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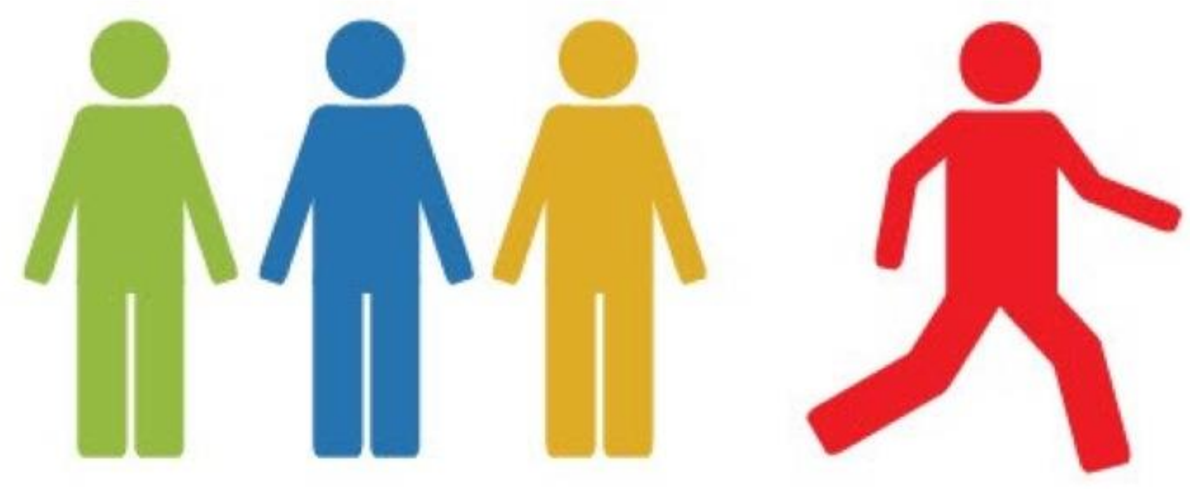

Tackling Silent Attrition:
Winning Strategies for Customer-Focused Banks

By Rhonda Sheets, Support EXP President | CEO | Founder

The trend of "*quiet quitting*" may have diminished as far as employees are concerned, but it is a thriving phenomenon among the customers they serve! Quiet quitting occurs when customers abandon a product or service provider without making a scene or telling anyone why. In today's lingo, they "ghost" the business instead of breaking up with it officially.

There's another name for this: ***silent attrition***.

Why does it happen? Many times, it's because the service delivery isn't meeting expectations. Maybe the process is annoyingly inefficient ("Your call is important to us," repeated 15 times while you're on hold), or the customer support is more frustrating than helpful.

Other times, customers just lose interest or find something better. There are so many businesses jostling for your attention, equipped with advanced technology to seize it! You may have noticed that, with AI, companies can personalize and time their offers to an extent that borders on *eerie*.

But It Doesn't Affect Banks, Does It?

Banks are NOT immune from silent attrition. In banking, as in so many other industries, customer retention is a critical metric for success. Financial institutions are looking for that elusive loyalty: the kind that secures ALL the customer's business as well as delivers new customers through word-of-mouth.

But silent attrition is one of the biggest challenges faced by banking institutions today. Many banks and credit unions undergo the gradual loss of customers without any explicit cancellation or termination of services. That's why silent attrition is so insidious: it goes unnoticed until it has already caused significant damage to the bottom line. Organizations can be lulled into a false sense of good even as business is leaking away undetected.

With today's technology, switching has never been easier. The ability to open an account from a mobile phone, tablet, or laptop in just a few minutes has eliminated most of the traditional "friction" that comes with opening an account. You don't have to walk or drive down to the branch anymore! With the convenience of apps and digital tools, the "mobile" element of banking takes on a whole new meaning. Now, customers have the freedom to chase the best banking deals and rates wherever they are, all while seeming to be still attached to you.

Understanding the Causes of Silent Attrition
Before diving into solutions, it's crucial to understand the root causes, or drivers, of silent attrition when it comes to financial institutions. A number of dynamics contribute to customers quietly slipping away:

1. **Lack of Engagement:** Digital channels are terrific for handling routine banking transactions (especially when there's a pandemic), but their overall effect is a tradeoff of engagement for convenience. Customers may feel disconnected from their financial institution if they don't perceive any meaningful interaction or personalized communication. As in interpersonal relationships, silence is often interpreted as apathy. Financial services organizations have traditionally differentiated themselves by their engagement with their customers need to leverage this relationship-building identity to compensate for the emotional distance that comes with digital channels.
2. **Competition for Unmet Needs:** No matter the channel, the skill must be there to find out your customers' needs at any given moment. Banks need to be proactive in uncovering these needs. If a bank fails to discover and meet the evolving financial needs of its customers or doesn't offer competitive products and services, customers will find it easy to seek alternatives elsewhere. And a competitor with deeper pockets can gain an advantage just by positioning themselves at the front of the line at that precise moment the customer has a need.
3. **Poor Service Experience:** Friction is frustrating! Not to mention the pervasive apathy (or outright rudeness!) symptomatic of indifference toward the consumer. It's painfully obvious when frontline workers aren't willing or equipped to take ownership of customer problems. This lack of accountability for resolving the

problem can drive customers away without giving you a chance to intervene to make things right. You can almost hear the trust crumbling…

What do these dynamics add up to? The ultimate driver of attrition:

- **Lack of Understanding of Your Customers:** Never has it been more critical to know your customers. Fortunately, now there are tools and expertise to help you gain that critical intel. Lack of understanding of customer preferences is not so much a failure of ability as it is a failure of will. Your customers WANT to tell you how they think and feel and what they need from their banking relationships! If you're not keeping up with their expectations, it will be easy for them to find alternatives that better align with their goals, preferences, and values.

With these drivers threatening to pull your customers away, how can you stem the tide of silent attrition and foster long-lasting customer relationships? Well, I DID promise some strategies…

Strategies to Combat Silent Attrition

1. **Know Who is Heading Out the Door:** If you're relying on lagging indicators – like your balance sheet – to tell you that your customers are leaving, it's too late to do anything!

   It **IS** possible to get ahead of the exodus by measuring with leading indicators that identify those who are at risk of leaving you. There are definite patterns of behavior that indicate a relationship on the brink. Once you know what to look for, along with <u>where</u> and <u>how</u> to act, you can take precise, preemptive action to intercept attrition…and try to repair that relationship.

   Gather feedback through surveys and customer reviews to identify what's working well and where there are opportunities for improvement. Leverage data analytics to monitor customer behavior and identify early signs of attrition. By analyzing transaction patterns, account activity, and customer feedback, you can proactively intervene to prevent customers from churning. Respond promptly and precisely to customer problems, while also discovering and resolving systemic issues harming your organization.

2. **Establish Problem-Solving Ownership:** When friction happens, your customer service teams need to be empowered to resolve issues. This can only happen in a service culture where frontline employees acknowledge and leverage their empowerment to take ownership of any customer-facing opportunity and see it through to completion. This expectation should be understood throughout the organization, from the front line to the back office.

Where empowerment is not a part of the culture, it is painfully obvious to those outside the organization. Consider these comments of consumers who bank with an institution that *doesn't* promote frontline problem-solving accountability:

- *They would like to steer you towards doing it yourself online.*
- *They don't direct you to the right person. They sometimes send you to someone who's not able to do it. It's not his or her job.*
- *I had to call three different times for the same issue. [It was] not resolved.*

In stark contrast, financial institutions that cultivate a customer-centric culture across all levels. Employees are encouraged to prioritize customer satisfaction and advocate for customer needs. By making accountability for problem-solving an all-encompassing initiative, you will establish the reliability and assurance that keeps your customers from straying.

What does ownership of a customer's problem sound like? Consider these comments from actual customer surveys:

- *The employee listened and answered my questions thoroughly.*
- *The employee was very helpful and knew what I needed and proceeded to help me resolve my questions.*
- *This employee took care of my needs. I'm not sure this is part of her job specifically, but I felt that she wanted to assist me with my needs as quickly as possible and she made me feel as though my time was important.*

It's clear when employees have the confidence to take ownership of solving the customer's issue. But this kind of ownership doesn't just happen…it starts with developing very specific service skills.

3. **Equip Your Frontline Teams to Succeed:** How do you develop service skills that drive customer experiences where employees routinely demonstrate ownership? With a progressive cycle of <u>learning</u>, <u>practice</u> and <u>feedback</u> that helps an employee master a particular skill until it is an ingrained habit. It is also useful to know WHY each skill is important, what it sounds or looks like, and how to practice it.

   This kind of personalized, skill-specific learning is more valuable than ever to a generation of frontline workers whose experiences have not helped them develop the "soft skills" of customer service—the skills that contribute to a relationship's growth.

   Frontline teams need the ability to go beyond the transaction to deliver an experience that builds customer relationships**.** Traditional training often proves ineffective in imparting crucial service skills. Usually, it just contributes to high employee turnover! A more self-directed learning approach tailors coaching to each individual, focusing on the exact skills he or she needs to improve. When they have the opportunity to work on precisely what they need to succeed, employees will assume ownership of their development. Your best performers (or best potential performers) will find this a reason to stick around!

Your First and Best Defense: Silent attrition poses a significant threat to banking institutions, but it's not insurmountable. Banks need to be proactive, stepping up their game when it comes to making customers feel heard and valued. And while there are all kinds of ways to understand your customers, the most reliable (to you) and reassuring (to them) means of gathering customer intel is to ASK them. This gives you what you need to improve the entire banking experience across all of your people, products, processes, and channels.

Now, some wisdom in the moment: it's better to refrain from seeking feedback if there's no intention or ability to act upon it. While there's much more to explore on this topic, prioritizing a strategy that encompasses both *capturing* and *acting* on feedback is key.

Your first and best line of defense against silent attrition is strong customer relationships. Banking experiences that convey reliability, reassurance, empathy, and responsiveness are the foundation of the trust that supports these relationships. Fortunately, the skills that demonstrate these qualities can be learned, developed, and mastered by those on your front lines.

By focusing on what they do best – building relationships – financial institutions can earn trust, keep their customers loyal, and come out on top. When you reach this stage, your customers will not quietly quit – they will loudly sing your praises!

We help world-class banks and credit unions build cultures of CX accountability from the back office to the front line.

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