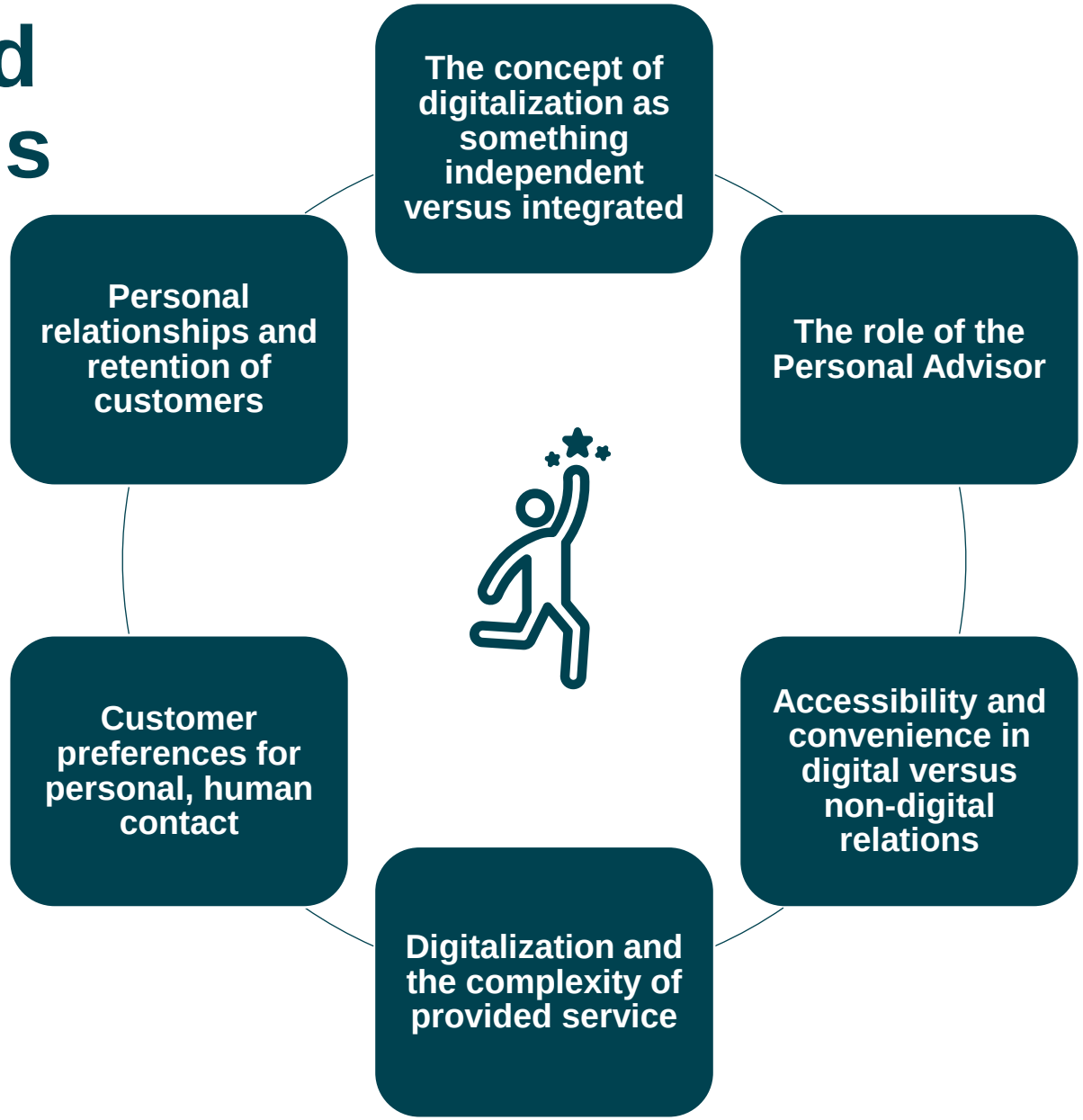



Qualitative Method:
**Focus Group Interviews**

# Findings and contributions

**Findings**
confirms the complexity related to strategies for digital versus non-digital relationships in commercial banking




**Contribution**
what possible challenges the strategy might create and how strategic choices affect the customer-bank interactions.

# Managerial implications

- **Strategic anchoring of digitalization strategy to ensure that all channels, both digital and non-digital are integrated and interconnected.**
- **Training and management of Personal Advisors to support them in the new roles of the Personal Advisor.**
- **Prioritization of digital contacts vs. Non-digital contacts to meet the customer, so digital solutions are targeted at simpler transactions.**
- **Proactivity is a crucial area to reach customers with the relevant service offering.**
- **Pay attention to the customer's convenience in choosing a strategy.**

# Limitations and future research

| LIMITATIONS | FUTURE RESEARCH |
|---|---|
| ○ Expanding data collection to include more banks, a broader geographic area, and customers<br>○ More specific customer segmentation about different types of customers and their understanding/capability concerning digitalization<br>○ Different technologies in relation to relationship building and maintenance<br>○ Potential effects of the covid-19 outbreak on digitalization in commercial bank | ○ Customer perspective: Survey, 1425 respondents (completed)<br>○ Dyadic perspective?<br>○ B2B banking customer relationship |

# Q&A

# Thank you

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