



Banking on App Performance

To earn customer loyalty, financial institutions and insurers must provide flawless online and mobile experiences.

Introduction

The financial services sector is in the midst of a transformative digital disruption, with consumers demanding more efficient and effective digital solutions to make their lives easier.

Fintech companies — nimble banking and insurance startups — have jumped in to meet this demand, reshaping our expectations for financial services. Customers can open new accounts or purchase policies without visiting a physical location, pay bills without writing checks, and submit an insurance claim without filling out lengthy paper forms.

In this highly competitive sector, customer sentiment toward a bank or insurance provider's apps is a critical factor to gain and keep market share. Consider this: Among respondents to AppDynamics' [*2017 App Attention Index*](#), 53 percent said they would delete an app or abandon a website due to slow or buggy performance after just one attempt.

Financial service providers that want to stay competitive simply cannot tolerate suboptimal app performance. Rather, they must build and maintain apps that let their customers perform the transactions they want to whenever and wherever it is convenient — quickly, easily, and glitch-free.



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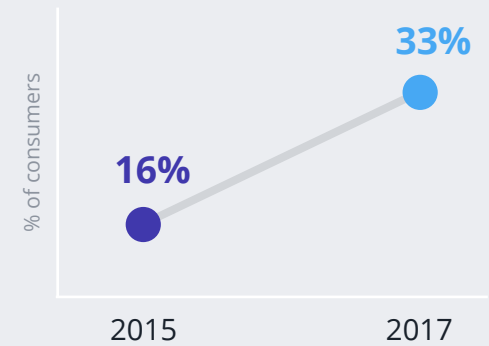
Here come the fintechs

As is the case in many industries, disruption in the financial services sector arrived in the form of tech-savvy startups unencumbered by legacy processes and technology. These fintechs not only bring novel business models to the table, but also provide a robust, fully digital, and mobile end-to-end customer experience.

For example, consumers can secure loans from companies such as Lending Club and GoFundMe, exchange payments using Venmo, Square, or Stripe, and purchase insurance from Esurance and other online companies, all on their mobile devices. As a result, global fintech adoption has risen on average from 16 percent of consumers in 2015 to 33 percent in 2017, according to EY's 2017 *Fintech Adoption Index*.¹

Fintechs have reshaped customer expectations, setting new and higher bars for user experience. "Through innovations like rapid loan adjudication, fintechs have shown that the customer experience bar set by large technology firms, such as Apple and Google, can be met in financial services," notes an August 2017 report by the World Economic Forum, *Beyond Fintech: A Pragmatic Assessment of Disruptive Potential in Financial Services*.²

GLOBAL FINTECH ADOPTION IS ON THE RISE



Innovation and convenience win over consumers

The rise in fintech adoption has made one thing very clear: consumers want more convenience.

According to a 2017 Bain & Company report on *Evolving the Customer Experience in Banking*,³ consumers already prefer digital interactions over human interactions for depositing money and paying bills. And they are almost as likely to perform more complex tasks, like opening an account or resolving a dispute, via an app as they are by phone or face to face.

But consumers want more — and both fintechs and traditional banking institutions are innovating to win over customers. The competition isn't getting any easier, as financial institutions are partnering with tech giants — including Amazon and Google — to help them innovate and scale.

Recent banking innovations through these partnerships include:

- Brazil's Banco Bradesco Facebook app, which allows customers to conduct day-to-day banking from Facebook, relying on the social network's customer data analytics to target users.
- Capital One and Liberty Mutual's "Alexa" solution (a voice-activated personal assistant), which allows customers to check balances, pay bills, and track spending through these devices.



Poor app performance can erode trust

While convenience and innovation are important, when it comes to financial services, consumer trust is non-negotiable.

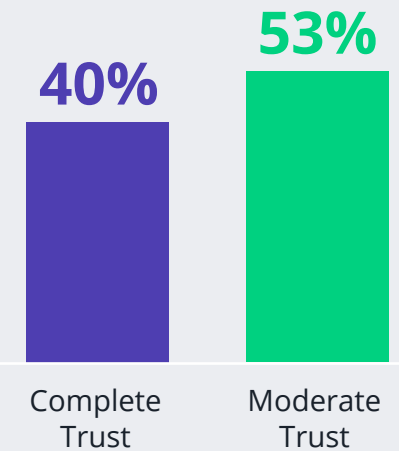
Consumers want to know they can trust their bank and insurance company with their crucial financial transactions and sensitive personal information. Unfortunately, gaining complete consumer trust doesn't come easy. In fact, only 40 percent of consumers have complete trust in their primary financial institution, while 53 percent have moderate trust, according to the *Fintech Adoption Index*.⁴

A hiccup or slowdown during an online purchase may be annoying, but a similar performance issue when making a banking or insurance transaction can undermine the trust that is the foundation of a financial relationship. After all, if your bank's app is glitchy, slow, or confusing to use, what assurance do you have that the underlying transaction has been completed securely? How can you be sure your personal data is fully protected?

It should come as no surprise, then, that consumers hold their banking and insurance apps to a higher standard than they do any other type of app, with 63 percent saying that flawless performance is essential.⁵

CONSUMER TRUST DOESN'T COME EASY

Consumers who report complete or moderate trust in their primary financial institution.



Loss of trust can hurt brands and eliminate customer loyalty

When you combine high customer expectations with low brand allegiance, the case for impeccable app performance becomes a slam dunk. In fact, the [2017 App Attention Index](#) found that nearly a quarter (23 percent) of consumers feel more loyal to an app than to a brand, and 30 percent of consumers say they would change their bank if its mobile app failed to meet expectations.

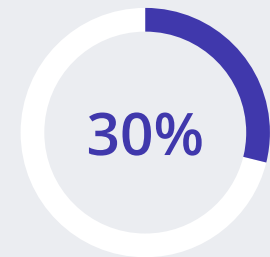
The [2017 App Attention Index](#) also highlights the domino effect, as 20 percent of people would tell their friends and family about performance issues, and even more damaging: 17 percent would leave a negative review for the company.

“Customer experience is at the core of digital transformation and customers are becoming increasingly intolerant of brand experiences that don’t align with their needs or expectations,” notes a February 2018 article by PC World, *Poor app performance cost brands more than their reputation*.⁶

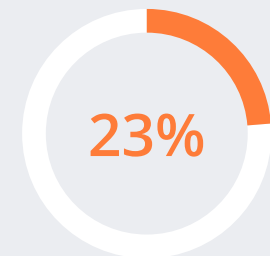
PC World also notes that the increased use of artificial intelligence (AI) in digital banking — and the overall growth in app use — adds to the overwhelming pressure for financial service organizations to ensure optimal app performance and in effect, customer loyalty.

So, as the financial services sector continues to innovate, it’s important to keep in mind that the newest technologies and innovations mean nothing if application performance fails and consumer trust is lost.

APPS CAN BUILD (OR ERODE) CUSTOMER LOYALTY



30% of consumers would change their bank due to poor mobile app performance.



23% of consumers feel more loyal to an app than a brand.⁷

To improve application performance, improve application monitoring

How can financial service providers ensure the level of performance required to maintain and enhance consumer trust and loyalty? Start by adopting an enterprise-grade APM platform to provide a clear understanding of how customers interact with your brand and guarantee that customers feel completely confident entrusting their financial transactions and personal information to your mobile app or website.

An effective APM solution can safeguard app performance and help to ensure that digital services and associated applications drive revenue, customer experience, and loyalty.

Choose a solution that will give your technology teams:

- › Visibility into every line of code, so tech teams can quickly find the root cause of issues and resolve them.
- › A clear understanding of how customers interact with your brand — including every tap, swipe, or click — to provide best-in-class user experience.
- › Real-time, end-to-end management for even the most complex applications.



An enterprise-grade APM platform will give you a clear understanding of how customers interact with your brand.

Conclusion

Banks and insurance providers that master stellar application performance will be well-positioned to secure customer loyalty and reinforce a reputation for reliability — key factors to staying relevant as digital disruption continues.

To learn more about how AppDynamics' smarter approach to performance management connects app performance and customer experience to business outcomes, start your 15-day free trial now.

Get started today

